

RETAIL AREA

Retail Banking

The mission of Retail Banking is to encourage savings and provide comprehensive coverage of the financial needs of individuals and families, providing quality products and services at competitive prices, promoting financial inclusion and universal access to banking services. The main actions implemented during 2015, designed to meet the objectives of this Unit are detailed below.

DEPOSITS AND SERVICES

Interbank transfers through the Interbank Payment System (SPI)

Since April 2015, the inter-bank transfer service is available to customers of Retail Banking. This service was implemented on the platform of the Interbank Payment System and enables all customers with an account at our Bank to make transfers to accounts in other banks of the domestic market.

Transactions can be made in Uruguayan pesos, US dollars or Euros using e-BROU, our Internet banking portal. This service is available from anywhere, 24/7.

Alternative Channels

Various actions were developed accompanying the strategic objective of migrating customers and their various transactions to alternative, fast, comfortable and secure channels, and seeking to provide value-added services.

In e-BROU the possibility of quickly and easily opening a Savings Account, without the need to visit a Bank branch, was set up. In addition, actions were taken to encourage the creation of term deposits via e-BROU by fixing preferential rates and specific promotions.

Apart from the possibility of opening the Financial Inclusion Savings Account through e-Executive, the products Cuenta Ahorro and X mi cuenta were added to this platform. e-Executive is a web application that can manage a more convenient opening of accounts, with the initial steps and loading of data via web and then scheduling place, date and time to complete the process at a Bank branch.

Salary Savings

In order to increase the value perceived by customers who opt to collect their personal income through our Bank, the Salary Savings Account was launched. This product allows customers to schedule their savings, creating an account to receive automatic monthly credits in the amount indicated, where accumulated savings are paid a preferential interest rate. This product is very easy to obtain as it is exclusively through e-BROU.

Customer Deposits from the Resident and Non Resident Private Sector

During 2015 an increase of 4.69% was recorded in foreign and private sector deposits. The increase in foreign currency deposits, offsetting the decline recorded for deposits in national currency and inflation-indexed units must be highlighted, as shown in the following table:

TOTAL FOREIGN PRIVATE SECTOR DEPOSITS			
Balance in USD millions			
Type of deposit and currencies	2013	2014	2015
UYU	2.685	2.456	2.049
Sight Deposits	850	731	565
Savings Accounts	1.450	1.414	1.237
Fixed Term Deposit	386	311	247
Inflation-Indexed Units	450	451	382
Foreign Currency	7.659	8.526	9.265
Sight Deposits	1.137	1.196	1.248
Savings Accounts	5.236	6.012	6.648
Fixed Term Deposit	1.286	1.318	1.369
Total	10.795	11.433	11.696

MEANS OF PAYMENT

Credit Cards and Prepaid Cards

Retail Banking is responsible for managing credit to individuals through credit cards.

During 2015, a growth of 11% over the previous year was recorded in the number of valid Credit and Prepaid Cards. In December, there was a total of 296,122 valid cards, in addition to the 89,547 Prepaid Cards of the government social programs active at year end.

The accounting balance of the performing credit card portfolio was USD 63 million at December 31, 2015, equivalent to a 26% increase in US dollars terms compared to the end of the previous year. This increase is explained by the update of credit limits of January 2015, as well as promotional actions implemented and new co-branding agreements reached.

Regarding the volume transacted with credit cards during 2015, the total was USD 406 million, representing an increase of 10% compared to 2014. In turn, the number of transactions during 2015 amounted to 9,455,432, representing a growth of 16% over the previous year.

One aspect to note is the increase in purchases with BROU Prepaid Cards, confirming a 28% increase relative to the previous year. Consequently, the volumes traded with these cards, measured in US dollars, rose from USD 50 million in 2014 to USD 64 million in 2015.

Regarding agreements concluded during 2015, the co-branding agreement with the Costa Urbana Shopping Mall (effective October 14) was consolidated, including promotions with major benefits for cardholders. Thus, by December, 3,556 co-branding cards had been issued.

An agreement was also signed to issue cards branded El Club de los Grandes (Diario El País – Secom), which became operational in August. Through this agreement, cultural, recreational and health services are provided, with important benefits for elderly customers.

Finally, in December, a new product, the chip technology card MASTERCARD BLACK was launched, a premium product designed to complement services provided to our high income customers.

