

Financial Report

First Half



20
23





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FINANCIAL ECONOMIC BALANCE

FIRST HALF 2023

The first half of 2023 was a scenario of correcting the expectations set in the last months of 2022; economic actors experienced the opposite of a moderate and sustained growth of the Venezuelan economy, diametrically opposed to the feeling of improvement and imminent recovery.

The real slowdown that characterized the beginning of the year, the lower rate of economic activity, the signs of inflation and recession in many areas, have brought us a new challenge: the economy will not grow at the rate predicted in the forecasts. Once again, the restrictions caused by the exchange rate depreciation and the decrease in public spending appeared, in addition to the generalized perception of a new period of imminent slowdown.

This behavior guided the strategic planning to face these first months, the risk rationalization, without abandoning the decisions that lead to profitability and efficiency in our performance. Likewise, shareholders have made an effort in technological investment and major projects, corporate and talent strengthening, with an emphasis on compliance with all legal and regulatory standards established in the financial sec-

tor, a clear and firm focus on social responsibility and sustainability, and attention to the needs and welfare of our employees and their families.

Today we can affirm that, in spite of the decrease in production and commercial activity, the businesses that maintain an acceptable performance are those related to food and medicine. Those are sectors with highly valued customers.

Venezuelan banks as a whole were forced to reorganize their expectations and Banesco Banco Universal, C.A., in compliance with its strategic planning exercise, has reviewed and addressed the core factors of the financial system. This is in order to guarantee its shareholders, customers and stakeholders a healthy and transparent exercise, as a result of the robustness and experience accumulated over the last 30 years.

The planning guidelines for this period had three fundamental aspects: the first was to do everything





FINANCIAL ECONOMIC BALANCE

FIRST HALF 2023

necessary to make the customer our focus and our *raison d'être*. Thus, our entire product and service offering aims at offering a memorable experience to our customers and users. The second one was to develop a more efficient methodology for managing our business, involving our entire chain of collaborators and talents, and above all, the nationwide Commercial Network teams. This methodology turns into a value offer for all our customers. And finally, the third one, an emphasis on business derived from services and payment methods in which Banesco has always enjoyed a privileged place and has so proven it.

The correct management of risks in the light of the probable economic contraction that was once again looming from the end of 2022 was of greater importance.

■ The expertise of the Institution, Senior Management and Banesco Citizens made it possible to achieve sustained growth of our portfolio, liquidating 17,973 loans for Bs. 4.02 billion, in accordance with the risk profile suggested by the Board of Directors.

We exceeded the minimum legal requirements of the Single National Productive Portfolio and Microloans, maintaining a very low level of delinquency (0.23%), lower than the system average, which has been possible thanks to our broad and diversified customer base, almost 4 million, both natural and legal, who live in the different productive sectors and have a long history of relations with the Bank.

We constantly strive to know our clients. Today they are more demanding financial users and expect higher service offerings. They refuse to give up operating online or enjoying good service in an agency. Client experience results in loyalty to the Brand; therefore, as a financial institution, we implement differentiating actions and develop strategies aimed at satisfying their needs and creating memorable service experiences, with the purpose of establishing positive emotional bonds for the long term.

We are honored to report the opening of more than 105,000 new accounts during the period just ended; individuals and companies attracted by a wide range of financial products and services that meet their expectations, both in local and foreign currency. Naturally, always counting on one of our main assets, our human talent, the Banesco Citizens, highly trained and motivated to aspire to excellence in their daily performance, both personally and professionally, without whose contribution and effort it would not have been possible to achieve the proposed objectives and the excellent results that we are pleased to present today to our Shareholders, Partners and Social Allies and other stakeholders.

MARCO TULIO ORTEGA VARGAS

EXECUTIVE CHAIRMAN
BANESCO BANCO UNIVERSAL, C.A.



VENEZUELAN ECONOMY IN THE FIRST HALF OF 2023

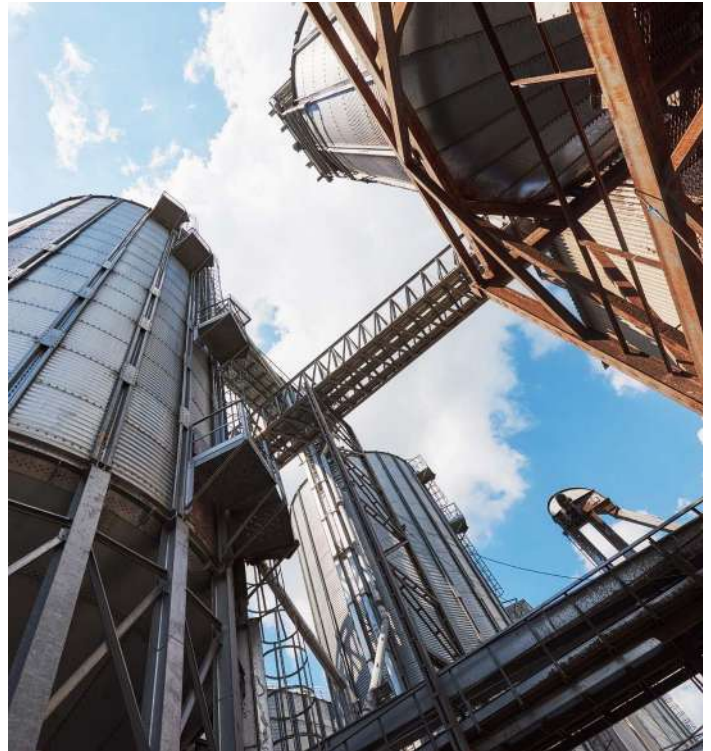
Inflation between January and June was 108.4% and the annualized one was 404.4% according to the Central Bank of Venezuela (BCV). This severely affected the purchasing power of the majority of consumers, in addition to the lower reception of foreign remittances, in terms of frequency and amount, which has oriented the spending of families towards basic goods and services.

During the period, there was a significant decrease in economic performance, with a 5% decline in the population's final consumption, according to measurements made by different business associations and chambers of commerce.

The performance by economic activities has not been homogeneous, with less dynamism in almost the entire market, bearing in mind that the growth projections for the commercial sector were adjusted downward, given the significant drop in sales (between 21% and 44%), depending on the region, with the Capital concentrating most of the consumption (basically food products), at national level; in addition to the ceasing of operations of many recently created businesses. High inventory levels still persist, as well as significant discounts and promotions in order to capture the low demand.

Further movement is expected in the last quarter of the year, coinciding with profit sharing payments and other bonuses that tend to drive the purchase of goods and services.

According to the results published by Conindustria at the closing of the second quarter of 2023, the sector has not been unaffected by the current situation, with an average capacity utilization of 31.7% vs. 31.2% in



the IQ 2023. The sectors with the greatest recovery were: machinery and electrical and computer equipment (67.3%), pharmaceuticals (63.8%), and food, beverages and tobacco (38.4%).

The 2022 growth based on consumption expansion was short-lived and unsustainable. The activities with the greatest multiplier effect, capable of driving stable economic development, with added value and employment generation, remain almost halted (construction, vehicle assembly, among others).

Oil production, meanwhile, ended the second quarter of 2023 with an average of 808,000 barrels per day (bpd), which accounts for an increase of 10.5% for the first quarter of the year, which averaged 731,000 bpd, according to the Organization of Petroleum Exporting Countries (OPEC) Report of June 2023. During that month a production of 796,000 bpd was recorded.



VENEZUELAN ECONOMY IN THE FIRST HALF OF 2023

The Merey crude basket, the international reference for Venezuelan oil, experienced a slight recovery in its price, ending the period at US\$ 57.37 per barrel, averaging US\$ 59.35/barrel in 2023. OPEC expects crude oil prices to remain stable, following the production cut measure and increased demand from China.

The exchange rate fluctuation increased by 61.21% in the last six months, to US\$/Bs. 27.85 at the end of June 2023, for a total of 40 interventions by the BCV, with the purpose of reducing the increase in the official dollar rate, given the growing demand for foreign currency in the country.

International reserves totaled US\$ 9,674 million at the end of the first half of 2023, which accounts for a decrease of US\$ 250 million (-2.52%) in relation to the level observed in December 2022, a performance in line with monetary policy efforts aimed at containing exchange rate depreciation.

The upward trend of monetary liquidity (M2) is softening, ending June 2023 at Bs. 38.43 billion, which represents a variation of 104.4% vs. December 2022, a lower rate than that observed in the last quarters, given the continuity of the astringent policy of the issuing entity, slightly lowering the weight of cash held by the public to 5.35% (1.08 percentage points vs. year-end 2022).

For the last half of the year, a more favorable business environment is expected, considering the usual seasonality of the time, a moderate increase in private final consumption -only if the deceleration in prices continues-, given the imperative need to reduce inventory levels; a greater inflow of foreign currency (agreements with foreign oil companies); a boost in electoral spending and greater access to bank financing. However, high dependence on imported goods persists.

All of the above has impacted the initial projections on the behavior of the 2023 GDP, forcing a downward adjustment, estimating a positive, but modest, result of between 2.5% - 4%.





VENEZUELAN BANKING SYSTEM

IN THE FIRST HALF OF 2023

The first half of 2023 ended with a financial system comprising 26 institutions: 22 universal banks, 3 microfinance banks and 1 commercial bank. At the end of March 2023 (the latest official data available), there were 2,585 branches nationwide, a staff of 33,426 employees, 2,425 ATMs and 399,069 points of sale.

The evolution of the market during the current period showed a positive trend, considering that some limiting factors for its management still persist. However, the relaxation of some regulations had a favorable impact on its margin of maneuver. Noteworthy is the one approved in January 2023 by the Superintendency of Banks (SUDEBAN), through Circular No. 00335, authorizing banks to grant financing for up to 30% of the funds in freely convertible foreign currency, even though the same level of legal reserve at the Venezuelan Central Bank (73%) remains in force.

The above, together with the greater dynamism experienced by some economic activities, led to increases in net loans of 117.6% with respect to the previous half-year (Bs. 15.07 billion) and of 887.5% (Bs. 25.07 billion) in the last 12 months, reaching a portfolio of Bs. 27.98 billion at the end of June 2023.

Market results, as well as its management indicators, reflect the higher volume of financial income from credit operations (+Bs. 10.63 billion vs. first half of 2022), the improvement of the intermediation ratio by 15.5 percentage points, from 17.28% in June 2022 to 32.81% in the first half of 2023, and the greater relevance of the portfolio, which now accounts for 12.37% of total assets, driving the growth of the latter to Bs. 225.43 billion (+72.9% vs. December 2022).

Public deposits, meanwhile, continue to rise (+420% vs. June 2022), in line with the preference for accounts denominated in foreign currency, as a way of protecting the value of money; in addition to the greater mobility and security offered by digital channels.

According to the Central Bank of Venezuela (BCV), during the period January-May 2023, 2.84 billion transactions were recorded through the different channels and services available. This is 15.24% higher than the same period of 2022. A total of 52.06% of this amount was made through Points of Sale, followed by Interbank Mobile Payment (27.58%), while transactions through Branches and ATMs decreased, concentrating only 1.20% of the total. The rest was made through other digital channels, all of which is a clear indication of the lower demand for cash, affecting the increase in funds deposited in banking institutions, whose balance exceeded Bs. 85 billion at the end of the first half of 2023.

The equity of the system showed a half-yearly variation of 68.5%, amounting to Bs. 51.50 billion at the end of the period under analysis.

The foregoing led to the achievement of a net result of Bs. 7.69 billion, derived mainly from the expansion of the loan portfolio and other operating income. However, it is worth noting the lower dependence of the latter, as their weight in the structure of the financial system total income has progressively decreased, and currently stands at 48.6%.



BANESCO BANCO UNIVERSAL

IN THE FIRST HALF OF 2023

BanESCO ended the period with total assets of Bs.14.34 billion (6.36% of the market), after experiencing a half-yearly variation of Bs. 6.83 billion (91.0%) and a year-on-year variation of Bs. 12.23 billion (579.1%), mainly attributable to the increase in cash and cash equivalents (+74.6% vs. December 2022), with a balance of Bs. 7.11 billion, 49.3% of total assets, given the legal reserve requirements; it is followed by the net loan portfolio (29.5% of assets), 3.5 percentage points higher than at the end of 2022.

An increase in the gross portfolio of Bs. 2.34 billion (+117.3% vs. December 2022) was observed during the first period of the current year, ending June at Bs. 4.34 billion, liquidating 17,973 loans in the period, mainly oriented towards the commercial portfolio; agricultural, fishing and forestry activity and the national manufacturing industry, achieving an intermediation coefficient of 49.0%, 16.2 percentage points higher than the system average (32.8%); all this while maintaining an excellent portfolio quality (0.23% delinquency rate) and a comfortable coverage for fixed assets (958.8%), above the market average (500.2%).

Regarding liabilities, deposits from our almost 4 million customers reached a balance of Bs. 8.68 billion in June 2023 (+100.4% vs. December 2022), and a market share of 10.21%.



The total equity of BanESCO Banco Universal, C.A., amounted to Bs. 3.25 billion at the end of the first half of 2023, after an increase of 60.6%, an Equity Adequacy Ratio of 29.83% and a Capital Adequacy Ratio of 48.66%, exceeding the legally required levels.

BanESCO's income statement for the first half of 2023 shows a net income of Bs. 1.27 billion derived mainly from the higher volume of loans settled, reaching a financial margin of Bs. 3.09 billion during said period. In addition to indicators in line with expectations, highlighting a liquidity level of 81.98%, higher than the market average, a Return on Average Assets (ROA) reached 23.22% and on Average Equity (ROE) was 88.27%, thus culminating a successful management.



FINANCIAL HIGHLIGHTS

	SECOND HALF 2021	FIRST HALF 2022	SECOND HALF 2022	FIRST HALF 2023
(Stated in Million Bs)				
TOTAL ASSETS	1,247.7	2,112.2	7,510.3	14,343.1
▮ Cash and Due from Banks	653.7	1,241.3	4,077.4	7,118.3
▮ Security Investments	63.6	78.7	265.1	498.2
▮ Credit Portfolio	251.8	388.7	1,957.4	4,253.0
▮ Gross Portfolio	257.7	407.8	2,001.4	4,348.7
DEPOSITS FROM CLIENTS	837.6	1,548.1	4,332.2	8,682.5
TOTAL STOCKHOLDERS' EQUITY	104.5	189.1	2,025.1	3,251.2
TRUST ASSETS	11.9	26.4	64.0	141.0
NET INCOME	14.0	31.0	333.6	1,273.2
RATIOS (%)				
▮ Loan Portfolio Provisions / Non Accrual Loans	897,866.67	133,762.96	61,098.42	958.79
▮ Non Accrual Loans / Gross Loan Portfolio	0.00	0.00	0.00	0.23
▮ Net Results / Average Assets *	6.63	3.93	12.90	23.22
▮ Net Results / Average Equity *	39.39	61.00	82.10	88.27
▮ Liquidity	78.05	80.18	94.12	81.98

* Annualized Percentages



STATEMENT ON CREDIT RISK REPORTS

During the first half of 2023, the Credit Risk management of Banesco Banco Universal, C.A., followed the established strategic lines, guaranteeing an adequate management in accordance with the risk profile, remaining within the appetite limits approved by the Board of Directors, presenting a sustained growth, exceeding the minimum legal requirements of directing credit to the Single National Productive Portfolio and to Microcredits, maintaining the levels of delinquency relatively stable, in spite of the uncertainty generated by the economic environment.

In this regard, risk appetite and the evolution of its metrics are monitored on a regular basis; in particular, taking into account the evolution of portfolios under moratorium and its effect on credit provisions, based on a sector/customer follow-up, in order to detect in time changes in the original characteristics of such credits and to ensure the appropriate management of those in which there is a possibility of total or partial loss.

In this regard, the loan portfolio recorded an increase in delinquency levels, from 0.0036% in December 2022 to 0.229% to the end of June 2023, within an environment of economic slowdown in the main sectors.



The coverage of provisions, on the other hand, showed a decrease, going from 61,098.42% to 958.79% in the same period under analysis.

In this context, during the first half of the year, activities were reinforced to monitor the evolution of the payment behavior of the different segments and metrics, in order to generate preventive strategies, aligned with the risk appetite, to anticipate changes in the original characteristics of these loans and ensure their adequate 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

three (3) credits, that by individual or group risk, in the same monthly period, exceeded five percent (5%) of the bank's equity.



STATEMENTS OF EARNINGS (STATED IN \$s.)	June 2023	June 2022		June 2023	June 2022
FINANCIAL REVENUES	1,626,799,993	57,052,218			
Revenues from Cash and Cash Equivalents	9,241,305	54,252			
Revenues from Security Investments	20,217,296	270,166	FINANCIAL INTERMEDIATION MARGIN	3,096,105,399	333,065,646
Revenues from Credit Portfolio	1,597,255,270	56,727,600	TRANSFORMATION EXPENSES	1,442,958,234	260,985,105
Revenues from Other Accounts Receivable	86,522	0	Personnel Expenses	473,625,543	63,751,954
Income from investments in subsidiaries, affiliates and branches	0	0	Administrative and General Expenses	969,331,691	196,833,151
Revenues from Head Office and Branches	0	0			
Other Financial Revenues	0	0	GROSS OPERATING MARGIN	1,655,147,155	72,480,541
			Income from Adjusted Goods	6,198,306	7,325,912
			Income from Special Programs	0	0
			Income from Sundry Accounts	8,776,908	895,770
FINANCIAL EXPENSES	104,616,029	26,937,635	Expenses Due to Realizable Property	42,454	1,606
Expenses Due to Deposits from Clients	79,024,635	19,304,941	Expenses for Depreciation, Amortization and Devaluation of Miscellaneous Goods	0	0
Expenses Due to Obligations with BCV	0	0	Expenses Due to Sundry Accounts	242,813,393	47,872,100
Expenses Due to Obligations with BANA/VI	0	0			
Expenses Due to Other Financing Obtained	24,991,494	7,583,294	NET OPERATING MARGIN	1,426,266,532	33,128,522
Expenses Due to Other Financial Obligations	0	0	Extraordinary Income	0	0
Expenses Due to Subordinated Debt	0	0	Extraordinary Expenses	11,128,738	1,648,153
Expenses Due to Other Obligations	0	0			
Expenses Due to Head Office and Branches	0	0	GROSS INCOME BEFORE TAXES	1,415,137,794	31,482,269
Other Financial Expenses	0	0	Income Taxes	141,917,245	500,000
GROSS FINANCIAL MARGIN	1,522,783,964	30,114,283	NET INCOME	1,273,220,449	30,982,369
Income from Recovered Financial Assets	35,034	6,045			
Expenses Due to Uncollectibility of Credits and Other Accounts Receivable	49,692,919	12,483,948	APPLICATION OF NET INCOME		
Provision for Loan Portfolio and Other Accounts Receivable, Losses	49,623,045	12,474,785	Legal Reserve	0	0
Provision for Cash and Due from Banks	69,674	9,163	Statutory Utilities	76,393,200	1,858,900
			Board of Directors	76,393,200	1,858,900
			Officers and Employees	0	0
NET FINANCIAL MARGIN	1,473,126,079	17,636,380	Other Capital Reserves	305,000	0
Other Operating Income	1,781,599,016	343,324,459			
Other Operating Expenses	158,619,706	27,895,193	ACCUMULATED INCOME	1,196,522,249	29,125,469
			LOD Contribution	14,992,407	358,963
			FINANCIAL RESERVE AND FUNDING RATE		
			Legal Reserve	0	0
			Statutory Utilities (Board of Directors)	76,393,200	1,858,900
			Reserve for Other Provisions	305,000	0
			Restricted Surplus	641,012,509	16,440,960
			Surplus to apply	635,939,948	12,492,512
			NET INCOME	1,273,220,449	30,982,369



REPORT OF DEMANDS AND COMPLAINTS OF CUSTOMERS OF THE BANKING SERVICES

I HALF 2023

JULY 2023

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

A) SUMMARY BY STATUS

In the first half of 2023, 1,753 claims and requirements were reported, for a total amount of Bs. 1,533,327, of which 1,587 were managed; ruling in favor of the client in 1,361, with a refund of Bs. 209,706. When evaluating the response times for complaints and re-

quirements reported by clients/users in the first half of 2023, and starting from the premise indicated by the regulatory entity, where a maximum date of 20 continuous days is established for their resolution, 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

Report Month	Managed					In Process		Level of Compliance in the Service Supply
	Admissible			Not Admissibles		No. of Complaints	Claim Amount (Bs.)	
	No. of Complaints	Claim Amount (Bs.)	Reimbursed Amount (Bs.)	No. of Complaints	Claim Amount (Bs.)			
January	226	26,121	25,335	41	44,437	31	90,590	100.00%
February	214	27,794	27,303	33	583,615	29	3,410	100.00%
March	278	41,840	41,090	32	102,109	39	5,495	100.00%
April	212	32,714	32,359	37	62,093	29	55,404	100.00%
May	214	40,354	39,334	38	331,185	27	3,410	100.00%
June	217	45,335	44,285	45	35,480	11	1,941	100.00%
Total I Half	1,361	214,158	209,706	226	1,158,919	166	160,250	100.00%

B) SUMMARY BY TYPE OF FINANCIAL INSTRUMENT

TABLE 2: SUMMARY BY TYPE OF FINANCIAL INSTRUMENT

Report Month	Credit Card (CC)		Debit Card (DC)		Savings		Checks		Customer Service	
	No. of Complaints	Claim Amount (Bs.)	No. of Complaints	Claim Amount (Bs.)	No. of Complaints	Claim Amount (Bs.)	No. of Complaints	Claim Amount (Bs.)	No. of Complaints	Claim Amount
January	—	—	297	161,018	1	130	—	—	—	—
February	—	—	275	614,689	1	130	—	—	—	—
March	—	—	348	149,314	1	130	—	—	—	—
April	2	299	275	149,782	1	130	—	—	—	—
May	—	—	278	374,949	—	—	—	—	1	—
June	1	186	272	82,570	—	—	—	—	—	—
Total I Half	3	485	1,745	1,532,322	4	520	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).



