

FINANCIAL REPORT

SECOND
HALF

2021







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FINANCIAL ECONOMIC BALANCE

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If 2020 was a global human challenge, 2021 was the continuation of all the foundations that make up our *raison d'être*: maintaining the continuity and reliability of critical services for our customers; doing all that is necessary to preserve the life and health of our employees and their families; fostering closeness with our social partners, allies and related parties, and keeping daily attention to management in order to ensure the best experience for our customers, through innovative ways and agile services, with the undisputed relevance and institutional strength of Banesco. The global environment and local factors conditioned the presence as a classic resource of our operation, while the pandemic has taught us that we can continue to move forward in the most adverse scenarios, when we share the objective of preserving ourselves as individuals and Banesco Citizens.

We addressed the necessary variables to guarantee the work and the possibility of performing operations remotely. Today, we assure that we are a Bank that allows our customers to operate from their homes or offices. In fact, 98% of our operations are made through our electronic and digital platforms. Moreover, we have invested time and effort to develop the necessary applications and adaptations to meet our clients' needs, and those concerning our regulators and the Venezuelan market.

The financial sector has faced dramatic changes globally and, particularly, in our local environment. We have adapted our digital services to cover these expectations and the market needs. Customers interact naturally across multiple channels and demand from our banks to deliver unique experiences.



- At Banesco, we are aware of these
- changes; we also adapt our processes,
- services and products as a result
- of actively listening to our customers'
- voices. We work to integrate
- our capabilities and the necessary
- technological development into various
- service channels.

Our purpose is to build lasting relationships to attract loyalty with our customers, based on mutual trust, with timely response times to their requirements and continually identifying opportunities to improve.

More than 2 million of our active *online banking* customers during the second half of the year made more than 606 million transactions during that period of time. They represent 52% of the Bank's total number of active customers, with more than 3.8 million customers who are the recipients of our product portfolio. It includes a complete value offer along with different payment methods and services of our commercial allies, *Todoticket and Nativa*.



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During this time, there was an increase of 120.25% in the volume of deposits of liabilities compared to the end of the preceding half-year. These deposits account for a market share of 8.38%, equivalent to an increase of 1.20 percentage points compared to June 2021. 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 the last six months, the number of credit operations exceeded 312 million bolivars, with more than 770 transactions settled. 80% of them belong to the food sector, particularly in the agricultural segment. With respect to the microloan portfolio, we obtained a 7.0% compliance rate, exceeding the 3% required by current regulations for this type of operation.

A major effort was made to implement the New Monetary Reconversion throughout our value chain and to promote operations in foreign currency, expressed in bolivars, mainly through the Green Account. Likewise, in August 2021, the Exchange Desk Service (USD Purchase-Sale by the client) was enabled, both for on-line banking and mobile banking. More than 41 million financial transactions were made via mobile banking, an increase of 72% compared to the same period in 2020.

The PagoMóvil platform (P2P) registered 2.43 million members and 128 million transactions; it ranked second in the Net Satisfaction Index (NSI) for private banking, with a score of 78.8%.

Banesto's Call Center handled a total of 8.66 million calls, suggesting a 49.03% decrease compared to the same period in 2020. 98.00% were handled in an automated manner through the IVR (8.50 million

calls) and the remaining 2% (160 thousand calls) were handled by telephone agents.

Credit Cards for individuals offered a variation of 123.07% in sales in the second half of 2021, with respect to the first half of the year and a delinquency rate of 0.004%. During the year, card maintenance initiatives focused on analysis and attention to different segments.

- The Legal Credit Card Portfolio recorded
- a growth in sales of 131.35% compared
- to the first half of 2021, with a
- delinquency rate of 0.05%. Sales
- growth is driven by large corporate
- clients and particular attention to certain
- segments.

Banesto Debit Cards reflected an increase in sales of 143.06% at the end of the second half of 2021 compared to the previous period, with a 98% acceptance rate by our customers. Furthermore, 85.72% of our pensioners have an active debit card and mobilize their pension through digital channels.

As a result of the credit risk contingency plan and of the new corporate governance body, the Portfolio Quality Committee, we obtained low delinquency and credit risk indicators by December 2021, contrary to market trends, which were greatly impaired due to the pandemic. Regarding the risks inherent to our activity as a Bank, we have developed and refined a strategy based on a set of policies, standards and procedures that facilitate the execution of operations, manage the risks implicit in our management and, in this way, ac-



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tivate all prevention mechanisms. This enables us to maintain an internal control environment appropriate to the Bank's size, as well as the proper controls and monitoring of several business processes.

Banesco maintained a broad presence and a network of physical and electronic distribution channels. It is offering a wide range of products and services throughout the country: 214 Customer Service Points (Agencies, Ticket Offices); 122,384 Points of Sale and 397 ATMs, through which more than 7.3 million transactions were made.

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

The latest trends in knowledge management and organizational learning guided us in 2021 to innovate from the technical and professional point of view for the development of talent and the acquisition of tools and responsiveness to environmental challenges. We set out to empower our Banesco Citizens to perform as high performers and deliver excellent quality results.

We use the available e-learning tools, courses, workshops, webinars on various and helpful technical, preventive, financial and professional and integral development topics in different management and technical expertise areas. We also emphasized strategic issues, transformation processes and change management.



We promoted self-development and self-management of learning through Banesco Virtual Learning among our employees.

The training treatment in a set of key business activities, in terms of Quality of Service, was relevant for the Agency Managers. We taught all knowledge related to the Prevention of Money Laundering, Financing of Terrorism and Financing of the Proliferation of Weapons of Mass Destruction (PCLC/FT/FPADM) to more than 92% of the bank's personnel, as established in Resolution 083.18 and according to sensitive risk areas. We supported the training of 90 INCES apprentices and initiated 2 cohorts of Comprehensive Financial Clerk training, made up of 32 apprentices in our Corporate Learning Development Training Center (DAE, by its acronym in Spanish).

Based on the goal aimed at training our human talent, 238,589 academic hours of training and development activities were carried out in different areas and through virtual courses.



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During the second half of the year, the continuous improvement in the performance of all Banesco Citizens was a priority. We also accompanied them with informative actions to reinforce Occupational Health and Safety; COVID-19 and its prevention. In addition, we promote actions aimed at strengthening both ethical and organizational values in order to be more effective in a framework of uncertainty and non-face-to-face activity.

Organizational Climate Management and Change Management were maintained through periodic measurements, constant communication actions, the design of activities to generate commitment from our collaborators and various awareness mechanisms to assimilate the very different situations of change. Likewise, the concept, knowledge and implementation of our Code of Ethics and Conduct was included in all possible knowledge spaces. We developed a values campaign based on the Leader's Decalogue, Digital Transformation, and based on Innovation, Service Quality and Responsibility of Banesco Citizens.

During this period of time, we continued to strengthen Corporate Volunteering with awareness-raising activities, analysis of action areas and various internal training opportunities. Banesco Volunteers accompanied internal support activities and Social Responsibility actions aimed at supporting Allies and Social Partners. They actively participated in activities related to education and our social partners and accompanied the promotion of the *A Day of Solidarity* Campaign, aimed at vulnerable people in their surroundings. They also accompanied the planting of Apamate and Araguaneý trees, which was carried

out in alliance with the ecological project *Sembremos más Vida*, in the Botanical Garden of Caracas and in Bejuma.

94.42% of Banesco's social investment in the second half of 2021 was allocated to the internal area and was expressed in benefits aimed at improving the life quality of our Citizens and their family environment. This include: subsidy of the dining room of our main headquarters Ciudad Banesco; general medical service and guidance; emergency medical assistance for COVID-19 patients; support for extreme illnesses and funeral insurance subsidy, among others.

- 5.58% of Banesco's social investment
- was oriented towards health and
- education sectors under the guidance
- of our Social Responsibility and
- Sustainability Policy.

These actions were mainly aimed at contributing to our Partners and Social Allies and were evidenced in the provision of support to improve the quality of life of vulnerable populations. In 2021, in order to prevent the pandemic, we will take advantage of the use of technology to carry out events and semi-presential activities without exposing participants' health and giving special attention to biosecurity measures. Thus, we were able to collect and deliver supplies and resources to foundations, In addition, we fulfilled our donation program. We also increased the number of books in the Banesco Publishing Fund and the Digital Library, among others.



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Mindful of the signs of the time, we reiterate our commitment and actions in line with the 2030 Agenda for Sustainable Development Goals. To this end, we participated for the second consecutive year as organizers of the United Nations Business Sustainability Forum and we initiated a campaign to disseminate the 17 SDG to our citizens and external audiences. We certified 3,920 new entrepreneurs in the Microentrepreneur Training Program through our various educational partners. We reinforced and expanded our alliances with different social development organizations.

To celebrate the first 13 years of the Microentrepreneur Training Program, an initiative with a high social impact, we held a training and reflection event: "From the idea to business: How to become an entrepreneur?", which gathered more than 430 people, including entrepreneurs already certified or interested in getting trained as such. Since the beginning of the program, more than 70 thousand people have been certified. This program also has a high profile in relation to the 2030 Sustainable Development Goals because it contributes to SDG 4: Quality Education; to SDG: End of poverty; SDG2: Zero Hunger; SDG 5: Gender Equality; SDG 8: Decent Work and Economic Growth; SDG 10: Reduced Inequality; SDG 11: Sustainable Cities and Communities and SDG 17: Partnerships for the Goals.

Through our Scholarship Program we support students from UCAB, UniMar, Universidad Monteávila and IESA. This contribution was used for the professional training of 219 students in Law, Communication Studies, Engineering (Systems, Telecommunications, Industrial, Civil and Computer Engineering), Modern Languages, Accounting, Arts, Administration, Literature, Psychology, and Master's degrees in Public Management and Business Administration.

- At the close of December 2021, our
- social networks totaled a community
- of more than 1.58 million followers on
- our official Twitter, Facebook, Instagram,
- YouTube and LinkedIn accounts.

Social Networks are a constant communication channel between Banesco and its customers and a way to listen to their needs in real time.

This new transparency exercise will allow us to provide a detailed and timely snapshot of our management. Naturally, we are greatly grateful for our Banesco Citizens and their commitment. We are honored by their achievements in different kinds and for their confidence in our strategy.

This financial report for the second half of 2021, which we present in the following pages, is a realistic report. We portrait therein that we are eagerly looking forward to what the next fiscal year 2022 may bring, the new challenges that may arise and the encounter with new opportunities to offer our products and services to our traditional customers and to those yet to come.

JOSÉ GRASSO VECCHIO

EXECUTIVE CHAIRMAN

BANESCO BANCO UNIVERSAL



VENEZUELAN ECONOMY

IN THE SECOND HALF OF 2021

During the second half of 2021, the domestic economy experienced a higher level of activity, with signs of recovery in some sectors, as well as in private demand. This marks a change in the trend, largely attributable to the attenuation of the effects of the pandemic, the operational continuity of companies and businesses, together with the adaptation of government policies to the new economic and social reality of the country, which resulted in less price controls, a more flexible exchange market, as well as the dollarization of a significant portion of the transactions carried out in Venezuela. This is contributing to a slight improvement in the business environment, which, however, has been overshadowed by the growth of informality in 2020-2021, harming the quality of employment and, therefore, tax collection, among others.

It is worth noting a slight increase in public spending, the gradual adjustment of basic services tariffs and higher tax pressure. The industrial, business and commercial park in Venezuela remains slow, with a decrease in the number of active units, affected mainly by the lack of access to bank financing, competition from imported products, fuel shortages and a drop in domestic consumption at the beginning of the Covid-19 pandemic. However, during the last six months, a greater dynamization of the local economy was observed, as well as a boost in private export activity in some items of wide acceptance in international markets, estimating that such recovery will continue in 2022.

Moreover, the favorable trend of the domestic oil industry continued during this time. According to the Organization of the Petroleum Exporting Countries



(OPEC) Monthly Report for December 2021, crude oil production rose to 681 thousand barrels per day, for an annual average in 2021 of 636 thousand b/d, surpassing the 2020 production (569 thousand b/d), driven by higher post-pandemic demand worldwide. Merely crude oil price, the benchmark in the OPEC basket, averaged USD 51.45 per barrel in 2021, an increase of 83% as compared to 2020 (USD 28.12).

- Official figures from the Central Bank of Venezuela (BCV) reveal a 71.46% growth in Total International Reserves with respect to the close of the previous year, reaching USD 10.91 billion because of the improvement in external flows from oil revenues.



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The monetary base, on the other hand, recorded an increase of 397.92% in 2021, lower than the previous year (1,232.04%), given the lower level of monetary financing of the public sector by the BCV, in accordance with the tightening policy of monetary liquidity that has managed to contain the exchange rate and inflation.

Annual monetary liquidity ended the year 2021 at VES 4.14 billion, with a variation of 635.2% in relation to 2020, derived from the adjustments implemented by the Government. This accounts for 5.7% of M2 in December last year, 3.41 percentage points higher than the previous year.

According to the BCV, inflation registered a monthly variation in December 2021 of 7.6%, accumulating four months with single-digit rates, ending the period with an accumulated rate of 686.4%. This was the lowest yearly variation since 2017 and it also represents a percentage growth 76.8% lower than the one observed in 2020 (2,959.8%). It is mainly attributable to the restrictive monetary liquidity policy, highlighting the maintenance of a legal reserve requirement rate of 85% for the financial system, as well as successive foreign exchange interventions, which led to the stabilization of the dollar in the second half of the year, closing the fiscal year corresponding to 2021 with a rate of VES 4.59 /USD.



Lastly, we would like to mention some of the measures implemented during 2021, which contributed to reduce the effects of the pandemic and to the greater economic dynamism experienced in the second half of the year:

1. The measures related to COVID-19 included, in addition to the intense population vaccination campaign, the extension until October 2021 of the exemption of the rental tax on commercial real estate and primary residences, and exemption of VAT and import duties for goods considered basic necessities.
2. New currency restatement effective October 1, 2021 (elimination of 6 zeros from the legal tender), which facilitated commercial transactions.
3. Increase of the monthly minimum wage in May 2021 to VES 7,000,000 (VES 7 currently) and the food bonus to VES 3,000,000 (VES 3).
4. In the financial field, in January 2021, the BCV reduced from 93% to 85% the legal reserve for net Debentures in local currency and maintained at 31% the legal reserve for deposits in foreign currency.
5. Adjustment of the tax unit (UT) from VES 1,500 to VES 20,000, according to Official Gazette No. 42,100, dated April 6, 2021.



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BANKING SYSTEM

At the close of the second half of 2021, according to the Monthly Bulletin of the Superintendency of Banks, the Venezuelan financial system was comprised of 27 institutions, 23 private and 4 public, with a total of 2,868 branches, 35,924 workers, 2,454 ATMs and 421,852 points of sale.

Covid-19 pandemic's arrival in the country triggered the digital transformation process in banking, changing the work schemes, adapting the size of its physical infrastructure and offering new products and services online. This was possible thanks to the important investments in technology that the system had already been making, in order to meet the new customer needs and those arising from the market.

In January 2021, the legal reserve was modified from 93% to 85% of net debentures in bolivars, reducing the adverse effects on intermediary management. However, the high pressure on liquidity in the financial market was evident throughout the year, with the overnight rate reaching levels above 2,000% on some specific dates, closing the period with an average rate of 198.8%, due to the decrease experienced in the second half of the year.

At the end of 2021, the total assets of the Venezuelan banking system amounted to VES 29.87 billion, registering an increase of 374.42% in the last twelve months. Over this period, the changes in its structure deepened with cash and cash equivalents representing 24.9% of assets, after a year-on-year increase of 547.9%, for a balance at the end of December 2021 of VES 7.44 billion, which 28.21% (VES 2.1 billion) is held at the BCV.



- Investments in securities maintained
- the downward trend, decreasing their
- relative weight to 58.3% (VES 17.40
- billion), in line with a lower need for
- internal financing of the State through
- securities issuance.

Noteworthy is the higher weight of property, plant and equipment and other assets, 0.6% and 5.5%, respectively, indicating a higher ratio of non-performing assets/total assets (29.48% in 2021 vs. 22.55% in 2020).

Notwithstanding its good performance and speed of response in an environment of constant uncertainty, the banking sector has been affected in recent years by the slowdown in the national economic activity and the high inflationary pressure, in addition to the obligation to maintain high levels of legal reserve requirements, which have significantly reduced its inter-



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mediation capacity. The coefficient that measures it has progressively decreased to 14.94% in December 2021, which represents a drop of 4.95 percentage points with respect to the same period of the previous year, ending the year with a net portfolio of VES 1,49 billion (5.0% of total assets), which, in turn, is concentrated in 54.9% in four financial institutions, with market shares above 5%.

- The gross portfolio, on the other hand,
- ended the half-year with a total of VES
- 1.56 billion and a 2.95% delinquency
- rate, 0.4 percentage points lower than
- the rate observed in December 2020
- (3.35%).

The commercial portfolio stands out by loan destination, with a 70.63% share, followed by agricultural loans (20.34%).

Liquidity restrictions and the high cost of credit due to the indexation of the value of loans to the exchange rate have led large Venezuelan companies to finance themselves through the issuance of bonds and debentures on the stock exchange. The National Securities Superintendency authorized securities issuance offers in local and foreign currency for a total amount of VES. 86.53 million in 2021, amounting to an increase of 2,057.2% with respect to the preceding year.

Public deposits ended December 2021 with a balance of VES. 9.99 billion, reflecting an interannual variation of 554.13% and a half-yearly variation of 88.86%. 52.35% of this total corresponded to foreign currency deposits (mainly from legal entities), which rose 477.46% compared to the same period in 2020.

The system reported an increase of 273.96% in total patrimony with respect to December 2020, reaching VES 5.45 billion. However, its indicators reveal significant decreases, the Accounting Capital Adequacy Ratio averaged 53.91% and the Risk Weighted Capital Adequacy Ratio 119.01%, that is, 39.6 and 49.8 percentage points, respectively, below the December 2020 records, given the higher rate of asset growth.

The income statement showed a net result for the second half of 2021 of VES 188.7 million, equal to an increase of VES 146.8 million (350.5%) with respect to the same period of 2020, attributable to the higher growth rate experienced by other operating income (+1,412.54%), basically comprised of service fees and other income.

The unfavorable trend for the system's profitability continues, concluding the second half of 2021 with an average return on equity of 8.52% (1.72 percentage points lower than in the same period of 2020), while the return on assets drops to 1.76%, losing 0.53 points.



BANESCO BANCO UNIVERSAL

IN THE SECOND HALF OF 2021

Banesco's total assets reached VES 1.24 billion at the end of December 2021, after experiencing an increase of VES 1.01 billion (439.6%) compared to the same period of 2020 and VES 524.9 million (7.6%) in the last six months. The bank ranked 6th in the system, with a market share of 4.18%, higher than the one observed in December 2020 (3.67%).

Banesco stood out as the bank with the third largest growth in absolute terms in gross portfolio during 2021 (+ VES 187.6 million) in the entire system, ending the period with a total of VES 257.7 million, third place in the market and a share of 16.41%.

We settled a total of 1,205 loans during the year. In fact, 779 of these loans were granted in the second half of 2021, while 58.40% were oriented to agriculture, fishing and forestry, followed by wholesale and retail trade (16.68%) and manufacturing (15.69%). This is a solid evidence of Banesco and its commitment to continue supporting the country's main productive sectors, maintaining a portfolio of excellent quality (0.0003% delinquency rate), ample coverage for immobilizations (897,866.67%) and an intermediation coefficient of 30.06%, 15.12 percentage points higher than the market average (14.94%).

Furthermore, Banesco recorded a balance of VES 837.6 million in deposits from the public at the end of December 2021, after showing a year-on-year variation of VES 718.3 million (602.4%) and a half-yearly variation of VES 457.3 million (120.3%), ranking 5th position in the market, with a market share of 8.38%.



- Also, the Bank's total patrimony
- amounted to VES 104.5 million, for a
- capital adequacy ratio of 10.31%,
- higher than the minimum legal
- requirement.

The operations corresponding to the second half of 2021 resulted in a net income of VES 14.0 million, reflecting an increase of VES 4.5 million (47.3%) with respect to the same period of the previous year. Such increase was mainly attributable to the greater momentum of other operating income and the maintenance of an average loan portfolio/portfolio income ratio of 97.94%, achieving a financial intermediation margin of VES 305.7 million, which led to a Return on Average Equity (ROE) of 39.39% and a Return on Average Assets (ROA) of 6.63%.



FINANCIAL HIGHLIGHTS

	First Half 2020	Second Half 2020	First Half 2021	Second Half 2021	GROWTH			
					Second Half 2021 First Half 2021		Second Half 2021 Second Half 2020	
					Absolute	%	Absolute	%
(Stated in Million VES)								
Total Assets	41.3	231.2	722.7	1,247.7	525.0	72.6	1,016.5	439.7
▶ Cash and Due from Banks	25.6	109.8	374.5	653.7	279.2	74.5	543.9	495.4
▶ Security Investments	3.7	19.5	49.7	63.6	13.9	28.0	44.1	225.8
▶ Credit Portfolio	5.0	68.8	125.8	251.8	126.0	100.1	183.0	266.2
▶ Gross Portfolio	5.1	70.1	128.7	257.7	129.0	100.2	187.6	267.7
Deposits from Clients	24.3	119.2	380.3	837.6	457.3	120.3	718.4	602.5
▶ Deposits in Current Accounts	23.0	112.7	339.6	779.8	440.2	129.6	667.1	591.9
▶ Savings Deposits	1.3	6.1	20.5	48.0	27.5	134.1	41.9	689.0
▶ Time Deposits	0.0	0.0	0.0	0.1	0.1	468.0	0.1	1,223.5
▶ Current Accounts according to Exchange Agreement No. 20	0.0	2.1	5.9	8.0	2.1	35.6	5.9	281.0
▶ Current Accounts Free Exchange System Convertibility	1.2	11.8	19.7	120.5	100.8	511.7	108.7	921.2
▶ Other Deposits	0.1	0.5	20.2	9.8	-10.4	-51.3	9.4	2,038.8
Total Stockholders' Equity	4.1	43.5	140.7	104.5	-36.2	-25.7	61.0	140.4
Trust Assets	1.4	7.4	22.4	11.9	-10.5	-46.7	4.5	60.3
▶ Financial Revenues	1.1	13.3	75.5	70.3	-5.2	-6.8	57.0	428.7
▶ Financial Expenses	0.2	0.9	10.6	15.1	4.5	42.8	14.2	1,578.6
▶ Gross Financial Margin	0.9	12.4	64.9	55.2	-9.7	-14.9	42.8	345.2
▶ Financial Intermediation Margin	3.5	26.5	137.5	305.8	168.3	122.4	279.3	1,054.9
▶ Transformation Expenses	2.0	12.4	53.0	155.4	102.4	193.4	142.9	1,150.9
▶ Income Taxes	0.2	2.4	5.9	0.8	-5.1	-86.3	-1.5	-65.6
Net Income	0.9	9.5	33.1	14.0	-19.1	-57.7	4.5	47.3

Ratios (%)				
▶ Loan Portfolio Provisions / Non Accrual Loans	101,552.4	86,058,725.9	37,766,709.7	897,866.7
▶ Non Accrual Loans/ Gross Loan Portfolio	0.0	0.0	0.0	0.0
▶ Net Results / Average Assets *	7.6	15.6	14.4	6.6
▶ Net Results / Average Equity *	78.1	95.6	61.9	39.4
▶ Liquidity	105.6	92.1	98.5	78.1

* Annual Percentage



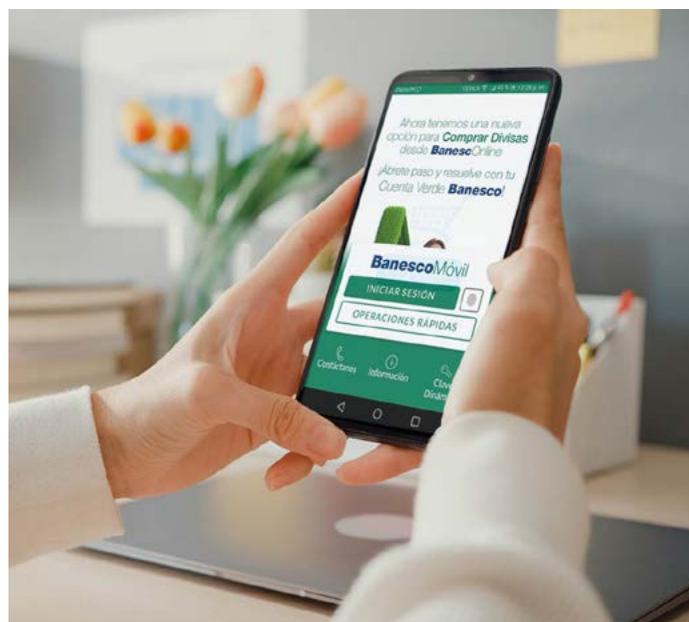
CREDIT RISK REPORTS PRONOUNCEMENT

The announcement of effective vaccines at the beginning of the year by large pharmaceutical companies, as well as the mass vaccination of all sectors in the country and a greater flexibility of quarantine throughout the year 2021 indicates a moderate economic recovery.

