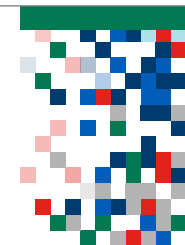


# 2017

## Corporate and Sustainability Responsibility Report

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# TO OUR CLIENTS, WORKERS, SHAREHOLDERS AND SOCIAL PARTNERS

102-14 In the *UNESCO Education Strategy 2014-2021*, the body establishes a set of goals entitled to achieve a world of sustainable realities.

Although some of these pages enumerate concrete goals such as the educational planning, literacy campaign, working skills, access to higher education, teachers' life quality, a better use of the new technologies, among others, this is a proposal that comprises greater horizons. In its background, UNESCO seeks to answer the question about how educational systems could be a factor in improving conditions and quality of life everywhere.

UNESCO establishes that, in order to achieve such purposes, education must create "responsible, creative and world citizens". That is not a mere formula. Despite the limitations of its brevity, the statement is admirable. The vision of a global citizenship, with all the implications of the word citizenship,, which is based on the creativity that is demanded by the greater problems of contemporary life, in the responsibility as well, result into a powerful and shocking concept.

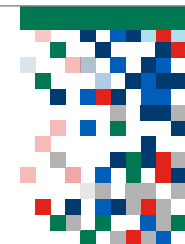
I have said many times that and it is necessary to insist on it: Responsibility lies in the center of the current problems. It is a matter of particular complexity. Experts, with highest qualifications, have been warning, for at least three decades, about the scarcity of responsibility. Therefore, we must understand a tendency among people, groups and institutions, not to fully assume the obligations that correspond to them. Whoever is separated from his commitments is coming out with many excuses, blaming the others for failing. That person also delegates tasks to third parties and does not face the consequences when required, avoiding accountability, and taking advantage of the position to act in detriment to others. We are talking about someone who avoids the effects regarding his or her actions.

At the same time, there is a reaction in the society, a phenomenon in the opposite way, inseparable from the previous one that consists of a repeated and firm demand for responsibility. A very deep current of the social unease of our time derive from the breach, but also in the lack of answers, of promises and facts. Citizens want leaders accepting responsibility and assume their duties in any circumstances, including when it implies risks.

The requirement of responsibility interrogates companies and organizations of any kind. The responsibility I refer to goes beyond mere compliance with the Law. In fact, Banesco thinks this includes all relevant ways while the institution keeps always its purpose as an organization specialized in financial services in mind.

A hallmark of Banesco's history has been its persistent trend in innovation. We have innovated in products designing and services, in relations with customers and different partners in society, communication programs, as well as in the sustained commitment to our workers and in the constant exercise of Corporate Social Responsibility. When we published the first edition of the Sustainability and Corporate Responsibility Report in 2004, many people asked why and what for we did it and if it was not required by law.

Our response at that time has not changed over the years: we elaborate our social memory because it is a real and concrete way of exercising transparency. We do this because it is our duty to our Banesco colleagues, to our customers, communities and institutions with whom we constantly interact; to our shareholders and any citizen interested in what we do.





## TO OUR CLIENTS, WORKERS, SHAREHOLDERS AND SOCIAL PARTNERS

102-14

This is essential. We disseminate it because we are an organization, which aspires to be socially responsible, even when the environment where we operate is harsh and burdened with the most complicated difficulties.

Banesco's Responsibility and Sustainability Policy has one purpose: we want to contribute to the Sustainable Development of the entities we work with. We want to promote a balanced development that takes into account the economic, social and environmental dimensions. This is the theoretical and emotional framework that guides us in all the fields where we maintain a constant activism: in the support of small and sized enterprises; in the training of entrepreneurs; in the development of inclusive products and services, which open the doors of financial services to sectors that never enjoyed their advantages; in the constant contributions we make in favor of education and health; in the actions we have implemented in the communities where we have a presence; and, in a very significant way for our organization, in the programs we are permanently creating in favor of our Banesco colleagues and their families.

In terms of numbers and quantitative figures, I could state that we managed to grow in all areas and maintained the leadership we hold among Venezuela's private banks in 2017. This is significant: we increase credits, faithful to our premise that credit is an agent that enhances family welfare and economic progress. During this time, we liquidated more than 1.29 million credits through numerous modalities.

By the end of 2017, Banesco's total assets totalized VEF 30.7 billion equivalent to 21.32 of the market. This accounts for an important growth of 4.87 percentage points in relation to the preceding year. Our participation within the market reached to 18.27%, as a result of 2.13 percentage points of increase.

The specific social investment exceeded VEF. 11.86 billion, dedicated to the programs and activities that make up our Corporate Social Responsibility Program. Our partnerships for education, health and financial inclusion reached both NGOs and government institutions. Fe y Alegría, A.C. Red de Casas Don Bosco, Apoye, A.C. Damas Salesianas, Fundana, Fundamusical, Instituto Universitario de Gerencia y Tecnología, Corporate University SIGO, Negocio Pyme, FundAcción Social, Venezuelan Association of Catholic Schools (AVEC), and other institutions may certify our contributions.

Those are some of the figures with greatest pride we refer: during 2017, 5,658 people took the Entrepreneurial Training Program, totalizing 52,536 in 9 years- It is important addressing to the boost we gave to the alliances with the organizations that led us to operate with greater efficiency, paper, plastic and aluminum recycling.

The text that follows is primarily a witness to our persistent sense of responsibility. It documents the systematic nature of our efforts, the constancy of moving forward, without ever forgetting the values that guide our work every day. In a broader sense, it is material that makes clear our full and active commitment to the progress and future of Venezuela. We are putting it into circulation expecting that it will interest the readers who follow us, so that it will be one of the themes of the many exchanges that Banesco has with its clients and with the most diverse sectors of Venezuelan society.

### Juan Carlos Escotet Rodríguez

Chairman of the Board of Directors  
Banesco Banco Universal

In terms of numbers  
and quantitative figures,  
I could state that we  
managed to grow in all  
areas and maintained  
the leadership we hold  
among Venezuela's  
private banks in 2017



# ORGANIZATIONAL PROFILE

## Mission, Vision and Values 102-1, 102-3, 102-4, 102-5, 102-16

Banesco Banco Universal, C.A. is a 100% Venezuelan capital and financial institution. It is authorized to carry out all the operations allowed by the Decree with Value and Force of Law of Institutions of the Banking Sector, and is subject to the supervision, inspection, control, regulation and surveillance of the Superintendence of the Institutions of the Banking Sector (SUDEBAN).

Its headquarters is Ciudad Banesco, situated in Colinas de Bello Monte and it is the bank with the largest subscribed and paid-in capital in the Venezuelan financial system, amounting to VEF 1.25 billion.

### MISSION

#### INNOVATIVE, COMPREHENSIVE AND FINANCIAL SERVICES

We are an entity of comprehensive and financial services, dedicated to know the customers' needs and their satisfaction through relations based on mutual trust, easy and secure access, and excellence in quality service. We combine tradition and innovation with the best human talent and updated technology. We also work to offer a higher customer experience. We are committed to our community well-being, develop win-win relations with our suppliers and employees and optimize profitability for shareholders.



### VISION

#### INNOVATION AND HUMAN-SENSE EFFICIENCY

- Leaders in customer experience: Offering models of attention and customized services, comprehensive, simple, rapid and reliable through the omni-channel national network.
- To be pioneers in innovation: knowing our customers' needs and habits in depth so we may anticipate their requirements with products, services, innovative channels, technologically integrated, leading to a better life quality.
- To be a human-sense reference: Continuing with human talent training to boost balance, profitability and human quality, deriving into the highest performance standards.

- With innovation, efficiency and human talent, we support our premise of being next to our clients. This is the purpose of the "being with you" slogan.



### BANESCO VALUES

#### RESPONSIBILITY

We comply with our tasks devoted and accurately. We fulfill our promises and make the best use of time. We give the best of our self to any person.

#### RELIABILITY

We tell the true under any circumstances and answer with sincerity. We recognize our mistakes. We ask for help when necessary.

#### QUALITY

We do our tasks with the greatest care. We intend to be better persons and do our best to overcome our customer's prospects.

#### INNOVATION

We are a visionary organization. We offer new solutions. We look for ideas and technologies that promote changes.



# MAIN IMPACTS, RISKS AND OPPORTUNITIES

102-11, 102-15, 102-29, 102-40, 102-49, 103-2, FS5

Banesco Banco Universal, C.A., maintains its commitment to pursue its vision by developing strategies not only aimed at satisfying the needs and expectations of its customers but also, given the current competitive environment, maintaining differentiation by anticipating the needs of customers, designing customer service models and personalized, comprehensive, simple, and reliable services, through the best nationwide network.

In this regard, we maintained in 2017 our focus on the control and mitigation of global losses, the promotion and strengthening of continuity and the monitoring of the key risk indicators approved by the Board of Directors within the risk levels accepted by shareholders, based on the identification of risks. This identification is achieved through the constant review and monitoring of exposures, evaluation of both new and existing products and the accompaniment associated with this analysis, as well as the continuous updating of the Risk Models, together with the continuity of the Communication, Measurement and Training actions that make up the Risk Culture Plan, and whose main objective is to provide the necessary tools to Banesco Citizens for risk management in its processes.

In the internal sphere, we were oriented in a systematic, planned and permanent way in the processes of training and development, and in the last tendencies of the knowledge management, always in search of new strategies to foster the learning of our Human Talent. In this 2017, we have taken actions directed to generate the technical improvement of the Ciudadano Banesco with the purpose of efficiently performing its functions and producing high quality results. In addition, sports, recreational and volunteering activities are taking place

as part of the Quality of Life Plan, contributing to improve workers' quality of life and motivating them to make better use of their free time by providing places for conciliation between work and personal life of Citizen Banesco and their families.

In terms of commercial management, we focus on giving continuity to the strategy of migrating transactions to our electronic channels, aimed at a more efficient management of financial operations, by allowing agility in the flow of collections and payments from customers. Likewise, the credit offer remained present to satisfy the financing demands of the different business segments, ratifying our leadership position in the accompaniment of their projects in spite of the complexities of the environment.

During 2017, no significant changes were made to the organizational structure, shareholder ownership or chain of directors of the bank.

## DIALOGUE WITH INTERESTS GROUPS, CONSULTATIONS TO CUSTOMERS AND EMPLOYEES

As part of its Corporate Social Responsibility Policy, for Banesco Banco Universal, C.A., it is important to know and understand the opinion of its interest groups in all the projects carried out. That is why we have undertaken actions to develop a strategy based on the relevant issues for them. (See chapters Shareholders page 26, Human Capital page 28, Our Social Partners and Social Action in the Community p. 55, Customers p. 69, and Our Suppliers p. 92).



## MAIN, IMPACTS, RISKS AND OPPORTUNITIES

102-10, 102-15, 102-29, 201-1, 103-1, 103-2, 103-3

### TANGIBLE DIRECT VALUE

The economic value generated (EVG) at the end of 2017 was VEF 1.45 billion which represents an increase of 625.51% with respect to VEF 200.93 million in the previous year...

In 2017 and 2016, among the items that make up the EVG, approximately 73.47% and 82.04% respectively (VEF 1.07 billion and VEF 164.8 million) correspond to the Trading Market, while 25.25% and 17.41% correspond to the Net Commissions.

The relative participation of the components of the Direct Taxable Value at the end of 2017 and 2016 was represented by: supplier expenses of 33.38% and 37.00% of the Economic Value Distributed (EDV), personnel expenses of 1.75% and 20.55%, and taxes of 48.86% and 41.00%, respectively. Thus, the complement corresponding to dividends was 0.00% and 1.44%.

On the other hand, the Economic Retained Value (ERV) increased 906.74% with respect to 2016, closing this period in VEF 813.18 million.

### PARTICIPATION OF BANESCO IN THE EMPLOYMENT AND THE BANKING GDP SYSTEM

BanESCO Banco Universal, C.A., due to its size and volume of business, is the first Venezuelan private banking group, which has an outstanding place in the creation of economic value at national level and contributes significantly to the generation of the GDP with its business activity.

We ended 2017 as the fastest growing private bank in the market, with a total assets of VEF 30.78 billion, equivalent to an increase of VEF. 28.63 billion (1332.0%) in the last twelve months, achieving a market share of 21.32%. We remain the country's leading private bank in terms of demand for financing, with 18.3% of gross loans.

### CREATION OF THE TANGIBLE DIRECT VALUE:DETAILS BY INTEREST GROUP

VEF

Interest Group	Value Indicator	2017	2016
Shareholders	Dividends <sup>1</sup>	31.107	1.729.219
Employees	Personal Expenses <sup>2</sup>	114.434.930	24.697.706
Customers	Interests and assimilated items <sup>3</sup>	69.670.739	25.679.167
Suppliers	Other administrative general expenses <sup>4</sup>	215.211.505	44.464.361
Company	Taxes <sup>5</sup>	314.963.201	49.272.913
	Resources destined to support the community <sup>6</sup>	578.035	184.726

- <sup>1</sup> Reference: Managerial Shareholders Unit.  
<sup>2</sup> Source: SUDEBAN Estado de Resultado de Publicación CONRP, Gastos de Transformación (Gastos de personal grupo 441).  
<sup>3</sup> Source: SUDEBAN Estado de Resultado de Publicación CONRP, Gastos de Captaciones de Público (Gastos Financieros por Captaciones Grupo 411).  
<sup>4</sup> Source: SUDEBAN Estado de Resultado de Publicación CONRP, Gastos de Transformación (Rubro 440 Gastos Generales y Administrativos excepto 441 Gastos de Personal, 449-12 Aportes al Fondo de Garantía de Depósitos y Protección Bancaria, 449-13 Aportes a la Superintendencia de Bancos y Otras Instituciones Financieras).  
<sup>5</sup> Source: CONRP (Estados Financieros de Banesco Banco Universal, C.A.): Incluye el impuesto Sobre la Renta, Impuestos Municipales, Impuestos al Valor Agregado, Aportes a la SUDEBAN, FOGADE, SSO, SPF, LPH, INCE y LOSEP. (Cuentas 445-01 Impuestos municipales, 445-99 Otros impuestos y contribuciones, 441-22 Aportaciones patronales, 449-12 Aportes al Fondo de Garantía de Depósitos y Protección Bancaria, 449-13 Aportes a la Superintendencia de Bancos y Otras Instituciones Financieras, 471 Impuesto Sobre la Renta, Aportes a la LOSEP ver Balance de Publicación. Disposiciones de la Ley del Aporte Social a las Comunidades y Aportes a la OCTI).  
<sup>6</sup> Source: SUDEBAN Estado de Resultado de Publicación CONRP, Gastos Extraordinarios (grupo 450).

### ECONOMIC DISTRIBUTED AND GENERATED VALUE

VEF

Interest group	2017	2016
<b>Economic Generated Value (EGV)</b>	<b>1.457.824.653</b>	<b>200.938.337</b>
Brokerage Margin <sup>7</sup>	1.071.075.950	164.853.241
Net Commissions <sup>8</sup>	368.133.975	34.973.650
Other Ordinary Income <sup>9</sup>	1.804.249	199.612
Other net profits and loss <sup>10</sup>	16.810.479	911.834
<b>Economic Distributed Value (EDV)</b>	<b>644.640.743</b>	<b>120.164.199</b>
Dividends <sup>1</sup>	31.107	1.729.219
Suppliers and other general administrative expenses <sup>4</sup>	215.211.505	44.464.361
Taxes <sup>5</sup>	314.963.201	49.272.913
Personnel Expenses <sup>2</sup>	114.434.930	24.697.706
<b>Economic Retained Value (VER=VEG-VED)</b>	<b>813.183.910</b>	<b>80.774.138</b>

- <sup>7</sup> Source: SUDEBAN Estado de Resultado de Publicación CONRP (rubro 510 Ingresos Financieros menos 410 Gastos Financieros más 520 Ingresos por Recuperaciones de Activos Financieros menos 420 Gastos por Incobrabilidad y Desvalorización de Activos Financieros más 530 Otros Ingresos Operativos (exceptuando 533 Ingresos por Bienes Realizables, 537 Ingresos por Programas Especiales y 539 Ingresos Operativos Varios) menos 430 Otros Gastos Operativos (exceptuando 433 Gastos por Bienes Realizables, 435 Gastos por Depreciación, Amortización y Desvalorización de Bienes Diversos, 439 Gastos Operativos Varios).  
<sup>8</sup> Source: SUDEBAN Estado de Resultado de Publicación CONRP (Rubro 530 Otros Ingresos Operativos, exceptuando 533 Ingresos por Bienes Realizables, 537 Ingresos por Programas Especiales y 539 Ingresos Operativos Varios) menos 430 Otros Gastos Operativos (exceptuando 433 Gastos por Bienes Realizables, 435 Gastos por Depreciación, Amortización y Desvalorización de Bienes Diversos, 439 Gastos Operativos Varios).  
<sup>9</sup> Source: SUDEBAN Estado de Resultado de Publicación CONRP (Cuenta 539 Ingresos Operativos Varios).  
<sup>10</sup> Source: SUDEBAN Estado de Resultado de Publicación CONRP (Cuenta 533 Ingresos por Bienes Realizables menos 433 Gastos por Bienes Realizables).





## MAIN IMPACTS, RISKS AND OPPORTUNITIES

102-7, 102-15, 102-21, 102-54, 103-2, 103-3, 201-1, FS5

of the market, with a portfolio at the end of December 2017 of VEF 7.59 billion, after registering a growth of VEF 6.61 billion (677.5%) with respect to 2016, barely maintaining 0.01% of fixed assets, well below the average system (0.06%), as well as a sufficiently large level of provision for problem portfolios (32.673%).

The total number of employees of Banesco Banco Universal, C.A., at the end of December 31, 2017, was 6,564, with 4,283 (65.25%) women and 2,281 (34.75%) men.

### INDIRECT AND INDUCED GENERATED VALUE

The Indirect Value is the specific set of incomes and other shares resulting from the indirect employment driven by the bank's activity. As a whole, these effects operate through multiple channels, such as: the activities stimulated by the bank's customers by virtue of the products and services provided to them, and the dynamics generated by suppliers through the operations they carry out to materialize the activities contracted by customers. The identified effects can also be extended to the more indirect impulses generated by the bank's actions on the environment.

### DIALOGUE WITH THE INTEREST AND MATERIALITY GROUPS

For Banesco Banco Universal, C.A., it is important to maintain a dialogue process with its interest groups to identify relevant issues and, thus, define the sustainability strategy to be implemented.

These relevant issues are the objectives on which the bank has developed its Strategic Planning and will enable it to have a better relationship and approach with all its interest groups. This strategy is focused on managing the business in a responsible, ethical and sustainable manner to have a high impact on them.

### PERCENTAGE SHARE OF THE ECONOMIC GENERATED VALUE

PERCENTAGE

Economic Value Generated (VEG)	2017	2016
Economic Value Generated (VEG)	725,51%	281,85%
Brokerage Margin <sup>7</sup>	73,47%	82,04%
Net Commissions <sup>8</sup>	25,25%	17,41%
Other Ordinary Income <sup>9</sup>	0,12%	0,10%
Other Profits and net loss <sup>10</sup>	1,15%	0,45%
Economic Value Distributed (EVD)	536,47	267,00%
Dividends <sup>1</sup>	0,00%	1,44%
Suppliers and other administrative expenses <sup>4</sup>	33,38%	37,00%
Taxes <sup>5</sup>	48,86%	41,00%
Personnel expenses <sup>2</sup>	17,75%	20,55%

In this regard, we have aligned ourselves with the different standards set by the Specialized Agencies, since this strategy allows to optimize the processes designed in terms of Corporate Social Responsibility. Likewise, this Report has been prepared under the new GRI methodology, called GRI Standards in conjunction with its sector supplement and in the United Nations' Sustainable Development Goals(SDA). This report has been prepared in accordance with the exhaustive option of the GRI Standards.

The Bank has maintained a process of identifying, segmenting and prioritizing its interest groups, taking into consideration the specific characteristics that make up each one of them, which has been done based on the experience of the relationships that we have maintained over the years. This has allowed us to set objectives and interact with each group in order to know their demands and the environment in which they operate, and to design strategies in order to respond to their expectations over time.

In order to prepare the Matrix containing the material issues on which this Sustainability and Corporate Social Responsibility Report is based, the country context and the needs that our stakeholders have expressed through the different forms of dialogue and listening that we have established with each of them are taken into account.



# MAIN IMPACTS, RISKS AND OPPORTUNITIES

102-15, 103-2, 103-3, FS5

According to the recommendations of the *Global Reporting Initiative (GRI)* Standards, the Process consists of 3 stages: identification, prioritisation and validation.

**1. Identification:** In this first step, a detailed review of the issues raised by our groups of interest was carried out through the following mechanisms:

■ **External Reputation Surveys** (Internal Orientation, Ethics, Work Leadership, Innovation. Among other variables to be measured).

■ **Customer Experience Plan:** these are carried out to improve the quality of service offered to our customers. The idea is to provide positive, consistent and permanent interactions over time in all customer contacts. This includes: Banesco Channels Net Recommendation Index (POS/ATM/ CAT/BOL), Benchmark, TDC Pyme and Satisfaction Community Banking Satisfaction, among others.

■ **Brand Equity.**

■ **"Communication Leadership and Reputation".** This study aims to evaluate the contribution and impact of the communication of the Banesco brand, its reputation and corporate leadership. This has a periodicity of 3 to 4 years.

**2. Prioritisation:** Once the internal analysis had been done to determine the level of attention to each of the interest groups, the issues requiring greater attention were redirected according to their indications, establishing strategic lines and including the necessary actions in order to cover their demands.

**3. Validation:** Upon detailing these important issues, the Executive Vice presidency of Corporate Social presented before the Committee of Communications and Corporate Social Responsibility and the Board of Directors, the topics relevant for the entity and the interest groups

## FINANCIAL SUMMARY

Expressed in billions of VEF.

	I Semester 2016	II Semester 2016	I Semester 2017	II Semester 2017	Growth			
					II Semester 2017 II Semester 2016	I Semester 2017 I Semester 2016	Absolute	%
					Absolute	%	Absolute	%
<b>Total Assets</b>	<b>982,1</b>	<b>2.150,0</b>	<b>4.861,0</b>	<b>30.788,1</b>	<b>28.638</b>	<b>1332,0%</b>	<b>25.927</b>	<b>533,4%</b>
Availabilities	260,2	905,0	2.304,7	21.152,9	20.248	2237,3%	18.848	817,8%
Investment in securities	154,6	189,0	176,7	746,7	558	295,0%	570	322,5%
Net Credit Portfolio	509,2	952,5	2.106,5	7.424,5	6.472	679,5%	5.318	252,5%
Gross Credit Portfolio	522,6	976,9	2.160,5	7.595,4	6.618	677,5%	5.435	251,5%
<b>Public Collection</b>	<b>859,8</b>	<b>1.918,8</b>	<b>4.329,5</b>	<b>28.094,4</b>	<b>26.176</b>	<b>1364,2%</b>	<b>23.765</b>	<b>548,9%</b>
Demand Deposits	752,4	1.723,4	3.946,8	26.215,8	24.492	1421,2%	22.269	564,2%
Savings Deposit	99,4	182,9	336,1	1.737,3	1.554	849,7%	1.401	416,8%
Time Deposits	0,9	1,2	1,6	3,2	2	175,3%	2	101,9%
Others	7,1	11,3	45,0	138	127	1118,3%	93	207,1%
<b>Total Patrimony</b>	<b>66,0</b>	<b>102,0</b>	<b>292,7</b>	<b>862,3</b>	<b>760</b>	<b>745,4%</b>	<b>570</b>	<b>194,6%</b>
<b>Trust Assets</b>	<b>28,1</b>	<b>34,7</b>	<b>66,7</b>	<b>118,1</b>	<b>83</b>	<b>240,4%</b>	<b>51</b>	<b>77,1%</b>
<b>Housing Savings Fund</b>	<b>23,1</b>	<b>30,9</b>	<b>42,9</b>	<b>77,9</b>	<b>47</b>	<b>151,8%</b>	<b>35</b>	<b>81,5%</b>
Financial Income	62,2	111,6	204,7	717,0	605	542,6%	512	250,2%
Financial Expenses	12,1	13,9	16,9	52,8	39	279,2%	36	213,5%
Gross Financial Margin	50,1	97,6	187,9	664,2	567	580,2%	476	253,5%
Financial Brokerage Margin	56,3	108,5	208,8	862,3	754	694,5%	654	313,0%
Transformation fees	29,9	48,7	100,4	279,2	231	473,8%	179	178,2%
Income Tax	8,2	16,4	24,1	128,7	112	686,0%	105	434,0%
<b>Net Result</b>	<b>14,0</b>	<b>35,3</b>	<b>69,9</b>	<b>399,0</b>	<b>364</b>	<b>1028,9%</b>	<b>329</b>	<b>471,0%</b>
Accrued Agricultural Portfolio	73,3	96,5	280,5	1.037,4	941	975,0%	757	269,9%
Official Entities Collection	43,0	49,0	117,5	576,4	527	1075,5%	459	390,6%
Microcredits	19,4	22,8	37,5	166,7	144	630,9%	129	344,1%
Commercial Credits	241,4	538,2	1.175,7	4.538,6	4.000	743,2%	3.363	286,0%
Consumption Credits	125,6	212,8	510,3	1.176,4	964	452,9%	666	130,6%
Vehicles	15,2	24,0	20,1	17,1	-7	-28,9%	-3	-15,1%
Credit Cards	125,6	212,8	510,3	1.176,4	964	452,9%	666	130,6%
Loans	18,9	23,7	23,7	62	38	159,5%	38	159,4%

### Ratios

Provision of Credit Portfolio / Gross Immobilized Portfolio	1475,34%	1824,74%	4986,88%	32673,44%
Immobilized Portfolio / Gross Credit Portfolio	0,17%	0,14%	0,05%	0,01%
Net Result / Average Assets	3,21%	4,21%	4,43%	5,64%
Net Result / Average Patrimony	46,19%	69,45%	83,18%	140,05%
Extended Liquidity	38,08%	51,58%	55,02%	75,55%

# MAIN IMPACTS, RISKS AND OPPORTUNITIES

102-15, 102-21, 102-27, 102-28, 102-29, 102-30, 102-31, 102-33, 102-40,  
102-42, 102-43, 102-44, 102-46, 102-47, 103-1, 103-2, 103-3, FS5

		Interest groups						Level of relevance		
N°	Matters and Material Issues <sup>(103-1)</sup>	Shareholders	Human Capital	Customers	Social Partners Community	Suppliers	Authorities	Bank	Interest groups/ Managerial Approach and its <sup>(103-2)</sup>	Main Acting / Managerial Approach Assessment <sup>(103-3)</sup>
1	Maintaining the highest ethical standards and transparency in operability and the comprehensive business development.	X	X	X	X	X	X	High	High	<ul style="list-style-type: none"> <li>■ Maintaining and boosting the good corporate governance.</li> <li>■ Active answer to new normative requirements.</li> </ul>
2	Ensuring the bank's financial solvency.	X	X	X	X	X	X	High	High	<ul style="list-style-type: none"> <li>■ Continuous monitoring of the Control Systems.</li> </ul>
3	Boosting the good corporate governance and the application of best practices.	X	X	X	X	X	X	High	High	<ul style="list-style-type: none"> <li>■ Monitoring of the fulfillment of the Code of Ethics of Banesco Citizens.</li> <li>■ Creation of Economic, Direct and Indirect Value through the efficient banking activity.</li> </ul>
4	Transmitting all financial, corporate and relevant information in a sufficiently and accurately.	X	X	X	X	X	X	High	High	<ul style="list-style-type: none"> <li>■ Maintenance of financial indicators, solvency, profitability, liquidity, ecc.</li> </ul>
5	Presence in the market	X	X	X	X	X	X	High	Mid	<ul style="list-style-type: none"> <li>■ Management of delays and provisions.</li> </ul>
6	Prevention of Banking and Financial Crimes and Training Programs in the Prevention of ML/FT	X	X	X	X	X	X	High	High	<ul style="list-style-type: none"> <li>■ Management of business diversification.</li> <li>■ Supporting the inclusion and banking of all sectors in the country.</li> </ul>
7	Model of Social Corporate Responsibility Management/Management/Dialogue with our interest groups	X	X	X	X	X	X	High	High	<ul style="list-style-type: none"> <li>■ Maintaining updated technology and innovation of products and services to the people's needs.</li> </ul>
8	Legal aspects: Fines, administrative procedures, claims before regulating bodies and other entities	X	X	X	X	X	X	Mid	High	<ul style="list-style-type: none"> <li>■ Maintaining the Customer Defender and the Bank User Unit for Customer Defense.</li> <li>■ Compliance of provided time with greater efficiency and accuracy.</li> </ul>
9	Maintaining lasting relations with clients, in a long term, staying, through products and innovative services, adapted to the needs and client risk profiles.	X	X	X	X	X	X	High	High	<ul style="list-style-type: none"> <li>■ Moving forward with the studies allowing the bank to know the environment the place where the clients, community, and people interaction based on segmentation to know and tackle the timely needs.</li> </ul>
10	Optimizing the claims mechanisms and Quality Management	X	X	X	X	X	X	High	High	





# MAIN IMPACTS, RISKS AND OPPORTUNITIES

102-15, 102-21, 102-27, 102-29, 102-30, 102-33, 102-40, 102-42,  
102-43, 102-44, 102-46, 102-47, 103-1, 103-2, 103-3, FS5

N°	Matters and Material Issues <sup>(103-1)</sup>	Interest groups						Level of Relevance		Main Acting / Managerial Approach Assessment <sup>(103-3)</sup>
		Shareholders	Human Capital	Customers	Social Partners Community	Suppliers	Authorities	Bank	Interest groups/ Managerial Approach and its components <sup>(103-2)</sup>	
11	Matters and Material Issues.	X	X	X	–	–	X	High	High	<ul style="list-style-type: none"> <li>■ Adaptation in the headquarter and in the branches, boxes and preferential customer attention for disabled people, elderly and pregnant women.</li> <li>■ Supporting entrepreneurs, small mid-sized companies regarding the training of activities under process.</li> <li>■ Accompanying the development of productive projects.</li> <li>■ Assessment of the Organizational Environment and determination of the actions to apply.</li> <li>■ Programs and Training and Professional development designed for the bank's personnel.</li> <li>■ Programs and Activities oriented to life-work conciliation.</li> <li>■ Programs of Development of Corporate Volunteering.</li> <li>■ Implementation of the Code of Ethics of Ciudadano Banesco / Mailbox for Suggestions and Claiming Procedure.</li> <li>■ Contrato Colectivo.</li> <li>■ Assessments by taking into account the consideration the performance and the level of responsibility / assumed functions.</li> <li>■ Diversity and opportunities equality.</li> <li>■ Non-contractual benefits.</li> <li>■ Initiatives to improve the access of disfavored people to financial services.</li> <li>■ Generating microcredits programs in the mid-low areas to foster financial inclusion.</li> <li>■ Managing with efficiency the use of all ban's resources.</li> </ul>
12	Maintaining promotions and benefits – Relation Quality/Price/ (Commissions and regulating interests)	X	X	X	–	X	X	High	High	
13	Access to people with disabilities	X	X	X	X	X	X	High	High	
14	Management of the Organizational Environment.	X	X	–	–	–	–	High	High	
15	Boosting the training and personnel and professional development.	X	X	X	–	–	X	High	High	
16	Boosting the dialogue with the High Management Employees.	X	X	–	–	–	–	Mid	Mid	
17	Promoting non-contracting benefits.	X	X	–	–	–	–	High	High	
18	Methods of Assessment and Performance.	–	X	–	–	–	–	High	High	
19	Assessment of particular community needs.	X	–	X	X	–	–	High	High	
20	Management of Social Programs.	X	–	–	X	–	–	High	High	
21	Corporate Volunteering .	–	X	–	X	–	–	High	High	
22	Contributing to the adequate application of eco-efficiency.	X	X	–	X	–	–	Mid	Mid	
23	Process of Suppliers contracting.	X	–	–	–	X	–	Mid	Mid	
24	Adhesion to the Code on Ethics and Behavior of Banesco Citizen.	X	X	X	X	X	X	High	High	



# MAIN IMPACTS, RISKS AND OPPORTUNITIES

102-15, 102-29, 102-30, 102-33, 102-40, 102-42, 102-43, 102-44,  
102-46, 102-47, 103-1, 103-2, 103-3

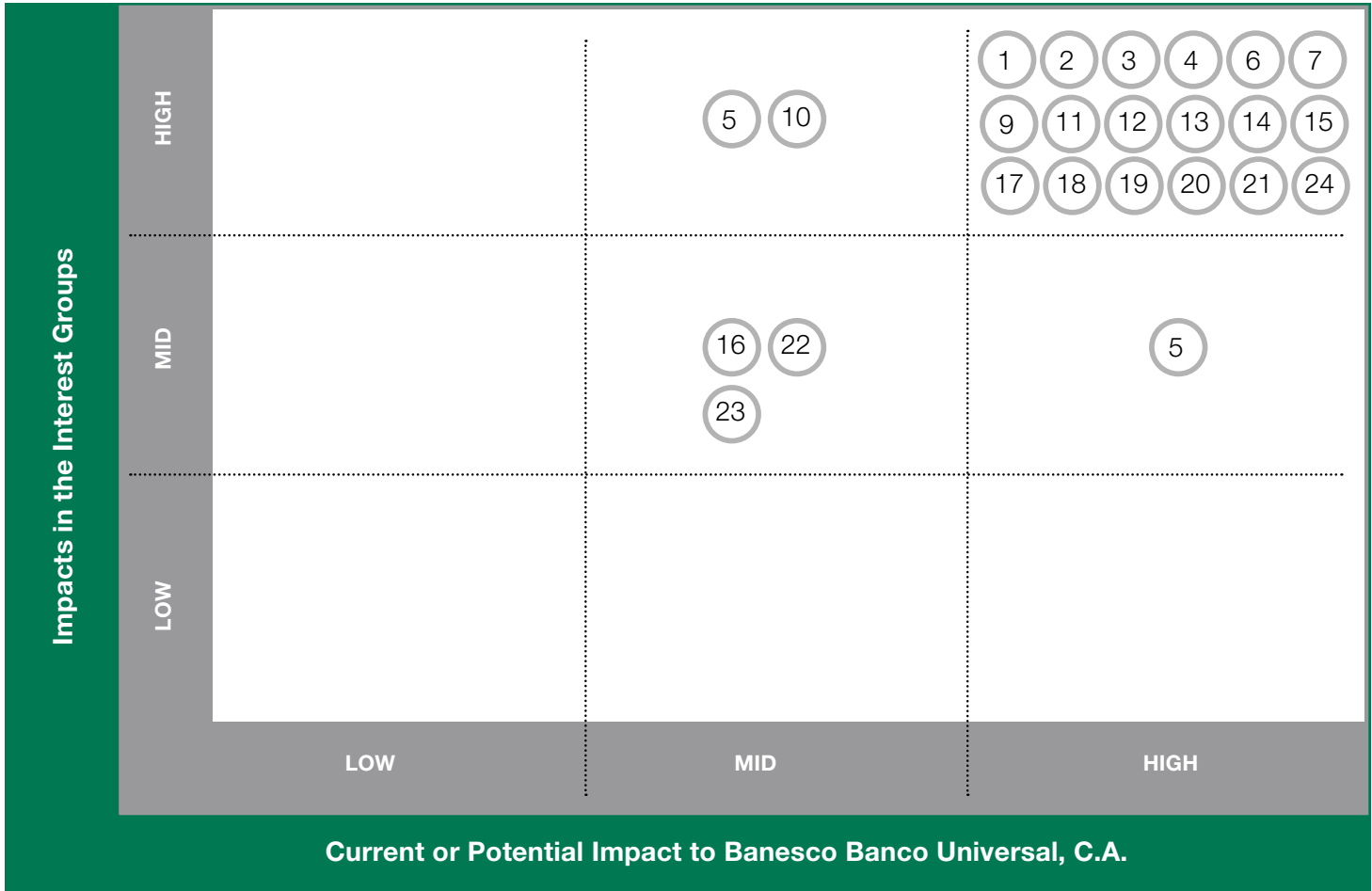
## MATRIX OF MATERIALITY

The material issues included in the materiality analysis are under constant review and, if adjustments are required over time, they will be made and reported to all interest groups in a timely manner, indicating the impacts they cause, as well as the actions taken to ensure the strategies adopted.

