

FINANCIAL SECTOR IN URUGUAY



November 2020

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The Financial Sector in Uruguay

Uruguay's financial system is solid, liquid and has good-quality credit portfolios. Uruguay has a stable, transparent, well-regulated and supervised financial system. There are no limitations on capital inflows or outflows and no exchange controls on foreign currency transactions. Given its strength, accessibility and innovation, the national financial system became part of the solution rather than part of the problem in this pandemic.

At the beginning of the pandemic, the Central Bank of Uruguay (hereinafter BCU) implemented measures to prevent the breakdown of the payment chain. It reduced the demands for reserve requirements to increase liquidity and allowed maturities to be postponed. These measures were taken to sustain activity, relaxing regulations or expanding liquidity, but minimizing costs to the public.

The financial system is regulated and supervised by BCU through the Superintendencia de Financial Services (SSF)- - which regulates and supervises the entities that make up the financial system- taking as a reference the standards of the Basel Committee on Banking Supervision, for the definition of the regulatory framework¹.

According to the current legal framework, the tasks of the Superintendency of Financial Services are:

- Promote the stability and solvency of the financial system.
- Promote the transparency and orderly and competitive functioning of the supervised entities and the markets in which they operate.
- Protection of financial consumers
- Prevention and control of money laundering and terrorist financing.

CU also has a Risk Center 2 which consolidates the information provided by financial intermediaries in relation to the credit history of debtors, in order to provide greater transparency and control of the market.

The Uruguayan financial system comprises 2 public banks, 9 private banks and the following non-banking companies Casas Financieras (1), Instituciones Financieras Externas (1), Cooperativas de Intermediación Financiera (1), Empresas Administradoras de grupo de ahorro previo (1). These institutions require authorisation to operate for reasons of legality, opportunity and convenience from the Executive Branch with a prior favourable report from the Central Bank of Uruguay. In addition, they require authorization from the Superintendencia de Servicios Financieros (Superintendency of Financial Services) to start operating in the financial system.

¹ Regulations available at the Central Bank of Uruguay: www.bcu.gub.uy/Servicios-Financieros-SSF/

² <http://consultadeuda.bcu.gub.uy/consultadeuda/>

Table 1 - Uruguay - Structure of the financial system ³

Type of institution	Nº of institutions
Public Banks	2
Private banks	9
Financial Houses	1
Off-shore banking	1
Financial intermediation cooperatives	1
Managers of ROSCAs	1
Currency Exchange	52
Credit Managers	28
Representation of financial entities installed abroad	10
Financial services companies	22
Money transfer companies	6
Administrative, accounting or processing service providers	31

Source: Prepared by Uruguay XXI based on data from the Central Bank of Uruguay.

There are also other entities that provide financial services but do not engage in financial intermediation, such as Credit Management Companies (28), Financial Services Companies (22), Bureaux de Change (52), Money Transfer Companies (6) and Representations (10). These entities require authorization to operate for reasons of legality, timeliness and convenience by the Superintendency of Financial Services, with the exception of Representations and Money Transfer Companies for which registration is required upon accreditation of compliance with the requirements established in the regulations.

Characteristics of the Uruguayan banking system ⁴

The main financial institutions operating in Uruguay are investment grade at the national and international level, which reflects the strength of the Uruguayan financial system, which is composed of a small group of banking institutions but all of them with high solvency and liquidity ratios.

³ Information as of November 2020.

⁴ Source: "Informe del Sistema Financiero", Superintendencia de Servicios Financieros, BCU, 2020.

