

Semester Report  
**FIRST HALF**  
**2013**



**Banesco**  
*Contigo*

## INDEX

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

## ECONOMIC FINANCIAL POSITION

*First Half  
2013*

Like every year, we render accounts to our shareholders, customers, collaborators, suppliers, and related individuals. Once again, we are pleased to be the bearers of good news about the period that just ended.

In the first half of 2013, Banesco has reported satisfactory results, ratifying our leading position in the local banking system.

We maintained the first place among private banks in significant fields, which have shaped the institution's trajectory to some extent, including: net loans (Bs. 76,362 million), micro loans (Bs. 4,769 million), customers' deposits (Bs. 131,215 million), handled resources (Bs. 139,457 million), mortgage loans (Bs. 6,394 million), agricultural loans (Bs. 11,536 million), commercial loans (Bs. 31,312 million) and tourism loans (Bs. 1,338 million).

Our Banca Comunitaria Banesco (Banesco Community Banking), Banesco's initiative to provide financial services and products to unbanked persons and microentrepreneurs in popular areas, also shows significant results. We have served 249,141 people and granted 160,971 micro loans from 2006.

Its greatest accomplishment was helping its customers reach their goals, who were able to achieve them with their efforts and daily work. For this reason, we continued with the Microentrepreneurs Training Program. During this period, the program was taught in Catia, Antimano, El Cementerio, San Martín, Petare, Los Teques, Guarenas, Cua, Santa Lucía, Barlovento, Maracay, Palo Negro, Valencia, Barquisimeto, and Maracaibo, with more than 600 entrepreneurs in popular areas successfully completing the program.

Moreover, and within the framework of our electronic channels widespread strategy, more than 180 thousand new customers joined BanescOnline in the first half of the year, thus exceeding 3 million customers affiliated to this service. We also developed new functionalities for BanescoMóvil users (Personal Inbox and Credit Simulator), available in the BlackBerry®, iOS® and Android® markets.

We maintained our commitment to the community, and so our social investment reached Bs. 27,398,017 for the first six months. Resources thereof were destined to different activities and projects that will improve the quality of life of our workers and the community in general. Of that amount, 77% corresponded to non-contractual benefits for our institution's more than 14,000 collaborators throughout the country. Additionally, our external CSR program, which organizes projects with our social partners, reached Bs. 6,147,885.

In the following pages, you will find further details of Banesco community's activities in the first six months of the year. We are aware that our achievements result from the efforts and commitment of our Banesco people.

Our responsibility is to continue supporting our customers in achieving their personal and commercial goals.



**Juan Carlos Escotet Rodríguez**  
Chairman of the Board of Directors

# THE VENEZUELAN ECONOMY DURING THE FIRST HALF OF 2013

## ACTUAL SECTOR

In the first half of 2013, there was a 1.6% economic expansion, mainly due to the 1.7% growth of non-oil activity and 1.1% increase in oil activity.

The activities with best performance in the first half include financial and insurance entities (+27.5%), which were vitalized as a result of greater monetary liquidity. Communications reached 38 quarters of continuous growth (+6.4%), assisted by the growth in mobile telephone communication, cable television services, and internet services. The activities with the worst performances were Mining (-23.9%) and Construction, which fell to 3.8% in the first half of year after a year-on-year growth of 10.5% in the last two years.

Central Government spending was 237 billion bolivars, which represents a 24.5% increase. Due to inflation increase, this caused a 2.9% decrease of spending in real terms.

Lower fiscal stimulus contributed to the slowdown of aggregate domestic demand, which nonetheless maintained a higher growth than the Gross Domestic Product, supported by the 4.4% increase of the private final consumption expenditure, and 3.5% increase of the government final consumption expenditure. Gross investment contracted in 2.7%.

Despite the economic slowdown, average unemployment in the first half was 7.9%, which is lower than the 8.5% registered in the same period last year.



## EXTERNAL SECTOR

In the first six months of the year, the average price of Venezuela's oil export basket was 101.9 US\$/b, implicating a reduction of 5.8 US\$/b in the same period in 2012. Prices began to decrease in April 2012 as a result of the world's economic slowdown due to the European crisis, and the increase of production in non-OPEC countries, but they have maintained around 100 US\$ in the last 12 months.

The lower crude prices caused a US\$ 4.4 billion reduction in oil exports. Total oil exports reached US\$ 42.9 billion at the first half's closing, while non-oil exports totaled US\$ 1.7 billion, thus decreasing 20.7% decrease in comparison with the first half of 2012.

Imports showed an increase of US\$ 0.7 billion, for a total of

	Var. % IQ-13	Var. % IIQ-13	Var. % IH-13	Contribution IH-13
<b>ACTIVITIES</b>				
Consolidated	0.5%	2.6%	1.6%	1.6%
Petroleum activity	0.9%	1.3%	1.1%	0.1%
Nonpetroleum activity	0.5%	2.9%	1.7%	1.3%
Mining	-25.6%	-22.2%	-23.9%	-0.1%
Manufacturing	-4.9%	5.7%	0.5%	0.1%
Electricity and water	4.3%	6.0%	5.2%	0.1%
Construction	-0.8%	-6.0%	-3.8%	-0.3%
Trade and repair services	3.1%	4.2%	3.6%	0.3%
Transport and storage	-2.5%	-0.9%	-1.6%	-0.1%
Communications	6.0%	6.7%	6.4%	0.5%
Financial institutions and insurance	30.9%	24.3%	27.5%	1.5%
Real Estate, entrepreneurial and renting services	2.1%	3.2%	2.7%	0.3%
Non-profit-making private services and community, social and personal services	4.0%	3.6%	3.8%	0.2%
General Government services	3.4%	2.9%	3.1%	0.4%
Rest (Private agriculture, private hotels and restaurants)	-1.4%	0.6%	-0.4%	0.0%

Source: BCV



US\$ 27.5 billion due to the increase in oil imports. However, non-oil imports decreased in US\$ 0.5 billion to US\$ 21.4 billion, attributed to the 10.1% decrease in private imports. This decrease could not be compensated by the growth in public imports, which increased by US\$ 1.1 billion (+21.9%). The decrease in exports and increase in imports contributed to a lower surplus in the trade balance (US\$ 17.1 billion) in comparison with the first half of 2012 (US\$ 22.6 billion), with a checking account balance of US\$ 3.3 billion.

The capital and financial account registered a US\$ 3.3 billion deficit mainly because of the balance in the “other investments” account (-US\$ 6.2 billion), caused by the disbursements for the payment of public contractors and the increase in commercial loans in the framework of energy agreements signed by the country. In this sense, after consideration of errors and omissions, the balance of payments recorded a deficit of US\$ 1.9 billion. In addition to the adjustments for gold valuation, this deficit explains the fall in the balance of foreign-exchange reserves during the first half (-US\$ 4.1 billion).

For the first half of the year, the Central Bank of Venezuela sold a total of US\$ 14.6 billion through exchange dealers, which reflects 4.7% more than the amount sold in the same period last year (US\$ 13.9 billion). However, there was a decrease in the total currency offer after the elimination of the Transaction System for Foreign Currency Denominated Securities (SITME) earlier this year.

## MONETARY SECTOR

Monetary liquidity (M2) increased 18.1% in the first half of 2013, with the highest variation in sight deposits (21.4%), while the increase in monetary liquidity in the last 12 months reached 61.7%.

The significant expansion of monetary liquidity increased the surplus reserves of financial institutions, with an average of Bs. 68.8 billion during the first half; i.e., an 82.9% variation in comparison with the average during the same period in 2012. The increased assets from financial institutions through placements in loan and investment portfolios caused a decrease in active interest rates, averaging 1.05 percentile points less than the first half of 2012. The reductions of 2.0 percentile points in rates applicable to commercial sector, and of 1.0 points manufacturing sector financing were particularly significant.

The 31.7% devaluation of the official exchange rate, which increased from 4.3 to 6.3 Bs./US\$, resulted in price increases as indicated by the National Consumer Price Index (NCPI). At the close of the first half, the NCPI estimated 25.0% inflation, i.e., a marked increase compared to 7.5% in the same period last year, and even above the complete 2012 variation (20.1%).

The highest price increase per category was observed in food and beverages (35.2%), influenced by the increase in

GROUPS	JUN 13 / DEC 12	JUN 13 / JUN 12
Food and nonalcoholic beverages	35.2%	55.4%
Restaurants and hotels	30.4%	44.4%
<b>GENERAL INDEX</b>	<b>25.0%</b>	<b>39.6%</b>
Alcoholic beverages and tobacco	22.1%	45.1%
Transport	21.7%	37.0%
Clothes and footwear	19.3%	30.5%
Home Furnishings	18.6%	27.5%
Leisure and culture	17.9%	31.0%
Health	15.9%	23.9%
Various goods and services	14.4%	22.6%
Education services	7.7%	22.0%
Housing rental	6.5%	12.1%
Utilities except telephone	4.5%	5.2%
Communications	4.3%	6.8%

Source: BCV

the fields of agriculture (35.7%), fishing (47.3%), and agroindustry (35.2%). The second category with the highest price increase was restaurant and hotels (30.4%) due to the increase in supplies, followed by alcoholic beverages (22.1%), and transportation services (21.7%).

Inflation of controlled goods reached 27.9%, while non-controlled goods showed a 20.6% increase.

## BANKING SYSTEM

The banking system closed the first half of 2013 with 35 institutions, showing no variation in comparison with December 2012. Of these institutions, 25 are private and 10 are public. There are 3,629 agencies and 80,272 employees.

Moreover, the efforts made by the system's institutions in Venezuela to provide high-quality financial services to the highest possible number of users are delivering positive results. A greater number of Non-Banking Correspondents and Associated Teller Windows were opened, thus contributing to increasing the access to banking services.

For this reason, in addition to existing bank agencies and electronic channels, more than 3 thousand Non-Banking Correspondents and Associated Tellers are available for the population, thus extending our geographic coverage and the access to different services and financial products.

The banking market maintained its significant increases in the main areas of its consolidated balance during the first half of 2013, in consistency with the favorable behavior of the economy in this period. The activity with the highest growth (+27.5%) was financial and insurance entities, which also made the highest contribution to the Gross Domestic Product (1.5%).



**Loan increase of Bs. 81,711 million, exceeding the 479 billion bolivars in portfolio, with a very low default level (0.88%). Default decreased in comparison with what was reported in the same 2012 period (1.21%), and improved its quality.**

The impulse of total assets experienced a 20.41% variation in comparison with December 2012, and a 59.21% variation in the last twelve months, caused mainly by the increase in investment securities (+42.42% and 78.40%, respectively), followed by the credit portfolio, which increased its balance in 20.55% and 47.72% in said terms. As of June 2013, loans represented 42.9% of the total assets, which is similar to last year's close but lower than the relative weight in the same 2012 period (46.2%).

The main variations in the period are as follows:

- ❖ Increase of the investment portfolio of the financial system, reaching Bs. 356,202 million at closing of June 2013, attributable to the expansion of State Securities (+Bs. 94,892 million). More than 65 billion bolivars from this field were invested in National Public Debt Bonds and Obligations.
- ❖ Loan increase of Bs. 81,711 million, exceeding the 479 billion bolivars in portfolio, with a very low default level (0.88%). Default decreased in comparison with what was reported in the same 2012 period (1.21%), and improved its quality.
- ❖ By disaggregating the loan portfolio per destination, production sector loans increased (+39.99%), going from 153,591 million in the first half of 2012 to 215,008 million in June 2013, which constitutes 43.50% of the gross portfolio. Loans aimed at the commercial and consumption sectors represented 56.50% of the gross portfolio.
- ❖ The rising trend of the number of bank loans was maintained, ending on the first year half with a total of 12,613,517 loans; 61.1% (7,709,182 loans) of which –equivalent to Bs. 355,326 million– were due in more than 360 days. 96.5% of said loans are current.
- ❖ As for system liabilities, a 20.66% increase of customers' deposits was recorded in the last six months, and a 62.86% increase in comparison with the same 2012 period, thus reaching Bs. 951,814 million in accordance to the increase in money supply. Checking accounts experienced a variation with increases over 100 billion bolivars in the current year, and 225 billion bolivars in comparison with the close of June 2012.
- ❖ The number of depositors in traditional modalities (sight, savings, and fixed-term) increased by 2,135,218 to a total of 34,344,063 depositors at the close of the first half, 60.39% of which corresponded to savings, 39.45% to sight, and the remaining 0.16% to fixed-term.
- ❖ The financial system's gains and losses balance in the first half of 2013 accounts for Bs. 19,703 million net income, equivalent to a Bs. 6,889 increase (+53.77%), in contrast to the Bs. 12,814 million at the close of the same 2012 period. The balance also highlights the important financial intermediation growth (+49.09%) mainly due to the higher volume of financial income mostly from credit operations.
- ❖ System indicators showed favorable behaviors in the first six months of the year, highlighting the increase of the capital-strengthening index in 11.22%, or a 0.39-point increase in contrast to the percentage shown in June 2012. Equity ratio on assets weighted by risk increased significantly going from 13.92% in June 2012 to 16.75% at closing of the first half of 2013.
- ❖ We also noted a higher coverage on the gross fixed assets portfolio, ending the period in 341.05%, well above the 286.82% value shown in June 2012.
- ❖ Although intermediation in the sector is 50.36%, a similar level to the 55.18% level in June 2012, this indicator decreased in almost 5 percentile points.

We closed the first half of 2013 with important achievements, including consolidating our institution as a reference point in financing the several production sectors of the country, holding the first place among private banks in granting loans, with intermediation ratio of 58.20% -higher than the system average in 7.8 points-, in addition to a quality portfolio with 0.70% default index – lower than the market index (0.88%).

- ❖ At the close of June, we registered a gross portfolio amount of Bs. 76,362 million, for a market share of 13.33% and a total of 2,155,299 credits
- ❖ We increased our portfolio in more than 12 billion bolivars, which currently represents 51.3% of the total bank assets.
- ❖ We consolidated important positions in the market, with a highly diverse portfolio per business activities, including: loans to agricultural, fishery and forestry activities, ranking first among private banks with a portfolio of 11,536 million (14.7% market share), wholesale & retail, hospitality (Bs. 19,127 million) with a 17.8% share, and construction (Bs. 5,899 million), an activity where Banesco ranks first in the system with a 20.5% share.
- ❖ We maintained our important presence in vehicle loans, granting 6,767 loans for a total amount of Bs. 1,447 million in the first half of the year, exceeding 5,300 million bolivars, for a 26.7% market share (ranking second in the system).
- ❖ We continue to support the national manufacturing industry, with an amount of Bs. 4,225 million in portfolio, equivalent to 8.7% of the loans granted to this activity.
- ❖ The favorable evolution of our credit portfolio contributed to a great extent to increasing the bank's total assets, which expanded to Bs. 148,962 million, ranking first among private banks with a market share of 13.33% at the close of June 2013.
- ❖ Investment securities represented 29.4% of the total assets, closing the period with a figure of Bs. 43,723 million, a portfolio that includes 64.9% of National Public Debt Bonds and Obligations.
- ❖ As for liabilities, we recorded a Bs. 131,215 million balance of customers' deposits, reaching more than 6,500,000 depositors in checking, savings and fixed-term accounts, which corresponds to 19.0% of the financial system's depositors.
- ❖ We hold our first place among private banks in sight deposits, which balance increased by more than 12 billion during the first half of the year, for a total of Bs. 90,434 million, exceeding 3,490,000 depositors (a 25.8% share).
- ❖ Savings deposits showed a year-on-year variation of 20.60% (Bs. 4,350 million), increasing their balance to Bs. 25,462 million and thus confirming the preference of more than 3 million savers.
- ❖ We also registered a Bs. 1,586 million growth (+17.2%) in trust assets, a product of relevant trajectory in Banesco, which reached a level of Bs.10,817 million during this half, ranking third among private banks.
- ❖ 44.9% of such amount corresponded to Collective Trust Funds (Bs. 4,852 million), 10.9% to Administration Funds (Bs. 1,178 million), 23.0% to Guarantee Funds (Bs. 2,483 million), and 21.3% to Investment Funds (Bs. 2,304 million).
- ❖ In this period, 78 new trust funds were created, adding up to 5,771 plans, 2,920 of which are Administration Funds, 1,874 are Collective Trust Funds, 957 are Investment Funds, and 20 are Guarantee Funds.
- ❖ Resources managed by the Housing and Habitat Benefit System reached Bs. 8,421 million, exceeding the amount registered in the first half of 2012 in Bs. 1,829 million, maintaining our leadership in this sector with a share of 28.1%.
- ❖ We ended the period with Bs. 11,998 million equity, showing increases of Bs. 1,523 million in contrast to the close of the second half of 2012, and Bs. 4,091 million in the last twelve months. This corresponds to a 10.85% equity sufficiency coefficient, while the weighted risk level was 16.91%, well over the minimum legally required percentage.
- ❖ Based on Banesco's Statement of Income for the first six months of the year, we obtained a net income of Bs. 4,015 million, mainly attributed to higher financial income as well as improvements in expenditure management. A particular aspect thereof is the decrease of staff's statement of expenses plus operative expenditures over financial income, which went from 41.53% in the first half of 2012 to 32.19% in the same 2013 period.

