

Semester Report
SECOND HALF
2013



INDEX

Economic-Financial Position	2
Credit Risk Reports	8
Approval of Lending and Borrowing Transactions Individually Exceeding 2% of the Bank's Equity	8
Comparative Financial Statements for the last two (2) years and Application of Net Income	9
Participation in the Country's Production Sector as a Percentage of the Loan Portfolio.....	10
Report on Requirements and Claims filed by Users of the Bank Services and How they were Solved	10
Electronic Channels and Bank Agencies	11
Equity Sufficiency Coefficient Levels	11
External Auditor's Report	12
Financial Indicators	12
Internal Audit Report and Auditor's Opinion on the Compliance with the Rules on Prevention of Money Laundering.....	13
General Communications received from the Superintendence of Banks and Other Financial Institutions	16
Information Relevant to Shareholders	17
❖ Stockholders Meeting Call	18
❖ Corporate Governance Report.....	19
❖ Comptrollers' Report	22
❖ Management Report	23

ECONOMIC FINANCIAL POSITION

*Second Half
2013*

We are pleased to present the balance of our Organization's performance in the second half of 2013. This period's results reaffirm Banesco Banco Universal's leadership in the banking system, particularly in private banking, emphasizing our performance in important areas including credit portfolio, total assets, clients' deposits, and resources.

Banesco made a significant investment in the area of channel infrastructure, providing over 6 million customers with one of the biggest service networks in the country, with a total of 417 service points; 75,708 points of sale; and 1,661 ATMs at 2013 close. We remodeled over 100 agencies, promoting the use of electronic channels with the expansion of lobby spaces and set-up of multifunctional ATMs and self-service kiosks, allowing the customer to make transactions like deposits and credit card payments in check or cash, withdrawals, enquiries for account balance and movements, banking references requests, among others; and making promotion and sales spaces more comfortable for our clients.

In the annual report of December 2013, Banesco registered a net credit portfolio of 101.5 billion bolivars, which represents a 58.2% increase over last year. This ratifies the financial entity's support to productive activity, and ranks Banesco as the country's leading private capital institution in this area. The Bank reported a 51.04% financial intermediation, 2.23 percentile points over the banking system's average.

SME's and microenterprises are part of Banesco's strategic focus because, through these sectors, we promote access to banking services and contribute with small entrepreneurs with the support of our Community Banking. Thus, we ranked first in granting microloans with a total of Bs. 6.9 billion as of December 31, 2013; with a year-on-year increase of 86.7% over December, 2012.

Manufacturing loans showed a Bs. 7.4 billion balance at December 2013, i.e., a 71.4% increase over the previous year.

Agricultural loans registered a year-on-year increase of 56.7%, totaling Bs. 16.5 billion, thus positioning Banesco as the leading private bank funding this sector.

Moreover, Banesco granted Bs. 2.4 billion in tourism credits, ranking first among private banks after a 69.6% increase.

Total assets reached Bs. 223.9 billion, ranking us as the first private bank in this segment with a 14.7% market share.

Liabilities increased by 82.5% in customers' deposits, going from Bs. 109.1 billion in December, 2012, to Bs. 198.9 billion in December, 2013, preferred by 15.02% of the market.

In third-party resources, Banesco registered the best result among private banks with Bs. 208.4 billion (+79.1% in one year).

Community Banking granted 44,648 microloans. This financing volume represents a 17.23% increase over microloans granted in 2012 (38,087 "Working Loans"). Whilst increasing its financial support to microentrepreneurs, Community Banking has maintained its portfolio quality with 0.08% default at 12/31/2013.

In the report issued in December, 2013, Community Banking closed the year with a Bs. 2,476 million portfolio. Economic activities with the highest financing volume were transport, clothing sales/manufacturing, storage, grocery stores, and the food business.

Preserving our trajectory as a socially responsible company, our social investment amounted to Bs. 58,674,138 in the second half of 2013. Such investment was aimed at different projects and initiatives to benefit the community and our workers.

In this report, we offer our readers further details on Banesco Banco Universal's activities in the year as of December 31 2013 close.



Juan Carlos Escotet Rodríguez
Chairman of the Board of Director

VENEZUELAN ECONOMY IN THE SECOND HALF OF 2013

ACTUAL SECTOR

Preliminary figures from the Banco Central de Venezuela (BCV) at the third quarter of 2013 suggest a 1.4% growth of Venezuelan economy over the same period in 2012.

Economic activities with the best performance were financial and insurance institutions (+24.5%), communications (+6.5%) and water and electricity (+4.7%); while the less favored activities were mining (-22.6%), construction (-3.5%) and transport and storing sectors (-2.5%).

Important activities like manufacturing and trade increased by 0.1% and 3.5%, respectively, at the third quarter in 2013.

Supply's performance can also be explained by demand: aggregate domestic demand decreased by 0.5% at the third quarter of 2013 after having increased by 12.3% in 2012. While there was a slowdown in public and private consumption, the 9.1% contraction of gross investment showed the biggest impact on demand, caused by the decrease in inventories.

EXTERNAL SECTOR

The average price of Venezuela's oil export basket in 2013 reached 99.5 US\$/b, corresponding to a 3.8% decrease with respect to 2012. In addition to the domestic consumption growth and the 5.0% increase in oil imports, the oil basket decrease explains the 9.3% fall of net oil exports until the third quarter of 2013.

Non-oil exports decreased by 15%, reaching US\$ 2.5 billion in the first nine months of the year, while non-oil imports dropped 7.2% to US\$ 31.4 billion. A significant factor thereof is the US\$ 1.00 billion increase of public sector imports and the US\$ 3.4 billion decrease of private sector imports, reaching US\$ 22.6 billion (-13.2%). Thus, Venezuela had a negative non-oil trade balance by US\$ 28.9 billion; although this was offset by the oil sector surplus (US\$ 58.9 billion), it conditioned the trade balance decrease and checking account surplus, closing at US\$ 27.4 billion and US\$ 7.5 billion, respectively.

The financial account in the balance of payment registered a US\$ 7.8 billion deficit, mainly explained by the increase of foreign assets in the public and private sector, which conditioned the close of the balance of payments for the first three quarters of the year (US\$ -3,3 billion).



Economic activities with the best performance were financial and insurance institutions (+24.5%), communications (+6.5%) and water and electricity (+4.7%); while the less favored activities were mining (-22.6%), construction (-3.5%) and transport and storing sectors (-2.5%).

International reserves were at US\$ 21.5 billion at 2013 close, partially affected by the decrease of gold prices.

BCV figures lead to conclude that, until September, 2013, the Foreign Exchange Administration Commission (CADIVI, for its Spanish initials) allocated foreign-currency dealers US\$ 1.2 billion over the same period in 2012, for a total of US\$ 23.1 billion. The private sector received US\$ 9.4 billion through the System of Exchange for Foreign Currency-denominated Securities (SITME) in 2012; however, with this system's elimination in February, 2013, only US\$ 439 million were offered, and US\$ 1.6 billion were further contributed through the Supplementary System for Foreign Currency Administration (SICAD).

MONETARY SECTOR

Monetary liquidity (M2) continued to expand with a 69.2% increase during 2013. Between November and December, the currency-issuing institution increased absorption operations and modified the legal framework for reserves

in three opportunities in order to control monetary growth. The most recent modification was published in Official Gazette No. 40,309 dated December 5, 2013; whereby it is established that -as of October 18, 2013- reserves would be fixed at 20.5% on deposit and 30% on marginal balance. The monetary surplus, which averaged Bs. 75.5 billion and closed at Bs. 150.5 billion in 2013, continued to pressure the lending rate decrease for the fifth year in a row, averaging 15.69% in 2013. This figure is 70 basis points (bps) lower than 2012, emphasizing the 161 bps decrease in financing for manufacturing activities and 91 bps for commercial activities.

Monetary expansion, adjustments of some controlled goods and imbalances in the supply and demand of some products contributed to a significant price acceleration, registering a 52.6% increase according to the National Consumer Price Index of the Central Bank of Venezuela. This figure had reached 20.1% in 2012.

Food and beverages showed the most significant increase (73.9%), followed by restaurants and hotels (71.6%), and alcoholic beverages and tobacco (67.9%). Food and beverage prices were influenced by inflation in agricultural and fishing goods, which increased by 82.8% and 116.3%, respectively.

Shortage indicator was located at 22.2% at year close, and averaged 20.8% in 2013. In 2012, this indicator was located at 14.2%.

BANKING SYSTEM

The banking system closed 2013 with 35 institutions; 24 of which are private and 11 public; 3,511 agencies; 9,362 ATMs; and 811 outside teller windows.

Significant growths emerged from this period's evolution in the main items of the consolidated balance sheet. An example thereof is total assets (Bs. 1,527 billion), which increased its December 2012 value by 64.5%.

This increase was mainly caused by the 62.5% boost in the credit portfolio over the same period in the previous year, closing this period with a total of Bs. 646,368 million, which constitutes 42.3% of the assets.

Concerning credit destination, the biggest growth in absolute terms was registered in commercial loans, achieving a Bs. 88,009 million increase with respect to the first quarter in 2013, and a Bs. 120,642 million increase in the last twelve months. This portfolio exceeds 284 billion bolivars, for a 42.83% share in the system's gross portfolio.



On the other hand, productive sector loans maintained their increase by exceeding 270 billion bolivars of total portfolio value, after their 50.7% increase in 2013. An important fact thereof is the favorable behavior of agricultural loans, which reached Bs. 98,161 million last December close, or a 53.9% increase in said period. A higher dynamism was also observed in the remaining managed portfolios.

Investments showed important growth (+78.2%), thus representing 29.2% of the system's assets, and closing the second half of 2013 at Bs. 445,759 million. Over 55% of such investments are National Public Debt Bonds and Obligations.

Liabilities maintained their rising trend in accordance with monetary liquidity expansion, registering a customers' deposit balance of Bs. 1,324,430 million that equals a 39.1% variation with respect to the first half of 2013, and a 67.9% variation over 2012 close.

The mixture of deposits continued to show the biggest significance in checking accounts. This instrument increased from 64.0% to 75.9% of deposits at December 2013 close, while savings maintained a similar share (18.8%)

The system's capital stock accounts reached Bs. 120,897 million; with a Bs. 46,102 million (61.6%) increase in 2013.

The financial market's favorable performance allowed achieving highly positive performance indicators. A significant indicator is the loan portfolio quality, reaching one of the lowest default levels in the last years (0.62%) with an average system coverage of 453.3%.

BANESCO BANCO UNIVERSAL

Our total assets closed the second half of 2013 at Bs. 223,889 million after an 81.2% growth in the last twelve months, and a 50.3% growth over the first-half close.

This increase was mainly caused by the boost in the bank's credit transactions, which amounted to Bs. 101,555 million in December, 2013, showing an annual variation of Bs. 37,365 million (58.2%). This ratifies us as the most preferred private bank by the public in financing, with a 15.7% market share. We granted over 267 thousand loans during the second year half, including one of our leading products, the widely accepted ExtraCrédito (Extra Loan) with over 191 thousand loans granted in said period.

In 2013, we maintained our significant presence in providing credit support to different productive sectors in the country. We ranked first in granting commercial loans, with a total portfolio value of Bs. 43,822 million (15.4% market share); Bs. 6,902 million in loans to microentrepreneurs (19.1% market share); and tourism loans with a total of Bs. 2,079 million at the period's close (15.1% market share).

The Bank's focus on financing housing was reflected in the significant quantity of loans granted for this purpose with the bank's own funding (1,248 loans) during the second half of the year. This term closed with a total portfolio value of Bs. 7,907 million, plus 2,442 mortgage loans via the Mandatory Housing Savings Fund (FAOV, for its Spanish abbreviation) for a total of Bs. 513.8 million.

BanESCO was present in financing the purchase of new and used vehicles, granting 6,150 loans for a total of Bs. 2,176 million. BanESCO became the biggest growing institution in this peer group, increasing 1.92 percentile points of market share in just six months and closing the year at 28.64%. This consolidated us as one of the preferred choices by clients and dealers.

The aforementioned led to achieve a 51.04% credit intermediation as of December 2013 close, exceeding the general banking average by 2.23 points.

As for liabilities, a favorable performance was observed with Bs. 198,990 million in customers' deposits, a variation



BanESCO Banco Universal's equity reached Bs. 17,392 million at 2013 close after an increase of Bs. 6,918 million in the last twelve months, showing an equity sufficiency coefficient of 10.17% over the minimum-required percentage.

of 82.5% with respect to the close of December, 2012. This is mainly due to the increase in checking accounts along with the bank market performance as a whole. On the other hand, the savings balance increased by 72.5% over last year's second half, closing this period with a total of Bs. 36,420 million; while fixed-term deposits showed a minor decrease over the last twelve months.

We also registered a half-year growth of Bs. 995 million (9.2%) and a year-on-year growth of Bs. 2,581 million (28.0%) in trust assets as a result of the long-standing and important trajectory of BanESCO as a trustee in Venezuela. The total portfolio value in this item reached Bs. 11,813 at December 2013 close, and ranks us third among the country's private banks in this category.

51.4% of total trust assets corresponded to Collective Trusts (Bs. 6,075 million), 8.2% to Management Trusts (Bs. 970 million), 21.1% to Guarantee Trusts (Bs. 2,487 million), and 19.3% to Investment Trusts (Bs. 2,281 million).

During this period, 100 new trusts were created, reaching a total of 5,618 plans: 2,737 of which are Management Trusts, 1,891 are Collective Trusts, 972 are Investment Trusts, and 18 are Guarantee Trusts.

BanESCO Banco Universal's equity reached Bs. 17,392 million at 2013 close after an increase of Bs. 6,918 million in the last twelve months, showing an equity sufficiency coefficient of 10.17% over the minimum-required percentage.

Transactions for the six-month period led to a 6.80% net return on average assets, exceeding last year's figure in the same period, and an 82.87% net return on average equity. Strict observance of the Bank's portfolio quality and the efficient management of the institution's resources contributed to these achievement

FINANCIAL HIGHLIGHTS

GROWTH

Stated in Million VEB	First Half 2012	Second Half 2012	First Half 2013	Second Half 2013	II Half 2013 I Half 2013		II Half 2013 II Half 2012	
					Absolute	%	Absolute	%
Total Assets	86,878	123,582	148,962	223,889	74,927	50.3%	100,308	81.2%
Cash and Due from Banks	15,427	28,317	24,894	54,315	29,422	118.2%	25,998	91.8%
Security Investments	16,363	26,237	43,724	60,276	16,552	37.9%	34,039	129.7%
Credit Portfolio	52,491	64,190	76,362	101,555	25,193	33.0%	37,365	58.2%
Deposits from Clients	76,165	109,055	131,215	198,990	67,774	51.7%	89,935	82.5%
Deposits in Current Accounts	53,131	77,631	90,434	158,610	68,176	75.4%	80,979	104.3%
Savings Deposits	14,729	21,112	25,462	36,420	10,958	43.0%	15,308	72.5%
Time Deposits	473	455	465	433	-32	-6.9%	-22	-4.9%
Other Deposits	7,831	9,857	14,854	3,527	-11,327	-76.3%	-6,330	-64.2%
Total Stockholders' Equity	7,907	10,474	11,998	17,392	5,394	45.0%	6,918	66.1%
Trust Assets	8,880	9,231	10,817	11,813	996	9.2%	2,582	28.0%
Debtor Accounts Due to Trust Assignments (FAOV)	6,412	7,321	8,241	9,486	1,244	15.1%	2,165	29.6%
Financial Revenues	5,309	6,707	8,509	11,634	3,126	36.7%	4,928	73.5%
Financial Expenses	1,069	1,369	1,843	2,321	478	25.9%	953	69.6%
Gross Financial Margin	4,240	5,338	6,665	9,313	2,648	39.7%	3,975	74.5%
Financial Intermediation Margin	4,962	6,547	8,051	11,338	3,288	40.8%	4,791	73.2%
Transformation Expenses	2,725	3,052	3,575	4,024	450	12.6%	972	31.9%
Income Tax	0	275	100	90	-10	-10.0%	-185	-67.3%
Net Income	2,016	2,908	4,016	6,691	2,675	66.6%	3,783	130.1%
Accumulate Agriculture Portfolio	11,321	10,585	12,985	16,585	3,599	27.7%	6,000	56.7%
Official Institutions Deposits	4,967	3,572	5,396	5,360	-35	-0.7%	1,788	50.1%
Micro Loans	2,569	3,697	4,769	6,902	2,133	44.7%	3,205	86.7%
Commercial Loans	18,416	27,414	31,312	43,822	12,510	40.0%	16,408	59.9%
Credits to Consumer	12,919	14,405	18,788	22,185	3,397	18.1%	7,780	54.0%
Vehicles	3,615	4,746	5,311	6,303	991	18.7%	1,557	32.8%
Credit Cards	9,304	9,659	13,477	15,883	2,406	17.9%	6,224	64.4%
Mortgage Loans	5,453	5,932	6,394	7,907	1,513	23.7%	1,975	33.3%

RATIOS

Loan Portfolio Provisions / Non Accrual Loans	310.5%	472.7%	364.2%	571.8%
Non Accrual Loans / Gross Loan Portfolio	0.7%	0.5%	0.7%	0.6%
Net Results / Average Assets *	4.9%	5.3%	6.0%	6.8%
Net Results / Average Equity *	55.4%	60.2%	71.1%	82.9%
Liquidity	28.1%	34.7%	30.7%	36.5%

* Annual Percentages

CREDIT RISK REPORTS PRONOUNCEMENT

The credit risk management at the close of the second half of 2013 showed a performance characterized for obtaining a favorable profitability/risk level based on our indicators.

The Default Index in Total Portfolio was 0.64% and the hedging level of the Provision Loan Portfolio was 571.83%.

Funds were mainly placed in Commercial, Manufacturing and Agricultural economic activities as the main sectors that received loans.

Collection strategies are still based on recovery management with a comprehensive customer approach, which has resulted in higher levels of effectiveness.

In the second half of 2013, the close monitoring of past-due balances and the joint management between the areas involved for the achievement of goals set under foreseen scenarios, allowed showing that this type of management is highly relevant to generate value in the final result of the credit business. This management approach is expected to be maintained in the first half of 2014.

APPROVAL OF LENDING AND BORROWING TRANSACTIONS INDIVIDUALLY EXCEEDING 2% OF THE BANK'S EQUITY

REPORT ON APPROVALS OF LENDING TRANSACTIONS EXCEEDING 2% OF THE BANK'S EQUITY

In compliance with article 31(3) of the Decree Law of Banking Institutions on lending transactions, at the six-month close, the Board of Directors approved fifty-nine (59) loans that individually exceeded two percent (2%) of the Bank's equity.

REPORT ON APPROVALS OF BORROWING TRANSACTIONS EXCEEDING 2% OF THE BANK'S EQUITY

During the second half of year, and in compliance with article 31(3) of the Decree Law of Banking Institutions that provides that among other Powers and Duties, the Board of Directors is to "Decide on the approval of lending and borrowing transactions individually exceeding two percent (2%) of the Bank's equity," the report on borrowing transactions exceeding 2% of the Bank's equity was submitted to the Board of Directors for review and approval on a monthly basis.

Within the framework of the process approved by the Board of Directors and reported to SUDEBAN, during the second half of 2013, nineteen (19) new clients were approved for borrowing transactions exceeding 2% of the equity and approximately fourteen (14) clients have been renewed per month.

COMPARATIVE FINANCIAL STATEMENTS FOR THE LAST TWO (2) YEARS AND APPLICATION OF NET INCOME



R.F. J07013805

Chairman of the Board
Juan Carlos Escotet R.

