

CORPORATE SOCIAL
RESPONSIBILITY REPORT 2007

Banesco
BANCO UNIVERSAL

Letter from the President of the Board of Directors

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To Our Customers, Workers, Stockholders and Social Partners



In Banesco, we believe that the driving force behind the Corporate Social Responsibility strategy (CSR) and within the organization is not a commendable cause if it does not provide the opportunity to create shared value between society and Banesco's core business portfolio. Thus, Banesco's CSR policy is aimed to encourage the domestic sustainable development with strategies that guarantee growing levels of financial participation.

Financial exclusion impairs people's access to resources that otherwise would allow them to strengthen their work capability and assets. This situation, in turn, encloses them in a poverty circle very difficult to escape from. In this sense, the development of inclusive financial systems is the required leverage to thwart such a situation and, convinced of this we are, Banesco is concentrating its efforts to expand access to the financial system through a massive inclusion campaign, payment facilities and innovation to create value for our stakeholders. Two of these three elements are the fundamental components of Banesco's 2010 Vision.

Banesco considers that banks should become a vehicle for a sustained, distributed and inclusive economic development. These features are seen as preconditions in order to be able to face the challenges of the new millennium. Timely access to financial services, as well as low costs, are a good point of depart to build opportunities for a vast majority which has been excluded so far.

The urgent need to expand the physical infrastructure proper to financial services is quite clear, but it is also indispensable to create a more flexible and timely access to financial services. It would be useless to count on a wider network of attention channels, if people cannot make an increasing use of this web when they need to do so.

It is essential to start approaching bancarization as a dynamic topic about how to use effectively financial services, and not only as a still concept related to the access and availability of financial and physical financial instruments. This is the great task for the new millennium, if we wish the financial system to become a factor of change in the democratization process of the financial system which has been under development at different national and international summits.

The wide and growing international experience seems to indicate that in order to achieve a sustainable increase of such an access and bancarization it will be necessary to employ technological tools and innovating business models to reduce the costs proper to the analysis and verification processes of financial operations (account opening, credits, insurance, collection, among others). Within this context are included a series of initiatives already in practice in the developing countries, known as "strategies towards the pyramid base".

For the next three to five years, Banesco's CSR policy points to provide all its business layers with elements to fight financial exclusion, having in mind that this is one of the most important sources of persistent inequality, the poverty trap and the slowdown of economies. Among these elements we can mention:

- Offering good savings services, payment facilities and insurance to low income sectors, as loans are not the only financial service they require. In many cases loans are not even the more relevant service for their interests. For this reason, it is very important to know the stakeholders' needs.

- Offering products and/or services suitable to customers' needs –products targeted to excluded segments of the population– with the idea of paying attention to low income sectors. In some occasions this would demand adjustments and/or changes to the present business models.

It is important to understand that for the creation of inclusive financial systems it is essential to adopt an approach that goes beyond microfinance. Although it is fundamental to learn the lessons of microfinance, in most of the developing countries not only the poor are deprived from access to formal financial systems. In many cases, the middle class is also excluded from the financial sector. Most of the SMEs, for example (including those owned by non-poor people), have to deal with a limited access or no access at all to formal financing.

- Providing financial education to the public, in line with the previous approach. For Banesco, the education of its stakeholders in the management of their financial resources is a goal.

The initiatives carried out in 2007 in order to pave the way towards the stated medium-term goals were the following:

- 1.- The support and encouragement to the Banesco Community Banking (BCB), which has produced important results from the inclusion point of view: 25,943 customers, 11,600 loans for working, 1,777 personal loans and 12,802 affiliations to step-by-step saving.

It is worthy of mention that for BCB bancarization means not only to provide services and products to a given sector. It also includes educating people in finance, and providing customers with specialized assistance related to investment, commercial proceedings, balance and requests as a part of the job, all this through a simple and natural language. This way, we establish a closer relationship and the customer grows at the pace of his real possibilities. In 2007, BCB bancarized 52% of its credit customers.



To Our Customers, Workers, Stockholders and Social Partners

Through these innovating models, BCB reaches to its customers in a practical and simple way. This means that the customer has not to go to a bank office each time he needs to make a transaction, saving time and money at the same time.

BCB has resorted to alliances with commercial outlets such as lotteries, supermarkets, department stores, among others, and has implemented technological solutions such as cellular phones, ATMs and POS, to offer multiple operations to its customers around the places where they buy, work or live. This has produced a virtuous circle not only for the bank customers, but also for its commercial allies.

The main asset of BCB is its Human Capital, which in 2007 amounted to 215 employees, most of them young people, very engaged and with service vocation. They also have the will, motivation and ability to support the customers and micro-entrepreneurs, and help them to develop their plans and businesses, as well as to carry out actions aimed to produce substantial changes in their quality of life.

2.- The expansion of the platform to increase access, which is reflected in an infrastructure composed at the end of 2007 of 1,174 ATMs, 234 self-services, 44,113 POS and 442 attention points (offices, tellers, express centers, car banking, etc.) scattered through the country, with points of attention in every state.

Taking into consideration that electronic channels play a crucial role to reduce the costs involved in the operation and to reach a sustainable growth, Banesco constantly encourages their use. This allowed us to achieve a general growth of 56.47% in average transactions carried out through these channels in comparison to 2006.

Along with the infrastructure of e-channels, our organization has also devoted great efforts to guarantee the availability and safety of these instruments, from the technological point of view as well as the education of the customers in order to protect their interests.

3.- The support to the different stakeholders during the change process involved the Currency Reconversion established by the present administration.

Banesco not only complied with 100% of the reconversion process, without any incident reported up to the moment of activating the services or during the 01/01/2008 monitoring, but along the year the organization provided information to all its stakeholders, as well as education and tools designed to guarantee a successful process. Banesco did this through 3,185 visits to their customers, 96 lectures, 49 suppliers hired, a dedicated consultancy line (0-500Fuerte1) and 100% of its employees trained with instructive material delivered on internal campaigns (fliers, bulletin boards, newspapers, a website, etc.)

4.- The organization and the celebration of Words for Venezuela 2007.

Words for Venezuela is a forum created to periodically share thoughts and ideas, and it is also a space to debate with stakeholders. We are encouraged by the idea that private enterprises can also propose projects, notions and thoughts to the rest of society. Our point of depart is that every organization, one way or the other, is entitled to spread actions or speeches which could produce new meanings or trends in the search of the solutions we all yearn of.

In accordance with our goal of a wider access and inclusion, one of the guests in Words for Venezuela 2007 was Mr. Muhammad Yunus, Nobel Peace Prize winner (2006). He said:

“... men do not create poverty. It is the system we have built which has created poverty... It is a phenomenon artificially imposed. It is not a part of the human being itself. When we see poverty from this perspective, we start to see the world in a different way because if we try to redesign our policies, our institutions, our concepts, then we can do it to fight poverty...”

“... ¿why cannot we create an inclusive banking system in order to not exclude anyone? Apart from those who do not want money, but let us convince them that they do want money ...”

“... There is no reason for not making disappear poverty. If we continue working we will be able to do it ...”

No doubt, Mr. Yunus' speech and experience are inspiring in the matter of financial inclusion and contributions to sustainable development.



5.- The continuation of the efforts to support our social partners and social action in the community, with the help, initiatives and projects from different entities and institutions, which materialized with a global investment of Bs.F 23,588,723 in 2007. This accounted for an accumulated contribution amounting to Bs.F 89,530,793 since 1998, focused on education and health for more Venezuelans every day.

Since 2004, Banesco has provided a transparent and continuous report of its CSR policy on an annual basis. In this occasion, when we cover a period which goes from January 1st to December 31st 2007, we have progressed (against the previous Report published for 2006) in the application of the guidelines of the Global Reporting Initiative Version 3 (GRI G3), with the aim of moving forward in the use of the best practices to inform about Banesco's economic, social and environmental performance. We are working hard so that the Report could be more and more a communication tool with our stakeholders, and a useful device to guide the next CSR actions of our organization.

Juan Carlos Escotet Rodríguez
President of the Board of Directors

Profile of the Organization





Banesco Mission, Vision and Values

Banesco Universal Bank C.A. is a Venezuelan financial institution authorized to perform all operations established in the General Law on Banks and Other Financial Institutions to Universal Banks. It is submitted to the corresponding regulations for Banking Institutions, as well as to those regulations related to the Capital Market, since it is a public company whose stocks are quoted at the Venezuelan Securities Market.

Its headquarters are located in the city of Caracas, and it is the bank with the highest underwritten and paid capital in the Venezuelan financial system: Bs.F 641,499,327. This capital is represented by 6,414,993,270 stocks with a face value of Bs.F 0.10 each, distributed among a total of 5,909 stockholders.

Banesco mission

We are an organization of integral financial services, devoted to know our customers' needs and their satisfaction levels through a relationship based on mutual trust, ease of access and excellence in quality service.

We are the leader in Personal and Commerce sectors, and we combine tradition and innovation with the best human talent and cutting-edge technology.

We are committed to create the highest profitability for our stockholder and wellbeing for our community.

Banesco vision

To duplicate in 2010 (base 2003) the economic value of our corporation, through the development of international operations, the leadership of payment facilities in Venezuela, and massive bancarization, supported by technologically innovating products and business models.

Banesco values

Integrity and trustworthiness

We protect the confidentiality of our customers and manage our business with honesty. We act consistently with what we are, what we say, and what we do.

Individual and Social Responsibility

The success of the organization is based on the fact that each and all Banesco's citizens are responsible for the impact of their actions at their homes, the company and within society.

Base for our business strategy

- Cutting-edge technology
- Innovative Products
- Direct marketing
- Market segmentation
- Products "packing"
- High quality service at our branches
- Continuous and innovative communication

Innovation and Quality of Service

We are willing to break paradigms to permanently exceed our customers' expectations.

Undertaking

We foster the worker's thought and action as the owner of the business, to ensure his success as well as the corporate success.

Interdependence and Leadership

We promote a fair and inspiring leadership, able to forge alliances, empower talents and build successful teams to favor the Organization.

Renovation and Personal Excellence

We promote the integral growth of each and all of the members of the Organization, so as we could be always at the forefront of knowledge and look after its application to the business.

Diversity and Adaptability

We promote the ability to adapt to new realities, markets, and cultures in the development of our business.



Main Impacts, Risks and Opportunities

A success factor always present in all the contemporary banking systems with high growth and performance levels is the strategic thinking that should guide decisions in order to develop financial services at the pyramid base.

Banesco has focused part of its strategy on the development of financial services at the pyramid base, to the extent that its 2007 planning introduced integral programs especially created for Community Banking, payment facilities, e-channels, as well as for the SMEs and CD segments. Besides, it created special programs with a direct relation to the development of the Modular Capability of the Human Capital and the CSR itself, in order to guarantee the alignment of the business with the CSR vision.

This CSR strategic planning program is designed by Banesco's Vice-Presidency of Communication and Social Affairs, which leads the CSR practices and is the contact point for all matters related to this Report and its contents. It reports directly to the President of the Board of Directors.

Once these programs were developed they were subjected to a quarterly follow-up, and this explains the success of Community Banking. Banesco, however, is aware that in order to produce a positive impact on the population, the bancarization efforts must be sustainable from the economic and financial perspective. This is Banesco's challenge for the future.

The prices of financial services and the efficiency of operations are key elements for Banesco to be able to keep profitability levels and sustain this initiative over time, so as the efforts focused in increasing inclusion of the neediest sectors are not dependent solely on public subsidies or direct private sector transfers that have not an enabling character and could be suspended at any moment.

Among the actions taken by Banesco in 2007 to match this challenge, we can mention the implementation of services through mobile phones (credit information and last account movements), considering that one of the main benefits of the use of cellular phone technology to distribute financial services lies in the low operating costs associated. The international data available seems to suggest that banking transactions carried out through cellular phones can be up to six times cheaper than those carried out at a traditional office.

Taking into consideration that in Venezuela over 80% of the population has a cellular phone, but a much smaller percentage has at least a financial product, Banesco saw a window of opportunity towards the future, as among other things it is possible to deliver financial services to people who lacks any experience in this area.

