

# FINANCIAL REPORT

FIRST  
HALF

# 2021







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## FINANCIAL ECONOMIC BALANCE

FIRST HALF 2021

The first half of 2021 seemed to offer some major changes regarding the necessary restrictions adopted in 2020, when the COVID-19 pandemic was declared. However, the world economy remained in a kind of slowdown in many processes, resulting in less room for easing than expected. This reality does not exclude the different economic sectors in Venezuela. In 2021, we commenced the year with the 7 + 7 plan and, at certain times, the confinement weeks were extended to deal with rising cases. Nonetheless, we may report some improvements within some particular sectors of the domestic economy.

The Venezuelan financial system was called upon to maintain its operations on a permanent basis, excluding the availability of agencies and customer service points network, which had to abide by the aforementioned protocol.

To ensure continuity in operations, Banesco understood, as an opportunity and a challenge, the planning of new services and products, in the electronic or digital portfolio, and the deepening of the analysis of needs and expectations regarding our customers. This was done to develop adaptations and new functionalities of the existing products and services.

- Once again, we found that reflecting
- on the business model and the digital
- transformation process go hand in
- hand with the customer experience.
- Moreover, there are no customer
- proximity procedures, which are not
- useful and necessary.



Apart from the operational continuity in compliance with the regulatory framework, Banesco has maintained constant attention to our employees' needs, who have had the option of teleworking; the extreme and necessary precautions, in addition to the information campaigns, with the purpose of strengthening both our external and internal audiences, regarding the prevention of Covid infection; and we have also maintained a special link with our allies and social partners and other related parties.

We continue to focus both on the sustainability of our business and on building lasting relationships with our audiences, maintaining our leadership in the sector and most especially, honoring the guidance of our Social Responsibility and Sustainability policy through various active programs related to education, health and financial inclusion and aligning the orientations of this policy with the 2030 Sustainable Development Goals.

During this period, we continued to strengthen our Corporate Volunteering Program, which achieved a



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higher performance in contributing towards improving our employees' quality of life. In order to definitively include and strengthen Volunteers, we work to motivate them, including their families, to make better use of their free time, become active in causes of solidarity and inclusion, and contribute to some of the 2030 SDGs.

We can summarize that in the first half of 2021, Banesco remained as a benchmark in the financial system. The variation in deposits was 218.9% with respect to the previous semester. This was driven by the reliability of our payment methods and services, especially the acquiring business, in which we processed more than 435 million transactions during that period of time.

More than VES 97.51 billion in credit operations were settled, of which 87% of the operations corresponded to the food sector and especially to the agricultural and livestock activity. In addition, the microcredit portfolio exceeded the required percentage. Credit risk management obtained highly satisfactory results and a delinquency rate of 0.00001% is reported at the end of the first half of 2021. This suggests improved risk management and portfolio quality.

We have also found that 94% of our customers already operate digitally, so we have deepened our offer comprising more and better products and services through electronic and digital channels.

Our customers are able to use the new Banesco Móvil application (P2P), which includes the old Mobile Banking with the Mobile Payment service.

This time also witnessed the launch of our Green Account for handling foreign currency, and the new Foreign Exchange Desk, added in Banesco Móvil, which

enables the purchase and sale of foreign currency. P2C and C2P services and major enhancements to portals such as My Applications and BanescOnline are available.

- As of June 2021, Banesco has 215
- Customer Service Points, which
- handled 761 thousand transactions,
- while through our digital and electronic
- channels, we exceeded 1.23 million
- transactions, accounting for 99.71%
- of the total accumulated in the first half
- of the year.

Furthermore, we have been more active throughout that time in the quantity of the marketing campaigns deployed on social networks and in traditional media, increasing our security, regulatory and informative campaigns. Our campaigns aimed at using the virtual assistant, orienting pensioners in the use of our digital platform, prevention campaigns, and new products and services have soared. Social networks and digital marketing are extremely important management channels for keeping active conversations with our clients, answering their questions and responding to their requirements.

We keep a significant institutional effort appropriately and preventively, in accordance with the legal and regulatory framework in force and related to financial services and the ongoing training of our employees on PCLC/FT/FPADM, risk culture, safety and occupational health.

As any organization concerned with contemporary trends and events, we promote knowledge manage-



## FINANCIAL ECONOMIC BALANCE

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ment and skills development as a key part of talent management. In fact, learning related to digital change and transformation, agile culture and customer experience is promoted. These topics contribute to strengthening our employees' strategic vision regarding the Organization and, in addition, we have developed a constant learning ecosystem through educational platforms of proven quality, web forums, virtual courses and alliances with educational institutions to keep our Banesco Citizens in a continuous learning process. Moreover, the whole set of contents related to the Code of Ethics and Compliance by the Bank's employees, according to the regulations that govern the banking activity is also taken into account.

During the first six months of 2021, our social investment was concentrated in the fields of health, education and financial inclusion, with a vision of sustainability.

We continue to use digital platforms to carry out most of our programs and initiatives and fulfill the commitments acquired for this period.

Our contributions to our Social Partners and Allies to support their projects and activities are leading us to advance in the fulfillment of the Sustainable Development Goals: (1) Poverty, (2) Zero Hunger, (3) Good Health and Well-Being, (4) Quality Education, (8) Decent Work and Economic Growth, (10) Reduced Inequality, (11) Sustainable cities and Communities and (17) Partnerships for Goals.

Additionally, Banesco allocated VES 1.82 trillion to strengthen the Quality of Life programs in the best interest of our employees. This amount accounts for

68.19% of the bank's total social investment during the first half of the year.

Preserving our employees' health and their families, suppliers and customers, while at the same time attending to our customers' requirements and emergencies, both in person and virtually, has remained one of the major challenges we continue to face. Our digital transformation process is continuous and extended to all possible procedures, focusing on collaborative environments.

The nature of our business tends to be evolved as the interaction with our customers moves closer to digital/electronic environment. We understand customer knowledge as essential to establish an agreement of proximity and thus create strategies to improve our products and services, while developing new channels based on artificial intelligence and digital resources. We want to develop the idea of an autonomous, self-managed customer. We refer to that one who knows how to get the necessary information and how to drive his own requirements and, at the end of the day, he or she may feel satisfied. To support this present and future customer, Barti, our virtual assistant is created.

In order to comply with our usual principle of transparency, you will find below a detailed description of our management in the first half of 2021. This half-yearly exercise is possible given the trust we have received from our customers, shareholders, employees, social partners/allies and financial authorities.

**JOSÉ GRASSO VECCHIO**

EXECUTIVE CHAIRMAN **BANESCO BANCO UNIVERSAL**



## VENEZUELAN ECONOMY

IN THE FIRST HALF OF 2021

During the first half of 2021, the already existing imbalances in the country's economy worsened due to the Covid-19 Pandemic; for instance, the first quarter of 2020, experienced a slowed down in the productive, industrial and commercial activity. Given the lack of continuity of business and operations in several sectors of the country's economic life, as a result of the measures to combat Covid-19, both public and private investments were also reduced, including demand and consumption, considering the high levels of inflation and the reduced purchasing power of a substantial number of people. Moreover, the Government, through various programs, has been contributing to alleviate the effects of the recessive environment prevailing in Venezuela and prioritizing the most needed population.

A certain improvement in the domestic oil industry during the period in question was observed. According to the Monthly Report of the Organization of Petroleum Exporting Countries (OPEC) for June 2021, Venezuela's crude oil production was 633 thousand b/d by that month. The average production for the second quarter of 2021 was 556 thousand b/d, exceeding the average production for 2020 (560 thousand b/d), driven by exports to the Asian continent and sales of improved crude oil, evidencing greater stability. The price of the Merey blend, the Venezuelan reference in the OPEC basket, recorded USD 53.52 per barrel in June, averaging USD 46.09 in 2021, higher than the one in the same period of 2020 (USD 26.61), in accordance with the increase in world oil demand and the cut agreements previously agreed upon by its member countries.



- According to the Central Bank of
- Venezuela (BCV), the International
- Reserves remained relatively stable
- ending June 30, 2021 at USD 6.18
- billion, equivalent to a decrease of USD
- 183 million (-287%) with respect to
- the close of 2020, when they totaled
- USD 6.36 billion.

The BCV also reported a monthly variation of the National Consumer Price Index in May 2021 of 28.5% (latest available data). The accumulated inflation in the first five months was 264.8%, lower than the one observed in the same period of 2020 (295.9%), thus maintaining the inflation rate decrease in the country.

Although the restrictive policy on monetary liquidity was maintained during the first half of this year, a slight relaxation of this policy was evidenced when on January 19 the BCV, through Resolution 21-21-01,



## VENEZUELAN ECONOMY

IN THE FIRST HALF OF 2021

published in Official Gazette No. 42,050, reduced from 93% to 85% the legal reserve for net debentures in local currency, maintaining the reserve for deposits in foreign currency at 31%. However, the monetization of the fiscal deficit continues and, therefore, the increase in weekly monetary liquidity (M2), which balance as of June 25, 2021 stood at VES 1.87 trillion, indicating an increase of 232.1% so far this year. This amount was made up of 4.29% of coins and bills, reinforcing the momentum of digital transactions, which have come to represent more than 90% of operations.

Regarding the official exchange rate, as of June 30, 2021, the price closed at VES 3,220,598.4/US\$, which accounts for a variation of 190.9% compared to December 30, 2020, with less volatility observed in some periods, coinciding with the BCV's interventions to inject foreign currency into the financial system and contain the rise in the exchange market.



## BANKING SYSTEM

According to the Monthly Bulletin of the Superintendency of Banks in March 2021, the structure of the Venezuelan financial system remained unchanged up to that date, with 29 institutions organized as follows: 23 private and 6 state-owned banks, with 2,924 branches, 39,094 employees, 2,775 ATMs and 424,450 points of sale. This is consistent with an evident change in the behavior of financial users, whose preferences have shifted in recent years towards the use of digital channels.

The national economy continues to be severely impacted by the restrictions resulting from the Covid-19 pandemic, in addition to those existing already in place. However, the system has been able to fully adapt to an environment of uncertainty. The continuity of customer-facing operations has been maintained by rapidly adapting its work methods, changing from on-site to virtual schemes for a large percentage of its staff, which has been possible thanks to high investments in technological resources that have contributed to preserving the flexibility required under the current circumstances, without reducing the quality of service to users.

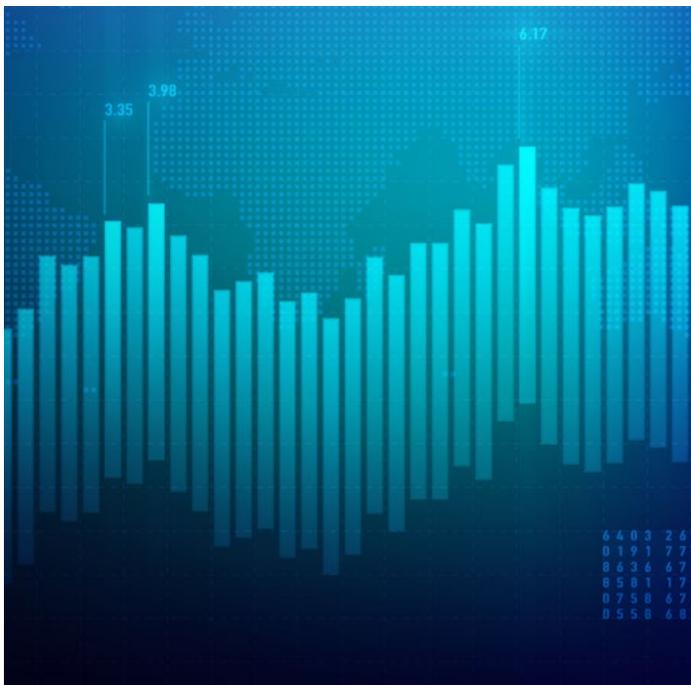
All the efforts made have been essential for the bank's good performance, presenting at the end of the first half of 2021 a total asset growth of 203.4%, reaching VES 19.10 billion, largely attributable to the boost regarding investments in public bank securities during the last six months (+ VES 7.70 billion), and concentrating 96.2% of the securities portfolio in the market.



## VENEZUELAN ECONOMY

IN THE FIRST HALF OF 2021

- Results for this period evidenced a deeper change in the structure of the balance sheet, with cash and cash equivalents accounting for 20.9% of the system's total assets, with a balance at the end of June of VES 3.98 billion, after an increase of 247.1% with respect to December 2020. From this amount, VES 1.37 billion were registered under the Central Bank of Venezuela heading.



The gross portfolio, on the other hand, reflected a half-yearly variation of VES 591.72 billion (188.8%), reaching an amount of VES 905.19 billion in June 2021, with net loans representing 4.52% of total as-

sets. This is lower than the previous semester, which in turn is reflected in a lower intermediation coefficient (16.34% on average), 3.54 percentage points lower than the one observed in December 2020 (19.89%), given the high amount to be allocated to legal reserve. This complicates the fulfillment of the main banking function, which is financing to both, individuals and legal entities, thus constituting a limitation for the generation of income, together with the opportunity cost of maintaining a significant volume of unproductive resources.

Deposits from the public amounted to VES 5.29 billion, after increasing 246.4% in the last six months. This trend was in line with the expansion of monetary liquidity and the lower credit supply, considering the portfolio revaluation.

It is worth noting the significant increase in total equity of 182.8% with respect to the end of December 2020, ending June 2021 with an amount of VES 4.12 billion.

Meanwhile, the statement of income reflects the greater dependence on other operating income, which showed a variation of 2,139.1% with respect to the first half of 2020, reaching VES 401.76 billion in June of this year. This figure accounts for an average of 45% of the system's total income, which contributed to the achievement of a net income of VES 151.69 billion.

The system ended the period with a very low delinquency rate (2.34%), while the return on average equity was around 10%, comparable to the previous half-year, but 6 percentage points higher than in the same period of 2020.



## BANESCO BANCO UNIVERSAL

IN THE FIRST HALF OF 2021

**B**anesco's total assets stood at VES 722.74 billion at the end of June 2021, an increase of VES 681.42 billion (1,649.1%) compared to the same period of 2020 and of VES 491.53 billion (212.6%) in the last half year.

During the period under analysis, we continued to focus on credit intermediation, with the coefficient that measures it standing at 33.1% as of June 2021, with a gross portfolio of VES 128.70 billion, equivalent to a market share of 14.22%, having experienced a growth of VES 58.62 billion (83.6%) with respect to the end of 2020.

Credit management focused on serving the priority sectors for national development, including the Agricultural, Fishing and Forestry sectors (53.2% of the gross portfolio), followed by the Manufacturing Industry (26.0%) and Wholesale and Retail Trade (13.7%), all while maintaining the excellent quality of the portfolio, and arrears of only 0.00001%.

Deposits increased by 1,462.3% (VES 355.95 billion) with respect to the first half of the previous year by 218.9% (VES 261.05 billion) in the first half of the current year, reaching VES 380.29 billion. Excluding foreign currency accounts, deposits from the public amounted to VES 267.60 billion, which accounts for a market share of 15.26%.



- The Bank's total equity rose to VES 140.68 billion, after a half-yearly increase of VES 97.20 billion (223.6%), bringing the equity adequacy ratio to 25.32%, well above the minimum legal requirement.

Banesco Banco Universal's net income for the first half of 2021 amounted to VES 33.14 billion, mainly as a result of the higher growth rate of financial income from credit operations and other operating income, which contributed to the achievement of a financial intermediation margin of VES 137.514 billion and led to a Return on Average Assets (ROA) of 14.35%. This is 6.7 percentage points higher than that obtained in the same period of the previous year.



## FINANCIAL HIGHLIGHTS

	Second Half 2019	First Half 2020	Second Half 2020	First Half 2021	GROWTH			
					First Half 2021 First Half 2020		First Half 2021 Second Half 2020	
					Absolute	%	Absolute	%
(Stated in Million VES)								
<b>Total Assets</b>	11,666,789	41,320,140	231,201,373	722,740,140	681,420,000	1,649.1	491,538,767	212.6
▶ Cash and Due from Banks	7,400,370	25,581,546	109,787,475	374,515,533	348,933,987	1,364.0	264,728,058	241.1
▶ Security Investments	1,091,680	3,696,878	19,523,073	49,695,395	45,998,517	1,244.3	30,172,322	154.5
▶ Credit Portfolio	1,877,681	5,032,836	68,764,361	125,821,425	120,788,589	2,400.0	57,057,063	83.0
▶ Gross Portfolio	1,913,073	5,137,887	70,087,334	128,709,190	123,571,303	2,405.1	58,621,856	83.6
<b>Deposits from Clients</b>	7,465,597	24,342,416	119,238,311	380,292,879	355,950,463	1,462.3	261,054,568	218.9
▶ Deposits in Current Accounts	6,991,270	22,997,005	112,700,231	339,607,780	316,610,776	1,376.7	226,907,550	201.3
▶ Savings Deposits	406,757	1,259,320	6,078,470	20,483,848	19,224,528	1,526.6	14,405,378	237.0
▶ Time Deposits	1,408	4,247	9,823	22,886	18,639	438.9	13,063	133.0
▶ Other Deposits	66,162	81,844	449,787	20,178,365	20,096,521	24,554.7	19,728,577	4,386.2
<b>Total Stockholders' Equity</b>	907,097	4,099,253	43,477,748	140,680,592	136,581,339	3,331.9	97,202,843	223.6
<b>Trust Assets</b>	331,059	1,423,134	7,437,477	22,375,896	20,952,762	1,472.3	14,938,419	200.9
<b>Debtor Accounts Due To Trust Assignments (FAOV)</b>	13,324	27,024	32,675	48,470	21,446	79.4	15,794	48.3
▶ Financial Revenues	425,419	1,071,286	13,298,101	75,476,078	74,404,791	6,945.4	62,177,977	467.6
▶ Financial Expenses	58,883	190,562	900,401	10,585,586	10,395,023	5,454.9	9,685,184	1,075.7
▶ Gross Financial Margin	366,535	880,724	12,397,699	64,890,492	64,009,768	7,267.9	52,492,792	423.4
▶ Financial Intermediation Margin	1,083,219	3,525,119	26,475,899	137,514,125	133,989,005	3,801.0	111,038,226	419.4
▶ Transformation Expenses	721,174	1,990,345	12,419,949	52,954,888	50,964,544	2,560.6	40,534,939	326.4
▶ Income Taxes	56,122	201,851	2,360,432	5,918,824	5,716,973	2,832.3	3,558,392	150.8
<b>Net Income</b>	153,916	880,232	9,511,234	33,145,376	32,265,145	3,665.5	23,634,142	248.5

Ratios (%)				
▶ Loan Portfolio Provisions / Non Accrual Loans	743,404.1	101,552.4	86,058,725.9	37,766,709.7
▶ Non Accrual Loans/ Gross Loan Portfolio	0.0	0.0	0.0	0.0
▶ Net Results / Average Assets *	6.9	7.6	15.6	14.4
▶ Net Results / Average Equity *	65.2	78.1	95.6	61.9
▶ Liquidity	99.4	105.6	92.1	98.5

\* Annual Percentage



## CREDIT RISK REPORTS PRONOUNCEMENT

Since the beginning of the pandemic, Banesto has implemented additional mechanisms in the credit granting process that allow the portfolio quality of previous years to be maintained, through the evaluation of criteria that determine the payment capacity in the credit analysis for new harvests, focused on essential products (food and pharmaceutical sales) and on those that generate sufficient cash flow to honor the contractual commitments acquired in UVC credits (change of name to the former UVCC and UVCP), which are more demanding in capital owed as the exchange rate deteriorates with respect to the national currency.

The relaxation of confinement measures during the first half of 2021 contributed to greater economic activity, although not as pronounced as expected. In this context, the Credit Risk Contingency Plan remained active, framed in the following strategies: 1) Weekly monitoring of the Portfolio through the Overdue Balance Committees, with which the situation of the credit portfolio is evaluated and they propose the actions to take with the clients; in order to give early warnings, and in this way, avoid an increase in the overdue balance; 2) Coordination with the credit area to ensure that payment agreements are applied with customers who do not request restructuring; implementation of new restructuring policies according to the guidelines

issued by the Regulatory Body; 3) Classification of clients from Very Low Risk to Very High Risk in order to present to the institution a review of the Loan Portfolio broken down by economic sectors as well as by concentration of loans.

- The culture of monitoring tolerance
- levels and acting proactively
- have made it possible to mitigate
- the deterioration of the portfolio,
- obtaining very satisfactory results
- in credit risk management, for
- which a delinquency of 0.00001%
- is reported at the end of the first
- semester of 2021.



## APPROVAL OF ACTIVE OPERATIONS THAT EXCEED THE PERMITTED PERCENTAGE ON THE EQUITY OF THIS INSTITUTION

In accordance with number 3 of Article 30 from the Law on Institutions from the Banking Sector, in the matters of active operations, at the end of the semester, the Board of Directors decided on the approval

of seventeen (17) credits, that by individual or group risk, in the same monthly period, exceeded five percent (5%) of the bank's equity.



# COMPARATIVE FINANCIAL STATEMENTS FOR THE LAST TWO (2) YEARS AND APPLICATION OF NET INCOME



Chairman of the Board  
Juan Carlos Escotet R.

Main Directors  
Juan Carlos Escotet R.  
José Grasso Vecchio  
Miguel Ángel Marcano C.  
Eraldo Durán Cabaños  
Merla Josefina Fernández M.

Statutory Auditors  
Emilio A. Ladera M.  
Antonio Ramón Lobo Z.

External Auditors  
Lara Marambio & Asociados (DELGITTE)

Stock Capital Bs. 12.500,00  
Capital Paid-in Bs. 12.500,00  
Capital Reserves Bs. 140.680.591.603.453,32

June 30, 2020 (Stated in VES)

ASSETS	June-21	June-20
<b>CASH AND DUE FROM BANKS</b>	<b>374.515.532.643.129</b>	<b>25.581.546.136.529</b>
Cash	76.502.261.013.064	2.547.246.046.007
Central Bank of Venezuela	151.798.913.614.193	19.156.721.766.852
Local Banks and Other Financial Institutions	525.330.526.602	29.632.449.438
Foreign and Correspondent Banks	144.927.522.452.918	3.813.500.620.900
Head Office and Branches	0	0
Pending Cash Items	720.568.546.873	33.685.652.001
(Provision for Bank Accounts)	-19.064.210.522	-1.443.399.596
<b>INVESTMENTS IN SECURITIES</b>	<b>49.636.304.646.446</b>	<b>3.896.877.778.088</b>
Investments in Central Bank	0	110.000.000.000
Investments in Trading Securities	0	0
Investments in Securities Available for Sale	12.500.525.842	17.158.449.331
Investments in Securities Held to Maturity	8.217.854.568.544	332.119.585.704
Limited Availability Investments	43.464.047.749.651	3.237.557.161.716
Other Security Investments	41.061.008	42.581.337
(Provision for Security Investments)	0	0
<b>LOAN PORTFOLIO</b>	<b>125.821.424.871.614</b>	<b>5.032.836.078.876</b>
Outstanding Credits	128.706.182.211.710	5.137.783.544.172
Restructured Credits	0	0
Past Due Credits	7.646.324	103.445.003
Credits in Litigation	0	0
(Provision for Credit Portfolio)	-2.887.764.086.433	-105.050.909.300
<b>INTEREST AND COMMISSIONS RECEIVABLE</b>	<b>721.356.921.614</b>	<b>39.624.641.404</b>
Interest receivable from cash and due from banks	0	0
Interest receivable from security investments	517.144.134	506.445.198
Interest receivable from credit portfolio	666.974.464.653	37.611.106.336
Commissions Receivable	54.066.469.698	1.821.818.025
Interest Receivable on Other Accounts Receivable	0	0
(Provision for Interest Receivable and Other)	-221.167.074	-14.726.125
<b>INVESTMENTS IN SUBSIDIARIES, AFFILIATES AND BRANCHES</b>	<b>954.776.646.277</b>	<b>37.645.589.056</b>
Investments in subsidiaries and affiliates	904.779.045.277	37.645.589.000
Investments in branches	0	0
Provision for investments in subsidiaries, affiliates and branches	0	0
<b>PROPERTY RECEIVED IN LIEU OF PAYMENT</b>	<b>2.524.437.372</b>	<b>621.887.537</b>
<b>PROPERTY IN USE</b>	<b>10.172.513.667.651</b>	<b>923.260.241.971</b>
<b>OTHER ASSETS</b>	<b>160.856.615.978.260</b>	<b>6.407.427.671.526</b>
<b>TOTAL ASSETS</b>	<b>722.740.139.810.348</b>	<b>41.320.140.025.997</b>

Statements of Earnings (Stated in VES)

	June-21	June-20
<b>Financial Revenues</b>	<b>75.476.077.552.235</b>	<b>1.071.285.180.646</b>
Revenues from Cash and Cash Equivalents	26.700.604.600	3.184.512.245
Revenues from Security Investments	4.072.564.478	112.017.895.571
Revenues from Credit Portfolio	75.445.304.163.129	956.083.772.793
Revenues from Other Accounts Receivable	28	37
Income from investments in subsidiaries, affiliates and branches	0	0
Revenues from Head Office and Branches	0	0
Other Financial Revenues	0	0
<b>Financial Expenses</b>	<b>10.585.585.851.115</b>	<b>190.562.463.442</b>
Expenses Due to Deposits from Clients	3.136.339.144.275	136.476.158.005
Expenses Due to Obligations with BICV	0	0
Expenses Due to Obligations with BANAVIH	0	0
Expenses Due to Other Financing Obtained	7.449.246.706.840	54.086.305.337
Expenses Due to Other Financial Obligations	0	0
Expenses Due to Subordinated Debt	0	0
Expenses Due to Other Obligations	0	0
Expenses Due to Head Office and Branches	0	0
Other Financial Expenses	0	0
<b>Gross Financial Margin</b>	<b>64.890.491.701.120</b>	<b>880.723.717.204</b>
Income from Recovered Financial Assets	297.111.161	16.233.028
Expenses Due to Uncollectibility of Credits and Other Accounts Receivable	866.351.828.929	58.949.406.314
Provision for Loan Portfolio and Other Accounts Receivable - Losses	854.561.568.216	58.042.562.827
Provision for Cash and Due from Banks	12.269.660.713	606.843.457
<b>Net Financial Margin</b>	<b>64.023.396.983.352</b>	<b>821.790.543.918</b>
Other Operating Income	83.471.522.429.549	3.421.303.931.890
Other Operating Expenses	9.981.334.633.646	717.975.024.576

LIABILITIES AND EQUITY	June-21	June-20
<b>LIABILITIES</b>	<b>380.292.878.584.410</b>	<b>24.342.415.715.104</b>
<b>DEPOSITS</b>	<b>339.607.780.376.323</b>	<b>22.067.004.705.508</b>
Deposits in Current Accounts	198.697.694.226.123	13.949.651.993.982
Non-Remunerated Checking Accounts	112.683.763.156.454	7.557.173.371.576
Remunerated Checking Accounts	5.873.031.156.403	464.796.281.758
Current accounts under exchange agreement N° 20	2.487.071.872.299	159.952.048.819
Demand Deposits and Certificates	19.666.219.923.044	1.224.630.413.373
Current Accounts Exchange System Free Convertibility	0	0
Special Funds in Trusts Free Convertibility System	0	0
Other Demand Liabilities	20.178.304.074.521	61.643.983.290
Obligations for Money Desk Operations	0	0
Savings Deposits	20.483.847.702.731	1.259.320.253.879
Time Deposits	22.695.736.605	4.240.709.432
Securities issued by the institution	0	0
Restricted Deposits from Clients	0	0
Right of Ownership and Participation on Security Investments	0	0
<b>OBLIGATIONS WITH BICV</b>	<b>0</b>	<b>0</b>
<b>DEPOSITS AND OBLIGATIONS WITH BANAVIH</b>	<b>9.967.860</b>	<b>588.006.690</b>
<b>OTHER FINANCING OBTAINED</b>	<b>14.371.045.247.198</b>	<b>2.410.947.858.253</b>
Liabilities with local financial institutions up to one year	14.371.045.247.198	2.410.947.858.253
Liabilities with local financial institutions more than one year	0	0
Liabilities with foreign financial institutions up to one year	0	0
Liabilities with foreign financial institutions more than one year	0	0
Other Liabilities up to one year	0	0
Other Liabilities more than one year	0	0
<b>OTHER FINANCIAL OBLIGATIONS</b>	<b>0</b>	<b>0</b>
INTEREST AND COMMISSIONS PAYABLE	118.991.389.856	13.678.924.424
Expenses payable due to deposits from clients	118.991.389.856	8.368.583.254
Expenses payable due to obligations with BICV	0	0
Expenses payable due to deposits and liabilities with BANAVIH	0	0
Expenses payable due to other financing obtained	0	5.303.341.140
Expenses payable due to other financial obligations	0	0
Expenses payable due to obligations convertible to capital	0	0
Expenses payable due to subordinated debt	0	0
<b>ACCURALS AND OTHER LIABILITIES</b>	<b>187.276.623.004.971</b>	<b>10.453.538.877.414</b>
<b>SUBORDINATED DEBT</b>	<b>0</b>	<b>0</b>
<b>OTHER LIABILITIES</b>	<b>0</b>	<b>0</b>
<b>TOTAL LIABILITIES</b>	<b>682.059.648.104.396</b>	<b>37.220.887.381.774</b>
<b>STOCKHOLDERS' EQUITY</b>	<b>12.500</b>	<b>12.500</b>
Capital Paid-in	12.500	12.500
Obligations Convertible into Shares	0	0
Uncapitalized Equity Contributions	800.400.000	800.400.000
Capital Reserves	13.750	13.750
Equity Adjustments	104.109.895.130.876	3.141.266.953.222
Accumulated Income	36.576.417.196.459	967.198.299.644
Non-Realized Gain or (Loss) on Available for Sale Security Investments	-8.516.146.283	-163.634.544
Treasury Stock	348	348
<b>TOTAL EQUITY</b>	<b>140.680.591.615.953</b>	<b>4.099.252.644.223</b>
<b>LIABILITIES AND EQUITY</b>	<b>722.740.139.810.348</b>	<b>41.320.140.025.997</b>
Contingent Debtor Accounts	515.992.840.289	109.524.205.694
Trust Assets	22.575.895.504.722	1.423.133.870.510
Other Trust Assignments	276.221	117.198.183
Debtor Accounts Due to Trust Assignments (Housing Mutual Fund)	48.469.776.746	27.023.643.982
Other Debtor Accounts (Housing Mutual Fund)	192	182
Other Debtor Memorandum Accounts	1.598.126.493.744.268	155.233.467.750.900
Other Debtor Bank Accounts	142	131
Assets of Trust Entities for Operations in Sovereign Crypto Assets	0	0