Main Directors
Juan Carlos Escotet R.
María Josefina Fernández M.
Daly Josefina Veliz E.
Miguel Ángel Marciano C.
Olga E. Marciano de Vaamonde
Sergio Saggeve Clammino
Flavel Castañeda de Ledanos
Oscar Doval García

Statutory Auditors
Gordy Palmoro Luján
Igor Williams De Castro

Secretary
Marco Tulio Ortega Vargas

Stock Capital Bs. 1.250.000.000,00
Capital Paid-in Bs. 1.250.000.000,00
Capital Reserves Bs. 16.142.174.437,71

Independent Accountants

Márquez, Paredón & Asociados
(Miembros de CROWE HORWATH INTERNATIONAL)

BALANCE SHEET

December 31, 2013 and 2012 (Stated in VEB)

	Dec-13	Dec-12
ASSETS		
CASH AND DUE FROM BANKS	54.315.336.175	28.316.822.418
Cash	5.465.738.232	3.713.605.058
Central Bank of Venezuela	48.662.338.364	21.464.784.763
Local Banks and Other Financial Institutions	309.189.832	158.793.180
Foreign and Correspondent Banks	249.620.699	120.818.106
Head Office and Branches	0	0
Pending Cash Items	3.628.470.048	2.858.761.311
(Provision for Bank Accounts)	0	0
INVESTMENTS SECURITIES	60.275.928.866	26.236.783.899
Investments in Central Bank	2.797.748.100	1.312.817.572
Investments in Trading Securities	0	0
Investments in Securities Available for Sale	15.492.076.478	8.136.546.822
Investments in Securities Held to Maturity	30.435.865.102	11.745.064.327
Limited Availability Investments	281.485.026	184.291.838
Other Security Investments	11.268.754.160	4.798.063.340
(Provision for Security Investments)	0	0
LOAN PORTFOLIO	101.555.437.094	64.190.253.641
Outstanding Credits	104.704.209.973	65.343.019.841
Restructured Credits	43.358.098	56.090.526
Past Due Credits	673.909.770	321.379.109
Credits in Litigation	2.629.912	3.026.805
(Provision for Credit Portfolio)	(3.868.670.659)	(1.533.242.640)
INTEREST AND COMMISSIONS RECEIVABLE	2.233.226.724	1.291.584.106
Interest receivable from cash and due from banks	0	0
Interest receivable from security investments	1.024.551.045	444.828.547
Interest receivable from credit portfolio	1.085.890.349	828.243.487
Commissions Receivable	194.461.528	95.624.691
Interest Receivable on Other Accounts Receivable	0	0
(Provision for Interest Receivable and Other)	(71.676.198)	(77.112.619)
INVESTMENTS IN SUBSIDIARIES, AFFILIATES AND BRANCHES	4.672.323	3.858.776
Investments in subsidiaries and affiliates	4.672.323	3.858.776
Investments in branches	0	0
Provision for investments in subsidiaries, affiliates and branches	0	0
PROPERTY RECEIVED IN LIEU OF PAYMENT	11.928.310	24.890.290
PROPERTY IN USE	1.815.616.440	1.098.353.657
OTHER ASSETS	3.677.265.020	2.418.977.850
TOTAL ASSETS	223.889.411.952	123.581.524.637

	Dec-13	Dec-12
LIABILITIES AND EQUITY		
DEPOSITS	198.989.772.661	109.054.652.543
Deposits in Current Accounts	158.609.915.381	77.630.604.227
Non-Remunerated Checking Accounts	75.391.936.413	38.128.450.099
Remunerated Checking Accounts	69.959.966.141	39.502.154.123
Demand Deposits and Certificates	13.258.012.827	0
Other Demand Liabilities	3.527.030.837	9.856.878.883
Savings Deposits	36.420.209.318	21.112.091.634
Time Deposits	432.617.127	455.078.004
OBLIGATIONS WITH BCV	0	0
DEPOSITS AND OBLIGATIONS WITH BANAVIH	453.109	571.747
OTHER FINANCING OBTAINED	2.770.966.915	731.915.987
Liabilities with local financial institutions up to one year	2.039.257.472	580.802.894
Liabilities with local financial institutions more than one year	0	0
Liabilities with foreign financial institutions up to one year	731.709.443	151.113.093
Liabilities with foreign financial institutions more than one year	0	0
Other Liabilities up to one year	0	0
Other Liabilities more than one year	0	0
OTHER FINANCIAL OBLIGATIONS	8.760.307	61.212.263
INTEREST AND COMMISSIONS PAYABLE	16.842.927	12.980.732
Expenses payable due to deposits from clients	15.335.000	12.580.447
Expenses payable due to obligations with BCV	0	0
Expenses payable due to deposits and liabilities with BANAVIH	0	0
Expenses payable due to other financing obtained	1.507.927	385
Expenses payable due to other financial obligations	0	0
Expenses payable due to obligations convertible to capital	0	0
Expenses payable due to subordinated debt	0	0
ACCRUALS AND OTHER LIABILITIES	4.710.461.595	3.246.044.608
SUBORDINATED DEBT	0	0
OTHER LIABILITIES	0	0
TOTAL LIABILITIES	206.497.237.514	113.107.337.880
STOCKHOLDERS' EQUITY		
Capital Paid-in	1.250.000.000	1.250.000.000
Paid-in Surplus	1.250.000.000	1.250.000.000
Capital Reserves	1.296.752.580	1.275.080.821
Equity Adjustments	97.250.528	266.752.482
Accumulated Income	14.225.819.950	7.164.757.242
Non-Realized Gain or (Loss) on Available for Sale Security		
Investments	563.261.665	552.485.995
Treasury Stock	(34.890.280)	(34.890.280)
TOTAL EQUITY	17.392.174.438	10.474.186.757
LIABILITIES AND EQUITY	223.889.411.952	123.581.524.637
Contingent Debtor Accounts	36.352.238.474	20.302.517.295
Trust Assets	11.812.664.530	9.231.268.536
Other Trust Assignments	177.159.715	279.332.152
Debtor Accounts Due to Trust Assignments (Housing Mutual Fund)	9.485.684.729	7.321.425.519
Other Debtor Accounts (Housing Mutual Fund)	15.844.437	14.777.364
Other Debtor Memorandum Accounts	454.447.885.536	298.738.507.713
Other Debtor Book Accounts	28.557.899	28.089.007

Statements of Earnings (Stated in VEB)

	Dec-13	Dec-12	Dec-13	Dec-12
Financial Revenues	11.634.310.827	6.706.786.415	11.338.442.288	6.547.344.925
Revenues from Cash and Cash Equivalents	2.460.263	1.757.864		
Revenues from Security Investments	2.878.872.567	1.207.335.807	4.024.178.154	3.051.907.551
Revenues from Credit Portfolio	8.685.975.349	5.449.185.617	1.449.569.282	1.295.162.715
Revenues from Other Accounts Receivable	65.042.295	44.706.299	1.567.306.666	1.195.396.040
Revenues from Investments in Subsidiaries, Affiliates and Branches	0	0	925.548.723	511.623.400
Revenues from Head Office and Branches	0	0	81.755.483	49.725.396
Other Financial Revenues	1.970.353	3.800.828	7.314.264.134	3.496.437.374
Financial Expenses	2.321.297.071	1.368.579.883	18.013.409	10.857.622
Expenses Due to Deposits from Clients	2.299.806.959	1.343.116.443	0	0
Expenses Due to Obligations with BCV	0	0	60.062.099	48.031.513
Expenses Due to Deposits and Obligations with BANAVIH	0	0	9.255.616	7.105.004
Expenses Due to Other Financing Obtained	17.299.481	2.663.440	644.871.020	357.705.173
Expenses Due to Other Financial Obligations	0	22.800.000	6.801.213.606	3.190.516.332
Expenses Due to Subordinated Debt	0	0	0	0
Expenses Due to Other Obligations	0	0	19.955.583	7.377.104
Expenses Due to Head Office and Branches	4.190.631	0	6.781.254.025	3.183.139.228
Other Financial Expenses	0	0	90.000.000	275.000.000
Gross Financial Margin	9.313.013.756	5.338.206.532	6.691.254.025	2.908.139.228
Income from Recovered Financial Assets	199.279.418	132.803.616		
Expenses Due to Uncollectibility of Credits and Other Accounts Receivable	1.375.332.033	596.525.813	0	145.423.762
Provision for Loan Portfolio and Other Accounts Receivable, Losses	1.375.332.033	596.525.813	0	0
Provision for Cash and Due from Banks	0	0	6.250.000	6.250.000
Net Financial Margin	8.136.971.141	4.874.484.335	6.685.004.025	2.756.465.466
Other Operating Income	4.023.999.752	2.058.218.899		
Other Operating Expenses	822.528.605	385.358.309		
Application of Net Income				
Reserve Legal	0	0	145.423.762	0
Statutory Utilities	0	0	0	0
Other Capital Reserves	6.250.000	6.250.000	6.250.000	6.250.000
Accumulated Income	6.685.004.025	2.756.465.466		
LOSEP Contribution	73.364.019	34.458.832		
Net Income Distribution				
Legal Reserve	0	0	145.423.762	0
Other Capital Reserves	6.250.000	6.250.000	6.250.000	6.250.000
Restricted Surplus	3.342.776.816	1.378.232.733	3.342.776.816	1.378.232.733
Surplus to apply	3.342.227.209	1.378.232.733	3.342.227.209	1.378.232.733
NET INCOME	6.691.254.025	2.908.139.228		

	Dec-13	Dec-12
Net Income Distribution		
Legal Reserve	0	145.423.762
Other Capital Reserves	6.250.000	6.250.000
Restricted Surplus	3.342.776.816	1.378.232.733
Surplus to apply	3.342.227.209	1.378.232.733
NET INCOME	6.691.254.025	2.908.139.228

PARTICIPATION IN THE COUNTRY'S PRODUCTION SECTOR AS A PERCENTAGE OF THE LOAN PORTFOLIO

CREDIT SITUATION	OUTSTANDING CREDITS	RESTRUCTURED CREDITS	NON-PERFORMING LOANS		TOTAL CREDITS	PERCENTAGE COMPOSITION
			PAST DUE CREDITS	CREDITS IN LITIGATION		
ACTIVITY ECONOMIC	CREDITS	CREDITS	CREDITS	CREDITS	CREDITS	PERCENTAGE
Agriculture, Fishing and Forest	14,892,455,326	29,061,369	224,994,327	0	15,146,511,022	14.37%
Hydrocarbons and Mining Exploitation	171,149,282	0	36,719	0	171,186,000	0.16%
Manufacturing Industry	7,272,490,298	667,373	108,874,449	0	7,382,032,121	7.00%
Electricity, Gas and Water	96,765,449	0	0	0	96,765,449	0.09%
Construction	9,351,959,971	647,677	17,338,477	0	9,369,946,126	8.89%
Trade, Restaurants and Hotels	23,601,496,224	3,300,653	84,378,229	1,747,312	23,690,922,418	22.47%
Transport, Storage and Communications	1,554,581,712	843,033	2,534,142	0	1,557,958,888	1.48%
Financial Establishments, Real State And Services Provided to Companies	44,767,363,801	7,696,530	223,637,650	882,599	44,999,580,580	42.68%
Community, Social and Personal Services	2,995,947,910	1,141,463	12,115,776	0	3,009,205,150	2.85%
Non Well-specified Activities	0	0	0	0	0	0.00%
SUB-TOTAL (Bs.)	104,704,209,973	43,358,099	673,909,770	2,629,912	105,424,107,753	100.00%

REPORT ON REQUIREMENTS AND CLAIMS FILED BY USERS OF THE BANK SERVICES AND HOW THEY WERE SOLVED

Banesco maintains a technological tool named SIR (Comprehensive Requirement System) that allows managing customers and users' requirements and complaints through the different service channels, such as BanescOnline, national agency network, call center and administrative offices, offering timely and efficient response in line with current regulations.

1. During the second half of 2013, 34,135 financial complaints were processed for a total amount of Bs. 140,394,396.15, 65% of which (22,347 claims) resulted to be favorable to clients; hence, Bs. 47,154,030.22 was refunded to clients.

CHANNEL	Number of Requirements	Customers	% of Req. for Capture Channel	Bs.
BanescOnline	22,595	19,606	66.2%	24,179,875.72
Agency Network	6,137	5,452	18.0%	71,629,860.94
Administrative / Specialized Segments	5,403	4,746	15.8%	44,584,659.49
TOTAL	34,135	29,804	100.0%	140,394,396.15

2. During the same period, 687,255 service requirements (updating of customers' data, increase in credit cards limit, and replacement of credit cards, among others) related to the post-sale of our products and services were processed through the channels indicated in the attached charter.

SERVICE REQUIREMENTS PROCESSED BY CHANNEL • II HALF 2013

CHANNEL	Number of Requirements	Customers	% of Req. for Capture Channel
BanescOnline	310,182	214,735	45.1%
Agency Network	230,941	204,594	33.6%
Administrative / Specialized Segments	133,491	78,816	19.4%
Telephone Banking	12,641	10,798	1.8%
TOTAL	687,255	508,943	100.0%

3. During the six-month period that just ended, the Compliance Level of the service supply in the Complaint and Requirement Management service was 96.9% a 2.3% increase over the previous six-month period (94.6%).

ELECTRONIC CHANNELS AND BANK AGENCIES

As of december 2013 close, Banesco had a wide network of physical and electronic distribution channels whereby the Bank offers a wide range of products and services:

- ❖ 417 service points (agencies, satellites, Banesco Express) nationwide
- ❖ 75,708 Points of Sale
- ❖ 1,661 ATMs
- ❖ 331 Self-Service Equipments
- ❖ 223 Checkbook Dispensers
- ❖ 49 Pavilions

EQUITY SUFFICIENCY COEFFICIENT LEVELS

Pursuant to Resolution 305.09 of July 9, 2009, published in Official Gazette 39.230 of June 29, 2009, the premises and procedures to calculate the equity sufficiency coefficient are as follows:

- ❖ Accounting equity sufficiency index, obtained from dividing the accounting equity amount plus operating management by total asset value. The coefficient to be multiplied by one hundred (100) which should not be less than nine percent (9%).
- ❖ Also, according to the schedule issued by the regulator, should not be less than ten percent (10%) at December 31, 2014.
- ❖ Total equity sufficiency index, obtained from the sum of primary equity value (level I) plus Supplementary Equity (Level II), divided by the total amount of contingent assets and operations, weighted by risk level. The coefficient to be multiplied by one hundred (100), which should not be less than twelve percent (12%).
- ❖ Total equity sufficiency index (Level I) is the primary equity ratio (Level I) divided by the total amount of contingent assets and operations, weighted by risk level, which should not be less than six percent (6%).

Based on the provisions and on the results obtained in December 2013 and June 2013, the percentages reached are as follows:

DESCRIPTION	DECEMBER 2013	JUNE 2013
Accounting Equity Sufficiency Index	10.17%	10.85%
Total Equity Sufficiency Index	18.00%	16.91%
Total Equity Sufficiency Index (Level I)	18.00%	16.91%

EXTERNAL AUDITOR'S REPORT

The financial statements of the Bank corresponding to the second half of 2013, included in this report, were audited by the external auditors of the Institution, "Márquez, Perdomo & Asociados", and confirmed the fairness of such financial statements.

LIQUIDITY, LEVERAGE, EFFICIENCY AND PROFITABILITY INDICATORS

PRINCIPAL FINANCIAL INDICATORS	Dec. 13	Jun. 13	Dec. 12	Jun. 12
1. Equity				
Equity + Operative Management / Total Assets	10.17%	10.85%	10.22%	10.36%
Non-Productive Assets / Equity + Operative Management	328.00%	218.37%	294.47%	203.61%
2. Assets Quality				
Loan Portfolio Provisions / Gross Loan Portfolio	3.67%	2.55%	2.33%	2.29%
Non Accrual Loans / Gross Loan Portfolio	0.64%	0.70%	0.49%	0.74%
3. Management *				
Personnel Expenses + Operative Expenses / Average Productive Assets	4.60%	5.16%	6.49%	6.94%
Personnel Expenses + Operative Expenses / Financial Income	28.57%	32.19%	39.08%	41.53%
4. Earnings *				
Net Results / Average Assets	6.80%	5.97%	5.32%	4.90%
Net Results / Average Equity	82.87%	71.14%	60.23%	55.37%
5. Liquidity				
Availability / Customer Funds	27.30%	18.97%	25.97%	20.25%
Availability + Investment in Securities / Customer Funds	36.49%	30.70%	34.69%	28.12%

* Annual Percentages

INTERNAL AUDIT REPORT AND AUDITOR'S OPINION ON THE COMPLIANCE WITH THE RULES ON PREVENTION OF MONEY LAUNDERING

Caracas, February 2014

In compliance with article 29 of the Banking Institutions Law, we presented the summary of the internal audit management for the six-month period ended December 31, 2013, as well as the opinion on the efficiency of the internal control and the risk management system of Banesco Banco Universal (hereinafter "the Bank"), corresponding to the period from July 2013 to December 2013.

The internal control model of Banesco Banco Universal comprises a set of processes and procedures followed by the senior management of the bank and the rest of the employees, design to provide reasonable assurance as to achieving control objectives set by the organization.

The internal control model of Banesco Banco Universal covers the control objectives on corporate strategy, effectiveness, and efficiency of the transactions, reliability on the financial information, and compliance with applicable laws and regulations.

The identification of the potential risks that ought to be covered by the Internal Control model of Banesco was made based on the knowledge and understanding of the business by the Bank's Management, taking into account quantitative and probability of occurrence criteria, as well as qualitative criteria associated to the business typology, complexity, or structure. Therefore, the Executive Vice Presidency of Comprehensive Risk Management has been training and updating a group of Senior Management employees for them to assume direct responsibility in the risk management, identification, and mitigation process in each of their departments. In this regard, Comprehensive Risk Deputies (DRI) has been appointed in each business unit, as well as Comprehensive Risk Master Deputies (MDRI), whose activities are the responsibility of the CEOs and Vice Presidents of each line of business.

On the other hand, the Bank is in the process of adapting all its procedures by preparing policies and procedures manuals, whereby the transactions, the risks associated to each procedure, and the controls thereof are identified in detail in order to assure the mitigation of risks through ongoing monitoring of the performance of the controls.

The Bank assumes the guidelines of the Basle Committee, and therefore, it conceives the Internal Audit function as a permanent, independent, impartial and objective activity of consultation, assessment and improvement of the internal

control and risk management systems of the Organization, in order to add value, enhance operations and support the Bank in achieving its objectives; thus, its action area encompasses every and each Bank's activity, regardless its geographical or functional activity. The internal audit function is set forth in the Bylaws, whereby the vision of the function and the attributions are defined as a whole, as well as the following functions, among others:

- ❖ Evaluate reliability and completeness of the Bank's financial information.
- ❖ Evaluate compliance, suitability and effectiveness of internal control systems and procedures, including electronic information systems.
- ❖ Review the application and effectiveness of the method of identification, control, management, administration and assessment of the different risks: credit, market, operating, liquidity, legal and the Bank's reputation risks.
- ❖ Enforce compliance with laws, regulations, internal and external regulations adjusted to the financial system, applicable to the Bank.
- ❖ Determine and assess the scope of irregularities, unusual events and noncompliance detected in the performance of works, presenting the conclusions to the Ethics Committee.
- ❖ Evaluate the system in connection with Prevention of Money Laundering and Terrorist Financing Activities, compliance with the Manual for Internal Standards and Policies and legal regulations governing the manual.

The audit activity also covers all matters related to Electronic Data Processing (EDP), such as controls established to protect clients' data, application controls in production, application controls in development, logical and physical security controls, logical and physical access controls, and organizational technological controls.

The audit activities supporting this report were accomplished thanks to the support of the Bank's President, the Audit Committee and the Board of Directors, in strict compliance with current national laws and international internal audit standards.

The 2013 Internal Audit Annual Plan was approved by the Audit Committee in the meeting held on January 9, 2013, and submitted for ratification by the Board of Directors on February 6, 2013, as per Minute No. 1336. The plan established the processes to be subject to review, and the scope and term of the audit.

In the second half of 2013, we attended 6 Audit Committee's Meetings in order to report the results of the audits made and the results of the incidents occurred.

Likewise, the audit results were submitted to the Risk Committee on a biannual basis as provided for in article 10 of Resolution 136-03.

Likewise, the Audit Committee furnished the results to the Board of Directors to bring to their attention the severity of the findings and the potential deviations from the Bank's objectives. The Board took note of the observations and recommendations made for all the cases presented by the internal audit reports and Sudeban based on the audits made and by external auditors.

As of December 31, 2013, the Audit Plan was 100% accomplished as established for the second half of the year, from which scope, the following are worth mentioning:

LEGAL COMPLIANCE

Compliance with the Banking Institutions Law

Adaptation by the Bank to the Plan of Adjustment required in the Sixth Transitional Provision of the Decree Law of the Partial Amendment to the Banking Institutions Law was followed up, evidencing that as of 12/31/2013 the Bank complies with and adapts to the Law. We are just awaiting the decision by the Supreme Body of the National Financial System (OSFIN) as to articles 38, 96, 98, and 99 of the Law.

COMPLIANCE WITH REGULATIONS ON PROTECTION OF USERS OF FINANCIAL SERVICES

Verification of compliance by the Bank of Resolution 083-11 "Standards on Protection of Users of Financial Services", for which the Bank has been managing actions aimed to improve Customer Service Quality and employees' knowledge as to service quality, and has made changes in the agencies related to service provision to senior citizens and the disabled by improving service turnaround time and response time to customers' requirements. Likewise, the Bank has complied with all regulation letters on services to customers of financial institutions, and with the most recent Regulation Letter No. SIB-II-GGR- GNP-09338 of 03/27/2013 on the granting of debit cards to pensioners of the Venezuelan Institute of Social Security and Regulation Letter SIB-II-GGR- GNP-39387 of 12/03/2012 on the prohibition to set minimum balances in capital raising instruments.

