

150+



# 2019

MANAGEMENT AND  
SUSTAINABILITY REPORT

Banco de Bogotá 

Grupo  


## About **this Report**

[GRI 102.4] [GRI 102.45] [GRI 102.49] [GRI 102.54]

2019 was a year of great transformation and achievement for us. We consolidated our Sustainability Strategy, ratifying our commitment to ethical, transparent and responsible management, represented in a sustainable business model, which aims to strengthen relationships of trust with our stakeholders and generate positive impacts on society and the environment.

This report discusses the main consolidated figures and the corporate framework that governs our entity; it describes the management and main achievements of the bank in Colombia and of our main affiliates and associates; and details the financial results of the consolidated bank.

In the description of the bank in Colombia, we have accepted and adapted the guidelines of the GRI (*Global Reporting Initiative*) Standard for corporate sustainability reports, complying with the essential “compliance” option. Through these standards, we provide information on the strategic lines we have established in terms of sustainability, the prioritization of our stakeholders and the transparency in the disclosure of our actions.

We have also integrated the Sustainable Development Goals (SDGs) in our strategy, to guide our business and contribution to poverty reduction, environmental protection and sustainable development, following the guidelines of the 10 principles of the Global Compact, the Dow Jones Sustainability Index, the Equator Principles and the Asobancaria’s Green Protocol.

In order to provide greater understanding of our contribution and alignment with the GRI Standard and the Sustainable Development Goals, our compliance will be identified throughout the report through graphic references that will allow their identification, such as [GRI - 102.1] or the SDG icons, which enable understanding and demonstrate our commitment to the consolidation of a more sustainable, diverse and inclusive society.

Our GRI indicators have been reviewed and verified by “Deloitte Asesores y Consultores”, the firm that issued the Independent Verification Memorandum, corroborating the veracity of the information provided, whose report is available at the end of this document.

## Letter from the CEO

[GRI 102.14 y 102.15]

Dear Shareholders,

It is an honor to address you after a year of innovations, great experiences and achievements. Guided by our corporate strategy, we began the celebration of our 150th anniversary, committed to maintain our contribution to the progress of the country and the regions where we operate.

Banco de Bogotá was founded in 1870. During the 20th century, through mergers and acquisitions, it spread throughout the country and internationally. Today, it is an entity that substantially contributes to the development of Colombia.

The founding of Banco de Bogotá in 1870 marked the beginning of private banking in the country. 150 years later, it has more than 19 million active customers, 45,000 employees, and is operating in 11 countries and 864 municipalities of the Colombian territory. This makes it not only the second largest bank in Colombia, in terms of assets, but also the Colombian bank with the greatest international presence, through its affiliates BAC Credomatic, the largest bank in Central America, Banco de Bogotá - Panamá, and its agencies in New York and Miami.

I have had the honor of presiding over Banco de Bogotá since 1988. As part of the celebration of our 150th anniversary, I would like to especially acknowledge all those who have made our great progress possible over the years.

Grupo AVAL establishes corporate and risk management policies outlined by the Financial Superintendence of Colombia. Furthermore, Grupo AVAL is constantly providing guidance and support to the Bank's management team, especially in its strategic decisions. Grupo AVAL's participation has generated most of the capital required to carry out the acquisitions made by Banco de Bogotá, thanks to which we are now in a leading position in the Colombian and Central American banking systems.

These acquisitions began in 1992 with Banco del Comercio; in 2006, Megabanco and in 2010, we arrived in Central America with the purchase of BAC Credomatic. Three years later, we strengthened BAC with the purchase of BBVA Panama and Reformador in Guatemala, and the latest acquisition is Multibank Panama, whose final closing is pending the required approvals from supervisors in Colombia and Panama. This has made it possible to become one of the most relevant banks in the market.

The bank's Directors, most of whom have accompanied us on the Board of Directors since the beginning of my Administration, have been a fundamental factor, with their knowledge of the different sectors of the economy, for the orthodox management of credit; for the bank's internal control and for the proper management of all the risks that a bank with more than COP 175 trillion in assets on its consolidated balance sheet, with its national and foreign affiliates, has to face.

All the employees of the bank and its subsidiaries, through their knowledge, dedication, motivation, drive and love for the institution, have made it possible for us to celebrate, with great pride, our first 150 years at the service of the Colombian people, working to build a better country full of better opportunities for all.

A special recognition to Juan María Robledo and the bank's Senior Management, who have been of great support to me in the management of the bank over all these years.



Thanks to the committed and professional work of our team, we were recognized in 2019 as the best bank in the country by the most prestigious financial publications in the world. *Euromoney*, *LatinFinance*, *Global Finance* and *The Banker* highlight our financial results, proper risk management and our digitalization strategy that is revolutionizing our relationship with customers. In addition, we were the first financial institution in Latin America to win the global *Banker Tech Projects* award, in the category of Digital Transformation Project of the Year, for our Online Banking Website. *Global Finance* also recognized us this year as the Best Foreign Exchange Provider.

The results that we are proudly sharing have been possible thanks to the trust placed in us by our customers, who are the reason for existence of our institution. This trust stems from the orthodox, transparent and prudent management of risk, which has been a constant in the management of the bank.

Now, I would like to recap the main advances of our strategy in 2019:

In accordance with our 6C's corporate strategy, we reiterate our commitment to responsible management, striving to improve the quality of life of the individuals who have a relationship with us, contributing to the economic prosperity of society and helping to reduce our impact on the environment.

In this way, we redefined our sustainability strategy, taking into account our alignment with best practices, the identification of our positive and negative impacts and the management of measurement indicators, allowing us to consolidate a sustainable business model, which incorporates economic, environmental and social criteria. We have also integrated the Sustainable Development Goals (SDGs) in our business management, following the guidelines of the 10 principles of the Global Compact, the *Dow Jones Sustainability Index*, the Equator Principles and the Asobancaria's Green Protocol.

### Customer, the center of our strategy

The advance of information technology has dematerialized most industries, bringing along a change in customers' perception of value. The old differentiation between industrial, commercial and service companies is no longer relevant, in a world where everything can be distributed *as a service*. From a book to a dish prepared by your favorite restaurant, today they are conceived by the consumer as services, or rather, as experiences.

The financial industry is no stranger to this change and we understand that the sustainability of our business depends on ensuring a memorable and holistic experience for each of our customers, both for assets and liabilities, whether they are individuals or companies. This is why our strategy is solely customer-focused.

Sustainable growth is only possible if we achieve the loyalty of our customers, through high service standards, a digitalization process that meets their needs in real time, risk models that fit the reality of the environment where we operate and an entity that is agile enough to offer products with competitive propositions, in a more competitive and rapidly changing market.

### Sustainable Growth

Rethinking the business based on this new concept of the financial consumer, has enabled us to make significant progress in our consolidation as a universal bank. Thanks to the digitalization of sales and the optimization of our risk models, we managed to improve the experience of our Retail Banking customers. This has led to our positive results in consumer and mortgage loans, leveraged on our complete portfolio of digital products, which includes savings accounts, consumer, mortgage and payroll loans, and insurance. In the last quarter of 2019, we were able to reach a rate of 57% of digital sales over our total consumer portfolio sales. In turn, in mortgage loans, we reached about 7 thousand digital approvals in less than 48 hours.

With regard to our commercial portfolio, this year we increased our market share by 58 basis points, thanks to a more comprehensive offer for the entrepreneurs we serve. We also contributed to the construction of the country by financing important projects in the corporate, government and infrastructure sectors.

In addition, I would like to highlight our performance in the small and medium enterprise segment, where we provide ongoing support in order for them to consolidate their projects. In 2019, we supported nearly 4,000 medium-sized companies with specialized attention and services, thus increasing the segment's loan portfolio by more than 17%, reaching a balance of COP 2.31 trillion. For small companies, we improved several internal processes, decreased response times and ensured optimal risk levels and portfolio quality; we disbursed COP 1.2 trillion in loans, with an 8% increase in the loan portfolio balance, compared to the previous year.

In Central America, we continued to consolidate our position through BAC Credomatic, which has managed to maintain

prudent and profitable growth, as the main banking group in the region in assets, net portfolio and deposits; with a market share of 9.3%, 10.2%, and 9.5%, respectively.

In turn, subsidiaries such as Porvenir supported the strengthening of the operation in Colombia thanks to the 58% increase in its profits, which benefited from the better conditions of financial markets and the 6% annual increase in the number of affiliates, which enabled us to continue positioning ourselves as the country's main pension and severance fund with a 57% market share in affiliates and 43% in portfolio volume.

### Analytical Capacity and Digital Transformation

Our growth would not have been possible without our significant effort in digital transformation at Banco de Bogotá and its affiliates. When we started this endeavor, we had the option to carry out a contained digitalization, launching digital products in an environment separate from our traditional business. It was the safe and easy alternative. However, reliant on our execution capabilities, we decided to go for the digitalization of our operation, to become a digital bank, not a bank with digital products.

A few months before our 150th anniversary, we have started to achieve very positive results from this decision. Most of our consumer products are distributed through digital channels. Customer experience has increased significantly, thanks to the ease and security of our digital solutions, which are now not only limited to sales, but to addressing many of our customers' requirements.

However, as we will mention in our results under C as in customer, we know that for maximizing customer experience, digital channels are not enough. The customer still needs a personal and human relationship with the bank that, ultimately, offers trust as a service. We have adopted the multi-channel experience as the basis of our digital strategy. Based on this understanding, and in order for the offices to evolve at the pace of our digital strategy, in 2019 we embarked on an ambitious project to transform them. We introduced a new format that integrates technology and service, with the premise of self-management and agility. 100% digital processes, better service times, Wi-Fi, co-working zones and business partners are some of the services that allow us to offer customers a better experience, provide discounts and convenience for acquiring the partners' product portfolio.

