



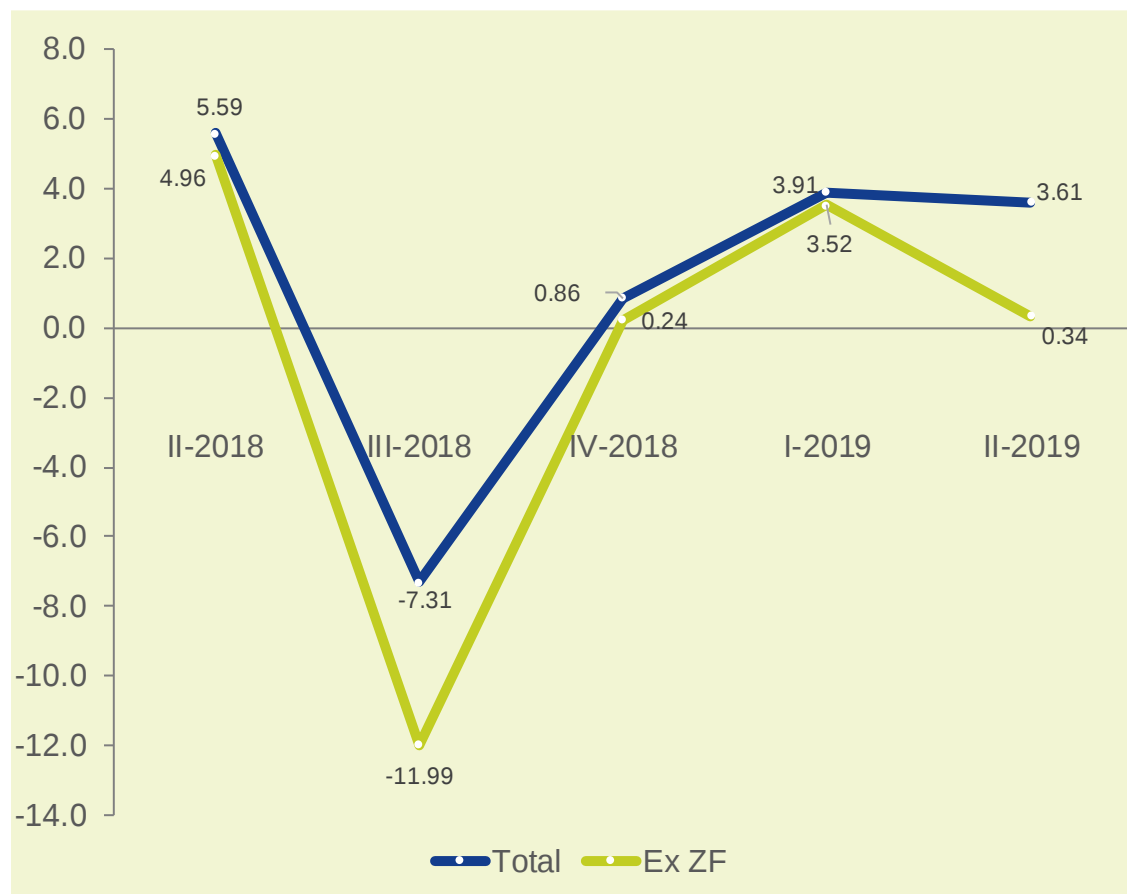
# INVESTORS REPORT

## THIRD QUARTER, 2019

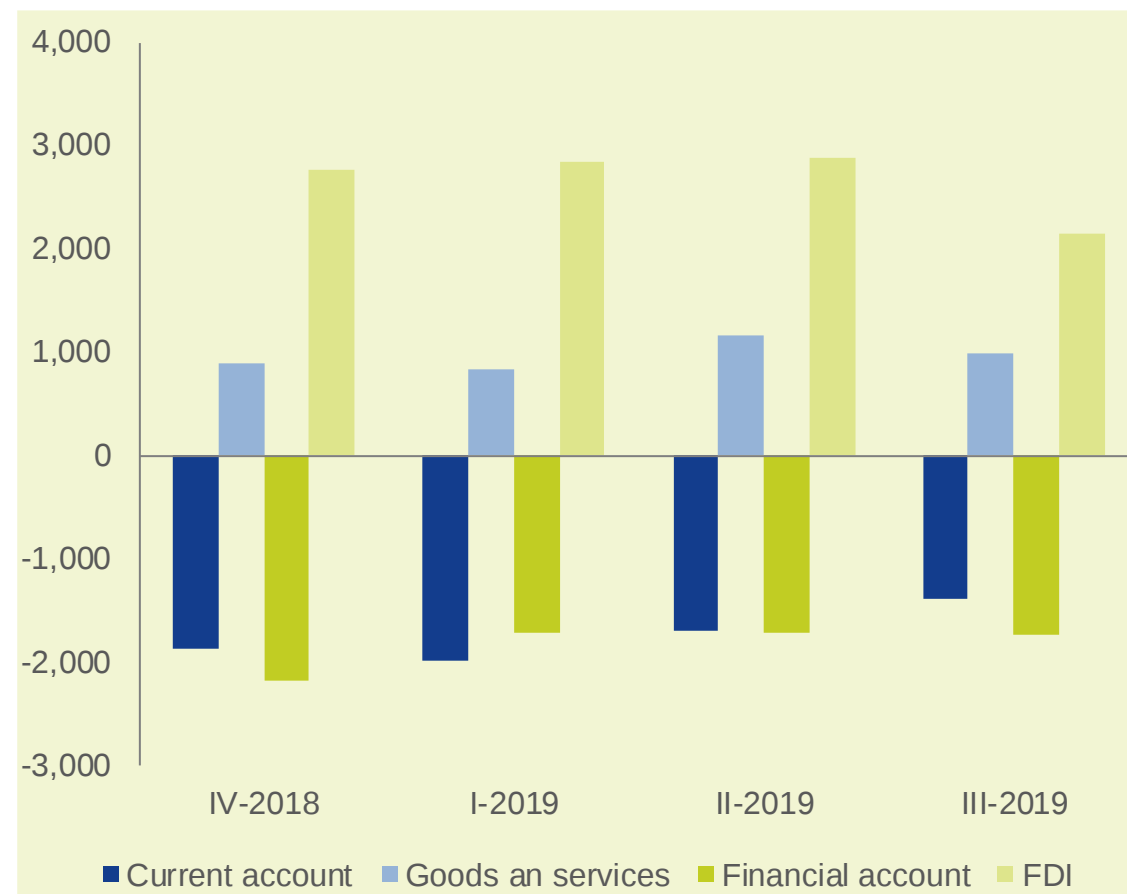
Juntos somos  
Progreso

# COSTA RICA: ECONOMIC ACTIVITY

IMAE<sup>(1)</sup> (QoQ variation annualized, %)



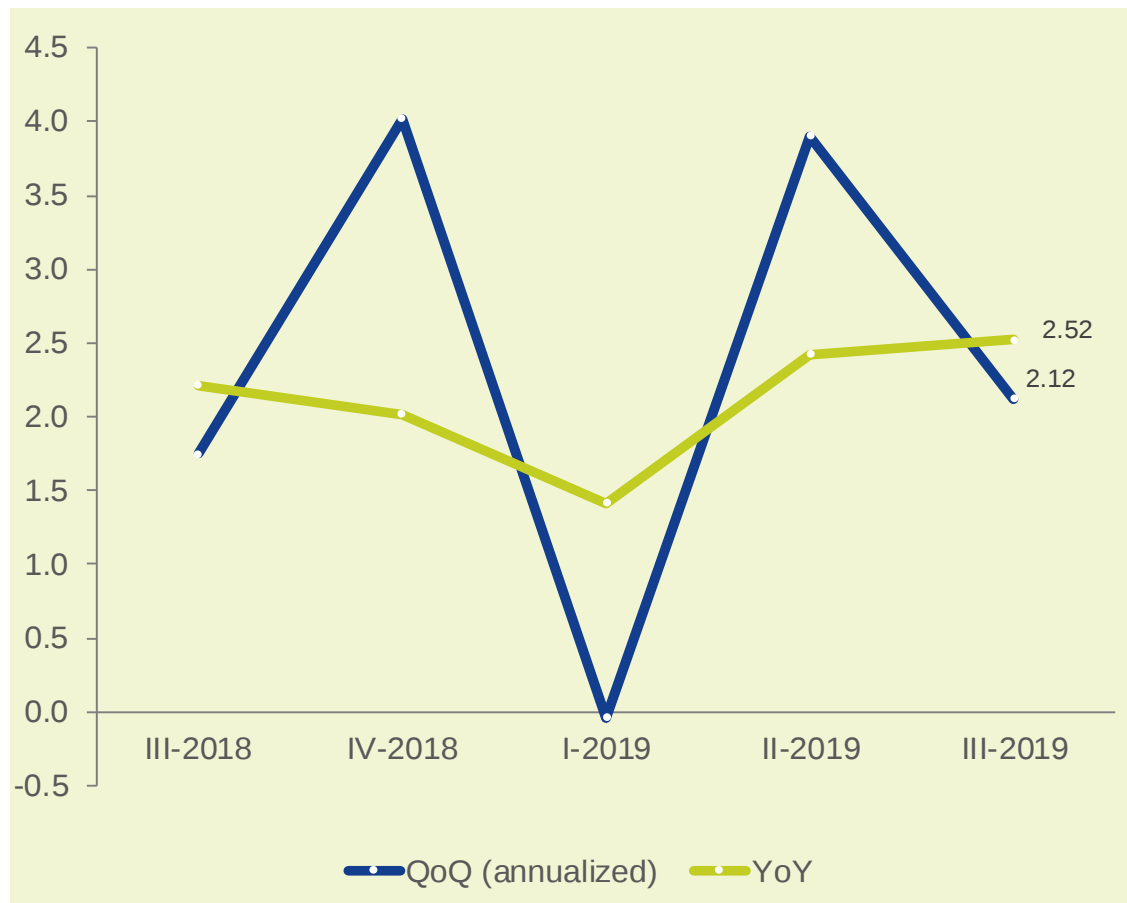
Balance of Payments (last year, million USD)



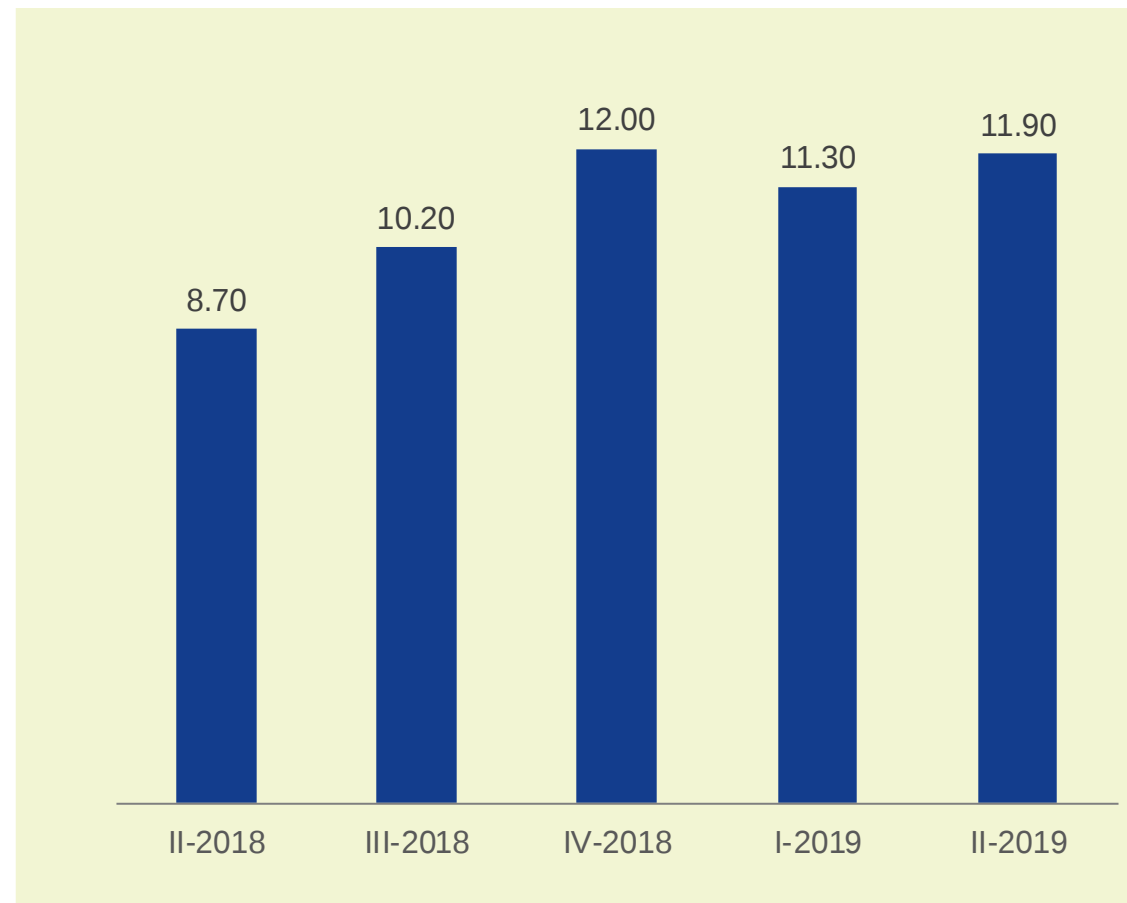
(1) IMAE stands for Índice Mensual de Actividad Económica, it is a gauge of economic activity computed by the Central Bank

