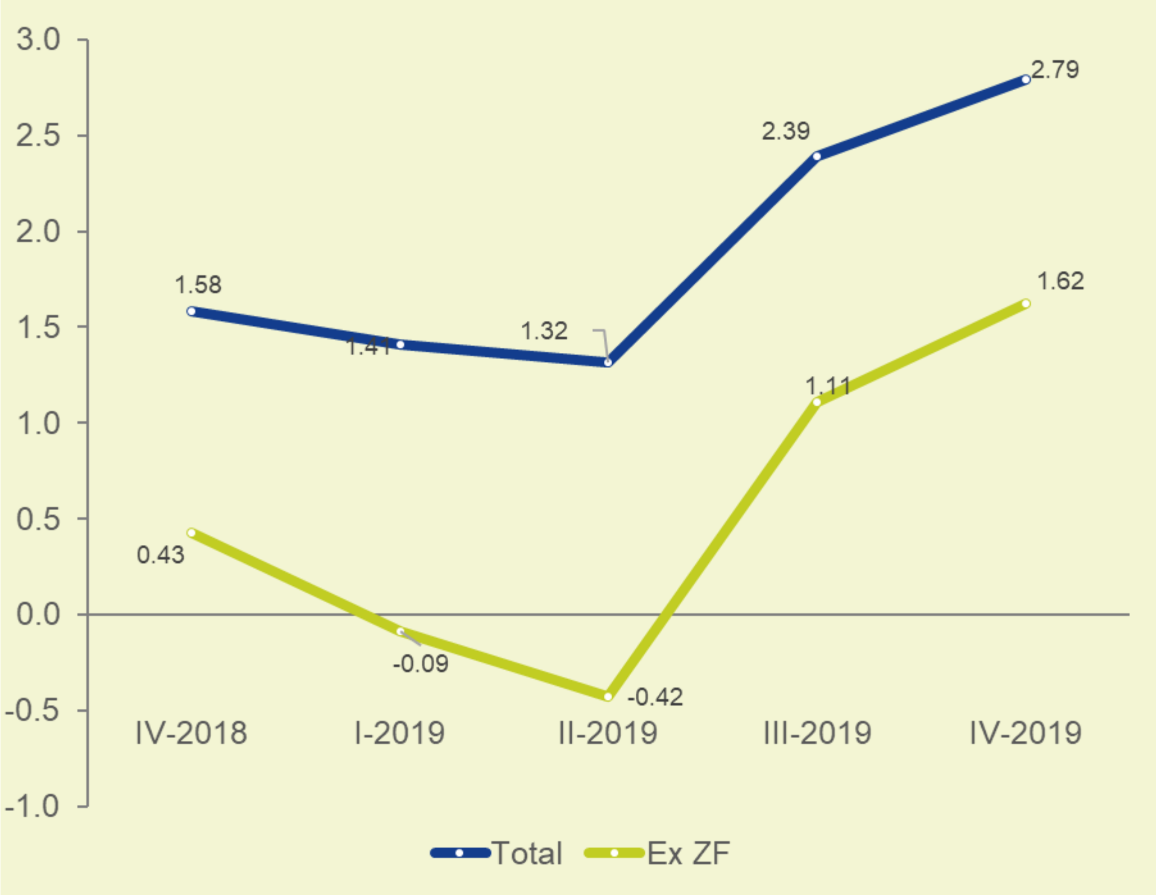
# INVESTORS REPORT

## FOURTH QUARTER, 2019

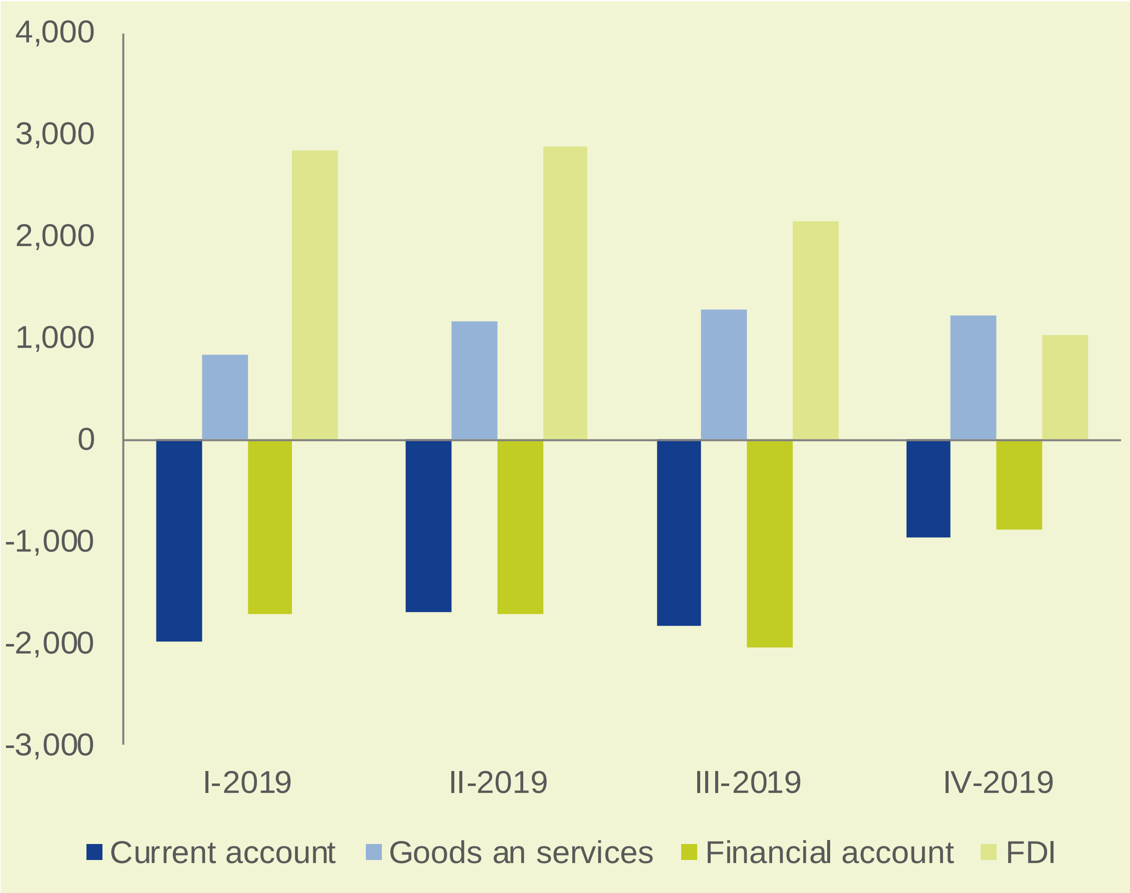
Juntos somos
Progreso

# COSTA RICA: ECONOMIC ACTIVITY

## IMAE(1) (YoY variation, %)



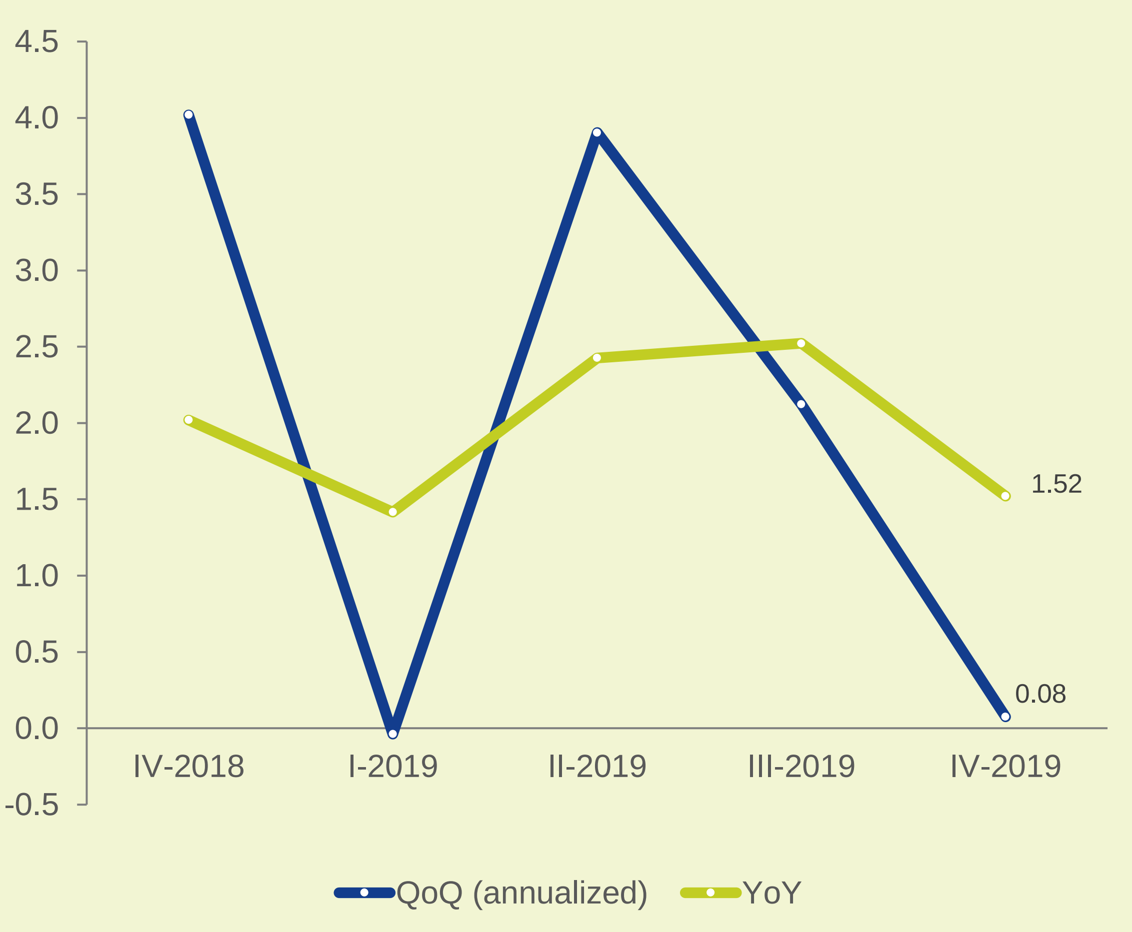

## Balance of Payments (last year, million USD)



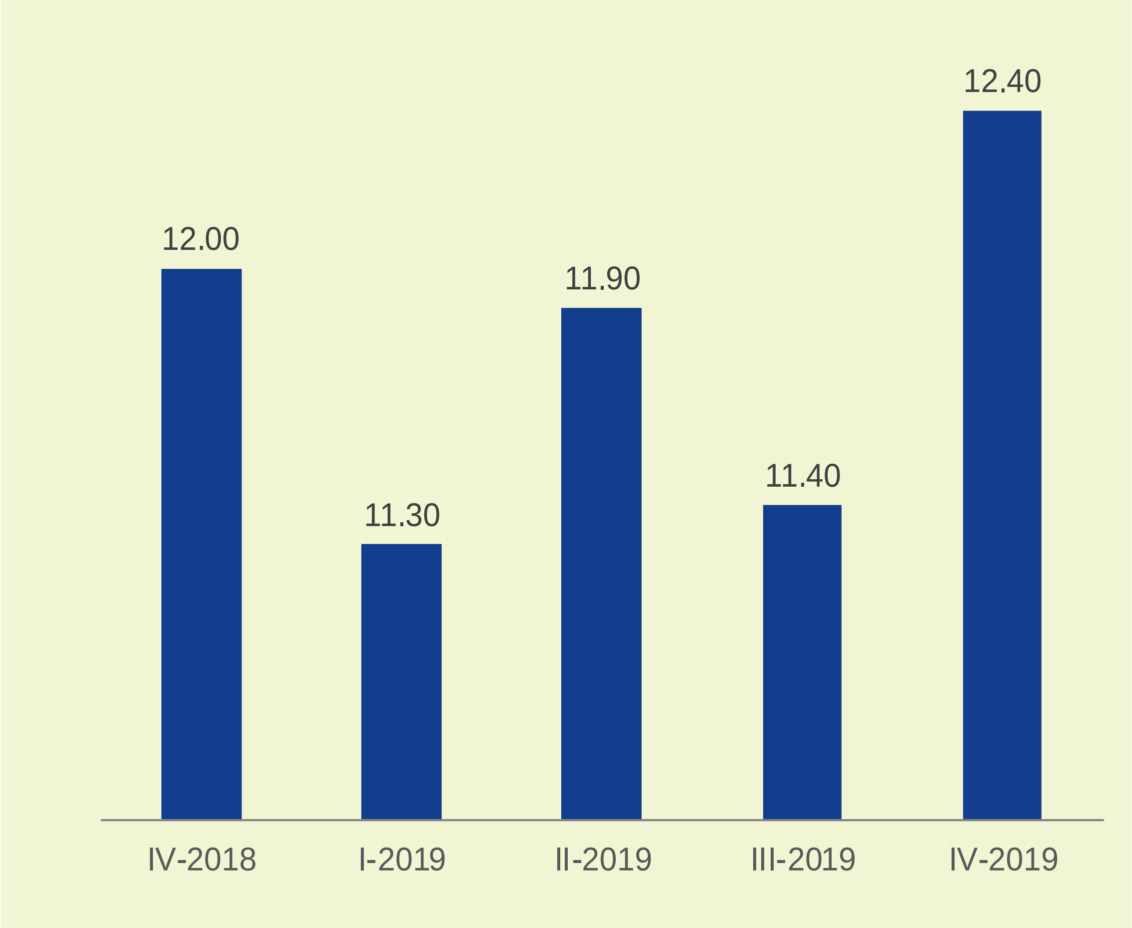

(1) IMAE stands for Índice Mensual de Actividad Económica, it is a gauge of economic activity computed by the Central Bank

