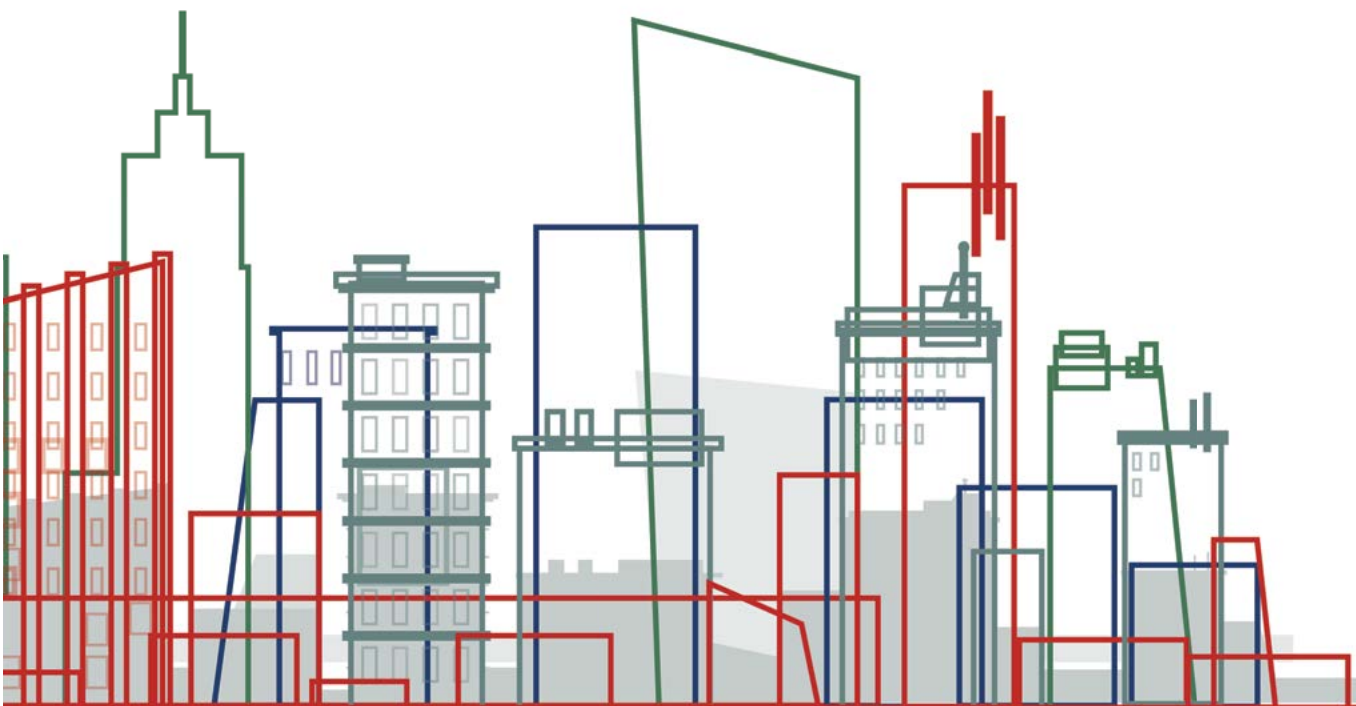


# 2020

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## FINANCIAL REPORT

S E C O N D H A L F



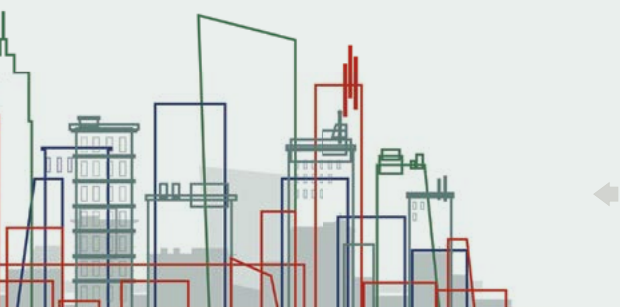


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# FINANCIAL ECONOMIC BALANCE

## SECOND HALF 2020

The closing of the second half of 2020 had the expected natural results of a period still affected by the necessary restrictions imposed due to the confinement caused by the COVID-19 pandemic. In this global context and through the 7+7 flexibilization policy, the economic life of Venezuelans took place. This period was also marked by the necessary reflection on the business model, customer experience and digital transformation.

These three fundamental aspects provided the foundation for the fundamental purpose of this pandemic moment: guaranteeing operational continuity, meeting the needs of our talent and maintaining an open dialogue with our different audiences.

You will find the transparency exercise we have become accustomed to in our management of the half-year report. This responds to the trust that our clients, shareholders, collaborators, authorities and social partners/allies have bestowed on our institution.

The financial sector responded precisely to the complexities derived from maintaining operations and offering face-to-face service. All the necessary biosecurity measures were observed and the needed technological and logistical adjustments were made to fully meet our clients' needs.

Preserving our employees' health and that of their families, suppliers and clients continued to be one of our greatest challenges. This forced us to rethink our processes and design special contingency plans to serve our clients in a reliable and timely manner.

While Banesco already has a story to tell, in terms of digitization of internal processes, digital self-management services and products that enhance the best customer experience in 2020, and especially in

the second half of the year, we will develop in greater depth a digital transformation process in all possible areas. This process, which began in previous periods, opened a no return path in the provision of financial services and the nature of our business.

The approach and knowledge about our clients allowed us to develop strategies to guarantee the continuous improvement of our products and services. We also diversified our channels; created new ones based on AI and improved those that allow the self-management of requirements and information search. Our emphasis has been focused on reducing the gap between expectations and experience of the internal and external client, and the organization itself.

New trends in digital banking have guided a business strategy based on innovative technological solutions, and within the framework of this orientation, we provide our clients with new services and adaptations of the existing channels.

*We increased the mechanisms for effective monitoring and attention to the establishment of parameters for new and possible risks due to the increase in electronic and digital transactions in this period.*

Likewise, we have maintained a consistent institutional effort in compliance and prevention activities, according to the legal and regulatory framework in force, inherent to the provision of financial services.

The day-to-day conditions were maintained during this six-month period and one of our objectives was to remain attentive to knowledge management and innovative experiences to facilitate the development of skills,



# FINANCIAL ECONOMIC BALANCE

SECOND HALF 2020

and technical and professional learning by Banesco Citizens. Developing key competencies, ongoing review and the promotion of the implicit values of the Code of Ethics were also high-value contents that were part of the knowledge management process.

We also deepen the development and integration of collaborative work through constant training given by Banesco Citizens themselves as virtual facilitators. In this regard, we invested 229,633 man/hours in training activities during 2020.

We believe in permanently strengthening a culture of high performance, boosting productivity with agile methodologies and involving the group of workers who remained working remotely, from their homes, with innovative experiences.

Some of the data you contained herein is insightful of our performance and role in the Venezuelan financial system. As a result, we achieved a 389.8% increase in fundraising in the second half of the year. Our loan portfolio reached a market share of 22.36% and ranked first in the financial system. The loans settled during the first half of the year were for priority sectors such as agriculture, food and health.

93.3% of our clients used e-banking or any other electronic channel. Particularly, e-banking recorded more than 775 million operations. This platform underwent a series of adjustments and improvements to offer more information and security to clients.

These digital and electronic channels, including BanescoOnline, Mobile Banking, Págo Móvil (P2P Payment) and other portals, accounted for 99.97% of the transactions carried out during the second half of 2020. Meanwhile, the P2P channel registered a considerable increase in affiliates with over 100 million

transactions. This had a series of improvements and adjustments to provide a better, more reliable and secure service, resulting in a better client experience. In addition, mobile banking maintained its availability and made constant limit adjustments that increased and facilitated the execution of financial transactions through this channel.

*We maintained 229 service points active, including ticket offices and agencies, during all flexible weeks. Hence, a total of 479 ATMs remained operational throughout the country, which processed more than 6.2 million transactions.*

Besides, more than 500 million transactions were carried out through the Points of Sale, which shows a high level of readiness and reliability in the commercial settlement processes.

The data related to equity, cash and cash equivalents, investments, loans, liabilities and obligations, and the rest of the information on Banesco's financial management for the period July - December 2020 are detailed herein, to be published and reviewed by our audiences, according to their interest.

In relation to our Social Responsibility and Sustainability management, we maintained our constant outreach to understand the special needs of our partners and social allies. We reported our social balance sheet and submitted our annual report for 2019 to the GRI and the Global Compact as well.

Education, health and financial inclusion continue to be the pillars that guide our social investment. In the second half of the year, we fulfilled all the initiatives proposed; we also used technological platforms as a



# FINANCIAL ECONOMIC BALANCE

SECOND HALF 2020

means to carry out our social responsibility programs and commitments.

During this time, important economic contributions were made to members and social allies. Training workshops were held for members in order to support them in their daily management. Our social networks also served as a platform to disseminate institutional and prevention content from all our social service partner institutions, as well as their most important activities. We actively participated in the organization and execution of the 2020 First Venezuelan Business Sustainability Forum. This event, promoted by the United Nations, brought together more than 100 Venezuelan companies. The purpose of this initiative was to highlight the role played by SMEs and large companies in the sustainable development of the country. This was aimed at aligning some actions and contributing to the achievement of the 2030 SDGs.

To maintain and strengthen the Quality of Life programs for our Banesco Citizens and their families, Banesco allocated VES 281.05 billion. This accounts for 82.71% of the total social investment made in the second half of 2020.

Banesco trained other 5,292 Venezuelans in 2020 through its Microentrepreneur Training Program. The total number of graduates has reached 65,685 in 12 years. This year, due to the confinement forced by the COVID-19 pandemic, the Training Program created three virtual versions of different nature and duration. Therefore, entrepreneurs from all over the country, as well as some who were affected by the pandemic in countries such as Argentina, Chile, Colombia, Ecuador, Spain and Mexico, were able to attend the training offered, which was free of charge.

*In 2020 our Participatory Budget covered a total of 39 different institutions in 9 sites throughout the country. By means of technological platforms, we offered our participants the opportunity to carry out their projects.*

Also during this second half of the year, we continued our efforts to disseminate information on prevention and care against COVID-19. Our efforts aimed at the entire community of Banesco Citizens, through all our internal channels and the different external audiences through our social networks.

We are aware that this semiannual report comprises an exhaustive and very detailed exercise of accountability, of the management in different areas of a financial institution that maintains a central leadership in Venezuelan life. We are confident that readers will find the reasons why we continue to be reliable, innovative, responsible and maintain the conviction that we offer high quality financial products and services in this report. This report, although exhaustive, is a broad reflection of who we are and what we represent to society and how we have fulfilled each day of this year 2020, which has been so particular and so decisive for all Venezuelans.

JOSÉ GRASSO VECCHIO

EXECUTIVE CHAIRMAN

BANESCO BANCO UNIVERSAL, C.A.



# THE VENEZUELAN ECONOMY DURING THE SECOND SEMESTER OF 2020

National economic imbalances and the prolonged confinement have been decisive factors in the decline not only of the country's industrial and commercial activity, but also of both public and private investment.

According to the Organization of Petroleum Exporting Countries (OPEC), by means of its monthly report issued in December, Venezuela's oil production in December reached 415,000 b/d. The average annual production in 2020 was 498,000 b/d, lower than in 2019, when reached 796,000 b/d. OPEC reported the Merey crude oil at \$32.70/barrel, a decrease of \$7.24 as compared to the same month of 2019. This was affected by a lower global demand for crude oil due to the pandemic. This lower foreign currency income affected the international reserves, which closed the year at USD 6.36 million (-4.01%).

However, noteworthy is the significant slowdown in the accumulated variation of the National Consumer Price Index (NCPI), which according to official figures from the Central Bank of Venezuela ended by 2020 at 2,959.8%. This was well below the record of 2019, when it stood at 9,585.5%.

Monetary authorities maintained the restriction on the growth of monetary liquidity (M2) during the year by limiting its annual increase to 1,286.81%. This is lower than the one observed in 2019 (4,945.59%); in addition to the boost in the use of electronic media in domestic transactions, which is evidenced by the lower percentage of banknotes and coins (2.24%). The digitization of operations was mainly addressed by the Venezuelan financial system, which institutions had to make all necessary resources available to guarantee, in a digital and automated manner, the transactionality required by their clients to carry out their commercial

operations, and thus maintain the continuity of their businesses.

The exchange rate closed the year at 1,356,097.17 VES/\$, with a variation of 2,816.1% for the year and 492.1% in the second half of the year. Despite the importance of the exchange rate adjustment, there was a slowdown with respect to 2019, when the increase was 7,205.3%.

*Given the conditions prevailing throughout 2020, the real sector of the economy ended this period facing not only a drop in demand and consumption, but also fuel shortages and the intermittent interruption of its operations due to the Covid-19 pandemic.*



# THE VENEZUELAN ECONOMY DURING THE SECOND SEMESTER OF 2020

## THE VENEZUELAN BANKING SYSTEM

The financial system ended the period with 29 institutions, including 23 private and 6 public and its composition remained unchanged. At the end of December 2020, there were 2,957 branches, 40,731 employees, 2,915 ATMs and 430,354 points of sale, reflecting an increase of 4.1% (16,954) compared to the first half of the year, reflecting the increased use of electronic channels by clients.

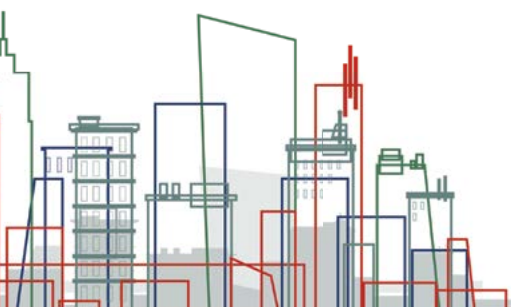
The Venezuelan economy in general, as well as the banking sector in particular, experienced in 2020 an increase in the previously existing macroeconomic imbalances, in addition to the current situation derived from the Covid-19 pandemic. These circumstances evidently caused significant disruptions in the business environment of the financial system and a large percentage of its clients, both natural and legal persons. Moreover, the country's productive apparatus was strongly impacted, and consequently, the financial operating environment was affected, thereby affecting the volume of banking operations, productivity and transformation expenses, considering also the inflationary pressure of the period and the increase of monetary liquidity (1.286,81%).

However, the consolidated balance sheet of the banking market corresponding to fiscal year 2020 reveals a total assets increase of 2,139.4%, standing at VES 6.29 trillion, with the greatest variations as compared to December 2019 in the items investments in securities (+ VES 4.02 trillion), cash and cash equivalents (+ VES 1.08 trillion) and gross loan portfolio (+ VES 303 trillion). These increases are mainly attributable to the revaluation of securities in foreign currency due to the higher official exchange, the legal reserve requirements in the Central Bank of Venezuela and the indexation of loans, among others.



*With respect to the balance sheet, a slight improvement in the relative importance of the net loan portfolio was observed during the second half of 2020. Net loans now account for 4.8% of total assets, considering the reform made in September by the BCV to the legal reserve. This allowed the financial system to release VES 30 trillion, as part of the economic measures to alleviate the effects of the Covid-19 pandemic.*

The above had a favorable impact on lending, increasing the intermediation ratio to 19.88% in the second half of the year, i.e., 6.6 percentage points above the level reflected in the same period of 2019 and 8.5 percentage points with respect to June 2020. However, this rate is still far below the averages of previous years, when it was around 50%. The portfolio quality, on the other hand, showed a significant improvement, with the default rate standing at 3.35%, 3.3 percentage points lower than that observed in the first half of



## THE VENEZUELAN ECONOMY DURING THE SECOND SEMESTER OF 2020

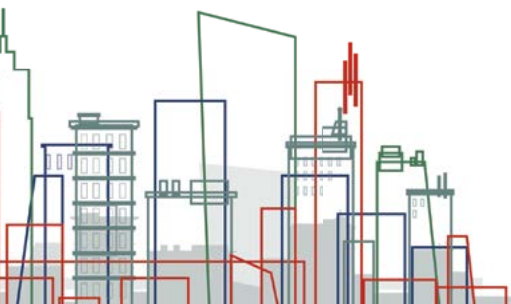
the year. The system had a higher level of coverage for immobilizations, with an average of 93.15% in December.

Regarding liabilities, and in accordance with the greater liquidity present in the economy, they kept their upward trend throughout the year, ending with a balance of VES 1.52 trillion in deposits from the public, which implies a year-on-year growth of 1,892.3%. Demand deposits accounted for 94.1% of these funds. Excluding foreign currency funds, the amount of funds raised would be VES 621 trillion.

*The capitalization of the financial system recorded an increase of 2,528.5%, reaching an equity amount of VES 1.45 trillion, mainly due to the adjustments of the equity resulting from the revaluation of assets in foreign currency, as well as the revaluation of the loan portfolio due to the adjustment of the investment index (IDI).*

Moreover, operations during the six-month period resulted in financial income of VES 81.5 trillion, of which 85.5% came from credit operations, which, together with the increase in other operating income, resulted in a financial intermediation margin of VES 130.7 trillion, thus offsetting the increase in transformation expenses.

The financial system adapted itself to the new market demands and the prevailing restrictions in its business environment, as a result of the Covid-19 pandemic and its effects on the economy. At the end of the year, the financial system achieved an annual net result of VES 44 trillion, 2,740.4% higher than in 2019. This was reflected in a slight improvement in profitability, with a Return on Assets (ROA) of 2.27% and on Return on Average Equity (ROAE) of 10.13%.



# BANESCO BANCO UNIVERSAL IN THE SECOND HALF OF 2020

BanESCO closed the year 2020 with assets amounting to VES 231.20 billion, showing a year-on-year increase of VES 219.53 billion (1,881.7%) and of VES 189.88 billion (459.5%) regarding the first quarter of the year. It is worth noting the significant growth of cash and cash equivalents in the last six months (+ VES 102.38 billion), exceeding VES 109 billion, 61.1% of which corresponds to the legal reserve requirements deposited in the Central Bank of Venezuela.

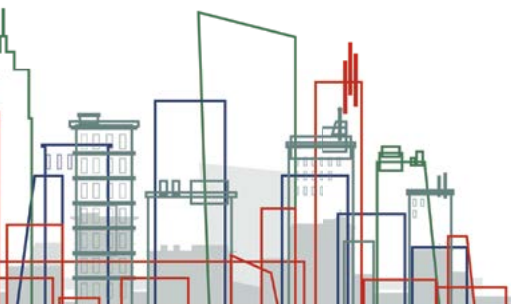
Regarding liabilities, BanESCO recorded a balance of VES 119.23 billion in public deposits at the end of December 2020, achieving a market share of 7.81%. Exempting from foreign currency accounts, this percentage rises to 16.95%.

*We ended the second half of the year ranking first in the banking market in gross loan portfolio, with a closing figure of VES 70.08 billion and a share of 22.36%. This was 4.07 percentage points higher than the same period of 2019, liquidating more than 2,000 loans in 2020.*

In addition, we achieved the highest portfolio growth in the system (VES 68.174 billion, equivalent to a variation of 3,563.6% with respect to December 2019). As a result, we maintained an excellent quality portfolio (0.00002% default) and an intermediation coefficient of 57.67%, above the average (19.88%), once again ratifying the importance of BanESCO in the financing of the main economic activities of the country.

We ended the period with total equity of VES 43.47 billion, recording a year-on-year growth of VES 42.57 billion (4,693.1%), and an equity adequacy ratio of 27.58%, higher than the minimum required by law.

BanESCO Banco Universal concluded the year 2020 with an accumulated net result of VES 10.39 billion, out of which VES 9.51 billion corresponded to the operations of the second half of the year, which is mainly attributable to the growth of financial income derived from credit operations in this last period. The latter amounted to VES 12.786 billion (1st place in the system), together with the higher growth rate of other operating income, obtaining a Return on Average Assets (ROA) of 15.60%, which places it at the top of the ranking.



# FINANCIAL HIGHLIGHTS

	G R O W T H							
	First Half 2019	Second Half 2019	First Half 2020	Second Half 2020	II Half 2020 – I Half 2020		II Half 2020 – II Half 2019	
					Absolute	%	Absolute	%
(Stated in Million VES)								
<b>Total Assets</b>	<b>2,045,800</b>	<b>11,666,789</b>	<b>41,320,140</b>	<b>231,201,373</b>	<b>189,881,233</b>	<b>459.5</b>	<b>219,534,584</b>	<b>1,881.7</b>
■ Cash and Due from Banks	1,378,135	7,400,370	25,581,546	109,787,475	84,205,929	329.2	102,387,105	1,383.5
■ Security Investments	115,537	1,091,680	3,696,878	19,523,073	15,826,195	428.1	18,431,393	1,688.4
■ Credit Portfolio	305,890	1,877,681	5,032,836	68,764,361	63,731,525	1,266.3	66,886,680	3,562.2
■ Gross Portfolio	311,776	1,913,073	5,137,887	70,087,334	64,949,447	1,264.1	68,174,261	3,563.6
<b>Deposits from Clients</b>	<b>1,378,726</b>	<b>7,465,597</b>	<b>24,342,416</b>	<b>119,238,311</b>	<b>94,895,895</b>	<b>389.8</b>	<b>111,772,714</b>	<b>1,497.2</b>
■ Deposits in Current Accounts	1,293,846	6,991,270	22,997,005	112,700,231	89,703,226	390.1	105,708,960	1,512.0
■ Savings Deposits	72,604	406,757	1,259,320	6,078,470	4,819,150	382.7	5,671,713	1,394.4
■ Time Deposits	137	1,408	4,247	9,823	5,576	131.3	8,415	597.8
■ Other Deposits	12,139	66,162	81,844	449,787	367,943	449.6	383,625	579.8
<b>Total Stockholders' Equity</b>	<b>227,000</b>	<b>907,097</b>	<b>4,099,253</b>	<b>43,477,748</b>	<b>39,378,496</b>	<b>960.6</b>	<b>42,570,651</b>	<b>4,693.1</b>
<b>Trust Assets</b>	<b>66,134</b>	<b>331,059</b>	<b>1,423,134</b>	<b>7,437,477</b>	<b>6,014,343</b>	<b>422.6</b>	<b>7,106,418</b>	<b>2,146.6</b>
<b>Debtor Accounts Due To Trust Assignments (FAOV)</b>	<b>1,747</b>	<b>13,324</b>	<b>27,024</b>	<b>32,675</b>	<b>5,652</b>	<b>20.9</b>	<b>19,351</b>	<b>145.2</b>
■ Financial Revenues	61,084	425,419	1,071,286	13,298,101	12,226,815	1,141.3	12,872,682	3,025.9
■ Financial Expenses	11,206	58,883	190,562	900,401	709,839	372.5	841,518	1,429.1
■ Gross Financial Margin	49,878	366,535	880,724	12,397,699	11,516,976	1,307.7	12,031,164	3,282.4
■ Financial Intermediation Margin	211,807	1,083,219	3,525,119	26,475,899	22,950,779	651.1	25,392,680	2,344.2
■ Transformation Expenses	97,551	721,174	1,990,345	12,419,949	10,429,604	524.0	11,698,775	1,622.2
■ Income Taxes	7,072	56,122	201,851	2,360,432	2,158,581	1,069.4	2,304,310	4,105.9
<b>Net Income</b>	<b>86,690</b>	<b>153,916</b>	<b>880,232</b>	<b>9,511,234</b>	<b>8,631,002</b>	<b>980.5</b>	<b>9,357,318</b>	<b>6,079.5</b>
<b>Accumulate Agriculture Portfolio</b>	<b>47,163</b>	<b>709,981</b>	<b>580,535</b>	<b>2,704</b>	<b>-577,831</b>	<b>-99.5</b>	<b>-707,278</b>	<b>-99.6</b>
<b>Official Institutions Deposits</b>	<b>110,575</b>	<b>326,928</b>	<b>2,290,283</b>	<b>5,765,171</b>	<b>3,474,888</b>	<b>151.7</b>	<b>5,438,243</b>	<b>1,663.4</b>
<b>Micro Loans</b>	<b>1,260</b>	<b>39,876</b>	<b>16,203</b>	<b>114</b>	<b>-16,089</b>	<b>-99.3</b>	<b>-39,761</b>	<b>-99.7</b>
<b>Ratios (%)</b>								
■ Loan Portfolio Provisions / Non Accrual Loans	142,602.0	743,404.1	101,552.4	86,058,725.9				
■ Non Accrual Loans/ Gross Loan Portfolio	0.0	0.0	0.0	0.0				
■ Net Results / Average Assets *	15.3	6.9	7.6	15.6				
■ Net Results / Average Equity *	143.9	65.2	78.1	95.6				
■ Liquidity	100.0	99.4	105.6	92.1				

\* Annual Percentage

## CREDIT RISK REPORTS PRONOUNCEMENT

The pandemic has substantially increased the inherent risk of credit activity as a result of the fall in customer income, as a result of the decrease in demand and the disruption of production processes that reduces the ability to pay the contractual obligations assumed, especially in the case of the short term. For this reason, the banking system registered a delinquency rate of 3.35%.

During the second semester of 2020, the Bank continued with its strategy of granting credits with adequate quality, for this, criteria that determine the payment

capacity are evaluated in the credit analysis, a continuous monitoring of clients is carried out, which allows preventively detect the deterioration of the payment capacity and monitor the evolution of overdue balances, which resulted in Banesco reporting a delinquency rate of 0.000002% at the end of the semester.

The culture of monitoring tolerance levels and acting proactively have made it possible to mitigate the deterioration of the portfolio, obtaining very satisfactory results in credit risk management.

### 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-two (32) credits, that by individual or group risk, in the same monthly period, exceeded five percent (5%) of the bank's equity.

### PARTICIPATION IN THE COUNTRY'S PRODUCTION SECTOR AS A PERCENTAGE OF THE LOAN PORTFOLIO

The largest participation of the Credit Portfolio is found in the Agricultural, Fishing and Forestry Sector with 54.58%; followed by Manufacturing In-

dustry with a proportion of 27.51% and closing with 10.97% the Wholesale and Retail Sector, Restaurants and Hotels.

Economic Activities	Outstanding	Restructured	Past to Due	In Litigation	Total	% Composition
■ Agriculture, Fishing and Forest	38,257,110,013,037	0	0	0	38,257,110,013,037	54.58 %
■ Hydrocarbons and Mining Exploitation	6,029,275,250	0	0	0	6,029,275,250	0.01 %
■ Manufacturing Industry	19,280,984,767,194	0	651	0	19,280,984,767,846	27.51 %
■ Electricity, Gas and Water	43	0	0	0	43	0.00 %
■ Construction	1,282,856,302,842	0	—	0	1,282,856,302,842	1.83 %
■ Trade, Restaurants and Hotels	7,689,444,281,112	0	348,531	0	7,689,444,629,643	10.97 %
■ Transport, Storage and Communications	1,083,009,361,078	0	1,127	0	1,083,009,362,205	1.55 %
■ Financial Establishments, Real State and Services Provided to Companies	519,750,812,793	0	2,294	0	519,750,815,087	0.74 %
■ Community, Social and Personal Services	1,968,147,224,543	0	1,184,687	0	1,968,148,409,230	2.81 %
<b>Total (VES)</b>	<b>70,087,332,037,892</b>	<b>0</b>	<b>1,537,290</b>	<b>0</b>	<b>70,087,333,575,182</b>	<b>100.00 %</b>



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



BANCO UNIVERSAL  
R.I.F. 070133805

Chairman of the Board  
Juan Carlos Escotet R.

