CIBanco

2019 Sustainability Report

Sustainable financial *solutions*

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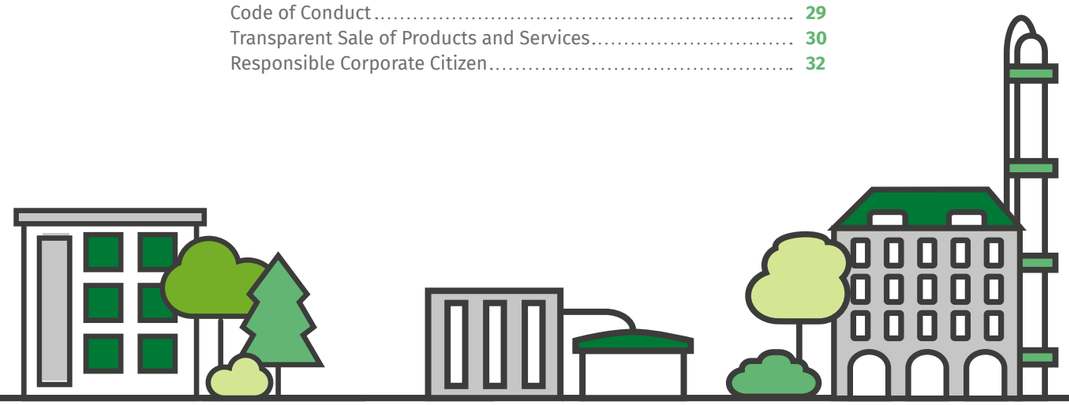

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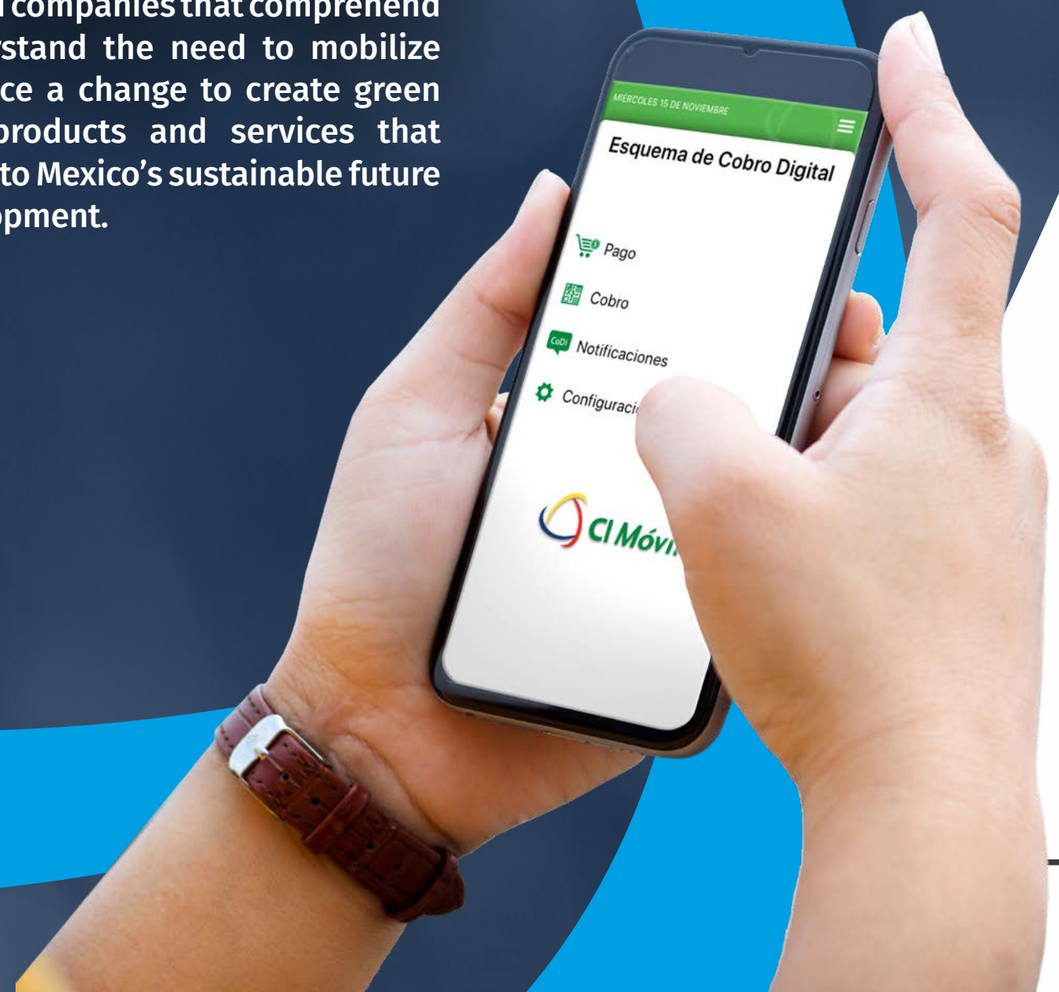
Institutional *Profile*

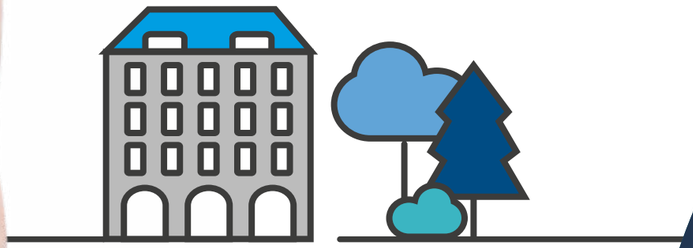
CIBanco was the first green Bank in Mexico because it believes in the fundamental and inherent need to drive people and companies that comprehend and understand the need to mobilize and produce a change to create green financial products and services that contribute to Mexico's sustainable future and development.



Therefore, it has ventured into the creation and distribution of financial products and services that promote responsible economic development with the social and environmental situation of the country.

With more than three decades of experience, CIBanco has secured work teams and processes increasing its product portfolio and profitability, while also producing a positive impact on each company and individual who put their trust in the Institution.

This report provides an account, and the results of these impacts voluntarily produced with full transparency.



CIBanco | 2019 Sustainability Report

Vision

We believe that financial services are an essential tool in ensuring that companies and citizens assume greater accountability in caring for and preserving the environment. We believe that sustainability represents a profitable business approach that creates long-term value for our shareholders.

Mission

To be a leader in Mexico's financial services sector that prioritizes sustainability as a key business pillar, mutually benefiting companies and individuals alike.

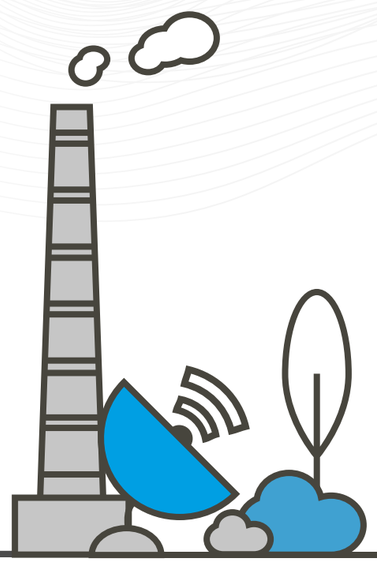
Values

- Commitment
- Ethics
- Professionalism
- Service with excellence
- Transparency
- Fair treatment
- Sustainability

We offer sustainable banking service options through COMPREHENSIVE AND MULTIDISCIPLINARY Finance Subsidiaries that allow us to deliver more and better value to customers and stakeholders alike.

CI Casa de Bolsa · CI Fondos · Fimecap

Finanmadrid · CI Estrategia · CITDA



In 2018, the Bank started a relevant project that produced a strong economic and environmental impact by signing a renewable energy sales agreement. Later in 2019, we negotiated agreements and adapted our infrastructure to begin operating with green energy as of the first half of 2020, allowing us to look to the future with greater certainty with an even more sustainable operation.

Jorge Rey Gehrke
Director of Sustainability

Key *Figures*

Our actions confirm our social, environmental and economic commitment.

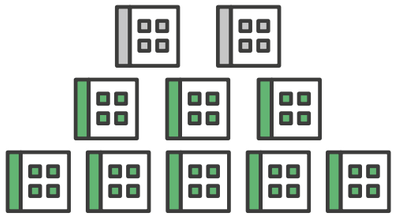
Solid Business Strategy

We have a **mature and diversified product portfolio** that also promotes the reduction of GHG emissions.

LOAN PORTFOLIO (MXN 11.769 BILLION PESOS)

Green Loan Portfolio **7.7%**

Loan Portfolio **92.3%**



Reduced Environmental Impact

Year after year, we work to decrease and manage the environmental footprint of our operations. We expect a **decrease of up to 80%** of GHG with the purchase of renewable energy.

Transparent and Responsible Operations

We provided our collaborators with **34,435 hours of training** in ethical and regulatory guidelines and a quality certification applicable to the anti-money laundering processes.

Shared value with each of our Stakeholders

CUSTOMERS:
97% satisfaction rate

PROVIDERS:
47% increase in purchases

COLLABORATORS:
13.5 horas hours of formal training per year

COMMUNITY:
MXN 6.7 million in social investment

A letter from *the President*

102-14 and 102-15

CIBanco has built its unmatched experience in the Mexican financial sector by "redefining green" through its sustainability strategy and vision that testify to its commitment to deal with environmental challenges. On the other hand, we also consider the changes inherent to Mexico's economic and social development with this same objectivity to pursue the measures that will allow us to strengthen and drive the financial health of all CIBanco customers.

Consequently, from our Scope of Work, we have reformulated our role in society, promoting our Institution's accountability and balance to generate sustainable financial options that provide social, economic, and environmental wellbeing, and foster a solid culture of sustainability that will allow us to look to the future with optimism.

We remain loyal to our vision as we strive to improve our sustainability day after day since we believe that this business approach responds to the current needs of our stakeholders by creating long-term value without disregarding their profitability. At an ethical, economic, social, and environmental level, we plan, manage, assess, and improve our business operations by offering various programs that allow us to ensure a responsible and efficient operation.

We uphold the standards, principles, and procedures that support our Corporate Governance. We operate with absolute transparency in full compliance with the legal provisions inherent to our business. We also encourage our collaborators to always behave ethically by promoting our Institution's guiding values and principles.

This report reiterates our commitment to the 10 Principles of the United Nations Global Compact that we have adhered to since 2017. It also provides evidence of the impact that our operation has on six of the 17 Sustainable Development Goals. At the international level, we are signatories of the UNEPE FI and Equator Principles, while at the national level, we belong to the Association of Banks of Mexico and participate in its social and sustainable initiatives. In 2019, the Mexican Center of Philanthropy (CEMEFI) recognized us with the Social Responsibility Award for the third year in a row. All of these partnerships allow us to act as responsible corporate citizens and to participate in the change and construction of a sustainable future for Mexico from the financial sector.

In 2019, we reduced our GHG emissions by 4%, despite growing at the economic and operational levels with 9.5% more collaborators, 28 new branches, twice the number of ATMs, and 12% more capital compared to 2018. Our economic growth produces a positive impact on the environment, with an estimated decline of 23,292 tons of CO_2e emissions thanks to our CIPanel Solar and CIAuto Verde loans.

As for social matters, our commitment involves four key actors: authorities, employees, providers, and the community. Therefore, in 2019, we invested an additional 11% in training for our more than 3,000 employees and hired more than 1,000 new employees. We allocated 98% of our procurement budget to purchase supplies from over 5,000 large, medium, and small Mexican providers that responsibly promote Mexico's economic development, as we do. We invested more than MXN 13 million in social initiatives that had a direct impact on the development and wellbeing of more than 4,000 individuals.

CIBanco has reached these objectives largely due to the trust that our customers have placed in our Institution, but also thanks to the work that our collaborators and directors carry out every day as we collectively work together to achieve our goals.

We are grateful and committed to our social and financial partners, providers, and the community as a whole, and are certain that together, we can offer sustainable financial solutions that will help us create a bettrer future.

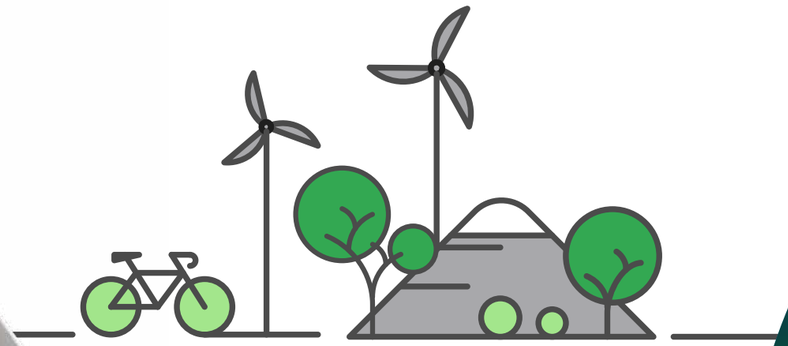
Jorge Rangel de Alba Brunel
Chairman of the Board of Directors

Sustainability
Management Approach

For CIBanco, sustainability is not just an initiative but also a business path. Therefore, we have integrated it as a business strategy that produces a direct impact on all of our stakeholders and our ethical, social, economic, and environmental performance.

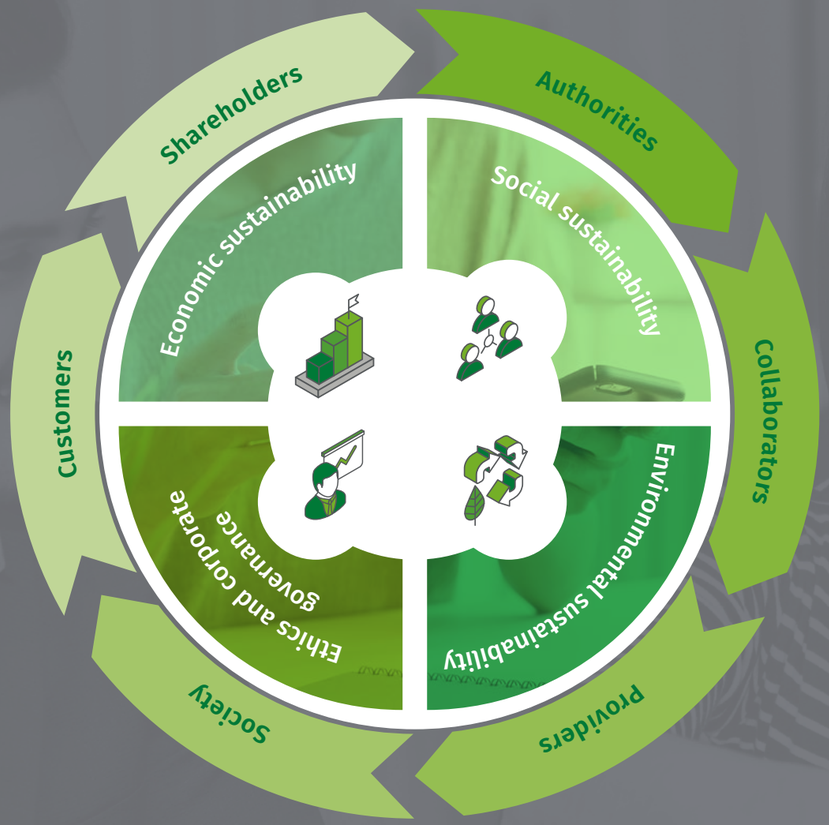
An internal department and an external committee manage this strategy, which is then followed by an external assurance verification process of our Annual Report prepared under Global Reporting Initiative (GRI) standards to monitor and assess sustainability.

The Sustainability Model implemented by CIBanco includes the Company's corporate philosophy, stakeholders, values, and areas of impact in alignment with the United Nations Global Compact and the Sustainable Development Goals.



We have adopted 6 of the 17 United Nations Sustainable Development Goals.

Figure 1
SUSTAINABILITY MODEL



External Sustainability Committee

This advisory body operates independently from the Bank to strengthen its internal management system and to contribute to the timely compliance of its institutional goals and objectives, allowing it to carry out projects that drive, monitor, and assess the Institution's sustainability. This Committee works with and reports to the Sustainability Department, which in turn, reports directly to the Executive Committee Chair.

Purpose

The mission of the Committee is to promote continuous improvements in the development of the green financial services offered by the Institution through measures that support the implementation of specific recommendations, such as the development of sustainability policies and guidelines for sustainability risk assessment in the allocation of loans.

