



Banesco

Sustainability Report
Banesco (Panamá), S.A.

This **Sustainability Report** includes the progress of our performance in the management of ESG criteria, our commitment to the 10 principles of the United Nations Global Compact, and the contribution to the 17 Sustainable Development Goals, that considers 95 GRI contents.

Based on ethical and transparent management and the principle of accountability, we make this document available to all our stakeholders.

The data collected corresponds to the period between January 1 and December 31, 2021.

For questions or suggestions, please contact us at:

asuntoscorporativos_pa@banesco.com



Sustainability Report Banesco (Panamá), S.A. 2021

Text edition: Komunika Latam

Photographs: The photographs that appear in this report are the property of Banesco (Panamá), S.A.



Message from our Executive Chairman and CEO

I have the honor to present our Sustainability Report 2021, in which like every year, we ratify our economic, environmental, and social management commitment, reinforcing our mission and vision as a leading organization in sustainability in the banking sector of Panama and the region.

As part of our 2021 management, we guarantee that this contribution is aligned with the standards established in the Global Methodology Reporting Initiative (GRI), focused on sustainability, and aligned with the Sustainable Development Goals (SDG).

For Banesco, 2021 marked a before and after. In the aftermath of a year as challenging as 2020 and as kick-off to the next, we stood by our customers throughout their economic difficulties, in the search for solutions to their financial obligations, reaching out to them through the **“There are Good Things Happening”** campaign, where we were able listen to them, better serve them, and manage tailored solutions in record time.

Likewise, we are proud to inform you that we were granted the national, long-term rating A-(pan) with a **stable outlook by the risk agency Fitch Ratings**, despite the complexity of our country's conditions and the banking sector resulting from the pandemic.

We continue to strongly promote keeping our **portfolio sustainable**, while guaranteeing the granting of credits to projects that comply with the policies and methodologies for mitigating social and environmental risks under our organization's legal, responsible and ethical framework, and the guidelines set by The Principles of Responsible Banking proposed by the United Nations Environment Program Finance Initiative (UNEP FI), which we are part of; Along the same lines, we continue to develop all the bases for what will be the



ALFONSO PRIETO
Executive Chairman and
CEO Banesco (Panamá),
S.A.

creation of green banking, with a focus on renewable energy, to be launched in 2022.

As a bank committed to Panama's sustainability, we continue to promote development throughout our social projects, always fostering a sustainable ecosystem that intersects culture, environment, social development, and education as pillars. In terms of social development, the fourth version of the **Participatory Budget** was executed as an initiative that supports and funds tangible projects developed by the community itself, whose demonstrable objective is to improve the quality of life of its inhabitants.

In terms of education, we continued with our star project **"Emprendedores Banesco"** (Banesco's Entrepreneurs) which to date has managed to train more than 15,000 new entrepreneurs in

the banking sector, and has also allowed us to be recognized by the Inter Developmental Bank's Innovation Lab (IDB-Lab) as one of its partner banks, and the only one in Panama to develop the **BetterTogetherChallenge**, a global program that seeks to adapt and expand entrepreneurship to Panama's migrant and refugee population, as well as to the Panamanian population in vulnerable conditions. "Emprendedores Banesco" will continue to be the Bank's flagship program to boost economic reactivation.

For the year 2022, we will continue to reinforce our commitment to society, fostering the necessary measures to continue supporting the country's development, always focusing on creating and enforcing good practices and actions, contributing with social causes, renewable energy, and green banking to make Panama increasingly sustainable.

Sincerely,

ALFONSO PRIETO GONZÁLEZ
Executive Chairman and CEO Banesco (Panamá), S.A.

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II | About this Report

[GRI 101, 102-12, 102-48, 102-49, 102-50, 102-51, 102-52, 102-53, 102-54, 102-56]

In this social responsibility report, we present our stakeholders with the most relevant programs, activities and initiatives on economic, social and environmental matters managed by Banesco (Panama), S.A. from January 1st to December 31st 2021, and the proposed goals for the coming years. The report is prepared annually, the last one corresponding the year 2020, published in July 2021. The figures that apply to the economic values generated and distributed are available at the following link of the regulatory entity: <https://www.superbancos.gob.pa/>

As we are still dealing with the COVID-19 pandemic in the global landscape, the report's findings remain relevant. The most significant aspects of social, economic, and environmental impact (positive or negative) for Banesco Panama, identified in the 2020 materiality analysis remain in force for this reason; Once again, we focus our attention on the same 12 material issues we did last year.

This report has been prepared in accordance with the Essential option of the GRI Standards. It includes the GRI indicators of the Financial Services Industry Supplement, as well as the list of contents and omissions of this report which is shown in the GRI content index. The 2021 Sustainability Report has been approved by Alfonso Prieto, Executive chairman, and CEO. The external verification has been carried out by the firm KPMG, and there are no conflicts of interest with other services. The list of verified GRI contents and the communication issued on it are included at the end of the report as proof of this verification.

Since 2017 we have been a signatory company of the United Nations Global Compact and a member of the United Nations Environment Program Finance Initiative (UNEP FI), and since 2018 we have subscribed to the Women's Empowerment Principles (WEPs).

INFORMATION PERIMETER

For the purposes of this Report, it is called:

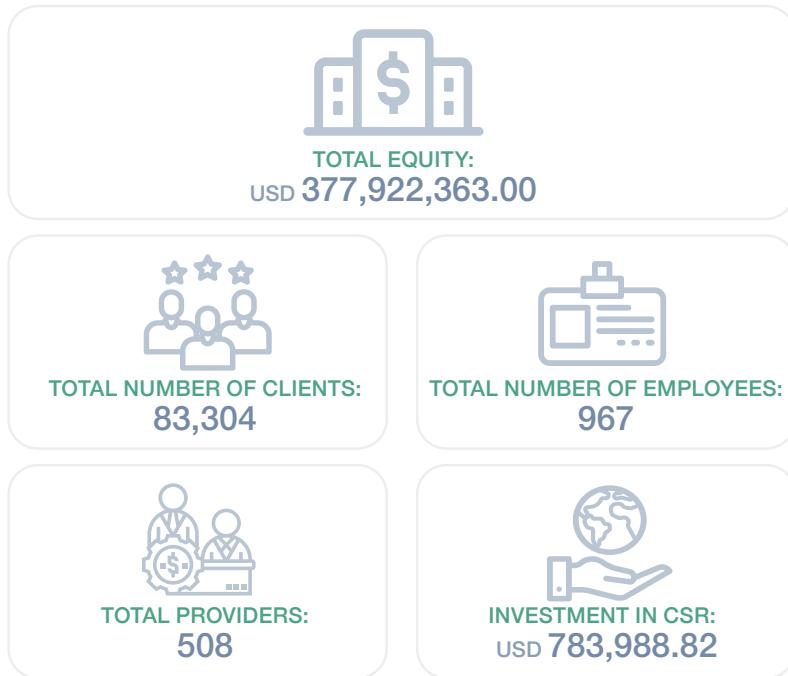
- “Banesco Panamá” or “Banesco” means Banesco (Panamá), S.A., a limited company.
- “Banesco (Panamá), S. A. y Subsidiarias” which holds the subsidiaries: Banesco Seguros, S. A. (Panamá), Banesco N.V. (Curaçao) and Ocean 25, S.A.
- “Group” means Banesco Holding Latin America, S.A., and all the companies that make up the Banesco Holding Latin America Group, which can be consulted in the Group's Consolidated Annual Accounts.
- “Banesco Internacional” refers to all Banesco companies, whether they are part of the same accounting or commercial group.



Who We Are

[GRI 102-1, 102-2, 102-3, 102-4, 102-5, 102-6, 102-7, 102-8, 102-9, 102-45, 201-1]

At Banesco (Panamá), S.A. we have a general license that allows us to conduct the banking business in any part of the Republic of Panama, as well as carry out transactions that are perfected, consummated or have their effects abroad and run those other activities that the Superintendency of Banks of Panama authorizes.



To fulfill this purpose, our business model is organized by customer segments, with an offer of products and services specially designed for them. This is how we offer Local Banking aimed at serving natural persons residing in Panama, including people with a premium profile for whom there is also a specific value proposition, a SME segment focused on meeting the needs of small and medium-sized businesses, a division for Specialized Banks in which companies and corporations are taken care of, including a specialized division for agricultural companies; and our International Banking focused on meeting the needs of all non-resident,

natural and legal segments in Panama. For each of these market segments, we have products and services that serve four main business lines: liability products, credit products, means of payment products and secure banking products.

STRATEGIC ARCHITECTURE Segments, Customer Service Model and Business Lines

Client Segment	Customer Service Model	LINES OF BUSINESS			
		Liability	Credit	Means of Payment	Insurance Banking
Entrepreneur	Community Banking	✓	✓		
Residents Natural Persons	Personal Banking (Includes Premium and China banking)	✓	✓	✓	✓
Premium Natural Persons					
SMEs	Banking for SMEs	✓	✓	✓	✓
Agricultural Companies	Specialized Banking (Business and Agricultural Banking)	✓	✓	✓	
Business Corporations					
Non-resident, natural and legal persons		International Banking	✓	✓	✓

Headquarters. Location and Operations

Our headquarters are in Marbella, Calle Aquilino de la Guardia and Calle 47 Bella Vista, Torre Banesco, Panama City, Republic of Panama.

We are part of Banesco Internacional, with presence in the United States, the Dominican Republic, Panama, and Venezuela. We have **23 branches in Panama**.





Shareholding Structure of the Organization

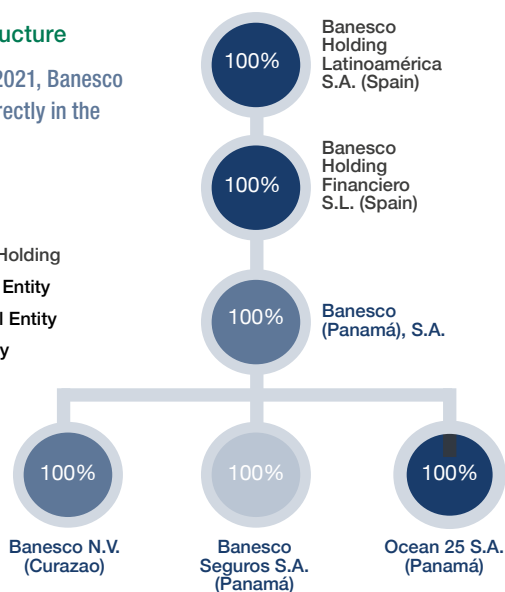
Our financial structure is autonomous, operational, and legally constituted, it is part of Banesco Holding Financiero, S.L., established and formed in Spain and whose entire share capital is owned by Banesco Holding Latinoamérica, S.A., We are a financial services brand that competes in the Panamanian market, has an international presence and a history of more than 34 years in the business of banking, insurance and payment methods.

CORPORATE GOVERNANCE STRUCTURE

Shareholders' Structure

As of December 31, 2021, Banesco Panama participates directly in the following companies:

-  Limited Company Holding
-  Operative Banking Entity
-  Operative Financial Entity
-  Operative Company



PRODUCTS AND SERVICES



Product / Service	Line of Business		Bank Type	
	Local Banking	International Banking	Retail	Specialized (Commercial)
Fixed deposit	✓	✓	✓	✓
Regular Savings Accounts	✓	✓	✓	✓
Savings Accounts - Simplified Procedure	✓	✓	✓	
Current Account w. Interests	✓	✓	✓	✓
Current Account no Interests	✓	✓	✓	✓
Personal Loans	✓	✓	✓	
Pledge Loans	✓	✓	✓	
Mortgage Loans	✓	✓	✓	
Authorized Overdraft Lines	✓	✓	✓	
Car Loans	✓		✓	

Product / Service	Line of Business		Bank Type	
	Local Banking	International Banking	Retail	Specialized (Commercial)
Credit Cards	✓	✓	✓	
Pledge Loans	✓	✓		✓
Commercial Mortgage loans	✓	✓		✓
Credit Lines	✓	✓		✓
Authorized Overdraft lines	✓	✓		✓
Credit Letters	✓	✓		✓
Commercial Car Loans	✓	✓		✓
Business Credit Card	✓	✓		✓
Commercial Loans	✓	✓	✓	✓
Agricultural Credits	✓	✓	✓	
Night-drop Deposits	✓			✓
Commercial Payroll	✓	✓		✓
Certified Cheques	✓	✓	Payment and Settlement Systems	
Cashiers Cheques	✓	✓		
Collections	✓	✓		
Bank Transfer	✓	✓		
International Transfers	✓	✓		
Acquisition (Point of Sale)	✓			
Debit Cards	✓	✓	✓	
Prepaid Cards	✓	✓	✓	✓
Contactless Band (Accessory)	✓		✓	
Treasury Operations, Purchase - Sale Currencies	✓	✓	✓	✓
Supplier Payment Service - Confirming	✓	✓		✓
SWIFT MT940 Account Statements	✓	✓		✓
Follow Up Services to GPI-SWIFT(International Standard) Transfers	✓	✓	✓	✓
Smart Safe Boxes	✓		✓	✓

ELECTRONIC CHANNELS



Product / Service	Line of Business		Bank Type	
	Local Banking	International Banking	Retail	Specialized (Commercial)
Online Banking	✓	✓	✓	✓
Onboarding Digital Local and International Banking	✓	✓	✓	
Mobile Banking & Wally	✓	✓	✓	
Wally Businesses	✓	✓	✓	✓
ATM Network	✓		✓	

BANK INSURANCE



Product / Service	Line of Business		Bank Type	
	Local Banking	International Banking	Retail	Specialized (Commercial)
Comprehensive Life Insurance	✓		✓	
Personal Accident Insurance	✓		✓	
Residential Combined Insurance	✓		✓	
Funeral Expense Insurance	✓		✓	

ATM



2020
30

2021
31

BRANCHES



2020
22

2021
23

ORGANIZATION'S SIZE

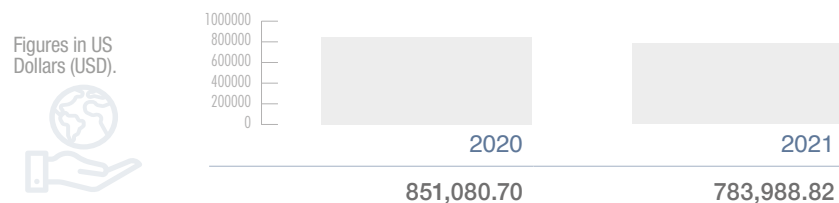


Indicator	2020	2021
Net Income	5,019,625	9,141,729
Total Assets	4,286,856,023	4,446,132,941
Total Deposits	3,456,483,950	3,588,060,617
Equity	376,386,587	377,922,363
Net Loans	2,966,642,684	3,114,751,246

ECONOMIC PERFORMANCE

Indicator	2020	2021
Direct economic value generated: revenues	235,426,581,00	240,134,755,00
Economic value distributed (VED)	185,698,904,00	184.376.892,000
Operating Costs	57,324,003,00	63.533.471
Employee Salaries and Benefits	45,692,273,00	44,867,699,00
Capital Supplier Payments	78,255,287,00	75,191,733,00
Payments Government	3,576,260,00	
Environmental and Social Investments	851,081,00	783,988,82
Economic value retained (VEDG-VED)	49,727,677,00	55.758.863,00

CSR INVESTMENT



INFORMATION ABOUT EMPLOYEES AND OTHER WORKERS



	2020	2021
Total Permanent Employees	983	965
Temporary Employees	1	2
Total	984	967



Relevant facts of our Management in 2021

1. *Fitch Ratings reaffirmed our Banesco (Panamá), S.A. standing by granting us the long-term national rating, an A- (pan), maintaining a stable outlook. We returned to the mixed work scheme (face-to-face and telework) organized by areas while keeping biosecurity measures.*
2. *We updated our Environmental and Social Management Policy, converting it into the Corporate Sustainability Policy, which provided the framework for the creation of the Corporate Sustainability Committee.*
3. *Changes made to the organizational structure presented in the Corporate Governance chapter of this report.*
4. *The Implementation of a new "You matter to Me" service model, where each employee places the internal and external customer first, giving their best in each interaction.*
5. *The first Banesco Xperience service model was launched in Pacific Center Panama and we replicated this new service model at the Multiplaza Pacific Mall branch.*
6. *The "Zero Law" initiative was created and implemented to lend an ear to the employees, promoting a digital disconnect, the regulation of meetings and improvement of the employees' work-life balance.*

COVID-19 Challenge

The situation due to COVID-19 and the prevailing need to adapt to "the new normality" has led to the emergence and consolidation of some trends such

as: delivery of products and services through the accelerated adoption of digital channels; delving in the use of electronic means of payment, especially contactless; positioning telework as a viable work mode; imposing an accelerated pace to the digital transformation we had been experiencing in banking, all in a context in which personalization, closeness, diligence, convenience and security are increasingly valued and demanded by internal and external customers.

Within this framework, we will continue our efforts to digitally transform ourselves "outwards and inwards" for the 2022-2024 period, in favor of growing sustainably in the long term, which represents the challenge of controlling exposure to risks and minimizing the materialization of losses on the loan portfolio, in a context of economic slowdown, making the operating model more efficient, optimizing the cost structure and gain nimbleness and effectiveness with regard to external clients, and thereby achieve preference and loyalty of current and potential customers. To this end, our efforts in 2022 will focus on:

- Deepening and consolidating the commercial system to address the key market segments and niches identified.
- Ensuring solid credit risk management, reinforcing own capabilities and synergies between the areas.
- Deploying a powerful offer of digital channels, to create proximity, convenience and security, obvious attributes of the value proposition.
- Executing the digitization plan of the front and back processes throughout the organization.
- Developing a complete and innovative offer of the "means of payment ecosystem".
- Transforming the organization model in all areas, to make it increasingly flexible, agile, and innovative.