# FINANCIAL HIGHLIGHTS

## GROWTH

Stated in Million VEB	First Half 2012	Second Half 2012	First Half 2013	I Half 2013 I Half 2012		I Half 2013 II Half 2012	
				Absolute	%	Absolute	%
<b>Total Assets</b>	86,878	123,582	148,962	62,084	71.5%	25,381	20.5%
Cash and Due from Banks	15,427	28,317	24,894	9,467	61.4%	-3,423	-12.1%
Security Investments	16,363	26,237	43,724	27,361	167.2%	17,487	66.6%
Credit Portfolio	52,491	64,190	76,362	23,871	45.5%	12,172	19.0%
<b>Deposits from Clients</b>	76,165	109,055	131,215	55,051	72.3%	22,160	20.3%
Deposits in Current Accounts	53,131	77,631	90,434	37,303	70.2%	12,803	16.5%
Savings Deposits	14,729	21,112	25,462	10,733	72.9%	4,350	20.6%
Time Deposits	473	455	465	-8	-1.7%	10	2.2%
Other Deposits	7,831	9,857	14,854	7,023	89.7%	4,997	50.7%
<b>Total Stockholders' Equity</b>	7,907	10,474	11,998	4,091	51.7%	1,524	14.5%
<b>Trust Assets</b>	8,880	9,231	10,817	1,937	21.8%	1,586	17.2%
<b>Debtor Accounts Due to Trust Assignments (FAOV)</b>	6,412	7,321	8,241	1,829	28.5%	920	12.6%
Financial Revenues	5,309	6,707	8,509	3,200	60.3%	1,802	26.9%
Financial Expenses	1,069	1,369	1,843	774	72.4%	475	34.7%
Gross Financial Margin	4,240	5,338	6,665	2,426	57.2%	1,327	24.9%
Financial Intermediation Margin	4,962	6,547	8,051	3,089	62.3%	1,504	23.0%
Transformation Expenses	2,725	3,052	3,575	849	31.2%	523	17.1%
Income Tax	0	275	100	100	0.0%	-175	-63.6%
<b>Net Income</b>	2,016	2,908	4,016	2,000	99.2%	1,108	38.1%
<b>Accumulate Agriculture Portfolio</b>	11,321	10,585	12,985	1,664	14.7%	2,400	22.7%
<b>Official Institutions Deposits</b>	4,967	3,572	5,396	429	8.6%	1,824	51.1%
<b>Micro Loans</b>	2,569	3,697	4,769	2,200	85.7%	1,072	29.0%
<b>Commercial Loans</b>	18,416	27,414	31,312	12,896	70.0%	3,898	14.2%
<b>Credits to Consumer</b>	12,919	14,405	18,788	5,869	45.4%	4,383	30.4%
Vehicles	3,615	4,746	5,311	1,696	46.9%	566	11.9%
Credit Cards	9,304	9,659	13,477	4,173	44.9%	3,818	39.5%
<b>Mortgage Loans</b>	5,453	5,932	6,394	941	17.3%	462	7.8%

## RATIOS

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

\* Annual Percentages



## CREDIT RISK REPORTS

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

The Default Index in Total Portfolio was 0.70% and the hedging level of the Provision for Loan Portfolio was 364.24%.

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

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

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

This management approach is expected to be maintained in the second half of 2013.

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

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

In compliance with article 31(3) of the Decree Law of Banking Institutions on lending transactions, at the six-month close, the Board of Directors approved thirty-five (35) loans that individually exceeded two percent (2%) of the Bank's equity.

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

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

Within the framework of the process approved by the Board of Directors and reported to SUDEBAN, during the first half of 2013, 10 new clients were approved for borrowing transactions exceeding 2% of the equity and approximately 58 clients have been renewed per month.

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



Chairman of the Board  
Juan Carlos Escoté R.

Main Directors  
Juan Carlos Escoté R.  
María Josefina Fernández M.  
Daisy Josefina Véliz E.  
Miguel Ángel Marciano C.

Olga E. Marciano de Vaamonde  
Sergio Sagases Ciammino  
Flavio Castañeda de Ledanois  
Oscar Doval García

Stock Capital Bs. 1,250,000,000.00  
Capital Paid-in Bs. 1,250,000,000.00  
Capital Reserves Bs. 10,747,685,323.01

Statutory Auditors  
Gordy Palmiro Luján  
Igor Williams De Castro

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

Secretary  
Marco Tulio Ortega Vargas

## BALANCE SHEET June 30, 2013 and 2012 (Stated in VEF)

ASSETS	Jun-13	Jun-12
<b>CASH AND DUE FROM BANKS</b>	<b>24,893,642,071</b>	<b>15,426,527,282</b>
Cash	2,360,231,218	1,919,721,312
Central Bank of Venezuela	18,237,208,368	10,790,396,273
Local Banks and Other Financial Institutions	325,707,922	140,866,872
Foreign and Correspondent Banks	494,535,771	246,113,237
Head Office and Branches	0	0
Pending Cash Items	3,335,958,792	2,329,429,588
(Provision for Bank Accounts)	0	0
<b>INVESTMENTS SECURITIES</b>	<b>43,723,588,602</b>	<b>16,362,907,742</b>
Investments in Central Bank	908,422,195	16,056,409
Investments in Trading Securities	0	0
Investments in Securities Available for Sale	14,487,439,137	5,978,580,873
Investments in Securities Held to Maturity	20,437,024,059	5,751,952,095
Unlimited Availability Investments	275,101,881	196,678,244
Other Security Investments	7,617,601,330	4,419,639,271
(Provision for Security Investments)	0	0
<b>LOAN PORTFOLIO</b>	<b>76,363,210,587</b>	<b>52,491,115,329</b>
Outstanding Credits	77,737,769,761	53,217,698,244
Restructured Credits	74,957,484	108,827,104
Past Due Credits	545,337,451	380,097,888
Credits in Litigation	3,611,413	16,800,740
(Provision for Credit Portfolio)	(1,999,465,533)	(1,352,308,647)
<b>INTEREST AND COMMISSIONS RECEIVABLE</b>	<b>1,720,946,261</b>	<b>898,326,397</b>
Interest receivable from cash and due from banks	0	0
Interest receivable from security investments	716,224,583	249,497,501
Interest receivable from credit portfolio	921,230,817	615,916,817
Commissions Receivable	149,289,443	74,001,903
Interest Receivable on Other Accounts Receivable	0	0
(Provision for Interest Receivable and Other)	(65,798,582)	(101,089,824)
<b>INVESTMENTS IN SUBSIDIARIES, AFFILIATES AND BRANCHES</b>	<b>4,122,717</b>	<b>3,858,776</b>
Investments in subsidiaries and affiliates	4,122,717	3,858,776
Investments in branches	0	0
Provision for investments in subsidiaries, affiliates and branches	0	0
<b>PROPERTY RECEIVED IN LIEU OF PAYMENT</b>	<b>21,403,834</b>	<b>16,813,901</b>
<b>PROPERTY IN USE</b>	<b>1,222,340,627</b>	<b>1,085,209,942</b>
<b>OTHER ASSETS</b>	<b>1,013,776,634</b>	<b>653,291,383</b>
<b>TOTAL ASSETS</b>	<b>148,962,031,303</b>	<b>86,878,050,772</b>

LIABILITIES AND EQUITY	Jun-13	Jun-12
<b>Deposits</b>	<b>131,215,490,547</b>	<b>76,164,600,846</b>
Deposits in Current Accounts	90,433,995,511	53,131,275,295
Non-Remunerated Checking Accounts	45,006,354,852	25,944,755,163
Remunerated Checking Accounts	45,427,640,659	27,186,520,132
Other Demand Liabilities	14,854,397,029	7,831,282,197
Obligations for Money Desk Operations	0	0
Savings Deposits	25,462,225,285	14,728,994,216
Time Deposits	464,872,722	473,049,138
Securities Issued by the Institution	0	0
Restricted Deposits from Clients	0	0
Right of Ownership and Participation on Security Investments	0	0
<b>OBLIGATIONS WITH BCV</b>	<b>0</b>	<b>0</b>
<b>DEPOSITS AND OBLIGATIONS WITH BANAVIH</b>	<b>898,582</b>	<b>501,692</b>
<b>OTHER FINANCING OBTAINED</b>	<b>1,768,575,578</b>	<b>335,512,077</b>
Liabilities with local financial institutions up to one year	1,610,493,423	323,922,895
Liabilities with local financial institutions more than one year	0	0
Liabilities with foreign financial institutions up to one year	158,082,155	11,589,182
Liabilities with foreign financial institutions more than one year	0	0
Other Liabilities up to one year	0	0
Other Liabilities more than one year	0	0
<b>OTHER FINANCIAL OBLIGATIONS</b>	<b>92,921,257</b>	<b>70,329,494</b>
<b>INTEREST AND COMMISSIONS PAYABLE</b>	<b>16,699,739</b>	<b>12,488,454</b>
Expenses payable due to deposits from clients	16,173,623	12,483,654
Expenses payable due to obligations with BCV	0	0
Expenses payable due to deposits and liabilities with BANAVIH	0	0
Expenses payable due to other financing obtained	482,110	0
Expenses payable due to other financial obligations	0	0
Expenses payable due to obligations convertible to capital	0	0
Expenses payable due to subordinated debt	0	0
<b>ACCUMULATED AND OTHER LIABILITIES</b>	<b>3,870,404,289</b>	<b>2,387,637,029</b>
<b>SUBORDINATED DEBT</b>	<b>0</b>	<b>0</b>
<b>OTHER LIABILITIES</b>	<b>0</b>	<b>0</b>
<b>TOTAL LIABILITIES</b>	<b>136,964,945,980</b>	<b>78,971,064,792</b>
<b>STOCKHOLDERS' EQUITY</b>	<b>1,250,000,000</b>	<b>1,250,000,000</b>
Capital Paid-in	1,250,000,000	1,250,000,000
Paid-in Surplus	0	0
Contributions Pending Capitalization	0	0
Capital Reserves	1,282,505,964	1,104,577,028
Equity Adjustments	686,770,231	316,752,482
Accumulated Income	8,625,439,861	5,099,264,218
<b>Non-Realized Gain or (Loss) on Available for Sale Security Investments</b>	<b>387,859,553</b>	<b>171,282,538</b>
Treasury Stock	(24,090,225)	(24,890,225)
<b>TOTAL EQUITY</b>	<b>11,997,685,323</b>	<b>7,906,985,980</b>
<b>LIABILITIES AND EQUITY</b>	<b>148,962,031,303</b>	<b>86,878,050,772</b>
Contingent Debtor Accounts	25,438,927,755	13,632,603,663
Trust Assets	10,817,099,149	8,879,687,781
Other Trust Assignments	263,354,349	265,247,282
Debtor Accounts Due to Trust Assignments (Housing Mutual Fund)	8,241,365,531	6,412,018,054
Other Debtor Accounts (Housing Mutual Fund)	15,078,058	13,176,192
Other Debtor Memorandum Accounts	365,238,194,396	269,120,168,132
Other Debtor Book Accounts	27,289,414	27,380,704

## Statements of Earnings (Stated in VEF)

Periods ended June 30, 2013 and 2012	Jun-13	Jun-12	Jun-13	Jun-12
<b>Financial Revenues</b>	<b>8,508,755,256</b>	<b>5,308,741,336</b>	<b>Financial Intermediation Margin</b>	<b>8,050,987,993</b>
Revenues from Cash and Cash Equivalents	1,802,789	2,266,181		4,961,579,392
Revenues from Security Investments	2,008,931,176	889,189,651	<b>Transformation Expenses</b>	<b>3,574,582,946</b>
Revenues from Credit Portfolio	6,445,116,459	4,360,966,140	Personnel Expenses	1,484,915,971
Revenues from Other Accounts Receivable	49,554,023	44,547,041	Administrative and General Expenses	1,253,767,972
Revenues from Investments in Subsidiaries, Affiliates and Branches	0	0	Contributions to Deposit Guarantees and Bank Protection Fund	773,275,403
Revenues from Head Office and Branches	0	0	Contributions to Superintendency of Banks and Other Financial Institutions	62,623,600
Other Financial Revenues	3,350,809	11,772,323		39,942,979
<b>Financial Expenses</b>	<b>1,843,439,357</b>	<b>1,068,967,744</b>	<b>Gross Operating Margin</b>	<b>4,476,405,047</b>
Expenses Due to Deposits from Clients	1,837,277,226	1,055,208,233	Income from Adjudicated Goods	23,228,787
Expenses Due to Obligations with BCV	0	0	Income from Special Programs	0
Expenses Due to Deposits and Obligations with BANAVIH	0	0	Income from Sundry Accounts	36,988,018
Expenses Due to Other Financing Obtained	4,425,027	19,680	Expenses Due to Realizable Property	9,916,917
Expenses Due to Other Financial Obligations	0	13,537,500	Expenses for Depreciation, Amortization and Devaluation of Miscellaneous Goods	9,916,917
Expenses Due to Subordinated Debt	0	0	Expenses Due to Dundry Accounts	406,412,857
Expenses Due to Other Obligations	0	0		244,470,232
Expenses Due to Head Office and Branches	0	0	<b>Net Operating Margin</b>	<b>4,120,292,078</b>
Other Financial Expenses	1,737,104	202,331	Extraordinary Income	0
			Extraordinary Expenses	4,506,620
<b>Gross Financial Margin</b>	<b>6,665,315,899</b>	<b>4,239,773,592</b>	<b>Gross Income Before Taxes</b>	<b>4,115,785,458</b>
Income from Recovered Financial Assets	151,651,942	105,562,198	Income Taxes	100,000,000
Expenses Due to Uncollectibility of Credits and Other Accounts Receivable	502,003,915	578,679,186	<b>Net Income</b>	<b>4,015,785,458</b>
Provision for Loan Portfolio and Other Accounts Receivable, Losses	0	577,959,349		2,016,256,186
Provision for Cash and Due from Banks	0	713,837	<b>Application of Net Income</b>	
<b>Net Financial Margin</b>	<b>6,314,963,926</b>	<b>3,766,662,604</b>	Reserva Legal	0
Other Operating Income	2,206,039,998	1,470,879,222	Statutory Utilities	0
Other Operating Expenses	470,015,931	275,962,634	Other Capital Reserves	6,250,000
			<b>Accumulated Income</b>	<b>4,009,535,458</b>
			LOSEP Contribution	44,445,354
				21,921,988

<b>Net Income Distribution</b>		
Legal Reserve	0	201,625,619
Other Capital Reserves	6,250,000	0
Restricted Surplus	2,004,635,759	907,385,945
Surplus to apply	2,004,899,699	907,244,622
<b>NET INCOME</b>	<b>4,015,785,458</b>	<b>2,016,256,186</b>

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

CREDIT SITUATION STATED IN VEB	OUTSTANDING CREDITS	RESTRUCTURED CREDITS	NON-PERFORMING LOANS		TOTAL	PERCENTAGE COMPOSITION
			PAST DUE CREDITS	CREDITS IN LITIGATION		
ECONOMIC ACTIVITY	CREDITS	CREDITS	CREDITS	CREDITS	CREDITS	PERCENTAGE
Agriculture, Fishing and Forest	11,291,601,913	59,507,089	184,751,919	90,000	11,535,950,922	14.72%
Hydrocarbons and Mining Exploitation	133,821,647	0	0	0	133,821,647	0.17%
Manufacturing Industry	4,109,121,916	736,914	114,886,676	0	4,224,745,506	5.39%
Electricity, Gas and Water	80,515,625	0	0	0	80,515,625	0.10%
Construction	5,870,326,637	299,314	18,271,387	509,495	5,889,406,833	7.52%
Trade, Restaurants and Hotels	19,054,738,418	3,199,703	67,337,187	2,333,376	19,127,608,684	24.41%
Transport, Storage and Communications	1,279,546,346	0	2,493,027	0	1,282,039,373	1.64%
Financial Establishments, Real State And Services Provided to Companies	34,276,212,936	10,156,678	150,675,107	678,542	34,437,723,263	43.95%
Community, Social and Personal Services	1,641,884,323	1,057,785	6,922,147	0	1,649,864,255	2.11%
Non Well-specified Activities	0	0	0	0	0	0.00%
<b>SUB-TOTAL</b>	<b>77,737,769,761</b>	<b>74,957,484</b>	<b>545,337,451</b>	<b>3,611,413</b>	<b>78,361,676,109</b>	<b>100.00%</b>

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

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

1. During the first half of 2013, 40,671 financial complaints were processed for a total amount of Bs. 99,301,946.20. Since 66% of such cases (26,686 claims) resulted to be favorable to clients, Bs. 43,278,383.74 was refunded to clients.

### FINANCIAL REQUIREMENTS PROCESSED BY CHANNEL ♦ I HALF 2013

CHANNEL	Number of Requirements	Customers	% of Req. for Capture Channel	Bs.
BanescOnline	25,883	22,829	63.6%	21,644,893.22
Agency Network	8,445	7,553	20.8%	58,523,541.53
Administrative / Specialized Segments	6,107	5,438	15.0%	18,635,539.22
Telephone Banking	236	222	0.6%	497,972.23
<b>TOTAL</b>	<b>40,671</b>	<b>36,042</b>	<b>100.0%</b>	<b>99,301,946.20</b>

2. During the same period, 572,233 service requirements (updating of customers' data, increase in credit cards limit, and replacement of credit cards, among others) related to the post-sale of our products and services were processed by the channels indicated in the attached charter:

#### SERVICE REQUIREMENTS PROCESSED BY CHANNEL • I HALF 2013

CHANNEL	Number of Requirements	Customers	% of Req. for Capture Channel
BanescOnline	224,056	163,136	39.2%
Agency Network	217,377	190,315	38.0%
Administrative / Specialized Segments	110,578	62,161	19.3%
Telephone Banking	20,222	19,059	3.5%
<b>TOTAL</b>	<b>572,233</b>	<b>434,671</b>	<b>100.0%</b>

3. During the six-month period that just ended, the Compliance Level of the service supply in the Requirement Management service was 94.6%.