The reduced rigidity of credit regulations may be accompanied by an increase in delinquency, which will depend on the degree of economic normalization achieved at that time and which will impact the different economic sectors unequally, affecting more those that have suffered greater permanent effects and/or require more time for recovery.

As of December 2021, credit risk indicators show some impairment as a consequence of the effects of the pandemic on the economy. As of this date, the banking system's delinquency indicator stood at 2.95%, above the level observed the previous semester (2.34%), while the coverage of the immobilized portfolio decreased by 2,420 basis points compared to the level recorded at the end of the first half of the year (191.7%). Banesco, on the other hand, reached 0.0003% and 897.867% in both indicators respectively, showing trends contrary to those observed in the system, due to the strategies implemented in the management of this important risk, among which the following stand out:

- A credit risk management model in which the roles and responsibilities of each of the areas involved are defined, with the active participation of Credit Risk Management in the decision-making process. For credit granting, an evaluation is made based on criteria that determine the payment capacity for new crops, focused on staple products (food and phar-



maceutical sales), and on those with a cash flow in foreign currency that allows honoring the contractual commitments acquired in the UVC loans, which require a greater effort in the capital owed as the exchange rate with the local currency decreases.

- Monthly portfolio follow-up reports are issued, which are including details of clients in terms of classification, economic group, business units, guarantees, past-due balances, concentration levels, among others. In addition, there is a weekly follow-up of clients with arrears of more than 15 days in order to manage risks efficiently and to not impact the delinquency indicator.
- The activation during the last quarter of the year of the Portfolio Quality Committee, which periodically reviews the loans granted, will detect changes in the original characteristics of such loans in order to ensure their appropriate management, where there is a possibility of total or partial loss.



CREDIT RISK REPORTS PRONOUNCEMENT

In light of the pandemic situation, Banesco has intensified its risk management to anticipate potential portfolio impairment through the Credit Risk Contingency Plan. This is framed within the following strategies: 1) Weekly monitoring of the portfolio through the Overdue Balance Committees, through which the situation of the loan portfolio is evaluated and actions to be taken with clients are proposed, in order to provide early warnings and thus avoid an increase in the overdue balance; 2) Coordination with the credit area to ensure that payment agreements are applied with clients who do not request restructuring; implementation of new restructuring policies in accordance with the guidelines issued by the Regulatory Body; 3) Classification of clients from Very Low Risk to Very High Risk in order to present to the institution a review of the Loan Portfolio classified by Economic Sectors and concentration of loans in the sectors.

Generally, Banesco has policies, tools, methodologies, monitoring and proactive risk management through base and stress scenarios, seeking to anticipate factors that could increase risk exposure in unforeseen situations, such as the estimation of expected losses and economic capital for credit risk, as well as the de-

termination of the institution's general exposure limits and thresholds.

- A culture of monitoring tolerance
- levels allows keeping our risk profile in
- a post-pandemic scenario within the
- parameters defined in the risk appetite.



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 thirty one (31) credits, that by individual or group risk, in the same monthly period, exceeded five percent (5%) of the bank's equity.



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



Chairman of the Board
Juan Carlos Escotet R.

Main Directors
Juan Carlos Escotet R.
José Grasso Vecchio
Miguel Ángel Marciano C.
Emilio Durán Ceballos
Carlos Eduardo Escotet A.
Carlos Alberto Escotet A.
Marco Tulio Ortega V.

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

External Auditors
Lara Marambio & Asociados (DELOITTE)

December 31, 2021 (Stated in VES)

ASSETS	December-21	December-20
CASH AND DUE FROM BANKS	653.693.983	109.787.475
Cash	184.825.358	15.244.098
Central Bank of Venezuela	179.798.026	67.104.866
Local Banks and Other Financial Institutions	2.851.339	541.137
Foreign and Correspondent Banks	285.364.045	26.835.867
Head Office and Branches	0	0
Pending Cash Items	881.964	68.303
(Provision for Bank Accounts)	-26.749	-6.796
INVESTMENTS IN SECURITIES	63.545.268	19.523.073
Investments in Central Bank	0	0
Investments in Trading Securities	0	0
Investments in Securities Available for Sale	8.737	17.246
Investments in Securities Held to-maturity	9.578.838	1.968.245
Limited Availability Investments	53.957.693	17.537.540
Other Security Investments	0	42
(Provision for Security Investments)	0	0
LOAN PORTFOLIO	251.778.429	68.764.361
Outstanding Credits	257.676.756	70.087.332
Restructured Credits	0	0
Past Due Credits	657	1
Credits in Litigation	0	0
(Provision for Credit Portfolio)	-5.898.984	-1.322.972
INTEREST AND COMMISSIONS RECEIVABLE	1.508.733	195.918
Interest receivable from cash and due from banks	0	0
Interest receivable from security investments	389	530
Interest receivable from credit portfolio	1.444.664	189.182
Commissions Receivable	66.533	6.216
Interest Receivable on Other Accounts Receivable	0	0
(Provision for Interest Receivable and Other)	-2.853	-10
INVESTMENTS IN SUBSIDIARIES, AFFILIATES AND BRANCHES	1.070.867	202.357
Investments in subsidiaries and affiliates	1.070.867	202.357
Investments in branches	0	0
Provision for Investments in subsidiaries, affiliates and branches	0	0
PROPERTY USED IN LIEU OF PAYMENT	4.023	2.866
PROPERTY IN USE	23.063.811	2.632.893
OTHER ASSETS	252.992.390	30.092.430
TOTAL ASSETS	1.247.657.504	231.201.373

LIABILITIES AND EQUITY	December-21	December-20
LIABILITIES	837.577.352	119.238.311
DEPOSITS IN CURRENT ACCOUNTS	779.809.299	112.700.231
Non-Remunerated Checking Accounts	427.346.881	66.612.561
Remunerated Checking Accounts	208.919.796	31.922.237
Current accounts under exchange agreement N° 20	8.007.647	2.107.629
Demand Deposits and Certificates	15.069.105	243.847
Current Accounts Exchange System Free Convertibility	120.465.870	11.813.957
Special Funds in Trusts Free Convertibility System	0	0
Other Demand Liabilities	9.677.754	449.787
Obligations for Money Desk Operations	0	0
Savings Deposits	47.964.372	6.078.470
Time Deposits	125.927	9.823
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	4	632
OTHER FINANCING OBTAINED	34.663.385	8.668.055
Liabilities with local financial institutions up to one year	34.663.385	8.668.055
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	1.056.710	11.694
Expenses payable due to deposits from clients	1.056.710	6.180
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	0	5.514
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	269.876.986	59.804.932
SUBORDINATED DEBT	0	0
OTHER LIABILITIES	0	0
TOTAL LIABILITIES	1.143.174.437	187.723.625
OPERATIONAL MANAGEMENT	0	0
STOCKHOLDERS' EQUITY	104.483.067	43.477.748
LIABILITIES AND EQUITY	1.247.657.504	231.201.373
CONTINGENT DEBTOR ACCOUNTS	2.485.270	239.348
TRUST ASSETS	11.924.787	7.437.477
OTHER TRUST ASSIGNMENTS	0	0
DEBTOR ACCOUNTS DUE TO TRUST ASSIGNMENTS (HOUSING MUTUAL FUND)	119.481	32.675
OTHER DEBTOR ACCOUNTS (HOUSING MUTUAL FUND)	0	0
OTHER DEBTOR MEMORANDUM ACCOUNTS	2.995.892.791	810.666.389
OTHER DEBTOR BOOK ACCOUNTS	0	0
ASSETS OF TRUST ENTITIES FOR OPERATIONS IN SOVEREIGN CRYPTO ASSETS	0	0

Statements of Earnings (Stated in VES)

	December-21	Diciembre-20
Financial Revenues	70.312.221	13.298.101
Revenues from Cash and Cash Equivalents	316.555	71.366
Revenues from Security Investments	2.597	440.956
Revenues from Credit Portfolio	69.992.669	12.785.779
Revenues from Other Accounts Receivable	0	0
Income from investments in subsidiaries, affiliates and branches	0	0
Revenues from Head Office and Branches	0	0
Other Financial Revenues	0	0
Financial Expenses	15.113.916	900.402
Expenses Due to Deposits from Clients	13.803.740	529.636
Expenses Due to Obligations with BCV	0	0
Expenses Due to Obligations with BANAVIH	0	0
Expenses Due to Other Financing Obtained	1.310.176	370.766
Expenses Due to Other Financial Obligations	0	0
Expenses Due to Subordinated Debt	0	0
Expenses Due to Other Obligations	0	0
Expenses Due to Head Office and Branches	0	0
Other Financial Expenses	0	0
Gross Financial Margin	55.198.305	12.397.699
Income from Recovered Financial Assets	1.075.989	17
Expenses Due to Uncollectibility of Credits and Other Accounts Receivable	3.927.448	946.441
Provision for Loan Portfolio and Other Accounts Receivable, Losses	3.919.758	941.085
Provision for Cash and Due from Banks	7.685	5.356
Net Financial Margin	52.346.851	11.451.275
Other Operating Income	274.303.597	17.700.637
Other Operating Expenses	20.884.764	2.676.013

	December-21	December-20
Financial Intermediation Margin	305.765.684	26.475.899
Transformation Expenses	155.364.857	12.419.949
Personnel Expenses	39.966.507	2.832.489
Administrative and General Expenses	115.398.350	9.587.460
Gross Operating Margin	150.400.827	14.055.950
Income from Adjudicated Goods	5.769.622	0
Income from Special Programs	0	0
Income from Sundry Accounts	40.720	2.022
Expenses Due to Realizable Property	1.554	302
Expenses for Depreciation, Amortization and Devaluation of Miscellaneous Goods	0	0
Expenses Due to Sundry Accounts	141.242.373	2.128.829
Net Operating Margin	14.967.242	11.928.841
Extraordinary Income	0	0
Extraordinary Expenses	145.514	57.175
Gross Income Before Taxes	14.821.728	11.871.666
Income Taxes	811.693	2.360.432
NET INCOME	14.010.035	9.511.234
Application of Net Income		
Legal Reserve	1	0
Statutory Utilities	840.600	570.674
Board of Directors	840.600	570.674
Officials and Employees	0	0
Other Capital Reserves	0	0
Accumulated Income	13.169.434	8.940.560
LOSEP Contribution	173.175	133.284

Net Income Distribution	December-21	December-20
Legal Reserve	1	0
Statutory Utilities (Board of Directors)	840.600	570.674
Reserve for other provisions	0	0
Restricted Surplus	7.063.061	4.837.973
Surplus to apply	6.106.373	4.102.587
NET INCOME	14.010.035	9.511.234



REPORT OF DEMANDS AND COMPLAINTS OF CUSTOMERS OF THE BANKING SERVICES

SECOND HALF 2021

BanESCO counts on a technological tool named IRS (Integrated Request System), that allows to manage all the clients and customers' requests and complaints, through the different customer service channels (BanESCO Online, 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

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 (BanESCO Online, Network of National Agencies, Call Center Service and Administrative Offices), offering a swift, effective and efficient response, aligned with the current legal framework.

When evaluating the attention times of the claims and requirements reported by customers/users in the second half of 2021, and starting from the premise indicated by the regulatory body where a maximum date of 20 continuous days is established for the resolution of the same, it is observed that the level of compliance in the service offer was 99.52%.

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)			
▶ July	96	901	831	9	145	15	830	100.00 %
▶ August	102	723	707	31	24,104	13	11,635	99.25 %
▶ September	113	920	915	35	19,130	3	8,400	100.00 %
▶ October	111	1,700	1,710	20	9,463	17	1,697	97.71 %
▶ November	121	2,768	2,768	19	11,569	11	1,209	100.00 %
▶ December	155	7,087	7,063	23	2,759	8	1,862	100.00 %
Total II Half	698	14,099	13,994	137	67,170	67	25,633	99.52 %

B) SUMMARY BY TYPE OF FINANCIAL INSTRUMENT

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

Report month	Credit Card (CC)		Debit Card (DC)		Savings		Checks		Customer Service	
	No. of Complaints	Claim Amount (VES)	No. of Complaints	Claim Amount						
▶ July	2	180	118	1,696	–	–	–	–	–	–
▶ August	–	–	145	36,462	–	–	–	–	1	–
▶ September	–	–	151	28,450	–	–	–	–	–	–
▶ October	–	–	146	12,850	1	10	–	–	1	–
▶ November	–	–	151	15,546	–	–	–	–	–	–
▶ December	–	–	186	11,708	–	–	–	–	–	–
Total II Half	2	180	897	106,712	1	10	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 to calculate the capital adequacy ratio:

CAPITAL ADEQUACY RATIO:

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

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

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

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

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

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

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

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

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

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

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

RESOLUTION NO. 025.17 (DATED MARCH 28, 2017)

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



CAPITAL ADEQUACY RATIO POSITION

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

TOTAL EQUITY ADEQUACY RATIO (LEVEL I)

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

TOTAL EQUITY ADEQUACY RATIO

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

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

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

Description	Dec. 2021	June 2021
Capital Adequacy Ratio	10.31%	25.32%
Total Capital Adequacy Ratio	17.34%	38.60%
Tier 1 Capital Adequacy Ratio	17.34%	38.60%

PARTICIPATION IN THE COUNTRY’S PRODUCTION SECTOR

AT 31 DECEMBER 2021

The largest share of the Credit Portfolio is found in the Agricultural, Fishing and Forestry Sector with 58.4%; followed by Manufacturing Indus-

try with a proportion of 15.69% and closing with 16.08% the Wholesale and Retail Trade, Restaurants and Hotels Sector.

Economic Activities	Outstanding	Restructured	Past Due	In Litigation	Total	% Composition
■ Agriculture, Fishing and Forest	150,478,227.67	–	–	–	150,478,227.67	58.40 %
■ Hydrocarbons and Mining Exploitation	0.43	–	–	–	0.43	0.00 %
■ Manufacturing Industry	40,431,946.59	–	–	–	40,431,946.59	15.69 %
■ Electricity, Gas and Water	–	–	–	–	0.09	0.00 %
■ Construction	6,411,478.20	–	–	–	6,411,478.20	2.49 %
■ Trade, Restaurants and Hotels	42,984,635.75	–	51.50	–	42,984,687.25	16.68 %
■ Transport, Storage and Communications	9,984,715.25	–	157.36	–	9,984,872.61	3.87 %
■ Financial Establishments, Real State and Services Provided to Companies	7,385,751.02	–	446.22	–	7,386,197.24	2.87 %
■ Community, Social and Personal Services	1.17	–	1.88	–	3.05	0.00 %
Subtotal (VES)	257,676,756.08	0	656.96	0	257,677,413.13	100.00 %



ELECTRONIC CHANNELS AND BANK AGENCIES

As of December 31, 2021, Banesco had a wide network of physical and electronic distribution channels whereby the Bank offers a wide range of products and services:

- ▶ 214 Service Points (agencies, satellites and Banesco Express).
- ▶ 122.384 Points of Sale.
- ▶ 397 ATMs (167 Monofunctional y 245 Multifunctional).



EXTERNAL AUDITOR'S REPORT

The financial statements of the Bank corresponding to the second half of 2021, included in this report, were audited by the external auditors of the Institution,

“Lara Marambio & Asociados” (DELOITTE), and confirmed the fairness of such financial statements.

LIQUIDITY, LEVERAGE, EFFICIENCY AND PROFITABILITY INDICATORS

Principal Financial Indicators	Dec. 21	Jun. 21	Dec. 20	Jun. 20
1. Equity				
▶ Equity + Operative Management / Total Assets	10.31 %	25.32 %	27.58 %	19.21 %
▶ Non-Productive Assets / Equity + Operative Management	869.23 %	381.07 %	322.18 %	781.35 %
2. Assets Quality				
▶ Loan Portfolio Provisions / Gross Loan Portfolio	2.29 %	2.24 %	1.89 %	2.04 %
▶ Non Accrual Loans / Gross Loan Portfolio	0.00 %	0.00 %	0.00 %	0.00 %
3. Management*				
▶ Personnel Expenses + Operative Expenses/ Average Productive Assets *	96.80 %	67.63 %	67.35 %	66.43 %
▶ Personnel Expenses + Operative Expenses / Financial Income *	138.67 %	67.80 %	97.24 %	176.61 %
4. Earnings *				
▶ Net Results / Average Assets *	6.63 %	14.35 %	15.60 %	7.62 %
▶ Net Results / Average Equity *	39.39 %	61.92 %	95.63 %	78.13 %
5. Liquidity				
▶ Availability / Customer Funds	78.05 %	98.48 %	92.07 %	105.09 %
▶ Availability + Investment in Securities / Customer Funds	78.05 %	98.48 %	92.09 %	105.61 %

Annualized, calculated based on average balance.



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

SECOND HALF 2021

INTRODUCTION

Pursuant to provisions of article number 28 of the Decree with Rank, Value and Force of Law of the Partial Reform of the Banking 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 Sector 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, during the term comprising July 1, 2021 and December 31, 2021, for the presentation and consideration of the Audit Committee and the Board of Directors.

Banesco Banco Universal, C.A. has a defined and functioning Internal Audit Unit, 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.

II. CRITERION FOR THE FUNCTIONING OF THE INTERNAL AUDIT UNIT

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

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

- ▶ The structure and operation of the Internal Audit Unit is, in accordance with Resolution 064.14 "General Standards for the Internal Auditing Unit of Banking Sector Institutions".
- ▶ For the underwriting function, the rules established by SUDEBAN are 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.

SECOND HALF 2021

- ▶ 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.
- ▶ Assurance is performed in the first and second line processes according to the schedule established in the Audit Plan.
- ▶ The Internal Audit Operating Plan is evaluated by the Audit Committee, which recommends its presentation to the Board of Directors for formal approval.
- ▶ Monthly reports are prepared for the Audit Committee and the Board of Directors concerning the progress in the execution of the Operating Plan and the results obtained in the completed audits.
- ▶ Continuous reporting is kept to the Comprehensive Risk Management Unit about the observations derived from the evaluation of processes and units that involve direct or indirect generation of risks, including a half-yearly report to the Risk Committee.
- ▶ Audit tests are applied for the evaluation of significant exposures and verification of the effectiveness of the Internal Control Environment. The purpose is to evaluate whether risk are adequately managed, contributing to the continuous improvement of the processes.
- ▶ 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

III. SCOPE AND COVERAGE OF INTERNAL AUDIT UNIT MANAGEMENT

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

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 the processes, the comprehensive risk management framework, the efficiency and productivity of the resources, and the corporate governance structure.
- ▶ Review and verification of compliance with the legal provisions that regulate the banking activity and, in particular, the provisions of the Decree with Rank, Value and Force of Law for the Partial Reform of the Banking Sector Institutions Law (LISB), other resolutions, circulars and official notices issued by SUDEBAN, including other regulations in force related to the banking activity applicable to the reviewed activities.
- ▶ Follow-up and validation of the documentation and supports that evidence the correct implementation within the established deadlines of 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.

SECOND HALF 2021

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 reregulatory inspections.

3. CORPORATE GOVERNANCE

- ▶ Assessment of the creation and operation of the different Thematic Steering and Executive Committees, in compliance with the provisions of their bylaws.
- ▶ Assessment of the processes of definition, formalization, calculation, reporting and follow-up of management indicators.

4. 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 Compliance Program.
- ▶ Evaluation of the “Know Your Customer” Policy, by verifying the controls established in the processes

of customer registration, account opening and file creation, with emphasis on high-risk customers, PEP and border areas.

- ▶ Evaluation of the “Know Your Employee” Policy, through the verification of the controls established in recruitment and selection, and the review of Human Capital files.

5. INFORMATION TECHNOLOGY, INFORMATION AND CONTINUITY PROTECTION

- ▶ Validation of compliance with Resolution No. 641.10 “Rules governing the Use of Electronic Banking Services” corresponding to Circular 01907.
- ▶ Validation of compliance with Backup and Recovery processes.
- ▶ Evaluation of the components of the technological platforms that enable BanescOnline, Pago Móvil and Banescómóvil services.
- ▶ Inspection to the Main Computing Center for the evaluation of the physical and logical security controls.

6. CREDIT

- ▶ Evaluation of the credit process, including the review of the activities corresponding to the application, analysis, documentation, settlement and control.
- ▶ Validation of profiles and policies for approval and AT/SBIF transmission.
- ▶ Matching of the credit portfolio of the Published Balance Sheet vs. the Accounting Gains.
- ▶ Evaluation of the processes of documentation, registration, request, release, reconciliation and control of credit guarantees.



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

SECOND HALF 2021

7. TREASURY

- Verification of the accounting records and balances of the securities, in national and foreign currency, owned by the Company and third parties, as well as the reasonableness and accuracy of the items "Investments in Securities" and "Investments in Subsidiaries, Affiliates and Branches", in accordance with provisions of the Decree with Rank, Value and Force of Law for the Partial Reform of the Banking Sector Institutions Law (LISB), and the Accounting Manual for Banking Institutions issued by SUDEBAN.
- 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".

8. AVAILABLE FUNDS

- Cash in local and foreign currency in the main vault and agencies to validate the reasonableness of the balances of the accounting records with respect to the physical cash in custody.
- Evaluation of the products and services defined for the handling of foreign currency to validate the effectiveness of the design and execution of controls.

9. FINANCIAL STATEMENTS

- Review of the Financial Statements, in accordance with provisions of the Decree with Rank, Value and Force of Law of Institutions of the Banking Sector, in order to verify the reasonableness of the accounts that make up such document. The purpose is to

ensure that they are presented in a consistent manner and pursuant to the criteria established by the Superintendency and other applicable regulations. Besides, the Bank's financial indicators that allow evaluating the economic, financial and equity situation will be verified.

- Assessment of the determination regarding the Total Equity Adequacy Ratio and the Accounting Capital Adequacy Ratio, in accordance with provisions of Resolution 004.18 "Temporary Measures to Determine the Ratio of Capital to Assets and Contingent Operations, Applying Risk-Based Weighting Criteria".
- Monitoring of liquidity indicators and the compliance with the actions contained in the Liquidity Risk Contingency Plan, as per Resolution No. 20-03-01 "Rules governing the creation of 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.

