

# Mercantil Present

Sustainability Report 2020 - 2021



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## MESSAGE FROM OUR PRESIDENT

*At Mercantil Servicios Financieros Internacional (MSFI) we have a history of almost 100 years, based on solid corporate values which are part of our organizational culture.*

We are a financial multinational with experience in Latin America, the United States and Switzerland that has consolidated itself thanks to our ethical behavior, adherence to good corporate governance and contributions as a good corporate citizen in the countries where we have a presence.

We generate sustainable value for our shareholders, clients, creditors and employees by leveraging a comprehensive offer in the banking, insurance, reinsurance and asset management businesses that we conduct in strict compliance with regulations and in constant innovation to improve the experience of our clients.

The years 2020 and 2021 will be years that will mark a before and after in the history of humanity because of the crisis generated by COVID-19. The pandemic has highlighted

the importance of balancing the economic, social and environmental dimensions of development

Latin America was already, prior to the pandemic, the most unequal region in the world. This situation has worsened due to the impact of COVID-19, which is expected to make the region go back a decade in its development indicators. To close these gaps, we understand that it is key to scale our positive impact and to move towards development that is at the same time competitive, inclusive and sustainable.

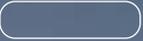
To this end, in February 2022, the MSFI Board of Directors approved its Corporate Sustainability Strategy. It is structured based on ESG criteria, which allow us to incorporate environmental, social and corporate governance factors as key aspects in the responsible management of the business in the markets where we operate.

Within this context, we are pleased to share with you our **first Sustainability Report** covering the period 2020-2021, in which we report the responsible management of MSFI in

the different geographies where we are present and through our different vehicles, including a special section on our actions in response to the pandemic. Its elaboration has led us to collect what we do, order what we have done and plan what we must do, to comply in the best possible way and with the appropriate balance with the expectations of our stakeholders.

In these challenging years, we have been able to continue operating, innovating, and growing; and in this way support the economic reactivation of our region. This is our commitment, together with our allies, to contribute to the achievement of the Sustainable Development Goals (SDG) by being more competitive and leaving no one behind.

**Gustavo Vollmer A.**  
Chairperson



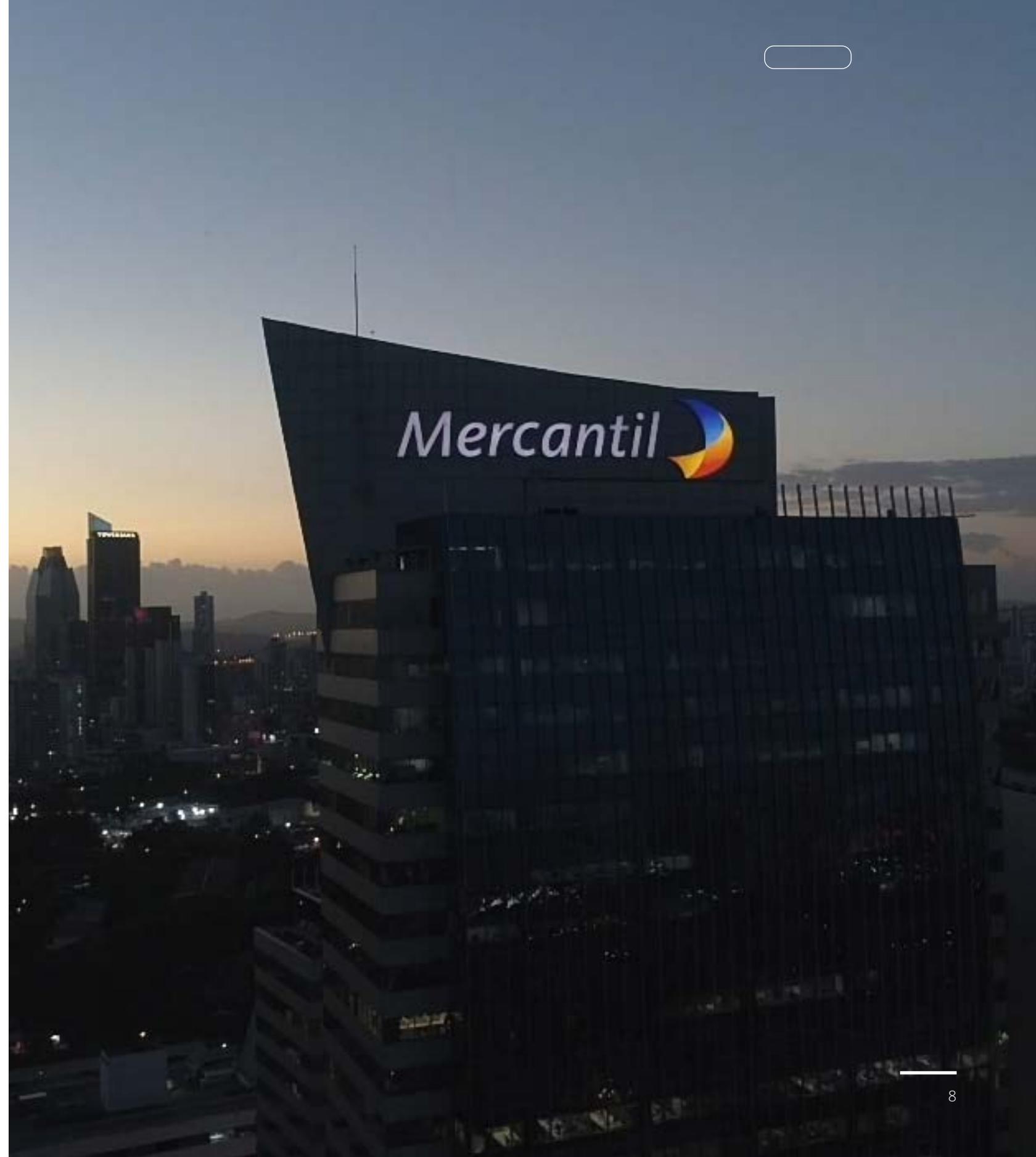
# ABOUT THIS REPORT

This document is the first Sustainability Report by Mercantil Servicios Financieros Internacional (MSFI), covering the 2020-2021 period, considering that these were particular years due to the COVID-19 pandemic.

Within our alignment with ESG criteria, the Report presents environmental, social and governance indicators as a complement to our financial statements in the different locations where we operate.

The Report is the result of the work of different units within MSFI affiliates, which have compiled, recorded, systematized, and identified the best practices generating social and environmental value based on the responsible management of our risks and impacts.

In our next Report, we will share the results of the first year implementing the MSFI Corporate Sustainability Strategy approved on February 2022, which will reflect the improvement actions in areas where gaps have been identified, in order to improve our ESG performance.





- **ORGANIZATIONAL PROFILE**

# ORGANIZATIONAL PROFILE

We are a financial organization established in 1925, with almost 100 years of history and a successful track record in Latin America, the United States and Switzerland.

Our headquarters are located in Panama and our shares are traded at Latinex.

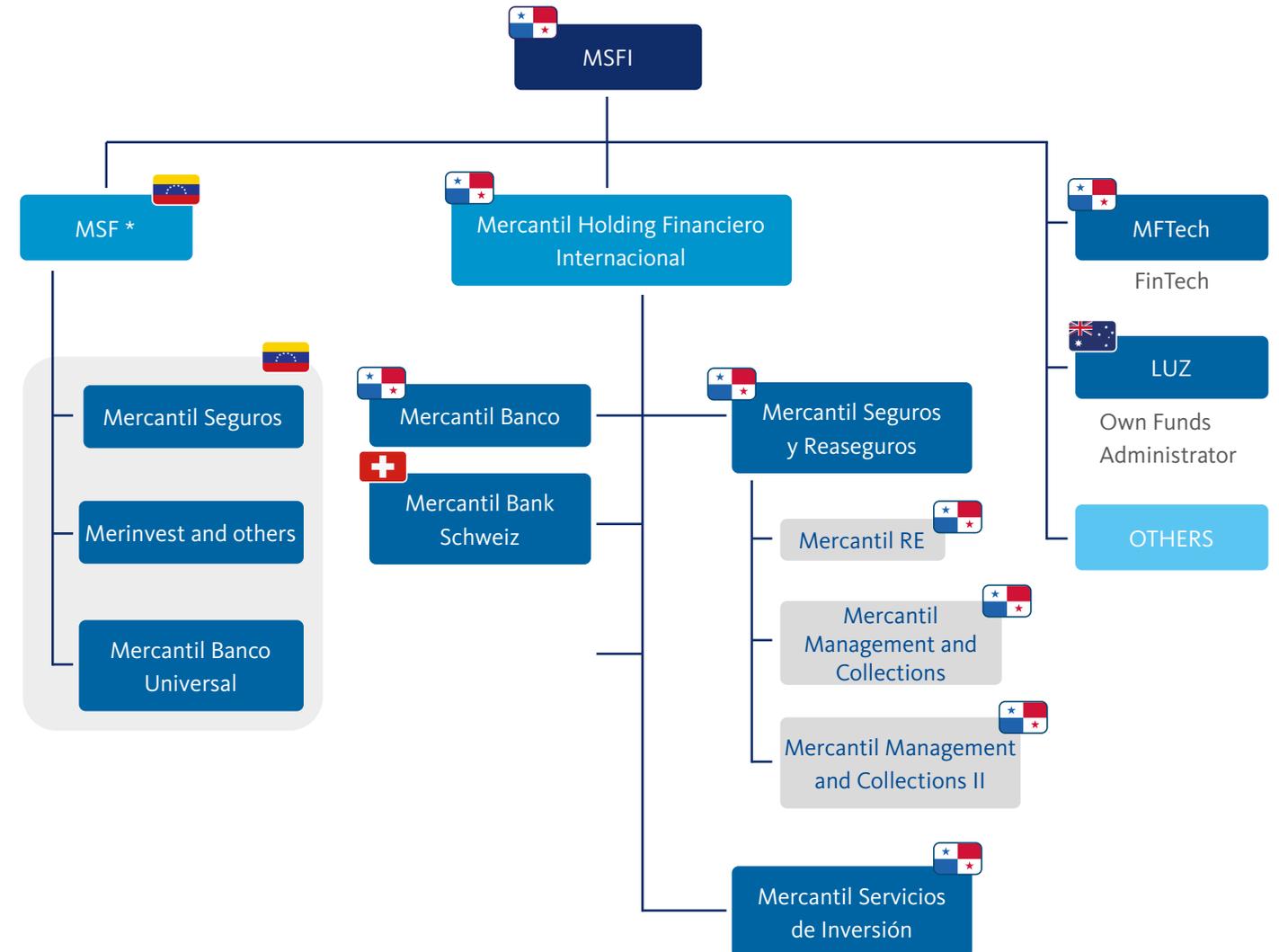
We are renowned for our ethical values, accompanied by a multinational vision, solidity, strict regulatory compliance, excellence, commitment, dynamism, and constant innovation to improve customer experience.

Through our strategic business units, we provide a wide range of financial services, with a comprehensive vision in banking, insurance, reinsurance, and asset management, catered to people and to corporate, medium and small enterprises.

We are present in Panama, Venezuela and Switzerland, where we operate since 1988 offering exclusive asset management and private banking services, being the first Latin American bank with presence in the demanding and competitive Swiss market.

Additionally, we have MFTech, a Fintech company geared to the comprehensive development of digital solutions promoting financial inclusion.

## Corporate Structure



(\*) Businesses in Venezuela are not consolidated for financial reports purposes.

**Our distinctive value proposition allows the following advantages:**

 <p><b>Geographical interaction of financial services</b></p>	<p><b>On-site or remote customer support, without borders and in Spanish</b></p> 
 <p><b>Facilities in digital channels</b></p>	<p><b>The highest standards in regulatory compliance</b></p> 

**We are focused on four main strategic objectives:**

- Relevance**  
Growing and being relevant in all our businesses. We draw ambitious and challenging goals in order to generate value, especially for our clients.
- Value Creation**  
Creating value for our stakeholders through a responsible growth, that allows us to invest more in our people's well-being and development, being the best place to work, in developing capabilities to deliver to our clients innovative products and services that satisfy their needs and provide the best experience, and to share our success with our shareholders and the communities in which we operate.
- Ecosystem with Exceptional Service**  
Developing a comprehensive value, reliable, agile and inclusive financial ecosystem, that connects diverse products and services focused on the particular needs of our clients, improves response times and minimizes access barriers to financial products, making life easier for our clients and getting us to be used and recommended as a referent of quality and service excellence.
- Reference Products and Services**  
Offering a comprehensive value proposition, leveraged on digital transformation and focused on the comprehensive satisfaction of our clients' needs and expectations through products and services they consider the best in the market.

**Mercantil Mission**

Meet customers' needs by providing excellent financial products and services, as well as the aspirations of its workers, supporting the strengthening of the communities where it operates and permanently adding value to its shareholders with a long-term sense.

**Mercantil Vision**

Which defines us as an independent and reference financial services organization in the banking, insurance, and asset management businesses, in the markets in which we provide services

**Mercantil Culture**



**Solidity:** Solidity above all.



**Long-term thought and vision:** The strategy has a long-term vision, with tactical decisions and permanent search for results.



**Attention and respect towards our people:** The treatment, motivation, recognition and individual development of workers are a permanent goal.



**Highlighting the Mercantil brand:** The image is the organization, the public exposure belongs to the organization as a whole, not to its individuals, and its profile depends on the strategy.



**Compliance:** Strict and timely compliance with laws, regulations, norms and policies.



**Ethical behavior:** Zero tolerance for the unethical, transparency in communication and information.



**Multinational:** We are an international organization with Venezuelan roots.



**Adaptability:** We constantly adapt to change and circumstances with dignity and integrity.



**Good citizen:** Our conduct reflects solidarity and commitment to the community.



**Discipline in corporate governance:** Respect to corporate governance structures.

## Our Commitment

- To be the best provider of financial services, satisfying the needs and expectations of our clients
- To be a cutting-edge and innovative organization
- To be recognized for our quality and excellence
- Have the best and most qualified Human Resources
- Maintain prudent risk management
- Focus on increasing operational efficiency

## Recognitions

### Latinex

Best Equity Issuer

### The Banker

Bank of the Year in Venezuela

Top 200 financial institutions in Latin America

Top 500 most valuable banking brands in the world

Top 100 banks in Central America

Top 1000 financial institutions in the world

### Latin Finance

Best Bank in Venezuela

### Euromoney

Best Bank in Venezuela

### Forbes

Global 2000 most valuable companies

### Global Finance

Best Bank in Venezuela

Best Online Personal Banking in Venezuela

Best Latin American Information Security Initiatives

Best Foreign Trade Provider in Venezuela

### Visa

Best Data Integrity

### Mastercard Worldwide

Performance in Service Quality

### AON Hewitt / Great Place to Work

Best Employer

### Aica

Best Collective Exhibition organized by Mercantil Arte y Cultura (MAC) and Recognition for Institutional Work

## Risk Ratings

Our risk ratings are on an Investment Grade scale.

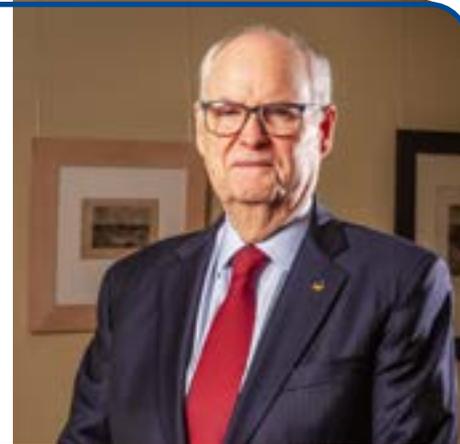
	Panamá	Venezuela
<b>Banking</b>	<p><b>Mercantil Banco, S.A.</b></p> <p><b>FitchRatings</b></p> <p><b>BBB (pan)</b> Long Term  <b>F3 (pan)</b> Short Term  <b>Stable</b> Outlook</p>	<p><b>Mercantil, C.A., Banco Universal</b></p> <p><b>FitchRatings</b></p> <p><b>CC</b> for long term  <b>C</b> for short term and  <b>cc</b> viability.                      It is the highest international rating, given Venezuela's sovereign ceiling.</p>
<b>Insurance</b>	<p><b>Mercantil Seguros y Reaseguros, S.A.</b></p> <p></p> <p><b>B++</b> in financial strength                      bbb in long term credit issuance                      Stable Outlook</p>	
<b>Reinsurance</b>	<p><b>Mercantil Reaseguradora Internacional, S.A.</b></p> <p><b>FitchRatings</b></p> <p>Financial insurance strength (FFS) en <b>BBB (pan)</b>                      Stable Outlook</p> <p></p> <p><b>B++</b> in financial strength                      bbb in long term credit issuance                      Stable Outlook</p>	

# OUR EXECUTIVE LEADERSHIP TEAM

## Gustavo Vollmer A.

Chairperson of Mercantil Servicios Financieros Internacional

He is an economist graduated from Duke University, with a postgraduate degree in Economic Development from Cambridge University, England, and a PED in Business Administration from IMEDE, Switzerland. He also serves as a director of Amerant Bank N.A. in the United States.



## Ignacio Vollmer S.

Executive President of Mercantil Holding Financiero Internacional

He earned a degree in Latin American Studies and Finance from Tulane University, with an MBA from New York University. He has been part of several consulting organizations with international reach.



## María Silvia Rodríguez F.

President of Mercantil Seguros

She has a degree in Administration, with specializations in the Advanced Management Program of the Institute of Higher Administration Studies (IESA) and in the Insurance area of the Swiss Insurance Training Center in Switzerland.



## Nelson Acosta B.

Executive President of Mercantil Banco Universal

He is an industrial engineer, with a master's degree in Business Economics and Business Administration (MBA) from Vanderbilt University. He has more than 20 years of experience in banking, holding management positions of the highest responsibility.



## Luciano Scandolari

Finance Manager of Mercantil Servicios Financieros Internacional

He holds a degree in Economic Sciences from the University of Buenos Aires, and is alumni of the Advanced Finance Executive Program at Wharton Business School, with more than 20 years of experience as an advisor in the area of capital markets, mergers and acquisitions in the Americas, Europe and Asia.



## Social Capital

	2021	2020
<b>Social capital</b>	<b>US\$ 1,987,098</b>	<b>US\$ 1,047,610</b>
<b>Total issued shares</b>	<b>209,521,922</b> (198,709,727 subscribed and paid)	<b>209,521,922</b> (104,760,961 subscribed and paid)
<b>Class A common shares</b>	<b>121,761,858</b> (116,618,986 subscribed and paid)	<b>121,761,858</b> (60,880,929 subscribed and paid)
<b>Class B common shares</b>	<b>87,760,064</b> (82,090,741 subscribed and paid)	<b>87,760,064</b> (43,880,032 subscribed and paid)
<b>Treasury Shares*</b> Some are property of the subsidiary Mercantil Seguros y Reaseguros, S.A..	<b>8,561,812</b> <b>2,245,933 class "A" 6,315,879 class "B"</b>	<b>789,006</b> <b>548,365 class "A" 399,433 class "B"</b>

(\*) Purchased through Mercantil Servicios de Inversión, S.A. acting as "Market Generator" for these shares.

In September 2019, a corporate reorganization process was informed from which the Board of Directors authorized the issuance of 104,760,961 new shares of the authorized capital of MSFI, which could only be subscribed by the shareholders of Mercantil Servicios Financieros, C.A. (MSF) as of September 9, 2019, and up to the same number and class of shares that they held on that date, in exchange for transferring them as consideration for the shares to be subscribed from MSFI.

After an extensive process that was also affected by the declaration of a Pandemic by COVID-19, the National Superintendence of Securities of Venezuela, after having authorized the corresponding registration of the pertaining Subscription Rights of the aforementioned new shares, authorized carry out a simplified process of share exchange offer for its restructuring, as a mechanism able to execute in Venezuela.

Through said simplified offer, the new MSFI shares were subscribed in exchange for MSF shares, under the agreed terms, and given in payment to MSFI by the corresponding shareholders holding MSF shares and who wished to subscribe new MSFI shares. This subscription process for the new MSFI shares in exchange for MSF shares ended in May 2021.

As of December 31, 2021, MSFI has 18.094 registered shareholders (18.437 at the end of 2020).

## Consolidation accounting policy

In the notes to the audited financial statements, MSFI discloses the technical considerations it uses to financially consolidate its permanent investments and the investment in MSF which is presented at cost.

Based on the consolidation accounting policy used, the consolidating companies of MSFI are indicated as follows:

Company name	Location
• Mercantil Holding Financiero Internacional, S.A. and its affiliates	Panama
• Luz Capital LTD	Cayman Islands
• G200 Leasing LLC *	United States of America
• Mercantil Arte y Cultura A.C.	Venezuela
• Mercantil Services Corp.	United States of America
• MFTech S.A.	Panama

(\* In liquidation process)

MSFI reflects its participation in MSF as an investment, determining its value through a conversion to US GAAP of its legal and statutory financial statements, and applies, through specialists, a valuation of the fair value of these Shares based on International Valuation Standards that consist of an income and market capitalization approach.

As of December 31, 2021, MSF has 104,760,961 shares outstanding, of which 60,880,929 shares are Class "A" and 43,880,032 are Class "B", the latter with limited voting rights, where MSFI owns a total of 93,948,766 shares, which represent 90% of the total.

## Size of the organization

Key financial indicators (In thousands US\$)	2021	2020
<b>Assets</b>	1,832,134	1,446,580
<b>Liability</b>	1,291,571	1,003,009
<b>Equity</b>	540,563	443,571
<b>Net Utility</b>	10,199	12,530

Business line contribution to Total Assets	2021	2020
<b>Banking</b>	70 %	74 %
<b>Insurance and Reinsurance</b>	8 %	8 %
<b>Asset Management</b>	5 %	3 %
<b>Others</b>	17 %	15 %

Quantity*	2021	2020
Clients	+5.1 million	+5 million
Vendors	1,508	1,496
% local vendors	95 %	95 %
Direct employees	3,343	3,441
% women	62 %	63 %
% permanent employees	98.5 %	99.4 %

\*Includes MSFI and MSF (Venezuela)



Mercantil

- **CORPORATE GOVERNANCE**



# CORPORATE GOVERNANCE

Corporate Governance is the set of rules and policies that regulate relations between shareholders, the Board of Directors, senior management, employees, customers, regulatory bodies, suppliers, creditors and other interest groups, and which also provide the structure through which establishes the objectives of the entity, the means to achieve them and the mechanism for their monitoring, as well as the delegation of authority and responsibility within the organization

In MSFI and its subsidiaries, Corporate Governance has been structured to facilitate the work of supervision and management of its Boards of Directors and management, with the intention of adequately safeguarding the interests of its shareholders, clients, collaborators, suppliers, regulators, creditors and the community in general.

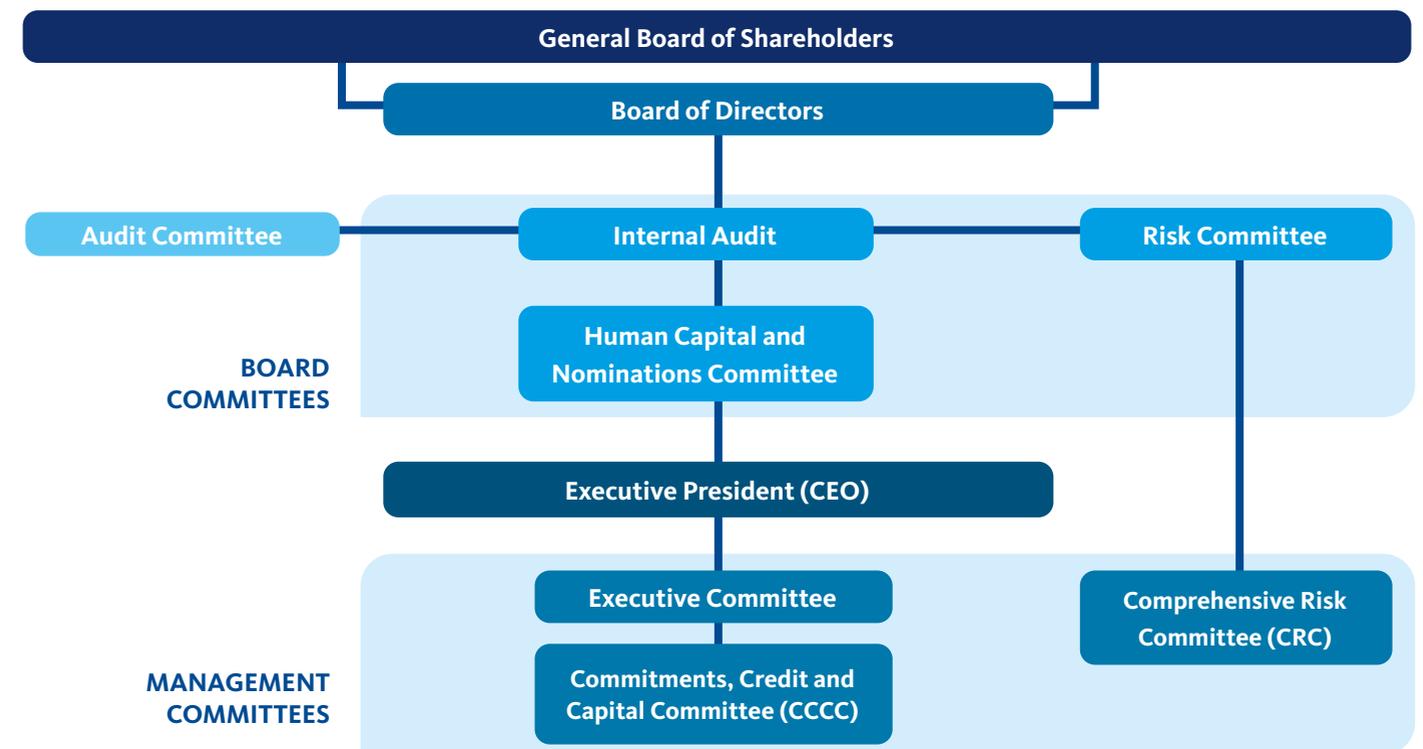
## Corporate Governance STRUCTURE

*The MSFI Board of Directors and Management constantly analyze and study the latest trends in Corporate Governance*

In order to adapt its structure to the best current international practices, maintaining the highest professional and ethical principles that mark the relationship with the participants in the different stakeholder groups, with whom a permanent and close relationship is maintained.