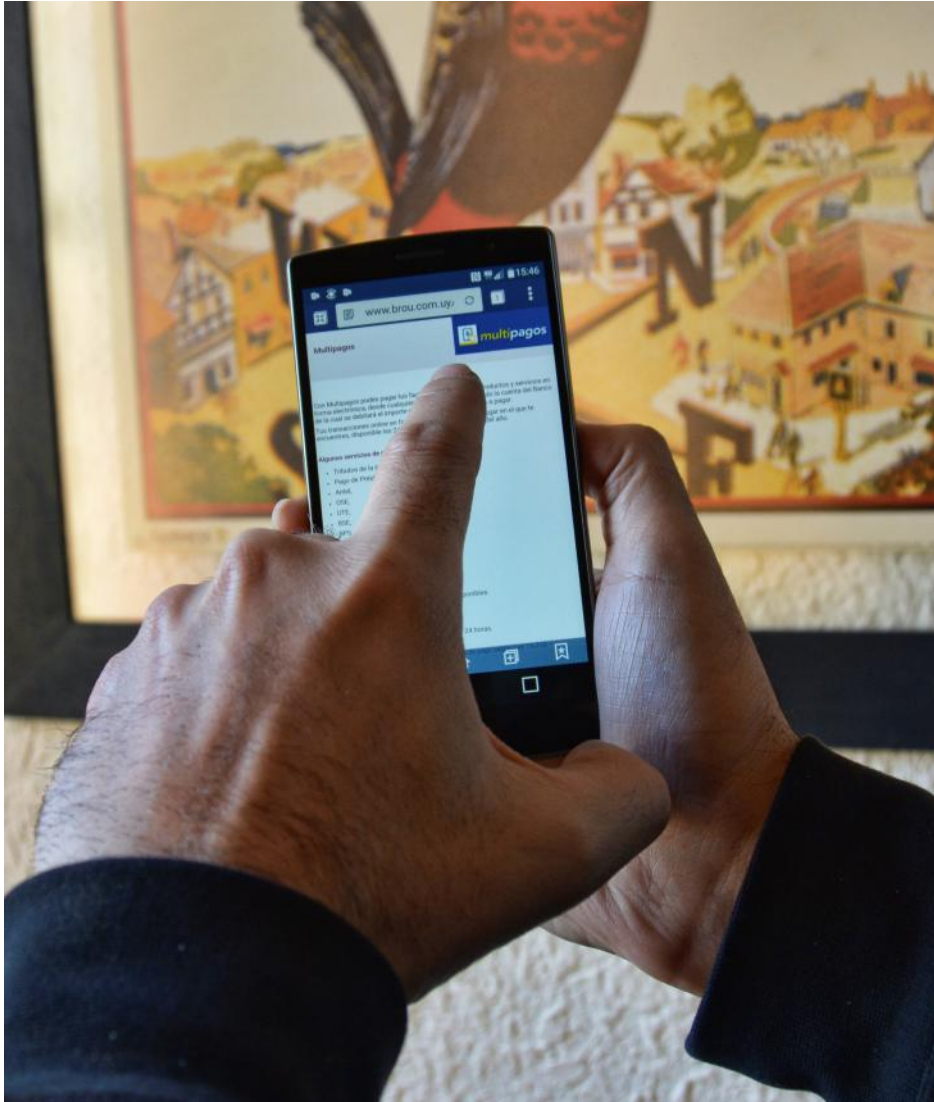
Debit Cards

The momentum created by Financial Inclusion in terms of debit card use in purchases, as well as sales efforts by merchants implemented in recent years, continued to reflect on transactional results during 2015.

The number of active Maestro cards recorded in December 2015 was 1,168,827. In that month there was also a significant increase in the number of active cards (considered active with at least one use in a POS card reader in the last 90 days), reaching 355,260 (in December 2014 this indicator recorded 246,198 active cards).

Another important indicator strengthened during 2015 was the number of transactions with POS purchases completed, recording more than 15 million. The dollar volume of purchases also showed a significant increase, reaching USD 845 million during the year.

Also, one aspect to note is that in December the first RedBrou Visa Debit Card was issued (first issue under the co-branding agreement with the Costa Urbana Shopping Mall). This means an opportunity for our Bank not only to dualize our debit portfolio incorporating another label, but also to diversify products having other features and attributes that enrich the commercial offering of debit cards.



Multipagos

By using Multipagos our customers may pay bills, utilities and services online (e-BROU) and from their cell phones (Mobile Banking application and ANTEL-Bit\$). This remains one of the platforms preferred by customers for paying bills and utilities.

During 2015 our Mobile Banking interface was upgraded, enabling the option of paying bills, utilities and services through bar code reading, among other improvements.

Payment of bills, utilities and services through this channel increased fivefold over the previous year.