IV. INTERNAL CONTROL ASSESSMENT RESULTS

Como resultado de la ejecución del Plan Operativo Anual, y cumpliendo los principios de objetividad e independencia que definen la práctica de Auditoría Interna, durante las evaluaciones de aseguramiento efectuadas a los procesos de Banesco Banco Universal, C.A. en el segundo semestre de 2021, se observó lo siguiente:



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

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- 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 normalise the abovementioned remarks.

V. CONCLUSION

Based on the results obtained in the execution of the Audit Plan during the second half of 2021, 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
15/07/2021	SIB-II-GGR-GA-05343: Sudeban instructs the Bank to send documentation with the notification of the appointments and ratifications approved at the Special Shareholders' Meeting held on 03/26/2020, of the persons indicated in the official letter.
16/07/2021	SIB-II-GGR-GA-05417: Sudeban informs the Bank that it has no objection to the appointments and ratification approved at the Special Shareholder's Meeting held on 03/22/2021, of the persons indicated in the official letter.
26/07/2021	SIB-II-GGIBPV-GIBPV5-05774: Sudeban expresses its opinion on the notification S/N filed by the Bank on 04/07/2021, in response to the official letter SIB-II-GGIBPV-GIBPV5-01763 dated 03/18/2021, which contains the follow-up of the observations made to the requirements filed on the occasion of the AGM held on 03/26/2020.
29/07/2021	SIB-II-GGR-GA-05959: Sudeban gives its opinion on the documentation sent by the Bank through letters, dated 06/15 and 07/01/2021, corresponding to the request for authorization to increase the capital stock, as approved at the Special Shareholders' Meeting held on 08/31/2018.
17/09/2021	SIB-II-GGIBPV-GIBPV5-07773: Sudeban gives its opinion regarding the notifications S/N filed by the Bank on March 01 and 03, 2021, whereby the corresponding documents for the Special Shareholders' Meeting to be held on 09/22/2021, at 8:40 a.m. were sent.
17/09/2021	SIB-II-GGIBPV-GIBPV5-07766: Sudeban gives its opinion regarding the notifications S/N filed by the Bank, whereby the corresponding documents for the Special Shareholders' Meeting to be held on 09/22/2021, at 8:40 a.m. were sent.
17/09/2021	SIB-II-GGIBPV-GIBPV5-07767: Sudeban issues a statement regarding the requirements for the Special Shareholder's Meeting to be held on 09/22/2021 at 8:20 A.M.
22/09/2021	SIB-II-GGR-GA-07853: Sudeban authorizes the increase of this financial institution's share capital and the consequent amendment of Article 5 of its Bylaws, in accordance with the resolutions of the Special Shareholders' Meeting held on 01/17/2018.
22/09/2021	SIB-II-GGR-GA-07854: Sudeban authorizes the increase of this financial institution's share capital and the consequent amendment of Article 5 of its Bylaws, in accordance with the resolutions of the Special Shareholders' Meeting held on 11/20/2017.



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SHAREHOLDER'S MEETINGS	
RECEPTION DATE	OFFICIAL LETTERS
22/09/2021	SIB-II-GGR-GA-07855: Sudeban authorizes the increase of this financial institution's share capital and the consequent amendment of Article 5 of its Bylaws, in accordance with the resolutions of the Special Shareholders' Meeting held on 10/19/2018
22/09/2021	SIB-II-GGR-GA-07856: Sudeban authorizes the increase of this financial institution's share capital and the amendment of Article 5 of its Bylaws, in accordance with the resolutions of the Special Shareholders' Meeting held on 11/23/2018.
22/09/2021	SIB-II-GGR-GA-07857: Sudeban authorizes the increase of this financial institution's share capital and the amendment of Article 5 of its Bylaws, in accordance with the resolutions of the Special Shareholders' Meeting held on 04/30/2018.
22/09/2021	SIB-II-GGR-GA-07858: Sudeban authorizes the increase of this financial institution's share capital and the amendment of Article 5 of its Bylaws, in accordance with the resolutions of the Special Shareholders' Meeting held on 05/28/2018.
22/09/2021	SIB-II-GGR-GA-07859: Sudeban authorizes the increase of this financial institution's share capital and the amendment of Article 5 of its Bylaws, in accordance with the resolutions of the Special Shareholders' Meeting held on 07/31/2018.
30/09/2021	SIB-DSB-OPCLC-08088: Sudeban addresses the details contained in the letter sent by the Bank on 09/01/2021, regarding the results obtained in the review of requirements regarding the AGM held on 09/22/2021, especially regarding the Half-Yearly Independent Auditors' Assurance Report about complying with Resolution No. 083.18.
20/10/2021	SIB-DSB-OPCLC-08809: Sudeban gives its opinion on the results obtained in the review of requirements for holding the AGM on 09/22/2021.
02/11/2021	SIB-II-GGIBPV-GIBPV5-08959: Sudeban answers the letter submitted by the Bank on 05/04/2021, as a response to Official Letter SIB-II-GGIBPV5-02507, regarding the observations made by the entity to the requirements of the AGM held on 09/24/2020.
08/11/2021	SIB-II-CCD-09116: Sudeban gives its opinion in response to communication S/N received on 09/01/2021, whereby the Bank submitted the requirements for the AGM to be held on 09/22/2021, on the occasion to evaluate the Financial Statements and Special Report at the end of the First Half of the year 2021, regarding the Productive Portfolio.



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SHAREHOLDER'S MEETINGS	
RECEPTION DATE	OFFICIAL LETTERS
12/11/2021	SIB-II-GGR-GA-09284: Sudeban gives its opinions regarding the communication S/N filed by the Bank on 09/03/2021, whereby the documentation corresponding to the Appointment of the Main Director, approved at the Special General Shareholders' Meeting held on 09/22/2021, at 8:40 a.m., was submitted.
30/11/2021	SIB-DSB-OPCLC-09702: Sudeban gives its opinion on the letter filed by the Bank before this Agency on 11/15/2021, whereby the Bank responds to Official Letter No. OPCLC-08088, dated 09/29/2021, regarding the comments made by the Agency to the requirements of the Special Shareholders' Meeting, held on 09/22/2021. In this regard, the Agency has no objections to report.
17/12/2021	SIB-II-GGIR-GSRB-10105: Sudeban gives its opinion on the notification submitted before this agency by the Bank on 09/01/2021, annexed to which are the documents corresponding to the AGM held on 09/22/2021. These are related to the Half-Yearly Independent Auditors' Assurance Report on Compliance with Resolutions No. 136.03 and No. 136.15 of the Audited Financial Statements as of 06/30/2021.
23/12/2021	SIB-II-GGIBPV-GIBPV5-10251: Sudeban responds to notifications S/N, received by this Agency on 09/24, 10/14 and 11/23/2021, whereby the certified minutes of the AGM held on 09/22/2021, as well as a copy of the powers of attorney granted by Banesco Holding, C.A., were sent to Sudeban.
23/12/2021	SIB-II-GGIBPV-GIBPV5-10241: Sudeban gives its opinion on the notification received on 11/12/2021, whereby the bank submits documents corresponding to the Special Shareholders' Meetings, held on 03/22/2021 and 09/22/2021, and informs that it has taken due note of the information submitted in relation to the audited financial statements of the company Projectos Conexus, C.A.
23/12/2021	SIB-II-GGIBPV-GIBPV5-10242: Sudeban gives its opinion on the notifications filed before said Agency on September 20, 22 and 29, 2021 and October 1 and 19 of the same year, regarding the results obtained in the review of the proceedings of the AGM held on September 22, 2021.
23/12/2021	SIB-II-GGIBPV-GIBPV5-10282: Sudeban responds to notifications S/N, received by this Agency on 09/23, 10/14 of 2021, whereby the certified minutes of the AGM held on 09/22/2021, as well as a copy of the powers of attorney granted by Banesco Holding, C.A.



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INSPECTION DATE	
RECEPTION DATE	OFFICIAL LETTERS
23/09/2021	SIB-II-CCSB-07927: Sudeban requests information that will be used during the Special Inspection Visit to be carried out at the Customer and Bank User Service Unit, and the Bank Client and User's Defender.
23/09/2021	SIB-II-CCSB-07926: Sudeban notifies the officials authorized to conduct the Special Inspection in matters of Quality of Banking Service in the agencies, ticket offices and/or branches (as applicable), located in the country.
28/09/2021	SIB-DSB-OPCLC-08033: Sudeban notifies the 17 officials authorized to carry out the General Inspection visit in this Bank. This is done pursuant to provisions of Articles 153, 154, 171 paragraphs 9 and 19, and Articles 176 and 177 of the Decree with Rank, Value and Force of Law of Institutions of the Banking Sector.
28/09/2021	SIB-DSB-OPCLC-08034: Sudeban notifies the Bank that the General Inspection Visit will be conducted, aiming to evaluate the effectiveness of the Policies, Standards and Procedures established to ensure compliance with the provisions contained in Resolution No. 083.18 dated 01/11/2018, for the period between 01/09/2020 and 31/08/2021.
15/11/2021	SIB-DSB-OPCLC-09324: Sudeban submits the report containing the results obtained in the General Inspection visit made to the Bank, aiming to evaluate the effectiveness of the Policies, Standards and Procedures established to ensure the compliance with Resolution No. 083.18 of 01/11/2018; as well as other Circulars related to the PCLC/FT/FPADM matter, issued by that Agency.
09/12/2021	SIB-DSB-OPCLC-09889: Sudeban gives its opinion regarding the Corrective Action Plan submitted by the Bank, in response to the results determined in the General Inspection Visit on PCLC/FT/FPADM matters, whereby compliance with Res. 083.18 dated 01/11/2018 was evaluated.
27/12/2021	SIB-DSB-OPCLC-10297: Sudeban has taken due note of the remission of certification of the Minutes of the Board of Directors No. 1,503 of 11/25/2021.
20/12/2021	SIB-II-CCSB-10152: Sudeban submits the Report containing the results obtained in the Special Inspection carried out to Banesco Banco Universal, C.A., during October and November 2021; as well as the management of the Customer and Banking User Service Unit and the Bank Client and User's Defender.



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CONCERNING PROVISIONS, OBSERVATIONS, RECOMMENDATIONS
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OTHERS	
RECEPTION DATE	OFFICIAL LETTERS
02/07/2021	SIB-II-GGR-GA-05073: Sudeban responds to the complementary information request sent by the Bank as required by official letter SIB-II-GGR-GA-03356, related to the launching of the promotion called "Pago Móvil Premiado" (Rewarded Mobile Payment).
13/07/2021	SIB-II-GGIR-GRT-05262: Sudeban authorizes to carry out the procedure called: "Replacement of 4507 Cisco Catalyst Switch with 9407R Cisco Catalyst Switch for the DMZ Network in the Ciudad Banesco Computing Center".
21/07/2021	SIB-DSB-CJ-OD-05651: Sudeban gives its opinion in response to the letter sent by the Bank on 06/11/2021, whereby the General Conditions for the Provision of the Point of Sale Service were included, in order to comply with Resolution No. 049.20, which contains the "Rules that Regulate the Point of Sale Service and the Contracting with Suppliers that carry out its Commercialization".
22/07/2021	SIB-II-GGIBPV-GIBPV5-05717: Sudeban requests a plan containing the corrective actions on the foreign currency loan portfolio, in order to comply with the applicable regulations.
23/07/2021	SIB-DSB-CJ-OD-05750: Sudeban addresses the notification sent by the Bank on 06/11/2021, whereby the model service agreement to be signed with Nativa Holding Medios de Pagos S.L. Unipersonal, as POS Provider, was included, pursuant to Resolution No. 049.20, which contains the "Rules that Regulate the POS Service and the Contracting with Providers that carry out its Commercialization".
26/07/2021	SIB-II-GGIBPV-GIBPV5-05844: Sudeban reports its considerations regarding the notifications S/N submitted by the Bank on March 23, March 6 and April 30, 2021, in response to the official letter SIB-II-GGIBPV-GIBPV5-01677, dated 03/17/2021.
29/07/2021	SIB-II-GGIBPV-GIBPV5-05962: Sudeban authorizes the Bank to record in the Statement of Profit and Loss the net credit balance of account 352.00 "Gain or Loss from Exchange Rate Fluctuations for holding Assets and Liabilities in Foreign Currency, amounting to VES 88.90 trillion maintained at the end of the six-month period ended on 06/30/2021.
30/07/2021	SIB-DSB-OPCLC-06080: SUDEBAN informs that based on the information provided by the Bank, the records kept of those employees who were subject to investigations for their alleged participation in irregular acts were updated during the first half of 2021.
04/08/2021	SIB-II-GGIR-GRT-06208: Sudeban authorizes to carry out the maneuver called " Comprehensive Simulation of Critical Services - August 2021".



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OTHERS	
RECEPTION DATE	OFFICIAL LETTERS
13/08/2021	SIB-II-GGIR-GSRB-06517: Sudeban gives its opinion regarding the notification sent by the Bank on 06/25/2021, on the observations of the Half-Yearly Assurance Reports of Resolutions No. 136.03 and No. 136.15 as of 12/31/2020.
13/08/2021	SIB-II-GGR-GA-06522: Sudeban authorizes the launching of the promotion called "Programa Ticket Premiado Comercio" of Banesco Banco Universal, C.A., which starts on 10/01/2021.
13/08/2021	SIB-II-GGIBPV-GIBPV5-06497: Sudeban requests an explanation of the variations experienced when comparing the balances of the Financial Statements for June 2021 with respect to December 2020.
17/08/2021	SIB-II-CCD-06560: Sudeban gives its opinion on the evaluation of the Financial Statements and Special Report at the end of the Second Half of 2020 related to the Productive Portfolios.
19/08/2021	SIB-II-GGR-GA-06743: Sudeban responds to the complementary information request sent by the Bank as required by official letter SIB-II-GGR-GA-05073, related to the launching of the promotion called "Pago Móvil Premiado" (Rewarded Mobile Payment).
24/08/2021	SIB-II-GGR-GNP-GA-06878: Sudeban gives its considerations in relation to the notification filed by the Bank on March 24 and 25 and April 6, 8, 13 and 15, 2021, whereby it requests authorization for the closing of the Business Centers, 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).
31/08/2021	SIB-DSB-CJ-OD-07141: Sudeban gives its opinion according to the notice sent by the Bank on 08/06/2021, in which the model contract that will regulate the relationship between Banesco Banco Universal, C.A. and the Point of Sale Providers was sent for its evaluation, in response to observations made by the Regulatory Entity in the official letter SIB-DSB-CJ-OD-05750, dated 07/22/2021.
02/09/2021	SIB-II-GGIR-GRT-07311: Sudeban authorizes to carry out the maneuver called "Migration of the Database Platform of the BanescOnline Service".
03/09/2021	SIB-DSB-CJ-OD-07322: Sudeban answers the Communication sent by the Bank on 08/05/2021, in which the model contract that will regulate the relations between the Bank and the affiliated Businesses or Persons was sent for its evaluation. This is in response to the observations made by the Agency in the official letter SIB-DSB-CJ-OD-05651, dated 07/20/2021.



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OTHERS	
RECEPTION DATE	OFFICIAL LETTERS
07/09/2021	SIB-II-GGIBPV-GIBPV5-07353: Sudeban requests the accounting vouchers (temporary and final) for the BCV payment, the daily financial cost applied to the reserve requirement deficit (COFIDE) and, additionally, the auxiliary one issued by the Bank's system with the detail of the monthly accounting movements.
07/09/2021	SIB-II-GGIBPV-GIBPV5-07350: Sudeban gives its opinion regarding the daily evaluation of the cash flow reports provided by the Bank.
07/09/2021	SIB-II-GGIBPV-GIBPV5-07402: Sudeban gives its opinion in response to the communication sent by the Bank on 07/27/2021 and 08/03/2021, in response to the SIB-II-GGIBPV-GIBPV5-05717, dated 07/22/2021, regarding the follow-up of the credits granted in foreign currency.
07/09/2021	SIB-II-GGIR-GRT-07405: Sudeban has authorized to carry out the maneuver called "Firmware Upgrade Network Cards and Services Pack Operating System AIX-IBM 7.1 POS Production".
09/09/2021	SIB-II-GGR-GA-07509: Sudeban gives its opinion in response to the notification sent by the Bank on 06/15/2021, whereby documentation related to the authorization request for the financial service called "Portal Multipagos Banesco" was sent.
14/09/2021	SIB-II-GGR-GA-07624: Sudeban requests the update of the information sent by the Bank to request authorization for the closing of branches and notification of the closing of the business centers and external ticket offices indicated in the Official Letter.
22/09/2021	SIB-II-GGR-GA-07860: Sudeban informs that, prior favorable authorization from OSFIN, according to official letter F-000046 dated 09/20/2021, authorizes the Bank to increase its capital stock in the amount of VES 450 Billion, today 4.5 million, through the issuance of 45,000,000,000 registered common shares of the same class with a par value of VES 10.00, today 0.0001 each, to be paid with cash.
22/09/2021	SIB-II-GGR-GA-07861: Sudeban informs that, prior favorable authorization from OSFIN, according to official letter F-000046 dated 09/20/2021, the Bank is authorized to increase its share capital in the amount of VES 50 billion, today VES 500,000), through the issuance of 5,000,000,000 new shares with a par value of VES 10.00, today 0.0001 each, to be paid with cash.
22/09/2021	SIB-II-GGR-GA-07862: Sudeban informs that, prior favorable approval from OSFIN, according to official letter F-000046 dated 09/20/2021, the Bank is granted authorization to reduce its share capital in the amount of VES 2.00, due to the redemption of 20,000 preferred shares; as well as to increase its share capital in the amount of VES 2.00, through the issuance of 20,000 new common bearer shares, with a par value of VES 0.0001 each, to be paid with a dividend in shares, charged to sub-heading 361.02 "Restricted Surplus", as of June 30, 2019.



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OTHERS	
RECEPTION DATE	OFFICIAL LETTERS
22/09/2021	SIB-II-GGR-GA-07863: Sudeban informs that prior favorable authorization from OSFIN, according to official letter F-000046 dated 09/20/2021, the Bank is authorized to increase its share capital by the amount of VES 330.5 million by issuing 3,305,000,000,000,000 new common shares, nominative, of the same class, with a par value of VES 0.0001 each. These will be paid through the contribution of cash by the shareholders who decide to exercise their preemptive right for new shares subscription.
05/11/2021	SIB-II-GGR-GA-09090: Sudeban expresses its opinion regarding the notifications filed with the Superintendency on February 25 and 26 and March 3, 2021, requesting the closing of the Macarao (0425), IPSFA, Maracaibo (0449) and San Félix Centro (0567) External Ticket Offices.
09/11/2021	SIB-II-GGR-GA-09139: Sudeban responded to the communication S/N dated 09/17/2021, whereby the Bank requested authorization to extend the term of the promotion called "Pago Móvil Premiado", which was authorized by Sudeban through official letter SIB-II-GGR-GA-050073 dated 07/02/2021.
10/11/2021	SIB-DSB-CJ-CNTF-09151: Sudeban gives its opinion in response to the Communication sent by the Bank on 09/13/2021, whereby the model contract that will regulate the relationship between the Bank and the Point of Sale (POS) providers was submitted for its evaluation.
25/11/2021	SIB-II-GGIBPV-GIBPV5-09545: Sudeban requests an explanation of the variations experienced when comparing the balances of the Financial Statements for September 2021 with respect to August 2021.
03/12/2021	SIB-II-GGIBPV-GIBPV5-09755: Sudeban gives its opinion in response to the request made by the Minister of the People's Power for Productive Agriculture and Lands of the Bolivarian Republic of Venezuela regarding the granting of authorizations in favor of CONGLOMERADO AGROSUR, S.A., for granting a credit in order to comply with "PLAN NORTE VERANO 2021 PURCHASE HARVEST".
09/12/2021	SIB-DSB-CJ-PA-09869: Sudeban dismissed the Appeal for Reconsideration filed by the Bank against the administrative act contained in official letter SIB-II-GGR-GA-06878, whereby said Agency did not authorize the closing of the Agencies 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).
16/12/2021	SIB-II-GGR-GA-10051: Sudeban requests the update of the information sent on December 5, 2017, November 1 and 8, 2019, December 12, 20, 23 and 27, 2019, January 3, 7, 9, 10, 16, 17, 21, 22, 23, 24, 27, 29 and 31, 2020, February 7, 10, 12, 14, 17, 19 and 28, 2020, March 2, 2020 and August 18, 2020, for the application for authorization to close the agencies and notification of the closure of the business centers and external ticket offices indicated on the official letter in question.



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RECEPTION DATE	OFFICIAL LETTERS
17/12/2021	SIB-II-GGIR-GRT-10084: Sudeban refers to notification S/N dated 10/21/2021, whereby the Bank responded to the agreements reached in compliance with the Meeting Minutes of 09/15/2021, in relation to compliance with the provisions of Articles 66 and 67 of the Regulations on Information Technology, Dematerialized Financial Services, Electronic, Virtual and Online Banking", dated 01/30/2021.
17/12/2021	SIB-II-CCSB-10093: Sudeban has no observations to make on the Management Report on the Protection of Financial Services Users, corresponding to the first half of 2021.
17/12/2021	SIB-II-GGIR-GSRB-10125: Sudeban gives its opinion after evaluating the content of the communication sent by the Bank on 03/09/2021, whereby responded to Official Letter SIB-II-GGIR-GSRB-06517, dated 08/13/2021, regarding the observations of the Half-Yearly Independent Auditors' Assurance Report on Compliance with Resolutions No. 136.03 and No. 136.15 of the Audited Financial Statements as of 12/31/2020, which includes the degree of compliance with the legal regulations in force related to risk matters.
23/12/2021	SIB-II-GGIBPV-GIBPV5-10240: Sudeban gives its opinion in relation to the remission of the Internal Audit Report No. BBESPO3521PC-I001, dated 10/06/2021, containing the follow-up of the corrective actions plan on the foreign currency loan portfolio granted by this Bank.
23/12/2021	SIB-II-GGR-GA-10288: Sudeban gives its opinion regarding the request for authorization made by the Bank for the closing of the Parque Caracas, La Candelaria Agencies (0224).
28/12/2021	SIB-DSB-OPCLC-10357: Sudeban informs that this Institution was selected to participate in the IV CFA-TF Mutual Evaluation Round to be held from January 17 to 28, 2022, at the conference room "Ernesto Che Guevara" of the Foreign Trade Bank (BANCOEX).
30/12/2021	SIB-II-GGIR-GRT-10439: Sudeban authorizes to execute the maneuver called "Maintenance Window in the Mobile Payment Service (P2P), Banesco Móvil and BanescOnline for the closing of the year 2021".
30/12/2021	SIB-II-GGIR-GRT-10440: Sudeban authorizes to carry out the maneuvers called "Monthly Restart Plan for the application of ATM Production in the period January 2022 - December 2022" and "Maintenance Plan for the Application of Fix (Program Temporary Fix PTF's) during the January 2022 - December 2022" term.