Table 2 - Credit rating of banking institutions

Institutions	Date	Qualifier	Local Qualif.	Int. Qualif.
BANDES URUGUAY S.A.	26/03/2019	Moody's	Withdrawn rating	Withdrawn rating
BANCO BILBAO VIZCAYA ARGENTARIA URUGUAY S.A.	28/04/2020	Standard & Poor's	uyAAA/Stable/--	BBB/Stable/A-2
BANCO DE LA NACION ARGENTINA (Uruguay Branch)	16/09/2020	Fitch Ratings, Inc.	BBB(uy)	CCC
BANCO DE LA REPÚBLICA ORIENTAL DEL URUGUAY	10/06/2020	Moody's	Aaa.uy	Baa2/P-2
BANCO HIPOTECARIO DEL URUGUAY	22/05/2020	Moody's	Aaa.uy	Baa2/P-2
BANCO ITAU URUGUAY S.A.	29/05/2020	Moody's	Aa2.uy	Baa3/P-3
BANCO SANTANDER S.A.	29/05/2020	Moody's	Aa2.uy	Baa3/P-3
BANQUE HERITAGE (URUGUAY) S.A.	30/04/2020	Standard & Poor's	uyBBB+/Stable / --	B+/Stable / --
CITIBANK N.A. (BRANCH URUGUAY)	29/05/2020	Moody's	Aaa.uy	Baa2/P-2
HSBC (URUGUAY) S.A.	27/05/2020	Fitch	AAA(uy)	BBB+
SCOTIABANK URUGUAY S.A.	27/05/2020	Fitch	AAA(uy)	BBB+

Source: Central Bank of Uruguay.

One of the characteristics of Uruguay's banking system is the high participation of public banks. According to data as of August 2020, public banks represent 40.8%, while the total of all private banks is 59.2% (see Table No. 3). On the other hand, the four main private banks concentrate 52.5% of the total business volume of the private banks.

**Table 3 - Turnover by institution
Data in Millions US\$ and Part. % - August 2020**

Institution	Millions US\$	Market Share
Santander	7,869	18.3%
Itaú	6,294	14.6%
BBVA	4,612	10.7%
Scotiabank	3,842	8.9%
HSBC	1,732	4.0%
Citibank NA	422	1.0%
Banque Heritage	461	1.1%
BANDES	158	0.4%
Banco de la Nación Argentina	80	0.2%
Sub Total Private Banking	25,469	59.2%
Banco República Oriental del Uruguay (BROU)	17,553	40.8%
Private Banking + BROU	43,022	100.0%

Source: Prepared by Uruguay XXI based on BCU data

In recent years, established M&A operations in the country have deepened concentration and generated changes in the leadership of private sector banking companies. This decrease in the number of banking entities was accompanied by a reduction in the number of employees and branches. There are currently 271 bank branches in Uruguay, including both public and private banks, which employ more than 7,600 people.

Table 4 - Network of branches and employees in the Uruguayan banking system - 2020⁵

Zone	Number of branches	Number of employees
Total interior	161	1.776
Montevideo	110	5.827
Total country	271	7.603

Fuente: Elaborado por Uruguay XXI en base a datos del BCU

In addition, the average number of clients per branch showed a remarkable increase, leading to an increase in the degree of banking penetration of the population, with 16,883 in Montevideo and 6,946 in the interior, while the average number per employee was 318 in Montevideo and 595 in the interior. In terms of the number of employees, in 2019 there was a drop of 102 jobs, while branches decreased by 3. The most intensive branches in terms of number of employees are those in Montevideo, which concentrate approximately 76% of the workers.

Solvency and Liquidity

According to the latest Financial System Report published by the BCU, financial institutions held a capital surplus in the third quarter of 2020 that was double the minimum regulatory requirement, a situation that has not been altered by the COVID-19 health crisis.

In addition, the statistical forecasting regime and the countercyclical capital buffer established by the SSF provide for banks to build up a buffer in the upswing of the economic cycle to cushion losses in the downturn.

Total market net worth in 2019 was \$23,421 million, with \$22,711 million eligible to credit the minimum capital requirement of \$13,047 million. In summary, computable equity represented 1.7 times the minimum capital requirement, closing at values below those of the previous year (1.8 times in 2018). In the last year, equity increased by 16.1%, while technical reserves rose by 21.9%, mainly due to the increase in pension life reserves, with the rest evolving in line with the increase in equity.

In this context, the stress tests conducted by the SSF show that the banking system, on average, can withstand a severe crisis scenario while maintaining a reasonably adequate level of equity.

Moreover, the banking system is highly liquid, as total liabilities account for a large share of the system's turnover. The report ratifies the solvency of the Uruguayan financial system and the profitability measured both on assets and equity of the institutions.

