



Financial Report 2024

First Half





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Financial Position

First Half 2024

- ▶ **Banesco currently serves 4,045,101 clients, both individuals and businesses across its network of branches and specialized banks.**
- ▶ **With exchange rate stability, we grew our net loans by 18.4% over the previous period, while maintaining a strong portfolio with a 0.27% delinquency rate.**

The first half of 2024 has reaffirmed that our Corporate Values of Quality, Responsibility, Reliability, and Innovation are the markers of the path towards excellent performance, and confirmed that we are 'On the right track.'

As outlined in our Strategic Plan, we have been actively pursuing growth across all areas of the Bank. While the exchange rate remained steady and salaries unchanged, the 8.86% accumulated inflation and the introduction of the new Social Security Pension Protection Law contributed significantly to increased expenses.

Consequently, these factors, among others, contributed to a more moderate and less dynamic performance than anticipated, of both the economy and the financial system.

Banesco currently serves 4,045,101 clients, both individuals and businesses across its network of branches and specialized banks, and is committed to enhancing its value proposition to foster stronger customer relationships. Therefore, during this period, we expanded our product and service offerings, prioritizing solutions that streamline digital transactions for all customer segments. Digital banking and finan-



cial service innovations, service quality, and timely response to client requests were central to our commitment to enhancing customer experience.

Our strategy was to balance credit growth with the preservation of our loan portfolio's underlying strengths. With exchange rate stability, we grew our net loans by 18.4% over the previous period, while maintaining a strong portfolio with a 0.27% delinquency rate.

Our customers' deposits grew by 40.1% compared to the end of 2023, securing an 11.7% market share and positioning us as the second bank in the national financial system and the first private bank in the country.

Digital and electronic channels accounted for 99.75% of our transactions, which increased by 31.58% compared to the same period in 2023.

As the leaders in the acquiring business, we processed over 400 million transactions through our network of 152,875 POS terminals in the first half of 2024.



Financial Position

First Half 2024

We increased the limit of 358,000 Visa, Mastercard, and Amex credit cards. In addition, 96.26% of our re-tired clients have an active debit card, enabling them to access their funds at any point of sale.

We have a complex and robust IT system, business processes, and operations that are fully aligned with our strategy for business continuity and service quality. We create and maintain digital channels that respond to the latest technological trends.

Our applications are recognized and preferred by a growing number of customers. The combination of our advanced technology and efficient processes delivers a service experience that sets us apart.

Understanding our clients is at the heart of everything we do. At Banesco, we see marketing as more than just making sales. We strive to build lasting relationships with our clients. By intelligently analyzing the information they provide, we strive to understand their needs and expectations. This allows us to design personalized and highly effective campaigns and communication channels. As a result of this email marketing campaign, we successfully reached 69% of our clients, with an open rate of 34.87%, a performance highly valued in the market.

As part of our strategy to strengthen the business, we carried forward the Commercial System Project Change Management and commenced the Banking System implementation. A key focus of these initiatives was the adoption of CRM tools, the optimization of sales processes, and the delivery of exceptional customer experiences.



During this first half of year, we significantly increased our efforts to keep clients updated on new products and services; promoted safety-conscious behaviors; and drove our social responsibility and sustainability initiatives forward.

Our communication efforts supported the Bank's business strategy, ensuring that we remained the top private bank in both traditional and alternative media.

In the period under review, our social investment amounted to 93,896,517.15 bolivars. A significant portion of this investment, 73.83%, was dedicated to enhancing the well-being of our employees. The remaining 26.17% was allocated to various programs in partnership with our Social Partners and Allies. These programs included 11 initiatives such as: scholarship programs, infrastructure and educational initiatives, IT equipment provision, specialized medical exams, surgeries, support for abandoned children and adoles-



Financial Position

First Half 2024

cents, and nutritional recovery and safety programs. Other notable programs include the Microentrepreneurs Training Program and the Banesco Digital Library. These programs have a long-standing presence in the institution and have had a significant impact on society.

Our internal focus on talent management encompasses a comprehensive approach that includes training, development, and retention strategies. To complement these efforts, we conduct two annual employee engagement surveys and work diligently to cultivate a positive work environment, essential for an organization of Banesco's size and geographic reach. Therefore, we continue to promote the necessary training actions, in compliance with the 2024 Annual Training Plan, through various formats: virtual, in-person, and hybrid, prioritizing highly relevant subjects such as: 'Prevention of Money Laundering, Terrorism Financing, and the Financing of the Proliferation of Weapons of Mass Destruction (AML/CFT/FPWMD)', 'Information Security', and 'Cybersecurity.'

Moreover, we are committed to providing our Banesco Citizens and their families with a high quality of life through various initiatives and services.

In line with our corporate strategy, we established parameters for the management of the first half of 2024. During this period, risk decisions were based on a continuous adjustment of our tools and methodologies, in response to the evolving economic and social

landscape of the country, and in accordance with international best practices.

We continued to invest in the ongoing training of our employees to foster the growth of profitable investments while adhering to high-quality standards.

Based on the results of audits conducted during the period, it is evident that operational and business processes incorporate activities focused on internal control, risk management, and corporate governance.

In the spirit of transparency, we are pleased to share with you the most significant accomplishments of our Organization during the first half of 2024. This report is intended for our shareholders, clients, suppliers, employees, regulators, and other stakeholders and may not include every detail. Behind these words and data is the hard work and dedication of a world-class team committed to providing financial products and services to Venezuelans. Our goal is for each customer to have a memorable experience. That is why we say that we are 'On the Right Track,' because we are at Banesco.

MARCO TULIO ORTEGA VARGAS

CHAIRMAN OF THE BOARD

BANESCO BANCO UNIVERSAL, C.A.

Venezuela Economy During The First Half of 2024

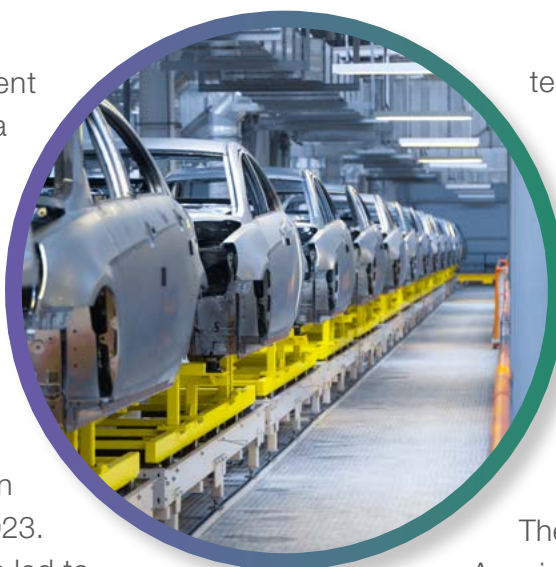
- During the second quarter of 2024, exchange rate stability and a decline in inflation positively impacted economic actors' expectations.
- The slowdown in the price index contributed to greater stability in the foreign exchange market, experiencing a slight variation of 1.33%, from Bs./US\$ 35.93 in December 2023 to Bs./US\$ 36.41 in June 2024.

The economic environment was characterized by a convergence of multiple internal and external factors, resulting in significantly different outcomes in the first two quarters of the year.

The first period was marked by a slowdown in non-oil activities, following the deceleration in growth observed since late 2023. While the relaxation of sanctions led to a rise in oil production and exports, it was not enough to revitalize domestic aggregate demand.

However, during the second quarter of 2024, exchange rate stability and a decline in inflation positively impacted economic actors' expectations, leading to a more favorable response from markets and the general population. Coupled with the start of the election cycle and the high likelihood of increased government spending, this contributed to the higher activity observed during this period.

Wage spending boosted consumption and manufacturing output, with forecasts for the end of the year becoming more favorable (+18.9% over the previous year). Private industry achieved a 23.1% increase in volume produced in the Q2 2024 compared to the same period in 2023, equal to a 20.7% semes-



ter-on-semester growth, with 39.9% capacity utilization. Key sectors such as pharmaceuticals, food and beverages, automotive and auto parts, among others, showed strong performance, according to the results of the Industrial Economic Trend Survey (CONINDUSTRIA) for the Q2 2024.

The Economic Commission for Latin America and the Caribbean (ECLAC) updated its regional growth projections in its August 2024 report (+1.8% for 2024 and +2.3% for 2025), highlighting our country as one of the region's growth leaders, as follows: Dominican Republic (5.2%), Venezuela (5.0%), Costa Rica (4.0%), Paraguay (3.8%), Honduras (3.8%), Nicaragua (3.7%), Uruguay (3.6%), El Salvador (3.5%), and Guatemala (3.4%).

The Organization of the Petroleum Exporting Countries (OPEC) reported in its June 2024 bulletin that Venezuela's oil production increased by 12,000 barrels per day, or 1.32%, compared to the previous month, reaching a monthly high of 922,000 barrels per day, the highest volume of the year. The semi-annual average stood at 825,500 barrels per day, indicating a substantial 10.21% increase (76,500 b/d) compared to the 749,000 barrels per day average in 2023.



Venezuela Economy During The First Half of 2024

The price of Merey crude oil, Venezuela's oil benchmark in the markets, closed June at US\$ 69.23 per barrel, representing an increase of almost 12 dollars compared to the same month last year.

In terms of monetary aggregates, both the Monetary Base and Liquidity (M2) experienced substantial changes during the first half of year. The increase in Liquidity was driven by the payment of social bonuses, reaching a balance of Bs. 118,388 million by the end of June (+70.97% compared to December 2023).

The Monetary Base increased to Bs. 66,350 million in June 2024, reflecting a growth of 14.84% month-on-month and 89.36% compared to the second half of 2023. This coincided with a 5.01% increase in Total International Reserves to US\$ 10,309 million and a higher public spending of 8.14% in June 2024, reaching Bs. 58,790 million.

The Central Bank of Venezuela (BCV) reported an accumulated inflation of 8.86% for the six-month period, with an average price increase of 0.96% in June 2024; a significant decrease compared to the same period in 2023 (108.4%), attributed to the tightening of monetary policies, which have helped stabilize prices. The year-on-year variation was 51.4%, one of the lowest in recent years.



The most significant accumulated increases were observed in: Transportation (12.3%); Education (11.0%); Miscellaneous goods and services (9.5%); and Food and non-alcoholic beverages (8.9%).

The slowdown in the price index contributed to greater stability in the foreign exchange market, experiencing a slight variation of 1.33%, from Bs./US\$ 35.93 in December 2023 to Bs./US\$ 36.41 in June 2024.

The reliance on monetary financing has continued in 2024, accumulating US\$ 2,033 million through foreign exchange intervention during the January-June period.

Interest rates have remained relatively stable. The gradual increase in credit card spending limits is expected to have a positive impact on the commercial sector.

The Required Legal Reserve, set at 73%, exceeded 50 billion bolivars starting in April 2024, reaching Bs. 50,330 million by the end of June. Universal banks held a current account balance of Bs. 54,808 million with the Central Bank, and had excess bank reserves totaling Bs. 4,479 million.

The combination of stabilizing factors, including the Central Bank's monetary policy, the contributions from Chevron and its joint ventures, and the resulting increase in oil revenues, had a positive impact on the economy's performance during the first half of 2024.



Venezuelan Banking System

First Half 2024

- ▶ **As of June 2024, the total assets of the Venezuelan banking system amounted to Bs. 381,481 million (US\$ 10,487 million), registering increases of 15.58% (Bs. 51,415 million compared to the previous six-month period) and 68.91% (Bs. 155,626 million) over the last twelve months.**
- ▶ **The Shareholder's Equity of the system increased by 5.03% compared to December 2023, reaching Bs. 72,491 million (US\$ 1,991 million).**

At the end of the first half of this year, the financial system comprised 27 institutions, including 22 universal banks, 1 commercial bank, and 4 microfinance banks.

The Central Bank of Venezuela (BCV) reported that 3.311 billion transactions were processed through the banking system between January and May 2024 (latest data available), 99.4% of which were conducted through electronic and/or digital channels. The use of point-of-sale terminals increased, with a cumulative 1,686 million transactions and an upward trend, registering a 13.01% increase over the same period in 2023. Interbank mobile payments ranked second with 1,131 million transactions, while over-the-counter transactions continued to decline to 19.2 million, representing only 0.58% of total transactions. This trend aligns with the global decline in the use of cash, as it promotes cost savings from handling physical currency and reducing bank branch operating expenses. Additionally, it fosters financial inclusion, decreases the informal economy, and discourages illicit activities, among other benefits.

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llion (US\$ 10,487 million), registering increases of 15.58% (Bs. 51,415 million compared to the previous six-month period) and 68.91% (Bs. 155,626 million) over the last twelve months. This growth was largely driven by increases in cash and loan portfolios, which accounted for 30.8% and 18.6% of total assets, respectively, and saw an increase in their relative weight compared to the previous period.

The loan portfolio reached Bs. 70,855 million (US\$ 1,946 million) by the end of June 2024, reflecting a significant growth of Bs. 19,541 million (+38.1%) compared to December 2023 and Bs. 42,878 million (+153.3%) over the last 12 months.

Total mandatory loans “gavetas de crédito” amounted to Bs. 19,688 million as of June 2024, registering an increase of 56.81% (Bs. 7,133 million) over the previous period. Credit allocated to agricultural activities (Bs. 12,385 million) represented the largest share (62.90%), followed by microcredits with Bs. 5,700 million (28.95%).



Venezuelan Banking System

First Half 2024

A slight increase of 0.19 percent was observed in the delinquency rate, averaging 2.15% in the first half of 2024. However, this represents an improvement compared to the same period in 2023, when it stood at 2.5%. Coverage for non-performing loans ended the period at 189.11%.

Credit intermediation levels showed an upward trajectory, rising 1.16 percentage points to reach 37.88%. This growth is consistent with the emerging expansion of credit. The banking sector has been particularly active in financing vehicle purchases, and some institutions have increased credit card limits.

However, market concentration intensified, with 5 financial institutions (holding shares above 9%) accounting for 76.01% of net loans. Four of these institutions are private and one is public, which holds a substantial 30.61% share. This trend led to a marked decline in the significance of smaller institutions. Furthermore, 13 entities individually hold less than 1% of the market share and, combined, account for only 3.31%. This highlights the high degree of concentration in the national financial system. These figures are significantly below Latin American averages, where country portfolios range from US\$ 4 billion to US\$ 560 billion.

Customers' deposits reached Bs. 187,038 million (US\$ 5,137 million) at period close, which represents a significant increase of Bs. 47,305 million or 33.85% over December 2023. This growth was driven primarily by the surge in domestic currency accounts, which now account for 67.79% of total deposits, compared to 32.21% for foreign currency accounts (Bs. 60,239 million or US\$ 1,655 million). Foreign currency accounts declined by 5.57% compared to December 2023, largely due to the stable exchange

market, which has reduced demand for foreign currency and promoted the use of domestic currency in electronic payments.

The Shareholder's Equity of the system increased by 5.03% compared to December 2023, reaching Bs. 72,491 million (US\$ 1,991 million).

The Statement of Income reported a net profit of Bs. 7,750 million (US\$ 213 million) at the close of the first half of 2024. This figure is similar to the level observed in the same period of 2023 (Bs. 7,699 million), representing a variation of only 0.66%.

A slight increase in financial income (+8.93%) was observed, reaching Bs. 12,785 million at period close, Bs. 11,058 million of which corresponded to credit transactions.





Venezuelan Banking System

First Half 2024

The significant increase in finance expenses (+173.86%) had a substantial negative impact on the gross financial margin, which declined by 16.04% to Bs. 8,559 million compared to the same period in 2023.

Other operating income continued its upward trajectory, reaching Bs. 23,855 million by the end of the period. This represents a substantial increase of 112.63% or Bs. 12,636 million compared to the same period in 2023, supporting a financial intermediation margin of Bs. 28,015 million.

The financial system's Average Return on Assets (ROA) declined by 3.89 percentage points to 4.41% in the first half of 2024, primarily due to the high level of non-productive assets, which accounted for 40.7% of total assets. The Average Return on Equity (ROE) also decreased to 22.98%, below previous periods.

Despite the nation's numerous challenges, the banking sector has demonstrated exceptional resilience. Through effective change management, it has successfully implemented initiatives that benefit the nation and its communities. Its commitment to social responsibility has positively impacted the lives of its employees and the wider public, supporting projects

in education, health, culture, sports, and entrepreneurship, among others.

The need for rapid digital transformation and the rise of artificial intelligence have created a challenging environment that has required significant technological investments in a very short time, testing the system's capabilities. The system has demonstrated its maturity, adapting not only to the demands of the market, users, and clients but also to conditions that required extreme efforts to achieve the desired results.

Projections are now more positive. Collaborative efforts across a wide range of public and private sectors have enabled us to successfully overcome challenges, joining efforts to promote national development. This has led to renewed growth in key economic sectors and activities, given their multiplier effect on employment, wages, and overall prosperity.

The banking industry faces ongoing challenges. A top priority is to support economic expansion by extending the necessary credit.





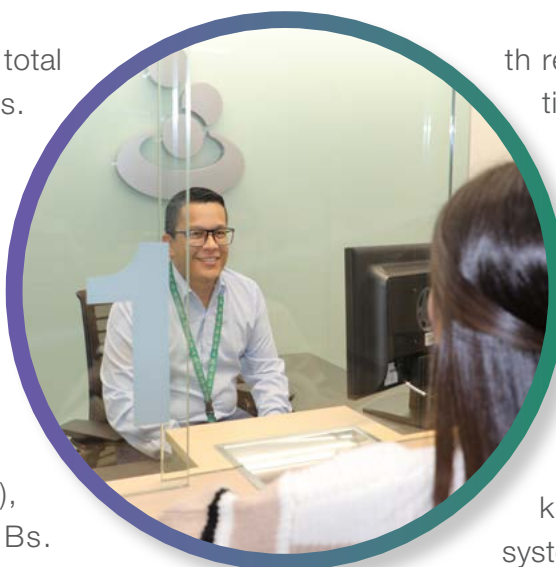
Banesco Banco Universal in The First Half of 2024

- **The gross loan portfolio experienced a significant increase of Bs. 1,231 million (+18.4% over Q2 2023), closing June with a balance of Bs. 7,923 million.**
- **Banesco Banco Universal solidified its position as a market leader in customer deposits, ranking second in the overall financial system and first among private banks.**

At the end of the period, total assets amounted to Bs. 28,482 million (US\$ 782 million), reflecting a semiannual increase of Bs. 5,772 million (25.42%) and a year-on-year increase of Bs. 14,139 million (98.58%). The primary driver of this growth was the increase in cash and due from banks (+42.2% over December 2023), which reached a balance of Bs. 15,643 million (54.92% of total assets).

This increase was primarily due to higher legal reserve requirements, resulting from the significant growth in customers' deposits (+40.1%), followed by the net loan portfolio (Bs. 7,749 million), which accounted for 27.21% of total assets, similar to the previous period.

During the first half of 2024, the gross loan portfolio experienced a significant increase of Bs. 1,231 million (+18.4% over Q2 2023), closing June with a balance of Bs. 7,923 million. A total of 3,070 loans were disbursed during this period, with a focus on the Commercial Sector, Restaurants, and Hotels (36.16%), followed by Agriculture, Fishing, and Forestry (29.82%), and the Manufacturing Industry (20.03%). This growth



th resulted in a net loan intermediation ratio of 35.45%, a strong portfolio quality (0.27% delinquency rate) and a loan loss reserve ratio to non-performing loans of 818.52% that exceeds the market average of 189.11%.

Banesco Banco Universal solidified its position as a market leader in customer deposits, ranking second in the overall financial system and first among private banks.

With a balance of Bs. 21,857 million (US\$ 600 million) at the end of June 2024, the bank experienced a significant growth of Bs. 6,251 million (+40.06%) compared to the previous quarter. Of this total, Bs. 5,716 million (US\$ 157 million) corresponded to funds in Current Accounts of the Free Convertibility Exchange System, with a market share of 14.0% (ranking second in the system).

The Bank's equity amounted to Bs. 2,904 million (US\$ 80 million), with a Tier 1 Leverage Ratio of 14.68% and a Capital Adequacy Ratio of 25.36%, above regulatory requirements.