# COSTA RICA: INFLATION AND UNEMPLOYMENT

## Consumer Price index (CPI)



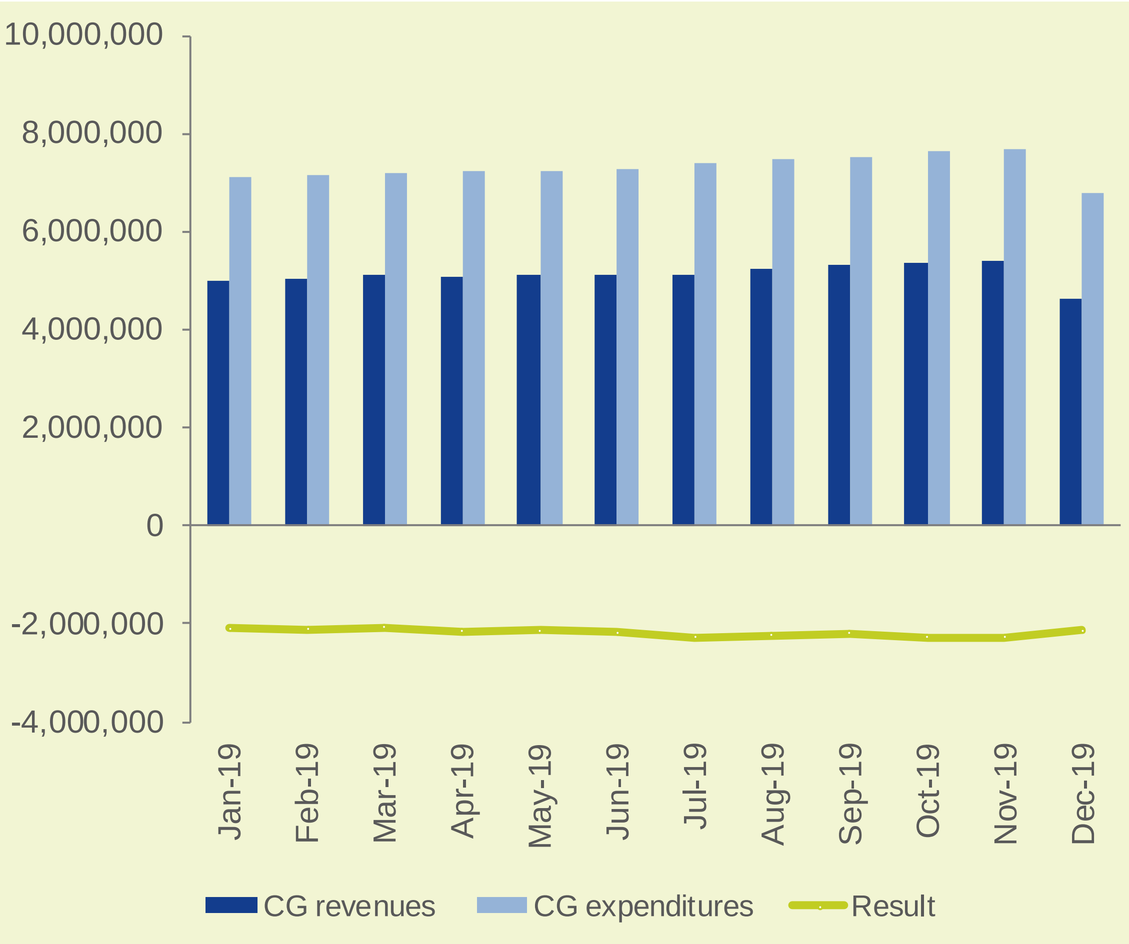

## Unemployment



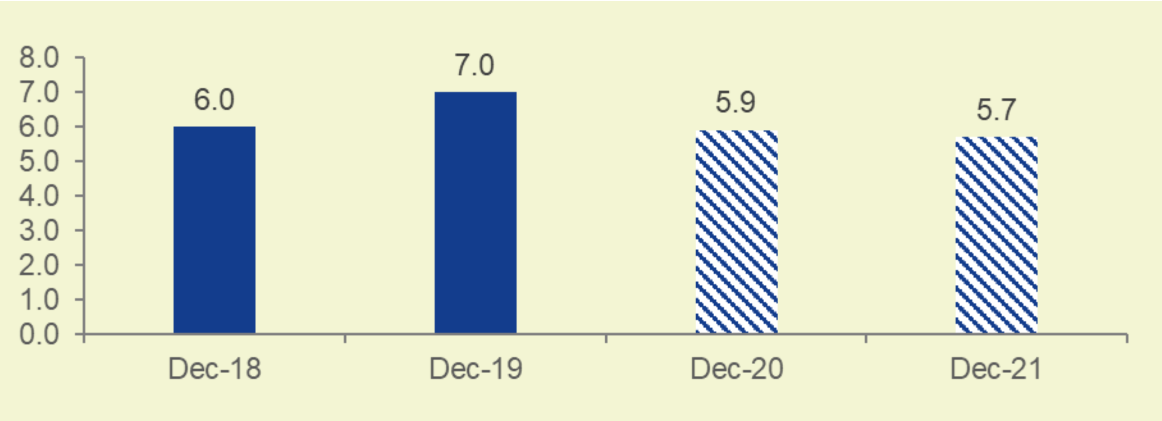

Source: Banco Central de Costa Rica e Instituto Nacional de Estadística y Censos (INEC)

# COSTA RICA: FISCAL PERFORMANCE

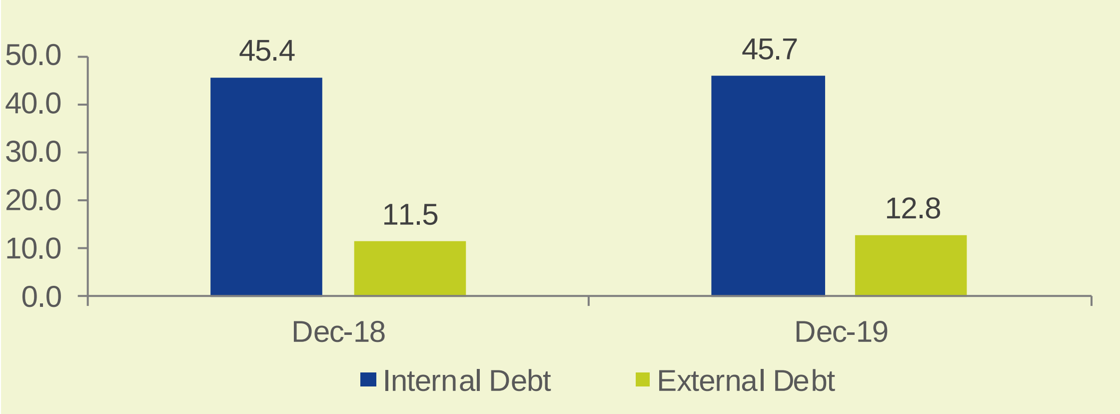
## Central government: revenues and expenditures ( last year, million CRC)