## ELECTRONIC CHANNELS AND BANK AGENCIES

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

- ❖ 418 service points (agencies, satellites, Banesco Express) nationwide
- ❖ 66,406 Points of Sale
- ❖ 1,634 ATMs
- ❖ 332 Self-Service Equipments
- ❖ 234 Checkbook Dispensers

## EQUITY SUFFICIENCY COEFFICIENT LEVELS

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

- ❖ Accounting equity sufficiency index, obtained from dividing the accounting equity amount plus operating management by total asset value. The coefficient to be multiplied by one hundred (100) which should not be less than eight percent (8%).
- ❖ Total equity sufficiency index, obtained from the sum of primary equity value (level I) plus Supplementary Equity (Level II), divided by the total amount of contingent assets and operations, weighted by risk level. The coefficient to be multiplied by one hundred (100), which should not be less than twelve percent (12%).
- ❖ Total equity sufficiency index (Level I) is the primary equity ratio (Level I) divided by the total amount of contingent assets and operations, weighted by risk level, which should not be less than six percent (6%).
- ❖ Based on the provisions and on the results obtained in June 2013 and December 2012, the percentages reached are as follows:

DESCRIPTION	JUNE 2013	DECEMBER 2012
Accounting Equity Sufficiency Index	10.85%	10.22%
Total Equity Sufficiency Index	16.91%	16.52%
Total Equity Sufficiency Index (Level I)	16.91%	16.52%



## EXTERNAL AUDITOR'S REPORT

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

## LIQUIDITY, LEVERAGE, EFFICIENCY AND PROFITABILITY INDICATORS

PRINCIPAL FINANCIAL INDICATORS	Jun. 13	Dec. 12	Jun. 12	Dec. 11
<b>1. Equity</b>				
Equity + Operative Management / Total Assets	10.85%	10.22%	10.36%	8.77%
Non-Productive Assets / Equity + Operative Management	218.37%	294.47%	203.61%	391.00%
<b>2. Assets Quality</b>				
Loan Portfolio Provisions / Gross Loan Portfolio	2.55%	2.33%	2.29%	2.25%
Non Accrual Loans / Gross Loan Portfolio	0.70%	0.49%	0.74%	0.96%
<b>3. Management *</b>				
Personnel Expenses + Operative Expenses / Average Productive Assets	5.16%	6.49%	6.94%	7.93%
Personnel Expenses + Operative Expenses / Financial Income	32.19%	39.08%	41.53%	44.88%
<b>4. Earnings *</b>				
Net Results / Average Assets	5.97%	5.32%	4.90%	3.35%
Net Results / Average Equity	71.14%	60.23%	55.37%	39.44%
<b>5. Liquidity</b>				
Availability / Customer Funds	18.97%	25.97%	20.25%	32.11%
Availability + Investment in Securities / Customer Funds	30.70%	34.69%	28.12%	42.13%

\* Annual Percentages

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

Caracas, July 2013

In compliance with article 29 of the Banking Institutions Law, we presented the summary of the internal audit management for the six-month period ended June 30, 2013, as well as the opinion on the efficiency of the internal control and the risk management system of Banesco Banco Universal (hereinafter "the Bank"), corresponding to the period from January 2013 to June 2013.

The Bank assumes the guidelines of the Basle Committee, and therefore, it conceives the Internal Audit function as a permanent, independent, impartial and objective activity of consultation, assessment and improvement of the internal control and risk management systems of the Organization, in order to add value, enhance operations and support the Bank in achieving its objectives; thus, its action area encompasses every and each Bank's activity, regardless its geographical or functional activity. The internal audit function is set forth in the Bylaws, whereby the vision and attributions of the function are defined as a whole, as well as the following functions, among others:

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

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

On January 9, 2013, the Audit Committee approved the 2013 Internal Audit Annual Plan, and on February 6, 2013, it was submitted to the Board of Directors for attestation as

per Record N° 1336. The processes to be subject to review and the audit scope and execution period were established in such plan.

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

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

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

As of June 30, 2013, the Audit Plan was 100% accomplished as established for the first half of the year, from which scope, the following are worth mentioning:

## LEGAL COMPLIANCE

Compliance with the Banking Institutions Law Adaptation by the Bank to the Plan of Adjustment required in the Sixth Transitional Provision of the Decree Law of the Partial Amendment to the Banking Institutions Law was followed up, evidencing that as of 06/30/2013, the Banks complies with and adapts to the Law. We are just awaiting the decision by the Supreme Body of the National Financial System (OSFIN) as to articles 38, 96, 98, and 99 of the Law.

## COMPLIANCE WITH REGULATIONS ON PROTECTION OF USERS OF FINANCIAL SERVICES

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

## LOAN PORTFOLIOS (MANDATORY LENDING BUCKETS)

BY TYPE OF LOAN	BALANCE AS OF JUNE 30, 2013 (STATED IN VEB)
Installment Loans	30.989.111.695,14
Credit Cards	13.476.754.681,25
Fixed-term Loans	14.439.660.513,22
Fixed-term Agricultural Loans	2.996.074.541,31
Manufacturing Sector Loans	4.224.745.506,22
Car Loans	5.311.447.026,76
Microentrepreneurs Loans	4.768.705.210,08
Tourism Loans	1.338.100.727,52
Financial Leases	411.458.497,91
Negotiated Issued Letters of Credit	365.338.545,06
Checking Accounts 25,211,834,90	19.459.164,58
In Money Market Accounts	20.820.000,00
<b>Total Portfolio as of June 30, 2013</b>	<b>78.361.676.109,05</b>
Provision maintained for loan portfolio	1.999.465.551,88
<b>Loan portfolio net as of June 30, 2013</b>	<b>76.362.210.557,17</b>

As of June 30, 2013, Banesco keeps micro-entrepreneur loans representing 7.26% of the overall loan portfolio, with the legal percentage required by law being 3% of the gross portfolio at closing of December 31, 2012. The amounts kept is Bs. 4,768,705,210.00. In order to comply with the provisions of the current regulations regarding the percentage to be allocated by universal banks to financing manufacturing activities, at June 30, 2013, the Bank has allocated Bs. 4,224,745,506 to such sector, which represents 6.43% of the total gross annual portfolio at closing of the prior six-month period. The legal percentage required by law is at least 10% of the gross portfolio at closing of the six-month period ended 12-31-2012.

At June 30, 2013, the Bank granted loans to the agricultural sector of approximately Bs. 11,535,950,922, and issued agricultural bonds for Bs. 1,449,486,231, representing 23.92% of the average portfolio for recent fiscal years, with the legally required percentage being 23%. Under the regulations in effect as of June 30, 2013, the number of new borrowers of the agricultural portfolio should increase by 30% compared to the total borrowers for the same portfolio in the immediate prior year.

At 12-31-2013, under Official Gazette 40.133, published on March 21, 2013, the Bank must increase by 30% the number of new customers as to agricultural portfolio over the closing in 2012. By 06/30/2013, the new customers of the Bank agricultural portfolio increased by 193, representing 39.39% of total new customers required for 2013 closing.

As for the mortgage loan portfolio, as of 06-30-2013, the Bank keeps Bs. 5,881,570,956, for main house acquisition, construction, and renovations, which represents 8.95% of the overall portfolio, calculated over the total gross loan portfolio of the prior fiscal year, and for which banks are liable to reach the 20% required annually. The Bank does not meet the required percentage for long-term portfolio holding a percentage of 4.04%,

equal to Bs. 2,665,147,924, with the required percentage being 7%. With respect to the short-term portfolio, as of 06-30-2013, the Bank keeps Bs. 3,226,423,032, equivalent to 4.91% of the portfolio, with the percentage required for this sector being 13%.

The foregoing is because the bank has not enough requests to finance housing construction projects. Nowadays, real estate projects to be financed by banks must be previously qualified by the Ministry of Housing, in compliance with the Housing and Habitat Law.

As to the long-term portfolio, the non-compliance is due to the same cause argued for the short-term portfolio. Since there are no short-term projects in construction, the bank does not have sufficient long-term loan applications because the highest percentage of this portfolio to finance must come from the primary market.

Considering current legislation ruling the Tourism Sector, at 06-30-2013, the Bank keeps Bs. 1,338,100,728 as loan portfolio allocated to such sector, which represents 2.46%, calculated on the basis of the total average annual gross loan portfolio of the prior six-month periods, the current legally-required percentage being at least 2%.

## COMPLIANCE WITH TECHNOLOGY REGULATIONS

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

## COMPLIANCE WITH RISK REGULATIONS

In compliance with Regulation 136-03 of 05-29-2003, published in Official Gazette N° 37.703 of 06-03-2003, the Bank maintains a Risk Management structure.

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

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

## PREVENTION AND CONTROL OF MONEY LAUNDERING AND TERRORIST FINANCING

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

In addition, at closing of the six-month period, we issued a summary of our observations, which was submitted to the Chairman of the Board of Directors in compliance with the provisions of Article 71 of Resolution 119-10.

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

## TRUST FUND

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

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

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

## INTERNAL CONTROL ASSESSMENT

The Audit Plan was executed during the first half of 2013, which allowed assessing Internal Control effectiveness of the areas covered under such plan. The internal process assessment allows evaluating the control sufficiency to manage organizational risks, as well as compliance with the policies, norms and procedures established by the Bank, and the current regulatory framework. We observed a risk-awareness culture, appropriate structure, and supervision, guaranteeing integrity, ethical values, and strategic objectives among the Business and Back End areas.

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

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

## FINANCIAL STATEMENTS

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

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

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



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

## GENERAL REGULATIONS

DATE	GENERAL REGULATIONS	DATE	GENERAL REGULATIONS
01/22/2013	<b>SIB-DSB-UNIF-01507.</b> Update of the List referred to in Resolution S/RES/1267 of the United Nations Security Council (UNO) for the Preventive Freezing of Terrorist-related Funds or Other Assets.		proval of Cash and Cash Equivalents, Investments, and Third Party Escrow Services (in foreign currency)" Version 4.0".
02/04/2013	<b>SIB-DSB-UNIF-03149.</b> Update of the List referred to in Resolution S/RES/1267 of the United Nations Security Council (UNO) for the Preventive Freezing of Terrorist-related Funds or Other Assets.	04/15/2013	<b>SIB-II-GGR-GNP-11309.</b> "Timely assistance by the banking institution's attorney to execute mortgage loan documents for the granting and release of mortgages based on the needs of financial service users".
02/18/2013	<b>SIB-II-GGR-GNP-04505.</b> Prohibition to limit or restrict users the submission of a mortgage loan application for not having a savings or checking account for a given period.	04/16/2013	<b>SIB-DSB-CJ-OD-11442.</b> "Acceptance of the laminated ID card to open, move, and access bank accounts and other products for Venezuelans and aliens under permanence status or non-resident."
02/19/2013	<b>SIB-II-GGR-GNP-04743.</b> New Form 13-006 Calculation of Contributions by the Banking Institutions to the Social Protection Fund of Bank Deposits.	04/24/2013	<b>SIB-II-GGIR-GRT-12440.</b> Concerning the "Project for the Installation of an Alternate Center of Data Processing". New deadlines are set submit the deliverables of each project stage.
02/27/2013	<b>SIB-II-GGR-GNP-05811.</b> Concerning issue of Resolution 018.13 of February 27, 2013, on the "Standards related to the application and recording of net benefits generated upon enforcement of Exchange Agreement No. 14 of February 8, 2013.	05/20/2013	<b>SIB-II-GGR-GIDE-15734.</b> "Update of Technical Specifications Manuals: "AT01 Shareholders of Supervised Entity", "AT15 Shares Transfer Notice", and "AT16 Shareholding Companies of the Supervised Entity" Version 4.0."
03/01/2013	<b>SIB-II-GGR-GNP-06202.</b> Request of information on assets and liabilities denominated in foreign currency that generated gains or losses upon enforcement of Exchange Agreement No. 14 of February 8, 2013.	05/24/2013	<b>SIB-II-GGR-GNP-16672.</b> Ratification of article 5 of Resolution No. 291.09 of June 26, 2009, on the "Standards to regulate promotion and advertising by banks, savings and loan entities, and other financial institutions regarding financial products and services".
03/27/2013	<b>SIB-II-GGR-GNP-09338.</b> Issue and delivery of debit cards to pensioners of the Venezuelan Institute of Social Security (IVSS).	05/23/2013	<b>SIB-DSB-CJ-OD-16263.</b> Concerning the creation of trusts with funds of the National Treasury where the trustor is an entity or body of the Republic in compliance with Regulation 3 of the Organic Law for the Financial Management of the Public Sector on the Treasury System.
04/05/2013	<b>SIB-DSB-UNIF-10311.</b> Update of the List referred to in Resolution S/RES/1267 of the United Nations Security Council (UNO) for the Preventive Freezing of Terrorist-related Funds or Other Assets.	06/11/2013	<b>SIB-DSB-CJ-OD-18673.</b> Concerning the mandatory compliance with article 58 of Regulation 3 of the Organic Law for the Financial Management of the Public Sector on the Treasury System and the Administrative Order No. 2013-010 of May 21, 2013, published in Official Gazette N° 40.172 of May 22, 2013.
04/09/2013	<b>SIB-DSB-CJ-PA-10830.</b> Concerning bank secrecy and disclosure of information to unauthorized third parties, saved for the exceptions provided for in articles 88 and 89 of Decree Law of the Partial Amendment to the Banking Institutions Law.	06/13/2013	<b>SIB-DSB-CJ-OD-18909.</b> Reports the 2014 bank holidays calendar that will govern the activities of the national banking system.
04/15/2013	<b>SIB-II-GGR-GIDE-11308.</b> "Update of Technical Specifications Manuals: "AT09 Purchase and Sale of Investment Securities," "AT10 Investments", and "AT11 Ap-		

## PARTICULAR OFFICIAL COMMUNICATIONS

DATE	COMMUNICATIONS	DATE	COMMUNICATIONS
01/02/2013	<b>SIB-II-GGIBPV-GIBPV5-42849.</b> Report of findings from Special Inspection conducted on the assessment of transactions of purchase and sale of securities in foreign currency through the System of Exchange for Foreign Currency-denominated Securities (SITME).		vention and Control of Money Laundering and Terrorist Financing as of December 31, 2012.
01/22/2013	<b>SIB-DSB-CJ-PA-01616.</b> Considerations on the delivery of form PM-SIB-113/012011(2) named "Total Guaranteeable Basis and Guaranteed Basis of the Number of Depositors, and Consolidated Amount by Natural Person, Legal Person, Decentralized Entities, and Grand Total as per Scale and Amount of Deposits Not Covered by the Guarantee of the Social Protection Fund of Bank Deposits".	03/27/2013	<b>SIB-II-GGIR-GRT-09344.</b> Technological Risk Special Assessment, containing the results from the inspection made from January 14 to March 18, 2013.
01/23/2013	<b>SIB-II-GGIBPV-GIBPV3-01731.</b> Follow-up of findings from the General Inspection made to treasury as of November 30, 2011.	04/10/2013	<b>SIB-DSB-CJ-OD-10993.</b> Recommendations by the Corp for Scientific, Penal and Criminal Investigations due to crimes of theft committed in 2012.
01/25/2013	<b>SIB-II-CCSB-01906.</b> Findings from the Special Inspection made on January 8 and 9, 2013, about Bank Service Quality.	04/11/2013	<b>SIB-II-GGIBPV-GIBPV3-11073.</b> Follow-up of the findings from the General Inspection made to treasury as of November 30, 2011.
01/31/2013	<b>SIB-DSB-UNIF-02964.</b> Findings from the General Inspection made to Banesco as of December 31, 2012, concerning assessment of compliance with Resolution 119-10 "Norms relating to Management and Audit of Risks Associated with Money Laundering and Terrorist Financing applicable to Institutions Governed by the Superintendency of Bank and other Financial Institutions (currently Superintendency of Banking Institutions).	04/30/2013	<b>SIB-II-GGIBPV-GIBPV3-13557.</b> Report on the findings from the General Inspection made to the Trust area as of December 31, 2012.
02/13/2013	<b>SIB-II-GGIBPV-GIBPV3-03948.</b> Concerning the transfer of shares held by the Bank in insurance carriers and other companies.	05/02/2013	<b>SIB-II-GGIBPV-GIBPV3-13705.</b> Considerations on the transfer of the custody of investment securities issued or guaranteed by the Government or State-owned companies to the C.V.V. Caja Venezolana de Valores, S.A. (Venezuelan Depository Trust Company).
02/28/2013	<b>SIB-DSB-UNIF-06118.</b> Findings from the Special Inspection made to the Bank agencies on February 4-8, 2013.	05/14/2013	<b>SIB-II-GGIBPV-GIBPV3-14867.</b> Observations arising out of the comparison between file AT10 "Investments" of the Financial Information System (SIF) as of December 31, 2012, and the account statement of the System for the Electronic Custody of Securities (SICET) held in the Central Bank of Venezuela.
02/28/2013	<b>SIB-II-GGIBPV-GIBPV3-06094.</b> Considerations about the General Shareholders' Meeting held on September 24, 2012.	05/15/2013	<b>SIB-II-CCSB-15128.</b> Findings from the Special Inspection made about Bank Service Quality, the "field" inspection of which was made on March 21, 2013.
03/04/2013	<b>SIB-GGIBPV-GIBPV-3-06358.</b> Recommendations on the update to the "Liquidity Contingency Plan" of the Bank.	05/21/2013	<b>SIB-II-GGIR-GSRB-15981.</b> Considerations about the content of the Special Report of the audited financial statements as of December 31, 2012, submitted for the General Shareholders' Meeting held on March 18, 2013.
03/13/2013	<b>SIB-II-GGIBPV-GIBPV3-07346.</b> Considerations on the adaptation to the Plan of Adjustment presented by the Bank.	05/30/2013	<b>SIB-II-GGIBPV-GIBPV3-17587.</b> Considerations on the Bank's response to the observations made to the General Shareholders' Meeting held on September 24, 2012.
03/14/2013	<b>SIB-II-CCD-07576.</b> Considerations on the Bank's performance regarding directed portfolios as of December 31, 2012.	06/13/2013	<b>SIB-DSB-CJ-OD-18911.</b> Considerations on the General Conditions of the Savings Account Service.
03/14/2013	<b>SIB-II-GGIBPV-GIBPV3-07478.</b> Considerations on the supported documents submitted for the General Shareholders' Meeting held on March 18, 2013.	06/19/2013	<b>SIB-II-GGIBPV-GIBPV3-19634.</b> Observations on the form concerning Venture Capital Risk of April 2013.
03/22/2013	<b>SIB-DSB-UNIF-08469.</b> Observations made due to the Semi-annual Report on Pre-	06/19/2013	<b>SIB-II-GGIBPV-GIBPV3-19554.</b> Report of the findings from the special inspection made to the assessment of gain or loss from exchange fluctuations for holding assets and liabilities in foreign currency recorded in February 2013.
		06/20/2013	<b>SIB-II-GGIBPV-GIBPV3-19779.</b> Observations on the form concerning Venture Capital Risk of October 2012.