⁵Nota: Datos al 31 de marzo de 2020

Deposits and Credits

The deposits of the Uruguayan banking system are mostly concentrated in private banking with a share of 53% and have evolved towards a higher proportion of resident deposits. While in the year 2000 35% of deposits corresponded to non-residents, in 2020 this value stood at 10%. The sharp fall in non-resident deposits experienced in the last two decades makes the Uruguayan financial system less vulnerable to possible financial crises in neighboring countries. With regard to deposit terms, sight deposits represent 87% of total deposits in the system. In the "pre-pandemic semester" (September 2019 to February 2020), deposits measured in dollars grew at an average of 0.5% per month until March, with the outbreak of coronavirus, they fell by 0.6% and then recovered a monthly average of 1.5% from April to August 2020.

Table 5 - Banking system deposits by type of institution, term and currency
Share in total banking system - August 2020

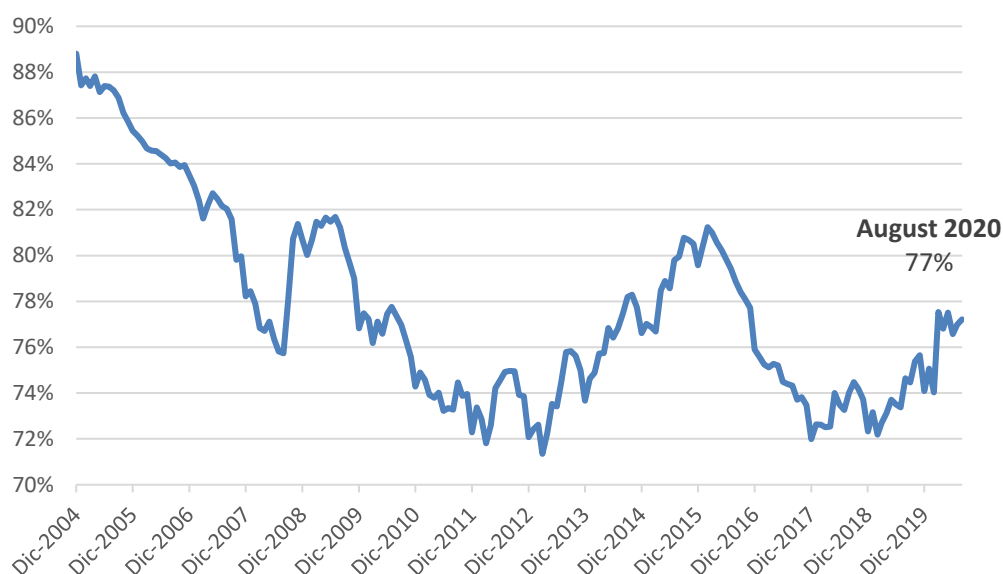
Institution	Private Banking	53%
	Public Banking	47%
Term	Demand Deposits	87%
	Time Deposits	13%
Currency	Foreign Currency	77%
	Local Currency	23%

Source: Prepared by Uruguay XXI based on data from the Central Bank of Uruguay.

Additionally, deposits in local currency have been registering a greater relative weight over the total deposits of the banking system; while in December 2004 89% of deposits were in foreign currency, in August 2020 this figure stood at 77%.

Deposits in local currency increased 11% in the accumulated 2020, but when expressed in dollars it translates into a 2.5% fall due to the increase in the exchange rate. On the other hand, deposits in dollars increased 13% during the year. This distinction becomes relevant since the weight of deposits in foreign currency is very significant in our country.

Chart No. 1 –Foreign Currency Deposits/Total Deposits (%)



