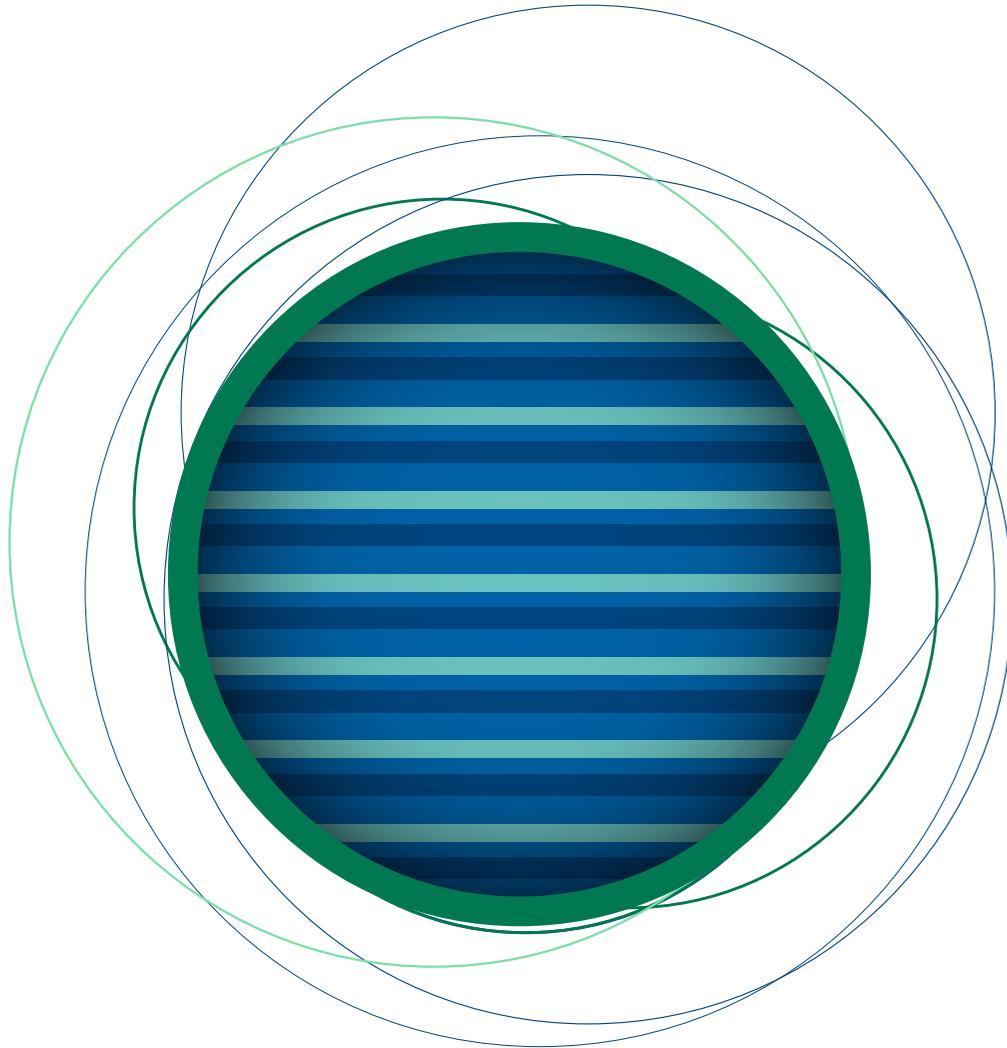


FINANCIAL REPORT



First
Half
2016





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FINANCIAL ECONOMIC BALANCE CORRESPONDING TO THE FIRST HALF OF 2016

Responsibility and Reliability are two of our main Corporate Values. Therefore, we exercise transparency by sharing our report on results corresponding to the first semester of the year 2016.

In Banesco we are devoted to build the future, and that is why we accompany the initiatives of our more than 6 million clients.

In the last years, we have made a remarkable investment in the image of our agencies, in their physical infrastructure as well, but also in updating technology and improving our key processes. This is a plan focused on the future, because we are aware that we are helping to build a country, as we guarantee that our institution prevails in time. This program reflects our commitment with our clients, our staff and their families.

Fulfilling our role as financial intermediators, we have liquidated 496,173 credits between January and June 2016. Said figure represents an increase of 34.3% when compared to the amount of loans we granted in the first semester of the year 2015. Thanks to this, we are the leaders in private banking with 522.6 billion bolivars (VEF) in our credit portfolio (14.52% of market share), and our intermediation index amounted 59.23%. By sectors, we have a balance of VEF 73.3 billion in financing to the agricultural sector (first position in private banking); VEF 19.9 billion in credits to manufacture; VEF 9.8 billion colocations to the touristic sector, and VEF 19.4 billion in microcredits.

Since we understand the positive effect of the credit in the economy, we help different sectors, such as microfinance and agro industry.

During the first semester 2016, we registered a Paid Capital of VEF 1.25 billion; an Equity of VEF 65.9 billion, to rank first in private banking; in Assets, VEF 982 billion, which places us in the first position in the rank of private banking.

In this period, we have reached 4.33 million clients in BanescoOnline, who carried out more than 738 million transactions on our website, and more than 132 million transactions on BanescoMóvil. In addition, 5.62 million operations through Telephone Banking, and the IVR (automated telephone service) registered more than 18 million transactions.

At the end of the first six months of the year we have available 363 attention spots, 108,950 sales points, and 1,451 ATM's, 545 of them multifunctional.

Likewise, during the first semester of the year 2016, the social investment of Banesco increased to VEF 523.39 million. From the total amount of the investment, VEF 435.21 million (82%) were directed to initiatives for the benefit of our collaborators, such as family days, dining rooms, medical aids, and contribution for school materials, among others. With regards to the external dimension of our Corporate Social Responsibility Program, we dedicated VEF 88.17 million (17%) to social projects for communities.

The results described in this report are the outcome of the efforts of Banesco Citizens. We would like to acknowledge each one of them, and thank them for the great job they do every day.

In Banesco, we have a long term commitment with our clients, collaborators, shareholders, and social partners, and a commitment with the development of the country, and so will continue for many generations ahead.

MIGUEL ÁNGEL MARCANO CARTEA

**Executive Chairman
Banesco Banco Universal, C.A.**

FINANCIAL ECONOMIC SITUATION

Within the international context, oil prices kept a descending tendency, subject to the pressure of the deceleration of one of the main economies in the world: China, associated to a very slow actual growth of the oil consumption, and an oversupply of crude oil at a global level, factors that were insufficient to impulse the price of the main reference crudes. As a consequence, the average price of the Venezuelan oil basket during the first semester of the year was US\$/b 31.1, dropping in US\$/b 18.6 (-37.4%) compared to the same period in 2015, generating a remarkable reduction in fiscal income derived from oil sales.

On the other hand, income derived from domestic economy, and collected through tariffs and taxes, reach at the end of the first semester of the year 2016 an amount of VEF 1,299 billion, which represented an increase of 180% compared to the first semester of 2015, being its main component the Value Added Tax (VAT), with a variation of 170% in the same term, representing 52% of total income. On the other hand, the fiscal expenditure recorded by the National Treasury Office in 2016 was VEF 1,427 billion, increasing 106.4% with regards to same period in 2015. On its side, the primary expenditure, excluding debt payments was 1,274 billion, superior in 107% to the expenditure made during the first semester of the previous year.

The most relevant items in the composition of expenditure correspond to Remunerations and Other Decentralized Transfers (28% and 38% of the total, respectively), which were impulse by the increase of wages and salaries decreed during the months of March (20%) and May (30%), as well as the food tickets. The fiscal impulse affected the monetary aggregates, with an increase in the monetary base of 30.4% during the first semester, and in monetary liquidity of 30.9%, at the same time the behavior of the credit portfolio during the semester experienced a variation of 42.1%, having an indirect effect in the evolution of this variable.

Regarding the foreign sector, it is relevant to highlight the publication of the Exchange Agreement Number 35 dated 10th of March 2016, whereby there was a modification of the Official Preferential Exchange Rate, from VEF/USD 6 to VEF/USD 10, with a new denomination called DIPRO (Foreign Currency with a Protected Exchange Rate), directed to preferential sectors such as food and medicine, while the SIMADI Rate started to be



The fiscal impulse affected the monetary aggregates, with an increase in the monetary base of 30.4% during the first semester, and in monetary liquidity of 30.9%



called DICOM (Foreign Currency with Complementary Exchange Rate), starting from the last SIMADI Rate published and fluctuating in accordance to the supply and demand, directed to the other sectors of the country. For the end of the semester the DICOM rate is around VEF/USD 628.34, with an average exchange rate of VEF/USD 339.3 and with average liquidations of 7.5% of the amount demanded.

Last, International Reserves were calculated at the end of the semester in USD 12,104 MM, a reduction of 26.1% (USD 4.266 MM) if compared to the end of 2015, with a restructuring to assets of higher liquidity.

VENEZUELAN BANKING SYSTEM

The composition of the banking system experienced changes during the first semester of 2016, with a reduction of the number of participants to 31, specifically 4 less than in 2015, due to a restructuring of the stratus of institutions of capital of the State. In this regard, the segment of private universal banks currently represents 61.3% of the market by number of members.

During the first semester of 2016, it was calculated a total of 75,043 workers, 11,153 ATM's, and 350,480 sales points at a national level in the whole banking system.

The consolidated balance reflected at the end of June 2016, total assets for an amount of VEF 6,438.5 billion, experiencing an increase of VEF 1,648.5 billion (34.4%) with respect to the second semester of 2015 and of VEF 3,076.8 billion (91.5%) in the last twelve months, with a tendency to increase both in gross credits (+42.1%) as well as in availability (+40.7%), due to an impulse in the credit portfolio in the first of the realms, and in the second to a higher balance in the account of the Central Bank of Venezuela, increasing as a consequence, the relative importance of both items, with importance of 55.9% and 26.5% respectively.

With regards to the investment in securities, its amount was practically invariable (+0.7%) during the first half of the year, being around VEF 880.2 billion, 67.4% corresponding to securities issued by the State. Its contribution to the formation of the total asset continued descending in the period under analysis, representing during the cut performed in June, 13.7% of the same, 4.6 percentage points under the amount recorded during the second semester of 2015.

The gross credit portfolio of the system kept its ascending tendency during the first semester of the year, showing a growth of VEF 1,066.3 billion, for an amount at the end of VEF 3,598.7 billion, improving its quality, by presenting a delinquency index of 0.27% and a level of provision of immobilized portfolio of 1,026.64%, higher than the one recorded during previous periods.

By use of the credit, the higher growth during the semester in absolute terms was registered in the commercial portfolio, surpassing VEF 484 billion, for an amount at the end of June 2016 of VEF 1,657.8 billion and a participation over the gross portfolio of 46.07%, very similar to the one of the previous period (46.33%). Secondly, it is relevant to highlight the increased reflected by credits to consumption (+ VEF 217.8 billion), achieving an amount in the portfolio of VEF 711.2 billion. The portfolio of vehicles was the one experiencing the lowest increase (+VEF 9.0 billion), for a total of VEF 35.5 billion (0.99% of gross loans).



Regarding liabilities, it was observed an increase to attract public for VEF 1,372.5 billion (32.63%) in the last six months

The directed portfolios, on their side, represented 33.18% of the Financing granted by the financial entities, highlighting in particular the impulse experienced by agricultural credits of VEF 192.4 billion (+52.76%) with respect to end of 2015, reaching an amount of VEF 557.1 billion (15.48% of the gross portfolio).

The higher dynamism shown by the credit colocations was equally reflected by the intermediation ratio, passing from 58.63% in December 2015 to 62.69% in the first semester of 2016.

Regarding liabilities, it was observed an increase to attract public for VEF 1,372.5 billion (32.63%) in the last six months and of VEF 2,601.9 billion (87.41%) with respect to the same period of 2015, for a balance at the end of the first semester of 2016 of VEF 5,578.7 billion.

During the period under analysis, the banking system kept a rising tendency in its equity accounts, after registering a variation of 36.10%, ending in June 2016 with an amount of VEF 459.5 billion, and an equity adaptation ratio of 12.69%.

From the operations of the first semester of 2016, it is derived a net benefit of VEF 92.2 billion, 34.2 billion higher (59.12%) to the one reflected in the same period of the previous year; however, it is observed a reduction of the returns on average assets (ROA) and of the returns on equity (ROE) to 3.35% and 51.21%, respectively.

BANESCO BANCO UNIVERSAL DURING THE FIRST SEMESTER OF 2016

We finished the first semester of 2016 holding the position again as leader of private banking, reaching total assets for VEF 982.0 billion, equivalent to a market share in the whole system of 15.25%, higher to the one registered in June 2015 in 0.10 percentage points (15.15%), after increases of VEF 192.8 billion (24.43%) in the last six months and of VEF 472.6 billion (92.80%) with respect to the same period of last year.

Through the granting of more than 490,000 credits in all the modalities, Banesco kept the first position in private banking, with a market share of 14.52% and important presence of all the economic sectors of the country, rising the amount in the gross portfolio to VEF 522.6 billion, after experiencing a growth of VEF 135.8 billion (35.12%) in the semester and of VEF 287.3 billion (122.16%) with respect to the end of June 2015, keeping the excellent quality of the portfolio, with a delinquency rate of 0.17%, properly provided (1,475.24%). It is likewise observed a higher weight of the credits in the structure of the total assets, starting to represent in the month of June of 2016, 51.9% of it.

In this manner, we actively participated in the financing of the main productive activities, highlighting by target of the credit, the leadership of Banesco in the granting of the mortgage loans, with an amount at the end of the semester of VEF 18.9 billion, equivalent to 13.6% of the market, holding the first position in private banking.

The agricultural sector, on its part, counted on a significant support by the institution, with a portfolio of VEF 72.6 billion and a market share of 13.0%, keeping us as the first private banking in the orientation of resources to this activity, with a growth during the semester of VEF 18.1 billion (33.0%).

Our clients have in Banesco, their main ally in the financing for the acquisition of vehicles, leading the market with a participation of 42.7% and a portfolio of 15.1 billion.

We have accompanied the micro-business sector in their development, surpassing 19 billion bolivars in loans, with a share of 13.1%, first position of universal commercial private banking.

It is important to highlight the excellent performance in commercial credits, with an amount at the end of the first semester of 2016 of VEF 241.3 million and an amount of 14.6% reflecting an increase of VEF 64.4 million (36.4%) with respect to the month of December 2015.

We are the most important of the country with regards to the resources managed by the Compulsory Fund for Housing Funds (FAOV), ending at the end of June with a balance of VEF 23.1 billion (1st position) and a share of 33.1%.

The investment in securities, on its part, increased to VEF 154.5 billion, mainly comprised by colocations in the Central Bank of Venezuela and inter-banking operations and related to investment in securities, currently representing 15.7% of the total assets of the bank.

From the semester period, it is observable of a net result of VEF 13.96 billion, having experienced an increase of 49.03% with respect to the same period in 2015.

We registered at the end of the period under analysis VEF 859.7 billion in resources from the public, after experiencing an increase of VEF 158.7 billion (22.6%) during the first half of the year, reaffirming our leadership in private banking with a share of 15.41%, higher to the one reflected during the same period of 2015.

The equity accounts of Banesco Banco Universal evidenced an increase of VEF 11.7 billion (21.7%) during the first semester of 2016, and of VEF 28.0 billion (74.0%) with respect to June 2015, reaching VEF 65.9 billion, first position within the private banking sector in Venezuela, with an equity sufficiency index of 12.38% and a weighed capital coefficient per risk of 14.84%, surpassing in both cases the registered indicators in December 2015, as well as the minimum ones legally demanded.

From the semester period, it is observable of a net result of VEF 13.96 billion, having experienced an increase of 49.03% with respect to the same period in 2015.

Said appropriate management was represented in the favorable indicators obtained during the period under analysis, highlighting among other things, the important strengthening of equity, and broad and sufficient coverage for the immobilized portfolio, as well as by keeping profitability and liquidity indicators in accordance with the current performance of the banking market.

