Our Achivements 2019

BANTRAB
Guatemala

Our history

Bantrab was founded in 1966 with contributions from the workers, therefore it is why they are the axis of all its actions. The Financial Group's transformation started in 2017 with a profound transformation process aimed to strengthen the confidence of its stakeholders as well as to affirm its commitment to Guatemalan society. Today, it is a reference in best practices of Corporate Governance, anti-corruption policies, innovation with social impact, and it is considered one of the best places to work in Central America.

Our pillars

Mision

To work hard for the wellbeing of all the workers.

Vision

To make of the workers the main financial force of the country.

Values

- Responsibility
- Transparency
- Equity
- Working with passion

Better credit ratings

For the second year in a row, Fitch Ratings and Moody's Investors Service (Moody's) raised Bantrab's ratings and changed the outlook from stable to positive. They did the first in April and the second one in October of this year.

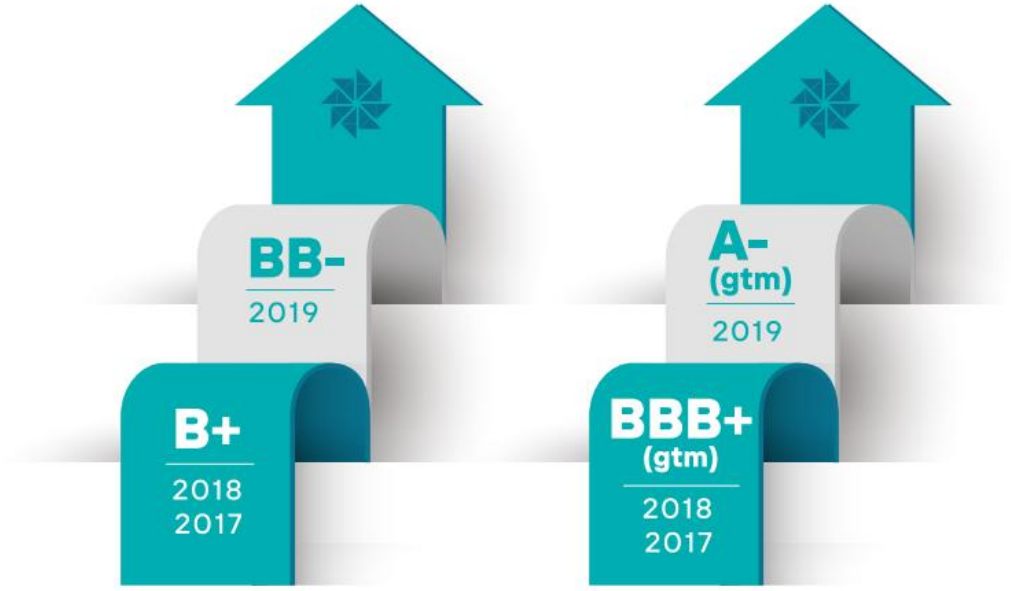
Moody's

The country risk rating for Guatemala is Ba1, just two positions above from the one obtained by Bantrab in October 2019.



Fitch Ratings

The country's risk for Guatemala is BB-, a step above from that obtained by Bantrab in April 2019 and reaffirmed in December.



Long term in national and foreign currency (DR´s)

National long term

1 Corporate Governance

Bantrab began, in mid-2017, the adoption of policies, standards and procedures aimed to strengthen its governance and sustainability. It restructured its organization in favor of transparency, in order to deconcentrate decision making and streamline processes.

One of the measures that most influenced the improvement of ratings by Fitch Ratings and Moody's, was the institution of an unpublished process to elect the members of the Board of Directors.

The candidates had to pass the tests of the internal control areas (compliance, risks and audit), as well as the evaluation of their trajectory and competences by Manpower, the third largest personnel firm in the world, and one of the most prestigious universities in Guatemala. Seven of the ten executives who joined in 2018 qualified and were elected in the Extraordinary Shareholders Meeting. The renewal of the staff of directors and managers also contributed.

2 Adequate risk management



The Financial Group adopted the model of the three lines of defense and adjusted the risk appetite, both to international standards and to its strategic priorities. It also implemented tools and methodologies to identify, in a timely manner, operational, market, socio-economic and reputational conditions that may influence the business.

LINE 01

- Identification of risks in the application of internal regulations and implementation of controls to mitigate them.
- Early identification of risks.
- Redefinition of processes in order to strengthen and ensure transparency in relations with interest groups.
- Continuous improvement in governance processes, including the functioning of committees and commissions.

LINE 02

Corporate Risk Management actions

- It reviewed and adjusted the risk appetite of the bank.
- It anticipated the request of the authorities and strengthened the Corporate Governance of the Workers' Insurance, one of the institutions that integrates the Bantrab Financial Group.
- Updated the regulations to ensure that they respond to the requirements of the Superintendency of Banks (SIB) and international best practices, as well as to strengthen controls, ensure business continuity and, simultaneously, to streamline the processes.

Corporate Compliance Office actions

- It restructured the area and created two specialized departments to prevent money laundering and terrorist financing (ML/FT) and data analysis.
- It installed the Compliance Risk Management system to categorize risks and measure the effectiveness of mitigators.
- Adopted MonitorPlus to evaluate potential customers, suppliers and collaborators.
- Incorporated the recommendations of the international firm Integro Advisers to the Corporate Compliance Manual.