	June-21	June-20
<b>Financial Intermediation Margin</b>	<b>137.514.124.779.256</b>	<b>3.525.119.451.222</b>
Transformation Expenses	62.954.888.071.110	1.990.344.638.193
Personnel Expenses	14.306.600.356.723	558.491.779.752
Administrative and General Expenses	36.862.953.736.365	1.333.529.843.554
Contributions to Deposit Guarantee and Bank Protection Fund	758.443.027.205	51.206.385.586
Contributions to Superintendency of Banks and Other Financial Institutions	1.026.871.838.797	47.116.527.236
<b>Gross Operating Margin</b>	<b>84.559.236.708.145</b>	<b>1.534.774.915.028</b>
Income from Adjudicated Goods	1.272.081.722	0
Income from Special Programs	0	0
Income from Sundry Accounts	3.407.794.062	15.787.239.215
Expenses Due to Realizable Property	827.216.570	636
Expenses for Depreciation, Amortization and Devaluation of Miscellaneous Goods	0	0
Expenses Due to Sundry Accounts	44.798.683.169.568	468.479.405.452
<b>Net Operating Margin</b>	<b>39.764.406.186.811</b>	<b>1.082.082.747.148</b>
Extraordinary Income	0	1.236
Extraordinary Expenses	700.205.500.045	1.196
<b>Gross Income Before Taxes</b>	<b>39.064.200.626.166</b>	<b>1.082.082.747.149</b>
Income Taxes	5.919.824.211.365	201.650.949.047
<b>NET INCOME</b>	<b>33.144.376.414.801</b>	<b>880.231.798.102</b>
<b>Application of Net Income</b>	<b>0</b>	<b>0</b>
Legal Reserve	0	0
Statutory Utilities (Board of Directors)	1.988.722.584.000	52.613.907.000
Board of Directors	1.988.722.584.000	52.613.907.000
Officials and Employees	0	0
Other Capital Reserves	0	0
<b>Accumulated Income</b>	<b>31.156.653.829.801</b>	<b>827.417.891.102</b>
LOSEP Contribution	411.996.923.390	11.164.456.406

Net Income Distribution		
Legal Reserve	0	0
Statutory Utilities (Board of Directors)	1.988.722.584.000	52.613.907.000
Reserve for other provisions	0	0
Restricted Surplus	16.572.683.206.001	440.115.899.051
Surplus to apply	14.583.965.622.801	367.301.892.051
<b>NET INCOME</b>	<b>33.144.376.414.801</b>	<b>880.231.798.102</b>



# REPORT OF DEMANDS AND COMPLAINTS OF CUSTOMERS OF THE BANKING SERVICES

FIRST HALF 2021 • JULY 2021

BanESCO counts on a technological tool named IRS (Integrated Request System), that allows to manage all the clients and customers' requests and complaints, through the different customer service channels (BanescOnline, Network of National Agencies, Call Center Service and Administrative Offices), offering a swift, effective and efficient response, aligned with the current legal framework.

## A ) SUMMARY BY STATUS

In the first half of 2021, 545 complaints and requests were reported, for a total amount of 12,267,078,863 VES; of which 403 were ruled in favor of the client with a reimbursement Of 2,005,428,099 VES.

When evaluating the attention times of the claims and requirements reported by customers/ users in the first half of 2021, and starting from the premise indicated by the regulatory body where a maximum date of 20 continuous days is established for the resolution of the same, it is observed that the level of compliance in the service offer was 99.80%.

TABLE 1: SUMMARY OF COMPLAINTS AND REQUESTS REPORTED BY STATUS

Report Month	Managed				In process		Level of Compliance in the service Supply	
	Admissible		Not Admissibles		No. of Complaints	Claim Amount (VES)		
	No. of Complaints	Claim Amount (VES)	Reimbursed Amount (VES)	No. of Complaints	Claim Amount (VES)			
▶ January	29	8,309,000.00	8,249,000.00	29	6,340,136,994.00	11	127,736,700	98.28 %
▶ February	44	48,266,700.00	48,083,400.00	21	935,601,505.00	2	600,000	100.00 %
▶ March	70	641,042,000.00	640,771,700.00	13	315,748,964.00	0	0	100.00 %
▶ April	89	169,900,000.00	169,856,000.00	14	1,157,381,000.00	12	95,848,000	100.00 %
▶ May	84	455,500,000.00	450,468,000.00	19	396,108,000.00	11	413,330,000	100.00 %
▶ June	87	688,000,000.00	687,999,999.00	7	462,570,000.00	3	11,000,000	100.00 %
<b>Total I Half</b>	<b>403</b>	<b>2,011,017,700.00</b>	<b>2,005,428,099.00</b>	<b>103</b>	<b>9,607,546,463.00</b>	<b>39</b>	<b>648,514,700</b>	<b>99.80 %</b>

## B) SUMMARY BY TYPE OF FINANCIAL INSTRUMENT

TABLE 2: SUMMARY OF REPORTED CLAIMS AND REQUIREMENTS SEGMENTED BY FINANCIAL INSTRUMENT

Report month	Credit Card (CC)		Debit Card (DC)		Savings		Checks		Customer Service	
	No. of Complaints	Claim Amount (VES)	No. of Complaints	Claim Amount (VES)	No. of Complaints	Claim Amount (VES)	No. of Complaints	Claim Amount (VES)	No. of Complaints	Claim Amount
▶ January	2	35,866,700	67	6,440,315,994	—	—	—	—	—	—
▶ February	2	35,866,700	65	948,601,505	—	—	—	—	—	—
▶ March	—	—	83	956,790,964	—	—	—	—	—	—
▶ April	—	—	114	1,423,129,000	—	—	—	—	1	—
▶ May	—	—	114	1,264,938,000	—	—	—	—	—	—
▶ June	—	—	97	1,161,570,000	—	—	—	—	—	—
<b>Total I Half</b>	<b>4</b>	<b>71,733,400</b>	<b>540</b>	<b>12,195,345,464</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>

Relationship of the Type of Financial Instrument and Code in the database: Credit Card (30), Debit Card (31), Savings (33), Check (34), Customer Service (50).



## CAPITAL ADEQUACY RATIO POSITION

Pursuant to provisions of Resolution 305.09, dated July 9, 2009, published in Official Gazette No. 39,230 of July 29, 2009, the following principles and procedures are established to calculate the capital adequacy ratio:

### CAPITAL ADEQUACY RATIO:

is calculated by dividing the amount of accounting capital plus operating management by the total value assets. The ratio when multiplied by one hundred (100), shall not be less than nine percent (9%), as published in Official Gazette No. 40,509, dated October 01, 2014.

Likewise, through Circulars SIB-II-GGR-GNP-10189, dated April 07, 2016 and SIB-II-GGR-GNP-24974 dated November 22, 2017, the Superintendency of Banking Sector Institutions (SUDEBAN) grants regulatory exception to determine the Accounting Capital Adequacy Index”, provided for in Article 6 of the aforementioned Resolution No. 305.09, in the following terms:

### SIB-II-GGR-GNP-10189 (DATED APRIL 07, 2016)

a) Exclude from Total Assets, as defined in Article 2 of the aforementioned Resolution, the balance of the following items:

- ▶ Bonds and debentures issued by the Central Bank of Venezuela
  - Deposits in the Central Bank of Venezuela
  - Available funds from the bank in the Central Bank of Venezuela (Including the legal reserve)
  - Bonds and debentures issued by the stated owned company Petróleos de Venezuela, S.A. (PDVSA).

b) Include in the accounting capital, in accordance with the definition set forth in the aforementioned Article 2, the amount corresponding to:

- ▶ Generic provision for loan and microloan portfolio
- ▶ Countercyclical provision for loan and microloan portfolio

The amount to be included for the aforementioned provisions will be the amount corresponding to the percentages established in the regulations issued by the Superintendency for this purpose.

### SIB-II-GGR-GNP-12738 (DATED APRIL 27, 2016)

Banking institutions must include in the determination of primary capital (Level I), the amount corresponding to the generic and countercyclical provision.

The sum to be included for the aforementioned provisions will be the amount corresponding to the percentages established in the regulations issued by the Superintendency for this purpose.

### RESOLUTION NO. 025.17 (DATED MARCH 28, 2017)

The “Rules Regarding the Application of the Revaluation of Assets in Banking Institutions” were established whereby the Superintendency of Banking Institutions instructs that the amount of the Revaluation “may not exceed the total Primary Capital (Level I) of the Institution considering the parameters established in the Rule that regulates the calculation of the Total Capital Adequacy Ratio. Likewise, Art. 6 states that recording the amount of assets revaluation under Assets will be made in the accounts and subaccounts established in the Accounting Manual for Banking Institutions, with a



## CAPITAL ADEQUACY RATIO POSITION

balancing entry in the account 351.00 Equity caption “Adjustment for Revaluation of Assets”.

### TOTAL EQUITY ADEQUACY RATIO (LEVEL I)

Is the ratio of Primary Equity (Level I) to the total amount of assets and contingent operations weighted by risk levels. This shall be no less than 6%.

### TOTAL EQUITY ADEQUACY RATIO

Consists of the sum of the value of Primary Equity (Level I) plus Supplementary Equity (Level II), divided by the total amount of assets and contingent operations, weighted by risk levels. The quotient, when multiplied

by one hundred (100), shall not be less than twelve percent (12%).

According to the proposed arrangement and based on the results obtained in June 2021 and December 2020, the percentages achieved are:

Description	June 2021	Dec. 2020
Capital Adequacy Ratio	25.32%	27.58%
Total Capital Adequacy Ratio	38.60%	36.01%
Tier 1 Capital Adequacy Ratio	38.60%	36.01%

## PARTICIPATION IN THE COUNTRY'S PRODUCTION SECTOR

AT 30 JUNE, 2021

The largest share of the Credit Portfolio is found in the Agricultural, Fishing and Forestry Sector with 53.2%; followed by Manufacturing Industry with a

proportion of 26.0% and closing with 13.7% the Wholesale and Retail Trade, Restaurants and Hotels Sector.

Economic Activities	Outstanding	Restructured	Past Due	In Litigation	Total	% Composition
■ Agriculture, Fishing and Forest	68,516,895,112,634	0	0	0	68,516,895,112,634	53.2%
■ Hydrocarbons and Mining Exploitation	5,805,020,997	0	0	0	5,805,020,997	0.0%
■ Manufacturing Industry	33,462,502,715,155	0	0	0	33,462,502,715,155	26.0%
■ Electricity, Gas and Water	42	0	0	0	42	0.0%
■ Construction	2,889,284,439,979	0	0	0	2,889,284,439,979	2.2%
■ Trade, Restaurants and Hotels	17,656,762,887,903	0	600,031	0	17,656,763,487,934	13.7%
■ Transport, Storage and Communications	1,380,491,053,789	0	0	0	1,380,491,053,789	1.1%
■ Financial Establishments, Real State and Services Provided to Companies	1,419,378,496,235	0	20,000	0	1,419,378,516,235	1.1%
■ Community, Social and Personal Services	3,378,062,484,977	0	7,026,294	0	3,378,069,511,271	2.6%
<b>Subtotal (VES)</b>	<b>128,709,182,211,710</b>	<b>0</b>	<b>7,646,324</b>	<b>0</b>	<b>128,709,189,858,034</b>	<b>100.00 %</b>



## ELECTRONIC CHANNELS AND BANK AGENCIES

As of June 2021 close, Banesco had a wide network of physical and electronic distribution channels whereby the Bank offers a wide range of products and services:

- ▶ 215 Service Points (agencies, satellites and Banesco Express).
- ▶ 125,599 Points of Sale.
- ▶ 412 ATMs (167 Monofunctional y 245 Multifunctional).



## EXTERNAL AUDITOR'S REPORT

The financial statements of the Bank corresponding to the first half of 2021, included in this report, were audited by the external auditors of the Institution, “Lara Marambio & Asociados” (DELOITTE), and confirmed the fairness of such financial statements.

## LIQUIDITY, LEVERAGE, EFFICIENCY AND PROFITABILITY INDICATORS

Principal Financial Indicators	Jun. 21	Dec. 20	Jun. 20	Dec. 19
<b>1. Equity</b>				
▶ Equity + Operative Management / Total Assets	25.32 %	27.58 %	19.21 %	17.04 %
▶ Non-Productive Assets / Equity + Operative Management	381.07 %	322.18 %	781.35 %	929.14 %
<b>2. Assets Quality</b>				
▶ Loan Portfolio Provisions / Gross Loan Portfolio	2.24 %	1.89 %	2.04 %	1.85 %
▶ Non Accrual Loans / Gross Loan Portfolio	0.00 %	0.00 %	0.00 %	0.00 %
<b>3. Management</b>				
▶ Personnel Expenses + Operative Expenses/ Average Productive Assets *	67.63 %	67.35 %	66.43 %	83.05 %
▶ Personnel Expenses + Operative Expenses / Financial Income *	67.80 %	97.24 %	176.61 %	163.53 %
<b>4. Earnings</b>				
▶ Net Results / Average Assets *	14.35 %	15.60 %	7.62 %	6.92 %
▶ Net Results / Average Equity *	61.92 %	95.63 %	78.13 %	65.23 %
<b>5. Liquidity</b>				
▶ Availability / Customer Funds	98.48 %	92.07 %	105.09 %	99.13 %
▶ Availability + Investment in Securities / Customer Funds	98.48 %	92.09 %	105.61 %	102.89 %

\* Annual Percentages



# INTERNAL AUDITOR'S REPORT ON THE INTERNAL CONTROL OF BANESCO BANCO UNIVERSAL, C.A.

FIRST HALF 2021

## INTRODUCTION

Pursuant to provisions of article number 28 of the Decree with Rank, Value and Force of Law of the Partial Reform of the Banking Institutions Law (LISB), published in Special Official Gazette No. 6,154, dated November 9, 2014, reprinted in Special Official Gazette No. 40,557, dated December 08, 2014, as well as all corresponding regulations issued by the Superintendency of Banking Institutions (hereinafter, SUDEBAN), published in the Official Gazette No. 40,484, dated August 27, 2014, articles 1 and 16 of Resolution 064.14 "General Rules on the Internal Audit Unit of Banking Sector Institutions", we submit the summary of the management, conducted works and activities carried out by the Internal Audit Unit at Banesco Banco Universal, during the term comprising January 01, 2021 and December 31, 2021, for the presentation and consideration of the Audit Committee and the Board of Directors.

Banesco Banco Universal, C.A. has a defined and functioning Internal Audit Unit performing its assurance and consulting functions in an independent and objective manner. In this regard, it is vested with the necessary powers and resources to plan and execute its activities and to timely report the results obtained in the effectiveness evaluation regarding the risk management, control and governance processes. Its purpose is to improve and protect the value of the Organization, delivering high quality products with a proactive and continuous improvement approach.

The Vice President of Internal Auditing has been assigned the role of Internal Auditor, as established in Resolution 064.14 "General Norms Related to the Internal Auditing Unit of the Banking Institutions", which

reports functionally and administratively to the Board of Directors of Banesco Banco Universal, C.A.

The Unit is constituted in accordance with provisions of Resolution 064.14, with personnel assigned who meet the appropriate requirements, competence, knowledge and experience to adequately perform their duties.

A Manual, establishing the principles, policies, standards and procedures related to the Internal Audit function, has been formalized and is being used, which are adjusted to the sensible regulations and standards in force at national level, to international standards and best practices, and to the policies and principles established internally within the Organization. From time to time, or if there are significant regulatory or functional changes, they are submitted for consideration by the Audit Committee and its approval is recommended to the Board of Directors.

## CRITERION FOR THE FUNCTIONING OF THE INTERNAL AUDIT UNIT

The Internal Audit Unit applies a risk-based approach through across-cutting analysis of the value chain of the processes evaluated.

Regarding its activities development, the Internal Audit the following criteria:

- ▶ The structure and operation of the Internal Audit Unit is in accordance with Resolution 064.14 "General Standards for the Internal Auditing Unit of Banking Sector Institutions".
- ▶ For the underwriting function, the rules established by SUDEBAN are applied, as well as all the regulations in force governing the banking activity.



## INTERNAL AUDITOR'S REPORT ON THE INTERNAL CONTROL OF BANESCO BANCO UNIVERSAL, C.A.

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- ▶ The International Framework for Professional Practice (IFPPA), which establishes the principles and standards for the practice of the Internal Audit function, is used as a reference.
- ▶ The Unit's management is oriented towards risk-based auditing, performing assurance in the first- and second-line processes according to the schedule established in the Audit Plan.
- ▶ The Internal Audit Operating Plan is evaluated by the Audit Committee, which recommends its presentation to the Board of Directors for formal approval.
- ▶ Monthly reports are prepared for the Audit Committee and the Board of Directors concerning the progress in the execution of the Operating Plan and the results obtained in the completed audits.
- ▶ Continuous reporting is kept to the Comprehensive Risk Management Unit about the observations derived from the evaluation of processes and units that involve direct or indirect generation of risks, including a half-yearly report to the Risk Committee.
- ▶ Audit tests are applied for the evaluation of significant exposures and verification of the effectiveness of the Internal Control Environment. The purpose is to evaluate whether risk are adequately managed, contributing to the continuous improvement of the processes and areas of Banesco Banco Universal, C.A.
- ▶ The mitigation and control strategies defined by the areas responsible for the management of the risks identified are followed up, thus guaranteeing the closing of the assurance cycle.

### SCOPE AND COVERAGE OF INTERNAL AUDIT UNIT MANAGEMENT

For the first half of 2021, reviews were carried out with the coverage established in the Internal Audit Operating Plan, among which the following aspects stand out:

#### GENERAL INTERNAL CONTROL ASPECTS

- ▶ Rating of the effectiveness within the internal control environment by evaluating the different factors that involve the updating, application, operation and effectiveness of the control activities included in the processes, the comprehensive risk management framework, the efficiency and productivity of the resources, and the corporate governance structure.
- ▶ Review and verification of compliance with the legal provisions that regulate the banking activity and, in particular, the provisions of the Decree with Rank, Value and Force of Law for the Partial Reform of the Banking Sector Institutions Law (LISB), other resolutions, circulars and official notices issued by SUDEBAN, including other regulations in force related to the banking activity applicable to the reviewed activities.
- ▶ Follow-up and validation of the documentation and supports that evidence the correct implementation within the established deadlines of the action plans programmed by the responsible parties. The purpose is to address the internal control findings and observations identified.
- ▶ Timely attention to certifications and statements requested by SUDEBAN, other official agencies, the Audit Committee and the Board of Directors.



## INTERNAL AUDITOR'S REPORT ON THE INTERNAL CONTROL OF BANESCO BANCO UNIVERSAL, C.A.

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### RISK MANAGEMENT

- Evaluation of compliance with Resolution 136.03 "Standards for Adequate Comprehensive Risk Management" including the validation of the organizational structure set forth in the regulations, and the design of methodologies to identify, measure, control, monitor and assess banking risks.
- Assessment of the effectiveness of the Comprehensive Risk Management processes for closing the gaps identified in internal reviews, external audits and regulatory inspections.

### PREVENTION AND CONTROL OF LC/FT/FPADM

- Execution of the audits planned for the period in the "Annual Evaluation and Control Program", in accordance with provisions of Resolution 083.18 "Rules for the Administration and Control of Risks Related to Money Laundering, Financing of Terrorism and the Proliferation of Weapons of Mass Destruction applicable to Banking Institutions". Risk Management processes, the Annual Training Program, as well as the operation of Comprehensive Risk Management System (SIAR), are also evaluated.
- Evaluation of the "Know Your Customer" Policy by verifying the controls established in the processes of customer registration, account opening and file creation.

### I.T., INFORMATION AND CONTINUITY PROTECTION

- Compliance with controls established in the "I.T., Dematerialized Financial Services, Electronic, Virtual and E-Banking Regulations for entities subject to the Control, Regulation and Supervision of the Superin-

tendency of Banks and Other Financial Institutions" corresponding to Circular 01907 was monitored.

- Evaluations on the components of the technological platforms that enable SWIFT services and the Electronic Clearing House were conducted.
- The Business Continuity plans were evaluated and a visit was made to the Main Computing Center and the physical and logical security controls were evaluated.

### CREDIT

- Evaluation of the processes of request, analysis, documentation, settlement, reconciliation and control and custody of the 500 largest debtors.
- Evaluation and matching of the Single Productive Portfolio (UVCP) and the Multi and Micro Loan Portfolio to verify the reasonableness of the accounting records, the establishment of provisions, and the completeness and sufficiency of the guarantees accepted as collateral for the loans granted, in accordance with the following regulations:
  - Resolution No. 009-1197 "Standards regarding the classification of risk in the credit portfolio and calculation of its provisions".
  - Resolution No. 20-02-01 establishing the use of Productive Credit Value Unit for the credits granted within the framework of the Single National Productive Portfolio".
  - Resolution No. 070.19 "Regulations related to the application and recording of net profits generated by increases or decreases resulting from variation



## INTERNAL AUDITOR'S REPORT ON THE INTERNAL CONTROL OF BANESCO BANCO UNIVERSAL, C.A.

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in the capital of trade receivables under Resolution 19-09-01”.

- Resolution No. 008.20 “Special conditions for loans granted prior to the entry into force of Decree No. 4,168”.
- Circular 14478 “Accounting records of trade receivables under Resolution 19-09-01”.

### TREASURY

- ▀ Verification of the accounting records and balances of the securities, in national and foreign currency, owned by the Company and third parties, as well as the reasonableness and accuracy of the items “Investments in Securities” and “Investments in Subsidiaries, Affiliates and Branches”, in accordance with provisions of the Decree with Rank, Value and Force of Law for the Partial Reform of the Banking Sector Institutions Law (LISB), and the Accounting Manual for Banking Institutions issued by SUDEBAN.
- ▀ Assessment of compliance with Resolution 136.15 “Norms Related to the Adequate Comprehensive Liquidity Risk Banking Management”.

### FINANCIAL STATEMENTS

- ▀ Review of the Financial Statements, in accordance with provisions of the Decree with Rank, Value and Force of Law of Institutions of the Banking Sector, in order to verify the reasonableness of the accounts that make up such document. This aims at ensuring that they are presented in a consistent manner and pursuant to the criteria established by the Superintendency and other applicable regulations. Besides, the Bank's financial indicators that allow evaluating

the economic, financial and equity situation of the Bank will be verified.

- ▀ Assessment of the determination regarding the Total Equity Adequacy Ratio and the Accounting Capital Adequacy Ratio, as per provisions of Resolution 004.18 “Temporary Measures to Determine the Ratio of Capital to Assets and Contingent Operations, applying Risk-Based Weighting Criteria”.
- ▀ Monitoring of liquidity indicators and the compliance with actions contained in the Liquidity Risk Contingency Plan, as per Resolution No. 20-03-01 “Rules governing the Reserve Requirement creation” of the Central Bank of Venezuela (BCV).
- ▀ Verification of implemented provisions contained in the Accounting Manual for Financial Institutions of SUDEBAN, in the balances comprising the figures reported in the Banesco's financial statements.

### INTERNAL CONTROL ASSESSMENT RESULTS

As a result of the execution of the Annual Operating Plan, and in compliance with the principles of objectivity and independence that define the Internal Audit practice, during the assurance evaluations carried out to the processes of Banesco Banco Universal, C.A. in the first half of 2021, the following was observed:

- Operational processes according to the strategies and guidelines defined by Senior Management, with the necessary human, technological and material resources, and seeking their efficient use.
- Adequate decision making and a reliable and transparent disclosure of information to its Board of Directors, shareholders, employees, customers, competent authorities and the general public (all



## INTERNAL AUDITOR'S REPORT ON THE INTERNAL CONTROL OF BANESCO BANCO UNIVERSAL, C.A.

FIRST HALF 2021

stakeholders), which requires information systems of sufficient quality, security and timeliness.

- Formal processes of identification, evaluation and monitoring of risks, to maintain effective control and reduction of losses, through adequate risk management.
- Continuous process evaluation practices to verify the functioning of controls and take corrective actions in a timely and effective manner when required.
- Compliance with the regulatory framework in force, with the internal policies and standards established by the Board of Directors and the Executive Management.
- Risk awareness, adequate corporate governance and continuous and timely monitoring.
- Formal procedures for ongoing monitoring of the action plans defined to correct the identified gaps and reinforce the control environment, allowing an adequate risk management.
- Timely attention to the recommendations and instructions made by the regulatory entities in their various visits and inspection, providing explanations deemed appropriate and designing action plans to normalize the abovementioned remarks.

### CONCLUSION

Based on the results obtained in the execution of the Audit Plan during the first half of 2021, it is evident that evaluated processes include policies, standards and procedures that facilitate the efficient execution of operations, and enable a reasonable management of inherent risks, with an adequate preventive management of the relevant events.

- In view of the foregoing, it is concluded
- that Banesco Banco Universal, C.A.
- maintains an Internal Control environ-
- ment that is adequate to its characteris-
- tics and dimensions.

In addition, it is deemed necessary that the units responsible for the design, implementation, execution, follow-up and control of the business, operational and support processes, maintain and reinforce the strategies for the evaluation and continuous improvement of the Internal Control environment. This will allow the timely identification and management of emerging risks resulting from changes that may occur in the different factors of internal and external origin that affect the organization.



## NOTICES BY THE SUDEBAN

### CONCERNING PROVISIONS, OBSERVATIONS, RECOMMENDATIONS OR INITIATIVES ON THE INSTITUTION'S FUNCTIONING

SHAREHOLDER'S MEETINGS	
RECEPTION DATE	OFFICIAL LETTERS
08/02/2021	<b>SIB-II-CCD-00630:</b> Sudeban gives its opinion about the results obtained from the requirements assessment regarding the Annual General Meeting (AGM) of Shareholders, which was held on 09/24/2020, at the end of the first half of 2020, in relation to productive portfolios and considering the bank's response. In this regard, it is pointed out that the entity did not present the compliance percentage reached related to the loan portfolio intended for granting microcredits, as of June 30, 2020, because all regulations provided for "mandatory loan portfolios" have been derogated. This includes the provisions referring to the microcredit portfolio due to the creation of the Single National Productive Portfolio.
11/03/2021	<b>SIB-DSB-OPCLC-FT-FPADM-01415:</b> Sudeban issues an opinion regarding the requirements of the Annual General Meeting of Shareholders to be held on 03/22/2021, specifically with respect to the following documents: a) Half-Yearly Independent Auditors' Assurance Report in relation to compliance with Resolution No. 083.18 as of 12/31/2020 and b) Internal Audit Management Report on the Prevention and Control of Money Laundering, Financing of Terrorism and Financing of the Proliferation of Weapons of Mass Destruction - Second Half of year 2020.
15/03/2021	<b>SIB-II-GGIBPV-GIBPV5-01595:</b> Sudeban notifies no objection to the Certified Minutes of the Special Meeting of Shareholders held on 03/26/2020; as well as to the power of attorney issued by Banesco Holding, C.A. and authorizes its filing with the corresponding Mercantile Registry Office.
17/03/2021	<b>SIB-II-GGIBPV-GIBPV5-01677:</b> Sudeban issues a statement regarding the requirements for the AGM to be held on 03/22/2021, which will deal with the following items: FIRST: Consider and resolve, based on the Board of Directors and Commissioners' Report, the approval of the Financial Statements audited by Independent Public Accountants, corresponding to the half-yearly fiscal year ended December 31, 2020. SECOND: To consider and resolve on the use to be made of profits as of December 31, 2020. THIRD: Authorize the Board of Directors to acquire for valuable consideration the Bank's own shares and to dispose of them when convenient.
17/03/2021	<b>SIB-II-GGIBPV-GIBPV5-01678:</b> Sudeban gives its opinion regarding the requirements for Special General Meeting of Shareholders to be held on 03/22/2021, which will address the following issues: FIRST: Appointment of the Bank's Board of Directors. SECOND: Appoint the Customer and Bank User Ombudsman and his alternate for the 2021-2023 term.
22/03/2021	<b>SIB-II-GGIBPV-GIBPV5-01763:</b> Sudeban responds to communications sent by the Bank whereby replying to Official Letter SIB-II-GGIBPV-GIBPV5-02437 dated 03/23/2020, which contains the observations made to documents filed in the AGM held on 03/26/2020.



