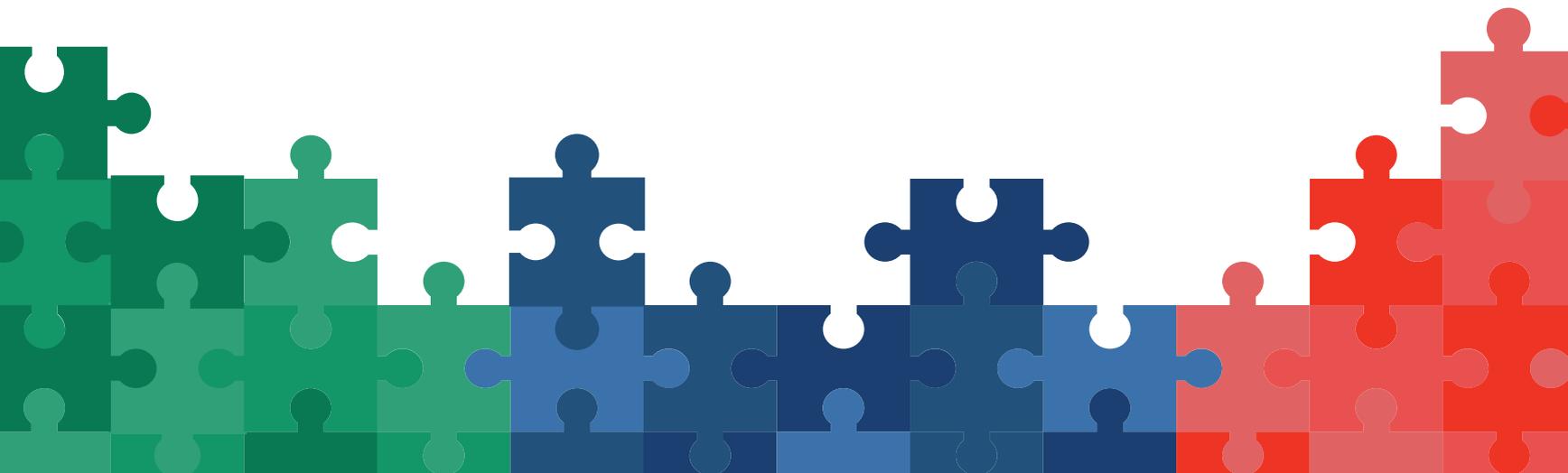
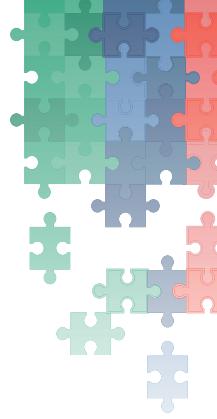
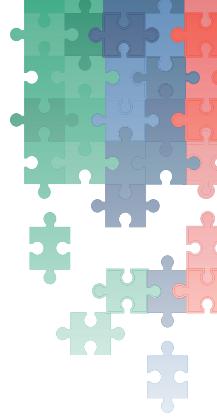


2018

Financial Report
First Half

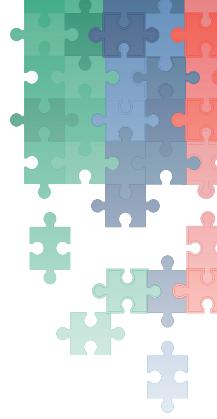






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FINANCIAL ECONOMIC BALANCE

FIRST HALF 2018

During the first semester of 2018, Banesco has succeeded in preserving its leadership in the Venezuelan private financial system, keeping a constant support to its clients and offering them a growing service offer.

A large share of its efforts has been oriented towards the increase and diversification of its electronic platforms, in order to provide innovative services, which enrich the experience of its clients.

Banesco goes beyond and offers its clients the possibility of managing efficiently their money. This financial institution wants to provide multiple ways of hastening, improving and reducing time in daily transactions and also extraordinary arrangements and commitments. Banesco, as a registered brand in the clients' daily life, is focused on the concepts of accompaniment and proximity to customers. Banesco is committed, as a consolidated brand, to preserve its presence in the daily life of its clients, that they keep a place for Banesco when planning their future and to be part of their entrepreneurial achievements.

Banesco is very conscious about the effort and energy invested to conserve its leadership. More than six million clients are a proof of the fidelity and reliability deposited in this bank. There are Banesco Citizens in the whole Venezuelan territory, which are the faces that support every day the clients in their multiple administrative processes, making easier the daily experience of the clients: from the easiest tasks to the most complex requirements. For this Organization, the wellness of its collaborators is fundamental: a positive work environment in all the corridors of its bank branches will have a positive impact, which will be translated in achieving the best possible results.

The current results keep proving that Banesco is the first private bank of the country.

The bank wants to give the best by searching and promoting new initiatives and new business opportunities, always having the invaluable support of its shareholders. Banesco has demonstrated that working hard and being aware of the context and the real needs of the clients are essential steps to succeed in having the preference of the Venezuelan public.

This is the reason why the bank wants to provide detailed information about its total assets, banking deposits, credit portfolio, transactions and equity.

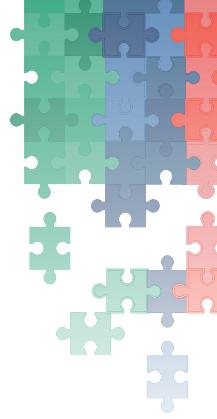


The results as of June 2018 were the following: 1,185,719 liquidated credits, which represents an increase of 76.7% compared with the credit portfolio of the first semester of 2017, placing the net portfolio in VEF 228,805 billion (VES 2.29 billion). This figure represents a market participation of 18.56%.

During this period, there were several increases in the company's share capital. The company's equity rose to VEF 18,692 billion (VES 0.19 billion), equivalent to an increase of 6,285.7% compared with June 2017. The total assets of the bank have reached VEF 486,254 billion (VES 4.86 billion): this figure reflects an increase of 9,903.2% in relation to the same period of 2017 and 1,479.4% in relation to the close of 2017. In this sense, Banesco has ended the first semester of 2018 having an asset market quota of 15.60%, which confirms its predominance as the first private bank of the country.

Banesco has made great investments to keep being the leader in financial service innovation. For that reason, the bank, as a pioneer, looks forward to strengthening the digital business model, as a way of giving a prompt answer to the new and multiples needs of its clients. The BanescoOnline platform has accounted in the first semester of the current year more than 2.7 million active clients, which have recurrently executed more than 2,122 million transactions.

Banesco is fully committed to the sustainable development of the country. Through its Social Responsibility and Sustainabi-



lity Policy, the bank has promoted an open dialogue with the community and the bank's active social role in the society. This is confirmed by the bank's support to different initiatives, which aims at developing free and productive citizens, conscious of their role in the construction of wellness in Venezuela. Banesco keeps its leadership regarding the support to the small and medium enterprises, as well as the training of micro-entrepreneurs and entrepreneurs. The institution is focused on the development of inclusive services and products, which will be available for all the sectors of the population, especially, the citizens that have not accessed to the benefits of the financial system.

The social investment of the bank has risen to VEF 268.487 billion (VES 2.7 billion) in the first semester of the current year. More than 90% of these resources were destined to the wellness and quality life of its workers. The bank's social investment is focused on important programs in the areas of education, health and financial inclusion. Banesco has supported projects and initiatives through its Social Responsibility and

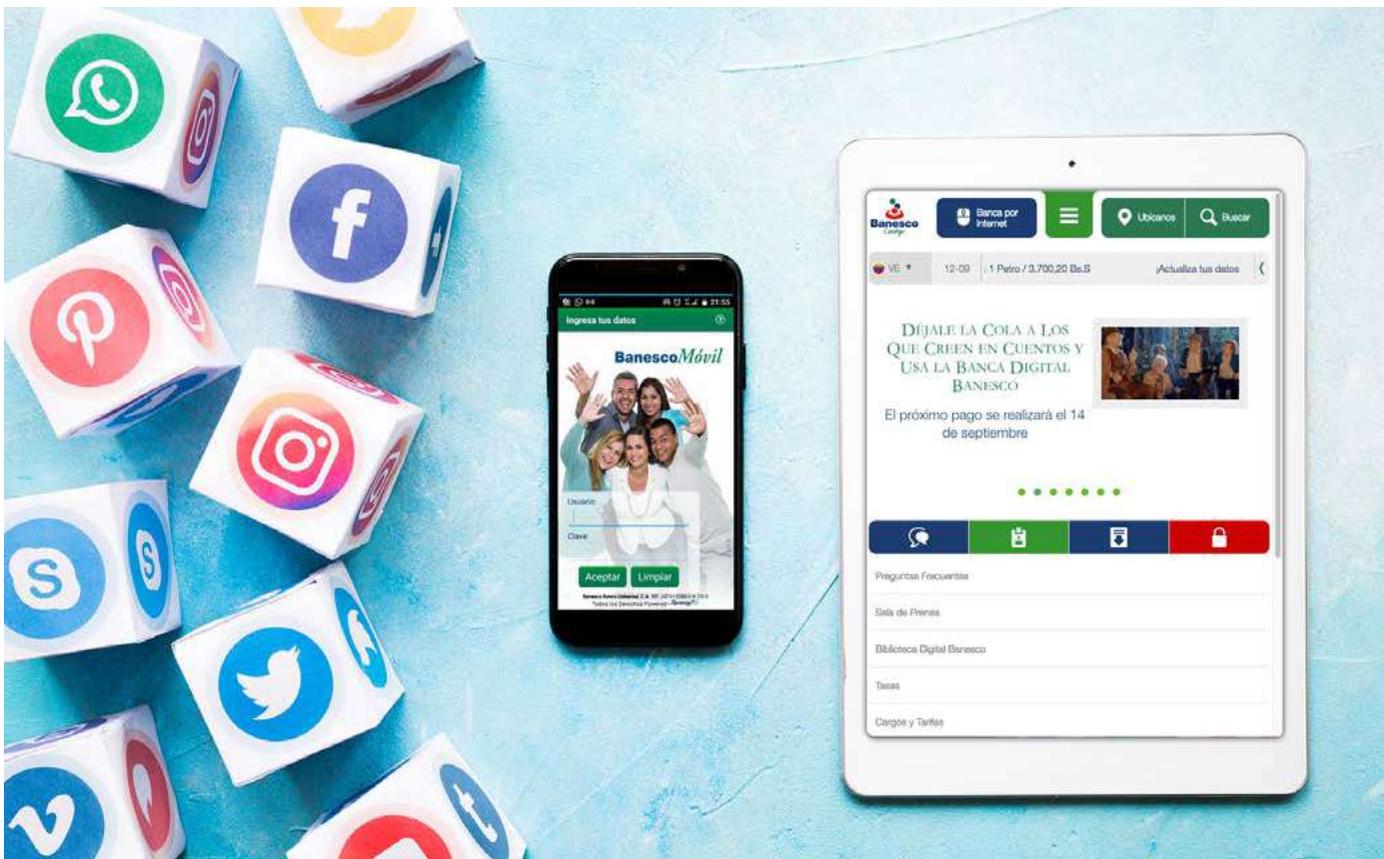
Sustainability Policy, benefitting mainly kids, teenagers and older adults in condition of financial fragility.

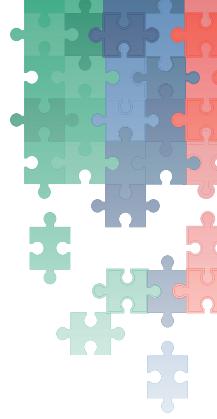
It could be concluded that at the close of the first semester of 2018, Banesco has honored all its commitments keeping the efficiency of the Organization and preserving the wellness of its collaborators.

The bank looks forward to recruiting and keeping the best talents, as a way of assuring equilibrium between profitability and human condition. Banesco is an Organization that has left an indelible mark in the clients due to its highest performance and quality standards. This financial report of the first semester of 2018 is an exercise of transparency, since it clearly shows the trust and commitment of its collaborators with the clients. Definitely, Banesco is devoted to them.

JOSÉ GRASSO VECCHIO

Executive Chairman Banesco Banco Universal, C.A.





THE VENEZUELAN ECONOMY DURING THE FIRST SEMESTER OF 2018



According to the OPEC Monthly Oil Market Report issued on July 2018, the Venezuelan oil production has registered a decrease during the first semester of the year of approximately 334 thousand barrels per day (20%), which implies that Venezuela has produced in June 1.34 billion barrels per day.

The decrease in the production of the Venezuelan oil coincides with a rise in the prices that occurred since the second semester of the last year in the world oil market. This increase in oil prices was powered by the geopolitical tensions and expectations of a decrease in the American inventories. Consequently, the WTI average price grew from 46.63 USD/b in July 2017 to 65.86 USD/b in June 2018.

During the close of the last week of June 2018, the international reserves registered a balance of \$8.457 billion, which represents a contraction of USD 1.208 billion (-12.5%) in the semester and USD 1.578 billion (-15.7%) compared with the same period of the previous year.

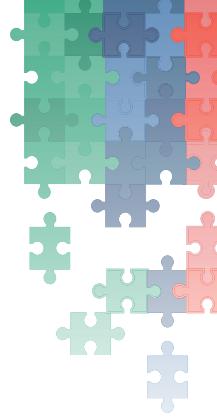
Regarding the exchange policy executed during the semester, it was published on the National Official Gazette No. 41,329 issued on January 26th, 2018 the Exchange Agreement in which the DIPRO exchange rate (VEF 10/USD), used for priority imports, was eliminated to strengthen the Complementary Floating Foreign Exchange Rate (DICOM, for its acronym in Spanish). During this semester, 20 auctions have been done,

granting USD 15,208,327.93 to a total of 231 companies, beginning with an exchange rate of VEF 3,345.00 per dollar. The exchange rate has reached VEF 115,000.00 per dollar at the close of June 2018, which represents a rise of 3,337.9%.

During the first semester of 2018, the government has kept the expansionary fiscal policy implemented in the last years. In this period, four salary adjustments have been done, which produced a variation of 1,038.2% compared with the salaries paid on November 1st, 2017. The salary has been fixed, on June 2018, at VEF 5,196,000.00 (VES 51.96): this amount includes the contributions paid through food vouchers.

The fiscal expansion was funded partially by the tax collection driven by the Venezuelan tax agency SENIAT, which totaled VEF 252.3 trillion (VES 2.52 billion) and implies a growth of 5,017.9% compared with the same period of 2017.

The execution of the public spending and the growth in the credit portfolio (+2,865.1%) explain the monetary expansion of 2018, which reflects an increase of 1,442.7% compared with the close of 2017, and 8,620.2% compared with the last twelve months. The period ended with a rate of VEF 1,960.00 trillion (VES 19.60 billion). Simultaneously, the surpluses in the financial system have increased in 754.6% reaching a total of VEF 536.59 trillion (VES 5.37 billion) at the close of June 2018.



THE VENEZUELAN ECONOMY DURING THE FIRST SEMESTER OF 2018

The Banking System

The national banking system has remained invariant during the first semester of 2018: there are 31 financial institutions, which concentrate the sub-sector of universal and commercial banks and cover the biggest asset percentages of the market (98.69%). 24 financial institutions are of private capital, while the remaining 7 belong to the Venezuelan State.

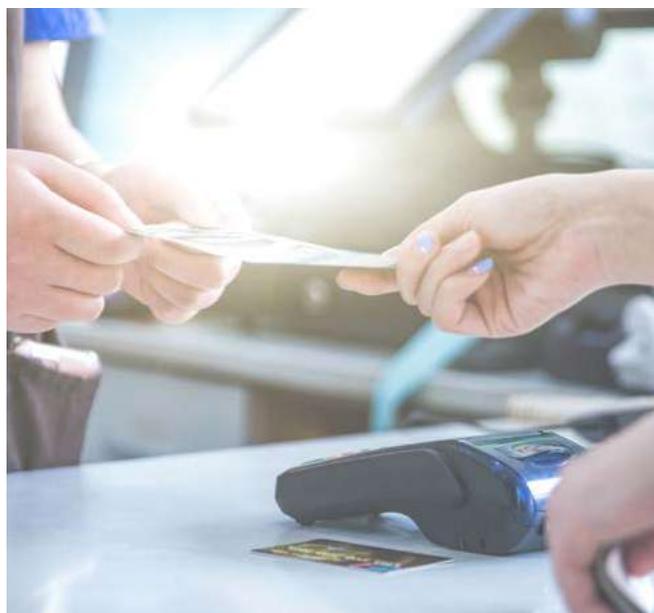
The users and clients of the banking system counted, at the close of the first semester of 2018, with a total of 3,455 offices, 57,559 employees, 7,419 ATMs and 389,068 Points of Sale nationally.

The significant growth on the monetary liquidity during the first semester of the year 2018 has had an important impact over the main dimensions of the banking system: the assets have risen to VEF 3,116 trillion (VES 31.16 billion), which represents an increase of 11,414.9% compared with the same period of 2017, and 2,057.4% in relation to the first semester of the current year.

In this period, it is observed an upward trend in the banking system net portfolio, which reflects a semi-annual increase of 2,865.1%, and an annual rate of 9,288.2%, reaching a total amount of VEF 1,232 trillion (VES 12.32 billion) at the close of June 2018. The accelerated growth rhythm of the credit portfolio has fostered and produced an increase of the credit intermediation capacity of the banking system: the increase rose from 31.31% to 54.83% in the first semester, while the delinquency rate was placed barely at 0.20%.

In the first semester of the year 2018, the upward trend, regarding credits, was mainly focused on the commercial portfolio, which has an increase on absolute and percentage terms, with an annual variation of 10,715.4%, and a semi-annual rate of 3,165.5%, close at the month of June 2018 of the current year with an amount of VEF 781.9 trillion (VES 7.82 billion).

In order of importance, the consumer credits were placed at the second spot and totaled VEF 186.6 trillion (VES 1.87 billion), showing an annual increase of 8,009.2% and 3,091.0% in the last six months. The credits for agriculture were placed at the third position. This portfolio has totaled VEF 154.4 trillion (VES 1.54 billion), showing a significant growth: 9,099.8% in relation to the same period of 2017, and a rate of 2,823.1% compared with the previous semester.

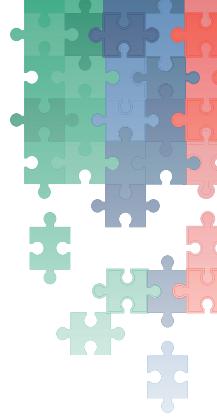


The accelerated growth rhythm of the credit portfolio has fostered and produced an increase of the credit intermediation capacity of the banking system

It has to be highlighted the advances in the client's deposits, whose balance was risen to VEF 2,196 trillion (VES 21.96) at the close of June 2018. This variation represented an increase of 1,590.63% in the first semester of 2018, and 9,182.10% in relation to the same period of 2017.

The equity of the banking system has registered an important growth (7,523.82%) in relation to the close of December 2017, showing an increase of VEF 356.47 trillion (VES 3.56 billion).

The transactions corresponding to the first semester of the year 2018 have produced a net result of VEF 39.8 trillion (VES 0.39 billion), which represents an increase of 10,959.29% in relation to the same period of 2017. It could be shown in the main indicators of the financial system management, among other factors, an adequate provision for the coverage of the fixed portfolio (1,150.86%), as well as high liquidity levels (48.18%) and a return over assets (ROA) rate of 6.80%.



BANESCO BANCO UNIVERSAL C.A DURING THE FIRST SEMESTER OF 2018

Banesco has ended this period as the first private bank of the country. Its assets totaled VEF 486.2 trillion (VES 4.86 billion), equivalent to a market participation of 15.60%. Banesco accounted in this semester an increase in the assets of 1,479.4%, and 9,903.2% in the last twelve months. This increase is attributable mainly to the expansion in the credit portfolio and availabilities. These combined items represent 93.6% of the total assets owned by Banesco.

Banesco has kept its goal of being a solid financial intermediation institution; therefore, the bank has supported the funding needs of its clients. Its net portfolio has risen to VEF 228.8 trillion (VES 2.29 billion), which represents 18.56% of the market. There was registered an increase of VEF 221.2 trillion (VES 2.21 billion) in the first semester of 2018 (+2,912.4%). The bank has guaranteed a very loose coverage level (926,662.37%), keeping a solid fixed portfolio and an excellent quality (0.00% of delinquency rate).

During the first semester of the year, Banesco has liquidated approximately 1,200,000 credits in all their modalities, showing an increase of 76.7% compared with the same period of 2017. It has to be highlighted how Banesco leads the commercial credits with a portfolio estimated in VEF 149.29 trillion (VES 1.49 billion) at the close of June 2018, which represents a market quota of 19.09%.

Banesco Banco Universal has been deeply committed with the development of the agriculture activity. The bank has granted in the first semester 1,121 loans, placing this portfolio at the close of June 2018 in VEF 34.6 trillion (VES 0.34 billion), covering 22.40% of the funding demand of this sector, after showing an increase of 3,189.5% compared with the second semester of 2017, and 12,599.2% in relation to the same period of that year. Consequently, the agriculture portfolio of the bank is in the leading positions within the private sector.

The micro-entrepreneurs of Venezuela have counted, once more, with the support of Banesco. The bank has liquidated more than 15,000 credits during the first semester of 2018. This portfolio was estimated at VEF 7.1 trillion (VES 0.07 billion) at the close of June 2018, having a variation of 4,137.3% compared to the second semester of 2017. The bank is at the third position of the banking system, with a participation of 14.10%.



The bank's deposits have kept an upward trend during the first semester of 2018, registering a balance as of June 2018 estimated at VEF 424.7 trillion (VES 4.24 billion). This variation shows an increase of 1,411.7% compared with December of 2017, achieving a market share of 19.34%, which means having the first place within the private bank.