CLIENT AND BANK USER DEFENDER

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

At the end of the first half of 2023, the Banking Customer and User Defender handled 482 cases. From this number, 132 requests for reconsideration were admitted, totaling Bs. 956,818.

The declined cases (350) were duly answered, explaining the reason of dismissal. These cases were

forwarded to the Customer Service Unit, which follows up on them until they are closed.

The main requirements addressed were:

- a) Inconveniences with Pago Móvil (P2P)/Payments Made
- b) Inconveniences BanescOnline / Other Payments / Taxes
- c) Cash Withdrawals Not Dispensed by an ATM
- d) Transaction rejected due to unfinished negotiation
- e) Failed or Duplicate Purchase at Point of Sale with Maestro Banesco Card
- f) Unrecognized Debits/Presumed Fraud Banesco Maestro Debit Card.

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





CAPITAL ADEQUACY RATIO POSITION

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

CAPITAL ADEQUACY RATIO:

This is calculated by dividing the amount of Accounting Equity plus Operating Management by the Value of Total Assets. The ratio when multiplied by one hundred (100), will not be less than nine percent (9%), as published in Official Gazette No. 40,509, dated October 01, 2014.

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

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

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

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

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

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

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

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

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

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

RESOLUTION NO. 025.17 (DATED MARCH 28, 2017)

The “Rules Regarding the Application of the Revaluation of Assets in Banking Institutions” were established whereby the Superintendency of Banking Institutions instructs that the amount of the Revaluation “may not exceed the total Primary Capital (Level I) of the Institution considering the parameters established in the Rule that regulates the calculation of the Total Capital Adequacy Ratio. Likewise, Art. 6 states that recording the amount of assets revaluation under Assets will be made in the accounts and subaccounts established in the Accounting Manual for Banking Institutions, with a balancing entry in the account 351.00 Equity caption “Adjustment for Revaluation of Assets”.



CAPITAL ADEQUACY RATIO POSITION

TOTAL EQUITY ADEQUACY RATIO (LEVEL I)

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

TOTAL EQUITY ADEQUACY RATIO

Consists of the sum of the value of Primary Equity (Level I) plus Supplementary Equity (Level II), divided by the total amount of assets and contingent operations, weighted by risk levels. The quotient, when multiplied by one hundred (100), shall not be less than twelve percent (12%).

Based on the disposition and the results obtained in June 2023 and December 2022, the percentages achieved are as follows:

Description	Jun. 2023	Dec. 2022
Capital Adequacy Ratio	29.83%	39.85%
Total Capital Adequacy Ratio	48.66%	64.70%
Tier 1 Capital Adequacy Ratio	45.15%	57.16%

PARTICIPATION IN THE COUNTRY'S PRODUCTION SECTOR

AS OF JUNE 30, 2023

The largest participation of the Credit Portfolio is in the Wholesale and Retail Trade, Restaurants and Hotels Sector with 36.75%, followed by the Agricultural, Fishing and Forestry Sectors with 31.17% and the Manufacturing Industry with 26.36%.

Economic Activities	Outstanding	Restructured	Past Due	In Litigation	Total	% Composition
► Agriculture, Fishing and Forest	1,355,314,696	–	14,208	–	1,355,328,904	31.17 %
► Hydrocarbons and Mining Exploitation	69,674	–	766	–	70,440	0.00%
► Manufacturing Industry	1,146,252,584	–	3,854	–	1,146,256,438	26.36 %
► Electricity, Gas and Water	130,124	–	–	–	130,124	0.00 %
► Construction	35,291,195	–	2,367	–	35,293,562	0.81 %
► Trade, Restaurants and Hotels	1,588,623,316	–	7,206,261	2,462,461	1,598,292,038	36.75 %
► Transport, Storage and Communications	16,945,919	–	19,387	–	16,965,306	0.39 %
► Financial Establishments, Real State and Services Provided to Companies	166,482,148	–	160,400	–	166,642,548	3.83 %
► Community, Social and Personal Services	29,616,669	–	108,655	–	29,725,324	0.68 %
Portfolio	4,338,726,325	0	7,515,898	2,462,461	4,348,704,684	100.00 %



ELECTRONIC CHANNELS AND BANK AGENCIES

As of June 2023 close, Banesco had a wide network of physical and electronic distribution channels whereby the Bank offers a wide range of products and services:

- 202 Service Points (Agencies, Banesco Express)
- 142,418 Points of Sale
- 409 ATMs (158 Monofunctional y 241 Multifunctional)



EXTERNAL AUDITOR'S REPORT

The financial statements of the Bank corresponding to the first half of 2023, included in this report, were audited by the external auditors of the Institution.

Adrianza, Rodríguez, Céfalo & Asociados (Members of the International Firm Mazars) and confirmed the fairness of such financial statements.

LIQUIDITY, LEVERAGE, EFFICIENCY AND PROFITABILITY INDICATORS

Principal Financial Indicators	Jun. 23	Dec. 22	Jun. 22	Dec. 21
1. EQUITY				
▶ Equity + Operative Management / Total Assets	29.83 %	39.85 %	11.97 %	10.31 %
▶ Non-Productive Assets / Equity + Operative Management)	278.28 %	242.99 %	837.50 %	869.23 %
2. ASSETS QUALITY				
▶ Loan Portfolio Provisions / Gross Loan Portfolio	2.20 %	2.20 %	4.68 %	2.29 %
▶ Non Accrual Loans / Gross Loan Portfolio	0.23 %	0.00 %	0.00 %	0.00 %
3. MANAGEMENT*				
▶ Personnel Expenses + Operative Expenses / Average Productive Assets	66.48 %	97.20 %	130.37 %	96.80 %
▶ Personnel Expenses + Operative Expenses / Financial Income	86.12 %	192.20 %	442.78 %	138.67 %
4. EARNINGS *				
▶ Net Results / Average Assets	23.22 %	12.90 %	3.93 %	6.63 %
▶ Net Results / Average Equity	88.27 %	82.10 %	61.00 %	39.39 %
5. LIQUIDITY				
▶ Availability / Customer Funds	81.98 %	94.12 %	80.18 %	78.05 %
▶ Availability + Investment in Securities / Customer Funds	82.56 %	94.12 %	80.18 %	78.05 %

* Annualized, calculated based on average balance



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

FIRST HALF 2023

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 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, C.A., during the term comprising January 01, 2023 to June 30, 2023, 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 sensible regulations and standards in force at the national level, to international standards and best practices, and to the policies and standards established internally in the Organization. From time to time, or if there are significant regulatory or functional changes, they are submitted for consideration by the Audit Committee, and its approval is recommended to the Board of Directors.

II. FUNCTIONING CRITERIA

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

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

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



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

FIRST HALF 2023

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

III. SCOPE AND MANAGERIAL COVERAGE

Internal Audit's assurance assessments include the validation of three (3) key elements of the Internal Control System:

- Efficiency of the internal control environment, when challenging the execution and performing of control activities included in the processes, for the purposes of determining whether the risks are reasonably managed in accordance with the corporate strategy and if the functioning of the Organization corresponds to the defined corporate structure.
- Compliance with legal provisions regulating the banking activity, when assessing that policies, norms and procedures are adjusted to the provisions established in the laws in force to adequate regulations contained in resolutions, circulars and official letters issued by SUDEBAN and further competent bodies.
- Management of gaps closure by verifying documentation and supports evidencing the correct implementation of action plans defined by the responsible units for managing the observations identified by the internal control.

The audits carried out during the first half of 2023 focused on the following:

1. RISK MANAGEMENT

- Evaluation of compliance with Resolution 136.03 "Standards for Adequate Comprehensive Risk Management" including the validation of the organizational structure contemplated in the regulations, and the design of methodologies to identify, measure, control, monitor and value the Organization's risks.



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

FIRST HALF 2023

- Assessment of the effectiveness of the Comprehensive Risk Management processes for closing the gaps identified in internal reviews, external audits and regulatory inspections.

2. PREVENTION AND CONTROL OF LC/FT/FPADM

Execution of audits planned for the period in the “Annual Evaluation and Control Program”, in accordance with provisions of Resolution 083.18 “Rules for the Administration and Control of Risks Related to Money Laundering, Financing of Terrorism and Financing of the Proliferation of Weapons of Mass Destruction Applicable to Banking Sector Institutions”, evaluating the processes of Risk Management, Regulatory Reporting and Gap Closure Management.

- Compliance with the Annual Operating Plan (AOP) and the Training Program
- Adequacy of the LC/FT/FPADM Compliance Program and its Risk Management processes
- Effectiveness of the PCLC/FT/FPADM monitoring process and the reasonableness of its coverage and scope
- Completeness and integrity of the generation and submission of Regulatory Reports
- Evaluation of the “Know Your Customer” Policy, by verifying the controls established for the registration of data and the creation of files of customers who open financial accounts in local and foreign currency, as well as the preparation of credit operation files
- Evaluation of the “Know Your Employee” Policy by reviewing Human Capital files.

3. INFORMATION TECHNOLOGY, DATA SECURITY AND CONTINUITY

- Validation of compliance with Resolution No. 641.10 “Rules governing the Use of Electronic Banking Services” corresponding to Circular 01907
- Reasonableness of Business Continuity management.

4. CREDIT

- Evaluation of the processes of application, analysis, documentation, settlement and control of the loan portfolio
- Matching of the credit portfolio and Credit Cards of the Published Balance Sheet vs. the Accounting Gains
- Accounting and operational management of mortgage guarantees and stand-by guarantees in foreign currency
- Completeness and integrity of the generation and submission of AT/SBIF.

5. TREASURY

- Tally of the accounting records and balances of the Company's own and third parties' securities in domestic and foreign currencies
- Evaluation of compliance with Resolution 136.15 “Standards for Appropriate Comprehensive Liquidity Risk Management”, including validation of the organizational structure provided for in the regulations, as well as the design and execution of liquidity risk management and administration processes
- Validation of the reasonableness of the accounting and operational processes associated with Treasury management.



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

FIRST HALF 2023

6. AVAILABLE FUNDS

- Cash in local and foreign currency in the main vault and agencies, to validate the reasonableness of the balances of the accounting accounts with respect to the physical cash in custody, including the evaluation of the cash management processes.

7. FINANCIAL STATEMENTS

- Reasonability of the financial statements and its adaptation to the provisions contained in SUDEBAN's Accounting Manual for Financial Institutions
- Reasonableness of the calculation of the Risk Capital Ratio and financial indicators
- Accounting balance of the accounts that compose the captions of Equity, Fundraising, Property, Plant and Equipment and Other Assets.

8. COMMERCIALIZATION CHANNELS

- Evaluation of the operational management of the Agency Network
- Compliance with Resolution 049.20 "Norms that regulate the Point of Sale service and the contracting with suppliers that carry out its commercialization".

9. OTHER ASPECTS

- Evaluation of the operational, administrative and accounting processes related to the management of the Trust product
- Evaluation of processes related to supplier management
- Evaluation of processes related to Human Capital management.

IV. INTERNAL CONTROL ASSESSMENT RESULTS

During this period, from 01/01/2023 to 06/30/2023, a total of forty-two (42) assurance audits of the Operational Plan were completed, with the following results:

Audit Qualification		
Excellent	21	50%
Satisfactory	15	36%
Minimum Required	6	14%
	42	100%

Identified Findings		
High	15	17%
Moderate	37	43%
Low	34	40%
	86	100%

Defined Actions		
Implemented	72	47%
In Process	80	53%
	152	100%

The findings identified correspond to specific gaps that are mainly associated with the management and execution of the processes, which do not significantly affect the achievement of the objectives; however, they need to be addressed in a timely manner.



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

FIRST HALF 2023

The responsible units defined one hundred and fifty-two (152) mitigation and control actions to address the root cause of the eighty-six (86) points of attention reported by Internal Audit, allowing an adequate gap closure management.

As a result of the tests included in the review programs applied, the following was observed:

- The main policies and standards are defined, formalized and disclosed, and are in line with corporate strategies and guidelines.
- The core processes are formalized and the units responsible for their execution are equipped with the necessary human, technological and material resources.
- Reporting channels through the formal corporate bodies established in the governance structure are complied with.
- Formal processes for risk identification, evaluation, management and monitoring are in place.
- Control activities are being implemented in the main processes.
- The current regulatory framework applicable to the Organization is reasonably complied with.
- Formal procedures are in place for ongoing monitoring of the action plans defined to manage the risks identified.
- The recommendations made by regulatory agencies derived from visits and inspections, are addressed in a timely manner.

V. CONCLUSION

Based on the results obtained in the assurance audits performed during the first half of 2023, policies, standards and procedures that facilitate internal control, risk management and governance were seen as implemented.

The observations reported by Internal Audit were addressed in a timely manner, by means of the definition of action plans aimed at managing the root cause, limiting the impact of their materiality and/or recurrence in the execution of the processes.

Based on the above and adjusted to the coverage and scope of the reviews carried out during the first half of 2023, it is concluded that Banesco Banco Universal, C.A., maintains an Internal Control environment adequate to its characteristics and dimensions, allowing it to reasonably manage the inherent risks, with an adequate preventive management of the occurrence of relevant events.

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



LETTERS FROM THE SUDEBAN

REGARDING PROVISIONS, OBSERVATIONS, RECOMMENDATIONS
OR INITIATIVES ON THE OPERATION OF THE INSTITUTION

2023 FIRST HALF-YEAR

SHAREHOLDER'S MEETINGS	
RECEPTION DATE	OFFICIAL LETTERS
01/19/2023	OFFICIAL LETTER SIB-II-GGR-GA-00418: Sudeban gives its opinion regarding the appointments and ratifications approved at the Special Meeting of Shareholders held on the following dates: 03/26/2020, 03/22/2021, 09/22/2021, 03/28/2022.
02/06/2023	OFFICIAL LETTER SIB-II-GGIBPV-GIBPV6-00710: Sudeban gives its opinion regarding the requirements consigned when appointing the Bank's External Auditor.
02/28/2023	OFFICIAL LETTER SIB-II-GGIBPV-GIBPV6-01044: Sudeban gives its opinion regarding the communications submitted by the Bank in response to Official Letter No. SIB-II-GGIBPV-GIBPV6-06970 dated 09/22/2022, related to the observations made to the proceedings of the Annual General Meeting of Shareholders, held on 09/27/2022.
03/23/2023	OFFICIAL LETTER SIB-II-GGIBPV-GIBPV6-01446: Sudeban gives its opinion on the AGM to be held on 03/27/2023.
03/24/2023	OFFICIAL LETTER SIB-II-GGIBPV-GIBPV6-01517: Sudeban gives its opinion on the Special Meeting of Shareholders to be held on 03/27/2023.
04/25/2023	OFFICIAL LETTER SIB-II-GGR-GA-02401: Sudeban gives its opinion on the appointments and ratifications of the members of the Board of Directors of this Bank for the period 2022-2025, made at the Special Meeting of Shareholders held on 09/27/2022.
05/19/2023	OFFICIAL LETTER SIB-DSB-OPCLC-03127: Sudeban gives its opinion on the requirements consigned on the occasion of the Annual General Meeting of Shareholders to be held on 03/27/2023.
01/06/2023	OFFICIAL LETTER SIB-II-GGIBPV-GIBPV6-03569: Sudeban gives its opinion on the Bank's response to the observations made by the Regulator regarding the requirements of the Ordinary General Shareholders' Meeting held on 03/27/2023.
06/16/2023	OFFICIAL LETTER SIB-II-GGIBPV-GIBPV6-03918: Sudeban gives its opinion on the requirements consigned on the occasion of the Special Meeting of Shareholders to be held on 06/20/2023.
06/16/2023	OFFICIAL LETTER SIB-II-GGIBPV-GIBPV6-03920: Sudeban gives its opinion on the extension request for the registration of the Minutes of the AGM held on 03/27/2023, authorized in official letter SIB-II-GGIBPV-GIBPV6-03569 dated 05/31/2023.