In this way, we remain at the vanguard to consolidate our capacity to respond for future contingencies.

Our business model considers the material issues important for the Interest Groups and the Bank. Responding to their expectations is within the priorities and strategies carried out by senior management.

At Banesco Banco Universal, C.A., we are working on different initiatives to align each one of them with the goals established in the 17 Sustainable Development Goals (SDA) of the Agenda 2030 of the United Nations Development Program (UNDP).





## The Internal Dimension of our Social Responsibility

102-19, 102-22, 102-24, 102-33



## MISSION

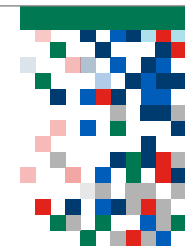
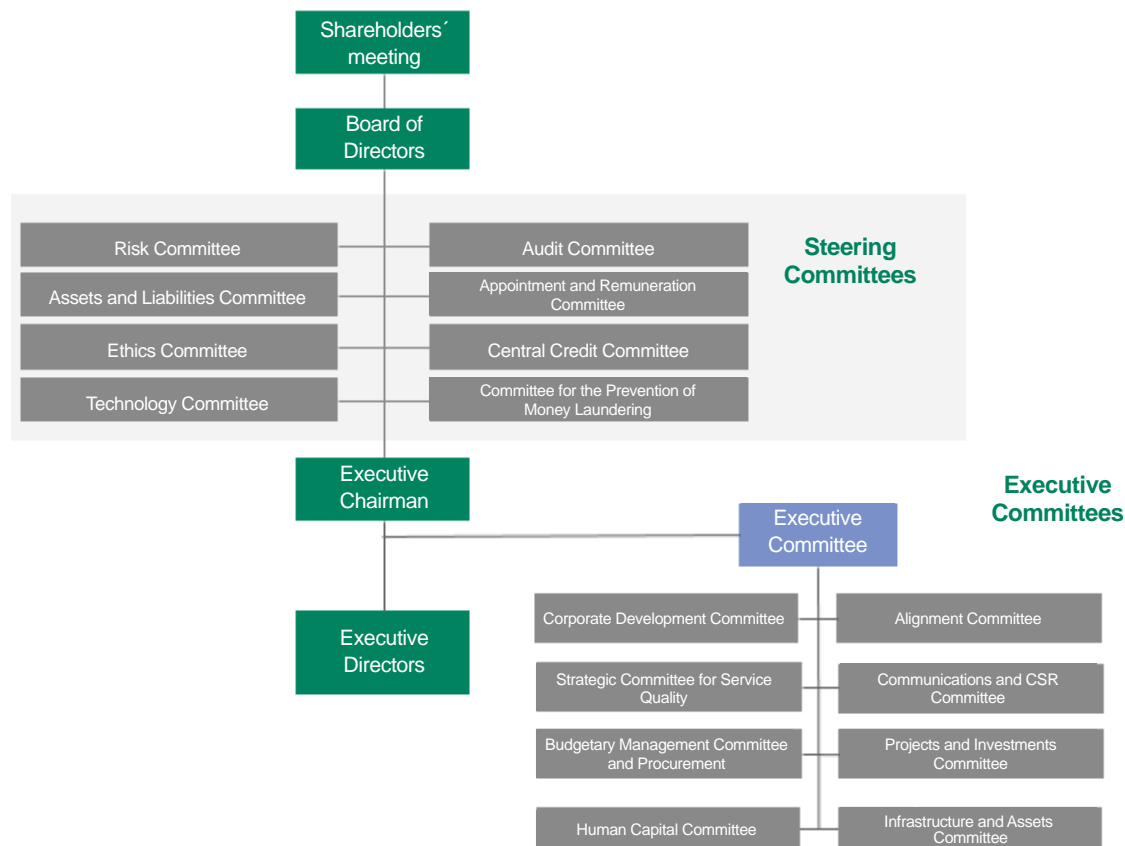
We are the area responsible for the design, development and implementation of effective strategies to optimize the management and performance of the Corporate Governance System in Banesco Banco Universal, C.A., promoting articulation and synergy schemes to ensure more efficient levels in the governing bodies' decision-making process, focusing on the profitability and sustainability of the bank.

## MANAGEMENT

In 2017 Banesco Banco Universal, C.A., enhanced the promotion of its practices by implementing the following world standards in the Corporate Lines, aimed at guaranteeing the effective operation of the Banesco Corporate Governance System:

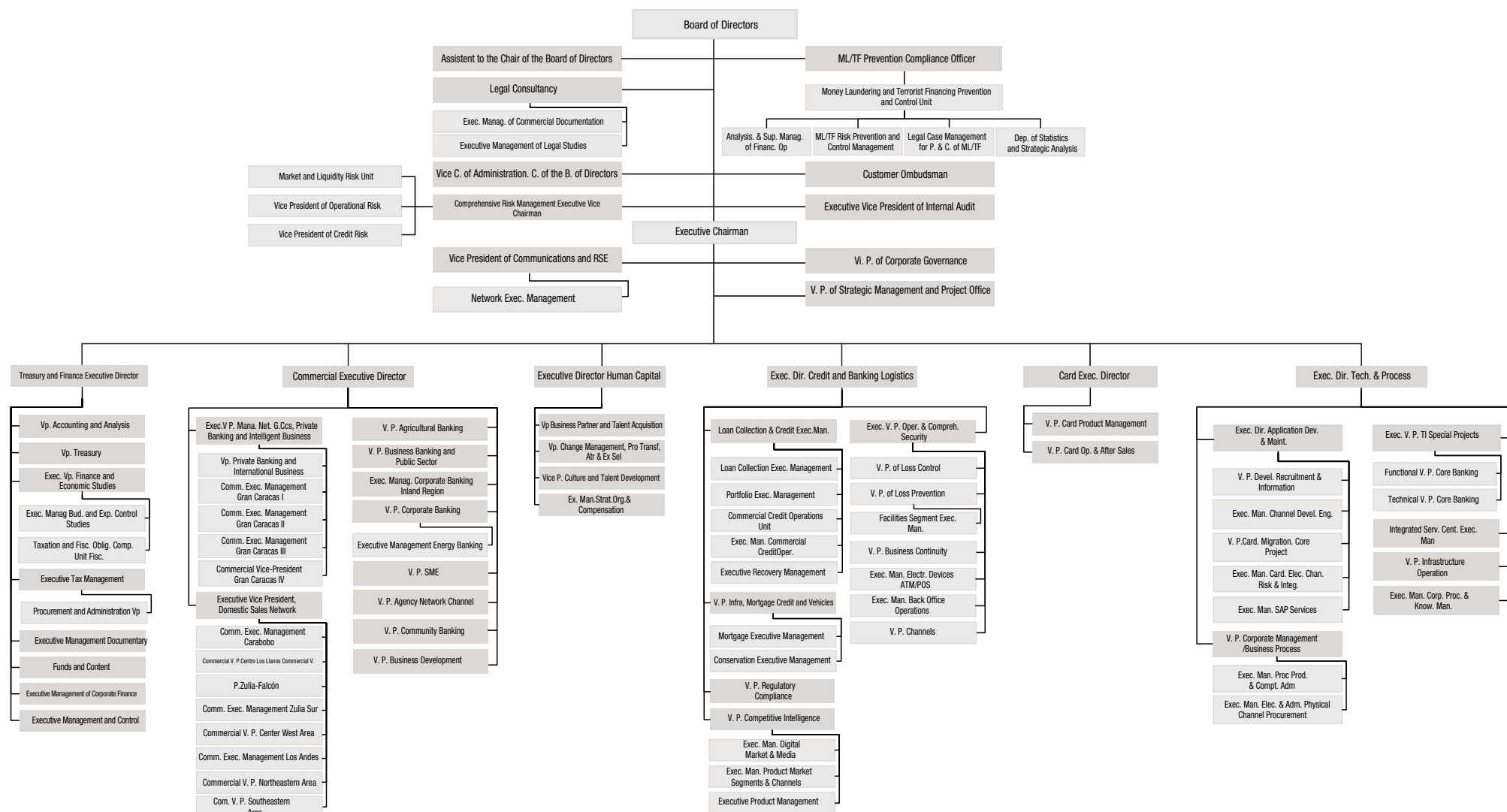
- Compliance with corporate guidelines of adjustments to the structure and operation of the governing bodies.
- Review and standardization of the minutes and reports of the Committee before the Board of Directors.
- We train leaders in Good Governance.
- Training for Directors and Executives through the "Knowledge Channel" tool.

CORPORATE GOVERNMENT CHART OF BANESCO BANCO UNIVERSAL, C.A.





## ORGANIZATIONAL CHART OF BANESCO BANCO UNIVERSAL



### BODIES AND MECHANISMS OF THE CORPORATE GOVERNANCE SYSTEM

The Bank holds a governance structure consisting of the Shareholders' Meeting, the Bank's Board of Directors, the Chairman of the Board of Directors, the Executive Chairman, the Compliance Officer for the Prevention of Money Laundering and Terrorism Financing, the Internal Auditor, the Executive Committee, the Thematic Committees (Directors and Executives) and the different Executive Directors of the bank.

The Vice-chair of Corporate Governance defines and creates the normative base for the implementation and development of the management of the bank's Corporate Governance System under the highest world standards of corporate governance in order to ensure the bank's preservation and the creation of value for shareholders and other interest groups.

### SHAREHOLDERS MEETING

It represents the universality of the shareholders and has the supreme management of the company. Its acts and resolutions are binding on the company and all its shareholders.

### BOARD

The Board of Directors of Banesco Banco Universal, C.A., is made up by qualified people, with wide experience in banking different areas, with recognized solvency and repute, thus guaranteeing the best fulfillment of their duties. It has incorporated majority of Directors, who are independent of the management of the bank. Its main function is the management and general administration of the businesses and operations of the Bank, including its policy of Corporate Social Responsibility.

The Board of Directors is responsible for the definition and strategic direction of the Organization, and also approves the business principles and policies, regulating the autonomy of executive decisions to ensure the interests of shareholders and the continuity of the business. In addition, it controls the work of the bank's operating and functional areas, assesses and compares the business projections

and results of each year with those of previous years. The Board of Directors meets two (2) times a month.

This governance body is also responsible for the identification and management of economic, environmental and social impacts, risks and opportunities, and for the analysis of the effectiveness of organizational processes for risk management of economic, environmental and social issues, including processes for assessing the performance of the higher governance body compared to the governance of economic, environmental and social issues.

However, these functions of the Board of Directors are delegated to the Risk Management Committee, which comprehensively manages the risks involving the bank, and to the rest of the Committees that make up the Bank's governance structure.

Article 30 of the Decree with the Status, Validity and Force of Law of Banking Institutions, published in the Special Official Gazette No. 6,154 dated November 19, 2014, reprinted in the Official Gazette No. 40,557 dated December 8, 2014, provides that the Board of Directors must consist of no less than seven (7) main directors and their respective alternates.



The Board of Directors is responsible for the definition and strategic management of the Organization, and also approves the business principles and policies, regulating the autonomy of executive decisions to ensure the interest of shareholders and business continuity.

One third (1/3) of main and alternate directors may not be shareholders of the Bank, directly or indirectly.

The appointment, re-election and removal of the members of the Board of Directors are undertaken in accordance with the Bank's bylaws, the guidelines established by the Human Capital Steering Committee, the Banking Sector Institutions Law and other provisions issued by the Superintendency of Banking Institutions (SUDEBAN).

The Board of Directors, with the support of the Human Capital Steering Committee, which is responsible for "compensation and remuneration" issues, establishes the Bank's remuneration policies.

Banesco Banco Universal, C.A., has complied with Resolution No. 099-12 and No. 340.08 of the Superintendence of Banking Institutions (SUDEBAN), dated July 10, 2012 and 19 December 2008, respectively, concerning the "Standards to determine compliance with the moral and ethical quality requirements for the conduct of banking business". Likewise, in accordance with the provisions set forth in article 33 of the Banking Institutions Law, the Bank notifies the Regulatory Body of the nominations of all those persons to be appointed by the General Shareholders' Meeting, who shall only perform their functions upon compliance with Law formalities.

Collaborators can request, through the Secretariat, an agenda item at the Board of Directors to consider their proposals if deemed convenient. Otherwise, they may request the agenda item at any of the Thematic Committees, to use them as a primary discussion channel and a means of institutional support for the topic. In addition, the Bank has different communication and participation channels for workers, such as the Buzón Contigo, which allows Banesco Citizens to make comments, ask questions, make recommendations and more about the products, services and benefits offered by the Organization.



These committees submit a monthly report of their management to the Board of Directors, including the control and follow-up of the commitments taken on by their deliberations, which allows them to finalize the level of effectiveness in the management of these governing bodies.

### CHAIRMAN OF THE BOARD

The Chairman of the Board of Directors is subordinate to the Shareholders' Meeting and the Board of Directors and chairs the discussions.

Additionally, he represents the bank and on behalf of the bank grants contracts, agreements and, in general, all kinds of documents. The Chairman of the Board of Directors carries out all those actions that are entrusted to him by the Board. The Chairman and the Board of Directors exercise the supreme command of the Bank's activities and represent it before any public or private authority. The Chairman of the Board of Directors does not hold an executive position within the Bank.

### EXECUTIVE CHAIRMAN

He is appointed by the Board of Directors and is responsible for directing and controlling the administration, processes and integral management of the businesses related to the banking activity carried out by Banesco Banco Universal C.A., in accordance with the powers conferred upon him by the Board of Directors. The Executive Chairman chairs the Executive Committee and is responsible before the Board of Directors for his actions and management. He is also responsible for the review and approval of the Corporate Responsibility and Sustainability Report and his presence before the Executive Committee.

AVERAGE AGE OF THE REPRESENTATIVES OF THE SUPREME GOVERNING BODY

< 60 years

GENDER RATIO OF THE REPRESENTATIVES OF HIGHER GOVERNMENT BODY:





## THE BANK'S ORGANS INCLUDE:

### COMPLIANCE OFFICER ON THE PREVENTION OF MONEY LAUNDERING AND TERRORIST FINANCING

The Compliance Officer is exclusively responsible for the prevention and control of ML/TF offences, and reports directly to the Board of Directors of Banesco Banco Universal, C.A.

He undertakes the supervision and control of the LM/TF Prevention and Control Unit of the Bank and his functions include:

- a) To chair the ML/TF Prevention and Control Committee.
- b) To submit annual and quarterly reports to the President and the Board of Directors of the Bank, containing, inter alia, the progress of the Annual Operational Plan, Annual Training Program on Prevention and Control of ML/TF, and recommendations to improve the adopted procedures.
- c) To promote and supervise compliance with the policies, procedures, provisions and controls approved by the Board of Directors of the Obligated Party, related to the operation of the Comprehensive Risk Management System of ML/TF.
- d) To participate with voice in the Risk Committee and report immediately to the Organization's Board of Directors.

### INTERNAL AUDITOR

He is responsible for evaluating the effectiveness and reasonableness of the internal control system and identifying risks, providing timely information, analysis and recommendations in order to ensure that the Organization acts in accordance with the legal and regulatory framework applicable, including the policies and procedures established. He reports to the Board of Directors, organically, functionally and administratively, who relies on the Audit Committee of the Board of Directors to coordinate and supervise the Internal Audit function and assess the performance and evolution of internal controls and risks identified, suggesting the necessary modifications and corrections and follow up on the corrective actions identified.

## THEMATIC STEERING COMMITTEES

These bodies support the exercise of the Board of Directors' responsibilities, especially ensuring the correct execution of controls, promoting compliance with corporate policies and the transparency of the business conducted by management:

### ASSETS AND LIABILITIES COMMITTEE

At Banesco, the Assets and Liabilities Committee (ALCO) is the equivalent body to the so-called "Assets and Liabilities Management Committee", identified in Chapter IV of the "Regulations for the Adequate Comprehensive Management of the Liquidity Risk of Banks" of the SUDEBAN, through Resolution No. 136.15 dated 11/11/2015. It is directly responsible for the management of market and liquidity risks (price; interest and exchange) and for the adequacy of assets. It periodically analyses the degree of exposure to risks and defines the short- and medium-term financial strategies to deal with the risks assumed in accordance with the foreseeable evolution of markets.

### AUDIT COMMITTEE

The Audit Committee has the responsibility of knowing the financial statements to be considered by the Board of Directors and to submit them to the Shareholders' Meeting for approval, assisting the Board of Directors in the implementation of measures to preserve the integrity of the company's financial information, and collaborating in the supervision and monitoring of the internal and external audit of the Bank. The Independent Directors participate in this Committee. The information provided by the Audit Committee helps to supervise the identification and management of the organization's performance. The Committee has its own Rules of Procedure (Statute) for its operation. It meets monthly and is chaired by an Independent Director.

The Audit Committee arises from the Bank's Bylaws, the Law of Banking Institutions, the Code of Commerce and the Regulations

The information provided by the Audit Committee is useful to monitor the identification and management of the organization's performance. This Committee has an Internal Regulation (Statutes) for its operation.



the Regulations set forth by the Superintendency of Banking Institutions (SUDEBAN). In addition, in order to remain at the forefront of this field, it analyzes and studies the latest global trends, in order to adapt its structure to efficient management practices and transparent management, based on the highest professional and ethical principles that frame the relationship with shareholders, customers, creditors and employees of the bank.

In 2017, 348 branches and 79 centralized areas were audited, amounting to 100% and 95%, respectively, of the planned total. Likewise, in 2016, 387 branches and 80 centralized areas were audited, accounting for 100% and 74%, respectively, of the planned total.

The VP of Auditing has carried out regulatory audits in the area of risk and ML/TF Prevention and Control, which are reported to the Audit Committee, the Bank's Board of Directors and the Regulatory Body in accordance with existing regulations.

An overview is shown below:

Audits performed	Reports submitted in 2017		Reports submitted in 2016	
	I Sem.	II Sem.	I Sem.	II Sem.
<b>Branches &amp; agencies</b>				
Gran Caracas	143	140	-	157
Centro Los Llanos	57	56	-	66
Western Andean	50	49	-	52
East - South	59	57	-	64
West - North	39	38	-	48
<b>Total</b>	<b>348</b>	<b>340</b>	<b>-</b>	<b>387</b>
	<b>688</b>		<b>387</b>	
<b>Central Areas</b>				
Central Areas	21	45	17	48
Comprehensive risk	1	1	1	1
Compliance Office	4	7	2	11
<b>Total</b>	<b>26</b>	<b>53</b>	<b>20</b>	<b>60</b>
	<b>79</b>		<b>80</b>	

## CENTRAL CREDIT COMMITTEE

This committee aims at covering the following aspects:

- To decide on credit applications submitted, according to the levels of autonomy authorized by the Board of Directors and in accordance with the regulations applicable.
- To decide on credit applications and releases of credit guarantees without prior payment of the guaranteed obligation, when the client's consolidated risk in the bank is within the autonomy authorized by the Board of Directors.
- To decide on proposals to renegotiate any of the terms and conditions of the approved credits. Renegotiations shall include, but are not limited to, modifications to the approved conditions regarding: payment terms, interest rates, credit amortization extensions, substitution, addition or release of guarantees and any other credit aspects approved by the Board of Directors and/or this committee, without changing the amount when the consolidated customer risk in the bank is within the autonomy authorized by the Board of Directors.
- To submit to the Board of Directors a Monthly Report of the authorized credit approvals according to the levels of autonomy (General Management Report).

## COMMITTEE FOR PREVENTION AND CONTROL OF MONEY LAUNDERING AND TERRORIST FINANCING (CPC ML/TF)

The CPC ML/TF shall control and supervise the faithful compliance of the preventive measures to tackle Money Laundering and Terrorist Financing within Banesco Banco Universal C.A. It acts as an advisory and consulting body in support of the work performed by the Board of Directors, the President of the Bank and the Compliance Officer concerning compliance with the issues related to the prevention and control of Money Laundering and Terrorist Financing.



Likewise, it remains at the forefront under its area of authority. Therefore, it analyses and studies the latest global trends to tackle money laundering and terrorist financing, in order to adapt its structure to efficient and transparent management practices, based on the highest professional and ethical principles that frame the relationship with shareholders, clients, creditors and employees of the bank, always within the framework of the applicable legislation in the country. This Committee is made up of those responsible for other areas that may collaborate for the good performance of the ML/TF CRMS, with main and alternate members.

## ETHICS COMMITTEE

Its mission is to provide the Bank with a tool and a process in order to adequately address the transparent and efficient reception and resolution of issues related to its Code of Ethics and Conduct of the Banesco Citizen and the Conflict of Interest Regulations.

## RISK COMMITTEE

This Committee aims to be responsible for the correct comprehensive management of the risks incurred by the bank. To this end, it will guarantee a system that includes objectives, policies, procedures, and the capacity to identify, measure, assess and monitor risks, supporting the Board of Directors in the achievement of its strategic planning and reasonably ensure the achievement of its objectives. The Risk Committee meets monthly and is coordinated by a Director who is independent of the Bank's management.

## TECHNOLOGY COMMITTEE

The overall aim of this Committee is to ensure that the technological implementations are aligned with the strategies and gals of Banesco Banco Universal, C.A., maintaining a global and horizontal vision of the business, using resources responsibly, and identifying and managing the risks associated with the area.

## EXECUTIVE COMMITTEE

This main executive body is responsible for ensuring compliance with the policies, strategies, rules, procedures and guidelines established and approved by the Board of Directors, since it acts by delegation of the Board. The role of this Committee is the approval of the most relevant issues related to the administration, monitoring and control of the bank's business plans, its financial results and profitability. It takes the necessary actions for the effective and optimum control of executive management, in order to achieve the objectives, indicators and growth targets established in the Strategic Plan. It is made up by the Executive President and the Executive Directors of Banesco Banco Universal, C.A. and meets at least once (1) a week.

In order to comply with the above mentioned functions, the The Executive Committee has the Executive Thematic Committees:

### ► HUMAN CAPITAL COMMITTEE

Its general objectives are: a) To be the collegiate body in charge of ensuring the adequate management of the human team at Banesco Banco Universal, C.A.; b) To constantly assess the demands and requirements derived from the organizational changes, and from the strategy and its interrelationship with the human capital, in order to align the best practices in the management of personnel with the real needs of the business. It meets monthly and is made up by members of the Board of Directors, Executive Directors and representatives of the Human Capital area.

### ► ALIGNMENT AND MONITORING COMMITTEE

The Alignment and Monitoring Committee of Banesco Banco Universal, C.A. is appointed by the Bank's Board of Directors and is the body directly responsible for coordinating and making decisions that help and support the management of the bank's strategy.

This Committee aims to promote mechanisms for reporting and aligning the bank's executive strategy to ensure a common understanding of the



bank's performance and main strategies, providing a timely a high-level follow-up structure to enable early management of important issues, providing an executive-level forum for discussion and preparation of proposals for those issues that are inherent to and require multi-unit agreements and for which there is no other specific corporate governance body.

## ► COMMUNICATIONS AND CORPORATE RESPONSIBILITY AND SUSTAINABILITY COMMITTEE

This committee is responsible for designing, implementing and ensuring faithful compliance with Banesco's Corporate Strategic Communications Plan, which ensures the alignment of the communication process variables with the business strategy, facilitates interaction with the various interest groups and contributes to strengthening and improving organizational identity and performance.

It defines and coordinates strategies to foster the company's culture in Banesco Citizen, drawing together its values and promoting the organizational philosophy to facilitate change processes. It works to identify and position the company's mission, vision, values and philosophy through internal communications.

This committee facilitates the management of the business with a long term view, assessing and monitoring economic, social and environmental risks. It is appointed by the Bank's Board of Directors, reports to the Executive Chairman and is directly responsible for implementing and developing the Responsibility and Sustainability policy, with the participation of all areas of the bank.

## ► CORPORATE DEVELOPMENT COMMITTEE

Es el órgano responsable de la definición, priorización y seguimiento It is responsible for defining, prioritizing and monitoring the commercial strategy of Banesco Banco Universal C.A., considering this as the set of

initiatives that operate the business plans under a philosophy that aligns the segments, products and service channels, guaranteeing the customer experience as a structural component of differentiation.

## ► STRATEGIC COMMITTEE FOR SERVICE QUALITY

Its overall objective is to promote and ensure the delivery of value and service promise to customers, fitting their needs, through monitoring the policy, standards, continuous improvement of processes / products / services and human capital, to promote a culture of quality service aligned with the strategic framework of the Organization and its accountability.

## ► MANAGEMENT COMMITTEE AND PROCUREMENT

It manages and governs the processes of Budgetary Management and Procurement of Banesco Banco Universal, C.A., including drawing up the budget and the contracting of goods and services, guaranteeing the efficient levels of expenditure, as well as the selection of the best option offered on the market, in order to meet the organization's strategic objectives.

These functions include:

- To ensure compliance of the Expenditure Budget to be recommended to the Executive Committee for approval (annual or emerging) with factors that justify the allocation of resources in terms of:
  - Guaranteeing business continuity, without affecting the operation, service quality and risk exposure of the Bank's areas.
  - Compliance with Regulations.
  - Analysis of the expense rationality including saving initiatives for the optimal use of the assigned resource.
- To ensure the reasonableness and feasibility of the budget allocated to each area of the Bank, as well as to ensure its control and monitoring.

The Communications and Corporate Responsibility and Sustainability Committee enhances the long-term management of the business by incorporating the risk assessment and monitoring of economic, social and environmental matters.



To ensure, within its level of autonomy, the control of the companies and contracts in the organization, through mechanisms that guarantee transparency in the selection of the best option offered by the suppliers, assessing the quality of the goods and/or services offered, in order to satisfy the requirements of the organization, leveraging the strategic vision and improving the relationships with the suppliers.

## ► PROJECT AND INVESTMENT COMMITTEE

It mainly aims to ensure the compliance of the Portfolio of Projects and Investments that will be recommended to the Executive Committee for approval (annual or emerging) with factors that justify the allocation of resources in terms of impact on the strategy achievement; value generated for Banesco; continuity of business; compliance with regulations; feasibility of the investable amount and the required execution capacity; to ensure the reasonableness and feasibility of the business cases for each of the approved investments; and, finally, to ensure the control and follow-up of the approved Projects and Investments Portfolio, specifically the return on investment (value promise).

## COMPLIANCE MANAGEMENT REPORT OF THE RULES OF GOOD CORPORATE GOVERNANCE

For Banesco Banco Universal, C.A., compliance with the principles of good corporate governance means carrying out its activity in accordance with the following standards:

- **Efficiency:** Focused on creating the highest value at the lowest cost, in less time and achieving the proposed objectives.
- **Equity:** Strict respect for the right to equal treatment of shareholders, employees, customers and suppliers, as well as anyone else who has dealings with the company.
- **Respect:** For the economic and political rights of shareholders.
- **Transparency, communication and information:** Building up public greatest trust and credibility through the full and truthful

disclosure of all the information necessary for the full knowledge of the company.

Therefore, Banesco Banco Universal, C.A. adheres to the principle of "one share, one vote", thus recognizing the guaranteeable proportionality between the percentage interest in the capital and the corresponding right of interest in drawing up the will of the bank, always through the informed exercise of the political rights of the shareholders.

Banesco Banco Universal, C.A., through the Vice-chair of Corporate Governance, assesses and promotes the constitution of new governance mechanisms through Thematic Directive and Executive Committees, which support the management of the Board of Directors and its Executive Direction, to benefit and protect the interests of its shareholders, clients and workers, as well as the generation of action lines for the administration of managerial stimulus and discipline.

In order to guarantee compliance with global standards of good corporate governance, the VP for Corporate Governance annually assesses the performance of each of the government agencies, based on indicators that measure their management, using their results to take the necessary actions to optimize its operation, taking into consideration criteria of efficiency and effectiveness in meeting the objectives of each Committee. Likewise, through the Board of Directors it annually reviews compliance with the best practices and world-wide trends and their standardization by each Committee: planning of the agendas for their alignment with the objectives, control and follow-up of the decisions, report to the higher levels of government on its activity, among others.

Likewise, the VP of Corporate Governance periodically coordinates with Independent External Consultants the performance of Surveys among Directors and Senior Management to perform the Diagnosis and Measurement of the Maturity Level in Corporate Governance, in order to establish the level of compliance with the highest international standards by the bank.





## REGULATION, UNION AND BUSINESS PARTICIPATION

Banesco Banco Universal, C.A., is one of the banks regulated by the Superintendency of Banking Institutions (Sudeban), as well as by the Deposit Guarantee and Bank Protection Fund (Fogade). It attends meetings organized by these regulatory bodies, and provides proposals for the implementation of changes.

It also participates in and is an active member of:

- Central Bank of Venezuela (BCV): Regional Operations Committee, Means of Payment Project, Truncation and Imaging, and Electronic Clearing House (cheques, transfers and direct credits).
- Venezuelan Banking Association (ABV):
  - Mortgage Affairs Committee.
  - Swift Executive Committee.
  - Legal Management Committee.
  - Manufacturing Committee.
  - Bank Security Committee.
  - Agricultural Services Committee.
  - Tourism Committee.

In addition, Banesco Banco Universal, C.A., is a member of the Federation of Chambers and Associations of Commerce and Production of Venezuela (Fedecámaras), and is part of the franchises and committees related to its businesses, such as: Suiche7B, Visa, Master-Card. Additionally, it participates in the Chamber of Credit Cards.

From the standpoint of its social action, Banesco Banco Universal, C.A., is member of the Venezuelan-American Chamber of Commerce and Industry (Venamcham) nationwide.

## OUR ETHICS AND HUMAN RIGHTS POLICY

We promote equality among our staff and in the treatment of our clients regardless of ethnic, socioeconomic status, marital status, age, physical appearance, disability, political affinity, religious belief (or lack thereof), sexual orientation or any other particularity, respecting their dignity and guaranteeing equal opportunities.

In our business relationships we base ourselves on equity, fair transactions and mutual benefit, and we apply a selection of suppliers free of discrimination. We are therefore strict in avoiding conflicts of interest.

Banesco Banco Universal, C.A., takes into account social and environmental issues in its activities, although there are no formal voting policies yet for those entities in which Banesco has voting rights or voting advice.

Banesco is a signatory to the United Nations Global Compact, an agreement that supports global organizations voluntary commitment to establish, in their strategies and operations, labor standard principles, the environment, human rights, corruption and transparency.

Banesco communicates annually its progress in the implementation of the Ten Principles through a public corporate report.

Banesco Banco Universal, C.A., seeks to implement these commitments as part of its business strategy. Thus, it has complied with these initiatives:

- The content of the Ten Principles of the Global Compact was disseminated through our internal and external media (blog).
- In 2017, 202 service contracts were signed with its suppliers, 31 of these contracts included Clause 20 (J), which is based on the Ten Principles of the Global Compact in the areas of human rights, the environment, labor standards and anti-corruption.

### OUR BANESCO RESPONSIBILITY AND SUSTAINABILITY POLICY

Our Responsibility and Sustainability Policy aims to achieve Economic, Social and Environmental Sustainability and responsible management in all areas of the organization.

We are committed to the sustainable development of our stakeholders and to achieve this goal we have established a value proposal based on products, services and programs that promote balanced economic, social and environmental development. Therefore, we assume our responsibility to respect and promote human rights, to contribute to the well-being of the areas in which we operate, and to interact, under ethical precepts, with all the different stakeholders: workers, customers, suppliers, authorities, shareholders and society in general.

One of the most important aspects of Banesco Banco Universal, C.A., is that it aims to be an active agent in supporting small and micro entrepreneurs, in training entrepreneurs and in developing inclusive products and services that offer opportunities to those sectors of the population that lack access to the advantages of the financial system.

### COMPREHENSIVE RISK MANAGEMENT SYSTEM FOR MONEY LAUNDERING AND TERRORIST FINANCING (ML/TF CRMS)

In the area of Prevention and Control of Money Laundering and Terrorist Financing (PCML/TF), Banesco Banco Universal, C.A. is governed by Resolution No. 119-10 and Resolution No. 427 of the SUDEBAN, which lay down "Rules for Risk Management and Control related to the Prevention, Control and Prosecution of Money Laundering and Terrorist Financing Operations, applicable to entities regulated by the Superintendency of Banks and Other Financial Institutions".



In addition, it is governed by the Organic Law against Organised Crime and Financing of Terrorism, the Organic Law on Drugs. In addition, Banesco Banco Universal, C.A., is supervised by the National Financial Intelligence Unit (UNIF).

Banesco Banco Universal, C.A., as a regulated entity, maintains its Comprehensive Risk Management System for Money Laundering and Terrorist Financing, in accordance with the regulations, and has optimized it by taking into account the observations indicated by the regulatory body through its official letters and notices, as well as those performed by the external and internal auditors in their half-yearly and annual reports.

The members of the Board of Directors of the bank engage in the definition of policies, strategies and prevention and control plans, which are documented in the Manual of Policies and Procedures for the Management of Money Laundering and Terrorist Financing Risks, required and assessed by the Regulatory Body. The Board of Directors approves within the time limits established by the Regulatory Body the Annual Operating Plan, Annual Training Programme, Annual Assessment and Control Programme, the latter to be executed by the internal audit area. It also maintains a risk-based approach to prevention, monitoring, detection and control of unusual and/or suspicious ML/TF activities, which if considered are reported to the authorities.

The organizational structure of the Bank's Comprehensive System of Money Laundering and Terrorism Financing Risk Management adopted by the Board of Directors, is composed of:

- The Board of Directors.
- The Bank's Chairman.
- The officer of Compliance with Prevention of M/L and T/F.
- The M/L and T/F Prevention Committee.
- The M/L and T/F Prevention and Control Unit.
- The Compliance officer.

As of December 31, 2017 and 2016 the Bank maintains 422 and 390, respectively, Compliance officer throughout the country, appointed by the Board of Directors, who, in addition to their duties of their positions, they should, in accordance to the requirements of the SUDEBAN:

- Serve as a liaison with the Compliance Officer and to support him in the prevention, control and management of Money Laundering and Terrorism Financing efforts.
- Apply and supervise the standards, policies and procedures of prevention and control of Money Laundering and Terrorism Financing activities in their areas of responsibility.
- Advise and support the staff of their area of responsibility on the procedures of prevention, control and in the regulation in force governing said matter.

## MEMBERS OF THE BOARD OF DIRECTORS

Juan Carlos Escotet  
*Chairman of the Board of Directors*

## PRINCIPAL DIRECTORS

Oscar Doval  
*Executive Chairman*

Miguel Ángel Marcano

Carlos Eduardo Escotet Alvarez

José Grasso (Independent)

Emilio Durán (Independent)

Josefina Fernández (Independent)

## ALTERNATE DIRECTORS

Mario Oliva

Juan Carlos Alvarez Hurtado

Antonio Pardo Tolo Lalli

Patricia Riera Chaparro

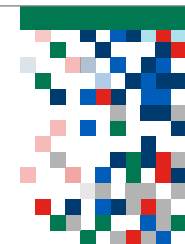
Jorge León Salas Taurel

Juan Francisco Yagüe Fuschino

María del Pilar Escotet de Martínez

Susana María Guzmán Estarellas





## OUR POLICY

We confirm our will of manage the business in a plural and participatory manner. We firmly believe in the Exchange of ideas and thoughts, for that reason, we involve our shareholders in our daily operations. We have a broad base of individual shareholders who benefit from a high profitability and solvency.

