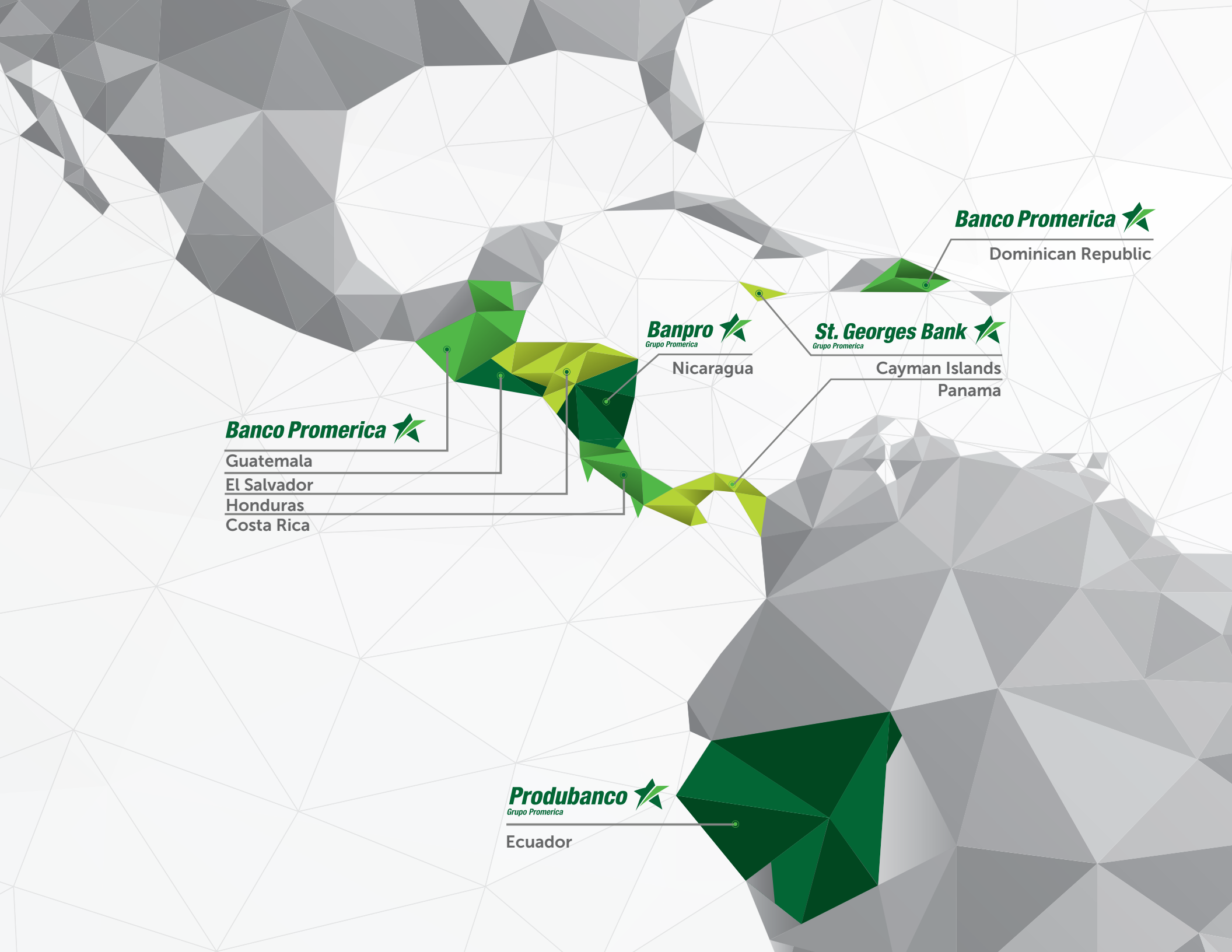


2021 Annual Report





Banco Promerica 

Dominican Republic

Banpro 
Grupo Promerica

Nicaragua

St. Georges Bank 
Grupo Promerica

Cayman Islands
Panama

Banco Promerica 

Guatemala
El Salvador
Honduras
Costa Rica

Produbanco 
Grupo Promerica

Ecuador



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Strategic Guidelines

Grupo Promerica

Vision

At Grupo Promerica we believe that all people and businesses in our communities should surpass their limits in order to achieve the success they deserve.

Mission

To promote a bank that develops relationships and offers products and services to our communities to help them overcome their limits, whether cultural, economic, personal or geographic.

Values

- Permanent empathy
- Entrepreneurs by nature
- Shared trust
- Common culture





Message from the Chairman of the Board Grupo Promerica

The year 2021 was a year of transition. The pandemic caused by the global proliferation of COVID-19 generated multiple challenges for banks and their customers in an environment with many contact limitations. It was a year of adaptation to cohabit with the aftermath of the epidemic, whether emotionally, health wise, economically, politically, socially and in general, in all areas of our lives.

Due to these challenges, at Grupo Promerica (GP), we focused on increasing the mechanisms that would allow us to reach customers to identify their needs and help them with financial solutions, all of this achieved by a human team trained, committed and supported in technological strengthening, which has allowed us, in addition to facilitating processes and reducing times, to maintain interaction mechanisms.

In the wake of COVID-19, the importance of providing digital services and products to our clientele accelerated digital transformation. Taking this into account, we made a diagnosis of the current state of Grupo Promerica, which became the starting point that allowed us to define a regional vision and strategy: *to become the benchmark among countries by providing the best experience through innovative proposals whilst enhancing the efficiency of our services.*

Our goal for the next five years is to be one of the regional leaders in digital sales and to increase our client portfolio. With this in mind, this year, the Regional Office of Digital Transformation was created.

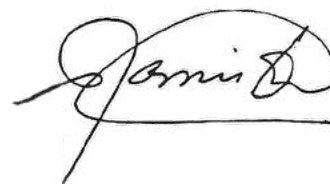
In this manner, we continue as a Group working on sustainability. Two years after signing the UNEP FI *Principles of Responsible Banking (PBR)*, three banks: Banpro Nicaragua, Banco Promerica Costa Rica and Produbanco Ecuador, were part of the *Net-Zero Banking Alliance*, convened by the UN, which demonstrates our commitment to align our credit and investment portfolios by 2050, with net-zero issuances. Likewise, the Banks: Promerica El Salvador and Promerica Guatemala signed the PBRs, with which we added five banks of the Group, all committed to leaving a better world for future generations. In addition, we carry out the *Promericano Volunteer Day* with reforestation activities in the nine countries where we operate; we commemorate the *International Day of the Fight Against Breast Cancer*, in which we provide advice and share testimonies of survivors in alliance with the two foundations of the Group that provide support with treatments to women of scarce economic resources who suffer from this disease.

We celebrated 30 years of operations aligned with our vision, mission and values, along the way supporting companies and individuals to become a part of the *Best Central American Companies (MECA)* programme, which was developed in conjunction with INCAE and Deloitte in seven of the nine countries in which Grupo Promerica has a presence.

One of the key pillars for the development of our operations is human talent, which we continue to improve through the *Protagonistas* programme in: Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica, Panama, Dominican Republic, Cayman Islands and Ecuador. Through this initiative, we support the development of business skills, interpersonal skills, and the enhancement of leadership among our employees.

I am proud of the work performed and grateful for the trust placed by our shareholders, employees and customers. We have shown that, based on tenacity, talent and innovation, we can forge ahead despite the adversities and challenges that arise in front of our industry. Undoubtedly, there are many challenges that the coming year holds for us and I am sure that with effort and dedication, we will be able to continue serving our communities in the best possible manner.

Best regards,

A handwritten signature in black ink, appearing to read 'Ramiro', with a stylized flourish extending from the end.

Ramiro Ortiz Mayorga
Chairman & CEO
Grupo Promerica



Strategic Guidelines

Produbanco 2019 - 2023

Vision

To be the best of the best in order to transcend in the lives of people.

Mission

To accompany people and businesses everyday in overcoming their limits in order to share best experiences and to consolidate long-term relationships.

Strategic Pillars

- Cultural transformation to ensure the success of digital transformation.
- Data-driven organization.
- Strategic segmentation driven by customer behaviour.
- Decentralised growth in every segment and geography.
- Responsibly assets and risks management.
- Commitment to sustainability and corporate social responsibility.

Corporate Values

- Our essence is the customer.
- We make the difference.
- Our ideas build.
- We are one team.
- We keep our commitments.





Message from the Chief Executive Officer Produbanco

I am pleased to present the 2021 Financial Report of Banco de la Producción S. A. – Produbanco and its Subsidiaries.

The health, economic and social crisis that hit the planet in 2020 due to the COVID-19 pandemic, was still present in 2021, although with a different force. From it, came new demands and challenges, which have been overcome and must continue to be faced with tenacity.

Thanks to the mass vaccination programme that became widespread in several countries, and to which Ecuador also joined decisively, the light at the end of the tunnel began to be glimpsed, albeit a light that towards the end of the year endured an impact upon the arrival of the Omicron variant, which generated fears once again.

However, aware of the complexity of the situation, our role as agents of economic reactivation, along with the commitment we have to sustainable development, this year we strengthened our offering of products and services —both in terms of sustainability and digital transformation— and we also made steady progress in actions to combat climate change.

Amongst the most relevant, from the sustainable perspective, it should be noted that, based on a programme through which the needs and growth barriers of small and medium-sized

enterprises were identified, Produbanco prepared in 2021, the *Guide for the Sustainable Reactivation of SMEs*, which includes value propositions and support tools to accompany their growth and recovery in the environmental and social dimensions of technology and digitalisation, operational and capabilities issues and interaction and relationships with audiences of interest.

This guide is published on the website of the Global Compact Ecuador and is one of the deliverables of the working group of sustainable development goal (SDG) number 17 chaired by Produbanco as a member of the *Leaders for the SDGs* Programme of the Global Compact Ecuador.

In terms of environmental management, Produbanco was the first Bank in Ecuador to obtain the global quality certification of *Carbon Neutrality* in accordance with ISO 14064 – 3, granted by SGS. This certification quantifies, evaluates and establishes actions to reduce the carbon footprint of organisations in accordance with the strict guidelines of the *Carbon Neutral Protocol*.

The results and goals of this evaluation were translated into concrete actions that today are part of our Corporate Eco-efficiency and Resource Use Programme, which covers energy issues, mobilisation of employees and vendors, waste management, among others.

In April, we joined the *Net-Zero Banking Alliance* along with 40 other banks around the world, including Banco Promerica of Costa Rica and Banpro of Nicaragua. This global initiative

seeks to achieve zero CO₂ emissions in the loan portfolios of the financial industry by 2050 in line with the objectives of the Paris Accord.

In October, we inaugurated our new Guayaquil Branch, a modern building with EDGE certification, which is awarded to constructions that meet a minimum saving of 20% in operational energy, water consumption and energy incorporated in materials. This building is fully automated and meets high sustainability parameters.

In December, we opened the doors of the new Ibarra Branch, which also has a sustainable energy method based on LED lighting and has open and more flexible spaces aligned with the concept of collaborative work promoted by the Bank throughout its institutional infrastructure. In this manner, we contribute to the care of the environment and provide comfort and harmony to customers and employees.

Concurrently with the execution of these actions, we work with determination in digital and cultural transformation. We design new products to provide greater comfort to customers by innovating the way to solve their needs with a vision different from that of the usual one.

Aligned with this process, this year, we continue to promote the migration from traditional agencies to digital offices. We closed the year with 37 digital offices present in Quito, Guayaquil, Ambato, Cuenca, Loja, Machala, Milagro, Portoviejo, Salinas and Santo Domingo.

Likewise, we launched the new WhatsApp Business Channel (1700123123) to provide a better customer service experience. Through this, our clients can make inquiries, requirements, obtain information on the location of agencies and ATMs, and learn about products and services the Bank offers.

In another area, Produbanco received important facilities in 2021, including one for USD 150 million, with an eight-year term, granted by the United States International Development Finance Corporation (DFC), to finance businesses led by women – which promotes inclusion and gender equity, and to support the placement of Green Lines, which produce positive environmental impacts and encourage the growth of SMEs. This facility marked a milestone in the relationship between Produbanco and DFC reflecting confidence in the Bank's strength and its ability to generate credit.

Likewise, the Bank received another facility for USD 92 million from FMO, the Dutch Development Bank. Of these, USD 72 million correspond to a five-year term financing line and a USD 20 million line subordinated to an eight-year term. The resources will go to small and medium-sized enterprises (SMEs), women entrepreneurs and green projects.

Produbanco's *Green Lines Programme* continued to foster the sustainable development of the Ecuadorian industry. Since 2016, USD 325 million has been disbursed in 442 operations to 206 clients. Sixty-four percent of the amount of the loans has been directed to the agriculture and fisheries sector to promote sustainable practices including more efficient irrigation systems and energy use. It is gratifying

to note that there is a growing awareness of the need for responsible profitability.

This year, we have had the satisfaction of receiving several recognitions for our business acumen. The prestigious *Global Finance Magazine*, named Produbanco –for the fifth consecutive year– *Best Bank Ecuador 2021* and in addition, awarded it *The Innovators 2021* award as the most innovative Bank in Latin America, conferred on financial institutions that stood out for their innovation in the midst of the COVID-19 pandemic.

In August, this same magazine also gave us two awards at the Latin American level within the *Sustainable Finance Awards 2021* –inaugurated this year– in the categories: *Outstanding leadership in resource management* and *Outstanding leadership in green loans*.

For its part, the British magazine *The Banker*, belonging to the English group *Financial Times*, awarded Produbanco – for the thirteenth time– *the Best Bank Ecuador 2021* award.

In this same aspect, the *International Consultancy Izo* designated Produbanco as *Best Ibero-American Banking Company* and *Best Banking Sector Company Ecuador 2021*, for its participation in the *Best Customer Experience Awards (BCX)*, which is a recognition of excellence, best practices and innovation in the customer experience.

Finally, in the last quarter of the year, we launched our new institutional campaign called *Green Territory*, whose

objective is to reinforce the positioning of Produbanco as a different and modern responsible Bank that cares about a better world for future generations through an operation that implements efficient financial solutions and innovations. Through this campaign, we assertively communicate all the actions we promote for these purposes.

Throughout 2021, we have worked with responsibility, energy and optimism to help the community move forward. We have been driven by the trust of our shareholders, employees, customers and vendors, whom we thank for all their collaboration, with whom we have achieved the results described in the following pages. We will continue to persevere in our goal of promoting *Sustainable Banking*. With dedication and perseverance, we will make the changes that the country and the world need to make this a reality.

A handwritten signature in black ink, appearing to read 'Ricardo Cuesta Delgado'.

Ricardo Cuesta Delgado
Chief Executive Officer
Produbanco



Board of Directors

Produbanco

Chairman



Francisco José
Martínez Henares

Vice Chairman



Héctor Roberto
Neira Calderón

Principal Director



Karla Dolores
Icaza Meneses

Principal Director



Pablo Mauricio
Argüello Godoy

Principal Director



Gustavo Francisco
Vásconez Espinosa

Deputy Director



Francisco José
Ortiz Gudián

Deputy Director



Denise Marie
Henríquez Noriega

Deputy Director



Luis Alberto
Rivas Anduray

Deputy Director



Carlos Francisco
Rodríguez Vásconez

Deputy Director



Juan Diego
Mosquera Pesantes

Senior Executives Produbanco

Executive Committee

Chief
Executive Officer



Ricardo
Cuesta Delgado

Executive Vice President
Management Support



Martha Cecilia
Paredes Díaz

Executive Vice President
Management Oversight



Juan Manuel
Borrero Viver

Vice President Retail
Banking



José
Ricaurte Vela

Vice President Corporate
Banking



Rubén
Eguiguren Arias

Senior Executives Produbanco

Business Units

Vice President
Institutional Segment



Carolina
Andrade Gallegos

Vice President
Payment Channels



Sebastián
Quevedo Holguín

Vice President
Highlands Distribution



María Isabel
Román Albornoz

Vice President
Guayaquil Branch



José Antonio
Costa Viver

Senior Executives Produbanco

Support Units

Vice President
Financial Oversight



Esteban
Váscenez Riofrío

Vice President
People and Culture



Eduardo
Lafebre Quirola

Vice President
Operational Services



Rafael
Roca Moreno

Vice President
Technological Services



Javier
Hidalgo Estévez

Senior Executives Produbanco

Staff and Control Units

Vice President
Legal Affairs



Jorge
Alvarado Carrera

Vice President
Digital Transformation



Fabián
Garzón Abad

Vice President
Internal Auditor



Fredy
Sandoval Cerda

Vice President
Risk Management



Gustavo
Orbe Montenegro

Compliance
Officer



Anibal
Salazar Buenaño

Staff Units

Control Units



Report of the Board of Directors

Dear Shareholders,

In a national and international scenario affected by the prolongation of the pandemic caused by COVID-19, 2021 was marked by the deployment of the largest global operation of production and supply of vaccines in history, with the aim of immunising a high percentage of the population to mitigate the adverse effects of the health crisis that caused the death of nearly 6 million people in the world; thus, the year ended with about 10.8 billion doses administered, to reach 49.8% of the fully vaccinated population and 58.5% with at least one dose of the vaccine. Whilst the results have been encouraging, it is imperative to improve more equitable access in all regions and countries.

In parallel, the gradual lifting of mobility restrictions boosted the reactivation of consumption and consequently the recovery of the world economy, which was evidenced in a GDP growth close to 5.5% that contrasts with the fall of 4.3% in 2020; growth was slowed by new waves of infections stemming from Delta and Omicron variants, prolonged logistical problems in supply chains, and rising inflationary pressures in major economies.

In Ecuador, for its part, thanks to the successful diplomatic and logistical deployment promoted by the new government of President Guillermo Lasso, by the end of the year, 80.6%



of Ecuadorians had at least one dose of the COVID-19 vaccine, whilst 71.9% of the population was fully immunised, and even 6.4% had been given an additional booster dose.

The new Government concentrated its efforts on successfully fulfilling its promise to vaccinate nine million people in the first 100 days of its mandate, as well as on creating a favourable environment for economic activities and attracting foreign investment. In this scenario, our country began the path of economic recovery thanks to the reactivation of demand, which was reflected in the increase in sales in various productive sectors, which even equalled or exceeded the volumes of 2019, prior to the pandemic. GDP growth is estimated at 3.9% in 2021, a percentage that shows the expected rebound after the severe economic contraction of 7.8% registered in 2020.

The international perception of sovereign risk improved in 2021; after the election result, country risk (EMBI) fell 345 points to 824 points, and then fell to 806 points by the end of the year.

The evolution of the international price of oil, which has as a reference the WTI, averaged USD 68 a barrel, favouring the oil trade balance since oil exports increased by 64% compared to the previous year; excellent result despite the decrease in the volume exported due to the frequent interruptions in production due to damage to the crude oil transport infrastructure as a result of the regressive erosion of the Coca River.

Non-oil exports, on the other hand, registered a very good year both in non-traditional products, which had a growth of 26%, with mining as its main exponent, as well as traditional exports that obtained an annual increase of 16%, with shrimp being the main product that set record figures

and placed our country as the world's largest producer of crustaceans.

The year was also marked by social pressure from sectors that sought the repeal of the decree that establishes the system of price bands and that in addition calls for fuel prices to be reduced.

The employment figures registered a slight improvement; therefore, the unemployment rate decreased from 4.9% in 2020 to 4.1% at the end of 2021; however, inequality was evident in the unemployment rate of women at 5.0% when compared to that of men totalling 3.5%. On the other hand, adequate employment went from 30.4% to 33.9% of the Economically Active Population (EAP), i.e., 3 out of 10 Ecuadorians maintained an adequate job at the national level.

In this context of the country, a few days before the end of 2021, the Government announced the 6.25% increase in the Unified Basic Salary (SBU) and set it at USD 425 per month starting January 2022.

Following the political transition, and in the wake of the success of the vaccination campaign, the President Lasso Administration worked to promote a favourable environment for business and investment; therefore, in November, the Government held the international forum *Ecuador Open for Business* to present a portfolio of 50 projects of Public-Private Partnerships (PPP) and delegated management.

On November 29, the government managed to bring into force the Law of Economic Development and Fiscal Sustainability, which seeks an incremental tax collection of USD 1,900 million in three years. The regulations impose new taxes on the highest income sectors of society; on the one hand, companies with assets of more than USD 5

million, individuals with assets of more than USD 1 million, and marital societies with more than USD 2 million, will have to make a temporary contribution, and on the other, the law also includes an increase in the income tax rate for individuals who earn more than USD 2 thousand per month.

Regarding the Foreign Exchange Exit Tax (ISD), by executive decree, the progressive reduction of the rate was ordered through the end of 2022 with a tax of 4%; in addition, targeted reductions have been established for certain sectors.

International Reserves reached a historic level of USD 7,898 million, 9.8% more than in 2020, albeit 6.7% lower than the target agreed with the International Monetary Fund. The renegotiation of targets with the IMF was completed in mid-September, resulting in the receipt of resources from the Fund for USD 802 million and other disbursements from multilateral credit agencies; however, a next disbursement of USD 700 million was not finalised, which is expected for the first quarter of the new year, once the fourth review of the Extended Service Programme (SAF) is conducted.

In 2022, the approval of two important legal bodies will be fundamental, on the one hand, the Investment Law, which seeks to promote the creation of free zones, the promotion of Public-Private Partnerships, the strengthening of the Securities Market to promote private investment, and the creation of two million jobs; on the other, the Labour Reform that the President announced will be socialised before going to the Assembly in the aftermath of the rejection of the Bill for the Creation of Opportunities.

In the Balance of the Economy 2021 section of our Annual Report, the analysis of the main facts that determined the behaviour of the Ecuadorian economy is expanded.

Examining the performance of the Banking System in a year of great challenges and improvement in the economic outlook, the dynamisation in the placement of loans that reached a growth of USD 4,122 million in the balances of the loan portfolio should be noted, equivalent to an annual variation rate of 14.0%. To achieve these historic figures, over USD 23 billion in new loans were disbursed, instrumented in about 6.4 million operations for the productive, microcredit, housing financing, and consumer sectors.

The liquidity of the economy was maintained as a result of a surplus trade balance, and also in recognition to disbursements executed by multilateral organisations, which allowed the Government to cover its obligations and reduce the level of arrears with suppliers. Thus, the Banking System registered an increase in obligations with the public of USD 3,677 million, which represents an annual variation of 9.8%, slightly lower than the growth of the previous year. Term deposits again increased faster than demand deposits, with annual rates of 10.1% and 9.6%, respectively.

The consolidated profits of the Banking System totalled USD 387 million, a figure that shows a recovery of 66.1% compared to the deep drop seen in 2020. The profitability indicators stood at 7.6% measured on average equity (ROE) and at 0.8% in relation to average assets (ROA).

This Report is a compendium of the most outstanding aspects of the management of Produbanco and its Subsidiaries during the year 2021, and of the actions that were aimed at guaranteeing the normal operation of all businesses and service channels, to manage the appropriate balance sheet structure, to strengthen our financial indicators, to improve efficiency and profitability, to mitigate inherent risks, and also to accelerate the digital transformation to achieve

the objectives established in the Strategic Plan with a view towards 2023.

Looking at the Bank's financial performance, public deposits increased by USD 399 million to reach USD 4,850 million, representing 11.8% of the deposits of the Banking System, whilst the gross loan portfolio shows a significant increase of USD 529 million, for a total of USD 3,960 million that also places us with an 11.8% market share. These figures allow the assets under management to reach USD 6,152 million, i.e., 11.7% of the total assets of the System.

The positive effects of the progressive lifting of mobility restrictions and the improvement in economic activities were evidenced in the recovery of the volume of turnover with credit cards, which went from USD 833 million in 2020 to USD 1,060 million in 2021; this is a positive variation of 27.3%; however, it is lower than pre-pandemic consumption levels.

It is worth noting that among the various foreign financing granted by major banks and multilateral organisations, Produbanco received a facility of USD 150 million from the United States International Development Finance Corporation (DFC), aimed at financing businesses led by women, promoting gender equity and inclusion, support in the placement of credit for Green Line projects, and encouraging the growth of small and medium-sized enterprises.

In the area of responsible asset management, we accounted for an expense geared to credit portfolio provisions consisting of USD 117 million, complying with current regulations regarding asset rating and constitution of specific and generic provisions; in this manner, we strengthened the

balance sheet with a provision coverage of 334.7% measured on the overdue portfolio. The delinquency rate stood at 1.35% when compared to 2.69% the previous year, which reflects the gradual restoration of the payment capacity of our clients and the excellent collection management coordinated with our specialised subsidiary Protramites Trámites Profesionales S.A.

The portfolio balance that during the two years of the pandemic received some type of financial relief, closed at USD 271 million, a figure much lower than the levels of the end of 2020.

The Financial Policy and Regulation Board issued Resolution 663-2021-F to extend until the end of the 2021 financial year regarding the validity of the regulations that established the following accounting treatment:

- The transfer to overdue portfolio from the 61st day of delinquency of the operations of all credit segments,
- The application of temporary tables of percentages of credit provisions and,
- The constitution of generic provisions for a balance of up to 5% of the gross portfolio as of December 2020, the same that form part of the secondary technical equity and will be deductible in application of numeral 11 of article 10 of the Organic Law of Internal Tax Regime.

Our strategy and capacity for future growth are supported by an equity solvency ratio of 13.28%, above the minimum required by the regulations.

Comparing the composition of the Income Statement with the previous year, among the main figures we can highlight the following:

- Efforts to generate greater credit placement allowed portfolio interest to increase by USD 20 million in a scenario of high competition and strong downward rate pressure.
- In addition, financial revenues were strengthened by the enhanced performance in the contingent and foreign exchange intermediation business lines.
- Financial expense was reduced by USD 12 million as a result of the management of passive rates and the control of volumes of term deposits and financial obligations.
- The strategy of strengthening the financial margin led us to reach USD 304 million, an annual increase of USD 37 million.
- Provisions for total risk assets totalled USD 135 million, an increase of USD 16 million.
- Operating expenses, before contributions and other taxes, reached USD 191 million, with an annual growth of USD 25 million, mainly explained by the normalisation of transactional and operational volumes related to the generation of greater business, especially linked to the use of means of payment.
- Operating income closed at USD 84 million, with an annual increase of USD 15 million, also due to a higher transactionality, especially in the credit and debit card, transfer and insurance businesses.

- Non-operating income reached USD 52 million, with an annual increase of USD 28 million mainly due to the recovery of written-off assets.
- As a result of the above, the net profit for the period stood at USD 45.8 million, after the constitution of reserves for the payment of employee profit sharing and income tax.

These encouraging results made us again worthy of the recognition by the main specialised publications at an international level, which makes us proud and challenges us to continue working to provide products and services of excellence, which contribute to the recovery and growth of the economy.

Thus, for the thirteenth time, the British magazine *The Banker* named Produbanco *Bank of the Year 2021 Ecuador*, and Global Finance magazine, for its part, recognised us for the fifth consecutive year as *Best Bank Ecuador 2021*. Proudly, we must also mention that Produbanco was ranked *#1 of the Companies with the Highest Reputation in Ecuador* in the *Banks* category of the special edition of *América Economía* magazine (No.191 of December 2021). It should also be noted that for the fifth consecutive year, we obtained *first place in Quality of Service* of the *Banks* category in the *Ekos de Oro Awards*.

Our Annual Report expands on these and other important distinctions that recognise various categories of outstanding leadership in resource management, green lending and innovation, among others.

In the context generated by the COVID-19 pandemic, we kept the Crisis Committee active to monitor the evolution of infections, vaccinations and new variants, with the

purpose of dynamically adapting the staff's action protocols to maintain the commercial and transactional attention of our network of offices, protect the health of customers and employees and guarantee optimal communication channels. The periodic testing and close accompaniment of the medical team allowed us to count 2,084 discarded cases of COVID-19 at the end of the year, in addition to 1,388 medical discharges out of a total of 1,657 confirmed cases, two passings and a total of 3,210 vaccinated employees.

In another line of management, we continue with the process of transformation from traditional agencies to digital offices, with the aim of facilitating the generation of business, self-service and digital migration of our clients. Thus, the network of bank branches went from 25 to 37 in digital and decreased from 91 to 79 in traditional branches; we also have a national coverage of 404 ATMs, whilst our subsidiary Externalización de Servicios S.A. Exsersa provides transactional services in 52 ServiPagos agencies and in 14,625 PagoÁgil points.

Among the great milestones of the year, we can mention the inauguration of our new Guayaquil Branch in the Colón Business Centre, a modern and efficient construction that has EDGE certification, a symbol of our commitment to the city of Guayaquil and the entire coastal region. Similarly, towards the end of the year, we opened the doors of the new building of the Ibarra Branch to serve and enhance the development of all customer segments in the north of the country.

We promote the Eco-efficiency Plan to add value to our products and services by consuming fewer resources and generating less pollution through procedures that are ecologically and economically efficient. Our Ekopark and

Iñaquito buildings obtained the *Edge Advanced* sustainable construction certification.

Produbanco, Banco Promerica Costa Rica, and Banpro de Nicaragua, members of Grupo Promerica, completed two years as signatories of the Principles for Responsible Banking of UNEP FI of the United Nations, which are based on the Sustainable Development Goals and the Paris Agreement on Climate Change. In addition, in 2021, Banco Promerica El Salvador and Banco Promerica Guatemala joined this commitment to develop Sustainable Banking.

In this area, on April 26 Produbanco, Banpro Nicaragua and Banco Promerica Costa Rica formally became founding members of *Net-Zero Banking Alliance NZBA*, which aims to align carbon emissions from loan and investment portfolios in the financial industry to achieve net-zero emissions by 2050.

It is important to remember that Produbanco is the first bank in the country that has obtained the international *Carbon Neutrality* certification in accordance with ISO 14064 - 3 and that it has been verified by SGS (Société Générale de Surveillance).

We also consider it relevant to point out that after fulfilling an exhaustive process of qualitative and quantitative evaluation, Produbanco received the distinction of *Socially Responsible Company* from CERES, which shows the commitment to social responsibility and sustainable development in Ecuador in areas such as business ethics, quality of life in the company, connection with the community and the environment.

Likewise, the Bank continued to lead the Working Group *SDG 17: Partnerships to Achieve the Goals within the Leaders*

for the SDGs initiative of the Global Compact Ecuador, work that resulted in the publication of the *Guide for the Sustainable Reactivation of SMEs*, which contains various tools and resources to promote the development of this important sector of the economy.

In recognition of the leadership of SDG 17 and the results obtained, the Global Compact accepted our candidacy to lead SDG 13: *Climate Action*. In this sense, since October 2021, Produbanco leads a collaborative work to promote the management of the carbon footprint and encourage its mitigation in the private sector in Ecuador.

Towards the end of 2020 and the beginning of 2021, in a strategic alliance with the San Francisco University of Quito, the first edition of the *Gente que Inspira* scholarship programme was launched, which obtained more than 100 entries and resulted in five winners.

We maintained our permanent support for the Su Cambio por el Cambio Foundation, which works to serve children, adolescents, senior adults and communities in vulnerable situations.

We hereby publish our Sustainability and Social Responsibility Report 2020, which is prepared and verified based on the guide for sustainability reporting of the Global Reporting Initiative (GRI), in its *Standards* version under the *Essential* option. In addition, we made available to our stakeholders a Management Summary for 2020-2021.

On the other hand, the Board of Directors ascertained and approved in its entirety the opinions and reports issued, both by the Internal Auditor and by the External Audit firm Deloitte & Touche Ecuador, on the financial statements as of December 31, 2021, which accompany this report and

are published in our Annual Report. The independent audit was conducted in accordance with international standards on auditing (ISAs) and current regulatory provisions. The opinion confirms that the balance sheet, income statements, changes in equity and cash flows reasonably present the financial situation of Banco de la Producción S.A. Produbanco and its Subsidiaries, and that they have been prepared in accordance with the accounting standards and practices established by the Superintendency of Banks of Ecuador, the Financial Policy and Regulation Board, and the policies and procedures approved by the Board.

The Internal Auditor, for his part, informs the Board that Produbanco in general complies with the legal provisions in force, its transactions respond to the prevailing banking technique and comply with policies and procedures approved by the Board, as well as with existing legal regulations. In addition, it informs that the Bank has an adequate level of internal control whose structure and procedures reasonably protect the assets and that there are controls to verify that transactions are being properly authorised and recorded. The Audit Committee has continuously monitored the reports and observations of the Internal and External auditors and of the Superintendency of Banks, as well as the action plans established by the Administration. After analysing the internal control environment, the Board of Directors read, approved and in turn has endorsed the following opinion of the Audit Committee, for its corresponding presentation to the Shareholders' Meeting:

'The Audit Committee, based on the reports submitted and the various aspects analysed at the meetings held during 2021, as well as on the annual evaluation report on the internal control system issued by the Internal Auditor for the year 2021, informs that the risk management structure is appropriate to the size and complexity of the

institution's operations, and has an appropriate internal control structure; there is no evidence of circumstances that could constitute significant weaknesses in the Bank's internal control system. In addition, in accordance with the requirements of bank resolutions, the Committee states that it has followed up on the observations and reports of the Internal and External Auditors and the Superintendency of Banks, and also indicates that there is no evidence or knowledge of acts of suspicious and irregular conduct or conflicts of interest in accordance with the legislation in force.'

Produbanco and its Subsidiaries comply with current legislation, including intellectual property regulations and guidelines provided by the control bodies. Likewise, the necessary mechanisms are in place for an adequate management of the risks of money laundering and financing of crimes based on the best international practices and the provisions of the Superintendency of Banks and the Economic Financial Analysis Unit (UAFE). In this sense, the Board of Directors approved the work plan of the Compliance Unit for 2022 in the field of prevention of money laundering and the report of this Unit corresponding to the year 2021, which highlights the management of the institution in the activities related to the Risk Management of Money Laundering and Financing of Crimes such as Terrorism (ARLAFDT).