FINANCIAL HIGHLIGHTS

STATED IN MILLION VEB					GROWTH			
	SECOND HALF	FIRST HALF	SECOND HALF	FIRST HALF	FIRST HALF 2016		FIRST HALF 2016	
	2014	2015	2015	2016	FIRST HALF 2016	%	ABSOLUTE	%
							SECOND HALF 2015	
					ABSOLUTE	%	ABSOLUTE	%
TOTAL ASSETS	381,204	509,381	789,266	982,065	472,684	92.8%	192,799	24.4%
<i>Cash and Due from Banks</i>	108,423	157,050	209,004	260,161	103,111	65.7%	51,157	24.5%
<i>Security Investments</i>	88,963	104,065	152,381	154,581	50,516	48.5%	2,201	1.4%
<i>Credit Portfolio</i>	167,954	228,700	376,270	509,247	280,547	122.7%	132,977	35.3%
DEPOSITS FROM CLIENTS	340,029	453,842	701,077	859,762	405,920	89.4%	158,685	22.6%
<i>Deposits in Current Accounts</i>	282,530	387,279	605,820	752,409	365,130	94.3%	146,590	24.2%
<i>Savings Deposits</i>	51,329	59,851	87,884	99,364	39,513	66.0%	11,480	13.1%
<i>Times Deposits</i>	1,216	732	861	852	120	16.4%	-9	-1.1%
<i>Other Deposits</i>	4,955	5,980	6,512	7,137	1,157	19.4%	625	9.6%
TOTAL STOCKHOLDERS' EQUITY	29,844	37,920	54,209	65,976	28,056	74.0%	11,766	21.7%
TRUST ASSETS	15,287	18,774	20,985	28,125	9,351	49.8%	7,140	34.0%
DEBTOR ACCOUNTS DUE TO TRUST ASSIGNMENTS (FAOV)	13,388	15,750	19,096	23,105	7,355	46.7%	4,009	21.0%
<i>Financial Revenues</i>	20,118	26,821	44,746	62,204	35,383	131.9%	17,458	39.0%
<i>Financial Expenses</i>	5,200	6,299	8,059	12,141	5,841	92.7%	4,081	50.6%
<i>Gross Financial Margin</i>	14,918	20,521	36,686	50,063	29,542	144.0%	13,377	36.5%
<i>Financial Intermediation Margin</i>	17,431	21,706	38,873	56,320	34,614	159.5%	17,447	44.9%
<i>Transformation Expenses</i>	6,447	9,835	16,395	29,941	20,106	204.4%	13,546	82.6%
<i>Income Tax</i>	0	1,244	5,850	8,199	6,955	0.0%	2,349	40.2%
NET INCOME	10,245	9,364	13,935	13,955	4,591	49.0%	20	0.1%
ACCUMULATE AGRICULTURE PORTFOLIO	27,564	36,042	55,155	73,335	37,293	103.5%	18,180	33.0%
OFFICIAL INSTITUTIONS DEPOSITS	9,963	21,008	21,459	42,953	21,945	104.5%	21,494	100.2%
MICRO LOANS	9,779	11,918	17,994	19,425	7,507	63.0%	1,431	8.0%
COMMERCIAL LOANS	66,180	97,149	176,914	241,357	144,208	148.4%	64,443	36.4%
CREDITS TO CONSUMER	38,190	44,465	81,372	125,604	81,139	182.5%	44,232	54.4%
VEHICLES	6,754	8,990	12,980	15,155	6,165	68.6%	2,175	16.8%
CREDITS CARDS	38,188	44,465	81,372	125,602	81,137	182.5%	44,230	54.4%
MORTGAGE LOANS	10,960	12,545	16,870	18,923	6,378	50.8%	2,053	12.2%

RATIOS

<i>Loan Portfolio Provisions / Non Accrual Loans</i>	908.75%	678.80%	2196.79%	1475.34%
<i>Non Accrual Loans / Gross Loan Portfolio</i>	0.32%	0.41%	0.12%	0.17%
<i>Net Results / Average Assets *</i>	6.31%	4.29%	4.42%	3.21%
<i>Net Results / Average Equity *</i>	81.15%	56.58%	60.40%	46.19%
<i>Liquidity</i>	39.62%	42.52%	39.00%	38.08%

ASSESSMENT BY THE CREDIT RISK RATING REPORTS

The Credit Risk management at the end of the first semester of 2016 showed a performance characterized by obtaining a favorable level of profitability/risk in our indicators.

The delinquency index in the Total Portfolio was around 0.17%, and the coverage level of the Provision on the Immobilized Portfolio registered a value of 1,475.34%.

With regards to the destination of the resources placed, the following economic activities prevail: Services, Commerce, Agriculture; and manufacture as the main receivers of credit.

The collection strategies keep being based on an approach on the recovery under an integral client vision and of preemptive management, showing with it higher effectiveness level.

During the first semester of 2016, keeping a close monitoring on the evolution of the expired balances and continuous management, and allowed obtaining a relevant generation of value on the final result of the credit business. This same management approach is the one to be used as well during the second semester of 2016.

APPROVAL OF ACTIVE OPERATIONS THAT EXCEED THE PERMITTED PERCENTAGE ON THE EQUITY OF THIS INSTITUTION

In accordance with number 3 of Article 30 from the Law on Institutions from the Banking Sector, in the matters of active operations, at the end of the semester, the Board of Directors decided on the approval of seventy-three (73) credits that by individual or group risk, in the same monthly period, exceeded two percent (2%) of the bank's equity.

It is important to highlight that in the most recent reform to the Law on Institutions from the Banking Sector, the active operations to report are the ones exceeding 5% of the Equity of the Institution, however Banesco keeps the report on operations granted that individually or by group risk exceed 2% of Equity.

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

CREDIT SITUATION	OUTSTANDING	RESTRUCTURED	NON-PERFORMING LOANS		TOTAL (Bs.)	PERCENTAGE COMPOSITION
			PAST TO DUE	IN LITIGATION		
ACTIVITY ECONOMIC	CREDITS	CREDITS	CREDITS	CREDITS	CREDITS	CREDITS
<i>Agriculture, Fishing and Forest</i>	72,603,030,632	23,802,887	788,333	0	72,627,621,853	13.90%
<i>Hydrocarbons and Mining Exploitation</i>	1,816,349,297	0	0	0	1,816,349,297	0.35%
<i>Manufacturing Industry</i>	19,753,436,847	50,745	115,185,377	0	19,868,672,970	3.80%
<i>Electricity, Gas and Water</i>	287,946,752	0	0	0	287,946,752	0.06%
<i>Construction</i>	18,257,554,548	1,105,695	16,023,963	0	18,274,684,205	3.50%
<i>Trade, Restaurants and Hotels</i>	150,866,674,399	2,999,286	145,650,976	0	151,015,324,661	28.90%
<i>Transport, Storage and Communications</i>	4,970,839,367	216,904	4,623,463	0	4,975,679,734	0.95%
<i>Financial Establishments, Real State And Services Provided to Companies</i>	241,978,638,325	8,262,718	612,212,539	609,590	242,599,723,172	46.42%
<i>Community, Social and Personal Services</i>	11,136,912,073	744,538	10,973,312	0	11,148,629,924	2.13%
<i>Non Well-specified Activities</i>	0	0	0	0	0	0.00%
SUB-TOTAL (Bs.)	521,671,382,241	37,182,774	905,457,962	609,590	522,614,632,567	100.00%

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



Main Directors
 Juan Carlos Escott R.
 Miguel Ángel Marciano C.
 Sergio Sagases Ciarrmino
 Oscar Doval García
 Vicente Llatas Salvador

José Grasso Vecchio
 Emilio Durán Ceballos
 María Josefina Fernández M.

Statutory Auditors
 Carolina A. Arellano Suárez
 María E. Medina Silva

Independent Accountants
 Márquez, Perdomo & Asociados
 (Miembros de CROWE HORWATH INTERNATIONAL)

Stock Capital Bs. 1.250.000.000,00
Capital Paid-in Bs. 1.250.000.000,00
Capital Reserves Bs. 64.725.741.785,73

Secretary
 Marco Tulio Ortega Vargas

BALANCE SHEET

June 30, 2016 (Stated in VEF)

ASSETS	Jun-16	Jun-15
CASH AND DUE FROM BANKS	260.160.905.526	157.050.324.386
Cash	13.536.890.911	6.083.956.146
Central Bank of Venezuela	222.771.546.240	134.164.694.305
Local Banks and Other Financial Institutions	2.747.967.194	1.422.970.140
Foreign and Correspondent Banks	35.784.246	151.358.247
Head Office and Branches	0	0
Pending Cash Items	21.068.716.935	15.227.347.068
(Provision for Bank Accounts)	0	0
INVESTMENTS SECURITIES	154.581.178.183	104.065.275.702
Investments in Central Bank	50.332.852.000	14.349.731.000
Investments in Trading Securities	0	0
Investments in Securities Available for Sale	16.928.865.453	21.590.131.262
Investments in Securities Held to-maturity	45.662.948.568	39.627.637.654
Limited Availability Investments	482.563.847	496.859.712
Other Security Investments	41.173.948.315	28.000.916.074
(Provision for Security Investments)	0	0
LOAN PORTFOLIO	509.247.030.248	228.700.447.576
Outstanding Credits	521.671.362.241	234.245.998.116
Restructured Credits	37.182.774	34.839.738
Past Due Credits	905.457.962	772.500.781
Credits in Litigation	609.590	191.633.642
(Provision for Credit Portfolio)	(13.367.602.319)	(6.544.524.701)
INTEREST AND COMMISSIONS RECEIVABLE	9.588.406.633	4.818.992.340
Interest receivable from cash and due from banks	0	0
Interest receivable from security investments	2.163.657.650	1.574.479.807
Interest receivable from credit portfolio	6.522.466.444	2.795.649.334
Commissions Receivable	1.184.892.667	584.725.578
Interest Receivable on Other Accounts Receivable	0	0
(Provision for Interest Receivable and Other)	(272.610.108)	(136.862.379)
INVESTMENTS IN SUBSIDIARIES, AFFILIATES AND BRANCHES	15.777.449	10.827.645
Investments in subsidiaries and affiliates	15.777.449	10.827.645
Investments in branches	0	0
Provision for investments in subsidiaries, affiliates and branches	0	0
PROPERTY RECEIVED IN LIEU OF PAYMENT	97.363.521	428.278
PROPERTY IN USE	22.675.368.783	5.468.275.511
OTHER ASSETS	25.688.631.691	9.266.578.624
TOTAL ASSETS	982.064.662.054	509.381.150.902

LIABILITIES AND EQUITY	Jun-16	Jun-15
DEPOSITS	859.762.464.287	453.842.004.757
Deposits in Current Accounts	752.409.462.065	387.279.249.805
Non-Remunerated Checking Accounts	377.290.493.843	183.396.363.988
Remunerated Checking Accounts	285.532.505.100	151.343.060.652
Current accounts under exchange agreement n° 20	67.676.929	91.662.623
Demand Deposits and Certificates	89.518.796.193	52.448.162.542
Other Demand Liabilities	7.137.220.777	5.979.884.913
Savings Deposits	99.363.981.447	59.851.315.064
Time Deposits	851.800.498	731.555.875
OBLIGATIONS WITH BCV	0	0
DEPOSITS AND OBLIGATIONS WITH BANAVIH	5.567.264	6.258.322
OTHER FINANCING OBTAINED	12.343.908.422	3.683.853.186
Liabilities with local financial institutions up to one year	11.900.852.868	3.580.858.150
Liabilities with local financial institutions more than one year	0	0
Liabilities with foreign financial institutions up to one year	443.055.544	72.995.036
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	2.633.551	45.302.916
INTEREST AND COMMISSIONS PAYABLE	382.596.555	99.534.330
Expenses payable due to deposits from clients	367.507.931	98.229.939
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	15.089.624	1.624.991
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
ACCURUALS AND OTHER LIABILITIES	43.591.750.185	13.813.675.318
SUBORDINATED DEBT	0	0
OTHER LIABILITIES	0	0
TOTAL LIABILITIES	916.088.920.264	471.461.029.429
STOCKHOLDERS' EQUITY	1.250.000.000	1.250.000.000
Capital Paid-in	1.250.000.000	1.250.000.000
Paid-in Surplus	0	0
Capital Reserves	1.337.387.336	1.318.218.191
Equity Adjustments	6.342.440.234	86.841.622
Accumulated Income	58.438.692.638	35.291.617.501
Non-Realized Gain or (Loss) on Available for Sale Security	0	0
Investments	(1.357.288.132)	(1.165.555)
Treasury Stock	(34.890.286)	(34.890.286)
TOTAL EQUITY	65.975.741.790	37.520.121.473
LIABILITIES AND EQUITY	982.064.662.054	509.381.150.902
Contingent Debtor Accounts	105.088.629.204	59.519.858.598
Trust Assets	28.125.153.839	18.774.206.928
Other Trust Assignments	201.475.283	113.931.040
Debtor Accounts Due to Trust Assignments (Housing Mutual Fund)	23.105.179.137	15.750.313.614
Other Debtor Accounts (Housing Mutual Fund)	18.743.798	17.993.368
Other Debtor Memorandum Accounts	3.412.044.882.947	945.122.194.384
Other Debtor Book Accounts	29.089.169	29.024.058

Statements of Earnings (Stated in VEF)

	Jun-16	Jun-15
Financial Revenues	62.203.576.292	26.820.517.421
Revenues from Cash and Cash Equivalents	3.708.071	5.402.611
Revenues from Security Investments	6.630.638.915	4.958.767.320
Revenues from Credit Portfolio	55.541.909.676	21.816.386.953
Revenues from Other Accounts Receivable	27.319.630	36.604.320
Revenues from Investments in Subsidiaries, Affiliates and Branches	0	0
Revenues from Head Office and Branches	0	0
Other Financial Revenues	0	3.356.217
Financial Expenses	12.140.752.338	6.299.374.918
Expenses Due to Deposits from Clients	11.924.906.058	6.282.283.175
Expenses Due to Obligations with BCV	0	0
Expenses Due to Deposits and Obligations with BANAVIH	0	0
Expenses Due to Other Financing Obtained	215.846.280	17.091.743
Expenses Due to Other Financial Obligations	0	0
Expenses Due to Subordinated Debt	0	0
Expenses Due to Other Obligations	0	0
Expenses Due to Head Office and Branches	0	0
Other Financial Expenses	0	0
Gross Financial Margin	50.062.823.954	20.521.142.503
Income from Recovered Financial Assets	374.373.780	208.008.810
Expenses Due to Uncollectibility of Credits and Other Accounts Receivable	4.115.709.278	1.822.969.842
Provision for Loan Portfolio and Other Accounts Receivable, Losses	4.115.709.278	1.822.907.000
Provision for Cash and Due from Banks	0	62.842
Net Financial Margin	46.321.488.456	18.906.181.471
Other Operating Income	14.834.391.648	4.948.010.217
Other Operating Expenses	4.836.226.403	2.148.074.366

	Jun-16	Jun-15
Financial Intermediation Margin	56.319.653.701	21.706.117.322
Transformation Expenses	29.941.149.186	9.835.248.318
Personnel Expenses	8.474.134.007	3.310.417.124
Administrative and General Expenses	15.856.138.519	3.839.205.021
Contributions to Deposit Guarantee and Bank Protection Fund	5.014.574.470	2.436.724.921
Contributions to Superintendency of Banks and Other Financial Institutions	596.202.190	248.901.252
Gross Operating Margin	26.378.504.515	11.870.869.004
Income from Adjudicated Goods	7.488.487	15.880.447
Income from Special Programs	0	0
Income from Sundry Accounts	31.421.431	110.997.961
Expenses Due to Realizable Property	10.140.155	1.148.244
Expenses for Depreciation, Amortization and Devaluation of Miscellaneous Goods	0	0
Expenses Due to Dundry Accounts	4.187.735.923	1.343.630.127
Net Operating Margin	22.219.538.355	10.652.769.061
Extraordinary Income	0	0
Extraordinary Expenses	65.180.414	44.876.052
Gross Income Before Taxes	22.154.357.941	10.607.893.009
Income Taxes	8.199.375.000	1.244.000.000
Net Income	13.954.982.941	9.363.893.009
Application of Net Income	0	0
Reserva Legal	0	0
Statutory Utilities	0	0
Other Capital Reserves	6.250.000	6.250.000
Accumulated Income	13.948.732.941	9.357.643.009
LOSEP Contribution	240.765.180	115.301.440

Net Income Distribution	Jun-16	Jun-15
Legal Reserve	0	0
Other Capital Reserves	6.250.000	6.250.000
Restricted Surplus	6.977.491.471	4.683.781.642
Surplus to apply	6.971.241.471	4.673.861.367
NET INCOME	13.954.982.941	9.363.893.009

REPORT ON THE DEMANDS AND COMPLAINTS OF THE CUSTOMERS OF THE BANKING SERVICES (I HALF 2016)

Banesco counts on a technological tool named IRS (Integrated Request System), that allows to manage all the clients and customers' requests and complaints through the different customer service channels (BanescOnline, Network of National Agencies, Call Center Service and Administrative Offices), offering a swift, effective and efficient response, framed within the valid legal framework.

a) Summary by Status

- ▶ In the first semester of 2016, 33,812 complaints and requests were reported through AT13, for a total amount of 550,902,628 VEF; of which 90% (30,366) of the requests were managed, and out of those, 72.4% (21,974) were ruled in favor of the client with a reimbursement of 114,606,121 VEF.
- ▶ When evaluating the time for customer service regarding the complaints and requests reported by the clients during the first semester of 2016, and on the basis of the premise indicated by the regulatory body that establishes a maximum of 20 continuous days to solve them, it is shown that the level of compliance in the service supply was 98.57%.
- ▶ A percentage of outdated complaints refer to the temporary reimbursement that the Bank applies to solve the requests of Credit Cards Failed Transactions, in order to manage the consumption notes. Nevertheless, the corresponding adjustments to comply with the times stipulated in the Law were made.