Other actions have been focused on risk management, information safety and business continuity with an integral approach. To do so, Banesco counts on:

An Executive Vice-Presidency of Integral Risk Administration, which is composed of areas devoted to the management of Operation Risk, Market Risk and Credit Risk. The investigations conducted by these units and the adjustments made for prevention, education and control guidelines over the organization's risks are the best expression of the way the organization has adopted an approach of precautionary principle.

OPERATING RISK

2007 was a year of great challenges for Banesco and also for the Vice-Presidency of Operating Risk. Among them, its active participation in the identification of operating risks with a legal and reputational impact on the Currency Reconversion Project, as well as the leader role of the Operational Risk Sub-Committee vis-à-vis the Currency Reconversion of the Venezuelan Banking Association, where it was defined the risk profile of the national banking system in view of the changes involved in the new currency unit for the financial institutions.

CREDIT RISK

The Administration of Credit Risk during 2007 was characterized by a continuation of the monitoring process and risk estimation already implemented by the bank along the previous years, according to the best international practices and regulations in force. Besides, the activities planned to redesign the credits admission models were carried out in the framework of regular update sessions for the granting of loans, as well as the creation of automated indicators to measure the behavior of the credits portfolio, in order to continue strengthening the technological knowledge of credit risks taken and their rentabilization. All this was carried out in line with strategies of value generation and Profitability Adjusted to Risks, proper to the institution.

MARKET RISK AND LIQUIDITY

We kept the continuity of the identification, assessment and follow-up processes of risks associated to the investments portfolio and to



Main Impacts, Risks and Opportunities

the balance structure, conducting the required improvements to align methodologies and models with the information needs in the business area and the Corporate Units involved in the administration of such risks, and according to the Profitability Adjusted to Risk implemented by the Bank.

- The Vice-Presidency of Information Safety and Business Continuity has focused its administration on the analysis of the best security practices for information and business continuity, the counseling from the different areas responsible of their implementation, the advantages and disadvantages of each one of them, and the support to their implementation in order to forward the maturity of the organization in both types of capabilities, according to international standards.

In all its projects, Banesco gives a great importance to know and understand the opinion of its stakeholders, and for this reason the bank has taken actions to develop its strategy according to the relevant issues for them. Among them we can mention:

- Consultations with customers, employees and the general public through satisfaction surveys and focus groups.

The Executive Vice-Presidency of Human Capital conducts a quarterly survey through Banesco's Intranet among the workers of its headquarters, in Ciudad Banesco, in order to measure their satisfaction levels in relation to: toys gifts, Bowling tournament, uniforms, sports campaigns, sports tournaments, vacations packages, mini-Olympiads and distinctions.

Additionally, in order to know the satisfaction level in relation to the cafeteria in Ciudad Banesco, a survey among its users is carried out each six months.

These surveys are carried out with samples randomly selected, but statistically meaningful and representing the universe of actors among the stakeholders, which is a selection mechanism of those who are going to give their opinion about Banesco's performance in relation to them.

On the other hand, the follow-up and monitoring of the service is one of the main points of interest when we ask our customers about their satisfaction level and fulfillment of their expectations. We also conducted evaluations for the design and improvement of the products' offer adjusted to the needs of different segments.

Likewise, we researched the opinion of customers and the general public in order to assess and measure the performance of our brand and its attributes.

The strategy of contact with the target varied according to the type of public and understanding of a given topic. To measure the level of satisfaction with the services we provide, we conducted surveys: service measurement at branches, phone banking, 48-hour multi-credit products, Community Banking and Private Banking, among others.

To understand the public's needs and expectations we carry out focus groups or in-depth interviews. Opening of accounts, design of promotions and purchase motivators are some references of the studies we have developed.

The results obtained were an input to the follow-up and management of the internal and external service, to adjust the offer to our customers' needs and to the market, as well as to evaluate the brand performance in terms of commercial drivers and in the field of Corporate Social Responsibility.

Likewise, Banesco's emphasis as a socially responsible company is translated into the follow-up of the brand, evaluating the public opinion about Banesco. Banking and non-banking customers, as well as low income sectors participated in the study of Brand Value, a stratified survey was carried out which guarantees the representativeness of the segments involved.

Previous works have revealed that understanding the concept of Corporate Social Responsibility is a complex task for most of the population surveyed. The simplification of this concept through simple sentences reflecting the value of these initiatives was the most appropriate way to measure and understand the public perception: *"It is a bank that works for the wellbeing of the country, with programs that support education, sports and environmental preservation, among other aspects"*.

¹ Banesco considers stakeholders all those individuals and organizations who significantly affect the activities or decision-making processes of the organization and, at the same time, all those who, in some form, could feel affected by our business proceedings. This means that our stakeholders are composed by our stockholders, workers, clients, social partners, suppliers, the authorities and the community.



Main Impacts, Risks and Opportunities

At present we are designing the process of identification and selection of our stakeholder sub-groups, as well as defining the criteria to funnel their needs and satisfy their expectations. Based on the accumulated experience, this process will make easier the fulfillment of commitments which will contribute to consolidate a satisfactory long-term relationship. For all this, this design is a short-term goal which is being enhanced through:

- Communication with suppliers and customers: lectures, media communications, events, regional tours, etc. In this case, the selection criterion for the participants has been defined by the experts on sales and management with respect to the key customers to be invited.
- Permanent information to stockholders and employees through the internal channels Tiempo Banesco and Cablebanesco.
- Design of the Procurement Committee, which establishes the hiring policy and thus provides transparent and equal rules for the selection of suppliers, while at the same time acts as a communication forum to improve the commercial relations and the identification of business opportunities, as well as new alliances.
- Comparison of the interesting and meaningful aspects for the stakeholders, in relation to the organization's values and strategies.

Study	Objectives	Target / Audience
<ul style="list-style-type: none"> ◦ Satisfaction at branches ADS 2007 ◦ Commercial Customers ◦ Phone Banking (Oct-Dec) ◦ Satisfaction with Community Banking ◦ Private Banking ◦ Trust Fund ◦ 48-hour Multi-credit ◦ Banesco Express (Los Ruices-Petare circuit) 	To determine: <ul style="list-style-type: none"> • Satisfaction levels regarding the main service's variables according to the channel/business evaluated. • Importance for each one of the service aspects evaluated. • Quality and satisfaction with the offer. • Identify expectations among current customers. 	Natural/Legal customers who use Branches. Sample: 12,600 Banesco Commercial Customers Sample: 1,080 Natural/Legal customers users of CAT. Sample: 3,600 Natural/Legal customers Sample: 540 Natural Customers. Sample: 388 Natural Customers. Sample: 320 Natural/Legal Customers Sample: 500 Natural/Legal Customers Sample: 700
◦ Natural Segments Share	Based on social-demographic variables and of financial relation, to determine the elements which describe and discriminate the banking users' traits.	General public-customers/ non-customers Sample: 1,200
◦ Use and penetration of Communication Means	To determine habits of the general population about the use of the media, the press, radio and television.	General public-customers/ non-customers Sample: 3,300
◦ Publicity Tracking T1/T4	In relation to the massive Banesco publicity, to determine the performance and effectiveness level. Information about recall quality, message understanding and interest in the offer.	General public-customers/ non-customers Sample: 3,900
◦ Brand Equity Studies	To obtain information about the evolution of variables related to the main banking brands which impact the decision making process of customers and on the assessment of such brands.	General public-customers/ Non-customers/Natural/SMEs/ Outlets/Companies/Corporate Sample: 2,100
◦ Focus Repositioning Study	To evaluate the new concept/line of repositioning for the new brand Banesco, identifying emotional and rational elements which support the concept in order to improve the features proper to the relaunch proposal and the way how it will be communicated.	14 Focal Groups of customers/ non-customers Sample: 140 panelists
◦ Events Measurement	To gauge the impact of the presence and performance of Banesco in the commercial events where it participates.	General public-customers/ Non-customers Sample: 1500 (150 interviews per measurement)
◦ Banesco Facades Evaluation	To identify the current notoriety of the ads in the branches' facades and possible selection of a new proposal.	General public- customers/ Non-customers Sample: 100
◦ Promotion for Payments Domiciliation in TDC	To explore and understand the motivators and inhibitors related to the payments' domiciliation at TDC.	N/J Banesco customers affiliated and non-affiliated to the payments domiciliation service Sample: 412
◦ "Words for Venezuela"	To determine the level of knowledge of the event and advertising indexes. General opinion about the event. Impact produced by actions likes this one.	General public Sample: 301

Main Impacts, Risks and Opportunities

Study	Objectives	Target / Audience
Reason for the purchase/ Offer evaluation (Extra-Credit and Winner Ticket)	To determine reasons of the purchase and attributes/benefits of the promotion. It fulfills the public expectations. Effectiveness of the communication channels.	Natural Customers and non-customers Sample: 800
Offer strategy	To explore and understand the motivation and inhibitors associated to the opening of an account and products selection	Natural Customers and non-customers Sample: 500
Design and functionalities Statements of accounts TDC and TDD Promotion Accounts Opening/Liabilities	To know the opinion of the surveyed about the new format of Current Account Statements and TDC and identify elements to improve.	4 focal groups of users and non-users of TDC Sample: 20 panelists 6 focal groups of customers/ Non-customers with liabilities Sample: 69 panelists
Legal Liabilities Offer Study	To evaluate the incentives program to increase liabilities in Legal Customers through the use of Banesco POS.	Legal customers Sample: 20 surveyed
Currency Reconversion Diagnosis	To determine the level of agreement/preparation of "Legal critical customers" before the Currency Reconversion process. To identify the satisfaction level in relation to the information transmitted by Banesco about the Currency Reconversion process.	Legal customers. Sample: 1,021 Natural and Legal, customers and Non-customers who visited the corporate website Sample: 1,149
Customers Satisfaction Operation VP Study	To evaluate and make a follow-up of the quality of the services offered by the Operations VP through its different units, identifying critical elements and to improve related services.	Banesco's employees who use the services provided by the VP of Operations Sample: 515
Evaluation of Internal communications	To gauge the satisfaction level of Banesco staff in relation to the internal communications	Banesco employees users of internal channel of communication Sample: 2,208

(in thousands of BsF)

Creation of Tangible Direct Value Detailed by Stakeholder			
Stakeholder	Value Indicator	2006	2007
Stockholders	Dividends (1)	138,391	236,524
Employees	Staff expenses (2)	407,102	722,520
Customers	Interests and Assimilated charges (3)	393,708	724,018
Suppliers	Others charges generated by administration (4)	495,742	599,998
Society	Taxes (5) (6)	210,407	419,839
	Resources devoted to support the community (7)	10,095	9,373

(1)Source: Management of Stockholders Unit

(2)Source: Sudeban. State of Results of Publication. Transformation expenses.

(3)Source: Sudeban. State of Results of Publication. Expenses from Deposits Taking.

(4)Source: Banesco. VP of Administration.

(5)Source: Banesco. VP of Administration. Includes Income Tax, municipal taxes, financial transactions tax, value added tax. Contributions to FOGADE, SUDEBAN, INCE, Social Security, Housing Policy Law and LOCTISEP.

(6)Source: Sudeban. State of Results of Publication. Special Expenses.

Tangible Direct Value

In 2007, the Generated Economic Value (GEV) was Bs.F 2.84 billion, which accounts for a 42.27% increase against the previous year. In 2006 the GEV grew 36.49% against 2005.

Among the staples that compose the GEV, around 99% correspond to Intermediation Margin and Net Commissions.

According to the figures of the last three years, we can observe that the intermediation margin share has been increasing, while the weight of Net Commission has been diminishing.

