

Financial Report 2022

First Half





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Financial Economic Balance

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We are pleased to provide this report for the first half of 2022 for a special reason. This year commenced with a heavy burden of uncertainty resulting from the lengthy confinement of the population to prevent the potential havoc caused by the pandemic. During these six months, we have experienced the full vaccination process and the progressive lifting of prevention measures. We have regained the possibility of receiving Banesco Citizens in our facilities again and, at the same time, we have had to maintain a series of guidelines to guarantee our collaborators' permanence in their work stations. We returned around March 2022 to our facilities massively and resumed our usual ways of working and living together.

Nevertheless, the economic environment has continued to be highly dynamic, challenging and demanding. For this reason, Banesco has responded to our clients' needs with ever-closer financial products and services.

Therefore, we are back in our own and have witnessed the evolution of several sectors that have undergone a long-awaited and necessary recovery.

We have also faced the consequences and havoc in terms of agricultural inputs and supplies, caused by the conflict between Russia and Ukraine and a series of international financial measures that could have some impact on the economic dynamics.

The principles that marked our management in 2020 and 2021, summarized in operational continuity, compliance with laws, attention to the needs of our stakeholders and contingency to preserve the health of our employees and their families, as well as our customers, offered the expected result. At the same time, we provided reliable, agile and timely financial

services. Digital transformation continued to be a goal to facilitate and bring all possible processes closer to our clients.

We have found that our credit risk management and control model, together with a solid and robust risk culture, contribute to maintaining positive credit quality indicators. This is to ensure adequate management in accordance with the risk profile approved by the Board of Directors (BoD).

The largest share of the loan portfolio is concentrated in 43.38% in the Agriculture, Fishing and Forestry sectors, followed by 27.48% dedicated to the Wholesale and Retail Trade, Restaurants and Hotels sector, and closes with 17.76% for the Manufacturing Industries.

The gross loan portfolio amounted to VES 257.7 million, an increase of 100.2% compared to the same period of the previous year. During this period of time, 1,052 credit operations were settled for Bs. 355.4 million, mainly focused on the Commercial Portfolio, with 47.1% of the volume settled (Bs. 241.6 million), followed by the Agricultural with 3.6% (Bs. 95.9 million). As for the Microcredit portfolio, 513 transactions were settled for Bs. 16.9 million, accounting for 48.8% of the Bank's total portfolio at the end of June 2022, for a compliance of 208% of the percentage required by the standard related to this item.

With respect to deposits, a variation of Bs. 710 million was recorded, which is an increase of 84.8% compared to the balance at the end of 2021.

Furthermore, our response times to customer requests were also evaluated, achieving a compliance level of 99.91% based on the premise indicated by the regulator.



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In addition, the Special Shareholders' Meeting held on May 31 agreed to increase the Bank's share capital to Bs. 61 million, in compliance with Article 3 of Resolution No. 014.22 and issued by Sudeban, regarding the capital required from banks on May 10, 2022, and the "Rules Regarding the Minimum Share Capital for the Incorporation and Operation of Banking Institutions".

We conducted a comprehensive visit to the different departments of the Bank and also to our collaborators throughout Venezuela's different regions where we have operations. These allowed us to verify different recovery levels and growth expectations of some commercial and productive areas in the country. Besides, we offer an extensive network of physical and electronic distribution channels and a wide range of products and services nationwide.

All reviews required by law to verify liquidity risks through the evaluations determined by auditing practices have been accomplished. We verified the results of the Audit and Control Evaluation of Internal Processes, which determined that they are in accordance with the strategies and guidelines defined by Senior Management, as well as adequate and reliable decision making, and timely accountability to the Board of Directors, shareholders, employees, customers, competent authorities and the public.

Likewise, we take into account all formal processes of identification, evaluation and monitoring of risks. This is done in order to maintain effective control and decrease losses through adequate risk management, and a timely and continuous evaluation of processes to verify the functioning of the controls.

We are firmly committed to compliance with the current regulatory framework, as well as with the internal policies

and standards established by the Board of Directors and the Executive Management. To this end, we have developed a solid risk awareness, proper corporate governance and continuous and timely monitoring of processes. In our management of the last half-year, it is important to highlight that recommendations and instructions issued by the regulatory agencies in their various visits and inspections were abided by.

Our attention is focused on developing talent and training our qualified employees who are committed to the goals and purposes of the Organization. Thus, we followed the latest trends in knowledge management and collaborative work and we addressed the special needs of our diverse group of people as well.

We deepen the Culture towards high performance with a special focus on understanding the Client Experience. Additionally, we accompanied, along with internal actions, the reinsertion of Banesco Citizens to the different physical areas and the natural adaptation period.

Corporate Volunteering activities in different supporting areas and at specific times during the half-year are also reactivated. In addition to complying with our legal obligations to our employees, we carry out a series of events, health programs and delivery of non-contractual benefits, such as food, medical insurance, and other actions for Banesco Citizens' family welfare.

In relation to our Corporate Social Responsibility Policy, we fulfilled all the actions planned for the different Programs already established. For instance: Training of Micro-entrepreneurs for 5,310 Venezuelans; the 9 Participatory Budgets throughout the country; the 13 financial supports to the different Partners and Social Allies that assist children, women and oncology patients, students of basic and university education and



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people with disabilities, and the promotion of cultural activities, spaces for creation and links with our different audiences of interest, especially young Venezuelans.

The orientation of our CSR policy has boosted our contribution to the Sustainable Development Goals. E.g.: SDG1, No Poverty; SDG2, Zero Hunger; SDG3, Good Health and Well-being; SDG4, Quality Education; SDG8, Decent Work and Economic Growth; SDG10, Reduced Inequalities; SDG11, Sustainable Cities and Communities; and SDG17, Partnerships for the Goals.

It is worth mentioning that we continue with Banesco's Scholarship Program to support the education of young students from various universities in the country. Our contribution allows the maintenance of scholarships that cover between 80% and 100% of the tuition fee, according to the eligibility criteria of each institution.

We multiply and diversify our efforts to keep our clients informed about all new products and services, as well as the promotion of behaviors that promote safety and prevention, through the deployment of regulatory and informative campaigns through Social Networks.

We actively disseminate different solutions, services and payment methods to our customers when managing their purchases, paying for services or making payments to other bank users. We implemented the VideoBanking solution and optimized services such as the My Applications Portal, and continued the permanent review of the dissemination and accessibility of the Bank's different products and services.

Using our Points of Sale, through our commercial ally Nativa and a constant after-sales service and repair center throughout the country is highly promoted. We promoted the channels whereby our clients can pay for their services using their Banesco accounts and new allied companies have been added to this

service. We are actively working on the development of payment buttons and payment mechanisms for services through our portal.

At the end of June 2022, our social networks had a community of more than 1,630,000 followers. We see it as an important channel for communicating with our clients and the general public, not only to convey our messages, but also to listen to their concerns almost in real time.

During this period, 1,105 million transactions were carried out by our clients. In fact, 99.75% of these were made through digital and electronic channels. BanescOnline recorded an average of 2 million monthly active customers. In other words, this is a 52% of the Bank's total number of active customers, who executed more than 542 million transactions on a recurring basis. Besides, some improvements have been included to this channel.

Banesco closed the month of June with an installed operating park of 394 ATMs nationwide, through which more than 10.5 million operations were processed in the semester.

We have maintained a healthy and keen interest in the Client Experience. To do so, we strive to deepen our understanding of their needs and expectations. This means creating and maintaining complete profiles that promote understanding, with the aim of achieving long-term loyalty and sustainability.

In compliance with international and regulatory best practices, we updated the Business Impact Analysis (BIA), which allowed us to estimate the possible financial and operational impacts of critical business processes and specify the interruption times and, consequently, establish the optimal recovery time. This information assists us in operationalizing the actions to



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be taken in the event of an unscheduled contingency of activities, when processes, people and means are available so that the consequences of such events do not affect operational continuity or the provision of critical services to internal and external clients. This formed the backbone of the business continuity exercise.

This new transparency exercise will allow us to provide a detailed and timely snapshot of our management. This is clearly an exercise in transparency that we carry out for all our stakeholders. In Banesco Banco Universal, due to its solid constancy in accountability, we maintain the undisputed leadership as a result of trust, commitment and close permanence among our clients. We are here and we will continue to be consistent with our favorite motto: *Banesco alongs with you!*



MARCO TULIO ORTEGA VARGAS

EXECUTIVE CHAIRMAN

BANESCO BANCO UNIVERSAL

Venezuelan Economic

IN THE FIRST HALF OF 2022

The domestic economy is showing clear signs of recovery after a prolonged downturn that has lasted almost a decade. According to preliminary figures provided by the Central Bank of Venezuela (BCV), sustained growth of the Gross Domestic Product (GDP) has been recorded in the last three quarters as follows: III T 2021 (14.65%), IV T 2021 (19.07%) and I T 2022 (17.04%), estimating for the second quarter of 2022 a variation of 18.07% for the non-oil private sector. This is consistent with the post-covid 19 business continuity of industries, commerce and services in general.

The most recent estimates by ECLAC (Economic Commission for Latin America and the Caribbean) indicate that Venezuela's GDP will close the year 2022 with a variation of approximately 10%, driven primarily by exports of goods, particularly oil and others widely accepted and recognized internationally. In addition, mass consumption has experienced an increase of approximately 8% in this first semester, highlighting the improved performance of sectors such as food, personal care, technology, among others.

Several measures that have been implemented in order to promote economic development, including the elimination of price controls, the opening of imports, and exchange rate flexibility, have had a positive impact. It can be mentioned that by the end of June 2022, the main industrial and commercial chambers are recording favorable indicators in terms of capacity utilization, employment, salaries and investments; even though the speed of recovery by sectors and/or economic activities is heterogeneous, it is expected that the second half of the year will be characterized by greater stability and growth.

However, in the last two months, there has been a certain slowdown in mass consumption, impacted by



the overvaluation of the exchange rate and the Large Financial Transactions Tax, which have reduced the population's purchasing power in foreign currency.

According to the Organization of the Petroleum Exporting Countries (OPEC) Monthly Report for June 2022, crude oil production rose to 727 thousand barrels per day, averaging 745 thousand b/d., in the second quarter of the current year, higher than the average reached in the whole year 2021 (636 thousand b/d.). Merely crude oil price, the Venezuelan basket marker, was quoted at USD 92.25 per barrel, registering a 72.4% interannual increase, due to higher world demand resulting from the conflict between Russia and Ukraine.

The BCV's official figures reveal a decrease in Total International Reserves of 5.40% with respect to the last week of December 2021, standing at the close of

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June 2022 at USD 10,328 million. This coincides with the lowest number of recent operations to contain the rise in the exchange rate, considering that the official rate ended the period analyzed at 5.54 Bs./USD, indicating an increase of 20.44% with respect to the close of 2021.

The monetary basis restarted its upward trend in June 2022, showing an increase of 144.5% compared to 2021, mainly attributable to higher public spending (wage and salary adjustment in effect as of March 2022).

Meanwhile, monetary liquidity increased by 92.2% compared to the last week of 2021, reaching Bs. 8.08 billion and composed of 78.8% demand deposits.

According to the BCV, inflation registered a monthly variation in June 2022 of 11.4%, the highest since August of the previous year, ending the semester with an accumulated rate of 38.03% and a year-on-year rate of 157.2%. Items with the largest increases are as follows: Communications (47.7%), Food and Non-Alcoholic Beverages (12.6%), Alcoholic Beverages and Tobacco (11.9%), Health (11.8%), Recreation and Culture (15.6%), Education Services (17.4%), Restaurants and Hotels (13.3%). Items with smaller variations are as follows: Housing Services, except Telephone (1.8%), Housing Rentals (5%) and Transportation (6.1%).

Banking System

At the close of the first half of 2022, according to the Monthly Bulletin of the Superintendency of Banks (SU-DEBAN), the Venezuelan financial system was comprised of 26 institutions, 20 private and 6 public, with a total of 2,687 branches, 32,260 workers, 3,886 ATMs and 381,663 points of sale.



In the banking sector, adjustments continued to be implemented before the most aggressive phase of the Covid-19 pandemic, which globally accelerated the process of digital transformation, reducing face-to-face transactions, as well as changing work patterns.

Venezuela was no exception and had to adapt its business and customer service models. Instead, the use of electronic and digital channels was preferred, thus reducing the number of agencies and adapting its product and service offerings to the current requirements of users. All of this in an environment characterized by economic uncertainty, unequal growth in various productive activities, as well as the population's consumption levels.

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New regulations were approved during the period, including the following:

- BCV's Resolution No. 22-01-01, dated January 27, 2022, published in Official Gazette No. 42,312, dated February 4, 2022, which reduces the legal reserve from 85% to 73% of the total amount of the Net Obligations in local currency. For transactions in foreign currency, a minimum reserve requirement of 31% of the total amount corresponding to Net Obligations must be maintained. This measure intends to extend the credit basis.
- Simplification by Sudeban in February 2022 regarding the requirements for the opening of Savings and Current Accounts for natural persons, Level 1, to mobilize a capital of up to Bs. 1,000, requiring only an identity card, address and telephone number. Level 2 accounts may mobilize amounts greater than Bs. 1,000 per month, extending the requested requirements.
- Resolution SIB-DSB-CJ-OD-01817, dated March 30, issued by Sudeban, established a minimum mandatory compliance percentage of 25% of the gross portfolio, effective as of April 1, 2022, for the financing of the agri-food, manufacturing, tourism, health and mortgage sectors. For the purpose of determining the balance of the gross loan portfolio, the increase generated on commercial loans due to the restatement of capital resulting from the application of the Credit Value Unit (CVU) should be excluded.
- Increase of the minimum capital requirement for banks to 3% of assets as of December 2021, effective March 10, with a compliance deadline of September 2022. The minimum capital requirement for private banks is increased to Bs. 265 million (USD 60 million) and for public banks to Bs. 631 million (USD 142 million). Capitalization must be annual and made in the first half of each year, to reach an amount equivalent to 3% of the total assets corresponding to the closing of the previous year. It also includes the figure of minimum capital amounts indexed to the price of the dollar for the creation of new financial entities.
- According to a resolution published in Official Gazette No. 42,341, dated March 21, 2022, the BCV maintains the rates for commercial loans and micro-credits, expressed in UVC, in a range between 8% and 16% for the commercial portfolio and micro-credits (formerly 4-10%) and at 6% for the Single National Productive Portfolio (formerly 2%). Loans granted through credit cards and whose financing line is equal to or greater than 20,400 UVC, the annual interest rate may not be less than 10%, which will be applicable to other types of consumer credit, whose amount is equal to or greater than the limit established for credit cards.

Regarding the performance of the Venezuelan banking system in the first half of 2022, total assets grew by 38.31% with respect to the end of 2021 and by 116.24% in the last twelve months, to Bs. 41.32 billion. This growth is in keeping with the upward trend in cash and cash equivalents (+57.0% vs. December 2021), with a balance of Bs. 11.68 billion, of which 47.3% corresponds to cash, while 38.3% is in the BCV. This proportion is very similar to the one observed in the same period of 2021 (34.5%), a trend that is in line with the measures previously mentioned.

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Investments in securities, on the other hand, amounted to Bs. 21.22 billion, reflecting variations of 22.0% in the first half of 2022 and 74.2% with respect to the close of June 2021. This is consistent with the reactivation of the sale of monetary policy instruments aimed at sterilizing liquidity, in this case, coverage instruments in bolivars with guarantee in dollars, available both for financial institutions (yield of 1% per annum), and for individuals and legal entities (annual yield of 3% in dollars at 28 days and 3.25% at 56 days).

The evolution of the net loan portfolio was favorable, accounting for 6.8% of total assets and showing growth of 89.3% with respect to the end of last December and 226.8% when compared to the same period of 2021. The portfolio ended June with an amount of Bs. 2.82 billion, and a significant level of concentration (53.7%) among the first four private banks with holdings of more than 5%.

The gross portfolio totaled Bs. 2.96 billion, with a significant improvement in quality, as the delinquency rate decreased to 0.69% on average in June, which is 2.26 percentage points below the rate at the end of the second half of 2021 and 1.65 percentage points lower than the same period of the previous year. It also showed a comfortable level of coverage for immobilizations (666.8%), above the averages of the last two periods.

In terms of loan destination, commercial loans accounted for 68.57% (Bs. 2.03 billion) of gross loans, followed by agricultural loans (19.79%) and loans to micro-entrepreneurs (7.06%).

In June 2022, deposits from the public reached a balance of Bs. 16.35 billion, equivalent to a year-on-year variation of 209.2% and a half-yearly variation of 63.7%. In June 2022, deposits from the public reached Bs. 16.35 billion, equivalent to a year-on-year va-

riation of 209.2% and a half-yearly variation of 63.7%.

The consolidated equity of the system amounted to Bs. 4.12 billion, experiencing an increase of 30.43% in the last six months. However, the sustained downward trend of its indicators was maintained, with average in the Accounting Equity Adequacy Ratio of 44.78% and the Risk Weighted Capital Adequacy Ratio of 92.56%, a decrease of 9.14 and 26.45 percentage points, respectively, as compared to the end of 2021.

The statement of income shows a greater dependence on other operating income (mainly service fees), with an increase of Bs. 1.36 billion (339.7%) compared to the same period of the previous year, accounting for 70.9% of the total income of the Venezuelan banking system.

It is worth noting the significant 60% decline in the net financial margin in the last twelve months, mainly due to the lower income from credit operations (-7.21%), given the low level of existing intermediation, whose average (17.27%), although 0.48 percentage points higher than that reached in June 2021 (16.80%), is not sufficient to generate the financial income of the business, cover the transformation expenses and successfully manage the technological investments that contribute to greater operating efficiency, in a shrinking market, multiple competitors with market shares of less than 1% in the main balance sheet items and a ratio of non-performing assets to total assets that exceeds 37% on average for the system.

The aforementioned data has a negative impact on profitability, maintaining the downward trend already observed in previous periods, with a net income of Bs. 255 million in the first half of 2022, a Return on Average Assets (ROA) of 1.54% and a Return on Average Equity (ROE) of 9.23%, both lower than those observed in the same period of 2021.

Banesco Banco Universal

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We ended the period with total assets at the end of June 2022 amounting to Bs. 2.1 billion, a six-month growth rate of 69.3% and a year-on-year growth rate of 192.3%.

Banesco, always present as an ally in the development of the national productive activity, ranked 2nd in the private banking sector regarding gross portfolio, with a share of 13.77% in the banking market. During this time, a total of 1,052 loans were liquidated, of which 48.8% went mainly to microloans, followed by the commercial portfolio (47.1%), maintaining a portfolio of excellent quality, with a very low level of delinquency (0.003%), in addition to ample coverage for immobilized portfolio (133,753.58%), above the system average (666.79%), which allowed the achievement of an intermediation coefficient of 25.11%, 7.8 percentage points higher than the market average (17.27%).

With respect to deposits from the public, Banesco reached Bs. 1.54 billion, equivalent to increases of 84.8% in said period and of 307.1% with respect to the end of June 2021.

- Also, the Bank's total patrimony
- amounted to VES 189.1 million,
- for a capital adequacy ratio of 11.97%,
- higher than the minimum legal
- requirement.



The management of the period led to the achievement of a net income of Bs. 31.0 million (2nd place in the private banking sector), with a significant participation of other operating income over average assets (44.54%), as well as a financial intermediation margin of Bs. 333 million. It maintained profitability indicators above the average of the financial system, among which a Return on Average Equity (ROE) of 61.00% and on Average Assets (ROA) of 3.93% stand out.

Financial Highlights

	Second Half 2020	First Half 2021	Second Half 2021	First Half 2022
(Stated in Million VES)				
Total Assets	231.2	722.7	1,247.7	2,112.2
▶ Cash and Due from Banks	109.8	374.5	653.7	1,241.3
▶ Security Investments	19.5	49.7	63.6	78.7
▶ Credit Portfolio	68.8	125.8	251.8	388.7
▶ Gross Portfolio	70.1	128.7	257.7	407.8
Deposits from Clients	119,2	380,3	837,6	1.548,1
Total Stockholders' Equity	43,5	140,7	104,5	189,1
Net Income	9,5	33,1	14,0	31,0
Ratios (%)				
▶ Loan Portfolio Provisions / Non Accrual Loans	86,058,725.9	37,766,709.7	897,866.7	133,763,0
▶ Non Accrual Loans/ Gross Loan Portfolio	0.0	0.0	0.0	0.0
▶ Net Results / Average Assets *	15.6	14.4	6.6	3.9
▶ Net Results / Average Equity *	95.6	61.9	39.4	61.0
▶ Liquidity	92.1	98.5	78.1	80.2

* Annualized percentages



Credit Risk Reports Pronouncement

The first half of 2022, after a year marked by mass vaccination in the country in 2021 and the gradual lifting of measures to deal with the pandemic, has meant the transition to everyday life in an uncertain macroeconomic context, which may have an impact on lending and provisioning.