Financial Highlights

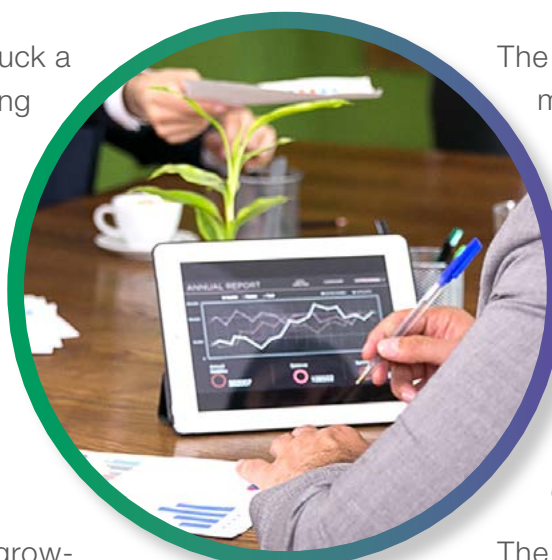
(Stated in Million Bs)	Second Half 2022	First Half 2023	Second Half 2023	First Half 2024
Total Assets	7.510	14.343	22.710	28.482
▸ Cash and Due from Banks	4.077	7.118	11.002	15.643
▸ Security Investments	265	498	1.326	1.042
▸ Credit Portfolio	1.957	4.253	6.545	7.749
▸ Gross Portfolio	2.001	4.349	6.692	7.923
Deposits from Clients	4.332	8.683	15.606	21.857
Total Stockholders' Equity	2.025	3.251	3.437	2.904
Trust Assets	64	141	226	339
Net Income	334	1.273	329	191
Ratios (%)				
▸ Loan Portfolio Provisions / Non Accrual Loans	61,098.42	958.79	1.135.49	818.52
▸ Non Accrual Loans / Gross Loan Portfolio	0.00	0.23	0.19	0.27
▸ Net Results / Average Assets *	12.90	23.22	10.84	1.55
▸ Net Results / Average Equity *	82.10	88.27	49.96	12.39
▸ Liquidity	94.12	81.98	70.50	71.57

* Annualized Percentages

Statement on Credit Risk Reports

- **These initiatives led to 18.39% growth in net loan portfolio over the previous six-month period**
- **The threshold and alert system for economic sectors within the loan portfolio was maintained to continue reducing sectoral concentration risk.**

Credit risk management struck a balance between promoting credit growth and maintaining a moderate risk appetite, aligning policies and guidelines with the strategic objective, while preserving the structural strengths of the portfolio components in a stable macroeconomic environment characterized by exchange rate stability.



These initiatives led to 18.39% growth in net loan portfolio over the previous six-month period, evidencing a benchmark position in credit quality, with a delinquency rate of 0.27% and a coverage of provisions on doubtful loans of 818.52%, compared to 0.19% and 1.135.49%, respectively, for the six-month period ending December 2023.

The growth of the loan portfolio remained framed within the criteria of risk appetite, client diversification and expected losses, prioritizing growth and compliance with the economic items contained in the Single National Productive Portfolio (CPUN) and in microloan activities, as key drivers to support domestic productive sectors.

The threshold and alert system for economic sectors within the loan portfolio was maintained to continue reducing sectoral concentration risk. Likewise, the review of expected loss tools and methodologies was carried out to anticipate deterioration in the repayment capacity of the different commercial segments comprising the loan portfolio.

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 first half 2024, the Board of Directors deci-

ded on the approval of the twelve (12) credits, that by individual or group risk, in the same monthly period, exceeded five percent (5%) of the bank's equity.



Comparative Financial Statements For The Last Two (2) Years And Application of Net Income



R.L.F. 0070133805

CHAIRMAN OF THE BOARD
Marco Tulio Ortega V.

VICE PRESIDENT OF THE BOARD OF DIRECTORS
Juan Carlos Escotet R.

CHIEF EXECUTIVE OFFICER
Carlos Eduardo Millán S.

MAIN DIRECTORS
Juan Carlos Escotet R.
Marco Tulio Ortega V.
Miguel Ángel Marciano C.
Emilio Durán Ceballos
Carlos Eduardo Escotet A.
Carlos Alberto Escotet A.
Alfonso Prieto González

STATUTORY AUDITORS
Emilio A. Ladera M.
Antonio Ramón Lobo Z.

EXTERNAL AUDITORS
Adrianza, Rodríguez, Céfalo & Asociados
(FORVIS MAZARS)

EQUITY Bs. 2,904,056,358.00

June 30, 2024 (Stated in Bs.)

ASSETS		
	June-24	June-23
CASH AND DUE FROM BANKS	15,642,710,699	7,118,323,563
Cash	5,116,743,071	2,793,663,671
Central Bank of Venezuela	7,559,978,578	3,079,685,890
Local Banks and Other Financial Institutions	587,067,083	175,698,154
Foreign and Correspondent Banks	2,374,322,537	1,069,149,458
Head Office and Branches	0	0
Pending Cash Items	4,806,335	288,322
(Provision for Bank Accounts)	-206,905	-159,932
INVESTMENTS IN SECURITIES	1,042,304,934	498,210,894
Investments in Central Bank	315,041,460	50,000,000
Investments in Trading Securities	0	0
Investments in Securities Available for Sale	12,748	6,876
Investments in Securities Held to-maturity	179,163,957	106,526,807
Limited Availability Investments	548,086,769	341,677,211
Other Security Investments	0	0
(Provision for Security Investments)	0	0
LOAN PORTFOLIO	7,749,175,920	4,253,033,181
Outstanding Credits	7,901,485,166	4,338,726,325
Restructured Credits	0	0
Past Due Credits	6,391,858	7,515,896
Credits in Litigation	14,805,646	2,462,461
(Provision for Credit Portfolio)	-173,506,750	-95,671,503
INTEREST AND COMMISSIONS RECEIVABLE	92,054,820	40,145,121
Interest receivable from cash and due from banks	0	0
Interest receivable from security investments	78,947	292
Interest receivable from credit portfolio	82,059,127	40,056,956
Commissions Receivable	10,824,572	523,418
Interest Receivable on Other Accounts Receivable	0	0
(Provision for Interest Receivable and Other)	-1,007,826	-435,545
INVESTMENTS IN SUBSIDIARIES, AFFILIATES AND BRANCHES	29,533,606	12,337,413
Investments in subsidiaries and affiliates	29,533,606	12,337,413
Investments in branches	0	0
Provision for investments in subsidiaries, affiliates and branches	0	0
PROPERTY RECEIVED IN LIEU OF PAYMENT	2,999,954	35,768
PROPERTY IN USE	1,006,112,256	537,334,035
OTHER ASSETS	2,917,051,422	1,883,636,574
TOTAL ASSETS	28,481,943,811	14,343,056,549

LIABILITIES AND EQUITY		
	June-24	June-23
LIABILITIES	21,856,911,549	8,682,501,658
DEPOSITS	20,744,504,883	8,193,651,652
Deposits in Current Accounts	20,744,504,883	8,193,651,652
Non-Remunerated Checking Accounts	10,675,725,308	3,595,239,394
Remunerated Checking Accounts	3,956,113,282	1,524,160,709
Current accounts under exchange agreement N° 20	0	0
Demand Deposits and Certificates	395,623,673	166,865,782
Current Accounts Exchange System Free Convertibility	5,716,842,620	2,907,385,767
Special Funds in Trusts Free Convertibility System	0	0
Other Demand Liabilities	60,852,263	49,571,953
Obligations for Money Desk Operations	0	0
Savings Deposits	1,046,986,982	437,407,666
Time Deposits	4,567,421	1,870,387
Securities Issued by the Institution	0	0
Restricted Deposits from Clients	0	0
Right of Ownership and Participation on Security Investments	0	0
OBLIGATIONS WITH BCV	0	0
DEPOSITS AND OBLIGATIONS WITH BANAVIH	0	0
OTHER FINANCING OBTAINED	394,718,274	457,771,795
Liabilities with local financial institutions up to one year	394,718,274	457,771,795
Liabilities with local financial institutions more than one year	0	0
Liabilities with foreign financial institutions up to one year	0	0
Liabilities with foreign financial institutions more than one year	0	0
Other Liabilities up to one year	0	0
Other Liabilities more than one year	0	0
OTHER FINANCIAL OBLIGATIONS	0	0
INTERESES Y COMISIONES POR PAGAR	4,712,871	5,135,741
Expenses payable due to deposits from clients	4,712,871	2,942,805
Expenses payable due to obligations with BCV	0	0
Expenses payable due to deposits and liabilities with BANAVIH	0	0
Expenses payable due to other financing obtained	0	2,192,936
Expenses payable due to other financial obligations	0	0
Expenses payable due to obligations convertible to capital	0	0
Expenses payable due to subordinated debt	0	0
ACCUALS AND OTHER LIABILITIES	3,321,544,559	1,946,409,275
SUBORDINATED DEBT	0	0
OTHER LIABILITIES	0	0
TOTAL LIABILITIES	25,577,887,253	11,091,818,469
OPERATIONAL MANAGEMENT	0	0
STOCKHOLDERS' EQUITY	2,904,056,358	3,251,238,080
LIABILITIES AND EQUITY	28,481,943,811	14,343,056,549
CONTINGENT DEBTOR ACCOUNTS	622,891,419	126,226,826
TRUST ASSETS	339,132,108	140,972,544
OTHER TRUST ASSIGNMENTS	0	0
DEBTOR ACCOUNTS DUE TO TRUST ASSIGNMENTS (HOUSING MUTUAL FUND)	5,433,606	1,930,742
OTHER DEBTOR ACCOUNTS (HOUSING MUTUAL FUND)	0	0
OTHER DEBTOR MEMORANDUM ACCOUNTS	87,554,283,284	57,253,917,881
OTHER DEBTOR BOOK ACCOUNTS	0	0
ASSETS OF TRUST ENTITIES FOR OPERATIONS IN SOVEREIGN CRYPTO ASSETS	0	0

STATEMENTS OF EARNINGS (STATED IN Bs.)

	June-24	June-23
FINANCIAL REVENUES	1,409,888,572	1,626,799,993
Revenues from Cash and Cash Equivalents	9,010,199	9,241,905
Revenues from Security Investments	41,200,641	20,217,296
Revenues from Credit Portfolio	1,355,738,226	1,597,255,270
Revenues from Other Accounts Receivable	3,939,506	85,522
Income from investments in subsidiaries, affiliates and branches	0	0
Revenues from Head Office and Branches	0	0
Other Financial Revenues	0	0
FINANCIAL EXPENSES	350,640,785	104,016,029
Expenses Due to Deposits from Clients	296,891,101	79,024,535
Expenses Due to Obligations with BCV	0	0
Expenses Due to Obligations with BANAVIH	0	0
Expenses Due to Other Financing Obtained	53,749,684	24,991,494
Expenses Due to Other Financial Obligations	0	0
Expenses Due to Subordinated Debt	0	0
Expenses Due to Other Obligations	0	0
Expenses Due to Head Office and Branches	0	0
Other Financial Expenses	0	0
GROSS FINANCIAL MARGIN	1,059,247,787	1,522,783,964
Income from Recovered Financial Assets	4,005,223	35,034
Expenses Due to Uncollectibility of Credits and Other Accounts Receivable	48,528,656	49,692,919
Provision for Loan Portfolio and Other Accounts Receivable, Losses	48,507,463	49,623,045
Provision for Cash and Due from Banks	21,193	69,874
NET FINANCIAL MARGIN	1,014,724,354	1,473,126,079
Other Operating Income	3,331,923,369	1,781,599,016
Other Operating Expenses	355,459,088	156,619,706

	June-24	June-23
FINANCIAL INTERMEDIATION MARGIN	3,991,188,635	3,098,105,399
TRANSFORMATION EXPENSES	3,317,497,365	1,442,958,234
Personnel Expenses	871,536,685	473,626,543
Administrative and General Expenses	2,445,960,680	969,331,691
GROSS OPERATING MARGIN	673,691,270	1,655,147,165
Income from Adjudicated Goods	435,847	5,198,306
Income from Special Programs	0	0
Income from Sundry Accounts	19,462,821	8,776,958
Expenses Due to Realizable Property	132,874	42,494
Expenses for Depreciation, Amortization and Devaluation of Miscellaneous Goods	0	0
Expenses Due to Sundry Accounts	450,295,189	242,813,393
NET OPERATING MARGIN	243,161,875	1,426,266,532
Extraordinary Income	0	0
Extraordinary Expenses	17,988,166	11,128,738
GROSS INCOME BEFORE TAXES	225,173,709	1,415,137,794
Income Taxes	33,901,441	141,917,345
NET INCOME	191,272,268	1,273,220,449
APPLICATION OF NET INCOME	0	0
Legal Reserve	0	0
Statutory Utilities	11,476,300	76,393,200
Board of Directors	11,476,300	76,393,200
Officials and Employees	0	0
Other Capital Reserves	305,000	305,000
ACCUMULATED INCOME	179,490,968	1,196,522,249
LOD Contribution	2,993,457	14,992,407

NET INCOME DISTRIBUTION		
Legal Reserve	0	0
Statutory Utilities (Board of Directors)	11,476,300	76,393,200
Reserve for Other Provisions	305,000	305,000
Restricted Surplus	101,938,220	641,012,569
Surplus to apply	77,562,748	555,509,680
NET INCOME	191,272,268	1,273,220,449



Report of Demands And Complaints of Customers of The Banking Services

July 2024

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 2024, 5,431 claims and requirements were reported, for a total amount of Bs. 15,440,015, of which 4,193 were managed; ruling in favor of the client in 1,598, with a refund of Bs. 856,660. When evaluating the response times for

complaints and requirements reported by clients/users in the first half of 2024, 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 99.78%.

TABLE N° 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.)	Reimbursed Amount (Bs.)	No. of Complaints	Claim Amount (Bs.)	No. of Complaints	Claim Amount (Bs.)	
► January	150	41,767	40,987	37	220,859	35	82,585	100.00 %
► February	201	56,466	54,756	31	257,391	30	443,346	100.00 %
► March	194	52,064	50,929	22	796,915	50	497,431	100.00 %
► April	336	306,781	305,511	101	2,023,580	45	2,123,821	100.00 %
► May	237	61,621	60,551	103	3,987,096	37	393,096	100.00 %
► June	480	343,977	343,927	2,301	2,606,204	1,041	1,145,016	99.69 %
Total I Half	1,598	862,676	856,660	2,595	9,892,045	1,238	4,685,295	99.78 %

TABLE N° 2: SUMMARY BY TYPE OF FINANCIAL INSTRUMENT

Report Month	Credit Card (CC)		Debit Card (DC)		Savings Book		Checks		Savings Account		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 (Bs.)	No. of Complaints	Claim Amount (Bs.)
► January	4	4,040	218	341,172	—	—	—	—	—	—	—	—
► February	9	7,231	253	749,972	—	—	—	—	—	—	—	—
► March	3	2,649	263	1,343,760	—	—	—	—	—	—	—	—
► April	3	3,044	472	4,411,548	1	3,590	—	—	6	36,000	—	—
► May	3	2,950	373	4,438,762	—	—	1	100	—	—	—	—
► June	35	32,699	264	568,808	—	—	2,372	3,493,691	—	—	1,151	—
Total I Half	57	52,612	1,843	11,854,022	1	3,590	2,373	3,493,791	6	36,000	1,151	0

List of Financial Instrument Type and Code in the Database: Credit Card (30), Debit Card (31), Savings Book (33), Savings Account (40), Current Account (41), 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 2024, the Banking Customer and User Defender handled 854 cases for Bs. 3,983,129. The cases not admitted for processing (496) were duly answered, explaining the reason for the non-acceptance of the request and were referred



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

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.

TABLE 1: APPLICATIONS ADMITTED BY STATUS

Admitted	Cases	%	Bs.	%
Requests Accepted	21	6	118,460	3
Requests Partially Accepted	2	1	3,042	0
Not Accepted	305	85	3,861,627	97
Total Monetary Requests	328	92	3,983,129	100
Non-monetary Requests (Service)	30	8	N/A	N/A
Total	358	100	3.983.129	100

TABLE 2: APPLICATIONS ACCEPTED BY TYPE OF REQUIREMENT

N°	Monetary Claims Accepted by Type of Request	Received			
		Claims	%	Amount Bs.	%
1	Inconveniences with Pago Móvil (P2P) / Payments Made	240	73	718,132	18
2	Wrong transfer	23	7	228,789	6
3	Unrecognized Internet transfers	14	4	1,573,230	39
4	Operation rejected due to unfinished negotiation	14	4	1,228,753	31
5	Problems with Banesco Payments	11	3	16,190	0
6	Failed or Duplicate Purchase at Point of Sale with Maestro Banesco Card	8	2	8,236	0
7	Unrecognized Payments, Multipayments and Recharges	4	1	121,746	3
8	Cash Withdrawals Not Dispensed by an ATM	3	1	1,250	0
9	Unrecognized debits presumed fraud in Biopago	3	1	76,166	2
10	Unrecognized consumption presumed fraud Credit Card	3	1	3,478	0
11	Transfer validation not paid in Receiving Bank	2	1	1,305	0
12	Inconveniences BanescOnline / Other Payments /Taxes	2	1	4,478	0
13	Failed or Duplicated Purchase in Biopago	1	0	1,377	0
Total		328	100	3,983,129	100



Capital Adequacy Ratio Position

Pursuant to the 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 govern the calculation of the level of capital adequacy:

CAPITAL ADEQUACY RATIO:

This is calculated by dividing the sum of Common Equity and Operational Performance by the Total Asset Value. When multiplying the ratio by one hundred (100), it must not be less than nine percent (9%), as published in Official Gazette No. 40.509 of October 1, 2014.

Likewise, by Circular SIB-II-GGR-GNP-10189 dated April 7, 2016, the Superintendency of Banking Institutions (SUDEBAN) grants regulatory exception to determine the Capital Adequacy Ratio, provided for in Article 6 of Resolution No. 305.09, as follows:

SIB-II-GGR-GNP-10189 ((APRIL 7, 2016)

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

- Bonds and obligations issued by the Central Bank of Venezuela
- Placements in the Central Bank of Venezuela
- The bank's cash and due from banks in the Central Bank of Venezuela (including the legal reserve)
- Bonds and obligations issued by Petróleos de Venezuela, S.A. (PDVSA), the state oil company

b) Include in Common Equity, as defined in Article 2 above mentioned, 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 above provisions will be determined by the percentages established in the relevant regulations issued by the Superintendency.

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

When determining the Core Equity Capital (Tier 1), banking institutions must incorporate the amounts corresponding to the generic and countercyclical provisions.

The amount to be provisioned will be determined by the percentages specified in the regulations issued by the Superintendency.

RESOLUTION NO. 025.17 (MARCH 28, 2017)

The Superintendency of Banking Institutions issued the 'Rules for the Application of Asset Revaluation in Banking Institutions,' which instruct that the amount of the revaluation "may not surpass the total of the Institution's Core Capital (Tier 1), taking into account the parameters set forth in the regulation governing the calculation of the Total Capital Adequacy Ratio." Article 6 also specifies that "The asset revaluation amount will be recorded in the accounts and sub-accounts designated in the Accounting Manual for Banking Institutions, with a balancing entry in the Equity account 351.00 "Adjustment for Revaluation of Assets."



Capital Adequacy Ratio Position

TIER 1 CAPITAL ADEQUACY RATIO

Is the proportion of Core Capital (Tier 1) to the total amount of risk-weighted assets and contingent operations. It must not be less than 6%.

TOTAL CAPITAL ADEQUACY RATIO

Is the sum of Core Capital (Tier 1) and Supplementary Capital (Tier 2), divided by the total amount of risk-weighted assets and contingent operations. The resulting quotient, when multiplied by one hundred (100), must not be less than twelve percent (12%).

Given the proposed plan and the results from June 2024 and December 2023, the percentages achieved are:

Description	Jun. 2024	Dec. 2023
Capital Adequacy Ratio	14.68%	19.00%
Total Capital Adequacy Ratio	25.36%	32.68%
Tier 1 Capital Adequacy Ratio	23.36%	30.48%

Participation in The Country's Production Sector

As of June 30, 2024

The largest share of the Credit Portfolio is found in the Wholesale and Retail Trade, Restaurants and Hotels sector with 36.16%, followed by the Agricultural, Fishing and Forestry sectors with 29.82% and 20.03% corresponds to the Manufacturing Industry.

| Expressed in Bs.