LOAN PORTFOLIOS (MANDATORY LENDING BUCKETS)

As of December 31, 2013, the classification of the loan portfolio by allocation is as follows:

BY TYPE OF LOAN	BALANCE AS OF DECEMBER 31, 2013 (STATED IN VEB)
Installment Loans	43,433,211,184.11
Credit Cards	15,882,509,217.64
Fixed-term Loans	15,146,511,022.19
Manufacturing Sector Loans	7,382,032,120.70
Car Loans	6,302,696,983.61
Mortgage Loans	7,907,009,994.67
Microentrepreneurs Loans	6,901,720,802.65
Tourism Loans	2,079,491,367.28
Negotiated Issued Letters of Credit	368,211,984.81
Checking Accounts	20,713,075.37
Total Portfolio as 31-12-2013	105,424,107,753.03
Provision maintained for loan portfolio 31/12/2013	-3,818,670,658.73
Loan portfolio net as of dec. 30, 2013	101,605,437,094.30

As of December 31 and June 30, 2013, the Bank keeps micro-entrepreneur loans for Bs. 6,901,720,803 and Bs. 4,768,705,210, respectively, which represent 8.81% and 7.26%, respectively. The percentage require under the regulations is 3% of the total gross annual portfolio at closing of the prior six-month period.

In order to comply with the provisions of the current regulations regarding the percentage to be allocated by universal banks to financing manufacturing activities, at December 31, 2013, the Bank granted Bs. 7,382,032,120 to this sector, representing 11.23%, of the total gross annual portfolio of the prior period. The legal percentage required by law is at least 10% of the gross annual portfolio of the immediate year.

As of December 31, 2013, the Bank granted loans to the agricultural sector of approximately Bs. 15,146,511,022, and issued agricultural bonds for Bs. 1,438,308,727, representing 30.54% of the average portfolio for recent fiscal years, with the legally required percentage being 22%.

Under the regulations in effect as of December 31, 2013, the number of new borrowers of the agricultural portfolio should increase by 30% compared to the total borrowers for the same portfolio in the immediate prior year. At 12-31-2013, under Official Gazette 40.133, published on March 21, 2013, the Bank must increase by 30% the number of new customers as to agricultural portfolio over the closing in 2012. By 12/31/2013, new customers of the Bank

agricultural portfolio increased by 438, representing 89.39% of total new customers required for 2013 closing.

As for the mortgage loan portfolio, at 12-31-2013 close, the Bank maintains Bs. 12,291,063,734, for main house acquisition, construction, and renovations, which represents 18.70% of the overall portfolio, calculated over the total gross loan portfolio of the prior fiscal year, and for which banks are liable to reach the 20% required annually. The Bank failed to reach the required percentage. For homebuilding portfolio, the Bank has a percentage of 13%, equivalent to Bs. 8,544,028,464, being the percentage required for this item at 13%, which includes Bs. 5,639,075,981, corresponding to obligations denominated "Bolivarian Housing Values" for Bs. 8,804,975,160.

As to the portfolio aimed at home acquisition, at 12-31-2013, the Bank maintains Bs. 3,089,800,308, equal to 4.70% of the portfolio, while the required percentage for this sector is 6%. The foregoing is because the bank has not enough requests to finance housing construction projects. Nowadays, real estate projects to be financed by banks must be previously qualified by the Ministry of Housing, in compliance with the Housing and Habitat Law.

As to the portfolio for renovations, extensions, and self-help housing, the Bank maintains Bs. 657.234.962, equal to 1% of the portfolio, being the required percentage of 1%.

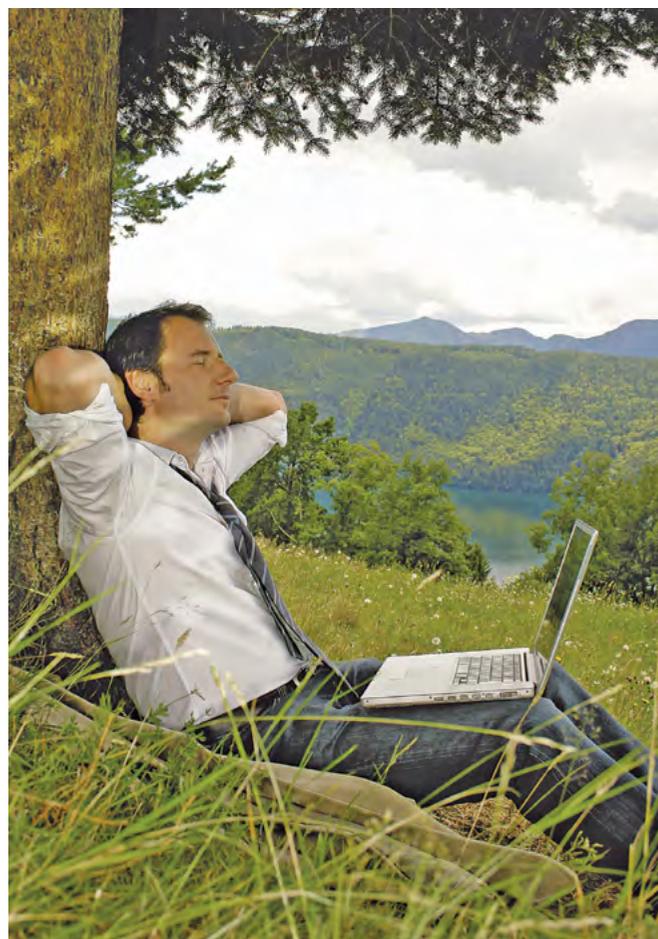
Considering current legislation ruling the Tourism Sector, at 12-31-2013, the Bank maintains Bs. 2,188,186,167 s loan portfolio allocated to such sector, which represents 4.03%, calculated on the basis of the total average annual gross loan portfolio of the prior six-month periods, the current legally-required percentage being at least 2%.

COMPLIANCE WITH TECHNOLOGY REGULATIONS

As to Resolution N° SBIF-DSB-II-GGTI-GRT-01907 of January 30, 2008, issued by the Superintendency of Banks and Other Financial Institutions, regarding the Information Technology Regulations, Uncertified Financial Services, Virtual and Online Electronic Bank, the Bank has been complying with the provisions and the semiannual report of the adaptation thereof.

COMPLIANCE WITH RISK REGULATIONS

In compliance with Regulation 136-03 of 05-29-2003, published in Official Gazette N° 37.703 of 06-03-2003, the Bank maintains a Comprehensive Risk Management structure. The Bank counts on a Risk, Loss Prevention, and Business Continuity Executive Office, a Executive Vice



Presidency of Risks, and also maintains a Comprehensive Risk Committee made up by the President of the Bank, other members of the Board of Directors, and the members of the Vice Presidencies of Security, Auditing, and Accounting, thus accomplishing that the members of the Senior Management of the Bank to be directly involved in the global supervision of risk-taking. The Risk Committee is intended for the management, identification, measurement, and mitigation of the risks the Organization is exposed to, and the meetings are held on a monthly basis.

Based on the foregoing and other standards and policies established by the Risk Committee, the Bank fairly complies with Resolution 136-03 "Standards for Proper Comprehensive Risk Management."

PREVENTION AND CONTROL OF MONEY LAUNDERING AND TERRORIST FINANCING

To comply with the provisions of Articles 70 and 71 of Resolution 119-10 issued by the Office of the Superintendent of Banks, published in Official Gazette 39.388 of March 17, 2010 on the Norms relating to Management and Audit of Risks Associated with Money Laundering and Terrorist Financing, we assessed all the areas under review, and drafted individual reports for each audited area, submitting our results to the Compliance Officer, so to take actions

aimed at closing the gaps observed. In addition, at closing of the six-month period ended December 31, 2013, we issued a summary of our observations, which was submitted to the Chairman of the Board of Directors on February 14, 2014, in compliance with the provisions of Article 71 of Resolution 119-10.

Based on our review of the aspects relating to Prevention of Money Laundering and Terrorist Financing, we pointed out that the policies, processes and control designed by the Bank to comply with the provisions of Resolution 119-10, as well as the plans and programs implemented to prevent and detect suspicious transactions related with Money Laundering and Terrorist Financing, fairly meet the requirements of said Resolution to give assurance that any such transaction will be timely detected by the Bank.

TRUST FUND

In our assessment of the Trust Investment Management, the Operational Support Analysis Management, and the Office of the VP of Trust Products, we identified certain situations entailing possible accounting, legal and operating risks, which require that Managements ensure continuity of regularization efforts, to allow process adaptation and compliance with accounting policies, standards and practices aimed at exerting sound control of the area and avoiding potential risks and penalties for the Organization.

SUDEBAN conducted a General Inspection as of 12-31-2012 to assess the trust fund; therefore, on April 30, 2013, SUDEBAN issued Official Notice SIB-IIGGIBPV-GIBPV3-13557, whereby it informed the Bank the findings of such inspection and the observations from the assessment of the Trust Fund area. In this regard, the Office of the VP of Trust has been making some adjustments and improvements in order to close the observations of Sudeban. The Office of the VP of Trust Product Management furnishes such adjustment and improvement processes to the Board of Directors, where the progress at the closing of the gaps observed and the adjustments made in this Vice Presidency are reported.

In this respect, on May 27, 2013, Banesco sent a communication to SUDEBAN in response to Official Notice SIB-II-GGIBPVGIBPV3-13557, which included the observations made in the Trust Fund area, as well as the delivery of the supporting documents requested during the inspection made as of 12-31-2013.

INTERNAL CONTROL ASSESSMENT

During the second half of 2013, the Audit Plan was executed, which allowed assessing Internal Control effectiveness of the areas covered under such plan. The internal process

assessment allows evaluating the control sufficiency to manage organizational risks, as well as compliance with the policies, standards and procedures established by the Bank, and the current regulatory framework. We observed a risk-awareness culture, appropriate structure, and supervision, guaranteeing integrity, ethical values, and strategic objectives among the Business and Back End areas.

The Bank business and operating units are responsible for implementing and maintaining effective internal control on the processes performed, as well as for identifying and managing the associated risks. The Internal Audit department is responsible for assessing the appropriateness of such internal controls and risks, and whether or not they are duly and properly managed, and for expressing an opinion as to internal control effectiveness. It is also responsible for validating the status of all mitigating and gap-closing actions implemented by the audited areas.

Based on our review of the processes related to the areas subject to audit and existent controls thereon, we may state that such controls provide reasonable assurance of compliance with relevant aspects and are sufficient to mitigate any existing risk. We detected some deficiencies in these controls for which the appropriate recommendations were issued and the audited area undertook to implement the necessary corrective actions, to strengthen the existing internal control environment.

FINANCIAL STATEMENTS

Article 85 of the Banking Institutions Law provides for the subscription of the financial statements as part of the internal comptroller's responsibility. In this regard, we reviewed the figures reflected in the items Cash and Cash Equivalents, Investment Portfolio, Loan Portfolio, Other Assets, and Sight Liabilities. Therefore, we verified the accuracy of the figures recorded in the balance sheet.

Based on the reviews made, we consider that the figures presented in the financial statements are fair and reflect the whole operation carried out by each business area and segment of the Bank, as well as the manual adjustments made in the audited fiscal period.

Likewise, the provisions recorded meet the required percentages that allow making a fair valuation of the assets related to such provisions to assume potential contingencies and penalties, the foregoing, in agreement with the Banking Institutions Law and the Resolutions issued by the Superintendency of Banks.

COMMUNICATIONS OF THE SUPERINTENDENCY OF BANKING INSTITUTIONS, IN CONNECTION WITH THE PROVISIONS, OBSERVATIONS, RECOMMENDATIONS OR INITIATIVES RELATED TO THE BANK'S OPERATIONS

GENERAL REGULATIONS

DATE	GENERAL REGULATIONS	DATE	GENERAL REGULATIONS
06/26/2013	SIB-II-GGR-GNP-20448. Application of "Standards pertaining the selection, hiring, and dismissal of Banks' External Auditor."	10/29/2013	SIB-II-GGR-GNP-36794. Requirement of information concerning automatically reversed transactions.
07/12/2013	SIB-II-GGR-GNP-23193. Reference to Regulation Letter No. SIB-II-GGR-GNP-20448 of June 26, 2013, on "Standards pertaining the selection, hiring, and dismissal of Banks' External Auditor."	10/29/2013	SIB-II-GGR-GNP-36793. Requirement of information concerning issue and delivery of debit cards (DC) to pensioners registered with the Venezuelan Institute of Social Securities (IVSS).
07/26/2013	SIB-II-GGR-GNP-24925. Modifications to the Accounting Manual for Banks, Other Financial Institutions, and Savings and Loans Entities, regarding the inclusion of sub-accounts to record the counter-cyclical provision.	11/05/2013	SIB-II-GGR-GNP-37618. Modifications to the Accounting Manual for Banks, Other Financial Institutions, and Savings and Loans Entities, regarding the recording of sight certificates and deposits.
09/05/2013	SIB-II-GGR-GIDE-29583. Technical Specifications Manual: "AT30 Acquisition and Sale of Goods Received as Payment."	11/06/2013	SIB-II-GGR-GNP-37730. "Term for the electronic transmission of October 2013 financial statements."
09/10/2013	SIB-II-GGR-GNP-29999. Compliance by banking institutions with technical specifications to identify projects or activities financed through the tourism portfolio.	11/28/2013	SIB-II-GGR-GIDE-41239. "ATMs Expansion Plan"
09/24/2013	SIB-II-GGR-GNP-32021. Guidelines to consider when submitting requirements for Shareholders' Meetings.	12/04/2013	SIB-II-GGR-GIDE-41869. Inclusion of the financial instrument called "Sight Deposits and Certificates."
10/09/2013	SIB-II-GGR-GNP-33588. Compliance with exchange regulations by exchange dealers.	12/10/2013	SIB-II-GGR-GNP-42391. Protection to users of financial services.
10/15/2013	SIB-II-GGR-GNP-34466. Payment and request of information on the contributions aimed at communal projects or other forms of social organization.	12/26/2013	SIB-II-GGR-GNP-44122. "Modifications to the process related to contributions by Banking Institutions to the Social Protection Fund of Bank Deposits."
10/22/2013	SIB-II-GGIR-GSRB-35539. Presentation on securities purchase and sale transactions and valuation method through yield curves".	12/26/2013	SIB-II-GGR-GNP-44123. Recording of equity interest of banking institutions in Sociedad de Garantías Recíprocas para la Pequeña y Mediana Empresa del Sector Turismo, S.A., "SOGATUR" (Guarantees for the Tourism Sector to support financing to small and medium-sized companies in the tourism sector.)
		12/26/2013	SIB-II-GGR-GNP-44124. "Increase of credit card limits."

SPECIFIC REGULATIONS

DATE	COMMUNICATIONS	DATE	COMMUNICATIONS
06/28/2013	SIB-II-GGIBPV-GIBPV3-21169. Considerations on the adaptation to the Adjustment Plan presented by the bank regarding the modality of crediting the guarantees of workers' social benefits.	10/11/2013	SIB-II-GGIR-GSRB-34141. Observations arising out of the special report of the audited financial statements as of December 31, 2012, that includes the level of compliance with the "Standards for Proper Comprehensive Risk Management."
07/26/2013	SIB-DSB-CJ-PA-24939. The Reconsideration Appeal filed against Resolution No. 062.13 of 05/29/2013 was sustained, thus, the administrative penalty imposed to the Bank for alleged failure to provide information requested by the Superintendency of Banking Institutions is dismissed and rendered ineffective.	10/18/2013	SIB-II-CCD-35122. Report on the findings from the inspection made on August 5, 2013, to the facilities of the work Hotel Bahía Kangrejo.
07/26/2013	SIB-II-GGR-GA-24865. Agreements adopted in the Regular Shareholders' Meeting of March 18, 2013, were approved.	10/17/2013	SIB-II-GGIBPV-GIBPV3-35048. Considerations on the findings from the general inspection with cutoff date as of December 31, 2012, regarding the analysis and assessment of the trust fund and follow-up of Official Notice No. SIB-II-GGIBPV-GIBPV3-31087.
07/29/2013	SIB-DSB-CJ-OD-24974. The Agreement on the General Conditions of Savings Account Services was approved.	10/29/2013	SIB-II-GGIBPV-GIBPV3-36674. Follow-up of the observations made to the supporting documents of the regular Shareholders' Meetings held on September 26, 2011, and March 26, 2012.
07/29/2013	SIB-II-GGIBPV-GIBPV3-24993. Relating to the transfer of shares the Bank holds in carriers and other companies.	10/31/2013	SIB-DSB-UNIF-37298. Findings from the Special Inspection to Porlamar I (0018), Porlamar Av. 4 de Mayo (0411), Sambil Porlamar (0563), Sambil Margarita (0701), Caoma Porlamar (0706) bank agencies.
07/29/2013	SIB-II-CCSB-24981. Findings from the Special Inspection made as to Bank Service Quality on July 1-2, 2013.	11/06/2013	SIB-DSB-UNIF-37804. Findings from the Special Inspection to San Cristóbal Calle 1 (0173), Banca Privada San Cristóbal (0234), San Cristóbal III (0261), San Cristóbal 7MA. Avenida (0340), La Concordia (0435) bank agencies.
07/31/2013	SIB-II-GGIBPV-GIBPV3-25580. Considerations about the Regular Shareholders' Meeting held on March 18, 2013.	12/06/2013	SIB-DSB-CJ-OD-42084. Considerations on the Agreement of Special Conditions of Foreign Currency Accounts of the Bank.
08/15/2013	SIB-II-GGIBPV-GIBPV3-27588. Recommendations on the update and modification to the "Liquidity Contingency Plan" of the Bank.	12/10/2013	SIB-II-GGIR-GSRB-42304. Observations arising out of the special report of the audited financial statements as of June 30, 2013, that includes the level of compliance with the "Standards for Proper Comprehensive Risk Management."
08/21/2013	SIB-II-GGIBPV-GIBPV3-27874. Follow-up of the observations made as to the supporting documents of the Regular Shareholders' Meeting held on September 24, 2012.	12/12/2013	SIB-II-GGIBPV-GIBPV3-42666. Agreements adopted in the Regular Shareholders' Meeting of September 23, 2013, were approved.
09/11/2013	SIB-II-CCSB-30139. Considerations on the Report on claims and complaints filed by clients and users of bank services and how they were solved, as well as the External Auditor's Report corresponding to the first half of 2013.	12/12/2013	SIB-II-GGIBPV-GIBPV3-42670. Follow-up of the observations made to the supporting documents of the Regular Shareholders' Meeting held on September 34, 2012, as to the contribution to the National Fund for Sports, Physical Activity, and Physical Education.
09/12/2013	SIB-II-CCD-30250. Considerations on the supporting documents submitted for the Regular Shareholders' Meeting held on September 23, 2013.	12/17/2013	SIB-II-GGIR-GSRB-43347. Observations arising out of the special report of the audited financial statements as of December 31, 2012, that includes the level of compliance with the "Standards for Proper Comprehensive Risk Management."
09/20/2013	SIB-II-GGIBPV-GIBPV3-31335. Considerations on the supporting documents submitted for the Regular Shareholders' Meeting held on September 23, 2013.	12/20/2013	SIB-II-GGIBPV-GIBPV3-43900. Description of information to be used in the General Inspection to be conducted in the bank with cutoff date as of December 31, 2013.
09/30/2013	SIB-DSB-UNIF-32877. Findings from the Special Inspection made to Bella Vista (No. 039), Bella Vista Av. 4 (No. 086) and Maracaibo IPSFA (No. 449) bank agencies.		
10/10/2013	SIB-II-GGIR-GSRB-33777. Observations arising out of the special report of the audited financial statements as of June 30, 2013, that includes the level of compliance with the "Standards for Proper Comprehensive Risk Management."		

*Information
Relevant to
Shareholders*



STOCKHOLDERS MEETING CALL

BANESCO BANCO UNIVERSAL, C.A.

Stock Capital Bs. 1,250,000,000

By order of the Board of Directors and pursuant to articles 10, 12 and 27(2) of the Bylaws, the shareholders of Banesco Banco Universal, C.A. are hereby called to a Regular Shareholders' Meeting to be held on March 24, 2014, at 8:00 a.m., AM, in Auditorium Fernando Crespo Suárez, Piso 3 (third floor) of Edificio Ciudad Banesco (Banesco headquarters), located in *Avenida Principal de Bello Monte, entre Calle Lincoln y Calle Sorbona*, of the city of Caracas, in order to discuss and resolve on the following matters:

FIRST: Upon revision of the Board of Directors' report and the comptrollers' report, approval of the independent auditors' report on the Financial Statements for the six-month period ended December 31, 2013.

SECOND: Decree, allocation and payout of cash dividends.

THIRD: Appointment of the members of the Board of Directors for 2014-2015.

FOURTH: Appointment of controllers for 2014-2015 and allocation of their remuneration.

FIFTH: Reduction of the Bank's capital stock by Bs. 2,000,000), as a result of the buyback of 200,000 preferred shares in conformity with the prospectus for the public offering of preferred shares of Issues 2008-I and 2008-II.

SIXTH: Increase the capital stock by Bs. 2,000,000 through the decree, allocation and payout of dividends in common shares.

SEVENTH: Modification of article 5 of the Bank's Bylaws regarding Capital Stock, based on the resolution on above matters.

On behalf of the Board of Directors

Juan Carlos Escotet Rodríguez
Chairman of the Board of Directors

Note: Known all stockholders by these presents that the Board of Directors' report, the comptrollers' report, the audited financial statements, as well as other reports and proposals to be discussed in the Stockholders' Meeting, will be available to you at the offices located in Edificio "Ciudad Banesco", Avenida Principal de Bello Monte, between Calle Lincoln y Calle Sorbona, Urbanización Bello Monte, of the city of Caracas, Piso 3 (third floor), Legal Vice Presidency.