LETTERS FROM THE SUDEBAN

REGARDING PROVISIONS, OBSERVATIONS, RECOMMENDATIONS OR INITIATIVES ON THE OPERATION OF THE INSTITUTION

2023 FIRST HALF-YEAR

INSPECTION VISITS	
RECEPTION DATE	OFFICIAL LETTERS
01/12/2023	OFFICIAL LETTER SIB-II-CCSB-00132: Sudeban informs the officials that have been authorized to conduct the Special Inspection in matters of Banking Service Quality.
01/13/2023	OFFICIAL LETTER SIB-II-CCSB-09808: Sudeban refers the results of the Special Inspection carried out during September and October 2022; as well as the management of the Customer Service Unit and the Banking Customer and User's Defender.
02/15/2023	OFFICIAL LETTER SIB-DSB-OPCLC-00849: Sudeban reports the results obtained in the Special Inspection Visit, with the purpose of evaluating compliance with Resolution 083.18, as well as other Circulars related to PCLC/FT/FPADM.
03/01/2023	OFFICIAL LETTER SIB-II-GGIR-GRT-01046: Sudeban notifies the initiation of a Special Inspection Visit regarding Technological Risk, as well as the officers authorized to conduct it.
03/29/2023	OFFICIAL LETTER SIB-II-CCSB-01640: Sudeban requests information that will be used during the Special Inspection Visit, to be made at the Agencies, ticket offices and/or branches; as well as at the Banking Customer and User Service Unit, and the Banking Customer and Defender, in matters of Banking Service Quality.
03/29/2023	OFFICIAL LETTER SIB-II-CCSB-01639: Sudeban indicated the officers that have been authorized to carry out Special Inspections in the branches, as well as in the Customer Service Unit and the Client's Defender, in matters of Banking Service Quality.
05/05/2023	OFFICIAL LETTER SIB-II-CD-02804: Sudeban notifies the officers authorized to carry out the Special Inspection to the Bank, in order to verify the credit files of the debtors referred to in said official letter.
06/09/2023	OFFICIAL LETTER SIB-DSB-OPCLC-02955: Sudeban notifies the Supervisory Visit to prepare the Risk Based Evaluation of the Products and Services Subfactor of the Inherent Factor for 2023; as well as the officials authorized to conduct it.
06/30/2023	OFFICIAL LETTER SIB-II-CCSB-04267: Sudeban submits the Report containing the results obtained in the Special Inspection, which aimed at evaluating and verifying compliance with the Bank's policies, procedures and internal controls regarding the Quality of Banking Service.



LETTERS FROM THE SUDEBAN

REGARDING PROVISIONS, OBSERVATIONS, RECOMMENDATIONS OR INITIATIVES ON THE OPERATION OF THE INSTITUTION

2023 FIRST HALF-YEAR

OTHERS	
RECEPTION DATE	OFFICIAL LETTERS
01/10/2023	OFFICIAL LETTER SIB-II-GGIR-GRT-00083: Sudeban authorizes the Bank to carry out the maneuvers called "Migration of Point of Sale Services ("Nationwide POS Merchant")" and "Installation of the new version of the application in Node 3".
01/16/2023	OFFICIAL LETTER SIB-II-GGIR-GRT-00235: Sudeban requests additional information on the project "Replacement of the Banesco BU Core Cards September 2022-July 2026".
01/24/2023	OFFICIAL LETTER SIB-II-GGIR-GRT-00629: Sudeban authorized the execution of the maneuver called "Optimization of Acquisition Services" and "Installation of the new version of the application in Node 3".
02/01/2023	OFFICIAL LETTER SIB-II-GGIBPV-GIBPV6-00681: Sudeban authorizes Banesco to record in the Statement of Profit and Loss the net credit balance in account 352.00 "Gain or Loss from Exchange Rate Fluctuations for holding Assets and Liabilities in Foreign Currency".
02/03/2023	OFFICIAL LETTER SIB-II-GGIR-GRT-00705: Sudeban authorized the Bank to carry out the "Optimization of Acquisition Services under version 7.7 of Switch/IST", on Monday 02/06/2023.
02/07/2023	OFFICIAL LETTER SIB-II-GGIR-GRT-00737: Sudeban authorizes the Bank to carry out the maneuver of Continuity of the Putting into Production of the IST Switch 7.7" Release Update, on Wednesday 08/02/2023, between the hours of 12:15 a.m. and 1:15 a.m.
02/10/2023	OFFICIAL LETTER SIB-II-GGIR-GRT-00819: Sudeban authorizes the Bank to install the new version of the application in Node 3, on Monday, 02/13/2023, between 12:15 a.m. and 1:45 a.m.
02/14/2023	OFFICIAL LETTER SIB-DSB-CJ-OD-00842: Sudeban reports that it has no objections to the feasibility of the application of the model contracts sent by the Bank, associated to the loans granted in local currency, with resources coming from a portion of the funds raised in foreign currency.
02/15/2023	OFFICIAL LETTER SIB-DSB-OPCLC-00846: Sudeban informs that the arguments presented by the Bank, due to the observations made by that Agency associated with the Annual Risk Level Assessment applicable to the year 2022, will be evaluated in the 2023 Annual Risk Assessment process.
02/15/2023	OFFICIAL LETTER SIB-GGIR-GRT-00899: Sudeban authorizes the execution of the maneuver called "Adjustments of the application IST7.7 in Node 2", on Thursday, 02-16-2023, between the hours of 12:15 a.m. and 2:45 a.m.



LETTERS FROM THE SUDEBAN

REGARDING PROVISIONS, OBSERVATIONS, RECOMMENDATIONS
OR INITIATIVES ON THE OPERATION OF THE INSTITUTION

2023 FIRST HALF-YEAR

OTHERS	
RECEPTION DATE	OFFICIAL LETTERS
02/28/2023	OFFICIAL LETTER SIB-II-GGIBPV-GIBPV6-01043: Sudeban expressed its opinion regarding the Bank's request for an opinion to that Agency, in connection with the requirement of municipalities to request a license for economic activities from PNs and PJs that have points of sale.
03/01/2023	OFFICIAL LETTER SIB-II-GGIR-GRT-01082: Sudeban authorizes the execution of the technological change controls requested in the schedule of the maneuver called "Continuity of the Putting into Production of the IST Switch 7.7 Release Update", which supports the Point of Sale (POS) and Interbank Mobile Payment services.
03/22/2023	OFFICIAL LETTER SIB-II-CCSB-01420: Sudeban gives its opinion on the letter issued by the Bank in response to Official Letter No. SIB-II-CCSB-09808 dated 12/30/2022, regarding the results obtained from the inspection of 44 branches, the Customer and Bank User Service Unit and the Customer and Bank User's Defender, in relation to Quality of Service.
03/22/2023	OFFICIAL LETTER SIB-DSB-OPCLC-01409: Sudeban gives its opinion on the Half-Yearly Limited Assurance Report on compliance with Resolution No. 083.18.
03/28/2023	OFFICIAL LETTER SIB-II-CCSB-01588: Sudeban informs that it has no observations to make on the Management Report for the second half of 2022, in accordance with the provisions of Resolution 063.15 "Rules for the Protection of Users of Financial Services".
04/24/2023	OFFICIAL LETTER SIB-II-GGIBPV-GIBPV6-02365: Sudeban revoked the authorization granted through official letter SIB-II-GGIBPV-GIBPV6-00681, therefore, the Bank will not be able to apply to income the exchange gains recorded at the closing of December 31, 2022.
04/28/2023	OFFICIAL LETTER SIB-DSB-OPCLC-02571: Sudeban requests the remission of the customer files evaluated in the Special Inspection Visit carried out in the UPC/LC/FT/FPADM, in order to evaluate compliance with Resolution 083.18 and other Circulars issued by the Regulator on the matter.
05/08/2023	OFFICIAL LETTER SIB-II-GGIBPV-GIBPV6-02853: Sudeban accepts the applicability to results of the balances generated during the second half of 2022 and instructs to reverse the difference in the financial statements for the month of April of this year.
05/16/2023	OFFICIAL LETTER SIB-II-GGIR-GRT-03024: Sudeban authorizes the execution of the maneuver called "Comprehensive Simulation of Critical Services in May 2023".
05/17/2023	OFFICIAL LETTER SIB-II-GGIR-GSRB-03052: Sudeban gives its opinion on the Half-Yearly Limited Assurance Reports referred to Resolutions No. 136.03 and 136.15 - II Half 2022, corresponding to the Audited Financial Statements as of December 31, 2022.



LETTERS FROM THE SUDEBAN

REGARDING PROVISIONS, OBSERVATIONS, RECOMMENDATIONS OR INITIATIVES ON THE OPERATION OF THE INSTITUTION

2023 FIRST HALF-YEAR

OTHERS	
RECEPTION DATE	OFFICIAL LETTERS
05/19/2023	OFFICIAL LETTER SIB-II-GGIR-GSRB-03109: Sudeban gives its opinion to the answers given by the Bank to the letters SIB-II-GGIR-GSRB-08867 and SIB-II-GGIR-GSRB-08859, regarding the degree of compliance with the prudential regulations in force regarding banking risk.
05/26/2023	OFFICIAL LETTER SIB-II-GGR-GA-03307: Sudeban gives its opinion regarding the request for modification of the Electronic Banking Service commercially known as BanescOnline.
05/29/2023	OFFICIAL LETTER SIB-II-GGR-GA-03324: Sudeban gives its opinion regarding the request for authorization to launch the Banesco Marketplace service.
06/01/2023	OFFICIAL LETTER SIB-II-GGR-GA-03570: Sudeban has no objection to the appointment of María de Lourdes Bolívar as Alternate Banking Customer and User Defender.
06/26/2023	OFFICIAL LETTER SIB-DSB-OPCLC-04137: Sudeban requests certified copies of the files of the clients whose accounts are mentioned in said letter.
06/28/2023	OFFICIAL LETTER SIB-II-GGR-GA-04195: Sudeban ratifies the content of the official letter No. SIB-II-GGR-GA-07728, regarding the considerations and request for information on the closing of the agencies, business centers and external ticket offices mentioned in said letter.
06/30/2023	OFFICIAL LETTER SIB-DSB-CJ-OD-04275: Sudeban instructs to suspend the advertising and publicity of the product called "Cuenta Verde Banesco".



LETTERS FROM THE SUDEBAN

REGARDING PROVISIONS, OBSERVATIONS, RECOMMENDATIONS
OR INITIATIVES ON THE OPERATION OF THE INSTITUTION

2023 FIRST HALF-YEAR

OTHERS	
RECEPTION DATE	CIRCULARS
01/06/2023	CIRCULAR SIB-DSB-CJ-CNTF-09695: Sudeban has revoked the registration granted to Mueve Soluciones, C.A., to operate as a Point of Sale Provider.
01/18/2023	CIRCULAR SIB-II-GGR-GNP-00335: Sudeban informs that banks may grant loans in local currency to their customers, with the proceeds from a portion of the funds raised in foreign currency, up to a maximum equivalent to thirty percent (30%) of the funds raised.
01/24/2023	CIRCULAR SIB-DSB-CJ-OD-00381: Sudeban instructs the requirement of the Certificate of Compliance issued by the National Superintendency of Cooperatives, for the opening of accounts and the granting of loans to Cooperative Associations.
02/10/2023	CIRCULAR SIB-II-GGR-GNP-00818: Sudeban defers the presentation of supplementary information corresponding to the closing of the second half of 2022, related to the consolidated and/or combined financial statements prepared in accordance with Generally Accepted Accounting Principles; as well as the individual audited semi-annual financial statements of publication adjusted for inflation.
02/15/2023	CIRCULAR SIB-II-GGR-GNP-00844: Sudeban resolved to extend the period of application of the regulatory exception for the filing of Form "A" Balance Sheet for Publication, established in Chapter V "Financial Statements" of the Accounting Manual for Banking Institutions.
02/15/2023	CIRCULAR SIB-II-GGR-GNP-GIDE-00824: Sudeban informs on the update of the Technical Specification Manuals of the Integrated Financial Information System (SIF).
03/02/2023	CIRCULAR SIB-II-GGR-GNP-01085: Sudeban informs the extension of the opening hours from March 15 to March 31, 2023.
14/03/2023	CIRCULAR SIB-II-GGIR-GRT-GGR-GNP-01276: Sudeban informs that any failures or incidents that cause interruptions in the electronic means of payment offered to customers, users of the National Banking System must be reported.
14/03/2023	CIRCULAR SIB-II-GGIR-GRT-GGR-GNP-01275: Sudeban informs that the maneuvers and/or change controls applied in the technological infrastructure that originate interruption or suspension of the electronic means of payments, services and banking operations offered to clients, users of the National Banking System, must be previously authorized by the Superintendency.



LETTERS FROM THE SUDEBAN

REGARDING PROVISIONS, OBSERVATIONS, RECOMMENDATIONS
OR INITIATIVES ON THE OPERATION OF THE INSTITUTION

2023 FIRST HALF-YEAR

OTHERS	
RECEPTION DATE	CIRCULARS
03/27/2023	CIRCULAR SIB-II-GGR-GNP-01536: Sudeban resolved to extend the period of application of the regulatory exception for the presentation of Form "A" Publication Balance Sheet, established in Chapter V "Financial Statements" of the Accounting Manual for Banking Institutions, granted in Circular SIB-II-GGR-GNP-07514 dated 09/09/2021.
04/18/2023	CIRCULAR SIB-DSB-CJ-PA-02256: Sudeban reports that it revoked the authorization granted to Consultel Telecommunications Of America Corp, C.A., to act as a Financial Technology Institution of the Banking Sector (ITFB).
04/18/2023	CIRCULAR SIB-DSB-CJ-OD-02154: Sudeban extended the suspension of the registration granted to Servicios Rapidpago, C.A. to operate as a Point of Sale Provider.
04/27/2023	CIRCULAR SIB-DSB-CJ-PA-02480: Sudeban informs that it revoked the authorization granted to Caputo & Asociados Consultores Gerenciales, C.A. to act as an Financial Technology Institution of the Banking Sector (ITFB).
05/30/2023	CIRCULAR SIB-II-GGR-GNP-03244: Sudeban informs on the aspects to be considered regarding the application of the Net Income recorded in the "Surplus".
05/31/2023	CIRCULAR SIB-II-GGIR-GRT-GGR-GNP-03325: Sudeban informs that any failures or incidents that partially or totally affect the services offered to customers, users through agencies, branches, offices or ticket offices, as well as those that affect the availability of the channels or means of payment provided for them in the National Banking System, must be reported.
06/05/2023	CIRCULAR SIB-II-GGR-GNP-03636: Aspects to be considered in the application of net income arising from the effect of the valuation of assets and liabilities in foreign currency.
05/06/2023	CIRCULAR SIB-II-GGR-GNP-03614: Sudeban informs the schedule for attention to customers and users in the entire network of agencies, offices and branches of the National Banking System.
06/15/2023	CIRCULAR SIB-DSB-CJ-CNTF-03884: Sudeban informs that it decided to revoke the authorization granted to MONEYWAYS CORP ITFB, C.A., to act as a Financial Technology Institution of the Banking Sector (ITFB).



LETTERS FROM THE SUDEBAN

REGARDING PROVISIONS, OBSERVATIONS, RECOMMENDATIONS
OR INITIATIVES ON THE OPERATION OF THE INSTITUTION

2023 FIRST HALF-YEAR

OTHERS	
RECEPTION DATE	CIRCULARS
06/20/2023	CIRCULAR SIB-DSB-CJ-CNTF-03917: Sudeban informs that it decided to revoke the authorization granted to BIOPAGO ITFFB C.A., to act as a Financial Technology Institution of the Banking Sector (ITFB).
06/23/2023	CIRCULAR SIB-DSB-CJ-CNTF-04116 Sudeban accepted the resignation presented and authorized the cessation of operations requested by BIOPAGO ITFB C.A., to operate as an Institution of Financial Technology of the Banking Sector (ITFB).
06/28/2023	CIRCULAR SIB-II-GGR-GNP-04201: Sudeban informs the guidelines for the application of the Restricted Surplus, constituted on the occasion of the equity section of fifty percent (50%) of the results of each semester that must be considered by the banking institutions.
06/28/2023	CIRCULAR SIB-II-GGIR-GSRB-GGR-GNP-04183: Sudeban informs that it has decided to extend the deferral of compliance with the provisions of articles 24 to 31 of Resolution No. 136.15.
06/28/2023	CIRCULAR SIB-II-GGR-GNP-04202: Sudeban resolved to extend the period of application of the regulatory exception for the filing of Form "A" Balance Sheet for Publication, established in Chapter V "Financial Statements" of the Accounting Manual for Banking Institutions.
06/29/2023	CIRCULAR SIB-DSB-CJ-CNTF-04064: Sudeban informs that it decided to revoke the authorization granted to YUMMYPAY ITFB, C.A., to act as a Financial Technology Institution of the Banking Sector (ITFB).
06/30/2023	CIRCULAR SIB-II-GGIR-GRT-GGR-GNP-04262: Sudeban ratifies the use of the additional factor category 4 (electronic signatures) for internet banking and mobile banking.



RELEVANTS INFORMATION TO STAKEHOLDERS



SUMMONS

BANESCO BANCO UNIVERSAL, C.A.

SUBSCRIBED AND PAID CAPITAL
BS. 61,000,000.00

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 September 25, 2023, at 8:00 a.m., in the Fernando Crespo Suárez Auditorium, 3rd floor of the Ciudad Banesco Building, located in Main Avenue of Bello Monte, between Lincoln Street and Sorbona Street, in the City of Caracas, for the purpose of addressing the following matters:

FIRST: Discuss and decide, prior submission of the report of the shareholders' representatives, on the approval of the financial statements, prepared by independent public accountants, corresponding to the business semester ended on June 30, 2023.

SECOND: Discuss and decide on the allocation to be made to the profits as of June 30, 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, August 28, 2023

RIF: J07013380-5

JUAN CARLOS ESCOTET RODRIGUEZ
CHAIRMAN OF THE BOARD



SUMMONS

BANESCO BANCO UNIVERSAL, C.A.

SUBSCRIBED AND PAID CAPITAL
BS. 61,000,000.00

ANNOUNCEMENT EXTRAORDINARY SHAREHOLDERS' MEETING

By resolution of the Board of Directors and in accordance with the provisions of Articles 10, 12 and 27.2 of the Corporate By-laws, shareholders of Banesco Banco Universal, C.A. are summoned to meet at the Extraordinary Shareholders' Meeting to take place on September 25, 2023, at 8:30 a.m., in the Fernando Crespo Suárez Auditorium, 3rd floor of the Ciudad Banesco Building, located in Main Avenue of Bello Monte, between Lincoln Street and Sorbona Street, in the City of Caracas, for the purpose of addressing the following matters:

FIRST: Consider and resolve on the convenience of increasing the Bank's Social Capital through the decree, distribution and payment of dividends in shares.

SECOND: Consider and resolve on the adjustment of the nominal value of the Bank's shares, increasing it from One Tenth Billionth of a Bolívar (Bs. 0.0000000001) to One Bolívar (Bs. 1.00) each.

THIRD: In accordance with what is decided in the previous points, modify article 5 of the Bank's Bylaws, relating to Share Capital.

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.

JUAN CARLOS ESCOTET RODRIGUEZ
CHAIRMAN OF THE BOARD

Caracas, August 28, 2023
RIF: J07013380-5

ANNOUNCEMENT EXTRAORDINARY SHAREHOLDERS' MEETING

By resolution of the Board of Directors and in accordance with the provisions of Articles 10, 12 and 27.2 of the Corporate By-laws, shareholders of Banesco Banco Universal, C.A. are summoned to meet at the Extraordinary Shareholders' Meeting to take place on September 25, 2023, at 9:00 a.m., in the Fernando Crespo Suárez Auditorium, 3rd floor of the Ciudad Banesco Building, located in Main Avenue of Bello Monte, between Lincoln Street and Sorbona Street, in the City of Caracas, for the purpose of addressing the following matters:

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

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.

