



**Nuevo Banco Comercial S.A.**  
**Report to the Board of Directors on the**  
**Financial Statements for the year ended**  
**December 31, 2010**

*(Convenient Translation into English of the  
Original Statements Issued in Spanish)*



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Independent Auditors' Report

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### **Abbreviations:**

\$ = Uruguayan Pesos

US\$ = American Dollars

Nuevo Banco Comercial S.A.  
BALANCE SHEET AS AT DECEMBER 31, 2010  
Amounts in Thousands of Uruguayan Pesos

	Local Currency	Foreign currency Equiv. Local currency	TOTAL
<b>ASSETS</b>	<b>9.691.073</b>	<b>20.433.157</b>	<b>30.124.230</b>
<b>I) Cash and Equivalents</b>	<b>1.041.027</b>	<b>2.582.733</b>	<b>3.623.760</b>
1.- Cash and equivalents	1.041.027	1.401.506	2.442.533
1.1.- Cash	684.646	808.306	1.492.952
1.2.- Central Bank of Uruguay	89.527	301.865	391.392
1.3.- Other financial institutions in Uruguay	40.799	18.043	58.842
1.4.- Clearing documents	226.055	273.292	499.347
2.- Other foreign financial institutions	-	1.181.227	1.181.227
<b>II) Securities</b>	<b>330.774</b>	<b>1.671.677</b>	<b>2.002.451</b>
1.- Securities held for trading	-	44.034	44.034
1.1.- Uruguayan	-	7.294	7.294
1.2.- Foreign	-	36.740	36.740
2.- Securities available for sale	330.774	1.607.133	1.937.907
2.1.- Uruguayan	330.774	224.367	555.141
2.2.- Foreign	-	1.382.766	1.382.766
3.- Securities held to maturity	-	20.510	20.510
3.1.- Uruguayan	-	20.510	20.510
3.2.- Foreign	-	-	-
<b>III) Credits (net of provisions)</b>	<b>7.357.027</b>	<b>15.699.746</b>	<b>23.056.773</b>
1.- Outstanding credits	6.561.691	15.106.027	21.667.718
1.1.- Financial sector	2.719.451	5.521.214	8.240.665
1.1.1.- Central Bank of Uruguay	2.689.446	1.263.351	3.952.797
1.1.2.- Other financial institutions in Uruguay	30.005	42.220	72.225
1.1.3.- Other foreign financial institutions	-	3.947.896	3.947.896
1.1.4.- Head office, branches and related institutions	-	267.747	267.747
1.2.- Non financial sector	3.842.240	9.584.813	13.427.053
1.2.1.- Uruguayan public sector	86.506	364.616	451.122
1.2.2.- Non resident public sector	-	-	-
1.2.3.- Resident private sector	3.750.708	8.827.802	12.578.510
1.2.4.- Non resident private sector	5.026	392.395	397.421
2.- Forward contracts	272.854	319.945	592.799
2.1.- Residents	270.727	92.414	363.141
2.2.- Non residents	2.127	227.531	229.658
3.- Overdue	30.994	59.158	90.152
3.1.- Financial sector	-	-	-
3.2.- Non financial sector	30.994	59.158	90.152
3.2.1.- Uruguayan public sector	-	-	-
3.2.2.- Non resident public sector	-	-	-
3.2.3.- Resident private sector	30.983	51.929	82.912
3.2.3.1.- Overdue loans	21.336	35.489	56.825
3.2.3.2.- Under management for recovery	8.220	7.383	15.603
3.2.3.3.- Delinquent loans	1.427	9.057	10.484
3.2.4.- Non resident private sector	11	7.229	7.240
3.2.4.1.- Overdue loans	5	373	378
3.2.4.2.- Under management for recovery	3	6.856	6.859
3.2.4.3.- Delinquent loans	3	-	3
4.- Other accounts receivable	491.488	214.616	706.104

Nuevo Banco Comercial S.A.  
BALANCE SHEET AS AT DECEMBER 31, 2010  
Amounts in Thousands of Uruguayan Pesos

	Local Currency	Foreign currency Equiv. Local currency	TOTAL
<b>IV) Investments</b>	<b>3.453</b>	<b>479.001</b>	<b>482.454</b>
1.- Uruguayan	3.453	-	3.453
2.- Foreign	-	479.001	479.001
<b>V) Fixed assets</b>	<b>878.882</b>	<b>-</b>	<b>878.882</b>
<b>VI) Intangible assets</b>	<b>79.910</b>	<b>-</b>	<b>79.910</b>
<b>LIABILITIES</b>	<b>7.572.214</b>	<b>18.831.956</b>	<b>26.404.170</b>
<b>I) Obligations</b>	<b>7.572.214</b>	<b>18.831.956</b>	<b>26.404.170</b>
1.- From financial intermediation	6.922.446	17.693.911	24.616.357
1.1.- Financial Sector	35.799	1.190.514	1.226.313
1.1.1.- Central Bank of Uruguay	9.973	110.619	120.592
1.1.2.- Other financial institutions in Uruguay	25.826	86.173	111.999
1.1.3.- Other foreign financial institutions	-	993.088	993.088
1.1.4.- Head Office, branches and related institutions	-	634	634
1.2.- Non financial sector	6.886.647	16.503.397	23.390.044
1.2.1.- Uruguayan public sector	155.598	77.974	233.572
1.2.2.- Resident private sector	6.622.237	14.175.790	20.798.027
1.2.3.- Non residents	108.812	2.249.633	2.358.445
2.- Forward contracts	86.604	511.388	597.992
2.1.- Residents	86.604	264.074	350.678
2.2.- Non residents	-	247.314	247.314
3.- Other accounts payable	304.700	116.009	420.709
4.- Accrued Expenses	204.207	10.222	214.429
5.- Provisions	54.257	500.426	554.683
<b>SHAREHOLDERS' EQUITY</b>	<b>3.720.060</b>	<b>-</b>	<b>3.720.060</b>
1.- Common Stock	3.634.000	-	3.634.000
2.- Adjustments to shareholders' equity	969.006	-	969.006
3.- Reserves	-	-	-
4.- Retained earnings	(848.868)	-	(848.868)
5.- Current year results	(34.078)	-	(34.078)
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>11.292.274</b>	<b>18.831.956</b>	<b>30.124.230</b>
<b>CONTINGENT ACCOUNTS</b>	<b>2.653.137</b>	<b>2.387.794</b>	<b>5.040.931</b>
1.- Credit lines agreed	2.617.255	1.472.491	4.089.746
1.1.- Credit cards	2.374.666	1.031.651	3.406.317
1.2.- Current accounts	235.600	38.507	274.107
1.3.- Others	6.989	402.333	409.322
2.- Guarantees granted	35.882	371.599	407.481
3.- Foreign trade	-	543.704	543.704
4.- Options	-	-	-
5.- Other contingencies	-	-	-
<b>MEMORANDUM ACCOUNTS</b>	<b>2.664.946</b>	<b>20.634.853</b>	<b>23.299.799</b>
1.- Guarantees received	518.685	14.263.175	14.781.860
2.- Custody of goods and securities	2.013.941	5.520.391	7.534.332
3.- Foreign trade	-	267.768	267.768
4.- Other memorandum accounts	132.320	583.519	715.839

Nuevo Banco Comercial S.A.  
**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2010**  
 Amounts in Thousands of Uruguayan Pesos

	Local Currency	Foreign currency Equiv. Local currency	TOTAL
<b>Financial income before exchange differences and provisions</b>	<b>1.612.409</b>	<b>796.550</b>	<b>2.408.959</b>
<b>1) Outstanding credits</b>	<b>797.565</b>	<b>634.401</b>	<b>1.431.966</b>
1.1.- Financial sector	201.170	25.214	226.384
1.1.1.- Uruguayan financial institutions	201.013	501	201.514
1.1.2.- Foreign financial institutions	157	24.713	24.870
1.2.- Non financial sector	596.395	609.187	1.205.582
1.2.1.- Uruguayan public sector	9.697	33.945	43.642
1.2.2.- Non resident public sector	-	-	-
1.2.3.- Resident private sector	578.867	552.960	1.131.827
1.2.4.- Non resident private sector	7.831	22.282	30.113
<b>2) Lease, readjustments and quotation differences of securities</b>	<b>705.283</b>	<b>54.758</b>	<b>760.041</b>
2.1.- Securities held for trading	10.652	8.272	18.924
2.1.1.- Uruguayan	5.985	7.258	13.243
2.1.2.- Foreign	4.667	1.014	5.681
2.2.- Securities available for sale	693.425	44.722	738.147
2.2.1.- Uruguayan	267.210	10.273	277.483
2.2.2.- Foreign	426.215	34.449	460.664
2.3.- Securities held to maturity	1.206	1.764	2.970
2.3.1.- Uruguayan	1.206	1.764	2.970
2.3.2.- Foreign	-	-	-
<b>3) Obligations readjustment</b>	<b>74</b>	<b>-</b>	<b>74</b>
3.1.- Financial sector	-	-	-
3.2.- Non financial sector	74	-	74
<b>4) Forward contracts</b>	<b>20.538</b>	<b>-</b>	<b>20.538</b>
4.1.- Financial sector	1.273	-	1.273
4.1.1.- Uruguayan	482	-	482
4.1.2.- Foreign	791	-	791
4.2.- Non financial sector	19.265	-	19.265
4.2.1.- Uruguayan public sector	-	-	-
4.2.2.- Resident private sector	19.260	-	19.260
4.2.3.- Non residents	5	-	5
<b>5) Overdue loans</b>	<b>88.949</b>	<b>107.391</b>	<b>196.340</b>
5.1.- Financial sector	-	838	838
5.2.- Non financial sector	57.705	40.853	98.558
5.2.1.- Uruguayan public sector	-	-	-
5.2.2.- Non resident public sector	-	-	-
5.2.3.- Resident private sector	57.634	40.282	97.916
5.2.3.1.- Overdue loans	13.493	26.091	39.584
5.2.3.2.- Under management for recovery	7.706	6.736	14.442
5.2.3.3.- Delinquent loans	36.435	7.455	43.890