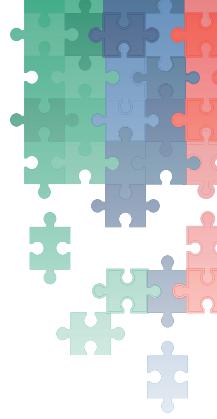
During the first semester of the current year, the shareholders of the institution have made equity contributions for a total of VEF 6.41 trillion (VES 0.06 billion). These contributions and the accumulated results of the semester allow Banesco to increase its equity in VEF 18.7 trillion (VES 0.19 billion), accounted at the close of the analyzed period with a capital adequacy ratio of 8.91% and a risk-weighted capital ratio of 11.55%.

Of all the transactions performed as of June 30th, 2018, it could be concluded that the achieved net result is equivalent to VEF 8.9 trillion (VES 0.09 billion), which reaffirms the excellent performance that has distinguished Banesco within the Venezuelan banking market.

FINANCIAL HIGHLIGHTS

	GROWTH							
	Second Half 2016	First Half 2017	Second Half 2017	First Half 2018	First Half 2018 First Half 2017		First Half 2018 Second Half 2017	
					Absolute	%	Absolute	%
(Stated in Billion VEF)								
Total Assets	2,150.0	4,861.0	30,788.1	486,254.4	481,393	9903.2%	455,466	1479.4%
Cash and Due from Banks	905.0	2,304.7	21,152.9	230,722.3	228,418	9911.0%	209,569	990.7%
Security Investments	189.0	176.7	746.7	6,063.6	5,887	3331.1%	5,317	712.1%
Gross Portfolio	976.9	2,160.5	7,595.4	228,805.0	226,644	10490.2%	221,210	2912.4%
Deposits from Clients	1,918.8	4,329.5	28,094.4	424,713.1	420,384	9709.7%	396,619	1411.7%
Deposits in Current Accounts	1,723.4	3,946.8	26,215.8	408,214.1	404,267	10242.8%	381,998	1457.1%
Savings Deposits	182.9	336.1	1,737.3	13,641.1	13,305	3958.2%	11,904	685.2%
Time Deposits	1.2	1.6	3.2	1,589.8	1,588	99562.1%	1,587	49273.6%
Other Deposits	11.3	45.0	138	1,268	1,223	2720.5%	1,130	818.4%
Total Stockholders' Equity	102.0	292.7	862.3	18,691.7	18,399	6285.6%	17,829	2067.7%
Trust Assets	34.7	66.7	118.1	1,528.7	1,462	2191.0%	1,411	1193.9%
Debtor Accounts Due To Trust Assignments (FAOV)	30.9	42.9	77.9	202.4	160	371.9%	125	160.0%
Financial Revenues	111.6	204.7	717.0	13,979.5	13,775	6728.4%	13,262	1849.7%
Financial Expenses	13.9	16.9	52.8	327.8	311	1845.3%	275	520.5%
Gross Financial Margin	97.6	187.9	664.2	13,651.7	13,464	7166.4%	12,987	1955.4%
Financial Intermediation Margin	108.5	208.8	862.3	17,166.7	16,958	8122.9%	16,304	1890.8%
Transformation Expenses	48.7	100.4	279.2	4,703.6	4,603	4586.4%	4,424	1584.5%
Income Taxes	16.4	24.1	128.7	2,030.0	2,006	8323.2%	1,901	1477.4%
Net Income	35.3	69.9	399.0	8,907.1	8,837	12648.0%	8,508	2132.5%
Accumulate Agriculture Portfolio	96.5	280.5	1,037.4	34,639.6	34,359	12251.0%	33,602	3239.2%
Official Institutions Deposits	49.0	117.5	576.4	5,450.1	5,333	4539.3%	4,874	845.6%
Micro Loans	22.8	37.5	166.7	7,064.4	7,027	18718.3%	6,898	4137.3%
Commercial Loans	538.2	1,175.7	4,538.6	149,299.2	148,124	12599.2%	144,761	3189.5%
Credits to Consumer	212.8	510.3	1,176.4	34,470.4	33,960	6655.6%	33,294	2830.2%
Vehicles	24.0	20.1	17.1	25.5	5	27.2%	8	49.7%
Mortgage Loans	23.7	23.7	62	1,631	1,608	6769.4%	1,570	2548.1%

Ratios				
Loan Portfolio Provisions / Non Accrual Loans	1824.74%	4986.88%	32673.42%	926663.30%
Non Accrual Loans/ Gross Loan Portfolio	0.14%	0.05%	0.01%	0.00%
Net Results / Average Assets	4.21%	4.43%	5.64%	9.77%
Net Results / Average Equity	69.45%	83.18%	140.05%	277.63%
Liquidity	51.58%	55.02%	75.55%	54.39%



CREDIT RISK REPORTS PRONOUNCEMENT

The Credit Risk management at the end of the first half of 2018 showed a performance characterized by obtaining a favorable level of profitability/risk in our indicators.

The delinquency index in the Total Portfolio was around 0.0002%, and the coverage level of the Provision on the Immobilized Portfolio recorded a value of 926,663.30%.

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.

Collection strategies continue to be well-founded in a recovery approach based on integral client and preventive management, thereby showing higher levels of effectiveness.

During the first semester of 2018, 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 year 2018.

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 seven hundred eighteen (718) credits for a total of two hundred and thirty-nine billion,

four hundred and nineteen billion, nine hundred and nineteen million, three hundred and forty-five thousand bolivars (VEF 239,419,919,345,000.00) that by individual or group risk, in the same monthly period, exceeded five percent (5%) of the bank's equity.

PARTICIPATION IN THE COUNTRY'S PRODUCTION SECTOR AS A PERCENTAGE OF THE LOAN PORTFOLIO - JUNE 2018 (VEF)

Economic Activities	Outstanding	Restructured	Past to Due	In Litigation	Total	% Composition
Trade, Restaurants and Hotels	128,384,851,061,317	1,053,484	14,742,505	0	128,384,866,857,305	56.1%
Financial Establishments, Real State and Services Provided to Companies	51,175,099,470,678	17,766,469	467,038,463	0	51,175,584,275,610	22.37%
Agriculture, Fishing and Forest	34,639,619,442,910	1,967,852	0	0	34,639,621,410,762	15.14%
Manufacturing Industry	1,480,798,966,460	0	0	0	1,480,798,966,460	0.65%
Community, Social and Personal Services	5,108,996,005,583	0	7,594,881	0	5,109,003,600,464	2.23%
Construction	3,548,059,920,607	0	4,449,660	0	3,548,064,370,267	1.55%
Transport, Storage and Communications	3,466,500,433,480	0	0	0	3,466,500,433,480	1.52%
Electricity, Gas and Water	386,680,867,437	0	0	0	386,680,867,437	0.17%
Hydrocarbons and Mining Exploitation	613,866,168,912	0	0	0	613,866,168,912	0.27%
Subtotal (VEF)	228,804,472,337,385	20,787,804	493,825,508	0	228,804,986,950,697	100.00%

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



R.L.F. J07013805

Chairman of the Board
Juan Carlos Escotet R.

Main Directors
Juan Carlos Escotet R.
Miguel Ángel Marciano C.
José Grasso Vecchio
Emilio Durán Ceballos
María Josefina Fernández M.

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

Stock Capital Bs. 1.250.000.000,00
Capital Paid-in Bs. 1.250.000.000,00
Capital Reserves Bs. 18.690.441.221,213

Lara Maramba & Asociados
(DELOITTE)

BALANCE SHEET

June 30, 2018 (Stated in VEF)

ASSETS	Jun-18	Jun-17
CASH AND DUE FROM BANKS	230.722.248.452.310	2.304.690.262.241
Cash	2.054.220.986.827	41.960.497.883
Central Bank of Venezuela	216.533.899.320.838	2.142.325.245.472
Local Banks and Other Financial Institutions	762.825.062.070	38.367.211.897
Foreign and Correspondent Banks	2.375.936.045.698	71.773.861
Head Office and Branches	0	0
Pending Cash Items	8.995.368.036.877	81.965.533.128
(Provision for Bank Accounts)	0	0
INVESTMENTS SECURITIES	6.063.596.893.540	176.723.488.372
Investments in Central Bank	8.941.885.000	14.833.690.000
Investments in Trading Securities	0	0
Investments in Securities Available for Sale	263.417.358.135	62.412.510.389
Investments in Securities Held to maturity	1.976.699.997.421	59.896.150.515
Limited Availability Investments	1.769.888.746.984	527.417.528
Other Security Investments	2.044.648.906.000	39.053.719.940
(Provision for Security Investments)	0	0
LOAN PORTFOLIO	224.228.887.211.683	2.106.520.929.943
Outstanding Credits	228.804.472.337.385	2.159.360.046.066
Restructured Credits	20.787.804	91.130.500
Past Due Credits	493.825.508	1.049.712.790
Credits in Litigation	0	33.397.345
(Provision for Credit Portfolio)	(4.576.099.739.014)	(54.013.357.178)
INTEREST AND COMMISSIONS RECEIVABLE	1.672.845.550.231	30.322.277.595
Interest receivable from cash and due from banks	0	0
Interest receivable from security investments	56.134.139.010	3.425.893.057
Interest receivable from credit portfolio	1.557.203.452.825	24.196.457.383
Commissions Receivable	59.637.715.611	2.936.075.159
Interests Receivable on Other Accounts Receivable	0	0
(Provision for Interest Receivable and Other)	(129.757.215)	(236.148.004)
INVESTMENTS IN SUBSIDIARIES, AFFILIATES AND BRANCHES	103.231.318	19.334.836
Investments in subsidiaries and affiliates	103.231.318	19.334.836
Investments in branches	0	0
Provision for investments in subsidiaries, affiliates and branches	0	0
PROPERTY RECEIVED IN LIEU OF PAYMENT	511.901.547	216.899.051
PROPERTY IN USE	1.540.388.259.915	152.653.137.644
TOTAL ASSETS	22.025.854.154.163	89.822.697.406
TOTAL ASSETS	486.254.436.654.707	4.860.969.027.088

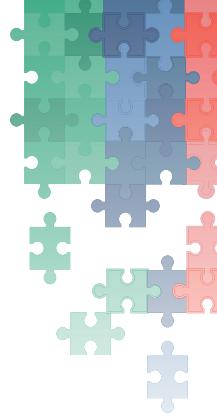
LIABILITIES AND EQUITY	Jun-18	Jun-17
DEPOSITS	424.713.141.828.818	4.229.539.219.102
Deposits in Current Accounts	408.214.086.769.975	3.946.845.666.490
Non-Remunerated Checking Accounts	269.556.641.425.058	2.351.936.369.233
Remunerated Checking Accounts	129.279.694.133.578	1.401.960.747.634
Current accounts under exchange agreement N° 20	272.549.877.154	81.756.400
Demand Deposits and Certificates	9.105.201.834.185	190.916.793.229
Other Demand Liabilities	1.268.145.680.120	44.961.218.680
Savings Deposits	0	0
Time Deposits	13.641.079.512.011	336.137.103.215
OBLIGATIONS WITH BCV	0	0
DEPOSITS AND OBLIGATIONS WITH BANAVIH	14.014.570	9.545.332
OTHER FINANCING OBTAINED	12.184.258.588.706	77.136.313.805
Liabilities with local financial institutions up to one year	12.184.258.255.083	77.081.704.981
Liabilities with local financial institutions more than one year	0	0
Liabilities with foreign financial institutions up to one year	333.623	54.608.824
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	0	0
INTEREST AND COMMISSIONS PAYABLE	9.610.558.358	31.920.251
Expenses payable due to deposits from clients	9.610.557.401	31.798.023
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	957	122.228
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	30.655.720.443.042	161.537.433.151
SUBORDINATED DEBT	0	0
OTHER LIABILITIES	0	0
TOTAL LIABILITIES	467.562.745.433.494	4.568.254.425.641
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	1.375.000.790	1.357.671.295
Equity Adjustments	2.969.888.043.751	126.270.719.705
Accumulated Income	9.202.358.879.576	163.586.065.907
Non-Realized Gain or (Loss) on Available for Sale Security Investments	28.854.187.382	285.034.828
Treasury Stock	(54.890.280)	(54.890.280)
TOTAL EQUITY	18.691.691.221.213	292.714.601.447
LIABILITIES AND EQUITY	486.254.436.654.707	4.860.969.027.088
Contingent Debtor Accounts	34.647.723.932.833	616.922.687.268
Trust Assets	1.528.666.165.220	66.724.990.334
Other Trust Assignments	3.958.103.583	1.969.559.296
Debtor Accounts Due to Trust Assignments (Housing Mutual Fund)	202.431.733.273	42.899.135.500
Other Debtor Accounts (Housing Mutual Fund)	16.719.845	19.472.260
Other Debtor Memorandum Accounts	446.702.352.972.557	14.715.464.282.463
Other Debtor Book Accounts	31.483.750	30.113.621

Statements of Earnings (Stated in VEF)

	Jun-18	Jun-17
Financial Revenues	13.979.484.784.406	204.726.089.962
Revenues from Cash and Cash Equivalents	1.776.620.658	377.320
Revenues from Security Investments	80.096.306.426	6.566.064.034
Revenues from Credit Portfolio	13.897.564.943.030	198.134.573.886
Revenues from Other Accounts Receivable	46.914.292	25.074.722
Revenues from Investments in Subsidiaries, Affiliates and Branches	0	0
Revenues from Head Office and Branches	0	0
Other Financial Revenues	0	0
Financial Expenses	327.808.572.010	16.851.497.273
Expenses Due to Deposits from Clients	327.808.502.949	16.839.252.760
Expenses Due to Obligations with BCV	0	0
Expenses Due to Deposits and Obligations with BANAVIH	0	0
Expenses Due to Other Financing Obtained	69.061	12.244.613
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	13.651.676.212.396	187.874.592.689
Income from Recovered Financial Assets	2.868.726.638	1.013.796.609
Expenses Due to Uncollectibility of Credits and Other Accounts Receivable	4.406.657.371.622	32.142.393.690
Provision for Loan Portfolio and Other Accounts Receivable, Losses	4.406.657.371.622	32.142.393.690
Provision for Cash and Due from Banks	0	0
Net Financial Margin	9.247.887.567.612	156.745.995.508
Other Operating Income	9.498.876.851.644	70.880.739.608
Other Operating Expenses	1.580.089.768.593	18.859.790.925

	Jun-18	Jun-17
Financial Intermediation Margin	17.166.674.650.663	208.766.944.191
Transformation Expenses	4.703.596.399.995	100.367.388.494
Personnel Expenses	2.417.915.513.861	38.979.602.281
Administrative and General Expenses	2.062.431.594.918	45.977.215.464
Contributions to Deposit Guarantee and Bank Protection Fund	202.924.894.596	13.821.549.514
Contributions to Superintendency of Banks and Other Financial Institutions	20.324.396.620	1.589.021.235
Gross Operating Margin	12.463.078.250.668	108.399.555.697
Income from Adjusted Goods	16.200.618.192	10.139.378
Income from Special Programs	0	0
Income from Sundry Accounts	287.238.358	1.753.312.950
Expenses Due to Realizable Property	172.203.485	93.953.437
Expenses for Depreciation, Amortization and Devaluation of Miscellaneous Goods	0	0
Expenses Due to Sundry Accounts	1.541.993.101.465	15.969.708.903
Net Operating Margin	10.937.400.802.268	94.099.345.685
Extraordinary Income	0	0
Extraordinary Expenses	355.110.205	128.904.013
Gross Income Before Taxes	10.937.045.692.063	93.970.441.672
Income Taxes	2.030.000.000.000	24.100.000.000
Net Income	8.907.045.692.063	69.870.441.672
Application of Net Income		
Reserva Legal	0	0
Statutory Utilities	267.211.400.000	0
Other Capital Reserves	2.182.683	6.250.000
Accumulated Income	8.639.832.109.380	69.864.191.672
LOSEP Contribution	117.237.930.330	1.015.387.256

Net Income Distribution		
Legal Reserve	0	0
Other Capital Reserves	2.182.683	6.250.000
Restricted Surplus	4.319.917.146.032	34.935.220.836
Surplus to apply	4.319.914.963.349	34.528.970.836
NET INCOME	8.639.832.292.063	69.870.441.672



REPORT OF DEMANDS AND COMPLAINTS OF CUSTOMERS OF THE BANKING SERVICES

FIRST HALF 2018

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, aligned with the current legal framework.

a) Summary by Status

In the first half of 2019, 2,705 complaints and requests were reported, for a total amount of 33,017,088,144 VEF; of which 696 were ruled in favor of the client with a reimbursement of 1,166,900,114 VEF.

When evaluating the attention times of the claims and requirements reported by customers / users in the first half of 2018, and starting from the premise indicated by the regulatory body where a maximum date of 20 continuous days is established for the resolution of the same, it is observed that the level of compliance in the service offer was 96.80%.



TABLE 1. SUMMARY OF COMPLAINTS AND REQUESTS REPORTED BY STATUS

Report Month	Managed				In Process		Level of Compliance in the service supply	
	Admissible		Not Admissible		Nº of Complaints	Claim Amount (VEF)		
	Nº of Complaints	Claim Amount (VEF)	Reimbursed Amount (VEF)	Nº of Complaints			Claim Amount (VEF)	
January	134	95,642,982	93,053,349	335	1,727,083,768	166	521,818,380	95.74%
February	162	56,724,125	52,714,654	228	1,861,007,856	94	635,994,900	90.00%
March	116	55,932,706	54,000,431	195	1,444,266,692	96	2,861,330,845	97.43%
April	85	136,169,580	114,889,313	220	4,829,644,475	109	1,689,934,206	99.34%
May	82	352,109,070	278,831,709	255	5,104,874,701	63	1,351,588,425	100.00%
June	117	668,223,951	573,410,658	225	8,234,128,346	23	1,390,613,136	100.00%
Total I Half	696	1,364,802,414	1,166,900,114	1.458	23,201,005,838	551	8,451,279,892	96.80%

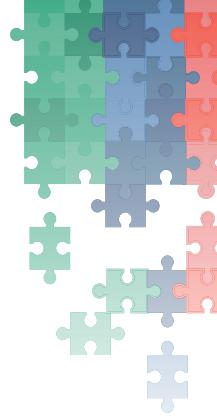
b) Summary by Type of Financial Instrument



TABLE 2. SUMMARY BY TYPE OF FINANCIAL INSTRUMENT

Report Month	Credit Card (CC)		Debit Card (DC)		Savings		Checks		Customer Service	
	Nº of Complaints	Claim Amount (VEF)	Nº of Complaints	Claim Amount (VEF)	Nº of Complaints	Claim Amount (VEF)	Nº of Complaints	Claim Amount (VEF)	Nº of Complaints	Claim Amount (VEF)
January	140	50,809,752	473	1,976,629,698	5	185,003,721	17	132,101,959	0	0
February	155	68,344,785	314	2,378,076,167	1	17,500,000	14	89,805,929	0	0
March	82	68,649,706	317	4,260,253,375	—	—	7	32,627,162	1	0
April	62	111,870,533	344	6,453,310,730	—	—	6	90,566,998	2	0
May	56	353,771,570	341	6,444,468,126	—	—	3	10,332,499	0	0
June	90	728,344,052	272	9,423,052,381	—	—	3	141,569,000	0	0
Total I Half	585	1,381,790,398	2.061	30,935,790,477	6	202,503,721	50	497,003.547	3	0

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



EQUITY SUFFICIENCY COEFFICIENTS LEVELS

In accordance with the provisions set forth in Resolution No. 305.09 dated July 09th, 2009 published in the Official Gazette No. 39,230 of July 29th, 2009, the following principles and procedures to calculate the Capital Adequacy Ratio are established:

Capital Adequacy Ratio

Which is calculated by dividing the amount of the Book Value of Capital, plus the Operative Management, by the Total Assets Value. The result of multiplying the quotient by one hundred (100) should not be less than nine percent (9%), in accordance with the provisions set forth in the Official Gazette No. 40,509 of October 1st, 2014.

Likewise, by means of the Official Papers SIBII- GGR-GNP-10189, dated April 7th, 2016, and SIB-II-GGR-GNP-11035, dated November 22th, 2017, the Superintendence of Institutions of the Banking Sector (SUDEBAN) grants the regulatory exception to determine the Capital Adequacy Ratio, set forth in Article 6 of the aforesaid Resolution No. 305.09, as follows:

SIB-II-GGR-GNP-10189 (Dated April 7th, 2016)

- a) To exclude from the Total Asset, according to the definition set forth in Article 2 of the aforesaid Resolution, the balance of the following items:
 - Bonds and Obligations issued by the Central Bank of Venezuela.
 - Placements in the Central Bank of Venezuela.
 - Liquid assets of the banking Institution in the Central Bank of Venezuela (including Legal Reserve).
 - Bonds and Obligations issued by state-owned oil company Petróleos de Venezuela, S.A. (PDVSA).
- b) To include in the book value of capital, as per the definition set forth in the aforementioned Article 2, the amount corresponding to:
 - The general provision for credit and microcredit portfolio.
 - The countercyclical Provision for credit and microcredit portfolio

The amount to be included under the aforementioned provisions will be the amount corresponding to percentages established in the regulations issued for that purpose by the Superintendence.

SIB-II-GGR-GNP-12738 (Dated April 27th, 2016)

The banking institutions must include within the calculation of Tier 1 Capital (Level I), the amount corresponding to the general and countercyclical provisions.