*Information  
Relevant to  
Shareholders*



## STOCKHOLDERS MEETING CALL

### BANESCO BANCO UNIVERSAL, C.A.

#### STOCK CAPITAL BS. 1,250,000,000

By order of the Board of Directors and pursuant to articles 10, 12 and 27(2) of the Bylaws, the shareholders of Banesco Banco Universal, C.A. are hereby called to a Regular Shareholders' Meeting to be held on September 23, 2013, at 8:00 AM, in Auditorium Fernando Crespo Suárez, Piso 3 (third floor) of Edificio Ciudad Banesco (Banesco headquarters), located in Avenida Principal de Bello Monte, entre Calle Lincoln y Calle Sorbona, of the city of Caracas, in order to discuss and resolve on the following matters:

**FIRST:** Upon revision of the Board of Directors' report and the comptrollers' report, approval of the independent auditors' report on the Financial Statements for the six-month period ended June 30, 2013.

**SECOND:** Decree, allocation and payout of cash dividends.

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

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

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

On behalf of the Board of Directors

**Juan Carlos Escotet Rodríguez**  
*Chairman of the Board of Directors*

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

Caracas, August 29, 2013

RIF: J-07013380-5

### BANESCO BANCO UNIVERSAL, C.A.

#### STOCK CAPITAL BS. 1,250,000,000

By order of the Board of Directors and pursuant to articles 11, 12, and 27(2) of the Bylaws, the shareholders of Banesco Banco Universal, C.A. are hereby called to an Extraordinary Shareholders' Meeting to be held on September 23, 2013, at 9:00 AM, in Auditorium Fernando Crespo Suárez, Piso 3 (third floor) of Edificio Ciudad Banesco (Banesco headquarters), located in Avenida Principal de Bello Monte, entre Calle Lincoln y Calle Sorbona, of the city of Caracas, in order to discuss the following matter:

**SOLE ITEM:** Select the three audit firms that will participate in the selection process of the external auditor of the bank for the period beginning January 1, 2014, in compliance with the Decree Law of the Partial Amendment to the Banking Institutions Law and the "Standards on Selection, Hiring, and Dismissal of External Auditors of Banks", contained in Resolution No. 065.11 of February

23, 2011, issued by the Superintendency of banking Institutions.

On behalf of the Board of Directors

**Juan Carlos Escotet Rodríguez**  
*Chairman of the Board of Directors*

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

Caracas, August 29, 2013

RIF: J-07013380-5



# CORPORATE GOVERNANCE REPORT

## BANESCO BANCO UNIVERSAL, C.A.

**B**anESCO Banco Universal, C.A. is a Banking Institution domiciled in the city of Caracas, in the Bolivarian Republic of Venezuela and duly authorized to conduct financial intermediation transactions and related services allowed to universal banks, subject to the control and oversight by the Superintendency of Banking Institutions as provided for by Decree Law of the Partial Amendment to the Banking Institutions Law (Banking Institutions Law).

### SHAREHOLDERS' MEETING

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

Among its functions, the Meeting is empowered to: i) Appoint the directors, administrators, presidents, commercial agents, internal auditor, comptrollers, the Bank Client and User Defender and his/her corresponding deputy, as well as establish the mechanisms and controls to evaluate them and ensure that they are qualified to exercise their duties; ii) Establish the procedures necessary to promote active participation of shareholders in the Meeting; iii) Evaluate the different professional service offerings presented by accounting firms in order to select the list of three options to submit to the Superintendency of Banking Institutions; iv) Know and resolve on the Bank's semiannual report; v)

Appoint advisors with right to attend and speak in the Board of Director's meetings; vi) Discuss, approve or modify the financial statements presented based on the Comptroller's report; vii) Decide on dividends decree and their form of payment, amount, frequency and time to be paid; viii) Know and resolve on any other issue for which it was called, everything in compliance with the Banking Institutions Law, the Prudential Standards issued by the Superintendency of Banking Institutions, and the Company's Bylaws.

### BOARD OF DIRECTORS

The Board of Directors of BanESCO Banco Universal, C.A. is comprised of eight (8) Directors. The main role of the Board is the management and general administration of the businesses and operations carried out by the Bank, including corporate social responsibility policies. It is empowered with the broadest dispositive and administrative powers on the goods and businesses of the company, provided it is not about matters exclusively reserved to the Shareholders' Meeting or other bodies established by the Law or the Bylaws. It is responsible for defining and strategically managing the Bank, and approves the business principles and policies, thus regulating the autonomy of executive decisions to protect the shareholders' interest and the organization. Furthermore, the Board controls the performance of operating and functional areas of the Bank, and evaluates and compares business projections, as well as the results from previous years with the results of each year. The Board meets on a regular basis at least once a month and may be called to an extraordinary meeting upon request by the Chairman of the Board or by three (3) of its members.





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

### **Chairman of the Board of Directors**

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

### **Internal Comptroller**

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

## **COMPLIANCE OFFICER**

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

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

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

## **AUDIT COMMITTEE**

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

## **RISK COMMITTEE**

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

## **CREDIT COMMITTEES**

The Board of Directors, reserving the execution of this right, has delegated to the credit committees the authority to grant



Vive | nuestros  
valores

credits under any modality provided by law, by assigning to each autonomy or credit committee an established individual borrowing limit. Thus, the Central Credit Committee, the Executive Credit Committee, the Delegate Credit Committee, the Regional Credit Committees, and the individual autonomies were created.

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

## TECHNOLOGY COMMITTEE

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

## COMMITTEE OF PREVENTION AGAINST MONEY LAUNDERING AND TERRORIST FINANCING

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

**Juan Carlos Escotet Rodríguez**  
Chairman of The Board of Directors

## CODE OF ETHICS AND CONDUCT OF BANESCO CITIZENS

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

Therefore, Banesco citizens must follow the values below:

❖ **RESPONSIBILITY:** Be responsible when carrying out their activities, which entails fully assuming the authorities, duties and tasks entrusted, and even have initiative and be diligent in the compliance of all requirements and demands inherent to their position, make the most of their time, and give the best to everyone.

❖ **RELIABILITY:** Guarantee achievement of bank secrecy and the privacy of any other confidential clients' information, unless an authority requires certain information within the scope of its duties; and not use the information obtained in the exercise of its duties, authorities, or tasks for personal or third party profit. In addition, they will always tell the truth, respond with honesty, admit their mistakes, and ask for help whenever necessary.

❖ **QUALITY:** Act with respect to personal dignity, carefully discharge each duty, striving to exceed the expectations of our customers and users.

❖ **INNOVATION:** Catch up on new technology, use them appropriately, implement new ways to do things, analyzing the risks and adhered to the Code of Ethics and Conduct of the Institution.

# COMPTROLLERS' REPORT

SIX-MONTH PERIOD ENDED JUNE 30, 2013

## SHAREHOLDERS OF BANESCO BANCO UNIVERSAL, C.A.

1. In conformity with the appointment of the Comptrollers in Regular Shareholders' Meeting of the Bank held on March 18, 2013, and pursuant to the provisions of Articles 304, 305 and 309 of the Commercial Code, in conformity with the Bank's Bylaws and Inter-professional Standards for the exercise of the Comptroller's duty, we have reviewed the balance sheet of Banesco Banco Universal, C.A. as of June 30, 2013, and the related income statements and appropriation of net income, changes in shareholders' equity and cash flows for the six-month period then ended. During the period subject to review, one (1) Regular Shareholders' Meeting was held on March 18, 2013.
2. Our review was based on the audit conducted by the Independent Auditors Márquez, Perdomo & Asociados (Crowe Horwath International), which issued the audited financial statements on August 15, 2013, corresponding to the six-month period ended June 30, 2013.

Additionally, we conducted an analysis on the financial statements, selective tests on the accounting records, and any other procedures we deemed necessary in view of the circumstances.
3. As a result of our review of the administrative management performed by the Bank's Board of Directors, we inform the following:
  - 3.1. Through our review based on the external auditors' audit on the loan portfolio, we determined that the provisions maintained by the Bank for Loan Portfolio and Returns Receivable on Loan portfolio are reasonable.
  - 3.2. Based on the results of our review, we determined that the Bank's Investment Portfolio is valued and presented in compliance with the standards established by the Superintendency of Banking Institutions, hereinafter SUDEBAN.
  - 3.3. As of June 30, 2013, the Bank maintains for Other Assets, a provision of Bs. 22,519,190, and during the six-month period under review write offs for Bs. 43,049,547 were made, corresponding to items that were fully provisioned. According to our analysis, and based on the results obtained by the Independent Auditors, we consider that the provision maintained by the Bank for Other Assets is reasonable and meets the parameters established by SUDEBAN.
4. During the period under review, we did not observe any violation to the Bylaws or Law by the Directors. During the review of the Board of Directors' Minutes, we did not observe any dissenting votes.
5. In connection with the provisions in article 310 of the Commercial Code, the Bank's shareholders did not file any claim during the period under review.
6. In the six-month period ended June 30, 2013, SUDEBAN issued Official Notice SIB-II-GGR-GA-17599, whereby it authorized the Bank, prior favorable opinion of the Supreme Body of the National Financial System (OSFIN), to increase its capital stock by Bs. 6,000,000, through the issue of 600,000 new registered common shares of the same class, non-convertible to bearer, with charge to Restricted Surplus. In the Regular Shareholders' Meeting held on March 18, 2013, it was agreed to: (i) reduce the capital stock of the Bank by Bs. 17,000,000.00, as a result of the buyback of 1,700,000 preferred shares in conformity with the prospectus for the public offering of preferred shares of Issues 2008-I and 2008-II; and (ii) Increase the capital stock by Bs. 17,000,000.00 through the issue of 1,700,000 new registered common shares of the same class, non-convertible to bearer. At June 30, the Bank was awaiting authorization of the agreements reached in such meeting.
7. During the six-month period June 30, 2013, we attend as comptrollers the sole Regular Shareholders' Meeting held on March 18, 2013.
8. Consequently, and based on the Report of the Independent Auditors Márquez, Perdomo & Asociados (Crowe Horwath International), issued on August 15, 2013, on the balance sheet as of June 30, 2013, and on the related income statements and appropriation of net income, changes in shareholders' equity and cash flows for the six-month period then ended, in our opinion, the accompanying financial statements subject to our review present fairly, in all material respects, the financial position of Banesco Banco Universal, C.A., as of June 30, 2013, and the results of its operations and appropriation of net income, changes in shareholders' equity and cash flows for the six-month period then ended, in conformity with the accounting standards established by SUDEBAN.
9. Based on the foregoing, we recommend the shareholders to approve the financial statements of Banesco Banco Universal, C.A., corresponding to the six-month period ended June 30, 2013, submitted by the Board of Directors, as well as its administrative management.



**GORDY PALMERO**  
Statutory Auditor  
C.P.C. 7.202



**IGOR WILLIAMS**  
Statutory Auditor  
C.P.C. 20.427

August 15, 2013



# CORPORATE MANAGEMENT REPORT

FIRST HALF 2013

## HUMAN CAPITAL

### QUALITY OF LIFE

During the first half of 2013, we developed some activities aimed to promote balance between professional and personal life, an enhanced quality of life through better use of their leisure time and fostering gathering spaces for Banesco citizens and their families, which include sport, recreational, cultural, and voluntary service activities:

#### Sport, Recreational, and Prevention of Use of Alcohol, Tobacco and Other Drugs Activities

**Toning-up Activities:** 1,457 participants, including, among other activities, dance therapy, yoga, step, fit combat in Barquisimeto, Maracaibo, and Caracas.

**Ongoing Training in Different Disciplines:** Given in San Cristobal, Barquisimeto, Valencia, Caracas, and Maracaibo with 2,479 participants in: softball, volleyball, indoor soccer, basketball, female soccer, and kicking ball, in addition to other initiatives to promote sports, like Banesco Runners Club and the Soccer School.

**First Tourist Fair:** Held in Ciudad Banesco, where 1,381 people received information on national and international tourist packages at special fees and payment methods.

**Visual Day:** In the first half of year, two visual days were made, one in Ciudad Banesco and another one in El Rosal, where attendees could have different eye examinations.

**International Day against Drug Abuse and Illicit Trafficking:** Held on June 26 with a preventive television show through a round of questions made to workers, who shown their knowledge as to comprehensive prevention, where the 2013 theme "*Ánimate con tu salud y no con las drogas*" (Liven up with your health, not with drugs) stood out.

This activity was framed by Banesco Prevention Project "*Gente Sana, Gente Sin Drogas*" (Healthy People, Drug-Free People), with the participation of approximately 300 people.

#### Cultural Activities

**Theater/Presentation of Plays:** Activity performed in Caracas with the training of workers through theater workshops to be part of Banesco Theater Company. A play of Seno Salud "*Pechos de Seda*" (Breasts of Silk) was presented within the framework of the celebration of the International Day of Action on Women's Health, with the participation of 215 workers.



**Choral Singing Workshops:** Activity performed in Caracas, with 449 participants, giving presentations like the celebration of Banesco Mother's Day.

**Culinary Culture and Non-alcoholic Drinks:** Activity carried out in Caracas with 78 participants—workers' children, ages 7 to 12—to show them options to develop healthy lifestyles.

**Banesco Readers Club/Book Swap:** These activities are carried out with the participation of approximately 68 people, and they are intended to promote reading and brainstorming between the participants.

**Guitar Classes:** The guitar classes started in June, where the workers learn musical language and how to play an instrument, with 46 participants.

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

- ❖ Visit to the Casa-Hogar Rafael Rangel "San Bernardino", home of 50 elderly.
- ❖ *Rincón de Lectura* (Reading Corner), carried out in Ciudad Banesco on April 6 within the framework of the celebration of the International Children's Book Day.
- ❖ Four training sessions to volunteers to develop, among other topics: "What volunteering is?" and "Leadership, Team Work."

### DEVELOPING TALENT

Focused on training and development processes in a systematic, planned, and ongoing manner, and on the search of new strategies to generate learning by our Human Talent, in this first half of year, we developed actions aimed to strengthening the technical training of Banesco citizens, for them to be more efficient in the discharge of their duties, producing high-quality results, and in the development of new key skills to carry out their daily tasks. Our most significant initiatives this first half of 2013 were within the framework of:



- ❖ Training activities focused on Profitability, Operational Excellence, Credit, and Leadership, among others. Likewise, and under the laws, we give training courses in Ergonomics, Psychosocial Risk, Prevention and Control of Money Laundering, and Risk Culture.
  - ❖ We fostered the Visual Learning initiatives with the incorporation of a new Update Module on Prevention against Money Laundering and Terrorist Financing (PAML/TF). Likewise, we have continued implementing “*Experiencia de Servicio Banesco*” (Banesco – Service Experience), providing key tools for them to offer to their internal and external customers a quality, dedicated, and excellence-oriented service.
  - ❖ We opened Module 4: Management of Requirements, Claims, and Complaints with a total of 6,412 users that effectively completed the module.
  - ❖ In the same line of Virtual Learning, we began the Individual Development Plan where Banesco citizens carry out training activities aimed to close the gaps in their abilities, based on the last diagnosis 2012.
  - ❖ We actively participate in the compliance with the Law by training 460 INCES Trainees, 240 of which are in theoretical training in *Institutos de Acción Delegada*, acquiring technical knowledge and developing abilities that will allow them to be part of the banking sector, and 220 apprentices in hands-on stage in many units of the organization.
  - ❖ In the Management of Mass Segments and Channels, in this six-month period, training was given in 149,069 man/hours, distributed as follows: 50% Technical Training, 40% Regulatory Training, and 10% Development of Competences to 7,785 employees in at least one training and development activity.
  - ❖ We began the Third Update and Integration Days offered at Supervision and Management Level of the Mass Segments and Channels Management (Agency Staff), thus generating a space that allows establishing the key skills of People Management, and unifying regulatory criteria in supervision procedures, offered to 246 employees throughout the country. The topics developed were *Funcionarios de Excelencia* (Officers of Excellence), *Compromiso con la Rentabilidad* (Commitment to Profitability), *Manejo de Situaciones Difíciles en Agencia* (Handling of Difficult Situations), *Riesgo Psicosocial para Supervisores* (Psychosocial Risk for Supervisors), *Seguridad de la Información* (Information Security), and the meaning of being a Supervisor in Banesco.
  - ❖ From January to June 2013, the activities aimed to train the staff of *Banca Comunitaria Banesco* (BCB) in different levels (management, supervision, and basic), were focused on strengthening competences and technical knowledge in managing people, communicational tools for successful sales, collection techniques, methodological aspects, and regulatory workshops required for the performance of the business. At June close, 1,234 people attended the training events for a total of 15,556 hours.
  - ❖ The efficiency in applying the methodology of microfinance was evidenced through the application of 31 individual technical evaluations to new employees joining *Banca Comunitaria Banesco*. In addition, new training products were implemented in the 24 agencies of BCB, in order to strengthen not only technical aspect, but also the Values and the Code of Ethics of Banesco Citizens, with the participation of 490 people, with an impact as of June of 96% of the expected population.
  - ❖ In order to boost the Management Skills of people in this six-month period in *Banca Comunitaria*, we made emphasis on the positions of Supervisors and Coordinators in both the operational and the credit area. We also developed a relief crew program for staff with the potential to promote to supervisory positions. This time, 29 senior consultants participated, and the Sixth Management Skills Workshop was given to 73 people in supervisory positions.
- This six-month period, the training activities in person allowed us to achieve the following:
- ❖ Training of 10,508 workers in at least one activity.
  - ❖ 45,582 participations in training activities.
  - ❖ 156,980 man/hours invested in the first half of year in training and development activities.
- Focused on boosting the professional growth of our collaborators in the Organization, in May we implemented Programa Postúlate (Nominate Yourself Program). With this tool, we promote equal opportunities and allow employees to be aware of the vacant positions in the Organization and nominate themselves for those suitable to their professional development interests. Since the implementation of this tool, 440 have participated.
- Following is a summary of the contractual benefits given to our workers during the first half of 2013:

DESCRIPTION	BS.	BENEFICIARIES
Basic Health Policy	76,799,916.41	14,521
Unsecured Loans for Housing	6,478,173.74	201
Nurseries	8,773,717.30	1,755
Food Coupons	71,158,998.12	13,013

## CORPORATE SOCIAL RESPONSIBILITY

Within the framework of our Corporate Social Responsibility (CSR) program, we invested 27.39 million bolivars in activities to benefit our collaborators and the people attended by our social partners and allies.