Acknowledgments and Certifications 2021

- Second recertification of the Gender Equality Seal - Gold Category

Principles, Agreements, Statutes, Alliances and Externally Developed Initiatives

Sustainability is built by everyone (companies, governments, civil society, NGOs, unions), this is a maxim that does not escape Banesco's actions, which is why all our programs and initiatives are developed hand in hand with the figure of the social partners, expanding the scope within each of the lines of action.

The information on principles, agreements, statutes, alliances, and initiatives developed externally by the end of December 31st, 2021, appears in the following table:

| DURING 2021 WE PARTICIPATED IN THE FOLLOWING ASSOCIATION AND INVESTMENT ACTIONS IN SPONSORSHIPS AND DONATIONS:



Alliances

[GRI 102-55]

Allies	Initiatives	Concept	2021 Monetary Value	Start	What they do	What we do together	Nature
National Association for Conservation (ANCON)	Contributing partners in mitigating the effects of climate change.	Alliance	3,000.00	2018	Non-Government Organization dedicated to promoting conservation projects in Panama's protected areas.	Active partners	Volunteering
Panama Canal Authority (ACP)	Latin American Citizen Action Laboratory (LLAC).	Alliance	15,000.00	2019	"Organized by the ACP and Youth United for Education, whose purpose is to train young leaders in the development and promotion of projects and / or citizen advocacy communication experiences."	Support from professional volunteering in the pre-selection and training of young people from all over the country who were chosen to live this experience.	Volunteering
Panama's American Chamber of Commerce and Industry (AMCHAM)	Participating in several AMCHAM activities.	Membership	1,600.00	2015	Promote sustainable business practices among and with AmCham member companies.	In 2019, we participated in the World Youth Day celebrations and lead the Sustainability Committee.	Volunteering
Foundation for the Promotion of Education Excellence	National Competition for Educational Excellence.	Agreement	80,000.00	2017	This initiative seeks to create quality education, highlighting educational excellence in schools, promoting an evaluation culture and improving teachers' performance.	Allies seeking to create conditions for the continuous improvement of public education.	Volunteering
National Theater's Board of Trustees	Benefactors of the National Theater.	Agreement	50,000.00	2019	Manages, safeguards, protects and preserves the National Theater.	Active Board of Directors' Member	Volunteering

Allies	Initiatives	Concept	2021 Monetary Value	Start	What they do	What we do together	Nature
UNDP/Ministry of Culture	Panama's Youth Orchestras and Choirs' Network (La Red).	Agreement	50,000.00	2017	This initiative led by the Ministry of Culture, with the support of the United Nations Development Program (UNDP), promotes classical musical learning opportunities for those children and young people who are in popular neighborhoods; seeking teamwork and generating a culture of peace.	Foster actions that strengthen and provide sustainability strategies.	Volunteering
SumaRSE	Active Members.	Membership	5,000.00	2014	Facilitate the incorporation of social responsibility and the principles of the Global Compact among its members for the construction of a more just and sustainable society.	Efforts are made to collectively impact and make the development of Panama more sustainable.	Volunteering
United Nations Environment Program (UNEP FI)	"UN Environmental Financial Initiative "	Agreement	Annual% on profits	2018	UNEP FI is an alliance between UN Environment and the global financial sector, with the objective of involving the financial sector in the transition towards sustainable development. This network includes more than 200 financial institutions, including banks, insurers and investors, from 51 countries.	Joined the UNEP FI network on August 8th, 2018. The commitment to sustainability was ratified to expand and share knowledge and experiences among the different stakeholders, segments and institutions of the sector. We are signatories of the Principles of Responsible Banking (2019).	Volunteering
Panamanian Solidarity and Development Foundation (FUSODEP)	Social partners in the Banesco Entrepreneurs Program.	Agreement	30,000.00	2016	It works to bring opportunities, humanitarian and supportive solutions to vulnerable populations in the province of Veraguas and the Ngábe-Buglé region.	"Allies and the implementing unit enable the Banesco Entrepreneurs Program throughout the Panamanian territory, establishing direct contact with program beneficiaries and grassroots organizations."	Volunteering
Foundation for the Development of STEAM (FUNDESTTEAM), Claret Soup Kitchen, the Foundation for the Development of SENSHI (FUNDESEN) and Luces Panamá Foundation	Participatory Budget	Donation	50,000.79	2021	National Foundation for the Development of STEAM (FUNDESTTEAM): provides STEAM education to children and youth nationwide. -Claret Soup Kitchen: runs a food security program for low-income children and youth in the province of Colón. -The Foundation for the Development of SENSHI (FUNDESEN)-runs an inclusive karate center and social inclusion methodology for children. -The Luces Panamá Foundation-offers support to epilepsy patients and their families.	These organizations were winners of the 2021 Participatory Budget, where they obtained financing to continue managing their positive impact in Panama.	Volunteering
Chiriqui Chamber of Commerce, Industry and Agriculture (CAMCHI)	Active Members.	Membership	10,000.00	2021	Fostering sustainable business practices among the business members of the chamber.	In 2019, we participated in the World Youth Day (JD) celebrations.	Volunteering
Panamanian Banking Association	Sustainable Finances Protocol.	Agreement	N/A	2018	Establishing mechanisms to build and maximize a sustainable financial strategy.	Signatories of the Sustainable Finance Protocol consisting of five components: Governance, Environmental and Social Risks, Green Products, Eco-efficiency and Disclosure.	Volunteering

Allies	Initiatives	Concept	2021 Monetary Value	Start	What they do	What we do together	Nature
Avent	Lactation Room	Agreement	N/A	2016	Renowned baby product company and brand ranging from birth to early childhood.	We kept the agreement with AVENT, who supplies the Banesco lactation room thus supporting employees balance work and family life.	Volunteering
Latin American Federation of Banks (FELABAN)	Participation in the General Assembly and in various Federation initiatives.	Membership	N/A	2010	It brings together more than 623 Latin American banks and financial entities to provide insight and promote networking.	Active Federation Member.	Volunteering
Mitradel/UNDP	SíGénero Panamá.	Initiative	N/A	2018	Promoting the Seal of Equality to foster the entry of more women into the labor market and improve the quality of their employment, with tools that contribute to closing gender gaps in companies and institutions.	Gold Seal Category Certificate holder since June 2019 and remains active.	Volunteering
UN Women/Global Pact	Women's Empowerment Principles (WEPEs).	Agreement	N/A	2018	This initiative proposes the creation of development opportunities for women within public and private companies, their participation in leadership and decision-making.	Active member	Volunteering
United Nations (UN)	United Nations Global Compact	Agreement	N/A	2017	Initiative that seeks the implementation of 10 principles on human rights, labor practices, the environment and anti-corruption, derived from United Nations declarations, which enjoy universal consensus.	Ten Principles of the United Nations Global Compact were incorporated and progress is reported annually through the Sustainability Report.	Volunteering
"Ministry of Social Development (MIDES)"	Training for families and individuals from Social Assistance Programs.	Agreement	N/A	2019	Advances human development through participation and promotion of equity, as well as the organization, administration, coordination of policies and plans, programs and actions aimed at strengthening the family and the community, and to the achievement of social integration and the reduction of poverty.	Promoting SDG 17, in 2019 a three-year cooperation agreement was signed with MIDES, which will allow support to a thousand people (annually), who will be trained through the Banesco Entrepreneurs program.	Volunteering
Deutsche Investitions und Entwicklungsgesellschaft (DEG)	ESMS implementation.	Initiative	N/A	2018	DEG seeks to promote private sector development in developing and transition countries, to achieve sustainable growth and lasting improvement of people's lives.	As a result of this commercial relationship, the Environmental and Social Management System (ESMS) was created and implemented in 2019.	Volunteering
Kiwanis Metropolitan Club	"La Bota (The Boot) Campaign	Initiative	N/A	2021	Management of social projects that meet the needs of the impacted communities.	Purchasing shoes for the "La Bota" campaign	Volunteering
Foundation for the Development of STEAM (FUNDASTEAM)	Banesco's Editorial Fund	Initiative	1,729.00	2018	STEAM teaching projects for children and young people from all over the country, to foster engineering and robotics in Panama.	Organized event sponsored by the Banesco's Editorial Fund.	Volunteering
Private Sector for Educational Assistance (COSPAE)	"Panama United in Song" Contest	Initiative	2,500.00	2018	This competition's objective is to highlight our history and culture through the research of our Panamanian roots and presentation of songs by the participants.	Managing a national competition for the creation of a musical piece as a cultural memory of Panama	Volunteering

Allies	Initiatives	Concept	2021 Monetary Value	Start	What they do	What we do together	Nature
Bankers' Wives Association of Panama	"Home of the Good Shepherd"	Initiative	1,000.00		Management of social projects for low-income or vulnerable families.	Delivery donations for the follow-up of the "Home of the Good Shepherd" programs and the scholarship program for children of low-income bank employees.	Volunteering
Colon's Chamber of Commerce	Active Members.	Membership	4,500.00	2019	Fostering sustainable business practices among the business members of the chamber.	Active Member.	Volunteering
Panamanian-Venezuelan Chamber of Businesses (CEPAVEN)	Active Members.	Membership	4,000.00	2020	Fostering sustainable business practices among the business members of the chamber.	Active Member and we participated in the World Youth Day (JD) celebrations.	Volunteering

IV | Corporate Governance, Ethics and Transparency

[GRI 102-16, 102-17, 102-18, 102-19, 102-21, 102-22, 102-23, 102-24, 102-25, 102-26, 102-27, 102-28, 102-29; 103-1, 103-2, 103-3; 205-1, 205-2, 205-3; 307-1; 419-1]

Our Culture, Ethics and Integrity

At Banesco we are committed to fostering Good Corporate Governance management, working on continuous improvement, and complying with regulatory requirements to guarantee the proper functioning of the corresponding instances.

We carry out all our operations under the regulatory framework of the banking law, also complying with the agreements issued by the Superintendency of Banks and other laws applicable to the banking business.

To generate trust and reassurance in our clients, all our products and services are reviewed and updated, ensuring that they are all in compliance with the law.

This year we assumed a commitment to ethics, transparency, and corporate governance, establishing changes that strengthen the integrity of our bank:

- We reviewed and updated the [Corporate Transparency Policy](#), [Corporate Anticorruption Policy](#), and the [Good Governance Code](#). All the Bank's [Corporate Policies](#) are available on the website.
- We incorporated due diligence processes, new hires and validation of watch lists and other sources for the members of the Board of Directors, in the process of reviewing and updating the [Directors' Policy](#).

- We adjusted the organizational structure of the bank and its subsidiaries, and new government bodies were incorporated, including the [Executive Board for Sustainability](#).
- We performed the annual review and update of the corporate governance structure of both the bank and its subsidiaries.
- In March 2021, Law 81 of March 26, 2019 came into force, establishing the Data Protection System, which led us to create the [Data Privacy Policy](#).

As for the challenges and opportunities in terms of corporate governance and transparency, the following are considered:

- Implementation of a new corporate governance tool that will allow agility in the processes and the management of government instances.
- Efficiency in the implementation of this tool and in its use to reduce the time spent in meetings and the availability of information.
- Use of the spaces of the government agencies with face-to-face, semi-virtual and/or virtual meetings.

Means and Channels for Requesting Information

To maintain transparent communications and address questions or complaints, we have means and channels available to all stakeholders to make requests for information or report their concerns about ethical and legal conduct and the integrity of the organization:

We have the following channels to deal with any complaint:

Clients

- Telephone number: 282-2999
- etica_pa@banesco.com
- buzóndeingresosextraordinarios_pa@banesco.com

Employees

- Internal Email: **direct line**
- Voicemail: **direct line**
- Intranet Mailbox



Organization Values, Principles, Standards and Rules of Conduct

Our values, standards and rules of conduct are reflected in the 58 articles of the **BanESCO Citizen Code of Ethics**, serving as a guide for employees, business partners and other stakeholders.

The **Code of Ethics** is a living document, designed to promote our values and the ethical behavior expected from BanESCO Citizens, reinforcing the commitment to gender equity, equality and opportunities; rejecting any workplace or sexual harassment. Every employee, at the time of their entry, receives this Code and training on its application.

It should be noted that during 2021 a review of the **Code of Ethics** was carried out, reinforcing article 34 on "Acceptance of Gifts" by raising the maximum amount to USD 100.00, limiting the acceptance of gifts to one per supplier which must be communicated to the direct and registered supervisor on the new gift registration form. This change was requested by the Audit division as part of the reinforcement plan for fraud prevention.

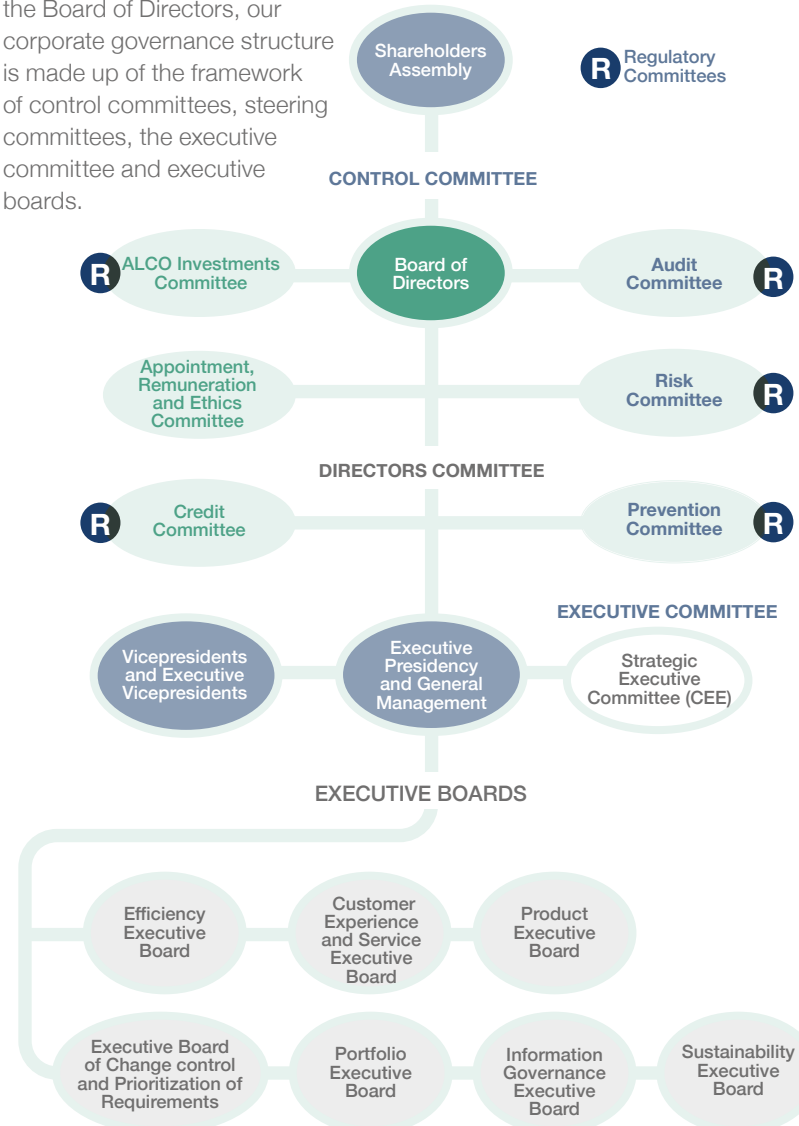
Vision and Mission



Our vision, mission and values guide our day to day and with this we ratify our commitment to living the values, preserving the essence of what has made us successful.

CORPORATE GOVERNANCE STRUCTURE

Defined and approved by the Board of Directors, our corporate governance structure is made up of the framework of control committees, steering committees, the executive committee and executive boards.



All information on the governance structure is available in the Code of Good Corporate Governance.

The Corporate Governance structure of Banesco (Panamá), S.A., at the end of December 2021 is composed of:

- Shareholders Assembly
- Board of Directors
- 6 steering committees, approved by the Board of Directors: ALCO-Investments, Audit, Credit, Appointment, Remuneration and Ethics, Prevention and Risk; in which the directors participate with a right to speak and vote, the other members only maintain the right to speak.

During 2021, ethics issue functions were incorporated into the Appointment and Remuneration Committee, remaining under the Appointment, Remuneration and Ethics Committee. Regarding the functions in matters of Regulatory Compliance and Corporate Governance, they will be communicated directly to the Board of Directors.

Among the functions of the Risk and Credit Directive committees are the evaluation and decision-making on environmental and social issues.

Within the governance structure, we have executive boards where the senior management team participates, and during 2021 two more boards were incorporated: the Sustainability Executive Board and Product Executive Board. The changes also included the elimination of the Business Executive Board.

Board of Directors

The **Board of Directors is the highest body of Corporate Governance** with powers and attributions of administration and disposition in accordance with the provisions of the Bank's Articles of Incorporation and the Internal Regulations of the Board of Directors; However, the functions established in these documents are not limiting, so the Board's management also covers any other function that is required by banking regulations or by the ordinary course of business of the organization.

From a training point of view, aspects of Cybersecurity, Corporate Governance, Prevention, Strategic Planning were considered in 2021, among other topics.

The Corporate Policy for Training, Wages, Tenure and Evaluation of the Board of Directors is available for consultation on the website.

Board of Directors' Traits

- It is made up of 8 directors who act collectively with consensual decision-making, 4 who are independent of the administration. We have the participation of 2 women on the Board of Directors, complying with the provisions of current regulations.
- The evaluation of the members of the Board of Directors is carried out by an external entity managed by Banesco Holding.
- The delegation in economic, environmental, and social matters is under the Risk and Credit Directive committees. In this sense, the Board of Directors is informed of the possible risks to which the organization is exposed.
- The consultation processes between the interest groups are validated with the areas of Human Capital, Finance and Strategic and Risk Management, if necessary.
- The Chairman of the Board of Directors does not hold an executive position within Banesco (Panamá), S.A.
- The Board of Directors is the body that approves the organization's Sustainability Report.
- A Training Plan for the Board of Directors is approved annually.
- The Internal Regulations of the Board of Directors establishes that the Board is responsible for approving the strategies. In turn, we monitor the strategies through the Control of the Execution of the Strategic Plan (CEPE).
- Critical concerns are reported to the Board of Directors, through the "critical point reports" of the Bank's Steering Committees, as well as the quarterly reports of subsidiaries and the points that are presented by each area of the bank, according to the report schedule control.