The impact of the global pandemic in an uncertain economic and geopolitical environment, with asymmetric recoveries in some sectors and in the international context, the Russia-Ukraine conflict affecting the production and trade of fertilizers and seeds, increases in interest rates as a measure to contain global inflation, which can have incidences in the loans and provisions.

Our credit risk management and control model, together with a solid and robust risk culture, contributed to maintaining positive credit quality indicators during this first half of 2022. Besides, a slight increase in the delinquency rate to 0.003% (from 0.0003% in the previous half), while the banking system recorded an average of 0.69%, below the level observed in December 2021 (2.95%) is observed. Nevertheless, the market evidenced an increase of 49.931 basis points in the coverage ratio of the immobilized portfolio (666.79%) with respect to the close of 2021 (167.48%), lower than that reflected by Banesco (133.753,58%).

For this purpose, we are committed to maintain solid and effective corporate governance instances, among which the following stand out: the Risk Committee,

which has dedicated special attention to the amount and type of risks (appetite) deemed reasonable to assume in the execution of our business strategy, even under unexpected circumstances, periodic monitoring of liquidity and capital indicators, as well as early warning levels; avoiding the materialization of adverse events and achieving the early implementation of the necessary corrective actions to mitigate risk.

Banesco has policies, tools, methodologies, monitoring and proactive risk management through baseline and stress scenarios, to ensure proper risk management in accordance with the risk profile, keeping them within the risk appetite limits approved by the Board of Directors, among which the generation of frequent and complete portfolio monitoring reports with details of clients in terms of classification, economic group, business units, guarantees, overdue balance, concentration levels, among others, stand out.

Close monitoring of sectors/clients, supported by a clear segmentation of the same, in order to detect in time changes in the original characteristics of such credits and to ensure the appropriate management of those in which there is a possibility of total or partial loss.

Regular monitoring of the risk appetite and its metrics, particularly taking into account the evolution of portfolios under moratorium and its effect on loan loss provisions.

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 forty nine (49) 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.
Marco Tulio Ortega V.
Miguel Ángel Marciano C.
Emilio Durán Ceballos
Carlos Eduardo Escotet A.
Carlos Alberto Escotet A.
José Grasso Vecchio

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

External Auditors
Lara Marambio & Asociados (DELOITTE)

June 30, 2022 (Stated in VES)

ASSETS	June-22	June-21
CASH AND DUE FROM BANKS	1.241.292.628	374.515.538
Cash	532.334.032	76.592.261
Central Bank of Venezuela	456.956.792	151.788.914
Local Banks and Other Financial Institutions	29.607.083	505.331
Foreign and Correspondent Banks	221.775.610	144.927.502
Head Office and Branches	0	0
Pending Cash Items	650.562	720.589
(Provision for Bank Accounts)	-31.451	-19.064
INVESTMENTS IN SECURITIES	78.649.083	49.695.395
Investments in Central Bank	0	0
Investments in Trading Securities	0	0
Investments in Securities Available for Sale	9.924	12.551
Investments in Securities Held to-maturity	13.570.591	6.217.855
Limited Availability Investments	65.068.568	43.464.948
Other Security Investments	0	41
(Provision for Security Investments)	0	0
LOAN PORTFOLIO	388.711.483	125.821.425
Outstanding Credits	406.471.260	128.709.182
Restructured Credits	1.303.234	0
Past Due Credits	14.262	8
Credits in Litigation	-19.077.273	-2.887.765
(Provision for Credit Portfolio)		
INTEREST AND COMMISSIONS RECEIVABLE	2.780.603	721.357
Interest receivable from cash and due from banks	0	0
Interest receivable from security investments	37.278	517
Interest receivable from credit portfolio	2.677.798	666.974
Commissions Receivable	114.604	54.087
Interest Receivable on Other Accounts Receivable	-49.077	-221
(Provision for Interest Receivable and Other)		
INVESTMENTS IN SUBSIDIARIES, AFFILIATES AND BRANCHES	2.970.430	954.780
Investments in subsidiaries and affiliates	2.970.430	954.780
Investments in branches	0	0
Provision for investments in subsidiaries, affiliates and branches	0	0
PROPERTY RECEIVED IN LIEU OF PAYMENT	2.001	2.521
PROPERTY IN USE	58.088.961	10.172.513
OTHER ASSETS	339.734.548	160.856.616
TOTAL ASSETS	2.112.229.737	722.740.140

LIABILITIES AND EQUITY

LIABILITIES	June-22	June-21
DEPOSITS	1.548.091.495	380.292.879
Deposits in Current Accounts	1.415.392.602	339.607.780
Non-Remunerated Checking Accounts	708.323.291	198.897.694
Remunerated Checking Accounts	390.025.873	112.683.763
Current accounts under exchange agreement N° 20	0	5.873.031
Demand Deposits and Certificates	55.458.165	2.487.072
Current Accounts Exchange System Free Convertibility	261.585.273	19.666.220
Special Funds in Trusts Free Convertibility System	0	0
Other Demand Liabilities	17.350.512	20.178.365
Obligations for Money Desk Operations	0	0
Savings Deposits	114.958.410	20.483.848
Time Deposits	389.971	22.886
Securities Issued by the Institution	0	0
Restricted Deposits from Clients	0	0
Right of Ownership and Participation on Security Investments	0	0
OBLIGATIONS WITH BCV	0	0
DEPOSITS AND OBLIGATIONS WITH BANAVIH	6	10
OTHER FINANCING OBTAINED	48.657.749	14.371.045
Liabilities with local financial institutions up to one year	48.657.749	14.371.045
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
OTHER FINANCIAL OBLIGATIONS	0	0
INTEREST AND COMMISSIONS PAYABLE	206.337	118.991
Expenses payable due to deposits from clients	134.462	118.991
Expenses payable due to obligations with BCV	0	0
Expenses payable due to deposits and liabilities with BANAVIH	0	0
Expenses payable due to other financing obtained	21.875	0
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
ACCRUALS AND OTHER LIABILITIES	326.159.788	187.276.623
SUBORDINATED DEBT	0	0
OTHER LIABILITIES	0	0
TOTAL LIABILITIES	1.923.115.375	582.059.548
OPERATIONAL MANAGEMENT	0	0
STOCKHOLDERS' EQUITY	189.114.362	140.680.592
LIABILITIES AND EQUITY	189.114.362	140.680.592
CONTINGENT DEBTOR ACCOUNTS	31.696.419	515.993
TRUST ASSETS	26.353.125	22.375.896
OTHER TRUST ASSIGNMENTS	0	0
DEBTOR ACCOUNTS DUE TO TRUST ASSIGNMENTS (HOUSING MUTUAL FUND)	291.448	48.420
OTHER DEBTOR ACCOUNTS (HOUSING MUTUAL FUND)	0	0
OTHER DEBTOR MEMORANDUM ACCOUNTS	5.627.237.855	1.598.126.494
OTHER DEBTOR BOOK ACCOUNTS	0	0
ASSETS OF TRUST ENTITIES FOR OPERATIONS IN SOVEREIGN CRYPTO ASSETS	0	0

Statements of Earnings (Stated in VES)

	June-22	June-21	June-22	June-21
Financial Revenues	57.052.218	75.476.078	333.065.646	137.534.125
Revenues from Cash and Cash Equivalents	54.252	26.701	260.585.105	52.594.888
Revenues from Security Investments	270.166	4.073	63.751.954	14.306.609
Revenues from Credit Portfolio	56.727.800	75.445.304	196.833.151	38.648.279
Revenues from Other Accounts Receivable	0	0	0	0
Income 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
Financial Expenses	26.937.935	10.585.586	72.480.541	84.559.237
Expenses Due to Deposits from Clients	19.354.641	3.136.339	47.572.100	44.798.683
Expenses Due to Obligations with BCV	0	0	0	0
Expenses Due to Obligations with BANAVIH	0	0	0	0
Expenses Due to Other Financing Obtained	7.583.294	7.449.247	33.128.522	39.764.407
Expenses Due to Other Financial Obligations	0	0	1.646.153	700.206
Expenses Due to Subordinated Debt	0	0	0	0
Expenses Due to Other Obligations	0	0	31.482.369	39.064.201
Expenses Due to Head Office and Branches	0	0	500.000	5.918.824
Other Financial Expenses	0	0	0	0
Gross Financial Margin	30.114.283	64.890.492	30.982.369	33.145.377
Income from Recovered Financial Assets	6.045	297	0	0
Expenses Due to Uncollectibility of Credits and Other Accounts Receivable	12.483.948	866.852	0	0
Provision for Loan Portfolio and Other Accounts Receivable, Losses	12.474.785	854.582	1.858.900	1.988.723
Provision for Cash and Due from Banks	9.163	12.270	1.858.900	1.988.723
Net Financial Margin	17.636.380	64.023.937	29.123.469	31.156.654
Other Operating Income	343.324.459	83.471.523	358.663	411.927
Other Operating Expenses	27.895.193	9.981.335	0	0
Financial Intermediation Margin	333.065.646	137.534.125	333.065.646	137.534.125
Transformation Expenses	260.585.105	52.594.888	260.585.105	52.594.888
Personnel Expenses	63.751.954	14.306.609	63.751.954	14.306.609
Administrative and General Expenses	196.833.151	38.648.279	196.833.151	38.648.279
Gross Operating Margin	72.480.541	84.559.237	72.480.541	84.559.237
Income from Adjudicated Goods	7.325.912	1.272	7.325.912	1.272
Income from Special Programs	0	0	0	0
Income from Sundry Accounts	895.775	3.408	895.775	3.408
Expenses Due to Realizable Property	1.606	827	1.606	827
Expenses for Depreciation, Amortization and Devaluation of Miscellaneous Goods	0	0	0	0
Expenses Due to Sundry Accounts	47.572.100	44.798.683	47.572.100	44.798.683
Net Operating Margin	33.128.522	39.764.407	33.128.522	39.764.407
Extraordinary Income	0	0	0	0
Extraordinary Expenses	1.646.153	700.206	1.646.153	700.206
Gross Income Before Taxes	31.482.369	39.064.201	31.482.369	39.064.201
Income Taxes	500.000	5.918.824	500.000	5.918.824
NET INCOME	30.982.369	33.145.377	30.982.369	33.145.377
Application of Net Income	0	0	0	0
Legal Reserve	0	0	0	0
Statutory Utilities (Board of Directors)	1.858.900	1.988.723	1.858.900	1.988.723
Reserve for other provisions	0	0	0	0
Restricted Surplus	16.440.966	16.948.900	16.440.966	16.948.900
Surplus to apply	12.692.503	14.207.754	12.692.503	14.207.754
NET INCOME	30.982.369	33.145.377	30.982.369	33.145.377

Net Income Distribution

Legal Reserve	0	0
Statutory Utilities (Board of Directors)	1.858.900	1.988.723
Reserve for other provisions	0	0
Restricted Surplus	16.440.966	16.948.900
Surplus to apply	12.692.503	14.207.754
NET INCOME	30.982.369	33.145.377



Report of Demands And Complaints of Customers of The Banking Services

FIRST HALF 2022 • JULY 2022

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 (BanescoOnline, 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 second half of 2022, 1,187 complaints and requests were reported, for a total amount of 159,271.00 VES; of which 891 were ruled in favor of the client with a reimbursement of 22,684.45 VES.

When evaluating the attention times of the claims and requirements reported by customers / users in the first half of 2022, 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 99.91%.

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	115	2,890	2,828	25	4,978	8	663	100.00%
▶ February	125	3,064	2,939	22	5,516	9	247	100.00%
▶ March	235	5,636	5,513	35	4,176	14	546	100.00%
▶ April	179	4,871	4,836	44	74,432	26	1,270	100.00%
▶ May	139	3,876	3,826	47	29,508	14	2,648	99.46%
▶ June	98	2,863	2,743	36	7,138	16	4,949	100.00%
Total I Half	891	23,200	22,684	209	125,748	87	10,323	99.91%

b) Summary by Type of Financial Instrument

TABLE 2: SUMMARY BY TYPE OF 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						
▶ January	-	-	148	8,531	-	-	-	-	-	-
▶ February	-	-	156	8,827	-	-	-	-	-	-
▶ March	1	9	282	10,314	1	35	-	-	-	-
▶ April	7	479	239	79,951	3	143	-	-	-	-
▶ May	5	421	193	35,502	2	108	-	-	-	-
▶ June	4	260	144	14,691	-	-	-	-	2	-
Total I Half	17	1,169	1,162	157,816	6	286	0	0	2	0

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 in order to calculate the capital adequacy ratio:

CAPITAL ADEQUACY RATIO:

This is calculated by dividing the amount of Accounting Equity plus Operating Management by the Value of Total Assets. The ratio when multiplied by one hundred (100), will 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 Institutions (SUDEBAN) grants regulatory exception to determine the Accounting Capital Adequacy Index”, provided for in Article 6 of said 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 2022 and December 2021, the percentages achieved are:

Description	Jun. 2022	Dec. 2021
Capital Adequacy Ratio	11.97%	10.31%
Total Capital Adequacy Ratio	23.54%	17.34%
Tier 1 Capital Adequacy Ratio	23.54%	17.34%

Participation in The Country’s Production Sector

AT JUNE 30, 2022

The largest participation of the Credit Portfolio is found in the Agricultural, Fishing and Forestry Sector with 43.38%; followed by the Who-

lesale and Retail Trade, Restaurants and Hotels sector, with a proportion of 27.48%, and closing with 17.76% the Manufacturing Industries.

Economic Activities	Outstanding	Restructured	Past to Due	In Litigation	Total	% Composition
▶ Agriculture, Fishing and Forest	176,889,540	0	0	0	176,889,540	43.38%
▶ Hydrocarbons and Mining Exploitation	0	0	0	0	0	0.00%
▶ Manufacturing Industry	72,432,770	0	0	0	72,432,770	17.76%
▶ Electricity, Gas and Water	27,604	0	0	0	27,604	0.01%
▶ Construction	8,988,263	0	0	0	8,988,263	2.20%
▶ Trade, Restaurants and Hotels	110,735,844	1,303,234	14,222	0	112,053,300	27.48%
▶ Transport, Storage and Communications	9,707,518	0	0	0	9,707,518	2.38%
▶ Financial Establishments, Real State and Services Provided to Companies	27,330,874	0	40	0	27,330,915	6.70%
▶ Community, Social and Personal Services	358,847	0	0	0	358,847	0.09%
Total (VES)	406,471,260	1,303,234	14,263	0	407,788,756	100.00%

Electronic Channels And Bank Agencies

As of June 2022 close, Banesco had a wide network of physical and electronic distribution channels whereby the Bank offers a wide range of products and services:

- 213 Service Points (Agencies, Banesco Express)
- 130,504 Points of Sale
- 394 ATMs (153 Monofunctional y 241 Multifunctional)



External Auditor's Report

The financial statements of the Bank corresponding to the first half of 2022, 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. 22	Dec. 21	Jun. 21	Dec. 20
1. Equity				
Equity + Operative Management / Total Assets	11.97%	10.31%	25.32%	27.58%
Non-Productive Assets / Equity + Operative Management	837.50%	869.23%	381.07%	322.18%
2. Assets Quality				
Loan Portfolio Provisions / Gross Loan Portfolio	4.68%	2.29%	2.24%	1.89%
Non Accrual Loans / Gross Loan Portfolio	0.00%	0.00%	0.00%	0.00%
3. Management*				
Personnel Expenses + Operative Expenses / Average Productive Assets	130.37%	96.80%	67.63%	67.35%
Personnel Expenses + Operative Expenses / Financial Income	442.78%	138.67%	67.80%	97.24%
4. Earnings *				
Net Results / Average Assets	3.93%	6.63%	14.35%	15.60%
Net Results / Average Equity	61.00%	39.39%	61.92%	95.63%
5. Liquidity				
Availability / Customer Funds	80.18%	78.05%	98.48%	92.07%
Availability + Investment in Securities / Customer Funds	80.18%	78.05%	98.48%	92.09%

* Annualized, calculated based on average balance

Internal Auditor's Report on The Internal Control of Banesco Banco Universal, C.A.

FIRST HALF 2022

I. Introducción

Pursuant to provisions of article number 28 of the Decree with Rank, Value and Force of Law of the Partial Reform of the Banking Sector Institutions Law (LISB), published in Special Official Gazette Number 6,154, dated November 9, 2014, reprinted in Special Official Gazette Number 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 Number 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 present the summary of the management, work performed and activities carried out by the Internal Audit Unit at Banesco Banco Universal, from January 01, 2022 to June 30, 2022, 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, which performs its assurance and consulting functions in an independent and objective manner, for which it has the necessary powers and resources to plan and execute its activities, and to timely report the results obtained in the evaluation of the effectiveness of 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 Sector 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 the national level, to international standards and best practices, and to the policies and standards established internally in 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 under evaluation.

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

- a) The structure and operation of the Internal Audit Unit meets the conditions established in Resolution 064.14 "General Standards for the Internal Auditing Unit of Banking Institutions".
- b) For the underwriting function, the rules established by SUDEBAN are considered, 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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- c) 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.
- d) Assurance is performed in the first and second line processes according to the schedule established in the Audit Plan.
- e) The Internal Audit Operating Plan is evaluated by the Audit Committee, which recommends its presentation to the Board of Directors for formal approval.
- f) 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.
- g) 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.
- h) 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.
- i) Mitigation and control strategies defined by the areas responsible for the management of identified risks are followed up and each strategy implemented is verified, ensuring the closure of the assurance cycle.

Scope and Coverage of Internal Audit Unit Management

A total of forty-four (44) assurance evaluations of business, operational and support processes were conducted in the first half of 2022. Furthermore, their results were timely reported to the responsible areas, the Audit Committee and the Board of Directors. The scope included the following:

1. 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 processes, the comprehensive risk management framework, the efficiency and productivity of resources, and corporate governance structure.
- Review and verification of compliance with legal provisions that regulate the banking activity and, in particular, those contained in 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 action plans programmed by the responsible parties. The purpose is to address the internal control findings and observations identified therein.
- 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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2. Risk Management

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

3. Prevention and Control of LC/FT/FPADM

- Execution of 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 Financing of the Proliferation of Weapons of Mass Destruction Applicable to Banking Sector Institutions", evaluating the processes of Risk Management, Annual Training Program, Annual Operating Plan, as well as the Monitoring processes and generation of Regulatory Reports.
- Evaluation of the "Know Your Client" Policy through the verification of the controls established in the processing of transactions through the agency network, as well as the preparation of the files of the 500 largest debtors.
- Evaluation of the "Know Your Employee" Policy, through the review of Human Capital files.

4. Information Technology, Information and Continuity Protection

- Validation of compliance with Resolution No. 641.10 "Rules governing the Use of E-Banking Services" corresponding to Circular 01907.
- Validation of compliance with Backup and Recovery processes.
- Inspection to the Main Computing Center for the evaluation of the physical and logical security controls.

5. Credit

- Evaluation of the credit process, including the review of the activities corresponding to the application, analysis, documentation, liquidation and control of the portfolio of the 500 largest borrowers.
- Validation of profiles and policies for approval and AT/SBIF transmission, as well as the completeness and integrity of its contents.
- Matching of the credit portfolio of the Published Balance Sheet vs. the Accounting Gains.

6. Treasury

- Validation of the adequate compliance with the processes of matching and accounting recording of purchase and sale transactions, payment orders, transfers and interbank transactions, as well as the reasonableness of the accounting matching of the auxiliary accounts of availability, investments in securities and yields receivable.

Internal Auditor's Report on The Internal Control of Banesco Banco Universal, C.A.

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- Validation of the accounting records and balances of the Company's own and third parties' securities in local and foreign currency, as well as the reasonableness and accuracy of the items "Investments in Securities" and "Investments in Subsidiaries, Affiliates and Branches", in accordance with the provisions of the Decree with Rank, Value and Force of Law for the Partial Reform of the Banking Institutions Law (LISB), and the Accounting Manual for Banking Institutions issued by Sudeban.
- Evaluation of compliance with Resolution 136.15 "Standards for Appropriate Comprehensive Liquidity Risk Management", including validation of the organizational structure provided for in the regulations, as well as the design and execution of liquidity risk management and administration processes".

7. Available Funds

- Cash in local and foreign currency in the main vault and agencies to validate the reasonableness of balances of the accounting records with respect to the physical cash in custody.

8. Financial Statements

- Review of the Financial Statements in accordance with the 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 the financial statements and ensure that they are presented in a consistent manner and in accordance with the criteria established by the Superintendency and other pertinent regulations, verifying the Bank's financial indicators that allow evaluating the economic, financial and equity situation.

- Evaluation of the determination of the Total Equity Adequacy Ratio and the Accounting Equity Adequacy Ratio, in accordance with the provisions of Resolution 004.18 "Temporary Measures to Determine the Ratio of Equity to Assets and Contingent Operations, Applying Risk-Based Weighting Criteria".
- Monitoring of liquidity indicators and compliance with the actions contained in the Liquidity Risk Contingency Plan, in accordance with Resolution No. 20-03-01 "Rules Governing the Constitution of the Reserve Requirement" of the Central Bank of Venezuela (BCV).
- Verification of the application of provisions contained in the Accounting Manual for Financial Institutions of SUDEBAN, in the balances that comprise the figures reported in Banesco's financial statements.
- Validation of the reasonableness of the accounts and auxiliary accounting records that compose the items "Deposits" (211) and "Other Assets" (180).

