

SEMESTER REPORT › FIRST HALF 2005

**Banesco**  
BANCO UNIVERSAL



Banesco  
Always on the Path  
To Excellence

## TO OUR SHAREHOLDERS, CUSTOMERS AND SOCIAL PARTNERS

The results of this first semester of 2005 show us that, as we have always affirmed during these past years, we have stayed on the path to excellence, not only in the financial business area but also with our Corporate Social Responsibility Program.

In addition to maintaining the leadership in issues such as third party resources, credit card invoicing and term deposits managed by the Bank, Banesco has also made great advances in other business areas, such as credits and trusts, by adopting the best practices worldwide as well as a successful long term strategy in which Human Resources do play an important role.

The Bank, in relation to the Corporate Social Responsibility Program which encompasses the areas of attention to education and health and is based on long term relationships, also focuses on our Social Partners. Conscious of the need to present the community with clear accounts, we continued with our Social Audit. Special attention and acknowledgement is to be given to the Corporate Volunteers for their dedication to our Social Partner's activities.

In like manner, with the start up of management based on values, we recorded a massive number of members of the Banesco personnel visit the Social Security Institution, which allowed them to get to know on site the organizations that are being backed up by the Bank.

I am pleased to inform you that, thanks to the shareholders' efforts, the 8,500 employees and the Board of Directors I have the honor to preside, our Corporate Social Responsibility Program represents a direct impact on more than two million persons who are being assisted by our Social Partner's.

### Chairman of the Board of Directors

Juan Carlos Escotet Rodríguez

### Executive Chairman

Luis Xavier Luján Puigbó

### Senior Directors

Jorge Caraballo Rodríguez  
María Josefina Fernández Maroño  
Nelson Becerra Méndez  
Gonzalo Clemente Rincón  
Fernando Crespo Suñer  
Salvador Cores González  
Carlos Acosta López



Juan Carlos Escotet Rodríguez  
Chairman of the Board

## FINANCIAL HIGHLIGHTS

(Thousand Million VEB)	I Sem 2004	II Sem 2004	I Sem 2005	Variations			
				I Sem 2005 I Sem 2004		I Sem 2005 II Sem 2004	
				Absolute	%	Absolute	%
<b>Total Assets</b>	<b>5,353.9</b>	<b>7,661.8</b>	<b>9,443.6</b>	<b>4,090</b>	<b>76.4%</b>	<b>1,782</b>	<b>23.3%</b>
Cash and Due from Banks	869.1	1,182.1	1,530.0	661	76.0%	348	29.4%
Security Investments	2,472.9	3,612.0	4,472.3	1,999	80.9%	860	23.8%
Credit Portfolio	1,212.5	2,005.9	2,507.8	1,295	106.8%	502	25.0%
<b>Deposits from Clients</b>	<b>4,270.2</b>	<b>6,439.6</b>	<b>8,075.0</b>	<b>3,805</b>	<b>89.1%</b>	<b>1,635</b>	<b>25.4%</b>
Deposits in current accounts	2,107.9	3,056.9	3,255.0	1,147	54.4%	198	6.5%
Savings deposits	885.0	1,337.1	1,489.9	605	68.3%	153	11.4%
Time deposits	1,112.6	1,944.0	3,064.0	1,951	175.4%	1,120	57.6%
Other Deposits	164.6	101.7	266.1	101	61.6%	164	161.7%
<b>Total stockholders' equity</b>	<b>820.5</b>	<b>957.5</b>	<b>1,073.3</b>	<b>253</b>	<b>30.8%</b>	<b>116</b>	<b>12.1%</b>
<b>Trust Assets</b>	<b>3,100.9</b>	<b>4,092.9</b>	<b>4,387.1</b>	<b>1,286</b>	<b>41.5%</b>	<b>294</b>	<b>7.2%</b>
<b>Debtor Accounts Due To Trust Assignments (FMH)</b>	<b>598.8</b>	<b>700.2</b>	<b>821.0</b>	<b>222</b>	<b>37.1%</b>	<b>121</b>	<b>17.3%</b>
Financial Revenues	342.9	420.7	512.2	169	49.4%	91	21.7%
Financial Expenses	106.5	135.3	219.6	113	106.1%	84	62.3%
Gross Financial Margin	236.3	285.4	292.6	56	23.8%	7	2.5%
Financial Intermediation Margin	515.3	480.9	475.3	-40	-7.8%	-6	-1.2%
Transformation Expenses	228.7	247.2	301.7	73	32.0%	55	22.1%
Income Taxes	2.5	2.7	0.6	-2	-76.2%	-2	-77.5%
<b>Annual Net Income</b>	<b>234.8</b>	<b>203.6</b>	<b>152.7</b>	<b>-82</b>	<b>-35.0%</b>	<b>-51</b>	<b>-25.0%</b>
<b>Yielded Investments</b>	<b>1,797.0</b>	<b>2,183.1</b>	<b>2,471.9</b>	<b>675</b>	<b>37.6%</b>	<b>289</b>	<b>13.2%</b>
<b>Accumulate Agriculture Portfolio</b>	<b>159.7</b>	<b>224.3</b>	<b>347.7</b>	<b>188</b>	<b>117.7%</b>	<b>123</b>	<b>55.0%</b>
<b>Official Institutions Deposits</b>	<b>1,102.4</b>	<b>1,927.3</b>	<b>2,851.6</b>	<b>1,749</b>	<b>158.7%</b>	<b>924</b>	<b>48.0%</b>
<b>Micro Loans</b>	<b>37.8</b>	<b>55.2</b>	<b>105.7</b>	<b>68</b>	<b>179.7%</b>	<b>51</b>	<b>91.7%</b>
<b>Commercial Loans</b>	<b>778.0</b>	<b>1,488.9</b>	<b>1,872.2</b>	<b>1,094</b>	<b>140.6%</b>	<b>383</b>	<b>25.7%</b>
<b>Credits to Consumer</b>	<b>343.1</b>	<b>447.8</b>	<b>583.1</b>	<b>240</b>	<b>70.0%</b>	<b>135</b>	<b>30.2%</b>
Vehicles	3.5	0.9	1.7	-2	-49.9%	1	95.3%
Credit Cards	339.6	446.9	581.4	242	71.2%	135	30.1%
<b>Mortgage Loans</b>	<b>91.4</b>	<b>69.2</b>	<b>52.5</b>	<b>-39</b>	<b>-42.6%</b>	<b>-17</b>	<b>-24.1%</b>
<b>Number of Depositors</b>	<b>1,692,031</b>	<b>2,255,180</b>	<b>2,522,499</b>	<b>830,468</b>	<b>49.1%</b>	<b>267,319</b>	<b>11.9%</b>
In Current Accounts	685,493	875,802	912,498	227,005	33.1%	36,696	4.2%
In Savings Accounts	1,005,375	1,378,102	1,608,957	603,582	60.0%	230,855	16.8%
In Time Accounts	1,163	1,276	1,044	-119	-10.2%	-232	-18.2%
<b>Credit Cards</b>	<b>1,342,279</b>	<b>1,488,221</b>	<b>1,633,612</b>	<b>291,333</b>	<b>21.7%</b>	<b>145,391</b>	<b>9.8%</b>
<b>Ratios</b>							
Loan Portfolio Provisions/Non Accrual Loans	320.55%	383.77%	308.78%				
Non Accrual Loans/ Gross Loan Portfolio	2.81%	1.15%	1.08%				
Net Results / Average Assets	9.63%	7.87%	3.58%				
Net Results / Average Equity	64.04%	53.90%	30.22%				
Liquidity	42.32%	51.68%	53.98%				



# The Economy during the First Semester of 2005



*The highlights of the first semester of this year were the high oil prices, together with fiscal revenues higher than the budgeted figures and the economy controls, which are part of the elements that have contributed with the compliance of goals, set by the Government in matters of public finances.*

*The expansion of public expenditure determines, mainly, the growth of the Venezuelan economy; such expansion has at the same time stimulated the demand, particularly consumption, which has turned into the pillar of the growth achieved in 2004 and these months of the year 2005.*

*Although it is clear that activities have recovered notoriously, it is also important to point out that leaning on the advantages offered by the oil prices has a short to mid term effect given that this favorable situation could change.*

## Fiscal Management

The Government's initial estimates for the 2005 budget recorded a 32 billion dollars level of resources to finance it. However, the upward trend of the oil prices, the percentages of compliance in excess with the goals set for the SENIAT's tax collections and PDVSA's contributions to special investment funds, was influential towards a subsequent examination of all projections. To this we can add the increase of funds available right after the Central Bank of Venezuela's Law was reformulated and the therein foreseen international reserves had been transferred.

The current scenario is based on a larger estimate of revenues; the feasibility of maintaining the fiscal expenditures expansive policy thus being feasible. However, the expenditures made as of this date were oriented more towards revenue expenditures than towards investments.

According to figures issued by the Ministry of Finance, 40% of the budget, set at 69.4 billion bolivars, had been executed by June of 2005, the disbursements during the first semester of the year having been 27 billion bolivars, the highest expenditure items being personnel expenses and the Governmental missions program.

The 2006 budget is to be by projects, and not by programs, and following premises have

been advanced, which are to be taken into account to estimate the expenditures:

- GNP year 2006: 5%
- Inflation: 10%
- Unemployment: 9%
- Oil price: US\$ 26 per barrel
- Production: 3.4 million barrels
- There would be no □ devaluation and the □ rate of exchange would □ remain at Bs. 2,150 / US\$

## Oil

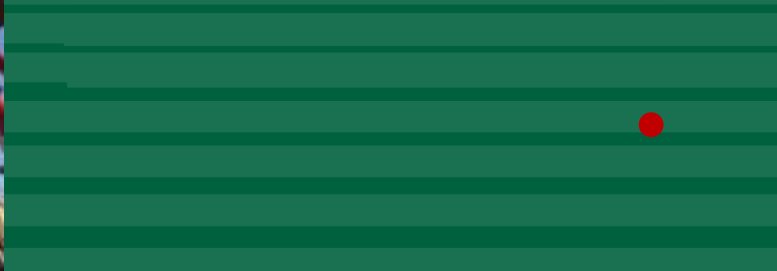
The Venezuelan oil basket closed June 2005 with an average price of US\$ 45.95, which by large exceeds the figures recorded during previous months when the oil basket price stood at US\$ 34.66 to US\$ 43.32 a barrel.

The 8.1 million barrels decrease in the US inventories, to 957.7 million barrels, was one of the factors which caused oil prices to mark-up at the beginning of 2005.

In addition, the OPEC estimated the world demand for oil to be 83.78 million barrels per day, a 2.11% increase versus the estimated consumption of 2004. Likewise, we observe a certain migration of heating oil consumption towards gasoline.