## Central Government Deficit / GDP (%)



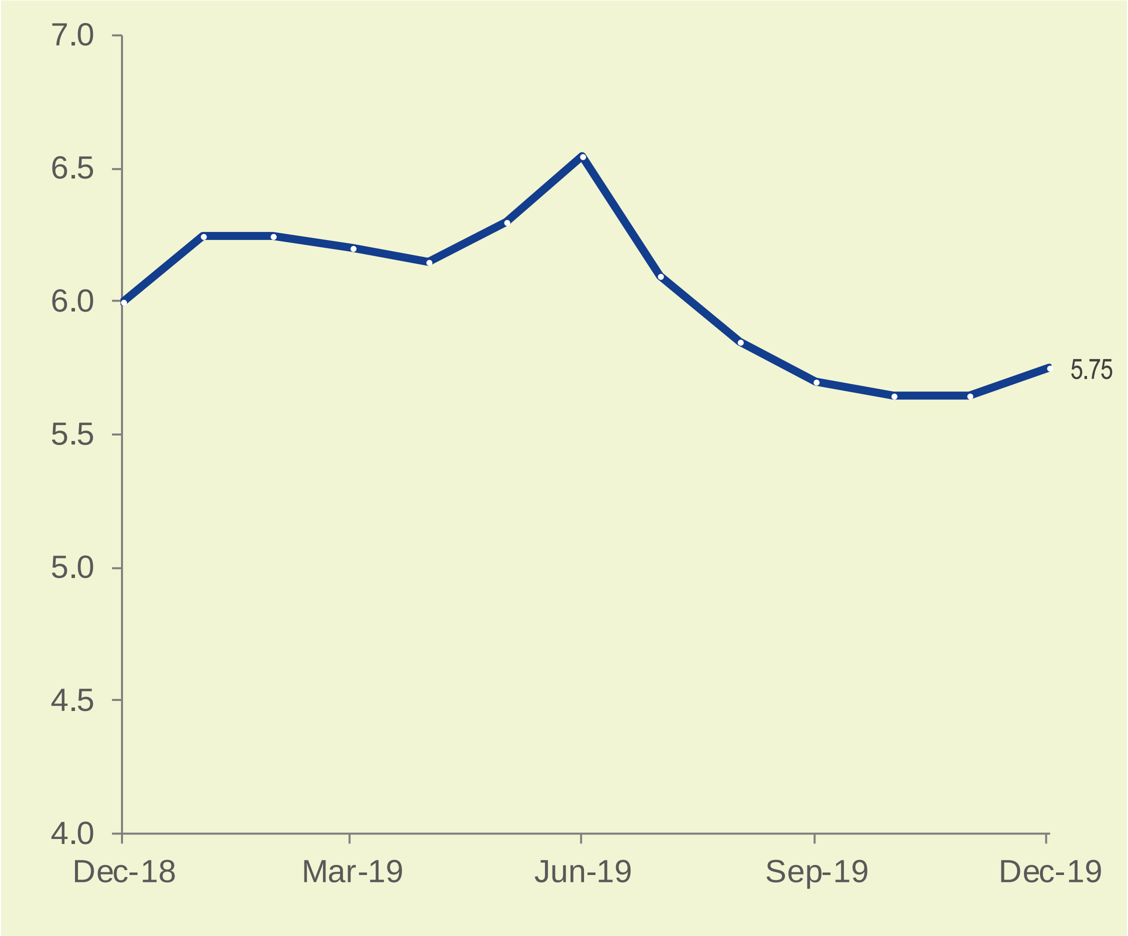

## Central Government Debt/ GDP (%)



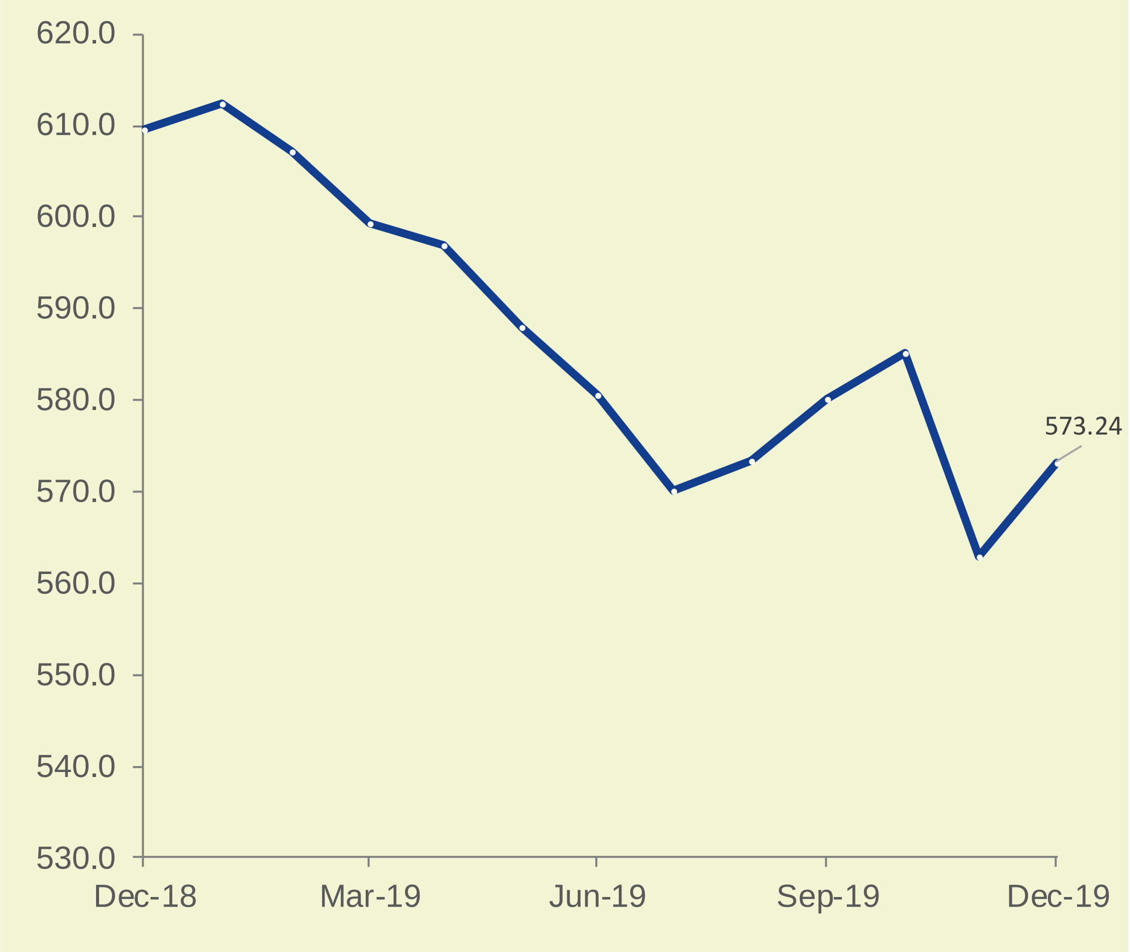

Source: Costa Rica Ministry of Finance

# COSTA RICA: INTEREST AND EXCHANGE RATES

## Tasa básica pasiva



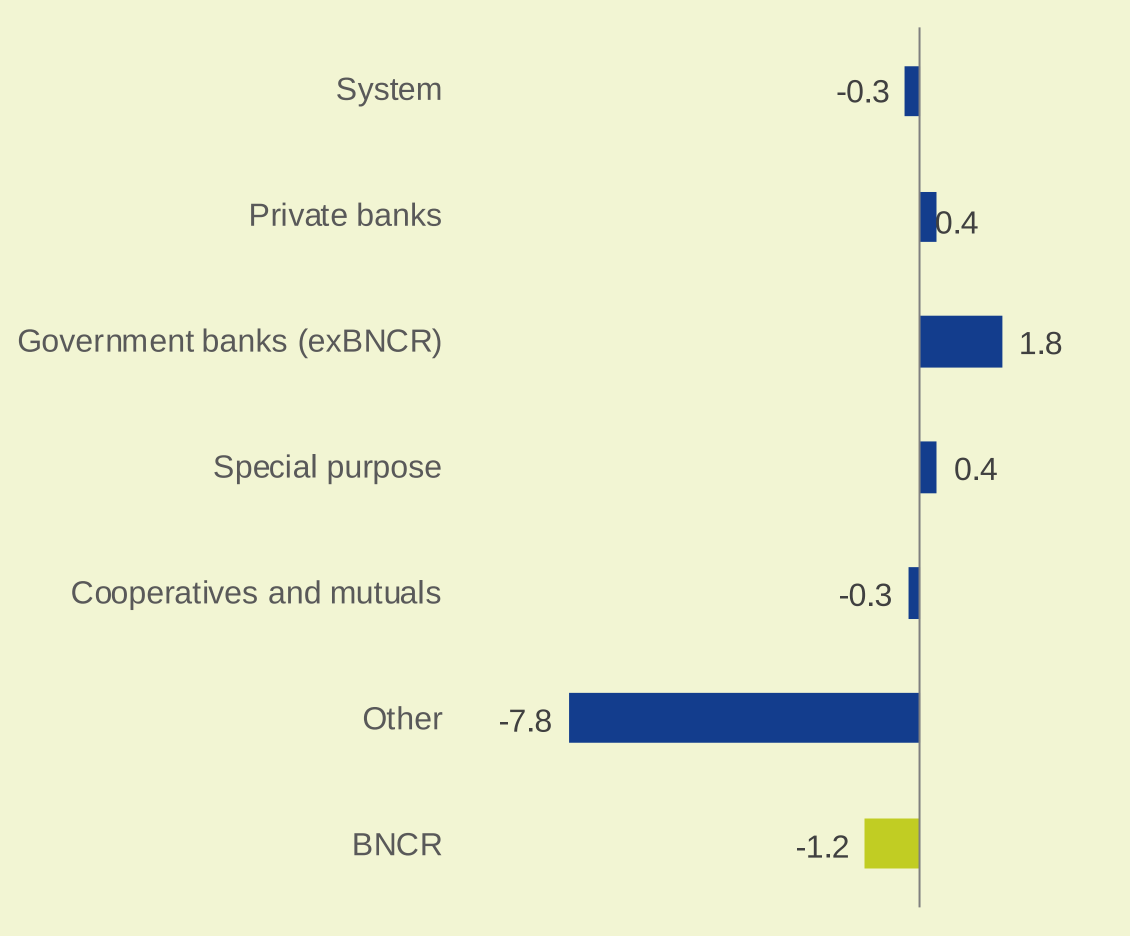

## Average exchange rate USDCRC (Monex)



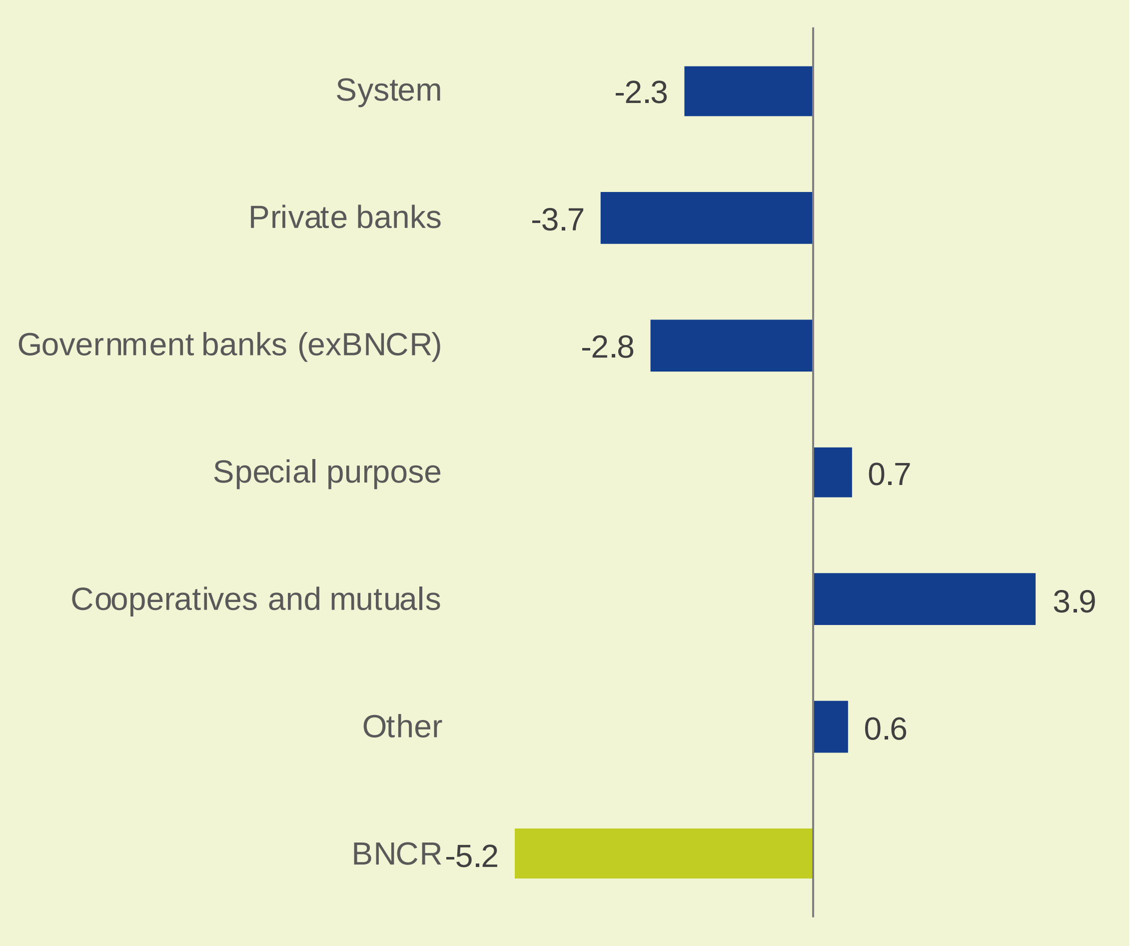

Source: Banco Central de Costa Rica

# BANK SYSTEM: CREDIT (GROSS)

## Quarterly growth (4Q 2019)

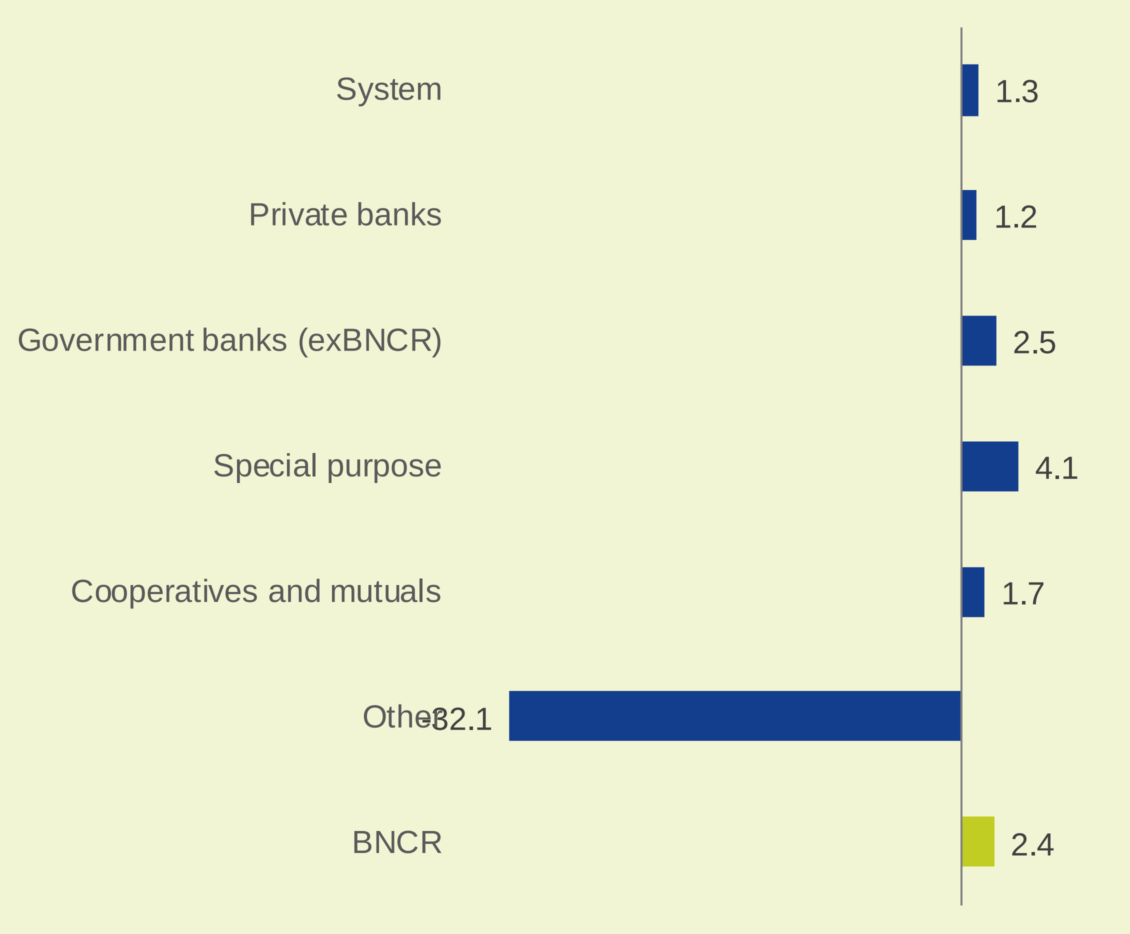



## Year growth (4Q 2019)

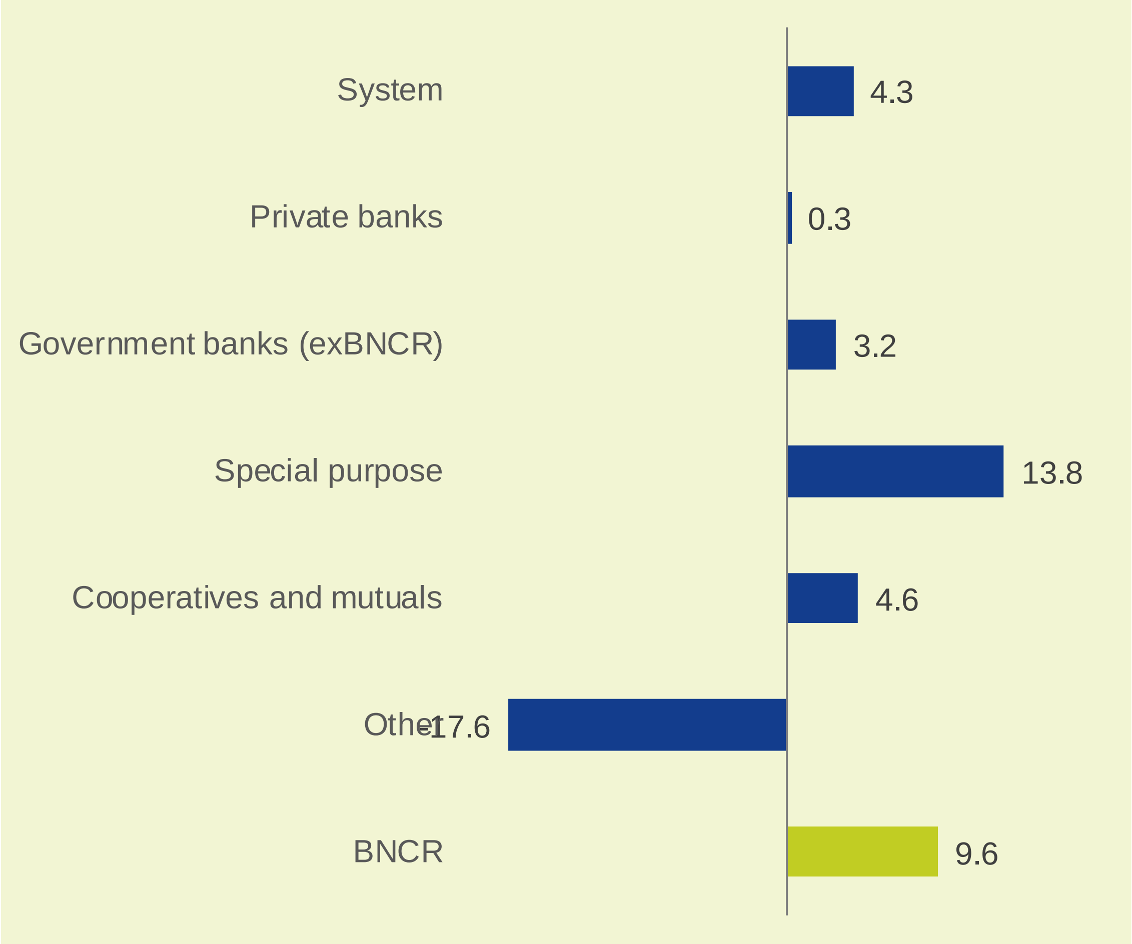


# BANK SYSTEM: DEPOSITS

## Quarterly growth (4Q 2019)




## Year growth (4Q 2019)



# CORPORATE GOVERNANCE

## Governance Structure

**Board of Directors**

**Chairman**

Jeannette Ruíz Delgado

**Vice-chairman**

Marvin Arias Aguilar

**Secretary**

Rodolfo González Cuadra

**Directors**

Ana Isabel Solano Brenes

María Magdalena Rojas Figueredo

Ruth Alfaro Jara

Mario Carazo Zeledón

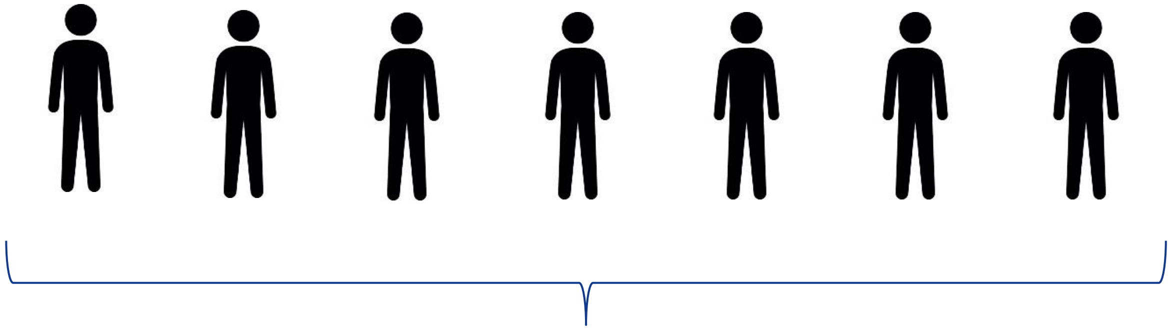
Internal and external independent auditors