Main Directors  
Juan Carlos Escotet R.  
José Grasso Vecchio  
Miguel Ángel Marcano C.  
Emilio Durán Ceballos  
María Josefina Fernández M.

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

External Auditors  
Lara Marambio & Asociados (DELOITTE)

Stock Capital Bs. 12,500.00  
Capital Paid in Bs. 12,500.00  
Capital Reserves Bs. 43,477,748,333,746.29

December 31, 2020 (Stated in VES)			
ASSETS			
	December 20	December 19	
<b>CASH AND DUE FROM BANKS</b>	<b>109,787,475,074.889</b>	<b>7,400,369,920.566</b>	
Cash	15,244,098,186.282	451,631,522.703	
Central Bank of Venezuela	67,104,865,937.607	6,048,508,239.534	
Local Banks and Other Financial Institutions	541,138,767.205	39,145,415.510	
Foreign and Correspondent Banks	26,635,666,790.344	710,740,010.513	
Head Office and Branches	0	0	
Pending Cash Items	68,303,462.940	150,788,288.418	
(Provision for Bank Accounts)	(6,796,049.549)	(333,356.112)	
<b>INVESTMENTS IN SECURITIES</b>	<b>19,523,072,644.451</b>	<b>1,091,678,894.899</b>	
Investments in Central Bank	0	261,351,000.000	
Investments in Trading Securities	0	0	
Investments in Securities Available for Sale	17,245,576.211	19,810,942.876	
Investments in Securities Held to-maturity	1,960,244,602.119	74,210,499.524	
Limited Availability Investments	17,537,540,379.241	736,248,179.263	
Other Security Investments	41,886.880	43,233.236	
(Provision for Security Investments)	0	0	
<b>LOAN PORTFOLIO</b>	<b>68,764,361,388.457</b>	<b>1,877,681,413.454</b>	
Outstanding Credits	70,007,332,037.892	1,913,060,100.270	
Restructured Credits	0	0	
Past Due Credits	1,537.290	4,760.739	
Credits in Litigation	0	0	
(Provision for Credit Portfolio)	(1,322,972,106.725)	(35,391,527.554)	
<b>INTEREST AND COMMISSIONS RECEIVABLE</b>	<b>195,918,259.736</b>	<b>39,917,250.970</b>	
Interest receivable from cash and due from banks	0	0	
Interest receivable from security investments	529,817.375	4,175,379.458	
Interest receivable from credit portfolio	189,181,870.406	37,765,207.744	
Commissions Receivable	6,216,231.539	641,988.908	
Interest Receivable on Other Accounts Receivable	0	0	
(Provision for Interest Receivable and Other)	(9,659.584)	(2,665.325.140)	
<b>INVESTMENTS IN SUBSIDIARIES, AFFILIATES AND BRANCHES</b>	<b>202,357,154.825</b>	<b>5,175,975.657</b>	
Investments in subsidiaries and affiliates	202,357,154.825	5,175,975.657	
Investments in branches	0	0	
Provision for investments in subsidiaries, affiliates and branches	0	0	
<b>PROPERTY RECEIVED IN LIEU OF PAYMENT</b>	<b>2,865,334.847</b>	<b>632</b>	
<b>PROPERTY IN USE</b>	<b>2,632,892,944.550</b>	<b>264,076,737.335</b>	
<b>OTHER ASSETS</b>	<b>30,092,430,103.323</b>	<b>987,887,470.975</b>	
<b>TOTAL ASSETS</b>	<b>231,201,372,905.078</b>	<b>11,666,788,624.480</b>	
LIABILITIES AND EQUITY			
	December 20	December 19	
<b>DEPOSITS</b>	<b>119,238,311,055.128</b>	<b>7,465,597,159.519</b>	
Deposits in Current Accounts	112,700,230,703.287	6,991,270,373.588	
Non-Remunerated Checking Accounts	66,612,561,360.641	4,509,544,288.472	
Remunerated Checking Accounts	51,922,236,957.214	2,231,614,108.370	
Current accounts under exchange agreement N° 20	2,107,626,967.076	103,023,027.415	
Demand Deposits and Certificates	243,046,526.950	27,499,214.139	
Current Accounts Exchange System Free Convertibility	11,813,956,471.408	119,589,675.183	
Special Funds in Trusts Free Convertibility System	0	0	
Other Demand Liabilities	449,787,332.900	68,162,312.015	
Obligations for Money Desk Operations	0	0	
Savings Deposits	6,078,470,249.500	406,756,854.021	
Time Deposits	9,822,769.433	1,407,619.095	
Securities Issued by the Institution	0	0	
Restricted Deposits from Clients	0	0	
Right of Ownership and Participation on Security Investments	0	0	
<b>OBLIGATIONS WITH BICV</b>	<b>0</b>	<b>0</b>	
<b>DEPOSITS AND OBLIGATIONS WITH BANAVIH</b>	<b>631,812.518</b>	<b>47,140.858</b>	
<b>OTHER FINANCING OBTAINED</b>	<b>8,668,058,221.586</b>	<b>864,007,420.353</b>	
Liabilities with local financial institutions up to one year	8,668,058,221.586	864,007,420.353	
Liabilities with local financial institutions more than one year	0	0	
Liabilities with foreign financial institutions up to one year	0	0	
Liabilities with foreign financial institutions more than one year	0	0	
Other Liabilities up to one year	0	0	
Other Liabilities more than one year	0	0	
<b>OTHER FINANCIAL OBLIGATIONS</b>	<b>0</b>	<b>0</b>	
<b>INTEREST AND COMMISSIONS PAYABLE</b>	<b>11,694,226.798</b>	<b>1,348,290.349</b>	
Expenses payable due to deposits from clients	6,100,100.902	1,194,642.312	
Expenses payable due to obligations with BICV	0	0	
Expenses payable due to deposits and liabilities with BANAVIH	0	0	
Expenses payable due to other financing obtained	5,514,044.896	153,648.037	
Expenses payable due to other financial obligations	0	0	
Expenses payable due to obligations convertible to capital	0	0	
Expenses payable due to subordinated debt	0	0	
<b>ACCUMULATED DEBT</b>	<b>59,804,932,243.802</b>	<b>2,628,691,420.147</b>	
<b>OTHER LIABILITIES</b>	<b>0</b>	<b>0</b>	
<b>TOTAL LIABILITIES</b>	<b>187,723,624,558.832</b>	<b>10,759,691,430.926</b>	
<b>STOCKHOLDERS' EQUITY</b>	<b>12,500</b>	<b>12,500</b>	
Capital Paid in	12,500	12,500	
Obligations Convertible into Shares	0	0	
<b>Uncapitalized Equity Contributions</b>	<b>800,400,000</b>	<b>800,400,000</b>	
Capital Reserves	13,760	13,760	
Equity Adjustments	33,867,768,668.635	675,314,433.973	
Accumulated Income	9,519,758,369.656	228,700,480.519	
Non-Realized Gain or (Loss) on Available for Sale Security Investments	(565,509.948)	1,284,925.070	
Treasury Stock	(349)	(349)	
<b>TOTAL EQUITY</b>	<b>43,477,748,346.246</b>	<b>907,097,193.563</b>	
<b>LIABILITIES AND EQUITY</b>	<b>231,201,372,905.078</b>	<b>11,666,788,624.480</b>	
<b>Contingent Debtor Accounts</b>	<b>219,347,712.243</b>	<b>270,046,412.254</b>	
Trust Assets	7,437,476,637.539	331,658,726.767	
Other Trust Assignments	275,217	10,887.093	
Debtor Accounts Due to Trust Assignments (Housing Mutual Fund)	32,675,329.002	13,324,265.254	
Other Debtor Accounts (Housing Mutual Fund)	0	175	
Other Debtor Memorandum Accounts	810,666,389,175.035	54,436,960,186.185	
Other Debtor Book Accounts	136	125	
Assets of Trust Entities for Operations in Sovereign Crypto Assets	0	0	
Statements of Earnings (Stated in VES)			
	December 20	December 19	
<b>Financial Revenues</b>	<b>13,298,100,875.113</b>	<b>425,418,691.887</b>	
Revenues from Cash and Cash Equivalents	71,366,013.953	5,502,840.563	
Revenues from Security Investments	440,956,402.873	18,760,306.821	
Revenues from Credit Portfolio	12,785,778,450.266	401,155,464.149	
Revenues from Other Accounts Receivable	21	54	
Income from investments in subsidiaries, affiliates and branches	0	0	
Revenues from Head Office and Branches	0	0	
Other Financial Revenues	0	0	
<b>Financial Expenses</b>	<b>900,401,452.667</b>	<b>58,883,367.003</b>	
Expenses Due to Deposits from Clients	529,635,644.575	31,707,529.940	
Expenses Due to Obligations with BICV	0	0	
Expenses Due to Obligations with BANAVIH	0	0	
Expenses Due to Other Financing Obtained	0	0	
Expenses Due to Other Financial Obligations	370,765,000.092	25,371,270.396	
Expenses Due to Subordinated Debt	0	1,804,566.667	
Expenses Due to Other Obligations	0	0	
Expenses Due to Head Office and Branches	0	0	
Other Financial Expenses	0	0	
<b>Gross Financial Margin</b>	<b>12,397,699,422.446</b>	<b>366,535,324.884</b>	
Income from Recovered Financial Assets	17,024.066	5,286.937	
Expenses Due to Uncollectibility of Credits and Other Accounts Receivable	946,441,248.571	32,665,552.239	
Provision for Loan Portfolio and Other Accounts Receivable, Losses	941,085,596.622	32,176,510.154	
Provision for Cash and Due from Banks	5,355,649.949	409,942.005	
<b>Net Financial Margin</b>	<b>11,451,275,197.944</b>	<b>333,875,069.582</b>	
Other Operating Income	17,700,636,772.383	966,752,440.850	
Other Operating Expenses	2,676,013,164.276	217,408,482.324	
<b>Financial Intermediation Margin</b>	<b>26,475,898,806.048</b>	<b>1,083,219,018.008</b>	
Transformation Expenses	12,419,949,626.982	721,173,564.819	
Personnel Expenses	2,832,409,207.782	204,682,219.173	
Administrative and General Expenses	9,248,808,918.592	496,520,535.425	
Contributions to Deposit Guarantee and Bank Protection Fund	155,512,931.848	9,304,770.424	
Contributions to Superintendency of Banks and Other Financial Institutions	183,137,968.760	10,058,039.077	
<b>Gross Operating Margin</b>	<b>14,055,949,779.066</b>	<b>362,045,453.289</b>	
Income from Adjudicated Goods	0	1	
Income from Special Programs	0	0	
Income from Sundry Accounts	2,021,629.135	98,779.336	
Expenses Due to Realizable Property	301,662.075	1,383	
Expenses for Depreciation, Amortization and Devaluation of Miscellaneous Goods	0	0	
Expenses Due to Sundry Accounts	2,120,828,522.349	151,344,764.066	
<b>Net Operating Margin</b>	<b>11,928,841,223.780</b>	<b>210,799,467.187</b>	
Extraordinary Income	0	0	
Extraordinary Expenses	57,175,122.977	761,764.635	
<b>Gross Income Before Taxes</b>	<b>11,871,666,100.803</b>	<b>210,037,702.522</b>	
Income Taxes	2,360,431,983.781	56,121,500.000	
<b>NET INCOME</b>	<b>9,511,234,117.022</b>	<b>153,916,202.522</b>	
<b>Application of Net Income</b>	<b>0</b>	<b>0</b>	
Legal Reserve	570,674,047.000	9,234,970.000	
Statutory Reserves	570,674,047.000	9,234,970.000	
Board of Directors	0	0	
Officials and Employees	0	0	
Other Capital Reserves	0	0	
<b>Accumulated Income</b>	<b>8,940,560,070.822</b>	<b>144,681,232.522</b>	
LOSEP Contribution	133,283,869.675	2,191,466.993	
<b>Net Income Distribution</b>	<b>0</b>	<b>0</b>	
Legal Reserve	0	0	
Other Capital Reserves	570,674,047.000	9,234,970.000	
Reserve for other provisions	0	0	
Restricted Surplus	4,184,943,011.511	76,958,101.261	
Surplus to apply	4,755,617,068.511	67,723,131.261	
<b>NET INCOME</b>	<b>9,511,234,117.022</b>	<b>153,916,202.522</b>	

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

SECOND HALF 2020

January 2021

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

## A) SUMMARY BY STATUS

In the second half of 2020, 299 complaints and requests were reported, for a total amount of 7,286,241,760 VES; of which 164 were ruled in favor of the client with a reimbursement of 54,307,159 VES.

When evaluating the attention times of the claims and requirements reported by customers/ users in the second half of 2020, 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 100.00%.

TABLE 1 SUMMARY OF COMPLAINTS AND REQUESTS REPORTED BY STATUS

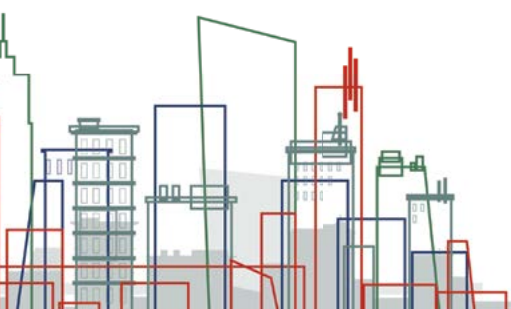
Managed						In Process		Level of Compliance in the service Supply
Admissible				Not Admissibles				
Report Month	No, of Complaints	Claim Amount (VES)	Reimbursed Amount (VES)	No, of Complaints	Claim Amount (VES)	No, of Complaint	Claim Amount (VES)	
■ July	8	1,139,296	1,139,926	8	107,925,000	1	75,000	100.00 %
■ August	12	850,000	850,000	5	2,245,000	8	145,831,300	100.00 %
■ September	18	3,715,576	3,715,575	24	244,017,884	2	9,945,085	100.00 %
■ October	48	29,663,958	29,573,958	14	440,731,043	3	443,703	100.00 %
■ November	32	7,053,703	6,983,703	19	177,641,084	4	96,041,000	100.00 %
■ December	46	12,284,416	12,043,997	33	1,008,546,711	14	4,998,092,000	100.00 %
Total II Half	164	54,706,949	54,307,159	103	1,981,106,722	32	5,250,428,088	100.00 %

## B) SUMMARY BY TYPE OF FINANCIAL INSTRUMENT

TABLE 2 SUMMARY BY TYPE OF FINANCIAL INSTRUMENT

Credit Card (CC)			Debit Card (DC)		Savings		Checks		Customer Service	
Report Month	No. of Complaints	Claim Amount (VES)	No. of Complaints	Claim Amount (VES)	No. of Complaints	Claim Amount (VES)	No. of Complaints	Claim Amount (VES)	No. of Complaints	Claim Amount (VES)
July	2	764,295	15	108,375,000	—	—	—	—	1	—
August	—	—	25	148,926,300	—	—	—	—	—	—
September	2	6,580,661	42	251,097,884	—	—	—	—	—	—
October	13	23,987,662	51	446,851,043	—	—	—	—	1	—
November	2	1,603,703	53	279,132,084	—	—	—	—	—	—
December	2	1,534,416	91	6,017,388,711	—	—	—	—	—	—
Total II Half	21	34,470,737	277	7,251,771,022	0	0	0	0	1	0

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



# CAPITAL ADEQUACY RATIO POSITION

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

## CAPITAL ADEQUACY RATIO

is calculated by dividing the amount of accounting capital plus operating management by the total value assets. The quotient, 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 at 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 definition set forth in the aforementioned Article 2, the amount corresponding to the:

- 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 for this purpose by the Superintendency.

### 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 amount to be included for said provisions will be the one corresponding to the percentages established in the regulations issued by the Superintendency.



# CAPITAL ADEQUACY RATIO POSITION

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

The “Rules for the Application of Assets Revaluation in Banking Institutions” were established while the Superintendency of Banking Sector Institutions instructs that the amount “may not exceed the total Primary Capital (Level I) of the Institution as per parameters contained in the Rule that governs the calculation of the Total Capital Adequacy Ratio. In addition, article 6 states that “the recording of the amount of assets revaluation will be made in the accounts and sub-accounts established in the Accounting Manual for Banking Institutions, with a balancing entry in the account of the caption Equity 351.00 “Adjustment for Revaluation of Assets”.



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## TOTAL CAPITAL ADEQUACY RATIO (LEVEL I):

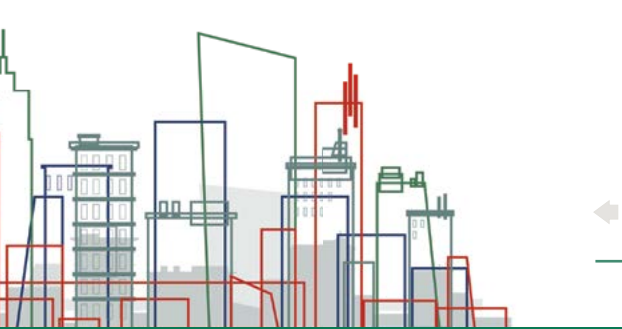
This is the Primary Equity relation (Level I) between the total amount of assets and contingent operations weighted by risk levels. It should not be less than 6%.

## TOTAL EQUITY ADEQUACY RATIO:

This consists of the sum of the value of Primary Equity (Level I) plus Complementary 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%).

Based on the disposition and the results obtained in December and June 2020, the percentages achieved are as follows:

Description	Dec. 2020	Jun. 2020
Capital Adequacy Ratio	28.58%	19.21%
Total Capital Adequacy Ratio	36.01%	26.71%
Tier 1 Capital Adequacy Ratio	36.01%	26.71%



## ELECTRONIC CHANNELS AND BANK AGENCIES



As of December 2020 close, Banesco had a wide network of physical and electronic distribution channels whereby the Bank offers a wide range of products and services:

- 229 Service Points (agencies, satellites and Banesco Express).
- 132,703 Points of Sale.
- 479 ATMs (200 Monofunctional y 279 Multifunctional).

## EXTERNAL AUDITOR'S REPORT

The financial statements of the Bank corresponding to the second half of 2020, 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. 20	Jun. 20	Dec. 19	Jun. 19
<b>1. Equity</b>				
■ Equity + Operative Management / Total Assets	27.58 %	19.21 %	17.04 %	24.08 %
■ Non-Productive Assets / Equity + Operative Management	322.18 %	781.35 %	929.14 %	706.73 %
<b>2. Assets Quality</b>				
■ Loan Portfolio Provisions / Gross Loan Portfolio	1.89 %	2.04 %	1.85 %	1.89 %
■ Non Accrual Loans / Gross Loan Portfolio	0.00 %	0.00 %	0.00 %	0.00 %
<b>3. Management</b>				
■ Personnel Expenses + Operative Expenses/ Average Productive Assets *	67.35 %	66.43 %	83.05 %	59.30 %
■ Personnel Expenses + Operative Expenses / Financial Income *	97.24 %	176.61 %	163.53 %	154.45 %
<b>4. Earnings</b>				
■ Net Results / Average Assets *	15.60 %	7.62 %	6.92 %	15.32 %
■ Net Results / Average Equity *	95.63 %	78.13 %	65.23 %	143.86 %
<b>5. Liquidity</b>				
■ Availability / Customer Funds	92.07 %	105.09 %	99.13 %	99.96 %
■ Availability + Investment in Securities / Customer Funds	92.09 %	105.61 %	102.89 %	99.99 %

\* Annual Percentages



# REPORT OF THE INTERNAL AUDITOR ABOUT THE INTERNAL CONTROL OF BANESCO BANCO UNIVERSAL, C.A.

SECOND HALF 2020

## I. 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 between July 1, 2020 and December 31, 2020, 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 created 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 prudential 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 INTERNAL AUDIT UNIT FUNCTIONING

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

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

- 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.



# REPORT OF THE INTERNAL AUDITOR ABOUT THE INTERNAL CONTROL OF BANESCO BANCO UNIVERSAL, C.A.

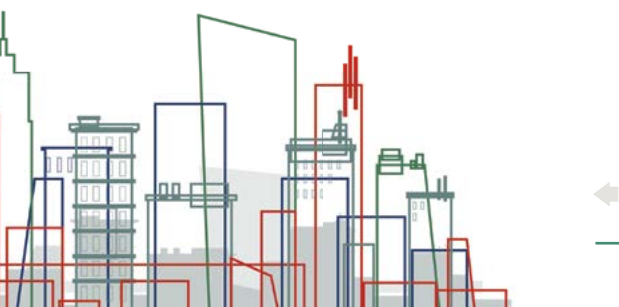
- Continuous reporting is kept to the Comprehensive Risk Management Unit about the observations derived from the evaluation of processes and units that involve direct or indirect generation of risks, including a half-yearly report to the Risk Committee.
- The standards established by SUDEBAN, as well as current banking regulations and international supervisory practices are applied.
- The Unit's management is oriented to risk-based auditing, performing assurance in the processes of the Central Administrative and Operational Areas, Banking and Agency Network, Information Technology and Prevention and Control of Money Laundering, Financing of Terrorism and Financing of the Production of Weapons of Mass Destruction (hereinafter referred to as PCLC/FT/FPADM), according to the schedule established in the Audit Plan.
- 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 the risks are adequately managed, contributing to the continuous improvement of the processes and areas of Banesco Banco Universal, C.A.
- The mitigation and control strategies defined by the areas responsible for the management of the risks identified are followed up, thus guaranteeing the closing of the assurance cycle.
- The Internal Audit Professional Practice Framework for Assurance and Consultation is applied as a reference.

## III. SCOPE AND COVERAGE OF INTERNAL AUDIT UNIT MANAGEMENT

For the second half of 2020, reviews were carried out with the coverage established in the Internal Audit Operating Plan, among which the following aspects stand out:

### GENERAL INTERNAL CONTROL ASPECTS

- a) 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.
- b) 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.
- c) Follow-up and validation of the documentation and supports that evidence the correct implementation within the established deadlines of the action plans programmed by the responsible parties. The purpose is to address the internal control findings and observations identified.
- d) Timely attention to certifications and statements requested by SUDEBAN, other official agencies, the Audit Committee and the Board of Directors.



# REPORT OF THE INTERNAL AUDITOR ABOUT THE INTERNAL CONTROL OF BANESCO BANCO UNIVERSAL, C.A.

## RISK MANAGEMENT

- Evaluation of compliance with Resolution 136.03 “Standards for Adequate Comprehensive Risk Management” and Resolution 136.15 “Standards for Adequate Comprehensive Bank Liquidity 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.
- Follow-up of the Comprehensive Risk and Technological Risk Management Processes, as well as tests to validate the closing of the gaps identified in the analysis of the Regulatory Entity, Operational Risk, Internal Audit and External Audit.

## PREVENTION AND CONTROL OF LC/FT/FPADM

Execution of the audits planned for the period of the “Annual Evaluation and Control Program”, in accordance with Resolution 083. 18 “Rules for the Administration and Control of Risks Related to Money Laundering, Financing of Terrorism and Proliferation of Weapons of Mass Destruction Applicable to Banking Sector Institutions”, evaluation of the processes of regulatory reports, attention to trades, gap closure management, execution of the activities that make up the Annual Operating Plan (AOP), compliance with the “Know Your Employee” Policy, and compliance with the ML/FT/FPADM Prevention and Control Program.

## INFORMATION TECHNOLOGY

- Follow-up on the inspection reports reported by SUDEBAN was carried out, and the compliance with Resolution 641.10 “Regulations governing the use of Electronic Banking” was validated.

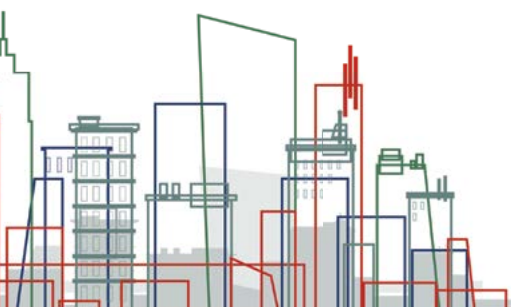


- Assessments were conducted on the components of the technological platforms that enable Banesco Mobile, BanescOnline, P2P service and Electronic Payment services to verify compliance with the “Information Technology, Dematerialized Financial Services, Electronic, Virtual and Online Banking Regulations for Entities Subject to the Control, Regulation and Supervision of the Superintendency of Banks and Other Financial Institutions”.

## CREDIT

Evaluation and matching of the commercial loan portfolio (UVCC) to verify the reasonableness of the accounting records, the establishment of provisions, and the completeness and sufficiency of the guarantees accepted as collateral for the loans granted, in accordance with the following regulations:

- Resolution No. 009-1197 “Standards relating to the classification of risk in the credit portfolio and calculation of its provisions”.



# REPORT OF THE INTERNAL AUDITOR ABOUT THE INTERNAL CONTROL OF BANESCO BANCO UNIVERSAL, C.A.

- Resolution No. 20-02-01 establishing the use of the Productive Credit Value Unit for the credits granted within the framework of the Single National Productive Portfolio”.
- Resolution No. 070.19 “Regulations related to the application and recording of net profits generated by increases or decreases resulting from variation in the capital of trade receivables under Resolution 19-09-01”.
- Resolution No. 008.20 “Special conditions for loans granted prior to the entry into force of Decree No. 4,168”.
- Circular 14,478 “Accounting records of trade receivables under Resolution 19-09-01”.

## TREASURY

Verification of the accounting records and balances of the securities, in national and foreign currency, owned by the Company and third parties, as well as the reasonableness and accuracy of the items “Investments in Securities” and “Investments in Subsidiaries, Affiliates and Branches”, in accordance with the 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.

## FINANCIAL STATEMENTS

- Review of the Financial Statements, in accordance with the provisions of the Decree with Rank, Value and Force of Law of Institutions of the Banking Sector, in order to verify the reasonableness of the accounts that make up 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 of the Bank will be verified.

- Assessment of the determination regarding the Total Equity Adequacy Ratio and the Accounting Capital Adequacy Ratio, in accordance with the 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 constitution of the Reserve Requirement” of the Central Bank of Venezuela (BCV).
- Verification of the application of provisions contained in the Accounting Manual for Financial Institutions of SUDEBAN, in the balances that comprise the figures reported in Banesco’s financial statements.



