Nuevo Banco Comercial S.A.

Full Rating Report

Ratings

Foreign Currency	
Long-Term IDR	BBB+
Local Currency	
Long-Term IDR	A–
Viability Rating	bb–
Support	2
National	
Long-Term Rating	AAA(up)
Riesgo Soberano	
Long-Term Foreign-Currency IDR	BBB–
Long-Term Local-Currency IDR	BBB
Country Ceiling	BBB+
Outlooks	
Long-Term Foreign-Currency IDR	Stable
Long-Term Local-Currency IDR	Stable
National Long-Term Rating	Stable

Financial Data

Nuevo Banco Comercial S.A.

	12/31/13	12/31/12
Total Assets (USDm)	1.790,0	1,705.6
Equity (UYUm)	2.284,7	2,218.4
Net Income (UYUm)	32.2	(65.5)
ROAE (%)	0.09	(0.21)
ROAA (%)	1.23	(2.21)
Capital Ratio (%)	6.58	6.54

Related Research

2013 Outlook: Southern Cone Banks (January 2013)

Analysts
Darío Logiodice
+54 11 5235-8136
dario.logiodice@fitchratings.com

Santiago Gallo
+54 11 5235-8100
santiago.gallo@fitchratings.com

Key Rating Drivers

Support from Shareholder: The Nuevo Banco Comercial (NBC) rating reflects the support that the Bank of Nova Scotia (Scotiabank, with an AA– international rating from Fitch Ratings) provides its subsidiaries. Scotiabank owns 100% of NBC's shares through Scotia Uruguay Holding S.A. NBC's ratings are limited by Uruguay's sovereign ratings.

Positive Outlook for Earnings: NBC's operating income is on an upswing driven by growth in loans, higher revenues from service fees, and lower loan loss provisions due to regulatory changes. These factors offset higher costs during the year and led to an increase in profitability (to ROAA 0.09% in December 2012 and 1.07% in March 2013).

Fitch expects the bank's profitability to continue to improve as business volume and cross-selling increase. In addition, with Scotiabank's centralized structure for covering its subsidiaries' investment positions, NBC was able to reduce its net position in foreign currency and thus limit income volatility.

Excellent Asset Quality: NBC's asset quality is high. As of Dec. 31, 2012, the nonperforming loan portfolio (more than 60 days past due) was only 2.75% of total loans, with loan loss reserves at 152%. High-risk loans (categories 3, 4, and 5) have declined markedly, accounting for 6% of overall loans as of December 2012.

Tight Capitalization: As of December 2012, equity represented 6.85% of assets. Fitch core capital (FCC) reached 7.97%, which the agency considers tight; Fitch will continue to monitor this aspect, especially considering the bank's plans for growth. Fitch factors into its analysis Scotiabank's capacity and willingness to support NBC's capitalization, if necessary.

Ample Liquidity: NBC's funding is primarily through deposits, and its liquidity is solid, with liquid assets to deposits and short-term funds at 36%.

Strong Market Position: NBC has a strong position in all segments and is the fourth-largest privately owned bank in terms of assets. Its current strategy is to maintain this cross-segment position and deepen the penetration of its client base.

Rating Sensitivities

Sovereign Rating: The bank's international rating in foreign currency is limited by the country ceiling, while its international rating in local currency is two notches above the sovereign rating in local currency. Additional upgrades in the bank's international ratings are subject to positive changes in the sovereign rating. Likewise, a downgrade in the sovereign rating or changes in its controlling shareholder's ability or willingness to provide support would negatively affect NBC's ratings, but these scenarios are unlikely.

Profile

NBC was created in 2003 with part of the assets of Banco Comercial, Banco Montevideo and Banco Caja Obrera, which were suspended after the 2002 crisis and subsequently liquidated. The bank was organized with the Uruguayan state as sole shareholder, but with privatization as the ultimate aim. NBC initially focused on organizing its business activities, managing and recovering the loans it had acquired, maintaining its client base and managing its liquidity.

In June 2006, a group of investors led by Advent, and with the participation of Morgan Stanley Alternative Investments, DEG (a German investment and development company) and FMO (the Netherlands Development Finance Company), purchased 60% of NBC's shares, which represented 100% of the ordinary voting shares. The remaining 40% stayed in government hands as preferred stock.

On Dec. 3, 2010, Scotiabank signed an agreement with NBC's private shareholders to purchase all of the bank's ordinary shares. This transaction took effect on June 28, 2011, after being approved by the regulatory agency.

After NBC purchased in 2012 the preferred shares that had remained in government hands, Scotiabank became the sole owner of the bank's capital stock, of which UYU218.5 million is preferred stock.

The entire NBC board of directors was replaced with the arrival of the Scotiabank Group (see below). Most of the bank's management was retained, with some staff members incorporated from the group's companies. During the first year, the bank was monitored by and reported to the group's subsidiary in Peru. Since January 2013, NBC has reported directly to the Toronto headquarters, a change that also involved naming a new country head.