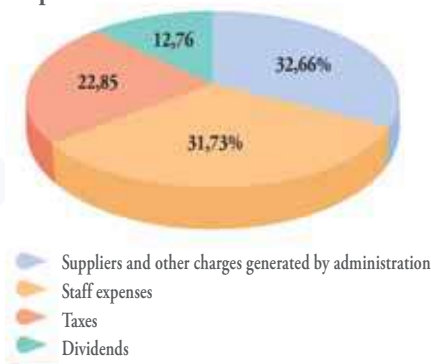
Regarding the level of economic activity of the nation (GDP) over the same period, the economic value generated by Banesco for the year 2007 accounted for 0.58% of the GDP. This ratio has been gaining strength in relation to the previous years, as in 2006 it accounted for 0.50% of the GDP and 0.48% in 2005.

As for the distribution of this generated economic value, as a result of the activities carried out over the period, the Distributed Economic Value recorded a global growth equivalent to 47.82%. In this sense, the share of its components was as follows: supplier expenses accounted for 32.66% of the Distributed Economic Value;

the staff expenses reached 31.73%, while taxes represented 22.85%. Finally, the complement corresponding to dividends was 12.76%.

Generated Economic Value (GEV)

In percent



The Retained Economic Value (REV) reached to Bs.F 1,001 million, which accounted for a 33.10% increase over the previous year. For 2006, the REV reached 54.64%.

Main Impacts, Risks and Opportunities

Generated and Distributed Economic Value (in thousands of Bs.F)		
ECONOMIC VALUE	2006	2007
Generated Economic Value (GEV)	1,997,217	2,840,091
Intermediation Margin	1,478,320	2,190,118
Net Commissions	506,275	632,971
Other Ordinary Income	3,420	6,474
Other Net Gain and Losses	9,202	10,528
Distributed Economic Value (DEV)	1,251,642	1,978,881
Dividends	138,391	236,524
Suppliers and other general administrative expenses	495,742	599,998
Taxes	210,407	419,839
Staff expenses	407,102	722,520
Retained Economic Value (REV= GEV - DEV)	745,575	861,210

Sources: Sudeban, Banesco and Caracas Stock Exchange.

Percentage Participation of the Generated Economic Value		
Figures as %	2006	2007
Generated Economic Value	100.00	100.00
Intermediation margin	73.99	77.10
Net Commissions	25.38	22.30
Others	0.63	0.60

Sources: Sudeban, Banesco and Caracas Stock Exchange.

Participation of the Banking System in Employment and GDP

The total number of workers in Banesco at the end of 2007 was 12,548 people. 59.86% of those employees are women and 40.14% are men. The annual average income perceived per worker was Bs.F 46,320, which surpasses by large the minimum national average wage for the period (Bs.F 7,377.48). According to the figures published by SUDEBAN (Banks Superintendency) for the year 2007, Banesco's workers accounted for 17.9% of the total employment within the Venezuelan banking system. During 2007, Banesco's payroll increased by 2,377 posts, equivalent to 23.37% over the previous period, that is 2006.

Generated Indirect and Induced Value

The Indirect Value represents the specific group of rents and other actions derived from indirect employment, which is encouraged by the bank's activity. Together, these effects operate through various channels, such as: activities fostered by the bank's customers as a result of the products and services provided to them, and the dynamics generated by suppliers through the operations they conduct in order to materialize the activities they carry out for their customers. The effects identified are also extend to the most indirect effects to the environment caused as a result of the organization's activities. Some of the indirect effects of the latter group are the following:

- Contribution to the configuration of sound, stable and safe financial systems.
- Contribution to cut exclusion and to increase access of the low and medium income population to the financial system.

- Promotion of innovation and technological development, as well as the use of new payment means.

- Support to macro-economic stability and the growth of activities.

In the same token, the implementation of the Currency Reconversion materialized with the replacement of circulating notes and currencies for creating the so called Bolívar Fuerte (Strong Bolívar) would be part of the Induced Value generated by the banking sector to the Venezuelan society.

The difficulties to quantify all these effects has a significant impact. Nevertheless, it is possible to do it with the most tangible effects, such as the volume of direct suppliers and amounts paid to them, where we can notice a 7.44% increase in the amount of suppliers hired and a 47.18% increase for the amounts paid.

Dialogue with our Stakeholders

Having in mind the importance of improving the dialogue practices and relationship with its stakeholders, and in order to move forward in the process of identifying the relevant issues, Banesco has included in its 2007 strategy a guide for the management of the relationship with its stakeholders that could be applicable for the next years, aiming to:

- Identify the material and relevant issues for each business and each stakeholder.
- Contrasting the aspects and meanings of interest for all the stakeholders in relation to the organization's values and strategies.
- Discuss and make follow-ups of the relevant topics for these groups and the way Banesco will respond to the expectations and demands of these stakeholders, always in line with its strategies.

FINANCIAL SUMMARY

In MM Bs.F	I Half 2006	II Half 2006	I Half 2007	II Half 2007	Growth			
					II Half I Half 2007		II Half II Half 2006	
					Absolute	%	Absolute	%
TOTAL ASSETS	12,555	18,367	20,347	27,700	7,353	36.1%	9,333	50.8%
Money stock	2,599	5,526	4,775	6,638	1,863	39.0%	1,112	20.1%
Securities Investments	2,653	2,923	2,882	3,338	456	15.8%	415	14.2%
Credit Portfolio	6,294	8,722	11,432	16,207	4,775	41.8%	7,485	85.8%
DEPOSIT TAKING	10,446	16,134	17,855	24,297	6,443	36.1%	8,163	50.6%
Check Accounts Deposits	6,196	9,729	9,401	12,858	3,457	36.8%	3,128	32.2%
Savings Accounts Deposits	2,402	3,580	3,859	5,047	1,188	30.8%	1,467	41.0%
Time Deposits	1,451	1,533	1,746	1,819	73	4.2%	286	18.7%
Others	397	1,292	2,849	4,573	1,725	60.5%	3,281	254.0%
STOCKHOLDERS EQUITY	1,245	1,519	1,736	2,150	414	23.8%	631	41.6%
TRUSTS ASSETS	4,909	6,112	6,680	7,003	323	4.8%	890	14.6%
HOUSING MUTUAL FUND	1,038	1,232	1,516	1,851	335	22.1%	619	50.2%
Financial Income	631	845	1,052	1,365	313	29.8%	519	61.4%
Financial Expenses	199	239	316	455	139	44.1%	216	90.1%
Gross Financial Margin	432	606	736	910	174	23.6%	304	50.1%
Financial Intermediation Margin	631	845	993	1,196	-140	-14.1%	7	0.8%
Transformation Expenses	440	520	607	693	86	14.2%	174	33.4%
Income Tax	1	1	30	47	17	55.3%	46	7,666.7%
NET RESULT	162	277	296	398	102	34.4%	122	43.9%
INVESTMENTS HANDED OVER	7,672	9,096	5,803	2,494	-3,309	-57.0%	-6,602	-72.6%
ACCUMULATED AGRICULT. PORTF	835	906	1,227	1,582	354	28.8%	675	74.5%
OFFICIAL ENTITIES DEPOSITS TAKING	1,873	1,726	1,787	2,766	979	54.8%	1,040	60.2%
MICRO-CREDITS	231	372	504	766	261	51.9%	394	106.0%
NET COMMERCIAL CREDITS	3,588	4,355	6,202	8,730	2,528	40.8%	4,375	100.4%
NET CONSUMERS CREDITS	1,259	1,827	2,549	3,780	1,231	48.3%	1,953	106.9%
Vehicles	51	146	220	448	228	103.7%	303	207.7%
Credit Cards	1,209	1,682	2,329	3,332	1,003	43.0%	1,650	98.1%
NET MORTGAGE LOANS	504	841	1,046	1,380	334	31.9%	539	64.0%
NUMBER OF DEPOSITORS	3,286,125	3,887,810	4,308,826	4,633,089	324,263	7.5%	745,279	19.2%
Depositors on Check Accounts	1,274,019	1,462,595	1,618,736	1,792,978	174,242	10.8%	330,383	22.6%
Depositors on Savings Accounts	2,011,152	2,424,127	2,689,201	2,839,414	150,213	5.6%	415,287	17.1%
Depositors on Time Accounts	954	1,088	889	697	-192	-21.6%	-391	-35.9%
RATIOS								
Credit Portfolio Provision/ Gross Fixed Portfolio	407.2%	335.4%	226.8%	173.3%				
Fixed Portfolio / Gross Credit Portfolio	0.5%	0.6%	0.7%	0.7%				
Net Result/ Average Assets	2.8%	3.3%	3.1%	3.3%				
Net Result/ Average Equity	25.8%	33.2%	36.1%	38.1%				
Expanded Liquidity	36.7%	41.7%	33.9%	32.0%				

Source: 2007 Second Half Report, Banesco Universal Bank.

CURRENCY CONVERSION

In March 2007, the national government established that as of January 1, 2008, Venezuela's currency unit would be re-expressed. As a result, all and every amount expressed in national currency before the aforementioned date shall be converted into the new currency, dividing by 1,000 and taking the result to the closest cent.

Such an expression entered into force on January 1st, 2008. This includes the presentation of the financial statements with the new currency denomination as of that date.

Following these norms, and taking into consideration that the 2007 Corporate Social Responsibility Report is being presented in 2008, Banesco adjusted the figures contained in said Report to the new currency system, even though this was not a requirement for 2007.



The Banesco Brand

We generate bonds with our customers and create value for our partners

Banesco is much more than a name or symbol. In fact, it has become an intangible asset of the bank, which has evolved from the simple offer of products and services based on material/tangible aspects to a corporate communication with an emphasis on immaterial and emotional elements, as a result of the importance that the bank attaches to the need of personal and social expression through its brand and with which it seeks to address increasingly specific segments.

The brand is one of the main tools to build and strengthen the preference and loyalty of its customers, employees, partners and, in general, the public and audiences. To build a brand is not a matter of budgets but of vision, leadership and commitment.

For the planning and management of the brand, we take into consideration two aspects: identity (what we are and our aspirations) and image (how we want to be perceived). The success of the efficient branding management is the result of a balance between these two concepts. It was fundamental that the brand could be understood and shared by all the members of the bank, as it is the only way to show the coherence that contributes to strengthen the audiences' perception.

Brand management requires a permanent attention by the financial institution as a whole. Any communication or action becomes an opportunity to make tangible the brand promise, to give credibility and build a sound brand, with a proper and differentiated personality.

The development of the Banesco brand has been confirmed as one of the best strategies to protect and potentiate our equity.

The results

The efforts made during this period have not only positioned Banesco among the 10 first brands in the Venezuelan market, but also improved our customers' portfolio, as well as the expansion and maturity of the whole relationship.

Awards and Acknowledgements

EXPOCRÉDITO 2007

Banesco was awarded an acknowledgement for "Best Attention" during the event Expocrédito 2007, held at Caracas' Centro Ciudad Comercial Tamanaco (CCCT) mall on June 16-24. Around 50,000 people attended this event for a 9-day exhibition, where the organizers expressed their satisfaction with the services provided by Banesco.

P&M

At the beginning of the 1990s, Publicidad y Mercadeo (P&M) magazine created the P&M Awards, a tribute to advertisement and marketing. In July 2007, Banesco received the award corresponding to the category "Advertiser - Banking and Financial Institutions".

World Summit Awards Venezuela (WSA)

On November 28, the WSA acknowledged Banesco through its Web page (www.banesco.com) with the first place on e-business category.

These awards are part of a global project carried out within the WSA framework (the UN World Summit on the Information Society), whose mission is to show the benefits of the Information Society in terms of new qualities in digital contents and applications through the selection, presentation and promotion of the best world products.

ANDA Awards

The ANDA Festival organized an advertisement conquest with pieces which were exhibited all over the country from July 1, 2006 to June 30, 2007. The renowned ANDA Awards 2007 honored the best of advertisements in 8 great categories: Campaigns, Audiovisual Category, Creativity in the Media, Technical Categories, The Best of BTL, Graphic Production and Publicity on the Web. These categories, in turn, are divided into 70 subcategories, as well as outstanding international prizes. During the ANDA Awards' ceremony, on October 18, 2007, Banesco received three acknowledgements. The winner pieces were created by G35 Publicidad.