# COSTA RICA: INFLATION AND UNEMPLOYMENT

## Consumer Price index (CPI)

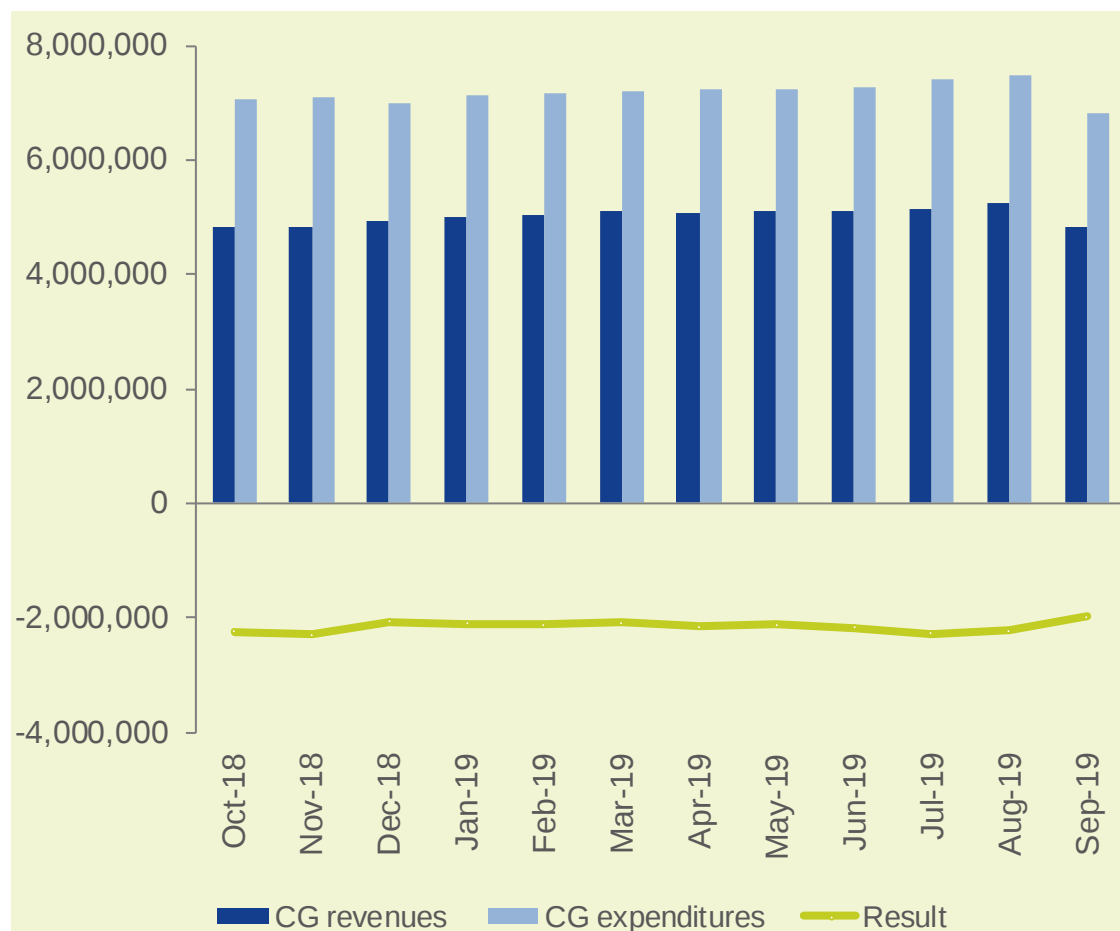


## Unemployment

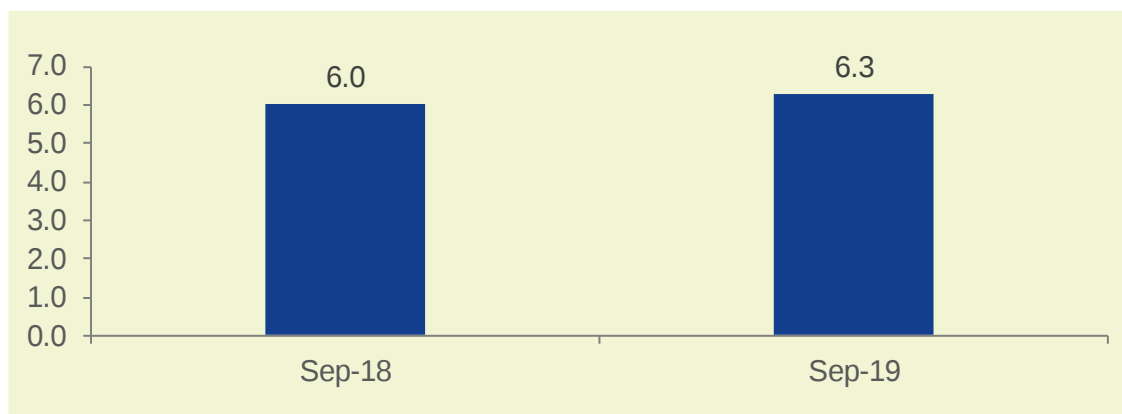


# COSTA RICA: FISCAL PERFORMANCE

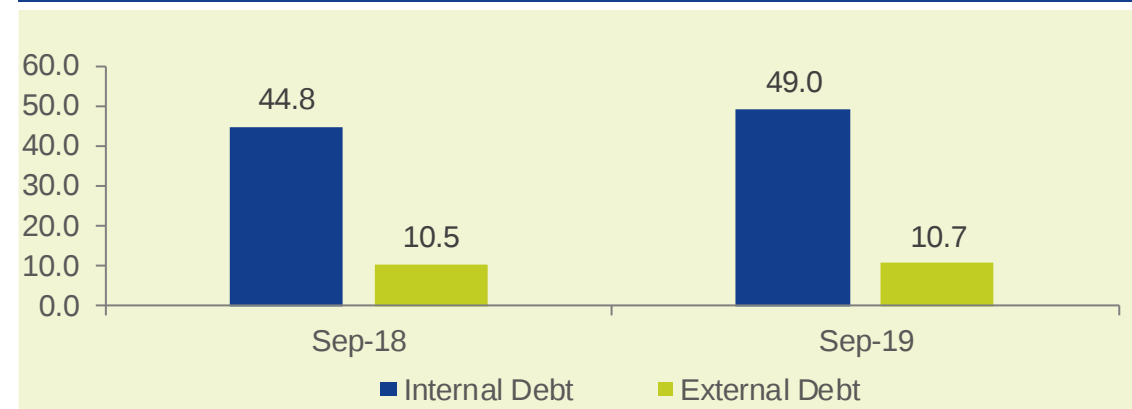
Central government: revenues and expenditures ( last year, million CRC)



Central Government Deficit / GDP (%)

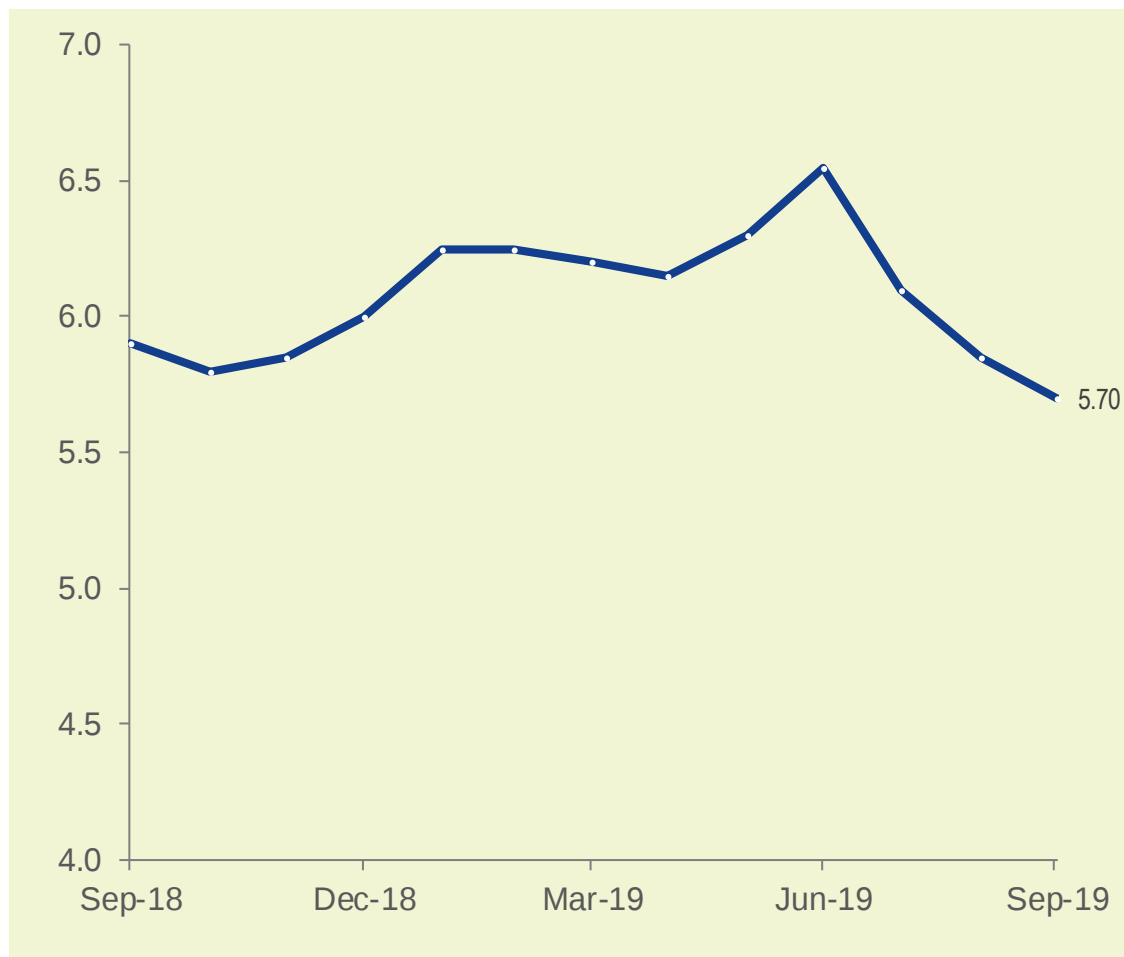


Central Government Debt/ GDP (%)

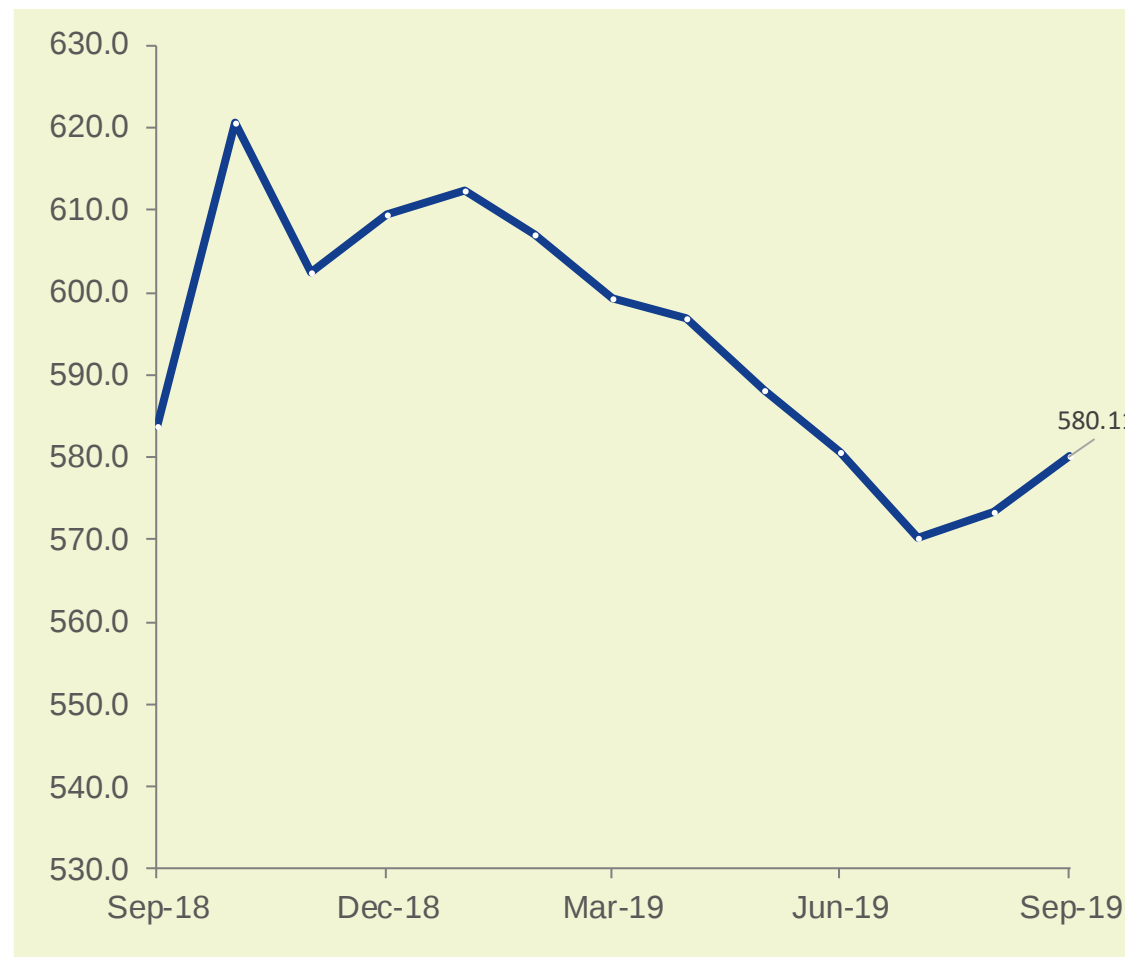


# COSTA RICA: INTEREST AND EXCHANGE RATES

Tasa básica pasiva

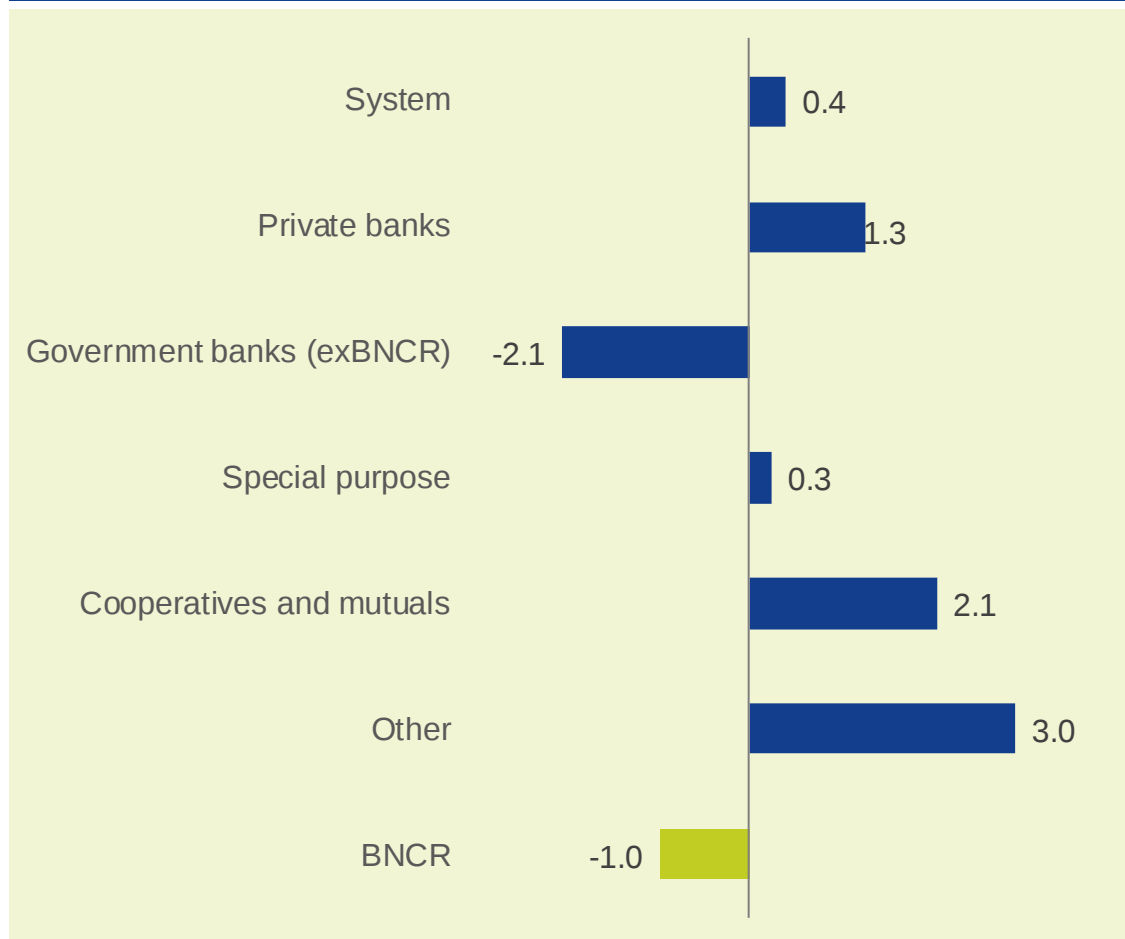


Average exchange rate USDCRC (Monex)