Summary of complaints and requests reported by Status

MONTH	REPORTED IN AT13			MANAGED (90%)					IN PROCESS (10%)		LEVEL OF COMPLIANCE IN THE SERVICE SUPPLY
	Customers	N° of Requirements	Claim Amount (Bs.)	ADMISSIBLE			NOT ADMISSIBLE		N° of Requirements*	Claim Amount*	
				Customers	N° of Requirements	Amount Redounded (Bs.)	N° of Requirements	Claim Amount			
January	3,782	5,022	105,940,042	3,073	44,917,379	36,559,687	1,326	48,418,267	623	12,604,397	97.66%
February	3,995	5,054	83,214,732	3,330	16,875,107	16,698,646	1,347	38,382,659	377	27,956,967	98.03%
March	4,335	5,435	89,481,072	3,522	12,261,489	12,114,598	1,340	67,916,939	573	9,302,645	97.98%
April	4,294	5,641	71,611,507	3,711	14,669,951	14,436,294	1,305	38,882,470	625	18,059,086	98.31%
May	4,615	6,181	73,664,115	4,038	17,436,454	17,194,850	1,473	42,503,272	670	13,724,389	99.38%
June	4,977	6,479	126,991,160	4,300	17,777,616	17,602,046	1,601	87,016,471	578	22,197,072	99.64%
Total I Half	25,998	33,812	550,902,628	21,974	123,937,995	114,606,121	8,392	323,120,078	3,446	103,844,555	98.57%

* In January, requirement No. 20160184971 of the client IMPOR TECNOLOGID JS, C.A., was not included due to an error in the amount field when registering the request.

In the first semester of 2016, 33,812 complaints and requests were reported through AT13, for a total amount of 550,902,628 VEF; of which 90% (30,366) of the requests were managed, and out of those, 72.4% (21,974) were ruled in favor of the client with a reimbursement of 114,606,121 VEF.



b) Summary by type of Financial Instrument

- Out of the 33,812 complaints and requests reported by the clients, 95.41% (32,261) corresponds to the Debit Cards (DC) as the financial instrument, for an amount of 462,074,953 VEF; which represent 83.88% of the total amount claimed during the first semester of 2016. From this DC complaints (32,261), 21,133 were ruled admissible, thus an amount of 83,749,207 VEF was reimbursed.

Summary of complaints and requests reported by type of Financial Instrument

MONTH	CREDIT CARD (CC)		DEBIT CARD (DC)		SAVINGS BOOK		CHECKS		CUSTOMER SERVICE	
	Nº OF REQUIREMENTS	CLAIM AMOUNT	Nº OF REQUIREMENTS	CLAIM AMOUNT	Nº OF REQUIREMENTS	CLAIM AMOUNT	Nº OF REQUIREMENTS	CLAIM AMOUNT	Nº OF REQUIREMENTS	CLAIM AMOUNT
January	219	4,011,829	4,729	88,503,246	13 *	569,674 *	61	12,855,292	0	0
February	241	4,583,522	4,741	63,174,493	14	7,562,566	58	7,894,151	0	0
March	179	4,406,010	5,179	70,162,873	17	9,806,924	60	5,105,265	0	0
April	194	4,519,456	5,389	63,088,183	8	82,432	50	3,921,435	0	0
May	150	2,918,613	5,957	61,969,732	9	867,078	65	7,908,692	0	0
June	127	2,808,584	6,266	115,176,425	15	1,136,606	70	7,869,546	1	0
Total	1,110	23,248,014	32,261	462,074,953	76	20,025,280	364	45,554,381	1	0

Relationship of the Type of Financial Instrument and Code in the database: Credit Card (30), Debit Card (31), Savings Book (33), Check (34), Customer Service (50).

* In January, requirement No. 20160184971 of the client IMPOR TECNOLOGID JS, C.A., was not included due to an error in the amount field when registering the request.

EQUITY SUFFICIENCY COEFFICIENTS 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%). As published in the Official Gazette No. 40,509 of October 1, 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 June 2016 and December 2015, the percentages reached are as follows:

DESCRIPTION	JUNE 2016	DECEMBER 2015
Accounting Equity Sufficiency Index	12.38%	10.13%
Total Equity Sufficiency Index	14.84%	14.12%
Total Equity Sufficiency Index (Level I)	14.84%	14.12%

ELECTRONIC CHANNELS AND BANK AGENCIES

As of June 2016 close, Banesco had a wide network of physical and electronic distribution channels whereby the Bank offers a wide range of products and services:

- ▶ 363 service points (agencies, satellites and Banesco Express)
- ▶ 108.950 Points of Sale
- ▶ 1.451 ATMs (900 Monofunctional and 551 Multifunctional)
- ▶ 301 Non-Banking Correspondents
- ▶ 67 Stands

EXTERNAL AUDITOR'S REPORT

The financial statements of the Bank corresponding to the first half of 2016, 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	JUN. 16	DEC. 15	JUN. 15	DIC. 14
1. EQUITY				
(Equity + Operative Management) / Total Assets	12.38%	10.13%	10.18%	9.76%
Non-Productive Assets / Equity + Operative Management	449.22%	450.04%	453.08%	389.28%
2. ASSETS QUALITY				
Loan Portfolio Provisions / Gross Loan Portfolio	2.56%	2.72%	2.78%	2.94%
Non Accrual Loans / Gross Loan Portfolio	0.17%	0.12%	0.41%	0.32%
3. MANAGERMENTS *				
Personnel Expenses + Operative Expenses / Average Productive Assets	7.93%	5.41%	4.80%	4.42%
Personnel Expenses + Operative Expenses / Financial Income	39.11%	27.98%	26.66%	26.16%
4. EARNINGS *				
Net Results / Average Assets	3.21%	4.42%	4.29%	6.31%
Net Results / Average Equity	46.19%	60.40%	56.58%	81.15%
5. LIQUIDITY				
Availability / Customer Funds	30.26%	29.81%	34.60%	31.89%
Availability + Investment in Securities / Customer Funds	38.08%	39.00%	42.52%	39.62%

* Annual Percentages

INTERNAL AUDITOR'S REPORT ON THE EVALUATION OF THE INTERNAL CONTROL ENVIRONMENT

First Half 2016

In accordance with the provisions of Article number 28 from the decree with rank, value and for of Law from the partial reform of the Law on Institutions from the Banking Sector, published on the Official Gazette Number 40,557, dated 8th of December 2014; as well as the normative issued by the Superintendence of Institutions from the Banking Sector (hereinafter SUDEBAN), published on the 27th of August 2014, Articles 1 and 16, from Resolution 0164.14 referred to the "General Regulations to the Auditing Unit within Institutions from the Banking Sector", we present a summary of the management, work done, and developed activities by the Internal Audit Unit in Banesco Banco Universal, C.A., during the period between the 1st of February 2016 and the 30th of June, 2016, presented for the consideration of the Auditing Committee and the Board of Directors, in accordance with the provisions approved in the Operative Plan for Internal Auditing defined for 2016.

Banesco Banco Universal, C.A. counts on an Internal Audit Unit that is sufficiently independent to comply with its functions in an effective, efficient and timely manner, counting with all the necessary faculties for the achievement of its objectives. The Executive Vice-president of Internal Auditing of the Bank is the Internal Auditor, responsible for the Internal Audit area, and for its corresponding staff, attached to the aforementioned unit, reporting functionally and administratively to the Board of Directors of Banesco.

The Unit counts on a Statute of the Function of Internal Auditing, periodically revised and therein are defined the Principles, Regulations, and Attributes of the Internal Auditor, the Policy of Assurance of the Internal Audit Activity, the Manual of Policies and Regulations concerning Internal Auditing and the Internal Audit Activity, as well as instruction booklets for work, defined in accordance with the National and International Standards for Internal Auditing, and with the standards established within the institution. In the event relevant changes occur, concerning the regulations or functionality, they should be submitted to the Auditing Committee and the Board of Directors for their corresponding approval.

The methodology applied by Internal Auditing for the development of the auditing plan based on the management processes was performed considering the following criteria:

- ▶ The Internal Auditing Operative Plan was approved and taken before the Board of Directors for its ratification, and five (5) reports have been made and submitted about it with periodical progress reports to the Board of Directors and to the Auditing Committee (monthly frequency) and to the Risk Integral Committee (semester-based frequency).
- ▶ The regulations established by SUDEBAN were considered, as well as currently enforced regulations on the Banking activity and International Supervision Practices.
- ▶ The audit management was mainly oriented to the revision of processes based on risks of the central administrative and operational areas, banking and network of agencies, information technology and prevention and control of money laundering and financing to terrorism (hereinafter PCLC/FT), in accordance with the schedule established in the Auditing Plan 2016 – First Semester.
- ▶ Application of audit tests for the assessment of significant exposure to risk, follow up of corrective/preemptive actions on the basis of strategies, verification of the Internal Control Environment and efficient functioning, which contributes to the improving of effectiveness and efficiency in the different areas of Banesco Banco Universal, C.A., providing perspectives and orientations on the basis of analysis and evaluation of their information and processes.
- ▶ For the first semester of 2016, revisions were performed with the coverages established in the Internal Audit Operative Plan, and among their aspects, we can highlight the following:
 - Rating of efficiency of the internal control environment, by evaluating the different aspects involving the updating, application and functioning of the internal controls of the institution, the framework for risk management, the effectiveness of internal controls and the efficiency and productiveness of resources.
 - Revision and verification of the compliance of the legal provisions regulating the Banking activity and specially the provisions of the Law for Partial Reform of the Law on Institution from the Banking Sector, other resolutions,



On the basis of the work performed, we conclude that the plans and programs designed to prevent and detect the operations that are suspected or may be related to Money Laundering and Financing to Terrorism work successfully.

circulars and official letter issued by SUDEBAN, as well as other relevant regulations currently enforced and related to the banking activity, applicable during said revisions.

—Verification of the application of the provisions contained in the Manual of Accounting for Banks of SUDEBAN, in the balances comprising the figures presented in the financial statements of Banesco.

—Annual Program of Follow Up, Evaluation and Control in the matters of compliance of the aspects contained in the currently enforced regulations for dealing with Risks of Prevention and Control of Money Laundering and Financing to Terrorism, Integral Risk and Technological Risk.

—Follow Up of the Integral Risk and Technological Risk Administration Processes; as well as tests to validate the closing of the gaps identified in the analysis performed by the regulating entity, Operational Risk, Internal and External Auditing.

—Special audits were performed, related to the Certification of evaluated processes by the Regulating Entity during inspections performed by SUDEBAN or upon requests made by the Audit Committee, related with:

- ▶ IGTF Auditing (IT Platform/Transactions/Files)
- ▶ Verification ACL Credit Portfolio (SUDEBAN)
- ▶ Response Official Letter 0557 Commissioning CPDA (SUDEBAN)
- ▶ Special Revision Re-Insurance Trust Fund
- ▶ Revision – Recalculation of Portfolio's Interests (SUDEBAN)
- ▶ SUDEBAN Certification (financial) extra-credit - II

For the end of the first semester of the Program 2016, Internal Auditing presented the following figures:

Audit class	Scheduled
Scheduled Audits	12
Non-Schedules Audits	6
Total	18

Likewise, the follow up to the findings identified by the Integral Risk Administration Unit was made, verifying that Banesco has materialized remarkable efforts to form an organizational structure contemplated in Resolution 136.03 of SUDEBAN for a proper Risk Management; in addition, there has been incorporated the design of methodologies for identifying, measuring, controlling, monitoring, and assessing the different assumed risks, as well as the development of policies contemplated in the aforementioned regulations, and the corresponding adaptations have been made to comply with Resolution 136.15.

With regards to Resolution 119-10 of SUDEBAN, in the matters of PCLC/FT, several audit activities have been conducted and the verification of the compliance of regulations related to the Administration and Overseeing of Risks related to the crimes of Money Laundering and Financing of Terrorism, applicable to the institutions regulated by SUDEBAN, with a revision scope to this date in risk areas (Credit and Procurement). On the basis of the work performed, we conclude that the plans and programs designed to prevent and detect the operations that are suspected or may be related to Money Laundering and Financing to Terrorism work successfully.

In the matters of Information Technology, follow up was performed concerning the Inspection Reports of Technological Risk reported by SUDEBAN, External and Internal Auditing; as well as in the following processes, applications, and



components, communications, links and interfaces of: Cety's Auditing System, and Contingency Plan, and Technological Continuity, in accordance with the simulation schedule made during the first semester of 2016.

With regards to the application of the Framework for the Professional Practice of Internal Auditing, the Unit has adapted to specific factors from the legal, regulatory, cultural environment and to the expectation of the interested parties. In that sense, and in accordance with currently enforced regulations in the country and the best practices of Internal Auditing in the matters of Assurance, Declarations on Regulations and Procedures of Internal Auditing to deal with the requirements of SUDEBAN, with regards to the activity performed by Internal Auditing.

The activities developed by Internal Auditing were defined taking into consideration the standards established in current regulations, contemplating the principles of objectivity and independence of the Internal Auditing Function.

Concerning the self-evaluation of internal control, it is performed once a year and the results presented at the end of 2015 are valid up to date.

From the revisions performed to the internal controls of the units and processes of Banesco Banco Universal, C.A. during the first semester of 2016, an average rating of 2.19 (acceptable) was obtained; so on the basis of said results, it was observed an adequate formulation of policies and processes for Banesco Banco Universal, C.A., to operate:

- ▶ In accordance with the strategies defined by the High Management counting on the human, technological resources, and necessary materials, focusing on an efficient use.
- ▶ Proper decision making and a reliable and transparent disclosure of information to the Board of Directors, to the shareholders, workers, clients, to the competent authorities

The activities developed by Internal Auditing were defined taking into consideration the standards established in current regulations, contemplating the principles of objectivity and independence of the Internal Auditing Function.

and to the public in general (to all the stakeholders), and for that it is necessary to count on high quality, sufficient, secure, and timely information systems.

- ▶ Risk identification, evaluation and monitoring, to keep an effective control and loss reduction, by means of their proper administration.
- ▶ Accordance of the operative processes with the provisions set forth by the Executive Director's Office and continuous and permanent evaluation, to verify the proper functioning of controls and adopt, in their case, corrective measures in a timely and efficient manner.
- ▶ Compliance with regulations in force and internal policies and procedures established by the Board of Directors and the Executive Management.
- ▶ Awareness on risk, adequate corporate governance and permanent and timely supervision, which guarantees integrity and ethical values, strategic objectives based on effectiveness, compliance by the Management and control activities related to Policies and Procedures.

In view of the above, it may be concluded that efficiency and effectiveness in the management of the Internal Control System of Banesco Banco Universal, C.A. keeps being reasonably secure.

NOTICES BY THE SUPERINTENDENCE OF INSTITUTIONS FROM THE BANKING SECTOR REGARDING PROVISIONS, REMARKS, RECOMMENDATIONS OR INITIATIVES ON THE OPERATION OF THE INSTITUTION

GENERAL REGULATIONS			
DATE	NOTICES	DATE	NOTICES
03/02/16	SIB-DSB-CJ-PA-01748. Requirements for the opening of accounts for Education Councils.	08/04/16	SIB-II-GGR-GNP-10190. "Aspects to be considered for the application and recording of net benefits produced as a result of the updating to the official foreign exchange rate pursuant the Resolution No. 16-03-01 issued by the Central Bank of Venezuela on March 29th, 2016".
04/02/16	SIB-II-GGR-GNP-02699. Recording of the Tax on Large Financial Transactions.	25/04/16	SIB-II-GGR-GNP-12236. "Adjustment of Institutions from the Banking Sector to the provisions of Article 67 of the Decree with Status, Validity and Force of Law of Institutions from the Banking Sector".
22/02/16	SIB-II-GGR-GNP-04182. Electronic transmission and printed delivery of the PMA-SIB-017 Form called "Venture Capital Index".	28/04/16	SIB-II-GGR-GNP-12738. "Guidelines to determine the Total Equity Adjustment Index, pursuant Article 4 of the Resolution No. 305.09 of July 09th, 2009".
22/02/16	SIB-DSB-CJ-PA-04009. Exemption from the payment of Tax on Large Financial Transactions to all those transactions made by savings banks, savings funds and similar savings associations.	17/05/16	SIB-II-GGR-GNP-13569. Payment of the contribution fee to be made by the Institutions subject to supervision and control by the Regulatory Authority.
24/02/16	SIB-II-GGIR-GRSB-GGR-GIDE-04461. Modification of the AT28 Technical Specifications Manual "Weekly Long and Short Position" updated at AT28 "Liquidity".	15/06/16	SIB-DSB-CJ-OD-17455. Information on Notices sent by electronic means on the requirements of banking information and other instructions by jurisdictional authorities and Other pertinent Public Bodies for investigation processes and procedures managed by the Superintendency.
03/03/16	SIB-II-GGR-GNP-03247. Modification to the Accounting Manual for Banks, Other Savings and Loan Financial Entities, regarding accounts to be used in the recording of credits granted to users of the Micro Financial System and Commercial and Industrial Small and Medium Enterprises.	23/06/16	SIB-II-GGR-GNP-GIDE-18415. Modification of the means for the sending of forms (Sent only by electronic mail).
09/03/16	SIB-II-GGR-GNP-GIDE-06210. Modification of the period for the transmission of files comprising the accounting group (AT03 "Accounting", AT08 "Agencies and Offices", AT10 "Investments", AT20 "Balance Footnotes", AT23 "Personnel", AT24 "Publication Balance Sheet" and AT25 "Profit and Loss Publication Statement") of the Integrated Financial System (SIF).	23/06/16	SIB-II-GGR-GNP-GIDE-18416. Suspension of the sending of forms through Printed and Magnetic Means.
09/03/16	SIB-II-GGR-GNP-GIDE-06211. Annulment of monthly transmissions through the Banking Extranet of: Financial Statements by electronic means (Forms A, B, E and F); information required in the Technical Specifications Manuals of: Trust, Long and Short Position of Official Bodies and Legal Entities, Engagement of Official Bodies and the External Format Control System (BRO).	23/06/16	SIB-II-GGR-GNP-GIDE-18417. Annulment of the sending of Forms and Instructions through Printed and Magnetic Means.
18/03/16	SIB-II-GNP-GIDE-07662. Transmission of the AT38 Technical Specifications Manual "Tax on Large Financial Transactions".	27/06/16	SIB-II-GGR-GNP-18442. Postponement of the date for the application of article 50 of Resolution No. 067.14 containing the General Regulations on Functions and Responsibilities of the External Auditor, Audits and Audited Reports of Institutions from the Banking Sector.
31/03/16	SIB-II-GGR-GNP-09188. "Recording of the Tax on Large Financial Transactions".	29/06/16	SIB-II-GGR-GNP-18922. "Recording of net benefits arising from exchange transactions made by Banking Institutions due to their participation in foreign currency alternative markets with complementary floating exchange market rate".
08/04/16	SIB-II-GGR-GNP-10189. "Guidelines to determine the Equity Adjustment Index set forth in Article 6 of Resolution No. 305.09 of July 09th, 2009".		

