

Contents

Authorities and senior staff

Message from the president

125 years of BROU

Presentation of the bank
and corporate governance

Macroeconomic environment

Competitive banking environment

Management report

Financial position

Financial performance

Finance area

Corporate area

Retail area

Trust department

Business area

International area

Anti-money laundering

Risk Policies and Control

Human resources department

Financial statements

Related organizations

Branch Network

Annual Report 2021



**BANCO
REPÚBLICA**

125 Años de Nuestro Banco País

Contents

Authorities and senior staff

Message from the president

125 years of BROU

Presentation of the bank
and corporate governance

Macroeconomic environment

Competitive banking environment

Management report

Financial position

Financial performance

Finance area

Corporate area

Retail area

Trust department

Business area

International area

Anti-money laundering

Risk Policies and Control

Human resources department

Financial statements

Related organizations

Branch Network



Contents

Authorities and senior staff

Message from the president

125 years of BROU

Presentation of the bank
and corporate governance

Macroeconomic environment

Competitive banking environment

Management report

- Financial position
- Financial performance
- Finance area
- Corporate area
- Retail area
- Trust department
- Business area
- International area
- Anti-money laundering
- Risk Policies and Control
- Human resources department

Financial statements

Related organizations

Branch Network

Authorities and
senior staff



Contents

Authorities and senior staff

Message from the president

125 years of BROU

Presentation of the bank
and corporate governance

Macroeconomic environment

Competitive banking environment

Management report

- Financial position
- Financial performance
- Finance area
- Corporate area
- Retail area
- Trust department
- Business area
- International area
- Anti-money laundering
- Risk Policies and Control
- Human resources department

Financial statements

Related organizations

Branch Network

Authorities



Ec. Salvador Ferrer
President



Dr. Alejandro Lafluf
Vice president



Cr. Max Sapolinski
2nd Vice President



Cr. Pablo Sitjar
Director



Dr. Leandro Francolino
Director



Dr. Roberto Borrelli Marchi
General Secretariat



Cra. Mariela Espino Lucia
General Management



Cr. Pablo Sitjar, Director / Cra. Mariela Espino, General Management / Dr. Alejandro Lafluf, Vice president / Ec. Salvador Ferrer, President / Cr. Max Sapolinski, 2nd Vice President / Dr. Leandro Francolino, Director / Dr. Roberto Borrelli, General Secretariat.

Contents

Authorities and senior staff

Message from the president

125 years of BROU

Presentation of the bank
and corporate governance

Macroeconomic environment

Competitive banking environment

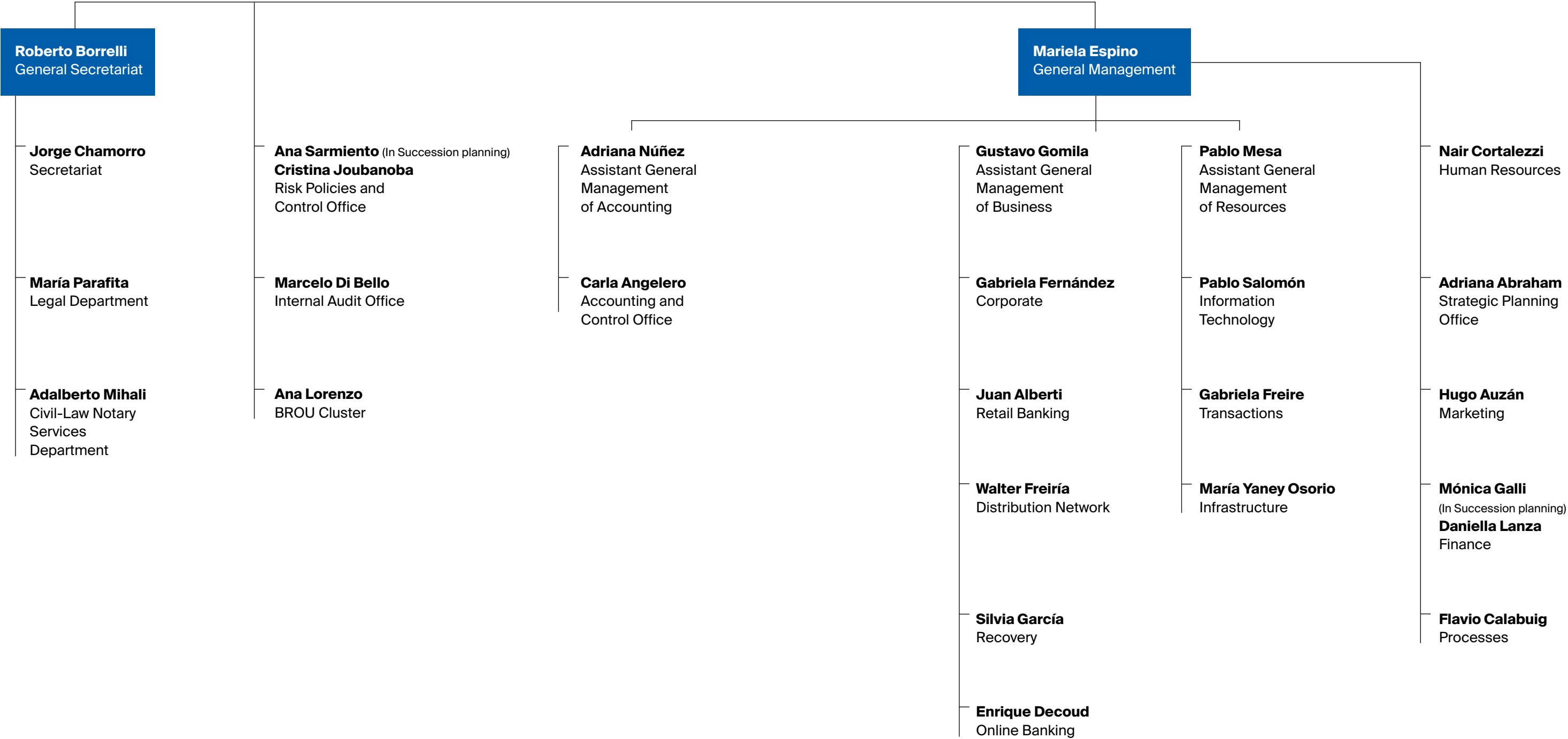
Management report

- Financial position
- Financial performance
- Finance area
- Corporate area
- Retail area
- Trust department
- Business area
- International area
- Anti-money laundering
- Risk Policies and Control
- Human resources department

Financial statements

Related organizations

Branch Network



Contents

Authorities and senior staff

Message from the president

125 years of BROU

Presentation of the bank
and corporate governance

Macroeconomic environment

Competitive banking environment

Management report

Financial position

Financial performance

Finance area

Corporate area

Retail area

Trust department

Business area

International area

Anti-money laundering

Risk Policies and Control

Human resources department

Financial statements

Related organizations

Branch Network

Message from the president



Contents

Authorities and senior staff

Message from the president

125 years of BROU

Presentation of the bank
and corporate governance

Macroeconomic environment

Competitive banking environment

Management report

- Financial position
- Financial performance
- Finance area
- Corporate area
- Retail area
- Trust department
- Business area
- International area
- Anti-money laundering
- Risk Policies and Control
- Human resources department

Financial statements

Related organizations

Branch Network

Ec. Salvador Ferrer - President of the Board of Banco República



Dear readers, I wish you to join us as we reflect with satisfaction on our recent achievements, the reasons behind them, and our plans for the future. This Annual Report is an opportunity to appreciate the path being followed by the flagship bank of our country (*Banco País*), and how to capitalize on said path going forward.

In 2021, we celebrated the 125th anniversary of *Banco País*, with the satisfaction of having fulfilled the historical mandate that established our Bank: to support economic development by granting credit, based on the trust of its depositors in the action capacity of a state-owned entity.

In this context, I am pleased to present the Annual Report for the 126th Fiscal Year of *Banco de la República Oriental del Uruguay* (BROU), from January 1 to December 31, 2021.

On our Board's second year of management, we had to lead under exceptional circumstances due to the Covid19 pandemic. Therefore, the first thing that we proudly highlight is how our Bank and all its branches maintained their daily operations during the pandemic. We would like to thank, the Management in the first place and all our Bank's staff for their continued effort and dedication, which had to be reinforced in times when we all had to change our way of living and working.

However, what remains unchanged is the essence of *Banco País* and its distinguishing territorial presence. And this year we extended BROU's presence with the pilot plan for the installation of ATMs, thus reaching places where the coverage of financial services was deemed insufficient, particularly outside the capital city.

This active stance of our Bank led to the recognition of its actions, especially in times of a pandemic, as vital support for the dynamism of the agro-industrial exporting sector, which is the driving force of the economy of Uruguay.

Last year, when we presented our annual report, we established that we strive to be a focused, efficient, robust and profitable Bank.

Concerning this, we continue being a Bank focused on business development, both at a corporate and retail level, providing support in complex times through credit refinancing and expansion; also, through the SiGa guarantee program, for example, helping small and medium-sized enterprises to overcome the difficulties imposed by the pandemic. We also maintained a special focus on leading the market, in terms of signaling financial conditions, by lowering interest rates and extending financing terms. Therefore, our Bank was a key support for economic development.

In a global scenario of low interest rates, BROU further boosted such lowering in the domestic market, particularly as regards the corporate segment. This gave rise to a more competitive market where other financial players also reacted by lowering interest rates. This was very good news to the debtors, and at the same time, it allowed the Bank to have a more active presence.

In addition, we have not only contributed to the market in lowering rates, but also in extending financing terms. Perhaps the most relevant example in this sense was the announcement of our Bank's willingness to finance long term loans for the purchase of land, with general terms going up to 15 years, and in particular, for small agricultural producers, with terms up to 20 years.

However, BROU was active and offering better solutions not only at a corporate level, but also at a retail level. We met our business growth objectives concerning consumer credit and social credit, with an interesting expansion of credit, together with the extension of its terms, and a growing digitalization in the credit granting process (through the website). This accompanies operational modernization and helps to reduce waiting times in our branches. In short, providing better services to our customers. The growth objectives were also met in regard to the credit card business, where BROU managed to significantly reposition itself in the market through the success of its Mastercard Recompensa campaign, with more than 100,000 active cards in its first campaign year.

Contents

Authorities and senior staff

Message from the president

125 years of BROU

Presentation of the bank
and corporate governance

Macroeconomic environment

Competitive banking environment

Management report

- Financial position
- Financial performance
- Finance area
- Corporate area
- Retail area
- Trust department
- Business area
- International area
- Anti-money laundering
- Risk Policies and Control
- Human resources department

Financial statements

Related organizations

Branch Network

And all the aforementioned relates to that dual role, of both Commercial and Development Bank which was assigned to *Banco País*; and it is also in line with our goal to be a focused bank.

But we also mentioned an efficient Bank, constantly adapting to modern times, incorporating technological tools in its internal operation to act in accordance with the digitalization and automation process required by this reality, whilst being aware of the need to each day be a more efficient bank in a competitive environment. In this sense, the efficiency ratio, understood as operating costs over revenues, remains below 50 %.

We also mentioned a robust Bank. BROU is undoubtedly a solid bank today, with risk-weighted assets (Tier 1 capital (RPN) / Minimum capital requirement) that exceed by 44 % the level established by the Bank Charter and that are well above regulatory requirements. In addition to its excellent capitalization levels, BROU shows extraordinary liquidity levels, thanks to a significant growth in deposits (over USD 1.2 billion) during this past year.

Finally, we mentioned a profitable bank. During 2021, BROU's income of the year was USD 390 million profit after taxes. Based on this, the total contribution that BROU will be able to make to General Revenue during 2022, considering taxes and dividends, will exceed USD 400 million.

BROU is a significant value generator for the Government. Its return on capital substantially exceeds the cost of capital invested, with levels of 21 % in 2022, and it is projected to remain around 20 % on average throughout the five-year period.

Among the factors that contributed to the improved management results of *Banco País*, the improved performance of the loan portfolio is worth highlighting, with delinquency indicators of 2.5 %, not only the lowest in a long time, but also the lowest in history.

Within the impaired loan portfolio management, special mention should be made of the case of the company Citricola Salteña, which was in liquidation process since early 2020 after several economic and financial disagreements, with BROU as its main creditor. Based on a holistic vision, considerable effort and dedication, a solution was reached. At the time of drafting this report, well into 2022, such solution became a success story. The equity and operating value of the company was maintained, preserving the value of its assets and ensuring the continuity of a citric sector enterprise that is highly relevant for Uruguay.

We can state that we are on the right track, with a focused, efficient, robust and profitable Bank, in compliance with the strategic mandate established in its Charter, to support economic development. But we want to go further, and we know we have a lot of work ahead.

We are confident in our potential, and this is the reason why we have defined three strategic courses of action. In short, they include:

- The growth of our business across all segments, but particularly in the corporate sector, where BROU has a place to fulfill the role that our bank charter mandated, supporting economic development, for Micro, Small and Medium-Sized Enterprises (MSMEs), representing more than 90 % of the companies in our country, and large companies.
- Digitalization, particularly in relation to the development of the payment market and our Bank's possible contributions to it, such as transactional solutions that lead to the true financial inclusion of our customers. In this line, this year we completed the update of the e-Banking platforms, both for Individuals and Corporations (eBROU), and we led the implementation of “instant transfers” as an example of the type of solutions that BROU will continue to promote in order to contribute to the necessary modernization of the payment system in Uruguay.
- The maintenance of an effective role as a development bank, supporting the financing of infrastructure and the financing of the agricultural sector as the driving force of the Uruguayan economy, and offering specific solutions, and especially long-term solutions, for the promotion of investment. At the same time, maintaining BROU's unique presence throughout the country, with the addition of the aforementioned expansion plan through the installation of ATMs in several parts of the territory that had been previously overlooked. This strategy does not contradict the digitalization mentioned above, but rather complements it.

To achieve these objectives, we rely on a unique and invaluable regional coverage and on a committed team, willing to contribute to each of the branches of BROU located throughout the country.

We would like to dedicate a few words to our customers: you are and will continue to be our Bank's *raison d'être*, our reason to exist. We want you to challenge us to be better, and we are aware that in a competitive market you will continue to choose us for our solutions and services, so we will continue to work towards them.

And to all Uruguayans, who are ultimately the owners of our flagship Bank, *Banco País*, and to whom we are accountable, we would like to say: during these complex times we had to face, our Bank rose up to the challenge and currently is prepared to go even further, in order to fulfill the mandate established in our Charter and to continue helping you to achieve your dreams, as we have done during our first 125 years of history.

Board of Director's meeting room



Contents

Authorities and senior staff

Message from the president

125 years of BROU

Presentation of the bank
and corporate governance

Macroeconomic environment

Competitive banking environment

Management report

Financial position

Financial performance

Finance area

Corporate area

Retail area

Trust department

Business area

International area

Anti-money laundering

Risk Policies and Control

Human resources department

Financial statements

Related organizations

Branch Network

125 years of BROU

3

Contents

Authorities and senior staff

Message from the president

125 years of BROU

Presentation of the bank
and corporate governance

Macroeconomic environment

Competitive banking environment

Management report

Financial position

Financial performance

Finance area

Corporate area

Retail area

Trust department

Business area

International area

Anti-money laundering

Risk Policies and Control

Human resources department

Financial statements

Related organizations

Branch Network

2021: A year to celebrate



Heber-Jackson
house, Banco
República
Foundation

2021 was a special year for Banco de la República Oriental del Uruguay (BROU), in October we celebrated 125 years of history.

Our celebrations began with our Bank logo's redesign, to reflect our history and our commitment to the future of our country.

In October, a commemoration ceremony was held at the Sodre Concert Hall, where BROU President spoke about the growth of our Bank since its creation and the lines of action for the future. The event concluded with a gala by the National Ballet performing “The Wizard of Oz”.

On October 22, exactly 125 years after the historical moment in which BROU's main office doors were first opened, at the intersection of Cerrito St. and Zabala St., we celebrated said date issuing a commemorative postage stamp. BROU directors took part in the ceremony along with Uruguay's National Postal Administration authorities.

A few weeks later, to close a year of celebrations, a book about the 125 years of BROU was launched, “125 años del Banco de la República Oriental del Uruguay. *Cumplimos los sueños de los uruguayos*” (125 years of Banco de la República Oriental del Uruguay. We make Uruguayans’ dreams come true).

The book, with its almost 300 pages, takes the reader on an exhaustive photographic tour through all the offices of BROU, regardless of their size, from those located in the capital cities of the departments to those in small towns in Uruguay. The book includes all the 131 branches that make BROU the Bank with the largest network in the country.

It also includes stories of employees and customers; a sample of the thousands of people who everyday are part of and trust in the *Banco País*, i.e., the flagship bank in Uruguay.

Some of the milestones of the Bank history which are compiled in said publication are reviewed below.

Inception

Banco de la República Oriental del Uruguay (BROU) was created in 1896 in an attempt to fill the void left by the bankruptcy of the short-lived *Banco Nacional*, and with the goal of promoting the expansion and development of Uruguay.

One of its main objectives was to provide agricultural credit adjusted to the terms and conditions of rural production, but also credit for people working in the industrial sector, small enterprises and public officials, and for the upper social class impoverished by the crisis. At that time, personal credit was a privilege for men of fortune, in a market place where the gold-standard banks owned the credit. And this credit was also limited to the cities of Montevideo, Salto and Paysandú, which were the only towns with banking houses.

On August 4, 1896, a law containing the 34 terms and conditions for the first Bank Charter of BROU was enacted. A few weeks later, on August 24, the first Board of Directors of BROU was set up by Minister of Finance Federico Vidiella, anticipating that its action would be “powerful, broad, vast, useful, profitable.”

When on October 22, 1896, at ten o'clock in the morning, the great doors of the building located on the corner of Cerrito St. and Zabala St. were opened, the new Bank had 54 employees.

During its first day of operations, BROU received deposits for UYU397,656.36 and placed banknotes worth UYU 57,980 into circulation.

The Charter had given the Bank the privilege of issuing banknotes, of higher and lower denomination, and it was intended that, as the permits granted to other banks (Banco Italiano and Banco de Londres) expired, BROU would have the monopoly, which was achieved after 1907.

Although BROU was established as a joint public-private company, the private portion of capital to be subscribed was never paid up, allowing its nationalization to be completed in less than two decades (1911-1913).

Contents

Authorities and senior staff

Message from the president

125 years of BROU

Presentation of the bank
and corporate governance

Macroeconomic environment

Competitive banking environment

Management report

- Financial position
- Financial performance
- Finance area
- Corporate area
- Retail area
- Trust department
- Business area
- International area
- Anti-money laundering
- Risk Policies and Control
- Human resources department

Financial statements

Related organizations

Branch Network

Over the years, BROU developed a wide variety of businesses: as a commercial and specialized credit bank, state bank, bank of issue; and, gradually, as a monetary authority.

It was not until 1965, after a deep banking crisis, that the Issuing Department of BROU was separated and transformed into a new entity, the Central Bank of Uruguay.

The road toward becoming *Banco País*

Since the creation of BROU, the establishment of the physical network to become a national bank was considered of the utmost importance: branches in all the capital cities of the departments needed to be opened within a year.

These pioneering branches were in Salto, Paysandú, Mercedes, Melo, San José, Durazno, Florida, Minas, Villa Guadalupe (today Canelones) and Rosario. Their objective was clear: make credit available throughout the country and promote national production. However, the revolutionary movements that emerged in November 1896 and March 1897 forced, first, the temporary closure of some of the recent branches, and then the suspension of all operations outside Montevideo, and to defer the opening of the remaining branches.

Finally, in September 1897, after the signing of the peace agreement *Pacto de La Cruz*, the Bank reopened the closed branches. Then, in March 1898 BROU managed to comply with its Charter, with branches in all the capital cities of the departments.

In addition, during the following decade, other branches were opened in locations that needed them due to their agricultural, livestock or business activities. This was the case of Villa del Rosario (1898), Carmelo (1902), Dolores and Nico Pérez (later named José Batlle y Ordóñez, 1905), San Carlos (1906), El Tala (1908) and Sarandí del Yi (1909).

Over the years, in line with the goal of being a bank in close proximity to its customers, new branches were added until reaching the 133 current branches of our Bank. 88 of them are outside Montevideo, 43 in Montevideo and its metropolitan area, and 2 abroad. This network has been vital in the creation of the *Banco País*.

Thus, BROU became a permanent strategic partner of the agricultural sector and its agribusiness chain while supporting the development of industry and commerce, encouraging production, foreign trade and the provision of services, as well as meeting the needs of small, medium and large businesses.

At the same time, since its inception, BROU accompanied the plans and dreams of Uruguayan families by encouraging savings and offering affordable retail lending.

Over the years, BROU embarked in a modernization plan keeping up with a changing world but without ever losing sight of its mission to be a financial agent promoting the country's productive, economic and social development, with social responsibility.

Thus, despite the emergence of several economic crises that shook the country and jeopardized our Bank, throughout its 125 years, BROU was a promoter of activity in times of prosperity and an instrument of containment for the national economic system in adverse times.

Throughout its rich history, BROU consolidated its position as a key tool for national development, as predicted on August 24, 1896 by the then Minister of Finance, Federico Vidiella, when the first Board of Directors of BROU took office. His speech -transcribed below- has served as an inspiration over the years for its vision of the future and for remaining relevant nowadays. His vision of our Bank in 1896 is in dialogue with the vision of 2021, as evidenced by the speech delivered by the current Chair of the Board of Directors, Salvador Ferrer, on the 125th anniversary celebration. A vision of a Bank committed to its history and projected towards the future.



Commemorative postage stamp launch ceremony. Y pie de foto de foto edificio BROU: Head Office building

BROU: Head Office building



Contents

Authorities and senior staff

Message from the president

125 years of BROU

Presentation of the bank
and corporate governance

Macroeconomic environment

Competitive banking environment

Management report

- Financial position
- Financial performance
- Finance area
- Corporate area
- Retail area
- Trust department
- Business area
- International area
- Anti-money laundering
- Risk Policies and Control
- Human resources department

Financial statements

Related organizations

Branch Network

Speech by Mr. Federico Vidiella, Minister of Finance
and promoter of Banco de la República (BROU), at the
appointment of the first Board of Directors of our Bank.

Head Office's main
hall panoramic view



“Gentlemen: The work whose execution has been given the most preferential attention by the Government, from the financial standpoint, is finally done: BROU is now incorporated, and its first Board of Directors has been appointed today.

Can five million pesos imported into our country in cash alone do wonders, change by themselves our economic scenario? Or even be sufficient to meet the needs of our commerce, our livestock, our agriculture, our industries?

No, probably not. But the actions of BROU will be powerful, ample, vast, useful, profitable, because it will become the driving force of our accumulated wealth; a normal regulator of credit in its multiple forms, without intermittency or whims; a continued aid to production and employment; an insurmountable barrier to spoliation and usury always triumphant, always contemplated, never counteracted or contained in their voracious and insatiable appetites.

It will not be the direct action of its capital, indeed abundant, what will produce the greatest good in our economic entity, no. Its crucial influence will be reflexive: it will give useful mobilization to inactive funds; fruitful and reproductive initiatives will be encouraged; vast horizons will open to enterprises of public coexistence; the living forces in our country, which were oppressed by a speculative and overwhelming pessimism, will be allowed to expand without limits.

I am aware that BROU will struggle, especially in its beginning, with serious difficulties before establishing a calm and quiet march. I foresee that BROU will be vividly and skillfully attacked by the most irreconcilable political passions, by very powerful interests – this must be kept in mind. Such interests come to disturb the exclusive monopoly of credit. And usury, until today overbearing, will also fight back, for it sees with concentrated anger trembling in its field –still full of rich spoils– the Mount of Piety liberal flag, supported by the robust arm of BROU.

The people, the business, the producing classes must provide their crucial support to give strength, to consolidate this new institution by binding themselves to it, by adding to the institution's prestige by their unwavering support, by influencing its future so that our Bank can fully accomplish its great and beneficial mission in this country.

We must all keep in mind the painful experiences of the past and move forward, always forward with firmness, faith and full of confidence, but also with energy and prudence.

If –although unthinkable– BROU were to see its action sterilized or narrowed by lack of confidence and lack of support in opinions, nobody would suffer the consequences of the rickety life of BROU more than our country itself. And by our country itself, we mean all those –and they are a majority– who need the help of resources to solve problems in their future and to create an independent position for themselves through honest and remunerative work, in the midst of the expansion of business and credit facilities. And we also mean those who, favored by fortune, still need to consolidate and increase the value of their wealth in order to enjoy their well-being in peace.

We must not forget that if, deprived of support andtenaciously fought by its natural enemies, should one day BROU be endangered... vae victis (woe to the vanquished)! The dark days would return with recurrence. Those days when the most solvent merchant and the most honest industrialist would not find credit for a few pesos that would save his name and prevent his sterile ruin; when the most valuable properties, the sacred heritage of families, often preserved by dint of hard privations, such as the most beloved jewels, would have to fall. Everything would be sacrificed at a vile price to the brutal and oppressive force of usury, the victorious once again, and as always selfish, vengeful and cruel usury...