Functions of the Committee

- Contribute to improving the quality of the services offered to Bank users.
- Define the strategies required to resolve identified opportunities.
- Establish the measures necessary to boost the green financial products strategy.
- Promote the assessment and impact of the Bank's sustainable measures.
- Encourage the use of mechanisms to establish a comprehensive diagnosis and make decisions aimed at improving the organization and operation of the Bank's products and services.
- Perform a vulnerability analysis of the Bank's green operations.

EXTERNAL SUSTAINABILITY COMMITTEE MEMBERS

Julio Madrazo García
Committee Chairman

- Gabriel Quadri de la Torre *
- Gustavo Alanís Ortega
- Françoise Lavertu
- Rodrigo Villar Esquivel

*In 2019, Gabriel Quadri ended his tenure as director of the Sustainability Committee. At the end of that year, María Isabel Studer Noguez joined the Committee to participate as a formal voting member as of 2020.

Figure 2
DESCRIPTION OF STAKEHOLDERS, INTERACTION CHANNELS, AND CONTACT FREQUENCY

Shareholders
- In person meetings
- Telephone Customer service
- Email

Collaborators
- Anonymous hotline
- Corporate magazine CI NEWS
- Website
- Social media
- Intranet
- Whiteboards
- Email
- CICotiza App

Customers
- Call center
- Direct conversations with executives
- Website
- Social media
- CIDirecto telephone banking
- Apps: CIMóvil and CICotiza
- Email
- Surveys

Stakeholders

102-40, 102-42, 102-43

CIBanco seeks to strengthen all communication channels and bonds of trust that will allow us to understand and meet the needs and expectations of our stakeholders, to build responsible, honest, and transparent business relationships with each of them.

The following chart lists the stakeholders identified by the Bank.

Society
- Website
- Social media
- Events
- Email

Suppliers
- Reports
- Direct relationship
- Email
- Telephone customer service

Authorities
- Official meetings through the legal department
- Reports
- Audits

The CIBanco Code of Conduct establishes the basic principles of interaction with these players. It also provides evidence of some of the communication channels that we use to maintain a proactive and committed relationship with each one of our stakeholders.

Materiality

102-44, 102-46, 102-47

The material issues that are key to CIBanco sustainability were determined in the materiality assessment conducted in 2017; therefore, this report revisits that assessment, as it considers that no significant changes have been made to the Bank's activities and interests.

The 2017 materiality report is aligned with the interests of Bank collaborators and executives, who were surveyed and interviewed, respectively, to identify their main interests and concerns about CIBanco sustainability and weigh the relevance level of the matters identified. The results are shown in the following chart.

See further information about the employee survey and other details on the 2017 Materiality Assessment in the 2017 Report (pp. 14-16) **here.**

Figure 3
MATERIALITY MATRIX

102 -46

At CIBanco, sustainability is framed under the sustainability model and External Committee.

The depth of the information provided in the report is verified by external audits, benchmarking and monitoring indicators, and the goals that the Bank sets and publishes every year .

7 AFFORDABLE AND CLEAN ENERGY
8 DECENT WORK AND ECONOMIC GROWTH
11 SUSTAINABLE CITIES AND COMMUNITIES
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION
16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Ethics and *Corporate Governance*

Thanks to its long track record in the Mexican financial market and strong corporate structure, CIBanco has been able to maintain its profitability and positioning.

Corporate Governance > > > > **BOARD OF DIRECTORS** > > > > **33%** of our board members are independent.

Risk/Cybersecurity Management > > > **RISK MANAGEMENT AND COMPLIANCE STRUCTURE AND STRATEGY** > > We have a fully independent **Audit Committee**.

Ethical Conduct > > > **CORPORATE ETHICS** > > > > **81%** of the training provided to collaborators is related to ethical and regulatory matters.

Adaptation to regulatory changes > > > **RESPONSIBLE CORPORATE CITIZEN** > > Corporate Social Responsibility awards for **three consecutive years.**

MATERIAL ISSUES
MANAGED BY
2019 RESULTS

For further information about the Board Directors, click here for each CV.

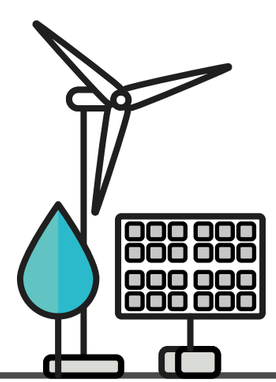
GOAL 16.5
Substantially reduce corruption and bribery in all its forms.

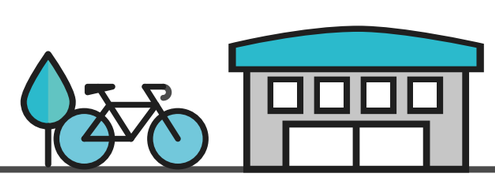
With a sustainable business vision and the leadership of the Board of Directors, the Bank facilitates risk management and control, as well as the consolidation of the ethical and transparent culture followed by our collaborators, executives, and board members.

Board of ***Directors***

The purpose of the Board of Directors—the Bank's governing body, is to ensure the efficient and transparent management of resources, aligned with risk control processes at all times, and adhering to the business vision—the strategic means used to ensure the implementation and management of the Bank's sustainable processes.

33% of the members of the Board of Directors are independent, **with an average age of 58.**





The Board has committees that, together, are responsible for consolidating and managing an ethical and transparent internal culture. They also guide CIBanco in the adaptation processes related to regulatory, economic, and social changes that could affect its business operations or profitability.

CHAIRMAN OF THE BOARD
Jorge Rangel de Alba Brunel

Standing Board Members

- Salvador Arroyo Rodríguez
- José Manuel Cadena Ortiz de Montellano
- Norman Hagemeister Rey
- Roberto Pérez Estrada
- Luis Miguel Osio Barroso
- Juan Carlos Pérez Aceves
- Jorge González Ramírez
- Ernesto Marín Rangel de Alba
- Luis Alberto Pérez González

ALTERNATES

- Mario Alberto Maciel Castro*
- José Ignacio Reyes Retana Rangel de Alba*

*These individuals may serve as an alternate for any of the Standing Board Members.

Independent Standing Board Members

- Michell Nader Schekaiban
- Fernando Javier Morales Gutiérrez
- Christian Mario Schjetnan Garduño
- Pedro Enrique Alonso Angulo
- Luis de las Mercedes Álvarez y Candocia

ALTERNATE

- Eduardo Villanueva Ortiz *

*This individual may serve as an alternate for any of the Independent Standing Board Members.

STATUTORY AUDITOR
Ricardo Delfín Quinzaños

ALTERNATE
Alejandro De Alba Mora

SECRETARY
Roberto Pérez Estrada

Functions of the Board

With the support of the Committees and its administrative structure, one of the key functions of the CIBanco Board of Directors is to define, implement, monitor, and evaluate CIBanco's strategic vision. The Board of Directors is responsible for:

- Approving the objectives of the Internal Control System and the guidelines established for its implementation.
- Approving, disseminating, and implementing the Institution's Code of Ethics and Conduct in coordination with Management.
- Developing policies and monitoring procedures that will guarantee security, integrity, confidentiality, and continuity while carrying out operations and providing services to the public through automated data processing systems and telecommunications networks.
- Establishing policies and control mechanisms that ensure, regulate, and promote the proper implementation and use of the human, technological, and material resources that are required for operations.
- Implementing the policies and control mechanisms necessary to ensure availability, confidentiality, and continuity in contracting services with providers and correspondents.

Committees of the Board of Directors

102-20

The Board of Directors of CIBanco is backed by four Committees, through which it can delegate, monitor, and evaluate the economic, social, financial, and operating matters affecting the Institution. These include:

AUDIT COMMITTEE

INTEGRATED RISK MANAGEMENT COMMITTEE

SYSTEMS COMMITTEE

COMMUNICATION AND CONTROL COMMITTEE

Risk Management ***and Compliance***

102-11, 102-15, 102-20, 102-30

The structure of CIBanco has three fundamental pillars for Risk Management and Compliance.

INTEGRATED RISK MANAGEMENT DEPARTMENT

COMPLIANCE DEPARTMENT

INTERNAL CONTROL DEPARTMENT

These three departments are responsible for integrating the mechanisms and structure that will allow the Board to delegate, monitor, and evaluate any risks within the Institution, as well as to oversee compliance with economic, financial, technological, social, and administrative regulations, among others.

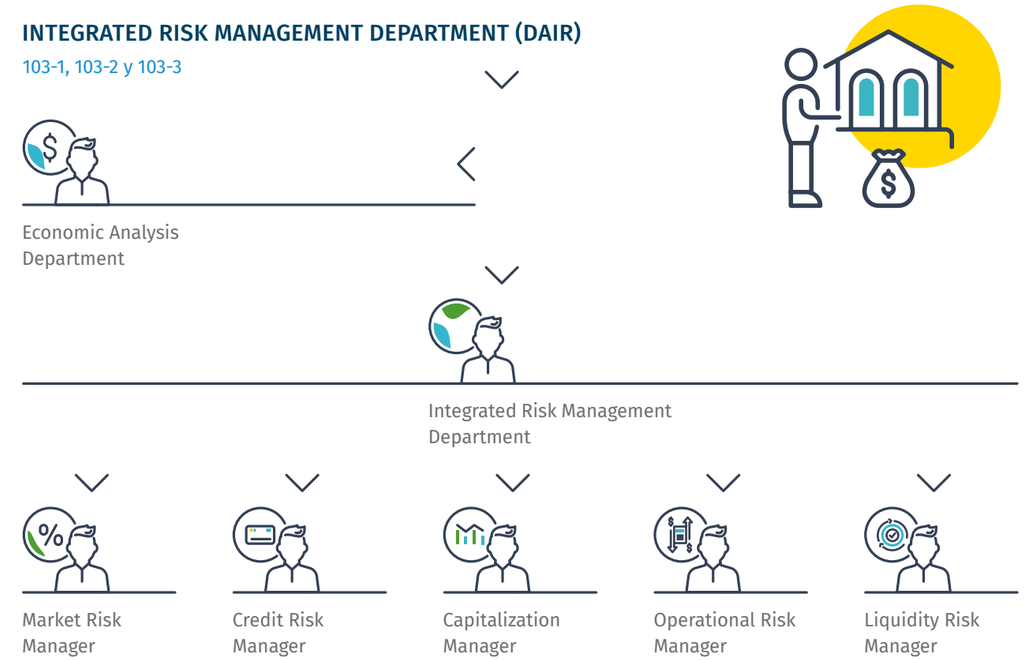
Integrated Risk Management Department

103-1, 103-2 and 103-3

This Department develops and manages the objectives, guidelines, and procedures that help us identify, measure, oversee, limit, control, and report on the different types of risks to which CIBanco may be exposed.

Both the risk typology and the structure of the Integrated Risk Management Department are described below:

Figure 4
RISK MANAGEMENT STRUCTURE.



The Integrated Risk Management Department reports directly to the Integrated Risk Management Committee, comprised of members from the Board of Directors.

The key principles for organizing Integrated Risk Management at the Bank are:

- Clear job profiles at all levels.
- Clear definition of objectives, policies, and procedures for managing different types of quantifiable and non-quantifiable risks.
- Functions grouped by type of risk.
- Transparency in the definition of functions, including independence between the Integrated Risk Management Department and other business departments.

43 collaborators received 1,002 hours of training in the definition of risk management and control roles, classifying functional and responsibility areas within the Bank.

The following actors are fundamental to the Integrated Risk Management structure:

THE EXTERNAL AUDITOR is hired by the Board of Directors to review and oversee the proper operation and compliance with standards and risk policies throughout the Institution.

THE INTERNAL AUDITOR is independent of the Integrated Risk Management Department and appointed by the Board of Directors mainly to review and oversee the proper functioning and compliance with standards and risk policies throughout the Institution.

THE COMPTROLLER is responsible for identifying and evaluating whether the controls enhance compliance with internal and external regulations when performing operations. He/she must also ensure that the arrangement, documentation, registration, and daily liquidation of transactions are performed in accordance with the policies and procedures established in CIBanco manuals.

THE CHIEF EXECUTIVE OFFICER, together with the Integrated Risk Management Department, is responsible for promoting a comprehensive risk management culture across the organization and for ensuring the correct operation and interaction among risk-generating areas and the Integrated Risk Management Department.

THE BUSINESS UNITS are required to follow the recommendations issued by the Department to reduce CIBanco's exposure to different risks as well as the policies and procedures contained in the risk management manuals.

In 2019, this Department implemented a new operational risk management model. The challenge for 2020 will be to implement a system to implement this new model and manage operational risks under the most current and highest quality and control standards.

20 collaborators were provided with a total of 297 hours of training in anti-money laundering matters and strategies to prevent illicit activities.

INTERNAL CONTROL DEPARTMENT

102-11, 102-20 y 102-30

This department maintains the operations of CIBanco in an environment of order, systematization, and transparency, which will ensure the Institution has the security to mitigate any exposure to risk. It is also responsible for complying with the regulatory provisions contained in laws and regulations and ensuring adherence to internal policies and guidelines, which in turn inspires confidence among our customers and users of our products and services.

The internal control contributes to:

- The prevention and detection of negligent and/or willful fraud, errors, or omissions.
- The accuracy and reliability of the accounting records on the Bank's transactions.
- The timely and reliable preparation of financial, administrative, operational, and legal information.
- The care and custody of the Bank's assets.
- Compliance with applicable laws and provisions.
- The proper use of the Bank's human and material resources.

COMPLIANCE DEPARTMENT

102-11, 102-20, 102-30 y 205-1

The Compliance Department, in coordination with the Integrated Risk Management Department and the Internal Control Department, seeks to consolidate a compliance culture within CIBanco by implementing processes that provide comprehensive evidence to our shareholders, authorities, and other stakeholders of our compliance with the financial, legal, and administrative ethics and guidelines of our business.

The Compliance Department is certified under the ISO 9001:2015 standard. It is also responsible for maintaining and managing the Institution's Anti-Money Laundering System under the highest quality standards.

The Anti-Money Laundering System is applied throughout the organization and is based on three key processes:

Figure 5
PROCESS FLOW CHART AND AREAS INVOLVED IN AML

1

Know Your Customer
- Control Desk
- Systems
- Legal

2

Monitoring and detection of unusual, relevant, or suspicious transactions
- Systems

3

AML training
- Procurement
- Human Resources

Internally, we implement a management cycle to prevent and control money laundering, thereby ensuring that the Institution's business activities are not related to illegal actions, in adherence to applicable legislation. The process is as follows:

ANTI-MONEY LAUNDERING (AML)

Compliance Department

TRAINING
in process alignment and anti-money laundering.

INTERNAL POLICY
on AML (development, issuance, and updates).

MONITORING
automating transactions, reviewed by the Communication and Control Committee.

ISSUING REPORTS
Communication and Control Committee, Board of Directors and Regulatory Authorities.

Figure 6
MAIN ACTIVITIES OF THE ANTI-MONEY LAUDERING SYSTEM

2,830 collaborators took 6,748 hours of training to earn their **annual certifications in Anti-Money Laundering and Countering the Financing of Terrorism** from the Association of Mexican Banks (ABM).

The Compliance Department also manages and evaluates corruption-related risks. Using a questionnaire provided by government representatives and other authorities, collaborators must state and disclose their family, marital, or personal ties to identify politically exposed collaborators.

Any collaborators identified as being politically exposed must sign a statement confirming that their relationship will not influence their functions and responsibilities within CIBanco, and must complete an additional questionnaire to identify the type of relationship or tie they have with politicians and public servants.

CIBanco also has a communication, grievance, and advisory mechanism in place for politically exposed collaborators. It is managed by the Chief Compliance Officer to address and prevent the materialization of any risk related to corruption with government entities. All of the procedures are supported by the Anti-Money Laundering System policies and manuals.

Business ***Ethics***

103-1, 103-2 y 103-3

The ethical compliance of the Institution is protected by the Code of Conduct, which is disclosed and presented throughout the organization through a training program and assessed by our corporate structure to maintain its continuous improvement. Our Code supports our internal and external operations to comply with and respect the ethical standards defined in our regulatory and corporate culture.

Code of Conduct

102-16 y 102-17

Our Code of Conduct is our main regulatory and ethical framework. We share it with the companies or finance subsidiaries with which we have established relationships and processes.