# REPORT OF THE INTERNAL AUDITOR ABOUT THE INTERNAL CONTROL OF BANESCO BANCO UNIVERSAL, C.A.

## IV. RESULTS OF THE INTERNAL CONTROL ASSESSMENT

As a result of the execution of the Annual Operating Plan, and in compliance with the principles of objectivity and independence that define the Internal Audit practice, during the assurance evaluations carried out to the processes of Banesco Banco Universal, C.A. in the second half of 2020, the following was observed:

- Operational processes in accordance with the strategies and guidelines defined by Senior Management, with the necessary human, technological and material resources, and seeking their efficient use.
- Adequate decision making and a reliable and transparent disclosure of information to its Board of Directors, shareholders, employees, customers, competent authorities and the general public (all stakeholders), which requires information systems of sufficient quality, security and timeliness.
- Formal processes of identification, evaluation and monitoring of risks, to maintain effective control and reduction of losses, through adequate risk management.
- Continuous process evaluation practices to verify the functioning of controls and take corrective actions in a timely and effective manner when required.
- Compliance with the regulatory framework in force, with the internal policies and standards established by the Board of Directors and the Executive Management.
- Risk awareness, adequate Corporate Governance and continuous and timely supervision, which guarantees integrity and ethical values, strategic objectives based on operability, compliance by Management and control activities related to Policies and Procedures.

- 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.
- With respect to the recommendations and instructions issued by the Superintendency in its different inspections, the Bank has given the explanations deemed appropriate, and in the follow-ups carried out in the auditing processes it has been verified that the responsible areas are working and responding to the regularization of the observations and recommendations reported by the regulatory agency.

## V. CONCLUSION

Based on the results obtained in the execution of the Audit Plan during the second half of 2020, 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.

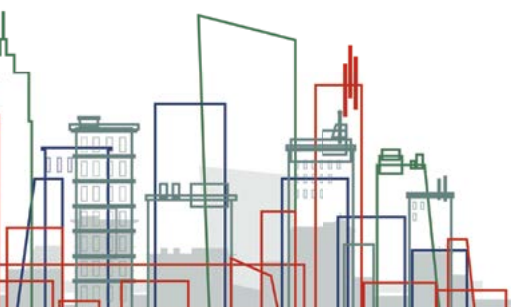
In view of the foregoing, it is concluded that Banesco Banco Universal, C.A. maintains an Internal Control environment that is adequate to its characteristics and dimensions.

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 may impact the organization.



## NOTIFICATIONS FROM THE SUPERINTENDENCY OF BANKING SECTOR INSTITUTIONS CONCERNING PROVISIONS, OBSERVATIONS, RECOMMENDATIONS OR INITIATIVES ON THE INSTITUTION'S FUNCTIONING

SHAREHOLDER'S MEETINGS	
RECEPTION DATE	OFFICIAL LETTERS
09/21/20	■ <b>SIB-DSB-OPCLC-FT-FPADM-05090:</b> Sudeban issues an opinion in relation to the requirements of the Annual General Shareholders' Meeting, specifically with respect to the following documents: a) Half-yearly Independent Auditor's Assurance Report on compliance with Resolution 083.18, as of June 30, 2020; and b) Internal Audit Management Report on the Prevention and Control of Money Laundering, Financing of Terrorism and Proliferation of Weapons of Mass Destruction, First Half of the Year 2020.
09/23/20	■ <b>SIB-II-GGIBPV-GIBPV5-05128:</b> Sudeban gives its opinion related to the requirements for holding the Annual General Meeting of Shareholders on September 24, 2020, which shall deal with the following items: <b>FIRST:</b> Considering and resolving, in view of the Report of the Board of Directors and the Commissioners, the approval of the Financial Statements, audited by independent public accountants, corresponding to the half-yearly fiscal year ended June 30, 2020. <b>SECOND:</b> Considering and resolving on the destination to be given to the profits as of June 30, 2020.
09/23/20	■ <b>SIB-II-GGIBPV-GIBPV5-05129:</b> Considerations on the requirements set forth for the Special Meeting of Shareholders to be held on September 24, 2020.
10/26/20	■ <b>SIB-II-GGR-GA-05961:</b> Sudeban gives its opinion regarding the request for authorization made by the Bank to reduce and increase its share capital by two Bolivars (VES 2.00), as approved at the Annual General Meeting of Shareholders held on September 26, 2019.
12/07/20	■ <b>SIB-II-GGIBPV-GIBPV5-06761:</b> Sudeban has no objection to the certified minutes of the Annual General Meeting of Shareholders, held on September 24, 2020 and authorizes its filing with the corresponding Mercantile Registry Office.
12/11/20	■ <b>SIB-II-CCD-06957:</b> Sudeban issues its opinion on the Productive Portfolios, contained in the Financial Statements and Special Report at the close of the first half of the year 2020. That information was provided by the Bank on the occasion of the Annual General Meeting of Shareholders held on September 24, 2020.



## NOTIFICATIONS FROM THE SUPERINTENDENCY OF BANKING SECTOR INSTITUTIONS CONCERNING PROVISIONS, OBSERVATIONS, RECOMMENDATIONS OR INITIATIVES ON THE INSTITUTION'S FUNCTIONING

INSPECTION DATE	
RECEPTION DATE	OFFICIAL LETTERS
10/19/20	■ <b>SIB-DSB-OPCLC-FT-FPADM-05751:</b> Sudeban notified the initiation of the Special Inspection Visit for the Prevention and Control of Money Laundering, Financing of Terrorism and Proliferation of Weapons of Mass Destruction applicable to Banking Sector Institutions.
10/19/20	■ <b>SIB-II-GGIBPV-GIBPV5-05784:</b> Sudeban has authorized five (5) officers to carry out the General Inspection to the Bank.
10/19/20	■ <b>SIB-II-GGIBPV-GIBPV5-05785:</b> Initial information required by Sudeban for general inspection.
11/27/20	■ <b>SIB-DSB-CJ-OD-06561:</b> Notification of the results obtained in the inspection conducted to company Todoticket 2004 C.A.
12/08/20	■ <b>SIB-DSB-OPCLC-FT-FPADM-06786:</b> Report containing the results obtained in the off-site validation carried out by the Risk Management Area of the OPCLC/FT-FPADM of Sudeban to the Risk Self-Assessment of the Bank of 2020.

OTHERS	
RECEPTION DATE	OFFICIAL LETTERS
07/22/20	■ <b>SIB-II-GGIBPV-GIBPV5-04151:</b> Sudeban informs that Banesco may exceptionally exceed the maximum percentage of 25% of the loan portfolio, for granting loans to the Agricultural and Food Sectors within the 2020 Sowing Plan Program, prior approval of the Steering Committee of the Single National Productive Portfolio.
07/30/20	■ <b>SIB-II-GGR-GNP-04185:</b> Sudeban gives its opinion regarding the communication sent by this banking institution on June 30, in which the model Agreement with Point of Sale Providers was sent, as adjusted in accordance with the provisions of SIB-II-GGR-GNP-03340 issued by the Superintendency. Likewise, the Entity indicates that no objections have been raised and that the model contract has been authorized; consequently, the new contracts with the Point of Sale suppliers must be subscribed under the terms and conditions of said model contract.



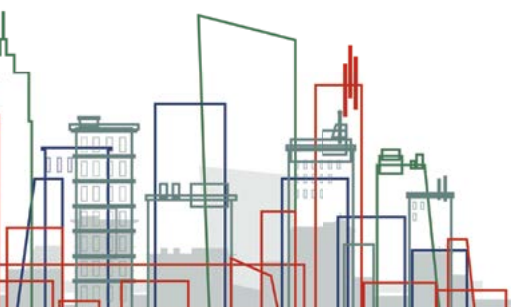
## NOTIFICATIONS FROM THE SUPERINTENDENCY OF BANKING SECTOR INSTITUTIONS CONCERNING PROVISIONS, OBSERVATIONS, RECOMMENDATIONS OR INITIATIVES ON THE INSTITUTION'S FUNCTIONING

OTROS	
FECHA RECEPCIÓN	OFICIOS
09/15/20	■ <b>Resolución 041.20:</b> Special Conditions for the collection management of the Loan Portfolio, risk management and gradual constitution of provisions for loans totally or partially liquidated until March 13, 2020, and those undergoing a restructuring process granted to beneficiaries of Commercial Loans in force, as well as of the Single National Productive Portfolio, expressed in Commercial Credit Value Unit (UVCC) and Productive Credit Value Unit (UVCP), respectively..
09/23/20	■ <b>SIB-II-GGR-GNP-GIDE-04156:</b> Sudeban informs all banking institutions about the update in the form PD-SIB-136 "Details of liquidated credits" and its instructions.
09/23/20	■ <b>SIB-II-GGR-GA-05108:</b> Sudeban gives its opinion on communications issued by the Bank, notifying the closure of the following business centers and points of attention: Centro Comercial San Ignacio (0351), Policlínica Táchira (0713 Valencia San Blas (0144)..
09/29/20	■ <b>SIB-DSB-CJ-OD-05292:</b> Sudeban gives its consent in relation to the Loan Agreement models expressed through the use of the Unit of Value of Productive Credit (UVCP) and the Unit of Value of Commercial Credit (UVCC).
10/02/20	■ <b>SIB-DSB-CJ-OD-05418:</b> Sudeban's considerations with regard to the notification made on the foreign currency account product, called Banesco Green Account.
10/06/20	■ <b>SIB-II-GGR-GA-05497:</b> Sudeban gives its approval in relation to the final model contract containing the terms and conditions governing the financial service called "Banesco Pago Móvil (P2P + P2C).
10/30/20	■ <b>SIB-II-GGIR-GRT-06051:</b> Sudeban authorized this Banking Institution to execute the activity called Migration to the New Storage System of the IST Switch Platform.
11/02/20	■ <b>SIB-II-GGR-GNP-06055:</b> Sudeban issues its considerations on the occasion of the notice sent by the Bank, on several aspects of interest of the loan portfolio that is subject to special conditions, expressed in Commercial Credit Value Unit (UVCC) and in Productive Credit Value Unit (UVCP).
11/02/20	■ <b>SIB-II-GGR-GA-06059:</b> Sudeban pronounces on the notification of the closure of the San Antonio Del Táchira External Customs Box Office (525), located on Avenida Venezuela, Seniat Local Customs National Building, Bolívar Municipality, San Antonio del Táchira, Táchira state.
11/02/20	■ <b>SIB-II-GGR-GA-06064:</b> Sudeban issues its opinion regarding the request for authorization for the closing of the External Ticket Office of Bloque de Armas (0483), Edificio Bloque de Armas, located at the end of Avenida Principal de San Martín, Edificio Bloque de Armas, San Martín, Parroquia San Juan, Libertador Municipality, Capital District.



## NOTIFICATIONS FROM THE SUPERINTENDENCY OF BANKING SECTOR INSTITUTIONS CONCERNING PROVISIONS, OBSERVATIONS, RECOMMENDATIONS OR INITIATIVES ON THE INSTITUTION'S FUNCTIONING

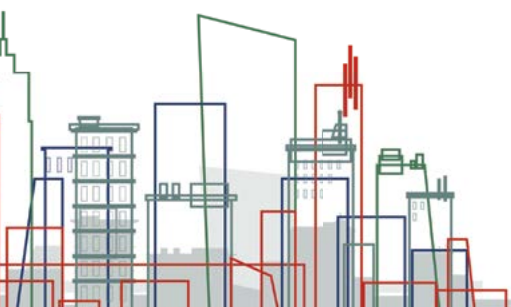
OTHERS	
RECEPTION DATE	OFFICIAL LETTERS
11/02/20	■ <b>SIB-II-GGR-GA-06061:</b> Sudeban announces the notification of the closing of the Coca Cola Box Office in Maracaibo (0983), located at km 4, via El Moján, Embotelladora Maracaibo Building and the Coca Cola South Box Office (1101), located at Avenida 66, with Calle 149, Parcel A-3, both in Maracaibo Municipality, Zulia State.
11/13/20	■ <b>SIB-II-GGR-GA-06222:</b> Sudeban announces the closure of the Aroa Agency (400), located at Calle Comercio, number 24, Sector Centro, Aroa, Municipio Bolívar, Yaracuy State, in relation to the Bank's communication notifying the suspension of its services.
11/19/20	■ <b>SIB-DSB-CJ-OD-06469:</b> Sudeban issues its opinion regarding the communication sent by the Bank, in response to the decision issued by such Agency about the results of the assessment of the called Banesco Green Account product.
12/01/20	■ <b>SIB-II-GGIR-GRT-06646:</b> Sudeban refers to the Naiguatá Interconnection System, which is currently in normal operation and complies with the instructions issued by the Regulatory Entities through joint Circular No. SIB-DSB-04714 dated 05/16/2020, as a measure to ensure the operability of the transactions executed in the network of Points of Sale of the National Banking System. The agency instructed this Financial Institution to define an action plan to route the traffic of transactions from the Public Bank's Points of Sales to the Naiguatá Interconnection Network.
12/17/20	■ <b>UNIF-DDG-DIF-02768:</b> Sudeban implements and ratifies the instructions provided in Circulars No. SIB-DSB-UNIF-16030 and UNIF-DDG-DIF-02867, dated 27-09-2018 and 15-07-2019, respectively, regarding the "Strategies to be implemented by Financial Institutions to mitigate the risks derived from the improper use of cash", which concern the submission of the Control and Follow-up Report of these transactions signed by the Compliance Officer.
12/28/20	■ <b>SIB-II-GGIR-GSRB-07376:</b> Sudeban issues its considerations 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 June 30, 2020, which includes the degree of compliance with the legal regulations in force related to risk matters.
12/29/20	■ <b>SIB-II-GGR-GA-07450:</b> Sudeban issues its opinion regarding the request for authorization to close the Parque Central Agency (0014), located at Avenida Lecuna, Nivel Lecuna, Parque Central, Edificio Tajamar, Parroquia San Agustín, Libertador Municipality, Capital District.
12/29/20	■ <b>SIB-II-GGIR-GRT-07439:</b> Sudeban authorizes to carry out the maneuvers of the "Monthly Maintenance Restart Plan for the Application of ATM Production, during the period January 2021-December 2021", as well as "The Maintenance Window for the closing of 2020".



## NOTIFICATIONS FROM THE SUPERINTENDENCY OF BANKING SECTOR INSTITUTIONS CONCERNING PROVISIONS, OBSERVATIONS, RECOMMENDATIONS OR INITIATIVES ON THE INSTITUTION'S FUNCTIONING

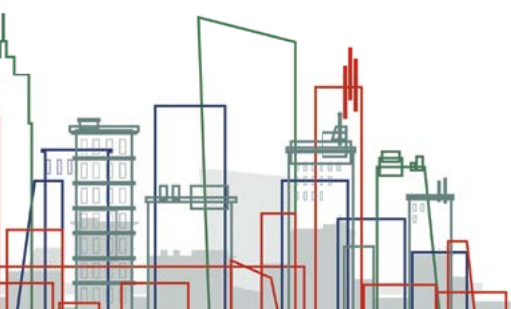
OTHERS	
RECEPTION DATE	OFFICIAL LETTERS
12/29/20	■ <b>SIB-II-GGR-GA-07448:</b> Sudeban gives its opinion regarding the request for authorization to close the Ford Motors de Venezuela Agency (0968), located in the northwest part of the Ford Motors Assembly Plant located in Zona Industrial Sur II, Avenida Henry Ford, Valencia Municipality, Carabobo State.
12/29/20	■ <b>SIB-II-GGR-GA-07452:</b> Sudeban gives its opinion regarding the request for authorization for the transfer of Avenida Victoria Agency (0226), located at Avenida Presidente Medina, between Calle Internacional and Calle Chile, Edificio Occidente, Ground Floor, Local 01, Las Acacias, Parroquia San Pedro, Municipality of Libertador, Capital District, to its new address located at Avenida Presidente Medina, Edificio Aventino, Ground Floor, Local 01, Las Acacias, Parroquia San Pedro, Libertador Municipality, Capital District.
12/30/20	■ <b>SIB-II-CCSB-07579:</b> Sudeban issues considerations on the Management Report on the Banking User and Banking Defender corresponding to the second half of 2019 and first half of 2020.

OTHERS	
RECEPTION DATE	CIRCULARS
07/12/20	■ <b>SIB-DSB-CJ-OD-03582:</b> Sudeban informs how banking services will be provided during the State of Alarm decreed by the National Executive and as of July 13, 2020, when thereafter levels of flexibility will be established.
07/22/20	■ <b>SIB-DSB-OPCLC-FT-FPADM-04155:</b> Sudeban requests information in order to perform evaluations to generate statistics that will help in the generation of decisions to mitigate potential risks that threaten the management of good Corporate Governance and the continuity of operational actions.
08/07/20	■ <b>SIB-DSB-CJ-OD-04234:</b> Sudeban reiterates the obligation to verify that the mission critical services are active and operative in the Alternate Data Processing Center.
08/09/20	■ <b>SIB-DSB-CJ-OD-04237:</b> Sudeban informs how banking services will be provided during the State of Alarm decreed by the National Executive and as of July 13, 2020, when thereafter levels of flexibility will be established.



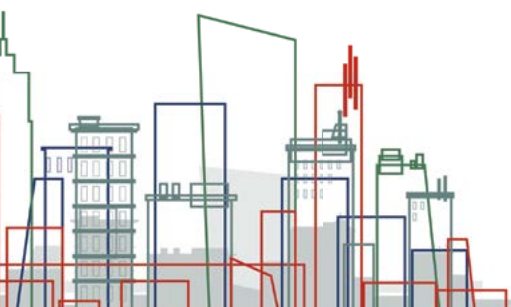
## NOTIFICATIONS FROM THE SUPERINTENDENCY OF BANKING SECTOR INSTITUTIONS CONCERNING PROVISIONS, OBSERVATIONS, RECOMMENDATIONS OR INITIATIVES ON THE INSTITUTION'S FUNCTIONING

OTHERS	
RECEPTION DATE	CIRCULARS
08/13/20	■ <b>SIB-II-GGR-GIDE-04251:</b> Request for detailed information regarding safekeeping received in foreign currencies, precious metals and other minerals, as well as public deposits in foreign currencies.
08/13/20	■ <b>SIB-DSB-CJ-OD-04250:</b> Banking Institutions must have controls on the use and access of their technological tools that prevent the activity of companies that intend to operate in the means of payment system, outside the regulatory framework dictated for such purpose.
08/13/20	■ <b>SIB-DSB-CJ-OD-04264:</b> Sudeban instructs the Banking Institutions to allow, without any daily limit, bank transfers between accounts of the same Bank, regardless of whether they belong to different account holders, without detriment to the corresponding analysis of the client's financial profile.
08/20/20	■ <b>SIB-DSB-04287:</b> Comprehensive monitoring of transactions made through the AirTM digital platform, which has features under the virtual account modality that allows collecting, receiving and sending money, storing data in computer networks called "CLOUD".
09/15/20	■ <b>SIB-DSB-CJ-OD-02526:</b> Sudeban authorizes the opening of no more than 40 agencies nationwide only for administrative activities.
09/15/20	■ <b>SIB-II-GGIR-GRT-05049:</b> Sudeban requests information related to the Technological Contingency Plans and the Main and Alternate Data Processing Centers (CPDP and CPDA).
09/24/20	■ <b>UNIF-DDG-DSU-02021:</b> Circular regarding Risks Related to Money Laundering, Financing of Terrorism and the Proliferation of Weapons of Mass Destruction, on the occasion of the COVID-19 Pandemic.
10/14/20	■ <b>SIB-DSB-CJ-OD-05764:</b> Sudeban communicates the calendar of banking holidays for the year 2021, which will govern the activities of the National Banking System.
11/04/20	■ <b>SIB-DSB-OPCLC-FT-FPADM-06146:</b> Sudeban informs about the situations identified by the Financial Action Task Force (FATF), based on the meetings held in the city of Paris, France on April 4 and 23, 2020, in relation to new threats and vulnerabilities arising from the COVID-19 crisis.
11/04/20	■ <b>SIB-DSB-OPCLC-FT-FPADM-06147:</b> Sudeban instructs the Financial Institutions to apply the Risk Ratings it has deemed prudent to establish, to ensure compliance with the legal framework that regulates PCML/FT/FPADM matters.



## NOTIFICATIONS FROM THE SUPERINTENDENCY OF BANKING SECTOR INSTITUTIONS CONCERNING PROVISIONS, OBSERVATIONS, RECOMMENDATIONS OR INITIATIVES ON THE INSTITUTION'S FUNCTIONING

OTHERS	
RECEPTION DATE	CIRCULARS
11/09/20	■ <b>SIB-DSB-OPCLC-FT-FPADM-06182:</b> Sudeban forbids Financial Institutions to block or condition any product held by clients in order to update the data or documents that they must provide, in compliance with the legal framework that regulates PCLC/FT/FPADM.
11/19/20	■ <b>UNIF-DDG-DSU-02575:</b> UNIF issues special instructions related to special monitoring of non-profit organizations (NPOs).
11/19/20	■ <b>UNIF-DDG-DSU-02580:</b> The National Financial Intelligence Unit (UNIF) issues a circular to inform about the need to optimize strategies and strengthen the prevention and control of Money Laundering, Financing of Terrorism and the Proliferation of Weapons of Mass Destruction (PC LC/ FT/ FPADM) related to Non-Profit Organizations (NPOs).
11/23/20	■ <b>SIB-DSB-CJ-OD-06524:</b> Attention to the Circular marked as UNIF-DDG-DSU-02575, dated November 16, 2020, issued by the UNIF, within the framework of the adoption of policies for monitoring, detection, analysis and immediate referral of suspicious activities allegedly related to Money Laundering, Financing of Terrorism and the Proliferation of Weapons of Mass Destruction and other serious crimes in which clients categorized as Non-Profit Organizations (NPOs) may be involved.
11/24/20	■ <b>SIB-II-GGR-GNP-06533:</b> Sudeban instructs to increase the daily limits for Point of Sale (POS), Interbank Mobile Payment (P2P), Mobile Payment from People to Commerce (P2C) operations.
11/25/20	■ <b>SIB-II-GGR-GNP-06541:</b> Sudeban sent a revision to Circular No. SIB-11-GGR-GNP-06533 dated November 24, 2020, related to informing the increases on the daily limits for Point of Sale (POS) operations, Interbank Mobile Payment (P2P), People to Commerce Mobile Payment (P2C) and adequacy of the real time gross settlement system.
12/04/20	■ <b>SIB-DSB-CJ-PA-06681:</b> Sudeban ratified that the copies and certifications of Birth Certificates duly recorded in the Civil Registry Books have no expiration date.
12/23/20	■ <b>SIB-II-GGR-GNP-07363:</b> Sudeban defers the presentation of the complementary information corresponding to the closing of the second half of 2020, related to the consolidated and/or combined financial statements prepared in accordance with Generally Accepted Accounting Principles, as well as the individual audited half-yearly financial statements of publication adjusted for inflation.
12/23/20	■ <b>SIB-II-GGIR-GSRB-GGR-GNP-07364:</b> 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.

Stock Capital VES 12,500.00

## ANNOUNCEMENT ORDINARY SHAREHOLDERS' MEETING

By resolution of the Board of Directors and in accordance with the provisions of Articles 10, 12 and 27.2 of the Corporate By-laws, shareholders of Banesco Banco Universal, C.A. are summoned to meet at the Annual Meeting of Shareholders to take place on March 22nd, 2021, at 8:00 a.m., in the Fernando Crespo Suárez Auditorium, in the third floor of the Ciudad Banesco building, located in Avenida Principal de Bello Monte, entre calle Lincoln y calle Sorbona, in the city of Caracas, for the purpose of addressing the following matters:

**FIRST:** Discuss and decide, prior submission of the report of the shareholders' representatives, on the approval of the financial statements, prepared by independent public accountants, corresponding to the business semester ended on December 31, 2020.

**SECOND:** Discuss and decide on the allocation to be made to the profits as of December 31, 2020.

**THIRD:** Authorize the Board of Directors to acquire the Bank's own shares for consideration and dispose of them when it deems appropriate.

JUAN CARLOS ESCOTET RODRIGUEZ | CHAIRMAN OF THE BOARD

## ANNOUNCEMENT EXTRAORDINARY SHAREHOLDERS' MEETING

By resolution of the Board of Directors and in accordance with the provisions of Articles 10, 12 and 27.2 of the Corporate By-laws, shareholders of Banesco Banco Universal, C.A. are summoned to meet at the Annual Meeting of Shareholders to take place on March 22nd, 2021, at 8:30 a.m., in the Fernando Crespo Suárez Auditorium, in the third floor of the Ciudad Banesco building, located in Avenida Principal de Bello Monte, entre calle Lincoln y calle Sorbona, in the city of Caracas, for the purpose of addressing the following matters:

**FIRST:** Appointment of the Bank's Board of Directors.

**SECOND:** Appoint the Customer and Banking User Ombudsman and his alternate for the period 2021-2023.

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

Caracas, February 24th, 2021

JUAN CARLOS ESCOTET RODRIGUEZ | CHAIRMAN OF THE BOARD

RIF: J07013380-5



# CORPORATE GOVERNANCE REPORT

BANESCO BANCO UNIVERSAL, C.A.

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

## ORGANIZATIONAL STRUCTURE OF BANESCO BANCO UNIVERSAL

### BODIES AND MECHANISMS OF THE CORPORATE GOVERNANCE SYSTEM

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

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

### SHAREHOLDER'S MEETINGS

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

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

### BOARD OF DIRECTORS

The Decree with Rank, Value and Force of Law of Institutions of the Banking Sector (LISB), published in Special Official Gazette No. 6,154, dated November 19, 2014, reprinted in Official Gazette No. 40,557 dated December 08, 2014, establishes in its Article 30 that the Board of Directors must be composed of no less than 7 main directors or directors and their respective alternates, of which 1/3, both of the principal and the alternates, must be Independent Directors; for instance, they may not be shareholders of the Banking Institution, directly or indirectly.



## CORPORATE GOVERNANCE REPORT

In accordance with the above, the appointment of the members of the Board of Directors of Banesco Banco Universal, C.A., is made pursuant to the LISB and other provisions issued by the Superintendency of Banking Sector Institutions (Sudeban), among which are the “Rules to Determine Compliance with the Moral and Ethical Quality Requirements Demanded for the Exercise of the Banking Activity” 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 Independent Directors. It is responsible for the definition and strategic management of the Organization and approves the business principles and policies and regulates the autonomy of executive decisions. In addition, it monitors the Bank’s operational and functional areas, evaluates and compares the business projections and results of each fiscal year compared to those of previous years.