We have a transparent relationship with the shareholders through the Meetings of Shareholders and the Management of the Shareholders' Unit. We annually hold two Ordinary Meetings of Shareholders. In 2017, said Meetings were held on September 28, and in 2016, those meeting were held on March 30 and September 28. Furthermore, four Special Meeting were held in 2017 and 2016, on the same dates of the Ordinary Meetings.

We have a broad base of individuals who benefit from a high profitability and solvency. We respect the rights of all the shareholders regarding the payment of dividends.

Our commitment is to correspond to the confidence placed by our shareholders in Banesco, Banco Universal, C.A., through a proper profitability for their capital, a transparent corporate government and a careful risk management. The return on capital policy seeks for balance between the payment of dividends and the levels of funding necessary to face the challenges, opportunities and difficulties that may arise.

## THE MANAGEMENT OF THE SHAREHOLDERS' UNIT

Created in 2009 with the purpose of serving in an expeditious and transparent manner the shareholders. To that end, Banesco maintains a service system both via telephone and via e-mails aimed at providing a better service to its users. Through this management, the shareholders obtain all the necessary information about their investment: statements of account of their dividends (history), claims, certifications of external auditors, transfer of share in case of divorce or death, guarantee, delivery of reports to whoever requests them and, in general, everything related to their shares.

During 2017 and 2016, 9,750 and 4,657 phone calls were answered, 8,370 and 3,700 e-mails were sent, respectively. It should be noted that the most frequent inquiries were aimed at knowing the process of capital increase, preemptive subscription for shares, the shareholding position and the amount of the dividends receivable.



[Foto: Freepik]

## PREFERRED SHARES

Banesco Banco Universal, C.A., at the close of 2017 had a total of 29,527 shareholders: 23,661 holders of preferred shares and 5,936 holders of common shares, whole at the close of 2016, the Bank had a total of 29,615 shareholders: 23,666 holders of preferred shares and 5,949 of common shares.

In 2008, in recognition of their work and commitment with the Organization, 8,811 employees of the Bank, which represented 65% of the staff to that date, became shareholders, starting to receive dividends from August, 2008.

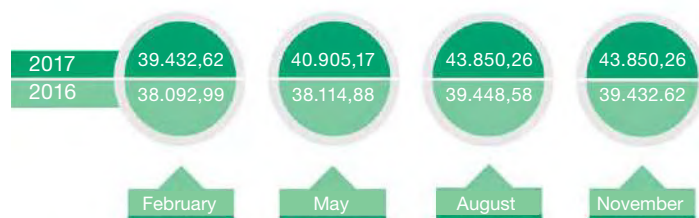
Following it is presented a list of the dividends paid corresponding to the year 2017 and 2016, expressed in VEF:



## OUR SHAREHOLDERS

### PREFERRED SHARES

Months	2017	2016
February	39.432,62	38.092,99
May	40.905,17	38.114,88
August	43.850,26	39.448,58
November	43.850,26	39.432,62



### DIVIDENDS \*

	2017	2016
In cash (VEF)	—	1.700.000.000
Earnings per share	—	16,61
In shares	—	1.500.000
Earnings per share	—	0,0015
In shares	—	500.000
Earnings per share	—	0,0005
In shares	—	21.500.000
Earnings per share	—	0,021
In shares	—	2.000.000
Earnings per share	—	0,0019
Dividends Preferred Shares	—	—
In cash (VEF)	31.107.465	29.219.168

\* The figures presented are paid in the reporting periods.

### BASIC FEATURES

Share capital	2017	2016
2017	1.250.000.000	1.250.000.000
2016	1.250.000.000	1.250.000.000

Shares	2017	2016
Number of shares	125.000.000	125.000.000
Outstanding shares	122.045.466	122.045.466
Treasury shares	2.954.534	2.954.534

Number of shareholders	2017	2016
Common shares	5.936	5.949
Preferred shares	23.661	23.664
Total	29.527	29.613

Additionally, with the purpose of promoting the organization's equity strengthening and growth, two Special Meetings of Shareholders were held on 18 December and November 20, 2017 in which it was agreed to increase the Bank's share capital in the amount of fifty billion bolívars (VEF 50,000,000,000.00) and thirty billion bolívars (VEF 30,000,000,000.00), respectively to place it in the amount of eighty-one point two hundred fifty billion bolívars (VEF 81,250,000,000.00) and thirty-one two hundred fifty billion bolívars (VEF 31,250,000,000.00), Respectively. To this date, such increases are awaiting approval by the Superintendency of the Institutions of the Banking Sector (SUDEBAN), upon prior binding opinion of the Superior Organ of the National Financial System (OSFIN).



### DIALOG WITH OUR SHAREHOLDERS.

Information transparency towards our shareholders is one of the principles that we have established in our policies.

We have the following communication Windows:

- Management of Shareholders' Unit.
- Ordinary General and Special Meetings of Shareholders.
- Biannual Financial Reports.
- Annual Corporate Responsibility Report.
- Digital bulletin, sent via e-mail to our clients.
- Contacts and direct meetings with the shareholders.
- Network of Branches.
- The corporate website [www.banesco.com](http://www.banesco.com), which provides information related to financial information issued by the Bank and by the External Auditors, CSR and the biannual financial reports.

# OUR HUMAN CAPITAL

102-7, 102-16, 102-17, 102-25, 102-34, 103-1, 103-2, 103-3, 406-1, 408-1, 410-1, 412-1, 412-2

## OUR POLICY

We promote equality, fairness and mutual satisfaction with our employees, thus creating a harmonious working environment and a better quality of life for all employees.

We manage the Human Capital through the experience of our corporate values and the anchoring of the core competences that all the members of the institution must have, being the individual and Social Responsibility an essential part of said Human Capital management efforts.

In that sense, the Human Capital policy fosters significant development levels, competitive salary, results-oriented individual and team motivation, as well as the promotion and welfare of its workforce, with the conviction that our workers are the Bank's fundamental axis.

The Human Capital areas responsible for the selection and hiring process carry out their responsibilities based on the methodology applied by Banesco Banco Universal, C.A., with the appropriate respect non-discrimination and equal opportunities policies. The company also carries out several initiatives aimed at the direct recruitment of people with disabilities.

## OUR MANAGEMENT

In 2017, we strove to maintain our workforce despite the impact of the global economic crisis. In that way, we guaranteed stability and security for our employees and filled vacant positions with 1,145 new employees. To the end of 2017, our employee workforce was 6,564 employees

The distribution of employees by position and age shows that we are a young and dynamic institution, with an average age of 36. During this year, 81% of our human capital, that is, 5,317 employees were between 18 and 45 years old.

Banesco Banco Universal, C.A., intends to generate a stable source of employment without discrimination of any kind, which is evidenced by the fact that 91.64% of the employees are permanent, 66% are female and the staff that composes the base positions, both permanent and contracted employees, represents 25% of the total number of employees.

## CODE OF ETHICS

Banesco Banco Universal, C.A., has a Code of Ethics and Conduct of the Citizen Banesco which was adopted by the Board of Directors and is of obligatory compliance and application by all the Bank's staff and people associated to it. Every time an induction to new employees or to active staff is given, the content of the Code of Ethics and Conduct of the Citizen Banesco is reminded and the importance of knowing its content is emphasized, so that they always act observing its tenets. The Code of Ethics is disseminated through electronic media and mass releases on issues related to Values and Prevention of Money Laundering and Terrorism Financing. In addition, it is available at the Intranet portal and at the website ([http://www.banesco.com/somos-banesco/informacion\\_corporativa/código-de-ética](http://www.banesco.com/somos-banesco/informacion_corporativa/código-de-ética)) to be accessed by the general public. Handing out days have been carried out for all the collaborators in the administrative headquarters and network of branches throughout the country. In addition, this legal document establishes rules aimed at regulating the handling of possible conflicts of interest.



## OUR HUMAN CAPITAL

102-7, 102-8, 102-11, 102-16, 102-21, 102-25, 102-33, 102-34, 103-1, 103-2, 103-3, 405-1, 406-1, 408-1, 410-1, 412-1, 412-2

In our effort to maintain constant and straightforward communication with our collaborators, the Human Capital Service Center Coordination was created to meet the requirements of Banesco Citizens involved in Human Capital management and require an immediate or short-term response. The requests received are dealt with in a coordinated manner with the areas linked to their resolution. The employee receives a response through the channels designed for said purpose:

- Internal e-mail (Contigo\_Capital\_Humano@Banesco.com e-mail)
- Intranet box for receiving cases. This channel was removed upon the creation of WhatsApp Employees.
- In-person service through personalized interviews and visits to the work teams in the branches and other service points throughout the country.

During the years 2,017 and 2,016, a total of 4,447 and 3,388 requests were handle via this Contigo Channel.

Additionally, with the launching of Whatsapp Employees in October, 2017, a total of 7,884 interactions were recorded to the close of 2017.

During 2017, the CACH served 2887 collaborators, which represents 45% of employees to the close of the period.

During 2017 and 2016, Banesco Banco Universal, C.A., did not receive any claims regarding Human Rights related to the the employees, shareholders, the clients, the community nor the suppliers.

### DISTRIBUTION BY AGE AND SEX RANGES

Range	2017			2016			Variation		
Age	Fem.	Male	Total	Fem	Male	Total	Fem.	Male	Total
15-17*	12	10	22	28	34	62	(57,14%)	(70,59%)	(64,52%)
18-25	523	406	929	921	644	1.565	(43,21%)	(36,96%)	(40,64%)
26-30	817	353	1.170	1.211	613	1.824	(32,54%)	(42,41%)	(35,86%)
31-35	900	397	1.297	1.228	578	1.806	(26,71%)	(31,31%)	(28,18%)
36-40	761	343	1.104	934	442	1.376	(18,52%)	(22,40%)	(19,77%)
41-45	541	276	817	631	356	987	(14,26%)	(22,47%)	(17,22%)
46-50	349	230	579	394	265	659	(11,42%)	(13,21%)	(12,14%)
51-55	214	160	374	228	203	431	(6,14%)	(21,18%)	(13,23%)
56-60	108	79	187	110	65	175	(1,82%)	21,54%	6,86%
61-65	42	23	65	45	25	70	(6,67%)	(8,00%)	(7,14%)
66-70	13	2	15	14	5	19	(7,14%)	(60,00%)	(21,05%)
71-75	2	2	4	2	3	5	0,00%	(33,33%)	(20,00%)
>75	1		1	1	1	2	0,00%	(100,00%)	(50,00%)
<b>Total</b>	<b>4.283</b>	<b>2.281</b>	<b>6.564</b>	<b>5.747</b>	<b>3.234</b>	<b>8.981</b>	<b>(25,47%)</b>	<b>(29,47%)</b>	<b>(26,91%)</b>

\* The group of employees made up by this age range corresponds to the INCES trainees.

### DISTRIBUTION BY SEX AND POSITION RANK

	2017			2016			Variation		
Rank	Fem	Male	Total	Fem	Male	Total	Fem	Male	Total
Base	1.007	628	1.635	1.598	1.081	2.679	(36,98%)	(41,91%)	(38,97%)
Professional/Technical	2.578	1.253	3.831	3.304	1.652	4.956	(21,97%)	(24,15%)	(22,70%)
Supervisory	116	85	201	196	144	340	(40,82%)	(40,97%)	(40,88%)
Managerial	552	284	836	602	305	907	(8,31%)	(6,89%)	(7,83%)
Vice-Chairmans	25	27	52	42	46	88	(40,48%)	(41,30%)	(40,91%)
Directors	5	2	7	5	4	9	0,00%	(50,00%)	(22,22%)
Chairman	-	2	2	-	2	2	0,00%	0,00%	0,00%
<b>Total</b>	<b>4.283</b>	<b>2.281</b>	<b>6.564</b>	<b>5.747</b>	<b>3.234</b>	<b>8.981</b>	<b>(25,47%)</b>	<b>(29,47%)</b>	<b>(26,91%)</b>



## DISTRIBUTION BY AGE RANGE AND POSITION RANK

Rank Age Range	2017						2016					
	15-17*	18-30	31-40	41-50	>50	Total	15-17*	18-30	31-40	41-50	>50	Total
Base	22	842	546	157	68	1.635	62	1.509	800	197	111	2.679
Professional/Technical		1.230	1.547	735	319	3.831		1.829	1.949	869	309	4.956
Supervisory		22	71	74	34	201		38	146	109	47	340
Managerial		7	227	407	195	836		13	271	428	195	907
Vice-Chairmans			7	21	24	52			15	41	32	88
Directors			1	1	5	7			1	2	6	9
Chairman				1	1	2					2	2
Total	22	2.101	2.399	1.396	646	6.564	62	3.389	3.182	1.646	702	8.981

## NATIONAL DISTRIBUTION

The Bank maintains a territorial division in line with its business strategy, which represents an important source of employment in the different regions of the country. 91.15% of our staff is made up of permanent employees. This percentage had an increase of 3.52% with respect to the previous year.

The Executive Management of Human Capital is present in the country's main cities through a team of comprehensive consultants, expert in the management of Human Capital.

In the different regions of the country, the recruitment is carried out following the same rules and procedures as in the Capital Region through the evaluation of candidates and profiles, which must be suitable for the organizational requirements.

In the inland regions of the countries, the Vice-Chairmans responsible for the Sales Network are from each of these regions, which gives them a better understanding of the economic dynamics in each location and their customers.

## DISTRIBUTION BY CONTRACTUAL RELATION AND SEX

	2017		2016		Variation	
Trainees	91	87	150	153	(39,33%)	(43,14%)
Interns	21	11	21	13	0,00%	(15,38%)
Contract employees	218	153	473	301	(53,91%)	(49,17%)
Permanent employees	3.953	2.030	5.103	2.767	(22,54%)	(26,64%)
Total	4.283	2.281	5.747	3.234	(25,47%)	(29,47%)
Total	6.564		8.981		(26,91%)	





In the regions, the recruitment of executives assigned to the sales area contributes to benefitting the local communities and, at the same time, allows for a better knowledge of the regional situation, which strategically strengthens a decision making based on the particular characteristics of each zone.

## TOTAL EMPLOYEES

Years	Total empleados
2017	6.564
2016	8.981
Variation %	(26,91%)

## DISTRIBUTION BY SEX

Years	Female	Male
2017	4.283	2.281
2016	5.747	3.234
Variation %	(25,47%)	(29,47%)

## AVERAGE AGE

Years	Average age
2017	36
2016	35
Variation %	3,26%

## AVERAGE CAREER

Years	Average age
2017	36
2016	35
Variation %	3,26%



## NATIONAL DISTRIBUTION

Region	2017		2016		Variación	
	Employees	% Total	Employees	% Total	Employees	% Total
Capital	3.963	60,37%	5.415	60,29%	( 26,81%)	( 39,63%)
Central	756	11,52%	1.086	12,10%	( 30,39%)	( 88,48%)
Western-Andes	660	10,05%	898	10,00%	( 26,50%)	( 89,95%)
Eastern-Southern	667	10,16%	853	9,50%	( 21,81%)	( 89,84%)
Western-Northern	518	7,89%	729	8,11%	( 28,94%)	( 92,11%)
Overall Total	6.564	100,00%	8.981	100,00%	( 26,91%)	0,00%

## VICE CHAIRMEN OF THE NETWORK

Region	Year 2017		Year 2016	
	Amount	% Coming from the Local Community	Cantidad	% Coming from the Local Community
Capital	4	75%	3	100%
Central	1	0%	1	100%
Western-Andes	1	100%	1	100%
Eastern-Southern	1	100%	1	100%
Zulia-Falcón	1	100%	1	100%
Overall Total	8	75%	7	100%



## BEHAVIOR OF ENTRIES AND LEAVING

The staff turnover rate is a function of the percentage rate between entries and leavings related to the number of employees of the area in a given period. Between 2006 and 2017, said rate went from 32.03% to 35.75%. In the Collective bargaining agreement of Banesco Banco Universal, C.A., no minimum period of notice related to organizational reassignments is established. The Bank acts according to the legal regulations set forth in the Organic Law of Labor and Workers (LOTTT) and the Organic Law on Prevention, Working Conditions and Working Environment (LOPCYMAT).

## STAR TURNOVER RATE BY REGION

2017			
Region	Population	Entries+ Leavings	Turnover rate
Central Los Llanos Region	756	467	30,89%
Metropolitan Region	3.963	3.254	41,05%
Western-Andes Region	660	360	27,27%
Western-Northern Region	518	312	30,12%
Eastern-Southern Region	667	300	22,49%
Overall Total	6.564	4.693	35,75%
2016			
Region	Population	Entries+ Leavings	Turnover rate
Central Los Llanos Region	1.086	511	23,53%
Metropolitan Region	5.415	4.136	38,19%
Western-Andes Region	898	363	20,21%
Western-Northern Region	853	372	21,81%
Eastern-Southern Region	729	372	25,51%
Overall Total	8.981	5.754	32,03%

## ÍNDICE DE ROTACIÓN

Concepto	2017	2016
Ingresos(*)	1.145	2.112
Egresos	3.548	3.642
Población	6.564	8.981
Total	35,75%	32,03%

(\*) En Ingresos, no se consideró, los pases a fijos y renovaciones de contrato  
 El índice de rotación se calcula por medio de la fórmula  

$$[(\text{Ingresos} + \text{egresos})/2]/\text{población al final de año} \times 100$$





# STAFF TURNOVER RATE BY REGION, AGE AND SEX

2017										
Banesco Banco Universal	<18		18-30		31-40		41-50		>50	
	Fem	Male	Fem	Male	Fem	Male	Fem	Male	Fem	Male
Central Los Llanos Region	0,00%	0,00%	42,26%	59,38%	25,19%	44,38%	13,21%	31,25%	5,26%	30,56%
Metropolitan Region	163,64%	100,00%	64,20%	82,41%	23,25%	35,75%	16,73%	18,84%	13,91%	14,21%
Western-Andes Region	0,00%	0,00%	38,16%	58,33%	20,30%	23,25%	25,00%	16,18%	21,43%	14,29%
Western-Northern Region	0,00%	0,00%	60,00%	90,91%	23,70%	33,59%	11,73%	14,44%	8,33%	26,09%
Eastern-Southern Region	50,00%	0,00%	42,86%	54,10%	21,18%	29,55%	8,87%	10,66%	11,00%	11,90%

2016										
Banesco Banco Universal	<18		18-30		31-40		41-50		>50	
	Fem	Male	Fem	Male	Fem	Male	Fem	Male	Fem	Male
Central Los Llanos Region	0,00%	0,00%	35,98%	48,00%	19,62%	18,24%	6,80%	13,46%	16,15%	10,87%
Metropolitan Region	64,81%	50,00%	56,44%	66,53%	24,21%	31,26%	14,15%	16,20%	11,24%	9,60%
Western-Andes Region	50,00%	0,00%	34,66%	31,20%	13,45%	23,93%	7,56%	6,32%	5,56%	14,58%
Western-Northern Region	0,00%	0,00%	44,25%	52,60%	21,26%	25,00%	12,11%	16,67%	5,00%	11,76%
Eastern-Southern Region	0,00%	0,00%	29,82%	36,73%	16,04%	28,24%	14,53%	22,39%	13,00%	26,09%





## STAFF TURNOVER RATE BY REGION AND SEX

2017						
Banesco Banco Universal	Population		Entries+Leavings		Turnover rate	
	Fem	Masc	Fem	Masc	Fem	Masc
Central Los Llanos Region	561	195	295	172	26,29%	44,10%
Metropolitan Region	2.514	1.449	1.863	1.391	37,05%	48,00%
Western-Andes Region	397	263	209	151	26,32%	28,71%
Western-Northern Region	353	165	184	128	26,06%	38,79%
Eastern-Southern Region	458	209	177	123	19,32%	29,43%
Overall Total	4.283	2.281	2.728	1.965	31,85%	43,07%

2016						
Banesco Banco Universal	Population		Entries+Leavings		Turnover rate	
	Fem	Masc	Fem	Masc	Fem	Masc
Central Los Llanos Region	763	323	342	169	22,41%	26,16%
Metropolitan Region	3.402	2.013	2.449	1.687	35,99%	41,90%
Western-Andes Region	530	368	205	158	19,34%	21,47%
Western-Northern Region	472	257	219	153	23,20%	29,77%
Eastern-Southern Region	580	273	210	162	18,10%	29,67%
Overall Total	5.747	3.234	3.425	2.329	29,80%	36,01%

## PERFORMANCE ASSESSMENTS

In order to comply with the Performance Evaluation cycle, since 2011, for the first time, the measurement of quantitative objectives was enabled for the entire population of the bank, so that all the organizational levels record their objectives; and their performance is evaluated based on these. The total number of citizens with performance evaluation in 2017 was 5,365 employees, representing 81.73% of assets to the end of that year. The remaining percentage corresponds to trainees, staff members who do not apply for the evaluation due to their seniority, and to those employees who left the Bank at the time of the Performance Evaluation in 2017.

### PERFORMANCE ASSESSMENT

	2017	2016	Var %
Total Employees	6.564	8.981	(26,91%)
N°of employees assessed	5.365	8.032	(33,20%)
%of employees with assessment	81,73%	89,43%	(1,11%)



## PERFORMANCE ASSESSMENTS BY POSITION RANK

2017				
Banesco Banco Universal	Men		Women	
	Assessed	%	Assessed	%
Base	395	22,75%	740	20,39%
Professional/Technical	994	57,26%	2.245	61,86%
Supervisory	83	4,78%	110	3,03%
Managerial	264	15,21%	534	14,71%
Vice-Chairmen	-	0,00%	-	0,00%
Directors	-	0,00%	-	0,00%
Total by sex	1.736	100,00%	3.629	100,00%
Overall Total Assessed	5.365			
2016				
Banesco Banco Universal	Men		Women	
	Assessed	%	Assessed	%
Base	847	30,14%	1311	25,11%
Professional/Technical	1.494	53,17%	3.104	59,44%
Supervisory	130	4,63%	176	3,37%
Managerial	293	10,43%	583	11,16%
Vice-Chairmen	44	1,57%	43	0,82%
Directors	2	0,07%	5	0,10%
Total by sex	2.810	100,00%	5.222	100,00%
Overall Total Assessed	8.032			

## PROMOTIONS

We believe in the talent of our collaborators, for that reason, we offer the possibility of growing within our organization toward positions of higher responsibility through our Internal promotion policy. In 2017 and 2016 we promoted 1,021 and 1,306 collaborators as the main source for filling vacancies.

## PROMOTIONS

Direction	Year 2017	Year 2016	Variation
Board of Directors	24	20	20,00%
Executive Chairman	28	38	(26,32%)
Human Capital Executive Director	30	44	(31,82%)
Commercial Executive Director	555	678	(18,14%)
Credit and Bank Logistics Executive Director	161	237	(32,07%)
Corporate Development Executive Director		60	(100,00%)
Cards Executive Director	37	63	(41,27%)
Technology & Processes Executive Director	140	117	19,66%
Treasury & Finances Executive Director	46	49	(6,12%)
Overall Total	1.021	1.306	(21,82%)

## SALARY POLICY

Banesco Banco Universal, C.A., is committed to continuously evaluate the needs of its employees as well as to provide better working conditions. In 2017, an overall average pay raise of 95% was implemented for all Banesco citizens at three different times, providing 20% in January, 25% in May and another 30% in November. In addition, improvements were made to the food voucher benefit in accordance with the issued and current regulations.



## SALARY POLICIES FOR THE SUPREME GOVERNING BODY AND SENIOR MANAGEMENT

In 2017 and 2016, a pay raise was implemented for the executive segment of Banesco Banco Universal, C.A., adjusting the fixed salary received by the employee. With respect to the variable portion of salary of the executive segment Banesco Banco Universal, C.A., maintained the policy of granting a percentage of the total annual salary as a Variable Bonus linked to performance and to the different evaluation criteria.

The measuring elements used were:

- The results obtained by the executive in terms of compliance with the objectives outlined in the Strategic and Operational Planning of the Department under his responsibility.
- Results of the competence assessment obtained through a 360 Degree assessment.
- Average result obtained by the peers during the year.
- Assessment performance grade given by the direct supervisor of the executive.
- Linkage of Performance Criteria with Objectives of the Group.

Banesco Banco Universal, C.A, recognizes the executive segment as a key pillar of its performance as a leading organization in the Venezuelan market. For that reason, year after year, it includes the performance of his area of responsibility as an important part of the evaluation of the executive, which not only assures the cohesion and teamwork of the collaborators, but also aligns the organizational objectives with the responsibilities of the Banesco executive. In addition, social and environmental objectives are included in the evaluation of the performance of the Directors, through compliance with Corporate Social Responsibility initiatives and recycling and resource optimization initiatives,

## PROCESSES BY WHICH PAYMENT IS DETERMINED

Banesco Banco Universal determines its salaries by carrying out an analysis of the relative weights of its positions within each of its work units, taking into account the decrees on the matter issued by the National Executive, the budget defined for that purpose, macroeconomic indicators and any other relevant variable that allows for an equitable allocation of said salaries. The annual salary of a collaborator includes a basic monthly income, a vacation bonus, profits and contribution to the savings bank of 11% by the company.

### LINKAGE BETWEEN THE ANNUAL SALARY OF THE BEST PAID PERSON AND THE SALARY OF THE REST OF THE ORGANIZATION

Payment	Year 2017	Year 2016
Average payment rest of the population	6.853.255,43	1.071.651,72
Linkage Total Annual pay	7,12	26,79

– Average salary of the rest of the population does not include the best paid person in the Organization  
 - The calculation includes full-time employees, part-time employees and contract workers.  
 - Given the local context where the activities of Banesco Banco Universal, C.A., are carried out, there is information that is kept confidential to safeguard the personal security of our employees and the Institution's senior management.

### LINKAGE BETWEEN THE PERCENTAGE INCREASE OF THE ANNUAL SALARY OF THE BEST PAID PERSON AND THE PERCENTAGE INCREASE OF THE AVERAGE ANNUAL

Payment	Year 2017	Year 2016
Best paid position	69,98%	648,01%
Average payment	539,50%	220,01%
% of Annual pay raise	536,45%	221,35%

– From the local context where the activities of Banesco Banco Universal, C.A., are developed, there is information that is kept confidential to safeguard the personal security of our collaborators and the senior management of the Institution.





## WORKERS WITH DISABILITIES

Since the beginning of our operations, we have been aware of the importance of generating employment for people with disabilities. We aim at assuring them their insertion in the labor sector, once they have been prepared and trained with specialized associations in the field. We have offered them to be in charge of flexible and dynamic activities. Their development has undoubtedly allowed them to feel and be productive for society. Their effort and perseverance are a great example for Banesco and the society.

## TRAINING AND FORMATION

We are committed to strengthen the growth and development of our human talent. This is the reason why our purpose is providing our talents with formation experiences that will allow them to have the necessary tools and skills for the achievement of the goals set by Banesco.

## WORKERS WITH DISABILITIES

Region	2017	2016	Var %
Metropolitan Region	13	17	(23,53%)
Central-East Region	1	-	100%
<b>Total</b>	<b>14</b>	<b>17</b>	<b>(17,65%)</b>

## TYPE OF DISABILITY

Type	2017		2016	
	Female	Male	Female	Male
Visual disabilities	2	1	2	2
Mental health disabilities	-	2	-	2
Multiple disabilities	2	3	4	5
Musculoskeletal disabilities and other	1	3	2	-
Overall results by genre	5	9	8	9
<b>Overall results</b>	<b>14</b>		<b>17</b>	

## TRAINING AND FORMATION FOR EXECUTIVE AND WORKERS

Job Denomination	Workers			Man-hours			Average time (hours)		
	2017	2016	Var	2017	2016	Var	2017	2016	Var
Semi-skilled workers	2.503	3.305	(24,27%)	72.276	167.073	(56,74%)	29	51	(43,14%)
Professional/Technician	5.374	5.774	(6,93%)	223.737	393.006	(43,07%)	42	68	(38,24%)
Supervisors	342	405	(15,56%)	15.690	27.375	(42,68%)	46	68	(32,35%)
Managers	1.013	1.110	(8,74%)	62.098	122.155	(49,16%)	61	110	(44,55%)
Vice-presidents	48	95	(49,47%)	548	5.424	(89,90%)	11	57	(80,70%)
Directors	7	9	(22,22%)	25	277	(90,97%)	4	31	(87,10%)
President	2	2	0,00%	8	55	(85,45%)	4	28	(85,71%)
<b>Total</b>	<b>9.289</b>	<b>10.700</b>	<b>(13,19%)</b>	<b>374.381</b>	<b>715.366</b>	<b>(47,67%)</b>	<b>40</b>	<b>67</b>	<b>(40,30%)</b>



## TRAINING AND FORMATION BY GENRE

Job Denomination	Trained Workers in 2017				Trained Workers in 2016			
	Women	%	Men	%	Women	%	Men	%
Semi-skilled workers	1.498	25,43%	1.005	29,57%	1.969	29,02%	1.336	34,13%
Professional/Technician	3.493	59,30%	1.881	55,34%	3.792	55,89%	1.982	50,63%
Supervisors	200	3,40%	142	4,18%	227	3,35%	178	4,55%
Managers	669	11,36%	344	10,12%	746	10,99%	364	9,30%
Vice-presidents	25	0,42%	23	0,68%	46	0,68%	49	1,25%
Directors	5	0,08%	2	0,06%	5	0,07%	4	0,10%
President	-	0,00%	2	0,06%	-	0,00%	2	0,05%
Total	5.890	100,00%	3.399	100,00%	6.785	100,00%	3.915	100,00%

## EDUCATING IN DIFFERENT DISCIPLINES

Our training and formation plans are thought in three knowledge areas: banking and regulatory dispositions (which include legal aspects and industrial, physical and information safety), technical knowledge (management control, marketing, sales, technology and specialized formation) and talent development (personal development, leadership and other general competences).



## EDUCATING IN DIFFERENT DISCIPLINES

Disciplines	Training and Formation (hours)		
	2017	2016	Variation %
Banking and regulatory dispositions	183.807	310.292	(40,76%)
Technical Knowledge	154.824	307.445	(49,64%)
Talent Development	35.750	97.628	(63,38%)
Training (total hours)	374.381	715.366	(47,67%)
Workers (total)	6.564	8.981	(26,91%)
Average training period (hours)	40	67	(40,30%)
Trained workers (total)	9.289	10.700	(13,19%)
% of Trained workers	141,51%	119,14%	18,78%

### WORKSHOPS IN OPERATIONAL RISKS

Supported by a high-performance team with an integral vision of the key elements that may impact the achievement of our objectives, we have kept in 2016 and 2017 a low loss level in accordance with our financial aspirations. The risk appetite set by the bank continued to be one of the key elements of the Integrated Risk Management, which was also driven by the multiplier effect of the policies that the Risk Department have implemented in the different areas of the organization, through a policy of advice, monitoring and knowledge transfer regarding risk management.

The deployment of Banesco's Risk Culture Plan, through joint work and the participation of the responsible staff for those processes within the organization, represented a key initiative to reinforce and leverage the continuity of the actions of communication, measurement and training for Citizens Banesco in the area of Integral Risk Management and the methodology applied for its implementation. Banesco continues to promote The Young Talent Training Program: the objective of which is to train, qualify and develop a new generation, incorporating young people with a high level of competence and potential in the most important Departments of the organization, being the Executive Vice-Presidency of Risk Management one of the key areas. Banesco aims at welcoming young professionals and providing them safe spaces for theoretical and practical learning experiences under rotating schemes in internship formats. The program began with 30 participants, who were distributed in key areas (credit, finance, risk and technology).

### WORKSHOP AND TRAINING IN OPERATIONAL RISK

Denomination of the activity	2017		2016	
	Participants	Certified / Approved	Participants	Certified / Approved
Specialized Talks in Integrated Risk Management (Methodology and Application)	5432	5432	6.450	6.450
Workshops in Integrated Risk Management for new employees	446	446	1.265	1.265
Training Program for Young Talents	35	35	32	32
<b>Overall results</b>	<b>5.913</b>	<b>5.913</b>	<b>7.747</b>	<b>7.747</b>

### BUDGET IMPLEMENTED FOR TRAINING AND FORMATION IN OPERATION RISK

During 2017 and 2016 this activity did not generate costs for the Organization since it was executed through the team of facilitators of Human Capital and Risk. These experts carry out the training workshops in Operational Risk for new members of the staff working in the metropolitan area and in the regions. During these workshops, Banesco provides employees with general knowledge about this specialized area, its functions and the importance of identifying, valuing and managing the operational risks existing in the Bank. It is an opportunity for workers to clarify their doubts and learn from other work experiences. This training allows employees to relate the activities they perform with the management of operational risks.

### TRAINING AND FORMATION IN MATTERS OF MONEY LAUNDERING AND TERRORISM FUNDING

Banesco is committed to meet the current legal regulations on the prevention, control and supervision of operations that may be done through our Financial Institution, with the purpose of legitimating capital (and/or financing terrorism) coming from illegal activities. Banesco promotes making good business, responsible and safe transactions in order to avoid the attacks of organized crime and the eventuality of a judicial error that affects innocent third parties. Banesco Banco Universal C.A. executes an annual training program on the prevention and control of money laundering and terrorism funding, approved by the Board of Directors, which involves all employees. This program is enhanced by innovative training strategies such as specialized talks, workshops in which the key aspects for the fight against money laundering and terrorism funding are presented by experts in this matter.

### TALENT TRAINING AND FORMATION

Since 2011 we are promoting Banesco's Virtual Learning Platform, which is an interactive training system with various tools and multimedia content aimed at developing the critical skills and knowledge that each employee must have according to its role in order to perform successfully its duties.

Through the Cloud Service Digital Portal, the Human Capital Department has managed to consolidate Banesco's Virtual Learning Program, which has strengthened the training strategy: the goal is to offer 85% of virtual lessons plus 15% of regular lessons, always giving priority to virtual learning experiences. The program has already 143,284 participants and 335,495 hours of training. Similarly, the benefits of the cloud system were enhanced, giving the employees the possibility of accessing from home to attend their virtual courses.

### TRAINING AND FORMATION IN MATTERS OF MONEY LAUNDERING AND TERRORISM FUNDING

Category	Number of employees			Funds (VEF)		
	2017	2016	Var.	2017	2016	Var.
New employees	1.142	2.130	(46,38%)	-	-	-
Active Staff	5.809	7.409	(21,60%)	17.304.538	3.985.481	334,19%
Total	6.951	9.539	(27,13%)	17.304.538	3.985.481	

The Virtual Learning platform is a tool that provides a very high value for the professional development of each Citizen Banesco. Every year we incorporate new learning programs since we are looking forward to expanding our training offer. We aim at reinforcing positive behaviors and reviewing codes, attention procedures and customer service policies. We want to reduce gaps in attitudinal skills and technical knowledge, which is a core aspect for meeting all the regulatory standards ruling the Bank and offering a better service to our customers.

During the last six years, we have incorporated modular programs that address the different theoretical and practical aspects of Quality of Service and Customer Experience, as well as content for the development of Banesco competencies, which allow strengthening and closing the gaps identified in the performance evaluation processes. There are programs aimed at reinforcing critical technical knowledge of the business and the strict fulfillment of regulatory standards, such as the refresher course on Risk Prevention and Control of Money Laundering and Terrorism Funding. Learning Program: Culture of Efficiency and Culture of Risk; as the main strategies for the implementation of savings, profitability and comprehensive risk management initiatives for the entire organization. Virtual Training Programs were provided with internal and external certification, endorsed by different recognized universities, among which we can mention:

the Client Experience Program endorsed by Universidad Católica Andrés Bello (UCAB); the Professional Management ITIL Training Program endorsed by Global Desk and the Innovation Diploma endorsed by Universidad Simón Bolívar (USB). We have also offered internal courses such as the Management Program Project promoted by the Project Management Department and the Security Program developed by the Loss Prevention Office, which has great acceptance among the Citizens Banesco since it has potentiated their professional development.