The Corporate Governance structure of MSFI and its subsidiaries derives from its Articles of Incorporation, from the Law, from

the Agreements that the Superintendence of Banks, the Superintendence of the Securities Market and the Superintendence of Insurance and Reinsurance. Said structure, as well as the policies and principles of Corporate Governance that govern and apply MSFI and its subsidiaries, are provided in the pertinent detail in the Corporate Governance Manual.



## MERCANTIL CORPORATE GOVERNANCE structure

### Is comprised of:

General Board of Shareholders

Board of Directors

Board of Director Committees

Chairperson

Executive President (CEO)

Management Committees

### General Board of Shareholders

The General Shareholders' Meeting, legally convened, constitutes the supreme power of MSFI, but in no case may it deprive the shareholders of their acquired rights, except as contemplated in the Articles of Incorporation, nor impose an agreement that contradicts the Law, the Articles of Incorporation or the Statutes, if any.

**The General Shareholders' Meeting meets in ordinary session once a year within one hundred twenty (120) days following the close of the annual exercise** and in extraordinary sessions whenever it suits the interests of MSFI and the Board of Directors so resolves, or when requested by a number of shareholders representing more than fifty percent (50%) of the shares representing the subscribed capital in class A shares of MSFI or more than seventy-five percent (75%) of the shares representing the subscribed capital in class B shares of MSFI

**The General Shareholders' Meeting evaluates the management of the Board of Directors by studying and approving** the management report that it submits for its consideration at the end of each financial year.

### Board of Directors

The responsibilities of the MSFI Board of Directors are those provided for in the Articles of Incorporation and in the regulations on the matter issued in the Republic of Panama by its Superintendence of the Securities Market and the Superintendence of Banks.

The Board of Directors meets in an ordinary manner at least once every quarter and on any other occasion in which the Chairperson or the Board of Directors considers it necessary, prior call made for that purpose.

**In matters related to conflicts of interest, the MSFI Articles of Incorporation provide that Directors who have a personal interest in any matter to be resolved by the Board of Directors may not attend the corresponding deliberations and shall remain outside the meeting place until the final resolution of the matter and if those who had it were his partners in civil and commercial companies, he or the Directors shall refrain from taking part in the deliberations and voting.**

**Regarding its composition and following the best corporate governance practices, the MSFI Board of Directors is made up of qualified professionals in**

**different business areas with extensive knowledge of financial matters. It is composed of ten (10) Principal Directors and ten (10) alternate Directors. Of the Principal Directors, nine (9) are Independent Directors of the administration. Likewise, in compliance with the provisions of article 3 of Law 56 of July 11, 2017, the Board of Directors is made up of at least thirty percent (30%) of female Directors.**

At least once a year, the Board of Directors conducts the evaluation of the main bodies that make up the MSFI Corporate Governance System. Said evaluations constitute a tool for planning, analysis and performance measurement that contributes to improving the effectiveness of the Corporate Governance System, periodically ensuring the provision of a solid balance of powers, proper functioning and efficiency in the environment of existing changes, both in its structure and in the context in which the activities are carried out, generating value for the organization

## Composition of the Board of Directors

- General Board of Shareholders
- Board of Directors**
- Board of Director Committees
- Chairperson
- Executive President (CEO)
- Management Committees

### PRINCIPAL DIRECTORS

- Alejandro González Sosa
- Mercedes Arauz de Grimaldo
- Alfredo Travieso P.
- Luis A. Marturet M.
- Gustavo Vollmer A.
- Alexandra Mendoza V.
- María del Pilar Arosemena
- Claudio Dolman C.
- Federico Vollmer A.
- René Brillembourg C.

### ALTERNATE DIRECTORS

- Luciano Scandolari
- Carlos Acosta L.
- Rafael Sánchez B.
- Francisco Monaldi M.
- María Silvia Rodríguez F.
- Roberto Vainrub A.
- Vincenza Garofalo
- Nelson Acosta B.
- Ignacio Vollmer S.
- Enrique Mier y Terán

Board of Directors	Principal Directors	Alternate Directors
Directors	10	10
Women	3	2
External or independent directors	9	5

Age range	Principal Directors	Alternate Directors
Under 30 years old	0	0
Between 30 and 50 years old	1	4
Older than 50 years old	9	6

Board Meetings	Quantity	Attendance rate	Compensation*
Year 2021	5	100 %	US\$ 155,000
Year 2020	9	100 %	US\$ 137,000

(\*). Allowances to Directors for attendance to Board and Committee Meetings

CORPORATE GOVERNANCE  
STRUCTURE



## Board of Director Committees

In order to complement its supervisory work on MSFI activities and to guarantee greater control over procedures and transparency in management, the Board of Directors has the following Committees:

Board of Director Committees	Objective	Frequency of sessions	Designation by the Board of Directors
<b>Audit</b> <i>(according to Agreement N° 007-2014)</i>	Assist the Board of Directors in its role of supervision and verification of the existence of adequate processes to monitor: the integrity of the accounting and financial function of MSFI and its subsidiaries; its internal control system and that of its subsidiaries; the experience, independence and performance of the External Auditors; as well as the performance of the Internal Audit function, considering the best practices and the legal regulations that govern its activity.	At least once (1) quarterly, prior call by the Secretary or Undersecretary of the Committee.	Are designated annually.  They are composed of at least three (3) Directors who do not participate in the daily management of MSFI. Other members who are part of the administration, work at MSFI or are outsourced may also participate.
<b>Risk</b>	Assist the Board of Directors in the objective of preserving the value of MSFI with respect to potential losses that it may assume once the range of risk appetite has been defined, established in the activities of the business where MSFI and its subsidiaries operate (credit, market, price, interest rate, liquidity, operational, legal, technology, reputation, country risk, contagion, strategic, concentration, social and environmental), in addition to optimizing the use of capital and ensuring the constitution of provisions, adopting the best practices and under the standards established by national regulators and international practices.	It meets as often as it deems necessary, at least once (1) quarterly, after being called by the Secretary or Undersecretary of the Committee.	In the case of the Audit Committee, its members must have knowledge in financial matters, the ability to read and understand financial statements; ability to understand key business and financial risks and the controls related to them and knowledge of the regulations that govern the matter. At least one (1) of the members must have auditing and accounting or financial experience.
<b>Human Capital and Nominations</b>	Support the MSFI Board of Directors in fulfilling its responsibilities related to the management of the Human Capital of MSFI and its subsidiaries, as well as in the development of the general nomination policies for the subsidiaries	At least once (1) quarterly and extraordinarily when there are issues that cannot be postponed.	

The Chairperson and the Executive President (CEO) are ex officio members of these three (3) Committees, with the right to speak but without the right to vote, and their presence will form part of the respective quorum.

The operation and responsibilities of each Committee are detailed in their respective Regulations, which are approved by the MSFI Board of Directors.

## Board of Directors Committee Meetings

### Year 2021 Attendance rate

Audit	4	90 %
Risk	4	100 %
Human Capital and Nominations	4	100 %

### Year 2020 Attendance rate

Audit	4	100 %
Risk	4	100 %
Human Capital and Nominations	4	100 %

CORPORATE GOVERNANCE  
STRUCTURE

General Board of Shareholders

Board of Directors

Board of Director Committees

**Chairperson****Executive President (CEO)**

Management Committees

## Chairperson

The Chairperson of the Board of Directors is the President of MSFI.

He is responsible along with the Executive President (CEO) and the other members of the Board of Directors for the supreme direction of the activities and business of MSFI.

He chairs the meetings of the General Meeting of Shareholders, the Board of Directors and provides within these bodies the guidance and orientation required to set the policies, objectives and strategies to be adopted, and to make the decisions of importance and ensure their effective compliance.

Likewise, it supervises, at a general level and through the Executive President (CEO), the execution of the decisions and policies dictated or adopted by the Board of Directors and the Executive Committee.

He is responsible for representing MSFI before the authorities and other public or private persons and is the only one empowered, jointly or separately with the Executive President (CEO), to be summoned or notified judicially or in arbitration proceedings.

## Executive President (CEO)

He is elected by the Board of Directors to which he reports and is responsible for exercising the executive direction and coordination of the administration of MSFI.

The Executive President (CEO) chairs the meetings of the Executive Committee and the Board of Directors in the absence of the Chairperson, and makes up for his temporary absences with the same powers and attributions.

It is their responsibility to submit to the consideration of the Chairperson, the Executive Committee and the Board of Directors, the policy, objectives, strategies and decisions of importance, and periodically inform them about the financial situation of MSFI and the results of its operations.

It also designs, establishes and develops MSFI's organizational structure, being responsible for the appointment and removal of the General Managers, consultants and advisors that are required.

Likewise, it is responsible for the executive coordination of all MSFI subsidiaries.

In the event that the designation of the position of Executive President (CEO) falls on the person of the Chairperson, he shall assume the responsibilities and functions of both positions.

*Currently, the positions of Chairperson and Executive President are held by the same person.*

## Management Committees

- General Board of Shareholders
- Board of Directors
- Board of Director Committees
- Chairperson
- Executive President (CEO)
- Management Committees**

Management Committees	Objectives	Conformation	Frequency of Sessions
Executive Committee	<p>Assess alternatives and make recommendations on policy issues, objectives, strategies, and organization for consideration by the Board of Directors.</p> <p>Orient and guide Management efforts in the implementation of the adopted policies, evaluating the result of said implementation.</p> <p>Execute all the acts that are necessary for the best development of the daily management of the business.</p>	<ul style="list-style-type: none"> <li>• Chairperson</li> <li>• Executive President (CEO) of MSFI and four (4) officers who provide full-time services at MSFI and/or its subsidiaries, such as the Executive Presidents of Mercantil C.A., Banco Universal; of Mercantil Seguros, C.A. and Mercantil Holding Financiero Internacional, S.A., as well as by the Corporate Finance Manager (Corporate CFO).</li> </ul>	<p>Meets regularly once (1) per week and extraordinarily as needed.</p>
Commitments, Credit and Capital Committee (CCCC)	<p>Evaluate, for the purposes of approval or rejection in MSFI, including the subsidiaries:</p> <ul style="list-style-type: none"> <li>• Credit and investment proposals.</li> <li>• Commitments and significant and complex operations.</li> </ul>	<ul style="list-style-type: none"> <li>• Executive Presidents of MSFI, Mercantil C.A., Banco Universal and Mercantil Holding Financiero Internacional, S.A., all of them with the right to speak and vote.</li> </ul> <p>Likewise, the Comprehensive Risk Manager participates with voice.</p>	<p>Meets at least once (1) a month or as often as it deems necessary, after being called by the Secretary or Undersecretary of the Committee.</p>
Comprehensive Risk Committee (CRC)	<p>Knows, assesses and decides on the risk management of MSFI and its subsidiaries, within the framework of the guidelines established by the Board of Directors and the Risk Committee of the Board of Directors. Its operation and responsibilities are detailed in its Regulations, which are approved by the Risk Committee of the Board of Directors.</p>	<ul style="list-style-type: none"> <li>• Executive Presidents of MSFI, of Mercantil C.A., Banco Universal, of Mercantil Seguros, C.A. and Mercantil Holding Financiero Internacional, S.A., all with the right to speak and vote. Likewise, the Corporate Finance Manager (Corporate CFO), the Comprehensive Risk Manager, the Corporate Compliance Manager and other specially designated management members participate with right of voice.</li> </ul>	<p>Meets at least once (1) quarterly and as many times as necessary to fulfill its purposes, prior notice of the Secretary or Undersecretary of the Committee.</p>

## Shareholder and Investor Relations

In order to protect the interests of our investors and safeguard our reputation as an organization operating in the securities market, MSFI applies a risk-based approach to collect, record, verify and keep updated all the information that allows reliably determining the identification of investors and shareholders.

As part of our **“Know your investor”** and **“Know your Shareholder”** policies, we keep a permanently updated Investors and Shareholders Registry, which includes information on the economic activity that generates the funds to be mobilized, financial and transactional profile, which is extends to attorneys, directors and legal representatives when applicable.

Similarly, and as part of the **“Shareholder Due Diligence”** and **“Investor Due Diligence”** policies, according to the sensitivity and risk level, it verifies and updates its data, the affidavit of the origin and destination of the funds that make up its capital, and monitors the operations that it carries out.

Permanent communication. Through ordinary and extraordinary meetings, specialized offices, mailboxes and web pages, we maintain channels of permanent interaction with our shareholders and investors. In this way we send them calls to assemblies, we provide timely attention to their particular requirements, and we communicate information of general interest, such as financial reports, our share prices and other relevant facts of interest.

### Channels of communication and interaction with Shareholders

Mechanism or channel	Frequency	Description
General Shareholders Assembly	Ordinary, annually Extraordinary, as needed	Points to be discussed are included in each call
Shareholder service Investor service	Permanent	Torre de Las Americas, Tower A, 14th floor, Punta Pacifica. Panama City, Panama.
Mailboxes	Permanent	accionistas@mercantilsfi.com investors@mercantilsfi.com
Website	Monthly, quarterly, semi-annually, yearly	Financial information Relevant facts Stock information





## Internal control environment

*The Internal Control System guarantees the provision of an appropriate control environment in the organization, and is adapted to the nature, complexity and risks inherent in the business lines of MSFI and its subsidiaries.*

Its objective is to reasonably ensure the efficiency and effectiveness of operations; the reliability and timeliness of the reports and data generated by its information systems; and compliance with applicable laws and regulations.

It is aligned with the values and principles set forth by MSFI, and with the laws and other regulations in force in the different jurisdictions where the activities are carried out, and is periodically reviewed to adjust to the changes

and needs of the context, and to the best practices and international standards.

It is made up of a set of principles, policies, standards, procedures and prevention, verification and evaluation mechanisms designed to provide a reasonable degree of security regarding the objectives of the organization, especially for:



*Improve operations efficiency and effectiveness*



*Prevent and mitigate fraud occurrence;*



*Optimize the reliability, timeliness of the information generated and its disclosure to the organization's stakeholders*



*Provide independent and objective assurance on the functioning of the Internal Control System, through periodic internal and external audits.*

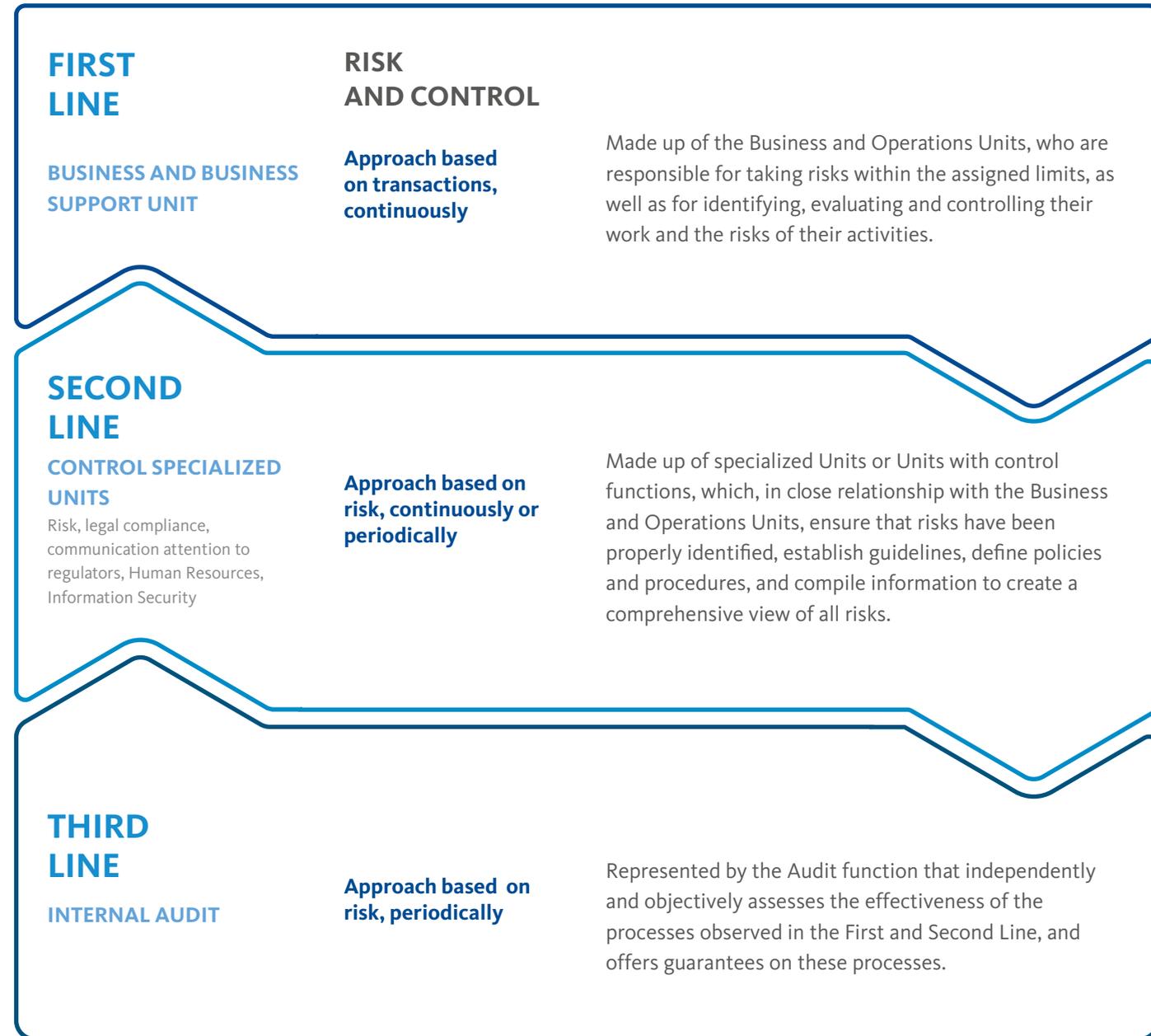


*Conduct adequate comprehensive management of the different types of risks*



*Comply with the laws, other applicable regulations and the Code of Ethics that governs MSFI and its subsidiaries.*

The system adopted by MSFI for risk management and internal control is the Three Line Model:



**MSFI’s Board of Directors and senior management are ultimately responsible for the Internal Control System.**

The participation and responsibilities of its operation are defined in the manuals of policies and procedures, minutes of the Board of Directors or other Committees, profiles and job descriptions, description of functions of the Units and other documents of a similar nature established in MSFI and its subsidiaries.

**Internal Audit is responsible for carrying out the independent evaluation and constant monitoring of the Internal Control System**

in MSFI and its subsidiaries, applying a systemic approach of assurance and consulting, and recommending the necessary improvements, based on national and international standards, to contribute to its effectiveness.

The Internal Audit work of MSFI and its subsidiaries is supported by the corporate function of Internal Audit of Mercantil Servicios Financieros, C.A. (MSF), which has duly established, approved and documented policies and procedures, attached to the Professional Framework for the Practice of the Internal Audit function, as well as the regulatory requirements applicable to each MSFI Subsidiary in each geography where they are provided. Additionally, Mercantil Banco, S.A., also a Subsidiary, has an Internal Audit unit, which supports its function in its Mercantil Banco, S.A. Internal Audit Policies and Procedures Manual. (MBSA).

**The Internal Auditor works in coordination with the Audit Committee of the MSFI Board of Directors**

in the design of the annual Audit Plan, for whose implementation and results is accountable, as well as for the recommendations issued in each case.

**The independent examination of the financial statements is conducted by an External Audit firm.**

The hiring of the Independent Public Accountants firm is approved by the Board of Directors, and it may not have a shareholding in the capital stock of MSFI or its subsidiaries, just as MSFI and its subsidiaries may not have equity participation in the external auditing firm.

## Corporate Compliance

MSFI has a robust Compliance system that is aligned with the Basel principles and the best international practices of the financial industry.

**Independent compliance and at the highest level.** The Corporate Compliance Officer reports to the Chairman of the Board of Directors, and is independent from the Business and Support Units.

They are responsible for the activity aimed at ensuring the efficient management of regulatory or normative obligations that affect MSFI and its subsidiaries in the different jurisdictions and sectors where it develops its activities or operations, following a risk-based approach (Compliance Risk).

To this end, it promotes and ensures the establishment of appropriate policies, procedures, structures, methodologies, mechanisms, systems and technologies that contribute to strengthening the business model, effectively eliminating or mitigating exposure to this type of risk and other related ones, in particular that of Money or Asset Laundering.

Likewise, it constitutes a systematic and comprehensive point of contact and reference for the adequate application of pertinent laws, regulations, requirements and standards in all MSFI subsidiaries, ensuring a coherent application and supervision, and maintaining an adequate balance between the advisory role and control that has been entrusted to it, and support for the needs of the organization for the smooth running of its activities and businesses.

**Worth noting, neither MSFI nor its subsidiaries were subject to fines during the reporting period.**

**Compliance with regulations and laws in all geographies.** In the different geographies where it is present, MSFI adjusts its Money Laundering and Terrorist Financing Prevention and Control System to current regulations on the matter, in all its activities and businesses.

The management approach of this prevention system is in line with the best international practices, such as the Recommendations of the Financial Action Task Force (FATF), the Wolfsberg Principles and the Document of Due Diligence with the clientele of the Banks of the Basel Committee on Banking Supervision, characterized by:

- A systematic identification, monitoring and management of risk.
- A structured system of Prevention and Compliance Programs with operational and monitoring, evaluation and control plans, led by the Compliance Officers in the different subsidiaries.
- Procedures in order to have accurate, transparent, complete and updated information on all natural and legal persons with whom MSFI and its subsidiaries are linked in the exercise of their activities
- Continuous monitoring of the operations and transactions conducted in the contracts with its related parties, according to the level of risk they represent.
- Appropriate internal control and supervision standards for the early detection of operations that could configure cases of this nature in each of the activities carried out by MSFI's subsidiaries.
- Measures tending to reduce the possibility that in conducting any operation in the Stock Market, MSFI and its subsidiaries are used as a means to hide the origin, purpose and destination of illicit capital, or to divert funds of any nature towards financing of terrorist groups or activities and the proliferation of weapons of mass destruction.
- Intensified Due Diligence when establishing or maintaining business relationships with natural persons who are classified as Politically Exposed Persons, as well as with those shareholders, investors and suppliers, who due to unforeseen circumstances acquire such a condition, with procedures for the approval of the start or continuity of business relationships.
- A continuous education and training program for the staff of MSFI and its subsidiaries, which promotes an organizational culture of prevention and compliance.
- Annual review of the effectiveness of the System implemented in the subsidiaries by a Qualified Independent Third Party, duly authorized by the competent body.

*MSFI and its subsidiaries are able to detect early operations that could constitute cases of this nature, and prevent them from eventually being used as a means to carry out activities contrary to the Law, morals, ethics and the due development of society.*

## Business ethics

All of the activities conducted by MSFI and its subsidiaries are executed under the most demanding ethical and professional principles, as a fundamental element of responsible business conduct. Among the elements that make up the “Mercantil Culture” is the Ethical Behavior, which expressly states “zero tolerance with unethical behavior”.

**MSFI’s Code of Ethics**, and those of its subsidiaries supported by it, includes a set of rules that must be compulsorily observed by employees in the fulfillment of their responsibilities and execution of their professional activities, and clearly establishes the rejection of these to any criminal manifestation that occurs through the organization, trying to avoid at all times the improper use of the products and services offered for the performance of money laundering or other illicit operations.

Likewise, it incorporates fundamental duties of MSFI and its subsidiaries and of those who work for them, such as probity, loyalty, efficiency, brotherhood, honesty, frankness, dignity and adherence to the law, and guides the treatment of possible conflicts of interest towards the correct procedure with which the organization has been committed since its establishment.

**Zero tolerance against corruption and bribery practices.** Mercantil does not accept, promote, co-honest or cover up practices of corruption or bribery, and reaffirms its commitment to carrying out its business activities with integrity and transparency, categorically rejecting the use of such practices.

Employees of MSFI and its subsidiaries are committed to complying with the provisions of the **Anti-Corruption and Bribery Policy**, which prohibits the performance of actions constituting these acts; and require them to manage the activities they carry out with a risk-based approach and adhere to the established internal controls, all in order to guarantee that the organization and its employees always act with probity and the greatest caution, care and diligence in operations executed under their responsibility.

