



Sustainability *Report 2022*



Content



About this Report

(GRI 2-1, 2-2, 2-3, 2-4, 2-14)

This report for Mercantil Servicios Financieros Internacional (MSFI) has the purpose of disclosing our main financial results and our performance related to ESG (environmental, social and corporate governance) factors, as key aspects in business management

The information corresponds to the year 2022 and involves results of MSFI and its subsidiaries; the exceptions to this scope have been indicated in the document. The contents were validated by the different areas involved and finally by the President. External verification will be incorporated into the following exercises.

Identification of contents

Below the title of each section, there is a reference to the contents of the Global Reporting Initiative (GRI) standards and the parameters of the Sustainability Accounting Standards Board (SASB).

At the end of the report, the specific indices of

GRI Standards

the: are included.



Now part of IFRS Foundation



01

The report has been developed applying the **GRI** Standards, of international reference; respond to the impact materiality and are intended for a broad audience.

02

It also includes the SASB Standards, which address financial materiality and respond to information requirements, especially from investors, asset managers and other parties of the financial market.

03

Likewise, we present in the report our contribution to the Sustainable Development Goals (SDGs), a roadmap proposed by the United Nations (UN) to address society's great challenges.



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Message of the President

(GRI 2-22)

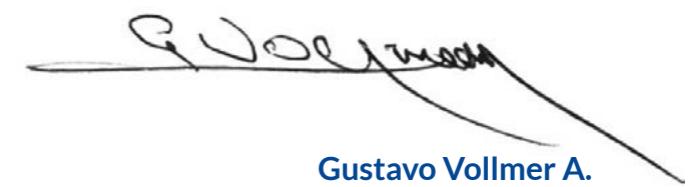
Throughout our history, Mercantil Servicios Financieros Internacional (MSFI) has been characterized by managing business, framed in solid values and accompanied by our permanent contribution to social welfare.

This concern to increasingly contribute to the sustainable development of the communities where we have a presence, drives us to adopt strategies that have inclusive and sustainable actions, aligned with our objective of creating value for our stakeholders. This effort is part of our purpose, which has led us to achieve an important milestone in 2022, the creation and implementation of our Corporate Sustainability Strategy, structured based on ESG criteria, from which we incorporate environmental, social and corporate governance factors as key aspects in the responsible management of the business, in the markets where we operate.

It is with great satisfaction that I share our 2022 Sustainability Report, in which we describe our financial, social and environmental performance, carried out with dedication, professionalism and adherence to good corporate governance, taking firm steps towards achieving our aspiration to be relevant in the international financial sector, with responsible management, leveraged on a wide range of products and a digital transformation proposal aimed at generating closeness with our clients and providing a service that is constantly evolving, to exceed the expectations of those who place their trust in us.

During 2022 we continue to bet decisively on culture, education, the well-being of our employees and financial inclusion, an aspect where "Zinli" stands out as the first product of our Fintech (MFTech), which is a digital wallet that meets the strategic mission to make life easier for people, to connect banked and unbanked users.

Likewise, another important achievement during this period was the acquisition of Capital Bank and subsidiaries in Panama, as a fundamental part of our expansion strategy in and from this country. This is how we have planned to continue growing, based on the strengthening of our MSFI ecosystem, which maintains businesses in banking, insurance, investment and fintech, with a multinational vision that has allowed us a successful experience in Latin America, the United States and Switzerland. All this without losing sight of our responsibility and purpose of continuing to promote the economy and sustainable development.



**Gustavo Vollmer A.
President**

Main Figures



Operations

+ 4.5 MM  de clients

 **+ 1.4 millions Zinli downloads**
with clients connected in more than 150 countries

+ 40 %
digital transactions

+ 10,000 people benefited

by our contribution to various organizations, as part of our Social Responsibility actions

Operations in 3 countries



97 YEARS *Mercantil* 
operating

+ 2.600 MM
transactions

+ 36.000
digital accounts

+ 400 M
digital wallets

Team

 **3,654**
employees



14 average hours
of training per employee

61 %
of women on payroll

Financial performance

Assets

US\$
3,818 MM

Managed Assets

US\$
+ 1,500 MM

Gross utility

US\$
70 MM

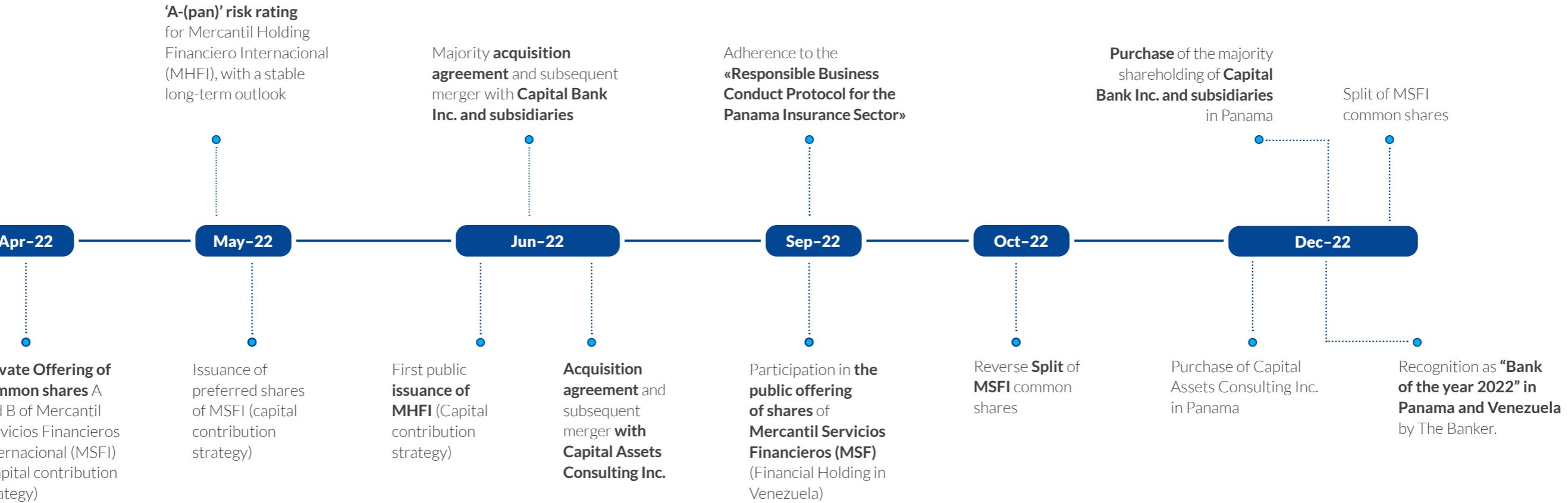
EBITDA

US\$
62 MM

Milestones



Our main milestones



Acknowledgements





The Banker



Bank of the Year
in Panama 2022



The Banker



Bank of the Year
in Venezuela 2022



Global Finance



Best Bank
in Venezuela in 2022



Acknowledgements In Innovation

- Zinli, finalist at the E-commerce Awards Panama
- Zinli, presented as a case study at Google Week

Other acknowledgements

Mercantil Servicios Financieros, S.A. at the Top 100 Venezuelan Companies by the Venezuelan -American Chamber of Commerce and Industry (Venamcham), placing the organization in second place in the global ranking and in first place in the financial services category.

About Mercantil

- Introduction
- Our products by type of business
- Differential value and strategic goals
- Risk ratings
- MSFI share structure



Introduction

(GRI 2-1)

Mercantil Servicios Financieros Internacional (hereinafter MSFI), is a financial organization founded in 1925, which bases its way of doing business on a series of strategic guidelines. We are recognized for being a company with a culture oriented towards commitment, compliance and value generation in our strategic vision.

We are headquartered in Panama, we have operations in Venezuela and Switzerland, and our shares are listed on the Latin American Stock Exchange (Latinex).

Mission



Meet customer 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 adding value to its shareholders permanently, with a long-term sense.

Vision



To be an independent financial services organization and a reference in the banking, insurance and asset management businesses, in the markets in which we provide services.

Our culture



Solidity: Solidity above all.



Long-term thinking and vision:

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



Care and respect for staff:

Care, motivation, recognition and individual development of employees are a permanent goal.



Highlight the Mercantil brand:

The image is the organization, the public exposure is of the organization as a whole, not of its individuals, and its profile depends on the strategy.



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



Ethical behavior: Zero tolerance for what is unethical, transparency in communication and information.



Multinational: We are an organization with a presence in different geographies.



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



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



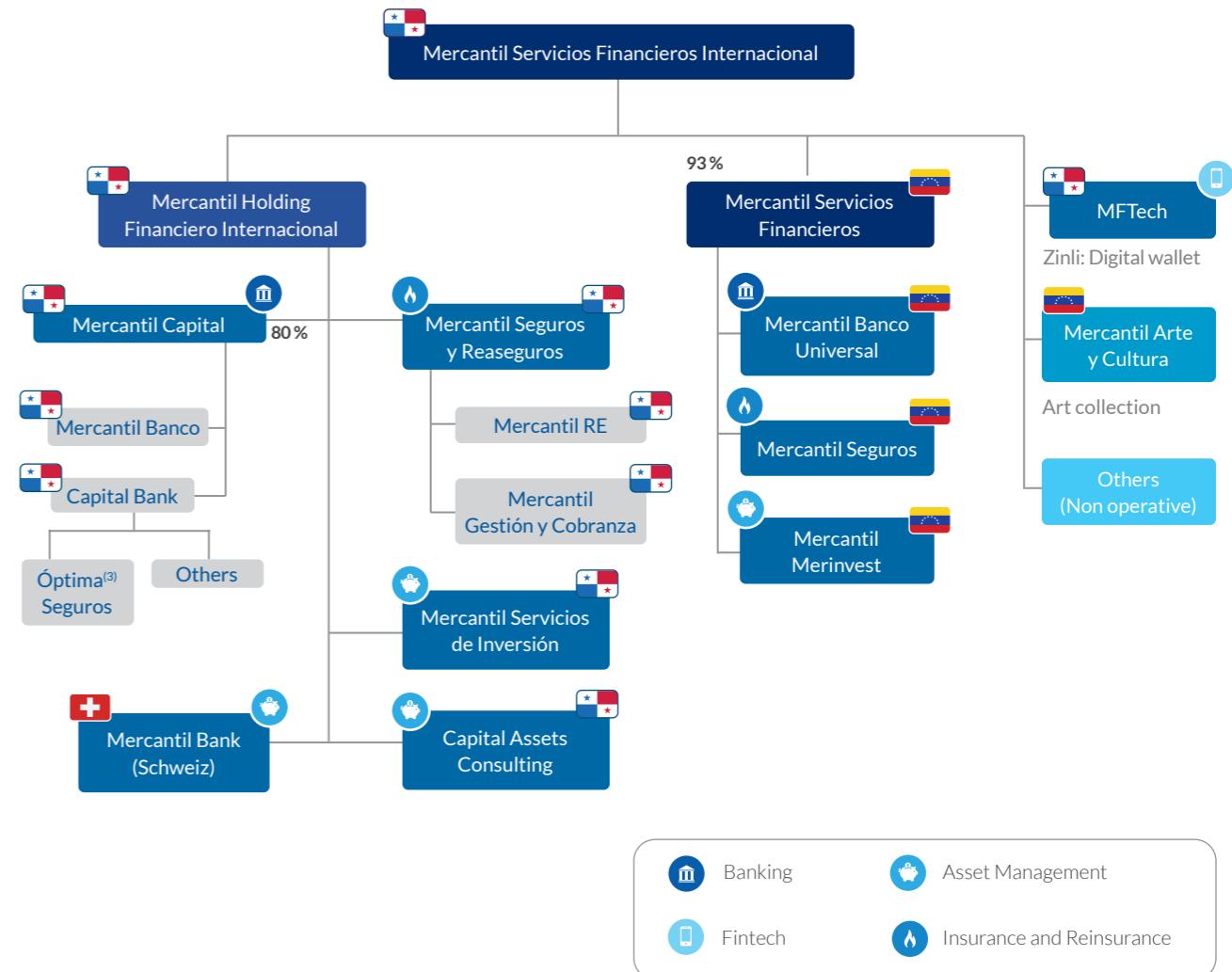
Discipline in Corporate Governance: Respect for corporate governance structures.

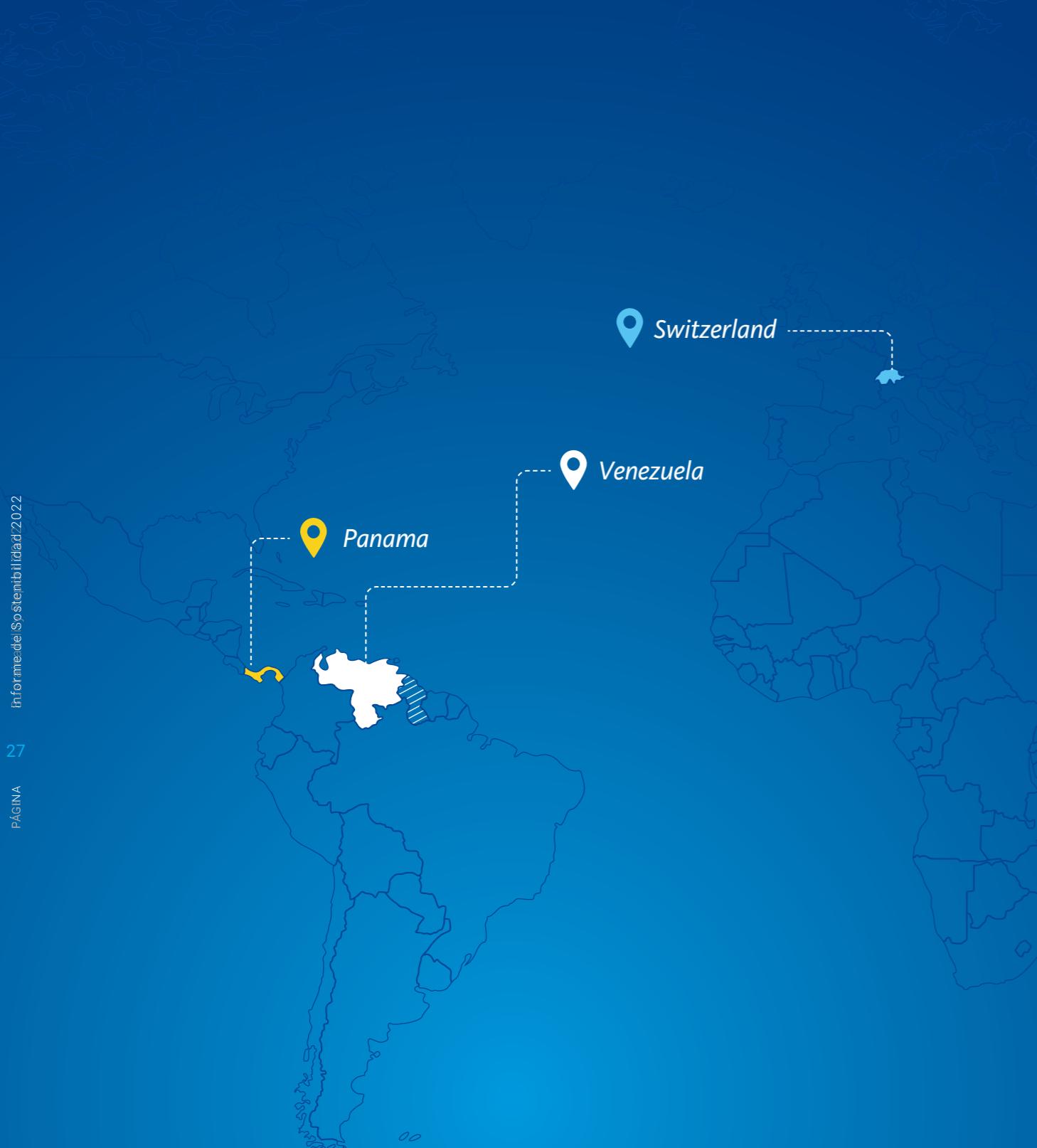
Our commitment

- To be the best provider of financial services, measured by the degree of comprehensive satisfaction of the needs and expectations of its customers, through products and services that they consider to be the best in the market.
- Maintain continuous focus on increasing the operational efficiency of the organization as a whole, using technology as a competitive advantage.
- To be recognized for its quality and excellence.
- To be a vanguard and innovative organization that anticipates both the requirements of its clients and the actions of its competition.
- Have the best and most qualified group of human resources, committed to teamwork.
- Maintain prudent risk management, along with excellent asset and liability management.

Organizational structure

(GRI 2-1, 2-2, 2-6)





Our products per type of business

(GRI 2-6)

Banking



We have been operating in Panama for more than 40 years, delivering a banking value offer anchored to an attractive financial ecosystem:

- Opening and management of remunerated and non-remunerated accounts from any location.
- Multiple financing options for individuals, companies and institutions.
- Swift credit card approval.
- Innovative digital channels to carry out all day-to-day operations.
- Recognized as “Best Bank” in Panama by *The Banker*.