## NOTICES BY THE SUDEBAN

CONCERNING PROVISIONS, OBSERVATIONS, RECOMMENDATIONS  
OR INITIATIVES ON THE INSTITUTION'S FUNCTIONING

SHAREHOLDER'S MEETINGS	
RECEPTION DATE	OFFICIAL LETTERS
26/03/2021	<b>SIB-II-GGR-GA-02029:</b> Sudeban authorizes the reduction and increase of the Bank's share capital and the consequent amendment of Article 5 of its Bylaws, as resolved at the Special Meeting of Shareholders held on 03/30/2017. It also authorizes the registration of the Minutes of said Meeting before the corresponding Mercantile Registry Office.
15/04/2021	<b>SIB-II-GGR-GA-02402:</b> Sudeban gives its opinion regarding the request for authorization made by the Bank to reduce and increase its share capital by two Bolivars (VES 2.00), as approved at the Annual General Meeting of Shareholders held on September 26, 2019.
20/04/2021	<b>SIB-II-GGIBPV-GIBPV5-02507:</b> Sudeban gives its opinion on the requirements submitted on the occasion of the AGM held on 09/24/2020.
23/04/2021	<b>SIB-II-GGIBPV-GIBPV5-02815:</b> Sudeban gives its opinion regarding the documentation submitted on the occasion of the Special Meeting of Shareholders held on 03/22/2021.
25/05/2021	<b>SIB-II-GGR-GA-03721:</b> Sudeban authorizes the decrease and increase of the bank's share capital and the subsequent amendment of Article 5 of its Bylaws, as approved at the Special Meeting of Shareholders, held on 03/26/2020. It also authorizes the filing of the Minutes of said Meeting with the corresponding Mercantile Registry Office.
31/05/2021	<b>SIB-II-GGR-GA-03916:</b> Sudeban responds to the letter sent by the Bank regarding the request for authorization to increase the share capital, as well as to amend its Bylaws, as approved at the Special Meeting of Shareholders held on August 31, 2018.
31/05/2021	<b>SIB-II-GGR-GA-03917:</b> Sudeban gives its opinion regarding the requirements submitted by the Bank in response to Official Letter SIB-11-GGR-GA-13824 dated 12/06/2019, related to the request for authorization to increase its share capital and the consequent amendment of Article 5 of its Bylaws, as approved at the Special Meeting of Shareholders held on 09/27/2018.
02/06/2021	<b>SIB-II-GGR-GA-03998:</b> Sudeban gives its opinion regarding the letter sent by this bank related to the request of authorization to increase the share capital, as well as to amend Article 5 of its Bylaws, as approved at the Special Meeting of Shareholders held on 10/19/2018.
07/06/2021	<b>SIB-II-GGR-GA-04082:</b> Sudeban gives its opinion regarding the letter sent by the Bank in response to Official Letter SIB-II-GGR-GA-03331, dated 06/23/2020, notifying that it has not been possible to notarize the Minutes of the Special Meeting of Shareholders held on 09/26/2019.



## NOTICES BY THE SUDEBAN

CONCERNING PROVISIONS, OBSERVATIONS, RECOMMENDATIONS  
OR INITIATIVES ON THE INSTITUTION'S FUNCTIONING

SHAREHOLDER'S MEETINGS	
RECEPTION DATE	OFFICIAL LETTERS
10/06/2021	<b>SIB-DSB-OPCLC-FT-FPADM-04363:</b> Sudeban gives its opinion regarding the letter sent by the Bank in response to Official Letter SIB-DSB-OPCLC-FT-FPADM-01415, dated 03/11/2021, related to the results obtained by that Agency in the review of requirements of the Annual General Meeting of Shareholders held on 03/22/2021.
15/6/2021	<b>SIB-II-GGIBPV-GIBPV5-04441:</b> Sudeban responds to the letter sent by the Bank whereby it delivered the certified minutes of the Annual General Meeting held on 03/22/2021, as well as the copy of the power of attorney granted by Banesco Holding, C.A.
23/06/2021	<b>SIB-DSB-OPCLC-FT-FPADM-04830:</b> Sudeban informs that it has no objection to the particulars set forth in the letter sent by the Bank in response to Official Letter SIB-DSB-OPCLC-FT-FPADM-01415, dated 03/11/2021, regarding the results obtained by such agency in reviewing the requirements of the AGM, which was held on 03/22/2021.
29/06/2021	<b>SIB-II-CCD-04959:</b> Sudeban gives its opinion regarding the letter sent by the Bank whereby the documents corresponding to the AGM held on 03/22/2020 were deposited.

INSPECTION DATE	
RECEPTION DATE	OFFICIAL LETTERS
05/02/2021	<b>SIB-II-CCSB-00581:</b> Sudeban announces the officials authorized to carry out a Special Inspection for the purpose of daily monitoring of operations, as well as the pension payment days of the Venezuelan Social Security Institute (IVSS) with respect to the Banking Service Quality at the Bank's agencies, ticket offices and/or branches nationwide.
27/04/2021	<b>SIB-DSB-OPCLC-FT-FPADM-02850:</b> Sudeban submits a Report containing the results obtained in the Special Inspection Visit made to the UPCLC/FT-FPADM of this Financial Institution, in which the effectiveness of Policies, Norms and Procedures established to ensure compliance with provisions contained in Resolution No. 083.18 was evaluated.
02/06/2021	<b>SIB-DSB-OPCLC-FT-FPADM-03984:</b> Sudeban has no objections to the Bank's response to Official Letter SIB-DSB-OPCLC-FT-FPADM-02850, containing the findings of the Special Inspection Visit made to the UPC/LC/FT-FPADM, in order to evaluate the effectiveness of the Policies, Standards and Procedures established to ensure compliance with the provisions contained in Resolution No. 083.18, as well as other Circulars related to PCLC/FT-FPADM, issued by that Agency.



## NOTICES BY THE SUDEBAN

CONCERNING PROVISIONS, OBSERVATIONS, RECOMMENDATIONS  
OR INITIATIVES ON THE INSTITUTION'S FUNCTIONING

OTHERS	
RECEPTION DATE	OFFICIAL LETTERS
06/01/2021	<b>SIB-DSB-CJ-PA-07543:</b> Sudeban gives its opinion regarding the compliance with the content of Circular SIB-II-GGR-GNP-19730 dated 11/07/2016, regarding the "Remission of Audited Financial Statements, as of the Closing of June 30, 2016, whereby requests the remission of the Audited Financial Statements corresponding to the second half of 2018.
07/01/2021	<b>SIB-II-GGIR-GRT-00029:</b> Sudeban authorizes the implementation of the monthly maintenance plan for the fix application (Temporary Fix PTF's Program), in relation to the production: series from 2021 January-December term.
26/01/2021	<b>SIB-II-GGIBPV-GIBPV5-00355:</b> Sudeban authorizes the registration of the Profits and Loss Balance in the account 352.00 "Profits or Loss due to Foreign Exchange Fluctuations upon holding Assets and Liabilities in foreign currency" for VES 23.21 trillion by the end of the second half of 12/31/2020.
26/01/2021	<b>SIB-DSB-CJ-OD-00360:</b> Sudeban considers this product, "Cuenta Verde Banesco", to be in compliance with provisions contained in the Exchange Agreement No. 1 and technically feasible. Therefore, once the Bank receives the authorization from the BCV, it must notify and submit to the Superintendency the final version of the general terms and conditions, as well as its description and characteristics, informing the estimated date of launching and implementation of said product.
03/02/2021	<b>SIB-DSB-CJ-OD-00507:</b> Sudeban authorizes the "Cuenta Verde Banesco" product, which is offered by this financial institution.
08/02/2021	<b>SIB-II-GGIR-GRT-00633:</b> Sudeban instructs the Bank to carry out the pertinent actions in order to implement the Interbank Mobile Commerce to People (P2C) Payment Service before the end of the first quarter of 2021.
19/02/2021	<b>SIB-GGIR-GRT-00956:</b> Sudeban instructs the Bank to carry out the pertinent actions in order to implement the Interbank Mobile Commerce to People (P2C) Payment Service before the end of the first quarter of 2021.
19/02/2021	<b>SIB-DSB-CJ-OD-00962:</b> Sudeban gives its opinion on the communication sent by the Bank whereby the Loan Agreement models of this Bank were sent, in accordance with Resolution No. 21-01-02 issued by the Central Bank of Venezuela and published in the Official Gazette of the Bolivarian Republic of Venezuela No. 42,050 dated 01/19/2021.
19/02/2021	<b>SIB-DSB-CJ-OD-00966:</b> Sudeban gives its opinion on the communication sent by the Bank whereby the Loan Agreement models of this Bank were sent, in accordance with Resolution No. 21-01-02 issued by the Central Bank of Venezuela and published in the Official Gazette of the Bolivarian Republic of Venezuela No. 42,050 dated 01/19/2021.



## NOTICES BY THE SUDEBAN

CONCERNING PROVISIONS, OBSERVATIONS, RECOMMENDATIONS  
OR INITIATIVES ON THE INSTITUTION'S FUNCTIONING

OTHERS	
RECEPTION DATE	OFFICIAL LETTERS
16/04/2021	<b>SIB-II-GGIR-GRT-02488:</b> Sudeban authorizes to carry out the maneuver known as " Restart of the BD ATM Servers - HP Operating System - UX Production Environment" on April 19 and 24, 2021.
21/04/2021	<b>SIB-II-GGR-GA-02599:</b> Sudeban gives its opinion on the documentation to apply for the positions of Client Defender and Banking User and Alternate Client Defender and Banking User.
19/05/2021	<b>SIB-II-GGIR-GRT-03655:</b> Sudeban authorizes to carry out the maneuver called "Restart of the BD ATM Servers HP Operating System - UX Production Environment", on May 29 and June 5, 2021.
01/06/2021	<b>SIB-II-GGR-GA-03923:</b> Sudeban gives its opinion regarding the request for authorization of the " Multi-pagos Banesco Portal" financial service.
02/06/2021	<b>SIB-II-GGIR-GRT-03941:</b> Sudeban answers the letter sent by the Bank informing that an evaluation process has been initiated. This would lead to the possible acquisition of a new "core" for processing its credit card operations. In this regard, the bank informs no objection to said project.
09/06/2021	<b>SIB-II-GGIR-GSRB-04256:</b> Sudeban gives its opinion on the requirements for the Annual General Meeting of Shareholders to be held on 03/22/2021, specifically in the item related to the Half-Yearly Independent Auditors' Assurance Report on Compliance with Resolutions No. 136.03 and No. 136.15 of the Audited Financial Statements as of 12/31/2020, which includes the degree of compliance with the legal regulations in force related to risk matters issued by the Entity.
09/06/2021	<b>SIB-II-GGR-GA-04348:</b> Sudeban, after evaluating the documentation submitted to such Agency, authorizes the "C2P Interbank Service" of Banesco Banco Universal.
15/06/2021	<b>SIB-II-GGIBPV-GIBPV5-04442:</b> Sudeban authorizes the Bank to reclassify the net credit balance of sub-account 273.02 "Generic provision for guarantees granted" maintained at the end of March 2021 for VES 3.42 billion to sub-account 139.05 "Generic provision for loan portfolio".
23/06/2021	<b>SIB-II-GGIR-GRT-04865:</b> Sudeban authorizes to carry out the "Replacement of 4507 Cisco Catalyst Switch with 9407R Cisco Catalyst Switch for the DMZ Network in the Ciudad Banesco Computing Center", process on July 3 and 4, 2021.
29/6/2021	<b>SIB-II-CCD-04956:</b> Sudeban states its decision in accordance with the provisions of Article 154 of the Decree with Rank, Value and Force of the Banking Institutions Law, in order to instruct compliance with the Fourth Temporary Provision, which establishes that the minimum percentage of the loan portfolio that banks shall allocate to granting of microcredits or placements is maintained at three percent (3%).



## NOTICES BY THE SUDEBAN

CONCERNING PROVISIONS, OBSERVATIONS, RECOMMENDATIONS  
OR INITIATIVES ON THE INSTITUTION'S FUNCTIONING

OTHERS	
RECEPTION DATE	CIRCULARS
12/01/2021	<b>SIB-DSB-CJ-OD-00060:</b> Sudeban informs that by means of Official Letter SIB-DSB-CJ-OD-07581 dated 12/29/2020, as of 12/30/2020, the registration as supplier of points of sale No. 0032 to Corporación Totalpago Plus, C.A., registered under the Tax Information Registry (R.I.F.) No. J-411257540; and therefore, the commercialization of points of sale is suspended.
14/01/2021	<b>SIB-DSB-CJ-OD-00239:</b> Sudeban has instructed the Banking Institutions to adopt measures related to the control and use of alternative means of electronic payments
14/01/2021	<b>SIB-DSB-CJ-OD-00240:</b> Sudeban provides instructions related to the promotion of financial products, instruments or services, advertising and publicity.
21/01/2021	<b>SIB-DSB-CJ-OD-00317:</b> Sudeban, in accordance with provisions of Circular SIB-DSB-CJ-OD-00240, dated 01/14/2021, informs that banks are prohibited from granting credits in foreign currency with resources obtained through the collection of deposits from the public in foreign currency or any other modality, without prior authorization from the BCV and the Superintendency.
10/02/2021	<b>SIB-II-GGR-GNP-00456:</b> Sudeban provides the guidelines established on the occasion of Resolution No. 21-01-02 dated 01/07/2021, issued by the BCV, Official Gazette No. 42.050 of 01/19/2021, whereby establishes the use of the Credit Value Unit (UCV) for the granting of loans in local currency, within the framework of the Single National Productive Portfolio, commercial loans, microcredits and credit cards.
11/02/2021	<b>SIB-II-GGIR-GNP-00838:</b> Sudeban announces the modification of the accounting manual for banks, regarding the inclusion of the accounting credits records of the Single National Productive Portfolio, as well as for microcredits and loans through credit cards granted, in accordance with Resolution 21-01-02 dated 01/07/2021, issued by the BCV.
11/02/2021	<b>SIB-DSB-CJ-OD-00801:</b> Sudeban instructs the banks to ensure the proper use of the Points of Sale by businesses and affiliated persons that use "Flexipos" points of sale with the Net 24/7 application, owned by the company Services 24-7.
12/02/2021	<b>SIB-DSB-CJ-OD-00802:</b> Sudeban orders banks and companies issuing or administering credit, debit, prepaid and other financing or electronic payment cards to update and replace point-of-sale equipment.
12/2/2021	<b>SIB-DSB-CJ-OD-00907:</b> Sudeban notifies all banks and companies issuing or administering credit, debit, prepaid and other financing or electronic payment cards, the suspension, as of 02/11/2021, of the registration of New Tech Solutions Group, C.A. as point of sale supplier No. 0003 and, therefore, the commercialization of point of sale.



## NOTICES BY THE SUDEBAN

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OTHERS	
RECEPTION DATE	CIRCULARS
12/02/2021	<b>SIB-DSB-CJ-OD-00908:</b> Sudeban notifies all banks and companies issuing or administering credit, debit, prepaid and other financing or electronic payment cards, the suspension as of 01/11/2021 of the registration of Positivo Plus, C.A. as point of sale supplier No. 0057 and therefore, the commercialization of points of sale.
08/03/2021	<b>SIB-DSB-CJ-OD-01336:</b> Sudeban orders the suspension of any transaction carried out through the "Pagodirecto" platform owned by Paytech, C.A.
12/03/2021	<b>SIB-DSB-CJ-OD-01496:</b> Sudeban reports the maximum fee limits that banks may charge their customers for the provision of the Mobile Commerce to Person Payment (C2P) service, as established by the BCV through Official Notice dated 01/20/2021.
18/03/2021	<b>SIB-II-GGR-GNP-01773:</b> Sudeban reports the increases on the daily limits for Point of Sale (POS), Inter-bank Mobile Payment (P2P), Personal to Commercial Mobile Payment (P2C) and Commercial to Personal Mobile Payment (C2P) transactions.
24/03/2021	<b>SIB-DSB-CJ-OD-01830:</b> Sudeban ratifies the content of Official Notices SIB-DSB-CJ-OD-00907 and SIB-DSB-CJ-OD-00908, both dated 02/11/2021, which contain the Circulars whereby the regulatory entity ordered the suspension of the point of sale supplier registrations by New Tech Solutions Group, C.A. and Positivo Plus, C.A.; and therefore, the commercialization of points of sale.
26/03/2021	<b>SIB-II-GGR-GNP-04185:</b> Sudeban has instructed the extension of business hours until 6:00 p.m. on March 29, 30 and 31, 2021 or until the attention of customers and users at the agencies is guaranteed, on the occasion of the Income Tax declaration.
31/03/2021	<b>SIB-II-GGR-GNP-02169:</b> Sudeban amends Resolution No. 524.10, containing the "Rules for unifying the information displayed on the screens of ATMs destined for the use of customers and users of the banking system".
05/04/2021	<b>SIB-DSB-CJ-OD-02196:</b> Sudeban instructs to recognize the validity of identity cards expired since 03/14/2020 that identify Venezuelan citizens and foreigners in the country.
13/04/2021	<b>SIB-DSB-CJ-OD-02188:</b> Sudeban reports that by means of Circular SIB-DSB-CJ-OD-02187, dated 04/05/2021, as of 04/12/2021, the registration as POS supplier No. 0003 to Sociedad Mercantil New Tech Solutions Group, C.A. and, therefore, POS commercialization is suspended.
13/04/2021	<b>SIB-DSB-CJ-OD-02193:</b> Sudeban reports that by means of Circular SIB-DSB-CJ-OD-02193, dated 04/05/2021, as of 04/12/2021, the registration as POS supplier No. 0057, to Sociedad Mercantil Positivo Plus, C.A. and, therefore, POS commercialization is revoked.



## NOTICES BY THE SUDEBAN

CONCERNING PROVISIONS, OBSERVATIONS, RECOMMENDATIONS  
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OTHERS	
RECEPTION DATE	CIRCULARS
13/04/2021	<b>SIB-DSB-CJ-OD-02348:</b> Sudeban reports that by means of Circular SIB-DSB-CJ-OD-02337, dated 04/13/2021, as of 04/13/2021, the registration of Carroferfa Media Group C.A. as POS supplier No. 0001, and, therefore, POS commercialization is suspended.
15/04/2021	<b>SIB-DSB-CJ-OD-02364:</b> Sudeban extends the term set forth in article 35 of Resolution 049.20 containing the "Norms Regulating POS Service and Contracting with Suppliers that carry out their Commercialization", for an additional period of sixty (60) continuous days.
16/04/2021	<b>SIB-II-GGR-GNP-GIDE-02315:</b> Sudeban notifies the update in the requirement of the "Consolidated Position of Depositors" established in Circular SIB-II-GGR-GNP-GIDE-02533, dated 04/21/2020.
06/05/2021	<b>SIB-II-GGR-GNP-03014:</b> Sudeban instructs banking institutions to avoid discrimination, restriction, dissuasion or prohibition of granting loans.
11/05/2021	<b>SIB-II-GGR-GNP-03146:</b> Sudeban orders to increase the daily limits for Point of Sale (POS), Interbank Mobile Payment (P2P), Personal to Commercial Mobile Payment (P2C) and Commercial to Personal Mobile Payment (C2P) operations and to implement a plan to adapt to the Real Time Gross Settlement System (RTGS).
12/05/2021	<b>UNIF-DDG-DSU-01131:</b> The UNIF reports the need to optimize the strategies and policies of the Venezuelan State to strengthen the prevention and control of Money Laundering, Financing of Terrorism and the Proliferation of Weapons of Mass Destruction (PC LC/ FT/ FPADM), in relation to Non-Profit Organizations (NPOs).
20/05/2021	<b>SIB-II-GGR-GNP-GIDE-02113:</b> Sudeban informs the update of the form and instructions identified with code PD-SIB-130 "Existence of Currency Units".
21/05/2021	<b>SIB-DSB-CJ-OD-03679:</b> Sudeban informs the conditions to be complied with by entities that develop activities related to exchange operations linked to the electronic commendation service.
28/05/2021	<b>SIB-DSB-CJ-OD-03872:</b> Sudeban urges banks and currency exchange houses to operate under the Security Certificate requirements issued by the Scientific, Criminal and Criminalistic Investigations Corps (CICPC) and to maintain its validity.
03/06/2021	<b>SIB-II-GGR-GNP-04039:</b> Sudeban instructs the banks to make the pertinent adjustments to increase the daily limits maintained according to their internal policies for transactions carried out through devices that use the biometric authentication factor.



## NOTICES BY THE SUDEBAN

CONCERNING PROVISIONS, OBSERVATIONS, RECOMMENDATIONS  
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OTHERS	
RECEPTION DATE	CIRCULARS
03/06/2021	<b>SIB-DSB-CJ-OD-04038:</b> Sudeban instructs banks to adopt measures related to the control and use of alternative means of electronic payments and to prioritize attention to the elderly and people with disabilities.
04/06/2021	<b>SIB-II-GGR-GNP-04075:</b> Sudeban instructs the guidelines to be complied by banking institutions in relation to financing directed to the agricultural and food sector within the framework of the Single National Productive Portfolio.
10/06/2021	<b>SIB-II-GGR-GNP-GIDE-02321:</b> Sudeban reports the modification of the form and instructions PM-SIB-113 called "Total Guaranteed Base and Guaranteed Base of the Number of Depositors and Consolidated Amount per Natural Person, Legal Entity, Decentralized Entities and General Total According to Scale and Amount of Deposits Not Covered by the Guarantee of the Social Protection Fund for Bank Deposits".
10/06/2021	<b>SIB-II-GGR-GNP-04372:</b> Sudeban gives its opinions in relation to bank accounts opening to persons who are customers of banks.
11/06/2021	<b>SIB-DSB-CJ-OD-04365:</b> Sudeban, concerning the Official Letter SAA-9-2549-2021, filed before that Agency on 06/08/2021 by the Superintendency of Insurance Activity, whereby informs the content of Administrative Ruling SM-DL-2-2-0011, dated 02/25/2021, published in the Official Gazette of the Bolivarian Republic of Venezuela No. 42092, dated 03/22/2021, orders to suspend the use or mobilization of any account or financial instrument that company "La Regional de Seguros, C.A.", holds in the bank, until the appointed Interventory Board carries out the necessary procedures to carry out its administration.
11/06/2021	<b>SIB-II-GGR-GNP-GIDE-04426:</b> Sudeban requests this Bank, in order to update the contact directories with the Statistical Research and Development Department, to provide the information of the persons in charge of attending to the information requests of this Agency.
25/06/2021	<b>SIB-DSB-CJ-OD-04944:</b> Sudeban informs that Soluciones Financieras Chin Chin, C.A. suspended the execution by the company of any activity for which prior authorization from this Supervisory Body is required.



## RELEVANT'S INFORMATION TO STAKEHOLDERS





## SUMMON

BANESCO BANCO UNIVERSAL, C.A.

Stock Capital  
BsS. 12.500,00

### ORDINARY CALL

By order of the Board of Directors and in accordance with the provisions of articles 10, 12 and 27 number 2 of the Bylaws, the shareholders of Banesco Banco Universal, CA, are summoned to meet in the Ordinary Shareholders' Meeting on the 22nd of September 2021 at 8:00 am, in the Fernando Crespo Suárez Auditorium located on the 3rd floor of the Ciudad Banesco building, located on the main avenue of Bello Monte, between Lincoln street and Sorbona street in the city of Caracas, with the purpose to address the following points:

**FIRST:** Consider and resolve, in view of the Report of the Board of Directors and the Commissioners, the approval of the Financial Statements audited by the External Auditors of the Bank, corresponding to the six-month period ended June 30, 2021.

**SECOND:** Consider and decide on the destination that should be given to the profits obtained as of June 30, 2021.

**THIRD:** Consider and resolve the applicable remuneration for the year 2021, of the Main Commissioner and his Alternate designated in the Ordinary Shareholders' Meeting held on March 26, 2019.

JUAN CARLOS ESCOTET RODRIGUEZ | CHAIRMAN OF THE BOARD OF DIRECTORS

### EXTRAORDINARY CALL

By order of the Board of Directors and in accordance with the provisions of articles 11, 12 and 27 number 2 of the Bylaws, the shareholders of Banesco Banco Universal, CA, are summoned to meet in an Extraordinary Shareholders' Meeting on the 22nd of September 2021 at 8:20 am, in the Fernando Crespo Suárez Auditorium located on the 3rd floor of the Ciudad Banesco building, located on the main avenue of Bello Monte, between Lincoln street and Sorbona street in the city of Caracas, with the purpose to treat the following:

**SINGLE POINT:** Reform of articles 17, 20, 21, 23, 25, 27, 29 and 31 of the Bylaws.

JUAN CARLOS ESCOTET RODRIGUEZ | CHAIRMAN OF THE BOARD OF DIRECTORS

### EXTRAORDINARY CALL

By order of the Board of Directors and in accordance with the provisions of articles 11, 12 and 27 number 2 of the Bylaws, the shareholders of Banesco Banco Universal, CA, are summoned to meet in an Extraordinary Shareholders' Meeting on the 22nd of September 2021 at 8:40 am, in the Fernando Crespo Suárez Auditorium located on the 3rd floor of the Ciudad Banesco building, located on the main avenue of Bello Monte, between Lincoln street and Sorbona street in the city of Caracas, with the purpose to treat the following:

**SINGLE POINT:** Appointment of the Bank's Board of Directors.

JUAN CARLOS ESCOTET RODRIGUEZ | CHAIRMAN OF THE BOARD OF DIRECTORS

**NOTE:** The information referred to in this call will be available at the Bank's Shareholders' Unit, located on the PP floor, quadrant "B" of the "Ciudad Banesco" building.

Caracas, August 27, 2021 • RIF: J07013380-5



# CORPORATE GOVERNANCE REPORT

BANESCO BANCO UNIVERSAL, C.A.

**B**anesco Banco Universal, C.A., is a banking institution domiciled in the city of Caracas, Bolivarian Republic of Venezuela, authorized to perform all financial intermediation operations and related services, with no limitations other than those established in the Decree with Rank, Value and Force of Law of Institutions of the Banking Sector.

## ORGANIZATIONAL STRUCTURE OF BANESCO BANCO UNIVERSAL

### BODIES AND MECHANISMS OF THE CORPORATE GOVERNANCE SYSTEM

The banking corporate governance structure derives from the Bank's bylaws, the Banking Sector Institutions Law, the Code of Commerce, the regulations issued by the Superintendency of Banking Sector Institutions and the decisions made by the Board of Directors, aligned with current trends in order to apply best practices.

The Bank maintains a governance structure composed of the Shareholders' Meeting, the Board of Directors, the Chairman of the Board of Directors, the Chief Executive Officer, the Thematic Committees (Management and Executive), the different Executive Divisions of the Bank, as well as the Compliance Officer and the Internal Auditor.

### SHAREHOLDER'S MEETINGS

This represents the universality of shareholders and has the supreme management of the company. It is convened on an ordinary basis, within 90 days following the close of each half year, and on an extraordinary basis, at such time as the Board of Directors deems convenient to the interests of the company. It may be held at request of a group of shareholders accounting for at least 20% of the share capital. Its acts and resolutions are binding for the Bank and all shareholders.

The Shareholders' Meeting shall have the following powers, among others: (i) Determine the number of Directors that will make up the Board of Directors; (ii) Appoint the members of the Board of Directors and fix their remuneration; (iii) Appoint the Main Commissioner and his Alternate and fix their remuneration; (iv) Discuss, approve or modify the Financial Statements submitted to it, in view of the Commissioner's report; v) To issue and amend the Company's Bylaws; vi) To decide on the early dissolution, extension, merger with another company, sale of corporate assets, change of corporate purpose, increase, reduction or reinstatement of capital stock and amendment of the Bylaws in the aforementioned matters; vii) To decide on the declaration of dividends and the form of payment thereof, in the amount, with the frequency and at the time it deems convenient, in accordance with the Law and the Bank's Bylaws; viii) To decide on the creation of reserves or special sections submitted for its consideration by the Board of Directors; ix) As well as, to know and decide on any other matter within its competence, in accordance with the Law and the Company's Bylaws.