### Risk Management

Much of the benefit of the fourth industrial revolution lies in the mass generation of information and the increased

capacity of economic actors to analyze and exploit it. These benefits translate into better predictability of customer behavior and payment capacity, based on the development and evolution of our analytical and digital capabilities.

To preserve the healthy growth of our lending portfolio and the strength of our balance sheet, we reviewed the traditional loan approval process, through the intensive use of information and statistical models, in order to adjust our policies and improve processes. As a result, we are better meeting our customers' credit requirements, by offering shorter approval times and fewer required documents. Thus, we are improving our customers' experience, providing more tools for our sales force and allowing our credit teams to focus on cases with a greater need for analysis.

In turn, digital flows have enabled our customers to have a better experience with the bank, not only because of the agility of the process but also because of the ability we have developed to more effectively differentiate our customers to serve previously uncovered segments. In the last quarter of 2019, applications using the digital flow for credit cards and personal loans accounted for more than 60% of total applications.

Aligned with our sustainability strategy, which aims to mitigate climate change, and in order to contribute to the Sustainable Development Goals, we implemented our Environmental and Social Risk Management System (ESRMS), through which we identify, assess, manage and monitor risks generated by the credit projects we finance for third parties that may have an impact associated with the environment. Through ESRMS, we get to know our customers better and promote best practices in the companies we finance so that they avoid, mitigate or offset their negative impacts on the environment.

### Expense Control and Efficiency

While the bank builds its competitive advantage by offering experiences that ensure customer loyalty, it is important to maintain our position in an increasingly price aggressive market. That is why it is essential to ensure the efficiency of the operation, in order to maintain a profitability that allows us to be flexible and attractive in the environments where we operate.

Operational efficiency has been based on the automation and robotization we have implemented in the bank's processes. We managed to create virtual assistants that have reduced time spent on repetitive tasks, thus focusing teams on analytical tasks.

2019 has been a great year in terms of internalizing and executing our efficiency mentality. Through tools and protocols, we have raised our employees' awareness of spending and helped them to optimize it. This discipline has enabled us to leverage our investments in the digital transformation process and in strengthening our technology platforms, without significantly impacting the increase in our spending.

### Employees and Society

The commitment to be a responsible and active player in building society in each country where we operate has been a defining characteristic of Banco de Bogotá, since its foundation in 1870. We are certain that the efficient allocation of resources by the financial system is essential for the development of the economies where we are operating and, especially, for the advancement of the communities we serve. For this reason, the cornerstone of our strategy is our relationship with employees and with the societies where we are present.

Employees are the ones who materialize the strategy; they are the ones who have achieved the advances that we have consolidated to date and will lead us to continue reaching our objectives in the next 150 years and more. That is why, in 2019, the bank developed important initiatives that aim to turn human resource management into a strategic value for employees. We strengthened training programs, created the first formal high potential program and remodeled our work spaces to make them more collaborative and suitable for the new ways of working.

Banco de Bogotá and its affiliates are also committed to making a responsible contribution to society. In 2019, we promoted initiatives that, with the cooperation of the United States Agency for International Development (USAID), and based on our technological strengths, developed fully digital micro-credit lending, providing increased access to thousands of entrepreneurs, which will give them greater opportunities for formalization and growth of their businesses. In addition, we played a decisive role in several initiatives from the Colombian Government, focused on supporting companies affected by the national mobilization events. Similarly, we supported the orange economy by launching the *Financiamos tu Talento* program, which addresses the needs of the cultural and entertainment sectors, whose return on investment is growing exponentially and handles capital flows that are different from traditional sectors.

With these results, we have continued to demonstrate that creating value for society is fully compatible with managing a profitable and, above all, sustainable company.

### Financial Results

I would like to mention the main financial results achieved by Banco de Bogotá, as a result of the successful implementation of our Strategic Plan in 2019:

- Our consolidated loan portfolio reached COP 116.5 trillion, equivalent to a growth of 6.3%
- Deposits account for 80% of total funding at December 2019. The ratio of deposits to net loan portfolio was 1.06x
- We ended the year with consolidated net income of COP 2.77 trillion, an average return on equity of 14.4% and a return on assets of 1.8%.
- The taxes paid by the bank and its affiliates totaled COP 2.3 trillion.

### We strengthened our leadership position in Central America

We believe in our capacity for organic growth based on the execution of the strategic plan. However, one of our main competitive advantages lies in the identification of inorganic growth opportunities, which has enabled us to strengthen our leadership position in Central America. That is why, in October 2019, we signed with the shareholders of Multi Financial Group (*a holding company of Multibank Inc.*) the contract to purchase 100% of its share capital.

Through this acquisition, we will strengthen our presence as the leading banking group in Central America. In particular, we will become the second largest bank by asset size in Panama, one of the economies with better risk profile and highest growth in Latin America. Additionally, we will diversify our loan portfolio with an increased share in the corporate banking business in sectors such as agribusiness, SMEs and construction. We will also be able to optimize our operation by increasing the sources of funding with new structures on international markets and we will quickly capture synergies in the back and middle office, without having to sacrifice the strength of the Multibank brand, by taking advantage of the shared banking figure. Now, 70% of the bank's consolidated operations are in investment grade countries, thus strengthening our balance sheet structure and reducing risk.

### We're going for 150 more

Our challenge continues, because we uphold the vocation for service and leadership that has characterized us and that we will carry on for another 150 years. With this goal in mind, we will continue to strengthen the bank's digitalization to offer more and better experiences to customers. We will carry on with the plan to develop our analytical capabilities in order to strengthen our product offering and maintain our conservative risk levels. We will achieve better levels of effi-

ciency, allowing us to remain competitive and profitable. We will also continue to make active and positive contributions to building society in the countries where we operate.

At Banco de Bogotá, we will celebrate our 150th anniversary with the implementation of the 150+ strategy, which reflects our vision of the country's future and how the bank will be its ally.

**Alejandro Figueroa Jaramillo,**  
CEO



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*We maintain sustainable growth that continuously contributes to the economic development of Colombia and Central America, to the progress of our customers and employees, thus consolidating our leadership and contributing to the progress of society in a committed manner.*



## Our Consolidated Bank

We have consolidated and increased our national and regional leadership through a robust balance sheet, efficient and profitable results, and a culture focused on constant evolution and excellent service for all our customers. Our success is based on human talent and the trust of our shareholders, which enable us to continue offering financial services that contribute to building a better society in each of the countries where we operate.



Customers<sup>(1)</sup>  
(millions)  
**19.2**



Employees<sup>(2)</sup>  
**45,859**



Presence  
(countries)  
**11**



Branches  
**1,555**



ATMs  
**3,938**



Banking  
Correspondents  
**17,859**



Shareholders  
**11,827**



Gross Loan Portfolio  
(trillions)  
**COP 116.5**



Deposits  
(trillions)  
**COP 117.8**



Net Income attributable  
to shareholders  
(trillions)  
**COP 2.8**



Taxes paid<sup>(3)</sup>  
(trillions)  
**COP 2.3**



Shareholders' Equity  
(trillions)  
**COP 21.9**

(1) Active customers  
(2) Employees do not include 724 employed through training contracts (National Training Service, SENA)  
(3) Includes total taxes paid in Colombia and Central America.

## Together, **we did it**

The trust of our shareholders, customers and other stakeholders, as well as the efforts of our employees, have made these recognitions possible.

## Recognitions

### Banco de **Bogotá**



Over the last decade, we have been recognized six times by the English magazine Euromoney as the Best Bank in Colombia. The 2019 award highlighted our digital strategy and market leadership.



We received the Bank of the Year award in Colombia for the eighth time in the last ten years. Among the selection criteria, from the *Financial Times' Group* magazine, innovation in the digital strategy stands out, in addition to increase in net income, profitability and efficiency.



The British magazine presented us, for the first time in Latin America, with the global award for the Digital Transformation Project of the Year 2019, recognizing our “*New Online Banking*” platform.



For the fourth consecutive year, the *Class Editori* group, through the *Global Finance* magazine, awarded us as the Best Bank in Colombia. This year, it highlighted our growth in assets, profitability and the development of new business and product innovation.



For the seventh consecutive year, *Global Finance* recognized us as the Best Foreign Currency Provider in Colombia, in response to our business dynamics and ability to adapt to changing markets.



Thanks to our results and our digital strategy, we were recognized for the sixth time in the last decade by *LatinFinance* as Bank of the Year in Colombia 2019.



Interlat recognizes us as the Best Digital Company for the results achieved in our digital transformation process.

## Our **Subsidiaries**

### BAC Credomatic

#### Euromoney

Best Bank in Central America and the Caribbean 2019  
Best Bank in Costa Rica 2019  
Best Bank in Guatemala 2019



For the fifth consecutive year, Euromoney has awarded Grupo Financiero BAC Credomatic as the “Best Financial Institution in Central America and the Caribbean”, for its sustained growth and its position as the most important bank in the region, thanks to the trust and preference of its 3.6 million customers.

#### LatinFinance

Best bank in Central America 2019  
Best Bank in Costa Rica 2019  
Best Bank in Guatemala 2019



For the second consecutive time, LatinFinance recognized BAC Credomatic as the Best Bank in Central America, Costa Rica and Guatemala, for its outstanding performance in providing retail, commercial and investment services in the region.