The Code provides stakeholders with certainty and trust regarding CIBanco actions, guaranteeing training, and oversight of guiding principles such as:

- Fair competition
- Conflict of interest
- Confidentiality of information
- Compliance with applicable regulations
- Standards of Conduct in the Workplace
- Privileged Information
- Intolerance for Corrupt Practices
- Sales Practices
- Preserving the Company Name and Reputation
- Anti-Money Laundering

CIBanco has underlined the correct application and living out of our Code through internal and external mechanisms for counseling and/or grievances in the interest of ethical conduct by the Institution.

For example, our Anonymous Hotline (for internal use) is managed by the Compliance Department and can be accessed through our Intranet.

In this way, officers or collaborators may report transactions that, in their opinion, could be considered unusual or suspicious. This last category is related to unethical conduct by a colleague.

At the external level and through our Intranet, we provide a link for the general public to send emails, submit questions or complaints, or report unusual behavior displayed by an employee. The Audit Department regulates this process.

This Code also defines the principles for our interactions and relationships with different stakeholders, and to ensure that our values and legal and ethical standards are disclosed and followed in each process, we provide orientation courses to our new hires regarding the Code and our different internal processes.

Transparent Sale of Products and Services

102-11

Our New Product and Services Committee, chaired by the Bank's Chief Executive Officer, receives proposals for new products and services to offer our customers.

This Committee allows us to oversee and verify that all new and existing products meet the applicable legal provisions with regard to advertising, promotion, sales, and labeling, as set forth by the National Commission for the Protection and Defense of Financial Services Users (CONDUSEF) or other regulatory authorities.

Once the launch of a product or service has been approved, the Project Lead is responsible for organizing the working groups to address any matters related to systems, processes, manuals, and any other matter that may be required to implement, sell, develop, and provide greater transparency of the product.

CIBanco is engaged in Corporate Citizenship by sharing and supporting the sustainability principles of the sector, both at the domestic and international levels, and adhering to the ABM Sustainability Protocol, the Equator Principles, and the UN Global Compact.

Responsible Corporate Citizen

102-12 y 102-13

In 2012, we became the first Mexican bank to adopt the Equator Principles, which are a set of voluntary guidelines on environmental risks related to project financing. We are also signatories to the Sustainability Protocol issued by the Mexican Banking Association. In 2019, we entered our third year as signatories to the United Nations Global Compact in Mexico, while also signing the United Nations Environment Program - Finance Initiative (UNEP FI), which is a partnership between the UNEP and the global financial sector to mobilize private sector financing for sustainable development.

The UNEP FI program is comprised of more than 300 members, including banks, insurers, and investors. It is supported by more than 100 institutions to help create a financial sector that serves customers while producing a positive impact on the planet.

2008
Asociación de Bancos de México

2012
Signatory of the Equator Principles

2017
Signatory of the United Nations Global Compact

2019
Signatory to the United Nations Financial Initiative Program

Figure 7
ETHICS AND CORPORATE GOVERNANCE CHALLENGES AND ACHIEVEMENTS

2019 CHALLENGES
Awareness Program with controls for measuring social and environmental risks.

2019 RESULTS
A workshop on Environmental Risk Analysis ABM/GIZ/ACCLIMATIZE and virtual course on Analysis of Environmental and Social Risks (ARAS, acronym) taken by our collaborators regarding Risks and Sustainability.

2020 CHALLENGES
To define the guidelines for the development of a socio-environmental risk measurement pilot.

7 AFFORDABLE AND CLEAN ENERGY
8 DECENT WORK AND ECONOMIC GROWTH
11 SUSTAINABLE CITIES AND COMMUNITIES
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION
16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Economic *Sustainability*

CIBanco works with determination and optimism so that the individuals and companies that share its philosophy of maintaining profitable economic and environmental performance can enjoy a sustainable future.

Economic and Financial Performance

ECONOMIC AND FINANCIAL OUTLOOK AND INDICATORS

- The economic value created grew **14%** compared to the previous year.

Technological Innovations in Product Development Processes

GREEN PRODUCTS

- **7.7%** of the loan portfolio helps mitigate climate change.

Customer Satisfaction

CUSTOMER SATISFACTION AND BUSINESS MANAGEMENT

Updating the image of CINet and CIMóvil, **48%** of all transactions in 2019 were completed through these digital platforms.

Brand and Reputation Management

MARKETING

Launch of **CICash Pink.**

MATERIAL ISSUES

MANAGED BY

2019 RESULT

Click here for the 2019 Audited Financial Statements

GOAL 7.2
Increase the share of renewable energy

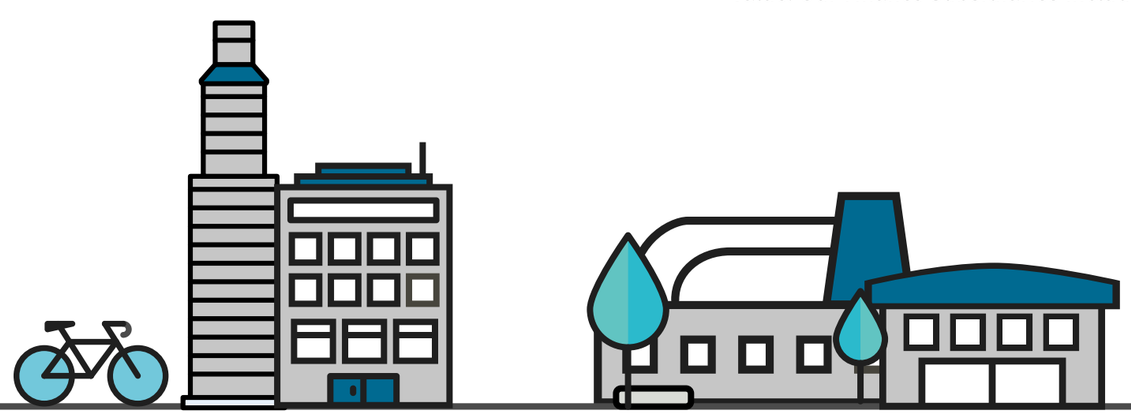
GOAL 11.6
By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management.

Our scopes in 2019 compared to the previous year:

10% more collaborators.
(269 new positions)

50% more.
(136 new ATMs)

14 % more.
(28 new branches)



Economic and Financial ***Outlook and Indicators***

102-1, 102-2, 102-3, 102-4, 102-5, 102-6, 102-7, 102-45, 201-1, 103-2 and 103-3

The evolutionary nature of its history has consolidated CIBanco as a flexible financial intermediary that has been able to adapt to the circumstances of its business and sector from the outset, thanks to its Corporate Governance experience and its ability to gradually develop supplementary businesses and products that meet customer and market needs.

While CIBanco maintains an optimistic vision for the future, it acts with caution and maintains a solvent structure to keep from jeopardizing the consolidation of efforts as it continues to further the provision of financial services by prioritizing sustainability as a business pillar to benefit the individuals and companies it serves.

CIBanco has a clear Customer-oriented approach and is committed to making its financial services an important tool to act with greater responsibility regarding the care and preservation of its equity and the environment.

Another fundamental feature of CIBanco's business strategy and economic performance is the diversification of its product and services portfolio, which is supported by the partnerships and synergies with a multidisciplinary group of Finance Subsidiaries that are incorporated under a single vision to create shared value. Our Finance Subsidiaries include:

[1] CIBANCO, S.A., Institución de Banca Múltiple, located at Av. Paseo de las Palmas No. 215, Piso 7, Col. Lomas de Chapultepec, C.P. 11000, Mexico City. Its main economic activities include, among others, receiving deposits, accepting loans, granting loans, transactions with securities, foreign currency, and derivatives, and executing trust agreements. At the close of 2018, CIBanco had two subsidiaries: CI Fondos, S.A. de C.V. (CIBanco holds 99.96% of the share capital) and Finanmadrid Mexico, S.A. de C.V. SOFOM (CIBanco holds 99.99% of the share capital).

CIBANCO, S.A., INSTITUCIÓN DE BANCA MÚLTIPLE

102-1, 102-2 and 102-3

FINANCE SUBSIDIARIES, CREATED FOR THE SOLE PURPOSE OF CARRYING OUT CERTAIN FINANCIAL ACTIVITIES ON BEHALF OF THE BANK

	CORPORATE PURPOSE	PRODUCTS	WEB
CI Fondos	Finance Subsidiaries, created for the sole purpose of carrying out certain financial activities on behalf of the Bank	+CIGUB +CIUSD +CIPLUS +CIBOLS +CIEQUS +CIGULP +CIGUMP	https://www.cibanco.com/es/cibanco/fondos-de-inversion
Finanmadrid	Offers loans for the purchase of new or used cars through dealerships	• Automotive loan for individuals • Automotive loan for companies • CIArrendamiento	https://www.cibanco.com/es/cibanco/finanmadrid
CI Casa de Bolsa	Offers advice and investment plans through various securities	• Corporate financing • Money market • Derivative products • Investment funds • Capital market • Savings funds	https://www.cibanco.com/es/cibanco/cicasa-de-bolsa
CI Estrategia	Develops investment strategies based on the CIFondos Investment Funds		https://www.cibanco.com/es/cibanco/estrategias
Fimecap	Provides financial services and advice in investment banking	• Mergers and acquisitions • Corporate financing • Structured financing	https://www.cibanco.com/es/cibanco/banca-preferente-inversion
CITDA	Master managers of assets of either bank or securities-backed structured loans	• Master management • Asset Securitization	https://www.cibanco.com/es/cibanco/citda

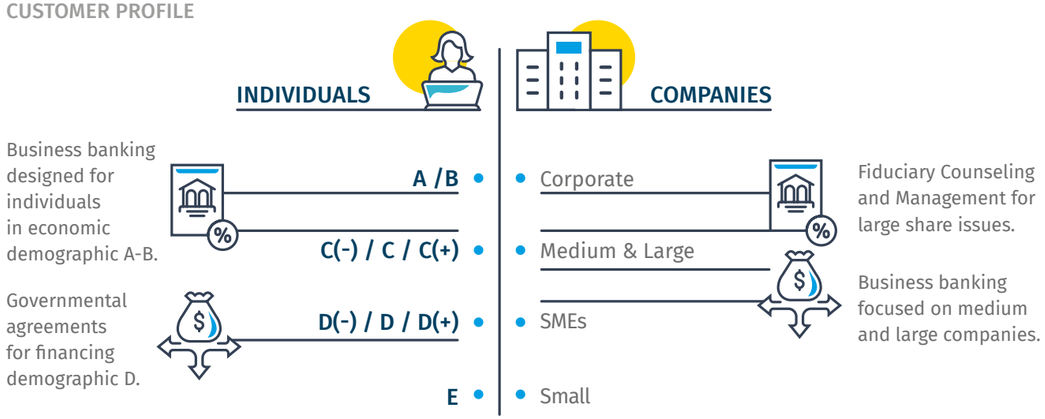
With the support of these subsidiaries and with the intent of bringing the products of CIBanco closer to as many customers as possible and in the best possible way, the Bank aims to strengthen the profitability of each business unit, the diversification of its products, and the quality of its services for the customers who trust CIBanco with their resources.

Table 1
ECONOMIC FIGURES

Captions (MXN Billions)	2019	2018
Assets	50.378	52,991
Traditional deposits	31.663	32,597
Capital	3.637	3,242
Net profit	575	562
Capitalization index	14.11%	13.31%
Total loan portfolio	11.769	11,468

CIBanco has earned the trust of 86,849 Customers, of which more than half are individuals. Nationwide, CIBanco has 218 branches in 83 key cities and tourist centers, as well as 404 ATMs, which is 50% more than the ATMs it operated in 2018.

Figure 8
CUSTOMER PROFILE



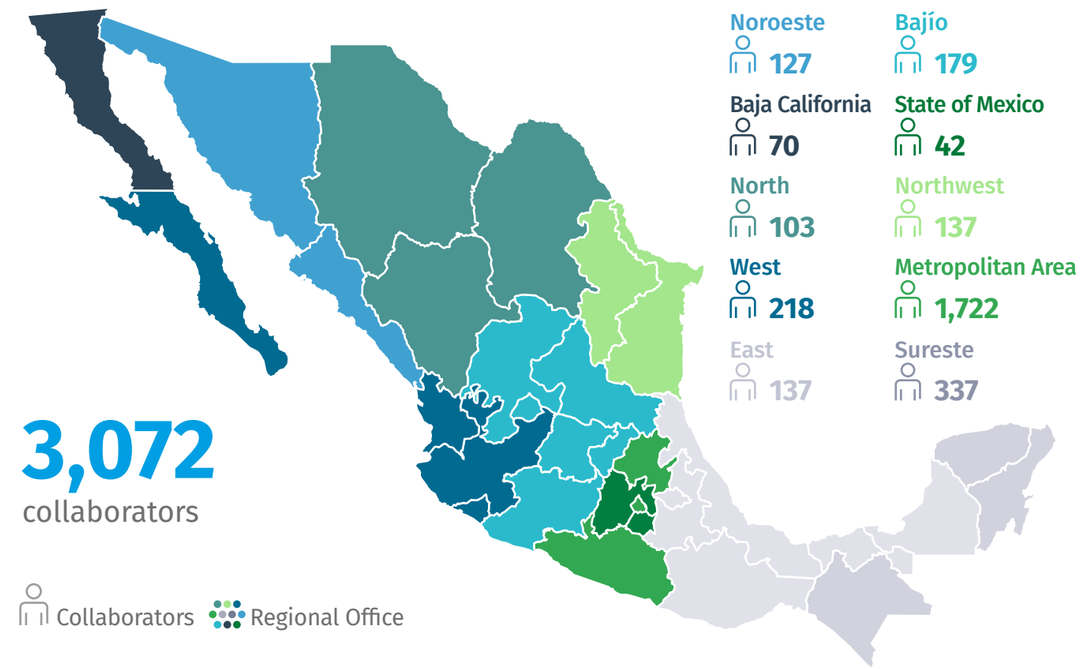
The location of customers, irrespective of whether they are individuals or legal entities, in the CIBanco customer profile has not changed as it continues to focus on the main cities in terms of demographics and contribution to GDP since the demand for sophisticated foreign exchange services, business financing, and the creation of trusts is centered primarily in the main cities throughout Mexico. While Commercial Banking is designed for individuals in economic, demographic A-B, Government Agreements are designed to finance demographic D.

Table 2
DISTRIBUTION OF THE BUSINESS PARTICIPATION PERCENTAGE PER CONSUMER UNIT

Centro Regional	Automotriz	Panel Solar	Personal
Metropolitan Regional Office	25.18%	4.07%	30.53%
West Regional Office	16.23%	16.42%	13.23%
Bajío Regional Office	14.47%	7.48%	18.32%
Southwest Regional Office	11.17%	16.10%	10.43%
Baja California Regional Office	10.06%	4.55%	3.31%
Northeast Regional Office	7.02%	8.46%	9.41%
East Regional Office	6.14%	12.03%	8.14%
North Regional Office	5.57%	21.95%	2.29%
Northeast Regional Office	4.15%	8.94%	4.33%

Mexico City, which includes the metropolitan region, has the most personnel (56%), branches(48%) and ATM's(21%)

Figure 9
GEOGRAPHICAL DISTRIBUTION OF CIBANCO COLLABORATORS 2019



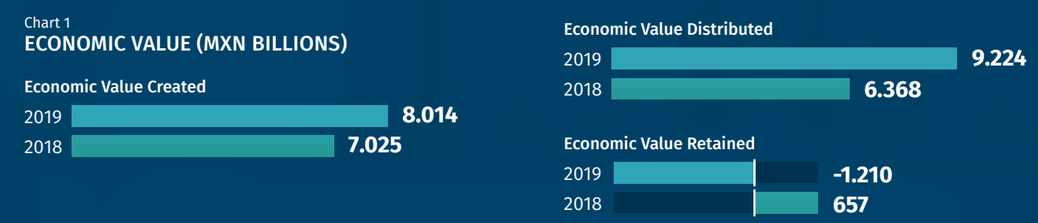
CIBanco Economic Value

201-1

Each year, CIBanco provides information regarding the creation and distribution of economic value to show how it has consistently generated wealth for its stakeholders. In 2019, the Economic Value Created grew 14%, while the Distributed Economic Value was up 45%.

In 2019, the Economic Value Distributed grew 45% YoY.