## Production

The average oil production in Venezuela, by January, totaled 2.68 million barrels per day according to the OPEC



## GROSS NATIONAL PRODUCT (GNP) • INFLATION

report, which additionally verified that the crude supply level surpasses the demand worldwide. This excess favored the accumulation of crude oil stored as commercial reserves in consumer countries, pushing prices down in spite of same experiencing increases by reason of other favors, such as the climate and the geopolitical uncertainties.

By February, the OPEC production increased by 100 thousand b/d to an average 29.74 million barrels per day, Iraq included. The increase was ascribed to the increases recorded by Kuwait and Nigeria, who increased their exploitation by 50 thousand b/d each. The rest of the member countries continued with their extraction levels, among them Venezuela, whose average remained at 2.6 million b/d.

The following month, Venezuela changed the reference crude to calculate the OPEC oil and products basket to the Bachaquero Crude in Formation (BCF) of 17 degrees API, considered to be the one which best represents the Venezuelan export basket.

Country members, in April of 2005, produced 29.7 million of barrels per day, 22 million b/d above of their official quota. PDVSA estimated that, by May, Venezuela was producing 3 million 265 thousand barrels per day. However, the OPEC came to assure that the Venezuelan oil production actually was 2.65 million b/d, prevailing throughout the period the controversy relating to the real level of oil production in Venezuela.

In June, the OPEC increased the production target to 28 million barrels per day, although the official production of the cartel had been 27.5 million barrels per day in May (without Iraq), while the real production totaled approximately 30 million barrels per day, Iraq's production included.

### Gross National Product (GNP)

In accordance with the figures published by the Central Bank of Venezuela (BCV), the preliminary GNP estimates showed an 11.1% growth for this year's second quarter when compared to the same period a year before. This behavior, together with the 7.5% increase recorded during the first quarter, totaled 9.3% for the Venezuelan economy during the first semester of the year 2005.

The evolution during the second quarter was determined, mainly, by non-oil activities which showed a 12.1% increase in their added value, while oil activities grew by 2.5%. From the institutional point of view, the private sector grew by 13.1%, whereas the public sector grew by 4.5%. As a consequence, the country's economic

activity has maintained a sustained growth during seven consecutive quarters.

In regards to the non-oil sector, we did observe a generalized increase, although with more weight on the growth of activities in following areas: Financial and Insurance Institutions 23.1%, Trade and Repair Services 21.5%, Construction 20.3%, Manufacturing Industry 12.4%, and General Government Services 7.4%.

As to the construction area, the increase is a result of a larger demand of construction works by non-oil public companies (124.9%) and the general government (67.3%). In like manner fared the domestic and imported acquisition of machinery and equipment.

As to the global demand, during the second quarter of 2005 we observed a 20.8% recovery, mainly due to a larger expenditure of final private consumption (18.1%), the gross formation of fixed capital (41.6%) and, in a lower measure, the expenditure of the government's final consumption (6.7%).

### Inflation

The Consumer Price Index's variation within the Metropolitan Area of Caracas totaled, at the closing of June 2005, at 0.6% after having experienced in March the



## EXTERNAL BALANCE • FOREIGN CURRENCIES

most important increase of the semester as a result of the price increase of those food items under control for the past two years and the salary increase decreed by the National Executive, in force since May 1<sup>st</sup> of 2005.

With the results of June, the accumulated variation for the first semester of 2005 totaled 8%, less than the first semester of 2004 (11.0%). However, the BCV revealed that the prices of wholesale goods have been increasing at a larger pace than the consumers' inflation, i.e. 11.9%, so that there is the possibility of this increase at any time transferring to the final consumers.

### External Balance

According to preliminary estimates issued by the Central Bank of Venezuela, the external balance for the second quarter of the year 2005 totaled US\$ 3,105 million, mainly by reason of the US\$ 5,826 million positive balance in the Deposits Account, which surpassed the recorded historical levels and exceeded the deficit in the Capital and Financial Account, estimated at US\$ 2,338 million. All this contributed to the increase of the net international reserves, an amount which by the closing of the quarter totaled US\$ 28,629 million.

The surplus in the Deposits Account increased by 88.9% in relation to the value recorded during the same period in the year 2004 (i.e. US\$ 3,085).

Same was pulled by the favorable balance of the trade in goods, valued at US\$ 7,306 million, which is explained by the increase in the total exports (43.7%), mainly oil exports (32.5%) and volumes demanded (9.2%) by the international markets.

In like manner, non-oil exports increased by 24.7%, mainly the external sales of iron and steel products, aluminum, chemicals and coal. On the other hand, imports of goods recorded a significant increase of 52.2%, totaling US\$ 5,848 million.

Concerning the Financial Account deficit, we observed a 22.7% increase in relation to the same quarter of 2004, as a result of larger resources placed overseas and the payment of liability accounts, mainly trading obligations, of the public and the private sectors, which slightly increased the deficit in the Other Investments Account, which now totals US\$ 3,320 million.

On the other hand, the Investments Portfolio operations recorded a US\$ 837 million surplus. The net direct foreign investment flows fell from US\$ 608 million, during the second quarter of 2004, to US\$ 145 million during this quarter, as a result of the foreign trade financing contracted by the national private sector with related foreign companies, as well as the increase of trading assets of the public exporting companies with their foreign affiliates.

### Foreign Currencies

During the first semester of the year 2005, the Currency Management Commission (CADIVI) authorized the payment of US\$ 9.1 billion, equivalent to over Bs. 18 trillion, approximately. It has been calculated that the Central Bank of Venezuela has cleared 8.3 billion, with a daily average of US\$ 72 million in redemptions.

Of the amount settled during the first semester, 78% corresponds for imports, of which US\$ 6.1 billion were regular imports and US\$ 1.1 billion were realized through the ALADI. US\$ 911 million were paid for the private external debt, US\$ 391.7 million in foreign investments and US\$ 369 million in credit cards. Air lines took up US\$ 114 million in transactions filed with CADIVI.



## MONEY MARKET • INTERNATIONAL RESERVES

### Money Market

The restrictive monetary policy concretion by the Central Bank of Venezuela, in general, for the first five months of this year cost Bs. 566.5 billion, in accordance with the official data managed by the issuing agent. CD's operations allowed absorbing close to Bs. 20.5 billion between January and May of this year, but the payment of redemption yields increased liquidity by Bs. 497.1 billion.

The cost to restrict liquidity increased by 21.3% if compared to the corresponding figures recorded during the same period the previous year, when Bs. 466.8 billion were spent for the return on absorption operations. The increase of the mass of money in the hands of the public has forced to strengthen the monetary policy with the purpose of reducing pressure being exercised on the inflation and rates of interest. The high oil prices and the expanded public expenditure were the cause of a large amount of money being injected to the economy, which forces the Central Bank of Venezuela to apply measures to counteract the adverse effects that could be generated.

The monetary policy outlines for the first semester of the year were approved in February, taking into account that the GNP would grow at a constant rate during the year 2005, by reason of a favorable internal and external setting.

In March of 2005, and in conformity with Article 6 of the Exchange Covenant No. 1, the purchase rate of exchange was set at Bs. 2,144.60 per US\$.

Today, almost at the closing of June, the Government managed to obtain almost US\$ 4,000 million in resources for operations to refinance the public debt. This figure includes the amount of 1,000 million Euros for the Global 2015 Bonds issued in March and the US\$ 1,604.2 million placement of Sovereign Bonds maturing in 2025 (payable in Bolívars at the official rate of exchange).

Monetary liquidity, recorded until June 26, increased by 2.7% compared to the previous month and went from Bs. 49,434 billion to Bs. 50,753 billion, while, if compared to the same period of the year 2004, same shows a similar trend of 50.54%. This is the result, mainly, based on the behavior of its components, wherefore the cash and money in the hands of the public, together with derived demand deposits, totaled Bs. 28,675 billion, to generate a monthly increase of 1.21%. At the same time, the quasi-money (sic) totaled Bs. 22,078 billion (4.63%).

This evolution has been the reflection of the larger execution of the public and para-fiscal expenditure, an end-product of the oil bonanza, a situation reinforced by the amendments to the Law of the Central Bank of Venezuela, which leave this institution in a position of not being able to exercise the same control as before by reason of its monetary instruments being limited. It has been foreseen that the validity of the National Development Fund (FONDEN) could refrain its capacity to make monetary policies and that the situation will turn complicated as soon as the international oil price decreases. All this, without taking into account the presence of a pent-up inflationary pressure that would be powered with the increased liquidity caused by the National Development Fund.

### International Reserves

The level of reserves, the FEM included, totaled US\$ 28,945 million in June, thus generating a 3.34% growth in relation to May (2.67%) which, at the same time, implies a 24.62% growth if compared to the levels in June of 2004.



## CONSUMPTION • UNEMPLOYMENT • THE VENEZUELAN FINANCIAL SYSTEM

The reserves of the Central Bank of Venezuela during that month increased by 3.42% to US\$ 28,226 million by month's end, while the annual calculation showed an increase of 25.33%.

Reserves have increased by US 4,764 million in six months, which can partially be assigned to the exchange regime. But this assets behavior can also be seen in the evolution of the money in circulation. The data provided by the institution indicate that liquidity during the same period has increased by more than four trillion bolivars.

However, it is expected that in the next months the reserves decrease by reason of the amendments to the Law of the Central Bank of Venezuela, among which the Central Bank of Venezuela is being ordered to transfer US\$ 6,000 million to an account in foreign currencies to be managed by the National Executive. This way, the balance of the international reserves would total approximately US\$ 23,000 million. With these resources, the Government plans to acquire the imported component of productive investment, education and health projects, and to pay-off the external public debt and carry out re-purchase operations whenever conditions should allow it.

As of 2006, PDVSA will make contributions to the National Development Fund. The oil industry is to deposit residuary amounts of currencies after having sold the dollars for operating payments and the fiscal contribution.

### Consumption

According to figures issued by the Documentation and Social Analysis Center of the Venezuelan Teachers' Federation, the cost of the 'basic family basket' increased by 1.2% (Bs. 18,358) between May and June this year, i.e. from Bs. 1,541,789 to Bs. 1,560,147.

The basic basket, which comprises the food basket, basic goods and services, recorded so far this year an accumulated increase of Bs. 45.074, i.e. equal to 3%. The increase in the price of food products was the most significant factor in such increase.

### Unemployment

The National Institute of Statistics (INE) recorded an unemployment rate of 11.8% in June, less than the 12.6% recorded in May.

This result represents 3.7 points less than the figure recorded during the same month in 2004, when the unemployment figure was 15.5%.

54.2% of the employees work within the formal sector of the national economy, and the remaining 45.8% labor within the informal working areas.

### The Venezuelan Financial System during the First Semester of 2005

The first half of the year concluded, for the financial system, just as for the country's economy in general, within a scenario of price regulations carried down to the banking industry by the establishment of maximum and minimum interest rates and placement levels, the latter oriented towards sectors considered as a priority for the national development.