The countryside, our fertile and rich countryside, inexhaustible source of national wealth, has been struggling, confined to its own strength. Its progressive impulses have been stifled by the absolute lack of the benefits of bank credit, the lack of services it would obtain from a serious and powerful bank serving their needs and receiving, in reciprocity, their complete trust.

In other parts of our country, more so than in Montevideo, at the slightest hardship, at the slightest difficulty, it has been necessary to sacrifice fields, crops, livestock, without hesitation, without haggling over the sacrifice, because there was nowhere to turn, nowhere to find the necessary, essential, regulatory and strong protection that could contain the overwhelming pressure of usurious interests or impeccable enforcements.

Contents

Authorities and senior staff

Message from the president

125 years of BROU

Presentation of the bank
and corporate governance

Macroeconomic environment

Competitive banking environment

Management report

Financial position

Financial performance

Finance area

Corporate area

Retail area

Trust department

Business area

International area

Anti-money laundering

Risk Policies and Control

Human resources department

Financial statements

Related organizations

Branch Network

May our country never forget these sad memories of our economic life. And may Uruguay be inspired by such memories to frankly and decisively lend its support to BROU, without reservations, fears or preconceptions. For this is the security of the future. *What the people want, God wants!*

Out of self-interest, out of a spirit of conservation, the people, the business and property owners and the small capitalists must support BROU, increase a hundredfold the beneficial force of this Bank, strengthen its efficient action. And they should turn this Bank, born solid and rich, into an unmovable, invulnerable, indestructible colossus, the favorite son of the people, with whose capital it has been incorporated and for whose benefit and profit it has been created without any speculative interest of any person whatsoever.

The various national or foreign credit, banking or mortgage lending entities existing among us have undoubtedly rendered –it would be unfair not to recognize it– very important services to business and to the country, but their action has evidently been insufficient.

Most of such entities are mere second or third order branches of parent companies located abroad. They are governed by strict regulations that absolutely restrict the personal initiatives of their managers. Such entities specialize their operations, generally restricted to the most elementary exchange and discount transactions within an exclusively commercial clientele, rigorously selected. Others, based on strange banking criteria, scarce capital or exaggerated prudence, remain stationary, refractory to all innovation, to progress. They prefer to live a vegetative life, or feel they lack the strength to expand their operations throughout the territory of this country.

Restricted, narrowed, compressed, the effective strength of the local banks, highlights their insufficiency for the multiple needs of Uruguay, a country which they have not been able to follow in its rapid development. The loans made by private individuals, under conditions generally intolerable of pessimism or usury, have filled as far as possible the vast field of operation left free by our insufficient primitive and poor banking service.

Such has been the reality of things until today, when, satisfying a vehement national aspiration, BROU appears in our market, strong and powerful, opening new and vast horizons to all useful and fruitful initiatives.

No one can doubt that establishing a great Bank was a patriotic work, and the President of the Republic has done well in pursuing with tenacity and firmness the embodiment of his ideals, which were those of the whole country, without stopping at trifles, fears, or difficulties until he saw his purposes triumph. Our Republic will keep this in mind and this happy date will be marked in the golden book of his Government.

Favorable circumstances: the confidence and the determined assistance of His Excellency the President of the Republic has constantly allowed me to have the honor and satisfaction of seeing my name, together with that of my friend Lessa, linked to the foundation of this great Bank. In spite of all the criticism, both unjust and passionate, provoked by our work, I proudly vindicate my participation and I calmly await the judgment of the men who know how to work, who know how to produce, challenging the sterile intransigence of politics.

We have witnessed the completion, in conditions as honorable as equitable, of a work of encouragement and patriotism, overcoming difficulties and complications that a few months ago seemed insurmountable. This triumph is due to the credit of our country and of the Government, to the irresistible force of the public opinion and to the determined support of the Honorable Legislative Body.

The work of the Government has been completed. Now, Mr. President, BROU Directors, you still have a great and delicate mission to accomplish.

Not only the future of BROU will depend on your commitment, your skill and your prudence, that the Government has entrusted to your experience and your honorability, but also the economic future of our country. This future might not be able to resist new and profound disturbances in the domestic financial system.

May prosperity and fortune always accompany BROU so that it may worthily achieve its bright purpose.”

Appointment of the first Board of Directors, oil on canvas
by artist Fernando Larroche



Contents

Authorities and senior staff

Message from the president

125 years of BROU

Presentation of the bank
and corporate governance

Macroeconomic environment

Competitive banking environment

Management report

Financial position

Financial performance

Finance area

Corporate area

Retail area

Trust department

Business area

International area

Anti-money laundering

Risk Policies and Control

Human resources department

Financial statements

Related organizations

Branch Network

Speech by the President of BROU, Mr. Salvador Ferrer Carámbula, on October 5, 2021, at the ballet show “The Wizard of Oz” held at the SODRE Adela Reta National Auditorium, as part of the celebrations for the 125th anniversary of the creation of our Bank.

Left to right: President Ec. Salvador Ferrer, Vice President, Dr. Alejandro Lafluf, 2nd Vice president Cr. Max Sapolinski, Director Cr. Pablo Sitjar, Director Dr. Leandro Francolino



“Members of the Executive Branch, legislators, members of the Judiciary, national and departmental authorities, colleagues of the BROU Board, esteemed clients, collaborators, press representatives, ladies and gentlemen, good evening.

Without being an expert on the subject, I can affirm that behind the excellence of a ballet and a staging such as the one we are going to appreciate today, there are some characteristics that may not be so evident, however essential.

A wonderful team needs to act with conviction, to be generous and give their best to others, to make the sacrifice of rehearsing and taking care of every detail, and they also need the trust they build together and with the public.

Besides conviction, generosity and a spirit of sacrifice, it was trust, in fact, the cornerstone of what took place 125 years ago, and we are now remembering with pride and gratitude.

When reviewing the history of BROU’s foundation, the causes that led to its incorporation and the objectives assigned to it, I believe that we can only thank and acknowledge its promoters. And we must also congratulate those who came before us in history for what the Bank means to the Uruguayans today: the Banco País, the flagship bank of our country. And this year, with a pandemic that has made life so hard, I believe we should particularly pay tribute to all those who are no longer with us and who have led our way.

Our Bank was created in complex economic and political times – let us remember that less than one year after its creation, the revolution of 1897, led by Aparicio Saravia, broke out. President Idiarte Borda, together with the Minister of Finance of the time, Federico Vidiella, are credited with the creative impulse. At that time Vidiella claimed that the actions of the various financial institutions then existing –branches of foreign banks or local banks with little capital– were insufficient to contribute to the development of Uruguay.

Our Bank was founded in this context, and Vidiella announced then that “the action of BROU would be powerful, ample and useful; a driving force of our accumulated wealth; a standard controller of credit; and a continued aid to production and employment”. He stated in his speech, in a message that is well worth recalling, that the Bank’s expected activities would not be supported by the capital initially allocated to it. Instead, the the development of production and work would be supported by the public trust that would be built, the deposits that would come with said trust, and the activities of BROU themselves. He was referring to a bank that was born with solidity, that was State-owned. A Bank the people of the country could feel they “owned”, as its first president, José María Muñoz, declared in his inaugural speech.

All these concepts that gave birth to BROU are still the cornerstones of its actions, and for those of us who are at the helm of the Bank today, maintaining these principles is not only an honor, but an obligation to live up to the 125 years of the flagship bank of our country.

And these 125 years speak volumes for Uruguay’s history, the entrepreneurial side of Uruguay, the Uruguay that is open to immigration and development, and the Uruguay that supported by its agricultural sector, has been expanding its industrial, commercial and service activities.

BROU, since its inception, had the calling of becoming the flagship bank of our country. And I believe that today we can recognize that the drive behind its inception has fulfilled its purpose. That drive that wanted to develop an entity that based on the trust of its depositors, would channel savings for the benefit of the national economic growth. An entity that from the moment of its creation would emphasize the importance of the entire country and not only of its capital city, and that would require its board to open branches in all the 19 departments of Uruguay in the first year of its creation. An entity which would become a credit regulator and combat the usual usury of that time.

Banks are depositaries of trust par excellence. And our customers’ trust in the flagship bank of our country is not only the main reason we stand out in the market, but also the most valuable treasure we keep.

However, the trust placed in us is not our only attribute. Our large amount of depositors, our solid financial position and our proven capacity to obtain results, as well as our territorial presence and wide business coverage, are our key features when analyzing our strengths, and these features make BROU a key player in the daily life of Uruguayans.

Contents

Authorities and senior staff

Message from the president

125 years of BROU

Presentation of the bank
and corporate governance

Macroeconomic environment

Competitive banking environment

Management report

Financial position

Financial performance

Finance area

Corporate area

Retail area

Trust department

Business area

International area

Anti-money laundering

Risk Policies and Control

Human resources department

Financial statements

Related organizations

Branch Network

Our actions throughout the pandemic have been a significant part of our performance in recent times. We have played a truly relevant role in providing support to keep the engines of the economy running. By means of refinancing and granting new credits, BROU has played a key role in supporting business and their activities, particularly small and medium-sized enterprises, which have suffered severe liquidity problems as a consequence of the “standstill” caused by the pandemic. These have been complex times, but the Bank has risen to the occasion.

Having been a key player in contributing to the expansion of credit in times of sharp economic contraction surely means that Uruguay is entering a more promising age.

And thinking now, with some optimism, about a time after the pandemic, and allow me to mention that being in a theater where we can use a high number of its sitting capacity is another one of those signs which we are valuing so much these days... But, I was saying that looking ahead, we have many challenges, because we are immersed in a changing world and facing speeds that are not the ones we were used to.

In order to rise to these challenges, we have basically defined three courses of action:

In summary they include: the development of all of BROU’s business lines; the digital transformation, mainly focused on user experience and, in particular, on the development of the payment system; and our unique role as development bank and everything that it entails.

Regarding the first point, business development, we strive to be an active bank and we envision growth opportunities in all our business lines. That is to say, the growth of our credit portfolio both in corporate and retail banking. We will continue providing credit solutions, promoting social credit –undoubtedly the best consumer credit product in the market–, while we will continue repositioning the credit card business.

Secondly, we want to develop true financial inclusion, in the understanding that we can provide digital transactional solutions to customers, transforming their user experience. We want to focus on the payment system, where we understand that Uruguay has a great improvement opportunity and we want to offer solutions that direct our customers towards more modern ways of operating other than using cash. However, in recognition that customers choose their preferred method, and that there is still high demand for the use of cash, we have to cover those needs as well. This has led us to what could be considered contrary to the mid-term digitalization strategy, to meet the unsatisfied demand of our people outside the capital city, where either we have installed ATMs or we have plans to do so in the near future.

And this is related to our third course of action, our role as a development bank, for which having a territorial presence is key. In this line, we focused on supporting specific sectors this past year such as the rice or dairy industries, and this is closely related to the development role that comes with being Banco País, the flagship bank of our country. Our actions during the pandemic have also been aimed at collaborating with the expansion of credit and the support to small and medium-sized enterprises in an overly complex context. Likewise, the possibility of long-term financing and extending the horizon of the local currency financing market are elements that contribute to the significant role of BROU as a development bank.

As with any anniversary, this is an opportunity to celebrate the goals achieved and to review future challenges.

Such goals include the joy of being able to provide strategic support to make the dreams of so many Uruguayans come true. We have been able to accompany them in their personal or business development, as we have been highlighting in our current corporate advertising.

And as regards future challenges, it is time to reinforce our commitment and reassure all stakeholders that our decisions and actions are first and foremost focused on our customers. They have accompanied us throughout our history, placed their trust on us and required us to be better. But our focus is also on our employees –who are the ones who build the flagship bank of our country on a daily basis–. And our commitment is also with our owner -the State of Uruguay–, the regulators and the communities where we operate.

We intend to continue being a bank that lives up to expectations and continues to carry out the mandate which was given 125 years ago: to promote financial services available to the population, encourage savings and foster the production of goods and services in order to contribute to the economic and social growth of Uruguay.

With the leadership of a committed Board of Directors and with every positive contribution made by each one of its members; with our management team that moves our Bank believing in the direction we are going; and with a staff that fully represents the spirit of our Bank, I am sure that BROU has many years ahead to continue supporting the makers of this wonderful country.

Thank you.”

Launch ceremony of book “125 years of Banco de la República Oriental del Uruguay. We make Uruguayans’ dreams come true”



Contents

Authorities and senior staff

Message from the president

125 years of BROU

Presentation of the bank
and corporate governance

Macroeconomic environment

Competitive banking environment

Management report

Financial position

Financial performance

Finance area

Corporate area

Retail area

Trust department

Business area

International area

Anti-money laundering

Risk Policies and Control

Human resources department

Financial statements

Related organizations

Branch Network

Presentation of the bank
and corporate governance



Contents

Authorities and senior staff

Message from the president

125 years of BROU

Presentation of the bank
and corporate governance

Macroeconomic environment

Competitive banking environment

Management report

- Financial position
- Financial performance
- Finance area
- Corporate area
- Retail area
- Trust department
- Business area
- International area
- Anti-money laundering
- Risk Policies and Control
- Human resources department

Financial statements

Related organizations

Branch Network

Presentation of the bank

Head Office aerial view



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

Its current Charter was approved by Law No. 18716 of December 24, 2010, and it is an updated body of regulations, comprehensive and pragmatic, covering every operation of this multiple bank, both as commercial and development bank, all within the constitutional and legal provisions, and the Central Bank regulations in force.

Such law was 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 responsibilities, and the various roles and duties of its senior officers and administrative areas. This regulation completed the legislation, in line with present times, contemplating for instance the use of recent technologies for deliberative bodies, which was undoubtedly useful during these past years when the pandemic forced meetings to be held online on several occasions.

Mission

Contributing to the productive, economic and social development of our country, providing efficient financial solutions to public and private businesses, families and individuals, combining the necessary business profitability with the fulfillment of our social responsibility, and the protection of the trust our depositors place with us, as well as their savings.

Vision

As *Banco País*, the flagship Bank of Uruguay, with a dual role of commercial and development bank, we operate in a competitive market offering solutions through an adequate combination of our wide network of branches and online transactions brought about by digital transformation. Our activities are focused on our customers, and our decisions have an appropriate balance in the care of our employees, shareholders, regulators and the community of the place where we operate.

Contents

Authorities and senior staff

Message from the president

125 years of BROU

Presentation of the bank
and corporate governance

Macroeconomic environment

Competitive banking environment

Management report

- Financial position
- Financial performance
- Finance area
- Corporate area
- Retail area
- Trust department
- Business area
- International area
- Anti-money laundering
- Risk Policies and Control
- Human resources department

Financial statements

Related organizations

Branch Network

Corporate values

Head Office’s main hall



Commitment to service
To provide financial services that foster financial inclusion, and the economic and social development of Uruguay.
To develop top quality products and services that meet customer needs.

Ethical Performance
To observe ethical principles in both personal and institutional actions, as a permanent hallmark in the Edevelopment of our Bank’s activities.

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

Team Work
To adopt a working philosophy that promotes cohesive teamwork, leading to a common vision of ourinstitution.
To maximize the synergies that arise when working side by side, whether within each area or in the cross-cutting actions that demand a unified commitment from the different business areas of our Bank.

Professional Management
To work professionally; i.e., ensuring the achievement of the highest level of quality in everything we do.

Mutual Respect
To act always upon the logic of solidarity, dismissing confrontations that could give rise to paralyzing conflicts and fiefs.

Equity
To ensure all customers, suppliers, associates and workers are treated fairly, equally and ethically, rejecting any discriminatory attitude or policy.
To strictly enforce the provisions of the Code of Ethics.

Transparency
To cultivate the obligation and desire to report within the framework of current legal restrictions, on the basis that correct, adequate and comprehensive information contributes to build trust in the organization and create greater organizational self-control.
To turn management transparency into a true competitive advantage.

Social Responsibility
To ensure a strong commitment to the community through social, environmental, ethical and human resources considerations in businesses and transactions.
To define a strong commitment to corporate social responsibility, defining policies and procedures for workers, suppliers, customers, competitors and society at large.

Contents

Authorities and senior staff

Message from the president

125 years of BROU

Presentation of the bank
and corporate governance

Macroeconomic environment

Competitive banking environment

Management report

- Financial position
- Financial performance
- Finance area
- Corporate area
- Retail area
- Trust department
- Business area
- International area
- Anti-money laundering
- Risk Policies and Control
- Human resources department

Financial statements

Related organizations

Branch Network

Corporate governance



19 de Junio
branch building

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

When the Board enters into office, it appoints a First Vice-President to act as chairman in case of absence, resignation or inability of the President; and a Second Vice-President, to act in case of absence, resignation or inability of both the President and First Vice-President. In addition, when required to maintain a good service level, the President may delegate his/her powers to the Vice-President.

The President –assisted by the Secretary General– acts on behalf of the Bank in all corporate matters. 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.

Morover, to give the management room to be as dynamic as required by present-day entities, the new Charter empowers the President so that in exceptional circumstances, he/she may make an early decision in those cases where the Law does not impose a special majority. Said decision is to be considered by the Board in its next meeting. With the same purpose of providing flexibility and efficiency to the Bank, the Board has delegated its decision making power to several Committees composed of Board Members, the General Manager, and Executive Managers of the areas directly involved. Such areas are listed below.

Administration Committee
This Committee adopts final resolutions in all administrative matters exceeding the powers of each service, if the proposed actions do not require a special majority of the Board of Directors.

Asset Recovery Committee
This Committee adopts final resolutions on matters relating to asset recovery 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.

Audit Committee
Among other duties, this Committee is in charge of examining and adopting the annual plan of the Internal Audit Office, and 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 Committee is responsible for the coordination of the internal and external controls which interact within the Bank, and the supervision of the financial reporting process. Furthermore, this Committee is in charge of monitoring the proper operation of the integrated internal control system, as well as the review of corporate policies regarding compliance with laws and regulations, ethics rules, conflicts of interest and investigations for disciplinary offenses and fraud.

Risk Monitoring Committee
The main purposes of this Committee are: to analyze risk strategies, both by type of risk and at an aggregate level, and to issue recommendations to the Board of Directors; to review risk policies, including the risk appetite of BROU and the companies of the group, and to issue recommendations to the Board; to monitor the implementation of the risk appetite statement, as well as capital and liquidity management strategies.

Contents

Authorities and senior staff

Message from the president

125 years of BROU

Presentation of the bank
and corporate governance

Macroeconomic environment

Competitive banking environment

Management report

Financial position

Financial performance

Finance area

Corporate area

Retail area

Trust department

Business area

International area

Anti-money laundering

Risk Policies and Control

Human resources department

Financial statements

Related organizations

Branch Network

Anti-Money Laundering and Counter-Terrorism Financing Committee

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

Other Aspects of Corporate Governance

Our Bank’s organizational structure has operational lines of command where the Secretary General and the General Manager report to the Board of Directors. The General Secretariat, Civil-Law Notary Services and Legal Services report to the Secretary General. The Assistant General Managers in the Business, Accounting and Resource Management areas, report to the General Manager, as well as the Finance and Processes areas. Corporate Banking, Retail Banking, Distribution Network, Recovery and Online Banking report to the Assistant General Management of Business. Budget, Accounting and Control, and depending on staffing, also Information Systems, report to the Assistant General Management of Accounting. The Information Technology, Operations and Infrastructure areas report to the Assistant General Management of Resources. Additionally, the areas of Human Resources, Strategic Planning and Marketing, with line responsibility and depending on staffing, report directly to the General Manager. In turn, the following units report directly to the Board: the Anti-Money Laundering Unit, the Risk Policies and Control Office, the Internal Audit Office, and the Unit dedicated to the BROU Cluster (this unit 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, per its Spanish acronym) and, particularly, to its Superintendence of Financial Institutions. Likewise, it is under the supervision of the National Accounting Office (*Tribunal de Cuentas*), which, among other things, monitors the financial management of our Bank and the lawfulness of our expenditures 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 our own Charter, which are even more restrictive. The limit for credits to individuals or legal entities was set at 5% of Equity (i.e. USD 76,400,000 for 2021), 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 such entities the limit is 10% of Equity, (USD 152,800,000.00 for the 2021 fiscal year). Likewise, if any of these individuals, companies or entities belong to an economic group, the above limits will remain, but the total amount of credits or loans to the economic group may not exceed such limits by more than 50%.

Notwithstanding the foregoing, and in order to minimize the possible impacts of exchange rate volatility on the ceilings measured in US dollars, the Board of Directors tends to set lower limits than those legally authorized ceilings.

To grant qualified credit –following the best practices of Corporate Governance– resolutions are adopted by corporate professional bodies composed of several members in order to assure greater security and impartiality. The foregoing notwithstanding those loans and credits which the Board of Directors is legally required to approve, due to their amounts or because a special number of votes is required. All remaining credit decisions are made by committees and their final resolutions need a unanimous vote. If there is no unanimity, the matter must be submitted to a higher body.

The main committee of the above mentioned is the Credit Committee, composed of the General Management, and the managers of the Business Area, Corporate Area, and Risk Control and Policies Office, and the senior managers of the Retail Banking Area, Finance Area and/or Distribution Network Area when lending is related to them. They adopt the final resolution about credits for up to USD 2 million and exceeding the powers of the Business Area or Corporate Committee. As for credits granted by the Credit Committees of the Buenos Aires Branch, in this case the Credit Committee is empowered up to USD 400,000.

Under Article 24 of BROU’s Charter: “the State is directly liable for the deposits and the transactions made by the Bank”. Additionally, like all other financial institutions, the deposits with our Bank are also secured by the Deposit Insurance Fund, created by Art. 45 of Law No. 17613 dated December 27, 2002, under the management of the Bank Savings Protection Corporation.

In terms of transparency, it should be noted that our Bank also has a Corporate Information Sharing Unit. Acting within the limits established by the legal framework on bank secrecy and confidentiality, this Unit is responsible for the exchange of information with external bodies to ensure the observation of fundamental human rights of access to public information, and personal information protection, and promoting transparency in the management of our Bank.

This Unit also coordinates the preparation of the information needed for generating the reports required by the Central Bank of Uruguay, mainly the Corporate Governance annual report, and it also answers the questionnaire of the CERT evaluation process, where 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’s main purpose is to support the Management for a coordinated, professional and inclusive administration 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 had, respectively, at Jan 1, 2010, updated according to the increases applicable to salaries of the Central Government. The resulting amounts are reported by the national Planning and Budget Authority (OPP, by its Spanish acronym). The wages of the remaining Bank officials are regulated based on a single standard scale that applies to all public banks. Additionally, according to the provisions of the Staff Rules and existing collective bargaining agreements, officials may earn 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, divisional and personal targets, approved by the Board before the start of the year, and that their design and implementation do not merit objections of the national Planning and Budget Authority.

During 2021 the following changes in the Senior Staff took place:

On July 29, 2021, Mr. Alejandro Lafluf Villareal, who was appointed by Executive Branch resolution dated July 28, 2021, took office in the Board of Directors, thus completing its composition. As a consequence, and in accordance with the provisions of Article 5 of the Bank Charter, by resolution dated August 5, 2021, the Board of Directors appointed Dr. Lafluf as Vice-President, and on the same occasion, Mr. Max Sapolinski Labonarski as Second Vice-President.

Likewise, and as a result of the completion of the Board, on July 29, 2021, Mr. José Amorín Battle, who had been appointed as interim member of the Board of Directors by resolution of the Executive Branch dated March 24, 2020, resigned from the Board of Directors.

On March 25, 2021, Mr. Gustavo Gomila took over as Assistant General Manager of the Business Area, and Mr. Pablo Mesa took over as Assistant General Manager of the Resources Management Area.

In turn, on March 25, 2021, Ms. Gabriela Freire, Analyst Programmer, took over as Executive Manager of the Transactions Area; and on July 15, 2021, Ms. Cristina Joubanoba, CPA, as Executive Manager of the Risk Policies and Control Office.

Finally, on October 21, 2021, Ms. Daniela Lanza, CPA, was appointed as Executive Manager of the Finance Area.

Contents

Authorities and senior staff

Message from the president

125 years of BROU

Presentation of the bank
and corporate governance

Macroeconomic environment

Competitive banking environment

Management report

Financial position

Financial performance

Finance area

Corporate area

Retail area

Trust department

Business area

International area

Anti-money laundering

Risk Policies and Control

Human resources department

Financial statements

Related organizations

Branch Network

Macroeconomic environment



Contents

Authorities and senior staff

Message from the president

125 years of BROU

Presentation of the bank
and corporate governance

Macroeconomic environment

Competitive banking environment

Management report

- Financial position
- Financial performance
- Finance area
- Corporate area
- Retail area
- Trust department
- Business area
- International area
- Anti-money laundering
- Risk Policies and Control
- Human resources department

Financial statements

Related organizations

Branch Network

Montevideo Port



The world economy gained strength in 2021 as part of the global recovery from the economic crisis caused by the Covid19 pandemic. The expansion of the vaccination process made a gradual return to restricted activities possible, while economic support measures encouraged recovery at the international level. Thus, the level of world activity grew by around 5.9% in 2021, within the framework of a fairly generalized dynamism but where each player showed different speeds. In this sense, at the regional level, the Latin American economy was aligned with the reactivation process favored by the soaring prices of raw materials, which grew by 6.8 %, although this was not enough to return to pre-pandemic levels.