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OTHERS	
RECEPTION DATE	CIRCULARS
09/07/2021	SIB-DSB-OPCLC-FT-FPADM-05149: Sudeban informs the persons authorized to give training courses to regulated entities on PCLC/FT matters.
14/07/2021	SIB-DSB-CJ-OD-05294: Sudeban ratifies the provisions of paragraphs 2, 3 and 4 of Circular SIB-II-GGR-GNP-03578 of 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 08/21/2018.
26/07/2021	SIB-DSB-CJ-OD-05820: Sudeban gives its opinion on financial intermediation in foreign currency.
26/07/2021	SIB-II-GGR-GNP-GIDE-05821: Sudeban requests the submission of form PSE-SIB-139 "Detail of the Position in Domestic and Foreign Currency of Savings Banks, Savings Funds and Similar Savings Associations".
27/07/2021	SIB-II-GGR-GNP-05850: To report the deferral of the presentation of supplementary information corresponding to the closing of the first half of 2021, related to the consolidated and/or combined financial statements, which are prepared in accordance with Generally Accepted Accounting Principles, as well as the individual audited half-yearly financial statements adjusted for inflation.
03/08/2021	SIB-II-GGIR-GRT-05957: SUDEBAN requires information inherent to the fulfillment of the instructions that must be complied regularly, in accordance with the "Information Technology Regulations for dematerialized financial services, electronic, virtual and online banking for entities subject to the control, regulation and supervision of the Superintendency of Banks and other financial institutions".
12/08/2021	SIB-DSB-CJ-OD-06435: Sudeban issues guidelines regarding the new expression of the monetary system unit.
12/08/2021	SIB-II-GGR-GNP-06419: Sudeban requests information on the planned actions to comply with the provisions of Decree No. 4,553 of 08/06/2021, whereby the new monetary reconversion is decreed.
17/08/2021	SIB-II-CJ-OD-06602: Sudeban informs of the content contained in the official communication from the Superintendency of Savings Banks No. SCA-DL-21-DS/0139, dated 07/30/2021, whereby it establishes the registration with such body as a sine qua non requirement for the use of any financial instrument used by the Savings Banks, Savings Funds and Similar Savings Associations in the Banking System.



NOTICES BY THE SUDEBAN

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

OTHERS	
RECEPTION DATE	CIRCULARS
19/08/2021	SIB-II-GGR-GNP-GIDE-06762: SUDEBAN requests the remission of information on collections from the public and trusts received.
30/08/2021	SIB-II-GGR-GNP-006806: SUDEBAN informs the aspects to be considered in the accounting records related to the process associated with the new monetary reconversion, as established in Decree No. 4,553 of 08/06/2021.
31/08/2021	SIB-II-GGR-GNP-07206: Sudeban has instructed the Bank to make the pertinent adjustments for the daily adjustment of the maximum amounts in the authorizers of the payment channels (POS, Biometrics, C2P, P2P and P2C) as of 10/01/2021, according to its internal policies.
02/09/2021	SIB-II-GGIR-GNP-GIDE-07170: Sudeban informs the criteria and deadlines for the remission of information through the SIF, due to the execution of the New Monetary Reconversion Process.
03/09/2021	SIB-II-GGR-GNP-07310: Sudeban informs the payment of the contribution fee to be made by the banking institutions of the private sector subject to the supervision and control of this agency for the remaining period of the second half of 2021.
03/09/2021	SIB-DSB-CJ-PA-07326: Sudeban informs the content of the official letter SNAT-INTI-GR-DCB-DCR-2-001215-2021-E0002107, dated 08/23/2021, from the SENIAT Collection Management Office, which contains the steps to follow for the Great Financial Transfer Tax (IGTF) Transmission and Payment, due to the new monetary reconversion.
07/09/2021	SIB-DSB-CJ-OD-07372: Sudeban decides to establish guidelines to be applied upon the entry into force of the new monetary expression.
10/09/2021	SIB-DSB-CJ-OD-07527: Sudeban is issuing a reminder of the obligation contained in the "Banking Security Regulations" regarding the transfer of funds in cash or negotiable securities".
14/09/2021	SIB-II-GGR-GNP-07514: Sudeban resolved to grant a temporary regulatory exception regarding the presentation of Form "A" Publication Balance Sheet, established in Chapter V "Financial Statements" of the Accounting Manual for Banking Institutions applicable as from the Financial Statements of October 2021 and until the closing of June 2022.
14/09/2021	SIB-II-GGR-GNP-GIDE-07625: Sudeban informs the update of Forms and Instructions, criteria and deadlines for their submission due to the entry into force of the new monetary reconversion.



NOTICES BY THE SUDEBAN

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

OTHERS	
RECEPTION DATE	CIRCULARS
16/09/2021	SIB-II-GGR-GNP-07421: Sudeban informs the modification of Resolution No. 524.10 of 10/19/2010 and instructs Banks to dispense daily through ATMs in interbank transactions up to a limit of VES 20.00, for which users will have a maximum of 4 transactions to withdraw such amount.
21/09/2021	SIB-II-GGIR-GSRB-GGR-GNP-07798: Sudeban informs that it decided to extend the deferral of compliance with the provisions of articles 24 to 31 of Resolution No. 136.15 dated November 11, 2015, containing the "Rules regarding the adequate comprehensive liquidity risk management of banks".
01/10/2021	SIB-DSB-CJ-OD-08137: Sudeban instructs banks to provide regular service to the public on Saturday 02/10/2021 and only during the strict quarantine week from Monday, October 4 through Friday, October 08, 2021.
13/10/2021	SIB-DSB-CJ-OD-08270: Sudeban announces the calendar of national holiday for 2022.
14/10/2021	SIB-II-GGR-GNP-08197: Sudeban informs the modification of the accounting manual for banking institutions.
19/10/2021	SIB-DSB-CJ-OD-08697: Sudeban informs that it has agreed to annul administrative act SIB-DSB-CJ-OD-02203 dated 06/04/2021, which suspends the registration of Carroferla Media Group, C.A. as supplier of points of sale No. 0001.
17/11/2021	SIB-DSB-CJ-OD-09359: Sudeban is committed to recalling the obligation to maintain security standards and procedures to prevent the commission of robberies, thefts, frauds and related crimes, as well as to facilitate the investigation of these punishable acts and the identification of accomplices, concealers or exploiters.
19/11/2021	SIB-DSB-CJ-CNTF-09429: Sudeban informs that by means of circular SIB-DSB-CJ-CNTF-09120, dated 11/08/2021, the registration granted to Tel-Proc Consultores, C.A. to operate as a supplier of points of sales No. 0047, was revoked as of 11/08/2021.
23/11/2021	UNIF-DDG-DSU-04188: UNIF requests banking institutions to provide information on clients categorized as NGOs, Foundations, Civil Associations and other NPOs, in accordance with the guidelines established in the third version of the instructions (November 2021), which is attached to this notification.
25/11/2021	UNIF-DDG-DSU-03078: UNIF issues guidelines for regulated entities that develop and/or use FINTECH, in order to strengthen the mechanisms for monitoring, detection, analysis and referral to the UNIF of SARs suspected of being related to LC/FT/FPADM, due to the use of these technological advances.



NOTICES BY THE SUDEBAN

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

OTHERS	
RECEPTION DATE	CIRCULARS
26/11/2021	SIB-DSB-CJ-CNTF-09535: Sudeban informs that by means of circular SIB-DSB-CJ-CNTF-09534, dated 11/24/2021, the registration granted to Sociedad Mercantil Ultimate Cable, S.A. to operate as a supplier of points of sales No. 0047, was revoked as of 11/08/2021.
01/12/2021	SIB-DSB-CJ-OD-09714: Sudeban informs that the SENIAT Collection Management, by means of official letter SNAT-INTI-GR-DCB-2-001123/2021/E-0002092 dated 08/20/2021, requested to certify the accounts associated with UBII PAGOS C.A., used as concentrator accounts whose purpose is to receive the funds derived from the means of payment, to be credited to the particular account of each affiliate.
08/12/2021	SIB-DSB-CJ-OD-09839: Sudeban reiterates that all institutions of the Banking Sector require prior authorization from this Agency in order to effectively close their agencies or branches; it also informs of the additional requirements that must be submitted for such purpose.
15/12/2021	SIB-DSB-CJ-CNTF-09892: Sudeban revoked, as of 11/17/2021, the registration granted to Servipos Latinoamericana, S.A. to operate as Point of Sale Provider No. 0004.
21/12/2021	SIB-II-GGIR-GSRB-GGR-GNP-10148: Sudeban informs that it decided to extend the deferral of compliance with the provisions of articles 24 to 31 of Resolution No. 136.15 dated November 11, 2015, containing the "Rules regarding the adequate comprehensive liquidity risk management of banks".



RELEVANT'S INFORMATION TO STAKEHOLDERS





SUMMON

BANESCO BANCO UNIVERSAL, C.A.

ORDINARY CALL

By order of the Board of Directors and in accordance with the provisions of articles 10, 12 and 27 number 2 of the Bylaws, the shareholders of Banesco Banco Universal, CA, are summoned to meet in the Ordinary Shareholders' Meeting on March 28, 2022 at 8:00 am, in the Fernando Crespo Suárez Auditorium located on the 3rd floor of the Ciudad Banesco building, on the main avenue of Bello Monte, between Lincoln street and Sorbona street in the city of Caracas, with the purpose to address the following points:

FIRST: Consider and resolve, with a view to the Report of the Board of Directors and the Commissioners, the approval of the Financial Statements audited by the External Auditors of the Bank, corresponding to the six-month period ended December 31, 2021.

SECOND: Consider and decide on the destination that should be given to the profits obtained as of December 31, 2021.

THIRD: Consider and decide on the advisability of increasing the share capital of the Bank through the decree, distribution and payment of dividends in shares.

FOURTH: According to what was decided in the previous point, modify article 5 of the Articles of Association, relating to the share capital.

JUAN CARLOS ESCOTET RODRIGUEZ | CHAIRMAN OF THE BOARD OF DIRECTORS

NOTE: The information to refers to this call, you will find available in the unit of Shareholders of the Bank, located on the PP Floor, quadrant "B" of the "Ciudad Banesco" building.

Caracas, February 25, 2022

RIF: J07013380-5

EXTRAORDINARY CALL

By order of the Board of Directors and in accordance with the provisions of articles 11, 12 and 27 number 2 of the Bylaws, the shareholders of Banesco Banco Universal, C.A. to meet in the Extraordinary Shareholders' Meeting on March 28, 2022 at 8:30 a.m., in the Fernando Crespo Suárez Auditorium located on the 3rd floor of the Ciudad Banesco building, on the main avenue of Bello Monte, between Lincoln and Sorbonne street in the city of Caracas, in order to deal with the following:

FIRST: Appoint the Chief Commissioner and his alternate, setting his remuneration.

SECOND: Designate the Customer and Bank User Ombudsman and his Substitute.

THIRD: Appoint the Board of Directors of the Bank.

JUAN CARLOS ESCOTET RODRIGUEZ | PRESIDENTE

NOTE: The information to refers to this call, you will find available in the unit of Shareholders of the Bank, located on the PP Floor, quadrant "B" of the "Ciudad Banesco" building.

Caracas, February 25, 2022

RIF: J07013380-5



CORPORATE GOVERNANCE REPORT

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 their remuneration; (iv) Discuss, approve or modify the Financial Statements submitted to it, in view of the Commissioner's Report; v) To issue and amend the Company's Bylaws; vi) To decide on the early dissolution, extension, merger with another company, sale of corporate assets, change of corporate purpose, increase, reduction or reinstatement of capital stock and amendment of the Bylaws in the aforementioned matters; vii) To decide on the declaration of dividends and the form of payment thereof, in the amount, with the frequency and at the time it deems convenient, in accordance with the Law and the Bank's Bylaws; viii) To decide on the creation of reserves or special sections submitted for its consideration by the Board of Directors; ix) As well as, to know and decide on any other matter within its competence, in accordance with the Law and the Company's Bylaws.

BOARD OF DIRECTORS

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

This governing body is responsible for the general management of the business and operations, including its Corporate Social Responsibility policy. The Board of Directors is made up of qualified individuals, with broad experience in different areas of the banking business, with recognized solvency and honesty. The Board of Directors is made up of more than 1/3 Inde-



CORPORATE GOVERNANCE REPORT

BANESCO BANCO UNIVERSAL, C.A.

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

- This governance body is also
- responsible for identifying the various
- risks to which the Organization is
- exposed, including economic,
- 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.

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 Proliferation of Weapons of Mass Destruction (ML/FT/FPADM). Said person reports directly to the Board of Directors and is responsible for the supervision and control of the Bank's ML/FT/FPADM Prevention and Control Unit. The functions concerning this position are as follows: (a) Promote and supervise compliance with policies, procedures, provisions and controls related to the Prevention and Control of Money Laundering and Financing of Terrorism and Proliferation of Weapons of Mass Destruction, approved by the Board of Directors of the Regulated Entity; b) Design together with the ML/FT/FPADM Prevention and Control Unit the Annual Operating Plan; c) Submit annual



CORPORATE GOVERNANCE REPORT

BANESCO BANCO UNIVERSAL, C.A.

and quarterly reports to the President and the Board of Directors of the Bank, which among other aspects contain the progress of the Annual Operating Plan, the Annual Training Program on ML/FT/FPADM Prevention and Control, as well as recommendations for the improvement of the procedures adopted; d) Send to the National Financial Intelligence Unit (UNIF) the Suspicious Activity Reports deemed necessary; as well as the answers to the requests for information related to the matter that this and other competent authorities require, within the terms established by the laws and communications requesting information; e) Maintain institutional relations with this Superintendency/UNIF, as well as with other competent authorities, non-governmental organizations and institutions dedicated to the prevention, repression and control of ML/FT/FPADM; f) Represent the Bank in conventions, events, forums, committees and official national and international acts related with the subject matter, when appointed by the Board of Directors of the regulated entity; g) Develop jointly with the communications teams, strategies aimed at informing and raising awareness among customers and employees on issues related to the matter; h) Be part of the Comprehensive Risk Management Committee of the Banking Institution, exercising the functions assigned to it in the prudential regulations in force governing the matter, among others.

INTERNAL AUDITOR

Pursuant to the Decree with Rank, Value and Force of Law of Institutions of the Banking Sector, said person is responsible for ensuring that the Bank's operations and procedures comply with the Law, prudential regulations, the Institution's internal process manuals and the

accounting principles approved by the Superintendency of Banking Sector Institutions. Additionally, this official is in charge of overseeing the proper functioning of the internal control systems; ensuring compliance with the resolutions of the Annual General Meeting of Shareholders, the Board of Directors and the Superintendency of Banking Sector Institutions; signing the financial statements, jointly with the legal representative and the general accountant; internally coordinating the analysis of the Institution's different operations and, acting jointly with the Audit Committee, reporting to the Board of Directors on the results of the different audits performed in order to improve the processes and be able to correct any breach that may arise.

THEMATIC DIRECTIVE COMMITTEES

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

LIABILITIES AND ASSETS COMMITTEE

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



CORPORATE GOVERNANCE REPORT

BANESCO BANCO UNIVERSAL, C.A.

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 Sector Institutions (Sudeban).

Its structure complies with current regulations and international best practices, allowing for transparent management based on the highest professional and ethical principles that frame the relationship with shareholders, clients, employees and other stakeholders of the Institution.

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.

HUMAN CAPITAL COMMITTEE

It is the body in charge of contributing to the monitoring of compliance with the rules on values and principles established in the Code of Ethics and Conduct of the Banesco Citizen and the facts that affect the integrity and image of the Organization. It assesses the demands and requirements associated with talent management and organizational changes, ensuring proper alignment between the best people management practices and the needs of the business, and contributes to the monitoring of compliance with the rules on values and principles and the facts that affect the integrity and image of the Organization.

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.



CORPORATE GOVERNANCE REPORT

BANESCO BANCO UNIVERSAL, C.A.

RISK COMMITTEE

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

TECHNOLOGY COMMITTEE

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

EXECUTIVE COMMITTEE

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

EXECUTIVE THEMATIC COMMITTEES

COMMUNICATIONS, RESPONSIBILITIES AND CORPORATE SUSTAINABILITY COMMITTEE

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

CORPORATE DEVELOPMENT COMMITTEE

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



CORPORATE GOVERNANCE REPORT

BANESCO BANCO UNIVERSAL, C.A.

STRATEGIC QUALITY SERVICE COMMITTEE

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

BUDGETARY AND PROCUREMENT MANAGEMENT COMMITTEE

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

GOODS AND INFRASTRUCTURE COMMITTEE

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

PROJECTS AND INVESTMENT COMMITTEE

Its main goal is to ensure that the annual or emerging Project and Investment Portfolio, whether annually or emerging, which will be recommended to the Executi-



ve Committee for approval, complies with factors that justify the allocation of resources in terms of: impact on the achievement of strategy; value generated for the Institution; business continuity; regulatory compliance; feasibility of the amount to be invested and the required execution capacity; to ensure the reasonableness and viability of the business cases for each of the approved investments; and finally, to assure the control and follow-up of the portfolio of approved projects and investments, focusing on the return on investment as a promise of value.

COMPREHENSIVE SECURITY AND BUSINESS CONTINUITY COMMITTEE

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



COMMISSIONER'S REPORT

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

HALF FINISHED AT DECEMBER 31, 2021
CARACAS, FEBRUARY 26, 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 26, 2019, in accordance with provisions of the Bylaws of the Institution, the Interprofessional Rules for the exercise of the Commissioner's function and pursuant to the 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 December 31, 2021, 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 February 24, 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 responsible for the preparation and fair presentation of these financial statements in accordance with accounting standards and instructions issued by the Superintendency of Banking Institutions (SUDEBAN). It is also responsible for such internal control as the management determines necessary to enable the preparation of these financial statements which 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 liable 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 express an opinion on these financial statements based on their audits. Audits were conducted in accordance with International Standards on Auditing. These norms require that they fulfill ethical requirements, that they plan and execute their evaluations in order to obtain a reasonable basis to consider that these financial statements are free of significant mistakes. In addition,



COMMISSIONER'S REPORT

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

procedures to obtain evidence related to the amounts and disclosures in the financial statements were included in this audit.

These selected procedures depend on the auditor's judgment, which took into account the assessment of the risks of material misstatement in the financial statements due to fraud or error. When assessing risks, the auditor considers the appropriateness of internal controls used by Banesco Banco Universal, C.A., for the preparation and presentation of reliable financial statements. This is applied to design audit procedures pertinent to the circumstances, but not for 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, our responsibility is to provide a recommendation regarding the approval of these financial statements. 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 December

31, 2021, 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 judgments 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 February 24, 2022, and must be considered an integral part of this report, namely:

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



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pliance with Resolution No. 136.03, issued by the Superintendency of Banking Institutions as of December 31, 2021.

- VI) Half-Yearly Independent Auditors' Assurance Report with Resolution No. 136.03, issued by the Superintendency of Banking Institutions as of December 31, 2021.
- VII) Report on Convened Procedures concerning Non-Financial Information as of December 31, 2021.
- VIII) Report on Convened Procedures concerning Non-Financial Information as of December 31, 2020.
- IX) Memorandum on Remarks and Recommendations for the half-year ended on December 31, 2021.

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

- I) 2021 Third Quarter Compliance Officer's Management Report.
- II) 2021 Fourth Quarter Compliance Officer's Management Report.
- III) 2021 Annual Compliance Officer's Management Report
- IV) Half-yearly Report of the Client and Bank User's Defender of Banesco Banco Universal, C.A. as of December 31, 2021.

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 Decem-

ber 31, 2021. 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. This 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.



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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 received no complaints from any shareholder during the period under review, nor have we been informed by any of them about the existence of circumstances, which we believe weaken or have the potential to undermine the financial condition of the Bank.

As part of our evaluation, we reviewed the communications received and sent by SUDEBAN during the half-year ended December 31, 2020. In this regard, we highlight the following:

1. Communication sent to Sudeban, in response to official letter No. SIB-DSB-CJ-PA-04248, dated July 1, 2021, regarding the creation of the 15% provision on the amount payable on the claim filed by the company Inversiones Bchara.
2. Circular No. SIB-DSB-OPCLC-FT-FPADM-05149, received from Sudeban, dated July 09, 2021, informing the authorized persons to provide training courses to regulated entities on Prevention and Control of Money Laundering and Financing of Terrorism.
3. Notification sent to Sudeban, in response to official letter SIB-II-GGIBPV-GIBPV5-04151, dated August 02, 2021, in which the supervising entity was informed that no credits destined to the agri-food sector were liquidated as of July 2021.
4. Notification sent to Sudeban, in response to official letter SIB-II-GGIBPV-GIBPV5-02735, dated September 09, 2021, in which the entity was informed about the recording of the accruals made in sub-account 819.99 "other recording accounts", as from the coupon that matures on April 12, 2020, corresponding to the closing of August 2021.
5. Official letter No. 0509 sent by FOGADE, dated September 10, 2021, which informs Banesco about the decision issued by the Ninth Court of First Instance in Civil, Commercial, Transit and Banking Matters of the Judicial District of the Metropolitan Area of Caracas, by virtue of file No. AH19-S-1998-000001/1998-036, pursuant to a sentence dated September 9, 2021, whereby the Court declared the non-existence of a surplus amount in favor of Corporación Colombiana de Ahorro y Vivienda DAVIVIENDA and ordered Banesco, in its capacity as Trustee, to refrain from making any payment to DAVIVIENDA.
6. Official letter No. SIB-II-GGR-GA-07853 sent by Sudeban No. SIB-II-GGR-GA-07853, dated September 22, 2021, which authorizes the increase in the capital stock of this Financial Institution and the consequent amendment of Article 5 of its Bylaws, as agreed at the Special Shareholders' Meeting held on January 17, 2018.
7. Circular No. SIB-DSB-CJ-OD-08697 sent by Sudeban, dated October 19, 2021, whereby informs that it was agreed to annul the administrative act SIB-DSB-CJ-OD-02203, dated April 06, 2021, which suspends the registration of Carroferla Media Group, C.A. as supplier of points of sale No. 0001.



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8. Official letter No. SIB-II-GGR-GA-09139 received from Sudeban, dated November 9, 2021, in which the Entity answers to notification S/N dated September 17, 2021, whereby the Bank requested authorization to extend the term of the promotion called "Pago Móvil Premiado". This was approved by Sudeban through official letter recorded under nomenclature SIB-II-GGR-GA-050073, dated July 2, 2021.
9. Letter No. SIB-DSB-OPCLC-09324 received from Sudeban, dated November 15, 2021, in which Sudeban sends the report containing the results obtained in the General Inspection visit made to the Bank. The aim is to evaluate the effectiveness of the Policies, Standards and Procedures established to ensure compliance with Resolution No. 083.18, dated November 01, 2018, as well as other circulars related to PCLC/FT/FPADM issued by that Agency.
10. Circular No. UNIF-DDG-DSU-04188 received from Sudeban, dated November 23, 2021, in which the National Financial Intelligence Unit (UNIF) issued a circular, requesting this financial institution to provide information on its clients categorized as Non-Governmental Organizations (NGOs), Foundations, Civil Associations and other Non-Profit Organizations (NPOs), in accordance with the guidelines established in the third version of the instructions (November 2021), which is attached to the aforementioned communication.
11. Official letter No. SIB-II-CCSB-10152 received from Sudeban, dated December 20, 2021, forwarding the report containing the results obtained in

the Special Inspection carried out to Banesco Banco Universal, C.A., during October and November 2021, as well as the management of the Client and Bank User Attention Unit and the Client and Bank User's Defender.

12. Official letter No. SIB-II-GGIBPV-GIBPV5-10240 sent by Sudeban, dated December 23, 2021, whereby the Superintendency expresses its opinion regarding the remission of Internal Audit Report No. BBESPO3521PC-I001, dated October 6, 2021, containing the follow-up of the Corrective Actions Plan on the Foreign Currency Loan Portfolio granted by this Bank.