- For almost 100 years we have offered innovative banking products and services.
- Multiple services and digital channels, including advanced artificial intelligence.
- Branch in Curaçao and representative offices in Bogotá and Lima.
- Accounts for people and companies.
- Financing options for individuals, companies and institutions.
- Recognized as “Best Bank” in Venezuela by *The Banker*.

Insurance and Reinsurance



More than 30 years of experience from our companies in Panama and Venezuela, offering agile and reliable insurance solutions for individuals and companies and a differentiated reinsurance offer in the region:

- Attractive protection plans in the fields of health, vehicles, patrimonial and bonds for individuals and companies, with coverage in dollars, aimed at local and international clients.
- Wide support for reinsurance under a facultative and contractual scheme in the fire, all risk, general civil liability, aviation, recreational boats, transportation, life and assistance services branches in 13 Latin American countries.
- Digital service channels for our local and international clients, in constant innovation and adaptation, according to global market trends.



Asset Management



For more than 30 years, serving from Switzerland, we are the first Latin American financial institution to obtain a license to operate in Switzerland:

- We offer multi-currency accounts and deposits.
- Investments via discretionary portfolios, structured products, custody and brokerage of securities and trusts.
- Multi-currency financing.
- Spot and forwards, swaps, online banking, debit and credit cards

World-class and digital investment offer, adapted to different profiles and needs, for people and companies from any location:

- Securities custody and brokerage, structured investment on short-term mutual liabilities, own mutual funds with competitive returns and structured notes.
- Margin account for financing securities.
- We have a Brokerage House and Investment Manager License and we are a full member of the Latin American Stock Exchange "Latinex".

Leaders in the stock market in Venezuela, recognized by the volume of our operations in the sector, we offer:

- Attractive brokerage and trading services, mutual funds and financial advice.
- Purchase/sale operations of private securities in national currency.
- Unsecured bonds, commercial papers and stocks.

Fintech

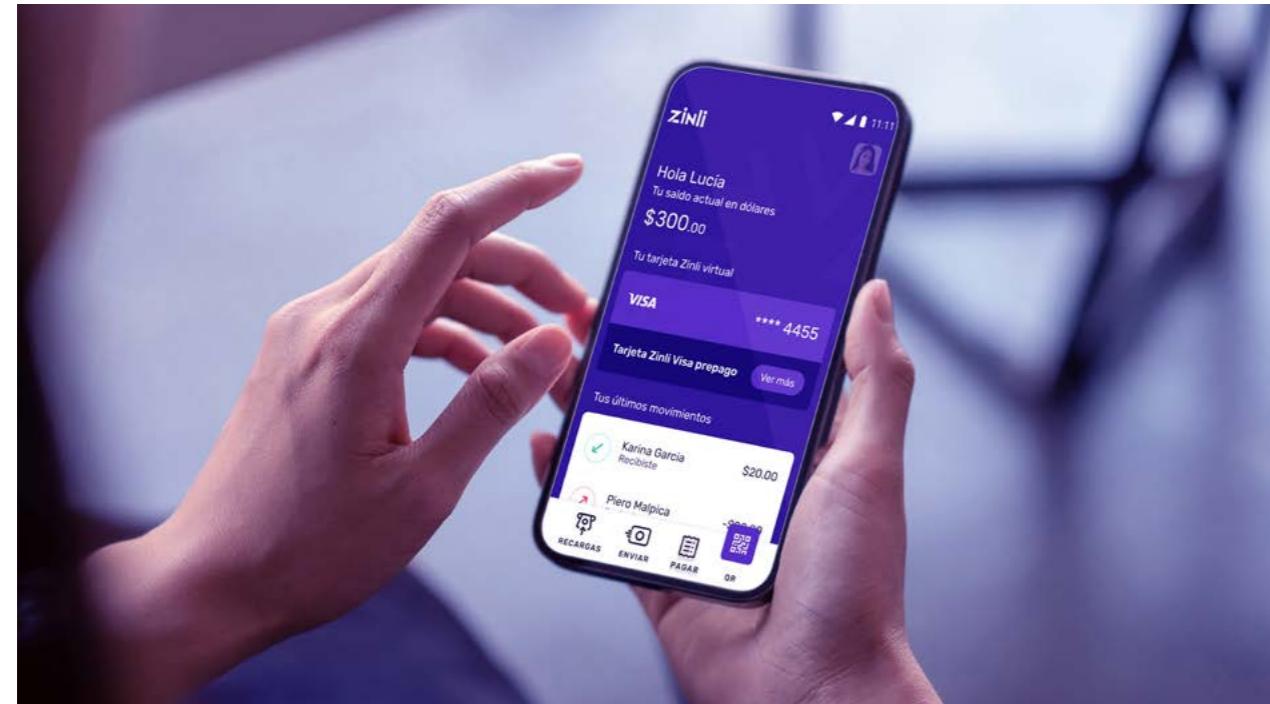


MFTech.



We generate tangible impact on society, delivering digital solutions that promote financial inclusion, friendly, aesthetic and intuitive tools, developed by our network of professionals specializing in electronic payments and digital finance from different countries in LatAm:

- We develop mobile applications.
- Web platforms.
- Design and management of digital marketing.



Differential value and strategic objectives

(GRI 3-3)



Geographical interaction of financial services



On-site or remote customer care, without borders and in Spanish



Digital channel facilities

We have considered continuing to grow and evolve, based on the strengthening of our Mercantil ecosystem, which maintains businesses in banking, insurance, asset management and fintech, with a multinational vision that has allowed us a successful experience in Latin America, the United States and Switzerland.

Our strategy will allow us to be relevant in the markets where we are present, through a wide range of products to meet various financial needs and a digital transformation proposal aimed at being closer to our customers, serving new segments and providing a better service every time.

In this sense, the acquisition of Capital Bank seeks to strengthen Mercantil's presence in the financial sector in and from Panama. Mercantil's offer will allow clients to borrow, save, invest, insure, and trade in dollars, because of the attention of an experienced team that has been joined by collaborators with innovative ideas and the desire to always provide clients with the best.

In order to achieve this aspiration, we are focused in four main strategic objectives:

Value Creation

Creating value for our stakeholders through responsible growth, which allows us to invest more and more in the well-being and development of our people, in being the best place to work, in developing capabilities to deliver innovative products and services to our customers that meet their needs and provide them with the best experience, and to share our success with our shareholders and the communities in which we operate.

Relevance

Growing and being relevant in all our businesses. We set ambitious and challenging goals in order to generate value, especially for our clients.

Referential Products and Services

Offering a comprehensive value proposition, leveraged on digital transformation and focused on fully satisfying the needs and expectations of our customers, through products and services that they themselves consider to be the best on the market.

Ecosystem with Exceptional Service

Developing a financial ecosystem of comprehensive value, providing a reliable financial platform that connects various products and services focused on the particular needs of our clients, improves response times and minimizes access barriers to financial products.

Risk ratings

<i>Institution</i>	<i>Country</i>	<i>Agency</i>	<i>Rating</i>
			A- (pan) Long Term F1 (pan) Short Term
			BBB (pan) Long term F3 (pan) Short term Outlook: Stable
			B++ in Financial Solidity bbb as long-term issuer Outlook: Stable
			BBB (pan) in Financial Solidity Outlook: Stable
		Key Risk Management Society	A2 Commercial Notes (short-term local currency)
		A1a Rating agencies	A2 Commercial Notes (short-term local currency)
			CCC Long-term C Short-term ccc Feasibility Outlook: Stable The Bank holds the highest international rating given Venezuela's sovereign ceiling

MSFI shareholding structure

(GRI 2-1)

In 2022, we continued with the execution of the equity reorganization project started in 2019, whose main objectives include strengthening Mercantil's equity, focusing efforts in order to complete business in and from Panama and preserving the strengths of Mercantil, maintaining operations in Panama, Venezuela and Switzerland.

	2022	2021
Assets	US\$ 562,234,962	US\$ 540,562,849
Social capital	US\$2,106,272	US\$ 1,987,098
Total authorized shares	4,450,440 (4,212,546 subscribed and paid)	209,521,922 (198,709,727 subscribed and paid)
Class A common shares	2,585,238 (2,468,562 subscribed and paid)	121,761,858 (116,618,986 subscribed and paid)
Class B common shares	1,865,202 (1,743,984 subscribed and paid)	87,760,064 (82,090,741 subscribed and paid)
Preferred Shares	300,000 (subscribed and paid) (Preferred)	0
Shares in Treasury*	101,612	8,561,812
	20,296 class "A" / 81,316 class "B"	2,245,933 class A / 6,315,879 class B

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Sustainability Report 2022

(*) Capitalization value at the closing of 2022: 4,212,546 shares

Consolidation accounting policy

In the notes to the audited financial statements, MSFI discloses the technical considerations it uses to financially consolidate permanent investments and the MSF investment that is presented using the cost method.

Based on the consolidation accounting policy used, the MSFI consolidating companies are indicated below:

Company name	Location	Participation percentage	
		2022	2021
Mercantil Holding Financiero Internacional, S.A. and subsidiaries	Panama	100	100
Mercantil Arte y Cultura A.C.	Venezuela	100	100
MFTech, S.A.	Panama	100	100
Mercantil Servicios Financieros, C.A. and subsidiaries	Venezuela	93	90

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Investment per cost method

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 consisting of an income and market capitalization approach.

Risk management

- Internal Control System
- Comprehensive Risk Management
- Business Continuity Plan
- Relationship with Supply Chain
- Climate change related risks



Internal Control System

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

It is made up of a set of policies, procedures and prevention mechanisms, in order to provide a reasonable degree of security regarding the objectives of the organization, especially for:

- Improve the efficiency and effectiveness of operations.
- Prevent and mitigate the occurrence of fraud.
- Optimize the reliability, timeliness of the information generated and its disclosure to stakeholders.
- Provide independent and objective assurance on the operation of the Internal Control System, through internal and external audits.
- Conduct adequate comprehensive risk management.
- Comply with the laws, other applicable regulations, and the code of ethics of MSFI and its affiliates.

Three Lines of Defense Model

Additionally, we have the model of the three lines of defense, according to Basel international recommendations:

Mercantil Internal Control Model



Responsibility for internal control is not transferred from one line to another.

Comprehensive Risk Management

(GRI 2-12, 2-13, 3-3) (FN-IN-550a.3)

During 2022, Mercantil's Comprehensive Risk Management maintained its objective of establishing guidelines for the implementation of a comprehensive risk management and administration process. Reports to the MFSI Comprehensive Risk Committee and receives guidance and guidelines from the Risk Committee of the MFSI Board of Directors. It promotes its management through specialized units and its action policy, aimed at identifying, measuring, monitoring, limiting, controlling, reporting and disclosing the different types of risks to which the group is exposed, according to the nature, the size and complexity of its operations, to mitigate any adverse effect on the different portfolios of its subsidiaries and on their operations.

It aligns its actions with the established strategic objectives, through the consolidation of its corporate values, encouraging a risk culture and strengthening knowledge in the different areas where Mercantil is located; as well as, according to the provisions of the regulations where it has a presence. Equal attention is paid to the management of: transactions between related parties that consolidate with the group, the guidelines for handling transactions between Mercantil and any of its subsidiaries, as well as compliance with laws and regulations related to investments in values.



The Comprehensive Risk Management has specialized units, independent from the business units, and are responsible for managing the following risks, the definition of which is established in current regulations applicable to comprehensive risk management:

Financial Risks

Risk	Description	Año 2022	Año 2021								
Credit Risk	The possibility of incurring losses and a decrease in the value of its assets, as a result of the regulated entities not complying in a timely manner or imperfectly complying with the terms agreed in a previous contract.	Default Rate/Total Portfolio	1.70 % 0.60 %								
		Default Rate/Reserves	78.2 % 39.70 %								
Concentration Risk	Losses caused as a consequence of a high level of exposure and that could affect the solvency or ability to maintain operations. These concentrations may arise in assets, liabilities or off-balance sheet operations.	(See HHI table)*	Year 2022 Year 2021								
		Concentration Indez	0.35 % 0.49 %								
Liquidity Risk	The possibility of an economic loss given the difficulty of liquidating assets or obtaining financial resources on regular terms during the normal course of business.	Year 2022	Year 2021								
		Liquidity Index	32.70 % 37.60 %								
Counterparty Risk	The possibility of loss as a consequence of adverse movements in the prices of the products in the financial markets where MSFI and its affiliates hold positions. It mainly includes price risk, interest rate risk and exchange rate risk.										
Market Risk	The possibility of loss as a consequence of adverse movements in the prices of the products in the financial markets where MSFI and its affiliates hold positions. It mainly includes price risk, interest rate risk and exchange rate risk.										
(*) IHH Table:											
<table border="1"> <thead> <tr> <th>IHH</th> <th>Interpretation</th> </tr> </thead> <tbody> <tr> <td>HHI ≤ 1.0</td> <td>Low concentration level</td> </tr> <tr> <td>1.0 ≤ HHI ≤ 1.8</td> <td>Moderate concentration level</td> </tr> <tr> <td>HHI ≥ 1.8</td> <td>High concentration level</td> </tr> </tbody> </table>				IHH	Interpretation	HHI ≤ 1.0	Low concentration level	1.0 ≤ HHI ≤ 1.8	Moderate concentration level	HHI ≥ 1.8	High concentration level
IHH	Interpretation										
HHI ≤ 1.0	Low concentration level										
1.0 ≤ HHI ≤ 1.8	Moderate concentration level										
HHI ≥ 1.8	High concentration level										

Non-Financial Risks

Risk	Description	Year 2022	Year 2021
Operational Risk	Possibility of incurring losses as a consequence of deficiencies, failures or inadequacies of human resources, processes, technology, infrastructure or external events. This definition includes the legal risk associated with these factors.	Losses/Assets	0.04 % -
		Losses/Income	0.48 % -
		Losses/Equity	0.05 % -
Information Technology Risk	Possibility of economic losses as a result of an event related to technological infrastructure, access or use of technology, which affects the development of business processes and risk management; when it violates the confidentiality, integrity, availability, efficiency, reliability, compliance or timeliness of the information.	Year 2022	Year 2021
		Cybersecurity Maturity Index	3.81 % 3.3 %
Reputational Risk	The possibility of economic losses due to the affectation of prestige. Includes, among others, the effect of money laundering.		
Country Risk	Possibility of losses caused by adverse effects in the economic, social, or political environment or as a consequence of natural disasters in the countries where the group or its clients do business. Country risk includes transfer risk, political risk and sovereign risk.		
Contagion Risk	Possibility of loss that MSFI may suffer directly or indirectly, due to adverse events in any affiliate of its own economic group, or of affiliates that conduct similar activities in the place where it is located or in the financial system of another country.		
Strategic Risk	Possibility of incurring losses due to decisions of high authorities, associated with the creation of sustainable competitive advantages. It is related to failures or weaknesses in market analysis, trends and uncertainties in the environment, key competencies and value generation and innovation processes.		
Social and Environmental Risk	Possibility of incurring losses due to negative environmental and social impacts caused by project financing, or by activities originating from the environment in which it operates, which significantly affect the economic, social or environmental system.		

Business Continuity Plan

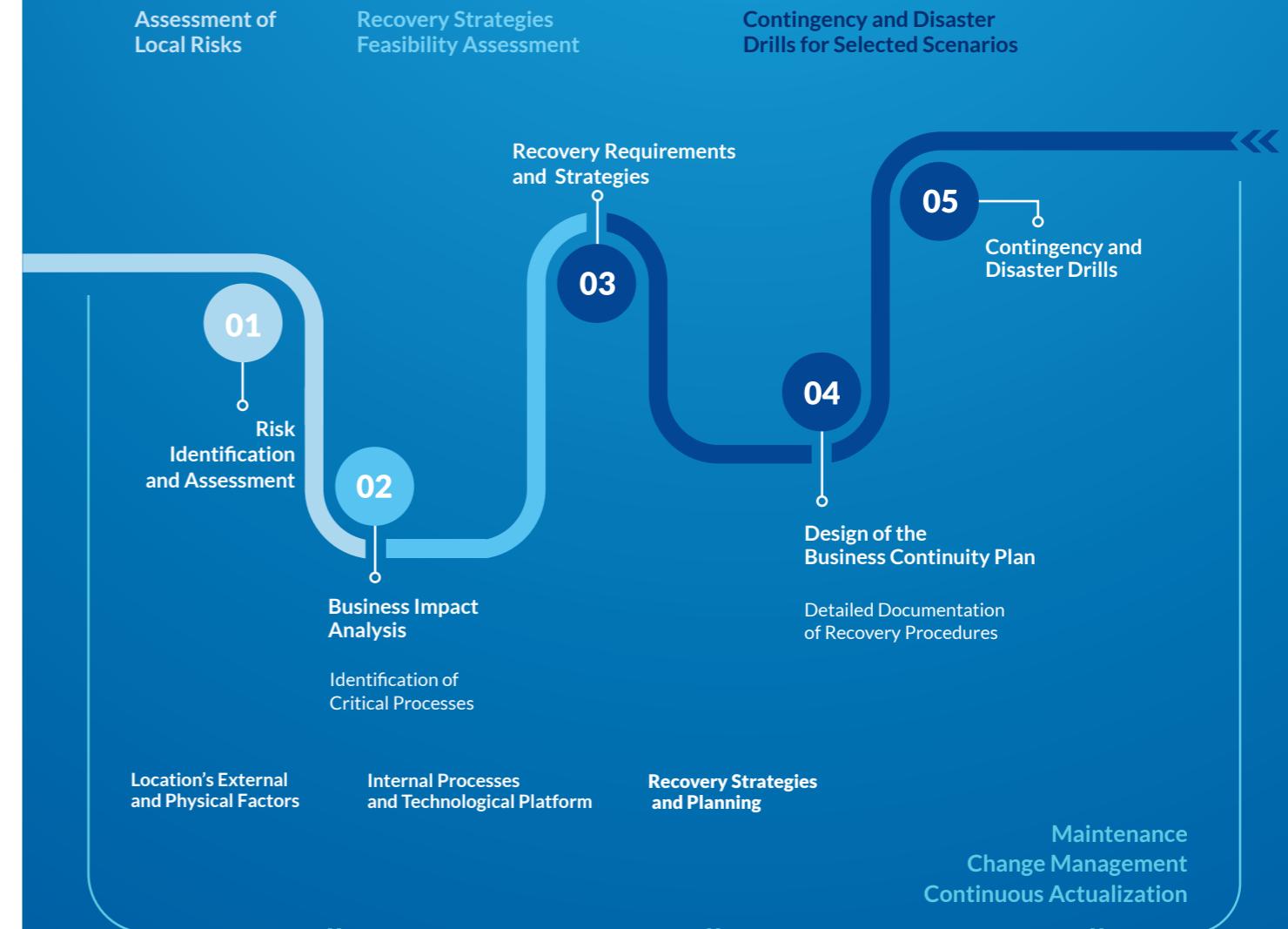
Business Continuity Management makes Mercantil a resilient organization, thanks to a robust and proven plan that ensures the continuity of business and services to customers, in the face of the challenges that arise.