## Ethics Committee

MSFI has Ethics Committees in its subsidiaries Mercantil C.A. Banco Universal and Mercantil Banco S.A., whose objective is to know and evaluate the serious faults incurred by team members and recommend the actions to be followed.

Faults in general are defined as those that derive from non-compliance by employees with those duties and obligations derived from the Code of Ethics, legal provisions and those established in internal rules and procedures, among which are included the lack of probity, actions in bad faith, insults and immoral conduct at work.

The mechanisms from which the Ethics Committee knows employee faults are the General Audit, Safety and/or Risk Reports, notifications from the management levels of the company about the occurrence of events that can be considered as faults, and the reports of the Human Resources and Compliance Units, on the cases of misconduct in which administrative sanctions have already been adopted.

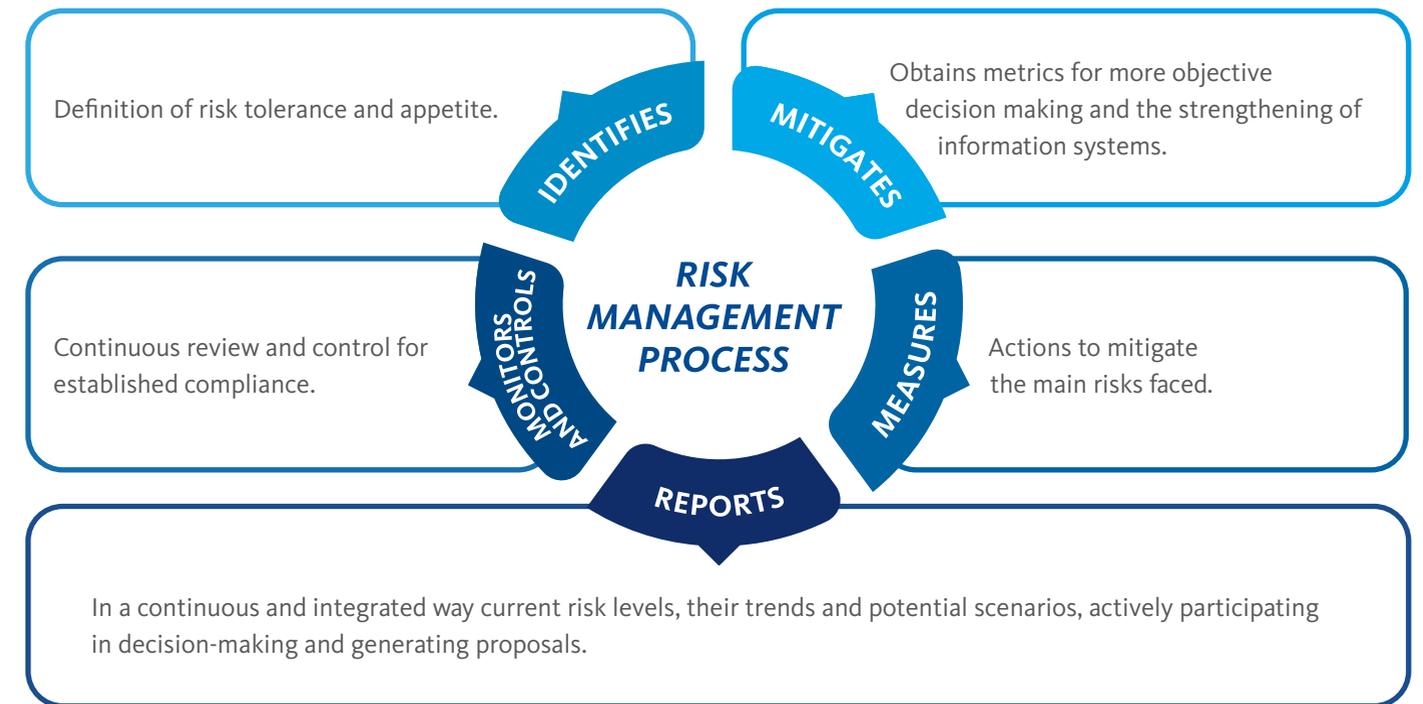
The decisions that are adopted by the Ethics Committee will be binding, and its minutes will be presented for the knowledge of the Board of Directors. Cases of misconduct in which personnel infidelity is identified, regardless of the type, amount or degree of frustration and that the Committee considers that the company should take some sort of criminal action and/or compensatory damages, must be presented to the pertaining Prevention Committee, which will assess the seriousness of each particular case and decide the actions that must be exerted.

## Comprehensive Risk Management

At MSFI, proper risk management is a fundamental element of its competitive strategy and value generation. For this, a Comprehensive Risk Unit has been established with policies and actions aimed at mitigating any adverse effect on the different portfolios of its subsidiaries, fostering a culture of risk and strengthening knowledge about the different environments in which it operates and its regulatory frameworks.

The Corporate Risk Governance structure at MSFI consists of a framework for the proper management of financial and non-financial risks (credit, market, price, interest rate, liquidity, operational, legal, technology, reputation, country risk, contagion, strategic, concentration, social and environmental), which are managed by the Comprehensive Risk Unit, as part of the Internal Control System, which is based on the Three Line model described above.

Through the risk management process, the different types of risks to which MSFI and its subsidiaries are exposed are evaluated and managed, depending on the nature, size and complexity of the operations, and the products and services provided, following the risk management process.



The risk management adopted by MSFI and subsidiaries is designed within the framework of the group’s strategic plans, in accordance with and in strict compliance with current regulations, following national and international standards, and the best practices in risk management.

It is supported by policies, standards, procedures and an organizational structure for adequate comprehensive risk management, which are part of documents designed to provide guidelines that allow the identification and management of potential adverse events.

The Comprehensive Risk Unit has specialized risk management units, independent of the business units, which are responsible for identifying and managing the risks faced by the group, with applicable policies and mechanisms that allow it to deal, in a timely manner, with changes in its business environment.

## Business continuity

### Business Continuity Management makes Mercantil a resilient organization.

Thanks to a robust and proven plan that ensures the continuity of critical products and services to its customers when challenges arise and unexpected events materialize, originated from technological failures, failures of basic services, errors in process designs, special situations of the environment, criminal activity, natural disasters, or even a pandemic as unexpectedly occurred in the year 2020.

Business Continuity Management is a continuous cycle to ensure the recovery of critical processes, maintain their validity in spite of business changes, in order to safeguard the corporation's objectives and interests, the expectations of shareholders and protect its employees. It consists of the following stages:

## BUSINESS CONTINUITY METHODOLOGY

IDENTIFICATION AND ASSESSMENT OF LOCAL RISKS

Potential threats that may affect the organization in the locations where we operate are determined and action plans are generated to minimize the possibility of occurrence of events and mitigate their impact.

BUSINESS IMPACT ANALYSIS (BIA)

Critical processes are identified according to the financial impact caused by an interruption, and the criteria of experts are taken into account to decide the order of recovery, according to the impact on customers and the transactional analysis. For these processes, contingencies and strategies are designed to minimize the risk of their interruption.

RECOVERY STRATEGIES AND REQUIREMENTS

The feasibility of recovery of critical processes, the necessary investments and the recovery strategy is determined.

DESIGN OF THE BUSINESS CONTINUITY PLAN

This management practice allows the design of precise plans adapted to the processes of the organization, the recovery strategies and particular requirements of the business process, are documented along with the required support technology platform.

TRAINING AND TESTING

The plans are periodically reviewed by those responsible for the processes and tested under different scenarios. Improvement opportunities are documented and implemented.

*The management of the Business Continuity plans is supervised by the senior management of MSFI and its subsidiaries. In case of an event that could affect operations, the safety of employees and/or facilities, special teams are activated to facilitate communication and decision-making, ensuring the continuity of services.*

*Comprehensive Risk Management during the years 2020 and*

*2021 was strongly directed towards Business Continuity in the international context of the COVID-19 virus pandemic. In a very short time, complying with the guidelines of the World Health Organization and the local authorities in each of the geographies where it operates, MSFI and its subsidiaries adapted to a new way of operating, and continued to offer their products and services in the different geographies. without interruption, while protecting the health of its customers and employees through the implementation of rigorous biosafety measures.*

## What did we learn from the recent Pandemic?

### # 1

Definition of a pandemic management strategy based on Alert Levels, with clear action protocols in each stage involving personnel and critical processes.



### # 3

#### Crisis Monitoring and Management:

- Crisis management through the Executive Response Team (ERT) in the care and response to the pandemic in all geographies
  - Cohesion and teamwork of the Human Resources, Technological Infrastructure and Risk units in meeting the requirements of the Operating and Business units, originated by the pandemic.
- Global and local pandemic monitoring scheme.



### # 2

#### Service Contingency Implementation Strategies:

- Relevance of priority Attention of critical processes, with primary and alternate personnel.
- Availability of electronic channels for service care and client requirements (high availability)
- Extended remote work protocol
- Hybrid work scheme, attending mobility restrictions

### # 4

#### Contagion Risk Management:

- Biosafety and Prevention Measures to protect the health of employees and customers
- Staff health monitoring schemes, with the development of surveys and communication campaigns
- Monitoring of contagion cases, providing support according to their severity.



How to protect my family from Covid-19

- Maintain physical distancing
- Avoid close contact without a mask
- Do not touch your face and constantly wash your hands
- Avoid sharing plates, glasses and other personal use items
- Clean and disinfect objects and surfaces that you touch frequently

Have you been in close contact with someone who has the virus?

- Do you have fever, cough and shortness of breath?
- contact us
- > Call 169
- > Access [rosa.innovacion.gob.pa](http://rosa.innovacion.gob.pa)
- > Call Human Resources
- Don't self medicate



Practical safety tips!  
Power your new world

## Cybersecurity

Simultaneously, understanding the risks of the digitization of financial operations, MSFI and its subsidiaries have begun a process to increase their level of maturity in terms of Information Security, and have considered advancing in the incorporation of a Cybersecurity Strategy that responds to the business' strategic objectives and its digital transformation strategy.

This new cybersecurity strategy follows an approach that is adaptable to iterations, as new technologies are integrated or the needs of the organization evolve to strengthen and complement information security, in order to reduce cyber risk, protect information assets and promote resilience.

In this sense, at MSFI a more significant effort was undertaken to prepare for and respond to cybersecurity risks, starting in 2020 an evaluation project of its cybersecurity program, in accordance with leading practices and global frameworks of reference based on the 20 domains of cybersecurity, in order to identify the existing capacities

to face cyber risks and threats, as well as the initiatives that will be implemented during the next three years to address emerging priorities.

The goal of the cybersecurity strategy will be to provide MSFI and its affiliates with an agile and holistic approach to detect, respond to and recover from potential cyber intrusions, with a view to strengthening confidence in our operations and raising awareness of threats and cybersecurity risks.

In addition to the primary objective of establishing policies, standards and procedures to protect information assets and ensure their compliance, Information Security Unit develops a proactive and pragmatic management framework, oriented to the following strategic goals::

- 

Develop a governance model to direct and manage the organization's cybersecurity, promoting the consolidation of cross-cutting responsibilities, autonomy, accountability and transparency across companies.
- 

Strengthen the cybersecurity team and capabilities to enable innovative and reliable financial and/or digital operations.
- 

Collaborate with the rest of the organization to promote resilience and cyber risk management from the start of any new initiative, building trust at every stage.

## Sustainability

Since 2019 MSFI and its affiliates have taken important steps towards integrating sustainability into their strategy and operations, which are described below:

We joined SumaRSE. At the end of 2019, MSFI affiliated with SumaRSE, an organization that represents the United Nations Global Compact Network, and is the main promoter of Corporate Social Responsibility in Panama. Since then, we have benefited from its specialized training offer in CSR matters, and we have participated in processes of high added value for the development of our sustainability strategy:

### CSR strategy development table

It allowed us to carry out a self-assessment of CSR through the use of the IndicaRSE tool, applicable in Central America, which consists of a system of indicators based on the ISO26000 guideline, from which we were able to identify our strengths and areas for improvement, and with it the main gaps according to the sustainability approach.

### Business Management and ESG Program

This program organized by Sumarse and delivered by Valora Consultores, consisted of training and mentoring sessions aimed at raising awareness about sustainable finance, the main reporting frameworks, and the integration of environmental, social and governance (ESG) factors in the strategic management of companies. Through participation in this program, which continues beyond the period covered by this report, the risks and opportunities for the company will be identified and prioritized in key issues of ESG vectors, in line with the expectations of international investors.



### We act in accordance to the UN Sustainable Development Goals

The MSFI Executive Committee approved in February 2021 the Strategic Social Investment guidelines, which are based on the trajectory of Fundación Mercantil and the MSFI subsidiaries in Venezuela.

They indicate the priority areas of social investment and social action and link them to the UN Sustainable Development Goals, with which they serve as a guide, and allow their adaptation and implementation by the subsidiaries, based on the local context and the available budget.

### We align our strategy to sustainability

In the first quarter of 2021, a Strategy Forum was held in the MSFI Executive Committee, in which the main CSR initiatives in force in the organization and the importance of integrating sustainability into our business strategy were presented. This served as the basis for a specialized consultancy in CSR to the contracted to the Center for Sustainability and Responsible Leadership of IESA, which continues after the period covered by this report, and whose main objectives are:

- Align the management of MSFI and its subsidiaries to international standards of Responsible Business Conduct
- Position MSFI as a good corporate citizen in Panama
- Establish MSFI's contribution to the sustainable development of Panama

As a result of this process, we will have a corporate sustainability strategy under ESG criteria, which will allow us to create value for our stakeholders, as well as implement a roadmap for MSFI and its subsidiaries, which will be reported in the next sustainability report.



● **RELEVANT FACTS**  
*DURING THE REPORTING PERIOD*

## COVID-19 PANDEMIC

The World Health Organization declared the COVID-19 coronavirus strain in the pandemic category in March 2020. This situation affected productive and commercial activities worldwide.

The authorities decreed the State of Alarm to deal with the health emergency, which involved mobility restrictions and the suspension of face-to-face activities, with the exception of those considered essential.

They also established special measures aimed at protecting customers in the financial sector from the economic impact that the pandemic may have caused them, and to preserve the integrity of the banking and insurance system.

Mercantil took measures to protect the health of its employees, customers, and related parties, and implemented a Business Continuity Plan that made it possible to keep customer service active, without interruptions, with a minimum number of employees attending in person to its facilities.

Meanwhile, it carried out both internal and external educational campaigns, through social media, on preventive biosecurity measures against COVID-19, while reinforcing cleaning procedures in all its facilities, adapting them to the prevention of COVID-19, and kept temperature controls and supply of antibacterial gel at all access points.

It also kept its clients informed regarding the restrictions in force for the provision of face-to-face services, offering them alternatives to attend to all their needs without being required to go personally to one of our offices.

As the immunization process of the population progressed during the year 2021, those sectors of the economy that were still suffering from restrictions were progressively reopened, and a plan was implemented for the reopening of our service points and the safe return to face-to-face and/or mixed work of our collaborators.

In the following chapters we will offer more details on how we implemented special measures during the COVID-19 pandemic, aimed at our main stakeholders.

**Mercantil**

### 4 razones para vacunarte contra el COVID-19

- ✓ Disminuye la propagación del virus.
- ✓ Reduce el riesgo de enfermarse gravemente, quedar hospitalizado y la muerte.
- ✓ El refuerzo de la vacuna es efectivo en variantes, incluyendo omicrón.
- ✓ Todas las vacunas disponibles en Panamá, son seguras.

*4 reasons to get vaccinated against COVID-19*

- *Decreases the spread of the virus*
- *Reduces the risk of severe illness, hospitalization and death*
- *Vaccine booster is effective in variants, including omicron*
- *All vaccines available in Panama are safe*

# ECONOMIC ENVIRONMENT 2020-2021

Throughout the year 2020, the performance of the global economy was determined by the effects derived from the COVID-19 crisis and by the virus containment measures that, from the beginning, led to unprecedented contractions in domestic economic activity, and later in 2021, with the progressive reopening of productive and commercial activities given the easing of confinement measures and progress in the immunization plan, a return to positive economic growth rates.

In Panama, the GDP showed a contraction of 17.9% in 2020 in which almost 70% of economic activities showed negative variations. In 2021, the recovery of global trade, the economic growth of its main trading partners, China and the US, and the reactivation of consumption, made possible a positive variation of the GDP of 15.3%, with generalized growth in all sectors, but particularly high in those associated with trade and mining support services.

In terms of inflation, it remained in deflationary territory during 2020 (-1.6%) and with the recovery of international oil prices and the improvement in consumption, price variations turned positive until reaching a year-on-year adjustment of 2.6% in 2021. At the fiscal level, given the impact of the pandemic with reduced tax revenues due to the contraction of GDP and the increase in public spending as part of the programs to support the population, the management of the Non-Financial Public Sector resulted in a deficit (-10.2 % of GDP) and although, by 2021 revenues increased, they were not enough to offset expenditures, determining a GDP deficit of 6.7%, although in the 2020-2021 biennium it remained within the new limits of the Law of Fiscal Social Responsibility.

In Venezuela, the Gross Domestic Product (GDP), according to preliminary estimates, showed a contraction of close to 30% in 2020, accentuating the drop that the economy had been experiencing since 2014 and which meant a cumulative loss of economic activity close to 70%, with the decline in oil production with revenues from exports barely equivalent to 20% of the previous five years average, also intensified by disruptions in the provision of public services, especially electricity, and subject to financial sanctions (from 2017) and commercial sanctions (since 2019).

In addition, the economy remained in a hyperinflationary zone since December 2017, only to emerge from that condition in December 2021, after the application of a widely restrictive monetary policy (focused on credit rationing), the use of the exchange rate as nominal anchor and the reduction of monetary financing by the Central Bank of Venezuela, to which was added the tolerance of high transactional dollarization as a resource to moderate inflationary pressures. This performance has been a relevant factor in explaining the migration process of around 6 million Venezuelans.

In Switzerland, domestic economic activity contracted by 2.5% in 2020, intensified in the manufacturing, real estate and tourism-related sectors. In 2021, the revival of external demand by its main trading partners (USA, Germany, France and China) together with the reactivation of consumption allowed a return to positive growth rates reaching 3.7% in 2021, in addition to reaching pre-pandemic levels. In terms of inflation, after the deflation of 2020 (-0.8%), prices registered positive growth in 2021 (1.5%), driven by the adjustment of international oil prices and logistical problems in supply chains that increased prices of the Transportation and Food and Non-Alcoholic Beverages groups, which together represent almost 40% of the CPI, however, below the 2% inflation target. At the monetary level, the Swiss National Bank maintained its expansive monetary policy stance and left its reference rate unchanged at -0.75%.



- **ECONOMIC DIMENSION**



## DIGITAL TRANSFORMATION AND OUR BUSINESS LINES

One of the most relevant current trends in the financial sector is the growing incorporation of technological developments to promote digital interactions, which has significantly modified the competitive context. This was accelerated by the COVID-19 pandemic, which made it necessary to implement changes in the value proposition of organizations to respond to new needs, requirements and customer expectations.

The evolution of the payment system at a global level has made it possible to serve new markets, and new competitors have appeared, such as fintechs and techfins, with proposals that have challenged the service models of traditional financial institutions and put pressure on their profit margins.

**Digital transformation is a priority for Mercantil.** Given the consolidation and acceleration of these trends, Mercantil has set out to improve the customer experience and achieve greater agility and efficiency, using technology as an enabler, developing a range of products and services guided by five attributes: digital, useful, friendly, close and scalable.

Since 2019, we have incorporated the **Transformation Office** in our business lines, whose main objective is to promote excellence in execution through a disciplined methodology and an accelerated work rate, by teams or squads dedicated to the design of new products and services, as well as to implement improvements in the existing ones, all with the aim of improving the experience of our clients and continually delivering value by incorporating and expanding functionalities that facilitate all their operations.

DIGITAL TRANSFORMATION AND OUR BUSINESS LINES

In the midst of complex challenges due to the pandemic, we took important steps in all our business lines.

- ✓ We conducted significant training efforts, which included courses to promote the adoption of agile principles and methodologies, an in-company Data Science Diploma, and Bootcamp programs for experiential learning in so-called immersion environments
- ✓ We invested in hiring talent with agile work skills.
- ✓ We formed squads with the support of agile coaches, who strengthened agility initiatives by adopting the scrum framework, and the new agile and devops parameters, aimed at generating improvements around the customer experience.
- ✓ We began the incorporation of OKRs (objectives and key results), to effectively monitor the progress of the various work teams in the digital area.
- ✓ We set up a co-working center in Venezuela to attract and retain digital talent, which will allow us to significantly increase the digital development capabilities of all our business lines.
- ✓ We incorporated functionalities and improvements that made the expansion of automated services possible during the COVID-19 pandemic, which greatly contributed to guaranteeing our customers, individuals and companies, the support to carry out their financial operations remotely.
- ✓ We started a process to increase our level of maturity in terms of Information Security, and we made progress in the incorporation of a Cybersecurity Strategy that responds to the strategic objectives of the business and our digital transformation strategy.

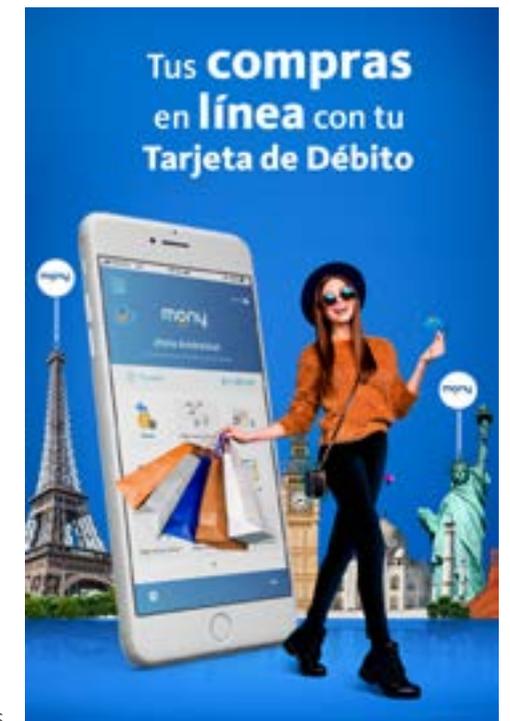
Framed in the transformation of the financial business, in the industry there is a growing trend towards the development of digital ecosystems that manage to connect various products and services in a reliable financial platform, with greater customization, better response times and with minimal barriers to access financial products, all with the aim of facilitating operations by customers, and having an integrated vision of their financial life.

Along with this trend, Mercantil continues to promote the development of both the relational and digital ecosystem, promoting the cross-selling of products and services, and offering a comprehensive value proposition with better solutions in banking, insurance, reinsurance, wealth management and fintech, in order to exceptionally satisfy the dynamic needs of its customers. These initiatives and solutions implemented will be detailed in the section corresponding to each of our business lines.

Additionally, in order to keep our collaborators permanently informed about the progress of Mercantil's most relevant digital projects, the **Impulso Digital monthly newsletter** was created.

In 2021, we carried out the series of webinars called **“Driving digital change”** as a contribution to the community to expand their knowledge of digitization trends and promote agile thinking, which were widely accepted among our clients and the general public:

- Along with the digital marketing expert Isabel Bermúdez, we offered webinars with tools to boost business by taking advantage of digital platforms (58,000 registrations), and which included the following aspects:
  - How to boost your business in social media
  - How to monetize your knowledge on digital media
  - and generate value
  - E-commerce as an opportunity for growth
  - Sales techniques to increase revenue
- With the renowned expert on transformation and innovation issues Ivette Cerrada, we offered content aimed at promoting agile thinking, which had more than 80,000 registrations, of which 18,000 were non-clients, on the following topics:
  - Digital transformation beyond the digital: A strategic view
  - Strategies for an agile company
  - Design Thinking: create and design to implement thinking of your client



Your online purchases with your debit card

## OUR BUSINESS LINES

# BANKING

## BANKING

### Mercantil Banco, S.A

Mercantil Banco participates mainly in the Panamanian market with a comprehensive offer of financial services through its personal, commercial and corporate banking segments. Deposit products are available through accounts in dollars (USD). In addition, it provides financing options for commerce, construction, agriculture, tourism and manufacturing. It also maintains credit products for individuals, including mortgage loans, personal loans, vehicle financing and credit cards (Mastercard).

The service model is divided into two areas: physical service channels, which include the branch network, and digital service channels made up of:

- **Digital and mobile banking for persons**
- **Digital and mobile banking for businesses**
- **Telephone attention center, Interactive Voice Response (IVR)**
- **Automatic Teller Machines**
- **Mony:** network that allows to send and receive mobile payments instantly between people affiliated with the service (P2P), as well as payments to affiliated businesses (P2C).

During the 2020-2021 period, the main efforts were aimed at developing products and services to: strengthen the value proposition to customers and drive growth in deposits and transactions; offer payment mechanisms and reconciliation services aimed at businesses with large billings to boost collection; and increase the number of affiliations of digital Points of Sale (POS) to increase the billing of acquisition commissions.

#### Under the supervision of:

- Superintendence of Banks of Panama
- Superintendence of the Stock Market of Panama

Mercantil Banco, S.A.