**Chief Executive Officer**

Gustavo Vargas Fernández

**Officers and Support Committees**

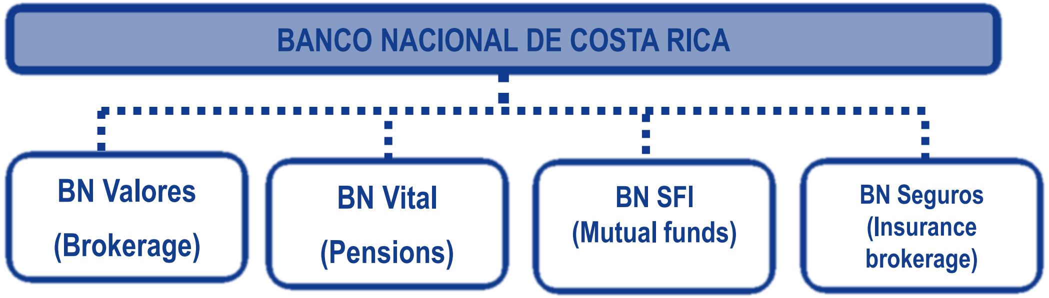
## Independent Board of Directors



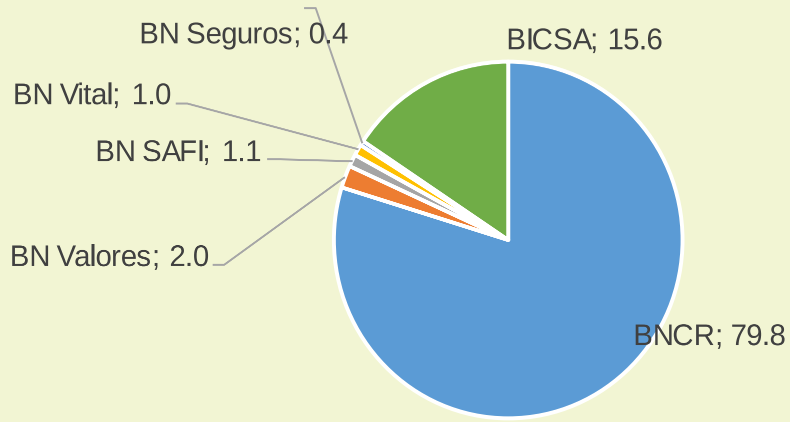
100% independent

- Appointed by the Counsel of Ministers.
- 8-year term.
- Every 4 years, 3 or 4 members change.

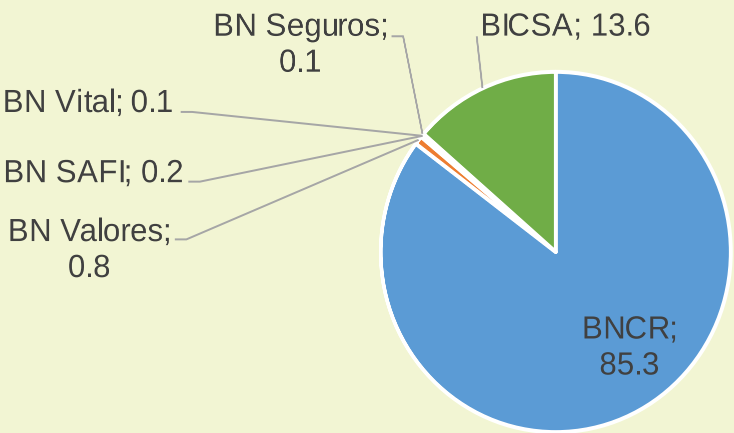
# CORPORATE GOVERNANCE (CONT.)




## Equity (Dec-19)




## Assets (Dec-19)




BNCR owns a 49% stake in BICSA

Total assets and equity of BNCR Group amount CRC 7,215,359 million and equity CRC 731,754 million (excluding BICSA)

## BANCO NACIONAL

Juntos somos Progreso

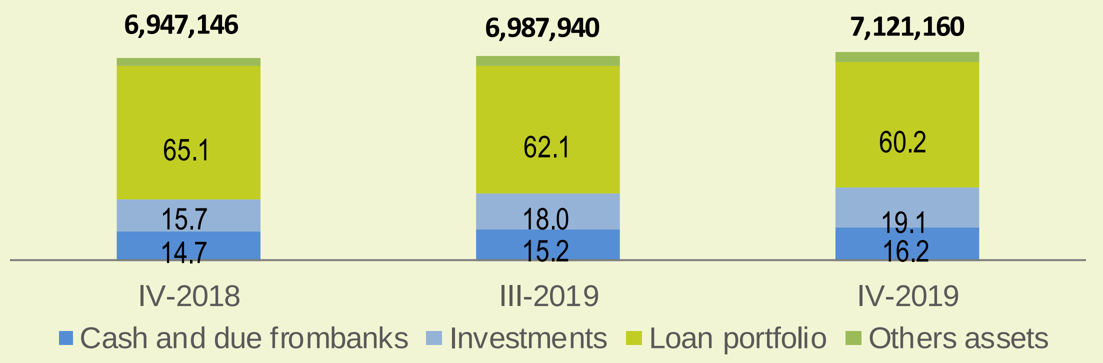
# BNCR: INVESTMENT HIGHLIGHTS (4Q 2019)

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Profitability** | Pre tax income (Annual) | CRC 69,372 million | 17.9% | QoQ | 115.2% | YoY |
| | Net income (Annual) | CRC 23,702 million | 1.7% | QoQ | 10.8% | YoY |
| | ROAE (Annual) | 3.52 % | 10 b.p | QoQ | 16 b.p | YoY |
| | ROAA (Annual) | 0.34 % | 1 b.p | QoQ | 3 b.p | YoY |
| **Credit** | Loan portfolio | CRC 4,286,218 million | 1.23% | QoQ | 5.20% | YoY |
| | Provisions | CRC 14,113 million | 54.79% | QoQ | 44.39% | YoY |
| | Cost of risk[1] | 1.31 % | 47 b.p | QoQ | 93.2 b.p | YoY |
| **NII and NIM** | Net Financial income | CRC 53,090 million | 10.17% | QoQ | 17.83% | YoY |
| | NIM | 4.71 % | 17.1 b.p | QoQ | 29 b.p | YoY |
| | NIM neto [2] | 3.88 % | 49 b.p | QoQ | 52 b.p | YoY |
| **Efficiency** | Efficiency ratio [3] | 62.97 % | 49 b.p | QoQ | 89 b.p | YoY |
| **Capital** | ISP[4] | 13.68 % | 30 b.p | QoQ | 126 b.p | YoY |

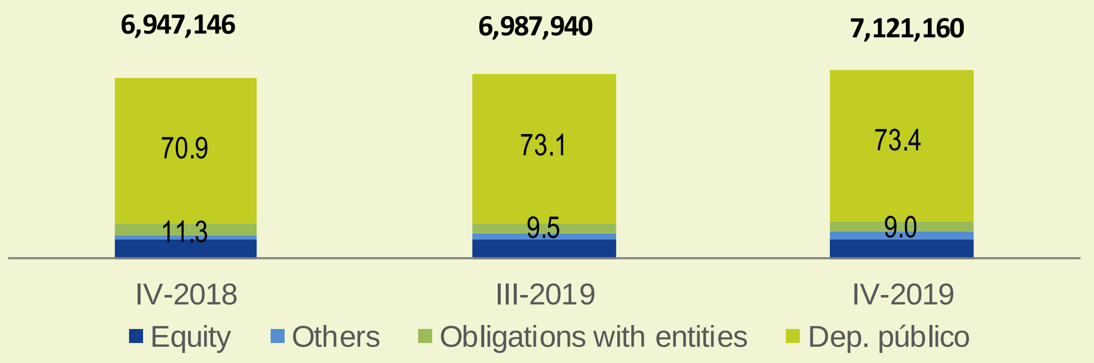
(1) Cost of risk: annualized provisions for loan loses on average gross loans.
(2) After allowances for impairment and recovery of assets and decrease in allowances
(3) Administrative expenditure on gross operational income.
(4) Regulatory Capital Adequacy Ratio

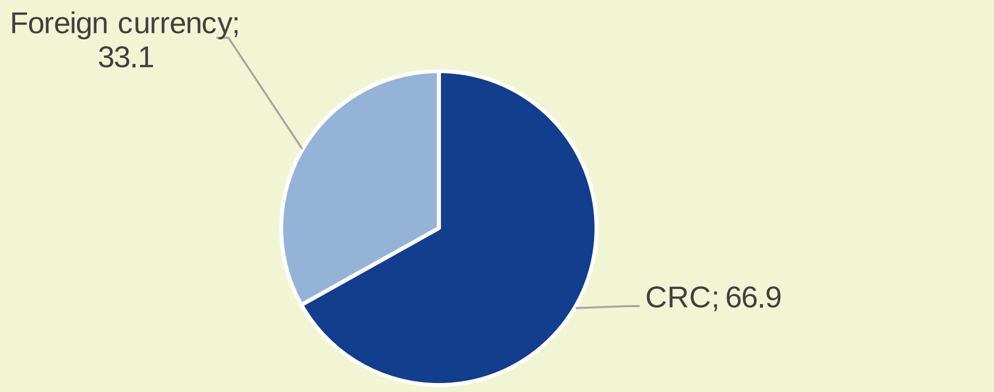
# BNCR (STAND-ALONE): BALANCE SHEET BREAKDOWN

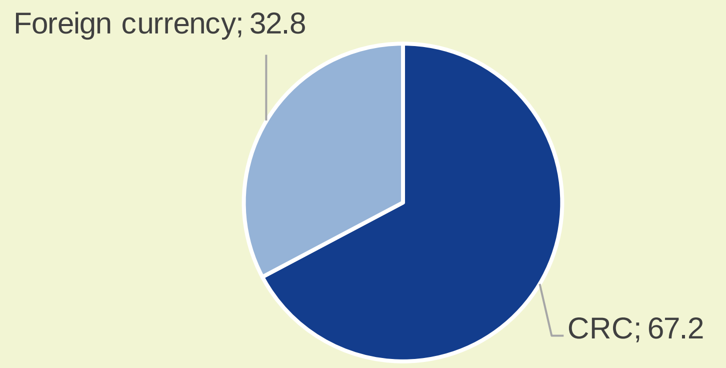
## Assets (million CRC)




## Liabilities and Equity (million CRC)

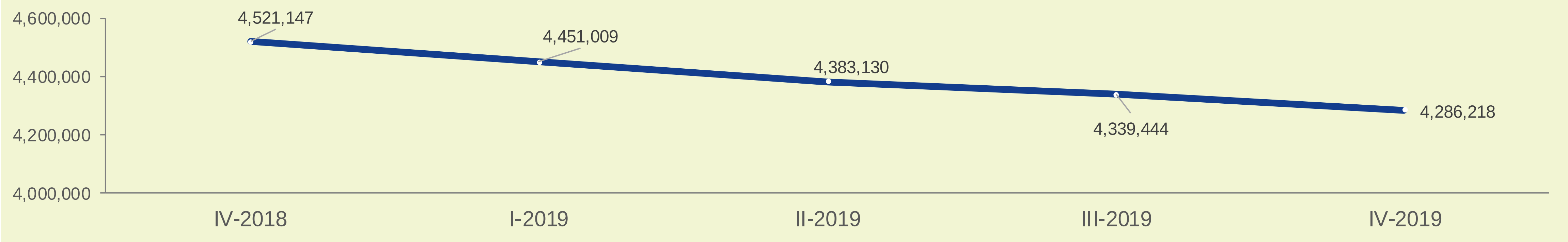


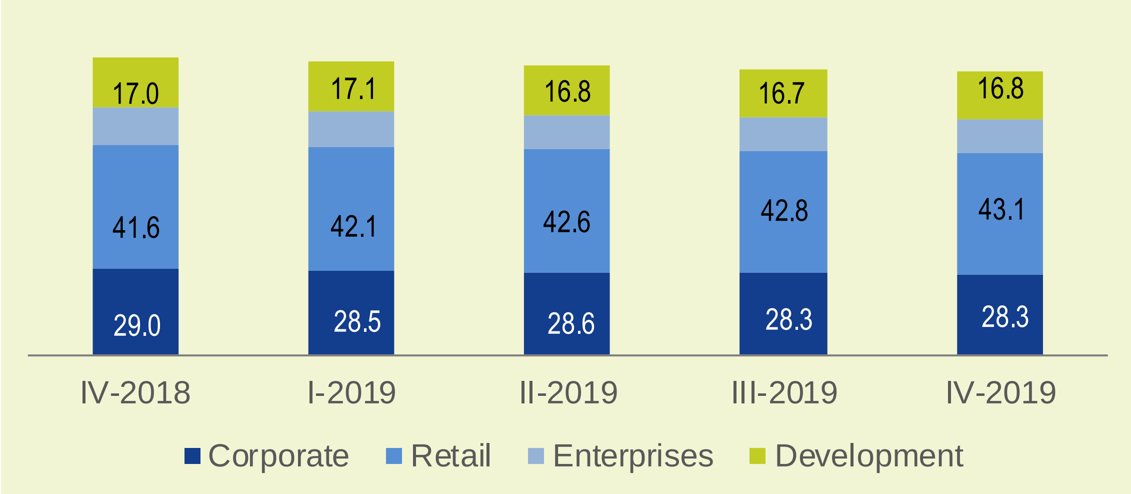



# BNCR (STAND-ALONE): LOAN PORFOLIO

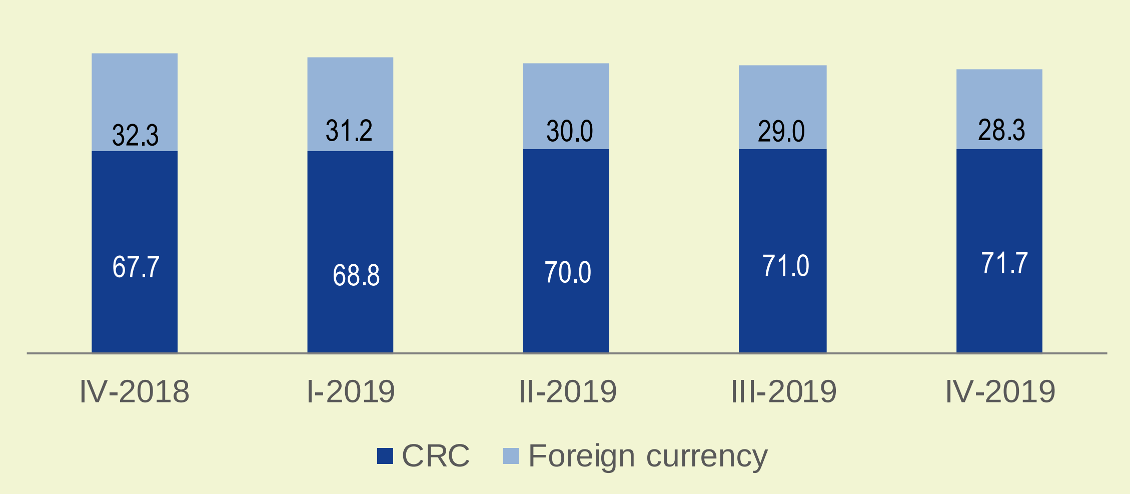
## Loan portfolio gross (million CRC)