The Management of the Business Continuity Plan is a continuous cycle to ensure the recovery of critical processes, to guarantee the provision of services in a safe and timely manner, when unexpected events materialize.

Unexpected events can come from technological failures, basic services failures, special environmental situations, natural disasters, or even a pandemic, as unexpectedly happened in 2020.

Likewise, maintaining validity in the face of business changes in order to safeguard the objectives and interests of the institution, the expectations of the interested parties and the protection of its employees, becomes the priority within the Business Continuity Plan.

The methodology implemented for the Business Continuity Plan at Mercantil consists of the following stages:



Relationship with Supply Chain

(GRI 2-6)

From MSFI we adopt secure and lasting commercial, financial and business relationships with our suppliers, and we safeguard our reputation as an institution, in compliance with existing legal regulations in the geographies in which we carry out our activities and businesses, especially those related to the Prevention of Money Laundering and the Financing of Terrorism.

For this we have a **Suppliers Manual** that provides the guidelines adopted by subsidiaries for the acquisition of goods and services, and establishes responsibilities for the units involved in the process of purchasing and contracting suppliers.

Our **Code of Ethics** establishes that before proceeding with the acquisition of goods or services, or making any expenditure, the officials and employees authorized to do so shall ensure the need for them and that the prices are sincere, fair and reasonable. should avoid wasteful or luxury expenditures, with the aim of promoting responsible consumption.

The Administration and Supply area of the operations in Panama and Venezuela is in charge of carrying out the relationship with suppliers. For each purchasing or contracting process, at least three suppliers capable of providing the product and/or performing the service are identified, although in some cases, depending on their nature, fewer than three suppliers may be accepted, to whom a due diligence process is applied, continuously, before, during and after the conclusion of the contract, as established in the Anti-Corruption and Bribery Policy.



	Mercantil Banco, S.A.	Mercantil Banco C.A., Banco Universal
	PANAMA	VENEZUELA
	2022	2022
Number of suppliers	206	751
% of local suppliers	90%	95%
Invoicing *	8,161	60,900

*Invoicing in Thousands of US\$

Risks related to climate change

(FN-IN-450a.3, FN-MF-450a.3)

Climate change is associated with a series of risks and opportunities for financial institutions, as stated by the Superintendency of Banks of Panama in its Agreement No. 11-2022.

In this sense, at Mercantil we have identified part of these risks and opportunities, and we are advancing in their evaluation and prioritization, as we have implemented in the insurance business subsidiaries.

Both in the case of underwriting individual risks and at the level of legal persons of all kinds, the incidence of environmental risks is collected and protected. The risk rates or net or theoretical pure rates, which are the part of the premium that corresponds to the assumption of risk, include the historical accident rate derived from environmental risks, such as floods, earthquakes, hurricane winds, landslides, among other risks. In other words, the impact of these natural phenomena is included in the premiums, in addition, these risks are covered in our reinsurance contracts.

On the other hand, through the control of accumulations of catastrophic risks that we carry out in our business portfolio, we can determine the needs for additional reinsurance capacities that are required, in order to meet the payment obligations of claims derived from natural catastrophes and for this, we hire reinsurance policies classified as Catastrophic, so it is not necessary to adequacy extra capital to guarantee payments.



Sustainability Corporate Strategy



Sustainability Corporate Strategy

(GRI 2-23, 2-24, 3-3)

At Mercantil Servicios Financieros Internacional (MSFI) we are an organization determined to have a positive impact on people, communities and countries where we have operations, creating economic, social and environmental value in the medium and long term, especially today, in the midst of one of the most complex world contexts of the last decade.

This purpose of contributing to general well-being has been the engine that prompted us at MSFI to implement a corporate sustainability strategy. It is structured based on ESG criteria, which allow the incorporation of environmental, social and corporate governance factors as key aspects in business management.

In order to develop this strategy, interviews were conducted with employees from different areas of the organization, which made it possible to determine the relevant issues from a financial and impact (material) perspective, related to environmental, social, and corporate governance criteria. Based on these topics, we articulate priority initiatives with action plans, to be more efficient in the efforts.

Throughout the process, the Board of Directors participated in the analysis and approval of both the material issues and the list of initiatives.

Sustainability Corporate Strategy					
Objectives	Responsible Business Management		Good Corporate Citizenship	Contributing to Sustainable Development	
Pillars	Governance	Business Models	Human Capital	Social Capital	Environment
Description	We operate in accordance with our values, under ethical guidelines and ethical conduct, through solid corporate governance. We integrate sustainability criteria in decision-making, generating value for our shareholders and stakeholders.	Innovation is the foundation of value creation in our financial products and services	We are focused on advancing the well-being and development of our human capital	Our strategic social investment generates social capital in the environments where we operate	We are committed to protecting the environment, and for this reason we have been implementing measures to help mitigate our impact.

Annex of stakeholders and materiality analysis.

Suscribed alliances

(GRI 2-28)

At Mercantil, we are committed to promoting the achievement of Sustainable Development Goals (SDG) and we also support local and global initiatives related to sustainability, relevant to the financial sector.

Our subsidiary Mercantil Seguros y Reaseguros participated in the development of the Responsible Business Conduct Protocol for the insurance sector, led by Sumarse in Panama. This protocol, to which Mercantil Seguros y Reaseguros is a signatory, promotes and strengthens the incorporation of responsible business conduct (RBC), and environmental, social and corporate governance factors in business management.

Likewise, at Mercantil Banco S.A., in 2022, we began the process to adhere to the Panama Sustainable Finance Protocol, prepared by the Panama Banking Association, through which we reaffirm our commitment to the application of the best sustainability practices for reduce risks, as well as the reduction of costs and the more efficient use of resources, contributing to the goals that Panama has in terms of the SDG and Contribution to Climate Change Mitigation.



Corporate Governance

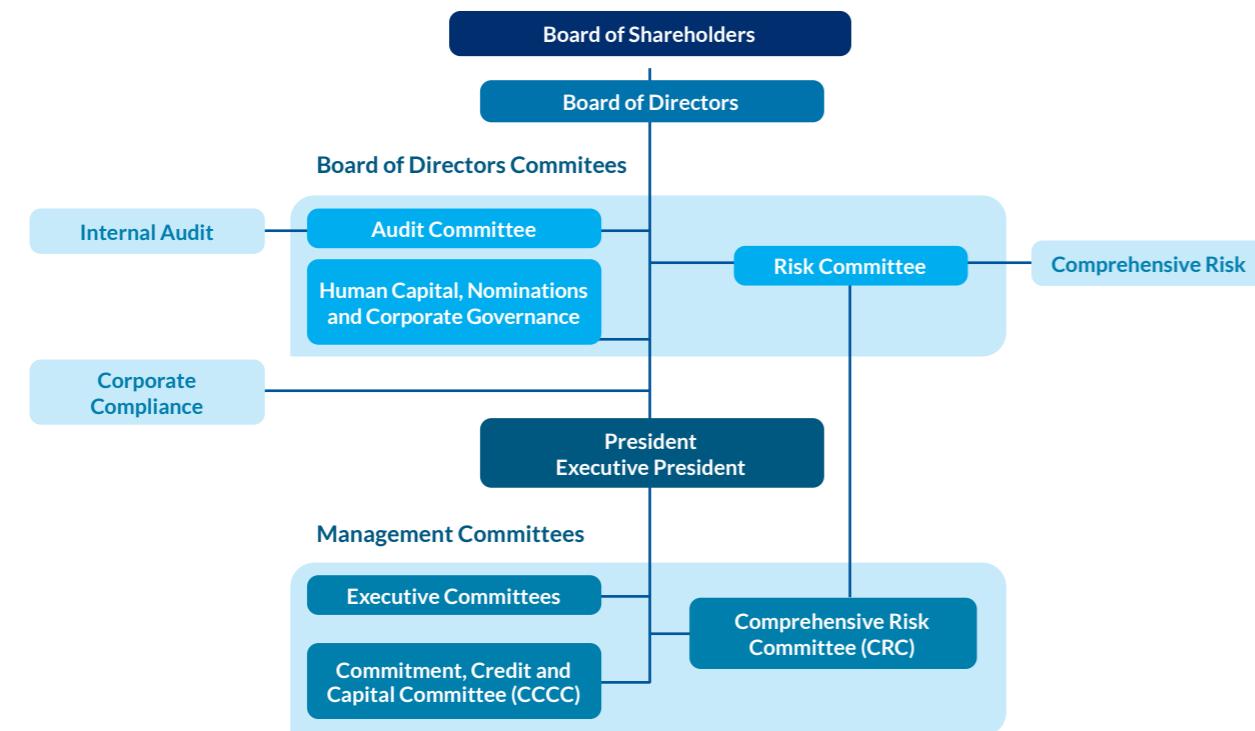


Corporate Governance

(GRI 2-9, 2-10, 2-11, 2-12, 2-13, 2-15, 3-3)

The Corporate Governance structure of MSFI and its subsidiaries derives from the Articles of Incorporation, from the Law, from the agreements that the Superintendence of Banks of Panama, the Superintendence of the Stock Market of Panama and the Superintendence of Insurance and Reinsurance of Panama. Said structure, as well as the Corporate Governance policies and principles that govern and are applied in MSFI and its subsidiaries, are provided for in the relevant detail in the Corporate Governance Manual.

We seek to apply the best international practices in Corporate Governance to facilitate the supervision and work of the Board of Directors and Management, and safeguard the interests of shareholders, customers, creditors and employees.



General Board of Shareholders



It constitutes the supreme power of Mercantil, but in no case may it deprive shareholders of their acquired rights, except as provided in the Articles of Incorporation, or impose an agreement that contradicts the Law, the Articles of Incorporation or the Bylaws, if any.



It meets once a year, within 120 days of the end of the annual fiscal year.



Designates the members of the Board of Directors.

Board of Director:



Their responsibilities are those provided for in the Articles of Incorporation and in the regulations on the matter dictated in the Republic of Panama by its Superintendence of the Stock Market and the Superintendence of Banks.



In 2022, 14 meetings of the Board of Directors were held, complying with the quorum required in the bylaws.



Its members are appointed by the General Shareholders' Meeting, for a period of 3 years, with the right to re-election, except for resignation, removal, disability or death.



It meets ordinarily at least once every quarter and on any other occasion when the president or the Board of Directors consider it necessary.



Evaluates at least once a year the main bodies that make up the MSFI corporate governance system.

30% of the principal directors are women.

Composition of the Board of Directors:

			BOARD OF DIRECTORS COMMITTEES			MANAGEMENT COMMITTEES		
			Audit	Human Capital, Nominations and Corporate Governance	Risk	Executive Committee	Commitments, Credit and Capital Committee	Comprehensive Risk Committee
GUSTAVO VOLLMER A.	Principal Director	President of MSFI and Executive President (CEO)	●	●	●	President	●	President
ALFREDO TRAVIESO P.	Principal Director	Independent		Coordinator				
LUIS A. MARTURET M.	Principal Director	Independent		●	●			
FEDERICO VOLLMER A.	Principal Director	Independent		Coordinator				
ALEJANDRO GONZÁLEZ S.	Principal Director	Independent		●	Coordinator			
ALEXANDRA MENDOZA V.	Principal Director	Independent	●					
MERCEDES ARAUZ DE GRIMALDO	Principal Director	Independent			●			
MARÍA DEL PILAR AROSEMENA DE ALEMAN	Principal Director	Independent	●					
CLAUDIO DOLMAN C.	Principal Director	Independent		●				
MIGUEL ANGEL CAPRILES L.	Principal Director	Independent		●				
RAFAEL SÁNCHEZ B.	Alternate Director	Independent						
ENRIQUE MIER Y TERAN	Alternate Director	Independent						
FRANCISCO MONALDI M.	Alternate Director	Independent						
ROBERTO VAINRUB A.	Alternate Director	Independent						
RENE BRILLEMBOURG C.	Alternate Director	Independent						
IGNACIO VOLLMER S.	Alternate Director	Executive President of Mercantil Holding Financiero Internacional S.A.				●	President	●
MARÍA SILVIA RODRÍGUEZ F.	Alternate Director	President of Mercantil Seguros y Reaseguros S.A.				●		●
LUCIANO SCANDOLARI	Alternate Director	Finance Manager of MSFI				●		
NELSON ACOSTA B.	Alternate Director	President of Mercantil, C.A., Banco Universal				●	●	●
VINCENZA GAROFALO	Alternate Director	Comprehensive Risk Manager					●	

Ethics and Compliance



Ethics and Compliance

(GRI 2-15, 2-23, 2-24, 2-25, 2-26, 2-27, 3-3, 205-1, 205-2, 205-3, 206-1, 406-1, 415-1, 416-2, 417-2, 417-3)
 (FN-CF-270a.5, FN-CB-510a.1, FN-CB-510a.2, FN-IB-510a.1, FN-IB-510a.2, FN-IB-510a.3, FN-IB-510b.4, FN-IN-270a.1)

At MSFI we have a robust corporate compliance system aligned with the Basel principles and the best international practices of the financial industry.

We strive to efficiently manage regulatory or normative obligations that affect MSFI and its subsidiaries in the different geographies and sectors where they carry out their activities or operations, observing a risk-based approach, and adjusting their prevention and control system for money laundering and terrorist financing to current regulations and standards on the matter, in all its activities and businesses.

We act according to the most demanding ethical and professional values to respond to the trust placed by our clients, these being one of the elements that make up the Mercantil Culture expressed in its statement "zero tolerance for unethical behavior". This includes respect for applicable external regulations, as well as the provisions of the Code of Ethics of MSFI and those of its subsidiaries supported by it. Each subsidiary expands the requirements in specific policies complementary to the Code of Ethics.

In the Code of Ethics, MSFI states that it does not accept, promote, disguise or conceal corruption or bribery practices, having a firm commitment to carry out its activities and businesses with integrity and transparency, categorically rejecting the use of that type of practices. Therefore, the official or employee who tries or executes them in order to obtain a benefit for himself or for a third party commits a serious offense against the honor, ethics and reputation of the organization and of their own person.

Our subsidiaries Mercantil Banco, S.A. and Mercantil, C.A., Banco Universal, have Anti-Corruption and Bribery Policies, in which we reaffirm our commitment to carry out activities with integrity and transparency, and we reject the use of bribery and corruption activities.

Likewise, the organization has an Ethics Committee in its subsidiaries Mercantil, C.A., Banco Universal, Mercantil Banco, S.A. and Mercantil Servicios de Inversión, S.A., to learn about and assess serious misconduct that employees could incur and recommend the actions to follow. The mechanisms through which said Ethics Committee learn of employee misconduct are internal audit, safety and risk reports, company management level notifications on the occurrence of events that may be considered misconduct, and the reports of the Human Resources and Compliance Units, on the cases of misconduct in which administrative sanctions have already been adopted.

During this period, the existence of 19 cases of alleged non-compliance with the Code of Ethics, one case of alleged non-compliance with the Know Your Employee policy, and 3 cases of collaborators allegedly involved in fraudulent operations were determined in the Venezuelan subsidiaries. In all cases, the organization activated the mitigation actions and the people involved chose to voluntarily resign. In the subsidiaries of Panama there were no cases of non-compliance reported.