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

### PRESIDENT OF THE BOARD OF DIRECTORS

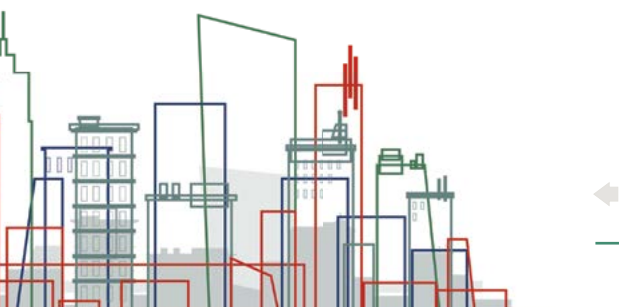
The Chairman of the Board of Directors exercises the broadest legal representation of the Bank before all authorities and any other public or private persons or entities. Said official presides over the deliberations held by the Board of Directors. The powers of the Board of Directors include: representing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

### CHIEF EXECUTIVE OFFICER

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

### COMPLIANCE OFFICIAL

This is a top official dedicated exclusively to the prevention and control of Money Laundering, Financing of Terrorism and Proliferation of Weapons of Mass Destruction (LC/FT/FT/FPADM). Said person reports directly to the Board of Directors and is responsible for the supervision and control of the Bank’s LC/FT/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 LC/FT/FT/FPADM Prevention and Control Unit the Annual Operating Plan; c) Submit annual and quarterly reports to the President and the Board of Directors of the Bank, which among other aspects contain the progress of the Annual Operating Plan, the Annual Training Program on LC/FT/FPADM Prevention and Control, recommendations for the improvement of the procedures adopted;

*d) Send to the National Financial Intelligence Unit (UNIF) the Suspicious Activity Reports deemed necessary; it also includes 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 LC/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.

### STEERING THEMATIC 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.

### COMMITTEE OF ASSETS AND LIABILITIES (ALCO)

This 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



# CORPORATE GOVERNANCE REPORT

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.

## AUDITING 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. This Committee has an Internal Regulation for its operation aligned with good corporate governance practice and meets on a monthly basis. It is chaired by an Independent Director.

## CENTRAL CREDIT COMMITTEE

The objective of this committee covers the following aspects:

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

## ETHICS COMMITTEE

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

## APPOINTMENT AND REMUNERATION COMMITTEE

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



## RISK COMMITTEE

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

## TECHNOLOGY COMMITTEE

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

## EXECUTIVE COMMITTEE

This is the executive body responsible for ensuring compliance with the policies, strategies, standards, procedures and guidelines established and approved by the Board of Directors. In addition, it operates by delegation from this authority. This committee is responsible for the execution and follow-up of the most relevant issues related to the administration, monitoring and control of the business plans, its financial results and the Bank's profitability.

*Furthermore, it is also responsible for taking the necessary actions for the effective and optimal control of the executive management in order to achieve the objectives, indicators and growth targets established in the Strategic Planning.*

## EXECUTIVE THEMATIC COMMITTEES

### HUMAN CAPITAL COMMITTEE

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

### COMMUNICATIONS AND CORPORATE RESPONSIBILITY AND SUSTAINABILITY COMMITTEE

This is the committee in charge of designing, implementing and ensuring the compliance with the Bank's Corporate Strategic Communications Plan. This ensures the alignment of communication process variables with 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 GOVERNANCE REPORT

## CORPORATE DEVELOPMENT COMMITTEE

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

## STRATEGIC SERVICE QUALITY 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.

## BUDGET MANAGEMENT AND PROCUREMENT 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 donations in payment, judicial auctions, acquisitions and leases.

## PROJECTS AND INVESTMENT COMMITTEE

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

## COMPREHENSIVE SECURITY AND BUSINESS CONTINUITY COMMITTEE

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



# COMMISSIONER'S REPORT

SECOND HALF 2020

## BANESCO BANCO UNIVERSAL, C.A.

Half finished at December 31, 2020 • Caracas, February 26, 2020

Acting in our capacity as Commissioners appointed at the Annual General Shareholders' Meeting of the Bank, held on March 26, 2019, in accordance with provisions of the Bank's Bylaws, the Inter-professional Rules for the Exercise of the Commissioner's Function and, as per provisions of Articles 287, 309 and 311 of the Code of Commerce, we are pleased to inform you that we have examined the Statement of Financial Position as of December 31, 2020, and the related Statements of Results and Application of Net Income, Changes in Equity and Cash Flows for the six-month period then ended. We have also examined the report of Independent Auditors Lara, Marambio & Asociados (Members of Deloitte) issued on February 25, 2021, which should be considered as forming and comprehensive part of this report.

### **RESPONSIBILITY OF THE MANAGEMENT AND THE OFFICIALS IN CHARGE OF THE CORPORATE GOVERNANCE IN RELATION TO THE FINANCIAL SHEETS**

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 Sector Institutions (SUDEBAN). It is also responsible for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

When preparing the financial statements, the Bank's management is responsible for assessing its ability to

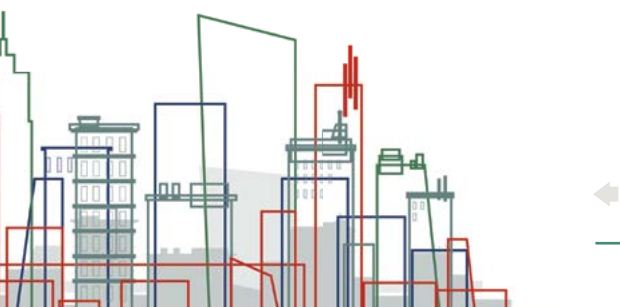
continue as on-going business, disclosing, as appropriate, matters related to the business and using the basis of accounting applicable to a business in going concern, unless management intends to liquidate the Bank or cease operations, or otherwise there is no realistic alternative. Those in charge of corporate governance are responsible for overseeing the Bank's financial reporting process.

### **ACCOUNTING BASIS**

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

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

The Independent Auditor's responsibility is to express an opinion on these financial statements based on their audits. They conducted their audits in accordance with International Standards on Auditing. These standards require the fulfillment of ethical require-



## COMMISSIONER'S REPORT

ments, and plan and perform examinations to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes carrying out procedures to obtain information on evidence related to the amounts and disclosures presented in the financial statements.

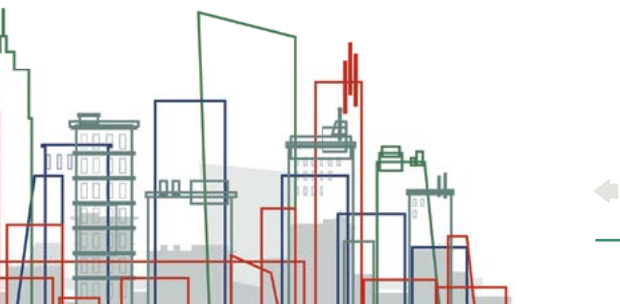
The procedures selected depend on the auditor's judgment, including the assessment of risks regarding the material mistake of the financial statements due to fraud or error. When assessing, the auditor considers the significant internal controls used by Banesco Banco Universal, C.A. for the preparation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

### COMMISSIONER'S RESPONSIBILITY

Based on our review, our responsibility is to issue a recommendation on the approval of these financial statements. The revision was conducted to the extent we considered necessary, which is substantially less than the scope of an audit conducted, in accordance with International Standards. Besides, our revision considered the financial operations contained in the Financial Statements submitted for the consideration of the Meeting: Financial Status Statement as of December 31, 2020, Results Statements, Changes in Patrimony

and Cash Flow Statement for this period term ended on said date. It also included reviewing the minutes of the meetings held by the Board of Directors and the Risk Committee, the Internal Audit Committee, Internal Audit Committee, Internal Audit Reports and the review of Prevention and Control of Money Laundering and Financing of Terrorism and Proliferation of Weapons of Mass Destruction, as well as correspondence received and sent to and from the Superintendency of Banking Sector Institutions (SUDEBAN). The judgments and opinions expressed on the financial status of Banesco Banco Universal C.A., as of December 31, 2020, was prepared as follows: review by Lara, Marambio & Asociados (Members Deloitte), independent auditors, for the same period, whose reports, deemed thereof part, were issued on February 25, 2021. For instance:

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



## COMMISSIONER'S REPORT

- VI. Half-Yearly Independent Auditor's Report on Compliance with Resolution No. 136.03, issued by the Superintendency of Banking Sector Institutions as of December 31, 2020.
- VII. Report on Convened Procedures concerning Financial Information as of December 31, 2020.
- VIII. Report on Convened Procedures concerning Non Financial Information as of December 31, 2020.
- IX. Memorandum on Remarks and Recommendations for the half-year tended on December 31, 2020.
- X. Report on the Second Half-year concerning the Client's Defender and Banking Users of Banesco Banco Universal, C.A.

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

- I. 2020 Annual Management Report Compliance Officer.
- II. 2020 Third Quarter Compliance Officer Management Report.
- III. 2020 Fourth Quarter Compliance Officer Management Report.

### 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 December 31, 2020. The results of its operations, the movement in the 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 Sector Institutions (SUDEBAN) for the Venezuelan banking system, which allows us to recommend their approval.

### EMPHASIS PARAGRAPH

■ In Note 2 of the Independent Auditor's 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 SUDEBAN. These standards differ in some aspects from the Venezuelan Generally Accepted Accounting Principles (VEN-NIF-GE).

### OTHER ISSUES TO BE REPORTED

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

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

Banesco Banco Universal, C.A. has implemented the corresponding audit programs in order to comply with the instructions contained in Circular No. HSB-200-1155, dated February 24, 1984, issued by the Superintendency of Banking Sector Institutions.



## COMMISSIONER'S REPORT

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

As part of our evaluation, we reviewed the communications received and sent to and from the Superintendency of Banking Sector Institutions (SUDEBAN) during the half-year ended December 31, 2020. In this regard, we highlight the following:

1. Communication sent to Sudeban No. SIB-II-GGIB-PV-GIBPV5-02735, dated July 09, 2020, informing on a monthly basis the registration of the accruals made in account 819.99 "other registration accounts", starting with the coupon maturing on April 12, 2020.
2. Sudeban Circular No. SIB-DSB-CJ-OD-03582, dated July 12, 2020, by which Sudeban informs how the banking service will be provided during the State of Alarm and the period of activity as from July 13, 2020.
3. Sudeban Official Communication No. SIB-II-GGIB-PV-GIBPV5-04151, dated July 22, 2020, by which Sudeban informs that Banesco, may exceptionally exceed the maximum percentage of 25% of the loan portfolio, for granting loans to the agricultural and food sectors within the 2020 Sowing Plan Program, prior approval of the Steering Committee of the Single National Productive Portfolio.
4. Sudeban Circular No. SIB-DSB-OPCLC-FT-FPADM-04155, dated July 22, 2020, in which Sudeban requests information to perform evaluations that allow generating statistics that help in the generation of decisions to mitigate potential risks that threaten the management of good corporate governance and the continuity of operational actions.
5. Finally, the Entity indicates that it has no objections to formulate and that the model contract has been authorized. It also informs that the new contracts with the point-of-sale suppliers must be signed in accordance with the approved model.
6. Sudeban Circular No. SIB-DSB-CJ-OD-04234, dated August 07, 2020, in which Sudeban reiterates the obligation to verify that the Alternate Data Processing Center is active and operating mission critical services.
7. Sudeban Official Letter No. SIB-DSB-CJ-PA-04248, dated August 11, 2020, in which Sudeban declares partially accepted the Appeal for Reconsideration filed on 07-10-2020, against the administrative act which instructs the creation of a provision of 15% of the total amount of the claim filed by Inversiones Bchara, C.A., against Banesco Banco Universal, C.A.
8. Sudeban Circular No. SIB-II-GGR-GIDE-04251, dated August 13, 2020, in which Sudeban requests information regarding the details of custody received of foreign currency, precious metals and other minerals and details of public deposits in foreign currency.



9. Sudeban Circular No. SIB-DSB-CJ-OD-04250, dated August 13, 2020, in which the Banking Institutions must have controls on the use and access of their technological tools that prevent the activity of companies that intend to operate in the means of payment system, outside the regulatory framework dictated for such purpose.
10. Sudeban Circular No. SIB-II-GGIR-GRT-05049, dated September 15, 2020, in which Sudeban requests information related to the Technological Contingency Plans and the Main and Alternate Data Processing Centers (CPDP and CPDA).
11. Sudeban Official Letter No. SIB-DSB-OPCLC-FT-FPADM-05090, dated September 21, 2020, in which Sudeban issues a statement in relation to the requirements of the Annual General Meeting of Shareholders, specifically with respect to the following documents: a) Half-yearly Independent Auditor's Assurance Report on compliance with Resolution No. 083. 18 to 30-06-2020 and b) Internal Audit Management Report, Prevention and Control of Money Laundering, Financing of Terrorism and Financing of the Proliferation of Weapons of Mass Destruction First Half Year 2020.
12. Sudeban Circular No. UNIF-DDG-DSU-02021, dated September 24, 2020, whereby UNIF issues a Circular regarding Risks Related to Money Laundering, Financing of Terrorism and the Proliferation of Weapons of Mass Destruction, on the occasion of the COVID-19 Pandemic. Applicable Environment.
13. Sudeban Official Letter No. SIB-DSB-OPCLC-FT-FPADM-05751, dated October 19, 2020, in which Sudeban notified the beginning of the Inspection in matters of Prevention Against Money Laundering, Financing of Terrorism and Proliferation of Weapons of Mass Destruction applicable to the Institutions of the Banking Sector.
14. Sudeban Official Letter No. SIB-II-GGIBPV-GIB-PV5-05784, dated October 19, 2020, in which Sudeban notified the beginning of the General Inspection to the Bank, and for such purposes authorized five officers to carry it out.
15. Sudeban Official Letter No. SIB-II-GGR-GA-05961, dated October 26, 2020, in which Sudeban issues considerations regarding the request for authorization made by the Bank, for the reduction and increase of its share capital in the amount of VES 2.00, in accordance with what was approved at the Annual General Meeting of Shareholders held on 09/26/2019.
16. Sudeban Official Letter No. SIB-II-GGR-GNP-06055, dated November 02, 2020, in which Sudeban issues its considerations regarding the communication sent by the Bank on various aspects of interest of the loan portfolio that is subject to special conditions, expressed in Commercial Credit Value Unit (UVCC) and in Productive Credit Value Unit (UVCP).
17. Sudeban Circular No. SIB-DSB-OPCLC-FT-FPADM-06146, dated November 04, 2020, in which Sudeban informs about the situations identified by the Financial Action Task Force (FATF), based on the meetings held in the city of Paris, France on April 4 and 23, 2020, in relation to new threats and vulnerabilities arising from the COVID-19 crisis.



18. Sudeban Circular No. SIB-DSB-OPCLC-FT-FPA-DM-06147, dated November 04, 2020, in which Sudeban instructs the Financial Institutions to apply the Risk Ratings it has deemed prudent to establish, to ensure compliance with the legal framework that regulates PCML/FT/FPADM matters.
19. Sudeban Official Letter No. SIB-DSB-CJ-OD-06469, dated November 19, 2020, in which Sudeban issues remarks regarding the bank's letter, in response to the opinion given by such agency on the results of the valuation of the product called Cuenta Verde Banesco (Banesco Green Account).
20. Sudeban Official Letter No. SIB-DSB-CJ-OD-06561, dated November 27, 2020, notifying the results obtained during the inspection visit to company Todoticket 2004, C.A.
21. Sudeban Official Letter No. SIB-II-GGIR-GRT-06646, dated December 01, 2020, in which Sudeban refers to the Naiguatá Interconnection System, which to date is in normal operation and complies with the instructions issued by the Regulatory Entities through joint Circular No. SIB-DSB 04714 dated 05/16/2020, as a measure to ensure the operability of the transactions executed in the network of points of sale of the national banking system.
22. Sudeban Official Letter No. SIB-II-CCD-06957, dated December 11, 2020, in which Sudeban issues considerations regarding the requirements set forth for the Annual General Meeting of Shareholders, held on 09/24/2020.
23. Sudeban Official Letter No. SIB-DSB-OPCLC-FT-FPADM-07194, dated December 16, 2020, in which the agency refers to the letter through which the Bank responded to Official Letter No. SIB-DSB-OPCLC-FT-FPADM-06786 dated 07-12-202, whereby the Regulatory Entity sent the Report containing the results obtained in the off-site validation carried out by the Risk Management Area of the OPCML/FT/FPADM to the Bank's 2020 Risk Self-Assessment.
24. Sudeban Circular No. SIB-II-GGR-GNP-07363, dated December 23, 2020, in which Sudeban defers the presentation of the complementary information corresponding to the closing of the second half of 2020, related to the consolidated and/or combined financial statements prepared in accordance with Generally Accepted Accounting Principles, as well as the individual audited half-yearly financial statements of publication adjusted for inflation.
25. Sudeban Circular No. SIB-II-GGIR-GSRB-GGR-GNP-07364, dated December 23, 2020, whereby 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".
26. Sudeban Official Letter No. SIB-II-CCSB-07579, dated December 30, 2020, in which Sudeban gives its opinion on the Report on the Management of the Banking Client and User Defender corresponding to the second semester of 2019 and the first semester of 2020.
27. Sudeban Circular No. SIB-DSB-CJ-OD-00317, dated January 21, 2021, in which SUDEBAN, instructs that, in accordance with provisions of Cir-



## COMMISSIONER'S REPORT

cular SIB-DSB-CJ-OD-00240 dated January 14, 2021, issued by that body, banking institutions must be authorized by the Superintendency to offer and promote to their clients and/or users their financial products or services, as well as those of the BCV, when such products, instruments or services contain particular characteristics that oblige them to require such authorization.

In this regard, banking institutions are prohibited from granting loans in foreign currency with the resources obtained through the collection of deposits from the public in foreign currency or any other modality, without the prior authorization of the BCV and the Superintendency.

During the half year ended December 31, 2020, the following general shareholders' meetings were held:

GENERAL MEETING OF SHAREHOLDERS	NOTES	DATE
ORDINARY	1	September 24th, 2020
EXTRAORDINARY	2	September 24th, 2020

**1. Discussed items:** Considering and Resolving, in view of the Report of the Board of Directors and the Commissioners, the approval of the Financial Statements, audited by independent public accountants, corresponding to the half-yearly fiscal year ended June 30, 2020. Second: Considering and resolving on the use to be made of the profits as of June 30, 2020.

**2. Discussed items:** Bylaws amendment We attended the Annual General and Extraordinary Shareholders' Meeting held on September 24, 2020, in our capacity as Main and Alternate Commissioner.

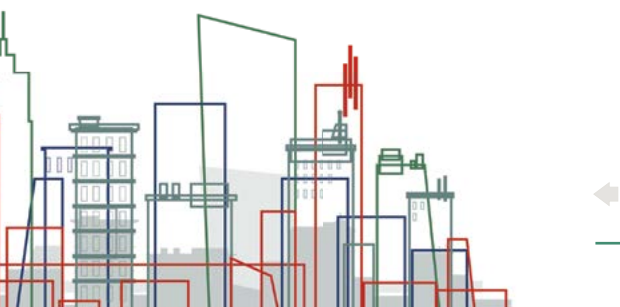
During the half-year ended December 31, 2020, the following Board of Directors' Meetings were held:

BOARD OF DIRECTORS MEETING MINUTES	NOTES	DATE
1,482	1	July 7th, 2020
1,483	2	July 30th, 2020
1,484	3	August 26th, 2020
1,485	4	September 30th, 2020
1,486	5	October 28th, 2020
1,487	6	November 26th, 2020
1,488	7	December 21st, 2020

**1. Discussed items:** 1. Quorum verification; 2. Reading and approval of the minutes No. 1481, dated June 18, 2020; 3. Business Balance and Financial Report.

**2. Discussed items:** 1. Quorum verification; 2. Reading and approval of the minutes No. 1482, dated July 07, 2020; 3. Commitments monitoring; 4. Economic and financial environment; 5. Financial Report; 6. Operations exceeding 5% of equity; 7. Profitability of the Commercial Affiliate Portfolio; 8. Plan for Closing Audit Gaps to Commercial Settlement and Dispute Management Processes; 9. Updating of Autonomies for Execution of Payments, Taxes and Any Tax Obligation; 10. Second Quarter Compliance Officer Management Report; 11. Directive Committee Reports.

**3. Discussed items:** 1. Quorum verification; 2. Reading and approval of the minutes No. 1483, dated July 30, 2020; 3. Commitments monitoring; 4. Economic and financial environment; 5. Approval of audited financial statements; 6. Financial and Risks Report and Corporate Balanced Scorecard (BSC);



## COMMISSIONER'S REPORT

7. Operations exceeding 5% of equity; 8. Foreign currency accounts; 9. Foreign exchange operations; 10. Analysis on Credit Portfolio; 11. Proposed Limits and Thresholds for Operational Failure Indicators; 12. Treasury Autonomy Manual; 13. Report of the Client and Bank User Defender; 14. Shareholder's Meetings; 15. Directive Committee Reports.

**4. Discussed items:** 1. Quorum verification; 2. Reading and approval of the minutes No. 1484, August 26, 2020; 3. Commitments monitoring; 4. Economic and financial environment; 5. Status of the Banesco Green Account; 6. Financial and Risks Report and Corporate Balanced Scorecard (BSC); 7. Operations exceeding 5% of equity; 8. Update of Trust Account Signatures; 9. Updating of the Structure of the Unit for the Prevention of Money Laundering, Financing of Terrorism and Proliferation of Weapons of Mass Destruction; 10. Update on Committee Membership; 11. Directive Committee Reports; 12. Official letters Report.

**5. Discussed items:** 1. Quorum verification; 2. Reading and approval of the minutes No. 1485, dated September 30, 2020; 3. Commitments monitoring; 4. Economic and financial environment; 5. Banesco Green Account; 6. Corporate Balanced Scorecard (BSC). 7. Financial Management Report; 8. Operations exceeding 5% of equity; 9. Bank Account Cancellation Process; 10. Third Quarter Compliance Officer Management Report; 11. Directive Committee Reports; 12. Granting of Power of Attorney; 13. Dividend to holders of common shares.

**6. Discussed items:** 1. Quorum verification; 2. Reading and approval of the minutes No. 1486, dated

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October 28, 2020; 3. Commitments monitoring; 4. Economic and financial environment; 5. Analysis of COVID-19 implications; 6. Banesco Green Account; 7. Corporate Balanced Scorecard (BSC); 8. Financial Management Report; 9. Updating of Manuals of the Vice-Presidency of Comprehensive Risk Management; 10. Proposed Limits and Thresholds Operational Failures in Foreign Currency; 11. Autonomies in Agencies for the Foreign Currency Custody Service; 12. Updating of Operational Autonomies in the Agency Network for Withdrawal and Deposit Operations in Foreign Currency; 13. Proposed Write-off of Other Assets; 14. Credit Autonomy; 15. Operations exceeding 5% of equity; 16. Adjustment of the Annual Operating Plan for the Prevention of Money Laundering, Financing of Terrorism and Proliferation of Weapons of Mass Destruction; 17. Updating of the Structure of the



Unit for the Prevention of Money Laundering, Financing of Terrorism and Proliferation of Weapons of Mass Destruction; 18. Appointment of Employees Responsible for the Compliance of the Commercial Network Centralized Areas; 19. Directive Committee Reports; 20. Update of the Creation of the Members of the Steering and Executive Committees; 21. Banesco Pago Móvil (P2P + P2C).

- 7. Discussed items:** 2. Reading and approval of the minutes No. 1487, November 26, 2020; 3. Commitments monitoring; 4. Corporate Balanced Scorecard (BSC). 5. Financial Management Report; 6. Strengthening Risk Culture; 7. Operations exceeding 5% of equity; 8. Annual Operating Plan, Annual Training Program and Budgetary Item 2021 of the Unit for the Prevention and Control of Money Laundering Financing of Terrorism and Proliferation of Weapons of Mass Destruction; 9. Annual Risk Assessment on Money Laundering, Financing of Terrorism and Weapons of Mass Destruction Proliferation, 2020-2021 Risk Assessment; 10. Updating of the Manual of Policies, Standards and Procedures for Risk Management of Money Laundering, Financing of Terrorism and Proliferation of Weapons of Destruction; 11. Update of the Trust Policies, Standards and Procedures Manual; 12. Adjustment to the Service Quality Policy Manual for Client and User Service; 13. Report on SUDEBAN's official letters; 14. Directive Committee Reports.

### REVISION OF THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2020

Based on the evaluation made by the Independent Auditors, to the Bank's Financial Statements as of December 31, 2020, we consider mentioning the following aspects:

### AVAILABLE FUNDS

#### LEGAL RESERVE

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

In addition, it was established that banking institutions showing a legal reserve deficit equal to or less than the initial global deficit must pay the Venezuelan Central Bank an annual interest rate of 138% over the amount of said deficit. Likewise, banking institutions presenting a reserve requirement deficit greater than the initial global deficit shall pay to the Central Bank of Venezuela a complementary financial cost on the additional amount not covered. This will be calculated daily by the BCV, in accordance with the formula detailed in the aforementioned regulation, thus repealing Resolution No. 19-09-02, dated September 5, 2019.

In this regard, as of December 31, 2020, the balance of the "Banco Central de Venezuela" account includes VES 64.38 trillion corresponding to the balance of the legal reserve in local currency. As of December 31, 2020, the Bank has no balances in the current account of the BCV.



## COMMISSIONER'S REPORT

Moreover, during the second half of 2020, the Bank recorded VES 430.63 billion in the account "Miscellaneous operating expenses", for the financial cost on the deficit balances in the legal reserve operations, in accordance with the regulations in force.

### FOREIGN EXCHANGE OPERATIONS

Pursuant to 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 Auditor's Report as of December 31, 2020, the Bank maintains VES 2.10 trillion (US\$ 1.90 million) in the account "Banks and correspondents abroad", corresponding to clients' deposits in foreign currency.*

As of December 31, 2020, the Bank maintains a balance of VES 2.72 trillion (US\$ 2.46 million), in the "Banco Central de Venezuela" account, for foreign exchange participation. It also maintains VES 80.51 billion in the "Cash" account for retail operations.

Moreover, as per 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, 2020, the Bank has recorded VES 2.02 trillion, as

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

### IMMEDIATE COLLECTION EFFECTS

At the end of the second half of 2020, the Bank recorded VES 68.30 billion in the "Immediate Collection Effects" account, corresponding to clearing house operations under the responsibility of the BCV. These operations were regularized within the first days of January 2021.

### PROVISIONS FOR AVAILABLE FUNDS

According to the Independent Auditor's Report as of December 31, 2020, the Bank maintains provisions for available funds of VES 6.53 billion, corresponding to certain impaired foreign currency cash. Additionally, it maintains VES 265.89 million corresponding to reconciling items with cash depositors.