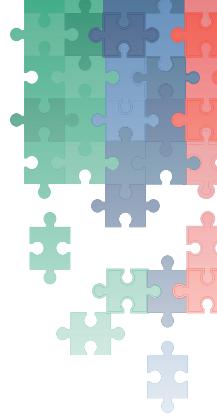
The amount to be included under such provisions will be the amount corresponding to the percentages established in the regulations issued for that purpose by the Superintendence

Resolution No. 025.17 (Dated March 28th, 2017)

The “Rules Relating to the Application of the Asset Revaluation in Banking Institutions” were established. By means of those Rules, the Superintendence of Institutions of the Banking Sector instructed that the amount of the Revaluation “may not exceed the total of the Tier 1 Capital (Level I) of the Institution considering the parameters established in the Rules that regulate the calculation of the Total Capital Adequacy Rate”. Similarly, in Article 6, it is stated that “The record of the amount of the asset revaluation in the Asset entry will be made in the accounts and sub-accounts established in the Accounting Manual for Banking Institutions, with offsetting entry in the account of the Equity item 351.00 “Adjustment for Asset Revaluation”.

Resolution No. 004.18 (Dated January 25th, 2018)

The Superintendence of Institutions of the Banking Sector issued Resolution No. 004.18 concerning “Temporary Measures for determining the equity/asset ratio and contingent transactions, applying risk-based weighting criteria”. This Resolution is applicable from the accounting close of January 2018 to the close of January 2019, and establishes that for purposes of calculating the book value adequacy rate set forth in Article 6 of Resolution No. 305.09, the percentage is reduced by two (2) percentage points, going from 9% to 7%. Then, for the purposes of calculating the Total Capital Adequacy Rate established in Article 48 of the Decree with Rank, Value and Force of Law of Institutions of the Banking Sector, the indicated percentage is reduced by one (1) point, going from 12% to 11%.



EQUITY SUFFICIENCY COEFFICIENTS LEVELS

In addition, Article 6 of Resolution No. 004.18 establishes the following provisions under paragraph 1 (a) and (b):

To include for the determination of the Tier 1 Capital (Level I):

- a) The premiums on issued shares for capital increases recorded in the account 331.00 “Contributions for capital increases” and those jointly adopted with the increase in share capital originating them, accounted for in sub-account 332.01 “Premiums on cash capital contributions”.
- b) The accounts 352.00 “Gain or loss due to exchange rate fluctuations due to the holding of assets and liabilities in foreign currency” and 354.00 “Gain or loss resulting from transactions in exchange systems”.

Also, paragraphs 2 and 3 of the aforementioned article establish the following:

- 1) To decrease the weighting of risk assets as follows:
 - a) For the amounts shown in sub-account 114.03 “Banks and foreign correspondents- Exchange Agreements No. 20 and 31”, a risk weighting decreasing from 20% to 0%.
 - b) For the purposes of immediate collection, the risk weighting decreasing from 50% to 0%.
 - c) For interbank placements and other placements in the microfinance, agriculture and tourism sectors, decreasing the risk weighting from 50% to 20%, as long as the amount maintained in such placements is intended for the fulfillment of the percentages of the mandatory portfolios.
 - d) For loans corresponding to current and restructured mandatory portfolios, to decrease the risk weighting from 50% to:
 - 40% for the agriculture portfolio.
 - 30% for the tourism sector portfolio.
 - 25% for the mortgage portfolio.
 - e) For commercial loans, other than those of mandatory portfolios, recorded as current loans, classified in the “A” Normal Risk risk category, to decrease the risk weighting from 100% to 80%.
 - f) For contingent accounts, to decrease the risk weighting from 100% to 80%.
 - g) For the items accounted for in sub-account 186.03 “Transactions in transit” that are divested within the first five (5) days of the following month of the month in which it is noticed, to decrease the risk weighting from 100% to 50%.

- 2) To deduct the amount of cash deposits given as collateral in the same banking institution of the assets subject to risk weighting, different from those that are weighted in 100%.

SIB-II-GGR-GNP-12209 (Dated July 23rd, 2018)

The balance corresponding to the “Immediate clearance payments” will be deducted from the total assets, as well as the monthly variation experienced by the sub-account 111.01 “Cash” of Item 110.00 “Availabilities” of the Accounting Manual for Banking Institutions.

For the purposes of the aforementioned monthly variation, the balance in said sub-account 111.01 “banknotes and coins” will be considered at the end of November 2016.

- Tier 1 Capital Adequacy Ratio (Level I). It is the ratio resulting from dividing the Tier 1 Capital (Level I) by the total amount of assets and contingent transactions weighted by risk levels. It should not be less than 6%.
- Total Capital Adequacy Ratio, which consists of the sum of the value of the Tier 1 Capital (Level I), plus the Tier 2 Capital (Level II), divided by the total amount of the assets and contingent transactions, weighted by risk levels. The quotient obtained once it is multiplied by one hundred (100) should not be less than twelve percent (12%).

The “Immediate clearance payments” will exceptionally be computed as items with a zero percent (0%) risk weighting.

It is noteworthy that the exceptions related to the Official Paper SIB-II-GGR-GNP-12209 will be applicable to the indicators corresponding to the close of the months of June and July, 2018.

According to the provision established and based on the results obtained in June 2018 and December 2017, percentages reached are:

Description	June 2018	Dec. 2017
Capital Adequacy Ratio	8,91%	11,08%
Total Capital Adequacy Ratio	11,55%	12,52%
Tier 1 Capital Adequacy Ratio	11,55%	12,52%

ELECTRONIC CHANNELS BANK AGENCIES



As of June 2018 close, Banesco had a wide network of physical and electronic distribution channels whereby the Bank offers a wide range of products and services:

- ▶ 335 service points (agencies, satellites and Banesco Express)
- ▶ 108.928 Points of sale.
- ▶ 1.137 ATMs (607 Monofunctional y 530 Multifunctional).

EXTERNAL AUDITOR'S REPORT

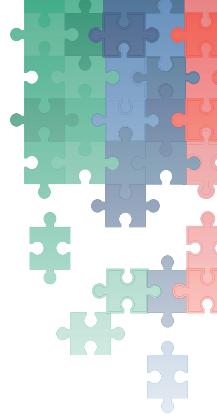
The financial statements of the Bank corresponding to the first half of 2018, included in this report, were audited by the external auditors of the Institution, "Lara Marambio & Asociados" (DELOITTE), and confirmed the fairness of such financial statements.



LIQUIDITY, LEVERAGE, EFFICIENCY AND PROFITABILITY INDICATORS

Principal Financial Indicators	Jun. 18	Dec. 17	Jun. 17	Dec. 16
1. Equity				
(Equity + Operative Management) / Total Assets	8.91%	11.08%	13.60%	10.98%
Non-Productive Assets / Equity + Operative Management	1361.15%	2577.88%	828.80%	961.64%
2. Assets Quality				
Loan Portfolio Provisions / Gross Loan Portfolio	2.00%	2.25%	2.50%	2.50%
Non Accrual Loans / Gross Loan Portfolio	0.00%	0.01%	0.05%	0.14%
3. Management *				
Personnel Expenses + Operative Expenses / Average Productive Assets	11.08%	9.60%	10.46%	8.45%
Personnel Expenses + Operative Expenses / Financial Income	32.05%	35.76%	41.50%	38.07%
4. Earnings *				
Net Results / Average Assets	9.77%	5.64%	4.43%	4.21%
Net Results / Average Equity	277.63%	140.05%	83.18%	69.45%
5. Liquidity				
Availability / Customer Funds	54.32%	75.29%	53.23%	47.17%
Availability + Investment in Securities / Customer Funds	54.39%	75.55%	55.02%	51.58%

* Annualized Percentages



REPORT OF THE INTERNAL AUDITOR ABOUT THE INTERNAL CONTROL OF BANESCO BANCO UNIVERSAL, C.A.

FIRST HALF 2018

In accordance with the dispositions of the article 28 included in the Decree with the Status and Force of law of the Partial Reform of the Law of the Financial Institutions of the Banking Sector, published in the Official Gazette No. 40,557, issued on December 8th, 2014, as well as the prudential legislation issued by the Superintendence of Institutions of the Banking Sector (which hereinafter shall be referred to as SUDEBAN, by its initials in Spanish) published on August 27th, 2014, through the Resolution 064.14 (Articles 1 and 16) related to the “General Rules Related to the Internal Audit Unit of the Financial Institutions of the Banking Sector”, we have presented a report that summarizes the tasks and activities performed and developed by the Internal Audit Unit of Banesco Banco Universal, C.A. during the period between January 1st and June 30th, 2018, which has been submitted to the consideration of the Audit Committee and the Board of Directors.

Banesco Banco Universal, C.A. has an Internal Audit Unit that works with sufficient independence to fulfill efficiently and in a timely manner its functions. This unit has widest faculties to achieve these goals. The Executive Vice-President of the Bank's Internal Audit Unit is the Internal Auditor, which is responsible of the Internal Audit Area. The members of the staff under the responsibility of the Internal Auditor are assigned to the Internal Audit Unit and they shall prepare administrative reports periodically to Banesco's Board of Directors.

The Unit counts with a Statute of the Internal Audit Function, which is revised periodically: This document defines the principles, rules and attributions of the Internal Auditor, the Assurance Policy of the Internal Audit Activity, the Regulations and Policies of the Internal Audit and the Internal Audit Activities, the Work Procedures and Guidelines, which are consistently defined in accordance with the National and International Internal Audit Standards and the Standards established by the Institution. If there are major changes in the regulatory framework or the company's functionality, those modifications shall be approved by the Audit Committee and the Board of Directors.

The methodology applied by the Internal Audit Area for the development of the Audit Plan, based on risk management processes, has been designed considering the following criteria:

- The Operating Plan of the Internal Audit Area was approved by the Audit Committee and submitted to the Board of Directors for its ratification. 6 reports have been sent periodically

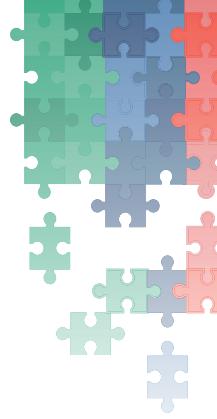
to the Board of Directors and the Audit Committee (every month) and the Committee of Integral Risks (every semester) to inform about the implementation of the plan.

- The rules established by SUDEBAN, as well as the national and international regulations applied to the banking sector, have been taken into account.
- The Audit Management is oriented mainly to the revision of the processes, based on risks, observed in the following areas: administrative and operating central areas, bank offices and Network of Branches, Information Technology, Prevention and Control of Money Laundering and Terrorist Financing, in accordance with the schedule fixed in the Audit Plan.
- Implementation of Audit tests for the assessment of significant degrees of exposure to risks, which must be followed by corrective/preventive measures based on clear strategies, verification of the internal control environment and its efficient functioning. All of these steps shall contribute to improve the effectiveness and efficiency of all the departments of Banesco Banco Universal, C.A., since it shall provide perspectives and orientations on the basis of the analysis and assessment of the related information and the processes performed by the Bank.
- Regarding the implementation of the Regulatory Framework for the Internal Audit Activity, the Audit Unit has adapted itself to specific factors of the Venezuelan legal, cultural and regulatory framework, as well as the expectations of the interested parties. This Audit process has been done in accordance with the current national regulatory standards, the best practices of Internal Audit in terms of Assurance, the Declarations on Rules and Procedures of Internal Audit Required by SUDEBAN.

Evaluation of Internal Control and Risk Management

- For the first semester of 2018, revisions were made with the coverages established in the Internal Audit Operational Plan, among which the following stand out:

–Qualification of the effectiveness of the internal control environment, when evaluating the different aspects that involve



REPORT OF THE INTERNAL AUDITOR...

the updating, application and operation of the Institution's internal controls, the risk management framework, the effectiveness of internal controls and efficiency and productivity of the resources.

–Review and verification of compliance with the legal provisions regulating banking activity, and in particular, the provisions of the Law on Partial Reform of the Law on Banking Sector Institutions, other resolutions, circulars and offices issued by SUDEBAN, as well as Other current regulations related to banking activity applicable in the reviews carried out.

–Verification of the application of the provisions contained in the Accounting Manual for Banks of SUDEBAN, in the balances that make up the figures presented in Banesco's financial statements.

–Monitoring of the Processes of Integral Risk Management and Technological Risk; as well as, tests to validate the closing of the gaps identified in the analysis of the Regulatory Entity, Operational Risk, Internal Audit and External Audit.

–Special audits were performed, related to the certification of processes evaluated by the Regulatory Body in inspections carried out by SUDEBAN, special cases, or requests issued by the Audit Committee.

–For the closing of the first semester 2018 according to the schedule, Internal Audit, concluded:

Audit class	Scheduled
Scheduled Audits accomplished	32
Non-scheduled Audits	7
Total	39

–In relation to the findings and reported situations pending regularization, related to the reinforcement of internal control, the action plans established by those responsible were followed up, evidencing that some of the aspects reported were corrected and other activities aimed at resolve pending observations, within the established deadlines..

Regulatory framework in force

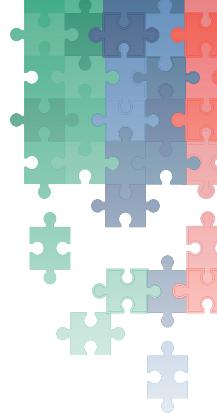
An audit was carried out at the Comprehensive Risk Management Unit at the close of 2017, confirming that Banesco has managed to materialize its efforts to create the organizational structure established in SUDEBAN Resolution 136.03 for an appropriate Risk Management; the design of methodologies to identify, measure, control, monitor and assess the various risks assumed has been included, as well as the development of policies established in the aforementioned regulation. In addition, the necessary adjustments have also been carried out in order to comply with Resolution 136.15.

In response to Resolution 119-10 of SUDEBAN, in the area of Prevention of Money Laundering/Terrorist Financing audit and verification activities have been carried out as established in the Regulations related to the Management and Control of Risks related to the Crimes of Prevention of Money Laundering and Terrorist Financing applicable to the institutions regulated by SUDEBAN, with review scope to this date in risk areas (Credit and Agencies). Based on the work carried out, we conclude that the plans and programs have been designed to prevent and detect the transactions that are presumed to be or could be related to Money Laundering and Terrorist Financing. Additionally, a follow-up of the action plan of the reported observations made by External Auditors, SUDEBAN, Written Communications Received and Internal Audit is being carried out, aiming that the result allow for the strengthening of the control environment and compliance with the regulations in force.

Concerning Information Technology, the Technological Risk Inspection Reports informed by SUDEBAN, External and Internal Audit; as well as the processes, applications and components, communications, links and interfaces established in the Audit Plan were followed up.

In relation to compliance with the requirements of the mandatory credit portfolios, in general, at the end of the first semester of 2018, the Bank has complied with the global percentages set forth in the laws and regulations in force, except for the percentage established for the mortgage credit portfolio. At the close of June 30th, 2018, during the tallying of the credit portfolio, it was possible to verify the reasonability of the accounting records and the establishment of provisions in accordance with the legal regulations.

In the first semester of 2018, during the revision of the Financial Statements pursuant to the Decree with Rank, Value and For-



REPORT OF THE INTERNAL AUDITOR...

ce of Law of Institutions of the Banking Sector, verifications of variations of balances were made, in order to check the reasonability of the accounts that make up the financial statements and to ensure that they are presented in a consistent manner and in accordance with the criteria provided by the Superintendence and other prudential regulations.

The Bank's financial indicators reflect an appropriate economic, financial and property situation. The provisions and reserves established in the current laws and regulations have been recorded.

In response to the plan of capital increases, Internal Audit carried out validations to the contributions made by the shareholders and applications that support the acquisition mandate. During the first semester of 2018, these contributions are maintained in the general ledger account No. 331011000100000000 "Contributions Pending Capitalization", until receiving the issuance authorization of the respective agency, the capital increases made place the Organization in a capital of VEF six trillion, four hundred ninety-one thousand, two hundred and fifty million.

Date	Increase (VEF)	Balance (VEF)
January 2018	10,000,000,000.00	91,250,000,000.00
February 2018	150,000,000,000.00	241,250,000,000.00
March and April 2018	450,000,000,000.00	691,250,000,000.00
April and May 2018	1,800,000,000,000.00	2,491,250,000,000.00
June 2018	4,000,000,000,000.00	6,491,250,000,000.00

In reference to the measure of special administrative intervention established in Resolution 031.18 issued by SUDEBAN on May 04th, 2018 and published in Official Gazette No. 41,392, dated May 8th, 2018, Internal Audit has carried out the monitoring of the process, in order to facilitate the documentation management, validation, timely delivery, as well as meeting the received requirements and ensuring business continuity.

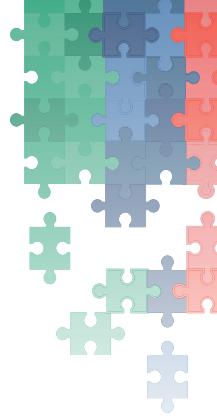
Internal Control Pronouncement

The activities developed by Internal Audit were defined taking into account the standards established in the regulations in force, taking into account the principles of objectivity and independence of the Internal Audit function.

From the reviews made to the internal controls of the Units and processes of Banesco Banco Universal, C.A., during the first semester of 2018, a Rating Average of 1.78 SATISFACTORY was obtained. Therefore, based on these results, an appropriate formulation of policies and processes was observed so that Banesco Banco Universal, C.A., operate:

- ▶ In accordance with the strategies defined by Senior Management, having the necessary human, technological and material resources, seeking efficient use.
- ▶ Appropriate decision making and a reliable and transparent disclosure of information to its Board of Directors, shareholders, workers, clients, competent authorities and the general public (to all interest groups), for which information systems should be available for the required quality, sufficiency, security and timeliness.
- ▶ Identification, evaluation and monitoring of risks, in order to maintain effective control and decrease of losses, by means of the appropriate administration of said risks.
- ▶ Consistency of the operative processes with what is established by the Executive Direction and their continuous assessment to verify the operation of the controls and to adopt, in its case, corrective measures in a timely and effective manner.
- ▶ Compliance with regulatory legislation in force and with internal policies and procedures established by the Board of Directors and the Executive Board.
- ▶ Awareness of risk, appropriate Corporate Governance and continuous and timely supervision, which guarantee the integrity and ethical values, strategic objectives based on operability, compliance by the Management and control activities related to Policies and Procedures.
- ▶ Regarding the recommendations and instructions made by the Superintendence in its various inspections, the Bank has given the explanations that it has considered appropriate, and in the monitoring carried out in the audit processes, it has been verified that the responsible areas work and respond accordingly regarding the regularization of the observations and recommendations given by the Regulatory Agency.

Based on the above, it is concluded that the efficiency and effectiveness in the management of the Internal Control System of Banesco Banco Universal, C.A., has a reasonable assurance.



NOTICES BY THE SUDEBAN

REGARDING PROVISIONS, REMARKS,
RECOMMENDATIONS OR INITIATIVES
ON THE OPERATION OF THE INSTITUTION

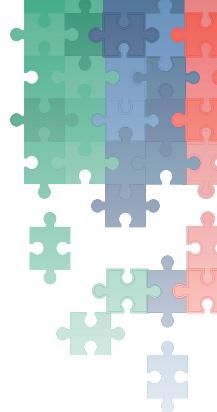


PARTICULAR REGULATION

DATE	OFFICIAL PAPERS
General Meeting of Shareholders	
01/15/17	SIB-II-GGIBPV-GIBPV5-00604: Pronouncement on the required documents corresponding to the Extraordinary General Shareholders' Meeting held on January 17, 2018.
01/18/18	SIB-II-GGIBPV-GIBPV5-00847: Considerations regarding the certified minutes of the Extraordinary Shareholders' Meeting held on November 20, 2017.
02/16/18	SIB-II-GGIBPV-GIBPV5-02510: Pronouncement on the collections of the Extraordinary Shareholders' Meeting, to be held on February 21, 2018.
02/16/18	SIB-II-GGIBPV-GIBPV5-02512: Considerations regarding the communication by means of which the Certified Minutes of the Extraordinary Shareholders' Meeting held on December 18, 2017 were forwarded.
02/16/18	SIB-II-GGIBPV-GIBPV5-02519: Sudeban makes observations to the information issued by the Bank, in response to Official Letter SIB-II-GGIBPV-GIBPV5-25679, containing the follow-up made to the collections recorded on the occasion of the Ordinary General Shareholders' Meeting, held on March 30, 2017 .
03/07/18	SSIB-II-GGIBPV-GIBPV5-03631: Observations on the information issued by the Bank, regarding the Certified Minutes of the Extraordinary Shareholders' Meeting held on January 17, 2018.
03/15/18	SIB-II-GGIBPV-GIBPV5-04167: Pronouncement on the collections recorded by the Bank, corresponding to the Ordinary General Shareholders' Meeting to be held on March 22, 2018.
03/16/18	SIB-II-GGIBPV-GIBPV5-04373: Considerations to the communication dated 02-03-2018, through which the Bank sent the corresponding receipts to the Extraordinary General Shareholders' Meeting to be held on March 22, 2018.
03/16/18	SIB-II-GGIBPV-GIBPV5-04374: Considerations to the communication through which the Bank remits the collections of the Extraordinary Shareholders' Meeting to be held on March 22, 2018.
04/20/18	SIB-II-GGIR-GSRB-06144: Considerations regarding the collections corresponding to the Ordinary General Shareholders' Meeting held on March 22, 2018.
4/27/18	SIB-II-GGIBPV-GIBPV5-7005: Pronouncement on the collections recorded by the Bank, corresponding to the Extraordinary General Shareholders' Meeting to be held on 04.30.2018.