#### The Banker

Best Bank in Costa Rica 2019



BAC Credomatic Costa Rica was recognized as Bank of the Year 2019 by *The Banker* magazine, for its advances in digital transformation and the continuous improvement of its efficiency.

#### World Finance

Best Digital Consumer Bank  
Best Mobile Banking App  
(Panama, Costa Rica, Nicaragua, El Salvador, Honduras, Guatemala)



*World Finance* recognizes the culture of innovation and rewards BAC Credomatic’s commitment to its customers by offering increasingly personal and digital experiences through the opening of new branches, based on a “customer-centric” model. In addition, the Mobile Banking app won the award for Best Mobile Banking App in the region.

#### International Investor

Most Innovative Banking Service Supplier - LATAM 2019  
Best Corporate Bank Service Provider in Costa Rica 2019



The British magazine International Investor recognized BAC Credomatic as the most innovative institution in Latin America and best Corporate Banking provider in Costa Rica.

#### The European

Best Bank of the Year in Honduras  
Best Bank of the Year in Costa Rica  
Best Financial Inclusion Bank in Costa Rica  
Best Digital Innovation Bank of the Year in Central America and the Caribbean



*The European* recognized BAC Credomatic as the Bank of the Year in Honduras and Costa Rica, Best Bank for Inclusion in Costa Rica and the most innovative Bank in the Digital Environment, in the entire Central American and Caribbean region. The bank was nominated in these categories by the magazine’s subscribers worldwide, for being an outstanding entity in its management and for being a pillar of the local and regional economy.

**Great Place to Work**  
Great Place to Work



*Great Place to Work* selected BAC Credomatic as a Great Place to Work® in Central America in 2019 (Guatemala, El Salvador, Honduras, Costa Rica, Panama).

**Vida y Éxito**  
Recognition in the Sustainable Finance Category (regional)



As part of the “Profitable Sustainability” event, the regional magazine *Vida y Éxito* recognized BAC Credomatic as a leader in sustainability. According to the magazine, companies have the task of ensuring their sustainability by creating economic, environmental and social value.

**Summa Magazine**  
Reputation and Ethics



For the first time, *Summa Magazine* conducted its own survey to find out which companies and entrepreneurs are best valued in Central America in terms of their public image, integrity and compliance with good practices. On this occasion, the magazine recognized BAC Credomatic as one of the companies with Better Reputation and Ethics of 2019.

## Porvenir

**Global Brands Magazine**  
Best Financial Education Initiative  
- Academia del Ahorro Porvenir [Savings Academy], Colombia 2019



The publication highlights the impact of the Pension Fund’s financial education strategy on people’s learning about the importance of savings and education for retirement.

**Rep Track**  
Pension Fund in Colombia with the Best Reputation



The *RepTrack* reputation institute assessed stakeholder recognition in dimensions such as innovation, citizenship, offering, integrity, talent and leadership.

**Colciencias**



Recognition awarded to the Pension Fund based on criteria such as strategic management, investments in innovation and digital transformation, as well as the development of new products and services with a focus on financial education and wellbeing for retirement.

**Interlat Group**  
Best Project



Distinction achieved thanks to the implementation of the digital strategy, 100% Digital Pension, through which Porvenir affiliates can apply for their pension benefit through digital channels, optimizing pension approval time and improving the quality of life of its more than 12 million users.

## Ratings

Our work in 2019 has contributed to strengthening our relationship with investors, analysts and rating agencies, to whom we permanently report the most relevant information about our performance. To achieve transparent communication, we rely mainly on conferences, quarterly results calls and addressing requests, as well as on the bank’s website, where we continue to generate and disseminate information in a timely manner.

In 2019, risk rating agencies confirmed the bank’s strength and emphasized the good performance of the main indicators in the face of a resilient national economic outlook. The announcement to the market of the agreement to acquire *Multibank Financial Group* (MFG) in Panama, had no impact on the bank’s ratings considering its strategic importance and successful precedent in foreign acquisitions.

International rating agencies *Moody’s*, *Fitch Ratings* and *Standard & Poor’s* and the local rating agency *BRC Investor Services* rated Banco de Bogotá as follows:

### Moody’s

Baa2, Negative Outlook

It emphasized Banco de Bogotá’s capacity to maintain its capital ratio, ratifying the Baa2 ratings, confirming an improvement in the asset quality indicators and highlighting a strong primary funding position. The negative outlook reflects the rating agency’s view on Central American sovereign risk expectations.

### Fitch Ratings

BBB, Negative Outlook

Fitch Ratings confirmed the bank’s BBB rating, highlighting its consistent financial performance, reasonable credit and risk policies, broad funding base and leading franchise. The negative outlook reflects Colombia’s credit outlook.

### S&P Rating Services

BB+, Stable Outlook

The rating agency confirmed the BB+ rating and highlighted the solid market share in Colombia, as well as the diversification of economic sectors in business activities. It also considers the bank’s funding profile and liquidity management to be strong.

### BRC Investor Services SCV

AAA

*BRC Investor Services S.A.* SCV affirmed the bank’s ‘AAA’ and ‘BRC 1+’ ratings for maintaining a solid business position, having appropriate solvency to support growth and outstanding levels of profitability.



## Corporate Governance

We are committed to a transparent, solid and ethical Corporate Governance model, taking advantage of the lessons learned through our experience and complying with best practices. This commitment allows us to produce results that are sustainable for our shareholders, customers, employees and other stakeholders.

The Corporate Governance model, the cornerstone of our business management, has maintained transparency as its key focus, adjusting itself to the needs of an evolving financial market and to best practices, supporting the bank's growth and internationalization process.

We carried out different tasks related to Corporate Governance, aimed at continuing to generate efficient and sustainable results for our stakeholders. We approved the reform of the Corporate Governance Code, modifying aspects related to the structure of integral risk management and administration, we included changes in the Audit Committee Rules of Procedure that align its operation with the recommenda-

### Peacebuilding and Partnerships

We promote ethics and communicate our actions in a transparent manner.



tions of the "Código País" (Best Corporate Practices from the Financial Superintendence of Colombia) and we moved forward in the implementation of its recommendations, as evidenced in the 2019 Best Corporate Practices Implementation Report, submitted to the Financial Superintendence. For more information, see: [www.bancodebogota.com/Relación con el inversionista](http://www.bancodebogota.com/Relación con el inversionista).

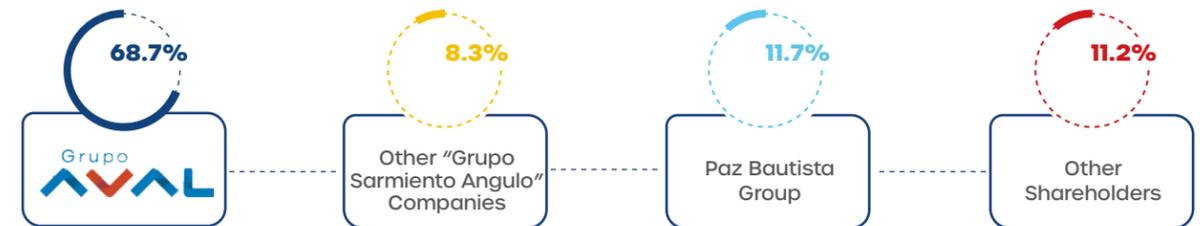
To complement the information available, we have prepared the Annual Corporate Governance Report, based on the recommendations of the "Código País", included as an annex to this document.

## Governance Bodies

[GRI 102.18] [GRI 102.20] [GRI 102.21] [GRI 102.23] [GRI 102.24]

### General Shareholders' Meeting

Our corporate governance structure is led by the General Shareholders' Meeting, the highest decision-making body, which is the main mechanism for providing shareholders with information, as well as the space for exercising control over the bank's management, and consequently, the actions of the Board of Directors. At the end of 2019, our capital was represented by a total of 331,280,555 outstanding common shares, held by 11,827 shareholders. Our Ordinary General Shareholders' Meeting was held on March 28, 2019, with a quorum of 91%. All the necessary information for decision making was available to shareholders, in accordance with our corporate governance guidelines and current regulation.



Further details on the bank's ownership are published on our website and are also available at the Securities Market Information System (SIMEV), at the Financial Superintendence of Colombia [www.superfinanciera.gov.co](http://www.superfinanciera.gov.co).

### Board of Directors

The Board of Directors is the Bank's highest administrative body and its main function is to determine the entity's management and development policies. It is comprised of experienced professionals who fully comply with the criteria set forth by the bank. They were selected at the Ordinary General Shareholders' Meeting on March 28, 2019.

We have five principal members and their personal alternates; two of the board lines are represented by independent members. The evaluation process for candidates for the Board of Directors does not consider any discriminatory criteria and we currently have the participation of a woman and a member of a minority group. Our governance model does not consider the participation of executives as board members.

The Board of Directors establishes an annual meeting plan that allows it to fully carry out its functions. To support its management, as of the reporting date, the Credit, Audit, Integral Risk Management and Sustainability Committees have been established, which operate under its direction and dependence. As the second level of committees, the Board has defined the operation, under the responsibility of Senior Management, of the Assets and Liabilities Committee and the Administration's Integral Risk Management Committee. In 2019, we consolidated our Sustainability Committee, with the participation of several members of the Bank's Board of Directors, in order to direct the guidelines, policies and procedures regarding this matter and ensure compliance with the sustainability model.