### SECURITIES INVESTMENT

#### DEPOSITS IN THE CENTRAL BANK OF VENEZUELA AND INTERBANK OPERATIONS

The Independent Auditor's Report, as of December 31, 2020, highlights that the Bank has no overnight obligations with financial institutions in the country. It recognized interest income of VES 437.95 billion recorded in the account "Income from investments with the Central Bank of Venezuela and interbank transactions" under the item "Income from investments in securities".

#### INVESTMENT IN SECURITIES AVAILABLE FOR SALE

The investment in the Sociedad de Garantías Recíprocas para la Pequeña y Mediana Empresa del Sector



## COMMISSIONER'S REPORT

Turismo (SOGATUR) for VES 1.08 corresponds to registered shares type "B", acquired by the Bank.

### INVESTMENT IN SECURITIES KEPT UNTIL MATURITY

The Bank recorded VES 94.34 billion, in the "Other operating income" account, for amortization of discounts on investments in securities held to maturity.

### INVESTMENT IN RESTRICTED FUNDS

In addition, the Bank maintains license agreements corresponding to 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, 2020, the Bank holds in JP Morgan Chase Bank and PNC Financial Services Group, Inc a sum of VES 16.76 trillion (US\$ 15.17 million) in relation to this item.

As of December 31, 2020, the restricted investment held with American Express for VES 773.10 billion (US 700,000) corresponds to a demand deposit given as a guarantee for the non-exclusive and non-transferable use of AMEX credit cards.

### OTHER BONDS INVESTMENT

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

the inclusion of accounts related to the recording of the securities called Bandes 2022 Financial Securities, including in equity the account "Unrealized gain or loss on investments in other marketable securities".

As of December 31, 2020, investments in other bonds show an unrealized gain of VES 4.54 million due to the valuation of the securities denominated Valores Financieros BANDES 2022.

### LOAN PORTFOLIO

According to the Independent Auditor's Report as of December 31, 2020 and based on provisions of the Superintendency of Banking Sector Institutions, the Bank maintains a generic allowance for the loan portfolio of VES 696.85 billion. This is equivalent to 1% of the principal balance of the loan portfolio, except for the balance of the microloan portfolio, maintaining a generic allowance of 2%. Additionally, the Bank, based on its own risk estimates, maintains a voluntary generic allowance of VES 100.26 billion for possible losses that may occur in the loan portfolio according to its behavior.

*Also, as of December 31, 2020, the Bank maintains a countercyclical provision of VES 525.65 billion, equivalent to 0.75% of the gross loan portfolio, in accordance with provisions of Resolution No. 146.13 dated September 10, 2013, issued by the Superintendency of Banking Sector Institutions.*



## COMMISSIONER'S REPORT

As of December 31, 2020, the immobilization of the loan portfolio amounted to VES 1.53 million. This is represented by past-due loans, as established by the Superintendency of Banking Sector Institutions. Also, the total immobilized portfolio accounts for approximately 0.000002% of the gross loan portfolio and 0.000004% of the Bank's total equity.

*As of December 31, 2020, the coverage margin of the total allowance for loan portfolio in relation to the immobilized portfolio is 86,058,725.86%. This complies with the requirements established by the Superintendency of Banking Sector Institutions.*

During the second half of 2020, the Bank granted loans in foreign currency for US\$ 10.33 million with annual interest rates between 3% and 5.5%. As of December 31, 2020, the Bank has loans in foreign currency amounting to VES 11.13 trillion (US\$ 10.08 million). During the second half of 2020, the Bank recorded interest income from foreign currency loans of VES 44.31 billion in the account "Income from loan portfolio"..

### COMMERCIAL CREDITS SUBJECT TO THE MEASURES ESTABLISHED BY THE CENTRAL BANK OF VENEZUELA

According to Resolution No. 20-02-01 issued by the BCV, as published in Official Gazette No. 41,834 dated March 6, 2020, it was established that the credits of the commercial portfolio and microcredits will be expressed in Commercial Credit Value Units (UVCC). This is the result of dividing the amount in bolivars to be settled of the credit granted by the Investment In-

dex effective for the date, as determined by the BCV and considering the variation of the market reference exchange rate. Regarding these loans, banking institutions must charge an annual interest rate that may not exceed 6% annually or be less than 4% each year.

This measure excludes active transactions related to credit cards, commercial installment loans to be granted to individuals for payroll credits and those directed to employees and directors of banking entities.

According to the Independent Auditor's Report as of December 31, 2020, the Bank maintains VES 47.96 trillion for credits subject to the measures established by the BCV under Resolution No. 20-02-01. During the second half of 2020, the Bank recorded interest income for a sum of VES 331.55 billion in the "Income from loan portfolio" heading.

As of December 31, 2020, the Investment Ratio amounts to 5,324.35.

### SINGLE NATIONAL PRODUCTIVE PORTFOLIO

On April 8, 2020, the Steering Committee of the Single National Productive Portfolio published Resolution No. 2020-001, providing that its new credit settlements must be directed exclusively to the agriculture and food sector. Furthermore, the parameters for the calculation of the Single Productive Portfolio for each month are established, setting a mandatory maximum percentage of 25% of the gross loan portfolio, according to the accounting closings of the bank, which must exclude the increase due to capital restatement, resulting from the application of the Commercial or Productive Credit Value Units (UVCC or UVCP). Banking entities may exceed the maximum mandatory percentage establi-



## COMMISSIONER'S REPORT

shed, jointly with the Steering Committee and the Superintendency of Banking Sector Institutions, during the term of the aforementioned Resolution, as long as the new credit liquidations are directed exclusively to the agricultural and food sectors.

*According to the Independent Auditor's Report, as of December 31, 2020, the Bank maintains VES 8.43 trillion for productive loans measured in UVCP, accounting for 12% of the gross loan portfolio.*

On June 18, 2020, the Bank requested from the Superintendency of Banking Sector Institutions an authorization to exceed the maximum percentage referred to in Resolution No. 2020-001, in order to continue financing the agricultural and food sectors within the 2020 Sowing Plan Program. Subsequently, on July 22, 2020, through Official Letter No. SIB-II-GGIBPV-GIBPV5-04151, the Superintendency authorized Banesco Banco Universal, C.A. to exceed the maximum percentage of 25% of the loan portfolio for the granting of loans to the agricultural and food sectors within the 2020 Sowing Plan Program, prior authorization of the Governing Committee of the Single National Productive Portfolio.

During the second half of 2020, the Bank recorded income of VES 462.49 billion in the "Income from loan portfolio" heading, corresponding to the special charge established in the regulations in force.

### INTEREST AND COMMISSIONS RECEIVABLE

According to the Report of the Independent Auditors as of December 31, 2020, it was observed that, on May 22, 2020, the Superintendency of the Institutions of the Banking Sector, through Official Letter No. SIB-II-GGIBPV-GIBPV5-02735, Authorized the Bank to record in the subaccount "Other registration accounts" the accrual of income receivable related to securities issued by Petróleos de Venezuela, S.A. From the coupon that expired on April 12, 2020, in the sub-account "Other registration accounts", and register the income once the payment of the coupons is received. In this sense, as of December 31, 2020, the Bank has recorded in memorandum accounts Bs. 209,194,758,790 for returns receivable from investments in securities.

### INVESTMENTS IN SUBSIDIARIES, AFFILIATES AND BRANCHES

According to the Independent Auditor's Report as of December 31, 2020, the Bank recognized VES 164.71 billion in the "Other operating income" heading for equity participation of subsidiaries and affiliated companies. The Bank recorded net equity participation on the investments held with its subsidiaries and affiliates for VES 82.35 billion in the "Restricted surplus" heading.

Issuing Entity	% of shares and voting	No. of registered shares owned	Book value	Gain from equity participation, net
Proyectos Conexus, C.A.	33.33%	1,500	202,357,154,825	164,711,565,760

Information taken from the un-audited financial statements as of November 30, 2020.



## COMMISSIONER'S REPORT

### OTHER ASSETS

According to the Independent Auditor's Report as of December 31, 2020, the heading "Licenses" for VES 1.81 trillion corresponds to deferred expenses for the acquisition of software licenses. Likewise, as of December 31, 2020, the heading "Other deferred expenses" for VES 843.84 billion corresponds to technology projects.

In addition, the heading "Advances to suppliers" for VES 15.45 trillion is mainly composed of advances granted to suppliers for the acquisition of office supplies, computer equipment, services, equipment and technological supplies, software and licenses.

*Also, the Bank maintains security deposits for the purchase and sale of technology equipment amounting to VES 4.80 trillion (US\$ 4.35 million).*

The "Prepaid expenses" heading includes VES 4.11 trillion, corresponding to expenses for preventive and corrective maintenance of the Bank's systems equipment. It also includes VES 528.75 billion for income tax paid in advance.

According to the Independent Auditors' Report as of December 31, 2020, Bs. 343,617,961,767 are included in the "Taxes paid in advance" account, for the concept of tax on economic activities. It also includes Bs. 528,757,685,965, for income tax paid in advance.

As of December 31, 2020, the Bank has recorded VES 95.67 billion in the "Inventories of stationery and sun-

dry effects" heading, corresponding mainly to inventories of stationery, plastic for the issuance of debit and credit cards and office supplies.

Additionally, the bank keeps in the "Income receivable from investments in securities" heading VES 145.94 billion (US\$ 132,149), corresponding to interest receivable in foreign currency, which is fully provided for.

According to the Independent Auditor's Report, as of December 31, 2020, the "Items to be applied" heading for VES 420.97 billion corresponds mainly to credit card transactions in transit, which were regularized during the first days of January 2021.

On December 12, 2019, the Bank requested authorization from the Superintendency of Banking Sector Institutions to progressively constitute under "Other assets", the provision corresponding to overdue returns receivable on investments in securities charged to account 352.00 "Gain or loss on exchange rate fluctuations from holding assets and liabilities in foreign currency", in accordance with provisions of Circular SIB-II-GGR-GNP-03578, dated March 29, 2019. Subsequently, on May 22, 2020, the Superintendency, through Official Letter No. SIB-II-GGIBPV-GIBPV5-02735, authorized the creation of the provision corresponding to past-due returns receivable on investments in securities under "Other assets", with a charge to the balance maintained at June 30, 2019 in account 352.00 "Gain or loss on foreign exchange fluctuations from holding assets and liabilities in foreign currency". It also authorized the recording of the accruals of the next coupons in the sub-account "Other memorandum accounts".



## COMMISSIONER'S REPORT

Since the yields maintained from previous half-years amounting to US\$ 396,447 exceed the permanence period allowed by the Accounting Manual for Banking Institutions, the Bank wrote off the past-due yields receivable provisioned for VES 80.01 billion. In this regard, as of December 31, 2020, the Bank has recorded in memorandum accounts VES 209.19 billion for yields receivable from investments in securities and 165.60 billion (US\$ 149,950), corresponding to bonds with participations in non-financial public companies in the country that matured in April 2020, which have been fully provisioned.

### PUBLIC DEPOSITS

Furthermore, the Bank maintains current accounts under Exchange Agreement No. 20 for VES 2.10 trillion, equivalent to US\$ 1.90 million.

*According to the Independent Auditor's Report as of December 31, 2020, public deposits amounted to VES 5.76 trillion, which come from official entities, equivalent to 4.83% of total public deposits.*

During the second half of 2020, public deposits generated interest expenses of VES 529.63 billion recorded under "Financial expenses".

### ACCUMULATIONS AND OTHER LIABILITIES

Based on said report, the items to be applied include VES 2.41 trillion for the acquisition of technological equipment, renewal of licenses, payment of meal tic-

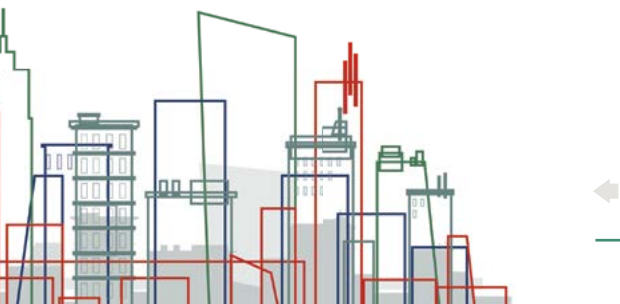
kets, acquisition and repair of air conditioning equipment, cash transfer services for the network of agencies nationwide and purchase of cards.

### FINANCIAL INSTRUMENTS WITH RISK OUT OF GENERAL BALANCE AND OTHER MEMORANDUM ACCOUNTS

As of December 31, 2020, the bank maintains a book provision for income tax of VES 1.65 trillion based on the annual tax year ended December 31, 2020. In addition, it maintains VES 231.44 billion 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.

In accordance with the standards established in the Accounting Manual for Banking Institutions, the Bank maintains generic provisions for contingent accounts receivable, on the item "Guarantees granted" for VES 3.42 billion, which is presented in the group "Accruals and other liabilities".

The "Other recording accounts" include US\$ 22,461,092, equivalent to VES 24.80 trillion, corresponding to foreign currency pending before the National Foreign Trade Center (CENCOEX), as a result of purchases made by the Bank's cardholders abroad, paid by the Bank in foreign currency to affiliated businesses. The Bank is awaiting the allocation of these currencies by CENCOEX. Likewise, as of December 31, 2020, they include VES 4.19 for foreign currency sale transactions agreed through the foreign exchange intervention process.



## COMMISSIONER'S REPORT

### TRUST

According to the Independent Auditor's Report as of December 31, 2020, cash and cash equivalents include VES 236.51 billion which correspond to deposits in special interest-bearing accounts opened for each of the Bank's trustors, which generated interest at the rate of 0.20% annually for both semesters. As a result of these operations, during the first half of 2020, the Bank's Trust recorded VES 88.34 million, as interest income in the account "Income from available funds".

Other available funds include balances in interest-bearing and non-interest-bearing current accounts in US dollars amounting to VES 267.31 billion (US\$ 242.03) by the end of 2020.

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



According to the Independent Auditor's Report as of December 31, 2020, the financial institutions that maintain custody of the securities, as well as those where placements and time deposits that comprise the investment portfolio are held, are summarized as follows:

- Banco Central de Venezuela.
- Caja Venezolana de Valores.
- Banesco USA (Foreign Deposit Certificate).

As of December 31, 2020, the Bank's Trust maintains VES 6.82 trillion recorded in the "Accumulated results" heading in the trust equity for the net exchange difference due to exchange fluctuations from holding unrealized assets and liabilities in foreign currencies.

### EQUITY

#### SHARE CAPITAL AND DECREE OF DIVIDENDS

According to the Independent Auditor's Report as of December 31, 2020, the Bank's capital stock consists of 107,920,000 registered common shares, with a par value of VES 0.0001 each, 17,080,000 preferred shares, with a par value of VES 0.0001 each.

At the Annual General Meeting of Shareholders held on September 24, 2020, the Board of Directors authorized the payment of cash dividends to holders of common shares of up to VES 378 trillion against accumulated results as of June 30, 2020.

#### NON-CAPITALIZED EQUITY CONTRIBUTIONS

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

## COMMISSIONER'S REPORT

General Meeting	Date	Subscribed and paid share capital in VES.	Number of shares	Nominal value per share in VES.
Extraordinary	November 28th, 2018	160,000,000.00	1,600,000,000,000	0.0001
Extraordinary	October 19th, 2018	150,000,000.00	1,500,000,000,000	0.0001
Extraordinary	September 27th, 2018	330,500,000.00	3,305,000,000,000	0.0001
Extraordinary	August 31st, 2018	60,000,000.00	600,000,000,000	0.0001
Extraordinary	July 31st, 2018	35,000,000.00	350,000,000,000	0.0001
Extraordinary	May 28th, 2018	40,000,000.00	400,000,000,000	0.0001
Extraordinary	April 30th, 2018	18,000,000.00	180,000,000,000	0.0001
Extraordinary	March 22nd, 2018	4,500,000.00	45,000,000,000	0.0001
Extraordinary	February 21st, 2018	1,500,000.00	15,000,000,000	0.0001
Extraordinary	January 17th, 2018	100,000.00	1,000,000,000	0.0001
Extraordinary	December 18th, 2017	500,000.00	5,000,000,000	0.0001
Extraordinary	November 20th, 2017	300,000.00	3,000,000,000	0.0001
		800,400,000.00	8,004,000,000.000	

Share capital, as described on this report, increases with cash contributions from shareholders who decided to sign, as described and presented at the Special Shareholders' Meetings of each year, are awaiting approval by the Superintendency of Banking Sector Institutions, subject to the binding opinion of the Higher Body of the National Financial System, for subsequent filing with the Mercantile Registry Office.

### PREFERRED SHARES

The report indicated that it was observed that in the Minutes of the Special Meeting held on March 26, 2020, that share capital was reduced by 16,902,800 shares (VES 1,690.28) due to the total redemption of the preferred shares at a value of 0.0001 per share, for which reason stock dividends were immediately decla-

red in the same proportion as indicated, for a total of 16,902,800 new common shares.

On December 18, 2020, the Superintendency of Banking Sector Institutions, through Official Letter No. SIB-II-GGR-GA-14297, upon favorable opinion of the Higher Body of the National Financial System, according to Official Letter No. F-000236, dated December 13, 2020, authorized Banesco Banco Universal, C.A. to reduce its share capital by VES 7. This was by virtue of the redemption of 70,000 preferred shares, as well as to increase the share capital in the amount of VES 7, charged to heading 361.02 "Restricted surplus", and the amendment of the by-laws, as approved at the Special Shareholders' Meeting held on September 28, 2016.



# COMMISSIONER'S REPORT

## RESULTS AND CAPITAL RESERVES

The Bank, in accordance with the provisions established in its bylaws and in the Decree with Rank, Value and Force of Law of Institutions of the Banking Sector, records every six months a legal reserve equivalent to 20% of the net income of the six-month period until reaching 50% of the share capital. When the amount of the legal reserve has reached this limit, the Bank will record 10% of the net income for the half year as a legal reserve until it reaches 100% of the share capital. The Bank may also establish additional voluntary reserves. As of December 31, 2020, the entity has a legal reserve equal to 100% of its share capital.

In accordance with Resolution No. 329.99 of December 28, 1999 issued by SUDEBAN, during the second half of 2020, the Bank reclassified VES 4.75 trillion to the "Restricted surplus" heading, equivalent to 50% of the results for the half year. The amounts included in the "Restricted surplus" heading will not be available for the payment of cash dividends and may only be used for future share capital increases.



## EQUITY ADJUSTMENT

Based on the Independent Auditor's Report as of December 31, 2020, the Bank has recorded VES 16.19 billion, corresponding to the first and second phase of property revaluation, plant and equipment carried out during 2017, and the revaluation of property, plant and equipment authorized by the Regulatory Entity during 2019.

## CONTRIBUTIONS TO THE SOCIAL PROTECTION FUND FOR BANK DEPOSITS

The Social Protection Fund for Bank Deposits is an autonomous institute with legal capacity and its own assets are entitled to guarantee the funds collected from public deposits in local currency by banking institutions up to a maximum amount of VES 0.3, as well as to act as liquidator of these institutions and their related companies, in accordance with the provisions of the Decree with Rank, Value and Force of Law of Institutions of the Banking Sector. As of December 31, 2020, the Bank recorded expenses of VES 155.51 billion, corresponding to the half-yearly contribution of 0.75% of the total deposits held by the client at the end of the immediately preceding six-month period, in accordance with Article 121 of the Banking Sector Institutions Law. This amount is recorded in the "Transformation expenses" heading.

## CONTINGENCIES

### JUDICIAL CONTINGENCIES

Based on the Independent Auditor's Report as of December 31, 2020, there are civil and mercantile legal actions for VES 900.01 billion, which correspond to claims for material and moral damages brought against the Bank, for which the corresponding defenses have been timely presented in all instances and



phases of the process, and the respective decisions are pending.

On June 25, 2020, the Superintendency of Banking Sector Institutions, through Official Letter No. SIB-II-GGIBPV-GIBPV5-03343, instructed the Bank to create a provision of 15% of the total amount of the claim filed for VES 900 billion, within a term not exceeding thirty (30) business days, which expires on August 10, 2020.

On July 10, 2020, the Bank filed an appeal for reconsideration against the instruction issued by the Superintendency of Banking Sector Institutions, through Official Letter No. SIB-II-GGIBPV-GIBPV5-03343, in which creating, within a term of thirty (30) business days, a provision of 15% of the total amount of the claim filed is requested. In this regard, the Bank requested the Superintendency to permit the provisioning of the amount demanded in a term of no less than three (3) years as of July 31, 2020.

Subsequently, on August 11, 2020, the Superintendency issued Official Letter No. SIB-DSB-CJ-PA-04248, notifying Resolution No. 018-20, of the same date, whereby partially accepted the appeal for reconsideration filed by the Bank. As a consequence, the content of the Administrative Act established in Official Letter N° SIB-II-GIBPV5-03343, dated June 25, 2020, requesting the constitution of the referred provision progressively on a monthly basis within a term no longer than twenty-four (24) months, counted as of the notification of said measure was partially modified.

In this regard, as of December 31, the provision maintained by the Bank to provide for any adverse decision amounts to VES 34.52 billion included in the "Other provisions" heading.

### LIQUIDITY RISK MANAGEMENT AND ADMINISTRATION PROCESS

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.

Through our attestation procedures to evaluate compliance with paragraphs a, b and c of Article 4 of Resolution No. 136.15, we observed that the Bank has the "Manual of Corporate Policies and Guidelines of the Vice-Presidency of Comprehensive Risk Management (VPAIR)". The strategies and policies applied by the Bank to identify, assess and control the different levels of liquidity risk to which the Bank may be exposed are included in the Manual. The last update of the Manual was completed in November 2019, presented to the Risk Committee in Minute No. 170 dated November 20, 2019 and approved by the Board of Directors, as recorded in Minute No. 1,473, dated November 27, 2019.

We also note that the Bank has a "Liquidity Risk Manual", which includes guidelines, controls and tools



for liquidity risk management and administration. The last update of this Manual was completed in November 2020, presented to the Risk Committee in Minute No. 185 dated November 24, 2020, and by the Board of Directors as stated in Minute No. 1,487 dated November 26, 2020.

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.

The tools for measuring and monitoring liquidity risk are detailed in section X "Methodologies to Manage Liquidity Risk" of this report.

- e) Liquidity risk contingency plans.

Through our attestation procedures, we noted that the Bank has a "Liquidity Contingency Plan", which was reviewed and updated by the VPAIR and approved in the Risk Committee as recorded in Minute No. 182 dated September 23, 2020. This review was presented in an informative manner to the Assets and Liabilities Committee, as recorded in Minutes No. 89, dated September 15, 2020.

From the evidence obtained, nothing came to our attention to indicate that the Bank and VPAIR have not complied with the provisions of Article 4 of Resolution No. 136.15.

### **ASSETS AND LIABILITIES COMMITTEE (HEREINAFTER ALCO)**

At the Board of Directors' meeting held on December 21, 2017, the Assets and Liabilities Committee was created. It is composed of nineteen (19) members, in which the Bank's Executive President and three (3) Directors of the Board of Directors participate; there are two (2) Executive Directors of the BoD participating with the right to speak and vote, and one (1) entitled to speak, but not to vote, for the purposes of the matters to be decided by the Committee. It also includes four (4) Executive Officers with the right to speak and vote and seven (7) Executive Vice Presidents with the right to speak but not to vote. They will be in charge of treasury, finance and/or business areas dedicated to planning activities, economic studies or processes directly related to liquidity management. In addition, the Vice President of Comprehensive Risk Management, the Internal Auditor, the Compliance Officer and the Executive Manager of Models and Market and Liquidity Risk participate in the Committee, participating only with the right to speak, but not to vote, for the purposes of the decisions and resolutions adopted by the Committee, in accordance with the provisions of Article 11 of Resolution No. 136.15. During the second half of 2020, the composition of the invited and permanent members of the Assets and Liabilities Committee, as well as the alternate members, was modified as stated in Board of Directors' Minutes No. 1,485 and No. 1,487, dated September 30 and November 26, 2020, respectively.

### **RESPONSIBILITIES OF THE INTERNAL AUDIT UNIT WITH RESPECT TO COMPREHENSIVE LIQUIDITY RISK MANAGEMENT**

In accordance with the provisions of Article 43 of Resolution No. 136.15, the Bank's Internal Audit Unit, within the half-yearly reviews, shall include within the



# COMMISSIONER'S REPORT

audit program, procedures and tests of broad scope to verify the reasonableness and compliance levels of the policies, processes, methodologies, tools, premises, assumptions and information systems that are being used within the VPAIR to comprehensively and adequately manage liquidity risk within the Bank.

Through our attestation procedures performed during the second half of 2020, we noted in the Minutes No. 180 of the Risk Committee, dated July 23, 2020, the presentation by Internal Audit of the report on the main risks detected and reported during the first half of 2020. 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 2020, was presented to the Risk Committee in January 2021, as stated in Minute No. 187 dated January 26, 2021.

## INFORMATION TRANSMISSION TO THE REGULATORY ENTITY

Through our attestation procedures performed during the second half of 2020, we observed that VPAIR reported to the Superintendency of Banking Sector Institutions on a weekly basis, the transmission file where the methodologies to manage liquidity risk are established.

## RISK COMMITTEE

We reviewed the structure of the Risk Committee and the minutes of the aforementioned Committee held during the second half of 2020. As of December 31, 2020, we reviewed the approval of the Risk Committee and its members through the Board of Directors Act No. 1,485, dated September 30, 2020.

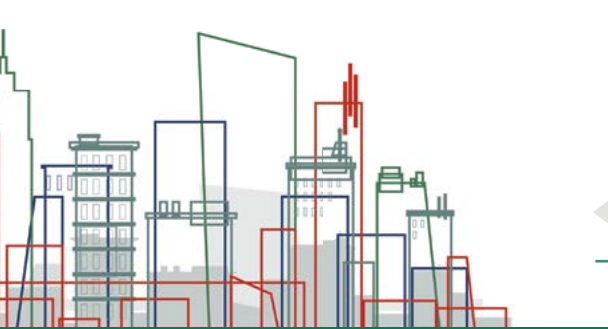
As a result of each meeting, minutes are prepared in which the proposals and agreements reached in each Committee are formalized and, subsequently, a management report is prepared, which is submitted to the Board of Directors, in order to notify the results and actions taken by the Bank in relation to the different risks to which it is exposed. During the second half of 2020, the following meetings were held:

Description	Minute No.	Date
Risk Committee	180	July 3rd, 2020
Risk Committee	181	August 20th, 2020
Risk Committee	182	September 23rd, 2020
Risk Committee	183	October 22nd, 2020
Extraordinary Risk Committee	184	November 12th, 2020
Risk Committee	185	November 24th, 2020
Risk Committee	186	December 17th, 2020

Regarding our attestation procedures, we inspected the minutes of the Risk Committee meetings held during the second half of 2020; however, we observed that some of them were not fully signed by each of the members of the Committee. Likewise, we found out through the minutes of the Risk Committee meetings, that meetings were held at least once (1) a month, in accordance with the provisions of Article 5 of Resolution No. 136.03.