Scotiabank's initial strategy focused on integrating NBC to the group, using the same integration method it had used in the different countries where it had purchased banks before. This process initially retains the local bank's culture and method of doing business, but adapts controls and risks to group policies. It then gradually introduces Scotiabank culture into the newly acquired bank through training and exchange programs with other subsidiaries in the group.

The goal of this integration strategy is to take advantage of the group's strength to gain market share by strengthening corporate banking and treasury business and by targeting SMEs and retail banking more aggressively, areas where NBC is one of the market leaders. It has segmented its broad customer base into smaller groups to expand the products it offers to all segments and to promote cross-sales. The bank has focused on the task of stabilizing its overall banking system; it encountered some complications when it was introduced in 2010, but these issues are being resolved satisfactorily.

As of Dec. 31, 2012, NBC had 46 branches and 733 employees. It has a strong credit card business unit (Visa, MasterCard and American Express) and owns NBC Bank Brasil, a small Brazilian bank that is headquartered in Porto Alegre. This Brazilian subsidiary has three branches in southern Brazil, and had assets and equity of USD106.9 million and USD11.8 million, respectively, as of December 2012. NBC reached an agreement in October 2012 to sell NBC Bank Brazil to Paraguay's Banco Continental S.A.E.C.A., a sale that is subject to the approval of the regulatory agencies in both Brazil and Paraguay.

Related Criteria

Global Financial Institutions Rating Criteria (August 2012)

Governance

Fitch believes NBC's corporate governance is adequate given its shareholding structure, Scotiabank's worldwide standards, and local regulations. The bank's highest management body is its board of directors, which currently comprises seven members who perform no executive functions. There are no independent directors on the board, a fact that Fitch considers to be a negative even though it is permitted by local regulations.

The standing board committees are the auditing, asset and liability (ALCO), and risk control committees. The auditing committee, which meets quarterly, is made up of at least two board members who are not involved in bank management, the CEO, the in-house general auditor, the compliance officer, and a member of the fiscal commission.

Presentation of Account

The financial statements have been prepared using the accounting principles laid out by the Uruguayan Central Bank (BCU). Our analysis of NBC is based on the Dec. 31, 2012 financial statements audited by KPMG, who found them to be a reasonable representation, in all important aspects, of the equity situation of Nuevo Banco Comercial S.A. Fitch has also had access to unaudited information provided by bank management, which is sufficient to assess the bank's current situation.

Performance

Operating Environment

Fitch has given Uruguay a long-term IDR rating in foreign currency of 'BBB–' and 'BBB' in local currency, both with a positive outlook. The country ceiling is 'BBB+'. These ratings reflect the greater resilience of the Uruguayan economy; its robust balance of payments, which gives the economy the flexibility it needs to absorb external shocks; and its prudent fiscal policy, which has lowered government debt and improved its debt structure.

One of the key challenges to the sovereign rating will be to keep inflation under control, given growing internal demand and the country's ineffective monetary policy due to the financial system's high dollarization and low intermediation.

The outlook for the Uruguayan economy continues to be favorable. The average growth rate over the past five years has been 5.6%, above the average rate for other countries in the 'BBB' category. Fitch anticipates that this trend will continue over the medium term, and projects 4% average GDP growth in 2013 and 2014.

The Uruguayan financial system continues to consolidate the growth it has experienced in recent years, in tandem with the positive economic cycle and the measures the government has taken to strengthen it. Privately owned banks have exhibited sustained growth in business volume, and nonperforming loans are at record low levels. Liquidity and solvency continue to be very solid.

However, profitability continues to be one of the main weaknesses of the Uruguayan banking system. Operating revenues have increased on a par with activity levels, but net profits have suffered from tighter margins stemming from low international interest rates, ample liquidity, and the impact of exchange rate fluctuations on the foreign currency position that is typical for the Uruguayan banking system. While adjustments for inflation had had a strong impact on net profits in the more distant past, when inflation reached 25% over a three-year period or exceeded 10% in a single year, this has not been the case over the past two years

Operating Performance

NBC's operating performance has been positive, driven by growth in loans; higher revenues from fees, particularly from its retail banking products; and decreased loan loss provisions due to regulatory changes. These factors offset higher one-time costs (see Non-Interest Expense below). As a result, profitability metrics, while still tight, have improved (ROAA was 0.09% as of December 2012 and 1.07% as of March 2013).

Fitch believes the bank will continue to grow in the coming years and that its profitability will continue to improve as business volume and product cross-sales rise. Also, as it is Scotiabank's policy to centralize coverage of its subsidiaries' investment positions, NBC's net foreign currency exposure has decreased, reducing volatility in its results.