Chart 1
ECONOMIC VALUE (MXN BILLIONS)



Digital and Traditional Banking

6,135,206
Total Transactions in 2019

Means		Description	Total Transactions	Percentage of Transactions compared to Bank total		Var. % 2019/ 2018
Digital	CI Net	45,065 active users	1,058,803	17%	48% of the Bank's transactions are performed digitally	-26%
	CI Móvil	7,684 active users	1,900,116	31%		3%
Traditional	ATMs	153 owned	1,011,082	30%	52% of the Bank's transactions are performed through traditional means	7%
		251 by agreement	799,032			
	Bank Branches	218 branches in 74 cities	1,366,173	22%		16%

CIBanco supports the digitalization of its services to make its operations more sustainable, allowing it to provide secure, immediate, and efficient solutions to its customers. Since access to electronic banking is fundamental to the CIBanco operations, its electronic platforms went through a comprehensive redesign process to strengthen their identity and include new and appropriate media that comply with the values of the Institution and respond to our customers' requirements for improved functionality.

At the close of 2019, 48% of the Bank's transactions are performed through digital media:

- **"CINet"**
  Online banking configured for Pcs and laptops.
- **"CIMóvil"**
  An application designed for mobile devices such as smartphones and tablets.

Both platforms have been designed to meet the convenience, mobility, and ease specifications required by Customers to access their information and transact online with absolute comfort and security. Also, customers who have a Sustainable Account and invest their money through "CINet" receive additional returns, which undoubtedly represents efficiency in the execution and marketing processes.

CIBanco's economic sustainability is backed by the corporate values of Fair Treatment and Service Excellence.

Customer Satisfaction and ***Business Management***

102-17

CIBanco understands that its customers are an essential part of its sustainability. As such, it always keeps a watchful eye on their needs and expectations, responding to them by providing financing and saving conditions so that all customers on a personal, professional, or business level, can boost their resources, as well as those of their direct and indirect circles, and consequently, the dynamics of the national economy, to the extent possible.

These conditions are mirrored throughout Mexico thanks to the penetration and regional coverage in which CIBanco provides its services. However, their reproduction is much stronger in the country's main tourist and urban centers.

It is important to emphasize and revisit the way the service is provided and how the Bank is currently able to guarantee the continuous improvement of its services. CIBanco has a Customer Service email where it receives all complaints, concerns, or requests related to the services offered by the Bank. Communication can only be established through email or by telephone, at the Customer's request, to provide direct advice.

The Quality Department is responsible for promptly following up on each of the requests it receives. These are classified in a matrix to perform a qualitative and quantitative analysis that we can use to identify areas of opportunity in our processes that have a higher number of incidents. Thus, with the help of all the departments involved, we are able to improve our organization and processes continuously.

The products for which the Customer Service email received the highest queries in 2019 were CICash Multicurrency with 37% of the total queries and CIAutomotriz with 25% of the total queries.

The Bank also implemented the anti-money laundering Quality Management System certified under ISO Standard 9001:2015, by which CIBanco offers safety and satisfaction to its customers by ensuring that its operations comply with all applicable domestic and international provisions.

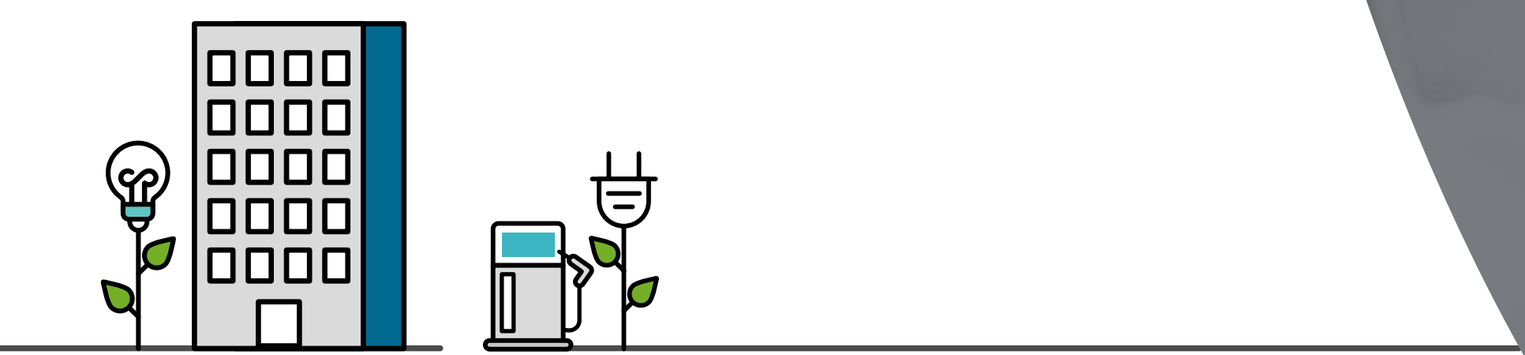
CIBanco also uses surveys as an additional means to manage, monitor, and drive customer satisfaction. These surveys allow us to identify areas of opportunity and growth regarding the services that are offered, professionalism, and product or process incentives, among others.

Based on internal surveys regarding:
Professionalism
Response time
Friendly treatment
Product knowledge
Process ease
CIBanco has obtained a 98% customer satisfaction rate.

Marketing

All of CIBanco's advertising activity is subject to current provisions and laws governing the financial industry, regulated by entities such as the National Commission for the Protection and Defense of Financial Service Users (CONDUSEF), the Bank of Mexico (BANXICO), and the National Banking and Securities Commission (CNBV).

The Marketing Department develops marketing and advertising campaigns that boost the brand and product positioning of CIBanco and communication channels that allow the Bank to maintain an ongoing dialogue with its customers and stakeholders.



Social Media

Social Media is a communication tool that allows CIBanco to strengthen the positioning of its products and services with various stakeholders, while also allowing it to open a direct, active, and efficient communication channel with its customers to share useful advice on financial education, as well as share key messages and news bulletins on economic trends, exchange rates, and finances.

Table 3
FOLLOWERS ON SOCIAL MEDIA

Social Media	Number of followers in 2019	Number of followers in 2018
Facebook	38,180	36,521
Youtube	187	129
Twitter	8,264	7,477
Instagram	467	129

*The account opening in 2019

In 2019, CIBanco launched the CICASH PINK card, now part of the CICash Multicurrency family of cards, and for each card sold, the Bank will donate USD 10 to different institutions for Mexican women who require care, treatment, and surgeries, regardless of their location and socioeconomic status.

https://www.youtube.com/watch?v=SeAkRmjmPz4

Green ***Products***

CIBanco promotes the generation and consumption of renewable energy among its Customers and within its operations to contribute to the reduction of the environmental footprint of individuals and companies in Mexico.

The solid structure, operation, and management of the business allow CIBanco's products and services to generate financial and environmental returns, which in turn translate into solid results in the mitigation and contribution to the fight against climate change.

In 2019, we generated

8,542,227 MJ

of clean energy with the purchase of solar panels from companies and individuals.

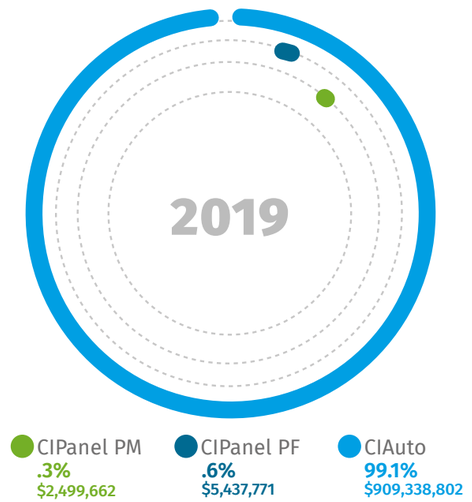
518,061 MJ

of clean energy from the operation of solar panels at various Bank branches nationwide.

At the end of 2019, the CIBanco portfolio totaled MXN 11,769 million. The green portfolio includes products like CIPanel Solar and CIAuto Verde that help reduce emissions and thus improve climate change. This portfolio will represent 7.8% of the total portfolio; in other words, more than MXN 916 million, with CIAuto Verde being the most representative with 7.7% of the total portfolio.

1MJ equals 0.27KWh

Chart 2
STRUCTURE OF GREEN PORTFOLIO AT THE END OF 2019



CIAuto Verde

In Mexico, one of the main sources of greenhouse gas (CO_2) emissions is transportation; however, in large cities, the concentration of cars affects people's mobility and health.

CIBanco offers a preferential rate product for low-emission automobiles. Low-emission cars are those that do not exceed 180 gr of CO_2/km . CIBanco has granted these types of loans to purchase cars reporting emissions of 153 gr of CO_2/km on average.

Visit the [2]RENE and [3]CIAuto Verde links for more information about CIAuto Verde.

In 2019, we granted 750 loans for the purchase of low-emission cars. Based on our internal calculations and analyzes, these loans served to prevent the emission of 22,042 tons of CO_2e, which would be equal to the emissions produced by 8,800 Mexico City residents in one year.

CIPanel Solar

As established under various international frameworks, one of the top priorities for CIBanco is to foster the use and adoption of clean energy to guarantee a sustainable future.

To achieve national and worldwide goals, governments, the private sector, civil society, and people must do their part. Taking the United Nations Sustainable Development Goals Agenda as a reference, SDG 7 establishes that it is essential for everyone to have access to energy and technologies to reduce pollution.

Since we are well aware of the benefits of photovoltaic energy, four years ago, we decided to introduce the CIPanel loan into the market. The purpose of this loan is to ensure and facilitate the use of solar panels in households and companies that will allow customers to reduce their environmental footprint and obtain medium-term economic benefits.

Installations are guaranteed for an average of 20 to 25 years. Calculations indicate that with electricity savings, people who purchase solar panels see a return on their investment in approximately five years

During 2019, CIBanco granted 782 loans—99.5% to individuals and 0.5% to businesses. The loans granted allowed for the generation of 2,372.8 MWh, which represents the mitigation of 1,250.5 tons of CO_2e, which is equal to the same amount of electrical energy consumed—with its related emissions—by 1,065 residents of Mexico for an entire year.

To learn more about CIPanel Solar click here

Biodegradable Card

The cards distributed to CIBanco Customers are made from BioPVC, which means that they are made with a type of PVC that is 100% biodegrade. As a result, at the end of their useful life, they will degrade without generating methane, even in an oxygen-free environment.

This initiative contributes to two goals of the United Nations Sustainable Development Goals Agenda: SDG 12 Sustainable consumption and production:

SDG GOAL 12.5
By 2030, significantly decrease waste production through activities aimed at preventing, reducing, recycling, and reusing waste.

SDG GOAL 12.6
Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.

In 2019, CIBanco distributed 21,713 biodegradable cards and helped mitigate the environmental impact by using environmentally-friendly materials.

CICuenta Sustentable

The Sustainable Account is a paperless bank account for which the Bank provides digital bank statements. The CICuenta Sustentable product allows account holders to make high-yield investments. In 2018, CIBanco began offering this product to companies, and by 2019, 2% of all accounts under this product corresponded to legal entities and 98% to individuals. At the year-end closing, there were a total of 1,802 sustainable accounts.

Table 4
CONSOLIDATED GREEN PRODUCTS

Green Products	2018	2019	Consolidated 2012-2019
CIPanel Solar	423	782	1,516
CIPanel Solar (legal entity)	No aplica	3	3
CIAuto Verde	2,330	750	9,257
CICuenta Sustentable	1,059	1,802	8,856
Biodegradable Card	26,287	21,713	117,919

Figure 10
ECONOMIC CHALLENGES AND ACHIEVEMENTS

2019 CHALLENGES

Update the customer service model.

Launch of the CIPanel Solar loan for companies.

2019 RESULTS

The proposal to update the customer service model was presented to Management

The Bank granted three CIPanel Solar loans to companies, with a portfolio of more than MXN 2.4 million.

2020 CHALLENGES

Increase the number of digital transactions in 2020

SDG 7: Affordable and clean energy

Debe decir The CIPanel Loan permitted the generation of 8,542,227 MJ of clean and non-polluting energy in 2019.

1MJ equals 0.27KWh

Social Sustainability

CIBanco aligns its social commitment to growth through the creation of bonds of trust with its stakeholders, among which collaborators, providers, and the public at large are fundamental.

7 AFFORDABLE AND CLEAN ENERGY
8 DECENT WORK AND ECONOMIC GROWTH
11 SUSTAINABLE CITIES AND COMMUNITIES
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION
16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Talent development and retention Remuneration system Work and family life	PERSONNEL LOYALTY AND REMUNERATION	**Personnel turnover** was down by x percentage points
Performance reviews	PERSONNEL WORK PERFORMANCE AND CONTINUOUS IMPROVEMENT	**7% of all personnel** received a formal performance evaluation
Training	COMPREHENSIVE DEVELOPMENT AND TRAINING	**13.5 average training hours** per employee
Social investment	SOCIAL RESPONSIBILITY	**MXN 6.7 million** in social investment

MATERIAL ISSUES
MANAGED BY
2019 RESULT

Click here for more information about our Remuneration System.

GOAL 8.5

Achieve full and productive employment for all.

GOAL 12.6

Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.

*Work-**Life***

102-8, 103-1, 103-2, 103-3

Sustainable and inclusive economic growth is driven through the creation of employment and decent work. CIBanco directly employs more than 3,000 people throughout Mexico. Throughout its history, CIBanco has implemented programs and measures to attract, develop, and retain the best talent, so that its collaborators can feel that the Organization is a partner in their comprehensive development and efficient performance.

In 2019, CIBanco added 3,072 collaborators to its workforce, representing 10% more than the previous year. Of our total number of collaborators, 49% are women, and 51% are men.

The general distribution is as follows:

Figure 11

DISTRIBUTION OF FEMALE COLLABORATORS

TYPE OF CONTRACT

Permanent Contracts **1,313**

Temporary Contracts **201**

TURNOVER

Turnover rate (%) **27.73**

TRAINING

Average hours of training **11.98**

EMPLOYMENT LEVEL

Directors **11**

Deputy Directors **35**

Managers **182**

Administrative and operational **1286**

NEW HIRES

Total: **505**

Tasa: **47.96%**

AGE CATEGORY

<30 years **417**

31-40 years **533**

41-50 years **394**

> 51 years **170**

PERFORMANCE REVIEWS

Directors: **6**

Deputy Directors:: **19**

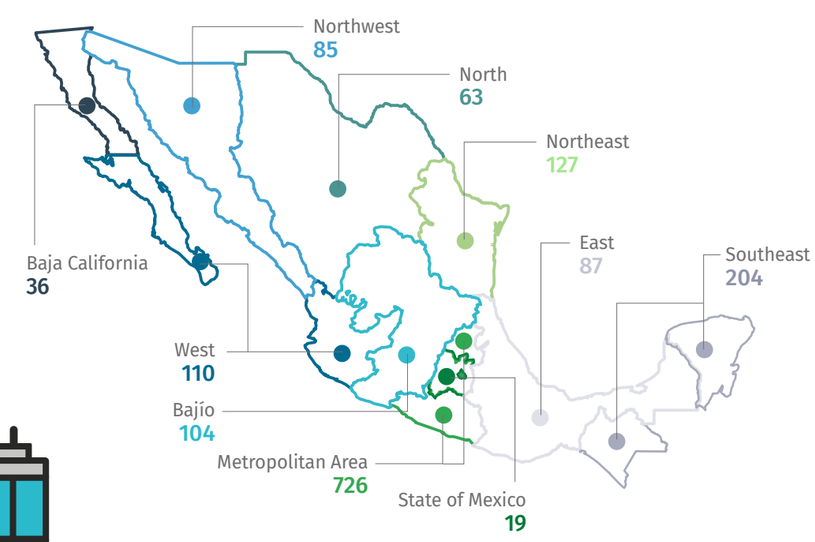
Managers: **31**

Total: 56

percentage compared to total collaborators

49%

DISTRIBUTION BY REGION



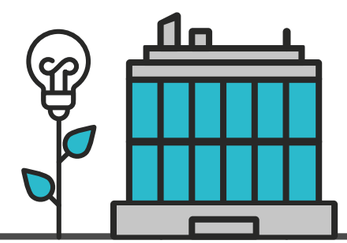


Figure 12
DISTRIBUTION OF MALE COLLABORATORS

TYPE OF CONTRACT

Permanent Contracts
1,324

Temporary Contracts
234

NEW HIRES

Total: 548
Tasa: 52.04%

TURNOVER

Turnover rate (%)
26.22

EMPLOYMENT LEVEL

Directors
75

Deputy Directors
58

Managers
275

Administrative and operational
1150

TRAINING

Average hours of training
15.63

AGE CATEGORY

<30 years
386

31-40 years
483

41-50 years
411

> 51 years
278

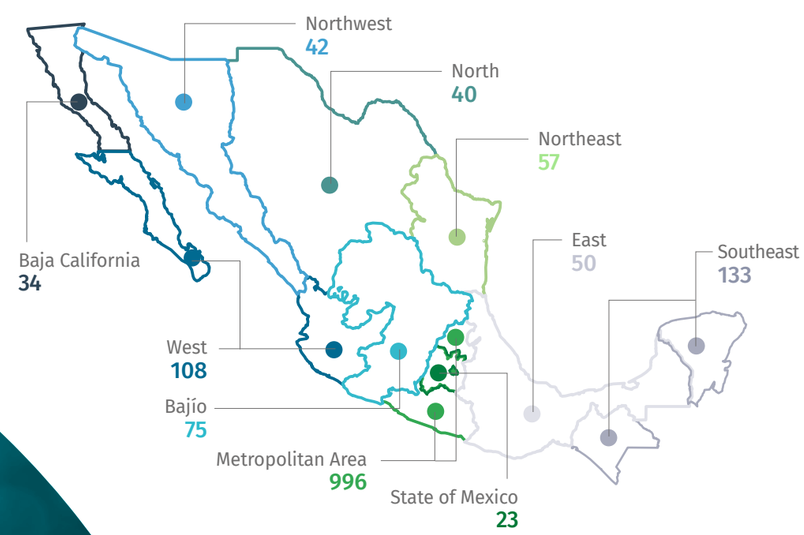
PERFORMANCE REVIEWS

Directors: 33
Deputy Directors: 32
Managers: 84
Total: 149

percentage compared to total collaborators

51%

DISTRIBUTION BY REGION



CIBanco promotes equal opportunities for both women and men to have access to decent work in an environment of freedom, equality, safety, and dignity.