Economic Activities	Outstanding	Restructured	Past Due	In Litigation	Total (Bs.)	% Composition
► Agriculture, Fishing and Forest	2,350,750,701	—	314,327	11,761,110	2,362,826,138	29.82 %
► Hydrocarbons and Mining Exploitation	2,651	—	—	—	2,651	0.00 %
► Manufacturing Industry	1,586,316,537	—	316,638	—	1,586,633,175	20.03 %
► Electricity, Gas and Water	4,124	—	7,017	—	11,141	0.00 %
► Construction	49,145,450	—	5,519	—	49,150,969	0.62 %
► Trade, Restaurants and Hotels	2,857,542,833	—	3,887,486	3,044,536	2,864,474,855	36.16 %
► Transport, Storage and Communications	48,763,295	—	14,439	—	48,777,734	0.62 %
► Financial Establishments, Real State and Services Provided to Companies	986,400,096	—	1,725,859	—	988,125,955	12.47 %
► Community, Social and Personal Services	22,559,478	—	120,572	—	22,680,050	0.29 %
Total Portfolio (Bs.)	7,901,485,165	—	6,391,857	14,805,646	7,922,682,668	100.00 %



Electronic Channels And Bank Agencies

As of June 2024 close, Banesco had a wide network of physical and electronic distribution channels whereby the Bank offers a wide range of products and services:

- ▶ 197 Service Points (Agencies, Banesco Express)
- ▶ 152.875 Points of Sale
- ▶ 383 ATMs (142 Monofunctional y 241 Multifunctional).

External Auditor's Report

The financial statements of the Bank corresponding to the first half of 2024, included in this report, were audited by the external auditors of the

Institution, Adrianza. Rodríguez, Céfalo & Asociados (FORVIS MAZARS) and confirmed the fairness of such financial statements.

Liquidity, Leverage, Efficiency and Profitability Indicators

Principal Financial Indicators	Jun. 24	Dec. 23	Jun. 23	Dec. 22
1. EQUITY				
▶ Equity + Operative Management / Total Assets	14.68 %	19.00 %	29.83 %	39.85 %
▶ Non-Productive Assets / Equity + Operative Management	642.58 %	407.83 %	278.28 %	242.99 %
2. ASSETS QUALITY				
▶ Loan Portfolio Provisions / Gross Loan Portfolio	2.19 %	2.20 %	2.20 %	2.20 %
▶ Non Accrual Loans / Gross Loan Portfolio	0.27 %	0.19 %	0.23 %	0.00 %
3. MANAGEMENT*				
▶ Personnel Expenses + Operative Expenses / Average Productive Assets	71.28 %	77.13 %	66.48 %	97.20 %
▶ Personnel Expenses + Operative Expenses / Financial Income	226.19 %	123.36 %	86.12 %	192.20 %
4. EARNINGS *				
▶ Net Results / Average Assets	1.55 %	10.84 %	23.22 %	12.90 %
▶ Net Results / Average Equity	12.39 %	49.96 %	88.27 %	82.10 %
5. LIQUIDITY				
▶ Availability / Customer Funds	71.57 %	70.50 %	81.98 %	94.12 %
▶ Availability + Investment in Securities / Customer Funds	73.01 %	75.04 %	82.56 %	94.12 %

* Annualized, calculated based on average balance



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

First Half 2024

I. Introduction

Pursuant to the provisions of Article 28 of the Decree Law on the Partial Amendment to the Banking Institutions Law, published in Extraordinary Official Gazette No. 6.154 of November 9, 2014, and reprinted in Ordinary Official Gazette No. 40.557 of December 8, 2014, in adherence to the prudential regulations issued by the Superintendency of Banking Institutions published in Official Gazette No. 40.484 of August 27, 2014, specifically articles 1 and 16 of Resolution 064.14 'General Standards on the Internal Audit Unit of Banking Institutions,' issued by the Superintendency of Banking Institutions, published in Official Gazette No. 40.484 of August 27, 2014, we prepared a report with the summary of the work and activities performed by the Internal Audit Unit at Banesco Banco Universal, C.A., pertaining Internal Control, during the period from January 1, 2024 to June 30, 2024, to be submitted to the Audit Committee and the Board of Directors for review.

Banesco Banco Universal, C.A., has established a fully operational Internal Audit Unit that discharges its assurance and consulting duties independently and objectively. The Unit is empowered and has the necessary resources to plan and execute its activities, and timely report the results obtained in evaluating the effectiveness of risk management, control, and governance processes. Its primary mission is to enhance and protect the value of the Organization by delivering high-quality products and fostering a proactive and continuous improvement approach.

The Vice President of Internal Audit is assigned the role of Internal Auditor, as provided for in Resolution 064.14 'General Standards on the Internal Audit Unit of Ban-

king Institutions,' and reports directly to the Board of Directors of Banesco Banco Universal, C.A., ensuring both functional and administrative accountability.

The Internal Audit Unit is established under Resolution 064.14, with assigned personnel who meet the necessary qualifications, competencies, knowledge, and experience to effectively fulfill their internal audit duties.

An official and operational Manual has been established and is in active use, which defines the principles, policies, standards, and procedures that govern the Internal Audit function. This Manual ensures compliance with applicable national regulations and prudential standards, the Organization's internal policies and standards, and international standards and best practices. It is periodically reviewed, or whenever significant regulatory or functional changes occur, and is submitted to the Audit Committee for its consideration. The Audit Committee then recommends approval thereof to the Board of Directors.

II. Operating Criteria of The Internal Audit Unit

The Internal Audit Unit applies a risk-based approach, which is implemented through a cross-sectional analysis of the value chain of the processes evaluated. When conducting its activities, the Internal Audit Unit applies the following criteria:

- ▶ The structure and operation of the Internal Audit Unit adheres to Resolution 064.14 'General Standards on the Internal Audit Unit of Banking Institutions.'
- ▶ The standards set forth by the Superintendency of Banking Institutions are followed to fulfilled the assurance duty, as well as the applicable regulations governing the banking activity.



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

First Half 2024

- ▶ The International Professional Practices Framework (IPPF), which establishes the principles and standards for the practice of the Internal Audit function, is used as a reference.
- ▶ Assurance evaluations are conducted on first and second-line processes based on the schedule established in the Annual Internal Audit Operational Plan.
- ▶ The Annual Internal Audit Operational Plan undergoes evaluation by the Audit Committee, which subsequently recommends its presentation to the Board of Directors for formal approval.
- ▶ Monthly reports on the progress of the execution of the Operational Plan and the results obtained in each completed audit are prepared to the Audit Committee and the Board of Directors.
- ▶ There is continuous reporting to the Comprehensive Risk Management Unit on the observations arising from the evaluation of processes and units that involve direct or indirect risk generation. This includes a semiannual report to the Risk Committee.
- ▶ Audit tests are designed to evaluate the effectiveness of the Internal Control Environment, aiming to provide reasonable assurance that risks are adequately managed, thus 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, thus ensuring the closure of the assurance cycle.

III. Scope And Coverage Of The Internal Audit Unit's Management

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

- ▶ Efficiency of the internal control environment when evaluating the execution and performance of control activities included in the processes to determine whether the risks are reasonably managed in line with the corporate strategy and the operation of the Organization corresponds to the defined corporate structure;
- ▶ Compliance with legal provisions regulating the banking activity by evaluating whether the policies, standards and procedures are adjusted to the provisions established in current laws and the prudential regulations outlined in resolutions, circulars and official notices issued by the Superintendency of Banking Institutions and further competent bodies; and
- ▶ Gap closure management by verifying documentation and supporting documents evidencing the correct implementation of action plans defined by the responsible units in order to address identified internal control observations.

The assurance evaluations conducted in the first half of 2024 covered the following aspects:

RISK MANAGEMENT

- ▶ Compliance with Resolution 136.03 'Standards for Appropriate Comprehensive Risk Management,' including validation of the organizational structure outlined in the regulations and the design of methodologies to identify, measure, control, monitor, and assess the risks of the Organization.



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

First Half 2024

- Compliance with Resolution 136.15 'Standards for Appropriate Comprehensive Bank Liquidity Risk Management,' including validation of the organizational structure outlined in the regulations, as well as the design and execution of liquidity risk management processes.
- Effectiveness of the Comprehensive Risk Management processes in closing the gaps identified in internal audits, external audits, and regulatory inspections.

PREVENTION AND CONTROL OF ML/TF/FPWMD

Execution of audits planned in the 'Annual Evaluation and Control Program,' as provided for in Resolution 083.18 'Standards on Management and Control of Risks Related to Money Laundering, Terrorist Financing and Financing of the Proliferation of Weapons of Mass Destruction Applicable to Banking Institutions,' which included:

- Fulfillment of the Annual Operating Plan (AOP)
- Adequacy of the ML/TF/FPWMD Compliance Program and Risk Management Processes
- Effectiveness of the prevention and control of ML/TF/FPWMD monitoring process and adequacy of its coverage and scope
- Completeness and accuracy of the generation and submission of reports to regulatory authorities.
- Compliance with the 'Know-Your-Customer' Policy, by verifying the controls established for data registration and file creation of the clients who open financial accounts (both in domestic and foreign currency), as well as the preparation of credit operation files

INFORMATION TECHNOLOGY, DATA SECURITY AND CONTINUITY

- Compliance with Resolution No. 641.10 'Regulations Governing the Use of Electronic Banking Services,' as outlined in Circular 01907
- Compliance with the provisions set forth in Circular 01907 'Information Technology Regulations for Dematerialized Financial Services, Electronic, Virtual, and Online Banking for Entities Subject to the Control, Regulation, and Supervision of the Superintendency of Banks and Other Financial Institutions'
- Data Room audit and assessment
- Information Security and Cybersecurity management assessment
- Business Continuity Plan (BCP) effectiveness assessment

CREDIT

- Adherence to the application, analysis, documentation, settlement, and control processes of the loan portfolio
- Reconciliation of the loan portfolio and the credit cards of the Published Balance with the General and Subsidiary Ledgers
- Accounting reconciliation and operational management of standby guarantees in foreign currency
- Accounting reconciliation of credit card chargebacks

TREASURY

- Reconciliation of accounting records and balances for securities, both owned and held for third parties, in domestic and foreign currency
- Assessment of the bond settlement process



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

First Half 2024

FINANCIAL STATEMENTS

- ▮ Fairness of the financial statements and compliance with SUDEBAN's Accounting Manual for Banking Institutions
- ▮ Accuracy of the calculation of the risk-based capital ratio and financial indicators
- ▮ Reconciliation of the accounts making up 'Property and Equipment' y 'Idle Property'
- ▮ Assessment of the bond settlement process

CASH AND DUE FROM BANKS/ CUSTOMERS' DEPOSITS

- ▮ Physical count of domestic and foreign currency cash in the main vault to validate the fairness of book account balances in relation to the physical cash in custody, including assessment of cash management processes
- ▮ Assessment of the accounting and operational management of (i) Foreign Currency Cash Custody Service, (ii) Foreign Currency Buy-Sell Service, (iii) Green Account, and (iv) Tax Collection Service and Business Allies

ACCOUNTING AND FINANCIAL PROCESSES

- ▮ Balance and reconciliation of transfer and immediate payment operations of the Electronic Clearing House
- ▮ Verification of the reasonableness of the collection and recording of fees and commissions

MARKETING CHANNELS

- ▮ Evaluation of the operational management processes implemented in the sales network agencies

- ▮ Adherence to Resolution 049.20 'Regulations governing point-of-sale services and contracting from suppliers engaged in their marketing'

OTHER ASPECTS

- ▮ Assessment of supplier management and payment processes
- ▮ Trust instrument evaluation

IV. Internal Control Assessment Results

In the period from January 1, 2024 to June 30, 2024, a total of thirty-eight (38) assurance audits of the Operational Plan were reported as completed, and the results were as follows:

Audit Qualification		
Excellent	13	34%
Satisfactory	21	55%
Minimum Required	4	11%
	38	100%

Identified Findings		
Excellent	17	15%
Satisfactory	64	57%
Minimum Required	31	28%
	112	100%

Defined Actions		
Implemented	74	36%
In Process	130	64%
	204	100%



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

First Half 2024

The implementation of assurance program tests during the audits led to the identification, communication and formalization of one hundred and twelve (112) observations that mainly concern the management and execution of the processes.

The responsible units outlined two hundred and four (204) mitigation and control actions to address the root cause of the observations reported by Internal Audit, thus enabling timely resolution thereof.

The audits performed in the first half of 2024 revealed the following finding:

- ▶ 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 implementing them are equipped with the necessary human, technological, and material resources.
- ▶ Reporting channels are effectively followed through the formal corporate bodies outlined in the governance structure.
- ▶ Formal risk identification, assessment, management, and monitoring processes are in place. Additionally, formal procedures for continuous tracking of action plans defined for gap closure are established.
- ▶ Formal control activities are an integral part of the processes.
- ▶ Compliance with the Organization's applicable regulatory framework is at a reasonable level.
- ▶ Recommendations from regulatory agencies arising from visits and inspections are timely addressed.

V. Conclusion

The results obtained in the assurance audits performed during the first half of 2024 confirm that operational and business processes are effectively supporting internal control, risk management, and corporate governance.

The risks identified are timely addressed through the definition of action plans aimed at managing the root cause, thus limiting the impact of their materiality and/or recurrence.

Based on the foregoing and in accordance with the coverage and scope of the assurance reviews conducted during the first half of 2024, it is concluded that Banesco Banco Universal, C.A., maintains an internal control environment that is suitable for its characteristics and dimensions, enabling the reasonable management of inherent risks.

To strengthen the internal control environment, it is crucial to monitor the ongoing mitigation and control initiatives until their implementation is complete. In addition, the units responsible for the design, implementation, and control of first- and second-line processes must reinforce continuous evaluation and improvement strategies to facilitate the timely detection of emerging risks resulting from changes that may occur in the different internal and external factors that impact the Organization.



Letters From The Sudeban

Regarding Provisions, Observations, Recommendations
or Initiatives on The Operation of The Institution

2024 First Half-Year

Shareholders' Meetings	
Date of Receipt	Official Notices
01/25/24	OFFICIAL NOTICE SIB-II-GGR-GA-00416: SUDEBAN gives its opinion on the request for authorization to increase capital stock, passed at the Extraordinary General Shareholders' Meeting held on 06/20/2023.
01/31/24	OFFICIAL NOTICE SIB-II-GGR-GA-00504: SUDEBAN has no objection to the appointments and ratifications agreed upon at the Extraordinary Shareholders' Meeting held on 03/27/2023.
01/31/24	OFFICIAL NOTICE SIB-II-GGR-GA-00507: SUDEBAN mandates the calling of a new Shareholders' Meeting to elect a member of the Board of Directors.
01/31/24	OFFICIAL NOTICE SIB-II-GGR-GA-00506: SUDEBAN has no objection to the appointment and ratifications agreed upon at the Extraordinary Shareholders' Meeting held on 09/25/2023.
03/08/24	OFFICIAL NOTICE SIB-II-GGIBPV-GIBPV6-01361: SUDEBAN provides feedback on the items on the agenda of the Extraordinary Shareholders' Meeting scheduled for 03/18/2024.
03/15/24	OFFICIAL NOTICE SIB-II-GGIBPV-GIBPV6-01458: SUDEBAN acknowledges receipt of the copies of the Minutes of the Ordinary General Shareholders' Meetings registered in the Commercial Registry on 02/23/2024.
03/15/24	OFFICIAL NOTICE SIB-II-GGIBPV-GIBPV6-01510: SUDEBAN provides feedback on the items on the agenda of the Ordinary Shareholders' Meeting held on 03/18/24.
03/26/24	OFFICIAL NOTICE SIB-II-GGIR-GSRB-01691: SUDEBAN issues observations on the items on the agenda of the General Shareholders' Meeting held on 03/18/2024, pertaining to the Independent Limited Assurance Report on Standards for Appropriate Comprehensive Risk Management - Resolution No. 136.03 and the Independent Limited Assurance Report on Standards for Appropriate Comprehensive Bank Liquidity Risk Management (Resolution No. 136.15, as of December 31, 2023).
05/10/24	OFFICIAL NOTICE SIB-II-GGIBPV-GIBPV6-02844: SUDEBAN provides feedback regarding the Call Notice, Board of Directors certifications, and draft Minutes of the Extraordinary General Shareholders' Meeting scheduled for 05/14/2024.
05/16/24	OFFICIAL NOTICE SIB-II-GGIBPV-GIBPV6-03002: SUDEBAN acknowledges receipt of the copies of the Minutes of the Extraordinary General Shareholders' Meetings registered in the Commercial Registry on 04/15/2024.
05/20/24	OFFICIAL NOTICE SIB-II-GGIBPV-GIBPV6-03073: SUDEBAN provides feedback on the certified Minute of the Extraordinary General Shareholders' Meeting held on 03/18/2024.
05/21/24	OFFICIAL NOTICE SIB-II-GGIBPV-GIBPV6-03148: SUDEBAN provides feedback on the dividend decree approved at the Ordinary General Shareholders' Meeting of 03/18/2024.
06/06/24	OFFICIAL NOTICE SIB-II-GGIBPV-GIBPV6-03564: SUDEBAN provides feedback on the Bank's response to the items on the agenda of the Ordinary General Shareholders' Meeting of 03/18/24.



Letters From The Sudeban

Regarding Provisions, Observations, Recommendations
or Initiatives on The Operation of The Institution

2024 First Half-Year

Inspections	
Date of Receipt	Official Notices
02/07/24	OFFICIAL NOTICE SIB-II-CSB-00589: Officials authorized to carry out Special Quality of Service Inspections.
02/07/24	OFFICIAL NOTICE SIB-II-CSB-00591: Information to be examined during the Special Quality of Service Inspection.
02/26/24	OFFICIAL NOTICE SIB-II-GGIBPV-GIBPV6-00630: SUDEBAN endorses the officials assigned to the General Inspection.
05/24/24	OFFICIAL NOTICE SIB-II-CCSB-03239: SUDEBAN forwards the Report containing the results of the Special Inspection on Banking Service Quality.
06/05/24	OFFICIAL NOTICE SIB-DSB-OPCLC-03482: SUDEBAN conducts a Special Inspection into compliance with ML/TF/FPWMD regulations.

Others	
Date of Receipt	Official Notices
01/08/24	OFFICIAL NOTICE SIB-II-GGIR-GRT-00027: SUDEBAN approves the Bank's request to deploy the Monthly Maintenance Plan for Fix (Program Temporary Fix 'PTF') application on the production iSeries partition for the January-December 2024 period.
01/10/24	OFFICIAL NOTICE SIB-II-GGIR-GRT-00050: SUDEBAN approves the Bank's request to deploy the Production ATM Restart Plan for the January-December 2024 period.
01/24/24	OFFICIAL NOTICE SIB-DSB-CJ-OD-00366: SUDEBAN gives a response to the authorization request for contracts related to Discounting Invoice Contracts ("Factoring with Recourse or with Resources", "Factoring without Recourse and without Resources" and "Invoice Assignment Contracts").
01/24/24	OFFICIAL NOTICE SIB-II-GGIBPV-GIBPV6-00390: SUDEBAN finds no irregularities in the accounting voucher supporting the expenses related to the Card Core Replacement Project.
01/29/24	OFFICIAL NOTICE SIB-II-GGIBPV-GIBPV6-00444: SUDEBAN has no objections to the Internal Audit report regarding the Action Plan designed to address the findings detailed in the "Memorandum of Recommendations on Accounting and Internal Control Procedures" signed by the External Auditors as of 06/30/2023.
01/31/24	OFFICIAL NOTICE SIB-II-GGR-GA-00505: SUDEBAN provides feedback on the appointments and ratifications of the members of the Board of Directors of this Bank for the 2022-2025 period.
02/02/24	OFFICIAL NOTICE SIB-II-GGR-GA-00530: SUDEBAN authorizes the relocation of the La Candelaria II Banesco branch (0224).
02/02/24	OFFICIAL NOTICE SIB-II-GGR-GA-00529: SUDEBAN authorizes the relocation of the C.C. Líder branch (0333).



