

ANNUAL REPORT

2019



BANCO
INTERNACIONAL

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01

**LETTER FROM
THE PRESIDENT**

2019 was a particularly difficult year for the country. The signing of the agreement with the IMF at the beginning of the year sought to stabilize public finances through the implementation of reforms and measures aimed at correcting structural problems, especially with regard to the fiscal deficit.

Said adjustments could not be implemented at the expected pace due, among other reasons, to the political instability and social unrest, which had its highest peak in the events of October generating enormous losses to the domestic economy.

Regarding this, Banco Internacional remained firm in its commitment to the country's economic development and continues to allocate more than 80% of its loan portfolio to the productive sector. Once again, with a 15.8% market share, we retain our leadership in the foreign trade business.

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Our standpoint is focused on the client, and within this approach, we continue to enhance our agency service model, not only improving our physical infrastructure but also making some processes more efficient that result in agility and good service.

These efforts for the continuous improvement of our face-to-face channels have been successfully complemented with the impulse that we have been giving to alternative channels, especially virtual ones, since we are convinced that the future of banking service is.

With regard to finance, the Bank once again stands out for its efficiency, profitability and portfolio quality, with indicators significantly better than the national banking market average despite a not very conducive environment. Concerning Human Talent, we have continued to develop initiatives to strengthen the leadership and culture of Líder Banco Internacional based on our values. This belief that the institutional success lies in its collaborators translated into the fact that we are recognized for the third consecutive year as the Best Bank to Work in Ecuador by the Great Place to Work Institute.

To be more also implies contributing to the society in which we operate. Our social responsibility program focused on the education and training of more than 3,900 low-income youth from Quito and Guayaquil had a great impact and was recognized by the CIP as the project of the year in improving the country's education.

Results achieved during 2019 have been possible thanks to the confidence of our Shareholders, the support of the Board and the permanent effort of each and every one of the Bank's collaborators, to whom I extend my most sincere gratitude.



Francisco Naranjo Martínez
Chief Executive Officer

02

**BOARD OF DIRECTORS AND
MANAGEMENT TEAM**

BOARD OF DIRECTORS 2019**President of the Board of Directors**

Sr. Dr. Antonio José Cobo Mantilla

Directors

Sr. D. Juan Manuel Ventas Benítez

Sr. Dr. Giuseppe Marzano

Sra. Econ. Paulina Burbano de Lara Moncayo

Sr. D. Roberto Coronel Jones

Sr. Dr. Dominic Channer

Sr. Dr. José Luis Bruzzone Dávalos

Sr. Econ. Sebastián Hurtado Pérez

Sra. Inés Allende Diez

Sr. D. Víctor Laso López

MANAGEMENT TEAM 2019

Francisco Naranjo Martínez
Chief Executive Officer

George Lalama Rovayo
Executive Vice President

Carlos Burgos Jácome
Vice President Finance Controller

Carlos Maldonado Reszka
Vice President Corporate Banking

Guillermo Moreano Guerra
Vice President Operations & Technology

Mariella Inés Letamendi Garino
Vice President Human Resources

Mauricio Larrea Arregui
Vice President Risk

Pablo Peralta Chiriboga
Vice President Credit

Renato Cumsille Capponi
Vice President Marketing

Sebastián Cárdenas Burbano de Lara
Vice President Commercial Banking

Ivonne Repetto Dobronski
Internal Auditor

Norman Romero Romero
Vice President Security

03

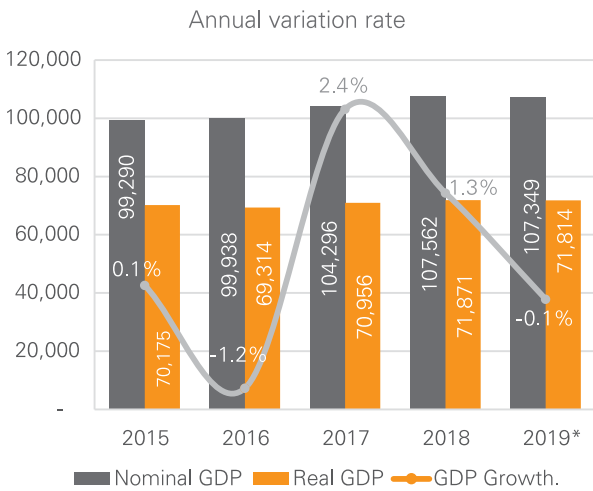
**MANAGEMENT
REPORT**

THE ECUADORIAN ECONOMY IN 2019

REAL SECTOR

Ecuador's GDP decreased at both nominal (-0.2%) and real (-0.1%) terms; thus, GDP reached USD 107,349 billion, this downturn was mainly due to lower household consumption as well as a reduction in public investment.

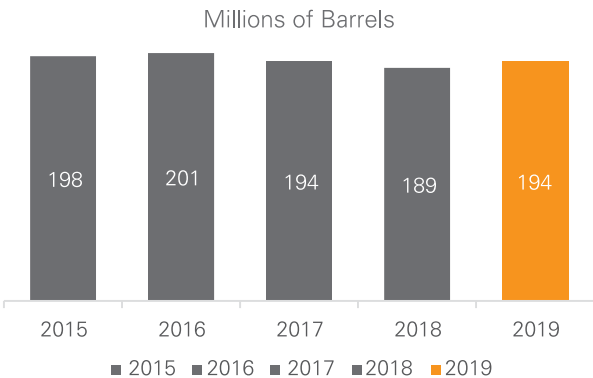
GROSS DOMESTIC PRODUCT



Source: Central Bank of Ecuador
*2019 Forecast (BCE).

In the oil sector, the level of oil production increased by 2.7 % compared to 2018, reaching 194 million barrels, while the average price in the international market faced a reduction of 9 % compared to the previous year, driven mainly by the commercial war between the United States of America and China.

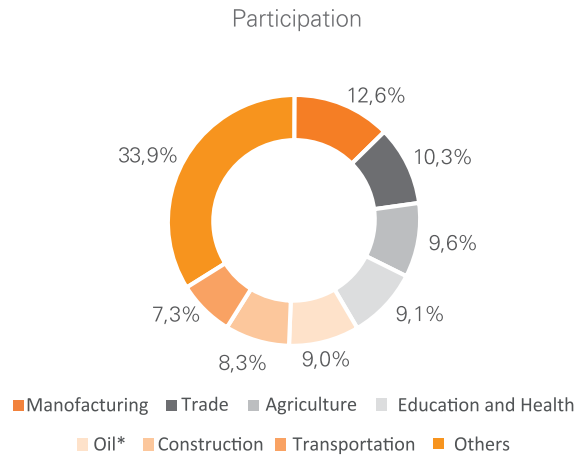
OIL PRODUCTION



Source: Central Bank of Ecuador

Within the non-oil sector, Manufacturing continues being the most important industry, with 12.6 % of GDP, followed by Trade and Agriculture with 10.3 % and 9.66 % respectively.

GDP BY INDUSTRY

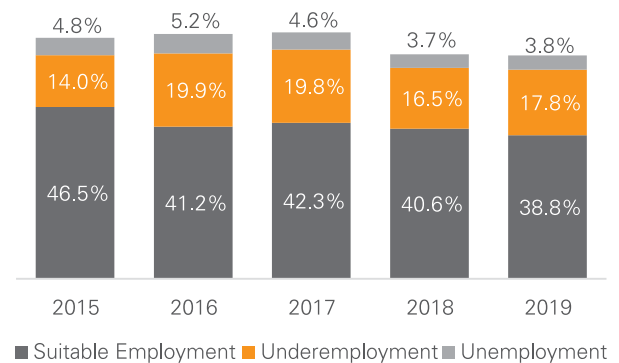


Source: Central Bank of Ecuador
*Includes Mining and Oil Refinery

Employment levels showed a deterioration. The level of suitable employment was reduced by 1.8 percentage points, a reflection of the lower activity experienced by the economy throughout the year.