And this is how, since May, the Central Bank of Venezuela fixed a 28% ceiling for lending interests to be collected by the financial system and, at the same time, set 6.5% as the minimum yield payable for savings and term deposits, consequently affecting the margin of financial intermediation of the general banking sector, which not only resulted in a rearrangement of the interests collected from the customers' various segments, by virtue of the regulations currently in force, but also of the credits portfolio composition according to their appropriation, which benefited certain sectors for which special financing conditions have been implemented, thus creating the obligation for the financial institutions to allot 31% of their portfolio as follows: 16% to the agricultural sector, 10% to the mortgage sector, 3% to micro-enterprises and 2% to the tourist sector.

Before it entered into force, the legal opinions on the issue gave as a result a number of arguments, among which was the lack of importance bestowed on the structural cost



## THE VENEZUELAN FINANCIAL SYSTEM

differences of the institutions comprising the banking market, the segmentation of the customers and clients assisted by each one of such institutions, the infrastructure, among others, according to the orientation of the businesses.

The evolution of the consolidated balance sheet during the final two months of the semester evidences a significant increase of financial costs in detriment of the revenues, to finish in June with an important increase of financial costs in a proportion higher than 70% compared to the first semester of 2004, while the pace of growth of financial revenues has been considerably less, hardly 27.1% during this period.

On the other hand, the yield of the commercial and universal banking industry shows the effects of the re-composition not only of the credits but also of the rates, when the return on assets decreased by 4 points, reaching an average of 16.25% at the closing of June, in counter-position to the 20.5% at the end of the first semester of 2004. The fullness of the impact of the measures has not yet been disclosed as the regulation on the rates is in force only since May last, and same continue on a downward trend.

We can, however, already observe a slight decrease in the contribution of productive assets during the last two

months of the semester, which is feasible will continue for some time until the market suits its credit portfolio to the new requirements and achieves the necessary equilibrium between the assets and liabilities transactions to maintain a financial differential sufficiently comfortable to cover its transformation expenses, broaden its customer base and adapt its structure to an adequate level any company should manage to operate efficiently.

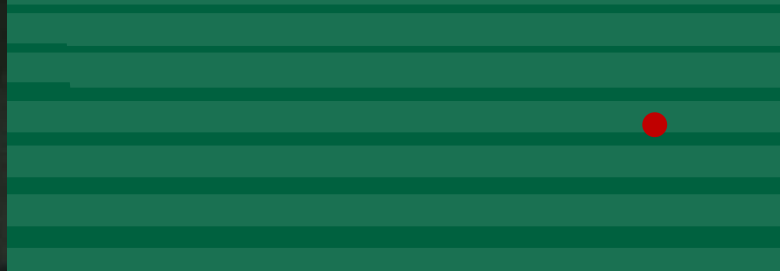
Taking into consideration the larger dynamism of the country's economic activities during this past period, one can appreciate a significant increase in the commercial and universal banking credit operations, close to 83.9% in relation to the figures at closing of June 2004, and 22.3% in comparison to the amount recorded in December of that same year, which equals to an increases of Bs. 11.913 billion and Bs. 4.755 billion, respectively, to close in June of 2005 at a level of Bs. 26.110 billion.

The banking sector's gatherings of deposits, on the other hand, increased to Bs. 21.348 billion during the last twelve months, showing a higher rhythm of joint savings and term deposits, with an inter-annual variation surpassing Bs. 10 billion, consequently raising the average cost of funds in relation to the same period of the previous year, when same during the months of May and June 2005 reached levels very close to 5%.

The impact on the various margins of the banking industry is notorious, in addition to the growing rate of the transformation costs as, in relative terms, they increased by 22.7% compared to the first half of the year 2004, and at the same time the average return on equity of the commercial and universal banking decreased to reach 30.98%, i.e. 17 points below the average recorded during the same period in 2004 and approximately 10 points less than the closing figures in December 2004. All this limits the generation of the internal equity necessary to leverage growth, by reason of the levels of liquidity present within the country's economy.



Banesco Banco Universal  
during the first semester of 2005



## BANESCO BANCO UNIVERSAL

with excellent results, after an arduous and fruitful work which allowed it to successfully complete important projects which nowadays are realities at a financial and operative level, thus maintaining its position as the country's first bank.

During the first half of this year, **Banesco Banco Universal** was the pioneer in technology, according to international standards, strengthening its platform through multiple efforts among which we can point out the progressive implementation of better practices in these issues. In like manner, and urging the organization's risk culture, we integrated the Risk Administration Model to the development of processes, systems and quality management.

The electronic channels, the main pillar of our service, experienced an important increase in the average number of transactions carried out this semester, the most important operations having been those carried out through **BanescOnline**, our web page, where we achieved important increases in the volume of transactions as well as in the number of affiliates. On the other hand, the Customer Phone Banking Service also recorded highly competitive service levels.

Our customers also enjoy the services of a modern and functional electronic banking system, represented by a large network of ATM's, self-service tellers, points of sale and checkbook dispensing machines, to contribute towards more fluid operations.

Technology and processes go hand in hand with the human capital of our institution, to execute important projects addressing the professional entity of the members of our staff.

These initiatives, for **Banesco Banco Universal**, did translate into the achievement of the goals set forth for this period, thus maintaining the leadership within the national banking system in matters of the various products and services offered, backed-up by the institution's capacity of response and flexibility in view of the changes.

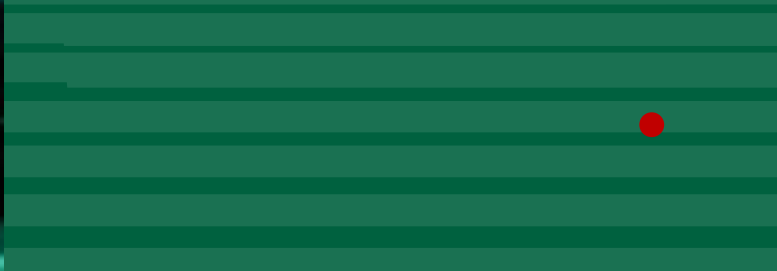
All this allowed the achievement of important increases in all areas, building up the organization's banking presence during the period, with a volume of third party resources equal to Bs. 15,755 billion, which represents 16.1% of the market share as well as the first place within the ranking, after having experienced an inter annual growth of Bs. 5,988 billion compared to the figure presented in June of last year, equivalent to a relative variation of 61.3%, higher than the average within the banking sector.

This way, **Banesco** rallied on the preference of the public not only in the traditional funds gathering modalities, such as deposits of its customers, an item in which we are leaders, with a volume of

Bs. 8,075 billion, and a 14.75% share, but we also held the first position in products so important for their significance in the life of our customers and clients, such as the administration of funds under the modality of the Housing Policy Act, where we increased not only the number of savings customers but also the number of customers and clients for whom we manage their whole finances, to Bs. 821 billion in June of 2005, thus bonding 30% of the national market.

The institution kept its leadership within the trust business area throughout the semester, and closed June of 2005 with an amount of Bs. 4,387 billion, taking into account the recorded 41.5% growth in relation to the first semester of the year 2004, equivalent to Bs. 1,286 billion.

The bank's assets increased during June of 2005 to a level of Bs. 9,444 billion (a 13.4% market share) due to, partially, the impulse of the productive assets, important being the growth of our credits portfolio which, thanks to the joint efforts of all the areas involved, totaled Bs. 2,508 billion and recorded an increase, in relation to the figure presented by the end of June of 2004, close to 106.8% (Bs. 1,295 billion), an amount higher than the average growth of the commercial and universal banking industry for this product (83.9%).



## BANESCO BANCO UNIVERSAL

The indicator of the credit lock-ups, on the other hand, totaled below the banking industry's average, i.e. at a level of 1.08%, which reflects an increase in the portfolio's quality portfolio.

The bank's proactive participation in the development of the country's economic sectors was strengthened due to the establishment of close business relations, **Banesco Banco Universal** standing out, at the closing of the semester, as the fourth institution with the highest amount of micro-credits granted (Bs. 106 billion).

Our agricultural portfolio holds the same position, as it increased to Bs. 348 billion, which in both cases represents 10% of the market share.

Likewise, the period closed with an important capitalization of Bs. 253 billion compared to the first semester of 2004, when the institution's total equity increased to Bs. 1,073 billion, and reached a level of equity sufficiency of 11.37%, higher than the minimum level required by the regulating authorities.

The administrative management was equally favorable during this past semester, given that **Banesco Banco Universal** presented an operating expenditures plus personnel expenditure vs. average assets ratio of 8.24%, i.e. sensibly less than the ratio observed during the same period in 2004, because of, mainly, the achievement of important scope savings as a result of the institution's various mergers.

The coverage of the gross portfolio kept by **Banesco** totaled above the average of the commercial and universal banking industry, as it closed the period at 3.42%, while the provision for locked-up credits was 317.83% which, also in this case, was much higher than the market's average level.

The bank's operating statement shows the progressive importance of the credit intermediation function throughout the period, which means the bank achieved a higher balance in the composition of our financial revenues by significantly increasing the proportion from credit operations, which do represent 40%, and depending less on the securities investments' yield.

In fact, the evolution of the statement's structure records a 4 points increase in the contribution of the loans to the composition of the total assets, totaling 27% at the closing of June of 2005.

The bank's strict observance of the prudential standards, as well as an efficient management, helped to achieve a Bs. 152.6 billion net result during the first semester of 2005, which translates into an average return on equity of 30.22%, a level similar to the

one recorded by the national banking system.

In the name of the Board of Directors, we wish to express our most sincere acknowledgement to all of our customers, clients, employees and related, for their valuable contribution to the achievement of the results we present today.

Juan Carlos Escotet Rodríguez  
Chairman of the Board of Directors



# Human Capital

We are listed with the Banesco Stock Exchange



## MAXIMUM SHARES AND THE BANESCO STOCK EXCHANGE

*In line with the 2005 Corporate Social Responsibility Program and within the framework of the internalization of our corporate values, we launched the Banesco Stock Exchange incentives program.*

*Over 3,000 employees working in the administrative areas of Banesco Banco Universal will be taking part of this program during a period of six months, which will allow them to share and live each one of the organizational values, not only in group activities with their co-workers but also by interacting within the Stock Exchange's portal available on the corporate intranet.*

### More Banesco Citizens

At the closing of the first semester of 2005, Banesco, within its social program as an institution generating labor positions, recorded a total of 953 new employees, which represents a 6.28% increase in relation to December of 2004, the most important being the incorporation of three young persons with Down syndrome, who came from the non-governmental Audacious Organization for Orientation and Encouragement (Asociación Audaz para Orientación y Estímulo (Apoye)).

*During the first semester of the year 2005, Banesco recorded a total of 953 new admissions, the most important one being the enrollment of 3 young people suffering of Down syndrome, who came from "Apoye"*

### Measuring the Organizational Environment

The Banesco 2005 Study on Climate, Culture and Values began during this period, with the assessment of Psico Consult, C. A., a company that will furnish information on the perception on the members of the organization as to how they function, their permanence and working performance, thus establishing the background to determine strengths and opportunities for improvement.