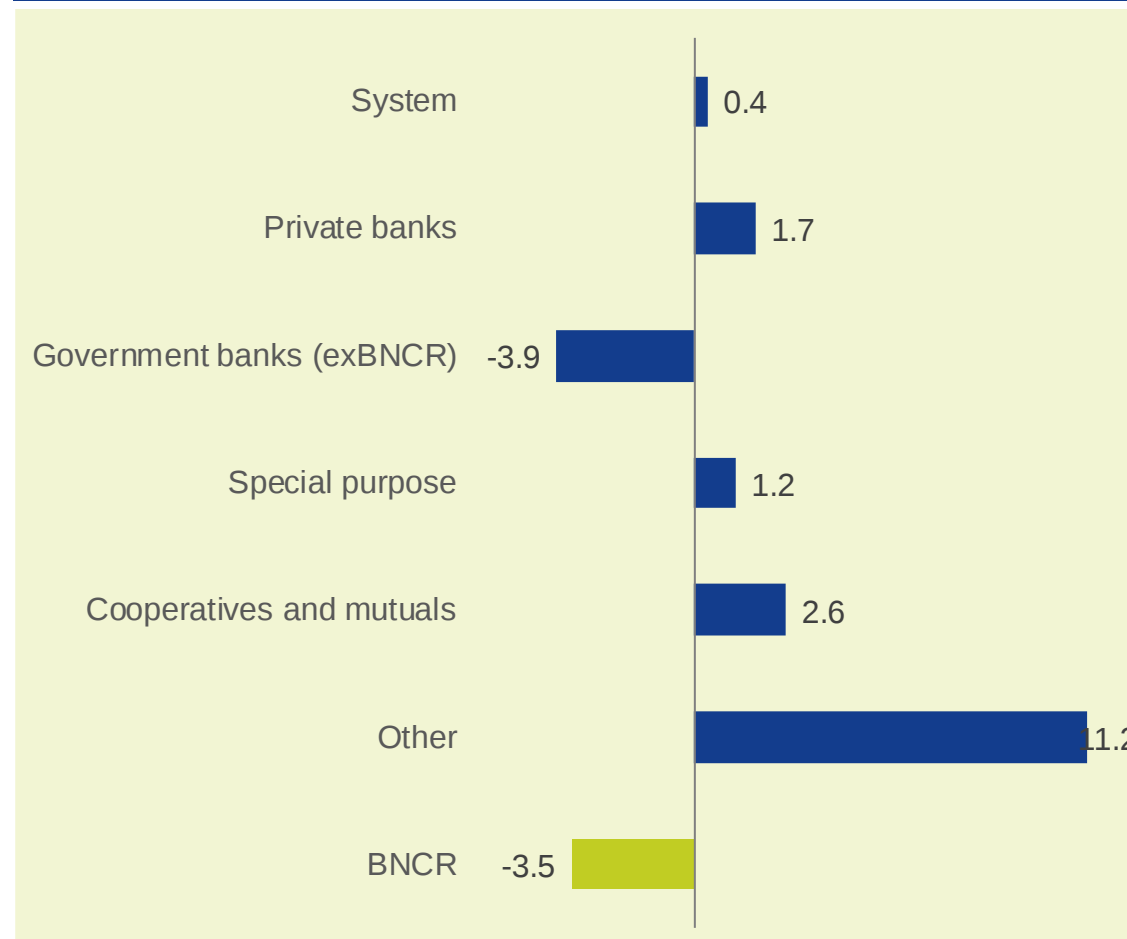


# BANK SYSTEM: CREDIT (GROSS)

## Quarterly growth (3Q 2019)

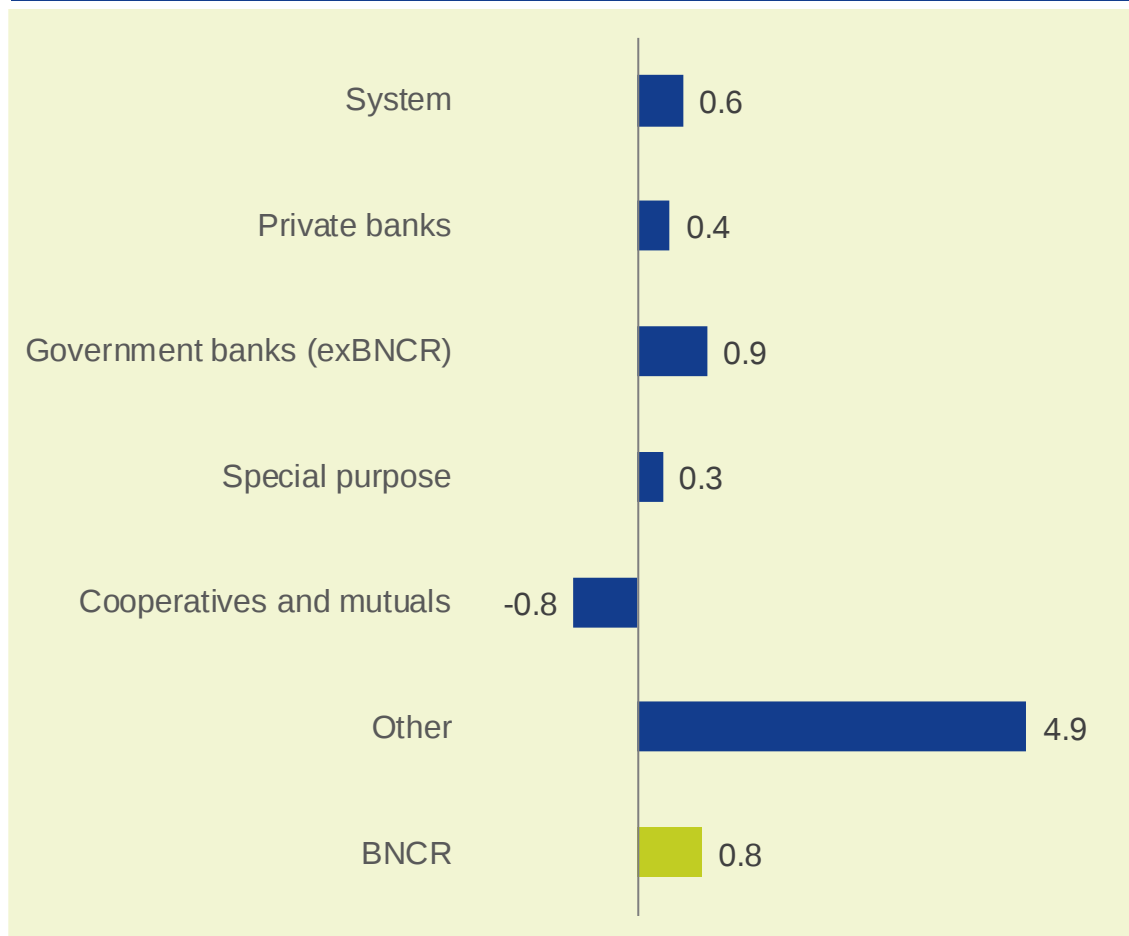


## Year growth (3Q 2019)

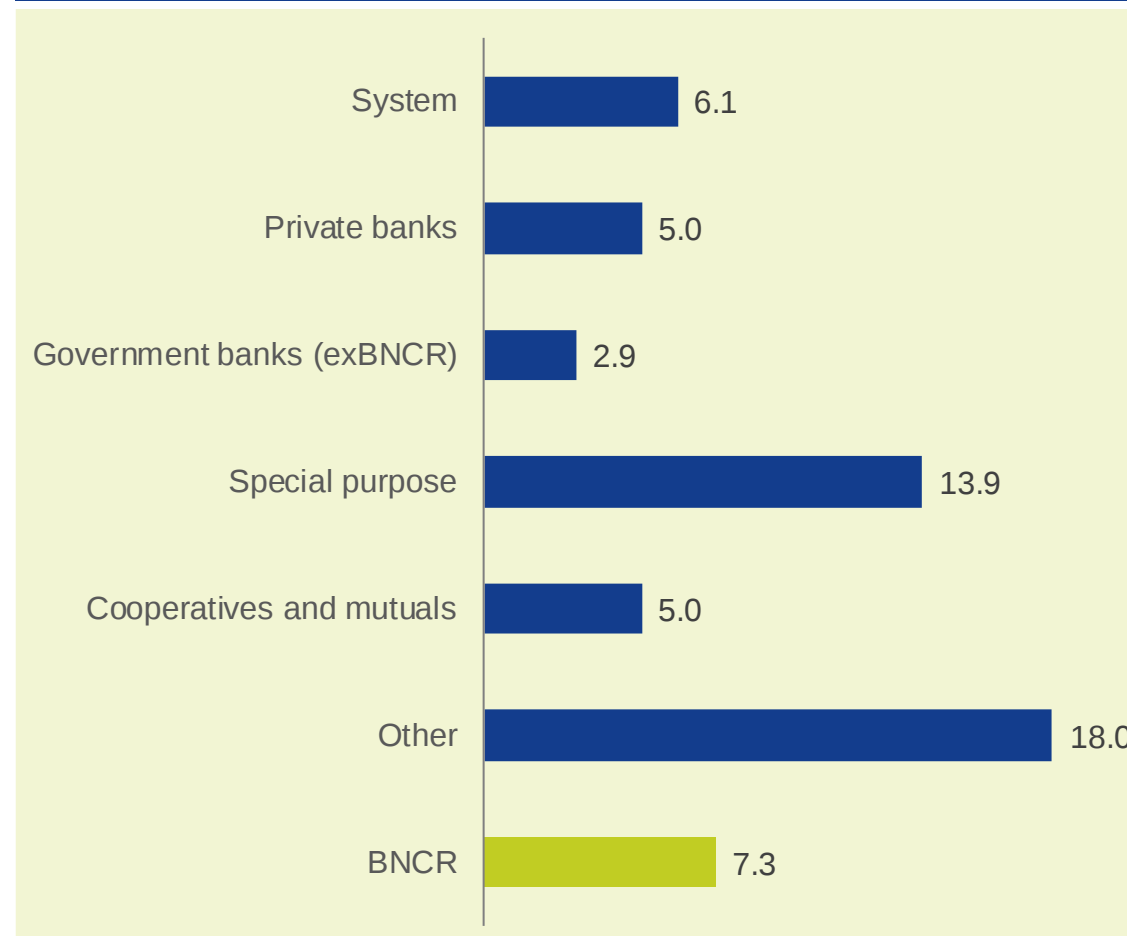


# BANK SYSTEM: DEPOSITS

## Quarterly growth (3Q 2019)

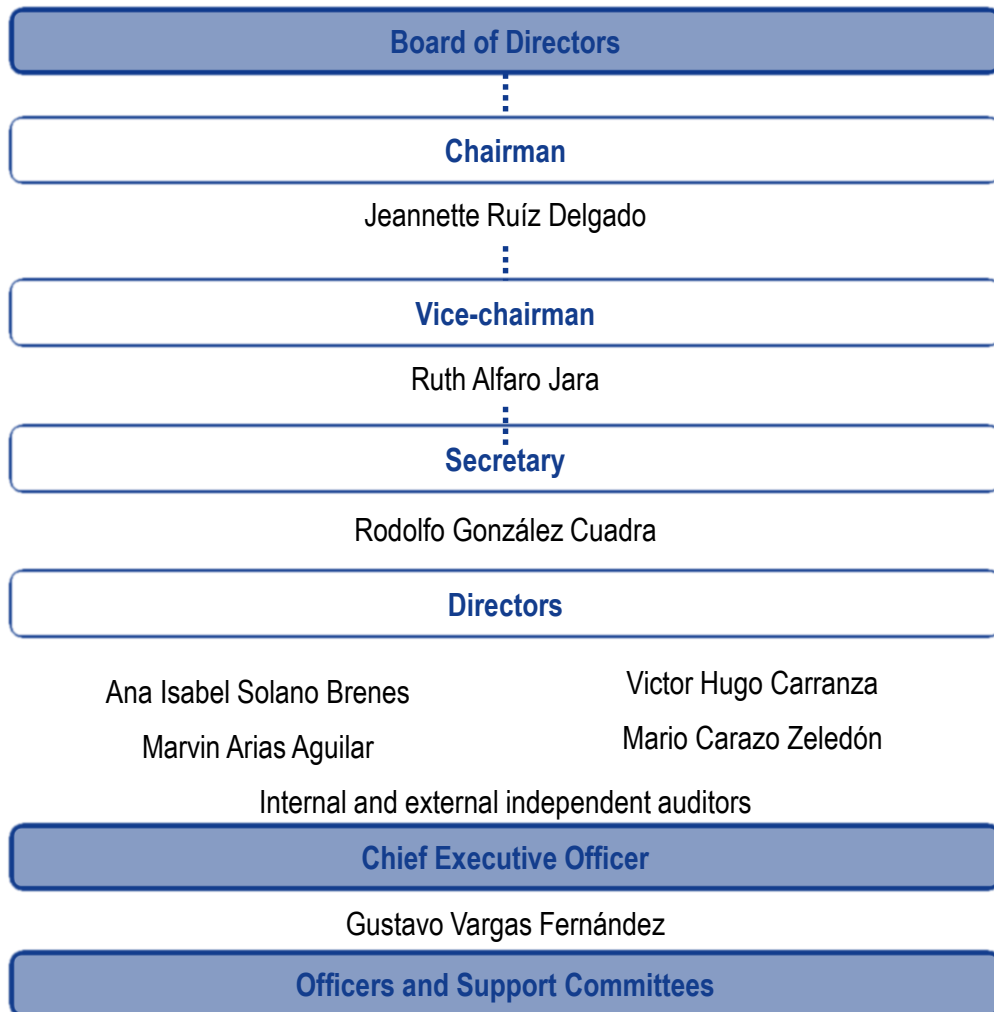


## Year growth (3Q 2019)

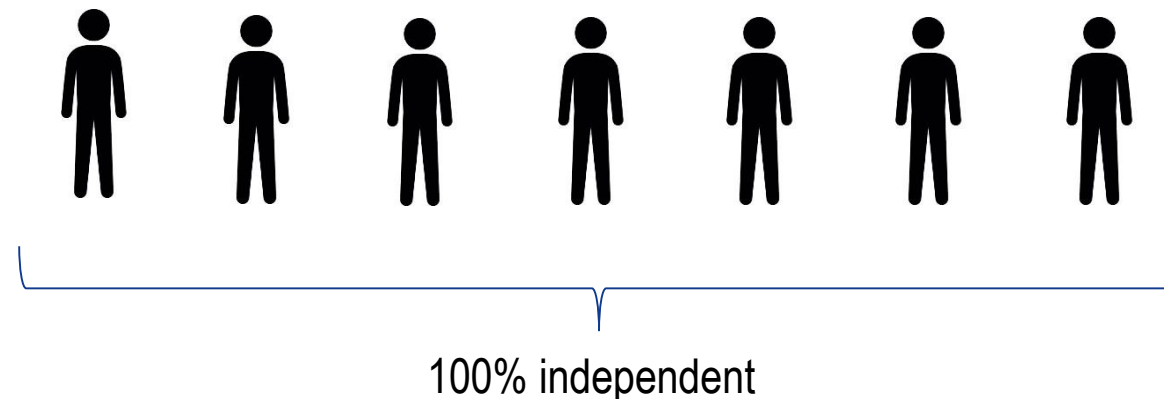


# CORPORATE GOVERNANCE

## Governance Structure



## Independent Board of Directors

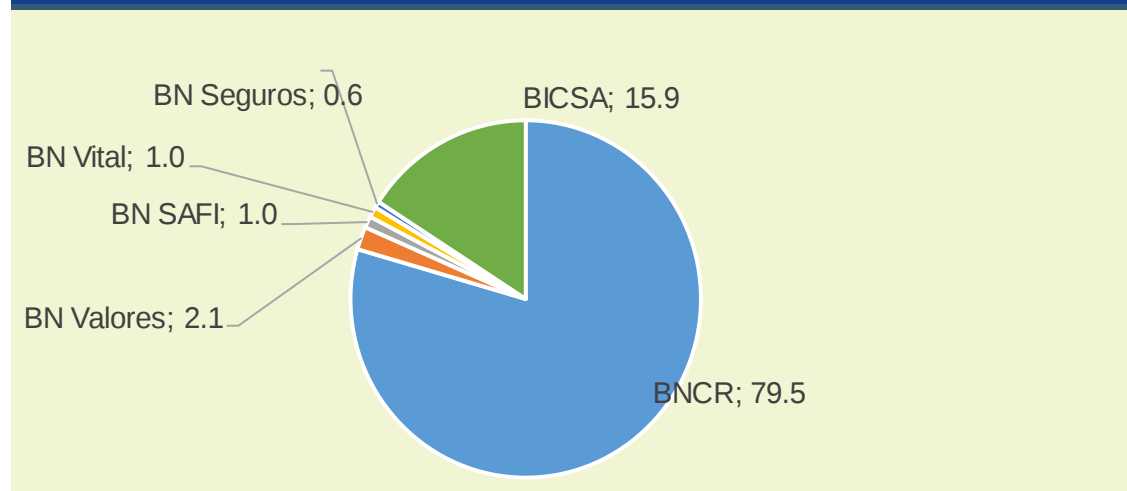


- Appointed by the Counsel of Ministers.
- 8-year term.
- Every 4 years, 3 or 4 members change.

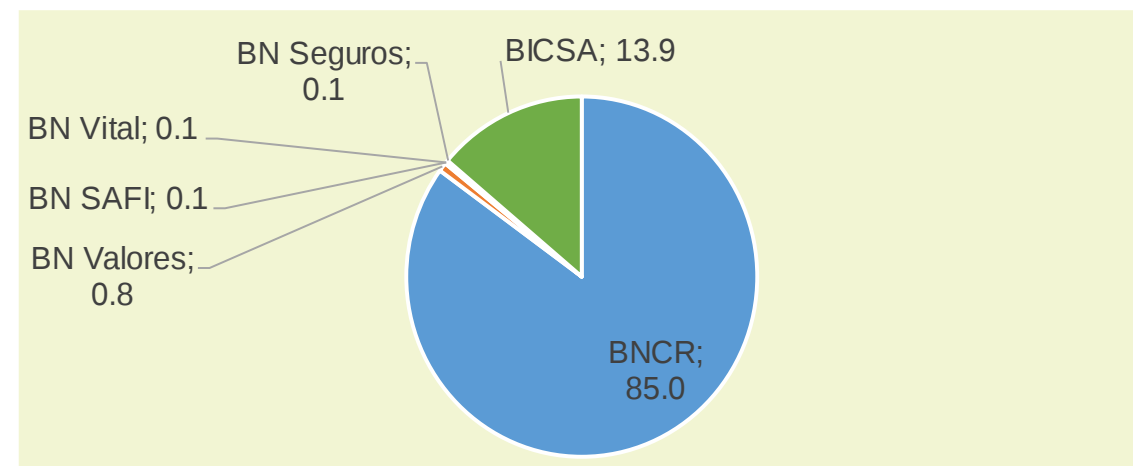
# CORPORATE GOVERNANCE (CONT.)



## Equity (Sept-19)



## Assets (Sept-19)



BNCR owns a 49% stake in BICSA

Total assets and equity of BNCR Group amount CRC 7,080,464 million and equity CRC 717,053 million (excluding BICSA)

# BNCR: INVESTMENT HIGHLIGHTS (3Q 2019)

|               |                                 |     |           |         |                                                                                       |         |     |                                                                                       |           |     |
|---------------|---------------------------------|-----|-----------|---------|---------------------------------------------------------------------------------------|---------|-----|---------------------------------------------------------------------------------------|-----------|-----|
| Profitability | Net income                      | CRC | 5,374     | million |    | 8%      | QoQ |    | 94%       | YoY |
|               | ROAE                            |     | 3.18 %    |         |    | 32 b.p  | QoQ |    | 146 b.p   | YoY |