During the half year ended December 31, 2021, the following general shareholders' meetings were held:

GENERAL MEETING OF SHAREHOLDERS	NOTES	DATE
Ordinary	1	September 22, 2021
Extraordinary	2	September 22, 2021
Extraordinary	3	September 22, 2021

- 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:** Consider and resolve on the remuneration applicable for 2021 of the Main Commissioner and his Alternate as designated at the Annual General Shareholders' Meeting held on March 26, 2019.



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2. Discussed items: Single item: Amendment of Articles 17, 20, 21, 23, 23, 25, 27, 29 and 31 of the Bylaws.

3. Discussed items: Single item: Appointment of the Bank's Board of Directors.

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

During the half-year ended December 31, 2021, the following Board of Directors' Meetings were held:

BOARD OF DIRECTORS MEETING MINUTES	NOTES	DATE
1,498	1	July 08, 2021
1,499	2	July 28, 2021
1,500	3	August 26, 2021
1,501	4	September 29, 2021
1,502	5	October 28, 2021
1,503	6	November 25, 2021
1,504	7	December 20, 2021

1. Discussed items: 1. Quorum verification; 2. Reading and approval of the Minutes No. 1497, dated June 30, 2021; 3. Financial Management Report.

2. Discussed items: 1. Quorum verification; 2. Reading and approval of the Minutes No. 1498, dated July 08; 2021; 3. Commitments monitoring; 4. Economic and financial environment; 5. Corporate Balanced Scorecard Follow-Up (BSC). 6. Main Business Strategies Guidelines Follow-up; 7. Financial Management Report; 8. 2021 Second Half Year Tax Autonomies Proposal; 9. Operations exceeding 5% of equity; 10. 2021 Second Quarter Compliance Officer Management Report; 11. Semi-annual In-

ternal Audit Reports on Internal Control and LC/FT/FPADM Prevention and Control corresponding to the Second Half of 2021; 12. Rules governing Financial Technology Services (FINTECH); 13. Organizational structure of Banesco Banco Universal 2021; 14. Authorized Signatures for the Financial Comprehensive Information System (SIF) Report Affidavit; 15. Proposal to Update the Creation of the Thematic Steering and Executive Committees; 16. Proposal to Update the Creation of the PCLC/FT/FPADM Alignment Table, 17. Report of the Thematic Committees; 18. Official Letters Report; 19. Granting of Power of Attorney; 20. Appointment of Duties and Functions regarding the Compliance Officer; 21. Appointment of the Secretary of the Board of Directors; 22. Designation of the Legal Representative.

3. Discussed items: 1. Quorum verification; 2. Reading and approval of the minutes No. 1499, dated July 28; 2021; 3. Commitments monitoring; 4. Economic and financial environment; 5. Corporate Balanced Scorecard Follow-Up (BSC). 6. Business Strategies Guidelines Follow-up; 7. New Monetary Reconversion; 8. Audited Financial Statements; 9. Financial Management Report; 10. Operations exceeding 5% of equity; 11. Report of the Client and Bank User Defender in the First Half of 2021; 12. Shareholder's Meeting held in September 2021; 13. Report of the Thematic Committees; 14. Official Letters Report; 15. Granting of Power of Attorney; 16. Client and Bank User Defender; 17. Payment of Stock Dividends.

4. Discussed items: 1. Quorum verification; 2. Reading and approval of the minutes No. 1500, August 26, 2021; 3. Economic and financial environment; 4. Commitments monitoring; 5. Corporate Balanced Scorecard Follow-Up (BSC). 6. Main Business Stra-



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tegies Guidelines Follow-up; 7. Behavior of Electronic Channels focusing on Mobile Payment (P2P), 8. Advances of the New Monetary Reconversion; 9. Proposed Adjustment of the Annual Internal Audit Operating Plan; 10. Financial Management Report; 11. Operations exceeding 5% of equity; 12. Update of the Banesco Citizen's Ethics and Behavioral Code; 13. General Conditions of the Banesco Multipayments Portal Service; 14. General Conditions of the Point of Sale Service; 15. Updating of the Operating Regulations of the Steering and Executive Committees and other BBU deliberative bodies; 16. Modification of the Creation of the Central Credit Committee; 17. Proposal for the Integration of the Human Capital Executive Committee and the Ethics Steering Committee; 18. Report of the Thematic Committees; 19. Official Letters Report; 20. Cash Dividend Payment.

5. Discussed items: 1. Quorum verification; 2. Reading and approval of the minutes No. 1501 dated September 29, 2021; 3. Economic and financial environment; 4. Commitments monitoring; 5. Corporate Balanced Scorecard Follow-Up (BSC). 6. Main Business Strategies Guidelines Follow-up; 7. Garage Estatus 3.0; 8. Brand Image; 9. Financial Management Report; 10. Updating of Manuals of the Vice-Presidency of Comprehensive Risk Management; 11. Operations exceeding 5% of equity; 12. 2021 Third Quarter Compliance Officer's Management Report; 13 Adjustment to the Annual Operational Plan for the Prevention and Control of LC/FT/FPADM; 14. Official Letters Report; 15. Update on the Creation of BBU's Thematic Steering and Executive Committees; 16. Report of the Thematic Committees; 17. Granting of Powers of Attorney.

6. Discussed items: 1. Quorum verification; 2. Reading and approval of the minutes No. 1502, dated October 28, 2021; 3. Economic and financial environment; 4. Commitments monitoring; 5. Corporate Balanced Scorecard Follow-Up (BSC). 6. Main Business Strategies Guidelines Follow-up; 7. Monitoring of the Main Products Capturing Liabilities; 8. Financial Management Report; 9. Proposal of Penalties in Other Assets Accounts; 10. Update of the Information Security Policy Manual; 11. Operations exceeding 5% of equity; 12. Proposal of Extracredits and Credit Cards Penalties for November; 13. Update of the Trust Committee Formation; 14. Annual Operating Plan, Annual Training Program and 2022 Budgetary Item of the Unit for the Prevention and Control of Money Laundering Financing of Terrorism and Proliferation of Weapons of Mass Destruction; 15. Employee Due Diligence Process through the ACRM Monitor Plus tool; 16. Results of the General Inspection Visit for compliance with Resolution 083.18; 17. Official Letters Report; 18. Update on the Creation of BBU's Thematic Steering and Executive Committees; 19. Proposal of Organizational Structure and Appointment of Executives; 20. Report of the Thematic Committees; 21. Granting of Powers of Attorney.

7. Discussed items: 1. Quorum verification; 2. Reading and approval of the minutes No. 1503, November 25, 2021; 3. Corporate Balanced Scorecard Follow-Up (BSC). 4. Main Business Strategies Guidelines Follow-up; 5. Financial Management Report; 6. Risk Training to the members of the Board of Directors; 7. Operations exceeding 5% of equity; 8. Proposal of Extracredits and Credit Cards written off for December; 13. Annual Risk Assessment



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on Money Laundering, Financing of Terrorism and Proliferation of Weapons of Mass Destruction Risk Assessment for 2021-2022; 10. Proposal to Update the Creation of the Alignment Table; 11. Appointment of Employees Responsible for Compliance of Centralized Areas; 12. Appointment of Duties and Functions of the Compliance Officer; 13. Updating of the Manuals of Policies, Standards and Procedures, 14. Official Letters Report; 15. Update on the Creation of BBU Thematic Steering and Executive Committees; 16. Report of the Thematic Committees; 17. Granting of Powers of Attorney.

REVIEW ON FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021.

NEW MONETARY RECONVERSION DECREE

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

Subsequently, on August 16, 2021, Resolution No. 21-08-01 was published, whereby the Central Bank of Venezuela (BCV) decreed the "Rules governing the new monetary reconversion" and established that the financial statements corresponding to accounting periods ending on or after October 1, 2021 must be prepared and presented in bolivars according to the new monetary scale, as well as any comparative information. In this regard, in compliance with this regulation,

the financial statements as of December 31 and June 30, 2021, are presented in the legal currency as of the closing date. In other words, this considers the effects of the new reconversion, which came into force on October 1, 2021.

Based on the evaluation conducted by the Independent Auditors, to the Bank's Financial Statements as of December 31 and June 30, we consider mentioning the following aspects:

AVAILABLE FUNDS

LEGAL RESERVE

The Central Bank of Venezuela 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. As from the entry into force of the resolution, banking institutions with a reserve requirement deficit must pay to the BCV a financial cost calculated daily by the entity, which will not be less than 138% annually.

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. Furthermore, this instrument establishes that banking institutions having a reserve requirement deficit must pay to the BCV a financial cost calculated on a daily basis by said entity. This includes an annual



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interest rate of nine (9) percentage points in addition to the rate set by the regulating agency for its ordinary discount, rediscount and advance operations.

In this regard, as of December 31, 2021, the balance of the "Banco Central de Venezuela" heading includes VES 178.25 million corresponding to the balance of the legal reserve in local currency.

FOREIGN EXCHANGE OPERATIONS

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

According to the Independent Auditors' Report as of December 31, 2021, the Bank maintains VES 8 million (US\$ 1.74 million) in the "Foreign banks and correspondents" heading, which is related to customers' foreign currency deposits.

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, which are directly addressed to their private sector clients, except

for those that belong to the banking sectors and the stock market. This will be at the exchange rate applied by the Venezuelan Central Bank for the exchange intervention. Said rate may be equal to or lower than the exchange rate set forth in Section 9 of the Exchange Agreement No. 1.

According to the Independent Auditors' Report, as of December 31, 2021, the methodology to be followed in the event that the banking institutions do not manage to apply all the foreign currency sold that was liquidated by the Central Bank of Venezuela, as a result of the foreign exchange intervention, as established in article 2 of the aforementioned Resolution, was established. During the second quarter of 2021, the Bank recorded VES 440,793 in the "Miscellaneous operating expenses" heading for this concept.

- As of December 31, 2021, the Bank
- maintains a balance of VES 22.49
- million (US\$ 4.90 million) for foreign
- exchange intervention. It also maintains
- VES 996,303 in the "Cash" account
- 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 the caption "Adjustments to shareholders' equity". In this regard, as of December 31, 2021, the Bank has recorded VES 29.16 million, as



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a result of net losses arising from the fluctuation of the official exchange rate.

IMMEDIATE CLEARING OPERATION EFFECTS

At the end of the second half of 2020, the Bank recorded Bs. 68.30 billion in the Immediate clearing operation" heading, corresponding to clearing house operations under the responsibility of the BCV. These operations were regularized within the first days of January 2022.

PROVISIONS FOR AVAILABLE FUNDS

According to the Independent Auditors' Report as of December 31, 2021, the Bank maintains a provision for cash and cash equivalents of VES 26,483, corresponding to some impaired cash in foreign currency. It also maintains VES 266 for the second half of the year, corresponding to items under reconciliation with cash custodians.

BONDS INVESTMENT

INVESTMENT IN BONDS AVAILABLE FOR SALE

According to the Independent Auditors' Report, as of December 31, 2021, the Bank did not reclassify available-for-sale investments to trading investments or held-to-maturity investments.

During this period, sales of available-for-sale securities generated gains of VES 1,975, recorded in the "Gain on sale of available-for-sale investments" heading. Also, during the second half of 2021, the Bank recognized VES 1,974 in the "Loss on sale of available-for-sale investments" heading for the sale of securities.

INVESTMENT IN BONDS KEPT UNTIL MATURITY

According to the Independent Auditors' Report, the Bank recorded VES 660,871 in the "Other operating income" heading in respect of the amortization of discounts on investments in securities held to maturity.

INVESTMENT IN RESTRICTED AVAILABLE FUNDS

The 2021 report suggests that the Bank maintains license agreements for the use of the Visa International Service Association and Mastercard International Incorporated trademarks for the non-exclusive and non-transferable use of Visa and Mastercard credit cards. These contracts establish the obligation to maintain demand or time deposits in foreign financial institutions as a guarantee for these collateral transactions. By December 31, 2021, the Bank holds in JP Morgan Chase Bank and PNC Financial Services Group, Inc a sum of 52.35 million (US\$ 11.41 million) for this concept.

As of December 31, 2021, the restricted investment held with American Express for VES 1.60 million (US 350,000) corresponds to a demand deposit given as a guarantee for the non-exclusive and non-transferable use of AMEX credit cards.

OTHER BONDS INVESTMENT

According to the Independent Auditors' Report as of December 31, 2021, the Bank has no investments in other bonds.

On November 27, 2017, through Circular No. SIB-II-GGR-GNP-25189, the Superintendency of Banking Institutions notified the modification of the Accounting Manual for Banking Institutions, regarding the



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addition of the accounts related to the recording of the securities called 2022 Bandes Financial Securities, including in equity the “Unrealized gain or loss on investments in other marketable securities” heading.

LOAN PORTFOLIO

Pursuant to the Independent Auditors' Report as of December 31, 2021 and in accordance with the provisions of the Superintendency of Banking Institutions, on the same date, the Bank maintains a general allowance for the loan portfolio of VES 2.66 million, equivalent to 1% of the balance of the loan portfolio capital, except for the microloan portfolio balance, for which the entity maintains a general allowance of 2%. Additionally, the bank, based on its own risk estimates, maintains a voluntary generic allowance of VES 1.28 million billion for possible losses that may occur in the loan portfolio according to its behavior.

Under the same period, the Bank maintains a countercyclical provision of VES 1.93 million, equivalent to 0.75% of the gross loan portfolio, in accordance with the provisions of Resolution No. 146.13 dated September 10, 2013, issued by the Superintendency of Banking Institutions.

As of December 31, 2021, the immobilization of the loan portfolio amounted to VES 657. This is represented by past-due loans, as established by the Superintendency of Banking Institutions. Also, the total immobilized portfolio accounts for approximately 0.0003% of the gross loan portfolio and 0.001% of the Bank's total equity.

- As of December 31, 2021, the coverage margin of the total allowance for loan portfolio in relation to the immobilized portfolio is 1,387,996%. This meets the requirements established by the Superintendency.

During the second and first half of 2021, the bank recorded VES 1.07 million in the “Income from recoveries of financial assets” heading, which includes, as of December 31, 2021, VES 1.07 million, corresponding to the result of reversing the provision maintained for loans in foreign currency.

Moreover, the Bank granted loans in foreign currency for US\$ 10.33 million with annual interest rates between 3% and 5.5%. Subsequently, on March 17, 2021, the Superintendency, through Official Letter No. SIB-II-GGIBPV-GIBPV5-01677, expressed its opinion on these loans. The Bank, through letters sent to the Superintendency on March 18, March 24 and April 5, 2021, responded and argued in relation to the instructions set forth in Official Letter No. SIB-II-GGIBPV-GIBPV5-01677.

On July 22, 2021, through Official Letter No. SIB-II-GGIBPV-GIBPV5-05717, the Superintendency of Banking Institutions gave its opinion regarding the arguments presented by the Bank on the instructions established in Official Letter No. SIB-II-GGIBPV5-01677 issued by the Superintendency in March 2021 in relation to loans in foreign currency, and requested the bank to submit a plan containing corrective actions on such loan portfolio. In this regard, on July 27, 2021, the bank submitted the required plan to the Regula-



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tory Entity. Besides, on August 3, 2021, a letter to the Superintendency notifying that such plan is under execution was sent by Banesco.

As of December 31, 2021, the bank has no balances for this concept. During the second half of 2021, the Bank recorded interest income from foreign currency loans of VES 267,289 in the "Income from loan portfolio" heading.

As of December 31, 2021, the Bank maintains micro loans of VES 9.01 million, representing 7.00% of the gross loan portfolio for the six-month period ended December 31, 2020.

COMMERCIAL LOANS SUBJECT TO MEASURES ESTABLISHED BY THE BCV

According to Resolution No. 21-01-02 issued by the BCV published in Official Gazette No. 42,050, dated January 19, 2021, all credits will be expressed in Units of Credit Value (UVC), which results from dividing the amount in bolivars to be settled of the credit granted by the Investment Index in effect on that date, which will be determined by the BCV 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 10% annually or be less than 4% each year. This measure excludes active operations directed to employees and directors of banking entities.

As of December 31, 2021, the Bank maintains VES 235.67 million in loans subject to the measures established by the Venezuelan Central Bank in Resolution No. 21-01-02. During the second half of 2021, the Bank recorded interest income of VES 5.51 million in the "Income from loan portfolio" heading.

As of December 31, 2021, the Investment ratio amounts to 22,438.80 (0.0224388 in the new monetary reconversion).

SINGLE NATIONAL PRODUCTIVE PORTFOLIO

According to the Independent Auditors' Report, dated December 31, 2021, the bank maintains VES 14.49 million for productive loans measured in UVCP, accounting for 5.63% of the gross loan portfolio.

INTEREST AND RECEIVABLE COMMISSIONS

Based on the content of the Independent Auditors' Report as of December 31, 2021, dated May 22, 2020, the Superintendency of Banking Institutions, through Official Letter No. SIB-II-GGIBPV-GIB-PV5-02735, authorized Banesco to record in the sub-heading "Other recording accounts" the accrual of the yields receivable related to the securities issued by Petróleos de Venezuela, S.A. beginning with the coupon that matured on April 12, 2020, and to record the income once the coupons are paid upon receipt of the coupons. In this regard, as of December 31, 2021, the bank has recorded in memorandum accounts VES 2.08 for yields receivable from investments in bonds.

INVESTMENTS IN SUBSIDIARIES AND BRANCHES

The bank recognized VES 116,087 in the "Other operating income" heading for equity participation of subsidiaries and affiliated companies, as indicated on said report. A net equity participation on the investments held with its subsidiaries and affiliates of VES 58,044, in the "Restricted surplus" heading was registered by the entity.



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OTHER ASSETS

According to the Independent Auditors' Report as of December 31, 2021, the Bank has recorded expenses related to the "Monetary Reconversion Project" for VES 3.57 million, which will be amortized as of January 2022, by the straight-line method in monthly and consecutive installments over a period of three (03) years.

In addition, the account "Advances to suppliers" for VES 107.71 is mainly composed of advances granted to suppliers for the acquisition of office supplies, computer equipment, services, equipment and technological supplies, software and licenses.

The bank maintains security deposits for the purchase and sale of technology equipment amounting to VES 19.95 million (US\$ 4.35 million).

The "Prepaid expenses" heading includes VES 43.30 million, corresponding to expenses for preventive and corrective maintenance of the Bank's systems equipment, as contained on the Independent Auditors' Report as of December 31, 2021. This includes VES 3.36

corresponding to various risk policies held by the Bank during the same period of time.

According to this Report, the "Prepaid taxes" heading includes VES 8.78 for income tax paid in advance. It also includes VES 2.96 for tax on economic activities.

PUBLIC DEPOSITS COLLECTION

Based on the Independent Auditors' Report as of December 31, 2021, the Bank maintains current accounts under Exchange Agreement No. 20 for VES 8 million, equivalent to US\$ 1.74 million.

Moreover, public deposits amounted to VES 68.05 million, which come from official entities, equivalent to 8.12% of total public deposits.

ACCRUALS AND OTHER LIABILITIES

According to the Independent Auditors' Report as of December 31, 2021, the heading "Other various accounts payable" includes VES 17.69 million, corresponding to settlements resulting from debit card transactions processed by the bank's points of sale in commercial establishments. These operations were regularized within the first days of January 2021. Additionally, as of December 31, 2021, they include obligations held with individuals and legal entities, as a result of brokerage and custody operations of securities in the secondary market and interest due on securities owned by its customers for VES 131.96 million (US\$ 28.77 million), in foreign currency, valued at the official exchange rate for purchase published by the Central Bank of Venezuela.





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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.

As explained on the Independent Auditors' Report as of December 31, 2021, the "Prepaid taxes" heading includes VES 5.10 million for income tax paid in advance and also includes VES 3.86 million for business activity tax at December 31, 2021.

TAX

INCOME TAX

Based on this Independent Auditors' Report, dated December 31, 2021, the bank maintains a book provision for income tax of VES 5.10 million, based on projected results at December 31, 2021 and the annual fiscal year ended June 30, 2021, respectively.

In accordance with the tax legislation in force, the Bank may carry forward operating tax losses for up to three (3) years subsequent to the fiscal year in which they are incurred, and such allocation must not exceed 25% of the taxable income obtained in each fiscal year. As of December 31, 2021, the Bank has no tax loss carryforwards.

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

As of December 31, 2021, the bank keeps VES 2.48 million in the "Credit lines of automatic utilization" heading, which is associated with contractual agreements for credit limits granted to customers, after evaluation

of credit risks, recorded under the "Contingent accounts receivable" item.

The "Guarantees received" heading is mainly comprised of guarantees for VES 1 billion and guarantees with financial institutions for VES 101.12 million at December 31, 2021.

The bank has recorded VES 1,240 as "Guarantees pending release", as of December 31, 2021, corresponding to guarantees received from credit rights that the Bank has maintained with its clients and that have been cancelled.

TRUST

According to the Independent Auditors' Report as of December 31, 2021, cash and cash equivalents include VES 3.79 million, which corresponds to deposits in special interest-bearing accounts opened for each trustor 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 second half of 2021, the Bank's trust recorded VES 905, as interest income in the "Income from available funds" heading.

As of June 30, 2021, available funds include a foreign currency deposit for VES 19.13 trillion (US\$ 5.95 million) corresponding to the trust subscribed by Fondo de Protección Social de los Depósitos Bancarios (FOGADE). During the second half of 2021, the Bank's Trust made a settlement for US\$ 5.95 million recognizing VES 24.12 million for exchange fluctuations maintained in the "Accumulated results" heading.



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Other available funds include balances in interest-bearing and non-interest-bearing current accounts in U.S. dollars amounting to VES 955,203 (US\$ 208,300) by the end of the 2021 second half-year.

During the second half of 2021, the bank trust recorded VES 2.26 million, as interest income in the "Financial income" heading.

As of December 31, 2021, the Bank's trust recognized VES 1.99 million as income from amortization of discounts on investments in securities, recorded under "Financial Income".

The Bank's trust maintains VES 868,765 by that same period of time for interest and yields receivable corresponding to investments in bonds, presented under "Interest and commissions receivable".

The report drafted by the independent auditor suggests that by December 31, 2021, the financial institutions maintaining the custody of the securities and those where placements and time deposits that comprise the investment portfolio are held, shall be summarized as follows:

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

Through December 31, 2021, the loan portfolio consists of outstanding loans of VES 130,005, corresponding to social benefit trust agreements, with guarantees on the contributions made.

In addition, other assets are mainly comprised of VES 18,008, corresponding to other accounts receivable,

as of December 31, 2021. These headings include accrued administrative fees of VES. 17,804.

As of December 31, 2021, the other items to be distributed correspond to funds received from the National Electoral Council Trust, Ministry of the People's Power for Transportation and Public Works, and the National Anti-Drug Office, in accordance with the decree of the Special Official Gazette 6,238 dated July 12, 2016, for which the due distribution by trustor has not been sent as of those dates, being regularized within the first days of January 2022.

EQUITY

SHARE CAPITAL AND DECREE OF DIVIDENDS

Based on the Report, the Bank's capital stock consists of 9,108,070,000 registered common shares, with a par value of VES 0.0000000001 each, for the six-month period, and 16,930,000 preferred shares, with a par value of VES 0.0000000001 each, for a six-month period.

At the Annual General Meeting of Shareholders held on September 22, 2021, the Board of Directors was authorized to declare and pay cash dividends to the holders of common shares of up to VES 14.20 million against accumulated results as of June 30, 2021. At the Annual General Meeting of Shareholders held on March 22, 2021, the Board of Directors was authorized to declare and pay cash dividends to the holders of common shares of up to VES 4.10 million charged to retained earnings as of December 31, 2020.