Awards and Acknowledgements			
Granting institution	Award	2006	2007
Beke Samos	Granted to Banesco for its bonds, follow-up and in-depth relation with its customers	June	
P&M Magazine	2nd place Banking and Financial Institution Category	July	
ANDA	3rd place. Radio Financial Services with the ad "Los Imposibles"	July	
Latin American Association of Banks (FELABAN)	Finalist in the Products category, with the "Multicredito 24 horas" campaign	August	
El Nacional newspaper	El Nacional Award for Social Commitment	October	
Expocrédito 2007	Best Attention		June
P&M magazine	1st place Banking and Financial Institution Category		July
ANDA	Golden Trophy for e-Channel Advertisement		October
	Bronze Trophy for Credicarro Advertisement by Internet		
World Summit Award Venezuela (WSA)	1st place for e-Business for www.banesco.com		November
Citi Foundation/ International Action	International Award for Micro-enterprises		October

PRODUCT	VERSION	AWARD
E-channels	Text message	Gold
E-channels	Credicarro Banesco	Bronze

The characteristics of the "Fundación Citi / Acción Internacional" award are included in the chapter about Community Banking.

The Internal Dimension of Our Social Responsibility Program





Corporate Government

Main action lines in 2006

- The organization started the design of the Balanced Score Card, aimed to guarantee the implementation of the organization's strategy and good performance.
- A balanced indicators system was created to gauge the executive staff's performance and its alignment with the corporate strategy.
- Two independent directors were included following the recommendations for the Good Corporate Government established by the National Securities Commission.

Management evolution against 2006 and main action lines in 2007

- Design of the New Model for Corporate Government and promotion to the post of Director to Mr. Miguel Ángel Marcano Catea, who was not a stockholder of the bank.
- Establishment and review of credit, risk and human capital policies.
- Creation of several Committees for the Corporate Government (such as the Assets and Liabilities Committee, Alignment Committee and Technology Architecture Committee).

Commitments made for 2008

- Implementation of the new committees created for the new Model of Corporate Government: Alignment, Assets and Liabilities and Architecture Review.
- Creation of a new administrative structure for the management of the Corporate Government Office.
- Consolidation of the Multinational Government outline in the management of the bank.

Our policy

We seek to strengthen and implement clear policies through the decentralization of the directing power. This will also create opportunities to identify the managerial talents who will run the organization in the future. That is, at any level of the organization there will be opportunities for professional growth.

Likewise, we seek to develop a corporate capability all along the organization to expand the government offer that demands the dimensions and complexities for different businesses managed by Banesco as a group.

Our management

Banesco Universal Bank keeps a government structure composed of the Stockholders' Meeting; the Board of Directors; the President of the Board of Directors; the Compliance Officer for the Prevention of Capitals Legitimation; the Internal Comptroller; as well as the Credit, Risk and Auditing Committees. The latter was created in accordance with the Recommendations for Corporate Government issued by the National Stock Market Regulatory Body.

The new government structure establishes the participation of Directors, Vice Presidents and Division Managers as members of the different committees that have been created. This shows our willingness to expand the participation of our employees in the government entities. To this date, Banesco has activated around 16 thematic committees with the participation of almost 80% of its medium and high executive staff. This wider access to participation in the corporate government means more communication channels with the employees.

Each year we conduct surveys within the bank. Their purpose is to monitor the organizational climate and to establish programs for improving the whole organization.

Besides, we use all our printed, digital and personal communication channels to inform about the different policies and programs aimed to enhance the quality of life and work conditions of our employees.

As a formal structure, Banesco counts on a Human Capital Committee, a Human Capital Executive Vice Presidency and a Labor Issues Vice Presidency in charge, among other things, of ensuring fair and competitive work conditions for our employees.

We also support the right of association. Thus, we provide all the communicational support and spaces for the celebration of work meetings and general assemblies of the Workers Union's members.

The proceedings for designations, re-election and remotion of the higher government members are carried out according to the provisions established by Banesco's social by-laws, which are aligned with the Commerce Code, the Civil Code and other regulations and provisions ruling the banking system.

Likewise, on September 26, 2003, the Banks and Other Financial Institutions Superintendency (SUDEBAN) enacted the Resolution No. 459.05 related to the requirements to be a member of the higher government of a financial institution, among which we can mention the following:

- **Experience:** the knowledge acquired by means of the practice or exercise of the banking activity.
- **Solvency:** the equity ability of natural or legal persons to honor the liabilities they have incurred when these liabilities expire.

Corporate Government



■ **Honorability:** the quality of a person to behave with integrity and rectitude, showing always probity as a behavior rule, being a faithful enforcer of his duties and worthy of prestige by the general community.

The required experience to be a member of the higher government includes the following:

- At least two years in high positions in banks, saving and loans institutions or other public and private financial institutions.
- At least 6 years of verifiable and independent professional career in the economic and finance fields, and activities related to the banking sector.

Banesco Universal Bank C.A. stimulates the professional growth of each one in its staff, through courses on different subjects related to the banking business, and also to social, environmental and economic topics.

Banesco Universal Bank C.A. appreciates the performance of its employees, as well as their contribution to achieve the bank's goals. For this reason, it conducts performance evaluation for its VPs on an annual basis, and twice a year evaluations for each of our workers. This evaluation allows the assessment of the managerial capabilities in order to achieve our goals, as well as a compensation adjusted to the abilities and results recorded.

Banesco recognizes the achievements of its staff through a compensatory policy of fixed rewards, variable rewards, as well as various benefits to favor employees and their families.

Stockholders' Meeting

It represents the universe of our stockholders. It has the supreme direction of the company and its acts and resolutions bind the company and its stockholders. Among other capacities, the Stockholders' Meeting appoints the members of the Board of Directors and fixes their remuneration, as well as the Commissioner and their Substitutes; it also appoints counselors with the right to attend and to speak at the sessions of the Board of Directors; discusses, approves or modifies the Financial Statements. Based on the Commissioners' report, it decides on the dividends decree and payment method, its amount, frequency and when they should be paid in accordance with the Law and By-Laws, and also knows and decides on any other subject that should require it.

Board of Directors

The main objective of Banesco Universal Bank's Board of Directors is the guidance and general management of the businesses and operations of the bank, including its Corporate Social Responsibility policies. The work of the Board of Directors is crucial for the de-

termination of corporate strategies, the determination of business policies, and to establish and control the corporate strategy. The Board of Directors also controls the different operational and functional areas of the bank, and at the same time it evaluates by way of comparison with the businesses projections and results from previous years, the results of each fiscal year.

Since the decision adopted by the Stockholders' Meeting of March 30, 2007, the number of members composing the Board of Directors was increased from a minimum of 8 members and a maximum of 11 members to a number of members no lesser than 9 and no higher than 13. Banesco already had two independent Directors. According to a resolution issued by the National Securities Commission and published in the Official Gazette of February 17, 2005, related to the principles of the Corporate Government, it is understood that the Independent Directors are those members of the Board of Directors who do not perform executive or managerial posts within the institution that appoints them; other society that, directly or indirectly, possess a majority portion of stocks or that controls the designating society; or any other society directly or indirectly controlled by the society that appoints the Independent Director.

This provision neither considers as Independent Directors those members of the Board of Directors who, during the corresponding fiscal year, receive from the society which appoints them amounts equivalent to five thousand tributary units, for other reasons different to diets or other payments related to their condition of Directors.

This regulation also excludes as Independent Directors those who are control stockholders in companies or partners in civil societies, when such companies or civil societies receive, during the corresponding fiscal year, from the society that is appointing the director, or from any other society directly or indirectly controlled by this society, payments or services in amounts higher than the equivalent to 10% of the annual revenues of the company or society that receives the aforementioned payments.

Likewise, and in order to guarantee the correct execution of the corporate policies, the Bank structure includes other bodies:

PRESIDENT OF THE BOARD OF DIRECTORS

The President of the Board of Directors is subordinated to the Stockholders' Meeting and to the Board of Directors, whose deliberations the President presides over. Additionally, he represents the institution and grants contracts, agreements, deals on its behalf and, in general, all kind of documents of any nature. In sum, the President of the Board of Directors carries out any administrative task entrusted to him by the Board. Along with the Board of Directors he exerts the highest conduction of the bank's activities and represents the organization before any political or administrative authority. The President of the Board of Directors does not exert an



Corporate Governance

Regulation, union and corporate participation

Banesco is one of the organizations regulated by the Superintendency of Banks and Other Financial Institutions (SUDEBAN by its Spanish acronym), as well as by the Deposit Guarantee and Banking Protection Fund (FOGADE by its Spanish acronym). Banesco attends to meetings previously convened by these regulatory bodies, and presents proposals for the implementation of changes under a pro-active approach, as it did in 2007 with processes such as the Currency Reconversion and the Financial Transactions Tax.

Banesco participates and is also a member of the following bodies:

■ **Central Bank of Venezuela (BCV):** Operations and Effective Committee at a regional level, which establishes the general guidelines allowing the coordination and control of the currency species, at the branches and offices of the financial institutions located in the countryside.

Banesco also represents before the BCV the Project of Payment Means, Truncating and Images at the Electronic Compensation Chamber (checks, transfers and direct credits).

■ **Banking Association:**

- **Swift Executive Committee of the Banking Association:** Banesco is one of its active members, and it is an important leader during the sessions of this committee. It presides over the Sub-Committee of Standards of this body, where the Bank introduces proposals for the implementation of changes under a pro-active approach for the national banking community and supports the BCV in the development and implementation of procedures related to the modernization of payment systems in Venezuela, such as SITMES (Standardized Messages System Swift), LBTR (Gross Liquidation in Real Time), among others.
- **Operations Committee:** Banesco acts as Chairman of this committee, which aims to give technical support to the Board of Directors and takes care of the issues related to the by-laws of the Electronic Compensation Chamber. Besides, it is in charge of two sub-committees: Banking Conciliations and Cash Committee.
- **Payment and Electronic Inter-banking Transfers Committee:** The main purpose of this committee is to enforce the standard processes designed by the banks that compose the automated system, and watch over its good operation. This covers from the reception of the order sent by the customer at the requesting entity to the publication of the payment at the recipient institution, including all those procedures required by the system scope or the committee itself that have to be included in the Inter-banking system.
- **Taxes Committee:** Banesco is an active participant in this committee, whose main purpose is to articulate criteria that could emerge in relation to the interpretation of provisions and binding rules and their impact on the financial sector.
- **National Banking Council:** technical sub-committees. It assigned Victor Cova to the Cash Sub-Committee and Myrna Hobaica to the Communications Sub-Committee.
- **Swift Corporation:** Banesco is an active member of the Cooperative Society in charge of the world financial inter-banks telecommunications.

Banesco is also member of Fedecámaras and is an important actor in the franchises and other committees related to its business, such as the Credit Bureau, Suiche 7B, Visa, MasterCard and the National Council for Housing. It also participates in the Cards Chamber.

From the social action perspective, Banesco is a member of Venamcham (national scope) and is also a member of AccountAbility (international scope).

executive post within the bank. The Chairman is responsible for the definition, coordination and management of the strategies, decision making process, guidelines and resources coordination, through the process of planning, organization, direction and control so as the organization could achieve its goals and objectives.

It is important to mention that the Board of Directors has declared as its vision for the year 2011 the separation of the stockholders' tasks from the company operations. In fact, since 2006, the company appointed two Internal Executive Directors, who do not own common stocks of the bank.

COMPLIANCE OFFICER

In accordance with the applicable regulations, Banesco Universal Bank, C.A., counts on a Compliance Officer in charge of supervising and controlling the Unit of Prevention and Control of Capital Legitimation at the Bank. He shall preside over the Capital Legitimation Prevention and Control Committee, and inform the Board of Directors about the results of his activities and the investment of the resources allocated for training and education of Banesco's staff in this matter. He has the right to speak before the Risk Committee, and reports to the President of Board of Directors.

INTERNAL COMPTROLLER

He coordinates the analysis of the different operations carried out by the institution and acts together with the Auditing Committee. He also informs the Board of Directors about the results produced by the different audits conducted in order to improve the processes and compensate potential shortcomings.