Nuevo Banco Comercial S.A.  
**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2010**  
 Amounts in Thousands of Uruguayan Pesos

	Local Currency	Foreign currency Equiv. Local currency	TOTAL
5.2.4.- Non resident private sector	71	571	642
5.2.4.1.- Overdue loans	20	233	253
5.2.4.2.- Under management for recovery	13	329	342
5.2.4.3.- Delinquent loans	38	9	47
5.3.- Debtors refinanced under law 16.243	-	-	-
5.4.- Recoverability of doubtful debtors	31.244	65.700	96.944
<b>Financial losses before exchange differences and provisions</b>	<b>(640.020)</b>	<b>(75.240)</b>	<b>(715.260)</b>
<b>1) Obligations</b>	<b>(78.081)</b>	<b>(74.121)</b>	<b>(152.202)</b>
1.1.- Financial sector	(5.807)	(20.783)	(26.590)
1.1.1.- Uruguayan financial institutions	(5.807)	(1.707)	(7.514)
1.1.2.- Foreign financial institutions	-	(19.076)	(19.076)
1.2.- Non financial sector	(72.274)	(53.338)	(125.612)
1.2.1.- Uruguayan public sector	(2.924)	(267)	(3.191)
1.2.2.- Resident private sector	(68.968)	(24.093)	(93.061)
1.2.3.- Non residents	(382)	(28.978)	(29.360)
<b>2) Readjustments and quotation differences of securities</b>	<b>(534.015)</b>	<b>(1.119)</b>	<b>(535.134)</b>
2.1. Securities held for trading	(8.885)	(1.119)	(10.004)
2.1.1.- Uruguayan	(7.709)	(958)	(8.667)
2.1.2.- Foreign	(1.176)	(161)	(1.337)
2.2. Securities available for sale	(525.130)	-	(525.130)
2.2.1.- Uruguayan	(169.905)	-	(169.905)
2.2.2.- Foreign	(355.225)	-	(355.225)
2.3. Securities held to maturity	-	-	-
2.3.1.- Uruguayan	-	-	-
2.3.2.- Foreign	-	-	-
<b>3) Credit readjustment</b>	<b>(8.698)</b>	<b>-</b>	<b>(8.698)</b>
3.1.- Outstanding	(8.696)	-	(8.696)
3.2.- Overdue	(2)	-	(2)
<b>4) Forward contracts</b>	<b>(19.226)</b>	<b>-</b>	<b>(19.226)</b>
4.1.- Financial sector	(19.183)	-	(19.183)
4.1.1.- Uruguayan	(1.844)	-	(1.844)
4.1.2.- Foreign	(17.339)	-	(17.339)
4.2.- Non financial sector	(43)	-	(43)
4.2.1.- Uruguayan public sector	-	-	-
4.2.2.- Resident private sector	(43)	-	(43)
4.2.3.- Non residents	-	-	-

Nuevo Banco Comercial S.A.  
**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2010**  
 Amounts in Thousands of Uruguayan Pesos

	Local Currency	Foreign currency Equiv. Local currency	TOTAL
<b>I) Financial margin before exchange differences and provisions</b>	<b>972.389</b>	<b>721.310</b>	<b>1.693.699</b>
<b>Foreign exchange differences from assets and liabilities valuation</b>	<b>(94.151)</b>	<b>-</b>	<b>(94.151)</b>
1.- Income	14.259.502	-	14.259.502
2.- Losses	(14.353.653)	-	(14.353.653)
<b>II) Financial margin before provisions</b>	<b>878.238</b>	<b>721.310</b>	<b>1.599.548</b>
<b>PROVISIONS</b>	<b>(105.747)</b>	<b>(132.069)</b>	<b>(237.816)</b>
<b>Decrease of provisions and credit revaluation</b>	<b>262.753</b>	<b>448.639</b>	<b>711.392</b>
1.- Decrease of provisions	262.753	448.639	711.392
1.1.- Residents	256.619	422.607	679.226
1.2.- Non residents	6.134	26.032	32.166
1.3.- General provisions	-	-	-
2.- Credit revaluation	-	-	-
<b>Increase of provisions and credit depreciation</b>	<b>(368.500)</b>	<b>(580.708)</b>	<b>(949.208)</b>
1.- Provisions	(368.166)	(580.708)	(948.874)
1.1.- Residents	(363.412)	(507.455)	(870.867)
1.2.- Non residents	(4.754)	(73.253)	(78.007)
1.3.- General provisions	-	-	-
2.- Credits depreciation	(334)	-	(334)
<b>III) Financial margin</b>	<b>772.491</b>	<b>589.241</b>	<b>1.361.732</b>
<b>COMMISSION INCOME</b>	<b>538.376</b>	<b>238.770</b>	<b>777.146</b>
1.- Residents	518.284	198.124	716.408
2.- Non residents	20.092	40.646	60.738
<b>COMMISSION EXPENSES</b>	<b>(186.726)</b>	<b>(142.084)</b>	<b>(328.810)</b>
1.- Residents	(165.481)	(78.810)	(244.291)
2.- Non residents	(21.245)	(63.274)	(84.519)
<b>Commission margin</b>	<b>351.650</b>	<b>96.686</b>	<b>448.336</b>
<b>OTHER RESULTS FOR EXCHANGE DIFFERENCES</b>	<b>246.315</b>	<b>1.069</b>	<b>247.384</b>
1.- From operations	155.915	1.069	156.984
1.1.- Income	175.710	2.520	178.230
1.2.- Losses	(19.795)	(1.451)	(21.246)
2.- From valuation of other assets and liabilities in foreign currency	90.400	-	90.400
2.1.- Income	848.119	-	848.119
2.2.- Losses	(757.719)	-	(757.719)
<b>IV) Gross result</b>	<b>1.370.456</b>	<b>686.996</b>	<b>2.057.452</b>

Nuevo Banco Comercial S.A.  
**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2010**  
 Amounts in Thousands of Uruguayan Pesos

	Local Currency	Foreign currency Equiv. Local currency	TOTAL
<b>OPERATING INCOME</b>	<b>52.919</b>	<b>115.652</b>	<b>168.571</b>
1.- Income from other accounts receivable	81	2	83
1.1.- Residents	81	2	83
1.2.- Non residents	-	-	-
2.- Investment in local shares	-	-	-
3.- Foreign branches	-	26.934	26.934
4.- Leases	-	-	-
5.- Other operating income	51.019	88.716	139.735
5.1.- Residents	47.125	22.488	69.613
5.2.- Non residents	3.894	66.228	70.122
6.- Income from accounting restatements	-	-	-
7.- Income from inflation adjustment	1.819	-	1.819
<b>OPERATING LOSSES</b>	<b>(2.068.339)</b>	<b>(189.005)</b>	<b>(2.257.344)</b>
1.- Personnel remunerations and social charges	(1.225.696)	(40.060)	(1.265.756)
2.- Insurance expenses	(4.223)	(5.386)	(9.609)
3.- Depreciations	(124.025)	-	(124.025)
4.- Taxes and duties	(207.592)	-	(207.592)
5.- Other operating expenses	(327.750)	(126.793)	(454.543)
6.- Losses from other operations	(466)	(174)	(640)
7.- Investments in local shares	-	-	-
8.- Foreign branches	-	(16.592)	(16.592)
9.- Losses from accounting restatements	-	-	-
10.- Losses from inflation adjustments	(178.587)	-	(178.587)
11.- Other accounts payable	-	-	-
<b>V) Exploitation margin</b>	<b>(644.964)</b>	<b>613.643</b>	<b>(31.321)</b>
<b>EXTRAORDINARY RESULTS</b>	<b>(292)</b>	<b>(2.393)</b>	<b>(2.685)</b>
1.- Extraordinary income	68	101	169
2.- Extraordinary losses	(360)	(2.494)	(2.854)
<b>PREVIOUS YEAR RESULTS</b>	-	-	-
1.- Income	-	-	-
2.- Losses	-	-	-
<b>VI) RESULTS FOR CURRENT YEAR BEFORE TAXES</b>	<b>(645.256)</b>	<b>611.250</b>	<b>(34.006)</b>
Income Tax	(72)	-	(72)
<b>VII) Results for current year after income tax</b>	<b>(645.328)</b>	<b>611.250</b>	<b>(34.078)</b>



Nuevo Banco Comercial S.A.  
 STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED  
 DECEMBER 31, 2010  
 Amounts in Thousands of Uruguayan Pesos