Caracas, February, 2014

RIF: J-07013380-5

CORPORATE GOVERNANCE REPORT

BANESCO BANCO UNIVERSAL, C.A.

Banesco Banco Universal, C.A., is a Banking Institution domiciled in the city of Caracas, in the Bolivarian Republic of Venezuela and duly authorized to conduct financial intermediation transactions, trusts, mandates, commissions, and other confidential assignments allowed to universal banks, subject to the control and oversight by the Superintendency of Banking Institutions as provided for by Decree Law of the Partial Amendment to the Banking Institutions Law (Banking Institutions Law).

SHAREHOLDERS' MEETING

It represents the universality of the shareholders and has the company's supreme management. The meetings are regular and are held within 90 consecutive days after each half year close, and are extraordinary where deemed convenient by the Board of Directors for the company's interests or when required by a group of shareholders representing at least 20% of the capital stock. Its acts and resolutions are binding for the company and its shareholders.

Among its functions, the Shareholders' Meeting is empowered to: i) Appoint the directors of the Board; ii) Apoint the members of the Board and allocate their remuneration; iii) Apoint the comptrollers and their deputies and allocate their remuneration; iv) Appoint one or more advisors with the right to attend and speak in the Board of Directors' meetings; v) Discuss, approve or modify the financial statements presented based on the Comptroller's report; vi) Issue and amend the Bylaws; vii) Resolve on the early termination, extension, merger with another company, sale of corporate assets, change of business purpose, increase, decrease, or reimbursement of the capital stock and amendment to the

Bylaws regarding indicated matters; viii) Decide on dividends decree and their form of payment, amount, frequency and time to be paid, in conformity with the Law and the Bank's Bylaws; ix) Decide on the recording of reserves or special accruals that may come before the Board of Directors; x) As well as know and resolve on any other issue within its sphere of competence in compliance with the Law and the Company's Bylaws.

BOARD OF DIRECTORS

The Board of Directors of Banesco Banco Universal, C.A. is to be comprised of at least seven (7) and no more than thirteen (13) Directors. The main role of the Board is the management and general administration of the businesses and operations carried out by the Bank, including corporate social responsibility policies. It is empowered with the broadest dispositive and administrative powers on the goods and businesses of the company, provided it is not about matters exclusively reserved to the Shareholders' Meeting or other bodies established by the Law or the Bank's Bylaws. It is responsible for defining and strategically managing the Bank, and approves the business principles and policies, thus regulating the autonomy of executive decisions to protect the shareholders' interest and the organization. Furthermore, the Board controls the performance of operating and functional areas of the Bank, and evaluates and compares business projections, as well as the results from previous years with the results of each year. The Board meets on a regular basis at least once a month and may be called to an extraordinary meeting upon request by the Chairman of the Board or by three (3) of its members.

The main role of the Board is the management and general administration of the businesses and operations carried out by the Bank, including corporate social responsibility policies.



In compliance with the Banking Institutions Law, the Board of Directors has the following powers and duties: i) Establish the financial and credit strategy of the Bank and control the execution thereof; ii) Analyze and make statements about credit risk reports, as to the proportionality and term of the guarantees granted; iii) Decide on the approval of lending and borrowing transactions individually exceeding two percent (2%) of the Bank's equity; iv) Give an opinion, under its responsibility, on the financial statements and the internal audit report that includes the auditor's opinion on the compliance with the rules to prevent money laundering; v) Know and resolve on the content and compliance with the communications of the Superintendency of Banking Institutions regarding provisions, observations, recommendations, or initiatives about the operation of the Bank; vi) Comply with and enforce the provisions of the Law, the Superintendency of Banking Institutions, the General Shareholders' Meeting, and the Board of Directors. In addition, the Board of Directors has the responsibilities described in the Bylaws of the Ban.

Chairman of the Board of Directors

The Chairman of the Board of Directors is subordinated to the Shareholders' Meeting and the Board of Directors. In the exercise of his or her powers, he acts as legal representative of the institution before any and all public or private authority, and, on its behalf, grants contracts, agreements, settlements and, in general, all kinds of documents of any nature whatsoever; discharges all the duties assigned by the Board and chairs the Shareholders' Meetings and Board of Directors' sessions, and jointly with the latter, exerts the supreme management of Bank's activities.

CEO

The Chief Executive Officer is in charge of the daily running, management, and operation of the Bank's businesses and on-site services, as well as of the administration, supervision, and monitoring of its businesses, accounting, financial statements, inventory, accounts; in short, the CEO is in charge of the global management of the operation of the Bank under general guidelines and policies established by the Board of Directors, which he or she is subordinated to and must account to on a regular basis. In addition, the CEO has the authority to supervise, monitor, and coordinate the activities and tasks assigned to each executive office; chair the executive office committees of the Bank; as well as represent the Bank before third parties in non-legal matters, being empowered to enter into contracts, agreements, and covenants on the Banks' name, place, and stead.

Internal Comptroller

In conformity with the Banking Institutions Law, is the person in charge of guaranteeing that the Bank's transactions

and procedures are compliant to the Law, the prudential regulation, the bank's internal process manuals, and the accounting principles approved by the Superintendency of Banking Institutions. The Internal Comptroller is also in charge of supervising the due operation of internal control systems; guaranteeing compliance with the resolutions issued by the General Shareholders' Meeting, the Board of Directors, and the Superintendency of Banking Institutions; endorsing the financial statements jointly with the legal representative and the general accountant; internally coordinating the analysis of the diverse operations of the institution and, together with the Audit Committee, informing the Board of Directors on the findings of the audits performed in order to improve the procedures and mitigate any potential deficiencies.

COMPLIANCE OFFICER

The Compliance Officer is a senior or upscale official with decision-making authority, who is subordinated and reports directly to the Board of Directors of the Bank. The Compliance Officer has the purpose of strengthening the mechanisms that contribute to the supervision of the risks related to Money Laundering and Terrorist Financing (ML/TF).

His/her duties include, among others, being the Chairman of the Bank's Prevention and Control of ML/TF Committee; coordinating, supervising, and managing the compliance program against ML/TF, as well as adherence to all regulations in force ruling this matter; design the Annual Prevention and Control of ML/TF Operating Plan jointly with the Committee and the Unit of Prevention and Control of Money Laundering and Terrorist Financing.

The Corporate Governance of Banesco Banco Universal, C.A. includes the following committees in its structure:

AUDIT COMMITTEE

The Audit Committee has the duty to know the financial statements to be considered by the Board of Directors and subject to approval by the Shareholders' Meeting in order to verify that they comprise all the information required and show, completely and accurately, with no reserves or omissions, the financial situation of the company. Likewise, the Audit Committee assists the Board of Directors with the implementation of measures aimed at preserving the accuracy of the financial information of the company, cooperating with the supervision and follow-up of the bank's internal and external audit. In this regard, among other issues, the Audit Committee approves the scope of the annual audit, and reviews together with the Board of Directors and the External Auditors all significant topics regarding litigations, contingencies and claims.

RISK COMMITTEE

Its main duty is the management, identification, measurement, and mitigation of the risks, which the Bank is exposed to, by fixing risk limits under the policies established for each of the activities carried out by the Bank in credit, market, legal, and business matters, among others, in conformity with the Bylaws and the best practices at an international level. In addition, the Risk Committee advises the Board of Directors and the different Credit Committees on the decision making, and establishes the guidelines and policies they must comply with in order to maintain the established risk profile.

CREDIT COMMITTEES

The Board of Directors, reserving the execution of this right, has delegated to the credit committees the authority to grant credits under any modality provided by law, by assigning to each autonomy or credit committee an established individual borrowing limit. Thus, the Central Credit Committee, the Executive Credit Committee, the Delegate Credit Committee, the Regional Credit Committees, and the individual autonomies were created.

The autonomies or credit committees report the results of the matters subject to its consideration to the Board of Directors on a regular basis.

TECHNOLOGY COMMITTEE

Its main duty is to verify that the technological implementations are in line with the strategies and objectives of the company, with a big picture and a horizontal vision of the business, using the resources in a responsible manner and identifying and managing the risks. In addition, the technology Committee guarantees the formulation of the business architecture and the technology planning governance of the Bank, and optimizes and supervises performance of the processes and delivery of solutions.

COMMITTEE OF PREVENTION AGAINST MONEY LAUNDERING AND TERRORIST FINANCING

It is aimed to control and supervise lawful compliance of the preventive measures intended to fight Money Laundering and Terrorist Financing inside the company. The Committee also acts as consulting and advising authority to support the tasks that are the responsibility of the Board of Directors, the President of the Institution, and the Compliance Officer as to the compliance of the matters related to the current regulations on the prevention of Money Laundering and Terrorist Financing.

CODE OF ETHICS AND CONDUCT OF BANESCO CITIZENS

The Code of Ethics and Conduct of Banesco Citizens helps define and regulate Banesco's conception on ethic values by establishing behavior patterns aimed to reinforce honesty as the essential way of acting of Banesco citizens. The application thereof basically emphasizes the respect to human rights, as well as prevention and control of money laundering and terrorist financing.

Therefore, Banesco citizens must follow the values below:

- ❖ **RESPONSIBILITY:** Be responsible when carrying out their activities, which entails fully assuming the authorities, duties and tasks entrusted, and even have initiative and be diligent in the compliance of all requirements and demands inherent to their position, make the most of their time, and give the best to everyone.
- ❖ **RELIABILITY:** Guarantee achievement of bank secrecy and the privacy of any other confidential clients' information, unless an authority requires certain information within the scope of its duties; and not use the information obtained in the exercise of its duties, authorities, or tasks for personal or third party profit. In addition, they will always tell the truth, respond with honesty, admit their mistakes, and ask for help whenever necessary.
- ❖ **QUALITY:** Act with respect to personal dignity, carefully discharge each duty, striving to exceed the expectations of our customers and users.
- ❖ **INNOVATION:** Catch up on new technology, use them appropriately, implement new ways to do things, analyzing the risks and adhered to the Code of Ethics and Conduct of the Institution.

COMPTROLLERS' REPORT

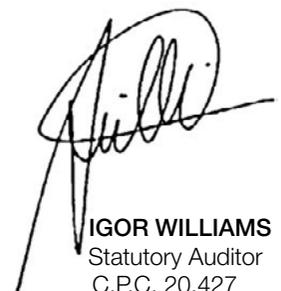
SIX-MONTH PERIOD ENDED DECEMBER 31, 2013

SHAREHOLDERS OF BANESCO BANCO UNIVERSAL, C.A.

1. In conformity with the appointment of the Comptrollers in Regular Shareholders' Meeting of the Bank held on March 18, 2013, and pursuant to the provisions of Articles 304, 305 and 309 of the Commercial Code, in conformity with the Bank's Bylaws and Inter-professional Standards for the exercise of the Comptroller's duty, we have reviewed the balance sheet of Banesco Banco Universal, C.A. as of December 31, 2013, and the related income statements and appropriation of net income, changes in shareholders' equity and cash flows for the six-month period then ended. During the period subject to review, one (1) Regular Shareholders' Meeting and one (1) Extraordinary Shareholders' Meeting were held on September 23, 2013.
2. Our review was based on the audit conducted by the Independent Auditors Márquez, Perdomo & Asociados (Crowe Horwath International), which issued the audited financial statements on February 14, 2014, corresponding to the six-month period ended December 31, 2013. Additionally, we conducted an analysis on the financial statements, selective tests on the accounting records, and any other procedures we deemed necessary in view of the circumstances.
3. As a result of our review of the administrative management performed by the Bank's Board of Directors, we inform the following:
 - 3.1. Through our review based on the external auditors' audit on the loan portfolio, we determined that the provisions maintained by the Bank for Loan Portfolio and Returns Receivable on Loan Portfolio are reasonable.
 - 3.2. Based on the results of our review, we determined that the Bank's Investment Portfolio is valued and presented in compliance with the standards established by the Superintendency of Banking Institutions, hereinafter SUDEBAN.
 - 3.3. As of December 31, 2013, the Bank maintains for Other Assets a provision of Bs. 31,126,206, and during the six-month period under review write offs for Bs. 58,392,984, were made, corresponding to items that were fully provisioned. According to our analysis, and based on the results obtained by the Independent Public Accountants, we consider that the provision maintained by the Bank for Other Assets is reasonable and meets the parameters established by SUDEBAN.
4. During the period under review, we did not observe any violation to the Bylaws or Law by the Directors. During the review of the Board of Directors' Minutes, we did not observe any dissenting votes.
5. In connection with the provisions in article 310 of the Commercial Code, the Bank's shareholders did not file any claim during the period under review.
6. On July 26, 2013, SUDEBAN issued Official Notice SIB-II-GGR-GA-24865, whereby it authorized the Bank, prior favorable opinion of the Supreme Body of the National Financial System (OSFIN), to increase its capital stock by Bs. 17,000,000, through the issue of 1,700,000 new registered common shares of the same class, non-convertible to bearer, with charge to Restricted Surplus. In the Regular Shareholders' Meeting held on September 23, 2013, it was agreed to: (i) reduce the capital stock of the Bank by Bs. 2,000,000, as a result of the buyback of 200,000 preferred shares in conformity with the prospectus for the public offering of preferred shares of Issues 2008-I and 2008-II; and (ii) Increase the capital stock by Bs. 2,000,000 through the issue of 200,000 new registered common shares of the same class, non-convertible to bearer. At December 31, 2013, SUDEBAN issued Official Notices SIB-II-GGR-GA-44568 whereby it authorized the Bank, prior favorable opinion of the Supreme Body of the National Financial System (OSFIN), to increase its capital stock by Bs. 2,000,000 through the issue of 200,000 new registered common shares of the same class, non-convertible to bearer, with charge to Restricted Surplus, which was recorded in January 2014, prior recording of the Minute of the Meeting.
7. During the six-month period ended December 31, 2013, we attended as comptrollers the Regular Shareholders' Meeting and the Extraordinary Shareholders' Meeting held on September 23, 2013.
8. Consequently, and based on the Report of the Independent Auditors Márquez, Perdomo & Asociados (Crowe Horwath International), issued on February 14, 2014, on the balance sheet as of December 31, 2013, and on the related income statements and appropriation of net income, changes in shareholders' equity and cash flows for the six-month period then ended, in our opinion, the accompanying financial statements subject to our review present fairly, in all material respects, the financial position of Banesco Banco Universal, C.A. as of December 31, 2013, and the results of its operations and appropriation of net income, changes in shareholders' equity and cash flows for the six-month period then ended, in conformity with the accounting standards established by SUDEBAN.
9. Based on the foregoing, we recommend the shareholders to approve the financial statements of Banesco Banco Universal, C.A., corresponding to the six-month period ended December 31, 2013, submitted by the Board of Directors, as well as its administrative management.



GORDY PALMERO
Statutory Auditor
C.P.C. 7.202



IGOR WILLIAMS
Statutory Auditor
C.P.C. 20.427

February 14, 2014

CORPORATE MANAGEMENT REPORT

SECOND HALF 2013

HUMAN CAPITAL

QUALITY OF LIFE

During the second half of 2013, we developed sport, recreational, cultural, and voluntary service activities as part of the Quality of Life Plan, which contributed to enhance the quality of life of the workers, thus motivating them to better use their leisure time, and promoting spaces to reconcile the professional and personal life of Banesco citizens and their families. Some of the most relevant activities are as follows:

Activities Aimed at Sports, Recreation, and Prevention Against the Use of Alcohol, Tobacco, and Other Drugs

Toning-up Activities: 1,052 participants, including, among other activities, dance therapy, yoga, step, fit combat in Barquisimeto, Maracaibo, and Caracas.

Ongoing Training in Different Disciplines: Given in San Cristobal, Barquisimeto, Valencia, Caracas, and Maracaibo with the participation of 1,833 employees in softball, volleyball, indoor soccer, basketball, female soccer, and kicking ball.

Banesco Runners Club: With the participation of around 100 employees, the Club count on 2,307 attendees.

Mini Olympics: Held on September 28 at Universidad Simon Boivar with the participation of 2,160 employees accompanied by their families. The sports delegations of the South Eastern, Western Andean, Zulia-Falcon, Central-Los Llanos (the plains) and the Metropolitan regions participated in indoor soccer, volleyball, kicking ball, softball, and basketball.

Recreational-Preventive Bowling: Activity framed in our Project of Prevention Against the Use of Alcohol, Tobacco and Other Drugs "Gente Sana, Gente Sin Drogas" (Healthy People, Drug-Free People), carried out in Caracas, Maracaibo, Puerto La Cruz, and Barquisimeto.

Ciudad Banesco Recreational-Preventive Activity: For the second half of year, we included different types of question-answer activities in matters relating to organizational values, prevention against the use of alcohol, tobacco, and other drugs, prevention against money laundering, and general knowledge, with the participation of 731 employees.

Quality of Life at the Agencies: Approximately 19 activities were carried out for 68 agencies nationwide, including, among others, visits to Morrocoy, Colonia Tovar, La Cumaca island, San Pedro del Río, with the participation of 855 employees.



Cultural Activities

Theater/Presentation of Plays: Activity performed in Caracas by Banesco Theater Company. A play for children was presented, "El Tesoro de la Isla de Acracia" (Acracia Island's Treasure) and two performances of the play "La Navidad de Lucy" (Lucy's Christmas).

In addition, four plays of *Relatos Borrachos* (Drunken Stories) were presented, framed in our Project of Prevention Against the Use of Alcohol, Tobacco and Other Drugs "Gente Sana, Gente Sin Drogas" (Healthy People, Drug-Free People).

Two theater plays were presented in Maracaibo at Teatro de Bellas Artes, with the participation of employees and their families.

The performance of the plays counted on the participation of 2,856 workers and their families.

Choral Singing Workshops: Activity performed in Caracas, with 536 participants, giving presentations in different events of the Organization.

Culinary Culture and Non-alcoholic Drinks: Three workshops were offered in Caracas, fostering the development of healthy lifestyles.

Banesco Readers Club/Book Swap: To continue with these activities, three book swaps took place during the second half of year, and the second reading cycle began.

Experimental Group: With 359 participants, in this six-month period, the Banesco Experimental Group focused on different presentations in the awarding celebrations of employees for their years of service in the main hallway of Ciudad Banesco and Caracas Regional Meeting.



DESCRIPTION	BS.	BENEFICIARIES
Basic Health Policy	160,202,002.60	36,585
Unsecured Loans for Housing	12,695,773.74	369
Food Coupons	158,457,183.54	14,768
Nurseries	20,204,535.12	2,191

Youth Movie Discussion: Activity aimed at the children of employees from 12 to 17 years old that entails showing a movie to emphasize on different values, like companionship, responsibility, among others.

Banesco Voluntary Service Activities: The most relevant activities carried out in the second half of 2013 include:

- ❖ Visit to Casa Don Bosco, where a theater play was presented by Banesco Theater Company.
- ❖ Training of microentrepreneurs.
- ❖ World Beach Day, activity framed in the conservation of the environment, where volunteers of Maracaibo, Valencia and Caracas participated.

The contractual and legal benefits granted to our workers in 2013 are summarized as follows:

- ❖ **HCM Policy:** In the process of the 2013–2014 renewal, the basic coverage increased to Bs. 45,000.00, and if workers choose the excess plans, the coverage amount per pathology is up to Bs. 195,000.00.
- ❖ **Unsecured Loans:** In order to continue supporting Banesco Community in having their own home, the Organization increased the loan amount, which varies depending on their performance and seniority.
- ❖ **Nursery School Benefit:** In compliance with legal and contractual regulations, Banesco has been granting this benefit to its workers that inure to the benefit of families and the Organization.

❖ **Workers Food Benefit (LATT):** Always aiming to benefit workers, in 2013, we increased the monthly food benefit to Bs. 1,500.00 for the workers recognized by the law, and additional for workers that although they were not recognized by the law, they are granted Bs. 900.00.]

TALENT DEVELOPMENT

Bearing in mind our objectives of systematic, planned, and continuous education and development, and in the search for new methodological strategies to promote learning in our Human Talent, we implemented actions aimed at the technical improvement of Banesco Citizens in 2013, so they can efficiently perform their duties by yielding high-quality results. Our most important initiatives in this sense were focused in the following:

- ❖ Education activities focused on areas including: Profitability, Operational Excellency, Project Management, Credit, and Leadership, among others. Moreover, and in compliance with legal standards, we provided training in Banking Knowledge, Ergonomics, Psychosocial Risks, Money Laundering Prevention and Control, and Risk Culture.
- ❖ We promoted the Programa de Jóvenes Talentos (Program for Young Talents), based on the initiative of Banesco's Corporate University. This program includes a group of 20 youths from different Universities around the country who participated in different theory modules in this semester for later participating in complementary internships in the Organization to support their development.
- ❖ We encouraged the Virtual Learning initiatives with the incorporation of a new Update Module on Prevention against

Money Laundering and Terrorist Financing (PAML/TF), with the active participation of 9,688 Banesco employees. This allowed us to comply with standards of the Banking Association of Venezuela, SUDEBAN, in terms of Prevention and Control of Money Laundering and Terrorist Financing. Likewise, we have continued implementing the Program “Nuestra Experiencia de Servicio” (Our Service Experience), focused on developing a service-oriented culture in Banesco Citizens, which provides them with key tools so they can render a friendly, dedicated, and excellent service to their internal and external clients. We achieved active participation in the modules.