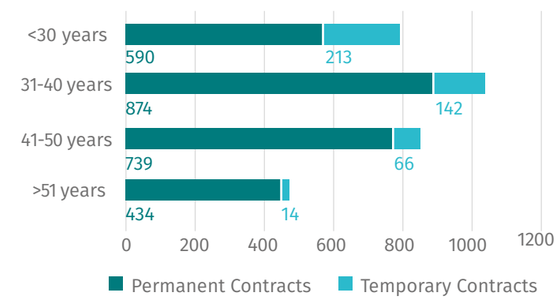
Administrative and operational positions represent 79% of the total workforce, while management positions (Directors and Deputy Directors) represent a lower percentage, with 6% of the total workforce. Regarding the employment range, 33% of collaborators are between 31 and 40 years old; 26% are between 41 and 50 years old, and 26% are under 30.

Hiring

401-2

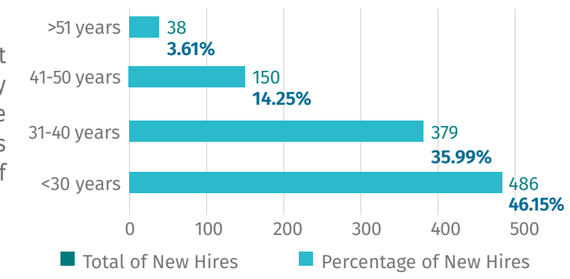
A total of 86% of all collaborators have permanent contracts, and both permanent and temporary collaborators work full time and receive the same benefits. A total of 33% of permanent contract holders are in the 31-40 year age group. In comparison, 48% of collaborators with temporary contracts are under 30.

Chart 3
TYPE OF CONTRACT IN 2019



In 2019, CIBanco made no significant changes to its workforce, remuneration system, or organizational chart. The Human Resources Department manages all matters related to our collaborators. It is in charge of managing personnel selection, development, and loyalty processes to meet the growing needs of the business or the applicable regulations. An example of this was the application of the first survey to assess the psychosocial risks our personnel is exposed to. The results of this survey led to the creation and implementation of the Psychosocial Risk Prevention Policy, in compliance with NOM 035 of the Secretariat of Labor, which became effective in 2019.

Chart 4
TOTAL OF NEW HIRES IN 2019

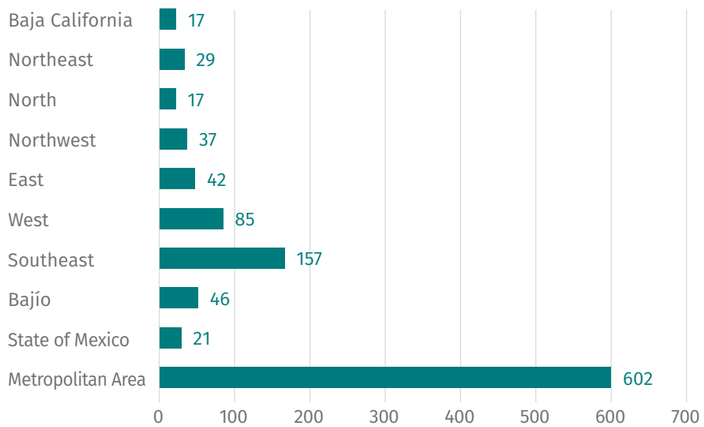


SDG 8: Decent Work and Economic Growth. CIBanco is an active employer that hired 1,053 new collaborators in 2019.

In 2019, CIBanco hired 37% more collaborators than in the previous year. Of the total contracts, 548 (52%) of new collaborators were men. Individuals under 30 years old had the highest hiring rate by age group with a total of 46%, which indicates that this age group has the highest turnover rate within the Organization with 44.97%.

Following the Metropolitan region, with 57% of collaborators, the Southeast region had the second-highest number of collaborators, with 15% in 2019.

Chart 5
TOTAL OF NEW HIRES BY REGION



Personnel loyalty ***and remuneration***

103-1, 103-2, 103-3, 401-2

To move firmly into the future, CIBanco knows how important it is to have a motivated and committed team and encourage all team players to work on a comprehensive plan that fosters professional development within the Institution by motivating them to look after their wellbeing and life plan, which is why our retention initiatives focus on the comprehensive professional development of our collaborators.

1. PERSONAL CARE

NAME OF THE INITIATIVE	GOAL	2019 RESULTS
CI Sports	Promote healthy competition and engagement in sports activities among collaborators through events organized by the Mexican Banking Association (ABM, acronym in Spanish).	Participation by 115 collaborators. Bronze medal in Women's Flag Football. Gold medal in mountain biking and road cycling. Silver medal in Frontenis.

2. FAMILY OUTREACH

NAME OF THE INITIATIVES	GOAL	2019 RESULTS
CI Mothers	To recognize, at the national level, collaborators who are mothers with a special gift.	806 mothers
CI Fathers	To recognize, at the national level, collaborators who are fathers with a special gift.	726 fathers
CI Kids	Invites the children of our collaborators to visit the workplace of their mother or father, their work environment, the technology they use, and their colleagues.	All children at the regional offices received a free kit. 580 children participated in the regional offices and 400 children in the Mexico City offices.

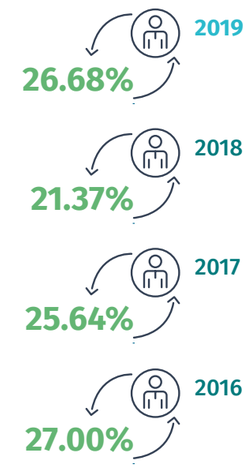
For the first time, we held an Institutional Year-End Party that brought together 1,400 collaborators from various business areas, commercial banking, and staff areas in Mexico City.

3. EMPLOYEE RECOGNITION AWARDS

NAME OF THE INITIATIVE	GOAL	2019 RESULTS
Recognition Awards Breakfast.	Recognize the commitment of the individuals who have been working at the Bank for 10, 15, 20, and 25 years.	133 individuals have been recognized nationwide.

The main achievement of the CICalidad de Vida program, which includes previous initiatives, is that the Organization has been able to maintain a healthy rotation level. In this sense, the overall rotation percentage in 2019 reached 28.68%, which is 7.31% more than in 2018.

ANNUAL TURNOVER



The **highest turnover rate** was:
Gender: Men, **26.22%**
Age: Over 51, **14.44%**
Region: Baja California, **10.69%**

The **highest turnover rate** was:
Gender: Women, **27.73%**
Age: Under 30, **44.97%**
Region: The State of Mexico, **48.00%**

CIBanco has a competitive remuneration system within the sector that offers benefits in addition to those established by law, including:

In addition to the employee training program and assessment that promote personal and professional development, CIBanco has inclusion plans for recent graduates through a trainee program. In 2019, two trainees permanently joined the departments where they began their training.

Table 5
BENEFITS

Benefits	Description
Year-End Bonus	Equal to 30 days' salary per year
Vacations	12 days during the first four years
Savings Fund	Capped at 13% of total salary
Grocery Vouchers	Capped at 10% of total salary
Meal Vouchers	MXN 500 per month

Comprehensive Development and Training

103-2, 103-3, 404-1, 404-2

CIBanco seeks to professionalize its collaborators and provide them with new and better tools to strengthen their talent since their skills are the basis of one of the strategic pillars for our business sustainability. The Human Resources Department manages the Annual Training Program that provides all collaborators with training courses in technical, regulatory, managerial, and social matters to empower them to perform their duties according to their respective lines of business and their professional development plans.

The programs are updated every year based on the specific needs of each department, and they are provided through a logistics process designed to ensure: 1) early enrollment in courses, 2) designating instructors, and 3) reviewing material before taking the course.

After each training session, participants are tested on the topics covered to assess whether the employee has learned the information provided in the course. In this way, we continuously improve our content updating processes and training.

In 2019, CIBanco invested MXN 4.2 million in training, an 11% increase compared to the MXN 4.6 million invested the previous year. However, while in 2018, the average was 15.8 hours of training per employee, in 2019, the average was 13.8 hours of training per employee, a decrease of 1.9 hours.

Table 6
TRAINING INDICATORS BY YEAR

Year	Investment in training	Investment in training by employee	Total of training hours	Average training hours per employee
2019	$4,696,440	$609	42,482	13.8
2018	$4,220,000	$1,505	44,206	15.8
2017	$3,116,000	$1,182	30,033	11.4
2016	$3,017,470	$1,298	13,874	6.0

Although the average number of training hours decreased in 2019, there was an increase in the total investment in this area. Also, the workforce increased by 10%, and according to position levels, middle management staff comprised the highest number of training hours per individual across the Bank.

CIBanco offers comprehensive training that allows collaborators to perform their duties with the highest technical skills, and to apply and share their newly acquired knowledge with colleagues to generate positive discussions, idea exchanges, and actions in the workplace.

The CIBanco training program involves three main fields: technical, dealing with operational processes and methods; regulatory, directed to legal aspects and risk management; and professional, focused on general banking services.

Tabla 7
AVERAGE HOURS OF TRAINING BY RANK

Employee level	Average training hours
Directors	7.0
Deputy Directors	10.5
Managers	16.3
Administrative and operations	13.7

Tabla 8
TRAINING TOPICS

Area of training	Topics and courses offered	Teaching methodology (in-person, online, in partnership with academic institutions)	Total collaborators trained	Percentage of men	Percentage of women	Total training hours
Technical	Comprehensive training that raises performance in all job functions through specialized technical development.	In person, online, or in partnership with academic institutions.	2,313	48.81%	51.19%	15,165.10
Regulatory	AML, Risks, Anti-corruption, Certifications, Sales Practices, ACAMS.	In person, online, or in partnership with academic institutions.	3,264	47.09%	52.91%	8,877
Professional	Internal Institutional Courses, such as Induction, Quality and CI Services, and Ethics, among others.	In-person.	2,239	42.21%	57.79%	18,440

Personnel Work Performance ***and Continuous Improvement***

103-2, 103-3, 404-3

CIBanco applies annual performance assessments to collaborators in middle management and higher positions. This assessment focuses both on the objectives of each area, in accordance with the annual business strategy, and on meeting operational and business goals. The assessments are carried out by the department directors using a quantitative scale that compares the objectives set at the beginning of the year and the results obtained at the end of the year.

In 2019, the Bank performed 205 performance reviews, of which 27% were for women and 73% for men. These assessments were applied to 7% of all collaborators, who are constantly provided with proactive and assertive feedback regarding their performance to drive continuous improvement for collaborators and the Organization.

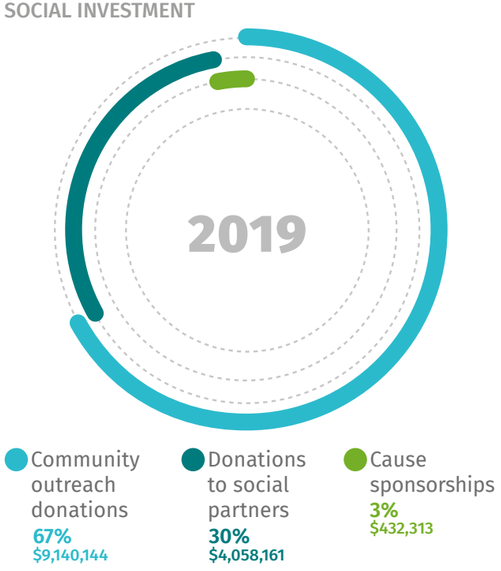
PERFORMANCE EVALUATIONS CARRIED OUT IN 2019

Social ***Responsability***

Since we are aware of the social development process that is needed in our country, we recognize that people come first. Therefore, we promote social inclusion through programs and initiatives that are aligned with the principles that distinguish the Bank, to promote, empower, and contribute to creating more resilient communities.

This social support can be seen in the amount invested and in the total number of direct beneficiaries. Another qualitative variable is public recognition and of our collaborators, which causes a sense of belonging, gratitude, and other positive connections with the Institution.

Chart 6
SOCIAL INVESTMENT



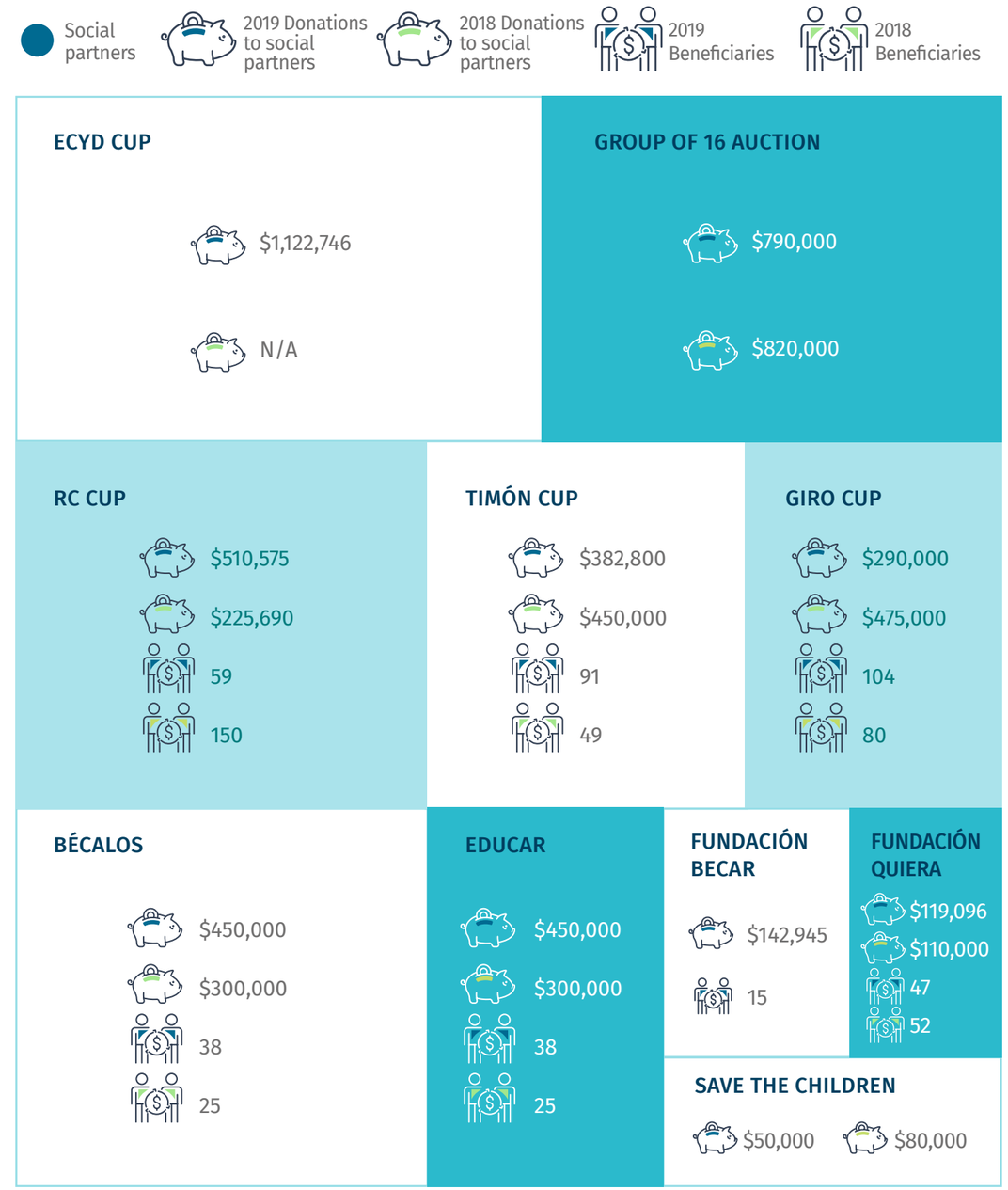
In 2019, CIBanco's social investment totaled MXN 13.6 million pesos, an amount that was divided into three important areas that allow the Bank to give more emphasis to the purpose of each investment. Of the total amount of the investment, 30% was donated directly to social partners and non-profit civil organizations that we support individually or through unions because their social causes are in alignment with the principles of transparency and significance of CIBanco.