The Board of Directors also ascertained and approved the Annual Report of the Comprehensive Risk Management Committee (CAIR) that details the exposures and indicators of credit, market, liquidity and operational risks assumed by the Bank in the field of comprehensive risk management, as well as the defined limits and recommended control actions for each position, together with the institutional risk matrix, which forms part of the aforementioned report.

The Remuneration Committee, made up of the delegates of the General Shareholders' Meeting and other members, informs that the remuneration policy approved for all employees, principal executives and members of the Board of Directors satisfactorily complies with current regulations, without exceptions to be reported.

The Board of Directors acknowledged the Report of the Financial User Service Unit in which, in addition to the various quality programmes, our specialised area reports compliance with the standards of time, timeliness in the response and solution of requirements, service claims and others generated by the clients of the business units throughout the country.

Likewise, the Board of Directors approved the Financial Education Programme as part of the institutional Strategic Plan.

The Bank employs the best corporate governance practices aimed at strengthening the organisation, control, efficiency, independence and transparency of its administrative structure and the functioning of the Board of Directors and the various Committees of the Bank. The Governing Body was informed of, and approved, the report on compliance with the practices of Good Corporate Governance and the Code of Ethics and Conduct.

Finally, after analysing the financial statements and the equity position of Banco de la Producción S.A. Produbanco, in compliance with current regulations and in accordance with institutional policy, this Board of Directors proposes to the General Shareholders' Meeting that it authorize the distribution of a cash dividend of 30% of the profits corresponding to the 2021 financial year, firstly observing the provisions of articles 168 and 405 of the Organic Monetary and Financial Code with respect to the legal

reserve, and secondly, that it also provide with the balance a special reserve created for future capitalisations.

As mentioned, it is recommended to the General Shareholders' Meeting that of the net profits for the year 2021 (i.e., USD 45,791,930.29), 10% of the legal reserve be earmarked in an amount of USD 4,579,193.03, and that of the balance of USD 41,212,737.26, 30% of the cash dividend equivalent to USD 12,363,821.18 be distributed, and that the balance be registered as reserves for future capitalisations.

It also recommends that USD 29,200,000.000 (USD 28,848,916.08 this year and the difference from previous years) be allocated to reserves for future capitalisation, with which the paid-in capital of Banco de la Producción S.A. Produbanco would reach USD 423,960,000.00.



Francisco Martínez Henares
Chairman of the Board

In the Annual Report, which is available to Shareholders, Customers and the general public, the aspects mentioned in this report are extended in detail.

We are a Green Bank, a Bank with purpose, which works in favour of the people and that today, with 43 years of service to the country, ratifies its constant commitment to promote responsible banking through a sustainable operation and the development of efficient financial solutions and innovations that contribute to the care of the planet.

We reiterate our gratitude to the Shareholders, the members of the Board of Directors, the Management personnel and all Employees, for their permanent support, commitment and contribution to the achievement of the results and goals proposed.



Ricardo Cuesta Delgado
Executive President



Balance of the Economy 2021

After withstanding the most adverse effects of the pandemic in 2020, 2021 began with positive expectations following the announcement of the start of the vaccination process against COVID-19. Although the global economy achieved an important boost in the first quarter of 2021, due to an accelerated vaccination in Israel, the United States and Europe, in the Ecuadorian case, the uncertainty generated by the political context slowed the pace of economic growth during the first months of the year. During the second semester, the consolidation of exports from Ecuador to the world, the recovery in the price of crude oil, the marked turn in economic policy, and the arrival of vast amounts of vaccines to the national territory, contributed to the local economy taking on greater dynamism, which was also accompanied by the increase in bank loans. Below are the most important milestones of the year.

The beginning of 2021: uncertainty and presidential elections

Presidential elections were at the forefront during the first half of the year. With the launch of the electoral campaign – on December 31, 2020 – a democratic process began that at the first round of February 7, 2021, had 16 candidates, and finally culminated on April 11, 2021, with the victory of the Lasso-Borrero presidential ticket with 52.4% over the Arauz - Rabascall ticket which reached 47.6%. The presidential



inauguration was formalised on May 24, 2021, i.e., almost six months after the start of the campaign.

Ecuador's international perception of sovereign risk improved in 2021. In the aftermath of the presidential elections, country risk (*EMBI - Emerging Markets Bond Index*) fell. Due to the electoral context, on March 8, 2021, the EMBI reached the peak of the year at 1,369 points. On April 9, the last business day prior to the election runoffs, the index closed at 1,169 points; on April 12, a day after Lasso's triumph, the country risk fell to 824 points – a drop of 345 points – and at the end of the year stood at 806 points. As for the sovereign ratings, they were all maintained. In the case of Moody's, Ecuador's rating was reaffirmed at Caa3 on February 26, 2021, whilst S&P and Fitch Ratings reaffirmed the rating at B- with a stable outlook on August 26 and 31, 2021, respectively.

The most relevant economic measure 2021: Vaccination

Towards the end of Lenin Moreno's Administration, the COVID-19 pandemic had already impacted the Ecuadorian economy for over a year. As 2021 began, the race for vaccine doses tested the international diplomatic and logistical capabilities of every country in the world. During the first few months, a prevailing need was felt for immunisation. Faced with this situation, the campaign proposal of the Lasso-Borrero binomial to vaccinate nine million people in the first 100 days of the new administration was ambitious, albeit successfully achieved. The most important success

in achieving this goal was to work closely with the private sector. Subsequently, the Lasso Administration proposed vaccinating 100% of people over five years of age (16.1 million people). As of December 31, 2021, 27.5 million doses were applied, thanks to which 12.7 million people (79% of the target population) obtained total immunisation through the vaccine. Indubitably, this milestone marked a different pace in the economic dynamics of the country during the second half of the year.

Real Sector

In 2021, the Ecuadorian economy managed to consolidate a gradual economic recovery. The first quarter of the year began at a less pronounced pace than expected due to political uncertainty and the evolution of the pandemic, whilst from the second quarter onward, with the capture of power by the new administration, the domestic economic recovery experienced a boost in the wake of the acceleration in the vaccination process and the greater mobility expressed by the Ecuadorian population.

Economic growth surpassed the outlook for initial projections and prospects. According to the latest information available through the third quarter of 2021¹, Ecuador's Gross Domestic Product (GDP) grew 4.0% when compared to that accumulated through the third quarter of 2020. According to information from the National Accounts of the Central Bank of Ecuador (CBE), the components of GDP that steered the economic recovery in 2021 were: household consumption, gross fixed capital formation (FBKF), and government spending associated with health and education.

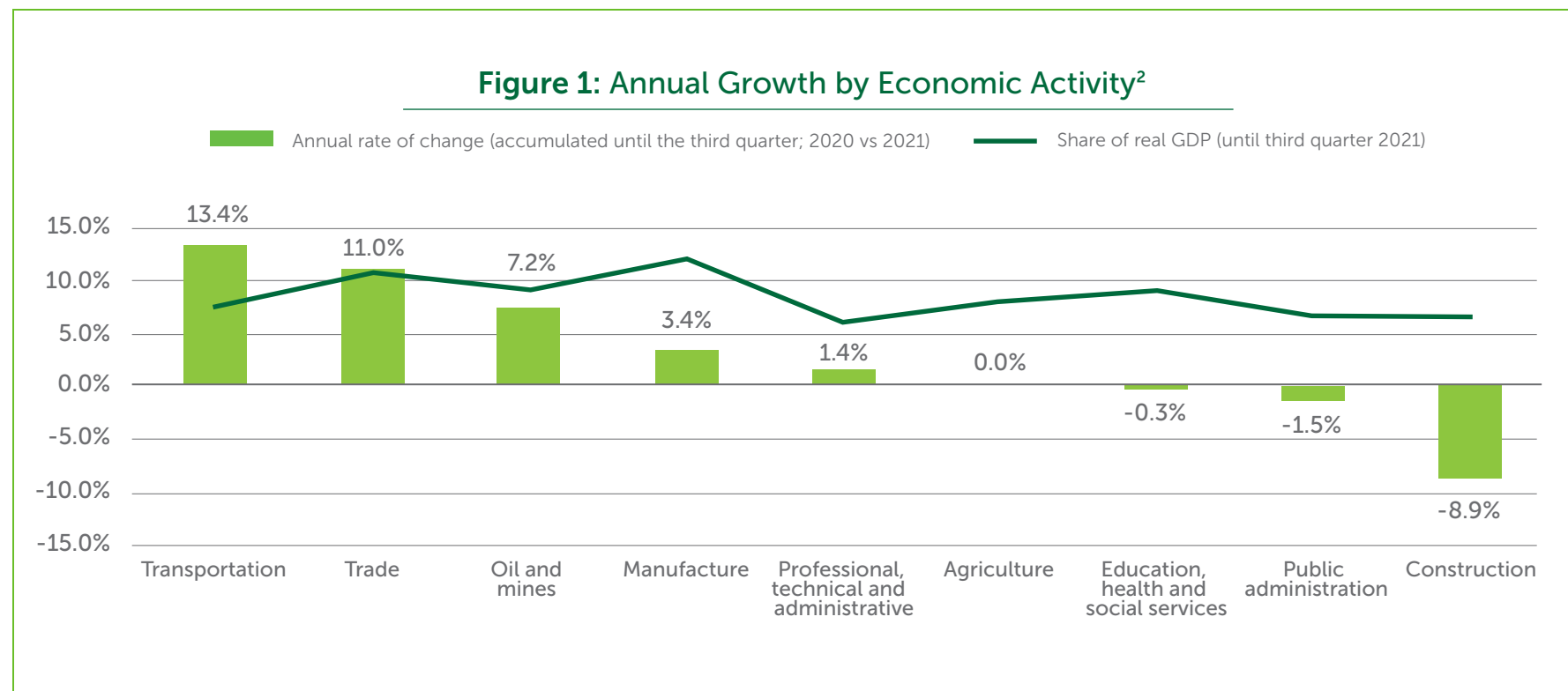
On the other hand, maintaining the same analysis criterion, i.e., accumulating GDP by economic activity until the third

¹ The closing data for the year 2021 will be published on March 31, 2022.

quarter of 2021 and comparing it with the respective one of 2020, of the 18 industries that the CBE monitors every quarter, 13 registered economic recovery. Among those with the greatest contribution to economic growth due to their relative share of GDP, i.e., with a share of more than 5%, the annual growth of the transport industries (+13.4%), trade (+11.0%), oil and mines (+7.2%), manufacturing (+3.4%) and professional, technical and administrative activities (+1.4%), stands out. On the other hand, the industries of representative size that decreased in relation to the previous year were: education and social and health services (-0.3%), public administration (-1.5%) and construction (-8.9%). Agriculture, on the other hand, maintained the levels observed in the

same period accumulated a year ago (see figure 1).

The CBE has announced that, if the trends observed until the end of 2021 continue, the incorporation of data from the last quarter of the year would confirm a total annual growth of around 4.0%. With this consideration, the observed increase would be greater than the 2.8% that was projected on May 31, 2021 and the 3.5% estimated on November 30, 2021. The final value will depend on the assessment made of the impact generated by the overflow of the Coca River, a situation that affected the oil sector following the stoppage of the transport of crude oil to service the construction of variants to the pipeline.



² Only those industries with a share of more than 5% of GDP are included; in total, the nine industries considered represent 74.8% of real GDP accumulated until the third quarter of 2021.

The oil sector faced challenges in 2021. Due to the regressive erosion of the Coca River, in December, the authorities decided to halt pumping operations, both of crude oil, through the Heavy Crude Oil Pipeline (OCP), and the Trans-Ecuadorian Pipeline System (SOTE), not to mention oil derivatives, through the Shushufindi-Quito Polyduct. In addition, the Ministry of Energy and Mines declared the state of Force Majeure for oil companies with contracts under the modality of services provision. These decisions were taken with the purpose of building new variants in the pipelines – seventh variant to the SOTE, ninth to the OCP, and fifth to the Shushufindi-Quito Pipeline – as emergency measures to prevent greater risks derived from the erosive process of the river, a task that culminated on December 30.

Although the oil sector was affected during the last month of 2021, the price of crude oil compensated for this impact. The trend in the price of crude oil was bullish, although with a certain level of volatility associated with the evolution of the pandemic and its new strains. Towards the end of the fourth quarter, the price of the Oriente crude oil reached USD 74.7 per barrel, an amount 52.0% higher than that seen at the end of 2020 (USD 49.1). This favoured public finances since the annual average price of the Oriente crude oil stood at USD 66.2, a figure higher than the USD 37.0 projected for 2021 – at the end of 2020 – and even higher than the USD 59.8 expected by the Lasso Administration in a new projection instituted in August 2021. The growth was explained by the daily cuts in oil production executed by the Organisation of the Oil Exporting Countries (OPEC) at the beginning of the year within a context of greater vaccination and control of the advance of the Delta variant internationally, but also of greater demand for crude oil due to the economic reactivation at the global level. However, analysing the fourth quarter in particular, following the announcement of the discovery of the Ómicron variant of

COVID-19 – officially notified by South Africa to the World Health Organisation (WHO) on November 24, 2021 – a fall of USD 13.4 was observed in the Oriente crude oil between November 23 and December 1, 2021, which went from USD 76.3 to USD 62.9, respectively. With the progress in the assessment of the impact of the new variant on the world's health systems and the favourable disclosure of the maintenance in the efficacy of vaccines to contain Ómicron – although to a lesser extent compared to other variants – the price of crude oil recovered towards the tail end of 2021.

The economic revival was felt mainly in domestic sales. Only considering domestic sales, trends recovered in 2021 and took seasonal strength starting in June. The reasons, in addition to vaccinations, were the control of the pandemic and the absence of new confinements and generalised restrictions on mobility to avoid new waves of contagion. In fact, the last measure of these characteristics was in force from April 23 to May 30, 2021, in 16 of 24 provinces of Ecuador. The country's domestic sales reached USD 169,733.2 million in 2021. When comparing this figure with the total sold in 2020, there is a positive variation of 18.9%. Similarly, if we compare the total sold in 2021 against 2019, local sales in 2021 were 0.01% below those of 2019. In other words, at the close of 2021, the figure reached pre-pandemic levels.

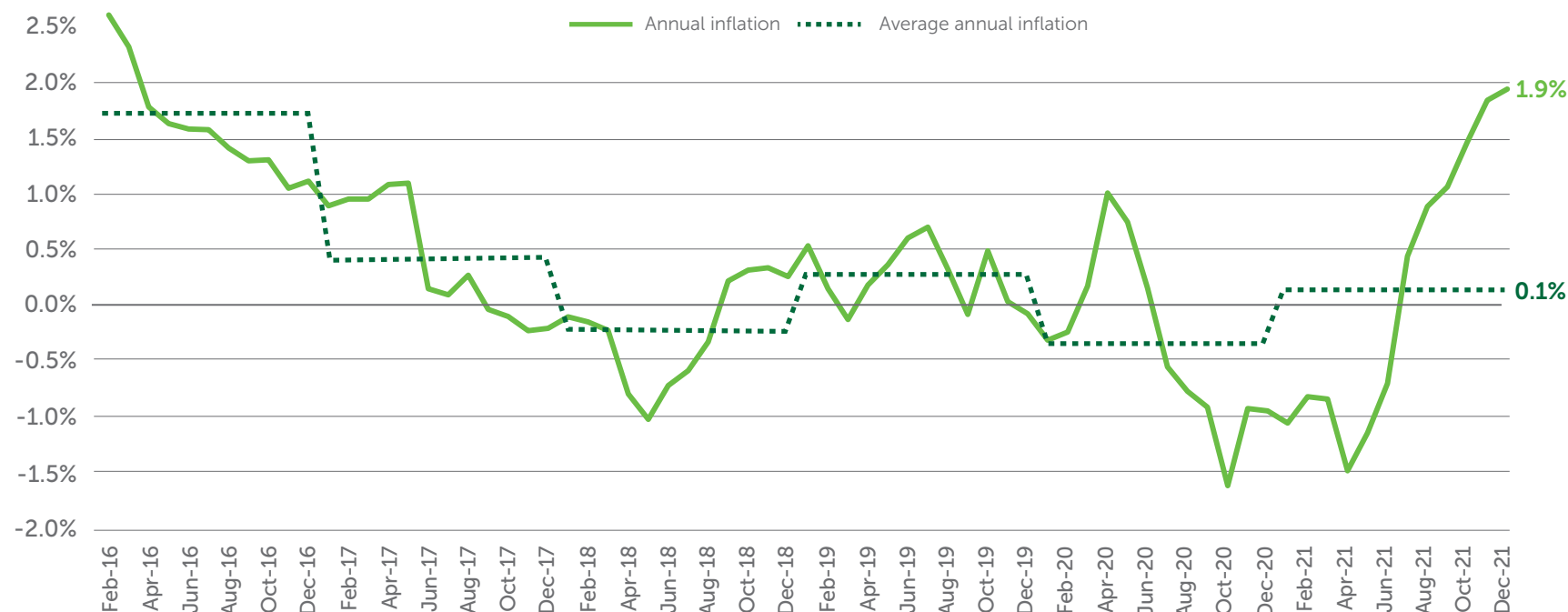
Although sales recovered, job creation did not do so at the same pace and remains a pending task and a challenge for the new administration. As of December 2021, unemployment represented 4.1% of the Economically Active Population (EAP), a percentage lower than the 4.9% of December 2020 but higher than that of 2019, which was 3.8%. At the same time, adequate employment went from 30.4% in 2020 to 33.9% in 2021, albeit still far from the 38.8% of December 2019. To the extent that the economic recovery

consolidates, the indicators will show more encouraging results. In addition, the Lasso Administration is preparing a new labour law to facilitate the generation of jobs, which in principle would complement the current Labour Code and would operate in parallel. It is expected to be socialised in 2022.

According to the gradual economic recovery observed in the year, from July to December 2021, the evolution of prices ceased to be deflationary. At the end of the year, annual inflation stood at 1.9%, whilst average inflation

stood at 0.1%. This last percentage was lower than that observed in 2019 (0.3%), although higher than that of 2018 (-0.2%) as shown in **figure 2**. The consumer divisions with the greatest annual variation in prices were: transportation (9.8%), education (2.8%) and furniture and household items (2.2%). The behaviour of these divisions was impacted by an adjustment in fuel prices following increases in the price of crude oil, the progressive return to face-to-face classes, greater control of infections, and by the new consumption patterns brought about by the pandemic.

Figure 2: Evolution of Annual Inflation in Ecuador



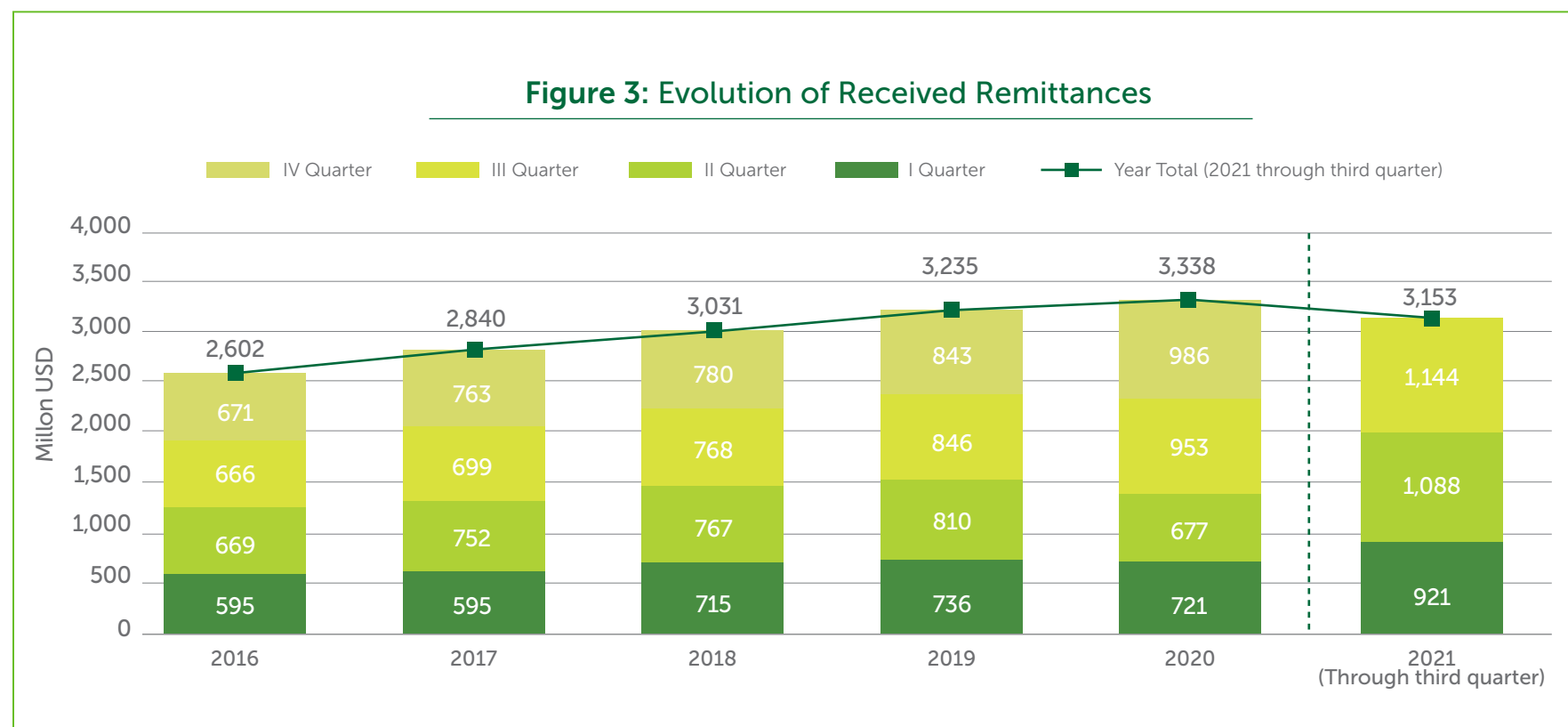
Source: INEC

On the other hand, based on the political speakeasies to which the new administration has had to acquiesce, on October 22, 2021, it issued Executive Decree 231, which suspended the price adjustment of Extra petrol and diesel from July 2020 to October 2021, which tied its local prices to international trends, with variations controlled by price bands of +/- 5% and +/-3%, respectively. In this manner, the price of Extra petrol froze at USD 2.55 and that of diesel did so at USD 1.90. Transportation inflation is expected to relax as an effect of this decision. On the other hand, as an effect of the behaviour described, the amount of the basic monthly family staple basket increased by 1.3%, going from USD 710.08 at the end of 2020 to USD 719.65 at the end

of 2021, which exceeded that observed at the end of 2019 (USD 715.08).

External Sector

Remittances received were higher than in 2019 and 2020 due to the injection of liquidity observed in advanced economies, especially in the United States, to contain the effects of the pandemic. If the amounts accrued in the third quarter of each year are compared, the total remittances received in 2021 were higher than in 2020 by 34.1% and that of 2019 by 31.8%. Growth has accelerated since the third quarter of 2020 (see figure 3).



Source: CBE

On the other hand, due to the recovery of the price of crude oil, the oil trade balance grew. In 2021, the Ecuadorian economy accumulated USD 2,870.7 million as a surplus balance in the total trade balance (see figure 4).

This balance consists of an oil surplus equivalent to USD 3,951.0 million and a non-oil deficit of USD 1,080.4 million. Whilst the deficit of 2021 contrasts with the surplus of USD 756.8 million observed in 2020, this is of a lesser deficit than that registered in the same period of 2019, when it totalled USD -3,700.4 million.

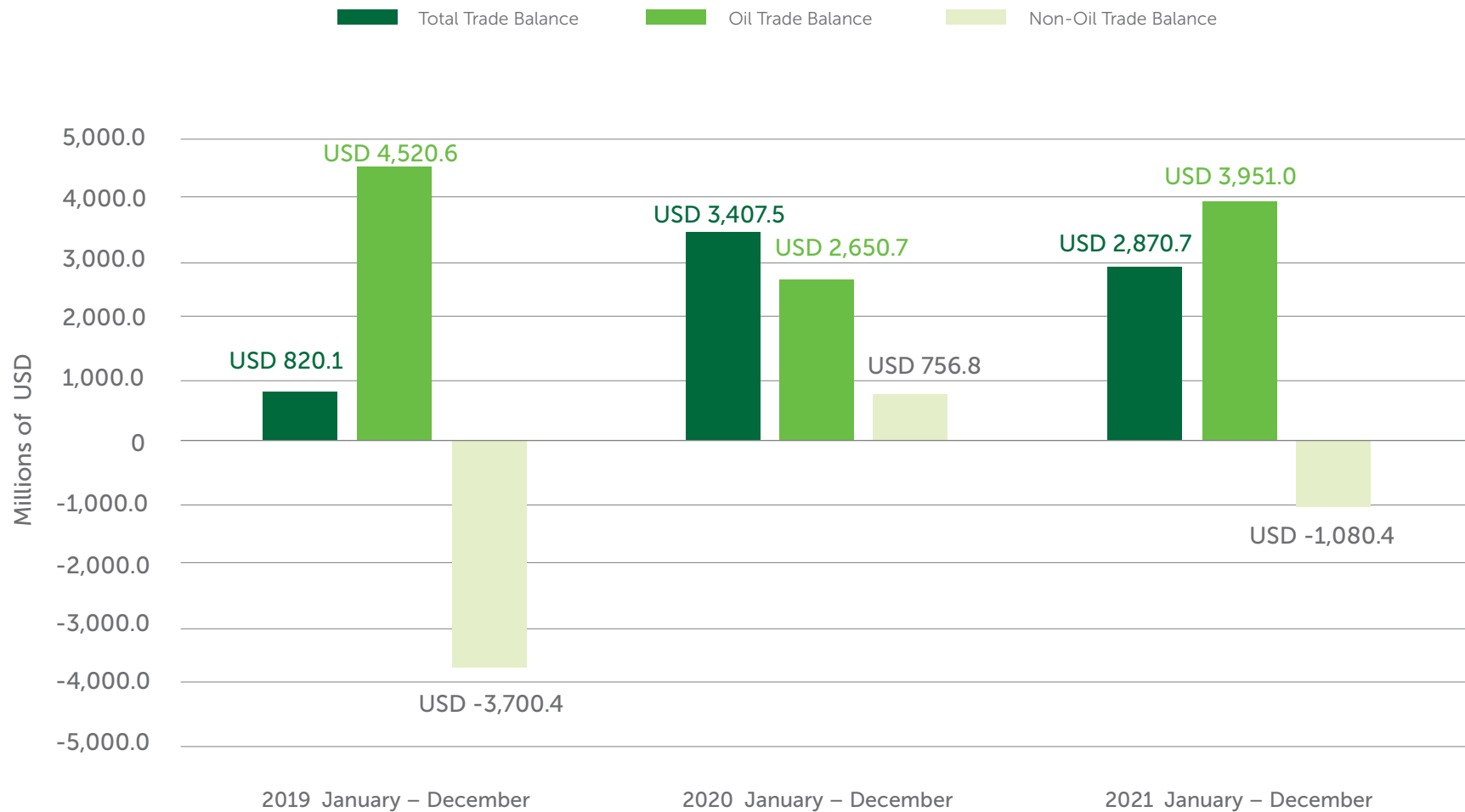
Despite the logistical problems faced by foreign trade during 2021, both exports and imports surpassed the balances they registered before the pandemic. In 2021, exports totalled USD 26,699.2 million, a figure 31.2% higher than the amount observed in 2020 and 19.6% higher when compared to the amount of 2019. For its part, the dollar amount imported in 2021 was USD 23,828.5 million. When comparing this figure with that accumulated in 2020, imports show a growth equivalent to 40.6%, whilst, if the comparison is made with the value of 2019, the increase reaches 10.8%.

Oil, shrimp and mining products took centre stage in 2021 exports. In this year, Ecuador became the first shrimp vendor to the United States of America and the first shrimp producer in the world, surpassing countries such as China, Vietnam and India. The total amount exported of this product reached USD 5,323.3 million and thus consolidated itself as the second largest export after oil. Of the country's total exports in 2021, crude oil accounted for 27.3% (annual increase of 55.4%), shrimp 19.9% (annual growth of 39.2%) and bananas 13.1% (annual fall of 5.0%, due to effects derived from the international logistics crisis). For its part, the export of mining products was USD 2,092.1 million in

2021, which meant an increase of 99.1% versus the total exported in 2020, and 541.0% versus that registered in 2019.

On the other hand, raw materials marked the pace in imports recovery. The economic reactivation and the greater mobility observed this year brought with it an increase in the import of products. In 2021, Ecuador imported USD 9,019.2 million in raw materials, USD 5,132.9 million in consumer goods, USD 4,925.0 million in capital goods, USD 4,640.6 million in fuels and lubricants, and USD 110.9 million in other products. The division that has recovered the least is that of capital goods, which although it grew by 18.6% when compared to the value of 2020, was still 8.4% below the total imported in 2019. This item is correlated with investment activities in agriculture and construction and is expected to take on greater dynamism during 2022.

Figure 4: Trade Balance Result Over the Last Few Years



Source: CBE

Fiscal Sector

In addition to the auspicious development in the price of crude oil, tax collections rose, albeit not yet reaching the total collected in the year prior to the pandemic. Gross collection for 2021 totalled USD 13,976.2 million, 12.9% higher than in 2020. This result contrasts with the annual drop of 13.2% observed in 2020.

If we compare what was collected in 2021 with the figure of 2019 (USD 14,268.8), the amount in 2021 was 2.1% lower; therefore, it has not yet recovered the levels prior to the pandemic.

A new tax reform was published in the Official Register. This reform entered into force via the Ministry of Law and was published in the Official Register as of November 29, 2021.

According to official estimates, the country would receive additional collection volumes of approximately USD 800.0 million in 2022 and around USD 1,000.0 million in 2023. From 2024 onwards, the only additional collection would be from the changes made to the payment of personal income tax, which would be in the neighbourhood of USD 600.0 million per year. Among the relevant changes are: new limits on deductions for personal expenses –maximum of seven basic family baskets valued as of December of the previous year–, a new tax rate table based on ranges of annual income, and temporary contributions according to equity –two years to companies and one year to individuals–. Concurrently, it was announced that the Foreign Exchange Exit Tax (ISD) will be phased out during the following years: for 2022, the reduction would be one percentage point.

Agreement with the International Monetary Fund (IMF) and Sovereign Risk Perception

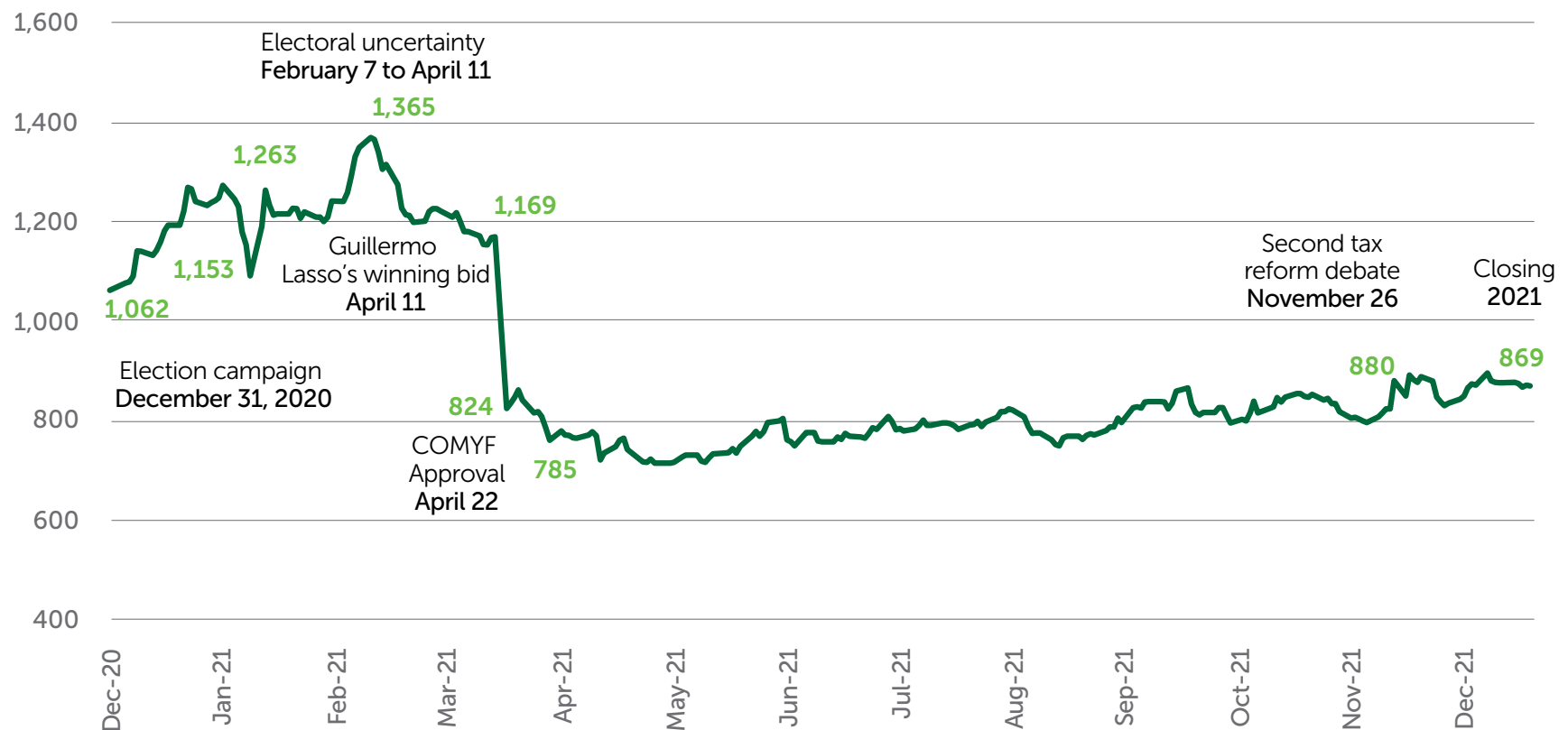
Following the new administration's takeover in May 2021, some of the goals of the *Extended Fund Facility (EFF)* programme with the IMF were renegotiated. The economic teams of the IMF and the Ecuadorian government announced on Thursday, September 30, 2021, that the review of the second and third goals of the Programme had been approved. Following the announcement, the country received \$802.0 million in October, and whilst an additional \$700.0 million was slated for December 2021, the IMF and Ecuador decided to postpone the review of closing targets for the third quarter of 2021 to the first months of 2022. If the programme is successfully executed in 2022, the country would receive a final disbursement of USD 1,700.0 million divided into a first payment of USD 700.0 million – after completing the pending review of 2021 – and three more disbursements: USD 300.0 million in April, USD 300.0 million in August, and USD 400.0 million in December 2022.