LABOR MARKET

Data to December as % of PEA

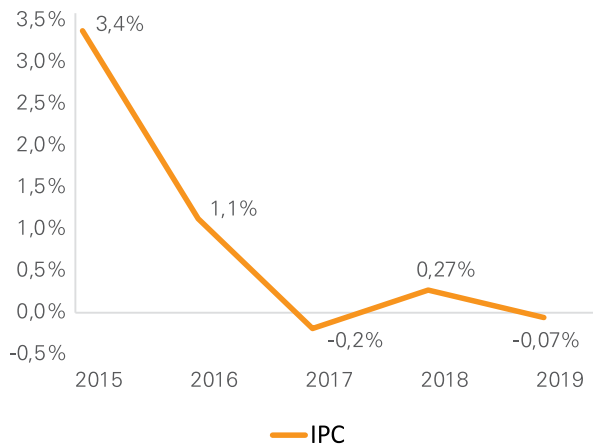


Source: Ecuador Statistics and Census Institute

At the end of 2019, the inflation rate was negative at 0,07 % due to prices on Goods and Services, especially furniture and household items, as well as clothing and footwear.

ANNUAL INFLATION

Annual Inflation Rate

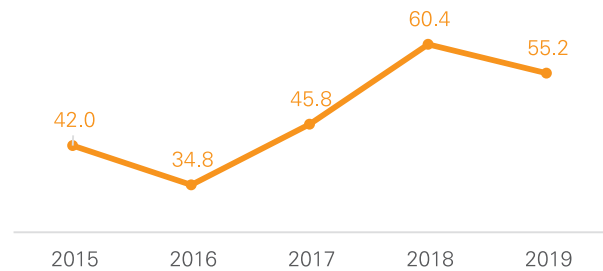


Source: Ecuador Statistics and Census Institute

Oil exports totaled USD 8,68 billion, with a decrease of USD 122 million compared to 2018 due to the decrease in the average price per barrel.

AVERAGE PRICE PER BARREL

USD/b



Source: Central Bank of Ecuador

For their part, non-oil exports increased 6.6 % compared to 2018 totalizing USD 13,65 billion. Shrimp export increased its participation by up to 29% within the offer of exportable products with a 20% annual growth in export sales; followed by the participation of bananas and flowers which has grown 3%. Whereas, tuna fish and cocoa decreased due to the reduction of international sales.

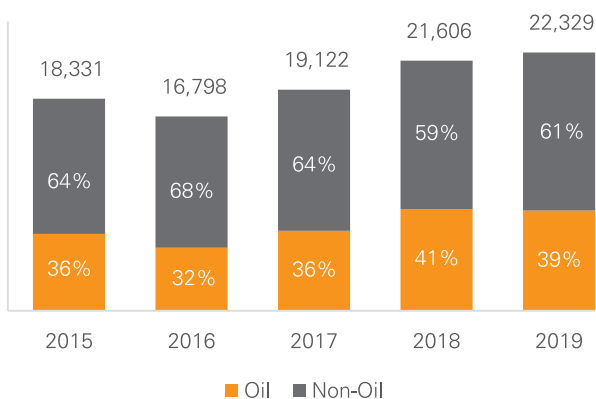
EXTERNAL SECTOR

During 2019, the world economy grew 2.9 % allowing an increase in the demand for Ecuadorian products and services evidenced in the positive variation of 3% in the country's exports.

Reviewing the composition of the export offering corresponded to: Oil 39 %, non-oil primary products 45 %, and industrialized goods 16 %.

EXPORTS

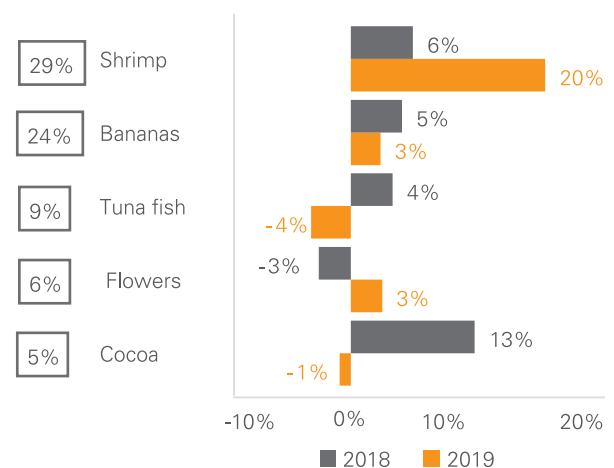
Millions of USD and Composition



Source: Central Bank of Ecuador

NON-OIL EXPORTS

Annual variation rate

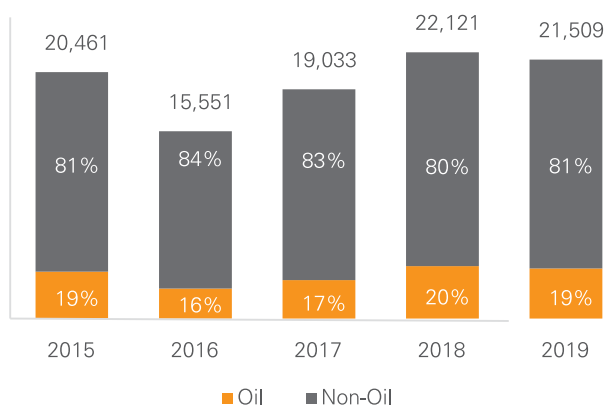


Source: Central Bank of Ecuador

The reduction in the average price per barrel of oil and its derivatives, the weakening of local consumption and less public and private investment produced a 2.8% in total imports. From the USD 21,51 billion imported by the country in 2019, 19% concentrated to oil companies which grew 5% annually, while non-oil imports representing 81% of this participation reached USD 17.35 billion decreasing 2% compared to 2018.

IMPORTS

Millions of USD and Composition

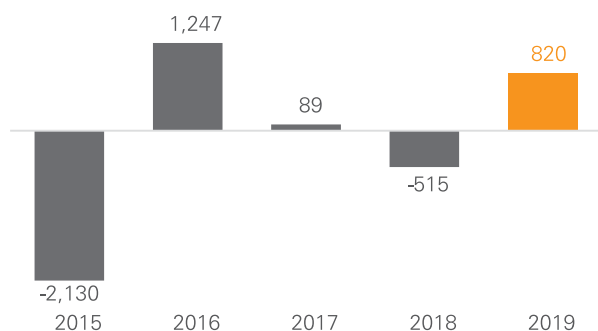


Source: Central Bank of Ecuador

Thus, trade balance registers a USD 820 million surplus in fiscal adjustment and economic slowdown.

TRADE BALANCE

Millions of USD



Source: Central Bank of Ecuador

Data from September 2019 showed that remittances reached USD 2.391 billion with a 6% increase compared to the same month in 2018. For its part, Direct Fo-

reign Investment was USD 611 million, barely 0,6% of the GDP, after a 28% decrease presented in the same period in 2018.