### More services for the members of our personnel

Committed with the process of improving the quality of the service for our internal customers, we started off the

projects by means of which the labor records can now be automatically requested via intranet, as well as the payments for the daycare center, which will allow us to decrease the time of response for these services.

### First line formation

Within the framework of the formation and development of human capital, the pilot phase of the Empowerment Project, a new model of attention of the network of agencies relating to the creation of a new style of leadership through coaching, has been completed and the instruments to monitor the follow-up in the execution of this model have been developed.

In like manner, the new certification programs were executed based on international methodologies which allowed the tasks with the areas of collection and customer attention over the phone to be more professional, empowering the formation of the internal customer within areas which are to our business.

*The pilot phase of the Empowerment Project, a new model of attention of the network of agencies relating to the creation of a new style of leadership through coaching, has been completed*



Corporate  
Volunteers



## CORPORATE VOLUNTEERS • BANESCO WITH A SOCIAL RESPONSIBILITY

### Corporate Volunteers

As part of the actions within the Corporate Social Responsibility Program, through the solidary participation of Volunteers Banesco supported the Emergency Plan activated by the Venezuelan Red Cross by organizing the health kits that were handed out to one thousand families in the States of Vargas, Miranda, Merida and Yaracuy.

*Volunteers  
Banesco supported  
the Emergency Plan  
activated by the  
Venezuelan Red  
Cross*

Important were also the Medical Prevention and Primary Health Attention Days carried out by the Banesco medical team, together with the Venezuelan Red Cross, were informative seminars were held in matters of sickness prevention for one hundred families in the communities of the States of Vargas as well as in Guarenas.

Likewise, the members of our Volunteer Teachers' Group took charge of students of the Instituto Universitario Jesus Obrero, which belongs to Fe y Alegria organization, with the presentation of seminars on "Learning Experiences" thus contributing to their integral formation and insertion to the labor field.

### BanESCO with a Social Responsibility: To build a country

During the first semester of 2005 we ratified our commitment of integrating and taking part in the

initiatives within the areas of health and education, whose objective is to produce tangible results in attention to the demands of communities and whose impact can be translated into education for life.

### The State's Foundation for the National System of Juvenile and Infantile Orchestras of Venezuela

An agreement was entered into with the FESNOJIV, the State's Foundation for the National System of Juvenile and Infantile Orchestras of Venezuela, by means of which we made public that through an important advertising campaign carried out with the support of the social communication media, Banesco pledges to contribute with Bs. 3 billion to finance their new Center of Social Action for the Music, lead by Master José Antonio Abreu. Of the total amount we already granted Bs. 1 billion.

With the Social Action for Music Program, Master Abreu has propitiated the rescue, training, rehabilitation as well as the national and international projection of young Venezuelan musical talents. This has been possible thanks to the 176 Venezuelan juvenile orchestras which nowadays encompass 240 thousand young people and children.

### Venezuelan Association for the Catholic Education (AVEC)

BanESCO maintains an alliance with AVEC, the Venezuelan Association for the Catholic Education, which reunites the catholic schools throughout the country through an agreement in which we pledge to grant, this year, the amount of Bs. 2 billion, to take care of a number of needs and educational projects of the various schools of this Association in the country. The first billion bolivars has already been delivered this semester.

### Andres Bello Catholic University (UCAB)

#### Ciudad Guayana Nucleus

We donated Bs. 1.09 billion to the Ciudad Guayana Nucleus of the Andres Bello Catholic University in the state of Bolivar, to contribute with the development of the students community in that state. The resources are to be used, specifically, for the construction of the Amphitheatre and the Main Building of the Student's House in the Guayana extension of the UCAB. Bs. 500 million was already handed over during this first semester.

### Scholarships in Coro

We allotted Bs. 5.9 million during the 2004 - 2005 school years to grant scholarships to another 5 young Venezuelans who enrolled with the School of Education at the UCAB in Coro.



## BANESCO WITH A SOCIAL RESPONSIBILITY

### USB

A multiple use sports court of the Universidad Simon Bolivar has been restored with a contribution of Bs. 63.1 million made by Banesco.

### Fe y Alegría

This year, Fe y Alegría, one of our principal social partners, will celebrate its 50 birthday and we, at Banesco, do congratulate them and take part with them in this celebration, while we ratify our back-up to this organization with a number of initiatives which, in addition to the 5-year agreement signed for the development of the programs of higher education, make us feel we are part of this large model of education in Venezuela and Latin-America.

### Donation of computer equipment

16 Fe y Alegría schools received 215 computers. This equipment will allow these education centers to continue and expand the formation of Venezuelan young people and teenagers.

### Scholarships

Two of the Jesus Obrero University Institution (IUJO) students in Catia receive a scholarship of 500 thousand and 150 thousand bolivars per month, respectively.

### Sports Court

For the construction of a multiple use sports court, and to remodel the façade of the Jesus Obrero University Institution in Catia, we contributed with 181 million bolivars.

### Great Raffle

This year we collected Bs. 197 million for the Great Fe y Alegría Raffle, thanks to the contributions made the members of our personnel and customers throughout the country.

### Fundana

The symbol of Fundana was intervened by more than 100 guest artists, among them Jacobo Borges, Oswaldo Vigas, Cornelis Zitman, Luisa Richter, Rafael Barrios, Pedro Leon Zapata, Santiago Pol. More than 300 persons invited by the organization took part in the auction. This is the first fundraiser in benefit of Fundana's Villas of the Smallest (Villas de Los Chiquiticos).

*We opened the doors of Ciudad Banesco for the fund-raiser in benefit of Fundana which raised Bs. 266.7 million.*

*We signed an agreement with the C. A. Editora El Nacional for the publication of the Gran Enciclopedia Universal de Espasa-Calpe.*

### Agreement signed with El Nacional

Considered to be the most complete and up-to-date reference book ever published. This sponsoring agreement includes the donation of 200 complete collections of the Espasa Encyclopedia to the libraries of the Fe y Alegría schools.

### Association of Salesian Ladies

We contributed with Bs. 133.6 million to the Association of Salesian Ladies to complete the annual budget allocated to the operations of the Don Bosco 88 Center located in Caracas. The objective of the 88 Center is to form young individuals by furnishing them with tools and dexterities so they may successfully form part of the labor market and, at the same time, they



## BANESCO WITH A SOCIAL RESPONSIBILITY

may be taught values which are to turn them not only into employees or entrepreneurs but into whole citizens.

### APOYE Civil Association

Every month we contribute with Bs. 1.7 million to pay for the rental of the headquarters of this institution whose objective is the promotion, development and maintenance of programs and activities of academic, cultural, recreational, sports and residential activities for individuals with special needs. During the first semester of this year we contributed with a total of Bs. 9.6 million

### The Children's Museum

In 2005 we renewed our commitment with the Children's Museum and the children and teenagers of this country with a new investment of Bs. 125 million. Our purpose is to continue with the project we initiated last year and contribute towards the smallest ones gaining access to the programs and activities of this entertainment and teaching center. In addition, it is necessary to strengthen the museum's operations. Bs. 62.5 million of the total pledge have already been handed to the corresponding museum authorities.

### Humanitarian Help in Venezuela

We made available to the community the deposit account No. 01340712-61-7121000150, opened in the name of Help the Victims in Venezuela (Ayuda a Damnificados de Venezuela) which we opened with our contribution of Bs. 150 million and the purpose of assisting the demands of the victims of the rains recorded during the first days of February this year. We also contributed with other organizations and projects towards releasing the victims' problems. Next are the contributions made:

- AeroClub Caracas (Merida): □ Bs. 29.8 million.
- Bolivarian University (Merida): □ Bs. 10.0 million. □
- Shantytowns in the States of Falcon □ and Carabobo: □ Bs. 9.9 million. □
- 19 de Marzo Community in Guarenas: □ Bs. 471,000. □
- Government of the State of Merida: □ Bs. 20.0 million. □
- Government of the State of Zulia: □ Bs. 10.1 million. □
- Teleton 'United for the Southern □ Bs. 250 million. □
- Together for Sucre Project: □ Bs. 71.3 million. □

### FundaExcelencia

We allocated Bs. 2.8 million to FundaExcelencia to finance the application of the Thought Development Program in the Fe y Alegria schools, the BanComunales (Communal Banks) Program and the FundaExcelencia Research Center.

### Venezuelan Red Cross

We participated with Bs. 334 million in the Red Cross's Plan of Action / Emergency Appeal, within the Health, Water and Sanitation Areas of Attention. This is an integral project originated as a result of the torrential rains during the first months of the year. Of the total amount, we have already delivered Bs. 167 million. In addition, the project to install an elevator in the old Red Cross Building in La Candelaria has already begun, and we expect to very soon be able to inaugurate a maternity ward in this health center.

### Multiply Your Savings

Between May 1 and July 31, Banesco offered a 12% interest for its customers who each month doubled their balance in their Liquid Savings Accounts.

### Banesco MicroCredits: Credits with the best conditions

Bs. 50 billion were allotted to the new Banesco MicroCredits, at a promotional fixed annual interest rate of 12%, for amounts ranging from Bs. 1 million up to Bs. 200 million.

*We contributed with 150 million bolivars for the victims of the intense rains recorded in February*

## PORTFOLIO OF OFFERS AND CAMPAIGNS FOR OUR PROTAGONISTS: THE BANESCO CUSTOMERS • VERY SPECIAL EVENTS



### If I were a rich man... in 48 hours... Banesco MultiCredits... in record time

This June, Banesco launched a new product with an innovative campaign: Banesco MultiCredits, by means of which you only need 48 hours to obtain credits for up to Bs. 50 million, payable in 18 months at a fixed preferential rate of interest.

### Dollars for our customers

According to the amendment to the providence issued by CADIVI, the allowance in dollars for travels abroad or for Internet consumptions payable with credit cards has been automatically renewed on January 1 of 2005.

Our Banesco customers, who had their allowances through their Banesco Visa and/or MasterCard approved, can also obtain up to US\$ 400 in advance, either in cash or Travel Checks, at the Banesco agencies nationwide. And, as of April of 2005, they can use their Sambil credit card to request this cash allowance authorized by CADIVI.

### Banesco Cardholders visited Miami

200 tickets to Miami were raffled among the cardholders who used their dollar allowances with their Banesco Visa and MasterCard.

### Quick and safe change of PIN code

Banesco customers can now change their PIN codes to use their Visa and MasterCard credit cards for cash advances from our ATMs. It's just as easy as that!

### 19.75% Credit Card Financing

Only the leader in credit cards could do this. From February 3 and until March 31, we offered our customers the preferential rate of 19.75% for all payments made with their Banesco Visa, MasterCard, Rattan and Sambil cards.