**FitchRatings**

**BBB (pan)** Long Term  
**F3 (pan)** Short Term  
 Outlook **Stable**

BANKING  
**Mercantil Banco, S.A**

	Year 2021	Year 2020
<b>Branches</b>	3	3
<b>Automatic Teller Machines</b>	3	3
<b>Point of Sale Transactions</b>	Virtual POS: +100,000 transactions invoiced volume of US\$17 million	<b>N/A</b>
<b>Digital banking: Mercantil online for persons (MELP)</b>	113,263 active users +6.8 million transactions, represents 80 % of the total	103,404 active users +4.6 million transactions, represents 82 % of the total
<b>Digital banking: Mercantil online for businesses (MELE)</b>	5,244 active users +1.7 million transactions	4,250 active users +1.0 million transactions
<b>Financial and non-financial transactions</b> (including SMS and MERCAN24 chatbot)	586,214 financial transactions 10,483,574 non-financial transactions	481,589 financial transactions 5,145,064 non-financial transactions
<b>Credit cards</b> Visa, Mastercard, Diners	0.81 % of the Credit Portfolio 4,785 card holders	0.48 % of the Credit Portfolio 1,460 card holders
<b>Clients</b>	73,222 people 3,775 companies	52,503 people 3,100 companies
<b>Market share</b>	1.1 % Gross Credit Portfolio 0.9 % Total deposits plus liabilities on sight <b>Total 2.0 %</b>	0.9 % Gross Credit Portfolio 0.8 % Total deposits plus liabilities on sight <b>Total 1.7 %</b>
<b>Market Positioning</b> (per assets)	24° in the private financial system	27° in the private financial system

## COVID-19 measures toward clients

During the mobility restriction, the branches operated with the proper biosecurity measures and at hours that allowed customers and users to be served, in compliance with the provisions issued by the Ministry of Health (MINSA) and the National Government, which were communicated to customers through notifications and publications on the website.

In addition to the biosecurity measures applicable to both employees and clients in all our offices, Mercantil implemented a series of initiatives aimed at guaranteeing that clients could continue to carry out their transactions remotely, through our Digital channels. Among these initiatives are:

- Implementation of a “fast-track” remote Account Opening process aimed at Businesses, focused on restaurants referred by one of the main online order and food delivery companies, given the growth of the delivery service during the pandemic.
- Launch of the Mercantil Virtual MasterCard Debit card (e-card)
- Implementation of a process for Updating Natural Person and Legal Person Files through automated campaigns.
- Deployment of the data update functionality in Online Banking for Natural Persons
- Adaptation of the Mercantil Panama Call Center (CAM) to cover the increase in customer calls received
- Incorporation of a credit and debit card collection option in Courier operating centers, in addition to home delivery, to offer customers distribution alternatives.
- Prioritization of the automation of operational and business processes, through Robotic Process Automation (RPA) technology.
- Incorporation of functionalities for service payment through online banking, and improvements in the process of affiliating business users.
- Management of access codes (request, temporary blocking, temporary unblocking, replacement, cancellation and PIN display) of physical and virtual debit cards through online banking

Likewise, and based on the provisions of Agreement 002-2020 of the Superintendence of Banks of Panama and the moratorium extension announced by the National Government and the Banking Association, customers were offered financial assistance through the deferral of payment of the monthly installments of mortgage and/or personal loans and/or corporate loans and credit cards, as well as the extension of the loan maturity, with which we managed to support more than 250 individuals with mortgage and/or personal loans; and more than 160 companies with corporate loans.



## BANKING

**Mercantil Banco, S.A**

## Digital banking

Mercantil Banco in Panama focuses its innovation strategy on the development of digital products and solutions that meet the needs of customers and contribute to their financial growth.

### Onboarding for account openings

In December 2019, we incorporated the “Become a customer” option on our website, through which we began offering our digital products and users began to enjoy the experience of opening a regular account: checking, savings or maximum, fully online, without leaving home, without going to a branch and with a fully digital notification and service process.



*it's time! Open an international savings account with \$1000  
Become a customer*

### Mony – More than a simplified account

We continued to expand our digital portfolio with the launch of our simplified “Mony” checking account, differentiated by having a zero “0” opening balance and the possibility of opening it from any mobile device, just by downloading the Mercantil Banco Panamá application. In addition to offering the benefits of a checking account, “Mony” offers differentiated functionalities for the market, such as the possibility of making transfers by email, the option of depositing money into the account with international cards, and the possibility of inviting friends and relatives to open their “Mony” account, among others.



### Mony Experience in Mercantil Mobile

During 2021, Mercantil Mobile evolved to present customers with a new interface with significant improvements in the user experience, with an intuitive and friendly design that allowed the entire portfolio of natural person customers to access the functionalities initially created for the simplified account product “Mony”, such as: recharging accounts with international debit and credit cards, creating groups to make joint payments between various people in the Mercantil community and obtaining insurance policies for International Banking clients.

### Redesign of Mercantil Online

We migrated our Online Banking to a much more intuitive design aligned with user experience trends, following the design standards of our corporate brand and incorporating a friendly and pleasant language in our channel.

### Digital payment solutions

We created the digital solutions portfolio for business clients of Mercantil Banco Panama, offering simple, safe and easy-to-use products for the end user, with which we managed to attract large billers as clients.

### Credit card offer with a completely digital experience

We approached our clients to offer the international Mastercard Gold credit card product through a digital interface, which included a firm offer of our product, the receipt of required documents and the closing of the offer without the participation of our sales force, digitally providing our customers with the attention they deserve throughout the whole journey.

BANKING  
Mercantil Banco, S.A

## Customer service and claims management

The Mercantil Call Center is responsible for meeting the requirements of our customers, through our telephone and messaging channels (email and Chatbot), complying with the quality standards established by the Bank, for this purpose:

- Registers claims in the Claims Attention System (SAR), channels, manages and monitors them.
- Promotes compliance with service agreements established in terms of response time, by problem-solving units.
- Monitors the NPS (Net Promoter Score) to assess the level of customer satisfaction and loyalty with the Bank.
- Monitors and analyzes the volume of claims, the quality of service, the average response time of operation, and the metrics on calls and emails managed, ensuring that adequate quality standards are maintained.
- Monitors and continuously updates the knowledge and management of the Chatbot (Web and Live).

Customer claims	Year 2021	Year 2020
<b>Financial transactions</b> (% of the total)	214 claims 0.03 %	208 claims 0.04 %
<b>Claims declared admissible</b>	144 67 %	172 83 %
<b>Claims declared non-admissible</b>	62 29 %	21 10 %
<b>Closed claims</b> (lack of evidence from the client)	8 4 %	15 7 %
<b>Non-financial transactions</b> (% of the total)	35,988 claims 0.34 %	27,354 claims 0.53 %

## Client communication and interaction channels

Mechanism or channel	Description
<b>Headquarters</b>	Ave. B South, Panama, Torres de las Americas Tower B, Punta Pacifica, Panama
<b>Telephone</b>	+507 282-5000 / 282-5001
<b>Branches</b>	On-site service through 3 branches, nationwide
<b>Website</b>	www.mercantilbanco.com.pa
<b>Chatbot</b>	MERCAN24 on the website
<b>Whatsapp messaging</b>	+507 6999-7604
	<b>Twitter: @Mercantilbanpa – 6,813 followers</b>
	<b>Instagram: @mercantilpanama – 17,413 followers</b>
<b>Social media</b> (followers at the end of 2021)	<b>Facebook: @mercantilbancopanama – 12,773 followers</b>
	<b>Youtube: Mercantil Panamá – 1,160 suscribers</b>
	<b>Linkedin: Mercantil Panamá – 2,697 followers</b>
<b>Mailbox</b>	mercan24@mercantilbanco.com.pa
<b>Email</b>	Notifications regarding products, services and regulations. Promotional campaigns. Digital newsletters.
<b>Satisfaction polls</b>	NPS (Net Promoter Score) monthly

## BANKING

## Mercantil, C.A., Banco Universal

## Mercantil, C.A., Banco Universal

Mercantil Banco participates mainly in the Venezuelan market with a comprehensive offer of financial services through its individual, private, mass, business and corporate banking segments. It has its deposit products through accounts in national and foreign currency. In addition, it provides financing options for commerce, construction, agriculture, tourism and manufacturing. It also maintains credit products for individuals. Mercantil is issuer of Visa, Mastercard and Diners Club credit cards.

The service model is divided into two areas: physical service channels and digital service channels. The physical service channels comprise the branch network. Digital or electronic channels are made up of:

- **Online and mobile banking for persons**
- **Online and mobile banking for businesses**
- **Call Center, Interactive Voice Response (IVR)**
- **Automatic Teller Machines**
- **Self-service Hall**
- **Tpago:** Mobile payment app integrated to the interbank network for sending and receiving mobile payments instantly between people affiliated with the service (P2P) merchants (P2C) and more recently the collection of merchants for mobile payments (C2P).
- **MIA, virtual assistant**
- **Mercantil API Portal (application programming interface):** the first API portal in Venezuela through which companies can integrate with the bank to improve their collection in a more efficient way.
- **Mercantil Payments Portal:** t allows companies to have a Portal that facilitates the collection for the provision of their public and private services without carrying out developments. Currently payments can be made with Visa and MasterCard Credit Cards from any bank and Mercantil Debit Cards.

During the 2020-2021 period, the main efforts were aimed at: the development of products and services to strengthen the value proposition to customers and boost the growth of deposits and foreign exchange transactions; promote collection through the affiliation of businesses with large turnover, offering them digital payment mechanisms and reconciliation services; and increase the number of affiliations of physical and virtual Points of Sale (POS) to increase the billing of acquisition commissions.

### Under the supervision of:

- Superintendence of Banking Sector Institutions (SUDEBAN)
- Central Bank of Venezuela (BCV)
- Social Protection Fund for Bank Deposits (FOGADE)

### Mercantil, C.A., Banco Universal

### FitchRatings

CC for long term  
C for short term and  
cc for Feasibility.  
It is the highest international rating,  
given Venezuela's sovereign ceiling.

	Year 2021	Year 2020
<b>Branches</b>	218	219
<b>Automatic Teller Machines</b>	933, de los cuales 171 multifuncionales	938, de los cuales 171 multifuncionales
<b>Point of Sale (POS) transactions</b>	Physical POS: 252,555,637 Virtual POS: 301,239	Physical POS: 127,978,334 Virtual POS: 111,443
<b>Mercantil online for persons MELP Mercantil mobile for persons MMP</b>	+1.5 million active users 707,222,384 transactions	+1.5 million active users 681,896,014 transactions
<b>Mercantil online for businesses MELE Mercantil mobile for businesses MME</b>	798,768 active users 120,037,706 transactions	839,392 active users 126,420,609 transactions
<b>Financial and non-financial transactions</b> (including SMS and MIA chatbot)	686,675,788 financial transactions 665,250,605 non-financial transactions	621,760,753 financial transactions 690,604,854 non-financial transactions
<b>Credit cards</b> Visa, Mastercard, Diners	1.63 % of the Credit Portfolio 1,864,802 cardholders	1.78 % of the Credit Portfolio 1,892,490 cardholders
<b>Tpago (P2P / P2C) sent and received payments</b>	269,478,484 transactions	218,058,164 transactions
<b>Chatbot MIA</b> (Mercantil Artificial Intelligence)	893,000 conversations	628 mil conversations
<b>Active clients</b>	+5.1 million people +240,000 businesses	+5.2 million people +235,000 businesses
<b>Market Share</b>	9.9 % Gross Credit Portfolio 19.9 % Total deposits plus liabilities on sight <b>Total 29.8 %</b>	10.6 % Gross Credit Portfolio 17.2 % Total deposits plus liabilities on sight <b>Total 27.8 %</b>
<b>Market Positioning</b>	2° in the private financial system	1° in the private financial system

## BANKING

**Mercantil, C.A., Banco Universal****COVID-19 measures towards to clients**

Following the guidelines issued in Venezuela, a limited face-to-face service scheme was implemented at the national level, during special hours, with the opening of between 40 % and 50 % of our offices from mid-2020 during the weeks of greater flexibility, and specific services behind closed doors in the country's main offices during the weeks of greatest mobility restrictions (radical weeks). This scheme was maintained until November 2021, when nearly 70% of branches began to open continuously.

In addition to the biosecurity measures applicable to both employees and customers in all our facilities, Mercantil implemented a series of initiatives aimed at guaranteeing that customers could continue to carry out their transactions remotely, through our Digital Banking. Among these initiatives are:

- Implementation of remote processes for issuing and renewing products, and updating data
  - Replacement of Debit Cards through a virtual Debit Card
  - Opening of accounts to Legal Entities, mainly from priority sectors
  - Updating of customer contact data, initially by telephone, and later through the artificial intelligence assistant: MIA.
  - Enabling functionalities for establishing and managing security schemes, initially by telephone, and later through the artificial intelligence assistant: MIA.
  - Updating customer files through personal online banking
- (MELP) to comply with the regulations on the existence of a unique customer identification file, which must be kept updated with a defined frequency.
  - Establishment of an onboarding, advice and appointment management service for new clients to open electronic accounts, through the MIA virtual assistant (Mercantil Artificial Intelligence).
  - Regarding the management of claims resolution, special operations were carried out in order to comply with the deadlines established in the Law.

**Digital Transformation and Customer Experience****Online and mobile banking**

The new Mercantil Online for Persons (MELP) experience was launched, which holds the continuous delivery commitment, counting at the end of 2021 with the functionalities of Consolidated Balance, Transfers, TPago, file updating and opening of second accounts. This new intuitive and dynamic design will allow customers to carry out value transactions in a more comfortable and simplified way. Currently, while valuable functionalities are being incorporated into the new experience, there will be coexistence between both versions.

For its part, Mercantil Mobile for Persons (MMP) launched a new experience at the end of 2020 and in 2021 functionalities were incorporated to: carry out retail operations (purchase and sale of foreign currency), make mobile payments incorporating TPago within a single mobile application, and Improvements were applied to make payments with QR and through a shopping cart with affiliated businesses, speeding up transactions by not having to enter the payment data.

The new experience of the Mercantil Mobile for Businesses (MME) application was rolled out under a new version, which offers an intuitive design to facilitate navigation for legal clients, allowing access through biometrics, registration with a QR code and offering functionalities such as sharing of transactions. This new technological platform enhances the continuous delivery of value, while applying the Mobile First concept that is being implemented for businesses.

In the case of Mercantil Online for Businesses, the inclusion of multi-currency file delivery and the Secure Mailbox for files stand out, allowing customers to improve and simplify their reconciliation processes for the different products. Functionalities were also developed to strengthen foreign currency transactions, highlighting among them, the batch payment module to suppliers and payroll; transfers to third parties, electronic retail, accompanied by a marketing communication plan to support its positioning.





MIA  
*helps you unlock your ATM and POS code*  
 I AM MIA, CAN I HELP YOU?  
*Power your new world*

### MIA Virtual Assistant

The MIA (Mercantil Artificial Intelligence) virtual assistant is a chatbot available on the Bank's website, through which information about products, services and requirements can be obtained, as well as managing security schemes such as changing, unlocking and creating passwords.

During 2021, a referral functionality was incorporated into the MIA virtual assistant, which simplified the process of opening electronic accounts for natural persons, by facilitating data of potential clients to be contacted through the Mercantil Call Center, and providing them support throughout the whole process until the opening of their electronic checking account.

Additionally, MIA actively participated in the Tpago Tpremia campaign, which ran between November 2020 and February 2021 and sought to build customer loyalty and boost collections, by rewarding customers and non-customers using mobile payments on the interbank network, for which the chatbot allowed the consultation of the accumulated tickets.

### Open Banking

As part of its Open Banking strategy, the Bank continued to expand the offer of APIs (application programming interfaces) that allow easier and faster integration with customers. The offer began with the payment APIs, incorporating a payment button that accepts payments with credit cards from all banks and Mercantil debit cards; a mobile payment button for the collection of businesses to People through C2P and the delivery of leftover money to customers in the mobile payment format; and an API for Electronic Data Transmission, which allows companies, from the comfort of their platforms, to send files for payroll, supplier and direct debit payments, and receive responses from them directly on their platforms.



MIA  
*it's artificial intelligence*

BANKING  
Mercantil, C.A., Banco Universal

## Customer service and claims management

We have a Customer Service area that coordinates the management of customer service and the customer protection of financial and non-financial services, specifically:

- Promotes improvement actions that lead to the achievement of excellence, alerting and providing feedback to the Claims Resolution units.
- Manages and reports the performance of claims resolution in the Units involved in the entire process through metrics and functional monitoring.
- Receives complaints from Official Bodies and manages the requirements requested by the Customer Ombudsman.

Claims are received through our branches, the Call Center, or through the self-management facilities offered by our electronic channels. In those cases in which the problem-solving units are unable to solve the reported situation, they are escalated to have the support of Legal counsel, Security investigations, as well as the Customer Ombudsman.

Customer claims	Year 2021	Year 2020
<b>Financial transactions</b> (% of total)	35,645 claims 0.0052 %	76,895 claims 0.0124 %
<b>Claims declared admissible</b>	18,554 52 %	51,095 66 %
<b>Claims declared non-admissible</b>	11,541 32 %	17,054 22 %
<b>Closed claims</b> (lack of support from the client)	5,550 16 %	8,746 11 %
<b>Non-financial transactions</b> (% of total)	264 claims 0.00004 %	423 claims 0.00006 %

## Customer and Banking User Ombudsman

Aiming to provide adequate attention to claims and to comply with the provisions of the resolution issued by the Superintendence of Banks and Other Financial Institutions (Sudeban), we have the Customer and Banking User Ombudsman, whose functions include processing and resolving the requests for reconsideration presented by clients and users, of the cases declared inadmissible by the Customer Service Area.

For this, we place on our website the format to be used to process customer requests, which must be delivered in writing at any Mercantil branch or through the email address: [defensordelcliente@bancomercantil.com](mailto:defensordelcliente@bancomercantil.com).

## Cases serviced by the Bank Customer and User Ombudsman

	Year 2021	Year 2020
<b>Managed cases</b>	1,517	2,612
<b>Decided cases</b>	1,006	1,991
<b>Non-admissible cases</b>	953	1,928
<b>Admissible cases</b>	53	63

<b>Appeals decided,</b> according to type of transaction	<b>306</b> Debit card	<b>516</b> Debit card
	<b>205</b> Tpago	<b>627</b> Tpago
	<b>106</b> Transfers	<b>520</b> Transfers
	<b>305</b> Internet	<b>32</b> Others
	<b>84</b> Others	<b>Total: 1,695</b>
<b>Total: 1,006</b>		

BANKING  
**Mercantil, C.A., Banco Universal**

**Canales de comunicación e interacción con clientes**

Mechanism or channel	Description
<b>Headquarters</b>	Andres Bello Ave., N° 1, Mercantil Building, San Bernardino. Caracas, Venezuela.
<b>Telephone</b>	+58 212 503 1111
<b>Branches</b>	218 branches in Venezuela and one Branch in Curazao
<b>Website</b>	www.mercantilbanco.com
<b>Chatbot</b>	MIA (Mercantil Inteligencia Artificial) within the website
<b>Social media</b> (followers at the closing of 2021)	<b>Twitter:</b> @MercantilBanco – 358,366 followers
	<b>Instagram:</b> @mercantilbancouniversal – 80,069 followers
	<b>Facebook:</b> @mercantilbancooficial – 9,241 followers
	<b>Youtube:</b> Mercantil Banco – 22,132 suscribers
	<b>Linkedin:</b> Mercantil Banco – 60,902 followers
<b>Mailbox</b>	mercan24@bancomercantil.com
<b>Customer and Banking User Ombudsman</b>	defensordelcliente@bancomercantil.com
<b>E-mail</b>	Notifications regarding products, services and regulations. Promotional campaigns. Digital newsletters.
<b>Satisfaction poll</b>	NPS (Net Promoter Score) quarterly



# FINTECH

## MFTech, S.A.

Mercantil has acknowledged the impact and relevance of technology for the financial sector and for this reason, in addition to its efforts to incorporate digital into traditional businesses, it has invested in the development of new businesses with the construction of its own fintech, MFTech, through which we offer digital solutions that contribute to financial inclusion.

Incorporated and domiciled in Panama in 2020, MFTech, S.A. is governed by the laws of Panama and is authorized to operate as a Money Remittance House by the General Directorate of Financial Companies of the Ministry of Commerce and Industries (MICI) in Panama, and as an issuer of electronic money and means of payment by the Superintendencia de Bancos de Panama. It is part of the community of the City of Knowledge Foundation and CAPATEC (Panamanian Chamber of ICTs).

Known commercially under the Zinli brand, MFTech's main purpose is to promote financial inclusion for individuals, startups and small businesses, providing them with access to useful and affordable financial products and services that meet their payment needs, with low transaction costs, delivered in a timely, responsible and sustainable manner.

When we talk about financial inclusion, it is important to remember that the financial system has five pillars: payments, savings, credit, investment and insurance. And in all of them we have more than 70% of the population that does not use or access them.

### Under the supervision of:

- Ministry of Commerce and Industry of Panama (MICI)
- Superintendencia de Bancos de Panama

Financial inclusion is a key factor for the development of countries, since it allows the growth of the formal economy, job creation, increases financing/credit, helps financial stability, stimulates economic activity and increases government revenue, thus contributing to the reduction of poverty and inequalities.

This is how in 2020 we began the development of Zinli, with the purpose of connecting people in an agile, safe and unprejudiced way, because we believe that the financial well-being of people should have no borders.

Zinli offers the unbanked and underbanked population looking for secure options to manage their money, a digital payment solution, aligned with the main global trends in payment methods.

Zinli also facilitates financial inclusion for smaller businesses and entrepreneurs, because when they join they obtain a QR code that can be included in the sales interaction with their customers, either through a physical point of sale, through their website, social media, email marketing, among others, thus offering potential customers an additional payment option so that they can purchase their products or enjoy their services.

This Panamanian digital wallet is available to everyone, making it easy to send money between users, and allowing to manage and receive payments quickly, safely, easily and affordably. By offering the possibility of recharging in cash in different Latin American countries, and having the money available in a matter of minutes, it facilitates access to digital money and increasingly includes the unbanked population in the payment ecosystem.

Following a simple and easy registration process, anyone with a valid passport can obtain their Zinli account, and in this way obtain a Virtual Visa Card that allows them to make purchases or acquire a service in any virtual store. Additionally, it offers the possibility of obtaining a physical Visa Card, which is accepted in all stores worldwide that allow payments through Visa Cards.



FINTECH

**MFTech, S.A.**

Although we were born in 2020 and consolidated as a Panamanian digital wallet in 2021, we can count among our main achievements:

- ✓ Being the first digital wallet for financial inclusion born and regulated in Panama
- ✓ Being the first in Panama to offer a free Virtual Zinli Prepaid Visa Card, without commissions, or issuance and maintenance costs.
- ✓ Being the first digital wallet in Panama to generate cash recharge capacity in more than 8 countries throughout Latin America (in alliance with Punto Pago)
- Launch Physical Zinli Visa Prepaid Card:

  - ✓ - In Panama, via online and delivery in minutes (in partnership with Do it Center)
  - ✓ - In Venezuela, covering almost the entire country (22 of the 23 states, +80 cities and population centers).
- ✓ Being the second institution with the most Visa Card issuances in Panama, adding 0.7% of the total sales of prepaid + debit cards as of December 2021.
- ✓ Build a network of professionals from different Latin American countries with extensive experience in electronic payments and banking.
- ✓ Being recognized in Panama and internationally through news coverage in the press and specialized media.



We are committed to strengthening the capabilities of payment methods through payments with QR and email of our business partners, and to strengthening our value proposition, providing more and more recharge options, while achieving the massive use of the Physical Zinli Visa Prepaid Card, and expanding our functionalities offer.

**Client communication and interaction channels**

Mechanism or channel	Description
<b>Headquarters</b>	Province of Panama, District of Panama, Building 174, City of Knowledge, Evelio Lara St., Clayton, Ancon.
<b>Website</b>	www.zinli.com
<b>Chatbot</b>	Zinli Virtual assistant
<b>Whatsapp messaging</b>	Zinli Chatbot: +507 6952-4572
<b>Social media</b>	Twitter: @somoszinli
	Instagram: @somoszinli
	Facebook: somoszinli
	Youtube: zinli
	Linkedin: zinli
<b>E-mail</b>	hola@zinli.com

## OUR BUSINESS LINES

# INSURANCE AND REINSURANCE



## Mercantil Seguros, C.A.

Established in 1988, Mercantil Seguros is one of the largest insurers in Venezuela. With high technology and a great human team, its care and service platform for intermediaries and policyholders is oriented towards excellence and quality as a premise.

With more than 30 years of experience, we offer insurance solutions in the lines of health, vehicles and property, for individuals and companies, with extensive protection options and premium payment methods adjusted to the needs and possibilities of our customers, which we deliver in an agile, reliable, differentiated and effective way.

We focus on providing the best protection to our customers, focusing on understanding their most specific needs in order to offer innovative products and services that make their day-to-day life easier, supported by technological solutions and channels that guarantee a differentiated and efficient after-sales service.

### We stand out for:

- Proven experience in international health insurance, backed by Hannover RE, a leading reinsurer
- Constant innovation and adaptation to market needs
- Team specialized in property products
- Being pioneers in the use of technology for the quoting, issuance and collection of products, 100% digitally
- After-sales service that includes 100% digitally self-management of requests, rapid attention of emergency cases, and response to doubts or concerns.
- Support services available 24 hours a day, 7 days a week
- Digital channels that facilitate the monitoring and self-management of procedures for our advisors, and process payments to our suppliers in a more efficient way.