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

In accordance with the 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 4, 2021, submitted to the



## COMMISSIONER'S REPORT

Regulatory Entity the Half-Yearly Report on the Steps Taken by the Risk Committee for the second half of 2020, which specifies the degree of compliance related to the implementation of the VPAIR.

*As of December 31, 2020, the "Progress Matrix" shows 100% compliance.*

From the evidence obtained, nothing came to our attention to indicate that the Bank and VPAIR have not complied with the provisions of Article 8 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.

Through our attestation procedures performed during the second half of 2020, we noted in the Minutes No. 180 of the Risk Committee, dated July 23, 2020, the presentation by Internal Audit of the report on the main risks detected and reported during the first half of 2020. 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 2020, was presented to the Risk Committee in January 2021, as stated in Minute No. 187 dated January 26, 2021.

The evidence obtained did not bring to our attention anything that indicates that the Bank's Internal Audit Unit has not complied with provisions of Article 10 of Resolution No. 136.03.

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

Pursuant to the Report on Agreed Procedures Related to Non-Financial Information, it was observed that the independent auditors carried out procedures regarding the report of Complaints filed by customers in the Client Experience Department during the second half of 2020, in which the transmission files (AT13 Complaint Group) corresponding to the second half of 2020 were obtained, in order to observe the transmission period, the date of transmission and the transmission code, and to indicate whether there were days in arrears.

During the second half of 2020, no file transmission delays were observed (AT13 Claim Group).

The Client and Bank User Defender in his report for the second half of 2020, proposed to the Board of Directors the following:

**a) Creation of alert message in Mobile Payment to avoid duplicity of transactions.** During the first half of the year, we received requests from clients who reported duplicity in their Mobile Payment tran-



sactions. In order to ensure that clients avoid a possible unwanted transaction, it was suggested to the banking institution to generate an alert message in the application, once a previous payment for the same amount has been made. The Bank has created an alert message to notify the customer of the generation of a "possible" duplicate payment whose beneficiary and amount are the same as a recent transaction.

**b) Case management in the event of technological incidents.** In the event of a possible technological incident that could affect clients, it was suggested to verify the protocols to be applied in cases involving contact with the affected persons.

In this regard, the Bank stated that the following actions were defined:

—Development of an automated notification to clients when they are subject to recovery / reverse transactions by Mobile Payment.

—Adjustment in the description of debit operation in order to make it more explicit for clients. This description includes the date to which the operation giving rise to the reverse side is related.

—Creation of a WhatsApp group with representatives of the areas that serve clients (Telephone Banking, Virtual Chat, Social Networks, Client Service Unit, Internet and Mobile Post-Sales Coordination, and Fraud and Financial Crime Monitoring and Requirements Management) to be informed in a timely manner by Business Continuity about events that occur in the channels, and thus optimize the service provided in these cases.

The Bank indicated that the recommendations have been processed, completed and are fully operational.

**c) Follow-up on the recommendation presented to the Board of Directors during the first half of 2020.** The Fraud and Financial Crime Monitoring and Requirements Management Department stated that the internal requirement has been active since July 27, 2020 in compliance with the stipulated deadlines. Therefore, the execution of the recommendation made by the Client's Defender has been concluded.

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

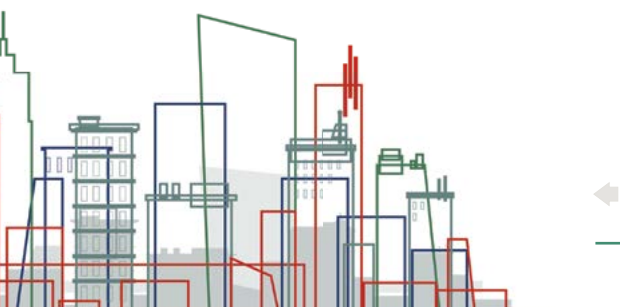
According to the Half-Yearly Independent Auditor's Assurance Report on compliance with Resolution No. 083.18, issued by the Superintendency of Banking Sector Institutions, as of December 31, 2020, a copy of the organizational structure established by the Bank in relation to SIAR LCFT/FT/FPADM was obtained. 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 referred to as UPC LCFT/FT/FPADM).



**E.** Compliance Officers for the Prevention and Control of Money Laundering, Financing of Terrorism and Proliferation of Weapons of Mass Destruction (hereinafter RCPC LC/FT/FPADM) assigned to each sensitive area of LCFT//FPADM risk.

Functions of each member within the structure are set forth in the LC/FT/FPADM Risk Management Policies and Procedures Manual (PPARLC/FT/FPADM Manual). This manual is maintained by the Bank, the last update of which was approved by the Board of Directors as stated in Minutes No. 1. 488, dated December 21, 2020, which incorporates the update of the organizational structure of the UPC LC/FT/FPADM, the risk assessment methodology, the policies for the initiation of the commercial relationship with high risk clients and the policies related to employee obligations.

According to the Independent Auditor's report as of December 31, 2020, it was evidenced in the file of each member of the Board of Directors in force, the Institutional Commitment individually subscribed and signed by each member of the Board of Directors. Likewise, a copy of the Bank's Code of Ethics was obtained, whose last update and approval with the new changes presented in Resolution No. 083.18, is recorded under Minutes No. 1,468 of the Board of Directors, dated July 8, 2019.

In addition, communications sent to the Bank's employees about the Code of Ethics through communication strategies were observed.

Additionally, we obtained the minutes of the Board of Directors meetings held during the second half of 2020, in which the quarterly reports prepared by the Compliance Officer were presented. We also inspec-

ted the approval of the budget item and the LC/FT/FPADM RCPC for the year 2020, the designation of the Compliance Officers for each of the sensitive areas in terms of LC/FT/FPADM.

Moreover, through inquiries with the Bank's management, we have been informed that the Bank's Chief Executive Officer has complied with the responsibilities set forth in Article 16 of Resolution No. 083.18.

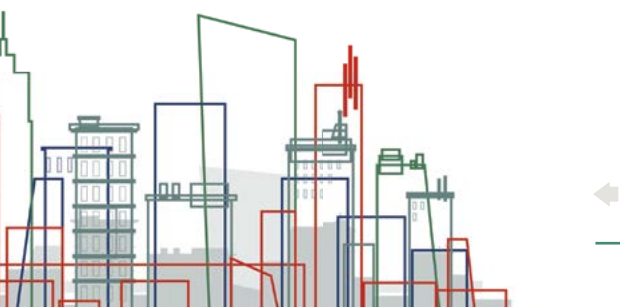
*Among the functions carried out by the Compliance Officer is the preparation of Management Reports, which are submitted to the Chief Executive Officer and the Board of Directors on a quarterly and annual basis for approval.*

The Management Report corresponding to the third quarter of 2020 was presented by the Compliance Officer before the Board of Directors, as recorded in Minutes No. 1,486 dated October 28, 2020. Likewise, the Management Report for the fourth quarter of 2020, as well as the Management Report for the year 2020, was presented to the Board of Directors, as stated in Minute No. 1,490, dated January 28, 2021.

The following is a summary of the aspects stated in the management reports prepared by the Compliance Officer during the first half of 2020:

### ANNUAL TRAINING PROGRAM

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



## COMMUNICATIONAL STRATEGY

At the end of the second half of 2020, 100% progress was achieved with respect to the activities included in the POA for this year. This progress is composed of the publication of twelve (12) displays directed to the Bank's clients, through Banesco Online, twelve (12) publications in the Social Networks (Facebook, Instagram and Twitter) and twelve (12) e-mails massively directed to all clients, in order to keep them updated in relation to the mitigation of the risks of Money Laundering and financing of Terrorism and the Proliferation of Weapons of Mass Destruction, and that even though customers do not have access to the internet, are published through posters and regulatory screens in the agencies nationwide.

During the second half of 2020, communication strategies aimed at employees, and with specialized content for the RCPCs, were implemented and disseminated weekly through seventy-eight (78), well-known as "Weekly Newsletter" and "Agency Network Newsletter", with a progress percentage of 100%. In addition, twelve (12) micro e-learning courses were conducted to reinforce knowledge, with a progress rate of 100%.

## UPCLC/FT/FPADM REMOTE INSPECTIONS OF AGENCIES

During the fourth quarter of 2020, four (4) reports were issued as a result of the remote inspection of seventy (70) agencies distributed nationwide, in which the following procedures were applied:

- Review of clients' account files.
- Acknowledgement of receipt sent to each inspected agency.

- Sending of minutes for the closure of the findings evidenced in the files and client identification form.

On the other hand, at the end of the fourth quarter of 2020 this activity shows 100% compliance, based on the fulfillment of the goal established for the year 2020 with the issuance of nine (9) reports. The scope of these reports contemplated the evaluation of one hundred and twenty (120) agencies distributed nationwide.

The follow-up of the observations detected shows a progress of 19%.

## EMPLOYEE'S FILE REVISION

The development of this activity was concluded and reported to the corresponding instances in July 2020, within the framework of the activities developed in the Annual Operating Plan and in support of the management "Document Management Plan Employee Records 2020" proposed by the Vice Presidency of Human Capital to manage the gaps identified in the assurance report, dated December 31, 2019.

## COMPLIANCE ACTIVITY

The Bank's PCLC/FT/FPADM Risk Assessment: During the second half of 2020, the Bank's risk analysis was prepared with the participation of the units owning the selected processes based on the level of PCLC/FT/FPADM sensitivity and its direct relationship with the risk factors. We concluded 100% of the assignments of the Risk Assessment carried out during the last quarter of 2020, whose projection and management of the identified risks will be addressed in 2021. The activities carried out are detailed below:



- Review of the movement of the identified risks of the eighty-one (81) processes managed in 2020 through the follow-up of the mitigation actions proposed by the responsible area.
- Identification of the risks inherent to the risk factors established in the Resolution.
- Execution of multidisciplinary working groups for the evaluation of post mitigation actions.
- Inclusion of the risks associated with foreign currency transactions under the mechanisms established and approved by the regulator.

This analysis includes three documents:

- 2020-2021 Risk Assessment Report by Banesco Banco Universal.
- Risk matrixes of the evaluated processes and heat maps.
- Employee segmentation matrix.

These documents were approved at the Board of Directors' meeting No. 1,480 on December 21, 2020.

### **STRENGTHEN THE PCLC/FT/FPADM SIAR THROUGH THE ROLE OF THE EMPLOYEE RESPONSIBLE FOR COMPLIANCE (ERC).**

This activity contemplates the implementation of activities aimed at strengthening the role of Compliance Officers as active players in the Comprehensive Risk Management System for Money Laundering, Terrorist Financing and Weapons of Mass Destruction Proliferation.

During the last quarter of 2020, the following activities were carried out:

- **Forty-two (42) videoconferences at the national level in which six hundred and ninety-eight (698) ERCs belonging to the Agency Network participated at such activities.**

Within the framework of the activities, the following topics were developed: (1) Functions of the employee responsible for compliance within the Comprehensive Risk Management System for LC/FT/FPADM. (2) Knowing your employees is fundamental to prevent LC/TF/TFPA risks. (3) Compliance with PCLC/FT/FPADM policies and procedures. (4) Strengthening prevention is essential to minimize risks. (5) Important aspects to be considered by Compliance Officers. (6) November Knowledge Capsule: Do you know how a Compliance Officer is appointed? (7) November Knowledge Capsule: Do you know the purpose of PASEC? (8) October Knowledge Capsule: You are part of the LCFT/FPADM Comprehensive Risk Management System. (8) October Knowledge Capsule: Functions of the Compliance Officer (10) Knowledge capsule - Do you know what the money laundering process is?.

- **Follow-up on the regularization of findings corresponding to remote inspections carried out to agencies during 2019 by the UPCLC/FT/FPADM.**

During the fourth quarter of 2020, continuity was given to the regularization of the findings evidenced in the remote inspections carried out to the agencies in 2019, achieving a progress of 64.71% at the close of 2020.

While conducting these inspections, the following aspects were evaluated: (i) completion of client identification forms and (ii) preparation of files, in accordance with current regulations.



### ■ Follow-up of the recommendations made by the Compliance Officer during the 2020 quarters:

During the fourth quarter of 2020, the Compliance Officer, within the framework of the issuance of quarterly reports, made recommendations on processes, procedures and practices, aimed at strengthening the SIAR LC/FT/FPADM, completing 100% of the actions implemented by the Bank.

### ■ Requirements from regulatory agencies and bodies received during 2020

—In 2020, the Company received and processed four hundred and eighteen (418) official letters related to requests for information (natural and legal persons) from State agencies and Regulatory Entities.

—As for the attention to requests from the National Financial Intelligence Unit (UNIF) and the Superintendency of Banking Sector Institutions, one hundred and sixty-nine (169) requests for information were received through the institutional mailboxes.

### ■ Inspections which took place in the second half of 2020 by internal and external auditors

—**External Audits:** In 2020, the requirements made by the external auditors Lara Marambio & Asocia- dos (Deloitte) were met in order to close the evaluation as of June 30, 2020 and December 31, 2020.

—**Internal Audit:** Eighty-four (84) requirements were managed in 2020 related to the following audits: (i) Assessment of effectiveness in gap closure management, (ii) Assessment of Regulatory Reporting compliance and (iii) Assessment of compliance with the “Know Your Employee” Policy, scope on

extraordinary income, conflict of interest and Responsible Compliance management (PASEC compliance).

—**SUDEBAN's General Inspection:** the delivery of sixty-eight (68) requirements was completed in compliance with the requested deadlines.

■ **Suspicious Activity Reports and Alerts.** During 2020, a total of one hundred and forty-two thousand one hundred and fifty-one (142,151) alerts were generated in the PCLC/FT/FPADM monitoring tool. Of these, one hundred and forty-two thousand one hundred and five (142,105) were generated by the ACRM Monitor Plus tool and forty-six (46) 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 and suspicious activity reports made by the Bank. The number of cases analyzed and pending cases was also presented.

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

In accordance with provisions of the Bank's ML/FT/FT/FPDM PPAR Manual, the PCU LC/FT/FPDM is the technical operational body designated to coordinate preventive measures to mitigate LC/FT/FPDM risks. The UPC LC/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



## COMMISSIONER'S REPORT

the aforementioned Manual. We note that the structure of the current UPC LC/FT/FPADM was approved in Board of Directors Minutes No. 1,488, dated December 21, 2020. The UPC ML/FT/FPADM is structured as follows:

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

Human resources available to this structure are described below:

- Two (02) Executive Managers
- Four (4) Division Managers
- Five (05) Coordinators
- Forty (40) Specialists
- Seven (07) Attorneys

As per the Assurance Report Resolution, as per 083.18 of the Independent Auditors, as of December 31, 2020, five (5) vacancies were observed in the UPC LC/FT/FPADM, four (4) in the Office of Analysis and Supervision of Financial Operations and one (1) in the Office of Prevention and Control of LC/FT/FPADM Risks. By that time, the vacancies maintained correspond

to specialist positions within the Unit of Prevention and Control of LC/FT/FPADM. The Bank has taken steps to ensure the recruitment of the required personnel through internal changes or new entries; however, the hiring process has been affected by the prevention measures applied in response to the COVID-19 pandemic and in compliance with Circular No. SIB-DSB-CJ-OD02415 "Continuity of Banking Service during the State of Alarm".

Based on the foregoing, we recommend to shareholders to approve the financial statements of Banesco Banco Universal, C.A. for the half-year ended December 31, 2020, presented by the Board of Directors, as well as the management of the Bank's directors for the half-year ended December 31, 2020, to which the following are attached. In addition, we urge the execution of the recommendations set forth in the reports issued by the independent auditors, as well as the observations and instructions issued by the Superintendency of Banking Sector Institutions through official letters and circulars issued in exercise of its legal powers of regulation and control.



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



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



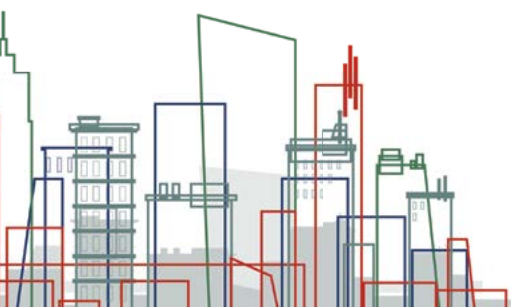
# CORPORATE MANAGEMENT REPORT

## HUMAN CAPITAL

### TRAINING AND TALENT DEVELOPMENT

Based on the latest trends in knowledge management, we are always in search of new methodological strategies to encourage our human talent to learn. We are systematically, planned and permanently oriented towards organizational learning processes, and in this 2020 we are developing innovative experiences aimed at generating the technical and professional improvement of Banesco Citizens, so that they may face all circumstances and efficiently perform their functions, producing high quality results with our most important initiatives being framed in the following areas:

- Training activities focused on key business areas, such as Sales, Collections and Recoveries, Business Processes, Project Management, Financial Logistics, as well as on strengthening the Leadership and Team Management Competencies associated with Digital Transformation, Leadership, Innovation and Service Orientation.
- Likewise, and in compliance with legal regulations, we provide banking knowledge activities associated with Specializations in Prevention of Money Laundering and Terrorism Financing, based on sensitive risk areas, as well as actions related to Occupational Health and Safety.
- We have included and strengthened the online learning strategy, through the execution of 52 Web Seminars, recording 6,094 participants, developing diverse topics that support the acquisition and refreshment of technical knowledge and the development of key competencies for our Banesco Citizens.
- We successfully maintained the positioning of Banesco Virtual Learning (AVB), and fulfilled the strategy defined for continuous and specialized training by executing 217,623 academic hours at the end of 2020.
- We designed and implemented our Virtual Facilitators Program. Furthermore, in 2020, 2 cohorts participated in the program, with 22 collaborators from different units of the Organization.
- We promoted the Collaborative Work and Self-Learning Competence by generating online activities. These were led by employees from different areas, previously trained as Banesco Virtual Facilitators. Besides, we conducted 12 webinars sharing the benefits of the different Google APPs available in the Organization, with the effective participation of 731 employees.
- We maintain at disposal of all Banesco Citizens nationwide, through our SAP Cloud Platform, innovative learning experiences that have allowed 13,208 participations in various topics such as: Regulations: PCLC/FT/FPADM, ACRM SIIF), 2020 Customer



## CORPORATE MANAGEMENT REPORT

Value, Influenza, Travel Accident Prevention, Ergonomics; COVID: issues associated with Occupational Health and Safety; Reinforcement of technical knowledge: Corporate Finance Program, Strategic Planning, BSC, Strategic Thinking, SirWeb, among others, as well as competency-based programs to reinforce strategies for managing our country's situation (Tips for handling hyperinflation) and reinforcing our values, including Responsibility, Quality, Reliability and Innovation. 14 new modules were added this year.

- We executed internal training programs to strengthen technical knowledge in key business areas, such as: Advanced Program for Collections and Recoveries Team Management, Advanced Program for PCLC/FT/FPADM, Specialized Program for the Comprehensive Risk Delegate and Training Program for the Master Risk Delegate.
- We ensure the accompaniment in the optimal development of our identified talents by conducting an analysis of the training background and determining lines of interest in order to manage actions related to professional development. The approval of several Diploma / Specialized Programs aimed at this segment has been submitted to the Thematic / Operational Procurement Committee.
- In order to strengthen banking regulatory knowledge on the Prevention of Money Laundering, Financing of Terrorism and Proliferation of Weapons of Mass Destruction (PCLC/FT/FPADM), we successfully managed the compliance of activities declared in the 2020 POA before SUDEBAN, successfully adjusting various tasks declared in the Annual Training Program.

Regarding Occupational Health and Safety, we successfully initiated the 2020 Cohort of the Occupational Health and Safety Diploma, in which 30 employees from different areas are participating. In addition, we delivered online theoretical workshops to 25 new members of brigade.

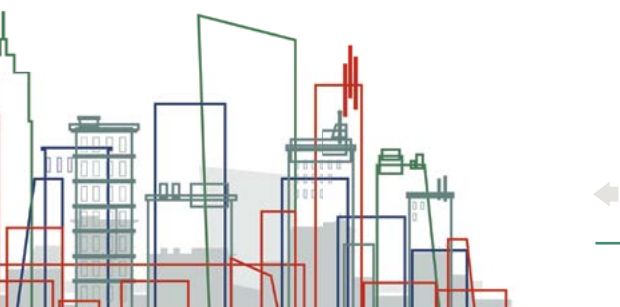
- We actively participated in the requirements of the Law by supporting the training of 118 INCES apprentices.
- Guided by the philosophy of learning organizations, we have developed our Internal Recognition Program, in which 44 employees from different Vice Presidency offices participated. In fact, 136 hours of training were successfully provided to other internal areas of the Organization.

All these training and education activities led us to achieve the following results in 2020:

- 229,633 man-hours invested in Training and Development actions, including 12,010 hours on-site and 217,623 hours under e-learning.
- 6,094 participations in e-learning activities.
- 13,208 effective participations under the virtual modality.

### ORGANIZATIONAL ENVIRONMENT AND CULTURAL MANAGEMENT

During the second half of 2020, we focused on continuing to strengthen the Bank's high performance Culture, encouraging the actions of Banesco Citizens to respond to the framework of ethical and organizational values, in the context of uncertainty and social distancing derived from the pandemic. In this regard, under different strategies, such as web seminars, re-



creational activities, communication pills, we reinforced the contents associated with the compliance with the Code of Ethics, compliance with the regulations for the Prevention and Control of Money Laundering, Financing of Terrorism and Proliferation of Weapons of Mass Destruction, Rules of Coexistence, Prevention of Conflicts of Interest and actions to manage them; Promotion of productivity under agile methodologies, as well as the inclusion of tools for Digital Transformation and Innovation, with the initiative Assets at Home, which promoted the participation of employees in 71 projects aimed at generating innovative ideas to offer solutions to different issues and needs.

As part of the promotion of values such as solidarity, we continued to promote the participation of Banesco Volunteers under alternative schemes considering the context before COVID- 19, through press releases, web seminars and virtual mechanisms that allowed the dissemination of the commitment of the collaborators in solidarity activities in their communities.

In order to promote the High Performance Culture within the expected ethical framework, we encourage the Organization's leadership team to know and disseminate the Banesco Leader's Decalogue, as well as the implementation of actions that, from the supervisory role, become a benchmark for compliance with the Bank's regulations.

From the perspective of the organizational environment and commitment, two engagement measurements were taken, from which actions were designed to improve the engagement of employees. The first includes the delivery of 6 podcasts with recommendations for the mental and emotional wellbeing of employees, gui-

delines for teleworking, and the second one, the implementation of online team integration spaces to support the change management of the units in the face of new processes and/or forms of management. Likewise, during the first half of the year, we continued to promote the "Leaders leaving a footprint" Recognition Program, an initiative valued by Banesco Citizens as a stimulus for their efforts and commitment to the Organization.

### **BANESCO CITIZEN CODE OF ETHICS AND CONDUCT**

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

The regulations are intended to reinforce ethical, organizational, social and civic values, establishing standards of conduct aimed at promoting honesty as an essential goal in the actions of Banesco Citizens. Its application is essentially directed towards the respect of human rights, which is accompanied by organizational values, such as: Responsibility, Reliability, Quality and Innovation.

When driving responsibility, we focus on fulfilling our commitments to our customers, teams and society. In this respect, we behave according to what we declare and maintain our focus until we confirm that we have exceeded the client's expectations. We also accept the diversity of perspectives, so we respect valuable ideas, even if they are different from our own.



## CORPORATE MANAGEMENT REPORT

Regarding reliability as a value, we reaffirm that we defend the interests of our clients and the organization above our own. We act with generosity considering the impact of our decisions and favoring collaborative work. We also talk openly about risks and limitations, we recognize and assume our mistakes, because this allows us to grow and improve, which goes hand in hand with quality.

We work with passion to provide the best solution to the client, making optimal use of time and resources, we provide ourselves with agile, simple and scalable processes that allow us to do things right from the start, we share best practices and we question ourselves, to achieve the quality standards demanded by them.

To stimulate innovation in our employees, we encourage entrepreneurship and experimentation, starting with the simplest things. In this regard, we are tolerant of mistakes and learn from them. We create a vision of the future and transversality for our Organization. Consequently, we know the best technological and non-technological solutions and we adopt them in a timely and efficient manner.

### LIFE QUALITY

During the second half of 2020, under Covid-19 biosecurity conditions, the Comprehensive Wellness Plan was developed through the virtual platform, carrying out sports, recreational, cultural and volunteer activities, thus contributing to improve the Quality of Life of the collaborators, offering spaces for distraction, motivating them to make better use of time in the midst of quarantine, promoting best practices in terms of preventive measures at all times. The activities carried out include the following:

### VIRTUAL, SPORT AND RECREATIONAL ACTIVITIES

During the period, various virtual activities were held for our employees and their families. These included, among others, multifunctional exercises, as well as yoga classes, led by professional athletes and instructors, who lead routines to keep the body active and the mind healthy, with the participation of more than 500 people.

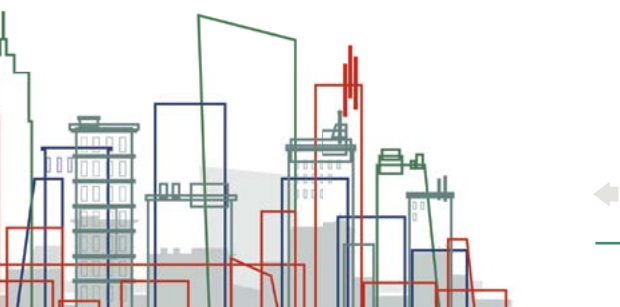
Thanks to a strategic alliance with the Simón Bolívar Orchestra System, we can count on the support of excellent professionals who teach singing lessons and cuatro to our collaborators, achieving two musical presentations online: “Connecting emotions” with our Venezuelan music and “Parranda Navideña” with traditional bonuses as part of Banesco’s Christmas activities.

Centro Cultural Trasncho presented the musical “Clarita y Pancho” online. We also celebrated the International Day of Happiness, and also enjoyed Musical Synchrony, an inspiring virtual experience, together with the Ayacucho Symphony Orchestra, conducted by Maestro Elisa Vegas. This experience provided a greater interaction with our employees and their families, connecting with the most important part of our values.

We would also like to highlight the Christmas Gymkhana and the Wishing Tree, as well as the virtual participation in the Day against Breast Cancer.