JUAN CARLOS ESCOTET RODRIGUEZ
CHAIRMAN OF THE BOARD

Caracas, August 28, 2023
RIF: J07013380-5



CORPORATE GOVERNANCE

BANESCO BANCO UNIVERSAL, C.A.

BanESCO Banco Universal, C.A., is an 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 Bank's 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 Banks (hereinafter, SUDEBAN) and the decisions made by the Board of Directors, aligned with current trends, in order to apply the best national and international practices and standards in this area.

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



CORPORATE GOVERNANCE

BANESCO BANCO UNIVERSAL, C.A.

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

This governing body is responsible for the general management of the business and operations. It also counts on the broadest managerial and directive powers, included the approval of the Corporate Social Responsibility. 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. It is responsible for the definition and strategic guidance of the Organization, approves business principles and policies and regulates the autonomy of executive decisions. In addition, it monitors the Bank's operational and functional areas, evaluates and compares the business projections and results of each fiscal year compared to those of previous years.

The appointment of its members is made in accordance with the LISB and other provisions issued by SUDEBAN and the Bank's bylaws.

This governance body is also responsible for knowing and approving the policies for managing the various risks to which the Organization is subject, including economic, environmental and social risks, after reviewing the reports and analyses carried out by the Risk Unit and the Risk Steering Committee.

CHAIRMAN OF THE BOARD OF DIRECTORS

The Chairman of the Board of Directors exercises the broadest legal representation of the Bank before all authorities and any other public or private persons or entities. Said official presides over the deliberations held by the Board of Directors. Absences of the President shall be covered by the Vice-President of the Board of Directors.

CHIEF EXECUTIVE OFFICER

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

GENERAL MANAGER

It is the executive body reporting to the Executive Presidency that accompanies it in the management, supervision and integral operation of the Bank.

EXECUTIVE COMMITTEE

The Committee is responsible for ensuring the correct execution of the Bank's goals; the approval of the most relevant issues related to the administration of movable and immovable assets; the follow-up and control of business plans and their financial results; the approval of new products, services and channels and improvements in their functionalities, seeking continuous improvement of processes; the definition of policies for the prevention of financial crimes, information security and business continuity.



CORPORATE GOVERNANCE

BANESCO BANCO UNIVERSAL, C.A.

COMPLIANCE OFFICER

This is an official that reports to the Board of Directors exclusively to the prevention and control of Money Laundering, Financing of Terrorism and Financing of the Proliferation of Weapons of Mass Destruction (ML/FT/FPADM), in charge of the supervision and control of the LC/FT/FPADM Prevention and Control Unit. The main functions of this official are the following: a) Promote and supervise the compliance with the policies, procedures, provisions and controls related to the Prevention and Control of Money Laundering and Financing of Terrorism and Financing of the Proliferation of Weapons of Mass Destruction, as approved by the Board of Directors of the Regulated Entity; b) Design together with the Unit for the Prevention and Control of LC/FT/FPADM the Annual Operating Plan; c) Submit annual and quarterly reports to the Board of Directors of the Bank, which among other aspects contain the progress of the Annual Operational Plan, the Annual Training Program on LC/FT/FPADM Prevention and Control, its recommendations for the improvement of the adopted procedures; d) Send to the National Financial Intelligence Unit (UNIF) the Suspicious Activity Reports deemed necessary, as well as the answers to the requests for information related to the matter that this and other competent

authorities require, within the terms established by the laws and communications requesting information; e) Maintain institutional relations with this Superintendency/UNIF; as well as with other competent authorities, non-governmental organizations and institutions dedicated to the prevention, repression and control of LC/FT/FPADM; f) Develop communication strategies aimed at informing and raising awareness among customers and employees on issues related to the subject matter, among others.

INTERNAL AUDITOR

This officer is responsible for ensuring that the Bank's operations and procedures adhere to the Law, prudential regulations, the Institution's internal process manuals and the accounting principles approved by the Superintendency of Banks.

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 Institutions.

Also This official 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. Its functions are attributed in the LISB and other sub-legal regulations issued by the banking regulator.





CORPORATE GOVERNANCE

BANESCO BANCO UNIVERSAL, C.A.

THEMATIC DIRECTIVE COMMITTEES

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

LIABILITIES AND ASSETS COMMITTEE

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

AUDIT COMMITTEE

The Audit Committee is responsible for monitoring the efficiency of the Internal Control System based on the results obtained in internal and external audits, reporting and giving opinions 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 LISB and the Rules issued by SUDEBAN. Its structure complies with current regulations and international best practices, allowing for transparent management based on the highest professional and ethical principles that frame the relationship with shareholders, clients, employees and other stakeholders of the Institution.

CENTRAL CREDIT COMMITTEE

The objective of this committee includes the following aspects: (i) Decide on credit applications submitted to it, according to the levels of autonomy authorized by the Board of Directors and in accordance with the regulations in force on this matter; (ii) Decide on the approval and release of credit guarantees; (iii) Decide on the approval and release of credit guarantees; and (iv) Decide on proposals for renegotiations of any of the 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, DESIGNATION AND REMUNERATION COMMITTEE

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



CORPORATE GOVERNANCE

BANESCO BANCO UNIVERSAL, C.A.

RISK COMMITTEE

Its main function is to manage, identify, measure and mitigate the risks to which the Bank is exposed, through a system that includes objectives, policy proposals, and procedures, capabilities to identify measure, assess and monitor the risks generated by its operations.

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 THEMATIC COMMITTEES

COMMUNICATIONS AND MARKET COMMITTEE

Its objective is to design and coordinate the Bank's marketing and communications strategies, aligned with the strategic plan and business goals, as well as those related to brand studies, campaigns, promotions of the different products and services, communications plan and the Responsibility and Sustainability policy.

PROJECTS AND INVESTMENT COMMITTEE

This body is responsible for monitoring the execution of projects and investments, from the creation of the portfolio to the completion of the projects, ensuring that they are aligned with the Bank's strategy and the fulfillment of the portfolio's promise of value. It is also responsible for ensuring that the portfolio of projects and investments to be presented to the Executive



Committee for approval (annual or special), in compliance with the conditions that justify the allocation of resources in relation to: (i) impact in the achievement of the strategy; (ii) value generated to the bank; (iii) continuity and business risk; (iv) compliance with regulations; (v) feasibility of the sum to be invested and the capacity of needed execution, (vi) reasonableness and feasibility of the business cases for each of the required execution capacity; (vii) approved and (viii) control and follow-up projects and approved investments.

PROCUREMENT AND BUDGETARY MANAGERIAL COMMITTEE

It is the body responsible for executing the Bank's budget management and procurement processes, from the formulation of the budget to the contracting of goods and services, guaranteeing the efficiency levels of the expenditure, as well as the selection of the best option offered in the market, in order to achieve the strategic objectives of the Organization.



COMMISSIONER'S REPORT

BANESCO BANCO UNIVERSAL, C.A.

FIRST HALF 2023 • HALF FINISHED AT JUNE 30, 2023

CARACAS, AUGUST 15, 2023

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

In our capacity as Commissioners, appointed at the Annual General Meeting of Shareholders, held on March 28, 2012, in accordance with provisions of the Bylaws of the Institution, the Inter-professional Rules for the exercise of the Commissioner's function and pursuant to the provisions of Sections 287, 309 and 311 of the Code of Commerce, we hereby inform that we have audited the Financial Status Statement, as of June 30, 2023, and the related Statements on Income and Application of Net Income, Changes in Shareholders' Equity and Cash Flows for the six-month period then ended. These are attached to the report drafted by the Independent Auditors Adrianza, Rodríguez, Céfalo & Asociados (Members of Mazars International), issued on August 04, 2023, which should be considered as essentially part of this report for all corresponding purposes.

RESPONSIBILITIES OF THE BANK'S MANAGEMENT AND OFFICERS RESPONSIBLE FOR THE GOVERNANCE IN RELATION TO THE FINANCIAL STATEMENTS

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

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

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

The Bank's management is responsible for overseeing the Bank's financial reporting process.

COMMISSIONER'S RESPONSIBILITY

Our responsibility is to express an opinion on the approval of these financial statements based on our review. This audit was conducted in accordance with the scope we considered necessary, which is substantively less than the scope of an audit undertaken in accordance with International Standards on Auditing. The objective is to give an opinion on the basic financial statements considering them as a complete document. Our review included the financial operations contained in the Financial Statements submitted for consideration by the Meeting: Statement of Financial Position as of June 30, 2023, Statement of Results, Statement of Changes in Shareholders' Equity and Cash Flow, for the period ended on that date. Furthermore, the review of the minutes regarding the meetings of the Board of Directors and the Risk Committee, the Internal Audit Committee, Internal Audit Reports and the analysis of the Prevention and Control of Money Laundering and Financing of Terrorism and Financing of the Proliferation of Weapons of Mass Destruction was also included, as well as the correspondence received and sent to and from the Superintendency of Banking Institutions (SUDEBAN). It should be noted that the judgments and opinions expressed herein related to the financial position of Banesco Banco Universal C.A., as of June 30, 2023,



COMMISSIONER'S REPORT

FIRST HALF 2023

are mainly based on the revision made by Adrianza, Rodríguez, Céfalo & Asociados (Members of Mazars International). They are independent auditors for the same period, while the reports were issued on August 04, 2023, and must be considered an integral part of this report, namely:

- I. Financial Statements as of June 30, 2023 and Independent Accountants' Report.
- II. Combined Financial Statements of Trusts as of June 30, 2023.
- III. Independent Assurance Limited Report on Standards for the Sound Comprehensive Liquidity Risk Management of Banks Resolution No. 136.15 (January 1 to June 30, 2023).
- IV. Independent Limited Assurance Report on Standards for Comprehensive Risk Management-Resolution No. 136.03 (January 1 to June 30, 2023).
- V. Report on Agreed Procedures Regarding Non-Financial Information (From January 1 to June 30, 2023).
- VI. Independent Assurance Limited Report on Risk Management of Money Laundering, Terrorist Financing and Financing of the Proliferation of Weapons of Mass Destruction (From January 1 to June 30, 2023).
- VII. Special Report on the Financial Statements as of June 30, 2023.
- VIII. Memorandum of Recommendations on Accounting and Internal Control Procedures as of June 30, 2023.

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

- a) 2023 Third and Second Quarter Compliance Officer's Management Report.
- b) Half-Yearly Report of the Banking Client and User Defender of Banesco Banco Universal, C.A., as of June 30, 2023.

RECOMMENDATION

Based on our review and the opinion of the Independent Auditors, Adrianza, Rodríguez, Céfalo & Asociados (Members of Mazars International), the Financial Statements in question present fairly, in all material respects, the financial status of Banesco Banco Universal, C.A., at the closing of June 30, 2023, 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 Institutions (SUDEBAN) for the Venezuelan banking system, which allows us to recommend their approval.

EMPHASIZED PARAGRAPH

While we do not modify our opinion, we would like to emphasize that the following matters are explained in more detail in the notes to the accompanying financial statements:

- The Bank, as a financial institution of the Venezuelan banking sector, prepares and presents its financial statements in accordance with the accounting framework established by the Superintendency of Banking Institutions, which presents significant and generalized differences with respect to generally



COMMISSIONER'S REPORT

FIRST HALF 2023

accepted accounting principles in Venezuela. In note 2 to the financial statements, the Bank has identified the most significant valuation and exposure criteria.

- The Venezuelan Central Bank (BCV) has issued regulations regarding reserve requirements for the banking sector, which may affect financial intermediation and results. In Notes 1 and 3 to the accompanying financial statements, the Bank has identified the most important aspects in this regard.

OTHER ISSUES TO BE REPORTED

- The Bank maintains control mechanisms to monitor the compliance with article 307 of the Mercantile Code. The Bank does not declare or pay dividends to shareholders, but only on liquid and collected profits.
- Reserves, Provisions and Bylaw Items are reasonable and meet provisions of the regulations governing such matters. Therefore, directors have complied with the duties conferred upon them by the Law, the Articles of Incorporation-Bylaws and the Legal System in force.
- Banesco Banco Universal, C.A., has implemented the corresponding audit programs, in order to comply with the instructions contained in Circular No. HSB-200-1155, dated February 24, 1984, issued by the Superintendency of Banks and Other Financial Institutions, currently the Superintendency of Banking Institutions (SUDEBAN), as established in Circular No. HSB-200-5355, dated September 13, 1984.
- During the reporting period, we did not receive any complaints from any shareholder, nor were we in-

formed by any of them, of the existence of circumstances, which, in our opinion, weaken or have the potential to undermine the financial condition of the Institution.

- As part of our evaluation, we reviewed the communications received and sent by SUDEBAN during the half-year ended June 30, 2023. In this regard, we highlight the following:

1. Circular received from SUDEBAN, official letter No. SIB-II-GGR-GNP-00335, dated January 18, 2023, informing that Banking Institutions may grant credits in local currency to their clients, with the resources coming from a percentage of the funds raised in foreign currency, up to a maximum equivalent to 30% of such deposits.
2. Letter No. SIB-II-GGR-GA-00418, dated February 07, 2023, sent to SUDEBAN. Confirmation: The Bank notifies SUDEBAN that once the Minutes of the Special Shareholders' Meetings held on February 21, March 22, April 30, May 28, July 31, August 31, September 27, October 19 and November 23, all in 2018, March 26 and September 26, 2019, March 26 and September 24, 2020, March 22 and September 22, 2021 and March 28, 2022 are registered, copies of the same will be sent to the corresponding registry office.
3. Letter No. SIB-II-GGIR-GRT-01082, dated March 01, 2023, received from SUDEBAN, whereby the bank is authorized to execute the technological change controls requested in the schedule of the maneuver called "Continuity of the Putting into Production of the IST Switch 7.7 Release



COMMISSIONER'S REPORT

FIRST HALF 2023

Update”, which supports the Point of Sale (POS) and Interbank Mobile Payment services.

4. Official Letter No. SIB-II-GGR-GA-02401, received from SUDEBAN, dated April 25, 2023, whereby it gives its opinion on the appointments and ratifications of the members of the Board of Directors of this Bank for the period 2022-2025.
5. Communication S/N sent to SUDEBAN, dated May 03, 2023, regarding the registration process of the minutes of the meetings before the Mercantile Registry Office, attached to SA-REB, related to the capital contribution process carried out by the shareholders of Banesco in 2018, 2020 and 2022.
6. Letter No. SIB-II-CCSB-04267, received from SUDEBAN, dated June 30, 2023, whereby it sends the Report containing the results obtained in the Special Inspection, which aimed at evaluating and verifying compliance with the policies, procedures and internal controls carried out by the Bank, regarding the Quality of Banking Service.

During the half year ended June 30, 2023, the following AGMs were held:

GENERAL MEETING OF SHAREHOLDERS	NOTES	DATE
Ordinary	1	March 27, 2023
Extraordinary	2	March 27, 2023
Extraordinary	3	June 20, 2023

1. Discussed Items: First: Consider and resolve, based on the Board of Directors and Commissioners' Report, the approval of the Financial Statements audited by Independent Public Accountants, corresponding to the half-yearly fiscal year ended December 31, 2022. **Second:** To consider and resolve on the use to be made of the profits obtained as of December 31, 2022. **Third:** To consider and resolve on the remuneration applicable for the year 2023 of the Main Commissioner and his Alternate, appointed at the Annual General Shareholders' Meeting held on March 28, 2022. **Fourth:** To consider and resolve on the advisability of increasing the Bank's share capital through the issuance, distribution and payment of shares. **Fifth:** In accordance with the decision made in the previous item, to amend Article 5 of the Bank's Bylaws regarding the Share Capital.

2. Discussed Items: First: Appointment of members of the bank's Board of Directors.

3. Discussed Items: First: To consider and resolve on the advisability of increasing the Bank's share capital. **Second:** In accordance with the decision made in the previous item, to amend Article 5 of the Bank's Bylaws, regarding the Share Capital.

We attended the Annual General and Special Shareholders' Meeting held on March 27, 2023, in our capacity as Main Commissioner and Alternate.



COMMISSIONER'S REPORT

FIRST HALF 2023

During the six months ended June 30, 2023, the meetings of the Board of Directors were held as follows:

Board of Directors Meeting	Date
1,520	January 06, 2023
1,521	January 31, 2023
1,522	February 28, 2023
1,523	March 30, 2023
1,524	April 25, 2023
1,525	May 31, 2023
1,526	June 29, 2023

According to the review of the minutes of the Board of Directors' meetings corresponding to the first half of 2023, we were able to observe all the points discussed and approved in each of the meetings, we were also able to confirm the attendance of the members of the Bank's Board of Directors and its secretary in each of the meetings identified above.



REVIEW ON FINANCIAL STATEMENTS AS OF JUNE 30, 2023

Based on the evaluation made by the Independent Auditors, to the Bank's Financial Statements as of June 30, 2023, we consider mentioning the following aspects:

REGULATORY REGIME

AVAILABLE FUNDS

The "Available Funds" heading is represented by amounts, in local and foreign currency, held on demand in cash at the Venezuelan Central Bank (BCV) and in local and foreign banks for a total of Bs. 7.11 billion, including US\$ 136.44 million (Bs. 4.07 billion, including US\$ 127.39 million at December 31, 2022). The availabilities are subject to the purpose or destination required or permitted by current regulations, as described below:

A. LEGAL RESERVE

The Bank must maintain on deposit with the BCV a minimum legal reserve of 31% of net obligations in local currency and 31% of net obligations in foreign currency. Pursuant to Resolution No. 22-01-01 issued by the BCV, those obligations derived from deposits received in foreign currency in the domestic financial system will not be counted for purposes of creating the legal reserve. The BCV deducts from the resulting legal reserve position, transactions with other banks, the amounts settled in connection with the acquisition of hedging securities from its customers, the amounts derived from foreign currency sale transactions under the foreign exchange intervention mechanism and the accumulated financial costs incurred as a result of deficits, if any, that may have occurred.



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Banks with a reserve requirement deficit must pay to the BCV a financial cost calculated daily by the BCV. During the six months ended June 30, 2023, the Bank recognized Bs. 25.36 million for this concept, which is presented in "Miscellaneous operating expenses".

The legal reserve required by the BCV amounts to Bs. 2.82 billion, as shown in the "Available Funds-Central Bank of Venezuela" heading.

B. EXCHANGE INTERVENTION, FOREIGN EXCHANGE DESK AND RETAIL

In accordance with the provisions of the exchange regulation, the Bank maintains available funds in foreign currency as an exchange operator, the balances of which are as follows:

Availability for foreign exchange operations (Note 1)	06-30-23 (In Bolívars)
Cash: for exchange table and retail operations (US\$ 4,565,951 and US\$ 2,118,617, respectively)	127,600,794.00
Central Bank of Venezuela (BCV): Exchange Intervention (US\$ 1,493,004 and US\$ 29,823,428, respectively)	41,723,738.00
Total	169,324,532.00

C. AVAILABLE FUNDS IN FOREIGN CURRENCY

Under the Exchange Agreement No. 1 "Available Funds" includes those received from deposits in foreign currency by the public, as shown in the "Cash" and "Banks and Foreign Correspondents" heading.

BONDS INVESTMENT

A. DEPOSITS IN THE BCV AND INTERBANK OPERATIONS

Interbank deposits correspond to overnight transactions with other financial institutions in the country, at nominal value for a total of Bs. 50,000,000, which is similar to their fair value, bear interest at an annual rate of 40% and are due in July 2023.