FISCAL SECTOR

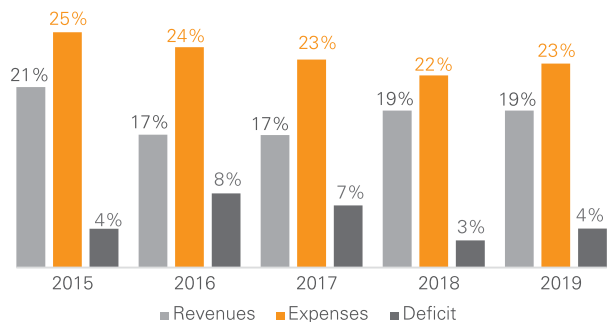
At the end of the 2019, the Central Government revenue reached USD 19.866 billion (19% of GDP), 2% less compared to 2018. From this contribution, 73% came from tax revenue, USD 14.477 billion, amount that decreased 3.5% compared to the previous year, influenced mainly by the decrease of 4.3% in tax revenue collection and 1% in VAT, equal to more than 70% of total tax revenue.

Central Government expenditure increased 1% in comparison to 2018, reaching USD 24.272 billion (23% of GDP) due to the 8.8% in current spending which in turn is influenced by the payment of USD 1.45 billion to Social Security (IESS). While the capital spending fell by 1.269 billion compared to 2018.

At the end of the year, the fiscal deficit reached USD 4.4 billion (4% of GDP); which added to other items such as debt repayment, payment for cash advances for oil sales and other liabilities, required the government to obtain financing for USD 10.50 billion through an agreement signed with the International Monetary Fund.

CENTRAL GOVERNMENT OPERATIONS

Percentage in Terms of GDP



Source: Fiscal Policy Observatory

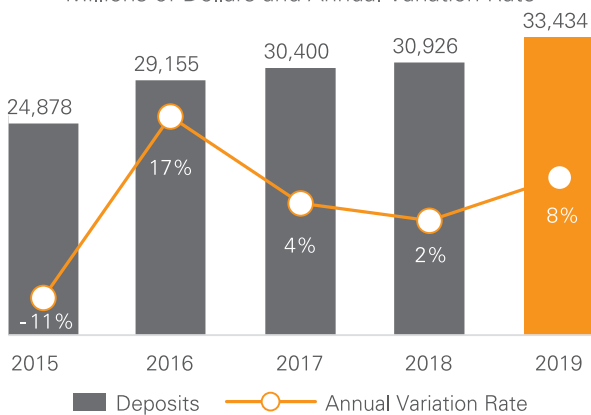
Under this context, according to the Economy and Finance Ministry, public debt increased 16% in 2019 reaching USD 57.337 billion (53% of GDP) from which, 72% correspond to external debt.

MONETARY AND FINANCIAL SECTOR

Liquidity in the economy was influenced by the tax burden and public debt. Bank deposits as of December 2019 accounted USD 33.434 billion (31% of GDP) with an annual growth of 8%. After an increase of 18%, long-term deposits currently represent 42% of the total public obligations. Money and savings deposits grew by just 1.75% and 4.38% respectively.

BANK DEPOSITS

Millions of Dollars and Annual Variation Rate

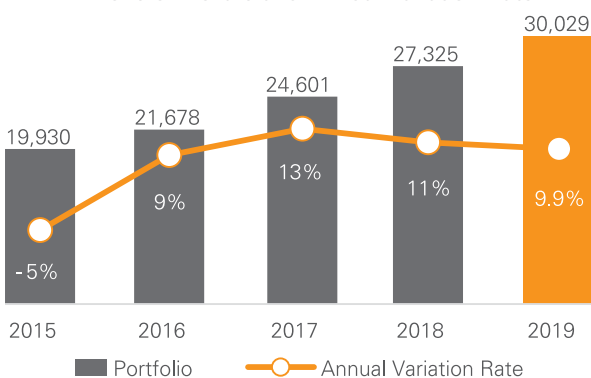


Source: Superintendence of Banks

The credit portfolio grew at a higher dynamic compared to deposits (9.9% annually) setting to USD 30,029 millones (28% of GDP). This growth was mainly due to consumer credit (17.5%), which represents, at the end of 2019, 39% of the total credit portfolio system. The commercial portfolio representing 45% barely grew 4.6% and housing portfolio a modest 4.12%.

CREDIT PORTFOLIO

Millions of Dollars and Annual Variation Rate

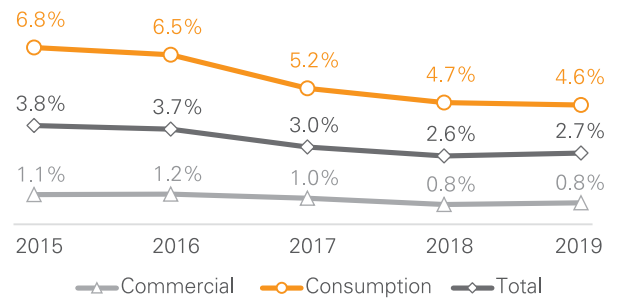


Source: Superintendence of Banks

The portfolio delinquency rate presented a slight decrease of 0.1%, standing at 2.7%. By product, the commercial portfolio delinquency rate closed at 0.8% while consumption at 4.6%

DELINQUENCY RATE BY SEGMENT

Data as of December

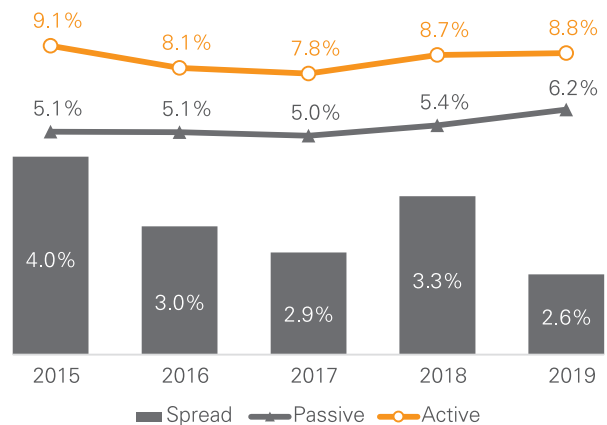


Source: Superintendence of Banks

It is remarkable to highlight the reduction of the bank's interest margin; compared to 2018, the benchmark lending rate went from 5.4% to 6.2% and the active interest rate from 8.7% to 8.8%.

BANKING MARKET

BCE Referential Interest rate



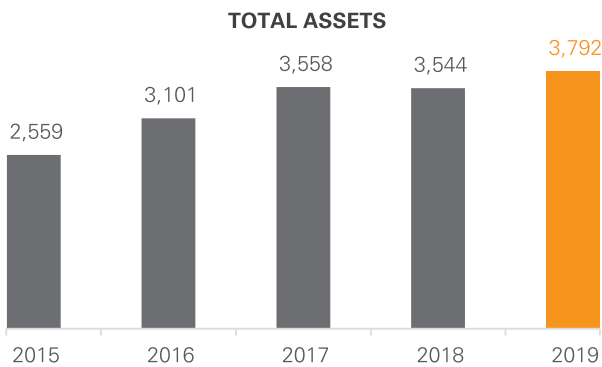
Source: Central Bank of Ecuador

BANCO INTERNACIONAL IN 2019

FINANCIAL STATEMENTS

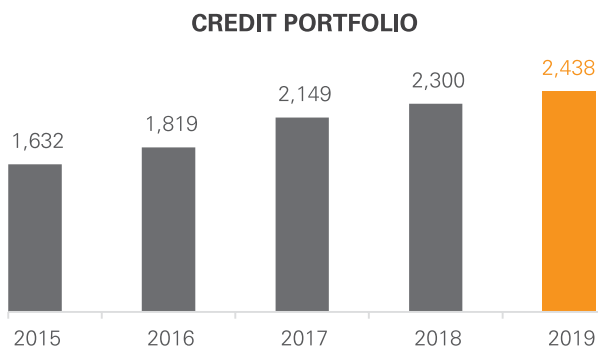
Balance

As of 2019, Banco Internacional total assets reached USD 3.792 billion, which represented a 7% increase compared to 2018.