In the first half of year, 78% of the CSR budget (Bs. 21,250,132) was allocated to non-contractual social benefits for employees of the Institution, including medical aid for dread diseases, lunchroom subsidy, and the unsecured loans, plus the contribution to the Corporate Voluntary Service that carries out activities with the social partners of the Bank.

In the external dimension of our CSR program (Bs. 6,147,885), the contributions to the following projects stood out:

### VENEZUELAN ASSOCIATION OF CATHOLIC EDUCATION

A social partner of Banesco since 2004, and since then, we have contributed Bs. 8.03 million to improve the physical structure of the affiliated institutions. In the first half of 2013, we contributed Bs. 1,000,000.

### A.C. DAMAS SALESIANAS

In order to promote their Working Training Program where low-income youngsters participate, we renew the agreement we entered into with this NGO for the ninth year in a row for Bs. 250,000, specifically to carry out such initiative in the Professional Training Center Don Bosco 88, located in Altamira. In the first half of year, we contributed Bs. 250,000.00. During school year 2011-2012, there were 87 graduates from this program: 14 accounting analysts and 73 business administrative assistants. Since 2004, when we started our relationship with A.C. Damas Salesianas, Banesco has contributed Bs. 2,104,441.

### A.C. RED DE CASAS DON BOSCO



During the first half of year, we contributed Bs. 922,460.57 to the Asociación Civil Red de Casas Don Bosco, amount that is part of the agreement renewed in 2012, which provides for the

contribution of Bs. 2.63 million for period 2012-2014. The funds will be allocated to the project of Comprehensive Protection and Care, Family Reintegration and Strengthening, and Education, Training and Coaching of children, adolescents, and young adults, from 4 to 25 years, living in the streets or in high risk conditions in the urban centers of the Metropolitan Area of Caracas, better known as Unidad Móvil BoscoBus (Mobile Unit). To date, Banesco has contributed Bs. 3.74 million for the Bosco Bus program, as part of its Corporate Social Responsibility Program.

### UNIVERSIDAD SIMÓN BOLÍVAR

As part of our Corporate Social Responsibility, since 2007, Banesco sponsors the publication of the collection *Papiros*. During the first half of this year, the financial entity contributed Bs. 450,000 for the publication of the collection *Papiros* 2013.

### IESA

In 2009, Banesco and IESA agreed upon a budget of Bs. 6.45 million, to be distributed in five parts. The funds are used for lectures of one of the most emblematic education programs of this Institution: the Magister of Finance, which consists of 13 courses, including, Microeconomics, Macroeconomics, Financial Analysis, Corporate Finance, and Investment Management in the areas of Finance and Economics, Negotiations, Communications and Ethics applied to Finance in the fields of Strategy, Organization and Management. Over 40 students graduate from this magister every year. In the first half of year, we contributed Bs. 1.29 million for this program.

### MICROENTREPRENEURS TRAINING PROGRAM

Since 2008, Banesco, through *Banca Comunitaria Banesco*, develops a Microentrepreneurs Training Program that provides administrative, financial, and technological tools to our customers, in order to give them the opportunity to manage their business in a more organized manner. This initiative adjusts to the new world standards where business sustainability must be incorporated to ensure the business success in the long term. During the first half of year, 684 people graduated, and since 2008, over 2,000 microentrepreneurs have been trained.

### OTHER ACTIVITIES

In addition, from January to June 2013, Banesco sponsored activities like *Cine para la Comunidad* (Cinema for the Community), a Project carried out with Baruta Majoralty and the *el Circuito Gran Cine*; Banesco Reading Corner (organized with the support of the Corporate Voluntary Service in order to promote Reading among little children) and the *tertulias* (discussion groups) "*Esto también es Venezuela*" (This is also Venezuela) at the Bello Monte agency, where several topics like literature, gastronomy, theater, etc. were discussed.

In addition, within the framework entered into the financial entity and the National System of Youth and Children Orchestras and Choirs of Venezuela, Banesco Banco Universal took the Simón Bolívar Latin-Caribbean Orchestra and the Simón Bolívar Symphonic Rock Orchestra to Merida. The activity was carried out within the framework of the 2013 International University Book Fair (FILU 2013), also sponsored by Banesco.



## RECOGNITION

Within the scope of the 69th Annual Meeting of Fedecámaras, this union entity awarded Banesco Banco Universal the recognition “Don Eugenio Mendoza Goicoechea” in the Company category, for its commitment to the community through its Corporate Social Responsibility Program.

The union organization valued the proposal presented by the financial institution in the projects: Microentrepreneurs Training Program, Banesco Voluntary Service, Bello Monte Community Participative Budget, and Corporate Responsibility and Sustainability Report.

In each of above initiatives, Banesco does not only establish alliances with its groups of interest, it also promotes closeness and work with the communities.

## MARKETING AND INNOVATION

### MULTICRÉDITOS 48 HORAS (48-HOUR MULTILOANS)

Banesco Banco Universal re-launched the product 48-Hour Multiloans offering competitive interest rate, for both natural and legal persons. The advertising campaign was made under the concept “*En dos días de éstos vas a comprar todo lo que quieras*” (Two of these days you will purchase anything you want) with presence in television, radio, newspaper, web, electronic media, and social networks.

This innovative product offers the unique benefit of being approved in just 48 hours (upon applicant providing all the requirements), allows financing to individuals of up to Bs. 300,000 and companies of up to Bs. 1,200,000, at a promotional rate of 21% for three months.

It is available at Banesco agencies nationwide.

As to individuals, the funds may be allocated to any customer's need, while for companies, the loans are intended as working capital financing, acquisition of fixed assets or purchase of raw material, among others.

Principal and interest are payable through monthly consecutive financial installments, and amortization and advance payment is allowed. The interest rate is variable up to the maximum set by the Central Bank of Venezuela.

### ISLR CAMPAIGN: “EL IMPUESTO SOBRE LA RENTA NO ASUSTA Y CON BANESCO, MENOS” (INCOME TAX IS NOT SCARY, MUCH LESS WITH BANESCO)

Banesco Banco Universal, leader of the financial system in Venezuela, offered options for its natural or legal clients to have financing for income tax payment.

Natural persons could apply for *ExtraCrédito en Efectivo* (Extra Loan in Cash) for up to Bs. 200,000. Upon approval, the funds

were immediately deposited in one applicant's account without affecting the limit of his/her credit card.

For legal persons, Multicréditos 48 (48 Multiloan) was available for up to Bs. 1,200,000. Those interested could go to any agency of the Bank and would get approval within 48 hours upon providing the requirements. The campaign was promoted with the slogan “Income Tax is not Scary, Much Less with Banesco” with presence in mass media.

### REGIONAL MEETINGS WITH BANESCO CITIZENS

In May, the Senior Management of Banesco visited Barquisimeto, Acarigua, Araure, and Valencia to be closer to the employees of the region.

Different areas of the Organization participated in these activities to send a single message full of good news to the regions. This team was made up by the areas of Human Capital, Communications and Corporate Social Responsibility, Products, Channels, Specialized Banking, Community Banking, Mass Segments, and Marketing.



These meetings were the basis to held fairs, which were used as a mean to promote the downloading and use of BanescoMóvil (Banesco Mobile) within Banesco employees.

In this fair, in addition to the main telephone operators of our country, which offered the possibility to acquire their devices through the savings bank, there was a BanescoMóvil stand with twos dummies or representations closed to the final production that simulated cell phones, including touch screen with interactive games, where employees could participate to win cell phones and tablets.

The main purpose was for the employees attending this meeting to enjoy a recreational time, spending time with peers from other agencies of the area and at the same time reinforce their knowledge as to the importance of this channel. Approximately 780 workers participated.

### **PROMOTION HOMECLUB BANESCO "TE PONE A GANAR" (MAKES YOU WIN)**

In February, Banesco awarded the three main winners of the Promotion HomeClub "Te Pone A Ganar" effective in the last quarter of 2012. The prizes were a Jeep Cherokee Sport and two cars Chevrolet Optra. By simply moving the Banesco checking account, customers accumulated "hits" and won.

### **TO HAVE TIME TO BE WHEREVER YOU WANT TO BE, BANESCO PROMOTES THE USE OF ELECTRONIC CHANNELS**

To promote knowledge and use of the Electronic Banking, Banesco designed a campaign that was broadcasted in mass media in June: TV, radio, printed media, and the Web.

The campaign emphasized on the different operations customers can do through the main electronic channels, like Multifunctional ATMs, BanescoOnline, BanescoMóvil, and Telephone Banking, in a fast, secure, and convenient manner.

The campaign used humor to show that by using the electronic channels customers save time to enjoy it with the loved ones instead of doing transactions in the agencies.

In addition, and as part of the educational strategy, Banesco included in its Youtube channel (BanescoEnImágenes) the tutorials for customers to learn to use the different functionalities Banesco Electronic Banking offers, for them to do their transactions in a convenient manner without having to go to the bank.

### **SECURITY CAMPAIGN**

As part of the strategy to inform its clients and reinforce the best practices to safeguard the security of their information and their financial instruments, Banesco launched a campaign focused on

revealing the main fraud modalities: The Switch, The Tip-off, and The Theft of Checks. This campaign began in 2012 and will be in effect throughout 2013 with its respective tips, which allow clients to take precautions to avoid being a victim of fraud.

This campaign was boosted through Banesco.com and social networks, with presence of videos in YouTube and in the agency network.

### **BANESCO CARD PROMOTIONS**

Banesco, permanently offering its clients additional benefits for the use of their credit or debit cards, made promotions during the first half of year in Alliance with the main franchises, by offering them the possibility to win prizes when using their Banesco cards.

From January 15, 2013, to April 15, 2013, the Bank made the Promotion *Tus Tarjetas Banesco Visa Te Llevan Lejos* (Your Banesco Visa Cards Take You Far Away), which rewarded the clients with the drawing of 10 trips for two to different destinations in Latin America: Buenos Aires, Argentina, Rio de Janeiro, Brazil, Cancun, Mexico, Bogota-Cartagena, Colombia, and Aruba.

From December 15, 2012, to January 31, 2013, the clients participated in the promotion Amex Compras Internacionales Gratis (International Purchases for Free), where for each purchase of Bs. 260 with their American Express credit card abroad or online, they had a chance to receive a reimbursement in bolivars for the purchases made in a trip or online. One hundred clients won.

*Todo gira en torno al Tenis con tu Tarjeta de Crédito Master Card* (Everything Revolves Around Tennis with your Master Card Credit Card), Sony Open Tennis 2013, a promotion where for every Bs. 350 the clients participated for an all inclusive package for two to the city of Miami, by generating coupons with the purchases made with their credit cards. Effective from 01/15/2013 to 02/17/2013.

Banesco launched the Promotion *Banesco te lleva a Brasil para que Grites en el Maracanã* (Banesco takes you to Brazil to scream at the Maracana Stadium) to take two of our clients with their guest to enjoy the Confederations Cup in Brazil by each purchase of Bs. 350 made with their Banesco cards between April 29 and May 26, 2013.

### **DEBIT CARD FOR PENSIONERS**

In April, we launched the Debit Card for Pensioners in order to give to Banesco's

retired clients the possibility to move the money of their pension from the Venezuelan Institute of Social Security in a fast and easy manner, without having to go to the Bank. The campaign to motivate the application of cards was launched through newspapers, radio, social networks, Banesco.com and informative flyers with the step-by-step that will help them use their debit card in the different channels offered by Banesco.





## EXTRACRÉDITO CAMPAIGN

With the permanent interest in offering its clients the best options of financial products, Banesco launched in the first half of year three ExtraCrédito campaigns in the two modalities: Purchases and Cash through BanescOnline, making the most of the seasonal variation of the first half of year to cover the clients' needs in each period. Hence, in the Easter period, a special activity was carried out, focused on Margarita Island, where the activations of BTL or displays in the shopping malls Sambil and La Vela took place, together with a campaign launched in regional newspapers and radio. The celebration of Mother's Day and Father's Day were used as the framework to offer clients the possibility to purchase their gifts with ExtraCrédito Banesco, by having the option to request ExtraCrédito in Cash or ExtraCrédito Purchases in affiliated businesses.

## TICKET PREMIADO (WINNING TICKET) CAMPAIGN

In order to give continuity to the benefits offered to cardholders through the Winning Ticket Permanent Program implemented since 2007 and boost the use of Banesco points of sale, two mass campaigns in newspaper and radio were made during the first half of year, which emphasized the communication "*Tu compra te puede salir GRATIS*" (Your Purchase Could Be FREE), aimed to reward cardholders during their usual purchase prior Mother's Day and Father's Day.

During each period, the Bank rewarded 1,300 cardholders while making their purchases through Banesco points of sale.

# BUSINESS MANAGEMENT

## PERSONAL BANKING

At closing of the first half of 2013, the efficiency, profitability, default and contribution margin indices of the Executive Vice-Presidency for Natural Persons continued a favorable evolution, with a steady increase in the loan portfolio for the following captions: commercial, vehicles and consumption loans.

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

The quantitative results of the Vice-Presidency at period close show a 12% growth in checking accounts and a 20% increase in the loan portfolio compared to the second half of 2012, as a result of focused loan management aimed at specific niche markets and product diversification. Commercial and vehicle loans showed variations of 29.48% and 7.92%, respectively, during the period.

Regarding portfolio quality, the default index at period close was 0.02%, below the level recorded in the second half of 2012 (0.05%), as a result of our continuous analysis prior to approval and strict portfolio control and follow-up.

## LEGAL ENTITIES BANK

### Corporate Banking

In the first half of 2013, Corporate Banking made important contributions to the Organization's customer deposit goals. This has been a result of the implemented strategies leading us to the top of our customers' reference banks.

Our policy of getting-to-know our customers' needs in detail and offer them the appropriate solutions has allowed us to achieve a 33.89% growth compared to last year's closing in customers' deposits.

To achieve this significant growth we have focused on specific areas of the economy, which contribute directly to the country's development. These areas are supported by experienced staff that provides financial assessment and offers products designed for every segment, thus rendering services according to our customers' expectations.

### Agricultural Banking

Agricultural banking in these first six months has allowed us to maintain our leadership as the first private bank attending to customers in the agricultural sector.

Our activities in this period were focused on granting 1,581 loans, 193 of which were destined to new borrowers. Our crediting activities have been basically aimed at primary producers, medium-sized and agricultural companies; thus enabling us to comply with the Law. We are pleased to achieve our goals because we are directly contributing to the country's agricultural and farming development. Customers' deposits in this area have experienced a 52% increase over 2012 closing.

Our valuable proposal is to render comprehensive services to our customers, offering a range of products, which provide value-added solutions to their requirements: levies, foreign trade, and payment means and services.

### Business Banking

Business Banking registered 15.75% growth in its loan portfolio for this period, emphasizing the support and prominence given to medium-sized and small companies attended to in this segment, with a variation of 47% growth in the total segment.

In terms of managing our customers' resources, we achieved 21.53% growth in the first half of the year, supported by our services of payment management, treasury, payroll, and electronic banking. We focused on our customers in the provinces through our excellent national coverage.

We continue to support all the country's productive sectors, particularly manufacturing, tourism, food, sales, and services.

### Energy Banking

Our value proposal to bank customers was based on the operational expertise on PDVSA, Corpoelec, and both institutions' subsidiaries. This translates into optimal crediting knowledge about the four main energy sectors, namely electric power, steel, gas and hydrocarbons.

The commercial articulation in our sales field, as well as the ability to discover and understand businesses on time allowed for a 20% increase of the credit portfolio and a 79% increase of the sector's consumer deposits.

One of the advantages of belonging to the Energy Banking sector as a customer is to be a part of the value chain of any of the four developing sectors; thus obtaining direct benefits in terms of conditions and effectiveness, where customers maximize their development and investment potential.

### Public Sector Banking

Our value proposal and commercial success of the State Banking is a result of the extent of the relations built, offering the best assessment in the market in terms of budget management for customers in the Central Government and Decentralized Public Administration.

The commercial structure design, the simplicity and security of the payment and collection means, and the ability to perceive our customers' needs on time enabled sustained and outstanding results in customer' deposits, which increased by 50% in the first six months.