9. Other Aspects

- Evaluation of the reasonableness of the purchase auxiliaries to be invoiced and advances to suppliers, and of the processes related to the registration and creation of files.
- Conciliation of the accounting auxiliaries of payments received for daily collections under the modalities of cash, checks and online, and compliance with the clauses of the contract in the collections of commercial allies.
- Accounting reconciliation of transactions processed through the Electronic Clearing House (ECH).

Internal Auditor's Report on The Internal Control of Banesco Banco Universal, C.A.

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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 2022, the following was observed:

- Operational processes in accordance with 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 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 2022, it is evident that the 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 environment that is adequate to its characteristics 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
01/27/22	SIB-II-GGR-GA-00342: Sudeban gives its opinion regarding the S/N letter sent by the Bank on November 26, 2021, in which it forwarded the documentation related to the appointment of the Executive President, approved at the Board of Directors' meeting No. 1,503, held on November 25, 2021.
03/24/22	SIB-II-GGIBPV-GIBPV5-01635: Sudeban gives its opinions regarding the requirements for the Special Shareholders' Meeting to be held on 03/28/2022 at 8:30 am.
03/24/22	SIB-II-GGIBPV-GIBPV5-01636: Sudeban gives its opinion with respect to the requirements for the Annual General Meeting of Shareholders to be held on 03/28/2022, at 8:00 am.
03/29/22	SIB-DSB-OPCLC-01799: Sudeban gives its opinion regarding the requirements for the Annual General Meeting of Shareholders to be held on 03/28/2022, specifically regarding the Independent Auditors' Half-Yearly Assurance Report about the compliance with Resolution No. 083.18.
04/21/22	SIB-DSB-OPCLC-02293: Sudeban informs that it has no objections to formulate on what was stated in letter dated 04/11/22, in response to official letter SIB-DSB-OPCLC-01799 dated 03/29/2022. (Requirements of the Annual General Meeting held for the six-month period ended on 12/31/2021).
04/21/22	SIB-II-GGIBPV-GIBPV5-02309: Sudeban gives its opinion regarding letters dated 09/20/2021, 09/24/2021, 10/14/2021 and 11/23/2021, whereby the Bank responds to Official Letter No. SIB-II-GGIBPV-GIBPV5-07767 (Special Shareholders' Meeting held on 09/22/2021 at 8:20 a.m.).
04/27/22	SIB-II-GGR-GA-02414: Sudeban addresses S/N letter dated 12/16/2021, whereby the Bank notified the appointment of the Secretary of the Board of Directors.
05/26/22	SIB-II-GGIBPV-GIBPV5-03119: Sudeban gives its opinion on the requirements set forth on the occasion of the Special Shareholders' Meeting to be held on 05/31/2022.

Notices by The Sudeban

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

INSPECTION VISITS	
RECEPTION DATE	OFFICIAL LETTERS
03/30/22	SIB-DSB-OPCLC-01702: Special Inspection Visit to the Bank's offices located in the state of Nueva Esparta, in order to evaluate compliance with the provisions related to PCLC/FT/FPADM.
05/02/22	SIB-DSB-OPCLC-02504: Remission of the Report containing the results obtained in the Special Inspection Visit to the Sambil Porlamar Office (0563), with the purpose of evaluating the effectiveness of compliance with the provisions related to PCLC/FT/FPADM.
05/31/22	SIB-DSB-OPCLC-03192: Sudeban gives its opinion regarding the announcement published by the Bank, on the occasion of the report containing the results obtained in the Special Inspection Visit to the Sambil Porlamar Office (0563), in relation to PCLC/FT/FPADM.
06/09/22	SIB-DSB-OPCLC-03831: Sudeban has no observations on the certification of the Minutes of the Board of Directors meeting No. 1,511, dated 05/26/2022, related to the results obtained in the Special Inspection visit made to the Sambil Porlamar Office (0563), regarding PCLC/FT/FPADM.

Notices by The Sudeban

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

OTHERS	
RECEPTION DATE	OFFICIAL LETTERS
01/11/22	SIB-II-GGR-GNP-00045: Sudeban informs about the deferral of the presentation of the complementary information corresponding to the closing of the second half of 2021, related to the consolidated and/or combined financial statements prepared in accordance with Generally Accepted Accounting Principles, as well as the individual audited half-yearly financial statements adjusted for inflation.
01/18/22	SIB-II-GGIR-GRT-00152: Sudeban requests the Bank for information related to its Non-Banking Payment Service Providers and the Financial Technology Institutions of the Banking Sector (ITFB), with which the Bank has strategic alliances to offer payment gateways and financial services through new technologies.
01/20/22	SIB-DSB-OPCLC-00155: Sudeban gives its recommendations to manage LC/FT/FPADM risk derived from new technologies.
01/20/22	SIB-DSB-OPCLC-00156: Sudeban gives its recommendations for the management of LC/FT/FPADM risk derived from business relationships maintained with alleged fake companies.
01/20/22	SIB-DSB-OPCLC-00157: Sudeban gives its opinions on recommendations for the management of LC/FT/FPADM risk derived from Outsourcing (Dependence on Third Parties).
01/20/22	SIB-DSB-OPCLC-00158: Circular regarding recommendations for LC/FT/FPADM risk management derived from Non-Profit Organizations (NPOs) and Non-Governmental Organizations (NGO's).
01/20/22	SIB-DSB-OPCLC-00159: Circular related to the recommendations for managing LC/FT/FPADM risk derived from trust transactions.
01/20/22	SIB-DSB-OPCLC-00160: Sudeban is committed to sensitize customers on the PCLC/FT/FPADM risk when providing accounts to third parties.
01/20/22	SIB-DSB-OPCLC-00161: Circular regarding recommendations for LC/FT/FPADM risk management, derived from Politically Exposed Persons (PEP).
01/20/22	SIB-DSB-OPCLC-00162: Sudeban gives its opinions on LC/FT/FPADM risk management for Designated Non-Financial Businesses and Professions (DNFBPs).
01/20/22	SIB-DSB-OPCLC-00163: Sudeban gives its opinions related to the management of LC/FT/FPADM risk derived from Correspondent Relations.

Notices by The Sudeban

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

OTHERS	
RECEPTION DATE	OFFICIAL LETTERS
01/20/22	SIB-DSB-OPCLC-00164: Sudeban issues its opinions for LC/FT/FPADM risk management derived from Money or Securities Transfer Services (STDV).
01/20/22	SIB-DSB-OPCLC-00165: Circular regarding recommendations for LC/FT/FPADM risk management, derived from virtual asset trading service providers.
01/24/22	SIB-II-GGIBPV-GIBPV5-00249: Sudeban issues its opinions in response to the letter sent by the Bank on 01/12/2022, whereby the authorization regarding the content of Circular SIB-II-GGR-GNP-03578 dated 03/29/2019, containing the "Aspects to be considered in the application of the Net Benefits Originated by the Effect of the Valuation of Assets and Liabilities at the Exchange Rate at Free Convertibility Fixed by Exchange Agreement No. 1 of August 21, 2018" is requested.
02/03/22	SIB-DSB-CJ-CNTF-00463: Sudeban requires information regarding Corporación Bancumbre, C.A., which is promoting and managing through social networks (@bancumbre) and the web page www.bancumbre.com, financial services and products of the Financial Technology Institutions of the Banking Sector (ITFB).
02/08/22	SIB-II-CCSB-00552: Sudeban informs on the officials who have been authorized to carry out Special Inspections for the purpose of daily monitoring of operations; as well as, the Social Security Service (IVSS) pension payment days, in terms of banking service quality at the Bank's agencies, ticket offices and/or branches nationwide.
02/09/22	UNIF-DDG-DIF-2022- 00377: UNIF reports the results of the Compliance and Risk assessment of Suspicious Activity Reports (SARs) filed by the Bank during 2019.
02/09/22	SIB-II-GGR-GNP-00662: Sudeban informs the requirements for opening accounts for natural persons.
02/11/22	SIB-DSB-CJ-OD-00712: Sudeban informs on financial trading, that Banking Institutions may grant credits in local currency to their clients, with the resources coming from a portion of the deposits of funds in foreign currency, up to a maximum equivalent to ten percent (10%) of such deposits. Accordingly, the foreign currency corresponding to such percentage must be offered in the Foreign Exchange Market System (EMS) for its subsequent settlement under the different credit modalities provided by the law and complementary regulations.
03/11/22	SIB-II-GGR-GNP-01165: Circular regarding the extension of the hours for public service until 6:00 p.m. from March 15 through March 31, 2022.

Notices by The Sudeban

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

OTHERS	
RECEPTION DATE	OFFICIAL LETTERS
03/21/22	SIB-DSB-CJ-OD-01510: Sudeban informs the schedule for public attention in agencies, branches and offices.
03/29/22	SIB-DSB-CJ-OD-01770: Sudeban has no objections to the models of loan agreements within the framework of the Single National Productive Portfolio (SNPP), as established in Resolution No. 22-01-02 issued by the Central Bank of Venezuela.
03/30/22	SIB-DSB-CJ-OD-01817: Sudeban informs with respect to the Single National Productive Portfolio, that the Steering Committee of the Single National Productive Portfolio participated to that entity the minimum percentage applicable for the financing of the Agro-food, manufacturing, tourism, health and mortgage Sectors, as of 04/01/2022.
03/30/22	SIB-DSB-CJ-OD-01818: Sudeban urges, with respect to the Single National Productive Portfolio, to strictly comply with the obligation of article 2 of Resolution 22-03-01.
04/01/22	SIB-DSB-CJ-PA-01859: Circular whereby Sudeban ratifies that the copies and certifications of Birth Certificates duly recorded in the Civil Registry Books have no expiration date.
04/01/22	SIB-DSB-CJ-OD-01890: Sudeban revokes, as of this date, Circular SIB-DSB-CJ-OD-02554 dated 04/29/2020.
04/08/21	Resolution No. 014.22: Sudeban establishes the rules regarding the minimum share capital for the incorporation and operation of banking institutions.
04/13/22	SIB-DSB-CJ-PA-02218: Sudeban informs that Official Letter SIB-II-GGR-GA-06878 dated 08/24/2021, whereby the Bank was denied the closure of Centros de Negocio Cipreses (0378), La Candelaria (0044), Santa Mónica, Av. Teresa de la Parra (0122) and the external ticket offices Epa Puerto La Cruz (0717), Policlínica Táchira (0713) and San Felipe (0558).
04/13/22	SIB-DSB-CJ-PA-02219: Sudeban has declared that the Appeal for Reconsideration filed against the Administrative Order contained in Official Letter SIB-II-GGR-GA-09090 has been approved.
04/27/22	SIB-II-GGR-GA-02416: Sudeban requests the updating of the information sent by the Bank for the request of authorization for the closing of branches and notification of the closing of the business centers and external ticket offices referred to in said official letter.
04/27/22	SIB-II-GGR-GA-02417: Sudeban requests the updating of the information sent by the Bank for the request of authorization for the closing of branches and notification of the closing of the business centers and external ticket offices referred to in said official letter.

Notices by The Sudeban

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

OTHERS	
RECEPTION DATE	OFFICIAL LETTERS
04/28/22	SIB-II-GGIR-GRT-02483: Sudeban authorizes the execution of the maneuver "Reorganization of Data Segments of the IST Transactional Switch May - December 2022".
05/13/22	SIB-II-GGIR-GRT-02791: Sudeban authorizes the execution of the maneuver "May 2022 Comprehensive Simulation of Critical Services".
05/13/22	SIB-DSB-CJ-PA-02748: Sudeban issues an Order to Initiate Administrative Sanctioning Proceedings for alleged non-compliance with Circular SIB-DSB-CJ-OD-00240.
05/19/22	SIB-DSB-CJ-PA-02957: Sudeban notifies the content of the Municipal Ordinance of the Collection Administration of Libertador Municipality, whereby the Sole Municipal Tax Registry, RUT-CARACAS, is created, as published in the Special Municipal Gazette No. 1.
05/27/22	SIB-II-GGIR-GRT-03170: Sudeban authorizes the execution of RFC 25724 / RFC 25827 "Reorganization of Data Segments of the IST Transactional Switch (Period May - December 2022)".
06/16/22	SIB-II-GGIR-GSRB-GGR-GNP-04003: Circular whereby Sudeban informs that it decided to extend the deferral of compliance with provisions of articles 24 to 31 of Resolution No. 136.15, containing the "Rules regarding the adequate Integral Liquidity Risk Management of Banks.
06/16/22	SIB-II-GGR-GNP-04002: Sudeban reports that the presentation of the complementary information corresponding to the closing of the first half of 2022, related to the consolidated and/or combined financial statements prepared in accordance with Generally Accepted Accounting Principles, as well as the individual audited half-yearly financial statements adjusted for inflation, is deferred.
06/16/22	SIB-II-GGR-GNP-03927: Sudeban announces the payment of the contribution fee to be made by private sector banking institutions subject to the supervision and control of this Agency.

Relevants Information to Stakeholders



Summons

BANESCO BANCO UNIVERSAL, C.A.

ANNOUNCEMENT ORDINARY SHAREHOLDERS' MEETING

By resolution of the Board of Directors and in accordance with the provisions of Articles 10, 12 and 27.2 of the Corporate By-laws, shareholders of Banesco Banco Universal, C.A. are summoned to meet at the Annual Meeting of Shareholders to take place on September 27, 2022, at 8:00 a.m., in the Fernando Crespo Suárez Auditorium, 3rd floor of the Ciudad Banesco Building, located in Main Avenue of Bello Monte, between Lincoln Street and Sorbona Street, in the City of Caracas, for the purpose of addressing the following matters:

FIRST: Discuss and decide, prior submission of the report of the shareholders' representatives, on the approval of the financial statements, prepared by independent public accountants, corresponding to the business semester ended on June 30, 2022.

SECOND: Discuss and decide on the allocation to be made to the profits as of June 30, 2022.

THIRD: Appointment of the Bank's External Auditor.

JUAN CARLOS ESCOTET RODRIGUEZ | CHAIRMAN OF THE BOARD

NOTE: The information referred to in this call will be available in the Bank's Shareholders Unit, located on the Main Floor, Quadrant "B" of the "Ciudad Banesco" Building.

Caracas, September 01, 2022

RIF: J07013380-5

ANNOUNCEMENT EXTRAORDINARY SHAREHOLDERS' MEETING

By resolution of the Board of Directors and in accordance with the provisions of Articles 10, 12 and 27.2 of the Corporate By-laws, shareholders of Banesco Banco Universal, C.A. are summoned to meet at the Extraordinary Shareholders' Meeting to take place on September 27, 2022, at 8:30 a.m., in the Fernando Crespo Suárez Auditorium, 3rd floor of the Ciudad Banesco Building, located in Main Avenue of Bello Monte, between Lincoln Street and Sorbona Street, in the City of Caracas, for the purpose of addressing the following matters:

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

JUAN CARLOS ESCOTET RODRIGUEZ | CHAIRMAN OF THE BOARD

NOTE: The information referred to in this call will be available in the Bank's Shareholders Unit, located on the Main Floor, Quadrant "B" of the "Ciudad Banesco" Building.

Caracas, September 01, 2022

RIF: J07013380-5

Corporate Governance

BANESCO BANCO UNIVERSAL, C.A.

Banesco 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 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

Corporate Governance

BANESCO BANCO UNIVERSAL, C.A.

broad experience in different areas of the banking business, with recognized solvency and honesty. The Board of Directors is made up of more than 1/3 Independent Directors. It is responsible for the definition and strategic direction of the Organization, approves 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,
- environmental 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.

Deputy Chairman of the Board of Directors

The Vice-Chairman of the Board of Directors replaces the absence of the Chairman of that instance and, under such circumstances. Said officer may exercise the powers and functions attributed to such position, with no need to prove to the corporation or third parties the authorization or temporary absence of the Chairman of the Board of Directors.

Chief Executive Officer

This official is appointed by the Board of Directors and is responsible for the daily management and operation of the Bank and its internal services, and must report periodically to the Board of Directors on the financial situation of the Company and the results of its operations. Additionally, such official must comply with and perform such other duties as may be assigned by the Board of Directors.

General Manager

This person is in charge of leading and supervising the Executive Vice Presidencies of: (i) Commercial; (ii) Banking; (iii) Credit and Operations; (iv) Products, Services and Means of Payment; (v) Technology and Processes; and (vi) Treasury and Finance affairs; Said official shall also report to the Bank's CEO.

Compliance Officer

This is a high-level officer dedicated exclusively to the prevention and control of Money Laundering, Financing of Terrorism and Financing of the Proliferation of Weapons of Mass Destruction (ML/FT/FT/FPADM). This officer reports directly to the Board of Directors and is responsible for the supervision and control of the Bank's ML/FT/FT/FPADM Prevention and Control Unit, has functional authority to make decisions within the framework of the execution of duties, including

Corporate Governance

BANESCO BANCO UNIVERSAL, C.A.

the following: a) Promote and supervise compliance with the policies, procedures, provisions and controls related to the Prevention and Control of Money Laundering and Financing of Terrorism and Financing of the Proliferation of Weapons of Mass Destruction, approved by the Board of Directors of the Regulated Entity; b) Design along with the ML/FT/FPADM Prevention and Control Unit the Annual Operating Plan; c) Submit annual and quarterly reports to the Board of Directors, which among other aspects contain the progress of the Annual Operating Plan, the Annual Training Program on ML/FT/FPADM Prevention and Control, its recommendations for the improvement of the procedures adopted; d) Send to the National Financial Intelligence Unit (UNIF, by its initials in Spanish), the Suspicious Activity Reports deemed necessary, as well as responses to requests for information related to the matter that this and other competent authorities require, within the terms established by law and requests for 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 Institution 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, communication strategies aimed at informing and raising awareness among customers and employees on subjects related with the subject matter; h) Be part of the Comprehensive Risk Management Committee of the Banking Institution, exercising the functions assigned in the prudential regulations in force that regulate the subject 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.

Corporate Governance

BANESCO BANCO UNIVERSAL, C.A.

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.

- 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 Sector Institutions Law, and the Regulations issued by the Superintendency of Banking 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.

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.

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, proce-

Corporate Governance

BANESCO BANCO UNIVERSAL, C.A.

dures, risk identification, measurement, valuation and monitoring capabilities, which support the Board of Directors in strategic planning and reasonably ensure the achievement of its objectives.

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.

Projects and Investment Committee

Its main objective is to direct the Bank's comprehensive process of projects and investments and procurement. This covers from the creation of the portfolio to the completion of the projects, ensuring the strategic direction, execution and the promise of value of the investment portfolio, as well as the formulation of the budget to the contracting of goods and services. This will guarantee the efficiency levels of the expenditure, as well as the selection of the best option offered in the market, in order to achieve the objectives of the Organization.

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. The Committee is responsible for aligning the Bank's profitability; approving the most relevant issues related to the administration of movable and immovable assets; monitoring and controlling business plans and their financial results; approving new products, services and channels and improvements in their functionalities, seeking continuous improvement of processes; defining policies for the prevention of financial crimes, information security and business continuity. It must also take the necessary actions to promote corporate culture and identity and define strategies to promote the brand under a scheme of responsibility and sustainability.



Commissioner's Report

FIRST HALF 2022 • BANESCO BANCO UNIVERSAL, C.A.

HALF FINISHED AT JUNE 30, 2022 • CARACAS, SEPTEMBER 01, 2022

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

In our capacity as Commissioners, appointed at the Annual General Meeting of Shareholders, held on March 28, 2022, in accordance with provisions of the Bylaws of the Institution, the Inter-professional Rules for the exercise of the Commissioner's function and pursuant to provisions of Sections 287, 309 and 311 of the Code of Commerce, we hereby inform you that we have audited the Financial Status Statement, as of June 30, 2022, and the related Statements on Income and Application of Net Income, Changes in Shareholders' Equity and Cash Flows for the six-month period then ended. These are attached to the report drafted by the Independent Auditors Lara, Marambio & Asociados (Members of Deloitte), issued on August 31, 2022, which should be considered as essentially part of this report for all corresponding purposes.

Banking Management and Corporate Governance Responsibilities concerning the financial statements

The Management of Banesco Banco Universal, C.A., is in charge of 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 appropriate, 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 based on the accounting standards established by the Superintendency of Banking 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 statements here-to attached to the Independent Auditors' report were prepared by the Bank's management for complying with the standards and practices established by the Superintendency and not for being presented as per the 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 give an opinion on these financial statements based on their audits. These were conducted as per the International Standards on Auditing. These norms require that they fulfill ethical requirements, that they plan and execute their evaluations in order to obtain a reasonable basis to consider that the financial statements are free of significant mistakes. In addition, procedures to obtain evidence related to the amounts and disclosures in the financial statements were included in this audit.