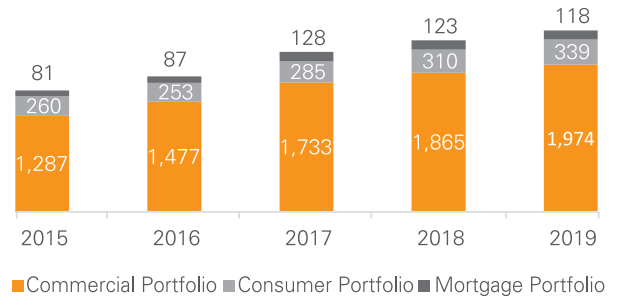
Source: Superintendencia of Banks

Credit Portfolio registered an increase of 6% with a balance of USD 2.438 billion to December. Banco Internacional's main business segment: Trade Portfolio, experienced a 5.9% increase reaching USD 1.974 billion to December; followed by order of importance: Consumer Credit Portfolio USD 339 million and Mortgage Loan Portfolio USD 118 million.



Source: Superintendencia of Banks

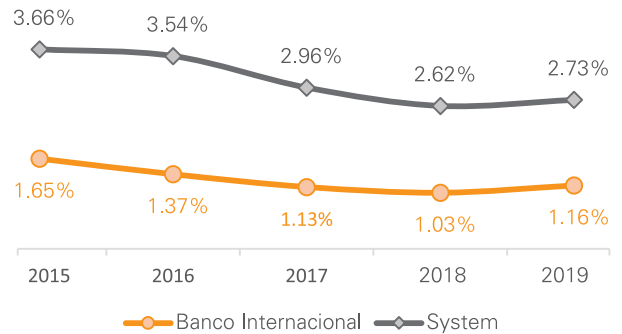
PORTFOLIO GROWTH



Source: Superintendencia of Banks

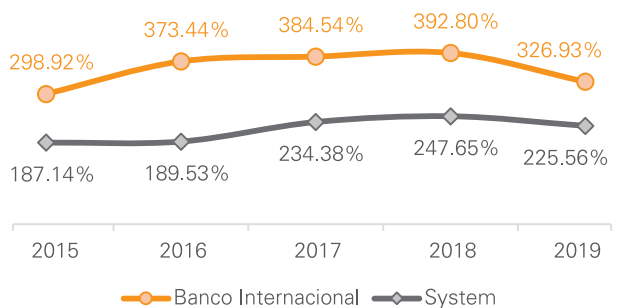
At the close of 2019 fiscal year, the default rate was 1.16%, although slightly higher than the 1.03% registered in 2018, it is still below the average indicator of the Financial System (2.73%). The NPL coverage at the close of the year was 326.93% far superior to all major banks.

DELINQUENCY



Source: Superintendencia of Banks

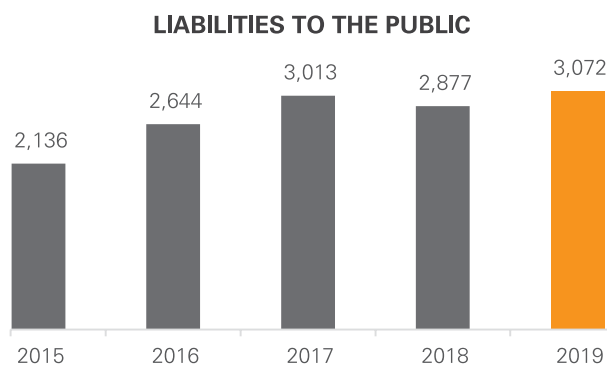
COVERAGE



Source: Superintendencia of Banks

Contingent operations increased by 6% annually, reaching USD 773 million, reflected in Foreign Trade letters of credit, securities, guarantees - businesses in which the bank has historically maintained leadership position.

The Bank's total source of funding is Public liabilities which accounts for USD 3.072 billion balance and represents 90% of the liability. In this year, the trust of clients was reflected in the increase of deposits (6.8%): fixed – term deposits increased by USD 65.4 million, deposits at sight reached USD 96.7 million.



Source: Superintendencia of Banks

Despite the situation of the country, the Bank's extensive experience and financial soundness allowed it to maintain access to alternative sources of financing with multilateral organizations and financial institutions abroad and thus diversify the sources of institutional funding. Liabilities balance at the end of the year reached USD 218 million.

DEBT FROM FINANCIAL INSTITUTIONS



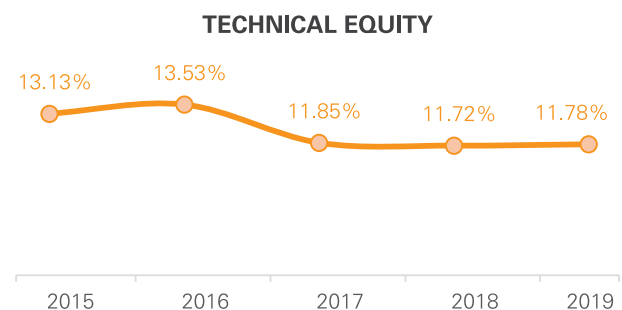
Source: Banco Internacional

With regard to the entity's solvency, the Bank's equity increased by USD 32.60 million (9.4%), reaching USD 378 million, including the profits for the period. The paid – in capital also registered an increase from USD 238 million to USD 265 million.

The technical equity ratio, which relates the bank's constituted technical equity with risk – weighted risk and contingents, went from 11.72% to 11.78% as of December 2019.



Source: Superintendencia of Banks



Source: Superintendencia of Banks

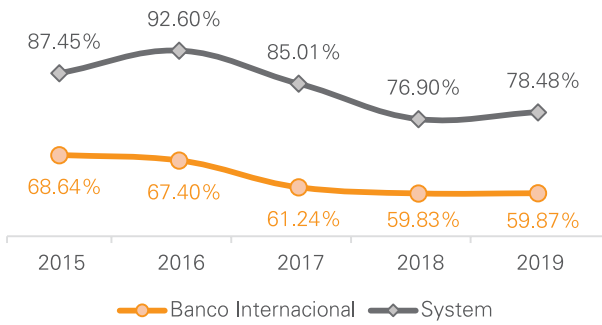
RESULTS STATEMENT

The Gross Financial Margin, which comprises net interests, net commissions, service revenue, and the outcome of financial operations, increased by 2.9% reaching USD 207.3 million as of December 31. The operating cost was USD 112 million, barely 2% compared to 2018; additionally, USD 20.03 million were allocated to provisions.