**Under the supervision of:** Superintendence of Insurance Activity  
**Subsidiaries:** - Mercantil Financiadora de Primas, C.A.  
 - Mercantil Administradora de Riesgo, C.A.

## INSURANCE AND REINSURANCE

## Mercantil Seguros, C.A.

Figures in thousands of US\$	Year 2021	Year 2020
<b>Insured clients</b>	255,473	182,657
<b>Issued policies</b>	140,394,214	100,435,254
<b>Market share</b>	27.6 % of the Venezuelan insurance market	30.5 % of the Venezuelan insurance market
<b>Market positioning</b>	1° Place	1° Place
<b>Percentage of issued policies by segment</b>	5.27 % automobile 78.66 % persons 16.07 % assets	8.93 % automobile 61.98 % persons 29.10 % assets
<b>Amounts paid in claims</b>	131,033,576	61,086.224
<b>Amount and percentage of claims served by segment</b>		
<b>Persons</b>		
<b>Letters of guarantee</b>	12,904	9,679
<b>Emergencies</b>	35,037	22,462
<b>Health claims</b>	111,432	61,432
<b>Subtotal</b>	159,373 (1.41 %)	93,573 (95.77 %)
<b>Automobile</b>	2,297 (1.41 %)	3,789 (3.88 %)
<b>Property</b>	333 (0.21 %)	341 (0.35 %)
<b>Service through the Mercantil Medical Service Plan (PAMM)</b>	337,811	164,840



**Mercantil**

**App Médico Global Benefits**

- Consulta médica telefónica
- Atención por videollamada
- Emisión de informe o recípe
- Solicitud de medicamentos
- Servicio médico a domicilio
- Traslados en ambulancia
- Segundas opiniones médicas

- Global Benefits Medical App*
- Telephone medical consultation
  - Attention by video call
  - Issuance of report or prescription
  - Medication request
  - Medical service at home
  - Ambulance transfers
  - Second medical opinions

Between 2020 and 2021, we focused on serving current and potential customers, their retention, and the creation and sale of products for all our segments aimed at new customer niches, providing new coverage options, installment payments and online issuance.

As of 2021, the Net Promoter Score (NPS) began to be applied, a satisfaction evaluation system, which at the end of that year showed a satisfaction level of 55% in the surveyed clients who had presented some type of claim. The decision was made to extend the NPS application to advisors and suppliers from the year 2022.

## INSURANCE AND REINSURANCE

**Mercantil Seguros, C.A.****Digital Transformation and Customer Experience**

The circumstances made us capable of turning our entire operation to the digital world, making use of the technological, analytical and infrastructure capabilities that were being developed, to maintain productivity and accompany our policyholders at the most critical moment, lending a hand to face the pandemic to those who needed it.

This allowed us to continue providing the best service to our clients in a timely, flexible manner and through different channels, always seeking the care of our people.

In 2020, we launched a new website, which permitted easier access to information, prioritized content and simplified site navigation, thus improving the user experience in the use of its products and services, with contact channels to quickly respond to emergency cases and resolve inquiries or concerns.

An online sales channel for health policies was also included, which offered the possibility of digitally acquiring (quoting, issuing and paying) health policies, with different amounts of coverage.

In 2021, we offered through the portal for the policyholder and the advisor, digital forms that allowed the self-management of requests of letters of guarantee, reimbursements, make corrections to issued policies data, and notify payments. Similarly, we developed tools to make suppliers payments management more efficient.

In August 2021 we used for the first time the digital policy renewal module, for renewing policies that had been issued in 2020, which has been registering constant improvements that include functionalities for changing the number and frequency of installments, data modification, inclusion of new insured, and even the possibility of increasing the coverage.

We continue working to successfully advance towards the consolidation of a portfolio of digital products and the optimization of operations at scale.



*Although we cannot shake your hand, we can give you a hand by covering expenses caused by the pandemic. All of our Mercantil Seguros services are active to deal with cases of Coronavirus (COVID-19) of our policyholders.*

*Save this number on your cell phone:  
Emergency WhatsApp (24 hours): +507 6383 0380  
Customer service WhatsApp (24 hours): +58 4123331502*

**COVID-19 measures toward clients**

The global health emergency initiated in 2020 represented one of the greatest challenges in recent history, and allowed us to show our contribution to society in different aspects. However, the most outstanding and most relevant contribution was our ability to respond to the COVID-19 pandemic.

In this way, the launch of the HC2000 product was conceived to respond and offer the necessary tranquility and security to the population exposed to the impacts of COVID-19, at a time when no insurance company responded financially to a pandemic event.

This product made it possible to offer new coverage options, with installments of premiums and a variety of payment channels, facilitating the access to insurance products for new customer segments, according to their needs and payment capacity, and without waiting periods at the time.

This allowed us to grow 75% new clients, being the only insurance company initially responding to an unprecedented situation in history, and despite of having had a particularly difficult year, characterized by a recessive economy and hyperinflation levels that affected the payment capacity of the Venezuelan population, we registered an increase in sales of health policies of 38.8% for the year 2020.

On the other hand, the investment made in COVID-19 cases in 2020 amounted to more than USD 7 million, a significant figure for the moment and concept of payments. Meanwhile, in 2021, around 30% of the expense in claims was directed to the attention of COVID-19 cases.

Likewise, 2021 was characterized by the company's anticipation, adaptation and rapid action on the market, which has allowed Mercantil Seguros to be recognized today as the reference company in the Venezuelan insurance market.

Awareness campaigns about the importance of having an insurance policy also had a positive impact on property and auto lines, with increases of more than 28% being observed in some periods, as was the case with property policies in 2021.

INSURANCE AND REINSURANCE

**Mercantil Seguros, C.A.**

**Client communication and interaction channels**

Mechanism or channel	Description
<b>Headquarters</b>	Libertador Ave. Isaías "Látigo" Chávez Street, Mercantil Seguros Building, Chacao. Caracas, Venezuela.
<b>Telephone</b>	+58 212 2762000
<b>Service offices</b>	12
<b>Website</b>	www.mercantilseguros.com
<b>Call Center</b>	+58 212 918 5700 +58 212 918 5900
<b>Social media</b>	<b>Twitter:</b> @Mercantilseg – 25,705 followers
	<b>Instagram:</b> @Mercantilseg - 41,538 followers
	<b>Facebook: MercantilSegurosVenezuela – 2,173 followers</b>
	<b>Youtube:</b> Mercantil Seguros – 1,600 subscribers
	<b>Linkedin:</b> Mercantil Seguros – 4,720 followers
<b>Whatsapp messaging</b>	+58 412 333 15 02
<b>Virtual mailbox</b>	Clients: atencion_cliente@mercantilseguros.com Advisor support: soporte_a_produccion@mercantilseguros.com Healthcare providers: proveedores_salud@mercantilseguros.com Automobile providers: recepcion_facturas@mercantilseguros.com
<b>SMS text messaging</b>	Notifications on service processing
<b>E-mail</b>	Notifications regarding products, services and regulations. Promotional campaigns. Digital newsletters.
<b>Claim support</b>	atencion_al_asegurado@mercantilseguros.com +58 212 2762531



INSURANCE AND REINSURANCE

## Mercantil Seguros y Reaseguros, S.A.

In order to comprehensively meet the needs of Mercantil clients in Panama, in 2013 the insurance company was established and domiciled in that country. In 2014, we received the Insurance License from the Superintendence of Insurance and Reinsurance of Panama for personal, general and bonds lines in the Republic of Panama, and in 2015 the General Reinsurance License for local and foreign risks from the Republic of Panama. In 2018 our corporate name changed from Mercantil Seguros Panamá, S.A. to Mercantil Seguros y Reaseguros, S.A.

We offer protection plans in the lines of health, vehicles, property and bonds for individuals and companies, with coverage in dollars, aimed at local clients in Panama and international clients. Additionally, we operate certain reinsurance contracts as part of our business model.

Commercially known as Mercantil Seguros, the company is characterized by:

- Excellent health products with international coverage
- Reinsurance capacities to cover property lines, granted by the main reinsurers worldwide
- Life, personal accident and cancer coverage products with adaptable and affordable insured sums
- Prompt payment and excellent relationship with our suppliers
- Paperless management of our clients, suppliers and reinsurers files

**Under the supervision of:** Superintendence of Insurance and Reinsurance of Panama  
**Subsidiaries:**

- Mercantil Reaseguradora Internacional, S. A.
- Mercantil Gestión y Cobranza, S.A.
- Mercantil Gestión y Cobranza II, S.A.

**Mercantil Seguros y Reaseguros, S.A.**



B++ in financial strength  
 bbb in long term credit issuing  
 Stable Outlook



*Protect yourself and your loved ones in Venezuela.  
 Acquire the funeral policy  
 Life Tranquility  
 form mony  
 Power your new world*

During 2020 and 2021, we mainly focused on retaining our customers, guaranteeing health coverage despite the ongoing COVID-19 pandemic, and implementation of mechanisms for providing adequate customer service to our policyholders. Similarly, we focused on developing strategies to enhance synergies within Mercantil and on offering product options to potential customers. The website was also redesigned, including self-management functions for clients and brokers.

We have an international risk rating issued by AM Best; in financial strength B++ and in long-term credit issuance bbb with a stable outlook.

## INSURANCE AND REINSURANCE

**Mercantil Seguros y Reaseguros, S.A.**

	Year 2021	Year 2020
<b>Offices</b>	1	1
<b>Insured clients</b>	24,266	13,190
<b>Undersigned policies</b>	30,537,692	16,899,875
<b>Market share</b>	1.9 % of the Panamanian insurance market	1.10 % of the Panamanian insurance market
<b>Market positioning</b>	11° place	16° place
<b>Percentage of undersigned policies by segment</b>	0.27 % Auto 87.08 % Persons 12.65 % Assets	0.64 % Auto 79.43 % Persons 19.93 % Assets
<b>Amount paid in claims direct insurance *</b>	19,861,543	5,921,146
<b>Amount and percentage of claims serviced by segment</b>	14 Auto (0.09 %) 16,327 Persons (99.79 %) 20 Property (0.12 %)	14 Auto (0.48 %) 2,894 Persons (98.97 %) 16 Property (0.55 %)

(\*) Figures in thousands of US\$

**Client communication and interaction channels**

Mechanism or channel	Description
<b>Headquarters</b>	Punta Darien Street, Torres de las Americas, Tower A, 14 floor Urb. Punta Pacifica Panama City, Panama.
<b>Telephone</b>	+507 3041150
<b>Website</b>	www.mercantilseguros.com.pa
<b>Call Service</b>	International: +507 8510886 From Venezuela: +58 212 9185700
<b>Social Media</b>	<b>Twitter: @MercantilSegPa</b> <b>Facebook: @Mercantil Seguros Panama</b>
<b>Whatsapp messaging</b>	+507 63830380
<b>Virtual mailbox</b>	atencion_al_cliente@mercantilseguros.com
<b>SMS text messaging</b>	Notifications on service processing
<b>E-mail</b>	Notifications regarding products, services and regulations. Promotional campaigns. Digital newsletters.

## Mercantil Reaseguradora Internacional, S.A.

Mercantil expands its international operation through the acquisition on May 29, 2019 of a Panamanian reinsurer operating since 1984 and that now, with the financial support and technical experience of Mercantil, becomes Mercantil Reaseguradora Internacional, S.A. (commercially known as **Mercantil RE**), through which we offer reinsurance support from Panama to LATAM countries, thus complementing the range of financial services that we make available to our clients.

At **Mercantil RE** we offer reinsurance support under facultative and contractual schemes in the lines of Fire, All Risk, General Civil Liability, Aviation. Recreational Vessels, Transportation, Life and Assistance Services to 13 LATAM countries, where we are duly registered and authorized to operate as an international reinsurer.

Our main strengths can be summarized as:

- Empathy: We know the business from the inside. We started as insurers and therefore we understand the real needs of our clients and try to find the most convenient solutions for them.
- Adaptation: We do not work with minimum rates or premiums. Whether the business is small or large, Mercantil RE is there to support it.
- Support: We have a solid retrocession program with first-rate retrocessionaires supporting our operation.
- Attention and speed: We guarantee answers to our clients in less than 24 hours.
- Qualified personnel: We have highly trained professionals in the businesses we support.
- Service: Attention for subscription and claims directly from our headquarters in Panama, guaranteeing speed and efficiency.
- Constant innovation and adaptation to market needs.

*Since our inception as Mercantil RE in 2019, our premise has been conservative, moderate and solid growth in LATAM, following a clear business strategy with a focus on supporting Contracts. Thus, in 3 years, Mercantil RE's portfolio has gone from a 45% share in Contracts to 78%, showing an evident increase that contributes to stability in the risks assumed.*

Under the supervision of: Superintendencia of Insurance and Reinsurance of Panama

Mercantil Reaseguradora Internacional, S.A.

**FitchRatings**

Insurance Financial Strength at **BBB**  
(pan)  
Stable Outlook



**B++** in financial strength  
**bbb** in long term credit issuance  
Stable Outlook

### Mercantil Reaseguradora Internacional, S.A.

	Year 2021	Year 2020
Undersigned policies *	14,061	5,033
Claims incurred	29 %	19 %
Portfolio distribution		
Contract	78 %	45 %
Facultative	16 %	43 %
Fronting	6 %	12 %
Inventory (current risks) *	1,809	824
Technical Result *	2,221	-248
Net utility *	2,463	162

(\*) Figures in thousands of US\$

### Client communication and interaction channels

Mechanism or channel	Description
<b>Headquarters</b>	Punta Darien Street, Torres de las Americas, Tower A, 14th floor, Punta Pacifica Urbanization, Panama City, Panama
<b>Telephone</b>	+ 507 (209.67.34) + 507 (397.69.40)
<b>Website</b>	www.mercantilre.com
<b>Virtual mailbox</b>	administracion@mercantilre.com contacto@mercantilre.com

## OUR BUSINESS LINES

# ASSET MANAGEMENT

We offer brokerage and investment advisory services for Private, Personal, Commercial and Corporate Banking clients, providing them with an experienced vision of the global capital markets and a value proposition that integrates personalized investment services, in Spanish, aimed at satisfying their financial needs and goals.

***We are present in Panama, Venezuela and Switzerland, through specialized and accredited subsidiaries to operate in their respective stock markets***

## Mercantil Bank (Schweiz) AG

Mercantil began activities in Switzerland in 1988 under the name of BMS Finanz AG, as a correspondent and international trade bank. In 2000, it received a license to operate as a bank and securities broker under the name Banco Mercantil (Schweiz) AG. Since 2012 we have focused exclusively on Private Banking and Asset Management.

We are proud to have been the first Latin American bank to be established in Switzerland, which allows us to offer wealth management services to Private Banking clients, in Spanish, from one of the most important financial centers in the world.

Our Private Banking products and services are carefully selected, adapted to the needs, expectations and investment profile of our clients, and delivered in a personalized manner by expert professionals, with diligence, security, discretion, privacy, responsibility and high standards of quality:

- Asset management
- Discretionary management of investment portfolios
- Mutual Fund Portfolios
- Fixed Income Portfolios
- Online Brokerage Services
- Structured Product Design
- Lombard loans having investment portfolios as collateral
- Multicurrency accounts in USD/EUR/CHF
- Foreign exchange spot and forward transactions
- Expert financial advice for the implementation and monitoring of investment strategies
- Online services for the remote management of your portfolio, with state-of-the-art security standards in Swiss banking (mosaic color code called CrontoSign Swiss)

Additionally, we incorporated new strategic alliances and expanded current relationships in the External Wealth Advisors segment in Switzerland and Latin America, to whom we offer all the products and services of the Mercantil subsidiaries, and the support of our back-office and online banking, to ease and respond to the financial needs of their customers.

**Under the supervision of:** Swiss Financial Market Supervisory Authority FINMA



### Mercantil Bank (Schweiz) AG

Figures in US\$	Year 2021	Year 2020
Number of Clients	886	889
Traded volumes	400MM	275MM
Total third-party assets managed	743MM	674MM

## Mercantil Servicios de Inversión, S. A.

Through Mercantil Servicios de Inversión, S.A., a brokerage house located in Panama, we make the global financial asset market available to our clients, with a wide range of investment and financing products adapted to different profiles and needs.

We have had a Broker-Dealer License and an Investment Manager License since 2012, and we are a full member of the Latin American Stock Exchange "Latinex". We have been

market makers of MSFI shares since 1999, and market makers of Government Bonds since 2021.

We are backed by major internationally recognized custodians, including BNY Mellon, Clearstream Banking, S.A., Euroclear, Jefferies, and Central Latinoamericana de Valores S.A. (Latin Clear). In addition, we operate through various international and local counterparties. All of these relationships provide guarantees to our operation.

### Main products and services

Investments	<ul style="list-style-type: none"> <li>- Structured investment on short-term mutual liability</li> <li>- Custody and brokerage Securities</li> <li>- Own Mutual Funds</li> </ul>	<ul style="list-style-type: none"> <li>- Structured Notes</li> <li>- Passive management</li> <li>- Options</li> </ul>
Financing	Margin account to finance purchase of securities	
Primary placement	Structuring, distribution and payment agent	

### We stand out for:

- Offering personalized attention remotely
- Diversity of tailored investment products
- Timely and permanent information
- Safety in the custody of securities
- Tradition in wealth management
- Digital channels for online investment management
- MIA virtual assistant (Mercantil Artificial Intelligence)

Figures in US\$	Year 2021	Year 2020
Number of Clients	3,552	3,335
Traded volumes	239 MM	119 MM
Total third-party assets managed	737 MM	423 MM
Market position by Ranking of managed assets	12vo	17mo

Regulated and Supervised by Superintendencia of the Securities Market of the Republic of Panama

ASSET MANAGEMENT

## Mercantil Merinvest Casa de Bolsa, C.A.

Founded in 1989, it is dedicated to brokerage of securities on the Caracas Stock Exchange, to structuring and placement of issues of variable-income securities (shares) and fixed-income securities (unsecured bonds, commercial papers, etc.), to serve as common representative in debt issuances and to offer financial advisory to companies.

Through the Investment Brokerage Account, it opens the doors to the Venezuelan Stock Market, allowing its clients to carry out purchase/sale operations of private securities in national currency, quickly and easily.

Mercantil Merinvest Casa de Bolsa is a leader in the primary placement of public issuances of fixed-income securities through the Caracas Stock Exchange, achieving financing alternatives for companies and also offering its clients investment instruments in the local market, with excellent risk rating and attractive returns.

Additionally, alliances have been developed with other brokerage houses and actors in the Venezuelan stock market, to strengthen the sector and encourage the generation of innovative products and services that allow greater market growth.

### Mercantil Merinvest Casa de Bolsa, C.A.

Figures in US\$	Year 2021	Year 2020
Number of Clients	6,439	6,123
Traded volumes	159.4MM	2.6MM
Market Position by Fixed Income Ranking	1st Place	2nd Place

Under the supervision of: National Securities Superintendence (SUNAVAL)

During the years 2020 and 2021 we have focused on developing various initiatives that allow us to enhance our value proposition in terms of Asset Management and expand our sources of income, among which stand out:

- During the years 2020 and 2021 we have focused on developing various initiatives that allow us to enhance our value proposition in terms of Asset Management and expand our sources of income, among which stand out:
- Deepen the Relationship with existing customers, through segmented sales campaigns for proactive support, development of special commission schemes for transactional customers, and identification of opportunities for rotation and promotion of structured products
- Increase our market share by capturing new customers in new spaces
- Strengthen and develop financial market analysis capabilities and expand our information services.
- Strengthening relations with counterparts and correspondents. Recently incorporated BoNY.
- Structure own and third-party issues
- Participate in auctions as government market makers, in Panama
- Develop “options” strategies
- Strengthen the management of our own portfolio, taking advantage of opportunities in the market, with monitoring and optimal processes.
- Drive business profitability through cost optimization initiatives and prioritization of revenue generation
- In Switzerland, launch the new special purpose vehicle (SPV) which allows issuance of various active management certificates
- Start immediate and no cost bank transfers between Mercantil Suiza and Mercantil Panamá
- New value proposition for clients of Mercantil Suiza who wish to open accounts at Mercantil Panama and offer them a dedicated service that includes special conditions for credit cards
- Maintain leadership in the placement of securities in the growing fixed income market in Venezuela.



Interested in investing in the Stock Market? Contact a stockbroker Power your new world



investment brokerage account Processing it is now much easier!

ASSET MANAGEMENT

### Digital Transformation and Customer Experience

During the period we have improved the digital onboarding experience, facilitating and simplifying the requirements for our clients, and we have optimized data updating processes, with a more visual and approachable concept.

We have also improved and incorporated new services, such as a renewed and simplified Digital Account Statement, and digital market reports, which are complemented by podcasts and webinars aimed at our clients and the general public.

Additionally, we created new digital service channels, such as the MIA chatbot (Mercantil Artificial Intelligence) and a corporate WhatsApp messaging.

In Switzerland, we incorporated the online securities trading service and launched the new MBS Contact chat application to allow secure and confidential interactions between clients and their financial advisor.

### Customer service and claim processing

We have procedures for the proper management and control of customer complaints which have been approved by the Board of Directors, ensuring compliance with service quality standards, and in strict adherence to the Code of Ethics and policies for Money Laundering Prevention and Control and Financing of Terrorism.

Claims are received by email, and are duly registered in a specialized tool, including their details and their corresponding requirements. Once each case has been analyzed, it is directed to the responsible resolution unit, and its status is monitored daily until resolved, when the client is informed about the solution provided, all this guaranteeing adequate service times.

### Client communication and interaction channels

	Mercantil Servicios de Inversión, S. A	Mercantil Bank (Schweiz) AG.	Mercantil Merinvest C.A.
<b>Headquarters</b>	Torre de las Americas, Tower B, 11th floor, Punta Pacifica, Panama City, Panama	Kasernenstrasse 1, 8004 Zurich, Suiza	Andres Bello Ave., N° 1, Mercantil Building, 26th floor, Caracas Venezuela
<b>Telephone</b>	(50-7) 282.58.00 0800-100.53.17 From Venezuela (toll free)	(41-43) 344 45 55 0800-134. 11.43 From Venezuela (toll free)	(58-212) 503 0651 Investment Brokerage Account (58-212) 503.20.66 Investment Portfolio (58-212) 503.20.20
<b>Website</b>	www.mercantils.com.pa	https://mercantilsuiza.com	www.mercantilmerinvest.com
<b>Social media</b>	Twitter: @MercantilSI	NA	Twitter: @MMerinvest
<b>E-mail</b>	contactenos@mercantils.com.pa atenciondereclamos@mercantils.com.pa	Buzón de Contacto a través de la Página web o contactos@mercantilsuiza.com	Investment Brokerage Account: ccdeinversion@mercantilmerinvest.com Investment Portfolio: pmi@mercantilmerinvest.com pcm@mercantilmerinvest.com
<b>Messaging</b>	Whatsapp Business	MBS contact safe chat application	
<b>Newsletters</b>	- Daily financial closing	7+7 Market Report - Financial closing - Transaction Advisory Newsletter	Daily financial closing
<b>Podcasts</b>	MICROCAST MERCANTIL		



Get all the information you need about the Investment Brokerage Account  
Power your new world



Know all the possibilities we have for you!  
Power your new world

# PROCUREMENT AND SUPPLIER MANAGEMENT

Mercantil adopts safe and lasting commercial, financial and business relationships with its suppliers, and safeguards its reputation as an institution, in compliance with the existing legal regulations in the geographies in which it carries out its activities and businesses, especially those related to Asset Laundering Prevention and Financing of Terrorism.

To this end, it has a **Supplier Selection Manual** that provides guidelines to be adopted by its subsidiaries when selecting their suppliers in the processes of acquiring goods and services, and establishes the responsibilities of the different units involved in the purchasing processes and contracting of suppliers, to ensure compliance with procedures, and the maintenance of exhaustive controls and reviews, in accordance with internal policies, current regulations and best practices.

Our Code of Ethics establishes that before proceeding with the acquisition of goods or services, or making any disbursements, the officials and employees authorized to do so will verify that they are needed and their prices are fair and reasonable, avoiding any wasteful or sumptuous expenses, outside of our policies and a sound administration.

Additionally, for each purchase or contracting process, at least three (3) suppliers capable of providing the product and/or performing the service are identified -although in some cases, depending on their nature, less than three suppliers may be accepted-, to whom a **due diligence process of the supplier** is performed on an ongoing basis, that is, before, during and after the execution of the contract, as established in the **Anti-Corruption and Bribery Policy**.