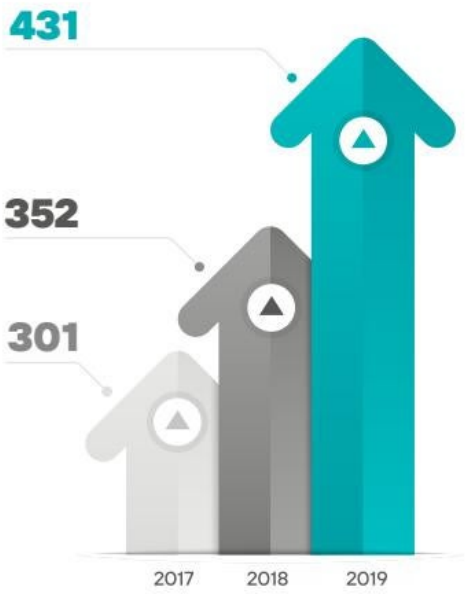
LINE 03

Corporate Audit Department actions

- It replaced its audit model with a risk-based one.
- Implemented a workflow tool to control and monitor the requirements of the supervisory body.
- It adopted the TeamMate and Gazelles tools in order to improve the planning, management and control of the processes.
- It created a dashboard to identify risks in business centers immediately and in a timely manner.
- It adopted the continuous methodology to review the financial execution of the four institutions of the Financial Group.
- The audit reports did not report exceptions by the KPMG firm.

3 Solid capitalization

Bantrab's capital has been steadily strengthened. It registered a year-on-year increase of 17% in 2018 and 22.5% in 2019.



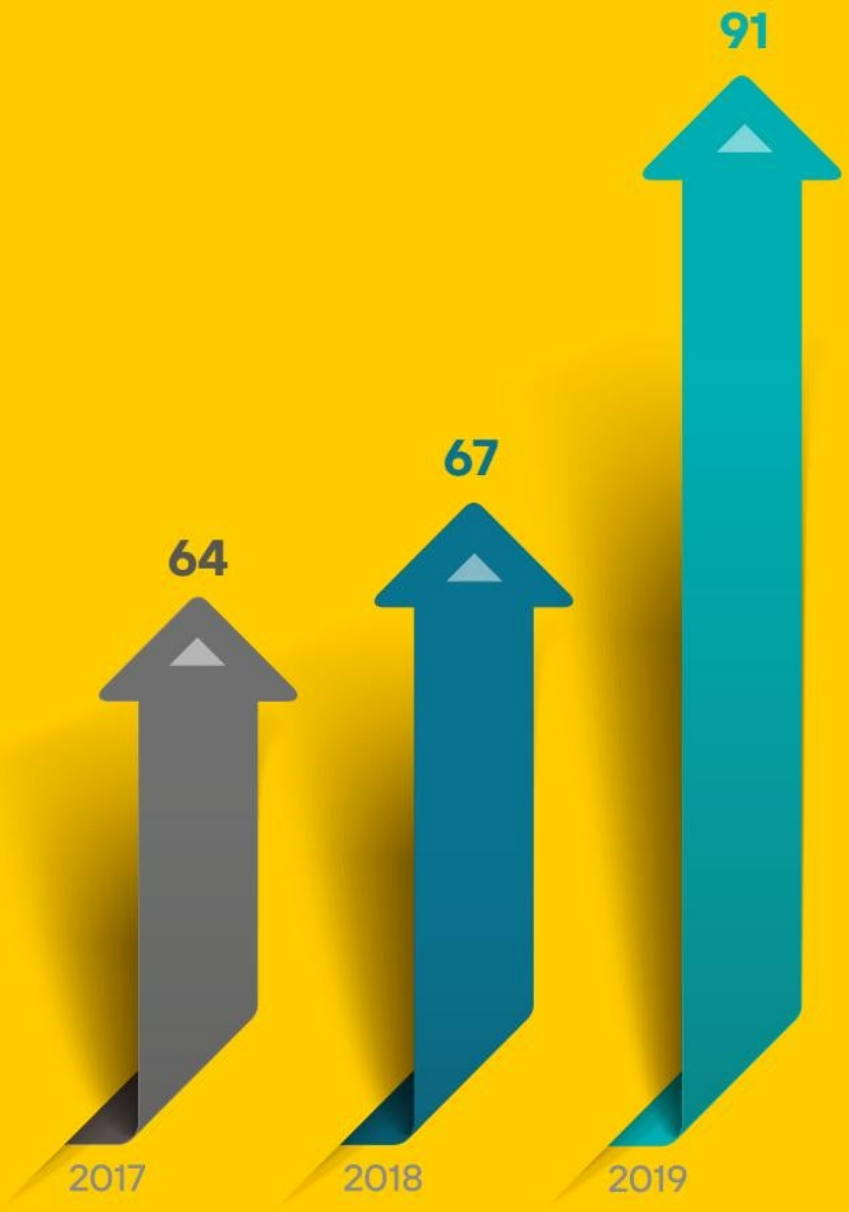
US$ Millions

The capital structure is as follows:



