



Banco Nacional de Costa Rica

Presentation for Bank of America Merrill Lynch 2015 EM Corporate Conference Miami Beach, FL, 27-29, 2015



2015
March



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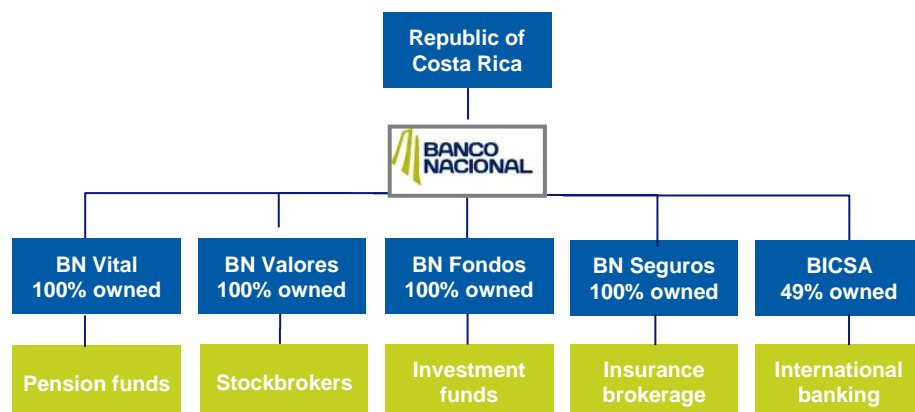
Banco Nacional de Costa Rica at a Glance

Company Overview

Profile

- Established in 1914 in San Jose; one of the oldest financial institutions in Costa Rica
- Dominant market position in assets, loans, and obligations with the public, capturing a 23%, 21%, and 24% market share, respectively
- Autonomous and legally independent public institution wholly owned by the Costa Rican government
- Rated Ba2 by Moody's Investor Services and BB+ by Fitch Ratings
- Operates three major business units: corporate banking, personal/consumer banking, and small and micro-enterprises banking ("SME")

Corporate Structure



Business Segment Overview

Corporate Banking

- Provides services to clients who satisfy two of four criteria:
 - > US\$2.5 million in sales
 - > 300 people employed
 - > US\$4 million in credit balances
 - Maintain deposit balance of US\$2.0 million or more

Personal / Consumer Banking

- Products** : savings and checking accounts, credit cards, mortgages, and consumer loans
- Target Market**: economically active middle-class customers
- Access**: via electronic, telephone, mobile, or internet platforms

SME

- Target Market**: SMEs with
 - < 100 employees
 - up to US\$1.5 million in sales
- Products**: loans, automatic charges, and credits cards

Award Winning Bank

- 2012, 2009: Performance Excellence Award
- 2011, 2008, 2007, 2006, 2005, 2004: Quality Recognition Award; 2011, 2008, 2007 and 2006: Bank of the year
- 2011, 2008-2004, 2013: U.S. Dollar Clearing
- 2010: Best bank in Costa Rica
- 2010, 2013: Performance Excellence Award
- 2008, 2007: Best bank in Costa Rica



LATINFINANCE



The Banker



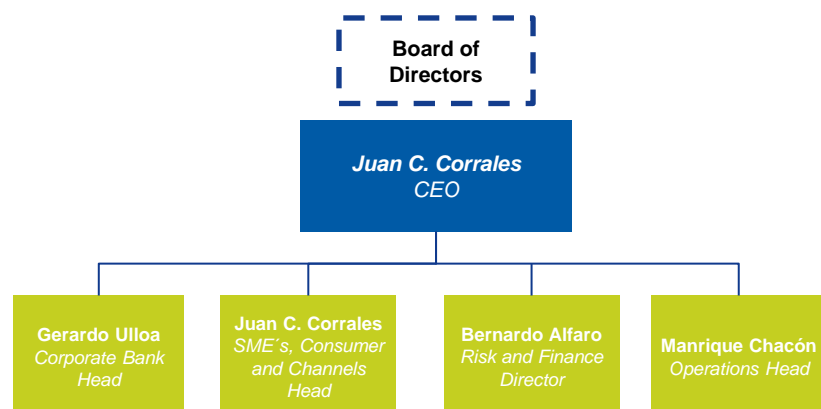
EUROMONEY



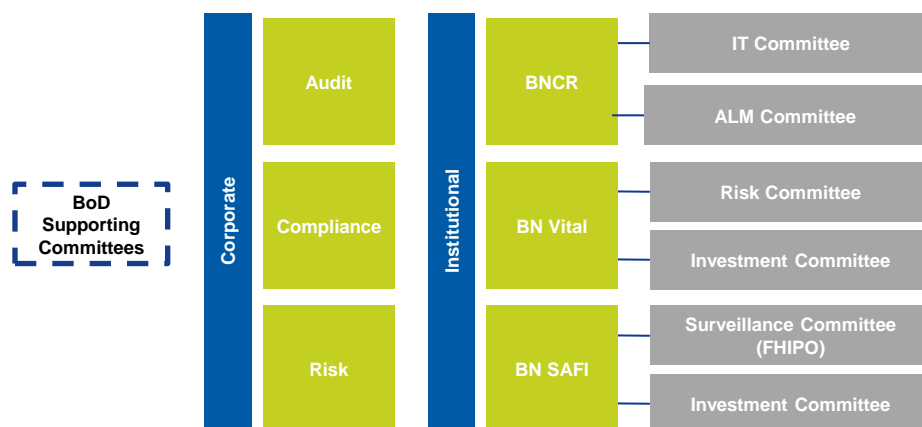
Company Overview (Cont'd)

Management Team

Management Structure



Work Flow Structure



Summary Financials (year-end)

(US in MM)

BNCR and Subsidiaries 2010 2011 2012 2013 2014

Balance sheet

Total Assets	\$6,880	\$7,276	\$8,215	\$10,291	\$10,378
Total Loans	4,004	4,633	5,147	6,126	6,332
Total Deposits	5,538	5,854	6,473	9,383	9,512
Equity	\$722	\$765	\$854	\$918	\$938

Income Statement

Net Interest Income	\$283	\$299	\$341	\$365	\$367
Net Commissions	126	145	166	\$174	\$181
Net Foreclosed Assets (Exp)	(23)	(57)	(27)	(\$45)	(\$27)
Net FX Income	34	36	39	\$42	\$46
Other Revenues (Exp)	(45)	(44)	(93)	(\$163)	(\$128)

Total Revenues **\$375** **\$379** **\$426** **\$373** **\$439**

Administrative Expenses 285 312 339 366 347

Pre-Tax Income 90 67 87 53 119

Net Consolidated Income **\$62** **\$51** **\$89** **\$51** **\$74**

Key ratios

NPL Ratio	2.4%	3.0%	3.4%	2.5%	2.2%
Coverage	64.7%	58.9%	48.0%	40.0%	45.7%
Regulatory Capital	12.8%	12.3%	11.9%	10.9%	12.9%
ROAE	8.8%	6.9%	11.8%	6.0%	8.5%
ROAA	0.9%	0.7%	1.2%	0.6%	0.8%

(1) Net consolidated income, ROAE, and ROAA were calculated on an annualized basis.



Highlights

Highlights

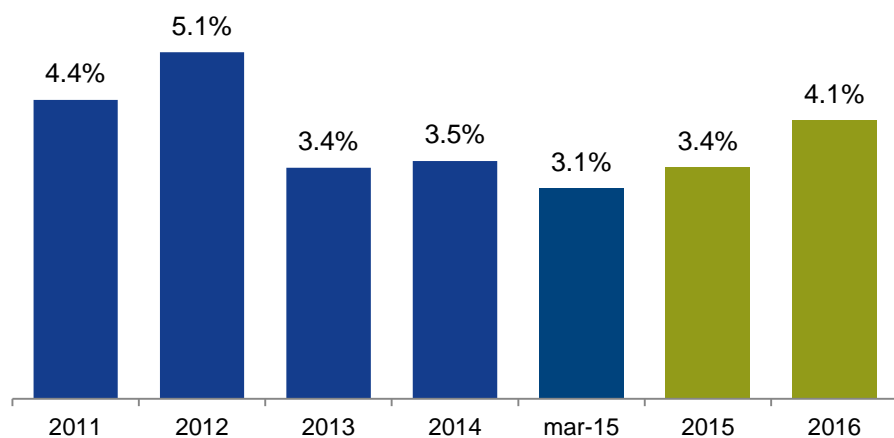
- 1 Macroeconomic fundamentals
- 2 BNCR in Costa Rica's Financial System
- 3 Financial performance
- 4 Balance sheet structure and asset/liability management
- 5 Capitalization and liquidity