Information on the characteristics of the Board of Directors, its responsibilities, selection and appointment criteria and provisions to prevent conflicts of interest is available on our website through the **Code of Good Corporate Governance**, **Code of Ethics for Directors**, **Profile of the Independent Director** and the **Policy for Directors**.

BANESCO (PANAMA), S.A.'S ORGANIZATIONAL STRUCTURE

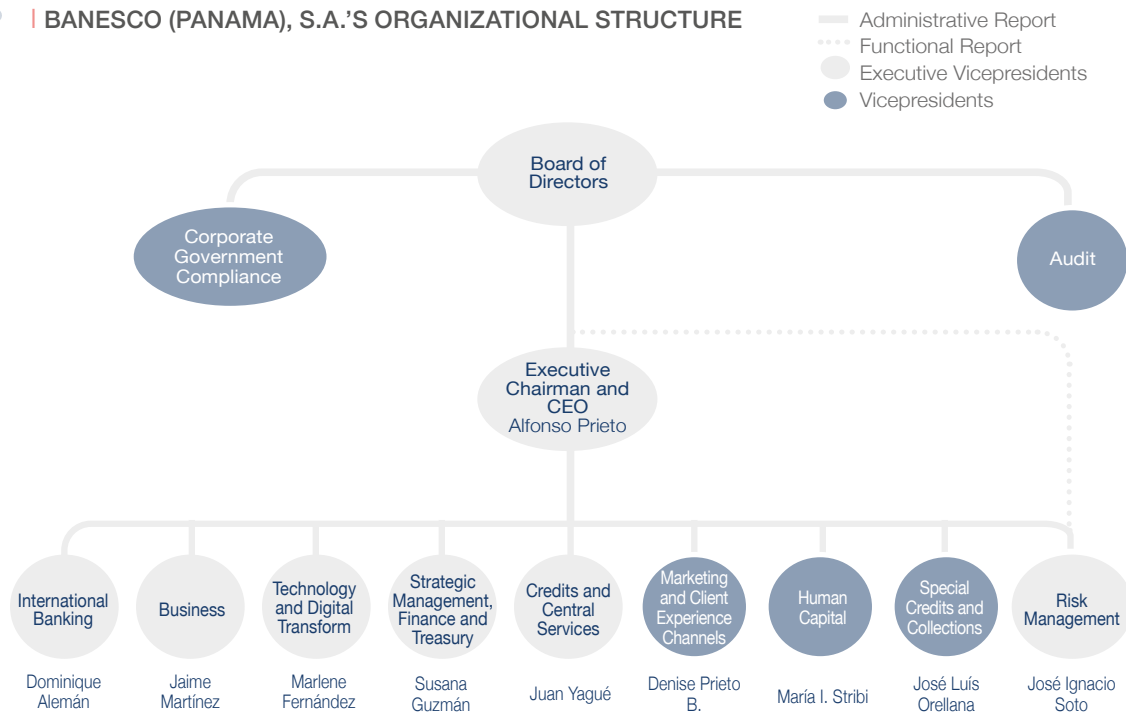
Board Director No. 1	Board Director No. 2	Board Director No. 3 (Independent)	Board Director No. 4	Board Director No. 5 (Independent)	Board Director No. 6	Board Director No. 7 (Independent)	Board Director No. 8 (Independent)
Miguel Ángel Marcano Board of Directors' Chair	Carlos Alberto Escotet CEO	Marco Antonio Fernández Partner	Alfredo Ramírez Partner	Francisco Javier Conto President	María Josefina Fernández Independent	Emilio Durán Director	Rosio Aued Partner

DIGNATARIES

- Alfonso Prieto González**
Executive Chairman and CEO
- Miguel Ángel Marcano**
Board of Directors' Chair
- Carlos A. Escotet**
Board Treasurer
- Mónica De León**
Board Secretary

*El perfil profesional de cada uno de sus miembros puede consultarse en nuestro sitio web.

BANESCO (PANAMA), S.A.'S ORGANIZATIONAL STRUCTURE



Legal and Regulatory Compliance

[[RS- GRI 103-1; RS- GRI 103-2; RS- GRI 103-3]

In the year 2021, we made sure to faithfully comply with the laws, decrees and agreements issued by the regulator regarding economic and financial measures to counteract the effects of the pandemic.

These agreements established parameters, guidelines, and provisions for the treatment of the loan portfolio because of the pandemic. As a result, we adapted internally the processes, reports, and procedures, which were duly addressed by the organization and the areas such as Risk, Credit, Operations, Finance, Audit, Governance, among others. In addition, we conducted discussion panels and evaluations of these measures and their impacts, which were communicated to the Board of Directors through the different Corporate Governance Committees.

In the month of March, Law 81 of March 26th, 2019, was approved, which establishes the Data Protection System, a law that prompted us to adjust our business processes and relationships with internal, external customers and suppliers, through an information security consultant, with whom we will work during 2022 on the design and implementation of effective controls for data protection.

Within the framework of the approval of this law, we created the [Data Privacy Policy](#), which was communicated to all employees in April and we trained all bank personnel online, so that each employee knows the obligations and rights established by this new law.

Transparency and Responsibility

At Banesco we have a commitment to transparency and responsibility, which is why we have manuals, policies and guidelines that strengthen our efforts focused on the reduction and prevention of related risks and allow us to carry out responsible and transparent management:

- Banesco Citizen Code of Ethics and Conduct
- Code of Ethics for Directors
- Corporate Transparency Policy
- Corporate Anti-Corruption Policy

During 2021, there were no cases related to corruption and bribery activities, nor is there a judicial process filed due to acts of corruption against Banesco Panama. Likewise, during this period there were no fines or sanctions for non-compliance with social and/or economic (administrative) regulations.

The Fight Against the Legitimization of Money Laundering and the Financing of Terrorism

We always seek to prevent operations and transactions linked to Money Laundering, Financing of Terrorism and Financing of Weapons of Mass Destruction. That is why we perform the due diligence on all customers, employees, and suppliers, through various technological enablers, at the time of linking and updating data,

in compliance with our [Banesco Citizen Code of Ethics and Conduct](#), Manual of Compliance, Know Your Client and Final Beneficiary Policy, Know Your Employee and Know Your Supplier.

In 2021 we adopted the necessary measures to prevent products, services, operations and/or transactions from being carried out with funds and/or on funds from activities related to crimes of Money Laundering (ML), Financing of Terrorism (TF) or Financing the Proliferation of Weapons of Mass Destruction (FPWMD):

- We migrated to the Monitor Plus ACRM tool to facilitate risk-based analysis, for the automated monitoring of our clients' operations.
- We have automated systems that allow us to

identify people/companies in global sanction lists and internal lists in real time so as not to link or determine if the relationship is maintained and/or to process operations or not.

As part of the commitment in the fight against Money Laundering and the Financing of Terrorism, we carry out annual training for all staff to reinforce issues related to the prevention of money laundering and we promote among employees the need to:

- Obtain all necessary customer information and update it according to the customer's risk level.
- Maintain a proactive attitude in crime prevention.
- Identify and promptly report any unusual activity.

TOTAL NUMBER EMPLOYEES OF BANESCO PANAMA TO WHOM THE ANTI-CORRUPTION POLICIES AND PROCEDURES WERE COMMUNICATED, BROKEN DOWN BY JOB CATEGORY

	2020					2021				
	Total Number of Employees	Informed Employees	% of Informed Employees	Trained Employees	% of Trained Employees	Total Number of Employees	Informed Employees	% of Informed Employees	Trained Employees	% of Trained Employees
In management positions	25	25	100%	25	100%	96	67	69,79%	83	86%
In Technical positions	287	287	100%	287	100%	295	153	51,86%	259	88%
In Administrative positions and others	850	850	100%	850	100%	576	406	70,49%	546	95%
Total	1162	1162	100%	1162	100%	967	626		888	92%

V | Our Contribution to Sustainable Development

[GRI 102-40,102-42,102-43,102-44,102-46,102-47; 103-1, 103-2, 103-3]

Actions for Banesco Panama's Sustainability

In 2021 we continue our work of strengthening our actions to build the country.



"Our purpose is human development. Empowering each person with the necessary skills that allow them to become agents of change for their own well-being and the quality of life around them."

Regarding the main changes in the sustainability strategy, we highlight that the relationship with unions and associations was key to linking CSR actions with the business. In this sense, thanks to the alliance with the Chiriquí Chamber of Commerce, the Business operational area was able to obtain a list of more than 400 companies that are part of the membership, to attract the m as clients. Due to the relationship of Banesco Panama as a member of the Board of Directors of CEPAVEN, greater representation was achieved among Venezuelan businessmen and in at least 8 binational chambers.

During the review process of the Environmental and Social Management Policy, the need to make important modifications was identified, which led to the creation of the **Corporate Sustainability Committee**, in turn led by the Executive Vice President of Control and Risk, and chaired by the CEO, and whose goals were reflected in the new **Sustainability Policy**, replacing the previous revised Environmental and Social Management Policy.

In addition, in this period we added two to the four lines of action previously defined: Entrepreneurship, Education, Culture, Environment, Social Innovation and Accountability to include those actions that are part of the social responsibility management programs.

The CSR programs, which are for the most part face-to-face, were modified to online formats to achieve the objectives set in a safe manner for all participants.

Keeping attuned with the health and economic situation caused by COVID-19,

we maintained our contributions with sponsorships and donations from the management's own programs and those that the bank supports as a benefactor.

CONNECTION WITH OUR STAKEHOLDERS

Continuous dialogue with all our stakeholders is essential to maintaining lasting relationships and has been a constant throughout the years. We have progressively enabled new and better channels for surveys, focus groups, newsletters, social networks, various customer service lines, and even segmented activities that allow us to know your opinion and optimize communication channels. With our employees, we design campaigns as a mechanism to listen to their voice, through different internal platforms such as the intranet, Team Banesco, Banesco News, surveys and focus groups, NPS, among others.

The information on our stakeholders is available in the CSR segment on our website, "Materiality and stakeholders".



Materiality

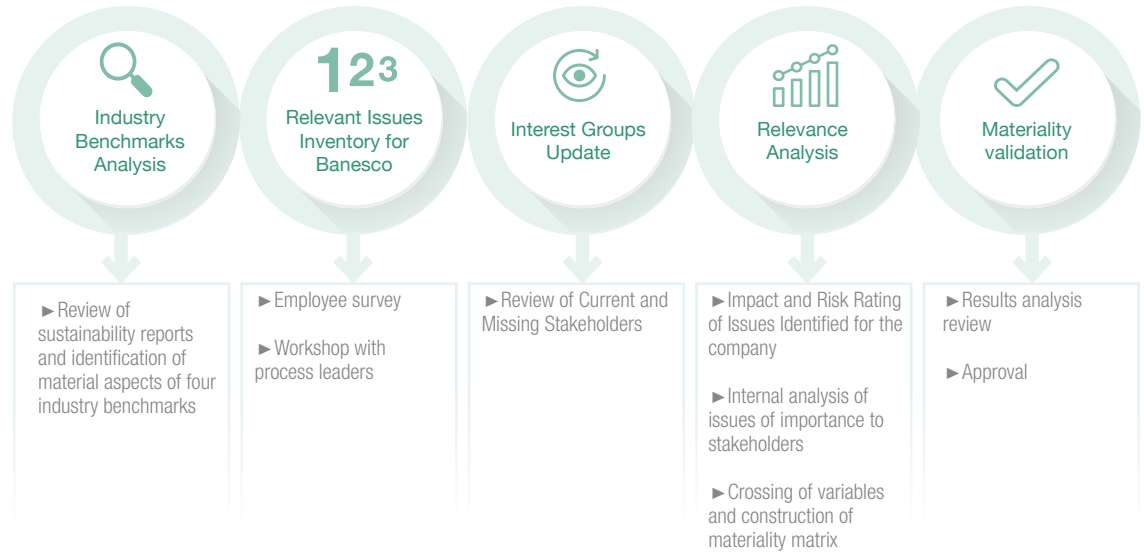
Considering that the challenges derived from the pandemic are still in force, we continue to attend to the material issues that resulted from the materiality study in 2020. In this process, the review and re-evaluation of the stakeholders was carried out to determine the relevance, pertinence and potential prospects of each.

The materiality matrix details are available on the CSR section of our website – “Materiality and stakeholders”

All the issues analyzed are in the quadrant that indicates they are highly relevant for the company and for its stakeholders, according to the information provided and constructed jointly with the employees who participated in the process. However, the final rating varies depending on the different degrees of urgency attributed to each. Four issues with an importance rating above 90% were identified as issues of high relevance that require immediate action: economic reactivation; legal and/or regulatory compliance, corporate governance; ethics and transparency; and customer experience.

The description of the materiality issues is published on our website's CSR section - "Materiality and stakeholders".

PROCESS PHASES FOR CARRYING OUT THE MATERIALITY ANALYSIS



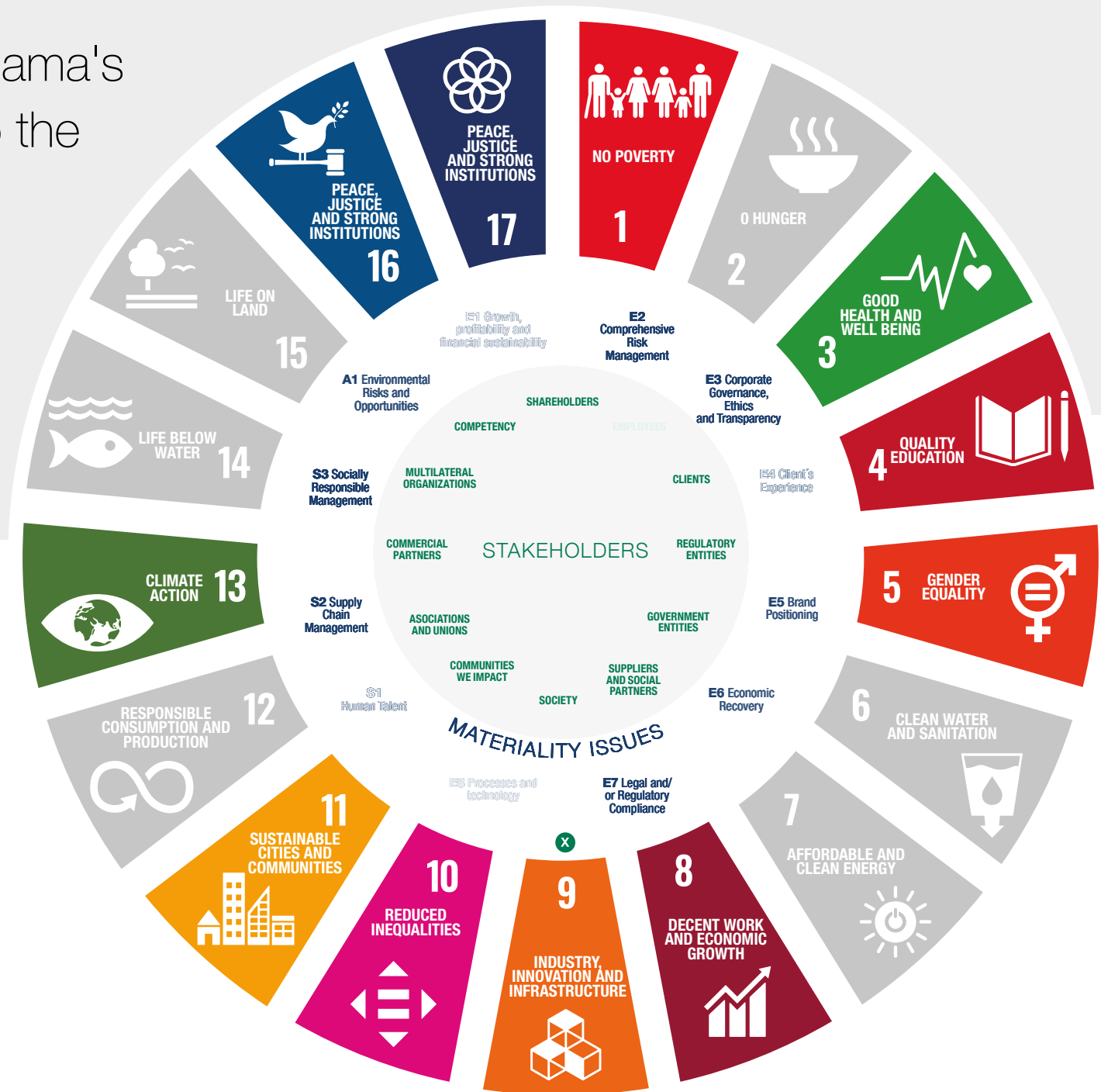
Banesco Panama's Contribution to the SDGs

[GRI 102-40,42,43,44,46,47]

To learn about the Materiality Issues and Banesco's stakeholders, click on each SDG.

Identification of the meaning of material issues

- **E: Economic**
- **S: Social**
- **A: Environmental**





Growth, profitability and financial sustainability. In 2021, despite the decision to keep the national state of emergency resulting from the pandemic and some health restrictions which make the economic recovery difficult, we reinforced efforts to maintain a perceptible connection between financial performance and the execution of the competitive strategy, focusing on attracting new business in the fastest growing sectors, while keeping strict controls and monitoring spending, improving operational efficiency and increasing business volumes, as well as providing a different experience to customers. In terms of legal liquidity, Banesco maintains an average percentage of 42.55%, which represents approximately 12% above the 30% legal minimum required by the Panama's Bank Superintendency. Under this financial environment, the bank presents a healthy capitalization of 12.44% on weighted assets by risk level, 4.44% above the 8% established by regulation. As for Banesco's future forecasts, we continue to wager on service differentiation, leveraged by our vision and sharp emphasis on human talent, to achieve an effective and perceptible connection between financial performance and the execution of the competitive strategy, offering a distinctly superior experience.