SPECIFIC REGULATIONS

DATE	NOTICES	DATE	NOTICES
04/01/16	SIB-II-GGIR-GSRB-40484. Considerations on the Special Inspection Visit dated June 30th, 2015, which purpose was to assess the compliance with the provisions of Resolution No. 136.06 regarding the "Regulations for an Adequate Integral Management of Risks".		2015, which purpose was to assess the compliance with the provisions of Resolution No. 136.03 regarding the "Regulations for an Adequate Integral Management of Risks".
04/01/16	SIB-II-GGIBPV-GIBPV6-40479. Considerations on the "Quarterly Report", regarding the management of the sale of shares owned by Banesco in insurance companies, clubs and other private companies.	13/04/16	SIB-II-GGR-GIDE-11202. Considerations on the AT38 "Tax on Large Financial Transactions".
04/01/16	SIB-II-GGIBPV-GIBPV6-00037. Statement on the appointment by the Meeting of Shareholders of the alternate directors of the Board of Directors of the Bank.	18/04/16	SIB-DSB-UNIF-11238. Considerations on the results obtained from the application of the instrument on self-assessment of Risk of Money Laundering and Terrorist Financing (ML/TF) corresponding to 2015.
01/02/16	SIB-DSB-UNIF-02278. Results obtained in the Special Inspection Visit which assessed the compliance with the Resolution 119.10 containing the "Regulations related to the management and supervision of risks associated to money laundering and terrorist financing applicable to institutions ruled by the Superintendency of Banks and Other Financial Institutions", in transactions made through SIMADI (Marginal Currency System).	18/04/16	SIB-DSB-UNIF-11233. Remarks on the "Semiannual Report on Prevention and Control of Money Laundering and Terrorist Financing".
10/02/16	SIB-II-GGIBPV-GIBPV6-02883. Considerations on the follow up to the results obtained in the General Inspection as of December 31st, 2014.	22/04/16	SIB-DSB-UNIF-11828. Results obtained in the Special Inspection Visit regarding the assessment on the risk-based application of the "Know Your Client Policy" to those currency trading transactions made through SIMADI.
11/02/16	SIB-II-GGIBPV-GIBPV6-02929. Considerations on the Adjustment Plan.	22/04/16	SIB-II-GGR-GA-11856. Considerations on the candidatures of members of the Board of Directors and the Main and Alternate Shareholders' Representatives of the Bank, approved by the General Meeting of Shareholders held on March 30th, 2016.
17/02/16	SIB-II-CCSB-03616. Considerations on the Management Report by the Client and Banking User's Ombudsman corresponding to the second semester of 2015.	02/05/16	SIB-DSB-UNIF-13015. Results obtained in the General Inspection Visit paid to the Bank regarding Prevention of Money Laundering and Terrorist Financing, with cut-off date on February 29th, 2016.
16/03/16	SIB-II-GGIBPV-GIBPV6-07526. Follow up to the remarks on the documents submitted for the holding of the General Meeting of Shareholders on September 28th, 2015.	04/05/16	SIB-II-GGIBPV-GIBPV6-13607. Considerations on the management of sale of shares owned by the Bank in insurance companies, clubs and other private companies.
16/03/16	SIB-II-CCD-07530. Considerations on the documents submitted for the General and Special Meeting of Shareholders to take place on March 30th, 2016.	24/05/16	SIB-II-GGIBPV-GIBPV6-15028. Follow up to the remarks on the documents submitted for the holding of the General Meeting of Shareholders held on September 28th, 2015.
16/03/16	SIB-DSB-CJ-PA-07413. It is overruled the Appeal for Reconsideration on the non compliance with the obligation to provide the documentation required by the Superintendency of Institutions from the Banking Sector.	31/05/16	SIB-DSB-UNIF-15433. Remarks on the Special Inspection Visit paid with a view to assessing the scope of the application on the Know Your Client Policy to currency trading transactions made through SIMADI.
18/03/16	SIB-DSB-UNIF-07722. Considerations on the "Semiannual Report on Prevention and Control of Money Laundering and Terrorist Financing", for the semester ending on December 31st, 2015.	02/06/16	SIB-DSB-CJ-PA-15953. It is admitted the Appeal for Reconsideration against the Administrative Act contained in the Official Notice No. SIB-DSB-OACA-GRD-09890, regarding the retrieval request by a client.
18/03/16	SIB-II-GGIBPV-GIBPV6-07925. Considerations on the Technological Plan of Action developed for migration of "Extra Credits".	02/06/16	SIB-II-GGIR-GSRB-15850. Considerations on the Special Inspection Visit which purpose was to assess the compliance with the Resolution No. 136.03 related to the "Regulations for an Adequate Integral Management of Risks".
23/03/16	SIB-II-GGIBPV-GIBPV6-08436. Considerations on the documents submitted for the holding of the Special Meeting of Shareholders held on March 30th, 2016.	28/06/16	SIB-II-GGR-GA-18758. Considerations on the ratifications and appointments of the Members and Chairman of the Board of Directors, Executive President and Main and Alternate Shareholders' Representatives, approved by the General Meeting of Shareholders held on March 30th, 2016.
29/03/16	SIB-II-GGIBPV-GIBPV6-08510. Remarks on the follow up to the results obtained in the General Inspection as of December 31st, 2014.	28/06/16	SIB-II-GGIR-GSRB-18785. Considerations related to the Financial Statements Audited as of December 31st, 2015, including the compliance degree with the provisions of Resolution No. 136.03 regarding the "Regulations for an Adequate Integral Management of Risks".
29/03/16	SIB-II-GGIBPV-GIBPV6-08787. Considerations on the document submitted for the holding of the General Meeting of Shareholders held on March 30th, 2016.		
06/04/16	SIB-II-GGIR-GSRB-09530. Considerations on the Special Inspection Visit paid with cut-off date on June 30th,		

RELEVANTS INFORMATION TO STAKEHOLDERS



SUMMONS

BANESCO BANCO UNIVERSAL, C.A.

Stock Capital Bs. 1.250.000.000

By resolution of the Board of Directors and in accordance with the provisions of Articles 10, 12 and 27.2 of the Corporate By-laws, shareholders of Banesco Banco Universal, C.A. are summoned to meet at the Special Meeting of Shareholders to take place on September 28th, 2016, at 8:30 a.m., in the Fernando Crespo Suárez Auditorium, located in the third floor of the Ciudad Banesco building, located in Avenida Principal de Bello Monte, entre calle Lincoln y calle Sorbona, in the city of Caracas, for the purpose of addressing the following matters:

FIRST: Reduce the capital stock of the Bank in Seven Hundred Thousand Bolivars (VEF 700,000.00), as a result of the redemption of seventy thousand (70,000) preferred shares, in conformity with the public offering prospect of preferred shares issue 2008-I and issue 2008-II.

SECOND: Increase the Capital Stock in the amount of Seven Hundred Thousand Bolivars (VEF 700,000.00), by decree, distribution and payment of dividends in common shares.

THIRD: In accordance with the decisions made on the above matters, modify article 5 of the Corporate Bylaws of the Bank regarding the Capital Stock.

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", Piso 3 (third floor), Legal Vice Presidency.

Caracas, September 2th 2016.

RIF: J07013380-5

BANESCO BANCO UNIVERSAL, C.A.

Stock Capital Bs. 1.250.000.000

By resolution of the Board of Directors and in accordance with the provisions of Articles 10, 12 and 27.2 of the By-laws, shareholders of Banesco Banco Universal, C.A. are summoned to meet at the Annual Meeting of Shareholders on September 28th, 2016, at 08:00 a.m., in the Fernando Crespo Suárez Auditorium, located in the third floor of the Ciudad Banesco building, located in Avenida Principal de Bello Monte, entre calle Lincoln y calle Sorbona, in the city of Caracas, for the purpose of addressing the following matters:

FIRST: Discuss and decide, prior submission of the report of the Shareholders' Representatives, on the approval of the Financial Statements, prepared by independent public accountants, corresponding to the business semester ended on June 30th, 2016.

SECOND: Discuss and decide on the decree, distribution and payment of dividends in cash.

THIRD: Appoint the members of the Board of Directors for the 2016-2019 period.

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", Piso 3 (third floor), Legal Vice Presidency.

Caracas, September 2th 2016.

RIF: J07013380-5

CORPORATE GOVERNANCE REPORT

Banesco Banco Universal, C.A.

Banesco Banco Universal, C.A., is a banking institution domiciled in the city of Caracas, Bolivarian Republic of Venezuela, and authorized to conduct all transactions of financial intermediation and related services, with no limitations other than those established in the Decree with Status, Validity, and Force of Law of Institutions from the Banking Sector.

Meeting of Shareholders

The Meeting of Shareholders represents the whole shareholders and is the supreme authority of the company. General meetings are held within the first 90 days following the close of each business semester, and special meetings are held as deemed convenient by the Board of Directors according to the company's interest, or when required by a group of shareholders representing at least 20 percent of the share capital. Its acts and resolutions are mandatory for the Bank and all shareholders.

The Meeting of Shareholders has, among others, the faculties to: i) Determine the number of directors comprising the Board of Directors; ii) Appoint the members of the Board of Directors and set their remunerations; iii) Appoint the main shareholders' representative and his/her Alternate and set their remunerations; iv) Appoint one or several consultants entitled to attend and participate in the meetings of the Board of Directors; v) Discuss, approve or modify the Financial Statements submitted before it, prior submission of the report of the Shareholders' Representatives; vi) Draft and amend the By-laws; vii) Decide on the early dissolution, extension, merger with another company, sale of corporate assets, change of business purpose, increase, reduction or refund of the share capital and amendment of By-laws regarding the aforementioned matters; viii) Decide on the decree of dividends and the payment method thereof, for the amount, with the frequency and in the opportunity as deemed convenient, pursuant to the Law and the By-laws of the Bank; ix) Decide on setting reserves and special provisions submitted for the consideration of the Board of Directors; and x) Hear and decide on any other matter within its power, according to the Law and By-laws of the company.

Board of Directors

Its main function is the general management and administration of the businesses and transactions of the Bank, including its corporate social responsibility policy, with the broadest power for managing and disposing company's assets and

businesses, provided that they are not matters exclusively reserved to the Meeting of Shareholders or other bodies set forth by the Law or the By-laws of the Bank. The Board is responsible for the definition and course of the Institution's strategy, and also approves business principles and policies, regulating the autonomies of the executive decisions in order to protect the shareholders' interest and the preservation of the Institution. Additionally, the Board controls the performance of the operative and functional areas of the Bank, examines and compares business forecasts, and the results of previous years with the results of each business year.

The Board holds a general meeting once a month and special meetings can be held by request of the Chairman of the Board of Directors or three (3) members.

Express its opinion, under its own responsibility, on the financial statements and the internal audit report that includes the auditor's opinion on the compliance with the anti-money laundering regulations

In accordance with the Decree with Status, Validity, and Force of Law on Institutions from the Banking Sector, the Board also has the duty and power to: i) Define the financial and credit strategy of the Institution and control its implementation; ii) Analyze and make a decision on credit risk reports, regarding proportionality and validity of pledges given; iii) Decide on the approval of active transactions individually exceeding the five percent (5%) of the share capital of the Institution; iv) Express its opinion, under its own responsibility, on the financial statements and the internal audit report that includes the auditor's opinion on the compliance with the anti-money laundering regulations; v) Hear and decide on the content and fulfillment of the notices issued by the Superintendency of Institutions from the Banking Sector, related to provisions, observations, recommendations or initiatives on the functioning of the Institution; vi) Comply with and enforce the provisions set by the Law, the Superintendency of Institutions from the Banking Sector, the General Meeting of Shareholders and the Board of Directors. Likewise, the Board of Directors has the powers set forth by the By-laws of the Bank.



Chairman of the Board of Directors

The Chairman is subordinated to the Meeting of Shareholders and the Board of Directors; in the exercise of his/her powers, exercises the legal representation of the Institution before any public or private authority; executes contracts, agreements, and in general any kind of documents of any nature on behalf of the company; adopts any necessary step imposed on him/her by the Board of Directors, exercising along with it the supreme management of the Bank's activities.

Chief Executive Officer

The CEO is in charge of the daily management and operation of businesses and internal services of the Bank, as well as the administration, monitoring and control of its businesses, accounting, financial statements, inventory and accounts. In addition, the CEO has the power to monitor, control and coordinate activities and tasks assigned to each executive department; presides executive steering committees of the Bank, and represents the Bank before third parties in non-judicial matters, being able to execute contracts and agreements on its behalf and representation.

The corporate governance of Banesco Banco Universal, C.A., stipulates the following structure:

Audit Committee

Its purpose is to review financial statements to be evaluated by the Board of Directors and subsequently submitted for the approval of the Meeting of Shareholders in order to verify that they contain all the information required and reflect in an accurate and complete manner, without reserves or omissions, the financial situation of the company. The Audit Committee also helps the Board of Directors with the implementation of steps aimed at preserving the integrity of the financial information of the company, collaborates with the monitoring and follow-up of the internal and external audits of the Bank, approves the scope of the annual audit and reviews, along with the Board of Directors and External Auditors, all significant matters related to lawsuits, contingencies and claims.

Risk Management Committee

Its main function is to manage, identify, measure and mitigate risks the Bank could be exposed to, setting the risk limits in compliance with the policies established in each activity of the Bank in terms of credit, market, legal, business areas, among others, in accordance with the domestic legislation and the best practices at international level. Additionally, the Risk Management Committee helps the Board of Directors and the different Credit Committees make decisions, and set the guidelines and policies they must comply with in order to preserve the established risk profile.

Credit Committees

The board of Directors, reserving the exercise of this power, delegated the authority to the credit committees so that they may grant credits of any modality allowed by the law, assigning each autonomy or credit committee a given

individual debt limit. Up to date, the existing committees are: Central Credit Committee, Executive Credit Committee, Delegated Credit Committee, Regional Credit Committees and individual autonomies.

Technology Committee

Its main function is to supervise that the implementation of technologies is in line with Bank's strategies and objectives, with a comprehensive overview of the business, using resources in a responsible manner and identifying and managing risks. It also ensures the formulation of the business architecture and administration of the Bank's technology plan, optimizes and monitors the performance of processes and the provision of solutions.

Anti-Money Laundering and Terrorism Financing Committee

Its objective is to control and supervise the faithful compliance with the preventive measures intended to fight Money Laundering and Terrorist Financing within the Bank. Additionally, it acts as an advising body supporting tasks under the responsibility of the Board of Directors, the CEO and the Compliance Officer regarding the fulfillment of matters related to the regulation in force on Anti-Money Laundering and Terrorist Financing.

Ethics Committee

Its main function is to guarantee the proper reception, analysis, assessment and resolution of complaints, worries and matters that may affect the fulfillment of regulations on ethical values established by the Code of Ethics and Conduct of the Banesco Citizen, as well as facts that affect the integrity and image of the Bank.

Internal Auditor

In accordance with the Decree with Status, Validity, and Force of Law on Institutions from the Banking Sector, the Internal Auditor is responsible for supervising that Bank's transactions and procedures are in conformity with the law, relevant regulations, internal manuals of the Institution and accounting principles approved by the Superintendency of Institutions from the Banking Sector. Likewise, the Internal Auditor is in charge of supervising the proper functioning of the internal control systems; supervising the fulfilment of the resolutions issued by the General Meeting of Shareholders, the Board of Directors, and the Superintendency of Institutions from the Banking Sector; signing the financial statements, along with the legal representative and the main accountant; coordinating within the Bank the analysis of the different transactions made by the Institution and, along with the Audit Committee, informing the Board of Directors about the results of the different audits conducted in order to improve processes and correct any gap that may appear.

Ethics and Conduct Code of Banesco Citizens

It helps defining and regulating Banesco's conception regarding ethical values, establishing conduct patterns aiming to reinforce honesty as the fundamental goal of the actions of Banesco Citizens. Its application aims essentially towards respecting human rights, as well as towards preventing and controlling Money Laundering and Terrorist Financing.