### BOARD OF DIRECTORS

The appointment of the members of the Board of Directors of Banesco Banco Universal, C.A. is made in accordance with the Banking Institutions Law (LISB) and other provisions issued by the Superintendency of Banking Institutions (Sudeban) and the Bank's bylaws.

This governing body is responsible for the general management of the business and operations, including its Corporate Social Responsibility policy. The Board of Directors is made up of qualified individuals, with broad experience in different areas of the banking business, with recognized solvency and honesty. The



## CORPORATE GOVERNANCE REPORT

BANESCO BANCO UNIVERSAL, C.A.

Board of Directors is made up of more than 1/3 Independent Directors. It is responsible for the definition and strategic management of the Organization and approves the business principles, and policies and regulates the autonomy of executive decisions. In addition, it monitors the Bank's operational and functional areas, evaluates and compares the business projections and results of each fiscal year compared to those of previous years.

- This governance body is also
- responsible for identifying the various
- risks to which the Organization is
- exposed, including economic, environ-
- mental and social risks. Accordingly,
- it establishes policies and processes
- for the management.

Some of these tasks are carried out jointly with the Risk Steering Committee, whose main function is the comprehensive management of the risks to which the Institution is exposed.

### CHAIRMAN OF THE BOARD OF DIRECTORS

The Chairman of the Board of Directors exercises the broadest legal representation of the Bank before all authorities and any other public or private persons or entities. Said official presides over the deliberations held by the Board of Directors. The powers of the Board of Directors include: representing the Institution, granting contracts, agreements, covenants and, in general, all kinds of documents regardless of their nature. The President and the Board of Directors exercise the broadest powers of management and control of the Bank.

### CHIEF EXECUTIVE OFFICER

This official is appointed by the Board of Directors and is responsible for the management, daily operation and internal services of the Bank. This includes the administration and comprehensive management of the business related to the banking activity. This official is in charge of coordinating the activities and tasks assigned to each of the offices and reports to the Board of Directors on their performance and management.

### COMPLIANCE OFFICER

This is a high-level officer dedicated exclusively to the prevention and control of Money Laundering, Financing of Terrorism and Proliferation of Weapons of Mass Destruction (ML/FT/FPADM). Said person reports directly to the Board of Directors and is responsible for the supervision and control of the Bank's ML/FT/FPADM Prevention and Control Unit. The functions concerning this position are as follows: (a) Promote and supervise compliance with policies, procedures, provisions and controls related to the Prevention and Control of Money Laundering and Financing of Terrorism and Proliferation of Weapons of Mass Destruction, approved by the Board of Directors of the Regulated Entity; b) Design together with the ML/FT/FPADM Prevention and Control Unit the Annual Operating Plan; c) Submit annual and quarterly reports to the President and the Board of Directors of the Bank, which among other aspects contain the progress of the Annual Operating Plan, the Annual Training Program on ML/FT/FPADM Prevention and Control, as well as recommendations for the improvement of the procedures adopted; d) Send to the National Financial Intelligence Unit (UNIF) the Suspicious Activity Reports deemed necessary; as well as the answers to the re-



## CORPORATE GOVERNANCE REPORT

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quests for information related to the matter that this and other competent authorities require, within the terms established by the laws and communications requesting information; e) Maintain institutional relations with this Superintendency/UNIF, as well as with other competent authorities, non-governmental organizations and institutions dedicated to the prevention, repression and control of ML/FT/FPADM; f) Represent the Bank in conventions, events, forums, committees and official national and international acts related with the subject matter, when appointed by the Board of Directors of the regulated entity; g) Develop jointly with the communications teams, strategies aimed at informing and raising awareness among customers and employees on issues related to the matter; h) Be part of the Comprehensive Risk Management Committee of the Banking Institution, exercising the functions assigned to it in the prudential regulations in force governing the matter, among others.

### INTERNAL AUDITOR

Pursuant to the Decree with Rank, Value and Force of Law of Institutions of the Banking Sector, said person is responsible for ensuring that the Bank's operations and procedures comply with the Law, prudential regulations, the Institution's internal process manuals and the accounting principles approved by the Superintendency of Banking Sector Institutions. Additionally, this official is in charge of overseeing the proper functioning of the internal control systems; ensuring compliance with the resolutions of the Annual General Meeting of Shareholders, the Board of Directors and the Superintendency of Banking Sector Institutions; signing the financial statements, jointly with the legal representative and the general accountant; internally

coordinating the analysis of the Institution's different operations and, acting jointly with the Audit Committee, reporting to the Board of Directors on the results of the different audits performed in order to improve the processes and be able to correct any breach that may arise.

### THEMATIC DIRECTIVE COMMITTEES

These are the bodies supporting the exercise of the responsibilities of the Board of Directors. Their purpose is to promote compliance with corporate policies and the transparency of the business managed by management.

### LIABILITIES AND ASSETS COMMITTEE

This body is directly responsible for the management of market and liquidity risks (price, interest and exchange rate) together with capital adequacy. It periodically analyzes the degree of exposure to risks and defines short and medium-term financial strategies for the risks assumed, in accordance with the foreseeable evolution of the markets. The main objective is to manage the Bank's assets and liabilities from a financial, commercial and risk perspective, anticipating market threats and opportunities, in order to optimize results and achieve compliance with the goals set forth in the financial planning.

### AUDIT COMMITTEE

The Audit Committee is responsible for monitoring the efficiency of the Internal Control System based on the results obtained from internal and external audits. In addition, it is responsible for reporting and giving its opinion on the reports, audits and inspections carried out, and verifying that the observations made have been resolved.



## CORPORATE GOVERNANCE REPORT

BANESCO BANCO UNIVERSAL, C.A.

The information provided by the Audit Committee promotes the internal control culture in the Organization and contributes to improving the management and efficiency of operations, as well as strengthening policies, standards and procedures in line with the current regulatory framework.

- The Audit Committee is derived from
- the Bank's Bylaws, the Banking
- Institutions Law, and the Regulations
- issued by the Superintendency of
- Banking Sector Institutions (Sudeban).

Its structure complies with current regulations and international best practices, allowing for transparent management based on the highest professional and ethical principles that frame the relationship with shareholders, clients, employees and other stakeholders of the Institution. This Committee has an Internal Regulation for its operation aligned with good corporate governance practice and meets on a monthly basis. It is chaired by an Independent Director.

### CENTRAL CREDIT COMMITTEE

The objective of this committee covers the following aspects:

- Decide on credit applications submitted thereto, according to the levels of autonomy authorized by the Board of Directors, pursuant to the applicable regulations in this matter.
- Decide on credit applications, approval and release of credit guarantees.

- Decide on proposals for renegotiations regarding any terms and conditions of approved credits. The renegotiation includes, but is not limited to, modifications to approved conditions regarding: payment terms, interest rates, extensions for loan amortization, substitution, addition or release of guarantees and any other aspect related to the loans approved by this committee. Additionally, a monthly report of credit approvals, according to the levels of autonomy, is presented to the Board of Directors.

### ETHICS COMMITTEE

Its mission is the reception, analysis, evaluation and resolution of matters that may be affecting the compliance with the rules established in the Code of Ethics and Conduct of the Banesco Citizen. It is also responsible for encouraging the promotion of the organization's values.

### DESIGNATION AND REMUNERATION COMMITTEE

This is a supporting body for the management of the Board of Directors and is responsible for advising on the selection, appointment and remuneration of its members, apart from developing the strategic management approach to executive human talent, in terms of compensation, development and succession.

### RISK COMMITTEE

Its main function is to manage, identify, measure and mitigate the risks to which the Bank is exposed, through a system that includes objectives, policies, procedures, risk identification, measurement, valuation and monitoring capabilities, which support the Board of Directors in strategic planning and reasonably ensure the achievement of its objectives.



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### TECHNOLOGY COMMITTEE

Its main function is to ensure that technological implementations are aligned with the Bank's strategies and objectives, with a global and horizontal vision of the business, using resources responsibly and identifying and managing risks. It also proposes policies under the main standards in the area of technology.

### EXECUTIVE COMMITTEE

This is the executive body responsible for ensuring compliance with the policies, strategies, standards, procedures and guidelines established and approved by the Board of Directors. In addition, it operates by delegation from this authority. This committee is responsible for the execution and follow-up of the most relevant issues related to the administration, monitoring and control of the business plans, its financial results and the Bank's profitability. Furthermore, it is also responsible for taking the necessary actions for the effective and optimal control of the executive management in order to achieve the objectives, indicators and growth targets established in the Strategic Planning.



### EXECUTIVE THEMATIC COMMITTEES

#### HUMAN CAPITAL COMMITTEE

This is the body in charge of overseeing the proper management of the human resources department. Its overall objective is to constantly evaluate the demands and requirements derived from organizational and strategic changes and their interrelation with human capital, in order to align best practices in personnel management with the real needs of the business. It is comprised of Directors belonging to the Board of Directors, Executive Directors and representatives of the Human Capital area.

#### COMMUNICATIONS, RESPONSIBILITIES AND CORPORATE SUSTAINABILITY COMMITTEE

This is the committee in charge of designing, implementing and ensuring the compliance with the Bank's Corporate Strategic Communications Plan. This ensures the alignment of communication process variables with business strategy, facilitating the interrelation with the different audiences of interest and contributing to strengthen and improve the organizational identity and performance. Likewise, it defines and coordinates communication strategies that enable the inclusion of the company's culture in the Banesco Citizen, uniting its values and promoting the organizational philosophy in order to make the processes of change easier. It also works to generate identification and promote the company's mission, vision, values and philosophy through internal communications. This governance body allows us to manage the business with a long-term view, including the evaluation and monitoring of economic, social and environmental risks. This body is appointed by the Board of Directors, reports to the Chief Executive Officer and is directly responsible for implementing and developing the Bank's Responsibili-



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ty and Sustainability policy, with the participation of all Bank's areas.

### **CORPORATE DEVELOPMENT COMMITTEE**

It is the body responsible for the definition, prioritization and follow-up of the commercial strategy of Banesco Banco Universal C.A. This is understood as the set of initiatives that enables the operationalization of business plans under a philosophy that aligns segments, products and service channels, guaranteeing the client's experience as a structural component of differentiation.

### **STRATEGIC QUALITY SERVICE COMMITTEE**

Its main goal is to promote and ensure the fulfillment of the value offer and service promise to customers, appropriate to their needs, through the monitoring of policies, norms and standards, continuous improvement of processes, products, services and human capital. This is done to foster a culture of service quality aligned with the strategic framework of the organization and its profitability.

### **BUDGETARY AND PROCUREMENT MANAGEMENT COMMITTEE**

Its main function is to direct and govern the Bank's budget management and procurement processes. It ranges from budget formulation to the contracting of goods and services; it ensures spending efficiency levels, as well as the selection of the best option offered in the market, in order to achieve the organization's strategic objectives.

### **GOODS AND INFRASTRUCTURE COMMITTEE**

It is the body in charge of coordinating and promoting the design, development and implementation of physi-

cal infrastructure projects for providing the Organization with adequate areas in accordance with their needs. It is also in charge of evaluating the destination of the institution's assets that, due to their condition, have fulfilled the service for which they were disposed of and are susceptible of being disposed of. Likewise, it is in charge of evaluating those assets resulting from donations in payment, judicial auctions, acquisitions and leases.

### **PROJECTS AND INVESTMENT COMMITTEE**

Its main goal is to ensure that the annual or emerging Project and Investment Portfolio, whether annually or emerging, which will be recommended to the Executive Committee for approval, complies with factors that justify the allocation of resources in terms of: impact on the achievement of strategy; value generated for the Institution; business continuity; regulatory compliance; feasibility of the amount to be invested and the required execution capacity; to ensure the reasonableness and viability of the business cases for each of the approved investments; and finally, to assure the control and follow-up of the portfolio of approved projects and investments, focusing on the return on investment as a promise of value.

### **COMPREHENSIVE SECURITY AND BUSINESS CONTINUITY COMMITTEE**

It is the supporting management body that carries out the Comprehensive Security area for the prevention and control of financial crimes and business continuity in order to guarantee the availability of the Organization's critical services. It is also responsible for advising on information security, loss control and prevention, financial and administrative investigations, as well as the preparation and execution of contingency plans or measures in the event of unexpected or high-impact situations.



## COMMISSIONER'S REPORT

FIRST HALF 2021 • BANESCO BANCO UNIVERSAL, C.A.

HALF FINISHED AT JUNE 30, 2021  
CARACAS, AUGUST 27, 2021

### TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF BANESCO BANCO UNIVERSAL, C.A.:

Acting as Commissioners, duly appointed at the Annual General Shareholders' Meeting of the Bank, held on March 26, 2019, in accordance with the provisions of the Bank's Bylaws, the Interprofessional Rules for the Exercise of the Commissioner's Function and as per provisions of Sections 287, 309 and 311 of the Code of Commerce, we are pleased to inform you that we have examined the Statement of Financial Position as of June 30, 2021, and the related Statements of Results and Application of Net Income, Changes in Equity and Cash Flows for the six-month period then ended. We have also examined the report of the Independent Auditors Lara, Marambio & Asociados (Members of Deloitte) issued on August 26, 2021, which should be considered as comprehensive part of this report.

### **BANKING MANAGEMENT AND CORPORATE GOVERNANCE RESPONSIBILITIES CONCERNING THE FINANCIAL STATEMENTS.**

The Management of Banesco Banco Universal, C.A., is responsible for the preparation and fair presentation of these financial statements, in accordance with accounting standards and instructions issued by the Superintendency of Banking Institutions (SUDEBAN). It is also responsible for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

When preparing the financial statements, the Bank's management is responsible for assessing its ability to continue as on-going business, disclosing, as appro-

priate, matters related to the business and using the basis of accounting applicable to a business in going concern, unless management intends to liquidate the Bank or cease operations, or otherwise there is no realistic alternative.

Those in charge of corporate governance are responsible for overseeing the Bank's financial reporting process.

### **ACCOUNTING BASE**

Banesco Banco Universal, C.A., presents its financial statements in conformity with the accounting standards established by the Superintendency of Banking Sector Institutions (SUDEBAN), which differ in some aspects from the Generally Accepted Accounting Principles, as explained in Note 2 to the Financial Statements of the Independent Auditors' Report. The financial statements accompanying the Independent Auditors' report have been prepared by the Bank's management for the purpose of complying with the standards and practices established by the Superintendency, and not for being presented in conformity with Venezuelan Generally Accepted Accounting Principles (VEN-NIF GE).

### **RESPONSIBILITY OF THE INDEPENDENT'S AUDITORS CONCERNING THE FINANCIAL STATEMENTS AUDIT**

The independent auditors' responsibility is to express an opinion on these financial statements based on their audits. They conducted them in accordance with International Standards on Auditing. These norms require that they fulfill ethical requirements, that they plan and execute their evaluations in order to obtain a



## COMMISSIONER'S REPORT

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reasonable basis to consider that these financial statements are free of significant mistakes. An audit includes carrying out procedures to obtain information on evidence related to the amounts and disclosures presented in the financial statements.

The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements due to fraud or error. When assessing risks, the auditor considers the significant internal controls used by Banesco Banco Universal, C.A., for the preparation and presentation of reliable financial statements, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. The independent auditors believe that the audit evidence obtained during their review is sufficient and appropriate and provides a reasonable basis for their opinion.

### COMMISSIONER'S RESPONSIBILITY

Based on our review, our responsibility is to issue a recommendation on the approval of these financial statements. Concerning this revision, it was conducted to the extent we considered necessary, which is substantially less than the scope of an audit conducted in accordance with International Standards on Auditing. Our objective is to express an opinion on the basic financial statements taken as a whole. Our revision considered the financial operations contained in the Financial Statements submitted for the consideration of the Meeting: Financial

Status Statement as of June 30, 2021, Results Statements, Changes in Patrimony and Cash Flow Statement for this period term ended on said date. It also included reviewing the minutes of the meetings held by the Board of Directors and the Risk Committee, the Internal Audit Committee, Internal Audit Committee, Internal Audit Reports and the review of Prevention and Control of Money Laundering and Financing of Terrorism and Financing of the Proliferation of Weapons of Mass Destruction, as well as correspondence received and sent to and from the Superintendency of Banking Sector Institutions (SUDEBAN). It is noteworthy that the opinions and discernment, which we provide in relation to this report, particularly about the financial situation of Banesco Banco Universal, as of June 30, 2021, was prepared as follows: on the review conducted by Lara, Marambio & Asociados (Deloitte Members), independent auditors, for the same period, whose reports were issued on August 26, 2021, these should be deemed a comprehensive part of this report. For instance:

- I) Financial Statements for the half year ended June 30, 2021 and December 31, 2020.
- II) Special Report for the half year ended June 30, 2021.
- III) Combined Financial Statements of Trusts for the half-year ended June 30, 2020 and December 31, 2020.
- IV) Half-Yearly Independent Auditors' Assurance Report on Compliance with Resolution No. 083.18, issued by the Superintendency of Banking Institutions as of June 30, 2021.
- V) Half-Yearly Independent Auditors' Assurance Report on Compliance with Resolution No. 136.15, issued by the Superintendency of Banking Institutions, as of June 30, 2020.



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- VI) Half-Yearly Independent Auditors' Assurance Report on Compliance with Resolution No. 136.15, issued by the Superintendency of Banking Institutions, as of June 30, 2020.
- VII) Report on Convened Procedures concerning Financial Information as of June 30, 2021.
- VIII) Report on Convened Procedures concerning Financial Information as of June 30, 2021.
- IX) Memorandum on Remarks and Recommendations for the half-year ended on June 30, 2021.

In addition, considerations and opinions contained on this report are based on the following documents:

- I) 2021 First Quarter Compliance Officer Management Report.
- II) 2021 Second Quarter Compliance Officer Management Report.
- III) Report on the First Half-year concerning the Client's Defender and Banking Users of Banesco, Banco Universal, C.A.

### RECOMMENDATION

Based on our review and the opinion of the Independent Auditors, Lara, Marambio & Asociados (Members Deloitte), the Financial Statements in question present fairly, in all material respects, the financial status of Banesco Banco Universal, C.A., at the closing of June 30, 2021. The results of its operations, the history in the equity accounts and the cash flow for the half year then ended, in accordance with the Generally Accepted Accounting Principles established by the Superintendency of Banking Institutions (SUDEBAN) for the

Venezuelan banking system, which allows us to recommend their approval.

### EMPHASIZED PARAGRAPHS

- ▶ As indicated in Note 2 of the Independent Auditors' report, it is stated that the Bank, as a financial institution of the Venezuelan banking sector, prepares its financial statements based on the accounting standards and instructions established by the Superintendency of Banking Institutions. These standards differ in some aspects from the Venezuelan Generally Accepted Accounting Principles (VEN-NIF-GE).
- ▶ As indicated in Note 3 to the financial statements attached hereto, the institutions of the Venezuelan sector must maintain a minimum legal reserve on net obligations as established by the Venezuelan Central Bank (BCV), which may affect the Bank's financial intermediation process.

### OTHER ISSUES TO BE REPORTED

The Bank maintains control mechanisms to monitor the compliance with Section 307 of the Mercantile Code. The Bank does not declare or pay dividends to shareholders, but only on liquid and collected profits.

Reserves, Provisions and Bylaw Items are reasonable and comply with the provisions of the regulations governing such matters; therefore, the directors have complied with the duties imposed on them by the Law, the Articles of Incorporation - Bylaws and the Legal System in force.

Banesco Banco Universal, C.A. has implemented the corresponding audit programs in order to comply with the instructions contained in Circular No. HSB-200-



## COMMISSIONER'S REPORT

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1155, dated February 24, 1984, issued by the Superintendency of Banking Institutions.

During the period under review, we have received no complaints from any shareholder, nor have we been informed by any of them, of the existence of circumstances, which, in our opinion, weaken or have the potential to weaken the financial condition of the institution.

As part of our evaluation, we reviewed the communications received and sent to and from the Superintendency of Banking Sector Institutions (SUDEBAN) during the half-year ended June 30, 2020. In this regard, we highlight the following:

1. Sudeban Circular No. SIB-DSB-CJ-OD-00317, dated January 21, 2021, whereby SUDEBAN instructs that, in accordance with provisions of Circular SIB-DSB-CJ-OD-00240, dated January 14, 2021, issued by that body, banking institutions must be authorized by the Superintendency to offer and promote to their clients and/or users their financial products or services, as well as those of the BCV, when such products, instruments or services contain particular characteristics that oblige them to require such permit. In this regard, banking institutions are prohibited from granting loans in foreign currency with resources obtained through the collection of deposits from the public in foreign currency or any other modality, without the prior authorization of the BCV and the Superintendency.
2. Sudeban Circular No. SIB-II-GGR-GNP-00456, dated January 28, 2021, in which said entity gives its opinion on Resolution No. 21-01-02, dated January 7, 2021, issued by the BCV, regarding the use of the

Credit Value Unit (CVU), for the granting of loans in local currency, within the framework of the Single National Productive Portfolio, commercial loans, micro-credits and credit cards.

3. Notification sent to Sudeban in response to official letter SIB-II-GGIBPV-GIBPV5-02735, dated February 09, 2021, whereby said entity authorizes the creation of the provision for interest accrued and to be accrued on securities issued by PDVSA charged to the balance maintained as of June 30, 2019 in account 352.00, and authorizes the recording of accruals in sub-account 819.99, starting with the coupon maturing on April 12, 2020.
4. Official letter received from Sudeban No. SIB-II-CCD-00630, dated February 05, 2021, whereby the entity provides its comments regarding the assessment results of the requirements of the Annual General Meeting of Shareholders, held on September 24 of last year, at the end of the first half of 2020, in relation to the productive portfolios, based on the response given by the Bank. In this regard, said entity points out that the Bank did not present the percentage of compliance reached of the loan portfolio destined to granting microcredits as of June 30, 2020. This is due to the fact that all regulations that provided for "mandatory loan portfolios" have been repealed, including the rules referring to the microcredit portfolio as a result of the creation of the Single National Productive Portfolio.
5. Notification sent to Sudeban in response to official letter SIB-II-GGIBPV-GIBPV5-04151, dated March 01, 2021, whereby the entity gave its opinion re-



## COMMISSIONER'S REPORT

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- garding the Bank's request to exceed the maximum percentage of 25% of the gross portfolio of each month destined to the financing of the agri-food sector, specifically within the 2020 Sowing Plan Program. The regulatory entity informs that Banesco may exceptionally exceed the maximum percentage of 25% of the loan portfolio, established in Section 5 of the Constituent Decree in force that creates the Single National Productive Portfolio. This may be used to grant loans to the agri-food sector within the 2020 Sowing Plan Program, subject to the prior approval of the Steering Committee of the Single National Productive Portfolio.
6. Letter received from Sudeban No. SIB-II-GGIB-PV-GIBPV5-01515, variations of January 2021 vs December 2020, dated March 11, 2021, whereby said office requests an explanation of the variations experienced when comparing the balances of the financial statements for the month of January 2021 with respect to December 2020.
  7. Official letter received from Sudeban No. SIB-II-GGR-GA-02029, dated March 25, 2021, whereby said body authorizes the reduction and increase of the share capital of this Financial Institution and the consequent amendment of Article 5 of its Bylaws, in accordance with the resolutions adopted at the Special Meeting of Shareholders held on March 30, 2017.
  8. Official letter No. SIB-II-GGR-GA-02599 received from Sudeban, dated April 20, 2021, whereby said body gives its opinion regarding the documentation submitted on the occasion of the nominations for the positions of Customer and Bank User Defender, and their Alternates.
  9. Letter No. SIB-DSB-OPCLC-FT-FPADM-02850 received from Sudeban, dated April 26, 2021, whereby said entity submits the Report containing the results obtained in the Special Inspection Visit, practiced to the UPCLC/FT-FPADM of this Financial Institution. The effectiveness of the Policies, Standards and Procedures established to ensure compliance with the provisions contained in Resolution No. 083.18, dated November 01, 2018, was evaluated.
  10. Notification sent by Sudeban in response to Official Letter No. SIB-DSB-CJ-PA 04248, dated May 03, 2021, whereby it responds to the declaration of the Appeal for Reconsideration filed on July 10, 2020, against the administrative measure, which instructed the creation of a provision of 15% of the total amount of the lawsuit filed by Inversiones Bchara, C.A. against Banesco Banco Universal, C.A.
  11. UNIF Circular No. UNIF-DDG-DSU-01131, dated May 12, 2021, whereby the body reports the need to optimize the strategies and policies of the Venezuelan State to strengthen the prevention and control of Money Laundering, Financing of Terrorism and the Proliferation of Weapons of Mass Destruction (PC LC/ FT/ FPADM), in relation to Non-Profit Organizations (NPOs).
  12. Letter No. SIB-II-GGIR-GSRB-04256, dated June 08, 2021, received from Sudeban, whereby said body gives its opinion regarding the Half-Yearly Independent Auditors' Assurance Report on the Compliance with Resolutions No. 136.03 and No.



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136.15 of the Audited Financial Statements as of December 31, 2020, which includes the compliance level with the legal regulations in force related to risk matters.

13. Sudeban Official Letter No. SIB-II-GGIBPV-GIB-PV5-04442, dated June 15, 2021, whereby said entity informs that Banesco Banco Universal, C.A. is authorized to reclassify the net credit balance of sub-account 273.02 "Generic provision for guarantees granted" maintained at the end of March 2021 for VES 3.42 billion to sub-account 139.05 "Generic provision for loan portfolio".

During the half year ended June 30, 2021, the following general shareholders' meetings were held:

GENERAL MEETING OF SHAREHOLDERS	NOTES	DATE
ORDINARY	1	March 22, 2021
EXTRAORDINARY	2	March 22, 2021

- Discussed items: First:** Consider and resolve, based on the Board of Directors and Commissioners' Report, the approval of the Financial Statements audited by Independent Public Accountants, corresponding to the half-yearly fiscal year ended December 31, 2020. **Second:** Consider and resolve on the use to be made of profits as of December 31, 2020. **Third:** Authorize the Board of Directors to acquire for valuable consideration the Bank's own shares and to dispose of them when convenient.
- Discussed items: First:** Appointment of the Bank's Board of Directors. **Second:** Appoint the Customer

and Bank User Defender and his alternate for the 2021-2023 term.

We attended the Annual General and Special Meeting of Shareholders held on March 22, 2021, in our capacity as Main and Alternate Commissioner.

During the half-year ended June 30, 2021, the following Board of Directors' Meetings were held:

BOARD OF DIRECTORS MEETING MINUTES	NOTES	DATE
1,489	1	January 8, 2021
1,490	2	January 28, 2021
1,491	3	February 23, 2021
1,492	4	February 25, 2021
1,493	5	March 22, 2021
1,494	6	March 31, 2021
1,495	7	April 29, 2021
1,496	8	May 27, 2021
1,497	9	June 30, 2021

- Discussed items:** 1. Quorum verification; 2. Reading and approval of the Minutes No. 1488, dated December 21, 2020; 3. Balance and Financial Management; and, 4. Official letters Report.
- Discussed items:** 1. Quorum verification; 2. Reading and approval of the Minutes No. 1489, dated July 08, 2021; 3. Commitments monitoring; 4. Economic and financial environment; 5. 2021 Strategic Banking Plan; 6. Corporate Balanced Scorecard (BSC).