For these reasons, the advantage of belonging to this specialized Banking as a customer means being able to enjoy the presence of our commercial team with the best service offer.

### MASS AND SME SEGMENTS

We provide services to more than 5 million individual and corporate clients, always aiming to improve our awareness and fulfillment of their needs. We maintain an ongoing program to improve our processes, products, and services, as evidenced by the adjustment to our service model made during the first half of year, by separating sales and service duties nationwide, which will allow optimizing the service time and be more aware and early and timely detect our clients' needs and requirements.

As part of our commitment to corporate clients of the Mass and SME Segments, we developed and carried out many commercial actions to address their needs, like the granting of special loans to pay the ISLR, issue of corporate cards, and installation of points of sale through mass processes.

In order to broaden the specialized support and service our corporate clients from the SME segment need, we increased the

number of consultants nationwide, which will allow us to continue boosting and providing service to such an important segment.

Continuing with our sub-segmentation strategies to support individual clients, we took targeted actions to improve the cross selling management of a relevant cardholders group by opening checking accounts and granting ExtraCrédito loans in cash.

As a result of those actions and the ongoing effort of our sales staff, the loan portfolio increased by 21.49% over the close of 2012, with the liquidation of 26,932 transactions, being the commercial loan the line of business with the highest growth in the first half of 2013.

In addition, customers' deposit increased by 11.98% over the close of 2012.

We acknowledge and promote the achievements of our staff by maintaining ongoing motivational programs aimed to 6,000 employees of the agency network, promoting and sharing the best practices, team work, goal meeting orientation, and quality service.

## BANCA COMUNITARIA BANESCO (BANESCO COMMUNITY BANKING)

In 2006, Banesco Banco Universal created *Banca Comunitaria Banesco* (BCB) as an initiative in micro-finance to provide the popular sectors of the population with financial products and services appropriate to their needs. Our goals are to promote financial inclusion, access to bank services, and sustainable development through access to credit and empowerment to entrepreneurs. Due to this empowerment, we also dignify our clients, give them confidence in their own working skills, their financial future, and the financial system in general.

During the first half of 2013, BCB granted 20,427 *Préstamos para Trabajar* (Working Loans), 28,039 Community Accounts were opened, and 29,251 clients affiliated to *Ahorro Paso a Paso* (Step-by-Step Savings).

As of June 2013 close, we have granted a total of 160,971 Working Loans, with a total paid amount of Bs. 3,191 million, a current portfolio of Bs. 1,469 million, with a low delinquency rate of just 0.17%. We also benefited 249,141 clients by providing indirect service to 1,245,705 people, 49.12% of which were brought to the banking for the first time.

The highest concentration of our portfolio is distributed in five economic activities: transport, clothing stores, grocery stores, markets, and motor vehicles.

In the microfinancing sector, BCB ranks first with a market share of 57.41% at cut-off in June 2013.

As for our service network, in February we consolidated our presence in Zulia State with the opening of the second Community Agency in Maracaibo. This agency will provide service to the northeast of Maracaibo Municipality, and the communities in the Parishes of Venancio Pulgar, Coquivacoa, Juana de Ávila, Cecilio Acosta, Cacique Mara, Chiquinquirá, San Isidro, Antonio Borjas Romero, Idelfonso Vázquez, Raúl Leoni, Caracciolo Parra Pérez, Jesús Enrique Lossada Municipality, and Mara Municipality.

Also in February, we opened the first Community Agency in Barinas State, which will provide service to the Municipalities of Barinas, Obispos, Cruz Paredes, Alberto Arvelo Torrealba, Pedraza, and Antonio José de Sucre; in Portuguesa State, Guanare, to the Parishes of Guanare, San Juan de Guanaguare, San Genaro de Boconoito; and in Sucre Municipality, to the Parish of Sucre.

In April, we opened our first agency in Maturín, Monagas State, which will provide service to popular entrepreneurs and to not bank users of the Parishes of Alto de Los Godos, Boquerón, Las Cocuizas, San Simón, Santa Cruz, El Corozo, El Furrial, Jusepín, La Pica, and San Vicente.

In May, we opened an agency in Porlamar, Nueva Esparta State, which will provide service to microentrepreneurs doing business in the Municipalities of Gómez, Arismendi, Tubores, Marcano, Díaz, García Mariño, Maneiro, Antolín Del Campo, and Macanao Peninsula.

As of June 2013 close, we had a total of 24 Community Agencies, hence, consolidating our presence in: La Vega, Antímano, San Martín, Petare, Catia, El Cementerio, Santa Teresa, Maiquetía, Higuerote, Guarenas, Barinas, Valencia (2), Puerto Cabello, Los Roques, Cúa, Aragua (2), Maturín, Barquisimeto (2), Porlamar, and Maracaibo (2).

In order to provide better service to our customers, we have: 78 Premises with Personal Service modality (Barras de Atención) and 145 non-banking correspondents (POSWEB). On the other hand, we started the Non-Banking Correspondents Migration Plan (NBC – Access to bank services) of the Community Allies in May, and we have migrated 125 NBC to date. Thus, we have a total of 223 Business allies in 8,367 areas on 16 states of the country.

In February, we continued extending our Microentrepreneurs Training Program, giving the opportunity to more than 300 entrepreneurs to enhance their management and administrative skills to grow their businesses.

Finally, on June 15, the Forum *Baruta Emprende* and Comprehensive Support Activity for Entrepreneurs and SMEs in Ciudad Banesco took place, where the importance of the work done by the Community Banking jointly with Baruta Mayorality to contribute to the development of a better society was emphasized.

## DISTRIBUTION CHANNELS BANESCO

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

- ❖ 418 service points (agencies, satellites, Banesco Express) nationwide
- ❖ 66,406 Points of Sale
- ❖ 1,634 ATMs
- ❖ 332 Self-Service Equipments
- ❖ 234 Checkbook Dispensers

### AGENCY NETWORK CHANNEL

At the close of the first half of 2013, a total of 55 remodeling works were made in the agency network. In the permanent search to improve the support and service provided to clients and users, in Banesco Banco Universal we have planned the remodeling of 140 agencies throughout the country during 2013 with the new service model, emphasizing on the use of electronic channels.

The investment to adapt our agencies ratifies our long-term commitment to our clients and confirms the commitment to use the electronic channels that allow new users to do transactions in a fast, simple, and secure manner.

The agencies remodeled based on the new model have a big lobby with withdrawal and multifunctional ATMs and self-service equipments. These devices allow customers do transactions like deposits and credit card payments in check or cash, withdrawals, balance inquiry, movements, and bank references, among others.

The concept is “¡Hazlo tú mismo!” (Do it Yourself!), since we want to invite our clients to use the electronic channels, know and take advantage of Banesco Electronic Banking, and invest the time they spend in an agency to share it with their loved ones.

To date, we have 42 lobbies built and transformed to offer more security and convenience to our clients and users, thus allowing us to move transactions to the electronic channels. The 42 agencies with lobbies are throughout the country: 11 in the Metropolitan Area, 8 in the Central-Los Llanos (the plains) region, 8 in the Western Andean region, 5 in Zulia-Falcón region, and 10 in the South Eastern region.

In April 2013, we started the operation to deliver credit cards to pensioners of the Social Security, which allows availability of funds for this segment, thus avoiding lines and congestion at the agencies.

The schedules of the agencies were modified to adapt them to the Employment Law.

## VIRTUAL AND MOBILE ELECTRONIC TELEPHONE CHANNELS

In the first half of 2013, the transactions made through Banesco electronic channels increased 22.1% over the first half of 2012. The share of the transactions made through electronic channels was 93.0%.

### INTERNET BANKING CHANNEL

At June 2013 close, BanescoOnline had over three million affiliated clients, over 180 thousand new clients incorporated to the channel during the first half of year—a 6.2% increase over December 2012. At the end of the first half of year, we had a total of 1,300,000 active clients making frequent transactions, which represents a 10% increase over the previous six-month period.

The number of transactions made through the channel increased by 15.4% over last year, which translates into 46 million more transactions.

As to BanescoOnline transactions, we maintain the effective service to 100% of the requirements received by this channel within the term set, thus guaranteeing service quality.

### MOBILE BANKING CHANNEL

In the first half of 2013, over 75 million transactions were made through the Mobile Banking.

To continue with the development of our Mobile Banking strategy to promote the use of cell phone, the BanescoMóvil channel included during the six-month period the following services available for BlackBerry, iOS, and Android devices:

- ❖ **Personal Mailbox:** Application for Banesco clients and non-clients, which allows sending Banesco information of interest through personal messages.
- ❖ **Loan Simulator:** Application for Banesco clients and non-clients, which allows calculating installments due in the application of *Multicrédito 48 horas* (48-hour Multiloans), *Credicarro* (Car Loan), and *ExtraCrédito* loan in cash or for purchases, as well as the delivery of requirements via email to the applicant.

In addition, in April 2013, the BanescoMóvil application for BlackBerry 10 was posted. In addition, we posted and released in the Windows market the ratification of the experience and usefulness of BanescoMóvil for Windows Phone, and began the production of the affiliation to BanescoMóvil SMS for Community Banking clients.

### ELECTRONIC BANKING CHANNEL

At 06/30/2013, we closed with 1,634 ATMs nationwide, which processed over 60 million transactions—a 7.1% over the first half of 2012. In 2013, we installed 55 multifunctional machines that allow making cash withdrawals, account deposits, and credit card payment in check and cash.

## TELEPHONE BANKING

During the first half of 2013, Banesco Telephone Banking answered over 19 million phone calls.

We implemented strategies and campaigns to invite the clients to use the requirement “*Ubicación de Plástico a través de BanescoOnline*” (Plastic Location through BanescoOnline), in order to offer them self-management and faster service, and we launched a Telemarketing campaign to capture interest in the pre-sale of the new CC MasterCard Banesco-Movistar and the standardization of the number of automated positive identification questions, which reduced the average operating time (AOT) in the Customer Service Centers, thus increasing the capacity to answer phone calls.

### NON-BANKING CORRESPONDENTS (NBC)

As to the NBC Distribution Channel, we closed with 135 NBC service points, 126 of which were already Business allies of the Community Banking and located in popular areas where Banesco develops and explores a strategy to mainstream people into the banking and to grant microloans; the POS were updated in this period for Banesco clients to make transactions in such points, which used to provide service to Community Banking clients only, and 9 new Banesco NBC businesses, the objective of which is to encourage the deviation strategy by being located in closed circuits nearby the Agency Network of Banesco, to make their transaction experience easier.

### POINTS OF SALE CHANNEL

We closed the six-month period with 66,406 Points of Sale, whereby over 100 million transactions were made—a 31% increase over the same period in 2012.

Of the 8,154 POS installed, the highest percentage was aimed to specialty businesses such as markets, grocery stores, supermarkets, food and supplies, hyper-stores, hardware stores, household items, fast food, family clothing, electrical appliances, building material, auto spare parts, and pharmacies.

Over 60,000 points of sale requirements were addressed and managed within the time set.





## DEBIT AND CREDIT CARDS

### DEBIT CARD ISSUING BUSINESS

Banesco maintains its leadership in the Debit Card Sales market, with a share of 24% at the close of the first half of 2013, reducing the gap with its closest competitor of the Peer Group to 8%.

This leadership is based on products and services for our clients to have better benefits when using Banesco Maestro Debit Card, by implementing strategies that allow them to satisfy their needs, like increase of new daily limits to make purchases through the points of sale, as well as more availability to pay in health and food business.

Likewise, a new card for Pensioners of the IVSS was launched in April and immediately delivered to those clients who requested it at any agency of their preference. To date, we have benefitted over 122 thousand pensioner clients.

This segment already enjoys convenience to move and manage the pension benefit, by using their Pensioner DC in the different electronic channels, and they can also withdraw from ATMs the total amount of the pension on the same day it is paid.

### CREDIT CARD ISSUING BUSINESS

Banesco consolidates its leadership in credit cards in the Venezuelan market reporting a share of over 24.50% of sales at the close of the first half of 2013.

The credit card portfolio grew by 45% at the close of the first half of 2013 over the same period in 2012. The card placement increased by 108%.

Sales with Banesco CC increased 78%. The CC portfolio delinquency rate percentage decreased by 0.5% over 2012; the growth in the placement and the portfolio was mainly boosted by the natural person sector.

As part of our different strategies and recognition of the loyalty and good credit record of our clients, different granting and maintenance processes were carried out to consolidate the financial relationship with our clients and their loyalty. Following are some of such processes:

- ❖ Proactive granting of Banesco CC to individual and corporate clients.
- ❖ Proactive granting of MasterCard-Movistar CC to clients and employees of Movistar.
- ❖ Proactive granting of Banesco Plan Alterno (Alternative Plan) CC.

- ❖ Scheduled increase of the lines of credit.
- ❖ Maintenance through up-grade process in the plastic category.
- ❖ Improvement in delivery times in renewals and replacements, including text messaging at the location and tracking through SMS and emails.

In an ongoing effort to provide our clients the best services and products, Banesco implemented the cash payment of foreign currency with Amex.

Banesco is an institution that constantly aims to benefit clients through a wide range of products; hence, in the first half of 2013, there was a communication campaign of *ExtraCrédito* Purchases through the Points of Sale and ExtraCrédito Cash, whereby our clients may request a loan using their credit card as reference. Sales paid with these products have been Bs. 231,934 and Bs. 1,667,114, respectively.

We are the institution of the Venezuelan market that offers the widest range of benefits to its clients to encourage loyalty to our brand through Business Alliances and Promotions with the most reputable brands of the country.

**Banesco-Coach Alliance**, effective from May 31 to July 31, 2013, in order to have benefits and discounts for our cardholders.

**Business Alliance with Hertz**, negotiation made with the business affiliate in order to get benefits for our cardholders, by giving them a 10%-15% discount.

In addition, Banesco offers its clients Permanent Programs that promote the use and due payment of its products, namely:

**Ticket Premiado (Winning Ticket)**, a permanent program that rewards cardholders of Banesco and other banks, who use their DC and CC in our POS with free purchases. In the first half of year, over 6,000 clients were rewarded—a total amount of Bs. 1,408,576.63.

1.300 TICKETS PREMIADOS  
EN EL MES DE LAS MADRES  
TE ESPERAN EN TUS PUNTOS BANESCO  
APROVECHA QUE TU COMPRA TE PUEDE SALIR GRATIS

Con Ticket Premiado Banesco puedes ganar ahora y siempre porque cada vez que pases tu tarjeta Banesco o tu tarjeta de crédito de otro banco por un punto de venta Banesco tu compra te puede salir gratis.

Banesco.com @Banesco Banesco Banco Universal BanescoImágenes banescobancouniversal

RFV-2013-0380-S

Banesco Contigo

## MANAGEMENT OF PAYMENT PRODUCTS, MEANS, AND SERVICES

### CASH MANAGEMENT SERVICES

In the first half of 2013, the services of Payroll Payment, Suppliers Payment, and Direct Billing experienced an overall increase of 49.4% in managed amounts, and a decrease of 3.6% in the transactions made through the Electronic Data Interchange (EDI) platform over last year's same period.

The joint operation of the Specialized Banking and the executives of Payment Means and Services facilitated the incorporation of 258 clients to the portfolio during the period. This way, the services of Payroll Payment, Suppliers Payment, and Direct Billing record a total of 2,766, 1,800, and 444 active clients, respectively.

As to the tax collection service, collections increased by 26% over the same period in 2012, while the transaction activity experienced an increase of 31%. With the incorporation of new clients in the period, the tax collection service closed the first half of year with a client portfolio of 201 active clients.

### NEW DEVELOPMENTS

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

- ❖ Electronic Remote Deposit Capture
- ❖ Approval of payment of customs duties through electronic channels

## QUALITY MANAGEMENT

In the increasing globalization process, society presents a peak in communications, thus generating the need for products and services that meet the more and more specialized expectations of customers, options that allow them to diversify their financial requirements beyond the borders of their home country.

In this period, we included projects related to addressing requirements from initial stage to final response, maintaining the use of statistical tools that make the quantification of satisfaction and quality levels possible.

In addition, the initiative of incorporating online voice measurements of SME clients (on events scheduled throughout the year) arose under the figure of Google Apps, thus generating real-time results on the business expectations that include current aspects regarding the financial environment, new technologies, enterprising and leadership, marketing trends and product offers, and financial services.

As in all six-month periods, the Service Audits (ADS) and the Satisfaction Measurement Program continue:

- ❖ **ADS:** They report high levels of satisfaction in 33 agencies evaluated nationwide, a Managerial Efficiency of 94.7% and a Users' Satisfaction index of 8.3/10 points, on a basis of 1,880 Banesco clients interviewed.
- ❖ **Mystery Shopper:** Applied to 97 agencies nationwide, it reaches an average rating of 72% in drivers of service, processes, and service quality.

## BUSINESS TECHNOLOGY AND PROCESSES

Aligned to our Strategic Vision of transforming our actions into business opportunities for the corporation, we have focused our efforts on the optimization of the processes in the search of operational excellence, emphasizing on effective solution delivery, assuring continuity in service operations, in a cost-efficient manner, encouraging innovation, applying the best practices, and optimizing the business architecture.

### TECHNOLOGY INNOVATION

In the area of **Technology Innovation**, we continue innovating and developing products and services oriented to the main world technology trends (mobility, cloud computing, social networks, and bigdata). We have implemented a systematic process of exploration and delivery of innovative solutions.

In addition, in order to boost the innovative and new-idea generating culture, we developed the program **IT Innovation Ambassadors** aimed to generate participation and involvement of the IT staff so that they focus on the search of strategic value for the organization, with proposals of radically superior ideas for clients, so that to create and offer solutions that allow us to remain alert to changes in the environment and to the needs of our clients.