The description of economic performance refers to the indicators presented on page #9 of this report, which you can see [here](#).

FitchRatings
 Confirms
Investment Grade Rating for Banesco
(Panama), S.A. Goes Up

Long term A- (PAN)	Perspective STABLE PERSPECTIVE
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Rate Risk

The risk rating agency Fitch Ratings confirmed the long-term national rating of Banesco (Panamá), S.A. in A-(pan), with a stable outlook. In Fitch's opinion, Banesco's company profile compares favorably with its closest peers.

In a statement, Fitch highlights a resilient funding and liquidity profile, where funding costs proved to be a competitive advantage, as well as the effectiveness of loan recovery controls.

Economic Reactivation

Our organization's approach to managing the economic reactivation includes the following action fronts:

- Accelerating the digitalization of the bank's internal and external operations (optimization/automation of internal processes), channels such as Video Banking, P2P, B2B and P2C payment services; greater adoption and expansion of the reach of digital channels, as well as e-commerce services and contactless payment methods.
- Diversifying our alternative sources of income to the brokerage business.
- Reducing operating expenses, to offset the effects the COVID situation had on short-term profitability.
- Implementing a mixed teleworking scheme (combination of the face-to-face and online modalities), to take care of employee safety while maintaining operations.
- Supporting areas of the economy that continue to operate and require funds through credits, to help expand their operations, prioritizing asset quality and risk.
- Creating a system with the Business, Credit and Risk teams, for reviews and exhaustive analysis of the portfolio, identifying solutions according to the clients' financial conditions.

Looking ahead to the coming years, the challenges are to increasingly promote the development of existing clients and deepen synergies with the Group's subsidiaries, to increase the base and attract clients in new international markets, as a mechanism for diversifying risks with due regard for quality of impact, increasing income through the recovery of the written-off portfolio, optimizing repossessed assets management and normalizing the payment culture of the portfolio, in accordance with the economic reactivation of the market and the impacts generated by the pandemic.

As well, making our operating model more cost efficient, positioning the Banesco brand through a differentiated value proposition that fosters employee loyalty and attracts the best talents, thereby achieving a "customer-centric" focus, ensuring that

a smooth and seamless approach is delivered throughout the customer's journey, ultimately leading to brand loyalty.

The Value Proposition to our Customers

The strategic efforts that were part of the 2021 fiscal year focused on:

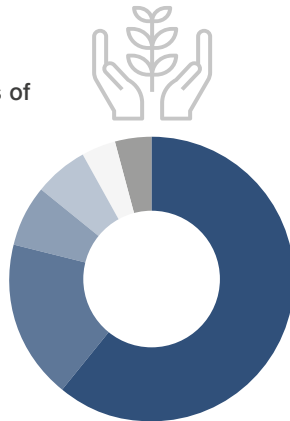
- Promoting a “new branch model,” under a banking concept that points to a service model beyond the traditional, promoting management that centers on:
 1. Tools for shift management and learning the client's needs.
 2. Functional ATM solutions to promote self-management.
 3. Optimization of documentation for processing the product portfolio.
 4. Greater monitoring of sales and service management, through interactive platforms.
- Development of new solutions based on innovation as a mechanism to attract customers and expand the range of services: VideoBanking, onboarding for account openings and our new “Wally” service for transfers between accounts.
- Expansion and massification of the services offered as means of payment: e-commerce, contactless, mPOS and intelligent points of sale.
- Banking on the growth of the BOL (mobile banking) functionalities and online banking.
- Managing customer requests to provide friendly solutions on contact, through an integrated Service Center. This action plan was established to ensure customer service and protect our employees' health through teleworking.



OUR BUSINESS LINES

Our local credit portfolio according to its lines of business is made up as follows:

- Allocated to Financing in the Personal Segment (Consumer and Mortgages) (61%)
- Corporate Segment (18%)
- Interim Specialized Construction Segment (7%)
- Business Segment (6%)
- Specialized Agricultural Segment (4%)
- SME Segment (4%)



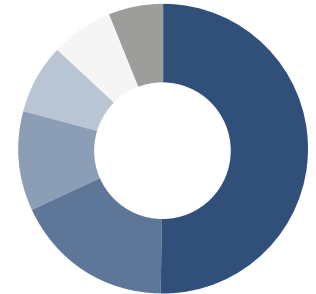
In terms of results, the local credit balance as of December 31, 2021, reached **USD 2,227 million** and we were able to manage a total volume of 113,315 active clients with a balance. The activities or types of industries that stand out in the local balance are:

- Food industry
- Real estate/construction industry
- Clothing, footwear and accessories industry
- Electricity and electronics industry
- Liquor and tobacco industry
- Agriculture and livestock industry
- Air and maritime transport industry

INTERNATIONAL BANKING

Our international credit portfolio according to its lines of business is made up as follows:

- Corporate Segment (51%)
- International Business Segment (18%)
- International Agricultural Segment (11%)
- International Energy Segment (8%)
- International SME Segment (7%)
- People Segment (6%)



In terms of results, the international credit balance at the end of this report reached **USD 926 million** and we handled a total volume of 83 thousand active clients with a balance. The activities or types of industries that stand out in the local balance are:

- Food Industry
- Agricultural Industry
- Clothing Industry, Footwear
- Electricity and Electronics Industry

Community Banking

Through our business strategy, the Community Banking management model promotes banking by formally advising and serving small entrepreneurs in their ongoing business, integrating existing market segments, thus attending clients featuring a natural person legal profile, and those who are better migrating to the SMEs format banking type, according to their segment's needs.

To date, the organization's strategic architecture opts for developing the Personal Banking market in general, focusing on self-management protocols and efficient after-sales service models.

Payment Plans for Home Acquisitions with Preferential Interest

247 mortgages for the amount of \$27,879 M

Subproduct	#	Amount USD \$
Mortgage Section 5	74	11,532,047.89
Mortgage Section 3	89	8,516,092.09
Mortgage Section 4	37	4,861,294.50
Mortgage Section 2	26	1,400,852.86
Sub Pro Credit		
Employee Section 3	10	875,741.28
Employee Section 2	7	482,755.57
Mortgage Section 5-Employee	1	160,440.17
Mortgage Section	3	50,086.67
Sub Pro Credit		
Overall Total	247	B/.27,879,311.03

INVESTMENTS IN INFRASTRUCTURE



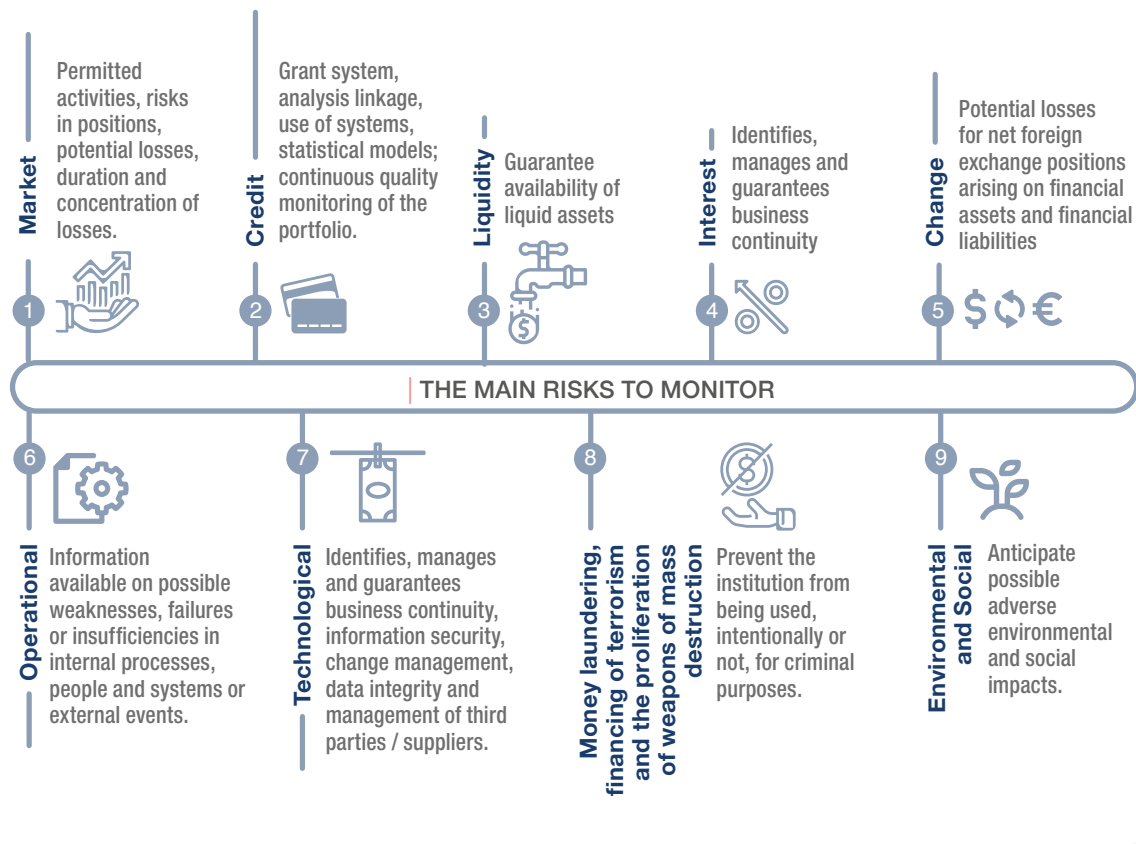
Project	State of Project	Cost
1 NMS Punta Pacífica Branch	Completed	650 K (USD)
2 NMS Multiplaza Branch	Completed	650K + 1.1 M (compra del Local)
3 La Doña Branch	Completed	450 K
4 Chitré Branch	Completed	425 K
5 Calle 50 Branch	In progress	750 K

These investments represent a positive contribution to the economy, since moving 4 branches, purchasing of 3 commercial premises, acquiring new insurance policies and remodeling each project are a source of local employment, purchasing supplies, furniture, specialized labor, in addition to the management of permits, whose associated costs affect the municipalities where the works are carried out.

Comprehensive Risk Management

Our comprehensive risk management facilitates a cyclical process that enables continuous improvements to the organization's decision-making. To this end, we have comprehensive risk policies and procedures that are detailed in the Code of Good Corporate Governance and Operational Risk Management, published on our website: <http://www.banesco.com.pa>.

For each risk type inherent to the exercise of its financial activity, we have defined global limits that are approved by the Risk Committee and ratified by the Board of Directors, in charge of deciding the organization's risk appetite. On a monthly basis, the Comprehensive Risk Management Unit follows up on each of the risks to which the organization is exposed to and presents it to the Risk Committee.



Regulatory compliance

As banking and insurance services industry leader, we fully control and manage the different types of risks to which we are exposed in the development of our activities, through rigorous procedures. Banesco's risk methodology is based on the best international practices (Basel, ISO, AIRM, RIMS). We are governed by the provisions of the regulatory entities, including the regulations established by the Superintendence of Banks and the Superintendence of Insurance and Reinsurance, as well as by the best market practices.

Customer experience, Brand Positioning and Processes

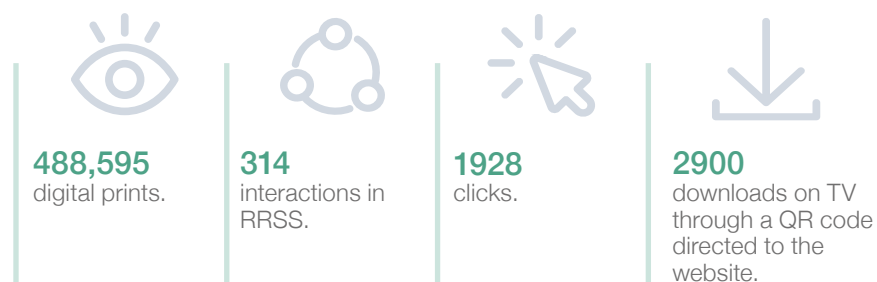
During 2021, we maintained our goal of establishing a customer-centric culture and thus improving the experience they live in an integral way; To that end, we conducted the following procedures:

- Visits to the branches with the greatest impact on their transactional NPS, so as to review specific indicators per executive.
- Showcased a public board with all the clients' request cases and claims, to have a complete visual of case management and work in compliance with the promise of time.
- Surveyed of the Banesco journey, with a 7-stage definition: discovery, selection, contracting, use, resolution, loyalty and cancellation.
- Reviewed and redesigned the surveys by all contact points according to the journey defined, such as: selection journey and its website survey; usability journey and, online banking and mobile banking surveys monthly.
- Defined the new service model "You matter to me," for internal and external customers; created the pillars and attention routes to guarantee a good customer service and experience with the client, both in the face-to-face and written formats.
- Trained 60% of employees in "back" areas, module 1 of the "New Service Model," with an outlook on permeating the customer-centric culture.
- Implemented a new customer voice collection system, which allows having the NPS results in real time.
- Established weekly follow-ups by vice-presidencies and managers, to increase the punctuality of the SLAs of after-sales service flows.

Regarding brand positioning, the image campaign "Good things are happening" was presented with a positive message in the framework of the world situation that has occurred since 2020.

The objective of the campaign was to communicate to all clients covered by the moratorium law that the organization had various alternatives to renegotiate their loans and support them; and in the case of those who were not accepted, offer products with benefits to meet their needs.

RESULTS OF THE “GOOD THINGS ARE HAPPENING” CAMPAIGN:



As part of process management, we have the Process and Continuous Improvement unit, dedicated to analyzing, designing, documenting, and maintaining processes, as well as control units and functions to identify risks and process execution (Audit). Similarly, critical processes have a formalized role called “process owner,” as an organizational figure “in situ,” aimed at identifying and promoting continuous improvements in their performance.

During 2021, the process management approach was focused on achieving their efficiency. The results of the implemented activities generated a promise of value associated with changes in the organization model and improvements in the operating model, which are periodically monitored to account for their execution.

Customer Requests and Claims Management

Developing financial products responsibly is a constant commitment for Banesco. Therefore, the management of the claim and requirements systems is fundamental to verify the adequate implementation of the products and, in turn, is a key tool for the continuous improvement of the processes.

To do this, we have a policy to “Manage customer complaints and requirements” and a management system for dealing with requests and complaints called SARA, which is managed by the customer service team in the first contact and communicates via email with the client once the case is registered and concluded. This management tool allows us to control and measure customer response processes, fostering solutions for cases from the first contact, reducing response both the time and the number of claims.

Follow up on requests, queries or claims, customers have the following channels:



COMPLAINTS AND CLAIMS RECEIVED AND RESOLVED IN BANESCO PANAMA

Complaints and Claims	Received 2021	Managed 2021	Average Resolution Period 2021 (Days)
Complaints	516	100%	0.39
Online Banking	10	100%	0.10
Current Account	11	100%	2.55
Savings Account	69	100%	0.45
Mortgages	30	100%	0.00
General information	12	100%	0.00
Prestacard	9	100%	0.44
Commercial Loan	3	100%	0.00
Car loan	12	100%	0.00
Personal loan	47	100%	0.00
Pledged Loan	2	100%	0.00
Credit card	247	100%	0.38
Debit Card	52	100%	0.19
Guaranteed Cards	1	100%	0.00
International Transfers	10	100%	3.20
Local Transfers	1	100%	0.00

Claims	4606	97%	7.45
Online Banking	108	99%	3.80
Checking account	38	95%	5.97
Savings account	194	95%	7.56
Fixed deposit	9	100%	6.67
Mortgages	43	98%	14.76
MovilPay	8	100%	4.50
PrestaCard	44	98%	16.09
Commercial Loan	2	50%	7.00
Car loan	6	100%	9.17
Personal Loan	76	99%	13.87
Points of Sale (POS)	15	100%	6.53
Credit Card	1.977	98%	5.53
Debit Card	2.086	95%	8.98

LEGAL COMPLAINTS AND CLAIMS RECEIVED FROM THE LEGAL DIVISION

Complaints and Claims	Received 2021	Managed 2021	Open*
Complaints	16,00	16,00	15,00
Claims	49,00	49,00	35,00

*Note: responses from the regulatory body are still pending."

In 2021, there were no cases of non-compliance related to the information and labeling of products/services. We received one case of complaint for non-compliance with the regulations or voluntary codes related to marketing communications (misleading advertising).

Cases of non-compliance with regulations	2021	Observations
Number of Non-compliance with the regulations that gave rise to fines or sanctions	1	The client indicates the bank does not want to give him the prize he won by participating in an electronic raffle, while the Bank argues the raffle corresponded the year 2020, which had ended. The contest the client entered was called "At home or away, we are with you" and it effectively expired in 2020.

Information Security and Confidentiality

Regarding security aspects, during 2021 we strengthened the fraud prevention management model internally by calibrating monitoring rules with casuistries or irregular patterns related to consulting information and updating customer data. From the external perspective, we implemented automatic controls in tool monitoring for fraud prevention in the online and mobile banking channels, to minimize losses, maintain operations, as well as improve the customer experience.

Additionally, we launched the risk culture campaign "Managing Control is Not Mission Impossible," as part of the comprehensive risk culture model that we seek to implement by continuously raising awareness among customers and employees about the risks of information security, cybersecurity, technological risks, prevention of fraud in products, channels and means of payment.

Since 2020 we have had a Cybersecurity Operations Center, whose main objective is the early detection and response to possible events that occur in this area. In compliance with Law No. 81 on the protection of personal data, which was signed on March 26th, 2019 and came into force in 2021, we have prepared the Data Privacy Policy, in addition to the bank's already existing Cybersecurity Policy.