PARTICULAR REGULATION



DATE	OFFICIAL PAPERS
01/11/18	SIB-DSB-UNIF-00306: Statement on communication issued by the Bank, in response to the Official Letter SIB-DSB-UNIF-26581, containing the results obtained in the Special Inspection Visit to the agencies located in Maracaibo, Zulia state, evaluated on November 14, 2017.
01/16/18	SIB-DSB-UNIF-00728: Considerations on the communication through which the Bank responded to the observations regarding the results obtained in the Special Inspection Visit related to the matter of Prevention and Control of LC / FT practiced to the agency Tumeremo (Code 510) located in the Bolivar state.
01/17/18	SIB-II-GGIR-GSRB-00772: Pronouncement on communications issued by the Bank, in response to Trades SIB-II-GGIR-GSRB-18443 and 25127, related to the Special Inspection Visit in matters of Comprehensive Risk Management, with a cut-off date of 05-31-2017.
01/30/18	SIB-DSB-UNIF-01472: Report containing the results obtained in the Special Inspection Visit made to the agencies: CCCT C2 (0339), Cubo Negro (0032), Plaza Francia (0420), San Ignacio (0351).
01/31/18	SIB-DSB-UNIF-01660: Report containing the results obtained during the Special Inspection Visit to the agencies: El Dorado Shopping Center (057), Barinas (338), 23 de Enero (219) and Socopó (476)
02/19/18	SIB-II-GGIR-GSRB-02593: Statement on the communication issued by the Bank, in response to the Official Letter SIB-II-GGIR-GSRB-25127, related to the Special Inspection Visit in the field of Comprehensive Risk Management, made with a cut-off date of May 31, 2017.
03/02/18	SIB-II-GGIR-GSRB-03374: Pronouncement on the communication issued by the Bank, in response to Official Letter SIB-II-GGIR-GSRB-15850 of 01.06.2016, regarding the results obtained in the Special Inspection Visit carried out with a cut-off date of 06.30.2015, on the compliance with Res. 136.03.
03/16/18	SIB-II-GGIR-GSRB-04399: Sudeban is pronounced on communication issued by the Bank, in response to Official Letter SIB-II-GGIR-GSRB-02593, related to the Special Inspection Visit in matters of Comprehensive Risk Management, made with a cut-off date of 05.31.2017.
03/20/18	SIB-DSB-UNIF-04434: Report containing the results obtained in the Special Inspection Visit to the agencies: Bella Vista (Code 086), Galerías (Code 980) and San Francisco (Code 080) located in the State of Zulia.
04/05/18	SIB-II-CCSB-28149: Reports containing the results obtained in the Special Inspections, carried out to the Bank, during the years 2016 and 2017; as well as the management of the Customer Service Unit and Banking User and the Customer Ombudsman and Banking User.
04/12/18	SIB-II-GGIBPV-GIBPV5-05653: Start of General Inspection with cut-off date 03/31/2018.
04/12/18	SIB-II-GGIBPV-GIBPV5-05652: Sudeban informs about the authorized officers to carry out a General Inspection Visit to the Bank.
04/23/18	SIB-II-GGIR-GRT-06419: Sudeban notifies the start of the Special Inspection Visit in the field of Technological Risk and authorized officials.
05/31/18	SIB-II-GGIR-GRT-08376: Sudeban notifies the incorporation of two (02) more officials to the Special Inspection Visit in the field of Technological Risk.

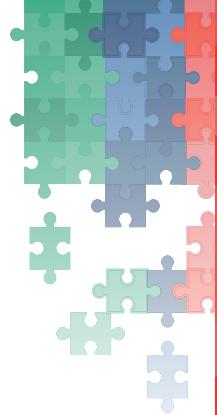


PARTICULAR REGULATION

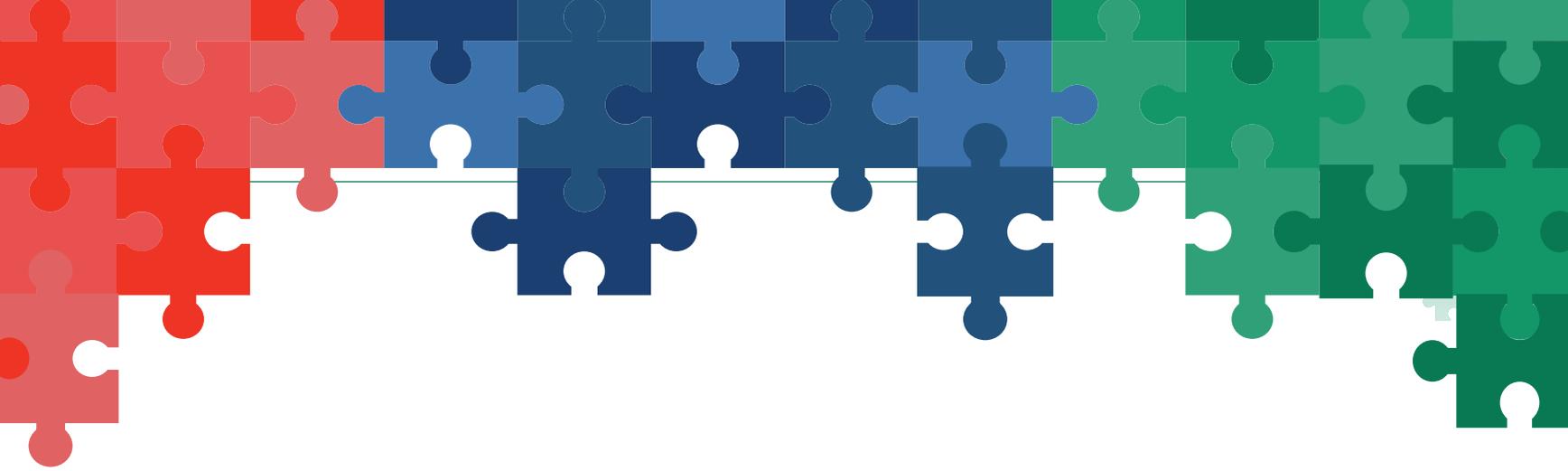
DATE	OFFICIAL PAPERS
Others	
01/17/18	SIB-II-GGR-GNP-00837: Provisions and requirements to be considered by the Bank for the opening of accounts to the beneficiaries of the system of missions or social programs promoted by the National Executive.
01/18/18	SIB-II-GGR-GIDE-00865: Sudeban is pronounced on the transmission of the Accounting Group P, as well as, of other Transmission Files, corresponding to the month of November of 2017
01/19/18	SIB-II-GGIR-GRT-01015: Authorization to implement the Monthly Maintenance Plan for the FIX Application (Program Temporary FIX PTF's) in the partition of the production environment of the iSeries central computer, during the period from January to December 2018.
01/23/18	SIB-II-GGR-GNP-01137: Guidelines for determining the equity ratio on assets and contingent operations, applying weighting criteria based on risk.
02/09/18	SIB-II-CCSB-02185: Observations on the Management Report of the Customer Ombudsman and Banking User, corresponding to the first semester of 2017.
02/09/18	SIB-II-GGR-GNP-02178: The prohibition of allocating funds from credits for the Acquisition of Foreign Exchange through the DICOM is reported.
03/16/18	SIB-DSB-CJ-PA-04302: Beginning of Administrative Procedure for the alleged breach of the credit portfolio for the microenterprise sector.
03/16/18	SIB-II-GGIBPV-GIBPV5-04375: Considerations on the communication issued by the Bank in response to Official Letter SIB-II-GGIBPV-GIBPV5-26299, regarding the review made of the certifications and account statements deposited by the custodians of the securities that were sent in accordance with the provisions of the Accounting Manual for Banking Institutions.
03/21/18	SIB-II-GGR-GNP-04522: Indicates the strategies to be applied to optimize the attention of Pensioners in Banking Institutions.
03/23/18	SIB-II-GGR-GNP-04746: The guidelines for determining the equity ratio on assets and contingent operations are reported, applying weighting criteria based on risk.
03/23/18	SIB-II-GGR-GNP-04745: Considerations on the "Accounting and Weighting of Bades 2024 Financial Values (VFBANDES2024).
03/27/18	SIB-DSB-UNIF-04799: Considerations on the Semi-annual Report on Prevention and Control of Money Laundering / Terrorist Financing Semester ended on 12-31-2017, prepared by the Firm of External Auditors S.C. Márquez, Perdomo & Asociados.
04/05/18	SIB-II-GGIR-GRT-05201: Authorization for Banesco to execute the Migration of the Current Servers of the ATM Service (HP Equipment) Database Layer (Oracle Platform) to the New Servers.
04/18/18	SIB-II-GGIR-GRT-6123: The Bank is authorized to execute the Migration of the Present Servers of the ATM Service (HP Equipment) Database Layer (Oracle Platform) to the New Servers.
04/25/18	SIB-DSB-UNIF-06622: The results obtained in the "Compliance and Risk Assessment" are reported through which the quality, timeliness and supporting documentation of the RAS (Suspicious Activity Reports) received at the UNIF (National Financial Intelligence Unit) are verified.



PARTICULAR REGULATION

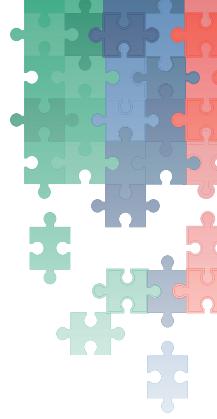


DATE	OFFICIAL PAPERS
Others	
05/04/18	SIB-II-GGIR-GRT-07349: Request for the technological investment plan to be executed during the fiscal year 2018 and the Work Schedule adjusted to the time previously set to implement and effect the launch of the Mobile Interbank Pay-to-Person service (P2C) on 05-31-2018.
05/22/18	SIB-II-GGIR-GRT-08461: The Bank is authorized to execute the Migration of the Present Servers of the ATM Service (HP Equipment) Database Layer (Oracle Platform) to the New Servers.
05/24/18	SIB-II-GGIR-GRT-08673: The 5th Periodic Update Cycle of PTF's V7R1M0 is authorized for the partition of the iSeries central computer production environment scheduled for 05-27-2018.
06/21/18	SIB-II-GGIBPV-GIBPV5-10393: Sudeban issues considerations on the decision to make the payment of a cash dividend to the holders of the preferred shares charged to the surplus to be applied, on 15.05.2018.
Official Papers	
01/26/18	SIB-II-GGR-GNP-1332: Temporary measures to determine the Assets Assets and Contingent Operations ratio, applying Risk-Based Weighting Criteria (Resolution 004.18).
04/04/18	SIB-II-GGR-GNP-05154: Sudeban issues scope to Resolutions Nos. 115.17 and 116.17, both dated 21-11-2017, containing the Rules relating to the point of sale service and the Rules that regulate the contracting with suppliers that carry out the sale of points of sale , respectively.
04/04/18	SIB-II-GGR-GNP-GIDE-5155: Submission of the new Form and Instructions called PD-SIB-135 "Initial balance and closing of cash and other operations".
04/05/18	SIB-II-GGR-GNP-05222: Scope of Circular SIB-II-GGR-GNP-23502 of 08.11.2017, containing the guidelines that must be considered in order to call the shareholders' meetings of banking institutions, exchange houses and border exchange operators.
04/05/18	SIB-II-GGR-GNP-03866: Rules are issued regarding the granting of credits to beneficiaries framed in the programs and missions promoted by the National Executive "
04/09/18	SIB-II-GGR-GNP-5501: Circular No. SIB-II-GGR-GNP-22290 of 24.10.2017, on preventing discrimination, restriction, dissuasion or prohibition of opening and maintaining the Collection Instruments is ratified.
04/18/18	SIB-II-GGR-GNP-06130: Request for a report on the actions contemplated by the Bank, in order to comply with the Decree of Economic Reconversion.
04/30/18	SIB-II-GGR-GNP-7170: Sudeban issues considerations regarding the Limit established for the Financing granted by means of Credit Cards, by virtue of the increase in the value of the Tax Unit.
05/22/18	SIB-II-GGR-GNP-08480: Sudeban exhorts the Banking Institutions to increase the daily amounts to make payments with Debit and Credit Cards at the Points of Sale, as well as for Bank Transfers.
05/31/18	SIB-II-GSRB-GGR-GNP-09104: Sudeban instructs the deferral of articles 24 to 31 of Resolution No. 136.15 dated 11/11/2015, containing the Rules relating to adequate Integral Administration of Liquidity Risk of Banks, specifically with regard to the Reason of the Liquidity Risk (RRL).
05/31/18	SIB-II-GGR-GNP-09105: Sudeban issues guidelines to determine the equity ratio on assets and contingent operations, applying weighting criteria based on risk.



RELEVANT'S INFORMATION TO STAKEHOLDERS





SUMMONS

BANESCO BANCO UNIVERSAL, C.A.

Stock Capital
BsS. 12.500,00

Announcement Ordinary Shareholders' Meeting

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 Annual Meeting of Shareholders to take place on September 27th, 2018, at 8:00 a.m., in the Fernando Crespo Suárez Auditorium, 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, 2018.

SECOND: Discuss and decide on the allocation to be made to the profits as of June 30, 2018.

THIRD: Appoint the members of the Board of Directors for the 2018-2021 period.

FOURTH: Election of the external auditor of the Bank.

JUAN CARLOS ESCOTET RODRIGUEZ | Chairman of the Board.

The information referred to in this call will be available in the Bank's Shareholders Unit, located on 3rd Floor, quadrant "D" of the "Ciudad Banesco" Building.

Caracas, August 31, 2018.

RIF: J07013380-5

Announcement Extraordinary Shareholders' Meeting

By resolution of the Board of Directors and in accordance with the provisions of Articles 11, 12 and 27.2 of the Corporate By-laws, shareholders of Banesco Banco Universal, C.A. are summoned to meet at the Annual Meeting of Shareholders to take place on September 27th, 2018, at 8:30 a.m., in the Fernando Crespo Suárez Auditorium, 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: To consider and decide on the advisability of increasing the Bank's capital stock.

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

JUAN CARLOS ESCOTET RODRIGUEZ | Chairman of the Board.

The information referred to in this call will be available in the Bank's Shareholders Unit, located on 3rd Floor, quadrant "D" of the "Ciudad Banesco" Building.

Caracas, August 31, 2018.

RIF: J07013380-5

Announcement Extraordinary Shareholders' Meeting

By resolution of the Board of Directors and in accordance with the provisions of Articles 11, 12 and 27.2 of the Corporate By-laws, shareholders of Banesco Banco Universal, C.A. are summoned to meet at the Annual Meeting of Shareholders to take place on September 27th, 2018, at 9:00 a.m., in the Fernando Crespo Suárez Auditorium, 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 Twelve cents of Bolívar (VES 0,12), as a result of the redemption of one thousand two hundred (1,200) 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 Twelve cents of Bolívar (VES 0,12), by decree, distribution and payment of dividends in common shares.

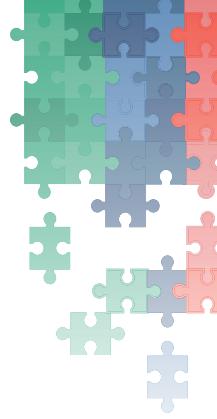
THIRD: In accordance with the decisions made on the above matters, modify article 5 of the Corporate Bylaws of the Bank regarding the Capital Stock.

JUAN CARLOS ESCOTET RODRIGUEZ | Chairman of the Board.

The information referred to in this call will be available in the Bank's Shareholders Unit, located on 3rd Floor, quadrant "D" of the "Ciudad Banesco" Building.

Caracas, August 31, 2018.

RIF: J07013380-5



REPORT OF THE CORPORATE GOVERNMENT

BANESCO BANCO UNIVERSAL, C.A.

Banesco Banco Universal, C.A., is a banking institution, domiciled in Caracas in the Bolivarian Republic of Venezuela, duly authorized to perform all the financial intermediation activities and their related services, with the limitations imposed by the Decree with the Status, Validity and Force of law of the Law of the Financial Institutions of the Banking Sector.

The Meeting of Shareholders

The Meeting of Shareholders represents the totality of the shareholders and it holds the supreme direction of the company. The meetings are held ordinarily within 90 days after the close of every semester. Extraordinary meetings are held when the Board of Directors deems it convenient for the interests of the company or when it is required by a group of shareholders, which shall represent at least 20% of the share capital. The acts and resolutions issued by the meeting are of compulsory compliance for Banesco and all its shareholders.

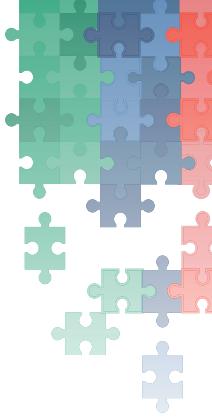
The Meeting of Shareholders has the following attributions: i) To determine the number of Directors that will make part of the Board of Directors; ii) To appoint the members of the Board of Directors and fix their salaries; iii) To designate the Statutory Auditor and its deputy delegate, as well as fixing their salaries; iv) To appoint one or several advisors, which shall have the right to attend the meetings and shall have voice, but not vote, in the sessions of the Board of Directors; v) To discuss, approve and modify the financial statements presented before the Assembly, in accordance with the observations of the Statutory Auditors; vi) To issue and amend the By-laws; vii) To decide over the following matters: early dissolution of the company; extensions or renewals; merger with another company; sale

of the corporate assets; changes on the purpose of the company; increase, decrease or reimbursement of the share capital of the company and amend of the statutes that rules the aforementioned matters; viii) To decide over the dividend declaration as well as the payment modalities: amounts, payment frequency, and periods, as it is deemed convenient by Banesco. This shall be done always in accordance with the Venezuelan laws and the By-laws of the company; ix) To determine the convenience of constituting reserves or special chapters, which shall be submitted to the consideration of the Board of Directors; x) Likewise, to hear and decide over any other matters within its competence, in accordance with the Venezuelan laws and the By-laws of the company.

The Board of Directors

The Board of Directors is responsible of the direction and general administration of the businesses and operations of Banesco, including its policies of business social responsibility. This administrative body has the widest powers to manage the company's assets and businesses with the exception of some matters, which will be administered exclusively by the Meeting of Shareholders and other administrative bodies set forth by the law or by the of the Bank's by-laws. The Board of Directors shall define which are the goals of the company and how shall be the best way of administering it; this administrative body approves the business policies and principles and regulates the autonomy concerning executive decisions in order to preserve the interests of the shareholders and the institution. The Board of Directors is committed to control the operating and functional areas of the company; it also assesses the business'





REPORT OF THE CORPORATE GOVERNMENT

projections and compares the results obtained in previous years with the results obtained in every financial period. The members of the Board of Directors shall convene an ordinary meeting, at least, once a month. The extraordinary meetings shall be called by request of the Chairman of the Board of Directors or by three (3) of its members.

In accordance with the Decree with the Status, Validity and Force of law of the Law of the Financial Institutions of the Banking Sector, the Board of Directors has also the following duties and attributions: i) To define the credit and financial strategy of the institution and to control its execution; ii) To analyze and express an opinion about the credit risk reports, regarding the proportionality and validity of the granted guarantees; iii) To decide over the approbation of the active transactions that individually exceed five percent (5%) of the company's equity; iv) To give a reasoned opinion, under its responsibility, about the financial statements and the internal audit report, in which it shall be included the opinion of the auditor about the compliance with the regulations that prevent money laundering; v) To hear and decide over the content and compliance with the regulations issued by the Superintendence of Institutions of the Banking Sector related to dispositions, observations, suggestions or initiatives about the institution's functioning; vi) To comply with and make comply the provisions set forth by the law, the Superintendence of Institutions of the Banking Sector, the General Meeting of Shareholders and the Board of Directors. Likewise, the Board of Directors has some other attributions set forth in the Bank's by-laws.

The Chairman of the Board of Directors

The Chairman of the Board of Directors is subordinated to the Meeting of Shareholders and the Board of Directors. This leading position is committed to be the legal representative of the institution before any private or public authority. On behalf of the company, the Chairman shall convene contracts, agreements, and, generally, sign documents of any nature. The Chairman shall execute all the tasks commissioned by the Board of Directors. The Chairman convenes and leads the Meeting of Shareholders and exercises, along with the Board of Directors, the supreme management of the Bank's different activities.

The purpose of the Compliance Officer is to strengthen the mechanisms that contribute to the monitoring of the risks related to Money Laundering and Terrorism Financing (ML / TF).

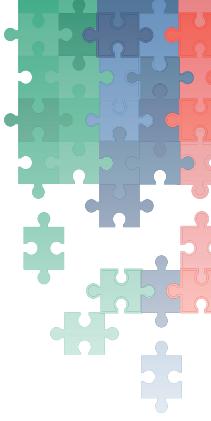
The Chief Executive Officer

The CEO is in charge of the daily management and operation of Bank's the businesses and internal services, as well as the management, monitoring and control of its businesses, its accounting, financial statements, inventory and accounts. Furthermore, the CEO has the following executive faculties: chairs the Bank's executive direction committees and represents the company among third parties in non-judicial matters. The CEO shall celebrate on behalf of the company, contracts, agreements and arrangements.

Internal Auditor

In accordance with Decree with the Status, Validity and Force of law of the Law of the Financial Institutions of the Banking Sector, the Internal Auditor is responsible for assuring that the operations and procedures of the bank comply with the law, the prudential legislation, the internal manual of procedures of the bank, and the accounting principles generally accepted by the Superintendence of Institutions of the Banking Sector.

Furthermore, the Internal Auditor aims at preserving the adequate functioning of the internal control systems and guaranteeing the full compliance with the resolutions issued by the General Shareholders Meeting, the Board of Directors and the Superintendence of Institutions of the Banking Sector. The Internal Auditor subscribes the financial statements, jointly with the legal representatives and the general accountant, and coordinates internally the different operations of the institution. This officer acts jointly with the Audit Committee and informs the Board of Directors about the results of the different performed audits with the purpose of improving the internal processes and resolving any difficulty or problem that may occur.