### INTERNSHIP PROGRAM

The Internship Program of Banesco Banco Universal, C.A., aims at recruiting young talents with the purpose of fostering and training them for a long-term development vision. Annually, we received a group of high school students and middle school technicians for their occupational internships. Banesco gives them the opportunity to fulfill the corresponding academic requirement for the completion of their studies, as well as providing them with the theoretical practical experience for them to join the active labor force of the country. The duration of the internships is determined by the Ministry of Higher Education, Universities and Technical College Institutions. The Interns shall complete at least two hundred and forty (240) hours of formation to meet the Regulations enshrined by the National Internship Program.

We have the responsibility of assigning a tutor to each intern (the so-called Business Tutor), who will review the execution of the program and the activities included in the internship study plan. The tutor will watch over the fulfillment of the program in order to guarantee a successful learning experience for our interns.

We respect actively the current legislation. We are training 178 apprentices from INCES: 71 of which are in theoretical phase in Technical College Institutes to reach the necessary technical knowledge and develop competences that will allow them to be incorporated in the banking area. We have 107 apprentices in diverse units of the Organization carrying out their practical phase.

Approximately, 30% of the apprentices who support us in the practical phase will be effectively incorporated as regular members of the staff of our organization. In this way, the apprentices from INCES we train at Banesco become an excellent resource for acquiring new talents.

### OCCUPATIONAL HEALTH

The Workers' Health Management administers all issues related to the epidemiological surveillance of our employees and aims at integrating our preventive health policies, which is complemented by the prevention of occupational risks.

We are aware and convinced that a healthy company is one in which the physical, psychological and well-being of the employee is important for the development of its objectives.

We are committed to providing safe and healthy working environments. We want to guarantee our workers' right to have access to healthcare, safeguard their health and integrity, beyond their own working environment and protecting their family group.







The healthy business model is based on the guidelines of international organizations such as the World Health Organization and the European Occupational Safety and Health Network, which focuses on people and encompasses physical, mental and occupational aspects. This model is made in accordance with the Venezuelan health policies, which are strictly followed by Banesco Banco Universal, C.A.

The healthy company model administered by Banesco Health's Management applies and measures on our workers the following patterns:

1. Work environment.
2. Evaluations of potential risks in the different facilities and workplaces.
3. Education and training of the workforce on the risks associated with their job.
4. Epidemiological studies, claims and mitigation actions.
5. Prevention of common and work-related incidents
6. Emergency measures.
7. Physical activities inside and outside the Bank.
8. Healthy eating habits
9. Preventive health campaigns.

During 2017 and 2016, 4,547 and 6,261 consultations were held in the Metropolitan Area of Caracas, respectively. 3,940 and 5,149 rests were granted after medical examination. In cases of prolonged sick leaves, the workers reintegrated to their job positions after medical examination. Nationwide, there were 27,966 and 28,474 lost days, representing 1.00 and 0.79% of absenteeism due to medical causes, which led to conclude that almost 100% of the population is healthy. It should be noted that consultations or rest include the assistance of a collaborator for various pathologies.



Banesco supervises all cases of labor absenteeism (especially prolonged leaves), by applying the following formula:

$$\% \text{ LABOR ABSENTEEISM MEDICAL CAUSES} = \frac{\text{NUMBER OF DAYS LOST FOR MEDICAL CAUSES}}{\text{NUMBER OF EMPLOYEES}} \times 100$$

- Primary Healthcare Program.
- Program for the Prevention of Occupational Risks and Accidents.
- Program for the Prevention of Occupational and Common Diseases.
- Application of the health insurance policies ruled by the Social Security Office.
- Our employees are encouraged to be their own healthcare and job security manager. We also count with a group of specialists that analyzes special situations of employees having severe health conditions.

## THE BANK PERIODICALLY IMPLEMENTS THE FOLLOWING HEALTH POLICIES:

### 1. Medical Assistance Program:

- Hypertension Screening: 525 employees were evaluated and monitored during 2017 in order to avoid potential risks.
- We continued with our fumigation plan (thermo-nebulization) in all offices in the metropolitan area and the interior of the country. We have cleaned ducts and air conditioning grilles. In agencies having workers with respiratory diseases, preventive measures, in terms of cleanliness, were increased.
- Specific measures regarding garbage collection and water storage and handling.

**2. Information campaigns** to promote healthy living habits (food, sports, most common diseases and main health risks, cervical cancer screening, breast cancer screening through preventive consultation, etc.).

**3. Audiometry:** due to the situation of the country, audiometries were not performed during 2017. 59 audiometries were done in 2016 to avoid some potential risks.

**4. Annual evaluations:** The data is presented following these patterns: Type of Disease/Accidents in 2017 and 2016 are presented at a general level and then they are broken down by region, sex and number of medical rest days granted to our employees:

### ABSENTEEISM CAUSED BY DISEASES/ACCIDENTS

Disease / Accident	2017			2016		
	Rest	Lost days	% Medical Labor Absenteeism	Rest	Lost days	% Medical Labor Absenteeism
Common Disease	3.463	23.203	0,83	4.646	23.691	1,11
Occupational Disease	0	0	0,00	—	—	0,00
Work Accidents	8	39	0,00	3	34	0,00
Common Accidents	469	4.724	0,17	500	4.749	0,22
Total: Absenteeism caused by Diseases/Accidents	3.940	27.966	1,00	5.149	28.474	1,33

### ABSENTEEISM CAUSED BY COMMON DISEASES-N°OF MEDICAL RESTS

Regions	2017			2016		
	Men	Women	Total	Men	Women	Total
Central-East	95	396	491	63	396	459
Metropolitan Region	619	1.636	2.255	991	2.475	3.466
West-Andean Region	65	338	403	85	231	316
South-East Region	20	155	175	31	135	166
Zulia-Falcón Region	32	107	139	47	192	239
Total	831	2.632	3.463	1.217	3.429	4.646

### ABSENTEEISM CAUSED BY WORK ACCIDENTS -N°OF MEDICAL RESTS

Regions	2017			2016		
	Men	Women	Total	Men	Women	Total
Central-East	—	—	—	—	—	—
Metropolitan Region	4	3	—	1	2	3
West-Andean Region	—	—	—	—	—	—
South-East Region	1	—	—	—	—	—
Zulia-Falcón Region	—	—	—	—	—	—
Total	5	3	8	1	2	3



## ABSENTEEISM CAUSED BY COMMON ACCIDENTS-N°OF MEDICALRESTS

Regions	2017			2016		
	Men	Women	Total	Men	Women	Total
Central-East	27	36	63	26	39	65
Metropolitan Region	115	199	314	111	231	342
West-Andean Region	15	33	48	24	41	65
South-East Region	15	13	28	3	9	12
Zulia-Falcón Region	9	7	16	7	9	16
Total	181	288	469	171	329	500

## TOTAL GENERAL ABSENTISMO POR N° DE REPOSOS

Regions	2017			2016		
	Men	Women	Total	Men	Women	Total
Central-East	1.017	2.923	3.923	1.389	3.760	5.149

The data is presented as follows: Type of Disease/Accidents in 2017 and 2016. The information is presented at a general level and then is broken down by region, sex and number of medical rest days granted to our employees.



[Foto:  
Freepik]

## COMPREHENSIVE TOTAL: ABSENTEEISM -N° OF MEDICAL RESTS

Regions	2017			2016		
	Men	Women	Total	Men	Women	Total
Central-East	950	4.526	5.476	545	3.850	4.395
Metropolitan Region	515	3.244	3.759	454	1.879	2.333
West-Andean Region	2.539	8.633	11.172	3.197	10.487	13.684
South-East Region	103	1.444	1.547	97	1.236	1.333
Zulia-Falcón Region	197	1.052	1.249	378	1.568	1.946
Total	4.304	18.899	23.203	4.671	19.020	23.691

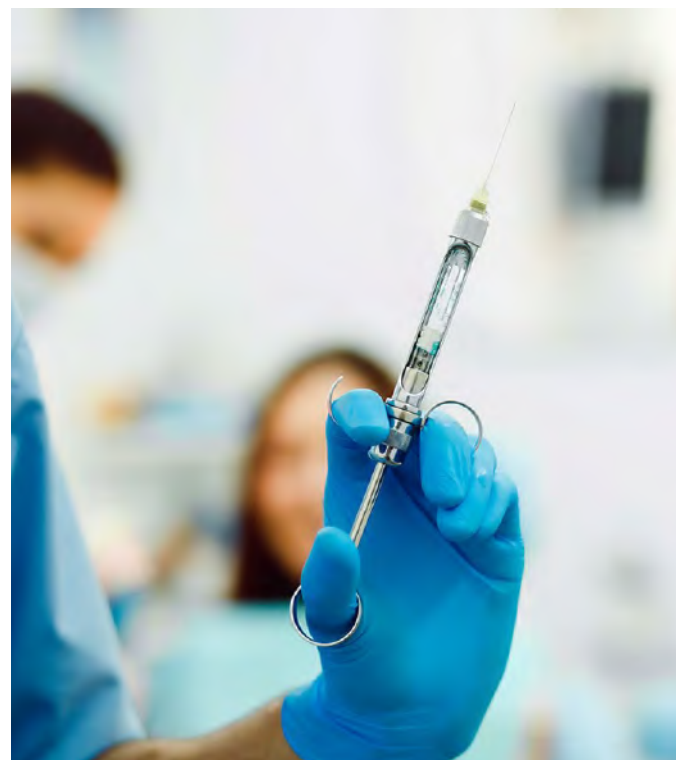


#### ABSENTEEISM CAUSED BY WORK ACCIDENTS-N°OF DAYS

Regions	2017			2016		
	Men	Women	Total	Men	Women	Total
Central-East	—	—	0	—	—	0
Metropolitan Region	27	10	37	3	31	34
West-Andean Region	—	—	0	—	—	0
South-East Region	2	—	2	—	—	0
Zulia-Falcón Region	—	—	0	—	—	0
<b>Total</b>	<b>3</b>	<b>31</b>	<b>39</b>	<b>3</b>	<b>31</b>	<b>34</b>

#### ABSENTEEISM CAUSED BY COMMON ACCIDENTS - N° OF DAYS

Regions	2017			2016		
	Men	Women	Total	Men	Women	Total
Central-East	342	445	787	323	445	768
Metropolitan Region	920	1.937	2.857	1.028	2.017	3.045
West-Andean Region	180	388	568	239	440	679
South-East Region	177	142	319	24	64	88
Zulia-Falcón Region	78	115	193	70	99	169
<b>Total</b>	<b>1.697</b>	<b>3.027</b>	<b>4.724</b>	<b>1.684</b>	<b>3.065</b>	<b>4.749</b>



[Foto: Teksomolika / Freepik]

The total number of days lost due to common diseases in 2017 and 2016 was 23,203 and 23,691 representing 3,463 and 4,646 medical rests respectively, with a 0.83 % and 1.11% of total absenteeism.

The most frequent pathologies during the year 2017 and 2016, which are considered common diseases, are presented below:

#### MOST FREQUENT PATHOLOGIES-MEDICAL RESTS (N° OF DAYS)

	Musculoskeletal and joint diseases	Respiratory diseases	Gastrointestinal diseases	Gynecologic diseases	Dermatologic diseases.	Viral diseases
<b>Total 2017</b>	1.033	574	480	556	230	354
<b>Total 2016</b>	1.067	736	532	419	254	1.306

During the year 2017 and 2016, regarding commuting accidents, Banesco Banco Universal, C.A., has emphasized the education of employees to avoid unsafe acts or conditions.

Banesco Banco Universal, C.A., has investigated 1 complaint received by the Labor Safety and Health Committee (INPSASEL by its acronym in Spanish) for alleged origin of occupational disease. The conclusions showed that the pathology acquired by the worker or former worker, were of common origin (not caused by work). Likewise, in order to promote the prevention of this type of complaints, the Occupational Health and Safety Management investigated 4 and 57 suspected internal cases of occupational disease in 2017 and 2016, respectively, with the objective of making the pertinent corrections at the level of ergonomics and postural hygiene at work.

## LABOR HEALTH INDICATORS

### ABSENTEEISM RATE\*

Year	%
2017	1,00
2016	1,33
Variation %	(33%)

### DAYS OF MEDICAL RESTS\*\*

Year	%
2017	27.966
2016	28.474
Variation %	(1,78%)

\* Maternity leaves are not included

\*\* Medical rests include epidemiologic diseases, common and commuting accidents

## COMMUTING ACCIDENTS

Regions	2017			2016		
	Men	Women	Total	Men	Women	Total
Central-East	0	1	1	1	2	3
Metropolitan Region	24	55	79	10	43	53
West-Andean Region	1	5	6	0	6	6
South-East Region	1	0	1	0	0	0
Zulia-Falcón Region	6	2	8	0	1	1
Total	32	63	95	11	52	63

## WORKERS HAVING MATERNITY/PATERNITY LEAVES

	2017		2016	
	Male	Female	Male	Female
Number of employees having rights to maternity/paternity leaves.	2.281	4.283	3.234	5.747
Number of employees enjoying that right.	53	218	101	329
Numbers of employees reintegrating after maternity/paternity leaves.	51	210	89	302
Labor reintegration rate after maternity/paternity leaves.	96,23%	96,33%	88,12%	91,79%
Number of employees being in office after one year of having maternity/paternity leaves.	24	117	78	224
Retention rate of employees	45,28%	53,67%	77,23%	68,09%

### JOB SAFETY

We are aware of the importance of protecting our workers from possible occupational hazards. That is why we promote safe working conditions in an adaptable and suitable working ideal environment for the good performance of our collaborators. Banesco goes beyond the fulfillment of the labor legislation in force.

Our efforts are aimed at achieving the quality and reliability of the services provided by the Organization. We have focused our efforts on minimizing fraud, the service interruption periods, accidents and occupational diseases, as well as maximizing the availability of our services. We try actively to keep the effectiveness in all our activities.

Since Banesco Banco Universal, C.A. is a company of the financial sector, its employees perform mainly office work, which does not represent a high labor risk. Given the above, the musculoskeletal pathologies are potentially a labor risk for the employees working in the different banking agencies and warehouses of the bank. Psycho-social and physical risks are likely to affect cashiers, operational administrators and managers of the different Banesco's agencies.

At the end of 2017, Banesco Banco Universal, C.A., had 82 collaborators representing both workers and employers in the Occupational Safety and Health Committee (CSSL by its acronym in Spanish), working in agencies and headquarters, which are distributed as follows:

- 52 centers in the Metropolitan Area of Caracas
- 15 centers in the South East Region
- 15 centers in the North-East Region

The CSSL have worked following the guidelines issued by the Health and Labor Safety Department. Their goal is to advice on the execution of the Health and Labor Safety Programs contemplated in the Organic Law for Prevention, Conditions and Environment in the Workplace (LOPCYMAT, by its acronym in Spanish). In 2017, we have performed the following activities:

- 6 centers in the Metropolitan Area of Caracas
- 1 center in the North-East Region

### Training and Formation

Training and Formation	Events	N° of Beneficiaries
New employees: Labor Safety and Health	16	513
Ergonomics and healthy posture	6	7
Constitution of the Emergency Brigades	1	6
What to do in case of emergency? (Evacuation: Earthquake)	1	30

### LABOR RELATIONS

The Collective Labor Agreement of Banesco Banco Universal, C.A., was approved by the Labor National Inspectorate on October 10, 2013. It is still in force at the close of 2017. According to its third clause, it covers all employees hired for an indeterminate period of time and for a specific period of time, who render services anywhere in the country, with the exception of the Chairman of the Board of Directors, the Executive Presidents, Directors, Vice Presidents, Interns and Apprentices coming from INCES. In this sense, 95.83% of our workers are covered by the current labor convention. The Collective Bargaining Agreement consists of preliminary, general, economic and socioeconomic clauses, as well as other union dispositions. The collective agreement contemplates competitive socioeconomic benefits in the market. It is focused on improving the quality of life of the workers and their families.







There are several social benefits: a Hospitalization, Surgery and Maternity Insurance Policy that protects the workers and their closest relatives (spouse and children); scholarships for workers; money contributions for Christmas toys and school supplies, among others. This labor agreement is the result of applying the principle of Social Responsibility to our main asset: our human capital. We want to generate wellbeing, which translates in improvements on the working conditions and in the quality of life of our workers.

### FREEDOM OF ASSOCIATION

Banesco Banco Universal, C.A., guarantees each and every one of the rights enshrined in the National Constitution, the Organic Labor Law and its Regulations and other labor dispositions, especially the right of association for lawful purposes and the right to unionization. It is guaranteed that these rights are effectively exercised by our employees, with no restrictions other than those established in the aforementioned laws. As of December 2017, 4,875 workers were affiliated to the National Union of Workers of Banesco Banco Universal, C.A. (SITRABANESCO), which represents 74.27% of the Bank's total payroll. Likewise, as another expression of the freedom of association, the right to collective bargaining and to enter into collective labor agreements is guaranteed. In fact, several collective agreements have been signed with SITRABANESCO.

### CORRECTIVE MEASURES TAKEN IN RESPONSE TO CORRUPTION CASES

Financial institutions are exposed to all types of risks, mainly related to money laundering and terrorism funding. We rely on our Comprehensive Risk Management System for Money Laundering and Terrorism Funding, which involves and holds accountable all Citizens Banesco who in any way can contribute to preventing, controlling and detecting attempts to legitimize money or finance terrorism.

### WORKERS PROTECTED BY THE LABOR COLLECTIVE AGREEMENT

Workers under the labor collective agreement	2017	2016	Var
Total employees	6,564	8,981	(26,91%)
Workers under the labor collective agreement	6,290	8,554	(26,47%)
%Workers under the labor collective agreement	95,83%	95,25%	

In this regard, the Bank's Board of Directors annually approves the Annual Training Program on the prevention and control of money laundering and terrorism funding, which covers the induction of all personnel entering the institution, as well as refresher and specialization workshops for active staff of the sales network and centralized areas.

Information on the subject is published on the Intranet to provide all employees of the institution with the necessary tools to prevent, control and detect attempts of legitimizing money or funding terrorism. We also encourage our employees to support the actions of the Money Laundering and Terrorist Financing Prevention and Control Unit. We have Direct Lines of communication with the Ethics and Conduct Committee (see Corporate Governance chapter), as well as a mailbox for "Banesco Money Laundering Prevention Unit". Through this system, it could be notified or denounced unusual or suspicious activities that may be detected in clients or employees.

The main tool for the reduction of such risks is to keep and apply comprehensive and effective control mechanisms for customer knowledge (for example, the policy entitled "Know Your Customer" promoted by the Sales Network). This is a way of avoiding relationships with customers who represent a risk to our financial institution, since they could want to perform illegal activities, such as fraud, legitimization of fraud or corruption of any kind through the bank platform.

Similarly, another transparency measure is the policy "Know your Employee": the staff working in the institution is obliged to notify the origin of the funds that may be redeposited in their accounts, other than payroll payments. Banesco Banco Universal, C.A. has not been subjected to sanctions in the areas of prevention and control of money laundering and terrorism funding, neither for corruption.

### EQUALITY AND NON-DISCRIMINATION

We have taken preventive measures to generate a decent, ethical, respectful, cordial and equal labor environment for all employees who work or aspire to join Banesco Banco Universal, C.A. Our employees are treated equally without distinction of age, race, color, creed, political, sexual orientation or any other reason. We aim at granting equal opportunities to all our employees. We encourage our employees to strengthen their capabilities, strengths and competencies. Up to date, no incidents of employee discrimination have been reported.

Internally, we also have rules that prevent discrimination practices, such as the Collective Bargaining Agreement (Clause 2 of the General Declaration of Principles) and the Code of Ethics and Conduct of the Citizen Banesco, which came into force in 2009.

Our activities are subscribed in areas in which the rights of indigenous people are fully respected.

### WOMEN-MEN SALARY SCALE BASED ON JOB POSITION

In the Venezuelan labor sector, women have less access to job positions if compared with men of the same age and qualification. We offer equal opportunities for both genres, which is evidenced on the fact that 48% of our Vice-presidents are women and 56% of our Directors are women as well.

### CHILD EXPLOITATION

The essence of banking activity demands a solid infrastructure fighting against the exploitation of children. The employees of Banesco Banco Universal, C.A. are of legal age, except for those who work as apprentices, whose job is focused on learning administrative and accounting functions, regulated and supervised by the Institute of Training and Social Education (INCES by its acronym in Spanish). Therefore, no risks of incidents of child exploitation have been identified.

### FORCED LABOR

As a leading and socially responsible financial institution, we have guaranteed, at all times, that the legal framework in force in this matter will be followed strictly, as well as all the international treaties on forced labor signed by our country. Therefore, no cases involving forced or non-consensual labor have been recorded.

It should be noted that the regulations in force in Venezuela enshrines specific rules for labor and service contracts, which prohibit the exploitation of children and forced labour. There are also mandatory measures that Banesco must follow for the protection of its workers. The compliance of such dispositions is constantly supervised by several institutions of the Venezuelan State.

### SALARY SCALE BY GENRE

Job Denomination	2017	2016
Semi-skilled workers	1,01	0,99
Professional/Technician	1,24	1,24
Supervisors	1,08	1,02
Managers	1,03	1,05
Vice-presidents	1,01	0,98
Directors	1,24	1



## BENEFITS GRANTED TO OUR EMPLOYEES

One of our main objectives has been to improve the quality life of the employees integrating the large family of Banesco Banco Universal, C.A. Our constant challenge is to maintain ourselves as a leading company in the granting of benefits and the best working conditions.

Year after year, efforts are directed to evaluate the socioeconomic conditions of our country to offer our human capital the most competitive benefits and the best conditions to pursue the object of improving their quality of life.

That is why our benefits program is granted to all our staff regardless of their working status. Therefore, the benefits are also granted by part-time workers. The social benefits granted by Banesco are at the top of the country's financial sector, mainly in areas such as food, health and housing.

The main benefits granted by the Bank cover fundamental issues for well-being, especially those related to preventive health, sport, recreation and positive use of free time.

## LABOR BENEFITS

Benefits	Investment (VEF)			N° of Beneficiaries		
	2017	2016	Var	2017	2016	Var
Contributions to the Saving Funds	1.673.011.698,92	399.807.199,90	318,45%	9.174,00	11.431,00	(19,74%)
Compensations for death	5.029.044,00	1.095.240,00	359,17%	6	8	(25,00%)
School supplies bonus	492.400.342,64	150.388.292,42	227,42%	4.118,00	5.126,00	(19,66%)
Scholarships	17.102.000,00	6.226.600,00	174,66%	426	483	(11,80%)
Contribution for Cashiers and Promoters	838.930,80	961.661,90	(12,76%)	2.103,00	2.489,00	(15,51%)
Contribution for family deaths	19.600,00	27.550,00	(28,86%)	49	69	(28,99%)
Contribution for Mother's Day	16.516.850,00	1.011.400,00	1533,07%	3.428,00	4.020,00	(14,73%)
Contribution for Marriage	18.600,00	117.600,00	(84,18%)	61	384	(84,11%)
Contribution for birth and sons	69.300,00	25.200,00	175,00%	224	85	163,53%
Contribution for toys	198.829.289,90	42.155.311,38	371,66%	3.215,00	4.300,00	(25,23%)
Labor Seniority (Awards and premiums)	649.400,00	48.326.759,00	(98,66%)	1.312,00	896	46,43%
Insurance Policies	2.681.186.390,38	800.172.001,94	235,08%	6.560,00	14.363,00	(54,33%)
Family subsidies	339.430,00	405.480,00	(16,29%)	2.637,00	3.124,00	(15,59%)
Uniforms and Equipment	99.120.459,00	70.624.798,82	40,35%	3.267	3.702	(11,75%)
Paid holidays	1.483.834.572,60	459.844.507,09	222,68%	5.597,00	12.691,00	(55,90%)
<b>Total General</b>	<b>6.668.965.908,24</b>	<b>1.981.189.602,45</b>	<b>236,61%</b>			



## NON-CONTRACTUAL BENEFITS

Temporary workers (hired by a specific period of time) also enjoy the social benefits established in the Collective Labor Agreement subscribed between Banesco Banco Universal, C.A. and its regular workers.

### NON-CONTRACTUAL BENEFITS

Benefits	Investment (VEF)			N° of Beneficiaries		
	2017	2016	Var	2017	2016	Var
Housing loans	781.341,50	2.930.000,00	-73%	33	37	-10,81%
Parking lot subsidies	12.889.162,71	11.236.473,33	15%	8744	1.126	676,55%
Food Programs (subsidies)	8.055.889.695,56	1.206.130.398,33	568%	3.881	7.264	-87,17
Medical Services	94.782.054,55	46.765.257,35	103%	3.578	4.407	-18,81%
Money contributions for severe health conditions	255.899.624,90	52.690.011,47	386%	34	32	6,25%
Total General	8.420.241.879,22	1.319.752.140,48	538%			

### LEGAL OBLIGATIONS OF THE EMPLOYER

Benefits	Investment (VEF)			N° of Beneficiaries		
	2017	2016	Var	2017	2016	Var
Nursery Schools	273.729.646,17	87.246.914,75	213,74%	1.035,00	1.487	(30,40%)
Contributions for INCES	341.200.712,86	114.703.987,56	197,46%	10.034,00	12.629	(20,55%)
Food Programs for Workers	14.172.037.871,56	3.333.032.333,38	325,20%	9.975,00	12.506	(20,24%)
Employment Law	312.536.596,32	74.544.115,94	319,26%	10.063,00	12.323	(18,34%)
FAOV (Housing Funds)	652.590.619,96	143.050.136,16	356,20%	10.034,00	12.629	(20,55%)
Social Security obligations	1.562.067.816,04	372.720.579,69	319,10%	10.063,00	12.323	(18,34%)
Training and Formation in the Prevention of Money Laundering	17.304.538,00	3.985.481,00	334,19%	5.809,00	7.337	(20,83%)
Total General	17.331.467.800,91	4.129.283.548,48	319,72%			



## PROGRAM: YOUR OWN HOUSE WITH BANESCO

Since 2005, Banesco Banco Universal, C.A. has established concrete measures within its strategic planning to ensure that all its employees with more than one year's seniority have their own house. At the end of 2017, this program had a total of 7,621 workers benefiting from an investment of VEF 7.392.995.395,39.



[Foto: Freepik]

### YOUR OWN HOUSE WITH BANESCO

	Investment(VEF)		N° of Beneficiaries	
	2017	2016	2017	2016
Housing Loans (+ in-house resources)	1.779.228.160,51	504.596.637,21	128	87
Mortgage loans. Rehabilitation and Expansion (+ in-house resources)	2.805.219.866,04	359.577.118,74	102	60
Total	4.584.448.026,55	864.173.755,95	230	147

### OTHER SOCIAL BENEFITS GRANTED TO WORKERS

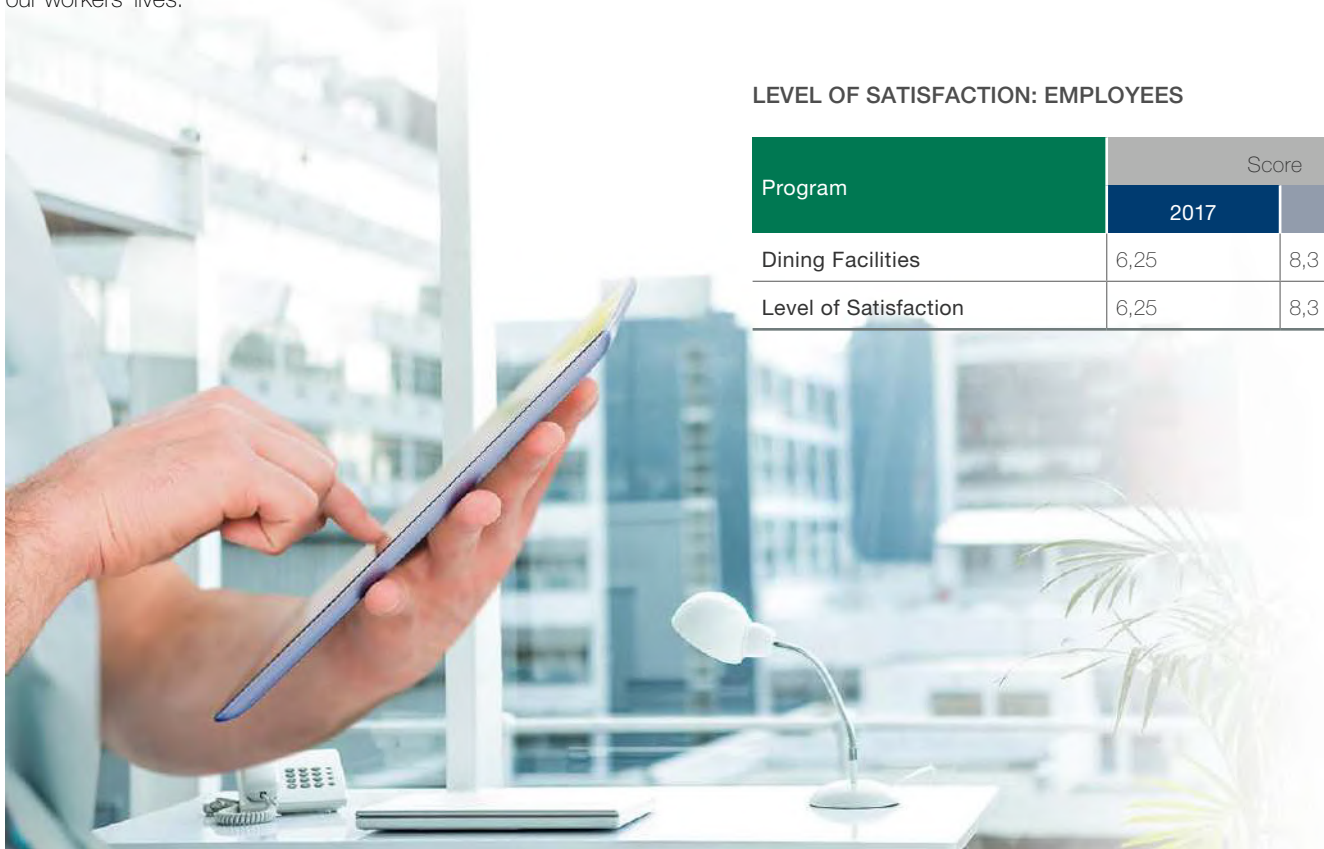
Benefits	Investment (VEF)			N° of Beneficiaries		
	2017	2016	Var	2017	2016	Var
Contributions for Medical Emergencies (Saving Fund)	100.000,00	623.868,60	(83,97)	5	32	(100)
BanESCO's credits for vehicles	802.152.601,28	83.860.200,00	856,54	60	20	200
Summer Holidays Plan for the workers' children	79.740.788,16	33.185.317,20	140,29	3.607	4.054	(11,03)
Recreational and Sport Events	784.217.337,45	147.142.036,65	432,97	25.410	13.701	(85,46)
Sports (Continuous Training)	19.713.574,60	3.887.780,12	407,07	2.909	4.128	(29,53)
Cultural Activities	17.234.000,00	3.917.002,52	339,98	6.762	1.826	270,32
Training and Formation	379.684.521,95	105.245.849,00	260,76	9.289	10.700	(13,19)
Totales	2.082.842.823,44	377.862.054,09	451,22			



### ORGANIZATIONAL ENVIRONMENT STUDY

In 2017, Banesco Banco Universal, C.A., applied an evaluation instrument adapted to the needs of the organization, particularly focused on the issues associated with the Organizational Culture diagnosis. It consists of 7 dimensions that explore Cultural themes (adaptability and flexibility, development and self-development, customer focus, risk management, corporate identity, innovation and continuous improvement) and 13 dimensions that are extremely related to Organizational Environment: alignment and strategy, life-work balance, resource availability, engagement, stability, leadership, organizational leadership, reward, remuneration, recognition, teamwork, among others. These dimensions reflect the core aspect of our workers' lives.

This diagnostic evaluation will allow us to achieve more positive results, always in line with the characteristics and aspiration of the Citizens Banesco. The measurement instrument was applied to our employees: 84% of them participated in this survey. The results of this study showed that 76% of our employees are already engaged in an organizational culture model, while 79% of them understand the importance of an organizational environment based on high performance and commitment to work. Our employees aim at obtaining better results that will consolidate our high performance culture. The data was collected through a Google survey.



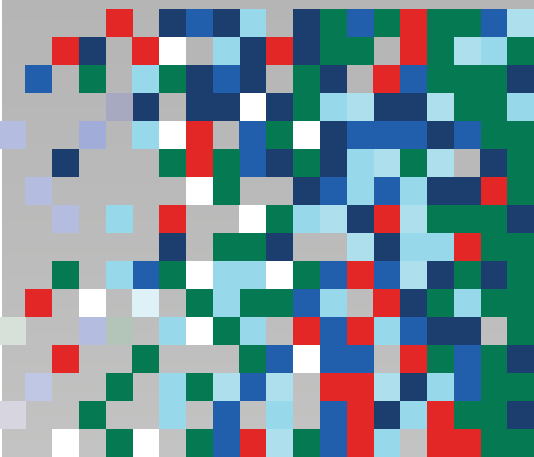
[Foto: Creativeart / Freepik]

### LEVEL OF SATISFACTION: EMPLOYEES

Program	Score	
	2017	2016
Dining Facilities	6,25	8,3
Level of Satisfaction	6,25	8,3







## The External Dimension of Our Social Responsibility



# OUR SOCIAL PARTNERS AND THE COMMUNITY

102-12, 203-1, 203-2

## OUR POLICY

At Banesco Banco Universal, C.A., we have established a Corporate Responsibility and Sustainability Policy with the purpose of achieving Economic, Social and Environmental Sustainability. This policy is based on responsible management in all areas of the Organization.

We aim at contributing to the Sustainable Development of our stakeholders. This is the reason why we have established a value proposition, based on products, services and programs that promote Economic, Social and Environmental Development in a balanced manner. We also understand and assume as our responsibility: the respect and promotion of our clients and workers human rights; the contribution for the well-being in our areas of operation; an interaction based on ethical precepts, with all our interlocutors: workers, clients, suppliers, authorities, shareholders and society in general.

We have become an active agent in supporting small businesses and micro-entrepreneurs. We have also trained entrepreneurs while we continue developing inclusive products and services that provide an opportunity for sectors of the population that have not had access to the advantages of the financial system.

We develop our social initiatives jointly with Venezuelan social institutions all across the country. This social net makes possible that Banesco is involved in social causes and initiatives in favor of several Venezuelan deprived communities.

We have established long-term relationships with institutions with a presence throughout the national territory and a recognized social trajectory, which we have called Social Partners, and with whom we carry out medium and long-term projects with the purpose of guaranteeing their continuity. We have assumed that our money contributions are not mere aid, but constitute a process of growth for the participating organizations.

Diverse financial instruments have been used to fulfill such social goals. Regular surveys, visits and progress reports are constantly presented to observe the evolution of our social initiatives.

An essential and indispensable condition for an organization to remain a Social Partner of Banesco Banco Universal, C.A., is that it provides relevant and detailed information on the development of projects supported by the Bank.

## OUR MANAGEMENT

During 2017 we have offered constant support to our Social Partners in initiatives and projects that aim at meeting the needs of our clients of the most disadvantaged communities or groups. These initiatives are carried out primarily in core areas such as education and health.

The investment for the Corporate Social Responsibility Program in 2017 was VEF 11.8 billion of which VEF 10.98 billion (93%) corresponded to benefits for our collaborators while Bs. 882.4 million (7%) were allocated to social projects in the areas of education and financial inclusion through the Micro Entrepreneurship Training Program; the adaptation of physical infrastructure in educational institutions; the acquisition of medical equipment and supplies for the care of low-income people; musical training; and the care of older adults, among others.