### ARCHITECTURE

The **Technological Architecture** in its different layers, provides the resources to enable or automate the business processes, and lies on a technological platform, the growth of which must be regulated to assure organized evolution thereof.

During the first half of 2013, the efforts in the Architecture area were focused on the measurement of complexity, standardization, and upgrading level of the technological platform. These measurements are truly innovative and are allowing us to establish a base line to set goals that control the effect of the actions taken to minimize the complexity in the technological architecture.

On the other hand, we established the general rules and guidelines for the use and deployment of Technology resources and assets in the entire company, per layer of applications, technological infrastructure, and data.

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

## BUSINESS PROCESSES

Our Business Processes have encouraged operational excellence in the value chains of the Bank's businesses. For this purpose, the project teams have been trained in lean manufacturing methodologies, including practical application in real cases related to concepts of quality at origin or "zero error", waste disposal, and maximizing operation efficiency in the value chains of Loans, Cards, Procurement, and Agencies. We have obtained specific results in improvement of agencies Service and Waiting Time throughout the country, compliance with Electronic Banking Law regulations, definition of a corporate strategy for handling Bank's documents (bank without paper), increase of business opportunities with improvements in the credit card management processes, and optimization of the approval process for Business loans.

These actions were taken in order to implement best practices related to our leadership in end-to-end processes, particularly in designing transition towards the "Process Owners" scheme.

## PROJECT OFFICE

Improvements regarding **Project Management** were implemented in the Project Office, reinforcing the role of Project Managers and the work team. For this purpose, the Project Office was structured to guarantee management focused on and abiding by the best practices in Project Management, as set out by the *Project Management Institute* methodology.

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

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

The aforementioned actions have permitted a better handling of expectations and commitments, as well as a more timely generation of each project's deliverables according to the needs of the Bank and its customers.



## ENGINEERING AND DEVELOPMENT

In the area of **Engineering and Development**, we continue to move forward in the incorporation of practices to develop more agile solutions by increasing automation and specialization in executing tests, strengthening governance and control of non-productive environments for critical services, establishing new working schemes to generate stronger designs, and formalizing quality assurance practices in development projects. This is aimed at guaranteeing the quality, costs, and time for rendering solutions, in addition to actions to strengthen our internal and external capacities, as well as a rigorous strategy of follow-up and control of deliverables from our key providers.

It is important to highlight that we are still focused on developing simplified architecture, installing platforms with high-availability and contingency considerations, replication of knowledge in staff that provides support to critical services, and joint work with Operations in the execution of projects, requirements, and maintenance to ensure continuous operation.

## OPERATIONS

In the **Operations** area, we began the first half of 2013 improving our technology platform by implementing the new *iSeries Power 7 High-Availability* computer, which translates into a higher level of availability and continuity of the Bank's operations. With this scheme we increase even more our levels of service and availability for our customers.

Moreover, thanks to the focus in executing technology plans for ongoing improvement, strengthening operation processes for new solutions, reinforcing specialized training for the technical staff, and our important advances in decreasing the obsolescence of our technology platform, we achieved ideal levels in our services' availability and reliability.

Finally, we have maintained strict follow-up and control of the risk management actions on our technology systems, thus preventing any potential impact on customer services.



## COMPREHENSIVE RISK MANAGEMENT

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

At closing of the first half of 2013, the team of the Executive Vice-President for Comprehensive Risk Management coordinated and completed seven (7) specialized trainings in Comprehensive Risk Management and Risk Management Methodology, for a total of 60 trainees in the internal Vice-Presidency team, and the areas of Technology and the Unit for Prevention and Control of Money Laundering and Terrorist Financing.

Moreover, the facilitator team certified in Risk belonging to the Human Capital Directorate led thirty-seven (37) comprehensive risk talks to new employees and reinforced the requesting areas (687 trainees).

On the other hand, as specialized update training in risk management, we completed in May the third edition of AIRM Certification, or "*Alarys International Risk Management*" given by the Latin-American Association for Risk and Insurance Management (ALARYS, for its Spanish initials). 35 participants were certified for both Comprehensive Risk and key areas related to risk management in the Organization, like the Unit for Prevention and Control of Money Laundering and Terrorist Financing, Loss Prevention Management and Business Continuity, Auditing, Business Processes, Human Capital, and Technology.

### CREDIT RISK

Credit Risk, as the Organization's possibility to incur in financial losses caused by total or partial failure to comply with the obligations towards customers or counterparts, is managed in the Organization considering the nature of the loans according to their modality and the customer profile. Therefore, during the first half of 2013, Credit Risk management was oriented to reinforcing and following-up both the approval and performance of the loan portfolio through actions within the comprehensive risk management policies approved by the Board of Directors.

In this sense, the sessions of the Portfolio Quality Committee in all its modalities were reinforced in the first half of 2013. In these sessions, process owners committed to cleaning the evaluated portfolios, in order to find alert signals in customers, both

individually and as a group, and in the granting processes. A total of six (6) sessions of the Mass Committee, twelve (12) sessions of the Corporate Committee, and three (3) sessions of the Regional Committee were carried out. These actions were accompanied by the completion and delivery of situation reports for taking actions, and the close follow-up of due balances in the portfolio.

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

### MARKET AND LIQUIDITY RISK

In Banesco Banco Universal, the Market and Liquidity Risk is managed with methodologies included in internationally known standards and practices.

In the case of Market Risk, as the possible financial impact of market condition changes on the organization, the management implemented resulted from the application of the Value-at-Risk methodology to determine expected losses that could occur due to risk factor variations affecting the market value of the positions maintained in the investment portfolio.

At closing of the first half of 2013, the Value at Risk of the sales investment portfolio reached 101 million bolivars, which implied a 25% reduction in comparison with 2012 closing results. This can be explained mainly by the decrease of the volatilities of the securities comprising the Institution's investment portfolio.

The Institution's management of Liquidity Risk, understood as the possible financial impact on the Organization for failure to obtain funds to comply with Liquidity Risk financial obligations, is completed by following up short- and medium- term liquidity indicators, gaps between assets and liabilities, in addition to the coverage indicator, which allows to know the Bank's capacity to support a volatility level in liabilities in a 20-day period with its current coverage reserves. This final indicator showed good performance in the first half of 2013, with liquid assets exceeding the volatility in liabilities, both in normal and stress conditions, with average results in the first half for both scenarios of 254% and 185%, respectively.

### OPERATIONAL RISK

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



In the first half of 2013, we continued to promote the self-management approach for risks within the Organization through the designation of the “Process Owner” and the “Comprehensive Risk Master Deputy” (MDRI, for its initials in Spanish) in key processes. This allows the continued strengthening of the end-to-end vision of the process, identification and evaluation of its risks, and the definition of actions to close gaps, mitigate losses, and diminish consequences for the Bank’s reputation. The evaluations, analyses, and ongoing follow-ups made under this approach have constituted a key component in keeping risk levels within the established limits, thus guaranteeing business continuity.

Moreover, during the first half of the year, we began implementing the Operational Risk Management Tool, in compliance with the best practices worldwide. This tool’s implementation promotes the optimization, automation, and self-management of the Risk Management process, thus promoting our Comprehensive Risk Culture, and the institutional use of Key Risk Indicators (KRI).

## LOSS PREVENTION MANAGEMENT AND BUSINESS CONTINUITY

The efforts of this area are aimed to achieve quality and reliability of the services to the organization, by focusing our efforts on minimizing waste, faults, occupational injuries, occupational diseases, and fraud, maximizing availability of our services, and being effective in all our activities.

### LOSS PREVENTION

Thanks to an effective management of mitigation initiatives and reinforcement of our channels, products, means of payments and services, as well as monitoring and management processes of commercial establishments, we were able to reduce losses for the Online Banking by 20%, Debit Card by 61%, and Agencies by 19%, over the first half of 2012.

We increased the effectiveness of recoveries in general, including CC, Online Banking, checks, and agencies, obtaining 52% of recovery amount, which exceeds by 13% the recovery management of the first half of 2012 (39%).

We strengthened and included new controls in checks at monitoring system level, including unauthorized queries in financial accounts of our clients and in agency processes, effectively



mitigating the fraud modalities that were an impact during the first months. As to Online Banking, we have implemented technological improvements and continuously reinforce the internal processes. On the other hand, we strengthen ATM controls aimed to fight the different electronic crime modalities.

We maintained an active participation in the work sessions of the Banking Association of Venezuela, SUDEBAN, and Suiche7B, by supporting the subject matters of the Electronic Risk Committee and the Electronic Banking Law, in order to continue promoting proposals collectively as to the solutions that effectively strengthen the security in the banking system.

## OCCUPATIONAL SAFETY AND HEALTH

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

Our main accomplishments in this first half of year are as follows:

- ❖ We gave occupational safety and health talks to new entries on a monthly basis, in compliance with the law. We gave 29 talks to 727 new entries. In addition, we gave 24 workshops on “Workplace Ergonomics and Postural Hygiene” (6 workshops in the Metropolitan Area and 18 at a regional level), with the participation of 643 national workers, and 27 training workshops on Psycho-social Risk Factors (8 in the Metropolitan Area and 19 at a regional level), with the participation of 943 workers.
- ❖ We offered 4 workshops on the use of fire extinguishers in the Metropolitan Region to 343 workers, and 22 environment assessments in order to supervise, analyze, and control the environmental conditions in the main workplaces (temperature, noise, light, etc.). We developed 9 information campaigns on the Intranet, for approximately 11,000 workers, aimed at prevention of accidents, occupational diseases, and awareness of workplace laws, safety, and health.
- ❖ We carried out 3 partial evacuation drills in the principal office of Banesco Banco Universal (Ciudad Banesco), 3 full evacuations in the Community banking offices - Prevention of Money Laundry, in Torre Sur, Centro Comercial El Recreo, and total evacuation of Ciudad Banesco.

- ❖ We published printed information on the “Occupational Safety and Health Update” board in January, March, and June 2013, distributed in all the agencies.
- ❖ In connection with the health area and as part of Banesco Corporate Social Responsibility (CSR), in the first half of 2013, 8,707 individual actions were taken aimed at preventing employees’ diseases, in addition to preventive AH1N1 communication campaigns, preventive uterine, skin, and prostate cancer campaigns, spirometry sessions to evaluate the lung capacity of risk workers, high blood pressure, dyslipidemias, among others.



## PROTECTION

During the first half of 2013, we continue evaluating and reinforcing security in critical agencies and Banesco Express, in order to reduce exposure of the liabilities of our institution.

The evaluation concluded, and we acquired a new double custody system of ATMs for agencies and automated Banesco Express. The warehouses and deposits were inspected to validate the industrial safety conditions and physical security thereof, and we established the corrective measures to optimize their security.

We coordinated with the regulatory agencies to verify and certify the security of the agencies nationwide under the current laws.

## LOSS CONTROL

In the first half of 2013, we continued implementing the failures and vulnerabilities control detection strategies of the technological platform and the processes.

We concluded the investigations on relevant facts around a

situation of loss or incidents that may affect the operational or administrative activity of the business. We addressed 348 cases. We supported the Human Capital in the recruitment of staff by making 2,505 pre-employment testing.

In addition, we complied with the judicial bodies by fully addressing 2,513 files.

## BUSINESS CONTINUITY

In the first half of 2013, we updated and prepared scenario-based continuity processes based on the analysis of the environment, the business’ needs, and the technological needs.

We successfully conducted 36 contingency or high availability drills aimed to guarantee the services in the event of major failure of the production environment and the critical operations of the business. In May, we introduced the concept “integral switch,” intended to prepare the Bank to face simultaneous events in different critical services. At that time, 10 platforms of critical services were switched at once and for 24 hours were in the alternative data center without the operations being affected.

The logistics for the switch counted on the participation of approximately 160 people in the Technology and the Business areas. In addition, in April, we conducted the evacuation of the entire staff of the ground floor with mobilization of the critical staff of Vault and Securities Custody to the Alternative Work Center due to a flood scenario in Ciudad Banesco.

Additionally, in the first half of year we activated the Crisis Management Committee in different opportunities in view of the declaratory communication on non-working days to coordinate the critical staff, the provision of cash in ATMs due to transit limitation of transport of valuables, payroll and suppliers payment process management for major clients, coordination of adjustments in technological applications, and bring forward the activities of the Electronic Clearing House. Combined with this logistics, we established over 10 multidisciplinary Control Rooms focused on monitoring management of the environment and the critical services of the Bank, which allows managing and providing timely information of the events triggered in this highly critical stage of the national course.

On the other hand, as to the awareness of the Bank in Continuity matters, we began the training talks and designed the content in Business Continuity for the Risk Culture process through Virtual Learning. We also formalized the Business Continuity Guidelines to evaluate suppliers and technological architectures.

In parallel, the integration of Operating Risk and Business Continuity to conduct the end-to-end analysis of the critical services continues in order to identify the technological and the process and operation scenarios that may affect the effectiveness of the critical operations and establish the strategies to follow to assure service availability.

# PROPOSAL SUBMITTED BY THE BOARD OF DIRECTORS WITH RESPECT TO THE CONSIDERATION AND DECISION OF THE GENERAL REGULAR SHAREHOLDERS' MEETING CALLED BY SEPTEMBER 23, 2013, TO DECLARE AND PAY CASH AND SHARE DIVIDENDS

## CASH DIVIDENDS

The Board of Directors submits to the consideration and decision of the shareholders their proposal to declare and pay a cash dividend for ONE THOUSAND SIXTY MILLION SEVEN HUNDRED AND NINETY-FIVE THOUSAND EIGHT HUNDRED AND FIFTY (Bs. 1,060,795,850), to be distributed as follows:

- ❖ The amount of SIX MILLION SEVEN HUNDRED AND NINETY-FIVE THOUSAND EIGHT HUNDRED AND FIFTY (Bs. 6,795,850), to bearers of preferred shares, corresponding to Issues 2008-I and 2008-II. This dividend covers the payment DUE ON February 15, 2014, in conformity with the corresponding issue prospectus.
- ❖ The amount of ONE THOUSAND FIFTY-FOUR MILLION (Bs. 1,054,000,000) to bearers of common shares.

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

## SHARE DIVIDEND

Should the redemption of preferred shares be approved after being submitted to consideration of the Shareholders' Meeting, and in order to maintain the Capital Stock of the Bank in ONE THOUSAND TWO HUNDRED AND FIFTY MILLION (Bs. 1,250,000,000), we will propose the meeting to decree and pay a share dividend for TWO MILLION (Bs. 2,000,000), the issue of TWO HUNDRED THOUSAND (200,000) new common shares.

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

**Juan Carlos Escotet Rodríguez**  
*Chairman of the Board of Directors*

# BALANCE SHEET

## BANESCO BANCO UNIVERSAL, C.A.

Stated in Million VEB

### ASSETS

	Jun, 13	Dec, 12	Jun, 12	Dec, 11
<b>CASH AND DUE FROM BANKS</b>	<b>24,894</b>	<b>28,317</b>	<b>15,427</b>	<b>22,718</b>
Cash	2,360	3,714	1,920	2,226
Central Bank of Venezuela	18,237	21,465	10,790	18,877
Local Banks and Other Financial Institutions	326	159	141	125
Foreign Banks	435	121	246	96
Head Office and Branches	0	0	0	0
Pending Cash Items	3,536	2,859	2,329	1,393
(Provision for Bank Accounts)	0	0	0	0
<b>INVESTMENTS SECURITIES</b>	<b>43,724</b>	<b>26,237</b>	<b>16,363</b>	<b>11,518</b>
Investments in Central Bank	908	1,313	16	506
Investments in Trading Securities	0	0	0	0
Investments in Securities Available for Sale	14,487	8,197	5,979	6,585
Investments in Securities Held to-maturity	20,437	11,745	5,752	1,429
Limited Availability Investments	273	184	197	535
Other Security Investments	7,618	4,798	4,420	2,464
(Provision for Security Investments)	0	0	0	0
<b>LOAN PORTFOLIO</b>	<b>76,362</b>	<b>64,190</b>	<b>52,491</b>	<b>41,905</b>
Outstanding Credits	77,738	65,343	53,218	42,346
Restructured Credits	75	56	109	113
Past Due Credits	545	321	380	397
Credits in Litigation	4	3	17	14
Provision for Credit Portfolio	-1,999	-1,533	-1,232	-965
<b>INTEREST AND COMMISSIONS RECEIVABLE</b>	<b>1,721</b>	<b>1,292</b>	<b>838</b>	<b>615</b>
Interest receivable from cash and due from banks	0	0	0	0
Interest receivable from security investments	716	445	250	172
Interest receivable from credit portfolio	921	828	616	515
Commissions Receivable	149	96	74	68
Interest Receivable on Other Accounts Receivable	0	0	0	0
Provision for Interest Receivable and Other	-66	-77	-101	-141
<b>INVESTMENTS IN SUBSIDIARIES, AFFILIATES AND BRANCHES</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>
Investments in subsidiaries and affiliates	4	4	4	4
Investments in branches	0	0	0	0
Provision for investments in subsidiaries, affiliates and branches	0	0	0	0
<b>PROPERTY RECEIVED IN LIEU OF PAYMENT</b>	<b>21</b>	<b>25</b>	<b>17</b>	<b>33</b>
<b>PROPERTY IN USE</b>	<b>1,222</b>	<b>1,098</b>	<b>1,085</b>	<b>1,041</b>
<b>OTHER ASSETS</b>	<b>1,014</b>	<b>2,419</b>	<b>653</b>	<b>1,464</b>
<b>TOTAL ASSETS</b>	<b>148,962</b>	<b>123,582</b>	<b>86,878</b>	<b>79,298</b>