|               | ROAA                            |     | 0.31 %    |         |    | 3 b.p   | QoQ |    | 15 b.p    | YoY |
| Credit        | Loan portfolio                  | CRC | 4,339,444 | million |    | 1.00%   | QoQ |    | 3.51%     | YoY |
|               | Provisions                      | CRC | 9,118     | million |    | 48.87%  | QoQ |    | 59.35%    | YoY |
|               | Cost of risk <sup>(1)</sup>     |     | 0.84 %    |         |    | 77 b.p  | QoQ |    | 116.7 b.p | YoY |
| NII and NIM   | Net Financial income            | CRC | 59,101    | million |    | 23.09%  | QoQ |    | 40.27%    | YoY |
|               | NIM                             |     | 4.88 %    |         |    | 6.5 b.p | QoQ |    | 22 b.p    | YoY |
|               | NIM neto <sup>(2)</sup>         |     | 4.37 %    |         |    | 77 b.p  | QoQ |    | 125 b.p   | YoY |
| Efficiency    | Efficiency ratio <sup>(3)</sup> |     | 62.48 %   |         |  | 205 b.p | QoQ |  | 59 b.p    | YoY |
| Capital       | ISP <sup>(4)</sup>              |     | 13.38 %   |         |  | 12 b.p  | QoQ |  | 21 b.p    | YoY |

(1) Cost of risk: annualized provisions for loan losses on average gross loans.

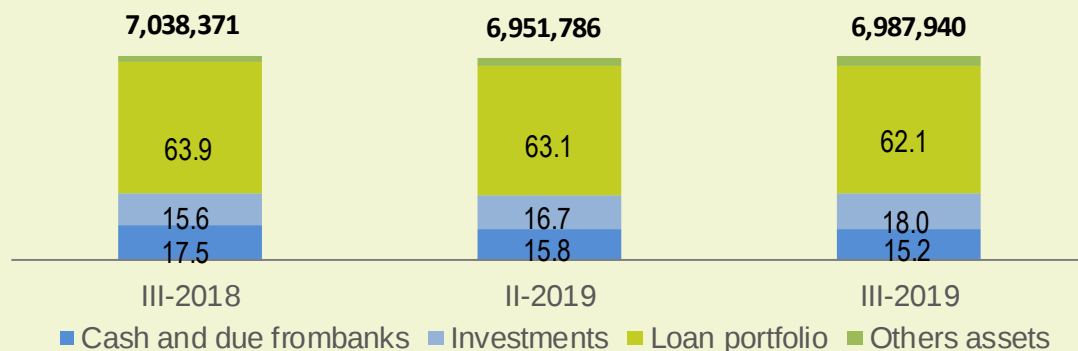
(2) After allowances for impairment and recovery of assets and decrease in allowances

(3) Administrative expenditure on gross operational income.

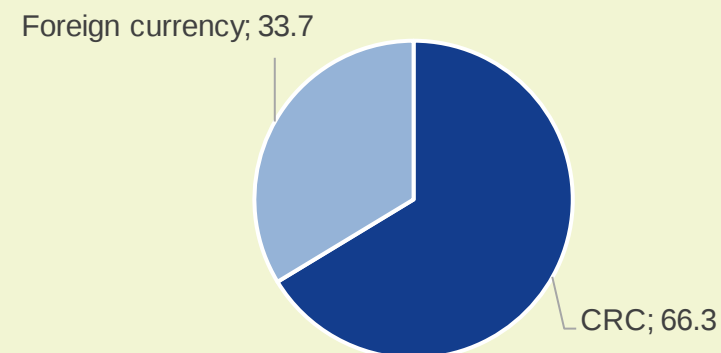
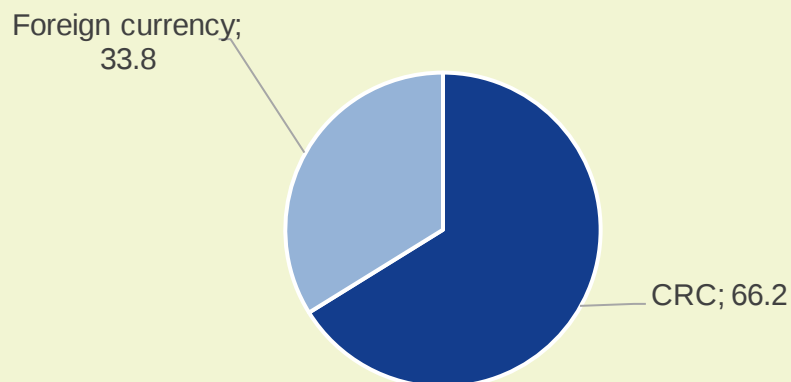
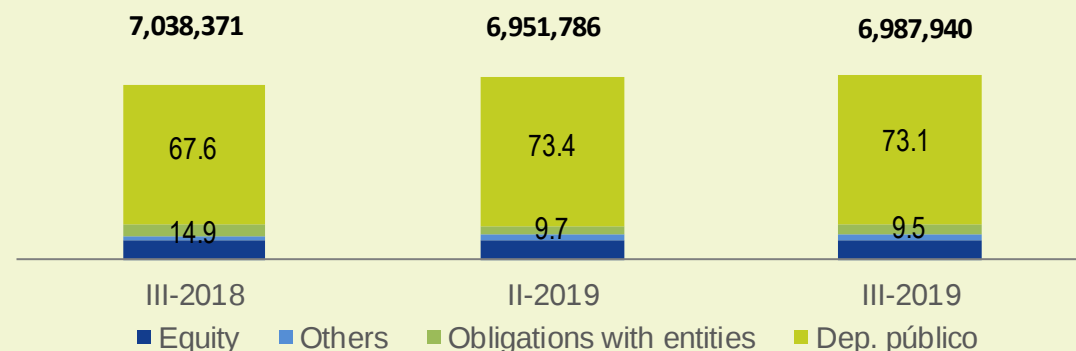
(4) Regulatory Capital Adequacy Ratio

# BNCR (STAND-ALONE): BALANCE SHEET BREAKDOWN

## Assets (million CRC)

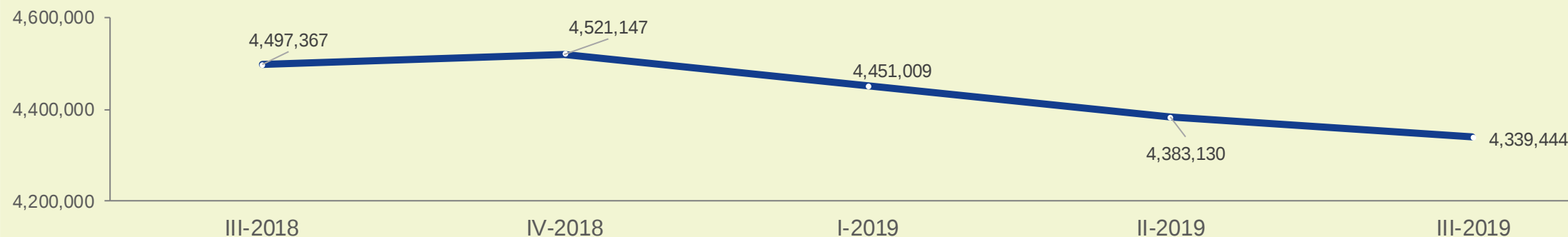


## Liabilities and Equity (million CRC)

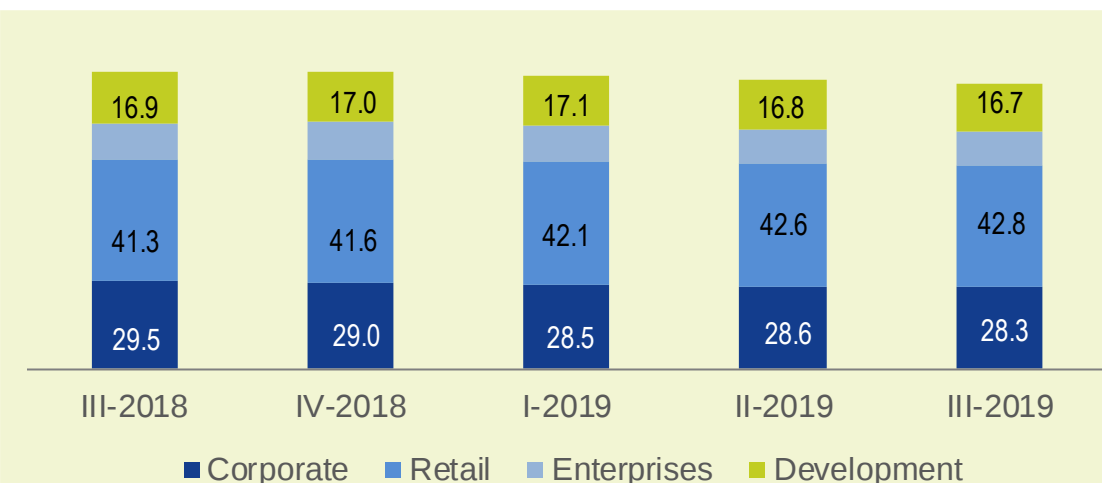


# BNCR (STAND-ALONE): LOAN PORTFOLIO

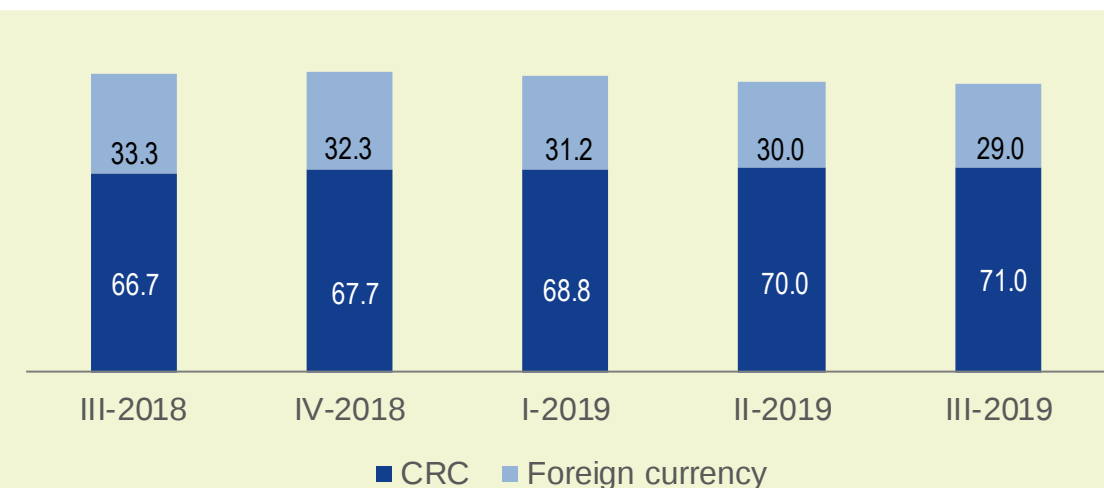
## Loan portfolio gross (million CRC)