CREDIT COMMITTEES

In Banesco Universal Bank, C.A., the Board of Directors decided to delegate its attributions for the granting of credits to several Credit Committees and up to certain amounts. Therefore, and always considering the compliance with the different autonomies and delegation of attributions, a Metropolitan Credit Committees and several Regional Credit Committees have been created. These committees shall consider and approve the different credit requests made by our customers, within the limits of their capacities, as well as inform the Board of Directors about the results of their administration. Likewise, they shall enforce the different risk policies adopted by the Risks Committee of the Institution.



MEMBERS OF THE BOARD OF DIRECTORS

Juan Carlos Escotet
Luis Xavier Luján
Salvador Cores
Josefina Fernández
Nelson Becerra
Fernando Crespo
Gonzalo Clemente
Carlos Acosta
Miguel Ángel Marcano
Oswaldo Padrón Amaré ‡

COMMISSIONERS

Principals:

Gordy Palmero Luján
e Igor Williams de Castro

Substitutes:

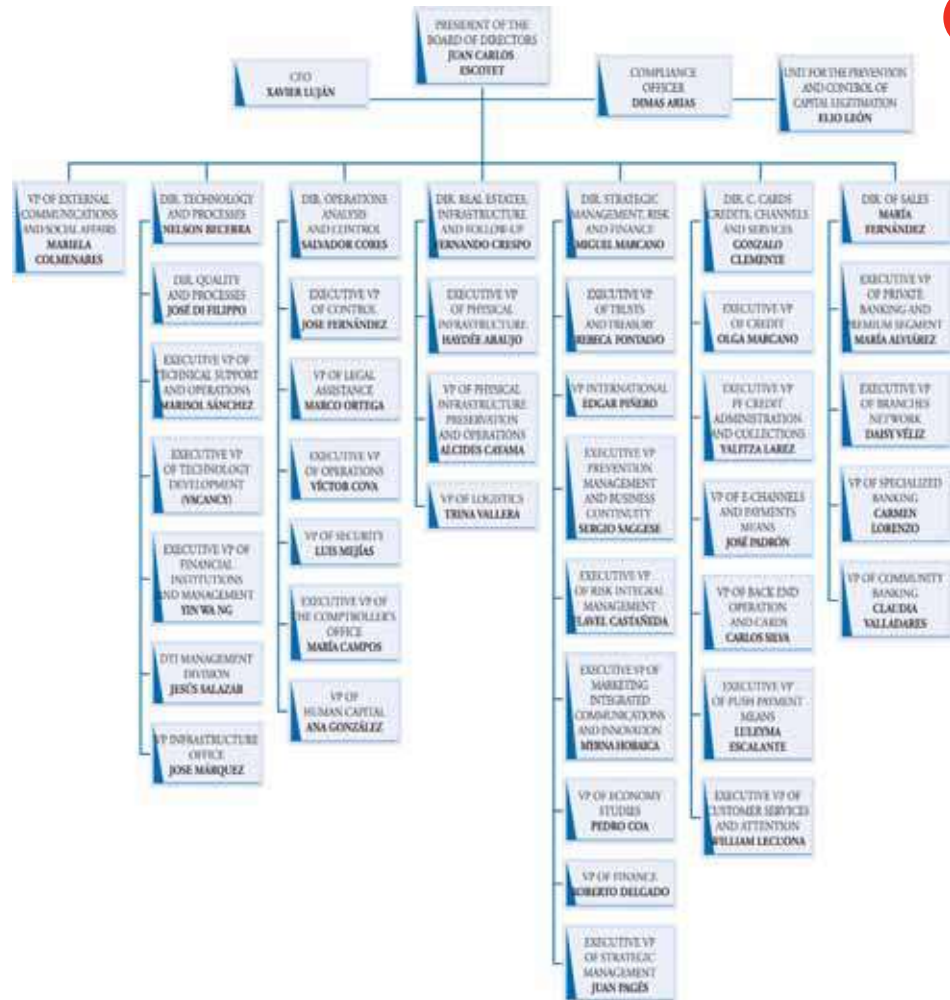
Berta Maita Rodríguez
y Mariela Alcalá.

SECRETARY

Marco Tulio Ortega Vargas

LEGAL REPRESENTATIVE

Marco Tulio Ortega Vargas



RISK COMMITTEE

Its main capacity is to fix the limits of risk exposure for each activity performed by the bank, so as it could exist a sound administration of operating risks and businesses according to the internal legislation and the best international practices.

It also advises the Board of Directors and the different Credit Committees in the decision making process related to credits and establishes guidelines and policies that should be adopted in order to preserve an appropriate risk exposure.

AUDITING COMMITTEE

In compliance with the recommendations on Good Corporate Government issued by the Stock Market Regulatory Body, the Auditing Committee was modified and adjusted to the requirements established.

The main capacity of this committee is to know the financial statements to be considered by the Board of Directors and submit them to the Stockholders' Meeting approval; to support the Board of Director in the implementation of measures aimed at preserving the integrity of the society's financial information, contribute with the supervision and follow-up of the bank's internal and external audits, as well as make the recommendation he considers necessary

to the Chart. The Independent Directors participate in this committee.

The information provided by the Auditing Committee contributes to supervise the identification and management of the organization performance.

In this sense, it is important to notice that there are other bodies able to evaluate the organizational performance and the opportunities related, such as the Board of Directors, which celebrates quarterly meetings to make a follow-up of the strategies development. During these meetings, the members analyze the progress of all programs planned in the matter of business and capabilities. This includes the management supervision on the economic and social matters, the deviations and risks.

In addition, the institution counts on several committees, Vice-Presidencies, Policies and Regulation, which contribute to monitor the organization's behavior in terms of economic, social and environmental performance and the fulfillment of world-class standards.

For example, the bank's organizational structure includes units at the highest executive level in charge of risk management, auditing and business continuity, which guarantee that the company is operating under the best accounting practices, integral risk management and prevention and control of losses.



Corporate Government

In the social area, Banesco counts on special units which are responsible for the administration of the policies and rules on the matter of Human Capital and Social Responsibility. Other bodies that guarantee the proper functioning of the bank and its attachment to international standards are the Assets and Liabilities Committee, the Strategic Administration Office and Corporate Government, among others.

ALIGNMENT COMMITTEE

The Alignment Committee (AC) is composed of representatives from the main Centers of Responsibilities and Medullar Capacities of the Bank. It was designed by the Executive Committee, and is composed by all the Executive VPs and the Finance VP. Its objectives are the following:

- Supporting the Executive Committee in the search of alignment and synergies for the formulation, execution and monitoring of Banesco's strategic plans and initiatives/projects portfolio, as well as its different Responsibility Centers.
- Ensuring the effective alignment of the budget and the dimensions associated with the corporate and competitive strategy.
- Organizing and approving the initiatives/projects portfolio and the dimensions of the workforce in PIPE.
- Participating as a guest in the Executive Committee during the meetings to define the corporate guidelines, and wherever we should address key corporate issues.

ASSETS AND LIABILITIES COMMITTEE

The Assets and liabilities Committee (ALC) is composed of a multidisciplinary team of executives and its purpose is to formulate, implement and supervise Banesco Banco Universal C.A.'s Assets and Liabilities Management, along the guidelines established in the Strategic Planning and complying with the Investment and Risk Policies approved by the Board of Directors.

Its objectives are the following:

- Defining the actions required in order to achieve the business financial results established in the strategic planning.
- Managing the balance structure (assets and liabilities), ensuring the desired exposition levels of the Bank/Group according to deadlines, product and currency.
- Guiding the treasury strategy regarding the management of liquidity, funding structure, capital covering and investment portfolio administration.

- Evaluating the analysis provided by the market risk unit in relation to liquidity risk, interest rate risk and investment portfolio risk.
- Approving the financial intermediaries with which the bank will carry out operations.
- Approving the Liquidity Contingency Plan.
- Approving the Treasury Manual of Policies and Proceedings.

ARCHITECTURE REVIEW COMMITTEE

The Architecture Review Committee (ARC) is a multidisciplinary team of executives whose main purpose is to supervise the use and implementation of the Information Technology (IT) architecture and ensure that they are aligned with the organization's strategies.

Its mission is to manage the design, delivery, maintenance and evolution of Banesco's Corporate Architecture through the following functions:

- Serving the Alignment Committee as the decision making body on architectural aspects.
- Making decisions and advising on policy, proceedings, standards and repayment, as well as the relationship of development, maintenance and evolution of the Corporate Architecture.
- Developing a work group for specific tasks on the architecture especially assigned by the Alignment Committee.
- Fostering the adoption and improving the IT architecture practices all over the company.
- Sharing experiences and ideas, and fostering workshops related to architecture among our stakeholders.

SECRETARY

The Secretary of the Board of Directors is a lawyer, and has a long professional career in the banking sector and to the service of this institution. He rules the Management of the Secretary of the Board, in charge of keeping an organized record of the minutes. He also cooperates with the gathering, preparation and maintenance of the corporate information required by the Board, the stockholders and regulatory bodies, among others.

In addition, he shall keep an agenda of the Board of Directors' meetings and gather the documentation related to the issues to be discussed during these meetings. As Secretary, and based on his legal education and experience on the financial matter, he has the right to speak before the Board of Directors' meetings. This contribution, in turn, enhances the legal content of the proposals discussed in these meetings and the decisions finally made.



Report on the enforcement of the good corporate government rules up to december 2007

For Banesco Universal Bank C.A., the enforcement of the corporate government principles is one of the main procedures of the organization in order to avoid conflicts of interests at the highest government body. For Banesco, this also means to develop all our activities according to the following standards:

- **EFFICIENCY:** to produce the maximum value with the minimum resources available.
- **EQUALITY:** in strict compliance with the right to an equal treatment for stockholders, workers and suppliers, as well as any other individual related to this society.
- **RESPECT:** to our stockholders' economic and political rights.
- **TRANSPARENCY AND COMMUNICATION:** to create the highest level of trust and credibility in the public, through the whole and truthful divulgation of all the information required to have an appropriate knowledge of the company.

Therefore, in Banesco Universal Bank C.A. we follow the principle of "One share, one vote". With this, we recognize the proportionality that should be guaranteed between the capital share percentage to build the institutional will, always through the documented exercise of our stockholders' political rights. Because of this, Banesco Universal Bank C.A. counts on a Stockholders Unit, a department in charge of disseminating the corporate information in a timely, whole and truthful way, from those who manage the institution downwards to the stockholders. The Stockholders Unit is a means through which the investor can pose his questions about his investment, gather relevant corporate information, analyze documents related to the management and the bank's activities and clarify any doubt through a fast channel.

Embracing the practices of the Good Corporate Government, the Board of Directors of Banesco Universal Bank C.A. has taken steps in order to preserve the appropriate standards of transparency and trust in order to support a higher efficiency and soundness in the Venezuelan stock market. The Auditing Committee celebrates meetings at least twice a year in order to comply with what has been established on its Operations Regulations. After the meetings the corresponding minute is drawn.

The duties of the Auditing Committee are:

- Reviews and analyzes the Financial Statements as a previous and necessary input for the study to be made by the Board of Directors and the Stockholders' Meeting, in order to verify that it contains all the required information and capture in a comprehensive and clear way the organization's financial situation, without reservations and omissions.
- Assists the Board of Directors in the implementation of the necessary measures for preserving the integrity of the financial information of the Bank.
- Supports the Board of Directors in the implementation of the internal auditing activity and External Auditing, and to do so this committee:
 - Discusses with the External Auditors the results of their work corresponding to the previous fiscal year.
 - Recommends an ideal Auditing Firm to be appointed by the Board of Directors.
 - Checks and approves the scope of the annual auditing and the fees to be assigned to the External Auditing Firm.
 - Verifies the Independence of the External Auditing Firm and the evaluation of the VP of Internal Auditing.
 - Checks and approves the scope of other services provided, or to be provided, by any Public Accountant in the independent exercise of his profession, as well as the corresponding fees, and ponders the possible effects that these services could have on the independence of such accountant.
 - Checks the results of the audit together with the Board of Directors, evaluating the adequacy of the internal control structure and its degree of reliability, as well as evaluating the enforcement of the most relevant remedies and recommendations, should there be any, stated by the External and Internal Auditors of the Bank.
- Checks together with the Board of Directors and the External Auditors all the relevant points regarding lawsuits, contingencies, claims, appraisals and all those material matters that should be revealed and which could have an impact on the Financial Statements.
- Knows and analyzes the contents of the Management Chart in order to make the recommendations it deems necessary.
- Prepares a formal report which will be submitted before the Board of Directors. This report should contain a summary of the activities, conclusions and recommendations made during the previous year and an agenda for the following year.