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General Meeting	Date	Subscribed and paid share capital in VES.	Number of Shares	Nominal Value Per Share in VES.
Extraordinary	November 28, 2018	160	1,600,000,000,000	0.0000000001
Extraordinary	October 19, 2018	150	1,500,000,000,000	0.0000000001
Extraordinary	September 27, 2018	330	3,305,000,000,000	0.0000000001
Extraordinary	August 31, 2018	60	600,000,000,000	0.0000000001
Extraordinary	July 31, 2018	35	350,000,000,000	0.0000000001
Extraordinary	May 28, 2018	40	400,000,000,000	0.0000000001
Extraordinary	April 30, 2018	18	180,000,000,000	0.0000000001
Extraordinary	March 22, 2018	5	45,000,000,000	0.0000000001
Extraordinary	February 21, 2018	1	15,000,000,000	0.0000000001
Extraordinary	January 17, 2018	-	1,000,000,000	0.0000000001
Extraordinary	December 18, 2017	1	5,000,000,000	0.0000000001
Extraordinary	November 20, 2017	-	3,000,000,000	0.0000000001
		800	8,004,000,000,000	

NON CAPITALIZED EQUITY CONTRIBUTIONS

According to the Independent Auditors' Report as of December 31, 2021, 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.

In the second half of 2021, the bank filed 9,000,000,000 shares with the Mercantile Registry Office.

The bank has 615,000,000,000,000 shares corresponding to share capital increases with cash contributions from the shareholders who decided to subscribe, as described and presented at the aforementioned Special Shareholders' Meetings. These are awaiting approval by the Superintendency and following the

binding opinion of the Higher Body of the National Financial System, for their 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 that amount has reached this limit, the Bank will record 10% of the net income for the half year as a legal reserve until reaching 100% of the share capital. The Bank may also establish additional voluntary reserves. As of December 31, 2021, the bank has a legal reserve equal to 100% of its share capital.



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Based on the Independent Auditors' Report at December 31, 2021, as established by the Superintendency of Banking Institutions in Resolution No. 329.99, dated December 28, 1999, during the second half of 2021, the Bank reclassified to the "Restricted surplus" heading for VES 7 million, equivalent to 50% of the half-year's results. The amounts included in the "Restricted surplus" heading will not be available for the payment of cash dividends and may only be used for future share capital increases.

EQUITY ADJUSTMENT

The Bank maintains a net foreign exchange gain for the second half of 2021 for 78.85 million.

On July 9, 2021, the Bank requested authorization from the Superintendency of Banking Institutions to record in the statement of income, the net credit balance maintained in item 352.00 "Gain or loss from exchange rate fluctuations from holding assets and liabilities in foreign currency", at the end of the six-month period ended June 30, 2021. This was in accordance with provisions of paragraphs 2 and 4 of Circular SIBII-GGR-GNP-03578, dated March 29, 2019.

Subsequently, on July 28, 2021, the Superintendency of Banking Institutions, through Official Letter No. SIBII-GGIBPV-GIBPV5-00355, authorized Banesco Banco Universal, C.A. to record in the statement of income the net credit balance of VES 88.90 million maintained in the heading 352.00 "Gain or loss from foreign exchange fluctuations from holding assets and liabilities in foreign currency" at the end of the six-month period ended December 31, 2021. In this regard, during the second half of 2021, the Bank recognized income in the heading "Foreign exchange gain on cash and cash equivalents" for VES 88.90 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 VES 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 Sector Institutions. As of December 31, 2021, the Bank recorded expenses of VES 2,235,117, corresponding to the half-yearly contribution equivalent to 0.75% of the total deposits of the public held at the end of the semester, in accordance with provisions of article 121 of the Banking Sector 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 resul-



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ting 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.

As of December 31, 2021, this amounted to VES 2.13 million and is presented in the "Transformation expenses" heading.

CONTINGENCIES

FISCAL CONTINGENCIES

According to the Independent Auditors' Report, as of December 31, 2021, the Bank has tax assessments amounting to VES 0.08 for the half year. These come from audits on Income Tax, Corporate Assets Tax, Bank Debit Tax, Tax on Debits to Accounts Held in Financial Institutions, Summarized Consumption Tax, as well as 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 VES 4,472, in order to anticipate any adverse decision.

JUDICIAL CONTINGENCIES

Based on this Independent Auditors' Report, there are civil and mercantile legal actions for VES 1.07 million, which correspond to claims for material and moral damages brought against the Bank, for which the co-

responding defenses have been timely presented in all instances and phases of the process, and the respective decisions are pending.

In this regard, as of December 31, 2021, the provision maintained by the Bank to provide for any adverse decision amounts to VES 504,451 included in the "Other provisions" heading.

SUBSEQUENT EVENTS

PRESENTATION OF COMPLEMENTARY FINANCIAL INFORMATION

As per Circular No. SIB-II-GGR-GNP-00045 dated January 7, 2022, the Superintendency of Banking Institutions deferred the presentation of complementary financial information related to the closing of the second half of 2021, regarding the consolidated or combined financial statements prepared on the basis of Generally Accepted Accounting Principles, as well as the individual audited financial statements adjusted for inflation. In this regard, such information will be presented for comparison purposes with the data for the closing of the first half of 2022.

RULES GOVERNING THE CREATION OF THE LEGAL RESERVE

The Central Bank of Venezuela issued Resolution No. 22-01-01 dated January 27, 2022, published in Official Gazette No. 42,312, dated February 4, 2022, which established that banks must maintain a minimum reserve equal to 73% of the total amount of net obligations in local currency and 31% of those in foreign currency.

Furthermore, this instrument establishes that banking institutions having a reserve requirement deficit must



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pay to the Central Bank of Venezuela a financial cost calculated on a daily basis by said entity. This includes an annual interest rate of nine (9) percentage points in addition to the rate set by the BCV for its ordinary discount, rediscount and advance operations. Hence, Resolution No. 21-12-01 dated December 15, 2021 is derogated.

MANAGERIAL AND ADMINISTRATIVE PROCESSES CONCERNING LIQUIDITY RISK

In accordance with the 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.
- b) Action guidelines to create an adequate structure of assets and liabilities to reduce or lessen the generation of variables or situations that increase liquidity risk exposure, maintaining an adequate balance between the Bank's profitability and liquidity.
- c) Internal controls and systems that ensure the integrity and monitoring of the overall liquidity risk management and administrative processes.

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

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

We also note that the Bank has a "Liquidity Risk Manual", which includes guidelines, controls and tools for liquidity risk management and administration. Its last update was completed in November 2019, 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 Minute 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. 197, dated September 27, 2021 and was notified to the Board of Directors, as recorded in Minutes No. 1,502 dated October 28, 2021.

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

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

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



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e) Liquidity risk contingency plans.

According to the Half-Yearly Independent Auditors' Assurance Report on Compliance with Resolution No. 136.15 issued by the Superintendency of Banking Institutions, as of December 31, 2021, 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. 197, dated September 27, 2021 and approved by the Board of Directors, as stated in Minutes No. 1,502 dated October 28, 2021. This revision was reported informatively before the Assets and Liabilities Committee, as recorded in Minutes No. 148, dated November 2, 2021.

RESPONSIBILITIES AND FUNCTIONS OF THE BOARD OF DIRECTORS

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, we observed through the inspection of the minutes of the Board of Directors' meetings held during the second half of 2021, that the VPAIR periodically presents the follow-up 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.

On the other hand, it was observed through Minute No. 1,492, dated February 25, 2021, 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 the provisions of Section 43 of Resolution No. 136.15, the Bank's Internal Audit Unit, within the half-yearly reviews, must include in the audit program, procedures and tests of broad scope to verify the reasonableness and compliance levels of the policies, processes, methodologies, tools, premises, assumptions and information systems, which are being used within the VPAIR to comprehensively and adequately manage liquidity risk within the Bank.

According to the 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, it was noted



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in Minute No. 195 of the Risk Committee dated July 28, 2021, the presentation by the Internal Audit of the report on the main risks detected and reported during the first half of 2021. Likewise, the report related to the review of compliance with the policies, processes, methodologies, tools, premises, assumptions and information systems being used within VPAIR to manage liquidity risk in a comprehensive and adequate manner for the second half of 2021, was presented to the Risk Committee in January 2022, as stated in Minute No. 202, dated January 25, 2022..

INFORMATION TRANSMISSION TO THE REGULATORY ENTITY

According to the Half-Yearly Independent Auditors' Assurance Report on Compliance with Resolution No. 136.15, issued by the Superintendency of Banking Institutions, as of December 31, 2021, the VPAIR reported to said agency on a weekly basis, the transmission file where the methodologies for managing liquidity risk are established.

RISK COMMITTEE

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 December 31, 2021, we reviewed the approval of the Risk Committee and its members through the Board of Directors Minutes No. 1,502, dated October 28, 2021.

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

Description	Minute No.	Date
Risk Committee	195	July 28, 2021
Risk Committee	196	August 25, 2021
Risk Committee	197	September 27, 2021
Risk Committee	198	October 20, 2021
Risk Committee	199	November 18, 2021
Extraordinary Risk Committee	200	December 14, 2021
Risk Committee	201	December 22, 2021

We reviewed the minutes of the Risk Committee meetings held during the second half of 2021 as part of our assessment. Likewise, we inspected through the minutes of the Risk Committee meetings, that meetings were held at least once (1) a month, in accordance with the provisions of 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 Sector Institutions, dated February 24, 2015, we note that the Bank, on January 5, 2022, submitted to the Regula-



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tory Entity the Half-Yearly Report on the Steps Taken by the Risk Committee for the second half of 2021, which specifies the degree of compliance related to the implementation of the VPAIR.

According to the Independent Auditors' Report as of December 31, 2021, the "Progress Matrix" indicates 100% compliance, exempting from:

- 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 second half of 2021, 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 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 and through our assessment carried out during the second half of 2021, we noted in the Minutes No. 195 of the Risk Committee dated July 28, 2021, the presentation by Internal Audit of the report on the main risks detected and reported during the first half of 2021. Likewise, the report related to the review of compliance with the policies, processes, methodologies, tools, premises, assumptions and information systems being used within VPAIR to manage liquidity risk in a comprehensive and adequate manner for the second half of 2021, was presented to the Risk Committee in January 2022, as stated in Minute No. 202, dated January 25, 2022.

OTHER OBSERVATIONS REGARDING THE REPORT OF THE CLIENT AND BANK USER'S DEFENDER OF BANESCO BANCO UNIVERSAL, C.A., AS OF DECEMBER 31, 2021.

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 December 31, 2021, detailing the manner in which complaints are resolved.

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



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- Promotion and dissemination
- of the role of the Client and Bank User's
- Defender through internal and external
- customer service and communication
- channels.

The bank was suggested to carry out educational campaigns on the role of the Client's Defender, focusing on the service provided, emphasizing that he/she can handle a wide variety of financial and service claims, not only traditional ones, but also those originated from the new products and services offered by the institution.

Likewise, it was proposed to continue with the reinforcement plan of training the branch network, resolution areas, telephone banking, social networks and administrative areas in general on the role of the Client and Bank User's Defender, and his/her functions, attributions, matters exempted from his/her competence and the process of attending to requests.

In this regard, the Bank indicated that it has carried out the following activities:

- Maintain on its website updated information associated with the role of the Client Defender, as well as the due process for the attention of requests referred to this instance.
- Internal communication campaign to maintain the promotion of the Defender's role.
- A talk was planned for March 2022 for the Agency Network to reinforce knowledge of its functions, procedures, excepted matters and channels of attention.

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 December 31, 2021, a copy of the organizational structure established by the Bank in relation to SIAR LC/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.
- C) Compliance Officer for the Prevention of Money Laundering, Financing of Terrorism and Proliferation of Weapons of Mass Destruction (hereinafter, Compliance Officer).
- D) The Unit for the Prevention and Control of Money Laundering, Financing of Terrorism and Proliferation of Weapons of Mass Destruction (hereinafter, 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 (hereinafter, RCPC LC/FT/FPADM) assigned to each sensitive area of LCFT//FPADM risk.

The functions of each member of the structure are set forth in the LC/FT/FPADM Risk Management Policies and the Procedures Manual (Manual PPAR LC/FT/



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FPADM), maintained by the Bank, whose last update was approved by the Board of Directors as stated in Minutes No. 1,504 dated December 20, 2021, including the Operational Contingency Policies of the UP-CLC/FT/FPADM.

Based on the Half-Yearly Independent Auditors' Assurance Report on compliance with Resolution No. 083.18, issued by the Superintendency of Banking Institutions, as of December 31, 2021, it was observed in the file of each member of the current Board of Directors, the Institutional Commitment individually subscribed and signed by every individual of the BoD.

We have obtained a copy of the Bank's Code of Ethics, which was last updated and approved by the Board of Directors according to Minutes No. 1,501 dated September 29, 2021. In addition, communications sent to the Bank's employees about the Code of Ethics through communication strategies were revised.

Additionally, we obtained the minutes of the Board of Directors meetings held during the second half of 2021, in which the quarterly reports prepared by the Compliance Officer were submitted. We also reviewed the approval of the budget line item and the LC/FT/FPADM RCPCs for the year 2021.

- Among the functions carried out by the
- Compliance Officer is the preparation of
- Management Reports, which are
- submitted to the Chief Executive Officer
- and the Board of Directors on a
- quarterly and annual basis for approval.

The Management Report corresponding to the third quarter of 2021 was presented by the Compliance Officer before the Board of Directors, as recorded in Minutes No. 1,502 dated October 28, 2021. Likewise, the Management Report for the fourth quarter of 2021 and the 2021 Management Report were presented to the Board of Directors, as stated in Minutes No. 1,490, dated January 30, 2022.

As of December 31, 2021, according to the Management Report submitted by the Compliance Officer, the Annual Operating Plan showed an actual progress of 100%. The following is a summary of the aspects reported in the management reports prepared by the Compliance Officer in the second half of 2021:

ANNUAL TEACHING PROGRAM

The Annual Training Program reached 100% progress, with the execution of all planned activities, through the activation of e-courses and distance training, covering the personnel of the Agency Network, human capital, trust, central areas, executives, directors, sensitive units, and new personnel.

COMMUNICATIONAL STRATEGIES

At the end of the second half of 2021, 100% progress was achieved in communication strategies with clients, with respect to the activities included in the POA for 2021. This progress is composed by the publication of twelve (12) billboards addressed to the Bank's clients, through Banesco Online, 118 publications in the Social Networks (Facebook, Instagram and Twitter) and 11 e-mails massively addressed to all clients, in order to keep them updated in relation to the mitigation of the risks of Money Laundering and Financing of Terro-



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rism and Financing of the Proliferation of Weapons of Mass Destruction, and that even though customers do not have access to the Internet, are published through posters and regulatory screens in the agencies nationwide.

During the second half of 2021, communication strategies aimed at employees and with specialized content for PCLC/FT/FPADM Compliance Officers were carried out. These are disseminated weekly through 63 informative bulletins called “Weekly Bulletin” and “Agency Network Bulletin”, with a progress of 100%. In addition, six (6) micro e-learning courses were conducted to reinforce knowledge, with a progress rate of 100%.

TECHNOLOGY TOOLS

During the second half of 2021, we continued to reactivate the automated management of the “Due Diligence” of high-risk clients, through the Risk Mitigation Module of the ACRM Plus Monitor System. The management term is 18 months and in the second half of 2021 the following activities were executed:

- Establishment of a new e-learning program to instruct the Bank's employees in the use of the ACRM Plus Monitor tool for the preparation of client risk evaluations.
- Assignment of the Mitigation Workflow to the Commercial Network and Specialized Banking, of 300 clients, including high-risk clients.
- Reinforcement of the “Customer Risk Assessment through the ACRM Plus Monitor tool”.

- Culmination of the attention of 68 cases (Workflow) in the Risk Mitigation Module by the ERCs of the Mass Segment and Specialized Banks.

UPCLC/FT/FPADM REMOTE INSPECTIONS OF AGENCIES

During the second half of 2021, 600 customer files categorized as high risk were reviewed. In this regard, the UPCLC/FT/FPADM carried out the following actions:

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

On the other hand, at the end of the second half of 2021 this activity shows 100% compliance, based on the fulfillment of the goal established for the year 2021, with the issuance of twelve (12) reports.

Likewise, at the close of the second half of 2021, internal audit has certified the regularization of 672 weaknesses evidenced during the inspections carried out up to November 2021, which is 93% progress, in accordance with the dates and percentages stated in the Gap Closure Indicator (GCI).



COMMISSIONER'S REPORT

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RISK ASSESSMENT

At the end of the second half of 2021, the Gap Closure Indicator is at 100% compliance, represented by effective management within the established deadlines. Likewise, the 2021 - 2022 Bank's LC/FT/FPADM risk assessment was carried out, with the participation of the Comprehensive Risk Vice-Presidency, as well as the units that own the one hundred and 115 processes assessed.

STRATEGIC MANAGEMENT

- ▶ Undertake a comparative analysis of the policies, manuals, procedures and systems that support the management of the UPCLC/FT/FADM, versus international best practices, in order to identify and implement opportunities for improvement. At the end of the second half of 2021, this activity is 100% complete.
- ▶ Align the quarterly Alternate Contingency Plan to the Annual Operating Plan (AOP) to the best practices dictated by the FATF and emerging risks. At the end of the second half of 2021, this activity shows 100% progress, which is represented by:
 - Operations monitoring.
 - Application of Remote Due Diligence.
 - Execution of the Annual Training Program.
 - Attention to official notices issued by the competent government agencies.
 - Verification of the preparation of legal files.
 - Attention to the transmission of electronic files.

FOLLOW-UP ON THE REGULARIZATION OF FINDINGS CORRESPONDING TO REMOTE INSPECTIONS CARRIED OUT TO AGENCIES DURING 2019 AND 2020 BY THE UPCLC/FT/FPADM.

According to the Half-Yearly Independent Auditors' Assurance Report on compliance with Resolution No. 083.18 issued by the Superintendency of Banking Institutions, in the second half of 2021, the regularization of the findings evidenced in the remote inspections carried out to the agencies in 2019 and 2020 was concluded, achieving 100% progress. The strategies were also included in the corporate Gap Closure Index (GCI).

FOLLOW-UP OF THE GAP CLOSURE OF THE OBSERVATIONS REPORTED IN THE EXTERNAL AUDITORS' ASSURANCE REPORT, CORRESPONDING TO THE FIRST HALF OF 2021.

In order to follow up on the recommendations issued by the external auditors in the reports issued as of June 30, 2021, the Gap Closure Plan was prepared jointly with the related units. The following is a detail of the following observations as of the end of the fourth quarter of 2021:

- ▶ Continue actions jointly with the Human Capital Department in order to fill the vacant position as of June 30, 2021 held in the LCFT//FPADM Prevention and Control Legal Affairs Department.
- ▶ Reinforce controls related to the establishment and updating of customer files in the Agency Network, including customers classified as PEP, with emphasis on the verification of the data provided and included in the "Customer Identification Cards", as well as the minimum documentation required by Resolution No. 083.18 and other banking internal regulations.



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- Strengthen the Agency Network, the attention and timely closure of observations and findings reported by the UPC LC/FT/FPADM, internal audit and external audit, in relation to the creation and updating the clients' files.

FOLLOW-UP ON RECOMMENDATIONS MADE BY THE COMPLIANCE OFFICER DURING THE FIRST, SECOND AND THIRD QUARTER OF 2021

During the fourth quarter of 2021, the Compliance Officer in the framework of the issuance of quarterly reports, made recommendations on processes, procedures and practices, aimed at strengthening the SIAR LC/FT/FPADM. Among the eight (8) recommendations with nine (9) actions, five (5) were completed, one (1) is in process and three (3) are ongoing.

REQUESTS FROM REGULATORY AGENCIES AND ENTITIES RECEIVED IN 2021

- During the second half of 2021, 627 letters related to requests for information (natural and legal persons) were received and processed from State agencies and Regulatory Entities.
- With regard to requirements from the National Financial Intelligence Unit (UNIF) and the Superintendency of Banking Institutions, fifty-one (51) requests for information were received through institutional mailboxes.

INSPECTIONS CARRIED OUT DURING THE SECOND HALF OF 2021 BY INTERNAL AND EXTERNAL AUDITORS

- **External Auditors:** The requirements made by the external auditors Lara Marambio & Asociados (Deloitte), corresponding to the evaluation as of December 31, 2021, were met during the second half of 2021.

- **Internal Auditors:** 33 requirements were managed during the second half of 2021 related to the following audits: (i) Compliance Evaluation of the Anti LCFT/FPAM Program, (ii) Evaluation of the SIAR LC/FT/FPADM and (iii) Evaluation of Compliance with the Know Your Customer Policy, Border Zones, High Risk, PEP and Operational Management Sales Network, (iv) Evaluation of LC/FT/FPADM Risk Management Processes, (v) Effectiveness of LC/FT/FPADM Gap Closure Management, (vi) Evaluation of Compliance with the PCLC/FT/FPADM POA and PAA, and (vii) LC/FT/FPADM Monitoring Process.

- **SUDEBAN:** During the second half of 2021, 44 requirements corresponding to the general inspection visit of 2021 were managed within the time limits established by the entity.

SUSPICIOUS ACTIVITY REPORTS AND ALERTS

During the second half of 2021, a total of 45,903 alerts were generated in the PCLC/FT/FPADM monitoring tool, of which 45,852 were generated by the ACRM Plus Monitor tool and 51 were reported by the Employees Responsible for Compliance, through Internal Suspicious Activity Reports (RIAS). In compliance with the provisions of Article 96 of Resolution No. 083.18, during this evaluation we did not obtain access to statistical information and supporting documentation related to cases, alerts, investigations, number of analyzed and pending cases and suspicious activity reports made by the Bank.



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

In accordance with provisions contained in the Bank's ML/FT/FPDM PPAR Manual, the PCU ML/FT/FPDM is the technical operational body designated to coordinate preventive measures to mitigate ML/FT/FPDM risks. The UPC ML/FT/FPADM reports to the Compliance Officer, to whom it must keep informed and whose functions have been framed in accordance with the provisions of the regulations in force and included in the aforementioned Manual. We note that the structure of the current UPC LC/FT/FPADM was approved by the Board of Directors' Resolution No. 1,497, dated May 27, 2021. The UPC ML/FT/FPADM is structured as follows:

- ▶ UPC LC/FT/FPADM Executive Managerial Office.
- ▶ UPC LC/FT/FPADM Executive Operations Office.
- ▶ Office of Analysis and Supervision of Financial Operations.
- ▶ Office of Prevention and Control of ML/TF/TFATF/FPADM Risks.
- ▶ Office of Legal Affairs of Prevention and Control of ML/TF/TFATF/FPADM.
- ▶ Office of Statistics and Strategic Analysis of Prevention and Control of ML/TF/TFATF/FPADM.

Human resources available to this structure are described below:

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

As of December 31, 2021, there are three (3) vacancies in the UPC LC/FT/FPADM, one (1) in the Management of Legal Affairs of Prevention and Control of LCFT/FPADM, corresponding to the position of attorney, one (1) vacancy in the Management of Analysis and Supervision of Financial Operations and one (1) vacancy in the Management of Prevention and Control of LCFT/FPADM Risks. The Bank has taken steps to guarantee the recruitment of the necessary personnel through internal changes or new entries, by means of virtual interviews and formal compliance with the pre-employment processes and efficient coverage of the positions in accordance with the required profile.