4 Sustained profitability

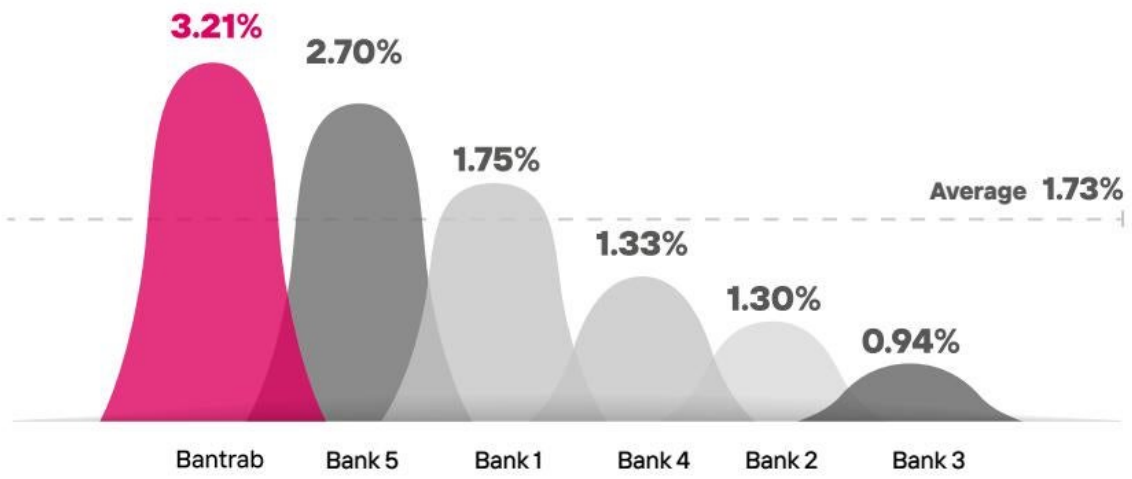
Bantrab is the third Guatemalan bank in volume of profits. These registered a record growth rate of 36.2% and reached US$91 millions in 2019. This behavior is mainly due to efficient financial management decisions.



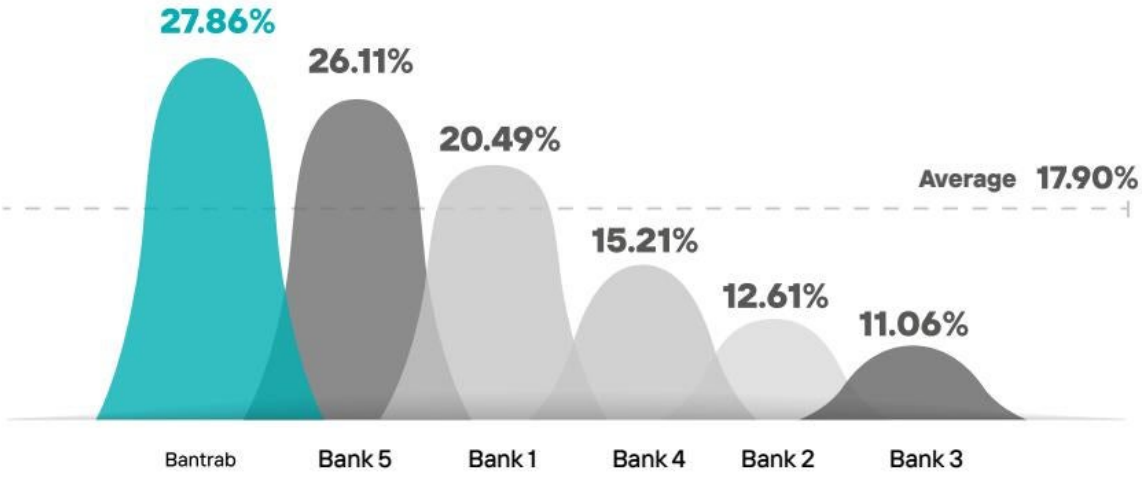
US$ Millions

The return on assets (ROA) closed at 3.21%, a level that almost doubles the average of the banking system, which is 1.73%. The return on equity (ROE) stood at 27.86%, well above the average of 17.90%. When comparing these financial ratios with the Top 6 of banks, Bantrab is ranked first in both indicators.

ROA



ROE

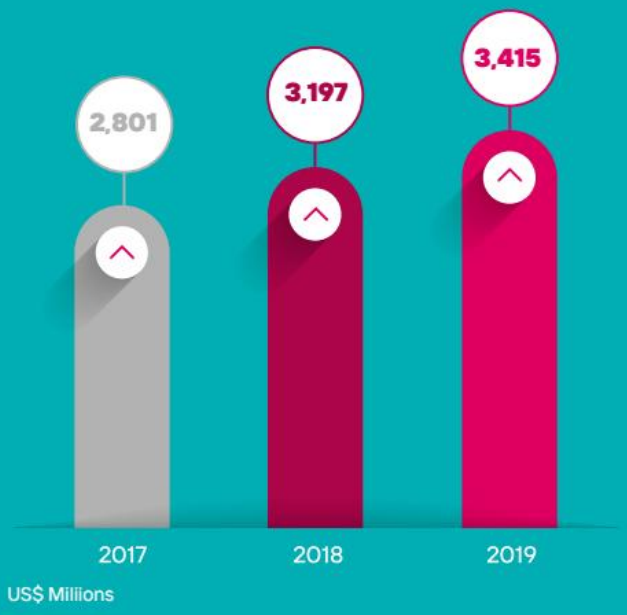


Other financial results

Capital and profits are the result of the variables summarized below:

Assets

Bantrab maintained its growth in 2019, consolidating itself as one of the most relevant banks in the Guatemalan banking system. As of December, the volume of assets reached US$3,415 million, 6.8% more than in the previous year.