Our Stockholders

Main action lines in 2006

- The Auditing Committee adopted the recommendations of the Good Corporate Government Rules about the Good Corporate Government Principles dictated by the National Securities Commission.

“Management evolution against 2006 and main action lines in 2007

- We comply with the provision enacted by the National Securities Commission published on the Official Gazette on February 17, 2005 and related to the Good Corporate Government Principles.
- We planned the issuance of preferred stocks.

Commitments made for 2008

- Issuance of preferred stock in order to democratize the capital.
- Hand-over of stocks to our workers in order to include them in our stockholders base.
- Strengthening the Stockholders Unit in order to pay a more effective attention to their demands.

Our Policies

- We ratify our will of managing the business in a plural and inclusive manner.
- We firmly believe in the exchange of ideas and thoughts. Therefore, we involve our stockholders in our daily tasks. We count on a wide base of individuals who enjoy the benefits of a high profitability and solvency.
- We respect the right of the minority stockholders regarding the payment of

dividends. We have a transparent relationship with them through the Stockholders' Meeting.

- We hold two Stockholder Meetings each year.

The Stockholders Unit

We count on a unit whose priority is to serve our stockholders in a fast and transparent way. There they can get all the required information about their investment: bank statements of their dividends (historical), claims, certifications by external auditors, stock assignments in case of divorce or death, pledges, report copies if requested, and anything related to their stocks.

Basic Features		
	2006	2007
Social Capital (Bs.F)	554,372,983	641,499,327
N° Stocks	5,543,729,830	6,414,993,270
Circulation	5,248,276,449	6,119,539,889
Treasury	295,453,381	295,453,381
Face Value (Bs.F)	0.10	0.10
N° Stockholders	5,995	5,909

Stockholder Meetings		
2006	2007	
March 27	March 30	
September 25	September 28	

Dividends		
	2006	2007
In Cash (Bs.F)	72,014,757,463	43,298,280,94
Benefit per stock	0.008 per stock	0.00825 per stock
In Stocks	663,765,629	871,263,440
Benefit per stock	0.14478439577	0.16600944109
Total Bs.F	66,376,563	87,126,344

Our stockholders can also make consultations by phone, by post, e-mail and through our nationwide network of branches. This way, they are able to update data, collect dividends, get balances and bank accounts.

Worker's involvement

Through the Secretariat, the employees can request a point in the Board of Directors' agenda to submit their statements or concerns, if the topics are important enough. They also can request a point of the agenda of any of the aforementioned committees, so as the employees could use them as a primary discussion channel and leverage means to get institutional support for their concerns. For example, the VP of Communications and Social Affairs proposes a point in the agenda of the Alignment Committee in 2008 in order to discuss and promote that all the responsibility centers that prepare business strategic planning and training programs should be aligned with the CSR of the Bank.

We maintain the dialogue with our stockholders through different channels:

- *TiempoBanesco*: monthly publication prepared by the organization.
- *CableBanesco*
- Reports and reviews
- www.banesco.com, our corporate website
- The Board of Directors
- Our Corporate Government practices
- Direct contacts and meetings
- In 2004 we published for the first time our Social Responsibility Report, which contains detailed information about the distribution of the revenues we devoted to all the social action projects which have been previously approved by the Board of Directors.
- The communication media at a national scale.
- The Stockholders' Unit, which offers all the required information about the stockholder's investment, as well as about the financial institution.



Main action lines in 2006

- We started implementation of the Management Model by Competences.
- The program *Your Home with Banesco* was launched, as well as the benefit of the Unsecured Loan which started in December 2005.
- Alignment of the Human Capital processes with the business strategy.

Management evolution against 2006 and main action lines in 2007

- We moved forward in the implementation of the Model by Competences for Banesco's employees.
- The Your Home with Banesco program and the benefit of the Unsecured Loan were reinforced.
- We kept the training programs for our workers, which were defined in our institutional goals, in tune with the individual potentialities and needs of personal development.
- We enhanced the activities aimed to foster the personal development and the sound use of free time of our human capital through a series of benefits, such as vacation plans, health campaigns, sports tournaments, subsidies for the cafeteria and parking, among others.
- We ratified the commitment of improving the quality of life of our human capital through the signing of a new Collective Bargain in force from 2007 to 2010.

Commitments made for 2008

- Investing in the technological revamping of the Human Capital systems in order to improve the administration and consolidation of useful information that could support the decision-making process. To do so, we plan to implement the SAP-HCM module, Phase I (Human Capital Module: planning, compensation, development, personnel administration, benefits and payroll).
- Completing the implantation of Banesco's Model by Organizational Competences Project.
- Converting Banesco's employees into partners through the sale of preferred stocks.

- Continuing with the development of dialogue practices with the employees through:

- a. A program that encourages them to participate in the strategies to generate revenues and reduce costs through an "idea contest" ("Big Bank") where everyone will be able to contribute ideas to increase the organization's productivity and gain with their participation.
- b. Studies on the organizational climate.

- Starting the review of our Code of Ethics along with the VP of Communications and Social Affairs.

- The VPs of Human Capital and Communications and Social Affairs will plan workshops for the staff of the VP of Security on the matter on Human Rights in 2009.

Our Policy

We encourage equality and fairness and the mutual satisfaction with our workers, creating in the process a harmonious environment in the workplace and a better quality of life for all employees.

We manage the human capital through the experience of our corporate values and taking as a base the key competences that shall practice all members of the institution. Individual and Social Responsibility are a fundamental part of these two aspects.

In this sense, the policy on the matter of Human Capital favors significant levels of development, competitive remuneration, individual and team motivation addressed towards achievement, as well as the protection and well-being for its workforce, with the firm belief that our workers are the fundamental axis of the Bank.

A fundamental part of Banesco's strategy is to be an important source of employment in the country. In 2007, Banesco's payroll rose by 2,377 posts, equivalent to 23.37% over the previous period.

Main Indicators			
	2006	2007	Variation %
Total employees	10,171	12,548	23.37
Distribution by gender	5,985 women 4,186 men	7,511 women 5,037 men	25.50 women 20.33 men
Average Age	32 years	32 years	
Seniority Average	5 years	3 years	



Our Human Capital

The employees' distribution by post and age shows clearly that we are a young and dynamic institution, with an average age of 32 years, but we do not discriminate younger or older people for the different posts.

Banesco's intention is to create a stable and discrimination-free source of employment. This intention has been materialized in the facts: 91% of our staff are permanent workers, 60% are women and the staff composing the base posts represents 57% of the total amount of employees.



Distribution by Age and Gender

	2006			2007			% Variation		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
15-17*	61	28	89	32	27	59	(47.54)	(3.57)	(33.71)
18-25	951	631	1,582	1,755	1,114	2,869	84.54	76.55	81.35
26-30	1,566	988	2,544	2,092	1,255	3,347	33.59	27.02	31.05
31-35	1,444	885	2,329	1,536	915	2,451	6.37	3.38	5.24
36-40	1,101	883	1,984	1,048	806	1,854	4.81	(8.72)	6.55
41-45	464	457	921	562	514	1,076	21.12	12.47	16.83
46-50	212	181	393	285	258	543	34.43	42.54	38.17
51-55	125	81	206	133	95	228	6.4	17.28	10.68
56-60	50	37	87	50	33	83	-	10.81	4.60
61-65	5	9	14	11	14	25	120	55.55	78.57
66-70	5	5	10	6	4	10	20	20	-
71-75	1	1	2	0	2	2	100	100	-
75+	0	0	0	1	0	1	100	-	100
Total	5,985	4,186	10,171	7,511	5,037	12,548	25.40	20.33	23.37

* INCE trainees

Distribution by Age and Job Category

	2006						2007					
	15-17 (*)	18-30	31-40	41-50	50+	Total	15-17 (*)	18-30	31-40	41-50	50+	Total
Base	89	3,439	1,772	417	91	5,508	59	4,794	1,737	522	93	7,205
Prof. & Technicians	0	836	1,252	278	73	2,439	0	1,213	1,251	330	93	2,877
Supervisory	0	134	862	290	45	1,331	0	187	882	364	48	1,481
Managerial	0	27	400	276	93	796	0	32	417	345	97	891
VPIs	0	0	27	47	15	89	0	0	18	52	16	86
Directors	0	0	0	4	2	6	0	0	0	4	2	6
Presidents	0	0	0	2	0	2	0	0	0	2	0	2
Total	89	4,136	4,313	1,314	319	10,171	59	6,216	4,305	1,619	349	12,548

* INCE trainees

Distribution by Gender and Post

	2006			2007			% Variation		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Base	3,266	2,242	5,508	4,374	2,831	7,205	34	26	31
Directors	1	5	6	1	5	6	-	-	-
Managerial	459	337	796	529	362	891	11	12	11
Prof&Tech	1,538	901	2,439	1,813	1,064	2,877	15	7	12
Supervisory	674	657	1,331	746	735	1,481	2	(10)	(3)
VPIs	47	42	89	48	38	86	-	-	-
President	-	2	2	-	2	2	N/A	-	-
Total	5,985	4,186	10,171	7,511	5,037	12,548	25	20	23

N/A: Non applicable

Distribution by Type of Commercial Relation and Gender

	2006		2007		% Variation	
	Women	Men	Women	Men	Women	Men
Trainees	223	144	247	149	10.76	3.47
Hired	195	165	394	349	102.05	111.52
Fixed employees	5,567	3,877	6,870	4,539	23.40	17.08
Total	5,985	4,186	7,511	5,037	25.49	20.33

We are an organization of young people. As of 2007, up to 92.4% of our human capital, or 11,597 workers, were between 18 and 45 years of age.

Our Human Capital

Banesco has created a territorial division in tune with its business strategy and each year it has a growing impact at the regional level, as is shown in the increase in employees recorded at the Western-Andean Region, the Middle-Plains Region and the Eastern-Southern Region.

Banesco's Executive VP of Human Capital has a presence in the main country's cities through a team of integral advisors, experts on human capital management. The hiring process in the countryside regions is carried out based on the same rules and procedures applied in the Capital Region through the aspirants evaluation and their profiles, which should be in accordance with the organizational requirements. In the countryside, the Vice-Presidents responsible of the Sales Network are native from each one of these regions. This guarantees an enhanced knowledge of the economic dynamics proper to each location and its customers.

National Distribution						
Region	2006		2007		Variation %	
	N° workers	% Total	N° workers	% Total	N° workers	% Total
Metropolitan	6,456	63.5	7,863	62.67	21.79	(1.30)
Middle-Plains	1,057	10.4	1,374	10.95	29.99	5.28
Western-Andean	873	8.6	1,173	9.34	34.36	8.60
Eastern-South	948	9.3	1,172	9.34	23.62	0.43
Zulia-Falcón	837	8.2	966	7.7	15.41	(6.09)
Total	10,171	100	12,548	100	23.37	-



VPs on the Network				
Region	N° VPs 2006	Proportion of VPs who come from the local community 2006	N° VPs 2007	Proportion of VPs who come from the local community 2007
Capital	3	100%	3	100%
Centro-Los Llanos	1	100%	1	100%
Occidental-Andina	1	100%	1	100%
Oriente-Sur	1	100%	1	100%
Zulia-Falcón	1	100%	1	100%
Total	7	100%	7	100%

DISABLED PEOPLE

From our very beginnings, Banesco has offered the possibility of employment to disabled people who are able to participate in the labor work. We have offered these people the possibility to deal with flexible and dynamic activities. Their development has allowed, no doubt, turning them into productive persons, and their effort and perseverance have become an example to be followed both within and outside the Bank.