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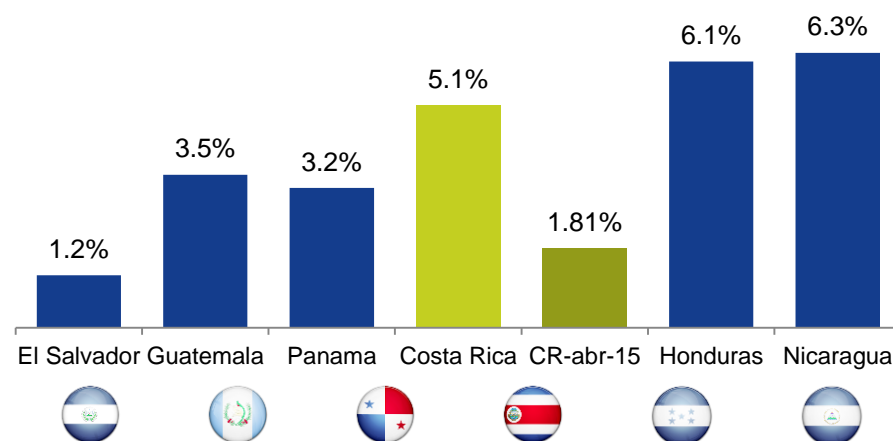
1 Costa Rica's Economy in Central America...

Real GDP Growth



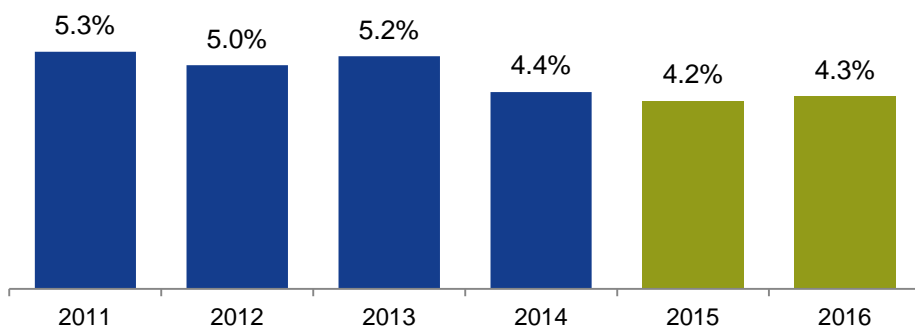
Source: IMF.

Average Annual Change in Consumer Prices (2014)



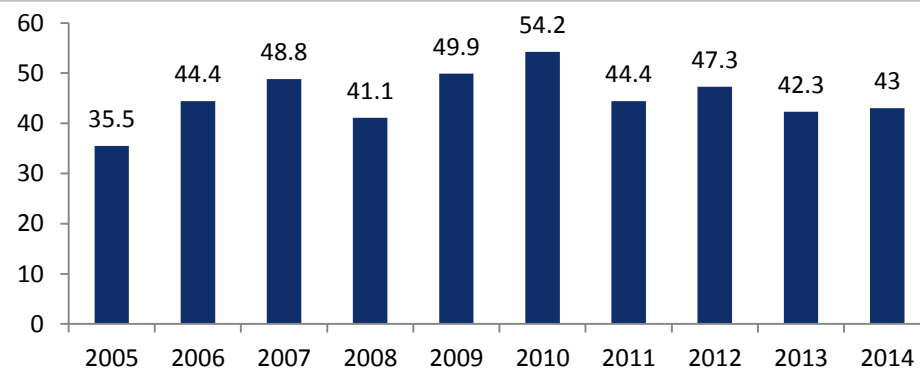
Source: IMF.

CR. Foreign Direct Investment (as % GDP)



Source: EIU.

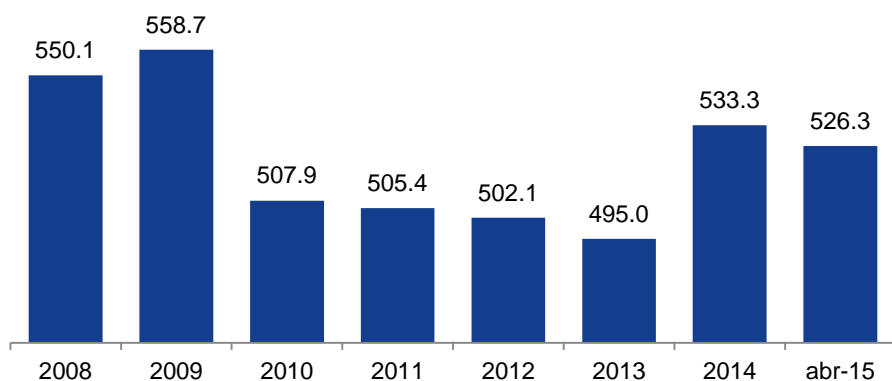
CR. International Reserves / External Debt (%)



Source: World Bank

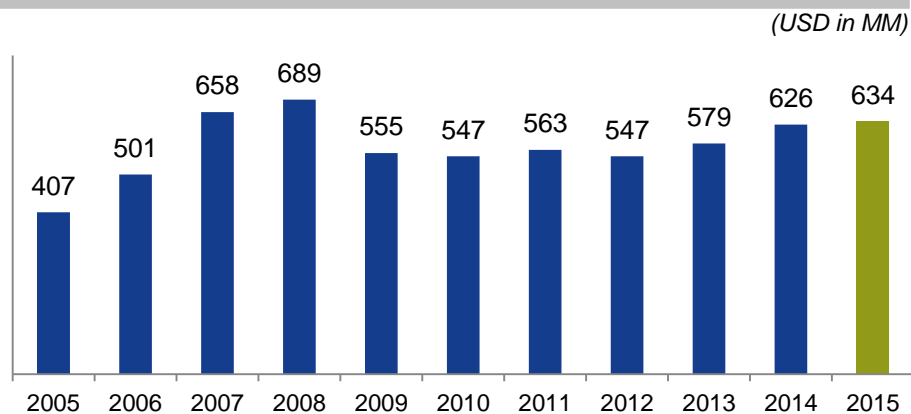
1 External stability

Costa Rican Colon Per US Dollar Evolution



Source: BCCR.

Remittances



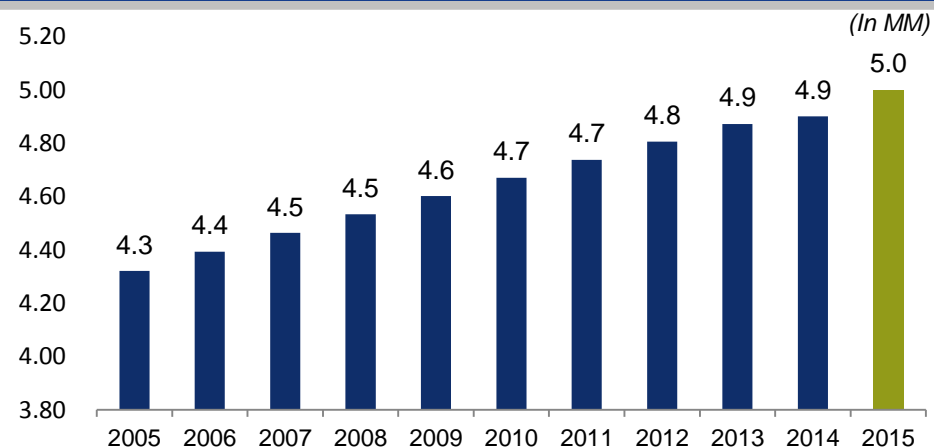
Source: EIU.

Comparative Macroeconomic Indicators

Country	GDP (US\$bn)	Real GDP 2014	GDP per Capita	Consumer Prices	Balance on Current Account
Costa Rica	\$49.6	3.5	\$10,184.6	5.1%	-4.5%
Guatemala	53.7	4.0	3,477.9	3.4	-2.3
Panama	42.6	6.2	11,036.8	2.6	-12.0
El Salvador	24.2	2.0	3,826.1	1.1	-5.0
Honduras	18.5	3.1	2,290.8	6.1	-7.4
Nicaragua	11.2	4.5	1,851.1	6.0	-6.2

Source: IMF

Population



Source: EIU.