The procedures selected depend on the auditor's judgment, including the assessment of risks regarding the material mistake of the financial statements due to fraud or error. When assessing, the auditor considers

Commissioner's Report

FIRST HALF 2022 • BANESCO BANCO UNIVERSAL, C.A.

the significant internal controls used by Banesco Banco Universal, C.A. for the preparation and presentation of reliable financial statements to design appropriate audit procedures 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 use of accounting policies and the reasonableness of accounting estimates applied by the management, and assessing the overall presentation of the financial statements. The independent auditors believe that the evidence obtained during their review is sufficient and suitable and provides a reasonable basis for their opinion.

Commissioner's Responsibility

Based on our review, we must give a professional recommendation related to the approval of these financial statements. As a matter of fact, we conducted our audit to the extent we considered necessary, which is substantially less than the scope of an audit conducted in accordance with International Standards on Auditing. This is aiming at expressing an opinion on the basic financial statements as a whole. Our work has covered the financial operations contained in the Financial Statements upon consideration of the Meeting. For instance: Financial Status Statement as of June 30, 2022, Income Statement, Statement of Changes in Shareholders' Equity and Cash Flow for the period ending on the same date. Furthermore, the review of the minutes regarding the meetings of the Board of Directors and the Risk Committee, the Internal Audit Committee, Internal Audit Reports and the analysis of the Prevention and Control of Money Laundering and Financing of Terrorism and Financing of the Proliferation of Weapons of Mass Destruction was also included, as well as the correspondence received and sent to and from the Superintendency of Banking Institutions (SUDEBAN). It should be noted that the ju-

gments and opinions expressed herein related to the financial position of Banesco Banco Universal C.A., as of December 31, 2021, are mainly based on the revision made by Lara, Marambio & Asociados (Deloitte Members). They are independent auditors of the Bank for the same period, while the reports were issued on August 31, 2022, and must be considered an integral part of this report, namely:

- I. Financial Statements for the six months period ended June 30, 2022 and December 31, 2021.
- II. Special Report for the half-year ended June 30, 2022.
- III. Combined Financial Statements of the Trusts concerning the half-year ended June 30, 2022 and December 31, 2021.
- IV. Half-Yearly Independent Auditors' Assurance Report on Compliance with Resolution No. 136.15, issued by the Superintendency of Banking Institutions as of June 30, 2022.
- V. Half-Yearly Independent Auditors' Assurance Report on Compliance with Resolution No. 136.03, issued by the Superintendency of Banking Institutions as of June 30, 2022.
- VI. Report on Convened Procedures concerning Non-Financial Information as of June 30, 2022.
- VII. Half-Yearly Independent Auditors' Limited Assurance Report on compliance with Resolution No. 083.18 issued by the Superintendency of Banking Sector Institutions, as of June 30, 2022.
- VIII. Memorandum on Remarks and Recommendations for the half-year ended June 30, 2022.

In addition, the judgments and opinions expressed in this report are based on the following documents:



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- I. Management Report for the First and Second Quarters of 2022 by the Compliance Officer.
- II. Report on the Second Half-year concerning the Client's Defender and Banking Users of Banesco, Banco Unversal, C.A., as of June 30, 2022.

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, 2022. The results of its operations, the movement in its equity accounts and the cash flow for the half year then ended, in conformity 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 Paragraph

- 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 article 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 meet provisions of the regulations governing such matters. Therefore, directors have complied with the duties conferred upon 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-200-1155, dated February 24, 1984, issued by the Superintendency of Banks and Other Financial Institutions, currently the Superintendency of Banking Institutions (SUDEBAN), as established in Circular No. HSB-200-5355, dated September 13, 1984.

We have not received any complaints from any shareholder during the period under review, 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 by SUDEBAN during the half-year ended June 30, 2022. In this regard, we highlight the following:

1. Notification sent to Sudeban, in response to Official Letter No. SIB-II-CCSB-10152, dated January 03, 2022, regarding the response to the Report containing the results obtained in the Special Inspection carried out to Banesco Banco Universal, C.A., in October and November 2021, as well as to the ma-

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agement of the Client and Banking User Attention Unit and the Client and Banking User Defender.

2. Notification received from Sudeban through Official Letter No. SIB-DSB-CJ-CNTF-00463, dated February 03, 2022, requesting information concerning Corporación Bancumbre, C.A., which is promoting and managing through social networks (@bancumbre) and the website www.bancumbre.com, financial services and products of institutions of Financial Technology of the Banking Sector (ITFB), entities that must be authorized and, therefore, regulated by the Superintendency of Banking Institutions (SUDEBAN). Likewise, we observed the communication sent to Sudeban on February 4, 2022, responded to the request for information.
3. Letter received from Sudeban, in response to Circular No. SIB-DSB-CJ-OD-01817, dated March 30, 2022, in which the regulator informed that the Steering Committee of the Single National Productive Portfolio, informed this bank of the minimum percentage applicable for the financing of the Agri-food, manufacturing, tourism, health and mortgage Sectors, as of April 1, 2022.
4. Notification sent to Sudeban in response to Official Letter No. SIB-II-GGIR-GRT-10084, dated April 18, 2022, whereby the report containing the results of the controlled test of the central equipment (ISeries), called "Act of Certification - Unscheduled Switchover to the Contingency Environment HA ISERIES RFC-C25004- Update of the 4th cycle of PTFs in the Production LPAR" was filed.
5. Letters sent to Sudeban in relation to Resolutions numbers 305.09, 117.14 and 014.22, dated May 11, 2022, mentioning the scope of the letter, dated May 10, 2022: Presentation of the Capitalization and Revaluation Plan for the Bank's administrative headquarters.
6. Letter sent to Sudeban No. SIB-II-GGIBPV-GIB-PV5-00249, dated June 07, 2022, acknowledging receipt of the authorization to Banesco to record in the statement of "Gain or Loss from Exchange Rate Fluctuations for holding Assets and Liabilities in Foreign Currency".

During the first half ended June 30, 2022, the following general shareholders' meetings were held:

GENERAL MEETING OF SHAREHOLDERS	NOTES	DATE
Ordinary	1	March 28, 2022
Extraordinary	2	March 28, 2022
Extraordinary	3	May 31, 2022

1. **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, 2021. **Second:** Consider and resolve on the use to be made of profits as of December 31, 2021. **Third:** To consider and resolve on the convenience of increasing the Bank's share capital by decree, distribution and payment of dividends in shares. **Fourth:** In accordance with what is decided in the previous point, to amend Article 5 of the Company's Bylaws, related to the share capital.
2. **Discussed items: First:** Appoint the Main Commissioner and the Alternate and establish their remuneration. **Second:** Appoint the Banking Client and User Defender and the Alternate Defender. **Third:** Appointment of the Bank's Board of Directors.
3. **Discussed items: First:** To consider and resolve on the convenience of increasing the Bank's share capital. **Second:** In accordance with what is decided in the previous point, to amend Article 5 of the Company's Bylaws, related to share capital.

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We attended the Annual General Meeting of Shareholders and the Special Meeting of Shareholders held on March 28, 2022, in our capacity as Main Commissioner and Alternate.

BOARD OF DIRECTORS MEETING MINUTES	NOTES	DATE
1,505	1	January 07, 2022
1,506	2	January 31, 2022
1,507	3	February 24, 2022
1,508	4	March 30, 2022
1,509	5	April 26, 2022
1,510	6	May 13, 2022
1,511	7	May 26, 2022
1,512	8	June 28, 2022

1. Discussed items: 1. Quorum verification; 2. Reading and approval of the Minutes No. 1504, dated December 20, 2021; 3. Balance Sheet and Financial Management; and 4. Official Letters Report.

2. Discussed items: 1. Quorum verification; 2. Reading and approval of the Minutes No. 1505, dated January 07, 2022; 3. Economic and financial environment; 4. Commitments monitoring; 5. Corporate Balanced Scorecard Follow-Up (BSC). 6. 2022 BBU Strategic Plan; 7. Financial Planning 2022; 8. Main Business Strategies; 9. Financial Management Report; 10. Active operations exceeding 5% of Shareholders' Equity; 11. Proposed Write-off of ExtraCredits and Credit Cards as of January; 12. 2021 fourth quarter Compliance Officer's Management Report; 13. 2021 Annual Management Report Compliance Officer; 14. Annual Board Calendar and Planning; 15. Report of the Thematic Committees; 16. Update of the Formation of the Steering and Executive Committees; and 17. Granting of Proxies.

3. Discussed items: 1. Quorum verification; 2. Reading and approval of the Minutes No. 1506, dated January 31, 2022; 3. Economic and financial environment; 4. Commitments monitoring; 5. Corporate Balanced Scorecard Follow-Up (BSC). 6. Main Business Strategies Guidelines Result; 7. Financial Management Report; 8. Active Operations exceeding 5% of Shareholders' Equity; 9. Proposed Write-off of ExtraCredits and Credit Cards as of February; 10. Updating of the Policies, Standards and Procedures Manuals; 11. Circulars issued by Sudeban on PCLC/FT/FPADM matters; 12. Internal Audit Annual Operating Plan and the PCLC/FT/PADM 2022 Annual Evaluation and Control Program; 13. Six-monthly Internal Audit Reports on Internal Control and ML/TF/TFATF/MFATF Prevention and Control corresponding to the second half of 2021; 14. Audited Financial Statements for the Second Half of 2021; 15. Report of the Client and Bank User Defender; 16. Ratification of Tax Autonomies for the 2022 First Half Year; 17. Granting of Power of Attorney; 18. Report of the Thematic Committees; 19. Integration Proposal of the Infrastructure and Assets Committee; 20. Creation of the Thematic Committees (Coordinators / Committee Chair); 21. Shareholders' Meeting March 2022; 22. Official Letters Report; 23. Update of Procurement Autonomies and 24. Update of the Credit Autonomy Document.

4. Discussed items: 1. Quorum verification; 2. Reading and approval of the minutes No. 1507, dated February 24, 2022; 3. Economic and financial environment; 4. Commitments monitoring; 5. Corporate Balanced Scorecard Follow-Up (BSC). 6. Main Business Strategies Guidelines Result; 7. Financial Management Report; 8. Proposal of Alert Indicator Limits (EWI 'S) in the Risk appetite framework for the year 2022; 9. Active Transactions Exceeding 5% of Shareholders' Equity; 10. Proposed Write-off of ExtraCredits and TDC as of March; 11. Update on the Creation of the PCLC/FT/FPADM Alignment Table; 12. Evaluation of the Impact of Circulars issued by Sudeban on the PCLC/FT/FPADM 2022 Annual Train-

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ning Program; 13. Thematic Committees Report; 14. Proposal for the Optimization of the BBU Corporate Governance Structure; 15. Impact of the Large Financial Transaction Tax (LFTTF) on Foreign Currency (FM); and 16. Official Letters Report.

- 5. Discussed items:** 1. Quorum verification; 2. Reading and approval of the minutes No. 1508, dated March 30, 2022; 3. Economic and financial environment; 4. Commitments monitoring; 5. Corporate Balanced Scorecard Follow-Up (BSC). 6. Main Business Strategies Guidelines Result; 7. Financial Management Report; 8. Proposed Write-offs of Other Assets Accounts; 9. Active Transactions Exceeding 5% of Shareholders' Equity; 10. Ratification of the Credit Autonomies; 11. Appointment of the Vice-Chairman of the Board of Directors; 12. Proposal to Update the Conflicts of Interest Regulations; 13. Plan for Gap Closure Annual LC/FT/FPADM Risk Assessment 2021-2022; 14. Updating of the Policies, Standards and Procedures Manuals; 15. Compliance Officer's Management Report for the first quarter of 2022; 16. Appointment of Employees Responsible for Compliance of Centralized Areas; 17. General Conditions of Credit Contracting; 18. Report of the Thematic Committees; 19. Update on the Creation of the Thematic Committees; and 20. Call for Special Shareholders' Meeting.
- 6. Discussed items:** 1. Quorum verification; 2. Reading and approval of the minutes No. 1509, April 26, 2022; 3. Granting of Power of Attorney.
- 7. Discussed items:** 1. Quorum verification; 2. Reading and approval of the minutes No. 1510, dated May 13, 2022; 3. Economic and financial environment; 4. Commitments monitoring; 5. Corporate Balanced Scorecard Follow-Up (BSC). 6. Main Business Strategies Guidelines Result; 7. Financial Management Report; 8. 2022-2023 Technology Strategic Plan; 9. Updating of the Manuals of the Vice-Presidency of Comprehensive Risk Management; 10. Active operations exceeding 5% of Shareholders' Equity; 11.

Official Letters Report; 12. Granting of Power of Attorney; 13. Thematic Committees Report; 14. Proposal to open a Securities Brokerage Account.

- 8. Discussed items:** 1. Quorum verification; 2. Reading and approval of the minutes No. 1511, dated May 23, 2022; 3. Economic and financial environment; 4. Commitments monitoring; 5. Corporate Balanced Scorecard Follow-Up (BSC). 6. Main Business Strategies Guidelines Result; 7. Financial Management Report; 8. Risk Training for Members of the Board of Directors; 9. Update Signatures Central Bank of Venezuela (BCV); 10. Active operations exceeding 5% of Shareholders' Equity; 11. Updating of Trust Operating Processes; 12. Revocation and Granting of Powers of Attorney; 13. Update on the Creation of the Thematic Committees; and 14. Report of the Thematic Committees.

Review on Financial Statements as of June 30, 2022.

Based on the evaluation conducted by the Independent Auditors, to the Bank's Financial Statements as of June 30, 2022, we consider mentioning the following aspects:

Available Funds

Legal Reserve

The Central Bank of Venezuela (BCV) issued Resolution No. 21-01-01, dated January 7, 2021, and 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 obligations in local currency, as well as 31% of the total of such Net Obligations in foreign currency. Moreover, the law establishes that banking institutions that have a reserve requirement deficit must pay to the Venezuelan Central Bank a financial cost calculated daily by the Central Bank, which includes an annual interest rate of nine (9) percentage points in addition to the rate

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set by the BCV in its ordinary discount, rediscount and advance operations.

Subsequently, BCV issued Resolution No. 21-12-01, dated September 15, 2021, and published in Official Gazette No. 42,284, dated December 27, 2021, which established that banking institutions must maintain a minimum reserve equal to 85% of the total amount of net obligations in local currency and 31% in foreign currency of the total amount of Net Bonds in foreign currency, repealing Resolution No. 21-12-01, dated December 15, 2021. As of the effective date of the Resolution, banking institutions with a reserve requirement deficit must pay to the Central Bank of Venezuela a financial cost calculated daily by the BCV, which will not be less than 47.17% per annum.

In this regard, as of June 30, 2022, the balance of the "Banco Central de Venezuela" heading includes Bs. 431.46 million, corresponding to the balance of the legal reserve in local currency.

Furthermore, during the first half of 2022, the Bank recorded Bs. 27.36 million in the "Miscellaneous operating expenses" heading, for the financial cost of the deficit balances in the legal reserve operations in accordance with the 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.

In the first half of 2022 a balance is reflected in the current accounts of the Free Convertibility Exchange Market System.

Moreover, Resolution No. 19-09-03, dated September 5, 2019, was issued by the BCV and published in Official Gazette No. 41,742, dated October 21, 2019,

whereby this body may automatically carry out foreign currency sale transactions with universal and microfinance banks by debiting the single account held by the banking institutions at the BCV for the amount in bolivars equivalent to the foreign exchange transaction that has been executed. Likewise, the total foreign currency position sold to banking institutions shall be applied to the purchase/sale operations of foreign currencies integrated to the Exchange Market System, directly addressed to their private sector clients, except for those that integrate the banking sectors and the stock market, at the exchange rate applied by the BCV for the exchange intervention, which may be equal or lower than the exchange rate set forth in article 9 of Exchange Agreement No. 1.

According to the Independent Auditors' Report as of June 30, 2022, the Bank maintains a balance of Bs. 98.91 million (US\$ 17.91 million) for foreign exchange operations. It also maintains Bs. 1.14 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 account "Gain or loss on exchange fluctuations from holding and selling foreign currency under the Free Convertibility Exchange Market System" under item "Adjustments to shareholders' equity". In this regard, as of June 30, 2022, the Bank has recorded Bs. 56.34 million, as a result of net losses arising from the fluctuation of the official exchange rate.

Immediate Collection Effects

As of June 30, 2022, the Bank recorded Bs. 650,562 in the "Immediate Collection Effects" heading, corresponding to Clearing House operations in charge of the Central Bank of Venezuela. These operations were regularized within the first days of January 2022.

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Provisions for Available Funds

According to the Independent Auditors' Report as of June 30, 2022, the Bank maintains provisions for cash and cash equivalents of Bs. 31,185, corresponding to certain impaired foreign currency denominated cash items. It also maintains Bs. 266 corresponding to items under reconciliation with cash custodians.

Bonds Investment

Investment in Bonds Available for Sale

According to the Independent Auditors' Report, as of June 30, 2022, the Bank did not reclassify available-for-sale investments to trading investments or held-to-maturity investments.

Investment in Bonds kept Until Maturity

The Bank, for securities in foreign currency, discloses the acquisition cost and amortization of the premium or discount using the official exchange rate for the purchase in effect at the closing date of the period. As a result, the amortization of the acquisition cost is equal to the difference between the book value and the purchase cost.

According to the Independent Auditors' Report, during the first half of 2022, the Bank recorded Bs. 792,486 in the "Other operating income" heading for the amortization of discounts on investments in securities held to maturity.

Investment in Restricted Available Funds

Based on the Independent Auditors' Report, the Bank maintains license agreements on 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 finan-

cial institutions as a guarantee for these collateral transactions. As of June 30, 2022, the Bank maintains in JP Morgan Chase Bank and PNC Financial Services Group, Inc. 63.15 million (US\$ 11.39 million) for this item.

As of June 30, 2022, the restricted investment held with American Express equivalent in bolivars is 1.93 million corresponding to a demand deposit pledged as collateral for the non-exclusive and non-transferable use of AMEX credit cards.

Loan Portfolio

In accordance with the Independent Auditors' Report and as established by the Superintendency of Banking Institutions, as of June 30, 2022, the Bank maintains a generic provision for the loan portfolio of Bs. 4.23 million equivalent to 1% of the capital balance of the loan portfolio, excluding the balance of the microloan portfolio, to which the Bank maintains a generic provision of 2%. Additionally, as of June 30, 2022, the Bank, based on its own risk estimates, maintains voluntary generic provisions of Bs. 11.17 million for possible losses that may occur in the loan portfolio according to its trend.

Also, as of June 30, 2022, the Bank maintains a countercyclical provision of Bs. 3.05 million, equivalent to 0.75% of the gross loan portfolio, in accordance with provisions of Resolution No. 146.13 dated September 10, 2013, issued by the Superintendency of Banking Institutions.

As of June 30, 2022, the immobilization of the loan portfolio amounted to Bs. 14,262, represented by past-due loans and loans in litigation, as established by SUDEBAN. Also, the total immobilized portfolio accounts for approximately 0.0035% of the gross loan portfolio and 0.0075% of the Bank's total equity, respectively.

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- As of June 30, 2022, the coverage
- margin of the total allowance for loan
- portfolio in relation to the immobilized
- portfolio is 133.763%, complying with
- the requirements established by
- SUDEBAN.

As of June 30, 2022, the Bank has no loans in foreign currency.

As of June 30, 2022, the Bank maintains micro loans for Bs. 16.10 million, which accounts for 3.95% of the gross loan portfolio for the six-month period ended June 30, 2022.

Commercial Loans subject to measures established by the Central Bank of Venezuela (BCV)

During the first half of 2022, according to Resolution No. 22-03-01 issued by the Venezuelan Central Bank, published in Official Gazette No. 42,341 dated March 21, 2022, all loans will be expressed in Units of Credit Value (UVC), which results from dividing the amount in bolivars to be settled of the loan granted by the investment index in effect on that date. This will be determined by the BCV taking into account the variation of the market reference exchange rate. For these loans, banking institutions must charge an annual interest rate that may not exceed 16% annually or be less than 8% each year. This measure excludes active operations directed to employees and directors of banking entities.

As of June 30, 2022, the Bank maintains Bs. 267.12 million for loans subject to the measures established by the BCV in Resolution No. 22-03-01 and Resolution No. 21-01-02, respectively. In the first half of 2022, the Bank recorded interest income of Bs. 11.77 million in the "Income from loan portfolio" heading.

As of June 30, 2022, the Investment Ratio amounts to 0.02705837.

Single National Productive Portfolio

In accordance with provisions of the Constituent Decree, published in Official Gazette No. 6,507, dated January 29, 2020, the Single National Productive Portfolio is created, which will be especially formed for the financing of the agri-food, manufacturing, tourism, health and mortgage sectors. By means of the Sole Repealing Provision included in this Decree, as of its entry into force, the regulatory provisions governing the directed portfolios are revoked, except for the microcredit portfolio.

The Constituent Decree also includes the creation of the Steering Committee of the Single National Productive Portfolio, which will have among its attributions the approval of the policy, direction, regulation and evaluation of the resources available for the financing of such portfolio, as well as its impact on the materialization of the productive plans and the establishment of performance requirements.