In 2019, fees totaling COP 968 million were paid to Board members for attending meetings of the Board of Directors and its Committees.



Luis Carlos Sarmiento Gutiérrez,  
Chairman of the Board of Directors

Luis Carlos Sarmiento Angulo,  
Board of Directors Advisor

## Principal Members



**Luis Carlos Sarmiento Gutiérrez**

Civil Engineer from the University of Miami and MBA with emphasis on Finance from the Johnson Graduate School of Management of Cornell University. Chairman of the Board since 2004.



**Sergio Uribe Arboleda**

Economist from the Universidad de los Andes. Principal member of the Board since 1989 and previously, alternate member since 1987.



**Alfonso de la Espriella Ossio**

Lawyer and Political Scientist from the Universidad La Gran Colombia, with studies in Currency and Banking at Tulane University, New Orleans and Banking Supervision at the Federal Reserve Bank, Baton Rouge. Principal Member of the Board since 1988.



**Carlos Arcesio Paz Bautista**

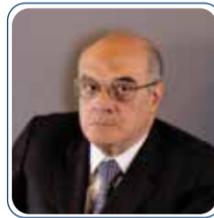
Business Administrator from the Universidad Eafit with an MSc in Marketing from Icesi - Eafit. Principal member of the Board since 1990 and previously, alternate member since 1989.



**José Fernando Isaza Delgado**

Electrical Engineer with an MSc in Theoretical Physics from the Universidad Nacional de Colombia; BSc and MSc in Pure Mathematics, both from the Louis Pasteur University in Strasbourg, France. Principal Member of the Board since 1997.

## Alternate Members



**Jorge Iván Villegas Montoya**

Lawyer and Economist from the Universidad Javeriana and Specialist in Business Law from the Colegio Mayor Nuestra Señora del Rosario. Alternate Member of the Board since 1988.



**Sergio Arboleda Casas**

Civil Engineer from the Universidad de los Andes. Alternate Member of the Board since 1990.



**Ana María Cuéllar de Jaramillo**

Accountant from the Universidad Jorge Tadeo Lozano. Alternate Member of the Board since 2007.



**Álvaro Velásquez Cock**

PhD in Economic Sciences from the Universidad de Antioquia, MSc candidate of the London School of Economics. Alternate member of the Board from 1983 to 1988 and again since 2001.



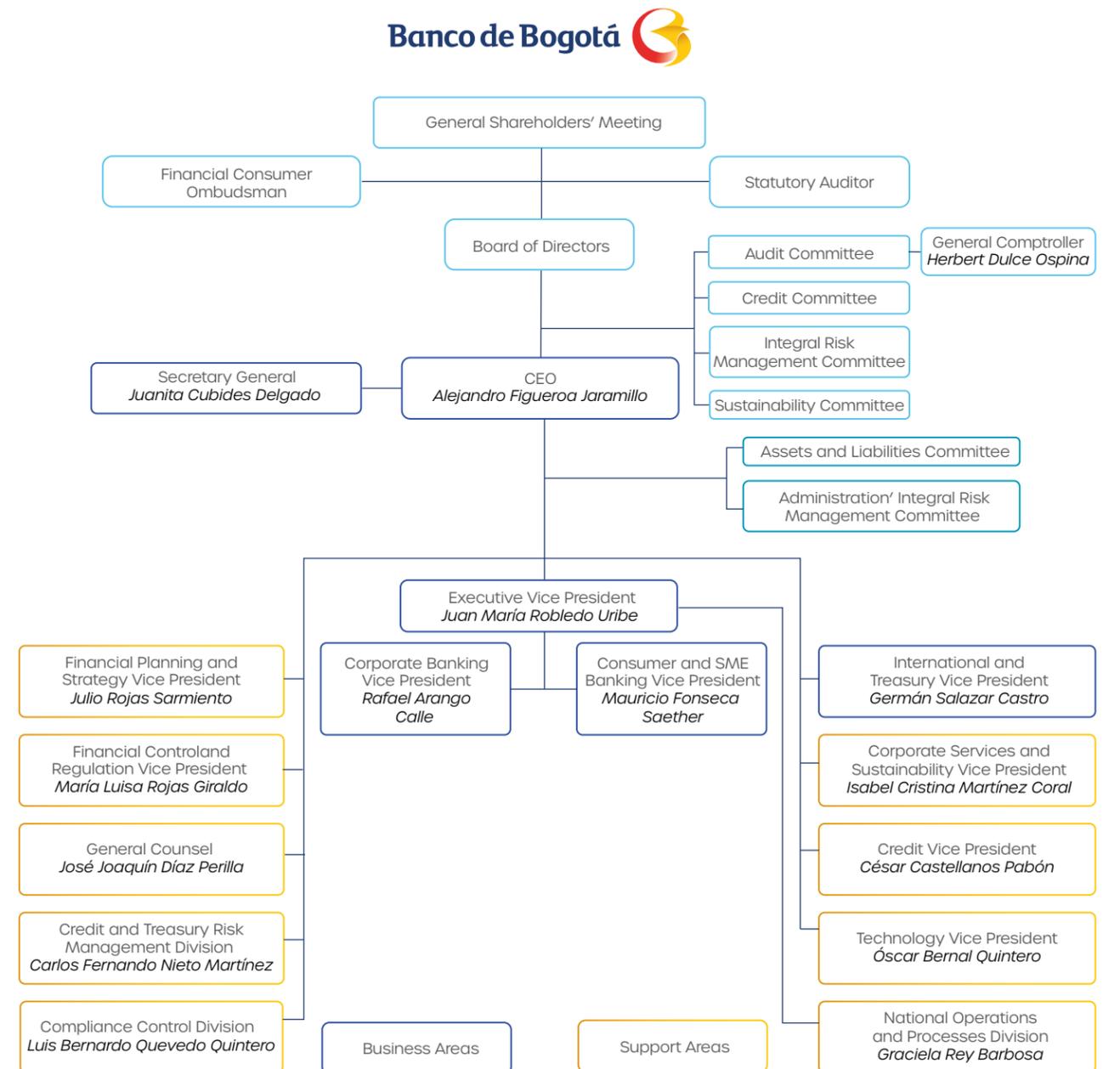
**Carlos Ignacio Jaramillo Jaramillo**

Lawyer from the Universidad Javeriana, MSc in Insurance Law and Economics from the Universidad Catholique de Louvain and PhD in Law from the Universidad de Salamanca. Alternate Member of the Board of Banco de Bogotá since 2018.

## Senior Management

Senior Management represents the third level of our bank's corporate governance structure. It is in charge of the ordinary course of business and the conception, execution and monitoring of objectives and strategies, following the guidelines set by the Board of Directors.

An overview of the professional background of our Senior Management is available at our website [www.bancodebogota.com](http://www.bancodebogota.com).



## Senior Management



Alejandro  
Figueroa Jaramillo

Civil Engineer from the Universidad Nacional de Colombia, MSc and candidate for a PhD in Economics from Harvard University. Employed at the bank since 1973. He served as the Executive Vice President and the Chief Financial Officer. He has been the CEO of the Bank since 1988.



Juan María  
Robledo Uribe

Economist from the Universidad del Rosario. Employed at the Bank for more than 50 years. He has served as the Vice President of Banking Services and Vice President of Commercial Banking. He has been the Executive Vice President from 1990 to 1992, 1993 to 2001 and since 2003.



Germán  
Salazar Castro

Economist from the Universidad Javeriana, with post-graduate studies in Bank Credit and Finance at the Chemical Bank and Finance at New York University. Employed at the Bank since 1979. He has been the International and Treasury Vice President from 1992 to 1996 and since 1998.



César  
Castellanos Pabón

Economist from the Universidad Santo Tomás and Systems Administrator from the Politécnico Gran Colombiano. Employed at the Bank since 2002. He has been the Credit Vice President since 2012.



Isabel Cristina  
Martínez Coral

Electronic Engineer from Universidad del Cauca, Negotiation Program at Harvard Law School, MBA and Finance from the Universidad de los Andes, MSc in Telecommunications Economics from the UNED. Employed at the Bank since 2017. She has been the Administrative Vice President since 2018 and currently Vice President of Sustainability and Corporate Services.



Julio  
Rojas Sarmiento

He graduated from Princeton University as a BA with the Summa Cum Laude distinction and as an MBA with honors: George F. Baker Scholar from Harvard Business School. Employed at the Bank since 2016. He has been the Chief Financial Officer since 2018.



Rafael  
Arango Calle

Economist from the Universidad Javeriana, with Graduate Studies in Strategic Management and Leadership from the Universidad de Los Andes and the Executive Development Program of Inalde. Employed at the Bank since 1999. He has been the Corporate Banking Vice President since 2012.



Mauricio  
Fonseca Saether

Industrial Engineer from the Universidad de Los Andes and MBA from Esade Business School, Spain. Employed at the Bank since 2019 as the Commercial Vice President of Consumer and SME Banking.



María Luisa  
Rojas Giraldo

Economist from the Universidad de Los Andes, with graduate studies in Financial Administration at Stanford University and Economic Development at Boston University. Employed at the Bank since 1981. She is the Vice President of Financial Control and Regulation since 2018.



Óscar  
Bernal Quintero

Systems Engineer from the Universidad Distrital. Graduate studies in E-Business Management from the Universidad de Santander and MBA from the Universidad de Los Andes. Employed at the Bank since 2008. He has been the Technology Vice President since 2019.



Carlos Fernando  
Nieto Martínez

Industrial Engineer from the Universidad de Los Andes and MBA from Inalde Business School. Employed since 1998. He has been the Credit and Treasury Risk Director since 2009.