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7. Financial Management Report; 8. Operations exceeding 5% of equity; 9. Proposed Extra-credits and Credit Cards Penalties; 10. 2020 Fourth Quarter Compliance Officer Management Report. 2020 Annual Compliance Officer Management Report; 11. Appointment of Duties and Functions of the Compliance Officer; 12. Modification in the Committees creation; 13. Updated Regulations; and, 14. Directive Committee Reports.
- 3. Discussed items:** 1. Quorum verification; 2. Reading and approval of the Minutes No. 1490, dated January 28, 2021; 3. Shareholder's Meetings in March 2021.
- 4. Discussed items:** 1. Quorum verification; 2. Reading and approval of the Minutes No. 1491, dated February 23, 2021. Commitments monitoring; 4. Economic and financial environment; 5. Corporate Balanced Scorecard Follow-Up (BSC). 6. Annual Internal Audit Operating Plan; 7. Audited Financial Statements; 8 Financial Management Report; 9. Proposed Extra-credits and Credit Cards Penalties; 10. Proposal of Alert Indicator Limits (EWI'S); 11. Report of the Client and Bank User Defender; 12. Official letters Report; and, 13. Directive Committee Reports.
- 5. Discussed items:** 1. Quorum verification; 2. Reading and approval of the Minutes No. 1492, dated February 25, 2021; 3. Official letters Report; and, 4. Dividends Decree.
- 6. Discussed items:** 1. Quorum verification; 2. Reading and approval of the Minutes No. 1493, dated March 22, 2021; 3. Commitments monitoring; 4. Balanced Scorecard Follow-Up (BSC). 5. Financial Management Report; 6. Alert Indicator Limits (EWI's) - Efectividad de Cobranza; 7. Tax Autonomy Update; 8. Operations exceeding 5% of equity; 9. Directive Committee Reports; and, 10. Granting of Power of Attorney.
- 7. Discussed items:** 1. Quorum verification; 2. Reading and approval of the Minutes No. 1494, dated March 31, 2021; 3. Commitments monitoring; 4. Economic and financial environment; 5. Corporate Balanced Scorecard Follow-Up (BSC). 6. 2021-2022 Technology Strategic Plan; 7. Financial Management Report; 8. Proposal for Penalties in Other Assets and Cash equivalents; 9. VPAIR Manuals Update; 10. Operations exceeding 5% of equity; 11. Adjustment to the Code of Ethics and Conduct of the Banesco Citizen; 12. 2021 First Quarter Management Report; 13. Update and Appointment of the Employees Responsible for the Compliance of Centralized Areas; 14. Update of the Formation of the Steering and Executive Committees; 15. Directive Committee Reports; 16. Official Letters Report; 17. Granting of Power of Attorney; and, 18. C2P Exchange Bank Service.
- 8. Discussed items:** 1. Quorum verification; 2. Reading and approval of the Minutes No. 1495, dated April 29, 2021; 3. Commitments monitoring; 4. Economic and financial environment; 5. Corporate Balanced Scorecard Follow-Up (BSC). 6. Corporate Products and Services Portfolio; 7. Financial Management Report; 8. Operations exceeding 5% of equity; 9. PCLC/FT/FPADM Unit Structure Update; 10. Adjustment of the Annual Operating Plan; 11. Report of the Thematic Committees; 12. Official Letters Report; 13. Modification in the Formation of the Asset and Liability Steering Committee (ALCO); and, 14. Revoke and granting of powers of attorney.
- 9. Discussed items:** 1. Quorum verification; 2. Reading and approval of the Minutes No. 1496, dated May



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27, 2021; 3. Commitments monitoring; 4. Economic and financial environment; 5. Corporate Balanced Scorecard Follow-Up (BSC). 6. Business Strategies Guidelines Follow-up; 7. Financial Management Report; 8. Risk Training to the members of the Board of Directors; 9. Proposal of Penalties in Other Assets Accounts; 10. Operations exceeding 5% of equity; 11. Update of the Trust Policies, Standards and Procedures Manual; 12. Update of the ML/FT/FPADM Risk Management Policies and Procedures Manual; 13. Report of the Thematic Committees; 14. Official Letters Report; 15. Revoke and granting of powers of attorney; 16. Share Dividends as of March 30, 2017; 17. Proposal for the Optimization of the Creation of the Steering and Executive Committees; 18. Proposal to Update the Formation of the Alignment Table; and, 19. Resignation of a Member of the Board of Directors.



### REVIEW ON FINANCIAL STATEMENTS AS OF JUNE 30, 2021.

Based on the evaluation made by the Independent Auditors, to the Bank's Financial Statements as of June 30, 2021, we consider mentioning the following aspects:

#### AVAILABLE FUNDS

##### LEGAL RESERVE

The Venezuelan Central Bank issued Resolution No. 20-03-01 dated March 26, 2020, published in Official Gazette No. 41,850, dated March 30, 2020, establishing that banks must maintain a minimum reserve equal to 93% of the total amount of net obligations in local currency and 31% in foreign currency.

Subsequently, the Central Bank of Venezuela (BCV) issued Resolution No. 21-01-01, dated January 7, 2021, published in Official Gazette No. 42,050 dated January 19, 2021, which established that banking institutions must maintain a minimum reserve equal to 85% of the total amount of Net Debentures in local currency and 31% in foreign currency. As from the entry into force of the resolution, banking institutions with a reserve requirement deficit must pay to the BCV a financial cost calculated daily by the Central Bank, which will not be less than 138% annually.

In this regard, as of June 30, 2021, the balance of the "Central Bank of Venezuela" account includes VES 146.62 trillion corresponding to the balance of the legal reserve in local currency.



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Moreover, during the first half of 2021, the Bank recorded VES 36.15 trillion in the account "Miscellaneous operating expenses", for the financial cost on the deficit balances in the legal reserve operations, as per regulations in force.

### FOREIGN EXCHANGE OPERATIONS

Pursuant to the provisions contained in the Exchange Agreement No. 1, universal and microfinance banks governed by the Decree with Rank, Value and Force of Law of Institutions of the Banking Sector may receive funds in foreign currency.

- According to the Independent
- Auditors' Report as of June 30, 2021,
- the Bank maintains VES 5.87 trillion
- (US\$ 1,828,154) in "Foreign banks
- and correspondents" account,
- corresponding to customers' foreign
- currency deposits.

Meanwhile, Resolution No. 19-05-01 dated May 2, 2019, issued by the Central Bank of Venezuela and published in Official Gazette No. 41,624, dated May 2, 2019, establishes that banking institutions authorized to serve as foreign exchange operators may enter into transactions through their foreign exchange desks, between their clients, or in interbank transactions, both with individuals and legal entities of the private sector maintained in the national or international financial system.

According to the Independent Auditors' Report as of June 30, 2021, the Bank maintains a balance of VES 5.16 trillion (US\$ 1.60 million), in the "Central Ban of Venezuela" heading, for foreign exchange participation. It also maintains VES 662.34 billion in the "Cash" heading for retail operations.

Moreover, in accordance with current regulations and the provisions of the Accounting Manual for Banking Institutions, the exchange fluctuation generated by these transactions will be recorded in the heading "Gain or loss on exchange fluctuations from holding and selling foreign currency under the Free Convertibility Exchange Market System" under the caption "Adjustments to shareholders' equity". In this regard, as of June 30, 2021, the Bank has recorded VES 11.71 trillion, as a result of net losses arising from the fluctuation of the official exchange rate.

### IMMEDIATE COLLECTION EFFECTS

At the end of the first half of 2021, the Bank recorded Bs. 720.58 billion in the "Immediate Collection Effects" heading, corresponding to clearing house operations under the responsibility of BCV. These operations were regularized within the first days of July 2021.

### PROVISIONS FOR AVAILABLE FUNDS

According to the Independent Auditors' Report as of June 30, 2021, the Bank maintains provisions for cash and cash equivalents of VES 18.79 billion corresponding to certain impaired foreign currency denominated cash. Additionally, it maintains VES 265.89 million corresponding to reconciling items with cash depositors.



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### BONDS INVESTMENT

#### INVESTMENT IN BONDS AVAILABLE FOR SALE.

According to the Independent Auditors' Report, as of June 30, 2021, the Bank did not reclassify available-for-sale investments to trading investments or held-to-maturity investments.

As of June 30, 2021, the investment in the Reciprocal Guarantee Society for Small and Medium Enterprises in the Tourism Sector (SOGATUR) for VES 1,087 corresponds to registered shares type "B" acquired by the Bank.

During the first half of 2021, sales of available-for-sale securities generated gains of VES 110,980, recorded in the "Gain on sale of available-for-sale investments" account. Also, during the first half of 2021, the Bank recognized losses of VES 1,880 in the "Loss on sale of available-for-sale investments" heading for the sale of securities.

#### INVESTMENT IN BONDS KEPT UNTIL MATURITY

According to the Independent Auditors' Report, as of June 30, 2021, the Bank recorded VES 378.18 billion, in the "Other operating income" account, for amortization of discounts on investments in securities held to maturity.

#### INVESTMENT IN RESTRICTED AVAILABLE FUNDS

According to the Independent Auditors' Report, as of June 30, 2021, the Bank maintains license agreements for the use of the Visa International Service Association and Mastercard International Incorporated trademarks for the non-exclusive and non-transferable use of Visa

and Mastercard credit cards. These contracts establish the obligation to maintain demand or time deposits in foreign financial institutions as a guarantee for these collateral transactions. By June 30, 2021, the Bank holds in JP Morgan Chase Bank and PNC Financial Services Group, Inc a sum of VES 42.34 trillion (US\$ 13.17 million) for this concept.

As of June 30, 2021, the restricted investment held with American Express for VES 1.12 billion (US\$ 350,000) corresponds to a demand deposit given as a guarantee for the non-exclusive and non-transferable use of AMEX credit cards.

#### OTHER BONDS INVESTMENT

On November 27, 2017, through Circular No. SIB-II-GGR-GNP-25189, the Superintendency of Banking Institutions notified the modification of the Accounting Manual for Banking Institutions, regarding the adding of headings related to register securities called Banderas 2022 Financial Securities, including in equity the "Unrealized gain or loss on investments in other marketable securities" heading.

According to the Independent Auditors' Report as of June 30, 2021, investments in other securities present an unrealized gain of VES 3.77 million due to the valuation of securities denominated 2022 BANDERAS Financial Bonds.

### LOAN PORTFOLIO

According to the Independent Auditors' Report as of June 30, 2021, and pursuant to provisions of the Superintendency of Banking Institutions, the bank maintains a generic provision for the loan portfolio of VES



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1.32 trillion. This is equivalent to 1% of the principal balance of the loan portfolio, except for the balance of the microloan portfolio, for which the bank maintains a generic provision of 2%. Additionally, as of June 30, 2021, the bank, based on its own risk estimates, maintains voluntary generic provisions of VES 598.28 billion for possible losses that may occur in the loan portfolio according to its behavior.

Also, as of June 30, 2021, the Bank maintains a countercyclical provision of VES 965.31 billion, equivalent to 0.75% of the gross loan portfolio, in accordance with the provisions of Resolution No. 146.13 dated September 10, 2013, issued by the Superintendency of Banking Institutions.

As of June 30, 2021, the immobilization of the loan portfolio amounted to VES 7.64 million. This is represented by past-due loans, as established by the Superintendency of Banking Institutions. Also, the total immobilized portfolio accounts for approximately 0.000000% of the gross loan portfolio and 0.000005% of the Bank's total equity.

As of June 30, 2021, the coverage margin of the total allowance for loan portfolio in relation to the immobilized portfolio is 37,766,709.68%. This fulfills requirements established by the Superintendency of Banking Institutions.

During the second half of 2020, the Bank granted loans in foreign currency for US\$ 10.33 million with annual interest rates between 3% and 5.5%. Subsequently, on March 17, 2021, the Superintendency of Banking Institutions, through Official Letter No. SIB-II-GGIBPV-GIBPV5-01677, expressed its opinion on these loans. The Bank, through letters sent to the

Superintendency on March 18, March 24 and April 5, 2021, responded and provided arguments in relation to instructions set forth in Official Letter No. SIB-II-GGIBPV-GIBPV5-01677.

According to the Independent Auditors' Report as of June 30, 2021, the Bank maintains VES 16.52 trillion (US\$ 5.14 million), corresponding to credits in foreign currency. During the first half of 2021, the bank recorded interest income from foreign currency loans of VES 44.31 billion in the account "Income from loan portfolio".

According to the Independent Auditors' Report as of June 30, 2021, the Bank maintains VES 3.40 trillion for productive loans measured in UVCP, accounting for 12% of the gross loan portfolio.

### COMMERCIAL LOANS SUBJECT TO MEASURES ESTABLISHED BY THE BCV

According to Resolution No. 21-01-02 issued by the Central Bank of Venezuela, published in Official Gazette No. 42,050 dated January 19, 2021, all credits will be expressed in Units of Credit Value (UVC), which results from dividing the amount in bolivars to be settled of the credit granted by the Investment Index in effect on that date, which will be determined by the BCV considering the variation of the market reference exchange rate. For these loans, banking institutions must charge an annual interest rate that may not exceed 10% annually or less than 4% each year. This measure excludes active operations directed to employees and directors of banking entities.

As of June 30, 2021, the Bank maintains VES 80.76 trillion for loans subject to the measures established



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by the Central Bank of Venezuela in Resolution No. 21-01-02. During the first half of 2020, the Bank recorded interest income for a sum of VES 1.69 trillion in the "Income from loan portfolio" heading.

### INTEREST AND RECEIVABLE COMMISSIONS

According to the Independent Auditors' Report as of June 30, 2021, dated May 22, 2020, the Superintendency of Banking Institutions, through Official Letter No. SIB-II-GGIBPV-GIBPV5-02735, authorized the Bank to record in the sub-heading "Other recording accounts" the accrual of the yields receivable related to the securities issued by Petróleos de Venezuela, S.A., beginning with the coupon that matured on April 12, 2020, and to record the income once the coupons are paid upon receipt of the coupons. In this regard, as of June 30, 2021, the Bank has recorded VES 1.03 trillion in memorandum headings for yields receivable from investments in bonds and securities.

### INVESTMENTS IN SUBSIDIARIES AND BRANCHES

According to the Independent Auditors' Report as of June 30, 2020, the Bank recognized VES 752.42 billion in the "Other operating income" heading for equity participation of subsidiaries and affiliated companies. The Bank recorded a net equity participation on the investments held with its subsidiaries and affiliates for VES 376.21 billion in the "Restricted surplus" heading.

### OTHER ASSETS

According to the Independent Auditors' Report as of June 30, 2021, the heading "Other deferred expenses" for VES 6.32 trillion corresponds to technology projects. Also, as of June 30, 2021, the heading "Li-

censes" for VES 3.43 trillion corresponds to deferred expenses for the acquisition of computer licenses.

According to the Independent Auditors' Report as of June 30, 2021, the heading "Advances to suppliers" for VES 104.14 trillion is mainly composed of advances granted to suppliers for acquisition of office supplies, computer equipment, services, equipment and technological supplies, software and licenses.

According to the Independent Auditors' Report as of June 30, 2021, the "Items to be applied" heading for VES 900.44 billion corresponds mainly to credit card transactions in transit, which were regularized during the first days of July 2021.

As of December 31, 2020, the bank keeps in the "Income receivable from investments in securities" heading VES 145.94 billion (US\$ 132,149), corresponding to interest receivable in foreign currency, which is fully provided for. During the first half of 2021, the Bank charged off these overdue returns and maintained the balance recorded in memorandum heading.

### PUBLIC DEPOSITS COLLECTION

According to the Independent Auditors' Report as of June 30, 2020, the Bank maintains current accounts under Exchange Agreement No. 20 for VES 5.87 trillion, equivalent to US\$ 1.82 million.

As of June 30, 2021, deposits from the public include VES 48.46 trillion which come from official entities, equivalent to 12.74% of total deposits from the public.

On January 19, 2021, in Official Gazette No. 42,050, the BCV published Resolution No. 21-01-02, whereby the interest rates for savings deposits may not be



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lower than 32%. Likewise, it established that interest rates may not be lower than 36% for time deposits.

### ACCRUALS AND OTHER LIABILITIES

According to the Independent Auditors' Report as of June 30, 2021, the heading "Other sundry accounts payable" includes VES 8.43 trillion, corresponding to settlements resulting from debit card transactions processed by the Bank's points of sale in premises. These operations were regularized within the first days of July 2021. Additionally, as of June 30, 2021, they include debentures held with individuals and legal entities, as a result of brokerage and custody operations of securities in the secondary market and interest due on securities owned by its customers for VES 97.33 trillion (US\$ 30.29 million), in foreign currency, valued at the official exchange rate for purchase published by the BCV.

As of June 30, 2021, the "Provisions for taxes" heading includes VES 4.16 trillion for income tax provision. Also, as of June 30, 2021, includes VES 1.90 trillion for tax on economic activities.

### TAX

#### INCOME TAX

According to the Independent Auditors' Report as of June 30, 2021, the bank maintains a book provision for income tax of VES 4.16 trillion, based on projected results at June 30, 2021 and the annual fiscal year ended December 31, 2020.

In accordance with the tax legislation in force, the bank may carry forward operating tax losses for up to three (3) years subsequent to the fiscal year in which they are

incurred, and such allocation must not exceed 25% of the taxable income obtained in each fiscal year. As of June 30, 2021, the Bank has no transferable tax loss.

### OTHER FINANCIAL INSTRUMENTS AT RISK OUT OF THE GENERAL BALANCE AND OTHER ORDER ACCOUNTS

As of June 30, 2021, the bank maintains VES 508.09 billion in the "Credit lines of automatic utilization" heading, associated with contractual agreements for credit limits granted to customers, after credit risks evaluation and recorded under the "Contingent accounts receivable" heading.

As of June 30, 2021, the "Guarantees received" heading is mainly comprised of guarantees for VES 246.68 trillion and guarantees with financial institutions for VES 69.54 trillion.

According to the Independent Auditors' Report as of June 30, 2021, the "Other recording accounts" include US\$ 22.46 million equivalent to VES 72.15 trillion, corresponding to foreign currency pending before the National Foreign Trade Center (CENCOEX), as a result of purchases made by the Bank's cardholders abroad, paid by the Bank in foreign currency to affiliated businesses. The Bank is awaiting the allocation of these currencies by CENCOEX. Likewise, as of June 30, 2021 they include VES 5.10 trillion for foreign currency sale transactions agreed through the foreign exchange intervention process.

### TRUST

According to the Independent Auditors' Report as of June 30, 2021, available funds include VES 727.78 billion which correspond to deposits in special interest-bearing accounts opened for each of the Bank's



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trustors, which generated interest at the rate of 0.20% annually for both semesters. As a result of these operations, during the first half of 2020, the Bank's Trust recorded VES 324.82 million, as interest income in the account "Income from available funds".

As of June 30, 2021, available funds include a foreign currency deposit for VES 19.13 trillion (US\$ 5.95 million) corresponding to the trust subscribed by Fondo de Protección Social de los Depósitos Bancarios (FOGADE). At the end of the first half of 2021, the bank trust is awaiting instructions from the beneficiary for delivering the fund.

The Bank's Trust has concentrated its investment operations mainly in debt securities and bonds guaranteed by the Venezuelan government, obligations with Venezuelan and foreign financial institutions, and equity securities issued by Venezuelan companies.

During the first half of 2021, the bank trust recorded VES 449.32 billion, as interest income in the "Financial income" heading.

### EQUITY

#### SHARE CAPITAL AND DECREE OF DIVIDENDS

According to the Independent Auditors' Report as of June 30, 2021, the Bank's share capital consists of 107,920,000 registered common shares, with a par value of VES 0.0001 each, 17,080,000 preferred shares, with a par value of VES 0.0001 each.

At the Annual General Meeting of Shareholders held on March 22, 2021, the Board of Directors was authorized to declare and pay cash dividends to the holders of common shares of up to VES 4.10 trillion, charged

to retained earnings as of December 31, 2020. Likewise, at the AGM of Shareholders, held on September 24, 2020, the Board of Directors was authorized to declare and pay cash dividends to the holders of common shares of up to VES 378 billion charged to the results accrued as of June 30, 2020.

#### NON-CAPITALIZED EQUITY CONTRIBUTIONS

During 2018 and 2017, the Bank approved increases in subscribed and paid-in share capital through the issuance of new common shares through cash contributions from shareholders who elected to subscribe.

According to the Independent Auditors' Report at June 30, 2021, the share capital increases with cash contributions from shareholders who decided to sign, as described and presented at the Special Shareholders' Meetings every year, are awaiting approval by the Superintendency of Banking Institutions, subject to the binding opinion of the Higher Body of the National Financial System, for subsequent filing with the Mercantile Registry Office.

#### PREFERRED SHARES

On November 28, 2007, the Superintendency of Banking Institutions, through Resolution No. 394-07, published in Official Gazette No. 5,863, authorized the addition of 25,000,000 preferred shares to the Bank's equity structure for the amount of VES 2,500, as well as an increase in its share capital for such amount, pursuant to the terms approved by the Special Meeting of Shareholders held on August 6, 2007 and the Board of Directors at its meetings held on August 6, 2007 and October 31, 2007. Additionally, the public offering of the preferred shares was authorized by the



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General Meeting	Date	Subscribed and paid share capital in VES.	Number of shares	Nominal value per share in VES.
Extraordinary	November 28, 2018	160,000,000.00	1,600,000,000,000	0.0001
Extraordinary	October 19, 2018	150,000,000.00	1,500,000,000,000	0.0001
Extraordinary	September 27, 2018	330,500,000.00	3,305,000,000,000	0.0001
Extraordinary	August 31, 2018	60,000,000.00	600,000,000,000	0.0001
Extraordinary	July 31, 2018	35,000,000.00	350,000,000,000	0.0001
Extraordinary	May 28, 2018	40,000,000.00	400,000,000,000	0.0001
Extraordinary	April 30, 2018	18,000,000.00	180,000,000,000	0.0001
Extraordinary	March 22, 2018	4,500,000.00	45,000,000,000	0.0001
Extraordinary	February 21, 2018	1,500,000.00	15,000,000,000	0.0001
Extraordinary	January 17, 2018	100,000.00	1,000,000,000	0.0001
Extraordinary	December 18, 2017	500,000.00	5,000,000,000	0.0001
Extraordinary	November 20, 2017	300,000.00	3,000,000,000	0.0001
		800,400,000.00	8,004,000,000,000	

National Superintendency of Securities, according to Resolution No. 013-2008, dated February 15, 2008.

Preferred shares comprise the 2008-I issuance for 12,500,000 shares and 2008-II for 12,500,000 shares. The dividend will be calculated on the par value of the preferred shares, payable in cash, quarterly, on November 15, February 15, May 15 and August 15 of each year, as long as the same are not redeemed. The dividend will be charged to the liquid, collected and unrestricted profits appearing in the Bank's half-yearly balance sheets approved at the corresponding Shareholders' Meetings. The dividend will be paid to the shareholders of the preferred shares in preference to any dividends that may be payable to the owners of the common shares. This dividend is cumulative and non-capitalizable; therefore, in the event that the Bank does not obtain sufficient profits for the payment of

the respective dividend during a half-yearly fiscal year, this fixed dividend will be accumulated and will be paid from the profits obtained in subsequent fiscal years.

### RESULTS AND CAPITAL RESERVES

The Bank, in accordance with the provisions established in its bylaws and in the Decree with Rank, Value and Force of Law of Institutions of the Banking Sector, records every six months a legal reserve equivalent to 20% of the net income of the six-month period until reaching 50% of the share capital. When the amount of the legal reserve has reached this limit, the Bank will record 10% of the net income for the half year as a legal reserve until it reaches 100% of the share capital. The Bank may also establish additional voluntary reserves. As of June 30, 2021, the Bank has a legal reserve equal to 100% of its share capital.



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In accordance with Resolution No. 329.99, dated December 28, 1999 issued by the Superintendency of Banking Institutions, during the first half of 2021, the Bank reclassified VES 16.57 trillion to the "Restricted surplus" heading, equivalent to 50% of the results for the half year. The amounts included in the "Restricted surplus" heading will not be available for the payment of cash dividends and may only be used for future share capital increases.

### EQUITY ADJUSTMENT

According to the Independent Auditors' Report as of June 30, 2021, the Bank, on January 12, 2021, requested the Superintendency of Banking Institutions to authorize the recording in the statement of income of the net credit balance maintained in heading 352.00 "Gain or Loss from foreign exchange fluctuations of holding assets and liabilities in foreign currency" at the close of the half-year ended December 31, 2020, as per provisions of paragraphs 2 and 4 of Circular SIB-II-GGR-GNP-03578, dated March 29, 2019.

Subsequently, on January 26, 2021, the Superintendency of Banking Institutions, through Official Letter No. SIB-II-GGIBPV-GIBPV5-00355, authorized Banesco Banco Universal, C.A. to record in the statement of income the net credit balance of VES 23.21 trillion maintained in the heading 352.00 "Gain or loss from foreign exchange fluctuations from holding assets and liabilities in foreign currency" at the end of the six-month period ended December 31, 2020. In this regard, during the first half of 2021, the Bank recognized income in the heading "Foreign exchange gain on cash and cash equivalents" for VES 23.22 trillion.

### CONTRIBUTIONS TO THE SOCIAL PROTECTION FUND IN BANK DEPOSITS

The Social Protection Fund for Bank Deposits is an autonomous institute with legal capacity and its own assets, whose main purpose is to guarantee the funds collected from the public in local currency by banking institutions up to a maximum amount of VES 0.3, as well as to act as liquidator of these institutions and their related companies, according to provisions of the Decree with Rank, Value and Force of Law of Institutions of the Banking Sector. As of June 30, 2021, the Bank recorded expenses of VES 758.44 billion, corresponding to the half-yearly contribution of 0.75% of the total deposits held by the client at the end of the immediately preceding six-month period, in accordance with Section 121 of the Banking Institutions Law. This amount is recorded in the "Transformation expenses" heading.

### CONTINGENCIES

#### JUDICIAL CONTINGENCIES

Based on the Independent Auditors' Report as of June 30, 2021, there are civil and mercantile legal actions for VES 900.01 billion, corresponding to claims for material and moral damages brought against the Bank, for which the respective defenses have been timely presented in all instances and phases of the process, and the decisions are pending.

In this regard, as of June 30, 2021, the provision maintained by the Bank to provide for any adverse decision amounts to VES 122.04 billion included in the "Other provisions" heading.



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### SUBSEQUENT EVENTS

#### CREDITS GRANTED IN FOREIGN CURRENCY

On July 22, 2021, through Official Letter No. SIB-II-GGIBPV-GIBPV5-05717, the Superintendency of Banking Institutions gave its opinion regarding the arguments presented by the Bank on the instructions established in Official Letter No. SIB-II-GGIBPV5-01677, issued by the Superintendency in March 2021 in relation to loans in foreign currency, and requested the Bank to submit a plan containing corrective actions on such loan portfolio. In this regard, on July 27, 2021, the Bank sent the required plan to the Regulatory Entity. Also, on August 3, 2021, the Bank sent a letter to the Superintendency notifying that it is executing the aforementioned plan.

#### RULES GOVERNING THE SETTLEMENT OF INTERBANK FUND TRANSFERS IN THE REAL TIME GROSS SETTLEMENT SYSTEM OF THE CENTRAL BANK OF VENEZUELA.

The Central Bank of Venezuela issued Resolution No. 21-06-01, dated June 15, 2021, published in Official Gazette No. 6,635, dated July 22, 2021, whereby the settlement of interbank funds transfers instructions, whether its own or ordered by clients, will be made in the Real Time Gross Settlement System managed and operated by the Bank, through the allocation of the account that banks and other financial institutions maintain with the BCV.

The BCV will establish, by means of a circular issued for such purpose, the fees and/or surcharges to be charged to the institutions participating in the Real Time Gross Settlement System for the use of the service.

### BANKING TARIFF

The Central Bank of Venezuela, through Official Notice dated June 23, 2021, published in Official Gazette No. 6,635 dated July 22, 2021, informed banking institutions, exchange agencies and non-bank providers of point-of-sale terminals, the maximum limits of commissions, fees and/or surcharges that may be charged for the operations and activities mentioned therein. The most significant changes are the following:

- ▶ The monthly maintenance cost of a non-interest-bearing current account goes from VES 60 to VES 19,132.
- ▶ Fee for returned checks due to insufficient funds increased from VES 623,421 to VES 1,246,842.
- ▶ The operations by the new Commerce to Person (C2P) modality are subject to a commission of up to 2% of the total amount of the operation, with a minimum commission of VES 3,120.
- ▶ The reimbursement for operating costs of point-of-sale terminals increased from VES 2.03 million to VES 44.65 million.
- ▶ Services related to holding foreign currency accounts increased with respect to the previous period.

### NEW MONETARY RECONVERSION DECREE

On August 6, 2021, Decree No. 4,553 of the same date was published in Official Gazette No. 42,185, whereby the Executive branch establishes that as from October 1, 2021, the unit of the monetary system of the Bolivarian Republic of Venezuela will be expressed in the equivalent of one million bolivars (VES 1,000,000). As a result of this new expression, the bolivar will continue to be represented by the symbol "VES". Consequently,



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any amount expressed in local currency prior to the aforementioned date must be converted into the new unit, dividing by one million (1,000,000). Furthermore, the Central Bank of Venezuela is empowered to regulate by means of a Resolution all matters related to the execution of the new monetary expression.

### MANAGERIAL AND ADMINISTRATIVE PROCESSES CONCERNING LIQUIDITY RISK

In accordance with provisions of Section 4 of Resolution No. 136.15, the Bank shall implement liquidity risk management and administration processes that include at least the following elements:

- a) Strategies, policies and procedures for identifying, measuring and assessing, monitoring, limiting, controlling, reporting and disclosing levels of liquidity risk.
- b) Action guidelines to create an adequate structure of assets and liabilities to reduce or lessen the generation of variables or situations that increase liquidity risk exposure, maintaining an adequate balance between the Bank's profitability and liquidity.
- c) Internal controls and systems that ensure the integrity and monitoring of the overall liquidity risk management and administrative processes.

Based on the attestation procedures applied by the independent auditors as of June 30, 2021, in order to evaluate the compliance with paragraphs a, b and c of Section 4 of Resolution No. 136.15, we observed that the Bank has the "Manual of Corporate Policies and Guidelines of the Vice-Presidency of Comprehensive Risk Management (VPAIR)". The strategies and policies applied by the Bank to

identify, assess and control the different levels of liquidity risk to which the Bank may be exposed are included in the Manual. The last update of the Manual was completed in April 2021, presented to the Risk Committee in Minutes No. 190 dated April 21, 2021 and approved by the Board of Directors, as recorded in Minute No. 1,495, dated April 29, 2021.