However, overall conditions weakened towards the end of the year due to both health and economic factors. On the one hand, the refusal to vaccinate of a very significant portion of the population in advanced economies, together with an uneven distribution of vaccines worldwide, led to the spread of new strains of the virus. In turn, this brought about the reinstatement of restrictive measures in some countries, which had an impact on the capacity for close contact activities to return to normal fully. On the other hand, the upturn in demand, together with the increase in energy prices and the interruptions in supply chains with the consequent shortages of some products, led to an increase in inflationary pressures (particularly in the United States and in emerging commodity-exporting countries). This was reflected in a trend toward monetary and fiscal tightening, becoming a major risk for the consolidation of global growth.

In such context, by 2022, the world economy is expected to continue in its growth path, with an estimated rise of 4.4%, although the recovery is expected to be uneven and uncertain.

Contents

Authorities and senior staff

Message from the president

125 years of BROU

Presentation of the bank
and corporate governance

Macroeconomic environment

Competitive banking environment

Management report

- Financial position
- Financial performance
- Finance area
- Corporate area
- Retail area
- Trust department
- Business area
- International area
- Anti-money laundering
- Risk Policies and Control
- Human resources department

Financial statements

Related organizations

Branch Network

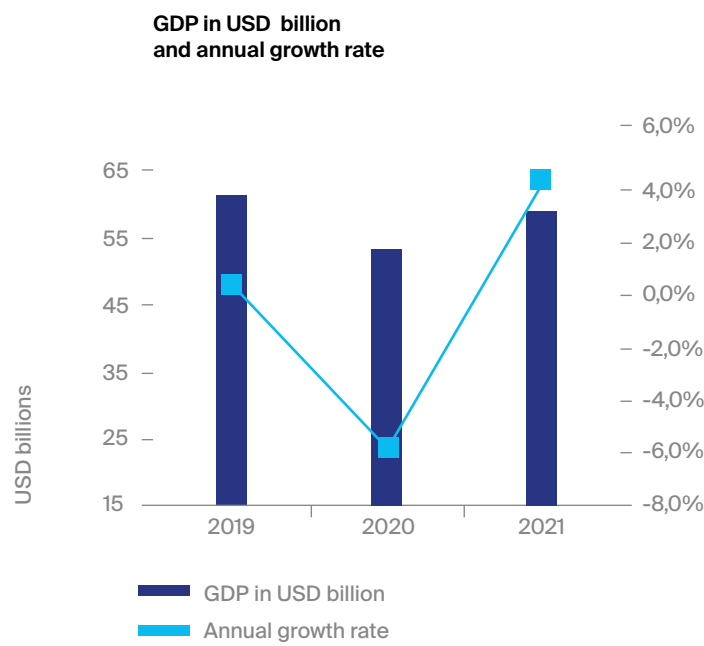
The uruguayan economy








The Gross Domestic Product of Uruguay grew 4.4% in 2021, in the framework of the massive vaccination campaign, the global recovery and the strong increase in export prices.

As regards demand, the recovery was widespread, although at different speeds. In this sense, it was remarkable the dynamism in the export of goods and in fixed investments, in the framework of the construction project of the second UPM plant. Final consumption also grew, led by the increase in government consumption, while private consumption increased at a slower pace.

As far as supply is concerned, most of the economic activity sectors were reactivated in 2021, fundamentally from the upward momentum in the second half of the year, although with different starting points. On the one hand, the construction sector registered an interesting dynamism, while the primary sector and the agribusiness expanded on the back of good harvests and excellent international conditions for the placement of products. On the other hand, the gradual reopening of activities was reflected in the beginning of the recovery process of the sectors that were most affected by the restrictions implemented due to the pandemic: commerce, accommodation, food and beverage supply, professional activities, and services related to leisure and entertainment.

In 2022, the economy is expected to ratify the line of growth, although at a somewhat lower pace, with an estimated expansion of approximately 3.8%.



World Economy					
GDP Annual Variation		2000 / 2007 average	2019	2020	2021
World Economy		4.5%	2.9%	-3.1%	5.9%
US		2.7%	2.3%	-3.4%	5.6%
Eurozone		2.2%	1.3%	-6.4%	5.2%
China		10.5%	6.1%	2.3%	8.1%
Latin America		3.6%	0.1%	-6.9%	6.8%
Brazil		3.5%	1.1%	-3.9%	4.7%
Argentina		3.5%	-3.1%	-9.9%	7.5%

Gross domestic product			
Variation rate of PVI in%			
Type of Economic Activity	2019	2020	2021
Primary Industries	-0.3%	-0.4%	5.0%
Manufacturing	-3.7%	-5.6%	6.7%
Electricity, Gas and Water	13.2%	-12.5%	3.5%
Building	5.2%	1.8%	6.0%
Trade, Repairs, Restaurants and Hotels	0.6%	-9.1%	7.0%
Transport and Communications	3.5%	-6.5%	4.1%
Financial Services	1.2%	-0.4%	5.0%
Professional Activities and Leases	-0.2%	-10.6%	5.2%
Public Administration activities	1.2%	-0.5%	0.0%
Health, Education, Real Estate and other Services	-1.2%	-7.0%	1.9%
Gross Domestic Product	0.4%	-5.9%	4.4%

Montevideo Shopping
Mall branch



Contents

Authorities and senior staff

Message from the president

125 years of BROU

Presentation of the bank
and corporate governance

Macroeconomic environment

Competitive banking environment

Management report

Financial position

Financial performance

Finance area

Corporate area

Retail area

Trust department

Business area

International area

Anti-money laundering

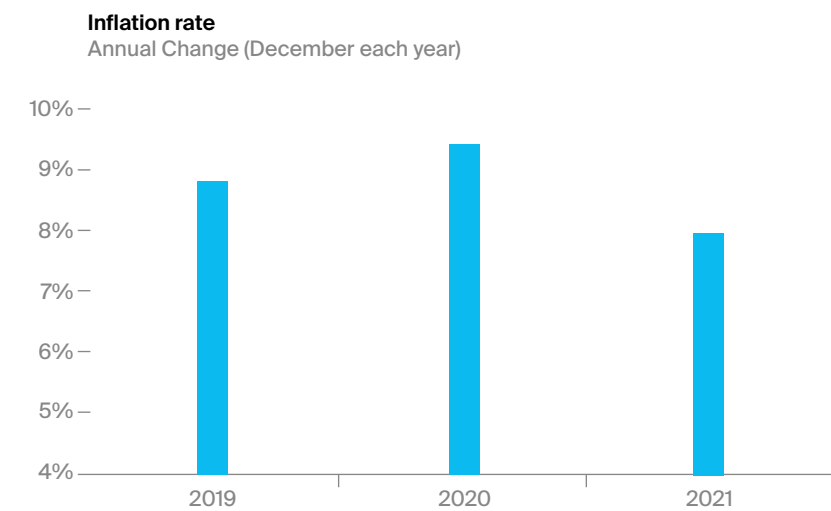
Risk Policies and Control

Human resources department

Financial statements

Related organizations

Branch Network



Goods exported from Uruguay			
FOB in USD millions			
Major Export Products	2019	2020	2021
Meat	1,791	1,585	2,449
Cellulose	1,527	1,101	1,575
Soybeans	1,003	748	892
Dairy	648	648	735
Rice	372	457	382
Other	3,805	3,537	5,516
Total	9,146	8,076	11,549



Foreign Trade

Exports of goods and services from Uruguay totaled USD 18,772 million in 2021, which meant an increase, measured in dollars, of 39% that year, mainly due to the robustness recorded in trade flows of goods, as exports of services showed a slight rise with respect to 2020.

Exports of goods totaled USD 11,549 million in 2021, an increase of 43% as compared to the previous year.¹

Beef was the main export category, with total sales for USD 2,449 million, which represented 21% of the total exports of goods, and a 55% increase in relation to the previous year.

The second largest exports were Cellulose, with an export value of USD 1575 million, 43% higher than 2020. In turn, soybean sales ranked third, also recorded an interesting annual increase.

In regard to specific destinations of our exports, China continued to rank first with a value of USD 3,277 million, accounting for 28% of the total exports, showing a significant increase of 53% compared to the previous year. Brazil ranked second, with a share of 16% of the total and a 54% increase in the amount traded, compared to 2020.

CIF exports of goods totaled USD 10,320 million in 2021, 36% higher than the previous year. The increase in imports was generalized; in this sense, the greatest incidence was recorded in the purchase of intermediate goods. However, imports of consumer and capital goods also showed a strong increase compared to the previous year.

As a result of the performance of exports and imports (FOB values), in 2021, the trade balance of goods improved in relation to 2020.

¹ Exports from free trade zones included.

Contents

Authorities and senior staff

Message from the president

125 years of BROU

Presentation of the bank
and corporate governance

Macroeconomic environment

Competitive banking environment

Management report

- Financial position
- Financial performance
- Finance area
- Corporate area
- Retail area
- Trust department
- Business area
- International area
- Anti-money laundering
- Risk Policies and Control
- Human resources department

Financial statements

Related organizations

Branch Network

Prices and Income

Inflation for the year 2021 stood at 7.96%, a lower level than in 2020. After the slowdown in the first half of the year, pressures intensified in the context of the global situation.

Among the most important items, the most significant increases were in Transportation (13.4%), Housing (7.7%), Education (7.4%), Health (7.2%) and Food and Beverages (6.5 %).

The interbank US dollar rate at the end of the year stood at UYU 44.7 per US dollar, meaning a depreciation of the local currency of 5.6% in the year. The nominal Average Wage Index increased 6.3%, while considering the inflation for the period, real wages decreased 1.6%. In the job market, the unemployment rate decreased, standing at 9.4% on average for the year 2021.

Uruguay. Main social & economic indicators			
Indicator	2019	2020	2021
Population (thousands)	3,525	3,540	3,546
Gross Domestic Product (USD million)	61,516	53,627	59,319
GDP per capita in USD	17,453	15,149	16,729
GDP growth (Annual change PVI)	0.3 %	-5.9 %	4.4 %
Annual export of goods (USD millions, FOB)	9,146	8,076	11,549
Annual import of goods (USD million, CIF)	8,246	7,564	10,320
Current Account Balance, BoP (% of GDP)	1.3 %	-0.6 %	-1.8 %
Gross Debt (% of GDP)	60 %	74 %	71 %
Annual Inflation Rate	8.8 %	9.4 %	8.0 %
Annual Depreciation Rate	15.3 %	13.4 %	5.6 %
USD exchange rate at each year end	37,34	42,34	44,70
Inflation-indexed unit rate at each year end	4.3653	4.7846	5.1608

Colonia branch,
detail of modern
and contemporary
architecture



Contents

Authorities and senior staff

Message from the president

125 years of BROU

Presentation of the bank
and corporate governance

Macroeconomic environment

Competitive banking environment

Management report

Financial position

Financial performance

Finance area

Corporate area

Retail area

Trust department

Business area

International area

Anti-money laundering

Risk Policies and Control

Human resources department

Financial statements

Related organizations

Branch Network

Competitive banking
environment



Contents

Authorities and senior staff

Message from the president

125 years of BROU

Presentation of the bank
and corporate governance

Macroeconomic environment

Competitive banking environment

Management report

- Financial position
- Financial performance
- Finance area
- Corporate area
- Retail area
- Trust department
- Business area
- International area
- Anti-money laundering
- Risk Policies and Control
- Human resources department

Financial statements

Related organizations

Branch Network

Commercial banking system

At the end of 2021, 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 44,566 million at the end of 2021, growing 8% in the year, when measured in US dollars, which represented a 75% of GDP.



Dolores branch, detail of old corporate logo

The commercial banking system Assets amounted to USD 42,621 million in 2021, representing a 9% annual increase, when measured in US dollars, while the Assets of BROU increased 7%.

BROU is the leading financial institution in Uruguay. In 2021, the share of its Assets reached 46% of the total of the banking system, a figure slightly lower than the previous year.

Gross Loans to the Non-Financial Sector totaled USD 15,411 million at the end of 2021, representing 36% of the assets of the commercial banking system. In the fiscal period, there was a balance increase of 10%, measured in US dollars.

The delinquency rate for the entire banking system stood at 1.5 %, a sharp decrease in relation to 2020.

The amount of gross loans to the Resident Non-Financial Private Sector, meanwhile, reached USD 14,193 million, 8% higher than 2020. This increase, measured in US dollars, was generalized in terms of currencies and allocation. Indeed, credit in domestic currency grew by 11% (17% in Uruguay's legal tender), while credit in foreign currency expanded by 5%. In turn, credit to families grew 11%, while corporate credit increased 7%.

In 2021, the Liabilities of the commercial banking system reached a balance of USD 39,176 million, implying an annual increase of 10 % measured in US dollars. At the end of the year, 93% of Liabilities were mostly made up of deposits from the Non-Financial Sector. The share of BROU liabilities in the total banking Liabilities was 45 %, presenting a slight downward variation compared to the end of the previous year.

The balance of the Non-Financial Sector Deposits as of December 2021 amounted to USD 36,376 million, an annual increase of 10% measured in US dollars.

Uruguay: commercial banking system				
Activity level indicators				
	2019	2020	2021	% 2021
Gross Loans to the Non-Financial Sector (% of GDP)	25%	26%	26%	
Gross Loans to Non-Financial Sector (USD million)	14,000	13,987	15,411	
BROU	4,560	4,638	4,764	31%
Private Banks	9,439	9,349	10,647	69%
Non-Financial Sector Deposits (GDP %)	54%	62%	61%	
Non-Financial Sector Deposits (USD million)	30,088	33,031	36,376	
BROU	14,630	15,565	17,009	47%
Private Banks	15,458	17,465	19,367	53%

Commercial banking system indicators			
Indicators	2019	2020	2021
ROE Return on Equity	24.4%	23.6%	17.5%
ROA Return on Assets	2.4%	2.2%	1.5%
Delinquency Rate	3.2%	2.8%	1.5%
Solvency - TIER 1 (RPN) / Minimum capital requirement	1.61	1.69	1.54

Contents

Authorities and senior staff

Message from the president

125 years of BROU

Presentation of the bank
and corporate governance

Macroeconomic environment

Competitive banking environment

Management report

Financial position

Financial performance

Finance area

Corporate area

Retail area

Trust department

Business area

International area

Anti-money laundering

Risk Policies and Control

Human resources department

Financial statements

Related organizations

Branch Network

The Deposits of the Resident Non-Financial Private Sector totaled USD 32,119 million, 11% higher than 2020, with a dollarization level of 76%. This increase was mainly due to an increase in foreign currency deposits, while there was a moderate increase in national currency deposits in this fiscal year. Term structure continued to show a stronger concentration in short-term deposits since 89% of the deposits are kept for less than 30 days.

The Equity of the commercial banking system amounted to USD 3,446 million, measured in US dollars at year end 2021, 1% lower than the previous year. The Equity share of BROU decreased slightly relative to levels of 2020, standing at 53% of the total equity of the banking system.

The solvency of the banking system remained at a very good level, which was reflected in the RPN qualifying capital of the banking system, 54% above the minimum required by regulatory standards. Such ratio was 1.87 times for BROU and 1.32 times for the private banks.

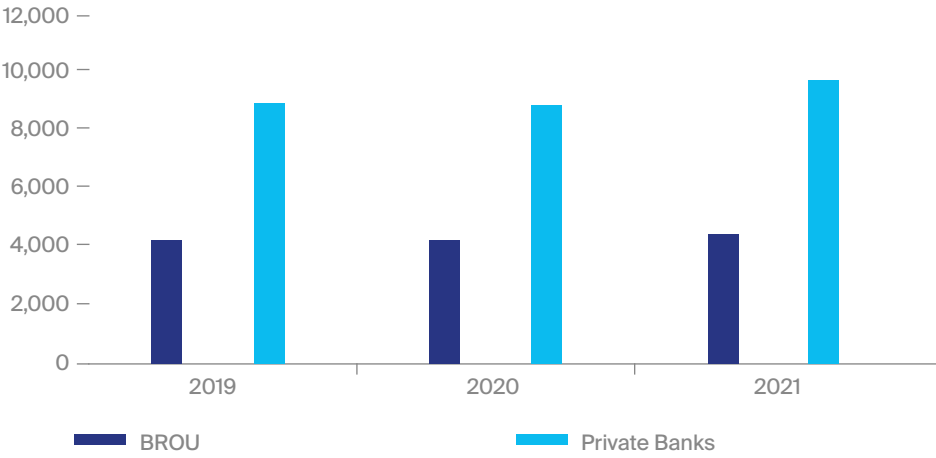
The annual operating income of the commercial banking system reached USD 729 million in 2021, USD 61 million lower than the previous year's operating income.

BROU operating income represented 65% of the overall income.

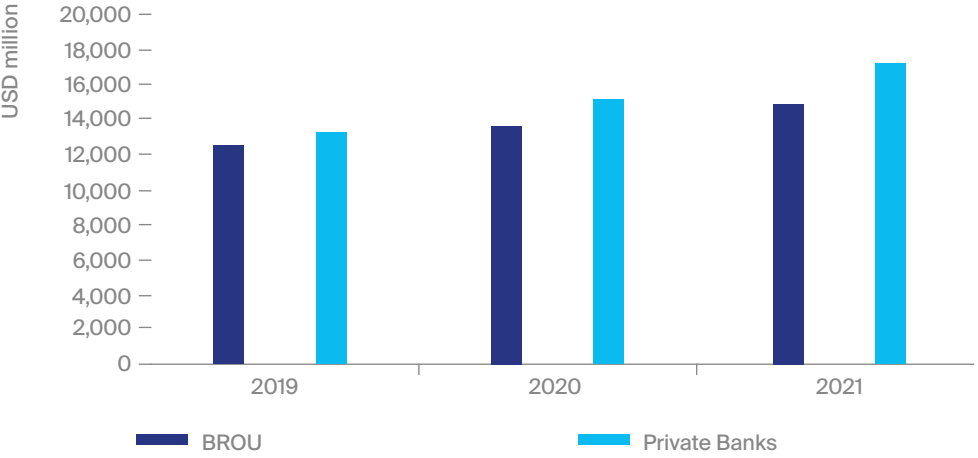
The income for the year 2021 of the commercial banking system was USD 594 million, USD 224 lower than the previous year. BROU's income for the same year was USD 391 million, the highest income of the system, and higher than that of all private banks combined.

The rate of return on equity (ROE) of the banking system was 17.5%, while the rate of return on assets (ROA) was 1.5%. The efficiency ratio, in turn, closed 2020 at 57.7%.

Commercial banking system
Resident non-financial private sector gross loans
Balance in USD million



Total resident private sector deposits
Balance in USD million



Financial system of Uruguay							
Assets, liabilities and equity as of December 31, 2021 (In USD million and percentage share)							
Type of Institution	N°	Assets	%	Liabilities	%	Equity	%
Commercial Banking System	10	42,621	96%	39,176	97%	3,446	80%
BROU	1	19,655	44%	17,817	44%	1,839	43%
Private Banks	9	22,966	52%	21,359	53%	1,607	37%
Other Financial Intermediaries	5	1,944	4%	1,069	3%	875	20%
Banco Hipotecario (Mortgage Bank)	1	1,788	4%	939	2%	848	20%
Credit Unions	1	24	0.1%	20	0.0%	5	0.1%
Finance Companies	1	49	0.1%	35	0.1%	14	0.3%
Offshore Financial Institutions	1	63	0.1%	59	0.1%	5	0.1%
Savings Associations	1	20	0.0%	16	0.0%	4	0.1%
Total	15	44,566	100%	40,245	100%	4,321	100%

Contents

Authorities and senior staff

Message from the president

125 years of BROU

Presentation of the bank
and corporate governance

Macroeconomic environment

Competitive banking environment

Management report

Financial position

Financial performance

Finance area

Corporate area

Retail area

Trust department

Business area

International area

Anti-money laundering

Risk Policies and Control

Human resources department

Financial statements

Related organizations

Branch Network

Management report



Contents

Authorities and senior staff

Message from the president

125 years of BROU

Presentation of the bank
and corporate governance

Macroeconomic environment

Competitive banking environment

Management report

- Financial position
- Financial performance
- Finance area
- Corporate area
- Retail area
- Trust department
- Business area
- International area
- Anti-money laundering
- Risk Policies and Control
- Human resources department

Financial statements

Related organizations

Branch Network

Financial position

The financial statements for the year ending on December 31, 2021 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. For the 2019 and 2018 fiscal years, the BCU communications observed were 2019/195 and 2017/247.

In everything not covered by the standards mentioned above, the International Financial Reporting Standards (IFRS) apply the International Accounting Standards Board was observed where relevant.

San José branch



On December 31, 2021, BROU Assets amounted to USD 19,655 million, representing an increase of 7.2 %, measured in US dollars, when compared to the end of 2020.

Cash and cash equivalents and financial investments totaled USD 14,593 million, concentrating 74 % of total Assets; net Non-Financial sector investments (Private and Public) represented 22 %, while the remaining 3 % were fixed assets, investments and other assets.

Assets grew by USD 1,318 million. There was an increase in cash and cash equivalents and financial investments (USD 1,237million), in the net Non-Financial Sector lending¹ (USD 116 million) and fixed assets (USD 30 million), which was mitigated by a decrease of investments and other assets (USD 66 million).

financial investments reached USD 9,907 million, growing in USD 1,097 million. Concerning foreign currency, 93% of the financial investments granted corresponded to securities for investment.

The net loans to the Non-Financial Sector² amounted to USD 4,401 million (USD 4,764 million in loans in general³ minus USD 363 million in provisions). Gross loans increased USD 117 million compared to December 31, 2020, with an increase in the Private Sector⁴ of USD 211 million and a decrease in the Public sector of USD 98 million⁵. 96% were private sector loans and 4%⁶ were public sector loans.

Gross lending to private sector residents (excluding trusts) reached USD 4,428 million. A growth of USD 185 million was recorded in 2021.

The balance of loans to the Public Sector (USD 63 million)⁷ fell by USD 98 million.

The non-performing loans of the private and public Non-Financial Sector (excluding trusts) amounted to USD 110 million (in 2020, USD 209 million), representing 2.5% of the gross amount. This index was lower than the one recorded at year-end 2020 (4.9 %) mainly due to the decrease in the non-performing loans.

There were no significant changes in any of the remaining categories of assets.

Liabilities amounted to USD 17,817 million, composed as follows: 84 % were resident Private sector deposits, 8 %, Public sector, and 3 % Foreign sector⁸. Other liabilities and sundry liabilities accounted for the 4%.

The resident and non-resident Private Sector Deposits grew by 8 % (USD 1,203 million)⁹. Balances in foreign currency (USD 928 million) increased primarily in savings accounts (USD 823 million) and current accounts (USD 127 million), also in local currency (the equivalent of USD 261 million in pesos and the equivalent of USD 14 million in inflation-indexed units) in savings accounts (USD 222 million), and in current accounts (USD 59 million), and fixed term deposits (USD 8 million) mitigated by the decline in other demand deposits (USD 15 million). The products with greater liquidity (savings and current accounts) concentrated 86 % of total deposits of this sector (76 % savings and 10 % current accounts), and 11 % were fixed term deposits. In terms of currencies: foreign currency deposits increased

¹ Temporary overdrafts not included. These loans do not include the balance of debtors for accrued financial products (included in other assets).

² Temporary overdrafts not included. These loans do not include the balance of debtors for accrued financial products (included in other assets). Trusts included, which are considered financial instruments by the BCU.

³ “Loans in general” include: gross loans, overdraft, Agreement with MEF and financial trusts.

⁴ Nonresident loans included.

⁵ MEF Agreement not included.

⁶ MEF Agreement included.

⁷ MEF Agreement balance not included.

⁸ This includes the deposits in branches overseas, of USD 3 million in the Private sector. During the fiscal year, such deposits decreased by USD 11 million in that sector and by USD 2 million in the Public sector.

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

Contents

Authorities and senior staff

Message from the president

125 years of BROU

Presentation of the bank
and corporate governance

Macroeconomic environment

Competitive banking environment

Management report

Financial position

Financial performance

Finance area

Corporate area

Retail area

Trust department

Business area

International area

Anti-money laundering

Risk Policies and Control

Human resources department

Financial statements

Related organizations

Branch Network



Paso de los Toros
branch

by 8%, deposits in national currency increased by 10% in pesos and by 3% in inflation-indexed units.

The percentage of deposits from resident Private Sector depositors was 78% in foreign currency, 19% in Uruguayan pesos, 3% in inflation-indexed units (percentages similar to those of 2020).

The Public Sector Deposits showed a balance of USD 1,500 million and recorded an increase of 19% (USD 240 million) as compared to December 31, 2020, primarily in savings accounts (USD 130 million), fixed term deposits (USD 72 million) and current accounts (USD 46 million). 69% of the total variation (USD 165 million) was in local currency.