Luis Bernardo  
Quevedo Quintero

Lawyer and Philosopher from the Universidad de los Andes. Employed since 1981. He has been the Director of the Compliance Control Unit since 1996.



José Joaquín  
Díaz Perilla

Lawyer from the Universidad del Rosario. Employed at the Bank since 1967. He has been the Legal Counsel Head since 1974.



Juanita  
Cubides Delgado

Lawyer from the Pontificia Universidad Javeriana. Employed at the Bank since 1989. She has been the General Secretary since 2019.



Graciela  
Rey Barbosa

Industrial Engineer from the Universidad Distrital. Specialist in Finance from the Universidad Externado and Specialist in Online Business from the Universidad de La Sabana and Universidad Icesi. Employed by the Bank since 1995. She has been the National Director of Operations and Processes since 2017.

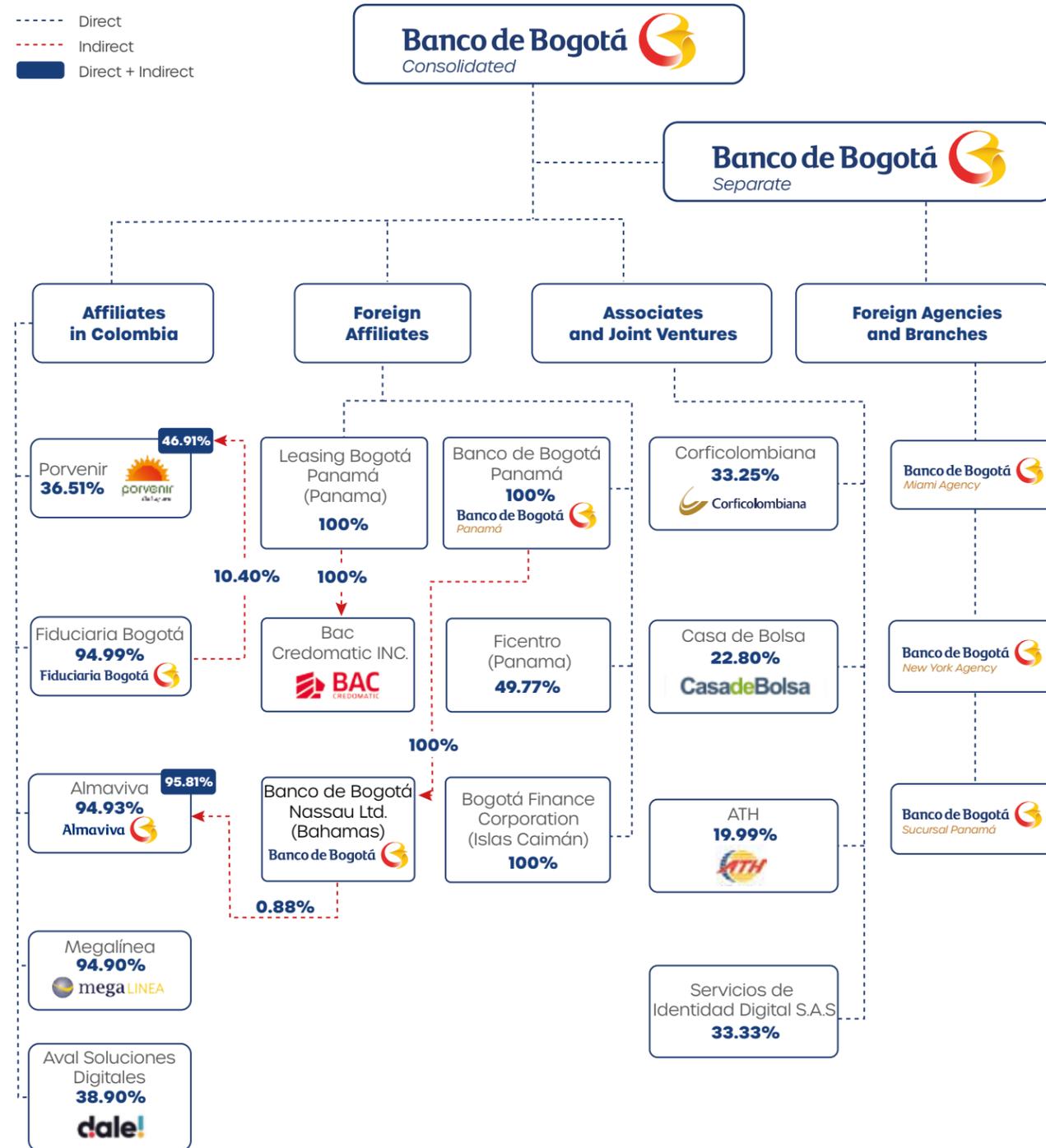


Herbert Francisco  
Dulce Ospina

Industrial Engineer from the Universidad Javeriana with graduate studies in Corporate Finance at CESA and Advanced Financial Risk at IFF - The International Faculty of Finance. He has been the General Comptroller since 2018.

## Corporate Structure

Our consolidated bank is made up of Banco de Bogotá Colombia, an important member of the Colombian banking system, and the affiliates and associated companies in which we have a holding; entities through which we contribute to the growth of different sectors of the Colombian and Central American economy.



All shares are common shares.

## Ethics and Transparency [GRI 102.17]

### Our Internal Audit

The internal audit function of the bank and its affiliates is performed through our General Comptroller's Office, in accordance with the corporate guidelines and instructions given by Grupo Aval, through risk-based audits; as a third line of defense, it operates independently, reporting directly to the Audit Committee.

In 2019, we executed an audit plan, which covered the processes and systems of the companies that make up the financial group (including *outsourced* activities) and over which we have direct control. The processes for managing third-party assets were also evaluated, which are worth nearly COP 230 trillion, managed through pension funds (voluntary and mandatory), severance funds, trusts and mutual funds, among others.

Likewise, the effectiveness and proper functioning of the main elements of the Internal Control System and the key controls over the information systems were evaluated, finding no weaknesses that could compromise their effectiveness and capacity to mitigate risk. Based on the findings reported by the various supervisory bodies to the bank's and affiliates' management, actions for improvement were taken, such as: process redesign, adjustment or implementation of controls, system development, reinforcement of control monitoring, promotion of training activities, relevant instructions to achieve compliance at all levels with current regulations and correction of failures, and the application of administrative measures for employees involved in regulatory non-compliance.

Finally, based on the results of the audits conducted in 2019, it was found that the risks managed at the bank and its affiliates are reasonably mitigated and adequately managed.

### Our Anti-corruption Management

We are committed to the highest ethical standards in our dealings with our stakeholders, to compliance with local and international laws and regulations, in order to strengthen transparency and ensure the integrity of our corporate governance.

In response to this commitment, we implemented our Corporate Anti-Bribery and Anti-Corruption Policy, whose objective is institutional strengthening, establishing conditions and procedures for granting donations, making public or political contributions, managing conflict of interest situations, granting sponsorships, giving and/or receiving gifts, courtesies and bonuses, and managing intermediary third parties, thus ensuring the responsibility of all our employees in terms of compliance.

Based on this objective, we have implemented a zero tolerance policy towards corruption, in any of its forms, promoting a culture to fight against this type of events and establishing a control strategy through prevention, training, awareness, dissuasion, monitoring and alert management for their detection. In 2019, we had no reports of corruption events, a result confirmed by KPMG's external audit, which found that our program is in an optimal state of implementation.

Also, in the bank, in all the affiliates and in Grupo Aval we have an ethics hotline, which is a channel in place for employees, customers, shareholders and suppliers, which allows them to anonymously report situations related to fraud, corruption, money laundering or any irregular activity identified within the entity.

Ethics and transparency are fundamental pillars of our business management, which is why we integrate them into our policies, principles and values that guide the direction, administration and supervision of our business actions.