Operating Revenues

Interest income rose 6.3% in 2012, slower than in 2011 due to tighter interest rate spreads during the year and a slight decrease in loans during the second half of 2012; this was reflected in a reduced net interest margin (NIM), of 6.83%. The trend reverted in March 2013 as lending rates began to rise. Fitch expects NBC to retain an adequate NIM through its current credit mix, which focuses primarily on retail banking and SMEs.

Several years ago, the bank, with an eye to generating higher fee revenues, adopted the strategy of increasing product cross-sales to its broad customer base. Also, since Scotiabank became the controlling shareholder, it has sought to strengthen this revenue source still further by significantly expanding the products it offers to all segments. This was reflected in higher net income from service fees during 2012 (up 90.2%) driven by the bank's credit card business. Fitch believes that the bank still has room to penetrate its customer base, which will enable it to diversify its revenue sources and strengthen its profitability.

Profits on the investment portfolio were down from the previous year, primarily due to the fact that those funds were used to finance the entity's strong credit expansion.

Line 14, Other Operating Revenues, in the Appendix consists primarily of exchange differences of UYU125.7 million from the valuation of other assets and liabilities and miscellaneous revenues for UYU75.1 million

Non-Interest Expenses

The bank exhibits high expense levels, with an expenses to revenues ratio of 98.9% at December 2012). However, 2012 expenses incurred a one-time expense when the BCU required the bank to record as a loss the price it paid for the portfolio purchased from local financial companies instead of pro rating it over the life of the loans acquired. This adjustment was made over total loans outstanding (USD14 million). As a result, expenses had increased by 30% as of Dec. 31, 2012, but were trending back down by March 2013 (with expenses to revenues of 84.5%).

When Scotiabank acquired NBC, it formed an efficiency committee to monitor expenses strictly and improve efficiency metrics. Still, Fitch believes that it will not be easy for NBC to reduce expenses since, with the market's inherent characteristics, many expenses are hard to reduce. Improved efficiency is more likely to come from higher productivity and revenues. Finally, NBC has forecast approximately 2% growth in expenses for 2013.

Loan Loss Provisions

The bank's loan impairment charges were a small percentage of total loans (0.14% as of December 2012), reflecting the portfolio's high quality and lower regulatory requirements for statistical and specific provisions since January 2012. However, the agency anticipates that these charges will increase as credit expands and the portfolio matures, and the bank expects to establish statistical provisions again in the second half of 2013. In any case, Fitch anticipates that these charges will remain low as no significant increase in bad debt is expected.

Risks

Risk Management

The main risk NBC faces is credit risk. The market risk of its banking activities is moderate and comprises primarily exchange rate risk due to the high dollarization of its assets and liabilities.

NBC has an integral risk management model that documents the policies, procedures, structure, roles, and responsibilities for identifying, divulging, and treating the entity's risks. As the bank adjusted to Scotiabank Group policies, the establishment of the risk control committee was approved in September 2011 to deal with credit, market, liquidity, country, operating, reputation, and compliance risks. The committee's main functions are to approve the policies and organization for integral risk management, define the level of tolerance and degree of exposure to risk, and ensure that the upper management handles each risk in a way that is consistent with Scotiabank Group strategies and policies.

Since Scotiabank acquired NBC, a system has also been established by which each area of the bank sends reports directly to the Scotiabank Group headquarters.

Credit Risk

The Credit and Recovery Department analyzes customers' repayment capacity using a system of financial analysis and projections for business and personal loans. Business loans are analyzed using stress tests with varying scenarios as well as univariate, multivariate and elasticity analyses. Personal loans are analyzed using a scoring tool developed specifically for this type of portfolio analysis.

To analyze the portfolio as a whole, the bank uses a model involving portfolio stress and projections for loan loss provisions. This tool also enables the bank to analyze how a variety of adverse scenarios would impact its profits.

NBC's gross loans increased by 20% over 2011 driven by loans to the nonfinancial sector (77.6% of total loans as of December 2012). Financing given to the nonfinancial sector has an adequate mix by line of business (48.1% corporate, 26.1% SME and 25.7% personal). Fitch believes that the retail portfolio (SME and individuals) will increase its share of total loans over the medium term as the bank moves forward with its strategy to strengthen profitability.

The bank's loan portfolio has gradually become less dollarized in recent years (64% in 2012, down from 79% in 2008) as retail loans rapidly increase. Fitch expects this trend to continue very gradually and that most of the portfolio will continue to be stated in dollars as long as corporate financing holds a prominent share of the overall portfolio.

As of Dec. 31, 2012, 95% of loans in the overall portfolio were issued to Uruguayan residents. This is considerably higher than the financial system's average and is in line with NBC's strategy to focus on local customers. However, as the bank moves ahead with its goal to strengthen treasury business, the nonresident portfolio should begin to grow.

Levels of concentration in the loan portfolio are acceptable. As of Dec. 31, 2012, the 10 largest borrowers represented 11.0% of total loans, which reflects a gradual dispersion of risk (15% in 2009) as retail loans gain portfolio share.