On the other hand, in Venezuela internal complaints are received through a mailbox managed by Human Capital, where other types of communications are also received. In Panama, for these purposes, employees go directly to the Human Capital area. At the moment, there is no anonymous reporting channel, which is planned to be established throughout the organization in 2023.

We continually seek to strengthen organizational ethics, for this reason, we work actively to raise awareness and train all our employees.

Ethics and Asset Laundering Prevention Training

	Panama	Venezuela
Total hours	2,144	3,265
Average hours / per employee	9.20	1.66
Number of employees	233	1,964
% of employees	73 %	68 %

Our Business Model

- Main news by Business
- Responsible Financial Institution
- Information Security and Privacy
- Cybersecurity
- Transparency of information and communication with the client

Innovation is the foundation of value creation in our financial products and services.



Main news by business

(GRI 3-3)

Banking

Mercantil Banco, S. A.



In 2022, from Mercantil Banco, S.A., we successfully managed our ongoing business, while we attended the merger project with Capital Bank.

In this sense, our daily operations were anchored to our aspiration to continue conquering our clients with a more **digital, agile, friendly and distinctive** offer, generating a **WOW!** experience.



Mercan24

We welcomed our virtual assistant, a **new member of the family of digital service channels: Mercan24**, which allows our users and customers to make inquiries about products and services, both at an informative and transactional level.



Integrated to different platforms:
Website, WhatsApp, and Mercantil Móvil.

45,000



Interaction sessions, transfer to our agents of 5,000 conversations.

71

We maximized our clients' access to their finances through their mobile devices and we made our app more intuitive and secure by adding new features:

a. We **integrated Softtoken**, maintaining a single financial transaction validation application. We

incorporated **credit card management from mobile devices**

b. **We constantly update our platform**, with a much faster and lighter application in the download, through the different Marketplaces

Rating of
 4.5 in Android 4.4 in iOS

+100,000
Downloads

+24,500



New digital accounts

Checking and savings accounts (Web process) and Mony simplified accounts (Mobile app)



Incorporated new functionalities in Mercantil On Line



Self-service for credit card management.



Zinli card recharges through local transfers (ACH).



Viewing the status of deposit accounts.



Implemented initiatives to guarantee satisfactory service to our customers from our digital channels.

- Incorporated NPS® (Net Promoter Score) methodology to measure customer satisfaction.
- Strengthened our process programs through robotic process automation (RPA) technology, incorporating:
 - Issuance and sending of SWIFT receipt to clients with international transfers.
 - Monitoring of trade limits and sending alerts.
 - Reduction of Debit Card issuance time through the automation of embossing files.

Expedited the time it takes to open accounts with the implementation of Business Process Management (BPM) technology.



Implemented "Debit Card GPS"

Through which our clients know the card application status, offering the possibility of choosing where to receive.

Mercantil, C.A., Banco Universal



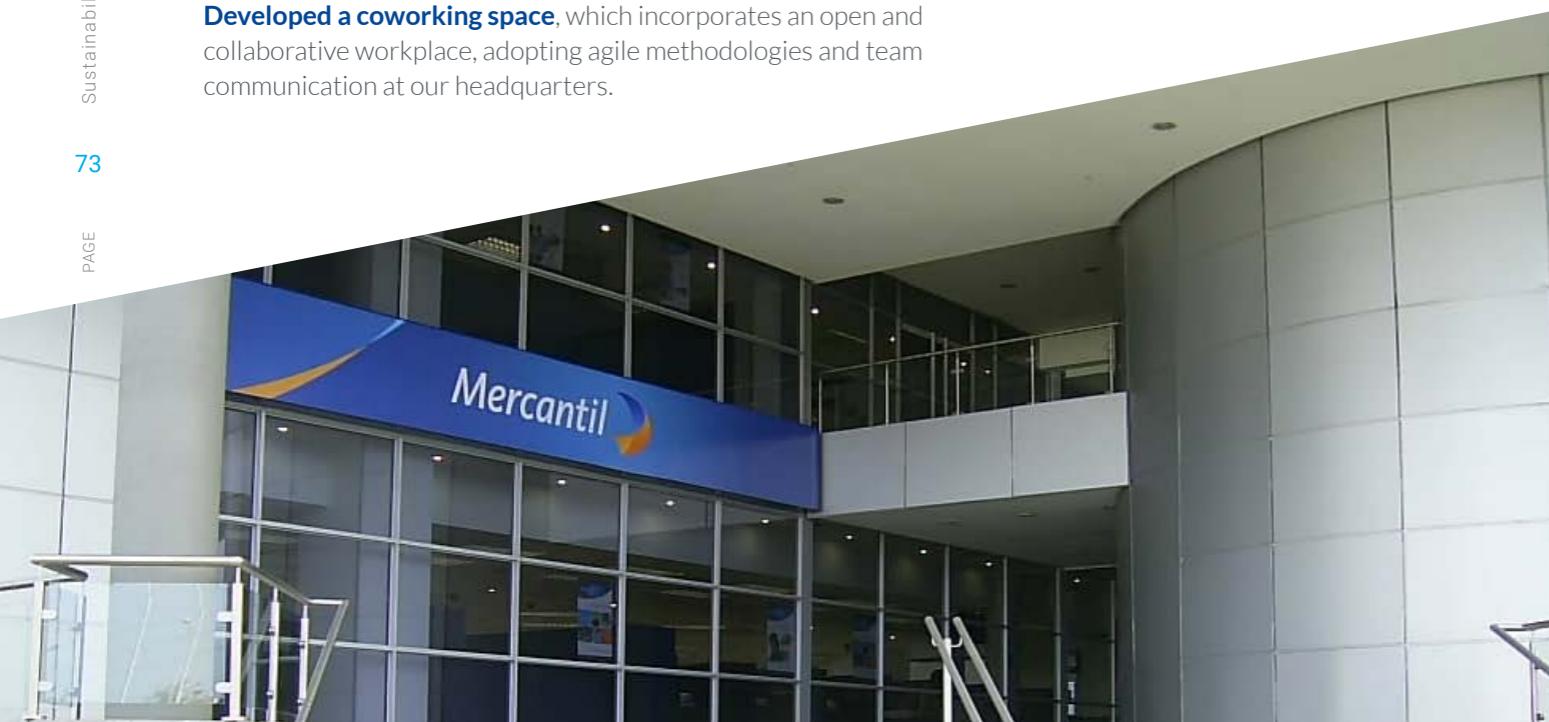
In Venezuela, we continue to focus our efforts on developing a customer-focused strategy, increasing our multi-currency business volumes, expanding our transactional ecosystem, and making our operation more efficient.



Launched the new Tpago mobile experience, with an intuitive and dynamic design that allows customers to make their transactions in a more comfortable, simple and secure way.



Launched Mercantil Movil for Businesses



Look at all benefits of mercantil's new mobile banking



MIA continued to grow and evolve, achieving the development of various functionalities such as the Claims Status Query, **with which progress was made in reducing the use of IVR.**

I AM MIA
MAY I HELP YOU?



Integrated MIA and Tpago to the mobile app



Driving the Fx volume

We strengthened relationships with our clients



Advancing solutions for businesses with large sales activity: Digital media, conciliation services and Point of Sale (POS) affiliations



Increasing serviced costumers in credit



Insurance and Reinsurance



Mercantil Seguros y Reaseguros, S.A.

At Mercantil Seguros y Reaseguros in Panama, we focused primarily on growing our business for our stakeholders, while simultaneously driving customer retention with a renewal rate of over 85%.

We advanced in our digital transformation by building an attractive offer for people, much more agile and digital, seeking to grow in the local and regional market.



Impulsamos pagos dentro del ecosistema Mercantil a nuestros proveedores y asesores de seguros.



Consolidamos relevancia en el mercado local al **mantenernos dentro del top 10 del mercado asegurador en Panama**, con una oferta diferencial para nuestros clientes.

Consolidated our relevance in the local market by **staying in the top 10 of the insurance market in Panama**, with a differential offer for our clients.



Mercantil Seguros, C.A.



We made progress towards the **consolidation of the digital product portfolio and the optimization of scale operations**, working on different improvements in the Renewal and Claims Management Module, to promote a better experience for our policyholders, while generating savings in case analysis.



Promoted some initiatives to improve emergency services.



Incorporated **Mercantil Travel**, to our family of products.



Incorporated new forms of payment to effectively manage the collection of our premiums.



In a context where COVID-19 cases decreased, we worked to **improve our profitability**, where we defined several initiatives to contain costs in the health sector.

Mercantil Travell ¡Viaja desde cualquier lugar!



Mercantil Travel / Travel from anywhere!

Mercantil Reaseguradora Internacional, S.A.



Made new efforts during the year to continue taking our value proposition to Latin America, bringing our offer closer to more insurers in the region.



Materialized new alliances in the region.



In this path of growth and sustainability for our stakeholders, **we made important efforts to incorporate new lines of business and make our offer of products and services more comprehensive.**



We were the driving force behind the internationalization of the mass products of our insurance business in the region, offering reinsurance support through a digital offer.

Mercantil impulsa tu mundo nuevo



Mercantil drives your new world



Asset Management

Asset Management

Our Business Model



Mercantil Bank (Schweiz) AG

At our private bank located in Switzerland, we execute our strategy to boost growth in a challenging global environment, affected by the volatility of financial markets.



Geographically diversified our client portfolio, incorporating assets from **new countries: Panama, Costa Rica and Bolivia.**

We continue to consolidate the business of External Asset Advisors, **with the incorporation of 3 new External Asset Advisors**, adding **+ 25 advisors to our platform.**

We focus on strengthening our value offer for our community:

New investment products with the launch of the platform to trade derivative products. Also, with the issuance of new certificates of active management.

Digitization of processes for our customers through:



Automation and simplification of the processes linked to the customer's life cycle, for the management of their data (1st phase).



Development of digital channels: Online Banking and MBS Contact (secure chat).



Digital signature for clients and for MBS.

We continue building the Mercantil ecosystem:



Launched the cash-in of Zinli wallets from ebanking.



Successfully supported Mercantil in the placement of MSFI and MHFI shares and bonds, as part of its financing and capital raising strategy, adding value to both our clients and our organization.

Mercantil Servicios de Inversión, S. A.



The year 2022 imposed important challenges on the world's stock markets, mainly due to the Russian-Ukrainian geopolitical conflict, the inflation derived from the pandemic and the supervening reaction of the central banks. We focus on developing new initiatives to enhance our value proposition and expand our sources of income to capture new market opportunities through:

Strengthening **relations with our existing clients**, promotion of structured products, with accompaniment and personalized attention.

Renewal of the **online data update**, improvements in account statements and in the online consultation portal



Digital transformation of our business, building the bases to offer a **WOW!** experience Extremely positive to our clients.

In line with our aspiration to be relevant and a reference in the market, we added the operation of Capital Assets Consulting Inc., with the aspiration of integrating as a single operation in April 2023.



Mercantil Merinvest Casa de Bolsa, C.A.



In an environment of progressive economic activity recovery after the lifting of the virus containment measures due to COVID-19, we made efforts to maintain a presence in the market, accompanying large companies to cover their financing needs, while offering new and attractive financial instruments to our clients in Venezuela.

Regarding the primary market:



We were **leading agents in the placement of the subscription of shares of Mercantil Servicios Financieros (MSF)**.



We actively participate as **a placement agent for the shares of the Compañía Anónima Nacional Teléfonos de Venezuela (CANTV)**.



Learn about our products and services!



Fintech

Asset Management

Our Business Model

MFTech, S.A.



We are focused on the inclusion of people and companies, delivering a useful and affordable value proposition that meets the needs of everyone.

We extraordinarily multiplied the use of our wallet,
interconnecting nearly 500,000 Zinli users from +175 countries
We have great achievements to share:



We recorded almost **1.4 million downloads**
since our launching, placing as the first app in Panama
to reach that milestone in less than 2 years.



Our wallet positioned itself
as the first prepaid card issuer
in Panama.



We expanded the options for recharging and sending money to Latin American countries, launching different subscription plans, mobile recharging and payment of services, and we improved response times for our users.



We accelerated the delivery of the physical card and we approach universities to sell the physical card to their students



We improved the rating given to our wallet

Responsible Financial Institution

Financial Inclusion

(GRI 3-3, FS1, FS7)

It constitutes a key factor for the development of the countries, allows to increase the formal economy, promotes employment generation and financial stability, and in turn contributes to reduce poverty and inequalities.

This is why, from MSFI, we are committed to contributing to sustainable development. Innovative and inclusive products have been developed to facilitate access to all of society. One of them is the digital wallet MFTech or known commercially as **Zinli**. This product offers the unbanked and underbanked population options to manage their money quickly, safely and without prejudice. In the year 2022, more than 1,000 young people, minors, joined the financial system by becoming **Zinli** clients.

On the other hand, **Zinli** also facilitates financial inclusion for smaller businesses, as well as entrepreneurs, since it makes it easier for them to connect with their customers..

 In total we reached
456 thousand clients



1.4 million downloads
of our mobile app.



On the other hand, it offers the possibility of accessing investment products with very low initial contributions. Such is the case of our mutual funds, Mercantil Servicios de Inversión, in which clients can access investments with an initial amount of US\$ 500.

We implement a rigorous methodology to identify the customer profile. Evaluating your priorities, financial concerns, investment profile and your level of financial knowledge, to design a proposal for a portfolio structure adapted to your needs and financial capabilities, allowing you to build your wealth over time.

The Mony simplified opening account facilitates financial inclusion for clients in Panama due to its easy, fast and secure way of opening, from a mobile device and without a minimum balance, and with only the identity card.

We will continue advancing on an agenda of sustainable financial products, including credit and investment.

Financial Education

(GRI 3-3, FS16) (SASB FN-CB-240a.4)

We promote the development of financial capabilities in society. This is why, at MSFI, we encourage the participation of our collaborators in educational spaces to develop these capacities in school students, with the aim that they can make correct decisions when it comes to being independent and managing their own finances. Mercantil volunteers have been able to impact the lives of more than 350 students through the **Financial Education Program of the Panama Banking Association**.

Additionally, Zinli employees participated in more than 15 talks, conferences, and seminars on how Zinli helps financially include everyone for a better financial life.

Credit environmental and social risk analysis

(GRI FS2) (SASB FN-CB-410a.2)

During 2022, we developed the Corporate Environmental and Social Policy, which is aligned with MSFI's mission, strategies and objectives in terms of environmental and social responsibility. In this way, we reiterate our purpose of creating value for the organization and stakeholders through adequate management and approach of the principles for the stewardship established in relation to environmental and social risks.

In addition, at the time of preparing this report, through technical assistance provided by a Capital Bank Inc. creditor, we are conducting a diagnosis and evaluation of the SARAS that Capital Bank has implemented in its credit analysis process. It will be initially implemented in the analysis process of our subsidiary in Panama, once the merger between the two institutions is complete, and then in Venezuela.

Information security and privacy

Client privacy

(GRI 3-3, 418-1)

At MSFI we care about the security and privacy of our clients. For this reason, we implement appropriate measures to maintain the confidentiality and protection of the information we receive.

Our subsidiaries Mercantil Banco, S.A and Mercantil, C.A. Banco Universal, have a Privacy and Data Protection Policy, which establishes how we process customer data and the exercise of their rights, in accordance with the one regulated in each location where we operate.

The information we collect from our clients is stored using security means and techniques under the best standards, to prevent its alteration, loss, misuse, extraction, treatment or unauthorized access to the personal data provided to Mercantil.

It is worth noting that during the period there were no customer data leaks.

Cybersecurity

(GRI 3-3,418-1) (FN-CF-230a.1, FN-CF-230a.3; FN-CB-230a.1, FN-CB-230a.2)

Mercantil, understanding the risks of the digitization of financial operations, as a result of the increase in cyber threats, has developed a process to increase its level of maturity in terms of Information Security, therefore, it has considered moving forward with the incorporation of the Cybersecurity Strategy, responding to the strategic objectives of the business.

The goal of the cybersecurity strategy is to provide MSFI with a new agile and holistic approach to meet the need to detect, respond to and recover from cyber intrusions that may occur, through alignment with the business strategy to support digital transformation, expanding relationships of trust and building awareness with business areas, allies and suppliers within the framework of Corporate Risk Governance to face cybersecurity threats and risks.