### El Nacional-Banesco Alliance

Until May 15, cardholders enjoyed a 30% discount whenever they used their Banesco Visa and MasterCards to pay for the affiliation to the El Nacional subscribers' club.

### Win prizes with BanescOnline

We launched the BanescOnline promotion by means of which, between March 15 and December 15, those customers navigating on the best banking net: BanescOnline, participate in the 9 sweepstakes for laptops, electronic agendas or pen drives, only by adding points for carrying out transactions such as the payment of the Banesco credit cards and those with other banks, affiliation and recharge of mobile phones via Movilnet's \*compras (\*purchase), CANTV payments, setting up equity transactions, among others.

## Very Special Events Two Generations in Ciudad Banesco

The "Trilogy for Banesco" mural, by the well-known Venezuelan artist Oswaldo Vigas, has been inaugurated in the Central Plaza of Ciudad Banesco on May 12. We took advantage of the occasion and showed the short film "Elephants Never Forget" by Lorenzo Vigas Castés, who has been awarded numerous international prizes.

*The "Trilogy for Banesco" mural, by the well-known Venezuelan artist Oswaldo Vigas, has been inaugurated in the Central Plaza of Ciudad Banesco*

### Acknowledgements

- The Fitch Rating Agency improved the national short term banking rating to the level of F-2 (ven) and the long term banking rating to a level of A-(ven).
- Banesco received the Andres Bello Catholic University Order in acknowledgement for its commitment towards the Education in Venezuela

### Distant Banking to serve Our Customers

At the closing of the first semester 2005, the average electronic transactions increased by almost 26.5% in relation to the previous year, which means the organization achieved an average relative share of 72.4% of the total operations, which represents an improvement higher than the 3.3 percentage points in comparison to the previous year.

*The average electronic transactions increased by almost 26.5% in relation to the previous year*

### Electronic Data Exchange

We recorded a 30.01% increase in transactions, and a 45.91% increase in amounts for payroll services, payments to vendors and direct debits

## DISTANT BANKING • BANESCONLINE • CUSTOMER PHONE SERVICE CENTER



through the electronic data exchange platform, as well as a 26% increase in the number of customers affiliated to this channel, compared to the previous year.

At the closing of this semester, the channel had 3,057 affiliated customers and processed an average 2.65 million transactions and 665,883 million Bolivars.

In addition, the organization now also monitors the Electronic Payment Services to the Integral Monitoring Center (CIM), thus guaranteeing the highest availability of this novel service.

### BanescOnline

We achieved a 29,55% increase in the average volume of transactions vs. the previous year, as well as a 26% increase in the number of affiliated customers compared to the figures at the closing of December 2004.

As of the closing of this semester, BanescOnline has more than 485.000 affiliated customers and managed an average number of 4.85 million transactions and 342.904 million Bolivars. BanescOnline has been consolidated as the organization's main electronic channel in matters of numbers of processed operations.

*As of the closing of this semester, BanescOnline has more than 485.000 affiliated customers*



### New BanescOnline functionalities

- Delivery of massive files for Trust.
- Activation of the Special Operations Code
- Affiliation to BanescOnline with the American Express credit card
- Look-up of American Express credit card Movements to be Invoiced and Monthly Statement
- Look-up of Account for the Star Plan Product
- Standard, configurable and online look-up of the standard statements of the Visa Distribution card

*BanescOnline has been consolidated as the organization's main electronic channel in matters of numbers of processed operations.*

### Customer Telephone Attention Center (CAT)

This channel addressed an average 865,000 calls and 1.8 million transactions per month, with a higher than 77% robot participation (IVR). Of the total number of calls received, more than 190,000 are handled through our telephone agents, with highly competitive service levels. Following actions can be highlighted during this semester:

- Optimization of processes and incorporation of new options to the robot (IVR)
- Outset of the Pilot Plan of the Debit Card Authorizer's Reengineering Project
- The nationwide acceptance of the credit card authorizations totaled an average of 86%, which represents a 0.74 points increase, and which allowed us to satisfactorily comply with the average demanded by the franchises for the local market.

### Banesc Electronic Banking: the best Coverage and the best Quality

At the closing of the first semester of 2005, Banesco offers to the public 684 automatic tellers (15% of the market share), 119 self-service equipment, 240 checkbook dispensing machines and 22.655 points of sale (POS) - the markets largest network.

Average transactions as an Issuing and Acquiring entity at the automatic teller machines experienced a 17.5% and 12.08% growth, respectively, in relation to the previous year, thus maintaining the leadership in transactions and acquiring parties in the Suiche7B and Conexus networks, with a 19.03% market share. In like manner, the organization achieved a 53.15%, 10.76% and 23.51% growth in the average monthly number of transactions processed by the self-service networks, checkbook dispensing machines and points of sale, respectively.

*We launched an ATM's Security Project pilot plan*



## BANESCO ELECTRONIC BANKING

We launched an ATM's Security Project pilot plan which consists of a number of questions only the customer knows and can answer easily, which allows us to check off, in a simple and safe manner, the customer's identification whenever he / she carries out any transaction.

*We also prepared the pilot plan and implemented with the Digitel and Movilnet operators the cash "Mobile Phone Recharge over via POS" platform*

We also prepared the pilot plan and implemented with the Digitel and Movilnet operators the cash "Mobile Phone Recharge over via POS" platform, to offer our customers the versatility of being able to recharge their mobile phones in our affiliated stores.

And now, through the self-service equipment, our customers will be able to check out. On line, the movements of their savings and liquid asset fund accounts.

### Multi-Channel

We implemented the technology platform for the management and administration of rates and commissions through electronic channels and agencies, which allows us to dynamically configure multiple business rules and segmentation criteria, as well as a number of calculation bases and schedules. We optimized the inquiry programs for the collection of outstanding fees and commissions.

### Ratifying our leadership in credit cards

With the purpose of improving the quality of our service, and to stimulate the use of our credit cards, the organization developed a program of massive issuance of secret codes so that our customers and clients may immediately avail themselves of the cash advance service through our automatic teller machines.

### ... And, in matters of debits, we are also Number One

During this semester we achieved the first place in the Point of Sales' market, with a share of 19.23% and a gap of 1.07 points over our closest competitor.

And, in April of 2005, together with the Government's Banking System, closed a negotiation for the issue of Electronic Food Cards (TEA), reason for which over 38 thousand employees and workers have preferred Banesco for the management and administration of this benefit.

*During this semester we achieved the first place in the Point of Sales' market, with a share of 19.23%*

### A new model of Mortgage Credits

For the first semester of 2005, the Venezuelan mortgage sector felt a significant impact by reason of a number of changes in the law and standards of operations which urged the adjustment to the business strategy scheduled for this area.

In Banesco we implemented the changes required by the new model, to continue offering our customers and clients a timely response to their financing needs as well as the best conditions of the market, which only the leader can offer. For the period in reference, we met a total of 2,393 short and long term mortgage credit applications, for a total of Bs. 90.7 billion, and covered the targets set as margin of intermediation.

*We met a total of 2,393 short and long term mortgage credit applications, for a total of Bs. 90.7 billion*

In matters of attraction of resources of the Sole Obligatory Fund (Fondo Único Obligatorio) we were also leaders in this market, and managed 29.81% of the funds deposited in the financial system, separated from our closest competitor by 3.99 points which allows us to be the reference in our peer group.



# On the path of Total Leadership in Credits





## ON THE PATH OF TOTAL LEADERSHIP IN CREDITS

### Credits in record time

*“48 Hours  
Banesco  
MultiCredits”  
we settled operations  
in the amount of  
Bs. 3.6 billion*

As part of the strategy to hold the position as the principal institution in credit matters in Venezuela, on June 20 of 2005 we launched to the market the “48 Hours Banesco MultiCredits”, with the purpose of addressing, in a speedy manner and at an 18 months fixed preferential rate, the commercial financing needs of our customers, by means of which the organization analyses, approves, instruments and settles these credits directly through its sales channels. From the date this project was launched, and barely during the last ten days of the first semester of 2005, we settled operations in the amount of Bs. 3.6 billion, where 53% have been allotted to legal customers and clients and whose largest term concentration is 36 months.

### Assistance to the Agricultural Sector

We exceeded, by over de 100%, the placement target established by the National Executive for the agricultural portfolio, and settled credits in the amount of Bs. 163 billion in 473 operations, which totals the portfolio, at the closing of June 2005, at Bs. 348 billion.

*We  
exceeded, by over  
de 100%, the  
placement target  
established by the National  
Executive for the agricultural  
portfolio, and settled credits  
in the amount of Bs. 163  
billion in 473  
operations,*

It is important to point out that we developed and executed a special Bs. 30 billion financing program addressing sugar-cane producers of the Portuguesa Sugar Center, located in Acarigua, State of Portuguesa.

In like manner, we are in direct contact with the agro-industries and production units to be closer to our customers with the purpose of helping them out with their financial requirements and broaden their level of knowledge on the evolution of businesses in the agricultural sector.





Sales People



## CUSTOMER ATTENTION

### A larger presence of the country's first Customer Attention Network

7 new agencies

During the first semester of this year 2005, and with the purpose of maintaining our customer service quality excellence standards, we opened 7 new agencies.

#### Markets opened by Banesco:

- □ El Junquito
- □ Maiquetía International Airport
- □ Higuerote.
- □ Teller at the La Floresta Maternity, in the □ city of Maracay.
- □ Teller at the Cementerio del Este (Eastern □ Cemetery), in El Cafetal.
- □ Teller at the National Institute of Terrestrial □ Transit and Transportation (INTTT)
- □ Teller at the I.P.S.F.A. Military Magazines

### Customer Attention Services Specialized Banking

#### Corporate Banking

Banesco is ever present in the funding of large infrastructure works advanced by the National Government, such as the Caracas – Cua railroad, the Puerto Cabello - La Encrucijada railroad, the Valencia subway, the extension of the Line 3 Caracas subway and the Los Teques subway, reaching close to 30% of the total amounts funded by each one of the companies or consortiums involved.

These works are expected to be inaugurated during the year of 2006, and same are to contribute to an important improvement in the quality of life of the inhabitants living close to them, with a favorable impact on urban transformations, improvement of the automotive transit and generation of direct and indirect jobs during the construction phase as well as permanently to operate such important national projects.

With the purpose of reaffirming our participation and our orientation towards the attention and direct response to the regions, we presented the Corporate Banking Regional Management during the "Valencia Comptroller's Lunch" held in this city. In a very short period of time, management generated important results by taking part in the so important growth of the automotive sector, with some of the principal vehicle assemblers in the country.

*We consolidated our position as the principal financial institution within the telecommunications industry in Venezuela.*

On the other hand, we consolidated our position as the principal financial institution within the telecommunications industry in Venezuela.

From the point of view of services, and in coordination with the technical back-up areas, we concreted important updates to the home-banking system for companies, thus allowing the treasuries of our customers to be more efficient.