## Portfolio composition (%)

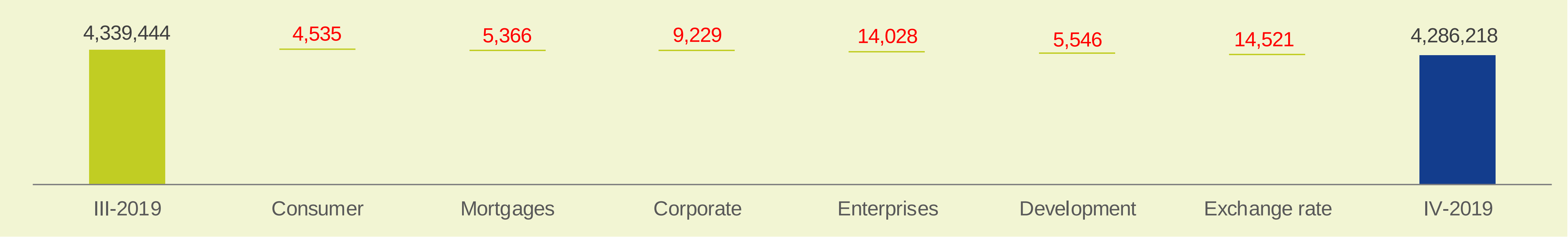



## Loan portfolio by currency (%)

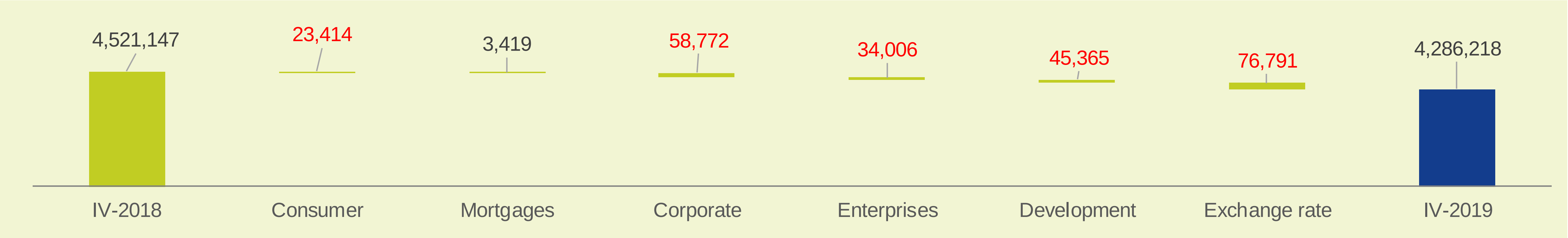


# BNCR (STAND-ALONE): LOAN PORTFOLIO

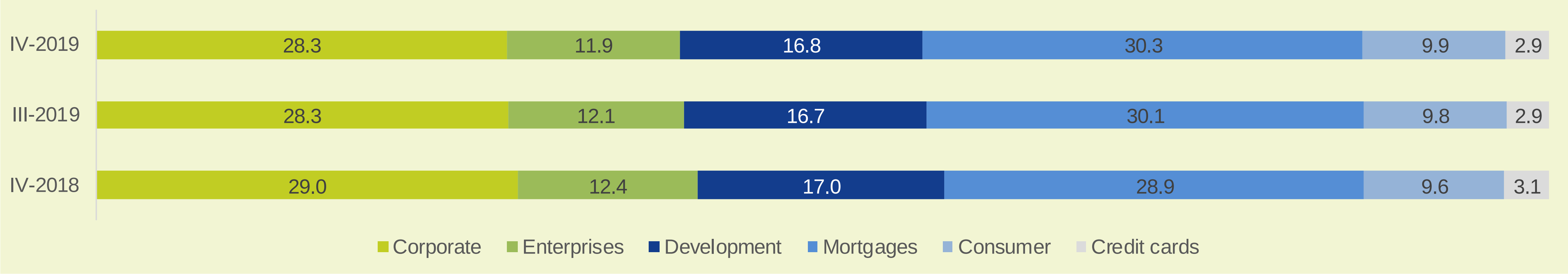
## Contribution to portfolio growth QoQ (million CRC)




## Contribution to portfolio growth YoY (million CRC)

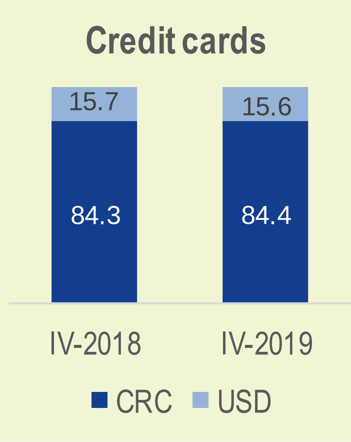


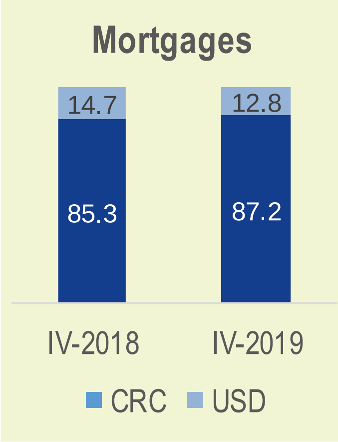
# BNCR (STAND-ALONE): LOAN PORTFOLIO BY SEGMENT

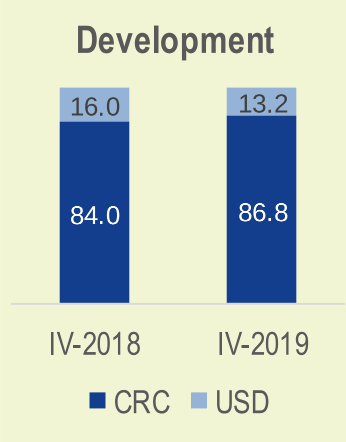



| Loans million CRC | As of the end of IV-2018 | III-2019 | IV-2019 | % Part. 2T 2019 | % nominal change QoQ | YoY | % real change QoQ | YoY |
|---|---|---|---|---|---|---|---|---|
| **Corporate** | 1,311,576 | 1,228,756 | 1,211,766 | 28.3 | -1.4 | -7.6 | -1.4 | -9.0 |
| **Development** | | | | | | | | |
| Enterprises | 559,237 | 525,777 | 508,605 | 11.9 | -3.3 | -9.1 | -3.3 | -10.4 |
| SME | 770,351 | 725,656 | 718,972 | 16.8 | -0.9 | -6.7 | -0.9 | -8.1 |
| **Personas** | | | | | | | | |
| Retail | 1,304,946 | 1,305,621 | 1,298,363 | 30.3 | -0.6 | -0.5 | -0.6 | -2.0 |
| Credit cards | 139,350 | 126,237 | 126,199 | 2.9 | 0.0 | -9.4 | 0.0 | -10.8 |
| Consumer | 435,688 | 427,398 | 422,312 | 9.9 | -1.2 | -3.1 | -1.2 | -4.5 |
| **Total** | **4,521,147** | **4,339,444** | **4,286,218** | **100.0** | **-1.2** | **-5.2** | **-1.2** | **-6.6** |

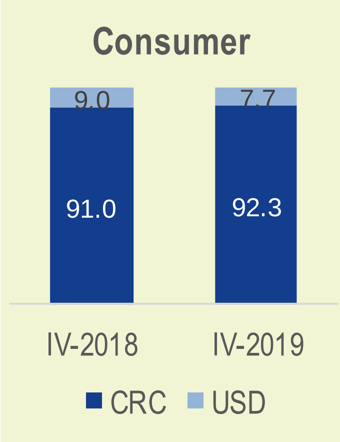
# BNCR (STAND-ALONE): LOAN PORTFOLIO BY SEGMENT

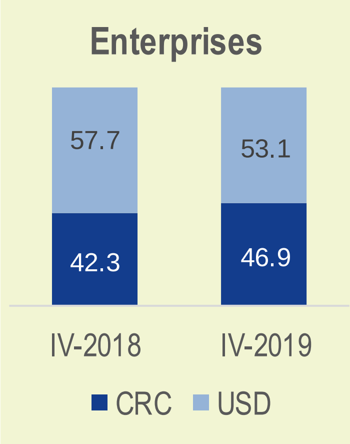






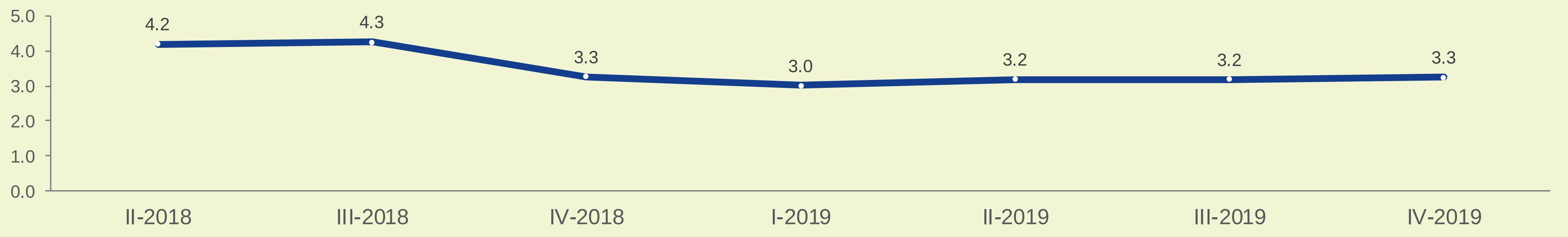

| Loans | Local currency (million CRC) | | | | | Foreign currency (million de CRC) | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| million CRC | IV-2018 | III-2019 | IV-2019 | ∆ QoQ (%) | ∆ YoY (%) | IV-2018 | III-2019 | IV-2019 | ∆ QoQ (%) | ∆ YoY (%) |
| **Corporate** | 551,739 | 564,335 | 564,245 | 0.0 | 2.3 | 759,837 | 664,421 | 647,522 | -1.4 | -9.4 |
| **Development** | | | | | | | | | | |
| Enterprises | 236,331 | 246,389 | 246,280 | 0.0 | 4.2 | 322,906 | 279,389 | 262,325 | -5.2 | -13.6 |
| SME | 647,471 | 629,879 | 624,075 | -0.9 | -3.6 | 122,880 | 95,777 | 94,897 | 0.3 | -17.9 |
| **Personas** | | | | | | | | | | |
| Retail | 1,112,778 | 1,138,573 | 1,140,547 | 0.2 | 2.5 | 192,168 | 167,047 | 157,816 | -4.6 | -12.7 |
| Credit cards | 117,411 | 106,589 | 106,595 | 0.0 | -9.2 | 21,938 | 19,648 | 19,605 | 1.0 | -5.0 |
| Consumer | 396,687 | 394,658 | 392,813 | -0.5 | -1.0 | 39,001 | 32,739 | 29,499 | -9.7 | -19.6 |
| **Total** | **3,062,417** | **3,080,423** | **3,074,554** | **-0.2** | **0.4** | **1,458,730** | **1,259,021** | **1,211,664** | **-2.6** | **-11.7** |