Letters From The Sudeban

Regarding Provisions, Observations, Recommendations or Initiatives on The Operation of The Institution

2024 First Half-Year

Others	
Date of Receipt	Official Notices
02/08/24	OFFICIAL NOTICE SIB-II-GGIR-GRT-00613: SUDEBAN approves the Bank's request to deploy the Monthly Maintenance Plan for Fix (Program Temporary Fix 'PTF') February 2024.
02/23/24	OFFICIAL NOTICE SIB-II-GGIR-GRT-00824: SUDEBAN approves the Bank's request to execute the foreign exchange control procedure named "Power 9 Firmware Upgrade - February 2024 Production."
02/29/24	OFFICIAL NOTICE SIB-II-GGIR-GRT-01036: SUDEBAN approves the Bank's request to execute the foreign exchange control procedure named "ATM Application Reboot Plan - March 2024 Production."
02/29/24	OFFICIAL NOTICE SIB-II-CSB-00988: SUDEBAN has no observations to make regarding the Management Report for the second half of 2023. Resolution 063.15.
03/05/24	OFFICIAL NOTICE SIB-II-GGR-GA-01166: SUDEBAN does not object to the closing of two (02) external teller windows.
03/07/24	OFFICIAL NOTICE SIB-DSB-OPCLC-01274: SUDEBAN requests information in connection with the Limited Assurance Report on AML/CFT/FPWMD.
03/08/24	OFFICIAL NOTICE SIB-II-GGIR-GRT-01325: SUDEBAN approves the Bank's request to deploy the Monthly Maintenance Plan for Fix (Program Temporary Fix 'PTF') for March 2024.
03/14/24	OFFICIAL NOTICE SIB-II-GGIR-GRT-01425: SUDEBAN authorizes the Bank to execute the activity named "Release of the Service Pack 24 upgrade on the IST Switch 7.7 application."
03/14/24	OFFICIAL NOTICE SIB-II-GGR-GA-01429: SUDEBAN does not object to the closing of three (03) business centers and five (05) external teller windows.
03/15/24	OFFICIAL NOTICE SIB-II-GGIR-GRT-01511: SUDEBAN authorizes the Bank to execute the emergency procedure known as "Recovery of Firewall FP4145 Data Center Licensing."
03/22/24	OFFICIAL NOTICE SIB-II-GGIR-GRT-01616: SUDEBAN authorizes the Bank to execute the emergency procedure to restore the cluster connection between the FP4145 Data Center Firewalls, caused by an error in the Buq CSCvy09217 operating system dated 03/20/2024.
03/25/24	OFFICIAL NOTICE SIB-II-GGIR-GRT-01658: SUDEBAN approves the Bank's request to implement the upgrade of the Extended Infrastructure Plus system, as part of the ongoing Platform modernization project led by the BCV.
03/26/24	OFFICIAL NOTICE SIB-DSB-OPCLC-01653: SUDEBAN acknowledges Banesco's statement that it has no ties to company "Kontigo".
04/09/24	OFFICIAL NOTICE SIB-II-GGR-GA-01987: SUDEBAN does not object to the closing of three (03) business centers, three (03) in-store branches, and three (03) external teller windows.
04/10/24	OFFICIAL NOTICE SIB-II-GGIR-GRT-02011: SUDEBAN approves the Bank's request to deploy the Monthly Maintenance Plan for the Fix application (Program Temporary Fix 'PTF') on the production series partition for April 2024.
04/16/24	OFFICIAL NOTICE SIB-II-GGR-GA-02148: SUDEBAN has rendered its opinion the request for authorization to close ninety-eight (98) branches and seven (7) in-store branches.



Letters From The Sudeban

Regarding Provisions, Observations, Recommendations
or Initiatives on The Operation of The Institution

2024 First Half-Year

Others	
Date of Receipt	Official Notices
04/17/24	OFFICIAL NOTICE SIB-II-GGIR-GRT-02159: SUDEBAN approves the Bank's request to conduct a Contingency Activation Test (Failover) on Node 3 of the IST Switch 7.7 application, which supports POS services (BioPago, MDS, Local Network) and Interbank Mobile Payments.
04/17/24	OFFICIAL NOTICE SIB-DSB-OPCLC-02168: SUDEBAN has no objections to the action plan outlined in the Limited Assurance Report regarding AML/CFT/FPWMD matters.
04/18/24	OFFICIAL NOTICE SIB-II-GGR-GA-02180: SUDEBAN has rendered its opinion on the request for authorization to increase capital stock and amend its bylaws, as approved by the Extraordinary Shareholders' Meeting held on June 20, 2023.
04/22/24	OFFICIAL NOTICE SIB-II-GGR-GA-02244: SUDEBAN provides feedback on the closing of six (6) branches.
05/02/24	OFFICIAL NOTICE SIB-II-GGIR-GRT-02531: SUDEBAN authorizes the implementation of the ME (foreign currency) functionality in a 7x24 production environment.
05/03/24	OFFICIAL NOTICE SIB-II-GGIR-GRT-02572: SUDEBAN approves the Bank's request to execute the foreign exchange control procedure named "ATM Application Reboot Plan - May 2024 Production."
05/08/24	OFFICIAL NOTICE SIB-II-GGR-GA-02722: SUDEBAN has rendered its opinion on the request for authorization to close fifty-three (53) branches and one (1) in-store branch.
05/15/24	OFFICIAL NOTICE SIB-II-GGIR-GRT-02909: SUDEBAN approves the Bank's request to execute the foreign exchange control procedure named "Monthly Maintenance Plan for the Fix application (Program Temporary Fix 'PTF')."
05/17/24	OFFICIAL NOTICE SIB-II-GGIR-GRT-03021: SUDEBAN approves the Bank's request to conduct the Comprehensive Critical Services Drill scheduled for May 2024.
05/17/24	OFFICIAL NOTICE SIB-II-GGIR-GRT-03055: SUDEBAN approves the Bank's request to perform the AIX-IBM OS Service Pack upgrade from SP2 to SP7 in production and contingency environments for the systems supporting the IST Switch application.
05/24/24	OFFICIAL NOTICE SIB-II-GGIR-GRT-03245: Approval to perform an operating system upgrade from version 9.12 to 9.18 on the Perimeter Firewalls F4110 at Ciudad Banesco and El Rosal, covering both Internet and Segregation segments.
05/24/24	OFFICIAL NOTICE SIB-II-GGIBPV-GIBPV6-03248: SUDEBAN gives its opinion on the "Top 500 Debtors" Form, as of March 31, 2024.
06/06/24	OFFICIAL NOTICE SIB-II-GGIR-GRT-03582: SUDEBAN requests additional information on Quick Response (QR) code technology.
06/07/24	OFFICIAL NOTICE SIB-II-GGIR-GRT-03596: SUDEBAN approves the Bank's request to deploy the Monthly Maintenance Plan for Fix (Program Temporary Fix 'PTF') for June 2024.
06/11/24	OFFICIAL NOTICE SIB-II-GGIBPV-GIBPV6-03648: SUDEBAN has rendered its opinion and requested supplementary information concerning the responses to the accounting variances.



Letters From The Sudeban

Regarding Provisions, Observations, Recommendations
or Initiatives on The Operation of The Institution

2024 First Half-Year

Others	
Date of Receipt	Official Notices
06/13/24	OFFICIAL NOTICE SIB-II-GGR-GA-03677: SUDEBAN authorizes the Prepaid Card product for national and international use.
06/20/24	OFFICIAL NOTICE SIB-II-GGR-GA-03772: SUDEBAN hereby acknowledges receipt of the information submitted by the La Candelaria II Banesco Bank (0224).
06/28/24	OFFICIAL NOTICE SIB-II-GGR-GA-04010: SUDEBAN authorizes the BanesConecta service.

Others	
Date of Receipt	Circulars
01/08/24	CIRCULAR SIB-II-GGIR-GRT-GGR-GNP-00036: SUDEBAN has issued a prohibition against the transfer of computing facilities, processing systems, and databases, in both digital and physical formats, belonging to customers of entities regulated by the Decree-Law, to foreign jurisdictions.
01/12/24	CIRCULAR SIB-DSB-OPCLC-00095: SUDEBAN requests information to conduct the Factor-Based Risk Assessment (2024 EBRF) on the Products and Services sub-factor, in terms of AML/CFT/FPWMD.
01/30/24	CIRCULAR SIB-II-GGR-GNP-00465: Extension of the deadline to submit Form "A" Balance Sheet for Publication, established in Chapter V "Financial Statements".
02/27/24	CIRCULAR SIB-II-GGR-GNP-GIDE-00901: SUDEBAN has issued a new technical standard AT49 governing Pagomovil and Biopago (mobile and biometric payment) operations.
02/28/24	CIRCULAR SIB-II-GGR-GNP-00919: Circular concerning Financial Intermediation.
03/01/24	CIRCULAR SIB-II-GGR-GNP-01077: Circular concerning the requirements for opening accounts for natural persons.
03/01/24	CIRCULAR SIB-II-GGIR-GSRB-GGR-GNP-00968: SUDEBAN has announced an extension of the deadline for complying with the requirements outlined in Articles 24 to 31 of Resolution No. 136.15.
03/01/24	CIRCULAR SIB-II-GGR-GNP-GIDE-01101: SUDEBAN has requested the transmission of the new technical standard AT50 concerning Service Fees.
03/01/24	CIRCULAR SIB-II-GGR-GNP-GIDE-01102: SUDEBAN has issued a new technical standard AT51 concerning Point-of-Sale Operations.
03/05/24	CIRCULAR SIB-II-GGIR-GRT-GGR-GNP-01180: Circular Pertaining to guidelines on the opening of Digital Accounts and the acceptance of Electronic Contracts.
03/11/24	CIRCULAR SIB-II-GGR-GNP-GIDE-01379: SUDEBAN extends the compliance period for the new AT50 "Service Fees".
03/11/24	CIRCULAR SIB-II-GGR-GNP-GIDE-01378: SUDEBAN extends the compliance period for the new AT49 "Pagomovil and Biopago operations".



Letters From The Sudeban

Regarding Provisions, Observations, Recommendations
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2024 First Half-Year

Others	
Date of Receipt	Circulars
03/11/24	CIRCULAR SIB-II-GGR-GNP-GIDE-01380: SUDEBAN extends the compliance period for the new AT51 "Point-of-sale Operations".
04/16/24	CIRCULAR SIB-II-GGR-GNP-02153: SUDEBAN informs the extension of the deadline to submit Form "A" Balance Sheet for Publication, established in Chapter V "Financial Statements".
05/30/24	CIRCULAR SIB-II-GGR-GNP-03483: Aspects to be considered in the accounting for Exchange Gains and Losses.
05/31/24	CIRCULAR SIB-DSB-CJ-CNTF-03469: SUDEBAN suspended the registration of Carroferfa Media Group, C.A. as an authorized point-of-sale provider.
06/13/24	CIRCULAR SIB-OPCLC-II-GGIR-GRT-GGR-GNP-03678: SUDEBAN issues guidelines on the opening of Digital Accounts and the acceptance of Electronic Contracts.
06/26/24	CIRCULAR SIB-II-GGR-GNP-03894: SUDEBAN extends the deadline for submitting supplementary information related to financial statements.



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 23, 2024, 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:

SOLE: 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, 2024.

MARCO TULIO ORTEGA VARGAS

CHAIRMAN OF THE BOARD

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

Caracas, August 21, 2024

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 Annual Meeting of Shareholders to take place on September 23, 2024, 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: Appoint the Chief Commissioner and his Deputy, setting their remuneration.

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

MARCO TULIO ORTEGA VARGAS

CHAIRMAN OF THE BOARD

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

Caracas, August 21, 2024

RIF: J07013380-5



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 Annual Meeting of Shareholders to take place on September 23, 2024, 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:

FIRST: To consider and resolve on the adjustment of the nominal value of the Bank's shares, increasing it from One Ten-Billionth of a Bolívar (Bs. 0.0000000001) to Zero and One Hundred-Thousandth of a Bolívar (Bs. 0.00001) each.

SECOND: In accordance with what is decided in the previous point, modify article 5 of the Bank's Bylaws.

MARCO TULIO ORTEGA VARGAS

CHAIRMAN OF THE BOARD

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

Caracas, August 21, 2024

RIF: J07013380-5

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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 23, 2024, at 9:30 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:

SOLE: To integrate into a single text all statutory modifications and reforms approved to date.

MARCO TULIO ORTEGA VARGAS

CHAIRMAN OF THE BOARD

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

Caracas, August 21, 2024

RIF: J07013380-5



Corporate Governance

First Half 2024

- **The Bank's corporate governance structure is rooted in its bylaws, the LISB, the Commercial Code, Sudeban (Superintendency of Banking Institutions) regulations, and Board resolutions, all aligned with current trends in order to apply the best national and international practices and standards in the matter.**

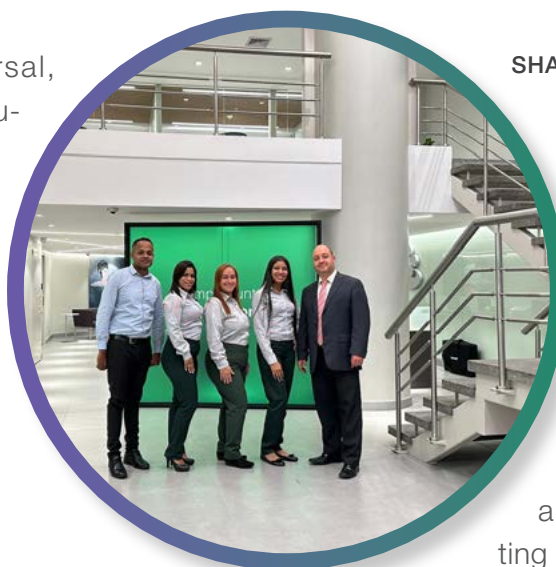
Banesco Banco Universal, C.A., is a banking institution domiciled in the city of Caracas, Bolivarian Republic of Venezuela, authorized to carry out all financial intermediation operations and its related services, without further limitations than those established in the Decree Law of Banking Institutions (hereinafter, "LISB").

Organizational Structure of Banesco Banco Universal

CORPORATE GOVERNANCE BODIES AND MECHANISMS

The Bank's corporate governance structure is rooted in its bylaws, the LISB, the Commercial Code, Sudeban (Superintendency of Banking Institutions) regulations, and Board resolutions, all aligned with current trends in order to apply the best national and international practices and standards in the matter.

The Bank maintains a governance structure comprised of the Shareholders' Meeting, the Board of Directors, the Chairman of the Board of Directors, the Vice Chairman of the Board of Directors, the Chief Executive Officer, the Executive and Management Committees, the many Executive Vice Presidencies, as well as the Compliance Officer and the Internal Auditor.



SHAREHOLDERS' MEETING

It represents all shareholders and has the ultimate authority over the company. It meets ordinarily within 90 days following the close of each six-month period and extraordinarily whenever the Board of Directors deems it convenient to the company's interests, or when requested by a group of shareholders representing at least 20% of the capital stock.

Its acts and resolutions are binding on the Bank and all shareholders.

The Shareholders' Meeting has, among others, the authority to: i) determine the number of Directors that will make up the Board of Directors; ii) appoint the members of the Board of Directors and set their remuneration; iii) appoint the Main Statutory Auditor and the Alternate and set their remuneration; iv) discuss, approve or modify the submitted Financial Statements based on the Auditors' Report; v) issue and amend the Bylaws; vi) resolve on the early termination, extension, merger with another company, sale of corporate assets, change of business purpose, increase, decrease, or reimbursement of the capital stock and amendment to the Bylaws regarding such matters; vii) decide on dividends decree and the form of payment thereof for the amount, with the fre-



Corporate Governance

First Half 2024

quency and at the time deemed convenient, in accordance with the Law and the Bylaws of the Bank; viii) on the recording of reserves or special accruals that the Board of Directors submits for its consideration; and ix) know and resolve on any other matter within its competence, in accordance with the Law and the Bylaws of the Bank.

BOARD OF DIRECTORS

This executive body is responsible for the day-to-day management of business and operations and has the authority to make all significant business decisions of the Bank, including the approval of the Corporate Social Responsibility policy. The Board of Directors is comprised of highly qualified individuals with extensive banking experience, recognized standing and good repute.

The Board of Directors is responsible for defining and directing the strategic direction of the Organization, approving business principles and policies, and overseeing executive management.

It also oversees the Bank's operations and performance, and assesses and compares business forecasts and the results of each period with previous years.

The appointment of its members complies with the Banking Law, Sudeban regulations, and the Bank's bylaws.

His governing body is also responsible for knowing and approving policies to manage risks to which the

Organization is exposed, including economic, environmental, and social risks, all after reviewing the reports and analyses prepared by the Risk Unit and the Risk Management Committee.

CHAIRMAN OF THE BOARD OF DIRECTORS

The Chairman of the Board of Directors acts as the legal representative of the Bank in the broadest manner before every authority and any other public or private person or entity, and also presides over Board meetings. The Vice Chairman assumes the Chairman's duties in his absence.

CHIEF EXECUTIVE OFFICER

The CEO is appointed by the Board and is responsible for the day-to-day management and operations of the Bank and its internal services, and must report regularly to the Board on the Bank's financial situation and results of its operations, and carry out other duties assigned by the Board.

EXECUTIVE COMMITTEE

As the main executive body, in general, it is responsible for ensuring compliance with the policies, strategies, standards, procedures, and guidelines established and approved by the Board of Directors, since it acts on its behalf. The committee is responsible for (i) ensuring the Bank achieves its goals, (ii) approving matters related to movable and immovable property management, (iii) monitoring and controlling business plans and financial performance, driving continuous process improvement, among others.



Corporate Governance

First Half 2024

COMPLIANCE OFFICER

He is a Board-reporting officer, responsible exclusively to carry out tasks to prevent and control crimes of Money Laundering, Terrorist Financing and Financing of the Proliferation of Weapons of Mass Destruction (ML/TF/FPWMD), and supervise the ML/TF/FPWMD Prevention and Control Unit. Key responsibilities include: a) promoting and supervising compliance with the policies, procedures, provisions, and controls related to the Prevention and Control of ML/TF/FPWMD, approved by the Board of the Bank; b) designing the Annual Operational Plan together with the ML/TF/FPWMD Prevention and Control Unit;

c) presenting 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 Prevention and Control of ML/TF/FPWMD, and recommendations to improve adopted procedures;

d) submitting suspicious activity reports to the National Financial Intelligence Unit (UNIF) and responding to information requests from this and other relevant authorities within the timeframe required by law and communications requesting information; e) maintain-



ing institutional relations with other competent authorities, non-governmental organizations, and institutions tasked with preventing, suppressing, and controlling ML/TF/FPWMD; and f) developing communication strategies aimed at informing and raising awareness among clients and employees on issues related to the matter, among others.

INTERNAL AUDITOR

Is the person in charge of guaranteeing that the Bank's transactions and procedures are compliant with the Law, prudential regulations, internal process manuals, and accounting principles approved by Sudeban. The Internal Auditor is also in charge of supervising the due operation of internal control systems; guaranteeing compliance with the resolutions issued by the General Shareholders' Meeting, the Board of Directors, and the prudential regulations issued by the regulatory agency; endorsing the financial statements jointly with the legal representative and the general accountant; internally coordinating the analysis of the diverse operations of the institution and, together with the Audit Committee, informing the Board of Directors on the findings of the audits performed in order to improve the procedures and mitigate any potential deficiencies. The responsibilities of the Internal Auditor are defined by the LISB and related regulations promulgated by the banking authority.



Corporate Governance

First Half 2024

Thematic Steering Committees

They are support bodies for the Board of Directors, aimed at promoting the achievement of strategic planning goals, corporate policies, and operational transparency.

ASSETS AND LIABILITIES COMMITTEE

This committee is responsible for overseeing liquidity risk management to support the Board of Director and the CEO in setting, monitoring, and controlling asset and liability management policies to optimize returns and achieve goals set in the financial planning of the Organization.

AUDIT COMMITTEE

The Audit Committee is responsible for promoting the improvement and efficiency of corporate governance, risk management, and internal control within the Organization, by following up and supervising the performance of the Internal Audit, as well as the results from External Audit evaluations and inspections by regulatory agencies.

The information provided by the Audit Committee promotes an internal control culture in the Organization and contributes to the improvement of management and operational efficiency and to the strengthening of policies, standards, and procedures under the current regulatory framework.

CENTRAL CREDIT COMMITTEE

By express delegation of the Board of Directors, it is intended to approve loan applications, up to an amount equivalent to the maximum established in the LISB, or in any other legal or statutory text that may in the future regulate the maximum amount of credit



operations that banking institutions may grant individually to specific persons or to groups of related persons, including those that individually exceed five percent (5%) of the Institution's equity.

ETHICS, APPOINTMENT, AND PAYMENT COMMITTEE

It is a committee with information, oversight, advisory and approval powers to support the Board of Directors in fulfilling its responsibilities related to the management of appointments, payments, human resources strategies, and compliance with the Organization's Code of Ethics and Code of Conduct.

RISK COMMITTEE

It is responsible for ensuring the existence and implementation of a set of objectives, policies, procedures, and actions aimed at managing, identifying, measuring, and mitigating the risks to which the Bank is ex-



Corporate Governance

First Half 2024

posed, so that the risk profile is the one desired by the Bank, thus supporting the Board of Directors in achieving the Organization's strategic planning and goals.

TECHNOLOGY COMMITTEE

It is the body responsible for ensuring that technological implementations are aligned with the Organization's strategies and objectives, maintaining a global vision of the business, using resources responsibly, and identifying and managing the associated risks.