Cybersecurity Strategy

“Reduce cyber risk, protect information assets and foster resilience”

Information Security Goals

In addition to the primary objective of establishing policies, standards and procedures in Mercantil to protect information assets and ensure compliance, Information Security has the need to reach an effective level of maturity by developing a proactive and pragmatic management framework through of the following strategic goals:



Develop

Develop a governance model to direct and manage Mercantil's cybersecurity, promoting the consolidation of transversal responsibilities, autonomy, accountability and transparency throughout the company



Strengthen

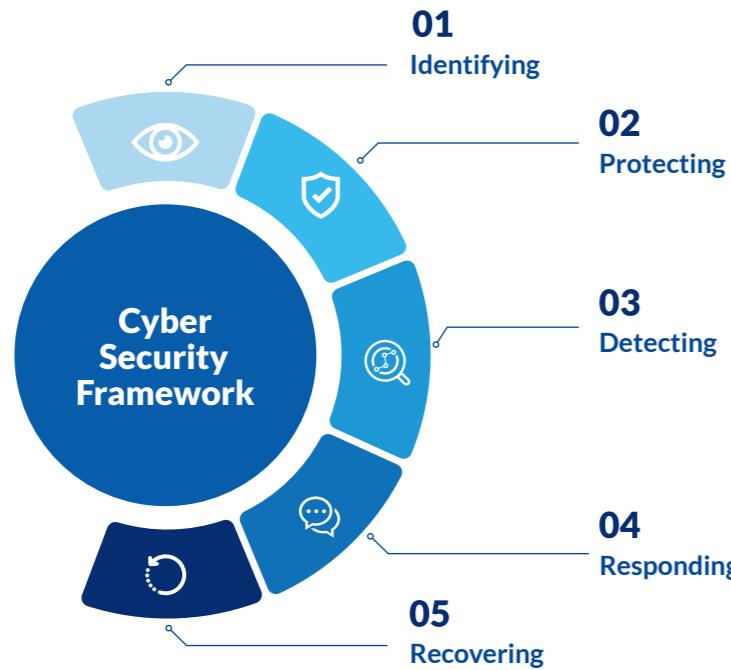
Strengthen the team and cyber capabilities to enable innovative financial operations



Collaborate

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

Incorporation of NIST as an enabler and/or guide tool for the definition of the objectives that will support the information security strategy



NIST Security Functions	Developing and Implementing
Identifying	Organizational understanding to manage cybersecurity risk of systems, assets, data and capabilities
Protecting	Guarantees to ensure the provision of critical services
Detecting	Activities to identify the occurrence of a cybersecurity event
Responding	Activities to take action regarding a detected cybersecurity event
Recovering	Activities to maintain resilience plans and restore any capabilities or services that have been affected due to a cybersecurity event

01 Identifying	02 Protecting	03 Detecting	04 Responding	05 Recovering
<p>Which threats are relevant to the organization?</p> <ul style="list-style-type: none"> • Architecture • Asset management • Government and Organizational Structure • Metrics and reports • Policies and standards • Privacy • Strategy • Third-party management 	<p>What actions have been taken to mitigate these threats?</p> <ul style="list-style-type: none"> • Awareness • Data protection • Host security • Identity management and access • Network security • Operations • Software security 	<p>What mechanisms are used to detect incidents?</p> <ul style="list-style-type: none"> • Security monitoring • Threat intelligence • Identification and correction of vulnerabilities 	<p>How does the company respond to each incident?</p> <ul style="list-style-type: none"> • Incident response 	<p>How were impaired capabilities restored during a Cyber Security incident?</p> <ul style="list-style-type: none"> • Business Continuity Plan / Disaster Recovery (BCP/DR)

No customer data leaks were recorded during this period.

Transparency of information and communication with the client

(GRI 3-3) (FN-CF-270a.4)

In each of our subsidiaries we have different communication channels with our clients, which include digital and in-person channels, through which we receive all requirements, monitor and analyze claims.

We continuously monitor the quality of the service we offer, to ensure we identify areas of improvement opportunities. We apply the Net Promoter Score, which allows us to measure the degree to which customers recommend the organization based on the experience of using our products and services.

NPS

Mercantil Banco S.A.	75.2 %.-79.6 %
Mercantil Banco C.A, Banco Universal	67.2 %.-72.4 %
Mercantil Seguros y Reaseguros S.A.	54 %
Mercantil Seguros, C.A.	42 %



CLAIM MANAGEMENT	YEAR 2022	YEAR 2021	YEAR 2022	YEAR 2021
Financial transactions (%)	40,896 claims 6.27 %	25,958 claims 4.43 %	43,424 claims 0.01 %	35,645 claims 0.01 %
Claims declared valid	361 82 %	144 67 %	30,496 70 %	18,554 52 %
Claims declared not valid	67 15 %	62 29 %	9,166 21 %	11,541 32 %
Closed claims (lack of support from the client)	5 1 %	8 4 %	3,762 9 %	5,550 16 %
Non financial transactions (%)	20,553 claims 0.16 %	10,030 claims 0.10 %	58 claims 0.00 %	264 claims 0.00 %

In Venezuela, to provide adequate handling to claims and comply with the provisions of the resolution issued by the Superintendence of Banks and Other Financial Institutions (Sudeban), we have the Commercial Banking Customer and User Ombudsman. Among its functions is processing and resolving reconsideration requests submitted by clients, in cases declared inadmissible by the Customer and Banking User Service Unit.

Cases handled by the Banking Customer and User Ombudsman

	YEAR 2022	YEAR 2021
Handled cases	1,157	1,517
Ruled cases	643	1,006
Non-valid cases	607	953
Valid cases	36	53
Referrals	514	511

Human Capital

- Demographics and diversity
- Training and career development
- Health and well-being
- Organizational climate



Demographics and diversity

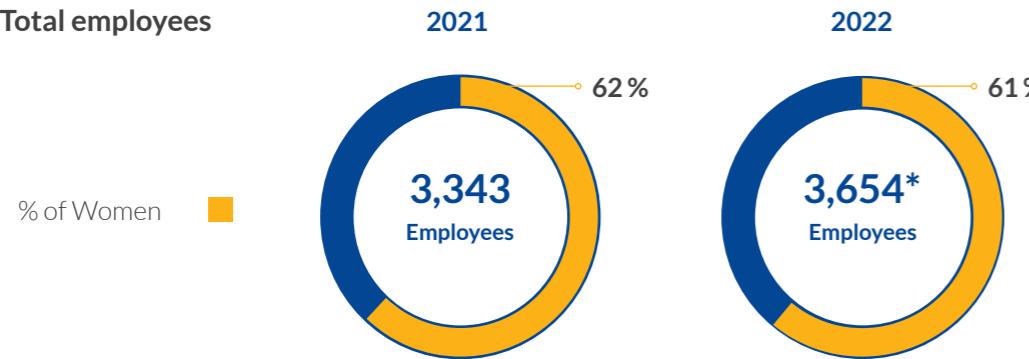
(GRI 2-7, 2-30, 3-3, 401-1, 405-1, 405-2) (FN-IB-330a.1)

Our team is key to quality service and operational efficiency.

At Mercantil we respect diversity, which adds value to the organization by integrating different perspectives, learning and nationalities are maintained. Our staff is made up of collaborators of more than 7 nationalities, located in more than 3 countries.

We safeguard equal treatment and work to avoid the existence of gender bias in any internal process, including the setting of remuneration. Our indicators remain in line with our values.

Total employees



Workers per location

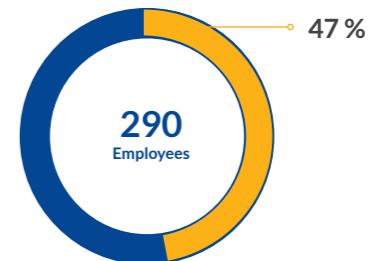


Employees in Panama*

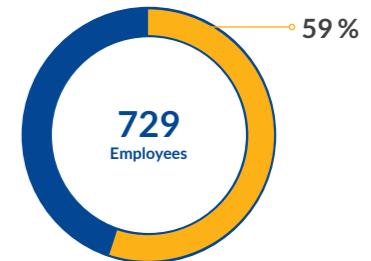
Directives
Management
Middle
Management

14% Women
44% Women
48% Women

2021



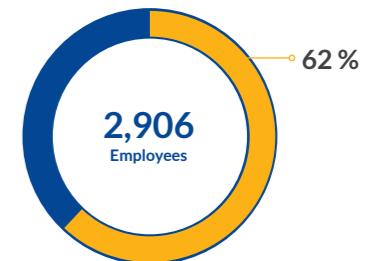
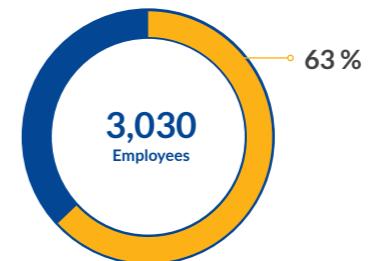
2022



Workers in Venezuela

Directives
Management
Middle
Management

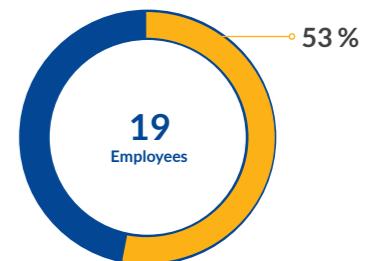
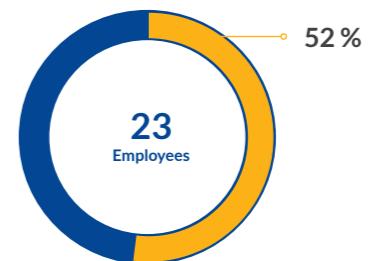
33% Women
53% Women
57% Women



Employees in Switzerland

Directive
Management
Middle
Management

0% Women
50% Women
29% Women



(*) Panama numbers include Capital Bank Inc. and subsidiaries

Number of employees by hierarchy and gender

	Panama		Venezuela		Switzerland	
	Female	Male	Female	Male	Female	Male
Directive	1	10	3	6		1
Management	11	10	37	33	2	2
Middle Management	70	53	221	164	2	5
Coordination	14	7	149	95		0
Professional	241	174	1268	744	2	1
Support	94	44	129	57	4	0
Total	431	298	1807	1099	10	9
%	59 %	41 %	62 %	38 %	53 %	47 %

Number of employees by hierarchy and age

	Panama			Venezuela			Switzerland		
	Age:	0-30	30-50	More than 50	0-30	30-50	More than 50	0-30	30-50
Directive	0	3	8	0	2	7	0	1	0
Management	0	11	10	0	18	52	0	2	2
Middle Management	0	96	27	1	195	189	0	3	4
Coordination	2	15	4	7	111	126	0	0	0
Professional	91	289	35	290	1229	493	0	2	1
Support	57	69	12	56	54	76	0	2	2
Total	150	483	96	354	1609	943	0	10	9
%	21 %	66 %	13 %	12 %	55 %	33 %	0 %	53 %	47 %

Training and career development

(GRI 401-2, 404-1, 404-2, 404-3)

Every year our collaborators participate in training, workshops, and national and international events to update knowledge. We focus on strengthening competencies according to their role and functions they perform in the organization.

	Training	
	Panama	Venezuela
Total hours	21,218	25,223
Average hours	34.33	9.30
Number of employees	618	2,713
% of employees	85 %	93 %

Annually, we conduct a performance evaluation of 100% of the employees. The process consists of setting objectives at the beginning of the evaluation period that are evaluated at the end of it, along with some key competencies.

In Venezuela the process is suspended, since it is impossible to set metrics on the objectives given the volatility of the Venezuelan economy. However, we are in a project to restart the issue in 2023.

Health and well-being

(GRI 3-3, 401-2, 403-3, 403-6)

We strive to offer our employees benefits that guarantee their health and well-being in accordance with existing practices in the countries and sectors of economic activity to which they belong.

In the case of Panama, among the benefits granted to personnel, the following stand out:

- 01 **Collective insurance for all employees.**
- 02 **Meal assistance.**
- 03 **Employee credit with preferential rate.**
- 04 **Discount in different insurance policies from Mercantil Seguros y Reaseguros.**
- 05 **Salary advance (emergency loan, according to policies).**
- 06 **Additional vacation days (according to policy).**

We also encourage the development of sports activities. In 2022, Mercantil Banco, S.A. employees participated in interbank baseball and soccer tournaments, as well as internal ping pong, volleyball, and beach volleyball tournaments. Likewise, at Mercantil Seguros, employees also participated in activities such as dominoes and ping pong games.

In the case of Venezuela, among the most relevant benefits of the Collective Agreement of Mercantil Banco Universal and Mercantil Seguros, the basic policy is maintained with a premium payment of 20% by the workers and 80% by the company, which includes funeral expenses due to the death of the owner or a member of the insured family group.

In 2022, we temporarily maintained the granting of an excess health policy, the premium of which is paid in full by the company, which exceeded the coverage of the basic policy 50 times, in order to guarantee that our collaborators can face any unforeseen health issue.

Beyond what is established in the Collective Agreements of Venezuelan companies, Mercantil offers its collaborators additional benefits, among which stand out:

- 01 **Subsidized lunches**
Which exceeds 80% compared to the price of an equivalent course on the market, for the main headquarters of Mercantil Banco Universal, and 100% for Mercantil Seguros.
- 02 **Comprehensive loan plan**
Intended to provide loans to meet the reasonable needs of Mercantil Banco Universal workers, with preferential rates and payment terms between 12 and 36 months (product regulated by the Superintendence of Banks of Venezuela).

During the year 2022, the availability of this product was aimed at emergency care for employees, acquisition of glasses and new motorcycles.
- 03 **Transportation service**
For employees of Mercantil Seguros, in which 93% of their payment is covered by the company.
- 04 **Mercantil Banco Universal made a contribution to all its collaborators in the month of December, as a gift for the December holidays.** Additionally, it assigned the different Units and work centers nationwide a contribution to hold the traditional Christmas gatherings.
- 05 **In the month of November, Mercantil Banco y Seguros recognized and celebrated the career of more than 1,660 employees who completed between 5 and 45 years of service,** this in gratitude for the effort, perseverance and dedication in our institution.

Organizational climate

Every two years we carry out the study of organizational climate and commitment in all the geographies where we operate, 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 last measurement was carried out in 2022, in which 94% of the employees participated. The consolidated results obtained show 74% of committed employees, and 79% of overall positive appreciation, which is related to the following statement: I consider this organization as one of the best places to work.



Social Capital

- Mercantil Arte y Cultura
- Mercantil in the Community



Mercantil Arte y Cultura

(GRI 3-3)

Mercantil Arte y Cultura is a non-profit organization, through which MSFI promotes artistic and cultural expressions, and encourages community participation. It is also dedicated to the promotion of the arts through Espacio Mercantil and the Mercantil Collection, participating in national and international exhibitions, conducting research and promoting conferences in support of artistic talent.



Espacio Mercantil

For the fourth consecutive year, Mercantil co-sponsored the MAC Panama Auction, in which more than 80 artists participated.

Closing of the exhibition *Knowing our history to build our future*, at the Espacio Mercantil in Venezuela, which brought together works by 36 artists.

2 exhibitions were held in at Espacio Mercantil in Venezuela.

Participation of works from the Mercantil Collection in the international exhibition *Gego: Measuring Infinity* at the Jumex Museum in Mexico City.

We promote the Mercantil Graphics Program 2022 edition, bringing together 5 Venezuelan artists for the research and production of their pieces through graphic arts.

Educational programs in the Mercantil Space in Venezuela, through conferences by artists and researchers, guided visits to students and the general public, serving more than 400 participants.

The second edition of the MAC Panama Graphic Laboratory Training Program is held, in which 10 artists participated in training in graphic arts, producing more than 120 art pieces.

We support the MAC Panama Artistic Research Center, a project focused on the conservation and dissemination of the documents kept in the Hall of this museum, essential to preserve the memory of Panamanian art of the last sixty years.

Participation in the MAC Panama Graphic Seminar, exposing the results of the Mercantil Graphic Program developed since 2008, in which 53 artists have participated.

As part of the Dialogues with the Mercantil Collection project, Mariana Bunimov was the architect of the exhibition entitled "Fantoche", which offered a disruptive montage, impregnated with the memories of her childhood experiences and her relationship with current Venezuela, through 76 works from the Collection and a set of works made especially for the occasion.

Revisions Program examines relationships between works of art from the Mercantil Collection that have not yet been exhibited to show unpublished curatorial narratives. In 2022, the exhibition "Revisions, sequences, diagrams, transformations" was presented, which grouped works by 28 artists, from the late eighties to the present.