Highlights

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Highlights

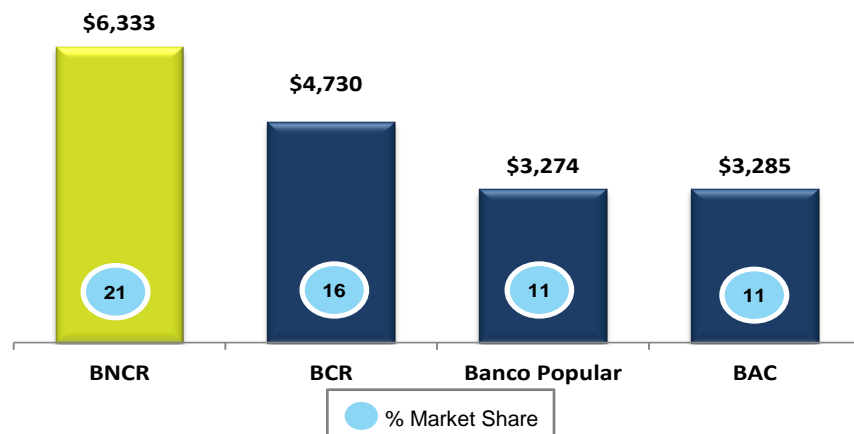
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2 Dominant Banking Position in Costa Rica...

Total Loans and Market Share

(As March 2015)

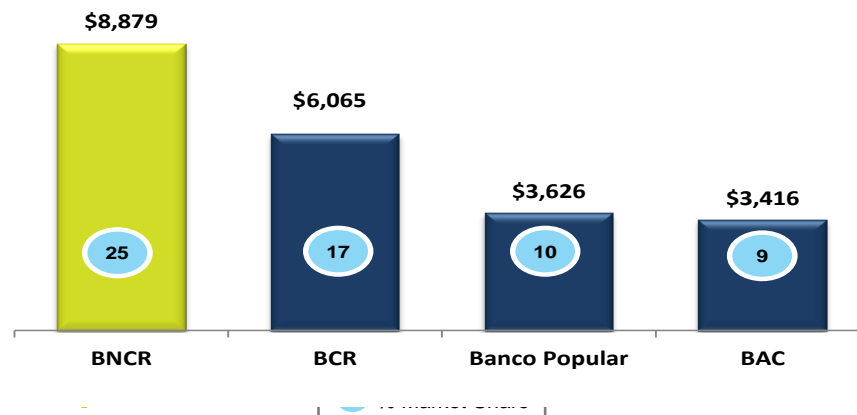
(USD in MM)



Deposits with the Public and Market Share

As March 2015

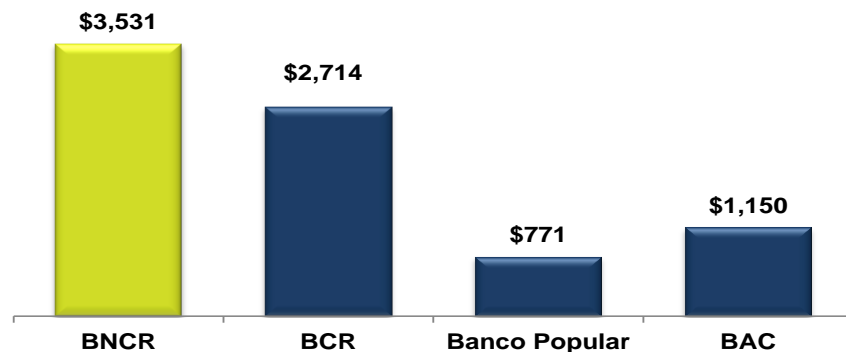
(USD in MM)



Corporate Loan Portfolio

(As of March 2015)

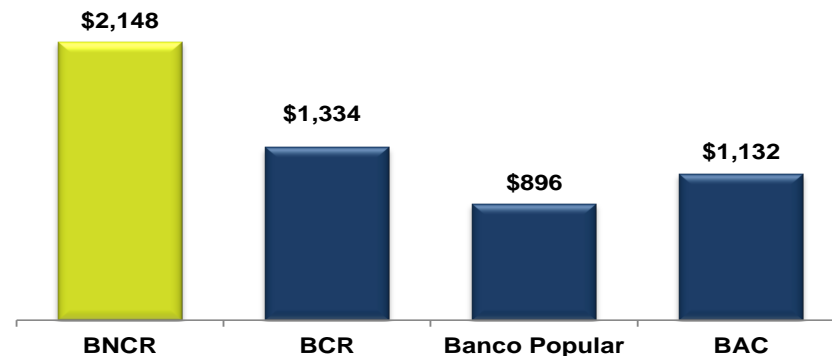
(USD in MM)



Mortgage Portfolio

(As of March 2015)

(USD in MM)



Source: BCCR, SUGEF.

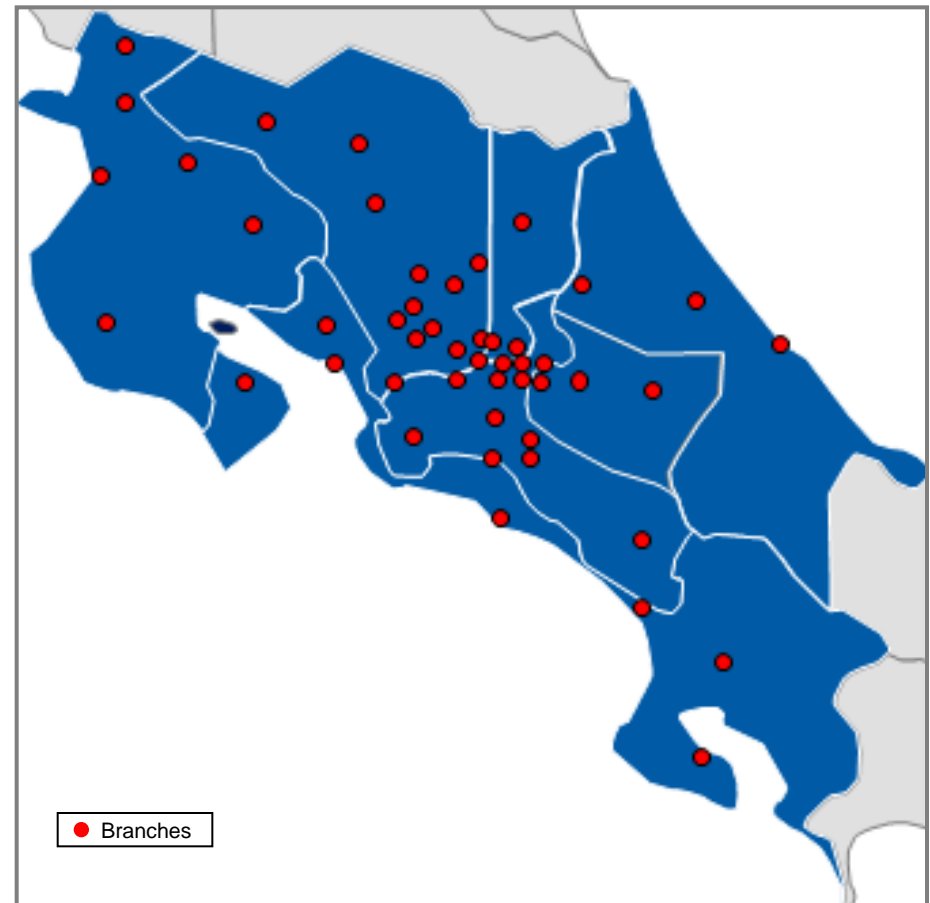
Note: all charts based on stand-alone figures.

2 ...with a Nationwide Footprint

Extensive Reach

- ✓ Serves over 1.8mm people nationwide
- ✓ 4 out of 10 Costa Ricans are BNCR customers
- ✓ Most extensive distribution network than any bank in Costa Rica, with
 - 183 branches
 - 465 ATMs located throughout the country
 - Access to an additional 409 ATMs through commercial agreements with other banks
- ✓ Offers basic banking transactions via “BN Servicios”; partnered with local retailers in 2,614 service points across the country
- ✓ In 2014, BNCR will celebrate 100 years of providing quality financial services to Costa Ricans

Broadest Distribution Network in the Country



Highlights

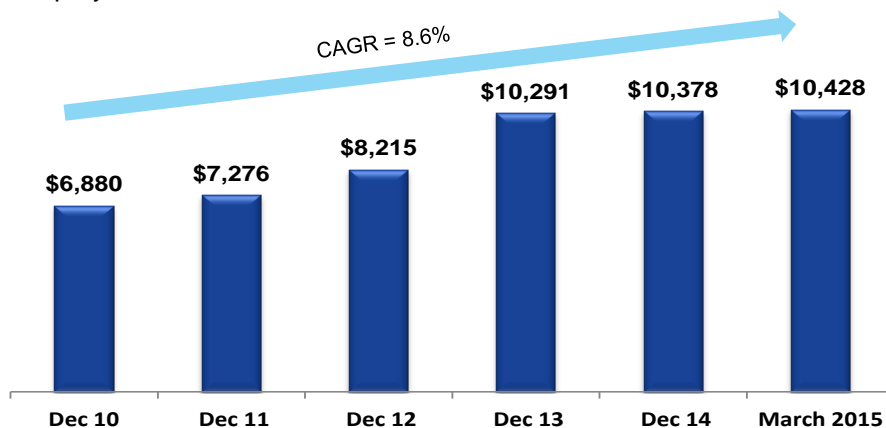
- 1 Macroeconomic fundamentals
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Total Assets