REPORT OF THE CORPORATE GOVERNMENT

Compliance Officer

This officer works directly with the Board of Directors of the bank, to whom it submits periodical reports. The officer aims at strengthening the mechanisms implemented to prevent the monitoring of risks related to Money Laundering and Terrorist Financing.

Its main tasks are the following: to preside the Committee of Prevention and Control against Money Laundering and Terrorist Financing; to coordinate, observe and manage the compliance program against Money Laundering and Terrorist Financing; to assure the implementation of the regulations to avoid cases of Money Laundering and Terrorist Financing; to design, along with the Committee and Unit of Prevention and Control against Money Laundering and Terrorist Financing, an annual operating plan against those crimes.

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

Audit Committee

The Audit Committee aims at revising the financial statements, which shall be considered by the Board of Directors and then submitted to the approval of the Meeting of Shareholders. The Audit Committee shall assure that all the required information contained in the financial statements is true and accurate, with no reserves and omissions, and it proves the financial situation of the company. Similarly, the Audit Committee collaborates with the Board of Directors in the implementation of some measures, which aim at preserving the integrity of the company's financial information. The Audit Committee also collaborates in the supervision and monitoring of the external and internal audit of the Bank. The Audit Committee approves the scope of the annual audit and revises, along with the Board of Directors and the external auditors, all the most significant aspects related to lawsuits, contingencies and claims.

Risk Committee

Its main task is the management, identification, measurement and mitigation of the risks that the Bank might be exposed to, fixing the risk limits in accordance with the policies set forth in each one of the activities of the Bank in aspects related



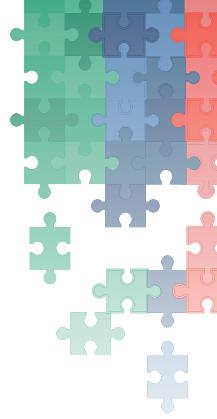
to credit, financial market, legal framework, business, among others, in conformity with the domestic legislation and the best practices implemented in international legislations. Additionally, the Risk Committee supports the Board of Directors, as well as the different Credit Committees, in the decision making. This instance brings about guidelines and policies that must be complied with in order to preserve the established risk profile.

Credit Committees

The Board of Directors, reserving the exercise of this attribution, has delegated in the credit committees the authority of granting credits in any of the modalities allowed by the law, assigning to each autonomy or credit committee, an individual borrowing limit. To this date, Banesco has the following committees: Central Credit Committee, Executive Credit Committee, Delegate Credit Committee, Regional Credit Committee and the individual autonomies.

Technology Committee

Its main function is to guarantee that all the technological implementations are in line with the strategies and objectives of the bank, always considering a global and horizontal vision of the business. The Committee aims at using responsibly the technological resources, as well as identifying and administering possible risks. Furthermore, the Committee is responsible for the design and implementation of the business architecture



REPORT OF THE CORPORATE GOVERNMENT

and the administration of the technological plan of the bank. This instance is committed with the optimization and monitoring of the process functioning and the problem-solving.

Asset and Liability Committee

This body is responsible for the management of the following matters: risk market, liquidity (prices, interests, exchange rates), and capital adequacy. This committee periodically analyzes the degree of exposure to risks and defines the financial strategies implemented, in short and long-term, to deal with the assumed risks in accordance with the foreseeable evolution of the markets. Its main objective is managing from a financial, commercial and risk perspective, the assets and liabilities of the bank, anticipating to the threats and opportunities offered by the market as a way of optimizing the results and achieving the goals conceived in the financial planning.

Prevention Committee against Money Laundering and Terrorist Financing

This body aims at controlling and supervising the full compliance of the preventing measures intended to fight against Money Laundering and Terrorist Financing within the Bank. Likewise, the Committee acts as an advice and consult organization, which supports the efforts undertaken by the Board of Directors, the CEO of the Institution and the Compliance Officer in order to guarantee the compliance of some aspects included in the current legislation for the prevention and control of Money Laundering and Terrorist Financing.

Ethics Committee

Its main function is to guarantee the appropriate reception, analysis, assessment and resolution of denounces, questions and themes, which could affect the compliance with the rules related to the ethical values set forth in the Code of Ethics and Conduct of the Banesco Citizen. It also assesses some facts that could affect the integrity and image of Banesco.

Code of Ethics and Conduct of the Banesco Citizen

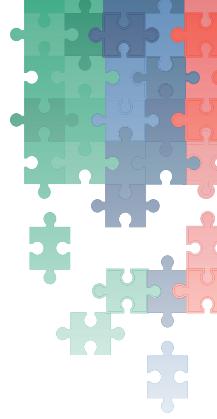
This code aims at defining and regulating the ethical values conceived by Banesco. This code establishes some behavior patterns, which aims at reinforcing honesty, an essential conduct in all the actuations of the Banesco Citizen. Its implementation is addressed essentially towards the respect of the

human rights, as well as the prevention and control against Money Laundering and Terrorist Financing.

To achieve this goal, the conduct of the Banesco Citizen must be ruled by the following values:

- ▶ **Responsibility:** to act responsibly and perform all its tasks and duties. This implies to assume fully the competences, functions and tasks that have been assigned. The Banesco Citizen must be diligent and have initiative in the compliance of all the requirements and demands inherent to this position. The Banesco Citizen expected to administer efficiently the time and to give the best to all the people.
- ▶ **Reliability:** to guarantee the banking secret and any other confidential data related to the clients, unless an official authority requests specific information within the scope of its competences; this information, obtained due to the exercise of its functions, competences and tasks, shall not be used for personal gain or for the benefit of third parties. Likewise, the Banesco Citizen shall tell the truth in any circumstance and answer always with honesty, recognizing his/her mistakes and asking for help if it is necessary.
- ▶ **Quality:** the Banesco Citizen shall keep a conduct characterized by the respect towards human dignity, performing every task with the highest care and giving the best effort to overcome the expectations of the bank's clients and users.
- ▶ **Innovation:** the Committee shall keep updated with new technologies, using them appropriately and generating new ways of getting things done, analyzing risks and acting always in accordance with the Code of Ethics and Conduct of the Institution.





REPORT OF THE STATUTORY AUDITORS

BANESCO BANCO UNIVERSAL, C.A.

Half finished at June 30, 2018 • Caracas, August 27, 2018

In our capacity as Statutory Auditors of Banesco Banco Universal, C.A., appointed at the Ordinary General Meeting of Shareholders of the bank, held on March 30th, 2016 and ratified in the Ordinary General Meeting of Shareholders of the bank, held on March 30th, 2017, in accordance with the By-laws of the bank, the Inter Professional Rules for the Exercise of the Function of Statutory Auditor and in conformity with the articles 287, 309 and 311 of the Venezuelan Code of Commerce, we are pleased to inform that we have examined the consolidated balance sheet as of June 30th, 2018, the related financial statements, the statement of changes in equity, the cash flow statement, for the semester ending on that date. We attach the report issued by the independent public accountants of the bank, members of the firm "Lara, Marambio & Asociados" (Members of Deloitte) issued on August 24th, 2018, which shall be considered to all effects as an integral part of this report.

During the semester ended on June 30th, 2018, the following general meetings have been celebrated:

General Shareholder's Meeting		Date
Extraordinary	(1)	January 17, 2018
Extraordinary	(1)	February 21, 2018
Ordinary	(2)	March 22, 2018
Extraordinary	(1)	March 22, 2018
Extraordinary	(3)	March 22, 2018
Extraordinary	(1)	April 30, 2018
Extraordinary	(1)	May 28, 2018
Extraordinary	(1)	July 31, 2018

1) Discussed subjects: a) Capital increase in cash and b) modification of article 5 of the by-laws related to the share capital. The capital increase on the share capital, with cash funds provided by the shareholders, has not been approved yet by the Superintendence of Institutions of the Banking Sector, prior to the binding opinion of the Superior Organ

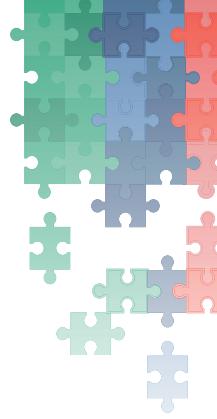
of the Financial National System, for its subsequent filing before the Mercantile Registry Office.

- 2) Discussed subjects: a) Approval of the financial statements, based on the report of the Board of Directors and the Statutory Auditors, as of December 31st, 2017, issued by independent public accountants, b) Decree of Dividends and its corresponding payment in cash, and c) Authorization to the Board of Directors to acquire for valuable consideration the shares of the bank and to dispose of them when it deems necessary.
- 3) Discussed subjects: a) To reduce the share capital of the bank as a consequence of the rescue of the preferred shares, 2) Increase on the share capital of the Bank through the dividends decree paid in respect of share, 3) Modification of the article 5 of the By-laws, which is related to the share capital.

We have attended in our capacity of Statutory Auditors to the Ordinary General Meeting of Shareholders, and to the General Extraordinary Meetings of Shareholders, all celebrated on March 22nd, at 8:00 am, 8:45 am and 9:00 am, respectively.

Responsibility of the Management for the Financial Statements

The General Management of Banesco Banco Universal, C.A. is responsible for the preparation and accurate presentation of these financial statements in conformity with the accounting principles established by the Superintendence of Institutions of the Banking Sector (SUDEBAN), which differ in some aspects from the accounting principles generally accepted in the Bolivarian Republic of Venezuela (VEN-NIF). Furthermore, the General Management of Banesco Banco Universal, C.A. is responsible of establishing the internal controls that it deems necessary in order to guarantee that these financial statements are free from material misstatements, whether due to fraud or error. The General Management of Banesco Banco Universal, C.A. is committed to select and apply the most appropriate accounting policies, as well as to perform reasonable accounting estimations, in accordance with the circumstances.



REPORT OF THE STATUTORY AUDITORS

Auditor's Responsibility

The responsibility of the independent public accountants is to express an independent opinion about these financial statements based on their audits. They have performed their audits in accordance with the International Audit Standards. These standards demand the compliance of several ethical requirements, as well as the planning and execution of tests, which aims at assuring that these financial statements are free from significant misrepresentations. An audit includes performing some procedures to obtain evidences related to the figures, data and information presented at the financial statements.

The selected procedures depend on the judgement of the auditor and it includes the assessment of risks derived from material misstatements, whether due to fraud or error. When assessing the risks, the auditors consider the essential internal controls implemented by Banesco Banco Universal, C.A., for the preparation and presentation of reliable financial statements, with the purpose of designing Audit procedures deemed appropriate in accordance with the circumstances. It is not the purpose of the auditor to give an opinion about the internal controls of the bank. An audit also includes the assessment of the adequate use of the accounting policies and the reasonability of accounting estimations done by the General Management, as well as the presentation on balance of the financial statements. The independent public accountants of the Bank consider that the audit evidence obtained during their revision is sufficient, appropriate and it provides a reasonable basis to support their opinion.

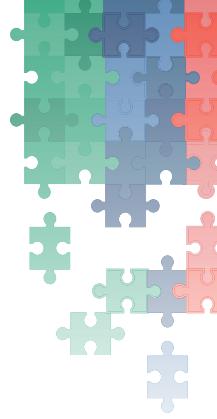
Responsibility of the Statutory Auditors

The responsibility of the independent public accountants is to express an independent opinion about these financial statements based on their audits. They have performed their audits in accordance with the International Audit Standards. These standards demand the compliance of several ethical requirements, as well as the planning and execution of tests, which aims at assuring that these financial statements are free from significant misrepresentations. An audit includes performing some procedures to obtain evidences related to the figures, data and information presented at the financial statements.

The selected procedures depend on the judgement of the auditor and it includes the assessment of risks derived from

material misstatements, whether due to fraud or error. When assessing the risks, the auditors consider the essential internal controls implemented by Banesco Banco Universal, C.A., for the preparation and presentation of reliable financial statements, with the purpose of designing Audit procedures deemed appropriate in accordance with the circumstances. It is not the purpose of the auditor to give an opinion about the internal controls of the bank. An audit also includes the assessment of the adequate use of the accounting policies and the reasonability of accounting estimations done by the General Management, as well as the presentation on balance of the financial statements. The independent public accountants of the Bank consider that the audit evidence obtained during their revision is sufficient, appropriate and it provides a reasonable basis to support their opinion.

- i) Financial Statements
- ii) Special Report
- iii) Trust Combined Financial Statements.
- iv) Memorandum: observations and recommendations.
- v) Semi-annual Reports on the Procedures Related to the Treatment of Non-Financial Information:
 - v.1) Revision of the semi-annual report and the report on claims filed by the clients of the Bank before the Management of Customer Services and Requirements, the Customer's Ombudsman and of the Personal Banking User.
 - v.2) Certification on the implementation of the temporary measures set forth in Resolution No. 332.11 issued on December 22nd, 2011, reprinted due to material misstatement in the Official Gazette No. 39,924 issued on May 17th, 2012, for the constitution of provisions in the registry of the operations related to credits and microcredits; and
- vi) Semi-annual Assurance Reports:
 - vi1) Compliance of the Resolution No. 004.18, related to the "temporary measures for determining the equity/assets ratio and contingent transactions, applying risk-based criteria".
 - vi2) Semiannual Compliance of Resolutions No. 136.03 and 136.15, related to the "Rules for an Appropriate Comprehensive Risk Management" and the "Rules for an Appropriate Comprehensive Management of Liquidity Related Risk in the Financial Institutions".



REPORT OF THE STATUTORY AUDITORS

vi3) Semiannual Compliance with Resolution No. 119-10, related to the “Rules for the Management and Audit of the Risks Related to Money Laundering and Terrorist Financing”.

Additionally, we have had meetings with the managers, public accountants and other senior executives of the bank. These meetings allow us to reasonably construct the criteria that support the results of our assessment.

Qualified Auditor’s Opinion

After having revised and considered the opinion of the independent public accountants, previously identified, we could express that these financial statements present reasonably, in all their significant material aspects, the financial situation of Banesco Banco Universal, C.A., as of June 30th, 2018, as well as the results of its transactions and the cash flow during the period ended on that date, in accordance with the Accounting Principles Generally Accepted in the Bolivarian Republic of Venezuela, established by the Superintendence of Institutions of the Banking Sector (SUDEBAN) for the Venezuelan Banking System. The information provided in these financial statements is sufficient enough to recommend its approval.

Emphasis of matter paragraphs

- ▶ In the notes 1 and 22 of the report issued by the independent public accountants, it is indicated that the bank belongs to Banesco Group and makes transactions with related enterprises, whose effects are shown in the annexed financial statements.
- ▶ In the notes 1 and 30 of the report issued by the independent public accountants, it is stated the following: in the Official Gazette issued on May 8th, 2018, the Superintendence of Institutions of the Banking Sector, in compliance with the opinion of the Higher National Financial System Body (OS-FIN, by its initials in Spanish), has published Resolution No. 031.18 issued on May 4th, 2018, in which it is formalized the special intervention of Banesco Banco Universal, C.A. This measure does not imply the ceasing of its commercial activities. Subsequently, in the Official Gazette No. 41,453 issued on August 3rd, 2018, it was published Resolution No. 050.18 issued by the Superintendence of Institutions of the Banking Sector on August 1st, 2018. This resolution has extended, on the same terms and for 90 days, the spe-

cial intervention imposed to the bank. Until now, the aforementioned process has not ended and, therefore, we do not have enough evidences to determine the effects, if there are, of such measures over the financial statements as of June 30th, 2018, and the over its future transactions.

- ▶ In the Note 2 of the report issued by the independent public accountants, it is indicated that the bank, as a financial institution of the Venezuelan Banking System, prepare its financial states in accordance with the standards, guidelines and accounting principles established by the Superintendence of Institutions of the Banking Sector. Such standards and principles differ in some aspects from the Accounting Principles Generally Accepted in the Bolivarian Republic of Venezuela (VEN-NIF GE).

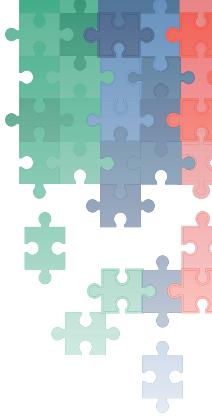
We have to highlight that the opinion given by the independent public accountants of the bank in this report has not been modified by the aforementioned emphasis of matter paragraphs.

Accounting Basis

Banesco Banco Universal, C.A. presents its financial statements in accordance with the accounting standards established by the Superintendence of Institutions of the Banking Sector (SUDEBAN), which differ in some aspects from the Generally Accepted Accounting Principles, as it is explained in the Note 2 to the financial statements of the report issued by the independent public accountants. The financial statements are accompanied by the report of the independent public accountants and they were prepared with the purpose of complying with the standards and practices established by the Superintendence. The presentation of these financial statements is not totally based on the Accounting Principles Generally Accepted in the Bolivarian Republic of Venezuela VEN-NIF GE.

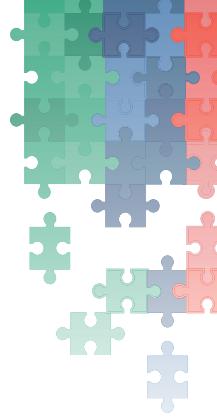
Other Matters to be informed

- 1) During the reading of the Minutes of the Board of Directors corresponding to the semester ending on June 30th, 2018, (From Minutes 1,443, dated January 17th, 2018 to Minutes 1,453 dated July 25th, 2018), the existence of dissenting votes was observed. The following table refers to the Minutes of the Board of Directors and the specific points, where the aforementioned situation is presented:



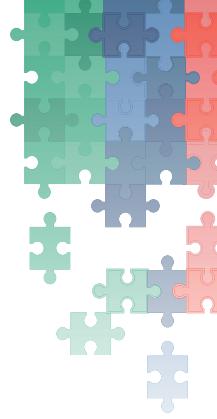
REPORT OF THE STATUTORY AUDITORS

Minutes of the Board of Directors of the first semester 2018				
N°	Date	Subject	Dissenting Votes	Explanatory memorandum
1,450	06/05/2018	2. Information about Resolution 031.18 dated May 4th, 2018 and other administrative acts appealed	One (1)	The Permanent Representative abstained from voicing an opinion regarding the Reconsideration Appeals filed, considering that those are administrative proceedings in progress, on which the Superintendence of Institutions of the Banking Sector must decide in accordance with the provisions set forth in the legal regulations in force.
		3. Reading and adoption of the previous minutes No. 1,448 and 1,449, dated April 30th, 2018 and May 31th, 2018, respectively.	One (1)	The Permanent Representative of the Special Intervention based her position regarding said act 1,448 on the fact that the powers and competences vested in her to act as Permanent Representative before the Board of Directors and in all the Committees of this banking institution took effect from May 8th, 2018 and, consequently, voicing an opinion about what was decided at that meeting of the Board of Directors was not her responsibility.
		7. Report of Thematic Committees of Directors 7.1. Assets and Liabilities Committee (ALCO) 7.2. Audit Committee 7.3. Ethics Committee 7.4. Risk Committee 7.5. Technology Committee 7.6. Executive Committee 7.7. Executive Tematics Committee	One (1)	The Permanent Representative abstained from voting in relation to this point, considering that the powers and competences vested in her as a Permanent Representative to the Board of Directors and other corporate governance bodies of Banesco Banco Universal, C.A., included in Resolution No. 031.18, dated May 4th, 2018, published in the Official Gazette of the Bolivarian Republic of Venezuela No. 41,392, dated May 8th, 2018, took effect from the aforementioned date, for that reason, it was not appropriate that she voice an opinion or validate this point.
		8. Financial Report 8.1. Financial Management 8.2. Economic Capital Monitoring 8.3. Tracking of Competition 8.4. Status of the Investment Portfolio 8.5. Monitoring of the Corporate Strategy (BSC)	One (1)	
		9. Management of Credit Autonomy 10. Active transactions exceeding 5% of equity. 11. Credit, Credit Card and Expenditure Penalties	One (1)	



REPORT OF THE STATUTORY AUDITORS

Minutes of the Board of Directors of the first semester 2018				
N°	Date	Subject	Dissenting Votes	Explanatory memorandum
1,451	07/03/2018	4. Meeting of Shareholders 4.1. Subscription rights not exercised	One (1)	The Permanent Representative before the Board of Directors and all the committees of Banesco Banco Universal, C.A., abstained from voting, since it was a matter related to the interests and rights of the shareholders of the company.
1,452	07/18/2018	3. Steering and Executive Committee Reports 3.2. Audit Committee	One (1)	The Permanent Representative before the Board of Directors and all the committees of Banesco Banco Universal, C.A., abstained from voting regarding the content of the report, since it results from a meeting held before her appointment. The Permanent Representative before the Board of Directors and all the committees of Banesco Banco Universal, C.A., abstains from voting, considering that a routine inspection by SUDEBAN is in progress in the credit area and that the body of advisers is in the process of reviewing the manuals associated with credit transactions, recently delivered by Banesco Banco Universal, C.A.
		6. Credit Autonomy Management Report.		
		7. Active Transactions that exceed 5% of the assets		
		8. Credit, Credit Card and Expense Penalties (June and July 2018)		
		9. Proposal of adjustments of Autonomies for the granting, processing and maintenance of Credit Card natural person		
1.453	07/25/2018	3. Call for Special meeting of Shareholders August 31th, 2018. FIRST: To increase the Share Capital of the Bank. SECOND: To modify Article 5 of the By-laws, which deals with the Bank's share capital. 4. Dividend		The Permanent Representative before the Board of Directors and all the committees of Banesco Banco Universal, C.A., abstained from voting, since it was a matter related to the interests and rights of the shareholders of the company.