In order to achieve said goal, the conduct of Banesco Citizens must be guided by the following values:

RESPONSIBILITY

To be responsible in the performance of their activities, which means full acceptance of the responsibilities, duties and tasks that have been entrusted to them, including showing initiative and to be diligent in the fulfillment of all the requirements of their position, to make a good use of time and to give their best before anyone.

RELIABILITY

To ensure compliance with bank confidentiality and to protect any other client confidential data, unless a competent authority requests such information; and to not use any of the information

Compliance Officer

The Compliance Officer depends on and directly reports to the Board of Directors of the Bank. The Compliance Officer's purpose is to strengthen the mechanisms contributing to the surveillance of risks related to money laundering and terrorism financing (ML/TF).

His/her functions include: to head the Anti-Money Laundering and Terrorist Financing Committee; to coordinate, supervise and manage the AML/TF program; as well supervising the implementation of the whole regulation enacted to prevent money laundering and terrorist financing; to design, along with the Anti-Money Laundering and Terrorist Financing Committee and Unit, the annual action plan for Anti-Money Laundering and Terrorist Financing.



to which they have access through the performance of their activities, responsibilities or tasks for personal gain or for that of third parties. Likewise, they shall tell the truth under any circumstance, answer with truthfulness, recognize their errors and request help whenever it is necessary.

QUALITIES

To conduct themselves in a way that shall be defined by respect for human dignity, performing any task with the greatest care and striving to exceed our customer and client's expectations.

INNOVATION

To be up to date with new technologies, making an adequate use of them, creating new ways of doing things, analyzing risks; all in compliance with the Code of Ethics and Conduct of the Institution.

REPORT OF SHAREHOLDERS' REPRESENTATIVES

Banesco Banco Universal, C.A. • Six-month period ended June 30, 2016

Shareholders of Banesco Banco Universal, C.A.

In my capacity as Shareholders' Main representative of Banesco Banco Universal, C.A., appointed by the General Meeting of Shareholders of the Bank, held on March 30th, 2016 and in accordance with the provisions of the By-laws thereof, the inter-professional standards for exercising the functions of the Shareholders' Representative, and pursuant to the provisions of Articles 287, 309 and 311 of the Code of Commerce, I inform you that I have analyzed the balance sheet by June 30th, 2016 and related income statements and net profit appropriations, changes in equity, and cash flows during the half-year period by then ended; as well as the summary of the significant accounting policies and other explanatory information, corresponding to such financial statements, attached to the report prepared by the Bank's independent public accountants, namely, Márquez, Perdomo & Asociados (Members of Crowe Horwath International) on August 16th, 2016 which must be deemed as an integral part of this report for all purposes.

Management's responsibility for financial statements

The management of Banesco Banco Universal, C.A., is responsible for the preparation and reliable submission of these financial statements in compliance with the accounting standards set by the Superintendence of Institutions from the Banking Sector (SUDEBAN in Spanish), which differ over certain aspects of the Venezuelan Generally Accepted Accounting Principles (VEN-NIF). The management of Banesco Banco Universal, C.A., is also responsible for establishing the internal control measures it may deem necessary so that such financial statements are free from material misstatements due to fraud or errors; selecting and applying proper accounting policies; and making accounting estimates according to the circumstances.

Auditor's Responsibility

Independent public accountants are responsible for issuing an opinion on these financial statements based on their audits. They conducted audits in accordance with International standards on Auditing.

These standards require ethical requirements be complied and audits be planned and conducted in order to obtain a reasonable certainty that financial statements are free from relatively significant misrepresentations.

An audit includes following procedures to obtain evidence related to the amounts and disclosures presented in the financial statements

The selection of the procedures depends on the auditor's criterion, and includes assessing material distortion risks in financial statements due to fraud and errors. While assessing risks, the auditor takes into account significant internal controls used by Banesco Banco Universal, C.A., for preparing and submitting reliable financial statements in order to design proper audit procedures according to circumstances, without the purpose of expressing an opinion about the effectiveness of internal control measures of the Bank. An audit also includes the evaluation of the proper use of accounting policies and the reasonability of accounting estimates made by the management; as well as the joint submission of the financial statements. Bank's independent public accountants consider that audit evidence obtained during the audit was sufficient, appropriate and provides a reasonable basis for supporting their opinion.

Responsibilities of the Shareholders' Representative

My responsibility is to issue a recommendation on these financial statements based on my thorough examination. Such examination was conducted in accordance with the scope that I deem necessary according to the circumstances, which is significantly narrower than the audit conducted in accordance with the International Standards on Auditing, which purpose was expressing an opinion on the basic financial statements as a whole. Therefore, it is important to highlight that my examination and opinions expressed by me in this report on the financial situation of Banesco Banco Universal, C.A., on June 30th, 2016 are mainly based on the aforementioned report prepared by the Bank's independent public accountants, namely, Márquez, Perdomo & Asociados (Members of Crowe Horwath International), dated on August 16th, 2016.



Recommendation

According to the opinion of independent public accountants, the aforementioned financial statements present in a reasonable manner, in all of their substantial aspects, the financial situation of Banesco Banco Universal, C.A., up to the 30th of June 2016, the results of its operations and the cash flows for the end of the semester, in accordance with the generally accepted accounting principles, established by the Superintendence of Institutions from the banking sector (SUDEBAN) for the Venezuelan banking system, a reason why and on the basis of the scope of my revision, as expressed in the previous paragraph, I recommend their approval.

Accounting Base

Banesco Banco Universal, C.A., presents its financial statements following the accounting standards established by the Superintendence of Institutions from the Banking Sector (SUDEBAN), which differ in some aspects from the Generally Accepted Accounting Principles, as explained in Note 2 on the financial statements from the report of the independent public accountants. The financial statements accompanying the report of the independent public accountants were prepared to comply with the standards and practices implemented by said organism and not with the purpose of being presented in accordance with the Generally Accepted Accounting Principles in Venezuela VEN-NIF.

Other Matters to be Informed

On the basis of the evaluation of the Credit Portfolio, Interests and Receivable Commissions and Other Assets to the 30th of June 2016, presented in the Special Report issued by the Independent Public Accountants dated 16th of August 2016, to comply with the standards for the elaboration of the external semester audit reports, established by the Superintendence of Institutions from the Banking from the Banking Sector, the following provisions to the 30th of June 2016, are, in my opinion, reasonable, and sufficient for the purposes they were created for, in accordance with the standards issued by the Superintendence of Institutions from the Banking Sector.

Provision for Credit Portfolio	13,367,602,319
Provision for Interest Receivable and Other	272,610,108
Provision for Other Assets	121,398,815

During the semester that finished on the 30th of June 2016, no Special Shareholders Meeting were held, that I had to attend in my capacity as Compliance Officer.

The Bank has implemented the corresponding audit programs, looking forward to abiding by the instructions contained in Circular N° HSB-200-1155 dated 24 of February 1984, issued by the Superintendence of Banks and Other Financial Institutions, currently Superintendence of Institutions from the Banking Sector, pursuant to the provisions of Circular N° HSB-200-5355 dated September 13, 1984.

The decreed dividends and monetary items established by law, are inside and comply with the provisions of the regulations governing the subject.

During the examined period, I have not received any denounce by any shareholder and I have not been informed either by any of them about the existence of circumstances that in my opinion may weaken or have the potential to weaken the financial condition of the institution.

On the basis of the aforementioned grounds, I recommend the shareholders to approve the financial statements of Banesco Banco Universal, C.A., corresponding to the semester that ended on June 30, 2016, presented by the Board of Directors, as well as their administrative management.

Carolina A. Arellano Suárez
Statutory Auditor
C.P.C. 44.795

Caracas, August 17th, 2016

CORPORATE MANAGEMENT REPORT

HUMAN CAPITAL

Talent Development

For the purposes of driving Training and Development programs that allow the continuous improvement of Banesco's Human Talent, strengthening the efficiency in key business processes, we have developed learning actions and experiences customized to the needs and demands of the current environment, contributing to the construction of common quality criteria, contributing to best practices through the integration and coordination of the main strategic areas. Therefore, our most important initiatives are in accordance to the following standards:

- ▶ We support the strategy of training of the Organization in the development of the next generation, offering the first work opportunity through the program "Banesco Young Talents Program," combining the acquisition of technical knowledge with the practice in the different key business areas.
- ▶ Training activities focused in key areas, such as: Credit, Sales, Business Processes, Project Management, Communication Techniques and Effective Negotiation, as well as strengthening the Competencies of Management and Direction of Teamwork associated to Leadership. We continue to carry out Banesco Leader Program. Additionally, we develop programs and workshops related with Innovation and Client's Experience. Complying with legal regulations, we carry out activities on banking knowledge associated to Specialization on the Control of Capital Laundering and Financing of Terrorism, focused in the attention of risk sensitive areas.
- ▶ In accordance with the training strategy for 2016 we maintain learning through the SAP platform on the Cloud, obtaining 41,699 participations, adding 169,275 hours of online learning. For all the Bank's areas (Front and Back) we offered: Feedback as a leadership action, Project Management Area, We Can All Innovate, Personal Finances, Time Management within the framework of Developing Competencies. We offered Principles of Ergonomics and Risk Culture as part of regulatory subjects.
- ▶ In order to continue strengthening the culture of Internal Knowledge Management, we maintained the Express Training Program, wherein 136 high skilled contributors participated in 849 hours of classroom learning.

- ▶ We implemented the Project Management Program (b-learning plan) with 197 contributors.
- ▶ We complied with the Law by training 300 INCES trainees, 120 during the Theory Stage at Institutes of Delegated Action Nationwide and 180 trainees at different units of the Organization as they carried out their Practice Stage. Approximately 30% of the trainees who support us in the Practice Stage manage to be incorporated to the permanent staff payroll of the Organization.
- ▶ We invested 4,000 training hours in different certificate programs, such as Market Segmentation, Innovation, Trust, BPM SOA, Big Data, and Management of Labor Relationships in alliance with renowned institutes of higher education nationwide such as UCAB – USB – UNIMET.

In accordance with the training strategy for 2016 we maintain learning through the SAP platform on the Cloud, obtaining 41,699 participations, adding 169,275 hours of online learning.

- ▶ Two Comprehensive Specializations on Risk were carried out, strengthening the knowledge on Comprehensive Risk and on the Methodology of Operative Risk Management.
- ▶ For the purposes of introducing new training methodologies and complying with provisions set forth in the Venezuelan Law of Prevention, Conditions and Working Environment (LOPCYMAT for its acronym in the Spanish language), we created alliances with expert suppliers, carrying out Theater-Forums on Hygiene and Industrial Safety. Moreover, we also carried out 6 Theater-Forums on the Control of Capital Laundering (PCLC for its acronym in the Spanish language).
- ▶ This has been a period of significant changes in the methodological process that has been implemented in Banesco Community Banking from its beginnings in 2006, as a result of the circumstances of the environment and of

the needs that demand the growth of this area. To this effect, we are in the design of an online module on both subjects on technical matters as well as on the behavior expected from the personnel, namely: Introduction to Microfinances, Product and Services Promotion, Methodology Counseling, Values Strengthening and Personal finances. The latter are part of the plan of development of the different teams of Banesco Community Banking.

- ▶ During this semester, in our Banesco Community Banking, we met 13,843 training hours, distributed as follows: 26% banking knowledge, 55% technical knowledge and 19% developing competencies.

These training and development activities allowed us to achieve by the end of the first semester of 2016 the following results:

- ▶ 257,835 man/hours in Training and Development activities: 88,560 man/hours on classroom learning and 169,275 man/hours of online learning.
- ▶ 11,194 participations in classroom attendance activities and 41,699 in online activities.
- ▶ 5,530 employees have attended at least one classroom activity.
- ▶ 7,375 employees have developed their Online Training, taking at least one course using SAP in the Cloud.

Talent Acquisition

One of the main achievements of this period is the development and implementation of the Recruiting Module (SAP in the Cloud) with which we will reinforce the position of our brand as an employment provider, besides attaining a better efficiency through faster and more cost-efficient processes, supporting talent management.

Quality of Life

During the first semester of 2016 sports, recreational, cultural and volunteer work as part of the Quality of Life Plan, focused in strengthening Values, complying with FONA Project (National Anti-Doping Fund) and everything relating to Incret (Instituto Nacional de Capacitación y Recreación de los Trabajadores), contributing to improve the quality of life of employees and that of their families, creating spaces for the conciliation between the work and personal life of Banesco Citizen.



Muscle Toning Activities: Caracas employees had the opportunity to enjoy dance-therapy sessions, workout circuit, and yoga, among others.

Continuous Workouts in different sports: Carried out at Caracas, obtaining during the first semester 501 participations in softball, volleyball and indoor soccer.

Banesco Runners Club: It has the approximate participation of 200 employees, totally 1,628 participations during the first semester.

Family Participation Day: Targeted to employees and their families, in which the participants enjoy of different recreational activities. Two activities were carried out, attended by 1,717 people.

Theater Plays: Three theater plays were carried out, framed within the Project against the Alcohol, Tobacco and Other Drugs Consumption, with the participation of 980 people. The Banesco Choir also participated.

Preventive-Recreational Activity at Ciudad Banesco: Strengthening the Values of the company and life's skills. A total of 552 people participated.

Volunteer Work: One of the most relevant activities carried out during the first semester of 2016 by Volunteers was the support in Jornadas Contra el Acoso Fundación Asperger de Venezuela (Fundasperven for its acronym in the Spanish language), in which volunteers participated in the dissemination of information through the use of billboards and fund collection activities.

Employee Benefits

Hospitalization, Surgery and Maternity Insurance Policy: During the first semester of 2016, the Organization carried out a survey among its workers with the purpose of knowing their main needs, and with the results it implemented an entire



communicational strategy on the use and benefits of their insurance policies, as well as it strengthened the network of clinics and primary care facilities that looks after the community across the entire country. Moreover, we created two more exclusive care channels to process any event and emergency that could happen on any day of the week, 24 hours a day, all 365 days of the year.

Law of Worker's Nourishment: The Organization credits its employees this worker benefit as per the new legal regulation and the value of the Tax Unit on the first work day of each month.

Preferential Rate for Credit Card: From the 19th of May of 2016 the employees of the Organization have a preferential rate for the calculation of the interest of their credit cards.

Contribution for School Supplies and Summer Camp: Always thinking in the benefit of the children of their employees for the purchase of school supplies and the enjoyment of free time, Banesco credited in the month of June its contribution for school supplies and summer camp.



Moreover, we created two more exclusive care channels to process any event and emergency that could happen on any day of the week, 24 hours a day, all 365 days of the year.



Health

In regards to the matter of health and as part of the Corporate Social Responsibility of Banesco, health service has carried out during the first semester of 2016 6,887 individual actions targeted at the prevention of disease among the employees. Preventive days of thermospray, lectures on good nutrition as well as the deployment of internal communications, strengthening recommendations on water storage, among other advice, to fight viral diseases.

As part of the support that the Bank gives its employees in support of health and wellness, screening days for skin cancer, hypertension, dyslipidemias, breast cancer, and diabetes have been carried out, as well as echography control days.

CORPORATE SOCIAL RESPONSIBILITY

During the first semester of 2016, Banesco Banco Universal, C.A., made a social investment of 523.4 million VEF, which was destined to different projects that benefit our employees and their family, as well as the communities where we operate. Of the total amount of the investment, 435.2 million VEF (82%) were destined to projects for the benefit of our employees.

As for the external investment of our Corporate Social Responsibility program, we destined 88.1 million VEF (17%) to social projects that benefit the communities.

Among the most important projects we have invested our external social investment during this period there are:

Banesco's Training Program for Small Business Owners

This course has been given thanks to the support of institutions such as Fe y Alegría, Asociación Venezolana de Educación Católica (AVEC), Instituto Universitario de Gerencia y Tecnología (IUGT), Fundación Social, Asociación de Promoción de la Educación Popular (APEP), Universidad de los Andes (ULA), A.C. Por la Caracas Posible, Superatec, Negocio Pyme and Universidad Corporativa de SIGO.

During the first semester we have carried out the Training Program for Small Business Owners to 4,704 entrepreneurs from all the country, who have received the necessary basic tools to make their businesses more productive.

AVEC

During the first semester of the year we delivered 3 million VEF to AVEC for the Consolidation of Infrastructure Project and Funding for 7 schools belonging to that association. Namely, this year the following schools will be benefited: Escuela Básica San Francisco Javier, Asociación Civil Institución Teresiana, Unidad Educativa San Pablo, Centro de Capacitación Argimiro García, Unidad Educativa Colegio Ntra. Sra. del Carmen, Unidad Educativa Colegio Santa María Micaela and Instituto Agustiniانو Nuestra Señora de Coromoto.

From 2004 to this day, Banesco has given 16.6 million VEF to the schools belonging to the association.



Banesco List of Titles

Banesco's List of Titles expanded its collection dedicated to journalism. We presented the book *70 años de crónicas en Venezuela, Volume 2*, which comprises the history of the country from the year 1946 through its electoral processes, and told through 48 chronicle works.

This time the political journalist Elvia Gómez was the curator, Sergio Dahbar and Francisco Suniaga were once again the editor and the writer of the prologue, respectively.

With this edition, Banesco increases to six the titles of the collection dedicated to journalism and to Venezuelan journalists.