Thematic Steering Committees

MARKETING AND COMMUNICATIONS COMMITTEE

Its goal is to develop and implement marketing and communications strategies that support the Bank's strategic plan and business goals, and those related to brand studies, campaigns, promotions of different products and services, communication plan, and the Responsibility and Sustainability policy.

PROJECTS AND INVESTMENTS COMMITTEE

It is responsible for overseeing the execution of projects and investments, from inception to completion, ensuring alignment with the Bank's strategic objectives and fulfillment of value proposition. It is also responsible for ensuring that the project and investment portfolio meets the criteria justifying the allocation of resources in terms of (i) impact on achieving the strategy; (ii) value generated for the Organization; (iii) business continuity and risk; (v) regulatory compliance; (vi) feasibility of the investment amount and required execution capacity; and (vii) reasonableness and feasibility of the business cases for each approved investment.

BUDGET MANAGEMENT AND PROCUREMENT COMMITTEE

It is responsible for overseeing the Bank's budget management and procurement processes, from budget formulation to the procurement of goods and services, guaranteeing efficient spending levels, as well as the selection of the best option offered in the market, in order to meet the Organization's strategic objectives.





Statutory Auditors' Report Banesco Banco Universal, C.A.

First Half 2024 • Half Finished at June 30, 2024

CARACAS, AUGUST 2, 2024

To the Shareholders and Board of Directors of Banesco Banco Universal, C.A.

In our capacity as Statutory Auditors, appointed at the Extraordinary General Shareholders' Meeting of the Bank, held on March 28, 2022, pursuant to the provisions of the Bylaws of the Institution and the Interprofessional Standards for the discharge of Statutory Auditor duties, and as provided for in articles 287, 309 and 311 of the Code of Commerce, we hereby inform that we have audited the statement of financial position as of June 30, 2024, 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 statements accompany the reports of Independent Auditors of Adrianza, Rodríguez, Céfalo & Asociados (Members of Mazars International), which should be made part hereof for all intents and purposes.

Financial Statements Responsibility of the Bank's Management and Governance Officers

The Management of Banesco Banco Universal, C.A., is responsible for the preparation and fair presentation of these financial statements in accordance with accounting standards and instructions issued by the Superintendency of Banking Institutions (SUDEBAN). Likewise, the Bank's Management is responsible for implementing internal controls deemed relevant for the preparation of financial statements free from material misstatements, whether due to fraud or error.

In the preparation of the financial statements, Management is responsible for assessing the Bank's ability

to continue as a going concern, disclosing, as appropriate, relevant going concern matters, and using basis of accounting applicable to a going concern, unless Management intends to liquidate the Bank or cease operations, or where no other viable option is available.

Management is responsible for overseeing the financial reporting process of the Bank.

Statutory Auditors' Responsibility

Our responsibility is to express an opinion on the approval of these financial statements based on our audit. The audit was conducted in accordance with the scope we deemed necessary, which is substantially narrower than the scope of an audit conducted in accordance with International Standards on Auditing, aiming to express an opinion on the basic financial statements taken as whole. Our audit covered the financial operations presented in the Financial Statements submitted for the Meeting's consideration: Statement of Financial Position as of June 30, 2024, Statement of Income, Statement of Changes in Shareholders' Equity and Cash Flow for the period then ended. Likewise, it included the review of the minutes of meetings of the Board of Directors and the Risk Committee, the Internal Audit Committee, Internal Audit Reports, and the review of matters concerning the Prevention and Control of Money Laundering, Terrorist Financing, and Financing of the Proliferation of Weapons of Mass Destruction, and the correspondence received from and sent to the Superintendency of Banking Institutions (SUDEBAN). Hence, it is worth mentioning that the opinions we



Statutory Auditors' Report

First Half 2024

expressed herein on the financial position of Banesco Banco Universal, C.A., as of June 30, 2024, are mainly based on the audit conducted by Adrianza, Rodríguez, Céfaló & Asociados (Members of Mazars International), the independent auditors of the Bank for the same period, and their reports, issued on August 2, 2024, should be considered a part hereof, namely:

- I. Financial Statements as of June 30, 2024 and Independent Auditors' Report
- II. Combined Financial Statements of Trusts as of June 30, 2024
- III. Independent Limited Assurance Report on Standards for Appropriate Comprehensive Risk Management-Resolution No. 136.03 (from January 1 to June 30, 2024)
- IV. Independent Limited Assurance Report on Standards for Appropriate Comprehensive Bank Liquidity Risk Management-Resolution No. 136.15 (from January 1 to June 30, 2024)
- V. Report on Agreed-Upon Procedures for Non-Financial Information (from January 1 to June 30, 2024)
- VI. Independent Limited Assurance Report on the Management of Risks Related to Money Laundering, Terrorist Financing, and Financing of the Proliferation of Weapons of Mass Destruction (from January 1 to June 30, 2024)
- VII. Special Report on the Financial Statements as of June 30, 2024
- VIII. Memorandum of Recommendations on Accounting and Internal Control Procedures as of June 30, 2024

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

- I. Q1 and Q2 2024 Compliance Officer's Management Report.
- II. Banesco Banco Universal, C.A. Bank Client and User Ombudsman's Report for the six-month period ended June 30, 2024.

Recommendation

Based on our audit and the opinion of the Independent Auditors of Adrianza, Rodríguez, Céfaló & Asociados (Members of Mazars International), the Financial Statements in question present fairly, in all material respects, the financial position of Banesco Banco Universal, C.A., for the six-month period ended June 30, 2024, the income of its operations, changes in Shareholders' equity and cash flow for the six-month period then ended, in accordance with Generally Accepted Accounting Principles established by the Superintendency of Banking Institutions (SU-DEBAN) for the Venezuelan banking system. Based on the foregoing, we recommend approval thereof.

Emphasis of Matter

While we do not modify our opinion, we draw attention to the following matters, which are explained in more detail in the notes to the accompanying financial statements:

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



Statutory Auditors' Report

First Half 2024

accepted accounting principles in Venezuela. The Bank has outlined the most significant valuation and disclosure criteria in Note 2 to the accompanying financial statements.

- ▶ The Central Bank of Venezuela (BCV) has issued legal reserve standards for the banking sector, which may impact financial intermediation and results. The Bank has identified the most significant aspects in this regard in Notes 1 and 3 to the accompanying financial statements.

Other Matters to Report

- ▶ The Bank maintains control mechanisms to monitor compliance with Article 307 of the Code of Commerce. The Bank only declares and pays dividends to Shareholders on the basis of net profits earned.
- ▶ The Reserves, Provisions, and Statutory Accruals are reasonable and compliant with the governing regulations. Therefore, the managers have fulfilled the duties imposed by the Law, the Bylaws and the Current Legal System.
- ▶ Banesco Banco Universal, C.A., has implemented the corresponding audit programs in order to comply with the instructions given in Circular No. HSB-200-1155 of February 24, 1984, issued by the Superintendency of Banks and Other Financial Institutions, currently the Superintendency of Banking Institutions (SUDEBAN), as stipulated in Circular No. HSB-200-5355 of September 13, 1984.
- ▶ Throughout the audited period, we received no complaints from Shareholders, nor were we informed by any of them of any circumstances that, in

our opinion, could weaken or have the potential to weaken the financial position of the institution.

- ▶ As part of our audit, we reviewed the communications exchanged with the Superintendency of Banking Institutions (SUDEBAN) during the six-month period ended June 30, 2024. In this regard, the following is noteworthy:

1. Official Notice No. SIB-II-CCSB-07740 sent to Sudeban on January 3, 2024. A certification was sent to Sudeban indicating that the Board of Directors was informed of the content and scope of Official Notice No. SIB-II-CCSB-07740 pertaining the Report on the Protection of Users of Financial Services issued by the Bank Client and User Ombudsman for the first half of 2023.
2. Official Notice No. SIB-II-GGIBPV-GIB-PV6-00390 was sent to Sudeban on February 8, 2024, to inform the entity about the recording in the income statement of total expenses incurred for the card core replacement project in December 2023. The audit report was also submitted.
3. Official Notice No. SIB-II-GGIR-GSRB-GGR-GNP-00968, received from Sudeban on February 29, 2024, granting an extension for compliance with the provisions in articles 24 to 31 of Resolution No. 136.15.
4. Official Notice No. SIB-II-GGIR-GRT-02011, received from Sudeban on April 10, 2024, authorizing the execution of the Monthly Maintenance Plan for the Fix (Program Temporary Fix PTFs) application in the production series partition for April 2024.



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5. Official Notice No. SIB-II-GGIR-GRT-03055, received from Sudeban on May 17, 2024, authorizing the operation known as Service Pack Update for AIX-IBM Operating System from SP2 to SP7 for Production and Contingency environments, on the equipment supporting the IST Switch application.
6. Official Notice No. SIB-DSB-OPCLC-03482, received from Sudeban on June 5, 2024, notifying the beginning of a Special Inspection Visit regarding ML/TF/FPWMD.

During the six-month period ended June 30, 2024, the following general Shareholders' meetings were held:

General Meeting of Shareholders	Notes	Date
Ordinary	1	March 18, 2024
Extraordinary	2	March 18, 2024
Extraordinary	3	May 14, 2024

1. **Items Discussed: First:** Discuss and resolve, upon review of the Board of Directors' report and the Statutory Auditors' report, on the approval of the Financial Statements presented by the External Auditors of the Bank for the six-month period ended December 31, 2023. **Second:** Discuss and resolve on the allocation of profits earned as of December 31, 2023. **Third:** Discuss and resolve on the compensation applicable in 2024 for the Statutory Auditor and his or her Alternate, appointed in the Ordinary Shareholders' Meeting, held on March 28, 2022. **Fourth:** Grant the Board of Directors the authority to purchase shares of the Bank for valuable consideration and dispose of them at their discretion.

2. **Items Discussed: First:** Appointment of the members of the Board of Directors of the Bank. **Second:** Appointment of the Client and User Ombudsman and the Deputy Ombudsman.

3. **Items Discussed: First:** Discuss and resolve on the convenience of increasing the Bank's capital stock to meet the provisions in Resolution 029.23, issued by the Superintendency of Banking Institutions. The proposed increase would be 60% through cash injections and 40% through a stock dividend decree. **Second:** Following the resolution on the previous point, revise Article 5 of the Bank's Bylaws concerning the capital stock.

We attended the Ordinary Shareholders' Meeting and the Extraordinary Shareholders' Meeting held on March 18, 2024, as Main Statutory Auditor and Alternate Statutory Auditor.

During the six-month period ended June 30, 2024, the Board of Directors held the following meetings:

Board of Directors Meeting	Date
1,534	January 8, 2024
1,535	January 31, 2024
1,536	February 22, 2024
1,537	March 26, 2024
1,538	April 30, 2024
1,539	May 30, 2024
1,540	June 26, 2024

Upon reviewing the minutes of the Board of Directors' Meetings for the first half of 2024, we observed all the items discussed and approved at each meeting and we confirmed that the members of the Bank's Board of Directors and its secretary were present at each of the meetings listed above.



Statutory Auditors' Report

First Half 2024

Review of the Financial Statements as of June 30, 2024

Following the Independent Auditors' review of the Bank's Financial Statements as of June 30, 2024, we deemed necessary to mention the following aspects:

REGULATORY SYSTEM

CASH AND DUE FROM BANKS

Cash and Due from Banks' is represented by amounts, in both domestic and foreign currency, held on demand in cash at the Central Bank of Venezuela (BCV) and in domestic and foreign banks for a total of Bs. 15,642,710,699, as of June 30, 2024, which includes US\$ 222,160,455 equivalent to Bs. 8,076,662,103. Cash and due from banks are subject to the purpose or use required or permitted by current regulations, as described below:

a. Legal Reserve

The Bank is required to hold a minimum reserve of 73% of its domestic currency liabilities and 31% of its foreign currency liabilities at the BCV. Obligations arising from foreign currency deposits received within the national financial system are exempt from the calculation of the legal reserve requirement. The BCV deducts from the calculated reserve position amounts paid upon the acquisition of hedging instruments for its clients, amounts resulting from foreign exchange sales under the exchange rate intervention mechanism, withdrawal of paid cash and accumulated financial costs arising from any deficits, if any.

Banking institutions with a reserve deficit are required to pay the BCV a financial cost calculated daily by the BCV. In the six-month period ended June 30, 2024, the Bank recognized Bs. 91,888,815, for this concept, which is presented in 'Miscellaneous operating expenses.'

As of June 30, 2024, the legal reserve required by the BCV amounts to Bs. 3,351,001,357, which is presented in the balance sheet as '*Banco Central de Venezuela*' under '*Cash and due from banks*.'

b. Exchange Intervention, Foreign Exchange Desk and Retail

In compliance with foreign exchange regulations, the Bank maintains cash and due from banks in foreign currency intended for the Foreign Exchange and Free Convertibility System (SMCLC), the balance of which is as follows:

06-30-2024	
Cash and due from banks for foreign exchange transactions	(In bolivars)
Cash: for foreign exchange desk and retail transactions (US\$ 3,567,090)	129,681,848
Correspondent accounts for foreign exchange desk and retail transactions, intervention (US\$ 2,335,022)	84,889,925
	214,571,773

c. Cash and Due from Banks in Foreign Currency

Under Exchange Agreement No. 1, 'Cash and due from banks' includes funds from customers' deposits in foreign currency, which are reflected in the 'Cash' and 'Banks and foreign correspondents' accounts.



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INVESTMENT SECURITIES

a. Placements in the Central Bank of Venezuela and Interbank Transactions

Interbank placements correspond to overnight transactions with other local financial institutions, presented at par value for a total of Bs. 315,041,460, as of June 30, 2024), which are close to their fair value, bear interest at an annual rate of 3% to 5%, and are due in July 2024.

During the six-month period ended June 30, 2024, interbank placements generated '*Financial Income*' of Bs. 28,214,679, presented as 'Income from Investment Securities' within the 'Financial Income' section of the statement of income.

b. Held-to-Maturity Investment Securities

'Held-to-Maturity Investment Securities' correspond to national and foreign public debt securities, which the Bank has the firm intent and ability to hold to maturity.

The Bank holds securities issued or guaranteed by the Venezuelan Government or its entities, presented as '*Held-to-Maturity Investments*' at amortized cost, maturing in 2027 and 2037, the cumulative gains of which remain outstanding and are due from the issuer. On May 22, 2020, by Official Notice No. SIB-II-GGIBPV-GIBPV5-02735, SUDEBAN authorized the Bank to record in the subaccount named '*Other Control Accounts*' the accrual of gains receivable related to securities issued by Petróleos de Venezuela, S.A. (PDVSA) beginning with the coupon payment due on April 12, 2020, and to recognize the income upon receipt of payment of the coupons. Consequently,

as of June 30, 2024, the Bank maintains returns receivable on investment securities amounting to Bs. 40,516,285, presented in memorandum accounts.

During the six-month period ended June 30, 2024, the Bank recognized income of Bs. 20,243,307, from the amortization of discounts in held-to-maturity investment securities, presented as '*Valuation gain on investment securities*,' under '*Other operating income*.'

c. Restricted Investments

Restricted investments are primarily represented by term deposits held in foreign financial institutions to guarantee operations related to licensing agreements for the non-exclusive and royalty-free use of the VISA, MasterCard, and American Express credit card trademarks.

During the six-month period ended June 30, 2024, time deposits generated financial income of Bs. 12,467,271, presented as '*Income from investment securities*' under '*Financial Income*.'

The trust of the Social Contingency Fund held with Banco Exterior, C.A. was established pursuant to the provisions of the Banking Institutions Law to guarantee workers the payment of their labor claims in the event of the bank's liquidation.

d. Concentration of Operations and Others

The Bank maintains the safekeeping of securities issued or guaranteed by the Venezuelan Government with the BCV and Caja Venezolana de Valores, C.A. Securities related to placements and trusts held in national and foreign banks are safeguarded by the respective banks.



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During the six-month period ended June 30, 2024, there were no transfers between investment categories.

LOAN PORTFOLIO

The Loan Portfolio mainly consists of loans granted to individuals and private entities, including commercial loans, microloans, and CPUN loans, denominated in bolivars adjusted to the IDI value, and consumer loans in nominal bolivars.

a. Loan Portfolio Classification

Loan portfolio includes Bs. 44,909,069, corresponding to changes in UVC loans recognized in 'Adjustments to equity,' net of provisions associated with changes in the Loan Portfolio.

The non-performing portfolio, on which interest is not accrued, represented by past-due loans and loans in dispute, amounts to Bs. 21,197,504.

The unrecorded interest on this portfolio for the six-month period amounts to Bs. 464,853, which is presented in memorandum accounts.

Mandatory Portfolio

—Single National Productive Portfolio (CPUN)

During the first half of 2024, the Bank recognized '*Revenues from Loan Portfolio*' and '*Miscellaneous operating expenses*' of Bs. 167,041,270 and Bs. 61,307,947, respectively, due to the recording of a 20% special charge upon settlement of the agricultural loan from the CPUN portfolio.

—Microfinance Portfolio

As of June 30, 2024, the microfinance portfolio consists of 1,124 borrowers with 1,230 loans at a maximum interest rate of 16%, which met the regulatory 3% requirement, representing 3.72% of the total portfolio.

—Provision for Loan Portfolio

The provision for Loan Portfolio comprises both generic and countercyclical provisions totaling Bs. 141,133,369. Additionally, the Bank maintains a voluntary generic provision of Bs. 15,820,057, which is established based on its own risk estimates to cover potential losses in the loan portfolio.

INVESTMENTS IN SUBSIDIARIES AND AFFILIATES

The Bank recorded a net gain of Bs. 12,909,171 from equity share in affiliates, presented in '*Other Operating Income*' for Bs. 13,462,540 and in '*Other Operating Expenses*' for Bs. 553,369. At the end of the first half of year, this net gain from equity investment is transferred to '*Restricted surplus*' in accordance with prudential regulations.

PROPERTY AND EQUIPMENT

On October 26, 2022, by Official Notice No. SIB-II-GGIBPV-GIBPV6-07855, SUDEBAN authorized the Bank to revalue assets up to the amount of Bs. 240,000,000. Consequently, during the six-month period ended December 31, 2022, '*Buildings and Facilities*' was increased by that amount with credit to '*Adjustments to Equity*,' under '*Shareholders' equity*.' Pursuant to current banking regulations, the balance of the '*Revaluation Surplus*' cannot be capitalized or use for any reason whatsoever. This revaluation is



Statutory Auditors' Report

First Half 2024

charged to depreciation over the remaining useful life of the asset and is below the fair value of the property, as determined by the appraiser.

The Bank spent Bs. 27,899,044 on branches and headquarters mainly related to improvements, initially recorded as *'Works in Progress.'* Upon completion of the project, Bs. 56,756,269 was capitalized from this account to *'Buildings and Facilities.'*

The Bank spent Bs. 252,586,781 in furniture and equipment, primarily consisting of computer equipment and data storage devices.

The Bank recorded depreciation expenses of Bs. 68,793,541, which are presented in the statement of income, under *'General and Administrative Expenses.'* This includes depreciation expense on the revalued amount of Bs. 3,469,861, which applies to both six-month periods.

OTHER ASSETS

'Other Prepaid Expenses' are mainly represented by point-of-sale leasing and support services, insurance policies and agency rentals, among others.

As of June 30, 2024, *'Advances to Suppliers'* are mainly related to the purchase of credit and debit cards.

'Other Deferred Expenses' are mainly related to technological developments totaling Bs. 245,737,342.

Amortization of prepaid expenses amounts to Bs. 110,450,520.

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

CUSTOMERS' DEPOSITS

Customers' deposits include Bs. 1,747,067,810 from government entities, which represent 7.99% of total deposits.

Customers' deposits include US\$ 157,250,154 equal to Bs. 5,716,842,620 from transactions in the country presented as *'Current accounts under the Free Convertibility Exchange System'* in the accompanying balance sheets. Under Exchange Agreement No. 1 and under the guidelines set by SUDEBAN in its Circular SIB-II-GGR-GNP-GIDE-00919 of February 28, 2024, resources from customers' deposits in foreign currency that are not sold to grant UVC loans must be maintained in *'Cash and Due from Banks.'*

'Customers' deposits' generated interest expense of Bs. 296,891,101.

OTHER FINANCING OBTAINED

Other financing obtained amount to Bs. 53,749,684 and are presented under *'Finance Expenses'* in the accompanying statements of income.