Based on the foregoing, we recommend the shareholders to approve the financial statements of Banesco Banco Universal, C.A., corresponding to the semester ended December 31, 2021, presented by the Board of Directors; as well as the bank's managerial report for the half year ended December 31, 2021, 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



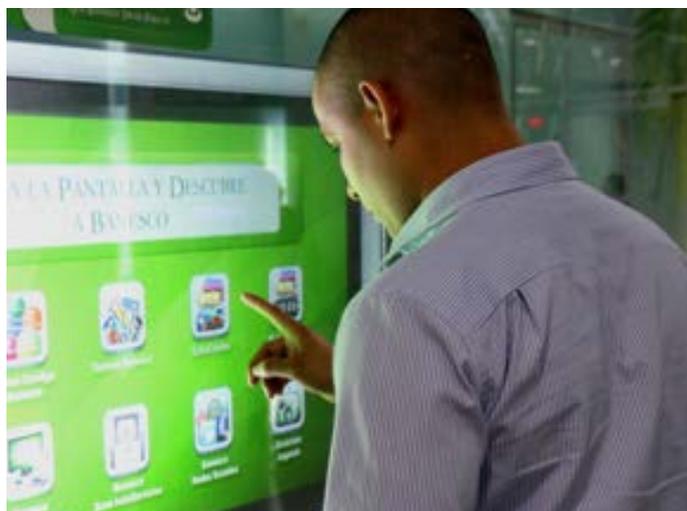
CORPORATE MANAGEMENT REPORT

Human Capital

TALENT AND TRAINING DEVELOPMENT

Considering the latest trends in knowledge management, oriented in a systematic, planned and permanent way to organizational learning processes, always in search of new methodological strategies to generate the knowledge of our human talent, we develop innovative experiences aimed at generating the technical and professional improvement of the Banesco Citizen in this 2021. This will enable them, under all circumstances and challenges of the environment, to efficiently perform their functions, producing high quality results; framing our most important initiatives in:

- ▶ Online training and development activities, using technologies available to all Banesco Citizens, registering 19,346 participations and carrying out 240 Web Seminars, with topics related to: 1) Enhancing regulatory technical knowledge by developing content on Occupational Health and Safety, Prevention and Control of Money Laundering and Terrorist Financing (PCLC/FT/FPADM); and risk culture; 2) Strengthening key competencies such as Collaborative Work, Teleworking, 2021 Banesco Competency Model, among others; and, 3) Key technical knowledge of the business such as: Attention to Claims and Requirements in the Agency Network, Security Elements for Foreign Currency Banknotes, New Foreign Currency Account Product, Remote Sales, Introduction of the New CRM Model.



- ▶ Within the framework of the Digital Transformation at Banesco, in response to the challenges of the environment, 6 Web Forums were designed and held for the entire Banesco workforce, with the participation of 1,327 employees, which seek to develop a vision of the transformation processes and generate interest in continuous learning on this strategic topic. The contents are related to:
 1. Developing an Agile Culture
 2. Client's Experience
 3. The Digital Era
 4. Agile Banesco Teams
 5. Transformation Process Change Management
 6. Virtual Assistants
 7. Cryptocurrencies -BitCoin
- ▶ In line with the Organization's strategic vision, we planned and held 49 Seminars and Web Forums with content related to Agility and Digital Transformation in 2021. A total of 3,459 participants attended, with an average satisfaction rate of 96.7% in the training event.



CORPORATE MANAGEMENT REPORT

- ▶ In a context of demands and challenges of the current environment, we held 25 Web Seminars specialized in business, focusing on the “New Product in Foreign Currency - Green Account” in 2021. In addition, 2,664 employees from the Commercial Network and VPE Banks participated, in addition to discussions focused on clarifying doubts about the product.
 - ▶ We promote self-development, allowing the collaborator to self-manage his or her learning, strengthening the Technical Knowledge in the Organization, offering new alternatives adjusted to current needs. We continued positioning the Banesco Virtual Learning (AVB) among our citizens, complying with the strategy defined for continuous and specialized training, providing 218,644 academic hours, including the following virtual courses:
 1. Banesco Virtual Library
 2. Myths and Facts about Covid-19
 3. PCLC/DT/FPADM - 2021 Edition
 4. Telework Occupational Health
 5. Building Efficiency Initiatives
 6. Client’s Experience
 7. Systematic - CRM
 - ▶ We manage key business activities for Agency Managers in terms of Banking Service Quality, relying on distance learning strategies, such as microlearnings, infographics, knowledge capsules, content validation challenges. Likewise, we provide banking knowledge activities associated with Specializations in Prevention of Money Laundering and Terrorism Financing, according to sensitive risk areas, as well as virtual actions related to Occupational Health and Safety.
 - ▶ We executed internal training programs that allowed the strengthening of technical knowledge and the development of high-level competencies for key business areas, such as: Advanced Program for Collections and Recoveries, Competency Boosting, Collaborative Work and Self-Learning, Virtual Facilitators Program, 3rd. Cohort, among others.
 - ▶ Aimed at strengthening 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 complied with the Annual Training Plan, as established in Resolution 083.18, reaching an overcompliance of 134%, achieving that 95% of the active staff at the end of December had participated in at least one training action.
 - ▶ We met the legal requirements since the training of 90 INCES apprentices is still supported by the Bank. In fact, 2 cohorts of training related to Integrated Financial Office Clerk, comprising 32 apprentices in our training center DEL (Development of Entrepreneurial Learning) commenced.
- Based on the philosophy of learning organizations, we have developed our Internal Facilitators Program, with the participation of 83 employees.



CORPORATE MANAGEMENT REPORT

All these training and education activities led us to achieve the following results in 2021:

- a) 238,589 man/hours in Development and Training actions, from which 19,945 man/hours were executed through online training (synchronous activities, Web Seminars) and 218,644 man/hours through virtual training.
- b) 13,208 effective participations under the virtual modality.

ORGANIZATIONAL ENVIRONMENT AND CULTURAL MANAGEMENT

During the second half of the year, a priority was the continuous improvement of all Banesco Citizens' performance.

In this regard, we reinforced the Prevention of Money Laundering, Financing of Terrorism and Proliferation of Weapons of Mass Destruction (LC/FT/FPADM), by deploying a communicational campaign.

Our informative actions support the reinforcement of Occupational Health and Safety, with topics related to COVID-19, its prevention, the correct distancing, safety in remote work, among others.

We also promoted actions to strengthen both ethical and organizational values, especially in the context of the COVID-19 pandemic and its variants, to help employees to be

more effective and to reinforce tools, in a context of uncertainty, non-presence and the various challenges involved therein. We paid special attention to Agility, providing five informative and interactive capsules with a short quiz to consolidate knowledge.

In addition, we accompany the emotional management of Banesco Citizens through the "Meditation Room" space, to which approximately 40 people per session connect weekly.

We continued the "Leaders who make a difference" Recognition Program, as an incentive for the efforts and commitment to the Organization.

- In terms of Organizational Environment,
- an Engagement measurement was
- executed with a participation rate
- of 77.3%, which led to the design of
- actions to increase the commitment
- of our collaborators.

Under this same approach, the execution of the Bank's projects was accompanied by Change Management, which includes communication, training and awareness-raising actions aimed at the employees who will adopt the changes in their management.

A special opportunity to promote culture was developed during the Footprint Week, which included various activities, including 2 web forums on service, a conference on emotional management, as well as activities for integration and promotion of values and recognition, using the online modality.





CORPORATE MANAGEMENT REPORT

BANESCO CITIZEN'S ETHICS AND BEHAVIORAL CODE

In order to strengthen the knowledge and implementation of our Code of Ethics and Conduct, the Virtual Rally activity was carried out under an innovative theme, aimed at integrating teams in competition on its contents.

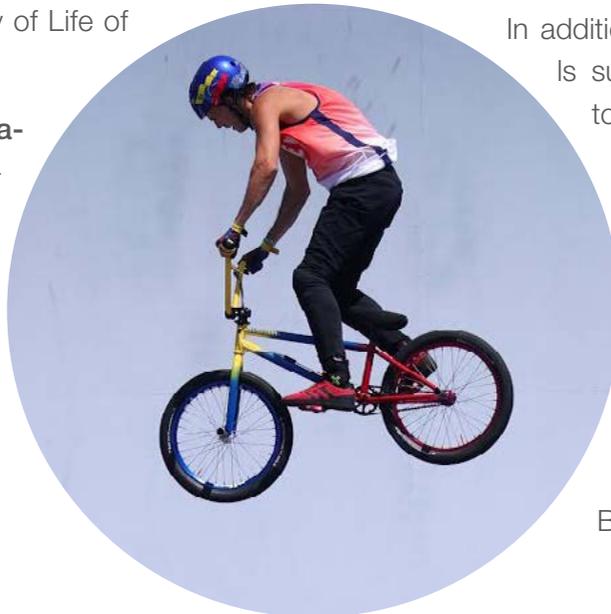
In addition, we updated the Banesco Citizen Code of Ethics and Conduct in September, with emphasis on the declaration of extraordinary income.

A values campaign was also launched to promote content associated with the Leader's Decalogue, Digital Transformation, with the reinforcement of the values of Innovation, Quality of Service and Responsibility.

LIFE QUALITY

During the second half of 2021, different activities were developed, both for volunteering and for enjoyment and distraction. In this regard, we are contributing to improve the Quality of Life of the Workers. For instance:

Exhibition by Olympic Medalist Daniel Dhers: A BMX exhibition was held on the terrace of Ciudad Banesco, where a group of Banesco Citizens' children, between the ages of 13 and 20, attended. More than 60 employees were present in order to ensure biosecurity measures.



World Beach Day: With the objective of emphasizing the learning of best practices for beach conservation, we held an e-conference called "Conservemos Nuestras Playas" ("Let's Preserve Our Beaches"), with the help of Fundación Abrae.

Volunteering Day: We held two talks that highlighted the importance of volunteering:

- **Opportunity for Action Alejandro Pérez** (UN Representative - Venezuela).
- **Celebrate, thank and something else!** Roberto Blanco (Specialist in learning experience design).
- **Awards to Volunteers** with 100% compliance in annual social work hours.

ACTIVITIES

Together with our social ally, the Simón Bolívar National Orchestra System, we create recreational spaces for our employees, mainly during lunchtime, with different genres of music.

In addition, we offered our people details such as balloons and chocolates to welcome the Footprint Week, as well as a digital and physical mural where employees recognized their colleagues' work.

As a closing, we celebrated Christmas with activities such as; Christmas Lighting, Christmas Party, Creative Photo Contest, Christmas and New Year's Best Wishes Wall.



CORPORATE MANAGEMENT REPORT

PERSONNEL SERVICES

- ▶ **Contributions and Legal Obligations:** Banesco made the payments established in the Collective Labor Agreement and legal obligations; contributions for cashiers, aid for school supplies, toys, guarantee of social benefits, daycare and food benefits; in addition, the Income Tax (ISLR) variation processes were executed.
- ▶ **Credit Cards:** During the second half of 2021, Banesco launched a massive process to increase the limit and assign “My First TDC” to employees with more than 3 months of seniority in the Organization.
- ▶ **Funerary Service:** Through the Savings Fund, Banesco continued to offer this benefit to its community, free of charge for employees, including the 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).
- ▶ **Health Insurance:** In the second half of the year, Telemedicine and medicine delivery services were activated through company Locatel; Thus, employees now count on a Virtual Assistant (Barti), which can answer questions related to Reimbursement Requests and Letters of Endorsement, List of affiliated Clinics and PHCs, Waiting status for new inclusions, Deductibles and insured amounts in the policy, and Methods of payment.
- ▶ **Updated Data:** As part of the Know Your Employee Policy, the address, contact number, cell phone number and e-mail address of all Banesco Citizens were updated.

Corporate Social Responsibility

During the second half of 2021, Banesco reinforced its actions in health and education as part of its Corporate Social Responsibility program. The support to Partners and Social Allies is a fact when building bridges is materialized in order to improve the quality of life of vulnerable populations. This action accounted for 5.58% of the social investment.

As for the internal dimension, we are dedicated to strengthening the benefits and quality of life of our employees and their families, through the subsidy of the cafeteria at our main Banesco City headquarters, medical service, medical assistance in the context of COVID-19, support in case of severe illnesses, funeral insurance subsidy, among others. These benefits account for 94.42% of our social investment in the second half of the year.

In 2021, in order to prevent the pandemic, we will take advantage of the use of technology to carry out events and semi-presential activities without exposing participants' health and giving special attention to biosecurity measures. Thus, we were able to collect and deliver supplies to foundations, attend to the legal process for the delivery of donations, baptize books, celebrate the 13th Anniversary of the Microentrepreneur Training Program and hold educational workshops for our Members and Social Allies.

During this time we reiterated our commitment to the 2030 agenda of Sustainable Development Goals, we also participated for the second consecutive year in



CORPORATE MANAGEMENT REPORT

the United Nations Business Sustainability Forum, an event held with the intention of demonstrating all the great and small efforts that are made from different sectors in our country to meet the 17 SDGs. We also invited and encouraged others to join and initiated an education campaign about the Sustainable Development Goals, both for our employees and the public.

MICROENTREPRENEURSHIP TRAINING PROGRAM

In the second half of 2021, the Microentrepreneur Training Program was delivered to 3,920 students through our different educational partners: FundAcción Social, Instituto Universitario de Gerencia y Tecnología (IUGT), Universidad Posible, Asociación Venezolana de Educación Católica (AVEC) and Asociación de Promoción de la Educación Popular (APEP), reaching a total of 7,269 people in the 13 years of the program.

We strengthened and expanded our alliances with different Social Development Organizations and Foundations. Therefore, the following were included: Fundación Kakao de Origen, Asociación Civil Convite, Asociación Civil Buena Voluntad, Asociación Civil Engranart, Asociación Civil Redes de Valor y A.C., Fundación Venezuela Sin Límites, Alcaldía de Santa Cruz de Mora en Mérida, Fundasitio, Rotary Las Mercedes - Baruta, Sociedad Bastiat de Venezuela, Escuela de Chocolate Río Cacao, Rotary Distrito 4370 y la Fundación Puerto Azul, among others.

Last September, to celebrate the first 13 years of the Microentrepreneur Training Program, we organized a training and reflection event: "From the idea to business: How to become an entrepreneur?", this was attended by more than 430 people, including entre-

Programa de Formación de Microempresarios

¿Quieres abrir tu propia cafetería, pero no sabes por dónde empezar? Descubre paso a paso la fórmula para iniciar tu negocio de forma rápida y rentable.

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preneurs already certified or interested in joining a program that offers tools to turn ideas into sustainable businesses.

The Microentrepreneur Training Program is a Banesco Social Responsibility and Sustainability initiative that contributes mainly to Sustainable Development Goal (SDG) 4 Quality Education, but also to SDG1 No Poverty, SDG2 Zero Hunger, SDG5 Gender Equality, SDG8 Decent Work and Economic Growth, SDG10 Reduced Inequalities, SDG11 Sustainable Cities and Communities, and SDG17 Partnerships for Achieving Goals.

EDITING FUND

We added 5 new books to our Banesco Digital Library, bringing the total number of titles to 44, distributed in 8 collections, aimed at students, professors, journalists, teachers and the general public. Banesco Digital Library is one of our most important Corporate Social Responsibility programs and one of its main purposes is to support the publishing activity in our country and Venezuelan writers.



CORPORATE MANAGEMENT REPORT

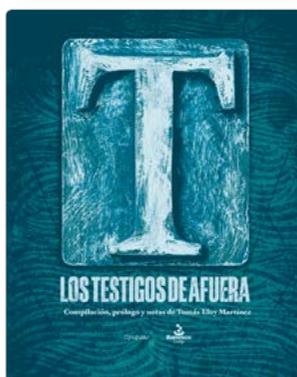
CARDENALES DE LARA DE CARORA A BARQUISIMETO. 80 AÑOS EN LA PELOTA

This is the 6th book dedicated to baseball in the Heritage Collection of our Digital Library. Its almost 360 pages contain the history, achievements and most popular plays in the history of Cardenales de Lara from 1942 to the present. The authors, Javier González and Carlos Figueroa Ruiz, also offer a historical overview of the Venezuelan baseball, the most outstanding players and some interesting events to complement this work.

NUEVO PAÍS DE LA DANZA

The book *Nuevo País de la Danza* was added to “Faces of the Future” collection, which is part of the Banescoparcía Digital Library, during the last half of the year. Antonio López Ortega and Artesano Group were responsible for the stories of 24 dancers which are presented on these 374 pages.

Dance is an art that entails great discipline. The protagonists are a new generation committed to achieve their dreams and to dance as a way of life. Readers will learn about all aspects of these young people’s lives during the interviews. They will be able to understand what motivated them to go down this path and how they have succeeded in their endeavors.



LOS TESTIGOS DE AFUERA

In its 10th anniversary, the 70 Years of Journalism Collection of our Banescoparcía Digital Library is proud to present the compilation of 18 texts written by foreign authors from 4 centuries about the Venezuela they knew or imagined. This book is a re-edition of the anthology written by Tomás Eloy Blanco in 1978.

The 119 pages of *Los Testigos de Afuera* (The Witnesses from Outside) aim that new generations may also get to know these chronicles, travel diaries, letters, poems or narratives that these explorers, historians, journalists, poets, among others, wrote about our country from the 16th century to the most recent times. This book was edited and produced by Cyngular Editores and designed by Jaime Cruz.

ANTHOLOGY: 6TH RAFAEL CADENAS NATIONAL YOUNG POETRY CONTEST

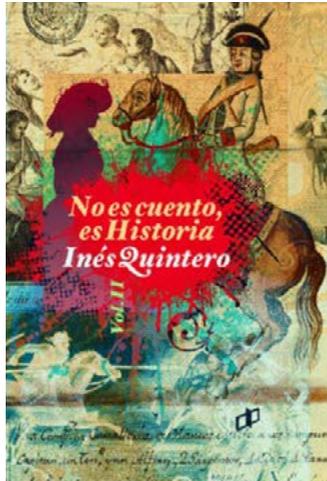
The Anthology of the 6th Rafael Cadenas National Young Poetry Contest, 2021 edition, offers the three winning poems by Javier Rey, Oriana Reyes and José Luis Álvarez Escontrela, as well as the three poems that obtained honorable mentions, by Luis Gutiérrez, Alma Romero Stephany and Félix García. The finalist poems are also published. The judges were María Antonieta Flores, Alexis Romero and Hernán Zamora.



CORPORATE MANAGEMENT REPORT

NO ES CUENTO ES HISTORIA. II VOLUMEN

The book *No es Cuento es Historia – II Volumen* relates events and stories of Venezuelan history between the XVIII and XX centuries in the form of micro-stories. The aim is to provide the opportunity to learn about the country's past in an enjoyable way.



This edition, written by Inés Quintero and produced by Editorial Dahbar, as in the first volume, introduces an endearing country narrated with the grace and intelligence that characterizes its author.

These five books are available for free download in our website Banesco.com and the Banesco Digital Library.

SCHOLARSHIP PROGRAM

We support students from Universidad Católica Andrés Bello, Universidad de Margarita, Universidad Monteávila and IESA with the Banesco Scholarship Program. In 2021, Banesco granted the amount of VES 327,000.45 to contribute to 219 students' education.

Our scholarships cover from 25% to 100% of the tuition fees in the fields of Laws, Communication Studies, Engineering (Systems, Telecommunications, Industrial, Civil and Computer Engineering), Modern Languages, Accounting, Arts, Administration, Literature, Psychology and Master's Degrees in Public Management and Business Administration.

CORPORATE VOLUNTEERING

During the second half of 2021, Banesco's Corporate Volunteers participated in activities that contribute to education, such as the delivery of computer equipment to Fe y Alegría schools with books from our Banesco Digital Library, in order to facilitate access to technology for the youth and children of these institutions.

In addition, our Volunteers helped promoting the "A Day of Solidarity" Campaign, an initiative that supports actions for the most vulnerable people around them. They also accompanied the planting of Apamate and Araguaney trees, which was carried out in alliance with the ecological project "Sembremos más Vida", in the Botanical Garden of Caracas and in Bejuma.





CORPORATE MANAGEMENT REPORT

Marketing And Innovation

During the second half of 2021, 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 deploy regulatory and informative campaigns through the Social Networks, focused on keeping our clients always informed and warned about the possible scams to which they may be exposed and the best way to prevent and protect their data and financial products.

WE CONTINUE TO PROMOTE HOW TO PREVENT MONEY LAUNDERING, TERRORIST FINANCING AND THE PROLIFERATION OF WEAPONS OF MASS DESTRUCTION

We maintained monthly preventive communications to remind our customers of the importance of protecting their data from third parties, as well as to avoid requesting assistance from strangers.



AWARDED P2P (PAGOMÓVIL)

During this period we promoted the use of the Pago Móvil service through our social networks. We offered our customers the option of participating in a monthly prize draw.

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

We maintained publications related to the use of Banesco Points of Sale. One of our main objectives was to invite our customers to use them for their purchases.

PENSIONER CAMPAIGN

We encourage our pensioners to use our electronic channels to carry out their transactions without going to the Bank. In this respect, we contribute to a greater awareness of the advantages of Banesco Digital Banking.



CORPORATE MANAGEMENT REPORT

WE PROVIDE INFORMATION ABOUT THE POINT OF SALE DAY OF OUR COMMERCIAL ALLY NATIVA.

We continue with the POS sales promotion in all the country with our commercial ally Nativa.

WE CONTINUE TO PROMOTE SERVICE PAYMENTS THROUGH BANESCONLINE, BANESCOMÓVIL (P2P) AND MULTIPAGOS.

Through various campaigns we invite our customers to use our Digital Banking to pay for all their services easily and securely.

GREEN ACCOUNT-PURCHASE AND SALE OF CURRENCIES

We promote our Banesco Green Account, highlighting the benefits of purchasing and selling foreign currency through BanescoOnline.



WE COMPLY WITH THE NEW CURRENCY RECONVERSION

As requested by the Executive Branch, in September, we communicated to our customers through our social networks the simplification of the zeros in our currency, which came into effect as of October 1.

WE KEPT UP THE MOMENTUM OF OUR C2P MOBILE PAYMENT SERVICE.

With this campaign we show our customers and merchants that they can now pay at affiliated merchants without needing a card or telephone, with the generation of a dynamic key, through our merchants affiliated to C2P (PagoMóvil).

WE LAUNCHED THE BANESCOPAGOS CAMPAIGN

In the second half of the year, we promoted the BanescoPagos Campaign, which was created to inform our clients that now they can make their administrative payments for UCAB and Saime through our portal, accessing with their BanescoOnline credentials and a special operations password.





CORPORATE MANAGEMENT REPORT



BANESCOTOKEN APP LAUNCHED

Created to generate dynamic keys for our customers every time they need to make a withdrawal from their Banesco Green Account.

BANESCO VIDEOBANKING

New service through which customers can communicate with a Bank advisor via video call and manage their requirements. The campaign was deployed through our digital media (social networks and website), as well as radio and TV.

CUSTOMER DEFENDER CAMPAIGN

We promote the support provided by the Defender when making a claim to our clients through social networks.



Social Networks

At the close of December 2021, our social networks totaled a community of more than 1.58 million followers on our official Twitter, Facebook, Instagram, YouTube and LinkedIn accounts.

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 the second half of the year, 14,205 cases referred to products and services were handled through social networks. A total of 25,941 cases were handled in 2021. 10.95% of the cases handled corresponded to requests from Banesco customers, while 89.05% were queries about products and services.

Regarding our presence in social networks, Twitter -through the @Banesco account-, remains the social network preferred by users, reaching more than 740,000 followers as of December 2021. 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.