With *70 años de fotoperiodismo en Venezuela* the series was initiated in 2011, which already includes *70 años de entrevistas en Venezuela* (2012), *70 años de hazañas deportivas en Venezuela* (2013), *70 años de humor en Venezuela* (2014) and *70 años de crónicas en Venezuela, Volume 1* (2015).

Universidad Católica Andrés Bello (UCAB)

During the month of March, we presented Banesco's Higher Education Scholarship Program, which looks after people of limited resources and with a high academic performance from the different private universities of the country. The first 145 high school graduates are studying at Universidad Católica Andrés Bello (both in the Caracas and Ciudad Guayana campuses), and the scholarships will be granted in honor to Father Gustavo Sucre s.j., founder of said university. The social investment was up to 9.3 million VEF.

Universidad Simón Bolívar

We continue to support the work of Editorial Equinoccio of Universidad Simón Bolívar and the publication of Colección Papiros, which already has 71 published volumes. During this period we gave 7.2 million VEF for the publication of four books from the 2016 Collection.

University Books Fair

We participated as exhibitors in the second International Caribbean Book Fair, organized by Universidad de Margarita at Porlamar. In this edition of the event, we gave out several lectures on the books from our List of Titles: *Gente que*

Emprende, 70 años de Crónicas en Venezuela, Volume 1 and *Nuevo País Musical*. We also sponsored and were present at the International University Book Fair (FILU for its acronym in the Spanish language) organized by ULA with the presentation of our list of titles.

A.C. Red de Casas Don Bosco

We continued to support ARIS Program through BoscoBus. The corresponding investment of this year was up to 5.6 million VEF to finance this program which helps homeless children, adolescents and young people from 4 to 25 years old who live in a high risk situation across Caracas Metropolitan Area.

Sociedad Anticancerosa de Venezuela

We gave 28.1 million VEF to Sociedad Anticancerosa de Venezuela (SAV for its acronym in the Spanish language) for the acquisition of the third Mobile Clinical Unit (UCM for its acronym in the Spanish language), equipped to provide diagnostic imaging for cancer in an outpatient clinic mode. This unit will have mammography, digital ultrasound and video print. It is estimated that the UCM will annually attend more than 3,000 women of limited resources.

PARTICIPA EN NUESTRO CONCURSO #ARQUITECTURAVENEZOLANA2015 A TRAVÉS DEL INSTAGRAM @BANESCOBANCOUNIVERSAL

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SOCIAL MEDIA

During the first semester of 2016, our Twitter, Facebook, Instagram, YouTube, LinkedIn and Google+ followers represented a community of more than 940 thousand users. Moreover, Banesco's Blog had more than 5.18 million of visits.

Banesco Banco Universal, an institution of 100% Venezuelan capital, attended 11.479 reports through its social networks during the first semester of 2016, which included enquires and requirements of its products and services.

Of the 11.479 reports that were received, 66.17% corresponded to requirements made by Banesco's clients, while 33.82% were enquires about products and services.

@Banesco on Twitter, the preferred social media of Banesco's clients, has more than 618 thousand followers. Besides attending the requests of our users and clients, Banesco shares through its account content related to entrepreneurship, technology, anniversaries, sports, business, trivia and personal finances, among others.

Likewise, @Banesco is also a reference for clients and users for more information on the Bank's products and services.

On Facebook, Banesco Banco Universal has 248,336 followers, while it has more than 50 thousand followers on Instagram.

Banesco's YouTube channel, "Banesco en Imágenes", has 3,166,877 views and 6,559 subscribers, whereas at the end of the month of June of 2016 Banesco's Blog had more than 5 million accumulated visits.

Among the activities carried out for its social medial followers during the first semester of 2016, Banesco announced the winners of the Second Edition of its Concurso de Fotografía

Móvil Arquitectura Venezolana 2015 on Instagram, and it awarded the prizes to the 3 first places (3 TodoTicket, with pre-credited amounts for a total of 240,000 VEF.). The book, which comprises the 32 images that were selected during the contest and emphasizes the singularity of the architectonic work of the country, will be soon available in its digital format for a free download.



At the same time, the Third Edition of the Contest was released, this time dedicated to "Venezuela's Portraits" in all its forms.

MARKETING AND INNOVATION

“Constructores de Futuro” (Future Builders) Campaign

During the second trimester of 2016 we carried out the launch of “Constructores de Futuro” campaign, with the purpose of presenting the new image of the Organization, emphasizing the different projects carried out to adapt the physical infrastructure of its offices, as well as the continuous support to the improvement of the quality and service experience of its more 6 million clients.

This upgrade was not only limited to the physical renovation of our offices. Important upgrades in the technological platform, internal processes and the application of a new service model focused on the benefit and comfort of our clients were also carried out.

The campaign began on the 24th of April with the release of the television ad, followed by publication on printed and digital. The creative concept was based on our role in the construction of the future of the country, using babies as the protagonists of the campaign. The contents stress our vocation and compromise to invest in order to guarantee a better future to the new generations of the country.

We Reward Our Client’s Timely Payments

We initiated the first trimester giving our credit card holders the opportunity to participate in the promotion “Estás a un Segundo de Ganar”, which was carried out from the 17th of January until the 17th of April, with which the clients, by making timely payments to their credit cards, participated for monthly repayments of their minimal payments and for 100 final prizes of 30,000 VEF each, to be used for the partial or total payment of their credit card balance.

A massive campaign was carried out to communicate the promotion via television, radio, social media and Banesco.com.

“En el Mar la Final es Más Sabrosa” with Banesco’s Credit and Debit Cards

To encourage the use of MasterCard and Maestro Banesco Cards, we carried out a promotion from the 22nd of February until the 22nd of April, which was broadcasted through a contact marketing campaign, videos on social media and



on the radio, in which clients who made payments for 2,000 VEF had the opportunity to participate to win a trip with all expenses paid to Varadero, with 5 family members or friends to be at the closing of UEFA Champions, at a special party organized by MasterCard.

“Banesco Visa se Vistió de Atleta”

Clients holders of a Banesco Visa Credit Card had the opportunity to participate between the 24th of April to the 24th of June in the Promotion “Banesco Visa se Vistió de Atleta.”

For each 2,000 VEF payment made by customers using their Banesco Visa Credit Card, coupons were generated to participate and win a trip for two people with all expenses paid to Rio de Janeiro, in order to attend the Rio Olympic Games 2016 and enjoy for several days the biggest sports spectacle. The campaign was developed on massive media such as television, radio, press and social media.

We Help Our Clients in the Use of Electronic Channels

In order to strengthen the knowledge of the most recurring processes through which clients can solve some of their banking operations without need to go to a bank office, we prepared a campaign for Banesco.com, Radio and Social Media, in which the processes to be strengthened according to the needs of the client and according to the priority of attention were segmented. This is how the knowledge of the processes to Recover Passwords of Electronic Banking, Recover Blocker Uses, Activate Passwords for Special Operations when the client is abroad or plans to travel were supported. This campaign will last during the entire year so that clients can consult them to do these processes any time by accessing Banesco.com.



BUSINESS MANAGEMENT

Segments

During the first semester of 2016, the Vice-presidency of Segments, in accordance with the strategic plan, has orientated commercial actions to several economic sectors to attend the changes and the dynamic of the business cycle of our clients and of their entire value chain.

In this way, the connection and the loyalty of satisfied customers is ensured, who receive added value through commercial actions focused in covering their needs, answering the demands from the different sectors, niches and businesses of interest, taking into consideration the general conditions of the market.

Mass Segments

The Vice-Presidency of Mass Segments registered by the end of the first semester of 2016 a growth of 18% with respect to the month of 2015 in the passive and in the active client portfolio.

Banking for Legal Persons

Corporate Banking

Through the first semester of 2016 it based its business strategies in encouraging its connection to its clients, designing plans for each economic sector, seeking to give a differentiated offer and solutions to the main points of service. During this period, we have provided an important credit support to our clients as a result of the current economic situation. These achievements have been reached thanks to a highly professional team.

Agricultural Banking

Always upholding the compromise to support the agricultural and agro-industrial of the country, orienting financial support to the priority productive sectors of the country, we granted during the first semester of the year 881 credits. This achievement is based on giving technical and financial support with a team of highly qualified professionals.

Business Banking

At the end of the first semester of 2016, Business Banking shows a favorable support in the increase of its credit portfolio, in the majority of credits oriented to the productive sectors of the country (manufacture, tourism and commerce).

The placement of transnational products of collection and payments, reactivation and acquisition of new clients is intensified, which generates important contributions to the profitability of the segment and of the institution.

This business segment will continue to offer a specialized and personalized help to each one of its clients, with the purpose of increasing the connection and profitability through the placement of products and services according to the needs of each company.

Energy Banking

Its main focus was to maximize the relationship with its clients, giving a sustained support to the credit demand in support of the Plan Siembra Petrolera 2016-2026, making special emphasis in the areas of oil refining and production services, all this supported in the close and specialized relationship with our clients that our business team has, giving a quality counsel and service.

Energy Banking managed to attend more than 30% of the operative needs regarding the payment platform, reaching optimal levels of service to its main clients. Finally, a reorganization of the operative structure allowed us to adapt across the territory in a more efficient manner to the needs of the demand.

Public Sector Banking

The high level of connection and the best offer in financial counsel of the market in terms of governmental budget management were the key to the success of this banking sector during the period. The continuous improvements in the agreements of service levels of the payment platform allowed sustained results. Likewise, the banking still has an optimal coverage across the national territory to attend the demand from the Central and Decentralized Government, which reiterates the operative support in the State's Accounts, as well as on its pensioners and employees on the payroll.



Product Management and Payment Services

Liability Products/Payment Services

The acquisition of liabilities reached by the end of the first semester an accumulated growth of 158.7 billion VEF, which places Banesco with a share of 15.41%. Banesco stays on the first place of private banking with 327 basis points over its closest competitor.

In February of this year the production of the Pre-opening tool for accounts was started through Banesco.com, allowing to upload the information through the Internet, minimizing the time the customer spends at the bank's offices.

In regards to Collection and Payment Services, Banesco continues to grow in regards to new clients and greater volumes. Likewise, we continue to grow on important improvements to the products and the platforms that sustain these services.



Energy Banking managed to attend more than 30% of the operative needs regarding the payment platform, reaching optimal levels of service to its main clients.



Trust

A highly developed platform for Social Benefits trusts allows us to offer our clients high levels of self-management and optimal times of answer, a situation that has led us to attain a marked tendency and growth towards this type of product in the year 2016. Likewise, we continue to have a diversified trust portfolio in regards to operative management and purpose.

To this effect, we report for the first semester of 2016 a total growth of 7.1 billion VEF. (34.02%) on the Trust Assets, reaching by the end of June 28.1 billion VEF, which places us in the 3rd place of the trust private banking of the country.

INTERNATIONAL PRODUCTS

During the first semester of 2016, Banesco Banco Universal C.A. keeps its position as one of the leading banks in International Business within the national banking system, consolidating its participation in business acquisition and development in the priority sectors of the current market.

To this effect we continue to strengthen the Foreign Commerce Commercial Plan, connecting clients and new businesses of key sectors through solid counsel, visits and monitoring of the business, with the quality of service that allows us to keep positioning our Organization in a privileged position in the Venezuelan banking system.



BANESCO COMMUNITY BANKING

We are a financial institution specialized in microfinance which is efficient, profitable and sustainable, dedicated to the attention of the popular sectors of the population and, specially, the disenfranchised. We offer financial products and services that are adequate to their needs, with ease of access, simplicity and speed in our processes through innovative channels supported on cutting-edge technology. We have a sales force that gives financial and personalized counsel to our clients directly in their communities. We are intent on contributing to the improvement of society and of the quality of life of the population, creating economic, social and environmental value.

At the end of the first semester of 2016 we granted 16.299 loans to work, reaching a paid amount of 7,944 million VEF. A total of 18,800 Community Accounts were opened with a balance of 2,935 million VEF. A total of 3,162 clients were affiliated our Step by Step Savings Program, with a balance of 33.1 million VEF.

At the end of the semester, we granted a total of 288,851 Loans for Work, reaching a total paid amount of 27,530 million VEF, with a non-performing portfolio of 0.74%. Moreover, we have benefited 430,504 clients, servicing in an indirect manner 2,152,520 people.

With a total of 26 Community Offices, we consolidate our presence at: La Vega, Antímamo, San Martín, Petare, Catia, El Cementerio, Santa Teresa, Maiquetía, Higuero, Guarenas, Barinas, Valencia (2), Barcelona, Puerto Cabello, Cúa, Maracay, Acarigua, Palo Negro, Maturín, Barquisimeto (2), Porlamar, Maracaibo (2) and Ciudad Ojeda.

By the end of the first semester of 2016, Banesco has 1,451 ATMs across the national territory (900 mono-functional and 551 multifunctional), through which 71 million of operations were carried out.

In order to offer first class service to our clients, we have 75 Offices with Personal Service (Service Counter) and presence in 8,367 slums located in sixteen (16) states of the country.

Social Effect

Banesco Community Banking is the leader, pioneer and friend of small business owners located at Aragua, Barinas, Carabobo, Cojedes, Distrito Capital, Falcón, Guárico, Lara, Miranda, Monagas, Nueva Esparta, Portuguesa, Vargas, Yaracuy and Zulia.

These are our numbers:

- ▶ Serviced customers: over 430,504
- ▶ Microcredit payments: 27,530 million VEF.
- ▶ People Serviced in an indirect manner: 2,152,520
- ▶ 26 community offices nationwide.
- ▶ 36,570 Graduates from the Small Business Owners Training Program.

AVAILABILITY OF ELECTRONIC CHANNELS AND BANKING OFFICES

Offices Networks, Electronic and Digital Channels

During the first semester of 2016, through Banesco's attention services, our clients carried out more than 1,200 million transactions, which represents a growth of 15% with respect to the same period in 2015. The participation of the transactions carried out through electronic channels was of 98.02%.



Bank Offices Network Channel

By the end of the month of June of 2016, Banesco has 363 Service Points, comprised by 326 Agencies, 24 Windows and 13 Banesco Express.

Internet Banking Channel

By June 30th of 2016, BanescOnline has more than 2 million clients, who carried out in a recurrent manner more than 738 transactions. In regards to financial transactions, it showed an increase of 39.32 with regards to the same period of last year.

To the purpose of encouraging the use of this service, on May 2016 we carried out a new adjustment on the daily limit of transfers carried out by natural persons clients through BanescOnline, taking the amount of this operations from 3 million VEF to 5 million VEF.

Likewise, aligned with the corporate social responsibility of the Institution, Banesco has made it possible for our clients to make donations in benefit of AVESID (Asociación Venezolana para el Síndrome de Down).

Mobile Banking Channel

During the first half of this years, more than 132 operations were carried out through Banca Móvil Banesco.

Telephone Banking

Banesco's Telephone Center (CAT for its acronym in the Spanish language) attended more than 18 million calls, of which 85% were attended in an automatized manner through the IVR (Interactive Voice Response), and only 15% were attended by human agents.

For this period, the Quality Assessment indicator closed with an overachievement of 102.71%, by achieving 92.44 points (the goal was 90/100).

On June the cycle of certified tests for the authentication and voluntary change of password for the Unique Password for Telephone Banking (CUBT for its acronym in the Spanish language), the unblocking of the Internet Access Password (CAI for its acronym in the Spanish language) and the unblocking of the Special Operations Password (COE for its acronym in the Spanish language).



ATMs

By the end of the first semester of 2016, Banesco has 1,451 ATMs across the national territory (900 mono-functional and 551 multifunctional), through which 71 million of operations were carried out.

Non-Banking Correspondent Channel (CNB for its acronym in the Spanish language)

By the end of June of 2016, Banesco has 301 service points through which more than 200 transactions were carried out, which represents an increase of 8% with respect to the same period of 2015.

Reinforcing the strategy of growth of the channel, alliances with important commercialization chains across the national territory were signed, among which the following may be mentioned: Locatel (6 stores), Farmahorro (91 stores) and Excelsior Gama (21 stores).

For the first semester of this year the transactional parameters of the service were increased, going from 5,000 VEF to 10,000 VEF per transaction and the maximum daily parameter was increased from 10,000 VEF to 30,000 VEF, which allowed it to reach a better position as a channel.

POS Channel

During the first semester Banesco closed with 108,950 points of sale (POS) installed in more than 93,200 affiliated businesses in the national territory, through which more than 291 million transactions were carried out, which represent an increase of 36% with respect to the same period of the previous year.



CREDIT AND DEBIT CARD

The Business of Issuing Credit Cards

The Credit Card Business grew 129% in sales in relation to the first semester of 2015 and the share of the Credit Card Portfolio closed in 20.29%.

The ExtraCrédito Compras through Points of Sales and the ExtraCrédito Efectivo products increased 122% in relation to the same period in 2015.

During the first semester different processes of issuance and maintenance of Credit Cards were carried out through the increase of limits, issuance of the product “Mi Primera TDC” to employees, the optimization of BanescOnline so that clients can see only those Credit Cards that are active and that have a positive balance, optimization of the visualization of Balances through BanescOnline so that they may only download the Balances of their active Credit Cards.

The Business of Issuing Credit Cards for Legal Persons

- ▶ Sales through Credit Cards for Legal Persons during the first semester registered an increase of 67% with respect to the same period of the previous year.
- ▶ Proactive increases of Credit Card limits were carried out in conjunction with other Financial Institutions and the Small and Medium-sized Companies sector, in order to attend with and increased speed the needs of our clients.