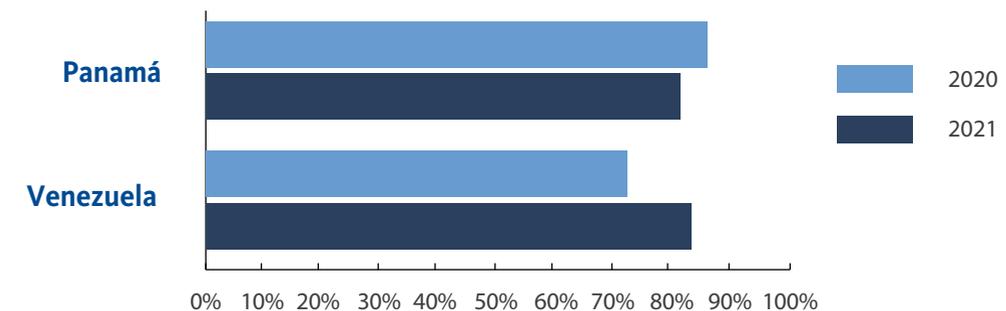
The purpose of this process is to obtain and register in a timely, truthful, transparent, complete, and annually updated manner, all the information that corresponds to the natural and legal persons, in order to establish and maintain the condition of supplier, allowing their full identification, including the verification of their identity and data provided, their specific economic activity, final beneficiaries, and financial profile.

On the other hand, the **sensitivity and risk level of the supplier** is determined, and based on this, the verification and monitoring of its operations is carried out, including a revision of their constitutive document and public information sources available, their economic activity, main clients, members of the board of directors in the case of legal persons, permits and certifications required for its operation, etc.

	Panama		Venezuela	
	Year 2021	Year 2020	Year 2021	Year 2020
<b>Number of Suppliers</b>	36	32	1472	1464
<b>% local suppliers</b>	83 %	84 %	95 %	95 %
<b>Expenditure*</b>	4,426	3,867	208,087	91,764
<b>% local expenditure</b>	83 %	88 %	85 %	73 %

(\*) Figures in thousands of US\$

## Percentage of local expenditure evolution 2020-2021



## PROCUREMENT AND SUPPLIER MANAGEMENT

Based on all this commercial information, Mercantil maintains an identification record of the suppliers, which is reviewed annually by applying a risk -based approach, to gather, record and keep the information updated while the commercial linkage with the supplier lasts. It should be noted that in an effort to reduce the use of paper and toner, as well as the physical storage of suppliers' files, it is required to deliver all requirements and offers in digital format.

When it comes to the acquisition of electronic equipment or components, it is favorably evaluated that the offered solution is designed to take advantage of future developments and thus not being exposed to technological obsolescence in the short term, seeking opportunities that new technology enables. Likewise, in the event that Mercantil has components of a similar nature, it is expected that they will be delivered to Trade-In as part of the contract payment, and that they will be fully removed by the supplier for reuse and subsequent safe final disposal.

In its contracts, Mercantil requires that the supplier declares that it has complied with all the legal provisions on labor matters in force at the time of execution of the contract, and undertakes to comply with those to be issued in the future, including Health and Occupational Safety provisions. Likewise, it requires Mercantil to be released from all labor liability towards its workers, expressly forcing itself to assume Mercantil's defense in the case of any claim, demand, proceeding or complaint for such concepts, as well as to indemnify it in the event of being sentenced to pay any amount of money by a judicial or administrative authority in relation to a claim initiated by any employee of the supplier.

In the Anti-Corruption and Bribery Policy, Mercantil declares that it will not establish commercial relations with third parties that have incurred in this type of act, considering them contrary to its ethical principles and values, and indicates that the commission thereof by suppliers or those who act on their behalf, in order to obtain benefits for themselves, for Mercantil or for third parties, will constitute grounds for dismissal or rejection of any future business relationship.

In this sense, all contracts signed with suppliers contain anti-corruption and bribery clauses, as part of the fundamental duties of the supplier, in addition to the execution of the contract in the conditions and terms agreed or those that might arise.

## COVID-19 measures toward suppliers

*As part of the Business Continuity Plan that Mercantil activated since the start of the COVID-19 Pandemic, steps were taken to assess the situation of critical suppliers for the continuity of our operations and services, through which It was determined that most of them had adopted adequate strategies to face the events associated with the aforementioned contingency.*

During the pandemic, few service interruption events from our providers did materialize, with reasonable recovery periods, which did not affect our services to clients.

On the other hand, most of the contracts continued to be executed without major impact, and all payment commitments were honored in a timely manner.

In relation to requirements for services and products associated with in-person customer service points, their quantities were adjusted to meet the reduced demand, and to guarantee their availability once the restrictions in force ceased.

## Supplier service and communication channels

Mechanism or channel	Description
Procurement Unit and/or Requesting Unit	Negotiates contract terms, and ensures compliance with established review and control procedures.
Requesting Unit	Establishes the requirement of the product or service, and is responsible for monitoring and evaluating compliance with the agreed contract terms.
Accounts Payable Unit	Process payments to suppliers, according to the agreed terms, and maintenance of supplier records.
E-mail inbox	Each subsidiary has an email inbox for the attention of its suppliers.



# ● SOCIAL DIMENSION

- Our Human Capital
- Safety and Occupational Health
- Our Social Commitment

# OUR HUMAN CAPITAL

## Care and respect for our people

The treatment, motivation, recognition and individual development of our team members are a permanent goal. This statement is part of our culture, and therefore, guides all policies and actions aimed at our workers, which have been recognized by them through climate and organizational commitment measurements.

Mercantil guarantees decent, safe and attractive working conditions to its employees. The characteristics and conditions of the context, as well as strict compliance with current labor regulations in the countries in which we carry out our activities, determine the policies and practices implemented in our subsidiaries.

## Compensation

We offer attractive and competitive compensation to our employees, which allow us to have the qualified workforce that we require for the development of our operations and businesses. To achieve this, we permanently monitor the labor market and the variables that may affect it, in all the countries in which we carry out activities.

In Venezuela, since 2018 inflation increased in such a way that it led to hyperinflation, and began to slow down, as did the devaluation of the currency, only after the last quarter of 2021. This led to the implementation of special temporary measures aimed to preserve the purchasing power of the remuneration of our coworkers, which continued to be implemented throughout the pandemic, among which stand out:

- Creation of concepts of payment, aids and subsidies, aimed at covering basic needs related to food, health and family protection
- Periodic adjustments to the amounts of the different payment concepts
- Advance of monthly payment date to the first days of each month
- Implementation of a complementary remuneration plan, for the retention of key talent

Similarly, in our subsidiaries in Venezuela, since 2018 the annual performance evaluations, as well as the evaluation of fulfillment of goals and objectives, have been temporarily suspended. Both will be resumed as soon as the country's economy stabilizes.

## OUR HUMAN CAPITAL

**Training**

Our companies have focused on continuously reinforcing ethical and regulatory aspects in our team members, including training related to the prevention and control of money laundering and financing of terrorism.

**Training in Ethics and Money laundering prevention**

	Panama	Venezuela	Panama	Venezuela
<b>Total hours</b>	1,811	3,281	1,834	3,182
<b>Average hours</b>	5	1,6	6	1,59
<b>Number of workers</b>	276	2,051	232	2,001
<b>% of workers</b>	95 %	68 %	91 %	63 %

Year after year, workers from different areas participate in national and international workshops, conferences and events to update their knowledge on topics such as risk, cybersecurity, technology, legal aspects related to financial matters, among others.

We have also continued dedicating efforts to strengthening leadership skills, and the development of technical and digital skills, highlighting the training given on agile work methodologies (Scrum), which we plan to adopt as a way of working throughout the organization.

On the other hand, we included in our training programs, topics aimed at strengthening key competencies to enhance individual and team's productivity, as well as customer service, in accordance with the role and function performed, in response to new demands of remote or hybrid work imposed by health restrictions on face-to-face activities.

During the years 2020 and 2021, as a consequence of the pandemic, training activities were delivered virtually

**Training**

	Year 2021		Year 2020	
	Panama	Venezuela	Panama	Venezuela
<b>Total hours</b>	1,788	42,624	2,324	19,657
<b>Average</b>	5	16.15	7	7,11
<b>Number of workers</b>	145	2,639	143	2,766
<b>% of workers</b>	62 %	87 %	67 %	87 %

**Career and development plans**

We have succession plans, which are subject to periodical revisions with the leaders of the different subsidiaries, in order to keep the replacement charts updated. We prioritize promoting internal candidates to fill vacancies in all roles, from professional to managerial levels.

**Hiring and promotions**

During the years 2020 and 2021, the subsidiaries conducted selection and promotion processes aimed at filling critical vacancies for the operation, customer service, and the smooth running of strategic projects, which were concentrated in their respective headquarters.

During 2020 and 2021, most of the recruitment processes were conducted through digital media, in response to the restrictions imposed by the pandemic on face-to-face activities.

**Hirings and promotions by hierarchy level (Panama y Venezuela)**

	Year 2021		Year 2020	
	Hirings	Promotions	Hirings	Promotions
Directive	3	1	1	0
Management	23	20	18	27
Coordination	7	15	2	18
Professional	188	73	92	55
Support	55	7	21	9
<b>Total</b>	276	116	134	109



### OUR HUMAN CAPITAL

In Venezuela, we created an early talent recruitment program called “Semillero” (“Seedbed”), which consists of employing young university students in the last two years of their degree, allowing them the flexibility of schedules necessary to complete their studies, while they are entering the job market.

**Internships and labor practices.** We provide opportunities for professional internships at our affiliates to higher education students, particularly in our areas of technology, finance, processes, risk and compliance.

Additionally, in Venezuela we have an internship program for the children of our employees who are in high school, through which they have the opportunity to experience a first paid work experience for a month, during their school vacations, and acquire knowledge and lessons of great value for their development.

Also in Venezuela, and as part of the National Learning Program, regulated and supervised by the National Institute for Educational Cooperation INCES, we offer young people between the ages of 14 and 17 the opportunity to receive theoretical training and paid practical work experiences, for which we extend a special invitation to relatives of our workers.

Likewise, and as part of the secondary education curriculum, we offer students who are close to graduating from the Instituto Comercial de Panama the opportunity to intern, with the supervision of teachers specially designated by the institution, who ensure the suitability of the activities and the conditions under which those will be developed.

The young people who participate in the aforementioned internship and labor practices programs are the only minors who work at Mercantil.

These programs were suspended due to the COVID-19 pandemic, and began to resume in the second half of 2021, as restrictions on face-to-face activities began to be lifted.



### Talent for digital transformation

Aiming to support our digital transformation strategy, in 2020 we began training our professionals from different subsidiaries, under Bootcamps modality, for the development of knowledge that covered the areas of Data Sciences, Web Development, Experience UX/UI and Cybersecurity. These programs were taught remotely by two of the most important institutions that offer this type of training worldwide: Le Wagon and Iron Hack, from their headquarters in Argentina and Mexico.

Along these same lines, in 2021 the Atenea Project began in Venezuela, which consists of a workspace for the training of digital talent, which will reinforce the development of digital products and solutions for all our subsidiaries

To this end, we carried out recruitment campaigns through social media such as Instagram, LinkedIn and Twitter, aimed at attracting young recent graduates, without experience, to be developed in the digital area, and thus be able to meet the growing demand for this type of knowledge, given the rise of digital financial products.

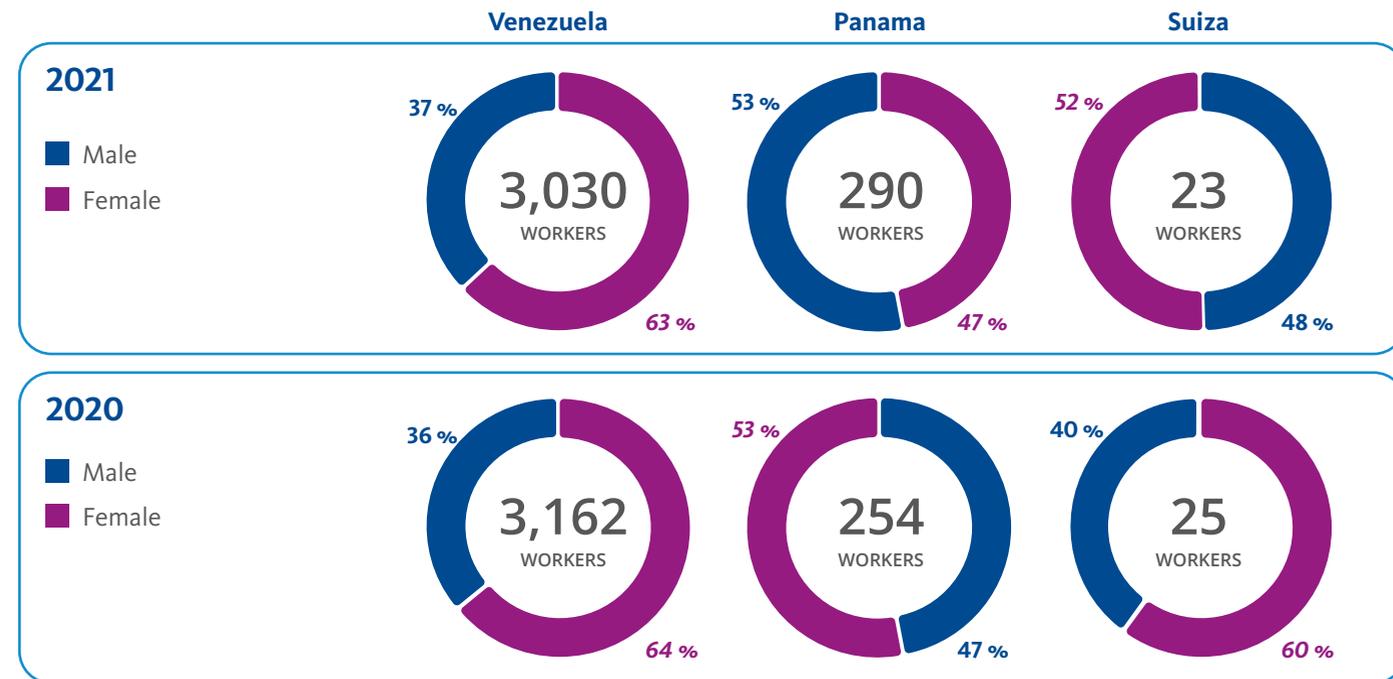
The recruitment strategy was widely accepted and as a result it we were able to hire 38 young professionals from different areas and educational institutions, located in different cities of Venezuela. The offer included a continuous training plan, and a compensation that has been designed according to the best practices in remuneration of digital talent.



OUR HUMAN CAPITAL

# Demographics

## Number of workers and percentage distribution by sex



## Number of workers, by hierarchical level and gender (Panama and Venezuela)

	Year 2021			Year 2020		
	Number	Female	Male	Number	Female	Male
Directive	25	7	18	25	9	16
Management	514	277	237	511	285	226
Coordination	245	154	91	251	165	86
Professional	2,254	1,409	845	2,330	1,483	847
Support	282	187	95	299	212	87
<b>Total</b>	<b>3,320</b>	<b>2,034</b>	<b>1,286</b>	<b>3,416</b>	<b>2,154</b>	<b>1,262</b>
%		61 %	39 %		63 %	37 %

## Number of workers, by hierarchical level and age (Panama and Venezuela)

	Year 2021			Year 2020		
	More than 50 years of age	Up to 30 years of age	Ages 30 to 50	More than 50 years of age	30 a 50 años	Más de 50 años
Directive	0	12	13	0	13	12
Management	5	267	242	3	279	229
Coordination	5	131	109	4	145	102
Professional	348	1,427	479	407	1,470	453
Support	105	87	90	118	93	88
<b>Total</b>	<b>463</b>	<b>1,924</b>	<b>933</b>	<b>532</b>	<b>2,000</b>	<b>884</b>
%	14 %	58 %	28 %	16 %	63 %	28 %

## Permanent and temporary workers (Panama and Venezuela)

	Year 2021		Year 2020	
	Permanent	Temporary	Permanent	Temporary
Directive	24	0	24	0
Management	515	0	511	1
Coordination	245	0	251	0
Professional	2,213	41	2,314	16
Support	274	8	294	5
<b>Total</b>	<b>3,271</b>	<b>49</b>	<b>3,394</b>	<b>22</b>
%	98.5 %	1.5 %	99.4 %	0.6 %

## Average years of seniority by hierarchical level

	Year 2021		Year 2020	
	Permanent	Temporary	Permanent	Temporary
Directive	5	18	5	24
Management	3	22	3	22
Coordination	6	21	5	20
Professional	5	13	4	13
Support	3	14	4	13
<b>Total</b>	<b>4</b>	<b>15</b>	<b>4</b>	<b>15</b>

## OUR HUMAN CAPITAL

**Average monthly remuneration ratio by level and gender**

Calculated as the average monthly income by gender for each level, with respect to the general average.

Panama	Year 2021		Year 2020	
	Female	Male	Female	Male
Directive	90 %	103 %	97 %	101 %
Management	91 %	106 %	91 %	103 %
Coordination	99 %	105 %	98 %	107 %
Professional	93 %	104 %	95 %	103 %
Support	106 %	92 %	103 %	92 %
<b>Total</b>	<b>96 %</b>	<b>102 %</b>	<b>97 %</b>	<b>101 %</b>

Venezuela	Year 2021		Year 2020	
	Female	Male	Female	Male
Management	96 %	105 %	94 %	108 %
Coordination	99 %	101 %	99 %	102 %
Professional	98 %	104 %	98 %	103 %
Support	102 %	95 %	103 %	93 %
<b>Total</b>	<b>95 %</b>	<b>109 %</b>	<b>96 %</b>	<b>108 %</b>

**Freedom of association and collective bargaining**

Mercantil companies in Venezuela have Unions and Collective Agreements, which have been signed since 1974 in the case of Mercantil Banco Universal, and 2006 by Mercantil Seguros.

Both collective agreements cover all permanent workers of the respective subsidiaries, with the exception of personnel with managerial and executive rank. Temporary workers represent less than 1.1% of the total number of workers in Venezuela.

In general, these agreements have been timely renewed through discussions and negotiations with the corresponding workers' unions. Until now, the only exception has been the renewal of the collective agreements finalized in December 2021, due to the impossibility of conducting joint negotiations with union representatives who were located in different areas of the country, given the restrictions imposed in response to the of COVID-19 pandemic.

In addition to the sanitary restrictions that prevented the negotiations meetings from taking place, there was an understanding by union representatives of both companies regarding the implications of the hyperinflationary process on the effectiveness of the benefits that would be the subject of negotiation, as well as an acknowledgment to the enormous efforts made until then, tending to preserve workers' quality of life and working conditions, in the face of very adverse economic circumstances.

The aforementioned merited that, for the first time, an extension period for the validity of the Collective Agreements of both companies has been requested, which was kindly and respectfully agreed in August 2021, and consisted of extending its benefits for a period of 18 months, that is, until mid-year 2023. This process was carried out in accordance with the legal principles established in the Organic Labor Law for workers.

**Labor Relations**

We maintain affable, cordial, and genuine relations with our workers and their representatives, whom we duly inform about strategic decisions that could affect companies and their workforce, as well as matters pertaining to labor dynamics.

During the reporting period, personnel resignations remained within expectations. In the case of Venezuela, those were mostly motivated by the current difficult economic conditions, which triggered in our workers the need to search for opportunities in other countries, as well as new productive activities, both formally and informally.

**Resignation rate by hierarchy level**

	Year 2021		Year 2020	
	Panama	Venezuela	Panama	Venezuela
Directive	0.64 %	22.2 %	0.00 %	0.0 %
Management	1.91 %	7.3 %	1.41 %	22.0 %
Coordination	0.00 %	11.0 %	1.41 %	50.0 %
Professional	3.18 %	10.9 %	1.88 %	27.3 %
Support	5.10 %	20.8 %	2.35 %	35.6 %
<b>Total</b>	<b>10.83 %</b>	<b>11.1 %</b>	<b>7.04 %</b>	<b>28.5 %</b>

OUR HUMAN CAPITAL

Employees benefits

We offer competitive benefits in all our subsidiaries, in accordance with existing practices in the countries and sectors of activity to which they belong, based on permanent monitoring of our competitors.

In the case of Venezuela, the Collective Agreements of Mercantil Banco Universal and Mercantil Seguros have historically been at the forefront of the financial sector, and have served as a reference in the market, thanks to their economic, social, health and family protection benefits.

These include, among other attractive benefits, a basic health policy with a 20% premium payment by the workers, which includes funeral expenses for the death of the policyholder or a member of their insured group.

As previously indicated, the hyperinflationary process reduced the effectiveness of the benefits contained in the Collective Agreements, and in this sense, the companies implemented extraordinary additional measures, tending to preserve the quality of life and family protection of their employees.

One of the most important measures adopted is the temporary granting of an excess health insurance policy, whose premium was fully paid by the company, with an insured sum that -after having been regularly adjusted- even exceeded 100 times the basic policy, in order to guarantee coverage that would allow our workers to face unforeseen health events.

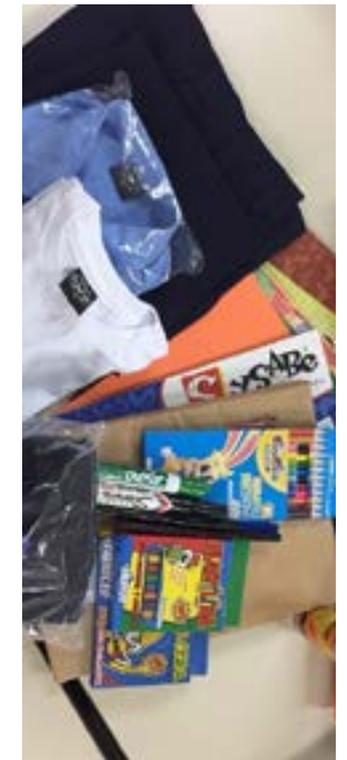
Beyond what is established in the Collective Agreements of its subsidiaries in Venezuela, Mercantil offers additional benefits to its workers, among which are:

- Subsidy for lunch meals at the Mercantil Banco Universal headquarters canteen, which reaches close to 80%, compared to the price of an equivalent meal in the market.
- Comprehensive Loans Plan, designed to provide loans to meet reasonable needs of workers, with favorable rates and payment terms between 12 and 36 months (product regulated by the Superintendence of Banks of Venezuela).
  - During the 2020-2021 period, the availability of this benefit was limited to attending to emergency situations for workers, due to restrictive measures on credit activity in the country.

- It is worth noting the importance that this benefit has had on previous occasions, such as in 2019, when 2,182 loans were granted for the acquisition of electric generators and water tanks, totaling \$1,774 million, in response to power supply failures. that also affected the supply of drinking water, and in some areas of the country lasted up to 7 days.
- Facilities for access to essential products of the basic basket, through negotiations with suppliers, which allow offering wholesale prices and guaranteeing distribution nationwide. These facilities have been highly valued, particularly in times of scarcity of products in the market.

In the case of Panama, among the benefits offered to personnel are:

- Mortgage and vehicle financing at market rates.
- Health policy, the cost of which is fully paid for the worker, and 80% for their direct dependents.
- Monthly allowance through food vouchers.



OUR HUMAN CAPITAL

**Organizational climate**

For more than 15 years, Mercantil has been measuring the organizational climate with international firms that are experts in the field, through which aspects that drive commitment among workers are evaluated, such as Basic Needs, Work, Talent, Leadership and Agility. The most recent measurement was carried out in the year 2020, yielding the following results:

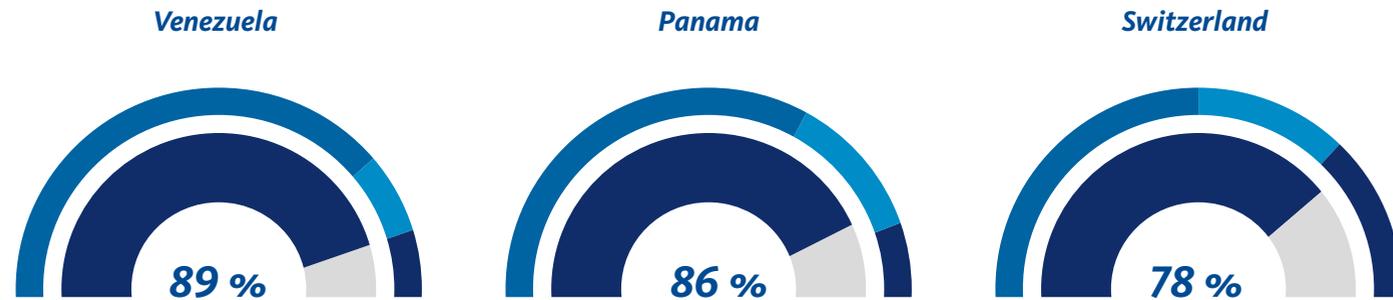


**ORGANIZATIONAL CLIMATE AND COMMITMENT**

**Results from the Climate Survey – General Commitment Score**



82 % Venezuelan Norm  
75 % Latin American Norm  
59 % European Norm



Participation rate		
Venezuela	Panama	Switzerland
90 %	95 %	75 %

Global Perception		
“I consider this organization as one of the best places to work”		
Venezuela	Panama	Switzerland
92 %	88 %	72 %

In the case of MFTech, a quarterly measurement of the work climate is carried out using a tool called a barometer, which allows us to know the perception that employees have about certain key variables for talent management. The average evaluation obtained in the 2021 barometers was 4.2/5

**Mechanisms for communication and interaction with workers**

Mechanism or channel	Description		
	Panama	Mercantil Banco Universal	Mercantil Seguros
Human Resources Unit	Performs processes related to talent management, and attends the requirements of workers.		
E-mail	For sending periodic communications, related to employment aspects of interest and relevant information of the organization, and for receiving requests from workers.		
Intranet	Digital billboard with information of interest to workers.	Somos Mercantil: platform for the dissemination of information to workers, and processing of their requirements.	
Telephone	Personalized attention to queries or requirements		
Newsletter	Mercantil al Día		
Unions	Not applicable	Reception of concerns from workers, related to general working conditions, to be channeled through Human Resources.	
Occupational Health Committees	Reception of proposals from workers, related to occupational conditions and risks, to be elevated to senior management.		
Virtual mailboxes	somosmercantil@mercantilbanco.com.pa	atencionrrhh@bancomercantil.com financiamientoempleados@bancomercantil.com sssl@bancomercantil.com notificacionesreguladores@bancomercantil.com adiestramiento@bancomercantil.com seleccionrrhh@bancomercantil.com	MS_RECURSOS_HUMANOS@mercantilseguros.com MS_SELECCION_Y_DESARROLLO@mercantilseguros.com MS_FORMACION@mercantilseguros.com MS_NOMINA_Y_BENEFICIOS@mercantilseguros.com

# SAFETY AND OCCUPATIONAL HEALTH

Occupational risks with the possibility of affecting the health of our employees are low, considering the type of activity carried out by our companies. Mercantil makes sure to provide safe working conditions, to comply with current regulations on occupational health in the countries in which they operate and, above all, to ensure the well-being of its personnel.