Also, 67% of the investment was donated to respond to social outreach needs presented to CIBanco by local social organizations or educational centers. This type of initiative can have educational, environmental, or other purposes. These are not recurring donations, and there is no exhaustive monitoring of the impact of the donated funds in terms of beneficiaries.

The last 3% of the investment corresponds to sponsorships for specific social causes or backgrounds. Although the investment is not considered a donation, it has a social impact because the money is used to sponsor causes or social initiatives related to the business. For example, in 2019, more than half of this support was allocated to sponsoring events, such as the Woman of the Year award, breakfast events for businesswomen, and mentoring for female entrepreneurs, while another portion was used to support art.

$ 6.9 million was donated for the modernization and refurbishment of the Mexican Paralympic Center of CONADE, which will impact 4,200 Mexican athletes.

Figure 13
SOCIAL IMPACT -BENEFICIARIES AND INVESTMENTS 2019/2018



After the Bank reclassified its social investment based on continuous internal analyses and review processes with other organizations, it now offers greater certainty about how to create a greater impact and become more relevant in the social sphere. Gradually, CIBanco will turn social outreach donations into recurring donations for direct beneficiaries, thus increasing its access to precise evidence of the impact it creates on community wellbeing.

50%

of the social partners that were supported in 2019 have social causes related to education.

50%

of CIBanco's social partners have an impact in Mexico City, although the Bank also supports initiatives with a national (30%), state (10%), and municipal (10%) scope.

Chart 7
DISTRIBUTION OF SOCIAL PARTNERS IN 2019 BY SOCIAL CAUSE

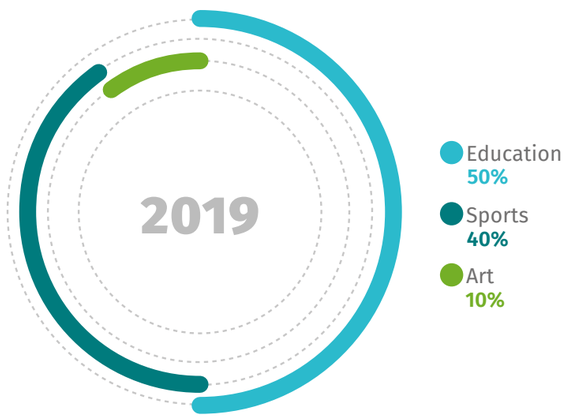
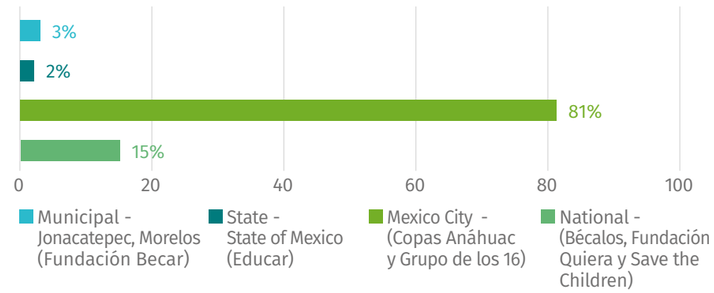


Chart 8
DISTRIBUTION OF SOCIAL ALLIES BY LOCATION AND/OR LEVEL OF INVOLVEMENT

Chart 9
PERCENTAGE OF BENEFICIARIES BY AREA AND/OR LEVEL OF INVOLVEMENT OF SOCIAL ALLIES



Providers

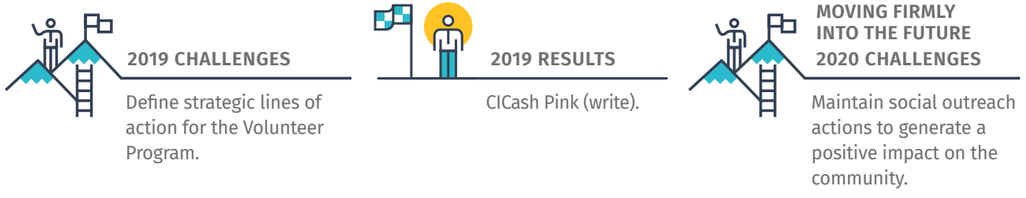
102-9, 102-10

The procurement of goods and services is carried out through a uniform and transparent process that ensures equal participation from providers and an impartial selection process based on quality, profitability, service, and sustainability criteria. In addition to meeting the company's operating needs, the purpose of our procurement activities is to build long-term, productive, and mutually beneficial relationships with our providers. The wellbeing and development of our supply chain are a key pillar of CIBanco's social sustainability, productivity, and competitiveness.

Through our provider value chain, CIBanco creates and passes on economic value and local economic development, understanding local as the place in which we carry out our activities, which is Mexico.

The amount of our purchases from providers in 2019 totaled close to MXN 1,569 billion, of which 98% or MXN 5,292 corresponded to domestic providers, and 2% or MXN 44 corresponded to foreign providers. In 2019, there were no significant changes in the Bank's supply chain, size, or geographic distribution.

Figure 14
SOCIAL CHALLENGES AND ACHIEVEMENTS



7 AFFORDABLE AND CLEAN ENERGY
8 DECENT WORK AND ECONOMIC GROWTH
11 SUSTAINABLE CITIES AND COMMUNITIES
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION
16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Environmental *Sustainability*

CIBanco works firmly on complying with its commitment to promote a sustainable future for all. It is the Green Bank of Mexico because it incorporates and offers ecological alternatives for financial services and maintains a profitable and responsible operation with the environment.

Emissions Generation and Control → CO_2 **EMISSIONS**

- Prevention of **73 tons** of CO_2e emissions thanks to the use of solar energy.
- **4%** fewer emissions compared to the previous year.

Energy Consumption and Savings → **ENERGY**

- **3%** of the energy consumed was solar power.
- On average, **0.03%** of energy was consumed per employee.

Paper Consumption and Savings → **PAPER**

- **8%** of the paper consumed was recycled.
- **40%** of the paper used comes from sustainable sources, and the other **60%** is recycled.

MATERIAL ISSUES → MANAGED BY → 2019 RESULT

Read CIBanco's Environmental Footprint reports since 2011 here.

GOAL 12.5

By 2030, significantly decrease waste production through activities aimed at preventing, reducing, recycling, and reusing waste.

GOAL 13.2

Integrate climate change measures.

In 2019, **each square meter** of the Bank's operations generated **0.08 tons of CO_2e.**

In 2019, **each CIBanco employee** emitted **0.94 tons of CO_2e.**

Environmental ***Footprint***

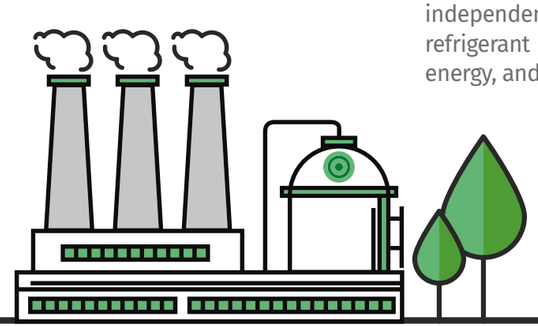
CIBanco looks to the future with optimism. Therefore, its products and operations include measures to counteract climate change and reduce the amount of polluting emissions. By monitoring and controlling its emissions and energy consumption, CIBanco reduces its environmental footprint and that of its collaborators and customers who decide to contract sustainable financial products and services, reiterating its commitment and position as the Green Bank.

In 2018, CIBanco made a major change in its operations by signing a Power Purchase Agreement (PPA) under which the Bank will be able to receive up to 80% of the energy it consumes from renewable sources, which means a significant reduction of its environmental footprint by 2020.

By the end of 2019, Bank experienced considerable growth in key operating areas, which included 9.5% more employees; 14% new branches; 50% more ATMs; and 31% more transactions.

Further, our total emissions decreased by 4%, mainly due to the constant monitoring of internal emissions and consumption.

The environmental impact that a product or service generates throughout its life cycle allows the Bank to analyze its environmental performance and evolution over time to plan the actions required to reduce negative external factors and improve the Bank's environmental management. CIBanco is concerned about the environmental impact created by its products and services; therefore, it collaborates with independent experts who identify and report on its environmental footprint. Every year since 2011, independent experts report on the Bank's energy consumption, refrigerant gas use, business travel, production of renewable energy, and paper collection for recycling.

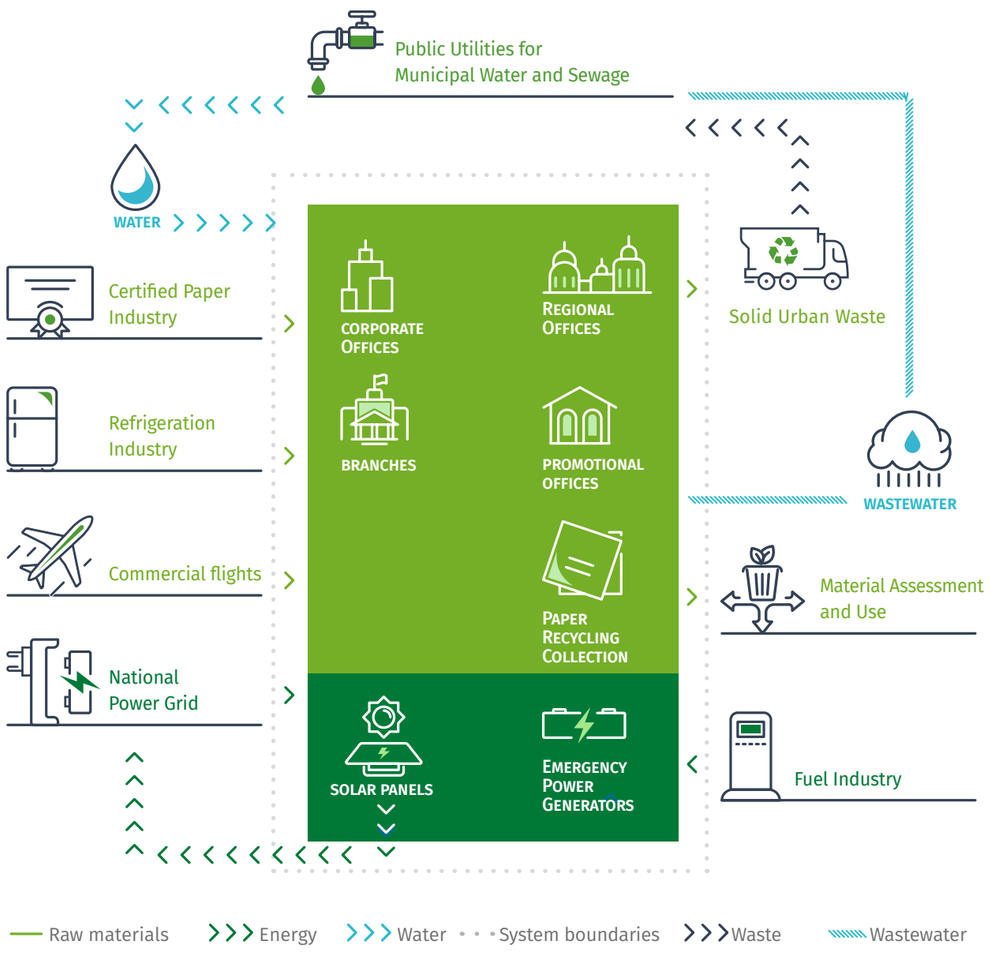


The methodology and outcomes produced from this report are used to design the Bank's sustainability policies and measures, which also helps us use the outcomes as a means to manage and assess key environmental matters, which are vital to operational sustainability.

The chart below shows the flow of materials both in and out of the boundaries of the 2018 and 2019 analysis.

Read the 2019 Environmental Footprint report **here**.

Figure 15
SCOPE OF THE 2019 ENVIRONMENTAL FOOTPRINT STUDY

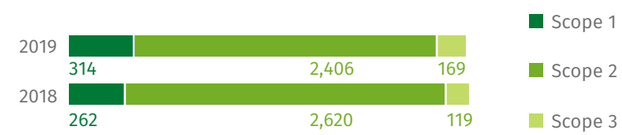


Emissions

103-2, 103-3, 305-1, 305-2 y 305-3

In 2019, CIBanco generated 2,889 tons of carbon dioxide equivalent (tons of CO_2e), which is 4% less compared to the previous year, when the Bank generated 3,002 tons of CO_2e.

Chart 10
DISTRIBUTION OF EMISSIONS BY SCOPE IN 2019-2018 (tons of CO_2e)



83% of the emissions produced in 2019 **were due to electric energy consumption.**

Regarding global emissions, the Mexico City Metropolitan area generates the most emissions with 39% of total CO_2e. In comparison, the southeast and west regions generate 15% and 9% of total emissions, respectively. Scope 3 or emissions produced by flights are more relevant in the Mexico City Metropolitan area than other regions, while Scope 1 emissions produced by the use of fuels and fugitive emissions represent 13% of total emissions in this Scope.

Table 9
DISTRIBUTION OF EMISSIONS IN 2019 BY REGION (tons of CO_2e)

	Scope 1	Scope 2	Scope 3
Baja California	10	62	
Bajío	32	208	1
State of Mexico	4	21	
Metropolitan Area	39	984	101
Northeast	24	206	2
Northwest	26	132	
North	23	135	2
West	45	219	2
East	28	161	
Southeast	83	279	62
Overall total	314	2,406	169

Scope 1[2]

103-2, 103-3, 305-1, 305-2 y 305-3

Scope 1 emissions, also known as direct emissions, are generated from processes and activities typical of the Banks operations consuming fixed mobile sources of energy.

Table 10
DISTRIBUTION OF SCOPE 1 EMISSIONS IN 2019 AND 2018

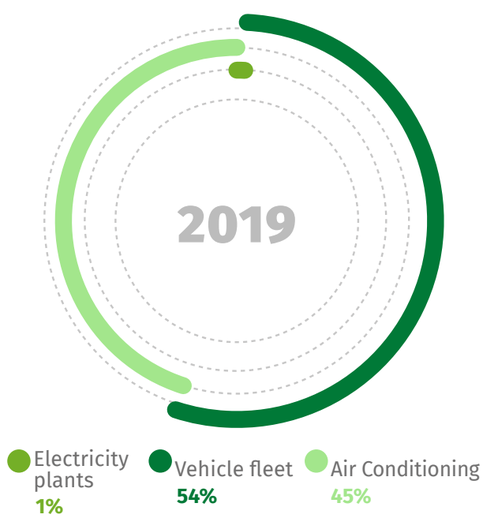
	$tonCO_2e$ in 2019	$tonCO_2e$ in 2018
Mobile (Diesel)	169	133
Stationary (Gasoline and LP Gas)	3	3
Fugitive (Refrigerants)	142	127
Total	314	262

[2]These emissions are generated within the boundaries of the organization, and for CIBanco, involve the following activities:
Stationary Sources: These are fuel emissions from equipment installed inside the company's offices for business activities. CIBanco has 10 emergency power plants operated using diesel fuel.
Mobile Sources: These are emissions from fuel used by the company's vehicle fleet, which is comprised by 30 armored utility vehicles that run on gasoline and LP gas.
Fugitive Emissions: Unintended hydrofluorocarbon (HFC) emissions that occur during use and maintenance of air conditioning equipment. CIBanco has 467 mini-split air conditioning units that use R-22 and R-410 refrigerants.