We also note that the Bank has a "Liquidity Risk Manual", which includes guidelines, controls and tools for liquidity risk management and administration. The last update of the Manual was completed in November 2019, presented to the Risk Committee in Minute No. 185, dated November 24, 2020 and approved by the Board of Directors, as recorded in Minutes No. 1,487, dated November 26, 2020. The same was reviewed and approved without changes by the VPAIR in the Risk Committee as recorded in Minute No. 190, dated April 21, 2021.

Moreover, through the meetings of the Risk Committee and the Assets and Liabilities Committee (ALCO), we observe the monitoring of the structure of the Bank's assets and liabilities, in order to monitor those variables or situations that may increase the liquidity risk exposure to which the Bank is exposed. The results of these processes are also presented to the Board of Directors on a monthly basis.

- d) Tools for daily measurement and monitoring of liquidity risk.

VPAIR applies and monitors the calculation of three (3) liquidity risk indicators and liquidity gaps (GAP), as indicated in Title V of Resolution No. 136.15.



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e) Liquidity risk contingency plans.

According to the Half-Yearly Independent Auditors' Assurance Report on Compliance with Resolution No. 136.15, issued by the Superintendency of Banking Institutions, as of June 30, 2021, the Bank has a "Liquidity Contingency Plan", which was updated by the VPAIR and approved by the Risk Committee, as stated in Minutes No. 182, dated September 23, 2020. The same was reviewed and approved without changes by the VPAIR in the Risk Committee, as recorded in Minutes No. 190, dated April 21, 2021. This review was presented in an informative manner to the Assets and Liabilities Committee, as per Minutes No. 121, dated April 26, 2021.

### ASSETS AND LIABILITIES COMMITTEE (HEREINAFTER ALCO)

At the Board of Directors' meeting held on December 21, 2017, the Assets and Liabilities Committee was created. It is composed of seventeen (17) members, in which the Bank's Executive President and three (3) Directors of the Board of Directors participate; there are two (2) Executive Directors of the BoD participating with the right to speak and vote, and one (1) entitled to speak, but not to vote, for the purposes of the matters to be decided by the Committee. It also includes one (1) Executive Director with the right to speak and vote and four (4) Executive Directors and three (3) Executive Vice-Presidents entitled to speak but not to vote, in charge of executing the treasury and finance functions and/or in charge of the business areas dedicated to planning activities, economic studies or processes directly related to liquidity management. In addition, the Vice-President of Comprehensive Risk Management, the Internal Auditor, the Compliance Officer and the

Executive Manager of Models and Market and Liquidity Risk participate in the Committee, participating only with the right to speak, but not to vote, for the purposes of the decisions and resolutions adopted by the Committee, in accordance with the provisions of Section 11 of Resolution No. 136.15. the structure of the invited and permanent members of the Assets and Liabilities Committee, as well as the alternate members, was modified according to the Minutes of the Board of Directors No. 1,497 and No. 1,487, dated June 30, 2021 and November 26, 2020, respectively.

According to the Independent Auditors' Report as of June 30, 2021, the ALCO's weekly meetings were observed through the reading of the ALCO's minutes, in accordance with the provisions of Section 11 of Resolution No. 136.15.

### RESPONSIBILITIES OF THE INTERNAL AUDIT UNIT REGARDING THE COMPREHENSIVE RISK LIQUIDITY MANAGEMENT

In accordance with the provisions of Section 43 of Resolution No. 136.15, the Bank's Internal Audit Unit, within the half-yearly reviews, must include in the audit program, procedures and tests of broad scope to verify the reasonableness and compliance levels of the policies, processes, methodologies, tools, premises, assumptions and information systems, which are being used within the VPAIR to comprehensively and adequately manage liquidity risk within the Bank.

According to the Independent Auditors' Half-Yearly Attestation Report on Compliance with Resolution No. 136.15 issued by the Superintendency of Banking Institutions, as of June 30, 2021, it was mentioned in Minutes No. 187 of the Risk Committee, dated January



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26, 2021, the presentation by Internal Audit of the report on the main risks detected and reported during the second half of 2020. Likewise, the report on the review of compliance with policies, processes, methodologies, tools, premises, assumptions and information systems being used within VPAIR to comprehensively and adequately manage liquidity risk for the first half of 2021 was submitted to the Risk Committee in July 2021, as recorded in Minutes No. 195, dated July 28, 2021.

### INFORMATION TRANSMISSION TO THE REGULATORY ENTITY

According to the Half-Yearly Independent Auditors' Assurance Report on Compliance with Resolution No. 136.15, issued by the Superintendency of Banking Institutions, as of June 30, 2021, the VPAIR reported to said agency on a weekly basis, the transmission file where the methodologies for managing liquidity risk are established.

### RISK COMMITTEE

We reviewed the structure of the Risk Committee and the minutes of the aforementioned Committee held during the first half of 2021. As of June 30, 2021, we reviewed the approval of the Risk Committee and its members through the Board of Directors Act No. 1,495, dated April 29, 2021.

As a result of each meeting, minutes are prepared in which the proposals and agreements reached in each Committee are formalized and, subsequently, a management report is prepared, which is submitted to the Board of Directors, in order to notify the results and actions taken by the Bank in relation to the different risks to which it is exposed. During the first half of 2021, the following meetings were held:

Description	Minute No.	Date
Risk Committee	187	January 26, 2021
Risk Committee	188	February 22, 2021
Risk Committee	189	March 17, 2021
Risk Committee	190	April 21, 2021
Extraordinary Risk Committee	191	May 12, 2021
Risk Committee	192	May 26, 2021
Extraordinary Risk Committee	193	June 11, 2021
Risk Committee	194	June 23, 2021

Through our auditing procedures, we reviewed the minutes of the Risk Committee meetings held during the first half of 2021. Likewise, we inspected through the minutes of the Risk Committee meetings, that meetings were held at least once (1) a month, in accordance with the provisions of Section 5 of Resolution No. 136.03.

### HALF-YEARLY REPORT ON THE RISK COMMITTEE'S MANAGEMENT ACTIVITIES

In accordance with the provisions of Section 8 of Resolution No. 136.03 and Circular No. SIB-II-GGR-GNP-06118 sent by the Superintendency of Banking Sector Institutions, dated February 24, 2015, we note that the Bank on July 13, 2021, submitted to the Regulatory Entity the Half-Yearly Report on the Steps Taken by the Risk Committee for the first half of 2021, which specifies the degree of compliance related to the implementation of the VPAIR.

According to the Independent Auditors' Report as of June 30, 2021, the "Progress Matrix" indicates 100% compliance.



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### REPORTS PRESENTATION BY THE INTERNAL AUDIT UNIT TO THE RISK COMMITTEE

In accordance with the provisions of Section 10 of Resolution No. 136.03, the Bank's Internal Audit Unit must perform periodic reviews in the operating, business or any other units that involve the direct or indirect generation of risks, in order to verify their compliance with the policies and instructions contained in the Risk Manuals and other instructions and regulations issued by the Risk Committee. The report of this review must be made at least every six months and presented to the Risk Committee, which will contain the observations derived from the inspections conducted so far.

According to the Half-Yearly Independent Auditors' Assurance Report on Compliance with Resolution No. 136.03, issued by the Superintendency of Banking Institutions, as of June 30, 2021, as noted in Minutes No. 187 of the Risk Committee, dated January 26, 2021, the presentation of the report on the main risks detected and reported during the second half of 2020 by the Internal Audit Department. Furthermore, the report on the review of compliance with policies, processes, methodologies, tools, premises, assumptions and information systems used within VPAIR to comprehensively and adequately manage liquidity risk for the first half of 2021 was presented to the Risk Committee in July 2021, as stated in Minutes No. 195, dated July 28, 2021.

### OTHER OBSERVATIONS REGARDING THE REPORT OF THE CLIENT AND BANK USER'S DEFENDER OF BANESCO BANCO UNIVERSAL, C.A., AS OF DECEMBER 31, 2020

Pursuant to the Report on Agreed Procedures Related to Non-Financial Information, it was observed that

the independent auditors carried out procedures regarding the report of Complaints filed by customers in the Client Experience Department during the first half of 2021, in which the transmission files (AT13 Complaint Group) corresponding to said period of time were obtained, in order to observe the transmission period, the date of transmission and the transmission code, and to indicate whether there were days in arrears.

The Client and Bank User Defender in his report for the first half of 2021, proposed to the Board of Directors the following:

- a) Review of the attention process regarding the improper charge for direct debit in account and its declaration of origin.

The Bank was advised to review and ensure the protocol for dealing with these requests, in order to attest that the closing of the request coincides with the account crediting. According to provisions of Section 69 paragraph 3 of the Decree with Rank, Value and Force of Law of Banking Institutions, banks are obliged to make immediate payment of claims in which they have acknowledged the origin. In this regard, the bank indicated that it has made the following adjustments:

- Immediate application of the requirement reimbursement, once the claim has been acknowledged.
- Inclusion of the review and follow-up of the request in the protocol of attention, guaranteeing its response within the period required by law.
- Continuous reinforcement with the working team in the processes for dealing with requirements.



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### STRUCTURE OF THE COMPREHENSIVE RISK MANAGEMENT SYSTEM FOR MONEY LAUNDERING, TERRORIST FINANCING AND FINANCING OF THE PROLIFERATION OF WEAPONS OF MASS DESTRUCTION (SIAR LC/FT/FPADM)

According to the Half-Yearly Independent Auditors' Assurance Report on compliance with Resolution No. 083.18 issued by the Superintendency of Banking Sector Institutions, as of June 30, 2021, a copy of the organizational structure established by the Bank in relation to SIAR LCFT/FT/FPADM was obtained. This is made up according to Section 14 of Resolution No. 083.18, as follows:

- A. Board of Directors
- B. Chief Executive Officer
- C. Compliance Officer for the Prevention of Money Laundering, Financing of Terrorism and Proliferation of Weapons of Mass Destruction (hereinafter Compliance Officer).
- D. The Unit for the Prevention and Control of Money Laundering, Financing of Terrorism and Proliferation of Weapons of Mass Destruction (hereinafter referred to as UPC LCFT/FT/FPADM).
- E. Compliance Officers for the Prevention and Control of Money Laundering, Financing of Terrorism and Proliferation of Weapons of Mass Destruction (hereinafter RCPC LC/FT/FPADM) assigned to each sensitive area of LCFT//FPADM risk.

The functions of each component of the structure are set forth in the LC/FT/FPADM Risk Management Policies and Procedures Manual (Manual PPAR LC/FT/FPADM). It is maintained by the Bank, the most recent update of which was approved by the Board of Direc-

tors, as stated in Minutes No. 1,497, dated June 30, 2021, including the update of policies 14.1 and 14.2, related to foreign currency transactions, considering the new trends and the dynamics of products and services offered in foreign currency.

Based on the Half-Yearly Independent Auditors' Assurance Report on compliance with Resolution No. 083.18, issued by the Superintendency of Banking Institutions, as of June 30, 2021, the Institutional Commitment individually subscribed and signed by each member of the Board of Directors was observed in the file of every valid member of the Board of Directors.

We have obtained a copy of the Bank's Code of Ethics, which was last updated and approved with the new changes presented in Resolution No. 083.18, as stated in Minutes No. 1,495 of the Board of Directors, dated April 29, 2021. In addition, communications sent to the Bank's employees about the Code of Ethics through communication strategies were revised.

Additionally, we obtained the minutes of the Board of Directors meetings held during the first half of 2021, in which the quarterly reports prepared by the Compliance Officer were presented. We also reviewed the approval of the budget line item and the LC/FT/FPADM RCPCs for the year 2021 in Minute No. 1,488, dated December 21, 2020.

One of the functions carried out by the Compliance Officer includes the Management Reports preparation, submitted to the Chief Executive Officer and the Board of Directors on a quarterly and annual basis for approval. The Management Report corresponding to the first quarter of 2021 was submitted by the Compliance Officer to the Board of Directors, as recorded



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in Minutes No. 1,195, dated April 29, 2021. Likewise, the Management Report corresponding to the second quarter of 2021, was submitted to the Board of Directors, as stated in Minutes No. 1,499, dated July 28, 2021.

As of June 30, 2021, according to the Management Report submitted by the Compliance Officer, the Annual Operating Plan showed an actual progress of 50%. The following is a summary of the aspects reported in the management reports prepared by the Compliance Officer in the first half of 2021:

### ► Annual Teaching Program

The Annual Training Program showed full progress of 81%, with the execution of all planned activities, through the activation of e-courses and distance training, covering the personnel of the Agency Network, central areas, directors, sensitive units, and new employees.

### ► Communicational Strategy

At the end of the first half of 2021, 70% of the activities included in the 2021 Annual Action Plan had been completed in terms of communication strategies with clients. This progress is composed of the publication of six (6) displays directed to the Bank's clients, through Banesco Online, seventy-two (72) publications in the Social Networks (Facebook, Instagram and Twitter) and five (5) e-mails massively directed to all clients, in order to keep them updated in relation to the mitigation of the risks of Money Laundering and financing of Terrorism and the Proliferation of Weapons of Mass Destruction, and that even though customers do not have access to the internet, are published through

posters and regulatory screens in the agencies nationwide.

During the first half of 2021, communication strategies aimed at employees, and with specialized content for the RCPCs, were carried out and disseminated weekly through fifty (50) newsletters called "Weekly Newsletter" and "Agency Network Newsletter", with a progress percentage of 70%. In addition, six (6) micro e-learning courses were conducted to reinforce knowledge, with a progress rate of 50%.

### ► Technology Tools

The reactivation of the automated management of the "Due Diligence" of high-risk clients through the Risk Mitigation Module of the Monitor Plus ACRM System has been considered for the first half of 2021. The management term is 18 months, with the following activities to be carried out:

- Prioritization and selection of high-risk customers resulting from the customer segmentation process.
- Assessment of the implementation of the contingency mechanism that allows the application of "Customer Due Diligence".
- Preparing and sending newsletters to employees about the functionalities and benefits of the Risk Mitigation Module of the ACRM Monitor Plus System.
- Establishment of the customer database to be managed during 2021.



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- Customers associated with high-risk activities were added in June 2021: Publicly Exposed Persons (PEPs, non-profit organizations and specialized banks' clients).

### ► UPCLC/FT/FPADM remote inspections of agencies

During the second quarter of 2021, two hundred sixty-seven (267) customer files categorized as high risk were reviewed. In this regard, the UPCLC/FT/FPADM carried out the following actions:

- Review of 100% of the files.
- Preparation of reports addressed to the employees responsible for compliance from each agency evaluated with the results obtained.
- The members of the PCLC/FT/FADM Alignment Table were notified of the results obtained.
- The inclusion of regularization strategies in the bank's gap closure index was requested to the Integrated Risk Management Vice-Presidency.

Moreover, at the end of the second quarter of 2021, this activity shows a 50% compliance rate, based on the goal established for 2021 by issuing six (6) reports.

### ► Risk Assessment

The second quarter shows a 30% progress represented by the fulfillment of the activities related to the preparation and follow-up of the plan to close the gaps identified in the 2020 - 2021 Risk Analysis, through the Gap Closure Index (GCI). At the end of the second quarter of 2021, the GCI indicator was 100% achieved. This is represented by effective management within the established deadlines.

### ► Strategic Management

- a) Conduct a comparative analysis of the policies, manuals, procedures and systems that support the management of the UPCLC/FT/FADM, versus international best practices, in order to identify and implement opportunities for improvement. During the first half of 2021, this activity is 50% complete.
- b) Quarterly align the Alternate Contingency Plan to the Annual Operating Plan (AOP) with the best practices issued by the FATF and emerging risks. At the end of the first half of 2021, this activity was 50% complete, which is represented by:

- Operations monitoring.
- Application of Remote Due Diligence.
- Execution of the Annual Training Program.
- Attention to official notices issued by the competent government agencies.
- Verification of the preparation of legal files.

### ► Follow-up on the regularization of findings corresponding to remote inspections carried out to agencies during 2019 and 2020 by the UPCLC/FT/FPADM

According to the Half-Yearly Independent Auditors' Assurance Report on compliance with Resolution No. 083.18, issued by the Superintendency of Banking Institutions, as of June 30, 2021, during the second quarter of 2021, continuity was given to the regularization of the findings evidenced in the remote inspections conducted to the agencies in 2019 and 2020, achieving a progress of 91% and 82%, respectively. The strategies were also included in the corporate Gap Closure Index (GCI).



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### ► Follow-up of the gap closure of the observations reported in the External Auditors' Assurance Report, corresponding to the second half of 2020.

According to the Half-Yearly Independent Auditors' Assurance Report on compliance with Resolution No. 083.18, issued by the Superintendency of Banking Institutions, as of June 30, 2021, in order to follow up on the recommendations issued by the external auditors at the end of December 2020, a Gap Closure Plan was prepared jointly with the related units. The following is a detail of the observations and their status as of June 30, 2021:

- Continue with the actions jointly with the Human Capital area, with the objective of filling the vacant positions, as of December 31, 2020 that make up the UPC LC/FT/FPADM. At the end of the second quarter of 2021, the goal was achieved by filling the 5 vacant positions, thus accounting for 100% of the progress. Likewise, the processes of recruitment, evaluation and selection of internal and external candidates referred by the human capital personnel are maintained, under virtual and/or face-to-face modality, according to each stage of the process.
- Reinforce controls related to the establishment and updating of customer files in the Agency Network, including customers classified as PEP, with emphasis on the verification of the data provided and included in the "Customer Identification Cards", as well as the minimum documentation required by Resolution No. 083.18 and other banking internal regulations. At the end of the second quarter of 2021, the database corresponding to the audit performed

in this office was requested in order to correct the findings reported. Likewise, the account opening process was reinforced in terms of the functions of the Agency Manager, Business Relationship Representative and Service Relationship Representative. They will be the guarantors within the functions of the Agency Committee for the effective review of the supports from account opening to its formalization.

- Strengthen the Agency Network, the attention and timely closure of observations and findings reported by the UPC LC/FT/FPADM, internal audit and external audit.

### ► Follow-up on recommendations made by the Compliance Officer during the first quarter of 2021

During the fourth quarter of 2020, the Compliance Officer, within the framework of the issuance of quarterly reports, provided some recommendations on processes, procedures and practices, aimed at strengthening the SIAR LC/FT/FPADM, reflecting that out of the 6 recommendations, 3 are ongoing, 2 are in process of completion and 1 was completed.

### ► Requests from Regulatory Agencies and Entities received in 2021

In 2021, three hundred and seventy-one (371) official letters were received and processed in relation to requests for information (natural and legal persons) from state agencies and regulatory entities.

With regard to requirements from the National Financial Intelligence Unit (UNIF) and the Superintendency of Banking Institutions, fifty (50) requests for information were received through institutional mailboxes.



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### ► Inspections carried out during the second half of 2021 by internal and external auditors

- **External Auditors:** Throughout the first half of 2021, the requirements requested by Lara Marambio & Asociados (Deloitte) were met in order to close the evaluation, as of June 30, 2021.
- **Internal Auditors:** Nineteen (19) requirements were managed during the first half of 2021 related to the following audits: (i) Evaluation of the Risk Management Process, (ii) Evaluation of the SIAR LC/FT/FPADM and (iii) Evaluation of Compliance with the Know Your Employee Policy, (iv) Operational and Accounting Processes of Accounts and Custody in Foreign Currency, (v) compliance with the Know Your Customer policy in Agencies Border Zones.

### ► Suspicious Activity Reports and Alerts

During the first half of 2021, a total of seventy-six thousand three hundred and forty-four (76,344) alerts were generated in the PCLC/FT/FPADM monitoring tool. Out of these, seventy-six thousand three hundred and sixteen (76,316) were generated by the ACRM Monitor Plus monitoring tool and twenty-eight (28) were reported by the Employees Responsible for Compliance, through Internal Suspicious Activity Reports (RIAS). In compliance with the provisions of Section 96 of Resolution No. 083.18, during this evaluation we did not obtain access to statistical information and supporting documentation related to cases, alerts, investigations and suspicious activity reports made by the Bank. The number of cases analyzed and pending cases was also presented.

### THE UNIT FOR THE PREVENTION AND CONTROL OF MONEY LAUNDERING, FINANCING OF TERRORISM AND PROLIFERATION OF WEAPONS OF MASS DESTRUCTION (UPC LCFT/FT/FPADM).

Compliance Officer, to whom it must keep informed and whose functions have been framed in accordance with the provisions of the regulations in force and included in the aforementioned Manual. We note that the structure of the current UPC LC/FT/FPADM was approved by the Board of Directors' Resolution No. 1,497, dated May 27, 2021. The UPC ML/FT/FPADM is structured as follows:

- Office of Analysis and Supervision of Financial Operations
- Office of Prevention and Control of ML/TF/TFATF/FPADM Risks
- Office of Legal Affairs of Prevention and Control of ML/TF/TFATF/FPADM activities.
- Office of Statistics and Strategic Analysis of Prevention and Control of ML/TF/TFATF/FPADM activities.

Human resources available to this structure are described below:

- Two (02) Executive Managers.
- Four (4) Division Managers
- Four (4) Coordinators.
- Thirty nine (39) Specialists.
- Seven (07) Attorneys

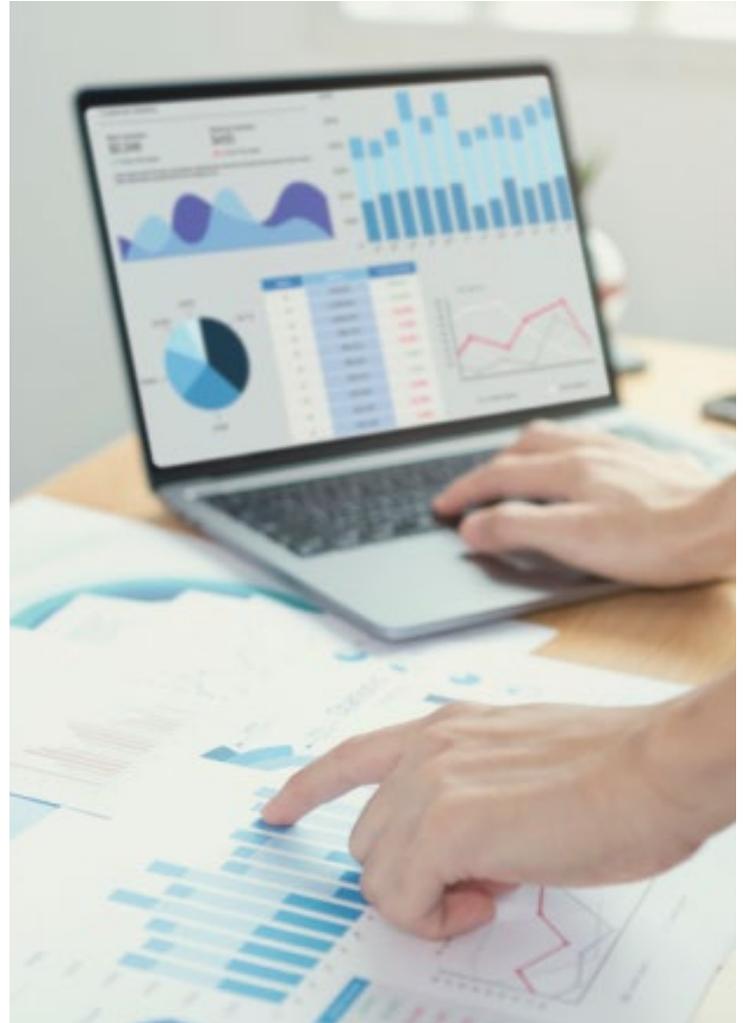


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As of June 30, 2021, we noted one (1) vacancy in the ML/FT/FPADM UPC, in the Legal Affairs Management of Prevention and Control of ML/FT/FPADM, corresponding to the position of attorney. The Bank has taken steps to ensure the recruitment of the required personnel through internal changes or new entries; however, the hiring process has been affected by the prevention measures applied in response to the COVID-19 pandemic and in compliance with Circular No. SIB-DSB-CJ-OD-02415 "Continuity of Banking Service during the State of Alarm".

Based on the foregoing, we recommend to shareholders to approve the financial statements of Banesco Banco Universal, C.A. for the half-year ended June 30, 2021, presented by the Board of Directors, as well as the management of the Bank's directors for the half-year ended June 30, 2021, to which the following are attached. In addition, we urge the execution of the recommendations set forth in the reports issued by the independent auditors, as well as the observations and instructions issued by the Superintendency of Banking Sector Institutions through official letters and circulars issued in exercise of its legal powers of regulation and control.



**Emilio A. Ladega M.**  
*Main Commissioner*  
C.P.C. 56.653

**Antonio Lobo Zambrano**  
*Alternate Commissioner*  
C.P.C. 9.431



## CORPORATE MANAGEMENT REPORT

### Human Capital

#### TALENT AND TRAINING DEVELOPMENT

Our strong purpose is to have a positive impact on our employees, committed and involved with the goals of the Organization and oriented in a systematic, planned and permanent way in the processes of organizational learning, and in the latest trends of knowledge management. We are always in search of new methodological strategies to promote the training of our Human Talent. During this first half of 2021, we developed learning experiences within the framework of the opportunities provided by the current labor situation, aimed at generating the technical and professional improvement of Banesco Citizens, so that they can efficiently perform their functions, producing high quality results; highlighting our most important initiatives in:



- ▶ Online training and development activities, through 60 Web Seminars, with topics related to: 1) Enhancing regulatory technical knowledge by developing content on Occupational Health and Safety, prevention and control of money laundering and terrorist financing (PCLC/FT/FPADM); and risk culture; 2) Strengthening key competencies such as Collaborative Work, Teleworking, 2021 Banesco Competency Model, among others; and, 3) Key technical knowledge of the business such as: Attention to Claims and Requirements in the Agency Network, Security Elements for Foreign Currency Banknotes, new Foreign Currency Account product, among others.
- ▶ Within the framework of the Digital Transformation in Banesco and in the innovation and transformation in the face of the challenges of the environment, 3 Web Forums were held, with the participation of 630 employees, which seek to develop a vision of the transformation processes and generate interest in continuous learning in this strategic topic, with content related to: Developing an Agile Culture, Customer Experience, The Digital Era.
- ▶ Strengthening the strategic vision of the Organization, we conducted the Web Seminar: “Agility is the way.”
- ▶ We promote self-development, allowing employees to self-manage their learning, strengthening technical knowledge, offering new alternatives to learn about regulatory contents. We adjust to the individual learning time, maintaining the positioning of Banesco Virtual Learning (AVB), complying with the strategy defined for continuous and specialized



## CORPORATE MANAGEMENT REPORT

training. The main virtual courses published include: Banesco Virtual Library, Myths and Truths about Covid-19, PCLC/DT/FPADM (Update 2021), Occupational Health in Telework, Building Efficiency Initiatives.

- ▶ We manage key business activities for Agency Managers, relying on distance learning strategies, in terms of aspects to be considered before an Inspection by Sudeban, Official Bodies and External Auditors.

- We executed internal training programs that allowed the strengthening of technical knowledge and the development of high-level competencies for key areas of the business, such as: Advanced Collections and Recoveries Program.

- ▶ Promotion of the Collaborative Work and Self-Learning Competency, by means of 10 Webinars on the benefits of the various Google Apps available in the Organization.
- ▶ We promote internal knowledge management through our Virtual Facilitators Program, 3rd cohort.
- ▶ We ensure the accompaniment in the optimal development of our identified talents by conducting an analysis of the training background and determining lines of interest in order to manage actions related to professional development.
- ▶ We actively participated in the requirements of the Law by supporting the training of 124 INCES apprentices.

All these training and education activities allowed us to achieve the following results:

- ▶ 110,096 man-hours invested in Training and Development actions, of which 9,322 were carried out in classroom training and 100,774 in virtual training.
- ▶ 4,809 participations in online training activities - synchronous activities (Webinars).

### ORGANIZATIONAL ENVIRONMENT AND CULTURAL MANAGEMENT

During the period under analysis, the actions to deepen the expected Culture towards the Bank's High Performance remained oriented towards the fulfillment of values, especially Innovation, considering the environment that demands a greater orientation towards digital strategies. Thus, 3 webinars were held and 3 capsules on Digital Transformation and Agility were designed and disseminated to strengthen the competencies of leaders in the promotion and support of their teams on this issue.

In line with the Banesco Values, support was given to the communication campaign to mitigate the risk of conflicts of interest among employees. Furthermore, we supported the strategy for the prevention of money laundering, the financing of terrorism and the proliferation of weapons of mass destruction, specifically by complying with the regulations regarding the Declaration of Extraordinary Income and the "Know Your Employee" Policy.