	COMMON STOCK	ADDITIONAL PAID IN CAPITAL	ADJUSTMENTS TO SHARE-HOLDERS' EQUITY	RESERVES	RETAINED EARNINGS	TOTAL SHARE-HOLDERS' EQUITY
<b>Balances as of 12.31.2009</b>	3.634.000	-	1.218.749	-	(1.338.464)	3.514.285
<b>Capital contributions</b>	-	-	-	-	-	-
<b>Loss absorption</b>	(355.282)	-	(134.314)	-	489.596	-
<b>Capitalization</b>	355.282	-	(355.282)	-	-	-
<b>Profit allocation</b>	-	-	-	-	-	-
<b>Advanced payment of results</b>	-	-	-	-	-	-
<b>Restatements:</b>	-	-	61.803	-	-	61.803
- Revaluation fixed assets	-	-	61.803	-	-	61.803
- Inflation adjustment	-	-	176.768	-	-	176.768
- Variation in the fair value of securities available for sale	-	-	1.265	-	-	1.265
- Variation in the value of investments due to equity adjustments in controlled companies and branches	-	-	17	-	-	17
<b>Results for fiscal year</b>	-	-	-	-	(34.078)	(34.078)
<b>Balances as at 12.31.2010</b>	3.634.000	-	969.006	-	(882.946)	3.720.060

Nuevo Banco Comercial S.A.  
 STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2010  
 Amounts in Thousands of Uruguayan Pesos

	<b>12.31.2010</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Gain (loss) for the year	(34.078)
<b>Adjustments that reconcile the net profit for the year to net cash provided by operating activities:</b>	<b>(127.505)</b>
Depreciation of fixed assets	97.095
Amortization of intangible assets	26.930
Effects of changes in monetary correction and foreign currency translation	180.518
Difference in quotations and value adjustments for securities held for trading and securities available for sale	(103.412)
Adjustment to cost of securities held to maturity	(1.014)
Securities provisions	-
Securities income accrued not received	12.241
Accrued expenses	(559.595)
Accrued interest income not received	(12.927)
Provision for doubtful debtors	237.816
Accrued income not received	(8.497)
Accrued interest expense not paid	3.567
Not accrued income received	(58)
Not accrued interest paid	-
Result from sales of fixed assets	(169)
Result from booking premises at their market value	-
<b>(INCREASE) DECREASE IN OPERATING ASSETS</b>	<b>(2.699.678)</b>
Securities (held for trading and available for sale)	646.862
Credits – Financial Sector (*)	(1.758.948)
Credits – Non Financial Sector (*)	(1.588.011)
Other assets	419
<b>INCREASE (DECREASE) IN OPERATING LIABILITIES</b>	<b>3.325.769</b>
Obligations – Financial Sector (**)	753.882
Obligations – Non Financial Sector (**)	2.458.558
Other liabilities	113.329
<b>Net variation of forward contracts</b>	<b>(4.472)</b>
<b>Net cash provided (used) by operating activities</b>	<b>460.036</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Net cash flow of securities held to maturity	9.506
Net cash flow of fixed assets	(19.850)
Increase in intangible assets	(31.302)
Net cash flow of special investments	-
Net cash flow of other investments	(10.242)
<b>Net cash provided (used) by investing activities</b>	<b>(51.888)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Capital contribution /(profit allocation)	-
Net cash flow of subordinated loans	-
Issuance (amortization) of debentures and certificates of deposit	-
Other obligations originated by financing activities	-
<b>Net cash provided (used) by financing activities</b>	<b>-</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>408.148</b>
Exchange differences generated from cash and equivalents	(13.345)
<b>Cash and cash equivalents at the beginning of the year</b>	<b>3.228.957</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>3.623.760</b>

(\*) Except forward contracts.

(\*\*) Except subordinated loans, debentures and forward contracts.

# Notes to the Financial Statements for the year ended December 31, 2010

## Note 1 - Approval by the Stockholders' Meeting

Financial Statements for the year ended December 31, 2010, have not been considered yet by the Ordinary Stockholders' Meeting in accordance with article 344 of Law N° 16.060 dated September 4, 1989.

## Note 2 - Information about the financial institution

### 2.1 Legal nature

Nuevo Banco Comercial S.A. ("the Bank" or "NBC") is a corporation that operates in the financial sector of the República Oriental del Uruguay under the legal regime established by Law N° 15.322 dated September 17, 1982 and its subsequent amendments. In compliance with articles 32, 33, and 35 of Law N° 17.613 dated December 27, 2002, the Executive Power resolved the incorporation of Nuevo Banco Comercial S.A. on December 31, 2002. It was authorized to act as a bank by the Central Bank of Uruguay (C.B.U.) on March 19, 2003.

Central Bank of Uruguay exercises control on banks and monitors compliance with minimum requirements regarding legal cash reserves, credit provisions, and capital adequacy.

### 2.2 Accounting basis

Financial statements are presented in compliance with the regulatory provisions in force in Uruguay and prepared in accordance with accounting standards, valuation, risk classification criteria and presentation regulations established by the Central Bank of Uruguay, considering the particular standards established by the Financial Institutions Controlling Agency for Nuevo Banco Comercial S.A. as detailed in Note 3.6.

Financial statements were prepared based on historical costs, except for assets and liabilities in foreign currency, assets and liabilities with restatement clause, securities and fixed assets, which are valued according to the criteria expressed in Note 3, and the result of the year, which has been corrected to reflect the effects of inflation based on a simplified inflation adjustment methodology indicated by the Central Bank of Uruguay.

Said methodology, applicable from January 1, 2009, consists in applying an integral monetary adjustment using up to December 31, 2009 the Wholesale Price Index and then the Consumer Price Index both published by the National Institute of Statistics. The result of this adjustment is exposed in the Profit and Loss Account in the account "Inflation adjustment result" and in the Balance Sheet in "Adjustments to Shareholders' Equity".

For the preparation of the Statement of Cash Flows, cash and cash equivalents was defined as cash and due from banks.

### 2.3 Capital and shares

On September 6, 2005, the Uruguayan Government and a consortium comprised of Advent International, Morgan Stanley Alternative Investments, DEG and FMO; signed a sale-purchase agreement by which the State sold the consortium 60% of NBC shares.

On May 15, 2006, the Financial Institutions Controlling Agency authorized the transfer of Nuevo Banco Comercial S.A.'s ordinary shares to NBC Invest S. à R.L. and to FMO Participaties B.V.. Said transfer was made on June 1, 2006.

On August 2, 2007, the Financial Institutions Controlling Agency authorized the transfer of 2% of Nuevo Banco Comercial S.A.'s ordinary shares to Tecevall S.A.. Said transfer was made on December 10, 2007.

The Bank's authorized capital amounts to thousands \$ 3.800.000. The paid in capital stock amounts to thousands \$ 3.634.000, and is represented by 2.180.400 ordinary shares and 1.453.600 preferred shares of \$ 1.000 per value each.

The paid in capital since December 10, 2007, was constituted as follows: NBC Invest S. à R.L. with 1.919.859 ordinary shares (52,83%), Nuevo Banco Comercial Holding B.V. (ex FMO Participaties B.V.) with 216.933 ordinary shares (5,97%), Tecevall S.A. with 43.608 ordinary shares (1,20%) and the Uruguayan Government with 1.453.600 preferred shares (40%).

The preferred shares held by the Uruguayan Government will have the right to a preferred fixed dividend of 4% annually. Over these shares, a call and put option was signed, to be carried out within the period of up to 7 years.

On December 3, 2010, The Bank of Nova Scotia and the private stockholders of the bank signed a purchase agreement for 100% of the common stock of Nuevo Banco Comercial S.A. This agreement must be approved by regulatory authorities both in Canada and Uruguay.

Additional information regarding the Bank's ownership structure is included in the Corporate Government's Annual Report (non audited information) required by article 36.3 of the Compilation of Central Bank Regulations, which is available on the Bank's website.

## **2.4 Board of Directors and Executive Staff**

As at December 31, 2010, the Bank's Board of Directors is comprised as follows:

Ernest George Bachrach	President
Juan Pablo Zucchini	Vice President
Roelf Pieter Eemsing	Director
Carlos María Fedrigotti Gongorra	Director
José Ángel Fuentes Rodríguez	Director
José Horacio Petrocelli	Director
Nicolás Sujoy Spiguel	Director
Marcelo Ruben Sánchez	Deputy Director
Matías Eduardo Campiani	Deputy Director

The Statutory Control Committee (Comisión Fiscal) is comprised as follows:

Ariel Adolfo Banda Figueroa  
Gerardo Caffera Morandi  
Eduardo Antonio Ferrari Devoto  
Daniel Anibal González Cotelo

The Executive Staff, in accordance with the stipulated in article 38.11 of the Compilation of Central Bank Regulations, is also comprised of:

Horacio Enrique Correge	General Manager
Luis Álvarez Perazzo	General Accountant
Juan José Baluga Bello	Financial Manager
Gabriel Esteban Barandiarán Cubitto	Customers Claim Responsible
Alejandro Conforte Mariano	Foreign Relations Manager
Miguel Ángel Fernández García	Operations and Technology Manager
Guillermo Alberto Gadola Bergara	Human Resources Manager
Ana Laura Gatti Dura	Internal Audit Manager
Daniel Roberto Leoncini Yañez	Corporate Banking Manager
Javier Isaac Liberman Jablonsky	Risk Manager

Antonio Luongo Caselli	Foreign Exchange Operator
Gustavo Alejandro Manriquez Vázquez	Personal Banking Manager
Armando Sergio Pensatori Aurucci	Operations Manager
María del Luján Rodríguez Chanquet	Compliance Officer
Gerardo Raúl Sansberro Bonelli	Credit Card Manager
Alejandro Federico Suzacq Fiser	Wholesale Banking Manager
Pablo Federico Varela Artagaveytia	Legal Advice Manager

Additional information regarding the Bank's management and control structure is included in the Corporate Government's Annual Report (non audited information) required by article 36.3 of the Compilation of Central Bank Regulations, which is available on the Bank's website.