# OUR SOCIAL PARTNERS AND THE COMMUNITY

102-12, 203-1, 203-2



## OUR SOCIAL PARTNERS

Organization/Institution	2017		2016	
	Project	Funds	Project	Funds
Micro-entrepreneurs	Training and Formation Program for Micro-Entrepreneurs	131.261.409,09	Training and Formation Program for Micro-Entrepreneurs	54.898.853,22
Fe y Alegría	Infrastructure Improvements: Instituto Universitario San Francisco	49.756.988,60	—	—
A.C. Red de Casas Don Bosco	Project ARIS- Bosco Bus	22.500.883,09	Project ARIS - Bosco Bus	9.999.999,98
Fundana	Annual Contribution	5.000.000,00	Annual Contribution	820.000,00
	Food Program	71.062.500,43	—	—
Fundación Museo de los Niños	Annual Contribution	300.000,00	Annual Contribution	100.000,00
UCAB	Scholarship Program Padre Gustavo Sucre - UCAB Caracas	170.110.479,58	Scholarship Program Padre Gustavo Sucre - UCAB Caracas	31.034.104,40
	UCAB's West Book Fair	20.000.000,00	—	—
	Journal Publication: ElUcubista	1.000.000,00	—	—
AVEC	Consolidation of Educational and Recreational Programs	9.240.000,00	Consolidation of Educational and Recreational Programs	3.992.708,16
Fundación Venezolana Contra la Parálisis Infantil	Medical Supplies for "Hospital Ortopédico Infantil"	11.287.505,00	Rehabilitation Plan for the Intensive Care Unit	3.000.000,00
A.C. Apoye	Annual Contribution	536.256,00	Annual Contribution	178.752,00
Asociación Civil de Damas Salesianas	Improvements for the kindergarden "Unidad Educativa Don Felipe Rinaldi".	9.000.000,00	Improvements on the kitchen area of the school "Unidad Educativa Mamá Margarita" of Petare	2.085.798,00
Fundación Musical Simón Bolívar	Alma Llanera Project	5.000.000,00	Alma Llanera Project	1.103.518,00
IESA	—	—	Fundación IESA Project: "Aula Banesco"	71.728.834,39
Total VEF.		506.056.021,79		178.942.568,15



## OUR SOCIAL PARTNERS AND THE COMMUNITY



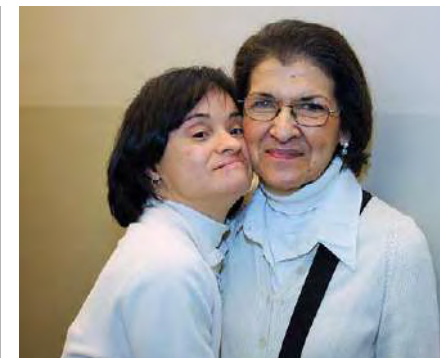
Throughout 2017, our social partners were: Fe y Alegría, Asociación Civil Red de Casas Don Bosco, Fundación Amigos del Niño que Amerita Protección (Fundana), Fundación Museo de los Niños, Universidad Católica Andrés Bello (UCAB), Asociación Venezolana de Educación Católica (AVEC), Fundación Venezolana Contra la Parálisis Infantil, Asociación Audaz para Orientación y Estimulo de Personas con Necesidades Especiales (Apoye), Asociación Civil de Damas Salesianas and Fundación Musical Simón Bolívar. We have a constant dialogue with each of these institutions dialogue through meetings, interviews and activities that have helped us to identify possible collaboration project that will enable Banesco Banco Universal, C.A. to continue to work with them, as a way of contributing to the real needs of the Venezuelan society...

We are committed to make a solid contribution to community throughout the national territory and have a great impact based on our social actions. That is why we exercise the "good neighbor" policy. In this way, Banesco Banco Universal, C.A. is incorporated into society, interacting with the different actors that live here, attentive to their problems and making a contribution that responds to some of their expectations.

We are convinced that social investment must be managed in a responsible, proactive and strategic manner: the expected result of which is the well-being of the community and its long-term development. The Bank's social action has multiple facets, which respond to our emphasis on the inclusion of groups that do not yet have access to education and health, thus reducing their chances of breaking the vicious circle of poverty.

In order to manage projects efficiently and equitably, Banesco Banco Universal, C.A. carries out an annual planning of its budget in which social projects are incorporated and approved according to the particular needs of the community.

By promoting these initiatives, Banesco Banco Universal, C.A. contributes four of the Sustainable Development Objectives (SDOs) of the United Nations Agenda 2030 for Sustainable Development.



### RAFFLE FUNDRAISING FOR OUR SOCIAL PARTNERS AND OTHER EVENTS

Our solidarity goes beyond philanthropic activities. That is why our Social Partners and allies have at their disposal our network of agencies for the sale of raffle tickets that allow them to raise funds for their operations. In this way, our clients and related parties can purchase the tickets for these raffles in our agencies throughout the national territory. Our employees are committed to this effort and are personally in charge of selling these tickets.

#### COLLECTION

Organization/Institution	Proyect	2017	2016
Fundación Venezolana Contra la Parálisis Infantil	Súper Bingo de la Bondad	2.179.000,00	1.221.900,00
Fe y Alegría	Rifa de Fe y Alegría	900.000,00	238.900,00
Fundación Niños con Sida	El Buen Samaritano - Fundación Niños con Sida	*	2.700.711,67
Sociedad Anticancerosa	Gran Bono de la Salud	35.800.000,00	5.060.000,00
Fundana	Subasta de Fundana	1.414.805.878	157.350.000,00
<b>Total</b>		<b>1.453.684.878</b>	<b>166.571.511,67</b>

\*The Foundation did not report data about the final collection





## ACCOUNTABILITY

We conduct an annual survey among our Social Partners, in order to monitor the evolution of the projects in execution and their level of satisfaction. In this way we can monitor the different initiatives, as well as the investment and advice we make to bring them to a successful conclusion, correcting possible deviations and building indicators that allow us to measure the impact of the programs in question.

In 2017 this survey analyzed our alliances with 10 Social Partners. In 2016 8 Social Partners were studied.

## LEVEL OF SATISFACTION OF OUR SOCIAL PARTNERS

Indicator	2017	2016
Banesco's response time	100,00%	100,00%
The orientation and support granted by Banesco	90,00%	100,00%
The information supplied by Banesco	90,00%	100,00%
The results	80%	37,50%
Average level of satisfaction	<b>87,00%</b>	<b>68,75%</b>



During 2017, the scope of the participatory budget was expanded to include new states and municipalities: Lara, Carabobo, Anzoátegui and Táchira. As for the Metropolitan Area of Caracas, the five municipalities were incorporated. Alliances were initiated with other organizations to unite efforts in relation to CSR activities, leveraged by corporate volunteering. New titles were added to the Banesco Publishing Fund, for a total of 5 digital publications. It was launched Banesco's Digital Library with a total of 6 collections and more than twenty titles.



# OUR SOCIAL PARTNERS AND THE COMMUNITY

102-12, 103-1, 103-2, 103-3, 203-1, 203-2, 413-1



Social Projects promoted by Banesco /1						
Social Partner	Fe y Alegría	Fe y Alegría	A.C. Red de Casas Don Bosco	Fundana	Asoc. Venezolana de Educación Católica (AVEC)	Fundación Venezolana Contra La Parálisis Infantil
<b>Project's name</b>	Improvements on the infrastructure of the academic module II	Improvements on the infrastructure of the academic module II	Protection, Comprehensive Care, Reintegration, Family Strengthening, Training and Qualification for children, adolescents and young people, between the ages of 04 and 25, who find themselves living on the streets or being at high risk in the urban centers of the Metropolitan Area of Caracas.	Creation of three (3) Psychosocial Care Centers for Families with High Social Risk in the Parishes of the Municipality of Sucre in the Metropolitan Area of Caracas.	Consolidation of the Educational Infrastructure.	Supply of medical equipment for the Children's Orthopedic Hospital.
<b>Description</b>	Improvements on the infrastructure of the academic module II of "Instituto Universitario San Francisco" in the State of Zulia. Consolidation of the safety and environmental conditions of 15 classrooms of this institution.	Improvements on the infrastructure of the academic module II of "Instituto Universitario San Francisco" in the State of Zulia. Consolidation of the safety and environmental conditions of 15 classrooms of this institution.	The action aims at giving dignified and sustainable responses to children, adolescents and youth, between the ages of 4 and 25, who are living on the streets or they are facing high risks. The program is focused on the strengthening of the following projects: the Protection and Comprehensive Care Program, the Reintegration and Family Strengthening Program and the Integral Training and Formation Program for children, adolescents and youth of the municipalities of Libertador, Sucre and Chacao in the Metropolitan Area of Caracas.	The creation of Psycho-Social Care Centers in each parish of the Municipality of Sucre will not only provide legal, psychological and social counselling, but will also make educational, cultural and family contributions, since it will approach the daily life of the community by supporting its needs and resolving communal, institutional or family issues that affect children and adolescents.	Seeking the consolidation of school infrastructure, the expansion of school spaces, creation of spaces, as well as repairing floors, walls, roof and white water service, in order to ensure the quality of socio-educational services offered by AVEC.	Provide equipment and supplies to the Hospitalization Area, the Otorhinolaryngology Service and the Odontology Service of the Children's Orthopedic Hospital.
<b>Direct Beneficiaries 2016</b>	0	144	116	Not indicated	4.058 students and teachers.	Not indicated
<b>Direct Beneficiaries 2017</b>	1.720 students	0	52	480	1.417	3,020 patients in hospitalization, 1,998 in Otorhinolaryngology and 35,434 in Dentistry.
<b>Indirect Beneficiaries 2016</b>	—	576	464	Not indicated	20.290	Not indicated
<b>Indirect Beneficiaries 2017</b>	5.160 people	0	116	4.800	7.085	Not indicated
<b>% Execution 2017</b>	—	100%	70%	Not indicated	100%	Not indicated
<b>% Execution 2016</b>	30%	0	100	75%	100%	100%
<b>Final Execution</b>	50%	—	100	Not indicated	Permanent execution program.	Not indicated
<b>Territorial Impact</b>	Maracaibo, State of Zulia	Barquisimeto, State of Lara	Capital District and State of Miranda	Caracas, State of Miranda	Coro, State of Falcón; San Cristóbal, State of Táchira; Valle de la Pascua, State of Guárico and San Fernando de Apure, State of Apure.	Central Region





# OUR SOCIAL PARTNERS AND THE COMMUNITY

102-12, 103-1, 103-2, 103-3, 203-1, 203-2, 413-1



## Social Projects promoted by Banesco / 2

Social Partner	A.C. Damas Salesianas	FUNDAMUSICAL Simón Bolívar	UCAB	Apoye	IESA
<b>Project's name</b>	Remodeling the school kitchen of "Maternal Mamá Margarita"	Alma Llanera Project	Banesco's Scholarship Program In honor to P. Gustavo Sucre S.J.	Contribution granted to APOYE (integral attention oriented to children, youth and adults with Down Syndrome)	AULA Banesco
<b>Description</b>	Provide the remodeled school kitchen of "Maternal Mamá Margarita" with supplies, kitchen appliances and furniture necessary to favor the physical security and adequate nutrition of the children attending this institution.	Develop and deepen the study, as well as the diffusion of folkloric music, through a pedagogical and artistic curriculum based on the academic and philosophical model of El Sistema.	Banesco's Scholarship Program seeks to serve as a platform for accompaniment and follow-up for students with high socioeconomic needs, in order to ensure academic pursuit and university success.	Offering specialized services for children, youth and adults with Down Syndrome.	Propose and put in practice teaching dynamics oriented to innovative thinking.
<b>Direct Beneficiaries 2016</b>	44	100	120	70	40
<b>Direct Beneficiaries 2017</b>	44	100	77	72	1.500
<b>Indirect Beneficiaries 2016</b>	176	500	500	220	160
<b>Indirect Beneficiaries 2017</b>	42	700	231	220	1.500
<b>% Execution</b>	100%	Permanent execution program	100%	100%	100%
<b>% Execution</b>	100%	Permanent execution program	40 %	Permanent execution program	100%
<b>Final Execution</b>	Permanent execution program	100%	100%	100	100%
<b>Territorial Impact</b>	Community of la Dolorita-Petare. State of Miranda	Region: Apure, Barinas, Bolívar, Cojedes, Guárico, Mérida, Táchira, Trujillo and Yaracuy	Caracas y Guayana	Capital District	Caracas



# SOCIAL INITIATIVES IN THE COMMUNITY

103-1, 103-2, 103-3, 413-1, 413-2, FS5

## OUR POLICY

We want to have a significant impact on the communities throughout the national territory. For this reason, we exercise the lithic role of the "good neighbor". In this way, Banesco Banco Universal, C.A. is incorporated into society, interacting with the different actors living and working in Venezuela. We are attentive to their problems since we want to make a significant contribution that responds to some of their expectations.

We are convinced that social investment must be managed in a responsible, proactive and strategic manner: the expected result of which is the well-being of the community and its long-term development.

The Bank's social action has multiple facets, which respond to our emphasis on the inclusion of groups that do not yet have access to education and health. These limitations are reducing their chances of breaking the vicious circle of poverty.

In order to manage projects efficiently and equitably, Banesco Banco Universal, C.A. designates and executes an annual planning of its budget in which social projects are incorporated and approved according to the particular needs of the community.

## OUR MANAGEMENT

During 2017 we presented cultural and educational initiatives to the community, as well as participating in different book fairs organized by universities. In our emphasis on dialogue with the communities, we strengthened the Participatory budget and expanded our radius of action by getting involved in regional social initiatives.

Additionally, we continued to work on the process of generating value in the communities by promoting the development of micro-financing and financial education.

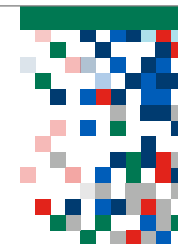


The following is just a small display of the support we have given over the years to the institutions integrating our Corporate Social Responsibility Program.

## BANESCO'S PARTICIPATORY BUDGET

Since 2008, Banesco Banco Universal C.A. has incorporated the figure of the Participatory Budget for its social initiatives contemplated in the Corporate Social Responsibility Area. This is a dialogue that Banesco engages with one of its most relevant stakeholders: the Community.

In 2008, this exercise began with the community of Colinas de Bello Monte, where Banesco is headquartered. Since 2011 we have got involved in regional projects across the country: regional NGOs and foundations have the possibility of being benefitted from our support in order to keep working for their communities. Until 2017, we have benefitted the states of Mérida, Zulia, Táchira, Lara, Carabobo, Nueva Esparta and Anzoátegui and all the municipalities of the Metropolitan Area of Caracas (Baruta, Sucre, Hatillo, Libertador and Chacao).





Since the implementation of this program, we have invested more than VEF 36.6 billion. Only in 2017, VEF 26.599.539,71 were destined for 9 regions of the country. The funds were distributed as follows:

### Participatory Budget

Region	2017	2016
Baruta		1.000.000,01
Zulia	3.200.000,00	610.327,50
Nueva Esparta	3.430.000,00	950.000,00
Mérida	2.000.000,00	1.000.000,00
Gran Caracas (Baruta, El Hatillo y Sucre)	3.000.000,00	
Anzoátegui	3.360.000,00	
Carabobo	3.000.000,00	
Lara	3.320.000,00	
Gran Caracas Libertador y Chacao	3.000.000,00	
Táchira	3.240.000,00	
<b>Total</b>	<b>27.550.000,00</b>	<b>3.560.327,51</b>



### BANESCO'S SCHOLARSHIP PROGRAM

In 2017, a total of 137 UCAB students were subsidized to continue their university education. From this group, 107 young talents study at UCAB's headquarters placed in Caracas, while 30 are studying at Ciudad Guayana. On the other hand, 30 high school graduates from UNIMAR benefit from this program, which began in the year 2016.

The resources delivered through Banesco's University Scholarship Program cover between 80% and 100% of the enrolments of the beneficiaries, according to their socioeconomic conditions. The contribution granted to UCAB was VEF 170.11 million. VEF 20.38 million was allocated to Unimar students.

Institution	2017		2016		Variation	
	Beneficiaries	Amount	Beneficiaries	Amount	Beneficiaries	Amount
Banesco's Lifetime Scholarship	0	0	0	180.000,00	0	-100,00
UNIMAR	29	20.386.750,00	30	673.500,00	(3,33)	2.926,99
Scholarship Program Banesco-UCAB	137	170.110.479,59	145	31.034.104,40	(5,52)	448,14
<b>Total</b>	<b>166</b>	<b>190.497.229,59</b>	<b>175</b>	<b>31.897.604,40</b>	<b>(5,14)</b>	<b>497,21</b>



Ciudad Banesco hosted multiple cultural and education events.

## EVENTS FOR THE COMMUNITY

Events for the community	2017	
Banesco	Book's Collection Launch: "Colección Papiros"	1.384.309,00
	Digital book "Architecture"	80.500,00
	Participatory Budget Caracas	171.600,00
	Participatory Budget Maracaibo	436.000,00
	Participatory Budget Mérida	79.200,00
	Digital Book's Launch "70 años de Conversaciones con Escritores de Paso"	8.544.568,30
	Book: "Magallanes Contra Viento y Marea: 100 años de Historia, 1917-2017"	2.246.400,00
	Banesco's Digital Collection	3.222.933,80
	Book's launch and exposition: "Nuevo País de las Artes"	42.341.046,00
	Book's launch and exposition: "Caracas en 450: Un homenaje a Caracas en su Aniversario"	15.049.219,00
	Photographic exposition: 70 years of Photojournalism	654.000,00
	Mobile Payment Launch	800.397,45
	Events with the Venezuelan Cancer Society	924.480,00
	Other activities for our target group	593.000,00
The Caribbean International Book Fair FILCAR 2017	The Caribbean International Book Fair FILCAR 2017	18.910,00
Fundana	XIII 2017 Fundana's Auction	8.345.735,00
Hotel Tamanaco	Exposition: 70 years of sport feats in Hotel Tamanaco	752.640,00
Fundación Paso a Paso	Exposition: Here we are	819.718,00
FIA	The 2017 Ibero-American Art Fair	560.000,00
Universidad de Carabobo	Book Fair Filuc 2017	9.530.110,54
IESA	Banesco's Hall Inauguration	2.529.480,00
<b>TOTAL</b>		<b>99.084.247,09</b>



Banesco's Hall Inauguration	2016	
	Inauguration of the Mural on Chromatic Nets of the Plastic Artist Emilio Narciso	544.900,00
	Book's Launch: "Nuevo País Musical"	631.572,00
	Documentary: Alfredo Sadel, Aquel Cantor	214.591,48
	Scholarship Agreement (Signature of the Agreement)	193.285,60
	The Venezuelan Cancer Society	353.000,00
	Awards Ceremony: Micro-entrepreneur of the year	639.467,47
	Book's Launch: "70 Años de Crónicas Tomoll"	4.063.805,80
	Participatory Budget for the community of Baruta	10.700,00
Banesco	Book's Launch: "Gente que Emprende"	366.655,80
	Exposition: Venezuelan Artists in Ciudad Banesco	41.650,00
	Concert: "Growing with music"	129.244,00
	Book's Launch: "Nuevo País de las Letras"	2.063.587,00
	Book "Arquitectura Venezolana" (2015)	80.500
	Book's launch and exposition: "La Alfarería Popular de El Cercado"	274.400,00
	Exposition: The sight uncertainty	911.680,00
	Book's Launch: Machiavelli	446.190,00
	C140 Competition	73.428,00
	Expositions	1.662.434,48
The Caribbean International Book Fair FILCAR 2016	Exposition: 50 years of EFE in Venezuela	216.523,00
Fundana	XI 2015 Fundana's Auction	450.378,40
Hotel Tamanaco	Exposition: The language of the Devils	191.923,20
	Exposition: 50 years of EFE in Venezuela	455.862,40
Cultura Chacao	Chacao's Book Fair 2016	402.516,80
Centro Social y Cultural Don Henrique A Eraso	Exposition: The language of the Devils	43.489,60
Fundación Paso a Paso	X Edition: Exposition "Here we are"	123.480,00
International University Fair Book of Universidad de los Andes 2016 (Filu 2016)	International University Fair Book of Universidad de los Andes 2016 (Filu 2016)	26.656,00
FIA	Youth Hall of FIA	2.201.600,00
Fundamusical	Concert: Orquesta de Campanas	27.111,00
Senosayuda	Health Fair	30.000,00
UCV	Francisco De Venanzi Award	298.648,00
Universidad de Carabobo	Filuc Gala	714.945,00
UCAB	Scholarship Program Encounter	484.200,00
<b>TOTAL</b>		<b>18.368.425,03</b>



## OUR COMMITMENT TO THE COMMUNITY (BY AREAS OF ATTENTION)

Areas of Attention	Investment VEF		Variation (%)
	2017	2016	
Attention for underprivileged children and older adults	45.146.428,53	355.115,96	12.613,15
Health	78.548.072,16	37.782.752,77	107,89
Education	59.638.350,00	20.853.924,64	185,98
Public Institutions	0,00	3.440.640,00	0,00
Trade Associations	6.164.350,00	526.060,00	1.071,80
Sports	0,00	0,00	0,00
Culture	19.058.844,00	6.111.696,00	211,84
Editorial Projects	43.084.240,00	24.957.347,20	72,63
Others	0,00	5.619.647,36	(100,00)
<b>Total</b>	<b>251.640.284,69</b>	<b>99.647.183,93</b>	<b>152,53</b>

Banesco Banco Universal, C.A. is particularly committed to offer equal opportunities to promote the socio economic integration of people with special needs. The Bank keeps adapting its ATMs and multifunctional equipment to allow access and use to all its clients and users, including those with mobility limitations or requiring the use of wheelchairs.

During 2017, no negative impacts were generated by our operations in the communities.

## IMPACT OF OUR SOCIAL INITIATIVES WITHIN THE REGIONS

### BANESCO'S SOCIAL INITIATIVES IN THE REGIONS

Region	2017	2016	Var. %
<b>1. Metropolitan Region</b> (Capital District, Miranda and Vargas)	498.057.857,36	211.892.590,71	135,05
<b>2. Central-East Region</b> (Carabobo, Aragua, Guárico, Cojedes and Apure)	11.962.000,00	901.600,00	1226,75
<b>3. West-Andean Region</b> (Lara, Yaracuy, Portuguesa, Mérida, Táchira, Trujillo and Barinas)	8.560.000,00	1.520.000,00	463,16
<b>4. South-East Region</b> (Anzoátegui, Sucre, Monagas, Bolívar, Amazonas, Delta Amacuro, Nueva Esparta and the Federal Territories)	42.714.945,40	1.250.000,00	3317,20
<b>5. North-West Region</b> (Zulia - Falcón)	76.913.996,76	8.034.000,00	857,36
<b>National Territory</b>	140.501.409,09	58.891.561,38	138,58
<b>Total</b>	<b>778.710.208,61</b>	<b>282.489.752,09</b>	<b>175,66</b>





## OUR POLICY

BanESCO's volunteering is aimed at motivating Citizens BanESCO to participate in all the Social Responsibility actions undertaken by BanESCO Banco Universal. The Bank works jointly with its social partners for the benefit of the community.

The Human Capital Vice-Presidency, through the Life Quality Unit, is responsible for the administration of the volunteering program. It aims at guaranteeing the volunteers' training in accordance with the prioritized areas: health, education and environment. The volunteering program is ruled by the same requirements and guidelines followed by the bank regarding the request, execution and assignment of annual funds.

The activities performed by BanESCO's Volunteers are developed safeguarding the physical and psychological integrity of their participants. The Citizens BanESCO participate as volunteers: the incorporation of family members to the voluntary action will depend on the type of activity to be done, prior authorization from the corresponding entities, provided they are covered by the insurance policy of the employee who works as a volunteer.

A Volunteer Action Plan is developed annually, which includes the proposed schedule for the execution of the program, as well as the resources available for the program. The budget is assigned by the Human Capital Executive Vice-Presidency. It is directed to cover the expenses of logistic and operative activities of the program in all the national territory, which under no concept will have as purpose the concession of donations.

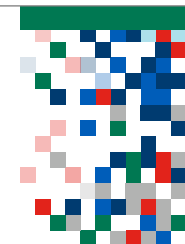
## OUR MANAGEMENT IN 2017

It is noticeable that during 2017 the largest amount of population that comprises BanESCO's volunteers is distributed in professional and technical positions, which represent 53.07% of the total participants.

The average work time per volunteer was 4.06 hours. We have counted with the participation of 90 Citizens BanESCO who worked with commitment and dedication to serve our social partners.

The largest number of corporate volunteering hours are distributed in the following typologies: participation in social action event with 297 hours and environmental programs with 119 hours.

In order to reinforce, inform and train the workers who make up the Corporate Volunteering, the volunteering policies are taught in special workshops.





## AREAS OF ACTION OF BANESCO'S VOLUNTEERING

Aligned with Banesco's Corporate Social Responsibility strategy, the Corporate Volunteering Program has the following priority areas of attention:

- **Education:** : Support and care for children and adolescents at risk. Training in the prevention against the consumption of alcohol, tobacco and other drugs.
- **Health:** Support and technical accompaniment for institutions aimed at providing care for children and adolescents with health issues.
- **Environment:** Promotion of environmental projects. Development of training activities for the proper use of natural resources.
- **Cultural activities:** Protocol support in the activities planned by the organization for the recreation and enjoyment of our collaborators and nearby communities.

## VOLUNTEERING TYPOLOGIES

- **Specific events:** Volunteer actions where protocol or logistical support is provided at corporate events.
- **Group projects:** Social actions where the team of volunteers plans, designs and executes the volunteering activities under the supervision of the Volunteering Coordination.
- **Professional Volunteering:** Banesco has gathered a professional group that provides learning experiences to our Social Partners through workshops, conferences, hygiene and organizational aspects.
- **Free time initiatives:** Volunteer actions where one or more volunteers, on their own initiative, contribute their time or talent for the benefit of the social partners.

## BANESCO'S CORPORATE VOLUNTEERING DISTRIBUTION/ JOB DENOMINATION/ MAN-HOURS:

Job Denomination	2017		2016	
	Volunteers	% of the total	Volunteers	% of the total
Apprentices/ Interns/ Students	0	0,00%	0	0%
Semi-skilled workers	4	1,89%	207	42,24%
Professional and technicians	144	67,92%	223	45,51%
Supervisors and Managers	61	28,77%	59	12,04%
Vice-presidents	3	1,42%	1	0,20%
Volunteers (total)	212	100,00%	490	100%
Total Man-hours	416	—	1.860,50	—
Annual average time per volunteer (hours)	1,96	—	3,8	—

Participatory model	2017	2016
Specific events	297	957
Free time initiatives	0	286
Group projects	0	0
Professional Volunteering	0	0
Environmental Volunteering	119	370
Volunteers' formation and training	0	247,5
Total (hours)	416	2.836

## INVESTMENTS PROMOTED BY BANESCO'S VOLUNTEERING:

2017	2016	Var. %
0,00	1.639.655,00	(100,00)%



## SOCIAL VOLUNTEERING

One of the activities that had greater focus of participation during 2017 was the International Beach Day in which we have implemented projects that implemented in 119 hours of volunteering work focused on the protection of the environment. Likewise, we support our social partner FUNDANA in its annual auction. We have new partners like Directv and Unicasa: the latter promotes the program "1kg of solidarity".

## ACTIVITIES EXECUTED WITH OURSOCIAL PARTNERS

Social Partner	Activity	Volunteering-hours
Fundana	Art's Auction	12
Unicasa and Directv	1Kg of Solidarity	72
Other Social Partners	Family Day	24
	Family Day in "Hacienda la Vega"	105
	International Beach Day	119
	Books' Launch Events	10
	Awards' Ceremonies	12
	Books' Launch Events	12
	Protocol Activities	8
	Christmas' Events	24
	Book's Launch: "Nuevo País de las Artes"	18
Volunteering programs (total hours)		416



# OUR CLIENTS

102-6, 103-1, 103-2, 103-3, FS6, FS7, FS13

## OUR POLICY

We encourage win-win relationships based on three premises: profitability, reciprocity and service quality. We promote a massive bankization, which is strengthened by our banking products and our technological business model. We are committed to all our clients, whether natural or legal, which is why we continue to constantly review and improve our product and service offer. We aim at offering increasingly competitive products in line with the short, medium and long term financial needs of our clients. Consequently, we have incorporated innovative financing plans, especially aimed at professionals and entrepreneurs.

## PUNTOS DE ATENCIÓN

Region	2017	2016	Var. %
Metropolitan Area	139	146	(4,79)
Central-East Region	57	60	(5,0)
West-Andean Region	49	52	(5,77)
South-East Region	57	60	(5,0)
Zulia-Falcón Region	38	40	(5,0)
<b>Total</b>	<b>340</b>	<b>358</b>	<b>(5,03)</b>

The attention points include: bank agencies, box offices and other specialized centers.

## ATM's

Region	2017	2016	Var. %
Metropolitan Area	564	584	(3,42)
Central-East Region	224	232	(3,45)
West-Andean Region	218	224	(2,68)
South-East Region	220	227	(3,08)
Zulia-Falcón Region	151	163	(7,36)
<b>Total</b>	<b>1.377</b>	<b>1.430</b>	<b>(3,71)</b>

## OUR MANAGEMENT

We ended 2017 with 4,309,017 customers in all our segments. They are served at 340 points of service throughout the country. They have at their disposal 841 regular ATMs and 536 Multifunctional ATMs throughout the country, which processed more than 100 million transactions.

During this period, the bank ranked first in the private banking system, culminating in 2017 with total assets of VEF 30,788 billion, representing 21.32% of the market. The institution is ranked as the first private bank in the country in this line.

At the end of 2017, we reached the following figures:

- Public Deposits: VEF 28,094 billion. This figure represents the first place in the private banking system, which represents 21.62% of the market for the end of 2017.
- Loan Portfolio: VEF 7,424 billion. This figure represents the first place in the private banking system, which represents a participation of 18.27%.
- Commercial Credits: VEF 4,538 billion. This figure represents the first place in the private banking system, which represents a participation of 18.95% of the market share.
- Credits to Manufacturing Activity: VEF 554 billion (15.90% of the market). There was an increase of VEF 511 billion in this year (1,170.6%).
- Tourism Loans: VEF 55 billion. This figure represents the first place in the private banking system, which represents a participation of 11.95% of the market share.
- Loans for vehicle acquisition: VEF 17 billion. This figure represents the first place in the private banking system, which represents a participation of 26.13% of the market share.
- Housing Mutual Fund: Bs. 77 billion, 1st place in the system, recording an increase of Bs. 47 billion (151.8%) over 12/31/2016, achieving a share of 33.32%.

LA QUE NO ADIVINAS  
DÓNDE LA DESCARGAS!  
**BanescoPagoMóvil**



Corporate  
Sustainability  
and Responsibility  
Report  
**Banesco 2017**

**Banesco in figures****NUMBER OF CLIENTS (AS OF DECEMBER 31, 2017)**

Bank	2017	2016	Var. %
Natural persons	4.130.379	4.886.626	(15,58)
Community Bank	79.201	99.947	(15,51)
Legal persons(SMEs)	26.209	33.959	(17,65)
Bank specialized in natural persons	56.965	46.306	(9,22)
Bank specialized in legal persons	16.263	14.661	(16,42)
<b>Total</b>	<b>4.309.017</b>	<b>5.086.715</b>	<b>(15,51)</b>

**LIQUIDATED CREDITS**

Bank	2017	2016	Var. %
Legal (SMEs) and natural persons	1.192.054	1.119.566	6,47
Community Bank	32.340	50.000	(35,32)
Bank specialized in natural persons	58.191	38.607	50,73
Bank specialized in legal persons	8.833	27.701	68,11
<b>Total</b>	<b>1.291.418</b>	<b>1.235.874</b>	<b>4,49</b>

**CREDIT CARDS**

Bank	2017	2016	Var. %
Number of Credit Cards	2.804.417	2.841.720	(1,31)

**DETAILS ON THE ACCOUNTS ADMINISTERED BY THE BANK(AS OF DECEMBER 31, 2017)**

Bank	2017	2016	Var. %
Natural persons	5.301.471	6.247.151	(15,14)
Community Bank	126.569	40.298	(19,77)
Legal persons(SMEs)	31.204	157.761	(22,57)
Bank specialized in natural persons	89.396	78.799	13,45
Bank specialized in legal persons	22.827	28.020	(18,53)
<b>Total</b>	<b>5.571.467</b>	<b>6.522.029</b>	<b>(14,97)</b>

**PRODUCTS AND SERVICES****MAIN LIABILITY PRODUCTS**

- Interest-bearing Current Account.
- Interest-free Current Account.
- Electronic Account.
- Saving Account.
- Electronic Saving Account.
- Current Account in Dollars.
- Investments: Long-term deposits and traditional participations.
- Demand deposits.

**MAIN CREDIT PRODUCTS**

- ExtraCrédito (small loan)
- ExtraCrédito (in cash)
- MultiCréditos 48 Horas (small loan).
- CrediCarro (car acquisition loan).
- Commercial credits.
- Micro-credits.
- Credit lines.
- Mercantile loans
- Credit letters.
- Bails.
- Promissory notes.
- Housing loans.
- Credits for Agriculture.

**OTHER IMPORTANT PRODUCTS**

- Trust Funds
- Insurance Policies

Banesco Banco Universal, C.A. has developed its financial activities responsibly, respecting human rights and applying the principle of observance in 100% of its products and services.



### TELEPHONIC, VIRTUAL AND ELECTRONIC CHANNELS

At the end of December 2017, Banesco Banco Universal, C.A. has a wide network of physical and electronic distribution channels through which it offers a range of products and services throughout the country:

- 348 service points (Bank Agencies, Box offices and Banesco Express points)
- 93.266 selling points (Physical, Wireless, Pos Wed, CNB, LAN and Dual).
- 1.377 ATM's (841 regular ATM'S and 536 Multifunctional ATM's).
- 93 Non-Banking Correspondents.

Through the customer service channels, our customers performed a total of 4.885 million transactions, which represents an increase of 58.82% with respect to 2016. We have 2.2 million customers affiliated to our website Banesconline, through which 2.998 billion transactions were executed.

As for non-banking correspondents, at the end of 2017 there were 93 service points through which 324,696 transactions were executed.

### CREDIT AND DEBIT CARDS

#### CREDIT CARDS' ISSUANCE

At the end of 2017, the Credit Card Portfolio grew 491% compared to the end of 2016. there was an increase in sales of 580%.

During this period, various initiatives were implemented to maintain leadership and strengthen the financial relationship with our customers and their loyalty. Limit increases were made to 1,048,575 cards throughout the year.

Product Category change was implemented on 57,667 credit cards through the Up-Grade maintenance process.

Channel	Number of Transactions		Var. %
	2017	2016	
Internet Bank	2.998.369.887,00	1.790.176.944,02	67,49
Mobile Bank (SMS)	526.001.613,00	297.166.473,34	77,01
ATM's(BE)	103.229.964,00	128.098.899,00	(19,41)
Selling points	1.088.947.931,00	695.480.769,00	56,57
Telephone	82.731.511,00	82.217.966,00	0,62
Electronic Payments (EDI)	31.582.236,00	31.702.468,00	(0,38)
Agencies	44.275.582,00	50.771.716,00	(12,79)
P2P Payments	9.972.041,00	0,00	0
Non-Banking Correspondents	324.696,00	457.985,00	(29,10)
<b>Total</b>	<b>4.885.435.461,00</b>	<b>3.076.073.220,37</b>	<b>58,82</b>

The product "My first credit card" granted credit cards to 1,707 Citizens Banesco. The credit card's limits were increased for 5,672 collaborators.

The ExtraCrédito product increased its sale by 399%, surpassing VEF 309,574,142 liquidated the previous year.

### DEBIT CARDS' ISSUANCE

Banesco Debit Cards recorded a 436% increase in sales at the end of 2017. The selling points were the most used channel by the customers, reaching a 92% share with an annual growth of 1.168%.