In 2021, we handled a claim filed against Banesco (Panamá), S.A. before the Superintendency of Banks of Panama, related to banking confidentiality. The claim was based on an email the bank sent a person to the corporate email where he currently works. The content of the email included work references which enabled his colleagues to have access to his personal data, since they are detailed in said document. The case is pending admission by the Superintendency of Banks.

Total number of Complaints and Claims regarding violation of Client Privacy	Total Number Received in 2021	Total Number Processed in 2021	Average Resolution Period in 2021 (Days)
Accepted by third-parties and verified by the organization	1,00	1,00	Pending on the Bank Superintendency's Final Resolution

Technology Relevant events 2021

The technology strategy is based on a digital transformation model from MIT and based on that, the following objectives were defined:

- Have an efficient, stable and governed technological architecture Operational Backbone that allows us to evolve towards a hybrid architecture (on premise and multi-cloud) that guarantees us an up-to-date, secure, flexible and reliable technological operation. Executing unit: Maintenance and Evolution, Business Architecture, Data Analytics and Infrastructure.

The operational backbone includes:

- » Architecture and its evolution
- » Data governance
- » Process automation
- » Maturity of processes.

- Implement an agile digital platform (Mobile Banking and Online Banking) to create product offers for our customers as well as implement onboarding programs and end-to-end process automation for commercial and consumer credit.

Executing Unit: Digital Transformation

- Have a deep knowledge of customers, their behavior and customer insight preferences through the implementation of an artificial intelligence program and resume the innovation program. Executing unit: Data and Analytics.

- Continue with the development of the open banking model to expose our capabilities, products and services, through the apification strategy focused on payment methods and the new Digital Banking, in addition to the implementation of the management platform and exposure of API's with capabilities to monetize and generate advanced transactional analytics (apification sandbox).

- Implement a governance model that allows us to measure the promise of value of the Technology management and Digital Transformation accountability framework, by consolidating a technology management and digital transformation dashboard, focusing the measurement on: Compliance with the execution of the initiatives, fulfillment of the promise of value, measurement and monitoring of obsolescence, budget execution, contribution of innovation and corporate indicators.

- Have human talent with engagement and specialized knowledge to strengthen the engagement actions defined with the Human Capital team, formalizing their application for the entire team (career plan, training,

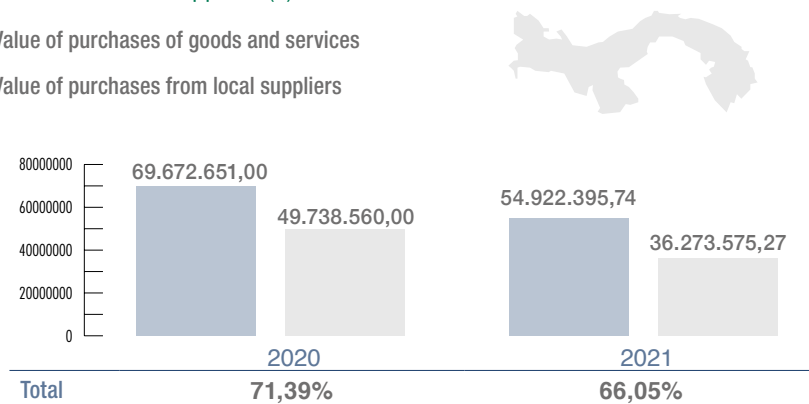
individual goal board. In this sense, we also strive to strengthen the execution of initiatives with agile and waterfall methodologies.

SUPPLY CHAIN MANAGEMENT

Supplier Types	2020	2021
 Number of Service Suppliers	677	508
 Number of Goods Suppliers	-	-
Total	677	508

Purchases to Local Suppliers (\$)

- Value of purchases of goods and services
- Value of purchases from local suppliers



Suppliers are the vehicle to implement the activities that impact all our stakeholders; hence the importance of establishing close, solid and long-lasting relationships that allow us to manage without risks of any kind and safeguarding the necessary confidentiality, in compliance with our mission and vision.

The year 2021 was a year full of great challenges for the organization as a result of the continuity of COVID-19 and the shortage of supplies due to containerized cargo affecting our supply chain. To do this, we effectively conduct the relationship with suppliers and anticipate strategic planning.

For the management of the supply chain in 2021 we focused on 3 main pillars:

- Guarantee the timely and sustainable supply of critical goods and services and in turn be able to guarantee services to our client portfolio.
- Review the portfolio of services we receive to consolidate and minimize our supplier catalog.
- Capturing the greatest savings in terms of negotiations given the global economic phenomenon of price increases due to containerized cargo of products.

With these 3 approaches, we were able to avoid the interruption of services that we required and also exceed the savings and benefit goals that had been established for the year 2021.

Human Rights in the Supply Chain

Our supplier catalog is made up of 508 suppliers, 81%, 411 are local suppliers with

whom long-lasting relationships and solid support plans have been developed to have the best quality goods and services with competitive prices around the market with suppliers that comply with all political, fiscal regulations and in terms of respect for social, environmental and gender equality issues.

Our supplier portfolio does not present risks and cases of child labor or forced labor, nor were any complaints received for these matters during the 2021 period.

Anti-corruption Policies and Procedures in the Supply Chain

All the purchase orders that we generate in Banesco contain clauses for the prevention of corruption where it refers to making complaints for actions that violate our Code of Ethics and Conduct.

In 2021 we do not have any reports of suppliers that violate corruption laws nor have contracts related to this matter been terminated.

Main Results in 2021, Challenges and Opportunities in Our Business

2021 ACHIEVEMENTS

Comprehensive Risk Management

- Training via e-learning on comprehensive risk management for 98% of the bank's employees, as part of the risk culture training plan. Additionally, workshops were held in various areas of the bank, on credit and operational risk.
- Carrying out technical training to reinforce management (risk-based audit, culture plan, facilitator trainer program, cybersecurity, ISO 27001 information security audit, cybersecurity certifications, among others).
- Automations to strengthen the area's reporting management.
- Implementation of financial risk monitoring tables, where the constant evaluation of management is carried out.

- In cybersecurity, a Security Operations Center was implemented, which strengthens the monitoring of early warnings of cyberintelligence and cyberthreats.
- Strengthening of the early detection and management of phishing, to minimize incidents among customers as victims of this type of fraud.

Supply Chain

- Continuation of the biosafety protocols implemented in 2020
- Adjustment of the internal process to receive the goods and services without impacts of shortages



- Strengthening of the relationship with suppliers by increasing communication channels.

CHALLENGES AND OPPORTUNITIES

Economic Reactivation

Among the main challenges for 2022-2023 we can mention:

- Promote business model with a customer-centric vision, ensuring customer loyalty.
- Configure product offering packaged to target profiles.
- Promote the business model in branches.
- Adapt the operating model to decisively increase our participation in legal segments.

International Banking

The challenges undertaken at a strategic level in International Banking are summarized in:

- Strengthen commercial efforts to attract new customers in markets of interest, focused on economic profiles of value.
- Strengthen the operating model by promoting onboarding platforms, to decisively achieve greater participation in segments of people.
- Develop omnichannel management models guaranteeing a quality customer experience.
- Position offer within the ecosystem of means of payment.

Experience

- Implement the new service model ¡You matter to me! to the front, module 2 and module 3 areas.
- Implement the mystery shopper and



mystery client methodology, with a view to frequently measuring the new service model ¡Tú me importas!, seeking to identify points for improvement and corrective actions that allow us to live a customer-centric culture throughout the organization.

- Make improvements in the retention process, which allow the churn rate index to be measured, with a view to relating the NPS to the churn rate.
- Design and implement 4 stages of the Banesco journey: selection, contracting, use and resolution.
- Monitor the continuous improvement plans defined by the different channels or contact points of the Banesco client.

Marketing

- Focus management on building positioning by 2024, within the banking category, as the Best Alternative Partner, in addition to being a financial institution that identifies with the local and with its people.
- Guarantee a differentiating and memorable communication. Implementation of the communication strategy for the segmentation plan,

- increasingly reaching our clients with timely and efficient communication.
- Provide real-time monitoring in conjunction with the commercial team of the capture and conversion of leads, for greater efficiency of the campaigns.
- Redesign the website, as a lead capture branch, with a design based on segmentation.

Processes

For the next 3 years it is proposed:

- Implement and execute, under continuous improvement methodologies, the intervention of the organization's 146 processes, with the challenge of building and testing scalable, profitable and efficient end-to-end models, guaranteeing that internal processes are designed to offer simple experiences and consistent to our customers, based on self-management, from contracting to post-sale and with robust systems that eliminate manual work and operational errors.
- Prioritize which aims to identify which are the most critical processes for the organization, as well as how they should intervene to ensure their continuous improvement.

Comprehensive Risk Management:

Among the challenges proposed in the 2022-2024 strategic plan, we have:

- Strengthen the Risks
 - Business system to promote new origins of risk attached to the credit risk

framework (Risk-Return)

- Increase the maturity of the Operational and Technological Risk processes, promoting self-management and control design with the empowerment of process owners and strengthening business continuity.
- Certify that the controls related to Information Security and Cybersecurity are defined at the level of processes, technology, and people, guaranteeing the integrity, availability and privacy of the information.
- Strengthen the risk control and management culture throughout the organization, seeking to empower the

units responsible for the processes to identify and mitigate their inherent risks.

Supply Chain Management

The most important challenges in the coming years for supplier management are:

- In the short term (0-2 years):

- Continue with the supplier consolidation strategy for some portfolios of Goods and Services with more efficient negotiations at scale.
- Continue with the digitization of activities related to supplier management to optimize the response capacity of the team.

- In the medium term (2-5 years):

- Deepen the classification and evaluation of suppliers to have a more reliable supply chain and develop them as strategic partners.
- Achieve supplier efficiency aimed at an optimal profitability model for the operation.
- Guarantee a sustainable supply model with suppliers that comply with government, fiscal, social, and environmental policies.

VII | Our People

[GRI 103-1, 103-2, 103-3; 102-8; 202-1,202-2; 401-1; 401-2, 401-3; 403-2, 403-9; 404-1, 404-2, 404-3; 405-1, 405-2; 406-1]

Our people make us unique, they keep us transforming to provide efficient operations, driving innovation and inspiring leadership through talent united by the pride of belonging to Banesco.

At Banesco we believe in continuous improvement by implementing changes for the optimal functioning of our structures within the current context.

The well-being of our employees is of utmost importance to us, which is why we want to provide safe spaces for the development of their daily activities accompanied by policies that protect them. In this sense, in 2021 we carried out the following actions:

New Service Model "You Matter to Me":

We developed an integrated service model to position the culture and raise awareness of the importance of generating the best experience for both internal and external customers.



Employee Experience:



The Banesco values and culture that our employees reflect through the experiences they provide to the client, achieve loyalty and have a positive impact on the growth of our bank, that is why this year we strengthened the experience for the employee through the implementation of the "Voice of the Employee" program. 's, whose objective is to enable different listening channels in real time to implement strategic actions, based on their ideas and suggestions to make Banesco the best place to work. Thanks to this program, the main pain points were identified and other initiatives aimed at resolving them were implemented.

Among the available digital listening channels, we feature:

- **Your Intranet Space Program**, a web page that contains all necessary information for the employee in his Banesco journey.
- **Team Banesco**, an internal Instagram account where different topics of interest are communicated.
- **A Break with the CEO**, a virtual space to share with the president and general



Intranet



manager whose purpose is to listen and exchange opinions on issues associated with new goals, results and others.

The Path to Excellence:

We always seek to honor and multiply our culture since we know how important it is to generate the best experience for our internal and external customers. In this sense, we developed "The Path to Excellence," a pilot program in the Vice Presidency of Strategic Management, Finance and Treasury that seeks to enhance the culture of service and the experience employees and consists of 6 phases where 28 critical functions are emphasized, as well as planning and establishing service agreements with our main internal and external clients.



The Winning Teams Program:

To strengthen leadership, we implemented the Winners' Teams Program in which Banesco leadership skills are developed through awareness creation and self-learning.

Banesco Academy:

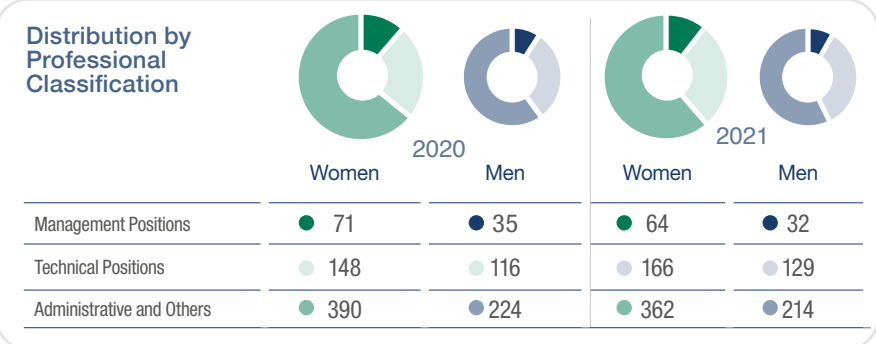
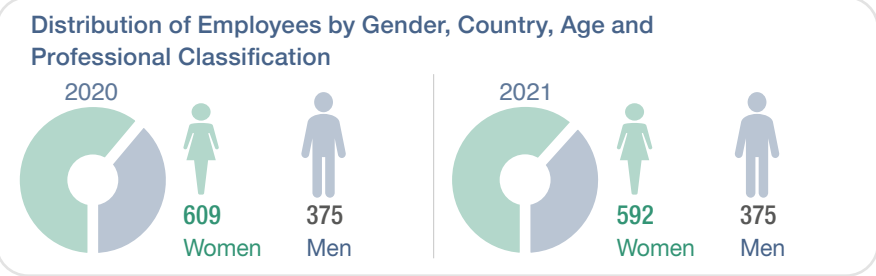
We are great thanks to our employees' talent, that is why we always seek to provide them with growth opportunities. Eighty -three (83) employees participated



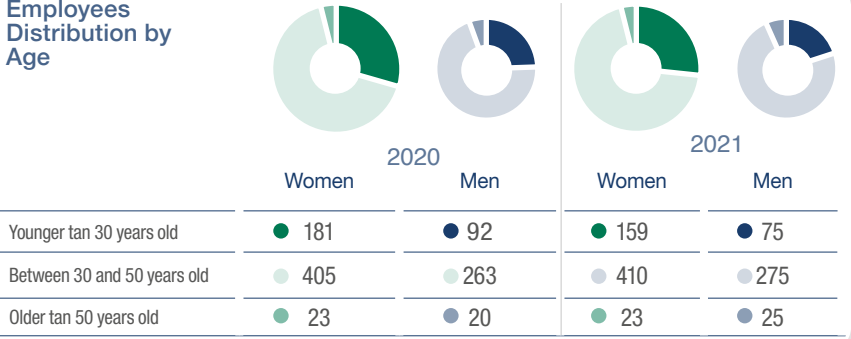
in the “Banesco Academy,” distributed into four groups: executive successors, high potential managers, managerial successors, critical key backup where employees are considered indispensable as their skills and talent cover positions that are critical for the bank and cannot stop operating, and high-performance employees, who received support from the Monterrey TEC Institute according to the assigned topics, in addition to receiving the internal modules of the business (risk, comprehensive risk, compliance, credit, and labor issues).

LABOR AFFAIRS

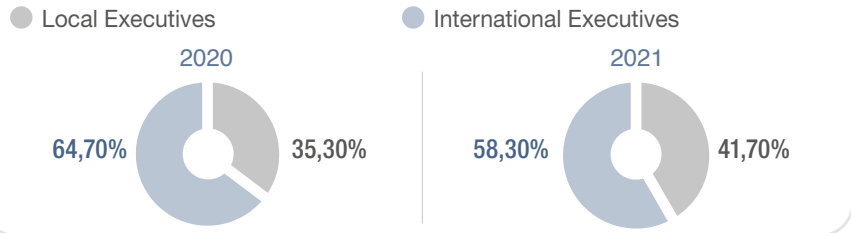
Number of Employees	Panamá Oeste (Includes Coronado)						
	Panamá	Colón	Coclé (Penonomé)	Herrera (Chitré)	Veraguas (Santiago)	Chiriquí (David)	
Temporary (Full-time)	2	0	0	0	0	0	
Temporary (Part-time)	0	0	0	0	0	0	
Indefinite (Full-time)	889	25	9	10	13	10	
Indefinite (Part-time)	0	0	0	0	0	0	



Employees Distribution by Age



Proportion of Senior Executives Hired Locally



Employee Recruitment and Staff Turnover

The growth of our talent is essential for the development of the bank, which is why we look for vacancies to be covered by our employees who already have the skills and know the Banesco culture. Backed by the Policy of Promotions, Change of Positions and Succession of Employees, we generate internal contests to provide opportunities for growth within the organization.

In 2021, 205 new employees joined the team, who meet the Banesco profile, they have been integrated through external sources such as the internal referral program, LinkedIn, or Konzerta.

Regarding turnover, we received 114 voluntary resignations, raising the rate to 11.84%, and involuntary discharges are associated with performance issues and restructuring.

In the period of this report, we developed the Employee Termination Policy. We do not yet have transition programs for employees who are retired or laid off.

The pandemic continues to affect the lives of our employees, which is why this year we established more actions to provide a flexible environment that is aligned with our Equal Pay Policy.