BANCO NACIONAL

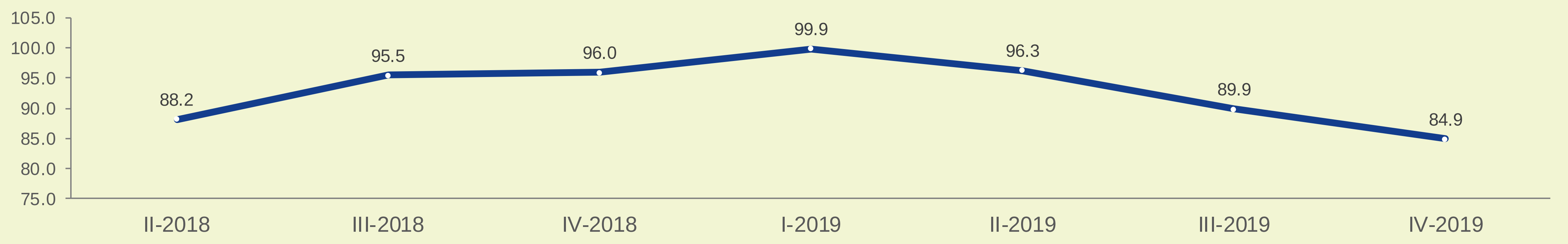
Juntos somos Progreso

# BNCR (STAND-ALONE): ASSET QUALITY

## NPLs[1] percentage of the loan portfolio (gross)



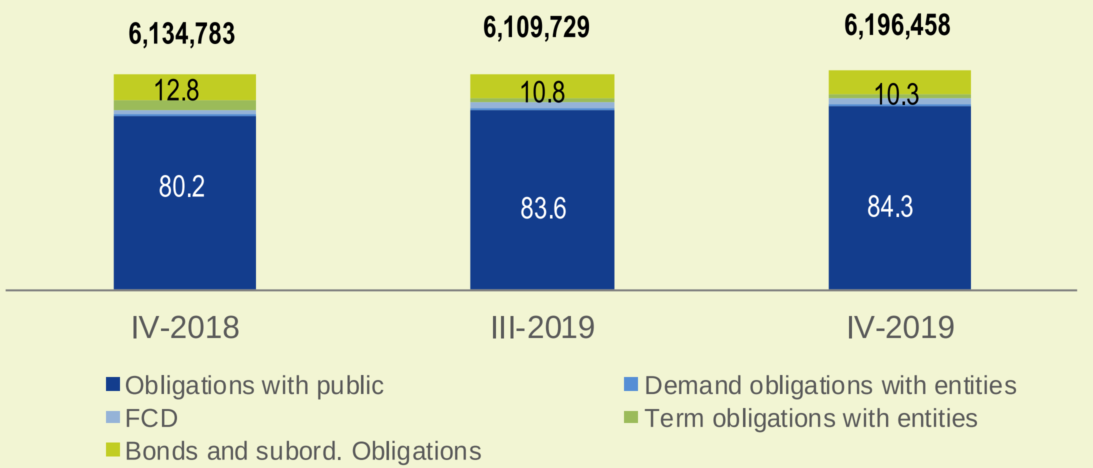

## Coverage ratio[2]



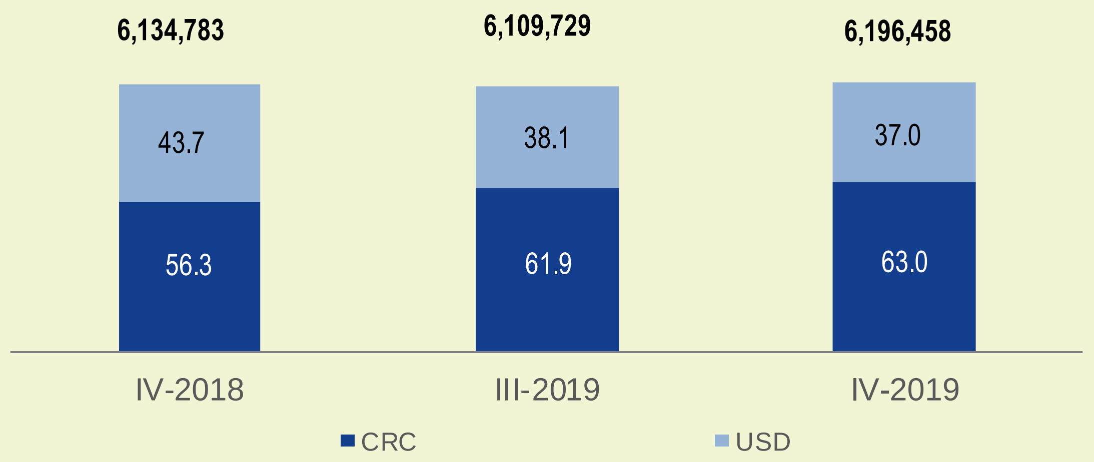

(1) NPL: credits more delay 90 days
(2) Allowances for loan impairments over NPLs

# BNCR (STAND-ALONE): FUNDING STRUCTURE

## By product

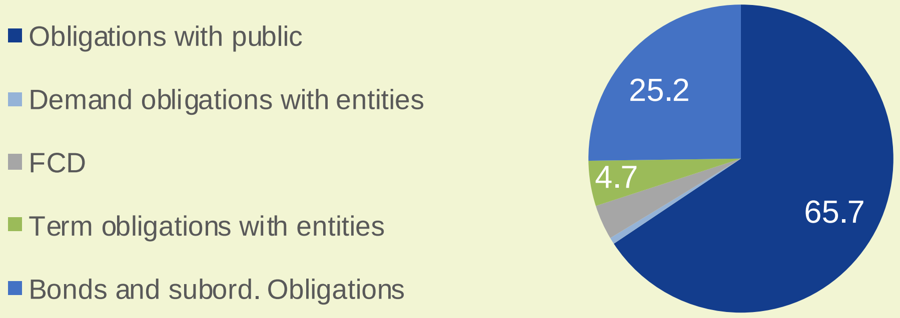



## By currency



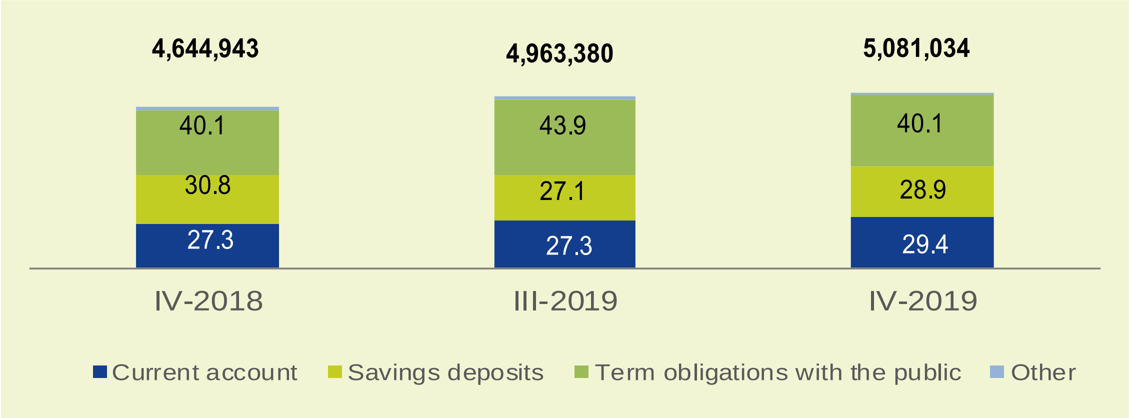

## CRC

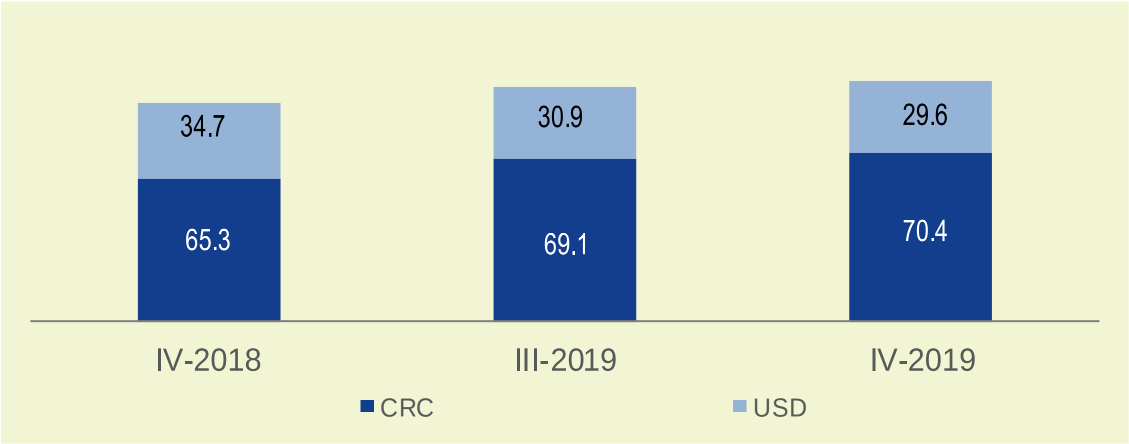

## Foreign currency



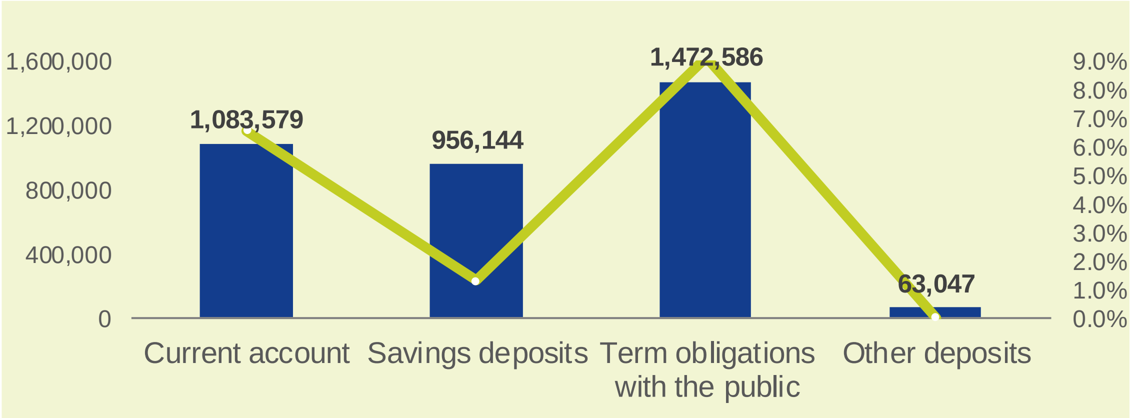
# BNCR (STAND-ALONE): DEPOSIT BREAKDOWN

## Structure of deposits

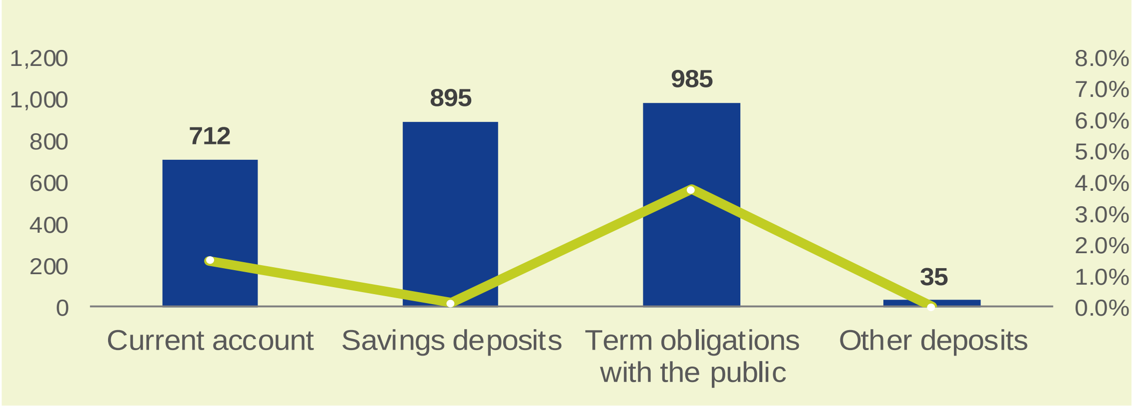



## Deposits and average cost (CRC)




## Deposits and average cost (other)



# BNCR: OUTSTANDING DEBT

| Security | Issue date | Maturity | Initial term (years) | Currency | Issued amount (million) | Outstanding amount | Interest rate |
|---|---|---|---|---|---|---|---|
| BNRC4C | 06-oct-2017 | 06-oct-2020 | 3 | CRC | 20,000 MM | 11,601 | 8.39% |
| BNRC4D | 12/02/2019 | 12/08/2020 | 1.5 | CRC | 20,000 MM | 20,000 | 9.10% |
| BNRC5A | 21/01/2019 | 21/01/2022 | 3 | CRC | 35,000 MM | 35,000 | 10.03% |
| BNRC5B | 29/01/2019 | 29/01/2021 | 2 | CRC | 35,000 MM | 24,016 | 9.15% |
| Subordinated | 27-may-2014 | 15-nov-2023 | 9.6 | USD | 100 MM | 90 MM | Libor6m+5.00% |
| Subordinated | 2-nov-2014 | 23-oct-2029 | 15 | USD | 30 MM | 29.25 MM | Libor6m+5.25% |
| RegS / 144A | 25-abr-2016 | 25-abr-2021 | 5 | USD | 500 MM | 350.2 MM | 5.875 |
| RegS / 144A | 1-nov-2013 | 1-nov-2023 | 10 | USD | 500 MM | 500 MM | 6.25 |

| Long term obligations Loans | MM CRC | rate | MM USD | rate |
|---|---|---|---|---|
| Local | 32,700 | 4.26% | | |
| International | | | 181.03 MM | 5.64% |
| **Total** | 32,700 | 4.26% | 181.03 MM | 5.64% |

# CREDIT RATINGS

## Local

| BNCR | Fitch |
|---|---|
| Last | Nov-19 |

| Long term debt | Fitch |
|---|---|
| Corporative bonds | AA+ |
| Mortgage bonds | AA+ |
| Long term deposits | AA+ |
| | |

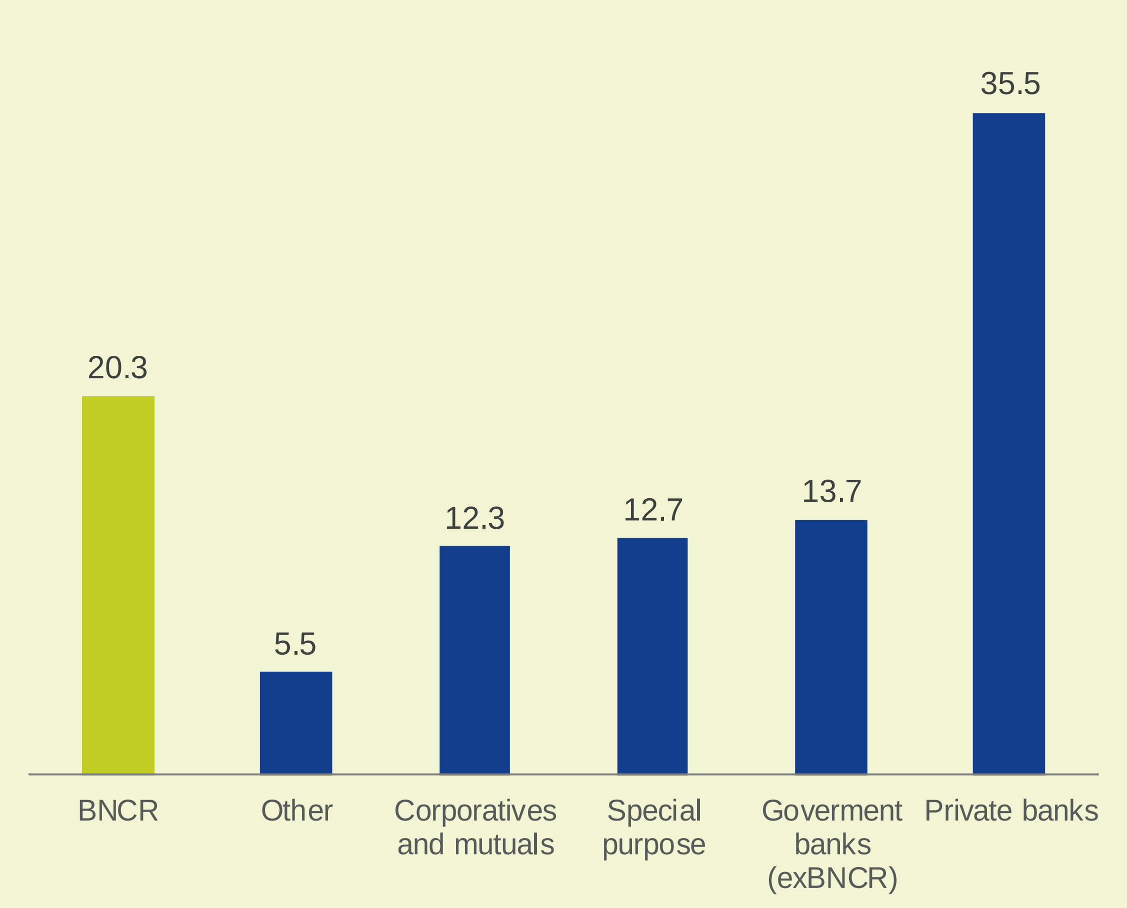
| Short term debt | Fitch |
|---|---|
| Short term deposits | F1+ |
| Certificates of deposits | F1+ |

