

## INTERNATIONAL AREA

This Area is composed of the Branches in New York, Sao Paulo and Buenos Aires. Within the framework of our Bank Strategic Plan, these branches play a crucial role in supporting business operations of Uruguayan individuals, professionals and companies abroad, and tools designed for this purpose, generating business in high potential markets, in strong coordination with the Head Office, and pooling interests with the various Bank businesses.

In that sense, the noteworthy actions of each Branch in the course of 2015 are listed below:

### NEW YORK BRANCH

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

The focus is on profitable activities that make sense to the rest of the organization, controlling risks and operational efficiency (11 employees). The direct access to the Federal Reserve offsets explicit supervision costs. The license for operating in the United States (Federal Foreign Branch - 12 CFR Part 28, Subpart B) does not allow financial intermediation with residents. Also, no business with increased regulatory emphasis under the Dodd-Frank Act (derivatives, mortgage loans, proprietary trading) is carried out.

The main component of the assets is the securities portfolio (over 2 billion US dollars), mainly as counterpart funds of the Head Office (90%). Investments -bonds, within the general policy of our Bank in this area- are scattered in developed countries (Canada, Australia, USA, Japan, France and the UK account for more than 70%) most of them rating AA- or higher (reducing regulatory capital requirements at consolidated level).

The staggered maturities strategy facilitates liquidity management. Duration (2.5 years) has been marginally reduced, with a very low weighting of maturities in 2016, given the previous steepening of the yield curve in US dollars. This also covers the scenario that additional Fed upward movements may not materialize (given the recent economic dynamics and the deepening of negative benchmark rates in Europe and Japan). By the end of 2015 the average yield of the portfolio tends to 2%.

Most interest income (USD 40 million) was allocated to the Head Office. The net result of this Branch (6.1 million) was higher than expected, due to lower tax impact in 2015 (ROE 9%).

### SÃO PAULO BRANCH

With nearly four decades in Brazil, the Sao Paulo Branch has been participating in the economic and trade development of the country, giving priority to natural and legal persons who have personal and trade ties with Uruguay.

As a commercial bank, this Branch has all the conditions to perform various financial transactions (credit, transfers), with prompt and reliable quality advice on foreign trade.

In 2015, despite all the events related to the local economy and politics, and still remnants of the global economy in recent years, this Branch concluded this period with dividends for the Head Office.

Six years ago, at this Branch, the spacious and modern environment "Espacio Uruguay" was created, designed to foster business opportunities and hold cultural events, offering all the necessary conditions to take action with greater ease among important segments for the promotion of Uruguay and its trade relations with Brazil.

The versatility, simplicity and organizational agility of this project in addition to its subtle refinement lead the Uruguayan and Brazilian business community in Sao Paulo to consider this an ideal place for meetings and events, allowing the opening of a true and consistent relationship channel.



BROU São Paulo Branch

## BUENOS AIRES BRANCH

The Buenos Aires Branch acts as a commercial bank offering a wide range of services to businesses and individuals related to Uruguay and to Uruguayans, particularly in the areas of Foreign Trade, Deposits and Credits, Currency Exchange and Payment of Pension benefits to persons residing in Argentina.

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

Additionally, through "Espacio Uruguay-Buenos Aires" our Bank provides specialized infrastructure for hosting business meetings and dissemination meetings in general, for use especially by Uruguayan entities related to foreign trade and investment promotion.



Thus, the Bank reinforces its strong commitment to encourage the generation of opportunities and the realization of sustainable business to and from Uruguay.

BROU Buenos Aires Branch

### FINANCIAL AND INCOME STATEMENT AND MANAGEMENT INDICATORS

USD millions

BUENOS AIRES BRANCH	2013	2014	2015
Assets	17	25	16
Liabilities	8,3	17,5	11,3
Equity	8,7	7,0	4,7
Income for the year	0,6	0,4	-1,2
R.O.E.	5,8%	5,5	-17,9%
Efficiency	81%	78%	153%
NEW YORK BRANCH	2013	2014	2015
Assets	2.276	2.145	2.198
Liabilities	2.218	2.080	2.128
Equity	58	65	70
Income for the year	4,8	5,3	6,1
R.O.E.	8,4%	8,7%	9,0%
Efficiency	30%	29%	29%
SAO PAULO BRANCH	2013	2014	2015
Assets	28	25	20
Liabilities	5,7	4,5	5,0
Equity	22	20	15
Income for the year	-0,5	0,7	1,4
R.O.E	-1,8%	2,9%	7,0%
Efficiency	94%	84%	71%