The increase of the brokerage margin and the income for transactional services, in addition to a conservative cost management regarding income and ex-

penses, allowed Banco Internacional to optimize its performance indicator by 4 points reaching 59.83%, greater than the presented by the financial system in the same year

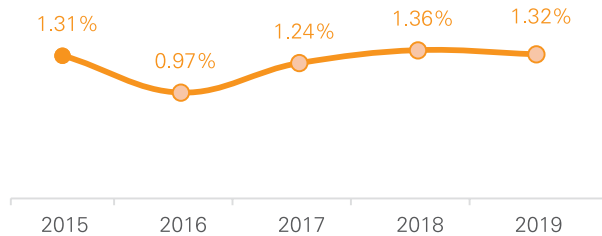
EFFICIENCY



Source: Superintendence of Banks

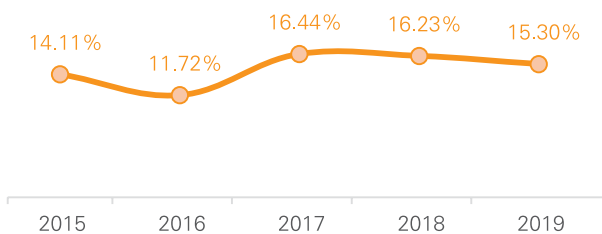
At the close of 2019, Banco Internacional's net profit was USD 50.19 million, which accounts for 9.1% of growth compared to that registered in 2018. ROA was 1.32%, whereas ROE was 15.3%.

ROA



Source: Superintendence of Banks

ROE



Source: Superintendence of Banks

BUSINESS MANAGEMENT

The high quality standards in our services, the prudent management of the resources entrusted by clients and the efficiency and productivity of our processes have allowed Banco Internacional to continue with the outlined plan in its Strategic Plan aimed at being the best bank in Ecuador, supported of course, in the management of a human, professional and committed team.



The institution remained firm in its calling to support the economic development of the country, allocating more than 80% of its loan portfolio to the productive sector. At the same time, we maintain our leading position in Foreign Trade business, both in exports and imports, reaching a 15.8% market share in said business.

We continue working to improve our network of agencies to offer greater comfort to our clients: Iñaquito Agency in Quito, and the branches in Santo Domingo and Ambato were remodeled, and we opened Cuatro de Noviembre Agency in Manta. Currently, we have 75 offices and 13 extension counters, distributed in 17 provinces and 28 cities across the country.



Agencia 4 de Noviembre - Manta

In addition to 403 ATM's, 25 of them are the so-called "Depósito Rápido" (Quick Deposit) located inside the branches – allowing users make account deposits

and credit card payments without needing to stand in line at the tellers. At the close of 2019, branches that have these service points derived 28% of total transactions to said tellers.



Besides our branches' appearance improvement, systems and processes were optimized to simplify account opening, card activation, among other services, allowing waiting times and customer service be controlled. In addition, we permanently carry out on-site satisfaction training to the bank's personnel, and protocol compliance for ongoing improvement of customer service, reaching at the end of the year 83.88% Customer Satisfaction Index. These actions, together with our reputation, allowed us to bind more than 48.000 clients, of which 95% are individuals and families, and 5% companies.



Our Online Banking and "Banca Móvil" (Mobile Banking) have been fundamental in the path towards a multi-channel strategy that offers our clients greater accessibility to the bank's products and services. The response has been positive since we have managed to increase the number of customers using contactless channels by 14% compared to last year, where Mobile Banking is becoming increasingly relevant, reaching 29.2% of transactions on Internet. This, however, commits us to continue working with the goal of ensuring that the offer of services and transactions available in these channels is equal to that offered in our offices; therefore, our clients have less need to come to our facilities.



Having the above said, we are concerned with maintaining our technological infrastructure with state-of-the-art equipment. We renewed the central server, storage units, and transactional switch, which results in improvements in speed, and technological availability ensuring the Bank's operation in the coming years.

RISK AND COMPLIANCE MANAGEMENT

Risk management requires a permanent effort to raise the standards under which we measure, control and manage the risks to which the institution is exposed. The prudence and discipline that characterize Banco Internacional's Management has prompted us to develop new credit models that allow us to better categorize and analyze the quotas of all credit card holders and thus, ensure that default levels are found with regard to the risk appetite framework approved by our Board of Directors. Likewise, we worked on a credit model for the analysis of the small business segment with which the service time has been reduced by 47%, allowing in turn to attend to a greater number of operations and respond in a timely manner to the needs of said customers.

The operational risk management becomes increasingly relevant, especially those related to information security on alternate channels, where we proceeded to adjust the control guidelines and increase the number of monitored services in order to improve the ability to prevent fraud. For this same purpose, we have completed the implementation of the Security Opera-

tions Center (SOC) that permits us to monitor cyber-attack events and all personnel have been trained in detection and prevention measures for Cybersecurity attacks within an adequate control framework.

Another risk to which financial institutions are permanently exposed is that our products and services are used to commit crimes and illegal activities such as money laundering; in that sense; the Compliance Unit and the Compliance Committee have a very important role in ensuring that the legal and regulatory provisions in this matter are complied with, with the support of the Board, the administration and all levels of the institution.

The Risk Rating report made in December 2019 by Class International Rating, awarded Banco Internacional S.A the AAA rating. According to the rating agency, "The situation of the financial institution is very strong and has an outstanding profitability record, which is reflected in an excellent reputation in the market, remarkable good access to its natural money markets and clear prospects for stability. If there is weakness or vulnerability in any aspect of the institution's activities, it is entirely mitigated by the strengths of the organization".



HUMAN TALENT

Banco Internacional's organizational culture is based on the values of decision, financial soundness, exemplariness and closeness. The development of our collaborators and performance evaluation have been the focus of attention in 2019, always with the goal of achieving high performance of our Human Talent.

In terms of training, we have reached a total of 47,813 hours with 370 courses taught, which is equivalent to an average of 36.17 hours of training per collaborator. The workshops with the greatest impact on the business were: Service Promise, Personal Leadership, Management Skills Program, Feedback Dynamics, "Capitanes del Cambio" training, among others.

In order to encourage work-life balance, "Calidad de Vida" (Life Quality) program was strengthened,

through which activities for personal and professional growth were promoted with the commitment to protect the physical, mental and relational environment of our collaborators.

During 2019, programs were launched to strengthen the feedback process in the work teams to ensure that, in managing their teams, our leaders have a formal process that helps each collaborator to identify opportunities for improvement in their performance. In addition, with the aim at accompanying the processes of on-going improvement and cultural strengthening, a group of collaborators, called "Capitanes del Cambio" (Captains of Change) was created to promote these initiatives throughout the organization.

The constant concern to develop a work environment that favors good relationships, leadership and teamwork, has been essential to enhance the performance and productivity of the organization. This approach allowed us, for the third year in a row, to be considered as the Best Bank to work in Ecuador according to the Great Place to Work Institute.

CORPORATE SOCIAL RESPONSIBILITY AND FINANCIAL EDUCATION

Banco Internacional defines its Corporate Social Responsibility approaches focused on measuring the impact of its operations, the inclusion of Stakeholders and the Sustainable Development Goals proposed

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Porque sabemos la responsabilidad que tenemos en nuestras manos. Porque detrás de cada depósito estamos guardando las esperanzas de muchos. Detrás de cada crédito están los anhelos de una familia. Detrás de cada transacción hay la seguridad de que el esfuerzo de nuestros clientes está protegido.

Somos el Banco donde comienzan los sueños de colaboradores y clientes; somos El Mejor Banco Para Trabajar.



by the United Nations, especially the eighth one that promotes decent work and economic growth.

In this context and for six years in a row our Financial Education Program aimed at clients, suppliers and community in general, this program benefitted 2,652 children, teenagers, and adults nationwide through in-site and costless workshops.

Likewise, our alliance with LABXXI, which started in 2018, successfully completed its second cycle thanks to the contribution of more than 90 volunteers from Quito and Guayaquil who have made an extra effort for the education and training of more than 3,900 young people with scarce resources of the country in professional strengths and development of skills for entrepreneurship.



The positive impact generated by this program was recognized by the Chamber of Industries and Production and Fundación Enseña Ecuador, which granted Banco Internacional the Best Project of the Year award, aimed at private sector companies working to improve education in the country.