In 2021, the Equity of BROU, measured in US dollars, (USD 1,839 million) decreased by 3.8% (USD 72 million). The increase in profits of USD 391 million in the fiscal year was mitigated by transfers to MEF and the Covid19 Solidarity Fund (for an equivalent of USD 369 million)¹⁰, and by its measurement in US dollars, which meant a USD 74 million reduction to the initial equity. ¹¹ At the end of fiscal year 2021, an adjustment was made for the revaluation of assets (USD 24 million).

The Tier 1 capital (RPN) was 87% above the minimum capital requirement, lower than December 31, 2020 (106%).

The impairment of total gross non-performing loans amounted to 72.06% (60.57 % as of December 31, 2020). Meanwhile, our Bank’s non-performing loan coverage (NPL coverage) was 57.86 times such loans (22.35 in 2020).

¹⁰ As per Article 11 of BROU Charter, article 2 of Law 19,874, and article 40 of Law 18,716, Law 19,988 and other regulations in force.

¹¹ Resulting from the increase in the US dollar exchange rate in the period (5.6%).

Financial performance

BROU obtained in 2021 a profit equivalent to USD 391 million, USD 110 million less than the previous year. The drop was mainly due to lower gains from valuation adjustments, higher Business Income Tax (IRAE, by its Uruguayan acronym) paid and a decrease in the financial margin, attenuated by lower losses from net bad debt charges.¹

The financial margin before provisions reached USD 672 million and decreased by 3% (USD 23 million), due to the 5% drop in financial income.

The financial margin after provisions (USD 662 million) increased by 6%. In 2021 there was a loss of USD 10 million for net bad debt charges, compared to a loss of USD 70 million in 2020. This variation was affected by the gains from the reversal of statistical provisions (USD 37 million) and General provisions (USD 27 million). In the previous year, these provisions recorded losses of USD 43 million and USD 22 million, respectively. There was a loss due to the creation of specific net provisions for bad debts (from USD 51 million in 2020 to USD 103 million in 2021) and less gain from recovery of written-off debt (from USD 47 million in 2020 to USD 29 million in 2021).

The profit margin for services (fees earned minus fees lost plus operating exchange rate difference) reached USD 151 million, a 5% increase compared to the previous year.

Revenues for services (USD 137 million), 72% obtained in national currency, increased by 8% when measured in US dollars.² Expenses for services (USD 55 million) grew by 33%.

Gains for operating exchange rate differences (USD 69 million) increased by 18%. The gross operating margin (financial margin net of provisions plus margin from services) amounted to USD 813 million, showing a 6% increase (USD 44 million).

The Operating Income (gross operating margin minus operating cost and other operating results) amounted to USD 414 million, an increase of 11% in relation to the previous year.

The net valuation result ³ was of USD 163 million profit including: gains from exchange difference in valuation of foreign currency (USD 55 million) and adjustment for changes in the exchange rate of inflation indexed units (USD 117 million), and loss from translation of results (USD 9 million). The Corporate Income Tax paid amounted to USD 137 million, 66% higher than the previous year. The Net Worth Tax, (USD 49 million) was similar to 2020 (USD 49 million).

The efficiency ratio (prepared by the Economic Analysis Advisory Services) reached 49%, indicating a deterioration with respect to 2020 (45.9%).

Indicators of average return on equity (ROE) and average return on assets (ROA) amounted to 21.39% and 2.11% respectively (in the previous fiscal year: ROE 26.65% and ROA 2.87%).

¹ Net bad debt charges or cost of risk definition: losses derived from the creation of specific, statistic-based and general provisions for bad debts, plus gains derived from reversing such general provisioning and from recovering written-off portfolio.

² Regarding currency of origin, commissions increased in foreign currency and in pesos, and decreased in inflation-indexed units. The cumulative average exchange rate per US dollar in the fiscal year rose 3.7% (from UYU 42.013 to UYU 43.562 per USD), affecting the measurement of national currency in US dollars.

³ “Valuation Adjustments” include: “Exchange Difference in Valuation,” “Adjustment for Changes in the Exchange Rate of Inflation-indexed Units” and “Translation Results.” This last item 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.

Contents

Authorities and senior staff

Message from the president

125 years of BROU

Presentation of the bank
and corporate governance

Macroeconomic environment

Competitive banking environment

Management report

Financial position

Financial performance

Finance area

Corporate area

Retail area

Trust department

Business area

International area

Anti-money laundering

Risk Policies and Control

Human resources department

Financial statements

Related organizations

Branch Network

Balance sheet - assets						
USD million						
	2019	2020	2021	2021		
				UYU	Inflation	For. Curr.
Cash & Eq & Financial Investments	12,450	13,356	14,593	1,668	278	12,254
Investments Financial Sector	-	-	-	-	-	-
Investments Non-Financial Sector	4,165	4,285	4,400	993	1,664	1,744
Corporate Area	2,489	2,645	2,621	183	584	1,854
Retail Area	2,065	1,996	2,137	901	1,221	15
Unassigned	6	6	4	-	-	4
Others- Impairment	(396)	(362)	(363)	(92)	(141)	(129)
Fixed Assets	191	166	197	193	-	4
Investments	149	158	155	103	-	52
Other assets	390	373	309	218	12	80
Total Assets	17,344	18,338	19,655	3,174	1,953	14,135

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

Balance sheet - liabilities and equity						
USD million						
	2019	2020	2021	Breakdown by currency, 2021		
				UYU	Inflation-indexed units (IU)	For. Curr.
Deposits	14,651	15,624	17,077	3,795	591	12,691
Private Sector	12,697	13,716	14,910	2,902	443	11,564
Foreign Sector	541	590	600	10	1	588
Public Sector	1,392	1,259	1,500	848	146	506
Banking Sector	21	59	68	35	-	33
Sundry Liabilities	342	331	325	4	-	322
Other Liabilities	428	472	414	318	6	90
Total Liabilities	15,420	16,427	17,817	4,117	596	13,103
Equity	1,924	1,911	1,838	(670)	1,477	1,032

Financial investments						
USD million						
	2019	2020	2021	2021		
	Total	Total	Total	UYU	Inflation-indexed units (IU)	For. curr.
Cash and cash equivalents	4,094	4,367	4,686	942	-	3,744
Financial Investments	8,356	8,989	9,907	999	398	8,510
Total	12,450	13,356	14,593	1,941	398	12,254

Financial investments			
USD million			
	2019	2020	2021
	Total	Total	Total
Foreign Currency	10,512	11,410	12,254
Cash	158	192	223
Central Bank of Uruguay	2,686	2,917	3,248
Overseas Branches	-	-	-
Investment securities	6,590	7,229	7,907
Foreign Sector	1,078	1,072	877
Other	-	-	-
National currency and inflation-indexed units	1,937	1,946	2,339
Total	12,450	13,356	14,593

Income statement			
USD million			
	Dec 31, 2019	Dec 31, 2020	Dec 31, 2021
Financial Income	847	730	696
Financial Costs	(48)	(34)	(26)
Valuation result securities & transactions to be settled	4	(1)	2
Financial Margin before Provisions	803	695	672
Risk cost	(122)	(70)	(10)
Financial Margin after Provisions	681	625	662
Fees earned	137	127	137
Operating Exchange Rate Difference	60	58	69
Fees lost	(43)	(41)	(55)
Margin for Services	154	144	151
Gross Operating Margin	834	769	813
Operating Cost	(424)	(372)	(373)
Other Results	(30)	(26)	(27)
Management Result	380	371	414
Business Income Tax (IRAE)	(99)	(82)	(137)
Net Worth Tax	(48)	(49)	(49)
Valuation Adjustments	239	261	163
Inflation Adjustment	-	-	-
Income for the year	472	500	391
Average Forex Rate	35.240	42.013	43.562

Contents

Authorities and senior staff

Message from the president

125 years of BROU

Presentation of the bank
and corporate governance

Macroeconomic environment

Competitive banking environment

Management report

Financial position

Financial performance

Finance area

Corporate area

Retail area

Trust department

Business area

International area

Anti-money laundering

Risk Policies and Control

Human resources department

Financial statements

Related organizations

Branch Network

Finance area



Rivera city branch

The mission of the Finance Area is to manage actions related to the administration and profitability of assets not applied to the commercial operation, in order to maximize the contribution margin within the metrics defined by BROU, while contributing to customer services through the specialty contribution of this Area.

The approved business model is implemented, adapted and monitored by this Area that operates in a business and decision-making field consolidated in terms of operations, risk management and human resources. The main responsibilities of this Area include:

- Managing the financial resources of BROU in the national and international market.
- Generating profits through financial intermediation and contributing to the design and creation of financial products, advising and distributing them to defined segments.
- Providing relevant information for corporate decision-making in areas defined by the institution for the management of assets and liabilities.

At year-end 2021 financial assets being managed by this Area amounted to USD 14,479 million¹, with an annual increase of USD 1,225 million (9.24%), exceeding the growth of the previous year.²

The change in financial assets in the period is mainly observed in foreign currency (69 % of the variation), and in particular in investment securities, which accounted for 30 % of the growth. Assets in local currency (pesos plus inflation-indexed units) account for 31 % of the increase measured in US dollars, even with the 5.56 % devaluation that took place during the year.

Consequently, the percentage share of foreign currency financial assets decreased somewhat with respect to the previous year, reaching 83.5%³

Financial assets						
Balance in usd million						
	2019	2020	2021			
	Total	Total	Total	UYU	Inflation-indexed units (IU)	For. Curr.
Cash and cash equivalents	3,994	4,267	4,627	941	-	3,686
Financial Investments	8,290	8,986	9,852	1,015	435	8,402
Total	12,284	13,254	14,479	1,956	435	12,088

¹ 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 14,593 million), because the sum reported by Management Control includes total financial investments, including also those managed by foreign branches (USD 228 million difference) (Source: Individual balance sheet). The amount reported in this document also includes USD 114 million related to Debtors for Financial Products, shown by Management Control under Other Assets.

² 8 %; USD 970 million growth in 2020 with respect to 2019.

³ Compared to 85 % in 2020.

Contents

Authorities and senior staff

Message from the president

125 years of BROU

Presentation of the bank and corporate governance

Macroeconomic environment

Competitive banking environment

Management report

- Financial position
- Financial performance
- Finance area
- Corporate area
- Retail area
- Trust department
- Business area
- International area
- Anti-money laundering
- Risk Policies and Control
- Human resources department

Financial statements

Related organizations

Branch Network

In net terms, financial investments were 81% of the uses of funds in 2021, followed by an increase in gross loans of 6%; while the increase in deposits was the main source for the period (96%). Differentiated by currency, the use of foreign currency financial assets represented 80%, funded by an increase in US dollar deposits (97%). In domestic currency, financial investments were the main use (63%) followed by gross loans (25%), based on resources derived mainly from the increase in deposits (83%).

The 30- and 91-day liquidity ratios (Source BCU) on December 31, 2021, had values similar to those at the end of the previous year as regards BROU and the private financial system. The figures for BROU were 94 % and 92 % respectively. For the private financial system, the ratios stood at 62% and 63%. With regard to the Liquidity Coverage Ratio (LCR), BROU far exceeded the limits required by the regulator, reaching 287% in national currency and 358 % in foreign currency at the end of the year. The same happened with the Net Stable Funding Ratio (NSFR); at the end of the year the figure was 109.58 %.

During 2021, 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.

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 18.21 million, remained in effect.

The Assets abroad amounted to USD 7,879 million, representing 66% of the financial assets in foreign currency; their growth was approximately USD 459 million compared to 2020 (6%). As for the distribution by instrument within the assets abroad at the end of 2021, 60% of these funds are investment securities, 30% are deposits in the New York Branch, and the remaining 10% are deposits in other international financial institutions. In this period, the securities portfolio management in the Head Office 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.

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, and 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 9 (IFRS 9), effective in Uruguay since January 2018.

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 investments.

The volume traded on the Electronic Stock Market in 2021, in forex, money and securities markets, was equivalent to USD121,019 million in the entire market. Approximately 65 % more was traded than in 2020, with BROU being responsible for 5.63 %. In absolute values, the BROU traded USD 6,808 million, compared to USD 3,235 million the previous year (110% increase).

In the foreign exchange market, our Bank continued to grow in business volume, and traded USD 1,596 million; concentrated 16.43% of operations, ranking first in terms of volume traded.

Transactions also increased in the money market: from USD 580 million traded in 2020 to USD 3,769 million traded in 2021, ranking fourth. It should be noted that the Central Bank was the agent that traded the most in this market.

Approximately USD 1,424 million were traded in the secondary securities market, this amount was higher than the one traded in 2020 (USD 1,164 million). The percentage traded increased from 6.71 % to 7.80 %.

The trading operations of the Market Desk in local currency instruments increased 84% in the fiscal year, compared to the values of 2020.

During the year 2021, a nominal value of USD 1,694 million was traded for the purchase, subscription and sale of securities. These operations grew 46 % with respect to the previous year. This is due to operation with bills of exchange, which increased 53 %, while the rest of the instruments decreased 37 %.

Financial assets by type			
Balances in usd millions			
	2019	2020	2021
Foreign Currency	10,272	11,245	12,088
Cash and cash equivalents	2,978	3,327	3,686
Central Bank of Uruguay	-	-	-
Overseas Branches	2,344	2,296	2,341
Investment securities	4,031	4,799	5,396
Foreign Sector	843	755	603
Debtors for accrued financial products	76	69	62
National currency and inflation-indexed units	2,012	2,009	2,391
UYU	1,673	1,691	1,956
Cash	350	316	291
Central Bank of Uruguay	666	625	649
Securities	598	702	948
Private Banks - Fixed-term loans	-	1	26
Debtors for accrued financial products	60	48	40
Inflation-indexed units (IU)	339	318	435
Central Bank of Uruguay	-	-	-
Securities	324	303	423
Debtors for accrued financial products	15	15	12
Total	12,284	13,254	14,479

Sarandí del Yí branch



Contents

Authorities and senior staff

Message from the president

125 years of BROU

Presentation of the bank
and corporate governance

Macroeconomic environment

Competitive banking environment

Management report

- Financial position
- Financial performance
- Finance area
- Corporate area
- Retail area
- Trust department
- Business area
- International area
- Anti-money laundering
- Risk Policies and Control
- Human resources department

Financial statements

Related organizations

Branch Network

The commissions obtained from the purchase and sale of securities were USD 1.3 million, a record 7% less than the previous year. Additionally, securities with coupons or other intermediate payments report a commission for financial services regularly invoiced for holding these instruments in custody. The total amount arbitrated in US dollars for this concept remained stable and was USD 753,000 (-4 %).

Given the profile of customers, and the relative volumes managed, monetary regulation bills are the most traded instrument; they made up nearly 97% of total volume of instruments and generated 80% of total commissions. Alternatives were discussed to access customers not served so far.

The offices specializing in investment products base their activity on a comprehensive service model and sale of bank products and services to a target audience of individuals. They serve companies only for securities operations, given the specialization required for the sale of financial instruments. Under BCU regulations, services are provided in spaces that guarantee client privacy, with externally certified staff regularly updated.

In relation to local financial clients, commissions for services were received this year for the equivalent of USD 1.3 million.

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

Progress was made in working groups made up of the different departments, which, in parallel to continuous operations, made progress in the implementation of improvements in analysis, documentation –local and international–, accessibility for customers and joint approach to different issues, as well as coordination with the Business, Operations and Legal Counsel areas.

- Improvements include:
- Assistance to the Corporate Area in tailor-made businesses.
 - Successful testing of the Business Continuity Plan.
 - Signing of ISDA (International Swaps and Derivatives Association) contracts.
 - Incorporation of local and international negotiation and consultation platforms.
 - Records and communication of over-the-counter transactions.

The development of permanent human capital with technical training in products, markets and financial instruments, regulations and risks applicable to the business, technological tools and languages continued. Development continued also in the area of soft skills, negotiation, leadership and work organization.



Chuy branch.

Contents

Authorities and senior staff

Message from the president

125 years of BROU

Presentation of the bank
and corporate governance

Macroeconomic environment

Competitive banking environment

Management report

- Financial position
- Financial performance
- Finance area
- Corporate area
- Retail area
- Trust department
- Business area
- International area
- Anti-money laundering
- Risk Policies and Control
- Human resources department

Financial statements

Related organizations

Branch Network

Corporate area



Corporate customers building

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 this multiple and competitive Bank, the Corporate Area is a market leader by promoting investment, exports and financial inclusion, combining profitability, social advancement and environmental advocacy in defining business.

The strategy of this area is to ensure the profitability of customers by generating proposals tailored to their needs in order to increase their business, preferably through remote channels, and focus on customers in order to improve their experience.

Corporate credit by purpose			
USD million			
YEAR	2019	2020	2021
UYU	185	232	183
Inflation-indexed units	505	568	584
Foreign Currency	1,800	1,844	1,854
Total	2,489	2,645	2,621

Source: Management Control

Balances placed measured in US dollars recorded a slight decrease with respect to the previous year (-1 %), determined by the 21 % decrease (USD 49 million) in loans in local currency. While placements in Inflation-indexed Units grew 3 % (USD 16 million), and loans in US dollars recorded an increase of around 1 % (USD 10 million).

The Corporate portfolio recorded 71 % of placements in US dollars. Of the placement in local currency, 76 % were in Inflation-indexed units.

At the end of 2021, the corporate portfolio delinquency rate was 2.2 %, a significant decrease compared to the end of 2020, when it reached 6.4 %.

The balance placed as of December 2021 in refinancing, including both debt reprofiling and agreements, is around USD 500 million.

Contents

Authorities and senior staff

Message from the president

125 years of BROU

Presentation of the bank
and corporate governance

Macroeconomic environment

Competitive banking environment

Management report

Financial position

Financial performance

Finance area

Corporate area

Retail area

Trust department

Business area

International area

Anti-money laundering

Risk Policies and Control

Human resources department

Financial statements

Related organizations

Branch Network

The Corporate Area manages 15,585 credit customers, 7% more than at the end of 2020. The balances placed, measured in US dollars, in the Private Sector correspond to agricultural business (41 %), services (25 %) and industry (16 %).

Corporate credit by purpose	
Balances in usd millions	
YEAR	2021
Private Sector	2,417
Agriculture	986
Industry	380
Construction industry	70
Trade	238
Services	615
Trust	125
Others	4
Public Sector	204
Total	2,621

Source: Management Control

With regard to deposits, at year-end, the balance in demand accounts and term deposits reached USD 4,378 million, deposited in 248,928 accounts. The balances of term loans are around 8% and represent 1% of the accounts.

Corporate area		
	Dec 31, 2021	
	USD million	Accounts
Savings Accounts	1,552	108,338
Current accounts	2,213	50,222
Other demand accounts	275	88,187
Fixed Term Deposits	338	2,181
Total	4,378	248,928

Main actions carried out in 2021

An active role was maintained in supporting companies affected by the Covid19 pandemic, contributing to sustaining the payment chain and maintaining economic activity. Credit solutions were focused on the sectors most affected by the health crisis: restaurants, bars, party halls, social and sports clubs, gyms, recreational and cultural event centers (such as cinemas and theaters) and related suppliers, border free shops, transportation, tourism and hotels.

As part of the measures adopted, an extension of 180 days was granted so that corporate customers with loans would not have to pay installments or interest while economic activity was reactivated. This extension was provided automatically and at no interest cost for companies with lower indebtedness, belonging to the sectors that were most negatively impacted by the pandemic. The rest of the companies were discussed on a case-by-case basis, ensuring that each one of them had a solution that was adequate to their needs.

Also, credits were granted, and previous operations were refinanced using the different guarantee lines of the National Guarantee System for Companies (SiGa), allowing companies without the necessary or sufficient guarantees to back their credit needs at a low cost.

Options specially designed to address the situation were promoted, with loans backed by the SiGa Emergency and the SiGa TourismImpulse. As of December 2021, our Bank had 9,264 transactions backed by the SiGa Emergency, for a balance of USD 231 million; and 189 under the SiGa TourismImpulse, for a balance of USD 14 million.

Several credit products were adapted in response to market demand and to the exchanges with the different trade associations in the country, and renewed solutions were created for the dairy and forestry sectors, as well as for agriculture in general, with the purchase of land with extended terms.

Special conditions were created for financing the dairy sector, with a line of credit that allows for the various investments necessary to expand production capacity including variable repayments based on the price of milk, and terms up to 8 extendible to 10 when the project involves effluent management.

The terms for the financing of forestry investments were extended, with a maximum of 12 years in the case of yield forests, including the financing of protective, shaded and sheltered forests.

The business offer for the purchase of fields was improved, extending the terms to 15 years for large and medium-sized companies, and creating the SME Program so that small producers and agricultural micro entrepreneurs can finance the purchase of fields for 20 years.

Foreign trade tariffs were adjusted to support with lower costs the performance of companies in this sector.

The development of exporting SMEs was supported by actively participating in the “SMEs to the World” program, together with the Union of Exporters of Uruguay, the National Development Agency, the National Agency for Research and Innovation, and Uruguay XXI, in an initiative aimed at the export professionalization of small and medium-sized Uruguayan companies conducive to initiate or increase the exports of their goods and services.

As every year, the BROU and the Union of Exporters of Uruguay awarded the companies for their export efforts in a ceremony held on December 8 in the hall of BROU Head Office and made available via Internet streaming. The award-winning companies obtained their award as the top general or sectoral exporters or BROU major export customers. Recognitions to construction services and ICT exporting companies were awarded to exporting companies located in free trade zones, and to innovative exporters, with environmentally friendly production (green export) and with a gender perspective. The three countries that are the main destinations of national exports were also recognized: China, Brazil and the United States.

BROU participation was promoted in multiple exhibitions, fairs and agricultural, trade and service conferences throughout the country, where the business offer for companies of all segments was disseminated, advice was provided, and the concretion of new businesses was favored.

New business agreements enabled BROU’s client firms to access preferential conditions in different companies in the market for the purchase of different implements, machinery and vehicles.

Contents

Authorities and senior staff

Message from the president

125 years of BROU

Presentation of the bank
and corporate governance

Macroeconomic environment

Competitive banking environment

Management report

- Financial position
- Financial performance
- Finance area
- Corporate area
- Retail area
- Trust department
- Business area
- International area
- Anti-money laundering
- Risk Policies and Control
- Human resources department

Financial statements

Related organizations

Branch Network

The corporate business team was expanded including new regional business leaders and promoting a close and fluid relationship with our customers in all branches throughout the territory of Uruguay.

A fundamental milestone was achieved in relation to our Internet Banking by migrating to a new, totally renewed transactional site for all companies. The migration to the new platform was carried out in stages and taking into account the complexity of the companies' operations. Personalized advice was provided, with face-to-face and remote support, and regular communications to inform customers of the changes in the usability of the tool.

Focusing on customers and their experience, we continued to deepen and expand the loan disbursement operation “via the web” to predefined groups of customers, both in central units in Montevideo and in the rest of the territory. Likewise, we continued to promote the use of the BROU Livestock Trust (Spanish acronym FGB), a guarantee system aimed at promoting and expediting the granting of loans for the agricultural sector. In this line, we added the Express Credit up to USD 70,000 with the BROU Livestock Trust guarantee to our business offer. This is an agile alternative for our customers to obtain financial assistance. Internal and external dissemination actions were carried out and business focus was given to deepen its use.

Special financial assistance was authorized for livestock and dairy farms (including sheep producers) affected by the water deficit, with a payment schedule specially designed to address the situation, giving priority to the affected areas.

Training continued for area officials and monthly exchanges were held with the business teams of the different areas, disseminating the adjustments made to the business proposal for companies, promoting their comprehensive service.



Convención branch.

Contents

Authorities and senior staff

Message from the president

125 years of BROU

Presentation of the bank
and corporate governance

Macroeconomic environment

Competitive banking environment

Management report

- Financial position
- Financial performance
- Finance area
- Corporate area
- Retail area
- Trust department
- Business area
- International area
- Anti-money laundering
- Risk Policies and Control
- Human resources department

Financial statements

Related organizations

Branch Network

Retail area



Analytics
During 2021, the Analytics sector of the new Analytics and Customer Vision Department carried out several projects where the concept of *data analytics* is prioritized for business development, at the service of customers and prospects.
Within the framework of the Mastercard BROU Recompensa CREDIT CARD MASS ISSUANCE CAMPAIGN, a customer prospecting model was developed for phone sales that results in a selection of people with a greater probability of accepting the product for each customer prospect. This was the way to carry out a more assertive campaign, for people with greater interest.
Specifically, Supervised Machine Learning algorithms were applied to create a model that is trained with past data and can predict future results.
The results were very encouraging since in the first implementation month it was possible to double the placement through this channel, allowing us to identify and contact the customers most interested in this offer.
The development of a segmentation of the Individual customers portfolio was also carried out based on the characteristics of the people and through the application of an innovative advanced analytics segmentation model based on the transactional profile of customers. This model was also specifically adapted to analyze the behavior of the means of payment, for business decision making of business agreements and campaigns, in support of Business Management.