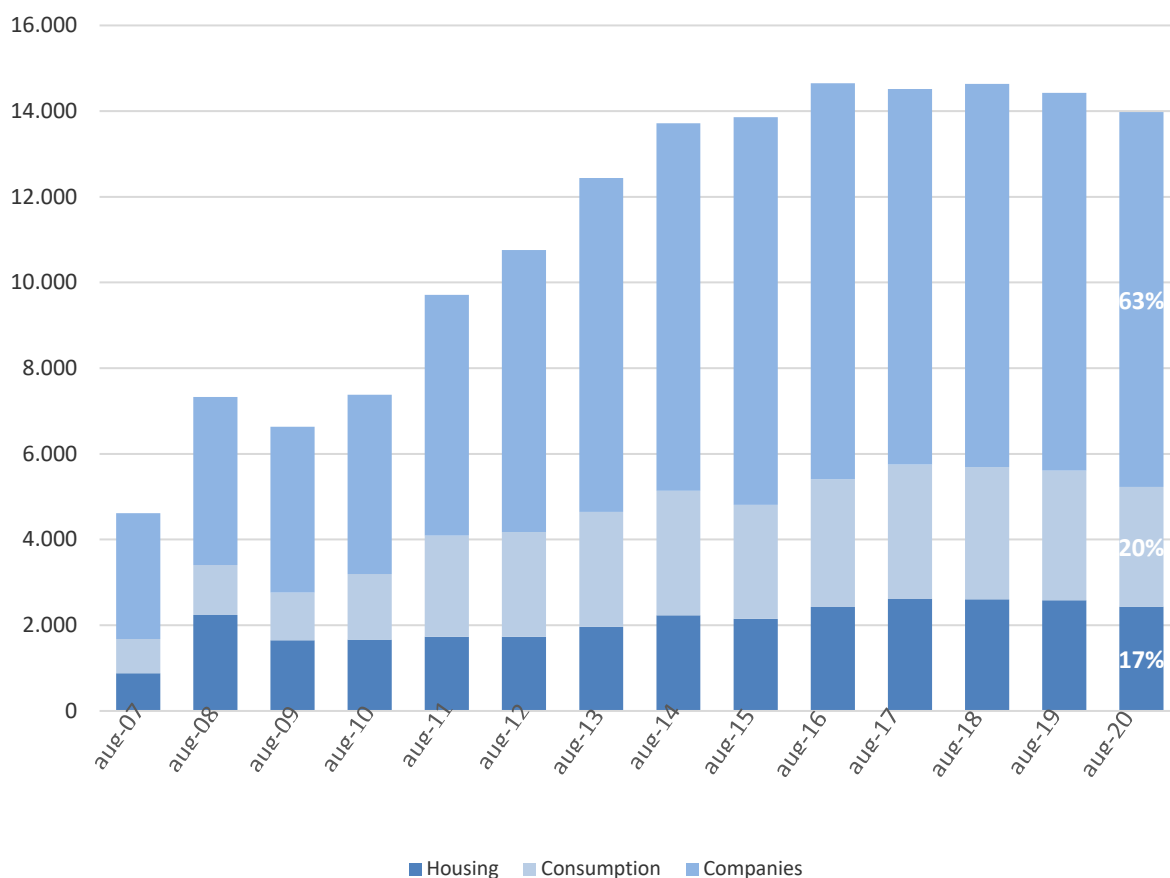
Source: Prepared by Uruguay XXI based on BCU data.

Loans granted by the entire banking system to the non-financial private sector grew significantly over the last decade. While in August 2010 the credit stock amounted to US\$ 7,382 million, in the same month of 2020 this value reached US\$ 13,978 million.

63% of the loans granted are for businesses, the remaining 37% correspond to credits granted to families; of which 20% are for consumption and 17% for housing. The credit in local and foreign currency is strongly segmented according to these sectors, while 96% of the loans to families are in local currency, 79% of the loans to companies are in foreign currency. This means that the country has reduced levels of currency mismatches among borrowers, being less vulnerable to possible external shocks of capital inflows or outflows.

Credit has felt the greatest impact of the health crisis. The brake on economic activity imposed by the health situation led to great uncertainty over income. Thus, spending and investment plans were postponed, and both families and companies reduced the demand for credit. Since April, credit has maintained an erratic dynamic, with modest monthly increases and decreases. The latest figures for August show a recovery in bank loans to businesses while those granted to families gradually cut back after the collapse suffered in March.

Chart No. 2 - Total credits by sector – Millions US\$



Source: Prepared by UXXI based on BCU data.

Mergers & Acquisitions

In 1998 there were 23 banks in the Uruguayan marketplace and currently there are 11. This decrease is part of a change in the strategy of banking institutions, in which internationally active banks have in many cases abandoned global presence schemes to maintain only operations in countries that are better positioned. Also, the acquisition of banks by other banks is favored by a special rule that allows the universal transfer of all assets through a simpler procedure than if it were the merger of two common companies and with tax exemptions.