### Note 3 - Information regarding assets and liabilities

#### 3.1 Assets and liabilities denominated in foreign currency

Assets and liabilities denominated in foreign currency are translated into U.S. Dollars at the exchange rates published by the foreign exchange desk of the Central Bank of Uruguay as at the end of the year.

The resulting amounts in US Dollars are then translated into local currency at the exchange rate as at the end of the year (US\$ 1 = \$ 20,094).

#### 3.2 Foreign currency position

The global position in foreign currency as at December 31, 2010 is broken down as follows:

In thousands

Currency	Assets in foreign currency	Liabilities in foreign currency	Net position in foreign currency		Equivalent net position in US\$
			Asset	Liability	
US Dollars	962.904	901.466	61.438	-	61.438
Argentine Pesos	5.383	256	5.127	-	1.289
Brazilian Reales	44.845	18.284	26.561	-	15.972
Euros	17.357	16.994	363	-	482
Other	-	-	-	-	504
<b>TOTAL</b>					<b>79.685</b>

#### 3.3 Securities

Securities are valued in accordance with criteria established in Rule 2.2 of the Accounting Standards and Chart of Accounts for Financial Institutions as described below.

The securities held for trading are valued at their market value including transaction costs and deducting accrued interests. Market value adjustments are included into the Profit and Loss Account of the fiscal year.

The securities available for sale are valued at their fair value, including transaction costs and deducting accrued interests. Fair value adjustments are included directly into the Equity until said securities are sold or reimbursed, and at that moment, the adjustments are inputted in the result of the fiscal year.

The securities held to maturity are valued at their acquisition cost including transaction costs and deducting accrued interests, adjusted for the difference between the acquisition price and face value, which is accrued on a lineal basis for the remaining time to maturity.

The interests' accrual is included in the results for the fiscal year.

The composition of the securities portfolio as at December 31, 2010 is as follows:

SECURITIES	Currency of issuance	Amounts in thousands of Uruguayan Pesos	
		Book value	Market value
<b>Securities held for trading</b>		<b>44.034</b>	<b>44.034</b>
<i>Uruguayan Government Securities</i>		7.169	7.169
- Global Bonds	U.S. Dollars	7.169	7.169
<i>Private Securities</i>		36.678	36.678
- Brazil	U.S. Dollars	4.961	4.961
- U.S.A.	U.S. Dollars	31.717	31.717
Accrued interest Uruguayan Government Securities		125	125
Accrued interest Private Securities		62	62
<b>Securities available for sale</b>		<b>1.937.907</b>	<b>1.937.907</b>
<i>Uruguayan Government Securities</i>		491.767	491.767
- Treasury Bonds	U.S. Dollars	57.284	57.284
- Treasury Bonds	Indexed Units	316.623	316.623
- Global Bonds	Indexed Units	792	792
- Global Bonds	U.S. Dollars	107.422	107.422
- Adjustable Mortgage Obligations	Uruguayan Pesos	9.646	9.646
<i>Foreign Government Securities</i>		542.321	542.321
- Argentina	U.S. Dollars	20.134	20.134
- U.S.A.	U.S. Dollars	100.418	100.418
- Brazil	U.S. Dollars	44.202	44.202
- Chile	U.S. Dollars	212.856	212.856
- Colombia	U.S. Dollars	32.613	32.613
- Peru	U.S. Dollars	32.628	32.628
- International Agencies	U.S. Dollars	46.762	46.762
- International Agencies	Euros	52.708	52.708
<i>Private Securities</i>		879.787	879.787
- Uruguayan	U.S. Dollars	55.948	55.948
- Uruguayan	Indexed Units	2.695	2.695
- U.S.A.	U.S. Dollars	392.498	392.498
- Australia	U.S. Dollars	39.786	39.786
- Brazil	U.S. Dollars	56.846	56.846
- Chile	U.S. Dollars	4.736	4.736
- Chile	Chilean Pesos	5.022	5.022
- Netherlands	U.S. Dollars	9.835	9.835
- Great Britain	U.S. Dollars	150.203	150.203
- Cayman Island	U.S. Dollars	61.999	61.999
- Canada	U.S. Dollars	100.219	100.219
Accrued interest Uruguayan Government Securities		4.001	4.001
Accrued interest Foreign Government Securities		12.547	12.547
Accrued interest Private Securities		7.484	7.484
Devaluation Provision		-	-
<b>Securities held to maturity</b>		<b>20.510</b>	<b>22.710</b>
<i>Uruguayan Government Securities</i>		20.016	22.216
- Treasury Bonds	U.S. Dollars	14.126	15.864
- Global Bonds	U.S. Dollars	5.890	6.352
Accrued interest Uruguayan Government Securities		494	494
Devaluation Provision		-	-
<b>TOTAL SECURITIES</b>		<b>2.002.451</b>	<b>2.004.651</b>

SECURITIES	Currency of issuance	Amounts in thousands of Uruguayan Pesos	
		Book value	Market value
<b>SECURITIES ISSUED BY THE C.B.U. <sup>(1)</sup></b>			
<b>Securities held for trading</b>		-	-
<b>Securities available for sale</b>		<b>2.076.927</b>	<b>2.076.927</b>
- Monetary Regulation Bills	Uruguayan Pesos	1.167.212	1.167.212
- Monetary Regulation Bills	Indexed Units	671.333	671.333
- Indexed Notes	Indexed Units	142.260	142.260
Income from Securities issued by C.B.U.		96.122	96.122
<b>Securities held to maturity</b>		-	-
<b>TOTAL SECURITIES ISSUED BY C.B.U.</b>		<b>2.076.927</b>	<b>2.076.927</b>

(1) Recorded under Outstanding credits to the Financial Sector.

### 3.4 Limitations to the free disposal of assets or equity and restriction to property rights

As at December 31, 2010, there are certain assets whose disposal is limited as follows:

- The chapter "Outstanding credits – financial sector" includes assets for thousands \$ 450.455 (thousands US\$ 22.417), which corresponds to a deposit in guarantee of transactions with Visa International.
- The chapter "Securities – Securities available for Sale" includes thousands \$ 270.370 (thousands Indexed Units 126.400 nominal value) corresponding to Treasury Bills in indexed units in guarantee of transactions through the Payment and Reciprocal Credit Agreement of ALADI.
- The chapter "Cash and equivalents" includes a cash deposit in the Central Bank of Uruguay which is pledged in guarantee in its favor for thousands \$ 5.347 (thousands of Indexed Units 2.500) corresponding to the guarantee required to act as Financial Fiduciary. In addition, the same chapter includes a cash deposit in Banco República for thousands \$ 4.607 (thousands US\$ 229) pledged as a lawsuit collateral.

Additionally, in accordance with article 51 of the Compilation of Regulations of Operations and with the purpose of being able to use the line of credit established in article 49 of the mention Compilation, on July 26, 2005 the Bank has set up an irrevocable pledge with displacement of the entirety of the financial instruments, current accounts and securities, with free disposal, that the Bank has booked or deposited in the Central Bank, either issued by the Central Bank or by the Uruguayan Government.

The allocation of these assets will be in effect when the Bank uses the line of credit established in article 49 of the Compilation of Regulations of Operations for up to a maximum of 15% of the Bank's net equity responsibility, if it does not exceed the equivalent to double the basic equity responsibility for banks. As at December 31, 2010, the credit line was not used.

### 3.5 Assets and liabilities with restatement clause

The amounts of assets and liabilities subject to restatement clause are as follows:

In thousands of Uruguayan pesos

Restatement Index	Restated Assets	Restated Liabilities
Consumer Price Index (C.P.I.)	511.267	-
Adjustable Mortgage Bonds (O.H.R.)	9.646	-
Indexed Units (Unidades indexadas)	1.762.483	530.553
<b>TOTAL</b>	<b>2.283.396</b>	<b>530.553</b>

### 3.6 Financial Sector and Non-Financial Sector Credit Portfolio

Receivables include the receivable capital amount of each transaction and the corresponding interest accrued thereon.

The credit portfolio has been classified in accordance with criteria established in Rule 3.8, and the transitory standards of the Accounting Standards and Chart of Accounts for Financial Institutions, considering the particular standards established by the Financial Institutions Controlling Agency for Nuevo Banco Comercial S.A..

According to the particular instruction No. 128/2003/1057 dated December 11, 2003:

- a) For the credits originated in agreements with customers who were given a reduction equal to or fewer than a third of the compensatory interest rate originally agreed, for the period previous to the restructuring date, the particular Rule 3.8 literal d) i) or transitory Rule 4.29 of the Accounting Standards and the Chart of Accounts for Financial Institutions have been applied, to which correspond according to the percentage of interests actually paid over the interests determined by the new rate.
- b) For the credits originated in agreement with customers who were given a reduction greater than a third of the compensatory interest rate originally agreed, for the period before the restructuring date, the transitory Rule 4.33 of the Accounting Standards and the Chart of Accounts for Financial Institutions has been applied. In order to classify the debtors under this situation, the particular instruction established that they might be improved up to the category of “normal risk” provided that as at December 31<sup>st</sup>, 2002 they were not classified into the category of “irrecoverable risk”.

According to the particular instruction established by the Financial Institutions Controlling Agency N°128/2004/0321 dated April 16, 2004, the Transitory Regulations 4.29 and 4.33 of the Accounting Regulations and Account Plan for Financial Intermediation Companies and in the terms communicated by the particular instruction N° 128/2003/1057, were extended until December 31, 2004.