#### Premium Attention for our Customers

We consolidated the Premium segment within our network, and affirmed our presence in one out of every two agencies with the help of 150 Sales Executives: 83 of them in the Metropolitan Area and 67 throughout the rest of the country.

This channel, which at present services 18,536 customers, offers agencies in areas close to our clients as well as permanent attention and counsel.

Today, through this offer of services, we manage 20% of the funds of natural individuals and administer their assets and liabilities.

Our portfolio improves their liabilities' mix ratio, 54% on term placements and 46% on sight, thus reinforcing their rate of return.

On the other hand, the Advisors' management to maintain the funds with the Institution appears reflected in the placement of an important volume of investment trust agreements during this period.



## RISK CONTROL

### Narrowing relationships within the Oil Sector and the Basic Enterprises

We are the leaders within the Food E-Card system in PDVSA, in substitution of the PDVSA employees and workers' food store, with over 33,000 PDVSA employees, retirees and contractors as our customers. We are also the leaders within the country's main iron ore and steel industries.

*We are the leaders within the Food E-Card system in PDVSA*

We created the Western Region Oil Banking Management, and hold the second position within the oil sector. We do have one office in Maturin, one in Puerto La Cruz and one in Anaco.

### Government Banking

At the closing of the first semester of 2005, Banesco maintains the leadership within the ranking of Attracting Funds from Official Entities (without including Assigned Investments), obtained over a year ago, with a 2.43% increase of the annual market share (June 2005 – July 2005) over the rest of the market, thus achieving 19.60% of the market share.

This proves the sustained competitiveness and strategies applied within the public sector, through a bank specialized in servicing this type of customers, and counting with the support of all the business areas to render an integral service.

The Bank achieved relevant advances in the Housing Funds business, not only in new savings customers but by recuperating overdue debts from companies in the amount of Bs. 12.6 billion. It is important to point out the affiliation of approx. 25,500 new savings customers from public entities.

### Risk Control Information Security and Business Continuity

The excellence in protecting the organization's information has been the main objective of the Information Security and Business Continuity areas. The Bank managed to align the institution's information asset's security levels in accordance with the international standards, and strengthened the technology platform and the electronic channels platform for debit and credit cards.

*The ongoing execution of the Information Security sensitizing plan is achieving a change within the organizational culture*

Together with this, the ongoing execution of the sensitivity plan in matters of Information Security is achieving a change within the organizational culture, through which the employees contribute to protect the corporate and the customer's information, backed up by an innovative communications, training and internal staff certification process at all levels.

Within the Strategic Information Security Plan are the security examinations carried out by consulting companies well known to the area, which are to verify the current levels of security from the perspective of a third party, and the establishment of a plan of action to improve even more the security levels.

The continuity of the Bank's businesses being a critical aspect for the whole span of the organization, the institution initiated a number of activities towards reinforcing the implementation of the most appropriate security outlines, with the purpose of avoiding important interruptions to the critical processes by reason of acts of God or other adverse events.

### Operating Risk

We continue being successful in our path towards ongoing excellence and improvement within the operating risk management, within the best practices and lessons learned from financial organizations worldwide, which will allow us to respond more effectively to events that could eventually represent a negative impact on the business processes.

We continue promoting the risk culture, urging each employee to internalize this responsibility inherent to his / her daily activities. To support this culture, we conformed

## CADIVI-BANESCO OPENS OUT TO THE WHOLE COUNTRY



*We conformed a team of 328 Operating Risk Delegates in the executive and managerial levels*



a team of 328 Operating Risk Delegates in the executive and managerial levels, to lead the identification, ongoing management and risk follow up within their respective areas, with the methodological assessment of the Operating Risk Vice Presidency.

At the same time, we integrated the organization's Risk Management Model to the processes, systems and quality management, as well as to the induction program to new employees and staff in general, to leverage the integration and relevance of human factor to the incorporation of the risk management culture.

### **Operations Up-to-Date: Vault and Custody Management**

We are still the leaders within the peer group of banks or reference group as to the availability of cash on total public attraction, with a monthly average of 19%.

The Custody Papers in local currency increased by 20% in relation to the closing data of the year 2004, which represents an approximate amount of Bs. 932 billion. And, in foreign currency, this portfolio increased by 22%, i.e. figures close to Bs. 21 billion.

We improved out forecasts on Marketable Securities Conveyance, which for this

first semester of 2005 represents a decrease of approx. Bs. 288 million in the total cost.

### **CADIVI - Banesco opens out to the whole country**

With the purpose of establishing a larger presence throughout the rest of the country, the CADIVI-Banesco area commenced its activities in Valencia and Porlamar in order to take care of the number of requests filed in these areas, and offer support and counsel in exchange matters to the sales area.

At present, we do count with one customer service executive in each city and we expect to soon be able to open up this service within the country's western region.

To keep the members of the agencies' personnel up to date in matters of our customers' CADIVI currencies requests, we participated in a series of workshops nationwide where a number of doubts were cleared up on this issue and important information was furnished to our promoters and executives. This way, we reinforced the customer attention and service tools managed by the bank's sales network.

### **First Class Service**

We are currently competing the design of the electronic deposit project, which is to become one of our tools to ease the deposits to be made by our VIP customers and clients, starting the second semester of 2005.

In like manner, we have activated follow-up processes for our corporate customers to guarantee their ability to surpass their expectations.

### **Electronic Clearing House**

With the active participation of Banesco, the national financial system initiated, on May 16 of 2005, the Electronic Clearing House. With this, we do expect to achieve changes favorable for our customers and clients given that the funds can be released within 24 hours.

*We improved out forecasts on Marketable Securities Conveyance, which for this first semester of 2005 represents a decrease of approx. Bs. 288 million in the total cost.*

*The CADIVI-Banesco area commenced its activities in Valencia and Porlamar*





## TECHNOLOGY AT YOUR SERVICE

### Technology at your service

#### Service Desk

- We did, during the first semester of 2005, consistently comply with the goals set for the Service Desk, and achieved and maintained an average 90% as service level indicator, and managed to service 17% more customers and clients within an expanded window, focused on the business processes, making more effective the knowledge in technology to service 10 new areas which have been incorporated to the customer service model.
- Incorporation of new service channels, as well as self-management forms, and a site as a portal for the Service Desk.
- We incorporated the service which allows the internal customer to report events via a web channel, with an average waiting time of 1 minute, and improved noticeably the e-mail channel, reducing the time from 8 hours to only 30 minutes.

#### Customer Service

- Development of applications which allow us to optimize the cash recharge service Movilnet and Digital mobile phones.
- Strengthening of the business back-up systems to comply with the regulations of the Central Bank of Venezuela, CADIVI, SUDEBAN and the National Treasury.
- Optimization of the trust operating processes in compliance with the anti-fraud policies, incorporation of new audit trails, as well as the detailed information flux consultation.
- Implementation of the new Electronic Check Clearing House process.

### Improvement of the Business Intelligence Infrastructure

Development of the information systems to back up the decision taking process and

business's executive control management, facilitated by strengthening the whole business intelligence infrastructure.

#### Improved availability of services

- We incorporated the monitoring processes of new services to the integral monitoring center. The availability indicators appear published on the intranet, which allows making such information accessible at any time.
- Strengthening of the service vision within the technology and Processes Direction, through a training, motivation and communication campaign to promote the fact that, in product development and services as well as in the back-up to an ongoing delivery, the main focus be the final customer and his needs. The incorporation of the best Technology Service Management Practices worldwide (ITIL) is currently being carried out; in like manner, the development of the extended processes network, as capital of the strategic quality management, to improve the rendering of service and the Service Desk

#### Data Quality Assurance

- Promotion of the quality of the information through the massive update of data and integrating business areas such as credits, agencies, products and services.

#### New Credit Card Applications

- Implementation of functionalities in the credit card systems with the purpose of making it easier to manage the business, improve internal controls, comply with the franchise regulations and the demands of CADIVI.

#### Applications for the use of alternate channels

- The incorporation of new functionalities within the Internet, EDI, ATM and points of sale (POS) applications with the purpose

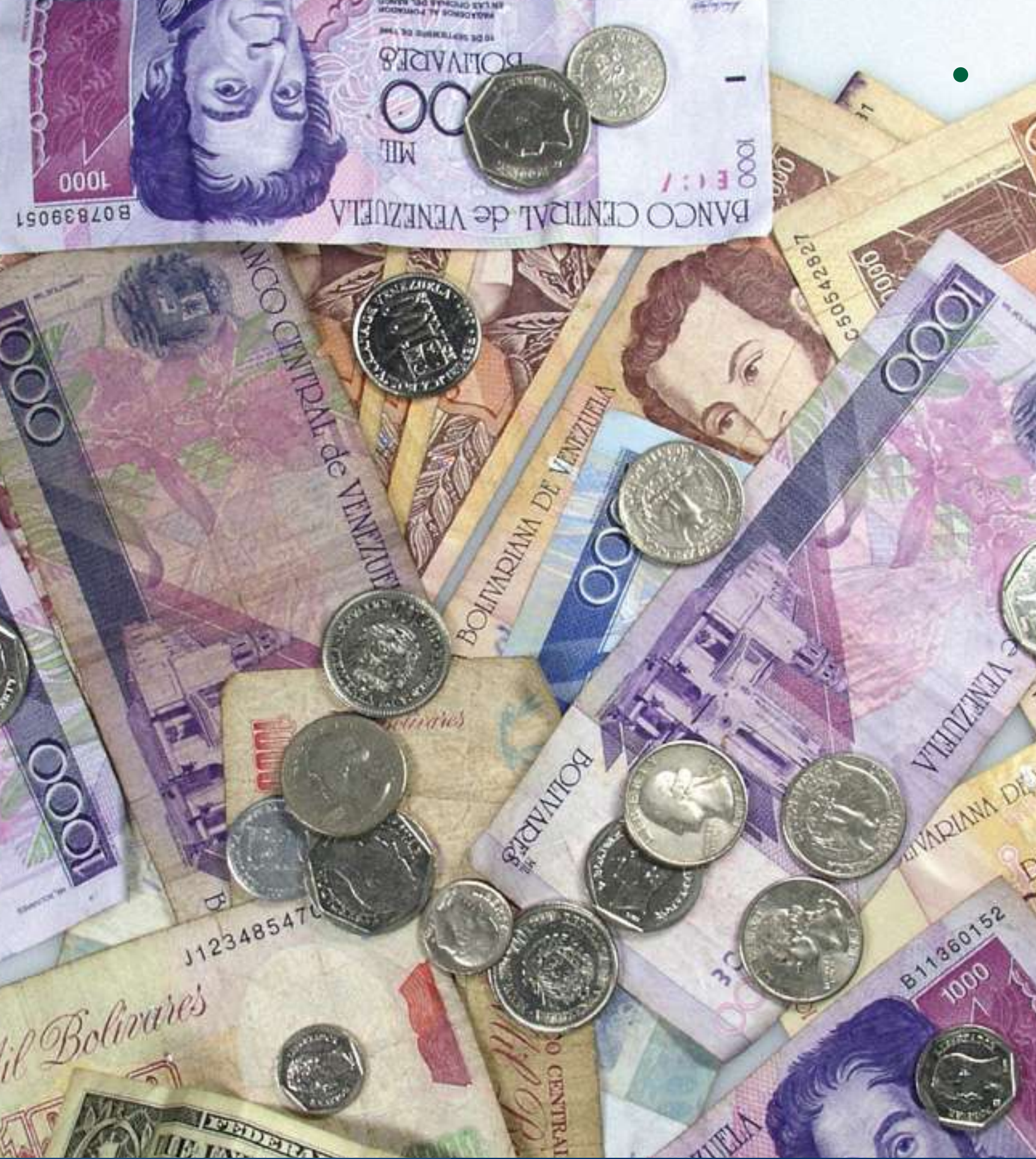
of improving the quality of the service for the internal and external customer, and an improved security during the execution of the programs

#### Implementation of methodologies to guarantee the quality of our products

- Incorporation of better international practices within the methodological framework of the development of processes and systems, to achieve the quality of our systems and thus achieve the satisfaction of our customers and clients.
- Management of all requirements of the business areas for the maintenance of applications, thus improving the attention and satisfaction of our internal customers.