The nonperforming portfolio (loans more than 60 days past due) shrank considerably in recent years as the economy flourished. However, this portfolio has grown slightly since 2008 due to a maturing retail portfolio and the purchase of low-income loans. As of Dec. 31, 2012, nonperforming loans represented 2.75% of the total (3.1% as of December 2011). Fitch finds NBC's delinquency levels to be low considering its greater focus on retail loans compared to the Uruguayan financial system overall, and the agency believes that the past due portfolio may gradually increase as retail loans mature. However, delinquency rates should remain at healthy levels given the low appetite for risk among this group of customers.

The debt classification standards established by the BCU include subjective criteria and very severe stress tests that result in very high category 3, 4 and 5 portfolio ratios in almost all of the banks. Nonetheless, a very high percentage of this portfolio is up to date on its payments, with few loans past due. The portfolio in NBC's three highest risk categories was 6% of the total as of Dec. 31, 2012 (8.8% as of December 2011 and 11.9% as of December 2010) and, while it is still high for the reasons explained above, the percentage of high-risk loans in the portfolio has decreased sharply in recent years.

NBC has a good level of loan loss reserves. While its provisions have been decreasing due to regulatory changes, as have those of the other privately owned banks, Fitch believes that its reserve coverage will remain at current levels, or even slightly higher, until the end of 2013. Including statistical reserves (UYU127.8 million), loan loss reserves cover 3.9% of total loans, 152% of nonperforming loans, and 58.4% of category 3, 4 and 5 loans. In addition, 28.3% of the portfolio with the three highest risk categories has eligible guarantees, and writeoffs remain very low (0.89% of the portfolio as of December 2012).

Most interbank loans are placed with the BCU (75% of the total as of December 2012, approximately half of which are central bank bills and notes, foreign banks with high international ratings (13% of the total), 6% with related banks, and 6% with local banks.

NBC's investment portfolio shrank 19% compared to December 2011 as the loan portfolio's share continued to increase on the balance sheet. By Dec. 31, 2012, investment securities accounted for only 3.17% of assets and were recorded on the books at market value as securities available for sale. Approximately 33.8% of the total was Uruguayan government securities, 39.4% were U.S. and Chilean government securities, and the remaining 26.8% were privately issued securities, mostly from the U.S., Great Britain, Mexico and Australia.

Market Risk

The Risk and Asset Recovery Department manages and controls market risks. This department's market risk area identifies, measures, anticipates, and handles the bank's market risk exposure, ensuring that it remains within the limits set by the board of directors. The bank is currently adapting its financial market activities to bring its risks into line with the principles, policies, procedures and control mechanisms that the Scotiabank Group uses worldwide.

Structural interest rate risk is measured and managed by analyzing the gap between assets and liabilities sensitive to interest rate fluctuations. The duration, modified duration and implicit rate in the balance sheet are analyzed, and an assessment is made of how changes in interest rates will impact the economic value of the bank's equity and its financial margin.

Although NBC's balance sheet, like that of other Uruguayan financial institutions, is highly dollarized, its exchange risk is limited by Scotiabank Group's policy of having the parent company cover its subsidiaries' currency risk. As of December 2012, NBC had a balanced net foreign currency position, with a short position equivalent to only USD3.2 million (1.2% of equity).

The bank does not assume risk for derivative operations, which are carried out for hedging purposes or on behalf of customers at their request.

Operational Risk

NBC has a specialized operational risk unit within the Control and Compliance Department. Also, the operational risk committee proposes to the board objectives, guidelines and policies for managing this risk, and it approves the methods and procedures for identifying, measuring, overseeing, limiting, controlling, reporting, and revealing the different types of operational risks. It also sees to it that corrective action, when needed, is taken promptly. The bank keeps operational loss records and has implemented operational risk indicators.

Finally, the bank has a reputational risk manual that establishes policies and procedures for minimizing reputational risk. It also has corporate policies and behavior guidelines for business activities, and all personnel must also comply with Scotiabank Group guidelines.

Funding and Capital

Funding and Liquidity

The bank's liabilities are largely made up of nonfinancial sector deposits, which represented 83.1% of assets as of December 2012. These deposits increased by 3% during the year as measured in pesos; in U.S. dollars (69.3% of total deposits are dollar-denominated), growth was 6.8%. Fitch anticipates that the bank's deposits will grow as NBC's business volume expands and the Uruguayan economy continues to prosper, with unemployment remaining low and per capita income on the rise.

As of December 2012, 90.0% of NBC's deposits were held by residents, a significantly higher percentage than the financial system's average; this is a consequence of the bank's traditional focus on resident customers. However, after Scotiabank's purchase of the bank, the agency expects it to expand its business with nonresidents. The adequate diversification of deposits reflects the bank's retail profile: the 10 largest depositors account for 6% of the total, and the 50 largest depositors represent 15% of all deposits.