Internal governance and external trends did not allow for a steeper drop in country risk. Domestic political events and the external monetary outlook were the main causes. On the one hand, the legal changes that the Lasso Administration wanted to implement at the beginning of its mandate lacked political support and, in that sense, the Executive Branch had an important challenge in obtaining the approval of the tax reform, a goal that was eventually achieved. On the other hand, to the domestic political elements was added the widespread international perception that the Federal Reserve of the United States would implement new monetary measures in the short term. A slowdown in bond buying in the US market is expected in 2022 with the

aim of controlling monetary growth and, in consequence, inflationary pressures. Adjustments in international markets

could raise Ecuador's risk-free rate and therefore country risk (see Figure 5).

Figure 5: Evolution of Ecuador's EMBI in 2021



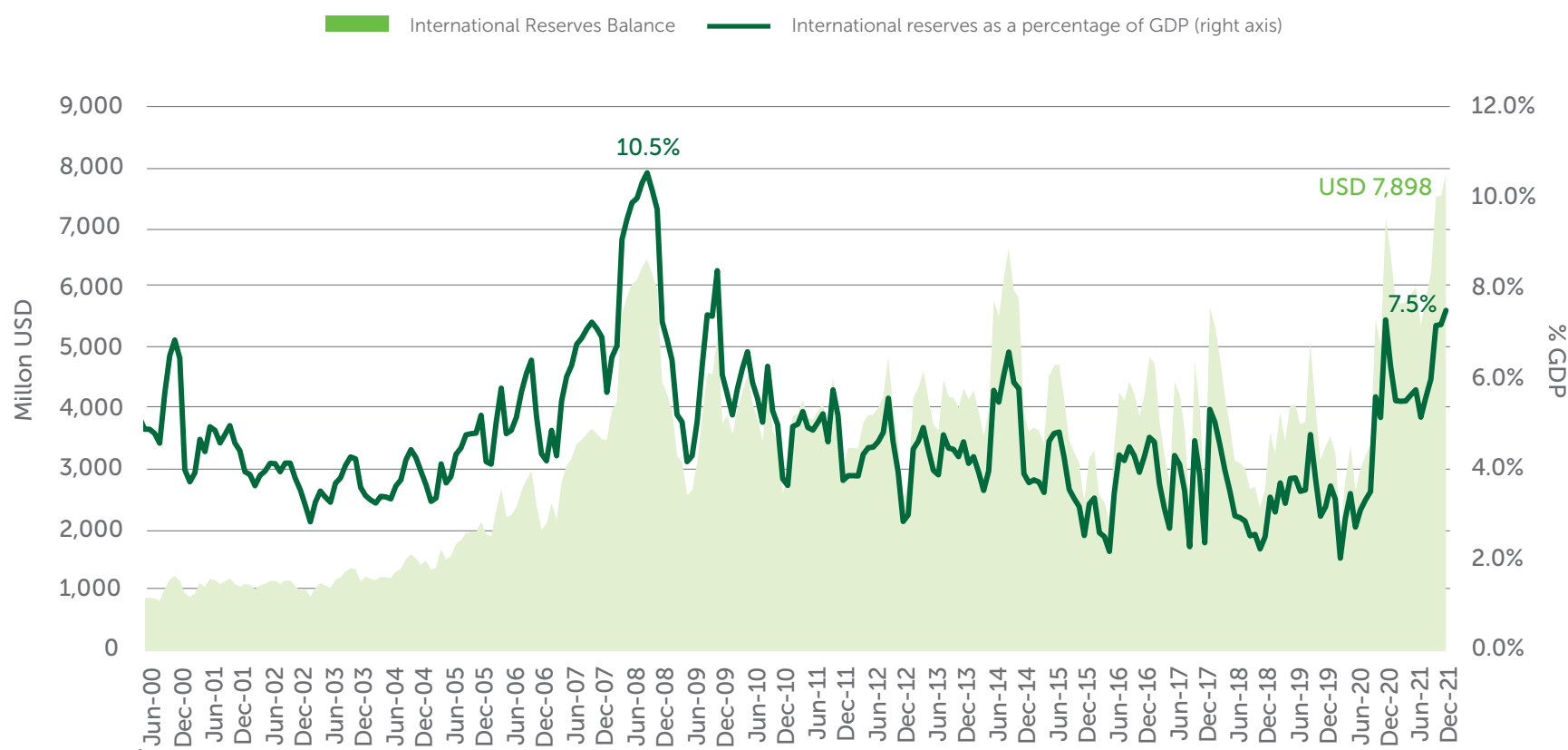
Source: JP Morgan, Bloomberg

Monetary and Financial Sector

International Reserves recorded historic values. Towards the end of 2021, International Reserves totalled USD 7,897.9 million. This figure corresponds to the highest monthly closing nominal value during the dollarisation period. In addition, it is 9.8% higher than the balance recorded at the end of 2020 (USD 7,195.7 million) and 132.5% higher

than at the end of 2019 (USD 3,397.1 million). If the figure is relativised as a percentage of GDP, the indicator reached 7.5%, one of the highest since we assumed the dollar as the currency³. According to the CBE, this result could be achieved both by the growth in exports, greater reception of remittances and increase in the price of crude oil, as well as by the disbursements received by the IMF and multilateral organisations.

Figure 6: Evolution in the Balance of International Reserves (MILLIONS USD and % of GDP)



Source: JP Morgan, Bloomberg

³ The peak was reached on September 30, 2008 when it totalled 10.5% of that year's GDP and the amount of reserves stood at USD 6,511.5 million

The banking sector resisted solidly in 2020 and supported the country's productive reactivation in 2021. The bank liquidity generated in 2020 was used in the placement of loans, which reaffirms the commitment of the banks to the process of economic reactivation of the country. Thus, the gross portfolio closed at USD 33,660.3 million, a balance higher by USD 4,122.1 million from the amount of December 2020: an annual growth of 14.0%. In terms of capturing deposits, in 2021, the Bank ended with favourable results with an annual increase of USD 3,677.5 million, which is equivalent to a variation of 9.8%. As of December 2021, the account of obligations to the public stood at USD 41,205.6 million.

Financial indicators reaffirm the soundness of the banking system. At the end of 2021, the liquidity indicator, measured as funds available for short-term deposits (up to 90 days), stood at 28.6%. This was 2.0 percentage points higher than the month before the start of the pandemic (February 2020), and reflects the prioritisation that the system has given to liquidity during the last two years. In terms of performance, the aggregate profits of the 24 private banking institutions amounted to USD 387.4 million (66.1% more than those of 2020 and 37.1% less than those of 2019); in addition, ROE was 7.6% (58.6% higher than in 2020 and 45.3% lower than in 2019), and ROA was 0.8% (63.6% higher than in 2020 and -43.0% lower than in 2019). In terms of risk management, bank solvency reached 13.9%, i.e., 0.6 percentage points below that of 2020 and 4.9 points above the regulatory requirement of 9.0%. The Technical Equity of the private banks of Ecuador totalled USD 5,890.0 million, an amount 11.4% higher than that of 2020. In terms of hedging, the provisions of the banking system represented 3.2 times the unproductive portfolio, when in 2020 it was 2.9. Finally, arrears closed at 2.1%, 0.5 percentage points lower than

the 2020 indicator. It should be noted that the regulator maintained the height of default at 61 days as the norm to consider an operation as overdue.



Report on Corporate Governance

Shareholders' Meeting

as of March 31, 2022

The 2021 period was characterised by being a year of recovery after the crisis triggered in 2020 as a result of COVID-19. Thanks to the consolidation of Corporate Governance tools and structures, the channels implemented in terms of governance have been constantly reinforced, maintaining the Bank's institutionality at all times.

The normal development of the Board of Directors, Shareholders' Meetings and quarterly results presentations, under the remote/face-to-face modality, has resulted in an effective mechanism, under the current situation of accountability, effective governance management, transparency and information. It is important to mention that throughout the year, all the regulatory requirements and standards requested by the control bodies were met.

The reform of the Corporate By-laws stands out, which included several aspects related to the care of the environment and the active participation of Produbanco as well as the incorporation into the powers of those who exercise the legal representation of the Bank, so that they consider the effects of their decisions or actions regarding the local and global environment. In addition, it is contemplated that a positive material impact on society and the environment will be sought, considering them holistically.



In the formation of the Governing Body for the period 2020-2022, the approximation mechanism provided for in its regulations was considered, with the aim of promoting gender equity; in light of this, there is the important contribution by Karla Icaza and Denise Henríquez as members of the Board of Directors of Produbanco. In the same manner, the non-incursion of supervening events due to regulatory prohibitions or situations that cause conflict of interest of its members was periodically ratified, as well as the evaluation of the Executive President; in addition, the follow-up to the Strategic Plan was verified with the established periodicity, where the Institution employs the Dashboard tool for Planning purposes, in which the status of the various action plans and level of compliance is detailed along with its corresponding breakdown by units and departments.

Regarding the methodology carried out to measure the management and evaluation of the Board executed by the General Secretariat, the appropriate skills and experience of its members were considered, in addition to the knowledge, updating and understanding of applicable legislation. Aspects related to the diversity of its members in relation to skills, university studies, gender, age and professional experience, were also covered. Regarding the sessions, the efficiency of these sessions was reviewed in relation to their dynamics, active participation, information received, duration time and topics discussed.

The measurement carried out yielded positive results that indicate a correct application of the Principles of Good Corporate Governance. On the management and fulfilment of objectives of the Executive President, the Board of Directors pronounced itself in a highly positive manner, accrediting the work done, especially in a year of

complex characteristics, highlighting his leadership in the Organisation.

Regarding internal control, significant results were evidenced from the self-evaluation instruments carried out by Produbanco regarding Corporate Governance, Planning, Policies and Procedures, Personnel Administration, Control Systems and Management Information Systems.

Sustainability

According to the Strategic Plan of the Institution, sustainability and social responsibility represent a strategic commitment in the day-to-day of Produbanco, which is characterised by its transversality in all its areas. In line with the statutory reform mentioned above, as part of the certification process of Company B, the Sustainability Committee was established separately from the Ethics and Responsible Management Committee with the aim of incorporating in it and autonomously, several specialised topics on this important aspect, which are part of the strategic pillars of the Organisation in a crosscutting manner.

In this area, Produbanco received as recognition the distinction of *Socially Responsible Company (ESR®)* by CEMEFI, thus evidencing the Bank's commitment to corporate social responsibility and sustainable development. At the same time, the Bank permanently executes activities and projects related to green products, environmental and social risk management to the portfolio, management of its carbon footprint, qualification of its vendors, financial education, volunteer activities, development with the community and care for nature and the planet, such as the *Conserving Our Water Sources initiative: The Moorlands of*

Ecuador. At this point, it is important to note that thanks to the support of Produbanco, June 23 has been designated as the *National Day of the Moorlands*, an action that was worthy of a distinction by the Ministry of Environment. Similarly, Produbanco is currently leading SDG 13 Climate Action with the aim of promoting carbon footprint management in the country's private sector, an action that goes hand in hand with our commitment to the *Net-Zero Banking Alliance*.

Ethics and Responsible Management

Several projects related to equity, diversity, inclusion and initiatives to continue promoting the strategic pillars of the Bank were discussed in the Ethics and Responsible Management Committee.

On the other hand, and aligned with the best practices of Corporate Governance, the anonymous whistleblowing channel *Línea Ética* (Ethics Line) efficiently heard and managed 56 cases presented to it during 2021. Similarly, the Committee, in addition to ascertaining the reports of the aforementioned channel, analysed the cases of breaches of the Code of Ethics of Produbanco and Subsidiaries, within which the appropriate corrective actions were taken. During the year 2021, there were no cases of internal fraud ascertained.

As for the responsible initiatives undertaken in relation to the pandemic generated by COVID-19, internal changes were successfully implemented to give way to the remote working modality. In this manner, spaces were created in flexible conditions in response to the function and situation of each employee. At the same time, in coordination with the Bank's medical staff, internal policies related to biosafety

protocols, symptoms reporting, isolation and return from vacation of employees, were implemented. Finally, the Ministry of Labour Relations approved the Bank's Internal Labour Regulations as a modern instrument that responds to the current dynamics.

Financial Education

For its part, the Bank successfully implemented the *Aprende (Learn) Financial Education Programme*, where more than 8,800 people – including customers, employees, schools and the community in general – were reached in 39 cantons of the country. At the same time, the Bank incorporated the *Professionalisation Programme for Microentrepreneurs and Shopkeepers*, aimed mainly at PagoÁgil agents, with the aim of promoting the business of our clients through training in administration and sales tools. With the above, a successful fulfilment of the objectives set and within the allocated budget was given.

Fees

With regard to the Remuneration Committee, it was informed regarding compliance with the Bank's general salary administration policy in accordance with current regulations and internal policies.

Customer Service

Within the scope of the Financial Consumer Services Unit, in charge of the administration, management and monitoring of claims submitted by customers, the Report presented and approved by the Board of Directors, contains the

management indicators, the breakdown of requirements and claims entered along with the operability analysis, and the detail of the affected values. Similarly, the claims and requirements that have been favourably addressed to customers are specified, same which have been known by the Superintendency of Banks, together with the respective recommendations, to continue providing an excellent service to the client. The Bank has defined policies as well as a specialised Committee for the efficient handling of complaints and measurement mechanisms based on quality of service. For his part, the Ombudsman has carried out his duties normally and independently.

In accordance with the foregoing, it is resolved to present this report together with the attached information and indicators related to the set of relationships, mechanisms and activities that are part of the system of good Corporate Governance executed by the Organisation in the fulfilment of its institutional objectives.

A handwritten signature in black ink, appearing to read 'Jorge Iván Alvarado Carrera', with a horizontal line drawn across the middle of the signature.

Dr. Jorge Iván Alvarado Carrera
Secretary-General



Report of the Comprehensive Risk Management Committee (CAIR)

Management and Risk Control Model

The first half of 2021 marked a transition phase in the Ecuadorian economy, not only due to a change in the government of the day but also due to the proximity of a second semester with a greater consolidation of the recovery of the real and fiscal sector due to the greater economic activity derived from an aggressive vaccination programme to face the new variants of COVID-19. In this environment, obligations to the public maintained a positive growth of 9.8% – although relatively lower than the 11% observed in 2020 – mainly determined by disbursements from international organisations and a higher growth in remittances. The bank's portfolio placement showed a frank recovery with an annual growth rate of 14%.

Produbanco maintained as a priority to support the mitigation of the economic and financial impact to its clients and other stakeholders, as well as the preservation of the health of employees and the constant provision of services in the face of yet another year of coexistence with the pandemic. During 2021, we advanced with the process of continuous improvement within the framework of risk management supported by a strong corporate governance and the joint activities of the business, control and support units. Throughout the year, policies, procedures and methodologies were updated to reflect changes in the external and internal environments, as well as best practices and guidelines framed in local and Basel regulations.



Our principles are outlined below:

- ***A strong commitment by employees to the risk management process:*** based on the roles and responsibilities clearly defined and assigned to all risk managers and staff.
- ***Risk appetite and tolerance:*** supported by indicators, thresholds, limits and consolidated quantitative and qualitative methodologies.
- ***Establishment of operational structures with a risk-based approach:*** through which employees apply risk management practices that leverage the achievement of business strategies and objectives.
- ***Comprehensive risk vision:*** which allows timely detection of risks and their impacts throughout the organisation and, therefore, generate optimal, dynamic and flexible mitigation and response strategies.
- ***Proactivity in risk management:*** anticipated perspective of the effects that emerging risks of the context may have on the various activities carried out by the institution.
- ***Robust methodologies aligned with best practices in risk management:*** incorporating cutting-edge quantitative and qualitative models, complemented by analysis of stress scenarios and backtesting to strengthen efficient decision-making directed by data.
- ***Mature system of internal control:*** which makes the progressive improvement of the effectiveness and efficiency of the processes possible, the improvement of controls applied and the reduction of residual risk.
- ***Timely management information system:*** which constitutes the fundamental basis to support the decision-making of senior management.

With a cut-off as of December 2021, the Bank recorded a low and downward trend level of residual risk:

TYPE OF RISK	INHERENT RISK RATING (IR)	IR TREND	QUALIFICATION CAPACITY OF MITIGATION (CM)	CM TREND	RESIDUAL RISK RATING (RR)	RR TREND
Liquidity	MODERATE	LOW ▼	SUCCESSFUL COMPLIANCE	STABLE ►	LOW	LOW ▼
Market	MODERATE	STABLE ►	SUCCESSFUL COMPLIANCE	STABLE ►	LOW	STABLE ►
Credit	MODERATE	LOW ▼	SIGNIFICANT COMPLIANCE	STABLE ►	LOW	LOW ▼
Operational, Business Continuity and Information Security	MODERATE	STABLE ►	SIGNIFICANT COMPLIANCE	STABLE ►	LOW	LOW ▼
Business	MODERATE	LOW ▼	SIGNIFICANT COMPLIANCE	STABLE ►	LOW	LOW ▼
Reputational	MODERATE	LOW ▼	SIGNIFICANT COMPLIANCE	STABLE ►	LOW	LOW ▼
RESIDUAL RISK PROFILE					LOW RISK	LOW ▼

Liquidity and Market Risk

Produbanco finances its activities through funding from the Business and Retail Banks, which maintain stable and diversified collections both in terms and in geographical area as well as funding from abroad through financial obligations and subordinated debt. With these resources, it exercises the credit activity based on competitive market conditions through a wide range of products adapted to the needs of its various customers.

The business model of a financial institution carries an implicit liquidity risk, which is evidenced by the mismatches between assets and liabilities. Produbanco has developed efficient and effective management and control schemes for this type of risk in accordance with its strategic objectives.

Within the framework of comprehensive liquidity risk management, Produbanco has policies, methodologies, processes, procedures, instruments and limits, which allow identifying, measuring, controlling/mitigating, monitoring and communicating in a timely manner, both internally and to the control bodies, the liquidity risks to which the Bank is exposed.

Towards the end of 2021, framed in a gradual recovery of the Ecuadorian economy – a result of the global context around the health emergency caused by the coronavirus and its variants – our obligations to the public reached an amount of USD 4,850 million, with a positive year-to-year variation of USD 399.2 million (growth rate of 9%). Demand deposits went from USD 2,747.7 million (December 2020) to USD 3,054.9 million (December 2021), an increase of USD 307.2 million. At the same time, term deposits increased by USD 118.9 million to reach USD 1,661.3 million and thus achieve a 34.3% share in the Bank's total deposits.

Aligned with the strategy of diversification of funding sources, this year, Produbanco obtained a facility granted by the United States International Development Finance Corporation (DFC) for USD 150 million, which begins its capital amortisations in December 2023.

As a preventive and management response to the pandemic, Produbanco continued with the strategy of maintaining a prudent liquidity position by expanding its liquid assets and its hedging against short-term liabilities.

The liquidity indicator – the ratio between available funds and short-term deposits – registered an amount of 33.4% at the end of 2021, a percentage higher than the average of the system (which marked an indicator of 28.6%) and slightly lower than that reported a year ago (33.8%).

At the same time, liquidity monitoring was intensified through gap calculation and analyses of assumptions (macro and microeconomic), simulations of liquidity scenarios, stress analysis, and backtesting, and the incorporation of new measures of liquidity risk based on the recommendations of Basel III regulations with the intention of measuring any impact on the asset, liability and risk management strategy of the balance sheet.

With regard to the liquidity management of the investment portfolio, the strategy of placing the resources managed by the Treasury was to carry out operations in high quality assets and with a scheme of periodic short-term maturities in such a way that Produbanco could quickly make its assets effective to face any liquidity requirement on the part of its clients. At the end of the year, 85% of the assets managed by

the Treasury were convertible to liquid instruments within a period of less than 30 days and 90% in up to 90 days.

With regard to compliance with requirements and limits – both internal and those issued by the control bodies and by Promerica Financial Corporation (PFC) – Produbanco presented a wide coverage with respect to its indicators, in addition to a comfortable liquidity position.

Liquidity Risk Indicators

Regulatory

Indicator	Compliance with the limit
Minimum Liquidity Reserves	✓
Domestic Liquidity Coefficient	✓
Structural liquidity index – 1st Line	✓
Structural liquidity index – 2nd Line	✓
Structural liquidity index – Minimum Indicator	✓

Group

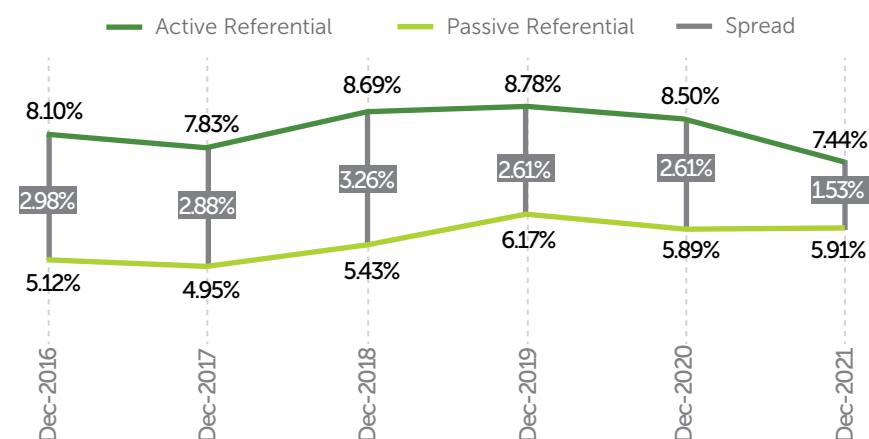
Indicator	Compliance with the limit
Coverage Stressed Liquidity Days	✓
Liquidity On Equity Fit	✓
Liquidity Coverage Ratio (LCR)	✓
Liquidity Index	✓

From a market risk perspective, Produbanco's business model focuses on a portfolio investment strategy that

considers a defensive position of liquidity, maintaining high asset quality, the application of the diversification principle to mitigate counterparty risks, the search for the preservation of capital at all times, and the ongoing monitoring of the macroeconomic situation and the health of the Ecuadorian financial market as well as of the countries where resources are placed. All these factors constitute key tools for the investment decision-making process.

It is important to mention that the trend of the passive rate marked two stages in the year, an upward first quarter—the result of uncertainty due to the presidential elections—and a second semester with a clear reduction in recruitment rates due to a better scenario around the productive force. At the end of 2021, the Central Bank of Ecuador updated the Maximum Active Rates Methodology, which details the components of the *Effective Equilibrium Interest Rate* and its application in the corresponding credit segments.

Evolution of Reference Rates



The structure of Produbanco's balance sheet maintained the same conservative trend on the side of the duration of assets and liabilities, and allowed potential fluctuations in interest rates to have a reduced impact on the financial margin and equity value. Faced with a variation of 100 basis points in rates, the sensitivity was 3.38% and 1.24%, respectively; both indicators are considerably below the established internal limits.

Market Risk Indicators

Regulatory

Indicator	Compliance with the limit
Equity Sensitivity	✓
Financial Margin Sensitivity	✓

Group

Indicator	Compliance with the limit
Interest rate risk in the investment portfolio	✓
Interest rate risk in the bank ledger	✓

In its constant practice of mitigating financial risk and complying with all regulatory requirements, Produbanco and the PFC Group jointly updated their Regional Liquidity Risk Policy, which takes as a fundamental basis the guidelines of the Basel Committee thus facilitating the development of a robust liquidity risk management system that strengthens the existing one. In addition, the documentation referring to market risk and liquidity was periodically updated, mainly regarding manuals, methodologies, stress scenarios,

technical notes and contingency plans – in accordance with a planning and an organised control scheme.

Credit Risk

After evidencing a better performance of the portfolio in relation to the previous year, we worked on continuous quality analysis and profiling of customers in the non-commercial segment which, based on estimates of expected loss, allowed us to increase the placement of consumer portfolio in clusters with a better credit quality, thus maintaining an adequate control of credit risk and increasing placement in the main products of the non-commercial segment. Among the most relevant adjustments in the portfolio origination process are: risk modelling by segmentation based on a rescue concept that facilitates the increase in the number of prospects to be contacted through multichannel placement strategies with an emphasis on digital processes, the updating of product sheets according to the determination of profiles and credit conditions for consumer products, and the updating of decisive models for this process, such as the *minimum consumption* model, which in turn has an impact on the ability to pay.

In the portfolio collection process for the non-commercial segment, strategies were designed to understand the real situation of the customers of each of the products and provide a financial relief option for loan repayment. Focused campaigns were applied that resulted in a favourable containment in the various *buckets* (age ranges) of arrears, and in efficiency indicators similar to those registered prior to the pandemic. These actions were carried out in accordance with current regulations and allowed an adequate control of the non-commercial overdue portfolio.

For the second half of 2021, the *Collection Creditforce* collection system was completely stabilised, which comprehensively automated the collection process with advanced technology by applying best practices and always maintaining a focus on providing the best customer service.

For its part, the business credit team supported customers with credit facilities that allowed them to resume their business cycle, with the adaptation of payment solutions in accordance with the current credit conditions of those customers and sectors whose recovery was lower than expected, and with the placement of new loans to support growth proposals and customer post-pandemic economic reactivation. The objective of achieving greater financial inclusion was maintained, a fact that was evidenced by surpassing a balance of USD 500 million in the portfolio of the SME Commercial Segment.

Likewise, this year new elements were incorporated into the credit analysis methodologies for companies belonging to the shrimp farming and banana growing sectors to have a better understanding of customers and service them with timely responses; in this manner, we contribute to the regional diversification of our portfolio and to support the growth of the country's exportable offering.

As part of the commitment to sustainability and social responsibility, in 2021, Produbanco became a signatory of the *Net-Zero Banking Alliance*, this new agreement represents a challenge in our way of doing business, especially with respect to clients of our commercial portfolio so that the processes of quantification of the carbon footprint generated through the concept of placement of credits is accelerated. In addition, derived from a process of continuous improvement, Produbanco collaborated

with ASOBANCA in the development of the first sectoral guides for the banking industry; this project in its first phase contemplated the construction of 12 instructions that aim to improve the knowledge of the various sectors that are part of our economic reality. Finally, with a view to supporting the origination of the Green Lines portfolio and to maintain the positioning of Produbanco as a benchmark in the management of resources and green loans, a project was created so that customers who access this type of loan facilities receive a summary of the positive impacts generated, so that in turn they can identify and assess the benefits of these financings.

Preventive portfolio monitoring remained one of the top priorities in managing commercial and non-commercial credit risk. In this process, special follow-up was carried out for those clients who required financial relief due to the crisis caused by the pandemic. The Bank generated early warnings to proactively identify customers who might require new payment solutions. These alerts were focused on analysing the changes presented in financial statistics, behaviour of the sector, management indicators and repayment behaviours of customers.

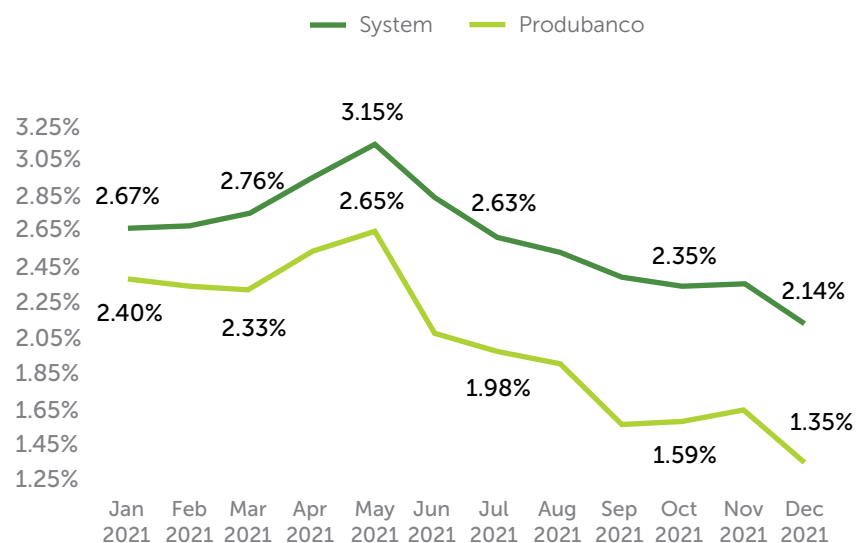
The solutions proposed to our clients were based on regulatory compliance and internal policies. At the same time, we guaranteed an equitable treatment, with healthy market practices, and we preserved the quality and coverage of the credit portfolio as our actions are aligned with the institutional risk outlook.

During the first half of the year, the overdue and written-off portfolio did not have the recovery behaviour that was initially expected; however, during the second half of the year, tied to the general reactivation of the economy, the

management of the overdue and written-off portfolio regained its effectiveness, which led to an adequate trend in portfolio indicators. The indicator of non-performing loans in the financial system went from 2.61% at the end of 2020 to 2.14% at the end of 2021, as can be seen in the figure below.

In the same light, Produbanco's overdue rate fell from 2.69% to 1.35%.

General Overdue Rates



Note: The overdue portfolio during 2021, based on regulator definitions, has been calculated with a peak in arrears of 61 days.

Reputational Risk

Reputational risk is one of the most complex to warn. Its proper management depends on the interrelation of several aspects, many of them based on the subjectivity of human behaviour. During 2021, social networks and the digital world took a much more relevant level of importance and became one of the main means of information; this is why Produbanco has a reputational risk management system based on five fundamental aspects:

- Compliance with policies and procedures aimed at the adequate and timely consideration of risk events of this type.
- The coordinated and organised implementation of communication protocols at the level of all subsystems identified in the Bank and its Subsidiaries.
- Permanent monitoring of social networks and media.
- Proactive management of possible identified events; when we speak of proactivity, we mean to be preventive to the greatest extent possible, timely in terms of response times, and effective in troubleshooting.
- Strengthening the commitment of employees to the administration of this type of risk.

In 2021, the Bank's stakeholder map was updated, as well as the Manual of Policies and Procedures for Reputational Risk Management. A digital reputational risk course was also designed for all Bank staff, which will be socialised in 2022.

Operational Risk

Our operational risk management system focuses on the analysis of identification and assessment of risks in processes, regardless of whether they have materialised or not; likewise, together with the owners of the processes, mitigation measures and action plans are defined that are monitored until they are complied with; this ensures that the risks identified are managed in a timely and appropriate manner.

The main operational risk management tools are listed below:

- **Risk Appetite:** There is a clearly defined risk statement for events related to reputational risk.
- **Self-assessment of risks and controls:** Which is implemented through periodic training process owners and, in addition, risk identification workshops are imparted. During the course of the year, the risk measurement criteria were updated and the analysis of technological risk as a result of digital transformation processes was deepened.
- **Databases:** The Bank has historical information on operational risk events which facilitates the implementation of quantitative risk measurement methodologies.
- **Analyses of scenarios:** To map risks that, despite having a low probability of occurrence, may impact the operations of the Bank and propose proactive response strategies.
- **Key risk indicators:** These constitute an early warning

system. The Bank has a system of indicators that was updated during 2021.

- **Measurement methodology:** Potential losses are measured through a *Value at Risk* model.
- **Strengthening the commitment of employees to operational risk management:** Through training carried out through mechanisms such as digital courses and the circulation of advice or recommendations on issues of operational risk and business continuity, which are disseminated through the institutional channel *Al Día*.

Exposure to operating risk remained low for the year and within acceptable limits of acceptance to this type of risk.

Business Continuity

Produbanco's business continuity management system is based mainly on the ISO 22301 standard as well as on the regulations stipulated in Ecuadorian legislation. International best practices are continuously reviewed with the aim of incorporating them into related methodologies, policies and procedures.

In this year, management focus remained on strengthening the risk management structure designed to respond to coronavirus pandemic effects. Along this line, Produbanco activated the Crisis Committee at the beginning of the health emergency and that continues to operate through weekly meetings. The Committee is made up of the Bank's senior management and chaired by the Executive Presidency; its objective is to ensure a general coordination of timely and effective response of the Bank to this situation, to minimise or avoid damage to its image, profitability or

ability to operate, but above all, to safeguard the health of customers and employees. Through timely identification of the potential risks that the COVID-19 crisis could trigger through the study of indicators and statistics within the Committee (case growth, mortality and recovery rates, as well as evolution of case curves), we apply the appropriate response plan to face and solve each incident, thus reducing tension within the Bank – especially in the network of agencies – by enhancing the capabilities of electronic channels and their respective contingency schemes. Crisis management evolved with respect to actions and guidelines that the Committee instructed, which were communicated internally and externally to all interested parties.

During 2021, all the continuity and contingency plans of the critical processes were reviewed, updated, disseminated and tested, considering new scenarios and strategies with the main objective of protecting the health of customers and employees, as well as guaranteeing the continuity of operations and attention to various stakeholders.

As technology is the cornerstone for critical processes to remain operational, periodic tests were carried out on all contingency and technological continuity components to ensure that they are functional in case their activation is necessary. In addition, complementary technological services were implemented in the *alternate data centre* as a guarantee to maintaining continuity of operations. Likewise, activation tests of the alternate data centre were scheduled and executed that allowed culminating with a comprehensive and successful activation during the month of December. The operational contingency centre improved its infrastructure and adapted itself to the new scenarios and strategies that emerged from the implementation of the work models that the Bank adopted based on the prevailing health situation.