Banesco Volunteers, in the midst of the pandemic, remained active in various activities in support of their communities.

For the benefit of our Social Partner Fundana, supported by donations from our collaborators, we contribute to brighten up Christmas for children.



Finally, we conducted the Webinar “Why Volunteer” + Laughter Therapy Activity: importance and benefits of helping others.

### PERSONNEL SERVICES

- **Contributions:** The collective bargaining agreement and current legal regulations establish the contractual and legal benefits, which Banesco must comply with. For this reason, during the second half of the year, we proceeded with the payment of statutory profits, guaranteed social benefits, contribution for cashiers, toy benefits, payment of daycare and food benefits.
- **Credit Cards:** Banesco, in the search for the welfare of its employees and family group, executed during the second half of 2020 massive processes for the increase of the limit and assignment of “My First Credit Card” for employees with more than 3 months of seniority in the Organization.
- **Funerary Services:** The Bank has subscribed, through the Savings Fund, a free funeral service for the Bank’s employees, spouse, father and mother (without age limit); children up to 30 years of age; unmarried siblings up to 30 years of age, in the absence of children (maximum 3 siblings). During the period, coverages were updated for the second half of 2020.
- **Automation of Services:** During the second half of the year, the employee service channels were improved. Employees can now self-manage Human Capital products and services, savings account applications, health insurance policies and update their personal files from the Internet.

### CORPORATE SOCIAL RESPONSIBILITY

Education, health and financial inclusion are the basis of Banesco’s Corporate Social Responsibility and Sustainability Policy and the guiding pillars of our social investment.

In the second half of the year, we were able to fulfill the initiatives proposed for 2020. We used technological platforms as a resource to carry out our Corporate Social Responsibility programs and commitments.

Thus, important economic contributions were made to members and social allies. Training workshops were held for members and allies to support them in their daily management. We actively participated in the organization and execution of the First Venezuela 2020 Business Sustainability Forum. This event, promoted by the United Nations, brought together more than 100 Venezuelan companies. The purpose of this initiative was to highlight the role played by SMEs and large companies in the sustainable development of the country in order to align actions and thus contribute to the achievement of the 2030 SDGs. Additionally; we participated in the Venamcham’s Corporate Social Responsibility Symposium, among other activities.

In these six months, activities were conducted through videoconference platforms to be consistent with all efforts to prevent Covid-19.

To maintain and strengthen the Quality of Life programs for our Banesco Citizens and their families, Banesco allocated VES 281.05 billion. This amount accounts for 82.71% of the total social investment made in the second half of 2020.



## CORPORATE MANAGEMENT REPORT

Among our Corporate Social Responsibility initiatives, the following activities were undertaken:

- Launching of the book “Nuevo País del Teatro” (New Country of the Theater)
- Rafael Cadenas National Youth Poetry Contest Awards
- 3rd Edition of “Lo Mejor de Nos” Contest Award Ceremony
- Workshop for our Social Partners “Why would you publish your press release?”
- “Wellness Power” workshop by our partner Senos Ayuda
- Participation in the Second Annual Corporate Social Responsibility Symposium of the Venezuelan-American Chamber of Commerce and Trade.



### MICROENTREPRENEURSHIP TRAINING PROGRAM

Banesco trained another 5,292 Venezuelans in 2020 through its Microentrepreneur Training Program. The Corporate and Social Responsibility initiative now has a total of 65,685 graduates in 12 years.

This training, which has been offered continuously since 2008, promotes the financial education of Venezuelans and provides administrative, personal, managerial and technological tools so that men and women over the age of 18 can obtain the necessary skills to manage their own businesses. This year, prompted by the confinement forced by the COVID-19 pandemic, the Training Program created its virtual version in three modalities: Non-Tutoring, with a duration of 30 days and taught by Universidad Posible; Partially Tutoring, with a duration of 21 days and taught by IUGT; and Intensive Tutoring, with a duration of three days, taught by FundAcción Social. In addition, the Venezuelan Association of Catholic Education -AVEC- and the Association for the Promotion of People's Education -APEP- provided training to their students, also through videoconferences in 2020.

Developing the virtual version of the Program allowed entrepreneurs from all over the country, as well as some who have been affected by the pandemic in countries such as Argentina, Chile, Colombia, Ecuador, Spain and Mexico, to attend the training offered free of charge, in any of its three modalities.

Furthermore, 82% of the 5,292 people certified by the PFM in 2020 have their own business; 3,281 are women and 2,011 are men; ages range from 18 to 65 years old and most of them are university graduates, associate's degree or high school graduates.

### PARTICIPATORY BUDGET

In 2020, this initiative was carried out among a total of 39 different institutions in 9 locations throughout the country. Beyond the real difficulties as a result of the Covid 19 pandemic, we managed to convene the organizations, and once again, through technological platforms, we offered our participants the opportunity to fulfill their projects.

The 2020 winning projects were aimed at improving and/or facilitating the conditions for students and teachers in online education processes. Damas Salesianas in Anzoátegui, Comunica ONG in Zulia and Fundamad in the Libertador and Sucre municipalities of Caracas were the organizations that received contributions to meet their goals. AVEC's Inmaculada Concepción School in Mérida won the project to improve its infrastructure and provide all young people with adequate spaces for their education.

In Nueva Esparta state, SenosAyuda was the winner to carry out breast cancer screening and prevention specifically for vulnerable women.

In Táchira and Lara states, Fundación Celíaca de Venezuela received a contribution, in each state, with the objective of carrying out screenings for celiac disease in vulnerable patients referred by health professionals.

Through the Participative Budget in the municipalities of Hatillo, Baruta and Chacao in Caracas, the Diagnostic Center for Autism made it possible to carry out a screening program for autism spectrum disorder. Finally, the Network of Don Bosco Houses in the state of Carabobo received a contribution from the Participative Budget to offer agricultural courses for the children and young people who live in its facilities.



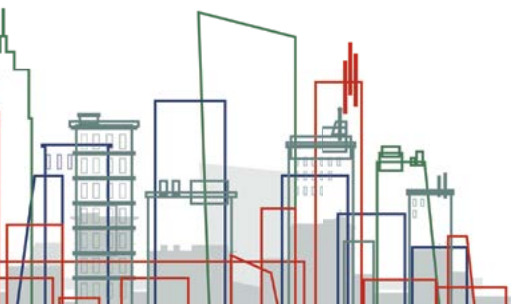
### EDITORIAL BANESCO FUND

The purpose of this initiative is to support quality education through contributions to the country's publishing activity. Increasing the number of books published by Venezuelan authors contributes to the comprehensive education of individuals and the strengthening of citizenship.

We continue with the initiative to promote reading and disseminate our Banesco Digital Library through our Social Networks and media in confinement. The Digital Library offers titles on culture, art, sports, cinema, photography and journalism, among others, by renowned editors and compilers of our country.

We added two new titles to our list for this period:

- *Nuevo País del Teatro*, 6th title of the *Rostros del Futuro* Collection, dedicated to compile the life stories and a sample of the portfolios of the representatives of the new generations in the different art expressions in





Venezuela. “Nuevo País del Teatro” brings the stories of 24 young Venezuelans, interviewed by a remarkable group of journalism and photography professionals. Their respective careers in theater are presented to the public.

- Anthology of the 5th Rafael Cadenas National Youth Poetry Contest, compiles the winning poems, honorable mentions and finalists of the 2020 Edition contest.



### SCHOLARSHIPS BANESCO PROGRAM

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

## MARKETING AND INNOVATION

### SAFETY CAMPAIGNS

In the second half of 2020, the monthly deployment of regulatory and informative campaigns was carried out through Social Networks. The topics were focused on various security issues such as: Fishing, Identity Theft, Account Lending Risks and POS Rental.

Through these communications, our customers and users are reminded of the importance of protecting their personal data, financial products and are invited to perform security validations when making their purchases.

### RISKS OF LENDING ACCOUNTS AND POS RENTAL

Clients were reminded through this campaign that their financial products are for personal use and should not be lent or rented to third parties. In this regard, they will avoid becoming victims of fraud or offense associated with organized crime.

### FISHING

We continued to promote the security campaign linked to Fishing, through which we sought to connect with our users by continuously publishing stories related to cyber-scam situations and how to prevent them.

### IDENTITY THEFT

In the second half of the year, several publications were published, the main message of which is to raise awareness of how identity theft occurs and how to avoid it.

## CORPORATE MANAGEMENT REPORT

### REFRESHING THE REQUESTS AND CLAIMS ROUTES CAMPAIGN

We refreshed the pieces of this campaign in order to reinforce the regular assistance channels. This communication focused on informing clients that they can manage their requirements or claims through Telephone Banking or BanescOnline, quickly, easily and securely. The campaign was promoted through an organic deployment, including Facebook, Twitter and Instagram.

### WE MAINTAINED PERMANENT COMMUNICATION ON HOW TO AVOID MONEY LAUNDERING.

We continued with the monthly and regulatory publications through the Social Networks, Banesco.com and the sending of e-mailings on topics related to the Prevention and Control of Money Laundering, Financing of Terrorism and Proliferation of Weapons of Mass Destruction.

This campaign includes messages inviting our clients and users to avoid lending their financial products to third parties. They are reminded that these products are for personal use and therefore not transferable, to protect their personal data and to avoid associating or

relating with people who may be involved in suspicious activities.

### WE PROMOTE BANESCO'S PERMANENT AWARDED TICKET PROGRAM THROUGH THE "AVOIDING FRIGHT" CAMPAIGN

Regarding the second half of the year 2020, we spread through our social networks Facebook, Twitter, Instagram, LinkedIn and Youtube the Avoiding Fright! and "Awarded Ticket" campaigns. The purpose is to encourage cardholders to ask affiliated merchants to use their debit or credit cards through Banesco's points of sale because they are reliable, safe and secure. In addition, purchases made by this POS could be free thanks to the aforementioned program, which exonerated 3,505 cardholders in the year since they used their cards while Banesco reimbursing them the amount of the purchase they made.

On this occasion, Paid Media investment was made for one month, making use of Facebook, Instagram and Google Display platforms, whose global impressions were 93.1% and global views reached 86.27%. In general terms, the platform that yielded the highest number of impressions was Google Display with 44.3%, while Facebook closed at 24.8% and Instagram had 23.7%.



## CORPORATE MANAGEMENT REPORT

Additionally, this campaign included a 20-second radio spot and a 30-second live mention throughout December 2020.



### WE INNOVATE WITH THE LAUNCH OF OUR VIRTUAL ASSISTANT “BARTI” IN BANESCO.COM

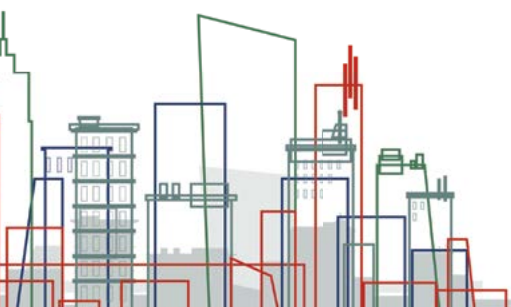
In October, we launched a new campaign to publicize our new virtual assistant “Barti”, located on the home page of Banesco.com. Barti is an AI bot, developed through the addition of knowledge and allowing it to interact and answer various questions to our customers and users on a daily basis.

Barti offers assistance in areas such as: management of Digital Banking passwords, requirements associated with incidents related to the Bank’s main products and services, information about P2P or product requests, It is also able to redirect customers and users to a Virtual Executive Service if detects that a client or user requires specialized advice.

This campaign was promoted on all our social networks (Facebook, Twitter, Instagram, LinkedIn and Youtube), as well as an investment in Paid Media under the platforms of Google Display, Facebook and Instagram and included a recorded radio spot and a live mention.

### WE REMAINED CLOSE TO OUR CLIENTS AND URGED THEM TO TAKE CARE OF THEIR HEALTH AND ADOPT THE NECESSARY PREVENTIVE MEASURES DUE TO COVID 19

We continue with the publication of information regarding biosecurity and preventive measures to be taken in times of confinement due to the COVID 19 pandemic. For this purpose, we published various posts on our social networks with articles that invite clients, users and followers to stay at home and only leave the house if necessary. Among the preventive tips, we publish: maintaining a distance of at least 1.5 meters between each person, using face masks and sanitizers while on the street; washing hands correctly and constantly, among others.



## CORPORATE MANAGEMENT REPORT

### **WE PROMOTE THE USE OF OUR BANESCO POINTS OF SALE THROUGH THE CAMPAIGN “BANESCO WORKS!”**

During the second half of 2020, we continued with the publications related to the use of Banesco Points of Sale, under the premise that they are reliable and safe. Communications were carried out under two campaigns: Avoiding frights! and the new concept worked under the campaign “Banesco’s POS work! The purpose is to invite our clients and users to use Banesco’s points of sale because they provide greater security and reliability when purchasing. For both messages, advertising pieces were created using social networks such as Paid Media.



### **WE CONTINUE WITH THE PERMANENT AND EXCLUSIVE CONTACT WITH OUR PENSIONERS**

On a monthly basis, we continue publishing on the Banesco.com website and social networks such as Facebook and Twitter, informing about the payment of the pension in their accounts. The main idea is to continue contributing to the education of pensioner clients in the use of Digital Banking.

### **WE INFORM ABOUT THE ACTIVATION OF SIMPLETV THROUGH BANESCONLINE**

In December, we informed our customers through Facebook, Twitter, LinkedIn and Instagram, that they can quickly and easily recharge their SimpleTV service through the Multipagos portal located in BanescOnline and thus avoid running out of signal.

### **WE KEPT THE PUBLICATIONS RELATED TO THE EVENTS IN THE VARIOUS SOCIAL NETWORKS**

During the second half of the year, we continued to promote and publish relevant national and international anniversaries through our social networks, with 23 publications on Facebook, Twitter and Instagram.

### **WE CONTINUE TO PROMOTE MOVISTAR’S RECHARGE SERVICE**

We kept the Movistar recharge campaign active by publishing different posts in social networks. The aim was to continue informing prepaid customers about this benefit. Permanent communication was kept with our clients, who were invited to make their Movistar service payments or recharges through BanescOnline and BanescoMóvil.

### **REINFORCED COMMUNICATIONS RELATED TO “VOICEMAIL”**

We publish information associated with our Voicemail channel, mainly to remind our clients that this tool is available to them so that they can report suspicious or irregular situations.

### **WE CONVEY A MESSAGE OF UNITY AND FAMILY SHARING**

At the end of the year, we launched our Christmas campaign focusing on bringing a message of unity, closeness, companionship and sharing with our loved ones. We invite our followers to remain firm in the face of the adversities experienced in a year that, although it was not easy, brought with it lessons learned that guide us to be better every day.



## SOCIAL NETWORKS

At the close of December 2020, our social networks totaled a community of more than 1.53 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 last half of the year, 14,813 cases referred to products and services were handled through social networks. This totaled 28,819 cases in 2020. Among the cases handled, 21.99% corresponded to requests from Banesco clients, while 78.01% 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 733,400 followers as of December 2020. In addition to serving as a link for queries and requirements, the Bank offers content of interest on personal finance, en-

trepreneurship, technology, events, history, sports, business, energy and news about the products, services and promotions.

Meanwhile, Banesco on Facebook exceeded 263,600 followers, while on Instagram it reached 216,000. The videos posted on the YouTube channel "Banesco en Imágenes" have registered more than 6.3 million views and 14,894 subscribers. At the end of December 2020, Banesco Blog exceeded 8.68 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 MANAGERMENTS

In public deposits, the Bank obtained a market share of 7.81%, occupying the 4th position in the system, reaching a balance at the close of the period of VES 119.23 billion. This represents a growth of 389.8% with respect to June 2020.

In addition, 23,550 new accounts were opened during the second half of 2020. In fact, 16% (3,825) corresponded to legal entities and 84% (19,725) to individuals, as a result of the impact generated by Covid-19 and the different levels of economic flexibilization, which reduced the number of offices opened nationally.

Efforts were endeavored to maintain credit support for clients, even though the legal reserve requirement affected cash flows, in addition to the impact of the COVID-19 confinement. The gross loan portfolio reached a market share of 22.36%, maintaining the first position in the system, with an amount of VES 70.08 billion and a half-yearly growth of VES 64.94 billion. More than 804 loans were settled in the second half of the year in the amount of VES 56.68 billion.



## CORPORATE MANAGEMENT REPORT

We kept the daily limits permanently updated, in accordance with the needs of all our clients, providing them with a better experience with increasingly secure and reliable electronic channels to carry out their transactions. At year-end, 93.3% of our customers were using digital banking.

### DIGITAL, ELECTRONIC AND AGENCY NETWORK CHANNELS

During the second half of 2020, more than 1.46 million transactions were carried out by our clients through the customer service channels offered by Banesco, showing a 99.97% share of digital and electronic channels at the end of December.

#### AGENCY CHANNEL

For the second half of 2020, Banesco has 229 points of attention (Agencies and Ticket Offices), through which 475,276 transactions were carried out. A decrease of 92.04% compared to the previous year (5.5 million less), affected by the pandemic situation that kept the points of attention working intermittently.

#### E-BANKING CHANNEL

By that time, BanescOnline (BOL) recorded an average of 2.2 million monthly active customers, accounting for 58% of the Bank's total number of active customers. They executed more than 775 million transactions on a recurring basis. In addition, several improvements were made to this digital channel during the half-year period:

- Adjustment of Secondary User Creation through BOL (September 2020)
- BOL Directory Debugging: Clearing of records that have not been used in a period of 18 months (October 2020)
- Notification of Legal Clients Traveling Abroad for Transactions through BOL (November 2020)
- Re-ordering BOL Menu: Quick Option for P2P payment access (December 2020).

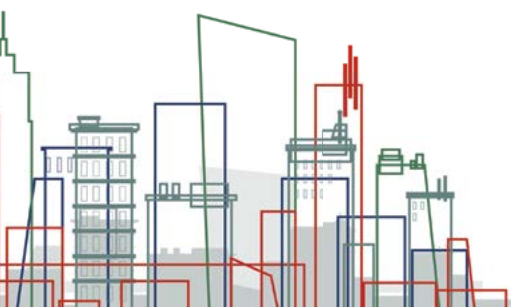
#### P2P MOBILE PAYMENT CHANNEL

As of the second half of the year, the channel reached more than 2.73 million affiliates and 111 million transactions. In addition, the following improvements were added to this digital channel:

- Download and registration: From your own cell phone without logging in to BanescOnline (August 2020)
- Search: Easy location by payee name when sending a payment from the App (August 2020)

#### CLIENT'S EXPERIENCE:

- New image for validation messages (August 2020)
- App message to inform when the destination bank is not available (October 2020)
- App message to avoid duplicate transactions (November 2020)



## TELEPHONE BANKING SERVICE

In the second half of 2020, the Banesco Call Center handled a total of 16.81 million calls. Hence, 96.84% (16.28 million calls) were handled automatically through the IVR and only 3.16% (533 thousand calls) were handled by telephone agents.

## ATMS

Banesco closed December with an installed operating network of 479 ATMs in the country (200 Monofunctional and 279 Multifunctional), through which more than 6.2 million transactions were processed during the second half of 2020.

## MEANS AND PAYMENT SERVICES

Collection and Payment Services recorded a 48.78% growth compared to the same period of 2019, driven by P2P Payment transactions.

During this period of time, the processed volume of Collection and Payment Services experienced an increase of 2,185.34% with respect to the second half of 2019, highlighting the increases in volume of Online Collection Mobile Payment, Mobile Payment (2,144.05%) and Payment to Suppliers (2,191.43%). In terms of average ticket, a growth of 1,436.04% was evidenced with respect to the second half of 2019.

The volume of commissions collected, on the other hand, showed a variation of 2,373.51% with respect to the same period of the previous year, highlighting the Multipayments and Mobile Payment services.

## CREDIT AND DEBIT CARDS

### CREDIT CARD ISSUING BUSINESS

Credit Card business reported a 161% variation in sales in the second half of 2020 compared to the previous year. Impairment losses at the end of the second half of the year were 0.001%, an improvement over the previous period.

Extra credit product grew by 904% compared to the first half of 2020 and 3,230% compared to 2019. There were no defaults at the end of the first half of the year.

Maintenance initiatives focused on serving different segments, benefiting clients with limit increases on their cards.

### DEBIT CARD ISSUING BUSINESS

Banesco Debit Cards recorded a 372% growth in sales at the end of the second half of 2020 compared to the previous period. The POS was the channel most used by our clients, leveraged by the high acceptance rate of 91% and constant adjustments to the limit transaction amounts, which has allowed us to maintain our service offering above the market and strengthen our customers' preference.

In addition, 83% of our pensioner clients have an active debit card, which allows them to mobilize the amount of their pension in all point-of-sale stores and to use digital means to make transfers and consult balances and movements.





### BUSINESS ISSUING LEGAL CREDIT CARDS

The Legal Card Portfolio recorded an increase of 90%, with an increase in sales of 388% with respect to the previous half-year. This product has an impairment loss of 0.02%. This variation is leveraged on the limit increases made to Large Business Clients, raising the amounts to the highest Tax Units allowed by Law.

### ACQUIRING BUSINESS

■ **Total No. of POS (Physical and Virtual):** 132.703

BanESCO's Acquiring Business processed 531.12 million transactions in the last six months, showing an important recovery after the beginning of the confinement due to the Covid-19 pandemic.

BanESCO maintains its leadership as the country's leading bank in acquiring, due to the reliability of our service, high availability and robust commercial settlement processes.

We implemented a plan of affiliations by business segments, guaranteeing the quality of service through certified suppliers that offer equipment and services to meet the needs of our commercial clients, offering physical and virtual Points of Sale that aim at simple and positive payment experiences.

### COMPETITIVE INTELLIGENCE

At BanESCO, we have focused on designing and executing strategies to enrich our clients' experience, offering a range of cutting-edge products and services based on digital transformation and technological advances. We continually strive to establish emotional bonds and close communication with our clients, aiming at building lasting relationships over time.

One of the most important elements to promote positive experiences with organizations is to evolve the service channels offered. Client relationships are built with every interaction, both on a personal level and through technology. Listening to clients is crucial when it comes to improving services and offering satisfactory experiences.

In keeping with this vision, during the second half of the year we continued with the Net Promotor Score measurements, both from the Benchmarking and Relational perspectives. Listening to our clients enables us to constantly understand what we need to improve in our products, services and channels in order to meet their expectations. In addition, we also click on the Customer Journey of each channel, in order to understand their emotions in their "journey" through the points of contact offered by the Bank.

This measurement provides valuable information on the perceptions of our target, allowing us to identify strengths and weaknesses in order to take the pertinent actions that will enable us to improve our services.

We continue to support employee experience management, which allows the Human Capital team to generate improvement actions in the internal client's customer journey.



## CORPORATE MANAGEMENT REPORT

In relation to digital transformation, during the second half of the year we continued the evolution of the “My Banesco Applications” portal. We incorporated the digitalized signature and fingerprint into the client’s file and implemented the automatic capture of identification card and tax ID data, reducing the procedural steps and avoiding errors in the information typing.

*We are always committed to the continuous improvement of our services. The project to pre-open accounts through the My Applications portal for natural clients was launched.*

Barti, our Virtual Assistant, was implemented with artificial intelligence technology. This allows us to respond to customer information needs in a natural language format with the ability to answer questions about requirements management, information about Pagomóvil, agency availability and product requests. This service provides a response to clients 365 days a year, 24/7. We are also focused on driving improvements in digital banking, focusing on offering secure and fast transaction platforms.

We are aware that digital banking is imposing itself as a way of life to interact in the different relationships in the banking sector. For this reason, we are making an increasing effort at Banesco to close the gap between the experiences and our clients’ expectations.

### RELATIONAL / EXPERIENTIAL MARKETING

For Banesco, Outbound Marketing is taken very seriously. We faithfully believe in this process as a strategy to create and maintain close and lasting relationships with our clients, allowing both the Organization and the internal and external client to obtain the best benefits.

In order to implement it, it is necessary to analyze customer behavior, thus designing actions that seek to facilitate interaction with them and provide them with the best experience. This is how we have built client relationships, using personalization in our communications regarding products and services. The support of Outbound Marketing was fundamental in product cross-selling and relationship actions, supporting a good percentage of all the campaigns deployed by the Marketing team.

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

### INFORMATION TECHNOLOGY, BUSINESS PROCESSES AND OPERATIONS

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

### PROCESSES

In the area of processes, we focused on the analysis of operational and business capabilities, in the optimization of processes that leveraged the strategic objectives of the Organization in terms of profitability and



## CORPORATE MANAGEMENT REPORT

productivity, focusing on the implementation of agile processes.

The updating of all the documents in the Bank's Virtual Library was completed. This process involved the entire organization and ensured that the information was kept up to date and available.

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

*On the other hand, 16 robotizations of repetitive tasks were carried out, which significantly improved the execution time of processes, along with a substantial reduction in manual errors. This freed-up time allows the areas to engage in more productive activities.*

Eight custody studies were carried out to measure the quality of processes and five internal service satisfaction surveys were conducted, i.e., a survey of internal customers to measure the level of satisfaction with the service they receive from other areas.

### PROJECT OFFICE

Techniques and tools were applied to mitigate deviations in the projects, leading to 100% compliance with the "Projects being executed on time" and "Projects completed on time" indicators.

We applied agility frameworks in new product development projects, achieving satisfactory results in the scheduled deliveries.

Training in emotional and social intelligence was provided to members of the Project Office in order to address new trends in which a project manager's emotio-

nal intelligence is often correlated with the success of a project.

### APPLICATION DEVELOPMENT AND MAINTENANCE

We work on the implementation of technological solutions that support business strategies under the new trends aimed at a digital banking that allows us to maintain, promote and improve the experience of our clients through digital channels. In this regard, we implemented a new "Banner" in our Online Banking channel to facilitate the management of debit cards password recovery, thereby reducing the number of queries through social networks and the Call Center.

Improving the quality of the mobile payment service and strengthening the stability of the channel. A double-click validation was implemented in the application at the time of payment, sending an informative message to clients so they can verify that the previous transaction was not deducted from their balance.

Within the framework of regulatory compliance and as requested by SUDEBAN, 100% of the transaction traffic of all Public Banking in the Banesco points of sale was derived through the Naiguatá Local Network, within the required term. In addition, the process of adding Banesco to the Biopago network, which provides service at service stations and merchants affiliated to this platform, was completed.

### TECHNOLOGY OPERATIONS

Through the preventive and corrective actions executed through the continuous improvement plans for processes and health of the systems, the technology operations area was able to guarantee the capacities and redundancy schemes, as well as the optimal levels re-



quired by the infrastructure, adjusting to the established work schemes (teleworking and eventual assistance to the offices) for the coexistence in the COVID-19 global situation and the singular of the year 2020, with the objective of maintaining the Bank's operational continuity (services, products, and channels) 100% stable.