## Our Coverage

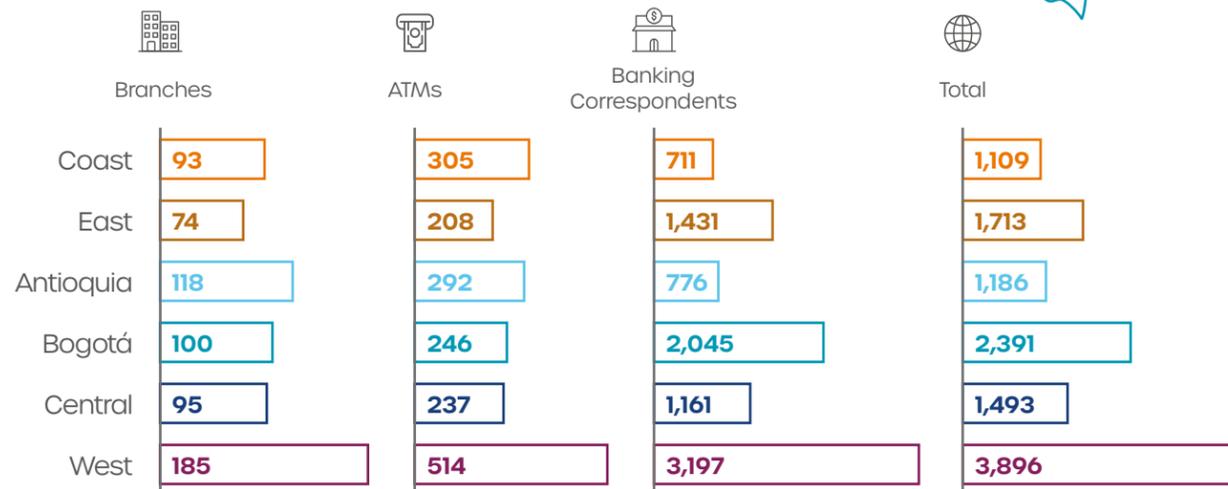
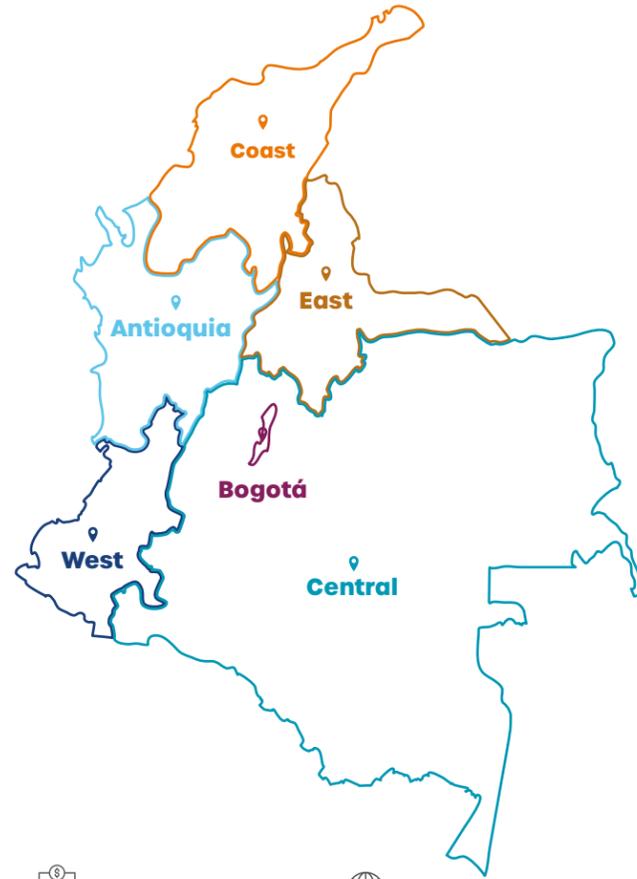
[GRI FS13]

Presence and support provided to geographic regions are fundamental for the consolidation and strengthening of the country's progress, which is why we have at least one banking service channel in 864 municipalities in the country, a coverage rate of 78% of the national territory. In this way we are taking our products to the different regions of the country and we are strengthening our bancarization strategy.

In Central America, our subsidiary BAC Credomatic is ranked as the bank with the greatest coverage in the region, offering financial services in El Salvador, Guatemala, Honduras, Nicaragua, Costa Rica and Panama.

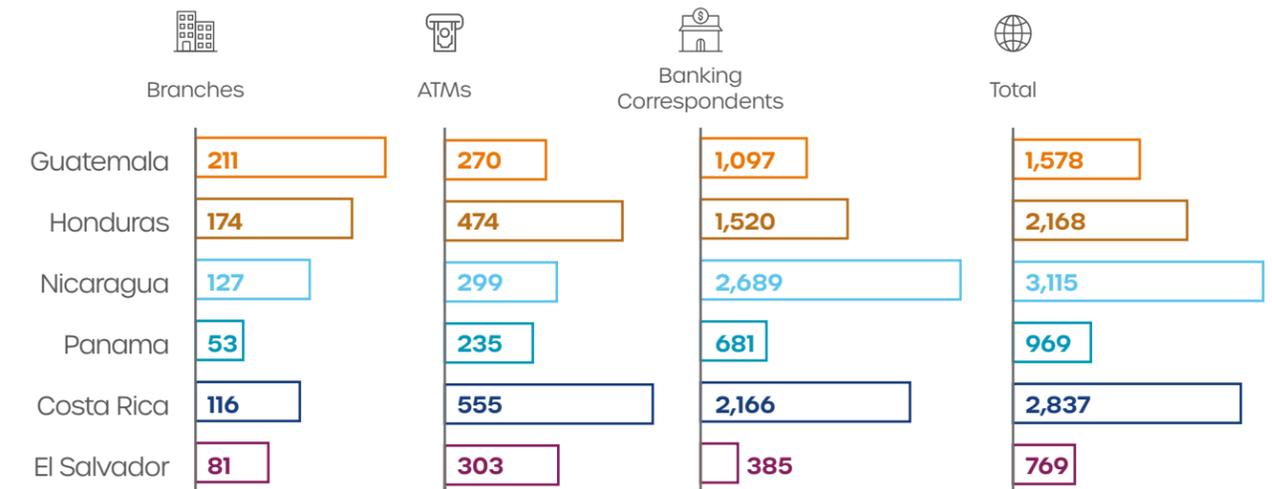
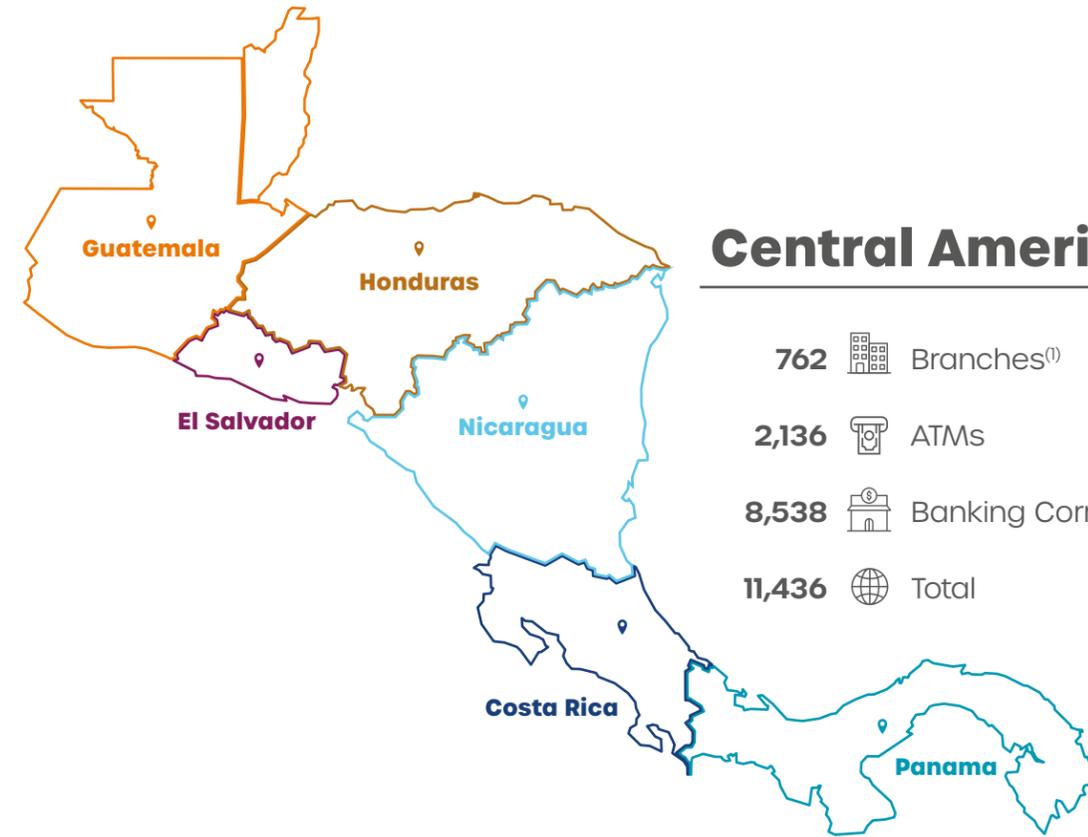
### Colombia Total

- 665  Branches
- 1,802  ATMs
- 9,321  Banking Correspondents
- 11,788  Total



### Central America Total

- 762  Branches<sup>(1)</sup>
- 2,136  ATMs
- 8,538  Banking Correspondents
- 11,436  Total



(1) Offices include onsite branches, instore branches, digital branches and auto/drive-thru branches.

## Our Environment

### International Environment

In 2019, the global economy experienced a growth of 2.9%, below the previous year (3.6%), the weakest result since the financial crisis. The deceleration of the economic activity was a consequence of the high uncertainty that characterized the commercial relationship between China and the United States, which impacted said economies and other countries through global value chains and the breakdown of entrepreneurs' expectations. International trade practically stood still in 2019.

Amid the uncertainty and economic slowdown, and in the absence of inflationary risks, most of the world's central banks relaxed their monetary stance. The United States was the most prominent case, with its central bank starting the year by anticipating interest rate increases and ending with a 75 basis point reduction to a range of 1.50% to 1.75%. Other central banks in developed economies took action in the form of liquidity injections, since they had low interest rates, while emerging economies were much more active to the extent that they could.

At the beginning of 2020, the global economy has been affected by two shocks: the coronavirus and the oil war. Both are affecting global supply and demand and indicate lower growth this year. As markets try to cope with the consequences of these events, volatility and uncertainty have increased, thus tightening global financial conditions. The first responses of the economic authorities have been interest rate cuts, increased liquidity and still modest fiscal expenditures to solve the public health problem. A coordinated effort is needed to stabilize markets, restore confidence and support the economy.

### Colombian Environment

The Colombian economy maintained its recovery in 2019 with a growth of 3.3%, meeting our expectations and those of the Colombian Central Bank. The activity went on its recovery phase to reach the highest growth in the last five years, following the oil crisis.