- ❖ We actively participated in the compliance with the Law by teaching 510 Trainees of INCES (National Institution for Socialist Training and Education, for its Spanish abbreviation), 240 of which are in theoretical training in Auxillary Training Institutions, acquiring technical knowledge and developing abilities that will allow them to incorporate to the banking sector; and 270 apprentices in the Hands-on Stage in many units of the Organization.
- ❖ With the purpose of optimizing our internal processes and increasing the quality of service provided by Banesco as a Financial Institution, we promoted the Operational Excellency Program by training 136 experts in different business areas. We invested 5,440 man-hours in training. In addition, we supported the Project Office by training 82 specialists in Project Management methodologies with experts on this area in order to ensure best practices.
- ❖ In the Management of Mass Segments and Channels, training was given in 2013 for a total of 306,788 man/hours, distributed as follows: 54% Technical Training, 38% Regulatory Training, and 8% Development of Competences to 9,542 employees in at least one training and development activity.
- ❖ We successfully began the Third Update and Integration Days offered at Supervision and Management Level of the Mass Segments and Channels Management (Agency Employees), thus generating a space that allows to develop the most important skills for People Management, and to unify regulatory criteria in supervision procedures, with the participation of 311 employees throughout the country during this 6-month

period. The topics developed were Officers of Excellence, Commitment to Profitability, Handling Difficult Situations in an Agency, Psychosocial Risk for Supervisors, Information Security, and the meaning of being a Supervisor in Banesco.

- ❖ The efficiency in applying microfinance methodology was evidenced through the provision of technical assistance to 31 individuals with new training products in all 24 agencies of Banesco Community Banking, including: Reinforcing Values through a technical debate on the Code of Ethics, with the participation of 490 people, with a 96% impact on the expected population.
- ❖ In order to boost people’s Management Skills in this six-month period in Community Banking, we emphasized on the positions of Supervisors and Coordinators in both the operational and the credit area. We also developed a relief crew program for employees with the potential to promote to supervisory positions. In this opportunity, 29 senior consultants participated, and the Sixth Management Skills Workshop was taught to 73 people in supervisory positions.

All these training activities in person allowed us to achieve in 2013 the following:

- ❖ Training of 11,382 workers in at least one activity.
- ❖ 104,871 participations in training activities.
- ❖ 325,744 man/hours invested in training and development activities.
- ❖ As to the mechanisms to recognize our talent, during the second half of year we made the Skills and Knowledge Diagnosis of employees of the Organization. A total of 88% of workers were evaluated.
- ❖ We continued boosting the tool Postúl@te. With this Job-posting tool, we promote equal opportunities and allow employees to know about vacant positions within the Organization and apply for those positions that suit their interests and professional development.



CORPORATE SOCIAL RESPONSIBILITY

During the second half of 2013, Banesco Banco Universal made a social investment of Bs. 58,674,138 aimed at different projects and initiatives to benefit the community and our workers.

From the above amount, 44.90% (Bs. 26,345,526) was allocated to non-contractual social benefits for our employees, and Programa Tu Casa con Banesco (Your Home with Banesco) is among the most prominent, and it is intended for all employees of the Organization to acquire their own house. The Institution allocated over six million bolivars in unsecured loans for this initiative.

The unsecured loans correspond to an amount in bolivars that becomes direct contribution at the time the employee acquires his or her home. The benefit Préstamo Quirografario para Remodelación de Vivienda (Unsecured Loan for House Remodeling) was included, and the amounts of the benefit were increased to boost the program Tu Casa con Banesco (Your Home with Banesco).

The remainder, that is, 55.09% (Bs. 32,328,612), was allocated to projects developed by our Social Partners that directly benefit the community:

FUNDACIÓN AMIGOS DEL NIÑO CON CÁNCER (FRIENDS OF CHILDREN WITH CANCER FOUNDATION)

In the second half of year, the Bank allocated Bs. 100,000.00 to acquire antineoplastic drugs for the children attended by the Foundation. Since 2005, we have contributed over Bs. 853,126 to Fundación Amigos del Niño con Cáncer.

AVEC

We renewed for the ninth consecutive year the agreement to support the Venezuelan Catholic Education Association (AVEC). In the second half of year, we contributed Bs. 1.5 million to carry out infrastructure works in several AVEC schools in Maracaibo, San Cristobal, Valencia, and Caracas.



UCAB

In order to finance the expansion and development of Centro Cultural Padre Guillermo Plaza s.j., a cultural center of Universidad Católica Andrés Bello, we entered into an agreement with this learning center. The Bank will allocate Bs. 28 million to the project. At 2013 close, the Bank had given Bs. 10.8 million.

SOCIEDAD ANTICANCEROSA DE VENEZUELA (ANTI-CANCER SOCIETY OF VENEZUELA)

In 2013, we joined the different campaigns of two Venezuelan institutions that support the prevention against the second cause of oncological death in Venezuelan women breast cancer, within the scope of the month of the fight against this illness.

In this regard, we contributed Bs. 345 thousand to the Sociedad Anticancerosa de Venezuela for the purchase of a bone densitometry equipment for the Clinica de Prevencion del Cancer (Cancer Prevention Clinic) and Bs. 100 thousand for SenosAyuda (a non-profit civil association for breast cancer matters), to contribute to the breast cancer prevention program.

FUNDACIÓN VENEZOLANA CONTRA LA PARÁLISIS INFANTIL (VENEZUELAN FOUNDATION AGAINST CHILD PARALYSIS)

We contributed Bs. 466,755 for the acquisition of a laryngoscopy video, a defibrillator, and an infusion pump for Hospital Ortopédico Infantil.

MICROENTREPRENEURS TRAINING PROGRAM

One of the most important activities carried out by the Institution is the Microentrepreneurs Training Program of Banca Comunitaria Banesco (Community Bank), through which 2,892 entrepreneurs have graduated. Since the implementation of this program five years ago, 5,024 people have graduated. The initiative counts with the support of Fe y Alegría, Instituto Universitario de Gerencia y Tecnología, and Universidad Metropolitana.

PARTICIPATIVE BUDGET

Banesco also carried out the fifth edition of Presupuesto Participativo con la Comunidad de Bello Monte (Bello Monte Community Participative Budget), which allows the organizations of such community to propose education, welfare, or infrastructure improvement projects for the sector. Then the participants subject to vote which will be performed during the year and which are priority.

In 2013, the amount invested was Bs. 552,000 for these projects aimed to improve the quality of life of the residents of Colinas de Bello Monte.

BANESCO WAS THE MOST POPULAR GOOGLE SEARCH BY VENEZUELAN IN 2013

Every year, Google presents a balance of the most popular terms and trends in the search engine. The summary, known as Zeitgeist ("time spirit in German") of year end, revealed that Banesco was in the leading position of the "Most popular search" in Venezuela, during 2013.

AWARDS

- ❖ Within the scope of the 69th Annual Meeting of Fedecámaras, this union entity awarded Banesco Banco Universal the recognition “Don Eugenio Mendoza Goiticoa” in the Company category, for its commitment to the community through its Corporate Social Responsibility Program.
- ❖ The union organization valued the proposal presented by the financial institution in the projects: Microentrepreneurs Training Program, Banesco Voluntary Service, Bello Monte Community Participative Budget, and Corporate Responsibility and Sustainability Report.
- ❖ On the other hand, the Bello Monte Community Participative Budget was awarded the best project in matters related to Corporate Social responsibility in the Fourth Premios Corresponsables (Correspondent Awards) held by the Fundación Corresponsables (Correspondent Banks Foundation) in Madrid, Spain.
- ❖ *The Latin Finance magazine* chose Banesco Banco Universal as the “Bank of the year in Venezuela” during 2013. The publication emphasized on the Bank’s performance, the growth of its loan portfolio, and the international expansion of the brand in Colombia and Spain.
- ❖ Likewise, for the fifth year in a row, the organization Global Reporting Initiative rated with “A+ GRI Checked” the *Social Responsibility and Sustainability Report* prepared by Banesco Banco Universal, which corresponded to the 2012 management report.
- ❖ The above awards are some of the awards the financial entity received in 2013, including, among others: the Bronze Medal of ANDA Awards to the electronic channel advertisement (park version); ISO9001:2008 Recertification –Quality Management to measure customer’s satisfaction, granted by Bureau Veritas – Sencamer, and UKAS; Visa Award for Service Quality; the top in the 2013 Bank Ranking *Dinero Magazine* (May 2013); the number one bank in Venezuela and first place in RSE Investment in the 100 Top Companies ranking of Business Venezuela magazine (Venamcham); and best campaign in the “Bank and financial entities” category of the 12th Edition of the P&M Awards (2012 Christmas message).



MARKETING AND INNOVATION

WE BOOST INNOVATION WITH COLLABORATIVE APPROACH

In order to boost “Open Innovation” outside the organization through external groups, Banesco Banco Universal launched idea generation campaigns focused on core businesses, with the active participation of college students and the children of Banesco employees.

We developed three campaigns aimed at groups of students of Universidad Central de Venezuela (UCV) and Universidad Simón Bolívar (USB) only, backed by our Portal of Ideas: Espacio en Blanco (Blank Space).

Likewise, in order to foster innovation and creativity among the children of Banesco employees, “Espacio Infinito” (Infinite Space) was created, the first open innovation portal for children and adolescents. Participants could share ideas in this site from a 2.0 platform.

Under the concept “*Pensar Fuera de la Caja*” (Thinking out of the box), Banesco held the “Innovation Week” at the facilities of Ciudad Banesco, where clients and employees enjoyed the experience of knowing the innovative products with state-of-the-art technology. The Innovation Week counted with the active participation of international suppliers and speakers, as well as a special talk from the Innovation Guru, Rowan Gibson, with attendance of approximately Banesco 300 clients and 600 employees.

We are engaged in motivating the generation of concepts, contents, and creating a community of innovators.

BANESCO.COM NEW FUNCTIONALITIES

To ratify that the client is the core of Banesco Banco Universal innovations, the Institution included new functionalities in Banesco.com: Computer Graphics and Agency Geo-tracking. In addition, these tools are supported by the increase of visits to the webpage and a greater Internet presence in Venezuela.

The computer graphics are a new tool used in the portal for easier understanding of the processes. Hence, the instructions to acquire products or any service-related procedure are presented through graphics.

In June, we launched the first computer graphic for the segment Companies, which presented the card application process in an easy manner: *¿Cómo completar la solicitud de tarjeta de cuenta centralizada Visa Banesco?* (How to fill in the application of Visa Banesco card of centralized account?) In this same month, we included a computer graphic to help our Shareholders with the information update process: *¿Sabes cómo actualizar tus datos como accionista Banesco?* (Do you know how to update your information as a Banesco Shareholder?)

This computer graphics development plan continued over the year. At the close in December, Banesco.com counts with seven tools for our clients with user-friendly information on processes, like instructions to activate cards for international purchases, how to make bank transfers online, how to pay utilities online, etc.

In addition, in the last quarter, we integrated the Agency Geo-tracking to the Bank's webpage, which allows having the exact information on the location of agencies throughout the country in an innovative manner, with detailed information of each agency: address, work hours, and telephone numbers.

In 2014, we will continue upgrading these functionalities in Banesco.com.

BANESCO VISA FIFA CREDIT CARD LAUNCHING

In September, Banesco launched the new Banesco Visa FIFA World Cup credit card, which allows clients to have the FIFA World Cup in their pockets and enjoy exclusive benefits and promotions at specialized establishments. This exclusive design for Banesco cardholders was launched in Venezuela, and they had the option to request to replace their cards to enjoy the new exclusive design for Venezuela only.

The launch of the card was celebrated with an event with over 2,000 people, where the product was officially presented to clients, representatives of Banesco and Visa International Franchise. The guests enjoyed during the event an elimination game for the 2014 World Cup.

This launch was promoted through a mass media campaign, the Internet, and Social Networks, thus, leading the way to *Ruta al Mundial de Banesco* (Road to Banesco's World Cup) of under the concept: Brazil is spelled with "B" of Banesco.

PROMOTION TO ENJOY THE FIFA WORLD CUP

Giving continuity to *Ruta al Mundial de Banesco* (Road to Banesco's World Cup), we launched the *Promoción Para que Disfrutes de la Copa Mundial de la FIFA* (Promotion to Enjoy the FIFA World Cup), in effect from October 20 to December 31, 2013, whereby with every Bs. 700 accumulated by the client, he or she would have a coupon to participate in the drawing of a 65" television. In addition, for every Bs. 500 in purchases, he or she would have a coupon to participate in the drawing of tablets and smartphones. This campaign was spread through open and cable television, radio, newspaper, magazines, social networks, and Internet. The promotion boosted the use of Banesco Visa credit cards in all categories.

BANESCO VIRTUAL KEY

In order to offer clients assurance of security in their international electronic purchase transactions, *Llave Virtual Banesco* (Banesco Virtual Key) was launched. This is a functionality whereby the client, through Banesco.com, may activate his or her certificate of electronic purchases in foreign currency at the time of making the purchase, and then de-activate it after using it, thus, protecting the credit card from third parties. We launched a mass campaign in newspaper, radio, and social networks to communicate the new functionality

BANESCOAMIGOS

In November, Banesco is breaking new grounds as the first bank that offers a channel to carry out transactions through the social networks.

The campaign *BanescoAmigos* (Banesco Friends) was launched to promote the channel among clients and followers of Banesco social networks, whereby Banesco offers to its clients and followers of Facebook, a new functionality to carry out transactions.

TICKET PREMIADO BANESCO (WINNING TICKET)

We launched the traditional mass campaign *Ticket Premiado Navidad* (Christmas Winning Ticket), which has been implemented for six years, which promotes the use of Banesco credit and debit cards, and the Banesco point of sale, by awarding 10,000 purchases during the Holidays with the Winning Ticket Permanent Program.

The permanent program was spread through a mass campaign with a concept that emphasizes on the use of Banesco points of sale, for which three television advertisements were produced with the traditional refreshing tone and the humor characteristic of Banesco's communication.

EXTRACRÉDITO BANESCO (EXTRA LOAN)

In order to offer our clients the most convenient options in financial products, during the second half of year, ExtraCrédito campaigns were launched in the two modalities: Purchases in affiliated establishments and Cash through BanescoOnline, spread through newspaper, radio, and contact marketing, making the most of the seasonal variation, focusing the communication on meeting the clients' needs through the purchase with ExtraCrédito Banesco. The approach was mostly oriented to purchases related to vacations, back to school, and remodeling. To close 2013, during November and December, we launched the Christmas mass campaign, boosting the use of ExtraCrédito in this period when the clients used the product for their Christmas shopping.

HOMECLUB BANESCO 2013

Since October and for the third consecutive year, Banesco, the official bank of the Venezuelan Professional Baseball League, gave access to all users to the HomeClub Banesco application, which was available for mobile devices with different operating systems. To boost the free download, we enabled our Banesco.com and Facebook channels in "Banesco Banco Universal" profile. The users who downloaded the application, could enjoy having baseball at hand, with updated information on the championship on a daily basis, and at the same time, they participated for free tickets to all the games of the regular season, the round robin and the final nationwide.

To support the positioning of the application, we launched a mass branding campaign in October, supported by the slogan "*En Venezuela, Béisbol se escribe con B de Banesco*" (In Venezuela, Baseball is spelled with B of Banesco), which had a significant presence in the television during the 2013–2014 season and the *Serie del Caribe* (Caribbean Series).



ÉL ES EMPRESARIO, DESDE EL PRIMER DÍA EN QUE SOÑÓ CON TENER SU NEGOCIO.

Por eso te apoyamos, otorgándote financiamiento y capacitación para que seas dueño de tu propio futuro. **Empresarios, bienvenidos.**

Banesco.com BancaComunitariaBanesco.com
 @Banesco Banesco Banco Universal BanescoImágenes



VENEZUELAN PROFESSIONAL BASEBALL LEAGUE - JUEGO DE LAS ESTRELLAS 2013 COPA BANESCO (ALL-STAR GAME – BANESCO CUP)

For three consecutive years, Banesco was the main sponsor of the All-Star Game of the Venezuelan Professional Baseball League. It took place in the stadium José Bernardo Pérez of the city of Valencia. This time, the squad chosen by the fans came up against the squad chosen by journalists, and the former triumphed, hence, qualified for the Banesco Cup.

Before, during and after the game, Banesco organized many activities for the enjoyment of the attendees. We gave game tickets away as a benefit for our social network followers, employees, and clients of the region of Carabobo.

“HABLANDO DE EMPRESARIO A EMPRESARIO” (ENTREPRENEUR TO ENTREPRENEUR) EVENT

In October, the 4th *Hablando de Empresario a Empresario* (Entrepreneur to Entrepreneur) event took place in the city of Barquisimeto, with the participation of over 250 representatives of the region’s productive sector, in order to present to clients and people related to small- and medium-size enterprises the new trends on financial perspectives for sustained development, innovation from a perspective focused on the exploitation of technological resources and enhancement of human capital as the foundations to generate income in companies. The guest speakers talked about different topics, like the use of creative solutions and performance programs for people to earn with effective projects, undertaking, and SMEs in Venezuela, the use of technology for today’s entrepreneurs, and the importance of the value entrepreneurs create for their brands.

In addition, in November 2013, Banesco, together with its Banca Comunitaria (Community Banking), awarded 12 of its microentrepreneurs with the “*Empresario Banca Comunitaria Banesco*” (Banesco Community Bank Entrepreneur) award. The event was held in Ciudad Banesco with the participation of Miguel Ángel Marcano, CEO of the Bank, and the international speaker, Santiago Bilinkis, Argentinian entrepreneur and futurist.

The last five years, Banesco has created spaces to discuss new trends and support to the undertaking as a sustained policy to boost the growth of the country’s business sector.

“SÉ DUEÑO DE TU PROPIO FUTURO... EMPRESARIO, BIENVENIDO!” (BE THE OWNER OF YOUR FUTURE... WELCOME, ENTREPRENEUR!)

In November 2013, to support the first award ceremony of the “Empresario Banca Comunitaria Banesco” (Banesco Community Bank Entrepreneur), the campaign “*Se Dueño de tu Propio Futuro*” (Be the Owner of Your Future), whereby Banesco acknowledges the confidence of its clients, and reiterates its support when clients dream of becoming entrepreneurs, was launched. To Banesco, everybody is an entrepreneur from the day and idea kept us awake all night.

In line with our conviction of supporting the country’s business segment, Banesco offers the Microentrepreneurs Training Program, which provides participants with administrative, management, and technological tools to improve the production of their businesses and make them more competitive within the market. To date, the program has graduated 4,500 people, supporting the growth of the small and medium-size enterprise in the country, and committed to strengthening the competitive skills of all our employees. The campaign was present in television, newspaper, radio, etc.

MULTICRÉDITOS 48 HORAS (48-HOUR MULTILOANS) CAMPAIGN

As part of the credit strategy, the *MultiCréditos 48 Horas “Dos días de estos”* (48-Hour Multiloans Two of these days) campaign implemented in the first half of year was maintained, with presence in television, newspaper, radio, and social network.

For the year close, and with the country’s business sector as the target public, a promotion of a 21% fixed rate was launched for three months, and the maximum amount to be granted was increased to Bs. 2,000,000.

EN DOS DÍAS DE ESTOS CON **MultiCréditos 48 Horas** VAS A COMPRAR TODO LO QUE QUIERAS

En Banesco aprobamos tu crédito en sólo 2 días
 Hasta Bs. 300.000 para ti
 y hasta Bs. 1.200.000 para tu empresa.

¡Qué esperas para pedirlo, hoy es el día!

Banesco.com @Banesco Banesco Banco Universal BanescoImágenes BanescoBancoUniversal

BUSINESS MANAGEMENT

PERSONAL BANKING

At the closing of the second half of 2013, the efficiency, profitability, default and contribution margin indices of the Executive Vice-Presidency for Natural Persons continued a favorable evolution, with a steady increase in the loan portfolio for commercial, car, and purchase loans.

Our commitment to deepening the enhanced service model led our actions during the period under review, maintaining the Vice-Presidency differentiated values, namely service quality, customized service, expert advisory, driven by the innovative and leading edge development of Internet Banking, the wide range of alternate electronic channels to perform multiple financial operations with the comfort, speed and security that have become the Bank's signature.

The quantitative results of the Vice-Presidency at period close show a 48% increase in checking accounts and a 54% increase in the loan portfolio compared to the first half of 2013, as a result of focused loan management aimed at specific niche markets and product diversification. Commercial and car loans showed variations of 64% and 20%, respectively, during the period.