2015 projection: 9.2%

(USD in MM)

CAGR = 8.6%

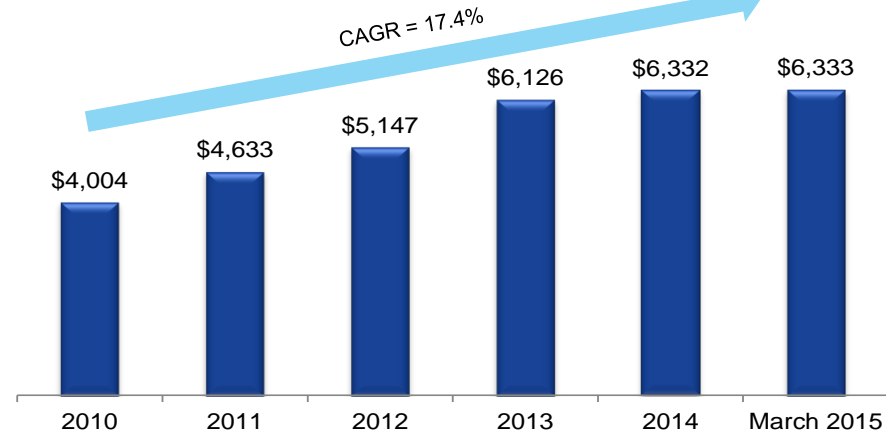


Total Loans

2015 projection: 11%

(USD in MM)

CAGR = 17.4%

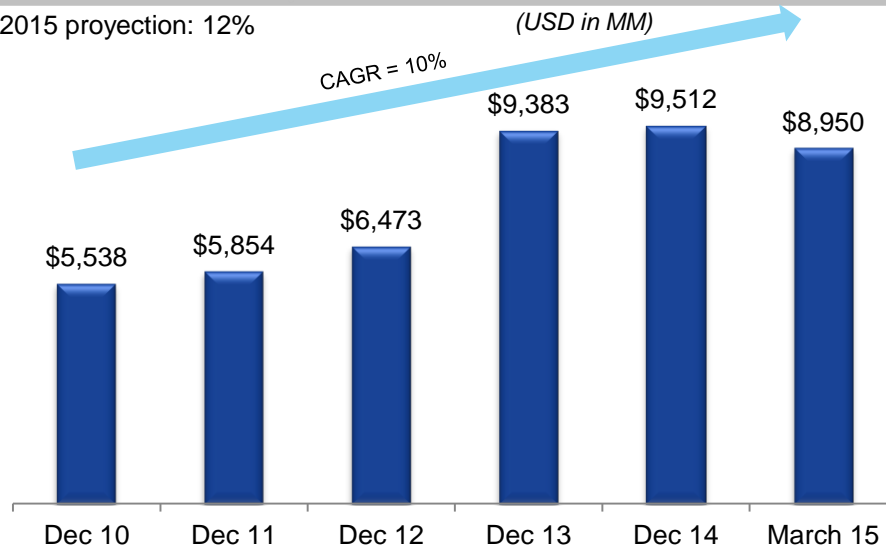


Deposits from the Public

2015 projection: 12%

(USD in MM)

CAGR = 10%

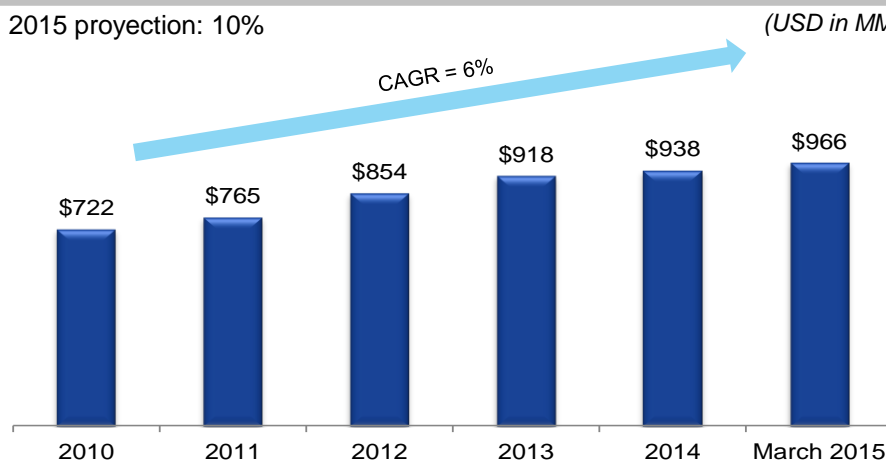


Net Equity

2015 projection: 10%

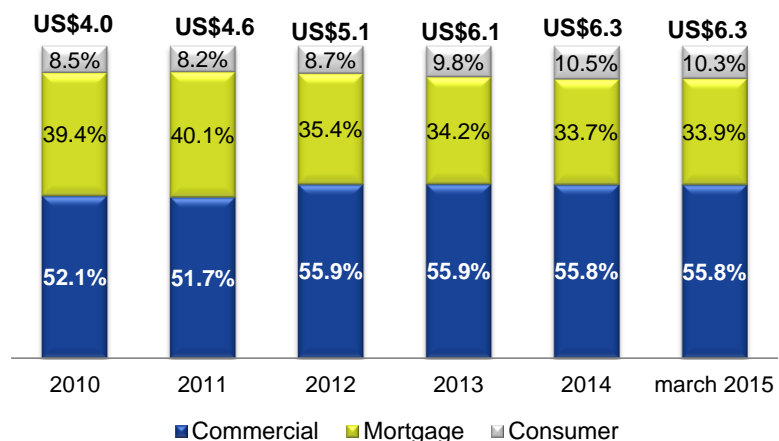
(USD in MM)

CAGR = 6%

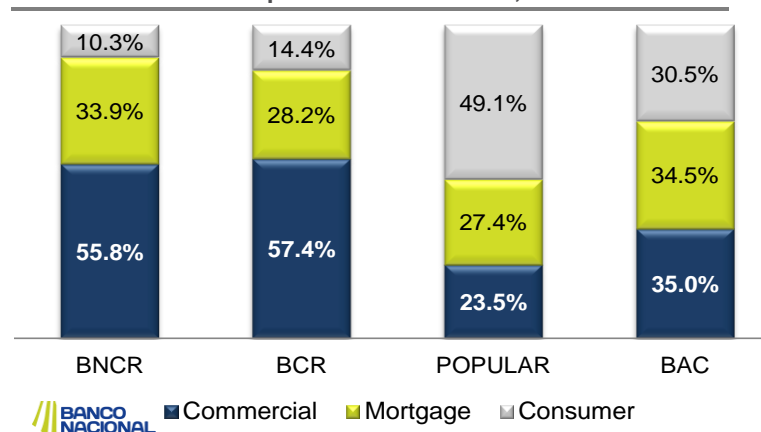


Loan Portfolio Breakdown

Banco Nacional De Costa Rica (USD in Bn)



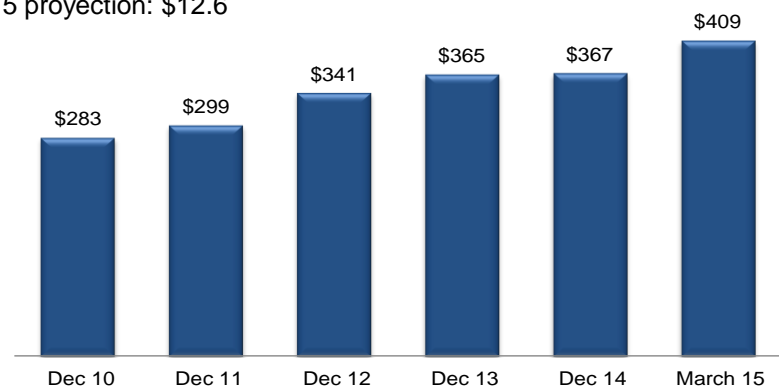
Peer Comparison as of Mar 31th, 2015



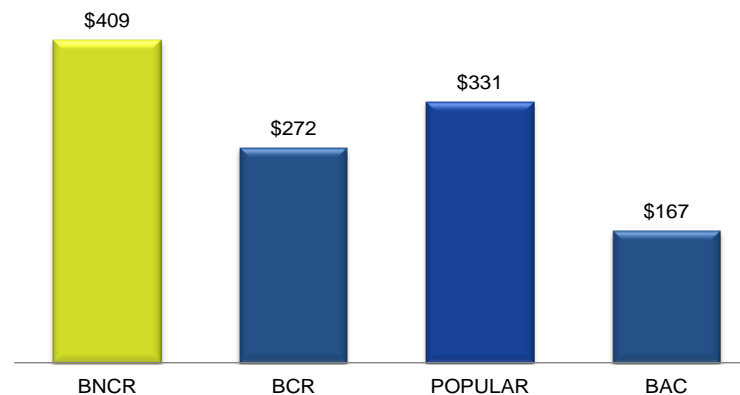
Net Interest Income

Banco Nacional De Costa Rica (USD in MM)