In this sense, the Uruguayan financial system has experienced a series of mergers and acquisitions during the last decade. In early 2011, the Canadian bank Scotiabank acquired 60% of the common shares of Banco Comercial and 100% of the financial company Pronto from the Advent Group, which until now has been the majority shareholder of both institutions⁶. Also in 2011, the SURA group, owner of Bancolombia, acquired in Uruguay the company Afinidad AFAP controlled by ING, which manages a portfolio of more than US\$ 1.4 billion with more than 260,000 affiliates⁷. That same year, BBVA Uruguay completed the process of acquiring Banco

⁶ Source :<http://www.elobservador.com.uy/scotiabank-compra-nuevo-banco-comercial-y-pronto-n158404>

⁷ Source: <http://genteynegocios.elpais.com.uy/afinidad-afap-cambiara-de-manos-tras-venta-de-filiales-de-ing-en-america-latina>

Crédit Uruguay by transferring its share package ⁸. In 2013, the local subsidiary of the Swiss bank Heritage was authorized to acquire the retail, corporate and commercial banking operations of the British bank Lloyds TSB ⁹. That same year, Itaú bought its retail banking or consumer portfolio from CitiBank ¹⁰. In late 2015, the Executive Branch authorized the transfer of Discount Bank's assets to Scotiabank ¹¹.

Retail payment system

Retail payments are primarily consumer payments whose value and urgency are relatively low. They include all payments that are not defined as high value payments. They are payments typically made on a mass scale by large numbers of people and are primarily linked to purchases of goods and services in the commercial sector.

The following table reflects the level of activity recorded in the payment system during the first half of 2020, with an opening by specific instrument.

Transactions and amounts (current) traded by instrument.¹²

Jan-Jun 2020	Number of operations	Amount (Mill U\$S)
Payment instruments	260,047,881	156,302
Checks	5,913,350	26,813
Transfers	41,662,148	122,206
Transfers in ACH	7,720,122	31,333
Interbank Transfers	33,942,026	90,873
Credit Cards	75,944,043	2,314
Debit Cards	106,983,802	3,005
Direct Debits	5,321,666	1,047
Electronic Money	24,222,872	917
Channels and payment services	147,429,150	25,580
Payment service providers	91,287,384	12,238
Remittances	442,364	112
Mobile Payments	2,808,165	230
ATM	38,223,896	230
Web Payments (for goods and services)	14,667,341	5,696

In the first semester of 2020, interbank transfers totaled 33.9 million dollars, registering a 27% increase in the amount of operations carried out with respect to the same period in 2019.

⁸ Source: <http://historico.elpais.com.uy/100504/pecono-486271/economia/bbva-compra-el-credit-uruguay-y-garantiza-condiciones-a-clientes/>

⁹ Source: <https://www.elobservador.com.uy/nota/venta-del-lloyds-tsb-al-heritage-cierra-fase-de-fusiones-bancarias-20129721120>

¹⁰ Source: <https://www.subrayado.com.uy/itau-compro-unidad-negocios-del-citi-y-se-lleva-empleados-n24830>

¹¹ Source: <http://www.elpais.com.uy/economia/noticias/bancos-hoy.html>

¹² Report "Sistema de Pagos Minoristas"-first semester 2020 BCU

Although a slowdown in economic activity has been observed as a result of the coronavirus pandemic, this has not been largely reflected in the interbank transfer market, suggesting that agents have deepened their inclination toward electronic means of payment versus face-to-face mechanisms such as checks. Focusing the analysis on the distribution of operations by issuer, 50% of the total operations originated were in individuals. In turn, if we take into account the currency in which the operations are denominated, 91% correspond to transfers made in domestic currency. Interbank transfers represent the greatest relative weight in relation to the total number of transfers carried out by the systems. In the first half of 2020, 81% of the total volume processed corresponded to this modality. The evolution of transactional volumes has continued to rise as a result of agents' preference for non-face-to-face payment mechanisms despite the situation caused by Covid-19. For this reason, a decrease in joint check operations was also observed.