LEGAL ENTITIES BANK

Corporate Banking

In the second half of 2013, Corporate Banking continued to promote the transactional business of the Bank, which significantly increased the growth of the Organization's liabilities. With the goal of becoming our clients' reference bank, we have designed a valuable product offer directed at each segment where it participates. As a result of this strategy, the segment increased its liabilities by over 109% over last year close, and by 56.8% over the first half of 2013. With respect to credit activities in this period, we made 120 new credit operations.

Corporate banking maintained its strategy focusing on serving different sectors in the economy, with the support of specialized, organized, and dedicated employees to provide integral financial assessment to our clients.

The above-mentioned results contribute to maintain Banesco's ranking as the first corporate private bank in Venezuela's banking system.

Agricultural Banking

In the second half, we maintained our leadership in serving clients in the agricultural sector. Our activities in this period were focused on granting 1,947 loans for a total amount of Bs. 10,672; 245 of which were granted to new borrowers. Our active transactions have been aimed at primary producers, service and agro-

industrial companies, thus allowing us to comply with the Law, in addition to mandatory subloans. We feel optimistic to achieve our goals on a daily basis because we are directly contributing to the country's agricultural and farming development.

Customers' deposits in this sector have experienced a 39% increase over the prior six-month period, and an average balance increase of 56% in said period.

Agricultural banking has an outstanding human resource that designed its strategy with the purpose of rendering comprehensive services to our clients, offering transactional products to support their financial needs.

We are satisfied to receive our clients' preference for our services, as this ranks us first among private banks providing services for a sector of such importance in the country's development.

Business Banking

At 2013 close, Business Banking showed an outstanding performance, achieving a 39% liability increase over the prior six-month period. As to the lending portfolio, which supports different sectors in the economy, Business Banking helped boost the Organization's growth in the touristic and manufacturing portfolio, which grew by 100% and 80%, respectively, in comparison with the results of the first half of 2013.

It is important to highlight that these achievements are supported by the excellent team of workers providing services to our clients in Caracas and in the main cities of the country, thus enabling us to increase customer targeting in all regions and provide services pursuant to our clients' needs.

Energy Banking

In Energy Banking, we focused our efforts in supporting the different sectors participating in this area, with an emphasis on hydrocarbons and gas clients, which support the development of the "Oil Sowing Plan" in Venezuela. The asset increase in this type of banking reached 21.27% over the prior six-month period. Moreover, liabilities increased by 9% in the same period as a result of our transactional strategy, supported by the use of our payment method products, which are widely used by our main clients.

Public Sector Banking

In the Public Sector Banking, we manage a comprehensive service model that allows us to reach our clients in the Central Government and Decentralized Public Administration with our supply of added-value products and services. Our ability to provide solutions for levies and payments to our clients has allowed us sustained results in the increase of liabilities.

We will continue with our policy to approach different public entities, supported by our expert service team present nationwide.

MASS AND SME SEGMENTS

We provide services to more than 5 million individual and corporate clients, always aiming to improve our awareness and fulfillment of their financial needs. We maintain an ongoing program to improve our processes, products, and services, such as the loan macro process, the launch of new fast-approval loan products, and the optimization of the management model in the offices, the foregoing aimed to increase the levels of customer's satisfaction, hence, significantly reducing response times.

As part of our commitment to corporate clients of the Mass and SME Segment, we carried out many actions to address their needs, like the offer of pre-approved loans, the issue of business cards to clients with a good credit record; we boosted the installation of points of sale (over 18,000 POS installed nationwide); and increased the amount of SME consultants to broaden the specialize service range, thus improving the service quality required by our corporate clients of the SMEs segment. In addition, we held the "Hablando de Empresario a Empresario" (Entrepreneur to Entrepreneur) event in Barquisimeto to contribute to the business growth of our SME partners.

In the segment of individuals, and to achieve the opening of more than 348,000 accounts, we maintained focus on managing cross-selling nearly 25,000 cardholders, by opening current accounts and cash extracréditos placement. A level of service, we were able to process more than 700,000 applications CADIVI, over 400,000 requests were handled effectively and approximately 180,000 debit cards were delivered to customers pensioners.

As a result of the ongoing effort of our sales staff, the loan portfolio increased by 63.60% in 39,518 transactions, being the commercial loan the line of business with the highest growth (103.80%) in the second half of 2013.

Likewise, the lending portfolio grew by nearly 65.18 percent over the same period in 2012, thus ratifying our leading position in the national financial system.

Focused on the ongoing improvement of the quality of life of our human capital, we held a regional meeting to know their needs, expectations, and interact with the entire sales team of Gran Caracas. On the other hand, we acknowledge and promote the achievements of our staff by maintaining ongoing motivational programs to emphasize on the best practices in an ideal work environment through integration activities, promoting teamwork, goal meeting orientation, and service quality.

BANCA COMUNITARIA BANESCO (BANESCO COMMUNITY BANKING)

We are a bank specialized in micro-finance, efficient, profitable, and sustainable, aimed to service the popular sectors of the population, specially the sectors with no banking services. We offer financial products and services appropriate to their needs, with accessibility, simplicity, and speed in procedures, with innovative, state-of-the-art technology. We count on a sales force that provides financial personalized consulting directly in the communities. We are committed to generate the highest profitability to shareholders and contribute to the improvement of the social structure and the quality of life of the population, thus creating economic, social, and environmental value.

During the second half of 2013, we granted 24,221 Working Loans, with a total paid amount of Bs. 1,637.1 million. We opened 35,791 Community Accounts, with an increase in account balance of 116%, and 35,418 clients affiliated to Ahorro Paso a Paso (Step-by-Step Savings), with an increase in account balance of 73%.

At 2013 close, we have granted a total of 185,192 Working Loans, with a total paid amount of Bs. 2.5 MM, with a low delinquency rate of just 0.08%. We also benefited 284,446 clients by providing indirect service to 1,422,230 people, 28.33% of which were brought to the banking for the first time.

In the microfinancing sector, in service to microentrepreneurs, we rank first with a market share of 52.77% at 2013 close.

At 2013 close, we had a total of 26 Community Agencies, consolidating our presence in La Vega, Antimano, San Martín, Petare, Catia, El Cementerio, Santa Teresa, Maiquetía, Higuero, Guarenas, Barinas, Valencia (2), Puerto Cabello, Los Roques, Cúa, Aragua (2), Monagas, Barquisimeto (2), Porlamar, and Maracaibo (3).

**ÉL ES EMPRESARIO, DESDE EL PRIMER DÍA
EN QUE SOÑÓ CON TENER SU NEGOCIO.**

Por eso te apoyamos, otorgándote financiamiento y capacitación para que seas dueño de tu propio futuro. Empresarios, bienvenidos.

Banca Comunitaria Banesco

Banesco.com BancaComunitariaBanesco.com @Banesco Banesco Banco Universal Banescoenimagenes

Banesco Contigo

In order to provide a quality service to our customers, we have 86 businesses with Personal Service modality (Barras de Atención) and 160 non-banking correspondents (POSWEB). Thus, we have a total of 246 business allies in 8,367 neighborhoods on 16 states of the country.

As part of the *Hablando de Empresario a Empresario* (Entrepreneur to Entrepreneur) event held in the facilities of Ciudad Banesco on November 28, the Vice Presidency of Banesco Community Banking jointly with the Vice Presidency of Communications and Corporate Social Responsibility, awarded the Premio Empresario 2013 (Entrepreneur Award) to recognize successful entrepreneur cases in Community Banking.

To select the winners, the following aspects were considered: have two (2) or more loans, have an excellent payment record (zero default), proof that the loans obtained had an effect on the improvement of his or her microenterprise and quality of life, proof the social impact generated with his or her enterprise, and proof achievement of the enterprise's financial sustainability.

In December, we awarded at a national level the "Cliente Estrella 2013" (Star Client) award, aimed to recognize those clients with great performance as to financial impact, social responsibility, and credit history throughout the year. To give the award, we scheduled breakfasts at Ciudad Banesco and the Community Agencies nationwide. A total of 78 microentrepreneurs were awarded.

DISTRIBUTION CHANNELS BANESCO

At December 2013 close, Banesco counts on a wide network of physical and electronic distribution channels, whereby it offers a wide range of products and services, namely:

- ❖ 417 service points (agencies, satellites, Banesco Express) nationwide
- ❖ 75.708 Points of Sale
- ❖ 1.661 ATMs
- ❖ 331 Self-Service Equipments
- ❖ 223 Checkbook Dispensers
- ❖ 49 Pavilions

AGENCY NETWORK CHANNEL

In the second half of 2013, a total of 35 remodeling works were made in the agency network, for a total of 90 agencies with lobbies built or transformed to offer more security and convenience to our clients and users, thus allowing us to fulfill the deviation of transactions to the electronic channels. The 90 agencies with

lobby are distributed as follows: 33 in the metropolitan area, 15 in the Central-Los Llanos (the plains), 11 in Western Andean, 12 in Zulia-Falcón, 19 in South Eastern, increasing the operational capacity with 250 multifunctional and 366 monofunctional, 616 ATMs in total.

The customer validation functionalities (opening of record, filling-in, and printing) were enabled for pre-opening of accounts (Customer self management) and substitution of forms in the promotion area in order to homologate all forms at the teller windows (CC deposit and payment).

The improvements to the appointment application process to acquire foreign currency (service by staggered schedule), pay for foreign currency in cash at teller windows, request checkbooks through BanescOnline is in pilot stage.

ELECTRONIC CHANNELS (TELEPHONE, VIRTUAL, AND MOBILE)

In the second half of 2013, the transactions made through Banesco electronic channels increased 32.5% over the second half of 2012. The share of transactions made through electronic channels closed at 94.28%.

INTERNET BANKING CHANNEL

At December 2013 close, BanescOnline had over three million affiliated clients, over 238 thousand new clients incorporated to the channel during the second half of year—a 14% increase over December 2012. As of December 2013, over 1.5 million clients made frequent transactions, which represent a 15% increase over the previous six-month period.

In the second half of 2013, the financial transactions increased 39% over last year's same period, which translates into 12 million additional transactions.

Based on the strategy of taking the Bank to the client, we launched the new Facebook application that allows our BanescOnline and social network users to make transfers between Banesco accounts and a "collection" among communities of friends, which makes us the only bank in Venezuela with such functionality.

MOBILE BANKING CHANNEL

In the second half of 2013, the mobile banking transactions increased by 98.8%—over 7.9 million financial transactions.

ELECTRONIC BANKING CHANNEL

We closed 2013 with 1,661 ATMs installed nationwide, through which over 67 million transactions were processed—a 14.7% increase over the second half of 2012. In the second half of 2013, we installed 82 multifunctional devices that allow clients to make account deposits, pay credit cards with checks or cash, and withdraw cash.



We extended the working hours for the receipt of cash deposits in the 431 multifunctional ATMs for clients to make their transactions from 7 am to 10 pm, the seven days of the week.

TELEPHONE BANKING

During the second half of 2013, Banesco Telephone Banking answered 21.9 million phone calls—a 14% increase over the first half of 2013, 82% were answered by the automated system and 18% by our telephone agents.

In the second half of 2013, our clients made over 5.8 million transactions through the telephone channel, 88% of which through the automated system.

In addition, we adapted and improve the security questions of positive verification to activate credit cards in order to improve the client's service experience.

NON-BANKING CORRESPONDENTS (NBC)

We closed the second half of 2013 with 236 NBC service points, 160 NBC of the Community Banking and 76 new NBC installed, which provide service to clients of the Community Banking and of other segments of Banesco.

POS CHANNEL

We closed the second half of 2013 with 75,708 Points of Sale installed in businesses nationwide, whereby over 132 million transactions were made—a 32% increase over the same period in 2012.

In the second half of year, the new ExtraCrédito (Extra Loan) functionality was incorporated in more than 37,000 devices, which were also subject to security-related improvements, like the electronic serial number, time out.

We installed 15,255 POS and over 190,000 points of sale requirements were addressed and managed within the time set.

DEBIT AND CREDIT CARD

DEBIT CARD ISSUING BUSINESS

In 2013, Banesco Debit Cards recorded a 75% increase over last year, the Point of Sale being the channel preferred by clients, with a share of 73%, better than the 12% share observed in 2012.

This leadership is the result of implementing innovative strategies aimed to satisfy the clients' needs, by providing them better service and encouraging the use of Banesco Maestro Cards and the preference for them through distinctive benefits, like the increase of daily limits to make purchases through the points of sale and withdrawals at ATMs in the different debit products.

Additionally, 180,946 pensioners that are clients of the Bank had the benefit of enjoying their pension and Christmas bonuses through the different electronic channels, as they could use their Pensioner DC to conveniently withdraw from ATMs the total amount of the pension on the same day where paid, or to pay at any commercial establishment.

DEBIT CARD ISSUING BUSINESS

The credit card portfolio grew by 59 percentage points at the close of the second half of 2013 over the same period in 2012. Over 440 thousand credit cards were placed. Sales with Banesco CC increased by 90%. The delinquency rate percentage of the CC portfolio decreased by 0.66% over 2012. The growth in the CC placement and in the CC portfolio was mainly boosted by the natural person sector.

As part of our different strategies and to recognize the loyalty and good credit record of our clients, different granting and maintenance processes were carried out to consolidate the financial relationship with our clients and their loyalty. Such processes include, but are not limited to:

- ❖ Proactive granting of 188 thousand Banesco CC to borrowing clients of the Institution.
- ❖ Proactive granting of over 8,545 MasterCard Movistar CC to clients and employees of Movistar to clients and employees of Movistar.
- ❖ Proactive granting of 29 thousand Banesco Plan Alterno CC.
- ❖ Increase of lines of credit, which benefitted over 2,653,515 cards and 1,600,000 clients.
- ❖ Over 98 thousand cards delivered, which were subject to the up-grade process, 77 thousand of which were activated.



Banesco, always giving benefits to all the segments of its client base, gave a credit card to 576 clients of Community Banking for them to satisfy their children's needs when buying school supplies and uniforms during the back to school season, through the financing of the CC "Préstamo Escolar Comunitario" (Community School Loan).

In order to encourage our clients' loyalty through Business Alliances and Promotions with the most renowned brands of the country, the Bank presented the following:

- ❖ **Banesco-Coach Alliance:** Effective from May 31 to July 31, 2013, in order to have benefits and up to 10% discount for our cardholders.
- ❖ **Business Alliance with Hertz:** Alliance made in two stages, from January 1 to February 15, 2013, and from September 23 to December 12, 2013, to offer cardholders a benefit of 10% and 15%, respectively.
- ❖ **Business Alliance with Victoria's Secret:** Effective from October 21, 2013 to January 21, 2014, to offer a 10% discount to Banesco clients.

Banesco participated in the following promotions together with Visa, MasterCard, and American Express franchises to promote sales with CC:

- ❖ *"Tus Tarjetas Banesco Visa Te Llevan Lejos (Your Banesco Visa Cards Take You Far Away),* effective from 01/15 to 04/15. Prizes: 10 travel packages to the following destinations: Buenos Aires, Cartagena, Aruba, Cancun, and Rio de Janeiro.
- ❖ *"Deja de Gritarle a tu TV, Banesco te lleva a Brasil para que grites en el Maracanã (Stop Shouting at Your TV, Banesco takes you to Brazil to shout inside the Maracana) - Copa*



Confederaciones (Confederations Cup), effective from 04/29 to 05/26. Prizes: 2 travel packages to Rio de Janeiro, including ticket to the Cup's final.

- ❖ *"Todo Girará en torno al Tennis con tu Tarjeta de Crédito Banesco MasterCard"* (Everything will be about Tennis with Your Banesco MasterCard Credit Card), effective from 01/15 to 02/17. Prize: 1 package to Miami to enjoy the Sony Open Tennis.
- ❖ *"Tu Tarjeta Banesco American Express te Premia con Reintegros de hasta Bs. 2.000"* (Your Banesco American Express Card rewards you with up to Bs. 2,000 rebates), effective from 01/11 to 12/31. Prize: Rebates to the CC of 420 clients.
- ❖ *"Con tu Tarjeta Banesco Visa Ponte una Camiseta Adidas"* (Wear an Adidas T-shirt with your Banesco Visa Card), Effective from 11/15 to 01/15. Prize: 400 Adidas t-shirts.
- ❖ *"Gana con Cinex y Los Juegos del Hambre"* (Win with Cinex and the Hunger Games), effective from 11/22 to 12/27. Prizes: 10 prepaid cards, 10 kits related to the movie and a laptop.

MANAGEMENT OF PAYMENT PRODUCTS, MEANS AND SERVICES

PAYROLL PAYMENT SERVICE

In the second half of 2013, the Payroll Payment Service showed a 36.9% growth in processed volumes. As a result of the effort of Specialized Banking and Payroll Management, 85 new clients were incorporated to the service.

The payment of pensioners of the Venezuelan Institute of Social Security (IVSS) accumulated a 22.4% growth over the same period in 2012. During the second half of the year, 2,088 new pensioners were registered in the service.

PAYMENT PRODUCTS, MEANS, AND SERVICES

In the second half of 2013, the Payment to Suppliers Service experienced a 78.6% increase in the transactions made through the Electronic Data Interchange (EDI) platform over last year's same period.

The joint operation of the Specialized Banking and the executives of Payment Means and Services facilitated the incorporation of more than 280 clients to the portfolio during the second half of year.

As to the tax collection service, in the second half of 2013 collections increased 36% over last year's same period.

NEW DEVELOPMENTS

In the second half of 2013, we implemented and gave everyone access to the following products and functionalities:

- ❖ Electronic Remote Deposit Capture: Beginning of mass marketing of the product; 33 affiliated clients. The Semi-Online functionality that allows improving data transmission in remote areas was developed with success.
- ❖ Improvement in implementation times for Batch Collection services, with implementation of the parameterizable standard transaction.
- ❖ Availability of the Online National Taxes and Customs Duties Collection service through BanescOnline and form 00086 of Customs Payment enabled through the Electronic Payment portal.

At December 2013 close, the business of international products held a leading position in the market with a 22.26% share.

The reengineering of the process of international products and the process of coordination with the banking (natural persons and legal persons) was made, improving effectiveness of the business management, increasing the applications for foreign currency for Foreign Trade by more than 80% over 2012, and improving by 90% compliance with service agreements.

QUALITY MANAGEMENT

The Venezuelan market is characterized as always changing, sufficiently important reason to enable different monitoring networks that allow us to identify not only opportunities to cover our clients' needs, but those of the financial sector in general, as well as to implement distinctive strategies that go beyond a simple competitive advantage, as part of our service offer.

But beyond a predictive analysis arising out of the crossing of hard data, there is the need of Banesco to incorporate other essential variables—apart from the quantification of the level of satisfaction—that could even be related to the loyalty index.

New immediate service requirements appear that require that the Organization considers more innovative platforms (Google apps), including the market research and the interactive communications in the main social networks as Facebook and Twitter.

Once again, the importance of the boards (Key Performance Indicators), as corporate management indicators, based on more complex and personalized statistical models, according to the requirements of some segments, is more consolidated.

In this period, the permanent service follow-up programs are consolidated, like audits in the agency network (ADS) Mystery

Shopper and Satisfaction in Trade Clients, and for the third consecutive year, the renowned company Bureau Veritas granted the Bank the re-certification ISO 9001:2008, thus ratifying our service quality once again.

INFORMATION TECHNOLOGY, BUSINESS PROCESSES, AND TRANSACTIONS

We keep on promoting our strategy of transforming our actions into business opportunities for the Organization in an efficient and effective manner through the optimization of our platform, by applying the operational excellence to the processes, through the effective delivery of solutions, optimizing the operation of our services, guaranteeing its continuity and operation considering the requirements of the businesses, in a cost-efficient manner, boosting innovation and applying the best international practices in the management of our chain of value.

INNOVATION

In Technology Innovation, we achieved the goals set in the proposed exploration, prototype and pilot initiatives, based on the different main world technology trends (mobility, cloud computing, social networks, and bigdata). We gave tools and new solution proposals to businesses, based on a systematic process that allowed to speed up in parallel the Innovation Strategic Planning for 2014.

Among the prototypes and pilots above indicated, we develop new distinctive products that are the first of their kind in Venezuela, which will allow Banesco to create new business forms and continue being recognized as an Innovative Bank in Venezuela. The products include, among others: BanescoAmigos, the first bank transactions application on Facebook in Venezuela; Juego Banesco Aventura, the first bank in Venezuela that uses the Gamming trend; purchase enabler of e-commerce transactions that will strengthen mobile payment services.

ARCHITECTURE

The Technological Architecture in its different layers provides resources to enable or automate the business processes. During the second half of 2013, the efforts in the Architecture area were focused reference architecture maps, assuring the alignment necessary in the technological plan with the evolution of the trends (mobility, cloud computing, social networks, and bigdata), its maturity, and the business' needs.

In addition, we gave continuity to the measurements of standardization of the technological platform in order to supervise and maintain its ongoing improvement, supported by the progress of the government strategy for the Catalog of the Service-Oriented Architecture (SOA).