## International

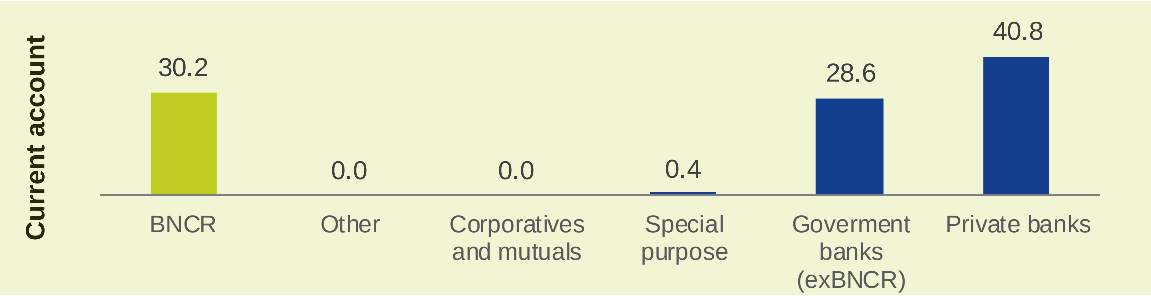
| BNCR | Fitch | Moody’s |
|---|---|---|
| Last | Nov-19 | Feb-20 |
| Outlook | Neg | Stable |
| Stand alone rating foreign currency | B+ | B2 |

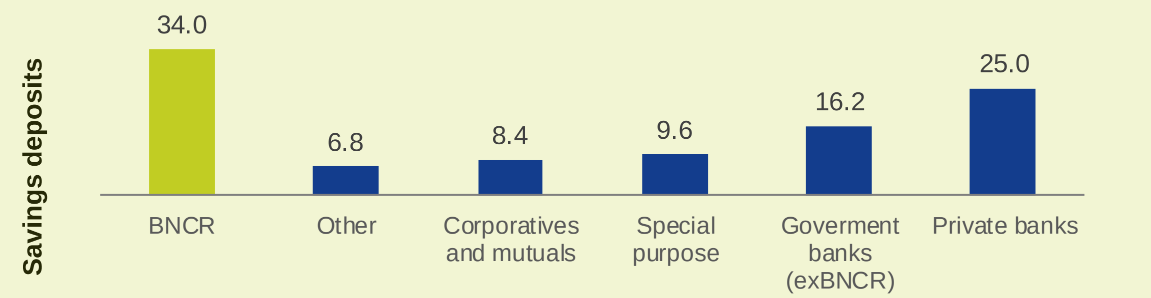
# MARKET SHARE

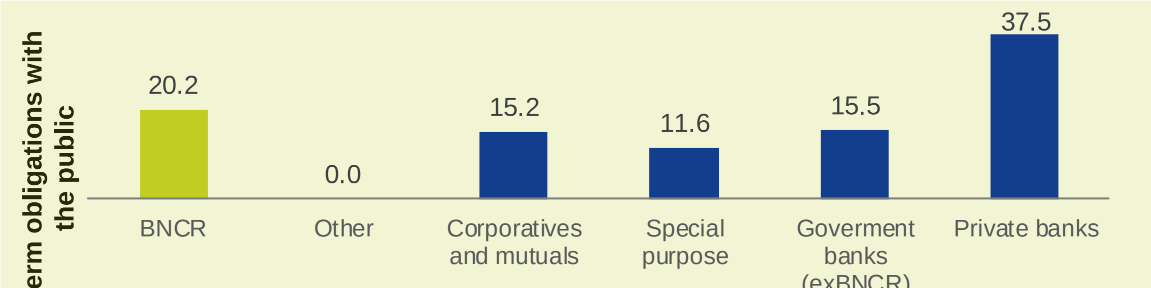
## Credit




## Deposits

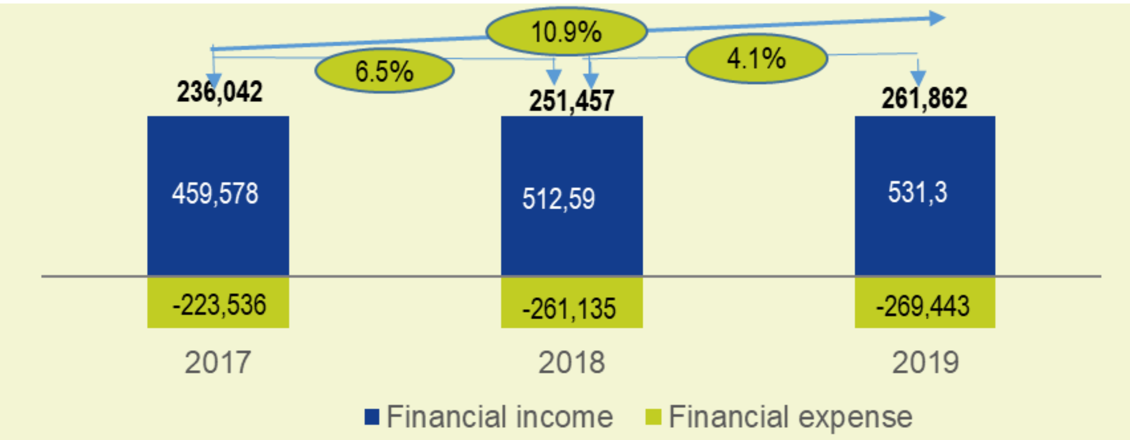


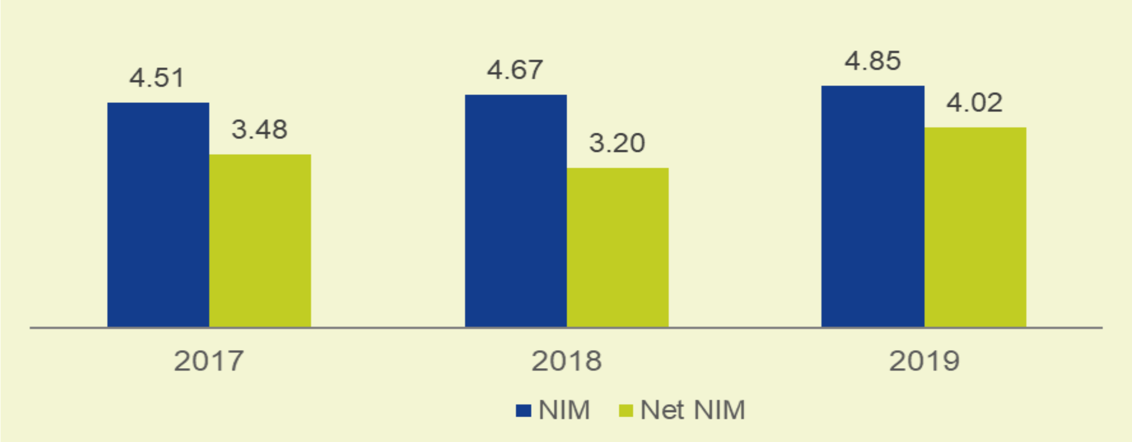



# Financial performance (Annual)

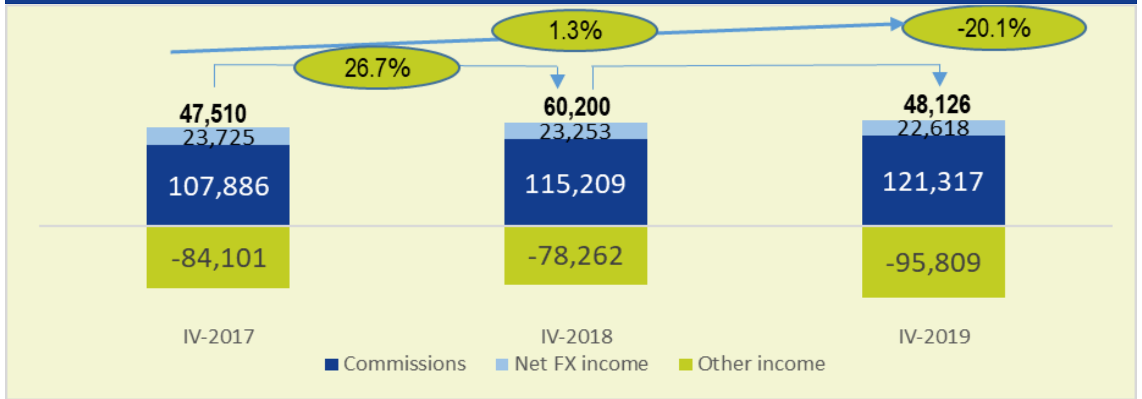
## Financial income (million CRC)