## Portfolio composition (%)

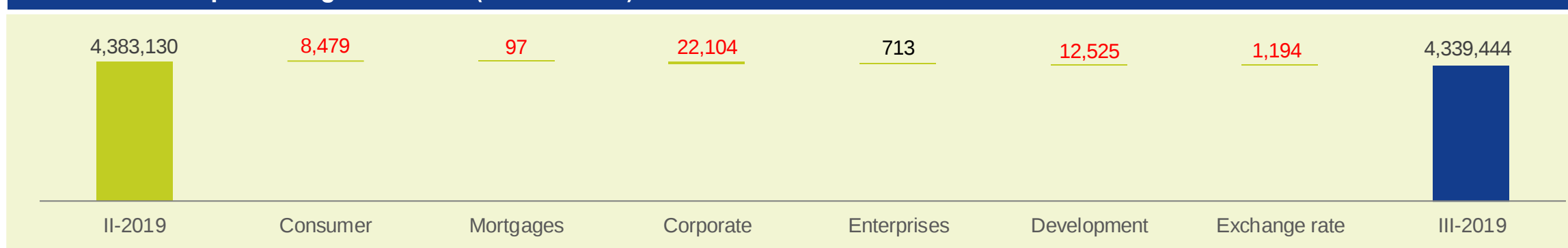


## Loan portfolio by currency (%)

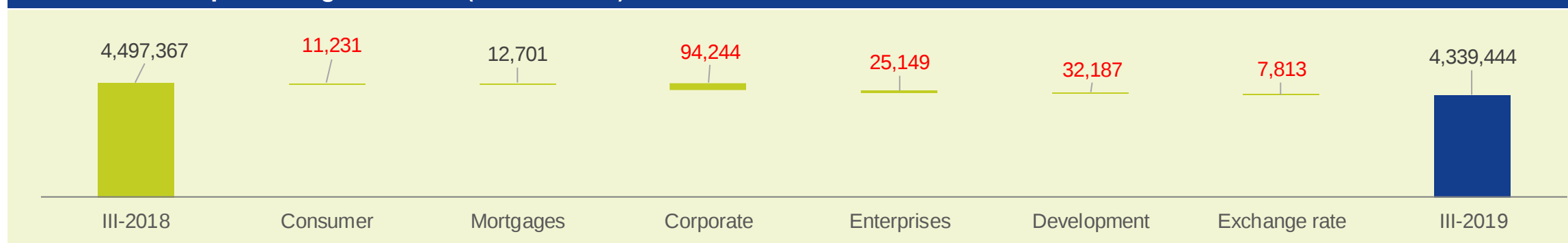


# BNCR (STAND-ALONE): LOAN PORTFOLIO

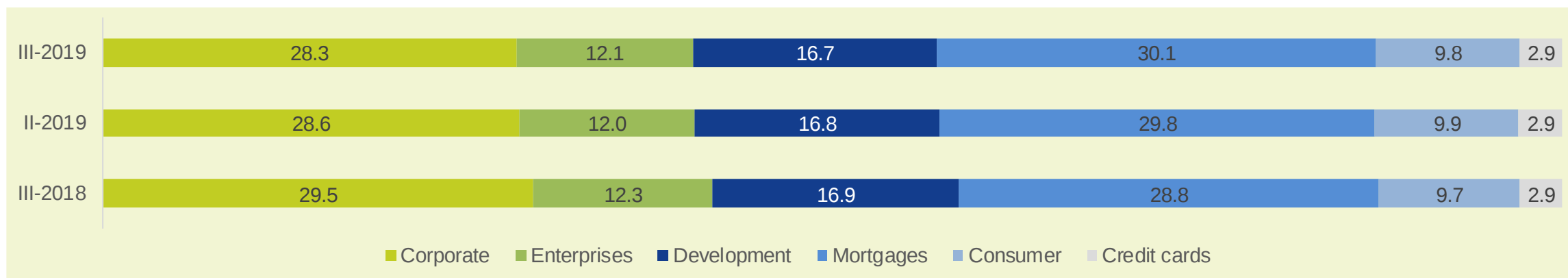
## Contribution to portfolio growth QoQ (million CRC)



## Contribution to portfolio growth YoY (million CRC)

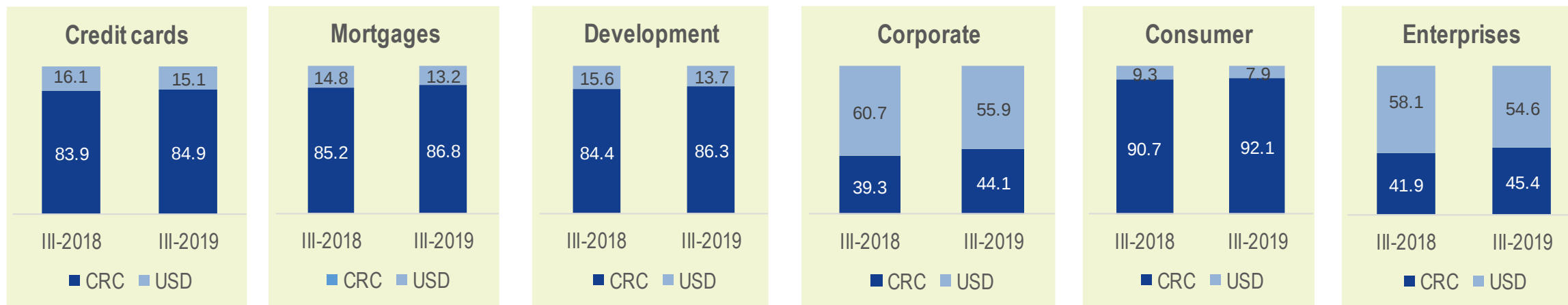


# BNCR (STAND-ALONE): LOAN PORTFOLIO BY SEGMENT



| Crédito<br>MM de CRC | Trimestre        |                  |                  | % Part. 2T 2019 | % cambio nominal |             | % cambio real |             |
|----------------------|------------------|------------------|------------------|-----------------|------------------|-------------|---------------|-------------|
|                      | III-2018         | II-2019          | III-2019         |                 | Trimestral       | Interanual  | Trimestral    | Interanual  |
| <b>Corporativo</b>   | 1,327,123        | 1,251,490        | 1,228,756        | 28.3            | -1.8             | -7.4        | -2.3          | -9.7        |
| <b>Desarrollo</b>    |                  |                  |                  |                 |                  |             |               |             |
| Empresarial          | 552,660          | 525,329          | 525,777          | 12.1            | 0.1              | -4.9        | -0.4          | -7.2        |
| SME                  | 758,437          | 738,271          | 725,656          | 16.7            | -1.7             | -4.3        | -2.2          | -6.7        |
| <b>Personas</b>      |                  |                  |                  |                 |                  |             |               |             |
| Hipotecas            | 1,293,956        | 1,305,876        | 1,305,621        | 30.1            | 0.0              | 0.9         | -0.5          | -1.6        |
| Tarjetas             | 130,249          | 128,846          | 126,237          | 2.9             | -2.0             | -3.1        | -2.5          | -5.5        |
| Consumo              | 434,942          | 433,318          | 427,398          | 9.8             | -1.4             | -1.7        | -1.9          | -4.2        |
| <b>Total</b>         | <b>4,497,367</b> | <b>4,383,130</b> | <b>4,339,444</b> | <b>100</b>      | <b>-1.0</b>      | <b>-3.5</b> | <b>-1.5</b>   | <b>-5.9</b> |

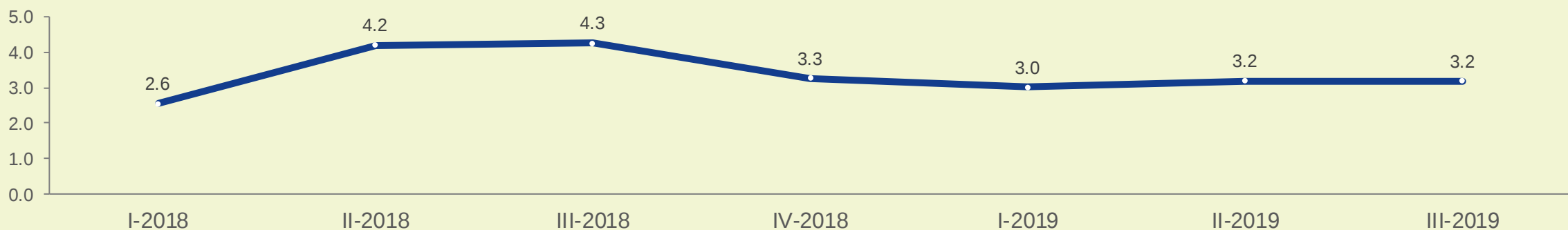
# BNCR (STAND-ALONE): LOAN PORTFOLIO BY SEGMENT



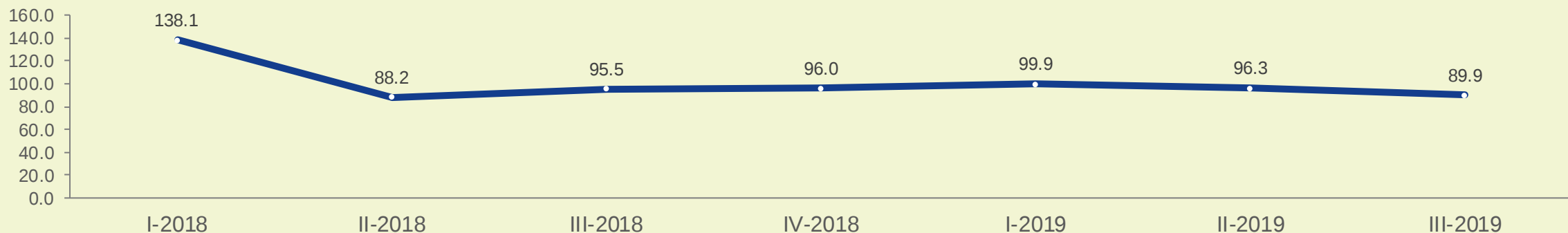
| Loans<br>million CRC | Local currency (million CRC) |                  |                  |            |            | Foreign currency (million de CRC) |                  |                  |             |              |
|----------------------|------------------------------|------------------|------------------|------------|------------|-----------------------------------|------------------|------------------|-------------|--------------|
|                      | III-2018                     | II-2019          | III-2019         | Δ QoQ (%)  | Δ YoY (%)  | III-2018                          | II-2019          | III-2019         | Δ QoQ (%)   | Δ YoY (%)    |
| <b>Corporate</b>     | 522,029                      | 551,930          | 564,335          | 2.2        | 8.1        | 805,095                           | 699,559          | 664,421          | -5.2        | -17.0        |
| <b>Development</b>   |                              |                  |                  |            |            |                                   |                  |                  |             |              |
| Enterprises          | 231,608                      | 238,340          | 246,389          | 3.3        | 6.4        | 321,051                           | 286,989          | 279,389          | -2.6        | -12.4        |
| SME                  | 640,305                      | 637,301          | 629,879          | -1.2       | -1.6       | 118,132                           | 100,970          | 95,777           | -5.3        | -18.4        |
| <b>Personas</b>      |                              |                  |                  |            |            |                                   |                  |                  |             |              |
| Mortgages            | 1,103,032                    | 1,133,527        | 1,138,573        | 0.4        | 3.2        | 190,924                           | 172,349          | 167,047          | -3.1        | -12.0        |
| Credit cards         | 109,220                      | 109,403          | 106,589          | -2.6       | -2.4       | 21,029                            | 19,442           | 19,648           | 1.2         | -6.0         |
| Consumer             | 394,611                      | 399,278          | 394,658          | -1.2       | 0.0        | 40,332                            | 34,040           | 32,739           | -3.9        | -18.3        |
| <b>Total</b>         | <b>3,000,805</b>             | <b>3,069,780</b> | <b>3,080,423</b> | <b>0.3</b> | <b>2.7</b> | <b>1,496,562</b>                  | <b>1,313,350</b> | <b>1,259,021</b> | <b>-4.0</b> | <b>-15.4</b> |