On the other hand, we established the general rules and guidelines for the use and deployment of Technology resources and assets in the entire company, per layer of architecture: applications, integration, technology infrastructure, information, and security, which will consolidate its structured development.

In Capacity Management, we gave continuity to the processes and developments that allow our platform to be ready for the growth needs of the business.

Likewise, in the Architecture area, we make sure that each selection of technological components follows an appropriate evaluation process with corporate reach that identifies the best option for Banesco, taking into account solutions that are in line with our standards and provided by big suppliers that join us in the organized evolution of our technological platform.

PROJECT OFFICE

In the project office, we continued implementing the ongoing improvements proposed in our planning. As to Project Management, we continued reinforcing the role of Project Managers and the work team. For this purpose, the Project Office was structured to guarantee management focused on and abiding by the best Project Management practices.

Moreover, the projects' life cycles were reviewed, developing mechanisms that allow optimizing the definition of initiatives in terms of scope, time, costs, and resources, minimizing changes during execution, and enabling formal instruments for the projects' documentation and design.

Schemes were also established to formalize key activities in the projects' life cycles. Control and follow-up were reinforced on the most critical projects, thus strengthening our execution capacity.

The foregoing has allowed us to optimize our processes and tools, as well as to generate each project's deliverables in a more timely manner according to the needs of the Bank and its clients.

BUSINESS PROCESSES

In order to improve the quality of our services and promote a culture of operational excellence, we evaluated and selected the Quality Management Model based on international best practices for our organization.

Additionally, we provided training on lean manufacturing (or no-waste manufacturing) principles to different areas in the Organization in order to optimize institution processes. We invested important efforts in reengineering a part of the Bank's core processes, achieving increased productivity, efficiency, process-



time reduction, and risk relief. We raised awareness among our leaders about the importance of process management with an extended "beginning-to-end" approach, building teamwork with efficient mechanisms for coordination. We designated "process owners," which will allow to further develop efficient management and continuous improvement of the Bank's processes. We advanced a great deal in the implementation of operational management under the principles of operational excellence in areas responsible for Commercial Loans, Distribution and Delivery of Credit Cards, CADIVI Transactions, and Expense Cycle.

We continue to move forward in the implementation of a Business Strategy for handling Bank documents (bank without paper), strengthening payment method services, and implementing new functions in electronic channels like Mobile Banking and Facebook Banking. Moreover, we reduced opportunity costs by significantly improving the distribution and activation of credit cards when delivered directly to the customer in the agencies. We contributed to improve our agencies' quality of service by implementing extended service-hours in Multifunctional ATMs for transactions like credit card payments and deposits, achieving improvements in compliance with our waiting times and teller-window service goals. We carried out working sessions to optimize transactions in the agency, the so-called "Time Rounds" that contributed to achieve higher efficiency in managing customer lines. This was aimed at decreasing risks, reducing waste and improving the quality of service.

ENGINEERING AND DEVELOPMENT

With the purpose of building close, long-standing, and efficient relationships, the area of Engineering and Development was focused on setting-up agreements and alliances with large companies in order to promote savings, maximize efficiency and synergy to render solutions, thus guaranteeing the stability in our services and encouraging the delivery of innovative products.

We can also highlight the structuring of testing areas within a "factory" model, an initiative that will permit to increase the flexibility in our abilities and complement functional testing with technical testing in new environments installed to guarantee continuous improvements in our products' quality and stability of the products.

On the other hand, we continue working on the optimization of our internal design and building processes, adding practices that provide further continuity to our strategy of standardizing and controlling deliverables.

We have advanced in the automation of practices to recover environments and minimize testing periods from different projects in shared, non-productive environments, by setting-up new and improved work schemes to generate stronger designs controlled under product quality-assurance practices and the adequate use of project implementation methodologies, with the purpose of guaranteeing quality, cost, and times to deliver solutions.

IT OPERATIONS

Under the slogan “funcionando 24 x siempre” (working 24/always) in the IT Operations area, we closed the second half of 2013 with the highest levels of reliability and availability of the technological platform, due to the effort and dedication of a human team committed to the high service expectations the Organization permanently offers to its clients.

Our aim to execute comprehensive technology plans of permanent improvement, covering people, process, and technology aspects, produced results translated into ongoing improvement of our performance indicators, which allowed us to reinvent and reorganize the way we provide our services. Thus, the (unique) Center of Transaction Services, better known for its acronym CSO, was born and established. The Center aims to offer more efficiency in monitoring, operation, and support of applications and infrastructure, therefore guaranteeing efficient and quality service in the face of any event that may pose a risk to affect the business' service quality.

Finally, we have maintained strict follow-up and control of the risk management actions over our technology systems, thus complying with regulatory measures and to guarantee continuity of our operations.

BACK OFFICE TRANSACTIONS

In Back Office Transactions, we continued optimizing our processes through the implementation of tools that improve our management on a regular basis. In this period, the deployment of the Intelligent Cash Projection Module SAP CMO (Currency Management and Optimization) allowed us to optimize the cash demand of the different service points, agencies, and ATMs. In line with the foregoing, we optimized the processes of receipt and processing of corporate clients' deposits, establishment and query of online payments and collections through BanescOnline, authorization of the management process of the housing savings system (Banaviv).

COMPREHENSIVE RISK MANAGEMENT

In the second half of 2013, the Organization continued focusing its risk management on global loss control and mitigation; the promotion and strengthening of continuity; and follow-up of the key risk indicators approved by the Board of Directors within the risk-profitability levels accepted by the shareholders, based on the identification of risks. This identification is achieved through the ongoing review and monitoring of presentations, evaluation of new and existing products, and the support corresponding to this analysis, supported by the continuity of Communication, Measurement, and Training processes that constitute the Risk Culture Plan, the main objective of which is to provide Banesco Citizens the necessary tools for risk management in their processes.

At the second half of 2013 close, the team of the Executive Vice Presidency of Comprehensive Risk Management coordinated and completed three (3) specialized trainings in Comprehensive Risk Management and Risk Management Methodology, for a total of 108 trainees in both the internal Vice-Presidency team and in the areas of Technology and the Unit for Prevention and Control of Money Laundering and Terrorist Financing.

In addition, the team of risk-certified facilitators of the Human Capital Directorate gave comprehensive risk talks to new employees and reinforced the requesting areas for a total of 442 trainees in the six-month period.

One of the initiatives carried out by the Human Resources Directorate corresponded to the deployment of the Young Talent Training Program aimed to create, train and develop a relief generation with young people highly skilled and with great potential in the key areas of the Organization. The Executive Vice Presidency of Comprehensive Risk Management—as one of such areas— supports in the acceptance of professional young people and in the offering of secure theoretical and practical learning spaces, under rotational systems in the form of internships. As part of this program, 30 participants were trained in Comprehensive Risk Management. It was a four (4) day training with one final knowledge evaluation.

CREDIT RISK

Credit Risk, as the Organization's possibility to incur in financial losses caused by total or partial failure to comply with the obligations by customers or counterparts, is managed in the Organization considering the nature of the loans according to their modality and the clients' profile. Hence, during the second half of 2013, the Credit Risk Management was aimed to reinforce and follow up both the approval and performance of the loan portfolio through actions within the comprehensive risk management policies approved by the Board of Directors.

In this sense, the sessions of the Portfolio Quality Committee in all its modalities were reinforced in the second half of 2013. In these sessions, process owners committed to clean the evaluated portfolios, in order to find signs of alert in customers, both individually and as a group, and in the granting processes. A total of six (6) sessions of the Mass Committee, thirty-five (35) sessions of the Corporate Committee, and one (1) session of the Regional Committee were held. These actions were complemented by the completion and delivery of balance sheet reports for taking actions, and the close follow-up of due balances in the loan portfolio.

With respect to granting, our ongoing improvement was accompanied by the necessary methodology to manage the loan portfolio based on strategic goals for estimating and following up expected losses, managing credit services by client segment, analyzing risk exposure levels, and submitting the results of the different business requirements (surveys, analysis and evaluations) for the Risk Committee's consideration.

In February, Fitch awarded the A+ rating in the category of long-term lender at the national level. The agency evaluated Banesco with a solid performance.

MARKET AND LIQUIDITY RISK

In Banesco Banco Universal, the Market and Liquidity Risk is managed through common methodologies and practices at an international level.

In the case of Market Risk, as the possible financial impact of market condition changes on the organization, potential risks are monitored and managed through the Value-at-Risk calculation to determine expected losses that could affect the market value of the positions maintained in the investment portfolio. Likewise, to define the risks of potential losses, which the Bank is exposed to, we establish risk limits that are compared to calculated risks that are permanently reported to the Senior Management of the Organization.

In order to calculate losses expected due to Market Risk, the Bank currently applies the Monte Carlo methodology. To value securities denominated in domestic currency, the Bank uses the prices for each financial asset, which are obtained through the yield curve it designed, the methodology of which was approved through the Committee.

At the close of the second half of 2013, the Value at Risk of the sales investment portfolio was 312 million bolivars, which implied a 209% increase over June 2013 close. This can be mainly explained by the decrease of the yield volatilities of the securities comprising the Institution's investment portfolio.

The Institution's management of Liquidity Risk, understood as the possible financial impact on the Organization for failure to obtain funds to comply with its financial obligations, is completed by following up short- and medium- term liquidity indicators, liquidity gaps between assets and liabilities, in addition to the coverage indicator, which allows to know the Bank's capacity to endure

a volatility level in liabilities in a 20-day period with its current coverage reserves. The coverage indicator showed good yield in the second half of 2013, with liquid assets levels exceeding the volatility in liabilities, both in normal and stress conditions, with average results in the second half of year for both scenarios of 264% and 199%, respectively. The coverage was higher than in the previous six-month period.

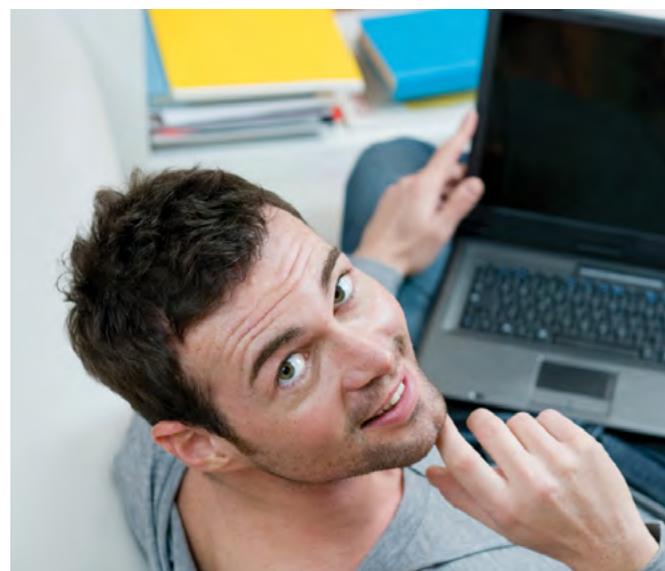
OPERATIONAL RISK

Operational Risk is understood as the possible financial impact on the Organization caused by weaknesses, insufficiencies, or failures in processes, persons and internal systems, or due to external events. Banesco has maintained and reinforced the implementation of risk analysis methodologies in the different value chains, as well as in new products and/or services.

In the second half of 2013, we continued promoting the risk self-management approach in the Organization through the appointment and formalization of the roles of the "Process Owner", the "Comprehensive Risk Master Deputy (MDRI)", and the "Comprehensive Risk Deputy (DRI)" in key processes of the Bank. This allows the continued strengthening of the end-to-end vision of the process, identification and evaluation of its risks, controls, and the definition of actions to close gaps, mitigate losses, and/or minimize the legal or reputational impact on the Bank.

The evaluations, analyses, and ongoing follow-up made under this approach have constituted a key component in keeping risk levels within the established limits, thus guaranteeing business continuity.

In addition, we continued implementing the Operational Risk Management Tool, in compliance with the best international practices. Next year, such implementation will leverage optimization, automation, and self-management of the Comprehensive Risk Management process, thus promoting our Comprehensive Risk Culture and the institutional use of Key Risk Indicators (KRI).



LOSS PREVENTION MANAGEMENT AND BUSINESS CONTINUITY

Our efforts are aimed at achieving quality and reliability of the services rendered by the organization, focusing our efforts on minimizing frauds, service interruption periods, and occupational injuries and diseases, maximizing our services' availability and maintaining our activities' effectiveness.

The main achievements of our value chain for the second half of 2013 are presented as follows:

LOSS PREVENTION

Continuing our actions to safeguard our customers' capital, we kept working on improving the quality of our services in 2013, focused on minimizing frauds and reinforcing security in our channels, products, payment methods, and services, in addition to strengthening internal processes for requirement control and attention.

In this sense, and as a way to increase security and - consecutively - our users' trust, we defined new warnings for Banesco Checks deposited in our agencies, allowing us to timely respond to fraud patterns. Moreover, we implemented SMS notifications on Banesco Checks deposited in other banks' agencies in order to provide more information on the transactions made by our clients and, therefore, prevent losses related to this product.

As to Credit Cards, we implemented the Virtual Key System, which permits the clients' self-management of CADIVI quota for online international purchases, therefore achieving to increase security levels for this product. We also reinforced security in American Express chip cards, implementing the DDA method (Dynamic Data Authentication), which allowed us to strengthen protection against data variation in our clients' payment transactions.

In terms of online banking, we were able to optimize multiple transaction services by including differed systems for control and management, improving times for analysis and guaranteeing service simplicity and customer convenience.

We also continued our work to comply with SUDEBAN requirements in terms of: Internal Information Security Policies, standard development, database encoding, and tool installation and setup to mask testing data.

Finally, it is important to note that our Organization maintains an ongoing awareness program on security matters for external and internal clients through tips in social networks and portals, thus strengthening our commitment to safeguard bank users' capital.

PROTECTION

Its core objective is to generate and preserve a safe, stable, and ideal workplace for our collaborators, associates, clients, and groups of interest. In this regard, we exceeded the requirements provided for in the current legal framework. To achieve this accomplishment, we promoted safe working conditions and consolidated a preemptive culture in our collaborators in all fields of their daily activities by providing training in health and safety matters, hence, encouraging them to manage their own safety

In the Occupational Safety and Health area:

We gave occupational safety and health talks to new employees in compliance with the law. We gave six talks to 318 new employees. In addition, we gave 30 workshops on "Workplace Ergonomics and Postural Hygiene" (12 workshops in the Metropolitan Area and 18 at a regional level), with the participation of 623 national workers, and 18 training workshops on "Psycho-social Risk Factors" (9 in the Metropolitan Area and 9 at a regional level), with the participation of 946 workers.

We gave 58 workshops on the use of fire extinguishers in the Metropolitan Region to 328 workers and 101 workshops at a regional level to 1,158 workers, and we made 58 environment assessments in order to supervise, analyze, and control the environmental conditions in the main workplaces (temperature, noise, light, etc.) to prevent appearance of diseases caused or worsened by the work and accident at work. We developed 12 information campaigns on the Intranet, for approximately 12,000 workers, aimed at prevention of accidents, occupational diseases, and awareness of workplace laws, safety, and health.

We carried out full evacuations of the offices of Community Banking and Prevention of Money Laundering at Torre Sur de El Recreo, and total evacuation of Ciudad Banesco.



BUSINESS CONTINUITY

In the Protection area:

- ❖ We continued the process of security evaluation and reinforcement in agencies, with the purpose of reducing the exposure of our Institution's capital as well as crime-related losses.
- ❖ We coordinated with regulatory authorities to verify and check the security of our agencies nationwide in accordance with current laws.
- ❖ We implemented an adequate surveillance system to safeguard the corporation's property.
- ❖ We organized different meetings to coordinate with government authorities in order to increase security in our facilities and the security of the customers entering such facilities.
- ❖ We participated actively with SUDEBAN and the Ministry of Internal Affairs, Justice, and Peace in the creation of regulatory standards to protect bank agencies.

LOSS CONTROL

In the first half of 2013, we continued implementing the failures and vulnerabilities control detection strategies of the technological platform and the processes, generating the investigations on aspects or relevant facts around a situation of loss or incidents that may affect the operational or administrative activity of the business. We addressed 410 cases, and 320 decisions were made on the cases declared as liable. Likewise, we supported the Human Capital in the recruitment of staff by making 4,381 pre-employment testing. In addition, we complied with the judicial bodies by fully addressing 6,686 files.

in different opportunities during the second half of the year we activated the Crisis Management Committee focused on monitoring the environment and the critical services of the Bank before high-impact external situations and/or updates to technological platforms.

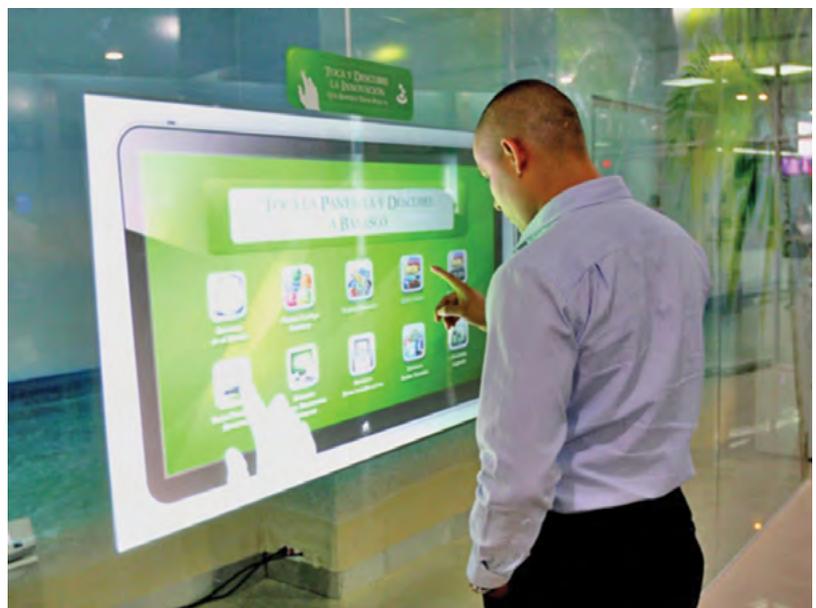
In the second half of 2013, we updated and prepared scenario based continuity processes as a result of environmental analysis, or business and/or technological needs or gaps.

We conducted 48 drills aimed at guaranteeing the correct functioning of services in the event of major failure in critical business services. In order to improve the actions to be carried out in major disruptive events, we simultaneously tested and certified 11 platforms corresponding to critical services in August. These platforms coexisted for 24 hours in the alternate data center without affecting operability. A total of 120 employees in the technology and business areas participated in this activity.

Additionally, in different opportunities during the second half of the year we activated the Crisis Management Committee focused on monitoring the environment and the critical services of the Bank before high-impact external situations and/or updates to technological platforms.

The Business Impact Analysis (BIA) was updated in order to determine the currently vital processes for operational continuity, as well as the possible financial impact of a disruptive event on the Organization. We obtained a valuation of the services for making decisions in the design and implementation of continuity strategies, considering dependencies among processes, key units, vital registries, dependencies on suppliers, and regulatory report inventories of mandatory compliance.

On the other hand, in order to strengthen Banesco Citizen's culture, we finished teaching the Risk Culture course through the virtual learning tool.



**PROPOSAL SUBMITTED BY THE BOARD OF DIRECTORS WITH RESPECT
TO THE CONSIDERATION AND DECISION OF THE GENERAL REGULAR
SHAREHOLDERS' MEETING CALLED BY MARCH 24, 2014, TO DECLARE
AND PAY CASH AND SHARE DIVIDENDS, ADOPTED AT MEETING NO. 1360
DATE FEBRUARY 12, 2014**

Caracas, february 26, 2014

CASH DIVIDENDS

The Board of Directors submits to the consideration and decision of the shareholders their proposal to declare and pay a cash dividend from the surplus to be applied to December 31, 2013 for THREE MILLION SEVEN HUNDRED NINETEEN THOUSAND SEVEN HUNDRED AND THIRTEEN THOUSAND TWO HUNDRED AND EIGHTY SEVEN (Bs.3,719,913,287.00), to be distributed as follows:

- I. The amount of NINETEEN MILLION NINE HUNDRED THIRTEEN THOUSAND AND TWO HUNDRED AND EIGHTY SEVEN (Bs.19,913,287.00), to be paid to holders of preferred shares, corresponding to the Issues 2008-I and 2008-II. This dividend payment covers the next three (3) periods expiring 15/05/2014, 15/08/2014 and 15/11/2014 the respectively; in conformity with the corresponding issue prospectus.
- II. The amount of THREE THOUSAND AND SEVEN HUNDRED MILLION (Bs.3,700,000,000.00) to the holders of common shares.

Should this proposal be approved, the Board of Directors will establish the payment opportunity of cash dividends prior compliance with the formalities and terms provided for in article 49 of the Banking Institutions Law.

SHARE DIVIDEND

If approved the redemption of Two Hundred Thousand (200,000) preferred shares, pursuant to the prospectus for the public offering of preferred shares issues 2008 - I and 2008-II, and in order to maintain the Capital Stock of the Bank in ONE THOUSAND TWO HUNDRED AND FIFTY MILLION (Bs.1,250,000,000), will be proposed to consideration of the Shareholders' Meeting, decree and pay a dividend, for TWO MILLION (Bs 2,000,000.00) through the issue of TWO HUNDRED THOUSAND (200,000) new common shares.