EMPLOYEE HIRING AND STAFF TURNOVER

Staff Turnover Rate, Distributed by Age



2020

Younger than 30 years old

166

Between 30 and 50 years old

306

Older than 50 years old

23



2021

50

159

14

Staff Turnover Rate, Distributed by Gender



2020

Female

282

Male

213



2021

135

88

Employee Recruitment Rate, Distributed by Age



2020

Younger than 30 years old

119

Between 30 and 50 years old

101

Older than 50 years old

7



2021

64

137

4

Employee Recruitment Rate, Distributed by Gender



2020

Female

136

Male

91



2021

118

87

Total Number of New Employee Recruitments



2020

227

2021

205

New Employee Recruitment Rate



2020

23%



2021

21,20%

NUMBER OF DISMISSALS

Number of Dismissals by Gender

2021



67
Women



40
Men

Number of Dismissals by Age



Women

Younger than 30 years old

13

Between 30 and 50 years old

45

Older than 50 years old

9



Men

12

24

4

Dismissals by Professional Classification



Women

Management Positions

17

Technical Positions

11

Administrative and Others

39



Men

6

8

26

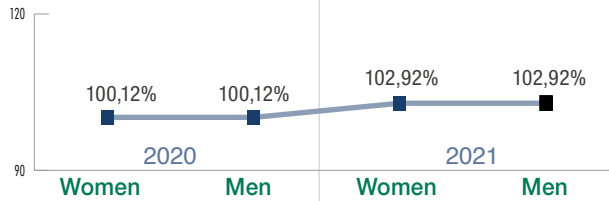
Salaries

In Banesco, salary distribution is based solely on the performance, merit and results of any of the employees. The remuneration of each member of the work team is not conditioned by the person's gender.

In this sense, the process to determine the salary of a contract is defined in the "Reward and Retain Human Capital" policy, which explicitly indicates that variables of gender, race, age, nationality, sexual preference and religion are not considered, ensuring pay equity.

MINIMUM WAGE RATIO BROKEN DOWN BY GENDER

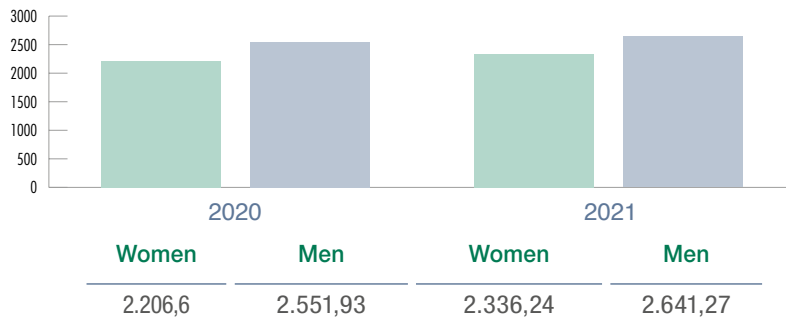
Minimum Salary Paid by Banesco Panama



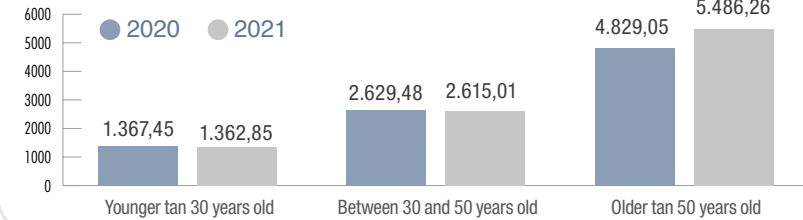
Minimum Salary Paid by Banesco Panama	681	681	700	700
Minimum Salary Paid in the Financial Sector (USD) in Panama	680,16	680,16	680,16	680,16
% Paid above the Minimum Wage in Panama	100,12%	100,12%	102,92%	102,92%

AVERAGE SALARY BY GENDER, AGE RANGE AND CATEGORY

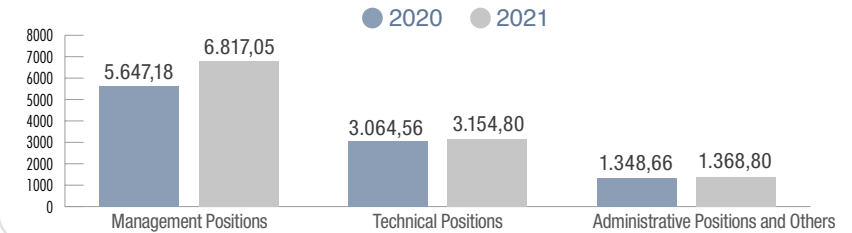
Average Salary (USD) by Gender



Average Salary (USD) by Age

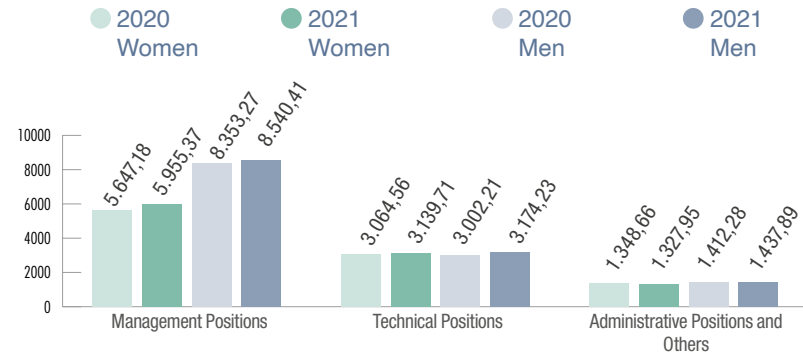


Distribution according to Professional Classification

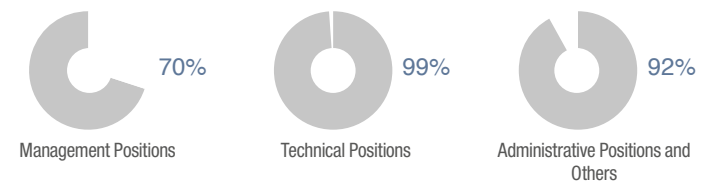


SALARY GAP, AVERAGE SALARY AND ITS EVOLUTION, BROKEN DOWN BY GENDER AND PROFESSIONAL CLASSIFICATION

Salary Difference (USD)



Ratio (% equality)



Gender Equality, Inclusion and Non-Discrimination

At Banesco Panama we believe that diversity is crucial to promoting the development and enrichment of our company's culture. By valuing our differences, we can create safe spaces in our work environments, so that there are no obstacles when it comes to growing within the organization, which is why we have:

Code of Ethics and Conduct: Our Code of Ethics and Conduct establishes rules of conduct as well as standards and values both in its relationship with internal and external audiences of the operation, promotes equal treatment of all people and prohibits the use of language or sexist or racist expressions, or the application of any type of discriminatory or intimidating treatment.

As it is the backbone of the actions of all the people who are part of the bank, it is part of the induction process, just as its content is reinforced through different channels and activities throughout the year, at all levels of the organization.

Harassment prevention: All our policies refer to equality between men and women, reinforcing our commitment to zero tolerance for workplace and sexual harassment, selection of personnel free of bias and the promotion of a work environment free of any discrimination, which guarantees the equal opportunities, respectful and dignified treatment for all people, favoring conditions so that no personal or social circumstance, gender, age, sexual orientation, religion or pose an obstacle in any area of the company.

With this commitment, we have a policy called Guidelines against discriminatory acts, of which all employees are informed since its official publication, as well as new employees read the policy and sign a reading certification that rests in their files.

We maintain a complaints mailbox available on the intranet and emails, to send alerts about any breach of the Code of Ethics, specifying the cases of complaints of workplace harassment, sexual harassment, among others, confidentially. During the 2021 period, no complaints of discrimination or harassment were filed.

At the end of December 31, 2021, there were no cases of complaint / communication for cases of harassment or discrimination

Gender Equality Seal: We are signatories of the Women's Empowerment Principles (WEPS), promoted by UN Women and we received the certification of the Gender Equality Seal in gold category, granted by UNDP and MITRADEL, since 2018.

To achieve the corresponding recertification in 2021, we participated in the audit process by both institutions regarding the employee perception survey on the equality of men and women in the company in different dimensions and the self-diagnosis on the practices and procedures of Human capital. Based on these results, we achieved the validity of this seal, obtaining an increase of 8 positive points in terms of closing the gaps identified in the first certification. This improvement in results is associated with the following initiatives implemented:

- The use of more inclusive communication between men and women in all communications.
- The balance of men and women in the participation of the recruitment and selection processes.
- Inclusion of the gender perspective in salary policy.
- Implementation of equal measures for men and women in all the benefits associated with emotional salary and family conciliation.

As an opportunity for improvement, we plan to strengthen the usability controls for parental leave and the use of nursing leave, which will be implemented in 2022.

Accessibility: We maintain the Accessibility Policy in force, and during 2021 we identified employees in the process of being certified as Persons with Disabilities (PwD) and some of our areas have visual signs for people with disabilities.

We have a Welfare and OHS Specialist who ensures that the workplace meets all the necessary requirements and adaptations, in case the selected employee has a disability.

In the Banesco Panama tower, we have a site for active work breaks called "El PISO" (The Floor), designed to facilitate the mobility of all people, including children, the elderly, women or people with disabilities. Similarly, the bathrooms are suitable for people with reduced mobility.

Training and Career Development

We promote the professional development of our team, contributing to their aspirations and thus unifying our objectives by generating shared value.

As a Group policy, the training of employees represents one of the strategic levers that reinforce and develop talent, which is why efforts have been made as an organization to identify, develop and train employees. employees with the purpose of having and retaining the best talent. Hence, development programs are generated, according to the needs of each business area that allow facing challenges and new organizational challenges.

We have a Training Policy that was created in January 2015 and whose focus is to benefit employees at all levels with the development of technical, operational, strategic, and regulatory issues, as well as other issues identified in training needs. This policy is reviewed annually, and changes are made if applicable.

Here are the programs we offer to improve employee skills:



Banesco Academy

It specializes in training high-performance talent to strengthen leadership, strategic, Banesco DNA and comprehensive management skills.



English for Executives

Strengthening this second language to better serve clients and external organizations.



“You Matter to Me”

Service Culture Program that introduces our service model and its concepts as a mandatory workshop.



Business Training Plan

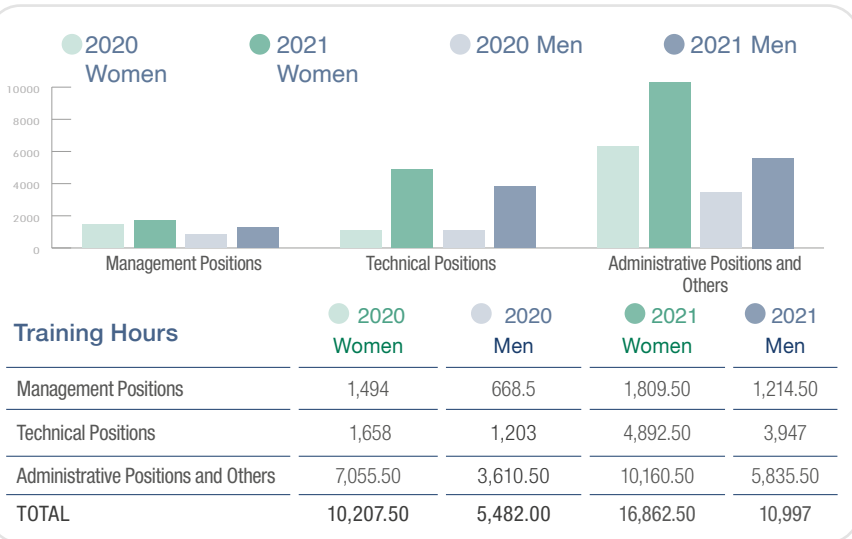
It seeks to align and strengthen knowledge to provide good services to external customers.



Retirement Transition

We currently do not have transitional program for retirees and or people who are laid off.

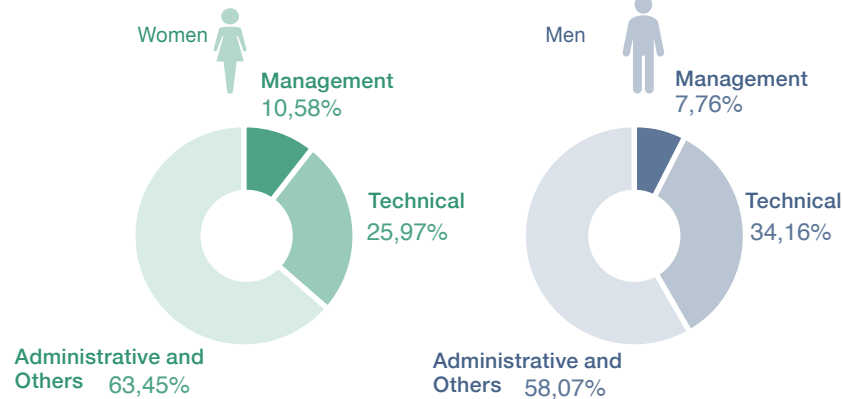
TOTAL NUMBER OF TRAINING HOURS BY PROFESSIONAL CATEGORY



AVERAGE HOURS OF TRAINING

	2020	2021
Average Hours of Training per Employee	15,94	28.81
Average Hours of Training per Woman	16,76	28,48
Average hours of training per Manager	14,62	27.84
Average Hours of Training per Technician	20,4	31.50
Average Hours of Training by Administrators and Others.	10,84	29.96
Total	17,37	27.77

NUMBER OF EMPLOYEES RECEIVING REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEWS



The annual performance evaluation by competencies for the 2019 period was carried out on 861 employees. It applies to active employees with seniority in the organization of three (3) months or more. This evaluation does not include employees with executive levels (President, EVP and VP).

The performance evaluation corresponding to the year 2021 will be applied in the first two months of the year 2022, so the results will be included in the next report.

Welfare and Measures to Facilitate Conciliation

We consider the enjoyment of conciliation essential to have lasting and trusting relationships with our employees. Therefore we work towards the implementation of measures that facilitate the reconciliation of family and work life.

In 2021 we implemented the Employee Voice Program, which aims to listen to the voice of our employees to improve their well-being and experience at Banesco. From

this listening channel, the "Zero Law" was created to drive and promote digital disconnection. This initiative contemplates the following principles:

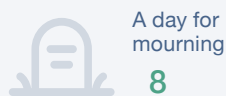
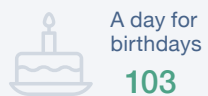
- Zero accesses on vacation.
- Zero chats after 6:00 p.m.
- Zero meetings on Friday afternoons, at lunchtime and after 6:00 p.m.
- Zero excuses for not enjoying your birthday.
- Zero excuses for not enjoying your vacation on time.

All the leaders of the organization, including the CEO, participated in the promotion and dissemination of the "Zero Law", both in internal channels and in social networks.


The main benefits we offer to all our employees are:

- Family conciliation benefits: flexible hours, day off for birthdays, up to 3 days for seniority, early summer Friday (2 hours off on summer Fridays), paternity leave (birth or adoption).
- Health benefits: life and health insurance for employees. Additionally, we have free for everyone: virtual exercise platform with Power Club, Business Clinic, lactation room, health and wellness fairs, talks and workshops associated with health prevention, access to the blood bank.
- Special benefits: bonus for the birth and/or adoption of children, bonus for marriage, support for the death of a relative in the first degree of consanguinity, salary advance for emergencies.
- Savings benefits: after completing 6 months in the bank, all employees can apply for low rates on bank products. Additionally, there is a portfolio of agreements with various businesses for discounts on products or services.
- Telecommuting: it is applicable under defined criteria such as good performance and productivity. At the end of December, there were 262 employees under the mixed modality (3 days at home and 2 in the office or vice versa). In addition, a subsidy of USD 10.00 per month is granted to support electricity and internet costs.

BENEFITS WORKFLOW JUNE TO DECEMBER 2021 (COLABORADORES BENEFICIADOS)



ACTIVITIES FOR BANESCO PANAMA EMPLOYEES' WELFARE

Category	Name of the Activity	No. Participants by Branch
 Wellness	Banesco's Summer Camp (childrens' version)	85 children
	Banesco Summer (Academic Reinforcement)	26 sons & daughters
	Children's Holiday Activities	17
	Children's Day	257
	Reactivation of the Running Team	14
	Banesco Leader's Day	115
	Father's Day	225
Health and Safety at Work	Business Clinic	1,906
	Emotional Orientation Program	86
	Day #1 of Screening Tests	249
	Day #2 of Screening Tests	120
	Blood Donation Day	6
	Emergency Management Training	121
	Emergency Simulation Management in Bank Branches	95
	Occupational Health and Safety Campaign - Training for Leaders	64

In compliance with the provisions of Panamanian law, we grant maternity and paternity leave to 42 employees as shown in the following table:

MATERNITY AND PATERNITY LEAVE AT BANESCO PANAMA



Parental Leave	2020		2021	
	Men	Women	Men	Women
Number of employees entitled to parental leave	375	609	375	592
Number of employees who have taken parental leave	7	35	7	34
Total number of employees who have returned to work in the reporting period	7	35	7	34
Total number of employees who have returned to work in the reporting period and who continued to be employed 12 months after returning to work	7	29	8	32
Return-to-work and retention rates for employees who took leave	100%	100%	100%	100%

Health and Safety at Work

By maintaining a safe, healthy and hygienic work culture, we safeguard our stakeholders. Our Occupational Health, Safety and Hygiene Management System Policy establishes the guidelines to identify, control and mitigate occupational health, safety and hygiene risks and create a safe work culture.

We have a Welfare and OHS Specialist, who periodically tours all the facilities as part of the control and verification process that the conditions of the physical work spaces are safe. Regarding the incident reporting process, we also have an Occupational Health and Safety mailbox available to all employees.

To strengthen this area, we held the "Occupational Health and Safety Week", in which training was provided on topics associated with emergency management, training 64 leaders assigned to control compliance with these measures.

The health crisis is still ongoing and we want to ensure that our employees have the tools to face it, which is why we provide psychological assistance through the insurer, virtual medical care through the business clinic while you have COVID, in addition to sending a kit with the necessary to reintegrate.

Telecommuting played an important role in having to organize talent to carry out their work, through shifts to use common areas, distancing, staggered entry times and the use of masks and alcohol.

We continue our fight against COVID-19 by establishing actions to mitigate cases within our organization, reinforcing the measures established by MINSA by maintaining a record and control of cases, promoting vaccination, offering telemedicine services and to guarantee distance, telework in mixed mode.