# BNCR (STAND-ALONE): ASSET QUALITY

## NPLs<sup>1</sup> percentage of the loan portfolio (gross)



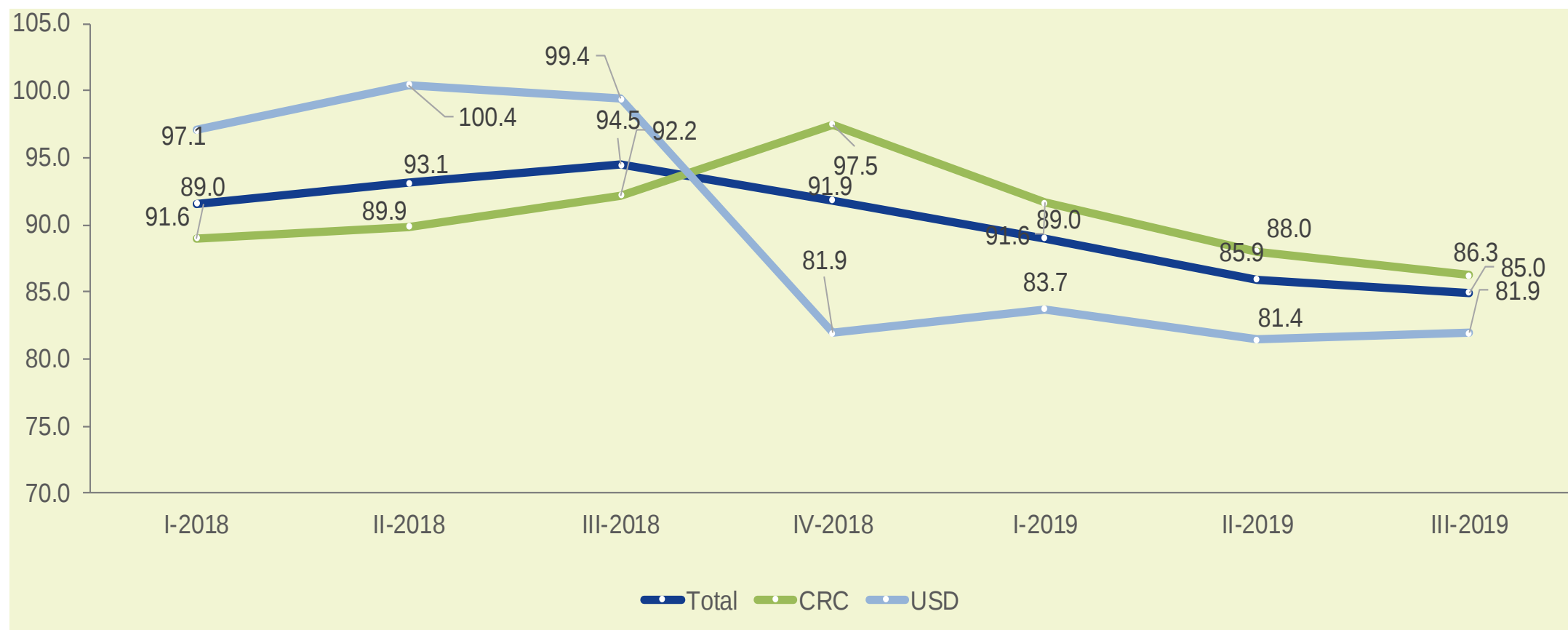
## Coverage ratio<sup>2</sup>



(1) NPL: credits more delay 90 days

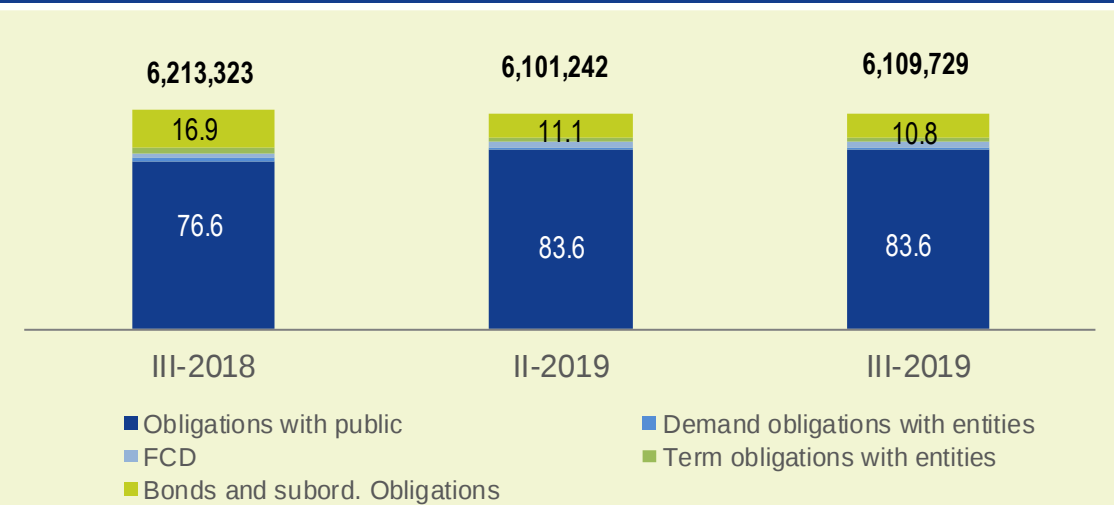
(2) Allowances for loan impairments over NPLs

# BNCR (STAND-ALONE): LOAN-TO-DEPOSIT RATIO

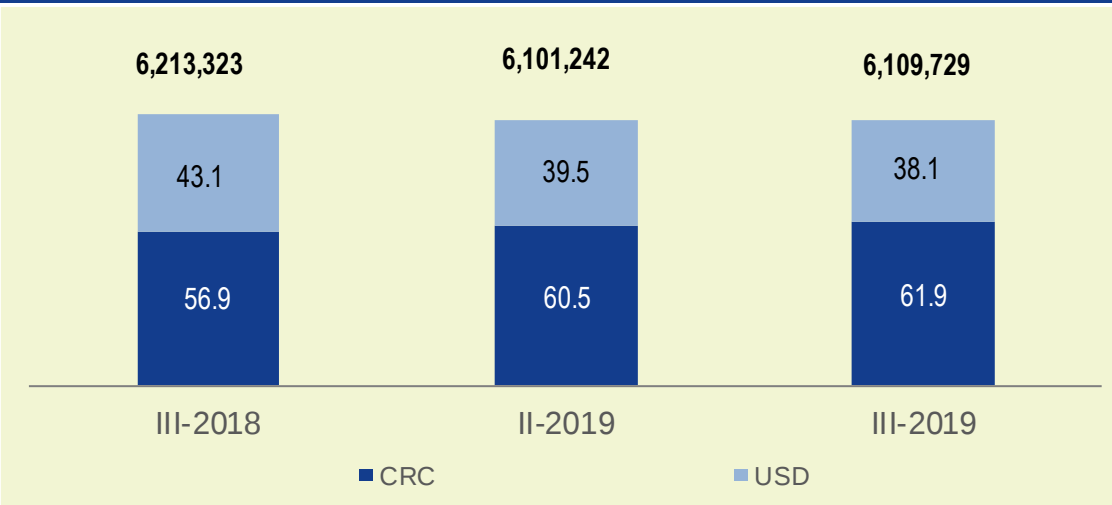


# BNCR (STAND-ALONE): FUNDING STRUCTURE

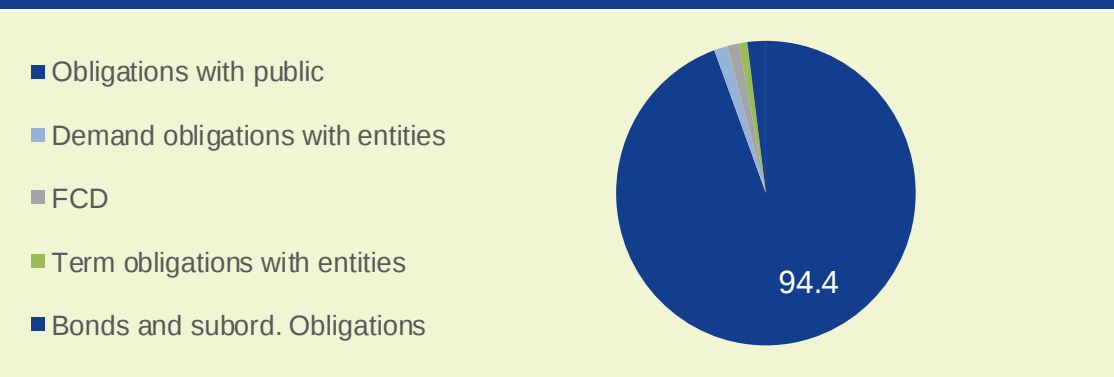
## By product



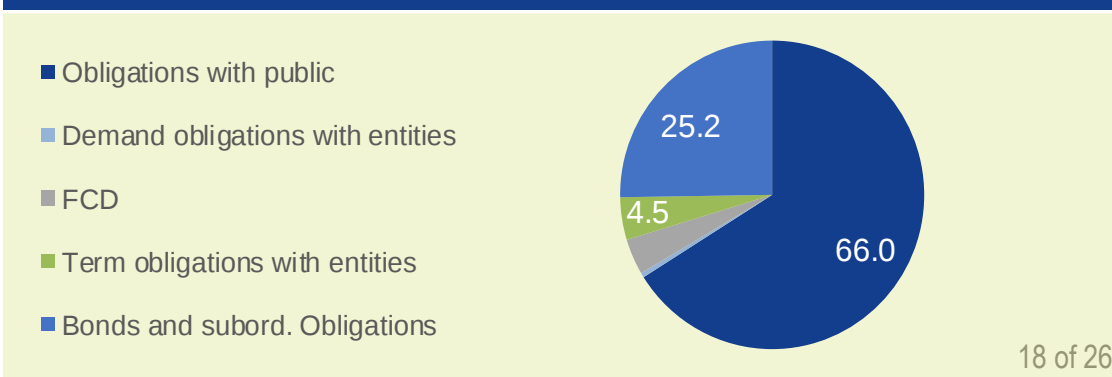
## By currency



## CRC

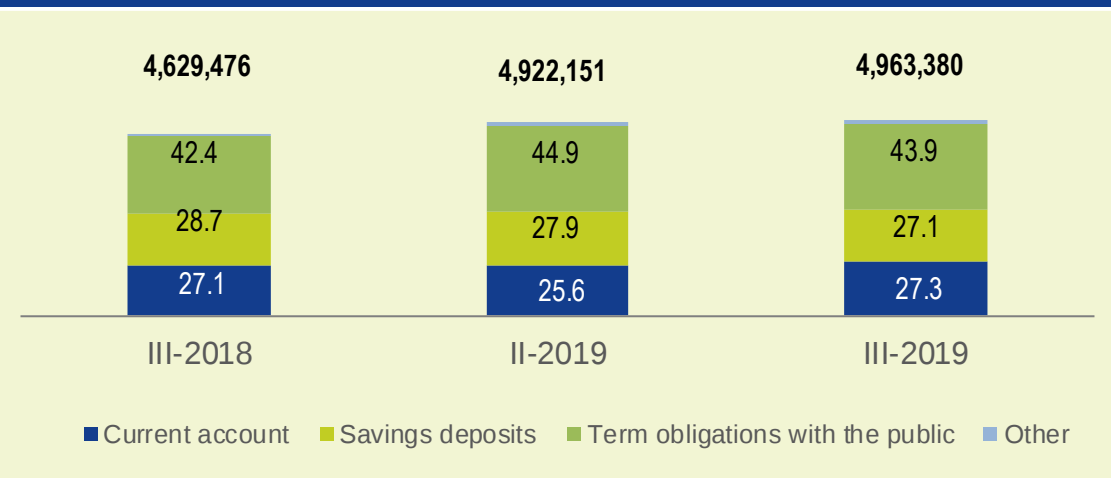


## Foreign currency

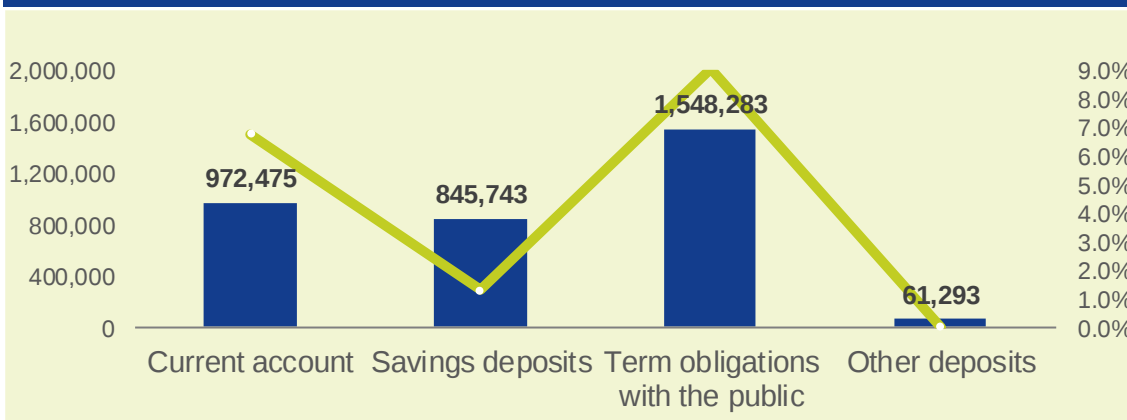


# BNCR (STAND-ALONE): DEPOSIT BREAKDOWN

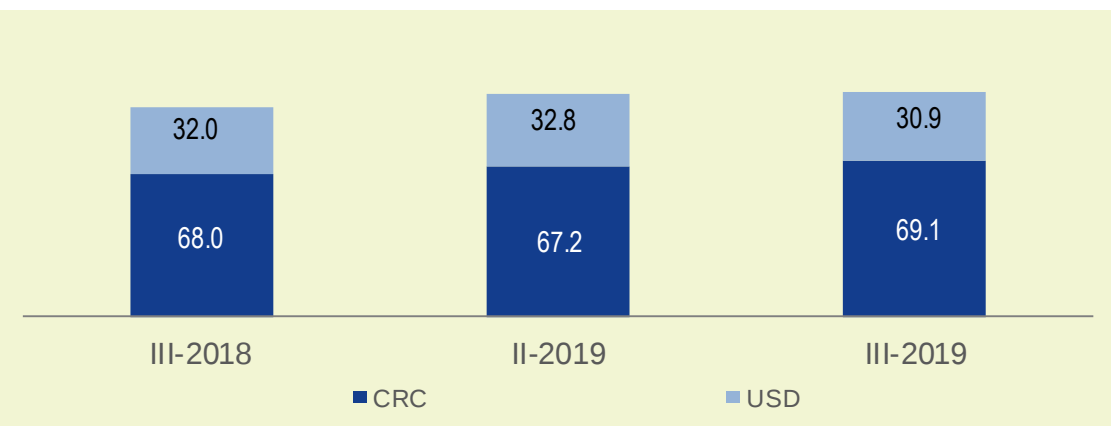
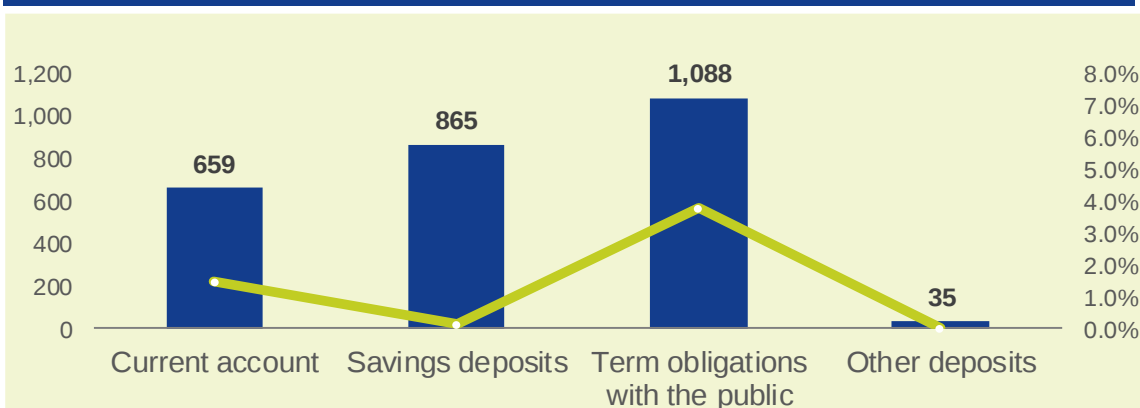
## Structure of deposits