ACCRUALS AND OTHER LIABILITIES

'Accounts payable for bank services' mainly arise from the following transactions inherent to the banking activity: (a) accounts payable to clients for trading transactions in the secondary market and securities custody transactions and the corresponding accrued interest payable of US\$ 25,212,389 equal to Bs. 916,598,528; (b) accounts payable for the processing of payment services to suppliers, payroll, direct debits, and transfers through electronic channels of Bs. 997,407,743; and (c) accounts payable to clients for processing credit and debit cards in the



Statutory Auditors' Report

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Bank's point of sale at commercial establishments, amounting to Bs. 426,201,030. Accounts payable related to services and payment methods are settled in the early days of the month following the closing date.

'Items to be applied' mainly include taxes collected and payable to the National Treasury of Bs. 209,159,232, which are paid in the early days of the month following the closing date.

SHAREHOLDERS' EQUITY

a. Paid-in Capital

The capital stock amounts to Bs. 61,000,000,000, fully subscribed and paid, represented by 610,000,000,000,025,000,000 registered common shares at a par value of Bs. 0.0000000001 each.

On June 30, 2023, SUDEBAN issued Resolution No. 029.23, which modifies and supersedes Resolution No. 014.22 of March 10, 2022, regarding the minimum capital stock required to banking institutions for the incorporation and operation of banking institutions in the country. In this sense, it provides that the minimum capital stock must not be less than the higher amount resulting from the following indicators:

a) 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; at least 1,000,000 times the official exchange rate of the highest value curren-

cy published by the BCV, if they are located in any jurisdiction of the country and received Sudeban's qualification of regional universal bank.

b) The equivalent of 3% of Total Assets, as reflected in the financial statements as of the end of the fiscal year ended December 31 of the immediately preceding year.

The minimum capital stock required for operation must be adjusted annually, during the first half of each year. Banks with capital stock falling below the minimum requirement must make cash contributions from their own shareholder funds, which cannot be less than 60% of the amount to be increased. The remaining amount can be covered by capitalizing retained earnings, up to 40% of the required capital increase. The minimum capital stock required calculated as of June 30, 2024, amounts to Bs. 681,304,378.

Non-Capitalized Equity Contributions

At an Extraordinary General Meeting held on May 14, 2024, shareholders approved an increase in the company's capital stock by Bs. 456,000,000 to a total of Bs. 682,000,000, as follows: (a) a cash capital contribution of Bs. 273,879,000 to be paid by shareholders exercising their pre-emptive rights to subscribe to new shares; and (b) the decree, distribution, and payment of stock dividends of Bs. 181,121,000 through the issuance of 1,821,210,000,000,000,000 new shares at a par value of Bs. 0.0000000001 each, to be paid to the Bank's shareholders from the 'Restricted Surplus' account as of December 31, 2023, in proportion to their shareholdings as of May 10, 2024.



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Capital Reserves

LEGAL RESERVE

The Bank is required to transfer a minimum of 20% of its net income each period to the legal reserve until it reaches 50% of the capital stock. Upon reaching this limit, not less than 10% of the net income for each six-month period must be allocated to increase the legal reserve fund until it reaches 100% of the capital stock. During the six-month period ended December 31, 2022, the Bank transferred Bs. 60,999,999 to the legal reserve, thereby reaching the aforementioned limit.

Other Mandatory Reserves

The Bank must establish a Social Contingency Fund equal to 10% of its capital stock by setting up a trust in cash with another national banking institution. This percentage is achieved through semiannual contributions equal to 0.5% of the capital stock less the interest earned on the trust fund, as provided for by SUDEBAN in Resolution No. 305.11 of November 28, 2011. The Bank transferred Bs. 305,000 to other mandatory reserves for this purpose and recognized the interest earned on the trust fund of Bs. 6,936.

Adjustments to Equity

On May 30, 2024, by Circular No. SIB-II-GGR-GNP-03483, SUDEBAN modified the accounting treatment for realized gains and losses arising from foreign exchange fluctuations originating in transactions under the SMCLC (Free Convertibility Exchange System), as follows: (a) the accumulated and effectively realized creditor balance from January to May 2024, previously presented in the 'Equity' item, may be transferred to the income for

the six-month period ended June 30, 2024; (b) the accumulated amount effectively realized as of December 31, 2023, remains in equity and may be reclassified to income, subject to prior authorization from SUDEBAN; and (c) starting in the second half of 2024, gains and losses from foreign exchange fluctuations of such transactions are recorded in income. Based on the above Circular, the income for the six-month period ended June 30, 2024, include realized foreign exchange gains from SMCLC transactions amounting to Bs. 101,185,209, which are presented in '*Other operating income.*'

Undistributed Earnings

At Ordinary Meetings held on March 18, 2024 and September 25, 2023, the shareholders approved a declaration of cash dividends of Bs. 350,000,000, with charge to undistributed earnings as of June 30, 2024.

FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK AND OTHER MEMORANDUM ACCOUNTS

Contingent Debtor Accounts-Off-Balance-Sheet Financial Instruments

The Bank maintains automatic lines of credit issued to meet the financial needs of its clients, subject to prior credit risk assessment, which represent loan commitments of Bs. 622,891,419, and are presented as '*Contingent Debtor Accounts.*'

These automatic lines of credit are considered non-binding, as the Bank retains complete and absolute discretion to revoke these commitments in the event of credit impairment. Therefore, Management believes there is no immediate credit risk and, consequently, no provisions for contingent risks are generated.



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Trust Assets

Trust funds held by public entities account for 29.16% of total trust assets, one of which represents 16% of trust assets. As per the contractual stipulations, interest earned on trust investments is either credited to the current accounts of the Bank's trustors or beneficiaries or capitalized, as instructed by them. Proceeds from social benefit trusts are held until the closing of the fiscal year of the trustor's fund. At the closing date, the interest is credited or capitalized to the account of the trustor or beneficiary.

As per Article 72 of the Banking Institutions Law, banking institutions are required to provide semiannual reports on the funds invested and managed on behalf of trustors.

- **Maximum Limit for Total Trust Funds:** In accordance with Resolution No. 083.12, published in Official Gazette No. 39.941 of June 11, 2012, the total amount of trust funds presented under 'Trust Assets' may not exceed five times the total assets of the trustee institution, less the balance of 'Contributions for Capital Increases.' As of June 30, 2024, total trust funds do not exceed the aforementioned equity ratio.
- **Loan Portfolio:** The 'Loan Portfolio' comprises active loans granted to beneficiaries of social benefit trust agreements for Bs. 10,904,066, which are secured by contributions that constitute the trust assets.

Debit Accounts Related to Other Trusts (Housing and Habitat Benefit System)

The Decree Law on the Housing and Habitat Benefit System and its operational regulations establish the provisions related to the plans, programs, projects, works, and actions required for the construction of housing and habitat, mainly aimed at families receiving different types of housing assistance on a massive scale. The Housing Savings Funds mainly comprise mandatory monthly savings of workers and mandatory monthly contributions from employers to the account of each worker in the public and private sectors. Loans acquired under this condition accrue a preferential annual interest rate, and all funds not granted in financing, arising from housing savings contributions, must be held in trust funds.

The Bank maintains investment trusts with the National Bank of Housing and Habitat (Banco Nacional de Vivienda y Hábitat-BANAVIH) for Bs. 5,430,754, representing the unused funds from deposits under the Law on the Housing and Habitat Benefit System.

Other Debtor Memorandum Accounts

- **Guarantees Received:** Mainly represented by sureties from individuals and legal entities and guarantees from other financial institutions amounting to Bs. 69,607,004,455 and Bs. 750,793,086, respectively.
- **Assets in Custody Received:** It comprises client securities held in custody by the Bank, as a securities intermediary, including coverage bonds issued by the BCV pursuant to the Central Bank's monetary market calls, which are held in custody until



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First Half 2024

maturity, including stocks, bonds, other securities, and foreign exchange custody services for clients.

- **Other Control Accounts:** Accounts that, in Management's opinion, contribute to a stronger internal control and do not represent contingent risks for the Bank. They consist mainly of letters of credit pending release, foreign currency balances from 2015, pending allocation and being processed with the National Foreign Trade Center (CENCOEX), securities due and written-off, and accrued interest receivable past due.

CONTINGENCIES

Legal Contingencies

As of June 30, 2024, there are legal, civil and commercial proceedings totaling Bs. 2,011,282,744, corresponding to claims for damages, both material and moral, filed against the Bank. The Bank has filed timely and sufficient defenses at all instances and stages of the process, based on which Management and the legal counsels consider that rulings are likely to be favorable to the Bank. As of June 30, 2024, the Bank's provision amounts to Bs. 11,866,345, which is recorded under '*Accruals and Other Liabilities.*'

BALANCES IN FOREIGN CURRENCY

During the six-month period ended June 30, 2024, the Bank recorded unrealized exchange gains on the valuation of foreign currency balances for a net amount of Bs. 73,857,489, and realized gains, mainly from exchange operations in its role as an exchange dealer, totaling Bs. 60,464,330, presented in the 'Adjustments to Equity' account under the equity caption.

Current legal regulations provide that universal banks must maintain their net foreign currency positions within the limits established by the BCV. On April 8, 2019, by Circular No. VOI-GOC-DNPC-004, the BCV temporarily exempted the overall net active or long foreign currency position from any maximum limit.

SUBSEQUENT EVENT

Extraordinary Official Gazette No. 6.821 of July 12, 2024, published Decree No. 4.972, which amends the Law on the Tax on Large Financial Transactions (IGTF). Specifically, the decree reduces the tax rate from 3% to 0% for transactions carried out by taxpayers identified in Article 4 (1-4) of the previous Law; that is, those transactions involving payments in foreign currency.





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OTHER OBSERVATIONS CONCERNING THE REGULATIONS ON THE APPROPRIATE COMPREHENSIVE BANK LIQUIDITY RISK MANAGEMENT-RESOLUTION NO. 136.15

Liquidity Risk Policies And Procedures

1. Based on the Independent Limited Assurance Report on Standards for Appropriate Comprehensive Bank Liquidity Risk Management under Resolution No. 136.15, for the first half of 2024, we observed that the '*Liquidity Risk Manual*' includes standards, policies and procedures for the comprehensive liquidity risk management and administration provided for in Article 6 of Resolution No. 136.15, as asserted by Management, and the independent auditors observed that:
 - a) The '*Liquidity Risk Manual*' presents methodologies for measuring indicators to evaluate, monitor, manage, and report on situations that pose 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, including the calculation of the Net Stable Funding Ratio (NSFR), which takes into account off-balance sheet positions.
 - c) The '*VPAIR's Organization and Administration Systems Manual*' outlines the liquidity risk management systems, parameterized to load information generated from operations.
 - d) The '*VPAIR's Organization and Administration Systems Manual*' outlines the duties of the Executive Management of Market and Liquidity Risk Models, which is responsible for issuing periodic information on the management of risks arising from the

analysis conducted on financial assets and liabilities that is presented to ALCO and the Risk Committee, as per the minutes of said Committees.

- e) The Bank implements a liquidity contingency plan, as detailed in section J – 'Contingency Plans' of this report, which describes the framework for handling scenarios of potential adverse liquidity events.
- f) The 'Liquidity Contingency Plan' outlines the mechanisms for monitoring liquidity risk alerts based on the severity or moderation of indicators to measure, monitor, and control the liquidity risk. The indicators are classified 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 variables will indicate an overall risk score.
- g) The 'Liquidity Risk Manual' outlines the procedure to address limit breaches, thus involving ALCO, the Risk Committee, and the Board of Directors in this process.

2. Board Of Directors

As a result of the procedures that the Independent Auditors carried out during the first half of 2024, they checked the 'Liquidity Risk Manual' and observed that the responsibilities of the Board of Directors, particularly regarding liquidity risk management, are outlined therein and are in line with those stated by Management and those provided for by Article 8 of Resolution No. 136.15. Furthermore, the Board of Directors is integrated into the liquidity risk management organizational chart. The discharge of its duties during the first half of 2024, is documented in the minutes of the Board of Directors' meetings No. 1535



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to No. 1540, held on January 31, February 22, March 26, April 30, May 30, and June 26, 2024.

Reports to Sudeban-AT-28 'Liquidity'

As a result of the procedures that the Independent Auditors carried out during the first half of 2024, upon reviewing supporting documents that validate data transmission for the first half of 2024, they verified that the AT-28 'Liquidity' report was timely submitted to SUDEBAN, and a satisfactory acknowledgment was received.

OTHER OBSERVATIONS PERTAINING TO THE STANDARDS FOR APPROPRIATE COMPREHENSIVE RISK MANAGEMENT – RESOLUTION NO. 136.03

Risk Committee

As a result of the procedures that the Independent Auditors carried out during the first half of 2024, they observed that the most recent Risk Committee update by the Board of Directors was approved at meeting No. 1,539 held on May 30, 2024, and that the Risk Committee is made up of officials from risk-prone areas, as provided for in Article 4 of Resolution 136.03.

During the first half of 2024, we observed that Risk Committee meetings were held monthly, as reflected in the minutes of meetings No. 226 to No. 231, held on January 29, February 26, May 25, April 29, May 28, and June 25, 2024, which were duly signed by the attending members of the aforementioned Committee.

Other Observations Pertaining to Banesco Banco Universal, C.A. Client and User Ombudsman Report as of June 30, 2024

As per the Report on Agreed-Upon Procedures for Non-Financial Information, the independent auditors performed procedures and observed that:

1. The Bank submitted SUDEBAN the AT13-Claims reports for the first half of 2024, within the timeframe.
2. Upon reviewing the claim files in the selected sample, the independent auditors verified that the information agrees with the data reported in the AT13-Claims reports for the corresponding month. They further confirmed that the claims were accurately classified as 'admissible' or 'inadmissible' and that the claim resolution was issued within the timeframe.
3. We observed that the information concerning the number of monetary and service requests admitted during the six-month period ended June 30, 2024, was presented to the Board of Directors, as evidenced by the minutes of the meeting held on July 31, 2024. The figures presented were in line with those included in the Customer and Bank User Ombudsman Report for the corresponding six-month period. Furthermore, evidence was provided regarding the submission of recommendations to be implemented by the department. For the first half of 2024, the recommendation was fully implemented. Likewise, we observed that the corresponding Customer and Bank User Ombudsman Report as of June 30, 2024 details the actions taken to ensure appropriate service rendering across the bank branch network, as SUDEBAN instructed by Official Notice No. SIB-II-CCSB-07740 of November 27, 2023.



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Design and Structure of the Comprehensive Management System of Risks Related to Money Laundering, Terrorist Financing, and Financing of the Proliferation of Weapons of Mass Destruction

Based on the procedures carried out and the results obtained by the Independent Auditors, it is evident that:

1. They requested the '*ML/TF/FPWMD Risk Management Policies and Procedures Manual*' (hereinafter, the "Manual"), and, upon reading the minutes of the Board of Directors of the first half of 2024, they observed that the Board of Directors approved the latest update to the Manual, as recorded in the minutes of Board's meeting No. 1,540 of June 26, 2024.
2. They checked the general organizational chart of the Bank and the ML/TF/FPWMD Profile Assessment Report, and observed that they both include the structure for the prevention and control of ML/TF/FPWMD.
3. They reviewed the Manual and observed that the organizational structure of the Comprehensive System is included and documented in Chapter II '*Comprehensive ML/TF/FPWMD (SIAR's ML/TF/FPWMD) Risk Management System,*' as follows:
 - a. The structure of the Manual is described with all its stakeholders and is consistent with the requirements of Resolution No. 083.18. It was observed that it includes the executive stakeholders provided for in its article 14, namely: (i) the Board of Directors, (ii) the President, (iii) the Chief Compliance Officer, (iv) the Unit, and (v) the Area Compliance Officers.
 - b. The Chief Compliance Officer is a senior official who reports directly to the Board of Directors, as provided for in Article 17 of Resolution No. 083.18. There is no evidence of hierarchical con-

flicts between the reporting levels and those outlined in the regulations.

- c. The review of the overall organizational chart and the payroll of June 2024, revealed no evidence that the Chief Compliance Officer is assigned to areas other than ML/TF/FPWMD risk management.
- d. The SIAR structure meets the minimum number of employees required under the regulations.

OTHER COMPREHENSIVE SYSTEM COMPONENTS

Annual Operating Plan

Through the Procedures carried out by the Independent Auditors during the first half of 2024, they obtained a copy of the AOP for 2024 and noted that it was approved by the Board of Directors, as certified in the Minutes of Board's Meeting No. 1,533 held on December 21, 2023, in order to comply with Article 28 of Resolution No. 083.18..

We read the AOP Compliance Report for 2023, included in the Compliance Officer's quarterly management report, in which it is stated that the goal was fully achieved.

They obtained the **AOP Compliance Report** for the first and second quarter of 2024, including the Compliance Officer's quarterly management report reports, which show the percentage of progress made towards each of the objectives outlined in the AOP, as required by Article 30 of Resolution No. 083.18. As of June 30, 2024, the report indicates an overall cumulative compliance of 35.34% resulting from: (i) 43,98% completion of activities from the annual training pro-

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gram; (ii) 50% progress in developing communication strategies intended for clients and 51.79% progress in developing those for employees; (iii) completion of the production phase of the Migration Project to version 5.0 of the ACRM Monitor Plus system; (iv) 45.45% progress in the feasibility analysis for incorporating artificial intelligence; (v) 45.45% completion of remote audits to evaluate the constitution of client files; (vi) 100% completion of the trust files audit; (vii) 45.45% completion of in-person AML/CFT/FPWMD knowledge assessments for personnel in high-risk areas; (viii) 100% completion of remote multidisciplinary working groups for the annual Bank-wide AML/CFT/FPWMD risk assessment.

Code of Ethics

The Bank has a 'Code of Ethics' that includes ethical and behavioral aspects related to the prevention and control of ML/TF/FPWMD, as required by Article 31 of Resolution No. 083.18. The Independent Auditors observed in the minutes of the Board that the Code of Ethics remained unchanged during the first half of 2024, and its last update was the one approved by the Board of Directors in the minutes of meeting No. 1,501 of September 29, 2021.

Institutional Commitment

Through the procedures that the Independent Auditors carried out during the first half of 2024, they reviewed the Institutional Commitments to prevent ML/TF/FPWMD, which they received in digital format and were individually signed in November 2023 by the active members of the Board of Directors, both primary and alternate, appointed by the Extraordinary Shareholders' Meeting held on March 18, 2024 for the 2023-2026 term, and duly authorized by SUDEBAN. To the date of this report, three of the appointed di-



rectors are pending SUDEBAN approval to take office. Upon approval, they will each formally commit to their institutional roles in writing.

Policies, Standards and Procedures Manual

As per the Independent Limited Assurance Report on the Management of Risks Related to Money Laundering, Terrorist Financing, and Financing of the Proliferation of Weapons of Mass Destruction for the first half of 2024, it is evident that the Independent Auditors reviewed the minutes of the Board of Directors' meetings and confirmed that the Manual was updated during the six-month period, as well as the latest version in effect corresponding to No. 31 and approved by the Board of Directors, as per the minute of meeting No. 1,540 of June 26, 2024. The Manual underwent several updates in the first half of 2024, including: (i) the incorporation of key ML/TF/FPWMD mechanisms, schemes, and typologies from the UNIF 2023 Typologies Exercise, (ii) alignment with the new structure of the LC/FT/FPWMD Prevention and Control Unit, (iii) the inclusion of a deadline to submit Sus-



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picious Activity Reports (SARs), and (iv) the addition of a new 'Chapter XXII: Suppliers' to address supplier procurement policies.

'Know Your Client' Policy

Based on the Independent Limited Assurance Report on the Management of Risks Related to Money Laundering, Terrorist Financing, and Financing of the Proliferation of Weapons of Mass Destruction for the first half of 2024, issued by the independent auditors, it was evident that they had read the Manual and understood the procedures related to establishing new business relationships, updating client information, and creating client files. These procedures include the obligation to maintain individual records and client files containing the information and documentation specified in Articles 45 to 52 of Resolution No. 083.18. It is indicated that the client files may be updated based on the ML/TF/FPWMD risk level: (i) High Risk Level: Every 18 months; (ii) Medium Risk Level: Every 24 months; and (iii) Low Risk Level: Every 36 months.

Upon requesting the applicable 'Client Identification Form' template, it was noted that the provided model fully complies with the required format for natural and legal persons, as specified in the single format outlined in Circular No. SIB-DSB-UNIF-17656 of October 30, 2018, and in line with the provisions of Article 52 of Resolution No. 083.18.