During this period, we maintained all the emergency care measures adopted since the start of the pandemic and, additionally, the following provisions were implemented:

- Daily virtual medical care by the business clinic for positive employees or those with symptoms.
- Sending a recovery kit for positive employees with COVID-19.
- Telemedicine services.
- Psychological assistance through the insurer.
- Reinforcement of compliance with the measures established by the MINSA for the prevention of COVID-19.
- Telecommuting under mixed modality.
- Control of the register of positive, recovered and quarantine cases.
- Promotion and control of vaccination by area and by employee.
- Provision of a mailbox for the employee to directly report their vaccination process to Human Capital.
- Organized shifts to use the cafeterias.
- Staggered entry times for those who attend in person.

ACCIDENT RATE AND OCCUPATIONAL ILLNESSES BY GENDER

Accident Rate	Women	Men	TOTAL
Work Accidents without Sick Leave			
Total Number of Accidents	0	0	0

Accident Rate	Women	Men	TOTAL
Work Accidents with Sick Leave			
Total Number of Accidents	2	1	3
Number of Work Accidents While Commuting Home	1	1	2
Number of Occupational Accidents in the Workplace	1	0	1
Total Number of Days Lost Due to Accidents	88	208	296
Number of Days Lost Due to an Accident While Commuting Home	40	208	248
Number of Missed Days Due to an Accident While on the Job	48		48
Accident Rates			
Frequency Rates	0,74	0,00	0,45
Severity Rates	35,44	0,00	21,69
Occupational Diseases			
Total Number of cases	0	0	0

*Commuting accidents are being excluded from the calculation of the severity and frequency rates.

MAIN RESULTS IN 2021, CHALLENGES AND OPPORTUNITIES FOR OUR PEOPLE

2021 ACHIEVEMENTS

- Implementation of "Law Zero", an initiative created to listen to the voice of the employee, promoting digital disconnection, regulation of meetings and improvement of the work-life balance of the employees.
- Creation of a new service model "You matter to me".
- Implementation of the program "Voice of the Employee"
- Creation of the pilot program "Heading to Excellence", in the Vice Presidency of Strategic Management, Finance and Treasury.
- Recertification of the Gender Equality Seal.
- Celebration of the first Occupational Health and Safety Week

CHALLENGES AND OPPORTUNITIES

- Strengthen usability controls for parental leave and use of breastfeeding leave, in response to the recertification of SI Gender.

VIII | Our Social Responsibility

[GRI 103-1, 103-2, 103-3; 203-1; 413-1; FS-16]

Our Corporate Social Responsibility actions allow contributions to charitable associations, funds to support community infrastructure and direct costs of social programs, such as cultural and training events.

We established the **Corporate Sustainability Policy** that defines the environmental and social objectives and principles, to achieve sustained performance that allows for a positive impact on the organization's operation.

In turn, it is committed to complying with human rights and making the ESMS viable, complying with the Exclusion List, in alignment with international standards,

including the IFC's eight performance standards on environmental and social sustainability.

Being an atypical year as part of the aftermath of 2020, we supported the contribution with sponsorships and donations from the management's own programs and those that the bank supports as a benefactor and we focused on the execution of the 2021 planning based on the six lines of action: environment, culture, education, entrepreneurship, social innovation and accountability (these last two incorporated during 2021).

OUR LINES OF ACTION



Environment



Culture



Education



Entrepreneurship



Social innovation



Accountability

Investments in the Community

To choose investment projects in the community, we define our strategies through the Comprehensive Strategic Planning Process (PIPE) that refers to an exercise to update or redefine the existing strategy, this process is cyclical and annual.

For the projects and initiatives of Social Responsibility and Sustainability, the different contributions to charitable associations, donations for community infrastructures, costs of social programs and cultural and informative events are evaluated.

Banesco Panama Editorial Fund: is an initiative that has the purpose of supporting education and culture, promoting the roots, heritage and recognition of the country's builders, in each of their trades and contributions.

With the unprecedented of 2020, part of the internal programs were affected by the global environment experienced. One of these was the Banesco Editorial Fund, which by 2021 we managed to formalize the launch of the documentary "Raíz y Voz: documentation de los professors Zárate and Arosemena", as part of the actions of our Social Innovation and Culture axes.

The documentary "Raíz y Voz" is a tribute to the wonderful journey of professors Zárate and Arosemena, who were in charge of compiling various

oral manifestations, which, by way of songs, narrations and fables, nourished the cultural heritage of all the provinces, enriching with it the Panamanian musical heritage. This production immerses us in the painstaking work of the Fundación Afrodisíaco to rescue hundreds of cassettes, which make up the compilation of much of the fieldwork carried out by professors Manuel and Dora Zárate, Julio Arosemena and his students. Within the framework of the Homeland Month, we made a show to present this production that is the heritage of our nation.

Indicator	2020	2021
Investment in CSR (USD)	851,080.70	733,988.82

Participatory Budget

For the fourth consecutive year, we carried out this initiative, which is constituted with a donation fund offered for projects that have a collective impact on the quality of life of socially vulnerable communities.

Keeping the proper biosanitary measures, we held the event in person in accordance with the regulations of the Ministry of Health, where 22 organizations participated with health, sports, culture, education and inclusion initiatives.





This year, we had the participation of a "6th jury" made up of Banesco's employees and clients in which, through digital channels, they could meet and support their favorites. 4 projects were winners of a fund of USD 50,000.00.

It should be noted that the use of these funds is subject to supervision and financial and social auditing by the representatives of the bank, Sinergia 507 and the project beneficiaries themselves, in order to guarantee proper use and the generation of social impact.

PARTICIPATORY BUDGET RECIPIENTS

Presupuesto Participativo

(PARTICIPATORY BUDGET)

	Program/ Initiative	Project Status	Cost (USD)	Current or Expected Impacts on Local Communities and Economies
	1st place: Claret Dining Room	Finalized	15.299,00	Project: Equipment for the Claret Soup Kitchen (with a focus on malnutrition, prevention and academic tutoring). Direct beneficiaries: 150 - children and adolescents at social risk.
	2nd place: Fundesen	Finalized	14.800,00	Project: Inclusive karate program in Chiriquí (equipment of the karate center). Direct beneficiaries: 50 - for children and adolescents with disabilities.
	3rd place: Luces de Panamá Foundation	Finalized	10.000,00	Project: Medicine Bank for adolescent and young patients with epilepsy. Direct beneficiaries: 100 - young people between 18 and 29 years old.
	4th place: Fundsteam	Finalized	9.901,00	Project: Girls Steam 360° (gender inclusion, education, and skills for the 21st century). Direct beneficiaries: 200 - girls and adolescents between 12 and 19 years old.



Banesco Entrepreneurs

As the flagship program of Banesco's CSR management, for this period we planned a goal of 1,450 certified participants, ending with a total of 2,318, which represents 59% more than projected. As in previous years, women predominated in the participation of the program with approximately 81% and 97% of attendees were Panamanians. From 2015 to the end of 2021, it adds a total of 15,595 women and men in the 10 provinces of the country, representing more than 500,000 thousand hours of training and an investment of USD 316,720.00 in the training of entrepreneurs nationwide. All this with the support of social partners, who are the executing arm of this initiative. Banesco Entrepreneurs is a free program, with a duration of 32 academic hours and contains 8 modules that attend from personal development and leadership, to control of income, expenses and preparation of business plans.

Banesco E-learning Entrepreneurs: Even under a pandemic scenario in which digital tools were booming and are maintained, we kept the Banesco E-learning Entrepreneurs program active throughout the period, ending with a total of 6,009 users served and 2,292 certified users, being that 38% completed the program. Of this universe of users, 82% were women and 18% men, 90.09% of Panamanian nationality.

Corporate Volunteering

During 2021 we received the registration of 120 volunteers and 942.4 total volunteer hours (561% more than in 2020). We managed to execute 10 activities, which represent double compared to the previous period.

For the third consecutive year, we held the Banesco Corporate Volunteering General Assembly, within the framework of International Volunteering Day. This

space made it possible to present the results of the management, the projections for 2022 and offer a well-deserved recognition to the areas and volunteers with the greatest participation of hours during the year.

MAIN RESULTS IN 2021, CHALLENGES AND OPPORTUNITIES OF OUR SOCIAL RESPONSIBILITY

2021 ACHIEVEMENTS

- 2 new lines of action
- 10 activities doubling the figure for 2020 (22% more than in 2020)
- 120 volunteers
- 87 active volunteers (56% more than in 2020)
- 942.4 accumulated hours (561% more than in 2020)
- Creation of the Corporate Sustainability Committee
- Realization of the reopening of the Banesco Editorial Fund

CHALLENGES AND OPPORTUNITIES

- Continue supporting the initiatives to face the crises that have been generated as a consequence of the COVID-19 pandemic.
- Adapt CSR programs to virtuality and sustainable support.
- Generate initiatives that promote the country's growth by providing support to those who truly need it by cultivating an entrepreneurial spirit, supporting the fine arts, financing SMEs.
- Fight for financial inclusion.
- Articulate good practice strategies for the benefit of the country's development.



IX | Our Environmental Performance

[GRI 103-1, 103-2, 103-3; 102-11; 301-1; 302-1,302-4; 303-5; 304-2; 305-1,305-2; 306-2; 408-1; 409-1; 412-1; FS-1, FS-2, FS-4, FS-9]

Environmental Risks and Opportunities

During 2021, we reformulated the environmental risk and opportunity management strategy to give greater relevance to the concept of sustainability, with the purpose of adhering to a responsible banking model that allows a profitable business, contribution to social development and protection to the environment.

As a signatory of the "Principles for Responsible Banking", through the United Nations Environment Program Finance Initiative (UNEP FI), which provide a guide to strategically align business with the Sustainable Development Goals (SDGs), Paris Agreement and relevant national frameworks, in 2021 we present our first self-assessment report on the implementation of the UNEP FI "Principles for Responsible Banking".

Among the actions planned for this year, we updated our Environmental and Social Management System Policy, and in August 2021, under the approval of the Risk Committee and the Board of Directors, we established a Corporate Sustainability Policy, with the aim of generating sustainable actions, acting responsibly for the environmental preservation, economic and social development of the countries in which it maintains a presence, taking as a reference the principles established in the framework of the United Nations Global Compact (UN Global Compact), the ISO 26000 Standard Social Responsibility and the United Nations Environment Program Finance Initiative (UNEP FI). Likewise, within the cross-cutting sustainable development strategy, the accountability model is aligned with the Sustainable Development Goals (SDGs), since 2016, directly influencing, from its materiality, on 11 of these SDGs.

In addition, as part of our Policy, we incorporated the Sustainability Executive Committee, being the body responsible for guaranteeing the transformation process of the organization to a more sustainable banking. It had its first session on September 14, 2021, with the approval of the regulations and ratification of the members of the Sustainability Table.

As a result of the execution of these initiatives, strategic objectives were proposed that are summarized in three pillars:

- Define the management framework and the roadmap towards the transformation of responsible and sustainable banking, for the creation of a green financing portfolio.
- Opt for recognition before the Ministry of Environment and the Municipality of Panama to be part of the declaration of "The 50 first carbon-neutral organizations" and "Zero Waste Management" in Panama.
- Align the sustainability strategies of the Environmental and Social Management System with aspects of climate change, for the evaluation of commercial credits.

This management approach promotes the implementation of these actions through ESG factors (environment, socioeconomic and governance):

ENVIRONMENT



CSR:

- Volunteer activities: cleaning beaches, mangroves and recycling.
- Love Bottles Project.

INFRASTRUCTURE:

- Eco-efficiency in the consumption of energy, water and fuel.
- Recycling.

RISK:

- Strengthen the Environmental and Social Management System with the inclusion of climate action issues.
- Carbon Footprint Compensation.

PROCURE:

- Decrease in paper consumption through digitization.

SOCIOECONOMIC



CSR:

- Participatory Budget.
- Banesco Entrepreneurs.
- Network of Children's and Youth Choirs and Orchestras of Panama.
- Project "Together is better" in partnership with IDB Lab.

RISK AND BUSINESS:

- Branding of sustainable clients.
- Analysis of all commercial activities that may generate a positive or negative impact on society and the environment.
- Evaluate special conditions (better rates, terms, guarantee flexibility, higher % of financing).
- Promote financial inclusion.

GOVERNANCE:

- Corporate Sustainability Table.
- Accountability: Report on Sustainability and Responsible Banking Principles (UNEP FI).
- Maintain GRI standards in non-financial information reports.

The Precautionary Principle or Approach is integrated into the Environmental and Social Management System (SGAS). We maintain continuous attention to the mitigation of negative impacts on health and the environment that may be caused by the operation of the business. This management includes the guarantee that, if at any point in the credit process, a risk of serious or irreversible damage to health or the environment is identified, the lack of absolute scientific certainty is avoided in order to postpone the adoption of effective measures.

This management focuses on 3 key elements for resource management:

Environmental and Social Management System (SGAS): the Group maintains the SGAS applied to its client portfolio with financing that is contemplated within the environmental and social impact profile.

Internal management of environmental resources (energy, water, waste management): due to the nature of the activities, this management applies to all the companies included in the scope.

Suppliers: the Group maintains suppliers that are aligned with its commitment not to generate significant environmental impacts. Its suppliers are required to know and comply with the values, principles and behaviors established in its Code of Ethics and Conduct, which includes issues related to environmental impacts, as well as clauses in service agreements (contracts).

Environmental and Social Management System (SGAS)

At Banesco we maintain the commitment to implement policies and methodologies for the identification of socio-environmental risks during the credit granting process, in compliance with the law and under the principles of ethics and responsibility. This in order to maintain a sustainable portfolio and responsibly manage the environmental and social impacts that may arise from the use of credit products.

In 2021 we consider the dimension of environmental and social risk in the Risk Appetite Framework (RAF) for monitoring with initial baseline indicators, which will serve as support to formulate the limits of possible exposures related to medium-high risk, in terms of environmental and social aspects.

On the other hand, through the process of automating various processes within commercial credit operations, we established the "End to End" project, to identify opportunities for improvement in manual tasks that could generate operational errors. The SGAS is part of this project, which allowed us to create a matrix of expectations and relevance, among which the following stand out:

- Achieve a single view of customer information, its operations and exposure (more efficient, agile and updated information access).
- Response time monitoring.

- Eliminated manual operations that must be evaluated within the ESMS and that could give rise to faults of an operational nature.

In 2021 we identified 18 operations linked to medium-high risk. Below is the detail of the analyzes carried out:

Types of Risks	Number of cases	Analysis
High Risk- A Category	0	Of the clients evaluated, no significant and irreversible negative environmental and/or social impact has been determined within their activities.
Medium High Risk-B +Category	18	<p>Of those evaluated, they are classified as:</p> <ul style="list-style-type: none"> • Agroindustrial and agrobusiness activities: 11 credits. • Activities related to construction works and extraction of stone material: 3 credits. • Activities related to oil derivatives: 2 credits. • Activities related to wholesale trade (preparation of food products): 1 • Activities related to power generation: 1
Medium Risk- B Category	48	<p>Of those evaluated, they are classified as:</p> <ul style="list-style-type: none"> • Agricultural activities: 36 credits. • Wholesale and retail: 8 credits. • Construction derivatives: 4 credits.
Medium Risk -C Category	100	<ul style="list-style-type: none"> • Economic activities of evaluated clients, where there are no environmental nor social risks, or they are minimal, or non-existent.

By 2022, we plan to start the first automated processes.

RESOURCES DEDICATED TO THE PREVENTION OF ENVIRONMENTAL RISKS

Resources	Unit of Measurement	2021
<i>Environmental expenses and investments (derived from environmental certification, replacement of equipment or lighting, environmental consulting, among others)</i>	Local currency (USD)	15,408
Number of employees dedicated to environmental management	Units	1
Hours of environmental training given to employees	Hours	114.5
UNEPFI Membership	Local currency (USD)	\$10,390

Waste Management

At Banesco we have specific mechanisms for managing waste and emissions. During 2021, due to the gradual return to attendance, we generated a greater amount of waste compared to the previous year, simultaneously resuming the dynamics of collecting materials for recycling.

We currently maintain recycling programs in the administrative buildings: paper, cardboard, tetrabrik, plastic and glass. By 2022, it is planned to implement a pilot program aimed at branches, which will allow them to expand the recycling network within the bank and the recycling of vegetable oil.

Additionally, we managed some initiatives that would allow expanding the collection capacity of recyclable material, highlighting:

- Reinforcement of the 3R internal campaign, which includes the promotion, among other aspects, of the collection of alkaline batteries for recycling.
- Opening of new materials for recycling, such as toner.

During the period established for this report, no electronic equipment was discarded at Banesco Panama. However, we donated computer equipment to FUNDESTEAM: 84 CPUs, 54 monitors, with their respective mice and keyboards.

We do not require the disposal of furniture equipment, since due to removals of some branches, the material was reused. It should be noted that in the last 2 years it has not been necessary to discard/destroy any furniture.

NON-HAZARDOUS WASTE GENERATED AT BANESCO PANAMA



Non-Hazardous Waste Generated	2021 (Kg)	2020 (Kg)
White paper	3.212,10	2.389,50
Cardboard paper	3.933,00	1.960,90
Tetrabrik	66,7	35,40
Plastic	1.075,00	675,90
Glass	136,70	135,90
Iron	25,5	23,2
Aluminum	512,60	301,00
Steel	15,00	
TOTAL	0,00	



HAZARDOUS WASTE GENERATED AT BANESCO PANAMA

Hazardous Waste Generated (Kg)	2021 (Kg)	2020 (Kg)
AA Batteries	96,00	13,2
Toner	135,40	14,1
Shredded cards	45,30	
Fluorescent tubes (unit)	9,00	
TOTAL	0,00	

Sustainable Use of Resources

Water Consumption

Our water consumption, except for the four branches where the cost of water consumption is included in the maintenance plan, was 12,992.47 m3. The increase

in consumption compared to the previous year is mainly due to the gradual return to attendance at the facilities. This record does not include the consumption of all the offices and branches that are physically inside shopping centers or under the regulations of a PH building, where Banesco pays a fixed maintenance fee that does not detail the specific consumption. Water consumption is regulated by the government and maintains standard rates based on the different areas and dimensions of the building that hosts that branch; turnover has remained constant in recent years.