REPORT OF THE STATUTORY AUDITORS

2) Based on the evaluation of the Credit Portfolio and Interests and Commissions Receivable and Other Assets, as of June 30th, 2018, presented in the Special Report issued by the independent public accountants dated August 24th, 2018, for the purpose of complying with the standards for the preparation of semi-annual external audit reports established by the Superintendence of Institutions of the Banking Sector (SUDEBAN), the following provisions as of June 30th, 2018 are, in our opinion, reasonable and sufficient for the purposes for which they were created, in accordance with the standards issued by the Superintendence of Institutions of the Banking Sector (SUDEBAN). The figures are expressed in VEF, prior to August 20th, 2018:

Provision for Credit Portfolio	4,576,099,739,014
Provision for Returns Receivable and Other	129,757,215
Provision for Other Assets	28,395,111,287

3) Based on the evaluation made on the portfolio of Investments in Securities and their Returns Receivable as of June 30th, 2018, we determine that the presentation, valuation and its assessment are reasonable, and, in our opinion, the recording of a provision is not required to that date.

4) The Bank has control mechanisms in order to monitor compliance with Article 307 of the Code of Commerce. The Bank does not declare or pay dividends to the shareholders but on liquid and collected profits.

5) The reserves, provisions and statutory sections are reasonable and comply with the provisions set forth in the regulations governing the matter; therefore, the managers have complied with the duties imposed by the Law, the Articles of Incorporation and By-laws document, and the legal order in force.

6) Banesco Banco Universal, C.A. has implemented the corresponding audit programs, with the purpose of complying with the instructions included in Official Paper No. HSB-200-1155 dated February 24th, 1984, issued by the Superintendence of Banks and Other Financial Institutions, the current Superintendence of the Institutions of the Banking Sector (SUDEBAN), as established in Official Paper No. HSB-200-5355 of September 13th, 1984.

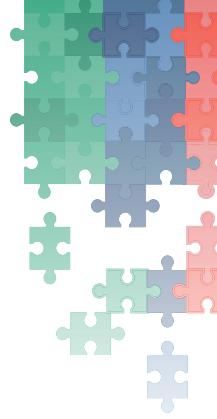
7) During the period under review, we have not received any complaint from any shareholder nor have we been informed by any of them about the existence circumstances that, in our opinion, weaken or have the potential to weaken the financial condition of the institution.

8) As part of our evaluation, we reviewed the communications received from and sent to the Superintendence of Institutions of the Banking Sector (SUDEBAN), during the semester ending on June 30th, 2018. In this regard, we highlight:

8.1 The Superintendence of Institutions of the Banking Sector, through Communications No. SIB-DSB-CJ-PA-6301 and SIB-DSB-CJ-PA-6302, both dated April 20th, 2018, notified the bank of the commencement of an administrative proceeding as a consequence of the alleged breach of the provisions set forth in Articles 14, 16 and 17 of Resolution No. 119-10, as the National Financial Intelligence Unit (UNIF), was not informed by the bank about accounts that presumably maintain transactional characteristics that could qualify as unusual or suspicious, according to the client's financial profile. In this regard, on May 3rd, 2018, the banking institution sent to the Regulatory Entity, the brief with the submissions and arguments against the aforementioned administrative procedure.

Also, on April 23rd, 2018, by means of Communication No. SIB-DSB -UNIF-06346, the Superintendence of Institutions of the Banking Sector notified the commencement of a Special Inspection to the Unit of Prevention and Control of Money Laundering and Terrorist Financing.

8.2 In the Official Gazette No. 41,392 dated May 8th, 2018, the Superintendence of Institutions of the Banking Sector, in compliance with the criterion of the Higher National Financial System Body, published Resolution No. 031.18, dated May 4th, 2018, by means of which it formalized the special intervention measure of Banesco Banco Universal, C.A., without implying the ceasing of its operations. Said intervention measure would have a duration of ninety (90) continuous days from its publication in Official Gazette, extendable for the same period of time if it is justified by the circumstances justify it. In addition, in the aforementioned resolution, the permanent representative on the Board of Directors and all the internal committees of the bank was appointed, with full access to all management, operational,



REPORT OF THE STATUTORY AUDITORS

business areas, as well as to any other area, in order to carry out control, supervision and surveillance activities, and to ensure the rights of customers, users, shareholders and suppliers of Banesco Banco Universal, C.A.

Subsequently, on May 18th, 2018, the bank filed the administrative motion for reconsideration against Resolution No. 031.18 issued by the Superintendence of Institutions of the Banking Sector.

On May 28th, 2018, the Superintendence of Institutions of the Banking Sector, through Communication No. SIB-DSB-08842, forwarded to the bank a copy of the communication dated May 18th, 2018, signed by the permanent representative before the Board of Directors and other internal committees of the banking institution, in which the data of the officials that would assist the aforementioned representative in the development of the functions and powers conferred by means of Resolution No. 031.18 was provided.

Subsequently, on May 30th, 2018, the bank filed the administrative motion for reconsideration against the administrative act contained in Communication No. SIB-DSB-08842 dated May 28th, 2018, issued by the Superintendence of Institutions of the Banking Sector.

8.3 On July 6th, 2018, the Superintendence of Institutions of the Banking Sector through Communication No. SIB-DSB-CJ-PA-11418 notified the bank, through Resolution No. 046-18 of the same date that the aforementioned motions for reconsideration, filed on May 18th and 30th, 2018, were dismissed.

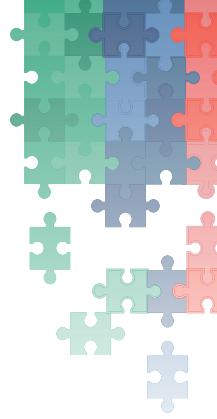
8.4 Through Communication No. SIB-DSB-UNIF-12787 dated August 2th, 2018, the UNIF sent the report to the bank containing the partial results obtained as of July 31th, 2018, as a result of the Special Inspection visit to the Unit of Prevention and Control of Money Laundering and Terrorist Financing, which was initiated based on the dissemination made by the National Executive of the results obtained in the development of Operation Paper Hands and of the measure of special intervention established in the resolution of May 08th, 2018, showing observations related, among other aspects, with the following:

- ▶ The structure and functions of the acting parties of the Comprehensive System of Management of Risks of Money Laundering and Terrorist Financing.

- ▶ The detection and assessment of warnings; as well as their timely referral to the Regulatory Entity.
- ▶ Information received late at the Unit of Prevention and Control of Money Laundering and Terrorist Financing by the employees responsible for Compliance for warning analysis.
- ▶ Observations in relation to the “Know Your Customer” Policy and in relation to “Due Diligence” for knowing the clients, regarding weaknesses in the individual registration, updating and completeness of some fields of the “Customer Identification Card” form, as well as absence of the form, in some cases, among other.
- ▶ Use and adjustment of the technological tools for the detection and analysis of warnings, segmentation, among others.
- ▶ Specialized training for the Compliance Officer and members of the Prevention and Control Committee of Money Laundering and Terrorist Financing and of the Unit of Prevention and Control of Money Laundering and Terrorist Financing.
- ▶ Absence of a global review, on the part of internal audit, for compliance with the procedures established for the Unit of Prevention and Control of Money Laundering and Terrorist Financing, nor their management information systems.
- ▶ Participation of the Unit of Prevention and Control of Money Laundering and Terrorist Financing in the processes associated with the approval of credits.
- ▶ Account blocking and conditioning as preventive measures.
- ▶ Risk assessment for products and distribution channels, as well as the geographical areas considered high-risk areas.

From the above, the SUDEBAN provides to the Bank with the recommendations to be put into practice regarding the findings pointed out.

In this regard, on August 16th, 2018, and in accordance with the request established in Communication No. SIB-DSB-UNIF-12787, the bank presented the explanations and considerations on the aspects reported in said Communication and presented the plan containing the actions carried out to that date, included within its ongoing activities and those actions that will be implemented to correct the reported findings as appropriate. In the following list, the matters reported to the Regulatory Entity are presented:



REPORT OF THE STATUTORY AUDITORS

a) Explanations and considerations:

- Structure and validity of the Comprehensive System of Management of Risks of Money Laundering and Terrorist Financing.
- Money Laundering and Terrorist Financing Risk Management Policy.
- Management of warning and Paper Hands lists.
- Capacities of the Unit of Prevention and Control of Money Laundering and Terrorist Financing.
- Training.
- Audits.
- Communication plans.
- ACRM (Technological tools).
- Money Laundering and Terrorist Financing Risk Aspects.

b) Action plan to be executed between the months of June and November 2018, related to:

- Unit of Prevention and Control of Money Laundering and Terrorist Financing Structure
- Training of personnel.
- Information sources.
- IT systems.
- Reports of suspicious activities.
- Participation of the Unit of Prevention and Control of Money Laundering and Terrorist Financing in credit processes.
- Know Your Client Policy.
- Communications addressed to external clients.
- Audits.
- Other considerations (preventive account blocking).

8.5 In the Official Gazette No. 41,453 dated August 3rd, 2018, Resolution No. 050.18 was published, issued by the Superintendence of Institutions of the Banking Sector dated August 1st, 2018. The aforementioned resolution extended the imposed special intervention measure in the same terms and for ninety (90) continuous days counted from August 7th, 2018, in accordance with the provisions set forth in Resolution No. 031.18 dated May 4th, 2018, published in Official Gazette No. 41,392 dated May 8th, 2018. In this regard, on August 17th, 2018, Banesco Banco Universal, C.A. filed an administrative motion for reconsideration against Resolution No. 050.18 issued by the Superintendence of Institutions of the Banking Sector.

It is recommended to continue strengthening the prevention and management mechanisms of the Comprehensive System of Management of Risks of Terrorist Financing, through a constant review and improvement of its policies and documentation of internal procedures and controls, based on risks, with special attention to the Know Your Customer Policy and due diligence efforts, in compliance with the provisions of the rules governing the matter, taking into consideration the recommendations given by the Regulatory Entity, external and internal auditors.

9. On April 11th, 2018, the Superintendence of Institutions of the Banking Sector, through Communication No. SIB-II-GGIBPV-05653, provided the Bank with the required information to carry out the General Inspection up to March 31st, 2018. As of the date of this report, the General Inspection is in progress.

10. The Superintendence of Institutions of the Banking Sector, by means of Communication No. SIB-II-GGIR-GRT-06419 dated April 23rd, 2018, provided the Bank with the list of officials authorized to take part in the Special Inspection Visit of technological elements and systems. As of the date of this report, the General Inspection is in progress.

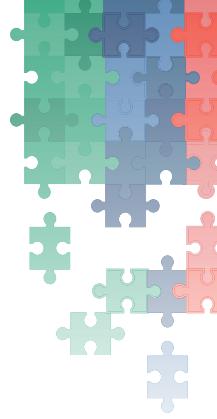
Based on the foregoing, we recommend the shareholders to adopt the financial statements of Banesco Banco Universal, C.A., corresponding to the semester that ended on June 30th, 2018, presented by the Board of Directors; as well as the management of the administrators of the banking institution for the semester that ended on June 30th, 2018. The administrators of the banking institution are called upon to carry out the recommendations set out in this report as well as those resulting from the reports issued by the external auditors, in their respective reports, and from the observations and instructions issued by the Superintendence of Institutions of the Banking Sector through communications and Official Papers issued in the exercise of their legal regulatory and control powers.

Carolina A. Arellano Suárez

Statutory Auditor
C.P.C. 44.795

María E. Medina Silva

Statutory Auditor
C.P.C. 10.916



CORPORATE MANAGEMENT REPORT

FIRST HALF 2018

HUMAN CAPITAL

Talent Development and Training

Banesco is focused on generating a positive impact in its qualified employees. The bank is committed with the goals of the Organization; therefore, the bank wants to provide in a systematic, planned and permanent way different learning experiences, implementing new methodological strategies that allow the Banesco Citizens to have different actions, aimed at improving technical aspects related to the regulatory framework. Banesco is always trying to give its employees the best strategies for them to perform their tasks and functions efficiently, producing high quality results. In this sense, its initiatives are in line with the following programs:

Training activities focused on key areas such as business, credit, sales, business processes, and financial logistics, as well as on the strengthening of work team leadership and management abilities associated to the program Banesco Leadership and Service Orientation. With the purpose of fulfilling the legal framework, Banesco offers seminars, conferences and Specialization Programs focused on the Prevention against Money Laundering and Terrorist Financing, as well as the training in Safety and Occupational Health.

The bank has expanded its portfolio in Virtual Training by including 10 modules, some of the more significant of which are the following: Credit Scoring; Business Expansion Model; SirWeb 2018 and Google Site. In attention to the regulatory framework, the Organization has the following goal: 0 accidents. Banesco offers tips to handle labor stress and risk culture. It is promoted the prevention against Money Laundering focused on its Network of Branches. Additionally, the bank has produced and prepared topical contents in its virtual module, for example, the Venezuelan monetary conversion.

Since the bank wants to potentiate a specialized development on the Banesco Citizen, Banesco has invited more than 138 specialists to participate in the following Training Programs: Business Intelligence, Bank and Finance, Management, Safety and Occupational Health. The Organization has also offered educational programs in specialized areas such as Retention and Total Reward. The bank has had the advice of well-known Venezuelan

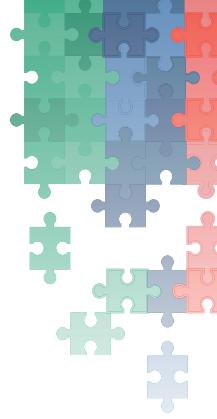


Universities such as Universidad Católica Andrés Bello (UCAB, by its acronym in Spanish), Universidad Central de Venezuela (UCV, by its acronym in Spanish), and Asociación Venezolana de Gestión Humana (AVGH, by its acronym in Spanish).

In the context of the Credit Overcrowding Project, Banesco has given continuity to the certification process addressed to the SME Business Managers and Executives in the areas of Massive Segment and Banking.

All these training and development activities have allowed the bank to achieve in this first semester of 2018 the following results:

- More than 232,700 man/hours implemented in actions of Training and Development. Of which, 37,300 hours corresponded to the face-to-face format and more than 195,400 hours correspond to virtual programs.
- More than 9,000 participants in formation activities offered in situ.
- 517 workers have attended to at least one training activity in the face-to-face format.
- 7,543 workers have developed their virtual training.



Culture, Climate and Quality of Life

The Climate and Culture actions are focused on the attention of teams and their leaders, offering spaces for the consolidation of essential values such as leadership, team work and emotion management. The Bank has fostered the effective compliance of the Code of Ethics and Values of Banesco, impacting more than 2,500 collaborators nationally.

The emphasis is on promoting experiences that connect emotionally the collaborators with the country and the Organization. Banesco has constructed an efficient communication program, which aims at strengthening the values of Banesco, the Principles of Coexistence and the Prevention against Money Laundering and Terrorist Financing, promoting its diffusion and compliance.

The bank keeps a constant support to the projects of Change Management and offers its collaborators competitive benefits to potentiate the engagement with the company, as a way of developing and retaining its most talented resources.

Some interventions have been developed to potentiate the communication and leadership skills of its executives with the purpose of having a positive work environment and integral labor welfare.

Quality of Life

Banesco is oriented to improve the quality of life of its workers, as a way of motivating them to make a better use of their free time. The Bank provides spaces for the conciliation of the personal and labor life of the Banesco Citizen and its family. Among the proposed activities, the following can be mentioned:

- ▶ **Sport and recreational activities** for the prevention against the use of alcohol, tobacco and other drugs.
- ▶ **Body Toning and Continuous Training Activities.** During this period, the company offers yoga and dance classes, twice a week. Softball Training and a Running Club have been offered as well.
- ▶ **Family Days:** family days have been organized for the workers and their families: they have enjoyed of recreational activities for the prevention against the use of alcohol, tobacco and other drugs.

Cultural Activities

- ▶ **Theater/Presentation of Plays:** in the framework of the Children's Day, it was presented the play *La Isla de la Perla Azul* [*The Blue Pearl Island*], interpreted by the group of theater of the bank.

Volunteering Activities

- ▶ Participation in the workshop "Active Pauses and Ergonomics", for the wellness of the work environment. The workers aim at replicating and applying the acquired knowledge.
- ▶ Volunteering Support, jointly with Bimbo, in the activities performed in the San Judas Tadeo School. This volunteering activity allows the workers of Banesco to share with other volunteers, bringing joy to kids with special needs.
- ▶ For all the internal recreational activities, Banesco has had the support of its volunteers and with an installed a protocol team for the internal and external activities.

Labor Benefits

- ▶ **Insurance Policy:** for the Organization is a priority that its collaborators and their family group have an insurance policy with a very significant coverage. Since April 1st, 2018, the surgery and hospitalization coverage has risen from VEF 3,000,000.00 to VEF 20,000,000.00; while the maternity coverage was increased from VEF 1,000,000.00 to VEF 5,000,000.00. These increases have zero impact on the contributions paid by the workers, which allow them to choose the modalities that fit better to the family budget. Additionally, it was done a Health Fair with the purpose of clearing up all the questions about the products and services offered by Banesco, as well as promoting the acquisition of the insurance policy, since it represents a preventive measure.
- ▶ **Funerary Services:** Banesco Savings Bank offers to its affiliates (employees) and their immediate relatives (father, mother, sons and spouses) a funerary service policy. The basic coverage is offered without additional charges. Banesco, as a socially responsible organization, assumes a considerable part of the costs generated to assure the workers' welfare.
- ▶ **Credit Cards:** since March 1st, 2018, Banesco has granted the first credit card for those employees with a labor seniority of more than 3 months in the Organization. This initiative has the purpose of guaranteeing the largest benefits to its workers.

CORPORATE SOCIAL RESPONSIBILITY

During the first semester of 2018, the social investment totaled VEF 268.488 billion (VES 2.7 million). 90% of those resources were used for the improvement of the quality life of the Banesco Citizens and their families. Among the benefits granted by the company, it could be mentioned the following: medical services, medical check-ups, educational seminars promoted by its social partners, as well as special contributions for chronic diseases, among other benefits.

In terms of the social investments addressed to third parties, Banesco keeps supporting projects in key areas such as health, education and financial education. Until the first semester of 2018, Banesco has invested more than VEF 3.460 billion (VES 0.03 million) of the funds destined to the corporate social responsibility projects for the benefits of the most vulnerable sectors of the country.

Among the activities done in the first semester of the year, it could be mentioned the following:

- ▶ Concert of the Venezuelan Foundation AVESID.
- ▶ Exposition *Nuevo País de las Artes [The New Country of the Arts]* held at Hotel Tamanaco Intercontinental (Caracas, Venezuela).
- ▶ Photographic Exhibition *Caracas en 450 [Caracas in 450 histories]* held at Centro Comercial Paseo El Hatillo (Caracas, Venezuela).
- ▶ Award Ceremony of the Contest *Retratando Capacidades [Portraying Capacities]* promoted by the Foundation Paso a Paso, held at Ciudad Banesco.



Participatory Budgets with the Community

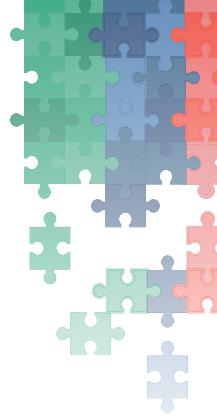
During the first semester of 2018, Banesco has promoted an activity in the Venezuelan region of Nueva Esparta: the winning projects are associated to key areas such as health, education, care area and infrastructure improvements. Since 2008, Banesco has supported more than 90 initiatives promoted by non-governmental organizations in projects related to health, senior citizens care, education, culture and infrastructure, through a selection methodology for communitarian projects, among others.

Micro-Entrepreneur Training Program

In the first semester of 2018, Banesco has graduated more than 2,068 entrepreneurs. Since the year 2008, the Micro-Entrepreneur Training Program has certified more than 54,090 people. This year the program is developed in alliance with institutions and societies such as the university Instituto Universitario de Gerencia y Tecnología (IUGT, by its acronym in Spanish) and the foundations FundAcción Social; Fe y Alegría and Negocio PYME [SME Business].

Furthermore, Banesco has fostered strategic alliances with the following Venezuelan institutions and foundations: Fundación Cultura Chacao, Funda Futuro, Iglesia Pentecostal, Fundación Telefónica and the Municipalities of Sucre and El Hatillo. In 2018, the program has benefitted a significant number of participants from the Capital District and the following regions: Anzoátegui, Monagas, Miranda, Carabobo, Aragua, Lara, Guárico, Portuguesa, Zulia and Vargas.

During 2018, the Management Module has been completed by a total of 1,294 women and 774 men, mostly Venezuelans, high-school graduates and university graduates, owners of businesses with more than a continuous year of commercial activities. 1,084 of these participants have done the Technological Module, which is offered since 2016 for the participants that have completed the Management Module. To the the present day, Banesco has certified more than 5,274 people.



Banesco Editorial Fund

Banesco has published several titles through its Editorial Fund, which are available and could be downloaded, free of charge, in the Digital Library of the bank. *70 años de Crónicas Policiales* [70 years of police chronicles] is one the books published in the first semester of 2018. This title belongs to the collection *Journalism*, which reunites 26 chronicles written by 16 Venezuelan journalists, from the 40's to the present day.

The presentation of the book was done during the Journalist's Day celebration. The book revision was done by the acclaimed journalist and editor Sergio Dahbar. This title is the eighth publication of the collection *Journalism*, which has the purpose of creating a series of referential publications for the new generations of journalists.

Book Fairs

Banesco has accompanied, once again, the academic institution Universidad de Margarita in the International Book Fair of the Caribbean (FILCAR, by its acronym in Spanish). This fair promotes the most recent national and international published titles, other than being an experience that enriches and contributes to the formation of its visitors.

During the fair, Banesco has presented 4 digital books of its Editorial Fund: *70 años de Conversaciones con Escritores de Paso* [70 years of conversations with transiting writers] *Nuevo País de las Artes* [New Country of the Arts] *100 años del Magallanes Contra Viento y Marea* [100 years of Magallanes against all odds] and *Rostros de Venezuela* [Faces of Venezuela].