2015 projection: \$12.6



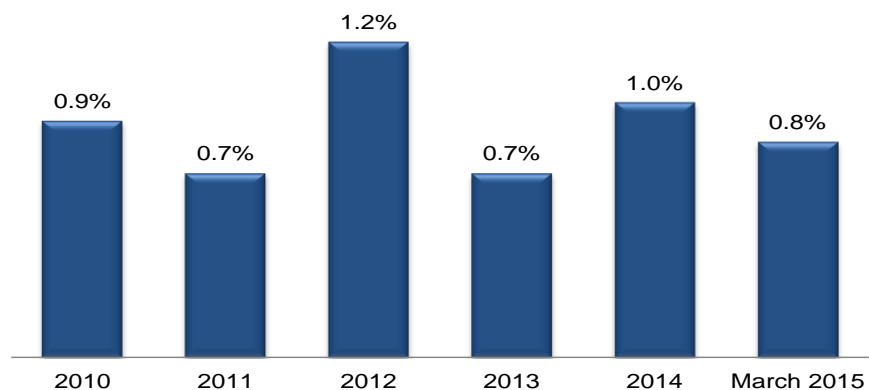
Peer Comparison as of Dec 31th, 2014 (USD in MM)



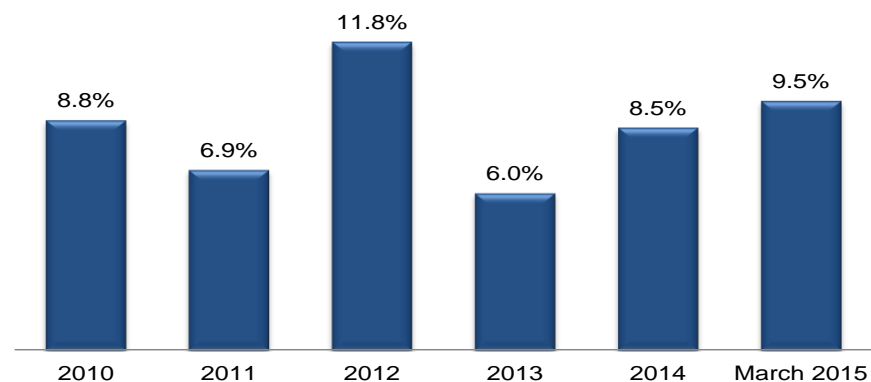
(1) For BNCR, "Consumer" includes both consumer and credit card portfolios.

3 Profitability ratios

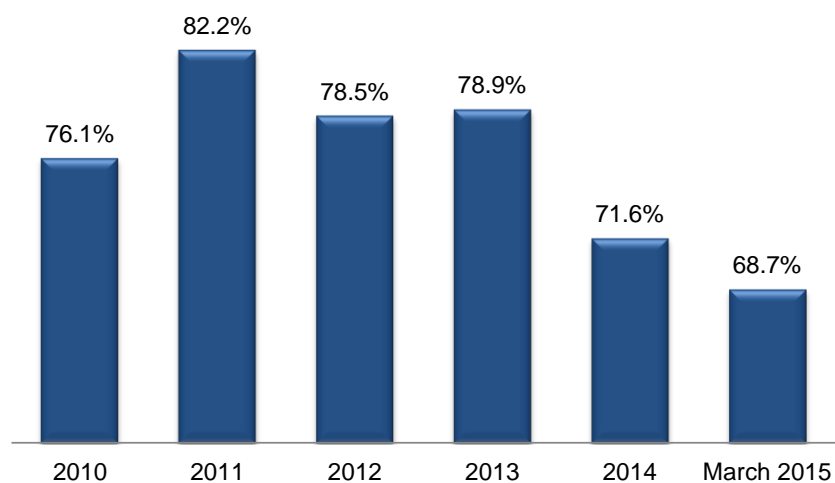
ROAA



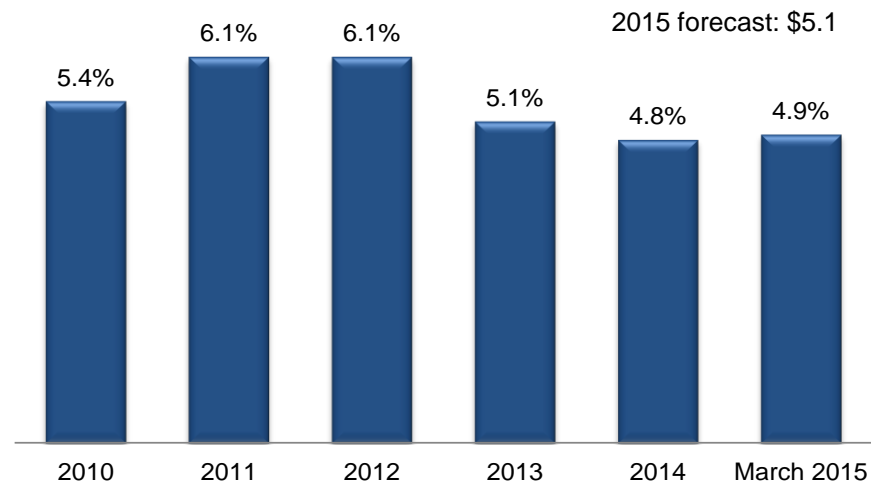
ROAE



Efficiency Ratio



Net Interest Margin



Highlights

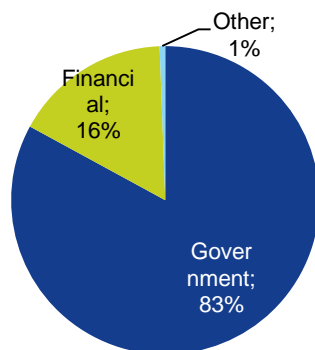
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4 Conservative Investment Management Practices

- BNCR's investment strategy aims at keeping an adequate level of liquidity while maintaining conservative credit exposures
- There is no explicit objective to rely on a trading portfolio for a significant portion of income
- The main investment management objectives are:
 - ✓ Control of liquidity
 - ✓ Improvement of liquidity indicators
 - ✓ Control and improvement of the capital adequacy ratio

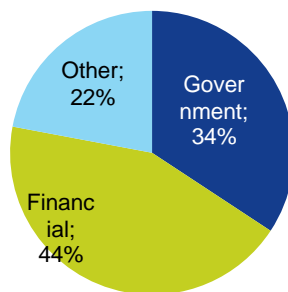
Investment Portfolio by Issuer

Local



US\$1,418 MM

Foreign

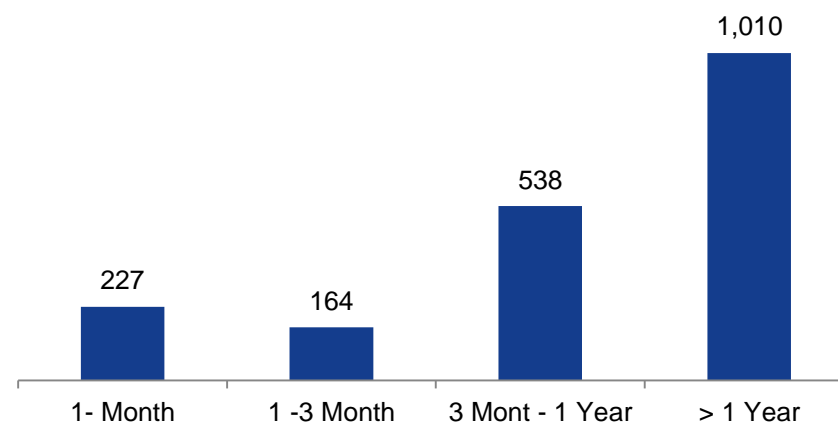


US\$ 519 MM

Note: Figures as of December 31st, 2014

Portfolio Distribution by Maturity

(USD in MM)