BCU is taking measures to make the payment system more efficient. It is committed to creating a system in which transfers are immediate, i.e. when a debit or credit transaction is made the counterparty receives it within a few minutes. In addition, an adequate regulatory framework is being promoted for the operation of an Open Banking system, allowing for a more efficient exchange of data between the different financial institutions. Also, the aim is to digitalize checks and later on be able to make transfers through photos and electronically. To achieve this goal, a bill was sent to parliament promoting legal and parliamentary changes to meet the objective. To increase the efficiency of the commercial sector, the implementation of the multi-acquiring process is planned to be completed by improving the service of the debit and credit cards that are currently offered. Finally, best practices regarding cyber security will be promoted throughout the payment system¹³

Challenges ahead ¹⁴

BCU wants to deepen the financial system, advance digitalization and lower the share of foreign currency on the balance sheet. The Central Bank has oriented its steps in this direction, making explicit the objective of "de-dollarizing" the economy. The de-dollarization program will be carried out with the objective of promoting the Uruguayan peso as a currency of quality and confidence. To achieve this objective, the main measure will be to lower inflation by creating incentives for savings in domestic currency. Digitalization will be essential in the financial system. In this sense, the pandemic accelerated the times and granted advantages to the entities

¹³ ["Roadmap for the Payment System in Uruguay: Solid, innovative and accessible. Lines of action until 2022"](#).

¹⁴ ["Roadmap for the Payment System in Uruguay: Solid, innovative and accessible. Lines of action up to 2022"](#).

* Note: "In March 2020, Decree No. 97/020 was published, providing for a 5 percentage point reduction in the Value Added Tax (VAT) rate for transactions carried out with final consumers related to tourism, provided that the consideration is made through the use of credit or debit cards, electronic money instruments or similar (as opposed to the 9 points that existed up to now). In addition, Article 3 repeals the additional reduction of two percentage points of VAT for face-to-face payments made with debit cards or electronic money instruments, or through a cell phone or over the internet with funds stored in accounts at financial intermediation institutions or on electronic money instruments".
Source: BCU

that had already been working on their operations and that had a large part of their products on virtual platforms.

In September 2020, the interest rate was set at 4.5% (the lowest in the region) so that companies could take financing and somehow keep the "engines running". The main challenge is to bet on innovation as an engine of efficiency and service to citizens in the financial system.

Stock Market¹⁵

The Uruguayan securities market is made up of 3 stock exchanges, in which securities intermediaries (banks and stockbrokers) operate, as well as other specialised investors authorised by the Superintendency of Financial Services (Pension Fund Administrators, National Development Commission, the Central Bank of Uruguay itself). Likewise, the Central Bank of Uruguay is in charge of keeping the Securities Market Register, where publicly offered securities are registered, as well as their issuers and other participants such as Portfolio Managers, Investment Advisors, Investment Fund Administrators, Financial and Professional Trustees.

The securities market showed in 2020 a significant slowdown in issuance compared to previous years, providing long-term financing for the equivalent of \$ 15.8 billion in terms of effectively integrated funds (approximately 50% of what was issued in 2019). Of this issuance, \$11.8 billion corresponded to private ventures, with \$1.8 billion of issuance in 2020 and the remainder deferred funding from financial trusts issued in previous years.

However, in recent years the securities market has seen a significant increase in the issuance of Negotiable Obligations and Financial Trusts, which have become an important part of corporate financing, accounting for approximately one third of this in the last six years.

Most of the trading in the primary market is centred on the issuance of private bank certificates of deposit (BEVSA) and the issuance of Letras de Regulación Monetaria (over-the-counter). In the secondary market, the main trading is also in the purchase and sale of Letras de Regulación Monetaria.

The amount traded in the securities market in the third quarter of 2020 was \$ 443,795 million, of which 74 % is made up of primary issuance. Forty-four per cent of these issues are bank certificates of deposit, 49 per cent BCU LRM placements, 6 per cent Treasury notes, and the remaining securities amount to 1 per cent. In the quarter, the contribution of the securities market to the long-term corporate funding continues to be low, with the issuance of a trust by public offering for 300 million UIU (equivalent to \$ 32.8 million) fully integrated, to which must be added the deferred integration of trusts issued in previous years for U\$S 61 million. There was also an issue of medium-term Negotiable Obligations for a total of U\$S 4 million.