The growth of the economy was supported by multiple sectors, among which trade stood out, benefiting from factors such as: 1) the growth of remittances, 2) consumer credit interest rates at historical lows, 3) migratory flows, and 4) the gain in household purchasing power due to lower inflation compared to wage adjustment. These factors offset the adverse effect that could be generated by the devaluation of the exchange rate and the weakness of the labor market, which reported an average urban unemployment rate of 11.2% in 2019, up 0.4 percentage points in annual terms. In addition to trade, the financial sector also had an outstanding balance, reflecting the recovery in the lending portfolio.

However, the rise in GDP was contained by the decline in construction, particularly in the housing segment different from affordable housing (non-social interest housing, VIS, for the Spanish original), as infrastructure performed well.

Moving on to the external front, the larger current account deficit in 2019, which stood at around -4.3% of GDP, was one of the explanations for the ground lost by the Colombian peso against the dollar in 2019. The average exchange rate was COP 3,283, an annual devaluation of 11%. The pressure on the local currency was accentuated in the second half of the year, reaching values in the last quarter of over COP 3,500, registering new historical highs, as a result of trade

tensions between China and the United States, the monthly purchases of US dollars by the Ministry of Finance and the Central Bank; and the social context of recent months in the country.

Currency devaluation and food prices were the factors behind the rise in inflation. It ended 2019 at 3.8%, standing within the target range of the Central Bank, between 2% and 4% for the second consecutive year, although increasing compared to 2018 when it ended at 3.2%. The rise in inflation, in addition to the economic growth that remained below its potential, maintained the stability of the reference rate of the Colombian Central Bank at 4.25%. In December, the entity completed 20 consecutive months with no changes in its monetary policy.

In view of the international shocks of the coronavirus and the oil war, local economic authorities have acted proactively,

with fluid communication and actions to avoid tensions in the markets and strengthen the provision of liquidity in Colombian pesos and US dollars. The Central Bank, the Ministry of Finance and the Financial Superintendence have been monitoring the solvency and liquidity of the financial system that is addressing this situation in a solid position.

It is still too soon to assess the depth and extent of the oil crisis, but the impact on Colombia would be felt mainly in the exchange rate, oil exports and fiscal accounts. Compared to the drop in oil prices in 2014-2015, the country has decreased, but not eliminated, its dependence. For example, oil exports accounted for almost 60% of the total in 2014, and now they are 40%. Government revenues from taxes on oil companies and dividend payments from the state oil company, which exceeded 20% of the total at their peak, now amount to 10%.

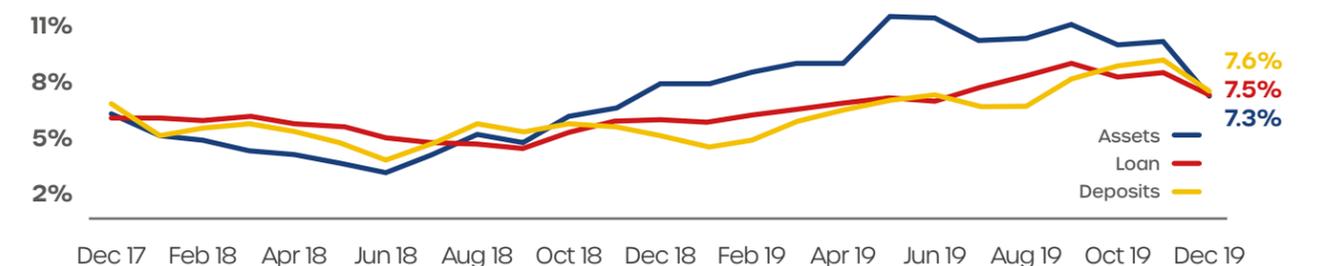
### Colombian Banking System

Consistent with the recovery period experienced by the Colombian economy in 2019, the banking system showed good performance, influenced by the stability of household consumption and investment. Assets reflect a growth of 7.3% compared to 2018, mainly explained by the 7.6% year-over-year increase in the loan portfolio and the 9.1% increase in the investment portfolio.

With respect to the loan portfolio, the road to growth has continued to be adjusted, mainly driven by the consumer portfolio that changed the downward trend from previous years, reaching a growth of 15.7% in gross terms; according to figures published by the Financial Superintendence, free investment loans and payroll loans made the greatest contribution. In turn, the gross commercial, mortgage and micro-credit portfolios still show a lag in their growth, reaching rates of 2.9%, 9.8% and 3.0% respectively; specifically, the mortgage portfolio responds to the contraction of the building construction sub-sector.

In fact, the dynamics of the loan portfolio has been accompanied by a better quality indicator<sup>1</sup>, which stood at 4.9%, that is, 22 basis points down from 2018. However, the mortgage portfolio reflected the greatest decline in the increase in its 30+ days past due loans by 11.3%, affected by the lag in the construction sector.

#### Year-over-year growth rates



Source: Financial Superintendence of Colombia.

<sup>1</sup> Quality of 30+ days past due loans/Gross Loan Portfolio





### Our Participation in the Colombian Banking System

In 2019, we continued to consolidate our position as one of the most relevant banks in the Colombian banking system, ranking at the top within the market. Our assets showed a growth of 7.4%, driven by the gross loan portfolio which increased by 11 basis points its market share, when compared to 2018.

This increase was driven by the good performance of the mortgage portfolio, which grew 15.9% and increased its share by 32 basis points, followed by the commercial portfolio, which grew 6.6% and increased its share by 58 basis points, and the consumer portfolio with growth of 12.9%. All this was achieved through the implementation of commercial strategies focused on the management of branches and the specialized sales force, as well as the subrogation of our constructor loan portfolio.

In turn, deposits<sup>2</sup> grew 3.8%, with current accounts as the most representative with a 13.7% increase, rising 134 basis points in market share and continuing to strengthen the bank's position in this product. Savings accounts grew 11.2%, with an increase of 5 basis points in market share, showing above average evolution.

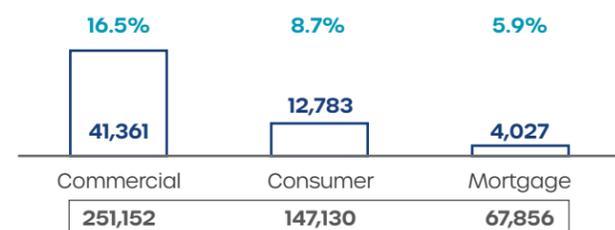
We continued to position ourselves as one of the best performing banks in the country, having achieved the second largest net income in the banking system.

Liabilities stood at COP 585,123 billion, of which deposits amounted to COP 421,980 billion, with a positive annual variation of 7.6%. 46.7% of total deposits correspond to savings accounts, which amount to COP 197,170 billion, with a 10.7% growth compared to 2018. In turn, current accounts grew 7.3% annually, while time deposits grew 4.0% for the same period.

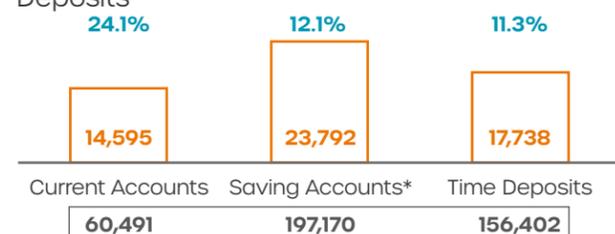
Regarding the results from the Banking System in 2019, it reached profits of COP 10,963 billion, which is equivalent to a year-over-year growth of 13.1%. Specifically, the net interest margin stood at COP 32,593 billion, with an increase of 8.7% in the mortgage portfolio and 8.3% in the consumer portfolio.



#### Gross Loan Portfolio



#### Deposits



Figures in billions of pesos  
\*Savings accounts include special savings and real value savings certificates

Local Position ○  
Market Share %  
Banking System Total □

<sup>2</sup> Includes other deposits.

## Central American Environment

In 2019, the Central American economy grew somewhat lower than the 3.1% growth of the previous year, with an advance as of the third quarter of 2.7%. The lower dynamics can be explained not only by lower growth at the global level, but also by the continued impact of the shocks that held back the regional economy in 2018. Those shocks were evident in the first part of the year, but they began to weaken, thus allowing for better performance in the second half of the year. In fact, while the region grew 2.6% in the first half of the year, excluding Nicaragua due to lack of information, the third quarter showed an advance of 3.0%.

Guatemala maintained good growth dynamics in 2019, with an advance of 3.6% at September 2019, improving against its 3.1% growth of 2018. Despite the political uncertainty resulting from the presidential elections in which Alejandro Giammattei was elected, the economy showed continuous acceleration throughout the year.

After growing 3.7% in 2018, Panama's activity slowed to 2.9% in the first nine months of 2019. However, it is expected to be revitalized in the fourth quarter, not only because of the dilution of the widespread strike of the construction sector in 2018, but also because of the operation of the new copper mine "Cobre Panama" and the progress of large infrastructure projects.

The Honduran economy also showed moderation in its performance throughout the year. After growing 3.7% in 2018, its activity lost momentum in the third quarter, with a variation of 2.4%. Its behavior reflects the weakening of the agricultural dynamic, due to the El Niño climate shock and the lower price of coffee and bananas, its main export items.

In El Salvador, the slowdown was not as marked. Since elections were held in February, political uncertainty decreased rapidly in the first half of the year. Thus, while in 2018 its activity grew 2.5%, in the third quarter it showed an advance of 2.4%.

In the case of Costa Rica, the slower economic dynamic was explained by the uncertainty generated by the tax reform, less trade with Nicaragua and the effect of the climate shock on agricultural production. So, while activity grew 2.7% in 2018, its pace slowed to 1.7% between January and September 2019.