Duration = 0.89 Years

Balance Sheet Structure

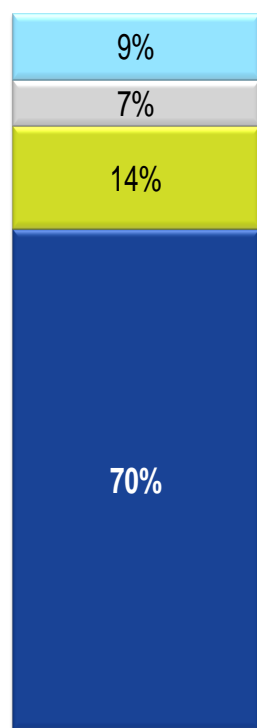
(As of March 2015)

(USD in MM)



Assets (%)

■ Loan Portfolio ■ Investments
■ Cash ■ Other Assets

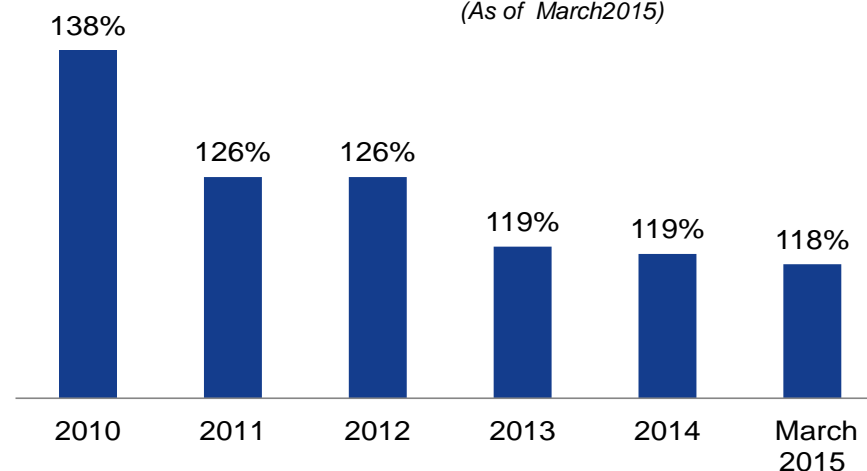


Liabilities + SE Equity

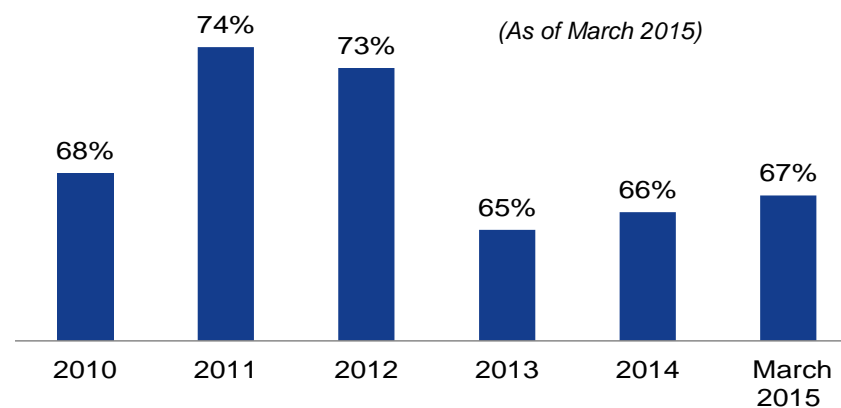
■ Equity ■ Other Liabilities
■ Long Term Debt ■ Deposits with Public

Deposits with the Public / Loans Evolution

(As of March 2015)

Total Loans / Funding ⁽²⁾

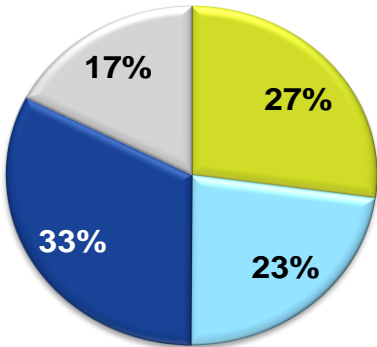
(As of March 2015)



(1) Includes deferred tax, provisions, and operations pending settlement.

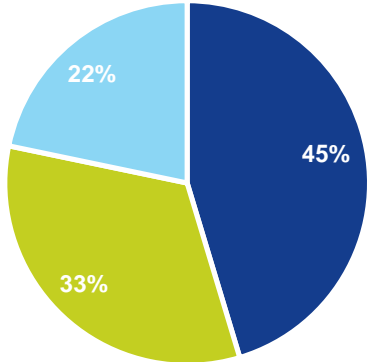
21 (2) Obligations with the public, obligations with entities, and payable for securities services.