During the six-month period ended June 30, 2023, interbank deposits generated financial income of Bs. 13.41 million, shown as "Income from investments in bonds in the "Financial Income" group in the statement of income.

B. INVESTMENT IN BONDS KEPT UNTIL MATURITY

"Investments in Bonds Held to Maturity" correspond to domestic and foreign public debt securities, on which the Bank has a firm intention and the ability to hold to maturity.

The Bank holds bonds issued or guaranteed by the Venezuelan government or its entities, shown as "Held-to-maturity investments" at the amortized cost, maturing in 2027 and 2037. The accrued yields on these are awaiting payment by the issuer. On May 22, 2020, through Official Letter SIB-II-GGIBPV-GIB-PV5-02735, SUDEBAN authorized the Bank to record in the "Other Registration Accounts" sub-heading, the accrual of the yields receivable related to the bonds issued by Petróleos de Venezuela, S.A. (PDVSA), starting with the coupon that matured on April 12, 2020, and to recognize the income when the payment of the coupons is received. Consequently, as of June 30, 2023, the Bank maintains yields receivable from investments in bonds amounting to Bs. 23.75 as shown in off-balance items.



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During the six-month period ended June 30, 2023, the Bank recognized income of Bs. 13.94 million for amortization of discounts on investments in bonds held to maturity, presented as "Gain on valuation of investments in securities" in the "Other Operating Income" group.

C. INVESTMENT IN RESTRICTED AVAILABLE FUNDS

Restricted Investments are mainly represented by time deposits held in foreign financial institutions to guarantee transactions related to license agreements for the non-exclusive and free use of the VISA, MasterCard and American Express credit card brands.

During the six months ended June 30, 2023, time deposits generated financial income of Bs. 6.79 million which is shown as "Income from Investments in Bonds" in the "Financial Income" group.

The Social Fund for Contingencies trust fund held at Banco Exterior, C.A., has been created in compliance with the provisions of the Banking Institutions Law to guarantee the payment of the employees' labor claims in the event that the liquidation of the banking institution is agreed upon.

D. CONCENTRATION OF OPERATIONS AND OTHERS

Custody of debt securities is in the following institutions: BCV, Caja Venezolana de Valores, C.A., Banco Exterior, C.A. Banco Universal (Social Fund for Contingencies), PNC Financial Service Group, JP Morgan Chase Bank y American Express y Banesco Banco Universal, C.A.

During the six-month period ended June 30, 2023, there were no transfers between investment categories.

LOAN PORTFOLIO

The loan portfolio consists mainly of loans granted to individuals and private entities, including commercial loans, microloans and CPUN loans denominated in bolivars adjusted to the value of the IDI (Investment Index BCV), and consumer loans in nominal bolivars.

A. LOAN PORTFOLIO CLASSIFICATION

As of June 30, 2023, the balance of the loan portfolio includes Bs. 822.27 million corresponding to changes in UVC loans recognized in the "Adjustments to equity" item, net of provisions associated with changes in the loan portfolio.

As of June 30, 2023, the Bank has no indexed loans, balloon installment loans or repurchase agreements, in accordance with the provisions of Resolution No. 310-11 of December 1, 2011, which establishes temporary measures for the deferral of expenses arising from the completion of real estate projects by banking institutions, expropriated, occupied and intervened by the Venezuelan State.

The immobilized portfolio, on which interest is not accrued, represented by past-due loans and loans in dispute, amounted to Bs. 9.97 million. Unrecognized interest on this portfolio during the semester amounted to Bs. 44,360, which is shown in off-balance item.

MANDATORY PORTFOLIO

SINGLE NATIONAL PRODUCTION PORTFOLIO (CPUN)

During the first half of 2023, the Bank recognized Bs. 98.44 million in the "Income from loan portfolio" heading, for a special charge of 20% at the time of



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settlement of the agricultural loan of the CPUN portfolio. As of June 30, 2023, the CPUN includes Bs. 179.97 million for variations in credits determined as established by the BCV and recognized in the group "Adjustments to shareholders' equity".

MICROFINANCING PORTFOLIO

As of June 30, 2023, it was observed that the micro-finance portfolio is comprised of 883 debtors, 895 loans granted, with a maximum interest rate of 16%, the percentage maintained for this portfolio is 5.53%, higher than the required percentage (3%).

PROVISION FOR LOAN PORTFOLIO

The allowance for loan portfolio includes generic and counter-cyclical allowances totaling Bs. 77.20. Additionally, the Bank maintains a voluntary generic allowance, determined based on its own risk estimates of Bs. 10.89 to cover possible losses in the loan portfolio.

INVESTMENTS IN SUBSIDIARIES AND AFFILIATES

The bank recognized net profits for patrimony participation in affiliates for Bs. 9.10 million, shown in the "Other Operating Expenses" for Bs. 10.64 million and Operating Income" for Bs. 1.53 million. At the end of the half-year, this net gain from equity participation was transferred to "Restricted surplus", in accordance with prudential regulations.

PROPERTY AND EQUIPMENT

On October 26, 2022, through Official Letter SIB-II-GGIBPV-GIBPV6-07855, SUDEBAN authorized the

Bank to revalue assets up to the amount of Bs. 240 million. Consequently, during the six-month period ended December 31, 2022, the "Buildings and Facilities" heading was increased by that amount, with a credit to the "Adjustments to Equity" account included in the "Shareholders' Equity" section. In accordance with current banking regulations, the balance of the revaluation surplus may not be capitalized or used for any purpose. Such revaluation is depreciated based on the remaining life of the asset and is less than the fair value of the property as determined by the expert appraiser.

The Bank transferred from "Construction in progress" to "Buildings and facilities" Bs. 37.95 million related to improvements made to the branch network and main offices, since these were fully completed.

The Bank recognized depreciation expenses of Bs. 14.39 which are shown in the statement of income in the group "General and Administrative Expenses", which includes the depreciation expense of the revalued amount of Bs. 3.46 million.

OTHER ASSETS

"Advances to Suppliers" are mainly related to disbursements to consultants for technological projects, infrastructure and suppliers for services and miscellaneous goods, among others.

Other prepaid expenses are mainly represented by preventive and corrective maintenance of the Bank's systems equipment, fees for contracted services, insurance policies and agency rentals, among others.



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"Other deferred expenses" mainly consist of costs attributable to technological developments amounting to Bs. 350.04 million.

Amortization of deferred expenses amounted to Bs. 38.96 million.

The "Immediate Credit Transactions" are carried out through the payment systems of the BCV's Electronic Clearing House. These items are cleared on the first business day after closing.

The Bank records provisions on other assets based on recoverability and aging analysis.

PUBLIC DEPOSITS COLLECTION

Public deposits include Bs. 883.82 million from official entities, representing 10.18% of public deposits.

Deposits from the public include US\$ 104.03 million equivalent to Bs. 2.90 billion from operations in the country, shown as "Current accounts under the Free Convertibility Exchange Market System" in the accompanying balance sheets. Within the framework of Exchange Agreement No. 1, the resources from deposits from the public that have not been sold to grant UVC loans, according to the guidelines established by SUDEBAN in its Circular SIB-II-GGR-GNP-00335, dated January 18, 2023, are held in "Available Funds" in the amount of US\$ 85.90 million, equivalent to Bs. 2.40 billion.

The "Deposits from the Public" generated interest expenses of Bs. 79.02 million.

OTHER OBTAINED FINANCING

During the six months ended June 30, 2023, the Bank recorded expenses for other financing obtained amounting to Bs. 24.99 million shown in the "Financial Expenses" heading in the accompanying statements of income.

ACCRUALS AND OTHER LIABILITIES

"Accounts payable for services" mainly arise from the following transactions inherent to the banking activity: accounts payable to customers for obligations arising from brokerage and custody operations of securities in the secondary market and interest due on securities owned by customers, amounting to US\$ 25.81 million equivalent to Bs. 721.47 million; processing of payment services to suppliers, payroll, direct debits and transfers through electronic channels for Bs. 340.59 million, and for processing of credit and debit cards at the Bank's points of sale in commercial establishments for Bs. 15.99 million. Accounts payable related to services and means of payment are settled during the first days of the month following the end of the month.

The "Items to be applied" mainly include taxes collected and payable to the National Treasury for Bs. 72.40 million, which are paid during the first days of the month following the end of the month.

EQUITY

A. PAID CAPITAL

On December 15, 2022, by means of Official Notices SIB-II-GGR-GA-09305, SIB-II-GGR-GA-09306, SIB-II-GGR-GA-09308 and SIB-II-GGR-GA-09309, SUDEBAN authorized the increases in the share ca-



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pital pending from previous years for a total of Bs. 60.99 million, recorded against "Uncapitalized Equity Contributions", represented by cash contributions of Bs. 39.00 million and the restricted surplus of Bs. 21.99 million. Consequently, as of June 30, 2023, the share capital amounts to Bs. 61,000,000,000, fully subscribed and paid, represented by 610,000,000,000,025,000,000 registered common shares, with a par value of Bs. 0.0000000001.

On June 30, 2023, SUDEBAN issued Resolution No. 029.23, which amends and repeals Resolution No. 014.22 of March 10, 2022, regarding the minimum share capital that banking institutions must maintain to incorporate and operate in the country. In this regard, it establishes that the minimum share capital must not be less than the highest amount resulting from the following indicators:

INSTITUTIONS IN THE PRIVATE BANKING SYSTEM

a) Universal Banks must be subscribed and paid the equivalent of 1,200,000 times the official exchange rate of the highest value currency, published by the BCV, if they have their main seat in the Metropolitan Area of Caracas, as well as in the cities of Guarenas-Guatire, San Antonio de los Altos, Carrizal, Los Teques, Los Valles del Tuy and in the state of La Guaira; of at least 1,000,000 times the official exchange rate of the highest value currency published by the BCV if they are located in any jurisdiction of the country and has obtained from SUDEBAN the qualification as a regional universal bank.

b) Private banking institutions must maintain a minimum share capital, subscribed and paid in full in cash, not less than 3% of total assets as reflected

in the financial statements as of the end of the fiscal year ending December 31 of the immediately preceding year.

c) The minimum share capital to function and operate will be adjusted annually, during the first 6 months of each year. Banks whose share capital is below the minimum amount required must make cash contributions from shareholders' equity, which may not be less than 60% of the amount to be increased, and capitalize accumulated results up to 40% of the aforementioned amount.

NON CAPITALIZED EQUITY CONTRIBUTIONS

On June 20, 2023, at a Special Meeting the shareholders approved to increase the share capital by Bs. 165 billion to Bs. 226,000,000,000, by issuing 1,649,999,999,999,975,000,000 new shares, with a par value of Bs. 0.0000000001 each, subscribed and paid as follows: 659,999,999,999,975,000,000 shares through the decree, distribution and payment of dividends in shares and 990,000,000,000,000,000,000 new shares, nominative of the same class, not convertible into bearer shares, subscribed and paid, in cash, by the current shareholders of the Bank. Consequently, during the first half of 2023, the Bank received cash contributions from its shareholders amounting to Bs. 99 million, as shown in the "Uncapitalized Capital Contributions" group, and is awaiting the corresponding authorizations from the banking regulatory and supervisory agencies for their registration as share capital.

CAPITAL RESERVES

LEGAL RESERVES

The Bank must transfer to the legal reserve a minimum of 20% of the net income of each period until it



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reaches 50% of the share capital. When this limit has been reached, no less than 10% of the net income of each semester, it must be allocated to increase the legal reserve fund until reaching 100% of the share capital. During the six-month period ended December 31, 2022; the Bank transferred Bs. 60.99 million to the legal reserve, thus reaching the referred limit.

OTHER MANDATORY RESERVES

The bank must establish a Social Contingency Fund for the equivalent of 10% of its share capital through the creation of a trust, in cash, in another national financial institution. This percentage is reached with semiannual contributions for the equivalent of 0.5% of the share capital less the amount of interest generated by the trust, as established by SUDEBAN in Resolution No. 305.11 of November 28, 2011. The Bank transferred to other mandatory reserves the amount of Bs. 305,000 for this concept, during the six-month period ended June 30, 2023 and recognized the accrued interest of said trust for Bs. 10,381.

EQUITY ADJUSTMENT

The accumulated exchange gains or losses included in the "Adjustments to Shareholders' Equity" heading may be used based on the provisions of current prudential regulations and with the prior authorization of SUDEBAN. The revaluation surplus cannot be used under any circumstances.

During the six-month period ended June 30, 2023, the Bank transferred realized exchange gains held in equity to the "Other Operating Income" account, in the amount of Bs. 227.67 million, in accordance with the authorization received from SUDEBAN, through Official Letter SIB-II-GGIBPV-GIBPV6-02853 dated May 8, 2023.

SURPLUS TO BE APPLIED

At the Annual General Meetings held on March 27, 2023 and September 27, 2022, the stockholders approved a declaration of cash dividends of Bs. 115.90 million and Bs. 18.7 million respectively, to be charged to the surplus to be applied at December 31, 2022 and June 30, 2022, respectively.

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

CONTINGENT ACCOUNTS RECEIVABLE - OFF-BALANCE SHEET FINANCIAL INSTRUMENTS

The Bank has automatic lines of credit issued to meet the financial needs of its customers, after evaluation of credit risks, which constitute credit commitments for Bs. 126.22 million, shown as "Contingent Accounts Receivable".

These automatic drawdown lines of credit are considered non-binding, since the Bank maintains full and absolute discretion to revoke these commitments in the event of credit deterioration. Therefore, management considers that there is no immediate credit risk and, therefore, they do not generate provisions for contingent risks.

TRUST ASSETS

The trust funds of public sector entities represent 45.30% of the total assets allocated to trusts, one of which accounts for 25% of the assets allocated to trusts.

In accordance with provisions of the contractual terms, interest earned on trust investments is credited to the current accounts of the Bank's trustors or be-



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beneficiaries, or capitalized, if so instructed by them. The results of social benefit trusts are maintained until the closing of the financial year of the trustors's fund. Once the closing date is reached, the account of the trustor or beneficiary is credited or capitalized.

In accordance with Article 72 of the Banking Institutions Law, banks must report, at least semiannually, the funds invested and managed to the trustors.

— **Maximum limit of the total funds in trust:** In accordance with Resolution No. 083.12 published in Official Gazette No. 39,941 dated June 11, 2012, the total trust funds shown in the “Equity assigned to trusts” heading may not exceed 5 times the total equity of the trust institution, excluding the balance of the “Contributions for capital increases”. As of June 30, 2023, the total trust funds do not exceed the aforementioned equity ratio.

— **Loan Portfolio:** The “Loan Portfolio” is comprised of outstanding loans granted to beneficiaries of the social benefit trust contracts for Bs. 1.95 million, which are secured by contributions that constitute the Trust's equity.

ACCOUNTS RECEIVABLE FOR OTHER RELIANCE ASSIGNMENTS (HOUSING AND HABITAT BENEFIT SYSTEM)

The Decree with Rank, Value and Force of Law of the Housing and Habitat Benefit Regime and its rules of operation, establishes the plans, programs, projects, works and actions required for the construction of housing and habitat, mainly aimed at families that receive housing assistance of different types and on a massive scale. The Housing Savings Funds mainly comprise the worker's monthly and mandatory savings and the employers' monthly and mandatory

contributions to the account of each public and private sector worker. The loans acquired under this condition accrue a preferential annual interest rate and must maintain in trust funds the totality of the resources not granted in financing, product of the contributions of the housing savings.

As of June 30, 2023, the Bank maintains investment trusts in the National Housing and Habitat Bank (BANAVIH) for Bs. 1.92 million resulting from the unused resources of the deposits of the Housing and Habitat Benefit System Law.

OTHER OFF-BALANCE DEBT ACCOUNTS

- Received Guarantees: are mainly represented by sureties from individuals and legal entities and guarantees from other financial institutions amounting to Bs. 45.68 billion and Bs. 658.54 million.
- Safekeeping of securities received: includes customer securities received in custody in its capacity as an intermediary, comprised of hedging securities issued by the BCV, in accordance with the calls in the money market made by said entity, which will be held in safekeeping until their maturity; shares, bonds and other securities and foreign currency custody services with customers.
- Other memorandum accounts: these are accounts that the Management considers to allow a better internal control and that do not represent contingent risks for the Bank. They consist mainly of letters of credit pending release, 2015 foreign currency balances pending allocations that are in process with the National Foreign Trade Center (CENCOEX) and matured and written-off securities and accrued interest receivable past due.



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CONTINGENCIES

A. JUDICIAL CONTINGENCIES

As of June 30, 2023, there are civil and mercantile lawsuits for the amount of Bs. 6.85 billion, corresponding to claims for material and moral damages brought against the Bank, in which the corresponding defenses have been timely and sufficiently filed in all instances and stages of the process, and favorable decisions have been rendered for the Bank. Based on the probabilities of success, as of June 30, 2023, the provision maintained by the Bank to provide for any adverse decision amounts to Bs. 1.48 million included in the "Provisions for pending litigation" accounting item.

B. OTHERS

As of June 30, 2023, the Bank has other contingencies derived from tax audits and other taxes and administrative proceedings for Bs. 73, on which it has presented its respective defenses, allegations and/or appeals for annulment before the administrative and judicial instances, as the case may be. The Bank is awaiting a final decision on each of them, on which it expects a favorable decision; however, it maintains provisions of Bs. 149,625, to cover these contingencies that are presented in the "Accruals and Other Liabilities" group.

BALANCE IN FOREIGN CURRENCY

The amounts reflected in dollars include lower amounts in euros, presented at their equivalent value in dollars.

During the six-month period ended June 30, 2023, the Bank recognized unrealized exchange gains from valuation of foreign currency balances for a net amount of Bs. 1 billion and realized gains, mainly from operations

in its capacity as an exchange operator for a total of Bs. 702 million, shown in the "Adjustments to Shareholders' Equity" heading, in the Shareholders' Equity section. As authorized by SUDEBAN, the Bank transferred exchange gains to income for Bs. 227.67, shown as a deduction from exchange gains for the six-month period in the accompanying statement of changes in shareholders' equity accounts.

Current legislation establishes that universal banks must maintain their net foreign currency positions within the limits established by the BCV. On April 08, 2019, by means of Official Letter VOI-GOC-DNPC-004, the BCV provided that the global net active or long position in foreign currency will not be temporarily subject to a maximum limit.

BANK'S RESPONSIBILITY IN THE COMPREHENSIVE LIQUIDITY RISK MANAGEMENT AND ADMINISTRATION PROCESS

Through the Procedures carried out by the Independent Accountants during the first half of 2023, they observed that in the "Liquidity Risk Manual", "VPAIR's Corporate Policies and Guidelines Manual", "VPAIR's Organization Manual", and "VPAIR's Information Systems Manual", the liquidity risk management and administration strategies are described, which present content regarding the following aspects established in Article 4 of Resolution No. 136.15:

- a) Information mechanisms and methodologies designed to identify, measure, value, monitor, control, report and disclose liquidity risk.
- b) Establishment of an Assets and Liabilities Committee to monitor the matching of assets and liabilities in order to minimize a possible impact on liquidity



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risk exposure and a unit to monitor market and liquidity risk.

- c) Presentation of comprehensive reports, including controls and monitoring of liquidity risk management and administration to ALCO, the Risk Committee and the Board of Directors.
- d) Sources of information to obtain the necessary data for liquidity risk analysis on a daily basis.
- e) Liquidity risk contingency plans.