Customer Vision
From this sector, the first Digital Onboarding Project was coordinated. With an initial focus on the Youth Segment, an agreement was made with INJU/MIDES for the issuance of the Youth Visa Debit Card, Youth Account and access to eBROU.
This business offer is aimed at 14–25-year-old young Uruguayan residents.
The application for the package is made by the young person through WhatsApp, in a wholly digital, simple and fast experience that the customer can carry out any day and at any time, only with a cell phone and ID in hand. A dialogue is established with the bot, where the necessary information is provided for customer registration and opening of products; account opening, and card issuance is fully automated. Subsequently, the card is withdrawn at the branch chosen by the young person.
Both the Youth Account and the Youth Card do not have minimum balance requirements or fixed costs of any kind. The card is a Visa debit card with contactless technology and EMVchip. It allows buying with greater security, both in person and online purchases, and also making purchases abroad. It has all the benefits of a Visa card and the Benefits of the INJU Youth Card.
In particular, with regard to underaged between 14 and 17, a subset of the target audience for this offer, we are the only Bank that, based on the BROU Charter (article 21), allows to open an account autonomously, without the signature of their legal representatives.
This project is the beginning of a new way of relating to our customers that will continue to be developed and improved.

Contents

Authorities and senior staff

Message from the president

125 years of BROU

Presentation of the bank
and corporate governance

Macroeconomic environment

Competitive banking environment

Management report

Financial position

Financial performance

Finance area

Corporate area

Retail area

Trust department

Business area

International area

Anti-money laundering

Risk Policies and Control

Human resources department

Financial statements

Related organizations

Branch Network

Deposits and Services

Within the framework of a pricing review, taking into account the services provided, the evolution of volumes, prices and the conditions of competitors, the following actions were taken:

- Deposits: Adjustment of commissions on demand accounts of non-resident foreign individual customers
- Services: Adjustment of the prices of bills of exchange and renting safety deposit boxes.

These changes implied an improvement in the income from commissions on such products without losing the leading position in terms of prices.

The age limit for the Youth Account product was extended from 17 to 25 years under more beneficial conditions than those of a standard savings account. Accompanying the digitalization process, this product was included in the On Boarding Digital offer, prioritizing the young segment.

The trend observed in the two years of the pandemic is confirmed, with a significant growth in the volume of deposits measured in US dollars. Deposits in foreign currency, almost entirely explained by US dollars, remain being 81% of the total. Fixed-term deposits are around 13% of the total. 74% of deposits correspond to individual customers (Retail Banking).

Foreign private sector deposits (Retail Banking)			
Balances in usd millions			
Type of Deposits and Currencies	2019	2020	2021
Uruguayan pesos	1,774	1,867	2,039
Sight Deposits	53	22	23
Savings Accounts	1,472	1,623	1,788
Fixed Term Deposits	249	222	228
Inflation-indexed units	298	301	328
Foreign currency	8,759	9,549	10,206
Sight Deposits	285	149	152
Savings Accounts	7,375	8,334	9,011
Fixed Term Deposits	1,099	1,065	1,043
Total	10,831	11,717	12,573

Credit Cards and Prepaid Cards

During 2021, the number of transactions carried out through our credit and prepaid cards was 12.7 million and the volume transacted exceeded USD 500 million.

BROU continues to be an important player in the credit card market and continues to work to achieve the leading position held in most banking retail products.

Some of the actions to highlight in 2021 include:

- Strengthening of the Mastercard BROU Recompensa program: within the framework of the agreement signed with the Mastercard seal in December 2019, work continues on the development of the BROU Recompensa product. For the year 2021, our Bank set very challenging goals for placement and consumption of the cards participating in the program, which were fully met. These achievements show customer acceptance of the product's value proposition.
- New business agreements were also established in order to enhance the value proposition and a communication and marketing plan through different channels: social networks, mailing, web, call center, etc.
- Improvement of security processes: For Visa credit and prepaid cards, the 3-D Secure protocol, called Verified by Visa, was implemented in order to provide greater security to customers in ecommerce transactions. Internal procedures also continue to be adapted in order to improve security services for customers.
- Mastercard acquirer opening: In the market of Means of Payment in Uruguay, the acquirer opening for Mastercard was introduced. This opening implies that the acquiring monopoly for said brand is broken, which will allow businesses to benefit from greater competition that can translate into a fee reduction and/or greater services.¹ For this milestone, BROU had to make important adjustments to its systems, completed within the dates agreed by the Bank.

	Currency	Transactions	Volume Original currency	Transaction Average
Total transactions (UYU)	UYU	10,786,099	18,340,551,278	1,700
Total transactions (USD)	USD	1,936,081	87,878,081	45
Grand total (USD)	USD	12,722,180	508,506,811	

¹ Acquirers are the companies that can affiliate merchants so that they charge their sales with cards.

Contents

Authorities and senior staff

Message from the president

125 years of BROU

Presentation of the bank
and corporate governance

Macroeconomic environment

Competitive banking environment

Management report

- Financial position
- Financial performance
- Finance area
- Corporate area
- Retail area
- Trust department
- Business area
- International area
- Anti-money laundering
- Risk Policies and Control
- Human resources department

Financial statements

Related organizations

Branch Network

Debit Cards

As far as the number of debit cards is concerned, BROU continues to lead the market.

In 2021, an increase in purchase and transaction volumes is observed, showing a recovery compared to 2020 due to the impact of the health emergency.

		Total debit card Purchases 2020		Total debit card Purchases 2021	
		Nmbr. of TRX	Amount	Nmbr. of TRX	Amount
Local purchases	UYU	107,845,319	129,131,811,922	129,460,414	155,320,504,948
Local purchases	USD	1,075,208	128,308,628	1,165,529	136,108,878

Among the key performance indicators of debit, the “Use of debit” indicator ⁽¹⁾ has continued to increase with respect to 2020, reaching a maximum in December with more than eleven million transactions and a volume of around USD 315 million purchases during such month.

The indicators referring to the number of cards, number of transactions and volume in US dollars and local currency (for shopping), and the number of active cards² are based on the following summary table comparing 2021 with previous years:

	2019	2020	2021
Issued cards (December)	1,637,348	1,635,738	1,603,806
Number of purchases	98,112,377	109,570,833	131,314,116
Volume in UYU- purchases (Annual)	\$ 107,706,769,652	\$ 129,131,811,922	\$ 155,320,504,948
Volume in USD - purchases (Annual)	U\$S 180,755,119	U\$S 145,628,123	U\$S 156,200,421
Number of active cards (December)	919,524	959,505	981,633

¹ Use of debit: Number of cards used for shopping/Number of current cards
² Number of cards with at least one purchase in the last 90 days

Business Management

During 2021, the promotion of Mastercard BROU Recompensa credit card continued to be deepened, incorporating a web onboarding landing page into the application channels. This, added to the other channels, allowed more than 80,000 cards to be placed through campaigns.

Our Mastercard BROU Recompensa cards continued to offer benefits in Supermarkets, Pharmacies and fuel stations throughout 2021.

The process of campaigns for Visa Cobranding in shopping malls along the West area of Uruguay and in Las Piedras Shopping Mall was extended through telephone calls. This allowed us to reach frequent customers of our partner malls with a specific and attractive offer.

In addition, we continued to optimize the delivery process through correspondents, improved delivery times and the follow-up and response to customers were strengthened.

In order to promote an expansion in the use of the main means of payment in the area, commercial campaigns such as “Back to School,” “Mother’s Month,” “Father’s Month,” “Children’s Month,” “Month of Daughters and Sons” were implemented. Benefits also continued in the catering, restaurant and hotel industry with the “Winter Tourism” and “Summer Tourism” campaigns, and benefits were implemented in various high-demand areas, always maintaining a strong presence in cultural and sports events. Both types of events are very popular and deeply rooted in the country’s popular traditions.

In turn, in the West area of Uruguay, the “Benefits for you” campaign was implemented as a defensive measure against the opening of borders, supporting the cities of Artigas, Colonia, Fray Bentos, Mercedes, Paysandú and Salto.

The management of the benefit campaigns was improved, enhancing communication and training for the points of sale, minimizing operating errors and improving control of results.

Campaign	Means of payment	Discount
Fuel BROU Recompensa Cards	Mastercard BROU Recompensa Cards	5%
Pharmacies BROU Recompensa Cards	Mastercard BROU Recompensa Cards	10%
Supermarkets BROU Recompensa Cards	Mastercard BROU Recompensa Cards	10%
Domestic Tourism: Hotels and Restaurants	Debit Visa Cards; Mastercard and Visa credit and prepaid cards	Up to 30%
Back to School	Debit Visa Cards; Mastercard and Visa credit and prepaid cards	Up to 30%
Mother's Month	Debit Visa Cards; Mastercard and Visa credit and prepaid cards and Multipagos	Up to 30%
Winter Tourism Hotels and Restaurants	Debit Visa Cards; Mastercard and Visa credit and prepaid cards	Up to 30%
Father's Month	Debit Visa Cards; Mastercard and Visa credit and prepaid cards and Multipagos	Up to 30%
Children's Month	Debit Visa Cards; Mastercard and Visa credit and prepaid cards and Multipagos	Up to 30%
Month of Daughters and Sons	Debit Visa Cards; Mastercard and Visa credit and prepaid cards and Multipagos	Up to 30%
Benefits for you Artigas, Colonia, Fray Bentos, Mercedes, Paysandú & Salto	Mastercard BROU Recompensa Cards, Debit Visa Cards and Tuapp	Up to 20%
ANDE: Entrepreneurs Fair	Debit Visa Cards; Mastercard and Visa credit and prepaid cards	Up to 15%
Summer Tourism: Hotel industry	Mastercard BROU Recompensa Credit Cards	10%
Summer Tourism: Restaurant and food services	Mastercard BROU Recompensa Cards, Visa Cards and Tuapp	Up to 20%

Contents

Authorities and senior staff

Message from the president

125 years of BROU

Presentation of the bank
and corporate governance

Macroeconomic environment

Competitive banking environment

Management report

- Financial position
- Financial performance
- Finance area
- Corporate area
- Retail area
- Trust department
- Business area
- International area
- Anti-money laundering
- Risk Policies and Control
- Human resources department

Financial statements

Related organizations

Branch Network

Online Business

During 2021, in the context of a global pandemic digital payment and transfer services became very significant for customers. Online Business maximized efforts to achieve key objectives that allow better experience, security and faster online transactions. Consequently, this past year, more significant milestones were achieved in SPI transfers (Spanish acronym for *Interbank Payment System*), Multipagos and e-wallets (with the development of Tuapp as a priority).

In SPI transfers, our Bank was first in the market to have the innovative functionality of Immediate Transfers available. When 3 other banks accompanied the development of BROU, on April 20, 2021, the service was put into operation for customers of such other Banks. Today there are 6 operating banks, both to receive and to send Immediate Transfers. The service works on business days from 9 a.m. to 5:15 p.m. and our Bank has already received 107,874 and sent 79,504 transfers of this type since this service became operative. For 2022, the challenge is extending the hours for Immediate Transfers, to continue improving the positioning of this service as a complete substitute for cash.

Multipagos continued to be one of the Bank's fastest growing products and the most used service in eBROU. This, in addition to being due to a change in customer behavior (increasingly using the e-channel for payments and purchases), is enhanced by the strategy we have been developing for a few years. The purpose has been positioning this e-channel not only as a bill payment service, but also as a means of payment for ecommerce and the number one comprehensive platform for online payments and purchases in Uruguay. Among other new services, the DirecTV recharge (on July 24, 2021) directly from eBROU, the payment of taxes and other charges for 7 new departmental governments,¹ and the ecommerce for Carlos Gutiérrez (November 18, 2021) for payments with Multipagos of the purchases initiated on their website were enabled.²

On July 21, 2021, the very significant milestone of enabling cross-payment of cards with other local banks was achieved. This is how, without intermediaries in the payments, the costs of cards payment collection were minimized, and a previous cost became income when a client with an account in our Bank pays other issuers' cards.

Such aspects allowed a 32% increase in Multipagos transactions compared to 2020. In 2021 this service was used by more than 530,000 customers.

For Multipagos, 2021 was not only a year of business progress, but also its security was maximized. The digital key requirement was incorporated for all merchant websites with e-commerce sales, and, among other actions, maximum payments and amounts for cell phone recharges and other services were implemented. By 2022, work is being done to adjust the digital key application by amounts, and to implement a second simple authentication factor to provide the greatest security to customers with the least possible impact on the payment experience.

Tuapp continued to provide social assistance to more than 350,000 people, through the basic nutrition assistance benefits of the Ministry of Social Development of Uruguay ("MIDES", by its Spanish acronym) and the food vouchers of the Ministry of National Defence of Uruguay ("MDN", by its Spanish acronym), and almost 3,000,000 payments were made with assistance benefits/vouchers for an approximate amount of UYU 4,000,000,000. In addition, since May 03, 2021, beneficiaries were given the possibility to use their vouchers partially, through better sales service, including Tuapp in the TATA group cashier system (main store in the redemption of vouchers/assistance benefits). The plans for next year include department stores and POS networks.

Also, on September 15, 2021, the self-registration of businesses for sales through Tuapp was enabled, a simple means for acquiring businesses, at lower costs, fewer visits and less bureaucracy. In addition to this, on December 3, 2021, the possibility of paying with a BROU account associated to Tuapp was enabled in over 1,500 stores. This was accompanied by a fee reduction since December 15, 2021 (being the means of payment with the lowest fee in the market), Tuapp becoming a convenient, safe, efficient means of payment/sale and at the lowest

¹ There are already 17 departmental governments accepting payments with Multipagos.

² As a result of important negotiations with the company, today Multipagos is the first and only online payment method enabled by Carlos Gutiérrez.

costs for businesses and users. By 2022, the expansion of Tuapp offer in stores is expected, positioning this app within the universe of payment methods in Uruguay.

In addition, this area actively participates in the Innovation Nodes ("*Nodos de Innovación*") of the Central Bank of Uruguay, facing the challenge of developing open banking in our country. Strategies are being adjusted, both when it comes to sharing data and using said data for developing our own businesses, but always with the goal that these changes in banking and in our Bank digital transformation result in a better service for customers as it has been happening year after year.



Contents

Authorities and senior staff

Message from the president

125 years of BROU

Presentation of the bank
and corporate governance

Macroeconomic environment

Competitive banking environment

Management report

- Financial position
- Financial performance
- Finance area
- Corporate area
- Retail area
- Trust department
- Business area
- International area
- Anti-money laundering
- Risk Policies and Control
- Human resources department

Financial statements

Related organizations

Branch Network

Summary performance in 2021
Online business

Online Business*	2019	2020	2021
Fees (UYU)	161,658,948	237,545,974	369,020,352
Transactions	12,609,003	16,588,834	21,780,136
Volume (USD)	USD 4,512,794,123	USD 4,653,702,972	USD 5,580,430,964

* Data from Multipagos transactions and e-wallets (Tuapp and Postpaid STM service) included. Data from SPI transactions not included. Transactions and volume of Tuapp operating coupons not included.

Retail Credit

The Retail Credit is known by the public, as “Social Credit”. In our Bank, the department in charge of managing the credit business for Individual customers offers consumer credit as its most outstanding product. These lines of credit are available in Uruguayan pesos, Inflation-indexed units and US dollars. Different lines of credit are offered under the consumer credit format, including loans to retirees, loans to active workers, paycheck loans, cash advances against fixed term deposits, and pawn loans.

Also, the Credit and Deposit Department offers high social impact loans not only for the purpose of providing loans under beneficial conditions, but also to provide credit to certain social sectors such as those affected by climatic events, or people with disabilities who need to purchase motor vehicles, or systems to improve their social inclusion, among other groups with specific needs.

As in 2020, exceptional measures were adopted this year in order to mitigate the adverse effects of the pandemic. Customers with their loans up to date with were offered the possibility of redocumenting their credits and postponing the first installment for two months.

The total of these loans amounted to USD 2,016 million at the close of 2021, with a total of 428,893 customers. This shows an increase of USD 90 million, implying a growth in real terms of more than 2.40% compared to the end of 2020.

In the composition of the portfolio by currency, loans denominated in inflation-indexed units still prevail, maintaining a 60.75 % of the total portfolio at year-end.

In the middle of the year, the conditions of loan products in Uruguayan pesos were reconsidered, and an increase in terms and allocation was resolved, resulting in an increase in the availability of credit for our customers. The new conditions approved became effective as of September.

During September and October 2021, along with the term-extension a new massive campaign was designed and executed, aimed at active clients, offering them the possibility of renewing their loans without prior amortization requirements. This campaign was carried out together with Cards and Online Business sector and provided additional benefits for Mastercard Recompensa users who chose to renew their loans in pesos.

Also, the Loan Scheme for Senior Citizens, usually taking place in December, was brought forward, starting in November and extending it until the end of the year. This Loan Scheme for Senior Citizens was conducted as every year, whereby retirees and pensioners in all pension funds had access to loans on terms more beneficial than usual. Throughout the 2021 Loan Scheme for Senior Citizens, 146,295 loans were granted. 68,251 of them were through the eBROU web platform, 1,295 by phone and WhatsApp, and the remaining 76,749 in person at Bank branches.

If we consider all the segments in our portfolio consolidated, the web channel continues to grow, becoming the preferred channel for customers. At the end of 2021, 70% of credit transactions were carried out online.

At the same time, the portfolio delinquency indicator closed in December 2021 improved by 2.43% (decreasing 0.61% with respect to the result at the end of 2020).

During 2021, despite the adverse conditions derived from the pandemic, 25 new agreements were signed, meaning the inclusion of 1,542 potential customers. As seen in previous years, after entering into agreements with almost all the largest payroll companies, smaller sized enterprises were added lately.

Credit to individuals						
Balances In USD Millions						
Type	2019	2020	2021	Breakdown by currency		
				UYU	Inflation-indexed units (IU)	For. Curr.
Consumer Social Credit	1,907	1,851	1,948	794	1,153	1
Social Credit (mortgage)	85	74	68		68	
Total Social Credit	1,992	1,925	2,016	794	1,121	1

Contents

Authorities and senior staff

Message from the president

125 years of BROU

Presentation of the bank
and corporate governance

Macroeconomic environment

Competitive banking environment

Management report

- Financial position
- Financial performance
- Finance area
- Corporate area
- Retail area
- Trust department
- Business area
- International area
- Anti-money laundering
- Risk Policies and Control
- Human resources department

Financial statements

Related organizations

Branch Network

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.



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 guarantee trust in lending, broadening the basis for lending, and, since 2006, the Trust Department has been acting as trustee of such trusts and also as trustee of management trusts.
Additionally, since 2012 our Bank has been registered as Financial Trustee in the Equity Market Registry of the Central Bank of Uruguay. Our Bank manages the three basic types of trusts authorized by the legal system of Uruguay since Law 17,703 of October 27, 2003, became effective, namely:

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.

Trust operations
At the end of 2021, the loans secured by trusts managed through the Trust Department are around USD 168 million.
Management trusts have diverse purposes: maintenance of a guarantee fund for loans to micro-enterprises located outside Montevideo, retirement fund management and wealth administration for various purposes. Assets managed under trust mandates amount to approximately USD 7 million.
It should be noted that, since the BROU Cluster is made up of two companies acting exclusively as trustees: República AFISA (Financial Trustee) and República Negocios Fiduciarios S.A. (General Trustee), in June of this year the Board of Directors resolved to transfer to these companies the trusts managed directly by our Bank. This transfer has already begun and is expected to be completed during 2022.

Issuance of Negotiable Bonds and Share Certificates
Through its Trust Department, our Bank offers 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 2021, BROU acted in the issuance of Negotiable Bonds of CONAPROLE, underwriting the issue of USD 15.5 million by receiving applications entirely via e-BROU.

Contents

Authorities and senior staff

Message from the president

125 years of BROU

Presentation of the bank
and corporate governance

Macroeconomic environment

Competitive banking environment

Management report

- Financial position
- Financial performance
- Finance area
- Corporate area
- Retail area
- Trust department
- Business area
- International area
- Anti-money laundering
- Risk Policies and Control
- Human resources department

Financial statements

Related organizations

Branch Network

Business area

General Flores Ave. branch, manager’s office



Online Banking
The challenge of providing new and better online banking services to customers is a constant feature in the financial system. Online Banking has focused during 2021 on optimizing its response times in customer service and preventing difficulties that may affect the operation of the Bank e-channels. For this, work has been done on the review and improvement of processes, as well as on the inclusion of technological tools that allow us to be proactive in monitoring the network.
Focus has also been placed on working in coordination with the rest of the areas, as this is the most appropriate way to maximize benefits for customers and generate continuous growth and improvement of the online banking.
With the advance of technology and the innovative approach of the Central Bank of Uruguay, a wide range of online financial products and options are beginning to be offered to the population. BROU, through a number of initiatives, intends to lead this transformation, and Online Banking is actively involved in the different projects and develops its capabilities to continue managing the e-channels, as well as the sale and post-sale of Bank products properly.

e-Branch Management
Improving the customer experience is essential in an increasingly competitive environment, with an offer of innovative financial services where new players emerge constantly.
The determination 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 e-Branch Management Department consists of two sectors: Digital Platform and Contact Center. The evolution of the number of customers 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.
An important milestone of this period was the migration of eBROU for Companies. This had an impact on the two sections of the e-Branch: on the one hand, the Contact Center created, at the Isla de Flores Building, a special customer support team; on the other hand, the Digital Platform section was trained in this new platform from its analysis and resolution of wrong transactions role.
Some highlights of the year in each section are listed below.

The Digital Platform
The Digital Platform sector is responsible for monitoring and providing operational and accounting support for the eBROU platform.
In line with the process of digital transformation and improvement in the customer experience that the e-Branch is going through, challenging indicators were established that point to the achievement of its mandate.
The role of the Digital Platform during 2021, regarding the migration of eBROU, was very significant given the high complexity of the migration to the new site for companies carried out in the second half of the year. And the role of this Platform as a reference for information and support to the Contact Center was essential to the success of this migration.
Finally, progress was made in its structure by reinforcing the role of analysts, complemented by the operational part aiming at the performance of the entire unit.

Contact Center
The most relevant milestone of the Contact Center for 2021 was a remarkable improvement in service quality.
Aiming at optimizing the experience of BROU customers, turnaround time was reduced in all channels, and phone calls abandon rate was held down. To reach these goals, this unit was restructured focusing on service quality through the creation of analyst positions. Also, the staffing of the different areas was adjusted according to their needs and demands, allowing lower response rates.
We continued a professionalization path through different training courses focused on increasing knowledge on how to manage a contact center and through technological tools that support digital transformation. This training covered all levels in this unit.

Contents

Authorities and senior staff

Message from the president

125 years of BROU

Presentation of the bank
and corporate governance

Macroeconomic environment

Competitive banking environment

Management report

Financial position

Financial performance

Finance area

Corporate area

Retail area

Trust department

Business area

International area

Anti-money laundering

Risk Policies and Control

Human resources department

Financial statements

Related organizations

Branch Network

In 2021, WhatsApp consolidated as the top channel and the one most accepted among customers. Satisfaction rates were above the values set as goals, and new products and services are being introduced.

In connection with the WhatsApp channel, the highlights include participation in more than half of the total credit card applications; onboarding for young customers; supporting the migration of eBROU for Companies, and presentation of complaints.

The Outbound Calls sector showed a remarkable performance, collaborating with the achievement of corporate goals, mainly the placement of the Mastercard BROU Recompensa cards.

Finally, the Contact Center supported companies in their migration to eBROU for Companies. For this purpose, a contact center was set up at the Isla de Flores building with different service arrangements: reactive, for inbound calls; and by appointment, where an executive dedicates more time to the companies with high and medium complexity levels. In terms of appointments for service, video calls were also used as a tool to facilitate contact with customers. In person assistance was an option as well. These arrangements, together with outbound campaigns, were well received by customers and contributed to the migration of a significant number of the companies.

Self-Service Banking and Correspondents Management

Our network of ATMs and financial correspondents is a reliable and efficient channel for customer service. In 2021, work was carried out on the renewal, innovation and increased availability of ABMs, while new correspondents were included. The pre-established controls were applied to them.

These two complementary channels enhance our customers’ access to the Bank products and services, maximizing the geographical distribution of our service points and hours of service.

RedBROU Self Service Banking

During 2021, the Self-Service and Correspondents Department carried out the installation of 50 new self-service machines. In addition, 6 mobile ATMs were installed in some locations along the northeastern coast to meet the higher demand during summer. The unit placed at the “Expo Prado” remained operational during fairs and exhibitions.

Also, the network monitoring procedure was optimized by the inclusion of technological tools that allow us to be proactive in detecting incidents, reflected in an uptime of 94.5%.

The GMant tool was put into production, centralizing all service requests and planned maintenance so that information was leveled and traceability and follow-up of incidents in Self-Service or ABMs was improved.

Seeking greater efficiency in internal processes, 15 banknote recycling terminals were also put into production. This equipment represents an innovation allowing to minimize the frequency of cash re-loads, since each terminal is capable of dispensing the cash received from other depositors. At the same time, such terminals become new receiving points for deposits without an envelope and for immediate crediting. They can be installed as kiosks, outside of Bank branches.