According to the particular instruction established by the Financial Institutions Controlling Agency N° 128/2005/0494 dated June 22, 2005, all the regulations in force regarding the particular regime on the credit portfolio established by Nuevo Banco Comercial S.A. are unified in a sole resolution, as follows:

- a) Registration of the restructured Argentine credit portfolio: the decrease in restructured Argentine credits due to the pesification after applying Decree 214/2002 of the Government of the Argentine Republic, is not considered a release granted to the client for its classification.
- b) Overdue restructured credits: the deadlines for transfers among overdue restructured credit accounts are modified:
  - Following thirty days of being booked in “Overdue restructured credits”, unpaid transactions need to be transferred to the account “Under Management for Recovery”.
  - Following thirty days of being booked in “Under Management for Recovery”, unpaid transactions will be transferred to “Delinquent Loans” or “Written off Credits” (from memorandum accounts), according to the antiquity of the first unpaid maturity corresponding to any transaction of the original debts.

In order to consider the stipulated in particular instruction 3.8 d i) (renewal of transactions), 100% of the interest accrued since the date of restructure of the transaction must be received.

- c) Guarantees of overdue restructured credits: in the case of credits previously written off, an income will be recognized for:
  - Cash deposits made in the Bank, when the credit was issued in the same currency, except for cases of credits in local currency with deposits in USA Dollars or Euros. Deposits should be pledged expressly and irrevocably in favor of the Bank.



- Deposits made in the Bank, of public securities and deposit certificates issued by the Bank. Securities should have public quotation in markets not influenced by individual private agents. The credit must have been issued in the same currency as the securities, except in the case of credits in local currency with guarantee of securities issued in USA Dollars or Euros. The deposits should be pledged expressly and irrevocably in favor of the Bank. The pledge of these certificates can be incorporated to the guarantees established in the Particular instruction 3.16 numeral I) section a) numeral i).

Unpaid transactions of the Non Financial Sector are booked in “Overdue loans” after a period of 60 days from their expiration. Consumer loans are booked in “Under management for recovery” after a period of 90 days from their expiration, and they are transferred to “Delinquent loans” after 120 days from their expiration. In the case of Mortgage Loans, they are booked in “Under management for recovery” after a period of 180 days from their expiration, and transferred to “Delinquent loans” after 240 days from their expiration. Finally, Commercial Loans are booked in “Under management for recovery” after a period of 120 days from their expiration, and they are transferred to “Delinquent loans” after 180 days from their expiration.

Financial Sector loans overdue for 1 day or more are booked in “Overdue loans”, after a period of 120 days from their expiration, they are booked in “Under management for recovery” and after 180 days from their expiration they are booked in “Delinquent loans”.

The necessary provisions have been booked to cover eventual losses derived from bad debts, in accordance with Rule 3.12 of the Accounting Standards and Plan of Accounts for Financial Institutions. In order to determine the amount to be provisioned, guarantees admitted by Rules 3.16 and 3.17 of said Accounting Standards have been deducted.

## Risks of Non-Financial Sector

In thousands of Uruguayan pesos

Risk Categories	Credits local currency	Credits foreign currency (equiv. local currency)	Contingencies	Total Risks	Computed guarantees	Constituted Provisions <sup>(1)</sup>		Balance after provisions
						Minimum %	Amount	
1A Op. with liquidity collateral	42.103	245.886	125.060	413.049	313.856	0%	54	412.995
1C Debtors with strong repayment capacity	2.956.369	5.245.493	3.480.389	11.682.251	1.509.918	Equal to or more than 0,5% and less than 3%	59.133	11.623.118
2A Debtors with acceptable repayment capacity	635.610	2.432.118	290.620	3.358.348	1.149.007	Equal to or more than 3% and less than 7%	69.882	3.288.466
2B Debtors with potential repayment problems	225.843	1.167.691	133.172	1.526.706	510.095	Equal to or more than 7% and less than 20%	72.133	1.454.573
3 Debtors with compromised repayment problems	191.304	647.434	142.306	981.044	490.983	Equal to or more than 20% and less than 50%	102.590	878.454
4 Debtors with highly compromised repayment problems	152.036	222.287	26.672	400.995	197.702	Equal to or more than 50% and less than 100%	102.540	298.455
5. Irrecoverable	227.280	109.388	15.693	352.361	16.374	100%	332.837	19.524
<b>SUBTOTAL <sup>(2)</sup></b>	<b>4.430.545</b>	<b>10.070.297</b>	<b>4.213.912</b>	<b>18.714.754</b>	<b>4.187.935</b>		<b>739.169</b>	<b>17.975.585</b>
Other accounts receivable	296.572	105.860	-	402.432	-		-	402.432
90% forward contracts and forward contracts losses not accrued	225.380	33.502	-	258.882	-		-	258.882
Other contingencies	-	-	-	-	-		-	-
<b>TOTAL</b>	<b>4.952.497</b>	<b>10.209.659</b>	<b>4.213.912</b>	<b>19.376.068</b>	<b>4.187.935</b>		<b>739.169</b>	<b>18.636.899</b>

<sup>(1)</sup> In accordance with Rule 3.12, some transactions are not provisioned.

<sup>(2)</sup> It corresponds only to accounts included in the Credit Risk Information, forward contracts are included at 10% of their value.

## Risks Composition of Non-Financial Sector

In thousands of Uruguayan pesos

Risk Categories	Outstanding	Provisions	Overdue credits	Provisions	Other accounts receivable	Provisions	Contingencies	Provisions
1A Op. with liquidity collateral	287.989	28	-	-	-	-	125.060	26
1C Debtors with strong repayment capacity	7.919.399	40.482	-	-	282.463	1.237	3.480.389	17.414
2A Debtors with acceptable repayment capacity	3.067.726	62.146	-	-	2	-	290.620	7.736
2B Debtors with potential repayment problems	1.385.654	64.545	-	-	7.880	552	133.172	7.036
3 Debtors with compromised repayment problems	776.564	73.849	62.003	9.688	171	34	142.306	19.019
4 Debtors with highly compromised repayment problems	325.362	72.970	48.249	21.562	712	182	26.672	7.826
5. Irrecoverable	45.930	39.005	290.373	279.224	365	365	15.693	14.243
<b>SUBTOTAL <sup>(1)</sup></b>	<b>13.808.624</b>	<b>353.025</b>	<b>400.625</b>	<b>310.474</b>	<b>291.593</b>	<b>2.370</b>	<b>4.213.912</b>	<b>73.300</b>
Other accounts receivable	-	-	-	-	402.432	-	-	-
90% forward contracts and forward contracts losses not accrued	258.882	-	-	-	-	-	-	-
Other contingencies	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>14.067.506</b>	<b>353.025</b>	<b>400.625</b>	<b>310.474</b>	<b>694.025</b>	<b>2.370</b>	<b>4.213.912</b>	<b>73.300</b>

<sup>(1)</sup> It corresponds only to accounts included in the Credit Risk Information, forward contracts are included at 10% of their value.

## Risks of Financial Sector

In thousands of Uruguayan pesos

Risk Categories	Demand Deposits Local Currency	Demand Deposits Foreign Currency	Credits Local currency	Credits Foreign currency (equiv. local currency)	Contingencies	Other accounts receivable	Total Risk	Computed guarantees	Constituted Provisions <sup>(1)</sup>		Net risk of provisions
									Minimum %	Amount	
1A Outstanding resident debtors or non-residents BBB+ or higher	130.327	1.454.114	644.571	4.065.990	651.774	-	6.946.776	14.066	0%	-	6.946.776
1B Non-resident debtors with very strong repayment capacity	-	-	-	1.303.960	74.756	14.478	1.393.194	-	Equal to or more than 0.2% and less than 0.5%	2.723	1.390.471
1C Non-resident debtors with strong repayment capacity	-	44.808	-	136.797	54.678	-	236.283	-	Equal to or more than 0.5% and less than 3%	889	235.394
2A Non-resident debtors with acceptable repayment capacity	-	-	-	40.249	497	-	40.746	-	Equal to or more than 3% and less than 7%	1.207	39.539
2B Non-resident debtors with potential repayment problems	-	2.212	-	6.988	22.078	-	31.278	-	Equal to or more than 7% and less than 20%	132	31.146
3 Non-resident debtors with compromised repayment problems	-	-	-	-	-	-	-	-	Equal to or more than 20% and less than 50%	-	-
4 Non-resident debtors with highly compromised repayment problems	-	-	-	-	23.236	-	23.236	-	Equal to or more than 50% and less than 100%	-	23.236
5. Irrecoverable	-	-	-	-	-	-	-	-	100%	-	-
<b>SUBTOTAL <sup>(2)</sup></b>	<b>130.327</b>	<b>1.501.134</b>	<b>644.571</b>	<b>5.553.984</b>	<b>827.019</b>	<b>14.478</b>	<b>8.671.513</b>	<b>14.066</b>		<b>4.951</b>	<b>8.666.562</b>
Other accounts receivable	-	-	-	-	-	-	-	-		-	-
90% forward contracts and forward contracts losses not accrued	-	-	20.535	254.511	-	-	275.046	-		-	275.046
Other contingencies	-	-	-	-	-	-	-	-		-	-
<b>TOTAL</b>	<b>130.327</b>	<b>1.501.134</b>	<b>665.106</b>	<b>5.808.495</b>	<b>827.019</b>	<b>14.478</b>	<b>8.946.559</b>	<b>14.066</b>		<b>4.951</b>	<b>8.941.608</b>

<sup>(1)</sup> In accordance with Rule 3.12, some transactions are not provisioned.