## 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 |
|--------------|-------------|-------------|----------------------|----------|-------------------------|--------------------|---------------|
| BNCR4B       | 20-set-2017 | 20-set-2019 | 2                    | CRC      | 20,000 MM               | 14,175             | 8.09%         |
| 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                  | 100 MM             | Libor6m+5.00% |
| Subordinated | 2-nov-2014  | 23-oct-2029 | 15                   | USD      | 30 MM                   | 30 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                       | 33,278        | 4.37%        |                  |              |
| International               |               |              | 154.64 MM        | 5.97%        |
| <b>Total</b>                | <b>33,278</b> | <b>4.37%</b> | <b>154.64 MM</b> | <b>5.97%</b> |

# CREDIT RATINGS

## Local

| BNCR | Fitch  |
|------|--------|
| Last | May-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

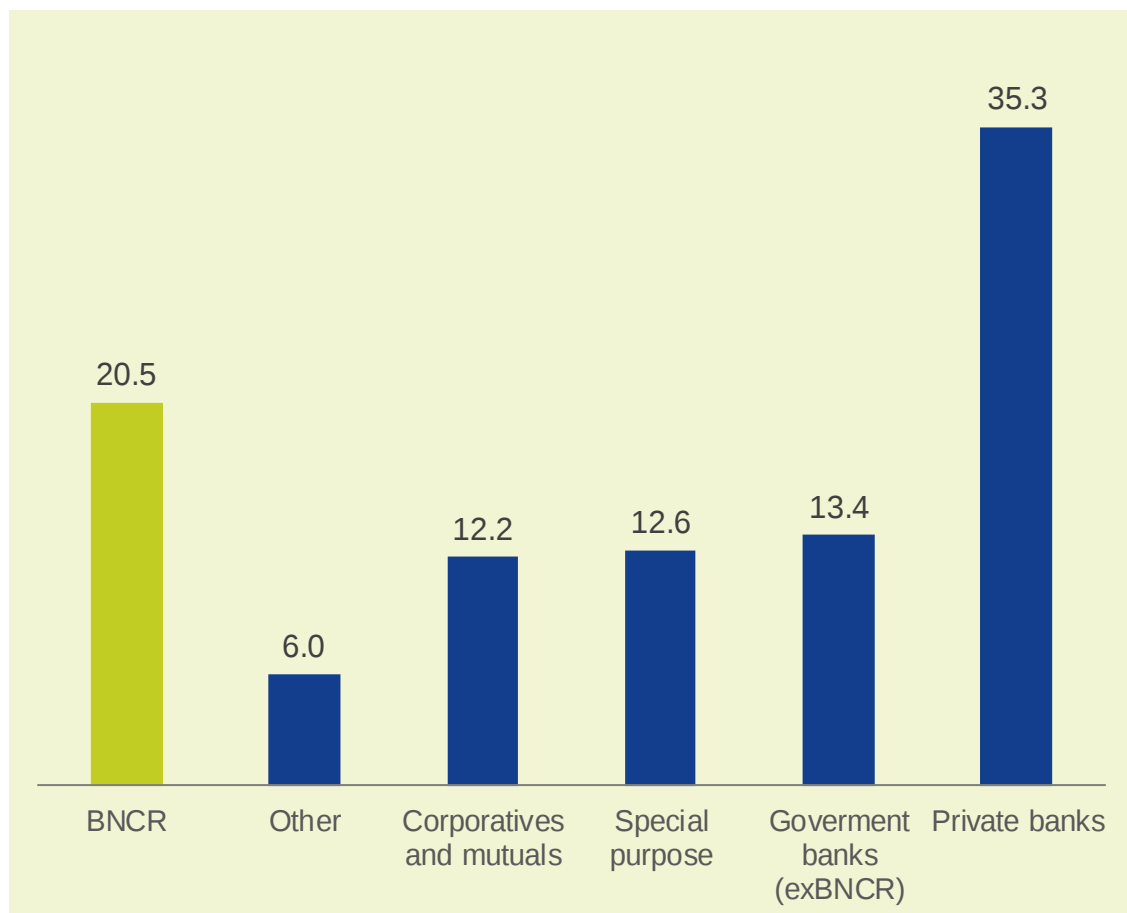
| BNCR                                | Fitch  | Moody's |
|-------------------------------------|--------|---------|
| Last                                | Jun-19 | Dic-18  |
| Outlook                             | Neg    | Neg     |
| Stand alone rating foreign currency | B+     | Ba3     |

| Category                            | Moody's Rating |
|-------------------------------------|----------------|
| <b>BANCO NACIONAL DE COSTA RICA</b> |                |
| Outlook                             | Negative       |
| Counterparty Risk Rating            | Ba3/NP         |
| Bank Deposits -Fgn Curr             | B2/NP          |
| Bank Deposits -Dom Curr             | B1/NP          |
| Baseline Credit Assessment          | b1             |
| Adjusted Baseline Credit Assessment | b1             |
| Counterparty Risk Assessment        | Ba3(cr)/NP(cr) |
| Senior Unsecured                    | B1             |

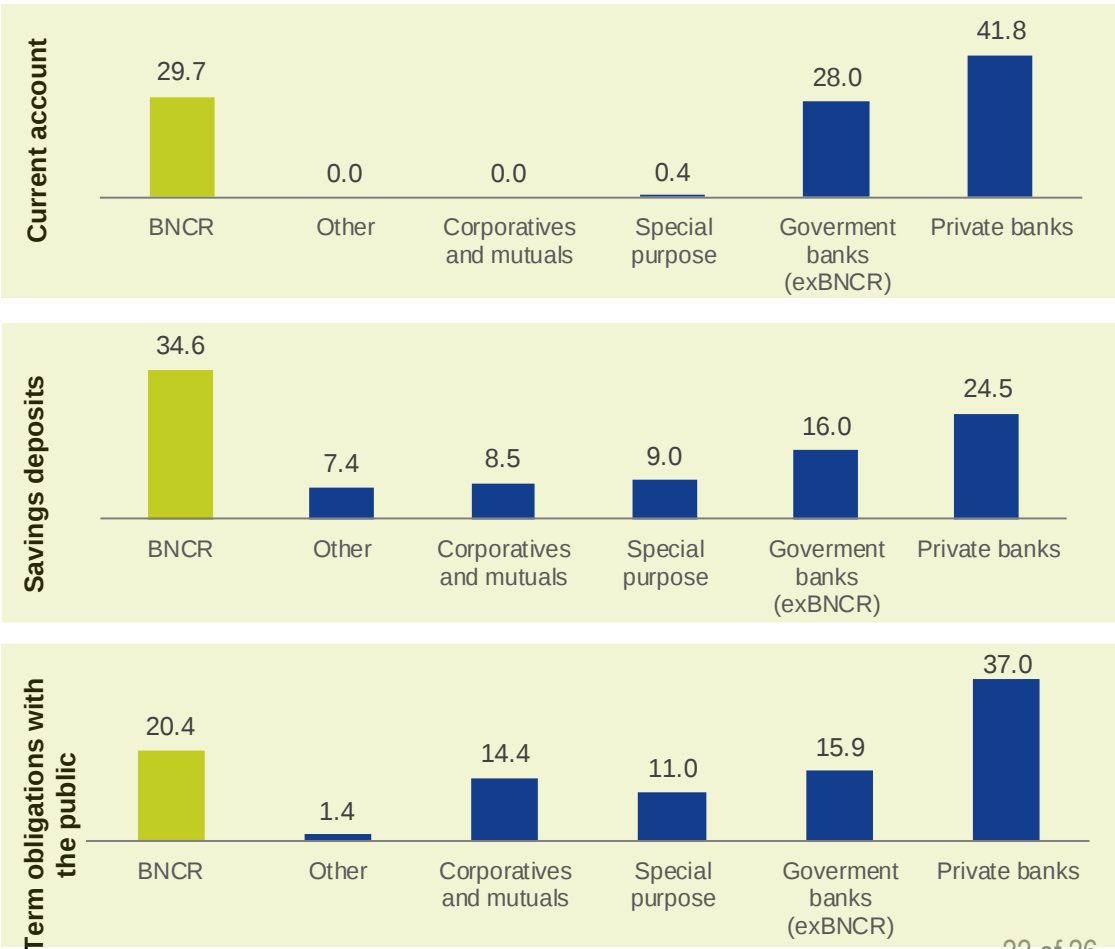
Source: Moody's Investors Service

# MARKET SHARE

## Credit

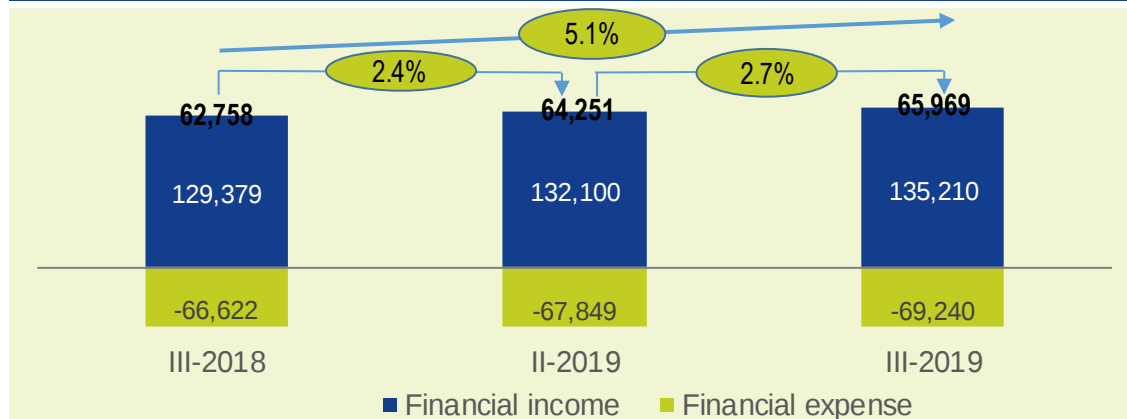


## Deposits

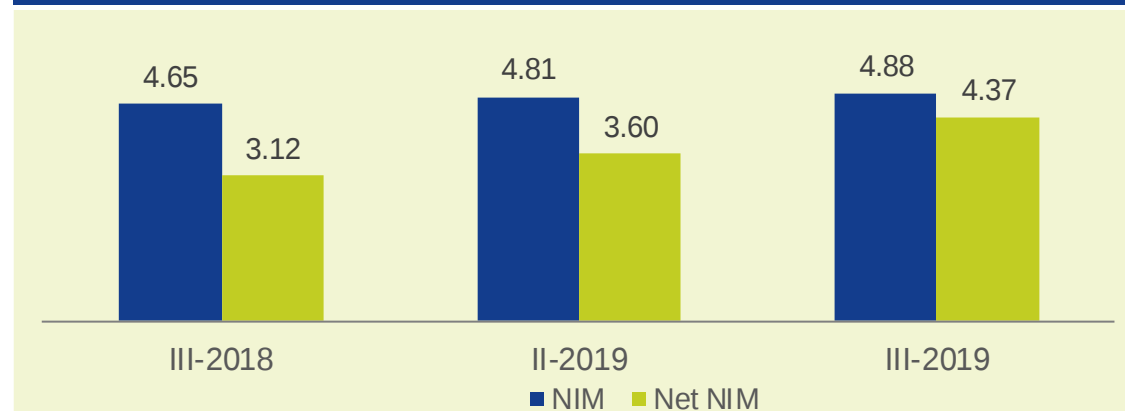


# FINANCIAL PERFORMANCE

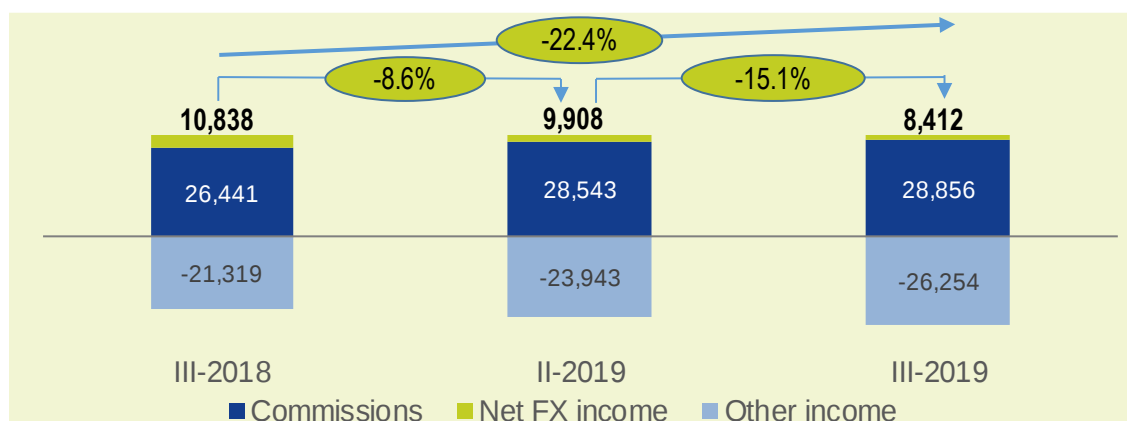
## Financial income (million CRC)