Upon reading the Manual, they observed that it provides under Chapter IV, section 4.5 details on the due diligence to be followed for clients, based on their 'High, Medium and Low' risk level. Likewise, the Bank has a sub-process document titled 'Applying Customer Due Diligence to Clients.' This document specifies that, at a minimum, Standard Enhanced Due Diligence (SEDD) must be applied to all clients, En-

hanced Due Diligence (EDD) to medium-risk clients, and Intensive Due Diligence (IDD) to high-risk clients in terms of ML/TF/FPWMD, as provided for in Article 45 of Resolution No. 083.18.

'Know Your Employee' Policy

Based on the Independent Limited Assurance Report on the Management of Risks Related to Money Laundering, Terrorist Financing, and Financing of the Proliferation of Weapons of Mass Destruction for the first half of 2024, issued by the independent auditors, it was evidenced that they requested the Manual and observed that Chapter V contains the 'Know Your Employee Policy,' which refers to the procedures for selecting, hiring, and managing employees in order to contribute to the prevention, detection, and sanctioning of crimes related to ML/TF/FPWMD. It was established that the immediate supervisor will be responsible for closely monitoring any changes in the income, conflicts of interest, expenses, and debt level of employees. If any of such changes are observed, the supervisor must request supporting documents of the situation, which the supervisor is required to report to the ML/TF/FPWMD Prevention and Control Unit, considering as a reference the list of unusual behaviors indicated in the Manual.

They reviewed a random sample of 16 files of newly hired employees, and determined that 100% of them met the requirements for data verification, reference checks, and had provided the required declarations of knowledge as provided for in Article 71 of Resolution No. 083.18. A review of the employment contracts revealed that they all contained a specific clause committing employees to strictly follow and comply with the internal rules and procedures aimed at combating Money Laundering and Terrorist Financing.



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Human Resources Training and Development Policies

Based on the Independent Limited Assurance Report on the Management of Risks Related to Money Laundering, Terrorist Financing, and Financing of the Proliferation of Weapons of Mass Destruction for the first half of 2024, issued by the independent auditors, it was evidenced that they reviewed the '*Annual Training Program*' for 2024, which details the objectives, activities, timeframe, measurement units, goals, resources, officers, costs, and contingency measures for each activity. The Manual is segmented based on the duties and responsibilities of the type of position to which the training is intended: (a) New hires; (b) SIAR stakeholders: members of the Board of Directors, the Chief Compliance Officer, members of the Unit (including those with international certifications or recertifications), and Area Compliance Officers; (c) Personnel assigned to high-risk areas, namely: Executive Vice Presidency of Human Capital, Trust Management, Executive Vice Presidency of Corporate Governance and Legal Matters, Vice Presidency of Integral Security, Vice Presidency of Credit and Collection, Vice Presidency of Commercial Lending, Vice Presidency of Internal Auditing, Specialized Banks, Executive Vice Presidency of Technology, Vice Presidency of Comprehensive Risk Management, Vice Presidency of Procurement and Administration, Vice Presidency of Treasury, Financial Planning, Economic Studies, and Branch Network.

Audits-Annual Internal Audit Evaluation and Control Program and Internal and External Audit Reports

Based on the Independent Limited Assurance Report on the Management of Risks Related to Money



Laundering, Terrorist Financing, and Financing of the Proliferation of Weapons of Mass Destruction for the first half of 2024, issued by the independent auditors, it was evidenced that they requested and received the **Annual Evaluation and Control Program to be implemented by the Internal Audit Department** to ensure that audit schedules include a review of the area of Prevention and Control of Money Laundering, Terrorist Financing and Financing of Proliferation of Weapons of Mass Destruction (ML/TF/FPWMD), as required under Resolution No. 083.18.

Periodic Reports and Suspicious Activity Reports to SUDEBAN

Based on the Independent Limited Assurance Report on the Management of Risks Related to Money Laundering, Terrorist Financing, and Financing of the Proliferation of Weapons of Mass Destruction for the first half of 2024, issued by the independent auditors, it was evidenced that they read the '*Money*



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Laundering, Terrorist Financing, and Financing of the Proliferation of Weapons of Mass Destruction Risk Management Policies and Procedures Manual, and observed that the procedures for detecting unusual transactions and reporting suspicious activities are detailed in Chapter VI.

Upon reviewing the supporting documents to validate data transmission of periodic reports corresponding to the six-month period, they observed that the reports were submitted within the timeframes and met the technical specifications for each report.

In view of the foregoing, we recommend that the shareholders approve the financial statements of Banesco Banco Universal, C.A., for the six-month period ended June 30, 2024, as presented by the Board of Directors. We also recommend the approval of the management of the Bank's administrators for the six-month period ended June 30, 2024. We urge them to implement the recommendations outlined in the independent auditors' reports, as well as the observations and instructions issued by the Superintendency of Banking Institutions through official notices and circulars in the exercise of its legal regulation and control powers.

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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- We continue to create spaces for comprehensive well-being for our employees nationwide, focusing on recreation, enjoyment, and leisure, with the aim of reinforcing our culture and improving their quality of life.
- During this period, our social investment reached Bs. 93,896,517.15.

Human Capital

Talent and Training Development

We continued our training initiatives aimed at developing our employees' knowledge, skills, and abilities to meet the organizational objectives within their respective roles. The most relevant initiatives are as follows:

- **Online synchronous training activities**, aimed at Banesco employees nationwide, using technology platforms to facilitate broad reach. These sessions recorded 17,660 participants in seminars, workshops, talks, inductions, and courses. Key topics were covered in 71 webinars, including: (1) technical business knowledge, covering aspects like 'Opening different products,' 'Reinforcing Banesco products,' and 'Using applications or platforms'; enhancing key competencies like productivity, emotional balance (stress management), and effective leadership; and (3) strengthening regulatory knowledge, with a focus on Occupational Health and Safety, Customer Experience, Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF), and Integrated Risk Management.



- **In-person training**, focused on cutting-edge topics such as artificial intelligence, agile methodologies, and innovation. Additionally, we have addressed important issues related to service quality and employee feedback. We have paid particular attention to financial training programs, including credit, sales, and document and file management to ensure compliance with the 'Know Your Client' Policy.

- **Asynchronous virtual training**, implemented years ago as an active channel for employee learning, offers a wide and varied range of courses addressing regulatory, technical, and attitudinal topics. To date, we have recorded 18,994 participations on our virtual platform, with the most popular courses being:

- Cybersecurity
- Analysis of financial statements
- Accounting bases
- Comfort zone
- Decision-making
- The art of feedback
- Burnout syndrome



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- Introduction to specialized banking commercial systems
 - Identify your career purpose
 - Individual and business microloans-Required documents and application forms
 - Communication and collaboration tools
 - Canva-User Guide
 - Basic English-Banking and finance
 - 2024 virtual update on PCML/TF/FPWMD matters for the network of branches and specialized banks
 - 2024 virtual update on PCML/TF/FPWMD matters for Centralized Areas
- We have conducted training initiatives that are in line with the Organization's strategic plans, with a particular emphasis on 'Information Security' and 'Cybersecurity,' enhancing the overall knowledge base of our workforce and the technical skills of our professionals specialized in this matter.
- As part of the implementation of the '2024 Annual Training Plan,' we successfully executed the planned training activities for the first half of year related to 'Prevention against Money Laundering, Terrorist Financing, and Financing of the Proliferation of Weapons of Mass Destruction (ML/TF/FPWMD),' with a particular focus on onboarding training for new employees, reaching a total of 194 participants. A total of 430 compliance officers received training during this period. Specialized areas saw 588 employees trained, while reinforcement activities for other areas included the publication of a course for Centralized Areas and another for the Branch and Banking Network on our virtual learning platform.

Additionally, eleven collaborators from the Anti-Money Laundering Prevention and Control Unit and related departments participated in conferences and certifications.

- In this period, our Organization welcomed 161 INCES apprentices, and 123 of which are still active at the end of the period, thus maintaining our commitment to training and incorporating young people into the workforce. At our Business Learning Development Center, 69 apprentices are currently enrolled in theoretical training to become Comprehensive Financial Office Assistants and Administrative Assistants-Commercial Office. Furthermore, 54 apprentices are gaining practical experience in different departments within our Organization through a 3-month rotational program, ensuring a comprehensive and well-rounded training. This year, we are aligning with the INCES's National Learning Plan (PNA) by transitioning to the Dual modality, which combines theoretical and practical learning.





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- Committed to fostering the development of future professionals, we continue our partnership with Fe y Alegría to provide internships, enabling 46 students to participate this first-half of year. Additionally, we encourage and support our employees pursuing higher education to complete their internships within our Organization. Our “Jóvenes Talentos” (Young Talents) program also remains ongoing, offering final-year students from various academic fields the chance to gain their first professional experience at Banesco.
- In our ongoing effort to promote organizational knowledge, we have enhanced the training of our internal facilitators. They are actively engaged in many development activities to improve their skills, particularly in public speaking, group dynamics, and facilitator training.

Organizational Culture and Environment Management – Code of Ethics and Values

In the first half of 2024, the Organizational Culture and Climate Management department focused on reinforcing cultural aspects that would increase productivity, customer orientation, efficiency, and resource conservation. With this objective, 25 activities were carried out to promote organizational culture, corporate values, and improve the work environment, among which we can highlight the “Taller de Crédito: Transitando Nuevos Caminos” (Credit Workshop: Paving New Ways), aimed at equipping our credit team with new strategies and fostering a culture of innovation

and adaptability. Similarly, the “Motivación y Compromiso” (Motivation and Commitment) initiative for the Executive Vice Presidency of Corporate Governance was designed to boost team morale, commitment, and loyalty to the Organization.



We conducted two sessions of the “Productividad Personal en Tiempos de Cambio” (Personal Productivity in Times of Change) webinar, focusing on enhancing personal productivity in dynamic environments. These sessions provided employees with practical tools for time management and efficiency. Additionally, we implemented Values activations at the entrances of our headquarters and regional offices to reinforce our corporate values.

As part of these initiatives, we celebrated ‘The Day of Love and Friendship’ to foster camaraderie and cohesion, strengthening interpersonal relationships and the work environment, as well as ‘Labor Day’ by recognizing the hard work of our team, and organized “Ciudad Banesco” tours to encourage ‘recycling and care of spaces’, improving the workplace and the environment.

We support the well-being of our employees by offering assistance to teams facing challenging situations, such as uncertainty or grief. Our emotional and psychological support has fostered a caring and supportive work environment.

We conducted two culture and engagement surveys: one in January with a 91% response rate, and ano-



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ther in May with an 86% response rate. These surveys provided valuable insights on to the areas for improvement and our strengths.

Another key priority was to boost productivity. To such end, a series of activities was launched, which includes the “Webinar Productividad sin Estrés” (Stress-Free Productivity Webinar), designed to teach employees techniques to work more efficiently and reduce work-related stress, thus promoting their well-being and mental health; the “Actividad Jóvenes Talentos de Crédito” (Young Credit Talent Program) to promote professional development and retention of young professionals in the credit department; the “Seminario Web Reuniones Efectivas” (Effective Meetings Webinar) provided valuable insights on how to conduct productive and efficient meetings, improving time management and decision-making; the “Personas Altamente Productivas” (Highly Productive People) Webinar focused on the habits and practices of highly productive individuals, promoting a high-performance culture.

We conducted three “Taller Construyendo Equipos de Alto Desempeño en Tiempos de Cambio” (Building High-Performance Teams in Times of Change) workshops, designed to help different teams enhance their performance in times of change, strengthening their cohesion and effectiveness.

The two-edition “Programa Master de Innovación y Transformación Banesco” (Banesco Master Program in Innovation and Transformation) provided in-depth training on innovation and digital transformation, fostering a culture of disruptive thinking.

To reinforce values, we continued our “Escuela de Valores” (Values School) program, offering a seminar on “Sexualidad Infantil/Juvenil” (Childhood/Adolescent Sexuality) for employees’ children. This initiative aimed to support the comprehensive development of families. To further promote civic values, we organized a “Voluntariado Corporativo” (Corporate Volunteering) event, fostering corporate social responsibility and community engagement. Our volunteers also conducted a “Acciones frente al Bullying” (Bullying Prevention Workshop) at “Fe y Alegría” schools, creating safer and inclusive learning environments.

Regarding business strengthening, we continued the Change Management of the Commercial Systematization Project. Moreover, we launched a new Banking Systematization initiative, focusing on helping sales teams adapt to changes, particularly in the use of the CRM tool, the commercial processes, and the customer experience.

In June, we launched an initiative to support the corporate Culture through the ‘Champions Banesco’ concept, an action that involves outstanding employees to contribute as promoters of culture and a sense of belonging.

We supported all activities with 32 newsletters to reinforce our core values of quality, innovation, responsibility, and confidentiality.

Life Quality

We continue to create spaces for comprehensive well-being for our employees nationwide, focusing on recreation, enjoyment, and leisure, with the aim of reinforcing our culture and improving their quality of life.

Ongoing Activities: Daily activities focused on improving both physical and mental health, as well as



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skill acquisition and development, including yoga, dance therapy, functional exercises, theater, musical group, casino salsa. Our Banesco Citizens are actively engaged in these programs.

Personnel Services

- **Funeral Service:** In January 2024, la Caja de Ahorro (Savings Account) updated its Funeral Service contract to provide free services to employees, their spouses, parents (regardless of age), children up to 30 years old, and unmarried siblings under 30 years old (if no children, up to 3 siblings).
- **Contributions and Legal Obligations:** In the first half of 2024, payments were made for cashier contributions and Mother's Day; as well as the deposit of the social benefits guarantee, daycare benefit, and food bonus. Additionally, the ISLR (income tax) variation processes were executed, encouraging the Banesco Community to file their final 2023 income tax returns, in compliance with the collective bargaining agreement and current legal regulations.
- **Credit Cards:** In March 2024, a company-wide initiative to provide American Express cards to all employees was launched.
- **Personnel File Update:** A digital update of our employees' education and family information was completed during this period.
- **Vacations:** Banesco, always thinking about the well-being of its employees and their families, continued to promote the planning and enjoyment of vacations for the year 2024.



Corporate Social Responsibility

Throughout the first half of 2024, Banesco continued to focus its social responsibility and sustainability efforts on its core pillars: health, education, and financial inclusion.

During this period, our social investment reached Bs. 93,896,517.15. Of this amount, 73.83% was allocated to contributing to the well-being of our employees, while 26.17% was destined for the Institution's active programs through recognized organizations with which we have long-standing relationships.

We funded 11 projects through our Social Partners and Allies, covering areas such as scholarships, educational infrastructure, computer equipment donations, educational initiatives, specialized medical studies, surgical interventions, support for abandoned children and adolescents, and nutritional recovery and safety programs.

The 2024 Participatory Budget took place in nine regions, combining in-person events in cities like Maracaibo, Valencia, and Puerto La Cruz with remote participation in other areas. Nine projects were selected as winners in this 2024 edition, with 56% focused on education, 33% on health, and 11% on supporting at-risk children.

The winning projects cover a variety of proposals such as: conditioning of educational facilities infras-



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structure; a dining hall for a school; a program for the inclusion of people with visual impairments; provision of technological equipment; medical supplies and special studies for children diagnosed with cancer.

With the aim of strengthening the professional teams of our Banesco Social Partners and Allies, we offered training on a range of topics including 2030 Agenda, Human Rights, Social Project Development, Occupational Health, Teacher Training on Bullying and Social Networks, and a Basic Life Support course in alliance with Venemergencia.

Banesco celebrated International Women's Day with a series of special events as part of our commitment to the UN Women's Empowerment Principles (WEPs), of which we have been members since 2022.

Ciudad Banesco welcomed the Conference/Panel: "Influyendo con impacto: ¿Por qué la mujer debe apuntar a "sumar" y a no "encajar"? (Influencing with impact: Why women should aim to 'add' and not 'fit



in'?), featuring Melissa Serrano, journalist and organizer of TEDx Altamira Women. The first edition of the Business UP event was held in its Woman Edition, organized by VenAmCham. Additionally, Banesco partnered with Makro and Redvital to offer a special virtual Entrepreneur Training Program with the participation of 273 women.

Microentrepreneur Training Program

A total of 4,810 people successfully completed the Microentrepreneur Training Program, thanks to partnerships with 51 social, academic, public, and private institutions.

The Program held its first edition exclusively for teachers through the Asociación Damas Salesianas -a Banesco Social Partner-, in which 50 teachers and administrative staff from schools affiliated with this institution were trained.

Promotion of Culture

The Banesco Editorial Fund has expanded its collection with two new poetry books: *Agua que corre lenta* (Still Water) by Coromoto Renaud, a poet, university professor, and social scientist, and *Las Partes Seltas* (Scattered Pieces) by Luis Moreno Villamediana, a Venezuelan writer and teacher.

Banesco's Digital Library participated in several cultural and academic events, including the Venamcham's "Perspectivas Sociales" (Social Prospects), the "Festival del Libro y la Lectura" (Book and Reading Festival) at Parque Cerro Verde, and the "Festival de la Lectura de Chacao" (Chacao Reading Festival). Banesco was also involved in panels and discussions at the "Feria de Editores Independientes" (Independent Publishers Fair), focusing on the publishing industry and promoting reading in Venezuela.



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Over 220 young Venezuelan poets participated in the 9th Rafael Cadenas National Young Poetry Contest. Meanwhile, Susana Ramírez from Táchira state won the 3rd edition “Por un Futuro Sostenible” (For a Sustainable Future), Short Story Contest for Young People with her story “El último de ellos” (The Last of Them).



The call for entries for the 7th edition of the “Lo Mejor de Nos” Award was launched, in partnership with the “La Vida de Nos” Portal, for Venezuelans both inside and outside the country, as well as foreigners residing in Venezuela.

The exhibition named *Nuevo país de la artesanía contemporánea* (New Country of Contemporary Craftsmanship), showcasing the work of 22 young artisans, opened at the Tamanaco Hotel Gallery. This collaboration between Banesco and the ArtesanoGroup Foundation highlights the next generation of craftspeople featured in the book of the same name.

Banesco Volunteering

During the first half of year, volunteers visited the Fundación Amigos del Niño con Cáncer and brought joy to children with cancer by donating toys for the Day of the Magic and visited twice the Santo Domingo Residential Home to spend time with the elderly with boardgames, music, dance, and birthday celebrations.

In partnership with Fundana -Banesco’s Social Partner-, thirteen initiatives were carried out in April, May, and June. Volunteers supported the Villas de Los Chiquiticos to by providing assistance in caring for ba-

bies and children under the Foundation’s care. In Zulia, through Fundana, a clothing and footwear drive was organized for children and adults, aiming to benefit the most vulnerable communities in Maracaibo and La Guajira.

Volunteering was also present in environmental conservation activities, including a cleanup day at Panty

Beach in La Guaira State, where 40 people participated, collecting 115 kilos of waste. And to boost the ‘Recycling Fridays’ activities, volunteers were called to participate in the collection of plastic, paper, and cardboard at Ciudad Banesco, reinforcing ecological awareness among employees.

Volunteers also stepped up as facilitators for 5 workshops for Partners and Social Allies, aiming to enhance the capabilities of collaborators and their participation in the Institution’s social initiatives.





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Marketing

Regarding Marketing campaigns, we redoubled efforts to keep our clients informed about all the latest developments in products and services. Additionally, we emphasized behaviors that promote safety and prevention. We generated approximately 153 communication campaigns to enhance awareness of our products, support customer service management, and boost CSR initiatives through our channels..

Below is a detailed look at the campaigns executed during the first half of 2024:

WE KEEP CONNECTING VENEZUELAN ABROAD THROUGH OUR REMITTANCE SERVICES

We are excited to share with our clients worldwide that they can now send remittances directly to Banesco accounts, with benefits for everyone: they are received immediately in the recipient's account, securely and at a competitive market rate.

We are also excited to introduce our new remittance portal, BanesConecta, offering a secure, fast, and convenient way to send and receive remittances.



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

We have continuously emphasized to our clients the importance of protecting their funds from third-party fraud and the diversion of illicit funds.

WE OFFER ENHANCED SECURITY AND CONVENIENCE FOR THE TRANSACTIONS OF OUR CLIENTS THROUGH BANESCOTOKEN

We encourage the use of the Banescotoken app to protect and simplify the use of authentication keys for our clients.





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WE MAINTAINED THE PENSIONERS' CAMPAIGN

We continue to promote the use of Digital Banking and our electronic channels among our retired clients, so they can carry out their transactions without having to go to the bank. This effort contributes to spreading awareness about the advantages and benefits we offer.