The leadership of Banesco Debit Cards is framed in the maintenance of optimal levels of service to customers for the use of electronic channels, with the improvement of daily limits in Banesco's selling points, which led to an increase of VEF 25,000,000.

Additionally, 374,918 pensioners already enjoy the convenience of mobilizing their pension through the selling points, ATMs and BOL in a safe, quick and comfortable way, just by using the pensioner's debit card.



### THE OMBUDSMAN OF THE BANKING USERS

At the close of 2017, the Ombudsman of the Banking Users has attended 4,920 cases. Of this number, 2,259 proposals were admitted, which account for VEF 1,576,061,614.46.

The non-admitted cases (2,661) were duly answered, explaining the non admission of the application. They were sent to the Customer Service Unit, which follows up until its closure.

The main attended requirements were:

- a) Unrecognized debits (debit card).
- b) Unrecognized consumption (credit card).
- c) Failed or Duplicate Purchases at selling points with Banesco's Maestro Debit Card.
- d) Validated transfers not paid in the Bank of destination
- e) Incorrect transfers made by the clients in Banesconline

Banesco Banco Universal, C.A., being responsible for its clients and stakeholders, has a section on its website dedicated to the Ombudsman of the Banking Users. The interested parties will find all the information necessary to make gestures before this instance.

### CLIENTS' COMPLAINTS AND REQUIREMENTS MANAGEMENT

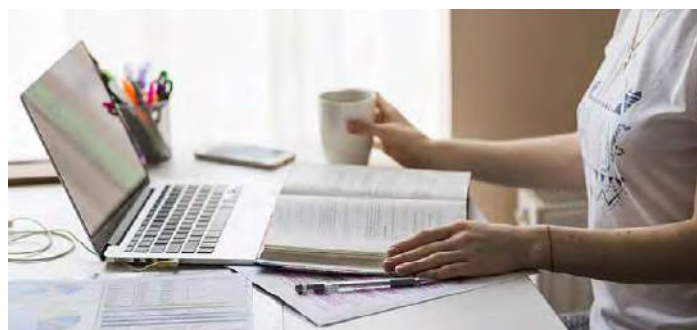
Through the Integral System of Requirements, Banesco continued to manage the requirements and claims of customers and users processed through the various channels of care, such as: Banesconline, the agencies' network, call centers and administrative offices. The bank aims at offering timely and effective responses, in accordance with the current legal framework.

During the first half of 2017, 16,128 (86.70%) of 18,602 claims reported through the AT13 were handled. These claims accounted for VEF 1,019,858,879. 59.71% (9,630 claims) of the cases were decided in favor of the customer.

For the second half of the year, 7,012 claims and requirements were reported through the AT13. These claims accounted for VEF 9,163,903,972. 86.27% of the requests (6,049) were admitted and 57.12% (3,455) of the cases were decided in favor of the customer.

Out of these figures, the distribution of claims and requirements (for our financial instruments) during the entire year was distributed as follows:

Financial Instrument	2017			2016		
	Requirements and claims	Claims (stated in VEF)	% over the total	Requirements and claims	Claims (stated in VEF)	% over the total
Credit Cards	1.122	238.044.000	2%	1.838	43.539.689	2%
Debit Cards	23.864	9.659.372.888	92%	57.992	1.388.960.297	50%
Customer service	113	204.151.791	2%	148	1.251.833.816	45%
Checks	514	444.235.312	4%	795	100.538.635	4%
Atención al Cliente	1	0	0%	4	0	0%
Total	25.614	10.545.803.991	100%	60.777	2.784.872.438	100%



[Foto: Freepik]

### INFORMATION TECHNOLOGY, BUSINESS PROCESS AND OPERATIONS

We are focused on a process transformation strategy aimed at enabling and sustaining the growth and development of new markets. We want to ensure a unique and reliable experience to our customers, meeting their current needs and establishing the structural foundations of a Global Digital Corporation. Our purpose is to adopt innovative solutions and services with a long-term vision, ensuring stability, continuity and growth of our services, which are based on criteria of reliability, quality and profitability, making emphasis on the health of technological systems.

We promote technological innovation as part of Banesco's Culture. In this sense, we have launched the Innovation Ambassadors Program, with the participation of all our Citizens Banesco. This year the coverage of the program was done at a national level through the use of the virtual training platform.

Additionally, we have made an Alliance with Universidad Simón Bolívar with the promoting of promoting the challenge we call "Future Builders". This Project aims at encouraging students to propose ideas for the future of the banking system. The proposals presented within the project reflect the needs and dreams of the students: these ideas are particular related to strategic issues contemplated by the Innovation Agenda followed by the bank.



[Foto: starline / Freepik]

### PROCESS

In 2017 we delved deeper into the lines of action aimed at optimizing the Bank's performance. We are focused on working efficiently by simplifying our processes and structures. We have analyzed carefully the capacities and functioning of our units in order to assess productivity. We want to concentrate our efforts in productive tasks since the purpose of the bank is to set strategies aimed at reducing or eliminating supplementary or unproductive time.

Additionally, we have optimized several processes following the voice of the customer. We are constantly reviewing our processes. This examination includes the monthly review of claims, which allowed us to focus on improving those processes that are affecting the service, minimizing risks and meeting the needs of our customers.

### APPLICATION DEVELOPMENT AND MAINTENANCE

In the area of Application Development and Maintenance, we deliver technological solutions aligned with the strategic vision and growth of the business. In this sense, we have executed projects and requirements such as the effective management of cash through interbank payments.

### OPERATIONS AND TRANSACTIONS

In 2017 we have conducted a plan of continuous improvement for our technological platform, which includes the safety and health of the technological systems. We have reached a solid technological maturity, which is observed in our Information Technology Unit. The operations of this IT Unit have reached optimal services levels for all the products and channels of the bank.

We continued with the constant renewal of the main processing, storage, monitoring, communications and data center architectures. This updating process allows us to guarantee the reliability and quality of service that we offer to our clients, through the renewal of the technological infrastructure of communications, storage, security and processing.

We promote technological innovation as part of Banesco's Culture. In this sense, we have launched the Innovation Ambassadors Program, with the participation of all our Citizens Banesco.



We have also strengthened our staff at the 7x24 Operations Service Center. We have set new timetables, focusing on greater vigilance and monitoring of the Bank's critical services, as a way of consolidating the services' preventive management and operational continuity.

### SAFETY CERTIFICATES

Our Banesco.com portal and BanescOnline are internationally certified by McAfee and Norton. They are categorized as portals with one of the highest levels of safety against Internet attacks.

### SPECIALIZED SEGMENTS

#### MASSIVE SEGMENTS

During 2017, the "Quality Contact" Program was strengthened. Its purpose is innovating in sales schemes, orienting efforts towards the development of our clients and ensuring that they can get the best experience, regardless of the person who attends them and the channel they used.

#### CORPORATE BANK

During 2017, our Corporate Banking remained focused on linking our customers with products and services designed according to their transactional needs, in order to facilitate administrative work in companies.

These results have been achieved thanks to a team focused on knowing the performance of customers in the economic sectors in which they operate. Our team has provided financial advice that has made Banesco a business ally for our corporate clients.

#### AGRICULTURAL BANK

Our Agricultural Banking continued with its commitment to support the country's agricultural development, providing the necessary financing to customers in this segment, under a strategy of accompaniment and knowledge of the areas in which our customers

operate.

We maintained our focus on being close to the country's productive sectors in order to understand their needs and thus be able to provide effective and timely support to the agricultural and agro-industrial sectors. This was possible thanks to a highly motivated team with extensive knowledge of the agro-food sector.

#### INDUSTRIAL BANK

The Industrial Bank achieved a significant increase in liabilities, collections and means of payment, instruments that consolidate the effective management of our customers' accounts. The credit portfolio is also growing, which reaffirms our support to the different productive sectors: Commerce, Manufacturing, Tourism, among others.

The increase in captures is the result of the follow-up process developed by our business teams. They have analyzed carefully their client portfolios in order to place the best products and means of payments (selling points). The teams aim at facilitating the client's transactions. Most of the loans were granted to the manufacturing, commercial and tourism sectors.





### ENERGY BANK

The Energy Bank continued to strengthen its relationship with its customers, focusing on meeting the demand for credit in the areas of refining and production services in a sustained manner. The degree of specialization of our executives in the sector and personalized attention has been a key factor in the development of our clients and their positioning within the segment.

### PUBLIC SECTOR BANK

The Public Sector Bank was able to improve the placement of collection products, including multi-payments, selling points and payment gateway. The team has optimized payment processes and improved the collection of liabilities.

The coverage granted by the network of Banesco's Agencies, placed nationally, has guaranteed the provision of services for pensioners and our primary target groups.

### BANESCO'S COMMUNITY BANK

See chapter *Community Bank* on page 82.

### MEANS OF COLLECTION AND PAYMENT SERVICES

We are constantly increasing our customer base with innovative collection and payment services. We have implemented continuous improvements in our collection services, payment to suppliers and electronic deposit products, among others.

We have reported significant growth in the placement of Collection and Payment Services to suppliers. During this period, 12 face-to-face trainings were held to reinforce and promote the effective sale of collection and payment services. Additionally, a virtual course was deployed to complement and cover most of the sales force.

### TRUST FUNDS

During this period we had a sustained growth of our trust portfolio. We have focused our strategy on capturing funds coming from social benefits. We aim at offering our clients high levels of self-management and optimal response times through our electronic channels.

### QUALITY MANAGEMENT

#### COMPETITIVE INTELLIGENCE

Managing the customer experience is a permanent process whose main challenge is to ensure that all the attributes of the brand and its promise of value are present consistently. We aim at keeping quality in all services, products and channels offered by the organization. The development and maintenance of this strategy requires, as a central axis, to persist in the emotional bonding of the client with the brand, its products and services, providing them with memorable moments every time we have a point of contact with them.

Within the framework of this strategy, based on the integral management of the banking experience, we continued to measure and monitor the voice of the client, its perception and level of satisfaction on our channels and main products of the portfolio. To this knowledge is added the identification of improvement opportunities resulting from the analysis of the client's maps or trip. At the end of the year, through this continuous diagnosis, we added a total of 94 actions whose objective focus is the continuous improvement of Banesco's customer experience, internally and externally.

Thanks to the strengthening in the development of customer knowledge, we generate new behavioral sub-segments, based on the interactions of our customers with the channels, services, products, social networks and the impact generated by the experience at each point of contact. Over the course of 2017 we improved analytical capabilities and increased customer knowledge, which allowed us to analyze and understand high volumes of information and complexity. This improvement translates into the refinement and accuracy of the

Thanks to the strengthening in the development of customer knowledge, we generate new behavioral sub-segments, based on the interactions of our customers with the channels, services and products.



targets generated for all commercial actions, and the increase in potential customers for the placement of products such as loans, credit cards, liabilities, etc.

## DIALOGUE WITH OUR TARGET GROUPS

Natural persons	2017		2016		
Focus Group / Interviews / Surveys	Quantity	Participants	Quantity	Participants	Segments
Surveys on the Clients' Experience	12	42.096	13	53.057	Natural persons
Community Bank Studies	12	2.310	4	1.588	Community Bank clients
Brand Surveys	1	800	5	3.710	Natural persons
Level of satisfaction / quality service	5	1.489	4	1.496	Natural persons
Evaluation: Banesco.com	4	426	11	2.932	Natural persons
Evaluation: internal clients / Banesco's employees	13	9.573	1	495	Banesco's employees
Personas Jurídicas	2017		2016		
Grupos Focales / Entrevistas / Encuestas	Quantity	Participants	Quantity	Participants	Segments
Brand Surveys	0	0	2	350	Legal persons
Evaluation of Products and Services	1	170	0	0	SMEs and small businesses
Level of satisfaction	0	0	1	408	Legal persons
Surveys on the business segment	1	40	1	64	SMES, Industries, Corporations and small businesses





### INNOVATION MACRO-PROCESS

We continue to promote technological innovation as part of Banesco's business culture. We aim at driving initiatives that strengthen our business, improving and optimizing internal processes and encouraging the culture of Innovation.

The creation of our portfolio of products and services follows strictly the guidelines and Strategic Planning Program we developed every year. We are determined to achieve our goals, always considering economic and legal criteria, as well as operational feasibility..

The characteristics of the life cycle management of our products and services contemplate the following steps:

- 1. Research and analyze:** through this process we evaluate opportunities for differentiation in relation to the environment, market and business, aligned with the strategy of the Organization.
- 2. Managing ideas:** ideas are generated and managed to close or overcome market gaps, proposing opportunities for differentiation.
- 3. Conceptualize initiatives:** consists of transforming an idea into an initiative, evaluating its technical, legal and financial feasibility..
- 4. Approval process:** the initiative is presented before the corresponding Committees to obtain their considerations and/or approval to proceed with the development of the initiatives.
- 5. Develop and implement the initiative:** the execution of the initiative is coordinated according to the scope, time and budget established.
- 6. Follow up:** the performance of the implemented initiative is monitored, following the product life cycle.

### AWARDS GRANTED IN 2017

<i>América Economía</i>	<i>The world's 205 biggest banks.</i> Position 185 for the end of the firstsemester. First place among the Venezuelan private banks .
CSO Magazine	CSO502017 Award for Safety Technology
<i>Bussines Venezuela Magazing</i>	First Bank of the country in the 2017 "100 Top Companies"

### INSTITUTIONAL MESSAGES

We guarantee that the messages we transmit to our clients/consumers are expressed in the most understandable and accurate way, aligned with the realities of the offer or service we promote. We aim at keeping our works, giving the exact product we are promoting.

The steps we follow for the development of our communication strategy are:

- Review of the characteristics of the products/service/promotion.
- Evaluation of the differentiating advantages: unit selling proposition or single sale/value proposal.
- Advantages and benefits for the client and for the Organization.
- Evaluation and distribution of human and financial resources.
- Analysis of the media strategy.
- Analysis of the points of attention/offer to the public.
- Analysis of the product's strengths and weaknesses.
- Evaluation of the social and legal environment.
- Implementation and control.
- Follow up.





Likewise, we also respect the country's existing legal framework for advertising and communications:

- The Law on Social Responsibility on Radio and Television.
- The Standards and Norms for the Consumers' Rights.
- The Administrative Regulations on Processes Related to the Issuance and Use of Credit Cards, Debit Cards, Prepaid Cards and other Financing Cards or Electronic Payments. The articles 23, 24 and 25 (Chapter I: The Obligations of Issuers) of the aforementioned norm rule prize offers and promotions.
- Reform on the Technical Norms for the Definitions, Time and Conditions of Advertising, Propaganda and Promotions on Radio, Television and Subscription Broadcasting Services issued by the National Telecommunications Commission.
- The Organic Law for the Protection of Children and Adolescents (LOPNA, by its acronym in Spanish).

Once the product and its advertising campaign have been designed, we send all the information required by SUDEBAN. This organism can make observations or suspend the products as indicated.

On the other hand, the advertising of products and services is subject to the regulation established in the Law for the Consumers' Rights.

All our advertising campaigns indicate clearly that they have been previously approved by the Agency for the Consumer's Rights (Indepabis, by its acronym in Spanish) and SUDEBAN, the Superintendence of Banks and Other Financial Institutions. If applicable, our campaigns are protected by the Deposit Guarantee and Bank Protection Fund (FOGADE, by its acronym in Spanish).

We strictly follow the regulations enshrined in the Code of Ethics of the National Association of Advertisers (ANDA, by its acronym in SPANISH), which sets out the general ethical standards to be met by advertisers.

It should be noted that the law establishes that information must be sent to the Venezuelan Central Bank in case of requesting authorizations for new commissions or tariffs.

All new products are designed in accordance with the current standard and, in the event of any change in the legal framework, the product is adjusted. That is why our general contracts and conditions contain a clause that limits the liability of Banesco Banco Universal, C.A. in the provision of the product or service derived from regulatory changes.

As required by the regulatory body, a risk analysis for depositors and investors of the new financial instrument or product, as well as the opinion of the Money Laundering/Terrorism Funding Prevention Compliance Officer on the new financial instrument or product, is always reinstated. A study of the risks that the product represents for Banesco is also requested. Although it does not prevent the occurrence of risks, it does define the mechanisms to mitigate them.

As a financial institution, the products and services offered do not have a direct impact on the health of users. However, as cases of fraud may arise, both the security and monitoring areas are involved in the processes. It is important to point out that Banesco defines and disseminates all possible policies and mechanisms to avoid information security risks. We indicate our clients how possible fraudulent actions could use the products and services we offer as a vehicle to perpetrate crimes. However, it is the exclusive responsibility of the clients to be aware of such risks.

All our advertising campaigns have been previously approved by the Agency for the Consumer's Rights (Indepabis, by its acronym in Spanish) and SUDEBAN, Superintendence of Banks and Other Financial Institutions.

### COMMERCIAL ALLIANCES AND PROMOTIONS

The primary objective of all the promotions was to increase the contribution to the active portfolio by stimulating sales during the period of validity, as well as generating a residual effect that prolongs the top of mind advertising after its completion. The commercial alliances not only stimulate the use of Banesco's cards, but seek to strengthen the Banesco customer loyalty relationship through the provision of exclusive benefits based on the clients' tastes and preferences.

### AD CAMPAIGN: "YOU ARE ONE SECOND AWAY FROM WINNING"

Starting in February, we launched the fourth edition of the Banesco Cardholder Punctual Payment Promotion. We offered our customers the opportunity to earn a refund of the minimum payment on their credit card and thus reduce their debt by paying their card on time. The promotion lasted until May. All customers making monthly withdrawals, up to VEF 20,000, participate of this promotion.

In order to boost this promotion, we made a massive campaign through television, radio, social networks and Banesco.com.



### AD CAMPAIGNS FOR PROMOTING THE USE OF ELECTRONIC CHANNELS

We aim at promoting the use of the Electronic Channels services that Banesco offers to its clients during the first quarter of 2017. Since the electronic channels offer several options for the clients, we have launched the campaign "It's not you, it's me".

Through this campaign, we want to reinforce the knowledge of all the services through which the client can access to perform their daily operations quickly, easily and safely, without having to go to a bank agency.

With this campaign we also wanted to reinforce the understanding of these services in the specific target of pensioner clients, who in a high percentage still do not have the knowledge of the operations they can make with their Social Security Pension Account. The campaign was broadcasted from April on television and radio.

For the second half of the year, we want to promote customer self management, as a way of saving time and supporting the derivation strategy deployed in Banesco's Agencies. We encouraged the use of electronic channels through a campaign based on the following slogan: "Not easy, just very easy", through which we emphasized the advantages of our Internet Banking platform. The campaign had a massive presence on radio, television and digital media.

### WE REINFORCED THE BENEFITS OF OUR COLLECTION AND PAYMENT SERVICES

We want to make known the multiple solutions that Banesco offers to its legal clients to manage their company comfortably from anywhere. In the first semester of 2017, we made a campaign through Banesco.com and radio, for which we designed a concept that focuses on the multiple benefits that Banesco's collection and payment services offer to clients. We have also emphasized on the alternatives that Banesco provides to its clients for their legal account management. This program strengthens our commitment to support clients in the management of their companies.

The campaign was deployed in mass media during the first quarter of 2017 and has become a permanent campaign on Banesco.com.



### CAMPAIGN MYTHS AND LEGENDS PENSIONERS

Another important campaign during the second half was the one of Myths and Legends, whose purpose was addressing and dismantling the belief that the group of pensioners has regarding what can or cannot be done with their pension account.

This campaign was carried out in two phases. The first phase was focused on the sending of SMS to clients and broadcasting of radio messages on near dates of the pension payment. Later, it was widened with the launching of an advertisement for television which had a production leveraged by the clever use of humor. In this way, the pensioners were encouraged not to be afraid about their money being withdrawn from their accounts if they do not go to a bank agency to withdraw it the same date that they receive the payment. This campaign was also supported by messages in social networks.



TÚ ME VENDES,  
YO TE PAGO  
DESCARGA **Banesco PagoMóvil**



### BANESCO PAGO MÓVIL

In the month of October, the implementation of Banesco PagoMóvil was accompanied by the massive launching of a campaign aimed at positioning the product by highlighting the immediacy of transactions and examples were given of the services or typical uses for which the application is designed.

With the question "Can you guess which service I have?" and using a jingle as a mechanism to ease the understanding of the service, the Banesco Pago Móvil campaign contributed to the promotion of this new way of payment which, to the end of December, registered more than 1,350,000 transactions made through the application.

### "WINNING TICKET" PROGRAM

More than 5,000 prizes were awarded to Clients who used their credit and debit cards in December, reimbursing them for their consumption.

### PRESENCE IN EVENTS THROUGHOUT THE COUNTRY

- 2017 International Caribbean Book Fair
- Universidad de Carabobo University Book Fair (FILUC, by its initials in Spanish)
- 2017 Young Hall with IAF.
- Venamcham Corporate Social Responsibility Symposium.
- 2017 Venamcham Social Perspectives
- Sponsorship of Chacao Book Festival
- Sponsorship of West of Caracas Book Fair

### SOCIAL NETWORKS

We have used new technologies and customer service via web 2.0 as tools to achieve our purpose of maintaining a dialogue and continuous communication with all our Stakeholders. Social networks have been an effective communication channel for our followers, which is evidenced by the 21,897 cases, between inquiries and requests, which were handled via our different social networks accounts.

The bank has official accounts in Twitter, Facebook, Instagram, Google+, Youtube and LinkedIn, in addition to having a blog. Regarding its presence in social networks, Twitter - through the account @Banesco - remains as the social network preferred by the social networks users, reaching 672,507 followers as of December, 2017. In addition to serving as a link for consultations and requirements, the Bank's Twitter account offers contents of interest on personal finance, entrepreneurship, technology, anniversaries, history, sports, business, energy and news about the Bank's products, services or promotions.

Banesco's Facebook Account had 257,227 followers, while the Bank's Instagram account reached 98,922 followers last year. The videos placed in the Youtube Channel "Banesco in

SOCIAL NETWORKS		2017	2016
Twitter	@Banesco	672.507	636.894
	@Baneskin	182.799	169.105
Facebook	Banesco Banco Universal	257.227	257.541
	Views	3.916.293	3.394.587
Youtube	Subscriptions	8.167	7.052
	Followers	19.514	13.300
Instagram	Followers	98.992	78.137
Banesco Blog	Hits	6.925.989	5.750.416
Google +	Followers	10.354	7.810
	Hits	N/A	63.372



Images" report more than 3.9 million views, in addition to have more than 8,167 subscribers.

To the close of December, 2017, the banesco.com Blog launched its new appearance and the number of visitors amounted more than 6,925,989 million. On this website, apart from corporate information regarding products and its policy of Corporate Social Responsibility, the institution has exclusive content, which is drafted by renowned journalists, at its source: José Suárez Núñez (oil); José Pulido (literature); Jessica Morales (financial advices); Froilán Fernández (technology); Ignacio Serrano (baseball) and Sarai Coscojuela (environment).

Among the activities carried out through its social networks, in 2017, Banesco carried out the fourth edition of its Mobile Photo Contest in Instagram, dedicated to the "Values that Count", to highlight through images of personal growth, effort, goals, and the qualities that distinguish Venezuelans. The prizes were delivered to the winners, and the book will be published in digital format and it will be part of the Banesco Digital Library.



¿CUÁNTAS HISTORIAS PUEDES CONTAR  
EN 140 CARACTERES?



## OUR POLICY

We are a segment specialized in the development of microfinances, efficient, profitable and sustainable, focused on the service to the micro entrepreneurs located in the low-income sectors of population and unbanked people. We offer financial products and services appropriate to their needs, with accessibility, simplicity and speed in the transactions through the different service channels offered by the institution with cutting-edge technology.

We have a group of professionals who provide financial and personalized advice directly to the clients.

We are committed to contributing in the improvement of the social fabric and the quality of life of the population, creating economic, social and environmental value, especially to the country's micro-entrepreneurs, producing creation of value for the shareholders.

## OUR 2017 MANAGEMENT

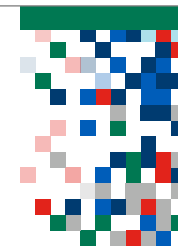
Throughout the 2017 year, the Community Banking pursued the increase of efficiency concerning the business, processes and controls management. By means of two general measures:

- In the first half, it advanced the change in its governance model by means of which it transferred various processes executed by the Community Banking to the corporate services of the bank, such as:
  - Planning, business strategy, objectification and incentives of the sales force processes, transferred to the Vice-Presidency of Business Development.
  - Collection processes and team of collection executives to the Vice-Presidency of Extrajudicial Collection.
  - Operation Processes transferred to the Vice-Presidency of the Network of Branches.



- Likewise, in the second half of 2017, as part of the evolution of the client service model of the Massive Segment (Natural Person), and aiming at increasingly promoting a comprehensive view of businesses and services that strengthens our leadership and the experience of the community client, the evolution to the model of Community Segment of Natural Persons was adopted, within the environment of the Network of Branches. The strategies are framed in three pillars (Segment Management, Credit Management and Risk and Financial Management) under the current models of the Bank, allowing to improve and optimize the management, generate business opportunities and ensure sustainability of the community segment.

In this process of transforming the Community Banking in a segment of the Network of Branches of the Bank, a new model of management will be applied with a profiling of clients in accordance with the new business model of the Community Banking, with the purpose of integrating the service to those clients to the network management model, maintaining the sense of contribution to the Bank's Corporate Social Responsibility.



These changes (which will be completed in 2018) will contribute to strengthen the Community Segment, taking advantage of all the structure existing in Banesco. In this context, Banesco managed to achieve:

## MASSIFICATION OF CREDIT:

- Maintenance of the credit portfolio, as it reached VEF 16,952 MM in 9,865 clients with credit.
- Credit Market Share reached at the close of 2017 in 9.82%
- Past due portfolio index, which was of 0.08% (0.86% dec. 2016).
- Balanced Diversification of the credit portfolio in various economic sectors as described public transport of passengers by 22% (29% dec. 2019).

## TRANSACTION BANKING:

Carrying out of transactions by 1% in Banesco Agencies and by 99% via electronic channels (BOL 57.44%, POS 38.44% and ATM 3.64%).

## BANK DEPOSITS:

The important growth of the bank deposits by 2,200%, amounting to Bs 219,052,860 M, results from the deployment of the payment means in the low-income sector of economy.



Indicator	2017	2016
Clients served	455.561	439.001
Clients served from 2006	455.561 Directly 2.277.805 Indirectly	439.001 Directly 2.195.005 Indirectly
Poor Neighborhoods served	8,653 in 17 states of the country	8,653 in 17 states of the country
Economic activities benefitted from the credits	Transport, Food, Vegetables and Grains, Clothing and Accessories for Women, Men and Children, Automotive industry, Restaurants, among others.	Transport, Sale of Clothing, Automotive industry, Food Sale, Hairdressing, Craft, Restaurants, Advertising industry, Hardware store, Carpentry, Bookstore.
Distribution by gender	Male 54%	Female 51%
Community Agencies	26	27



## OUR TEAM

Staff per region	2017	2016
Central - Western Region:	82	212
Metropolitan - Eastern Region	91	210
Total staff at the close of the year	173	422





## TRAINING AND CERTIFICATION PROGRAM

Likewise, in May 2017, the "Taller Cable a Tierra" [Down-to-earth workshop] was carried out for the team of leaders of Community Banking, with which the aim is to reinforce resilience and change management together with the different members of their teams. The main conference was given by Atilio Romero.

### CERTIFICATION PROGRAM

Participant Certification Programs	2017	2016	Var. (%)
Advisers, Coordinators and Supervisors Certification Program	28	73	(62%)
Certification Program Promoters and Analysts	4	0	100%
Total Participants	32	73	(56%)

### TRAINING PROGRAM

Training Programs Attendance	2017	2016	Var. (%)
Technical Knowledge	1.629	2.281	(29%)
Skills development	302	570	(47%)
Banking / Regulatory Knowledge	2.414	3.329	(27%)
Value Reinforcement and Code of Ethics	113	414	(73%)
Total Attendance	4.458	6.594	(32%)

No. of Certification Events	2017	2016	Var. (%)
Advisers, Coordinators and Supervisors	5	7	(29%)
Promoters and Analysts	0	0	0%
Total Events	5	7	(29%)

## OUR PRODUCTS

In line with our mission, we offer micro-financial credit and saving products which are in accordance with the needs of our clients, including the following:

**Community Account:** Are opened with at least one VEF and is handled with a maestro debit card with chip technology, which allows for carrying out requests, withdrawals, deposits, purchases and transactions in all the electronic channels at the national level.

**Step-by-Step Saving:** Is a savings mechanism for the general public, similar to the so-called bolso, san or la cajita by means of which the client decides how and when to save, depending on his possibilities.

**Loan to Work:** It is a loan of productive nature, aimed at satisfying the production needs of micro-entrepreneurs, which can be merchants or producers of goods or services. It is traditionally known as microcredit.



SEGUIMOS ILUMINANDO  
EL CAMINO DE MILES  
DE MICROEMPRESARIOS



LO QUE MÁS NOS GUSTA  
ES EL BRILLO DE SUS OJOS



# COMMUNITY ACCOUNT

Accumulated at Close	2017	2016	% Var.	Annual Close	2017	2016	% Var.
No. of Community Accounts	462.767	448.631	3,15	No. of Community Accounts	14.136	36.927	(61,72)
Balance in Account (VEF M)	218.992.798	6.303.743	3.374				

# Step-by-Step Saving:

Accumulated at the Close	2017	2016	% Var.	Annual Close	2017	2016	% Var.
No. of Affiliations	385.447	383.598	0,48	No. of Affiliations	1.849	4.380	(57,49)
Current No. of Affiliations	1.849	4.380	(57,79)				
Balance in Account (VEF M)	60.062	14.412	316,75				

# LOAN TO WORK

Accumulated at the Close	2017	2016	% Var.	Annual Close	2017	2016	% Var.
No. of Loans Granted	314.350	301.973	4,10	No. of Loans Granted	12.377	29.421	(57,93)
Settled Amounts (M VEF)	61.300.616	38.681.347	58,48	Settled Amounts (M VEF)	22.619.270	19.094.868	18,46
Balance of the Credit portfolio (M VEF)	16.952.666	18.066.191	(6,16)				

Delinquency rate	2017	2016
	0,08%	0,86%





## MICRO-ENTREPRENEUR TRAINING PROGRAM

The Micro-entrepreneurs Training Program is aimed at strengthening the knowledge of entrepreneurs by means of a set of administrative, managerial and technological tools that contribute to the improvement of the productive capacity of their businesses and that will improve their competitiveness in the market.

To perform this activity, we make alliances with governmental entities and Non-Governmental Organizations (NGOs), such as Fe y Alegría, the Instituto Universitario de Gerencia y Tecnología, Opción Venezuela, the Universidad de SIGO, Negocio PYME, Fundación Social and Venezuelan Association of Catholic Schools.

During the year of 2017, 5,658 micro-entrepreneurs graduated and the program reached its ninth year of implementation.

This initiative offers its participants administrative, managerial and technological tools, which can be used to improve the productive capacity of business, in addition to optimize the competitiveness in the market.

## ENTREPRENEUR PRIZE

During 2017, the effort and commitment of six entrepreneurs of Community Banking through the prize "Banesco Community Banking Entrepreneur." Claudia Tilano, Joan Gómez, Thania Viña, Denny Cordero, Madelaine Mendoza and María Delina Betancourt were distinguished by their excellent credit experience and the positive impact that their businesses generate in their communities.

The prize "Banesco Community Banking Entrepreneur", which reached its fifth edition, also included a payment in cash, which amounts VEF 2.4 million to be distributed among the six winning entrepreneurs. The selection of the prizewinners was in charge of the jury, composed of Ciro Chapón, Extension Academic Coordinator of the IUGT Venezuela; Guillelmo Salcedo, president of Fundación Social; Alfredo Sánchez, director of Negocio Pyme and Judith Borges, manager of Banesco Banco Universal Community Banking Training.

## EL COMUNITARIO NEWSPAPER

El Comunitario newspaper of Banesco Community Banking is a communication means between the Bank and the communities. Its purpose is: to make the products and services of the Banesco Community Bank known, to publish relevant news addressed to the sector, to recognize the employees and community partners, as well as to contribute with the clients' financial education. Its distribution is made via digital from 2017.

## BANESCO COMMUNITY BANK COMMUNITY BANKING CLIENTS' NET SATISFACTION INDEX (BCB)

During 2017, we kept carrying out the qualitative Study of the Net Satisfaction Index (NSI) in the service provided by the Community Banking, by means of the implementation of the short-term open and close-ended questions measuring instrument made to the community clients who made transactions (Only in Agency). Generating real-time results about the experience.

The measuring scale in these studies is from 1 to 10, where 1 is the lowest grade and 10 the highest grade. The table is comprehensive, as it shows the results regarding: Service promoters (Evaluation 9-10), Neutral (Evaluation 7-8), Detractors (Evaluation 0-6) and Net Satisfaction Index (NSI=Promoters %-Detractors %).

To the close of 2017, the NSI reached a satisfactory compliance, guaranteeing the good Client service and speed in the service, our defining characteristics, with about 97% of compliance.

	2017
Promoters (Evaluation 9-10)	98 %
Neutral (Evaluation 7-8)	1 %
Detractors (Evaluation 0-6)	1 %
NSI	97 %

# OUR ENVIRONMENTAL COMMITMENT

301-3, FS1, FS2

## OUR ENVIRONMENTAL POLICY

Protection and preservation of the environment is a need for the benefit of the current and future generations. In Banesco Banco Universal, C.A., we have made the commitment of increasingly deepening the measures that guide our behavior towards the promotion of Sustainable Development. We carry out continuous assessments, diagnoses, establishment of indicators and goals aimed at a better use of a natural resources, energy saving and the recycling of waste and materials so that our activity does not impact the environment.

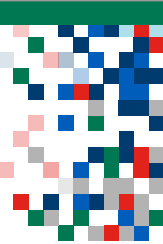
For that reason, we make efforts and apply measures that do not affect the environment. A clear example of this is Ciudad Banesco, our headquarters, which is an intelligent building which includes various construction and IT features that minimize its environmental impact:

- Most part of the façade is a green curtain wall with low reflectivity, which favors a comfortable work environment and minimizes the waste in conditioning air.
- The building has a software that completely manages all the commands of the closed-circuit-television, the security and electro mechanics access-control, which entails a higher efficiency regarding energy consumption and security.
- Elevators are "intelligent", and they change to stand-by function when they are not used for a specific period of time.

## OUR MANAGEMENT

In line with the Bank's Corporate Social Responsibility policy and maintaining our support to the environment, we undertake a series of actions for Sustainable Development, among which the following stand out:

- We maintained the rationalization and reorganization process in the Administrative Headquarters of the Metropolitan Area of Caracas, with the purpose of optimizing the m<sup>2</sup> used in accordance with the organization's processes, with the minimal intervention in the existing physical infrastructure, which allows for a more rational use of the space and of its services.
- We replaced the standard light bulbs with energy saving bulbs or bulbs type led in the illuminated announcement (lightboxes), of Banesco Network of Branches throughout the country.
- Clocks were incorporated for the automatic turning off of the bulbs in the advertisement announcements, in accordance with the regulations established by the governmental entities.
- We continued with the replacement of elevators in the administrative headquarters as those were obsolete, which were replaced by special equipments with the following energy saving functions: automatic light and booth fan turn off, energy saving mode due to reduction in the number of booths in service, of off-peak power supply and of booth speed without affecting the passengers' waiting time.
- We improved the air conditioning system in the Data Center rooms in Ciudad Banesco and El Rosal, which allows for having a reliable, modern structure, with high-efficiency and energy saving.
- We completed, in the El Rosal and in the region headquarters, the incorporation of the electrical platform of the real-time Remote Monitoring system, with the purpose of guaranteeing supervision, monitoring and control of the critical areas of the electrical and backup systems.