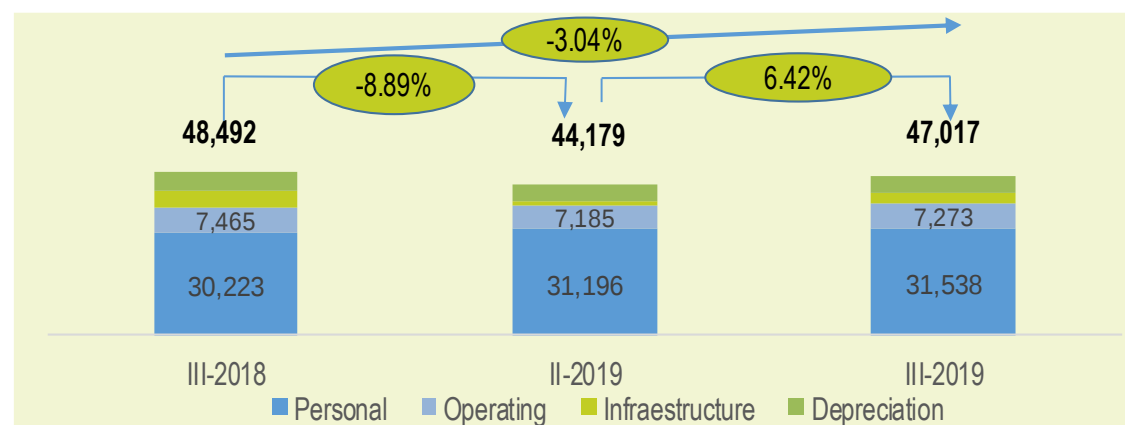
## NIM



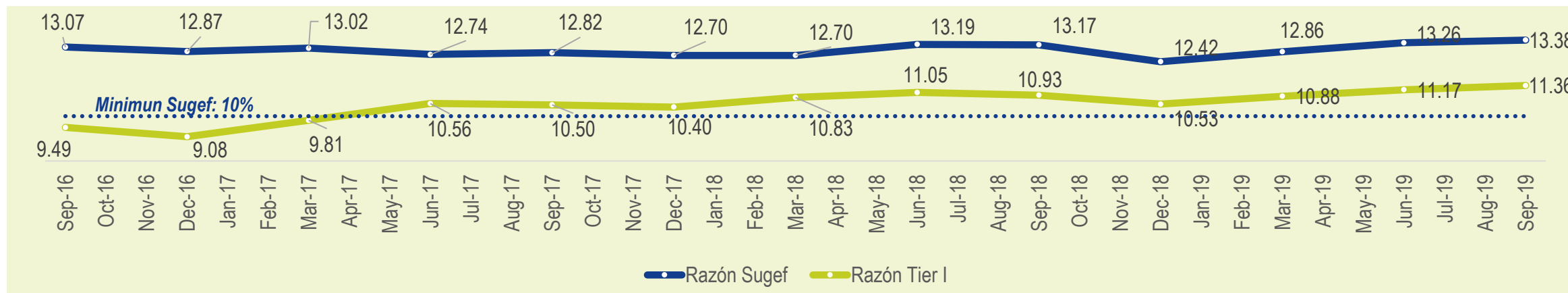
## Fee income (million CRC)



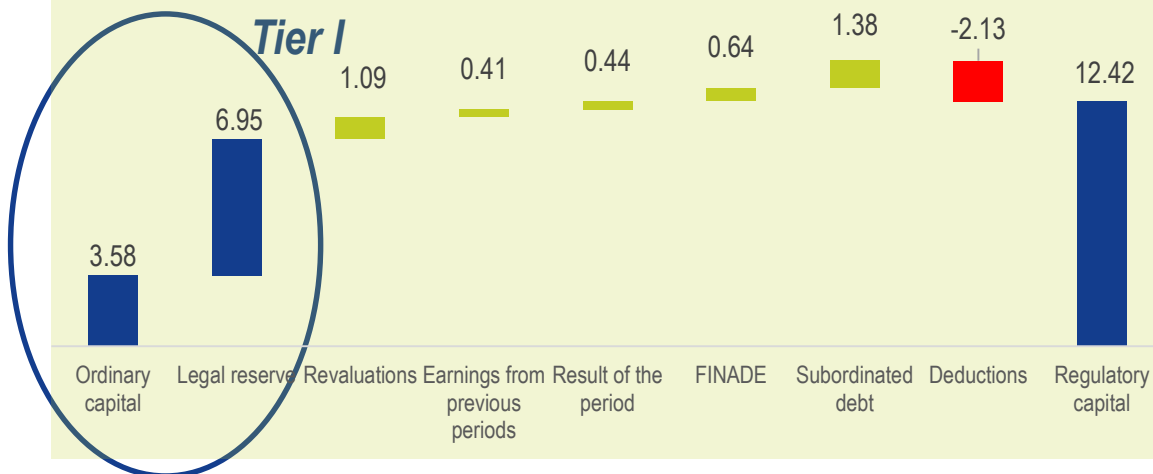
## Operational expenditure (million CRC)



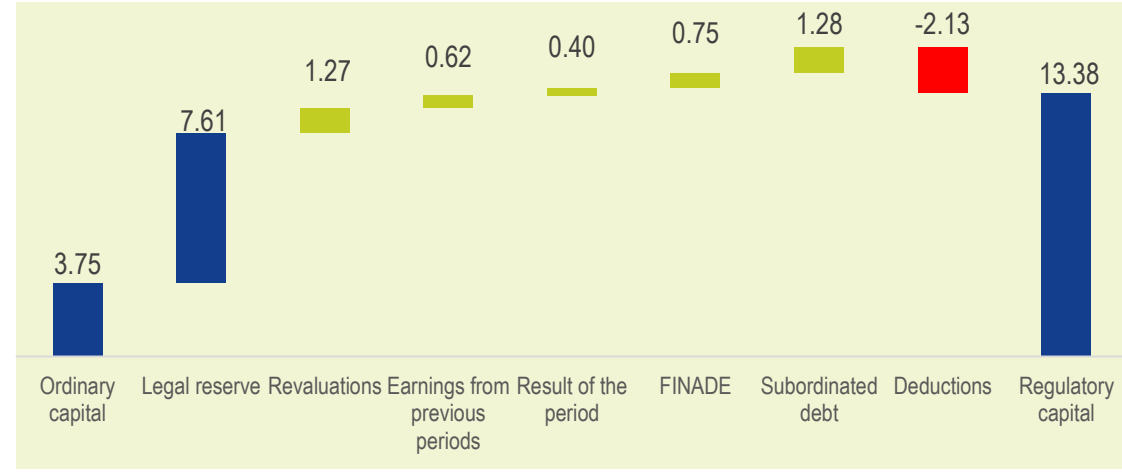
# CAPITALIZATION



## ISP composition (Dec-18)

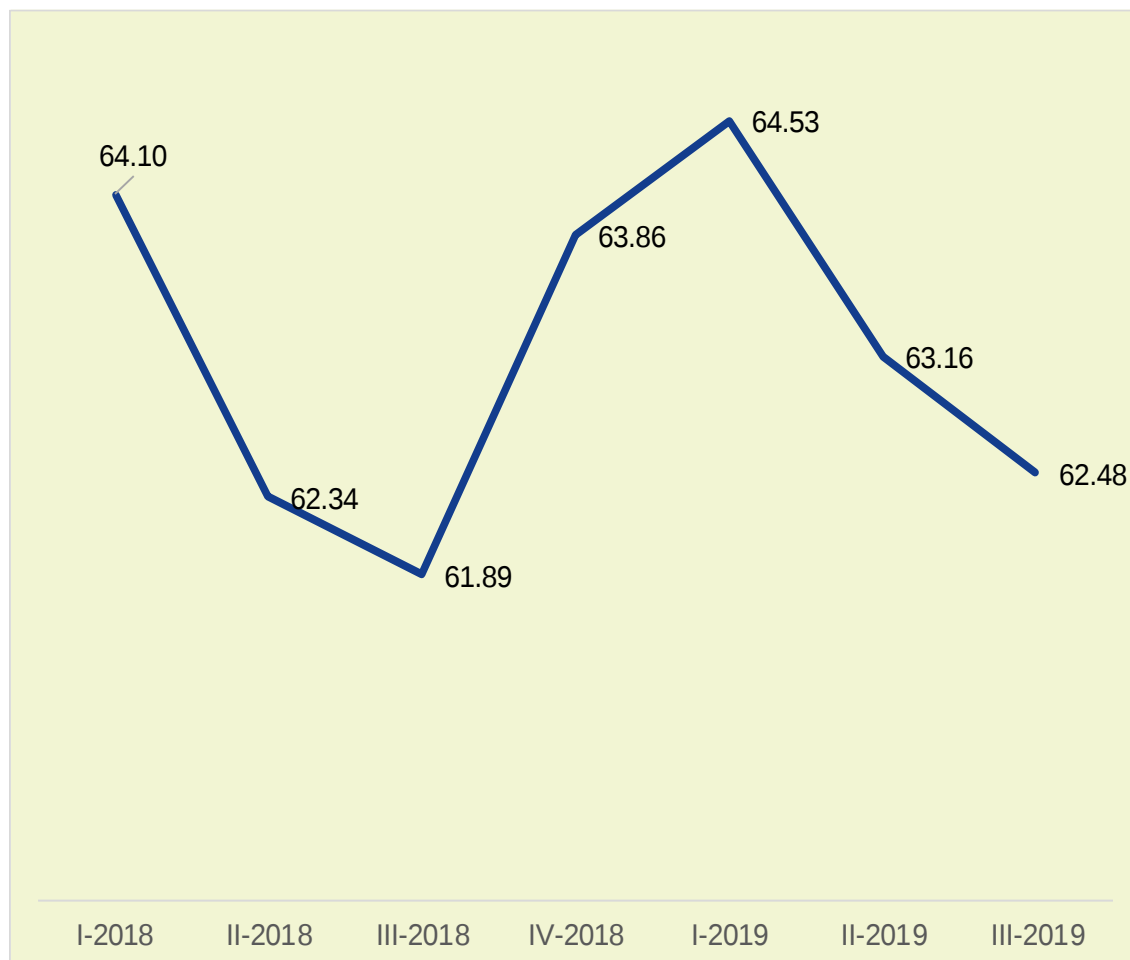


## ISP composition (Sept-19)

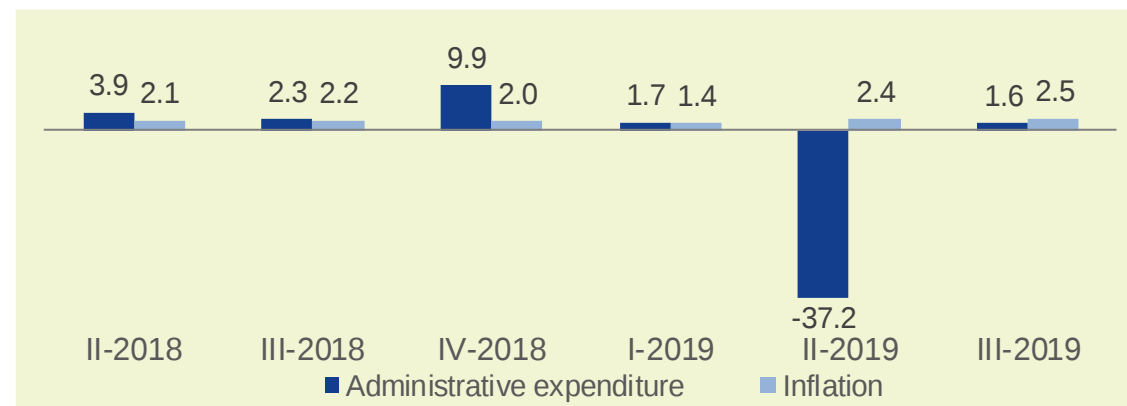


# EFFICIENCY

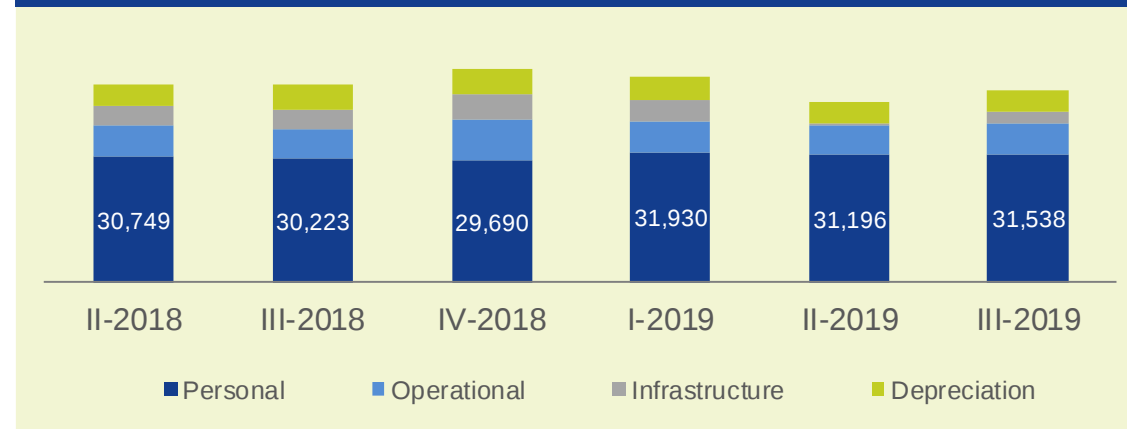
## Efficiency ratio



## Administrative expenditure (YoY growth, %)

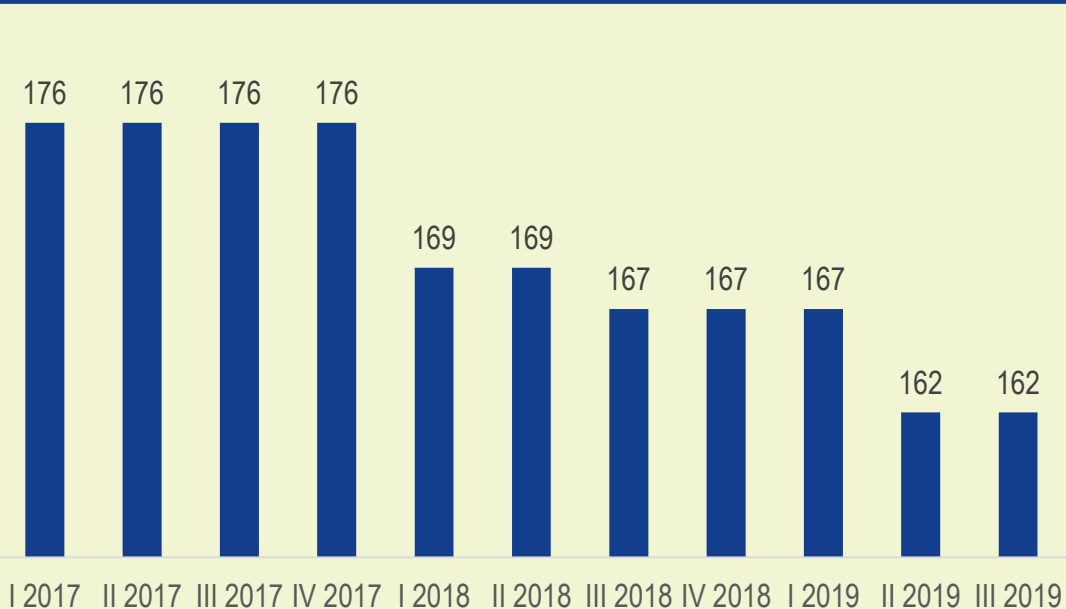


## Administrative expenditure breakdown (million CRC)



# BRANCHES AND PAYROLL

## Branches<sup>(1)</sup>



## Payroll<sup>(1)</sup>



As of september 30, 2019, the Bank has 162 offices, 463 automated taller machines, and a total of 5,599 employees (2018: 167 offices, 468 automated taller machines, and 5,746 employees). Employees are distributed as follows: Banco Nacional de Costa Rica – 5,160 employees (2018: 5,333); BN Valores Puesto de Bolsa, S.A. -71 employees (2018:71); BN Vital Operadora de Planes de Pensiones Complementarias S.A.-185 employees (2018:173); BN Sociedad Administradora de Fondos de Inversión, S.A.- 86 employees (2018:79); and BN Corredora de Seguros, S.A.-97 employees (2018:90). The Bank's website is [www.bncr.fi.cr](http://www.bncr.fi.cr).

(1) Includes all BNCR Group