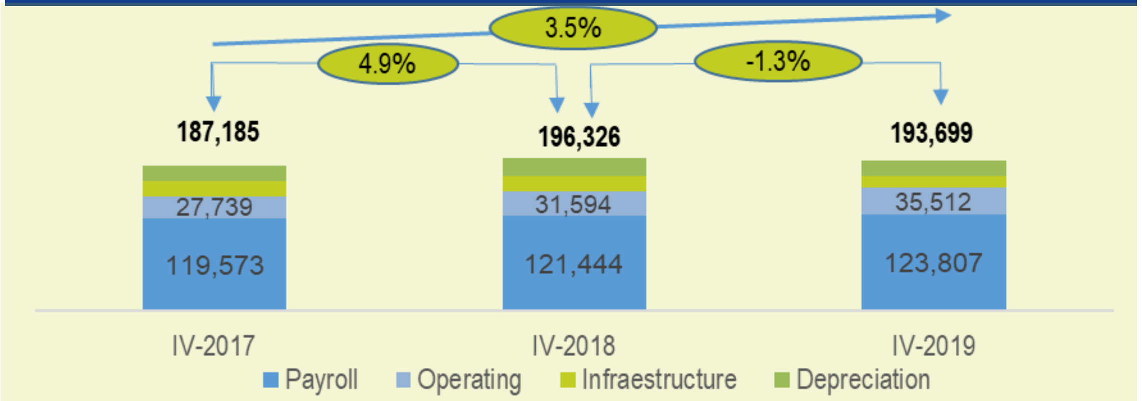

## NIM



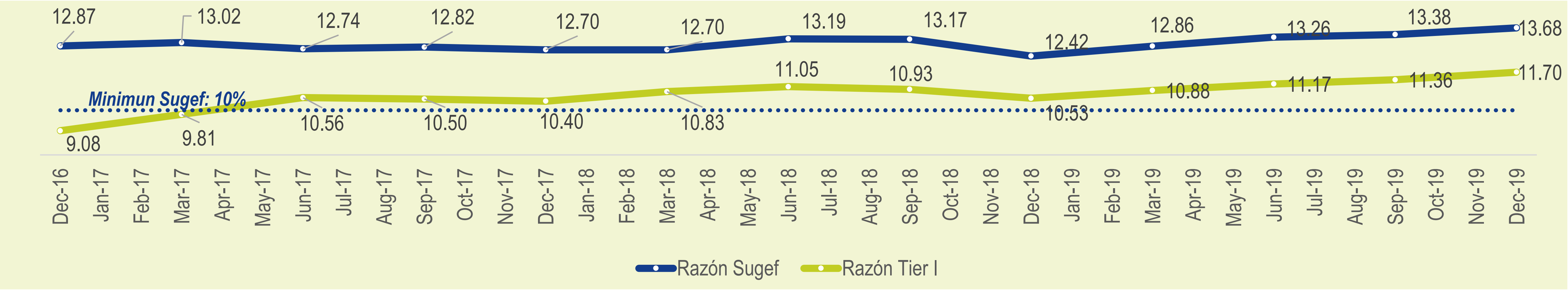

## Fee income (million CRC)



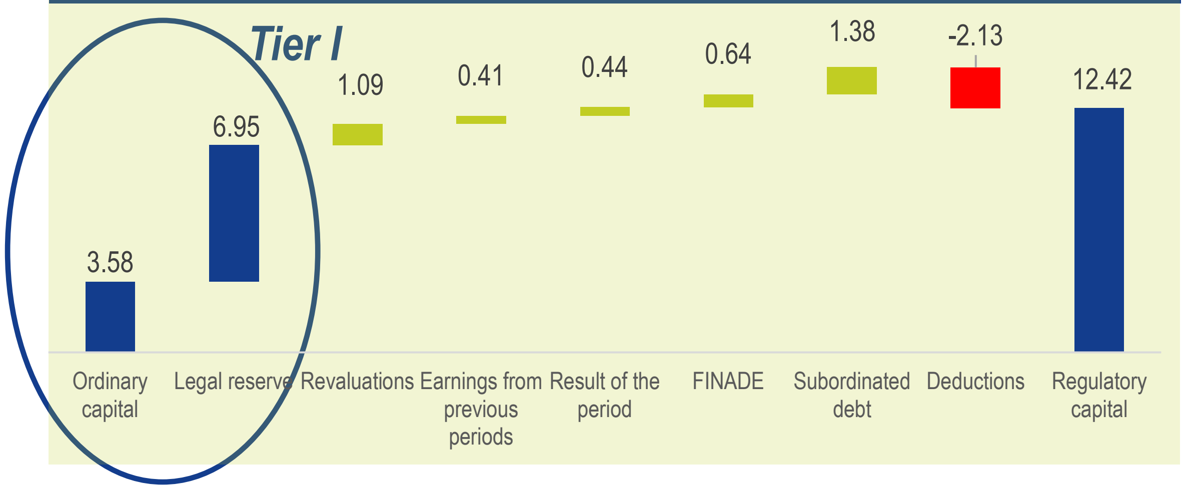

## Operational expenditure (million CRC)



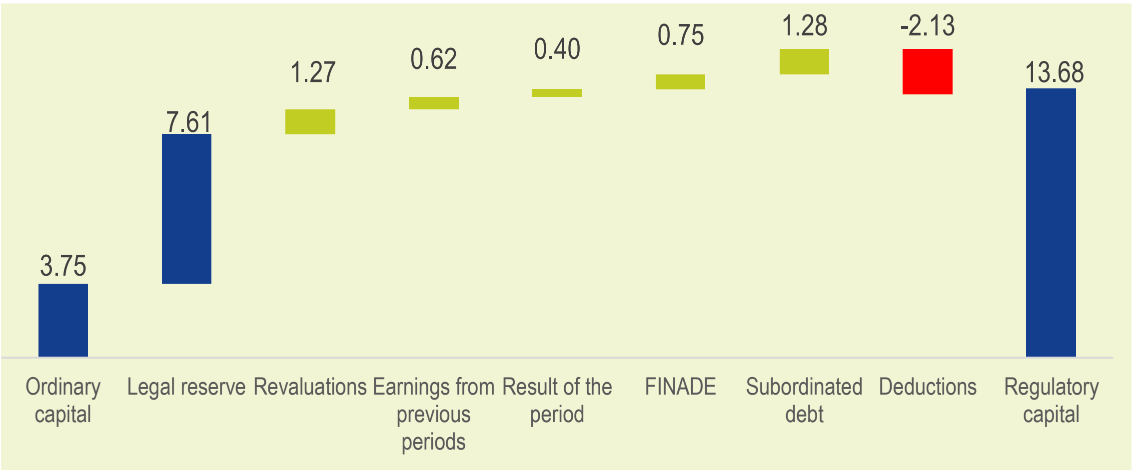
# CAPITALIZATION




## ISP composition (Dec-18)




## ISP composition (Dec-19)

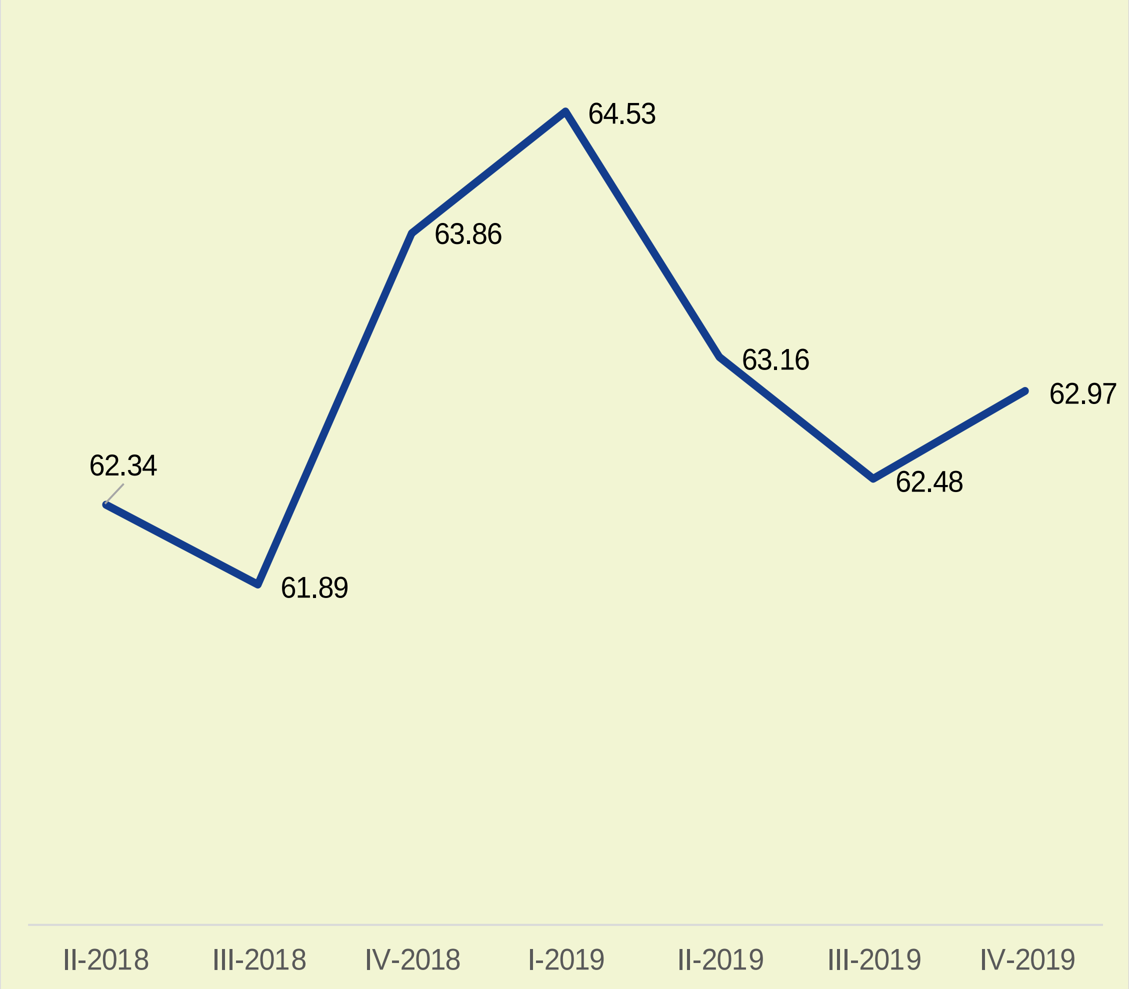


BANCO NACIONAL

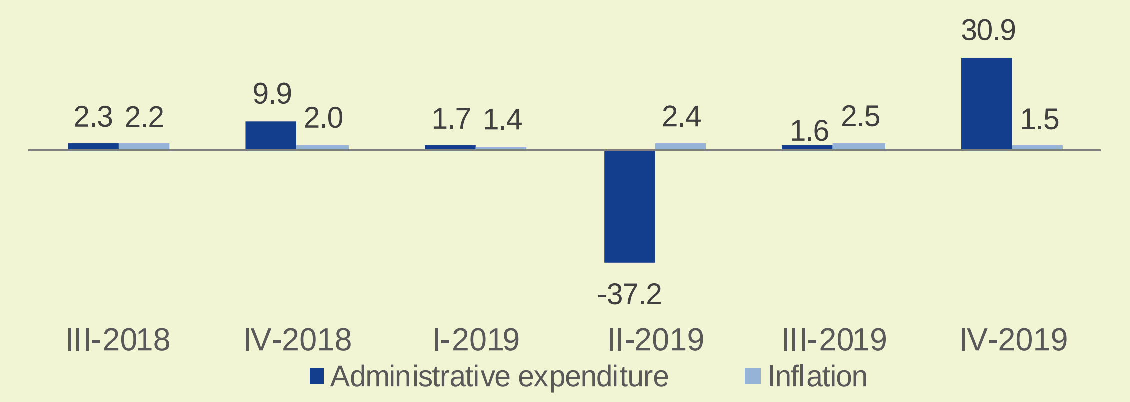
Juntos somos Progreso

# EFFICIENCY

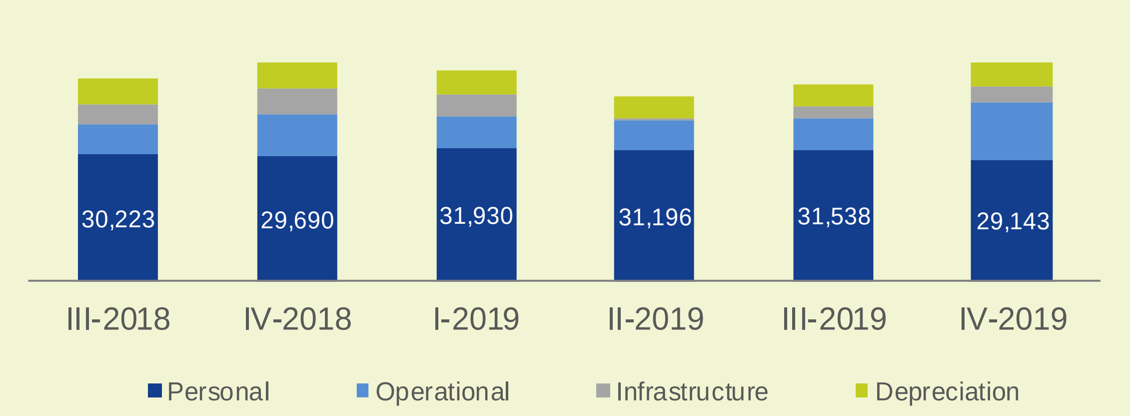
## Efficiency ratio




## Administrative expenditure (YoY growth, %)

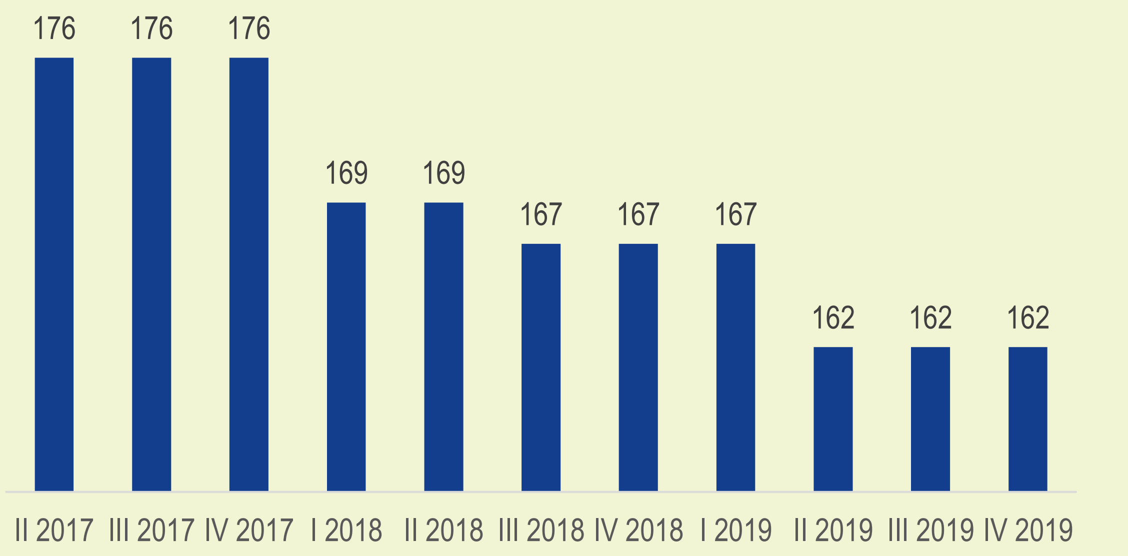



## Administrative expenditure breakdown (million CRC)

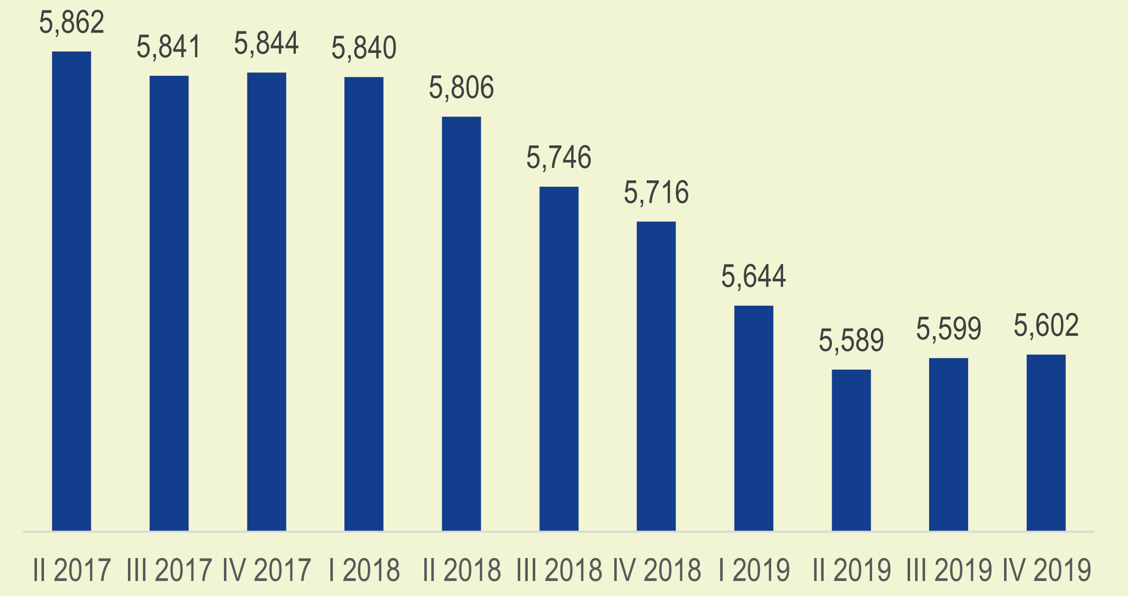


# BRANCHES AND PAYROLL

## Branches(1)




## Payroll(1)




As of december 31 2019, the Bank has 162 offices, 466 automated taller machines, and a total of 5,602 employees (2018: 167 offices, 466 automated taller machines, and 5,716 employees). Employees are distributed as follows: Banco Nacional de Costa Rica – 5,162 employees (2018: 5,307); BN Valores Puesto de Bolsa, S.A. -69 employees (2018:69); BN Vital Operadora de Planes de Pensiones Complementarias S.A.-185 employees (2018:171); BN Sociedad Administradora de Fondos de Inversión, S.A.- 86 employees (2018:80); and BN Corredora de Seguros, S.A.-100 employees (2018:89). The Bank's website is www.bncr.fi.cr.

(1) Includes all BNCR Group