## OUR ENVIRONMENTAL COMMITMENT

103-1, 103-2, 103-3, 201-2, 301-2, 301-3, 302-1, 302-2, 302-3, 302-4, 302-5, 305-6, 305-7, 306-2, FS1, FS2

- We kept automating the Ciudad Banesco lighting, for the rational and efficient of electrical power, with schedules established to this end.
- We continued with the systematic change of air conditioning equipment as their obsolescence level merited it, installing as replacement equipments with sound attenuation, which use environmentally friendly refrigerant and of low energy consumption.

### RECYCLING PROGRAM

During 2017, Banesco Banco Universal, C.A. resumed its Recycling Program with the support of Cartonera Tapatapa, a company dedicated to recycling paper, plastic and aluminum. In the first phase of the agreement, we recycled 63.44 kg of paper from our warehouses in San Vicente, State of Aragua. This amount of Recycled Paper allowed us to support programs of our Social Partners as Fundana, Museo de los Niños and Apoye. In 2018, this program will be extended to our main administrative headquarters, including again plastic and aluminum as materials to be recycled.

Given the nature of our activities, substances that destroy the ozone layer are not emitted, nor are emitted NO or SO.

Furthermore, we maintained our Banesco Culture of Efficiency and we reinforced the awareness campaign for the responsible use of the equipments that are available to do our work (multifunction printing equipments) with a special program of paper saving.

The initiative of printing and photocopying quotas allocation that started in our administrative headquarters.

The result of this initiative resulted in a decrease of paper consumption of 5,167,453 and a VEF saving 3,422,949,962.10.

### PAPER SAVINGS

	2017	2016	Variation %
Amount of pages saved	5.167.453	9.524.122	(45,74)
Saved VEF	3.422.949.962,10	313.771.731,13	990,90

### TOTAL PRINTING

2017	25.717.850
2016	30.885.303
Variation %	(16,73)

### ENERGY CONSUMPTION

Aware of the fact that the use of energy resources should be made in a rational way, we have implemented measures and projects directed to the reinforcement of the electric platform and technology acquisition whose selection criteria comply with the current standards regarding efficiency and low impact with the environment.

As a part of the energy saving plan, we permanently maintained the reduction of lighting of offices establishing work block schedules according to productivity ; reduction of the operating hours of air conditioning equipments in offices and restricted timetable in the use of escalators.

The main energy source used in our organization, Banesco Banco Universal, C.A., is produced by hydroelectric plants, distributed through the national electric grid.

Our power consumption for this period was of 66,495,202.02 Kwh (239,382.73 GJ), which represents (4.48%) with respect to the previous year.

In parallel with the national electric grid, we have for emergency situations, six (6) diesel generators in Ciudad



## OUR ENVIRONMENTAL COMMITMENT

103-1, 103-2, 103-3, 301-1, 301-2, 301-3, 302-1, 302-2, 302-3, 302-4, 302-5, 303-1, 303-2, 303-3, 304-1, 304-2, 304-3, 304-4, 305-1, 305-2, 305-3, 305-4, 305-5, 306-1, 306-2, 306-3, 306-5

BanESCO and (2) diesel generators and other administrative headquarters, which represents approximately 70% of our facilities. Currently, these generators activate in case of an electrical failure in the commercial grid.

During 2017, we generated 64,500KwH (232.2 GJ) whereas in 2016 we generated 36,500 KwH (131.4 GJ), which represents an increase of 76.71% in the power generation due to commercial grid power supply failures.

This caused that this year, the CO2 emissions for diesel generation equipments. We went from 35,100 CO kg in 2016 to 62,742 CO2 in 2017.

For the moment, the only foreseeable way that climate change may affect the activities of our organization would be a higher need for air conditioning use in our headquarters and branches, which would increase the electric power consumption and the subsequent emissions to the atmosphere. Said consequences have not been systematically identified nor quantified.

### WATER CONSUMPTION

Throughout the country, the water used in our headquarters and branches is obtained from the respective municipal aqueducts. Likewise, in the case of the water dumped, it is discharged through the public services.

The activities carried out by the bank do not produce chemicals, oils or combustibles which have negative effect on health, environment, soil and air, it neither impacts protected natural areas or not protected areas of high biodiversity.

### ENVIRONMENTAL INDICATORS

	Total consumption			Consumption per person		
Consumption	2017	2016	Var. (%)	2017	2016	Var. (%)
Water(m³) <sup>1</sup>	249.405,58	304.057,60	(18,24)	38,00	33,22	14,39
Gigajoules electricity (National Electric System) <sup>1</sup>	239.382,73	250.604,32	(4,00)	35,78	27,30	31,00
Gigajoules electricity / own generation <sup>2</sup>	232,20	131,4	77,00	0,10	0,04	134,00
Paper (Kg) <sup>1</sup>	38.334,00	43.751,00	(12,38)	5,84	4,87	19,88
Paper (Kg) / Clients <sup>5</sup>	65.282,00	64.141,00	1,78	0,02	0,01	29,30
	Total consumption			Consumption per person		
Waste	2017	2016	Var. (%)	2017	2016	Var. (%)
Recycled paper (Kg) <sup>1</sup>	63.440	0	100,00	9,66	0,00	100,00
Toner and/or cartridges <sup>3</sup>	69	340	(79,71)	0,01	0,04	(72,23)
Electrical and Electronic waste (Kg) <sup>1</sup>	320.559,40	133.307,5	140,47	48,84	14,84	229,01
	Total consumption			Consumption per person		
Greenhouse gas emissions	2017	2016	Var. (%)	2017	2016	Var. (%)
Equipment CO <sub>2</sub> emissions diesel generators (Only Ciudad BanESCO) <sup>(4)</sup>	62.742,75	35.100,75	78,75	27,40	13,85	97,82
CO <sub>2</sub> emissions vehicles employees <sup>(2)</sup>	457.513,45	1.108.365,69	(58,72)	199,79	366,28	(45,00)
Total CO <sub>2</sub> Emissions <sup>(2)</sup>	520.256,20	1.143.466,44	(54,50)	227,19	377,88	(40,00)

1. National Totals. 6,564 employees are taken as a basis in 2017 and 8,981 employees in 2016.

2. Ciudad BanESCO and Buildings of El Rosal 2,290 collaborators in 2017 and 3,026 collaborators in 2016.

3. Given to FUNDANA 69 Toner cartridges in 2017 and 340 in 2016.

4. Own Generation in Ciudad BanESCO. 2,290 collaborators are taken as a basis in 2017 and 2,534 in 2016.

5. 4,309,017 clients are taken into account in 2017 and 5,474,116 in 2016.







### BANESCO OPERATIONS THAT PRODUCE ENVIRONMENTAL IMPACT

- **PRODUCTS AND SERVICES:** For the granting of loans to the constructor, we carry out feasibility studies to guarantee not only the success of the project but also the least possible impact in the area in which the work will be carried out. We ensure that the financed projects have the occupancy certificate before initiating the sales process.
- **TRANSPORT OF PRODUCTS:** Banesco Banco Universal, C.A., does not exert measurable impacts because of this activity, as the products that are transported to our network of branches throughout the country are office supplies, printed papers, as well as technology equipment and their consumables. Likewise, the Bank does not import waste. Waste considered as dangerous (toners, batteries, monitors...) are transported locally taking into account all the necessary security measures.
- **TRANSPORT OF PERSONNEL:** Personnel go from their residences to the Bank and vice versa by their own means. When any kind of event is carried out for which the personnel should be transported from their workplace, the Bank covers the costs incurred in said transport and, if necessary, it hires the transportation services. The employees that are in the buildings of El Rosal and El Recreo are offered transport to Ciudad Banesco at lunch time. For night workers that are in Ciudad Banesco, transport is offered to the closest Caracas Metro system station.
- **OPENING OF BRANCHES:** We did not carry out prior environmental impact in the areas where we opened branches, except when it is required by the municipal authorities, and are of specific nature, depending of the dimensions of the works to be carried out

During 2017, no fines or lawsuits were received for non compliance with the environmental regulations, national or local.

The Medical Service for the employees located at Ciudad Banesco does not generate biological sanitary waste as it only offers primary health care and uses disposable material. Emergencies are referred to the health centers near the main headquarters.

### BANESCO WITH YOU AND WITH THE PLANET

As every year, we join to the global awareness campaign promoted by the ONG World Wildlife Fund (WWF) with which we ratify our commitment with the environment. This year it was held on Saturday March 25, and from 8:30 p.m. to 9:30 p.m. the light of our main administrative headquarters were turned off: Ciudad Banesco and the Buildings of El Rosal; additionally, an internal campaign was made, as well as one via social networks to strengthen the commitment of Citizens Banesco concerning the conservation of the planet, as a responsibility of all.





## DONATION OF FURNITURE AND DISINCORPORATED COMPUTERS

As an asset of recycling and reusing policy, we donate furniture and computers that ceased to be used in our headquarters and branches, to organizations preferably of a social nature so that those equipments have a new use.

During 2017, we donated 894 computer equipments and their accessories, which is equivalent to 7,802 kilograms. Whereas we gave 230 furniture pieces, totaling more than 13,512 kilograms of donation.

### DONATION OF DISINCORPORATED COMPUTER EQUIPMENTS

	2017	2016	Variation
Amount of Donated Equipments	230	935	(4,39)
Total of Kg.	7.802	10.455	(25,40)

### DONACIÓN DE MOBILIARIO DESINCORPORADO

	2017	2016	Variation
Amount of Furniture Donated	230	50	350,98
Total of Kg.	13.512	3.010	321,59

## CORPORATE VOLUNTEERING

As part of our commitment with the environment and to perform activities that minimize our environmental impact, we have a Volunteering that carries out and executes different initiatives and training activates to be promoters of a culture that takes care of the environment and the proper use of the natural resources.

During 2017 and 2016, 119 and 370 man-hours were invested, respectively, in environmental activities, among which stand out the alliance made between Banesco Volunteering, Supermercados Unicasa and Directv for carrying out an event of the World Day with the collection of waste in Playa Escondida beach, state of Vargas.

## DIGITAL MANAGEMENT OF DOCUMENTS

File digitalization has been for many years a business strategy which supports our environmental policy. Banesco Banco Universal C.A. has a Digital Management Unit (GELECON) whose main purpose is the digitalization of files, avoiding the unnecessary making of copies and speeding up the Organization's workflows. The incorporation of Gelecon to the cores areas of the Bank contributes to the lower consumption of paper, to the space optimization concerning the safekeeping of the files.

### DIGITAL MANAGEMENT OF DOCUMENTS

Area	Number of Transactions			Number of Pages		
	2017	2016	Var%	2017	2016	Var%
Commercial Credit	18.514	21.533	-14,02	582.000	576.333	0,98
TDC (Request/Service)	25.439	32.600	-21,97	133.444	219.137	-39,10

# OUR SUPPLIERS

102-9, 103-1, 103-2, 103-3, 308-1, 308-2, 409-1, 414-1, 414-2

## OUR SUPPLIERS

The executive Vice-presidency of Procurement and Administration is in charge of the execution of supply strategies, hiring and management of services with specialized personnel and technical tools, which allow to ensure in a timely manner the supply of goods and services, adapted to the business needs and to the financial aspirations with the best balance (price -quality - risk management); based on transparent and negotiations backed up by contracts that ensure business continuity and the compliance with the service agreements.

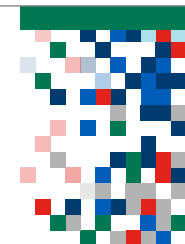
## OUR POLICY FOR SUPPLIER CONTRACTING

Any supplier interested in providing services to the Institution shall go through a revision process in the following aspects: Legal, technical, commercial and financial, to that end, it shall provide the following documents:

1. Legal information (Company registration number, Fiscal Registration Number, shareholder's certification, labor releases, electricity and/or telephone bill, identity card of the persons who bind the company).
2. Financial documents (Balance sheet, profit and loss statement, and trial balance in the cases in which more than six months have passed since the company's accounting close, all of them expressed in historic values).
3. Technical-commercial documents (as the list of products, brands that they distribute, letters of exclusivity, commercial references, works that they have carried out with the Bank, among others).

## RULES OF THE PROCUREMENT PROCESS

1. The procurement and contracting processes for acquiring goods, materials, works and services should be carried out at the most convenient total cost, taking into account, to that end, their price, the timeliness of its delivery and the service after their acquisition, ensuring at all times equity and transparency in the selection of the Supplier.
2. The Executive Vice-presidency of Procurement and Administration and the established autonomies to approve the different phases of the purchase process should enforce compliance with the rules, processes and regulations to be established in that regard.
3. For the purchase of goods and services it is necessary to perform selection processes with a minimum of 3 suppliers, with the exceptions that may arise as a result of the economic environment.
4. The procurement process is centralized, being the requesting areas the ones responsible for supplying the specifications of the purchases and/or recruitments and a technical evaluation matrix under their area of specialization.
5. The documents of the qualified suppliers for the Bank's supplier's registry will expire annually. After this period expires, the suppliers shall be evaluated again to intervene in the provision of the goods and services in general. For those requirements that have certain validity term, the bank reserves the right to request the update of said documents.



## OUR SUPPLIERS

102-9, 103-1, 103-2, 103-3, 204-1, 308-1, 308-2, 409-1, FS3

### OUR MANAGEMENT

During the year 2017 we maintained trade relations with 1,537 local suppliers (96.85%) and 51 non-local (3.15%), with whom we traded a purchase volume for more than VEF 613.05, which represents 99.98% of local suppliers, that is, companies who work in the same geographical area in which the purchase, the service and the billing is made; while 0.02% corresponds to non-local suppliers, that is, who work outside of our scope of action.

As part of our commitment to the United Nations Global Compact, which the Bank joined in 2008 and to the year 2017 Banesco signed 202 service agreements with its suppliers, of which 31 included the Clause Number 20 subsection J) related to the Ten Principles of the Global Compact based on the Universal Conventions applied to the fields of Human Rights, Environment, Labor Standards and Against Corruption. The remaining contracts signed are under the model of the provider, confidentiality agreements or agreements signed not including the above identified clause.

### NUMBER OF SUPPLIERS

DESCRIPTION	No. of suppliers		% over total of Suppliers
	2017	2016	2017
Office equipment, articles and furniture	28	34	2,11%
Hardware, Software and technology	115	85	8,65%
Printed papers and Value Paper	13	6	0,98%
Debit and/or Credit Cards	3	2	0,23%
Other equipment	3	3	0,23%
Maintenance and constructions	118	128	8,88%
Advertising and Marketing	99	130	7,45%
Fees and Consultancies	152	298	11,44%
Equipment leasing	3	5	0,23%
Condominiums and Leasing	334	382	25,13%
Trainings	37	67	2,78%
Other services	108	113	8,13%
Services	289	266	21,75%
Human Capital	27	19	2,03%
Total	1.329	1.538	100%

### ALLIANCES

Our suppliers are aware of the importance of creating alliances to mitigate the social issues and to offer better quality of life to the citizens.



## AMOUNT PAID TO SUPPLIERS

DESCRIPTION	Amount paid		% over the amount paid	
	2017	2016	2017	2016
Office equipment, articles and furniture	28.996.623.617,58	1.734.292.970,76	5,20%	2,90%
Hardware, Software and technology	343.544.598.963,04	24.008.202.997,41	61,56%	40,11%
Printed papers and Value Paper	1.966.686.500,60	716.169.312,38	0,35%	1,20%
Debit and/or Credit Cards	10.405.840.024,14	3.585.714.920,15	1,86%	5,99%
Other equipment	29.667.748,16	1.113.864.094,29	0,01%	1,86%
Maintenance and constructions	35.061.438.315,46	5.848.679.760,71	6,28%	9,77%
Advertising and Marketing	18.010.902.758,35	1.297.463.217,98	3,23%	2,17%
Fees and Consultancies	16.970.487.146,39	4.650.250.723,34	3,04%	7,77%
Equipment leasing	2.897.894,02	7.538.090,00	0,00%	0,01%
Condominiums and Leasing	20.074.281.641,14	2.660.004.203,88	3,60%	4,44%
Trainings	274.979.432,37	194.128.430,95	0,05%	0,32%
Other services	353.399.355,20	691.968.766,59	0,06%	1,16%
Services	54.504.268.846,67	8.044.615.382,07	9,77%	13,44%
Human Capital	27.835.101.479,26	5.299.448.594,42	4,99%	8,85%
Total	558.031.173.722,38	59.852.341.464,93	100%	100%

In 2017, Banesco signed 202 service contracts with its suppliers, 31 of which included Clause number 20 subsection J) related to the Ten Principles of the Global Compact based on the Universal Conventions applied to the fields of Human Rights, Environment, Labor Standards and Anti-Corruption.

## DISTRIBUTION OF SUPPLIERS BY NUMBER AND AMOUNT PAID

Type	Number of Suppliers		% Over the Total of suppliers		Amount paid		% Over the total invoiced	
	2017	2016	2017	2016	2017	2016	2017	2016
Local Suppliers	1.329	1.538	96	93	558.031.173.722	59.852.341.465	100	100
Non-Local Suppliers	51	123	4	7	165.220.450	181.242.653	0	0
Total	1.380	1.661	100	100	558.196.394.172	60.033.584.118	100	100



## MORE SIGNIFICATIVE SUPPLIERS BY REGION

## CAPITAL REGION

Service	Suppliers		Amount			% over the total	
	2017	2016	2017	2016	Variation %	2017	2016
Hardware, Software and Technology	69	60	342.830.360.169,17	23.876.456.139,91	15%	76%	56%
Services	161	132	51.099.892.808,38	7.744.667.346,79	22%	11%	18%
Maintenance and constructions	95	92	26.277.908.520,03	4.494.190.713,02	3%	6%	11%
Condominiums and Leasings	173	193	16.893.000.201,81	2.092.825.405,69	-10%	4%	5%
Fees and Consultancies	122	187	12.338.799.154,86	4.311.046.486,30	-35%	3%	10%
Total	620	471	449.439.960.854,25	42.519.188.107,71	32%	100%	100%

## EASTERN - SOUTHERN REGION

Service	Suppliers		Amount			% over the total	
	2017	2016	2017	2016	Variation %	2017	2016
Maintenance and constructions	7	49	3.272.492.353,00	147.877.929,49	-86%	76%	28%
Services	36	11	541.850.928,54	292.830.103,56	227%	13%	55%
Condominiums and Leasings	42	39	469.611.297,21	95.023.073,10	8%	11%	18%
Total	85	99	4.283.954.579	535.731.106	-14%	100%	100%

## CENTRAL LOS LLANOS REGION

Service	Suppliers		Amount			% over the total	
	2017	2016	2017	2016	Variation %	2017	2016
Office equipment, Articles and Furniture	4	2	24.506.118.079,00	683.248.847,00	100%	84%	45%
Maintenance and constructions	5	9	1.738.838.291,03	267.720.067,47	-44%	6%	18%
Condominiums and Leasings	46	59	1.609.203.283,68	164.346.919,95	-22%	6%	11%
Services	29	32	1.265.890.067,99	393.845.170,57	-9%	4%	26%
Total	84	102	29.120.049.721,70	1.509.161.004,99	-18%	100%	100%





## WESTERN – NORTHERN REGION

Service	Suppliers		Amount			% over the total	
	2017	2016	2017	2016	Variation %	2017	2016
Fees and consultancies	15	20	4.519.266.972,96	137.519.977,29	-25%	41%	8%
Maintenance and constructions	11	16	3.772.199.151,40	976.790.835,88	-31%	34%	57%
Services	61	69	1.565.457.702,97	333.779.268,02	-12%	14%	20%
Condominiums and Leasings	71	87	1.099.872.839,56	252.923.549,57	-18%	10%	15%
Total	158	192	10.956.796.666,89	1.701.013.630,76	-18%	100%	100%

## PROCUREMENT COMMITTEE

The Procurement Committee is a coordinating organizationalorganism that helps to promote the optimal design of the procurement operations, within which any event for acquiring goods or services, and their negotiation falls, even if it does not entail immediate distribution of funds.

## PURPOSE

To ensure compliance with the purchase and contracting regulations and processes of the organization, as well as deciding about said regulations and processes within its autonomy level, by means of mechanisms that ensure transparency in the selection of the best option offered by the suppliers, evaluating the quality of the goods and/or services offered, to satisfy the organization needs and improve the relations with its suppliers.

## ROLES Y AND MEMBERS OF THE PROCUREMENT COMMITTEE

Below are presented the different committees, which have limits of approval in accordance to the established autonomy for each one of them .

### OPERATING PROCUREMENT COMMITTEE

- Coordinator: Vice-President of Procurement
- Secretary of the Committee: Manager of Procurement Unit
- Advisors with voice: Vice-Presidency of Legal Consultancy and Processes Vice-Presidency
- Main members allowed to speak and vote: Vice Presidents designated by the Thematic Committee of Procurement

### THEMATIC COMMITTEE OF PROCUREMENT

- Coordinator: Procurement and Administration SVP
- Secretary of the Committee: Vice-President of Procurement

- Main members allowed to speak: Vice-Presidency of Legal Consultancy, Executive Vice-Presidency of Human Capital, Executive Vice-Presidency of Building Management, Vice-Presidency of Finances, Executive Vice-Presidency of IT Operations
- Main members allowed to speak and vote: Technology Direction, Products and Infrastructure Direction and Finances Direction.

### THE DIRECTORS' COMMITTEE SHALL HAVE THE FOLLOWING PURPOSE:

- To process, support or question any operation of procurement equal or greater than the minimum autonomy of the Procurement Committee.

- Exceptions shall be agreed at the same committee, due to high atomicity of suppliers or due to the specific market dynamics, among other reasons.
- Operations guaranteed whose amount is higher than the maximum autonomy of the Committee shall be validated by the Steering Committee.
- Operations questioned shall be reformulated in accordance with the questioning, and be informed and guaranteed by electronic means.
- To approve the members that are part of the Procurement Thematic Committee.

# OUR COMMITMENT TO THE AUTHORITIES

201-4, 206-1, 417-2

## OUR POLICY

Banesco Banco Universal, C.A., actively takes part in the development and diversification of the country's productive activities.

We work in the access to banking services of social groups still excluded from the financial system as a means of strengthening the social fabric, the employment generation and the economic growth.

## OUR MANAGEMENT

All of our products and services are designed and adjusted to the legal regulation in force. Our contracts and general conditions have a clause limiting the incoherence of the Bank with the derived in the provision of the derived product or service due to regulatory changes.

In accordance with the requirements of the Regulatory Body, a risk assessment study is sent to the depositors and investors of the bank about any new instrument or financial product, with which, even if it does not prevent the occurrence of eventual inconvenience, the Bank continuously adjusts its mitigation mechanisms.

The personnel of Bank's Legal Consultancy continuously analyzes any new law issued by the regulatory bodies or the modification of the existing regulations for the purpose of determining any aspect that may impact the Bank, the Stakeholders and the financial sector. Furthermore, as part of this process of ensuring a permanent update, the publications of the Official Gazette is daily reviewed, related to this field and are sent to all the involved areas with the purpose of taking the pertinent actions, as appropriate.



Photo: Snowing / Freepik

## TAXES FOR OWN OPERATIONS

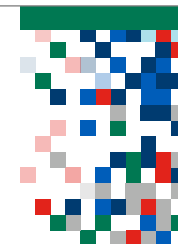
THOUSAND OF VEF.

	2017	2016	Var. %
Income Tax <sup>1</sup>	152.786.000,00	19.614.020,48	679%
Tax on Economic Activities	23.584.781,00	3.669.387,28	543%
Value Added Tax	41.751.880,00	7.294.418,17	472%
Tax to business advertising	3.187,41	5.758,94	(45%)
Urban Real Estate Tax	16.099,21	6.681,59	141%
Total	218.141.947,62	30.590.266,46	613%

1) It corresponds to the Income Tax caused the previous year, paid in the year

## FINES OR NON-COMPLIANCES

Banesco Banco Universal, C.A., during the years 2017 and 2016 was not subject to any kind of sanction for non-compliance with the regulation established by the Venezuelan Central Bank or by Fogade. As well as to any kind of sanction for non-compliance with the guidelines established by the regulation in force regarding free competition or monopolistic practices.



Regarding the communications received from the Superintendency of the Institutions of the Banking Sector, there were no facts that had a significant impact in the financial situation and patrimonial structure of the Bank.

Moreover, the National Superintendency for the Defense of the Socio Economic Rights (Sundde) applied 383 fines or sanctions to the Bank related to alleged weaknesses in the security measures and non-compliance with the response time to clients.

In the Financial Statements audited to the Bank, each half in accordance with the requirements of the Regulatory Body, the disputes, contingencies, contractual and fiscal commitments are revealed. In that respect, the Bank does not foresee any impact on the financial statements as a whole. The audited financial statements corresponding to December 31, 2017 and 2016, are published prior authorization of the Regulatory Body, in the website of the Venezuelan Banking Association ([www.asobanca.com.ve](http://www.asobanca.com.ve)), where they may be accessed by the general public.

In Banesco Banco Universal, C.A., the employees of all levels, including the Board of Directors are vigilant with regard to the strict compliance with the provisions of the laws, to which it is subject as a financial institution.

Banesco Banco Universal, C.A., is a private banking institution and has not received financial aid from the public sector during the period examined by this report. It has neither financed political parties, unions norrelated associations.

## LEGAL CONTRIBUTIONS

THOUSANDS OF VES

	2017	2016	Var. (%)
<b>Contribution to the Science, Technology and innovation Act</b>			
Contribution to the National Science, Technology and Innovation Fund (FONACIT) <sup>2</sup>	1.061.887,74	387.466,32	174%
<b>Workers' food act</b>			
Workers' food act	18.381.230,98	4.889.642,01	276%
<b>Parafiscal contributions</b>			
Housing and Habitat Act	653.881,23	142.916,46	358%
Compulsory Social Security	1.365.513,19	332.631,86	311%
Employment Act	278.564,31	66.666,25	318%
INCES	341.650,71	114.605,53	198%
<b>Contributions to FOGADE, SUDEBAN, to the National Anti-Drug Office - ONA, and Social Contribution to the Communes, Sport Act.</b>			
FOGADE	44.834.770,03	11.075.956,89	305%
SUDEBAN	5.116.209,78	1.362.262,68	276%
LOSEP CONTRIBUTION (ONA - FONA)	6.664.445,00	796.429,17	737%
SOCIAL CONTRIBUTION TO THE COMMUNES <sup>3</sup>	32.748.097,37	3.897.647,88	740%
SPORT ACT CONTRIBUTION	3.756.233,96	506.063,92	642%

(2) The funds corresponding to these contributions are transferred to the Science, Technology and Innovation National Fund (FONACIT), which decides about the projects to be financed as per the guidelines and priorities defined in the National Economic and Social Development Plan of the Nation, as well as the ethic implications and their cultural, social, environmental and economic potential impact.

(3) This contribution is administered by the Autonomous Service of National Fund of the Communal Councils (SAFONACC), whose main activity was the administration of the resources assigned to the Communal Councils, financing the Community, Social and Productive Projects of the People's Power in its Financial Components

## MANDATORY PORTFOLIO TO DECEMBER 31

	Reached amount (miles de Bs)		Required %		Maintained %	
Modality	2017	2016	2017	2016	2017	2016
Tourism	42.953.852	15.924.480	5,25	5,25	6,30	5,69%
Micro-entrepreneurs	166.720.570	22.810.226	3	3	7,72	4,36
Agricultural	1.037.365.429	96.501.787	20	26	48,01	34,48
Manufacture	554.757.241	43.659.697	10	10	56,79	11,29
Own Resources Mortgage (Long term)	9.484.739	4.589.241	7	8	0,98	1,19
Own Resources Mortgage (Short term)	340.327	1.970.615	13	12	0,03	0,51



# PREPARATION PROCESS OF 2017 REPORT

102-10, 102-32, 102-45, 102-48, 102-50, 102-51, 102-52, 102-56

## PRINCIPLES TO BE DEFINED THE CONTENT OF THE REPORT

Banesco Banco Universal, C.A., by means of the Responsibility and Sustainability Report has maintained as goal collecting the main actions that it has been developing regarding Corporate Social Responsibility, as well as the interrelation with each one of the Stakeholders (shareholders, clients, employees, suppliers and community).

The strategic planning of the Corporate Social Responsibility Program (RSE) is made by the Executive Vice-Presidency of Communications and Corporate Social Responsibility of Banesco Banco Universal, C.A., which directly reports to Executive Presidency and leads the CSR practices, being this Vice-Presidency the point of contact concerning all the aspects related to the content of this Report.

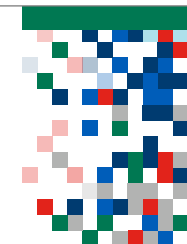
From 2004, Banesco Banco Universal, C.A., has published the Responsibility and Sustainability Report. This edition corresponds to the period covering from January 1st, to December 31, 2017, and as with the previous editions, the relevant themes of the fiscal year and the degree of compliance with the commitments and planned goals during the previous years, as well as the ones foreseen for the following year are highlighted. This report is prepared in Spanish and English (from 2007 the edition in English is only published in our website). The reports corresponding years from 2006 to 2016 may be accessed in <http://ow.ly/Spp93>, in the same way, these reports are published in the Banesco Blog <http://blog.banesco.com/rse/>.

The Sustainability and Business Responsibility Report corresponding to the year 2007 was the first one that obtained the B+ Level of Application of the GRI; whereas that in the Reports presented from

the year 2008 to the year 2014, it was obtained from the Global Reporting Initiative (GRI), the "A+ GRI Checked" level. In 2015, and in accordance with the new terms of evaluation of the GRI, Banesco Banco Universal, C.A., has prepared their reports to the service of "Content Index" and we are members of the "Gold Community" of the GRI.

Regarding the structure of the report, it is presented with the same scheme of previous years, organized in two large blocks: The Internal Dimension and the External Dimension of our Social Responsibility, with specific chapters for each stakeholder. It should be noted that this report is complemented with a detailed description of the performance related to the material themes and with the participation of a multidisciplinary team represented by different areas of the Bank, including the members of the Board of Directors and the participation of the Stakeholders, by means of surveys, meetings, all the relevant aspects for each stakeholder are included. The content of this Corporate Sustainability and Responsibility Report 2017, and takes into account the results of the actions carried out resulting from the interrelation of the Stakeholders and the ones to be materialized during 2018.

The interactions that took place during 2017 and 2016 are reported, specifically the statistical measurements (surveys and focus groups).



In this report, Banesco Banco Universal, C.A., assumes the premise of reporting its performance within a context of sustainability, that is, that it not only informs about its individual performance, but it also reports its labor in a wider context, including, among other:

- The financial inclusion (access to banking services) as a means to combat poverty.
- The emphasis and the support to Social partners to improve the coverage of the health and education services.
- The value that is given to the Human Capital of the Organization, that is reflected in salaries above the minimum legal wage, promotions, continuous training, and support programs to acquire their residence, among other.
- The impact of the Organization in the generation of direct job positions in the different regions of the country, indirect job positions by means of the regional distribution of its suppliers, opportunities and regional services for the clients and the regional donations.

This report is governed by the principle of completeness as regards of scope, coverage and times foreseen in it.

The coverage of this report includes only the operation of Banesco Banco Universal, C.A., in Venezuela. The materiality of the information is manifested in the contents reflecting the significant impacts of the Organization in the economic, social and environmental fields.

Due to the standardization of the data collection process, awareness about the timely provision of information, a larger fluidity of information is maintained by the part of the different areas of the Institution.



### PRINCIPLES TO DEFINE THE QUALITY OF THE REPORT CONTENTS

To ensure the quality of the information reported in this report, Banesco Banco Universal, C.A., has been enforcing compliance with the principles to define the quality of its preparation indicated in the GRI standards and the Financial Services Sector Supplement issued by the Global Reporting Initiative (GRI - G4) / FSSS Final Version . The balance principle is satisfied with the transparency of the data provided during the preparation of the Report. Currently, the Bank does not have internal or external audits to evaluate the degree of implementation of the policies and procedures for the social and environmental risk management.

The reported figures are detailed for the years 2017 and 2016, with the respective variation rates, which allows for comparability of the performance in these two periods.

Likewise, in the cases where the information was restructured to the effects of its presentation and comparability, a reference is made in that regard.

## PREPARATION PROCESS OF 2017 REPORT

102-10, 102-32, 102-49, 102-54

This report has been prepared in accordance with the GRI Standards Comprehensive option.

The report data correspond to the organization records in its different data handling systems or internal mechanisms. In general term, they correspond to the information published and reported to the regulatory bodies, that is, it is fully verifiable.

The periodicity of the submission of the Responsibility and Sustainability Report is annual. Clarity is another premise, for that reason, this Report includes the more relevant elements in a legible document concerning language simplicity, the display of the figures and graphic expressions of the management, and the number of pages. In order to ensure the reliability of the submitted information and of the procedures followed when preparing this Report, all the internal sources of each material topic reported and it is subject to verification of the external audits before being published.

Before 2007, the Responsibility and Sustainability Reports, issued by Banesco Banco Universal, C.A., including the verification of the report corresponding to the year ended on December 31, 2007, which includes the GRI Standards Established Content Index, and in the GRI Financial Services Sector Supplement, have been subject of review by the external audits Márquez, Perdomo & Asociados (Members of Crowe Horwath International), who serve as external audits of the Bank to this date. This report has been prepared in accordance with the GRI Standards Comprehensive option.

It should be noticed that the contents that are submitted not only cover the contents considered as material in accordance with the analysis carried out following the parameters established in the GRI, but also those that the senior management has decided to reveal, even if they are about non-material topics, as they are considered relevant for the Bank's performance.

During the preparation of this report, there were no significant changes regarding the size, structure and ownership of the organization or regarding the supply chain. Neither were there any changes in the restatement of the information regarding the reports of previous years.