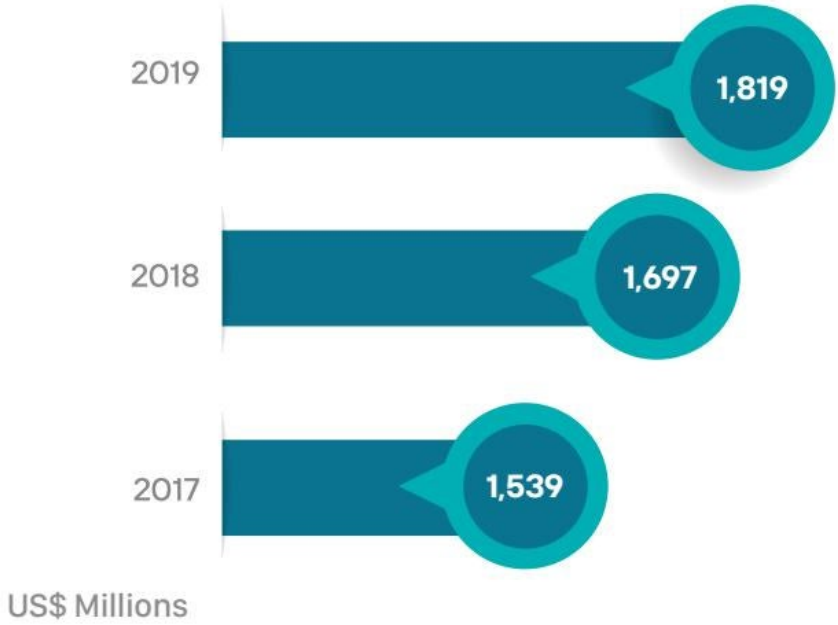


53% of the assets corresponded to the loan portfolio, mostly granted to workers; 32% to investments; 12% to availabilities; and 3% to others.



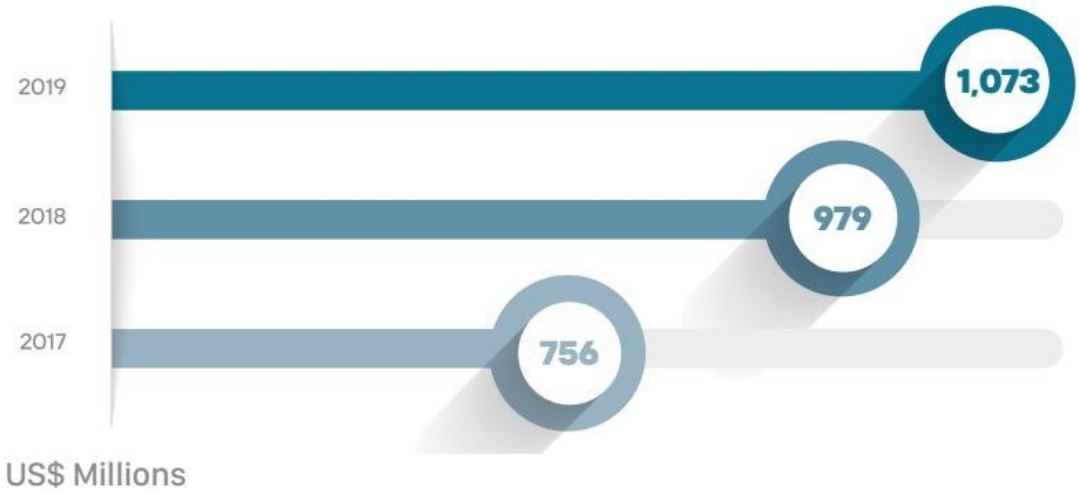
Loan portfolio

Financing operations, mainly to workers, closed at US$1,819 million, which represents an annual growth of 7.23%