Banesco Scholarship Program

During the first semester, Banesco offers a scholarship program addressed to the students of Universidad de Margarita (UNIMAR) as way of contributing to their academic and professional training. In total, 136 students benefit from this program. The scholarship covers between 80% and 100% of the costs derived from college tuition in accordance with the scholars' socio-economic conditions.

Nowadays, the scholars are undergoing higher studies in areas such as management, accounting, journalism, law, education and engineering. With this economic contribution, the invest

ments in the College Scholarship Program since 2016 until the present date total VEF 224 million (VES 0.002 million).

SOCIAL NETWORKS

At the close of June 2018, Banesco has 1,300,000 followers in its official accounts in Twitter, Facebook, Instagram, Google+, YouTube and LinkedIn, which represents a rise of 9.11% compared with the figures of June 2017.

For Banesco, the social networks represent an important channel to communicate with the clients and the general audience, not only for the transmission of the contents produced by the bank, but also as a way giving a prompt answer to the requests and demands of the clients.

During the first semester of the year, 8,610 cases, related to products and services, were resolved through social networks.

36.95% of the cases correspond to requirements of Banesco clients, while 60.34% were inquiries about products and services.

Regarding the presence of Banesco in social networks, the Twitter account @Banesco is the most followed accounts by Banesco users, in comparison to other social networks, reaching more than 700,000 followers in June 2018. Besides, the social networks are a link for receiving and answering product inquiries and requirements and also a platform to offer worthy content about personal finance, entrepreneurship, technology, holidays, history, sports, businesses, energy and novelties about products, services and promotions of the Bank.

Banesco has also reached more than 263,000 followers in Facebook and it has more than 122,000 followers in Instagram.

The series of videos entitled "Banesco en Imágenes" [Banesco in images] has been published on YouTube and have registered more than 4 million views. Banesco has more than 9,700 subscribers. At the close of June 2018, the Banesco Blog has reached more than 7 million and a half visits. In this site, in addition to the corporate information about products and its Business Social Responsibility Policy, the institution has an exclusive content prepared by well-known journalists.

MARKETING AND INNOVATION

Seeking that Banesco clients do not stop their destiny

During this first semester, we have boosted our Digital Bank through the use of the *BanescoOnline*, *BanescoMóvil* and *Banesco PagoMóvil* platforms. With these services, our clients do not need to go a bank agency to perform their banking transactions; therefore, they do not lose special moments of their life. Banesco Digital Bank campaign was launched on June 14th, 2018, in the framework of the 2018 Russia FIFA World Cup. This campaign aims at educating Banesco clients in the use of its digital channels, which facilitate their banking transactions and offers them several benefits.

The advertising campaign was accompanied by a TV and Radio advertisement, as well as a massive presence in social networks and at the Banesco.com website.

Banesco educates the pensioners in the use of the electronic channels

With the purpose of giving continuity to the campaign launched in 2017, Banesco has kept a narrow and constant communication with the clients that are beneficiaries of the Venezuelan Institute of Social Security (IVSS, by its acronym in Spanish) and their relatives. Banesco wants to strengthen their educational process in the use of the electronic channels, offering them new benefits and improving the benefits that already exist for the pensioners' saving accounts.

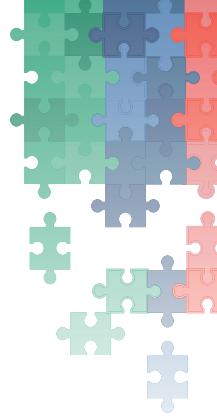


This campaign was deployed across Radio Stations, the Banesco.com website, the social networks and Contact Marketing: Banesco ratifies the payment and transfer facilities of its *BanescoOnline* service, reporting every month on the preferential service hours that all the agencies offer to the pensioners and also fostering the use of Banesco Debit Card to make purchases in the points of sale of any commercial establishment. This campaign will be permanent, since it has an educational purpose focused on pensioners.

Banesco has promoted diverse initiatives to foster the use of the Banesco PagoMóvil platform

With the purpose of fostering the download and use of the *Banesco PagoMóvil* application, the Bank has launched diverse initiatives focused on natural persons and commercial establishments. In the first quarter of 2018, the Bank improved the benefits offered to the clients by *Banesco PagoMóvil*; in a second stage, a new modality to make payments in com-





BANESCO CORPORATE VOLUNTEERING

The members of the Banesco Volunteering Group have actively taken part in the initiatives undertaken by the Vice-Presidency of Communication and Social Responsibility, supporting in different events promoted by Banesco and its social partners. They have also intervened in the presentation of the book *70 años de Crónicas Policiales [70 years of Police Chronicles]* and the photographic exhibition *Caracas in 450 histories*.

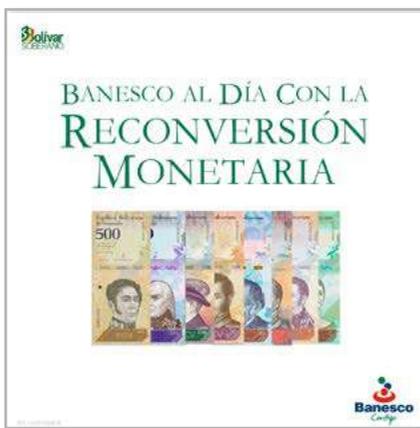
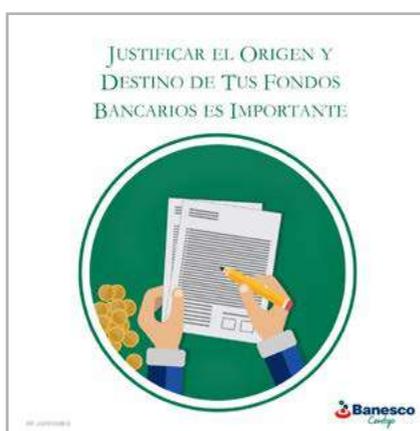
As a part of a motivation and training program for the volunteers, the course “Training for Successful Facilitators” was offered, designed by its partner, the academic institution “Instituto Universitario de Gerencia y Tecnología” (IUGT, by its acronym in Spanish). The volunteers have received tools and methodological practices to develop skills as high-impact facilitators for the Banesco Micro-Entrepreneur Training Program.

mercial establishments was launched, including the possibility of making payments through the use of a QR Code generated by the application to optimize the transactions.

It was promoted a campaign focused particularly on the digital media, which was divided in two stages: an intriguing campaign before this payment modality was launched and then a very massive campaign in which a series of videos that portrayed people in real life situations in which the *PagoMóvil* mobile platform facilitated their banking transactions. Those videos highlighted the virtues of this service, guiding the clients in the downloading process, registry and affiliation for an efficient use of the platform.

Banesco has informed its clients about the Monetary Conversion

From April 2018, Banesco has launched a campaign to inform its clients and users about the process of restatement of the Venezuelan currency, which will be carried out in the country. Banesco has focused its campaign on important details and tips for both natural and legal clients, diffused through different digital media,

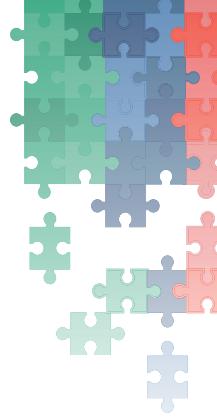


such as Banesco.com, social networks and focalized mass mailing. We have also displayed posters in our Network of Branches nationally in order to comply with Regulations issued by the Central Bank of Venezuela and keep all of our clients informed.

Banesco keeps relevant and permanent information about prevention

As part of its responsibility and commitment with the society in the fight against Money Laundering and Terrorist Financing, Banesco diffuses, every month, information related to the regulations and the risks derived from these crimes. Banesco offers tips and warnings on this matter for its clients and users. These initiatives are diffused through the use of newsletters, its Banesco.com website, billboards and LED screens in the agency net.

Additionally, every month, the Bank launches a social network campaign to diffuse the content of the newsletter, as way of reducing the legal, reputation and operational risks associated to Money Laundering and Terrorist Financing. This campaign is also diffused through Facebook and Twitter.



SEGMENT MANAGEMENT

In the first semester of 2018, Banesco has strengthened the relation between the sales force and the data and client's information management, applying a policy denominated "Know Your Client". At the close of June 2018, 4.1 million data and more than 2.8 million clients' records have been updated, through proactive internal processes like data homologation, the implementation of data system and the promotion of updating campaigns for the clients' records. The bank has also collected the information from the direct interactions with the clients at the bank agencies during internal processes such as account opening, credit requests and liquidations, debit and credit card deliveries, BanescOnline data updating, among others.

At the same time, the bank has kept fostering its electronic channels, offering the clients digital payment means such as electronic payment, as a way of making transactions easier, both for companies and for its clients, which receive prompt benefits due to the fast and transparent handling of their cash flows.

The backing and credit support to clients have remains invariant: the experience and behavior observed have proven that previous credits are the basis for granting new credit opportunities. The strategy is focused on offering credits that fit to the funding needs of the clients, always giving prompt answers, which responds to the "Know Your Client" policy. At the close of June 2018, Banesco has liquidated more than 1,200,000 credit transactions for more than VEF 221,078.00 billion (VES 2.2 billion), showing a growth of 2,900% in comparison with the previous semester.

In the first quarter of 2018, Banesco has completed its incorporation in the communitarian segment: all of its agencies are part of this business ecosystem, which allows the clients to access a larger portfolio of products and services. This is a way of getting a larger influence and offer to this business segment.

Mass Segments

The results for the first semester of 2018 have been very positive; the indicators, related to the deposits granted by the clients, have shown a growth of 1,479.4% compared with the second semester of 2017. 33,600 credit requests have been

approved, which represents an increase of 1,065% in the total portfolio of this segment. These results are supported by commercial actions addressed to clients of the different natural and legal segments.

Banking Options for Legal Persons

Corporate Banking Area

For the first semester, Banesco has succeeded in strengthening its connection with its clients. The strategy has been focused mainly on the products and services that fit the financial and transactional needs of the sectors in which the clients work. Likewise, Banesco has kept its support to the national productive sectors giving them significant fundings.

All of these have been achieved due to an outstanding professional staff oriented to the requirements and needs of the clients, always offering them a close financial advice and making Banesco their perfect business partner.

Agricultural Development Banking Area

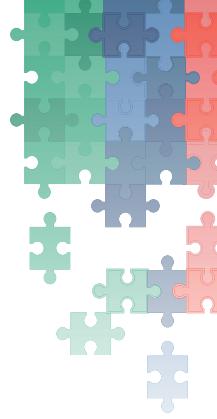
During the first semester of 2018, Banesco's Agricultural Development Banking Area has contributed to the agricultural and agribusiness development of the country. 1,121 funding were granted during the first semester of 2018, which represents a total of VEF 34.40 trillion (VES 344 million). This figure allows Banesco giving strict compliance to the mandatory Agricultural Portfolio imposed by the Venezuelan legislation.

The Company Banking Area

The Company Banking Area has the function of serving and advising the main economic actors of the country, having, for this purpose, a highly-qualified staff that will assure a personalized service, aiming at constructing a business relation based on the win-win principle.

During the first semester of the year 2018, the Company Banking Area has achieved an increase in the business deposits and funds of approximately 1,514%. This a result of the constant follow-up promoted by the business teams, which work actively for the client portfolio in order to guarantee the installment of new products of Means and Services of Payment and commercial business (POSs).

The loans granted to the clients have had a growth of 3,937%. These loans were destined to cover work capital needs, equi-



ment, infrastructure investments of the main national industries; especially, in the manufacturing, commercial and tourism sectors.

Banesco Community Banking

In the popular sector of the economy various economic activities are developed through which a significant number of Venezuelans obtain their main source of family support. At present, its main financing needs are oriented to the purchase of raw materials or inventories and the repairs of equipment.



At the end of the first semester of the current year; we add more than 455,760 microentrepreneurs belonging to the popular sectors of Venezuela; we surpassed the 316 thousand credits granted; and there are more than 54,360 small entrepreneurs who have successfully completed the Training Program for Microentrepreneurs that we have created especially for them.

The loan portfolio of the Community Bank was Bs 48,011 million (Bs.S 0.48 million). The main activities financed correspond to food trade, provision of personal care services (hairdressers, barbershops), health services and educational services, among others.

It should be noted that the aforementioned loan portfolio shows excellent quality when reaching a delinquency rate of 0.002%.

During the analyzed period, we encouraged fund raising through various products, achieving an important increase in the balances of our community customers at 1,382%.

ELECTRONIC CHANNELS AND BRANCHES

Electronic and Digital Channels and Branch Network

During the first semester 2018, our clients performed more than 3,354 billion transactions through the service channels offered by Banesco, which accounts for a 66% rise with respect to 2017, showing a participation at the end of June of 99.57% digital and electronic channels.

Branch Channel

For the first semester of 2018, Banesco has 335 Points of Attention made up of 303 Agencies, 28 transaction windows and 4 Banesco Express, through which 14.3 million transactions were made, representing a decrease of 34.8% in relation to the same period of the previous year (7.6 million less), leveraged in the process of derivation of transactions to digital channels.

Digital Channels

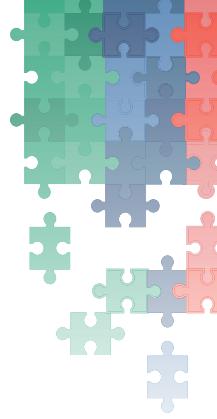
BanescOnline

During the first semester 2018, it registered on average 2.7 million monthly active clients, which represents 70.4% of the total bank active clients, who recurrently made more than 2.122 billion transactions.

Regarding financial transactions, BanescOnline digital channel reflected an increase of 131% compared with the same period of the previous year, which means an increase of more than 189 million transactions.

Electronic Payment

To improve our customers' experience with Electronic Payment, the MassPayment component was included in January to improve Payments to Suppliers and Payroll Payment; and, in February, the component for Direct Debit Payments with Charge to Account and Charge to Credit Card, Daycare Payment and Trust Payment is replaced.



¡QUE NO TE PONGAN ESTA CARA! Banesco Pago Móvil

In April, in the description of Banesco and Other Banks transfers, it was included information allowing to identify the payer of the transaction, facilitating our clients' reconciliation process.

Mobile Banking Channel

Pago Móvil Channel

To the close of the first half of the year, the channel reached more than 1.3 million registered clients and 17.2 million transactions with a monetary flow of around VEF 2.38 trillion.

In February, Banesco Pago Móvil service was broadened, offering P2C, a payment service from a natural person to a Banesco legal entity in real time. Also, in April, the SMS service was enabled, allowing to send payments through text messaging.

In March, Pago Móvil limits were increased from VEF 800 thousand to VEF 3 million (VES 30), in April, they are increased to VEF 10 million (VES 100) and then, in May, to VEF 15 million (VES 150); all this allowed us to maintain the transactional leadership and improve customer's experience in our new channel.

Electronic Channels

Telephone Banking Channel

Banesco Call Center answered, during the first half of 2018, a total of 33 million calls, experiencing a 26% decrease in relation to the same period of the previous year, since 94% was automatically answered through the IVR (31 million calls) and only 6% (2 million calls) were answered by telephone agents. This decrease was due to the following factors:

- ▶ The implementation of DNA (BanescoOnline recovery process), which successfully generated customer self-management processes without the need to call the Telephone Banking.
- ▶ Automation of processes of dynamic special operations code or OTP.
- ▶ Customer service through the new customer service channels (*ChatVirtual*).



ATMs

Banesco closed the month of June with an installed operational park of 1,137 ATMs in the national territory (607 Monofunctional and 530 Multifunctional), through which, during the first semester of 2018, more than 30 million transactions were processed, covering approximately 2.8 million withdrawals and more than 26.2 million balance requests.

Collection and Payment Services

In this first half, Collection and Payment services recorded 41 million transactions and a 14% growth of compared with the first half of 2017, driven by the Multipagos electronic transaction growth with 1.9 million accumulated transactions (+100%), Online Collection 24.3 million (+31%) and Payment to Suppliers with 2.4 million (+7%)

In this period, the transaction volume of Collection and Payment services was VEF 463 trillion (VES 4.630 billion), which represented an increase of 7.269% with respect to the same period of 2017.

¡NO TE EXPONGAS! EVITA PRESTAR TUS CUENTAS E INSTRUMENTOS FINANCIEROS



DEBIT AND CREDIT CARDS

Credit Card Issuer Business

The Credit Card business grew 2,048% in sales at the close of first half of 2018 compared with the second half of 2017. The market share in credit cards at the end of June was 23.00% in sales and 19.70% in portfolio.

The delinquency rate went from 0.03% to 0.001%, decreasing 0.027 percentage points with respect to the second half of 2017.

The ExtraCrédito product (Purchases and Cash) grew by 2.705% compared with the second half of 2017, due to the increases in the credit card limits and the client's payment behavior.

Card issuance and maintenance initiatives were carried out during the period, according to the ability to pay and in compliance with the Risk policies, meeting the needs of our customers, increasing the use and loyalty in the brand, benefiting:

- ▶ More than 1,340,000 customers with increased credit limits on different cards, providing greater consumption ability.
- ▶ Renewal Campaign to more than 154,000 customers.
- ▶ Delivery campaign with FIFA2018 new image to almost 40,000 cardholders.

Debit Card Issuer Business

Banesco Debit Cards recorded a sales growth of 1,539% at the end of the first half of 2018 in relation to the second half of 2017, being the Point of Sale the clients' most used payment channel, as a result of the constant revision of the maximum amounts for the transactions in Points of Sale, reaching a 93% level of acceptance, maintaining the offer of above-market service and strengthening both preference and experience of the client.

Regarding Pensioners, 77% of our clients already have a debit card and enjoy the convenience of moving their pension through the Points of Sale to make their purchases and service payments.



Merchant Acquiring Business

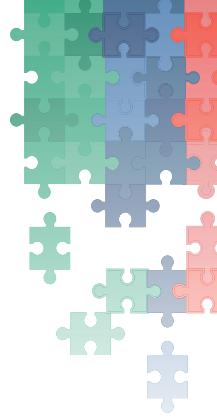
- ▶ Total No. of POS (physical and virtual): 108,928 Active POS.
- ▶ No. of Transactions: 945,806,521.

Banesco Merchant Acquiring Business presented a participation of 39% nationwide with a total of 142 million transactions for the first semester of the year and a 1,479.8% growth of compared with the end of 2017, leveraged by the 1,451.9% increase in debit and the 1,840.4% increase in credit.

The leadership that Banesco shows in the Merchant Acquiring Business is the result of an affiliation and maintenance plan structured by different business segments, developing the most important and sensitive sectors of the country, guaranteeing the commercial portfolio quality and applying impulse strategies to promote its sales with the Banesco Points of Sale in its affiliated businesses.

Banesco Merchant Acquiring Business keeps the commitment of strengthening its vision with the business client, developing strategies aimed at differentiation, meeting their needs and expectations, as well as innovating in the sales service.

Banesco identifies opportunities with the aim of generating new positive experiences and practices under the new digital trends.



COMPETITIVE INTELLIGENCE

During the first semester of 2018 the customer experience strategy was followed-up. It is a process whose main goal is to ensure that the promise of brand value is met consistently and with quality in all products and services. To this end, at the management level, the development of actions having as fundamental focus the client's emotional bonding with the Organization, not only promoting moments of value in each interaction or point of contact, but the existence of a client-centric vision in each design, project or initiative executed by the Bank.

In addition, in the first half of the year, the accompaniment of the Human Capital team continued for the development of actions that contribute to improve employee's experience, all that having as a main indicator the result obtained in the measurement of the Banesco Recommendation as a workplace Rate.

In order to optimize resources in the process of measuring the voice of the client and widen the scope and versatility of the surveys, we implemented a self-management mechanism of the operational indicators to monitor the opinion of Banesco clients, their perception and level of recommendation regarding our channels and main products of the portfolio.

Thanks to this continuous analysis and to the use of customer journey as a methodology, a total of 47 actions have been defined for 2018, whose primary focus is the improvement of the customer experience.

Other strategies deepened during the period come from the continuous analysis of the interactions of our clients with the channels, products and services; a volume of high-complexity information that has allowed us to identify groups of interest that represent important potentials for the development of commercial actions, or other actions that leverage the business management of the Organization in different specific markets.

¿YA TE ENTERASTE? NUESTRO EQUIPO DIGITAL ESTÁ EN LAS CALLES



RIF: J-07013300-5



Relational/Experiential Marketing

From the beginning of the semester, we continued the relational and experiential personalized marketing plan, directed both to internal and external customers, fostering the loyalty and the construction of lasting relationships with our customers, improving their value in relation to the Organization.



INFORMATION TECHNOLOGY, BUSINESS PROCESSES AND OPERATIONS

As of the first half of 2018, in Information Technology, Processes and Operations, we continue aligned with our strategy of transforming actions into business opportunities for the Bank, promoting self-management of processes, enabling growth strategies and development of new markets, providing a reliable experience to our clients, guaranteeing the stability, continuity, and the growth of services, with quality and profitability criteria.

Processes

Applying the methodology of abilities and productivity studies in the different areas of the Bank, it has been achieved to assess productivity based on the effort made during each activity, in order to identify and implement strategies that allow us to reduce or eliminate unproductive tasks.

In the same way, the processes are continuously improved, leveraging the strategic objectives of the Organization, and implementing controls to mitigate operational risks.

Maintenance of Applications

In the area of Application Development and Maintenance, we deliver technological solutions aligned with the strategic vision and business growth. In this sense, projects and requirements have been executed, such as the effective management of cash through person-to-person interbank payments (*Pago Móvil Banesco*), improvements in Electronic Payment platforms, points of sale and the setting up of new communication channels with the client as *Chat Virtual*, implementation of the new IVR platform and the attention of regulatory initiatives.