Mercantil in the Community

(GRI 3-3)

	Organization	Description	Beneficiaries
Panama	Scholarships	Diploma Course in Social Innovation–Universidad Santa María la Antigua	Promote theoretical knowledge in social innovation, and for each student to develop a project with social impact 10 students from different regions of Panama
	Donations	Fundación Amigos del Manglar (Friends of the Mangrove Foundation)	Delivery of cleaning products for children who live in the areas surrounding the beach of Veracruz and who conduct garbage collection activities on the beaches More than 30 children and their families
		Works of the Archdiocese of Panama	MSFI and employees supported with their contributions within the framework of the Da la Mano campaign More than 300 people
		2022 20-30 Telethon	Donation for the adaptation and implementation of a hybrid operating room for the Santo Tomás Hospital More than 400.000 people catered to
		Fundación Unidos por la Niñez (United for Childhood Foundation)	Zinli employees donated gifts and carried out activities on a very special day for the children of Fundación Unidos por la Niñez in Panama 40 children
Switzerland	Donations	Art Museum Zurich ("Kunsthaus")	Switzerland's leading museum of design and visual communication Institution programs
		Cancer League Switzerland	Charity organization that supports research, treatment and support for patients suffering from the disease. Institution programs



Mercantil in the Community

	Organization / Program	Description	Beneficiaries
Venezuela	Ideas contest Organized by the Ideas Foundation since 2003	<p>It consists of three categories: Business Entrepreneurship, Social Entrepreneurship and Digital Entrepreneurship, and has managed to position itself as a reference in Venezuela for the promotion of entrepreneurship and innovation, as well as a meeting space between entrepreneurs and between them and the business community.</p> <p>In 2022, Fundación Ideas also received our Special Christmas Contribution, in recognition of its work in favor of promoting entrepreneurship in Venezuela, having reached the first 20 annual editions of the Ideas Contest.</p>	XX edition 350 signed up 7 winning projects Mercantil Special Award for Young Social Entrepreneurs Mercantil Special Award for Digital Entrepreneurs Mercantil Special Award XX Edition Ideas Contest
	Institutional programs		
	University Contest Promoting Socially Responsible Leaders (RETO U)	Developed in alliance with Venamcham and Rotary Venezuela since 2004. Promotes social entrepreneurship in university students, through the formulation of high-impact social projects aligned with the sustainable development objectives of the United Nations 2030 Agenda	61 signed up 5 winning projects 10 short-listed projects 6 special awards
	Give love to your school	Program created in 1982. In 2022, we will provide technological resources to the Fe y Alegría technical schools, within the framework of a pilot project of mobile classrooms that offers young people in secondary education virtual training experiences aimed at strengthening fundamental skills for their social, labor and productive	12 technical schools and more than 5.500 students
	Personal improvement through Superatec technology	Training program focused on robotics and programming in populous areas of Caracas	103 children and youth
	Technical Institute for Work Training (ITAT)	Training of young people from vulnerable populations, as mid-level professional technicians in accounting, computer science, and financial administration	11 students
	Venezuelan Association of Catholic Education	Formation of linguistic support teams for indigenous languages	44 Educational Centers, 20 teachers and more than 5.000 students belonging to indigenous peoples
	Venezuelan Association of Christian Orientation Health Services (AVESSOC)	Health services to children from all over the country who come to Caracas	194 Beneficiaries
	Health and Family Civil Association	Public health project in the areas of cancer research and molecular diagnosis	134 people received medical consultations
	J.M. De los Ríos Children's Hospital Board of Trustees Foundation (FUNDAHOSPIN)	Health services for people from vulnerable populations	1.500 patients per year
Donations	Jacinto Convit Foundation	Health services for people from vulnerable populations	Improvements and updates to equipment used in investigations
	Hogar Bambi	Social assistance programs	125 children
	Casa Hogar El Encuentro	Social assistance programs	12 children
	Homeless Elderly Aid Society San José Home	Social assistance programs	149 people
	Cruz Roja Venezolana, Asociación Civil Salud y familia, Venezuela Competitiva	Donation of equipment and furniture	Institution programs
	Foundation Friends of Children with Cancer	Health services for children from all over the country who come to Caracas to receive cancer treatment	Institution programs
	Mother Theresa of Calcutta Soup Kitchens (COMATEC)	Provision of food to people in vulnerable situations, 200 diners daily, 7 days a week	Institution programs

Volunteering

(GRI 3-3)

Mercantil Banco employees participate as volunteers in the evaluation of the projects competing in the Ideas Contest and U Challenge, as well as providing training and mentoring to the contestants.

For their part, Mercantil Seguros employees contributed, through Voluntary Payroll Contribution, to the Nacer Aprendiendo program from the Voluntary Dividend for the Community, whose goal is to support children between one and four years of age in La Vega, Libertador municipality (Caracas). This program is administered and supervised by religious orders that care for children daily in a day care home.

It is important to highlight the participation of our leaders in institutions such as the Andrés Bello Catholic University (UCAB) and the Metropolitan University, to mention a few, since the beginnings of both institutions. His contributions, not only on an economic level, but also in terms of knowledge on issues of leadership, management, administration, finance and economics, have been key to generating capabilities in future generations of managers and leaders of society.



Financial Education Program



Panama. During 2022, volunteers shared their knowledge with students from public and private schools, with the aim of contributing to the development of financial skills of future generations.

**13
VOLUNTEERS**

**12
CLASSES**

**145
STUDENTS
BENEFITED**



In alliance with the **Fundación Amigos del Manglar**, Mercantil volunteers took over the Veracruz beach, in a cleaning day that brought together the group's employees, who were accompanied by members of the Fundación Amigos del Manglar. This was the first of many activities that will be carried out soon, with the purpose of contributing to the efforts to support the restoration of the environment.



Collected:

3.4
TONS OF
TRASH

That was classified for recycling and final disposal.

Participation of

72
CORPORATE
VOLUNTEERS

37 women and 35 men

Time invested:

36
MAN
HOURS

Through this activity Mercantil impacted the following SDG:



Environment

- Energy and emissions
- Other environmental aspects



Energy and emissions

(GRI 302-1, 3-3, 305-1, 305-2, 305-4, 305-5)

We are committed to managing the business in an environmentally responsible manner, based on our Sustainability Strategy. We seek to increase the fraction that comes from renewable sources and greater efficiency in energy consumption, and in this way reduce the generation of greenhouse gas (GHG) emissions.

In 2022, we carried out our first carbon footprint measurement for activities in Panama, which accounted for the GHG emissions generated the previous year; In this way, 2021 will be the base year in the plans of our subsidiaries in the country: Mercantil Banco, S.A, Mercantil Seguros y Reaseguros, S.A., Mercantil Servicios de Inversión, S.A (MSI) and MFTech.

Emissions per scope (Ton CO ₂ eq./year)	Mercantil Banco S.A.	MFTech, S.A.	Mercantil Seguros y Reaseguros, S.A.	Mercantil Servicios de Inversión, S.A.	Total 2021
1. Fugitive sources from air conditioning installations	6.80	5.75	0.01	0.58	13.14
2. Panama electricity grid	75.54	1.96	7.39	3.68	88.57
3. Goods and services acquired, capital goods, upstream transportation and distribution, waste generated in the operation and employee commute	262.52	58.29	20.66	14.95	356.42
Total	344.85	66.00	28.06	19.21	458.13

Scope 3 Emissions in Ton CO ₂ eq.						
CATEGORY	Mercantil Banco S.A.	Mercantil Seguros y Reaseguros S.A.	Mercantil Servicios de Inversión S.A.	MFTech, S.A.	Total 2021	
1 Acquired products and services	0.35	0.12	0.00	42.76	43.23	
2 Capital Assets	14.33	0.00	0.00	6.04	20.37	
3 Upstream Water Transport and Distribution	0.78	0.00	0.00	0.00	0.78	
5 Operation-Generated Residue	9.43	0.67	0.83	1.28	12.21	
7 Employee Commute	237.63	19.87	14.11	8.22	279.84	
TOTAL	262.52	20.66	14.95	58.29	356.42	

Likewise, we calculate the emissions intensity based on the surface area occupied by each company, which is one of the most recommended parameters for non-industrial activities.

Company	2021 Emission (Ton CO2 eq.)	Área (m ²)	Intensity of Emission (kg CO2 eq. / m ²)	Electricity Use 2021 (kWh)	Use Intensity (kWh/m ²)
Mercantil Banco, S.A.	344.85	2,644.00	130.43	733,355.80	277.37
Mercantil Seguros y Reaseguros S.A.	28.06	420.00	76.82	71,775.00	170.89
Mercantil Servicios de Inversión S.A.	19.21	80.00	240.13	35,735.20	446.69
FINTech, S.A.	66.00	452.00	146.02	19,020.00	42.08
Mercantil Group	458.12	3,596.00	127.40	859,886.00	239.12

As of the date of preparation of this report, we have obtained data from 2022 in order to calculate the emissions of scope 1 and 2 of Mercantil Banco and Mercantil Servicios de Inversión, to obtain a first estimate for that year and compare them with 2021. During 2023, the calculation will be completed for the rest of the subsidiaries, as well as the calculation of scope 3.

Scopes 1 and 2 (Ton CO2 eq.)

Company	2021	2022
Mercantil Banco S.A.	82.33	83.74
Mercantil Servicios de Inversión S.A.	4.26	2.88
Total	86.59	86.62

Other environmental aspects

In 2022, we continued the initiatives implemented around the recycling plan and the use of paper and plastic in the organization. As a result of this effort and the permanent awareness of collaborators on this issue, we managed to increase efficiency in the disposal of non-organic waste.

Description	Recycled material (Lbs.)	
	2021	2022
Paper	-	214.20
Cardboard	101.00	409.50
Aluminum cans	-	3.00
Iron material	-	3,794.55
Cards	-	14.34
Electronics	1,466.00	299.00
Plastic	-	35.51
Total	1,567.00	4,770.10

In Venezuela, we established a collection center in the basement of the main headquarters of the Mercantil Building, to collect paper discarded by the units, with the purpose of establishing an exchange agreement with a local supplier. The estimated income from the purification of one of Mercantil's inventory storage sheds covered 80% of the expense for purchasing reams of paper in 2022.

Financial Results

- Main financial indicators
- Relevant figures by affiliate
- Generated and distributed economic value



Main financial indicators

(GRI 3-3)

We have outstanding strength and resources for our operation; and with the ease of access to funding if required, which could be associated with sustainability given the maturity that we are reaching in this regard.

	MSFI Main Financial Indicators*	
	2022	2021
Total assets	3,818,162	1,832,134
Investments in securities	829,289	510,922
Investments in subsidiaries recorded by the cost method **	136,827	107,102
Cash, bank deposits and cash equivalents	283,910	178,758
Loan portfolio (net of provisions and unearned commissions)	2,128,272	851,175
Client deposits	2,496,306	1,030,696
Net Utility	3,961	10,199
ROE	0.7 %	2.1 %
ROA	0.1 %	0.6 %
Efficiency Ratio	99 %	95 %
Liquidity Ratio	32.7 %	59.5 %
Financial Intermediation Ratio	85.3 %	82.6 %
Capital Solvency Ratio	14.7 %	29.5 %

(*) Figures in thousands of dollars

(**) Corresponds to net assets of Mercantil Servicios Financieros, C.A.

(***) These consolidated figures include the companies acquired from Capital Bank Inc. and its subsidiaries as of December 5, 2022



Relevant figures by affiliate

Mercantil Banco, S.A. Panama

General Results	2022	2021
Branches	3	3
Automatic Teller Machines	3	3
Clients*	60,328 people 4,071 companies	73,222 people 3,775 companies
Total assets	US\$1,304 million	US\$1,110 million
Ranking position in general licenses by total assets	16°	17°
Market share	1.39 % gross credit portfolio 1.52 % total deposits	1.25 % gross credit portfolio 1.32 % total deposits
Virtual Point of Sales (POS) Transactions	Virtual POS: +786,000 transactions Invoiced volume: US\$109 million	Virtual POS: +100,000 transactions Invoiced volume: US\$17 million
Mercantil en línea Personas MELP	129,844 active users +7.6 million transactions, represents 68 % of the total	113,263 active users +6.8 million transactions, represents 80 % of the total
Mercantil en línea Empresas MELE	5,613 active clients +1.7 million transactions	5,244 active clients +1.7 million transactions
Financial and non-financial transactions	651,950 financial transactions 10,672,520 non-financial transactions	586,214 financial transactions 10,483,574 non-financial transactions

(*) The decrease in clients at the Bank is explained by the optimization of our account base, closing inactive accounts.

(**) Figures do not include Capital Bank Inc., and its affiliates

Mercantil, C.A., Banco Universal

General Results	2022	2021
Branches	204	218
Automatic Teller Machines	853 out of which 171 are multifunctional	933 out of which 171 are multifunctional
Clients*	4,003,835 people 129,364 companies	5,132,853 people 249,546 companies
Total assets	US\$ 327 million	US\$ 426 million
Ranking position in general licenses by total assets	2° in Consolidated Credit Portfolio in the private financial system 2° in total acquisitions plus seen obligations in the private financial system	2° in the private financial system
Market share	19.4 % Consolidated Credit Portfolio 18.4 % total acquisitions plus seen obligations	18.4% Consolidated Credit Portfolio 19.9% total acquisitions plus seen obligations
Transactions in virtual Points of Sale (POS)	Physical POS: 267,987.305 Virtual POS: 157,687	Physical POS: 252,555,637 Virtual POS: 301,239
Mercantil en línea Personas MELP	+2.5 million active users 620,916,318 transactions	+2.4 million active users 707,222,384 transactions
Mercantil en línea Empresas MELE	798,044 active clients 131,104,424 transactions	798,768 active clients 120,037,706 transactions
Financial and non-financial transactions	725,815,540 financial transactions 628,725,376 non-financial transaction	686,675,788 financial transactions 665,250,605 non-financial transactions
Tpago (P2P / P2C) sent and received payments	304,769,221 transactions	269,478,484 transactions
MIA Chatbot (Mercantil Inteligencia Artificial)	1,688,469 conversations	893 mil conversations

Commercial Banking

(FN-CB-000.A, FN-CB-000.B, FN-CF-000.B)

Mercantil Banco, S. A.

Checking and Savings Accounts by segment	Segment	Number	MM US\$
Checking Accounts	People	43,237	77.45
	SMEs	1,060	53.18
	Corporate	3,021	246.12
Savings Accounts	People	18,345	101.57
Fixed Term Deposites		1,260	585.81

(***) Figures do not include Capital Bank Inc, and affiliates

Mercantil Banco C.A. Banco Universal

Checking and Savings Accounts by segment	Segment	Number	MM US\$
Checking Accounts	People	2,119,028	67
	SMEs and Mid-market	185,326	126.3
	Corporate	5,471	80.6
Savings Accounts	People	3,012,043	18

(***) Amounts for Mercantil, C.A. Banco Universal are not included in the consolidated figures

Credits by segment	Number	MM US\$
Natural Person	8,063	203,538
Micro businesses	66	24,813
SMEs	515	236,968
Corporate	666	490,604

(***) Figures do not include Capital Bank Inc, and affiliatesj1

Credits by segment	Number	MM US\$
Credits	People	1,136
	SMEs and Mid-market	422
	Corporate	22

(***) Amounts for Mercantil, C.A. Banco Universal are not included in the consolidated figures

Consumer Banking

(FN-CF-000.A, FN-CF-000.B)

Mercantil Banco, S. A.

Credit Cards	2021	2022
% of Credit Portfolio	0.81 % of Credit Portfolio	1.19 % of Credit Portfolio
Card Holders	4,785 Card Holders	8,502 Card Holders

Mercantil, C.A. Banco Universal

Credit Cards	2022
	1,10% of credit portfolio
Credit Cards	1,086,232 clients
	1,864,003 accounts
Prepaid Cards	452,448 Prepaid Card Accounts
	449,187 Prepaid Card Clients

Mortgage Banking

(FN-MF-000.A)

Mercantil Banco, S. A.

	2022	
Mortgages	Number	MM US\$ **
Residential	711	US\$ 156 MM
Commercial	232	US\$ 138 MM

(*) Figures do not include Capital Bank Inc. and affiliates

(**) Balance on December 31, 2022

Insurance and Reinsurance

(FN-IN-000.A)

Mercantil Seguros y Reaseguros, S.A.

MAIN RESULTS	2022	2021
Branches	1	1
Number of insured clients	30,552	24,266
Subscribed premiums in US\$	41,853,642	30,537,692
Market share	2,85 %	1,90 %
Market ranking	10°	11°
Percentage of subscribed premiums by segment	Auto 0.17 % People 90.61 % Asset 922 %	Auto 0.27 % People 87.08 % Asset 12.65 %
Amount paid in Direct Insurance claims in US\$	24,056,636	19,861,543
Quantity and percentages of claims attended to by segment	19 Auto (0.07 %) 28,329 People (99.87 %) 19 Asset (0.07 %)	14 Auto (0.09 %) 16,327 People (99.79 %) 20 Asset (0.12 %)

Mercantil Seguros, C.A.

MAIN RESULTS	2022	2021
Number of insured clients	255,467	255,473
Subscribed premiums in US\$	210,880,604	140,394,214
Market share	29.6 %	27.6 %
Market ranking	1°	1°
Percentage of subscribed premiums by segment	Auto 4.78 %, People 81.02 %, Asset 14.20 %	Autol 5.27 %, People 78.66 %, Asset 16.07 %
Amount paid in insurance claims in US\$	151,083,926	131,033,576

Amount and percentage of insurance claims served by segment

People		
Guarantee letters	12,986	12,904
Emergencies	47,080	35,037
Health reimbursements	135,859	111,432
Subtotal	200,225 (97,54%)	159,373 (98,38%)
Automobile	4,695 (2,29%)	2,297 (1,42%)
Asset	364 (0,18%)	333 (0,21%)
Service through the Mercantil Medical Care Plan (PAMM)	208,773	337,811

Asset Management

(FN-IB-000.B)

Mercantil RE

GENERAL RESULTS	2022	2021
Subscribed premiums in US\$	13.2 MM	14.1 MM
Incurred claims	35%	29%
Portfolio distribution		
Contract	65%	78%
Facultative	28%	16%
Fronting	7%	6%
Inventory (current risks)	1.975	1.809
Technical results in US\$	1.5 MM	2.2 MM
Net utility in US\$	1.2 MM	2.5 MM

Mercantil Bank (Schweiz) AG

GENERAL RESULTS	2022	2021
Number of clients	927	886
Negotiated volume in US\$	550 MM	400 MM
Total third-party assets managed in US\$	751 MM	743 MM

Mercantil Servicios de Inversión, S. A.