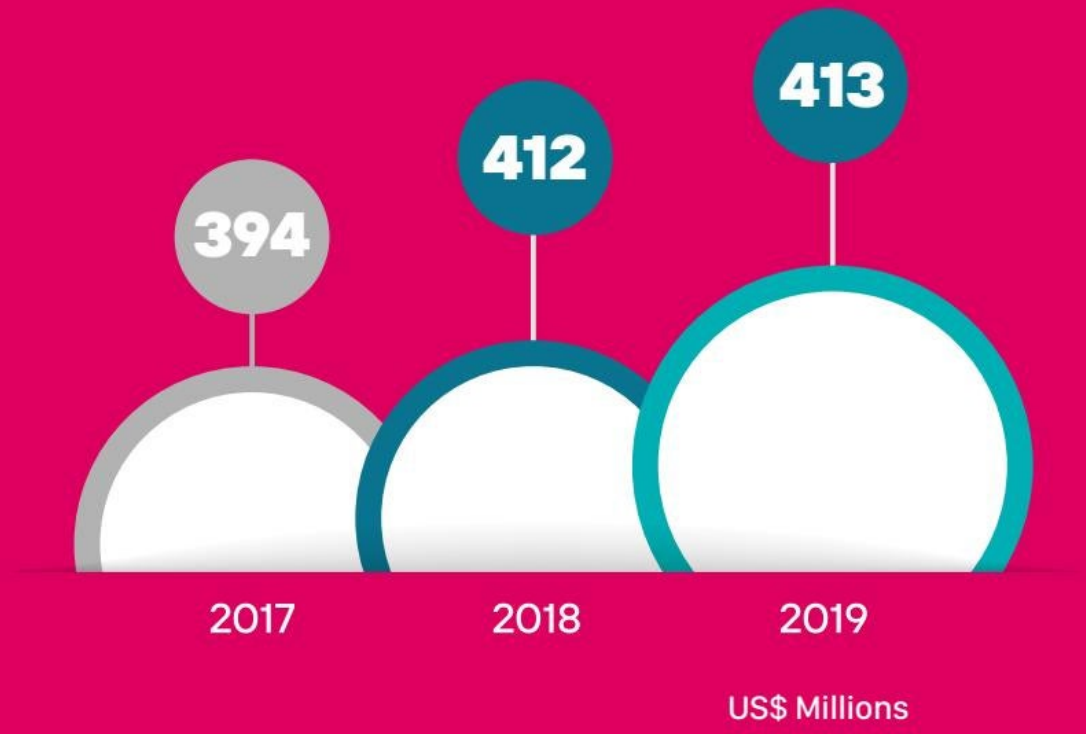
Investments

Bantrab participated in the primary, secondary and reporting market of the Bolsa de Valores Nacional. It invested mainly in Guatemala's Government papers, which are characterized by satisfactory performance, low risk and easy negotiation. As of December 31, the portfolio reached US$1,703 million. That is, 9.64% more than in 2018.



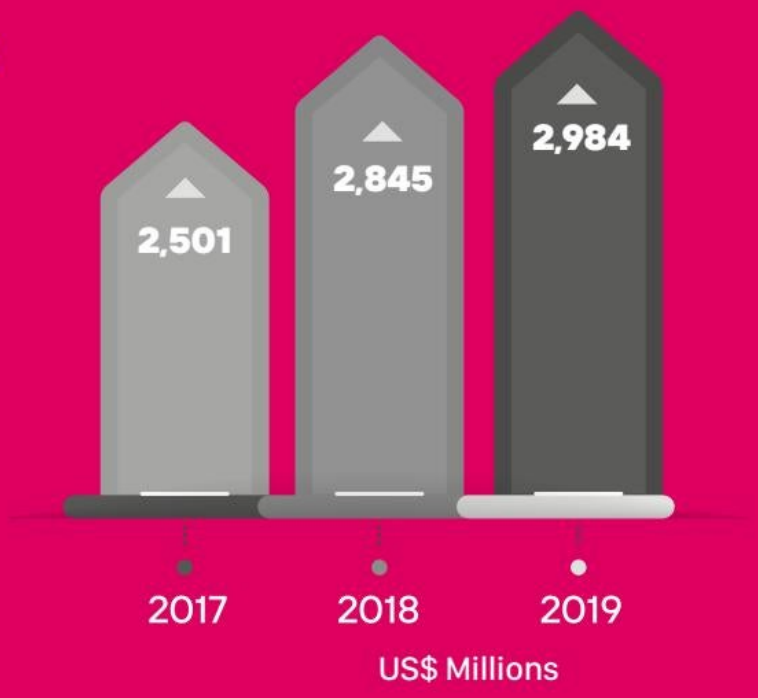
Availabilities

The availabilities of 2019 was similar to those of 2018. They closed at US$413 millions.



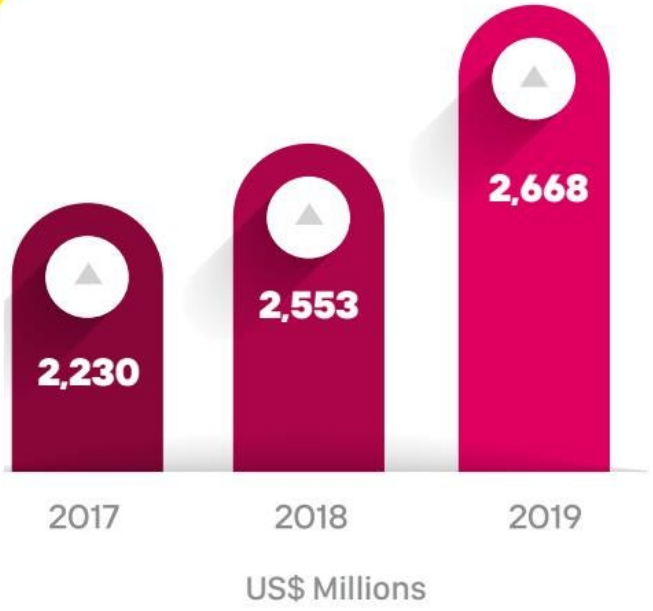
Liabilities

Liabilities recorded a year-on-year increase of 4.86%, standing at US$2,984 million.