<sup>(2)</sup> It corresponds only to accounts included in the Credit Risk Information, forward contracts are included at 10% of their value. Securities issued by the Central Bank of Uruguay (detailed in Note 3.3) are not considered.

## Risks Composition of Financial Sector

In thousands of Uruguayan pesos

Risk Categories	Demand Deposits	Outstanding Credits	Overdue Credits	Contingencies	Other accounts receivable	Total Risks
1A Outstanding resident debtors or non-residents BBB+ or higher <sup>(2)</sup>	1.584.441	4.710.561	-	651.774	-	6.946.776
1B Non-resident debtors with very strong repayment capacity	-	1.303.960	-	74.756	14.478	1.393.194
1C Non-resident debtors with strong repayment capacity	44.808	136.797	-	54.678	-	236.283
2A Non-resident debtors with acceptable repayment capacity	-	40.249	-	497	-	40.746
2B Non-resident debtors with potential repayment problems	2.212	6.988	-	22.078	-	31.278
3 Non-resident debtors with compromised repayment problems	-	-	-	-	-	-
4 Non-resident debtors with highly compromised repayment problems	-	-	-	23.236	-	23.236
5. Irrecoverable	-	-	-	-	-	-
<b>SUBTOTAL (1)</b>	<b>1.631.461</b>	<b>6.198.555</b>	<b>-</b>	<b>827.019</b>	<b>14.478</b>	<b>8.671.513</b>
Other accounts receivable	-	-	-	-	-	-
90% forward contracts and forward contracts losses not accrued	-	275.046	-	-	-	275.046
Other contingencies	-	-	-	-	-	-
<b>TOTAL</b>	<b>1.631.461</b>	<b>6.473.601</b>	<b>-</b>	<b>827.019</b>	<b>14.478</b>	<b>8.946.559</b>

<sup>(1)</sup> It corresponds only to accounts included in the Credit Risk Information, forward contracts are included at 10% of their value. Securities issued by the Central Bank of Uruguay (detailed in Note 3.3) are not considered.

### 3.7 Provisions

The amounts constituted as at December 31, 2010 for thousands \$ 1.217.937 are presented:

- Thousands \$ 670.389 deducted from the respective asset accounts;
- Thousands \$ 73.731 corresponding to contingencies and thousands \$ 473.817 to statistical reserve are shown in the liability.

The following chart shows the movements in the asset accounts "Allowance for doubtful debtors", and in the liability account "Allowance for contingency accounts", "General Provisions" and "Statistical Reserve":

In thousands of Uruguayan pesos

	Opening balances	Additions	Deductions	Write offs against debt	Other net movements	Final balances
Outstanding Credits - Financial Sector <sup>(1)</sup>	2.454	5.763	4.044	-	318	4.491
Outstanding Credits - Non Financial Sector	333.878	409.988	296.730	-	(94.111)	353.025
Other accounts receivable	7.029	12.325	16.988	-	33	2.399
Overdue loans - Financial Sector	-	-	-	-	-	-
Overdue loans - Non Financial Sector	25.698	31.505	22.804	-	(6.791)	27.608
Under management for recovery	15.125	25.904	18.749	-	2.919	25.199
Delinquent loans	189.577	243.282	176.074	107.560	108.442	257.667
Provisions for Contingencies	63.586	35.145	27.938	-	2.938	73.731
General Provisions	-	-	-	-	-	-
Statistical Reserve	428.632	184.962	148.065	-	8.288	473.817
<b>TOTAL</b>	<b>1.065.979</b>	<b>948.874</b>	<b>711.392</b>	<b>107.560</b>	<b>22.036</b>	<b>1.217.937</b>

<sup>(1)</sup> Includes Demand Deposits.

### 3.8 Restructured problematic credit

The following chart shows the problematic credits transactions restructured in the current year and the final balance of restructured credits.

<b>RESTRUCTURED PROBLEMATIC CREDITS</b>	<b>Number of credits restructured in the current year</b>	<b>Final Balance (Thousands \$)</b>
Outstanding credits	1.051	753.887
Overdue credits	307	47.776
<b>Total restructured problematic credits</b>	<b>1.358</b>	<b>801.663</b>

### 3.9 Investments

The composition of investments as at December 31, 2010 is as follows:

In thousands of Uruguayan pesos

<b>Concept</b>	<b>Total in local currency</b>
Assets received in exchange for loan claims	-
Idle premises	-
Participations in capital authorized by the Central Bank of Uruguay	3.579
Foreign branches	-
Investments in shares	478.875
Other investments	-
Investment provision	-
<b>TOTAL</b>	<b>482.454</b>

The balance of the account “Participations in capital authorized by the Central Bank of Uruguay” corresponds to the Bank’s share in the following companies:

<b>Company</b>	<b>Amount of the participation Thousands \$</b>	<b>Currency in which the investment is calculated</b>
<b>Participations in capital authorized by the Central Bank of Uruguay</b>		
REDBANC S.A. - (participation 12,50% - related party)	258	Uruguayan Pesos
C.U.M.P.S.A. - (participation 27,40% - related party)	2.090	Uruguayan Pesos
B.E.V.S.A. - (participation 19,23% - related party)	1.105	Uruguayan Pesos
S.W.I.F.T. - (nominated participation)	125	Euros
EUROCLEAR OPERATION CENTER - (nominated participation)	1	Euros
<b>TOTAL</b>	<b>3.579</b>	

Under “Investments in shares” is included the investment in NBC Bank Brasil S.A. – Banco Multiplo of which the Bank owns 99,999992% of the shares. The amount booked corresponds to the value applying the equity method at the end of the year. The currency in which it is booked is Brazilian Reales.

### 3.10 Fixed assets

The fixed assets are valued at their acquisition cost restated for inflation applying up to December 31, 2010 the variation of the Wholesale Price Index and then the variation of the Consumer Price Index both published by the National Institute of Statistics upon deduction of the corresponding accumulated depreciation. The net variation generated by the restatement of the year (increase or loss) is booked with credit or debit to the respective equity account. Depreciations over the year are computed on

restated values as at the end of the year, using the percentages set forth by the Central Bank of Uruguay, as follows:

	<b>Annual depreciation rate</b>
Buildings and safekeeping	2 %
Furniture, fixtures and fittings	10 %
Vehicles	20 %
Computer equipment	20 %

Costs of repair and maintenance are debited to the results of the year.

In compliance with Communication 2004/021, the Bank proceeded to compare the book value of its premises with their market value at the end of the year 2010, booking them by the latter in those cases in which the valuations were lower than 90% of their revaluated cost, net of depreciations.

We are including below the breakdown of the corresponding balances:

**In thousands of Uruguayan pesos**

Concept	Inflation restated value	Annual depreciation percentages %	Accumulated depreciation	Depreciation over the year	Net Value	Market Value	Book Value
<b>Owned Fixed Assets</b>	<b>1.469.229</b>		<b>528.846</b>	<b>72.565</b>	<b>940.383</b>	<b>890.548</b>	<b>814.236</b>
Premises - Lands	<b>856.701</b>		-	-	750.904	<b>890.548</b>	624.757
Premises - Buildings		2 to10	105.797	11.747			
Furniture, fixtures and fittings	235.579	10	158.237	23.210	77.342		77.342
Computer equipment	338.338	20	252.931	34.955	85.407		85.407
Safekeeping boxes	27.690	2	4.292	554	23.398		23.398
Vehicles	10.921	20	7.589	2.099	3.332		3.332
Improvements and installations on leased properties	-	20	-	-	-		-
<b>Taken in financial leasing</b>	<b>311.988</b>		<b>247.342</b>	<b>24.530</b>	<b>64.646</b>		<b>64.646</b>
Computer equipment	271.896	20	219.725	20.966	52.171		52.171
Vehicles	-	20	-	-	-		-
Other	40.092	2 to 10	27.617	3.564	12.475		12.475
<b>Buildings under construction</b>	-				-		-
<b>TOTAL</b>	<b>1.781.217</b>		<b>776.188</b>	<b>97.095</b>	<b>1.005.029</b>		<b>878.882</b>

### 3.11 Intangible assets

The acquisition costs of application software, regarding the Bank's project to change its information technology infrastructure, include the software license and implementation costs. Those deferred charges are amortized during 60 months as of the date each system is promoted into production.

We detail below the corresponding amounts:

**In thousands of Uruguayan Pesos**

Concept	Net opening balance	Increases	Fiscal year amortization	Net ending balance
Goodwill	-	-	-	-
Application software	75.539	31.301	26.930	79.910
Authorized by the Central Bank of Uruguay	-	-	-	-
<b>TOTAL</b>	<b>75.539</b>	<b>31.301</b>	<b>26.930</b>	<b>79.910</b>

### 3.12 Subordinated debentures

As at December 31, 2010, there are no subordinated debentures.

### 3.13 Guarantees granted on liabilities

As at December 31, 2010 there are no guarantees granted on liabilities.

### 3.14 Distribution of loans and financial intermediation obligations by their maturity based on the remaining period

The loans and obligations of the Bank as at December 31, 2010, by their maturity based on the remaining period, are exposed in the following chart.