APPRECIATION

In closing, in a complex and uncertain environment like the one we live in, staying firm in the long-term vision that guides the institution is our best option for the future. For this reason, I must express my deep gratitude to our Shareholders, and, of course, to the Board of Directors for their strong support in the Bank's Management. The results obtained in 2019 are the outcome of the teamwork of 1,300 collaborators who make a difference daily to whom I express my most sincere gratitude.

Francisco Naranjo Martínez
Presidente Ejecutivo

04

**FINANCIAL
INFORMATION**

Balance Sheet * (In U.S. Dollars)

| | VARIATION | | | |
|---|-------------------|-------------------|------------------|----------|
| | DEC. 18 | DEC. 19 | USD | % |
| ASSETS | 3,544,477,378.07 | 3,792,356,294.19 | 247,878,916.12 | 6.99% |
| Available Funds | 621,001,621.35 | 632,665,848.18 | 11,664,226.83 | 1.88% |
| Investment | 537,403,088.88 | 621,036,361.50 | 83,633,272.62 | 15.56% |
| Credit Portfolio | 2,207,073,870.49 | 2,345,196,621.62 | 138,122,751.13 | 6.26% |
| Current Credit Portfolio | 2,276,346,109.36 | 2,409,466,781.69 | 133,120,672.33 | 5.85% |
| Credit Portfolio that does not Accrue Interests | 12,414,201.30 | 14,087,013.74 | 1,672,812.44 | 13.47% |
| Overdue Credit Portfolio | 11,243,951.87 | 14,234,325.61 | 2,990,373.74 | 26.60% |
| Uncollectible Provision | (92,930,392.04) | (92,591,499.42) | 338,892.62 | (0.36%) |
| Accounts Payable | 32,579,321.44 | 41,784,271.78 | 9,204,950.34 | 28.25% |
| Assets Awarded as Payment | 4,297,336.50 | 2,679,686.40 | (1,617,650.10) | (37.64%) |
| Property and Equipment | 40,524,822.87 | 40,524,856.17 | 33.30 | 0.00% |
| Other Assets | 101,597,316.54 | 108,468,648.54 | 6,871,332.00 | 6.76% |
| LIABILITIES | 3,198,900,452.44 | 3,414,177,334.49 | 215,276,882.05 | 6.73% |
| Obligations to the Public | 2,877,239,228.95 | 3,072,455,679.01 | 195,216,450.06 | 6.78% |
| Immediate Obligations | 5,858,004.07 | 3,237,856.67 | (2,620,147.40) | (44.73%) |
| Accounts Payable | 111,484,596.58 | 119,949,337.10 | 8,464,740.52 | 7.59% |
| Financial Obligations | 204,072,172.67 | 218,066,666.68 | 13,994,494.01 | 6.86% |
| Securities in Circulation | 0.00 | 0.00 | 0.00 | 0% |
| Other Liabilities | 246,450.17 | 467,795.03 | 221,344.86 | 89.81% |
| EQUITY | 345,576,925.63 | 378,178,959.70 | 32,602,034.07 | 9.43% |
| Social Capital | 237,625,501.00 | 264,612,359.00 | 26,986,858.00 | 11.36% |
| Reserves | 38,213,181.13 | 43,038,203.05 | 4,825,021.92 | 12.63% |
| Surplus by Valuations | 20,556,284.46 | 19,501,132.79 | (1,055,151.67) | (5.13%) |
| Cumulative Results | 931,739.87 | 840,380.84 | (91,359.03) | (9.81%) |
| Financial Year Results | 48,250,219.17 | 50,186,884.02 | 1,936,664.85 | 4.01% |
| Contingent Accounts | 729,181,530.05 | 772,730,440.15 | 43,548,910.10 | 5.97% |
| Memoranda Accounts | 11,696,387,573.54 | 13,722,164,901.91 | 2,025,777,328.37 | 17.32% |

* Internal Presentation Format

Results Statement * (In U.S. Dollars)

| | VARIATION | | | |
|---|--------------------|--------------------|-------------------|---------------|
| | DEC. 18 | DEC. 19 | USD | % |
| Financial Income | | | | |
| Earned Interest | 219,643,761 | 245,267,921 | 25,624,160 | 11.67% |
| Commissions Earned | 22,555,846 | 23,011,445 | 455,599 | 2.02% |
| Financial Profit | 3,437,278 | 4,066,378 | 629,100 | 18.30% |
| Service Income | 31,096,907 | 31,753,268 | 656,361 | 2.11% |
| | 276,733,792 | 304,099,011 | 27,365,219 | 9.89% |
| Financial Expenditures | | | | |
| Accrued Interest | 71,492,827 | 92,891,102 | 21,398,275 | 29.93% |
| Accrued Commission | 2,107,814 | 2,048,818 | (58,996) | (2.80%) |
| | 73,600,641 | 94,939,920 | 21,339,279 | 28.99% |
| Financial Gross Margin | 203,133,151 | 209,159,091 | 6,025,940 | 2.97% |
| Provisions fro Risk Assets | (17,684,205) | (20,029,839) | (2,345,634) | 13.26% |
| Financial Gross Margin After Provisions | 185,448,946 | 189,129,252 | 3,680,307 | 1.98% |
| Operating Costs | (109,862,578) | (112,088,721) | (2,226,143) | 2.03% |
| Other Income and Operating Costs | 660,678 | 991,188 | 330,509 | 50.03% |
| Net Operating Cost | 76,247,046 | 78,031,719 | 1,784,673 | 2.34% |
| Non-Operating Income and Exoenses, net | (1,263,171) | 1,838,773 | 3,101,943 | (245.57%) |
| Profit Before Taxes and Profit Sharings among Employees | 74,983,875 | 79,870,492 | 4,886,617 | 6.52% |
| Employee Profit Sharings | (11,247,581) | (11,980,574) | (732,993) | 6.52% |
| Income Tax | (15,486,075) | (17,703,034) | (2,216,959) | 14.32% |
| Annual net Profit | 48,250,219 | 50,186,884 | 1,936,665 | 4.01% |

* Internal Presentation Format

Financial Indicators *

| | DEC. 17 | | DEC. 18 | | DEC. 19 | |
|---------------------------------------|---------|--------|---------|--------|---------|--------|
| | Bank | System | Bank | System | Bank | System |
| ASSET QUALITY | | | | | | |
| Productive Assets / Total Assets | 83.62% | 84.38% | 88.36% | 86.01% | 87.99% | 87.84% |
| CREDIT RISK | | | | | | |
| Default Rate | 1.13% | 2.96% | 1.03% | 2.62% | 1.16% | 2.73% |
| PROFITABILITY | | | | | | |
| Return on Assets | 1.24% | 1.02% | 1.36% | 1.35% | 1.32% | 1.38% |
| Return on Equity | 16.44% | 10.36% | 16.23% | 13.65% | 15.30% | 13.90% |
| MANAGEMENT EFFICIENCY | | | | | | |
| Operating Cost / Financial Margin | 61.24% | 85.01% | 59.83% | 76.90% | 59.87% | 78.48% |
| Operating Cost / Average Asset | 3.15% | 5.27% | 3.20% | 5.17% | 3.15% | 5.25% |
| Personnel Expenses / Average Asset | 1.11% | 1.70% | 1.16% | 1.63% | 1.11% | 1.61% |
| LIQUIDITY | | | | | | |
| Available Funds / Short-term Deposits | 27.36% | 29.41% | 25.62% | 27.89% | 24.65% | 25.98% |