On March 21, 2022, the BCV published in Official Gazette No. 42,341 Resolution No. 22-03-01, which established that the credits of the Single National Productive Portfolio will be expressed only in Units of Credit Value (UVC). This amount is the result of dividing the amount in bolivars to be liquidated of the credit granted by the Investment Index in effect on that date, to be determined by the BCV taking into account the variation of the market reference exchange rate, which is published by the Central Bank of Venezuela. For these loans, banking institutions must charge an annual interest rate that may not exceed 2%.

Subsequently, on March 30, 2022, the Superintendency of Banking Institutions issued Circular No. SIB-DSB-CJ-OD-01818, modifying Article 2 of Resolution No. 22-03-01 mentioned above, adjusting the annual interest rate for loans granted in local currency within

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the framework of the Single National Productive Portfolio to 6% on the balance resulting from its expression in Credit Value Unit (UVC).

Additionally, for loans that consider a single payment at maturity, a special charge of twenty percent (20%) will be contemplated at the time of loan liquidation. This charge will also be expressed in Credit Value Unit (CVU), and will be deducted from the loan balance at the time of loan cancellation.

According to the Independent Auditors' Report, during the first half of 2022, the Bank recognized Bs. 19.11 million in the "Income from loan portfolio" heading, for a special charge of 20% upon liquidation of the agricultural loan of the productive portfolio.

Also, on March 30, 2022, SUDEBAN issued Circular No. SIB-DSB-CJ-OD-01817, establishing for the Single National Productive Portfolio of each month, the minimum mandatory percentage of 25% of the gross portfolio, as of April 1, 2022.

As of June 30, 2022, the Bank maintains Bs. 113.36 million for productive loans measured in UVC, accounting for 27.80% of the gross loan portfolio.

Interest and Receivable Commissions

On May 22, 2020, the Superintendency of Banking Sector Institutions, through Official Letter No. SIB-II-GGIBPV-GIBPV5-02735, authorized the Bank to record in the "Other recording accounts" sub-heading, the accrual of the yields receivable related to the securities issued by Petróleos de Venezuela, S.A., starting with the coupon that matured on April 12, 2020, and to record the income once the payment of the coupons is received. In this regard, as of June 30, 2022, the Bank has recorded in the memorandum heading Bs. 3.23 million for yields receivable from investments in securities, respectively.

Investments in Subsidiaries and Branches

According to the Independent Auditors' Report as of June 30, 2022, the Bank recognized Bs. 1.89 million in the "Other operating income" heading for equity participation of subsidiaries and affiliated companies. A net equity participation on the investments held with its subsidiaries and affiliates of Bs. 949,782, in the "Restricted surplus" heading was registered by the entity.

Fixed Assets

On September 12 and March 28, 2017, the Superintendency of Banking Institutions issued Resolutions No. 101.17 and No. 025.17, published in Official Gazettes No. 41,261 and No. 41,123, respectively, whereby the parameters that banking institutions must consider for the application of the revaluation of assets recorded as property, plant and equipment, with a charge to the equity heading "Adjustment for revaluation of assets" were established.

Additionally, based on the Independent Auditors' Report as of June 30, 2022, and in accordance with the aforementioned Resolutions, and prior authorization from SUDEBAN, the Bank has recorded Bs. 16,194, as a result of the re-valuation of buildings and facilities carried out during 2017 and 2019. In addition, during the first half of 2022, the Bank recorded Bs. 202 in the "Depreciation and impairment of property, plant and equipment" heading for depreciation of revalued assets.

During the first half of 2022, capitalizations were made from the "Construction in progress" heading to the "Buildings and facilities" item for Bs. 3.01 million. Also, during the first half of the year, no reclassifications were made from the "Construction in progress" heading to "Other Assets".

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Other Assets

According to the Independent Auditors' Report as of June 30, 2022, the Bank has recorded expenses related to the "Monetary Reconversion Project" for Bs. 2.97 million, which will be amortized by the straight-line method in monthly and consecutive installments over a period of three (03) years.

By June 30, 2022, the "Advances to suppliers" heading for Bs. 141.96 is mainly composed of advances granted to suppliers for the acquisition of office supplies, computer equipment, services, equipment and technological supplies, software and licenses.

According to the Independent Auditors' Report as of June 30, 2022, the "Other deferred expenses" heading for Bs. 51.79 million corresponds to technology projects. Also, as of June 30, 2022, the "Licenses" heading for Bs. 27.10 million corresponds to deferred expenses related to the purchase of computer licenses.

The "Prepaid expenses" heading by this date includes Bs. 26.13, which corresponds to expenses for preventive and corrective maintenance of the Bank's systems equipment.

According to the Independent Auditors' Report as of June 30, 2022, the Bank maintains security deposits for the purchase and sale of technology equipment amounting to Bs. 24.03 million (US\$ 4.35 million) Also, as of June 30, 2022, Bs. 3.16 million corresponding to miscellaneous risk policies held by the Bank, is included.

According to the Independent Auditors' Report as of June 30, 2022, the "Prepaid taxes" heading includes Bs. 12.53 million for income tax paid in advance. It also includes Bs. 1.05 million for tax on economic activities.

Public Deposits Collection

According to the Independent Auditors' Report as of June 30, 2022, deposits from the public include Bs. 208.09 million which come from official entities, equivalent to 13.44% of total deposits from the public.

By June 30, 2022, in Official Gazette No. 42,341, dated March 21, 2022 and in Official Gazette No. 42,050, dated January 19, 2021, respectively, the Central Bank of Venezuela published Resolutions No. 22-03-01 and No. 21-01-02, establishing that interest rates for savings deposits may not be lower than 32%. Likewise, the provisions established that interest rates may not be lower than 36% for time deposits.

During the first half of 2022, deposits from the public generated interest expenses of Bs. 19.35 million recorded under "Financial expenses".

Accruals and Other Liabilities

According to the Independent Auditors' Report as of June 30, 2022, the "Other sundry accounts payable" heading includes Bs. 14.25 million corresponding to settlements resulting from debit card transactions processed by the Bank's points of sale at commercial establishments. These items were regularized on the first days of July and January 2022, respectively. Additionally, as of June 30, 2022, this includes obligations held with individuals and legal entities, resulting from brokerage and custody operations of securities in the secondary market and interest due on securities owned by its customers for Bs. 146.17 million (US\$ 26.46 million), in foreign currency, valued at the official exchange rate published by the BCV.

The other items to be applied correspond mainly to transactions in transit of the interbank mobile payment system and debit and credit card operators, which are regularized in the first days following the end of the half-year.

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According to the Independent Auditors' Report as of June 30, 2022, the "Provisions for taxes" heading includes Bs. 2.99 million, for income tax provision. Likewise, as of June 30, 2022, Bs. 2.01 of tax on economic activities is included.

Income Tax

According to the Independent Auditors' Report as of June 30, 2022, the Bank maintains a book provision for income tax of Bs. 2.99 million, based on projected results as of June 30, 2022 and the annual fiscal year ended December 31, 2021, respectively.

In accordance with current tax legislation, the Bank may carry forward operating tax losses for up to three (3) years subsequent to the year in which they are incurred. Said allocation must not exceed 25% of the taxable income obtained in each year. As of June 30, 2022, the Bank has no tax loss allocations.

Other financial instruments at risk out of the General Balance and Other Order Accounts

According to the Independent Auditors' Report as of June 30, 2022, the Bank maintains Bs. 31.69 million in the "Credit lines of automatic utilization" heading, which is associated with contractual agreements for credit limits granted to clients, after evaluation of credit risks. This is recorded under the "Contingent accounts receivable" item.

In addition, the "Guarantees received" heading by June 30, 2022, is mainly comprised of guarantees for Bs. 3.08 billion and guarantees with financial institutions for Bs. 84.56 million.

As of June 30, 2022, the Bank has recorded Bs. 49, as "Guarantees pending release", corresponding to

guarantees received from credit rights that the Bank has maintained with its clients and that have been cancelled.

As of June 30, 2022, the "Other register accounts" heading include the sum equivalent in bolivars of 124.05 million, corresponding to foreign currency in process before the National Center for Foreign Trade (CENCOEX). This is the result of purchases made by the Bank's cardholders abroad up to 2015, which were 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, 2022, Bs. 474,033 is included for foreign currency sales agreed through the foreign exchange trading process.

Trust

According to the Independent Auditors' Report as of June 30, 2022, cash and cash equivalents include Bs. 36.70 million, which corresponds to deposits in special interest-bearing accounts opened for each trustee of the Bank. This generated interest at the rate of 0.20% per annum for the six-month period. As a result of these operations, during the first half of 2022, the Bank's trust recorded VES 4 billion, as interest income in the "Income from available funds" heading.

As of June 30, 2022, cash and cash equivalents include foreign currency deposits of Bs. 1.15 million (US\$ 208,240), as a reclassification of the balance presented as of December 31, 2021 in the account of Miura Capital LLC for Bs. 955,203 (US\$ 208,300).

During the first half of 2022, the bank trust recorded VES 5.21 million, as interest income in the "Financial income" heading.

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As of June 30, 2022, the Bank's trust recognized Bs. 1.38 million as income from amortization of discounts on investments in securities, recorded under "Financial Income".

As of June 30, 2022, the Bank's Trust maintains Bs. 1.83 million for interest and yields receivable corresponding to investments in securities, presented under "Interest and commissions receivable".

As of June 30, 2022, the financial institutions that maintain custody of the securities, as well as those where placements and time deposits comprising the investment portfolio are held, are summarized below:

- Central Bank of Venezuela (BCV).
- Venezuelan Stock Exchange (Caja Venezolana de Valores).

As of June 30, 2022, the loan portfolio is comprised of outstanding loans of Bs. 517,499, corresponding to social benefit trust agreements, with guarantees on the contributions made.

As of June 30, 2022, the Bank's Trust maintains Bs. 1.22 million recorded in the "Accumulated results" heading in the trust equity for the net exchange difference due to exchange fluctuations from holding unrealized assets and liabilities in foreign currency.

Equity

Share Capital and Decree of Dividends

Pursuant to the Independent Auditors' Report as of June 30, 2022, the Bank's share capital is comprised of 9,108,070,000 registered common shares, with a par value of Bs. 0.0000000001 each, and 16,930,000 preferred shares with a par value of Bs. 0.0000000001 each.

During the first half of 2022, on March 10, 2022, the Superintendency of Banking Institutions issued Resolution No. 014.22 containing the "Norms regarding the Minimum Capital Stock for the Creation and Operation of Banking Institutions", whereby Banking Institutions are required to subscribe and pay a minimum capital of not less than the equivalent of three percent (3%) of the total assets expressed in the Publication Balance Sheet as of December 31, 2021. Such amount would be a total of Bs. 37.42 million.

At the Annual General Meeting held on March 28, 2022, the Board of Directors was authorized to declare and pay dividends in shares equivalent to Bs. 10.99 million, representing 109,991,995,900,000,000 shares. Subsequently, on May 31, 2022, at a Special Shareholders' Meeting, the Board of Directors was authorized to declare share dividends of Bs. 11,000,000,000,000,000,000, representing 110,000,000,000,000,000,000 shares.

Furthermore, the Bank recorded Bs. 39 million in June 2022 as "Non-capitalized Equity Contributions".

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.

The Superintendency of Banking Institutions, on September 22, 2021, approved, subject to the binding opinion of the Higher Body of the National Financial System, a total of 7,389,000,000,000,000 common shares for their subsequent registration with the Mercantile Registry Office.



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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 23, 2018 (1)	160	1,600,000,000,000	0.0000000001
Extraordinary	October 19, 2018 (1)	150	1,500,000,000,000	0.0000000001
Extraordinary	September 27, 2018 (1)	330	3,305,000,000,000	0.0000000001
Extraordinary	August 31, 2018	60	600,000,000,000	0.0000000001
Extraordinary	July 31, 2018 (1)	35	350,000,000,000	0.0000000001
Extraordinary	May 28, 2018 (1)	40	400,000,000,000	0.0000000001
Extraordinary	April 30, 2018 (1)	18	180,000,000,000	0.0000000001
Extraordinary	March 22, 2018 (1)	5	45,000,000,000	0.0000000001
Extraordinary	February 21, 2018	1	15,000,000,000	0.0000000001
Extraordinary	May 31, 2022 (2)	39,000,000	390,000,000,000,000,000	0.0000000001
		39,000,799	390,007,995,000,000,000	

As of June 30, 2022, the share capital increase with cash contribution from shareholders who decided to sign, as described and presented at the Special Shareholders' Meeting held on May 31, 2022, is pending approval by the Superintendency of Banking Institutions

As of June 30, 2022, the Bank has 8,004,000,000,000 shares to be issued, corresponding to share capital increases with cash contributions from the shareholders who decided to sign up, as described and presented at said Special Shareholders' Meetings. These shares are awaiting approval by SUDEBAN, following the binding opinion of the Higher Body of the National Financial System, for subsequent filing with the Mercantile Registry Office.

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 a legal reserve equivalent to 20% of the net income of the six-month period until reaching 50% of the share capital every six months. 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, 2022, the bank has a legal reserve equal to 100% of its share capital.

According to the Independent Auditors' Report, as established by the Superintendency of Banking Institutions in Resolution No. 329.99 dated December 28, 1999, during the first half of 2022, the Bank reclassified to the "Restricted surplus" heading Bs. 15,491,185, equivalent to 50% of the results for the first half of the 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.

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Equity Adjustment

During the first half of 2022, the Bank maintains a net foreign exchange fluctuation gain of Bs. 74.39 million.

Subsequently, on January 21, 2022, the Superintendency of Banking Institutions, through Official Letter No. SIB-II-GGIBPV-GIBPV5-00249, authorized Banesco Banco Universal, C.A., to record in the statement of income the net credit balance of Bs. 78.85 million, maintained in 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, 2021. In this regard, during the first half of 2022, the Bank recognized income in the heading "Foreign exchange gain on cash and cash equivalents" for Bs. 78.85 million.

Contributions to the Social Protection Fund in Bank Deposits

The Social Protection Fund for Bank Deposits is an autonomous institute with legal personality and its own assets. Its main purpose is to guarantee the funds collected from the public in local currency by banking institutions up to a maximum amount of Bs. 0.0000003, as well as to act as liquidator of these institutions and their related companies, in accordance with the provisions of the Decree with Rank, Value and Force of Law of Banking Institutions. As of June 30, 2022, the Bank recorded expenses of Bs. 4.79 million corresponding to the semiannual contribution equivalent to 0.75% of the total deposits of the public held at the close of the immediately preceding semester, in accordance with provisions of article 121 of the Banking Institutions Law. This

amount is recorded in the "Transformation expenses" heading.

Special Contribution to the Superintendency of Banking Institutions

The Banking Institutions Law establishes a special contribution to be paid by Venezuelan banking institutions governed by such Law in order to support the operations of the Superintendency of Banking Institutions.

On September 2, 2021, the Superintendency of published Resolution No. 069.21, which established the contribution quota for banks as follows:

- a) Zero point eight (0.8) per thousand of the average of the assets corresponding to the two (2) months prior to the two-month period to which the payment corresponds.
- b) The referred contribution shall be paid for the resulting bimonthly amount, at the rate of 1/2 per month, within the first five (5) bank working days of the bimonthly period to be paid.

On June 14, 2022, the Superintendency of Banking Institutions published Resolution No. 049.22 establishing the contribution installment for the first and second half of 2022. Private banking institutions subject to the supervision and control of the Superintendency of Banking Institutions must make the contribution bimonthly, at the rate of zero point eight (0.8) per thousand of the average assets corresponding to the two months prior to the bimonthly period corresponding to the payment. Likewise, it indicates that the installment to be paid for the two-month period corresponding to January and February 2023

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will be calculated based on the provisions of this Resolution, considering for this purpose, November and December 2022, until SUDEBAN issues the corresponding Resolution.

As of June 30, 2022, this sum amounted to Bs. 3.16 million and is presented in the "Transformation expenses" heading.

Contingencies

Fiscal Contingencies

According to the Independent Auditors' Report, as of June 30, 2022, the Bank has tax assessments amounting to Bs. 73, derived from audits on Income Tax, Corporate Assets Tax, Bank Debit Tax, Tax on Debits to accounts held in Financial Institutions, Sumptuary Consumption Tax; as well as derived from audits on Municipal Taxes: Tax on Commercial Advertising and Propaganda and Tax on Economic Activities. In this regard, the Bank has presented its respective defenses and pleadings in administrative and judicial instances with the purpose of preserving its effects and is awaiting a final decision in each one of them.

The bank considers that the appeals presented should be declared admissible; however, it has recorded provisions of Bs. 32,694 in order to anticipate any adverse decision.

Judicial Contingencies

According to the Independent Auditors' Report, as of June 30, 2022, there are civil and mercantile lawsuits for the amount of Bs. 2.18 billion corresponding to claims for material and moral damages brought against the Bank. The corresponding legal defenses

have been timely and sufficiently presented in all the instances and phases of the process, and favorable decisions in favor of the Bank are expected to be rendered. In this regard, as of June 30, 2022, the provision maintained by the Bank to provide for any adverse decision amounts to Bs. 804,434 included in the "Other provisions" heading.

Subsequent Events

Regulations regarding share capital

On March 10, 2022, the Superintendency of Banking Institutions issued Resolution No. 014.22 containing the "Norms regarding the Minimum Capital Stock for the Creation and Operation of Banking Institutions", whereby Banking Institutions are required to subscribe and pay a minimum capital of not less than the equivalent of three percent (3%) of the total assets expressed in the immediate last year's Publication Balance Sheet.

Organic Law on Special Economic Zones

On July 20, 2022, the Organic Law on Special Economic Zones was published in Official Gazette No. 6,710. The purpose is to regulate the creation, organization, operation, administration and development of the Special Economic Zones, as well as the economic, tax and other incentives that may be applicable, based on a model of sovereign economic development and national production that guarantees the productive chaining, legal security, social justice and environmentally sustainable means. It is applicable to legal entities, public, private, mixed and communal, national or foreign, that participate in the Special Economic Zones, as well as to the bodies and entities of the State, directly and indirectly linked to their development.

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Extension in the period of the consolidated presentation of the equity accounts in the monthly and half-yearly balance sheets

The Superintendency of Banking Institutions through Circular No. SIB-II-GGR-GNP-05394, dated August 5, 2022, extended the term for the application of the temporary regulatory exception related to the presentation of Form "A" of the Monthly and Half-Yearly Balance Sheet Publication, of Chapter V (Financial Statements) of the Accounting Manual for Banking Institutions, in which the presentation of the detail of the balances of the Groups and Accounts that make up the "Shareholders' Equity" item must be suppressed, and presented under a single item identified as 300.00 "Equity", to the balances of July until the closing of December 2022.

Single National Productive Portfolio

Through Circular No. SIB-II-GGR-GNP-CCD-05550 dated August 11, 2022, the Superintendency of Banking Institutions established that banks must allocate to the Single National Productive Portfolio a minimum mandatory monthly percentage of 25% of the gross portfolio balance at the end of the immediately preceding quarter. This is less the increase due to the capital restatement resulting from the application of the UVC, which is generated on commercial loans. In addition, for measuring the compliance of August 2022, the gross portfolio balance at the end of June 2022 will be used as a basis, and the balances of loans granted to the agri-food, manufacturing, tourism and mortgage sectors, granted prior to the creation of the Single National Productive Portfolio, may be used as a basis for calculation.

Granting of financing for the promotion and development of entrepreneurship of natural persons.

By means of Circular No. SIB-II-GGR-GNP-05551 dated August 11, 2022, the Superintendency of Banking Institutions established the special conditions for the granting of financing for the promotion and development of enterprises established in the Law on the Promotion and Development of New Entrepreneurial Projects. It is worth mentioning that the financing granted for the promotion and development of entrepreneurship will be computed as part of the minimum percentage of the loan portfolio destined to micro-credits and, therefore, the interest rate corresponding to micro-credits will be applied to them, according to what the Central Bank of Venezuela has established for this purpose.

Digital account openings and acceptance of electronic contracts

Through Circular No. SIB-II-GGIR-GRT-GGR-GNP-05552 dated August 11, 2022, SUDEBAN established that banks may implement the opening of digital accounts, services or financial products, in compliance with the technological requirements, prior authorization of the Regulatory Entity, as indicated in the prevailing regulations in force.

Managerial and Administrative Processes concerning liquidity risk

In accordance with provisions of Article 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.

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- 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, 2022, 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 made in May 2022, submitted to the Risk Committee in Minutes No. 206, dated May 23, 2022 and approved by the Board of Directors, as stated in Minutes No. 1,511 dated May 26, 2022.

We also note that the Bank has a "Liquidity Risk Manual", which includes guidelines, controls and tools for liquidity risk management and administration. Its last update was completed in November 2020, and was submitted to the Risk Committee in Minutes 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 Minutes No. 206, dated May 23, 2022, and was notified to the Board of Directors, as recorded in Minutes No. 1,511, dated May 26, 2022.