In thousands of Uruguayan Pesos

Concept	Amounts by maturity terms			
	Less than 1 year	From 1 to 3 years	More than 3 years	Total
Outstanding Credits - Financial Sector <sup>(1)</sup>	7.799.690	-	-	7.799.690
Outstanding Credits - Non Financial Sector <sup>(2)</sup>	9.943.853	2.786.341	1.049.684	13.779.878
Outstanding Credits from forward contracts	593.000	-	-	593.000
<b>Total Outstanding Credits</b>	<b>18.336.543</b>	<b>2.786.341</b>	<b>1.049.684</b>	<b>22.172.568</b>
Obligations - Financial Sector <sup>(2)</sup>	509.629	459.200	257.484	1.226.313
Obligations - Non Financial Sector <sup>(2)</sup>	22.784.604	128.299	477.140	23.390.043
Obligations from forward contracts	597.993	-	-	597.993
<b>Total Obligations</b>	<b>23.892.226</b>	<b>587.499</b>	<b>734.624</b>	<b>25.214.349</b>

<sup>(1)</sup> Includes demand deposits for thousands \$ 1.631.461. Forward contracts, other accounts receivable and securities issued by the Central Bank of Uruguay are not included

<sup>(2)</sup> Forward contracts and other accounts receivable are not included.

As regards operations that imply payments in installments, each term includes only the installments with effective maturity in its term.

### 3.15 Loan portfolio concentration to the Non-Financial Sector

We detail below the loan portfolio concentration to the Non Financial Sector as at December 31, 2010. To these effects, a risk is conformed by that of an individual or legal entity together with those of the economic group they belong to, as established in article 86 of the Compilation of Central Bank Regulations. Forward contracts are considered for 10% of their balance.

In thousands of Uruguayan Pesos

	Amounts before provisions (net of financial interests in suspense)							
	Outstanding	%	Overdue	%	Contingencies	%	Total	%
10 main risks	2.106.670	15	-	0	36.584	1	2.143.254	11
50 main risks	4.629.059	33	-	0	263.904	6	4.892.963	26
100 main risks	5.818.563	41	-	0	395.702	9	6.214.265	33
<b>Total portfolio</b>	<b>14.067.506</b>		<b>400.625</b>		<b>4.213.912</b>		<b>18.682.043</b>	

### 3.16 Loan portfolio concentration by economical activity to the Non-Financial Sector

We detail below the loan portfolio concentration by economical activity to the Non Financial Sector as at December 31, 2010.

In thousands of Uruguayan Pesos

Loan destination	Amounts before provisions				
	Outstanding	Overdue	Other credits	Contingencies	Total
Public Sector <sup>(1)</sup>	483.896	-	-	81.162	565.058
Agriculture	1.411.382	11.591	1	84.076	1.507.050
Industry	1.735.608	7.568	-	69.288	1.812.464
Construction	405.478	207	-	13.928	419.613
Commerce	2.852.837	16.835	1.229	300.313	3.171.214
Hotels and Restaurants	123.068	270	-	4.196	127.534
Transportation, warehouse and communication	957.229	12.186	-	112.549	1.081.964
Financial services	91.278	-	80.800	113.963	286.041
Other services	547.360	3.436	-	96.211	647.007
Families	3.367.531	275.704	177.356	3.066.100	6.886.691
Other	1.418.715	45.789	1.032	247.177	1.712.713
<b>Credits to Residents' total</b>	<b>13.394.382</b>	<b>373.586</b>	<b>260.418</b>	<b>4.188.963</b>	<b>18.217.349</b>
Non residents	414.242	27.039	31.175	24.949	497.405
<b>Credits to Non Financial Sector's total <sup>(2)</sup></b>	<b>13.808.624</b>	<b>400.625</b>	<b>291.593</b>	<b>4.213.912</b>	<b>18.714.754</b>
Other accounts receivable	-	-	402.432	-	402.432
90% forward contracts and forward contracts losses not accrued	258.882	-	-	-	258.882
Other contingencies	-	-	-	-	-
<b>TOTAL</b>	<b>14.067.506</b>	<b>400.625</b>	<b>694.025</b>	<b>4.213.912</b>	<b>19.376.068</b>

<sup>(1)</sup> The Public Sector includes all credits maintained with state owned companies or with the Central Administration, independently from their sector of activity.

<sup>(2)</sup> It corresponds to all accounts included in the Central Risk Information.

### 3.17 Non-financial Sector deposits' concentration

We detail below the deposit concentration of the non-financial sector as at December 31, 2010.

In thousands of Uruguayan Pesos

	Deposits in local and foreign currency (includes interest accrued)			
	Residents	%	Non Residents	%
10 main depositors	1.647.003	8	-	0
50 main depositors	3.462.657	17	-	0
100 main depositors	4.607.828	23	96.090	4
<b>Total deposits</b>	<b>20.093.961</b>		<b>2.221.277</b>	

In addition, the account Deposits of Non Financial Sector includes thousands \$ 841.234 from other obligations of the Non Financial Sector.

### 3.18 Classification by type of deposit

We are including below the breakdown of the non-financial sector's deposits:

In thousands of Uruguayan Pesos

Type of deposit	Residents		Total residents	Annual variation	Non Residents		Total non residents	Annual variation	Total	
	Local Currency	Foreign Currency			Local Currency	Foreign Currency			Amount	%
Current accounts	3.073.453	5.210.368	8.283.821	1.907.432	17.186	137.282	154.468	19.267	8.438.289	38
Sight deposits	44.961	91.021	135.982	114.733	246	36.946	37.192	37.192	173.174	1
Savings accounts	1.350.631	6.710.430	8.061.061	1.298.843	4.160	1.403.732	1.407.892	108.111	9.468.953	42
Time deposits	1.061.266	894.692	1.955.958	264.809	5.366	551.879	557.245	(34.625)	2.513.203	11
Others	626.972	1.021.483	1.648.455	(32.603)	1.239	62.511	63.750	(4.804)	1.712.205	8
Accrued interest	6.726	1.958	8.684	3.399	43	687	730	(1.189)	9.414	0
<b>Total deposits NFS</b>	<b>6.164.009</b>	<b>13.929.952</b>	<b>20.093.961</b>	<b>3.556.613</b>	<b>28.240</b>	<b>2.193.037</b>	<b>2.221.277</b>	<b>123.952</b>	<b>22.315.238</b>	

Additionally, under Deposits of the Non Financial Sector is included thousands \$ 841.234 from other obligations in the Non Financial Sector.

### 3.19 Distribution of loans and obligations for financial intermediation with non-residents by country

We detail below the credit and financial obligations distribution with non-residents by country as at December 31, 2010.

In thousands of Uruguayan Pesos

Concept	Capital and accrued interests (net of suspended interests)					Total
	Demand Deposits	Credits Financial Sector <sup>(1)</sup>	Credits Non Financial Sector <sup>(1)</sup>	Outstanding Credits Forward Contracts	Other accounts receivable	
Argentina	2.212	6.988	37.552	-	1	46.753
Brazil	-	1.036.551	348.191	-	14.478	1.399.220
U.S.A.	1.064.164	2.469.202	-	22.753	86	3.556.205
Other	114.851	707.393	55.537	-	31.091	908.872
<b>Subtotal <sup>(2)</sup></b>	<b>1.181.227</b>	<b>4.220.134</b>	<b>441.280</b>	<b>22.753</b>	<b>45.656</b>	<b>5.911.050</b>
Other accounts receivable	-	-	-	-	13.529	13.529
90% forward contracts and forward contracts losses not accrued	-	-	-	206.906	-	206.906
<b>TOTAL</b>	<b>1.181.227</b>	<b>4.220.134</b>	<b>441.280</b>	<b>229.659</b>	<b>59.185</b>	<b>6.131.485</b>

In thousands of Uruguayan Pesos

Concept	Capital and accrued interests			Total
	Obligations Financial Sector <sup>(1)</sup>	Obligations Non Financial Sector <sup>(1)</sup>	Obligations Forward Contracts	
Argentina	21.150	1.385.194	-	1.406.344
Brazil	6.922	362.033	-	368.955
U.S.A.	596.465	141.586	247.314	985.365
China	207.692	-	-	207.692
Other	161.493	469.632	-	631.125
<b>TOTAL</b>	<b>993.722</b>	<b>2.358.445</b>	<b>247.314</b>	<b>3.599.481</b>

<sup>(1)</sup> Forward contracts and other accounts receivable are not included.

<sup>(2)</sup> It corresponds to all accounts included in the Credit Risk Information.



### 3.20 Transactions with related parties

Related parties are individuals or companies, from the country or abroad, which form an economic group with the Bank, in accordance with the definition of article 64 and article 86 of the Compilation of Central Bank Regulations.

At the end of the year, the balances with related parties and the results originated by transactions with the same are as follows.

<b>Thousands \$ (local currency and foreign currency equiv. in local currency)</b>				
	<b>Placements <sup>(1)</sup></b>	<b>Securities</b>	<b>Obligations</b>	<b>Result</b>
<b>Financial Sector</b>	<b>266.246</b>	<b>100</b>	<b>-</b>	<b>12.515</b>
Local companies	-	-	-	-
Head Office, foreign branches and subsidiaries of Head Office	-	-	-	-
Controlling entity, branches and subsidiaries of the foreign controlling entity	-	-	-	-
Foreign branches	-	-	-	-
Foreign subsidiaries	266.246	100		12.515
Related banks and other foreign institutions	-	-	-	-
<b>Non Financial Sector</b>	<b>160.786</b>	<b>-</b>	<b>27.581</b>	<b>9.768</b>
Pension fund managers	-	-	-	-
Investment funds	-	-	-	-
Credit administrators	-	-	-	-
Others - individuals	5.294	-	24.947	15
Others - companies	155.492	-	10.603	9.753
			Net result with related parties \$	22.283

<sup>(1)</sup> Includes demand deposits.