GENERAL RESULTS	2022	2021
	(Note 1)	(Note 2)
Number of clients	3,659	4,017
Negotiated volume in US\$	339 MM	595 MM
Total third-party assets managed in US\$	785 MM	1,021 MM
Market ranking by managed assets	10th ³	8th ³

1. Only includes the operations of Mercantil Servicios de Inversión
2. Includes the operations of Capital Assets Consulting Inc.
3. Position excludes banks with securities trading license in Panama

Mercantil Merinvest Casa de Bolsa, C.A.

GENERAL RESULTS	2022	2021
Number of clients	7,609	6,439
Negotiated volume in US\$	27.1 MM	159.4MM
Market ranking by Fixed Rent	2nd	1st

1. Acknowledgment given by the Caracas Stock Exchange to stock firms with greater intermediation volume.

MFTech

Zinli

GENERAL RESULTS

	2022	2021
Downloads	1.4 MM	562 k
Clients	456 k	103 k
Users under legal age	+1,000	-
Recharges in US\$	44,2 MM	1,6 MM
Countries	+175	-
Physical cards	+45,000	+3,360
Marketplace rating	+4.5 in Android	+3.5 in Android

Generated and distributed economic value

(GRI 201-1)

In line with our constant search for value creation for our stakeholders, we consider that every economically healthy company generates benefits in the economic environment where it operates.

For example, we generate payments to our suppliers, we contribute to the fiscal coffers through taxes. Our employees receive remuneration for their work and we make investments.

	2022	2021
Total income (Economic Value Generated, EVG)	275,263	211,779
Costs, Total Expenses (Economic Value Distributed, VED)	271,302	201,580
Salaries and employee benefits	20,699	18,684
Taxes	4,688	4,900
Retained Economic Value (REV)	3,961	10,199

(*) Figures in thousands of US\$

(**) These figures exclude the economic values of the operation in Venezuela using the accounting method described above.

The retained economic value allows us to continue strengthening the institution to continue generating our value proposition.

Annexes

- Annex I: ESG management
- Annex II: Reporting framework

Annex I: ESG management

1. Corporate Governance

Board of Directors Meetings	Quantity	Assistance %
2022	14	100 %
2021	5	100 %

Gender	Principal Directors	Alternate Directors
Women	3	30 %
Men	7	70 %
	10	100 %

Comités de Junta Directiva

Committee	Objective	Number of Meetings		Attendance %	
		2022	2021	2022	2021
Audit	Responsible for assisting the MSFI Board of Directors in its oversight function and verifying 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.	4	4	100% quorum in accordance with the provisions of the bylaws	90 %
Risk	Assist the Board of Directors in preserving the value of Mercantil with respect to potential losses that it may assume once the range of risk appetite established in the activities of the business where MSFI and its subsidiaries operate (credit, market, price, interest rate) has been defined. interest, 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 and international regulatory entities.	4	4	100% quorum in accordance with the provisions of the bylaws	100 %
Human Capital and Nominations	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 general nomination policies for the subsidiaries.	4	4	100% quorum in accordance with the provisions of the bylaws	100 %

The members of the Audit Committee and the Risk Committee are appointed annually and are composed of no less than three (3) Directors who do not participate in the daily management of MSFI. In the case of the Human Capital, Nominations and Corporate Governance Committee, its members are elected every two (2) years and is made up of up to four (4) independent Principal Directors. Other members who are part of the administration, work at MSFI or are outsourced may also participate.

In the case of the Audit Committee, its members must have knowledge of 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 governing the matter. At least one (1) of the members must have auditing and accounting or financial experience. The operation and responsibilities of each Committee are detailed in their respective Regulations, which are approved by the MSFI Board of Directors.

The President and the Chief Executive Officer (CEO) are ex officio members of these committees, with the right to speak but without the right to vote, and their presence will form part of the respective quorum. Currently, these positions are held by the same person.

President

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

He is responsible along with the Chief Executive Officer (CEO) and the other members of the Board of Directors for the supreme direction of MSFI's activities and business. Chairs the meetings of the General Shareholders' Meeting, the Board of Directors and provides within these bodies the guidance and guidance required to establish the policies, objectives and strategies to be adopted, and to make important decisions and ensure their effectiveness. compliance.

Supervises, at a general level and through the Chief Executive Officer (CEO), the execution of the decisions and policies dictated or adopted by the Board of Directors and the Executive Committee.

Chief Executive Officer (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 MSFI administration. The Chief Executive Officer (CEO) presides over the meetings of the Executive Committee and the Board of Directors in the absence of the President. Likewise, he makes up for the temporary absences of the President with his same powers and attributions.

Submits the policy, objectives, strategies and decisions of importance to the consideration of the President, the Executive Committee and the Board of Directors. Periodically reports to the President, the Executive Committee and the Board of Directors about the financial situation of MSFI and the results of its operations. Designs, establishes and develops the organizational structure of MSFI, 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 subsidiary companies.

In the event that the appointment of the position of Chief Executive Officer (CEO) falls to the person of the President, he or she will assume the responsibilities and functions of both positions..

As part of MSFI's Corporate Governance, there are also the Management Committees:

Management Committees	Objectives	Composition	Frequency of Sessions
Executive Committee	<ul style="list-style-type: none"> Evaluate alternatives and formulate recommendations on policy issues, objectives, strategies and organization for submission to the Board of Directors for consideration. Guide and guide Management's efforts in the implementation of the strategic plan, policies and adopted objectives, evaluating the result of said implementation. Execute all acts that are necessary for the best development of the daily management of the business. 	<ul style="list-style-type: none"> President Chief Executive Officer (CEO) of MSFI and four (4) officials who provide full-time services at MSFI and/or its affiliates, 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 the Corporate Finance Manager (Corporate CFO). 	Meets regularly once (1) per week and extraordinarily as needed.
Commitments, Credit and Capital Committee (CCCC)	<p>Evaluate, for the purposes of approval or rejection in MSFI, including affiliates:</p> <ul style="list-style-type: none"> Credit and investment proposals. Significant and complex commitments and operations. 	<ul style="list-style-type: none"> Chief Executive Officers of MSFI, Mercantil C.A., Banco Universal and Mercantil Holding Financiero Internacional, S.A., all of them with the right to speak and vote. <p>Likewise, the Comprehensive Risk Manager participates with voice.</p>	Meets at least once (1) a month or as often as it deems necessary, upon convocation by the Secretary or Undersecretary of the Committee.
Comprehensive Risk Committee	<p>Knows, assesses and decides on the risk management of MSFI and its affiliates, 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"> Chief Executive Officers of MSFI, Mercantil C.A., Banco Universal, 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 members of management participate with voice. 	It meets at least once (1) quarterly and as many times as necessary to fulfill its purposes, upon convocation by the Secretary or Undersecretary of the Committee.

2. New hires and employee rotation

(GRI 2-30, 401-1 401-3, 415-2)

	2022					
	Hirings			Promotions		
	Panama	Venezuela	Switzerland	Panama	Venezuela	Switzerland
Directive	0	0	0	0	4	0
Management	1	1	0	0	14	0
Middle Management	18	13	0	4	0	0
Coordination	1	8	0	0	21	0
Professional	98	191	0	28	89	0
Support	52	23	1	03	1	0
Total	170	236	1	35	129	0

Average monthly remuneration ratio by professional category and gender

	2022					
	Panama		Venezuela		Switzerland	
	Female	Male	Female	Male	Female	Male
Management	96 %	104 %	93 %	107 %	94 %	106 %
Middle Management	87 %	117 %	97 %	104 %	86 %	106 %
Coordination	102 %	96 %	100 %	100 %	—	—
Professional	96 %	106 %	98 %	103 %	88 %	123 %
Support	103 %	94 %	102 %	96 %	100 %	0 %

(*) Panama figures include Capital Bank Inc. and its affiliates

Employee collective associations

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

Both conventions 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.

% Workers covered by the Collective Convention
Mercantil C.A., Banco Universal
84 %
Mercantil Seguros
76 %
Mercantil Bank Panama
No aplica
Capital Bank
No aplica

Dismissal rate by hierarchical level:

	Venezuela	Panama
Directive	0,00 %	0,00 %
Management	0,95 %	1,89 %
Coordination	0,56 %	0,00 %
Professional	4,02 %	6,16 %
Support	4,95 %	2,84 %

3. Our stakeholders

(GRI 2-29, 3-3)

For the implementation of our strategy we seek the active participation of our different stakeholders. We maintain a close dialogue, through different channels, platforms and instances.

We understand stakeholders as all the agents who are impacted by our activity, as well as those who decisively influence its achievement.

Below we present their list:



4. Materiality analysis

(GRI 3-1, 3-2)

At Mercantil, we determine our priority ESG topics (related to environmental, social and governance factors), from the financial impact perspective. In this way, we address the concept of double materiality that stands as a reference at an international level.

Impact materiality: it is determined by how the company relates to its environment, with the different stakeholders; that is, how our operations impact them. Impacts can have positive or negative consequences (operation, reputation, financially).

Financial materiality: reflects ESG factors that could have a reasonable probability of affecting the financial condition, operating performance and cash flows within the company, as well as access to funding.

As a first exercise, to determine the key themes for the design of the sustainability strategy, we carried out the following process:

1. Identification of topics: we make a list of potentially relevant topics for the different interest groups based on:
 - ESG priorities, of rating agencies and investors,
 - The result of the interviews with different members of the organization
2. We seek to determine the importance of the potentially identified topics for the stakeholders and for the business strategy. We organize the material topics into 5 focuses, which structure our ESG performance. They served as a basis, together with the priority themes that comprise them, to organize the initiatives that make up our Sustainability Strategy.

Focus	Governance	Business Model	Human Capital	Social Capital	Environment
Impact material issues	<ul style="list-style-type: none"> - Solid Corporate Governance - Ethical management, prevention of corruption - Compliance Culture - Cybersecurity - Data Privacy 	<ul style="list-style-type: none"> - Innovation and digital transformation in financial products and services - Responsible financing by incorporating the client's social and environmental assessment - Comprehensive risk management 	<ul style="list-style-type: none"> - Talent attraction and retention - Development and well-being of employees 	<ul style="list-style-type: none"> - Financial Education - Financial Inclusion 	Identification of risks and impacts that allow us to prevent, mitigate and compensate our footprint

5. Contribution to the Sustainable Development Goals (SDG)



Social assistance:

We support programs and initiatives that provide support to the most vulnerable, such as soup kitchens, child and elderly care entities.



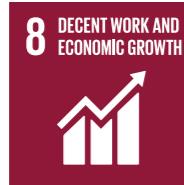
Fostering education:

We contribute to providing quality education, with emphasis on the development of skills that favor the productive insertion of young people and their access to decent employment.



Promoting gender equality

We promote the full and effective participation of women and equal leadership opportunities.



Promoting development of productive activity:

We promote entrepreneurship activities through competitions and training programs. We support financial education through alliances.



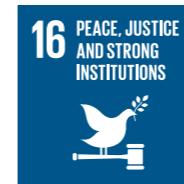
Stimulating culture:

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



Committed to our planet:

We promote environmental care through initiatives with our employees. We incorporate measures related to climate change in our policies and strategies.



Institutional Strength

Solid culture of corporate governance, ethics, compliance, and transparency.

Annex II: Reporting framework

1. Index of GRI Content

1.1 Universal Standards

Section	Content	Description	Omission	Page
GRI 1: Foundation 2021		Applied transversally throughout the report		
GRI 2: General Disclosures 2021				
The organization and its reporting practices	GRI 2-1	Organizational details		5, 23, 26, 35
	GRI 2-2	Entities included in the organization's sustainability reporting		5, 26
	GRI 2-3	Reporting period, frequency and contact point		5
	GRI 2-4	Restatements of information		5
	GRI 2-5	External assurance		5
Activities and workers	GRI 2-6	Activities, value chain and other business relationships		26, 28, 47
	GRI 2-7	Employees		97
	GRI 2-8	Workers who are not employees	Not applicable, Mercantil works with its own collaborators.	154
	GRI 2-9	Governance structure and composition		59, 141
	GRI 2-10	Nomination and selection of the highest governance body		59, 141
	GRI 2-11	Chair of the highest governance body		59, 141
153	GRI 2-12	Role of the highest governance body in overseeing the management of impacts		41, 59, 141
PAGE	GRI 2-13	Delegation of responsibility for managing impacts		41, 59, 141
Governance	GRI 2-14	Role of the highest governance body in sustainability reporting		5, 59, 141
	GRI 2-15	Conflicts of interest		59, 65, 141
	GRI 2-16	Communication of critical concerns	Confidential, due to internal company guidelines.	
	GRI 2-17	Collective knowledge of the highest governance body	Not available, work is being done to incorporate it into the next report.	
	GRI 2-18	Evaluation of the performance of the highest governance body	Not available, work is being done to incorporate it into the next report	
	GRI 2-19	Remuneration policies	Not available, work is being done to incorporate it into the next report	
	GRI 2-20	Process to determine remuneration	Confidential, due to internal company guidelines.	
	GRI 2-21	Annual total compensation ratio	Confidential, due to internal company guidelines.	

Section	Content	Description	Omission	Page
GRI 1: Foundation 2021		Applied transversally throughout the report		
GRI 2: General Disclosures 2021				
	GRI 2-22	Statement on sustainable development strategy		8
	GRI 2-23	Policy commitments		53
	GRI 2-24	Embedding policy commitments		53, 65
Strategy, policies and practices	GRI 2-25	Processes to remediate negative impacts		65
	GRI 2-26	Mechanisms for seeking advice and raising concerns		65
	GRI 2-27	Compliance with laws and regulations		65
	GRI 2-28	Membership associations		55
Stakeholder engagement	GRI 2-29	Approach to stakeholder engagement		149
	GRI 2-30	Collective bargaining agreements		97, 148
GRI 3: Material Topics 2023				
	GRI 3-1	Process to determine material topics		150
	GRI 3-2	List of material topics		150
	GRI 3-3	Management of material topics	It is answered throughout the report, see following table.	156



1.2 Specific Standard by material topic

Material Topic	GRI Standard	Content	Description	Omission	Page
Legal and regulatory compliance	GRI 3: Material topics 2021	3-3	Management of material topics		65
	GRI 206: Anti-competitive behavior 2021	206-1	Legal actions related to unfair competition and monopolistic practices and against free competition		65
Business ethics / anti-corruption policies and practices / Mechanisms for reporting and resolving policy violations	GRI 3: Material topics 2021	3-3	Management of material topics		65
	GRI 205: Anti-corruption 2016	205-1	Number and percentage of centers in which risks related to corruption have been assessed and significant risks detected		65
		205-2	Communication and training policies and procedures on the fight against corruption		65
		205-3	Confirmed cases of corruption and measures taken		65
Corporate governance	GRI 415: Public policy 2016	415-1	Political contributions		65
	GRI 3: Material topics 2021	3-3	Management of material topics		59, 141
	GRI 3: Material topics 2021	3-3	Management of material topics		65
Solvency and profitability	GRI 201: Economic performance 2016	201-1	Direct economic value generated and distributed		138
		201-2	Financial implications and other risks and opportunities derived from climate change.	Not available, work is being done to include it in the next report.	158
		201-3	Defined benefit plan and other retirement plan obligations	Not available, work is being done to include it in the next report.	PAGE
		201-4	Financial assistance received from the government	Not available, work is being done to include it in the next report.	
Operational efficiency	GRI 3: Material topics 2021	3-3	Management of material topics		69, 119
Strategy and organizational culture aligned with sustainability	GRI 3: Material topics 2021	3-3	Management of material topics		53
Transparency and disclosure of ESG aspects	GRI 3: Material topics 2021	3-3	Management of material topics		5
Brand positioning/reputational risk management	GRI 3: Material topics 2021	3-3	Management of material topics		32
Relationship management with stakeholders	GRI 3: Material topics 2021	3-3	Management of material topics		149
Systemic risk management / Comprehensive risk management	GRI 3: Material topics 2021	3-3	Management of material topics		41
Digital transformation and customer experience	GRI 3: Material topics 2021	3-3	Management of material topics		89