RedBROU maintains active interconnection agreements signed with the national network Banred, and with the Argentine networks Link and Banelco, as well as 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 financial correspondents were maintained during 2021 as a strategic complement to our network of automatic banking machines and branches, in a year where the Covid19 pandemic once again affected the normal development of business.

Operations through financial correspondents sustained their growth and reached pre-pandemic levels after the small drop in 2020. Customers and users use the different options provided by them on a daily basis through products – withdrawals, deposits with and without cards, account openings with debit card

deliveries, PIN resetting, account balance checks, bill and credit card payments, among others,

As of 2021, the online payment by customers of Visa and MasterCard began through correspondents, allowing customers to make payments in real time as well as to credit their prepaid cards.

This Department combines efforts to expand network coverage and increase the services provided through correspondents in order to improve access to BROU products and services and constantly provide a better customer experience. Currently, the network of correspondents has 3,075 terminals installed in 1,839 locations throughout the national territory.

As in previous years, in 2021 BROU customers increased the use of their debit cards as a means of payment, reducing their use as an instrument for cash withdrawals. The total of cash deposits received in ATMs decreased, but there was an increase in correspondents. The network of correspondents has definitely strengthened as a relevant channel for customer service.

Montevideo's Agroalimentary Market micro branch



Contents

Authorities and senior staff

Message from the president

125 years of BROU

Presentation of the bank
and corporate governance

Macroeconomic environment

Competitive banking environment

Management report

Financial position

Financial performance

Finance area

Corporate area

Retail area

Trust department

Business area

International area

Anti-money laundering

Risk Policies and Control

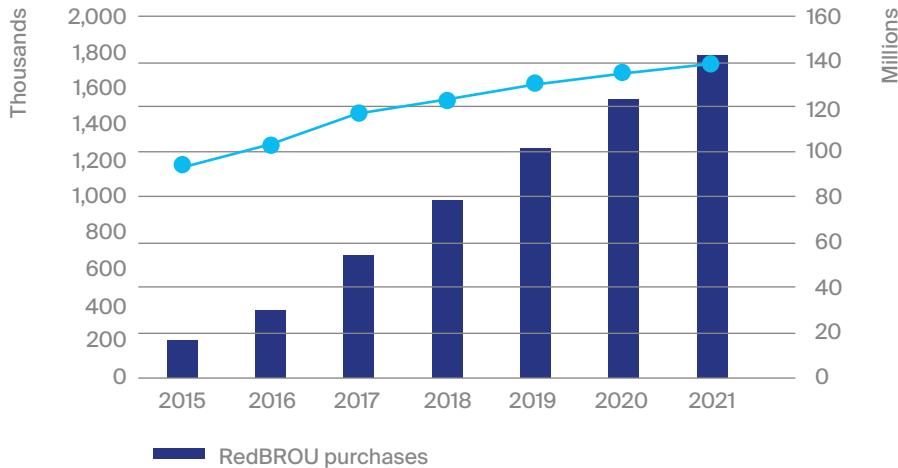
Human resources department

Financial statements

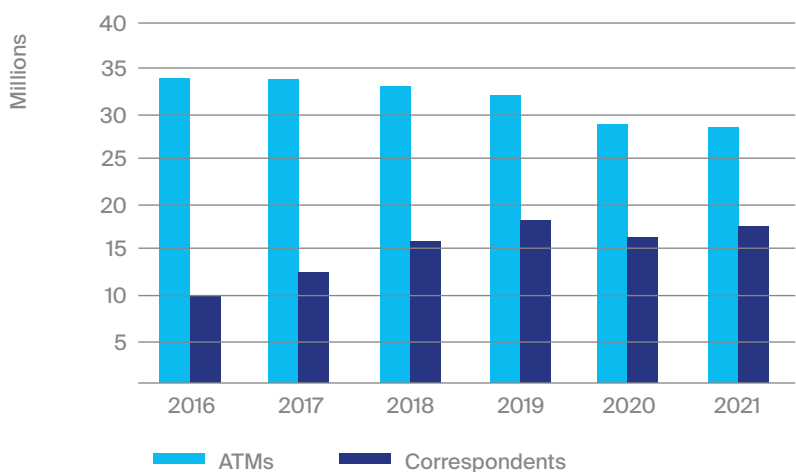
Related organizations

Branch Network

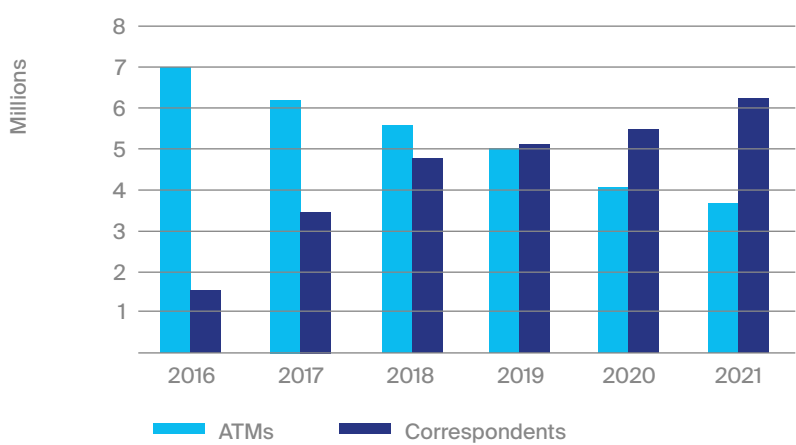
Cards issued vs. Debit card purchases



Atms withdrawals vs. Correspondents



Atms deposits vs. Correspondents



Online Banking Development

Research and development

As a sector engaged in the research and analysis of digital solutions, Online Banking Development, in coordination with the other business areas and the Distribution Network, were involved in the implementation of new technologies that allow optimizing the customer experience and operational efficiency. At the same time, the BROU position has been maintained in an ever-changing financial market in digital terms.

To this end, there was participation in different initiatives:

- in the Digital Transformation and Integration Project:
 - The Geolocation of RedBROU, Networks and associated Correspondents was included in the corporate site.
 - Part of the entry of customer claims was automated, as a way to reduce manual intervention and improve service times.
 - The WhatsApp channel was enhanced by including different functionalities:
 - Special loan application for retirees.
 - Product application process for the youth segment.
 - Geolocation of RedBROU and correspondents.
 - Requests to block credit and debit cards.
- This sector actively participated in the migration from eBROU to the Omnichannel, collaborating with the different areas involved in the implementation of the following actions:
 - Incorporation of human resources in the Channels Project, with specific tasks for promoting the use of e-channels and self-management.
 - Preparation of new standard agreements for the services of Online Banking.
 - Creation of new tutorials and instructions for administrative functions for companies in the eBROU Onmichannel, payment of salaries and suppliers, available on the BROU Assistance site and on the BROU YouTube channel, together with Marketing.
 - Preparation of manuals and instructions for the new site, required by the different sectors of front-line service.
- With regard to banking machines management, coordination was carried out with Self-Service and Correspondents, and with other areas of our Bank involved in the installation and replacement of equipment, reaching some milestones including:
 - Acquisition of equipment to expand and renew the infrastructure of automatic banking machines.
 - Continuation of the ATM+1 Plan, mainly focused on places outside Montevideo, incorporating cash equipment in those branches where there is only one ATM.
 - Start-up of the recycling functionality (ABMs that dispense money deposited by customers).
 - Expansion and improvement of the ATM network in various locations outside Montevideo, with 50 new installations and 15 replacements of obsolete equipment. In particular, new ATMs were installed in Villa Soriano, Cebollatí, Lago Merín, Punta del Diablo, Coronilla, 18 de Mayo, Progreso and Balneario Fomento. Soon installations will continue, among other locations, in Ismael Cortinas and Villa Constitución.

Finally, in order to promote the cultural transformation required for BROU to continue moving through the current stages of innovation and digitalization, several training activities were carried out for the area employees, as well as an internal promotion examination to complete its staffing.

Contents

Authorities and senior staff

Message from the president

125 years of BROU

Presentation of the bank
and corporate governance

Macroeconomic environment

Competitive banking environment

Management report

Financial position

Financial performance

Finance area

Corporate area

Retail area

Trust department

Business area

International area

Anti-money laundering

Risk Policies and Control

Human resources department

Financial statements

Related organizations

Branch Network

International area

The International Area currently includes New York and Buenos Aires.
The following are the main milestones that occurred during the 2021 fiscal year.

New York City



New York Branch
The branch total assets increased slightly to USD 2,588 million at year-end. The focus of the business shifted to the investment portfolio, and therefore, during the year 2021, the closure of residual transactional actions was implemented.
The fixed-income securities portfolio used by the branch mainly to allocate funds provided by the Head Office, is comprised of bonds issued by well-recognized counterparties in the market, in line with the guidelines established at corporate level.
Investments are mostly distributed among the following countries: United States, Australia, Canada and France. The ladder strategy allows reaching the desired balance between liquidity and a stable income flow in the mid-term.
The annual yield obtained from this highly rated portfolio was 200 basis points above that provided by U.S. Treasury bonds of similar duration (2.2 years).
The underpinning of the current portfolio structure is USD 1.6 billion (2022 2024), with a 2.8% yield, and beginning to reach maturity.
In 2021, the net income of this branch (USD 4.3 million) again declined by 29 % compared to 2020. Equity (USD 110 million) has remained virtually stable in the last three years, while the positive impact of the revaluation of some investments at fair value tends to reverse (when discounted at rising rates).
Both the cost to income ratio (40 %, Efficiency Ratio) and ROE (4 %) declined again during the second year of the pandemic.

Situation and management results			
USD million			
New York Branch	2019	2020	2021
Assets	2,684	2,551	2,588
Liabilities	2,584	2,440	2,478
Equity	100	111	110
Income for the year	76	6.1	4.3
ROE	8%	6%	4%
Efficiency	30%	34%	40%

Contents

Authorities and senior staff

Message from the president

125 years of BROU

Presentation of the bank
and corporate governance

Macroeconomic environment

Competitive banking environment

Management report

- Financial position
- Financial performance
- Finance area
- Corporate area
- Retail area
- Trust department
- Business area
- International area
- Anti-money laundering
- Risk Policies and Control
- Human resources department

Financial statements

Related organizations

Branch Network

Buenos Aires Branch

The Buenos Aires Branch acts as a commercial bank. This Branch offers a wide range of services specifically targeted to businesses and individuals related to Uruguay and to Uruguayans, and covers the areas of Foreign Trade, Deposit Capture, 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 residing in Argentina. After the closure of borders, during 2021 the representation service for these customers was intensified, directing support to this Branch with the aim of responding to the large volume of queries, both in person and online.

Situation and management results			
USD million			
Buenos Aires Branch	2019	2020	2021
Assets	5.2	4.2	4.3
Liabilities	3.5	3.3	3.6
Equity	1.7	0.9	0.7
Income for the year	(0.3)	(1.0)	(1.6)
Efficiency	106%	237%	462%

Buenos Aires



Contents

Authorities and senior staff

Message from the president

125 years of BROU

Presentation of the bank
and corporate governance

Macroeconomic environment

Competitive banking environment

Management report

- Financial position
- Financial performance
- Finance area
- Corporate area
- Retail area
- Trust department
- Business area
- International area
- Anti-money laundering
- Risk Policies and Control
- Human resources department

Financial statements

Related organizations

Branch Network

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. This System consists 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:¹

- 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 Assistant General Management of the Business Area and the Executive Managements of the areas involved in each topic to be dealt with.
- The Anti-Money Laundering Unit, 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 through our Bank’s business structure. The Compliance Officer, appointed by the Board of directors, 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 operational structure of anti-money laundering and countering the financing of terrorism consists of:

- The System for Anti Money Laundering and Terrorism Finance Risk Management (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 Central Bank of Uruguay
- Policies and Procedures regarding Correspondent Banks.
- Policies and Procedures regarding the Staff.
- Independent Review of the Prevention System

In 2021, our Bank continued to work on strengthening the effectiveness and efficiency of the system for Anti-Money Laundering and Countering the Financing of Terrorism through improvements in management, training, external support, and greater interrelation between 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.

On October 14, 2021, the new PLAFT Policy Manual was approved by the Board of Directors. Consistently, the Anti-Money Laundering and Countering the Financing of Terrorism (Spanish acronym TOPLAFT) Consolidated Text was amended.

At the international regulatory level, the most notable is the entry into force of the so-called AMLA, enacted as part of the National Defense Authorization Act of 2021 in the United States. Although significant aspects of the regulation are still missing, it should be noted that it increases the power to summon non-US banks regarding money laundering prevention issues.

Regarding foreign branches, controls were in general carried out remotely. However, a visit was made to the New York Branch, as a result of the special follow-up carried out in coordination with the General Management. In this framework new actions and controls were implemented.

Significant progress was also made in complying with BCU Minimum Management Standards with respect to the BROU Cluster. This translates into substantial improvements in coordination for the supervision and prevention of the companies that are part of the group.

In turn, training was carried out for new officials, managers, and Anti-Money Laundering Unit leaders of the Distribution Network Branches. And online operation was enabled for updating regulations and procedures for officials of foreign branches, correspondents and the BROU Cluster. In the same way, this

¹ 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.

Contents

Authorities and senior staff

Message from the president

125 years of BROU

Presentation of the bank
and corporate governance

Macroeconomic environment

Competitive banking environment

Management report

- Financial position
- Financial performance
- Finance area
- Corporate area
- Retail area
- Trust department
- Business area
- International area
- Anti-money laundering
- Risk Policies and Control
- Human resources department

Financial statements

Related organizations

Branch Network

tool continued to be developed on the platform, with the consolidation of the web course for officials involved in the customer acceptance process, and other key courses for officials in general for the prevention of money laundering. In this regard, they participated in seminars and conferences on the subject held in Uruguay during the year; and officials of the Anti-Money Laundering Unit received online training, from Uruguay and abroad.

Contents

Authorities and senior staff

Message from the president

125 years of BROU

Presentation of the bank
and corporate governance

Macroeconomic environment

Competitive banking environment

Management report

Financial position

Financial performance

Finance area

Corporate area

Retail area

Trust department

Business area

International area

Anti-money laundering

Risk Policies and Control

Human resources department

Financial statements

Related organizations

Branch Network

Risk Policies and Control

Carmelo branch



The mission of the Office of Risk Policies and Control is to identify, assess and monitor the risks associated with the Bank business, maintaining a proper design of specific policies and controls and 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 that serves as a reference and minimum standard and regulating the basic rules for risk management. This framework establishes general policies, guidelines and responsibilities, applicable throughout our Bank.

Credit Risk

The Credit Risk unit is responsible for the identification, measurement, monitoring and control of credit risk in the Non-Financial Sector. This unit is actively involved in the development and promotion of best practices, as well as in the design and implementation of information systems for the control and analysis of such credit portfolio.

Regarding the acceptance of risks, this Office is also represented in the various Credit Committees when loans over USD 400,000 are approved. If based on the technical opinion of this Office the credit is not approved, the credit is to be assessed by a Senior committee.

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

This Office regularly prepares reports to the Board of directors and the Risk Committee on the portfolio of our Bank by sector and by higher exposures.

In reference to the portfolio of the Non-Financial Sector, examinations are carried out with different approaches, examining, among other aspects, concentration, volume of loans, risk categories, provisions and guarantees. In addition to this, «credit risk ceilings of the Non-Financial Sector», as established in the Credit Manual and appetite for risk, are checked monthly by this Office.

Likewise, a number of reports are issued on special lending operations; Corporate, Consumer and Housing portfolio; simulation of stress scenarios and studies of possible impacts, among others.

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

As in the previous year, and as a result of the health emergency declared by the Government, in 2021 the measures aimed at alleviating the situation of companies and individuals continued. The BCU reissued regulations regarding the deferral of maturities of loans to individuals and companies.

Likewise, the terms for approving credit lines secured by the National Guarantee System (SiGa) were extended in order to support the continuance of economic operations of impacted companies and sectors.

The Non-Financial Sector portfolio is diversified, both in terms of number of customers and industries. 46% of this portfolio is highly atomized, mostly retail lending (social credit and cards).

Regarding the corporate portfolio, loans with debt lower than USD 100,000 represent 83% of corporate clients. There is no concentration at the sectoral level; 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 2021 has maintained a level similar to the previous year, with 78% 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 credits which are 60 days or more past due (overdue, collection in process and delinquent loans), and total gross credits, showed a decrease during the fiscal year and was at 2.32%, a figure significantly 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, exchange rate, price, adjustment, credit in the financial sector and country risk.

Contents

Authorities and senior staff

Message from the president

125 years of BROU

Presentation of the bank
and corporate governance

Macroeconomic environment

Competitive banking environment

Management report

Financial position

Financial performance

Finance area

Corporate area

Retail area

Trust department

Business area

International area

Anti-money laundering

Risk Policies and Control

Human resources department

Financial statements

Related organizations

Branch Network

By employing standard techniques and practices in the industry, this Department provides analytical support to the corporate decision-making related to the design of the main financial risk control and policies. This unit also 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 the point of view of the assessment of the specific credit risk. For these purposes, the unit has many sources of information, for example, the analytical support provided by three international rating agencies widely recognized both in the global financial industry and in the supervisory environment (particularly, domestic regulation in Uruguay) to issue international ratings.

In terms of “value at risk” (VaR) metrics in the forex rate, the model used by our Bank in its Backtesting report (goodness of fit of the methods used to calculate such value at risk), shows that the losses observed, falling outside the confidence intervals, will remain very low. The model remains in the “green zone” under the best practice standards set for risks by the Basel models approach. With a management of the General Position in Foreign Currency guided by the established annual strategic objective, and a sustained decrease in volatility (ten days, UYU/ USD) as of March, the modeling to December 2021 shows an estimated maximum loss of UYU 1,021,456,339, which, with the exchange rate used, is equivalent to USD 22,853,929, taking the peso 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 relation to risk management. As of December 2021, BROU had to maintain, at an individual level, capital requirements for Exchange Rate Risk equivalent to USD 29,301,500, for Commodity Risk equivalent to USD 77,107, and for interest rate risk equivalent to USD 24,017,349. In line with the provisions of the new International Financing Reporting Standards (IFRS), and in particular IFRS 9, given the defined institutional business model, the securities portfolio in the financial sector was predominantly recorded at amortized cost, requiring individual capital for Credit Risk equivalent to USD 211,586,009.

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, being monitored and controlled under robust methodological safeguards. The bank stresses the metrics according to the volatility of the variables at the level of global, regional and national competitive markets, with different probability of occurrence and impact, in order to ensure that multiple scenarios are available for the analysis and calibration of such risk. Based on these metrics, simulations and prospections, limits are reviewed and established for each managed portfolio (investment, liquidity, collateral, high quality), ensuring a sustained monitoring. The above is stated in light of the credit perspective underlying their interrelation with specific market risks.

Likewise, following the industry benchmarks in this field, our Bank constantly assesses the methodology implemented for the estimation of the expected loss of financial instruments in the portfolios that are recorded at amortized cost, and confirms the good performance of the estimation methodology.

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 for testing. By applying standard testing in the industry, the results for our Bank are successful in terms of impact measured both on equity and on gross financial margin. The scenarios in the simulations are diverse 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 basis that provides for 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 Office and adopted by the Board at the time of considering 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 analytical perspectives, with access to information at transaction level. Analysis has been supplemented with stress tests for such flow, following the Basel design for such testing.

Similarly to the strategy followed in previous years for the short-term liquidity indicator (liquidity coverage ratio LCR) during the year 2021, the understanding of the determinants acting on the Basel Net Stable Funding Ratio (NSFR) in the competitive context has been deepened. This added value to the business and financial risk management. Both in local and foreign currency, the Bank has complied with the levels required in both Basel indicators, either by the regulatory liquidity requirements or by those established at the Bank’s internal management level.

The Market and Liquidity Risk Department also provides the rating of financial institutions, and highlights 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 forecasts, given the large-scale financial investments of our Bank in lending.

During 2021, the set of financial risks and their interrelationships have been monitored and calibrated, highlighting the safeguards to maintain a prospective vision and alert to the impacts of pandemic outbreaks. Sustaining an analytical, robust and interdisciplinary intra-period process allows us to arrive at the end of 2021 with a revised and comprehensive formulation regarding limits, criteria and other contents of the general and specific framework, guided by the Comprehensive Statement on Risk Appetite that will govern for the planning horizon 20222023. The evolution of the regulations and provisions in force is managed in the Compilation of Rules made available online by the Market and Liquidity Risk Department, for access and knowledge of the competent services.

Continued analytical support has been provided to the Assets and Liabilities Committee, with specific ratios, indicators and tests on liquidity and interest rate risk following the Basel III recommendations. Forming interdisciplinary teams with the aim of generating consistent responses in terms of competitive advantage, and with continuous monitoring of the different segments defined by the business model, the continuous review of the tools available in the management of assets and liabilities is promoted to give a better decision-making support for the corporate strategy. In turn, systematized information on the matrix of interrelated risks has been provided to the Risk Committee, regarding the determinants of the significant financial risk indicators, reporting their performance; and also to the Risk Monitoring Committee in the agenda established year-on-year in this area.

Operational and Compliance Risk

The Operational Risk Unit is responsible for the identification, measurement, monitoring and control of operational risk defined as the risk for the earnings or assets of BROU to be affected by losses deriving from processes, staff or inadequate or defective internal systems, or by external events, including Compliance risk. Such operational risk is defined as the present and future risk that BROU's earnings or assets would be affected by violations of laws, regulations, standards and practices of the industry or ethical standards. This includes compliance with domestic laws or self-regulation of our Bank.

During 2021, the risk assessment of processes, products, services and some relevant projects continued. The role of Risk Leaders continued to be deepened, teaching a specific course in person, aimed at those officials who were appointed this year by their respective managers to perform such role. Likewise, progress was made in actions aimed at improving the quality of the information in the database of loss events.

Work on the implementation of the Business Continuity Management System continued focused on the processes and operations associated with the Payment Chain.

Likewise, actions were carried out with specific work groups, focused on the different improvements, playing an active role in the inclusion of the different players: advising on Operational Risk. This was done particularly in areas such as management of customer complaints, adjustments required to comply with the regulation on personal data protection; and development of a customer experience management process.

Contents

Authorities and senior staff

Message from the president

125 years of BROU

Presentation of the bank
and corporate governance

Macroeconomic environment

Competitive banking environment

Management report

- Financial position
- Financial performance
- Finance area
- Corporate area
- Retail area
- Trust department
- Business area
- International area
- Anti-money laundering
- Risk Policies and Control
- Human resources department

Financial statements

Related organizations

Branch Network

Reputational risk

In this period, monitoring and control was deepened, and the information base was expanded to issue reports addressed to the Risk Committee. Progress was made in prospecting digital and social media with an information system that allows knowing the opinions of stakeholders and taking proactive steps in order to maintain the image and brand, and mitigate the reputational risk, with appropriate tools for these times.

Information Security

The mission of the Information Security Area is to design and implement the necessary strategies and actions to mitigate information security risks, meeting the general requirements of our Bank and the business. Such actions and strategies must also contemplate the principles of confidentiality, integrity and availability of information resources within the framework of the comprehensive risk management and the defined processes.

During the 2021 fiscal year, this area was incorporated to the Risk Policies and Control Office, for the purpose of strengthening the comprehensive risk management system of our Bank. The Strategic Information Security Plan was defined and adopted by the Board of Directors, based on the AGESIC Cybersecurity Framework. This includes progressive maturation actions over a 5–6-year horizon, aligned with compliance with the BCU Minimum Management Standards.

Improvements and updates were made in prevention, reformulating the Security Policies, and providing advice and risk analysis to the requesting business areas. Surveillance of both the technological infrastructure and the computer applications was substantially improved.

During 2021, all Information Security issues began to be addressed in specific Risk Committees, from which a vision was obtained where information security is part of comprehensive risk management.

Convención branch



Contents

Authorities and senior staff

Message from the president

125 years of BROU

Presentation of the bank
and corporate governance

Macroeconomic environment

Competitive banking environment

Management report

- Financial position
- Financial performance
- Finance area
- Corporate area
- Retail area
- Trust department
- Business area
- International area
- Anti-money laundering
- Risk Policies and Control
- Human resources department

Financial statements

Related organizations

Branch Network

Human resources department

Employees attending a training activity



During 2021, the Human Resources Department faced the challenge of accompanying and promoting the operations and essential services provided by our Bank, driving organizational change, and mitigating the impact of the COVID19 pandemic.

The Occupational Health team provided advice regarding the COVID Protocol and tracked work contacts, in an attempt to take care of staff health. These actions allowed to keep the workplace infection below 10% in 2,000 situations with over 600 positive cases.

This context led to discussing new work arrangements. Therefore, the “Remote Work” project was implemented by the Human Resources and Processes Areas in order to have some input anticipating future actions. Their main actions were writing down teleworking regulations and running a pilot program; adjusting working procedures and guidelines; managing change; training staff, measuring and reporting results on a regular basis.

From a change management perspective, we supported corporate project teams, by providing advice and follow-up to the impact management and internal communication plans.

Facing the need to underpin the continued development of employees and processes, we coordinated internal communication workshops with the Human Resources and Processes managers, in order to share visions and develop initiatives that boost the implementation of common goals.