In Venezuela, the Organic Law for Prevention, Conditions and Work Environment (LOPCYMAT) governs matters concerning occupational health and safety, and the National Institute for Occupational Prevention, Health and Safety (INPSASEL) is the governing body.

This regulation, established in 2007, reinforces the provisions for safe work through the establishment of Occupational Health and Safety Committees (CSSL) with representation from the company and workers, for each of its dependencies that have at least 5 workers. Its main objective is to review and decide on aspects associated with health, hygiene and occupational risks, on the basis of which an Occupational Health and Safety Program is developed.

Since its implementation, Mercantil has provided all the necessary mechanisms and means so that CSSLs can establish themselves in their subsidiaries nationwide, by holding elections that allow workers to select, by direct and secret ballot, the Prevention Delegates who will conform, and have the endorsement of INPSASEL, an organization, as we said before, governing the actions of the company and the employee in matters of occupational health and safety.

### Safety and occupational health committees at the end of 2021

Total	Capital Region	Interior
97	33	64

In the same way, the subsidiaries implement their respective Occupational Health and Safety Program, which includes, among other aspects, periodic occupational medical evaluations, including admission and pre and post vacations, individual notification of occupational risks according to the activity performed for each worker, the maintenance of records of absenteeism, accidents and occupational diseases, as well as claims related to working conditions, and the attention and response to inspections by the regulatory body at the national level.

**SAFETY AND OCCUPATIONAL HEALTH.**

It is important to note that both Mercantil Banco Universal and Mercantil Seguros have a First Aids room at their headquarters, and an Occupational Medicine Service, through which they provide primary medical care and preventive and occupational medicine services to employees in the capital region and surrounding areas, and they count on certified medical specialists to care for the health of employees in the rest of the country.

As for Panama, this matter is regulated by Executive Decree No. 78, recently enacted (March 16, 2020), which consisted of regulations aimed at preventing the spread of COVID-19 in companies in the country, and implied the formation of a Special Health and Hygiene Committee for the Prevention and Care of COVID-19, also made up of representatives of employers and workers.

	Panama		Venezuela	
	Year 2021	Year 2020	Year 2021	Year 2020
Accidents rate	0	0	16	25

In 2021, in Venezuela, 63% of accidents were on the way to work and/or back home, while in 2020 this figure reached 80%. Accidents that occurred at the facilities were classified and reported to official agencies as: Minor.

During the reporting period, we did not suffer criminal attacks that could have put our workers at risk, nor did we receive reports from them about threats or intimidation related to their work activity.



*In all Mercantil facilities, the use of a mask is mandatory  
Don't let your guard down. COVID-19 is still with us*

**Pandemic Declaration by the World Health Organization**

On March 11, 2020, the COVID-19 pandemic was declared, and the authorities established a state of health emergency, for which they ordered a series of measures aimed at mitigating its spread as much as possible.

Consequently, Mercantil developed and implemented an Occupational Health and Safety Protocol aimed at ensuring the well-being of its people, guaranteeing the provision of critical services to its clients and applying the best practices in biosafety, health, safety and occupational hygiene.

Said Protocol, developed by Mercantil Banco Universal's Occupational Health and Safety Service, was approved by the Executive Committee and was implemented in our subsidiaries in Venezuela, for the protection of employees, contractors and customers.

Level	Description	General measures	Particular measures
1	Confirmed cases of COVID-19 abroad (other than the country of location)	Restriction of travels outside the country	<ul style="list-style-type: none"> <li>Personalized attention to workers and their family group, who present symptoms, suspicion or positive test results of COVID-19.</li> </ul>
2	Confirmed cases of COVID-19 in the country, in locations other than the workplace	Restriction of travels inside and outside the country.	<ul style="list-style-type: none"> <li>Personalized attention to workers and their family group, presenting symptoms, suspicion or positive test results of COVID-19.</li> <li>Functional questioning and previous travel history of workers.</li> </ul>
3	Confirmed cases of COVID-19 in the country, in the same locality	<ul style="list-style-type: none"> <li>Restriction of travels inside and outside the country.</li> <li>Controlled access to facilities located in affected localities.</li> <li>Closure of customer service offices, in accordance with the guidelines of local authorities.</li> </ul>	<ul style="list-style-type: none"> <li>Restriction of attendance of workers for up to 14 days, including critical personnel, in case of suspicion of COVID-19 by the worker, his family group or co-worker.</li> <li>Restriction of attendance of employees with chronic diseases, pregnant women and/or with immunological failures, until the cessation of cases of contagion in their locality.</li> </ul>
4	Confirmed cases of COVID-19 in workers who provide services in person	<ul style="list-style-type: none"> <li>Restriction of travels inside and outside the country.</li> <li>Controlled access in offices authorized to provide services to clients.</li> </ul>	<ul style="list-style-type: none"> <li>Management of preventive permits and/or medical rest authorizations for up to 14 days.</li> <li>Restriction of attendance to workers with relatives within their home with COVID-19.</li> <li>Attendance restriction includes workers over 60 years of age.</li> </ul>

**SAFETY AND OCCUPATIONAL HEALTH.**

In the same way, in Venezuela the pertinent adjustments were made to the Occupational Health Safety Programs of the subsidiaries, jointly between the company and the respective Occupational Health and Safety Committees, and a COVID-19 Occupational Risk Notification was designed, to inform employees who had to go to work in person, the risks to which they were exposed and the associated prevention principles. Likewise, based on the resolutions of the national authorities, the implementation of the Biosafety Program for the Prevention and Control of COVID-19 was formalized.

In Panama, as previously mentioned, an Executive Decree established the measures that should be implemented by businesses, and the functions that the recently created Special Health and Hygiene Committee should fulfill, which should ensure the implementation of all the protocols and sanitary measures emanating from the authorities on the occasion of the pandemic.

It is important to highlight that, despite the impact on the economic results of the subsidiaries due to the pandemic, as a result of the restrictions on their commercial activity and the extraordinary investments that were required, both to comply with biosafety protocols as well as in order to have the necessary technology to perform remote work activities, payment was guaranteed to all our employees, without exception, and all the benefits in force in each subsidiary were honored.

It is also worth noting that during the period that the emergency lasted, the Executive Committee was kept informed of the results of all the measures implemented and the statistics for monitoring the health of our workers.



Remember to maintain physical distancing 2 meters

**Communication Campaign about COVID-19**

With the support of Corporate Communications and Human Resources, Mercantil designed and disseminated among its employees a modern communication campaign on COVID-19 and its prevention, with useful information on the measures implemented by the company, recommendations from the World Health Organization, and instructions from local authorities.



**Installation of biosafety mechanisms in facilities**

Mercantil installed temperature measurement devices and antibacterial gel dispensers at the entrances to all its facilities, which were also arranged at strategic points in each of its headquarters.

Both in Panama and at the access to the Mercantil Banco Universal headquarters, thermal cameras were installed to facilitate temperature measurement, and a modern sanitation booth was installed at the entrance of Mercantil Seguros headquarters.

Additionally, in September 2020, Mercantil Banco Universal acquired a modern air purification system for its headquarters building, known as Air Knight IPG, whose technology guarantees global indoor air quality standards.

## SAFETY AND OCCUPATIONAL HEALTH.

**Implementation of biosecurity measures**

In all our subsidiaries, biosecurity measures were established for workers and visitors, aligned with the recommendations issued by the World Health Organization, which were accompanied by information campaigns and colorful signs, which were placed at strategic points in our headquarters. Below is a summary of the main measures that were implemented:

- Limitation of the capacity allowed in the different spaces of our headquarters, with indications of recommended physical distancing.
- Personalized delivery to all workers and contractors who provided services in person, of a kit that included reusable and disposable masks, alcohol dispensers, alcohol, and microfiber cloths. In special cases that warranted it, facial screens and gloves were delivered.
- Increase in frequency, and reinforcement of cleaning procedures in our facilities, including the immediate disinfection of areas in which any of the employees had suspected having COVID-19.
- Implementation of the “Clean your desk” program, to raise awareness of the proper use of biosafety supplies and to keep our workspaces disinfected and clean.
- Creation of the figure of the Mercantil Sentinel, at the Mercantil Banco Universal headquarters, in coordination with the Occupational Health and Safety Service, for the early detection of possible infections, through random temperature taking, and monitoring of symptoms among workers providing in-person services.
- Moving of workstations to ensure physical distancing of staff providing services in person, in critical work groups.
- Inspection of facilities, prior to the start of operations, to ensure the implementation of biosafety measures and protocols by those responsible.

**On-site work for critical personnel**

Given the contingency imposed by the start of the pandemic, the Business Continuity Plans of the subsidiaries were activated, which define the roles that, due to their criticality for the operation and provision of essential services, must be carried out on-site.

To ensure that the required personnel could attend to their offices, a series of mechanisms were implemented, the most relevant being:

- Provision of transportation, at times when there were difficulties for mobilization and, in the case of Venezuela, also for obtaining fuel. This guaranteed the transfer of critical personnel to the main headquarters, while in the offices authorized to provide service to the public, the supervisors were in charge of coordinating a safe transfer for those who had to provide essential services.
- Free meal service at noon. In the case of Mercantil Banco Universal, the measure benefited 245 workers between March and May 2020. While at Mercantil Seguros, it benefited 387 workers since March 2020.
- Coordination with contractor companies for the safe entry of their workers to our facilities, ensuring that they have minimum biosafety implements and comply with health protocols in case of COVID-19. In some cases, the supplier company and its workers had to answer surveys, prior to authorizing their access.

**Remote work**

Since the state of alert for COVID-19 was decreed in March 2020, the Occupational Health and Safety, Human Resources, Technology, Information Security and Operational Risk teams launched a set of initiatives to immediately adjust the way of working, taking into consideration that it had already been done with the critical workers who had to come to work in person.

In this way, in addition to critical processes, regular activities aimed at customer service, workers and regulators began to be developed progressively.

For this, it was necessary to identify all the roles that could be performed remotely, and manage all the required accesses to computer systems, to make the connectivity of its incumbents possible.

**SAFETY AND OCCUPATIONAL HEALTH.**

Additionally, in Venezuela, furniture and technological equipment was delivered to those workers who provided remote service and required it, which included ergonomic chairs, desks, connectivity devices, as well as voltage protectors and UPS power backup, the latter because of the frequent electrical failures that occurred in workers' homes. The investment made reached the sum of US\$ 96,000, which were destined to the purchase of SIM CARD, Routers and Voltage Protectors.

	Year 2021	Year 2020
Chairs	73	132
Desks	7	6
PC	664	163
SIM CARD	737	25
Routers	737	20
Voltage protectors	639	13
<b>Total</b>	<b>2857</b>	<b>359</b>

On the other hand, in Panama, special financing, without interest, was managed for workers who required it, which allowed them to adapt a workspace in their homes, as well as a study space for their children.

The actions deployed allowed us, in record time, to overcome the obstacles associated with remote connectivity, making efficient use of the organization's financial resources.

Additionally, and considering that in Venezuela there are still no laws that rule virtual labor matters, based on the understanding of the best international practices and laws of other countries, a remote work procedure was developed, which has been applied in our subsidiaries.

In the case of Panama, on February 18, 2020, Law 126 was enacted, which establishes and regulates teleworking, from which the contracting schemes and modalities of remote service provision were implemented in our subsidiaries, as well as the delivery of a subsidy intended to contribute to cover the additional costs in which employees would incur due to working from their homes.

**Workers follow-up and service surveys**

During 2020 and 2021, Mercantil conducted 26 surveys on all workers in Venezuela, ranging from socioeconomic issues to technological issues within their homes. Also included questions regarding the situation of their family members, about their physical, mental and emotional health, as well as their perception about remote and hybrid work. All of this with a special interest in knowing their overall health status.

We also wanted to know their opinion regarding the actions implemented by the organization during the Pandemic in order to understand and improve, if applicable, some of the measures in favor of employees.

On behalf of our subsidiaries in Panama, surveys were also carried out periodically to monitor the overall health of our personnel.

**Mental health care and psychological support**

Based on the responses obtained in the aforementioned surveys, in our subsidiaries in Venezuela we were able to detect the need and give personalized and group psychological support to those who required it, the vast majority of which were located in the capital region.

We were also able to learn about the enormous interest and willingness of our employees to participate in sessions regarding mental health care, in response to which virtual conferences were given aimed at contributing to a better adaptation to changes in work and family dynamics as a result of the Pandemic, which included aspects of emotional management, such as managing uncertainty, hopelessness, grief, anxiety, etc.



*Invites you to participate in the conference: Mental Health and Emotional Management*

	Year 2021			Year 2020		
	Total	Capital Region	Interior	Total	Capital Region	Interior
Psychological support	46	46	0	30	29	1

Conference	Panama		Venezuela	
	Quantity	Attendants	Quantity	Attendants
Mental Health and Managing Emotions	13	486	4	567
Family interaction	25	122	2	150

SAFETY AND OCCUPATIONAL HEALTH.

**Support to infected workers and family members**

During the state of emergency, we provided guidance and immediate support to our workers for the activation of the health policy services that protected them and their family group.

In those cases in which the coverage was exhausted, we provided assistance through loans and financial aids, so that they could face the expenses associated with COVID-19.

In the same way, in the few cases in which the death of a worker or a direct family member occurred, assistance was provided for the activation of the funerary policy, and also, if required, financial assistance was provided through loans with favorable rates and terms, which allowed them to take care of funeral expenses of relatives not included in the policy..

Number of workers	Panama		Venezuela	
	Year 2021	Year 2020	Year 2021	Year 2020
Infected	15	34	812	200
Deceased	0	0	2	1

	Panama		Venezuela	
	Number	Amount in US\$	Number	Amount in US\$
Financial aid			23	45.120,44
Financing	23	36.782,06		



How to protect my family from Covid-19

**Safe return to work**

The reopening of customer service activities was carried out in strict adherence to the instructions of the local authorities, following all the biosafety measures and protocols designed, which had been duly informed and implemented in all our facilities.

Likewise, considering the opinion of the employees, a safe return to work plan was designed, which included their vaccination status, and relevant aspects of work-life balance such as: caring for school-age children who were studying online, and the care for the elderly or people with disabilities in the family nucleus.

In the case of Mercantil Banco Universal, in order to return to face-to-face work, it was required to complete a health survey, and attend a Medical Evaluation with the SSSL, which allowed timely decisions to be made to protect the health of employees.

This is how, progressively, each one of the subsidiaries began the return to face-to-face work, and continued to apply the biosafety measures already mentioned, with which it was possible to avoid increases in the levels of contagion of the team members.



WE WANT YOU TO FEEL SAFE ABOUT GOING BACK TO WORK!  
WE HAVE IMPLEMENTED THE FOLLOWING ACTIONS TO TAKE CARE OF YOU

- 1- Hands-free alcohol dispensers
- 2- Automated temperature taking system upon entering
- 3- Signaling of 2 to 3 meters distance between work stations and cafeterias
- 4- Provision of protection supplies
- 5- Disinfection of areas periodically during the day
- 6- Mandatory use of masks
- 7- Staff rotation program in each area to attend the offices, with a restriction on the number of people per floor according to the existing space

# OUR SOCIAL COMMITMENT

Mercantil's strategic documents reflect our Social Commitment. In this sense, our Mission declares support for strengthening the communities where we operate, and our Culture includes our attribute of Good Citizen, according to which "Our conduct reflects solidarity and commitment to the community".

We have a long history of Social Commitment, through the development of institutional programs, and the support given to prominent non-profit organizations.

In February 2021, the Executive Committee approved the Mercantil social investment guidelines, based on our Social Commitment trajectory, our business strategy and the Sustainable Development Goals outlined by the United Nations Organization.

These guidelines constitute a reference to guide the investment and social action of our subsidiaries, and their implementation will take into consideration the local context and their available budget.



**Advancing education:**

We contribute to provide quality education, with an emphasis on the development of skills that favor the productive insertion of youngsters and their access to decent employment.



**Promoting entrepreneurship:**

We participate in the organization and sponsorship of entrepreneurship competitions and training and support programs for entrepreneurs.



**Contributing with health:**

We support medical care and health promotion programs through contributions to non-profit health service providers, and training and dissemination spaces for contents that promote healthy lifestyles and accidents prevention.



**Supporting social assistance programs:**

Through contributions to institutions that provide care or support to the most vulnerable, such as: care entities (for children and the elderly), church programs, food banks, soup kitchens.



**Stimulating culture:**

Through Mercantil Arte y Cultura, we contribute to the construction and dissemination of the memory of the visual arts

**We contribute to the strengthening of non-profit Organizations and we promote opportunities to channel the solidarity of our coworkers, through Volunteering activities.**



# Mercantil

## SOCIAL COMMITMENT

The beginnings of the Mercantil Social Commitment date back to 1964, when Banco Mercantil y Agrícola became a sponsor of the Voluntary Dividend for the Community, a worldwide pioneering Venezuelan organization in the integration of efforts of private companies to help improve the quality of life of the population.

In 1982, Banco Mercantil y Agrícola created the Contributions Program for Social Action Institutions, and the same year created the Ponle Cariño a tu Escuela program, (Give love to your school) which is still in force.

On December 29, 1988, the Fundación Banco Mercantil was created, with the purpose of “Developing programs of an educational, cultural, artistic, social, religious and scientific nature, directly or through donations and contributions to third parties.” Later it changes its name to Fundación Mercantil.

Through Fundación Mercantil, Mercantil’s subsidiaries in Venezuela have a vehicle that allows them to channel their social investment, through donations or programs implemented in alliance with important non-profit institutions.



## INSTITUTIONAL PROGRAMS

### Ponle Cariño a tu Escuela

Program created in 1982 with the objective of improving the quality of education through the rehabilitation of the school physical facilities and the strengthening of the maintenance culture by the educational communities in Venezuela. During its first 25 years, it was developed through annual cooperation agreements with the government entity in charge of public school buildings and facilities.

The United Nations Educational, Scientific and Cultural Organization (UNESCO) granted it an international distinction for considering it: “...a unique program of its kind for community participation carried out between private companies and the State”, awarded in Paris, France, in May 1993.

Similarly, the National Association of Advertisers of Venezuela (ANDA) honored Fundación Mercantil with the ANDA 2003 Award for Corporate Social Responsibility, in recognition of this program, considered the “Best social program undertaken by private companies in benefit of the Venezuelan community”.

Since 2014, Ponle Cariño a tu Escuela program has been developed in partnership with the Fe y Alegría Civil Association, and focuses on improving learning spaces in technical schools, in order to contribute to the training of youngsters prepared to enter productive activity.

Given the impact of the COVID-19 Pandemic on education, during the years 2020 and 2021, we supported our ally Fe y Alegría in a project aimed at strengthening their technical schools, which would allow them to offer young students remote training experiences through simulators and virtual courses, focused on the development of fundamental skills for their social, labor and productive insertion. This is how we provided technological devices to eight (8) technical schools located in the Capital District, La Güaira, Aragua, Carabobo, Zulia and Merida.

Since its inception in 1982, Ponle Cariño a tu Escuela program has served 345 schools nationwide, through 372 interventions, totaling more than one million beneficiaries.



SOCIAL COMMITMENT  
Institutional Programs

## Ideas Contest

We are founder sponsor and co-organizer of this contest developed by Fundación Ideas, which since 2003 offers a solid platform for the training, projection and articulation of entrepreneurs and has become a national reference for the promotion of the culture of entrepreneurship and innovation in Venezuela.

Since its inception, Mercantil Volunteers have participated as evaluators in the different stages of the contest, and have also provided training to the participants during the preparatory sessions.

It should be noted that on the occasion of the declaration of the COVID-19 pandemic, the 2020 and 2021 editions were held online, which inspired the delivery by Mercantil of an extraordinary donation to Fundación Ideas for the adaptation of the contest's technological platform.



**REACH IN  
THE NATIONAL  
TERRITORY**

**+20,000  
REGISTERED IDEAS**

**+60,000  
PARTICIPANTES**

**19 ANNUAL  
EDITIONS**

**+150  
AWARDED  
PROJECTS**

**+1,000  
HOURS OF TRAINING AND  
COUNSELING**

35 Empresas han estado vinculadas al Concurso Ideas, de las cuales 15 por más de 10 años.

Below is information about the annual editions held in 2020 and 2021:

Ideas Contest	2021	2020
<b>Annual edition</b>	XIX edition	XVIII edition
<b>Registered projects (idea summary)</b>	454 coming from 13 states in Venezuela	396 coming from 17 states in Venezuela
<b>Completed projects</b>	254	227
<b>Semi-finalists</b>	100 projects every year  The teams received 2 weeks of training through the IESA Virtual Classroom on the preparation of business plans, and online meetings with the sponsors of special prizes.  In 2021, participants in the digital entrepreneurship category additionally received two weeks of specialized training from IBM.	
<b>Finalists</b>	33 projects every year.  The finalist teams received training in the preparation of presentations, and participated in a panel to prepare for the final presentations.	
<b>Final selection</b>	Through online evaluation sessions for each category of the contest, by Representatives of sponsoring organizations, and special guests such as: Venamcham, Voluntary Dividend for the Community, UN Venezuela, among others.	
<b>Winners</b>	The contest awards cash prizes to the 1st place in each category, and to the 2nd and 3rd place in the social and business categories.  Additionally, seven organizations award special prizes, and among them Mercantil grants the following prizes: <ul style="list-style-type: none"> <li>• Young Social Entrepreneurs Mercantil Special Award</li> <li>• Special Mercantil Award for Digital Entrepreneurs</li> </ul>	

www.concursoideas.com / @ConcursoIdeas

SOCIAL COMMITMENT  
Institutional Programs

## Promoting Socially Responsible Leaders University Contest



Known on social media as #RetoU, this contest created in 2004 is focused on forging social leadership in Venezuelan youth, by promoting and rewarding impactful social projects created by university students from all over the country, which are aligned with the Sustainable Development Goals of the United Nations 2030 Agenda.

The Reto U (U Challenge) is organized by Rotary Clubs in Venezuela, Venamcham’s Social Alliance and Fundacion Mercantil, which has been its main sponsor from the beginning. Additionally, Mercantil employees participate as volunteers in the different evaluation stages of the

contest, as well as providing mentoring and training to the contestants.

This program received in 2016 recognition from Rotary International as a “Socially Responsible Company”, which was awarded at the headquarters of the United Nations.

The annual editions celebrated in the years 2020 and 2021 had to be carried out in virtual mode, due to the declaration of a COVID-19 pandemic.



Reto U	2021	2020
<b>Annual edition</b>	XVII edition	XVI edition
<b>Registered projects (idea summary)</b>	164, representing 19 higher education institutions	137 representing 25 higher education institutions
	53	41
<b>Completed projects</b>	They received two phases of personalized Mentoring, as well as training on: project formulation, leadership, public speaking, effective presentations, and conversations with business leaders and civil society.  Additionally, UN Venezuela gave workshops on: Sustainable Development Goals, human rights, and women’s empowerment.	
<b>Finalists</b>	10 projects each year	
<b>Final selection</b>	Online event of Public Defense of projects. Jury made up of representatives of the organizers: Rotary, Venamcham’s Social Alliance and Fundacion Mercantil	
<b>Winners</b>	The 10 finalist projects receive cash prizes and training in courses given by the Venezuelan American Center and the Institute of Higher Administration Studies (IESA).  Additionally, allied organizations grant special mentions: Human Rights (by Amnesty International), Well-being, Innovation, Health, Entrepreneurship and Parenting and Breastfeeding	

**2,427**  
REGISTERED STUDENTS  
NATIONWIDE

Coming from 45 higher education institutions

**170** FINALIST  
PROJECTS

**17** ANNUAL  
EDITIONS

**85** WINNING  
PROJECTS

www.retoU.org / @elretoU

SOCIAL COMMITMENT  
**Institutional Programs**

## Mercantil Art and Culture

What began as Mercantil's genuine interest in supporting and stimulating Venezuelan art in its different expressions, over time became one of the most important collections in the country focused on the study, preservation, and dissemination of its artistic memory.