The inclusion to the labor market of disabled people is a part of one of our main values: Diversity and Adaptability. In this way, and hand in hand with our Social Partners, as well as along the relationship we have built, the incorporation of each disabled person creates a new opportunity to enhance the sensitivity and close the learning gaps between the condition of these individuals and the understanding of this reality by the rest of Banesco's population.

Disabled Workers			
Geographic Location	2006	2007	% Variation
Metropolitan	9	15	66.6
Middle-Plains	1	1	-
Western-Andean	-	1	100
Eastern-South	-	1	100
Total Disabled Workers	10	18	80

Achieving the successful insertion of disabled people means not only overcoming a hurdle, but also an organizational challenge which has been faced through a program developed to create an impact that goes beyond the legal requirements in force, which we faithfully enforce.



Our Human Capital

Entries and Departures									
	2006			2007			% Variation		
	Fixed	Hired	Total	Fixed	Hired	Total	Fixed	Hired	Total
Entries	3,607	573	3,640	3,191	1,479	4,670	4.04	158.11	28.29
Departures	1,331	48	1,379	1,583	394	1,977	18.93	720.83	43.36

Turn-Over Index						
	2006			2007		
	Fixed	Hired	Total	Fixed	Hired	Total
Entries	1,331	48	1,379	1,583	394	1,977
Departures	3,067	573	3,640	3,191	1,479	4,670
Avg. Population	9,788	390	10,178	10,635	837	11,472
Turn-over	22.47%	79.62%	24.60%	22.44%	111.89%	28.97%

ENTRIES AND DEPARTURES BEHAVIOR

The Turn-Over Index (percentage index between entries and departures in relation to the number of employees in a given area and for a given period of time), was affected by a substantial increase in the number of entries of hired staff, mainly as a result of the Currency Reconversion process carried out during the last quarter of 2007.

Banesco's Collective Bargain does not include any minimum period of advance notice in relation to organizational changes. However, the Bank follows the rules established by the LOPCYMAT and the Organic Labor Law.

EQUALITY AND NON-DISCRIMINATION

No reports of discrimination against workers have shown up in Banesco. We provide an equal treatment to all our employees, without any discriminatory or consideration of any kind. We base on our organizational values and the legal rules established in the Venezuelan different legal instruments, such as the Constitution of the Bolivarian Republic of Venezuela, the LOPCYMAT and the Organic Labor Law.

Inwards, we have created rules which prevent discriminatory practices, such as the Collective Bargain (Clause 2 of the General Declaration of Principles) and the Code of Ethics (Rule 3).

CHILD EXPLOITATION

National and international rules forbid altogether child labor, although in the developing countries it is very frequent to find a number of cases of under-age children outside the educational system and carrying out all types of economic activities to support their family groups.

The nature of the banking activity demands a specialized knowledge, and for this reason it is very difficult to find child exploitation cases within the system. In fact, all of Banesco's workers are legally of age. Only the INCE's trainees are under-age and, according to the rules of this institution, the trainees shall be 14-17 years old. These trainees devote most of their time to educational activities, so their activity cannot be qualified as child labor.

JOB PROMOTIONS

We create opportunities for professional development. Currently, 83% of the positions available in Banesco are filled by technician and professional staff who enjoy the benefits of our promotion policy for internal talents as the main source to cover vacancies. In 2007 we filled 1,098 positions in this manner, as follows:

Jobs Promotions				
Direction	2006	% over total (2006)	2007	% over total (2007)
Risk, Finance and Strategic Management	72	7.19	59	5.37
Sales	642	64.14	633	57.65
Real Estate, Infrastructure and Insurance	26	2.60	2	0.18
Credit, TDC, Channels and Services	133	13.29	192	17.49
Technology and Processes	43	4.30	119	10.84
Analysis, Control and Operations	85	8.49	93	8.47
Total Banesco Banco Universal	1,001	100	1,098	100

HALF-YEARLY WAGE ADJUSTMENTS

Banesco works to compensate the worker based on the performance and goals achieved, in order to position the organization above the market average within the financial sector. For the second year in a row, the Wage Policy has consisted of conducting evaluations and half-year adjustments. The average wage increase surpassed the amount estimated for the rest of the banking sector peer group and even the wage increase granted by some companies from other sectors.

The Evaluation by Objectives for the managerial role was completely implemented in order to link performance and wage review. This way, we included into the Performance Evaluation Process the fixation and evaluation based on the objectives previously agreed upon and effectively achieved. The wage distinction, if so, would be subject to the results obtained by the staff performance evaluation.

Our Human Capital

Our management

TRAINING

Being aware of the strategic value of the Human Capital to achieve our objectives, we define our institutional goals according to the individual potentialities and the staff's development needs, so that the business results be accompanied by the satisfaction of the individual aspirations of those who help to achieve them.

Among the strategies we developed in 2007 on the matter of training and education, we wish to underline the following ones:

- Continuous training through the Projects Management Program, including the bank's technological enabler in order to control and monitor these projects. This initiative has been called PCP (Portal to Control Projects) and points to align all the projects leaders by means of a methodology.
- Training programs and key certifications related to the business and addressed to our network of branches, business advisors and different segments of the bank.
- Emphasis on corporate programs such as Customer Service and Quality Service, Development of Supervisory Capacities, Consultancy Advanced Program, all this in order to enhance our people's performance in key elements for the business.
- Permanent updates, seeking to achieve the best practices in areas such as Technology, Information Safety, Strategic Planning, Risk, etc.
- Active participation on the Currency Reconversion project, encouraging awareness and training for Banesco's staff. For this nationwide activity we invested Bs.F 4,315,750. The project was also supported by our Management of Change Office in topics linked to the organizational climate.
- Use of *e-learning* tools as an ally in key projects for the institution.

Banesco trains its employees in different interest topics specific for the institution, but also in complementary areas, in order to achieve an integral professional and individual development of all its employees.

Training			
Description	Men-Hours Training		
	2006	2007	% Variation
Banking, Finance and Insurance	198,959	163,683	(18)
Managerial Capabilities	13,486	15,109	12
Management Control	-	13,674	100
Personal Development	23,802	21,467	(10)
Specialized	25,128	11,566	(54)
Legal and Regulatory	3,676	1,386	(62)
Marketing, Sales and Services	37,525	18,667	(50)
Industrial and Physical Security	170	1,118	599
Information Technology and Safety	26,962	8,333	(69)
Total Training Hours	329,705	255,071	(23)
Total workers	10,171	12,548	23
Total Trained workers	7,468	10,494	41
Nº Average hours of training	44	24	(45)
% Trained workers	73%	84%	15

	Nº of workers			Men-Hours Training			Average Hours of Training		
	2006	2007	% Variation	2006	2007	% Variation	2006	2007	% Variation
VPs	85	84	(1.17)	560	2,864	411.42	6.6	34.1	417.52

It is important to notice that the 2006 and 2007 trainings are only those accounted by the Executive Development Management. National and international workshops and other events are excluded.

Training by Position Levels									
Levels	Nº of workers			Men-Hours Training			Average Hours of Training		
	2006	2007	% Variation	2006	2007	% Variation	2006	2007	% Variation
Base	2,171	2,874	32.4	129,549	36,899	(71.51)	60	13	(78.3)
Managerial	780	1,638	110.0	15,372	47,492	209.0	20	29	45.0
Prof.&Tech	4,112	4,787	16.4	181,556	123,363	(32.1)	44	26	(40.9)
Supervisory	320	1,111	247.19	2,668	44,454	1,566.19	8	40	400.0
VPs	85	84	1.18	560	2,864	411.43	7	34	385.7
Total	7,468	10,494	40.52	329,705	255,072	22.64	44	24	(45.5)



Our Human Capital

Workshops and Training on Operational Risk

The VP of Operational Risk participated as a facilitator in all the Plans for the Education of New Employees for 2007. These nationwide activities were held at Banesco's branches. This way, we ensure that at

the moment of starting their activities our workers will have a general description of the operational risk and the functions of the area that provides management advice to businesses.

Training Lectures for New Employees						
City	N° of meetings			N° of Attendants		
	2006	2007	% Variation	2006	2007	% Variation
Caracas	49	42	(14.28)	1,849	2,741	48.24
Maracay	5	7	40	84	229	172.61
Valencia	6	3	(50)	111	83	(25.22)
Barquisimeto	4	7	75	159	146	(8.17)
Maracaibo	3	4	33.33	64	165	157.81
Puerto La Cruz	2	5	150	29	80	175.86
Puerto Ordaz	2	6	200	30	96	220
Barinas	-	1	-	-	18	-
Portlamar	-	2	-	-	29	-
San Cristóbal	-	3	-	-	67	-
Total	71	80	12.67	2,326	3,654	57.09



Training to Operational Risk Delegates						
City	2006	Training Area	N° of Delegates			
			2006	2007	% Variation	
Caracas	Implementation of the Model of Operating Risk Management at the branches network	Corporate and Processes Approach. A successful answer to the Challenge of Operating Risk. Identification and Management of Operating Risk for Critical Services. Identification and Management of Operating Risk in Compensation. Management of Operating Risk in New Products and Services	111	20	(81.98)	
Maracay	Implementation of the Model of Operating Risk Management at the branches network		10			
Barquisimeto	Implementation of the Model of Operating Risk Management at the branches network		4			
Maracaibo	Implementation of the Model of Operating Risk Management at the branches network		6			
Pto. La Cruz	Implementation of the Model of Operating Risk Management at the branches network		9			
Ciudad Banesco	Operating Risk in the Management of the Branches Network		75			
All the country	Specialized Training of the Matter of Operating Risk		55			
Total			270	118	(56.30)	

Budget							
Objective		Planned Bs.F			Executed Bs.F		
2006	2007	2006	2007	% Variation	2006	2007	% Variation
Training 250 delegates who participate in the value chain, as well as in the critical procedures linked to the applications of Model of Risk Management	Continuing with the training for the Operating Risk Delegates through the different resources available	64,500	26,086.65	(59.55)	57,315.56	39,095.08	(31.78)

Our Human Capital



In addition and in accordance with what has been established in Art. 96 of the Organic Law against the Illegal Traffic and Consumption of Narcotic and Psychotropic Substances (LOCTISEP), the bank devoted 1% of its net annual utility to social integral prevention programs against the trafficking and consumption of illegal drugs. The beneficiaries of these programs are our employees and their families. In the framework of these programs, we developed a series of activities which contribute to the integral development and sound use of our employees' free time.

Training on Prevention and Control of Capital Legitimation

	Nº of Beneficiary Workers			Amount Bt.F		
	2006	2007	% Variation	2006	2007	% Variation
New Employees	2,678	3,867	44.4	16,311.96	6,613.58	(59.60)
Active staff	967	1,541	77.74	12,443.11	15,000.00	20.54
Total	3,545	5,408	52.55	28,775	21,613.58	(26.83)

Trained Workers / Total New Employees

	Total Hired	New Employees Trained	%
2006	2,750	2,678	96.33
2007	4,679	3,867	82.50

During these sessions the employees receive general knowledge about the area, its functions and the importance of identifying, assessing and managing the operational risks present at the bank, as well as clarifying their doubts and share their experiences. This, in turn, allows the establishment of a relationship between the activities they carry out and the management of operational risk.

In addition, we conduct evaluations aimed to validate the knowledge levels acquired through the induction process.

Contents of training for new employees

- Operating Risk: Relevant Cases.
- Basic Concepts (Risk, Operating Risk).
- Operating Risk Categories (Human Capital, Technology, Processes, External Events).
- Risk Evolution in the Banking System (From Basel I to Basel II).
- Why should we manage Operating Risk in the banking?
- Importance of the Operating Risk Management.
- What our people at Banesco say (corporate video).
- Elements for the Management of Operating Risk in Banesco (Knowledge, Technique and Attitude).
- What does the Banesco employee expect from the Management of Operational Risk?
- Who are the participants in the Management of Operating Risk?
- Role and functions of the Operating Risk Delegate.
- Methodology for the Management of Operating Risk.