### 3.21 Forward contracts

Forward contracts as at December 31, 2010 are as follows:

	<b>Thousands \$</b>
<b>Assets</b>	
Future purchase of foreign currency	320.014
Debtors for future sale of foreign currency	267.842
Non accrued losses	5.143
Doubtful debtors' provision	(200)
<b>Total Assets</b>	<b>592.799</b>
<b>Liabilities</b>	
Future sale of foreign currency	511.388
Creditors for future purchase of foreign currency	79.324
Non accrued income	7.280
<b>Total Liabilities</b>	<b>597.992</b>

### 3.22 Contingency situations

Four judicial processes are pending in which ex employees of Banco Comercial S.A. and Banco la Caja Obrera S.A. claim punitive damages against NBC S.A. for not being selected as part of its work force. Their claims are based on the allegedly incorrect application of objective selection criteria which they believe were previously announced by the Bank.

The amount of the lawsuits is of US\$ 3,3 million plus readjustments and legal interests.

Up to date, there have been three verdicts in First Instance and one in Second Instance in which the claims were rejected regarding to Nuevo Banco Comercial, taking this into account, it is considered probable that favorable results will be obtained.

It is the opinion of NBC's Board of Directors and of its Legal Advisors' that all the indicated lawsuits should ultimately be rejected due to previous exceptions and arguments, such as the fact that in all these processes NBC lacks passive legitimation under the Banking System Strengthening Law N° 17.613, and specially considering that the transfer of universalities foreseen by this law does not imply universal succession (Art. 38).

## Note 4 - Equity

### 4.1 Capital Adequacy

The Central Bank regulations require the maintenance of a Net Equity Responsibility constituted by the "Essential Net Equity" and the "Complementary Net Equity", with the condition that the "Complementary Net Equity" should not be higher than the "Essential Net Equity".

The Net Equity Responsibility should not be lower than the highest of three parameters, as established by Article 14 of the Compilation of Central Bank Regulations (C.C.B.R.).

The parameters are:

- Capital requirement for credit and market risks.
- Basic Equity Responsibility, determined by article 15 of the Compilation of Central Bank Regulations.
- 4% of the total assets and contingencies, net of provisions.

As at December 31, 2010 the net equity responsibility of the Bank (essential net equity plus complementary net equity) amounts to thousands \$ 3.635.523, higher than the minimum required by the Central Bank of Uruguay of thousands \$ 1.828.572, which corresponds to requirement for credit and market risks.

In thousands of Uruguayan Pesos

Concept	Local Currency
<b>Essential Net Equity (E.N.E.)</b>	<b>3.635.523</b>
- Common stock	3.634.000
- Additional paid in capital	-
- Adjustments to equity	964.379
- Reserves	-
- Retained earnings	(882.946)
- Cooperative shares with interest (regulated by law N° 17.613)	-
- Credits with Head Office and subsidiaries	-
- Special investments and deferred charges	(79.910)
<b>Complementary Net Equity (C.N.E.)</b>	<b>-</b>
- Subordinated loans (up to 50% C.N.E.)	-
- General provisions (up to 1,25% assets and contingencies weighed by credit risk)	-
<b>Net Equity Responsibility (N.E.R. = E.N.E. + C.N.E.)</b>	<b>3.635.523</b>
<b>Subordinated loans admitted to hedge market risk (S.L.M.R)</b>	
- Subordinated loans admitted to hedge market risk (up to the maximum between 250% of the E.N.E. assigned to cover said risk and the difference between E.N.E. and C.N.E.)	-
<b>Minimum Net Equity Responsibility (M.N.E.R.)</b>	<b>1.828.572</b>
- Capital requirement for credit risk (article 14.1 C.C.B.R.)	1.585.201
- Capital requirement for market risk (article 14.2 C.C.B.R.)	243.371
- 4% of assets and contingent accounts (article 14 C.C.B.R.)	1.379.099
- Basic Equity Responsibility (art. 15 C.C.B.R.)	278.070
<b>(N.E.R.+S.L.M.R) / M.N.E.R.</b>	<b>1,99</b>
<b>(N.E.R. +S.L.M.R) / (Assets weighted according to their risk+12,5*Market risk)</b>	<b>0,16</b>

## 4.2 Loss absorption and capitalization of adjustments to shareholders' equity

On September 30, 2010, the Extraordinary Stockholders' Meeting approved the absorption of accumulated losses by thousands \$ 489.596 decreasing the Common Stock by thousands \$ 355.282 and the Adjustments to Shareholders' Equity by thousands \$ 134.314 and then the capitalization of Adjustments to Shareholders' Equity in order to maintain \$ 3.634.000 in Common Stock.

## Note 5 - Information regarding results

### 5.1 Recognition of gains and losses

The income and expenses are recognized based on the accrual principle. Nonetheless, according to Rule 3.3 of the Accounting Standards and Chart of Accounts for Financial Institutions, financial products may not be recognized as profit – unless received in cash – when the debtors are classified as “Debtors with compromised repayment problems”, “Debtors with highly compromised repayment problems” or “Irrecoverable Debtors”. When, in accordance with regulations in force, a transaction must be reclassified in any of the categories mentioned above, financial products recognized as profit during the period and not effectively collected should be adjusted with credit to the accounts “Financial products in suspense”.

Loans include thousands \$ 1.549.729 which do not accrue interest in accordance with Central Bank regulations.

The Income Tax calculated corresponds to the current tax.

### 5.2 Result from services

In thousands of Uruguayan Pesos

	Local currency	Foreign currency
<b>COMMISSION INCOME</b>	<b>538.376</b>	<b>238.770</b>
Guarantees granted	3	5.566
Credit Cards	412.167	78.423
Foreign trade	11	16.353
Other commissions income	126.195	138.428
<b>COMMISSION EXPENSES</b>	<b>186.726</b>	<b>142.084</b>
Commissions paid to foreign banks	-	54
Brokerage commissions	1.410	510
Rural business	-	-
Other commission expenses	185.316	141.520

## Note 6 - Taxes

We detail below the results corresponding to each of the taxes levied on the Bank's activities:

In thousands of Uruguayan Pesos

Concept	Charge to result of the period
Income Tax	72
Capital Tax	73.235
Value Added Tax	100.032
Regulatory oversight of the Financial System Duty	20.501
Other	13.824
<b>TOTAL</b>	<b>207.664</b>

## **Note 7 - Operations with derivatives**

Derivatives used by the bank are purchases, sales and arbitrages of foreign currency. Unrealized income and losses of these contracts are calculated based on the difference between the rate agreed and the rate at the closing of the contract and are deferred in accordance with the term of the respective contracts.

Derivatives are used by the Bank for hedge position transactions, being the NDF (non-deliverable forward) the most frequently used. As at December 31, 2010, there were twenty forward transactions in force, their book values are detailed in Note 3.21.

## **Note 8 - Integral Risk Management System**

The Bank has a Risk Area which operates independently from the Commercial Areas with the objective of obtaining an adequate equilibrium between commercial and risk factors.

In addition, the Bank has an Integral Risk Management Model which documents the policies, procedures, structure, roles and responsibilities required for the identification, disclosure and management of the different risks the Bank is exposed to, maximizing efforts to suit to the requirements of the Minimum Standards for Financial Institutions Management. For this, works within the Corporate Government the Integral Risk Management Committee.

Additional information regarding the Bank's Integral Risk Management System is included in the Corporate Government's Annual Report (non audited information) required by article 36.3 of the Compilation of Central Bank Regulations, which is available on the Bank's website.

## **Note 9 - Trusts**

During this year, the Bank has not transferred loans to financial trusts nor acted as trustee.

## **Note 10 - Subsequent events**

On February 28, 2011, the Extraordinary Stockholders' Meeting approved the reduction of the paid in capital by the redemption of preferred shares for the first installment of a total of five. This reduction must be approved by the Central Bank of Uruguay.

No other significant subsequent events took place that should be informed following the date of the financial statements.



Cr. José Horacio Petrocelli  
*Director*



Lic. Matías Eduardo Campiani  
*Director*



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## Independent Auditors' Report

To the Board of Directors of  
Nuevo Banco Comercial S.A.

We have audited the accompanying financial statements of Nuevo Banco Comercial S.A., which comprise the balance sheet as at December 31, 2010 and the corresponding income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting standards and valuation criteria, risk classification criteria and presentation regulations established by the Central Bank of Uruguay. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing issued by the International Federation of Accountants (IFAC) and with standards established by Central Bank of Uruguay. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design 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. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Opinion*

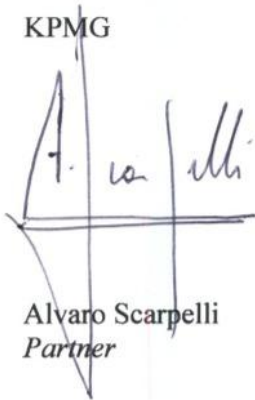
In our opinion the financial statements present fairly, in all material respects, the financial position of Nuevo Banco Comercial S.A. as at December 31, 2010 and of its financial performance and its cash flows for the year then ended in accordance with accounting standards and valuation criteria, risk classification criteria and presentation regulations established by the Central Bank of Uruguay, considering the particular standards established by the Financial Institutions Controlling Agency for Nuevo Banco Comercial S.A..

*Emphasis of matters that do not affect our opinion*

The regulations and criteria mentioned in the preceding paragraph constitute the legal accounting standards in force in Uruguay for the presentation of financial statements of entities regulated by the Central Bank of Uruguay. The differences that could eventually arise between these financial statements and those which could be prepared in accordance with International Financial Reporting Standards (IFRS) have not been determined nor quantified.

March 28, 2011

KPMG



Alvaro Scarpelli  
Partner