As part of our business continuity management, a due diligence process was applied to service providers that support the Bank's critical processes with a view to guaranteeing the continuity of contracted services.

Modelling

The Comprehensive Risk Unit coordinated the implementation and operation of the update to the money laundering prevention model for individuals and businesses, which has made it possible to have a better evaluation of the potential risk of laundering by clients whilst complying with the regulations issued in this regard by the regulatory body.

As far as Credit Risk is concerned, we continue with the review of the credit limits for our cardholders rewarding, with a greater line of credit, those customers with a good behaviour in their payments and who require greater credit limits for their personal activities. The placement of consumer loans was also promoted with the opening of credit policies to customers with a low risk level. Placement through electronic channels was prioritised.

Information Security

The year 2021 was one of stabilisation and refinement of projects undertaken in 2020. In the case of the Information Security Management System (SGSI), the annual evaluation of the previous year, the verification of controls, and the review of strategic, tactical and operational indicators, were presented. Two more critical processes were included in the SGSI in accordance with the inclusion planning of all these processes through 2023.

Service implementation of our Security Operations Centre continued, and eight action models were built with more than 40 Commitment Indicators (IoCs), which contribute to improving the Bank's security posture.

Visibility in vulnerabilities comprises a continuous management effort, whose main objective is to have early warnings to generate mitigation plans before a threat materialises and produces financial or reputational damage.

Phishing and social engineering exercises are an essential part of periodic management; the results of the various tests have allowed establishing changes in the communication strategy to employees and customers thanks to different lessons learned.

By conducting *ethical hacking* exercises, using methodologies based on best practices, we help establish the level of maturity – in terms of information security – of our applications and services published for the benefit of our customers.

In addition, the work of the cybersecurity team is crucial for the application of information security guidelines. Through their participation, it can be determined whether employees follow Bank policies, a process executed through internal analyses of *ethical hacks* made to user information assets. Likewise, this team conducts investigations of cyberattack trends, provides second-level support in incident management, and supports specific projects of Produbanco and its Subsidiaries.

The awareness plan was fulfilled as planned, the internal e-learning was updated, monthly security recommendations were sent to employees both through institutional mail and through the Yammer and WhatsApp channels to keep informed of these trends of cyberattacks internally. Similarly, communications were sent to customers regarding


information security to prevent them from being targeted by cybercriminals who intend to steal their information or impersonate their identities.

The implementation of the IAM identity solution for the management of the lifecycle of an employee's accesses was completed, as well as the PAM, which manages the accounts of users with privileged access.

The sessions of the Information Security Committee were held thus complying with the established quarterly periodicity. Through these meetings, the Bank ratified the priority that management has defined for the protection of its own information assets and those of its customers. Throughout 2021, constant support was maintained for the initiatives and projects presented with the purpose of improving information security in the Bank.



Francisco Martínez Henares
Chairman of the Comprehensive Risk Management Committee



Report of Activities on the Prevention of Asset Laundering and Financing of Crimes such as Terrorism

As of December 31, 2021

In accordance with the provisions of paragraph 10.5 of Article 10, Section IV, Chapter VI, Title IX of Book I of the Codification of the Rules of the Superintendency of Banks, this Report discloses the main actions that were executed throughout 2021 to prevent Banco de la Producción S.A. Produbanco from being used as a means for money laundering and financing of crimes such as terrorism.

The control activities, applied by the Compliance Unit in accordance with the provisions of the 2021 Work Plan, were carried out in accordance with the provisions of the *Internal Control Manual for the Management of the Risk of Money Laundering and Financing of Crimes such as Terrorism*.

Customer and Market Knowledge – Monitoring

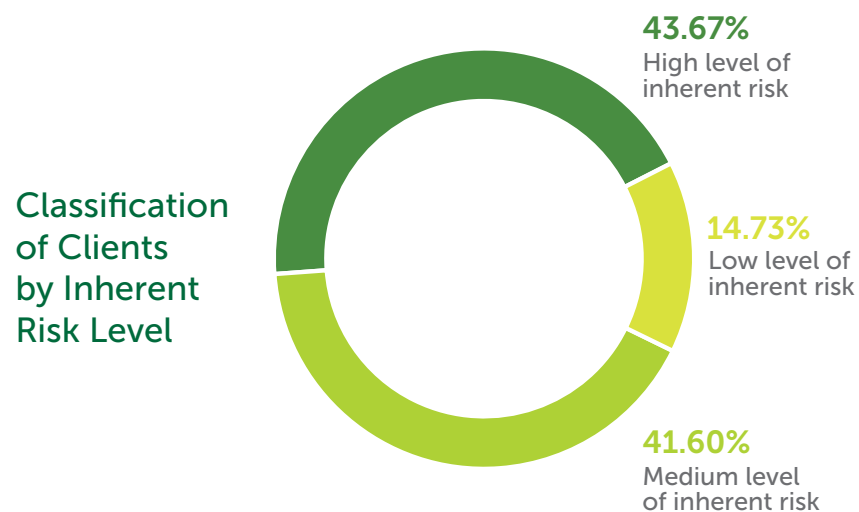
During 2021, the Compliance Unit carried out the process of monitoring customer transactions, according to the risk-based methodology implemented by the Bank, as well as the parameterisations in the specialised software available for this purpose and the specific analyses of transactions made in cash and in high-denomination banknotes, with special emphasis on the significant variations between the transactionality carried out and the transactional and/



or behavioural profile declared by the client, which allows the identification of possible typologies in application of the methodology of risks related to Money Laundering and Financing of Crimes such as Terrorism.

It is worth mentioning that this analysis is carried out based on the integral relationship with the client i.e., by consolidating all active products and services that it maintains at the date of review, which generates alerts that are prioritised according to their relevance and impact.

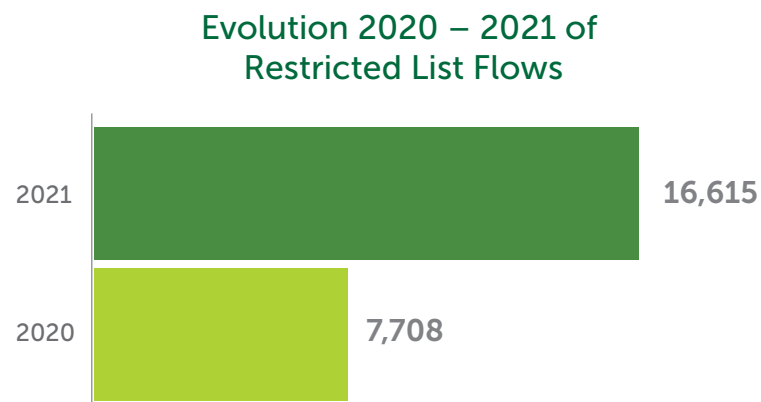
As part of the execution of the processes described above, and in compliance with the Customer Knowledge policy, between January and December, 7,442 cases were opened that required additional analyses by the Business Units.



The figure above shows that, of the total number of clients, 43.67% registered a high-risk level, 41.60% a medium level, and 14.73% a low risk level.

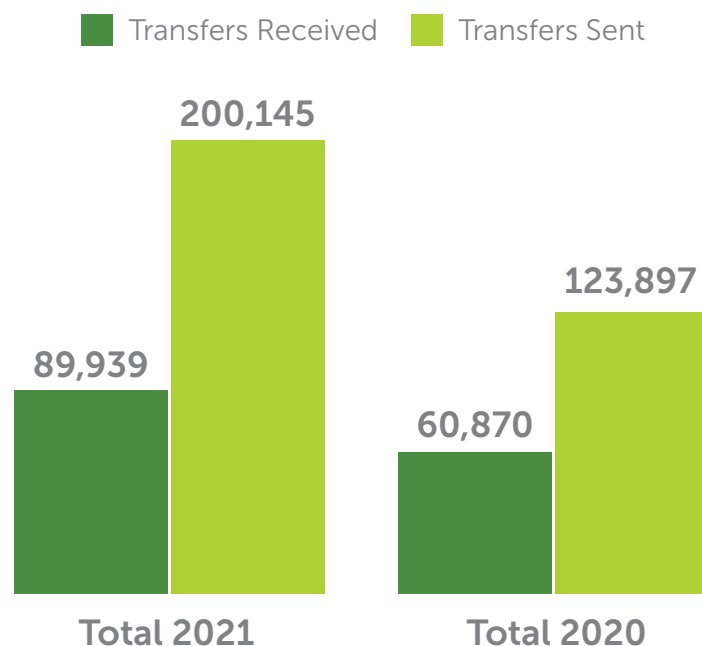
In addition, the Bank's main technological system (core banking) allows maintaining preventive controls online, among which are:

- **Alerts for Risk Activities:** Prior to the registration, creation and acceptance of the commercial relationship with a client, there are controls that identify and alert regarding market segments and/or activities, considered as high risk, according to international standards related to the prevention of money laundering. As a result of the application of these controls, 6,126 cases were reviewed during 2021 when compared to 1,434 in 2020.
- **Alerts for Matches, Creation or Update of Clients:** This consists of the raising of alerts when there are coincidences between the names of people who are on internal control lists and/or international reserved lists as well as Politically Exposed Persons (PEPs), among others; therefore, they require compliance with a due diligence process. In 2021, 16,615 cases were presented as compared to 7,708 in 2020.



- **Alerts for International Transfers Sent and Received:** The alerts generated and reviewed automatically – when matches were detected with lists of payers, beneficiaries and high-risk countries that appear in the text of the SWIFT message – were 290,094 corresponding to transfers received (89,939 flows) and transfers sent (200,145 flows).

2020 – 2021 Evolution of Transfer Flows Received and Sent by Match Alerts



On the other hand, 11,266 records were entered and updated in the internal control lists and in the international reserved lists such as: Office of Foreign Assets Control (OFAC), Interpol, Federal Bureau of Investigation (FBI), United Nations (UN), European Union (EU), among the main ones.

These processes were carried out through the interfaces connected to the Bank's main technological system.

Correspondent Knowledge

In 2021, telematic meetings were held with Compliance Officers of certain correspondent banks, in which a total of 155 requirements for *Extended Due Diligence*, *Certification of the Patriot Act*, and *Customer Knowledge* forms from local and foreign banks and institutions were met. The exchange of SWIFT keys for sending or receiving funds was also carried out, and specific queries from correspondent banks were answered, regarding information from customers with transfers of funds to or from abroad.

Likewise, the *Know-your-Customer Form* developed for national financial institutions with which the Bank maintains commercial relations was updated to ensure that it contains policies and procedures aimed at preventing money laundering and the financing of crimes such as terrorism.

Vendor Knowledge

We have developed and applied due diligence policies, processes and procedures for the knowledge of permanent vendors of goods and services of whom individual files are maintained, all duly documented.

Employee Knowledge

The People and Culture Unit, as part of the programme established for *employee knowledge*, carried out the

campaign to update the data of the bank's staff and its subsidiaries, information that was reviewed and approved through flows in the system and through direct leadership of the employee.

In the period between January and December, following the methodology based on risk factors, 1,938 information requirements were notified to employees as a result of the monitoring of extra-role transactions and 200 justification requirements to employees who presented a significant equity variation.

Likewise, control procedures were applied on the information and documentation pertinent to the process of hiring and dismissing of personnel and the delivery of the *Manual of Procedures for the Management of the Risk of Money Laundering and the Financing of Crimes such as Terrorism*.

Shareholder Knowledge

The application of established policies and procedures has made it possible to identify and ascertain basic information of all Produbanco shareholders, and for those with 6% or more of the paid-in capital of the Bank, the respective extended due diligence process was carried out.

Training

During 2021, the constant training of Produbanco's Compliance Unit has been fundamental to mitigate the risk of money laundering in the Bank and comply with regulatory provisions as well as policies and procedures

within the framework of the prevention and detection of money laundering and financing of terrorism.

As part of the organisational culture and to raise awareness of the responsibility of each bank officer, Produbanco has developed training programmes aimed at mitigating the risk of money laundering and financing of crimes such as terrorism, whose content is based on theoretical definitions, regulations and practical examples according to the responsibilities of each official.

As part of the induction process, 412 new bank employees took the induction course on the virtual learning platform.

In 2021, the re-induction course on Prevention of Money Laundering and Financing of Crimes such as Terrorism was coordinated at the regional level and was taken by 3,164 employees of Produbanco and its subsidiaries. Training processes are in place at all levels of the Bank, including members of Governing Bodies.

Creation of New Products and Controls on the Prevention of Money Laundering

During the 2021 period, the Compliance Unit actively participated in different projects, among which the creation of the new Digital Account stood out, for which the contribution focused on the implementation of controls for initiation and relationship-building, and on the determination of the level of inherent risk, which after the application of the proposed control measures, maintained a low level of residual risk.

Through the analysis and application of policies, control points were specifically defined in the following processes:

- Account approval
- Georeferencing
- Person identification
- Pre-registration
- *Onboarding* processes
- Applications Manager

Controls were also incorporated and strengthened in the receipt of local and foreign transfers as well as for deposits in high-denomination banknotes, classification of reference lists, and controls in the creation and updating of customers.

Reports to Agencies and Competent Authorities

Throughout the year, the Reports of Operations That Exceed the Threshold (RESU) were sent on a monthly basis to the Financial and Economic Analysis Unit (UAFE), within the deadlines provided for in the regulations. Before proceeding with the delivery of such information, general validation controls were applied. Similarly, each month, information related to the following structures was sent to the Superintendency of Banks of Ecuador:

- **E04** - Statistical report based on the information provided to the UAFE.
- **E21** - Clients registered as assets in the Institution.

The Compliance Officer reported 162 cases considered as unusual or unjustified transactions to the Financial and

Economic Analysis Unit and responded to 2,535 queries by control agencies (SB, UAFE, Prosecutor's Office, among others) on investigation processes underway.

Through the Compliance Unit, Produbanco has applied due diligence, monitoring and reporting policies and procedures to the competent authorities in accordance with the provisions contained in the *Foreign Account Tax Compliance Act (FATCA)* and the Common Reporting Standard, promoted by the Organisation for Economic Cooperation and Development (OECD) - (*Common Reporting Standard or CRS*).

Internal Procedures of the Compliance Unit

In compliance with the legal framework, Banco de la Producción S.A. Produbanco implemented the *Money Laundering and Financing of Crimes such as Terrorism Risk Management (ARLAFDT)* programme, as part of the organisational culture. This is based on stages, elements and instruments disseminated through policies and procedures aimed at the prevention, detection and reporting of operations related to money laundering and the financing of crimes such as terrorism, as well as compliance with the provisions of the *Organic Law on Prevention, Detection and Eradication of the Crime of Money Laundering and the Financing of Crimes*, its regulations, and other regulatory standards issued by the Superintendency of Banks.

In reference to this line, automatic controls continued to be maintained over the requirement, registration and storage of the declaration on the source of income in the system of cash deposits that equal or exceed USD 5,000 or that

in their monthly accumulated amounts equal or exceed USD 10,000. This in turn facilitates the analysis and review of customers when significant variations in their transactional and behavioural profile are identified.

Specific controls were carried out on 301 clients who, due to the characteristics of their activity, business or industry, handled a high volume of cash. As a result of the analysis carried out, these clients signed an Annual Fund Legality Form thanks to which the daily operational process becomes more agile.

We participated very actively in meetings of the Technical Committee of Compliance Officers of the Association of Banks of Ecuador (Asobanca), in which recommendations and proposals for improvement of regulations, instructions and trainings, among others, were discussed.

Likewise, the Compliance Officer actively collaborated in the national workshops organised by the Financial and Economic Analysis Unit, with a view to the Mutual Evaluation that the Financial Action Task Force of Latin America (GAFILAT) will carry out to Ecuador during 2022, a crucial year for the country when exercising the presidency pro tempore of this regionally based intergovernmental organisation that brings together 17 countries from North, Central and South America.

Internal and External Audits, Regulators and Others

The review and compliance of control mechanisms designed and implemented in the Compliance Unit within

the framework of the ARLAFDT, were included within the internal, external and control body audit processes as part of a specific verification programme, according to the following detail:

- **Internal Audit:** Know Your Customer Policy – Transactional Customer Monitoring; Reporting of Unusual and Unjustified Economic Operations or Transactions; Know Your Employee Policy – Extra-Role Transaction Monitoring; Structure, Obligations and Functions of the Board, Compliance Committee, Unit and Compliance Officer; *Foreign Account Tax Compliance Act (FATCA)*, Common Reporting Standard promoted by the Organisation for Economic Cooperation and Development's (OECD) *Common Reporting Standard (CRS)*, and progress of the Annual Work Plan of the Compliance Officer.
- **External Audit:** The firm Deloitte & Touche Ecuador Cía. Ltda. will present in 2022, the results of its review with a cut-off date as of December 31, 2021. They are currently in the process of evaluating and complying with the legal provisions related to money laundering and financing of crimes such as terrorism.

Conclusions

Under the direction of the Compliance Unit, during 2021, the Bank achieved an adequate risk management of money laundering and financing of crimes such as terrorism, through the development of activities among which worth highlighting is the application of preventive procedures and diligence policies such as *Know your Client*, *Know your*

Shareholder, Know your Employee, Know your Market, Know your Correspondent, and Know your Vendor, and the coordination and verification of due diligence processes with those responsible, through the implementation of procedures, mechanisms and methodologies that made it possible controlling that the products and services offered by the entity were not used for the commission of this crime.

A handwritten signature in black ink, featuring a large, stylized 'D' and 'M' followed by a horizontal line.

Diego Mosquera Pesantes
Chair Compliance Committee

A handwritten signature in black ink, featuring a large, stylized 'A' and 'S' followed by a horizontal line.

Aníbal Eduardo Salazar Buenaño
Compliance Officer



Report of the Financial User Service Unit

Customer Experience Programme

The circumstances encountered in 2021 demanded the improvement of customer relationship models and the competitive strategies of the various organisations. Within this environment, Produbanco further boosted its *Customer Centric* culture – which places the customer at the centre and makes it the reference point for decision making – and strengthened its *Customer Experience Management* programme – which facilitates the development of an emotional bond with customers after offering positive experiences, which translate into a competitive differentiation.

The *voice of the customer* is one of the main inputs that we consider in our management system; listening and acting in real time on the feedback it provides us, leads us to adequately address various situations and design solutions to satisfactorily transform its interactions with the Bank.

The incorporation of new technologies and methodologies to optimise processes and improve the experience of internal and external customers, and the provision of services and products of excellence, both in face-to-face and digital channels, are fundamental points of Produbanco's commitment to quality of service.

The ongoing monitoring and measurement through various programmes and channels, and the application of management indicators: INS (Net Satisfaction Index), NPS

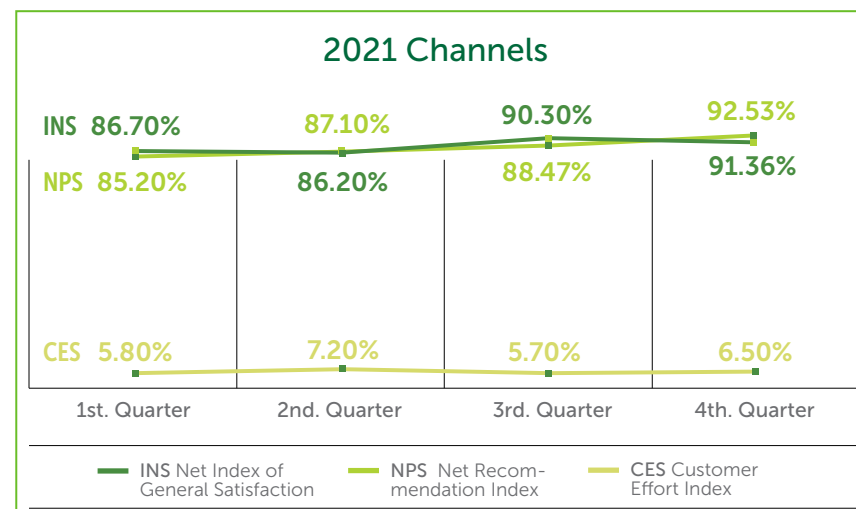
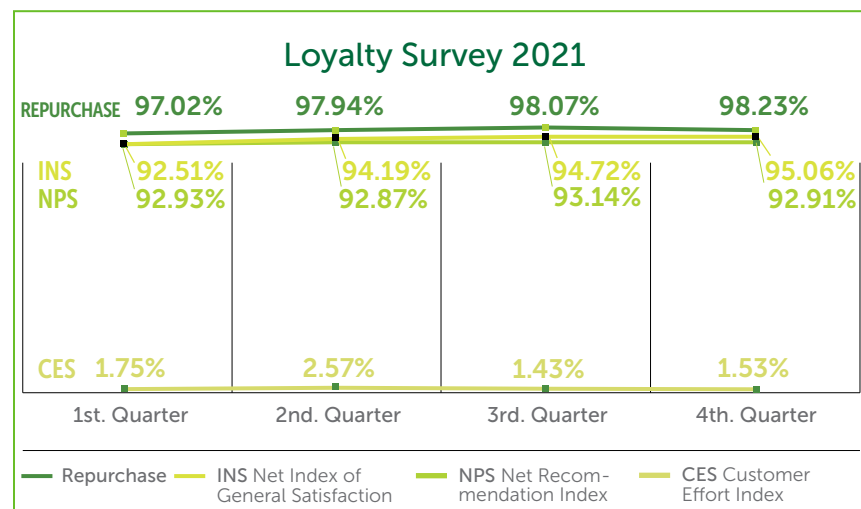
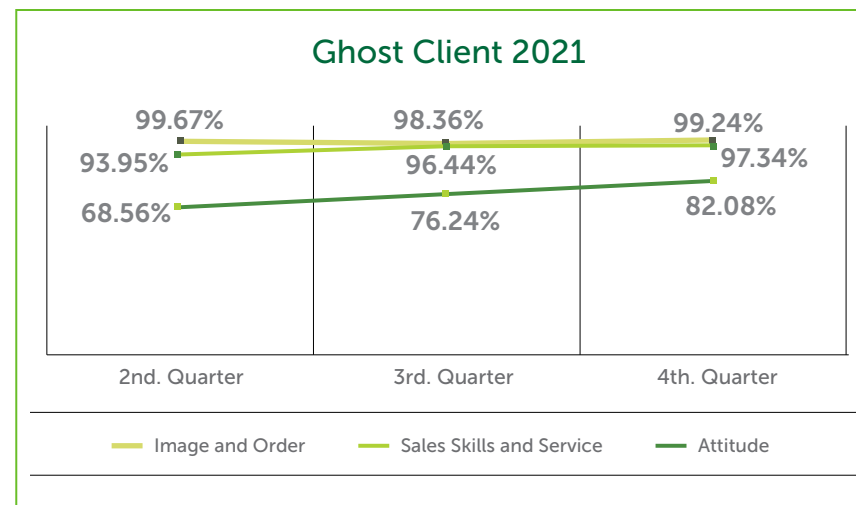
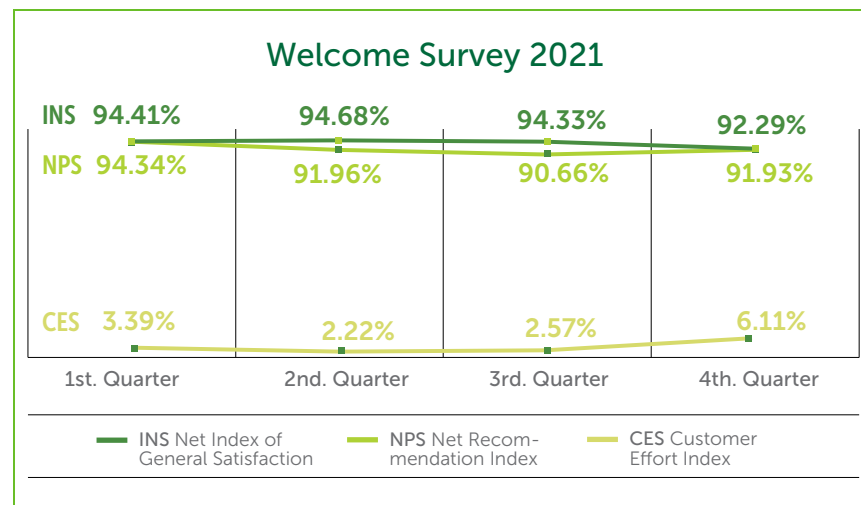


(Net Recommendation Index) and CES (Customer Effort Index), allow us to evaluate the transactional and relational experience of our clients, as well as to know their degree of satisfaction, recommendation and their level of effort.

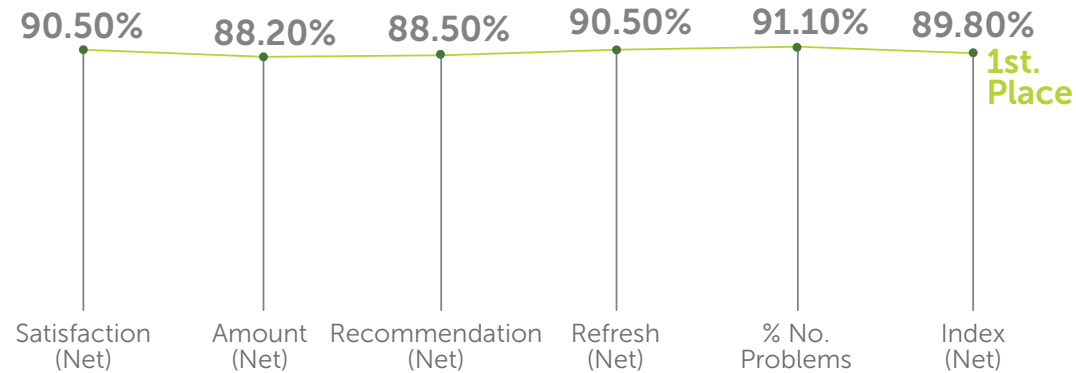
All the above, plus the strengthening of the organisational culture, aimed at generating memorable experiences, have

led us to maintain leadership in quality of service. In 2021, for the fifth consecutive year, Produbanco ranked first in the measurement of the Ekos Customer Satisfaction Index of Corporación Ekos, as *Best Bank in Quality of Service* in the *Large Banks Category*.

Results Indicators

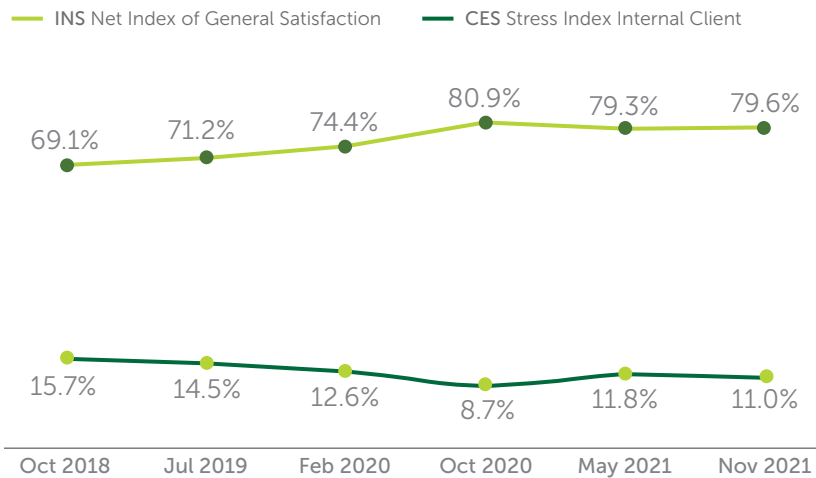


Ekos Customer Satisfaction Index

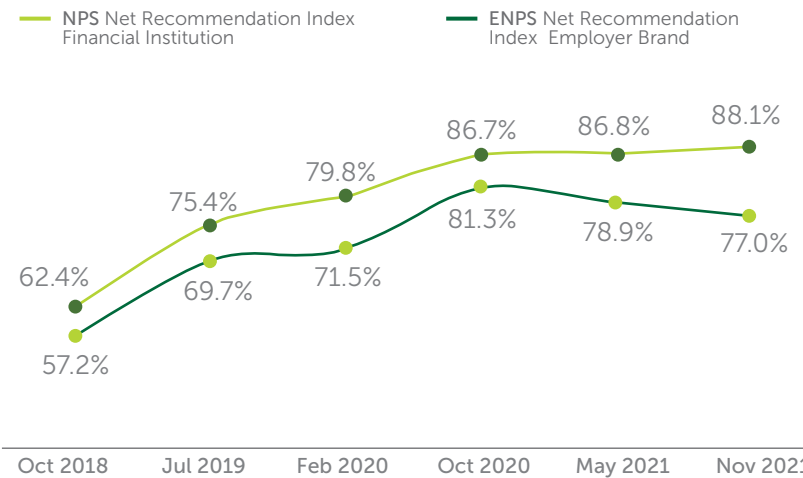


Internal Client Results

Evolution of measurements by INS and CES



Evolution of the NPS and ENPS measurements



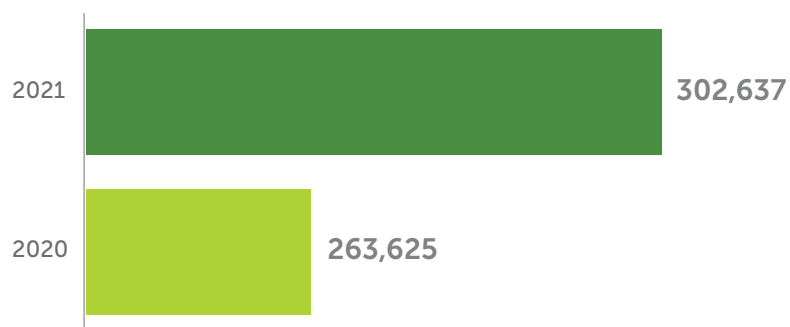
A relevant milestone to highlight this year is the Bank's participation in the *Best Customer Experience (BCX)*, recognition granted by the international consulting company Izo, showcasing excellence, best practices and innovation in customer experience in the countries of Ibero-America. Produbanco was awarded as *Best Ibero-American Banking Company* and *Best Banking Sector Company Ecuador 2021*.

Financial User Service: Requirements and Claims

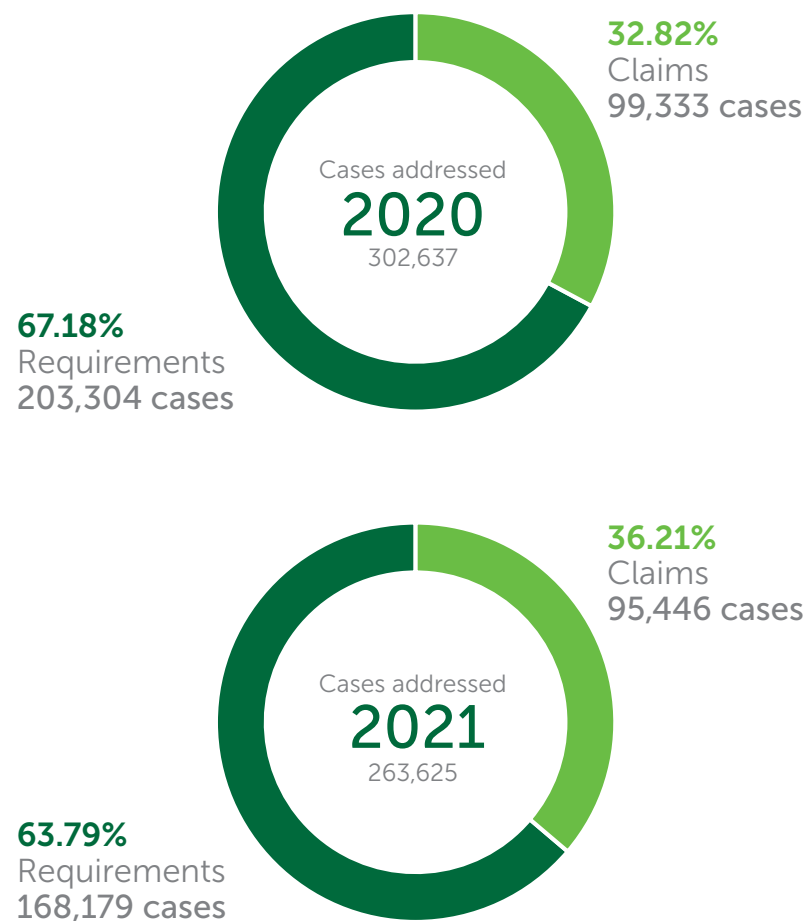
In 2021, through the Financial Consumer Service department, we processed a total of 263,625 cases, 12.89% less than in 2020 (302,637).