With regard to actions to strengthen the climate and commitment of employees in a context of teleworking, uncertainty and social distancing derived from the pandemic, different actions were carried out: a)



## CORPORATE MANAGEMENT REPORT

Communicational, such as Design and dissemination of Podcast for the Emotional Management of Employees, Infographics for the Emotional Management of Teams, aimed at leaders, b) Group Sessions, activities for stress management (Meditation Room), carried out weekly, with an average monthly participation of 160 employees. This line of action continues to support the teams with virtual tours of the Network of Agencies and Branches, with an average participation of 1,000 employees during the six-month period.

In order to comply with the strategies to enhance performance, two Culture and Engagement measurements were carried out, with the participation of 87% of the active workers, based on which action plans were derived by Executive Management. As part of the same strategy to learn about the workers' experience, the Telework Survey was carried out, in which 3,057 employees participated, and whose results allowed us to implement effective strategies to improve the experience of workers under the telework and mixed work modalities.

### BANESCO CITIZEN'S ETHICS AND BEHAVIORAL CODE

The Code of Ethics establishes the expected rules of conduct by the Organization to be followed by the employees in their labor relations, in accordance with the regulations governing the banking activity. Among these are those related to the Prevention and Control of Money Laundering, Financing of Terrorism and Proliferation of Weapons of Mass Destruction.

The regulations are intended to reinforce ethical, organizational, social and civic values, establishing standards of conduct aimed at promoting honesty as an

essential goal in the actions of Banesco Citizens. Its application is essentially directed towards the respect of human rights, which is accompanied by organizational values, such as: **Responsibility, Reliability, Quality and Innovation.**

- When driving **responsibility**, we focus
- on fulfilling our commitments to our cus-
- tomers, teams and society. In this res-
- pect, we behave according to what we
- declare and maintain our focus until we
- confirm that we have exceeded the
- client's expectations.

Regarding **reliability** as a value, we reaffirm that we defend the interests of our clients and the organization above our own. We act with generosity considering the impact of our decisions and favoring collaborative work. We also talk openly about risks and limitations, we recognize and assume our mistakes, because this allows us to grow and improve, which goes hand in hand with **quality**. We work with passion to provide the best solution to the client, making optimal use of time and resources, we provide ourselves with agile, simple and scalable processes that allow us to do things right from the start, we share best practices and we question ourselves, to achieve the quality standards demanded by them.

To stimulate **innovation** in our employees, we encourage entrepreneurship and experimentation, starting with the simplest things. In this regard, we are tolerant of mistakes and learn from them. We build a vision of future and transversely for our Organization. Consequently, we know the best technological and non-te-



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chnological solutions and we integrate them in a timely and efficient manner. We accept the diversity of perspectives, therefore we respect valuable ideas, even if they are different from ours.

During the first half of 2021, the Bank's Code of Ethics and Conduct was updated, through the provision that the Banesco Citizen may report through the channels established by the Bank for such purpose, any situation of non-compliance with the Code of Ethics or behaviors related to discrimination and harassment in any form, in compliance with corporate guidelines.

### LIFE QUALITY

During the period, volunteer activities were developed, thus contributing to improve the Quality of Life of the workers and motivating them to make better use of their free time, providing spaces for solidarity, inclusion and contribution to the environment for our volunteers and their families. The activities carried out include the following:

- ▶ **Blue hearts:** Given the current situation with the difficulty of Covid-19, volunteers were activated to contribute on autism awareness.
- ▶ **Arbor Day:** We promote the care of the environment by planting from the balcony or garden of each employee.
- ▶ **Food program solidarity:** Through this activity, employees donated one kilo of non-perishable food to the Santo Domingo Shelter.
- ▶ **Plant a tree:** Environmental care was reinforced by planting *apamates* book in the Botanical Garden.



Hand in hand with our social ally, the Simón Bolívar National Orchestra System (SOSB), adapting to the current pandemic conditions, we were able to generate learning and recreational spaces for Banesco families. During the first half of the year, within the framework of the Chair of José Antonio Abreu's Thinking, we offered our collaborators training talks in which we were able to introduce them to the history, methodological structure and different artists of "El Sistema", in their social and community environment, in addition to sharing their knowledge and talent with great masters of music.

The activities were developed online during the first half of the year: Forum Chat "The Philosophy of El Sistema", Ideology of Maestro José Antonio Abreu; Forum Chat "The Language of Music"; Forum Chat "Typical Instruments".

Additionally, we were able to resume singing and Cuatro classes online and via Whatsapp for our collaborators, with the guidance of excellent professionals.



## CORPORATE MANAGEMENT REPORT

### PERSONNEL SERVICES

#### CONTRIBUTIONS AND LEGAL OBLIGATIONS

The collective work contract and current legal regulations establish the contractual benefits and legal obligations, which Banesco fully complies with. During the first half of the year, we proceeded with the Mother's Day payment, social benefits guarantee, childcare and food benefits; in addition, we began planning the year's vacations, as well as the execution of the income tax variation processes.

#### CREDIT CARDS

During the first half of 2021, Banesco launched a massive process to increase the limit and assign "My First TDC" to employees with more than 3 months of seniority in the Organization.

#### FUNERARY SERVICE

For the year 2021, the renewal of the funeral service, which the Organization has subscribed through the Savings Fund, was carried out. This benefit is free of charge for the Bank's employees, spouse, father and mother (without age limit); children up to 30 years of age; unmarried siblings up to 30 years of age, in the absence of children (maximum 3 siblings), and the Organization updates the amount of coverage on a monthly basis.

#### HEALTH INSURANCE

During the first half of the year, we renewed the insurance policies that cover Banesco employees and their families (Hospitalization, Surgery and Maternity - Extreme Contingencies), as well as the automation of reimbursement requests and letters of approval.

## Corporate Social Responsibility

During the first six months of 2021, our social investment was focused on the areas of action of our Corporate Social Responsibility policy, i.e., health, education and financial inclusion, based on a sustainability vision.

We continue to use digital platforms to carry out most of our programs and initiatives and to fulfill the commitments acquired for this period.

Our contributions to our Social Partners and Allies to support their projects and activities allow us to advance in the fulfillment of the Sustainable Development Goals: (1) Poverty, (2) Zero Hunger, (3) Good Health and Well-Being, (4) Quality Education, (8) Decent Work and Economic Growth, (10) Reduced Inequality, (11) Sustainable cities and Communities and (17) Partnerships for Goals.





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We organized the sixth edition of the Rafael Cadenas National Youth Poetry Contest together with the La Poeteca Foundation and the literary promotion groups Autores Venezolanos and Poetero team, which received 306 applications.

The Cadenas Award is aimed at supporting emerging talent in poetry and encouraging the reading of this literary genre written by young Venezuelan authors. Throughout its brief history, it has been honored to have received 2,337 applications, as well as to have awarded 18 young people with first places, 6 with honorable mentions and 176 as finalists. He has edited five anthologies and is preparing the one for 2021, with the 30 poems awarded in the sixth edition.

Likewise, in the first half of 2021, the call for the 4th edition of *Lo Mejor de Nos* Award was opened. This is a contest that, since 2018, promotes the dissemination of inspiring life stories about the strength to overcome obstacles, resilience to rebuild our lives and solidarity to achieve it with the help of the other. The contest awards a general category and one regarding the Corporate Social Responsibility. Winners must describe the impact or human contribution made by one of Banesco's Social Partners in the lives of individuals or communities that have benefited from their support.



We formed an alliance with the “*Sembremos Más Vida*” ecological project and carried out two tree planting activities involving members of our Corporate Volunteers: the first in San Diego (Carabobo) to celebrate the Arbor Day, and the second at the Caracas Botanical Garden to celebrate the Day of the Journalist. These actions are in addition to supporting the fulfillment of SDG 13 Climate Action and SDG 15 Life of Terrestrial Ecosystems.

We strengthened training for our Partners and Social Allies. In the first six months of the year, 10 courses were given on different Google tools, such as e-mail, Calendar, Drive, Currents, Basic and Intermediate Spreadsheets, Presentations, Forms, Sites and Documents.

- Our social networks also served as a
- platform to disseminate institutional and
- prevention content of our Partners and
- Social Allies, as well as their most im-
- portant activities.

Additionally, Banesco allocated VES 1.82 trillion to strengthen the Quality of Life programs for our employees. This amount accounts for 68.19% of the Bank's total social investment during the first half of the year.



## CORPORATE MANAGEMENT REPORT

### PARTICIPATORY BUDGET

We awarded 100% of our 2021 Participatory Budget. A total of 54 social organizations and foundations applied for the non-refundable amounts provided by Banesco in nine regions throughout the country. 13 of them benefited from the ties that occurred at the time of choosing the winner. Since the beginning of the Participative Budget Program, 124 projects have been supported.

The winners in Gran Caracas were the projects of *Buena Voluntad* and *Hogar Bambi*. *Buena Voluntad* will equip the computer classroom in which courses are offered to people with disabilities, while *Hogar Bambi*'s resources will be used to equip a new pediatric clinic in *Casa Hogar Bambi 5*, with a capacity to attend 100 children.

In the state of Nueva Esparta, the Banesco Participative Budget went to the *María Luisa Tubores Coello School of Fe y Alegría*, for the construction of a roof for the multi-purpose space used by the children and the surrounding community. There were three ties in Carabobo and Lara and the Participatory Budget of the entities will be distributed equally to support each project. In addition, *Casa Hogar María Auxiliadora* plans to repair the bathrooms of its work training rooms; the Special Olympics Foundation will offer online sports training and support for young athletes with disabilities; and finally, *Fundación Celíaca de Venezuela* will offer medical exams to screen children referred by specialists to detect celiac disease.

Contributions in Lara state were distributed among *Fundación Trabajo y Persona*, with a proposal for the purchase of cell phones to enable teachers to communicate with their students in remote education;



*Fundación Concentroccidente*, for sports activities for low-income children and young people in El Tocuyo; and the *Asociación Larense de Planificación Familiar*, which will conduct medical examinations for cancer screening in women over 35 years of age in the communities of Ana Soto, Unión, Catedral and Santa Rosa of Barquisimeto city.

In the states of Zulia and Anzoátegui, the funds will be used for children and women with cancer. *Fundación Amigos del Niño con Cáncer* of Zulia state will use the donation for the treatment and care of children. And, in Anzoátegui, *Senos Ayuda* will use these funds to support, with specialized medical examinations, low-income patients with a high probability of suffering from breast cancer.

- In Mérida, the *Don Bosco Foundation*
- won with its “Experimentarte” project,
- which consists of cultural, artistic and
- educational activities for 120 children
- from *Casa Hogar*, its Training Center
- and the community of El Rincon.

Finally, in Táchira, the winning project of *El Sistema* will be used for the restructuring and raising of the perimeter wall of Núcleo Tamá building in San Cristóbal.



## CORPORATE MANAGEMENT REPORT

### MICROENTREPRENEURSHIP TRAINING PROGRAM

The Bank's Microentrepreneur Training Program, which uses different digital platforms, trained 3,346 Venezuelans in the first half of the year, helping them to shape their business ideas, strengthen their enterprises and increase their competitiveness in the market.

The training was provided to entrepreneurs from different productive sectors in the Capital District and the states of Yaracuy, Falcón, Carabobo, Anzoátegui, Miranda, Lara, Monagas, Aragua, Bolívar, Táchira, Guárico, Portuguesa, Nueva Esparta, Barinas, Sucre, Trujillo, Delta Amacuro, Mérida, Monagas, La Guaira and Zulia. Facilitation was provided by Banesco's academic allies: Instituto Universitario de Gerencia y Tecnología IUGT, FundAcción Social, Universidad Posible, Asociación de Escuelas Católicas AVEC and Asociación de Promoción de la Educación Popular APEP.

Since its inception in 2008 until the end of the first half of 2021, the Microentrepreneur Training Program has trained more than 69,700 entrepreneurs. During this first part of the year, alliances were established to provide training to employees and their families of several companies and social organizations such as Makro, Fundación Reinaldo Marín Quijada, Instituto Iberoamericano de Recreación, Turismo y Gastronomía, Asociación Venezolano Americana de Amistad AVAA, Guanare Emprende, Fundación Celíacos de Venezuela, and Asociación Larense de Planificación Familiar ALAPLAF, among others.

The Microentrepreneur Training Program is a Banesco Social Responsibility and Sustainability initiative that

contributes mainly to Sustainable Development Goal (SDG) 4 Quality Education, but also to SDG1 No Poverty, SDG2 Zero Hunger, SDG5 Gender Equality, SDG8 Decent Work and Economic Growth, SDG10 Reduced Inequalities, SDG11 Sustainable Cities and Communities, and SDG17 Partnerships for Achieving Goals.

### EDITING FUND AND BANESCO'S DIGITAL LIBRARY

The Banesco Digital Library is part of our Corporate Social Responsibility program to respond to the need to support education. With the purpose of promoting the publishing activity in the country, we sponsor and publish books by Venezuelan authors whose contents contribute to the comprehensive education of people in order to build citizenship. These 39 books can be downloaded freely at [www.banesco.com](http://www.banesco.com).

During the first half of 2021 we added two additional books:



*El Vuelo de las Águilas*, from Colección Patrimonio, is the 5th book of the Banesco's Digital Library dedicated to national baseball. This book is written by historian Javier González and journalist Carlos Figueroa Ruiz. It is based on newspaper and documentary sources, as well as direct sources. In 13 chapters, it reconstructs the history of more than 100 years of baseball in this state in the western part of the country, before going into the history of the team with which Zulia finally managed to become part of the Venezuelan Professional Baseball League: Las Águilas del Zulia.

*70 años de Semblanzas* is the 10th book of the Journalism Collection. It gathers about 50 short biographies



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and brings the reader closer to the stories of recognized and unrecognized people, through journalistic texts created by writers, historians, social communicators, filmmakers and other professionals since the 1940s. It includes a special tribute to José Ignacio Cabrujas, following the compilation of 10 brief biographies published in Literary Role in 1995 by different people. Altogether, they make up a very complete approach to the playwright as a human being.

### SCHOLARSHIP PROGRAM

We continued to support young students from Universidad Católica Andrés Bello, Universidad de Margarita, Universidad Monteávila and Instituto de Estudios Superiores de Administración IESA, with the Banesco Scholarship Program. Our contribution covers between 80% and 100% of the tuition fees for the following degrees: Laws, Communication Studies, Engineering (Systems, Telecommunications, Industrial, Civil and Computer Engineering), Modern Languages, Accounting, Arts, Administration, Literature, Psychology and MBA.

### BANESCO CORPORATE VOLUNTEERING

Almost 180 kilograms of food and 27 personal hygiene items were delivered by members of the Corporate Volunteers to the senior citizens of Fundación Santo Domingo of Colinas de Bello Monte. The donation was made by Ciudad Banesco employees as part of the “1 kg. of solidarity” fundraising campaign. The delivery



was carried out during June, under strict biosecurity measures.

Our Volunteers also provided training to more than 2,000 students from AVEC schools, after being trained as high-impact facilitators of the “Learning to Be Entrepreneurs” program. This program, which consists of 40 academic hours, is aimed at stimulating an entrepreneurial attitude in young people and enabling them to develop a small business.

- The purpose of this alliance between
- Banesco Volunteers and AVEC is to
- contribute to bringing the culture of
- entrepreneurship to high school classrooms in technical education and trades
- for young people in specialties such as
- computer science, electricity, commerce
- and administrative services, accounting,
- industry, and electronics.

With this initiative, we contribute to SDG4 Quality Education, which is one of the pillars of our Corporate Social Responsibility Policy.



## CORPORATE MANAGEMENT REPORT

### Marketing and Innovation

During the beginning of 2021, we have focused on multiplying our efforts to keep our customers informed on different matters such as safety, new product launches and services by using different communication platforms.

#### SECURITY CAMPAIGNS

We deploy monthly regulatory and informative campaigns through social networks, whose topics were focused on various security issues such as: card switching, password disclosure and data lending. The objective is to alert our users about the importance of safeguarding their data and financial products in order to avoid being victims of scams.

#### FOSTERING THE USE OF "BARTI" AT BANESCO.COM

During this six-month period, our Virtual Assistant Barti was launched, through which customers may ask

questions about any product or service they may have with the Bank. This is providing them with an almost immediate response to their doubts.

Should it be found to be unable to provide assistance, it redirects customers to a Virtual Customer Service Executive for specialized advice.

This campaign was promoted on Facebook, Twitter and Instagram



#### WE PROMOTE THE USE OF OUR BANESCO POINTS OF SALE THROUGH THE CAMPAIGN "BANESCO WORKS!"

During the half-year, we continued with the publications related to the use of Banesco Points of Sale, through the Banescos works! campaign. The purpose is inviting our customers and users to use the Banesco points of sale because they provide greater security and reliability when purchasing.

#### PENSIONERS ARE ENCOURAGED TO USE BANESCONLINE

In addition to the monthly deployment to notify pension payments. We continued to promote the use of Digital Banking for pensioners, based on the ease, speed and convenience of using the channels.

#### WE CONTINUE TO PROMOTE MOVISTAR RECHARGE SERVICE.

Movistar recharge service remains active in social networks. On this opportunity, there is a refresh in the graphics, with a new premise: "Time flies by", in reference to the speed at which you can recharge your account through BanescOnline and BanescoMóvil.



## CORPORATE MANAGEMENT REPORT

### WE PROMOTE THE PAYMENT OF INCOME TAX THROUGH BANESCONLINE

Throughout the first quarter, we invited our customers to make their income tax payments through BanescoOnline, highlighting the speed and security offered by the e-banking system for this operation. The deployment of the campaign included the following pieces: Facebook, Twitter, LinkedIn, Instagram, BanescoOnline and sending e-mails.

### BOOSTING THE PAYMENT OF SERVICES THROUGH MULTIPAGOS

In June we promoted the use of Banesco Multipagos, as a tool for the payment of services through BanescoOnline. We stressed the ease and convenience of making payments through this platform. The campaign was deployed on Facebook, Twitter, Instagram and Instagram Story, and BanescoOnline publication.

### MY BANESCO APPLICATIONS "ELECTRONIC VOUCHER".

In June, customers were informed about the new modality to receive the receipt of their purchases by e-mail. In order to do so, they must keep their information updated in the My Banesco Applications Portal.

### WE PROMOTED THE MOBILE SMS PAYMENT CAMPAIGN

During the first half of the year, we launched the SMS MobilePayment campaign, explaining to customers that they could now use this service. The posted pieces contained the step-by-step for making or receiving an SMS MobilePayment. In addition, one of the advantages of this service was explained to customers, since mobile data is not required to use it.



### WE COMBINE BANESCOMÓVIL WITH BANESCO PAGO MÓVIL

We deployed the Unified Mobile Banking campaign to keep our customers on a single app for transfers, inquiries and mobile payments.

### BANESCO GREEN ACCOUNT CREATION

During the first half of this year, we promoted the Banesco Green Account product, aimed at Individuals and Legal Entities, so that they can carry out transactions such as deposits, withdrawals and foreign exchange operations.

### WE INVITE OUR CUSTOMERS TO RECEIVE THEIR PAYMENTS THROUGH THE BANESCOPAGOMÓVIL SERVICE

We communicate and invite our customers to receive payments through Banesco PagoMóvil, and we also publish the benefits and advantages of the service.

### WE UNVEILED OUR NEW C2P MOBILE PAYMENT SERVICE

This campaign shows our customers that they no longer need to have a card in their hand or a telephone to make payments in stores. With our C2P mobile payment service you can make your payments through the generation of dynamic keys via SMS or our My Banesco Applications Portal.



## CORPORATE MANAGEMENT REPORT

### Social Networks

At the close of June 2021, our social networks amounted to a community of more than 1.55 million followers in our official accounts on Twitter, Facebook, Instagram, YouTube and LinkedIn, which is equivalent to an increase of 3.49% compared to June 2020 numbers and 1.52% compared to December 2020. Our social networks are a key channel for us to communicate with our customers and the general public, not only to convey our content, but also to listen to their concerns almost in real time.

During the first half of the year, 11,740 cases related to products and services were handled through social networks. Twelve percent of the cases handled were requests from Banesco customers, while 88% were inquiries about products and services.

Regarding our presence in social networks, Twitter -through the @Banesco account-, remains the social network preferred by users, reaching more than

731,000 followers as of June 2021. In addition to serving as a link for queries and requirements, we offer content of interest on personal finance, entrepreneurship, technology, events, history, sports, business, energy and news about the products, services and promotions.

- Meanwhile, Banesco on Facebook reached 265,900 followers, while on Instagram the number was 228,500. On LinkedIn, the brand has more than 100,000 followers.

The videos posted on the YouTube channel “Banesco en Imágenes” have registered more than 4.9 million views and 17,500 subscribers.

At the end of June 2021, the Banesco Blog exceeded 8.80 million visits. On this site, in addition to corporate information on products and its Corporate Social Responsibility policy, the institution has exclusive content prepared by renowned journalists.





## CORPORATE MANAGEMENT REPORT

### Segments Managements

For the first half of 2021, the variation in fund gathering volume reached 218.9% with respect to the second half of 2020, all in a context of a restrictive monetary policy. An optimal mix of demand funds was also achieved, representing 82% of the Bank's total deposits.

Despite the restrictive policy of legal reserve requirements, which affects the Bank's liquidity levels, it was possible to settle more than 400 credit operations for VES 97.51 billion. This allowed to achieve a growth of VES 58.6 billion in the first half of 2021, closing with a portfolio figure of VES 128.7 billion. The market share is 14.22%.

It is important to highlight that in June the Microcredit portfolio achieved compliance, closing with a percentage of 4.87%, exceeding the legally required minimum of 3%.

- Our digital channels continue to rank
- the top positions compared to the peer
- group, with 94% of our customers using
- digital banking. We maintain constant
- monitoring of each of the different
- channels, in order to provide the highest
- satisfaction to our customers in these
- services.

### Digital, Electronic and Agency Network Channels

During the first half of 2021, more than 1.23 million transactions were carried out by our customers through the customer service channels offered by Banesco, showing a 99.94% share of digital and electronic channels at the end of June.



#### AGENCY CHANNEL

At the end of the first half of 2021, Banesco had 215 Customer Service Points composed of ticket offices and promotions, through which more than 761 thousand transactions were carried out. This represents a decrease compared to the previous year, as a result of the greater customer preference for the use of electronic means, even more so in the context of COVID-19.

#### E-BANKING CHANNEL

BanescOnline recorded an average of 2.1 million monthly active customers during the period. On a recurring basis, they processed more than 633 million transactions.



## CORPORATE MANAGEMENT REPORT

### P2P MOBILE PAYMENT CHANNEL

As of the first half of the year, the channel reached more than 2.3 million affiliates and 116 million transactions, and reported the following improvements:

- ▶ C2P service production release.
- ▶ Merger with the Mobile Banking application.
- ▶ Notification to Natural and Legal Customers Traveling Abroad for Transactions through Banesco Mobile Web Payment.

### MOBILE BANKING CHANNEL

More than 31 million transactions were carried out through BanescoMóvil.

During the first half of 2021, the new BanescoMóvil application became widely available:

The new attributes of the Mobile Banking are as follows:

- ▶ Sending Interbank Mobile Payment
- ▶ Include beneficiaries, products and services when carrying out operations.
- ▶ Device registration in the affiliation.
- ▶ Availability to be used in a greater number of operating systems.
- ▶ Ability to share payment receipt through social networks.
- ▶ Login with guest profile on other devices.
- ▶ Authenticate by fingerprint or facial recognition (available for devices with biometric authentication function).



able for devices with biometric authentication function).

- ▶ Display monthly transaction history.

### TELEPHONE BANKING SERVICE

The Banesco Call Center received and handled a total of 10.41 million calls during the first half of 2021. 98.32% were handled in an automated manner through the IVR (10.23 million calls) and only 1.68% (175,159 thousand calls) were received by telephone agents.

### ATMS

Banesco closed June with an installed operating network of 412 ATMs in the country (167 Monofunctional and 245 Multifunctional), which processed more than 6 million transactions during the first half of the year.

It is important to highlight the achievements of the channel:

- ▶ Continuous name changes to adapt the channel to demand and in compliance with the regulations issued by SUDEBAN.
- ▶ Improved channel availability.
- ▶ 100% compliance in the attention of claims coming from the ATM channel.

### MEANS AND PAYMENT SERVICES

In the first half of the year, Collection and Payment Services recorded a 38% growth compared to the same period in 2020, with an increase in electronic transactions of Mobile Payment and Payment to Suppliers.



## CORPORATE MANAGEMENT REPORT

### Credit and Debit Cards

#### CREDIT CARD ISSUING BUSINESS

The credit card business had a 150% variation in sales in the first half of 2021 compared to the second half of 2020. The delinquency rate at the end of June was 0.003%. The ExtraCredit product grew 872.56% compared to the same period of the previous year.

#### DEBIT CARD ISSUING BUSINESS

Banesco debit cards recorded a 254.91% growth in sales at the end of the first half of 2021 compared to the second half of 2020, driven by constant adjustments to the maximum amounts for point-of-sale transactions.

85.6% of our pensioner customers have an active debit card. They can mobilize their pension amount in all point-of-sale stores and use digital media for transfers, balance consultations and transactions.

#### ACQUIRING BUSINESS

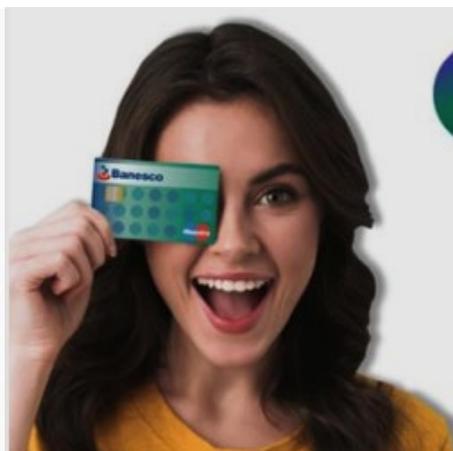
- ▶ Total No. of POS (Physical and Virtual): 125,599 active POS
- ▶ No. of Transactions 435.34 million

Banesco's Acquiring Business remained as market leader in 2021, due to the reliability of our service, high availability and robust commercial settlement processes. It processed 435.34 million transactions in the period.

Banesco aims at maintaining the quality of the commercial portfolio by expanding our offer to free practice professionals in the first half of the year, as well as new service channels and a new range of state-of-the-art equipment, along with our point-of-sale ally, to meet our customers' needs.

#### PROMOTIONS AND ALLIANCES

During the first half of the year, 1,544 cardholders who used their credit and debit cards benefited from the Permanent Ticket Reward Program and received a refund for their purchases.





## CORPORATE MANAGEMENT REPORT

### Competitive Intelligence

Customers in the financial sector, with the advance of technology, demand a strong integration between human capabilities and digital transformation. This accelerates their emotional commitment to those entities that manage to meet their expectations through genuine interactions and relevant experiences, not only with the products and services offered, but also with the relationship channels.

Banesco, by sharing this vision, continues to focus on establishing and developing positive emotional bonds. We believe that these bonds will last over time through strategies that focus on the customer's experience with our brand. We continue to work on the evolution of customer service channels to promote a relationship that supports successful loyalty management.

During the first half of 2021, we maintained the Net Promotor Score measurements, both from the Benchmarking and Relational perspectives, indicating where we need to improve in our products, services and channels, to provide a satisfactory customer experience. We also promote the Customer Journey of each channel, allowing us to identify possible gaps in order to improve our products and services.

We are aware of the importance of the employees' experience, so we continued to support the management of the study that allowed the Human Capital team to generate improvement actions in the internal customer's customer journey.

In terms of digital transformation, during the first half of the year we continued with the evolution of the "My Ba-

nesco Applications" Portal. Aiming at the continuous improvement of our services, we included the "Green Account" product for individuals and legal entities.

We continue to promote technology and its benefits within the philosophy of artificial intelligence. Our Virtual Assistant, Barti, provides support to customers by enabling them to meet their information needs in a natural language format, with the ability to respond to questions or concerns about the products and services of the value offering.

- We are aware that digital banking encompasses financial services offered remotely. Besides, Banesco continues on the path of transformation and innovation, striving every day to generate that link between the experiences and expectations of our customers.





## CORPORATE MANAGEMENT REPORT

### RELATIONAL / EXPERIENTIAL MARKETING

At Banesco Banco Universal, we accompany our external and internal customers throughout their life cycle, through the personalization of our communications, as a fundamental strategy that enables us to promote the cross-selling of our products and services.

In this regard, we analyze in each interaction with the organization, the customers' behavior in different channels, in order to design actions that seek to facilitate the interaction with them and provide the best experience. This is how we have built client relationships, using personalization in our communications regarding products and services.

- The support of Outbound Marketing
- was fundamental in product cross-selling and relationship actions, supporting
- a good percentage of all campaigns
- deployed by the Marketing team.

As part of this strategy, and through the use of email marketing, during the second half of the year we reached a significant number of customers through the sending of millions of personalized emails and obtained significant open rates, which today exceed international standards for the business segment.