* Internal Presentation Format

05

INCORPORATED TECHNICAL
EQUITY

REPUBLIC OF ECUADOR
SUPERINTENDE OF BANKS
NATIONAL FINANCIAL INSTITUTION ADMINISTRATION
RELATION BETWEEN TECHNICAL EQUITY AND ASSETS
AND RISK WEIGHTED CONTINGENTS
(IN U.S. DOLLARS)

Form. 229

INSTITUTION: Banco Internacional S.A.
OFFICE IN: Quito

OFFICE CODE: 1023
31-dec-19

| CODE | DESCRIPTION | AMOUNT |
|-------------------------------------|--|----------------|
| CONSTITUTED TECHNICAL EQUITY | | |
| PRIMARY TECHNICAL EQUITY | | |
| 31 | Social Capital | 264,612,359.00 |
| 3201 | Paid-in Capital | 0.00 |
| 3301 | Legal Reserve | 43,038,203.05 |
| 3302 | General Reserves | 0.00 |
| 330310 | Special Reserves - for future capitalization | 0.00 |
| 34-340210-3490 | Other equity contributions minus donations - in assets minus others | 0.00 |
| 3601 | Cumulative Profits or Suplus-Audited Balances (1) | 0.00 |
| 3602 | Cumulative Losses-Audited Balances (1) | 0.00 |
| 2608 | Subordinated Debt | 0.00 |
| 2802 | Contributions fro Future Capitalizations (2) | 0.00 |
| Menos: | | |
| 190530 | Goodwill | |
| 3202 | Discount in terms of Paid-in Capital | |
| A | TOTAL PRIMARY TECHNICAL EQUITY | 307,650,562.05 |
| SECONDARY TECHNICAL EQUITY | | |
| 2801 | Convertible Liabilities (3) | 0.00 |
| 2803 | Fixed-term Subordinated Debt (7) | 0.00 |
| 3303 | Special Reserves | 0.00 |
| 3305 | Reserves due to Equity Appreciation | 0.00 |
| 3310 | 45% Reserves due to Non-Operative Results | 0.00 |
| 35 | 45% Surplus by Valuation | 8,775,509.76 |
| 3601 | Cumulative Profits or Surplus (1) | 840,380.84 |
| 3602 | Cumulative Losses (1) | 0.00 |
| 3603 | Financial Year Profit or Surplus (4) | 50,186,884.02 |
| 3604 | Financial Year Loss (4) | 0.00 |
| 5-4 | Income minus Expenditure (5) | 0.00 |
| Más | | |
| 149980 | Provisions for Uncollectible Loans - Generic Provision for Credit Technology (6) | 4,319,890.18 |
| 149989 | Provisions for Uncollectible Loans - Voluntary Generic Provision (6) | 0.00 |
| 2912 | Other Liabilities - Badwill (10) | 0.00 |
| Minus: | | |
| 37 | Equity Devaluation | 0.00 |
| 1613 | Early Dividend Payment | 0.00 |
| B | TOTAL SECONDARY TECHNICAL EQUITY | 64,122,664.79 |

Minus: It will be deducted from the total technical equity, capital assigned to a branch or an oversees branch capital: and, also the invested capital; that is, the value of its market share paid-in capital plus reserves, except those that come from asset appreciation, in a subsidiary or affiliated institution. When the subsidiary registers investment in other financial institutions, that turn them into share investments, advances for apitalization or incorporation of subsidiary or affiliated companies sof the total Technical Equity of the main office. The balances registered in the subaccount 1611 "Advance for Share Acquisition" when corresponding in share investment, advances for capitalization or incorporation of subsidiary or affiliated companies.

| | | |
|-------|--|----------------|
| D | DEDUCTIONS FROM TOTAL TECHNICAL EQUITY | 3,188,458.72 |
| E=C-D | CONSTITUTED TECHNICAL EQUITY | 368,584,768.12 |

RISK WEIGHTED ASSETS AND CONTINGENTS

| | | |
|---|---|------------------|
| | Weighted assets with 0.00 | - |
| | Weighted assets with 0.10 | 6,054,893.92 |
| | Weighted assets with 0.20 | 73,256,195.65 |
| | Weighted assets with 0.40 | 53,095,996.69 |
| | Weighted assets with 0.50 | 57,741,915.85 |
| | Weighted assets with 1.00 | 2,598,581,045.97 |
| | Weighted assets with 2.00 | 340,309,510.40 |
| F | TOTAL RISK WEIGHTED ASSETS AND CONTIGENTS | 3,129,039,558.48 |

POSITION, REQUIREMENT, AND RELATION EQUITY


| | | |
|--------|--|----------------|
| G=F*9% | REQUIRED TECHNICAL EQUITY | 281,613,560.26 |
| H=E-G | REQUIRED TECHNICAL EQUITY SURPLUS OR DEFICIT | 86,971,207.86 |
| | TOTAL ASSETS AND CONTINGENCY * 4% | 182,603,469.37 |

REGULATORY COMPLIANCE

| | | |
|---------------|---|--------|
| Art. 190 COFM | CTE / RISK WEIGHTED ASSETS AND CONTINGENTS | 11.78% |
| Art. 190 COFM | CTE / TOTAL SSETS AND CONTINGENTS | 8.07% |
| | FIXED ASSETS / CONSTITUTED TECHNICAL EQUITY | 10.99% |



DR. JOSE ROMERO SORIANO
VICE PRESIDENT LEGAL REPRESENTATIVE



FABIAN ENCALADA
GENERAL ACCOUNTANT

06

OFFICE
NETWORK

QUITO - VALLES

Matriz
 La Niña Agency
 Iñaquito Agency
 La Y Agency
 Meditrópoli Agency
 Los Shyris Agency
 El Condado Agency
 Quito Tennis Agency
 La Carolina Agency
 Tumbaco Agency
 Cumbayá Agency
 Paseo San Francisco Agency
 12 de Octubre Agency
 El Inca Agency
 Panamericana Norte Agency
 Villaflores Agency
 San Rafael Agency
 Santa Rita Agency
 Mariscal Sucre Agency
 Plaza Santo Domingo Agency
 Maldonado Agency
 Santa Prisca Agency
 Sangolquí Agency

ADDRESS

Av. Patria E4-21 y Av. 9 de Octubre
 La Niña E9-64 y Av. 6 de Diciembre, frente al C.C. Multicentro
 Av. Amazonas N36-147 y Corea, frente al C.C. Iñaquito
 Av. Gaspar de Villaroel SN y Londres, esquina
 Av. Mariana de Jesús Oe84 y Av. Mariscal Sucre , Edif. Centro Médico Meditrópoli
 Av. De Los Shyris N35-174 y Suecia, esquina
 Av. Mariscal Sucre y Av. La Prensa C.C. El Condado, local 230
 Av. Brasil N42-134 y Mariano Echeverría
 Av. General Eloy Alfaro y Av. Mariana de Jesús, Edif. Gaia, Local 2 PB
 Av. Interoceánica Oe6-192, C. C. Ventura Mall
 Av. Interoceánica y Av. Diego de Robles, C. C. Plaza Cumbayá, local 8
 Av. Interoceánica y Francisco de Orellana, C. C. Paseo San Francisco,
 Av. 12 de Octubre N24-660 y Francisco Salazar, Edif. Concorde
 Av. 6 de Diciembre N51-64 e Isaac Barrera
 Av. Galo Plaza Lasso N74-14 y Antonio Basantes, Pana. Norte Km 7 1/2
 Av. Alonso de Angulo Oe1-100 y Francisco Gómez
 Av. Gral. Enriquez e Isla Genovesa, C.C. Rumiñahui
 Av. Mariscal Sucre 6762 y calle La Maná
 Av. Mariscal Sucre 2023 y Calle Quitus, esquina
 Guayaquil y Bolívar, esquina
 Av. Maldonado S28-40, entre Ria Zabaleta y Borbón
 Santa Prisca OE2-10 y Manuel Larrea
 Venezuela y Montúfar esquina, Edif. Jijón y Caamaño, Parque Turismo