To safeguard these pieces and share them with the community, Mercantil implemented two actions: the first was to create an Art Curatorship Unit, in charge of caring for and maintaining the artworks, and the second was to have its own suitable space to exhibit the pieces.

This is how **Espacio Mercantil** was born, a place for culture created in Caracas in 2010, aimed at preserving, researching and exhibiting Venezuelan art, through exhibitions open to the community, thus contributing to the construction and promotion of the visual arts memory in the country.

Since its creation, the Espacio Mercantil has held 17 exhibitions, 20 forums and talks, 60 guided tours, and has received 12,751 visits.



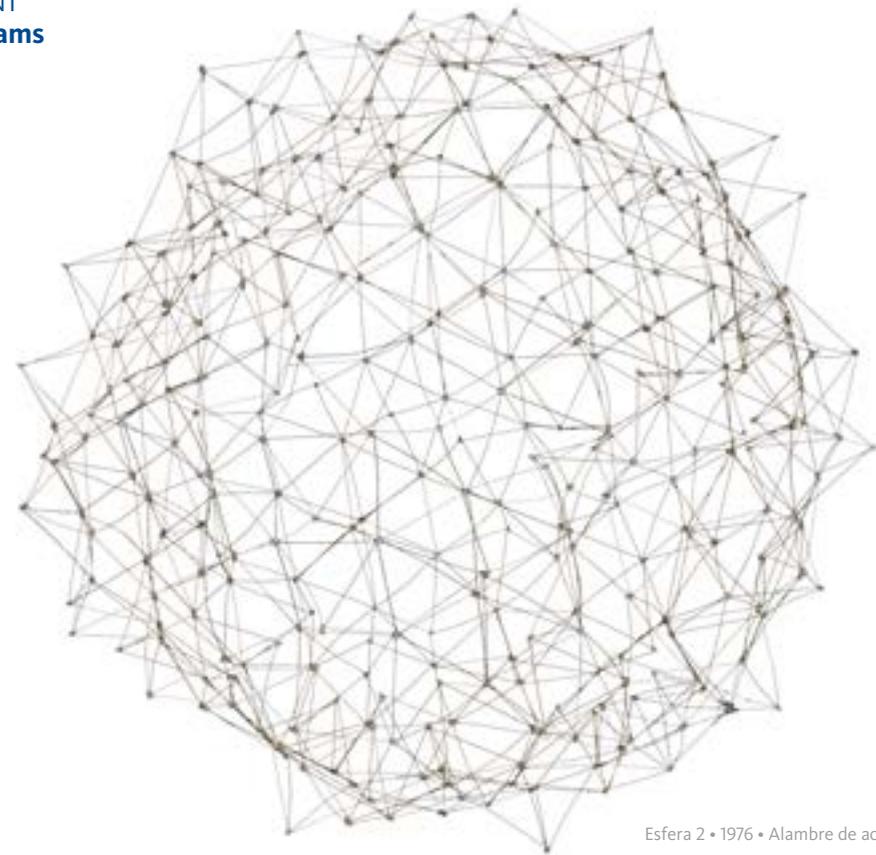


The Mercantil Collection is made up of more than 3,000 artworks ranging from the colonial period to the contemporary, which are exhibited to the community in Espacio Mercantil, and have been part of important national and international exhibitions, receiving important recognitions.

In 2020, the permanent exhibitions program continued at the Espacio Mercantil, with the assembly of the exhibition “The Elusive Form. Insurgency and Rupture in Venezuelan Art 1955-1975”, made up of a selection of 79 artworks that participated in the exhibition on Informalism in Venezuela held at the Museum of Fine Arts in Houston in 2018, which address various aspects of the cultural events in Venezuela inspiring the so-called Informalista movement, with manifestations not only in painting but also in literature, dance and other artistic expressions.

The exhibition was extended until mid-2021 considering the long period that had to remain closed to the public due to the restrictions imposed by the COVID-19 Pandemic. Upon progressively returning to face-to-face activities, guided visits were made to small groups, ensuring biosecurity measures.

**SOCIAL COMMITMENT**  
**Institutional Programs**



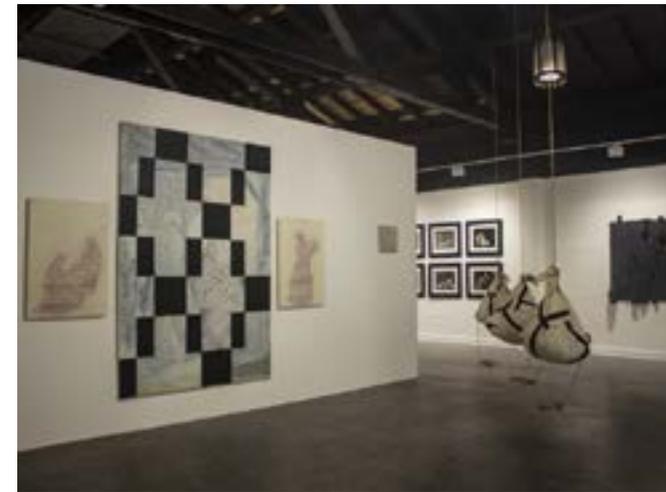
GOLDSCHMIDT, Gertrud (GEGO)  
Esfera 2 • 1976 • Alambre de acero inoxidable • 103 x 103 x 103 cm

**Also during the year 2020**

Five (5) works of art by the artist Gego (Gertrud Goldschmidt) that are part of the Mercantil Collection, were loaned for the traveling exhibition organized by the Solomon R. Guggenheim Museum, as a contribution to the international dissemination of Venezuelan visual art.

In August 2021, the exhibition “Knowing our history to build our future” was inaugurated at Espacio Mercantil, an exhibition that highlighted milestones in the history of Venezuelan art from the 18th to the 21st centuries in 43 artworks by 36 artists, including painting, sculpture, engraving, photography, assemblage and video, showing the historical transit of the sociocultural environment as signs and symbols to face the future.

**Mercantil Arte y Cultura, in alliance with the Museum of Contemporary Art of Panama, contributed to the development of visual arts:**



**In 2020**

The assembly of the exhibition “Cross References. Contemporary Art of Venezuela”, offered a tour of Venezuelan visual arts from the seventies to the present through 110 artworks from the Mercantil Collection. Its dissemination was carried out mainly through a virtual exhibition tour, due to the restrictions on face-to-face activities imposed by the COVID-19 pandemic. This exhibition closed in January 2021.

**During the year 2021**

With the sponsorship of Mercantil, the “MAC PANAMÁ Graphic Laboratory” was adapted, recovered and reactivated, and training activities and production of graphic works took place between September and December, with the participation of 10 contemporary artists. The resulting artworks were distributed among the artists, the Museum and Mercantil, for the formation of a collection of graphics in Panama.

Mercantil continued its co-sponsorship of the MAC Panama Auction, through which resources are raised for the Museum, as well as for the participating artists and galleries. During 2020, said auction was carried out in a virtual mode, while in 2021 it was developed in a hybrid format, making it possible to appreciate most of the artworks exhibited in the Museum, before the virtual auctioning.

SOCIAL COMMITMENT  
Institutional Programs

## Donations to non-profit organizations

In Venezuela, through Mercantil Foundation, we support non-profit organizations with an outstanding trajectory, among which are the allied organizations with which we develop the programs described above, as well as institutions neighboring our headquarters and others in the areas of education, health, and social assistance, according to the following detail:

Area	Beneficiary	Program	2021	2020
<b>Social Assistance</b>	Asociacion Civil Casa Hogar El Encuentro	Comprehensive care program for children and teenagers in the home.	X	X
	Asociacion Civil Comedores Madre Teresa de Calcuta COMATEC	Popular dining room located in the Nuestra Señora de la Paz Parish, which offers more than 200 meals daily.	X	X
	Asociacion Civil Hogar Bambi de Venezuela	Comprehensive care program for more than 120 boys and girls in vulnerable conditions.	X	
	Asociacion Civil Red de Casas Don Bosco	Comprehensive care program for children and teenagers of the Don Bosco Sarria house	X	X
	Dividendo Voluntario para la Comunidad A.C.	Special Christmas contribution directed to the DVC Food Bank	X	
	Sociedad Civil Hogar de Ancianos San Pedro Claver	Comprehensive care program for more than 50 elderly people from the home	X	
	Sociedad de Ayuda de Ancianos Desamparados-Hogar San José	Comprehensive Care Program for more than 120 elderly people who live in the home	X	X
<b>Education</b>	Asociacio Civil Fe y Alegría	Contribution to the "Ponle Cariño a tu Escuela" Program to provide technological resources for remote technical education, due to the COVID-19 Pandemic.	X	X
	Asociacion Venezolana Americana de la Amistad AVAA	Pro Excelencia Program, aimed at young low-income students with high academic grades		X
	Asociacion Venezolana Amigos del Arte Colonial Quinta Anauco	Institutional strengthening of the Museum of Colonial Art and its cultural activities		X
	Fundacion Academica José Abdala FAJA UNIMET	Scholarship Program aimed at low-income students at the Universidad Metropolitana		X
	Fundacion Andres Bello	Scholarship Program aimed at low-income students at the Andres Bello Catholic University		X
	Fundacion Camerata de Caracas	Program of educational and artistic activities	X	
	Fundacion para el Desarrollo de la Educación FUEDUCA	Training Program for Mid-level Accounting and Computer Science Technicians of the Technical Institute for Training for Work	X	X
	Fundacion para la Educación Eclesiástica Juan Pablo II FESE	Formation of diocesan priests in the different seminaries located at the national level		X
	Superacion Personal a través de la Tecnología SUPERATEC, A.C.	Vacation plan focused on science and technology, aimed at 100 children and teenagers from popular sectors of Caracas	X	
	Universidad Monteavila	Scholarship Program for low-income students		X
<b>Entrepreneurship</b>	Asociacion Civil Camara Venezolano-Americana de Comercio e Industria VENAMCHAM	Contribution for the realization of the XVI, XVII and XVIII editions of the University Contest "Promoting Socially Responsible Leaders" #RetoU	X	X
	Fundacion IDEAS	Contribution for the realization of the XIX edition of the Ideas Contest, for the granting of the Mercantil Special Awards, and extraordinary contribution for adaptation of the Contest's technological platform.	X	X
<b>Health</b>	Asociacion Civil Caritas de Venezuela	Special Christmas contribution to the campaign aimed at providing biosafety equipment to health personnel involved in the response to COVID-19		X
	Asociacion Civil Pastoral Social Diocesis de Barinas	Contribution to acquire a digital translator for the institution's mammographer, through which women in the central-western and lowland areas are served.	X	
	Asociacion Civil Salud y Familia	Contribution to provide medical consultations to low-income people in Caracas and La Güaira.	X	
	Asociacion Venezolana de Servicios de Salud Orientación Cristiana AVESSOC	Solidarity Health Fund to support diagnostic studies for low-income people.	X	
	Fundacion Academia de Medicina Francisco Antonio Rísquez	Contribution for the institutional strengthening of the Academy, in support of the important role played during the COVID-19 pandemic, providing valuable and timely guidance to the scientific community and, in general, to Venezuelan society	X	
	Fundacion Amigos del Niño con Cancer	Contribution intended to cover medical care expenses for children from different regions of the country who come to Caracas.	X	X
	Fundacion Jacinto Convit	Public health project in the areas of research and molecular diagnosis of cancer.	X	X
	Fundacin para el Tratamiento Cardiovascular CARDIOAMIGOS	Aid fund for low-income heart disease patients requiring surgery.	X	
	Fundacion Patronato Hospital de Niños J.M. De Los Ríos FUNDAHOSPIN	Contribution for the provision of medical supplies and special studies for patients who come to the hospital	X	X

SOCIAL COMMITMENT  
Institutional Programs



We contributed to the “Teletón 20-30 2020”, organized by the Active Club 20-30 of Panama, which was intended to provide technical and humanitarian support to families of children with disabilities in poverty, whose living conditions were particularly affected by the pandemic.

Additionally, also in 2020 we delivered masks, gloves and alcohol gel to the police and fire stations in the vicinity of our facilities, thus contributing to the biosecurity of public servants during the COVID-19 pandemic.

In 2020 and 2021 for the third and fourth consecutive years, Mercantil was part of the Financial Education Program of the Panama Banking Association, which is part of the National Financial Education Strategy, and through which Mercantil Volunteers teach financial concepts to young students of middle school. It should be noted that the activities of the volunteers could not be carried out due to the restrictions imposed by the pandemic on face-to-face education.



We continue to make an annual contribution to the Zürich Art Museum

### Special Christmas contribution



Since 2004, every Christmas, Mercantil donates in Venezuela an amount equivalent to the budget that it could have allocated to corporate gifts to one or more non-profit organizations, and communicates it to its clients and related parties through a letter issued by the President, in which he invites them to join this support. Additionally, we echo this initiative in social media through our subsidiaries.

In 2020, the special Christmas contribution was granted to the campaign developed by Cáritas de Venezuela, aimed at supplying biosafety equipment to health care providers during the COVID-19 pandemic in the country’s main hospitals.

In 2021, the beneficiary was the DVC Food Bank, a pioneering initiative in the country that has been developed by the Dividendo Voluntario para la Comunidad with the purpose of “fighting hunger and malnutrition in vulnerable communities in Venezuela”, offering a logistics platform for the collection and distribution of food and basic necessities nationwide.

Since 2004, 53 institutions have been favored with Mercantil’s special Christmas contribution



SOCIAL COMMITMENT  
Institutional Programs

## Furniture and computer equipment donation

We donated discontinued furniture and computer equipment from our offices to non-profit organizations. In 2021, in Venezuela, we made a donation to the Casa Arturo Uslar Pietri Foundation consisting of modular office furniture, to furnish La Casa del Lápiz headquarters, a program that consists of a network of training centers in trades, arts and crafts, as well as for the development of business plans, located in popular sectors nationwide.



## Space loan for events

As part of our support for non-profit organizations, we lend our spaces for holding special events for our main allies, which have been reduced due to the restrictions imposed by the COVID-19 pandemic.

In Venezuela, Mercantil Seguros lent its spaces for the Cumbre Líder 2020 events, organized by Dividendo Voluntario para la Comunidad, and the Award Ceremonies for the 2020 and 2021 annual editions of the Ideas Contest

**¡EL BANCO DE ALIMENTOS  
TIENE UN NUEVO ALIADO!  
MERCANTIL SE UNE A NOSOTROS**

Tú también puedes combatir la  
desnutrición con tu donación.



The Food Bank has a new ally!  
Mercantil joins us  
With your donation you can fight malnutrition too

## Support for communication and fundraising campaigns

Through the social media accounts of Mercantil subsidiaries, we disseminate communication and fundraising campaigns of our main allies. Such is the case of the campaigns carried out during 2020 and 2021 in Venezuela, in favor of: Children's Orthopedic Hospital, Cáritas de Venezuela, Fe y Alegría, UNICEF, Fundahígado, Fundación Amigos del Niño con Cáncer, and the DVC Food Bank.

In 2020, Mercantil co-organized and sponsored the virtual fundraising meeting "Talent for transformation, friends for Panama and Latin America" to benefit the scholarship program for low-income students of the Metropolitan University, based in Caracas, Venezuela.

Additionally, in 2021 Mercantil employees in Venezuela made monetary and in-kind donations to families in the state of Mérida who were left homeless due to landslides caused by torrential rains, through the operation carried out by the Dividendo Voluntario para la Comunidad (DVC).

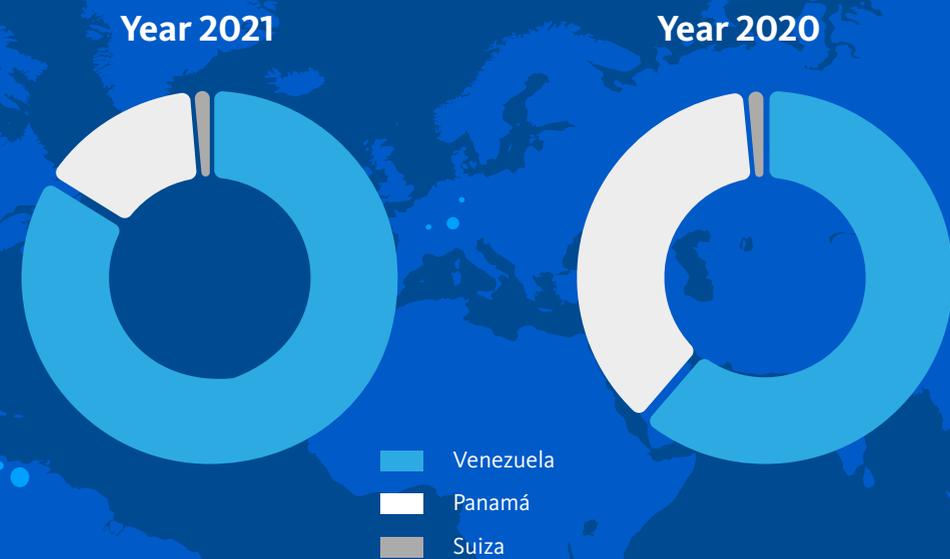


**FUTURE**  
With your support, the children of the Children's Orthopedic Hospital will be able to have a better future.  
Your #heartforkindness will change their lives  
Go into [www.ortopedicoinfantil.org](http://www.ortopedicoinfantil.org)  
Click to donate

## Synthesis by geographies and service areas Mercanil Social Investment \*

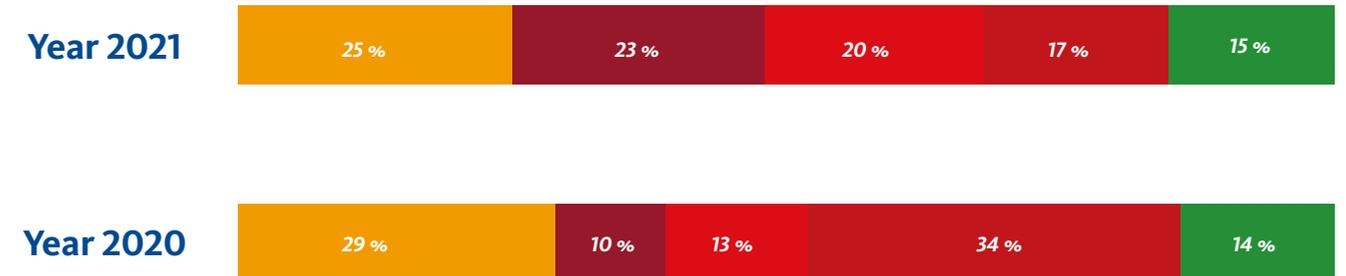
Venezuela	84.9 %	61.2 %
Panamá	14.8 %	37.2 %
Switzerland	1.3 %	1.55 %

(\* Includes MSFI and MSF (Venezuela). Covers donations to third parties and contributions to own programs.



## Social investment by area

	Year 2021	Year 2020
 Culture	25 %	29 %
 Entrepreneurship	23 %	10 %
 Social Assistance	20 %	13 %
 Education	17 %	34 %
 Health	15 %	14 %



An aerial photograph showing a wide river or canal system. In the foreground, a long dam or lock structure stretches across the water. The surrounding landscape is lush green with dense vegetation and some industrial or residential buildings. The sky is blue with scattered white clouds. A large blue curved shape is on the left side of the image, containing the text.

# ● ENVIRONMENTAL DIMENSION

# ENVIRONMENTAL DIMENSION

*We are aware that our activity produces an environmental footprint, despite the fact that the type of operations conducted directly by our companies does not require large amounts of resources or energy, nor does they cause significant contamination of soils or water sources, which may affect biodiversity.*

That is why we continually seek to identify opportunities to reduce the requirement and make more efficient use of the resources and energy that we use in our subsidiaries, and we implement initiatives such as those described below:

Used resource	Implemented measures
<p><b>Energy</b> Obtained through the national electricity supply network, and self-generated by means of generators based on fossil fuels (this last modality only in Venezuela, to support our operations and services, due to frequent failures and interruptions in the supply).</p>	<ul style="list-style-type: none"> <li>• Replacement of fluorescent lamps with led fixtures.</li> <li>• Replacement of air conditioning equipment for more modern and eco-efficient units.</li> <li>• Installation of timers to turn on and off lights and air conditioning equipment, with schedules adjusted in accordance to the requirement of the activity carried out in each space of our headquarters.</li> <li>• Installation of motion sensors in areas with low traffic, such as emergency stairs, restrooms and escalators.</li> <li>• Optimization of the efficiency of lamps by reducing the number of fixtures required without affecting the lighting standard</li> <li>• Deactivation of light signs on facades of customer service offices in Venezuela</li> <li>• Preventive and corrective maintenance of electrical, hydraulic and refrigeration equipment, to ensure its optimal operation</li> </ul>

Used resource	Implemented measures
<p><b>Water</b> From public supply sources, as well as from underground wells and tanker trucks (the last two modalities only in Venezuela, to overcome intermittency and failures in supply).</p>	<ul style="list-style-type: none"> <li>• Installation of water flow control devices in faucets and toilets, which reduce consumption and avoid waste</li> <li>• Water supply adjusted to working hours at Mercantil Banco headquarters in Venezuela.</li> <li>• Reduction of the water required for washing utensils in the dining room of Mercantil Banco Universal headquarters in Venezuela, by providing cutlery and glasses for personal use to all employees.</li> </ul>
<p><b>Fossil fuels</b> Used for:</p> <ul style="list-style-type: none"> <li>• the operation of a limited fleet of vehicles</li> <li>• the ignition of electricity generating plants, which support supply failures</li> <li>• the transportation of cash and securities</li> <li>• worker's transportation</li> <li>• mail distribution</li> <li>• bussiness trips, by car and by plane.</li> </ul>	<ul style="list-style-type: none"> <li>• Installation of technologies for videoconferences on personal computers, as well as audiovisual resources in meeting rooms, which promote work dynamics in which face-to-face is not required, and therefore reduce travels and transfers between facilities.</li> <li>• Decentralization of the cash treasury, which manages to avoid and reduce the transportation of cash between bank's branches</li> <li>• Grouping of correspondence and office supplies requirements to optimize shipments</li> <li>• Adjustment of power plant turn-on and turn-off times in the event of supply failures, according to public service hours, and load rationalization, to optimize fuel efficiency.</li> </ul>



## Paper use

Paper is our most relevant input, as is our main waste, which is why we strive to undertake initiatives aimed at reducing its use by our employees, and in interactions with our main stakeholders, among which stand out:

- Dematerialized banking operations, through electronic channels
- ATMs that allow you to see the transaction made on the screen, without printing receipts
- POS that only print receipts for credit card transactions or failed transactions
- Minimization of the use of paper in customer operations at our branches
- Issuance of digital account statements
- Digital issuance of insurance policies, processing of claims notifications and reimbursement management, guarantee letters, etc. through electronic channels.
- Requirement of digitized documents for processing of quotations and acquisitions of goods and services, in order to reduce the use of paper and the volume of physical files of suppliers
- Control of the number of printouts made by employees, accompanied by awareness campaigns on the need to print only what is essential, use of paper on both sides, and configuration of systems to save digital files before proceeding to their printing
- Differentiated collection of bond paper to be discarded, for recycling by an external supplier
- Digital issuance of financial and non-financial reports for shareholders, regulators and other stakeholders.
- Installation of a single toilet paper dispenser in common bathrooms.

## Use of plastics

As a way to reducing and avoiding the use of plastics, especially those for single use, we have adopted a series of measures in our subsidiaries, which we have accompanied with awareness campaigns for our employees.

In this sense, we have installed filtered and ozonized water dispensers on all the floors of our main headquarters, as well as in our branches, for the use of our team members and clients, helping to avoid the purchase of disposable water bottles.

On the other hand, in our subsidiaries in Panama we use biodegradable cafeteria supplies, while in Venezuela we provided a set of cutlery and glass for personal use to all employees of Mercantil Banco headquarters, to eliminate the use of disposable cutlery and cups.



## Residue management

The main waste generated by Mercantil is paper, cardboard, glass, and unclassified waste, which is collected by urban cleaning companies that usually do not offer volume metrics for them.

We have implemented a series of initiatives for the reduction and management of solid waste in our subsidiaries, such as:

- Containers for differentiated collection of waste generated by our employees at our headquarters in Panama.
- Recovery of paper and cardboard in our main offices in Venezuela.
- Trade-in of electronic equipment to be replaced, such as computers, ATMs and POS points of sale, for reuse and safe final disposal, in our operation in Venezuela.
- Certified final disposal of electronic waste through a specialized company, in our operation in Panama.
- Segregation and use of organic waste from our headquarters of Mercantil Banco in Venezuela, for farming activities.
- Donation of furniture and computer equipment that have been discontinued, to non-profit organizations.



WE RECYCLED IN 2021  
 101 pounds of cardboard  
 1466 pounds of electronics  
 Total recycling  
 1567 pounds in the year 2021



Due to mobility restrictions and the consequent limitation to face-to-face activities as a result of the COVID-19 pandemic, it is important to note that the use of resources, energy, fuel and waste generation during the years 2020 and 2021 by our subsidiaries was completely atypical and not representative of their activity. Hence, accountability for our environmental impact will begin in 2022, and will start by measuring the environmental footprint of our operation in Panama, to be reported in our next sustainability report.

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The preparation of this report represents a milestone of enormous importance for Mercantil, as it is the first experience of transparency on our extra-financial performance, which covers our management of ESG aspects in the different geographies in which we are present with our businesses.

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