In addition, they observed that the "VPAIR's Organization and Management Systems Manual" contains VPAIR's organization chart, establishing a main operating structure that includes the Executive Management of Models and Market and Liquidity Risk as the functional area for liquidity risk management, comprised of the Executive Manager, Market and Liquidity Risk Management Specialists and Risk Management Specialists. The profiles, objectives, functions and roles of each position of the Executive Management of Models and Market and Liquidity Risk are expressly defined in the "VPAIR Organization Manual", as required by Article 5 of Resolution No. 136.15. The aforementioned Manuals were reviewed and ratified by the Risk Committee as evidenced in the minutes of May 29, 2023.

LIQUIDITY RISK POLICIES AND PROCEDURES

Through the Procedures carried out by the Independent Accountants during the first half of 2023, they observed that the "Liquidity Risk Manual" includes the policies and procedures for the adequate management and integral administration of liquidity risk, which are specified in Article 6 of Resolution No. 136.15, as

stated by the Management and, additionally, they observed that:

- a) The "Liquidity Risk Manual" presents methodologies for measuring indicators to assess, monitor, control and disclose situations that represent potential sources of liquidity risk.
- b) The "Liquidity Risk Manual" presents methodologies for measuring indicators and valuation criteria considering the maturities of its assets and liabilities. They looked at the calculation of the Net Stable Funding Ratio (NSFR), which considers off-balance sheet positions.
- c) For liquidity risk management, the information derived from the systems that are parameterized to load the information generated from the Bank's operations, and which are detailed in the "VPAIR Organization and Administration Systems Manual", is used.
- d) VPAIR has an Executive Management of Models and Market and Liquidity Risk, responsible for issuing daily, weekly and/or monthly information regarding the financial flows generated from the analysis of financial assets and liabilities, which are presented to the ALCO and the Risk Committee, according to the minutes of the aforementioned Committees.
- e) The Bank has a liquidity contingency plan, which describes the process in case of an eventuality of occurrence of adverse liquidity scenarios.
- f) The mechanisms for monitoring liquidity risk alerts are determined based on the severity or moderation of a set of indicators for measuring, moni-



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toring and controlling liquidity risk. The indicators are grouped into (i) regulatory variables, (ii) internal behavior of the institution, and (iii) market environment. Each variable is measured on a scoring scale, and the combination of these will indicate an overall risk score.

- g) They reported that there have been no exceptions to the exposure limits during the semester that require to be submitted to the Committee and Board of Directors for approval, as required by Article 6, paragraphs g and h of Resolution No. 136.15.

They noted that the “Liquidity Risk Policies Manual” was reviewed by the Risk Committee at its meeting of May 29, 2023, and approved by the Board of Directors at its meeting of May 31, 2023.

BOARD OF DIRECTORS

Through the Procedures carried out by the Independent Accountants during the first half of 2023, they observed that the functions of the Board of Directors, specifically related to liquidity risk management, are described in the “Liquidity Risk Manual”, and these coincide with those stated by Management and the requirements of Article 8 of Resolution No. 136.15, likewise, the Board of Directors is part of the liquidity risk management and administration process. The execution of its functions is evidenced in the minutes of the Board of Directors No. 1,521 to No. 1,526, dated January 31, February 28, March 30, April 25, May 31 and June 29, 2023, respectively.

REPORTS TO SUDEBAN - AT-28 “LIQUIDITY”

Through the Procedures carried out by the Independent Accountants during the first half of 2023, they

observed that, in the review of the data transmission validation supports for the months corresponding to the first half of 2023, they evidenced that the report AT-28 “Liquidity”, was sent to SUDEBAN within the established deadlines with a satisfactory confirmation.

RISK COMMITTEE

Through the Procedures carried out by the Independent Accountants during the first half of 2023, they observed that the last update of the Risk Committee by the Board of Directors corresponds to the one approved in session No. 1,526 of June 29, 2023 and that the Risk Committee is formed by the officers of the areas susceptible to risk, as follows: three members of the Board of Directors and the President of the Bank (all with voting rights), the person in charge of VPAIR, the Compliance Officer for the Prevention against Money Laundering, Financing of Terrorism and Financing of the Proliferation of Weapons of Mass Destruction, the General Manager and the executives in charge of the business areas related to risk taking (participating with voice, but without vote), as established in Article 4 of Resolution No. 136.03.

It was noted that the functions of the Risk Committee are documented in the “VPAIR Organization and Administration Systems Manual”, and these coincide with those stated by the Management and those established in Article 5 of Resolution No. 136.03.

During the first half of 2023, six Risk Committee meetings were held on a monthly basis, as shown in meeting minutes No. 214 to 219, duly signed by its members, dated January 23, February 27, February 27, March 27, April 24, May 29 and June 27, 2023.



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REPORTS TO SUDEBAN

According to Procedures carried out by the Independent Accountants during the first half of 2023, they observed that the Bank submitted to SUDEBAN, on July 7, 2023, the Matrix of Management Actions Taken for the Comprehensive Risk Management corresponding to the period evaluated, in accordance with Circular SIB-IIGGR-GNP-06118 dated February 24, 2015.

OTHER OBSERVATIONS REGARDING THE REPORT OF THE CLIENT AND BANK USER'S DEFENDER OF BANESCO BANCO UNIVERSAL, C.A., AS OF JUNE 30, 2023

According to the Report on agreed-upon procedures related to non-financial information, it was noted that the independent auditors performed procedures and observed that:

1. The Bank transmitted to SUDEBAN the AT13-Claims reports, corresponding to the first half of 2023, within the established deadlines.
2. It was observed that the information regarding the number of monetary and service requests admitted in the semesters ended June 30, 2023 was presented to the Board of Directors, whose figures coincide with those included in the Report of the Banking Customer and User's Defender for the period under evaluation; and that there is evidence of submitting the recommendations to be implemented by the area during the first half of 2023. They also noted that the aforementioned Report of the Banking Customer and User Defender corresponding to June 30, 2023, sets forth the follow-up to said recommendations that were submitted to the Board of Directors.

STRUCTURE AND DESIGN OF THE COMPREHENSIVE RISK MANAGEMENT SYSTEM FOR MONEY LAUNDERING, TERRORIST FINANCING AND FINANCING OF THE PROLIFERATION OF WEAPONS OF MASS DESTRUCTION

From the procedures carried out and the results obtained by the Independent Auditors, the following is evident:

1. There is a "LC/FT/FPADM Risk Management Policies and Procedures Manual" (hereinafter, "the Manual"), approved by the Board of Directors on April 25, 2023, in meeting No. 1,524.
2. The SIAR's structure can be seen in the Bank's General Organizational Chart, in the Manual and in the LC/FT/FPADM Profile Evaluation Report.
3. In addition, they noted that:
 - a) The structure of the Manual is described with all its actors and corresponds to the requirements of Resolution No. 083.18; noting that it involves the executive actors established in its Article 14; namely: (i) the Board of Directors, (ii) the President, (iii) the Compliance Officer, (iv) the Unit and (v) the Compliance Officers.
 - b. The Compliance Officer is a senior officer reporting directly to the Board of Directors, in accordance with the provisions of Article 17 of Resolution No. 083.18, with no indication that the reporting levels present hierarchical conflicts with those established in the regulations.
 - c. The Compliance Officer is not assigned to areas other than AR/LC/FT/FPADM, in accordance with current regulations.
 - d. The SIAR structure has the minimum number of employees required by the regulations.



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OTHER COMPREHENSIVE SYSTEM ELEMENTS

ANNUAL OPERATIVE PLAN

Based on the Procedures carried out by the Independent Accountants during the first half of 2023, they observed that the Annual Operating Plan for the year 2023 was approved by the Board of Directors, as stated in the Minutes of Session No. 1,518 of November 24, 2022, in order to comply with the provisions of Article 28 of Resolution No. 083.18.

ETHICS CODE

The Bank has a "Code of Ethics" that includes ethical and behavioral aspects in the prevention and control of LC/FT/FPADM; which is required by Article 31 of Resolution No. 083.18. The Independent Accountants noted that during the first half of 2023 the Code of Ethics was not modified, and its last update was approved by the Board of Directors in Minutes of Session No. 1,501 of September 29, 2021.

PROCEDURES, NORMS AND POLICIES MANUAL

The Bank has a "Manual of Policies and Procedures for Integral Risk Management of Money Laundering, Financing of Terrorism and Financing of the Proliferation of Weapons of Mass Destruction", and it is in compliance with the provisions of Article 36 and 37 of Resolution No. 083.18. The Independent Accountants noted that during the first half of 2023 the Manual was updated, as approved by the Board of Directors, according to the Minutes of Session No. 1,524 of April 25, 2023.

POLICIES, STANDARDS AND PROCEDURES FOR RISK MANAGEMENT OF MONEY LAUNDERING, FINANCING OF TERRORISM AND PROLIFERATION OF WEAPONS OF MASS DESTRUCTION

The Bank has policies in place to apply a risk-based approach that considers relevant risk factors, including those set forth in Article 43 of Resolution No. 083.18. The "Manual of Policies and Procedures for Integral Risk Management of Money Laundering, Financing of Terrorism and Financing of the Proliferation of Weapons of Mass Destruction" includes a summary of the methodology for measuring its own level of risk, explaining in general terms the elements that compose it and its justification.

"KNOW YOUR CUSTOMER" POLICY

Based on the Procedures carried out by the Independent Accountants during the first half of 2023, they observed that the "Manual of Policies and Procedures for Integral Risk Management of Money Laundering, Financing of Terrorism and Financing of the Proliferation of Weapons of Mass Destruction", in its Chapter IV Section 4.5, details the due diligence that must be followed for clients considering their "High, Moderate and Low" risk level. Also, that the Bank has a document of the sub-process called "Applying Due Diligence to Clients". It is noted that at least standard due diligence (SDD) must be applied to all customers, enhanced due diligence (EDD) to those with moderate risk and enhanced due diligence (EDD) to those with high LC/FT/FPADM risk, as established in Article 45 of Resolution No. 083.18.



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“KNOW YOUR EMPLOYEE” POLICY

The Bank has stated to the Independent Accountants that it has established human resources policies that allow having knowledge of the employee, which is duly documented and formalized in the Manual and approved by the Board of Directors. It also stated that such policy includes, at least, the following aspects: a. Recruitment and selection procedures and verification of data provided, including verification of references, as well as maintaining a file for each employee with the following information: (a) Certificate of verification of the data and references, provided at the time of establishing the employment relationship; (b) Certificates and supports evidencing participation in training activities related to Prevention Against Money Laundering; (c) Statement of knowledge and (d) Report prepared by supervisors in order to notify changes in behavior and modifications in the customs and standard of living of the workers under their charge and enjoyment of their vacations, as established in Article 71 of Resolution No. 083.18.

PERSONNEL TRAINING POLICY

The Bank has informed the Independent Accountants that the Unit, under the supervision of the Compliance Officer, has prepared the “Annual Training Program” in the area of Prevention and Control of LC/FT/FPADM for the year 2023, as required by Article 74 and 75 of Resolution No. 083.18. This plan includes training for new recruits and all personnel, as well as induction for sensitive areas and training for SIAR stakeholders: members of the Board of Directors, Compliance Officer, members of the Unit and Compliance Officers. Through the procedures carried out by the Independent Accountants during the first half

of 2023, they observed that the 2023 Annual Training Program was approved by the Board of Directors, as stated in the Minutes of Meeting No. 1,518 dated November 24, 2022.

AUDITS - ANNUAL INTERNAL AUDIT EVALUATION AND CONTROL PROGRAM AND INTERNAL AND EXTERNAL AUDIT REPORTS

The Bank has informed the Independent Accountants that Internal Audit has prepared the Annual Evaluation and Control Program for 2023, as required by Article 94 of Resolution No. 083.18, to verify the level of compliance with current regulations and internal control procedures in the area of prevention against LCFT/FPADM. They also noted that the Vice-Presidency of Internal Audit prepares a Report on the Results of the Inspections carried out, which is delivered to the Compliance Officer with a copy to the Board of Directors, in accordance with Article 95 of Resolution No. 083.18.





COMMISSIONER'S REPORT

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CONSTANT REPORTS

The Bank has stated to the Independent Accountants that it has written procedures for the detection of suspicious activities and procedures regarding periodic or systematic reports to SUDEBAN, which are required by articles 104, 106, 109 and 113, which include the protocols for detection and preparation, the formats to be used and the deadlines for sending the reports, which are 30 days in case of existence of suspicious activities. The Independent Accountants observed that when reviewing the validation supports for the transmission of data of regular reports corresponding to the first half of 2023, they were sent within the established deadlines and with the technical characteristics corresponding to each report.

Based on the foregoing, we recommend that the shareholders approve the financial statements of Banesco Banco Universal, C.A., corresponding to the semester ended June 30, 2023, presented by the Board of Directors; as well as, the management of the administrators of the Banking Institution for the semester ended June 30, 2023, to which we urge the execution of the recommendations set forth in the reports issued by the independent auditors, as well as the observations and instructions dictated by the Superintendence of Banking Sector Institutions, through official letters and circulars dictated 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



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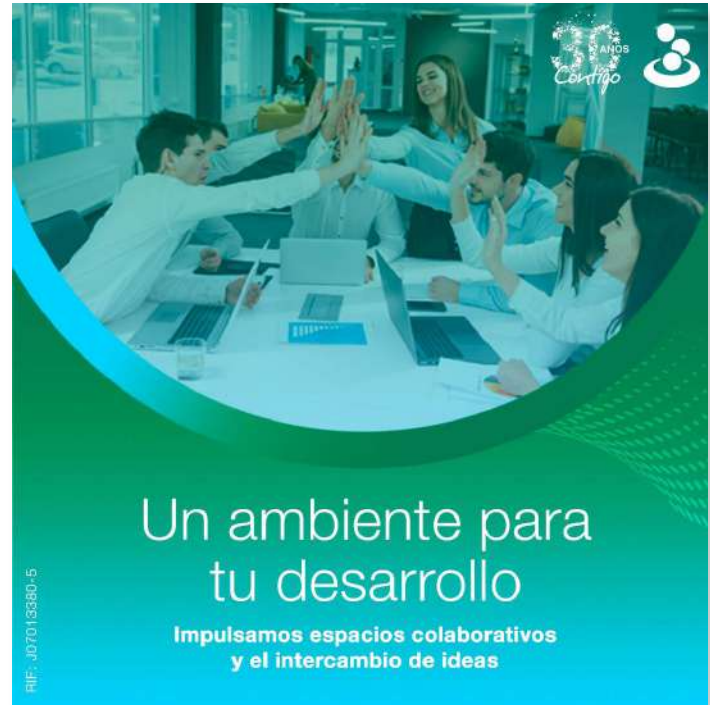
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HUMAN CAPITAL

TALENT AND TRAINING DEVELOPMENT

In response to the 2023 challenges and in the search to add value in the development of our employees, using the new trends in learning processes, we have carried out different actions to obtaining the knowledge, skills and abilities required to meet the organizational objectives. In this sense, we held out activities during this six-month period aimed at the development of technical and attitudinal skills, in addition to those related to regulatory knowledge, among the most important initiatives:

- **Development activities under On-Line Modality:** Banesco Citizens were attended nationwide, supported by the available technologies, with 9,676 participations in seminars, workshops, talks, introductions and courses. 44 Webinars were held on key topics:
 1. Enhancing regulatory technical knowledge, with the development of contents related to Occupational Health and Safety, Customer Experience, and Prevention and Control of Money Laundering and Terrorist Financing (PCLC/FT/FPADM).
 2. Strengthening of key competencies related to the supervisory role, Well-being and Emotional Balance, among others; and
 3. Key technical knowledge of the business: Account Opening Process, Soft Token, New Foreign Currency Deposit Transaction, Pre-opening of PN Accounts, among others.
- 115 employees participated in the “Spreadsheet”, “Looker Studio” and “Google Collaborative Tools” practical workshop to strengthen their skills in the use of technological tools.



- During the period we continued to carry out training activities focused on Customer Service and Service Quality, such as the “Learn Costumer Experience Management” workshop, in which 92 employees participated, and the “Web Seminar-Regulatory Talk: Banesco Customer Experience”, aimed at 142 new employees in key customer service areas.
- Supported by new technologies and the self-development skills of our employees, we continued to provide training activities in the virtual modality, on regulatory, technical and attitudinal issues, with a total of 11,006 participants through our virtual platform, being the courses with the highest attendance:
 - Knowledge Capsule: Banesco Customer Service Protocols
 - Disability is part of Diversity at Banesco



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- Fire Extinguisher Handling Safety
- Module I: Banesco Commercial Systematics
- Module II: Know Your CRM Tool
- Reinforcement of Products and Services I
- Reinforcement of Products and Services II
- Together moving the Bank
- Sales Competitiveness
- Knowledge Capsule: Net Satisfaction Index
- 2023 Emotional Intelligence
- Knowledge Capsule: Do you know the importance of an Emergency Plan?
- Occupational Health
- Knowledge Capsule: Could you handle a fire extinguisher easily?
- Knowledge Capsule: Heat waves
- Virtual Update on PCLC/FT/FPADM matters Agency and Specialized Banks Network
- 2023 PCLC/FT/FPADM Virtual Update Centralized Areas
- Reinforcement in the review of collections required to process credit applications
- Managing Emotions-Part I.



Key training activities for the business, focusing on tools for the sales force and the commercial area, contributing with the knowledge and skills necessary for the achievement of organizational goals were held.

- Supporting the development of the talents identified in our Organization, actions have been taken to facilitate professional development through participation in diploma courses, conferences, forums, specialized programs, approved by the Thematic Committee or the Procurement Operating Committee, as appropriate, in order to contribute with knowledge that adds value to management.
- Within the framework of strengthening banking regulatory knowledge on the Prevention of Money Laundering, Financing of Terrorism and Financing of the Proliferation of Weapons of Mass Destruction (PCLC/FT/FPADM), we were active to comply with the 2023 Annual Training Plan. We successfully managed the attention of 380 new collaborators in classroom mode, 1,017 participants in the Online Updating Workshop, 277 participants in Updating Workshops and Face-to-Face Conferences and 1 participation of the Audit Area in the International Conference in virtual mode, achieving an internalization percentage of 98.53%. The reinforcement of the knowledge of the Employees Responsible for Compliance (ERC) is maintained in order to guarantee the exercise of their functions in this area.
- At the end of the period, we had 127 active INCES apprentices, contributing to the training of young people and their inclusion in the labor market. From this group, 23 are in their practical phase in different areas of the Organization and 104 are in



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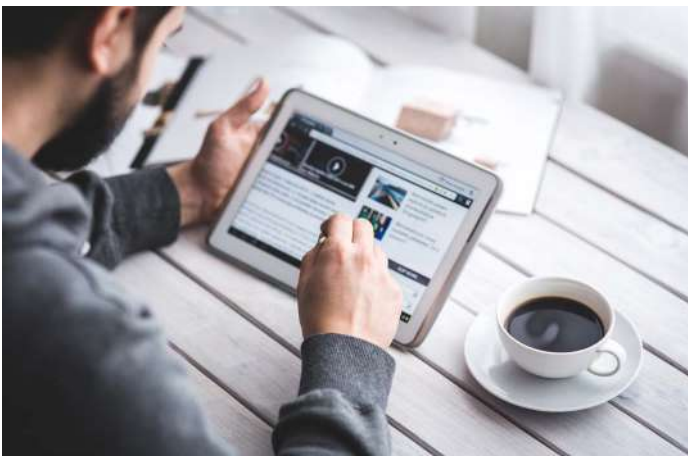
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their theoretical training process in our Business Learning Development Center (DAE Banesco), authorized by INCES, to be trained as Comprehensive Financial Clerks, which will allow their inclusion in the work within the national banking sector.