While NBC operates on mostly short-term funding, its ample liquidity, backing from its shareholder, and the relatively short-term nature of its loan portfolio (70% of the portfolio matures within 12 months) help to mitigate the mismatch in the bank's term structure.

NBC has ample liquidity, although it has tightened in the past two years as loans increased. Fitch expects this trend to continue over the coming years, albeit at a lower rate, as the bank grows, but the agency believes that liquidity will remain adequate. With Scotiabank Group as the new controller, the parent can be a good source of additional funding for NBC should the need arise. As of Dec. 31, 2012, liquid assets (cash and equivalents, BCU deposits, Uruguayan government securities in the trading and available-for-sale portfolio, U.S. Treasury bonds, and financial sector loans) represented 36% of total deposits and short-term funds (43% as of Dec. 31, 2011).

The bank has a liquidity contingency plan that sets out actions to be taken should any of a number of potential liquidity problems arise.

Capital

NBC's capital has been tight since the buy-back of preferred stock from the government, which decreased its equity. As of December 2012, equity represented 6.85% of assets and FCC was 7.97%. Fitch considers this FCC to be tight, but it will monitor developments as the bank continues with its plans for growth, and it is confident that Scotiabank will make the necessary contributions to shore up NBC's capitalization.

All of the preferred stock remains in Scotiabank's hands, but Fitch, using the method detailed in its criteria report, Assessing and Rating Bank Subordinated and Hybrid Securities, dated December 2012, does not consider these shares to be part of NBC's capital.

Nuevo Banco Comercial S.A. Income Statement

	31 Dec 2012			31 Dec 2011		31 Dec 2010		31 Dec 2009	
	Year End USDm Unqualified	Year End UYUm Unqualified	As % of Earning Assets	Year End UYUm Unqualified	As % of Earning Assets	Year End UYUm Unqualified	As % of Earning Assets	Year End UYUm Unqualified	As % of Earning Assets
1. Interest Income on Loans	106.7	2,070.2	7.02	1,773.0	6.54	1,432.0	5.88	1,395.1	6.60
2. Other Interest Income	6.4	123.7	0.42	195.8	0.72	196.4	0.81	133.9	0.63
3. Dividend Income	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Gross Interest and Dividend Income	113.1	2,193.9	7.44	1,968.8	7.26	1,628.4	6.68	1,529.0	7.23
5. Interest Expense on Customer Deposits	12.9	249.4	0.85	147.0	0.54	152.2	0.62	162.9	0.77
6. Other Interest Expense	0.6	11.7	0.04	3.8	0.01	8.7	0.04	1.1	0.01
7. Total Interest Expense	13.5	261.1	0.89	150.8	0.56	160.9	0.66	163.9	0.78
8. Net Interest Income	99.6	1,932.8	6.55	1,818.0	6.70	1,467.5	6.02	1,365.1	6.46
9. Net Gains (Losses) on Trading and Derivatives	(1.2)	(24.2)	(0.08)	(13.7)	(0.05)	1.3	0.01	(41.2)	(0.20)
10. Net Gains (Losses) on Other Securities	3.9	76.1	0.26	84.2	0.31	216.0	0.89	209.1	0.99
11. Net Gains (Losses) on Assets at FV through	(0.1)	(1.1)	(0.00)	3.8	0.01	8.9	0.04	14.2	0.07
12. Net Insurance Income	0.0	0.0	0.0	n.a.	-	0.0	0.00	n.a.	-
13. Net Fees and Commissions	43.1	835.2	2.83	439.1	1.62	448.3	1.84	441.7	2.09
14. Other Operating Income	10.4	200.9	0.68	315.1	1.16	414.1	1.70	414.5	1.96
15. Total Non-Interest Operating Income	56.0	1,087.0	3.69	828.5	3.05	1,088.7	4.47	1,038.2	4.91
16. Personnel Expenses	81.9	1,589.4	5.39	1,362.7	5.02	1,265.8	5.20	1,728.1	8.18
17. Other Operating Expenses	72.1	1,398.5	4.74	937.7	3.46	813.0	3.34	879.6	4.16
18. Total Non-Interest Expenses	154.0	2,988.0	10.13	2,300.4	8.48	2,078.8	8.53	2,607.7	12.34
19. Equity-accounted Profit/ Loss - Operating	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
20. Pre-Impairment Operating Profit	1.6	31.8	0.11	346.1	1.28	477.4	1.96	(204.4)	(0.97)
21. Loan Impairment Charge	1.4	27.9	0.09	319.8	1.18	237.8	0.98	176.1	0.83
22. Securities and Other Credit Impairment Charges	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
23. Operating Profit	0.2	3.9	0.01	26.3	0.10	239.6	0.98	(380.5)	(1.80)
24. Equity-accounted Profit/ Loss - Non-operating	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
25. Non-recurring Income	0.3	4.9	0.02	0.9	0.00	0.2	0.00	2.3	0.01
26. Non-recurring Expense	0.0	0.1	0.00	20.0	0.07	2.9	0.01	3.2	0.02
27. Change in Fair Value of Own Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
28. Other Non-operating Income and Expenses	1.2	23.8	0.08	(72.6)	(0.27)	(270.9)	(1.11)	(956.9)	(4.53)
29. Pre-tax Profit	1.7	32.4	0.11	(65.4)	(0.24)	(34.0)	(0.14)	(1,338.4)	(6.33)
30. Tax expense	0.0	0.2	0.00	0.1	0.00	0.1	0.00	0.1	0.00
31. Profit/Loss from Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
32. Net Income	1.7	32.2	0.11	(65.5)	(0.24)	(34.1)	(0.14)	(1,338.5)	(6.33)
33. Change in Value of AFS Investments	0.7	14.2	0.05	(11.6)	(0.04)	1.3	0.01	257.3	1.22
34. Revaluation of Fixed Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
35. Currency Translation Differences	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
36. Remaining OCI Gains/(losses)	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
37. Fitch Comprehensive Income	2.4	46.4	0.16	(77.1)	(0.28)	(32.8)	(0.13)	(1,081.2)	(5.12)
38. Memo: Profit Allocation to Non-controlling Interests	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
39. Memo: Net Income after Allocation to Non-controlling Interests	1.7	32.2	0.11	(65.5)	(0.24)	(34.1)	(0.14)	(1,338.5)	(6.33)
40. Memo: Common Dividends Relating to the Period	n.a.	n.a.	-	0.0	0.00	0.0	0.00	0.0	0.00
41. Memo: Preferred Dividends Related to the Period	n.a.	n.a.	-	0.0	0.00	0.0	0.00	0.0	0.00
Exchange rate			USD1 = UYU19.399		USD1 = UYU19.898		USD1 = UYU20.094		USD1 = UYU19.627