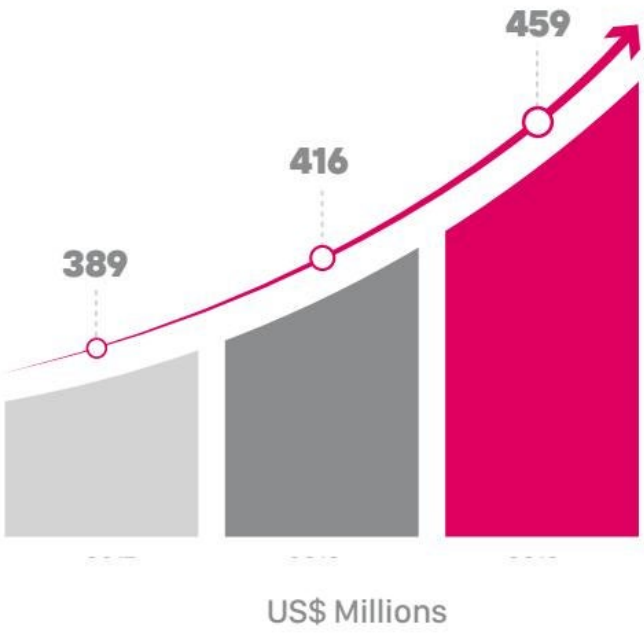
Depository Liabilities

Customer trust allows deposits to remain the main funding tool in Bantrab. These recorded a year-on-year increase of 4.52% in 2019. The growth was mainly in sight accounts and fixed-term deposits, standing at US$2,668



Incomes

The efficiency achieved in productive assets and the greater diversification in the provision of banking services, allowed Bantrab's revenues to end 2019 at US$459 million. This represents a year-on-year growth exceeding the registered one in 2018.



Expenses

The operational commitment of the units and optimal financial efficiency allowed an acceptable year-on-year growth in expenses.

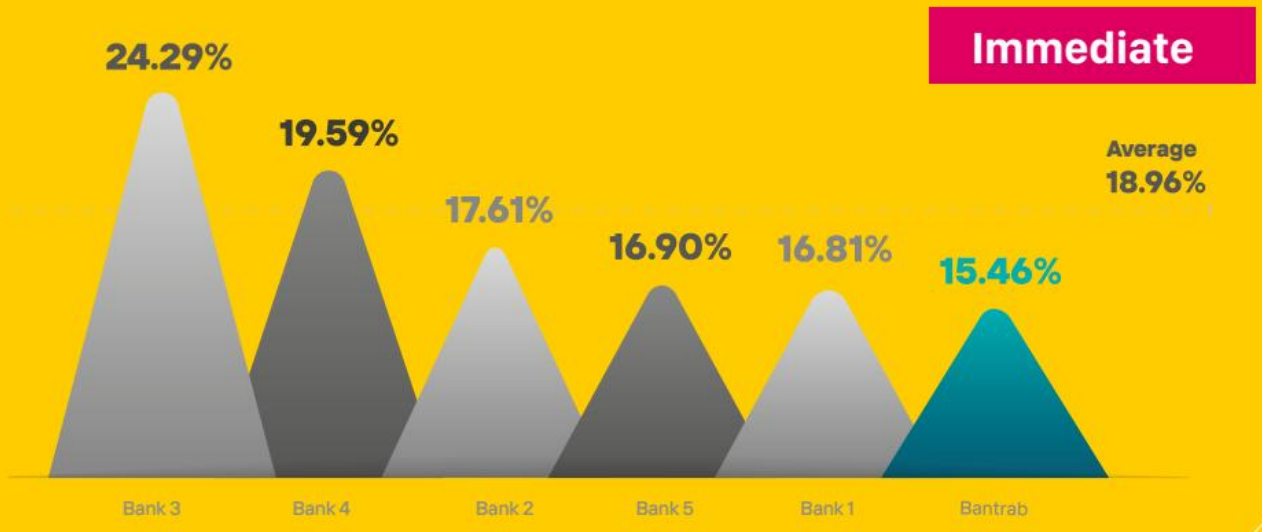


US$ Millions

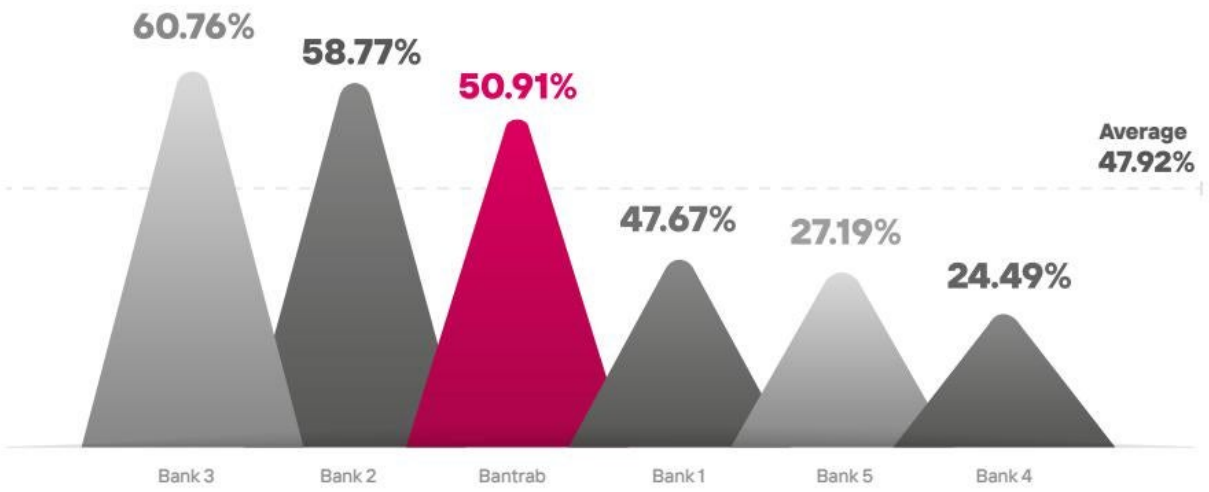
Liquidity

The entity maintained its liquidity levels in the system average and invested the surpluses in the stock market properly. The strength and quality of the investment portfolio, as well as the adequate management of the availability, allowed us to satisfactorily cover the obligations with clients and creditors.