#### Business process quality assurance

- Incorporation of the Six Sigma Quality Methodology in four experimental projects of the organization, which will allow us to improve the process reorganization, minimize losses, diminish operating risks associated to same and optimize the service for our customers and clients.



# Balance Sheets

as of June 30, 2005 and December 31, 2004

●

**BALANCE SHEETS AS OF JUNE 30, 2005 AND DECEMBER 31, 2004**  
STATED IN MILLION VEB

	Operations in Venezuela	Consolidated with Foreign Branches	Operations in Venezuela	Consolidated with Foreign Branches
	Jun-05	Jun-05	Dec-04	Dec-04
<b>ASSETS</b>				
● <b>CASH AND DUE FROM BANKS</b>	<b>1,530,035</b>	<b>1,534,113</b>	<b>1,182,132</b>	<b>1,186,743</b>
Cash	158,704	158,713	164,120	164,129
Central Bank of Venezuela	1,170,517	1,170,517	896,395	896,395
Local banks and other financial institutions	12,893	12,893	9,642	9,642
Foreign banks	47,764	51,832	12,758	17,361
Notes receivable	140,157	140,157	99,219	99,219
● <b>SECURITY INVESTMENTS</b>	<b>4,472,345</b>	<b>4,842,023</b>	<b>3,611,965</b>	<b>3,988,053</b>
Investments in Central Bank	272,228	272,228	2,106,806	2,126,496
Security investments for negotiation	945,944	945,944	0	0
Available for sale security investments	1,610,487	1,612,065	39,028	40,497
Security investments held until maturity	1,581,866	1,948,072	1,409,692	1,762,851
Other security investments	56,209	58,103	50,142	51,912
Limited availability investments	5,611	5,611	6,296	6,296
● <b>CREDIT PORTFOLIO</b>	<b>2,507,821</b>	<b>2,523,125</b>	<b>2,005,878</b>	<b>2,022,914</b>
Outstanding credits	2,518,821	2,534,895	1,988,359	2,014,405
Restructured credits	49,945	49,945	85,883	85,883
Past due credits	27,199	37,401	23,317	24,998
Credits in litigation	781	781	768	768
Provision for Credit Portfolio	-88,925	-99,898	-92,450	-103,141
● <b>INTEREST AND COMMISSIONS RECEIVABLE</b>	<b>148,011</b>	<b>158,666</b>	<b>76,141</b>	<b>80,682</b>
Interest receivable from security investments	102,606	113,124	51,097	54,826
Interest receivable from credit portfolio	50,895	52,426	35,775	36,588
Commissions receivable	7,441	7,441	2,613	2,613
Provision for interest receivable and other	-12,932	-14,325	-13,345	-13,345
● <b>INVESTMENTS IN SUBSIDIARY COMPANIES, AFFILIATES, AND BRANCHES:</b>	<b>99,236</b>	<b>11,978</b>	<b>152,918</b>	<b>16,748</b>
Investments in subsidiary companies and affiliates	3,992	11,978	11,130	17,301
Investments in branches	95,244	0	142,341	0
Provision for investments in subsidiary companies, affiliates and branches	0	0	-553	-553
● <b>PROPERTY RECEIVED IN LIEU OF PAYMENT</b>	<b>4,720</b>	<b>4,720</b>	<b>8,236</b>	<b>8,236</b>
● <b>PROPERTY IN USE</b>	<b>369,707</b>	<b>370,090</b>	<b>347,157</b>	<b>347,506</b>
● <b>OTHER ASSETS</b>	<b>311,736</b>	<b>311,946</b>	<b>277,398</b>	<b>277,401</b>
● <b>TOTAL ASSETS</b>	<b>9,443,610</b>	<b>9,756,661</b>	<b>7,661,825</b>	<b>7,928,283</b>

BALANCE SHEETS AS OF JUNE 30, 2005 AND DECEMBER 31, 2004  
STATED IN MILLION VEB

	Operations in Venezuela	Consolidated with Foreign Branches	Operations in Venezuela	Consolidated with Foreign Branches
	Jun-05	Jun-05	Dec-04	Dec-04
<b>LIABILITIES</b>				
<b>DEPOSITS FROM CLIENTS</b>	<b>8,074,960</b>	<b>8,315,493</b>	<b>6,439,633</b>	<b>6,657,073</b>
Deposits in current accounts-	3,254,954	3,254,954	3,056,935	3,056,935
Non-remunerated checking accounts	1,621,626	1,621,626	1,556,431	1,556,431
Remunerated checking accounts	1,633,328	1,633,328	1,500,504	1,500,504
Other demand liabilities	265,329	265,329	100,846	100,846
Savings deposits	1,489,892	1,602,272	1,337,050	1,459,172
Time deposits	3,064,038	3,192,190	1,943,990	2,039,308
Securities issued by the institution	708	708	773	773
Restricted deposits from clients	39	39	39	39
<b>DEPOSITS FROM CLIENTS AND OBLIGATIONS WITH BANAP</b>	<b>359</b>	<b>359</b>	<b>161</b>	<b>161</b>
<b>OTHER FINANCING OBTAINED</b>	<b>65,183</b>	<b>130,793</b>	<b>65,938</b>	<b>122,541</b>
Liabilities with local financial institutions up to one year	32,545	31,850	43,812	43,133
Liabilities with foreign financial institutions over one year	30,302	96,608	19,305	76,588
Liabilities for other financing over than one year	2,336	2,336	2,821	2,821
<b>OTHER FINANCIAL OBLIGATIONS</b>	<b>16,527</b>	<b>16,527</b>	<b>24,685</b>	<b>24,685</b>
<b>INTEREST AND COMMISSIONS PAYABLE</b>	<b>26,937</b>	<b>27,128</b>	<b>8,325</b>	<b>8,649</b>
Expenses payable due to deposits from clients	26,721	26,759	8,203	8,241
Expenses payable due to deposits from clients and liabilities with BANAP	55	55	55	55
Expenses payable due to other financing obtained	160	315	67	353
Expenses payable due to other financial obligations	0	0	0	0
<b>ACCRUALS AND OTHER LIABILITIES</b>	<b>186,319</b>	<b>193,035</b>	<b>165,617</b>	<b>157,708</b>
<b>TOTAL LIABILITIES</b>	<b>8,370,284</b>	<b>8,683,335</b>	<b>6,704,358</b>	<b>6,970,816</b>
<b>STOCKHOLDERS' EQUITY</b>	<b>427,996</b>	<b>427,996</b>	<b>427,996</b>	<b>427,996</b>
Capital paid-in	427,996	427,996	427,996	427,996
Capital reserves	208,768	208,768	178,235	178,235
Accumulated income	454,259	454,259	374,042	374,042
Non-realized gain or (loss) on available for sale security investments	17,028	17,028	11,978	11,978
Treasury stock	-34,727	-34,727	-34,784	-34,784
<b>Total stockholders' equity</b>	<b>1,073,326</b>	<b>1,073,326</b>	<b>957,467</b>	<b>957,467</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>9,443,610</b>	<b>9,756,661</b>	<b>7,661,825</b>	<b>7,928,283</b>
<b>Contingent Debtor Accounts</b>	<b>283,388</b>	<b>316,239</b>	<b>139,843</b>	<b>215,114</b>
<b>Trust Assets</b>	<b>4,387,112</b>	<b>4,387,112</b>	<b>4,092,881</b>	<b>4,092,881</b>
<b>Other Trusts Assignments</b>	<b>39,540</b>	<b>39,540</b>	<b>33,619</b>	<b>33,619</b>
<b>Debtor Accounts Due to Trust Assignments (FMH)</b>	<b>821,016</b>	<b>821,016</b>	<b>700,243</b>	<b>700,243</b>
<b>Other Debtor Accounts from FMH</b>	<b>6,634</b>	<b>6,634</b>	<b>5,804</b>	<b>5,804</b>
<b>Other Debtor Memorandum Accounts</b>	<b>13,888,500</b>	<b>13,895,961</b>	<b>11,545,938</b>	<b>11,552,867</b>
<b>Other Debtor Book Accounts</b>	<b>47,099</b>	<b>47,099</b>	<b>48,989</b>	<b>48,989</b>