# BALANCE SHEET

## BANESCO BANCO UNIVERSAL, C.A.

Stated in Million VEB

### LIABILITIES

	Jun. 13	Dec. 12	Jun. 12	Dec. 11
<b>DEPOSITS FROM CLIENTS</b>	<b>131,215</b>	<b>109,055</b>	<b>76,165</b>	<b>70,752</b>
Deposits in Current Accounts	90,434	77,631	53,131	48,612
Non-Remunerated Checking Accounts	45,006	38,128	25,945	22,998
Remunerated Checking Accounts	45,428	39,502	27,187	25,614
Other Demand Liabilities	14,854	9,857	7,831	8,594
Obligations for Money Desk Operations	0	0	0	0
Savings Deposits	25,462	21,112	14,729	13,054
Time Deposits	465	455	473	491
Securities Issued by the Institution	0	0	0	0
Restricted Deposits from Clients	0	0	0	0
Right of Ownership and Participation on Security Investments	0	0	0	0
<b>OBLIGATIONS WITH BCV</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>DEPOSITS AND OBLIGATIONS WITH BANAVIH</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>0</b>
<b>OTHER FINANCING OBTAINED</b>	<b>1,769</b>	<b>732</b>	<b>336</b>	<b>213</b>
Liabilities with local financial institutions up to one year	1,610	581	324	205
Liabilities with local financial institutions more than one year	0	0	0	0
Liabilities with foreign financial institutions up to one year	158	151	12	7
Liabilities with foreign financial institutions more than one year	0	0	0	0
Other Liabilities up to one year	0	0	0	0
Other Liabilities more than one year	0	0	0	0
<b>OTHER FINANCIAL OBLIGATIONS</b>	<b>92</b>	<b>61</b>	<b>70</b>	<b>77</b>
<b>INTEREST AND COMMISSIONS PAYABLE</b>	<b>17</b>	<b>13</b>	<b>12</b>	<b>14</b>
Expenses payable due to deposits from clients	16	13	12	14
Expenses payable due to obligations with BCV	0	0	0	0
Expenses payable due to deposits and liabilities with BANAVIH	0	0	0	0
Expenses payable due to other financing obtained	0	0	0	1
Expenses payable due to other financial obligations	0	0	0	0
Expenses payable due to obligations convertible to capital	0	0	0	0
Expenses payable due to subordinated debt	0	0	0	0
<b>ACCRUALS AND OTHER LIABILITIES</b>	<b>3,870</b>	<b>3,246</b>	<b>2,388</b>	<b>2,034</b>
<b>SUBORDINATED DEBT</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>OTHER LIABILITIES</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL LIABILITIES</b>	<b>136,964</b>	<b>113,107</b>	<b>78,971</b>	<b>73,089</b>
<b>STOCKHOLDERS' EQUITY</b>				
<b>CAPITAL STOCK</b>	<b>1,250</b>	<b>1,250</b>	<b>1,250</b>	<b>1,250</b>
Capital Paid-in	1,250	1,250	1,250	1,250
<b>PAID-IN SURPLUS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>CAPITAL RESERVES</b>	<b>1,283</b>	<b>1,275</b>	<b>1,105</b>	<b>903</b>
<b>EQUITY ADJUSTMENTS</b>	<b>687</b>	<b>267</b>	<b>317</b>	<b>317</b>
<b>ACCUMULATED INCOME</b>	<b>8,625</b>	<b>7,165</b>	<b>5,099</b>	<b>3,602</b>
<b>NON-REALIZED GAIN OR (LOSS) ON AVAILABLE FOR SALE SECURITY INVESTMENTS</b>	<b>188</b>	<b>552</b>	<b>171</b>	<b>171</b>
<b>TREASURY STOCK</b>	<b>-35</b>	<b>-35</b>	<b>-35</b>	<b>-35</b>
<b>TOTAL LIABILITIES</b>	<b>11,998</b>	<b>10,474</b>	<b>7,907</b>	<b>6,208</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>148,962</b>	<b>123,582</b>	<b>86,878</b>	<b>79,298</b>
<b>CONTINGENT DEBTOR ACCOUNTS</b>	<b>25,439</b>	<b>20,303</b>	<b>13,633</b>	<b>13,285</b>
<b>TRUST ASSETS</b>	<b>10,817</b>	<b>9,231</b>	<b>8,880</b>	<b>8,362</b>
<b>OTHER TRUST ASSIGNMENTS</b>	<b>263</b>	<b>279</b>	<b>265</b>	<b>198</b>
<b>DEBTOR ACCOUNTS DUE TO TRUST ASSIGNMENTS (Housing Mutual Fund)</b>	<b>8,241</b>	<b>7,321</b>	<b>6,412</b>	<b>5,703</b>
<b>OTHER DEBTOR ACCOUNTS (HOUSING MUTUAL FUND)</b>	<b>15</b>	<b>14</b>	<b>13</b>	<b>12</b>
<b>OTHER DEBTOR MEMORANDUM ACCOUNTS</b>	<b>365,238</b>	<b>298,739</b>	<b>269,120</b>	<b>210,019</b>
<b>OTHER DEBTOR BOOK ACCOUNTS</b>	<b>27</b>	<b>27</b>	<b>27</b>	<b>26</b>

# STATEMENTS OF EARNINGS

## BANESCO BANCO UNIVERSAL, C.A.

Stated in Million VEB

	Jun. 13	Dec. 12	Jun. 12	Dec. 11
<b>FINANCIAL REVENUES</b>	<b>8,509</b>	<b>6,707</b>	<b>5,309</b>	<b>4,240</b>
Revenues from Cash and Cash Equivalents	2	2	2	2
Revenues from Security Investments	2,009	1,207	889	641
Revenues from Credit Portfolio	6,445	5,449	4,361	3,535
Revenues from Other Accounts Receivable	50	45	45	40
Revenues from Investments in Subsidiaries, Affiliates and Branches	0	0	0	0
Revenues from Head Office and Branches	0	0	0	0
Other Financial Revenues	3	4	12	22
<b>FINANCIAL EXPENSES</b>	<b>1,843</b>	<b>1,369</b>	<b>1,069</b>	<b>829</b>
Expenses Due to Deposits from Clients	1,837	1,343	1,055	824
Expenses Due to Obligations with BCV	0	0	0	0
Expenses Due to Deposits and Obligations with BANAVIH	0	0	0	0
Expenses Due to Other Financing Obtained	4	3	0	4
Expenses Due to Other Financial Obligations	0	23	14	0
Expenses Due to Subordinated Debt	0	0	0	0
Expenses Due to Head Office and Branches	0	0	0	0
Other Financial Expenses	2	0	0	0
<b>GROSS FINANCIAL MARGIN</b>	<b>6,665</b>	<b>5,338</b>	<b>4,240</b>	<b>3,411</b>
Income from Recovered Financial Assets	152	133	106	86
Expenses Due to Uncollectibility of Credits and Other Accounts Receivable	502	597	579	629
Provision for Loan Portfolio and Other Accounts Receivable, Losses	502	597	579	629
Provision for Cash and Due from Banks	0	0	1	0
<b>NET FINANCIAL MARGIN</b>	<b>6,315</b>	<b>4,874</b>	<b>3,767</b>	<b>2,869</b>
Other Operating Income	2,206	2,058	1,471	940
Other Operating Expenses	470	385	276	227
<b>FINANCIAL INTERMEDIATION MARGIN</b>	<b>8,051</b>	<b>6,547</b>	<b>4,962</b>	<b>3,582</b>
<b>TRANSFORMATION EXPENSES</b>	<b>3,575</b>	<b>3,052</b>	<b>2,725</b>	<b>2,075</b>
Personnel Expenses	1,485	1,295	1,047	871
Administrative and General Expenses	1,254	1,195	1,158	855
Contributions to Deposit Guarantee and Bank Protection Fund	773	512	481	318
Contributions to Superintendency of Banks and Other Financial Institutions	63	50	40	32
<b>GROSS OPERATING MARGIN</b>	<b>4,476</b>	<b>3,495</b>	<b>2,236</b>	<b>1,507</b>
Income from Adjudicated Goods	23	11	9	11
Income from Special Programs	0	0	0	0
Income from Sundry Accounts	37	49	30	48
Expenses Due to Realizable Property	10	7	11	10
Expenses for Depreciation, Amortization and Devaluation of Miscellaneous Goods	0	0	0	0
Expenses Due to Sundry Accounts	406	358	244	181
<b>NET OPERATING MARGIN</b>	<b>4,120</b>	<b>3,191</b>	<b>2,019</b>	<b>1,374</b>
Extraordinary Income	0	0	0	0
Extraordinary Expenses	5	7	3	6
<b>GROSS INCOME BEFORE TAXES</b>	<b>4,116</b>	<b>3,183</b>	<b>2,016</b>	<b>1,368</b>
Income Taxes	100	275	0	0
<b>NET INCOME</b>	<b>4,016</b>	<b>2,908</b>	<b>2,016</b>	<b>1,368</b>
<b>APPLICATION OF NET INCOME</b>				
Legal Reserve	0	145	202	137
Statutory Utilities	0	0	0	0
Other Capital Reserves	6	6	0	0
<b>ACCUMULATED INCOME</b>	<b>4,010</b>	<b>2,756</b>	<b>1,815</b>	<b>1,231</b>
<b>LOSEP Contribution</b>	<b>44</b>	<b>34</b>	<b>22</b>	<b>15</b>
<b>OTHER ACCOUNTS</b>				
Third-Party Investments	0	0	0	0
Monthly Agriculture Credit Portfolio	992	213	1,784	353
Accumulated Agriculture Credit Portfolio	12,985	10,585	11,321	6,675
Public Sector Deposits	5,396	3,572	4,967	4,302
Micro-Credits	4,769	3,697	2,569	1,952
Credits to the Segment of Tourism in accordance to law in force	1,581	1,419	1,235	978
Mortgages according to the Special Law for the Protection of the Housing Loan Debtor	3,856	3,693	3,349	3,652
Financial Soundness Ratio	10.85%	10.22%	10.36%	8.77%
Manufacturing Loans	4,225	4,306	3,968	3,808

# TRUST

## BANESCO BANCO UNIVERSAL, C.A.

Stated in VEB

	Jun, 13	Dec, 12	Jun, 12	Dec, 11
<b>HERITAGE TRUST</b>	<b>10,222</b>	<b>8,635</b>	<b>8,342</b>	<b>7,822</b>
<b>INVESTMENT TRUSTS</b>	<b>2,151</b>	<b>1,367</b>	<b>1,922</b>	<b>1,198</b>
Individuals	258	297	114	127
Corporative Entities	826	795	683	521
Central Administration	41	5	6	5
Public, State, Municipal and Central Administrations	0	0	0	0
Decentralized Entities and Other Entities with Special Regime	1,026	270	1,120	546
<b>GUARANTEE TRUST</b>	<b>2,459</b>	<b>1,764</b>	<b>1,765</b>	<b>1,776</b>
Individuals	0	0	1	1
Corporative Entities	2,446	1,752	1,752	1,763
Central Administration	0	0	0	0
Public, State, Municipal and Central Administrations	0	0	0	0
Decentralized Entities and Other Entities with Special Regime	12	12	12	12
<b>MANAGEMENT TRUSTS</b>	<b>5,612</b>	<b>5,159</b>	<b>4,395</b>	<b>4,438</b>
Individuals	1,965	1,634	1,227	1,190
Corporative Entities	430	406	410	129
Central Administration	102	94	78	78
Public, State, Municipal and Central Administrations	0	0	0	0
Decentralized Entities and Other Entities with Special Regime	3,115	3,027	2,680	3,041
<b>FEATURES MIXED TRUSTS</b>	<b>0</b>	<b>344</b>	<b>259</b>	<b>410</b>
Individuals	0	0	0	0
Corporative Entities	0	0	0	0
Central Administration	0	0	0	0
Public, State, Municipal and Central Administrations	0	0	0	0
Decentralized Entities and Other Entities with Special Regime	0	344	259	410
<b>OTHER TRUST</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Individuals	0	0	0	0
Corporative Entities	0	0	0	0
Central Administration	0	0	0	0
Public, State, Municipal and Central Administrations	0	0	0	0
Decentralized Entities and Other Entities with Special Regime	0	0	0	0

# SOCIAL BALANCE JUNE 2013

## BANESCO BANCO UNIVERSAL, C.A.

STATED IN VEB

DESCRIPTION	2013	Accumulated 1998-June 2013
<b>SOCIAL INVESTMENT</b>		
<b>APPLICATION BANESCO RESOURCES</b>	<b>27,398,017</b>	<b>275,524,063</b>
Fe y Alegría	—	23,237,019
Microentrepreneurs Training Program	27,600	2,071,819
Simón Bolívar Music Foundation	—	11,878,305
Association of Venezuelan Catholic Education (AVEC)	1,000,000	9,036,091
Social Undertaking Project with the IESA	1,290,000	5,160,000
Universities and Other Institutions	515,000	8,333,976
BanESCO Life-Long Scholarships	36,500	2,258,128
Other Education Institutes and Organizations	—	2,471,761
Venezuelan Foundation against Child Paralysis	50,000	2,669,759
Venezuelan Red Cross	—	—
Other Health and Medical Care Organizations	—	2,650,388
FUNDANA	50,000	1,955,254
Civil Association Don Bosco Houses Network	972,461	3,795,693
Salesian Ladies Civil Association	250,000	2,104,441
Attendance to the childhood and people with special neccessities	—	2,442,440
Toys donation to the communities	—	3,386,673
Editorial Projects	312,480	7,530,023
Computers donations	—	—
Other contributions	186,910	8,967,867
Solidarity (Capital and Regional)	—	5,138,558
Events for the Community	1,445,066	10,866,538
Investment in works in Colinas de Bello Monte	—	3,888,987
Social work of the Church	—	—
Mayoralties, regional governments and other State Organizations	11,868	6,390,851
<b>Non-Contractual Social Benefits for BanESCO Employees</b>	<b>21,022,400</b>	<b>148,204,658</b>
Dining Subvention	11,848,352	98,296,469
Medical Service	1,450,093	9,596,271
Parking Subsidy	1,029,281	5,851,867
Medical Assistance for Extreme Diseases	5,000	1,536,399
Unsecured Loans for Housing	6,689,674	32,923,652
<b>Corporate Volunteering Contribution</b>	<b>227,732</b>	<b>1,084,834</b>
Volunteer training	78,788	496,789
Special Projects	—	30,479
Additional training workshops	—	6,006
Cost Volunteer Hours / Man	48,583	451,199
Budget Amount executed Logistics Volunteer	100,361	100,361
<b>Application of Article 96 (LOCTISEP)</b>	<b>—</b>	<b>33,612,457</b>
Association of Venezuelan Catholic Education (AVEC)	—	4,434,352
Children Museum	—	300,000
FUNDANA	—	110,000
Alliance for Venezuela Free of Drugs	—	100,000
ABC PRODEIN (School Santa María City, Petare, CISAMA)	—	276,000
Educational Foundation Canaima Schools	—	571,950
Civil Association Don Bosco Houses Network	—	2,853,406
Education (Campaign against drugs and sports events)	—	24,966,749
<b>SOCIAL INVESTMENT</b>	<b>27,398,017</b>	<b>309,136,520</b>
<b>TOTAL CONTRACTED COMMITMENTS</b>	<b>4,260,000</b>	<b>4,260,000</b>
Microentrepreneurs Training Program with Fe y Alegría	2,370,000	2,370,000
IESA	1,890,000	1,890,000
<b>TOTAL CONTRACTED COMMITMENTS</b>	<b>—</b>	<b>4,260,000</b>
<b>GENERAL TOTAL SOCIAL INVESTMENT PLUS COMMITMENTS MADE</b>	<b>31,658,017</b>	<b>313,396,520</b>

### BOARD OF DIRECTORS

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





## MAIN CORRESPONDENT BANKS

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

**AUSTRALIA** ANZ Bank.

**AUSTRIA** Unicredit Group, RZB A.G.

**BELGIUM** Commerzbank

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

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

**CANADA** Royal Bank of Canada.

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

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

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

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

**CURAZAO** Maduro & Curiel's Bank.

**DENMARK** Nordea Bank.

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

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

**EL SALVADOR** Citibank, Banco Agrícola.

**ENGLAND** Standard Chartered Bank, HSBC Bank, Citibank.

**FINLAND** Nordea Bank.

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

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

**GUATEMALA** Banco Industrial, Banco GT Continental, Banco Agromercantil.

**HOLLAND** Commerzbank A.G., Deutsche Bank

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

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

**INDIA** Standard Chartered Bank, Deutsche Bank, HSBC Bank.

**ITALY** Unicredit Group.

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

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

**MALAYSIA** Standard Chartered Bank.

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

**NEW ZEALAND** ANZ Bank.

**NICARAGUA** Banpro, Bancentro.

**NORWAY** Nordea Bank.

**PANAMA** HSBC Bank, Multibank, Credicorp Bank

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

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

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

**PUERTO RICO** Banco Popular de Puerto Rico.

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

**SPAIN** HSBC Bank, Commerzbank Ag., CaixaBank.

**SWEDEN** Nordea Bank.

**SWITZERLAND** Commerzbank AG., Deutsche Bank

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

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

### BANESCO INTERNATIONAL PRESENCE GROUP

- ❖ Banesco S.A., Panamá (antes Banesco International Bank Inc.)
- ❖ Banesco USA (Miami, Puerto Rico)
- ❖ Banesco Banco Múltiple, S.A. (República Dominicana)

### REPRESENTATIVE OFFICE

- ❖ Banesco Banco Universal C.A., Oficina de Representación Bogotá

### INTERNATIONAL MAILING ADDRESS

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

### MAIN OFFICES

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

**TELEPHONE BANKING:** 0500BANCO24 - 0500 226.26.24

**MASTER PHONE:** (58 212) 501.71.11

**[www.banesco.com](http://www.banesco.com)**

Semester Report  
**FIRST HALF**  
**2013**