[Photo: Jcomp / Freepik]





Area	2017 Main Lines of Action	2018 Commitments
<b>Corporation Government</b>	<ul style="list-style-type: none"> <li>■ We reached a level of maturity differentiated in the corporate government management with emphasis in the compliance with the regulatory framework.</li> <li>■ We promoted an efficient knowledge management and innovative directed to the Direction and Senior Management regarding "Good Governance", by means of trainings and consultancies to the Directors, coordinators, committees' secretaries and Government leaders regarding "Good Corporate Governance" based on the global trends.</li> <li>■ We designed and updated the tools that facilitate the management and working of the instances that make up the Banesco structure.</li> <li>■ We prepared satisfaction survey instruments about the management of the Corporate Governance.</li> <li>■ To coordinate and carry out the satisfaction survey of the Corporate Governance team (Corporate Director and Vice-Presidency)</li> </ul>	<ul style="list-style-type: none"> <li>■ To increase the maturity level differentiated in the Corporate Governance management in compliance with the regulatory framework.</li> <li>■ To design and establish communication schemes, monitoring and control for strengthening the corporate governance mechanisms and achieve an efficient corporatization.</li> <li>■ To ensure the existence of mechanisms allowing Decision Making with optimum effectiveness</li> <li>■ To ensure the corporate standard concerning regulations, guidelines and Governance processes.</li> </ul>
<b>Shareholders</b>	<ul style="list-style-type: none"> <li>■ We increased the share capital to VEF 31,250,000.00, with the purpose of continuing promoting the institution growth.</li> <li>■ We increased the issuance of three billion (3,000,000,000) of new common, registered, non-convertible bearer shares, of the same type and with face value of VEF 10,00 each.</li> </ul>	<ul style="list-style-type: none"> <li>■ To increase the Bank's share capital with the purpose of keeping promoting the equity strengthening and the Bank's growth.</li> <li>■ To increase the issue of new common, registered, non-convertible bearer shares, of the same type and with face value of VEF 10,00 each.</li> </ul>



Area	2017 Main Lines of Action	2018 Commitments
Human Capital	<ul style="list-style-type: none"> <li>■ We granted a new benefit to the contributors by means of the TodoTicket Salud Card with the purpose of covering medical expenses, purchase of medications in affiliated pharmacies and to the corresponding payment to the deductible of the Health Care Policy.</li> <li>■ We improved the conditions of the offered benefits through the TodoTicket points with the purpose of improving the quality of life of the contributors.</li> <li>■ We carried out recreational days for the contributors and their families.</li> <li>■ We widened the service offer of the Ciudad Banesco canteen service.</li> </ul>	<ul style="list-style-type: none"> <li>■ To strengthen and improve the non-contractual benefits aimed at supporting the education of our employees and their family group so that they may have more and better opportunities.</li> <li>■ To improve the basic coverage of the Health Care Policy.</li> <li>■ Improving our Virtual Training platform to increase the number of virtual courses and offer more courses to our Citizens Banesco.</li> <li>■ To implement successful monetary measures to satisfy the Citizens Banesco needs and support them.</li> <li>■ To carry out staple food acquisition days to improve the quality of life of our contributors.</li> </ul>
Volunteering	<ul style="list-style-type: none"> <li>■ We developed initiatives to promote participation of the contributors and their family group in activities with our social and environmental partners.</li> <li>■ We made corporate alliances for establishing a Corporate Volunteering network that works for the benefit of the most deprived sectors.</li> <li>■ We involved the voluntary work in recreational activities, protocol in events and taking part in the celebration of the Mother's Day and Father's Day, the service month, support at the recreational level during the Family Days.</li> <li>■ We trained our Volunteers and Cultural Agents.</li> </ul>	<ul style="list-style-type: none"> <li>■ To be recognized Corporate Volunteering program at the national level, with positive impact in the Venezuelan society, by means of social Responsibility actions framed within our strategy.</li> <li>■ To strength the alliances with the Groups of Volunteers of private companies of different sectors to foster and develop activities together which benefit NGOs and communities.</li> <li>■ To design and develop activities in line with the Corporate Social Responsibility strategy through which the Corporate Volunteering takes part for the benefit of the communities.</li> <li>■ To train and incorporate to our Corporate Volunteers in professional development activities of partners and social allies.</li> </ul>



Area	2017 Main Lines of Action	2018 Commitments
<b>Social Partners and Community</b>	<ul style="list-style-type: none"> <li>■ We increased the Participatory Budget and benefitted more communities.</li> <li>■ We opened and promoted the Digital Library, a channel by means of which our backlist books are offered for free.</li> <li>■ We establish alliances with different private companies for strengthening and spreading activities related to the Corporate Social Responsibility.</li> </ul>	<ul style="list-style-type: none"> <li>■ To strengthen the Corporate Social Responsibility Program in the main cities of the country through the Participatory Budget.</li> <li>■ To increase our backlist with the publication of new free titles to be distributed through the Digital Library that is in our website.</li> <li>■ To continue with our Digital Mobile Contests through social networks, which promote values.</li> <li>■ To establish alliances and to sponsor contests to promote creative writing as a mechanism of education and awareness raising.</li> <li>■ To maintain our presence and to support to the different Book Fairs of the country's more important universities.</li> <li>■ To carry out traveling exhibitions of our art.</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>■ We strengthened the relationship with our clients, by means of the handling of their financial transactions via our electronic channels, and via credit comprehensive management as main accompaniment lever in the growth of their businesses.</li> <li>■ We updated and increased the daily limits for the transfers via BanescOnline as well as for the purchases with debit cards.</li> <li>■ We launched a mobile application to immediately make payments to other banks.</li> <li>■ We maintained the promotions for fostering the use of electronic channels.</li> <li>■ We maintained the increase in credit oriented to legal entities and created products and services for the natural persons segment.</li> <li>■ We strengthened the Program "Contact of Quality".</li> </ul>	<ul style="list-style-type: none"> <li>■ To reinforce our electronic platform to maintain the positioning in the electronic and to offer our clients more comfort while carrying out their financial transactions.</li> <li>■ To keep a continuous update of the daily limit amounts for transfers via BanescOnline as well as for purchases through Points of sale.</li> <li>■ To update our mobile application.</li> <li>■ To carry out periodic reviews and to increase the limits of our client's credit cards.</li> </ul>



Area	2017 Main Lines of Action	2018 Commitments
<b>Community Bank</b>	<ul style="list-style-type: none"> <li>■ We remodeled and improved the infrastructure Of our Community branches with the purpose of offering more comfort to our clients.</li> <li>■ We incorporated the Commercial System tool in the business management for developing different commercial campaigns.</li> </ul>	<ul style="list-style-type: none"> <li>■ To update our service model and to incorporate the Community Banking sales force to Banesco Network of Branches.</li> </ul>
<b>Environmental</b>	<ul style="list-style-type: none"> <li>■ We assigned printing quotas to users in corporate applications</li> <li>■ We carried out service agreements with the support area for the allocation of the minimum quota to contracted personnel's users.</li> <li>■ We reviewed and improved the printing platform in the administrative branches of inland cities as a result of centralization.</li> <li>■ We kept promoting the continuous awareness campaign for all Citizens Banesco.</li> </ul>	<ul style="list-style-type: none"> <li>■ To extend the Recycling Program to the administrative branches as well as to incorporate new materials subject to be recycled.</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>■ We incorporated the clauses that establish the 10 Principles of the Global Compact in 31 Contracts and Purchase Orders.</li> </ul>	<ul style="list-style-type: none"> <li>■ To incorporate in all the contracts entered into under the Banesco model the clause that establishes respect and compliance with the "Ten Principles of the United Nations Global Compact".</li> </ul>



# DE LA MANO CON LA COMUNIDAD HACEMOS UN MEJOR PAÍS

Accumulated Social Balance 1998 - December 2017

 Micro-entrepreneur Training Programme VEF 239,399,146	 Fe y Alegría VEF 97,743,717	 Fundación Musical Simón Bolívar VEF 21,630,224	 Venezuelan Association of Catholic Education (AVEC) VEF 26,774,789	 IESA VEF 92,999,443	 Universities and Institutes of Higher Education VEF 306,712,802	 Other Education Institutions and Organizations VEF 10,822,205
 Educational Scholarships VEF 2,540,128	 Venezuelan Foundation Against Infantile Paralysis VEF 21,361,439	 Other Health and Medical Assistance Agencies VEF 127,926,069	 FUNDANA VEF 79,703,879	 Red de Casas Don Bosco Civil Association VEF 41,781,704	 Salesian Ladies Association VEF 14,170,239	 Assistance to Unassisted Children and People with Special Needs VEF 82,373,828
 Donation of Toys to the Community VEF 3,416,673	 Publishing Projects and Publications VEF 98,898,818	 Other Contributions VEF 50,211,666	 Natural Disaster Solidarity Campaign VEF 6,138,558	 Community Events VEF 151,174,756	 Investment in Colinas de Bello Monte Works VEF 2,306,376	 Mayors, Governors and Other State Agencies VEF 14,170,881
 Natural Disaster Solidarity Campaign VEF 6,138,558	 Corporate Volunteering Contribution VEF 4,216,387	 LOCTICSEP Article 96 Application VEF 33,612,457	 Participatory Budget VEF 36,660,726	<b>Directors</b> <b>Juan Carlos Escotet Rodríguez • Miguel Ángel Marciano Cartea • Emilio Durán Ceballos</b> <b>• María Josefina Fernández • Oscar Doval García • José Grasso Vecchio</b> <small>Banesco reports transparently to its stakeholders once more with the publication of the 2017 Social Balance. We are pleased to be the first Venezuelan Institution to obtain the highest rating of the Global Reporting Initiative (GRI) in our Corporate Responsibility and Sustainability Reports with the "Comprehensive Compliance"</small>		



## Directors

**ACCUMULATED 1998 - December 2017**

**TOTAL SOCIAL INVESTMENT VEF 15,000,073,665**

**GENERAL TOTAL SOCIAL INVESTMENT**

**PLUS CONTRACTED COMMITMENTS VEF 15,000,073,665**

Figures expressed in VEF

# ANNEX I • GRI CONTENTS INDEX

102-55

Below are detailed the pages of the report in which the contents of the GRI Standards and the GRI Financial Services Sector are addressed.

It should be noticed that the contents that are submitted not only cover the contents considered as material in accordance with the analysis carried out following the parameters established in the GRI, but also those non-material topics that the senior management has decided to reveal, as they considered those topics to be relevant to make Bank's performance known.



GRI STANDARD	CONTENTS	NUMBER	TITLE	PAGES	OMISSIONS	EXTERNAL VERIFICATION	GLOBAL COMPACT
<b>GRI 101: Foundations 2016</b>							
<b>GRI 102: General Contents 2016</b>	Profile of the Organization	<b>102-1</b>	Name of the organization	5		√	
		<b>102-2</b>	Activities, brands, products and services	70, 83 - 85		√	
		<b>102-3</b>	Location of the headquarters	5		√	
		<b>102-4</b>	Location of the operations	5, 100		√	
		<b>102-5</b>	Ownership and legal form	5		√	
		<b>102-6</b>	Served markets	69 - 71		√	
		<b>102-7</b>	Size of the organization	8; 26; 28 - 29		√	
		<b>102-8</b>	Information about employees and other workers	8; 26; 29 - 31		√	Principle 6
		<b>102-9</b>	Supply chain	92 - 93		√	Principle 7
		<b>102-10</b>	Significant changes in the organization and its supply chain	7; 99 - 101		√	
		<b>102-11</b>	Precautionary principle or approach	6; 29; 40; 71		√	
		<b>102-12</b>	External initiatives	20 - 22; 38; 55 - 56; 59 - 60		√	Principle 7
		<b>102-13</b>	Affiliation to Associations	23		√	Principle 1, 2, 5, 8, 9, 10





GRI STANDARD	CONTENTS	NUMBER	TITLE	PAGES	OMISSIONS	EXTERNAL VERIFICATION	GLOBAL COMPACT
GRI 102: General Contents 2016	Strategy	102-14	Declaration of senior executives responsible for the decision making	03 - 04		√	Principle 1, 7, 8, 9
		102-15	Main Impacts, Risks and Opportunities	6 - 12		√	Principle 7, 8, 9
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		<b>103-3</b>	Management approach assessment	93		√	
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		<b>103-2</b>	Management approach and its elements	23 - 25; 39; 47 - 48		√	
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		<b>103-2</b>	Management approach and its elements	76 - 78		√	
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<b>GRI 301: Materials 2016</b>		<b>301-1</b>	Used Material by weight or volume	89, 91		√	Principle 8, 9
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<b>GRI 103: Management approach 2016</b>		<b>103-1</b>	Explanation of the material topic and its coverage	88 - 89		√	
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		<b>303-2</b>	Water sources significantly affected by water extraction	89		√	Principle 8, 9
		<b>303-3</b>	Recycled and reused water	89		√	Principle 8, 9
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		<b>103-3</b>	Management approach assessment	88 - 89		√	
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		<b>304-2</b>	Significant impacts of the activities, products and services in biodiversity	89		√	Principle 8
		<b>304-3</b>	Protected or restored habitats	89		√	Principle 8
		<b>304-4</b>	Species appearing in the IUCN Red List and in national conservation lists whose habitats are in areas affected by operations	89		√	Principle 8



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		103-3	Management approach assessment	88 - 89		√	
GRI 305: Emissions 2016		305-1	GHG direct emissions (scope 1)	89		√	Principle 7, 8
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		305-4	Intensity of the GHG emissions	89		√	Principle 7, 8
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		<b>306-2</b>	Waste by type and disposal method	88 - 89		√	Principle 7, 8
		<b>306-3</b>	Significant spills	89		√	Principle 7
		<b>306-4</b>	Carriage of hazardous waste	90		√	Principle 7
		<b>306-5</b>	Water bodies affected by water discharge and/or runoffs	89		√	Principle 8, 9
<b>ENVIRONMENTAL COMPLIANCE</b>							
<b>GRI 103: Management approach 2016</b>		<b>103-1</b>	Explanation of the material topic and its coverage	90		√	
		<b>103-2</b>	Management approach and its elements	90		√	
		<b>103-3</b>	Management approach assessment	90		√	
<b>GRI 307: Environmental compliance 2016</b>		<b>307-1</b>	Non-compliance with the environmental law and regulations	90		√	



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<b>GRI 103: Management approach 2016</b>		<b>103-1</b>	Explanation of the material topic and its coverage	98		√	
		<b>103-2</b>	Management approach and its elements	98		√	
		<b>103-3</b>	Management approach assessment	98		√	
<b>GRI 308: Environmental assessment of suppliers 2016</b>		<b>308-1</b>	New suppliers that have gone through assessment and selection filters in accordance with environmental criteria	92 - 96		√	
		<b>308-2</b>	Impactos ambientales negativos en la	92 - 96		√	
<b>EMPLOYMENT</b>							
<b>GRI 103: Management approach 2016</b>		<b>103-1</b>	Explanation of the material topic and its coverage	10 -12		√	
		<b>103-2</b>	Management approach and its elements	28 - 29; 32, 34		√	
		<b>103-3</b>	Management approach assessment	28 - 29; 32, 34		√	
<b>GRI 401: Employment 2016</b>		<b>401-1</b>	Negative environmental impacts in the supply chain and measures taken	32, 34		√	Principle 6
		<b>401-2</b>	Benefits for the full-time employees that are not given to the part-time or temporary employees	35, 47		√	
		<b>401-3</b>	Parental leave	46		√	
<b>LABOR-MANAGEMENT RELATIONS</b>							
<b>GRI 103: Management approach 2016</b>		<b>103-1</b>	Explanation of the material topic and its coverage	10 -12		√	
		<b>103-2</b>	Management approach and its elements	31 -32		√	
		<b>103-3</b>	Management approach assessment	31 -32		√	
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		<b>103-2</b>	Management approach and its elements	41, 43, 45 - 47		√	
		<b>103-3</b>	Management approach assessment	41, 43, 45 - 47		√	
<b>GRI 403: Occupational health and Safety 2016</b>		<b>403-1</b>	Representation of the workers in formal health and security committees labor-company	46		√	Principle 3
		<b>403-2</b>	Types of accidents and accident frequency rates, occupational diseases, days lost, absenteeism and number of deaths per occupational accident or professional disease	41, 43, 45 - 47		√	
		<b>403-3</b>	Workers with high incidence or high risk of diseases related with their activity	41, 43, 45 - 47		√	
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<b>TRAINING AND EDUCATION</b>							
<b>GRI 103: Management approach 2016</b>		<b>103-1</b>	Explanation of the material topic and its coverage	10 -12		√	
		<b>103-2</b>	Management approach and its elements	38 - 40		√	
		<b>103-3</b>	Management approach assessment	38 - 40		√	
<b>GRI 404: Training and Education 2016</b>		<b>404-1</b>	Average of training hours per year per employee	38 - 40		√	
		<b>404-2</b>	Programs to improve the skills of the employees and transition assistance programs	38 - 40		√	
		<b>404-3</b>	Percentage of employees receiving periodic performance and professional development assessments	38 - 40		√	



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		<b>103-2</b>	Management approach and its elements	41, 43, 45 - 47		√	
		<b>103-3</b>	Management approach assessment	41, 43, 45 - 47		√	
<b>GRI 403: Occupational health and Safety 2016</b>		<b>403-1</b>	Representation of the workers in formal labor company health and security committees	46		√	Principle 3
		<b>403-2</b>	Types of accidents and accident frequency rates, occupational diseases, days lost, absenteeism and number of deaths per occupational accident or professional diseases	41, 43, 45 - 47		√	
		<b>403-3</b>	Workers with high incidence or high risk of diseases related with their activity	41, 43, 45 - 47		√	
		<b>403-4</b>	Themes of health and security treated in formal agreements with unions	41, 43, 45 - 47		√	Principle 3
<b>TRAINING AND EDUCATION</b>							
<b>GRI 103: Management approach 2016</b>		<b>103-1</b>	Explanation of the material topic and its coverage	10 -12		√	
		<b>103-2</b>	Management approach and its elements			√	
		<b>103-3</b>	Management approach assessment	38 - 40		√	
<b>GRI 404: Training and Education 2016</b>		<b>404-1</b>	Average of training hours per year per employee	38 - 40		√	
		<b>404-2</b>	Programs to improve the skills of the employees and transition assistance programs	38 - 40		√	
		<b>404-3</b>	Percentage of employees receiving periodic performance and professional development assessments	38 - 40		√	





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		<b>103-2</b>	Management approach and its elements			√	
		<b>103-3</b>	Management approach assessment	29 - 30; 47, 49		√	
<b>GRI 405: Diversity and equal opportunities 2016</b>		<b>405-1</b>	Diversidad en órganos de gobierno y empleados	29 - 30; 47		√	Principle 1, 6
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		<b>103-2</b>	Management approach and its elements	49		√	
		<b>103-3</b>	Management approach assessment	49		√	
<b>GRI 406: Non-Discrimination 2016</b>		<b>406-1</b>	Cases of discrimination and corrective measures taken	28 - 29; 47		√	Principle 1, 2
<b>FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING</b>							
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		<b>103-2</b>	Management approach and its elements	49		√	
		<b>103-3</b>	Management approach assessment	49		√	
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<b>CHILD LABOR</b>							
<b>GRI 103: Management approach 2016</b>		<b>103-1</b>	Explanation of the material topic and its coverage	28		√	
		<b>103-2</b>	Management approach and its elements	28		√	
		<b>103-3</b>	Management approach assessment	28		√	
<b>GRI 408: Child labor</b>		<b>408-1</b>	Operations and suppliers with significant risk of child labor cases	23, 28, 29		√	Principle 1, 2, 5



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		<b>103-2</b>	Management approach and its elements	23		√	
		<b>103-3</b>	Management approach assessment	23		√	
<b>GRI 409: Forced or compulsory labor 2016</b>		409-1	Operations and suppliers at significant risk of cases of forced or compulsory labor.	92 - 96		√	Principle 1, 2, 3, 4, 5, 6, 7, 8, 9, 10
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		<b>103-2</b>	Management approach and its elements	28 - 30, 40		√	
		<b>103-3</b>	Management approach assessment	28 - 30, 40		√	
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<b>RIGHTS OF INDIGENOUS PEOPLES</b>							
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		<b>103-2</b>	Management approach and its elements	49		√	
		<b>103-3</b>	Management approach assessment	49		√	
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		<b>103-3</b>	Management approach assessment	23, 28 - 29, 70, 94		√	
<b>GRI 412: Assessment of Human Rights 2016</b>		<b>412-1</b>	Operations subject to reviews or assessments of impact on human rights	23, 28 - 29, 70, 94		√	Principle 1, 2
		<b>412-2</b>	Training of employees in policies or procedures on human rights	28 - 30, 40		√	Principle 1, 2
		<b>412-3</b>	Significant investment agreements and contracts with clauses about human rights or subject to assessment of human rights	94		√	Principle 1, 2
<b>LOCAL COMMUNITIES</b>							
<b>GRI 103: Management approach 2016</b>		<b>103-1</b>	Explanation of the material topic and its coverage	10-12		√	
		<b>103-2</b>	Management approach and its elements	59 - 61, 63 - 64, 66		√	
		<b>103-3</b>	Management approach assessment	59 - 61, 63 - 64, 66		√	
<b>GRI 413: Local communities 2016</b>		<b>413-1</b>	Operations with participation of the local community, impact evaluations development programs	59 - 61, 63 - 64, 66		√	
		<b>413-2</b>	Operations with significant negative impacts –actual and potential– in the local communities	61		√	
<b>SUPPLIER'S SOCIAL ASSESSMENT</b>							
<b>GRI 103: Management approach 2016</b>		<b>103-1</b>	Explanation of the material topic and its coverage	91 - 96		√	
		<b>103-2</b>	Management approach and its elements			√	
		<b>103-3</b>	Management approach assessment	91 - 96		√	
<b>GRI 414: Suppliers' Social Assessment 2016</b>		<b>414-1</b>	New providers that have gone through selection filters in accordance with the social criteria	92		√	Principle 1, 2
		<b>414-2</b>	Negative social impacts in the supply chain and measures taken	92		√	Principle 1, 2



GRI STANDARD	CONTENTS	NUMBER	TITLE	PAGES	OMISSIONS	EXTERNAL VERIFICATION	GLOBAL COMPACT
<b>PUBLIC POLICY</b>							
<b>GRI 103: Management approach 2016</b>		<b>103-1</b>	Explanation of the material topic and its coverage	98		√	
		<b>103-2</b>	Management approach and its elements	98		√	
		<b>103-3</b>	Management approach assessment	98		√	
<b>GRI 415: Public Policy 2016</b>		<b>415-1</b>	Contributions to parties and/or political representatives	98		√	
<b>CLIENTS' HEALTH AND SAFETY</b>							
<b>GRI 103: Management approach 2016</b>		<b>103-1</b>	Explanation of the material topic and its coverage	78		√	
		<b>103-2</b>	Management approach and its elements	78		√	
		<b>103-3</b>	Management approach assessment	78		√	
<b>GRI 416: Clients' Health and Safety 2016</b>		<b>416-1</b>	Evaluation of the impacts in health and safety of the categories of products or services	78		√	Principle 1
		<b>416-2</b>	Cases of non-compliance relative to the impacts in health and safety of the categories of products or services	77		√	Principle 1
<b>MARKETING AND LABELLING</b>							
<b>GRI 103: Management approach 2016</b>		<b>103-1</b>	Explanation of the material topic and its coverage	77		√	
		<b>103-2</b>	Management approach and its elements	77		√	
		<b>103-3</b>	Management approach assessment	77		√	
<b>GRI 417: Marketing and Labelling 2016</b>		<b>417-1</b>	Requirements for the information and labelling of products and services	77		√	
		<b>417-2</b>	Cases of non-compliance related with the information and labelling of products and services	97		√	
		<b>417-3</b>	Cases of non-compliance related with marketing communication	77		√	Principle 10



GRI STANDARD	CONTENTS	NUMBER	TITLE	PAGES	OMISSIONS	EXTERNAL VERIFICATION	GLOBAL COMPACT
<b>MARKETING AND LABELLING</b>							
<b>GRI 103: Management approach 2016</b>		<b>103-1</b>	Explanation of the material topic and its coverage	72 - 73		√	
		<b>103-2</b>	Management approach and its elements			√	
		<b>103-3</b>	Management approach assessment	72 - 73		√	
<b>GRI 418: Client's privacy 2016</b>		<b>418-1</b>	Substantiated complaints relative to violations to the client's privacy and loss of data of the client	77		√	Principle 10
<b>SOCIO-ECONOMIC COMPLIANCE</b>							
<b>GRI 103: Management approach 2016</b>		<b>103-1</b>	Explanation of the material topic and its coverage	10 -12		√	
		<b>103-2</b>	Management approach and its elements	10 -12		√	
		<b>103-3</b>	Management approach assessment	77		√	
<b>GRI 419: Socio-economic compliance</b>		<b>419-1</b>	Non-compliance with the laws and regulations in the social and economic fields	77		√	Principle 10
<b>FINANCIAL SERVICES SECTOR SUPPLEMENT (FSSS)</b>							
<b>GRI 103: Management approach 2016</b>		<b>103-1</b>	Explanation of the material topic and its coverage	10 - 12		√	
		<b>103-2</b>	Management approach and its elements			√	
		<b>103-3</b>	Management approach assessment	35; 69 - 71; 73		√	
<b>FSSS Portfolio of products</b>		<b>FS1</b>	Policies with specific environmental and social matters applied to the lines of business	87 - 88		√	
		<b>FS2</b>	Procedures for the evaluation and control of social and environmental risks in the lines of business	87 - 88		√	
		<b>FS3</b>	Processes to monitor the implementing by the clients of the social and environmental requirements included in contracts or transactions	23, 93 - 94		√	

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GRI STANDARD	CONTENTS	NUMBER	TITLE	PAGES	OMISSIONS	EXTERNAL VERIFICATION	GLOBAL COMPACT
<b>FSSS</b> <b>Portfolio of products</b>		<b>FS4</b>	Process (es) to improve the competence of the employees to implement the environmental and social policies and procedures applied to the lines of business	37; 84		√	
		<b>FS5</b>	Interactions with clients/Interactions con clientes/ investee companies/corporate partners regarding the environmental and social risks and opportunities	6; 8 - 11, 61; 76		√	
		<b>FS6</b>	Percentage of the portfolio for lines of business by region, dimension (example micro-enterprises/SMEs/large/ and the activity sector.	35; 69 - 71; 73		√	
		<b>FS7</b>	Monetary value of the products and services designed to provide a specific social benefit for each line of business, disaggregated by purpose.	69, 70, 71, 73		√	
		<b>FS8</b>	Monetary value of the products and services designed to provide a specific environmental benefit for each line of business, disaggregated by purpose.	90		√	
<b>Audits</b>		<b>FS9</b>	Coverage and frequency of the audits to evaluate the implementing of environmental and social policies and the risk assessment procedures	90		√	
<b>Shareholder Activism</b>		<b>FS10</b>	Percentage and number of companies in the portfolio of the entity with which the reporting organization has interacted in environmental and social topics	90, 102 - 105		√	
		<b>FS11</b>	Percentage of assets subject to environmental or social assets both of positive and negative nature	90		√	
		<b>FS12</b>	Voting policies in environmental and social matters in participation in which the reporting organization has the right to vote or voting recommendation.	23		√	





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GRI STANDARD	CONTENTS	NUMBER	TITLE	PAGES	OMISSIONS	EXTERNAL VERIFICATION	GLOBAL COMPACT
Community		<b>FS13</b>	Access points per type in areas of low population density or economically disadvantaged	34 - 35; 69		√	
		<b>FS14</b>	Initiatives to improve the access to the financial services by disadvantaged people	34 - 38		√	
Products and services labelling		<b>FS15</b>	Description of policies for the proper design and offer of services and financial products	77 - 78		√	
		<b>FS16</b>	Initiatives to improve financial literacy and education by type of beneficiary	34 - 38		√	



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## INDEPENDENT LIMITED ASSURANCE REPORT ON SOCIAL RESPONSIBILITY INDICATORS INCLUDED IN THE 2017 CORPORATE RESPONSIBILITY AND SUSTAINABILITY REPORT

Year ended December 31, 2017

To the Board of Directors  
**BANESCO BANCO UNIVERSAL C.A.**

### Introduction

We have been hired by the Board of Directors **BANESCO BANCO UNIVERSAL C.A.** (hereinafter referred to as "the Bank") to carry out an independent limited assurance engagement on the Social Responsibility Indicators presented in **Annex I "GRI Content Index"** included in the **"2017 Corporate Responsibility and Sustainability Report"**, (hereinafter referred to as "the report"), corresponding to the year ended December 31, 2017, prepared in accordance with the contents proposed in the GRI Standards of Global Reporting Initiative (GRI), for the preparation of reports and in the GRI Financial Services Sector Supplement.

### Responsibility of Bank Management

The Bank Management is responsible for the preparation, contents and presentation of the **2017 Corporate Responsibility and Sustainability Report**, according to the Comprehensive option "in accordance" with the GRI Standards of the Global Reporting Initiative (GRI), for the preparation of reports, and GRI Financial Services Sector Supplement.

The preparation of the **"Corporate Responsibility and Sustainability Report 2017"**, as well as a) the information and statements included in the report, b) the determination of the Bank's goals, in relation to the sustainable development of results and of reporting, including the identification of stakeholders and significant issues, c) the design, implementation and maintenance of appropriate internal control so that the report does not include significant distortions due to errors or irregularities, and d) to maintain proper records that support the reporting process is their responsibility.

### Responsibility of the auditors

Our responsibility is to issue a limited assurance report on the Social Responsibility Indicators presented in **Annex I "GRI Content Index"** included in the **"2017 Corporate Responsibility and Sustainability Report"**, based on the procedures we have performed and the evidence that we have obtained. We have carried out our work, in accordance with the International Standard on Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000), issued by the International Auditing and Assurance Standard Board (IAASB) of the International Federation of Accounts (IFAC), to perform assurance engagements, whether reasonable or limited, on non-financial information. Said standards require that we comply with the ethical requirements, including the independence requirements, and that we plan and perform our procedures to obtain limited assurance about if the report does not contain significant errors.

**BANESCO BANCO UNIVERSAL C.A.**

Independent Limited Assurance Report of the Social Responsibility indicators included in the “2017 Corporate Responsibility and Sustainability Report”

Year ended December 31, 2017

A limited assurance engagement is substantially less in scope than a reasonable assurance or an audit engagement, respectively, and therefore, it does not allow us to obtain assurance that we will be aware of all significant matters that could be identified in an audit or in a reasonable assurance engagement. Consequently, we do not express an audit opinion or a reasonable assurance conclusion about the Social Responsibility Indicators presented in **Annex I “GRI Content Index”** included in the **“2017 Corporate Responsibility and Sustainability Report”**.

The procedures we carry out have been based on our professional judgment; they included inquiries, observation and research of processes carried out, documentation inspection, analytical procedures, evaluation of the suitability of the quantification methods and evaluation of the policies used, which are described in general below:

- Asking questions to the Direction, as well as to the different units of **BANESCO BANCO UNIVERSAL, C.A.**, that have taken part in the preparation of the **“2017 Corporate Responsibility and Sustainability Report”**, and in the application of certain analytical procedures and sampling review tests in order to evaluate the application of the GRI Standards.
- Meetings with the staff of **BANESCO BANCO UNIVERSAL C.A.**, which are involved in the process of collection the information included in the report called **“2017 Corporate Responsibility and Sustainability Report”**, and in the preparation of the indicators under review, in order to know the principles, systems, management approaches that were applied and to obtain the necessary supporting documentation for their verification, to evaluate the application of the guidelines established by the GRI.
- Review of the actions carried out in relation to the identification and consideration of the interested parties throughout the year, as well as the coverage, relevance and integrity of the data included in the report called **“2017 Corporate Responsibility and Sustainability Report”** according to the understanding the requirements of the stakeholders through the analysis of internal information and third-party reports that were available.
- Check to ensure that content of the 2017 Corporate Responsibility and Sustainability Report does not contradict any relevant information provided by **BANESCO BANCO UNIVERSAL, C.A.**
- Analysis and verification that the indicators submitted by **BANESCO BANCO UNIVERSAL, C.A.**, cover the aspects suggested by the GRI and ensure the relevance of the information expressed, regarding the Bank's situation.
- Analysis of the coverage, relevance and completeness of the information included in the **“2017 Corporate Responsibility and Sustainability Report”**, based on the understanding by **BANESCO BANCO UNIVERSAL C.A.**, of the requirements of the stakeholders on the material aspects described in the section **“The External Dimension of Our Social Responsibility”**.
- Verification, through verification tests based on the selection of samples, on the calculation of the quantitative and qualitative information included in the **“2017 Corporate Responsibility and Sustainability Report”**, corresponding to the year ended December 31, 2017 and its proper collection from the data provided by the Bank's sources of information.

**BANESCO BANCO UNIVERSAL, C.A.**

Independent Limited Assurance Report on Social Responsibility Indicators included in the  
"2017 Corporate Responsibility And Sustainability Report"

Year ended December 31, 2017

- Review through the analysis of the internal information provided of the actions carried out by the parties involved, throughout the year in relation to the identification, information obtaining and relations maintained.
- Analysis of the adaptation of the Bank's sustainability indicators and review of what is stated in the GRI Standards for the preparation of reports and in the GRI Financial Services Sector Supplement reported by the Bank and presented as **Annex I of the "2017 Corporate Responsibility and Sustainability Report"**.

We believe that the evidence we obtained is sufficient and appropriate to provide us with a basis for our limited assurance conclusion. Non-financial information is subject to inherent limitations different than financial information, given its nature and the methods used to determine, calculate, sample or estimate values. Data relevance, materiality and accuracy qualitative interpretations are subject to individual assumptions and criteria. We have not carried out any engagement outside the agreed scope and, therefore, our conclusion is limited only to the sustainability information identified and reviewed.

**Conclusions**

Based on the work described in this report, nothing caught our attention to make us think that the Social Responsibility Indicators presented in **Annex I "GRI Content Index" included in the "2017 Corporate Responsibility and Sustainability Report"**, corresponding to year ended December 31, 2017, contain errors or have not been prepared, in all their significant aspects, in accordance with the GRI Standards of Global Reporting Initiative (GRI) and with the GRI Financial Services Sector Supplement, for a Comprehensive application level and with the records and files that served as the basis for their preparation.

**Use and Distribution**

"This limited assurance report has been prepared for the Bank for the purpose of assisting the Direction in determining whether the Bank has met the GRI criteria for the preparation and execution of the Report in accordance with the comprehensive compliance option, and for no other purpose."

**MÁRQUEZ, PERDOMO & ASOCIADOS**  
(MEMBER OF CROWE HORWATH INTERNATIONAL)

*[Illegible Signature]*

Nelson J. Marciano  
Public accountant  
C.P.C. No. 24,330

November 07, 2018  
Caracas, Bolivarian Republic of Venezuela  
Bane0118127

III





Please let us know what you think about this report by sending this information to [bvivas@banesco.com](mailto:bvivas@banesco.com).

Thank you very much!

Name: _____	Physical address: _____
E-mail address: _____	Phone: _____
<b>You are:</b> <input type="checkbox"/> Shareholder <input type="checkbox"/> Employee of Banesco Banco Universal <input type="checkbox"/> Client <input type="checkbox"/> Supplier <input type="checkbox"/> Contractor <input type="checkbox"/> Representative of the authorities <input type="checkbox"/> Other (please specify): _____	

## 1. What general impression did this report give you?

☐ Excellent   ☐ Good   ☐ Regular   ☐ Negative

## 2. What do you think about the organization of the chapters of this report?

☐ Excellent   ☐ Suitable   ☐ Improvable   ☐ Unsuitable

If you wish, propose the modifications you consider necessary:

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## 3. ¿Qué opinión tiene específicamente sobre cada uno los capítulos?

☐ Excellent   ☐ Good   ☐ Regular   ☐ Negative

Mission, Vision and Values   ☐ E   ☐ G   ☐ R   ☐ N

Main Impacts, Risks and Opportunities   ☐ E   ☐ G   ☐ R   ☐ N

Corporate Governance   ☐ E   ☐ G   ☐ R   ☐ N

Our Shareholders   ☐ E   ☐ G   ☐ R   ☐ N

Our Human Capital   ☐ E   ☐ G   ☐ R   ☐ N

Our Social Partners   ☐ E   ☐ G   ☐ R   ☐ N

and Social Action in the Community   ☐ E   ☐ G   ☐ R   ☐ N

Banesco Corporate Volunteering   ☐ E   ☐ G   ☐ R   ☐ N

Our Clients   ☐ E   ☐ G   ☐ R   ☐ N

Community Banking Banesco   ☐ E   ☐ G   ☐ R   ☐ N

Our Environmental Commitment   ☐ E   ☐ G   ☐ R   ☐ N

Our Suppliers   ☐ E   ☐ G   ☐ R   ☐ N

Our Commitment to Authorities   ☐ E   ☐ G   ☐ R   ☐ N

If you wish, propose the modifications that you deem necessary:

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## 4. What do you think about the clarity of the presentation of the information?

☐ Excellent   ☐ Suitable   ☐ Improvable   ☐ Unsuitable

If you wish, propose the modifications that you deem necessary:

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## 5. What do you think about the clarity of the presentation of charts and graphs?

☐ Excellent   ☐ Suitable   ☐ Improvable   ☐ Inadecuada

If you wish, propose the modifications that you deem necessary:

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## 6. What is your general opinion about the Corporate Social Responsibility activities carried out by Banesco?

☐ Excellent   ☐ Good   ☐ Acceptable   ☐ Insufficient

If you wish, explain:

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## 7. Do you think it is of benefit to you that Banesco publishes its Corporate Social Responsibility Report? How?

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## 8. What is your opinion on international certification that these reports display?

☐ Very important   ☐ Important   ☐ Indifferent

## 9. Do you consider that Banesco is sufficiently accountable to its stakeholders? Please explain:

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## 10. Do you consider it necessary for these reports to be published in paper or would it be sufficient to place them in digital format on the Internet?

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