WE STRENGTHENED COMMUNICATION WITH OUR POINT-OF-SALE BUSINESS ALLIES

We are driving POS sales in partnership with our Commercial Ally Nativa.

WE CONTINUE TO PROMOTE UTILITIES BILL PAYMENTS THROUGH BANESCONLINE, BANESCOMÓVIL, AND MULTIPAGOS

We highlighted the convenience and security of paying for all utilities through BanescOnline, BanescoMóvil, and Multipagos on our social media platforms.

WE CONTINUE TO PROMOTE BANESCOPAGOS

On social media, we highlighted the use of our green BanescoPagos button for paying services to organizations and companies on our BanescOnline portal.

WE CONTINUE TO PROMOTE THE BANESCO PLANS

We promote account openings for all Venezuelan citizens.



Social Networks



By the end of June 2024, our social network presence had grown to a community of over 1,796,700 followers across our official accounts on X (formerly Twitter), Facebook, Instagram, YouTube, and LinkedIn — a 4.98% increase in comparison with June 2023 and 4.18% over December 2023. We value these platforms as essential channels for connecting with our clients and the general public, not only to convey our messages but also to listen to their concerns almost in real-time.

Our social media channels received 12,575 product and service inquiries in the first six months of the year. Of the cases addressed, 7.38% were inquiries from existing clients, and 92.62% were inquiries about products and services.

As to our social media presence, X (formerly Twitter) —through the @Banesco account— continues to



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hold the top spot among our social media platforms, reaching over 768,200 followers by June 2024. Apart from being a channel to address inquiries and requests, it also offers engaging content on social responsibility, personal finance, entrepreneurship, technology, significant dates, history, sports, business, energy, and updates on the bank's products, services, or promotions.

Banesco's Facebook page has more than 288,900 followers, while its Instagram account has more than 346,000 followers. On LinkedIn, the brand has more than 169,900 followers. The videos posted on the YouTube channel "Banesco en Imágenes" (A Glimpse of Banesco) have more than 19 million views and 25,000 subscribers.

At the end of June 2024, Banesco's Blog reached over 9 million 600 thousand visits. In this site, in addition to corporate information on products and its Corporate Social Responsibility policy, the institution has exclusive content prepared by renowned journalists.



Segment Management

During the first half of 2024, Banesco recorded a growth of 40.1% (Bs. 6,251 million) in customers' deposits compared to the end of 2023, reaching a balance of Bs. 21,857 million. This represents a market share of 11.7%, positioning us as the 2nd largest bank in the national financial system and 1st in the private banking sector. Additionally, we hold a 14.0% share in Current Accounts in the Free Convertibility Exchange System, ranking 2nd in the market and 2nd among private banks.

Our focus remains on enhancing the value we offer to our clients, both individuals and businesses. This includes facilitating the completion of value chains and fostering deeper customer relationships. As a result, we opened over 122,000 new accounts for individuals and 4,800 for businesses. We also increased our lending activities across all sectors, resulting in a 10.9% share of net loans. This positions Banesco as the third-largest financial institution in Venezuela and the second-largest private bank. We disbursed 3,070 loans totaling Bs. 8,139 million, 72.3% of which was allocated to Commercial Loans, 23.0% to Agricultural Loans, and 4.4% to Microcredits. The period concluded with a gross loan portfolio of Bs. 7,923 million, representing an 18.4% increase from December 2023.

Digital And Electronic Channels And Agency Network

During the first half of 2024, our clients executed 1.561 billion transactions through Banesco's service channels. This demonstrates a 99.75% participation of digital and electronic channels at the end of December.



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Agency Channel

For the first half of 2024, Banesco's 197 Service Points in branches and tellers processed 1,433,945 transactions. This represents a 2.43% decrease from the previous six-month period, in line with the growing preference of users for digital channels.

E-Banking Channel

In the first half of 2024, BanescOnline recorded an average of 2 million active clients per month, which represents 66% of the Bank's total client base, who consistently executed over 870 million transactions. The channel reflected a 40.66% compared to the same period of the previous year. This translates into an increase of 251 million transactions. In addition, the following improvements were introduced:

- ▮ Integration of Portals (Deliverable 1), Accessing My Requests via BanescOnline
- ▮ Notice informing the customer of a disrupted internet connection

Notably, the channel continues to rank highest in the national banking system's Net Satisfaction Index (NSI), achieving a score of 88.7%.

Mobile Payment Channel

As of the first half of year, this channel registered more than 3.3 million affiliated clients and 163 million transactions. In addition, around 252 thousand transactions were recorded in Pago Móvil Cuenta Verde (Green Account Mobile Payment).

Mobile Banking Channel

Banesc Móvil experienced significant growth, processing over 104 million financial transactions, a 59.85% increase from the first half of 2023.

Several enhancements were made to the channel during this period, including:

- ▮ 24/7 exchange with debit card and Mobile Payment operations with Cuenta Verde
- ▮ Optimization of the Payment Services Menu
- ▮ Migration of SMS Mobile Payment receipts to Push Notifications
- ▮ Interbank QR-based Pago Móvil (Mobile Payment)

Telephone Banking Channel

BanESCO's call center handled 2.4 million calls, a 20.4% decrease from the second half of 2023. IVR (Interactive Voice Response) handled 85.62% of these calls (2.1 million calls), while 14.38% (355,000 calls) were answered by telephone agents, representing a 9.33% increase in this channel's participation. At the end of the period, BanESCO maintained its #1 position in the NSI of the Telephone Banking channel.

ATMs

By the end of June 2024, the bank operated a network of 383 ATMs across the country, consisting of 142 single-function and 241 multi-function ATMs, processing a total of 10.6 million transactions during the first half of the year.





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Collection and Payment Services

The first half of year, our payment and collection services processed 337 million transactions, an 18% increase from the first half of 2023. This growth was primarily driven by a 12% increase in electronic transactions of Interbank Mobile Payment.

Payment and Collection Services experienced a significant 142% increase in volume. The average transaction value also rose by 105% compared to the same period last year. The services with most substantial growth were Interbank Transfers (+181%), Online Collection (+145%), and Supplier Payments (+131%).

Key accomplishments include the integration of 9 BanescoPagos Payment Buttons and 1 Online Collection service into our Mobile Banking platform:

BANESCO PAYMENT BUTTONS:

- ▶ Autonomous Health Regulatory Service
- ▶ Farmacia Adán
- ▶ Migtel
- ▶ Inversiones Empléate, C.A.
- ▶ Inversiones Bellopets (VidaPets Santa Eduvigis)
- ▶ Mayoralty of Independencia Municipality (Yaracuy State)
- ▶ Sunagro
- ▶ Fospuca - Maneiro
- ▶ HH Network.

ONLINE COLLECTION:

- ▶ NetUno (Mobile Banking).

Credit And Debit Cards

Credit Card Issuing Business

Credit card sales surged by 49.84% in the first half of 2024 compared to the same period last year, with a delinquency rate at 0.22%

Card maintenance initiatives focused on serving 224,000 clients with a good payment history and capacity, increasing the limit to a total of 358,000 credit cards under the Visa, Mastercard, and Amex franchises.

Additionally, we activated the ExtraCredit cash benefit for over 69,000 clients with a strong payment history, providing them with instant cash advances to their financial accounts.





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Debit Card Issuing Business

Banesco debit card sales increased by 18.22% in the first half of 2024 compared to the 2H of 2023. This growth was fueled by higher spending limits at point of sale than the market average, making our cards the preferred choice for our clients.

A remarkable 96.26% of our retired clients have active debit cards. They can easily access their pensions at any point of sale and use our digital channels to make transfers, check balances, and view transactions. Clients who accidentally lock their debit cards due to forgotten passwords or invalid attempts receive a notification with instructions on how to reactivate them.

Acquiring Business

Total number of POS (Physical and Virtual): 152,875

Number of Transactions: 401,726,324

Banesco's Acquiring Business maintained its market leadership in the first half of 2024 due to the reliability of our service and robust commercial settlement processes, reaching over 400 million transactions.

The strategy to attract new affiliates focused on competitive prices for Point of Sale terminals, in conjunction with our commercial partners, accompanied by the management of the sales force with special operations, field visits, and account opening circuits.

Banesco will continue to focus throughout the rest of 2024 on maintaining the quality of its merchant portfolio; with actions to foster customer loyalty through onboarding, rate adjustments, and constant operations in conjunction with our sales force.

Competitive Intelligence

Relationship / Experiential Marketing

Banesco is more than just transactions. We focus on building lasting relationships and creating memorable and meaningful experiences for our clients. Our customer-centric approach, combining relationship and experiential marketing, has yielded impressive results in the first half of the year.

Banesco in Figures

Number of Clients	I H - 2024	2023	2022	2021	Var. 2024 vs. 2023
Natural Persons	3,853,142	3,755,739	3,535,346	3,705,427	2.6%
Legal Persons (SMEs)	12,451	13,339	14,689	11,632	-6.7%
Legal Persons (Agencies Network)	156,656	191,463	180,423	201,368	-18.2%
Specialized Banks Natural Persons	14,947	15,557	16,641	15,413	-3.9%
Specialized Banks Legal Persons	7,905	9,124	10,152	10,742	-13.4%
Total	4,045,101	3,985,222	3,757,251	3,944,582	1.5%



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By leveraging advanced data analytics, we have gained deep insights into our clients' needs and preferences. This has enabled us to design highly personalized and effective outbound marketing campaigns. Through email marketing, we have managed to reach 69% of our clients, with an email open rate of 34.87%, which exceeds international industry standards.



Market Studies

Dialogue Interest Groups							
Natural Persons	I H - 2024		2022		2021		
FOCUS GROUPS/INTERVIEWS/SURVEYS	Nº	PARTICIPANTS	Nº	PARTICIPANTS	Nº	PARTICIPANTS	SEGMENTS
Customer Experience Studies	43	23,779	50	65,702	12	58,400	Natural Persons
Brand Studies	1	945	1	800	1	800	Natural Persons
Satisfaction Studies/Quality of Service	4	682	16	4,115	8	3,299	Natural Persons
Studies Internal Client/Banesco Employees	11	7,789	14	8,854	16	13,382	Internal Client Banesco Employees
Qualitative	0	0	1	12	3	55	Banesco Employees Agencies and Peer Groups
New Initiatives	1	1,160	0	0	0	0	Natural Persons
Legal Persons	I H - 2024		2022		2021		
FOCUS GROUPS/INTERVIEWS/SURVEYS	Nº	PARTICIPANTS	Nº	PARTICIPANTS	Nº	PARTICIPANTS	SEGMENTS
Customer Experience Studies	8	2,443	9	800	10	1,162	SMEs, Companies, Large Companies and Corporates
Qualitative Legal Companies	1	16	4	85	0	0	SMEs, Companies, Large Companies and Corporates
Studies Internal Client/Banesco Employees	1	117	3	511	3	458	Legal Persons
Satisfaction/Service Quality Studies	0	0	4	982	0	0	Legal Persons
New Initiatives	7	1,924	1	240	0	0	Legal Persons



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Information Technology, Business Processes, And Operations

Our Technology and Operations team is committed to aligning with the strategic goals of our different business units. We create and maintain cutting-edge digital channels that address emerging challenges disruptively and drive adoption of our financial apps while maintaining control and security over their financial data. At the same time, we ensure the security, availability, and reliability of our operations, guaranteeing uninterrupted service and a superior customer experience.

Application Development and Maintenance

By focusing on technological innovation to enhance the customer experience, we have made significant strides in improving efficiency and customer satisfaction. Our optimized request management system has significantly increased our capacity to address our clients' needs quickly and efficiently, with over 140 connected clients, including Coca-Cola, Inversiones Luebras C.A, Excelsior Gama Supermarkets, Farmacias Unidas, S.A., Farmacia Farmago, Operadora Centro Comercial Tolón, Paseo El Hatillo La Lagunita. We have also formed a strategic partnership with Cashea.

We expanded our foreign exchange operations, allowing our clients to enjoy 24/7 availability for their transactions, regardless of the time or day, providing greater flexibility and convenience. We enabled “Pago Móvil con Cuenta Verde” (Mobile Payment with Green Account), debit card exchange in Cuenta Verde through our points of sale, and convenient payments for services like Cantv and Movilnet, and retail buying



and selling of foreign currency through BanESCOOnline and Mobile Banking.

We have implemented a new Push Notification service in our Mobile Banking, an innovative technology that allows us to significantly improve communication with our clients, keeping them informed in real-time about their transactions, promotions, and important news. This service is completely free and designed to offer greater convenience, security, and control over their finance.

Operations Infrastructure

We have implemented a series of strategic actions to strengthen our technological infrastructure and optimize operational efficiency:

- **Proactive Maintenance:** We implemented continuous improvement and monitoring plans to keep the systems in good conditions to guarantee stable and uninterrupted services.



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- **Infrastructure Optimization:** We expanded, reused, and recovered capacities in our Core Banking and IT platforms, improving efficiency and reducing costs. We updated the Network Time Protocol service for precise synchronization on the IST/Switch platform.
- **Efficient License Management:** We optimized the use of licenses and removed unnecessary tools, reducing investment and maintenance costs.
- **Communications Modernization:** We continue to update the communications infrastructure in our agencies and headquarters nationwide.
- **Operating System Updates:** We implemented the latest versions on key platforms (communications, database, backup, storage, and Core Banking) to mitigate errors, address vulnerabilities, and ensure high availability of critical services.



These actions reflect our ongoing commitment to technological excellence and the continuous improvement of our services to provide a superior banking experience to our clients.

Comprehensive Risk Management

Risk management is a fundamental and priority pillar to support BanESCO's strategy. Therefore, the structure and duties of the Vice Presidency of Comprehensive Risk Management (VPCRM) are adapted to the Comprehensive Risk Management regulations issued by the Superintendency of Banking Institutions (SUDEBAN), outlined in Resolutions No. 136.03

'Standards for Appropriate Comprehensive Risk Management' and No. 136.15

'Standards for Appropriate Comprehensive Bank Liquidity Risk Management', which determine the framework for risk management in financial institutions. In this sense, the actions and activities carried out by the VPCRM have been framed in the timely management of alerts and mitigation of comprehensive risks, supported by a solid organizational structure.

Our risk management framework is built on a comprehensive model that aligns our risk appetite with the Organization's strategic goals. This model integrates different processes and methodologies of the Comprehensive Risk Management, adhering to both local regulations and international best practices set by the Basel Committee.

In this sense, during the first half of 2024, risk decisions have been framed within a continuous calibration of our tools and methodologies, considering the behavior of the country's economic and social



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variables, together with the continuous training of Banesco's human capital, to continue driving profitable growth while maintaining the highest quality standards.

Credit Risk

In particular, credit risk management kept policies and guidelines aligned with the strategic objective of promoting credit growth within the framework of a moderate risk appetite, preserving the structural strengths of the different portfolio components, in a macroeconomic context characterized by exchange rate risk stability.

As a result of these strategic actions, the net loan portfolio experienced an 18.39% growth compared to the previous six-month period, demonstrating a benchmark position in credit quality indicators, with a non-performing loan ratio of 0.27% and a loan loss reserve coverage ratio of 818.52%, compared to

0.19% and 1,135.49%, respectively, for the six-month period ended December 2023.

The growth of the loan portfolio remained framed within the criteria of risk appetite, client diversification and expected losses, prioritizing growth and compliance with the economic items contained in the Single National Productive Portfolio (CPUN) and in microloan activities, as key drivers to support domestic productive sectors.

The threshold and alert system for economic sectors within the loan portfolio was maintained to reduce concentration risk and reviewed our expected loss tools and methodologies to anticipate deteriorations in the repayment capacity of the different commercial segments comprising the loan portfolio.

Market and Liquidity Risk

Driven by the main purpose of minimizing the impact on the financial statements of the Bank, as a result of the fluctuation of market variables and the balance sheet structure, Banesco's Market and Liquidity Risk Management is firmly grounded in methodologies outlined by international standards and local regulations.

Regarding Market Risk, we upheld monitoring and control practices in accordance with the VaR (Value at Risk) methodology. This approach enables us to assess the maximum potential loss in investment portfolios when faced with adverse movements in risk factors, assuming a normal statistical behavior. Risk levels, as measured by VaR, were stable during the first half of the year, despite lower volatility in local currency interest rates.

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During this period, Banesco continued to implement control and alert mechanisms in the liquidity and exchange rate risk measurements, under international best practices. This implementation aimed to further strengthen the Bank's preventive risk monitoring mechanisms and the necessary anticipation for risk mitigation. Our liquidity contingency plan was successfully tested, confirming the ability of the Institution to manage stress scenarios in terms of cash and due from banks and customers' deposits.

The results of these tests, including consumption and alert levels for these indicators were within the approved limits set by the relevant government authorities.

Operational Risk and Business Continuity

Our efforts in operational risk and business continuity during the first half of 2024 have led to a more proactive approach, enabling us to anticipate risks and evaluate our mitigation strategies. This is supported by a three lines of defense model where each unit within the Bank play a preventive role to foster a culture of forward-thinking in operational risk management.

In detail, operational risk management comprised:

- ▶ 30 risk assessments of 43 processes identified as having the highest operational risk, determining their risk profile and anticipating potential business impacts.



▶ The Operational Risk Committee met 68 times, resulting in the inclusion of 246 strategies in the Gap Closure Indicator (GCI) to address 167 risks.

- ▶ 483 employees were trained in risk management, fostering a risk culture within the Institution and emphasizing the importance of risk management in the discharge of duties of employees through several communication strategies.

- ▶ 373 material risk events, both internal and external, with and without financial impact, were collected and recorded in the Institution's internal database.

Meanwhile, Business Continuity management included the following activities:

- ▶ 63 partial tests of critical services and applications were conducted, as established in the Business Impact Analysis (BIA). These tests allowed validating the contingency plans, the functioning of the technological platform, and the activation logistics at the Alternate Data Center (ADC).
- ▶ We are continuously working on improving and updating our processes and contingency plans to ensure the timely recovery of critical services in the event of disruptive events that impact operational continuity and customer service.



Social Balance

Accumulated 1998 - June 2024

Stated in Bs. at June 30, 2023

DESCRIPTION	I Half 2024	Accumulated 1998 June 2024
SOCIAL INVESTMENT		
Application Banesco Resources	93,896,517.15	282,981,899.30
Fe y Alegría	549,933.83	1,718,386.97
Microentrepreneurs Training Program	1,282,114.77	2,845,747.13
Simón Bolívar Music Foundation	0.00	839,023.16
Association of Venezuelan Catholic Education (AVEC)	0.00	116,959.32
Social Undertaking Project with the IESA	0.00	759,140.00
Universities and Other Institutions	8,995,105.00	16,564,580.77
Banesco Long Scholarships Life	119,472.63	344,204.97
Other Education Institutes and Organizations	0.00	413,740.05
Venezuelan Foundation against Child Paralysis	1,262,875.60	1,975,198.20
Other Health and Medical Care Organizations	973,641.01	2,877,344.80
FUNDANA	3,610,999.00	6,407,526.06
Civil Association Don Bosco Houses Network	1,560,323.02	2,927,429.15
Salesian Ladies Civil Association	0.00	403,746.12
Attendance to the childhood and people with special necessities	607,041.94	1,295,903.49
Editorial Projects	2,607,604.02	6,805,232.43
Other Contributions	2,210,939.78	5,091,860.25
Solidarity Campaign for Natural Catastrophes	0.00	40,482.52
Events for the Community	448,068.39	2,938,629.46
Participatory Budget	345,000.00	1,012,395.03
Non-Contractual Social Benefits for Banesco Employees	69,145,626.22	226,551,870.20
Dining Subvention	54,337,810.36	174,792,987.90
Medical Service	783,494.96	4,109,644.94
Parking Subsidy	0.00	0.00
Medical Assistance for Extreme Diseases	2,169,311.13	6,094,580.90
Unsecured Loans for Housing	0.00	524.55
Transportation between offices	1,162,372.45	2,489,788.89
Housing sales between employees	0.00	0.00
Collective Agreement	10,692,637.32	39,064,343.06
Corporate Volunteering Contribution	177,771.94	1,052,499.19
TOTAL SOCIAL INVESTMENT MORE COMMITMENTS CONTRACTED	93,896,517.15	282,981,899.30



Chairman of the Board
Marco Tulio Ortega V.

Vicepresident of the Board
Juan Carlos Escotet R.

Executive President
Carlos Eduardo Millán S.

Directors
Juan Carlos Escotet R.
Marco Tulio Ortega V.
Miguel Ángel Marcano C.
Emilio Durán Ceballos
Carlos Eduardo Escotet A.
Carlos Alberto Escotet A.
Alfonso Prieto González