Technology Operations

In this first semester of 2018, and as a result of the health plans of the systems and the continuous improvement of the processes, IT Operations area guaranteed the levels required by the platforms that support the different Bank services, products and channels.

We keep on with the continuous update of the main storage, processing, monitoring, communications and data center architecture, guaranteeing the reliability, security and quality of the services offered to our clients. We made adaptations to the technological infrastructure in function of the new services of the business.

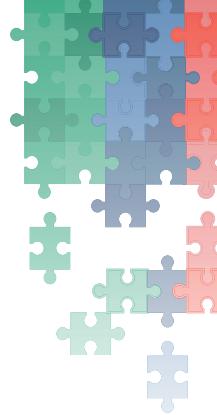
In that sense, we have managed to satisfactorily maintain the Bank's IT platform operation levels, which are measured through the corporate processes of technology services management: changes, incidents, problems, configurations and releases.

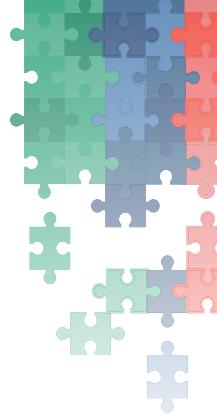
COMPREHENSIVE RISK MANAGEMENT

During the first semester of 2018 the risk management at Banesco maintained its orientation to the control and mitigation of global losses, the promotion and reinforcement of the continuity and the follow-up to the key indicators of risk approved by the Board of Directors within the risk/return levels accepted by the shareholders, based on the identification of the risks. This identification is achieved through the constant review and monitoring of the exhibitions, evaluation of both new and existing products, the accompaniment associated with this analysis, as well as the continuous updating of the Risk Models, together with the continuity of the Communication actions, Measurement and Training that make up the Risk Culture Plan, whose main objective is to provide Banesco Citizens with the necessary tools for managing risks in their processes.

At the end of the first semester of 2018, the team of the Executive Vice-Presidency of Comprehensive Risk Management organized and provided specialized training in Comprehensive Risk Management and in the Risk Management Methodology to the areas of Integral Risk, Business Processes, Finances, Operations, Network of Branches, Banking, Channels, Credit, Products and Technology, for a total of 2,369 people trained. Likewise, within the "Banesco Internal Audit Advanced Program" (PABAI), a training talk was given on Risk Management Methodology.

Also, the team of certified risk trainers from the Human Capital Management department gave Comprehensive Risk Talks to new employees, for a total of 231 people trained.





Models and Methodology

During the first semester of 2018, the monitoring and assessment of the models and methodologies for risk management, existing in Banesco Banco Universal, was followed-up through both predictability analyzes and backtesting, evidencing that the institution has robust predictive models and methodologies, aimed at maintaining losses at the expected levels.

In terms of Risk Culture, the Executive Management of Models and Methodology, took part in the Training Plan on the subject, in order to provide the knowledge and tools for the management of the risk in the different processes.

Risk of Credit

During the first semester of 2018, the actions aimed at strengthening the credit risk management continued, leveraged in: a) the reinforcement of the criteria for granting and maintaining loans, b) the execution of training plans in credit analysis aimed at sales areas, for an adequate decision making, c) the widespread use of the tool that consolidates the criteria to be considered in the selection of clients, d) in addition to having highly predictive models and methodologies of granting and behavior, which are continually reviewed and that have allowed us to maintain a credit portfolio quality at the levels foreseen by the Institution.

In this sense, the sessions of Portfolio Quality Committees were reinforced in their different modalities. This was complemented with the preparation and delivery of reports and progress reports for the actions to be taken.

All these actions, together with the application of collection strategies that are more effective and differentiated by credit modalities, maintaining a comprehensive vision of the client, have allowed obtaining indicators of past due balances and delinquency at levels below the limits established by the Organization.

Market and Liquidity Risk

At Banesco Banco Universal, these risk categories are managed through the application of methodologies framed in international standards and practices, in compliance with regulatory provisions.



In the case of market risks, understood as the contingency derived from fluctuations of price, exchange rate and interest rate, in the Organization are followed, mainly, both the value at risk (VaR) and the sensitivity of the financial margin to the change of rates.

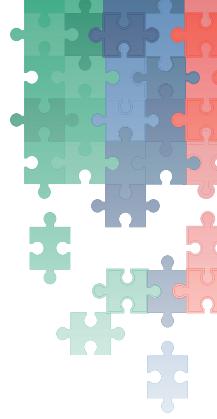
On the other hand, regarding the risk of liquidity, understood as potential equity losses due to disability or difficulty in obtaining funds to fulfill commitments with creditors, the institution manages short and medium term liquidity indicators, asset and liability gaps, having an indicator of coverage that monitors those indicators daily, as well as those of a regulatory nature.

Operational Risk

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

Also, the assessments, the analysis and the continuous monitoring with the owners of the processes, have formed a fundamental component to monitor that the risk levels are maintained within the established limits, and thus be able to control the Bank's exposures.

On the other hand, risk management at the organizational level was emphasized, with a focus on those that involve affecting the clients, attention to regulatory issues and the likelihood of financial losses for the Organization.



PROPOSAL TO DECREE AND PAID DIVIDENDS

BANESCO BANCO UNIVERSAL

Caracas, September 3, 2018

Proposals Presented by The Board of Directors For The Consideration And Decision of The Regular General Meeting of Shareholders Called For September 27, 2018, to Decree And Pay Cash Dividends (Preferred Shares), Approved in Session No. 1,454 Dated August 9, 2018.

Cash Dividends

Defer cash dividends to the holders of preferred shares for the amount of **Seventy-Four Bolivars with Ninety-Eight Cents (Bs.S 74,98)**, which will be paid to the holders of preferred shares, corresponding to the emissions 2008-I and 2008-II.

This dividend covers the payment for the period due on February 15, 2019, in accordance with the respective issuance prospectus. Likewise, the Board of Directors will be subject to the consideration of the Assembly so that it complies with such formalities necessary to make the payment in a timely manner.

José Grasso
Executive President

Caracas, September 3, 2018

Proposal Presented by The Board of Directors to Consideration And Decision of The Extraordinary Shareholders' Meeting Summoned For September 27, 2018, to Decree And Pay Dividend in Shares, Approved in Session No. 1,454 Dated August 9, 2018.

Share Dividends

If the redemption of one thousand two hundred (1,200) preferred shares is approved, in accordance with the public offering prospectus for preferred shares issues 2008-I and 2008-II, and in order to maintain the Social Capital of the Financial Institution, it will be proposed to the Extraordinary Shareholders' Meeting decree and pay a dividend in shares, for **Twelve Cents of Bolivar (Bs.S 0,12)**, through the issuance of two hundred (1,200) new common shares.

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.

José Grasso
Executive President

BALANCE SHEET



ASSETS

Stated in Million VEF

	June 18	Dec. 17	June 17	Dec. 16
CASH AND DUE FROM BANKS	230,722,249	21,152,861	2,304,690	905,021
Cash	2,054,221	208,834	41,961	40,489
Central Bank of Venezuela	216,533,899	20,365,278	2,142,325	817,811
Local Banks and Other Financial Institutions	762,825	89,832	38,367	12,694
Foreign Banks	2,375,936	250	72	120
Head Office and Branches	0	0	0	0
Pending Cash Items	8,995,368	488,667	81,966	33,906
Provision for Bank Accounts	0	0	0	0
INVESTMENTS SECURITIES	6,063,597	746,667	176,723	189,015
Investments in Central Bank	8,942	10,805	14,834	19,910
Investments in Trading Securities	0	0	0	0
Investments in Securities Available for Sale	263,417	61,034	62,413	64,699
Investments in Securities Held to-maturity	1,976,700	59,287	59,896	62,795
Limited Availability Investments	1,769,889	549	527	505
Other Security Investments	2,044,649	614,992	39,054	41,105
Provision for Security Investments	0	0	0	0
LOAN PORTFOLIO	224,228,887	7,424,455	2,106,521	952,466
Outstanding Credits	224,228,887	7,424,455	2,106,521	952,466
Restructured Credits	21	62	91	72
Past Due Credits	494	523	1,050	1,340
Credits in Litigation	0	0	33	0
Provision for Credit Portfolio	-4,576,100	-170,895	-54,013	-24,448
INTEREST AND COMMISSIONS RECEIVABLE	1,672,846	108,926	30,322	17,966
Interest receivable from cash and due from banks	0	0	0	0
Interest receivable from security investments	56,134	15,933	3,426	2,520
Interest receivable from credit portfolio	1,557,203	88,292	24,196	13,875
Commissions Receivable	59,638	4,849	2,936	1,870
Interest Receivable on Other Accounts Receivable	0	0	0	0
(Provision for Interest Receivable and Other)	-130	-148	-236	-299
INVESTMENTS IN SUBSIDIARIES, AFFILIATES AND BRANCHES	103	209	19	20
Investments in subsidiaries and affiliates	103	209	19	20
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	512	159	217	284
PROPERTY IN USE	1,540,388	388,879	152,653	28,872
OTHER ASSETS	22,025,854	965,932	89,823	56,403
TOTAL ASSETS	486,254,437	30,788,088	4,860,969	2,150,046

BALANCE SHEET



LIABILITIES

Stated in Million VEF

	Jun. 18	Dec. 17	Jun. 17	Dec. 16
DEPOSITS FROM CLIENTS	424,713,142	28,094,374	4,329,539	1,918,802
Deposits in Current Accounts	408,214,087	26,215,774	3,946,846	1,723,375
Non-Remunerated Checking Accounts	269,556,641	17,718,663	2,353,936	957,727
Remunerated Checking Accounts	129,279,694	8,391,389	1,401,961	622,399
Current accounts under exchange agreement n° 20	272,549	29	32	78
Demand Deposits and Certificates	9,105,202	105,693	190,917	143,171
Other Demand Obligations	1,268,146	138,084	44,961	11,334
Obligations for Money Desk Operations	0	0	0	0
Savings Deposits	13,641,080	1,737,296	336,137	182,924
Time Deposits	1,589,830	3,220	1,595	1,170
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	14	13	10	13
OTHER FINANCING OBTAINED	12,184,259	710,841	77,136	32,072
Liabilities with local financial institutions up to one year	12,184,258	710,841	77,082	31,658
Liabilities with local financial institutions more than one year	0	0	0	0
Liabilities with foreign financial institutions up to one year	0	0	55	415
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	0	0	0	18
INTEREST AND COMMISSIONS PAYABLE	9,611	44	32	86
Expenses payable due to deposits from clients	9,611	44	32	84
Expenses payable due to obligations with BCV	0	0	0	0
Expenses payable due to deposits and liabilities with BANAVIH	0	0	0	0
Expenses payable due to other financing obtained	0	0	0	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	30,655,720	1,120,543	161,537	97,054
SUBORDINATED DEBT	0	0	0	0
OTHER LIABILITIES	0	0	0	0
TOTAL LIABILITIES	467,562,745	29,925,816	4,568,254	2,048,046
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	6,490,000	80,000	0	0
CAPITAL RESERVES	1,375	1,368	1,358	1,347
EQUITY ADJUSTMENTS	2,969,888	216,995	126,271	6,342
ACCUMULATED INCOME	9,202,359	562,543	163,586	93,737
NON-REALIZED GAIN OR (LOSS) ON AVAILABLE FOR SALE SECURITY INVESTMENTS	26,854	151	285	-642
(TREASURY STOCK)	-35	-35	-35	-35
TOTAL LIABILITIES	18,691,691	862,273	292,715	102,000
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	486,254,437	30,788,088	4,860,969	2,150,046
CONTINGENT DEBTOR ACCOUNTS	34,647,724	1,164,959	616,923	144,895
TRUST ASSETS	1,528,666	118,141	66,725	34,701
OTHER TRUST ASSIGNMENTS	3,958	2,869	1,970	500
DEBTOR ACCOUNTS DUE TO TRUST ASSIGNMENTS (HOUSING MUTUAL FUND)	202,432	77,860	42,899	30,916
OTHER DEBTOR ACCOUNTS (HOUSING MUTUAL FUND)	17	19	19	20
OTHER DEBTOR MEMORANDUM ACCOUNTS	446,702,353	73,368,387	14,715,464	7,028,929
OTHER DEBTOR BOOK ACCOUNTS	31	31	30	30

STATEMENTS OF EARNINGS

Stated in Million VEF

	Jun. 18	Dec. 17	Jun. 17	Dec. 16
FINANCIAL REVENUES	13,979,485	717,017	204,726	111,577
Revenues from Cash and Cash Equivalents	1,777	2	0	2
Revenues from Security Investments	80,096	19,929	6,566	7,170
Revenues from Credit Portfolio	13,897,565	697,051	198,135	104,382
Revenues from Other Accounts Receivable	47	36	25	23
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	0	0	0
FINANCIAL EXPENSES	327,809	52,832	16,852	13,934
Expenses Due to Deposits from Clients	327,809	52,831	16,839	13,754
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	0	1	12	179
Expenses Due to Other Financial Obligations	0	0	0	0
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	0
GROSS FINANCIAL MARGIN	13,651,676	664,185	187,875	97,644
Income from Recovered Financial Assets	2,869	1,893	1,014	544
Expenses Due to Uncollectibility of Credits and Other Accounts Receivable	4,406,657	118,904	32,142	13,483
Provision for Loan Portfolio and Other Accounts Receivable, Losses	4,406,657	118,904	32,142	13,483
Provision for Cash and Due from Banks	0	0	0	0
NET FINANCIAL MARGIN	9,247,888	547,174	156,746	84,705
Other Operating Income	9,498,877	412,217	70,881	34,507
Other Operating Expenses	1,580,090	97,082	18,860	10,678
FINANCIAL INTERMEDIATION MARGIN	17,166,675	862,309	208,767	108,534
TRANSFORMATION EXPENSES	4,703,596	279,230	100,367	48,659
Personnel Expenses	2,417,916	75,455	38,980	16,224
Administrative and General Expenses	2,062,432	169,234	45,977	25,608
Contributions to Deposit Guarantee and Bank Protection Fund	202,925	31,013	13,822	6,061
Contributions to Superintendency of Banks and Other Financial Institutions	20,324	3,527	1,589	766
GROSS OPERATING MARGIN	12,463,078	583,079	108,400	59,874
Income from Adjudicated Goods	16,201	17,007	10	985
Income from Special Programs	0	0	0	0
Income from Sundry Accounts	287	51	1,753	168
Expenses Due to Realizable Property	172	113	94	70
Expenses for Depreciation, Amortization and Devaluation of Miscellaneous Goods	0	0	0	0
Expenses Due to Sundry Accounts	1,541,993	71,910	15,970	9,121
NET OPERATING MARGIN	10,937,401	528,115	94,099	51,836
Extraordinary Income	0	0	0	0
Extraordinary Expenses	355	449	129	120
GROSS INCOME BEFORE TAXES	10,937,046	527,665	93,970	51,716
Income Taxes	2,030,000	128,686	24,100	16,373
NET INCOME	8,907,046	398,979	69,870	35,344
APPLICATION OF NET INCOME				
Legal Reserve	0	0	0	0
Statutory Utilities	267,211	0	0	0
Other Capital Reserves	2	6	6	6
ACCUMULATED INCOME	8,639,832	398,973	69,864	35,337
LOSEP Contribution	117,238	5,649	1,015	556
OTHER ACCOUNTS				
Third-Party Investments	0	0	0	0
Monthly Agriculture Credit Portfolio	15,707,319	301,861	86,797	14,921
Accumulated Agriculture Credit Portfolio	34,639,621	1,037,365	280,461	96,502
Public Sector Deposits	5,450,049	576,375	117,475	49,033
Micro-Credits	7,064,429	166,721	37,540	22,810
Credits to the Segment of Tourism in accordance to law in force	317,029	55,331	23,776	23,947
Mortgages according to the Special Law for the Protection of the Housing Loan Debtor	7,264	8,146	7,575	7,468
Capital Adequacy Ratio	8,91%	11,08%	13,60%	10,98%
Manufacturing Loans	1,480,799	554,757	95,413	43,660

BALANCE SHEET



TRUSTS

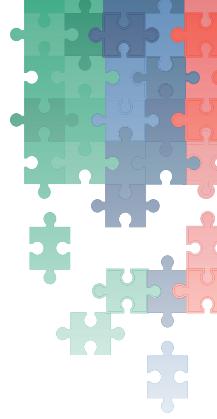
Stated in Million VEF

	Jun. 18	Dec. 17	Jun. 17	Dec. 16
TRUSTS	488,720	115,365	65,697	32,896
HERITAGE TRUST	83,687	21,024	26,496	6,613
Individuals	544	290	223	217
Corporative Entities	81,106	19,823	8,438	5,690
Central Administration	0	0	0	0
Public, State, Municipal and Central Administrations	158	139	136	102
Decentralized Entities and Other Entities with Special Regime	1,879	772	17,699	604
GUARANTEE TRUSTS	2,463	2,462	2,463	2,462
Individuals	0	0	0	0
Corporative Entities	11	11	11	10
Central Administration	0	0	0	0
Public, State, Municipal and Central Administrations	12	12	12	12
Decentralized Entities and Other Entities with Special Regime	2,439	2,439	2,439	2,439
MANAGEMENT TRUSTS	402,570	91,879	36,739	23,821
Individuals	6	2	2	9
Corporative Entities	160,415	26,120	12,681	8,331
Central Administration	19,658	4,277	2,218	1,531
Public, State, Municipal and Central Administrations	6,872	3,517	1,288	1,243
Decentralized Entities and Other Entities with Special Regime	215,619	57,963	20,550	12,708
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 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



SOCIAL BALANCE ACCUMULATED 1998 - JUNE 2018

Stated in VEF at June 30, 2018



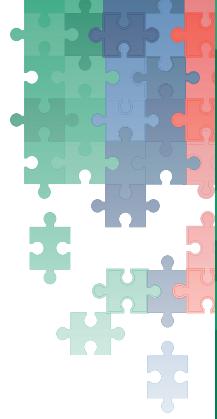
DESCRIPTION	2018	Accumulated 1998 - June 2018
SOCIAL INVESTMENT		
Application Banesco Resources	268,487,987,019	283,454,448,228
Fe y Alegría	(1,000)	97,742,717
Microentrepreneurs Training Program	(44,466,149)	194,932,997
Simón Bolívar Music Foundation	—	21,630,224
Association of Venezuelan Catholic Education (AVEC)	—	26,774,789
IESA (Proyecto Emprendimiento Social con el IESA)	—	92,999,443
Social Undertaking Project with the IESA	36,804,900	343,517,702
Banesco Long Scholarships Life	—	2,540,128
Universities and Other Institutions	(68,526)	10,753,679
Venezuelan Foundation against Child Paralysis	(122)	21,361,317
Other Health and Medical Care Organizations	312,305,167	440,231,236
FUNDANA	—	79,703,879
Civil Association Don Bosco Houses Network	—	41,781,704
Salesian Ladies Civil Association	—	14,170,239
Attendance to the childhood and people with special necessities	36,494,615	118,868,443
Toys donation to the communities	—	3,416,673
Editorial Projects	1,434,709,574	1,533,608,391
Other Contributions	51,632,001	101,843,667
Solidarity (Capital and Regional)	(9,514)	6,129,044
Events for the Community	76,166,974	227,341,731
Investment in works in Colinas de Bello Monte	—	2,306,376
Mayoralties, Regional Governments and other	—	14,170,881
Community Participative Budget	(5,590,000)	31,070,726
Non-Contractual Social Benefits for Banesco Employees	266,578,650,316	280,011,977,070
Dining Subvention	212,404,677,207	222,022,861,398
Medical Service	976,989,515	1,118,807,903
Parking Subsidy	94,156,234	151,888,666
Medical Assistance for Extreme Diseases	4,028,254,378	4,378,149,228
Unsecured Loans for Housing	(3,063,876)	67,949,900
Transportation between offices	268,950,000	367,107,768
Housing sales between employees	—	131,107
Collective Agreement	48,808,686,860	51,905,081,101
Corporate Volunteering Contribution	11,358,783	15,575,170
Aplication of Article 96 (LOCTISEP)	—	33,612,457
TOTAL SOCIAL INVESTMENT	268,487,987,019	283,488,060,685



President
Juan Carlos Escotet R.

Directors
Juan Carlos Escotet R.
Miguel Ángel Marcano C.
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.

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, 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

ENGLAND Standard Chartered Bank.

FINLAND Nordea Bank.

FRANCE Crédit Industriel et Commercial (CIC).

GERMANY Commerzbank Ag., Unicredit, Deutsche Bank.

GUATEMALA Banco Industrial, Banco GT Continental, Banco Agromercantil.

HOLLAND Commerzbank A.G.

HONDURAS Banco Atlántida, Grupo Financiero Ficohsa.

HONG KONG Standard Chartered Bank, Commerzbank Ag.

INDIA Standard Chartered Bank.

ITALY Unicredit Group.

JAPAN The Bank of Tokyo and Mitsubishi Bank, Standard Chartered Bank, Commerzbank Ag.

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.

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.

PORTUGAL Millennium BCP, Caixa Geral de Depósitos.

PUERTO RICO Banco Popular de Puerto Rico.

RUSSIA Deutsche Bank

SINGAPORE Standard Chartered Bank, Commerzbank Ag.

SPAIN Commerzbank Ag., Caixa Bank.

SWEDEN Nordea Bank.

SWITZERLAND Commerzbank Ag.

TAIWAN Standard Chartered Bank.

THAILAND Deutsche Bank, Standard Chartered 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.

MAIN OFFICES

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