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 twelve (12) liquidity risk indicators and liquidity gaps (GAP), including the six (6) indicators required by Title V of Resolution No. 136.15. The tools for measuring and monitoring liquidity risk are detailed in section X "Methodologies to Manage Liquidity Risk" of this report.
- 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, 2022, it was noted that the Bank has a "Liquidity Contingency Plan", which was updated by the VPAIR and approved by the Risk Committee, as stated in Minutes No. 206, dated May 23, 2022, and approved by the Board of Directors, as stated in Minutes No. 1,511 dated May 26, 2022. In addition, ALCO Committee monitors the Liquidity Contingency Plan on a weekly basis and evaluates all considerations regarding its implementation.

Responsibilities and Functions of the Board of Directors

Through inquiries with management, we have been informed that the members of the Bank's Board of Directors have knowledge of the Venezuelan banking sector and experience in the industry. In addition, the experience of the members of the Board of Directors is



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included in the resumes that have been submitted for consideration and approved by the Superintendency of Banking Institutions, in order to certify the compliance with the requirements established in the Banking Institutions Law.

Meanwhile, through the inspection of the minutes of the Board of Directors' meetings held during the first half of 2022, we observed that the VPAIR periodically presents the monitoring of the Bank's liquidity indicators. Similarly, the information on the performance of the different types of risks to which the Bank is exposed is submitted on a monthly basis.

In this regard, it was noted through the content of the minutes of the Board of Directors and the Risk Committee, that the members of the Board of Directors keep themselves informed and assume responsibility in the process of approval, review and update of the strategies, policies and procedures to identify, measure, assess, monitor, limit, control, report and disclose with sufficient anticipation, the liquidity conditions and the exposure to liquidity risk faced by the Bank.

We also note that the Board of Directors, through the review and approval of the "Organization and Administration Systems Manual", guarantees the separation and segregation of responsibilities and functions between the Vice-Presidencies in charge of liquidity management (Executive Vice-Presidency of Treasury and Finance) and liquidity risk management (VPAIR).

Moreover, it was observed through Minutes No. 1,508, March 30, 2022, that the Bank's Board of Directors participates in the approval and review of the global limits.

Additionally, the Board of Directors approved the creation of the "Treasury Autonomy Manual", as stated in Minutes No. 1.484, dated August 26, 2020, in order

to consolidate the decision-making powers of the Vice-Presidency of Treasury and its limits to consider the purchase/sale of securities and Overnight operations, according to the guidelines approved by the Assets and Liabilities Committee, and including those guidelines that have been added both in the "Treasury Policy Manual" and in the "Treasury Operations Autonomies", previously approved by the Risk Committee.

Responsibilities of the Internal Audit Unit regarding the Comprehensive Risk Liquidity Management

In accordance with provisions of Article 43 of Resolution No. 136.15, the Bank's Internal Audit Unit, within the half-yearly reviews, must include within 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 that are being used within the VPAIR to comprehensively and adequately manage the liquidity risk within the Bank.

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, 2022, it was noted in Minute No. 208 of the Risk Committee, dated July 25, 2022, the presentation by the Internal Audit of the report on the main risks detected and reported during the first half of 2022.

Information Transmission to the Regulatory Entity

According to the Independent Auditors' Half-Yearly Limited Assurance Report on the Compliance with Resolution No. 136.15 issued by the Superintendency of Banking Institutions, as of June 30, 2022, it was observed that VPAIR reported to the Superintendency

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of Banking Institutions on a weekly basis, the transmission file containing the methodologies to manage liquidity risk.

Risk Committee

Based on the Half-Yearly Independent Auditors' Assurance Report on Compliance with Resolution No. 136.15 issued by the Superintendency of Banking Institutions, as of December 31, 2021, inspections were made to the structure of the Risk Committee and the minutes of the aforementioned Committee held during the second half of 2021. As of June 30, 2022, we inspected through Board of Directors Minutes No. 1,509, dated April 26, 2022, the approval of the Risk Committee and its members.

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 2022, the following meetings were held:

DESCRIPTION	MINUTE NO.	DATE
Risk Committee	202	January 25, 2022
Risk Committee	203	February 21, 2022
Risk Committee	204	March 28, 2022
Risk Committee	205	April 25, 2022
Risk Committee	206	May 23, 2022
Risk Committee	207	June 21, 2022
Risk Committee	208	July 25, 2022

We reviewed the minutes of the Risk Committee meetings held during the second half of 2021 as part of our

assessment. Likewise, we found out through the minutes of the Risk Committee meetings, that meetings were held at least once (1) a month, in accordance with the provisions of Article 5 of Resolution No. 136.03.

Half-Yearly Report on the Risk Committee's Management Activities

In accordance with provisions of Article 8 of Resolution No. 136.03 and Circular No. SIB-II-GGR-GNP-06118 sent by the Superintendency of Banking Institutions, dated February 24, 2015, we note that the Bank, on July 8, 2022, submitted to the Regulatory Entity the Half-Yearly Report on the Steps Taken by the Risk Committee for the first half of 2022, which specifies the degree of compliance related to the implementation of the VPAIR.

As of June 30, 2022, the "Progress Matrix" shows 100% compliance, excluding the following:

- Progress between 51% and 75% regarding the systematic implementation of communication strategies to comply with Article 6, paragraph j, of Resolution No. 136.03.
- Progress between 76% and 99%, regarding the issuance of the report made to the Risk Committee by the Vice-Presidency of Internal Audit for the first half of 2022, in order to comply with Article 10 of Resolution No. 136.03.

Reports presentation by the Internal Audit Unit to the Risk Committee

In accordance with the provisions of Article 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

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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 Attestation Report of the Half-Yearly Independent Auditors' Assurance Report with Resolution No. 136.03 issued by the Superintendency of Banking Institutions, on June 30, 2022, and through our evaluation carried out during the first half of 2022, we noted in the Minutes No. 208 of the Risk Committee, dated July 25, 2022, the presentation by Internal Audit of the report on the main risks detected that were reported during the first half of 2022.

Other Observations regarding the report of the Client and Bank User's Defender of Banesco Banco Universal, C.A., as of June 30, 2022.

According to the Report on Agreed Procedures Related to Non-Financial Information, we observed that the independent auditors carried out procedures in relation to the report on complaints filed by customers with the Customer Experience Management, which will be included in the Bank's Half-Yearly Report as of June 30, 2022, detailing the manner in which complaints are resolved.

The Client and Bank User's Defender in his report for the first half of 2022, proposed to the Board of Directors the following:

- Establishing an Attention Protocol for the preparation of response letters for recently created requirements or those under development, in view of the emergence of new products and services.
- It is suggested that the financial institution gather information on claims that do not have a specific response letter and, in turn, proceed with the preparation and implementation of a response to this type of request. Likewise, it is deemed appropriate to create attention protocols to ensure a response when new requirements or causes are generated.
- Preparation of models corresponding to the information of pending financial requirements, which are currently being reviewed by the legal department and, once approved, will be implemented. Thus, the conclusion date of the aforementioned review will be August 2022.
- Establishment of service agreements between the areas involved to ensure that new requirements or causes include the pertinent response letter.

Regarding the aforementioned, according to the Bank, the following has been accomplished:

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, 2022, a copy of the organizational structure established by the Bank in relation to SIAR LC/FT/FT/FPADM was obtained. This is made up in accordance with Article 14 of Resolution No. 083.18, as follows:

- a) Board of Directors.
- b) Chief Executive Officer.

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- c) Compliance Officer.
- d) Unit for the Prevention and Control of Money Laundering, Financing of Terrorism and Proliferation of Weapons of Mass Destruction (UPC LC/FT/FPADM).
- e) Responsible personnel for the Prevention and Control of Money Laundering, Financing of Terrorism and Proliferation of Weapons of Mass Destruction (RCPC LC/FT/FPADM).

Other Elements of the Comprehensive ML/FT/FPADM Risk Management System

1. PCLC/FT/FPADM Annual Operating Plan (hereinafter, POA PCLC/FT/FPADM)

Resolution No. 083.18, in its article 28, establishes the obligation to design annually a strategic plan to prevent and mitigate ML/TF/TFAML risks, which is called Annual Operational Plan for the Prevention and Control of ML/TF/TFAML.

We obtained a copy of the POA PCLC/FT/FPADM for the year 2022, presented and approved in first instance by the Board of Directors in Minutes No. 1,503, dated November 25, 2021.

Article 30 of Resolution No. 083.18 states that the Compliance Officer must prepare, at least on a quarterly basis, a "Report on Compliance with the PCLC/FT/FPADM Annual Operating Plan". This document must be part of the annual and quarterly reports that the Compliance Officer will submit to the Board of Directors.

According to the Independent Auditors' Half-Yearly Limited Assurance Report on compliance with Resolution No. 083.18, issued by the Superintendency of Banking Institutions, as of June 30, 2022, we note that, during the first half of 2022, the Compliance Officer prepared the Reports on Compliance

with the Annual Operating Plan. These are part of the content of the quarterly reports corresponding to the first and second quarter of 2022, which were approved at meetings of the Board of Directors as recorded in Minutes No. 1,509, dated April 26, 2022 and No. 1,514 dated July 27, 2022, respectively. Likewise, we observed through the reading of the Management Reports of the Compliance Officer and of the PCLC/FT/FPADM Unit, that the Compliance Officer reported the activities of execution of visit plans to the different agencies of the Bank, verification of the files of the clients and qualification of the compliance or not of the requirements demanded, as well as the execution together with the Vice-Presidency of Human Capital, of the Training and Education Plan of the Bank's personnel, related to the policies and procedures of the prevention and control of LCFT/FPADM.

2. Code of Ethics and Institutional Commitment

Article 31 of Resolution No. 083.18 establishes that the Bank must adopt a general Code of Ethics, which will include aspects concerning ML/TF/TFPA. It must be compulsory known and complied with by all personnel, making it possible to create a climate of high morale and implement measures aimed at increasing the sensitivity of its personnel to the effects and risks of ML/TF/TFPA. This is achieved through the establishment of criteria that allow placing ethical principles before the achievement of profit and personal interests. Likewise, Article 32 of the Resolution states that the Code must be approved by the Board of Directors.

According to the Independent Auditors' Half-Yearly Limited Assurance Report on compliance with Resolution No. 083.18 issued by the Superintendency of Banking Institutions, as of June 30, 2022, we inspected the Bank's Code of Ethics, as approved by

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the Board of Directors' Meeting Minutes No. 1,501 dated September 29, 2021.

3. Manual on Policies and Procedures for the Management of Money Laundering, Terrorist Financing and Weapons of Mass Destruction Proliferation Risks (PPAR LC/FT/FPADM Manual)

Article 36 of Resolution No. 083.18 establishes that the Bank must design policies, standards and procedures to mitigate and control LC/FT/FPADM risks, which will be consolidated in a LC/FT/FPADM PPAR Manual, and must be approved by the Board of Directors.

According to the Independent Auditors' Half-Yearly Limited Assurance Report on compliance with Resolution No. 083.18 issued by the Superintendency of Banking Sector Institutions, as of June 30, 2022, we inspected the PPAR LC/FT/FPADM Manual. This was approved and updated by the Board of Directors, according to Minutes No. 1,509 dated April 26, 2022, which contains the policies, standards and procedures to mitigate and control the risks related to LC/FT/FPADM.

Policies and Procedures for the Management of Money Laundering, Terrorist Financing and Weapons of Mass Destruction Proliferation Risks (PPAR LC/FT/FPADM Manual)

1. LC/FT/FPADM Risk Management Procedures

The Bank has adopted a LC/FT/FPADM Risk Assessment Methodology in order to identify and correct its exposure to this type of risk and ensure a high degree of regulatory compliance. Besides, the LC/FT/FPADM Risk Self-Assessment is a process in which a series of procedures are evaluated and complied with, with the purpose of ensuring that the risks identified by the Bank are mitigated through the various controls of each of the sensitive areas.

2. "Know Your Client" Policy Evaluation

In accordance with the provisions of Article 45 of Resolution No. 083.18, the Bank maintains policies, standards and internal controls to adequately and continuously develop a Know Your Customer Due Diligence Policy (hereinafter referred to as CDD). The Bank must include in its processes for opening client accounts parameters for their classification, such as: the client's background, country of origin, whether the client holds a relevant position in the public or private sector, related accounts, business activities and other risk indicators. Likewise, the Bank will apply the "Know Your Client" Policy in a differentiated manner according to the sensitivity and level of LC/FT/FPADM risk, and in consideration of circumstances and risk factors. The high risk level corresponds to an intensified "Due Diligence", the moderate risk level corresponds to an enhanced "Due Diligence", and finally, the low risk level corresponds to a standard "Due Diligence". Additionally, on February 9, 2022, the contents of Circular SIB. II.GGR-GNP-00662 issued by the Superintendency of Banking Institutions of Venezuela, containing the Requirements for Opening Accounts for Individuals, level 1 and 2, came into effect.

3. "Know Your Employee" Policy Evaluation

The Bank, in the adoption of the "Know Your Employee" Policy and in accordance with provisions of the aforementioned regulations, included within its policies described in the PPAR LC/FT/FPADM Manual and in the internal regulations jointly with the Human Capital area, procedures for the recruitment and selection of personnel that allow for the verification of data and work references, especially when they are aware that the applicant for a position in the Bank has worked in other companies of the Financial System. Likewise, within the policies, it is established

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that those responsible for each of the areas must frequently remind the Bank's employees of the contents outlined in the Code of Ethics.

4. Annual Training Program

Activities related to virtual or distance training until June 30, 2022 have been covered in 68.48%. The Annual Training Program is divided based on the department to which the training is directed and the contents are aimed at the following audiences: New admissions, Agencies and Branches, Treasury and Finance, Human Capital, Technology and Processes, Cards, Credit and Operations, Internal Audit, Integral Security, Corporate Governance and Legal Affairs, Business Processes, Anti-Money Laundering, Trust and finally to Senior Management and the Board of Directors.

5. Risk management policies and procedures for financial services provided through Electronic Banking.

According to the Independent Auditors' Half-Yearly Limited Assurance Report on compliance with Resolution No. 083.18 issued by the Superintendency of Banking Institutions, as of June 30, 2022, it was observed that the Bank conducts operations to monitor its customers to mitigate the risks that could be generated in the provision of financial services through electronic or virtual banking as specified in the LC/FT/FPADM PPAR Manual in Chapter XII Electronic Channels, in which we observe that the monitoring is as follows:

- The client must declare the origin and source of the funds he/she will receive in his/her account, the frequency and form of transactions through the services (electronic transfers), in order to update his/her financial profile.
- The Bank maintains a technological enabler that monitors all transactions in real time. In the event

of significant deviations from the expected behavior according to the client's profile, alerts are generated and analyzed to assess their reasonableness.

- The parameters that generate alerts are designed through the combination of the elements and variables applicable to the risk levels managed and taking into consideration the typologies contained in the Feedback Reports issued by the UNIF, the client's profile, its transactional behavior and the geographic zone (jurisdiction) in which the account was opened.
- The Bank may request such information as it reasonably deems necessary and sufficient to justify the transaction and may reject or suspend it when it lacks the required data.

6. Evaluation of risk management policies and procedures applicable to other activities

Politically Exposed Persons (PEP)

In accordance with provisions of Article 83 of Resolution No. 083.18, the Bank must implement a system that allows the identification, monitoring and design of controls of politically exposed persons, all due to the fact that the risks posed by these persons vary; as well as the transactions carried out in their accounts must be based on their level of risk.

According to the Independent Auditors' Half-Yearly Limited Assurance Report on compliance with Resolution No. 083.18 issued by the Superintendency of Banking Institutions, as of June 30, 2022, we observed through the review of the LC/FT/FPADM PPAR Manual, that the Bank maintains policies for the monitoring and design of Due Diligence procedures for Know Your Client (DDC), in accordance with provisions of Article 82 and 83 of Resolution No. 083.18.

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7. Evaluation of risk management policies and procedures related to the financing of terrorism.

In accordance with provisions of Articles 89, 90 and 91 of Resolution No. 083.18, the Bank must apply a risk-based approach to terrorist financing. Likewise, special attention must be paid to operations and activities with unusual patterns that may indicate that the funds may be related to the financing of terrorism. They must be subjected to an exhaustive analysis and in those cases where the Bank considers it precedent and qualifies the operation as suspicious; it shall prepare a suspicious activity report and forward it to UNIF.

According to the Independent Auditors' Half-Yearly Limited Assurance Report on compliance with Resolution No. 083.18 issued by the Superintendency of Banking Institutions, as of June 30, 2022, we observed through the review of the PPAR LC/FT/FPADM Manual, that the Bank maintains policies for the monitoring and design of Due Diligence procedures for Know Your Client (DDC), in accordance with provisions of Article 89, 90, and 91 of Resolution No. 083.18.

8. Evaluation of risk management policies and procedures related to the financing of the proliferation of weapons of mass destruction.

In accordance with provisions of Articles 92 and 93 of Resolution No. 083.18, the Bank must establish policies, standards and procedures aimed at preventing flows of funds from being directed through its transactions to the financing of research and development of weapons of mass destruction.

According to the Independent Auditors' Half-Yearly Limited Assurance Report on compliance with Re-

solution No. 083.18 issued by the Superintendency of Banking Institutions, as of June 30, 2022, we observed through inspection of the LC/FT/FPADM PPAR Manual that the Bank maintains policies, standards and procedures related to the financing of the proliferation of weapons of mass destruction, in accordance with provisions of Articles 92 and 93 of Resolution No. 083.18.

9. Annual Program for the Evaluation and Internal Auditing Control

According to the Independent Auditors' Half-Yearly Limited Assurance Report on compliance with Resolution No. 083.18 issued by the Superintendency of Banking Institutions, as of June 30, 2022, we inspected the reports issued by the Bank's Internal Audit Unit in connection with the Annual Evaluation and Control Program of the Internal Audit Unit, in accordance with provisions of Article 94 of Resolution No. 083.18.

10. Regular reports to the Superintendency of Banking Institutions

In accordance with provisions of Article 104 of Resolution No. 083.18, the Bank will electronically submit a report of all transactions made by its clients in their checking or savings accounts or other similar products of deposits or withdrawals in cash; deposits or withdrawals in checks; or those resulting from the combination of both types of transactions for amounts equal to or greater than those established by the Superintendency of Banking Institutions.

Implementation of Circulars UNIF-DDG-DSU-02575, UNIF-DDGDSU-02580, SIB-DSB-CJ-OD-06524, SIB-DSB-OPCLC-00158, UNIF-DDG-DSU01131 and "Due Diligence" applied to Non-Profit Organizations

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Throughout the first half of 2022, according to inquiries made with the Compliance Officer and personnel of the PCLC/FT/FPADM Unit, as well as the inspection of the Management Report for the second quarter of 2022, as presented in Board of Directors Meeting No. 1.514, dated July 27, 2022, we observed that the Bank has carried out the following activities to comply with the provisions established in Circulars UNIF-DDG-DSU-02575, UNIF-DDG-DSU-02580, SIB-DSB-CJ-OD-06524 and UNIF-DDGDSU-01131:

- Differentiated monitoring of Non-Profit Organizations through an alert condition designed in the ACRM Monitor Plus System.
- Risk segmentation based on Resolution No. 083.18 and in alignment with best practices, granting them a "High Risk" category.
- Validation of non-profit organizations and individuals (representatives and signatories) on the international lists through the SIDE SAFE WATCH tool (Sanctions List).
- Application of "Enhanced Due Diligence" processes for the "High Risk" category.
- Review of Noticias Criminas, and notification or sending of Suspicious Activity Reports (SAR) to the National Financial Intelligence Unit (UNIF), if applicable.
- During the first half of 2022, the database of Non-Profit Organizations submitted by UNIF was validated against the database of clients in the Bank's CORE System, in order to validate how many of them were clients and thus confirm the correct segmentation.
- Compliance with the instructions sent by the UNIF through Circular UNIF-DDG-DSU-02580, which

contemplates sending the database of clients categorized as Non-Profit Organizations. This information corresponding to the cut-off date of June 30, 2022 was sent in July 2022.

Based on the foregoing, we recommend the shareholders to approve the financial statements of Banesco Banco Universal, C.A., corresponding to the semester ended June 30, 2022, presented by the Board of Directors, as well as the bank's managerial report for the half year ended on that same date, to which we urge the execution of the recommendations set forth in the reports prepared by the independent auditors, and of the observations and instructions issued by the Superintendency of Banking Institutions, through official letters and circulars issued in the exercise of its legal powers of regulation and control.



Emilio A. Ladera 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

We are focused on generating a positive impact on our qualified and committed employees, involved with the organization's goals. Moreover, we are systematically, planned and permanently oriented to organizational learning processes and the latest trends in knowledge management, always in search of new methodological strategies to generate the learning of our Human Talent. During this first half of 2022, we developed experiences within the framework of the opportunities provided by the current labor situation, aimed at generating the technical and professional improvement of the Banesco Citizen, so that they can efficiently perform their functions, producing high quality results. These experiences stand out among our most important initiatives:

- Online training and development activities, with 10,117 participations through 132 webinars, with topics related to: 1) Enhancing technical regulatory knowledge in the areas of Occupational Safety and Health, Customer Experience and Prevention and Control of Money Laundering and Terrorist Financing (PCLC/FT/FPADM); 2) Strengthening key competencies such as Collaborative Work, The Role of the Supervisor, Well-being and Emotional Balance; among others; and, 3) Key technical knowledge of the business such as: CRM, New Optimal Cash Control (COE) tool, Digital Products such as Payment Button - Payment with Debit Card charged to Green Account, Commercial Affiliation, New Payroll Account Opening Process, among others.