In coordination with Strategic Planning, memos and virtual meetings were used as means to spread the objectives for the “2025 Horizon”, as well as the indicators of the Pay System based on the Achievement of Goals.

The 3rd Edition of the “Management and Communication Skills Development Program” was carried out, with internal as well as external speakers online. The strategic purpose of this program is contributing to corporate sustainability and preparing new leaders to succeed the current supervisors.

In order to contribute to knowledge management, we participated in the preparation of a Compilation of Rules to compile, organize, update and give access to the existing provisions regarding personnel management. Also, the Labor Relations office worked to update the Code of Ethics that will be in force in the near future.

Within the training plan, actions related to knowledge management, the remote work pilot program, corporate projects and update or compliance requirements were carried out. Training was strengthened through different arrangements: out of 6,463 trainings, 5,813 were online, 325 in person, 196 blended learning and 129 hybrids (simultaneously in person and online).

The fact that 90% of the activities were remote triggered a transformation process for training strategies, including an intensive use of the ePA remote learning platform and the introduction of new tools. 83% were in-house training sessions by 34 trainers, accounting for a direct investment of USD 2,300, while external training demanded USD 298,000.

In terms of organizational design, in order to ensure a proper alignment of the structure with the strategy and promote the best corporate performance possible within such a challenging context, BROU structure and organizational chart were changed.

In order to boost the strengths of BROU, with an integrating vision of the banking business, and focusing on the customer experience, the Distribution Network and Online Banking areas and the Corporate, Retail and Recovery Areas were grouped under, and they report to the Assistant General Management of Business.

Following the business strategy by segment, units and positions for the Retail Area were approved.

In support of innovation and digital transformation management, a structure was designed for the IT Area introducing a vision and a strategy with high technical requirements. Also, the structures of the Recovery, Online Banking and Processes Areas and the Operational Risk Unit underwent an adjustment process.

The Marketing Area started to report to the General Management in order to develop business strategies defined at a corporate level, and the Information Security area is currently reporting to the Risk Control and Policies Office, following the recommendations of the internal and external audits.

In compliance with the relevant guidelines as regards budget efficiency, an analysis was started in order to estimate and adjust staffing, including the impact

Contents

Authorities and senior staff

Message from the president

125 years of BROU

Presentation of the bank
and corporate governance

Macroeconomic environment

Competitive banking environment

Management report

- Financial position
- Financial performance
- Finance area
- Corporate area
- Retail area
- Trust department
- Business area
- International area
- Anti-money laundering
- Risk Policies and Control
- Human resources department

Financial statements

Related organizations

Branch Network

of automation introduction and the generation of synergies among the different areas.

29 administrative assistants (10 persons with disabilities) joined the staff, as well as 3 IT engineers (from the priority lists created in competitive exams of previous selection processes). Also, trainees of the “I work and study” program were hired as interns for their first job experience for one year, carrying out service support activities.

Internal and external competitive exams carried out as part of the personnel selection process followed all the restrictions of the health protocol limiting massive in-person events. It is worth mentioning that 88,335 applications were submitted for the administrative assistant job opening, and an innovative online test was introduced with 2,059 applicants simultaneously connected to our platform. This exam resulted in 209 candidates successfully selected to start working in 2022. This process contemplated affirmative action laws, and a priority list was created to cover future vacancies.

At the end of 2021, the workforce of BROU was 3,280: 65% work in Montevideo, 63% in Business and Management activities. BROU has equal distribution in terms of gender. 55% are older than 50, and 246 are 60 or older. This fact heightens the need to ensure corporate sustainability through knowledge management actions, training of new leaders, adaptation to global trends and strengthening of core competencies.

Balneario La Paloma branch



Payroll evolution

Work Area							
Year	2015	2016	2017	2018	2019	2020	2021
Management & Business	2,691	2,694	2,720	2,581	2,528	2,231	2,060
Support	1,367	1,191	1,099	1,223	1,238	1,287	1,220
Total	4,058	3,885	3,819	3,804	3,766	3,518	3,280

Geography							
Year	2015	2016	2017	2018	2019	2020	2021
Montevideo	2,604	2,533	2,431	2,391	2,441	2,310	2,147
Outside Montevideo	1,454	1,352	1,388	1,413	1,325	1,208	1,133
Total	4,058	3,885	3,819	3,804	3,766	3,518	3,280

Sex							
Year	2015	2016	2017	2018	2019	2020	2021
Female	1,739	1,702	1,730	1,810	1,834	1,731	1,645
Male	2,319	2,183	2,089	1,994	1,932	1,787	1,635
Total	4,058	3,885	3,819	3,804	3,766	3,518	3,280

Age	Number
<40	1,161
40-49	310
50-59	1,563
>59	246
Total	3,280

Contents

Authorities and senior staff

Message from the president

125 years of BROU

Presentation of the bank
and corporate governance

Macroeconomic environment

Competitive banking environment

Management report

Financial position

Financial performance

Finance area

Corporate area

Retail area

Trust department

Business area

International area

Anti-money laundering

Risk Policies and Control

Human resources department

Financial statements

Related organizations

Branch Network

Financial statements



Contents

Authorities and senior staff

Message from the president

125 years of BROU

Presentation of the bank
and corporate governance

Macroeconomic environment

Competitive banking environment

Management report

- Financial position
- Financial performance
- Finance area
- Corporate area
- Retail area
- Trust department
- Business area
- International area
- Anti-money laundering
- Risk Policies and Control
- Human resources department

Financial statements

Related organizations

Branch Network



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, 2021, 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, 2021, 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 procedures to address those risks are designed and performed, and sufficient

Contents

Authorities and senior staff

Message from the president

125 years of BROU

Presentation of the bank
and corporate governance

Macroeconomic environment

Competitive banking environment

Management report

- Financial position
- Financial performance
- Finance area
- Corporate area
- Retail area
- Trust department
- Business area
- International area
- Anti-money laundering
- Risk Policies and Control
- Human resources department

Financial statements

Related organizations

Branch Network



- 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, August 05, 2022.

LM

Cra. Susana Díaz
Presidente

CPA Susana Díaz
President



Deloitte S.C.
Victor Solís 349, 16° floor
Montevideo, 11300
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, 2021, 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, 2021. 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 30, 2022, 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".

September 26, 2022

Daniel Re
Partner, Deloitte S.C.



Contents

Authorities and senior staff

Message from the president

125 years of BROU

Presentation of the bank
and corporate governance

Macroeconomic environment

Competitive banking environment

Management report

Financial position

Financial performance

Finance area

Corporate area

Retail area

Trust department

Business area

International area

Anti-money laundering

Risk Policies and Control

Human resources department

Financial statements

Related organizations

Branch Network

Banco de la República Oriental Del Uruguay
Separate balance sheet
as of December 31, 2021
Figures in thousands of US dollars / Exchange Rate: \$ 44,695 / USD 1

Assets	
Assets	19,655,466
Cash on hand and Cash equivalents	789,051
Central Bank of Uruguay	3,897,441
Financial assets at fair value through profit or loss	26,578
Financial assets at amortised cost	13,828,982
Financial assets at fair value through other comprehensive income	564,022
Equity instruments at fair value through other comprehensive income	-
Non-current assets held for sale	3,970
Investments in other companies	115,667
Fixed Assets	231,405
Intangible Assets	56,470
Deferred Tax Assets	105,840
Sundry Assets	36,037
Other Assets	3

Liabilities	
Liabilities	17,816,722
Financial Liabilities at amortised cost	17,410,875
Portfolio at fair value through profit or loss	146
Other financial liabilities	19,403
Other provisions	207,142
Deferred Tax Liabilities	9,029
Other liabilities	170,128

Equity	
Equity	1,838,744
Capital	1,814,553
Paid-in capital	987,573
Reserves	218,719
Retained earnings	217,484
Net income for the year	390,777
Anticipated profits	-
Valuation adjustment	24,191
Total Liabilities and Equity	19,655,466

Banco de la República Oriental Del Uruguay
Separate statement of profit or loss
from 1 January to 31 December, 2021
Figures in thousands of US dollars / Exchange Rate: \$ 44,695 / USD 1

Continuing operations	
Financial Gains from interest and adjustments	851,925
Financial Expenses from interest and adjustments	(84,790)
Gross Financial Margin	767,135
Impairment of Financial Assets	(37,076)
Gains for written-off portfolio	23,590
Financial Margin	753,649
Revenues for Services	133,537
Expenses for Services	(53,462)
Margin For Services	80,076
Results from entities valued by the equity method	17,239
Revenues from equity instruments	(48)
Result from financial transactions	1,403
Exchange rate differences from assets and liabilities held	53,207
Exchange rate differences	66,966
Gross Profit	972,491
Wages and social charges	(271,177)
General Expenses	(187,956)
Other operating results	-
Operating Income	513,358
Impairment of other assets	(83)
Result of non-current assets held for sale	(119)
Other operating results	10,415
Income from continuing operations before income tax	523,571
Income tax expense related to continuing operations	(133,339)
Income from continuing operations after income tax	390,232

Discontinued Operations	
Income from discontinuing operations before income tax	545
Income Tax expense related to discontinued operations	-
Net discontinued operations income	545
Net Income For The Year	390,777

Contents

Authorities and senior staff

Message from the president

125 years of BROU

Presentation of the bank
and corporate governance

Macroeconomic environment

Competitive banking environment

Management report

- Financial position
- Financial performance
- Finance area
- Corporate area
- Retail area
- Trust department
- Business area
- International area
- Anti-money laundering
- Risk Policies and Control
- Human resources department

Financial statements

Related organizations

Branch Network

Notes to the financial statements

José Enrique Rodó branch



A) Consideration by the Board
These Financial Statements were approved by a resolution of the Board of BROU dated March 17, 2022. 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, 2021, amounts to:

Branch	Currency	Amount
New York	USD	110,081
Buenos Aires	ARS	75,528

Figures in thousands in the original currency

Contents

Authorities and senior staff

Message from the president

125 years of BROU

Presentation of the bank and corporate governance

Macroeconomic environment

Competitive banking environment

Management report

- Financial position
- Financial performance
- Finance area
- Corporate area
- Retail area
- Trust department
- Business area
- International area
- Anti-money laundering
- Risk Policies and Control
- Human resources department

Financial statements

Related organizations

Branch Network

B.4) Interests in other companies

- BROU has interests in the following entities:

Entity	Condition	Currency	Amount	%
República AFAP S.A.	Subsidiary	UYU	1,744,429	51.00%
República AFISA	Wholly-owned subsidiary	UYU	828,976	100.00%
República Microfinanzas S.A.	Wholly-owned subsidiary	UYU	1,568,840	100.00%
República Negocios Fiduciarios S.A.	Wholly-owned subsidiary	UYU	22,808	100.00%
BROU BRASIL ADMINISTRACAO DE BENS PROPRIOS LTDA	Wholly-owned subsidiary	Reales	72,922	100.00%
Sistarbanc S.R.L.	Join Venture	UYU	59,172	63,56%
Corporación Nacional para el Desarrollo (CND)	Non-Controlling interest	UYU	185,158	5,58%
Compañía Uruguaya de Medios de Procesamiento S.A. (Visanet)	Non-Controlling interest	UYU	2,751	9,04%
Bolsa Electronica de Valores S.A. (BEVSA)	Non-Controlling interest	UYU	15,235	7,69%
SWIFT	Non-Controlling interest	Euros	35	0,01%
Banco Latinoamericano de Exportaciones (BLADEX)	Non-Controlling interest	USD	4,455	0,43%
Fideicomiso Orestes Fiandra	Subsidiary	USD	3,846	85.00%
Fideicomisos BROU	Wholly-owned subsidiary	USD	3,851	100.00%
Fideicomiso TU APP	Join Venture	USD	1,205	50.00%
Fideicomiso de Grantía p/ Instituciones de Microfinanzas - RNFA	Join Venture	UYU	16,000	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, 2021 amounts to USD 1,838,744 thousand, composed of: USD 987,573 thousand paid up capital, USD 24,191 thousand valuation adjustments, USD 218,719 thousand reserves, USD 217,484 thousand retained earnings, and USD 390,777 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, 2021 (UYU 44.695/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 1.032.403 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 5,000 thousand deposited to secure Visa International transactions.
- Two cash deposits are maintained in JP Morgan Chase for a value of USD 3.579 and USD 12.421, deposited to secure Visa International transactions
- International bonds measured at amortized cost for a nominal value of USD 245,000 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 369 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 pesos 15,121 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 1.010 thousand and Uruguayan pesos \$ 178.760 thousand out of circulation

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 31.12.2021				
Concept	Maturity terms			
	Less than 1 year	1 to 3 years	More than 3 years	Total
Outstanding credits - Financial sector	695,341	70,027	0	765,368
Outstanding credits - Non-financial sector	1,009,002	1,036,900	2,507,545	4,553,447
Total	1,704,343	1,106,926	2,507,545	5,318,815
Liabilities - Financial sector	(75,273)	(11,517)	(288,755)	(375,545)
Liabilities - Non-financial sector	(16,912,093)	(119,648)	(3,589)	(17,035,330)
Total	(16,987,366)	(131,165)	(292,344)	(17,410,875)

Contents

Authorities and senior staff

Message from the president

125 years of BROU

Presentation of the bank
and corporate governance

Macroeconomic environment

Competitive banking environment

Management report

- Financial position
- Financial performance
- Finance area
- Corporate area
- Retail area
- Trust department
- Business area
- International area
- Anti-money laundering
- Risk Policies and Control
- Human resources department

Financial statements

Related organizations

Branch Network

C.6) Any other material events

- During the second half of 2021, whilst the vaccination campaign moved forward, the global economy continued recovering at a fast pace although some disparities between countries in the level of increase were noted. The spread of Omicron variant during the last weeks of the year, and the tightening of restrictions and lockdowns posed a threat in this recovery. A moderate increase in the economy growth for 2022 is expected, driven by the spread of this new variant, the supply chain disruptions and the volatility in energy prices, as well as an eventual deceleration of Chinese economy growth. This factors are also the principal risks to be monitored.

Due to high and persistent inflationary pressure, some Central Banks started to ease the benefits that were granted due to the pandemic. Despite of the hikes in the Interest Rates that took place due to this new context, markets are still showing high levels of liquidity. In the local market, the Central Bank of Uruguay also hiked the benchmark rates due to the adequation in the monetary policy. Liquidity in both United States Dollars and Uruguayan Pesos is still high.

The Central Bank of Uruguay continued to adopt new relief measures during 2021 considering the course of the pandemic. These measures allowed some sectors to refinance their outstanding credits. The bank worked with our clients to assess their own particularities to find a suitable solution for each one, all the measures were taken within the standards outlined by the Central Bank of Uruguay.

The Corporación Nacional para el Desarrollo through the Sistema Nacional de Garantías (National System of Pledges) offered more flexible and cheaper products to back-up new loans and loan restructuring of those sectors that were affected by the pandemic, and specially those related (directly or indirectly) with leisure, transportation, sports, marketing, etc. This allowed BROU to grant loans to those sectors with the coverage of this system.

The final effects of this pandemic over both, the economy, and the Bank’s financial statements cannot be estimated at the time this report is issued, even though no impact was seen over its activity or its financial situation.
- 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.

On July 20, 2021, the Supreme Court of Justice, dismissed the previous claim against the bank

Due to late payment, the loan is reported as write-off credits
- On July 20, 2021, Dr. Alejandro Lafluf was confirmed by the congress to join the board of BROU as director. Mr. Lafluf was appointed by the President on July 28, 2021, taking place of his role on July 29, 2021.

On August 5, 2021, Mr. Alejandro Lafluf was appointed as Vice President and Mr. Max Sapolinski was appointed as Second Vice-President during a board meeting in accordance with the art 5° of bank charter (Law No. 18.716).
- In February 2022, a conflict between Russia and Ukraine started which levied severe economic sanctions over Russia, apart from the consequences caused by the conflict itself. The impact of these sanctions cannot be estimated reliably as of this time.

The Bank has made an initial assessment of the consequences that directly or indirectly this conflict may have over global economy, which may include:

 - An increased volatility on financial markets.

- A decrease in the price of certain assets. A decrease in a wide range of assets is not expected.
- Liquidity restrictions or an increase on the credit risk of the assets that were mentioned above.
- A higher risk of cyber-attacks or changes in the terms of contracts.

We did not identify a significant impact of this issue in the balance sheet as we do not have direct exposure to investments issued by the countries in conflict. Nonetheless, the bank is monitoring some clients that due to their nature of business, could be affected; we established close contact to evaluate the possible impacts this conflict might have in their operations.

We are also monitoring the impact of the international sanctions imposed by both countries and international organizations to anticipate to any drawback that may impact BROU customers’ directly or indirectly.

Although the potential impacts determined by the bank on the financial position are remote, due to the uncertain timing, it is not possible to estimate the future impact this conflict may have on future financial statements.

Contents

Authorities and senior staff

Message from the president

125 years of BROU

Presentation of the bank
and corporate governance

Macroeconomic environment

Competitive banking environment

Management report

- Financial position
- Financial performance
- Finance area
- Corporate area
- Retail area
- Trust department
- Business area
- International area
- Anti-money laundering
- Risk Policies and Control
- Human resources department

Financial statements

Related organizations

Branch Network

Related organizations



Contents

Authorities and senior staff

Message from the president

125 years of BROU

Presentation of the bank
and corporate governance

Macroeconomic environment

Competitive banking environment

Management report

- Financial position
- Financial performance
- Finance area
- Corporate area
- Retail area
- Trust department
- Business area
- International area
- Anti-money laundering
- Risk Policies and Control
- Human resources department

Financial statements

Related organizations

Branch Network

República AFISA building



República Administradora de Fondos de Inversión S.A. (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 Central Bank of Uruguay, 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 as-sets, assisting customers in the structuring and/or management of such operation.

República AFISA has been highly involved 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, to the Unified System for Collection of Vehicle related In-come, to the funding of works by the Departmental Governments and the National Government, to debt restructuring of street lighting with UTE, to the resurfacing project in Ciudad de la Costa, to selling of municipal property, to the construc-tion of social housing. This company has been also involved with private funding to wind farm projects, to the health area (CASMU, Asociación Española, Casa de Galicia), ANDE (National Development Agency), CAFAM (CAF1 Infrastructure Fund and CAFAM 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 their works, with a supplier company in the agricultural sector (for long-term financing of the acquisition of its products).

In 2021, a Financial Trust was incorporated with the Local Government of Pay-sandú in order to carry out several public works in that Department; two Financial Trusts were incorporated with the Local Government of Maldonado allowing it to reshape its liabilities and to recompose operating funds; a Financial Trust was in-corporated with Citricola Salteña in order to finance its annual harvest, and a Trust was incorporated with the national power company UTE to carry out the 500 kV Transmission Ring Closure Line Project (TacuarembóSalto), in the process of be-ing approved by the BCU.

As of December 31, 2021, the trusts administered by *República AFISA* have is-sued securities totaling approximately USD 3.35 billion.

In 2021, *República AFISA* had its rating reviewed by Fix Scr Uruguay, which re-sulted in the maintenance of its “2+FD(uy)” rating, improving its outlook from sta-ble to positive.

The recent public offerings which are issued by trusts structured and managed by *República AFISA* have contributed to the development of the capital market in Uruguay. This enabled setting up productive and real estate ventures and public infrastructure works.

100% of the share capital of the company belongs to BROU.

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.

Its mission is to provide trust services through management and guarantee trusts and to manage assets, assisting customers in the structuring and/or man-agement of such operation.

Within this framework, this company maintained its intense involvement in trusts for road construction, housing, purchase of machinery for the Departmental

Contents

Authorities and senior staff

Message from the president

125 years of BROU

Presentation of the bank
and corporate governance

Macroeconomic environment

Competitive banking environment

Management report

Financial position

Financial performance

Finance area

Corporate area

Retail area

Trust department

Business area

International area

Anti-money laundering

Risk Policies and Control

Human resources department

Financial statements

Related organizations

Branch Network

Governments, administration of funds from recharging STM (Metropolitan Transportation System) transport cards, management of guarantee trusts for private and public companies, micro-finance institutions and cooperatives, and, in general, managing funds and other assets of public and private entities.

In 2021, the administration of 4 new trusts was incorporated: a guarantee trust with a sports club, a management trust for the MTOP, a management trust with the Government of Maldonado for the purchase of vehicles and machinery, and a trust with CASMU for managing funds obtained within the framework of the Restructuring Plan approved by MEF and the MSP. Likewise, 3 new administration and management services were incorporated, related to different public-private partnership projects.

Additionally, in 2021, *República Negocios Fiduciarios S.A* had its rating reviewed by Fix Scr Uruguay, resulting in the maintenance of its “2+FD(uy)” rating, an improved outlook from stable to positive.

100% of the share capital of the company belongs to BROU.

República Microfinanzas S.A.

República Microfinanzas S.A. is a company owned by BROU, incorporated in 2008 for the purpose of promoting the economic and social development of small economic units and low-income entrepreneurial sectors in Uruguay, by making available financial products and services adapted to the needs of such sectors. 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.

República Microfinanzas S.A. started operations in March 2010. Credit transactions are conducted 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, etc.) to vulnerable sectors or sectors with problems to access the traditional banking. These services have been incorporated through the signing of various agreements; for example, with the National Development Agency (ANDE), the Ministries of Livestock, Agriculture and Fisheries, Social Development and Tourism, and departmental governments. The collaboration agreements signed with other relevant players in the economy are worth highlighting, such as the departmental development offices, local development agencies or shopping centers. All this allows us to affirm the significant role that RMSA plays in the microfinance segment, making it an unavoidable benchmark for the sector.

República Microfinanzas, from its Head Office and from its offices at the Cerro Industrial and Technology Park (PTI), the Belloni Bus Interchange and BROU’s Costa Urbana branch deals with the demands of microentrepreneurs in the metropolitan area of Montevideo, which comprises the capital city and areas of the Department of Canelones. With regional offices, our company provides services in the departments of Artigas, Florida, Lavalleja, Maldonado, Rivera, Rocha, Salto, Colonia, Paysandú, San José, Durazno, Flores, Cerro Largo, Treinta y Tres and Tacuarembó.

In general terms, during its first 12 fiscal years, RMSA has disbursed UYU 8,187,649,295, and has granted a total of 200,457 loans to 70,739 customers.

On September 30, 2021, *República Microfinanzas S.A.* closed its twelfth fiscal year. In the previous fiscal year *República Microfinanzas S.A.* stood out for the enormous effort it made to assist micro and small enterprises in the context of the health emergency resulting from the Covid19 pandemic and the agricultural emergency, and was an important executor of public policies and special programs designed to overcome its effects. In view of the above, in the current fiscal year it had the challenge of maintaining and efficiently managing the extraordinary growth of the number of Microfinance loans, which represented a 100% increase in its portfolio. And RMSA not only succeeded in doing so, but, in a very complex economic, social and health context, it also increased its portfolio, maintained very acceptable levels of delinquency and had the highest income in its history.

As of September 30, 2021, it has reached a loan portfolio of UYU 1,837,149,571, a new record for the company. This achievement has been possible due to the continuous contribution it has made to the implementation of public policies focused on entrepreneurs, micro and small enterprises, small rural producers and low-income families, immersed in a reality that hinders their insertion in the financial system.

To this end, it was of utmost importance to continue with the support of the SIGA Emergency tools. They made it possible to guarantee 80% of the amounts granted to micro and small entrepreneurs in the context of Covid19, and enabled the interest rate subsidy to borrowers by the Directed Credit Program of the National Development Agency.

Analyzing the results, it is noteworthy that during the current year the company has not only managed to balance its numbers, an objective pursued throughout its history, but has also taken a step forward, and yielded a final income of UYU 57 million, far exceeding the estimated budget.

One aspect that is part of the company’s mission is to bring financial education to the most vulnerable sectors and those lagging behind in understanding and assimilating financial concepts, in order to ensure that they make responsible, informed, timely and independent decisions. Along this path, RMSA has significantly contributed to this objective by maintaining training actions, even with the complexities and challenges of the health emergency in recent years and reached more than 4,000 people in 83 locations, most of them residing outside Montevideo.

100% of the share capital of the company belongs to BROU.

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

The objective of *República AFAP*, a Pension Fund Management Company, is to manage the Pension Fund owned by its members. BROU owns 51%, while 37% of the shares belong to BPS (*Banco de Previsión Social*) and the remaining 12% to BSE (*Banco de Seguros del Estado*).

In 2021, *República AFAP* stood out once again for its leading market share, reaching a total of 582,417 workers in its portfolio at the end of the year. República AFAP also, at that date managed a fund of USD 9,595.64 million, representing 55.30 % of the Pension Fund System.

As a whole, the system incorporated a total of 41,198 workers in the year, thus maintaining approximately the same recruitment levels as the previous year. Of that total, 10,840 workers joined República AFAP: 5,011 were voluntary members and 5,829 were assigned by the Social Security Administration (BPS) ex officio because it is the pension fund with the lowest management fees, 50% lower than that of the other AFAPs. In addition to this, in 2021, by means of a transfer procedure, 1,093 workers joined República AFAP. It is a lower number than that of 2020 because as it requires a face-to-face procedure and it was significantly affected by the pandemic.