Nuevo Banco Comercial S.A. Balance Sheet

	31 Dec 2012			31 Dec 2011		31 Dec 2010		31 Dec 2009	
	Year End USDm	Year End UYUm	As % of Assets	Year End UYUm	As % of Assets	Year End UYUm	As % of Assets	Year End UYUm	As % of Assets
Assets									
A. Loans									
1. Residential Mortgage Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Other Mortgage Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Other Consumer/ Retail Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Corporate & Commercial Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Other Loans	1,149.1	22,291.1	64.19	18,549.2	55.32	14,180.5	47.83	12,543.7	48.32
6. Less: Reserves for Impaired Loans/ NPLs	52.1	1,010.3	2.91	1,326.9	3.96	1,137.1	3.84	992.9	3.82
7. Net Loans	1,097.0	21,280.8	61.28	17,222.3	51.36	13,043.4	43.99	11,550.8	44.50
8. Gross Loans	1,149.1	22,291.1	64.19	18,549.2	55.32	14,180.5	47.83	12,543.7	48.32
9. Memo: Impaired Loans included above	31.6	612.4	1.76	580.3	1.73	400.6	1.35	315.0	1.21
10. Memo: Loans at Fair Value included above	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
B. Other Earning Assets									
1. Loans and Advances to Banks	331.0	6,420.5	18.49	7,626.6	22.74	8,240.7	27.79	6,486.7	24.99
2. Reverse Repos and Cash Collateral	23.8	460.8	1.33	539.8	1.61	592.8	2.00	125.8	0.48
3. Trading Securities and at FV through Income	n.a.	n.a.	-	5.9	0.02	44.0	0.15	232.3	0.90
4. Derivatives	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Available for Sale Securities	56.8	1,101.8	3.17	1,344.1	4.01	1,937.9	6.54	2,273.1	8.76
6. Held to Maturity Securities	n.a.	n.a.	-	14.9	0.04	20.5	0.07	29.0	0.11
7. At-equity Investments in Associates	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
8. Other Securities	11.8	229.7	0.66	368.1	1.10	482.5	1.63	439.8	1.69
9. Total Securities	92.4	1,792.3	5.16	2,272.9	6.78	3,077.7	10.38	3,100.1	11.94
10. Memo: Government Securities included Above	21.0	408.2	1.18	n.a.	-	n.a.	-	n.a.	-
11. Memo: Total Securities Pledged	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
12. Investments in Property	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
13. Insurance Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
14. Other Earning Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
15. Total Earning Assets	1,520.4	29,493.6	84.94	27,121.8	80.88	24,361.8	82.16	21,137.6	81.42
C. Non-Earning Assets									
1. Cash and Due From Banks	198.3	3,846.5	11.08	4,692.0	13.99	3,623.8	12.22	3,229.0	12.44
2. Memo: Mandatory Reserves included above	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Foreclosed Real Estate	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Fixed Assets	42.9	832.9	2.40	838.6	2.50	878.9	2.96	894.2	3.44
5. Goodwill	2.5	49.1	0.14	n.a.	-	n.a.	-	n.a.	-
6. Other Intangibles	n.a.	n.a.	-	70.6	0.21	79.9	0.27	75.5	0.29
7. Current Tax Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
8. Deferred Tax Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
9. Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
10. Other Assets	25.9	502.9	1.45	810.5	2.42	706.1	2.38	623.5	2.40
11. Total Assets	1,790.0	34,724.9	100.00	33,533.5	100.00	29,650.4	100.00	25,959.8	100.00
Exchange rate		USD1 = UYU19.399		USD1 = UYU19.898		USD1 = UYU20.094		USD1 = UYU19.627	