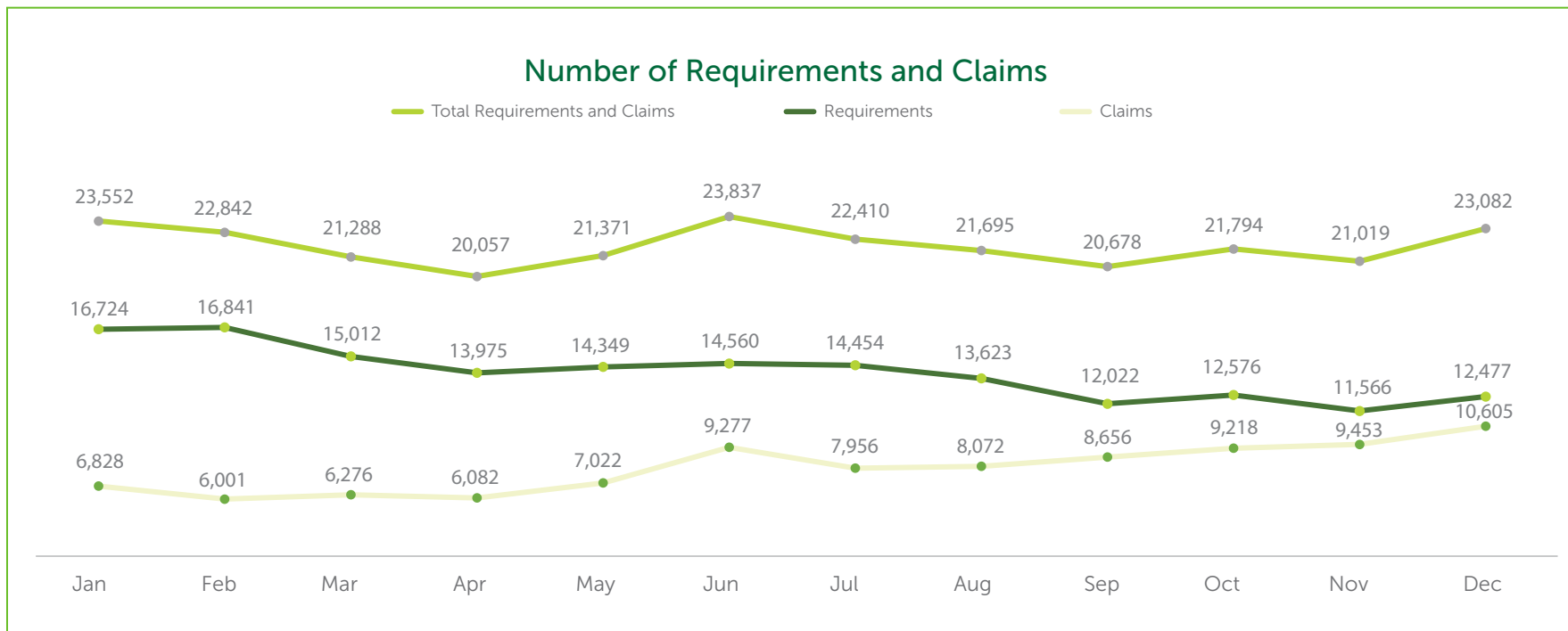
Of the cases admitted in the year, 168,179 (63.79%) were requirements, and 95,446 (36.21%) were claims.

2020 – 2021 Evolution of Cases Processed by
Service to Financial Consumers



2020 – 2021 Evolution of
the Requirements & Claims Rate
within the Total of Cases Addressed





At the end of 2021, of the total cases registered, 252,081 (95.62%) were solved. Of these, 95.54% were resolved within the maximum time established by legal regulations.

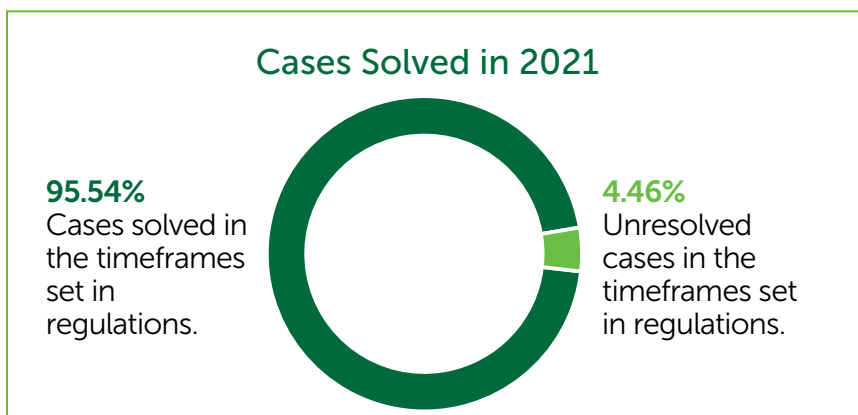
Operability

For the administration of cases, we have the Requirements and Claims tool, which manages them at three service levels:

Level 1: The managers of ProContacto are responsible for providing the solution in the first contact made by the client.

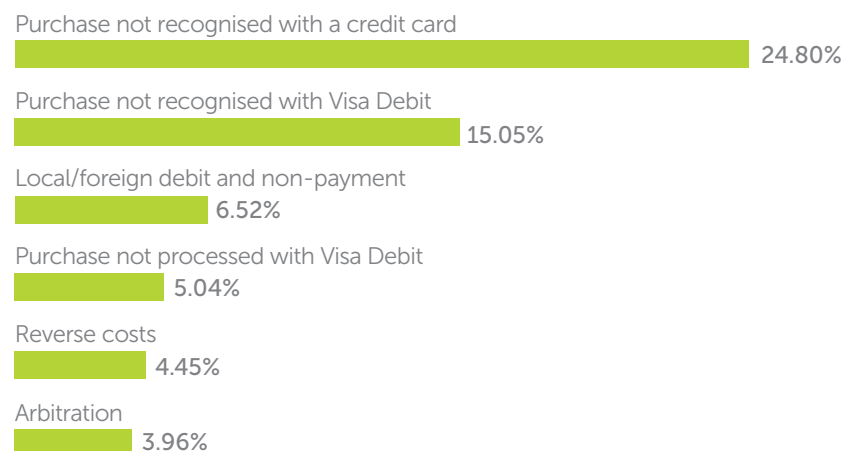
Level 2: The Financial Consumer Service department is responsible for solving the cases that are referred to it by the first service level.

Level 3: In this instance, the Operational and Technology areas are the ones that solve the cases that, due to their characteristics, require specialised knowledge.

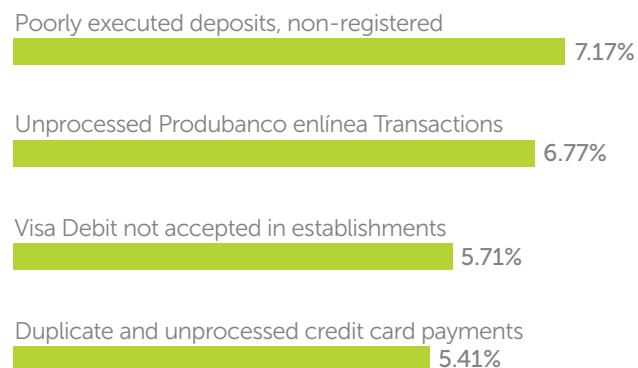


The 252,081 cases solved in 2021 were dealt with as follows:

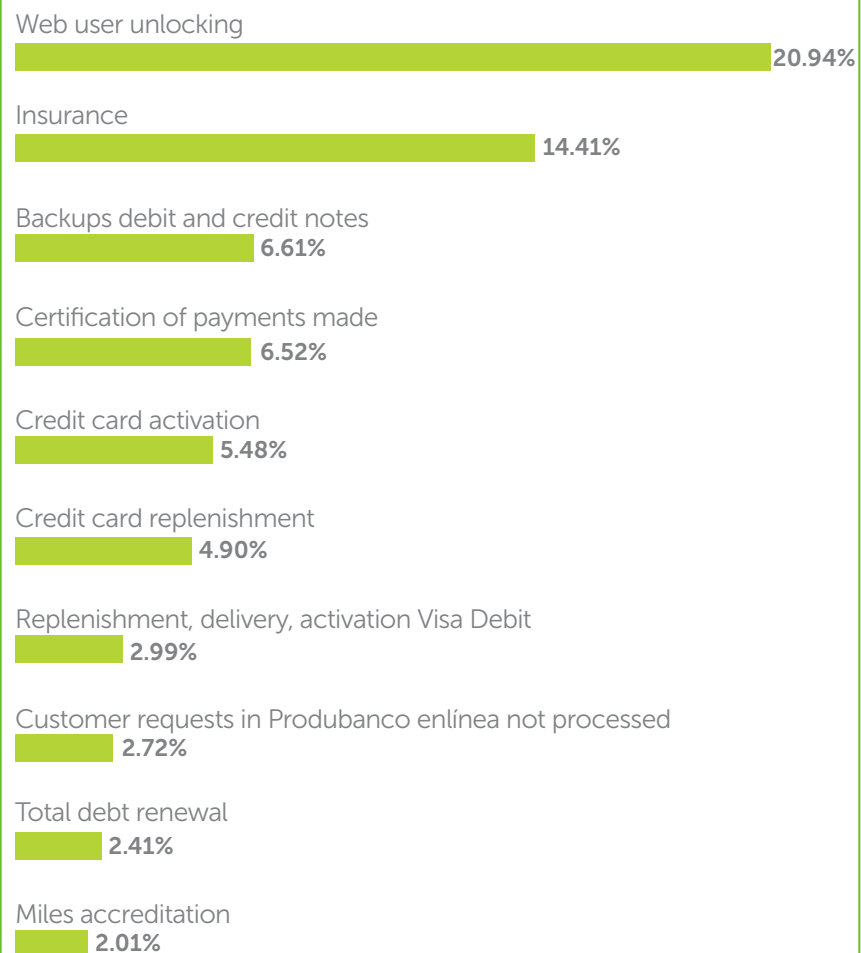
2021 Claims with Economic Impact



2021 Claims Without Economic Impact



Higher Incidence Requirements 2021



Breakdown of Unprocessed Produbanco enlínea Transactions

Transaction	Cases	% Participation
Failed to make payments.	1,098	17.17%
Error signing up.	904	14.14%
Notifications not sent.	773	12.09%
Failed to make transfers.	707	11.06%
Access to produbanco.com.	554	8.66%
Mobile application.	477	7.46%
Transaction could not be processed.	429	6.71%
Error displaying movements.	268	4.19%
Failed to create beneficiary.	148	2.31%
Token via SMS is not received.	146	2.28%
Failed logins.	141	2.20%
Mistake in miles accreditation.	135	2.11%
Failed to get Produbanco enlínea.	134	2.10%
Scheduled payments not processed.	110	1.72%
Failed to update data.	80	1.25%
Error when parameterising credit limits.	78	1.22%
Error entering additional user.	74	1.16%
Failed to make progress.	62	0.97%
Statement not available.	34	0.53%
An error occurred whilst generating images.	27	0.42%
Image does not belong to customer.	16	0.25%



María Dolores Prócel
Financial User Services Unit



Report of the Ethics and Responsible Management Committee

Below is the Annual Report of 2021 activities of the Ethics and Responsible Management Committee. In accordance with the changes made to the Corporate Governance structure of Produbanco, as a self-regulatory measure, this report also contains the main actions carried out by the Ethics and Corporate Social Responsibility Committee during the months of January to June, and the Ethics and Responsible Management Committee in the second half of the year, all this whilst aligned with best practices and labour regulations.

The main objective of the Committee is that our employees live with passion and ethics the Bank's organisational values, in a safe, respectful, equitable work environment with opportunities for personal and professional growth with a positive impact on whatever medium they interact in. In this line, aspects related to responsible initiatives, equality, diversity and inclusion, education and financial health, support for the *Su Cambio por el Cambio Foundation*, employer brand and responsible initiatives in the wake of the pandemic generated by COVID-19, were incorporated into the issues that had been addressed and regularly ascertained.

Responsible Initiatives

Teleworking has been successfully implemented by defining it as a flexible modality that contributes to productivity.



The objective is to generate other workspaces depending on each position and in some cases, the situation of each employee.

Equality, Diversity and Inclusion

The year 2021 was an important year for our *Protagonistas* programme, in which we had the participation of men and women of our Organisation who are in a constant quest for their personal and professional development. In addition, the initiative of this programme was transferred to other member banks of Grupo Promerica.

In this sense, *Protagonistas 631* was carried out on a regular basis as a mentoring programme that this year had 103 active participants.

On March 8, 2021, to commemorate Women's Day, the *Leading Your Emotions Conference* was held with 130 employees and with the support of Kiik Consultores. The conference provided the necessary tools to learn to express and manage emotions without fear.

On March 17, 2021, the official launch of the *Regional Protagonists* programme was held, in which more than 1,400 employees from Ecuador, Panama, the Dominican Republic, Guatemala, Honduras, Nicaragua and Costa Rica participated. This was a very popular webinar and where a keynote speech was highlighted with an important women's panel.

I Am the Protagonist

This programme was facilitated by Karen Montalva, TED Speaker and Author of *#Yovendo* who provided advice on

how people can be protagonists in their lives. The panel was composed of: Karla Icaza, Executive Vice President of Corporate Governance of Grupo Promerica; Carla Ortiz de Martínez, Member of the Board of Directors of Terrabank, and Ana Margarita Ortiz de Horvilleur, Executive Director of Fundación Ortiz, who shared their life experiences, both personally and professionally, which was undoubtedly an inspiration for many of the people who were present.

On July 22, 2021, a space was created again for our employees in the region called *I Am the Protagonist; It is Time to Act and Shine*. Karen Montalva, during her speech provided participants with an e-book with key material depicting how to act, which contains messages from women protagonists of our Organisation. In his workshop *Lead, and Make Your Team Shine*, she also shared a special moment with the leaders at a strategic level of the countries in which the banks of Grupo Promerica have a presence.

On November 11 and 12, 2021, the meeting between *Promericanos* was different. This time, men and women shared four sessions on the show: *The Power of Working Together*. In each session, the values of the Promerica Group were addressed: *continuous empathy, entrepreneurs by nature, shared trust and common culture*. Here, 16 *Promerican* exhibitors shared how they live those values daily. During this event, 6,100 people were connected.

Finally, on November 25, 2021, in commemoration of Men's Day in Ecuador, the webinar *Resuming the Way* was held, in which John Badel, consultant for talent development, change and transformation, invited men and women to reflect on the importance of the role of men in society.

Financial Education and Health

Towards the end of 2021, the *Mi Produbanco* programme recorded balances of USD 16,091,000.00 in active operations compared to USD 12,205,000.00 in passive operations.

The origination of new operations in the year was USD 5,349,093.00, with an average satisfaction rate of 97%.

The accumulated consumption by credit card was USD 3,959,000.00.

The above always observing the current regulations on loans to bank employees and officers.

The Impact Generated with Administration

With the placement of real estate loans for USD 7,539,000.00, which corresponds to 47% of the total portfolio of credit operations in favour of employees, this contributed to improving the quality of life and fulfilling the dream of 230 families.

Support to the Su Cambio por el Cambio Foundation

The commitment of economic sponsorship and support towards the Foundation was maintained for the development and continuity of its important social and educational projects in Quito and Guaranda.

During the year 2021, the work that the group of influencers of Produbanco (Cultural Transformation) has been doing

for the reactivation of the *Bakery Workshop* of the Social Project of the South of Quito was highlighted. A business model was prepared under which this renovated workshop will operate, which has the purpose of generating income both for self-management, and to strengthen the educational and preparatory component in this trade for the beneficiaries of the Project.

On the other hand, as a result of self-management among Produbanco employees, it was possible to raise the amount of USD 31,056.59, an amount that was used for the acquisition of the new truck that will serve the Guaranda project in its sales and distribution of its products. On Wednesday, November 17, 2021, the formal delivery of the new truck was made at the San Simón Community Development Project in Guaranda. This new unit began its operations in the distribution of its products in various destinations, including Quito.

On the initiative of Produbanco, from November 14, 2021 through the end of December, the *ZUMBATÓN* was held, which consists of a one-hour daily session of exercise and dance, designed to involve Produbanco employees and their families. The objective of this initiative was to collect resources for the technological equipment of the educational unit of the Foundation's South of Quito Project, which was satisfactorily fulfilled.

The support that has been given by the Produbanco medical team has also been very important, which, since the beginning of the pandemic has aided beneficiaries and their families in medical examinations and follow-up in cases of contagion, alert or isolation, as well as the realisation of tests for the detection of the coronavirus and the provision of protective equipment such as alcohol, masks, gloves and visors.

In addition, during this period, Produbanco supported the Foundation and its projects with the planning and implementation of its Occupational Health and Safety systems.

- **2021 Candy Campaign**

Thanks to the collaboration and continuous support of *Corporación La Favorita*, the Foundation produced 200,000 candy bags. It is important to note that this activity represents a source of employment for 40 people who are in a highly vulnerable situation and are beneficiaries of the South of Quito Project.

- **Educational Field: Progressive Return to the Classroom**

By order of the Ministry of Education and the Emergency Operations Committee at the national level (COE), and in response to the schedule issued for these purposes, the mandatory return of the foundation's students to the country's schools and colleges was coordinated.

Employer Brand

- **Produtalks**

Produtalks was born as an initiative to generate a process of networking and link with the Produbanco community (former, current and future employees), to retain and attract the best talent. This programme seeks to create a memorable experience and add value to

participants through various themes addressed in the events. So far, two editions have been held: The first edition with the theme of Conversations + Chocolate, in which two former Produbanco employees shared their experiences and how the Bank contributed to their professional growth. The event was accompanied by a chocolate tasting experience sponsored by PACARI. The second edition showcased the theme of Life stories; stories with music. As special guests were Karla Icaza (Executive Vice President of Corporate Governance of Grupo Promerica) and Ricardo Cuesta (Executive President of Produbanco), who shared their life stories told through songs. The event satisfaction result was 92% and 94%, respectively.

- ***Transfórmate* (Transform Yourself)**

The *Transfórmate* programme, through an initial evaluation, seeks to identify the potential of employees through their strengths and promote them to support the *digital transformation* process. Based on this information, the participants were grouped into four profiles: commercial, service, operational and technical. According to them, the training and development process was directed towards the areas in which their strengths would be best used and in which they would have a better performance. During the training, cross-cutting topics such as: *Customer Experience and Digital Transformation* were also included, which allowed them to acquire skills aligned with the Organisation's strategy. During the final phase, participants completed area internships that allowed them to put into practice the skills acquired and to consolidate their learnings.

This year, a first pilot programme was conducted aimed at the ATM population of Produbanco and Exsersa (ServiPagos) of Quito, in which 32 employees completed the programme. As a result of this first pilot, a 34% positive transformation of the workforce of this group of participants has been achieved so far.

Responsible Initiatives Facing the Pandemic

From March 2020 to December 30, 2021, out of a universe of 3,219 employees, 1,657 were infected with COVID-19. The recovery rate was 92.76%: 1,000 employees recovered, 17 were re-infected, 105 were infected whilst vaccinated, and unfortunately the passings of two people were recorded.

Vaccination was conducted successfully, with 3,210 vaccinated employees currently in attendance.

- **Vaccination Days**

In 2021, vaccination days were organised in the main cities of the country, with both employees and relatives benefitting from these events. In these, 3,217 people were inoculated with full doses.

In addition, on September 16, 2021, the day for adolescents between 12 and 16 years old was held, in which 366 children and relatives of employees were vaccinated.

On October 20, 21 and 22, 2021, vaccination was carried out on children between 5 and 11 years old, which concluded with 900 children vaccinated.

- **Recognition by the Ministry of Health**

Due to Produbanco's contribution to achieving the Government's vaccination target, we were granted recognition by the Deputy Minister of Governance and Health Surveillance for contributing to the 9/100 Vaccination Plan (9 million in 100 days), and helping to vaccinate employees and family members.

- **Labour Return Protocol**

By monitoring the situation of the COVID-19 pandemic on a daily basis, the return to work of employees who remained in telework was planned. To ensure an orderly, healthy and safe environment, priority was given to Bank operations, for which the following activities were carried out:

- 1.Capacity survey by building and office.
- 2.Institutional prioritisation for return:
 - Business Units
 - Staff Units
 - Support Units
- 3.Implementation of safe facilities according to room capacity corresponding to:
 - Dining rooms
 - Meeting rooms
 - Maternal nursing areas
- 4.Implementation of biosafety protocols.
- 5.Provision of personal protective equipment:
 - Antigen tests for return

Ethics Line

During 2021, signs of trust were ratified with respect to the *Ethical Line* channel, which was demonstrated by the greater amount of information received voluntarily on the anonymous intranet site. This, together with the collection of additional relevant information, contributed to decision-making and group solutions and allowed a more direct and timely management in the resolution of 56 cases solved in first instance with the participation of the members of the Ethics Line Commission. The average resolution time was 13 days per case. Among the relevant actions applied for the definition of solutions are the following:

- Meeting and follow-up with department leaders to reinforce leadership styles and feedback to the team.
- Feedback to department heads and definition of comprehensive development plans.
- Compliance with policies and procedures.
- Studies of working environment, dissemination of results, and formulation of improvement plans.

During 2021, there were no cases of internal fraud.

Kind regards,

A handwritten signature in black ink, appearing to read 'Diego', with a large circular flourish at the start and a long horizontal stroke extending to the right.

Diego Mosquera Pesantes
Chairman of the Ethics and Responsible Management
Committee



Report of the Sustainability Committee

The Sustainability Committee presents the annual report of activities for 2021, which details various actions carried out in terms of sustainability and social responsibility by Produbanco and its Subsidiaries.

As a starting point, it is important to note that the Bank's General Shareholders' Meeting, given the importance and transversality of sustainability, which is part of the institutional strategic pillars, resolved at the statutory level to create the Sustainability Committee, separating it from the Ethics Committee and expanding its agenda to the various aspects and procedures that the Institution carries out in its role in responsible banking.

Net-Zero Banking Alliance Commitment

Produbanco, Banco Promerica of Costa Rica, and Banpro of Nicaragua, institutions of the Promerica Group, joined 40 other banks worldwide in the creation of a global alliance to achieve net-zero CO₂ emissions in the financial industry derived from their loan and investment portfolios. Signatory banks have to set emission reduction targets for both 2030 and 2050.



Principles of Responsible Banking

For the first report to be presented as a signatory bank of the *Principles for Responsible Banking*, the progress in the implementation of these standards in terms of the strategic axes promoted by the Bank in terms of Principle 1 of *Strategic Alignment* and Principle 2 corresponding to the *Impact and Setting of Objectives*, were published, for which the Bank has identified the UNEP FI impact tool that allows determining the positive and negative impacts of the portfolio with a social, environmental and economic approach.

Regarding Principle 3 of *Customers and Consumers*, the value proposition of the *Green Lines Programme* was reported on and how information is shared with customers to identify opportunities to improve their sustainable management complemented by training programmes to support SMEs and large companies in various sectors.

Principle 4 on *Stakeholders*, focused on proactively and responsibly consulting and collaborating with relevant stakeholders, is carried out through the Materiality Study that the Bank carries out every two years.

Principle 5 on *Governance and Culture* has defined the Bank's governance structure to support better implementation by making substantial progress on this Principle with actions defined to assign clear and specific roles and responsibilities.

Finally, with respect to Principle 6 on *Transparency and Accountability*, these advances are communicated in a public report to the various stakeholders.

Commitment at the Statutory Level

On March 25, 2021, the Ordinary General Shareholders' Meeting approved the partial reform of the Bank's Bylaws, which included several aspects related to the care of the environment and the active participation of Produbanco. It highlights the incorporation into the powers of the Executive Chairman or those who exercise the legal representation of the Bank, so that they consider the effects of their decisions or actions with respect to the local and global environment. In addition, it is established that a positive material impact on society and the environment will be sought by considering them as a whole, which will be evaluated taking into consideration the standards of an independent third party specialised in the matter.

Improvements Implemented Within the Certification Process as a B Company

Produbanco has embarked on a path to strengthen its management with environmental, social and governance criteria aligned with the standards of *B Companies*. Among the improvements implemented, the following stand out: inclusion in the Social Statute, total monitoring of Greenhouse Gas (GHG) emissions, formal implementation of teleworking, increase of facilities with eco-efficient characteristics, monitoring of the air quality of the facilities, improvement in the policy and assistance to customers for the establishment of a good credit history, Sustainability and Climate Change Policy, new process in the vetting of vendors, and the Corporate Eco-efficiency Programme.

Renewal of the Carbon Neutrality Certification

Once the corresponding measurement was completed, it was subjected to an audit examination by a qualified external entity, in this case SGS (*Société Générale de Surveillance*). As this is the second year of measurement, the Emission Reduction Plan was also revised: goals and actions implemented thus contributing in the mitigation of climate change and the generation of a positive environmental impact. Finally, SGS confirmed that Produbanco has achieved *Carbon Neutrality* for its 2020 carbon footprint, providing evidence of the purchase and withdrawal of 1,833 carbon credits.

Administration System Management of Environmental and Social Risks (SARAS)

This analysis has been implemented in the commercial portfolio of clients in which the Bank has an exposure of more than USD350,000.00. As of December 2021, this analysis covers about 90% of the exposure of the commercial portfolio according to the established categorisation and clients' activities. Of this segment, 54% are applied an Extended Due Diligence (DDA), whilst 16% with Basic Due Diligence, do not require the presentation of any document since the basic activity in this segment is commerce (purchase-sale) and does not represent a high risk in the environmental and social areas. In terms of performance, 83% of clients with DDA have already been processed and those cases are constantly being monitored and followed up. Towards the end of 2021, there were 39 cases with a conditioning programme, of which 15 have already been completed. Customers perceive this aspect as an added value and an accompaniment of the Bank to do

things well, as well as expressing a recognition in the sense that Produbanco has been a pioneer in this practice.

Evolution of the Green Lines Programme

In August 2021, the fifth anniversary of this successful programme was celebrated. Throughout these years, a process of specialisation and identification of new opportunities has been carried out, which allowed it to venture into the sustainable construction sector, especially with EDGE certifications and the support of technical assistance.

To move forward with this management effort, a series of events have been held to expose the importance and procedure for the certification of buildings as well as training to identify projects of rapid efficiencies that generate efficient use of energy and water. In the same manner, this contributed to position the *Green Lines Programme* not only as a credit product, but also as a link to promote sustainability in customers, especially SMEs.

Produbanco's Green Credit reached disbursements of USD 325 million in more than 442 projects distributed among the Amazon, Highlands and Coastal areas. For its part, the Green Account has had an important growth during the last year, especially around its digital option, reaching 39,467 accounts and a balance of more than USD 24 million.

Portfolio Issuance Information

In reference to the commitment to decarbonise the portfolio by 2050, one of the first steps has been to consider the

portfolio, not only in terms of dollars, but also tons of CO₂. With this background, in addition to the client's information on environmental and social risks, information is provided on the emissions attributable to Produbanco for the financing to be analysed and the percentage it represents within the portfolio.

Sustainable Shrimp Project with eco.business Fund EBF

The objective of this programme was to evaluate improvements in the production practices of shrimp customers firstly through the *Aquaculture Stewardship Council ASC* standard, which is a sustainable shrimp certification, and secondly through the application of Green List measures provided by the eco.business Fund, to reduce the impact on the environment, improve relationships with local communities and also improve efficiency in the use of natural resources.

Green Talks

This training initiative was launched to the Bank's business segments: SME, Business and Corporate, whose objective is to inculcate the new definitions related to the commitments of the *Green Lines Programme*; all this within the context of the technical assistance of the *eco.business Fund*. With this background, the purpose of the events is to update this content and methodology four or five times a year and encourage the creation of a sustainable portfolio for the teams.

FMO Financing and Technical Assistance

At the end of 2021, two new financings were received from *Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. (FMO)*, whose destination of the facility is aimed at financing the general SME portfolio, the SME women portfolio, and the green portfolio. In this line, and as an added value, these facilities include technical assistance from the *eco.business Fund*.

Environmental and Social Criteria in Vendor Qualification

General factors of evaluation of a vendor regarding its situation in terms of sustainability, environmental requirements for the contracting of services or purchases, anti-corruption policies have been incorporated.

Aprinde (Learn) Finances Education Programme

This important programme was successfully developed in an environment in which virtual training was the tool used to reach 8,833 people among clients, employees, schools and the community in general in 39 cantons of the country. On the other hand, the work with schools allowed volunteer activities in which employees were able to support young people from the coastal region in the development of sustainable entrepreneurship projects. In addition, the *Professionalisation Programme for Microentrepreneurs and Shopkeepers* was incorporated, aimed mainly at PagoÁgil agents and whose objective is to train this group in administration and sales tools to manage the growth of their businesses.

Sustainability in DNA

The strategies to convey to employees the relevance of sustainability and sensitise them regarding its importance, have been implemented through dissemination content in the internal channel *Al Día*, as well as technical training on sustainability and the *Green Lines Programme*, and the Environmental and Social Risk Management System (SARAS). In addition, a programme was designed to promote sustainable lifestyle habits with different options and tools; a group of employees committed to sustainability was formed that can replicate a sustainable lifestyle and become agents of change in sustainability. As for the new process of enrolling new employees, sustainability is part of this journey.

Global Compact Directory

Produbanco has been elected as a member of the Board of Directors of *Pacto Global Red Ecuador* for the next two years in conjunction with six business institutions from the highlands region, six from the coastal region, and five non-business organisations, thus consolidating its commitment to generating a more sustainable environment and continue to promote it with various stakeholders in society through active participation by the Board of Directors as well as in the leadership of SDG Tables.

Your Sustainable SME, SDG Table 17

As leader of SDG 17 of the Leaders for the SDGs initiative of the Global Compact Ecuador, a Guide was presented

to support the sustainable reactivation of SMEs. This web platform includes value propositions and support tools to accompany sustainable recovery in environmental and social issues, technology and digitalisation, operational and capacity issues, and interaction and relationship with stakeholders.

Leadership, SDG Table 13

Similarly, as part of the *Leaders for the SDGs* initiative, the Bank is leading SDG 13 with the goal of promoting carbon footprint management in the private sector in the country, and leveraging it with the Bank's commitment to the *Net-Zero Banking Alliance*. It is a collaborative table made up of members of the Global Compact, which has the support of GreenWise as a technical ally, UNDP and the Ministry of Environment as strategic allies, and also the Galapagos Ecological Airport as the previous leader of the Table.

Ecuador Zero-Carbon Programme

Produbanco is a strategic partner of the programme of the Ministry of Environment, Water and Ecological Transition that will allow the private sector to measure, reduce and offset the carbon footprint in the country.

Launch of the campaign Nature Speaks to Us. *This event was held in February 2021* with the renowned Colombian musician Carlos Vives, who personifies "The Moorland" in the campaign seeking to raise awareness regarding the importance of the planet's natural ecosystems and how we can contribute in their care.

Moorlands Initiative

The programme *Conserving Our Water Sources: The Moorlands of Ecuador*, celebrates two years from its inception. This initiative has given way to the conservation of 6,141 hectares of moorlands in the provinces of Loja, Chimborazo and Carchi, with a beneficiary population of 897 people, where 54% are women and 46% men. The contribution is destined to economic, productive and bio-entrepreneurship development, conservation, social and cultural development, and institutional capacity-building.

Coalition for Water Security

In line with the objective of protecting water sources and water resources in the country, Produbanco joined as a founding member with an economic contribution to the Coalition for Water Security, which seeks to work collaboratively with the public, private, academic and civil society sectors, focused especially on the productive sector and with the aim of influencing public policy, articulating actions, and support for the strengthening of corporate water management in the country.

Promericanos Volunteer Day

Within the framework of this day executed in conjunction with all the countries of the Group, Produbanco joined the *Oxygen for the Future* initiative that seeks to plant nine million trees by 2030 and meet the goal that the country committed to during the Paris Climate Summit. With this initiative, employees are also linked through volunteer days. In addition, they were invited to maintain and take care of a

plant in their homes, and in this manner, reach the homes and families of employees.

Recognitions

Global Finance Recognition

Global Finance magazine, in the first edition of the *Sustainable Finance Awards*, awarded two regional recognitions to Produbanco in the categories: *Outstanding Leadership in Resource Management* and *Outstanding Leadership in Green Lending*. This new Global Finance programme recognises global and regional leadership in Sustainable Finance, considering financial institutions that promote the financing of sustainable initiatives and help build a more sustainable future for humanity.

IDB Scorecard Analysis

The multilateral organisation promoted an evaluation of the maturity of sustainable finance practices to various banks in the country, in the Andean region and in Panama, which has placed Produbanco among the three best in this assessment with the rating of "Leader" in terms of the Environmental and Social strategy, "Advanced" in terms of Environmental and Social Risk Management, and "Leader" in climate and sustainable projects.

Socially Responsible Company Distinction

Produbanco received the distinction as a Socially Responsible Company. The ESR® Distinction is an initiative of CEMEFI of

Mexico that has been delivered for over 20 years in that country and that through the ministering of CERES was delivered for the first time in Ecuador since last year. The companies that receive the ESR® Distinctive are those that have demonstrated their commitment to corporate social responsibility and sustainable development through an exhaustive evaluation process in: business ethics, quality of life in the company, link with the community, environment, and social responsibility management.

EDGE Certification

This certification reviews the issues of energy, water and materials by seeking to demonstrate savings versus a global construction standard. The Bank's new building in Guayaquil was inaugurated with *EDGE certification*, and Ekopark and Iñaquito received the *EDGE Advanced Certification*. These modern buildings are fully automated and meet high sustainability parameters by generating energy and water savings.

Recognition Granted by IDB Invest

Produbanco obtained this recognition in the category *First Transaction with Syndications and Outstanding Partner Bank, with Support to SMEs for the Andean Region*, for the management in building sustainable relationships to boost foreign trade and generate development for the region.

National Day of the Moorlands and recognition by the Ministry of Environment

Thanks to the support from Produbanco, June 23 has been designated as the *National Day of the Moorlands*. In the

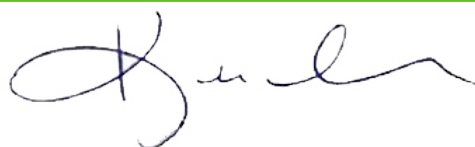
framework of the first celebration of this national day, the Ministry of Environment granted recognition to Produbanco for leading the Moorlands Initiative in conjunction with Conservation International Ecuador.

Investment

Below are the figures of the investments made (next page).