- Focused on knowledge management, we launched our training of internal facilitators, adding to those who were already active a new group of workers interested in sharing their knowledge with the rest of the Organization, so that we now have 331 workers being trained to contribute to the development of internal talent.

All these training and education activities allowed us to achieve the following results in the first half of 2023:

- 151,378 man-hours in training actions, out of which 31,385 man-hours were completed in the On site/Online modality and 119,993 man-hours in the Virtual modality.
- 9,676 participations in Online Learning Activities-Synchronous Activities.
- 10,569 effective participations under the Virtual Modality.



ORGANIZATIONAL ENVIRONMENT AND CULTURAL MANAGEMENT-ETHICS CODE

BanESCO's Organizational Culture is based on the application of social, human and corporate values:

- Responsibility
- Quality
- Confidentiality
- Innovation.

We seek to promote that every BanESCO Citizen, in their actions and attitudes, aspire to excellence and high performance in daily management.

2023 begins with the Recognition Gala of outstanding talents during 2022, in its different modalities. Following the actions to encourage employees, we implemented the 2023 Quarterly Recognition Program ("Heroes making a difference"), with a broader participation by position profile. Under this new modality, everyone can participate to recognize a colleague, supervisor or team. Two editions were held, with a participation of more than 1,000 recognized collaborators during this time.

Regarding the promotion of values, we started the "School of Values", which seeks to generate spaces for learning and reinforcement of values with the integration of the employees' children, thus integrating the family into the Organization. These actions go hand in hand with the reinforcement of the BanESCO Citizen Code of Ethics and Conduct.

Similarly, on a monthly basis, we have stimulated the reflection and experience of values in the "Activated Mondays", which include both corporate and citizen values.



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Likewise, from this perspective of generating business with purpose and values, in the Memorable Experiences initiative, various activities were developed nationwide to maintain the customer-centric vision in force in our Banescó Citizens. For that purpose, we conducted seminars, workshops, webinars and tours, focusing on the “customer as the center of our action”, integrating more than 500 employees to encourage reflection on this vision, as well as to deepen our business model.

In this same line of work, Human Capital supports the management of change in the business model and commercial system, in order to facilitate the adoption of the necessary adjustments by the team and the Organization to maintain our position as leaders in the banking system.

Within the framework of ethics and the promotion of compliance with the rules, which are fundamental in the financial sector, we accompany the daily lives of our Banescó Citizens through a communications campaign that includes various participatory and innovative strategies, such as podcasts, videos and newsletters, which have allowed us to convey the message and give priority to content that reinforces the Code of Ethics and Conduct, Prevention of Money Laundering, Financing of Terrorism and Financing of the Proliferation of Weapons of Mass Destruction (LC/FT/FPADM), corporate values and citizenship, among the main topics, developing during the first half of 2023 more than 35 informative actions to this end.

In addition, the Engagement measurement was carried out in May, in order to obtain information on the employees’ perception of the Organization, in terms of the way of working and satisfaction, with a participation of more than 85% of Banescó Citizens.

LIFE QUALITY

We carry out activities aimed at strengthening the integral well-being of the Banescó population, focused on recreation and enjoyment, aligned with the organizational culture, generating benefits that contribute to improving the quality of life of our employees and encouraging them to make better use of free time for the benefit of health, providing spaces for social work and environmental conservation, among which the following stand out:

CONTINUED ACTIVITIES:

On a daily basis, focused on quality of life, to improve both physical and mental health, as well as learning and skill development.

- **Yoga, Dance Therapy and Salsa Casino classes:** Spaces to connect body and mind through a series of exercises and dances to reduce stress, anxiety and body ailments, among other benefits; highlighting significant levels of attendance in each of these activities.
- **Functional Exercises:** Functional and circuit training by qualified trainers is one of the most popular activities.
- **Theater and Musical Group:** Personal growth activities, which allow obtaining and developing talents and tools that help to improve communication, pronunciation and speech; as well as to master stage fright.

BANESCO VOLUNTEERING ACTIVITIES

In April our volunteers had the opportunity to accompany Fundación Operación Sonrisa Venezuela at the Instituto Clínico La Florida, during a day of medical attention to children suffering from cleft palate and



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their families. In addition, jointly with Venamcham, we participated in activities aimed at preserving biodiversity, contributing to the achievement of the 2030 Sustainable Development Goals (SDG).

Besides, logistical support was provided at various Bank events: Launching of the book “Caracas 455, Memories of a Lost City”, BanExpo event: Let’s Talk about Innovation, King 2000 Customer Event.

SPECIAL ACTIVITIES

As part of the thematic celebrations, the Bank offered various celebrations on special dates, such as Valentine’s Day, Mother’s Day and Father’s Day, when Banesco citizens were able to enjoy a wide variety of gifts and attentions.

PERSONNEL SERVICES

- **Contributions and Legal Obligations:** For Banesco, the provisions of the collective bargaining agreement and the legal regulations in force have priority, making during the period the payments of the contributions for cashiers, Mother’s Day; as well as the payment of the guarantee of social benefits for the first and second quarter, payment of the childcare and food benefits; execution of the Income Tax variation processes in January, March and June 2023.
- **Credit Cards:** In March and June 2023, a massive process was carried out to increase the limit and assign “My First TDC” for permanent and contracted employees with more than 3 and 4 months of seniority, respectively, in the Organization.
- **Funerary Service:** 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).

- **Savings Fund:** In March, the shareholders took part in the voting process at the Ordinary Assembly; the Annual Report and Accounts of the Board of Directors, the investments for 2023, the Annual Activity Plan and the distribution of the profits obtained were presented.
- **Updating of Personnel Files:** In February 2023, the digital updating process of the files of active personnel as of 12/31/2022 began. This process is carried out every two years and is framed within the Know Your Employee Policy.



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CORPORATE SOCIAL RESPONSIBILITY

Banescó began 2023 reaffirming its commitment to the community with a focus on the goals set for the 2030 Agenda for Sustainable Development.

During the first half of the year, its social investment amounted to Bs. 56.3 million, from which 73.68% was aimed at contributing to the welfare of the Institution's employees, and the remaining 26.32% was destined to the support of Partners and Social Allies and active programs oriented by our Social Responsibility Policy.

In this external dimension is distributed the contribution granted to 16 Partners and Social Allies, as well as to three organizations that promote education for people with special needs, nutritional care for children and young people in a state of vulnerability, university scholarships, infrastructure and technological equipment for educational centers, medical procedures and training of future specialists in Oncology; as well as the sponsorship of a professional athlete.

In addition, more than 2,000 pieces of furniture and office supplies and 32 pieces of computer equipment were donated to 22 institutions in the education and health sectors.

With the aim of creating spaces for exchange and social dialogue, Banescó called for its Participatory Budget in 9 regions of the country, receiving a total of 52 applications from social development organizations to opt for a contribution of Bs. 60,000 per project, in which 10 institutions were the winners, with proposals for the benefit of cancer patients, infrastructure, food security and education.



Talks and workshops were organized for Partners and Social Allies to train the multidisciplinary teams belonging to these organizations in motivation, stress management, psychological well-being, Google tools and sales skills.

And with the aim of constantly promoting the 2030 SDG, conferences were organized in Ciudad Banescó, Universidad Central de Venezuela, Baruta Municipal Council, Universidad Metropolitana and Venezuela Social Fest, in order to raise awareness of the Social Agenda that concerns the world for 2030, its impact and the effort to achieve it.

CULTURE PROMOTION

The Banescó Publishing Fund added new titles to its catalog, with the christening of the books: Rafael Castillo Zapata: Poesía reunida 1984-2008, a compilation of the work of one of the main exponents of Venezuelan poetry, and Caracas 455, as a tribute to the capital city on its anniversary.



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Banesco was also present at various events, organized in alliance with other institutions, such as the National Social Work Day Fair, 2023 Social Perspectives (Venamcham), the Rally of the Social Work School and the Book Fair at the Botanical Garden, both at Universidad Central de Venezuela. In addition to participating in the Caracas Design Week, with the exhibition “New Country of Graphic Design” at the Tamanaco Hotel.

Besides, Rosamaría Atencio, Vice President of Communications and Corporate Social Responsibility, had a special participation in the “Talking with Entrepreneurs” during the 2023 FIPAN Forum, where she explained the pillars of Banesco’s Social Responsibility Policy and the different programs that the Institution maintains with the community.

■ To promote the participation of children, young people and adults in literary creation, they were invited to participate in the #C280 Micro-Story Contest for the X community (Twitter), the Rafael Cadenas National Youth Poetry Contest and the Lo Mejor de Nos Award.

As the first bank in the country to join the WEPs (Women’s Empowerment Principles) of UN Women, Banesco actively participated in activities to commemorate International Women’s Day, such as the event “For an inclusive digital world: Innovation and Technology for Gender Equality in Venezuela”, in which Marbelys Ospino, Executive Vice President of Technology at Banesco, was part of the panel of Women Leaders in this field.

The Renaissance Caracas Hotel also welcomed “My Story and Yours”, an event in which FundAcción Social, the Bank’s educational partner in the Microentrepreneur Training Program, promoted the exchange of information on women’s entrepreneurship. In addition, the collaborators were also able to enjoy a talk at our main headquarters, Ciudad Banesco, on women’s rights throughout history.

MICROENTREPRENEURSHIP TRAINING PROGRAM

During the period, 3,277 entrepreneurs were certified in the Microentrepreneur Training Program, with on-site training sessions at the Universidad Central de Venezuela, Hogar Bambi, Centro Venezolano Americano, Baruta Municipal Council and Universidad José María Vargas.

In the framework of its 15th Anniversary, the Program obtained the endorsement of the Universidad Central de Venezuela for the certification of its graduates, in which the signature and seal of this university will be included, which represents an important progress.

ENVIRONMENTAL COMMITMENT

The environmental issue also has a key place in the orientation of Banesco’s Social Responsibility Policy. We recognize the co-responsibility in the care of the environment, and therefore, we maintain a Waste Classification Program in the Institution. Each collection of materials, paper/cardboard, glass, aluminum and plastic, is delivered to organizations that process them, and the value obtained is donated directly (the processing organization delivers the donation), to our Partners and Social Allies. The partner or ally is chosen for each issue of materials destined for recycling.



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We also promoted the planting of trees with the donation of 500 Araguaney and Apamate seeds to the Museo de Arte Contemporáneo del Zulia, Sociedad Civil Una Arboleda para Maracaibo and the Maracaibo Botanical Garden.

The “For a Sustainable Future” Short Story Contest called for its 2nd Edition, in which the main theme was Water Conservation, with the purpose of raising awareness among young people and offering an opportunity to propose innovative solutions.

Banesco carried out these activities as an effort to advance the Sustainable Development Goals, SDG1, End Poverty; SDG2, Zero Hunger; SDG3, Good Health and Wellbeing; SDG4, Quality Education; SDG8, Decent Work and Economic Growth; SDG10, Reduced Inequalities; SDG11, Sustainable Cities and Communities; SDG13, Climate Action; and SDG17, Partnerships for the Goals.



MARKETING AND INNOVATION

CAMPAIGNS

During the period, we multiplied our efforts to keep our customers informed about all new products and services, as well as to encourage behaviors that promote safety and prevention. We executed around 205 communication campaigns in order to increase awareness of our products, our Social and Corporate Responsibility initiatives, and to support customer service management, our raison d'être.

The following are some of the main campaigns undertaken in the first half of the year:

WE MAINTAINED A CLOSE RELATIONSHIP WITH OUR CLIENTS AND PROMOTED SAFETY CAMPAIGNS

We deployed regulatory and informative campaigns through Social Networks, focused on the protection of our clients' banking information and the promotion of preventive behaviors.



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AWARDED TICKET

We promoted the use of our Points of Sale through the Ticket Premiado Campaign, which gave our customers the option of winning by swiping their own debit and credit cards at the Banesco POS. It was broadcasted through our Social Networks and cable TV.

WE MAINTAINED THE PENSIONERS' CAMPAIGN

We promote the use of Digital Banking among our pensioner clients to carry out their transactions without having to go to the Bank, contributing to a greater awareness of the advantages and benefits available to them.

SALES AND REPAIR DAY FOR POINT OF SALES OF OUR COMMERCIAL PARTNER NATIVA

We promote the sale, use and assistance days of the points of sale of our commercial partner Nativa.





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WE PROMOTE THE PAYMENT OF SERVICES THROUGH BANESCONLINE, BANESCOMÓVIL AND MULTIPAGOS

Through the Social Networks, we encouraged easy and secure payment of all our customers' services through the BanescOnline, BanescoMóvil and Multi-pagos platforms.

GREEN ACCOUNT PURCHASE AND SALE OF FOREIGN CURRENCY

We continue to promote the benefits of our Banesco Green Account, through BanescOnline and Banca-Móvil, to inform about all the services associated with the account.

WE LAUNCHED OUR MONEYGRAM CAMPAIGN

Through this campaign, customers are encouraged to receive remittances via Moneygram from anywhere in the world.



BANESCO PLANS: MY FIRST PLAN

BanESCO expands its product offerings to young people. We initiated the communication of our Plan to promote the opening of accounts for minors, an option that allows registered children and adolescents from 10 to 17 years of age to initiate their first financial steps, make purchases and payments with their debit card, send mobile payments, recharge their cell phone balance, transfer money to third parties at BanESCO and other banks, and check their account balance.



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SOCIAL NETWORKS

At the close of June 2023 our social networks registered a community of more than 1,711,000 followers in our official accounts on X (Twitter), Facebook, Instagram, YouTube and LinkedIn, which is equivalent to an increase of 4.68% compared to June 2022 numbers and 2.95% compared to December 2022. 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 first half of the year, 12,834 requests for products and services were handled through social networks. A total of 5% of the cases handled corresponded to Banesco customers, while 95% 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 765,800 followers by June 2023. In addition to serving as a link for queries and requirements, the Bank offers content of interest on personal finance, entrepreneurship, technology, events, history, sports, business, energy and news about the products, services and promotions.

Meanwhile, Banesco has more than 272,900 followers on Facebook, while on Instagram it has over 289,400 followers. On LinkedIn, the brand has more than 160,000 followers. The videos posted on the YouTube channel "Banesco en Imágenes" have registered more than 7 million views and more than 21,000 subscribers.



At the end of June 2023, the **Banesco Blog** registered more than 9.4 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.



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SEGMENTS MANAGERMENTS

At the end of the first half of 2023, more than 99,000 accounts were opened for Individuals, 20% of which corresponded to payroll accounts, and 6,480 accounts for Legal Entities, as part of the strategies implemented to develop the Value Chains and strengthen the experience we offer our customers, maintaining the focus on optimizing processes and generating an offer that contemplates a 360° vision of their financial needs, leveraged on the portfolio of products and services, both in local and foreign currency.

This led to an increase in deposits of Bs. 4.35 billion (100.42%) with respect to the previous semester, mainly driven by the Legal Entities segment.

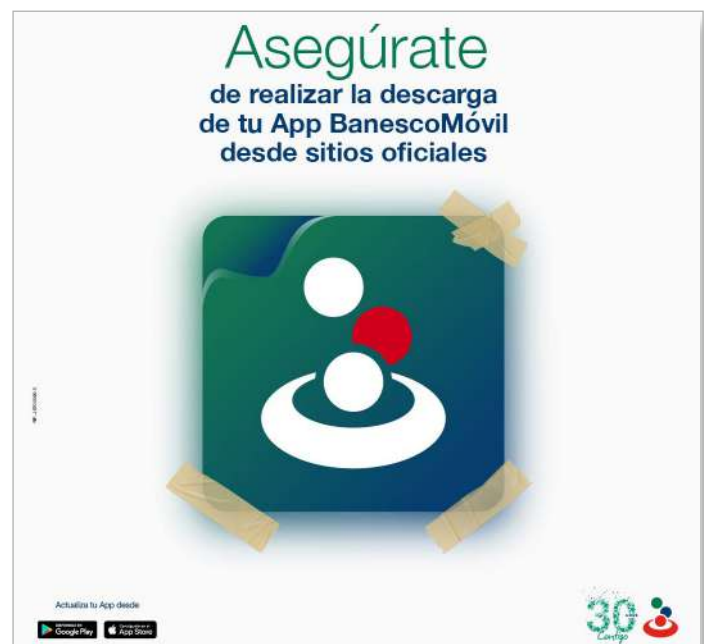
As for BanESCO's positioning in the banking market, it reached a 13.5% share in total public deposits and

6.88% in foreign currency, and it is ranking 3rd place in the financial system in total deposits.

At the end of the first half of 2023, the gross loan portfolio amounted to Bs. 4.34 billion, equivalent to an increase of 117.28% compared to the second half of 2022, ranking 3rd in the system and 2nd in private banking, with a market share of 15.16%.

During this period, 17,973 credit operations were settled for Bs. 4.02 million, mainly concentrated in Commercial Loans, 78.9% of the volume settled (Bs. 3.17 billion), followed by the Agricultural Portfolio with 15.8% (Bs. 637.1 million). In Microcredits, 1,625 operations were recorded, for a total amount of Bs. 181.8 million.

In addition, BanESCO's Commercial Systematics continue to be promoted, thereby strengthening the established customer service models and promoting portfolio tours, in order to generate greater engagement with our customers.





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DIGITAL, ELECTRONIC AND AGENCY NETWORK CHANNELS

During the first half of 2023, 1.18 billion transactions were carried out by our customers through the customer service channels offered by Banesco, an increase of 7.43% compared to the same period of 2022, showing a participation of digital and electronic channels of 99.64%.

AGENCY CHANNEL

At the end of the period, Banesco had 202 Customer Service Points (Agencies and Ticket Offices), through which 1,404,096 transactions were carried out (+18.77% vs. the same period of 2022).

E-BANKING CHANNEL

BanescOnline recorded an average of 2 million monthly active customers (53% of the Bank's total number of active customers), who executed more than 619 million financial transactions on a recurring basis, reflecting an increase of 14.15% over the first half of 2022, which translates into an increase of 77 million transactions. In addition, the following improvements were added to this digital channel:

- Collections to Other Banks (CCE Immediate Debit Platform)
- SAREN E-payment
- Assistant to password change
- Password Viewer
- Modification of the Process for Change and Recovery of Passwords
- Addition of the Search option in the Directory
- Notification of Operation in Process.



The channel maintains the 1st position in the Net Satisfaction Index (NSI) in the banking ranking, with a result of 82% at the end of June 2023, beating its closest competitor by 4.1 percentage points.

P2P MOBILE PAYMENT CHANNEL

It reached more than 2.9 million affiliated clients and 141 million transactions. In addition, approximately 324,000 transactions were recorded in Mobile Payment-Green Account.

MOBILE BANKING CHANNEL

More than 65 million financial transactions were carried out through BanescoMóvil, an increase of 49.7% compared to the first half of the previous year. The channel maintains the 1st position in the Net Satisfaction Index (NSI) in the market, with a result of 86.7%, 3.3 percentage points above its closest com-



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petitor. In addition, the following improvements have been added:

- Green Account Mobile Payment
- Password Viewer
- Password Expiration Alert Messenger
- View and Share Number of Financial Accounts in Local Currency
- Security Question Answer Viewer
- Messaging for Equal Amount Transaction Alert.