Should this proposal be approved, the Board of Directors will establish the payment opportunity of share dividends prior approval by the Superintendency of Banking Institutions.

Juan Carlos Escotet Rodríguez
Chairman of the Board of Directors

BALANCE SHEET

BANESCO BANCO UNIVERSAL, C.A.

Stated in Million VEB

ASSETS	Dec. 13	Jun. 13	Dec. 12	Jun. 12
CASH AND DUE FROM BANKS	54,315	24,894	28,317	15,427
Cash	5,466	2,360	3,714	1,920
Central Bank of Venezuela	44,662	18,237	21,465	10,790
Local Banks and Other Financial Institutions	309	326	159	141
Foreign Banks	250	435	121	246
Head Office and Branches	0	0	0	0
Pending Cash Items	3,628	3,536	2,859	2,329
(Provision for Bank Accounts)	0	0	0	0
INVESTMENTS SECURITIES	60,276	43,724	26,237	16,363
Investments in Central Bank	2,798	908	1,313	16
Investments in Trading Securities	0	0	0	0
Investments in Securities Available for Sale	15,492	14,487	8,197	5,979
Investments in Securities Held to-maturity	30,436	20,437	11,745	5,752
Limited Availability Investments	281	273	184	197
Other Security Investments	11,269	7,618	4,798	4,420
(Provision for Security Investments)	0	0	0	0
LOAN PORTFOLIO	101,555	76,362	64,190	52,491
Outstanding Credits	104,704	77,738	65,343	53,218
Restructured Credits	43	75	56	109
Past Due Credits	674	545	321	380
Credits in Litigation	3	4	3	17
Provision for Credit Portfolio	-3,869	-1,999	-1,533	-1,232
INTEREST AND COMMISSIONS RECEIVABLE	2,233	1,721	1,292	838
Interest receivable from cash and due from banks	0	0	0	0
Interest receivable from security investments	1,025	716	445	250
Interest receivable from credit portfolio	1,086	921	828	616
Commissions Receivable	194	149	96	74
Interest Receivable on Other Accounts Receivable	0	0	0	0
Provision for Interest Receivable and Other	-72	-66	-77	-101
INVESTMENTS IN SUBSIDIARIES, AFFILIATES AND BRANCHES	5	4	4	4
Investments in subsidiaries and affiliates	5	4	4	4
Investments in branches	0	0	0	0
Provision for investments in subsidiaries, affiliates and branches	0	0	0	0
PROPERTY RECEIVED IN LIEU OF PAYMENT	12	21	25	17
PROPERTY IN USE	1,816	1,222	1,098	1,085
OTHER ASSETS	3,677	1,014	2,419	653
TOTAL ASSETS	223,889	148,962	123,582	86,878

BALANCE SHEET

BANESCO BANCO UNIVERSAL, C.A.

Stated in Million VEB

LIABILITIES	Dec. 13	Jun. 13	Dec. 12	Jun. 12
DEPOSITS FROM CLIENTS	198,990	131,215	109,055	76,165
Deposits in Current Accounts	158,610	90,434	77,631	53,131
Non-Remunerated Checking Accounts	75,392	45,006	38,128	25,945
Remunerated Checking Accounts	69,960	45,428	39,502	27,187
Other Demand Liabilities	3,527	14,854	9,857	7,831
Obligations for Money Desk Operations	0	0	0	0
Savings Deposits	36,420	25,462	21,112	14,729
Time Deposits	433	465	455	473
Securities Issued by the Institution	0	0	0	0
Restricted Deposits from Clients	0	0	0	0
Right of Ownership and Participation on Security Investments	0	0	0	0
OBLIGATIONS WITH BCV	0	0	0	0
DEPOSITS AND OBLIGATIONS WITH BANAVIH	0	1	1	1
OTHER FINANCING OBTAINED	2,771	1,769	732	336
Liabilities with local financial institutions up to one year	2,039	1,610	581	324
Liabilities with local financial institutions more than one year	0	0	0	0
Liabilities with foreign financial institutions up to one year	732	158	151	12
Liabilities with foreign financial institutions more than one year	0	0	0	0
Other Liabilities up to one year	0	0	0	0
Other Liabilities more than one year	0	0	0	0
OTHER FINANCIAL OBLIGATIONS	9	92	61	70
INTEREST AND COMMISSIONS PAYABLE	17	17	13	12
Expenses payable due to deposits from clients	15	16	13	12
Expenses payable due to obligations with BCV	0	0	0	0
Expenses payable due to deposits and liabilities with BANAVIH	0	0	0	0
Expenses payable due to other financing obtained	0	0	0	1
Expenses payable due to other financial obligations	0	0	0	0
Expenses payable due to obligations convertible to capital	0	0	0	0
Expenses payable due to subordinated debt	0	0	0	0
ACCRUALS AND OTHER LIABILITIES	4,710	3,870	3,246	2,388
SUBORDINATED DEBT	0	0	0	0
OTHER LIABILITIES	0	0	0	0
TOTAL LIABILITIES	206,497	136,964	113,107	78,971
STOCKHOLDERS' EQUITY				
CAPITAL STOCK	1,250	1,250	1,250	1,250
Capital Paid-in	1,250	1,250	1,250	1,250
PAID-IN SURPLUS	0	0	0	0
CAPITAL RESERVES	1,291	1,283	1,275	1,105
EQUITY ADJUSTMENTS	97	687	267	317
ACCUMULATED INCOME	14,226	8,625	7,165	5,099
NON-REALIZED GAIN OR (LOSS) ON AVAILABLE FOR SALE SECURITY INVESTMENTS	563	188	552	171
TREASURY STOCK	-35	-35	-35	-35
TOTAL LIABILITIES	17,392	11,998	10,474	7,907
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	223,889	148,962	123,582	86,878
CONTINGENT DEBTOR ACCOUNTS	36,352	25,439	20,303	13,633
TRUST ASSETS	11,813	10,817	9,231	8,880
OTHER TRUST ASSIGNMENTS	177	263	279	265
DEBTOR ACCOUNTS DUE TO TRUST ASSIGNMENTS (Housing Mutual Fund)	9,486	8,241	7,321	6,412
OTHER DEBTOR ACCOUNTS (HOUSING MUTUAL FUND)	16	15	14	13
OTHER DEBTOR MEMORANDUM ACCOUNTS	454,448	365,238	298,739	269,120
OTHER DEBTOR BOOKS ACCOUNTS	30	27	28	27

STATEMENTS OF EARNINGS

BANESCO BANCO UNIVERSAL, C.A.

Stated in Million VEB

	Dec. 13	Jun. 13	Dec. 12	Jun. 12
FINANCIAL REVENUES	11,634	8,509	6,707	5,309
Revenues from Cash and Cash Equivalents	2	2	2	2
Revenues from Security Investments	2,879	2,009	1,207	889
Revenues from Credit Portfolio	8,686	6,445	5,449	4,361
Revenues from Other Accounts Receivable	65	50	45	45
Revenues from Investments in Subsidiaries, Affiliates and Branches	0	0	0	0
Revenues from Head Office and Branches	0	0	0	0
Other Financial Revenues	2	3	4	12
FINANCIAL EXPENSES	2,321	1,843	1,369	1,069
Expenses Due to Deposits from Clients	2,300	1,837	1,343	1,055
Expenses Due to Obligations with BCV	0	0	0	0
Expenses Due to Deposits and Obligations with BANAVIH	0	0	0	0
Expenses Due to Other Financing Obtained	17	4	3	0
Expenses Due to Other Financial Obligations	0	0	23	14
Expenses Due to Subordinated Debt	0	0	0	0
Expenses Due to Head Office and Branches	0	0	0	0
Other Financial Expenses	4	2	0	0
GROSS FINANCIAL MARGIN	9,313	6,665	5,338	4,240
Income from Recovered Financial Assets	199	152	133	106
Expenses Due to Uncollectibility of Credits and Other Accounts Receivable	1,375	502	597	579
Provision for Loan Portfolio and Other Accounts Receivable, Losses	1,375	502	597	578
Provision for Cash and Due from Banks	0	0	0	1
NET FINANCIAL MARGIN	8,137	6,315	4,874	3,767
Other Operating Income	4,024	2,206	2,058	1,471
Other Operating Expenses	823	470	385	276
FINANCIAL INTERMEDIATION MARGIN	11,338	8,051	6,547	4,962
TRANSFORMATION EXPENSES	4,024	3,575	3,052	2,725
Personnel Expenses	1,450	1,485	1,295	1,047
Administrative and General Expenses	1,567	1,254	1,195	1,158
Contributions to Deposit Guarantee and Bank Protection Fund	926	773	512	481
Contributions to Superintendency of Banks and Other Financial Institutions	82	63	50	40
GROSS OPERATING MARGIN	7,314	4,476	3,495	2,236
Income from Adjudicated Goods	81	23	11	9
Income from Special Programs	0	0	0	0
Income from Sundry Accounts	60	37	49	30
Expenses Due to Realizable Property	9	10	7	11
Expenses for Depreciation, Amortization and Devaluation of Miscellaneous Goods	0	0	0	0
Expenses Due to Dundry Accounts	645	406	358	244
NET OPERATING MARGIN	6,801	4,120	3,191	2,019
Extraordinary Income	0	0	0	0
Extraordinary Expenses	20	5	7	3
GROSS INCOME BEFORE TAXES	6,781	4,116	3,183	2,016
Income Taxes	90	100	275	0
NET INCOME	6,691	4,016	2,908	2,016
APPLICATION OF NET INCOME				
Legal Reserve	0	0	145	202
Statutory Utilities	0	0	0	0
Other Capital Reserves	6	6	6	0
ACCUMULATED INCOME	6,685	4,010	2,756	1,815
LOSEP Contribution	73	44	34	22
OTHER ACCOUNTS				
Third-Party Investments	0	0	0	0
Monthly Agriculture Credit Portfolio	2,150	992	213	1,784
Accumulated Agriculture Credit Portfolio	16,585	12,985	10,585	11,321
Public Sector Deposits	5,360	5,396	3,572	4,967
Micro-Credits	6,902	4,769	3,697	2,569
Credits to the Segment of Tourism in accordance to law in force	2,406	1,581	1,419	1,235
Mortgages according to the Special Law for the Protection of the Housing Loan Debtor	4,354	3,856	3,693	3,349
Financial Soundness Ratio	10.17%	10.85%	10.22%	10.36%
Manufacturing Loans	7,382	4,225	4,306	3,968

TRUST

BANESCO BANCO UNIVERSAL, C.A.

Stated in Million VEB

	Dec. 13	Jun. 13	Dec. 12	Jun. 12
HERITAGE TRUST	11,176	10,222	8,635	8,342
INVESTMENT TRUST	2,213	2,151	1,367	1,922
Individuals	521	258	297	114
Corporative Entities	1,270	826	795	683
Central Administration	25	41	5	6
Public, State, Municipal and Central Administrations	0	0	0	0
Decentralized Entities and Other Entities with Special Regime	397	1,026	270	1,120
GUARANTEE TRUST	2,463	2,459	1,764	1,765
Individuals	0	0	0	1
Corporative Entities	11	2,446	1,752	1,752
Central Administration	0	0	0	0
Public, State, Municipal and Central Administrations	0	0	0	0
Decentralized Entities and Other Entities with Special Regime	2,452	12	12	12
MANAGEMENT TRUSTS	6,500	5,612	5,159	4,395
Individuals	2,414	1,965	1,634	1,227
Corporative Entities	445	430	406	410
Central Administration	124	102	94	78
Public, State, Municipal and Central Administrations	0	0	0	0
Decentralized Entities and Other Entities with Special Regime	3,518	3,115	3,027	2,680
FEATURES MIXED TRUSTS	0	0	344	259
Individuals	0	0	0	0
Corporative Entities	0	0	0	0
Central Administration	0	0	0	0
Public, State, Municipal and Central Administrations	0	0	0	0
Decentralized Entities and Other Entities with Special Regime	0	0	344	259
OTHER TRUST	0	0	0	0
Individuals	0	0	0	0
Corporative Entities	0	0	0	0
Central Administration	0	0	0	0
Public, State, Municipal and Central Administrations	0	0	0	0
Decentralized Entities and Other Entities with Special Regime	0	0	0	0

SOCIAL BALANCE 2013

BANESCO BANCO UNIVERSAL, C.A.

STATED IN VEB

DESCRIPTION	2013	Accumulated 1998-2013
SOCIAL INVESTMENT		
APPLICATION BANESCO RESOURCES	86,072,156	377,286,344
Fe y Alegría	2,531	23,239,550
Microentrepreneurs Training Program	4,399,944	6,444,163
Simón Bolívar Music Foundation	1,000,000	12,878,305
Association of Venezuelan Catholic Education (AVEC)	2,505,990	10,542,081
Social Undertaking Project with the IESA	3,180,000	7,050,000
Universities and Other Institutions	10,920,429	18,739,405
Banesco Life-Long Scholarships	36,500	2,258,128
Other Education Institutes and Organizations	260,000	2,731,761
Venezuelan Foundation against Child Paralysis	636,575	3,256,334
Other Health and Medical Care Organizations	665,990	3,316,378
FUNDANA	350,000	2,255,254
Civil Association Don Bosco Houses Network	1,092,461	3,915,693
Salesian Ladies Civil Association	250,000	2,104,441
Attendance to the childhood and people with special necessities	65,000	2,507,440
Toys donation to the communities	—	3,386,673
Editorial Projects	2,548,497	9,766,040
Other contributions	810,596	9,591,553
Solidarity (Capital and Regional)	—	5,138,558
Events for the Community	8,780,735	18,202,207
Investment in works in Colinas de Bello Monte	432,000	4,320,987
Mayoralties, regional governments and other State Organizations	539,248	6,918,231
Non-Contractual Social Benefits for Banesco Employees	46,834,535	217,104,935
Dining Subvention	28,685,995	115,079,174
Medical Service	2,583,035	10,729,213
Parking Subsidy	2,569,865	9,109,459
Medical Assistance for Extreme Diseases	299,866	1,831,265
Unsecured Loans for Housing	12,695,774	80,355,824
Corporate Volunteering Contribution	761,125	1,618,227
Volunteer training	164,957	582,958
Special Projects	—	30,479
Additional training workshops	—	6,006
Cost Volunteer Hours / Man	223,679	626,295
Budget Amount executed Logistics Volunteer	372,489	372,489
Application of Article 96 (LOCTISEP)	—	33,612,457
Association of Venezuelan Catholic Education (AVEC)	—	4,434,352
Children Museum	—	300,000
FUNDANA	—	110,000
Alliance for Venezuela Free of Drugs	—	100,000
ABC PRODEIN (School Santa María City, Petare, CISAMA)	—	276,000
Educational Foundation Canaima Schools	—	571,950
Civil Association Don Bosco Houses Network	—	2,853,406
Education (Campaign against drugs and sports events)	—	24,966,749
SOCIAL INVESTMENT	86,072,156	410,898,801
TOTAL CONTRACTED COMMITMENTS	1,520,000	1,520,000
Microentrepreneurs Training Program with Fe y Alegría	1,520,000	1,520,000
IESA	—	—
TOTAL CONTRACTED COMMITMENTS	1,520,000	1,520,000
GENERAL TOTAL SOCIAL INVESTMENT PLUS COMMITMENTS MADE	87,592,156	412,418,801

BOARD OF DIRECTORS

Juan Carlos Escotet	Olga Elena Marcano
María Josefina Fernández	Sergio Saggese
Miguel Ángel Marcano	Flavel Castañeda
Daisy Josefina Véliz	Oscar Doval



MAIN CORRESPONDENT BANKS

ARGENTINA Banco de la Provincia de Buenos Aires, Banco de la Nación Argentina, Banco Supervielle, Banco Credicoop, Grupo Macro, Banco Patagonia, Deutsche Bank, HSBC Bank, Banco CMF.

AUSTRALIA ANZ Bank.

AUSTRIA Unicredit Group, RZB A.G.

BELGIUM Commerzbank

BOLIVIA Banco Económico, Banco Do Brasil, Banco de la Nación Argentina, Banco Nacional de Bolivia, Banco BISA, Banco de Crédito de Bolivia, Banco Mercantil de Santa Cruz, Banco Unión de Bolivia.

BRAZIL Banco Bradesco, Banco Do Brasil, Banco Itau, HSBC Bank, Banco ABC Brasil, Banco Safra, Banco Santander, Deutsche Bank, Banco Indusval.

CANADA Royal Bank of Canada.

CHILE Banco Estado, Banco Santander, Bci Banco de Crédito e Inversiones, Banco Do Brasil, Banco de Chile, Banco BICE, Corpbanca.

CHINA Standard Chartered Bank, Commerzbank A.G., HSBC Bank, Deutsche Bank A.G., Citibank, N.A., Bank of China, The Industrial and Commercial Bank of China.

COLOMBIA Banco de Bogotá, Bancolombia, Bancoldex, Banco de Occidente, Davivienda.

COSTA RICA Banco Nacional de Costa Rica, Banco de Costa Rica, Banco Improsa.

CURAZAO Maduro & Curiel's Bank.

DENMARK Nordea Bank.

DOMINICAN REPUBLIC Banco de Reservas, Banco BHD, Banco Popular.

ECUADOR Banco del Pichincha, Banco del Pacífico, Produbanco, Banco de Guayaquil, Banco Internacional.

EL SALVADOR Citibank, Banco Agrícola.

ENGLAND Standard Chartered Bank, HSBC Bank, Citibank.

FINLAND Nordea Bank.

FRANCE Crédit Industriel et Commercial (CIC), Société Générale.

GERMANY Commerzbank A.G., Unicredit Group, Deutsche Bank.

GUATEMALA Banco Industrial, Banco GT Continental, Banco Agromercantil.

HOLLAND Commerzbank A.G., Deutsche Bank

HONDURAS Banco Atlántida, Grupo Financiero Ficohsa, Banpais, Banco Continental.

HONG KONG Standard Chartered Bank, Deutsche Bank A.G., Citibank N.A., Unicredit Group, Commerzbank A.G.

INDIA Standard Chartered Bank, Deutsche Bank, HSBC Bank.

ITALY Unicredit Group.

JAPAN The Bank of Tokyo and Mitsubishi Bank, Standard Chartered Bank, Citibank N.A., Unicredit Group, Commerzbank Ag., Deutsche Bank.

KOREA Standard Chartered Bank, Citibank N.A., Deutsche Bank, Commerzbank A.G.

MALAYSIA Standard Chartered Bank.

MEXICO Banamex, S.A. (Citibank), HSBC Bank, Banco Santander, Banco del Bajío, Banorte, BBVA Bancomer.

NICARAGUA Banpro, Bancentro.

NEW ZEALAND ANZ Bank.

NORWAY Nordea Bank.

PANAMA HSBC Bank, Multibank, Credicorp Bank

PARAGUAY Banco Do Brasil, Banco de la Nación Argentina, Banco Sudameris, Banco Continental, Banco Regional.

PERU Banco de Crédito del Perú, Banco Financiero, Interbank, Scotia Bank, BIF, Citibank.

PORTUGAL Banco Espírito Santo S.A., Banco Banif, Millennium BCP, Caixa Geral de Depósitos.

PUERTO RICO Banco Popular de Puerto Rico.

SINGAPORE Standard Chartered Bank, Unicredit Group, Deutsche Bank, Commerzbank A.G.

SPAIN HSBC Bank, Commerzbank Ag., CaixaBank.

SWEDEN Nordea Bank.

SWITZERLAND Commerzbank AG., Deutsche Bank.

URUGUAY Banco de la Nación Argentina, BBVA Uruguay, Banco de la República Oriental del Uruguay.

USA Standard Chartered Bank, Wells Fargo, Citibank N.A, HSBC Bank, Deutsche Bank A.G., Commerzbank A.G.

BANESCO INTERNATIONAL PRESENCE GROUP

- ▶ Banesco S.A., Panamá (before Banesco International Bank Inc.)
- ▶ Banesco USA (Miami, Puerto Rico)
- ▶ Banesco Banco Múltiple, S.A. (Dominican Republic)
- ▶ Banco Etcheverría Grupo Banesco (Spain)
- ▶ Banco Novagalicia Grupo Banesco (Spain)

REPRESENTATIVE OFFICE

- ▶ Banesco Banco Universal C.A. (Bogotá, Colombia)

INTERNATIONAL MAILING ADDRESS

Banesco Banco Universal C.A. 8424 NW, 56 Street, Suite CCS00283, Miami, Florida 33166, U.S.A.

MAIN OFFICES

Ciudad Banesco, Avenida Principal de Colinas de Bello Monte, entre calles Sorbona y Lincoln, Municipio Baruta. Caracas, Venezuela.

TELEPHONE BANKING: 0500BANCO24 - 0500 226.26.24

MASTER PHONE: (58212) 501.71.11

www.banesco.com

Semester Report
SECOND HALF
2013