Social Investment 2021

Type of Investment	Integral Education and Community Development	341,658	36.0%
Social Investment	Su Cambio por el Cambio Foundation	333,658	
Community Investment	United for Education United for Education	8,000	
	Water and Moorlands	211,500	22.3%
Community Investment	Moorland Conservation Programme	200,000	
Community Investment	Coalition for Water Security	4,000	
	Conservation International	7,500	
	Sustainability	132,484	14.0%
Commercial Initiative	Sustainable Ecuador	55,000	
	Carbon and Water Footprint Measurement / Certification	19,394	
Commercial Initiative	DFC Agreement to Promote Green Lines	15,000	
	Company B Certification	13,650	
	Alliances (Global Compact, UNEP FI, CERES)	12,945	
Community Investment	Leadership Table SDG 13	6,000	
Commercial Initiative	Water Contest	4,000	
Commercial Initiative	IDB Signing of Agreement	1,500	
Commercial Initiative	Oxygen for the Future	3,995	
	ESR Certification	1,000	
	Other social sponsorships	73,698	7.8%
Social Investment	Fudrine (Cerebral Palsy)	24,000	
Social Investment	El Apuntador Foundation	18,000	
Social Investment	Atucucho (medical dispensary)	14,400	
Social Investment	Christmas 2020 (SOLCA Cuenca, Atucucho among others)	6,250	
Social Investment	San Juan de Dios Shelter	3,498	
Social Investment	Resurgere Foundation	2,000	
Social Investment	San José Foundation (Gerontological Care)	1,600	
	Telethons	-	
	Other Sponsorships	3,950	
Community Investment	Learn Finances Educational Programme	91,281	9.6%
	Sustainability and Social Responsibility Report	36,479	3.8%
Social Investment	Health Emergency Support	61,670	6.5%
	National Vaccination Plan	61,670	
	Total Investment 2021	948,770	100.0%



Karla Icaza Meneses
Chair of the Sustainability Committee



Report of the Remuneration Committee

The Remuneration Committee has ascertained and approved the Bank's general salary management policy, including the review of salaries in 2021 and its compensation strategy together with the respective analysis of the country's economic and market conditions. The remuneration policy of senior management is in accordance with the respective regulations, which establish the salary ranges for administrators and legal representatives of the institutions of the private financial system as well as all Bank officials.

Karla Icaza Meneses
Chairman of the Remuneration Committee



Subsidiaries

Externalización de Servicios S.A. Exsersa

Throughout the year, our subsidiary Externalización de Servicios S.A. Exsersa continued with its growth strategy through PagoÁgil and with the creation and strengthening of strategic alliances with private companies through its connection to the ServiPagos transactional switch, which allows them to offer our products for collections directly to their customers, either in person or digitally. This made it possible to end 2021 with a large number of payment points located throughout Ecuador.

We closed the year with 52 ServiPagos agencies nationwide compared to 50 in 2020 and with 14,625 PagoÁgil points, an increase of 22% when compared to the 12,026 we had at the end of 2020.

In 2021, ServiPagos ventured into the world of digital communication with the launch of its website and its profile on Facebook, channels that will be used to communicate to customers regarding the products and services provided by ServiPagos and PagoÁgil.



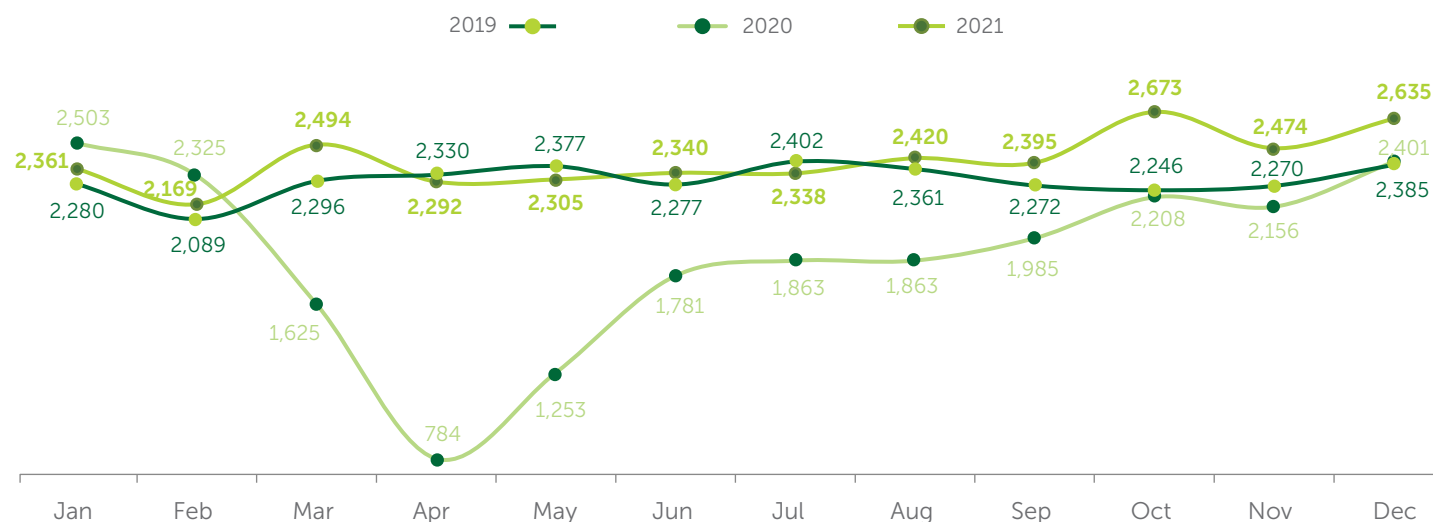
EXTERNALIZACION
EXSERSA
DE SERVICIOS S.A.

PRO
TRAMITES
TRAMITES PROFESIONALES S.A.

PRO
CONTACTO
SOLUCIONES INTELIGENTES S.A.

ECUA
PAYPHONE
ECUAPAYPHONE C.A.

2019 – 2021 Monthly Evolution of Transactions Processed in Exersa (thousands of transactions)



Regarding the number of transactions, Exersa's consolidated total grew by 27% compared to that registered in 2020, which represents an increase of 5.4% in transactions processed in ServiPagos agencies and 37% in those made at PagoÁgil points.

2019-2021 Evolution of Transactions Processed by Exersa

2019	2020	2021	2020-2021 Variation	2020-2021 Variation %
27,586,218	22,747,280	28,898,291	6,151,011	27.0%

Similarly, Exersa's revenue improved by 23.5% as compared to 2020, and profit amounted to USD 1,435,737.

2019-2021 Evolution in Exersa Income (in dollars)

2019	2020	2021	2020-2021 Variation USD	2020-2021 Variation %
17,067,710	13,309,086	16,435,472	3,126,386	23.5%

2019-2021 Evolution in Profits (in dollars)

	2019	2020	2021
Accumulated Profits	778,196	(1,117,236)	1,435,737

Protramites Trámites Profesionales S.A.

This subsidiary is responsible for two fundamental aspects: the management of the overdue portfolio of the Personal and Virtual Segments of Retail Banking, and the recovery of the written-off portfolio of all banks.

The first half of 2021 suffered severely from the ravages of the COVID-19 pandemic, which resulted in large volumes of non-performing loans. However, for the second part of the year, new recovery strategies were applied, which, together with the gradual improvement in the economic situation, generated a considerable reduction in the non-performing loan portfolio and write-offs, which even exceeded forecasts. Thus, at the end of 2021, the overdue portfolio index stood at 1.35%, a percentage lower than the average of the four largest banks in the country (2.03%).

On the other hand, the adoption process of the newly implemented *Collections by CreditForce* collection system (phase 1), which complies with the standards of the Promerica Group, was continued. In June 2021, it reached its stabilisation, whilst the collection team completed the learning curve. Phase 2 of the system was then undertaken, a stage that focused on all the processes associated with the judicial collection of the portfolio. Its implementation is expected to be completed by the end of 2022.

As for the written-off portfolio, the efforts deployed obtained a recovery of approximately USD 28 million, an important contribution for Produbanco within the non-operating income line.

Regarding the *Early Default* platform, the strategy was focused on two fronts: recovering the pre-pandemic standard of recovery effectiveness and tracking the payment

behaviour of customers who accessed special solutions during the 2020-2021 period.

Medium Default represented a centrepiece in the recovery of the overdue portfolio. It exceeded expectations with collection levels similar to those of years prior to 2020 and managed to contain the passage from overdue to written-off portfolio.

Advanced Default maintained its high productivity standards and successfully managed the challenges that the crisis imposed on it with the achievement of the recovery objectives set forth.

Legal Processes continued with the support Retail Banking and the SME Segment, intervening even in advance in negotiations to provide the client with solutions that involved the shortest possible paperwork time, which represented a *win-win* relationship for the parties. The support of this area has become a key factor in the achievements of the Business area in the Quito and Guayaquil Zones.

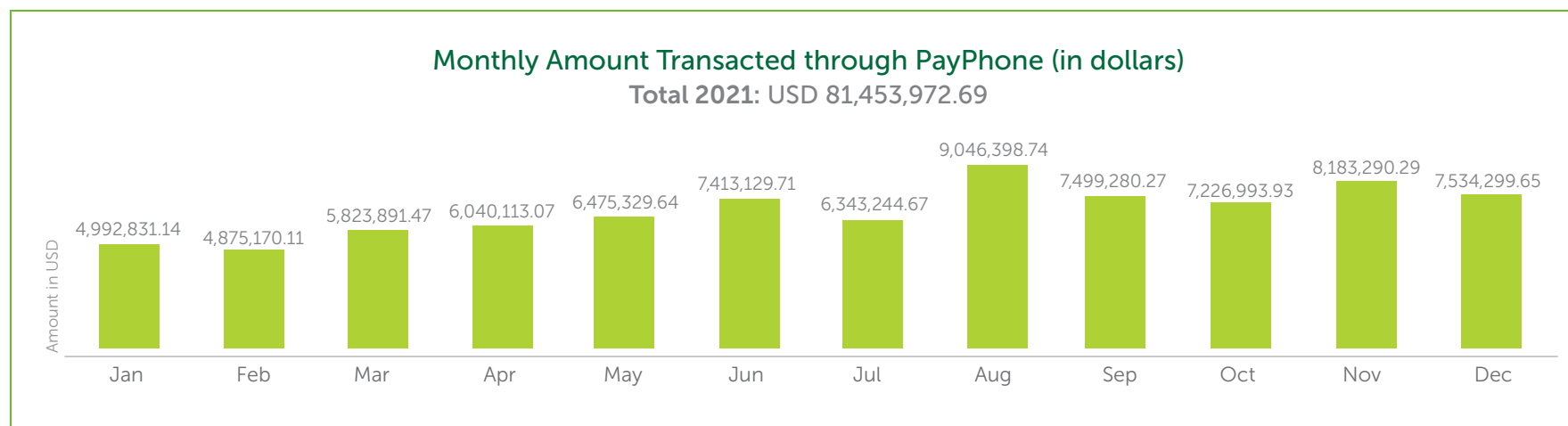
Finally, in 2021, the *Internal Portfolio* area of Protramites reported a recovery of the purchased portfolio, between capital and interest, for a total of USD 662,428.



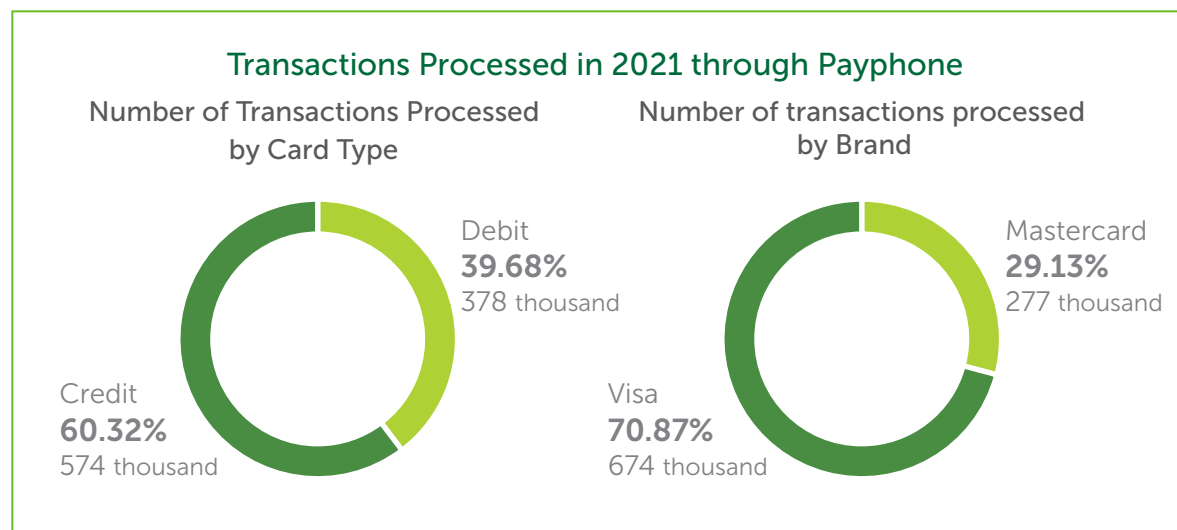
EcuaPayphone C.A.

This year, the subsidiary recorded a significant improvement in its transactionality that was reflected in the amount of transactions performed through PayPhone, which almost doubled. We went from a total of USD 47,128,705 in 2020 to USD 81,453,973 at the end of 2021. The satisfactory billing results led us to ensure compliance with our administrative

break-even point. In this manner, we continue to promote the digitalisation of payments in Ecuador whilst advancing in the displacement in the use of cash as a means of payment. The following figure shows the increasing behaviour of the securities transacted month by month.



Through the PayPhone platform, we provide access to credit and debit card charging to many new businesses and individuals, among which are independent professionals, entrepreneurs, stocked kitchens for home sales only, or people who took the risk of taking the first step towards digital sales, either through social networks or WhatsApp.



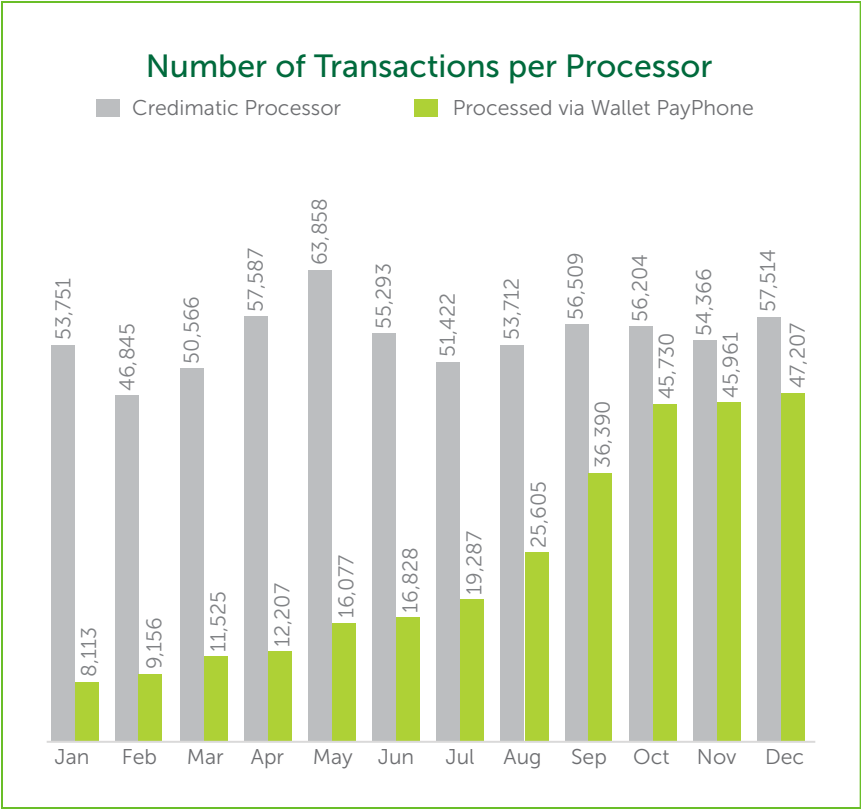
The granting of this collection capacity to any person or business for the sale of their goods or services is a fundamental part of the concept of the PayPhone project as well as to provide them with the opportunity to pay with

the money that is in their bank account or with the limit pre-approved by the bank issuing their credit card. The figure below breaks down the total transactions in 2021 by card-issuing institution.

Distribution of Total Amount Transacted 2021 (USD 81,453,972.69) by Major Issuing Entities

Issuer	USD Amount	
Banco Pichincha	28,259,022.72	
Produbanco	21,311,995.82	
Banco Pacífico	11,222,248.96	
Banco Bolivariano	4,434,351.58	
Cooperativa JEP Juventud Ecuatoriana Progresista	4,006,823.53	
Banco Guayaquil	2,750,904.05	
Banco del Austro	2,481,053.51	
Banco Internacional	1,917,745.18	
Banco General Rumiñahui	661,781.36	
JP Morgan Chase Bank (USA)	653,010.36	
Citibank (USA)	289,399.81	
Bank of America N.A.	266,994.34	
Banco de Machala	229,811.54	
Capital One Bank (USA)	227,275.24	
Mutualista Azuay	222,802.99	
Mutualista Pichincha	194,441.73	
Wells Fargo Bank N.A.	180,051.18	
Banco de Loja	160,115.83	
Barclays US	88,451.69	
Banco Amazonas	87,600.35	
Others	1,808,090.92	

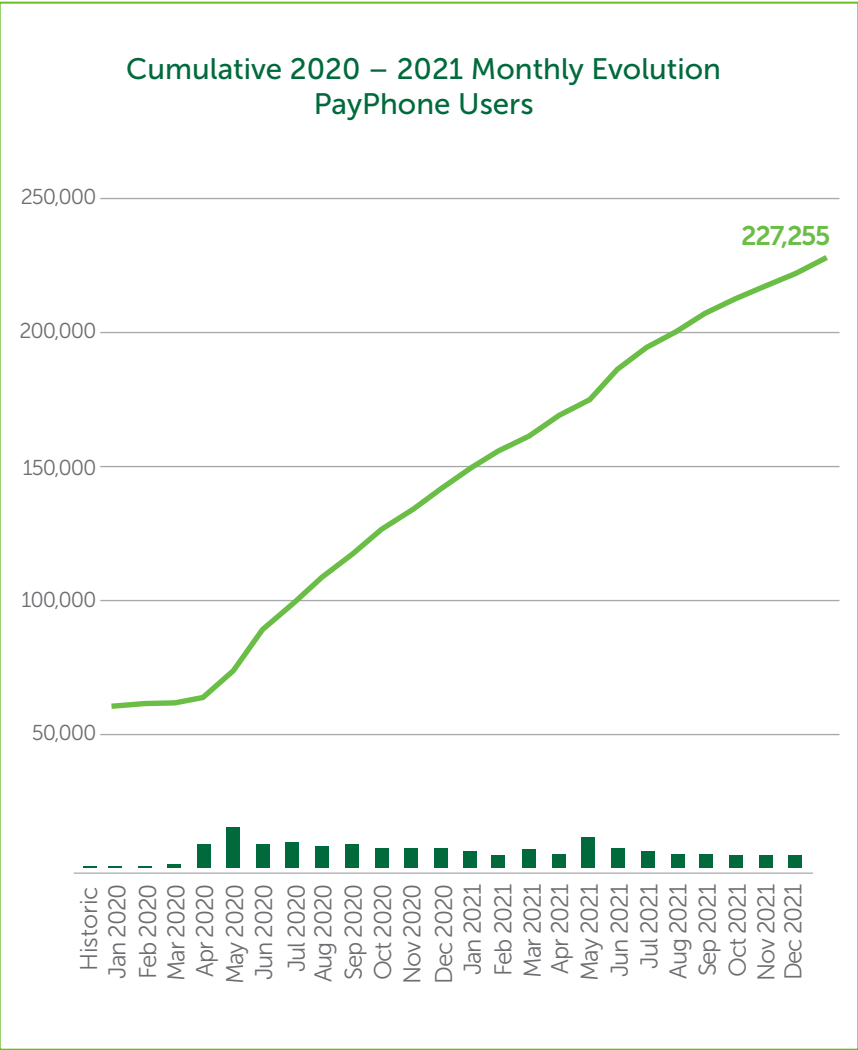
In line with our approach of representing a solution for the entrepreneur and the small business owner who do not have the opportunity to access a POS (point of sale terminal), we created the *Wallet PayPhone* service. Through this, all users can view the payments they receive, the balance they keep in PayPhone, make payments to third parties, or send the funds to a checking or savings account of any bank or cooperative in the country.



In 2021, we experienced a significant increase in the use of this product with which we reiterate our intention to serve and not offer a closed-circle collection and payment option.

Towards the end of December, the total number of PayPhone users with the application downloaded in Ecuador amounted to 227,255.

At the end of 2021, we have 18,869 affiliated businesses.



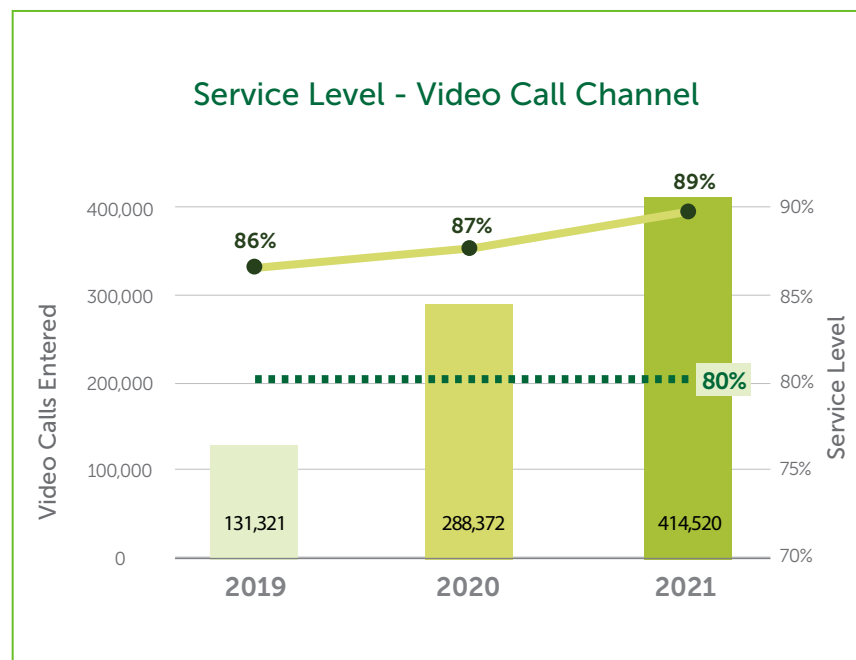
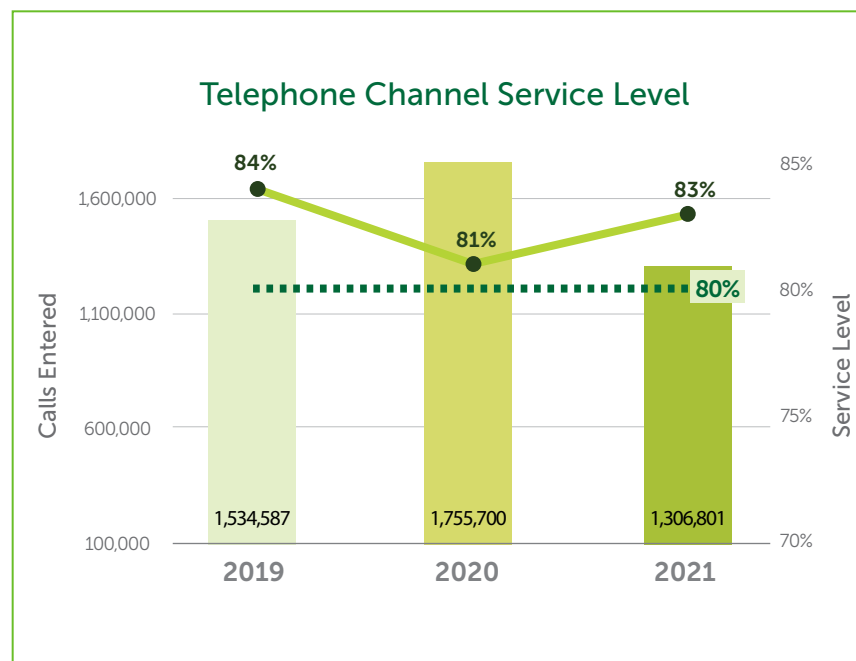
ProContacto Soluciones Inteligentes S.A.

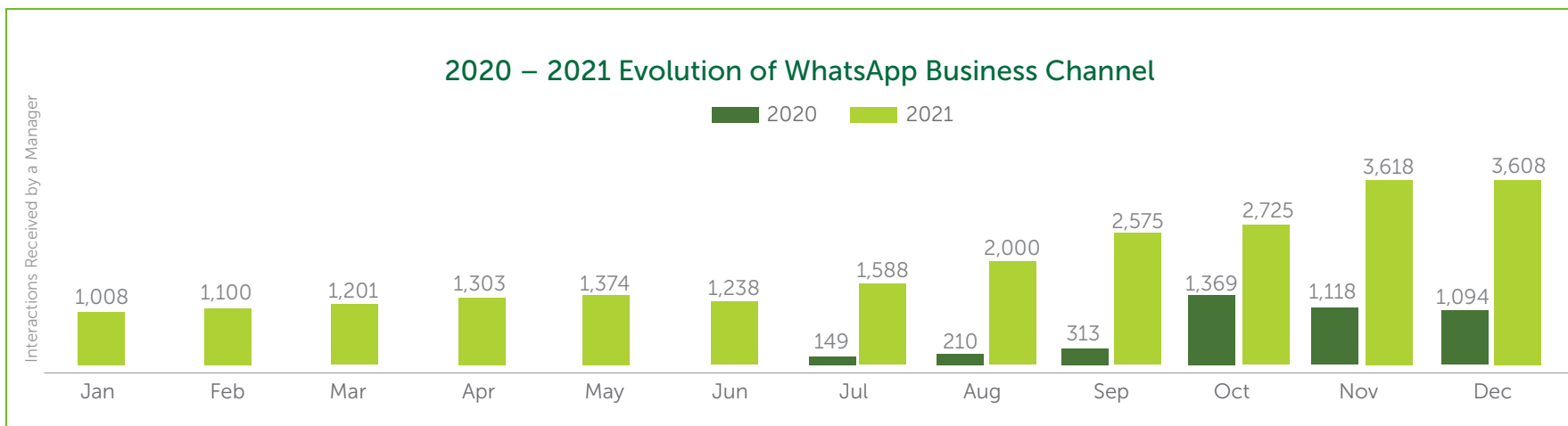
ProContacto Soluciones Inteligentes S.A. continued to provide its services to Produbanco through the telephone, video call, email, chat and WhatsApp channels in its three lines of business: *Inbound* (for customer service), *Outbound* (management of notification campaigns, confirmation, welcome to new customers, satisfaction surveys on the service received), and *Sale of Products* (mass campaigns to promote the use of products or services along with product marketing). In addition, this year the new *Preventive Credit Card Collection* service was implemented.

At the end of the year, 46% of the subsidiary's staff carried out their work in person, whilst 54% did so in the form of partial and full-time teleworking. The employees of ProContacto Soluciones Inteligentes S.A. are distributed in Quito and Guayaquil at the Iñaquito and Pacífica Buildings, respectively.

The Company resumed normal trading volumes in 2021. The following main service channels experienced variations: the telephone channel decreased by 26%, whilst the video call channel grew by 44% as compared to 2020.

The *WhatsApp Business* channel – the latest to be implemented – grew by 123% during the second half of the year as a result of the promotion executed.



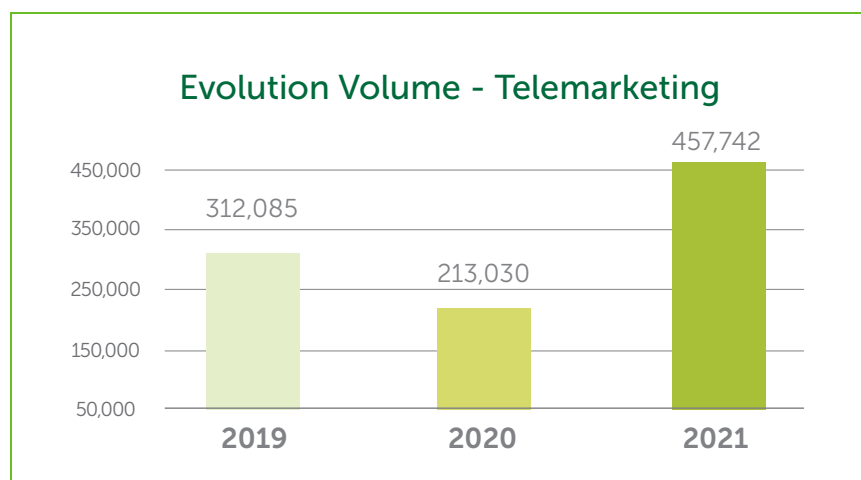


Telemarketing on the other hand, due to the restart of campaigns suspended by the health emergency and the new momentum in the promotion of products and services, registered an increase of 115% when compared to 2020.

On the other hand, from June to December, the *Preventive Credit Card Collection* campaign was launched, which allowed achieving a growth of 14% in this line of business.

Several relevant aspects deserve to be highlighted during the management of 2021:

- The menu redesign of the 1700 123 123 line, which consisted in a reduction from nine to six options and the elimination of infrequent transactions to facilitate navigation by the client.
- Implementation of a new authentication modality with OTP (One-Time Password) -single-use numeric code- before the client is serviced by the manager, which reinforced security.
- Support migration at the first level of contact in the following transactions: request for activation of inactive accounts of individuals, balance refund in favour of credit cards, and retention of credit cards, all of which improved customer experience.



- The monitoring capacity of *Speech Analytics* was enhanced with the implementation of the credit card sales queue analysis, which allowed identifying opportunities for improvement in the handling of objections and sales closings. In addition, the number of processing hours increased from 100 to 250 thus resulting in increased monitoring of phone interactions.
- Automation in the extraction of statistical reports from various service channels to improve control along with administrative monitoring.



Management of Business Units

Corporate Banking

Leaving behind a difficult year such as 2020, in which many Corporate Banking clients were affected, the first quarter of 2021 began slowly and cautiously largely due to the country's political uncertainty prior to the Presidential run-off. Subsequently, thanks to the economic reactivation supported by the acceleration of the vaccination campaign for the population, Produbanco clients were more dynamic in the following two aspects: transactionally, especially through digital channels such as our Cash Management platform and in the field of financing and foreign trade to return to the levels of their activity prior to the pandemic and revitalise their businesses.

Corporate Segment

Within the context described above, obligations to the public of the Corporate Segment closed at USD 770 million, an amount 4.00% higher than in 2020 and which represented 15.97% of the Bank's collections. This result was marked by the growth of demand deposits by 14.2% and a reduction in term deposits of 19.38% when compared to 2020.

From the second quarter, both the demand and supply of loans from the segment accelerated, which led to a portfolio balance of USD 1,486 million (17.99% higher than to 2020) and a 37.5% share in the Bank's portfolio. In



addition, the placements of this Segment constituted 58.8% of Produbanco's total. On the other hand, the increase in supply was reflected in interest rate reductions.

Given the environmental circumstances that the planet is experiencing, in 2021, we promoted the placement of green credits in which we reached a volume of USD 87 million.

For the second consecutive year, contingents registered a significant increase of 38.9%, a percentage influenced by the intention of various economic sectors to recover their inventories.

In line with the digital transformation of banking, the *Confirming* product – developed in 2020 to strengthen the offering of products that support the productive chain of business customers with their vendors, customers and distributors – showed outstanding performance: over 8,600 invoices processed in 2021 for a total amount of USD 54 million.

Business Segment

The Business Segment began the year with a redefinition of its customers' profiles with a modification of the annual turnover range (from USD 5 million to USD 35 million; previously, with the upper limit up to USD 25 million), which achieved greater market share and improvements in service.

The performance of obligations to the public was favourable reaching USD 302 million (6.27% share compared to the Bank's total deposits), with a growth of 15.6% as compared to 2020, thanks to significant increases in both monetary and term deposits. This behaviour is related to the increase in transactions made through the Cash Management platform.

For its part, in 2021 the Segment achieved a growth of 18.1% when compared to the previous year, thanks to which it closed with USD 420 million in its portfolio, equivalent to 11.5% of Produbanco's placements. The Guayaquil market was the one that presented a greater increase (20.8%) and exceeded the total portfolio of the city of Quito.

To promote the sustainable and environmental development of business customers, green loans were disbursed for USD 18 million, which were destined to agricultural and industrial sectors.

In terms of digital transformation, we went from originating USD 1.90 million to USD 15.6 million with the *Firma Click* product (digital signature to carry out credit transactions). In addition, through our *Confirming* option, we processed 471 invoices worth USD 1.9 million.

Committed to the development of customers, and given the economic situation of the country, we held two talks on the macroeconomic environment of Ecuador, which were carried out online.

Institutional Segment

We closed 2021 with a total volume of managed liabilities totalling USD 675.7 million, the highest amount that the Segment has historically handled. Within this amount, deposits were distributed as follows: 41% on-demand, and 59% on-term.

Regarding the credit portfolio, whose focus is mainly on operations with insurance companies and financial institutions, the closing figure for 2021 amounted to USD 42.6 million.

The Institutional Segment managed 338 institutional relationships, whose activities include: banks, segment 1 credit unions, insurance and prepaid medical companies, public sector entities, and institutions, securities agencies, fund and trust administrators, international organisations, and NGOs.

The nature and size of the positions of these types of clients require permanent monitoring of deposit cycles and volumes, rate levels, opportunity generation, and the participation of Produbanco as compared to other financial institutions. To this end, a team of responsible executives is in permanent contact with each of the clients to make available the portfolio of products and solutions developed according to their specific needs centred around liability management, transactional solutions, and collection alternatives principally.

Correspondents and Multilaterals

In 2021, we secured important facilities with foreign entities for a total of USD 363 million.

These resources were allocated to the development of small and medium-sized enterprises, the growth of green businesses, the support of businesses led by women, and the strengthening of foreign trade operations of our clients with whom we share technical assistance on various sustainability issues.

In the long term, worth mentioning are the closed operations with the *United States International Development Finance Corporation (DFC)*, a development entity of the United States Government, for USD 150 million, and with the *Netherlands Development Bank (FMO)* for USD 92 million.