The Business of Issuing Debit Cards

Banesco Credit Cards registered a growth in sales of 277% during the first semester of 2016 with respect to the previous year, being the Point of Sale (POS) the most used channel by clients, having a participation of 92%, which represents a 9 point perceptual points increase in comparison to the year 2015.

The leadership of Banesco's Debit Cards is framed within the maintenance of optimal levels of service for our clients, for their greater comfort, speed and safety, by encouraging the use of electronic channels with the improvement of daily limits per Point of Sale, supporting the freeing up of bank offices and strategies that strengthen the loyalty of our clients, such as the Ticket Premiado Program.

We increased the daily limits to encourage the use of Debit Cards in Banesco's POS.

- ▶ Classic, Electronic, Pensioners and UNE: up to 600,000 VEF.
- ▶ Banesco Debit Cards Maestro Gold and Legal Persons: up to 1,000,000 VEF.

We have more than 318,000 pensioners who enjoy of the comfort of mobilizing their pension in a quick, comfortable and safe manner with the Debit Card for Retired People through Points of Sale, ATMs and BanescOnline.

Acknowledgement

VISA franchise rewarded the Venezuelan organization for its Service Quality Performance 2015 in their annual Awards.

Banesco Banco Universal received the acknowledgement for 4th year in a row by VISA for its Service Quality Performance 2015 as an issuer of Credit Products for Consumers in the Efficiency in Chargeback category – Not related to Fraud – in the category of Multinational Institution.

With these awards, VISA emphasizes the performance of the Banks it operates with. The result of this indicator is a consequence of the analysis, processing and solution of each complaint made by our credit card holders in a very effective manner, which is the result of the quality of service to clients, minimization of costs as well as a good disposition of a very well trained personnel in the application of operative rules of VISA.

Promotions and Alliances

Commercial alliances, besides of stimulating the use of Banesco Credit and Debit Cards, seek to strengthen the loyalty relationship between Banesco and its Clients, giving them exclusive benefits based on their taste and preferences.

Besides, more than 13,138 clients of Banesco and from other financial institutions have been benefited through the Permanent Program Ticket Premiado, by making use of our point of sale.

“En el Mar la Final es Más Sabrosa” Promotion

Valid through February 22nd of 2016 to the 22nd of April of 2016.

This promotion was targeted to those natural persons, clients, holders of Banesco's MasterCard Credit Card and/or Banesco's Maestro Debit Card.

For each minimum consumption of Two Thousand VEF and 00/100 cents (2,000,000.00 VEF) by the holder of a credit card, one (01) electronic coupon was created during the period of validity of the promotion, delivering to the winner a prize which consisted of three (3) packages for two (2) people, (the winner plus five guests) to enjoy the closing of UEFA Champions League, through a televised live broadcast from Varadero, Republic of Cuba.

Alliance “Descuentos Como Caídos Del Cielo”

Valid through the 20th of April, 2016, to the 18th of July of 2016.

Banesco, in conjunction with Renta Motor, C.A. have decided to carry out a commercial alliance named “Descuentos Como Caídos Del Cielo en Margarita y Tierra Firme,” which consists of giving its clients (natural or legal persons) a discount percentage when they pay their car rental consumptions with their Banesco (Visa/MasterCard) Credit Card or Banesco's (Maestro) Debit Card, whose transactions are done through Banesco's Point of Sales, located at the offices of Renta Motor C.A. (Representative of Hertz in Venezuela) at Margarita Island, state of Nueva Esparta and in the Mainland.

“Estás a un Segundo de Ganar” Promotion

Valid through the 17th of January, 2016, to the 17th of April of 2016.

This promotion was targeted at those natural persons, holders of Visa, MasterCard, American Express, Locatel and/or Sambil Credit Cards issued by the Financial Institution and who do a timely payment of their Credit Cards, before or on the due date as shown in the corresponding statement.

The benefit to awarded to the winning clients is the amount of the next monthly minimum payment, to be credited to their Visa, MasterCard, American Express, Locatel and/or Sambil Credit Card, corresponding to the month following the one in



which the client became a winner of the promotion, up to the maximum amount of Eight Thousand Five Hundred VEF and 00/100 cents (8,500,000.00 VEF). We also include a final prize of refunds to the Credit Cars up to Thirty Thousand VEF and 00/100 cents (30,000,000.00 VEF).

“Tu Visa Banesco se Viste de Atleta Para Llevarte a Río” Promotion

Valid through the 24th of April, 2016, to the 24th of June of 2016.

Targeted at all the Financial Institution's clients, natural persons, holders of Banesco's Visa Credit Card. For each

minimum payment of Two Thousand VEF and 00/100 cents (2,000,000.00) made by the credit card holder with their Banesco Credit Card, one electronic ticket was generated during the validity of the promotion. The winner was awarded a package for two people to enjoy the 2016 Olympic Games at Rio de Janeiro, Brazil.

Acquiring Business

The Acquiring Business showed a growth in sales of 299% at the closing of the First Semester with respect to the same period of the prior year, strengthened both by the increase of both debit and credit. The leadership of Banesco in the Business of Acquisition is the product of the affiliation and maintenance plan structured by different business segment, developing the most important and sensitive ones of the country, as well as the development of new segments.

Understanding the current competitive environment and that client relationships cannot be standardized, Banesco continues the compromise it has of strengthening its vision with the client, developing strategies oriented to differentiation, to satisfying their needs and expectations, creating memorable and innovating experiences in the sales and payment services.

During the first semester of 2016 Banesco closed with 108,950 Points of Sale installed in 94,431 affiliated businesses nationwide, which were used to make 291 million of paid transactions, which represents an increase of 36% with respect to the same period of the prior year.



Banesco identifies opportunities with the purpose of generating positive experiences and thus contribute to the level of preference and recommendation of the Financial Institution. Thus, and under the premise of Innovation, Banesco is oriented towards new tendencies, being Electronic Commerce its most important asset, a service that supports entrepreneurial clients. It is the good and constant service that we have had to these Internet businesses which have allowed us to have a growth during the first semester of 2016 of 187% with respect to the end of 2015, contributing in this way with the acquiring business during this first semester with 1.30% in sales.

Banesco develops its virtual portfolio through its service “Pago Móvil”, which began at the end of this first semester of 2016, contributing to the transformation of the Organization in its digital culture.

COMPETITIVE INTELLIGENCE

Clients are constantly moving, hyper-connected and informed. For this reason, we at Banesco understand Client’s Experience as a dynamic, interactive, multi-dimensional process that happens constantly, taking into account that a well-designed experience happens before the potential client decides to join our Organization, increases during its relationship with us and lasts until the next, adding value, differentiation and becoming a source of competitive advantage. On the basis of this knowledge and in answer to its dynamic management plant

of Client Experience, during this first semester, at Banesco we continue to develop the strategies that contribute to the definition of memorable experiences for all our clients.

Employee Experience as a tool for Continuous Change

Within the framework of the Comprehensive Plan of Customer Experience, during the first semester of 2016 we have deployed big efforts to incorporate the experience of our employees as a central axis of our corporate culture. Banesco Citizen is the agent and guarantor of the experience that we give our clients, and responsible of not only satisfying their needs and expectations, but it is also capable of creating experiences that cover their expectations and that are unforgettable.

Banesco, under the drive of its philosophy, has the compromise of strengthening its client-centric vision, developing not only strategies for their external clients with a 360° vision, but it also incorporates the internal client under a comprehensive 720° vision. This answers to the coherence between the promise and the brand’s attributes and the corporate culture that exists in the Organization, and between what it is asked and is demanded from the employees and the acts and values that move its Management.

And as the participation of the employees is a fundamental part of the construction of the objectives, during this period we initiated the II Training Program in Customer Experience, which has as a goal to strengthen and develop the competencies and knowledge needed to transform daily relationships



Banesco Citizen is the agent and guarantor of the experience that we give our clients



with clients and coworkers through contacts that generate memorable experiences. It seeks to raise awareness among the employees of the Organization about how the client experience does not only depend on those whose work is to service them, but of all the employees of the Organization, who are co-responsible of this strategy.

This program is aimed at all the employees and which has the support of Universidad Católica Andrés Bello, raises awareness on the value and impact that personal performance has on the Client's Experience, be these internal employees or our external clients. From learning, it invites you to build and preserve Banesco's Experience, seeking that in our relationship with people we leave positive and powerful marks, turning them into Exemplary Banesco Citizens. All those employees who pass the program will receive an academic certificate issued by UCAB.

Continue Improvement of Processes

The experience of our clients includes a group of tangible attributions (waiting periods, kindness, functionality, environment, etc.) but also emotional attributes that are determined by the personal characteristics of the person and their way of perceiving and processing the moments and experiences they have with the company through the different channels or points of contact. It is not possible to measure experience if we only focus on traditional attributes, for which reason the main gaps between the expectations and the experiences are identified, defining in this way the actions to be implemented on each of the following service channels:

- ▶ BanescOnline
- ▶ Telephonic Customer Service
- ▶ ATMs
- ▶ Non-Banking Correspondent Channels
- ▶ Offices
- ▶ Complains and Requirements

On global terms, the Financial Institution continues to improve in a sustained manner its Net Satisfaction Index. We have a great challenge on having clients who are loyal to the brand and, in order to achieve that, all the employees work actively living Banesco's Culture, making that each feel part of this great challenge.

INFORMATION TECHNOLOGY, BUSINESS PROCESSES AND OPERATIONS

In Information Technology, Processes and Operations, we continue aligned with our strategy of transforming actions into business opportunities for the Financial Institution, strengthening the self-management of processes, allowing the strategies of growth and development of new markets, providing a new trustworthy experience to our clients, ensuring stability, continuity and growth of services, all of this with quality and profitability criteria.

Innovation

At Information Technology Innovation, we continue to promote technological innovation as part of Banesco's culture. During the first semester, we carried out the launch of the Innovation Ambassadors Program, with the participation of all our Banesco Citizens. This year, the coverage of the program was carried out on a national level, employing the Virtual Training Platform.

We carried out three transformation workshops on Google 2.0., generating approximately 120 ideas which have become operative and internal processes improvements for our units.

We developed 25 Innovation Initiatives, with a focus on payment methods products, efficiency in or operative processes and client's experience through the channels.

We established an alliance with IESA with the purpose of driving in educational centers the adoption of new technologies that will allow them optimize their academic processes and promote creative thinking.

Architecture

We continue to manage and simplifying the technological architecture by carrying out the actions that were foreseen in the strategic pacification for this first semester and in the execution of key projects. At the same time, we have been reviewing core processes which support the practice of business architecture, ensuring their evolution according to the new needs of the Organization.

As part of our panning activity of technological capacities, e carried out a study on the capacity of infrastructure that supports the services of the business and we established



the plan of action necessary to ensure that the transactional increase planned for the year 2016-2017 has the capacity to strengthen the growth of the business and the level of satisfaction of the service given to our clients.

Processes

During this semester we continue working to optimize and improve the quality of the processes. To do this, we have carried out more than 40 initiatives, which have been focused on:

- ▶ The optimization of processes and costs.
- ▶ Update and implication of the documentation of the architecture of processes.
- ▶ Application of the model of quality assessment of internal services.

The results to be showcased are the following:

- ▶ Implementation of new processes at the service window which bring both qualitative and quantitative benefits to the Organization, showing an important improvement in the time and customer service quality.
- ▶ Optimization of processes that allowed the decrease of use of paper, strengthening our motto green Banesco.
- ▶ We improved the management of processes, driving the role of the Owner of Processes, responsible of keeping a global vision (from start to end) of the chain of value of their area.

Project Office

The Project Office implemented adjustments in the execution indicators and of timely culmination of processes, which meant a major challenge for the project teams. It strengthened the monitoring of activities with greater and more automatized control mechanisms.

We kept a great level of effectiveness, control and consistency in the execution of project, based on continuous monitoring, in the adequate management of changes and in the compliance with control points through the entire life cycle of projects, ensuring in this way the quality of the key deliverables and compliance with their quality promise.

Within the frame of the activities of portfolio management, we maintained the continuity of all the ongoing projects according to the project portfolio defined to progress in the strategies and the Financial Institution's needs.

Development and Maintenance of the Applications

In the area of Development and Maintenance of Applications, we continued our compromise with the Organization, delivering technological solutions aligned with the strategic and business growth vision. To this end, we implemented in the offices the new automated system of Pre-approved Credits for Natural Persons, the new tracking mechanism of returned checks and the update to the newest technology of the queue management system, improving service times and the experience of our clients. Continuing with the improvement of the client's experience, we implemented self-management for the recovery of online banking passwords, without requiring that the client calls the Telephonic Attention Center or that they visit the offices.

We continue with the constant renovation of the main processes, storage, monitoring, communications and data center architectures, allowing us to ensure the trustfulness and quality of service that we offer to our clients.

Through the first semester of the year we worked on an analysis, review and implementation of improvement process which ended with the application of an external certified audit, which endorsed the application of the best practices in the development of technological solutions, acknowledging Banesco as the first Financial Institution of the country that obtains a CMMI certification (Capability Maturity model Integration), level 3.

Operations

In the Area of Technology Operations, we reached optimal levels of service for the platforms that support the services, products and channels of the Financial Institution, as a result of the continuous improvement plans of the technological platform and of the maturity reached in our processes.

We continue with the constant renovation of the main processes, storage, monitoring, communications and data center architectures, allowing us to ensure the trustfulness and quality of service that we offer to our clients.



COMPREHENSIVE RISK MANAGEMENT

During the first semester of 2016, the risk management of the Organization kept its orientation towards control and mitigation of global losses, the promotion and strengthening of the continuity and monitoring of the key risk indicators approved by the Board of Directors within the risk-profit levels accepted by the shareholders on the basis of risk identification.

This identification is managed through the constant review and monitoring of the expositions, evaluation of existing and new products and the follow-up associated to this analysis, as well as the continuous update of the Risk Models, added to the continuity of the Communication, Measurement and Training actions comprised in the Risk Culture Plan, and whose main objective is to provide the necessary tools to Banesco Citizens for the management of risk in their processes.

By the end of the first semester of 2016 the team of the Executive Vice-Presidency of Comprehensive Risk Management coordinated and carried out three (3) training sessions specialized in Comprehensive Risk Management and on the Methodology of Risk Management for the areas of Comprehensive Risk, Business Processes, Banking, Credit, Products and Technology; two (2) specialized lectures on Risk Management to the participants of the Program of Young Talents coordinated by Human Capital and five (5) specialized training lectures on Credit Risk.

Likewise, the team of certified coaches on Risk belonging to the Human Capital Management gave twenty two (22) lectures on Comprehensive Risk to new employees.

Credit Risk

During the first semester of 2016, credit risk management was oriented to the strengthening, measurement, control and monitoring of risk levels in the credit portfolio and on its adequate management through the business units, with the purpose of complying with the comprehensive policies of risk management issued from the guidelines set by the Board of Directors and by the level of risk-performance accepted by the shareholders. In this sense, the necessary actions to manage the credit portfolio were carried out according the strategic aspirations and by managing credit attention according to the client segmentation, providing the respective analysis on levels of risk exposure and showing the results of the different business requirements before the Risk Committee, as well as

the proposed actions. Strategies directed at strengthening the client selection criteria within the processes of granting and maintenance of credits, as well as the adequate training programs oriented to the sales areas to strengthen decision making and the continuous review of our granting and behavior models, have allowed us to maintain a quality of credit portfolio within the levels set by the institution.

Market Risk and Liquidity

Implementing the definitions set forth in the local legislation, these risk categories are defined as the possible patrimonial losses that could occur by factors associated to interest rates, type of exchange, prices and liquidity. Because of this, the institutions of the banking sector should undertake the necessary actions to identify, measure, monitor, limit, control, inform and reveal in order to maintain an adequate comprehensive risk management.

During the first semester of 2016 Banesco performed under a challenging environment, keeping these types of events under control and limited in compliance with the limits set by the Risk Committee, the Board of Directors and the legal framework in force and aligned to the best international practices.

Operative Risk

In the case of Operative Risk, understood as the possible financial impact on the Organization as the result of weaknesses, insufficiencies or failure of processes, people and internal systems, or due to external events, Banesco has maintained and reinforced the application of methodologies for risk analysis on the different chains of value, as well as on new products and services.

During the first semester based on the Risk Culture Plan, we continued to strengthen the figures of Processes Owner, Delegate Master of Risk and Comprehensive Risk Delegates in the chains of value of core processes through risk analysis, which allows to keep strengthening the “end-to-end” vision of processes for the identification and valuation of risk and controls, as well as the establishment of mitigation actions to close the gaps, mitigate the losses and minimize the Reputational and/or Legal impacts.

The assessments, analysis and continuous monitoring with the owners of processes have been a fundamental component to manage that the risk levels stay within the established thresholds.



PROPOSALS PRESENTED BY THE BOARD OF DIRECTORS FOR THE CONSIDERATION AND DECISION OF THE REGULAR GENERAL MEETING AND THE SPECIAL MEETING OF SHAREHOLDERS SUMMONED FOR THE 28TH OF SEPTEMBER OF 2016, TO DECREE AND PAY CASH DIVIDENDS (PREFERRED SHARES) AND IN SHARES, APPROVED IN SESSION NO. 1,420 DATED SEPTEMBER 07TH, 2016.