Immediate and mediate liquidity ratios closed 2019 at 15.46% and 50.91%, respectively. Both results are similar to those of the main banks and the system averages, which are currently 18.96% and 47.92%.

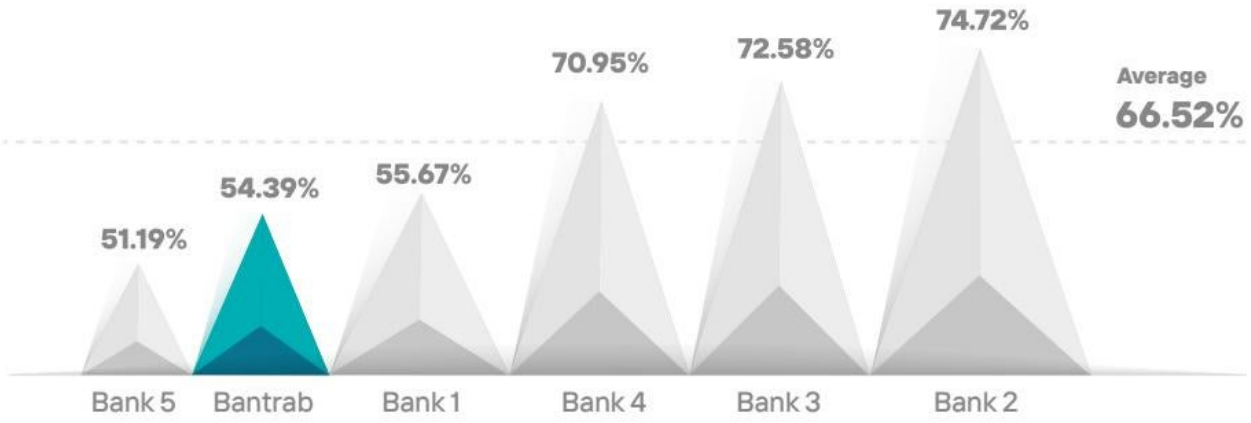


Mediated



Efficiency

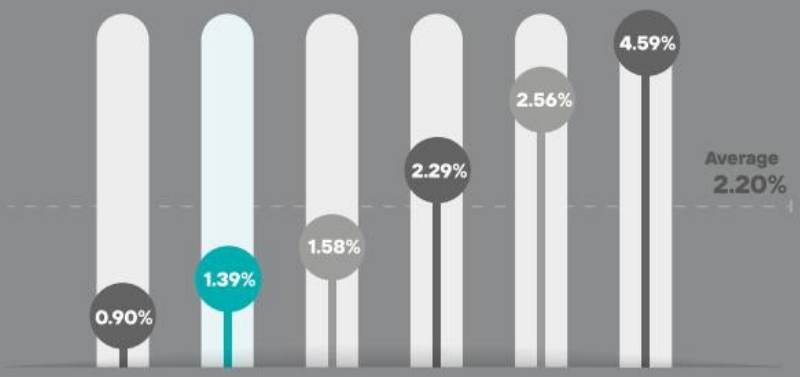
Bantrab occupies the second position of the Top 6 of Guatemalan banks in efficiency, thanks to timely expenditure management. It closed with a ratio of 54.39%, below the system average of 66.52%.

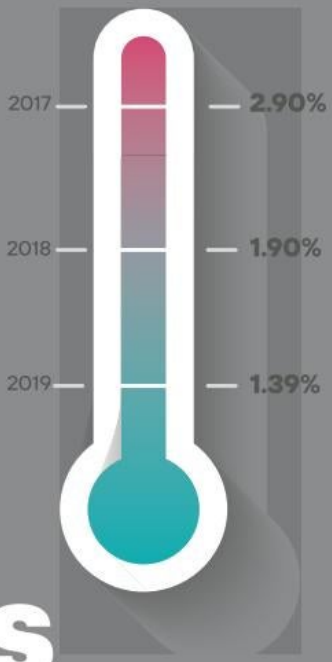


Portfolio quality

1.39%

Bantrab closed 2018 with a delinquency rate of 1.39%. Efforts to have a healthier portfolio are reflected in the decrease of 51 basic points compared to 2018. This puts the bank below the system average of 2.20%.





Achievements and innovations

From 2019 to 2024, Bantrab will invest US$35 million in the renovation of its technology platforms. This is in order to support business growth and strengthen computer security. In addition to the incorporation of new features to Bantrab Online and App Bantrab. These projects were launched during the first nine months of the year

AUTOMATIC DISCOUNT

Processes were designed to manage the concession, administration and recovery of consumer loans from the private sector and credit cards.