In the absence of official information on Nicaragua's economy, an approximation to the result of the year is the IMF projection of -5.0%, which reflects the continuation of the political and social tension that began in April 2018.

Regarding prices, in 2019 inflation closed with an increase of +0.2 pp to 2.0%, reflecting upward pressure on fuels at the global level, short-term shocks to food prices in Guatemala, supply problems associated with tensions in Nicaragua, adjustments to VAT and the devaluation of the exchange rate in Costa Rica.

Monetary policy was adjusted according to the needs of each economy. The Costa Rican central bank, in the absence of inflationary risks, lowered its interest rate to support the expansion of the economy. The cumulative rate cut in 2019 was -250 bp, to 2.75%. The Honduran central bank, while increasing its interest rate by +25 bps at the beginning of the year, reversed the adjustment in the last month of 2019, leaving the rate at 5.50%, taking advantage of the space generated by lower interest rates worldwide. In Guatemala, since the food price shock was temporary, the central bank decided to keep the interest rate stable at 2.75%.

In Central America, cases of coronavirus have been limited, but some authorities have already taken steps to address the pandemic. A less connected region could be an advantage over the current problems. In addition, lower oil prices would help external accounts, which could be affected by the decrease in remittances from the United States. Furthermore, Central America serves as a natural hedge for Colombia, benefiting from lower oil prices.



## Central American Banking System

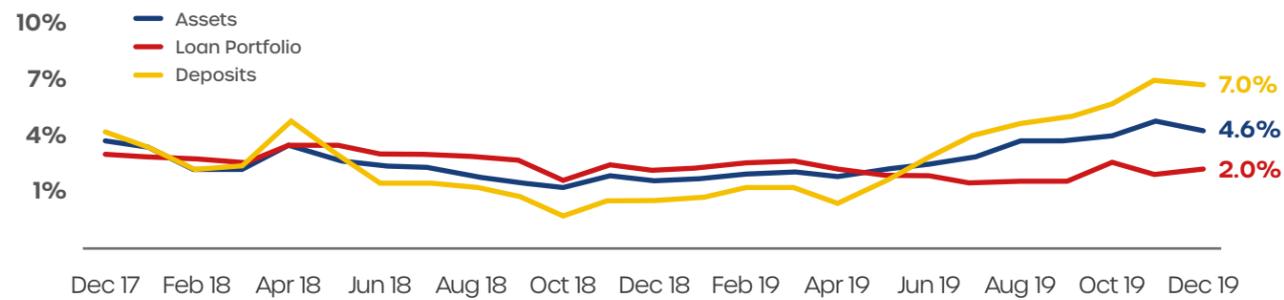
At December 2019, Central America shows significant recovery of its growth rates, resuming its upward trend where assets reach a year-over-year increase of 4.6%, largely explained by the 2.0% growth of the net loan portfolio. In turn, deposits recorded an increase of 7.0%.

Honduras and El Salvador largely explain the evolution of assets, followed by Guatemala and Costa Rica. On the other hand, Nicaragua's economic activity has decreased as a result of the socio-political crisis it has been going through since 2018. Regarding the net loan portfolio, Honduras is the country with the highest growth, supported by the drive of mortgage and corporate loans, as opposed to Nicaragua's behavior, which has continued on a downward trend. Despite the great dynamism of countries such as Honduras and El Salvador, those with the largest share in the region's total net portfolio continue to be Panama, Costa Rica and Guatemala at 80.4%, where the mortgage and consumer portfolios show the best results.

As for deposits, Costa Rica, El Salvador and Honduras reflect the highest growth, with rates of over 10%. In contrast, Nicaragua shows a reduction in its deposits due to the outflow of capital to other countries, increased unemployment and increased demand for cash caused by the crisis.

Finally, net income of the Central American Banking System grew slightly by 1.2%, affected by the reduction of interest income in Nicaragua given the decrease in loan placement. The same as with the loan portfolio, at December 2019 Panama is the country with the largest share of net profit in the region, at 39.1%, followed by Guatemala at 29.0% and Costa Rica at 12.4%.

### Year-over-year growth rates



Source: Superintendences of each country; all Financial Groups (FG) in Guatemala are included, as well as those banks that do not belong to a FG. Panama considers banks with a general license, the total loan book and total deposits.

### Central American Banking System by Country

Dec-19	Assets		Net Loan Portfolio		Deposits	
	Millions of US dollars	USD	USD	Annual Variation	USD	Annual Variation
Panama	105,060	105,060	68,323	0.8%	76,498	4.3%
Guatemala	50,059	50,059	26,209	3.8%	35,869	7.4%
Costa Rica	47,287	47,287	29,507	2.3%	33,285	12.2%
Honduras	24,788	24,788	13,968	8.3%	14,658	10.1%
El Salvador	19,958	19,958	12,864	5.2%	13,679	11.0%
Nicaragua	6,326	6,326	3,428	-20.2%	3,972	-7.5%
<b>Total</b>	<b>253,478</b>	<b>253,478</b>	<b>154,299</b>	<b>2.0%</b>	<b>177,962</b>	<b>7.0%</b>

Source: Data obtained from the superintendences of each country. All "financial groups" in Guatemala are included, as well as those banks that do not belong to a financial group. Panama considers banks with a general license, the total loan book and total deposits.

## Our Participation in the Central American Banking System

The results of our subsidiary BAC Credomatic show solid and superior growth compared to its Central American peers, positioning it as the most important bank in the region, ranking first in most indicators (according to September results, latest available data).

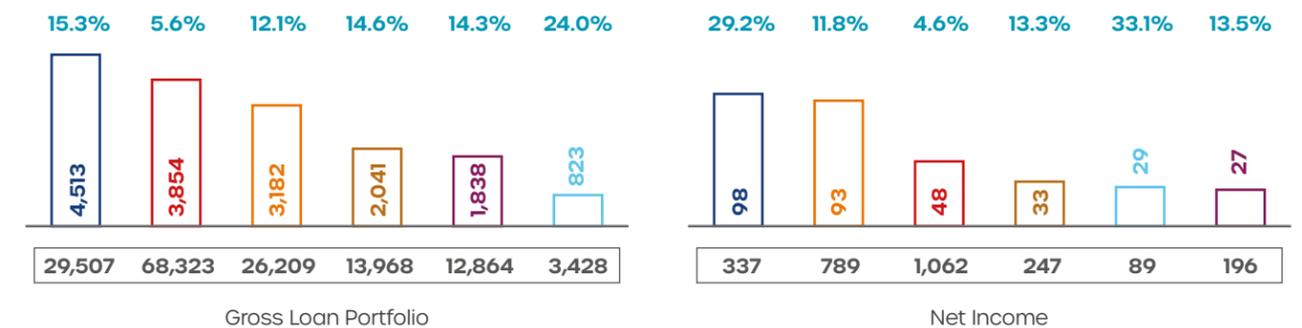
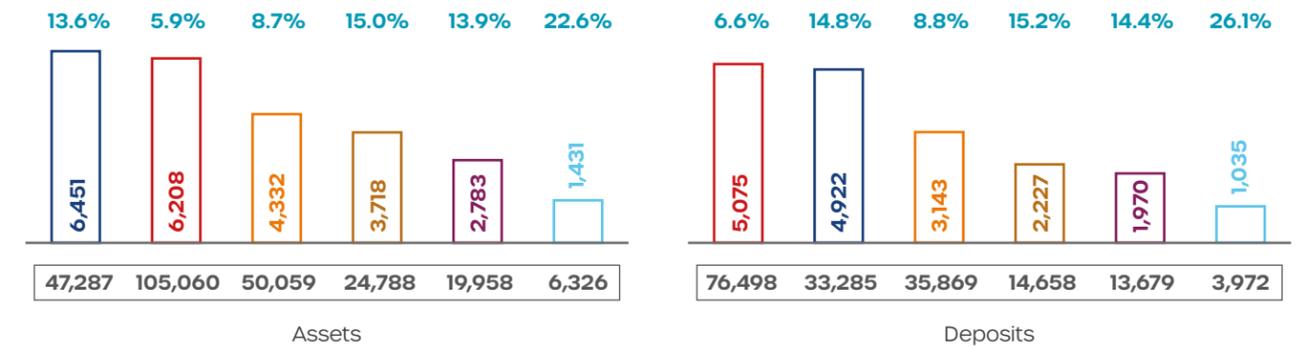


Regarding the loan portfolio, the annual increase of 3.3% in BAC Credomatic, higher than the 2.2% of the Central American system, has leveraged on the strategy of transnational customer loyalty, mainly through highly profitable products such as credit cards and commercial lending. This allowed it to remain in first place in net loan portfolio placement, with a 10.2% share at September 2019.

In terms of deposits, the group continues to focus on optimizing its funding mix, by increasing its inflows by 6.2%, positioning it in first place with a market share of 9.5%. The strengthening of modern and versatile electronic banking, which has allowed a more efficient creation of bank accounts, as well as the development of more customer-friendly mobile banking, justify this result.

In turn, the behavior of net income remains favorable, allowing the group to strengthen its position at the regional level where BAC Credomatic has 12.6% of the financial system's total net income, at September 2019.

### Market Share by Country



Information of the Banking System of each country (Local GAAP)  
Figures in USD millions

● Costa Rica ● Honduras ○ Local Position  
● Panama ● El Salvador % Market Share  
● Guatemala ● Nicaragua □ Banking System Total