Direct emission sources include fuel used by the Bank to operate its power plants (stationary sources) and its vehicle fleet (mobile sources), as well as the refrigerants used for air conditioning.

Emissions produced this year amount to 314 tons of CO_2e, which represents a 20% increase compared to last year, due primarily to a facilities maintenance program where the equipment was refilled with refrigerant gas that represented an increase of 12%, as well as an increase of 36 tons of CO_2e due to diesel consumption to operate utility vehicles for the Bank's operations.

Chart 11
DISTRIBUTION OF DIRECT EMISSIONS IN 2019 (tons of CO_2e)



CIBanco | 2019 Sustainability Report

Scope 2[3]

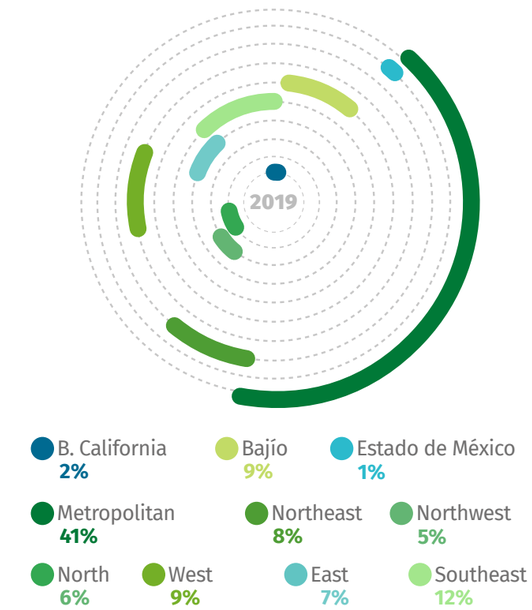
These emissions correspond to electric energy consumption, with the Federal Electricity Commission as the main source (CFE). The chart below shows the distribution of emissions by type of facility.

Chart 12
DISTRIBUTION OF SCOPE 2 EMISSIONS IN 2019 BY TYPE OF FACILITY (tons of CO_2e)

The total energy consumed from the CFE was 17,150,267 MJ. Branches consumed 55% of the total energy, while the corporate office located in the Mexico City Metropolitan Area consumed 31%.

[3]This only includes electricity consumption of the facilities for which this information is available; it does not include consumption in leased facilities.

Chart 13
DISTRIBUTION OF SCOPE 2 EMISSIONS IN 2019 BY REGION ($tonCO_2e$)



Scope 3

These emissions correspond to 731 one-way and return flight reservations made during 2019, which is equal to 169 tons of CO_2e. The two regions that generated the highest Scope 3 emissions were the Metropolitan and Southeast areas.

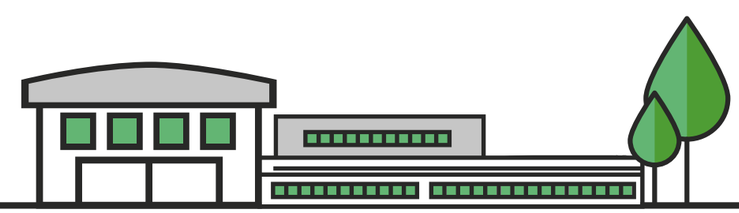
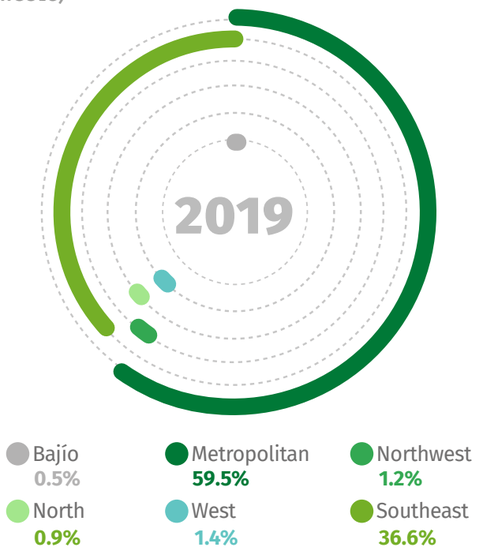


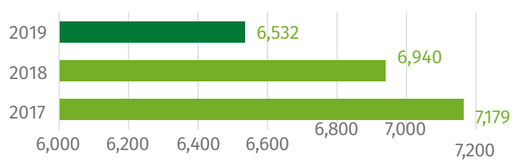
Chart 14
DISTRIBUTION OF SCOPE 3 EMISSIONS IN 2019 ($tonCO_2e$)



Energy

103-2, 103-3 y 302-1

Chart 15
AVERAGE ENERGY CONSUMED PER EMPLOYEE (MJ)



Average energy consumption per employee was reduced by 6%.

The Bank's main input is electricity, and its consumption in 2019 had a slight reduction of 0.3%, from 20.1 million MJ in 2018 to 20.4 million in 2019. Among the energy sources, gasoline consumption increased by 29% compared to the previous year.

Table 11
ANNUAL VARIATION OF ENERGY CONSUMPTION BY SOURCE

Energy Sources	2019	2018	2019-2018 Variance (%)
Diesel (MJ)	41,693	42,762	-2%
LP Gas (MJ)	91453	92,032	-1%
Gasoline (MJ)	2,266,275	1,756,322	9%
Electricity (MJ)	17,150,267	17,897,235	-4%
Solar energy (MJ)	518,061	336,432	54%
Total energy consumed (MJ)	20,067,749	20,124,783	-0.3%

The emissions related to total energy consumption were 2,578 tons of CO_2e, which corresponds to 89% of the Bank's total emissions.

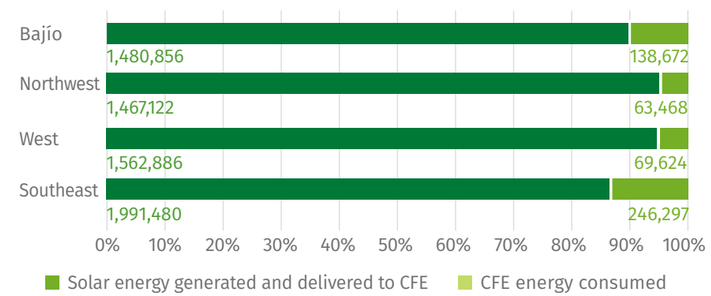
Table 12
ENERGY CONSUMPTION IN 2019 BY SOURCE

Energy Sources	2019 Consumption in MJ	2019 Generación de emisiones en ton de CO_2e
Diesel	41,693	3
LP Gas	91,453	6
Gasoline	2,266,275	163
Electricity	17,150,267	2,406
Solar energy	518,061	0
Total	20,067,735	2,578

Clean Energy

CIBanco has used solar energy at its facilities since 2015, and this consumption increased 54% from 336,432 MJ in 2018 to 518,061 MJ in 2019. Renewable energy at the end of the year represented 3% of the total energy consumption of the entire organization.

Chart 16
SOLAR ENERGY CONTRIBUTION TO CONSUMPTION BY REGION (MJ)



In the Southeast region, the Mayaland office generates 47% of all renewable energy consumed by the Bank. In contrast, total renewable energy production in the four regions with solar panels at the end of 2019 meant preventing the emission of 73 tons of CO_2e, which is equal to 2.5% of total emissions for the year.

As a result of the signing of a Power Purchase Agreement for renewable energy in 2018, the Bank installed 116 Consumer Centers in 2019 that will allow CIBanco to supply 80% of its operations with renewable energy in 2020.

Paper

103-2, 103-3 y 301-1

In 2019, CIBanco used 58 tons of standard paper for its operation, only 2% more than in the previous year. During this period, it achieved a significant reduction in the use of paper thanks to the implementation of its double-sided printing policy. The Mexico City Metropolitan area led the consumption of paper with 41%.

The Corporate Values that support CIBanco's environmental performance are Sustainability and Commitment.

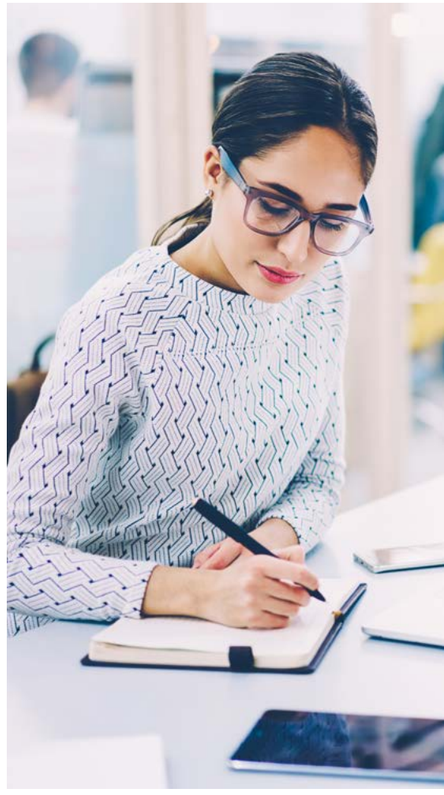
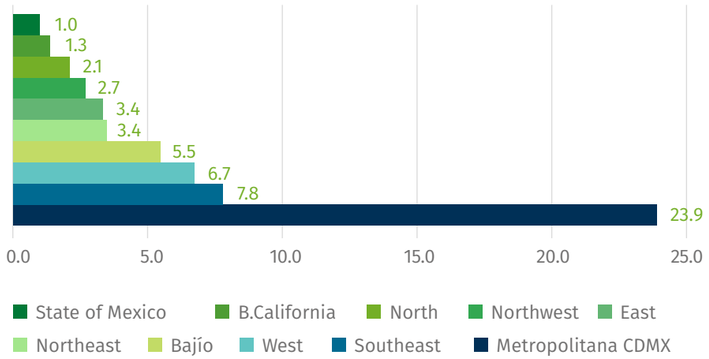


Chart 17
PAPER CONSUMPTION (tons)



Paper consumption is compensated by an entirely voluntary initiative to recycle paper through green bins, which currently implemented in the facilities of the Mexico City Metropolitan Area offices and the cities of Guadalajara, Monterrey, and Querétaro. Thanks to these bins, CIBanco was able to recycle 7.5% of the paper used during the year.

Chart 18
PAPER CONSUMPTION AND RECYCLING IN 2019 - 2018 (tons)

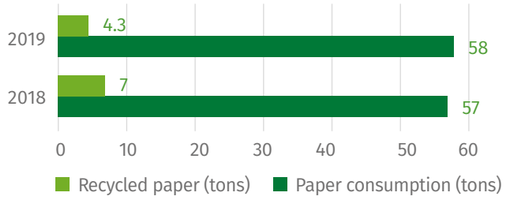


Figure 16
ENVIRONMENTAL CHALLENGES AND ACHIEVEMENTS

2019 CHALLENGES

Start the PPA and receive contracted renewable energy for Bank operation.

2019 RESULTS

A communication system was installed in 116 Consumer Centers, which will supply 80% of CIBanco's operation with renewable energy.

MOVING FIRMLY INTO THE FUTURE

2020 CHALLENGES

Begin to supply the operation with renewable energy by starting the PPA (Power Purchase Agreement).

Note on methodology:

Scope 1 emissions include those generated from direct energy consumption (natural gas, LP gas, and diesel) and fugitive emissions from refrigerants, as defined by the GHG Protocol. The greenhouse gases resulting from this scope are carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), and refrigerant gases (HCFC-22, HFC-32, and HFC-125).
Scope 2 emissions are generated from the production of electricity consumed in the facilities. In this case, we reported the CO_2e (equivalent carbon dioxide) emissions.

We used the official constants applicable to Mexico in the calculation of these emissions. In the case of electricity, we used the factors reported for the 2019 national electricity system.

In the case of fuels, the emission factors for CO_2, CH4, and N_2O reported in the AGREEMENT were established, which specifies the technical characteristics and formulas for the application of methodologies to calculate gas emissions or GHG compounds, from the Environment and Natural Resources (SEMARNAT, acronym in Spanish). In like manner, the calorific powers of fuels were those reported in the fuels and equivalents listed in the Energy balance issued by the Secretariat of Energy (SENER, acronym in Spanish). The potential for global warming was reported in the agreement that establishes the GHG or compounds that are grouped for emission reporting purposes, as well as their warming potential provided by the Secretariat of the Environment and Natural Resources (SEMARNAT, acronym in Spanish).

Lastly, Scope 3 emissions are produced by air travel, in which case, we applied the factors per route per passenger available in the corresponding application of the International Civil Aviation Organization (ICAO). As in the case of Scope 2, the calculated emissions are provided in terms of CO2e.

The calculation was made considering the approach implemented in previous years. No significant changes were reported in the methodological focus used for consolidating emissions, which is the financial control approach.

About this *Report*

102-50, 102-51, 102-52, 102-53, 102-54

This report has been prepared under the Core Option of the GRI Standards. For the third year in a row, the report has been externally verified by Valora Consultores, our new external assurance provider. These reports have been prepared annually since 2016. The previous report was published in June 2019.

This report does not provide any significant changes compared to the previous year in terms of the period covered, how the content is organized, or how the matters are covered.

All states in Mexico, where CIBanco has most of its operations, are included in this report. All the material actions and issues described in this report comprise the most important actions and initiatives regarding sustainability and social responsibility carried out by the company during the reporting period (January to December 2019).

The materiality study determined the content of this report performed in 2017 in alignment with the principles set forth by the new GRI standards. The content also reflects the most significant ethical, social, environmental, and economic aspects for CIBanco through two perspectives: influence in the decisions of our stakeholders and relevance for the company. All matters were validated by the Sustainability Department and are covered internally.

For more information regarding this report or on sustainability matter at CIBanco, please contact us at:

jbrunel@cibanco.com

http://www.cibanco.com/es/cibanco/sustentabilidad

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Independent Limited Assurance Report on the Contents of the Global Reporting Initiative ("GRI") Standards.

(Translation from Spanish Language Original). This letter has been translated from the Spanish language original and for the convenience of foreign/English-speaking readers – in case of discrepancy, Spanish prevails.

To the Management of CIBanco S.A. Institución de Banca Múltiple.,

We were required by CIBanco S.A. Institución de Banca Múltiple (hereinafter "CIBanco") to provide a limited level of assurance of the information reported on the Contents of the GRI Standards (the "Contents"), which are detailed in Appendix A attached to this Report, for the period from January 1 to December 31, 2019. In regards to the financial information contained in such Report has been audited by independent third parties.

This Independent Limited Assurance Report or the conclusions we have reached has been prepared exclusively in the interest of CIBanco in accordance with the terms of this assignment, therefore we do not accept and deny any responsibility for our work against third parties other than CIBanco.

Management responsibilities

CIBanco is responsible for preparing the information subject to our review, free from material misstatement in accordance with the Contents, the design and the presentation of the Report, according to the "core" option of the GRI Standards.

CIBanco is also responsible for the application and the maintenance of internal control deemed necessary so that the information contained in the Report is free from material misstatement whether due to fraud or error, and for identifying and ensuring that CIBanco complies with the laws and regulations applicable to its activities.

Our responsibility

Our responsibility was to carry out a limited review on the content of the Report regarding the Contents included in the GRI Standards and, based on the work performed, to issue this Independent Limited Assurance Report exclusively referring to the information corresponding to our scope and for the Report related from January 1 to December 31, 2019.

The scope of our independent review, as well as the evidence gathering procedures performed was of limited assurance level, which is less than the one performed in an engagement with a reasonable assurance level and therefore also the security level provided. This report must not be understood as an audit report.

Assurance Standards and procedures

Our work was carried out in accordance with the Standard ISAE 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standard Board (IAASB) of the International Federation of Accountants (IFAC), to ensure that the assurance process accomplishes with the ethical requirements necessary to ensure the independence of our work as auditors of non-financial information.

The procedures that were carried out, in general, are described below:

- Selection of information to review based on the materiality and prior knowledge of the company.
- Interviews with employees responsible for providing the information contained in the Report to learn the principles, systems and applied management approaches.
- Review of data collection, internal control and consolidation processes.
- Review of the scope, relevance and integrity of the information included in the Report based on the operations and the material aspects identified.
- Review of evidence based on a sampling of information according to a risk analysis.
- Review of the application of what is required in accordance with the GRI Standards.