Looking to expand and diversify the supply available to customers, new companies and entities were added to the services available for payment, some of great interest to users, such as the Elementary Education Tax. Also, the possibility of the online payment of many other services and utilities using directly the websites of such companies and entities has been maintained.

Regarding the number of transactions, the increase was 74% over the previous year. In turn, the volume of payments continued to grow at a very good pace, with a 30% increase in payments in Uruguayan pesos and a 170% increase in US dollar payments.

Main Actions developed in 2015 by the Business Department

For product promotion purposes, during 2015, Retail Banking continued to support cultural, entertainment and leisure events, through customers' benefits in ticket sales. There was again participation in cultural events such as the new seasons of "Carnaval", Opera at Teatro Solís, and also opera, ballet and musical performances by the Sodre Orchestra. The benefit in access to basketball games when paying with BROU debit cards was maintained, and prepaid cards were included in such benefit. The 2-for-1 ticket sale benefit at Life Cinemas continued to be offered.

There was also participation throughout the country, granting benefits to promote the activation and use of debit cards. The Patria Gaucha traditional folk Festival in Tacuarembó must be highlighted, and theater performances in several departments of the country (Menta Producciones - Circuito C.I.E.N. Pies, with pieces such as "Journey to the Center of the Earth" in Salto, "Olej's Trick" in Young, and "Pumba y Arriba" in Paysandú). Recently, an agreement was entered into to provide benefits to customers in six movie theaters of the country outside the capital city when paying with BROU means of payment.

Moreover, a joint promotional campaign was launched with two of our most important business partners. In addition to the 2-for-1 movie theater ticket sales, and the 25% discount on lunch and dinner when paying with BROU payment methods, the Dopo Cena circuit was created, whereby customers who have paid their Life Cinemas tickets with BROU cards, have a 2-for-1 after meal benefit at La Commedia restaurant.

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

There were also promotional campaigns of the BROU payment means together with several business partners and on some special dates: Back to School, Mother's Day, Father's Day, Toys and Gifts with Disco and Geant supermarkets, and with the household appliances store Via Comfort.

For the segment of young people and teenagers, there were promotional actions with travel agencies (Funtour and Planet Travel), in addition to activating the X mi cuenta Facebook community, along with other business partners.

Finally, the signing of agreements for the use of means of payment continued, generating different benefits with varied merchants, including: car rental, vehicle assistance, restaurants, hotels, appliances, health services, eyeglasses stores, travel and tourism. Thus, with 13 new agreements signed, the total number of agreements in force reached 70.

"L'Elisir d'Amore", a play sponsored by BROU, Solís Theatre - Montevideo





Social Credit

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

There is also a credit line in inflation-indexed units for Housing, operating at a maximum of 20 years.

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

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

The number of customers with loans at Dec. 31, 2015 was 509,000, a figure that increased by 73,000 as compared to the end of 2014.

Credits of this unit amounted to USD 1,980 million at year-end 2015, representing a decrease of USD 61 million as compared to 2014. This drop is explained solely by the increase in the exchange rate at the end of 2015 with respect to the close of 2014. In terms of inflation-indexed units, loans at the end of 2015 increased by 4.86% over 2014.

In the composition of the portfolio by currency, loans denominated in inflation-indexed units still prevail, accounting for 64% of the total portfolio at year-end 2015.

In relation to Loans for Housing, 222 housing solutions were provided throughout 2015, amounting to USD 15 million.

In December the Loan Scheme for Senior Citizens was conducted, whereby retirees and pensioners of all pension funds could access loans on terms more beneficial than usual. This time, the number of loans was 103,876, which represented an increase in the senior citizen portfolio of around USD 95 million, 5.56% higher than the amount of 2014, measured in national currency at historical values.

The overall delinquency of this portfolio was 2.40% at December 31, 2015, slightly higher than the result of 2.02% at the end of 2014.

In order to continue to promptly bring financial products of Social Credit to the entire population, in 2015, actions were carried out for customers to adhere to the possibility of obtaining loans through e-BROU, and, by a simple process, automatically credit the loan amount to their accounts. At the close of 2015, 41,651 customers had subscribed to this service.

Also during 2015, 57 new agreements with Associated Companies were signed, which meant the inclusion of 7,500 potential customers.

CREDIT TO INDIVIDUALS							
Balance in USD millions							
Type	2013	2014	2015	Breakdown by currency 2015			
				Pesos	I.U.	Fgn.	Curr.
Consumer Social Credit	2.009	1.967	1.905	697	1.190	18	
Social Credit (Mortgage)	70	74	75	0	75	0	
Credit cards	51	50	63	48	0	15	
Total	2.130	2.091	2.043	744	1.265	33	