Nuevo Banco Comercial S.A. Balance Sheet

	31 Dec 2012			31 Dec 2011		31 Dec 2010		31 Dec 2009	
	Year End USDm	Year End UYUm	As % of Assets	Year End UYUm	As % of Assets	Year End UYUm	As % of Assets	Year End UYUm	As % of Assets
Liabilities and Equity									
D. Interest-Bearing Liabilities									
1. Customer Deposits - Current	1,260.7	24,456.6	70.43	23,766.2	70.87	19,430.1	65.53	16,485.3	63.50
2. Customer Deposits - Savings	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
3. Customer Deposits - Term	225.9	4,381.3	12.62	4,203.0	12.53	3,959.9	13.36	4,101.6	15.80
4. Total Customer Deposits	1,486.6	28,837.9	83.05	27,969.2	83.41	23,390.0	78.89	20,586.8	79.30
5. Deposits from Banks	58.5	1,134.1	3.27	938.5	2.80	1,105.1	3.73	541.6	2.09
6. Repos and Cash Collateral	24.8	481.8	1.39	536.3	1.60	598.0	2.02	131.7	0.51
7. Other Deposits and Short-term Borrowings	19.7	382.7	1.10	23.4	0.07	120.6	0.41	36.5	0.14
8. Total Deposits, Money Market and Short-term Funding	1,589.6	30,836.6	88.80	29,467.5	87.87	25,213.7	85.04	21,296.6	82.04
9. Senior Debt Maturing after 1 Year	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
10. Subordinated Borrowing	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
11. Other Funding	26.2	508.3	1.46	0.3	0.00	0.6	0.00	0.5	0.00
12. Total Long Term Funding	26.2	508.3	1.46	0.3	0.00	0.6	0.00	0.5	0.00
13. Derivatives	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
14. Trading Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
15. Total Funding	1,615.8	31,344.9	90.27	29,467.8	87.88	25,214.3	85.04	21,297.1	82.04
E. Non-Interest Bearing Liabilities									
1. Fair Value Portion of Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Credit impairment reserves	3.3	64.7	0.19	82.2	0.25	80.9	0.27	70.2	0.27
3. Reserves for Pensions and Other	21.2	411.0	1.18	242.9	0.72	214.4	0.72	769.3	2.96
4. Current Tax Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Deferred Tax Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
6. Other Deferred Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
7. Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
8. Insurance Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
9. Other Liabilities	20.7	401.2	1.16	347.2	1.04	420.7	1.42	308.9	1.19
10. Total Liabilities	1,661.0	32,221.7	92.79	30,140.1	89.88	25,930.4	87.45	22,445.5	86.46
F. Hybrid Capital									
1. Pref. Shares and Hybrid Capital accounted for as Debt	11.3	218.5	0.63	434.3	1.30	1,453.6	4.90	1,453.6	5.60
2. Pref. Shares and Hybrid Capital accounted for as Equity	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
G. Equity									
1. Common Equity	113.1	2,193.9	6.32	2,929.8	8.74	2,026.6	6.84	1,314.6	5.06
2. Non-controlling Interest	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Securities Revaluation Reserves	0.7	14.4	0.04	(11.6)	(0.03)	1.3	0.00	267.2	1.03
4. Foreign Exchange Revaluation Reserves	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Fixed Asset Revaluations and Other Accumulated OCI	3.9	76.3	0.22	40.9	0.12	238.6	0.80	478.9	1.84
6. Total Equity	117.8	2,284.7	6.58	2,959.1	8.82	2,266.5	7.64	2,060.7	7.94
7. Total Liabilities and Equity	1,790.0	34,724.9	100.00	33,533.5	100.00	29,650.4	100.00	25,959.8	100.00
8. Memo: Fitch Core Capital	115.2	2,235.6	6.44	2,888.5	8.61	2,186.6	7.37	1,985.1	7.65
Exchange rate		USD1 = UYU19.399		USD1 = UYU19.898		USD1 = UYU20.094		USD1 = UYU19.627	