GUAYAQUIL - PERIFERIA

Guayaquil Main Branch
 Alborada Agency
 Sonesta Agency
 Albán Borja Agency
 Hilton Colón Agency
 Urdesa Agency
 Durán Agency
 Los Ceibos Agency
 Samborondón Agency
 Vía Samborondón Agency
 9 de Octubre Agency
 La Bahía Agency
 Portete Agency
 Parque California Agency
 Mall del Sur Agency
 Mercado Central Agency
 Centro Agency
 Terminal Terrestre Agency
 Puerto Marítimo Agency
 El Dorado Agency

Av. 9 de Octubre 117, entre Pichincha y Malecón
 Av. Rodolfo Baquerizo Nazur y Demetrio Aguilera Malta, esquina
 Av. Joaquín Orrantía y Av. Leopoldo Benítez, Edif. Sonesta, local 9-10-11
 Av. Carlos Julio Arosemena y Llanes, C. C. Albán Borja, Local 18
 Av. Francisco de Orellana Mz. 111, Hotel Hilton Colón Local 18 PB.
 Av. Víctor Emilio Estrada 425 y Ébanos
 Autopista Durán-Bolicho Km. 3 1/2, C. C. Paseo Shopping Durán, local 9
 Vía a la Costa kms 6 1/2, C. C. Río Centro los Ceibos, local A14
 Av. Malecón y García Moreno esquina, Edif. Jacindros local Nro. 1, PB
 C. C. Village Plaza Km. 1.5, Vía Samborondón, local 1, PB
 Av. 9 de Octubre 2002, entre Los Ríos y Tulcán
 Chile 805 y Colón
 Portete 4415 y Calle 19
 Km. 11 1/2 vía Daule, Parque Comercial California Uno, bodega 4
 Av. 25 de Julio entre José de la Cuadra y Ernesto Albán, C.C. Mall del Sur, local 19-20
 Av. 6 de Marzo 829 y Clemente Ballén
 Av. Pichincha 332 y Elizalde
 Av. Benjamín Rosales SN y A. de las Américas, Terminal Terrestre, C.C. Outlet, local 51
 Av. 25 de Julio, vía Puerto Marítimo de Guayaquil
 C. C. Riocentro El Dorado, local 20, PB; Vía a La Aurora Km. 10 1/2

AUSTRO

| | |
|-----------------------|---|
| Cuenca Branch | Presidente Borrero 784 y Sucre, Edif. Banco Internacional |
| España Agency | Av. España 314 y Sebastián de Benalcázar |
| Remigio Crespo Agency | Av. Remigio Crespo Toral 5-182 y Remigio Romero |
| Azogues Branch | Bolívar 621 y 10 de Agosto |
| Loja Branch | Bolívar y Azuay, esquina |

SIERRA

| | |
|-------------------------------------|--|
| Otavallo Branch | Sucre y Panamericana Norte |
| Cayambe Branch | Av. Bolívar 605 entre Morales y Restauración |
| Ibarra Branch | Pedro Moncayo N 754 entre Olmedo y Sánchez y Cifuentes |
| Agencia La Plaza - Ibarra Agency | Av. Mariano Acosta 21-47 y Víctor Gómez Jurado, C. C. La Plaza Shopping, local 4 |
| Ambato Branch | Bolívar 1632 entre Martínez y Mera |
| Cevallos - Ambato Agency | Av. Cevallos 665 y Unidad Nacional, esquina |
| Atahualpa- Ambato Agency | Av. Atahualpa y Nery Pillahuazo |
| Riobamba Branch | 10 de Agosto y García Moreno, esquina |
| Daniel León Borja - Riobamba Agency | Av. Daniel León Borja 44-43 y Eplicachima |
| Latacunga Branch | Quijano y Ordóñez N 4-151 y General Maldonado, esquina |

COSTA

| | |
|------------------------------------|---|
| Babahoyo Branch | Gral. Barona y Rocafuerte |
| Machala Branch | Vía Machala - Pasaje Km 2 , C. C. Paseo Shopping Machala, local 17A |
| Manta Branch | Av. Malecón y Calle 13, esquina |
| Cuatro de Noviembre - Manta Agency | Av. Cuatro de Noviembre del entre las calles J6 y J8 |
| Portoviejo Branch | Av. América y calle Pedro Zambrano Izaguirre, esquina |
| Santo Domingo Branch | Av. Quito y Río Blanco, esquina |
| La Concordia Agency | Av. Simón Plata Torres 052 y Quito |
| El Colorado Agency | Vía a Quevedo 114 y Av. Chone, por la "Y" del Indio Colorado |
| Quinindé Agency | Av. Simón Plata Torres 351 y Cuarta Transversal |
| Esmeraldas Branch | Calle 10 de Agosto, lote 6, entre Bolívar y Sucre. Parque Central 20 de Marzo |
| Quevedo Branch | Av. 7 de Octubre 336 y la Cuarta |
| Ventanas Agency | Av. Velasco Ibarra 406 y Seminario |

ORIENTE

| | |
|---------------------------|---|
| Puyo Branch | Av. General Villamil SN y Francisco de Orellana |
| Lago Agrío Branch | 12 de Febrero y Av. Quito |
| Shushufindi Agency | Av. Policía Nacional y Unidad Nacional |
| El Coca Branch | Av. Cuenca y 9 de Octubre |
| Joya de los Sachas Agency | Av. De los Fundadores y García Moreno |

07

INTERNATIONAL PARTNER
BANKS

| NAME | COUNTRY |
|--|----------------|
| Banco Do Brasil..... | Brazil |
| BNDES..... | Brazil |
| Banco de Comercio Exterior de Colombia- Bancoldex..... | Colombia |
| Banco de Occidente..... | Colombia |
| Ebna Bank..... | Curacao |
| Bancodel Estado de Chile..... | Chile |
| Banco Security Chile..... | Chile |
| Standard Chartered Bank..... | England |
| Deutsche Bank..... | Germany |
| Commerzbank..... | Germany |
| Landesbank..... | Germany |
| Interbanco..... | Guatemala |
| UniCredit..... | Italy |
| Bank of Tokyo-Mitsubishi..... | Japan |
| Banco Nacional de México- Banamex..... | Mexico |
| Rabobank..... | Netherlands |
| Banco Internacional de Costa Rica BICSA..... | Panama |
| Banco Latinoamericano de Exportaciones-Bladex..... | Panama |
| Multibank | Panama |
| BanBif..... | Peru |
| Banco de Credito del Perú - BCP..... | Peru |
| Banco Sabadell..... | Spain |
| Santander Central Hispano..... | Spain |
| BBVA..... | Spain |
| Caixaban..... | Spain |
| Citibank..... | U.S.A |
| IFB International Finance Bank..... | U.S.A |
| Wells Fargo..... | U.S.A |
| U.S. Century Bank..... | U.S.A |
| Banco Exterior..... | Venezuela |
| Banco Provincial BBVA..... | Venezuela |

08

RELATED
BANKS

CURACAO

EBNA BANK
www.ebnav.com



Ebna Bank n.v.

UNITED STATES OF AMERICA

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