TELEPHONE BANKING SERVICE

Our Call Center recorded a total of 3.3 million calls during the first half of 2023, a decrease of 33.4% compared to the same period in 2022. In details, 91.5% were handled in an automated manner through the IVR and only 8.5% were handled by telephone agents. Banesco ranked 1st in the ISN.

ATMs

We ended the first half of the year with an installed operating fleet of 409 ATMs nationwide (156 single-function and 253 multifunctional), processing 8.8 million transactions.

MEANS AND PAYMENT SERVICES

In the first half of the year, Collection and Payment Services recorded an increase of 28% vs. the same period of 2022, driven by electronic Interbank Mobile Payment transactions (+19.6%).

There was also a significant increase in the volume processed in Collection and Payment Services (+643.75% vs. IH 2022).

As for Average Ticket, there was an increase of 481.26%, with the largest increases in: Online Collection (848%), Interbank Transfers (634%) and Mobile Payment (482%).

The implementation of 15 BanescoPagos Buttons and the affiliation of 9 clients to Multipagos BanescOnline and 1 Online Collection are noteworthy.





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CREDIT AND DEBIT CARDS

CREDIT CARD ISSUING BUSINESS

The credit card business had a variation of 28.52% in sales in the first half of the current year with respect to the second half of 2022; achieving a market share of 22.79%, occupying 1st place in the ranking of the national financial system, with a delinquency rate of only 0.14%.

Card maintenance initiatives focused on 24 thousand customers with good behavior and payment capacity, increasing the limit to 41,000 Visa, Master and Amex franchise credit cards.

In addition, through the operations to capture new payrolls, a packaged offer of Debit and Credit Cards and increased limits for senior executives, including the benefit of ExtraCrédito Efectivo.

DEBIT CARD ISSUING BUSINESS

BanESCO debit cards presented a 123.60% growth in sales during the first six months of 2023 compared to the previous period, leveraged by the constant adjustments of the maximum amounts for POS transactions above the market and the Green Account redemption, which has allowed us to strengthen our customers' preference.

With regard to our pensioner customers, 96% have an active debit card, and can use their pension amount in all Point of Sale stores, in addition to using digital means for transfers, balance inquiries and transactions.

PROMOTION AND ALLIANCES

The main objective of the promotions and commercial alliances is to offer added value to our customers, strengthening the BanESCO-Customer loyalty relationship and stimulating the use of our products. The main objective of the promotions and commercial alliances is to offer added value to our customers, strengthening the BanESCO-Customer loyalty relationship and stimulating the use of our products.

- **Awarded Ticket Campaign:** more than 6,900 prizes were awarded to Cardholders whose purchases were free of charge and to more than 4,900 Merchants, who received in their accounts the same amounts that the Cardholders received during the month.



- **MasterCard-Farmatodo Alliance:** when paying with Master Credit Cards for purchases managed through Farmatodo's Web or App that exceeded \$22, they obtained a \$10 discount.

- **BanESCO-SoyTechno Alliance:** 8% discount when paying with BanESCO Cards.

- **BanESCO-Al Giorno Alliance:** 10% discount paying with Debit Cards and TodoTicket.



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ACQUIRING BUSINESS

- **Total number of active POS (physical and virtual)**
142,418 POS
- **Number of Transactions:** 332,736,851

BanESCO's Acquiring Business remains the market leader, due to the reliability of our service, availability and robust trade settlement processes; processing 332 million transactions.

It is worth mentioning the inclusion of three commercial allies to provide the best service to our customers. BanESCO aims to maintain the quality of the commercial portfolio, with actions to promote the bonding with our customers in the welcome, rate adjustment, portfolio rounds and constant operations hand in hand with our Commercial Allies. Likewise, we have implemented mechanisms that allow us to receive feedback from our customers, and what concerns the commercial affiliate, BanESCO takes care of.

We continue betting on constant growth, we have the best quality and most economical points of sale in the market.

COMPETITIVE INTELLIGENCE

Today's financial users are more demanding and expect an unprecedented level of service, whether online or in-office. Considering that customer experience promotes brand loyalty, it is essential for institutions to implement differentiating actions.

BanESCO, focused on this customer-centric vision, continues to develop strategies aimed not only at satisfying customers' needs and expectations, but also at creating memorable service experiences, which allow it to establish positive emotional bonds that drive loyalty and long-term retention.

In this regard, during the first half of 2023, we maintained the Net Promoter Score (NPS) measurements, considering the voice of the customer as the basis for the management model that establishes the initiatives and concrete projects that support the Bank's operation. Similarly, considering that our employees are the main ambassadors of the Brand, we continued to measure the Employee Net Promoter Score (ENPS), whose information allowed us to take immediate action on the weak points and strengthen the relationship with our human resources.

Within the framework of the customer experience, we continued implementing several strategies focused on improving our Digital Banking, among which the following stand out: the opportunity to make a Mobile Payment charged to the Green Account and Balance Inquiry through the Quick Operations option of Mobile Banking; improvements in the digital banking login, with a reminder message to the customer indicating that his password is about to expire; in ad-



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dition to enabling the password viewer, mitigating the blocking of the user by erroneous data.

Finally, we displayed warning messages for similar Transfer operations in Internet Banking and extended the time spent in the Mobile Banking session.

The customer experience is an area in which innumerable factors intervene, where the emotions and feelings of customers with the use of our products and services predominate. For Banesco, it is essential to adapt to change and ensure customer satisfaction by providing them with memorable experiences.

RELATIONAL/EXPERIENTIAL MARKETING

Today, it is a priority to understand and adjust to the needs of the banking sector. Our premise is to be allies in the understanding of the figures coming from the different customer information management systems, from a transactional and relational point of view with the different customer service channels offered by the Bank. We accompany the Institution in the search for answers to key questions with the vision of optimizing strategic decision making.

With relevant information derived from Outbound Marketing, we perform analyses that support our Marketing team in the deployment of campaigns with the offer of products and services, focused on the needs and expectations of our customers.



During the first half of 2023, we contacted 71% of our customers through email marketing, increasing our open rates by 3.7 percentage points, reaching an average of 34.9%, which exceeds international standards for the business segment.

BANESCO IN FIGURES

Number of Clients (as of June 2023)					
Segments	IH 2023	2022	2021	2020	Var. 2023 vs. 2022
Natural Persons	3,624,533	3,535,346	3,705,427	3,682,009	-2.52%
Legal Persons (SMEs)	14,210	14,689	11,632	12,395	-3.26%
Legal Persons (Agencies Network)	186,645	180,423	201,368	197,078	-3.45%
Specialized Banks Natural Persons	15,995	16,641	15,413	33,311	-3.88%
Specialized Banks Legal Persons	9,229	10,152	10,742	10,958	-9.10%
Total	3,850,612	3,757,251	3,944,852	3,935,751	2.48%

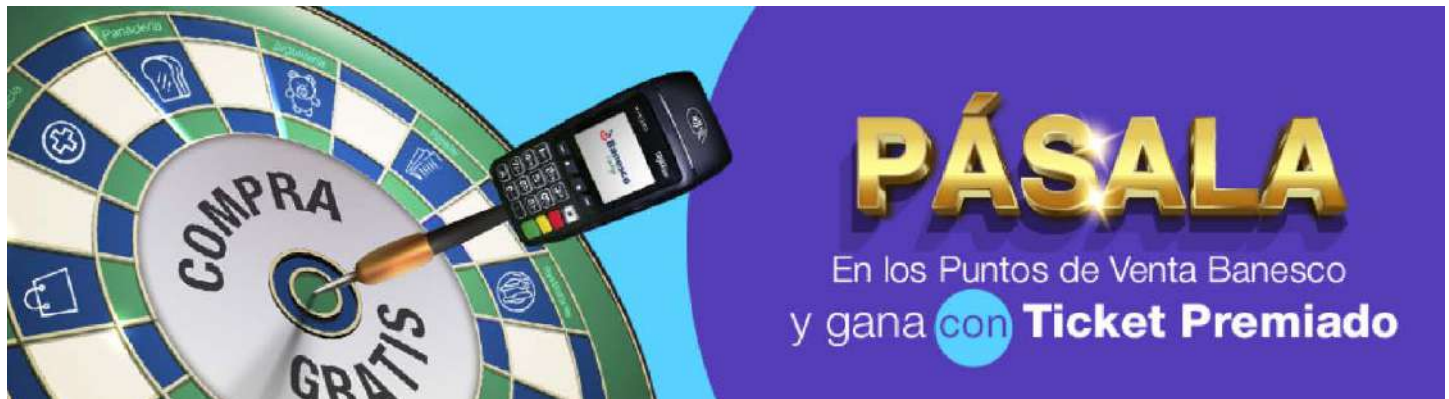


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MARKET STUDIES

Dialogue Interest Groups							
Natural Persons	IH 2023		2022		2021		
Focus Groups/Interviews/Surveys	Nº	Participants	Nº	Participants	Nº	Participants	Segments
Customer Experience Studies	20	31,111	12	58,400	12	53,250	Natural Persons
Brand Studies	0	0	1	800	1	800	Natural Persons
Satisfaction Studies/Quality of Service	5	818	8	3,299	15	4,851	Natural Persons
Studies Internal Client/Banesto Employees	9	6,828	16	13,382	12	3,800	Internal Client/ Banesto Employees
Qualitative	0	0	3	55	0	0	Internal Client/ Banesto
Legal Persons	Employees		2022		2021		
Focus Groups/Interviews/Surveys	Nº	Participants	Nº	Participants	Nº	Participants	Segments
Customer Experience Studies	5	280	10	1,162	7	741	SMEs, Companies, Large Companies and Corporates
Qualitative Legal Companies	3	62	0	0	1	24	SMEs, Companies, Large Companies and Corporates
Studies Internal Client/Banesto Employees	1	209	3	458	0	0	Legal Persons
Satisfaction/Service Quality Studies	2	84	0	0	0	0	Legal Persons
New Initiatives	1	240	0	0	0	0	Legal Persons





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INFORMATION TECHNOLOGY, BUSINESS PROCESSES AND OPERATIONS

In Technology and Operations, we continue to be aligned with the strategies of the Business, developing new products and functionalities in our digital channels in an agile manner, supporting time to market compliance and driving digital transformation; as well as guaranteeing the execution of operations under conditions of security, availability and reliability, maintaining the continuity and stability of services and providing a superior customer experience.

APPLICATION DEVELOPMENT AND MAINTENANCE

Improving our customers' experience, we enhanced our digital channels, optimizing the user and password recovery process, created new help notifications with warnings of similar operations, notifications of passwords about to expire, and implemented a display for passwords and account numbers in local currency.

We have expanded our VideoBanking service to provide immediate appointment service, with no waiting time. We also implemented the opening of accounts through My Applications Portal for non-customer individuals, as well as the scheduling of appointments for formalization at the agency with the possibility for the customer to reschedule their appointment if necessary, facilitating the management.

To strengthen the Foreign Currency account, new functionalities were incorporated through Mobile Banking, enabling the Green Account and quick balance inquiry in Mobile Payment, as well as a

channel to receive international remittances through MoneyGram.

As part of the digital transformation, new options were enabled to pay for services through different collection payment methods, adding new clients to Banesco-Pagos, reaching a total of 80 payment buttons implemented to date, in addition to new online collections through the Multipagos Portal and BanescOnline.

We added an authentication mechanism called BanescoToken to the digital channels, offering single-use keys to our customers to authorize their transactions with high levels of security.

OPERATIONS INFRASTRUCTURE

We focus on mitigating the risks of obsolescence of the technological infrastructure in hardware and software; we update the operating systems to newer versions, guaranteeing optimal levels and high availability of the Bank's critical services, allowing us to have the technological capabilities demanded by our information systems. We maintain the execution of preventive and corrective actions through continuous improvement plans and systems health.

We recovered, expanded and reused the capacities of the technological platforms, disincorporated Power IBM equipment due to obsolescence and optimized spaces in the Data Centers, freeing up physical space and electrical energy, as well as reducing investment costs, generating savings in maintenance costs and electricity consumption.

We updated and modernized Banesco's communications infrastructure in its branches and offices nationwide, in addition to improvements and adjustments to the service platform, optimizing response times and gaining more speed and robustness.



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COMPREHENSIVE RISK MANAGEMENT

Banesco Banco Universal, C.A., has a risk control and management model appropriate to its business, which allows it to develop its activity within the framework of the strategy defined by the corporate bodies and to adapt to a dynamic economic and regulatory environment. This model is based on several basic elements of action, such as: organizational structure, risk appetite framework, decisions and processes, evaluation, monitoring and reporting, and risk culture.

All the above under strict compliance with the guidelines and processes set forth in Resolutions No. 136.03 “Rules for an Appropriate Integral Risk Management” and No. 136.15 “Rules for the Appropriate Integral Liquidity Risk Management of Banks” of the Superintendency of Banking Institutions (SUDEBAN), highlighting the functional segregation of the activities related to risk admission and those derived from the follow-up and continuous supervision of their implementation.

CREDIT RISK

During the first half of the year 2023, Credit Risk management followed the strategic lines of the Institution, guaranteeing an adequate management of the risk profile, within the appetite limits approved by the Board of Directors, which contributed to the sustained increase of credit investment, highlighting the growth and compliance of the economic items contained in the Single National Productive Portfolio (CPUN) and in the microcredit activity, and thus con-

tinuing to promote the development of the national productive sectors.

On one hand, the quality of the loan portfolio recorded an increase in delinquency levels, from 0.03% (December 2022) to 0.23% (June 2023), framed in an environment of economic slowdown in the main sectors. The coverage of provisions, on the other hand, showed a decrease, going from 2,286.77% to 958.79% in the same period under analysis. In this context, during the first half of the year, activities were reinforced to monitor the evolution of the payment behavior of the different segments and metrics, in order to generate preventive strategies, aligned with the risk appetite, to anticipate changes in the original characteristics of these loans and ensure their adequate management.

OPERATIONAL RISK AND BUSINESS CONTINUITY

In the area of Operational Risk, the permanent evaluation of the processes with the greatest operational impact on the Institution was continued, in order to identify their root causes, prevent their occurrence and mitigate the possible consequences, through the establishment of plans monitored on a monthly basis and certified by internal audit. The main objective was to minimize monetary and reputational losses, under the management model composed of: (i) Determination of the operational risk profile, based on evaluating, anticipating and mitigating the potential operational risks and their impact on the business, which allowed 34 risk assessments of 212 processes to be performed. (ii) Promote synergy in the area of control and operational risk, through the Operational Risk Committee, which met 57 times, resulting in the inclusion of 235 strategies in our Gap



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Closure Indicator (GCI), which addressed 182 risks.

(iii) Promote and improve our Risk Culture, whose primary objective was to deepen the importance of risk management of employees in the performance of their duties, through communication strategies, such as newsletters, wallpapers, webinars, training for new employees, specialized training, completing the training of 327 employees, which contributed to reinforcing the risk culture within the institution. (iv) Collection of materialized risks, 377 events are incorporated into the internal database, both internal and external, and with financial or non-financial impact.

With regard to Business Continuity, at the end of the first quarter of 2023, 15 partial tests of critical services and/or applications were performed, as established in the Business Impact Analysis, through which the entity's core processes are identified and their impact on business management is analyzed.

This allows checking the contingency plans, to verify the correct functioning, to validate the robustness of the technological platform and the logistics of the simultaneous activation of the main services and applications in the Alternate Data Center (CPDA), in order to continue with the continuous improvement and updating of the contingency processes, to guarantee the attention and service to our clients.

MARKET RISK AND LIQUIDITY

In order to minimize the impact on the Bank's financial results resulting from the volatility of market variables (exchange rate, price, interest rate and inflation), as well as from the structure of the balance sheet, Banesco's management of market and liquidity risks is based on methodologies framed within international standards and local regulations.

Regarding Market Risk, the monitoring and control of this type of risk remained framed within the VaR (Value At Risk) methodology, which allows determining the maximum loss in the investment portfolio in the event of adverse movements in the risk factors, under assumptions of statistical normality behavior. According to these considerations, the consumption recorded in these indicators was within the limits approved by the corresponding government agencies.

With respect to Liquidity Risk monitoring, the control scheme based on the quantification and monitoring of regulatory indicators, gap analysis, liquidity ratios and liability concentration analysis was maintained. Similarly, the Bank complemented the monitoring of this type of risk with qualitative indicators, which allowed it to provide a comprehensive description of the liquidity situation, with special attention to that derived from compliance with the legal reserve during the first half of the year. In this regard, the daily monitoring of the Liquidity Contingency Plan (PCL) allowed us to generate timely alerts, as well as to implement the strategies described in said plan, in order to guarantee adequate liquidity levels for the Institution's operations.



SOCIAL BALANCE

ACCUMULATED 1998-JUNE 2023

Stated in Bs. at June 30, 2023

DESCRIPTION	2023	Accumulated 1998 – June 2023
SOCIAL INVESTMENT	56.322.053,64	91.518.832,84
APPLICATION BANESCO RESOURCES		
Fe y Alegría	990,875.40	1,168,453.14
Microentrepreneurs Training Program	1,028,442.87	1,248,906.20
Simón Bolívar Music Foundation	139,000.00	163,911.21
Association of Venezuelan Catholic Education (AVEC)	89,611.80	116,959.32
Social Undertaking Project with the IESA	(0.00)	135,950.00
Universities and Other Institutions	4,584,507.59	6,054,872.69
Banesco Long Scholarships Life	77,282.76	115,768.52
Other Education Institutes and Organizations	173,055.00	218,133.32
Venezuelan Foundation against Child Paralysis	575,098.60	712,322.60
Other Health and Medical Care Organizations	1,302,791.64	1,661,158.37
FUNDANA	1,710,163.15	2,101,437.26
Civil Association Don Bosco Houses Network	1,068,542.90	1,367,106.13
Salesian Ladies Civil Association	(0.00)	39,433.25
Attendance to the childhood and people with special necessities	283,421.00	421,163.81
Editorial Projects	1,405,470.46	1,785,365.80
Other Contributions	899,387.08	1,502,722.73
Solidarity Campaign for Natural Catastrophes	(0.00)	40,482.52
Events for the Community	436,586.50	664,380.22
Participatory Budget	60,000.00	187,395.03
Non-Contractual Social Benefits for Banesco Employees	41,322,111.69	71,630,177.89
Dining Subvention	34,368,163.45	56,007,653.31
Medical Service	638,859.65	2,129,028.43
Parking Subsidy	—	0.00
Medical Assistance for Extreme Diseases	858,287.55	2,058,963.49
Unsecured Loans for Housing	0.00	524.55
Transportation Between Offices	1,064,664.26	1,327,416.44
Housing Sales Between Employees	—	0.00
Collective Agreement	4,392,136.78	10,106,591.68
Corporate Volunteering Contribution	175,705.20	182,732.83
TOTAL SOCIAL INVESTMENT MORE COMMITMENTS CONTRACTED	56,322,053.64	91,518,832.84



CHAIRMAN OF THE BOARD

Juan Carlos Escotet R.

DIRECTORS

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

Emilio Durán Ceballos
Carlos Eduardo Escotet A.
Carlos Alberto Escotet A.