- To strengthen our strategic vision, we held workshops on “Agile Methodologies in Banesco” and “Elaboration of User Stories”, continuing with the implementation of agility through the use of practices, techniques and tools.
- We continue to train the Commercial Network on improvements to the Bank's new products, such as our Green Account. We focus our actions on content related to: Exchange Trading through BanescOnline with credit to Green Account, Payment with Debit Card with charge to Green Account and Automatic Purchase and Sale, the new functionality that brings Mobile Banking for the connection between Green Accounts.
- We promote Self-Development, allowing self-management of learning; strengthening Technical Knowledge, with new alternatives to learn about regulatory contents. We adjusted to the learning time of each employee, being at the forefront of new technologies, successfully maintaining the positioning of Ba-

Corporate Management Report

Banesco Virtual Learning (BVL), in compliance with the strategy defined for continuous and specialized training, executing 131,560 academic hours. The main virtual courses released were:

1. What we know about the omicron variant?
2. Efficiency II: Profitability and Value Creation Management
3. 2022 Risk Culture
4. Best practices for dealing with requests to Banesco and the Client's Defender
5. Module I: Banesco's Commercial Systematics
6. Module II: Know your new CRM tool
7. Ergonomic Risks and Prevention of Postural Hygiene in the Office
8. Banesco Client Experience
9. Loss Prevention Executive Management
10. Information Safety
11. PCLC/FT/FPADM Commercial Network 2022

We manage key business activities for Agency Managers based on distance learning strategies, such as: micro-learning, infographics, knowledge capsules, content validation challenges, regarding aspects to be considered in the event of an inspection by Sudeban, Official Bodies and External Auditors in terms of Banking Service Quality. Likewise, we provide banking knowledge activities associated with Specializations in Prevention against Money Laundering and Terrorism Financing according to sensitive risk areas, as well as virtual actions related to Occupational Health and Safety.

- We ensure the accompaniment in the optimal development of our identified talents, by conducting an analysis of the history of the training courses received and determining lines of interest to manage actions related to Professional Development. The approval of several Diploma / Specialized Programs aimed at this segment has been submitted to the Thematic / Operating Committee of Procurement.
- As part of our efforts to strengthen banking regulatory knowledge on the Prevention of Money Laundering, Financing of Terrorism and Financing of the Proliferation of Weapons of Mass Destruction (PCLC/FT/FPADM), we endeavored to comply with the provisions of the 2022 Annual Training Plan. We successfully provided training to 923 employees in virtual learning, in addition to 1,172 employees trained online (Web Seminars) and 386 employees who joined the program nationwide ("on-site" mode). As a result, an indicator of knowledge internalization of 96.57% was achieved. We enhance knowledge through Micro-learning strategies on a monthly basis and maintain the Learning Community aimed at our Compliance Officers.
- We met the legal requirements since the training of 94 INCES apprentices is still supported by the Bank. We continued the Theoretical Phase of a group of 71 apprentices in our internal center, Corporate Learning Development (DAE Banesco), which will allow to train them with our mission, vision and organizational values, in other words, with our Banesco Culture.

Corporate Management Report

- Based on the philosophy of learning organizations, our Internal Recognition Program has been developed with the participation of 56 employees from the various Vice Presidencies. We have successfully provided 126 hours of training to other internal areas of the Organization.

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

- 140,952 man-hours invested in training and development activities, comprising 9,392 man-hours of classroom/online training and 131,560 man-hours of e-training.
- 10,117 Participation in online activities: synchronous activities (Webinars).
- 13,563 effective participations under virtual modality.

Organizational Environment and Cultural Management

During the first half of 2022, the actions to deepen the expected Culture towards the Bank's High Performance were mainly focused on the Client Experience. In order to achieve this, 3 focus groups were conducted with agency personnel, as well as an alignment with executives from the business area, which provided the inputs for the design of the "Memorable Experiences" Program, aimed at agency collaborators nationwide.

For the same purpose, we joined forces to work jointly in the execution of the following programs and virtual courses: Client experience, Best practices to meet requirements, Quality of service for new revenue, Committed to doing it right. Webinars: Transformation from

exclusive to inclusive, Preferential Treatment, Attention and Requests, Client Ombudsman agency network. 4,363 participations were recorded.

To deepen the aforementioned focus, the Recognition Program was implemented for agencies in order to highlight outstanding behaviors in the experience offered to clients.

With regard to actions to strengthen the climate and commitment of employees in a context of a return to on-site work, different actions were carried out. For instance:

- a) Communication, such as the design and dissemination of a Podcast for the Emotional Management of Employees, Infographics for Team productivity in meetings;
- b) The Meditation Room (stress management) was continued, with an average monthly participation of 30 employees.

In order to strengthen the Culture and Engagement of the employees with the Organization, a Culture measurement and two Engagement measurements were carried out, with the participation of 84% of the active workers, from which action plans were derived by the Executive Vice-Presidency.

Regarding Innovation and Change Processes, Human Capital provided support to project initiatives such as COE, Multi-management, CRM, Green Account.

Likewise, in order to promote the Bank's culture among supervisors, several events were held, among which the following are worth mentioning: The Supervisor's Secret Webinar; Expanding my comfort zone.

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Banesco Citizen's Ethics and Behavioral Code

- As a contribution to compliance with Banesco Citizen Conduct within the framework of a high performance culture, based on ethical and corporate values, 51 communiqués were disseminated during the period to encourage compliance with the Code of Ethics and Corporate Values, among which the following stand out: Compliance with the rules of conduct expected by the Organization in labor relations, Coexistence among colleagues, regulation of the banking activity (Prevention and Control of Money Laundering, Financing of Terrorism and Financing of the Proliferation of Weapons of Mass Destruction), among others.
- Following this same line of orientation, 3 Podcasts were produced, aimed at reinforcing the values of Responsibility, Quality, Innovation and Agility.

Life Quality

A variety of on-site activities were resumed during said six-month period, both for volunteering and for enjoyment and distraction, including culture, sports, recreation and health as a strategy. These generate benefits that contribute to improving the quality of life, encouraging a better use of free time, providing spaces for solidarity and environmental conservation. Next, you will find the activities that took place:

- 1. Continued Activities:** Daily activities aimed at improving health, both physical and mental, as well as learning and developing skills: Yoga classes, Dance Therapy, Functional Exercises, Theater, Music.
- 2. Volunteering:** A series of events were held to celebrate this beautiful day. We gave our employees two talks that highlighted the importance of being a volunteer.
- 3. Donation to Fundación Amigos de Niños con Cáncer:** On January 6, volunteers donated toys and clothes to the Foundation, thanks to the solidarity of Banesco's employees, who responded to the internal fundraising campaign "Help us to Help".
- 4. Arbor Day:** As part of the ecological project "Let's Sow More Lives", an initiative that seeks to raise awareness about the value of nature and its contributions to life, our volunteers participated in the planting of trees in Valencia, State of Carabobo.

The following activities were carried out as part of the celebrations with themes and the creation of spaces for recreation and entertainment: Karaoke Day of Love and Friendship, Mother's Day (Concert by the Quinteto Núcleo Junín), Ophthalmology Day, Father's Day ("Bingo and Dance").

Personnel Services

Contributions and Legal Obligations: Banesco complied with the obligations contained in the Collective Employment Agreement and current legal regulations, with the payment of contributions and the granting of the established permits: Guarantee of social benefits, childcare and food benefits, paternity leave, pre and post-natal rest, execution of income tax (ISLR) variation processes, among others.

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- **Credit Cards:** Banesco launched a massive process to increase the limit and assign “My First Credit Card” to employees with more than 3 months of seniority in the Organization.
- **Funerary Service:** During this time and through the Savings Fund, Banesco continued to offer this benefit to its employees, free of charge, including spouse, father and mother (no 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). In addition, the employees were offered an alternative to insure the other members of the family group.
- **Health Insurance:** In June 2022, the Hospitalization, Surgery and Maternity Policy renewal process began, with competitive coverages and benefits and plans adjusted to the family group.

Corporate Social Responsibility

During the first half of 2022, our social investment focused on the three pillars of our Corporate Social Responsibility policy, under the approach of sustainability: health, education and financial inclusion.

We designed hybrid activities - on-site and virtual - to ensure the continuity of our programs and initiatives and to fulfill the commitments acquired for this period.

We donated to 13 of our Partners and Social Allies, in order to support their projects related to the attention of children, women and oncology patients, basic and university education students, and people with disabili-

ties. This will lead us to move forward in the achievement of the Sustainable Development Goals: SDG1, No poverty; SDG2, Zero Hunger; SDG3, Good Health and Wellbeing; SDG4, Quality Education; SDG8, Decent Work and Economic Growth; SDG10, Reduced Inequalities; SDG11, Sustainable cities and Communities y SDG17 Partnerships for Goals.

We maintained our alliance with Fundación La Poética and the literary promotion groups such as Autores Venezolanos and Team Poetero for the fourth consecutive year. Hence, we organized the 7th Edition of the National Youth Poetry Contest Rafael Cadenas, which received 241 applications. The Cadenas Award is aimed at supporting emerging talent in poetry, promoting reading, offering a creative space for young Venezuelans and contributing to quality education.

Additionally, in the first half of 2022, we opened the call for the 5th Edition of The best of us Award (Lo mejor de nos), a contest that, since 2018, has been carried out in alliance with the internationally recognized and award-winning Our life portal (*La Vida de Nos*). This contest promotes the dissemination of life stories of Venezuelans, inspiring, real, that relate resilience and solidarity as resources to move forward in the face of major obstacles in life. The contest awards two prizes: Best Story Category and CSR Category, with stories about our Social Partners and what they have added to the lives of their beneficiaries, whether individuals or communities.

We held the 1st Edition of the Youth Short Story Contest “For a Sustainable Future”. This promotes the creation of short stories on the social network Facebook, and opens a dialogue between young people, from 14 to 21 years of age, about the importance of the environment, through short story writing.

Corporate Management Report

The contest involved 26 young people, who imagined and disseminated their stories about a healthier planet and warned about the challenges of climate change in their texts.

During this period, we continued our training campaign on the Sustainable Development Goals (SDGs), both for our internal and external audiences, with the purpose of contributing to their dissemination, as well as raising awareness and making a call for action to undertake simple activities, individually, that add value to the work for the 2030 goals.

The team of the Mobile Clinical Unit, in alliance with the Venezuelan Anticancer Society, visited the facilities of our headquarters. This provided free gynecological and mastological care, with the participation of 180 female workers.

We hold, jointly with experts, lectures for our Banesco Citizens about cancer prevention with the Anticancer Society, and also about addictions in the family with a testimony with the writer of the book: “Yo, Madre de un Adicto”. (Me, a mother’s addict).

We began to distribute CSR Bulletin destined to our clients, to keep them informed about the different sustainability activities and programs in force.

We strengthened training for our Members and Social Allies, offering 3 courses on entrepreneurship, spokespersonship and sustainability.

We participated in the 2022 Venamcham’s Social Perspectives event, which was entitled: “Reality Challenges: Entrepreneurship and responsible action”.

During the regional tours, visits were made to Partners and Social Allies in Valencia, Maracaibo, Barquisimeto, Puerto Ordaz and Caracas, in order to exchange ideas



and have the opportunity to share about their projects and initiatives, and possible activities to strengthen alliances.

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 important activities.

Banesco allocated Bs. 6.89 million to strengthen the Quality of Life Programs for our employees. The amount accounts for 76.82% of the Bank’s total social investment in this period.

Participatory Budget

We granted 100% of our 2022 Participatory Budget. A total of 47 social organizations and foundations applied for the non-refundable amounts provided by Banesco in nine regions of the country, with 11 of them benefiting. Since the beginning of the Participatory Budget Program, 135 projects have been supported.

Microentrepreneurship Training Program

The Banesco Microentrepreneur Training Program trained 5,310 Venezuelans during the first half of 2022, with more than 78,200 entrepreneurs participating since its inception in 2008.

Corporate Management Report

Scholarship Program

We continue with the Banesco Scholarship Program to support the education of young students from Universidad Católica Andrés Bello, Universidad de Margarita, Universidad Monteávila and Instituto de Estudios Superiores de Administración (IESA). This allows us to maintain scholarships covering between 80% and 100% of the tuition fees for the following degrees: Law, Social Communication Studies, Engineering (Systems, Telecommunications, Industrial, Civil and Computer Engineering), Modern Languages, Accounting, Arts, Administration, Literature, Psychology and Master's in Business Administration.

Banesco Corporate Volunteering

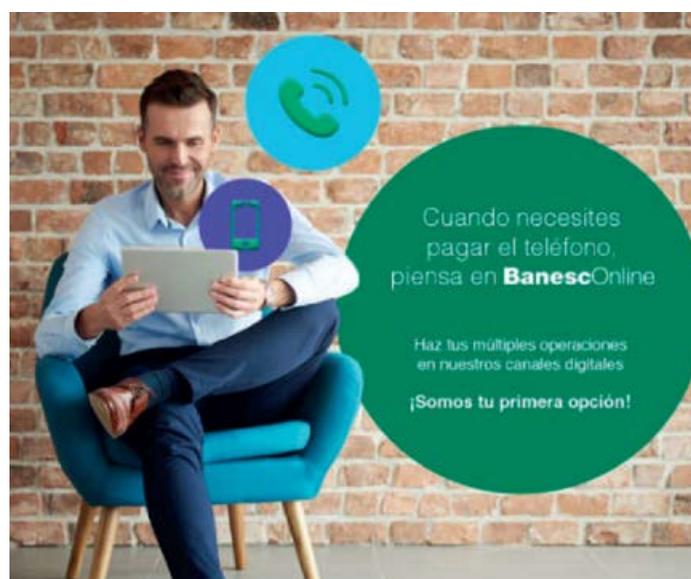
We reinforced diversity in corporate volunteer initiatives, counting on their support in different digital activities, such as Down Syndrome Day, Autism Day, Arbor Day and Children's Day, in addition to participating in the "Help us to Help" Campaign, in benefit of the Friends of Children with Cancer Foundation.

Marketing

During the first half of 2022, we will multiply our efforts to guide our customers on all new products and services, as well as to encourage behaviors that promote safety and prevention.

Security Campaigns

We implemented regulatory and informative campaigns through Social Networks, whose topics were focused on keeping our clients always informed and alert on how to avoid Money Laundering and possible scams to which they may be exposed, as well as the



best way to prevent and protect their data and financial products. In addition, we promote the use of Digital Banking with our Pensioners, encouraging them to use our electronic channels to carry out their transactions instead of going to the Bank.

Payment Method - C2P

The purpose of these campaigns is to offer different payment solutions to our clients when managing their purchases, paying for services or making payments to other bank users.

Debit Card charged in Green Account

Green Account currencies are promoted with a payment instrument using the Green Account debit card campaign. It was disseminated through Facebook, Twitter and Instagram, and Paid Media, TV (Billboards, Bumpers, Zócalo), Radio (Live Mentions - Live and Recorded Spot).

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VideoBanking

We promoted our VideoBanking service which was enabling us to show our clients how they can request an appointment through My Applications to get advice on their banking needs instead of having to go to the Bank.

POS

We promote the purchase of Native POS, in addition to POS repair days for clients nationwide. With this campaign we seek to offer our clients the benefits of being a Banesco commercial affiliate in terms of payment methods: Affiliation and assistance with Nativa and payment through quotas.

Multipayments / BanescoPayments / BanescoOnline Companies

We promote the channels whereby our clients can pay for their services using their Banesco accounts. We added new allied companies highlighting our promise of value in all cases: If it's easy and fast, it's Banesco!



Payment - Movistar, Digitel

Upon launching this campaign, we encourage our clients to pay their telephone bills and taxes by means of our digital banking platform.

Payment - Paying Bottoms

We continued fostering our Banescopayments campaign, which was created to keep our clients informed about making administrative payments such as airline tickets, SAIME, universities and others by means of our website and selecting the Banescopayment button with the BanescoOnline credentials along with the special operations password.

Banesco Tips

Reinforcing our slogan If it's easy and fast, it's Banesco, we seek to have that close touch with our clients, show the functionality of a campaign or give news of improvements or benefits that may go unnoticed by the client, but that are created to improve their experience.

Corporate Management Report

¡Protégete del Phishing Telefónico!



Regarding our presence in social networks, Twitter -through the @Banesco account-, remains the social network preferred by users, reaching more than 749,500 followers as of June 2022. In addition to serving as a link for queries and requirements, the Bank offers 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 exceeded 269,200 followers, while on Instagram it reached 264,300. On LinkedIn, the brand has more than 130,000 followers. The videos posted on the YouTube channel “Banesco en Imágenes” have registered more than 5.3 million views and 19,200 subscribers.

At the end of June 2022, Banesco Blog exceeded 9.14 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.

Social Networks

At the close of June 2022 our social networks totaled a community of more than 1.63 million followers on our official accounts on Twitter, Facebook, Instagram, YouTube and LinkedIn, equivalent to an increase of 4.99% compared to June 2021 numbers and 2.99% compared to December 2021.

Our social networks are a key channel for communicating with our clients and the public in general, not only to convey content of interest, but also to listen to their concerns almost in real time.

Over the first half of the year, a total of 20,103 requests for products and services were handled through social networks, out of which 6% corresponded to requests from Banesco’s clients, while 94% were queries about products and services.



Segments Managements

During the first half of 2022, 55,684 new clients were attracted, of which 89.2% corresponded to natural persons and the rest to legal entities. This was the result of the strategies implemented for the development of the value chain, leveraged on the optimization of processes and aimed at improving the client’s experience and establishing an optimal level



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of customer loyalty, by providing a more robust value offer and the possibility of managing the request for various products and services at the same time. Likewise, the linking of clients to products in foreign currencies has been promoted, with the aim of satisfying existing needs with regard to purchase and sale of foreign currencies, thus offering greater security in their transactions.

With respect to deposits, a variation of Bs. 710 million was recorded, which reflects an increase of 84.8% with respect to the balance at the end of 2021. Legal entities accounted for 59.2% of the increase in deposits, while individuals accounted for 19.0%, and the rest (3.7%) was represented by other deposits.

The gross loan portfolio amounted to Bs. 408 million, an increase of 58.3% compared to December 2021, ranking 2nd in the private banking sector and 3rd in the banking system, with a market share of 13.77%. In this first half of the year, 1,052 credit operations were settled for Bs. 355.4 million, mainly focused on the Commercial Portfolio with 47.1% of the volume settled (Bs. 241.6 million), followed by the Agricultural Portfolio with 3.6% (Bs. 95.9 million). As for the Microcredit portfolio, 513 transactions were settled for a total of Bs. 16.9 million, which accounts for a share of 48.8% of the Bank's total portfolio at the end of June 2022, for a compliance of 208% of the percentage required by the standard for this item.

In addition, Banesco's Commercial Systematics has been promoted to strengthen the established customer service models and promote portfolio management. The aim is to build loyalty in commercial relationships with valued clients.



Digital, Electronic and Agency Network Channels

During the first half of the year, 1,105 million transactions were carried out by our clients through the service channels offered by Banesco. This is a decrease of 10% with respect to the previous period, showing a share of 99.75% for digital and electronic channels at the end of June.

Agency Channel

Banesco has 213 Service Points (Agencies and Ticket Offices), which handled 1,182,188 transactions. As a result, there was an increase of 62.2% compared to the second half of 2021, leveraged by the refurbishment of our service points to optimize service to the public, the availability of cash in the agencies in accordance with the New Monetary Expression and the

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promotion of transactions in foreign currencies, mainly the Green Account.

E-Banking Channel

BanescOnline registered an average of 2 million monthly active clients, or 51% of the Bank's total number of active clients, who executed more than 542 million financial transactions on a recurring basis. In addition, the following improvements were added to this digital channel:

- Inclusion of the Green Account Supplementary Form.
- Simplification of the origin and destination of funds for exchange mechanisms.
- Adjustment of messaging in the event of a drop in online service payments by the collection company.

P2P Mobile Payment Channel

The channel reached more than 2.53 million affiliates and 118 million transactions.

It is worth noting that during this period; this channel reached the second position in the net satisfaction index (NSI) at the Peer Group level with a result of 86.3%, in addition to the activation of the service for sending and receiving payments through the Telegram BOT.

Mobile Banking Channel

During the first half of 2022, more than 43 million financial transactions were made through BanescoMóvil. As a result, the number of transactions increased by 5.5% compared to the previous period and by 39.3% compared to the same period of 2021.



This channel achieved the second position in the net satisfaction index (NSI) at the Peer Group level with a result of 81.1%, which is translated into an improvement of 6.4% compared to the second half of 2021. It is worth mentioning the activation of the Digitel Pre-paid and Post-paid Online Payment Service.