**STATEMENTS OF EARNINGS AS OF JUNE 30, 2005 AND DECEMBER 31, 2004**  
STATED IN MILLION VEB

	Operations in Venezuela	Consolidated with Foreign Branches	Operations in Venezuela	Consolidated with Foreign Branches
	Jun-05	Jun-05	Dec-04	Dec-04
<b>FINANCIAL REVENUES</b>	<b>512,171</b>	<b>529,749</b>	<b>420,724</b>	<b>435,017</b>
Revenues from cash and cash equivalents	605	607	261	262
Revenues from security investments	290,834	306,944	242,078	253,671
Revenues from credit portfolio	201,546	203,011	159,301	162,000
Revenues from other accounts receivable	19,186	19,188	19,084	19,084
<b>FINANCIAL EXPENSES</b>	<b>219,563</b>	<b>221,486</b>	<b>135,353</b>	<b>136,970</b>
Expenses due to deposits from clients	212,410	213,982	130,361	131,576
Expenses due to deposits from clients and obligations with BANAP	329	329	329	329
Expenses due to other financing obtained	662	1,013	439	842
Expenses due to other financial obligations	32	32	34	34
Other financial expenses	6,130	6,130	4,190	4,190
<b>GROSS FINANCIAL MARGIN</b>	<b>292,608</b>	<b>308,264</b>	<b>285,372</b>	<b>298,047</b>
Income from recovered financial assets	10,831	10,831	15,152	15,152
Expenses Due to Uncollectibility of Credits and Other Accounts Receivable	509	1,045	350	550
<b>NET FINANCIAL MARGIN</b>	<b>302,930</b>	<b>318,050</b>	<b>300,174</b>	<b>312,649</b>
Other operating income	191,208	189,138	191,905	170,478
Other operating expenses	18,856	29,143	11,172	11,215
<b>FINANCIAL INTERMEDIATION MARGIN</b>	<b>475,282</b>	<b>478,045</b>	<b>480,907</b>	<b>471,912</b>
<b>TRANSFORMATION EXPENSES</b>	<b>301,719</b>	<b>302,423</b>	<b>247,167</b>	<b>248,377</b>
Personnel expenses	121,903	122,170	107,630	107,873
Administrative and general expenses	158,132	158,569	124,552	125,518
Contributions to Deposit Guarantee and Bank Protection Fund	16,745	16,745	10,961	10,961
Contributions to Superintendency of Banks and Other Financial Institutions	4,940	4,940	4,024	4,024
<b>GROSS OPERATING MARGIN</b>	<b>173,563</b>	<b>175,622</b>	<b>233,740</b>	<b>223,535</b>
Income from adjudicated goods	4,780	4,780	3,981	3,981
Income from sundry accounts	515	717	768	2,226
Expenses due to realizable property	3,911	3,911	5,251	5,251
Expenses due to sundry accounts	18,186	20,447	23,878	15,131
<b>NET OPERATING MARGIN</b>	<b>156,761</b>	<b>156,761</b>	<b>209,359</b>	<b>209,360</b>
Extraordinary income	89	89	0	0
Extraordinary expenses	3,582	3,582	3,095	3,095
<b>GROSS INCOME BEFORE TAXES</b>	<b>153,268</b>	<b>153,268</b>	<b>206,264</b>	<b>206,264</b>
<b>INCOME TAXES</b>	<b>600</b>	<b>600</b>	<b>2,665</b>	<b>2,665</b>
<b>NET INCOME</b>	<b>152,668</b>	<b>152,668</b>	<b>203,599</b>	<b>203,599</b>
<b>APPLICATION OF NET INCOME</b>				
Legal reserve	30,534	30,534	40,720	40,720
Accumulated income	120,073	120,073	160,131	160,131
LOSEP Contribution	1,527	1,527	2,036	2,036

**PRINCIPAL FINANCIAL INDICATORS**

	Jun-05	Jun-04
Equity + Operative Management / Total Assets □	11.37	15.33
Non-Productive Assets / Equity + Operative Management □	180.15	139.58
Loan Portfolio Provisions / Gross Loan Portfolio □	3.42	9.01
Non Accrual Loans / Gross Loan Portfolio □	1.08	2.81
Personnel Expenses + Operative Expenses / Average Productive Assets * □	8.24	11.47
Personnel Expenses + Operative Expenses / Financial Income * □	54.68	63.26
Net Results / Average Assets * □	3.58	9.63
Net Results / Average Equity * □	30.22	64.04
Availability / Customer Funds □	18.95	20.35
Availability + Investment in Securities / Customer Funds	53.98	42.32

\* Annual Percentages

SOCIAL BALANCE AS OF 1998 - JUNE 2005  
STATED IN MILLION VEB

<b>ASSETS</b>	
Solidarity (Capital and Regional)	1,606
Solidarity (Asia)	100
Social Knowledge Enterprise Network IESA	140
FUNDANA Foundation	908
Words for Venezuela	2,814
Fe y Alegría Foundation	5,885
Trust Investment Fe y Alegría Foundation	4,333
Venezuelan Network of Youths and	1,000
Don Bosco Housing Program	160
Association of Salesian Ladies	142
Venezuelan Foundation against Child Paralysis	194
CASARTES	17
Donation of Computer Equipment	293
Other Contributions	6,089
Social Benefits Noncontractual for Banesco employees	8,900
Contribution Corporative Voluntary Service	21
<b>Article 101 of the LOSEP</b>	<b>6,007</b>
Venezuelan Association for the Catholic Education (AVEC)	2,192
Children's Museum	163
FUNDANA Foundation	60
Antidrug Campaigns	1,973
Prevention and Control of the Legitimation of Capital	1,619
<b>TOTAL ASSETS</b>	<b>38,610</b>
Accounts Payable Due to Fe y Alegría Foundation	4,333
<b>LIABILITIES</b>	
Contribution of the Banesco Organization	27,826
Contribution of the Public	444
Article 101 of the LOSEP	6,007
<b>LIABILITIES</b>	<b>34,277</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>38,610</b>

This year we do ratify our commitment to the country. According to our capacities, any movement in favor of the education of the Venezuelan people will count with our solidarity, our back-up and our best disposition.

Education, the pillar of our Corporate Social Responsibility Program, represents the greatest craving of any society which has understood that only by walking down the path of knowledge will it be able to achieve the goals to live in the future in a fairer and more dignified manner.

We also do ratify our intention of integrating and taking part, together with all the wills and initiatives, to producing tangible results towards attending to the demands of the communities to create an impact.

We now take part in the cause of a number of institutions and organizations which, today, are our social partners. This year we have added other allies. We are pleased to count with these institutions, organizations and individuals who have accumulated successes over such a long period of time, and generated benefits for so many fellow countrymen.

These are: Fe y Alegría, Fundana Foundation, the Venezuelan Association for the Catholic Education (AVEC), the Don Bosco Housing Program, Casartes, the IESA, the Andrés Bello Catholic University (UCAB), Fundaexcelencia, the Excelsior Foundation, the Children's Museum, the Association of Salesian Ladies, the Venezuelan Red Cross, the Venezuelan Foundation against Child Paralysis, the Venezuelan Cancer Society, the Apoye Civil Institution, the Venezuela Without Limits Foundation and the State's Foundation for the System of Juvenile and Children's Orchestras of Venezuela

## INTERNATIONAL AREA

### INTERNATIONAL BANKING PRODUCTS

#### International Checking Account Plan

Non-Active Commercial Account

#### Commercial Checking Account Plan

Active Account

#### Personal Checking Account Plan

#### International Savings Account Plan

- All accounts bear interest on daily balances.
- Deposit Certificates.
- Free Life Insurance.
- Fund transfers to other banks in other countries.
- Traveler Checks.
- And many other services.

#### Letters of Credit for Imports anywhere in the world.

#### Confirmation of Letters of Credit for Exports.

#### Money Orders anywhere in the world.

#### International Financing Operations.

#### Documentary Collections.

### Main Offices

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

Caracas - Venezuela

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Master Phone: (0212) 501.71.11

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

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### Subsidiaries

Banesco International Bank Inc., Panamá

Banesco International Bank Corp., Puerto Rico

### Branches

Banesco Banco Universal C.A., Sucursal Panamá

### Representative Office

Banesco Banco Universal C.A.,

Bogotá Representative Office

### Affiliated Bank

Banco União C.A., Sao Paulo

Eduardo Loures, President

Telf (55 11) 3253-3722

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### Mailing Address:

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## CORRESPONDENT BANKS

**Argentina:** Banco de la Provincia de Buenos Aires, Banco de la Nación Argentina, Banco Supervielle C.A.  
**Australia:** ANZ Bank.  
**Austria:** Bank Austria Creditanstalt A.G.  
**Belgium:** Dexia Bank, Fortis Bank.  
**Bolivia:** Banco Económico, Banco Do Brasil.  
**Brasil:** Banco Bradesco, BICBANCO, Banco Do Brasil, Banco Itau S.A., Unibanco., HSBC Bank, Banco Banif Primus, Banco ABC Brasil, Banco Safra, Banco Rural, Banco Santander Banespa.  
**Canada:** Toronto Dominion Bank  
**Chile:** BancoEstado, Bci Banco de Crédito e Inversiones.  
**China:** American Express Bank, Commerzbank A.G., Wachovia Bank  
**Colombia:** Banco de Bogotá, Bancafé, Bancolombia, Bancoldex.  
**Costa Rica:** Banco Nacional de Costa Rica, Banco de Costa Rica.  
**Curacao:** Maduro & Curiel's Bank.  
**Denmark:** Danske Bank.  
**Dominican Republic:** Banco de Reservas, Banco BHD, Banco Popular Dominicano  
**Ecuador:** Banco del Pichincha, Banco del Pacífico, PRODUBANCO, Banco de Guayaquil  
**El Salvador:** Banco Cuscatlán.  
**England:** The Royal Bank of Scotland, HSBC Bank P.L.C., Wachovia Bank  
**Finland:** Nordea Bank.  
**France:** Credit Industriel et Commercial, BNP Paribas Group, Societe Generale  
**Germany:** Commerzbank A.G., American Express Bank Ghmb, HVB A.G.  
**Guatemala:** Banco Industrial, Banco GT Continental, Banco Agromercantil  
**Holand:** Commerzbank A.G.  
**Honduras:** Banco Atlántida, Grupo Financiero Ficohsa, Banpais, Banco Continental  
**Hong Kong:** American Express Bank, Wachovia Bank  
**India:** American Express Bank, Wachovia Bank  
**Ireland:** Bank of Ireland  
**Israel:** Bank Leumi Le Israel, Bank Hapoalim B.M.  
**Italy:** Banca Nazionale del Lavoro, Unicredito Italiano, San Paolo IMI. S.p.a  
**Japan:** The Bank of Tokyo and Mitsubischi Bank, American Express Bank, Wachovia Bank.  
**Korea:** American Express Bank, Wachovia Bank.  
**Malaysia:** Bumiputra Commerce Bank Berhad, American Express Bank  
**Mexico:** Banamex, S.A., HSBC Bank, Banco Santander Serfín  
**New Zealand:** ANZ Bank  
**Nicaragua:** Banpro, Bancentro  
**Norway:** Nordea Bank.  
**Panama:** Banesco International Bank Inc., Banesco Banco Universal, BLADDEX, Banco Uno.  
**Paraguay:** Banco Do Brasil.  
**Peru:** Banco de Crédito del Perú, Banco Financiero, Interbank, Banco Sudamericano  
**Portugal:** Banco Espirito Santo S.A., Banco Banif  
**Puerto Rico:** Banesco International Bank Corp., Banco Popular de Puerto Rico  
**Singapore:** American Express Bank  
**Spain:** Banco Sabadell, Grupo Banco Popular  
**Sweden:** Nordea Bank, Svenska Handelsbanken  
**Switzerland:** U.B.S. Credit Swiss First Boston, HSBC Private Bank, BNP Paribas  
**U.S.A.:** American Express Bank, JP Morgan Chase Bank, Wachovia Bank, Regions Bank, Citibank N.A.  
**Uruguay:** Banco de la Provincia de Buenos Aires, Banco ACAC.