¹⁵ Source: Banco Central del Uruguay

Institutional investors (AFAP, insurance companies and banks) are the main investors in these securities, covering approximately 70% of the issuance in Negotiable Obligations and 90% of the issuance in financial trusts (80% taken as a whole). Within these securities purchased by institutional investors, those held in particular by AFAPs represent approximately 90%. However, new issues are being taken up by retailers when they foresee a non-competitive tranche for them.

The current circulating stock is equally illiquid, insofar as they are held in very few hands and are generally purchased with the intention of holding them to maturity.

Related Institutions

- **Banco Central del Uruguay:** www.bcu.gub.uy
- **Banco de la Nación Argentina:** www.bna.com.uy
- **Banco de la República Oriental del Uruguay:** www.brou.com.uy
- **Banco Hipotecario del Uruguay:** www.bhu.com.uy
- **Banco Itaú S.A.:** www.italu.com.uy
- **Banco Santander S.A.:** www.santander.com.uy
- **Banco Bandes Uruguay S.A.:** www.bandes.com.uy
- **Banque Heritage (Uruguay) S.A.:** www.heritage.com.uy
- **Banco Bilbao Vizcaya Argentaria Uruguay S.A. (BBVA):** www.bbva.com.uy
- **Bolsa de Valores de Montevideo:** www.bvm.com.uy
- **Bolsa Electrónica de Valores del Uruguay S.A.:** www.bevsa.com.uy
- **Citibank N.A. Sucursal Uruguay:** www.citibank.com.uy
- **HSBC Bank Uruguay S.A.:** www.hsbc.com.uy
- **República Microfinanzas:** www.republicamicrofinanzas.com.uy
- **Scotiabank Uruguay S.A.:** www.scotiabank.com.uy



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  Uruguay XXI

Annex I -Banking institutions

Public Banking

Public banking is formed by Banco República (BROU) and Banco Hipotecario del Uruguay (BHU). The former operates as a commercial bank of the State; while the latter is dedicated exclusively to mortgages.

Banco de la República Oriental del Uruguay

Banco de la República Oriental del Uruguay

BROU, founded in 1896, aims to provide accessible financial services to the entire population, stimulate savings and encourage the production of goods and services by contributing

Banco Hipotecario del Uruguay

BHU offers loans for the purchase of new or used homes, as well as for home repairs.

Private Banking

Private banking is made up of nine banks of various origins, with a presence of European and regional banks. The origin and dependence of the private banking institutions in Uruguay on their parent company is detailed below

Bandes Uruguay S.A. Bank

Banco de Desarrollo Económico y Social de Venezuela is a financial agent of the Venezuelan State, which entered Uruguay in 2006 through the acquisition of the credit union COFAC.

Banco Bilbao Vizcaya Argentaria Uruguay S.A.

BBVA in Uruguay was created in early 2002 from the merger of BBV Banco Francés Uruguay S.A. and Banco Exterior de América S.A. Argentina. In 2010, BBVA Uruguay completed the process of acquiring Banco Crédito Uruguay by transferring its shares.

Banco de la Nación Argentina

It is the Uruguayan branch of Banco de la Nación Argentina since 1961. Like its other branches in the countries of the region, its main mission is to attend to domestic operations and intra-regional foreign trade, being a substantial tool to support Argentina's commercial activity in the region.

Itaú Bank S.A.

The Brazilian bank Itaú started its activities in Uruguay in 2006 with the acquisition of BankBoston Uruguay and Oca card (a collateral of the American institution). In 2007 it acquired the private banking operations of the banking subsidiary of the Dutch ABN Amro Holding.

Banco Santander S.A.

Banco Santander Uruguay is a subsidiary of the Spanish business group Santander, whose operations began in the country in 1978. In 2008, it acquired ABN's Uruguayan branch, when the transfer of its branch's assets to Banco Santander de Uruguay was authorized.

Banque Heritage (Uruguay) S.A. Banque Heritage Uruguay was founded in 1981 as "Surinvest Casa Bancaria" and obtained its banking license in 1991. In 2007, Banque Heritage Switzerland acquired part of the bank and two years later acquired the entire package. During 2011 Banco

Surinvest S.A. underwent a major name change, becoming Banque Heritage (Uruguay) S.A. In 2012 Banco Heritage Uruguay also acquired the retail and corporate banking operations of the British Lloyds Bank Group.