Cash Dividends

It is proposed to the shareholders to decree a cash dividend with charge to the surplus to be applied to the 30th of June of 2016, for the amount of seven million three hundred eighty thousand and two thousand eight hundred and thirty VEF (7,382,830.00), which will be paid to the holders of preferred shares issued in conformity to the issuance prospect 2008-I and 2008-II

This dividend covers the trimestral period with a due date of the 15th of February of 2017, in conformity with the respective issuance prospect.

If this proposal is approved, the Board of Directors shall determine the time of payment for the cash dividends, prior the compliance with the formalities established by the law.

Share Dividends

If the repayment of seventy thousand (70,000) preferred actions were approved, in conformity with the prospect of public offer of preferred actions issuances 2008-I and 2008-II, and to the purpose of keeping the Social Capital of the Financial Institution in one thousand two hundred and fifty million VEF (1,250,000,000.00), it will be suggested to the Special Meeting of Shareholders that they decree and pay a dividend in shares for seven hundred thousand VEF (700,000.00), though the issuance of seventy thousand (70,000) new shares of common stock.

If this proposal is approved, the Board of Directors shall determine the time of payment of the share dividends, prior authorization of the Venezuelan Superintendence of Banking Institutions.

Caracas, September 8th, 2016

BALANCE SHEET

ASSETS

STATED IN MILLION VEB	JUN. 2016	DEC. 2015	JUN. 2015	DEC 2014
CASH AND DUE FROM BANKS	260,161	209,004	157,050	108,423
Cash	13,537	12,690	6,084	5,328
Central Bank of Venezuela	222,772	178,049	134,165	95,998
Local Banks and Other Financial Institutions	2,748	3,345	1,423	769
Foreign Banks	36	32	151	222
Head Office and Branches	0	0	0	0
Pending Cash Items	21,069	14,888	15,227	6,105
Provision for Bank Accounts	0	0	0	0
INVESTMENTS SECURITIES	154,581	152,381	104,065	88,963
Investments in Central Bank	50,333	47,009	14,350	9,435
Investments in Trading Securities	0	0	0	0
Investments in Securities Available for Sale	16,929	17,435	21,590	16,859
Investments in Securities Held to-maturity	45,663	50,257	39,628	40,558
Limited Availability Investments	483	402	497	271
Other Security Investments	41,174	37,277	28,001	21,840
Provision for Security Investments	0	0	0	0
LOAN PORTFOLIO	509,247	376,270	228,700	167,954
Outstanding Credits	521,671	386,252	234,246	172,451
Restructured Credits	37	48	35	36
Past Due Credits	905	472	773	535
Credits in Litigation	1	7	192	26
Provision for Credit Portfolio	-13,368	-10,508	-6,545	-5,093
INTEREST AND COMMISSIONS RECEIVABLE	9,598	7,127	4,819	3,641
Interest receivable from cash and due from banks	0	0	0	0
Interest receivable from security investments	2,164	1,989	1,574	1,291
Interest receivable from credit portfolio	6,522	4,460	2,796	2,001
Commissions Receivable	1,185	821	585	429
Interest Receivable on Other Accounts Receivable	0	0	0	0
Provision for Interest Receivable and Other	-273	-144	-136	-80
INVESTMENTS IN SUBSIDIARIES, AFFILIATES AND BRANCHES	16	29	11	7
Investments in subsidiaries and affiliates	16	29	11	7
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	97	23	0	1
PROPERTY IN USE	22,675	17,052	5,468	3,571
OTHER ASSETS	25,689	27,381	9,267	8,644
TOTAL ASSETS	982,065	789,266	509,381	381,204

BALANCE SHEET

LIABILITIES

STATED IN MILLION VEB	JUN. 2016	DEC. 2015	JUN. 2015	DEC 2014
DEPOSITS FROM CLIENTS	859,762	701,077	453,842	340,029
Deposits in Current Accounts	752,409	605,820	387,279	282,530
Non-Remunerated Checking Accounts	377,290	317,605	183,396	132,868
Remunerated Checking Accounts	285,533	220,817	151,343	107,949
Current Accounts under Exchange Agreement N° 20	68	43	92	207
Demand Deposits and Certificates	89,519	67,354	52,448	41,505
Other Demand Liabilities	7,137	6,512	5,980	4,955
Obligations for Money Desk Operations	0	0	0	0
Savings Deposits	99,364	87,884	59,851	51,329
Time Deposits	852	861	732	1,216
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	6	6	6	4
OTHER FINANCING OBTAINED	12,344	8,042	3,654	2,899
Liabilities with local financial institutions up to one year	11,901	7,948	3,581	2,363
Liabilities with local financial institutions more than one year	0	0	0	0
Liabilities with local financial institutions more than one year	443	94	73	535
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	3	17	45	36
INTEREST AND COMMISSIONS PAYABLE	383	77	100	91
Expenses payable due to deposits from clients	368	74	98	89
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	15	3	2	2
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	43,592	25,837	13,814	8,300
SUBORDINATED DEBT	0	0	0	0
OTHER LIABILITIES	0	0	0	0
Total Liabilities	916,089	735,057	471,461	351,360
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	1,337	1,328	1,318	1,308
EQUITY ADJUSTMENTS	6,342	5,827	97	97
ACCUMULATED INCOME	58,438	46,205	35,291	27,645
NON-REALIZED GAIN OR (LOSS) ON AVAILABLE FOR SALE SECURITY INVESTMENTS	-1,357	-366	-1	-422
TREASURY STOCK	-35	-35	-35	-35
TOTAL LIABILITIES	65,976	54,209	37,920	29,844
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	982,065	789,266	509,381	381,204
Contingent Debtor Accounts	105,089	92,493	59,520	66,491
Trust Assets	28,125	20,985	18,774	15,287
Other Trust Assignments	201	167	114	161
Debtor Accounts Due to Trust Assignments (Housing Mutual Fund)	23,105	19,096	15,750	13,388
Other Debtor Accounts (Housing Mutual Fund)	19	18	18	18
Other Debtor Memorandum Accounts	3,412,045	2,142,411	945,122	612,494
Other Debtor Books Accounts	29	29	29	29

BALANCE SHEET

STATEMENTS OF EARNINGS

STATED IN MILLION VEB	JUN. 2016	DEC. 2015	JUN. 2015	DEC 2014
FINANCIAL REVENUES	62,204	44,746	26,821	20,118
Revenues from Cash and Cash Equivalents	4	4	5	3
Revenues from Security Investments	6,631	5,687	4,959	4,161
Revenues from Credit Portfolio	55,542	39,018	21,816	15,905
Revenues from Other Accounts Receivable	27	37	37	44
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	0	1	3	5
FINANCIAL EXPENSES	12,141	8,059	6,299	5,200
Expenses Due to Deposits from Clients	11,925	8,002	6,282	4,792
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	216	58	17	136
Expenses Due to Other Financial Obligations	0	0	0	258
Expenses Due to Subordinated Debt	0	0	0	0
Expenses Due to Head Office and Branches	0	0	0	0
Other Financial Expenses	0	0	0	14
GROSS FINANCIAL MARGIN	50,063	36,686	20,521	14,918
Income from Recovered Financial Assets	374	423	208	178
Expenses Due to Uncollectibility of Credits and Other Accounts Receivable	4,116	5,147	1,823	528
Provision for Loan Portfolio and Other Accounts Receivable, Losses	4,116	5,147	1,823	528
Provision for Cash and Due from Banks	0	0	0	0
NET FINANCIAL MARGIN	46,321	31,963	18,906	14,568
Other Operating Income	14,834	10,622	4,948	4,474
Other Operating Expenses	4,836	3,712	2,148	1,611
FINANCIAL INTERMEDIATION MARGIN	56,320	38,873	21,706	17,431
TRANSFORMATION EXPENSES	29,941	16,395	9,835	6,447
Personnel Expenses	8,474	4,252	3,310	2,281
Administrative and General Expenses	15,856	8,620	3,839	2,392
Contributions to Deposit Guarantee and Bank Protection Fund	5,015	3,167	2,437	1,629
Contributions to Superintendency of Banks and Other Financial Institutions	596	356	249	145
GROSS OPERATING MARGIN	26,379	22,478	11,871	10,983
Income from Adjudicated Goods	7	40	16	98
Income from Special Programs	0	0	0	0
Income from Sundry Accounts	31	180	111	77
Expenses Due to Realizable Property	10	4	1	3
Expenses for Depreciation, Amortization and Devaluation of Miscellaneous Goods	0	0	0	0
Expenses Due to Sundry Accounts	4,188	2,873	1,344	904
NET OPERATING MARGIN	22,220	19,822	10,653	10,251
Extraordinary Income	0	0	0	0
Extraordinary Expenses	65	36	45	6
GROSS INCOME BEFORE TAXES	22,154	19,785	10,608	10,245
Income Taxes	8,199	5,850	1,244	0
NET INCOME	13,955	13,935	9,364	10,245
APPLICATION OF NET INCOME				
Legal Reserve	0	0	0	0
Statutory Utilities	0	0	0	0
Other Capital Reserves	6	6	6	6
ACCUMULATED INCOME	13,949	13,929	9,364	10,239
LOSEP Contribution	241	213	115	110
OTHER ACCOUNTS				
Third-Party Investments	0	0	0	0
Monthly Agriculture Credit Portfolio	2,740	8,668	3,971	1,342
Accumulated Agriculture Credit Portfolio	73,335	55,155	36,042	27,564
Public Sector Deposits	42,953	21,459	21,008	9,963
Micro-Credits	19,425	17,994	11,919	9,779
Credits to the Segment of Tourism in accordance to law in force	14,935	12,723	4,302	4,341
Mortgages according to the Special Law for the Protection of the Housing Loan Debtor	6,527	5,915	5,473	5,352
Financial Soundness Ratio	12.38%	10.13%	10.18%	9.76%
Manufacturing Loans	19,869	19,056	16,042	11,285

TRUST

STATED IN MILLION VEB	JUN. 2016	DEC. 2015	JUN. 2015	DEC 2014
TRUST	27,085	19,970	18,086	14,470
HERITAGE TRUST	7,992	3,390	5,019	2,657
Individuals	287	284	286	242
Corporative Entities	2,684	2,466	2,374	1,835
Central Administration	0	206	240	16
Public, State, Municipal and Central Administrations	98	0	0	0
Decentralized Entities and Other Entities with Special Regime	4,924	434	2,119	564
GUARANTEE TRUSTS	2,462	2,463	2,463	2,462
Individuals	0	0	0	0
Corporative Entities	10	11	11	10
Central Administration	0	0	0	0
Public, State, Municipal and Central Administrations	12	0	0	0
Decentralized Entities and Other Entities with Special Regime	2,439	2,452	2,452	2,452
MANAGEMENT TRUSTS	16,630	14,118	10,604	9,350
Individuals	5	5,575	4,253	3,440
Corporative Entities	5,909	569	506	476
Central Administration	982	303	249	192
Public, State, Municipal and Central Administrations	901	0	0	0
Decentralized Entities and Other Entities with Special Regime	8,833	7,671	5,597	5,241
FEATURES MIXED TRUSTS	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
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 ACCUMULATED 1998 • JUNE 2016

STATED IN VEB

SOCIAL INVESTMENT	2016	ACUMULATED 1998
DESCRIPTION		JUNE 2016
APPLICATION BANESCO RESOURCES	523,390,762	1,384,755,518
Fe y Alegría	—	47,986,729
Microentrepreneurs Training Program	12,269,799	65,508,683
Simón Bolívar Music Foundation	—	15,526,706
Association of Venezuelan Catholic Education (AVEC)	3,080,000	16,622,081
Social Undertaking Project with the IESA	—	21,270,609
Universities and Other Institutions	18,402,681	58,417,149
Banesco Life-Long Scholarships	60,000	2,480,128
Other Education Institutes and Organizations	100,000	4,288,861
Venezuelan Foundation against Child Paralysis	3,000,000	10,073,934
Other Health and Medical Care Organizations	29,100,000	40,777,997
FUNDANA	—	2,821,379
Civil Association Don Bosco Houses Network	5,688,273	14,969,094
Salesian Ladies Civil Association	—	3,084,441
Attendance to the childhood and people with special necessities	112,630	5,979,148
Toys donation to the communities	—	3,416,673
Editorial Projects	7,445,392	35,953,918
Other contributions	4,268,447	24,611,310
Solidarity (Capital and Regional)	—	6,138,558
Events for the Community	3,459,061	30,984,211
Investment in works in Colinas de Bello Monte	—	2,306,376
Mayoralties, regional governments and other State Organizations	—	10,730,241
Community Participative Budget	1,185,278	6,176,136
NON-CONTRACTUAL SOCIAL BENEFITS FOR BANESCO EMPLOYEES	434,980,042	950,079,843
Dining Subvention	407,927,792	764,131,480
Medical Service	2,773,000	20,058,328
Parking Subsidy	7,864,224	39,312,019
Medical Assistance for Extreme Diseases	8,623,465	29,779,038
Unsecured Loans for Housing	1,783,538	83,393,242
Transportation between offices	5,916,800	13,201,518
Housing sales between employees	91,222	204,216
CORPORATE VOLUNTEERING CONTRIBUTION	239,159	4,551,314
Training and volunteer training	78,129	1,637,465
Special Projects	—	30,479
Additional training workshops	—	6,006
Cost Volunteer Man/Hours	159,530	1,398,213
Budget Amount Executed Logistics Volunteer	1,500	1,479,152
APPLICATION OF ARTICLE 96 (LOCTISEP)	—	33,612,457
SOCIAL INVESTMENT	523,390,762	1,418,367,975
CONTRACTED COMMITMENTS	6,500,883	6,500,883
ARIS Program (Civil Association Don Bosco Houses Network)	6,500,883	6,500,883
TOTAL CONTRACTED COMMITMENTS	6,500,883	6,500,883
GENERAL TOTAL SOCIAL INVESTMENT PLUS COMMITMENTS MADE (Bs.)	529,891,645	1,424,868,858

Directors

Juan Carlos Escotet R.
Miguel Ángel Marcano C.
Sergio Saggese Ciammino
Oscar Doval García

Vicente Llatas Salvador
José Grasso Vecchio
Emilio Durán Ceballos
María Josefina Fernández M.



MAIN CORRESPONDENT BANKS

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

AUSTRALIA ANZ Bank.

AUSTRIA Unicredit, Commerzbank Ag. Deutsche Bank.

BELGIUM Commerzbank Ag., Deutsche Bank.

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, Banco Safra, Banco Santander, Deutsche Bank.

CANADA Royal Bank of Canada.

CHILE Banco Estado, Banco Santander, Banco BBVA, Banco de Chile, Banco Do Brasil.

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

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

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

CURAZAO Maduro & Curiel's Bank.

CZECH REPUBLIC Deutsche Bank, Commerzbank Ag.

DENMARK Nordea Bank.

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

ECUADOR Banco del Pacífico, Produbanco, Banco Internacional, Banco del Austro

EL SALVADOR Banco Agrícola.

ENGLAND Standard Chartered Bank, Deutsche Bank.

FINLAND Nordea Bank.

FRANCE Crédit Industriel et Commercial (CIC), Deutsche Bank.

GERMANY Commerzbank Ag., Unicredit, Deutsche Bank.

GUATEMALA Banco Industrial, Banco GT Continental, Banco Agromercantil.

HOLLAND Commerzbank A.G., Deutsche Bank

HONDURAS Banco Atlántida, Grupo Financiero Ficohsa.

HONG KONG Standard Chartered Bank, Deutsche Bank, Commerzbank Ag.

HUNGARY Deutsche Bank.

INDIA Standard Chartered Bank, Deutsche Bank.

INDONESIA Deutsche Bank.

ITALY Unicredit Group, Deutsche Bank.

JAPAN The Bank of Tokyo and Mitsubishi Bank, Standard

Chartered Bank, Commerzbank Ag., Deutsche Bank.

KOREA Deutsche Bank.

MALAYSIA Standard Chartered Bank, Deutsche Bank.

MEXICO Banamex, Banco Santander, Banco del Bajío, Banorte, Banco BBVA Bancomer.

NEW ZEALAND ANZ Bank.

NICARAGUA Banpro, Bancentro.

NORWAY Nordea Bank.

PAKISTAN Deutsche Bank.

PANAMA Banco Banistmo, 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.

PHILIPPINES Deutsche Bank.

POLAND Deutsche Bank

PORTUGAL Millennium BCP, Caixa Geral de Depósitos.

PUERTO RICO Banco Popular de Puerto Rico.

RUSSIA Deutsche Bank

SAUDI ARABIA Deutsche Bank

SINGAPORE Standard Chartered Bank, Deutsche Bank, Commerzbank Ag.

SPAIN Commerzbank Ag., Caixa Bank, Deutsche Bank.

SWEDEN Nordea Bank.

SWITZERLAND Commerzbank Ag., Deutsche Bank.

TAIWAN Deutsche Bank, Standard Chartered Bank.

TAILAND Deutsche Bank, Standard Chartered Bank.

TURKEY Deutsche Bank.

UKRAINE Deutsche Bank, Commerzbank Ag.

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

USA Standard Chartered Bank, Deutsche Bank A.G., Commerzbank Ag.

VIETNAM Deutsche Bank, Vietinbank.

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