Nuevo Banco Comercial S.A. Summary Analytics

	31 Dec 2012 Year End	31 Dec 2011 Year End	31 Dec 2010 Year End	31 Dec 2009 Year End
A. Interest Ratios				
1. Interest Income on Loans/ Average Gross Loans	10.14	10.83	10.72	10.24
2. Interest Expense on Customer Deposits/ Average Customer Deposits	0.88	0.57	0.69	0.71
3. Interest Income/ Average Earning Assets	7.75	7.65	7.16	7.27
4. Interest Expense/ Average Interest-bearing Liabilities	0.86	0.55	0.69	0.68
5. Net Interest Income/ Average Earning Assets	6.83	7.06	6.45	6.49
6. Net Int. Inc Less Loan Impairment Charges/ Av. Earning Assets	6.73	5.82	5.41	5.65
7. Net Interest Inc Less Preferred Stock Dividend/ Average Earning Assets	6.83	7.06	6.45	6.49
B. Other Operating Profitability Ratios				
1. Non-Interest Income/ Gross Revenues	36.00	31.30	42.59	43.20
2. Non-Interest Expense/ Gross Revenues	98.95	86.92	81.32	108.50
3. Non-Interest Expense/ Average Assets	8.75	7.28	7.48	8.90
4. Pre-impairment Op. Profit/ Average Equity	1.21	13.25	22.07	(7.79)
5. Pre-impairment Op. Profit/ Average Total Assets	0.09	1.10	1.72	(0.70)
6. Loans and securities impairment charges/ Pre-impairment Op. Profit	87.79	92.40	49.81	(86.17)
7. Operating Profit/ Average Equity	0.15	1.01	11.07	(14.49)
8. Operating Profit/ Average Total Assets	0.01	0.08	0.86	(1.30)
9. Taxes/ Pre-tax Profit	0.61	(0.12)	(0.21)	(0.01)
10. Pre-Impairment Operating Profit / Risk Weighted Assets	0.11	1.46	2.41	(1.20)
11. Operating Profit / Risk Weighted Assets	0.01	0.11	1.21	(2.24)
C. Other Profitability Ratios				
1. Net Income/ Average Total Equity	1.23	(2.51)	(1.58)	(50.98)
2. Net Income/ Average Total Assets	0.09	(0.21)	(0.12)	(4.57)
3. Fitch Comprehensive Income/ Average Total Equity	1.77	(2.95)	(1.52)	(41.18)
4. Fitch Comprehensive Income/ Average Total Assets	0.14	(0.24)	(0.12)	(3.69)
5. Net Income/ Av. Total Assets plus Av. Managed Securitized Assets	n.a.	n.a.	n.a.	n.a.
6. Net Income/ Risk Weighted Assets	0.11	(0.28)	(0.17)	(7.89)
7. Fitch Comprehensive Income/ Risk Weighted Assets	0.17	(0.33)	(0.17)	(6.37)
D. Capitalization				
1. Fitch Core Capital/Weighted Risks	7.97	12.19	11.03	11.70
3. Tangible Common Equity/ Tangible Assets	6.45	8.63	7.39	7.67
4. Tier 1 Regulatory Capital Ratio	n.a.	n.a.	n.a.	n.a.
5. Total Regulatory Capital Ratio	n.a.	14.02	18.35	20.24
6. Core Tier 1 Regulatory Capital Ratio	n.a.	n.a.	n.a.	n.a.
7. Equity/ Total Assets	6.58	8.82	7.64	7.94
8. Cash Dividends Paid & Declared/ Net Income	n.a.	0.00	0.00	0.00
9. Cash Dividend Paid & Declared/ Fitch Comprehensive Income	n.a.	0.00	0.00	0.00
10. Cash Dividends & Share Repurchase/Net Income	n.a.	n.a.	n.a.	n.a.
11. Net Income - Cash Dividends/ Total Equity	1.41	(2.21)	(1.50)	(64.95)
E. Loan Quality				
1. Growth of Total Assets	3.55	13.10	14.22	(20.39)
2. Growth of Gross Loans	20.17	30.81	13.05	(14.74)
3. Impaired Loans(NPLs)/ Gross Loans	2.75	3.13	2.83	2.51
4. Reserves for Impaired Loans/ Gross loans	4.53	7.15	8.02	7.92
5. Reserves for Impaired Loans/ Impaired Loans	164.97	228.64	283.84	315.19
6. Impaired Loans less Reserves for Imp Loans/ Equity	(17.41)	(25.23)	(32.50)	(32.90)
7. Loan Impairment Charges/ Average Gross Loans	0.14	1.95	1.78	1.29
8. Net Charge-offs/ Average Gross Loans	0.89	0.77	0.80	1.21
9. Impaired Loans + Foreclosed Assets/ Gross Loans + Foreclosed Assets	2.75	3.13	2.83	2.51
F. Funding				
1. Loans/ Customer Deposits	77.30	66.32	60.63	60.93
2. Interbank Assets/ Interbank Liabilities	566.12	812.61	745.70	1,197.71
3. Customer Deposits/ Total Funding excl Derivatives	92.00	94.91	92.76	96.66

The ratings above were solicited by, or on behalf of, the issuer, and therefore, Fitch has been compensated for the provision of the ratings.