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Conclusion

Based on our review and the evidence obtained by CIBanco nothing caught our attention that causes us to believe that their information contained in the 2019 Sustainability Report has not been obtained with reliability, was not presented properly, or that there were significant discrepancies or omissions, or that has not been prepared in accordance with the requirements established in the GRI Standards.

José Luis Madrid Garcia
Valora México President
México City, 30th July 2020

Appendix A. Reviewed Contents

The Contents reviewed in accordance with the GRI Standards are the following:

Disclosure	Description – General disclosures
102-1	Name of the organization
102-2	Activities, brands, products, and services
102-3	Location of headquarters
102-4	Location of operations
102-5	Ownership and legal form
102-6	Markets served
102-7	Scale of the organization
102-8	Information on employees and other workers
102-9	Supply chain
102-10	Significant changes to the organization and its supply chain
102-11	Precautionary Principle or approach
102-12	External initiatives
102-13	Membership of associations
102-14	Statement from senior decision-maker
102-15	Key impacts, risks, and opportunities
102-16	Values, principles, standards, and norms of behavior
102-17	Mechanisms for advice and concerns about ethics
102-18	Governance structure
102-20	Executive-level responsibility for economic, environmental, and social topics
102-22	Composition of the highest governance body and its committees
102-23	Chair of the highest governance body
102-30	Effectiveness of risk management processes
102-40	List of stakeholder groups
102-41	Collective bargaining agreements
102-42	Identifying and selecting stakeholders
102-43	Approach to stakeholder engagement
102-44	Key topics and concerns raised

Disclosure	Description – General disclosures (Continued)|
102-45	Entities included in the consolidated financial statements
102-46	Defining report content and topic Boundaries
102-47	List of material topics
102-48	Restatements of information
102-49	Changes in reporting
102-50	Reporting period
102-51	Date of most recent report
102-52	Reporting cycle
102-53	Contact point for questions regarding the report
102-54	Claims of reporting in accordance with the GRI Standards
102-55	GRI content index
102-56	External assurance
Disclosure	**Description – Economic disclosures**
201-1	Direct economic value generated and distributed
205-1	Operations assessed for risks related to corruption
Disclosure	**Description - Environmental disclosures**
301-1	Materials used by weight or volume
302-1	Energy consumption within the organization
305-1	Direct (Scope 1) GHG emissions
305-2	Energy indirect (Scope 2) GHG emissions
305-3	Other indirect (Scope 3) GHG emissions
Disclosure	**Description - Social disclosures**
401-1	New employee hires and employee turnover
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees
404-1	Average hours of training per year per employee
404-2	Programs for upgrading employee skills and transition assistance programs
404-3	Percentage of employees receiving regular performance and career development reviews

*Table of Contents – **GRI Standards***

	Content	Description	Page number / Direct answer	Omission	Assurance
GRI 101: Fundament 2016					
	Essential indicators				
GRI 102: General Disclosures 2016	102-1	Name of the organization.	36 y 37		✓
	102-2	Activities, brands, products, and services.	36 y 37		✓
	102-3	Location of headquarters.	36 y 37		✓
	102-4	Location of operations.	36		✓
	102-5	Ownership and legal form.	36		✓
	102-6	Markets served.	36		✓
	102-7	Scale of the organization.	36		✓
	102-8	Information on collaborators and other workers.	51 - 53		✓
	102-9	Supply chain.	64		✓
	102-10	Significant changes to the organization and its supply chain.	64		✓
	102-11	Precautionary Principle or approach.	23, 26, 27 y 30		✓
	102-12	External initiatives.	32		✓
	102-13	Membership of associations .	32		✓
	102-14	Statement from senior decision-maker.	11 y 12		✓
	102-15	Key impacts, risks, and opportunities.	11 – 12, 23 – 26		✓
	102-16	Values, principles, standards, and norms of behavior.	29		✓
	102-17	Mechanisms for advice and concerns about ethics.	29		✓
	102-18	Governance structure.	21-23		✓

	Content	Description	Page number / Direct answer	Omission	Assurance
GRI 102: General Disclosures 2016	102-20	Executive-level responsibility for economic, environmental, and social topics.	21-23		✓
	102-22	Composition of the highest governance body and its committees.	The age, positions, or commitment of the Board members outside of CIBanco is information that is confidential and personal to each Board member. No Board members are affiliated to underrepresented groups nor do they exclusively represent a specific stakeholder within the Board.		✓
	102-23	Chair of the highest governance body.	The Chair of the Board does not hold an executive position within the Bank.		✓
	102-30	Effectiveness of risk management processes.	23 - 28		✓
	102-40	List of stakeholder groups interés.			✓
	102-41	Collective bargaining agreements.		Omission due to the confidential nature of the information.	✓
	102-42	Identifying and selecting stakeholders.	17		✓
	102-43	Approach to stakeholder engagement.	17		✓
	102-44	Key topics and concerns raised.	18		✓
	102-45	Entities included in the consolidated financial statements.	18		✓
	102-46	Defining report content and topic Boundaries.	18		✓

	Content	Description	Page number	Omission	Assurance
GRI 102: General Disclosures 2016	102-47	List of material topics.	18		✓
	102-48	Restatements of information.	No figures were re-stated compared to the figures reported in 2018.		✓
	102-49	Reporting period.	No significant changes were made in terms of the preparation of the report compared to the prior year.		✓
	102-50	Date of most recent report.	78		✓
	102-51	Reporting cycle.	78		✓
	102-52	Contact point for questions regarding the report .	78		✓
	102-53	Punto de contacto para preguntas sobre el informe.	78		✓
	102-54	Claims of reporting in accordance with the GRI Standards.	78		✓
	102-55	GRI content index.	81 - 86		✓
	102-56	External assurance.	79 – 80		✓
Material topic					
Ethical behaviour					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary.	29		✓
	103-2	The management approach and its components.	29		✓
	103-3	Evaluation of the management approach.	29		✓
GRI 205: Anti-corruption 2016	2015-1	Operations assessed for risks related to corruption.	21		✓
Transparency in Corporate Governance management					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary.	21		✓
	103-2	The management approach and its components.	21		✓
	103-3	Evaluation of the management approach.	21		✓

	Content	Description	Page number	Omission	Assurance
Economic and Financial outlook					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary.	36		✓
	103-2	The management approach and its components.	36		✓
	103-3	Evaluation of the management approach.	36		✓
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed.	40		✓
Risk Management					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary.	24		✓
	103-2	The management approach and its components.	24		✓
	103-3	Evaluation of the management approach.	24		✓
Paper consumption and recycling					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary.	74		✓
	103-2	The management approach and its components.	74		✓
	103-3	Evaluation of the management approach.	74		✓
GRI 301: Materials 2016	301-1	Materials used by weight or volume.	74 y 75		✓
Energy consumption and saving					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary.	73 - 74		✓
	103-2	The management approach and its components.	73 - 74		✓
	103-3	Evaluation of the management approach.	73 - 74		✓
GRI 302: Energy 2016	302-1	Energy consumption within the organization.	73 - 74		✓

	Content	Description	Page number	Omission	Assurance
Generation and Control of Emissions					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary.	70-73		✓
	103-2	The management approach and its components.	70-73		✓
	103-3	Evaluation of the management approach.	70-73		✓
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions.	70-73		✓
	305-2	Energy indirect (Scope 2) GHG emissions.	70-73		✓
	305-3	Other indirect (Scope 3) GHG emissions.	70-73		✓
Work and Family Life					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary.	55 – 58		✓
	103-2	The management approach and its components.	55 – 58		✓
	103-3	Evaluation of the management approach.	55 – 58		✓
GRI 401: Employment 2016	401-2	Benefits provided to full-time collaborators that are not provided to temporary or part-time collaborators.	54		✓
Regulatory, Technical, and Sustainable Training					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary.	58 - 59		✓
	103-2	The management approach and its components.	58 – 59		✓
	103-3	Evaluation of the management approach.	58 – 59		✓
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee.	59		✓
Talent Development and Retention					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary.	53 - 54		✓
	103-2	The management approach and its components.	53 - 54		✓
	103-3	Evaluation of the management approach.	53 - 54		✓

	Content	Description	Page number	Omission	Assurance
GRI 401: Employment 2016	401-1	New employee hires and employee turnover.	52 y 54 y 56		✓
GRI 404: Training and Education 2016	404-2	Programs for upgrading employee skills and transition assistance programs.	55-58 y 60		✓
Performance Reviews and Incentives					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary.	60		✓
	103-2	The management approach and its components.	60		✓
	103-3	Evaluation of the management approach.	60		✓
GRI 404: Training and Education 2016	404-3	Percentage of collaborators receiving regular performance and career development reviews.	60		✓

Exhibit 1

Equator *Principles*

In 2012, CIBanco joined the Equator Principles in response to the environmental challenges that the world is facing and aligned with its renewed corporate philosophy.

As a result, the Institution has become the first Green Bank in Mexico, which means that CIBanco has the following three key factors:

1 Assessing the impact of its loans.

2 Measuring and managing the environmental footprint of its operations.

3 Developing and marketing green financial products that help reduce emissions and, in turn, climate change.

Adherence to the Equator Principles is a tool that is used to reinforce the Bank's commitment to sustainability.

The means of production and consumption patterns require profound changes to reverse, mitigate, and reduce environmental degradation. The private sector is now getting involved in green growth. Environmentally conscious companies are demanding that banks creatively develop new products that comply with the requirements of these new commercial models. CIBanco has taken up this challenge.

For seven years in a row, CIBanco has reported under the Equator Principles.

CIBanco has the mission to become a leader within the financial services sector in promoting sustainability as a business model, producing mutual benefit for companies and individuals alike. We believe that financial services are an essential tool in ensuring that companies and citizens assume greater accountability in caring for and preserving the environment. We believe that sustainability represents a profitable business focus that creates long-term value for our shareholders.

For CIBanco, the sustainability of the Institution is based on its stable economic performance and the continuous support of our human capital, environmental stewardship, and a culture that adheres to ethics and transparency.

This report was prepared under Equator Principles III-2013 for non-designated countries and covers the period of January 1, 2019 through December 31, 2019. This is the seventh edition of this CIBanco report.

Implementing the ***Equator Principles in our banking operations***

Since adopting the Equator Principles, we have continued to review our operating loan manual. We have begun a process to make the adjustments described as follows.

La Dirección de Administración Integral de Riesgos reporta directamente al Comité de Administración Integral de Riesgos, constituido por integrantes del mismo Consejo de Administración.

Sustainable approach

We acknowledge the benefits that our financing activities offer our customers and the environment. Our business approach to private banking is based on the following principles:

- Identifying important sectors for sustainable development and setting positive criteria to provide financing to companies that work in those sectors.
- Selecting profitable initiatives from the real economy that add value to the environment.
- Ensuring that all selected projects are consistent with our investment policy.
- Supervising the purposes of our loans.

ADMINISTRATIVE STRUCTURE

The Bank's Director of Sustainability is responsible for implementing the Equator Principles.

THE PROCEDURE BEHIND EQUATOR PRINCIPLE TRANSACTIONS

IDENTIFYING ENVIRONMENTAL AND SOCIAL RISKS

In keeping with the CIBanco policy to finance environmentally friendly projects and based on our commitment to adopting the Equator Principles, we have prepared a questionnaire to identify green projects so that the Bank can identify sustainable practices among companies and projects the Bank can support that aim to prevent, mitigate, or reverse environmental damage.

In this stage of the process, we also identify possible environmental and social risks and impacts related to each project.

CATEGORIZING PROJECTS

To categorize projects, we have prepared a questionnaire to assess environmental and social risks and to determine whether the proposed operation or project has a high, medium, or low probability of incurring in negative environmental or social risks that could affect natural resources, classifying them as Risk A (high), Risk B (low), or Risk C (low to none).

ASSESSING ENVIRONMENTAL AND SOCIAL RISKS

Under the Equator Principles, a customer must perform an environmental and social assessment of the project (Category A and Category B), prepare an Action Plan that shows how to mitigate and control project impact and risks, disclose information to and consult with the communities affected by the project, and establish a complaint mechanism, as applicable.

ENVIRONMENT

CIBanco finances initiatives, projects, and companies that are committed to the responsible use of natural resources and the environment and that provide innovative technological solutions in sectors such as:

- Renewable energy
- Energy savings and efficiency
- Sustainable infrastructure
- Environmental industry and technology (such as recycling, transportation, air, and water)

EXCLUSION CRITERIA

CIBanco has maintained exclusion criteria that establish that the Bank will not finance companies whose products, services, or production processes are unsustainable, harm society, or are in conflict with the values we share with our customers.

In this sense, CIBanco does not finance projects or business initiatives that contribute more than 10% of their activity to the following:

UNSUSTAINABLE BUSINESSES:

- **Environmentally hazardous substances.**
- Organizations and activities that produce or sell substances that represent a risk to human life or the environment.
- **Pornography.** Organizations that sell pornographic products and/or are involved in activities that promote prostitution.
- **Tobacco.** Organizations and activities that produce or sell tobacco products or related products.
- **Weapons industry.** Organizations and activities that produce and sell weapons and provide related services. These include conventional weapons such as firearms and rockets, and non-conventional weapons, such as nuclear, chemical, and biological weapons, and integrated weapons systems.

No se financian armas, tabaco, pornografía o sustancias peligrosos para el ambiente en CIBanco.

UNSUSTAINABLE PROCESSES:

- **Intensive agricultural production.** Organizations and activities that use animals intensively for consumption and that are not respectful of the environment and fail to protect the animals. Loans are only granted to organizations with environmental certifications.
- **Corruption.** Organizations that have been found guilty in a court of law for corruption, bribery, or money laundering, as well as entities that have violated codes of conduct or treaties in the last three years.
- **Animal testing.** Organizations and activities that experiment on animals for non-medical reasons or that sell non-medical products that have been tested on animals.

MANAGING ENVIRONMENTAL AND SOCIAL RISKS

In 2019, CIBanco did not grant loans for projects greater than USD 10 million. The loan portfolio held by CIBanco does not contain environmental risks and is consistent with Mexican environmental laws and regulations.

EQUATOR PRINCIPLES REPORTING

As part of our commitment to provide annual reports on our project financing transactions, where total project capital costs equal USD 10 million or more.

PROJECT FINANCING

Category	
Total	
Sector	
General Manufacture	
Infrastructure	
Oil & Gas	
Power	
Transport	
Region	
Americas	
Europe	
Asia	
By Country Designation	
Designated	
Non-designated	
Independent Review	
Yes	
No	

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PROJECT RELATED CORPORATE LOANS

Category	
Total	
Sector	
General Manufacture	
Infrastructure	
Oil & Gas	
Power	
Transport	
Region	
Americas	
Europe	
Asia	
By Country Designation	
Designated	
Non-designated	
Independent Review	
Yes	
No	

PROJECT FINANCE ADVISORY SERVICES

Number	Project Name	Country	Sector	Host Country Name	Date of transactions closed

ENVIRONMENTAL AND SOCIAL CATEGORIES

Results	Category proposed	Observations and proposed measures
Ifthe answer is YES to one or more questions marked A	A	The operation has a high probability of causing negative environmental and social impacts, with high adverse effects on natural resources. It is classified as Level A (High Risk). The operation must be forwarded to the Sustainability Committee, and the necessary studies or agreements must be implemented: • Environmental Assessment • Environmental Management Plan • Environmental Impact Assessment • Strategic Environmental Assessment • Consultation with local stakeholders • Requirements for making information available • Supervision (periodic reports) • Clauses with respect to social and environmental risks
If the answer is YES to one or more questions marked B	B	The operation has a high probability of causing short-term, local environmental and social impacts, for which there are efficient and available measures to mitigate the risks. It is classified as Level B (Medium Risk). The operation must be forwarded to the Sustainability Committee, and the necessary studies or agreements must be implemented: • Environmental and social analysis of the identified issues • Environmental Management Plan • Consultation with local stakeholders • Supervision requirements (periodic reports)
If rthe answer is NO to all the questions	C	The operation represents a low probability of causing environmental and social impacts. It is classified as Category C (Low Risk). Approval is not required.

When there is a dispute over categorizing an operation as Level A or B, the sustainability department will make the final decision.

CONTACT INFORMATION

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CIBanco
2019 *Sustainability Report*