Citibank N.A. Uruguay Branch

Citibank's presence in Uruguay dates back to 1915 when it began offering services to multinational companies and other large corporations. These activities were complemented by a private banking business unit focused on taking deposits and other investment products.

HSBC Bank Uruguay S.A.

HSBC provides banking and financial services to 48 million customers worldwide, with a network covering 72 countries. It has been present in Uruguay since 1988 when Midland Bank (controlled by HSBC) bought 30% of the capital of Banco Roberts in Argentina. In 1997 it acquired the remaining shares and changed its name.

Scotiabank Uruguay S.A.

Scotiabank is a leading multinational financial services provider headquartered in Toronto, Canada with operations in more than 55 countries. It was founded in 1832 and has a portfolio of 21 million customers globally. Scotiabank Uruguay S.A. arrived in our country in 2015 and has branches in all the departmental capitals of Uruguay, as well as an extensive network in Montevideo.

Annex II - Data and indicators for Uruguay

Uruguay at a glance (2020)¹⁶

Official Name	República Oriental del Uruguay
Geographic location	South America, bordering Argentina and Brazil
Capital city	Montevideo
Area	176,215 km ² . 95% of the territory is productive land suitable for farming
Population (2018)	3,52 millions
Population growth (2017)	0,4% (annual)
GDP per capita (2019)	US\$ 15,914
Currency	Uruguayan peso (\$)
Literacy rate	0.987
Life expectancy at birth	77.6 years
Form of government	Democratic Republic with presidential system
Political Division	19 departments
Time Zone	GMT - 03:00
Official Language	Spanish

¹⁶ Sources: Data on GDP, foreign trade, FDI, exchange rate, international reserves, and foreign debt come from the BCU; rates of population growth, literacy, unemployment, and inflation come from the National Institute of Statistics. Data estimated for 2020 based on BCU economic and inflation expectation surveys and Exante projections.

Main economic indicators 2015-2020

Indicators	2015	2016	2017	2018	2019	2020e
GDP (Annual % Change)	0.4%	1.7%	2.6%	1.6%	0.2%	-3.5%
GDP (Millions of US\$)	53,182	52,734	59,520	59,519	55,995	48,646
Population (Millions)	3.47	3.48	3.49	3.51	3.52	3.53
GDP per Capita (US\$)	15,339	15,152	17,039	16,976	15,914	13,777
Unemployment Rate - Annual Average (% PEA)	7.5%	7.8%	7.9%	8.3%	8.9%	9.2%
Exchange Rate (Pesos per US\$, Annual Average)	27.4	30.1	28.7	30.8	35.3	43.1
Exchange Rate (Average Annual Variation)	17.6%	10.1%	-4.8%	7.3%	14.7%	22.0%
Consumer Prices (Annual Cumulative Var %)	9.4%	8.1%	6.6%	8.0%	8.8%	9.9%
Exports of goods and services (Millions of US\$)**	15,632	14,532	16,079	16,397	16,008	13,418
Imports of goods and services (Millions of US\$)**	13,912	11,799	12,429	13,138	12,707	9,989
Trade Surplus / Deficit (Millions of US\$)	1,720	2,733	3,651	3,259	3,301	3,429
Trade surplus / deficit (% of PBI)	3.2%	5.2%	6.1%	5.5%	5.9%	7.0%
Overall Fiscal Result (% of PBI)	-3.6%	-3.8%	-3.5%	-4.2%	-4.8%	-
Gross capital formation (% of PBI)	19.7%	17.8%	15.2%	16.5%	16.2%	-
Gross Public Sector Debt (% of PBI)	59.3%	63.5%	65.3%	64.5%	66.4%	-
Foreign Direct Investment (Millions of US\$)***	905	-1,177	-837	-487	189	-
Foreign Direct Investment (% of PBI)	1.7%	-2.2%	-1.5%	-1.0%	-1.0%	-

** In 2017 the BCU adopted the methodology of the 6th Balance of Payments Manual. Data based on this new methodology includes purchase and sale of goods and re-exports and is available from 2012.

*** In 2017, the BCU adopted the methodology of the 6th Balance of Payments Manual. The data are net flows and can therefore take negative values