Deposits Breakdown by Product Type



■ Savings ■ Demand ■ Term ■ Long Term debt

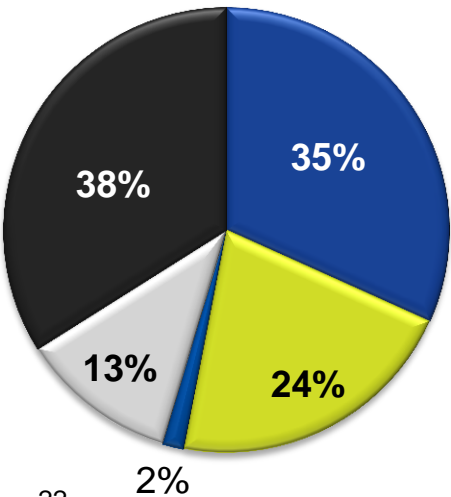
Deposits Breakdown by Client Type



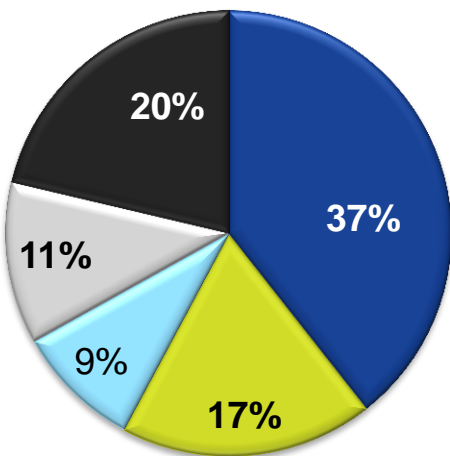
■ Retail ■ Corporate ■ Government

Deposits Breakdown by Market Share

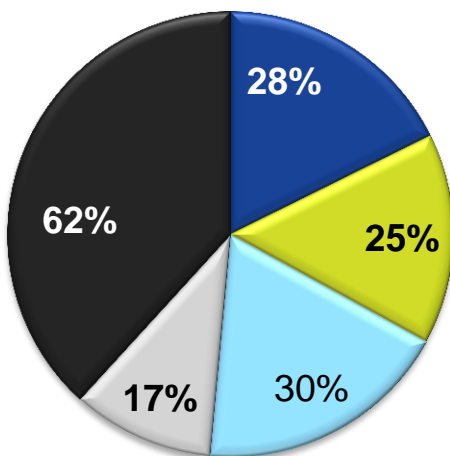
Checking Deposits



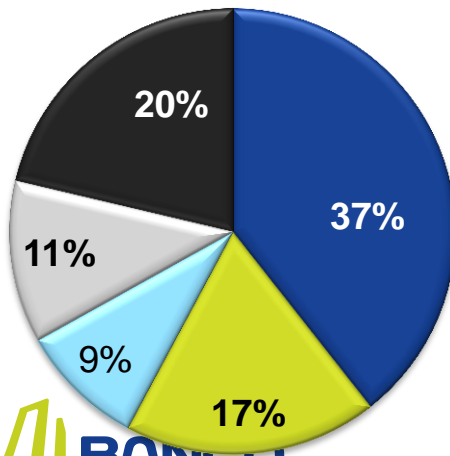
Savings Deposits



Term Deposits

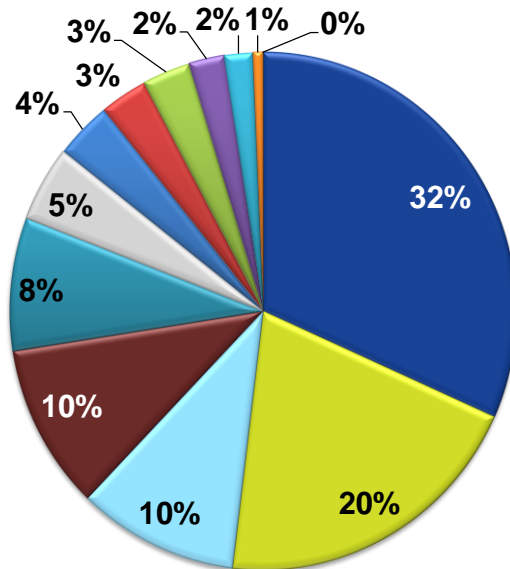


Long Term Debt



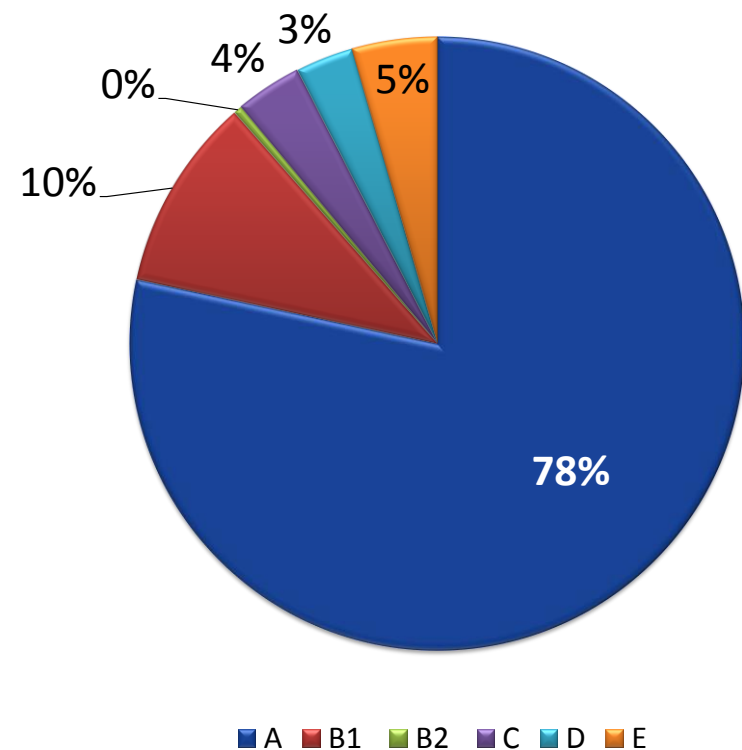
■ BANCO NACIONAL ■ BCR ■ Banco Popular ■ BAC ■ Private Banks

Loan Portfolio Breakdown by Economic Sector



- Housing
- Trade
- Tourism
- Construction
- Mining
- Services
- Electricity and other
- Financial Services
- Limestone
- Consumer
- Manufacturing
- Agriculture
- Transport -Telcom

Loan Portfolio Breakdown by Risk Category ⁽¹⁾



- A
- B1
- B2
- C
- D
- E

(1) Per risk categories determined by the Superintendency General of Financial Entities for Costa Rica.

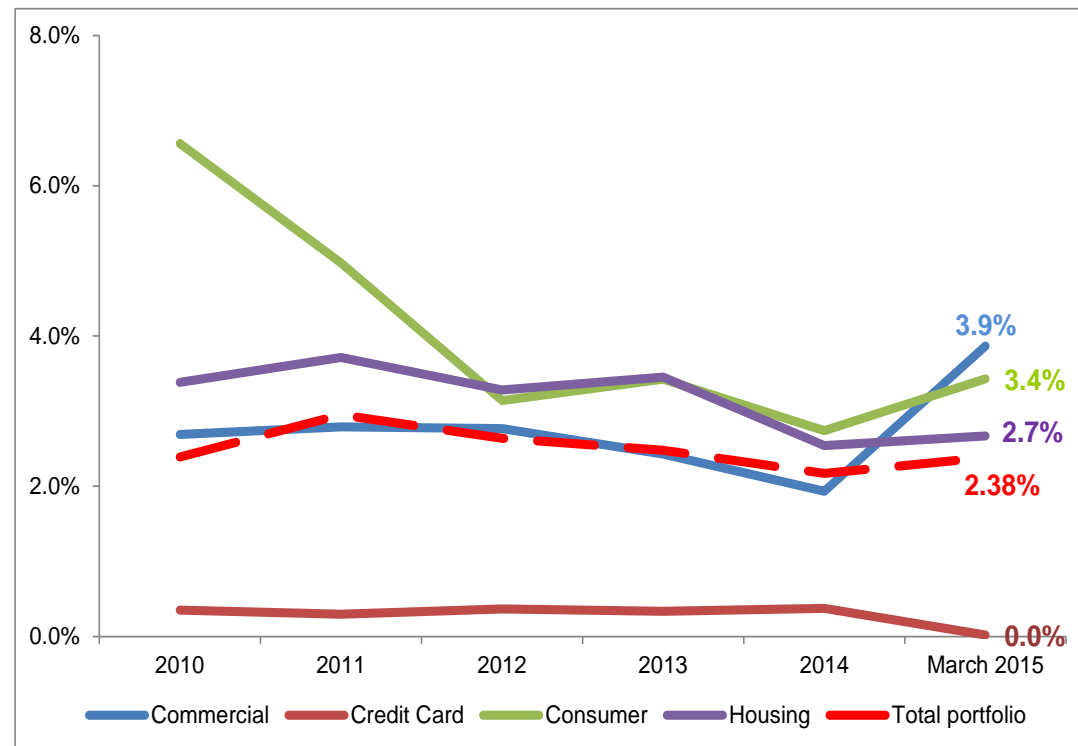
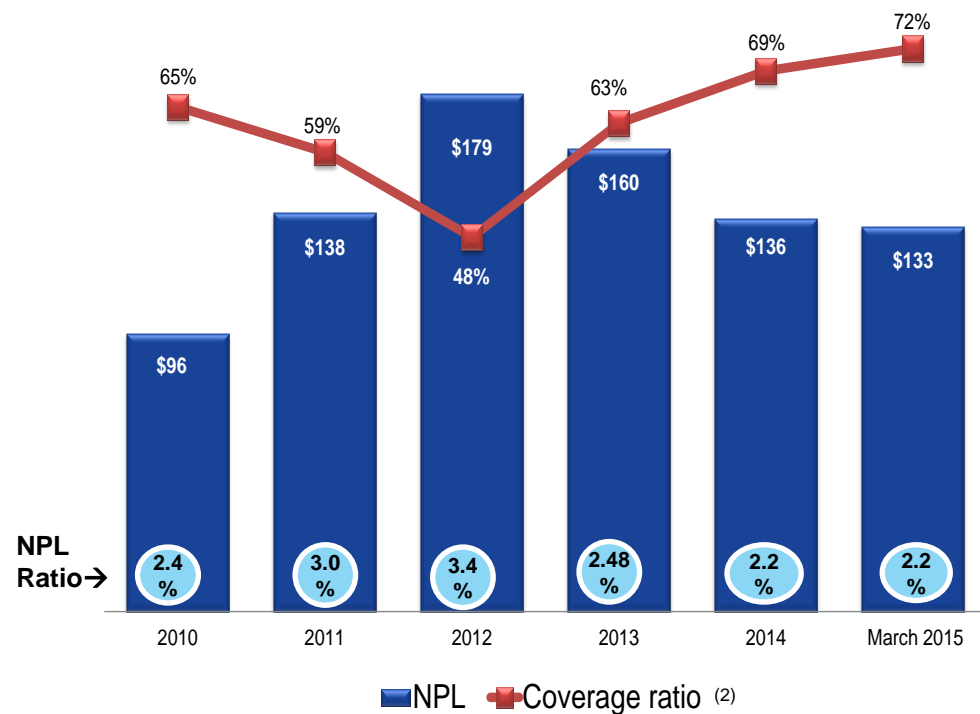
4 Delinquency Levels and Coverage Ratios

NPLs ⁽¹⁾ and Coverage Ratios

(USD in MM)

NPL Ratio by Activity

(As of March 2015)



(1) Past due loans over 90 days and legal collections.

(2) Allowance for loan losses as a percentage of past due loans over 90 days and legal collections.