In the short term, among other operations, we renewed a facility with the *International Finance Corporation (IFC)* for USD 50 million. IDB Invest also led a syndicated structure for USD 65 million.

In addition, through this team, Produbanco maintained relationships with global and regional banks that allowed us to support the business of our exporting and importing clients with letters of credit, guarantees, collaterals, and collections.

Equity Segment

Through the Equity Segment, we offer personalised advice and professional accompaniment that meets the highest standards of confidentiality. Our clients and their family groups find security and profitability in the management of their assets over time and various stages and transitions of their families and companies.

We have a trained team of executives that makes products and solutions available to customers according to their needs through a *premium service*, which includes the delivery of updated and relevant information on the situation of national and international markets, through which they can make informed decisions about their investments or debts.

The sum of all these factors has allowed us to maintain the trust of our customers and to build solid and lasting relationships.

As of December 2021, we had 2,092 customers.

Retail Banking

People Segment

2021 was a year of great challenges that drove us to continue transforming ourselves for the benefit of our more than 1.2 million customers.

We closed the year with a favourable evolution of amounts of fund capture and placement. Customer deposits increased by 7.3% compared to 2020, with growth in both demand (9.0%) and in term balances (4.9%).

For its part, the total portfolio balance reached USD 1,400 million, with an increase of 11.6% as compared to 2020. Excluding credit cards, the portfolio balance closed at USD 758.9 million thanks to the granting of USD 364.8 million in loans, a figure 79.0% higher than the origination of the previous year, and higher by 6.4% than that of 2019 (year before the pandemic).

The People Segment developed its activity in an environment of uncertainty; however, in the last months of the year, there was a better performance of consumption that influenced credit recovery. The portfolio grew by USD 64.5 million, with an increase of USD 72.9 million in consumer loans and a decrease in automotive and mortgage loans.

To achieve the results of consumer credit, we worked intensively on several initiatives, among which the improvement to the online offer deserves to be highlighted, whose main attribute is the immediacy with which customers obtain their financing through our digital channels. This loan benefited 11,100 customers throughout the year and delivered USD 85.0 million representing 34.6% of the bank's total personal loans.

Other positive changes in this type of credit were the increase in the financing term to 48 months, the increase in the maximum amount of loans granted by the digital channel, and the adjustments to the risk policies in the credit profile of each client. The origination of consumer credit was marked at 80% by pre-approved credit campaigns whilst the remaining 20% came from demand considerations.

On the other hand, we worked on customised alternatives for the Microcredit Segment. To promote the capture of this market and support commercial dynamism, we presented value propositions among which the launch of the credit card for the microcredit client stood out, which reached a balance of USD 250,500 towards the end of the year.

Offices continued to be an important channel and are increasingly focused on improving the customer experience through the advice of our business executives. In 2021, the Guayaquil and Ibarra Branches were moved to new points of service – buildings built with a criterion of energy savings and sustainability – with a renovated image and open spaces to develop improved relationships, contribute to the goals of reducing CO₂ emissions, and to provide enhanced comfort to the customers who visit these locations.

With regard to the transformation process of the commercial network, we advanced in the migration of traditional offices to digital ones to improve the experience and liaisons with our customers. We closed 2021 with 37 digital offices located in eight cities nationwide, 17 located in Quito.

As for our payroll clients, we registered sustained growth thanks to our service-focused strategy. Towards the end of 2021, the number of these customers reached 162,000;

of these, 13,800 benefited from consumer loans for an aggregate amount of USD 117.5 million.

Likewise, we worked on personalised offers for this segment. We imparted 17 financial education talks over the course of the year to promote good credit behaviour. We implemented improvements in our digital account so that payroll customers can request this product, and we opened the *Mi Nómina* portal on the Bank's website with the intention that they have a space to access benefits and promotions.

Finally, with regard to insurance, we registered an increase of 6.88% when compared to the previous year. In 2021, we secured a total of 385,000 insurance and assistance coverages as a guarantee of credit operations and optional products that complemented the financial portfolio of our clients. To put at our customers' behest more services according to their needs, we continued launching -through ATMs-, low-cost campaigns with various coverages and attractive conditions. Over 12,000 customers received new benefits.

be Produbanco

In 2021, the *be* digital account turned five years old and reached a total of 73,719 active customers with an average balance of USD 210. These accounts are concentrated in Quito (46.75%), Guayaquil (30.41%), and Ambato (3.40%).

The communication approach is totally digital; therefore, all publications were made on social networks. This year, we strengthened our accounts on *Tik Tok* and *LinkedIn*.

In 2021 we started the development of the new *be* App (*be* 2.0). This project is comprised of a few phases: during the first phase, a complete change of *onboarding* (registration and introduction scheme for users) will be carried out, which will turn the app into a space with a more user-friendly and efficient interaction for the client, since it will not require signatures on any physical document, and will offer an improved verbal and facial identity based on the client's voice and with an optimised main menu. This first stage has already gone into production, whilst the completion of the entire project is scheduled for the end of 2022.

Virtual Segment

During this year, the number of customers in this segment reached 510,000, an increase of 16.7% when compared to December 2020. The portfolio was managed by 24 executives in charge of customer relations.

The year 2021 also represented a challenge for the Virtual Segment due to the ravages of the health crisis. However, these did not prevent the Bank from obtaining significant results due to the omnichannel and the rapid adaptation of this segment, both to digitally meet the requirements of customers, and to market products.

The fourth quarter of 2021 became the best historical performance in terms of asset marketing, tripling the placements registered in the last quarter of 2019. In this manner, the segment's direct portfolio grew by 50% in the year, and the assets under its management grew by 25% including Credit Cards.

Business Centre Agency

In its second year of life, the Business Centre Agency became the most profitable virtual agency nationwide, despite the COVID-19 situation. In total, it received an average of 420 clients per month, whose profiles correspond mainly to independents who are in the process of consolidating their ventures with the accompaniment of the Bank. Of this number, 26% of them belong to the Preferred Segment.

In terms of products, Produbanco Business Centre achieved USD 4.7 million in term deposits and a portfolio placement of USD 8.9 million, mainly composed of loans for employees and independents.

During 2021, the agency continued to receive its clients, who see the Business Centre as a formal place to telework and receive the financial advice they require to develop businesses, all whilst respecting capacity restrictions and the corresponding practices to mitigate the risks of the pandemic.

SME Segment

Since its launch in 2010, Produbanco's SME Segment has supported small and medium-sized companies nationwide with a service model where personalised advice prevails.

As of December 2021, this segment managed USD 570.56 million in obligations to the public belonging to 26,314 clients, a growth of 20% compared to the end of 2020. The nominal increase of USD 82.59 million in demand deposits at the national level contributed decisively to this result.

On the other hand, the main challenge during 2021 was tied to the management of the portfolio, whose focus was to favour the reactivation of clients' operations and businesses within the second year of the COVID-19 pandemic. The SME Segment ended the year with a portfolio of USD 537.85 million and a relative share of 13.6% of Produbanco's total portfolio.

In 2021, 3,845 credit operations were originated, 46% of which were granted in cities other than Quito and Guayaquil. In turn, of total credit operations delivered, 62% had an amount equal to, or less than, USD 100,000. Along these lines, 36% of the balance of the portfolio of the SME Segment was placed in clients with activities related to agriculture and aquaculture, or to manufacturing / industrial production. This denotes the approach of supporting the increase of the productive capacities of SMEs in sectors with a strong value chain within the country's economy. Likewise, Produbanco sought to generate flexible loans that facilitate the reactivation of SMEs or help them in adapting their business model to the new market reality. This is the reason why credit operations were carried out for USD 124 million with a term equal to, or greater than, 60 months.

With respect to the *Firma Click* programme launched in 2019 to serve customers with credit disbursements through the certified signature of digital promissory notes, as of December 2021, since its inception, it has registered 346 operations worth USD 25.73 million, whilst 60% of this figure was originated throughout 2021, and 61% has been destined to customers located in Guayaquil.

Finally, the Visa Pyme card – with specific characteristics for the segment – had an 18% increase in its balance at

the end of 2021 and reached a nominal value of USD 15.48 million. This growth was based on the issuance of 541 new cards. In this sense, 22% of consumption with this product corresponds to working capital credits for SMEs within the scheme of cash advances.

Green Lines

Green Lines celebrated five years since its launch in 2016. Since then, USD 325 million has been granted in 442 operations to 206 clients. By the end of 2021, this portfolio registered a balance of USD 101 million, which represented 2.55% of the Bank's total portfolio. As such, 64% of the amount of loans disbursed went to the agriculture and fisheries sector, which then encouraged the use of sustainable practices for the activity, including more efficient irrigation and energy use systems.

In addition, in 2019, together with one of the main real estate developers in the city, the sustainable construction initiative within *Green Lines* began, which bore fruit in 2020 with the first building with EDGE certification in Guayaquil. Likewise, at the end of 2021, the *Green Housing Mortgage* Loan was launched on the market, with which it is expected to create a sustainable value chain by connecting builders who certify their projects, with clients who are given a differentiated value offer when acquiring this type of home.

Finally, multiple technical assistance programmes were carried out in conjunction with multilateral partners. In 2021, a programme was completed – in partnership with the Inter-American Development Bank (IDB) – with which the Province of El Oro's shrimp customers were assisted in the transformation of their food and energy systems towards efficient and sustainable projects.

Payment Methods

Credit Cards

The year 2021 stood out for being a year of stabilisation and recovery after the peaks of the 2020 health crisis. The new circumstances created different opportunities and paved the way for the growth of digital means of payment.

We gave relevance to placements, which forms the basis for sustained growth of the portfolio in the short and medium terms, and to which 44,541 new main clients were incorporated. The strategy focused on the medium and high-value segments with a more competitive credit limit offer and differentiated category cards, leveraged in the new *WhatsApp Business* channel and in the new TSC Call Centre (Telecommunications Solutions Centre).

Number of Credit Cards Placed by Type

Type	2019 Cards	2019 % Part.	2020 Cards	2020 % Part.	2021 Cards	2021 % Part.
Gold and Platinum	38,182	63.60%	3,019	53.28%	26,535	59.57%
Black Signature and Infinite	11,436	19.05%	6,633	27.14%	11,193	25.13%
Classic	9,400	15.66%	,414	18.06%	6,201	13.92%
Corporate	1,012	1.69%	370	1.52%	612	1.38%
Total	60,030	100.00%	24,436	100.00%	44,541	100.00%

Towards the end of 2021, the total number of main credit card customers amounted to 241,784 (123,008 Mastercard

and 118,776 Visa), representing a growth of 10% over 2020. Of this amount, 81% of the cards maintained balances for their consumption.

Evolution of Credit Cards by Card Type

Type	2019 Cards	2019 % Part.	2020 Cards	2020 % Part.	2021 Cards	2021 % Part.
Gold and Platinum	123,977	57.40%	124,826	57.03%	137,054	56.68%
Black Signature and Infinite	44,153	20.44%	48,520	22.17%	61,260	25.34%
Classic	43,185	19.99%	40,776	18.63%	38,264	15.83%
Corporate	4,690	2.17%	4,765	2.18%	5,206	2.15%
Total	216,005	100.00%	218,887	100.00%	241,784	100.00%

Throughout the year, our customers reactivated their purchases in establishments whose business type was affected by the pandemic. The business area continued to focus mainly on health and insurance, according to the needs of the moment. In parallel, we developed over 230 campaigns, completed the migration of chip cards to contactless, and promoted the AUREA Visa card for our very high value customers. All of these initiatives contributed to a 27% growth in the total turnover of our cardholders, which reached a total of USD 1,060 million.



Billing Evolution by Card Type

Tipo	2019 Billing (USD)	2019 % Part.	2020 Billing (USD)	2020 % Part.	2021 Billing (USD)	2021 % Part.
Gold and Platinum	560,700,411	45%	368,790,147	44%	438,932,329	41%
Black Signature and Infinite	500,172,085	40%	340,694,381	41%	481,557,523	45%
Classic	102,966,012	8%	68,599,026	8%	69,146,328	7%
Corporate	76,594,605	6%	54,678,157	7%	70,400,236	7%
Total	1,240,433,113	100%	832,761,711	100%	1,060,036,416	100%

Share of Consumption by Type Business

Business Type	2019	2020	2021	Variation 2020-2021
Supermarkets	11.0%	15.1%	12.3%	-2.8%
Boutiques	8.1%	6.3%	8.1%	1.8%
Health	6.1%	8.3%	7.9%	-0.4%
Services	5.3%	7.5%	7.5%	0.0%
Transportation	8.7%	4.3%	6.7%	2.3%
Insurance & Brokers	5.3%	5.6%	5.1%	-0.5%
Dining	4.8%	4.2%	5.0%	0.8%
Education	5.2%	5.5%	5.0%	-0.6%
Other	45.6%	43.1%	42.4%	-0.7%

The credit card portfolio grew by USD 89 million as compared to 2020, reaching a balance of USD 697 million. This figure placed us in fourth place in the ranking of issuing financial institutions.

Evolution of Portfolio Balance by Type of Card (in millions of dollars)

Type	2019 Portfolio	2019 % Part.	2020 Portfolio	2020 % Part.	2021 Portfolio	2021 % Part.
Gold and Platinum	273.9	45%	265.9	44%	275.3	40%
Black Signature and Infinite	265.3	44%	284.6	47%	366.6	53%
Classic	42.6	7%	36.5	6%	30.7	4%
Corporate	23.2	4%	20.9	3%	23.9	3%
Total	605.0	100%	607.8	100%	696.5	100%

The credit card portfolio grew by USD 89 million as compared to 2020, reaching a balance of USD 697 million. This figure placed us in fourth place in the ranking of issuing financial institutions.

Evolution of Invoicing per Digital Platform

Platform	2020 Billing	2020 % Part.	2021 Billing	2021 % Part.
Payphone	52,221,506	78%	81,480,992	74%
Paymentez	5,021,687	8%	19,012,950	17%
Alignet	9,572,871	14%	4,926,545	5%
Cybersource	22,419	0%	4,037,712	4%
Total	66,838,484	100%	109,458,198	100%

The new reality imposed by the pandemic has made the turnover of our customers with digital payment solutions to grow by 64% when compared to 2020.

On the other hand, in 2021, we carried out certain initiatives that contributed to improving the Bank's value offering, including:

- Consumer challenge campaigns for present and absent card transactions taking advantage of incentive agreements with Mastercard. In the same manner, we applied the *Swat Project* for companies, which consists of the exploration of non-traditional niches of card consumption.
- Campaigns for *Visa AUREA*, *Mastercard Black Supermaxi*, *Mastercard Black EO*, and *Mastercard Black Whiskeys* products.
- Alliances with new business partners, such as Farcomed, BET, Hotel Oro Verde, Sony, Burger King, Espol, etc.
- Enabling the use of the *Visa tokenised* card in Promerica Pay, Garmin, and Fitbit *mobile wallet*.

Debit Cards

Produbanco closed the year with 971,000 debit cards, 13% more than in 2020.

Although the use of cash is still the most widely used means of payment in our economy, and despite the fact that mobility and capacity restrictions continued, debit card billing grew by 32% over the previous year and reached a cumulative volume of USD 533 million.

Participation in the Use of Debit Cards by Business Type

Business Type	2020	2021	2020-2021 Variation
Supermarkets	24.7%	24.5%	-0.2%
Boutiques	9.9%	11.1%	1.2%
Dining	14.6%	10.8%	-3.8%
Health	8.1%	10.3%	2.2%
Services	4.2%	4.4%	0.2%
Construction	3.6%	3.9%	0.3%
Communications	3.3%	2.9%	-0.4%
Entertainment	1.7%	2.4%	0.7%
Other	30.0%	29.8%	-0.2%

Likewise, in 2021, the percentage of purchase transactions with the debit card was higher than the percentage of withdrawals made with it.

Evolution of Debit Card Transactions

2021	48% Withdrawals	52% Shopping
2020	51% Withdrawals	49% Shopping

Cash Management

In 2021, we continued to offer the specialised solutions of our Cash Management tool for the efficient management of main Treasury operations of companies.

Among the highlights of this year's management is the creation and launch of a new functionality that enables the online processing of local payments to accounts in institutions other than Produbanco, which are connected to the mechanism known as *Direct Payment*. With this development, we are able of achieving that payments are credited in minutes in the beneficiary accounts so that companies have the ability to make transfers to their employees and vendors including on weekends and holidays.

Another relevant fact was the implementation of *APIS or programming interfaces*, based on definitions and protocols of common use, which allows us to become part of the processes of client companies, by integrating our payment options into their applications.

This year, we updated and included innovations in our code to ensure that the system continues to maintain the highest safety standards. In addition, we added constant monitoring of the same to achieve the optimal availability of the tool.

We also extended the schedules for the entry and approval of transfers abroad, and added the option of quotes for other currencies with differentiated and special boards.

In terms of collections, we continued to increase the range of alternatives so that our customers can make their

payments from the comfort of their office or home through *produbanco.com*.

Cash Management's main figures in 2021 and its comparison with the previous year are shown below.

2020-2021 Evolution of the Number of Transactions Processed through Cash Management

Type	2020 Transactions	2021 Transactions	Variation	% Growth
Produbanco	15,674,400	17,797,413	2,123,013	13.54%

2020-2021 Evolution of the Volume of Revenues in Dollars Processed through Cash Management

Type	2020 Transactions	2021 Transactions	Variation	% Growth
Produbanco	8,375,249.22	8,573,120.00		
ServiPagos	2,130,351.93	3,416,302.27		
Total	10,505,601.15	11,989,422.27	1,483,821.12	14.12%

Digital Channels

On the one hand, the number of monetary transactions made through the Bank's digital channels grew by 43% when compared to 2020.

The channels that had a greater evolution during 2021 were the mobile applications and the website. The *Mobile App* grew by 110%, whilst *be Produbanco* grew by 54%. On the other hand, the processing of transactions in *produbanco.com* increased considerably by 19% as compared to 2020.

The figures achieved are leveraged by a natural and organic adoption of these channels by customers, and by the effort and constant development we dedicate to improving the experience in the interaction with our channels.

Evolution of the Number of Monetary Transactions in Digital Channels

Year	App Móvil	be Produbanco	produbanco.com	Total
2020	4,361,751	847,426	12,512,366	17,721,543
2021	9,151,220	1,305,392	14,891,350	25,347,962
Growth	110%	54%	19%	43%

Recognitions



Best Bank Ecuador
2017 - 2021

Best Digital Bank
2017 - 2021

The Innovators
2021

**Outstanding Leadership in
Resource Management**
2021

**Outstanding Leadership in
Green Loans**
2021

**Outstanding Crisis Leadership
(Overall Excellence Bank)**
2020

Issued by *Global Finance*.



Best Innovation in Retail Banking
2017 - 2021

**Customer Service Provider of the
Year South America**
2020, 2019

Issued by *International Banker*.





Bank of the Year

2021, 2020, 2019, 2017, 2009 - 2015, 2007, 2002

Issued by *The Banker*.



Best Bank Governance

2020, 2019, 2018, 2017

Issued by *cfi.co*.



Power Digital Brands - Banks for managing their Facebook and Instagram networks

2021

Issued by *Ekos*.



Ekos Customer Satisfaction Index - First Place in Quality of Service

2021, 2020, 2019, 2018, 2017

Issued by *Ekos*.





Edge Certification to the Guayaquil Branch Building
2021

Issued by *Green Business Certification Inc (GBCI)*.



Distinctive ESR® (Socially Responsible Company)
2021

Issued by *Corporación CERES*.



Best Company Banking Sector Ecuador - Best Customer Experience (BCX)
2021

Issued by *Izo*.



Best Banking Sector Company in Latin America - Best Customer Experience (BCX)

Issued by *Izo*.



Innovate Digital Retail Bank of the Year

2019

Bank of the Year

2018, 2017

Best Corporate Governance

2018

Issued by *The European*.



First Place in the Most Respected Financial Institution Category of Ecuador

2018

Issued by *Comunidad Empresarial Ecuatoriana*.



Bank of the Year

2017, 2003

Issued by *Latin Finance*.

AAA

AA+

B-

AAA Risk Rating

September 2021, issued by *Pacific Credit Rating*

AA+ Risk Rating

September 2021, issued by *BankWatch Ratings S.A.*

B- Risk Rating

September 2020, issued by *Fitch Ratings*



Financial Statements



Consolidated Balance Sheet
Banco de la Producción S.A. and Subsidiaries

Thousands of USD dollars

	2020	2021	% Growth
Asset			
Available funds and investments	1,893,032	2,011,491	6.26%
Loan portfolio	3,269,516	3,780,483	15.63%
Debtors by acceptances			
Accounts receivable	71,357	68,274	-4.32%
Realizable goods, awarded by payment	12,959	14,252	9.98%
Properties and equipment	69,298	87,111	25.70%
Other assets	200,981	194,447	-3.25%
Total Assets	5,517,144	6,156,058	11.58%
Liabilities			
Obligations to the public	4,448,058	4,842,635	8.87%
Interbank operations			
Immediate obligations	35,562	30,623	-13.89%
Acceptances in circulation			
Accounts payable	139,124	159,245	14.46%
Financial obligations	313,752	462,458	47.40%
Subordinated debt	118,500	138,500	16.88%
Other liabilities	20,422	27,392	34.13%
Total Liabilities	5,075,419	5,660,853	11.53%
Total Equity	441,725	495,204	12.11%
Total Liabilities and Equity	5,517,144	6,156,058	11.58%
Contingents	1,196,005	1,522,762	27.32%

Profit and Loss Statement
Banco de la Producción S.A. and Subsidiaries

Thousands of USD dollars

	2020	2021	% Growth
Revenue			
Interest and discounts earned	366,232	384,247	4.92%
Commissions earned	18,763	23,328	24.33%
Financial profits	9,767	11,865	21.48%
Revenue from services	74,509	88,398	18.64%
Other operating income	8,592	10,158	18.22%
Other income	24,059	52,437	117.95%
Total Revenue	501,923	570,432	13.65%
Expenses			
Interest caused	124,925	111,899	-10.43%
Commissions caused	2,179	2,649	21.58%
Financial losses	1,567	1,577	0.67%
Provisions	119,245	135,424	13.57%
Operating expenses	214,188	241,510	12.76%
Other operational losses	2,994	2,505	-16.34%
Other expenses and losses	266	754	183.62%
Total Expenditures	465,364	496,318	6.65%
Profit before provisioning for employee profit sharing and income tax	36,559	74,115	102.73%
Provision for employee profit sharing	5,689	11,395	100.30%
Profit before provisioning for income tax	30,870	62,720	103.18%
Provision for income tax	11,837	16,827	42.15%
Net Income	19,032	45,892	141.13%

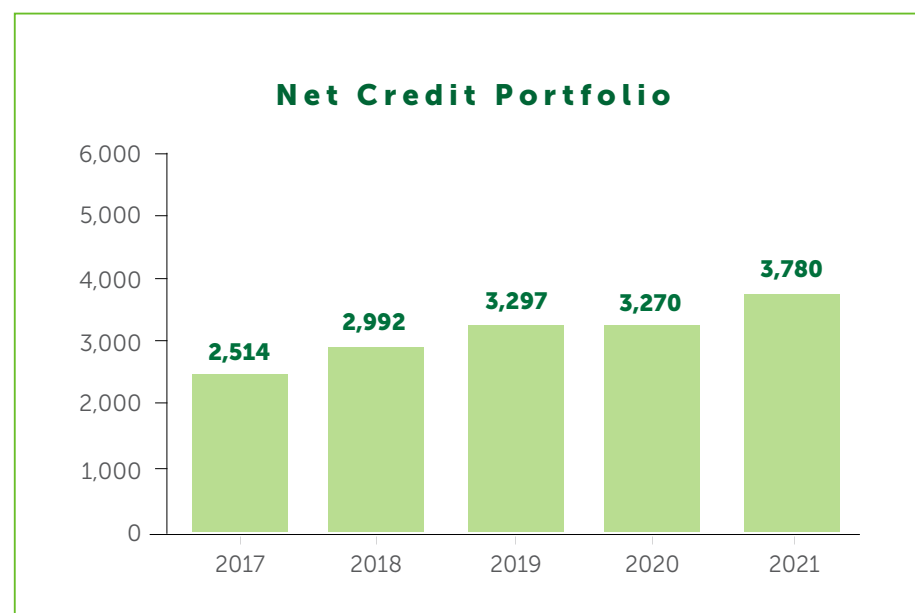
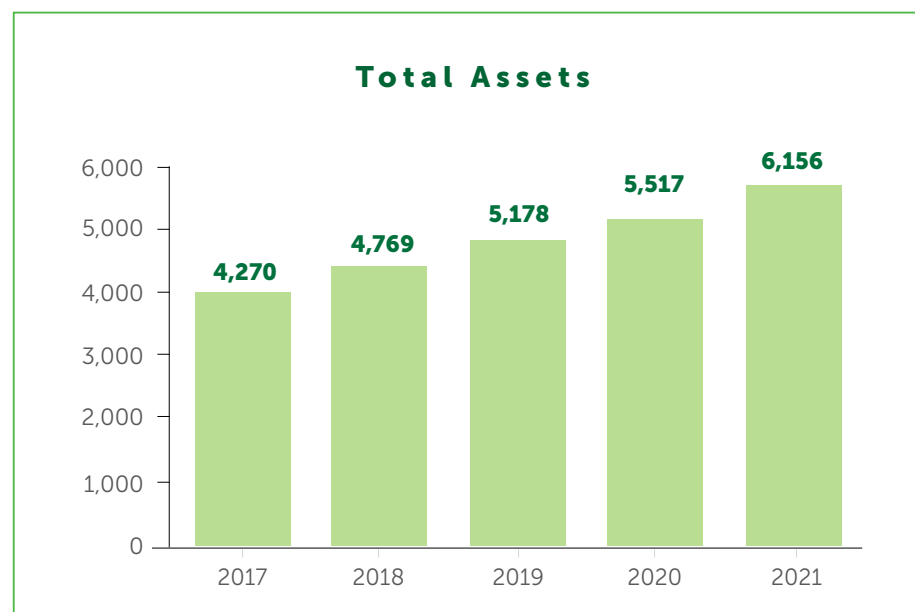
Taxes and Contributions Paid Banco de la Producción S.A. and Subsidiaries

Thousands of USD dollars

	Dec 2020	Dec 2021	Variation
Income tax	11,837	16,827	4,990
COSEDE Contributions	24,387	26,994	2,608
Contributions Superintendency of Banks	6,033	6,433	400
Municipal taxes	2,011	1,835	-176
Other taxes and contributions	2,164	2,435	271
VAT on purchases	12,534	14,395	1,861
Total Direct Taxes	58,966	68,920	9,954
	Dec 2020	Dec 2021	Variation
Payment of income tax employees	2,021	0	-2,021
Payment of IESS employee contributions	8,555	5,648	-2,907
Total Indirect Taxes and Contributions	10,575	5,648	-4,927
	Dec 2020	Dec 2021	Variation Percentage Points
Direct Tax Burden / Group Profit	309.82%	150.18%	-159.64
Direct, Indirect Tax Burden and Contributions / Group Profit	365.39%	162.48%	-202.90
Net Income	19,032	45,892	26,860

Total Assets and Net Credit Portfolio Banco de la Producción S.A. and Subsidiaries

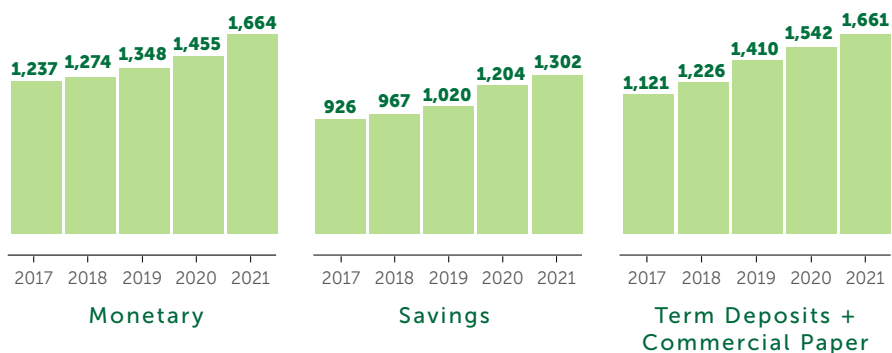
Millions of USD dollars



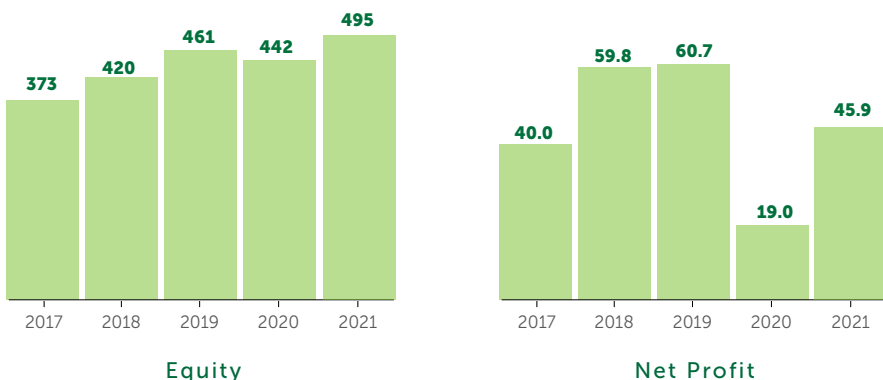
Obligations to the Public, Commercial Paper, Equity and Net Profits Banco de la Producción S.A. and Subsidiaries

Millions of USD dollars

Obligations with the Public and Commercial Paper



Equity and Net Profit



Principal Accounts and Financial Indicators Banco de la Producción S.A. and Subsidiaries

Thousands of USD dollars

Accounts

	2020	2021	% Growth
Total Assets	5,517,144	6,156,058	11.58%
Available Funds and Investments	1,893,032	2,011,491	6.26%
Credit Portfolio	3,269,516	3,780,483	15.63%
Obligations to the Public	4,448,058	4,842,635	8.87%
Equity	441,725	495,204	12.11%
Net Income	19,032	45,892	141.13%
Contingents	1,196,005	1,522,762	27.32%
Assets + Contingents	6,713,149	7,678,820	14.38%

Indicators

	2020	2021	Variation Percentage Points
Solvency			
Paid-in capital / Weighted Assets and Contingencies by Risk	13.52%	13.40%	-0.12*
Asset Quality			
Total Gross Delinquency	2.69%	1.35%	-1.34*
Administrative Management			
Productive Assets / Liabilities with Cost	135.87%	139.98%	4.11*
Profitability			
Performance / Equity - ROE	4.50%	10.21%	5.71*
Liquidity			
Available Funds / Total Short-Term Deposits	33.87%	33.46%	-0.42*

Note (*): The increase/decrease is expressed in percentage points.

Balance Sheet
Banco de la Producción S.A.

Thousands of USD dollars

	2020	2021	% Growth
Assets			
Available funds and investments	1,892,038	2,009,916	6.23%
Loan portfolio	3,269,838	3,780,699	15.62%
Debtors by acceptances	0	0	0.00%
Accounts receivable	72,356	69,151	-4.43%
Realizable goods, awarded by payment	12,959	14,252	9.98%
Properties and equipment	64,043	82,384	28.64%
Other assets	202,162	195,536	-3.28%
Total Assets	5,513,396	6,151,938	11.58%
Liabilities			
Obligations to the public	4,451,118	4,850,298	8.97%
Interbank operations	0	0	0.00%
Immediate obligations	35,562	30,623	-13.89%
Acceptances in circulation	0	0	0.00%
Accounts payable	130,089	146,865	12.90%
Financial obligations	313,752	462,458	47.40%
Subordinated debt	118,500	138,500	16.88%
Other liabilities	20,314	27,375	34.76%
Total Liabilities	5,069,335	5,656,119	11.58%
Equity			
Paid-in capital	380,120	394,760	3.85%
Premium on share placement	1,105	1,105	0.00%
Legal reserve	56,086	58,101	3.59%
Valuation surplus	-13,539	-4,290	-68.32%
Accumulated profits	136	351	157.38%
Profits for the year	20,154	45,792	127.21%
Total Equity	444,061	495,819	11.66%
Total Liabilities and Equity	5,513,396	6,151,938	11.58%
Contingents	1,196,005	1,522,762	27.32%

Profit and Loss Statement
Banco de la Producción S.A.

Miles de USD dólares

	2020	2021	% Growth
Revenue			
Interest and discounts earned	366,104	384,166	4.93%
Commissions earned	18,763	23,328	24.33%
Financial profits	9,767	11,856	21.38%
Revenue from services	65,055	75,392	15.89%
Other operating income	8,900	11,919	33.93%
Other income	24,451	52,463	114.56%
Total Revenue	493,041	559,124	13.40%
Expenses			
Interest caused	124,411	111,579	-10.31%
Commissions caused	2,179	2,649	21.58%
Financial losses	1,567	1,569	0.15%
Provisions	119,245	135,256	13.43%
Operating expenses	203,267	231,459	13.87%
Other operational losses	4,607	3,072	-33.32%
Other expenses and losses	266	754	183.53%
Total Expenditures	455,542	486,339	6.76%
Profit before employee profit sharing and income tax	37,499	72,786	94.10%
Provision employee profit sharing	5,625	10,905	93.88%
Profit before provisioning for income tax	31,874	61,880	94.14%
Provision for income tax	11,721	16,088	37.27%
Net Income	20,154	45,792	127.21%

Equity Movement (January to December 2021)
Banco de la Producción S.A.