01

DATA GOVERNANCE

02

The Master Data Management and the Master Data Governance were implemented. The first one allows to collect information from customers and to offer them adequate financial solutions to their profile and needs. The second one contributes to guarantee the quality and privacy of the data, but also strengthens the prevention of ML/TF.

CHATBOTS AND BUSINESS INTELLIGENCE

03

This technology speeds up and provides greater certainty to credit analysis. Product delivery time was reduced by 125%. The work of commercial advisors has been strengthened by three other tools:

- Precredit prequalifies customers through mobile telephony.
- Internal Chatbot Increases the probability of sales on site.
- External chatbot provides information and responds to the concerns of potential customers on social networks.

CORE OF CREDIT CARD

04

A multidisciplinary team works on a more agile and secure platform to manage the transactions of Bantrab's plastics that, in addition, will allow to draw consumption patterns to expand the portfolio of products and benefits, and offers customized solutions to customers. The core pilot test will be performed in the first quarter of 2020.

BETTER CUSTOMER KNOWLEDGE

05

In addition to implementing decision engines, the team of sociologists and anthropologists of the Corporate Research, Development and Innovation Division was strengthened. This in order to collect qualitative information about the needs of the client and his family, and to increase the value offer.

NEW BUSINESS MODEL

06

People banking was restructured with the purpose of aligning efforts and presenting a single offer of well-being to clients.

OMNICANALITY

07

The purpose of the project, which is in the validation phase, is to interact with customers through different channels, without differences or cracks.

BUSINESS CENTERS

08

We transformed agencies into business centers. The concept broke the traditional banking schemes and supplies customers with experiences. In addition to carrying out transactions and financial management, Bantrab facilities will gradually be coworking spaces, with access to WiFi and the possibility of customers using mobile devices. It also has lounge rooms.

BANTRAB REMITTANCES APP

09

In partnership with UniTeller, a subsidiary of Banorte, Bantrab launched an application for immigrants in the United States to send money to Guatemala directly and in real time. The transfer of remittances will be free during the first year and, as of October 2020, will cost US $ 4.99 per shipment. In addition to this effort, Bantrab established alliances with 15 remittance companies. It only had one in 2018.

Innovation with social impact

Bantrab is a private bank with social sense. It does not limit the task to provide financial solutions for workers. Its purpose is to humanize the sector, favoring the well-being and progress of people and communities. That is the reason why it has launched medium and long-term corporate social responsibility (CSR) programs, aligned with the United Nations Sustainable Development Goals (SDGs). These initiatives rest on these four pillars: financial education, labor inclusion, entrepreneurship and emergency care.

01

Bantrab became, in March 2019, the first financial institution regulated by the Superintendency of Banks (SIB), to launch a digital and free financial education platform. The program, structured pedagogically, has the academic endorsement of the Universidad del Valle de Guatemala, one of the most prestigious in the country. As of December 2019, 6,500 people had enrolled in online courses and face-to-face workshops in savings and credit management. In that same month, we launched the module related to retirement and pension.

BancAprende

It is the office of advising on finance for the workers. It opened its doors on October 17, 2018 and, in 2019, had assisted 1,727 people and provided **18 financial education talks to 274 employees** of public and private entities. This work, free and personalized, has allowed the consolidation of US$4.2 million in debts. In 2020, Bantrab will launch BanConsejos Móvil to expand its coverage.

BANCONSEJOS DE BANTRAB

02

#HacesLatir Estés donde estés

03

It is a program launched in October 2019 to support Guatemalan immigrants residing in the United States and those who have been repatriated. Estés donde estés, it includes, among other initiatives, humanitarian campaigns to supply the Immigrant's House with food, clothing and medicines, shelters; an application to send remittances immediately and directly from remittances; a simplified one for the recipients of these; a digital tool to help repatriated immigrants to find a job; support desks in Bantrab business centers.

04

It is a free business development program that trains, for a year, people of limited economic resources with creative business ideas. It runs in five regions of the underdeveloped country. Emprendo por Ti served 517 people in 2019 and, in five years, will benefit 2,000. The 100 best business ideas will receive seed capital. We will also support the formalization oft 320 new companies, thus contributing to job creation and banking.

EMPRENDO POR TI

Mundo sin Barreras

05

The Financial Group established an alliance with the Guatemalan Neurological Institute and gave life to a program to grant internships to people with intellectual disabilities. The objective of the program, after one year in April 2019, is to promote the culture of equity. Bantrab won the labor inclusion award, granted by the Center for the Action of Corporate Social Responsibility in Guatemala (CentraRSE).

GOBIERNO de GUATEMALA

MINISTERIO DE EDUCACIÓN

06

In February 2019, Bantrab and the Guatemala Education Ministery entered an agreement through which the Financial Group commits to grant 20 annual job positions to students in public schools, who obtain the best scores in the Graduate Evaluation and live in unfavorable socioeconomic conditions. This, after they pass the recruitment and selection tests of the Corporate Human Resources Department. Up to date, 15 young people have been hired.

Great Place To Work.®

In 2019, Bantrab won its second certification from the Great Place to Work Institute (GPTW). It became the seventh company with more than 1,000 collaborators with the best organizational climate and culture in Central America, after climbing 11 positions in just one year. This, thanks to its ability to attract, retain and develop its human talent.

One of the programs to achieve this is the Corporate University. All members of the Financial Group receive training courses and certifications with academic endorsement from prestigious schools, 90% of them under digital mode.