Material Topic	GRI Standard	Content	Description	Omission	Page
Incorporation of ESG aspects in credit analysis (environmental and social risk management)	GRI Financial Services Sector Supplement	3-3	Management of material topics		87
		FS2	Procedures for evaluating and controlling environmental and social risks in business lines.		87
		FS3	Processes to monitor clients' implementation and compliance with environmental standards and social requirements included in agreements or transactions.	Not available, work is being done to include it in the next report.	
		FS4	Process(es) to improve staff competency to implement environmental and social policies and procedures as they apply to business lines.	Not available, work is being done to include it in the next report.	
		FS5	Interactions with clients/investors/business partners on environmental and social risks and opportunities.	Not available, work is being done to include it in the next report.	
		FS9	Coverage/Scope and frequency of audits to ensure the implementation of policies and analysis of environmental and social risks.	Not available, work is being done to include it in the next report.	
		FS10	Percentage and number of companies included within the company's portfolio, with which the reporting organization has interacted on environmental or social issues.	Not available, work is being done to include it in the next report.	
		FS11	Percentage of assets subject to social and/or environmental risk assessment.	Not available, work is being done to include it in the next report.	
		3-3	Management of material topics		160
Incorporation of ESG aspects in investment management	GRI 3: Material topics 2021	3-3	Management of material topics		87
Debt issuances aligned with sustainability	GRI 3: Material topics 2021	3-3	Management of material topics		125
Financial inclusion	GRI Financial Services Sector Supplement	3-3	Management of material topics		85
		FS1	Policies with specific social and environmental components applied to business lines.		85
		FS7	Monetary value of products and services designed to offer a specific social benefit for each line of business broken down by objectives.		85

Material Topic	GRI Standard	Content	Description	Omission	Page
Responsible sourcing/ Managing ESG impacts in the supply chain	GRI 3: Material topics 2021	3-3	Management of material topics		65
Cybersecurity/Data Privacy	GRI 3: Material topics 2021	3-3	Management of material topics		88
	GRI 418: Customer privacy 2016	418-1	Substantiated claims regarding violations of customer privacy and loss of customer data.		88, 89
	GRI 3: Material topics 2021	3-3	Management of material topics		65
		416-1	"Assessment of health and safety impacts of product or service categories"	"Not available, work is being done to include it in the next report."	-
Information about products and services / Discrimination in the treatment of clients	GRI 416: Customer health and safety 2016	416-2	"Cases of non-compliance relating to the health and safety impacts of product and service categories"		65
		417-1	Requirements for information and labeling of products and services	"Not available, work is being done to include it in the next report."	
	GRI 417: Marketing and labeling	417-2	Cases of non-compliance related to information and labeling of products and services		65
		417-3	Requirements for information and labeling of products and services		65
Financial education and insurance culture	GRI 3: Material topics 2021	3-3	Management of material topics		87
	GRI Sector Supplement Financial Sector	FS 16	Initiatives to improve financial education by type of beneficiary		87, 114

Material Topic	GRI Standard	Content	Description	Omission	Page
	GRI 3: Material topics 2021	3-3	Management of material topics		97, 147
		401-1	Number of hires and employee turnover		100, 147
	GRI 401: Employment 2016	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees		100, 101
		401-3	Parental leave	Not available, work is being done to include it in the next report.	
Talent attraction, retention and development		404-1	Average annual training hours per employee, broken down by sex and job category		100, 141
	GRI 404: Training and education 2016	404-2	Skills management and continuous training programs that promote the employability of workers and help them manage the end of their professional careers	Not available, work is being done to include it in the next report.	
		404-3	Percentage of employees receiving regular performance and career development reviews, disaggregated by gender and professional category		100, 141
	GRI 3: Material topics 2021	3-3	Management of material topics		97
Diversity and inclusion of collaborators / Gender equality	GRI 405: Diversity and equal opportunity 2016	405-1	Composition of governing bodies and breakdown of staff by professional category and sex, age, minority membership and other diversity indicators.		97
		405-2	Ratio of base salary and remuneration of women compared to men		97, 147
	GRI 406: Non-Discrimination 2016	406-1	Discrimination cases and corrective actions taken		65
	GRI 3: Material topics 2021	3-3	Management of material topics		101
Decent work conditions and Human Rights	GRI 410: Security practices 2016	410-1	Security personnel trained in human rights policies or procedures	Not available, work is being done to include it in the next report.	



Material Topic	GRI Standard	Content	Description	Omission	Page
Occupational health and safety	GRI 3: Material topics 2021 GRI 403: Occupational health and safety 2018	3-3	Management of material topics		101
		403-1	Occupational health and safety management system	Not available, work is being done to include it in the next report.	
		403-2	Hazard identification, risk assessment and incident investigation	Not available, work is being done to include it in the next report.	
		403-3	Health services at work		101
		403-4	Worker participation, consultation and communication on health and safety at work	Not available, work is being done to include it in the next report.	
		403-5	Training workers on health and safety at work	Not available, work is being done to include it in the next report.	
		403-6	Promotion of workers' health		101
		403-7	Prevention and mitigation of impacts on health and safety at work directly linked through commercial relationships	Not available, work is being done to include it in the next report.	
		403-8	Coverage of the Occupational Health and Safety Management System	Not available, work is being done to include it in the next report.	
		403-9	Work accident injuries	Not available, work is being done to include it in the next report.	
		403-10	Occupational ailments and diseases	Not available, work is being done to include it in the next report.	
Community impact	GRI 3: Material topics 2021	3-3	Management of material topics		107, 109, 113

Material Topic	GRI Standard	Content	Description	Omission	Page
Mitigation and adaptation strategy to climate change - direct operation	GRI 3: Material topics 2021	3-3	Management of material topics		119
		302-1	Energy consumption within the organization		121
		302-2	Energy consumption outside the organization	"Does not apply. Mercantil provides financial products and services that do not require significant energy consumption for their use/operation."	
		302-3	Energy intensity	Not available, work is being done to include it in the next report.	
		302-4	Reduction of energy consumption	Not available, work is being done to include it in the next report.	
	GRI 302: Energy 2016	302-5	Reduction of energy requirements of products and services	"Does not apply. Mercantil provides financial products and services that do not require significant energy consumption for their use/operation"	
		305-1	Direct GHG emissions (scope 1)		119
		305-2	Indirect GHG emissions to energy (scope 2)		119
		305-3	Not available, work is being done to include it in the next report.		
		305-4	GHG emissions intensity		119
Climate change mitigation and adaptation strategy - portfolio	305: Emissions 2016	305-5	Reduction of GHG emissions		119
		305-6	Emissions of ozone-depleting substances (SDG)	"Does not apply. Mercantil's activity essentially generates GHG emissions and not any other type."	
		305-7	Nitrogen oxides (NOx), sulfur oxides (SOx) and other significant air emissions	"Does not apply. Mercantil's activity essentially generates GHG emissions and not any other type."	
		3-3	Gestión de temas materiales		85
		FS8	Monetary value of products and services designed to offer a specific environmental benefit for each line of business broken down by objectives.	Not available, work is being done to include it in the next report.	

2. SASB parameter index

STANDARD	TOPIC	CODE	ACCOUNTING OR ACTIVITY PARAMETER	Omission/ Response detail	Page/s
Consumer financing 2018	Customer Privacy	FN-CF-220a.1	Number of account holders whose information is used for secondary purposes	Not available.	
		FN-CF-220a.2	Total amount of economic losses as a result of legal proceedings associated with customer privacy	Not applicable.	
	Data security	FN-CF-230a.1	(1) Number of information leaks (2) with percentage indicating personally identifiable information (3) number of affected account holders	"1) Reported	89
		FN-CF-230a.2	Losses from card-related fraud (1) card-not-present fraud and (2) card-present and other fraud	2 y 3) not available."	
		FN-CF-230a.3	Description of the approach taken to identify and address data security risks	Not available	89
	Sales practices	FN-CF-270a.1	Percentage of total compensation of covered employees that is variable and linked to the quantity of products and services sold		
		FN-CF-270a.2	Approval rate for (1) credit and (2) prepaid products for applicants with FICO scores above and below 660	Not available	
	Activity parameter	FN-CF-270a.3	(1) Average rates for add-on products, (2) average APR, (3) average age of accounts, (4) average number of business lines, and (5) average annual rates for prepaid products for customers with FICO scores above and below 660.	Not available	
		FN-CF-270a.4	(1) Number of complaints filed with the Consumer Financial Protection Bureau (CFPB), (2) percentage with monetary and non-monetary compensation, (3) percentage disputed per consumer, (4) percentage that resulted in investigation by the CFPB.	Non executable.	93
		FN-CF-270a.5	Total amount of loss as a result of legal proceedings associated with sale and service of products		65
Commercial banking 2018	Activity parameter	FN-CF-000.A	Number of unique customers with (1) active credit account and (2) debit account		131
	Activity parameter	FN-CF-000.B	"Number of (1) credit card accounts and (2) debit accounts"		131
	Data security	FN-CB-230a.1	(1) Number of information leaks (2) with percentage indicating personally identifiable information (3) number of affected account holders		89
		FN-CB-230a.2	Description of the approach taken to identify and address data security risks	"1) Reported	89
	Financial inclusion and capacity development	FN-CB-240a.1	(1) Number and (2) number of outstanding qualified loans for programs designed to promote small business and contribute to the socio-economic development of the community	2 y 3) Not available"	
		FN-CB-240a.2	(1) Number and (2) amount of overdue and unaccrued loans qualified for programs designed to promote small business and community socio-economic development.		
		FN-CB-240a.3	Number of no-cost minority customer checking accounts provided to previously unbanked customers.	Not available.	
		FN-CB-240a.4	Number of participants in financial education initiatives for unbanked, underbanked, or underserved customers	Not available.	87
	Incorporation of environmental, social and corporate governance factors in credit analysis	FN-CB-410a.1	Commercial and industrial credit exposure by industry	Not applicable	

STANDARD	TOPIC	CODE	ACCOUNTING OR ACTIVITY PARAMETER	Omission/ Response detail	Page/s
Commercial bankingl 2018	Incorporation of environmental, social and corporate governance factors in credit analysis	FN-CB-410a.2	Description of the environmental, social and governance (ESG) factors approach in credit analysis		
	Business ethics	FN-CB-510a.1	Total amount of loss as a result of legal proceedings associated with fraud, anti-competitive behavior, market manipulation, malpractice or other financial regulations	No judicial proceedings were recorded in the period	
		FN-CB-510a.2	Description of complaints policies and procedures		65
	Systemic risk management	FN-CB-550a.1	Global Systemically Important bank (G-SIB) score, by category	Not applicable	
		FN-CB-550a.2	Description of the approach to incorporating mandatory and voluntary stress testing results into capital adequacy planning and long-term corporate strategy	Not applicable	
	Activity parameter	FN-CB-000.A	(1) Number and (2) value of checking and savings accounts by segment: (a) personal and (b) small business		129
	Activity parameter	FN-CB-000.B	(1) Number and (2) value of loans by segment: (a) personal, (b) small business and (c) corporate		129
		FN-MF-270a.1	"(1) Number and (2) value of residential mortgages of the following types: (a) Hybrid or adjustable rate mortgages with option (ARM),	Not available.	
		FN-MF-270a.2	(b) Early payment penalty, (c) Higher rate, (d)	Not available.	
	Credit practices	FN-MF-270a.3	Total, by FICO scores above or below 660"	No judicial proceedings were recorded in the period	
Mortgage financing 2018		FN-MF-270a.4	(1) Number and (2) value of (a) residential mortgage modifications, (b) foreclosures, and (c) short sales or deeds in lieu of foreclosure, by FICO scores above and below 660	Confidential	172
		FN-MF-270b.1	Total amount of monetary losses as a result of legal proceedings associated with communications to customers or remuneration of loan originators	Not available.	
	Discriminatory loans	FN-MF-270b.2	Description of the remuneration structure of loan issuers	Confidential	
		FN-MF-270b.3	(1) Number, (2) value, and (3) weighted average loan-to-value (LTV) range of mortgages issued to (a) minorities and (b) other borrowers, by FICO scores above and below 660	Not available	
	Environmental risks for mortgaged properties	FN-MF-450a.1	Total amount of economic losses as a result of legal proceedings associated with discriminatory lending	Not available.	
		FN-MF-450a.2	Description of policies and procedures to ensure that discriminatory mortgages are not formed	Not available.	
		FN-MF-450a.3	(1) Number and (2) amount of mortgage loans in 100-year flood zone		49
	Activity parameter	FN-MF-000.A	(1) Total expected loss and (2) total loss given due to default attributable to the mortgage loan and delinquencies due to weather conditions such as natural disasters, by geographic region		132

STANDARD	TOPIC	CODE	ACCOUNTING OR ACTIVITY PARAMETER	Omission/ Response detail	Page/s
Mortgage financing 2018	Activity parameter	FN-MF-000.B	(1) Number and (2) value of mortgages purchased by category: (a) residential and (b) commercial	Mercantil does not acquire mortgage portfolios from other institutions.	
	Transparent information and fair advice for customers	FN-IN-270a.1	Total amount of monetary losses as a result of legal proceedings related to the marketing and communication of information related to insurance products to new and old customers ²	Not applicable.	
		FN-IN-270a.2	Relationship between complaints and claims	Not available.	
		FN-IN-270a.3	Customer retention rate	Not available.	
		FN-IN-270a.4	Description of the approach to informing customers about products		93
	Incorporation of environmental, social and management factors in investment management	FN-IN-410a.1	Total assets invested, by sector and asset class	Not available	
		FN-IN-410a.2	Description of the approach to incorporating environmental, social and governance (ESG) factors into investment management processes and strategies	Not available	
	Policies designed to encourage responsible behavior	FN-IN-410b.1	Net premiums issued related to energy efficiency and low-carbon technology	Not available.	
		FN-IN-410b.2	Analysis of products or product features that encourage health, safety, or environmentally responsible actions or behaviors	Not applicable	
Insurance 2018	Exposure to environmental risk	FN-IN-450a.1	Probable maximum loss (PML) of insured products due to climate-related natural disasters ³	Not available	
		FN-IN-450a.2	Total amount of monetary losses attributable to insurance payments (indemnities) from (1) modeled natural catastrophes and (2) unmodeled natural catastrophes, by event type and geographic segment (before and after reinsurance) ⁴	Not available	
		FN-IN-450a.3	Description of the approach to incorporating environmental risks into (1) the individual contract underwriting process and (2) enterprise-level risk management and capital adequacy		49
	Systemic risk management	FN-IN-550a.1	Exposure to derivative instruments by category: (1) total potential exposure to non-centrally cleared derivatives, (2) total fair value of acceptable collateral posted to the central clearing house, and (3) total potential exposure to centrally cleared derivatives	Not available	
		FN-IN-550a.2	Total fair value of securities lending collateral	Not available	
		FN-IN-550a.3	Description of the approach to managing capital and liquidity risks associated with systemic unsecured activities		41
	Activity parameter	FN-IN-000.A	Number of policies in force, by segment: (1) property and casualty, (2) life, (3) assumed reinsurance ⁵		133



STANDARD	TOPIC	CODE	ACCOUNTING OR ACTIVITY PARAMETER	Omission/ Response detail	Page/s
Investment banking and brokerage 2018	Diversity and inclusion among employees	FN-IB-330a.1	Percent representation of genders and racial/ethnic groups in (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees ²		97
		FN-IB-410a.1	Revenue from (1) underwriting, (2) advisory and (3) securitization transactions that incorporate the integration of environmental, social and governance (ESG) factors, by industry	Not available	
		FN-IB-410a.2	(1) Number and (2) total value of investments and loans that incorporate the integration of environmental, social and governance (ESG) factors, by industry	Not available	
		FN-IB-410a.3	Description of the approach to incorporating environmental, social and governance (ESG) factors in investment banking and brokerage activities	Not available	
	Business Ethics	FN-IB-510a.1	Total amount of monetary losses as a result of legal proceedings related to fraud, insider trading, antitrust, unfair competition, market manipulation, malpractice or other related laws or regulations of the financial industry ³		65
		FN-IB-510a.2	Description of whistleblowing policies and procedures		65
	Professional integrity	FN-IB-510b.1	(1) Number and (2) percentage of covered employees with a history of investigations related to investments, consumer complaints, private civil litigation or other regulatory proceedings ⁴	Not available.	
		FN-IB-510b.2	Number of mediation and arbitrate on cases related to professional integrity, including due diligence, by party		65
		FN-IB-510b.3	Total amount of monetary losses as a result of legal proceedings related to professional integrity, including due diligence ⁵		65
		FN-IB-510b.4	Description of the approach to ensuring professional integrity, including due diligence		65
	Systemic risk management	FN-IB-550a.1	Global systemically important bank (G-SIB) assessment score, by category ⁶	Not available.	
		FN-IB-550a.2	Description of approach to incorporating results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities	Not available	
	Employee incentives and risk taking	FN-IB-550b.1	Percentage of total compensation that is variable for material risk takers (MRT) ⁷	Confidential	
		FN-IB-550b.2	Percentage of the variable remuneration of material risk takers (MRT) to whom penalty or recovery clauses were applied ⁸	Confidential	
		FN-IB-550b.3	Analysis of policies related to the supervision, control and validation of prices of operators of level 3 assets and liabilities	Confidential	
	Activity parameter	FN-IB-000.A	(1) Number and (2) value of (a) underwriting, (b) advisory and (c) securitization transactions ⁹	Not available	
		FN-IB-000.B	(1) Number and (2) value of property investments and loans by sector ¹⁰		136
		FN-IB-000.C	(1) Number and (2) value of market making transactions in (a) fixed income, (b) equities, (c) currencies, (d) derivatives, and (e) commodities	Not available	



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