Units of USD dollars

	Capital	Reservation legal	Reservation special	Premium or discount in stock placement	Surplus by valuation	Profit Accrued	Profit for the year	Total
Balances as of December 31, 2020	380,120,000	56,085,619	-	1,104,774	-13,539,399	136,452	20,153,767	444,061,214
Valuation of shares and participations					-1,100,290	217,440		-882,850
Valuation of investments in financial instruments					5,022,133			5,022,133
Capital, legal reserve, reserve for revaluation of equity								0
Future capitalisation contributions			14,510,712			-14,510,712		0
Dividend payments						-3,627,678		-3,627,678
Transfer to accumulated profits						20,153,767	-20,153,767	0
Appropriation of legal reserve		2,015,377				-2,015,377		0
Depreciation year 2021 valued portion of assets					-126,591	126,591		0
Asset valuation					5,454,208			5,454,208
Capital increase	14,640,000		-14,510,712			-129,288		0
Profit for the year							45,791,930	45,791,930
Balances as of December 31, 2021	394,760,000	58,100,996	-	1,104,774	-4,289,939	351,196	45,791,930	495,818,957

Relationship between Total Technical Assets and Risk-Weighted Assets and Contingents (December 2020 - 2021)
Banco de la Producción S.A.

Units of USD dollars

	Dec 2020	Dec 2021
Total Primary Technical Equity	430,833,755	449,429,029
Total Secondary Technical Equity	136,597,224	201,902,708
Total Technical Equity	567,430,979	651,331,737
Deductions to Total Technical Assets	9,071,697	9,659,187
Paid-in Capital	558,359,282	641,672,550
Total Risk-Weighted Assets and Contingents	4,149,135,519	4,832,268,576
Required Technical Equity (9%)	373,422,197	434,904,172
Surplus or Deficiency of the Required Technical Equity	184,937,085	206,768,378
Total Assets and Contingents x 4%	268,376,024	306,987,997
Solvency Index (Technical Equity / Risk-Weighted Assets and Contingents)	13.46%	13.28%

Units of USD dollars

231 A.1 | Productive Credit

Category	Score	Total	Credits Covered with Self-liquidating Guarantees	Balance Subject to Score	% Participation	% of Provision	Provisions Required	Provisions Constituted	Difference between Required and Constituted	Provisions Mitigated by Mortgage Guarantees	Provisions Surplus or Deficit
A1	Normal Risk	140,469,899	8,795,152	131,674,748	4.91%	0.81%	1,401,039	1,132,488	268,551	268,551	0
A2		683,898,722	6,126,853	677,771,869	23.91%	0.96%	9,221,649	6,566,909	2,654,740	2,654,740	0
A3		1,799,532,661	39,073,560	1,760,459,101	62.91%	1.68%	45,868,798	30,173,774	15,695,024	15,695,024	0
B1	Potential Risk	14,414,675	559,874	13,854,801	0.50%	2.60%	612,232	374,676	237,556	237,556	0
B2		10,672,140	0	10,672,140	0.37%	5.89%	1,229,276	629,003	600,273	600,273	0
C1	Deficient	3,825,192	0	3,825,192	0.13%	13.49%	981,283	516,191	465,092	465,092	0
C2		5,763,486	0	5,763,486	0.20%	45.07%	2,597,774	2,597,774	0	0	0
D	Doubtful Collection	9,228,386	0	9,228,386	0.32%	71.57%	6,604,746	6,604,746	0	0	0
E	Loss	2,997,719	0	2,997,719	0.10%	100.00%	2,997,719	2,997,719	0	0	0
AL	100% Self-liquidating Guarantees	189,893,846	189,893,846	0	6.64%	0.00%	0	0	0	0	0
Total		2,860,696,725	244,449,284	2,616,247,441	100.00%	1.80%	71,514,516	51,593,279	19,921,237	19,921,237	0

Units of USD dollars

231 A.2 | Consumer Credit

Category	Score	Total	Credits Covered with Self-liquidating Guarantees	Balance Subject to Score	% Participation	% of Provision	Provisions Required	Provisions Constituted	Provisions Surplus or Deficit
A1	Normal Risk	1,010,951,117	871,937	1,010,079,180	84.65%	1.00%	10,109,523	10,100,804	-8,719
A2		43,773,191	11,470	43,761,721	3.67%	1.01%	442,109	441,994	-116
A3		15,700,086	11,168	15,688,918	1.31%	2.01%	315,572	315,347	-224
B1	Potential Risk	8,723,599	1,054	8,722,544	0.73%	5.01%	437,052	436,999	-53
B2		11,461,283	246	11,461,036	0.96%	15.01%	1,720,339	1,720,302	-37
C1	Deficient	28,894,805	1,247	28,893,558	2.42%	25.01%	7,226,591	7,226,279	-312
C2		16,425,307	36	16,425,272	1.38%	50.01%	8,214,296	8,214,278	-18
D	Doubtful Collection	17,103,970	211	17,103,759	1.43%	75.01%	12,829,688	12,829,530	-158
E	Loss	25,127,406	523	25,126,883	2.10%	100.00%	25,127,406	25,126,883	-523
AL	100% Self-liquidating Guarantees	16,104,953	16,104,953	0	1.35%	0.00%	0	0	0
Total		1,194,265,716	17,002,845	1,177,262,871	100.00%	5.56%	66,422,576	66,412,416	-10,160

Units of USD dollars

231 A.3 | Real Estate Credit

Category	Score	Total	Credits Covered with Self-liquidating Guarantees	Balance Subject to Score	% Participation	% of Provision	Provisions Required	Provisions Constituted	Provisions Surplus or Deficit
A1	Normal Risk	213,622,452	74,082	213,548,370	82.29%	1.00%	2,136,225	2,135,484	-741
A2		16,748,083	0	16,748,083	6.45%	2.00%	334,962	334,962	0
A3		11,430,802	0	11,430,802	4.40%	3.00%	342,924	342,924	0
B1	Potential Risk	3,379,398	0	3,379,398	1.30%	6.00%	202,764	202,764	0
B2		2,061,728	0	2,061,728	0.79%	10.00%	206,173	206,173	0
C1	Deficient	3,651,112	0	3,651,112	1.41%	20.00%	730,222	730,222	0
C2		1,525,365	0	1,525,365	0.59%	40.00%	610,146	610,146	0
D	Doubtful Collection	2,956,334	0	2,956,334	1.14%	66.02%	1,951,791	1,951,791	0
E	Loss	4,208,187	0	4,208,187	1.62%	100.00%	4,208,187	4,208,187	0
AL	100% Self-liquidating Guarantees	3,055	3,055	0	0.00%	0.00%	0	0	0
Total		259,586,518	77,138	259,509,380	100.00%	4.13%	10,723,394	10,722,653	-741

Units of USD dollars

231 A.4 | Microcredit

Category	Score	Total	Credits Covered with Self-liquidating Guarantees	Balance Subject to Score	% Participation	% of Provision	Provisions Required	Provisions Constituted	Provisions Surplus or Deficit
A1	Normal Risk	24,501,540	2,000	24,499,540	87.65%	1.00%	245,016	244,996	-20
A2		860,591	0	860,591	3.08%	1.01%	8,692	8,692	0
A3		410,294	0	410,294	1.47%	2.01%	8,247	8,247	0
B1	Potential Risk	111,518	0	111,518	0.40%	5.01%	5,587	5,587	0
B2		118,832	0	118,832	0.43%	15.01%	17,837	17,837	0
C1	Deficient	243,698	0	243,698	0.87%	25.01%	60,949	60,949	0
C2		427,232	0	427,232	1.53%	50.01%	213,659	213,659	0
D	Doubtful Collection	242,048	0	242,048	0.87%	75.01%	181,560	181,560	0
E	Loss	421,508	0	421,508	1.51%	100.00%	421,508	421,508	0
AL	100% Self-liquidating Guarantees	617,843	617,843	0	2.21%	0.00%	0	0	0
Total		27,955,105	619,843	27,335,262	100.00%	4.16%	1,163,054	1,163,034	-20

Units of USD dollars

231 A.6 | Educational Credit

Category	Score	Total	Credits Covered with Self-liquidating Guarantees	Balance Subject to Score	% Participation	% of Provision	Provisions Required	Provisions Constituted	Provisions Surplus or Deficit
A1	Normal Risk	843,118	0	843,118	76.10%	1.00%	8,431	8,431	0
A2		148,291	0	148,291	0.53%	1.01%	1,498	1,498	0
A3		72,756	0	72,756	0.26%	2.01%	1,462	1,462	0
B1	Potential Risk	19,183	0	19,183	0.07%	5.01%	961	961	0
B2		3,247	0	3,247	0.01%	15.01%	487	487	0
C1	Deficient	10,134	0	10,134	0.04%	25.01%	2,535	2,535	0
C2		11,189	0	11,189	0.04%	50.01%	5,596	5,596	0
D	Doubtful Collection	0	0	0	0.00%	0.00%	0	0	0
E	Loss	0	0	0	0.00%	0.00%	0	0	0
AL	100% Self-liquidating Guarantees	0	0	0	0.00%	0.00%	0	0	0
Total		1,107,918	0	1,107,918	77.05%	1.89%	20,970	20,970	0

Units of USD dollars

Overall Total

		Total	Credits Covered with Self-liquidating Guarantees	Balance Subject to Score	% Participation	% of Provision	Provisions Required	Provisions Constituted	Provisions Surplus or Deficit
	Overall Total	4,343,611,982	262,149,110	4,081,462,872	100.00%	2.99%	149,844,510	129,912,352	-10,921

Units of USD dollars

231 B.1

Code	Investments	Nominal Value	Market Value	Specific Provisions	General Provisions for Investments
1301	At fair value with changes in the income statement of private sector entities.	0.00	0.00	0.00	0.00
1302	At fair value with changes in the income statement of public sector entities.	0.00	0.00	0.00	0.00
1303	Available for sale from private sector entities.	247,432,981.46	246,787,340.01	0.00	0.00
1304	Available for sale from state or public sector entities.	257,496,709.16	241,034,549.70	0.00	0.00
	Total	504,929,690.62	487,821,889.71	0.00	0.00

Code	Investments	Amount in Books	Market Value	Specific Provisions	General Provisions for Investments
1202	Reporting operations with financial institutions.	0.00	0.00	0.00	0.00
1305	Maintained at maturity, private sector.	1,865,951.46	1,865,951.46	18,659.51	18,659.51
1306	Maintained at maturity, state or public sector entity.	190,566,216.68	190,566,216.68	1,905,662.17	1,905,662.17
1307	Restricted availability.	20,371,119.63	20,371,119.63	51,565.62	51,565.62
190205	Fiduciary rights - investments.	0.00	0.00	0.00	0.00
	Total	212,803,287.77	212,803,287.77	1,975,887.30	1,975,887.30

Units of USD dollars

231 B.2

Code	Other Assets	Total	% Risk	Provisions Required	Provisions Constituted	Provisions Surplus or Deficit
A1		33,716,202.05	89.55%	274,585.01	278,514.85	3,929.84
A2	Normal Risk	1,473,309.18	3.91%	29,466.18	29,466.18	0.00
A3		579,692.16	1.54%	23,187.69	23,187.69	0.00
B1	Potential Risk	120,368.22	0.32%	9,027.66	9,027.66	0.00
B2		96,132.48	0.26%	13,939.26	13,939.26	0.00
C1	Deficient	130,512.68	0.35%	38,501.30	38,501.30	0.00
C2		132,863.60	0.35%	67,819.84	67,893.68	73.84
D	Dubious Collection	119,869.46	0.32%	95,296.28	95,296.28	0.00
E	Loss	1,280,984.34	3.40%	1,280,984.34	1,280,984.34	0.00
	Evaluated	37,649,934.17	100.00%	0.00	0.00	0.00
	Not Evaluated	0.00	0.00	0.00	0.00	0.00
	Total	37,649,934.17	100.00	1,832,807.56	1,836,811.24	4,003.68

% of other assets evaluated [(Evaluated / Total) 100] =

100.00%

% risk other assets assessed [(Prov. required/evaluated) 100] =

4.87%

Estimated Loss Other Assets [Total x Risk Other Assets Assessed] =

231 B.3

Goods Received in Lieu of Payment	Total	Required Provisions (a)	Provisions Required by Appraisal (b)	Total Provisions Required	Provisions Constituted	Provisions Surplus or Deficit
Risks	10,107,274.02	7,910,395.05	209.20	7,910,604.25	7,912,264.93	1,660.68
Total	10,107,274.02	7,910,395.05	209.20	7,910,604.25	7,912,264.93	1,660.68

(a)Required Provisions: Art. 195 of the Organic Monetary and Financial Code.

(b)Provisions Required by Appraisal: Second paragraph, numeral 3, article 5, section II, chapter XVIII, title II, book 1 of the Codification of Monetary, Financial, Securities and Insurance Resolutions.

Balance Sheet Externalización de Servicios S.A. Exersa

Thousands of USD dollars

	2020	2021	% Growth
Assets			
Available funds and investments	2,113	3,252	53.90%
Loan portfolio			
Debtors by acceptances			
Accounts receivable	907	946	4.25%
Realizable goods, awarded by payment			
Properties and equipment *	5,142	5,095	-0.91%
Other assets	1,948	2,473	26.95%
Total Assets	10,110	11,766	16.38%
Liabilities			
Obligations to the public			
Interbank operations			
Immediate obligations			
Acceptances in circulation			
Accounts Payable *	7,499	7,458	-0.54%
Financial obligations			
Outstanding securities			
Bonds convertible into shares and contributions for future capitalisations			
Other liabilities			
Total Liabilities	7,499	7,458	-0.54%
Total Equity	2,612	4,308	64.96%
Total Liabilities and Equity	10,110	11,766	16.38%

Profit and Loss Statement Externalización de Servicios S.A. Exersa

Thousands of USD dollars

	2020	2021	% Growth
Revenue			
Interest and discounts earned	4	3	-8.53%
Commissions earned		5	
Financial profits			
Revenue from services	13,024	16,071	23.39%
Other operating income			
Other income	281	356	26.78%
Total Revenue	13,309	16,435	23.49%
Expenses			
Interest caused	544	466	-14.43%
Commissions caused			
Financial losses			
Provisions		168	
Operating expenses	13,882	13,722	-1.15%
Other operational losses			
Other expenses and losses			
Total Expenditures	14,426	14,355	-0.49%
Profit or -Loss before employee profit sharing and income tax	-1,117	2,080	-286.18%
Provision for employee profit sharing		289	
Profit or -Loss before provisioning for income tax	-1,117	1,791	-260.32%
Provision for income tax		355	
Net Profit or -Loss	-1,117	1,436	228.51%

Note (*): In 2019, IFRS 16 on Leases entered into force, so in application of it these items include the registration of Assets for Right of Use and Liabilities for Lease.

Balance Sheet
Protrámites Trámites Profesionales S.A.

Thousands of USD dollars

	2020	2021	% Growth
Assets			
Available funds and investments	498	1,011	103.01%
Assets available for sale of written-off portfolio	1,118	1,429	27.82%
Debtors by acceptances			
Accounts receivable	2	3	50.00%
Realizable goods, awarded by payment			
Properties and equipment *	143	632	341.96%
Other assets	513	811	58.09%
Total Assets	2,274	3,886	70.89%
Liabilities			
Obligations to the public			
Interbank operations			
Immediate obligations			
Acceptances in circulation			
Accounts Payable *	1,257	2,427	93.08%
Financial obligations	213	134	
Contributions for future capitalisations			
Other liabilities			
Total Liabilities	1,470	2,561	74.22%
Total Equity	804	1,325	64.80%
Total Liabilities and Equity	2,274	3,886	70.89%

Profit and Loss Statement
Protrámites Trámites Profesionales S.A.

Thousands of USD dollars

	2020	2021	% Growth
Revenue			
Interest and discounts earned	141	107	-24.11%
Commissions earned			
Financial profits			
Revenue from services	2,869	4,456	55.32%
Other operating income	322	557	72.98%
Other income	97	17	-82.47%
Total Revenue	3,429	5,137	49.81%
Expenses			
Interest caused	19	79	315.79%
Commissions caused			
Financial losses			
Provisions			
Operating expenses	2,917	3,778	29.52%
Other operational losses			
Other expenses and losses	41	139	239.02%
Taxes and employee participation			
Total Expenditures	2,977	3,996	34.23%
Profit before provisioning for employee profit sharing and income tax	452	1,141	152.43%
Provision for employee profit sharing	64	170	165.63%
Profit before provisioning for income tax	388	971	150.26%
Provision for income tax	93	283	204.30%
Net Income	295	688	133.22%

Note (*): In 2019, IFRS 16 on Leases entered into force; therefore, in its application, these items include the registration of Assets for Right of Use and Liabilities for Leases.

Balance Sheet EcuaPayphone C.A.

Thousands of USD dollars

	2020	2021	% Growth
Assets			
Available funds and investments	952	4,138	335%
Loan portfolio			
Debtors by acceptances			
Accounts receivable	5		-100%
Realizable goods, awarded by payment			
Properties and equipment	7	21	194%
Other assets	501	518	3%
Total Assets	1,465	4,677	219%
Liabilities			
Obligations to the public			
Interbank operations			
Immediate obligations			
Acceptances in circulation			
Accounts payable	1,034	3,411	230%
Financial obligations	109	82	-25%
Contributions for future capitalisations			
Other liabilities			
Total Liabilities	1,143	3,493	206%
Total Equity	322	1,184	268%
Total Liabilities and Equity	1,465	4,677	219%

Profit and Loss Statement EcuaPayphone C.A.

Thousands of USD dollars

	2020	2021	% Growth
Revenue			
Interest and discounts earned	16	87	442%
Commissions earned			
Financial profits			
Revenue from services	387	1,359	251%
Other operating income			
Other income	4	4	0%
Total Revenue	406	1,450	257%
Expenses			
Interest caused			
Commissions caused			
Financial losses			
Provisions			
Operating expenses	980	2,036	108%
Other operational losses			
Other expenses and losses			
Taxes and employee profit sharing			
Total Expenditures	980	2,036	108%
Loss before provision for employee profit sharing and income tax	-574	-585	2%
Provision for employee profit sharing			
Loss before provision for income tax	-574	-585	2%
Provision for income tax	8	49	513%
Net Loss	-582	-634	9%

Balance Sheet
ProContacto Soluciones Inteligentes S.A.

Thousands of USD dollars

	2020	2021	% Growth
Assets			
Available funds and investments	382	659	72.33%
Loan portfolio			
Debtors by acceptances			
Accounts receivable	3	2	-43.20%
Realizable goods, awarded by payment			
Properties and equipment *	278	383	37.67%
Other assets	98	116	17.50%
Total Assets	762	1,160	52.12%
Liabilities			
Obligations to the public			
Interbank operations			
Immediate obligations			
Acceptances in circulation			
Accounts Payable *	697	939	34.74%
Financial obligations			
Outstanding securities			
Bonds convertible into shares and contributions for future capitalisations			
Other liabilities			
Total Liabilities	697	939	34.74%
Total Equity	65	220	238.45%
Total Liabilities and Equity	762	1,160	52.12%

Note (*): In 2019, IFRS 16 on Leases entered into force; therefore, in its application, items include the registration of Assets for Right of Use and Liabilities for Leases.

Profit and Loss Statement
ProContacto Soluciones Inteligentes S.A.

Thousands of USD dollars

	2020	2021	% Growth
Revenue			
Interest and discounts earned		2	
Commissions earned			
Financial profits			
Revenue from services	811	2,587	219.04%
Other operating income			
Other income	97	6	-94.08%
Total Revenue	908	2,595	185.78%
Expenses			
Interest caused	9	42	393.62%
Commissions caused			
Financial losses			
Provisions			
Operating expenses	1,068	2,350	120.00%
Other operational losses			
Other expenses and losses			
Taxes and employee participation			
Total Expenditures	1,077	2,393	122.18%
Profit or -Loss before provisioning for employee profit sharing and income tax	-169	202	219.59%
Provision for employee profit sharing		31	
Profit or -Loss before provisioning for income tax	-169	171	201.19%
Provision for income tax	16	51	217.09%
Net Profit or -Loss	-185	120	164.55%



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INDEPENDENT AUDITORS' REPORT

To the Board of Shareholders and the Board of Directors of
Banco de la Producción S.A. Produbanco

Opinion

We have audited the accompanying consolidated financial statements of Banco de la Producción S.A. Produbanco and Subsidiaries (hereinafter "the Bank" or "the Group"), which include the consolidated balance sheet at 31 December 2021, and the related consolidated statements of income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Banco de la Producción S.A. Produbanco and Subsidiaries at 31 December 2021, the result of its operations and its cash flows for the year then ended in accordance with accounting policies and regulations established by the Monetary and Financial Policy and Regulation Board, and accounting standards and practices and the specific provisions of the Ecuadorian Superintendence of Banks.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of Banco de la Producción S.A. Produbanco and Subsidiaries in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA) and the independence requirements that are relevant for our audit of consolidated financial statements in Ecuador, and we have fulfilled our ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide an opinion on these matters.

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Valuation of productive loan portfolio

As disclosed in the accompanying consolidated financial statements, the productive portfolio balance totals US\$2,486 million, which represents the Bank's most important asset. In addition, as discussed in Note 2, the Bank establishes specific provisions for a productive loan portfolio exceeding US\$100,000 in accordance with the "Internal Rating Model" for credit risk rating, which was approved by the Superintendence of Banks. This model evaluates factors such as payment capacity and behavior, the economic sector, the administrative and operational management of clients as well as guarantees and contingencies. In addition, it includes the risk assessment by economic groups and risk mitigators. Given the significance of the balance of this portfolio and that the risk rating of clients defines the provision to be recorded, we believe that the evaluation of the productive loan portfolio for operations exceeding US\$100,000 is a key audit matter.

Our audit procedures to cover the matter described above are as follows:

- We understood and assessed the design, implementation and operational effectiveness of loan portfolio risk rating controls in accordance with the internal model.
- We involved specialists in credit risk assessments to evaluate the methodology established by the Bank in accordance with the internal model.
- We selected a representative sample of client files with operations exceeding US\$100,000 and inspected supporting financial, corporate and supporting documents as well as group payment behavior and information on economic sectors and guarantees used by the Bank as the basis for the risk ratings assigned to clients, in addition to official external sources. For those economic sectors most affected by the Covid-19 pandemic, we expanded our client sample and analyzed the previously referred information.
- Based on the information examined, we reprocessed the risk rating of the sample of clients using the parameters established in the internal model, with the purpose of comparing the client risk rating determined by the Bank.
- We compared the results of the reprocessing with the rating assigned by the Bank.

The results of the tests performed enabled us to cover the objectives for which they were designed.

Other Matter

The consolidated financial statements of Banco de la Producción S.A. Produbanco and Subsidiaries for the year ended 31 December 2020, were audited by other auditors, whose report dated 15 March 2021 expressed an unqualified opinion.

Information other than the Consolidated Financial Statements

Management and the Board of Directors is responsible for the other information. The other information comprises the Board of Directors Report and the Annual Report, but does not include a set of the complete consolidated financial statements and our auditor's report thereon. We expect this information to be made available after the date of this report.

Our opinion on the Group's consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, after reading the Board of Directors' Report and the Annual Report, we conclude that there is a material misstatement of this other information, we are required to report that fact to the Board of Directors and Management of the Bank.

Responsibilities of Management and those Charged with governance of the Bank for the consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting standards and practices established by the Monetary and Financial Policy and Regulation Board, and accounting standards and practices and the specific provisions of the Superintendence of Banks, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Bank regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance of the Bank, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Translation of the consolidated financial statements into English has been made solely for the convenience of international readers.


Quito, 9 March, 2022


Santiago Sánchez
Partner
License No. 25292

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INDEPENDENT AUDITORS' REPORT

To the Board of Shareholders and the Board of Directors of
Banco de la Producción S.A. Produbanco

Opinion

We have audited the accompanying separate financial statements of Banco de la Producción S.A. Produbanco (hereinafter "the Bank"), which include the separate balance sheet at 31 December 2021, and the related separate statements of income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the separate financial statements present fairly, in all material respects, the financial position of Banco de la Producción S.A. Produbanco at 31 December 2021, the result of its operations and its cash flows for the year then ended in accordance with accounting policies and regulations established by the Monetary and Financial Policy and Regulation Board, and accounting standards and practices and the specific provisions of the Ecuadorian Superintendence of Banks.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the separate financial statements* section of our report. We are independent of Banco de la Producción S.A. Produbanco in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA) and the independence requirements that are relevant for our audit of separate financial statements in Ecuador, and we have fulfilled our ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements of the current period. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of productive loan portfolio

As disclosed in the accompanying separate financial statements, the productive portfolio balance totals US\$2,486 million, which represents the Bank's most important asset. In addition, as discussed in Note 2, the Bank establishes specific provisions for a productive loan portfolio exceeding US\$100,000 in accordance with the "Internal Rating Model" for credit risk rating, which was approved by the Superintendence of Banks. This model evaluates factors such as payment capacity and behavior, the economic sector, the administrative and operational management of clients as well as guarantees and contingencies. In addition, it includes the risk assessment by economic groups and risk mitigators. Given the significance of the balance of this portfolio and that the risk rating of clients defines the provision to be recorded, we believe that the evaluation of the productive loan portfolio for operations exceeding US\$100,000 is a key audit matter.

Our audit procedures to cover the matter described above are as follows:

- We understood and assessed the design, implementation and operational effectiveness of loan portfolio risk rating controls in accordance with the internal model.
- We involved specialists in credit risk assessments to evaluate the methodology established by the Bank in accordance with the internal model.
- We selected a representative sample of client files with operations exceeding US\$100,000 and inspected supporting financial, corporate and supporting documents as well as group payment behavior and information on economic sectors and guarantees used by the Bank as the basis for the risk ratings assigned to clients, in addition to official external sources. For those economic sectors most affected by the Covid-19 pandemic, we expanded our client sample and analyzed the previously referred information.
- Based on the information examined, we reprocessed the risk rating of the sample of clients using the parameters established in the internal model, with the purpose of comparing the client risk rating determined by the Bank.
- We compared the results of the reprocessing with the rating assigned by the Bank.

The results of the tests performed enabled us to cover the objectives for which they were designed.

Emphasis of Matter

As discussed in Note 1 to the accompanying financial statements, Banco de la Producción S.A. Produbanco also prepares consolidated financial statements with its subsidiaries required by accounting standards and practices established by the Superintendence of Banks. The accompanying separate financial statements are presented to comply with the provisions of the Superintendence of Banks and must be read together with the consolidated financial statements. Our opinion is not modified with respect to this matter.

Other Matter

The separate financial statements of Banco de la Producción S.A. Produbanco for the year ended 31 December 2020, were audited by other auditors, whose report dated 15 March 2021 expressed an unqualified opinion.

Information other than the Separate Financial Statements

Management and the Board of Directors is responsible for the other information. The other information comprises the Board of Directors Report and the Annual Report, but does not include a set of the complete separate financial statements and our auditor's report thereon. We expect this information to be made available after the date of this report.

Our opinion on the Bank's separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, after reading the Board of Directors' Report and the Annual Report, we conclude that there is a material misstatement of this other information, we are required to report that fact to the Board of Directors and Management of the Bank.

Responsibilities of Management and those Charged with governance of the Bank for the separate Financial Statements

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with accounting standards and practices established by the Monetary and Financial Policy and Regulation Board, and accounting standards and practices and the specific provisions of the Superintendence of Banks, and for such internal control as Management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material

misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance of the Bank regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance of the Bank, we determine those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Translation of the separate financial statements into English has been made solely for the convenience of international readers.

Deloitte & Touche
Quito, 9 March, 2022


Santiago Sánchez
Partner
License No. 25292

Internal Audit Report
Banco de la Producción S.A. Produbanco and Subsidiaries

OPINION OF THE AUDIT COMMITTEE ON THE
SUFFICIENCY OF INTERNAL CONTROL SYSTEMS
IN FORCE AND THE APPROPRIATE APPLICATION OF
RISK MANAGEMENT - YEAR 2021

«The Audit Committee, based on the reports presented and various aspects analyzed in meetings held during 2021, as well as in the annual evaluation report regarding the internal control system issued by Internal Auditing corresponding to the above year, informs that the structure of risk management is adequate to the size and complexity of the Bank's operations, and it has an appropriate internal control structure; there is no evidence of circumstances that could comprise important weaknesses in the Bank's internal control system. Furthermore, in keeping with the requirements of legal banking resolutions, the Committee hereby affirms that it has followed up on the findings and reports of the Internal and External Auditors and the *Superintendencia de Bancos* (Superintendency of Banks), and also indicates that there is neither evidence nor knowledge of suspicious and irregular behaviors or conflicts of interest in the terms of the above legal resolutions».

Héctor Neira Calderón
Chairman of the Audit Committee

INTERNAL AUDIT REPORT

Quito, January 25, 2022

Ladies and Gentlemen
SHAREHOLDERS
BANCO DE LA PRODUCCIÓN S.A. PRODUBANCO
Quito - Ecuador

Dear Shareholders:

As Internal Auditor, appointed by the General Shareholders Board of the Bank, and in compliance with the regulations in force, I hereby issue the following report:

This report contains the opinion on the financial statements as of December 31, 2021, the degree of compliance with the legal, statutory, internal regulations, and the regulations established by the Control Agencies, as well as on the quality of the internal control system.

My opinion is supported by the reviews, proofs, and control evaluations carried out during 2021. The reviews were carried out in accordance with auditing standards, which mandate that relevant ethical requirements are met, an audit is planned and performed to obtain reasonable certainty that the financial statements do not contain significant errors. An audit also includes, based on evidence, examining the evidence supporting the figures in the financial statements and evaluating the internal control system, as well as evaluating the accounting practices applied, the principles used, and the significant estimates made by the Administration. I consider that the tests carried out, which were executed according to the annual work plan approved by the Audit Committee and the Board of Directors of the Bank, and communicated to the Superintendency of Banks, provide a reasonable basis for expressing the following opinion:

1. In relation to the financial statements:
 - a. In the portfolio, it was verified that the credit operations have been granted in compliance with the legal requirements and current regulations while applying the policies approved by the Board of Directors.

The provisions for possible losses established satisfy the requirements established by the regulations determined by the Superintendency of Banks. Produbanco maintains at 61 days the parameter for transfer to past due portfolio of all credit operations in compliance with the provisions of Resolution No. 609-

2020-F dated October 28, 2020, Official letter No. JPRMF -2021-0230-O dated May 18, 2021 and Resolution No. JPRF-F-2021-008 dated December 30, 2021.

During this period, no operations granted to related parties have been identified.

- b. Investments in securities have been made based on the quotas and limits approved by the Board of Directors.
 - c. Both in active and passive operations, the Bank has complied with transparency standards of information.
2. Produbanco's front-line liquidity index had an annual average level of 27.98%, exceeding the minimum established by the Superintendency of Banks during every month.
 3. The ratio of the Bank's Technical Equity to risk-weighted assets presented at the end of the year a surplus position of USD 206.77 million, which is equivalent to a solvency indicator of 13.28%, higher than the required minimum of 9%.
 4. Tax and labor obligations are adequately observed.
 5. The Bank and its Subsidiaries maintain a reasonable internal control system for its transactions and processes, which allows it to provide an adequate degree of security to its operations.
 6. In relation to the anti-money laundering control system of the Bank and its Subsidiaries, I can conclude that: it generally observes the requirements established by the current legal requirements and the regulations set forth by both the Superintendency of Banks and the Financial and Economic Analysis Unit (Unidad de Análisis Financiero y Económico—UAFE); it covers the operations of the Organization; it is applied in all branches; and is disseminated to all staff through the means available to the Bank.
 7. Regarding comprehensive risk management regulations, the Bank has generally complied with the terms and deadlines established by the Superintendency of Banks. The Bank's Administration issued the necessary policies and procedures for the implementation of comprehensive risk management. There is an adequate evaluation of the exposures to the various risks, and the Board of Directors is apprised in the periodicity established by the Administrative Body on the administration thereof. The reclassification to a portfolio that does not accrue interest of the consumer credit operations and microcredit with a "D" and "E" rating that has a default of less than 60 days is pending, which as of December 31,

2021 represented a principal amount of US\$ 24,374,369 and interest of US\$ 545,954; change included in the Coding of Resolutions of the Superintendency of Banks with the modification of the credit segments, on which Produbanco requested the Control Organization to review it, through an official letter Nro. SB-INCSFPR-2021-0670-O dated December 30, 2021; the Superintendency indicated that it will submit to the regulatory committee of a technical report on the analysis of the proposed exclusion of the aforementioned segments.

8. I must mention that within the balance of the account "Recovery of written-off portfolio", during the year 2021 it registered US\$28,141,130, including US\$15,173,287 of restructured written-off debt during the period, which is provisioned by 100% without impacting in the final profit for the year.

OPINION

The financial statements are responsibility of the Bank's Administration. My responsibility as Internal Auditor is to express an opinion on the reasonableness of these financial statements based on the audit tests performed.

In my opinion, the Balance Sheet as well as the Profit and Loss Statement of December 31, 2021, both of Produbanco and its Subsidiaries, are presented reasonably in accordance with regulations and accounting practices established by the Superintendency of Banks and other regulatory and control agencies.

In addition, I can report that Produbanco and its Subsidiaries have an adequate level of internal control; they comply with current legal requirements; their transactions respond to banking techniques and they comply with policies and procedures approved by the Board of Directors, as well as by legal regulations in force. The accounting classification of the consumer, real estate and microcredit portfolio with a "D" and "E" rating that is less than 60 days past due referred to above has not been carried out, which represented as of December 31, 2021 an underestimation of the doubtful collection portfolio due to a principal amount of US\$ 24,374,369 and an over estimate of income of US\$ 545,954; in relation to the Bank's requests to review the relevance of the aforementioned standard, the Superintendency of Banks indicated through official letter No. SB-INCSFPR-2021-0670-O dated December 30, 2021 that it will inform the Regulatory Committee of a technical report on the analysis of the proposed exclusion of the aforementioned segments.

Sincerely,

Fredy Sandoval Cerda
INTERNAL AUDITOR



Credits

Coordination

Marketing

Graphic Line

Grupo Promerica

Editing and Diagramming

Solange Luna

Translation

Cambridge Traductores

Photography

Produbanco

March 2022



produbanco.com