### Information Technology, Business Processes and Operations

In Information Technology, Processes, Operations and Project Office, we aim to deliver solutions, new information technologies and optimized processes that meet the needs of the business and support the development of its objectives, enhancing the digital transformation and ensuring the continuity and stability of services.

#### PROCESSES

In the area of processes, we focused on the analysis of operational and business capabilities, in the optimization of processes that leveraged the strategic objectives of the Organization in terms of profitability and productivity, focusing on the implementation of agile and flexible processes, which enhance the customer experience exponentially.

19 core processes were optimized to reduce costs and improve service delivery times.

A total of 19 robotic systems were developed for repetitive tasks, resulting in a reduction in process execution time, as well as in manual errors.

We conducted 9 custody studies to measure the quality of the processes and 6 satisfaction surveys to measure the level of internal customer satisfaction with the service they receive from other areas.

#### PROJECT OFFICE

Two projects under the "Agile Banesco" methodology were executed with satisfactory results. One of them



## CORPORATE MANAGEMENT REPORT

was the Modernization Project of the Interbank/Intra-bank Transfers Model LBTR.

We are carrying out the implementation of the Kanban method in the internal management of the processes of attention to requirements.

We continued with the execution of the differentiated training and agility dissemination plan, and the following was completed:

- ▶ Four editions of the User Stories workshop for different areas such as PMO, Technology, Products, among others.
- ▶ Two editions of the first module of the core organizational agility program.
- ▶ Organization-wide Agility Roadmap Webinar.

### APPLICATION DEVELOPMENT AND MAINTENANCE

Promoting the digital culture, we implemented the “TDD Electronic Voucher” service, which dematerializes the Voucher at the POS and customers receive them in their mail. We also enhanced our Mobile Banking by enabling the “Buy Exchange Desk” functionality, which quickly and easily allows the customer to purchase foreign currency through the exchange desk, with online deposit in the Green Account. We removed the Mobile Payment application from the Market, which is included in the Mobile Banking application. This merger was very well received by customers based on the comments collected in social networks, contributing to the value of the ISN of the channel, which remains in first place in the peer group.

Within the framework of regulatory compliance, we implemented the new Interbank/LBTR Intrabank Trans-

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fers model, which allows us to connect with the new Global Real-Time Gross Settlement System defined by the Central Bank of Venezuela for all banks, as well as the Interbank Commerce to People (C2P) Mobile Payment service. This service also allows the use of the product at cash registers and the Payment Button through the merchant's Web site, thus expanding the range of payment options offered to customers and large retail chains.

In order to mitigate POS obsolescence, new Verifone models were certified, which support GPRS (3G and 4G) LAN, DIAL UP and WIFI connections, in compliance with the Sudeban circular to implement actions to replace point-of-sale devices based on 2G technology, optimizing the software update service via web (Cloud) and facilitating technical service management.

### TECHNOLOGY INFRASTRUCTURE OPERATIONS

We continue with preventive and corrective actions and through continuous improvement plans for the processes and health of the systems, we guarantee the optimal levels demanded by our infrastructure, as



## CORPORATE MANAGEMENT REPORT

well as the technological capabilities and redundancy schemes. We follow the established work modality (teleworking and occasional assistance to the offices), in coexistence with the global health situation. We also maintain the Bank's operational continuity with high availability of critical services, products and channels.

We executed important implementations and migrations in the IT Infrastructure that allowed us to cover the risks of obsolescence of the Bank's equipment, operating systems and services.

- We perform optimization and data cleansing actions in the technological platforms, reducing the percentage of disk utilization, recovering storage capacity in them through the practice of data cleansing for historical and unused data.

In our Licensing Management practice, we have achieved important results through the debugging and optimization activities implemented in important products of the Bank, obtaining significant savings. In relation to the health practice of the systems, we improved the indicators with respect to previous periods, maintaining the availability of the technological platform above the target indicator.

We were able to meet all the demands of IT service platforms for the different projects and requirements of the Bank, in terms of design, construction and delivery of these environments.

## Comprehensive Risk Management

Proactive risk management is essential for any responsible bank. Banesco ensures that risk management in each developed process we involved all people involved in it, their interrelations with other areas, as well as the areas of control and internal audit (second and third lines of defense) for the understanding of risk as a whole.

Although economic conditions, regulations and, therefore, risks may change, Banesco has guaranteed sustainable growth over time despite circumstances specific to our country, namely the stagnation of productive activity, monetary reserve policies at levels exceeding 85%, hyperinflation, combined with economic activity slowed down by the pandemic.

These achievements are accomplished due to the Organization's key strategies. E.g.: Setting the risk appetite by determining the levels and types of risk to be assumed, achieving a balance between the risk-return elements accepted by the shareholders. To act proactively in risk management, by identifying through constant review and monitoring of exposures and the availability of methodologies in risk quantification, which are adapted to the new demands of the environment for effective monitoring of the risk appetite set.

The Risk Committee was periodically informed of the different risks presented and, within the framework of corporate governance, made decisions on transactions which, due to their amount or importance, were



## CORPORATE MANAGEMENT REPORT

submitted to it for approval. During the first half of the year 2021, the risk presentations have devoted special attention to provide information on liquidity indicators, risk appetite and tolerance, loan portfolio monitoring, among others.

### CREDIT RISK

Credit risk arises from the possibility of losses occurring as a result of the failure of customers and/or counterparties to pay the stipulated contract.

Since the beginning of the pandemic, Banesco has implemented credit granting mechanisms that allow maintaining the portfolio quality of previous years, through the evaluation of criteria that determine the payment capacity in the credit analysis for new liquidations. The Bank has focused on staple products (food and pharmaceutical sales) and on those with sufficient cash flow to honor the contractual commitments acquired in the UVC loans (change of denomination to

the former UVCC and UVCP), which represent a greater challenge in terms of the capital owed as the exchange rate deteriorates with respect to the local currency.

The relaxation of the containment measures during the first half of 2021 contributed to a greater economic activity, although not as strongly as expected. In this context, the Credit Risk Contingency Plan was kept active within the framework of the following strategies: 1) Weekly monitoring of the portfolio through the Overdue Balance Committees, through which the situation of the loan portfolio is evaluated and actions to be taken with clients are proposed, in order to provide early warnings and thus avoid an increase in the overdue balance; 2) Coordination with the credit area to ensure that payment agreements are applied with clients who do not request restructuring; implementation of new restructuring policies in accordance with the guidelines issued by the Regulatory Body; 3) Classification of clients from Very Low Risk to Very High Risk in order to present to the institution a review of the Loan Portfolio classified by Economic Sectors and concentration of loans in the sectors. All these strategies have resulted in a delinquency rate of 0.00001%.

Generally, Banesco has policies, tools, methodologies, monitoring and proactive risk management through base and stress scenarios, seeking to anticipate factors that could increase risk exposure in unforeseen situations, such as the estimation of expected losses and economic capital for credit risk, as well as the determination of the institution's general exposure limits and thresholds. A culture of monitoring tolerance le-





## CORPORATE MANAGEMENT REPORT

vels allows keeping our risk profile in a post-pandemic scenario within the parameters defined in the risk appetite.

### OPERATIONAL RISK

Banesco defines operational risk, following Basel guidelines, as well as Venezuelan regulations, as the possible financial impact on the Organization, resulting from weaknesses, inadequacies or failures of internal processes, people and systems, or from external events.

- Operational risk is inherent to all
- processes, products and systems, and
- is transversal throughout the organization. For this reason, all employees are
- responsible for managing and controlling the operational risks generated by
- the development of their processes.

This message has been framed in the risk culture plan as a fundamental part of the three lines of defense scheme.

Operational risk management complies with the most demanding international standards such as: Basel, ISO 31000 and COSO, covering aspects related to the identification, evaluation and mitigation of operational factors on an ongoing basis, as well as adding new foreign currency products to the risk management and administration processes. In this context, risk surveys were carried out, and controls were assessed while mitigation strategies were defined. This confirms our intention to strengthen the risk profiles of the Bank's key processes, products and services.



As a process of continuous improvement, both internal and external events with financial or non-financial impact (regardless of their amount) are recorded in the incident and loss database, following up on the determination of underlying causes and their action plans to avoid recurring events and thus consolidate Banesco's event management.

The establishment of a solid risk culture requires time, and to achieve this we have made great progress in strengthening our values associated with efficient risk management. For this purpose, we continued with the training strategy for Comprehensive Risk Officers (DRI) and Master DRI, developing 13 Web Seminars, attended by 143 managers in the first module and 106 in the second. In addition, 16 press releases were issued and the "We are Banesco" Forum was held.

We will continue to establish sound risk management disciplines, in line with best practices, as key factors to enable effective supervision and control that support the long-term sustainability of the institution.



## CORPORATE MANAGEMENT REPORT

### MARKET RISK

The risk arises from possible losses in the value of the positions held (assets and liabilities), as a result of variations in risk factors (interest rate, exchange rate, inflation rate) and the volatility of each of them, as well as the liquidity risk of the different products in the transactions carried out by Banesco Banco Universal.

Given that regulations preventing Venezuelan banks from making investments other than those issued by the State and its decentralized entities, and the limited supply of this type of instruments in recent years, this has prevented the spread of volatility in assets associated with the uncertainty of the effects of the isolation measure on global economies.

This is reflected in the VaR trading portfolio, which has shown a stable trend in recent years.

- Since the Covid-19 outbreak, our priority has been to ensure that our models remain predictive and continue to be suitable for management and decision support. Regarding Value at Risk, the accuracy tests stand out as the average size of the exceptions and the necessary adjustment to obtain the desired coverage.

These results show a good performance in the accuracy of the forecasts in the evaluations carried out in the first half of 2021.

In terms of liquidity risk, there were no significant changes in the measurement of legal reserve, reflecting high levels of rates and amounts in the overnight markets. However, we worked on the design of three new methodologies focused on cost, duration and comparison with the system. This leads to manage the risk and take actions in the event of deterioration of the reserve coverage. Additionally, daily liquidity monitoring was reinforced, which was presented regularly in the different committees (Risk and ALCO) and the updating of more detailed actions within the framework of the liquidity contingency plan. Therefore, a stable level of liquidity was maintained in accordance with the business, responding to short-term requirements derived from a possible reduction in cash flows or from possible withdrawals of customer deposits.





## BALANCE SHEET

<b>ASSETS</b>				
	(Stated in Million VES)			
	Jun. 21	Dec. 20	Jun. 20	Dec. 19
<b>CASH AND DUE FROM BANKS</b>	<b>374,515,533</b>	<b>109,787,475</b>	<b>25,581,546</b>	<b>7,400,370</b>
Cash	76,592,261	15,244,098	2,547,246	451,632
Central Bank of Venezuela	151,788,914	67,104,866	19,158,722	6,048,598
Local Banks and Other Financial Institutions	505,331	541,137	29,632	39,145
Foreign Banks	144,927,502	26,835,867	3,813,501	710,740
Head Office and Branches	0	0	0	0
Pending Cash Items	720,589	68,303	33,886	150,788
(Provision for Bank Accounts)	-19,064	-6,796	-1,440	-534
<b>INVESTMENTS SECURITIES</b>	<b>49,695,395</b>	<b>19,523,073</b>	<b>3,696,878</b>	<b>1,091,680</b>
Investments in Central Bank	0	0	110,000	261,351
Investments in Trading Securities	0	0	0	0
Investments in Securities Available for Sale	12,551	17,246	17,158	19,819
Investments in Securities Held to-maturity	6,217,855	1,968,245	332,120	74,219
Limited Availability Investments	43,464,948	17,537,540	3,237,557	736,248
Other Security Investments	41	42	43	43
(Provision for Security Investments)	0	0	0	0
<b>LOAN PORTFOLIO</b>	<b>125,821,425</b>	<b>68,764,361</b>	<b>5,032,836</b>	<b>1,877,681</b>
Outstanding Credits	128,709,182	70,087,332	5,137,784	1,913,068
Restructured Credits	0	0	0	0
Past Due Credits	8	2	103	5
Credits in Litigation	0	0	0	0
Provision for Credit Portfolio	-2,887,765	-1,322,972	-105,051	-35,392
<b>INTEREST AND COMMISSIONS RECEIVABLE</b>	<b>721,357</b>	<b>195,918</b>	<b>39,925</b>	<b>39,917</b>
Interest receivable from cash and due from banks	0	0	0	0
Interest receivable from security investments	517	530	506	4,175
Interest receivable from credit portfolio	666,974	189,182	37,611	37,765
Commissions Receivable	54,087	6,216	1,822	642
Interest Receivable on Other Accounts Receivable	0	0	0	0
Provision for Interest Receivable and Other	-221	-10	-15	-2,665
<b>INVESTMENTS IN SUBSIDIARIES, AFFILIATES AND BRANCHES</b>	<b>954,780</b>	<b>202,357</b>	<b>37,646</b>	<b>5,176</b>
Investments in subsidiaries and affiliates	954,780	202,357	37,646	5,176
Investments in branches	0	0	0	0
Provision for investments in subsidiaries, affiliates and branches	0	0	0	0
<b>PROPERTY RECEIVED IN LIEU OF PAYMENT</b>	<b>2,521</b>	<b>2,865</b>	<b>622</b>	<b>0</b>
<b>PROPERTY IN USE</b>	<b>10,172,514</b>	<b>2,632,893</b>	<b>523,260</b>	<b>264,077</b>
<b>OTHER ASSETS</b>	<b>160,856,616</b>	<b>30,092,430</b>	<b>6,407,428</b>	<b>987,887</b>
<b>TOTAL ASSETS</b>	<b>722,740,140</b>	<b>231,201,373</b>	<b>41,320,140</b>	<b>11,666,789</b>



## BALANCE SHEET

### LIABILITIES

(Stated in Million VES)

	Jun. 21	Dec. 20	Jun. 20	Dec. 19
<b>DEPOSITS FROM CLIENTS</b>	<b>380,292,879</b>	<b>119,238,311</b>	<b>24,342,416</b>	<b>7,465,597</b>
Deposits in Current Accounts	339,607,780	112,700,231	22,997,005	6,991,270
Non-Remunerated Checking Accounts	198,897,694	66,612,561	13,569,652	4,509,544
Remunerated Checking Accounts	112,683,763	31,922,237	7,557,773	2,231,614
Current accounts under exchange agreement n° 20	5,873,031	2,107,629	484,796	103,023
Demand Deposits and Certificates	2,487,072	243,847	159,953	27,499
Current Accounts Exchange System Free Convertibility	19,666,220	11,813,956	1,224,830	119,590
Special Funds in Trusts Free Convertibility System	0	0	0	0
Other Demand Obligations	20,178,365	449,787	81,844	66,162
Obligations for Money Desk Operations	0	0	0	0
Savings Deposits	20,483,848	6,078,470	1,259,320	406,757
Time Deposits	22,886	9,823	4,247	1,408
Securities Issued by the Institution	0	0	0	0
Restricted Deposits from Clients	0	0	0	0
Right of Ownership and Participation on Security Investments	0	0	0	0
<b>OBLIGATIONS WITH BCV</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>DEPOSITS AND OBLIGATIONS WITH BANAVIH</b>	<b>10</b>	<b>632</b>	<b>308</b>	<b>47</b>
<b>OTHER FINANCING OBTAINED</b>	<b>14,371,045</b>	<b>8,668,055</b>	<b>2,410,948</b>	<b>664,007</b>
Liabilities with local financial institutions up to one year	14,371,045	8,668,055	2,410,948	664,007
Liabilities with local financial institutions more than one year	0	0	0	0
Liabilities with foreign financial institutions up to one year	0	0	0	0
Liabilities with foreign financial institutions more than one year	0	0	0	0
Other Liabilities up to one year	0	0	0	0
Other Liabilities more than one year	0	0	0	0
<b>OTHER FINANCIAL OBLIGATIONS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>INTEREST AND COMMISSIONS PAYABLE</b>	<b>118,991</b>	<b>11,694</b>	<b>13,677</b>	<b>1,348</b>
Expenses payable due to deposits from clients	118,991	6,180	8,369	1,195
Expenses payable due to obligations with BCV	0	0	0	0
Expenses payable due to deposits and liabilities with BANAVIH	0	0	0	0
Expenses payable due to other financing obtained	0	5,514	5,308	154
Expenses payable due to other financial obligations	0	0	0	0
Expenses payable due to obligations convertible to capital	0	0	0	0
Expenses payable due to subordinated debt	0	0	0	0
<b>ACCRUALS AND OTHER LIABILITIES</b>	<b>187,276,623</b>	<b>59,804,932</b>	<b>10,453,539</b>	<b>2,628,691</b>
<b>SUBORDINATED DEBT</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>OTHER LIABILITIES</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL LIABILITIES</b>	<b>582,059,548</b>	<b>187,723,625</b>	<b>37,220,887</b>	<b>10,759,691</b>
<b>STOCKHOLDERS' EQUITY</b>				
<b>CAPITAL STOCK</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Capital Paid-in	0	0	0	0
<b>PAID-IN SURPLUS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>UNCAPITALIZED EQUITY CONTRIBUTIONS</b>	<b>800</b>	<b>800</b>	<b>800</b>	<b>800</b>
<b>CAPITAL RESERVES</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>EQUITY ADJUSTMENTS</b>	<b>104,109,895</b>	<b>33,957,755</b>	<b>3,141,357</b>	<b>675,231</b>
<b>ACCUMULATED INCOME</b>	<b>36,576,412</b>	<b>9,519,758</b>	<b>957,198</b>	<b>229,780</b>
<b>NON-REALIZED GAIN OR (LOSS) ON AVAILABLE FOR SALE SECURITY INVESTMENTS</b>	<b>-6,516</b>	<b>-566</b>	<b>-103</b>	<b>1,285</b>
<b>TREASURY STOCK</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL LIABILITIES</b>	<b>140,680,592</b>	<b>43,477,748</b>	<b>4,099,253</b>	<b>907,097</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>722,740,140</b>	<b>231,201,373</b>	<b>41,320,140</b>	<b>11,666,789</b>
<b>CONTINGENT DEBTOR ACCOUNTS</b>	<b>515,993</b>	<b>239,348</b>	<b>109,524</b>	<b>270,046</b>
<b>TRUST ASSETS</b>	<b>22,375,896</b>	<b>7,437,477</b>	<b>1,423,134</b>	<b>331,059</b>
<b>OTHER TRUST ASSIGNMENTS</b>	<b>0</b>	<b>0</b>	<b>117</b>	<b>11</b>
<b>DEBTOR ACCOUNTS DUE TO TRUST ASSIGNMENTS (HOUSING MUTUAL FUND)</b>	<b>48,470</b>	<b>32,675</b>	<b>27,024</b>	<b>13,324</b>
<b>OTHER DEBTOR ACCOUNTS (HOUSING MUTUAL FUND)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>OTHER DEBTOR MEMORANDUM ACCOUNTS</b>	<b>1,598,126,494</b>	<b>810,666,389</b>	<b>155,233,468</b>	<b>54,436,960</b>
<b>OTHER DEBTOR BOOK ACCOUNTS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



## BALANCE SHEET

### STATEMENTS OF EARNINGS

(Stated in Million VES)

	Jun. 21	Dec. 20	Jun. 20	Dec. 19
<b>FINANCIAL REVENUES</b>	<b>75,476,078</b>	<b>13,298,101</b>	<b>1,071,286</b>	<b>425,419</b>
Revenues from Cash and Cash Equivalents	26,701	71,366	3,185	5,503
Revenues from Security Investments	4,073	440,956	112,018	18,760
Revenues from Credit Portfolio	75,445,304	12,785,778	956,084	401,155
Revenues from Other Accounts Receivable	0	0	0	0
Revenues from Investments in Subsidiaries, Affiliates and Branches	0	0	0	0
Revenues from Head Office and Branches	0	0	0	0
Other Financial Revenues	0	0	0	0
<b>FINANCIAL EXPENSES</b>	<b>10,585,586</b>	<b>900,401</b>	<b>190,562</b>	<b>58,883</b>
Expenses Due to Deposits from Clients	3,136,339	529,636	136,476	31,708
Expenses Due to Obligaciones with BCV	0	0	0	0
Expenses Due to Deposits and Obligations with BANAVIH	0	0	0	0
Expenses Due to Other Financing Obtained	7,449,247	370,766	54,086	25,371
Expenses Due to Other Financial Obligations	0	0	0	1,805
Expenses Due to Subordinated Debt	0	0	0	0
Underlying Obligations	0	0	0	0
Expenses Due to Head Office and Branches	0	0	0	0
Other Financial Expenses	0	0	0	0
<b>GROSS FINANCIAL MARGIN</b>	<b>64,890,492</b>	<b>12,397,699</b>	<b>880,724</b>	<b>366,535</b>
<b>INCOME FROM RECOVERED FINANCIAL ASSETS</b>	<b>297</b>	<b>17</b>	<b>0</b>	<b>5</b>
<b>EXPENSES FOR UNCOLLECTIBLE AND IMPAIRED FINANCIAL ASSETS</b>	<b>866,852</b>	<b>946,441</b>	<b>16</b>	<b>32,666</b>
Uncollectible Loans and Other Accounts Receivable	854,582	941,086	58,949	32,177
Provision for Cash and Due from Banks	12,270	5,356	0	489
<b>NET FINANCIAL MARGIN</b>	<b>64,023,937</b>	<b>11,451,275</b>	<b>821,791</b>	<b>333,875</b>
OTHER OPERATING INCOME	83,471,522	17,700,637	3,421,304	966,752
OTHER OPERATING EXPENSES	9,981,335	2,676,013	717,975	217,408
<b>FINANCIAL INTERMEDIATION MARGIN</b>	<b>137,514,125</b>	<b>26,475,899</b>	<b>3,525,119</b>	<b>1,083,219</b>
<b>TRANSFORMATION EXPENSES</b>	<b>52,954,888</b>	<b>12,419,949</b>	<b>1,990,345</b>	<b>721,174</b>
Personnel Expenses	14,306,609	2,832,489	558,492	204,682
Administrative and General Expenses	36,862,959	9,248,809	1,333,530	496,529
Contributions to Deposit Guarantee and Bank Protection Fund	758,448	155,513	51,206	9,305
Contributions to Superintendency of Banks and Other Financial Institutions	1,026,872	183,138	47,117	10,658
<b>GROSS OPERATING MARGIN</b>	<b>84,559,237</b>	<b>14,055,950</b>	<b>1,534,775</b>	<b>362,045</b>
Income from Adjudicated Goods	1,272	0	0	0
Income from Special Programs	0	0	0	0
Income from Sundry Accounts	3,408	2,022	15,787	99
Expenses Due to Realizable Property	827	302	0	0
Expenses for Depreciation, Amortization and Devaluation of Miscellaneous Goods	0	0	0	0
Expenses Due to Sundry Accounts	44,798,683	2,128,829	468,479	151,345
<b>NET OPERATING MARGIN</b>	<b>39,764,406</b>	<b>11,928,841</b>	<b>1,082,083</b>	<b>210,799</b>
Extraordinary Income	0	0	0	0
Extraordinary Expenses	700,206	57,175	0	762
<b>GROSS INCOME BEFORE TAXES</b>	<b>39,064,201</b>	<b>11,871,666</b>	<b>1,082,083</b>	<b>210,038</b>
Income Taxes	5,918,824	2,360,432	201,851	56,122
<b>NET INCOME</b>	<b>33,145,376</b>	<b>9,511,234</b>	<b>880,232</b>	<b>153,916</b>
<b>APPLICATION OF NET INCOME</b>				
Legal Reserve	0	0	0	0
Statutory Utilities	1,988,723	570,674	52,814	9,235
Other Capital Reserves	0	0	0	0
<b>ACCUMULATED INCOME</b>	<b>31,156,654</b>	<b>8,940,560</b>	<b>827,418</b>	<b>144,681</b>
<b>OTHER ACCOUNTS</b>				
LOSEP Contribution	411,997	133,284	11,164	2,191
Third-Party Investments	0	0	0	0
Monthly Agriculture Credit Portfolio	0	0	0	253,625
Accumulated Agriculture Credit Portfolio	0	2,704	580,535	709,981
Public Sector Deposits	48,468,130	5,765,171	2,290,283	326,928
Micro-Credits	3,409,814	114	16,203	39,876
Credits to the Segment of Tourism in accordance to law in force	11,181	11,181	11,403	3,978
Mortgages according to the Special Law for the Protection of the Housing Loan Debtor	1	0	0	0
Accounting Capital Adequacy Ratio (%)	25.32	27.58	19.21	17.04
Manufacturing Loans	829	42,884	243,094	348,027



## BALANCE SHEET

TRUST	(Stated in Million VES)			
	Jun. 21	Dec. 20	Jun. 20	Dec. 19
<b>TRUST</b>	<b>1,632,725</b>	<b>410,699</b>	<b>136,881</b>	<b>45,001</b>
<b>HERITAGE TRUST</b>	<b>134,939</b>	<b>37,794</b>	<b>21,967</b>	<b>13,355</b>
Individuals	777	259	7,469	2
Corporative Entities	132,025	36,455	21,560	13,161
Central Administration	0	0	0	0
Public, State, Municipal and Central Administrations	0	0	0	0
Decentralized Entities and Other Entities with Special Regime	1,079	399	191	32
<b>GUARANTEE TRUSTS</b>	<b>2,136</b>	<b>1,079</b>	<b>399</b>	<b>191</b>
Individuals	0	0	0	0
Corporative Entities	0	0	0	0
Central Administration	0	0	0	0
Public, State, Municipal and Central Administrations	0	0	0	0
Decentralized Entities and Other Entities with Special Regime	0	0	0	0
<b>MANAGEMENT TRUSTS</b>	<b>1,497,786</b>	<b>372,906</b>	<b>114,914</b>	<b>31,646</b>
Individuals	49	6	6	1
Corporative Entities	1,085,824	190,471	54,902	15,139
Central Administration	9,809	8,362	10,293	4,079
Public, State, Municipal and Central Administrations	12,823	3,418	1,069	266
Decentralized Entities and Other Entities with Special Regime	389,282	170,649	48,645	12,162
<b>FEATURES MIXED TRUSTS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Individuals	0	0	0	0
Corporative Entities	0	0	0	0
Central Administration	0	0	0	0
Public, State, Municipal and Central Administrations	0	0	0	0
Decentralized Entities and Other Entities with Special Regime	0	0	0	0
<b>OTHER TRUSTS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Individuals	0	0	0	0
Corporative Entities	0	0	0	0
Central Administration	0	0	0	0
Public, State, Municipal and Central Administrations	0	0	0	0
Decentralized Entities and Other Entities with Special Regime	0	0	0	0



## SOCIAL BALANCE

ACCUMULATED 1998 - JUNE 2021

Stated in VES at June 2021

DESCRIPTION	I Half 2021	Accumulated 1998 - June 2021
<b>SOCIAL INVESTMENT</b>		
<b>Application Banesco Resources</b>	<b>2,670,131,116,593.50</b>	<b>3,103,022,223,398.32</b>
Fe y Alegría	37,134,905,500.19	40,892,708,886.00
Microentrepreneurs Training Program	23,898,850,455.90	27,846,083,510.29
Simón Bolívar Music Foundation	—	1,247,196,258.12
Association of Venezuelan Catholic Education (AVEC)	7,350,000,000.00	8,056,188,140.50
Social Undertaking Project with the IESA	41,500,000,000.01	44,750,000,930.00
Universities and Other Institutions	312,857,967,200.12	336,947,103,889.36
Banesco Long Scholarships Life	—	2,025.40
Other Education Institutes and Organizations	—	5,107.54
Venezuelan Foundation against Child Paralysis	27,439,999,999.53	29,446,002,650.00
Other Health and Medical Care Organizations	65,442,687,267.00	73,199,017,828.17
FUNDANA	88,427,841,867.92	97,458,762,344.60
Civil Association Don Bosco Houses Network	82,999,999,999.96	86,442,665,857.00
Salesian Ladies Civil Association	5,689,599,999.71	5,944,612,372.00
Attendance to the childhood and people with special necessities	4,900,000,000.00	5,491,045,600.95
Toys donation to the communities	—	34.17
Editorial Projects	95,121,886,810.76	97,783,865,599.84
Other Contributions	36,604,053,035.05	37,321,280,190.47
Solidarity (Capital and Regional)	—	61.29
Events for the Community	—	368,430,524.57
Investment in works in Colinas de Bello Monte	—	23.06
Mayoralties, Regional Governments and Other	—	141.71
Community Participative Budget	20,000,000,000.29	21,395,031,074.00
<b>Non-Contractual Social Benefits for Banesco Employees</b>	<b>1,820,529,460,661.90</b>	<b>2,187,524,506,045.27</b>
<b>TOTAL SOCIAL INVESTMENT MORE COMMITMENTS CONTRACTED</b>	<b>2,670,131,116,593.51</b>	<b>3,103,022,223,734.44</b>



### PRESIDENT

Juan Carlos Escotet R.

### DIRECTORS

Juan Carlos Escotet R.  
Miguel Ángel Marcano C.  
José Grasso Vecchio

Emilio Durán Ceballos  
María Josefina Fernández M.