Highlights

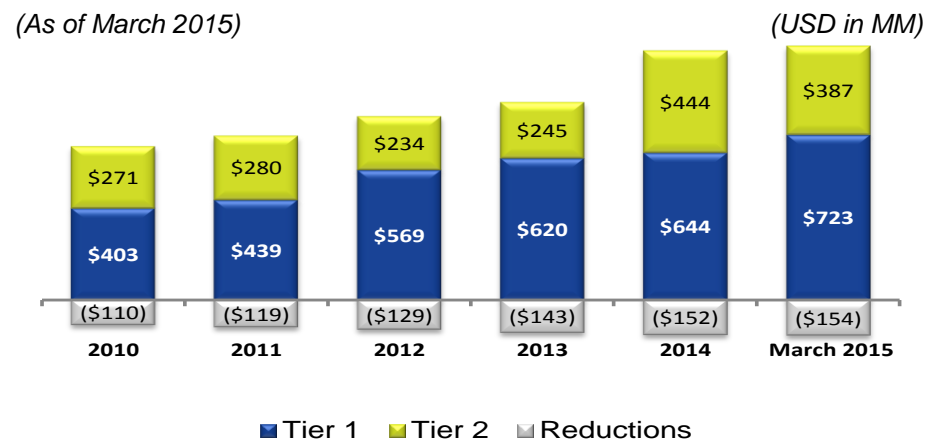
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5 Strong Capitalization

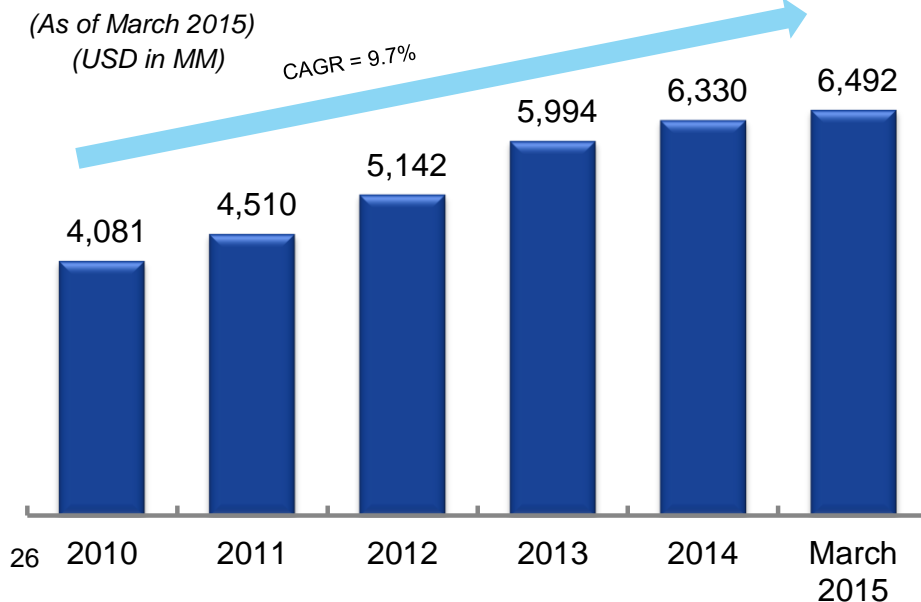
Capitalization during 2014

- Last year BNCR negotiated two subordinated loans with IADB (USD 100 mm) and CABI (USD 30 mm) intended to improve its Tier II ratio. The tenor of both loans is 10 years and are the first of its kind signed for a Costa Rican state owned bank.
- Additional efforts include improving efficiency and credit quality of portfolios.
- Tier II ratio target is 12,5% to be achieved by the end of 2015 (regulatory requirement is 10%).

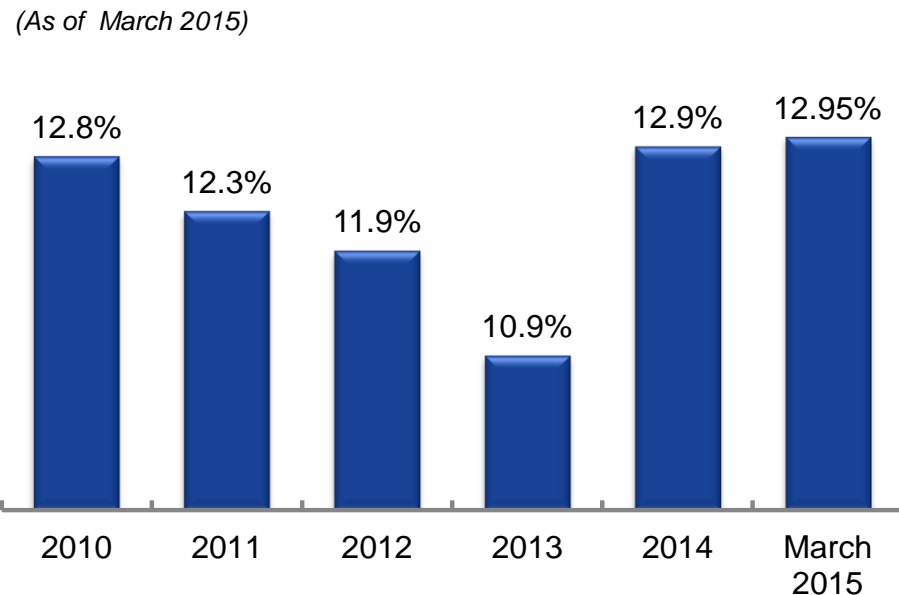
Total Regulatory Capital Evolution



RWA Evolution



Capital Adequacy

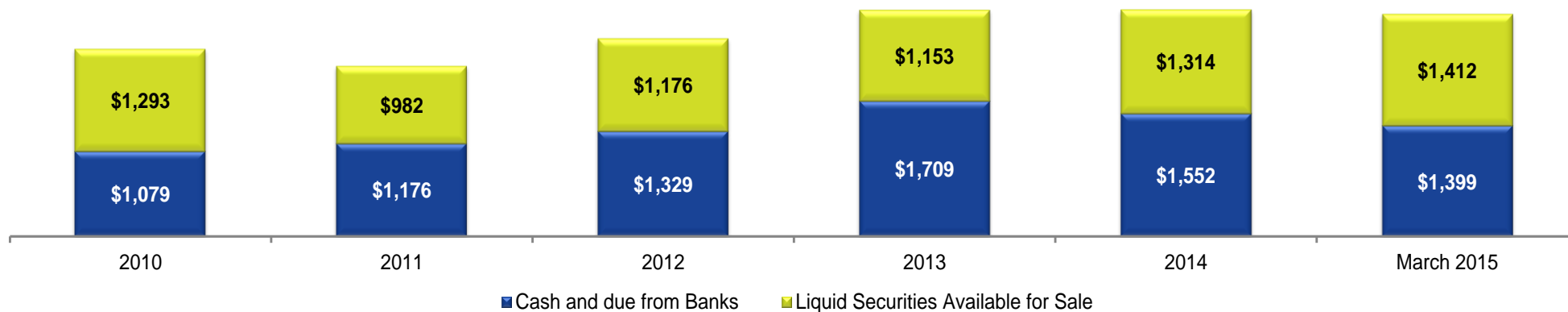


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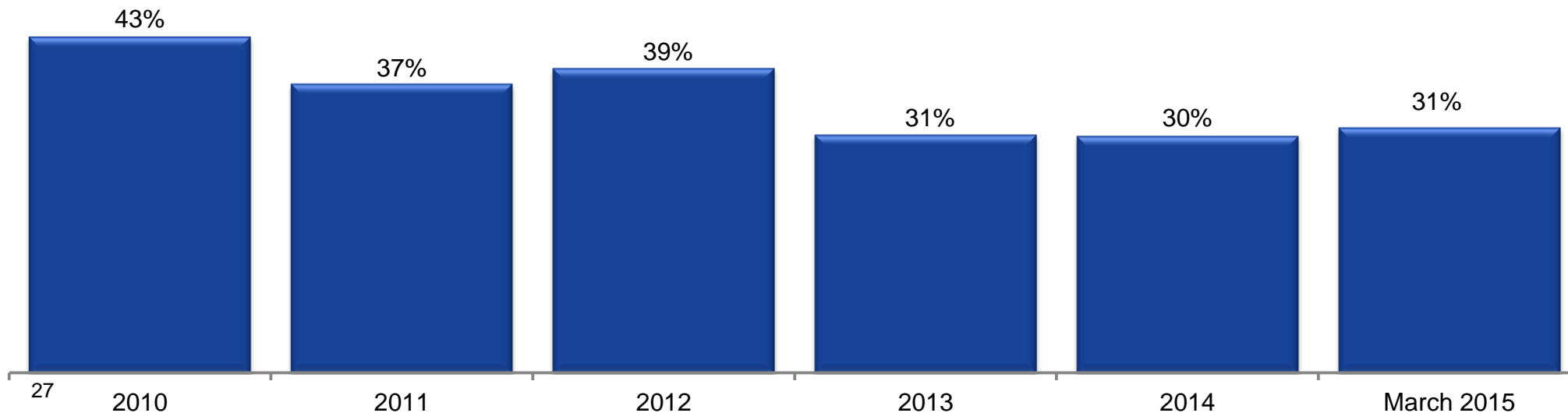
Liquidity

Cash and Due From Banks and Liquid Securities Available for Sale

(USD in MM)



Liquid Assets / Total Deposits





Roadshow Presentation



2015
February