CORPORATE MANAGEMENT REPORT

A nosotros nos acompaña el color amarillo
Mientras otros disfrutan de la Navidad
con suéteres tejidos

Continuamos celebrando
con las **tradiciones**
que nos hacen únicos

¡Feliz Año Nuevo!



- Meanwhile, Banesco on Facebook
- exceeded 267,000 followers, while on
- Instagram it reached 242,000. On
- LinkedIn, the brand has more than
- 110,000 followers.

The videos posted on the YouTube channel “Banesco en Imágenes” have registered more than 5.2 million views and 18,500 subscribers.

At the end of December 2021, Banesco Blog exceeded 9 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.

Segments Managements

During the second half of 2021, the Bank recorded an increase in the balance of deposits of 120.3% compared to the end of the previous period. From this growth, 28% came from the Massive Individuals Segment, 17% from the Massive Legal Entities Segment and 8% from the Public Sector, which allows us to maintain our 4th place in the private banking sector and 5th place in the total system. These deposits account for a market share of 8.38%, equivalent to an increase of 1.20 percentage points compared to the previous term. In addition, 84.7% of public deposits came from demand funds in bolivars.

The number of accounts opened in 2021 was 44,015, an increase of 52.52% over the previous period (20,900). From these new accounts, 87% corresponded to Individuals and 12.5% to Legal Entities.

The gross loan portfolio amounted to VES 257.7 million, an increase of 100.2%. As compared to June 2021, Banesco ranked second in the private banking sector and third in the banking system.

During the last six months, the number of credit operations exceeded 312 million bolivars, with more than 770 transactions settled. Over 80% the food sector, particularly in the agricultural segment, were for the food sector, particularly in the agricultural segment. With respect to the microloan portfolio, we obtained a 7.0% compliance rate, exceeding the 3% required by current regulations for this type of operation.



CORPORATE MANAGEMENT REPORT

Digital, Electronic And Agency Network Channels

During the second half of 2021, our customers made more than 1.22 billion transactions. This accounts for a decrease of 16.42% as compared to the same period of 2020, with a share of 98% for digital and electronic channels at the end of December.

AGENCY CHANNEL

At the end of the second half of 2021, Banesco had 214 Service Points (Agencies and Ticket Offices), through which 729 thousand transactions were carried out. This is an increase of 53.38% when compared to the same period of the previous year (253 thousand more), leveraged by the upgrading of our service points to optimize service to the public, the availability of cash in the agencies in accordance with the New Monetary Reconversion and the promotion of transactions in foreign currency, mainly Green Account.

E-BANKING CHANNEL

During the second half of the year, BanescOnline recorded an average of 2 million monthly active customers. 52% of the Bank's total number of active customers, who executed more than 606 million transactions on a recurring basis. Regarding financial transactions, a 21.85% drop compared to the same period in 2020 was reported, which means a decrease of more than 169 million transactions. In addition, the following improvements were added to this digital channel:

- Addition of Immediate Credit Operations to Other Banks (September 2021), through the Electronic Clearing House.



- Digitel Prepaid Online Service Payment (December 2021).
- In the case of foreign currency, the Foreign Exchange Desk service (USD Purchase - Sale by the client) was enabled through this channel in August 2021.

P2P MOBILE PAYMENT CHANNEL

As of December 2021, the channel reached more than 2.43 million members and 128 million transactions, ranking second position in the Net Satisfaction Index (NSI) in the Peer Group, with a score of 78.8%.

MOBILE BANKING CHANNEL

Through BanescoMóvil, more than 41 million financial transactions were carried out during the second half of 2021. This is equivalent to a 72% growth compared to the same period of 2020, highlighting the activation of Movistar Postpaid online payment service in November 2021.



CORPORATE MANAGEMENT REPORT

TELEPHONE BANKING SERVICE

The Banesco Call Center handled a total of 8.66 million calls, a decrease of 49.03% as compared to the second half of 2020. In addition, 98.00% were handled in an automated way through the IVR (8.50 million calls) and the remaining 2% (160 thousand calls) were handled by call center agents.

ATMS

Banesco closed December 2021 with an installed operating fleet of 397 ATMs in the national territory (156 single-function and 241 multifunctional), through which more than 7.3 million transactions were processed during the second half of 2021.



MEANS AND PAYMENT SERVICES

In this period, the Collection and Payment services recorded 112 million transactions and a growth of 2.22% compared to the same period of 2020.

The volume processed for Collection and Payment services reflected an increase of 1,103.8% over the second half of 2020. The volume processed for Collection and Payment services reflected an increase of 1,103.8% over the second half of 2020.

Credit And Debit Cards

CREDIT CARD ISSUING BUSINESS

The Credit Card business had a variation of 123.07% in sales in the second half of 2021 with respect to the first half of the year, resulting in a delinquency rate of 0.004%.

During the year, card maintenance initiatives focused on serving different segments, benefiting 425 customers with card limit increases in the second half of the year.

DEBIT CARD ISSUING BUSINESS

LBanesco Debit Cards reflected a growth in sales of 143.06% at the end of the second half of 2021 compared to the previous period. This was leveraged by the high acceptance rate of 98%, which has allowed us to strengthen the preference of our customers.

Also, 85.72% of our pensioner customers have their debit card active. They can mobilize the amount of their pension in all point-of-sale stores and use digital media for transfers, balance inquiries and transactions.

BUSINESS ISSUING LEGAL CREDIT CARDS

The Legal Cards Portfolio has decreased 20.60% in amount. However, it recorded a growth in sales of 131.35%, when comparing the second half of 2021 vs. the first half of the same year. This product has an impairment loss of 0.05%.

The growth in sales is leveraged on limit increases made to Large Corporate customers, increasing the amounts to the maximum of the Tax Units allowed by law.



CORPORATE MANAGEMENT REPORT

ACQUIRING BUSINESS

Total No. of POS (Physical and Virtual):

122,384 active POS

Banesco's Acquiring Business remained as market leader, due to the reliability of our service, high availability and robust commercial settlement processes. It processed 430 million transactions in this second half-year of 2021.

The strategies used to increase the attraction of liabilities focused on the commercial affiliation of customers with a new profile (non-traditional segments), as well as 0 Rate Promotions for new affiliates in Credit and Debit Card transactions in Puntos Banesco and for existing customers in Credit Card transactions in certain commercial categories.

Competitive Intelligence

Achieving successful customer experiences has become a challenge for companies worldwide. It is a challenge to turn customers into brand ambassadors for the products and services they consume. Therefore, organizations' efforts are focused on establishing emotional links by offering experiences that meet their customers' expectations.

The financial sector has had to adapt to a precipitous evolution with the demand for digital services to meet market needs. This is how customers began to interact through multiple service channels, but demanding that banks build unique experiences.

In Banesco, we are aware of all these changes, adapt our processes, services and products by listening to the voice of our customers. We work to achieve an integration between our human capabilities and digital development in the various service channels. Our goal is to build lasting relationships that sustain the loyalty of our customers and the profitability of the Organization.

In this regard, given the importance of continuous improvement for the establishment of solid links in the sector during the second half of 2021, we kept the measurements of the Net Promoter, in its two aspects, both at the Relational and Benchmarking levels, with the purpose of visualizing the customer's pain points and turning them into strengths. We also evaluated the Customer Journey of each channel, which allowed us to identify possible gaps to establish strategies based on our customers' experiences.

We continue to establish important links with our employees and, together with the Human Capital team, we continue to manage the "Employed Journey" study to visualize opportunities for improvement in the work experience. As a new feature, a new internal communication channel was offered with the services of our Virtual Assistant Barti, which allows 24/7 interaction for consultations or requests related to Legal and Human Resources issues.

As part of the digital transformation, we continued to simplify the processes for updating our customers' data and files in the "My Banesco Applications" portal during the second half of the year. In addition, we promote solutions to improve the customer experience, with the new and innovative Banesco VideoBanking virtual customer service. This service is aimed at our natural and legal customers, where they can schedule



CORPORATE MANAGEMENT REPORT

an appointment from any mobile device or PC, and receive financial advice and banking transactions without the need to go to the branch.

RELATIONAL / EXPERIENTIAL MARKETING

We make it a priority to accompany our clients during their development at Banesco. This is why our communications are personalized and tailored to their needs, thus promoting the sale of products and services.

In order to achieve this, as we analyze their behavior when interacting with the different channels available to us, we develop strategies to improve their experience and facilitate interaction with them. Thus, we strengthen the bond with our customers.

Concerning campaigns deployed by the Marketing team in order to offer products and services, the use of Outbound Marketing is essential. This has significantly increased the reach of the same, managing to bring to the largest number of customers an offer tailored to their needs.

During the second half of the year, we reached 80% of our customers through email marketing, increasing our open rates, reaching an average of 29%. This exceeds international standards for the business segment.

BANESCO IN FIGURES

Number of Clients (as of December 31)					
Year	2021	2020	2019	2018	Variation % 2020 vs 2021
Total	3,944,852	3,935,751	4,072,128	4,496,180	0.2%

MARKET STUDIES

Dialogue Interest Groups							
Natural Persons	2021		2020		2019		
Focus Groups / Interviews / Surveys	Nº	Participants	Nº	Participants	Nº	Participants	Segments
Customer Experience Studies	12	53,250	12	45,360	12	98,844	Natural and legal persons
Brand Studies	1	800	0	0	1	800	Natural Persons
Satisfaction Studies / Quality of Service	15	4,851	0	0	1	369	Natural Persons
Studies Internal Client / Banesco Employees	12	3,800	16	4,909	12	4,899	Banesco Employees
Legal Persons	2021		2020		2019		
Focus Groups / Interviews / Surveys	Nº	Participants	Nº	Participants	Nº	Participants	Segments
Customer Experience Studies	7	741	0	0	0	0	SMEs, Companies, Large Companies and Corporate
Qualitative Legal Companies	1	24	0	0	0	0	SMEs, Companies, Large Companies and Corporate



CORPORATE MANAGEMENT REPORT

CLIENT AND BANK USER DEFENDER

The Banking Customer 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 Customer and Bank User Service Unit. The Defender is a formal body which is objective and independent in nature and has complete autonomy in terms of the criteria and guidelines to be applied.

At the end of 2021, the Client and Bank User Defender handled 1,134 cases. From this number, 247 proposals were admitted, totaling VES 80,880.29.

The declined cases (887) were duly answered, explaining the reason for not admitting the request. These cases were forwarded to the Customer Service Unit, which follows up on them until they are closed.

The main requirements addressed were:

- Inconveniences with Pago Móvil (P2P) / Payments Made.
- Wrong Transfer.
- Transaction Rejected due to Negotiation not Concluded.
- Failed or Duplicate Purchase at Point of Sale with Maestro Banesco Card.
- BanescOnline Inconveniences.

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

Information Technology, Business Processes And Operations

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

PROCESSES

We focus on guaranteeing the productivity of the areas through optimization strategies, contributing to greater efficiency.

We continue to support the areas in its management through the creation of portals, using Google suite. This allows them to carry out a more automated management and control, mitigating operational risks and closing audit findings.

Each month in Service Quality, we review compliance with the service agreements of the products and services offered by the Organization, in order to continuously improve the related processes.

We closed the year with new robotized processes that enabled us to improve the productivity of the areas, automating repetitive tasks, dedicating the personnel that performed these tasks to activities that add more value to the Organization.

APPLICATION DEVELOPMENT AND MAINTENANCE

To promote the digital culture, the “Video Banking” system was implemented, which leverages the Bank’s



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digital transformation strategy, allowing our natural or legal customers to schedule an appointment to request personalized attention from an agency advisor by video call, from any place and device. This new customer service model will allow the sale of products and services, Know Your Customer interviews, Claims/Requests attention and any current management that does not require a face-to-face procedure.

We delivered technological solutions that support business strategies and aimed at improving and boosting the experience of our customers, implementing payment buttons with different Fintech, the C2P Payment Button, the new payment portal for individuals, and offering our customers different online collection channels.

- In order to strengthen our foreign
- currency systems, we enabled the
- functions for consulting balances and
- movements by electronic payment, as
- well as the purchase and sale of foreign
- currency at the Foreign Exchange Desk
- through BanescOnline.

In compliance with regulations, we executed the New Monetary Reconversion within the deadlines required by the regulator. In addition, the new BCV Electronic Clearing House Modernization system was implemented with the functionality of immediate credit through BanescOnline. This allows transfers to be made in real time.

TECHNOLOGY INFRASTRUCTURE OPERATIONS

We continue to focus on operational continuity, the availability of critical services and optimal levels of the Bank's technological infrastructure, products and channels, through continuous improvement plans for processes and systems health. We also implement preventive and corrective actions, providing a reliable experience to our customers, maintaining the work scheme (teleworking and occasional assistance to the offices), adapting to the global health situation, in order to maintain the Bank's operational continuity.

We implemented major implementations and migrations in the Fire Detection and Extinction System in the Data Centers and IT Infrastructure (BanescOnline Service Database Platform, OSB Corporate Integrator, Network and Data Center Technological Infrastructure, Unix Servers, among others). This allowed us to reduce the risks of hardware, software and service obsolescence of the Bank, as well as significant percentages of space savings in the Data Centers, cabling and energy consumption. We also achieved significant improvements in Database switching times.

The management and monitoring tools were updated due to obsolescence for the Bank's operations. Compatibility and support from software manufacturers was ensured, and memory and bandwidth capacities were increased for the iSeries Banking Core platform, in order to offer performance improvements in process execution times, automatic allocation to memory needs in batch and online processes, and increased data transmission capacities.



CORPORATE MANAGEMENT REPORT

Comprehensive Risk Management

Banesto has guaranteed sustainable growth over time despite the circumstances in our country, such as the slowdown in productive activity, monetary reserve policies at levels exceeding 85%, hyperinflation combined with a post-pandemic economy and a process of dollarization of the cash flows of the economic actors. These achievements are accomplished due to the Organization's key strategies. E.g.:

- ▶ Setting the risk appetite by determining the levels and types of risk to be assumed, achieving a balance between the risk-return elements accepted by the shareholders.
- ▶ To act proactively in risk management, by identifying through constant review and monitoring of exposures.
- ▶ Provision of risk quantification methodologies, which are adapted to the new requirements of the environment. This allows for effective monitoring of the risk appetite established.

Risk management and its governance structure are consistent. They involve all participants in the processes, their interrelationships with other areas, such as control and internal audit (second and third line of defense), for the understanding of risk as a whole.

During the second half of 2021, presentations to the Risk Committee have focused on providing information on liquidity indicators, risk appetite and tolerance, portfolio monitoring, as well as early warning levels. This allows us to avoid the possibility of adverse events and



achieve early implementation of the necessary corrective actions to mitigate risks.

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 announcement of effective vaccines at the beginning of the year by large pharmaceutical companies, as well as the mass vaccination of all sectors in the country and a greater flexibility of quarantine throughout the year 2021 indicates a moderate economic recovery. However, regulatory changes related to credit matters may be accompanied by an increase in delinquency, which will depend on the degree of economic normalization that has been achieved at that time and will affect the different economic sectors unevenly, affecting more those that have suffered greater permanent effects or require longer terms.



CORPORATE MANAGEMENT REPORT

By December 2021, credit risk indicators show signs of deterioration as a result of the effects of the pandemic on the economy. As of this date, the delinquency indicator in the banking system recorded 2.95% above the level observed a half year ago (2.34%); while the coverage indicator of the delinquent portfolio decreased 2,420 basis points compared to that recorded at the end of the first half of 2021 (192%). Banesco, on the other hand, in both indicators reached 0.0003% and 897.867% respectively, showing trends contrary to those observed in the system, due to the strategies implemented in the management of this important risk, among which the following stand out:

- ▶ A credit risk management model in which the roles and responsibilities of each of the areas involved are defined, with the active participation of Credit Risk Management in the decision-making process. For credit granting, an evaluation is made based on criteria that determine the payment capacity for new crops, focused 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 the UVC loans, which require a greater effort in the capital owed as the exchange rate with the local currency decreases.
- ▶ Monthly portfolio follow-up reports are issued, which include details of customers in terms of classification, economic group, business units, guarantees, past due balances, concentration levels, among others; complemented with a weekly follow-up of customers more than 15 days past due in order to manage efficiently and not impact the delinquency indicator.
- ▶ The activation during the last quarter of the year of the Portfolio Quality Committee, which periodically reviews the loans granted, will detect changes in the original characteristics of such loans in order to ensure the appropriate management of those loans where there is a possibility of total or partial loss.

In light of the pandemic situation, Banesco has intensified its risk management to anticipate potential portfolio impairment through the Credit Risk Contingency Plan, framed within the following strategies:

1. Weekly monitoring of the portfolio through the Overdue Balance Committees, in order to evaluate the condition of the loan portfolio and propose the pertinent actions to be taken with clients. In this regard, early warnings are given in order to avoid an increase in the overdue balance.
2. Coordination with the credit area to ensure that payment agreements are applied with customers who do not request restructuring; implementation of new restructuring policies, in accordance with the guidelines issued by the Regulatory Body.
3. Classification of clients from Very Low Risk to Very High Risk, in order to present the institution with a review of the Loan Portfolio by economic sector and by credit concentration.

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



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and thresholds. A culture of monitoring tolerance levels allows keeping our risk profile in a post-pandemic scenario within the parameters defined in the risk appetite.

OPERATIONAL RISK

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

Operational risk is inherent to all processes, products and systems, and is transversal throughout the organization. For this reason, all employees are responsible for managing and controlling the operational risks generated by the development of their processes. This message has been framed in the risk culture plan as a fundamental part of the three lines of defense scheme.

Banesco has a robust and complete framework for operational risk management, with a structure that evaluates, anticipates and mitigates the potential operational risks and their impact on the business, using a variety of tools and approaches framed in the most demanding international standards, such as Basilea, ISO 31000, COBIT and COSO. In this context, risk surveys have been carried out for 135 processes in different areas, highlighting the end-to-end process of the foreign exchange desk. In addition, the modernization of the RTGS system, the deposit and withdrawal at the ticket office as complements to the Green Account product and the new scheme for mobilizing foreign exchange operations in cash, in the area of fo-

reign currency, were carried out. As a result, 502 risks and their mitigation strategies were identified for all the processes of the period.

Within the framework of the New Monetary Reconversion, the VPAIR actively participated in risk management and identified 646 procedures, having as main risks: Amounts expressed without the New Monetary Reconversion (NMR), Erroneous execution or non-execution of the rounding guidelines and error in the consolidation of information (accounting closings, reports, AT, among others), due to the lack of monetary re-expression in all the required fields. Mitigation strategies were defined for each of the identified risks.

- Banesco carries out the implementation
- and continuous monitoring of
- mitigation measures related to the
- risks identified through the Operational
- Risk management tools, involving
- a total of 514 strategies by the owners
- of the processes.

As a process of continuous improvement, both internal and external events with financial or non-financial impact (regardless of their amount) are recorded in the incident and loss database, following up on the determination of the underlying causes and their action plans to avoid recurring events and thus consolidate Banesco's event management. During this half year, 103 events were managed with this new approach, which led to strategies for their mitigation.

Under the framework of comprehensive risk management and in order to promote synergies in the area of



CORPORATE MANAGEMENT REPORT

control and operational risk, during the second half of 2021, 82 sessions of the Operational Risk Committee were held. This resulted in the addition of 39 strategies that were submitted for follow-up, resulting in a total of 45 risks.

In terms of promoting and enhancing our risk culture, the primary objective is to raise employee awareness about the importance of risk management in their day-to-day functions. This is achieved through the sharing of Newsletters, Wallpapers and Webinars, combined with the training of Integrated Risk Officers (IRO) and Master IROs, in order to establish sound risk management disciplines as key factors to enable effective monitoring and control that support the long-term sustainability of the institution.

MARKET RISK

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

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

For the measurement of market risk, the VaR of the trading portfolio is used, which is calculated taking

into account the volatility of the prices of this portfolio, considerably reduced by the repurchase by the State due to the small size of the portfolio when expressed in the new monetary reconversion carried out in October 2021. However, the current exposure in relation to equity reached 0.030% at the end of the second half of the year, equivalent to a decrease of 0.07 pp with respect to the preceding period.

In order to manage market risk prudently and in advance, Banesco Banco Universal has implemented a set of indicators whereby it monitors the evolution of risk variables that may affect both the Bank's results and solvency. In addition, this ensures that the models maintain their predictability and remain adequate to support management and decision making. Regarding market risk, the accuracy tests stand out as the average size of the exceptions and the necessary adjustment to obtain the desired coverage. These results show a good performance in the accuracy of the forecasts.

In terms of liquidity risk, the establishment of the appetite and tolerance allows for the inclusion of an early warning system. This helps to anticipate the possibility of adverse events, which contributes to the early implementation of the necessary corrective actions to mitigate the risk through the Liquidity Contingency Plan. This helps to mitigate the risks associated with the legal reserve measures (85% of deposits from public collection established by the Central Bank of Venezuela), which have been reflected in the rates and amounts in the overnight market, as well as the impact on fines for noncompliance with current regulations.



BALANCE SOCIAL

ACCUMULATED 1998 - 2021

Stated in VES at December 31, 2021

DESCRIPTION	2021	Accumulated 1998 – December 2021
SOCIAL INVESTMENT		
APPLICATION BANESCO RESOURCES	7,041,076.13	7,473,967.24
Fe y Alegría	37,134.91	40,892.71
Microentrepreneurs Training Program	61,049.79	64,997.02
Simón Bolívar Music Foundation	5,925.21	7,172.41
Association of Venezuelan Catholic Education (AVEC)	7,350.00	8,056.19
Social Undertaking Project with the IESA	41,500.00	44,750.00
Universities and Other Institutions	349,842.01	373,931.14
Banesco Long Scholarships Life	—	0.00
Other Education Institutes and Organizations	—	0.01
Venezuelan Foundation against Child Paralysis	27,440.00	29,446.00
Other Health and Medical Care Organizations	65,442.69	73,199.02
FUNDANA	88,427.84	97,458.76
Civil Association Don Bosco Houses Network	83,000.00	86,442.67
Salesian Ladies Civil Association	5,689.60	5,944.61
Attendance to the childhood and people with special necessities	73,612.15	74,203.19
Toys donation to the communities	—	0.00
Editorial Projects	95,520.11	98,182.09
Other Contributions	106,358.45	107,075.68
Solidarity (Capital and Regional)	—	0.00
Events for the Community	18,143.49	18,511.92
Investment in works in Colinas de Bello Monte	(0.00)	—
Mayoralties, Regional Governments and Other	—	0.00
Community Participative Budget	27,000.00	28,395.03
Non-Contractual Social Benefits for Banesco Employees	5,946,787.46	6,313,782.50
Dining Subvention	3,196,290.59	3,444,061.25
Medical Service	751,187.75	759,421.14
Parking Subsidy	0.00	0.00
Medical Assistance for Extreme Diseases	427,828.74	444,528.79
Unsecured Loans for Housing	(0.00)	524.55
Transportation between offices	106,812.68	134,981.93
Housing sales between employees	—	0.00
Collective Agreement	1,464,667.69	1,530,264.85
Corporate Volunteering Contribution	852.44	1,526.29
TOTAL SOCIAL INVESTMENT MORE COMMITMENTS CONTRACTED	7,041,076.13	7,473,967.24



PRESIDENT

Juan Carlos Escotet R.

DIRECTORS

Juan Carlos Escotet R.
José Grasso Vecchio
Miguel Ángel Marciano C.
Emilio Durán Ceballos

Carlos Eduardo Escotet A.
Carlos Alberto Escotet A.
Marco Tulio Ortega V.