*We executed migrations and desincorporations to mitigate obsolescence in the main critical services of the distributed and centralized platforms, the technological infrastructure of networks and the Bank's monitoring tools.*

We perform optimization and data cleansing actions in the technological platforms, reducing the percentage of disk utilization, recovering storage space in them, and additionally freeing up physical space in the Data Center.

We reuse capacities (storage, processing and connectivity) in the private cloud and technological equipment in the connection of remote users, to make better use of the Bank's existing technology. We implemented monitors in different services to ease the timely attention of incidents avoiding the degradation or unavailability of such services. Additionally, we established a control panel for the timely follow-up of all the main links, minimizing the response times in the necessary escalations for incident management.

We provide support in infrastructure implementation and configuration activities (processing, storage, connectivity, and security) of technological platforms for regulatory projects and new products and services.

### COMPREHENSIVE RISK MANAGEMENT

It is important to highlight that 2020 was a difficult year for the Venezuelan economy and banking was not exempt from the shocks derived from the stagnation of productive activity, monetary reserve policies at levels exceeding 90%, high inflation and the paralysis of economic activities not only locally but worldwide due to the Covid-19 pandemic.

During the second half of 2020, the Bank continued with its pillar strategies in the Organization, such as: 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. Proactively act in risk management by identifying risks through constant review and monitoring of exposures and provision of methodologies for their quantification, which are adapted to the new requirements in the environment for effective follow-up on the risk appetite set, allowing the institution to address the challenges generated by the pandemic successfully.

### CREDIT RISK

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

The pandemic has substantially increased the risk inherent to the lending activity as a result of the fall in customer revenues. This is the result of the decrease in demand and the disruption of production processes, which reduces the capacity to pay the contractual obligations assumed, especially in the short-term. As a re-



sult, the banking system recorded a delinquency rate of 3.35%.

By this time, the Bank continued with its strategy of granting loans with the appropriate quality. For this purpose, criteria that determine the payment capacity are evaluated in the credit analysis, clients are continuously monitored, allowing the preventive detection of the deterioration of the payment capacity and the evolution of overdue balances is monitored, which resulted in Banesco reporting a delinquency rate of 0.000002% at the end of the half-year.

As a measure to mitigate the risks associated with the Covid-19 pandemic, the Credit Risk Contingency Plan was kept active within the framework of the following strategies: 1) Weekly monitoring of the portfolio through the Overdue Balance Committees, through which the situation of the loan portfolio is evaluated and actions to be taken with clients are proposed, in order to provide early warnings and thus avoid an increase in the overdue balance; 2) Coordination with the credit area to ensure that payment agreements are applied with clients who do not request restructuring; implementation of new restructuring policies in accordance with the guidelines issued by the Regulatory Body; 3) Classification of clients from Very Low Risk to Very High Risk in order to present to the institution a review of the Loan Portfolio discriminated by Economic Sectors and according to the concentration of loans in the sectors, (measured through the Herfindahl - Hirschman Index); have allowed to act proactively in the management of credit risk maintaining very low levels of deterioration when compared to the rest of the Venezuelan banking system.

Likewise, the indicators are monitored in base and stress scenarios, seeking to foresee factors that could increa-

se risk exposure in unforeseen situations, such as the estimation of expected losses and economic capital for credit risk, as well as the determination of the institution's general exposure limits and thresholds. The culture of monitoring tolerance levels and acting proactively has made it possible to mitigate portfolio deterioration, obtaining very satisfactory results in credit risk management.

### 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.*

Within the framework of comprehensive risk management and to promote synergy in the area of control and operational risk, through the Operational Risk Committee, with a total of 38 sessions in the second half of 2020, 250 strategies were included for follow-up, resulting in a total of 221 risks.

With regard to the identification, control and monitoring of operational, legal and reputational risks, the Bank developed the following initiatives:

The new proposal for the change in the role of the Comprehensive Risk Delegates (DRI, by its initials in Spanish) and DRI Master was approved, considering the changes in the organizational structure, increasing the number of Delegates in support of risk management in the Organization. In addition, the first cohort of the Comprehensive Risk Delegate Training Program



## CORPORATE MANAGEMENT REPORT

was held, with the participation of 277 managers in the first module and 245 in the second one.

As a training strategy, during the last six months, 3 specialized trainings on Operational Risk were given to the areas of Human Capital, Regulatory Compliance and UPCLC/FT/FPADM. In addition, as a means of reinforcing daily activities, 24 bulletins were issued through different communication channels to all personnel.

*Furthermore, by means of videoconferencing communication tools, 35 risk maps corresponding to 16 core areas of the Organization continued to be drawn up, ensuring that the operational risk profile is in force for the activities executed by the Bank.*

Finally, Banesco Banco Universal has set itself the objective of having a complete vision of risk identification, as a result of the Comprehensive Risk Delegate Training Program, Master Delegate Program, risk and control evaluation, loss events and methodological standards. The effect of this integration is a more accurate risk profile and a significant improvement in efficiency thanks to the savings in the efforts needed by each area in the operational processes.

### 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, and the liquidity risk of the different products in the transactions carried out by Banesco Banco Universal.

With respect to market risk management, in the second half of 2020 the focus was on the review of the Value at Risk (VaR) estimation models by comparing the VaR measurements predicted with the actual results of losses obtained during the established time horizon. This allows detecting deviations in the model; in addition to the number of exceptions, tests are performed on the accuracy of the estimates to ensure unbiased estimates of the worst potential loss of the investment portfolio, obtaining results consistent with the specific hypothesis of each test.

Given that regulations preventing Venezuelan banks from making investments other than those issued by the State and its decentralized entities, and the limited supply of this type of instruments in recent years, this has prevented the spread of volatility in assets associated with the uncertainty of the effects of the isolation measure on global economies. This has been reflected in the VaR trading and sales portfolio, reaching 0.232% at the end of the second half of 2020 in relation to equity.

In terms of liquidity risk, there were no significant changes in the legal reserve measure, reflecting high levels of rates and amounts in the overnight markets. However, we worked on strengthening the methodology for monitoring the liquidity contingency plan by establishing strategies that allowed us to maintain a stable level of liquidity, in accordance with the business, responding to short-term requirements arising from a possible reduction in cash flows or possible withdrawals of customer deposits as a result of the pandemic

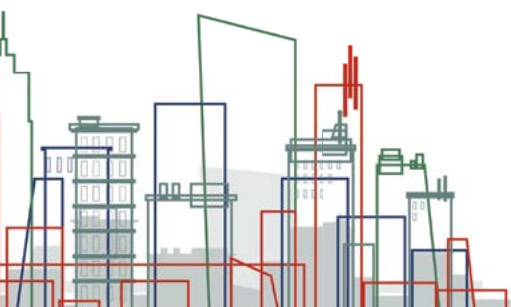


# BALANCE SHEET

## ASSETS

Stated in Million VES

	Dec. 20	Jun. 20	Dec. 19	Jun. 19
<b>CASH AND DUE FROM BANKS</b>	<b>109,787,475</b>	<b>25,581,546</b>	<b>7,400,370</b>	<b>1,378,135</b>
Cash	15,244,098	2,547,246	451,632	74,070
Central Bank of Venezuela	67,104,866	19,158,722	6,048,598	1,051,557
Local Banks and Other Financial Institutions	541,137	29,632	39,145	5,622
Foreign Banks	26,835,867	3,813,501	710,740	228,537
Head Office and Branches	0	0	0	0
Pending Cash Items	68,303	33,886	150,788	18,393
(Provision for Bank Accounts)	-6,796	-1,440	-534	-45
<b>INVESTMENTS SECURITIES</b>	<b>19,523,073</b>	<b>3,696,878</b>	<b>1,091,680</b>	<b>115,537</b>
Investments in Central Bank	0	110,000	261,351	0
Investments in Trading Securities	0	0	0	0
Investments in Securities Available for Sale	17,246	17,158	19,819	389
Investments in Securities Held to-maturity	1,968,245	332,120	74,219	9,697
Limited Availability Investments	17,537,540	3,237,557	736,248	105,412
Other Security Investments	42	43	43	39
(Provision for Security Investments)	0	0	0	0
<b>LOAN PORTFOLIO</b>	<b>68,764,361</b>	<b>5,032,836</b>	<b>1,877,681</b>	<b>305,890</b>
Outstanding Credits	70,087,332	5,137,784	1,913,068	311,771
Restructured Credits	0	0	0	0
Past Due Credits	2	103	5	4
Credits in Litigation	0	0	0	0
Provision for Credit Portfolio	-1,322,972	-105,051	-35,392	-5,886
<b>INTEREST AND COMMISSIONS RECEIVABLE</b>	<b>195,918</b>	<b>39,925</b>	<b>39,917</b>	<b>8,762</b>
Interest receivable from cash and due from banks	0	0	0	0
Interest receivable from security investments	530	506	4,175	386
Interest receivable from credit portfolio	189,182	37,611	37,765	8,179
Commissions Receivable	6,216	1,822	642	199
Interest Receivable on Other Accounts Receivable	0	0	0	0
Provision for Interest Receivable and Other	-10	-15	-2,665	-2
<b>INVESTMENTS IN SUBSIDIARIES, AFFILIATES AND BRANCHES</b>	<b>202,357</b>	<b>37,646</b>	<b>5,176</b>	<b>1,330</b>
Investments in subsidiaries and affiliates	202,357	37,646	5,176	1,330
Investments in branches	0	0	0	0
Provision for investments in subsidiaries, affiliates and branches	0	0	0	0
<b>PROPERTY RECEIVED IN LIEU OF PAYMENT</b>	<b>2,865</b>	<b>622</b>	<b>0</b>	<b>0</b>
<b>PROPERTY IN USE</b>	<b>2,632,893</b>	<b>523,260</b>	<b>264,077</b>	<b>18,781</b>
<b>OTHER ASSETS</b>	<b>30,092,430</b>	<b>6,407,428</b>	<b>987,887</b>	<b>217,365</b>
<b>TOTAL ASSETS</b>	<b>231,201,373</b>	<b>41,320,140</b>	<b>11,666,789</b>	<b>2,045,800</b>



# BALANCE SHEET

## LIABILITIES

Stated in Million VES

	Dec. 20	Jun. 20	Dec. 19	Jun. 19
<b>DEPOSITS FROM CLIENTS</b>	<b>119,238,311</b>	<b>24,342,416</b>	<b>7,465,597</b>	<b>1,378,726</b>
Deposits in Current Accounts	112,700,231	22,997,005	6,991,270	1,293,846
Non-Remunerated Checking Accounts	66,612,561	13,569,652	4,509,544	800,394
Remunerated Checking Accounts	31,922,237	7,557,773	2,231,614	441,886
Current accounts under exchange agreement n° 20	2,107,629	484,796	103,023	15,250
Demand Deposits and Certificates	243,847	159,953	27,499	14,018
Current Accounts Exchange System Free Convertibility	11,813,956	1,224,830	119,590	22,298
Special Funds in Trusts Free Convertibility System	0	0	0	0
Other Demand Obligations	449,787	81,844	66,162	12,139
Obligations for Money Desk Operations	0	0	0	0
Savings Deposits	6,078,470	1,259,320	406,757	72,604
Time Deposits	9,823	4,247	1,408	137
Securities Issued by the Institution	0	0	0	0
Restricted Deposits from Clients	0	0	0	0
Right of Ownership and Participation on Security Investments	0	0	0	0
<b>OBLIGATIONS WITH BCV</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>DEPOSITS AND OBLIGATIONS WITH BANAVIH</b>	<b>632</b>	<b>308</b>	<b>47</b>	<b>0</b>
<b>OTHER FINANCING OBTAINED</b>	<b>8,668,055</b>	<b>2,410,948</b>	<b>664,007</b>	<b>108,495</b>
Liabilities with local financial institutions up to one year	8,668,055	2,410,948	664,007	108,495
Liabilities with local financial institutions more than one year	0	0	0	0
Liabilities with foreign financial institutions up to one year	0	0	0	0
Liabilities with foreign financial institutions more than one year	0	0	0	0
Other Liabilities up to one year	0	0	0	0
Other Liabilities more than one year	0	0	0	0
<b>OTHER FINANCIAL OBLIGATIONS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>INTEREST AND COMMISSIONS PAYABLE</b>	<b>11,694</b>	<b>13,677</b>	<b>1,348</b>	<b>543</b>
Expenses payable due to deposits from clients	6,180	8,369	1,195	154
Expenses payable due to obligations with BCV	0	0	0	0
Expenses payable due to deposits and liabilities with BANAVIH	0	0	0	0
Expenses payable due to other financing obtained	5,514	5,308	154	277
Expenses payable due to other financial obligations	0	0	0	111
Expenses payable due to obligations convertible to capital	0	0	0	0
Expenses payable due to subordinated debt	0	0	0	0
<b>ACCRUALS AND OTHER LIABILITIES</b>	<b>59,804,932</b>	<b>10,453,539</b>	<b>2,628,691</b>	<b>331,036</b>
<b>SUBORDINATED DEBT</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>OTHER LIABILITIES</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL LIABILITIES</b>	<b>187,723,625</b>	<b>37,220,887</b>	<b>10,759,691</b>	<b>1,818,801</b>
<b>STOCKHOLDERS' EQUITY</b>				
<b>CAPITAL STOCK</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Capital Paid-in	0	0	0	0
<b>PAID-IN SURPLUS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>UNCAPITALIZED EQUITY CONTRIBUTIONS</b>	<b>800</b>	<b>800</b>	<b>800</b>	<b>800</b>
<b>CAPITAL RESERVES</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>EQUITY ADJUSTMENTS</b>	<b>33,957,755</b>	<b>3,141,357</b>	<b>675,231</b>	<b>140,911</b>
<b>ACCUMULATED INCOME</b>	<b>9,519,758</b>	<b>957,198</b>	<b>229,780</b>	<b>85,099</b>
<b>NON-REALIZED GAIN OR (LOSS) ON AVAILABLE FOR SALE SECURITY INVESTMENTS</b>	<b>-566</b>	<b>-103</b>	<b>1,285</b>	<b>189</b>
<b>TREASURY STOCK</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL LIABILITIES</b>	<b>43,477,748</b>	<b>4,099,253</b>	<b>907,097</b>	<b>227,000</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>231,201,373</b>	<b>41,320,140</b>	<b>11,666,789</b>	<b>2,045,800</b>
<b>CONTINGENT DEBTOR ACCOUNTS</b>	<b>239,348</b>	<b>109,524</b>	<b>270,046</b>	<b>64,158</b>
<b>TRUST ASSETS</b>	<b>7,437,477</b>	<b>1,423,134</b>	<b>331,059</b>	<b>66,134</b>
<b>OTHER TRUST ASSIGNMENTS</b>	<b>0</b>	<b>117</b>	<b>11</b>	<b>1</b>
<b>DEBTOR ACCOUNTS DUE TO TRUST ASSIGNMENTS (HOUSING MUTUAL FUND)</b>	<b>32,675</b>	<b>27,024</b>	<b>13,324</b>	<b>1,747</b>
<b>OTHER DEBTOR ACCOUNTS (HOUSING MUTUAL FUND)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>OTHER DEBTOR MEMORANDUM ACCOUNTS</b>	<b>810,666,389</b>	<b>155,233,468</b>	<b>54,436,960</b>	<b>8,176,773</b>
<b>OTHER DEBTOR BOOK ACCOUNTS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>ASSETS OF TRUST ENTITIES FOR OPERATIONS IN SOVEREIGN CRYPTO ASSETS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

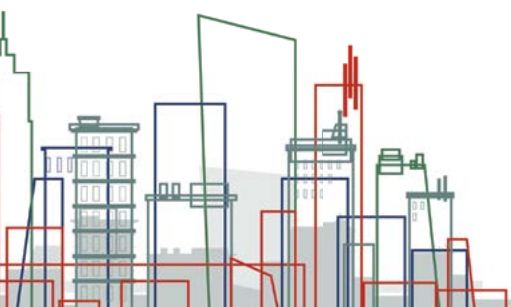


# BALANCE SHEET

## STATEMENTS OF EARNINGS

Stated in Million VES

	Dec. 20	Jun. 20	Dec. 19	Jun. 19
<b>FINANCIAL REVENUES</b>	<b>13,298,101</b>	<b>1,071,286</b>	<b>425,419</b>	<b>61,084</b>
Revenues from Cash and Cash Equivalents	71,366	3,185	5,503	1,290
Revenues from Security Investments	440,956	112,018	18,760	3,957
Revenues from Credit Portfolio	12,785,778	956,084	401,155	55,837
Revenues from Other Accounts Receivable	0	0	0	0
Revenues from Investments in Subsidiaries, Affiliates and Branches	0	0	0	0
Revenues from Head Office and Branches	0	0	0	0
Other Financial Revenues	0	0	0	0
<b>FINANCIAL EXPENSES</b>	<b>900,401</b>	<b>190,562</b>	<b>58,883</b>	<b>11,206</b>
Expenses Due to Deposits from Clients	529,636	136,476	31,708	4,349
Expenses Due to Obligations with BCV	0	0	0	0
Expenses Due to Deposits and Obligations with BANAVIH	0	0	0	0
Expenses Due to Other Financing Obtained	370,766	54,086	25,371	5,068
Expenses Due to Other Financial Obligations	0	0	1,805	1,789
Expenses Due to Subordinated Debt	0	0	0	0
Underlying Obligations	0	0	0	0
Expenses Due to Head Office and Branches	0	0	0	0
Other Financial Expenses	0	0	0	0
<b>GROSS FINANCIAL MARGIN</b>	<b>12,397,699</b>	<b>880,724</b>	<b>366,535</b>	<b>49,878</b>
<b>INCOME FROM RECOVERED FINANCIAL ASSETS</b>	<b>17</b>	<b>0</b>	<b>5</b>	<b>1</b>
<b>EXPENSES FOR UNCOLLECTIBLE AND IMPAIRED FINANCIAL ASSETS</b>	<b>946,441</b>	<b>16</b>	<b>32,666</b>	<b>4,570</b>
Uncollectible Loans and Other Accounts Receivable	941,086	58,949	32,177	4,508
Provision for Cash and Due from Banks	5,356	0	489	61
<b>NET FINANCIAL MARGIN</b>	<b>11,451,275</b>	<b>821,791</b>	<b>333,875</b>	<b>45,309</b>
OTHER OPERATING INCOME	17,700,637	3,421,304	966,752	183,742
OTHER OPERATING EXPENSES	2,676,013	717,975	217,408	17,244
<b>FINANCIAL INTERMEDIATION MARGIN</b>	<b>26,475,899</b>	<b>3,525,119</b>	<b>1,083,219</b>	<b>211,807</b>
<b>TRANSFORMATION EXPENSES</b>	<b>12,419,949</b>	<b>1,990,345</b>	<b>721,174</b>	<b>97,551</b>
Personnel Expenses	2,832,489	558,492	204,682	28,183
Administrative and General Expenses	9,248,809	1,333,530	496,529	66,160
Contributions to Deposit Guarantee and Bank Protection Fund	155,513	51,206	9,305	1,129
Contributions to Superintendency of Banks and Other Financial Institutions	183,138	47,117	10,658	2,079
<b>GROSS OPERATING MARGIN</b>	<b>14,055,950</b>	<b>1,534,775</b>	<b>362,045</b>	<b>114,257</b>
Income from Adjudicated Goods	0	0	0	0
Income from Special Programs	0	0	0	0
Income from Sundry Accounts	2,022	15,787	99	18
Expenses Due to Realizable Property	302	0	0	0
Expenses for Depreciation, Amortization and Devaluation of Miscellaneous Goods	0	0	0	0
Expenses Due to Sundry Accounts	2,128,829	468,479	151,345	20,362
<b>NET OPERATING MARGIN</b>	<b>11,928,841</b>	<b>1,082,083</b>	<b>210,799</b>	<b>93,912</b>
Extraordinary Income	0	0	0	0
Extraordinary Expenses	57,175	0	762	150
<b>GROSS INCOME BEFORE TAXES</b>	<b>11,871,666</b>	<b>1,082,083</b>	<b>210,038</b>	<b>93,762</b>
Income Taxes	2,360,432	201,851	56,122	7,072
<b>NET INCOME</b>	<b>9,511,234</b>	<b>880,232</b>	<b>153,916</b>	<b>86,690</b>
<b>APPLICATION OF NET INCOME</b>				
Legal Reserve	0	0	0	0
Statutory Utilities	570,674	52,814	9,235	5,201
Other Capital Reserves	0	0	0	0
<b>ACCUMULATED INCOME</b>	<b>8,940,560</b>	<b>827,418</b>	<b>144,681</b>	<b>81,489</b>
<b>OTHER ACCOUNTS</b>				
LOSEP Contribution	133,284	11,164	2,191	960
Third-Party Investments	0	0	0	0
Monthly Agriculture Credit Portfolio	0	0	253,625	1,114
Accumulated Agriculture Credit Portfolio	2,704	580,535	709,981	47,163
Public Sector Deposits	5,765,171	2,290,283	326,928	110,575
Micro-Credits	114	16,203	39,876	1,260
Credits to the Segment of Tourism in accordance to law in force	11,181	11,403	3,978	1,878
Mortgages according to the Special Law for the Protection of the Housing Loan Debtor	0	0	0	0
Accounting Capital Adequacy Ratio (%)	27.58	19.21	17.04	24.08
Manufacturing Loans	42,884	243,094	348,027	1,004

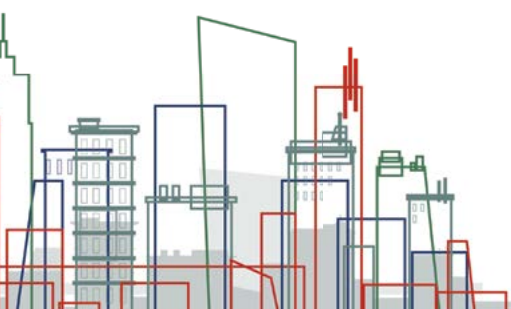


# BALANCE SHEET

## TRUST

Stated in Million VES

	Dec. 20	Jun. 20	Dec. 19	Jun. 19
<b>TRUSTS</b>	<b>410,699</b>	<b>136,881</b>	<b>45,001</b>	<b>4,921</b>
<b>HERITAGE TRUST</b>	<b>37,794</b>	<b>21,967</b>	<b>13,355</b>	<b>618</b>
Individuals	259	7,469	2	0
Corporative Entities	36,455	21,560	13,161	585
Central Administration	0	0	0	0
Public, State, Municipal and Central Administrations	0	0	0	0
Decentralized Entities and Other Entities with Special Regime	1,079	399	191	32
<b>GUARANTEE TRUSTS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Individuals	0	0	0	0
Corporative Entities	0	0	0	0
Central Administration	0	0	0	0
Public, State, Municipal and Central Administrations	0	0	0	0
Decentralized Entities and Other Entities with Special Regime	0	0	0	0
<b>MANAGEMENT TRUSTS</b>	<b>372,906</b>	<b>114,914</b>	<b>31,646</b>	<b>4,304</b>
Individuals	6	6	1	0
Corporative Entities	190,471	54,902	15,139	2,407
Central Administration	8,362	10,293	4,079	47
Public, State, Municipal and Central Administrations	3,418	1,069	266	65
Decentralized Entities and Other Entities with Special Regime	170,649	48,645	12,162	1,784
<b>FEATURES MIXED TRUSTS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Individuals	0	0	0	0
Corporative Entities	0	0	0	0
Central Administration	0	0	0	0
Public, State, Municipal and Central Administrations	0	0	0	0
Decentralized Entities and Other Entities with Special Regime	0	0	0	0
<b>OTHER TRUSTS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Individuals	0	0	0	0
Corporative Entities	0	0	0	0
Central Administration	0	0	0	0
Public, State, Municipal and Central Administrations	0	0	0	0
Decentralized Entities and Other Entities with Special Regime	0	0	0	0



# SOCIAL BALANCE

## ACCUMULATED 1998 - DECEMBER 2020

Stated in VES at December 31th, 2020

DESCRIPTION	Year 2020	Accumulated 1998 - December 2020
<b>SOCIAL INVESTMENT</b>		
<b>APPLICATION BANESCO RESOURCES</b>	<b>404,357,854,474.34</b>	<b>432,891,107,232.99</b>
Fe y Alegría	3,750,000,000.00	3,757,803,385.81
Microentrepreneurs Training Program	3,756,750,060.77	3,947,233,054.39
Simón Bolívar Music Foundation	1,231,231,727.82	1,247,196,258.12
Association of Venezuelan Catholic Education (AVEC)	700,000,000.00	706,188,140.50
Social Undertaking Project with the IESA	3,250,000,000.00	3,250,000,929.99
Universities and Other Institutions	23,467,136,772.30	24,089,136,689.24
Banesco Long Scholarships Life	0.00	2,025.40
Other Education Institutes and Organizations	(0.00)	5,107.54
Venezuelan Foundation against Child Paralysis	2,000,000,000.00	2,006,002,650.47
Other Health and Medical Care Organizations	7,696,250,000.00	7,756,330,561.17
FUNDANA	8,946,968,382.94	9,030,920,476.68
Civil Association Don Bosco Houses Network	3,392,658,727.02	3,442,665,857.04
Salesian Ladies Civil Association	250,000,000.00	255,012,372.29
Attendance to the childhood and people with special necessities	585,330,600.00	591,045,600.95
Donación Juguetes a la Comunidad	(0.00)	34.17
Editorial Projects	2,565,518,439.66	2,661,978,789.08
Other Contributions	692,375,578.98	717,227,155.42
Solidarity (Capital and Regional)	0.00	61.29
Events for the Community	75,581,570.49	368,430,524.57
Investment in works in Colinas de Bello Monte	0.00	23.06
Mayoralties, Regional Governments and Other	(0.00)	141.71
Community Participative Budget	1,350,000,000.00	1,395,031,073.71
<b>Non-Contractual Social Benefits for Banesco Employees</b>	<b>340,044,382,786.98</b>	<b>366,995,045,811.54</b>
<b>Corporate Volunteering Contribution</b>	<b>603,669,827.37</b>	<b>673,850,508.83</b>
<b>Aplication of Article 96 (LOCTISEP)</b>	<b>0.00</b>	<b>336.12</b>
<b>TOTAL SOCIAL INVESTMENT</b>	<b>404,357,854,474.35</b>	<b>432,891,107,569.11</b>
<b>TOTAL SOCIAL INVESTMENT MORE COMMITMENTS CONTRACTED</b>	<b>404,357,854,474.35</b>	<b>432,891,107,569.11</b>



### PRESIDENT

Juan Carlos Escotet R.

### DIRECTORS

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

Emilio Durán Ceballos  
María Josefina Fernández M.