WATER CONSUMPTION AT BANESCO PANAMA



Water Consumption (m3)	2021	2020
Municipal water supply or other water companies	12.992,47	10.570,35
TOTAL	12.992,47	10.570,35

Material Use and Measures Adopted to Improve Their Use More Efficiently

Measuring the environmental footprint of operational activity is a key process that allows decisions to be made regarding the conservation of the planet and mitigate environmental risks with an operation that does not compromise the future of future generations. This is how the sustainable use of resources is a fundamental part of the bank's operational management.



MATERIAL USE AT BANESCO PANAMA

Material Use (units)	2021	2020
Raw Materials		
Letter Paper	3.621,00	3.027,00
Pre-printed Paper	146.840,00	59.590,00
Office Supplies	59.405,00	42.262,00

Energy Consumption

In 2021 we are dedicated to meeting the challenges posed with respect to energy efficiency, contributing to the global goals of fighting climate change and the efficient management of economic resources.

Direct and indirect energy consumption at Banesco is classified as electricity and fuel consumption.

In relation to fuel, it corresponds to the consumption of diesel and gasoline used by the fleet of own vehicles, which is very limited. It should be noted that the fuel consumed by the generators used to deal with outages in the electrical network is not reported as it is insignificant.

Regarding the consumption of electrical energy, efforts were made that contribute to the global goals of combating climate change and the efficient management of economic resources:

- We acquired 100% renewable photovoltaic energy from the Daconan Star Solar solar plant located in La Peña, District of Santiago de Veraguas. This supply supplies 5 floors of the Torre Banesco and the Casa Matriz branch. 37% of the electricity consumed by the bank comes from this plant.
- We implemented an internal communication campaign 3R, whose slogan is "You have the cure!", in force since 2019 to promote the proper use of resources and care for the environment, recycling, among other aspects.
- We transform branches into smaller, more efficient facilities. After moving, the Coronado branch showed a 29% reduction in energy consumption and the La Doña branch recorded a 26% reduction in electricity consumption.

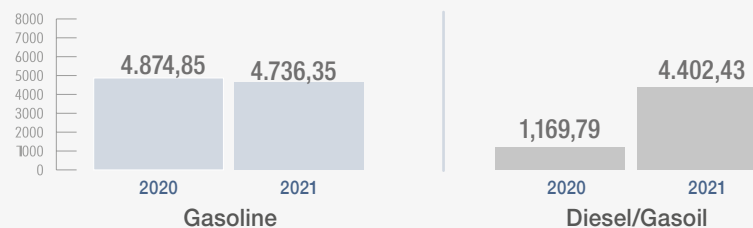
ELECTRICITY CONSUMPTION AT BANESCO PANAMA

Energy Consumption (Kw/H)	2021	2020
Non-Renewable Consumption	2,060,039.00	3,311,085.00
Renewable Consumption	1,200,066.00	0,00
	3,260,105.00	3,311,085.00

CONSUMPTION OF CONVENTIONAL FUELS IN PANAMA



Conventional Fuels Consumption (Litres)



Climate Change

The strengthening of responsible business practices, support for energy transition initiatives and ethical behavior with respect to the fight against climate change allows us to promote the inclusive growth of the communities where we have operations.

The Group's main contribution in terms of climate change is focused on the constant efforts to reduce energy consumption and improve energy efficiency in its buildings and facilities, and the search for renewable energy sources.

By 2022, the Group plans to strengthen its commitment to the United Nations Environment Program Financial Initiative (UNEP FI), under the Principles of Responsible Banking.

It is a reality that climate change is part of a source of global financial risk, for which the bank is not exempt from this reality. That is why, Banesco Panama during 2021, considered within the Corporate Sustainability Policy the commitment to progressively incorporate the management of risks associated with climate change, through an analysis that allows identifying, quantifying, monitoring and mitigating the risks of climate change. that may affect the activities of its clients.

As part of the 2022 planning and with the aim of strengthening the SGAS, we will include aspects of climate action, classifying and identifying the most polluting sectors, delimiting climate change and environmental disasters in financial risks, through two risk factors:

- Physical risk: those that arise from the physical effects of climate change (droughts, floods, fires, etc.).
- Transition risk: arising from the transition to a low-carbon, climate-resilient economy.

Eco-efficiency part of one of the strategic axes established in the **Corporate Sustainability Policy** in order to:

- Mitigate direct environmental impacts, with eco-efficient initiatives (saving energy, water, paperless practice).
- Carbon footprint measurement
- Promote digital transformation and optimize operating processes.

So far we do not have quantitative emissions reduction targets. However, some initiatives that contribute to this remain implemented:

- 3R campaign, "lights off" when staff leave their jobs.
- The scheduled hours are maintained in the illuminated signaling of the main signs, lit from 6:00 to 10:00 p.m. only.

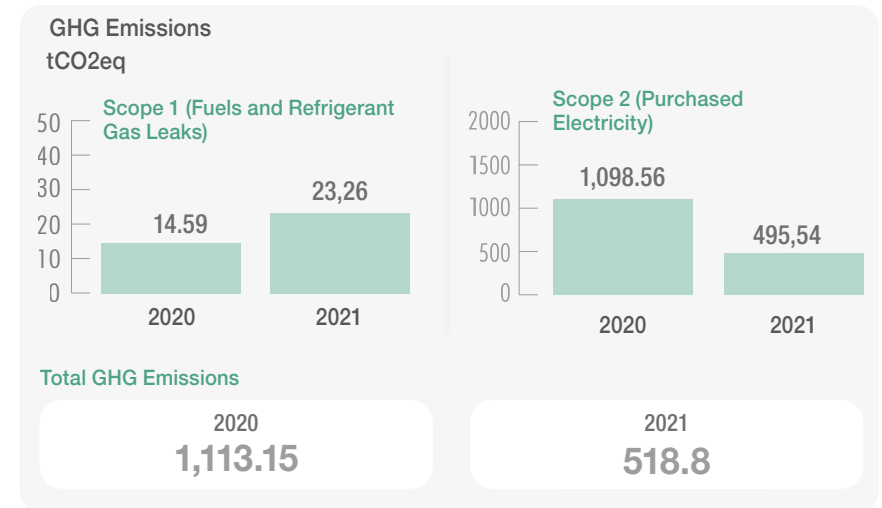


- The Banesco Tower's air conditioners are kept on at predetermined times. In the event of special or extraordinary hours, the extension of use must be approved by senior management.

For the measurement of CO2 emissions, we use a tool provided by the Ministry of the Environment, extracted from the "Reduce Your Corporate Footprint" Program, approved by Executive Decree No. 100 of October 20th, 2020. This RTH Corporate Carbon calculation tool is based on the method of use of emission factors, due to its high versatility, high degree of precision. It is a flexible calculation method and features the characteristic of being affordable and usable by any organization that wishes to venture into carbon footprint management.

Taking into account the results of the calculation made by the Bank using the MiAmbiente calculation tool, the results of CO2 emissions of scopes 1 and 2 for the closing as of December 31, 2021 are as follows:

BANESCO PANAMA GHG EMISSIONS



It is important to point out that, due to the change in methodology, we identified that the calculation sheet of the Ministry of the Environment indicates a conversion factor for electricity consumption of 0.15kg CO2, lower than the one used in previous years, based on information from electricity generation of the National Secretariat of Energy of Panama-SNE.

The methodology used to calculate the GHG emission took as a reference the

strategy of the Ministry of the Environment of Panama: <https://rth.miambiente.gob.pa/calcula-tu-huella-carbono/>

Biodiversity Protection

Regarding the impact on biodiversity generated by our operations, as indicated in the Corporate Sustainability Policy, the biodiversity variable is integrated into the environmental dimension through the analysis of credit operations, seeking to finance environmentally responsible projects and mitigating risks in the sectors where those creditors of our products and services operate, in accordance with this point and the "Exclusion List," the prohibition of carrying out any activity, production, use, distribution, business or exchange is explicitly declared that involves destruction of areas of high conservation value.

The Environmental and Social Management System (SGAS) takes into account those aspects that are relevant for financing, where there is an emphasis on the conservation of biodiversity and natural resources. During 2021, an operation carried out in a concession area within a protected area was identified within the environmental and social risk assessments.

It is part of a renewable energy generator, with more than 5 years of operation, and under a concession contract with the State for the partial administration of that area.

Centers Located in Protected Areas	Location	Surface Area (ha)	Operation Type	Legal Concept that Protects It
Bonyic Hydroelectric Central	Teribe township, Changuinola District, Bocas del Toro Province	1.198,06 hectares	Hydroelectric Central	Concession Contract No. CA-AP-002-2009 for partial administration of the Palo Seco Protected Forest

Main Environmental Results in 2021, Challenges and Opportunities of Our Environmental Performance

ACHIEVEMENTS 2021

- Updating of the Environmental and Social Management Policy, converting it into the **Corporate Sustainability Policy**
- Presentation of the first self-assessment report on the implementation of the "Principles of Responsible Banking" of UNEP FI.
- 2% reduction in energy consumption compared to the previous year.
- Acquisition of energy for 37% of the consumption of the Banesco Tower where the administrative offices are located.
- 62% increase in recycling of non-hazardous materials.
- Participation in the Reduce Your Corporate Carbon Footprint Program promoted by the Ministry of the Environment.

CHALLENGES AND OPPORTUNITIES

- Strengthening the SGAS, including aspects of climate action, classifying and identifying the most polluting sectors, delimiting climate change and environmental disasters in financial risks.
- Strengthening the commitment to the Financial Initiative of the United Nations Environment Program (UNEP FI), under the Principles of Responsible Banking.
- Strengthening the Environmental and Social Management System by including climate action issues and identifying the most polluting sectors.
- Being part of "The 50 first Carbon-Neutral organizations" and participating in the Program to Reduce your Corporate Carbon Footprint promoted by the Ministry of the Environment.
- Obtaining recognition from the Municipality of Panama in relation to the organization's solid waste management (Recycling).
- Starting the Zero Waste Business Program in 2022.
- Expanding our initiatives for recycled household oil.
- Expanding the recycling network to the branches.

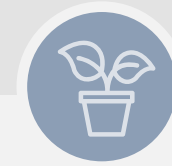
X | Adoption of Global Compact Principles



HUMAN RIGHTS

PRINCIPLE 1: We support and respect the protection of internationally recognized fundamental Human Rights.

PRINCIPLE 2: We make sure that we are not complicit in the violation of Human Rights.



ENVIRONMENT

PRINCIPLE 7: We maintain a preventive approach that favors the environment.

PRINCIPLE 8: We encourage initiatives that promote greater environmental responsibility.

PRINCIPLE 9: We encourage the development and diffusion of environmentally friendly technologies.



LABOR RIGHTS

PRINCIPLE 3: We support freedom of association and the effective recognition of the right to collective bargaining.

PRINCIPLE 4: We support the elimination of all forms of forced or coerced labour.

PRINCIPLE 5: We support the eradication of child labor.

PRINCIPLE 6: We support the abolition of discriminatory practices in employment and occupation.



ANTI-CORRUPTION

PRINCIPLE 10: We work against corruption in all its forms, including extortion and bribery.

The Ten Principles of the UN Global Compact are derived from the Universal Declaration of Human Rights; the Declaration of the International Labor Organization; the Rio Declaration on Environment and Development; and the United Nations Convention against Corruption.

XI | GRI content index

[GRI 102-55]

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Assurance Report



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Independent Limited Assurance Report on the Contents of the Standards *Global Reporting Initiative ("GRI")* (Non-Financial Information)

To the Administration of Banesco (Panamá), S.A.

We were engaged by the Administration of Banesco (Panamá), S.A. (hereinafter "Banesco") to report on Key Indicators of Non-Financial Information, related to the contents of the Global Reporting Initiative (hereinafter "GRI") prepared and presented by the Corporate Vice Presidency of Marketing, Channels and Customer Experience of Banesco, included in the Banesco 2021 Sustainability Report for the period from January 1 to December 31, 2021 ("the Report"), that are detailed in Annex A attached to this report (the "Contents"), in the form of an independent conclusion of limited assurance, regarding whether, based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the Contents are not prepared in all material respects, in accordance with the criteria established in the "GRI" Standards.

Management responsibilities

The Vice Presidency of Marketing, Channels and Customer Experience of Banesco is responsible for the preparation and presentation of the information subject to our review and the information and statements contained within it.

Banesco Management is responsible for designing, implementing, and maintaining the relevant internal control for the preparation and presentation of the information subject to our review, which is free from material errors, whether due to fraud or error.

Banesco Management is also responsible for ensuring that the personnel involved in the preparation of the Contents are adequately trained, the information systems are duly updated and that any change in the presentation of data and/or in the form of reporting, include all significant reporting units.

Our responsibilities

Our responsibility is to review the information concerning the contents included in The Report and report on it in the form of an independent conclusion of limited assurance based on the evidence obtained. We carry out our work based on the International Standard on Assurance Engagements (ISAE) 3000, "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" issued by the International Auditing and Assurance Standards Board, that standard requires that we plan and perform the engagement to obtain limited assurance about whether, based on our work and the evidence obtained, nothing has come to our attention that causes us to believe that the Contents included in the Banesco 2021 Sustainability Report for the period from January 1 to December 31, 2021, are not prepared in all material respects, in accordance with the Standards.

(Continue)

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KPMG (the "Firm") applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior.

The procedures selected depend on our knowledge and experience of the Contents presented in the Banesco Report and other circumstances of the work, and our consideration of the areas in which material errors may occur.

When obtaining an understanding of the Contents included in the Banesco Report, and other work circumstances, we have considered the processes used to prepare the Contents, in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing a conclusion as to the effectiveness of Banesco's internal control over the preparation and presentation of the Contents included in the Banesco Report.

Our engagement also included assessing the appropriateness of the main subject, the suitability of the criteria used by Banesco in the preparation of the Contents, assessing the appropriateness of the methods, policies, and procedures, as well as models used.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement, and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained in the case of performing a reasonable assurance engagement.

Criteria

The criteria on which the preparation of the Contents has been evaluated refer to the established requirements and in accordance with the criteria established in the Standards detailed in Annex A.

Inherent limitations

Due to the inherent limitations of any internal control structure, it is possible that errors or irregularities in the information presented in the Report may occur and not be detected. Our engagement is not designed to detect all weaknesses in the internal controls over the preparation and presentation of the Report, as the engagement has not been performed continuously throughout the period and the procedures performed were undertaken on a test basis.

(Continue)



Conclusion

Our conclusion has been formed based on, and is subject to, the matters outlined in this report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.

Based on the procedures performed and the evidence obtained, as described above, nothing has come to our attention that causes us to believe that the Contents detailed in Annex A attached to this assurance report, prepared by the Vice Presidency of Marketing, Channels and Customer Experience of Banesco and included in the Banesco Report for the period from January 1 to December 31, 2021, are not prepared in all material aspects, in accordance with the criteria established in the "GRI" Standards.

Restriction of use of our report

Our report should not be regarded as suitable to be used or relied on by any party to acquire rights against us other than the Vice Presidency of Marketing, Channels and Customer Experience of Banesco, for any purpose or in any other context. Any party other than the Vice Presidency of Marketing, Channels and Customer Experience of Banesco who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk.

To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than Banesco for our work, for this independent limited assurance report, or for the conclusions we have reached.

Our report is released to Banesco, on the basis that it shall not be copied, referred to or disclosed, in whole or in part, without our prior written consent.

Other legal information requirements

In compliance with Law 280 of December 30, 2021, which regulates the profession of authorized public accountant in the Republic of Panama, we declare the following:

That the direction, execution, and supervision of this assurance engagement work has been physically carried out in Panamanian territory.

The partner who has prepared this independent assurance report is Eduardo Choy.

Panamá, Republic of Panamá
June 9th, 2022.

Eduardo Choy
Partner
C.P.A. 4019

Description of the Contents object of the limited security assurance engagement:

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	102-8	Information on employees and other workers
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	102-11	Precautionary Principle or approach
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	102-13	Membership of associations
	102-14	Statement from senior decision-maker
	102-15	Key impacts, risks, and opportunities
	102-16	Values, principles, standards, and norms of behavior
	102-17	Mechanisms for advice and concerns about ethics
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	102-19	Delegating authority
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	FS4	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines.
	FS6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector
	FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose.
Audit		
GRI 103 Management Approach	103-1	Explanation of the material topic and its Boundary
	103-2	The management approach and its components
	103-3	Evaluation of the management approach
Sustainability Reporting Guidelines & Financial Services Sector Supplement 2013	FS9	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures.
Community		
GRI 103 Management Approach	103-1	Explanation of the material topic and its Boundary
	103-2	The management approach and its components
	103-3	Evaluation of the management approach
Sustainability Reporting Guidelines & Financial Services Sector Supplement 2013	FS14	Initiatives to improve access to financial services for disadvantaged people.
Product and Service Labelling		
GRI 103 Management Approach	103-1	Explanation of the material topic and its Boundary
	103-2	The management approach and its components
	103-3	Evaluation of the management approach
GRI 417 Marketing y etiquetado 2016	417-2	Incidents of non-compliance concerning product and service information and labeling
	417-3	Incidents of non-compliance concerning marketing communications
Sustainability Reporting Guidelines & Financial Services Sector Supplement 2013	FS15	Policies for the fair design and sale of financial products and services.
	FS16	Initiatives to enhance financial literacy by type of beneficiary.



Sustainability Report

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This 2021 Sustainability Report can be consulted in digital format on the web sites of::

- **Banesco (Panamá), S.A.** www.banesco.com.pa
- **Pacto Mundial** www.globalcompact.com
- **Global Reporting Initiative** www.globalreporting.org