Telephone Banking Service

The Banesco Call Center handled 4.9 million calls, experiencing a decrease of 16.4% compared to the previous period. 96% were handled automatically through the IVR and the remaining 4% by agents.

ATMs

Banesco closed June with an installed operating network of 394 ATMs nationwide (153 monofunctional and 241 multifunctional), which processed more than 10.5 million transactions during the first half of the year.

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Means and Payment Services

The processed volume of Collection and Payment services reflected an increase of 169% with respect to the same period of 2021. The average ticket sales showed a variation of 177%. Services with the highest growth were: Multipayments (427%), Pago Móvil or P2P (292%) and Online Payment (239%).

The volume of commissions collected in the first half of the year was 407% higher than in the same period of 2021.

It is worth mentioning the activation of the Banescopayment (Banescopagos Button) service, with 23 services provided to companies in different segments to date: Mayor's Office of Caroní, UCAB, SAIME, INTT, Hermandad Gallega, among others.



Credit and Debit Cards

Credit Card Issuing Business

The credit card business had a 79% variation in sales in the first six months of 2022 compared to the second half of 2021. According to the Monthly Bulletin issued by the Superintendency of Banks, Banesco achieved a market share of 22.78% at the end of June, ranking second in the financial market and first in private banking.

During the period, card maintenance initiatives focused on serving 92,786 clients, with good behavior and payment capacity, increasing the limit to a total of 229,733 Visa, Master and Amex franchise credit cards.

Debit Card Issuing Business

BanESCO debit cards recorded a 30.75% growth in sales compared to the second half of 2021.

With regard to our pensioner clients, 95% have an active debit card. They may use their pension amount in all point-of-sale establishments and use digital media for transfers, balance inquiries and transactions.

Business Issuing Legal Credit Cards

The legal card portfolio rose 219% in the period under analysis, with a 19% increase in sales compared to the second half of 2021, leveraged on limit increases made to high-value Large Corporate Clients.

Acquiring Business

- Total No. of POS (Physical and Virtual): 130,504 active POS
- No. of Transactions: 375,052,193

BanESCO's Acquiring Business remained as market leader in the first half of 2022, due to the reliability of our service, high availability and robust commercial settlement processes.

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Banesco aims to maintain the quality of the commercial portfolio, expanding new service plans in the first half of the year for affiliates with direct contactability in the attention of their requirements, 0% Rate promotions for new affiliates in Credit Card transactions and Banesco Debit Card at Banesco Points. We also targeted new service channel initiatives jointly with our point-of-sale partner, in addition to a range of state-of-the-art equipment with flexible financing options to meet our clients' needs.

Competitive Intelligence

To provide a meaningful client experience, companies strive to deepen the understanding of clients' needs and expectations. This entails creating and maintaining comprehensive profiles to promote understanding of contact points across multiple channels. The more you know about your clients, the more effective you will be in delivering relevant offers. And the more relevant these offers are, the closer the relationship between the company and the client will be, thus fostering loyalty and retention.

This path necessarily leads to the implementation of high-impact actions linked to the Client Experience, a priority dimension that leads companies to constantly redefine their service processes, products, systems and marketing, so as to provide satisfactory and memorable experiences, aiming at building loyalty, resulting in profitability and sustainability in the long term.

Following this vision, we continued to measure the Net Promoter Score (NPS) during the first half of 2022, a mechanism that has allowed us to enter into the

client's voice, listen to their opinion about the brand, understand their experiences with the service they receive, know their expectations and level of preference. This not only applies to Banesco, but also to the main banks in the country. Our monitoring has allowed us to identify valuable information, which has served as a reference for decision-making and for the design of products and services from a fundamentally client-centric perspective. Our objective is to provide an experience that links, builds loyalty and consolidates a mutually beneficial Client-Bank relationship.

Under the framework of Digital Transformation, the Debit Card Replacement Service was added to the VideoBanking channel to reduce the waiting time for card withdrawal at agencies. Furthermore, we consider improving the client's experience in the File Update, by simplifying the requirements for Individuals on the My Applications Portal. Additionally, we expanded the benefits offered to our foreign currency product, supporting the use of the Debit Card charged to the Banesco Green Account.

Achieving successful customer experiences is now a challenge for companies worldwide. At Banesco, we strive to generate efficiency management, under an organizational culture of growth and technological development by providing the client with a singular experience and turning them into ambassadors of the brand.

Relational / Experiential Marketing

Our premise is not only to deliver figures from different client information management systems, but also to accompany the Institution in the search for answers to key questions that facilitate strategic decision making.

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Certainly, understanding and adjusting to the needs of the banking sector is now a priority. We analyze clients from a transactional and relational perspective with different customer service channels offered by the Bank.

We support our Marketing team in the deployment of campaigns for the offer of products and services with relevant information derived from Outbound Marketing. This allows us to approach the largest number of clients with a proposal adjusted to their needs.

During the first half of the year, we have reached 82% of our clients through email marketing, increasing our open rates, reaching an average of 31%, which is above international standards for the business segment.

Banesco in Figures

Number of Clients (as of June 30)					
	I Half 2022	2021	2020	2019	Var % 2022 vs 2021
Total	3,994,201	3,944,852	3,935,751	4,072,128	1.25%

Market Studies

Dialogue Interest Groups							
Natural Persons	I Half 2022		2021		2020		
Focus Groups / Interviews / Surveys	N°	Participants	N°	Participants	N°	Participants	Segments
Customer Experience Studies	6	36,405	12	53,250	12	45,360	Natural and legal persons
Brand Studies	0	0	1	800	0	0	Natural Persons
Satisfaction Studies / Quality of Service	7	2,748	15	4,851	0	0	Natural Persons
Studies Internal Client / Banesco Employees	8	3,429	12	3,800	16	4,909	Banesco Employees
Legal Persons	I Half 2022		2021		2020		
Focus Groups / Interviews / Surveys	N°	Participants	N°	Participants	N°	Participants	Segments
Customer Experience Studies	8	974	7	741	0	0	SMEs, Companies, Large Companies and Corporate
Qualitative Legal Companies	0	0	1	21	0	0	SMEs, Companies, Large Companies and Corporate

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Client and Bank User Defender

The Banking Client and Bank User Defender is an official appointed by the Banking Institution to review, process and resolve complaints, as well as claims filed by customers and users derived from banking practices and actions considered inappropriate or not resolved in time by the Banking Client and Bank User Service Unit. This is a formal body, objective and independent, and has complete autonomy in terms of the criteria and guidelines to be applied.

By the end of the first half of 2022, the Banking Client and User's Defender handled 761 cases, out of which 176 were admitted, amounting to Bs. 113,461.00.

There were 585 unsuccessful cases, which were duly answered, explaining the reason for not admitting the request, and were sent to the Client Service Unit, which follows up on them until they are closed.

The main requirements addressed were:

- Inconveniences BanescOnline / BanescoPayments
- Inconveniences with Pago Móvil (P2P) / Payments Made
- Wrong transfer
- Failed or Duplicate Purchase at Point of Sale with Maestro Banesco Card.
- Immediate Credit to Other Banks

Banesco Banco Universal, C.A., responsible with its clients and stakeholders, has a section on its website dedicated to the Banesco Client and User Defender, in which interested parties will find all necessary information to submit formalities to this body.

Information Technology, Business Processes and Operations

We continue aligning Information Technology, Processes and Operations with delivery of technological solutions in accordance with the strategic vision and growth of the business. The continuity and stability of technology services in a cost-efficient manner, and promotion of digital transformation and automation of processes is ensured.

Processes

We are still committed to optimizing the client's experience through continuous analysis of core processes involved in their interaction with us. We have reduced the delivery times of our services, allowing our clients to carry out all their operations and transactions in the shortest possible time and in a practical and pleasant way.

Process quality studies were conducted in order to ensure their correct operation, as well as internal service quality surveys to measure the degree of satisfaction with the service provided by the Bank's areas to its internal clients.

Application Development and Maintenance

The new functionality of purchasing foreign currency through foreign exchange intervention with credit to the Green Account was implemented in BanescOnline, which is a highly useful service for clients and was mandatorily requested by the Regulator.



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The purchase was enabled at points of sale with automatic exchange from the Green Account. The sale of foreign currency is made online through the exchange desk in order to obtain the bolivars required to complete the purchase operation.

Technological solutions were added with new functionalities that support the business strategies. These are aimed at improving and strengthening the experience of our clients, offering them different means of payment for collection, the Payment Button was implemented for the SAIME, as well as for clients such as mayor's offices, condominiums and governors' offices, for a total of 23 companies.

Regarding Mobile Banking, the Digital postpaid and prepaid online payment was activated, thereby boosting our digital channels.

In order to promote digital culture and innovation, the P2P and P2C Mobile Payment service is operational through BOT Telegram. This allows clients to make online payments in the same bank, aimed at individuals and legal entities, promoting the use of the QR of the receiving customer, thus making payment management more efficient and faster.

The transformational project "Optimal Cash Control" (OCC) was implemented to simplify the technological architecture that supports cash management, which changed the way of managing and controlling cash in foreign and local currency, thus offering a global vision that makes it possible to identify, monitor, control and measure cash management processes in real time at branches, ATMs, central vault and collection centers, all integrated with the Bank's Financial Core.

Comprehensive Risk Management

BanESCO has developed its activity during the first half of 2022 in an environment characterized by: (i) Recovery from the pandemic, which is still incomplete and especially unequal in some sectors; (ii) Stability in the exchange rate impacting the revaluation of the loan portfolio and profitability levels; (iii) Reserve requirement policies with levels reaching 73% of net obligations in local currency, making it impossible to grant loans; (iv) 3% tax on transactions in foreign currencies or cryptocurrencies other than the Bolivar and the Petro, limiting growth in deposits and transactions in these currencies; resulting in a difficult semester in terms of risks.

The impact of the global pandemic in an uncertain economic and geopolitical environment, with asymmetric recoveries in some sectors and in the international context, the Russia-Ukraine conflict affecting the production and trade of fertilizers and seeds, increases in interest rates as a measure to contain global inflation, reinforce the need for BanESCO to be continuously attentive to the management and supervision of its activity.

For this purpose, we are committed to maintain solid and effective corporate governance instances, among which the following stand out: the Risk Committee, which has dedicated special attention to the amount and type of risks (appetite) deemed reasonable to assume in the execution of our business strategy, even under unexpected circumstances, periodic monitoring of liquidity and capital indicators, as well as early warning levels; avoiding the materialization of adverse events and achieving the early implementation of the necessary corrective actions to mitigate risk.

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Credit Risk

Credit risk arises from the possibility that losses may occur as a result of nonpayment by customers and / or counterparties, as stipulated in the contract.

The first half of 2022, after a year marked by mass vaccination in the country in 2021 and the gradual lifting of measures to deal with the pandemic, has meant the transition to everyday life in an uncertain macroeconomic context, with asymmetric recoveries in some sectors, which may have an impact on lending and provisioning.

Our credit risk management and control model, together with a solid and robust risk culture, contributed to maintaining positive credit quality indicators during this first half of 2022. Besides, a slight increase in the delinquency rate to 0.003% (from 0.0003% in the previous half), while the banking system recorded an average of 0.69%, below the level observed in December 2021 (2.95%) is observed. Nevertheless, the market evidenced an increase of 49.931 basis points in the coverage ratio of the immobilized portfolio (666.79%) with respect to the close of 2021 (167.48%), lower than that reflected by Banesco (133.754%).

The strength of our model is based on a set of strategies, an established risk culture, robust governance structures and processes and tools, among which we highlight:

- The credit risk management model defines the roles and responsibilities of each of the areas involved, with the active participation of the Credit Risk Management Department in the decision making. When granting credit, an evaluation of criteria is carried out to deter-

mine the payment capacity for new crops, focusing on staple products (food and pharmaceutical sales), and on those with a cash flow in foreign currency that allows honoring the contractual commitments acquired in UVC loans, which require greater control of the capital owed as the exchange rate with the local currency deteriorates.

- Frequent and complete portfolio follow-up reports are generated, observing client details in terms of classification, economic group, business units, guarantees, past-due balances, concentration levels, among others. There is weekly follow-up of clients with arrears of more than 15 days in order to manage efficiently and to not impact the delinquency indicator.
- Close monitoring of sectors/clients, supported by a clear segmentation of the same, in order to detect in time changes in the original characteristics of such credits and to ensure the appropriate management of those in which there is a possibility of total or partial loss.
- Regular monitoring of the risk appetite and its metrics, particularly taking into account the evolution of portfolios under moratorium and its effect on loan loss provisions.

In general terms, Banesco has policies, tools, methodologies, monitoring and proactive risk management through basis and stress scenarios to ensure adequate risk management, according to the risk profile and keeping them within the risk appetite limits approved by the Board of Directors.

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Operational Risk and Business Continuity

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. This means that risk management is not only the responsibility of the risk areas, but of all employees. Therefore, in the course of daily activities, exposures to the different risk factors to be faced, the owner of the process must be alert, in order to identify, control and report them in a timely manner.

The work of employees in reporting risks which, for various reasons, occurred, both internal and external, and with financial or non-financial impact (without detracting from their importance), are recorded in the incidents and losses database, following up on the determination of root causes and their action plans to avoid recurring events. This enables Banesco to consolidate its correct management.

During this period, 333 events (194 external and 139 internal) were managed with this new approach, resulting in risk mitigation strategies.

Our operational risk profile remained stable during this time, while maintaining a structure that evaluates anticipates and mitigates the potential for operational risks and their impact on the business, using a variety of tools and approaches framed in the most demanding international standards, such as Basel, ISO 31000, COBIT and COSO. Accordingly, risk surveys

were conducted for 194 processes in different areas of the Bank, including End to End, UPCLC/FT/FPADM Processes, IGTF Requirements in Foreign Currency, Agency Network and Central Vault Remittance Requests, Opening of Legal Accounts and Projects such as Green Account, Automatic Purchase and Sale in Green Account and TDD Consumption with exchange in Green Account, identifying 690 risks for all the processes of the period.

Banesco is implementing and continuously monitoring the mitigation measures related to the risks identified through the Operational Risk management tools, involving a total of 539 strategies by the owners of the processes for 453 risks.

During the first half of the year, and as an action of continuous improvement in our processes, we are managing the acquisition of a tool for the automation of the entire Risk Management and Compliance (GRC) process, which will provide a global vision of risk directly to those responsible. This will contribute to the decision making process, and is expected to be completed in the last quarter of 2022.

Under the framework of comprehensive risk management and in order to promote synergies in the area of control and operational risk, 92 sessions of the Operational Risk Committee were held during this period of time. This resulted in the addition of 360 strategies submitted for follow-up, and handling a total of 282 risks.

In accordance with the best practices in the industry and going beyond supervisory expectations, we started adding technological risk measurement in order to develop during the next half of the year the risk analy-

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sis linked to the most critical processes and to submit the risk profile, both in terms of inherent and residual risk, to the government agencies.

In terms of promoting and enhancing our risk culture, the primary objective is to raise employee awareness of the importance of risk management in their day-to-day functions by sharing Newsletters, Wallpapers and Webinars, combined with training for Integral Risk Officers (IROs) and Master IROs, in order to establish sound disciplines in risk management as key factors to enable effective supervision and control to support the long-term sustainability of the Institution.

One of the main pillars that contributes to our operational resilience is Business Continuity management, aimed at ensuring that processes are maintained in the event of a disaster or serious incident that could generate a disruption in operational continuity; For this reason, at the end of the first half of 2022, we were able to perform 103 partial tests of critical services / applications according to the Business Impact Analysis (BIA), including the simulation of the comprehensive switchover to the contingency environment, which allowed us to exercise the contingency plans. This made it possible to test the correct functioning and the logistics of simultaneous activation of the Organization's main technological platforms in the alternate data center for a week, making it possible to verify their robustness and to continue with the permanent improvement and updating of the Contingency Processes.

Likewise, in compliance with the best international and regulatory practices, in the first half of 2022, the Business Impact Analysis was conducted. This is allowing us to estimate the possible financial-operational impacts of critical business processes and to specify the interruption times and, consequently, to establish the

optimal recovery time. This is core for the development of contingency plans that allow the operationalization of actions in the event of a disaster or unscheduled interruption of activities, in which processes, people and means (areas, equipment and communications) are available. This guarantees that any consequences arising from such incidents do not severely affect operational continuity and, therefore, the provision of critical services to internal and external clients, which generally leads to monetary losses, thereby constituting the backbone of business continuity exercise.

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.

During the first half of the year, in general, risk levels in trading portfolio activity remained low, given the regulations that prevent banks from making investments other than those issued by the Nation and its decentralized entities and the limited supply of this type of instruments in recent years. This has impeded the volatility contagion in assets associated with the uncertainty of the effects of the isolation measures in the global economies. This is reflected in the VaR for negotiation portfolio, which is calculated taking into account the volatility of the prices of said portfolio. This was significantly reduced due to the repurchase by the State due to the small size of the portfolio after the new monetary reconversion carried out in October 2021. Nevertheless, the current exposure in relation to equity reached 0.70% at the end of the current half-year, equivalent to an inter-semester increase of 0.40 percentage points.

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Additionally, we analyzed the accuracy of the VaR calculation model to confirm its reliability. The most important tests consist of the average size of the exceptions, an adjustment necessary to obtain the desired coverage, with the conclusion that the number of exceptions estimated for the first half of 2022, are consistent with the assumptions of the calculation model.

In order to manage market risk prudently and in advance, Banesco Banco Universal has implemented a set of indicators for monitoring the evolution of risk variables that may affect both the Bank's results and solvency. The Bank's metrics include indicators of the sensitivity of equity to variations in the exchange rate.

As part of the liquidity management model, Banesco has been adding in recent years indicators that allow generating early warnings of liquidity impairment, through the adoption of international best practices, managing during this period the implementation, monitoring and exceeding by far the liquidity requirements established by international financial regulation of the Liquidity Coverage Ratio (LCR), which reached 262% as of June of this year, defining a relative appetite for this metric of 110%.

Similarly, we established the Net Stable Funding Ratio (NSFR). This is a structural measure that aims to promote longer-term stability by encouraging banks to adequately manage their maturity mismatches by funding long-term assets with long-term liabilities. Banesco reflects levels above 460% at the end of the first half of 2022.

As regards prevention, the establishment of the appetite and tolerance for this risk allows the inclusion of an early warning system, enabling the early implementation of the necessary corrective actions through the Liquidity Contingency Plan, contributing to the mitigation of the risks associated with the legal reserve measures (73% of deposits from the public) established by the Central Bank of Venezuela. The latter have been reflected in the rates and amounts in the overnight market, as well as the impact on the fines for non-compliance with the regulations in force.



Social Balance

ACCUMULATED 1998 - I HALF 2022

Stated in VES at June 2022

DESCRIPTION	2022	Accumulated 1998 – June 2022
SOCIAL INVESTMENT	8,973,022.87	16,446,990.11
APPLICATION BANESCO RESOURCES		
Fe y Alegría	136,685.03	177,577.74
Microentrepreneurs Training Program	108,886.21	173,883.23
Simón Bolívar Music Foundation	0.00	7,172.41
Association of Venezuelan Catholic Education (AVEC)	19,291.33	27,347.52
Social Undertaking Project with the IESA	0.00	44,750.00
Universities and Other Institutions	812,207.06	1,186,138.20
BanESCO Long Scholarships Life	12,558.90	12,558.90
Other Education Institutes and Organizations	5,900.00	5,900.01
Venezuelan Foundation against Child Paralysis	107,778.00	137,224.00
Other Health and Medical Care Organizations	200,454.99	273,654.01
FUNDANA	293,815.35	391,274.11
Civil Association Don Bosco Houses Network	0.00	86,442.67
Salesian Ladies Civil Association	0.00	5,944.61
Attendance to the childhood and people with special necessities	41,472.00	115,675.19
Editorial Projects	154,836.80	253,018.89
Other Contributions	163,981.89	271,057.57
Events for the Community	0.00	18,511.92
Community Participative Budget	22,000.00	50,395.03
Non-Contractual Social Benefits for BanESCO Employees	6,893,146.21	13,206,928.72
Dining Subvention	5,419,984.75	8,864,046.00
Medical Service	127,507.34	886,928.48
Parking Subsidy	0.00	0.00
Medical Assistance for Extreme Diseases	377,133.57	821,662.36
Unsecured Loans for Housing	0.00	524.55
Transportation between offices	127,770.25	262,752.18
Housing sales between employees	0.00	0.00
Collective Agreement	840,750.31	2,371,015.16
Corporate Volunteering Contribution	9.10	1,535.38
TOTAL SOCIAL INVESTMENT MORE COMMITMENTS CONTRACTED	8,973,022.87	16,446,990.11



President

Juan Carlos Escotet R.

Directors

Juan Carlos Escotet R.
Marco Tulio Ortega V.
Miguel Ángel Marciano C.
Emilio Durán Ceballos

Carlos Eduardo Escotet A.
Carlos Alberto Escotet A.
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