República AFAP was ranked as of December 2021 in the first position of the Projected Net Profitability ranking, considering the last 3 years and 5 rolling years.

During 2021, private sector instruments were issued for a total of USD 690 million, an amount notably higher than that recorded in 2020, although below the years 2018 and 2019. In most of these issuances, *República AFAP* participated as an investor, contributing to the diversification of the managed portfolio. In addition, it continued channeling AFAP resources to the productive sector, as an alternative financing tool for the development of activities and expansion plans of private companies and public organizations.

Among the most outstanding operations was the issuance of Certificates of Participation in the Platinum Financial Trust for USD 165 million. The purpose of this project is the construction, in the area of the World Trade Center (WTC), of three buildings of different heights for office, retail and residential units for their subsequent commercialization (lease and sale). Additionally, in terms of fixed income instruments, the issuance of TaTa Negotiable Bonds stands out, for more than USD 100 million, and the bidding of 3 additional series of the Uruguayan Road Corporation Trust (CVU), for an approximate amount of USD 150 million.

In 2021, *República AFAP* maintained its management fees at 4.40%, calculated on the basis of workers contributions to their individual savings account. At the end of the year, the administrator made the decision to lower the fees to 4.30%, which will impact member accounts as of March 2022. Since the beginning of this system, in 1996, *República AFAP* committed to having the lowest fees in the market, while caring to maintain the best services within the expectations of its shareholders.

In 2020, *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), and for this reason it was awarded the “Excellent

Contents

Authorities and senior staff

Message from the president

125 years of BROU

Presentation of the bank and corporate governance

Macroeconomic environment

Competitive banking environment

Management report

- Financial position
- Financial performance
- Finance area
- Corporate area
- Retail area
- Trust department
- Business area
- International area
- Anti-money laundering
- Risk Policies and Control
- Human resources department

Financial statements

Related organizations

Branch Network

Track Record Company award”. In 2021, a study on the opportunities for improvement by the team of evaluators of the award was carried out. This study analyzed the elements needed to generate practical actions aimed at aligning its processes with the 2030 Sustainable Development Goals (SDG) of the United Nations. Likewise, *República AFAP* continued working on the path of excellence in management with the aim of maintaining the certifications in the Quality Management System under the ISO 9001:2015 standard, and in the Information Security Management System (ISMS), in accordance with ISO 27001:2013 standard, conducted by LSQA. In November, Mr. Nilo Pérez was appointed as the new Chair of the *República AFAP* Board of Directors.

Corporación Nacional para el Desarrollo (CND)
CND is 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 projects related to the development and maintenance of infrastructure funded by public resources, national or international loans or grants, as well as to provide fund management and professional services.

After Law No. 18786 of July 19, 2011, was passed, duties related to the development, promotion, design and implementation of projects of publicprivate partnership were added to the role of the CND, and also contribution to capacity building in the field of government contracting.
BROU is a minority shareholder of CND (5.58 %).

Bolsa Electrónica de Valores S.A. (BEVSA) (Electronic Stock Exchange)
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.
BROU is one of BEVSA's shareholders (7.69%), together with other banks and entities.

Compañía Uruguay de Medios de Procesamiento SA (VISANET)
Visanet assembles and provides services to all credit card issuers, that is, to all Visa issuing entities in Uruguay, among which BROU is one of the members. The strategy of Visanet is focused on increasing the number of merchants that accept VISA cards and become members of the system, and this has resulted in an important increase in the number of transactions.
BROU is a shareholder (9.0393 %). Its number of shares is directly related to the size of its market-share.

Sistarbanc SRL
Sistarbanc S.R.L. is a company created in 1981 that provides payment management and processing services for: Visa and Mastercard cards; Mides Equity Plan; BPS benefits and Electronic Payment System (SPE).
In the year 2021, the company met the objectives outlined in its strategic plan, obtaining the projected profitability and increasing the levels of transactions and revenues. Within the framework of its business plan, a number of actions were carried out to achieve these objectives.
In that sense, functionalities were added to the card systems that allowed the processing of all Visa and Mastercard BROU Recompensa cards; and the processing of Mastercard cards for third parties was started.
Visa and Mastercard processes were certified with these cards names, in order to improve processing and adjust them to the new international regulations, especially those related to security.
The development of the multiple acquirer system for Mastercard was completed in accordance with the regulations set forth by the regulator, in line with international regulations, and production started in August 2021.
The Fraud Prevention service was adapted. The new operating system allows providing the service in better conditions to those who process payments in Sistarbanc and enables the service for issuers who do not process payments in the company.

Financial and income statement				
USD million				
	2018	2019	2020	2021
República AFISA				
Assets	21.76	21.68	20.62	21.30
Liabilities	3.71	2.81	2.31	2.51
Equity	18.05	18.87	18.31	18.79
Income for the year	1.38	2.80	2.74	2.84

República AFAP				
Assets	71.70	70.00	70.31	75.00
Liabilities	8.10	8.00	7.42	7.00
Equity	63.60	62.00	62.89	6.00
Income for the year	11.60	13.00	14.57	14.00

República Microfinanzas				
Assets	36.31	32.40	48.65	45.00
Liabilities	1.28	1.10	12.94	10.00
Equity	35.03	31.30	35.71	35.00
Income for the year	0.52	0.90	0.07	1.00

República Negocios Fiduciarios				
Assets	0.76	0.65	0.66	0.60
Liabilities	0.11	0.15	0.12	0.09
Equity	0.65	0.50	0.54	0.51
Income for the year	0.25	0.13	0.21	0.18

The processing and settlement to merchants of all operations related to the distribution of Mides assistance benefits and MDN food vouchers was carried out through Tuapp for 350,000 monthly users and more than 2,000 merchants.
The Electronic Payment System continued with a growing performance and increased the number of transactions by 43 % and the volume of business by 22 % compared to the previous year.
The annual PCI DSS and ISO 90012015 certifications requirements were met.
Likewise, the social actions in support of DESEM young entrepreneurs and Teletón continued.

BROU currently owns 63.56 % of the share capital.

Contents

Authorities and senior staff

Message from the president

125 years of BROU

Presentation of the bank
and corporate governance

Macroeconomic environment

Competitive banking environment

Management report

- Financial position
- Financial performance
- Finance area
- Corporate area
- Retail area
- Trust department
- Business area
- International area
- Anti-money laundering
- Risk Policies and Control
- Human resources department

Financial statements

Related organizations

Branch Network

Other interests

Technological Laboratory of Uruguay, technological complex



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

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

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.

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.

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

- The promoted and applied cultural values include:
- Professional management, based on teamwork and mutual respect, observing the highest ethical standards in internal processes.
 - Ensuring continuous improvement, through continuous training and motivation of human resources.
 - Active collaboration with public and private stakeholders, to promote a high level of development in the areas of action.
 - Respect for human rights and environmental protection.
- The various strategic objectives were defined based on 3 main areas where the Foundation concentrates its efforts:

Cultural Inclusion - Cultural Program

The Foundation aims at maintaining and expanding its existing cultural activities, promoting and developing them by fostering those initiatives that, due to their characteristics, may generate a positive impact on people and the society. It participates in the public cultural agenda (at a national and departmental level) and implements activities that foster artistic and educational expressions.

In a very special year, when BROU completed 125 years of existence, the Cultural Space carried out several events addressed at different audiences, always in reference to this important milestone.

Among the cultural activities promoted by the Foundation, it is worth highlighting the 22nd Edition of the Plastic Arts Hall and the “*South is our North*” exhibition, composed of pieces by members of the Escuela Torres García that are part of BROU’s heritage. We took part in the national cultural agenda by opening the doors of the Great Hall of the BROU Head Office during the Heritage Weekend and for the Museums at Night festival. We restarted to support artists with the inauguration of “*La vida pintada*” exhibition by Gustavo Perrier.

Contents

Authorities and senior staff

Message from the president

125 years of BROU

Presentation of the bank
and corporate governance

Macroeconomic environment

Competitive banking environment

Management report

- Financial position
- Financial performance
- Finance area
- Corporate area
- Retail area
- Trust department
- Business area
- International area
- Anti-money laundering
- Risk Policies and Control
- Human resources department

Financial statements

Related organizations

Branch Network

Aiming at emphasizing BROU's presence throughout the country, we published a book called *125 years of Banco de la República Oriental del Uruguay - Helping Uruguayans' dreams come true*, which contains photographs and interviews, and presents the architectural heritage related to each building. Also, the Photograph Contest "*125 years of BROU: our Bank presented in images*" was carried out with the objective of sharing this celebration with the community, reinforcing BROU's presence at a local, national and virtual level, from a cultural perspective, supporting Uruguayans' talent and fostering their creativity.

Cultural Inclusion - Library Service

The Library Service is in charge of managing bibliographic resources in different areas, in relation to educational as well as recreational activities.

It provides students with resources in order to help them complete the curricular years of school and high school. It also provides support at a university level with the books that the library has available, with a specialized collection in the field of Economics, Administration and Law.

In turn, in order to foster reading for pleasure as a habit, this library has recreational books available to be borrowed.

Financial Training

In 2021, the Foundation Financial Training program (Spanish acronym FORMA) was consolidated through 3 training proposals aimed at young people, micro-businesses and residents of housing projects.

The young audience was offered the asynchronous online course "Basic Finance for Decision Making." Three editions were held during the year, where 634 people signed up; 262 completed 100% of the course activities and obtained the completion certificate.

Micro-enterprises were offered a course on basic financial concepts applied to their operation. It is a 26-hour course, delivered live on line, with contents and methodology proposed by the ILO within the framework of a Financial Education Certification program promoted by the National Development Agency (ANDE). During the year, 4 editions were held, and it was completed by 56 entrepreneurs.

Within the framework of the needs raised by the National Housing Agency to the BROU Foundation, an agreement was signed to train neighbors in the use of financial services for residents who were members of housing project management committees. Two 6-hour training sessions were held, with 28 participants responsible for said committees. In the first 2 courses, satisfaction surveys were carried out that show very good evaluations of the contents and the tools used, as set forth in the report. 99% of participants who have completed these surveys would recommend the course.

Corporate Social Responsibility - Sponsorship

During 2021, the Foundation took part in Uruguayan Numismatic Conference, carried out on November 20-21 by the Uruguayan Numismatic Institute.

Likewise, funds were provided for the event organized by the Organization of Ibero-American States (OEI) in commemoration of the 15th anniversary of the Ibero-American Cultural Charter.

Corporate Social Responsibility - Donations

During 2021, the Foundation supported several institutions in different activities, covering various areas:

Within the framework of the Uruguay Cardiosseguro campaign, carried out by the National Sports Secretariat together with *Unidos por Ayudar*, 19 defibrillators were donated, one for each department of Uruguay.

For the Corazoncitos Foundation, 10 pediatric and neonatal saturation meters were purchased. They are very useful for the population served by such Foundation.

In the framework of the commemoration of the BROU Employee Celebration Day, a fundraising campaign was carried out to support the following social organizations; Association of Parents and Friends of the Disabled Persons of Lavalleja (Lavalleja); Civil Association *Nos obligan a salir*, Early Education (Rocha); Manuel Souto Nursing Home (Soriano); Uruguay Diabetes Foundation (Montevideo); and Talitakum Educational Center (Montevideo). The Foundation will contribute to the selected institutions the amount of money collected by officials.

In support of organizations throughout the country, steps were taken for donating computer and technological equipment, furniture and reading materials.

Likewise, with the aim of supporting the Repapel NGO, a civil organization that carries out environmental education programs in public schools, work continued to coordinate the collection and sorting of paper at the request of the different BROU areas, for recycling.

Main entrance, Heber-Jackson house, Banco República Foundation



Contents

Authorities and senior staff

Message from the president

125 years of BROU

Presentation of the bank
and corporate governance

Macroeconomic environment

Competitive banking environment

Management report

- Financial position
- Financial performance
- Finance area
- Corporate area
- Retail area
- Trust department
- Business area
- International area
- Anti-money laundering
- Risk Policies and Control
- Human resources department

Financial statements

Related organizations

Branch Network

Entities based abroad

Lima, Peru, headquarters of ALIDE



BROU owns share capital in

Banco Latinoamericano de Comercio Exterior S.A. (BLADEX)
BLADEX 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 solutions to promote foreign trade for member countries. It intends to become the Regional Center for distribution and risk compensation.
BLADEX has more than 200 shareholder banks. BROU, holding 0.4292 % of the capital stock, 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)
This international organization brings together development finance institutions in Latin America and the Caribbean, promotes risk cohesion and strengthening of the actions and involvement of these institutions in the economic and social progress of the region.
Its objectives include sharing experiences and inter-agency coordination in order to optimize the use of available resources and support member institutions in their efforts to modernize their management structures. BROU is an active member.

Federación Latinoamericana de Bancos (FELABAN) (Latin-American Federation of Banks)
Es una asociación civil sin fines de lucro creada en el año 1965 con el propósito de contribuir a la coordinación de criterios y a la unificación de usos y prácticas bancarias. El BROU es uno de los 22 miembros activos de esta organización formada por representaciones de 19 países, y que agrupa a más de 600 bancos y entidades financieras de América Latina. Por Uruguay, en forma coordinada con el BROU, desde 2020 participa también la Asociación de Bancos Privados del Uruguay.
El Presidente del BROU Ec. Salvador Ferrer Carámbula, integra la Junta Directiva por el período 2020-2022.

Contents

Authorities and senior staff

Message from the president

125 years of BROU

Presentation of the bank
and corporate governance

Macroeconomic environment

Competitive banking environment

Management report

Financial position

Financial performance

Finance area

Corporate area

Retail area

Trust department

Business area

International area

Anti-money laundering

Risk Policies and Control

Human resources department

Financial statements

Related organizations

Branch Network

Branch Network

10

Contents

Authorities and senior staff

Message from the president

125 years of BROU

Presentation of the bank
and corporate governance

Macroeconomic environment

Competitive banking environment

Management report

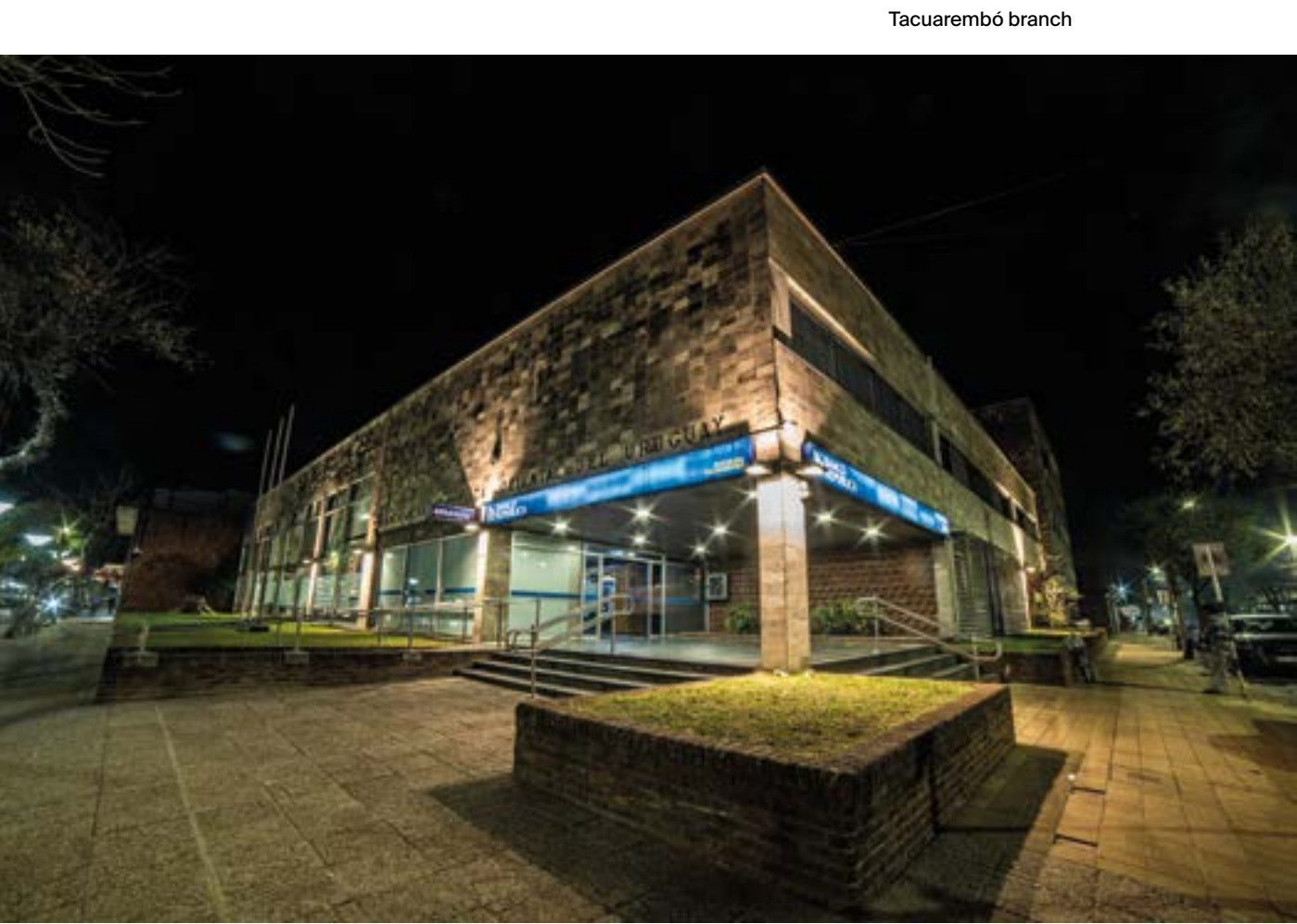
- Financial position
- Financial performance
- Finance area
- Corporate area
- Retail area
- Trust department
- Business area
- International area
- Anti-money laundering
- Risk Policies and Control
- Human resources department

Financial statements

Related organizations

Branch Network

Head Office Cerrito 351, CP 11000 Montevideo, Uruguay Teléfonos: +(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, NY 10017 Nueva York, Estados Unidos Teléfonos: +(1 212) 307 9600 al 11 Fax: +(1 212) 307 6786 SWIFT: BROU US 33 ABA 026003324
Buenos Aires Branch Esmeralda 111, CP C1035ABC Buenos Aires, Argentina Teléfono: +(54 11) 4132 2000 buenos.aires@brou.com.ar SWIFT: BROU AR BA



Branches - Distribution network		
Branch Name by department	Branch Address	Phones
Montevideo		
19 de Junio	Av. 18 de Julio 1670 (4th Floor)	18965179
Aguada	Avda. Rondeau 1754	18965181
Anexo Avda. Italia	Avda. Italia 3778	18965191
Avda. Gral. Flores	Avda. Gral. Flores 2551	18965184
Avda. Gral. Rivera	Avda. Gral. F. Rivera 2700	18965198
Avda. Italia	Solferino 4098	18965191
Avda. Uruguay	Avda. Uruguay 1002	18963750
Bvar. España BEI*	Bvar. 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	Avda. San Martín 3380	18965187
Carrasco	Avda. Arocena 1637	18965200
Centro	Avda. 18 de Julio 1271	18965188
Cerro	Ramón Tabárez 4321	18965182
Ciudad Vieja	Piedras 369	18965152
Colón	Avda. Eugenio Garzón 1864	18965197
Convención	Convención 1300	18965190
Bvar. Gral. Artigas Micro-Branch	Bvar. Gral. Artigas 3821	18965187
Nuevocentro Shopping Micro-Branch	Avda. Luis A. de Herrera in the Nuevocentro Shopping Mall Store 152	18965184
Prado Micro-Branch	Joaquín Suárez 3781	18965185
Torre Ejecutiva Micro-Branch	Ground Floor, Edificio Torre Ejecutiva - Plaza Independencia	18965190-831
Unidad Agroalimentaria	Luis Eduardo Pérez 6651 and. Route 5	18965185
Metropolitana Micro-Branch	Nave Polivalente, Store C 002	
Montevideo Shopping	Avda. Luis A. de Herrera 1290	18965177
Paso de la Arena	Avda. Luis Batlle Berres 6655	18965192
Paso Molino	Avda. Agraciada 3902	18965185
Piedras Blancas	Avda. José Belloni 4296	18965193
Pocitos	Avda. Brasil 3049	18965194
Portones	Bolonia (no number) near corner with Av. Italia - Building of CIU (Chamber of Industries of Uruguay)	18965157
Punta Carretas	Ellauri 350 - Level 1, store 148 B - Punta Carretas Shopping Mall	18965201
Punta de Rieles	Cno. Maldonado 6847	18965195
Unión	Avda. 8 de Octubre 3847	18965186
VCV (Securities Sales and Custody)	Zabala 1531, Head Office, First Base-ment	18962222
Villa Biarritz	21 de Setiembre 2851	18965189

Contents

Authorities and senior staff

Message from the president

125 years of BROU

Presentation of the bank
and corporate governance

Macroeconomic environment

Competitive banking environment

Management report

Financial position

Financial performance

Finance area

Corporate area

Retail area

Trust department

Business area

International area

Anti-money laundering

Risk Policies and Control

Human resources department

Financial statements

Related organizations

Branch Network

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 y Roger Balet	18965073
Canelones	Batlle 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	Avda. Artigas 602	18965021
Los Cerrillos Micro-Branch	Zorrilla de San Martín (no number)	18965085
Migues	Gregorio Migues (no number)	18965077
Pando	Gral. Artigas 901	18965034
Parque Roosevelt	Av. de la Playa and Av. Giannattasio, Store 003	
	Parque Roosevelt Shopping Center	18965087
San Bautista	Treinta y Tres (no number)	18965082
San Jacinto	Corner of Av. Artigas (no number) and María Vera	18965075
San Ramón	Avda. José Batlle y Ordóñez 1402	18965048
Santa Lucía	Dr. Antonio Legnani 527	18965049
Sauce	Cnel. Peirán 1550	18965062
Tala	18 de Julio e 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		
Carmelo	Zorrilla de San Martín 351	18965006
Colonia	Avda. Gral. Flores 151	18965010
Colonia Miguelete	Corner of Artigas and 18 de Julio	18965084
Conchillas	David Evans (no number)	18965064
Juan Lacaze	Rodó esq. 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 y Leopoldo Fuica	18965043
Tarariras	Roosevelt 2292	18965018

Durazno		
Carmen	Dr. Schunk (no number)	18965007
Durazno	Dr. Luis Alberto de Herrera 900	18965013
Durazno Ruta 5	Ruta 5 y Ruta 14	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	18965014-600
Independencia Micro-Branch	Independencia 725	18965014-800
Sarandí	Artigas 901	18965050

Lavalleja		
José Batlle y Ordóñez	Rivera 44	18965019
José Pedro Varela	Corner of Gral. Artigas and Rivera	18965068
Minas	25 de Mayo 478	18965026
Solís	Avda. Eduardo Fabini 798	18965052

Maldonado		
Aiguá	Margarita Muniz 706	18965001
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	Avda. Gorlero esq. 25	18965038
Punta Shopping	Punta Shopping Mall, store 252. Parada 7 1/2 Roosevelt	18965092
San Carlos	18 de Julio 651	18965045

Paysandú		
Guichón	18 de Julio 353	18965017
Río de los Pájaros Micro-Branch	Bv. Artigas 770, store 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

Contents

Authorities and senior staff

Message from the president

125 years of BROU

Presentation of the bank
and corporate governance

Macroeconomic environment

Competitive banking environment

Management report

- Financial position
- Financial performance
- Finance area
- Corporate area
- Retail area
- Trust department
- Business area
- International area
- Anti-money laundering
- Risk Policies and Control
- Human resources department

Financial statements

Related organizations

Branch Network

Rivera		
Frontera de la Paz Micro-Branch	Corner of 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	Bvar. 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
Microbanca Paco Espínola	25 de Mayo 500	18965047
Rafael Peraza	Route 1, km 72	18965078
Rodríguez	Avda. Santiago Rodríguez 980	18965074
San José	Artigas 601	18965047

Soriano		
Cardona	Fructuoso Rivera 18	18965005
Dolores	Asencio 1548	18965012
José E. Rodó	Km 209,500	18965067
Mercedes	Colón 256	18965025
Terminal Shopping Mercedes Micro-Branch	Corner of Don Bosco and Artigas	18965025
Palmitas	Corner of 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	Corner of 25 de Agosto and Miguel Echand	18965031
Treinta y Tres	Juan Antonio Lavalleja 1250	18965057
Vergara	Corner of Francisco Tajes and Marcelo Barreto	18965059

* BEI is the Spanish acronym for Executive Investment Banking

Paso Molino branch



Contents

Authorities and senior staff

Message from the president

125 years of BROU

Presentation of the bank
and corporate governance

Macroeconomic environment

Competitive banking environment

Management report

- Financial position
- Financial performance
- Finance area
- Corporate area
- Retail area
- Trust department
- Business area
- International area
- Anti-money laundering
- Risk Policies and Control
- Human resources department

Financial statements

Related organizations

Branch Network