MODEL OF MANAGEMENT BY COMPETENCES

Through the continuous implementation of the Model of Management by Competences launched in 2006, the following activities were carried out:

- Configuration of competence profiles linked to the different positions in the organization.
- Development of a new dictionary of interviews by competences to make easier the recruitment of new talents.
- Design of tools to apply competence diagnosis, as well as the preparation of a manual with the corresponding information to our model, from its design to the finally approved dictionary.

The configuration and assignment of competences to positions shall allow the organization to count on the profiles and ideal requirements of the bank positions that favor the processes of attraction, retention, evaluation and development of competences.

The dictionary of interviews by competences is a fundamental tool for the staff of Recruitment and Employment in the process of searching talented candidates, as it allows the identification of the staff which covers the competences of this model.

The design of instruments for the diagnosis of competences has allowed the organization to move forward in the identification of the current profiles of the workers, according to the expected profile for their respective positions. This application has been put into practice for a portion of the staff ascribed to the Sales Direction and the Executive VP of Quality and Processes.

Finally, with the preparation of Banesco's Manual of Competences, we will be able to provide the managerial staff with an indispensable tool to rule its own work teams, as the manual mirrors our competences, their degrees and behaviors.

The scope of the management under a Model by Competences will ensure that Banesco can count on a human capital pointing toward its personal and professional success.

STRENGTHENING ORGANIZATIONAL COMPETENCES

In order to align the training plans with the corporate strategies, the Model by Competences and an optimal calculation of training hours per position, we have introduced important improvements to the training policies.



Our Human Capital

In this sense, during the first quarter we achieved a 93% alignment of the personnel development activities with the business strategy. For the second quarter, the alignment achieved was 81%. In both instances, the initial goal was surpassed by 70% in terms of alignment of the development activities carried out by the VP of Human Capital.

PERFORMANCE EVALUATION AND PROFESSIONAL DEVELOPMENT

The main input for the Model of Management by Competences is the result of the performance evaluations for the planning and starting of training programs, remuneration plans and the achievement of strategic objectives pointing to the professional development of our workers. To do so, we take as a base the evaluation of their capabilities, the adjustment to the corporate competences and the identification of the candidates' development potential.

About 90% of our workers are subject to performance evaluation on a twice-a-year basis. The remaining 10% corresponds to those who are hired after the evaluation period and the Vice-Presidents payroll, who are submitted to an annual performance evaluation.

QUALITY OF LIFE, FREE TIME AND PERSONAL DEVELOPMENT

The Sports Campaign "*It is Possible to do it Without Drugs*" was held nationwide and was attended by over 5,000 workers. The aim of these activities is to encourage the integral development of our employees and their families, through activities that foster the culture of the good use of free time and sound lifestyles which enhance mental and physical health.

Quality of Life and Personal Development						
Activity	Investment Bz.F			N° Beneficiaries		
	2006	2007	%Variation	2006	2007	%Variation
Sports Campaign	837,600	1,384,806	65.3	4,620	4,150	(10.2)
Bowling Tournament	106,800	133,427	24.9	1,500	1,200	(20.0)
Total	944,400	1,518,232	60.8	6,120	5,350	(12.6)

2007 VACATION PLAN

With the participation of 2,250 children and teenagers from all the corners of the country, we successfully developed the 2007 Vacation Plan named "*It is possible to do it Without Drugs*". Under the

approach of the Integral Prevention Plan, the purpose of this initiative is to encourage the reduction of the risk factors threatening our staff's children and teens, fostering the good employment of free time and enhancing family values.

2007 Vacation Plan					
Investment Bz.F			N° Beneficiaries		
2006	2007	% Variation	2006	2007	% Variation
1,488,600	1,628,577	9.4	1,983 children and adolescents	2,250 children and adolescents	13.4

In 2007 the Vacation Plan was developed under the following categories:

- Overnight sleep camp for 8-13 year-olds
- Adolescents program (14-16 year-olds)
- Guided outings during 4 weeks for the youngest.

HEALTH AT THE WORKPLACE

In 2007, we consolidated the different activities we have been carrying out and developing on the subject of Health at the Workplace, both at the different countryside regions and the Caracas Metropolitan Area.

The continuation of this work, carried out by the Management of Health Services at the Workplace at the different regions of the countryside as well as in Caracas Metropolitan Area, turned 2007 into a crucial year for the consolidation of different activities on this field.

We fostered a primary attention model which encourages integral health, based on the bio-psychological well-being and based on prevention and education as key aspects. Precisely, the modern approach in the medicine field is based on the prevention-education on the matter of health. This, in turn, results in a significant reduction of the morbidity-mortality rate and, therefore, reduces the need of medical treatment.

Under the premise "*We approach the user*" and supported by the use of massive communication devices such as the Intranet, brochures, medical-sports campaigns, vaccination campaigns, granting of medical driver certificates and, especially, through direct medical guidance, our employees received clear information about prevalent diseases. With these activities we attempt to increase the individual awareness about preventive health and spread this knowledge to all members of the family.

Our Human Capital

The vaccines were provided by the national government; the certificates were paid by the employees, and special health campaigns were sponsored by several pharmaceutical labs.

Health Campaigns			
	N° Beneficiaries		
	2006	2007	% Variation
Medical Driver Certificates	118	370	214
Double Viral Vaccination Campaign	2,540	770	(70)
Vaccination campaign	415	128	(69)
	Vaccinated against Yellow Fever	Vaccinated against the flu	
Special Health Campaigns	3,636	1,010	(72)
	Screenings:	Screenings:	
	High blood pressure	High blood pressure	
	Obesity	Obesity	
	Osteoporosis	Osteoporosis	
	Breast cancer	Anemia	
	Cervical cancer	Dyslipidemia	
	Glaucoma	Diabetes Mellitus	
	Spirometry	Spirometry	
	Medical Care:	Medical Care:	
	Peripheral Venous Disease	Peripheral Venous Disease	
	Lab Tests:	Lab Tests:	
	Cholesterol	Prostatic Antigen	
	Triglycerids	Smear Tests	
	PSA		
	Anti-Stress Therapy:		
	Laughter Therapy		
	Chats		
	For Smokers:		
	Cardiovascular Health		
	Men Sexual Health		
	Stress management		
	Back Therapy:		
	Pain and Posture		
	Psychoimmunology		
Total	6,709	2,278	(66)

LABOR SECURITY

In Banesco we guarantee safe labor conditions for our workers. We foster an adjustable work environment, as well as one favorable for the best performance of our people. We develop campaigns to prevent occupational accidents and diseases. Therefore, and according to the present labor legal framework, Banesco has no record of any labor accident involving serious or fatal damages to workers. The same is true for so called occupational diseases. On a monthly basis, we offer lectures about physical and industrial security to new employees, according to the regulations established on this matter.

In 2007 we moved forward in the adequacy and updating of all our facilities, both administrative and commercial all over the country, to comply with the minimum conditions established by the Organic Law on Labor Prevention, Conditions and Environment (LOPCYMAT). This will favor all our workers.

In this sense and in accordance with the Law, 107 Labor Security and Health Committees were created at the 510 identified facilities.

On the other hand, we provided training on the matter of Industrial Security.

We also held 6 workshops on First Aid and Prevention and Control Measures against Fires, which were attended by 120 people.

In Ciudad Banesco, also in 2007, we carried out 14 drills, 5 workshops on hygiene, security, fire prevention and extinction, and 3 working days devoted to Hygiene, Security and Fire Extinction, as well as to Preventive Health. Likewise, we provided training in industrial safety.

Additionally, the Emergence Brigades held routine meetings, exercises and updating workshops.

LABOR RELATIONS

As a result of an enhanced negotiations process with SITRABANESCO (Banesco's National Workers Union), a new Collective Bargain was approved in July for the 2007-2010 period. This agreement will benefit 90.17% (11,315) workers under indeterminate work contracts.

This new collective bargain includes 55 clauses of different nature: preliminary, general, economic, social-economic, labor union, among others. Its estimate cost amounts to Bs.F 334 million and it is a reference instrument in the national banking market. This way, we confirm Banesco's commitment to the improvement of the quality of life of its workers, not only through significant rises of the benefits established in the agreement, but also through the improvement of its social plans.

In order to back and guarantee the right of association, we provide all the communicational support and foster the opportunities and places to celebrate work meetings and general assemblies of the affiliates.

There is no single practice in Banesco where the freedom of association and affiliation to collective bargains could be violated. On the contrary, we encourage a growing consolidation of the ne-



Our Human Capital

negotiation process with the workers union in order to favor our workers.

Workers Protected under the Collective Bargain			
	2006	2007	% Variation
Total employees	10,171	12,548	23.37
Employees under Collective Bargain	9,348	11,315	21.04
% Employees under Collective Bargain	91.9	90.17	-

STEPS TAKEN TO DEAL WITH CORRUPTION INCIDENTS

Financial institutions are exposed to all kind of risks, particularly those linked to Capital Legitimation. In Banesco we are protected by our Integral System to Prevent Capital Legitimation, which also serves to keep informed all our workers and customers about the issue of Capital Legitimation and Terrorism Financing.

In this sense, we provide lectures to our newly hired personnel, as well as training workshops for the staff in charge of our sales network. Likewise, we have opened a space in our Intranet to provide all the necessary information about this topic, at the same time urging our workers to support the actions of the Unit for the Prevention of Capital Legitimation.

The main tool to reduce these risks is to maintain and apply comprehensive and effective control mechanisms available to the customer, in areas such as operations or relations with sensitive or vulnerable customers, to the unintentional use of financial institutions involved in illegal activities, such as fraud, capital legitimation, swindle or any other fact of corruption.

When a worker suspects that he is facing a corruption case, first of all he has to analyze the facts in order to determine if the displayed behavior falls into any kind of illegal action, according to the Venezuelan regulation on the matter. If this is so, the employee shall make a formal complain before the competent national authorities, so as they could start the necessary investigations to prove the crime.

New Initiatives for 2007

ATTENTION PROGRAM FOR THE CHILDREN OF WORKERS INVOLVED IN THE CURRENCY RECONVERSION PROJECT

In December 2007, we implemented the vacation program addressed to the children of the workers involved in the Currency Reconversion Project. The purpose of this initiative was to look after the kids during the development of different recreational activities during the school holidays of December. The aim was to encourage a better performance of the workers devoted to the reconversion project.

Children Beneficiaries	Investment Bs.F
191 children of 156 workers	245,795.00

READERS' CLUB

Aiming to foster the reading habit among our workers, we created Banesco Readers' Club, which was born as the initiative of a group of employees. By December 2007 the club had already 152 affiliated employees in the Metropolitan Area. For two months, these workers participated in trivia and discussion forums about the reading of a book selected by the club members.

Benefits for the workers

Banesco's personnel enjoy benefits well above the average of the national banking system. We consider our workers as the main assets of our organization, thus, a fundamental stakeholder. We have developed a policy of promotions based on the best performance through the Model of Management by Competences, with twice-a-year performance evaluations and their corresponding wage raises. The Hospitalization, Surgery and Maternity Insurance (HCM), as well as the facilities we offer our employees to buy their own home, are outstanding within the banking industry.

Likewise, we develop permanent training programs at all levels, preventive health activities, sports activities, and vacation plans for our employees' children.

In order to measure the level of personal satisfaction we conduct frequent surveys, whose results are published in this section.

Our Human Capital

CONTRACTUAL BENEFITS

STUDY SCHOLARSHIPS: To encourage our workers' professional development we grant annual scholarships to those who are following postgraduate studies and have excelled in terms of dedication and efficiency at work. Between January and July 2007, 40 workers received this benefit. With the approval of the new Collective Bargain, the number of beneficiaries was increased, and from October to December 71 workers were granted scholarships, taking the total amount of studies scholarships granted to 111 during this period.

UNIFORMS: We keep within our benefits portfolio the procurement of uniforms for certain positions, so as these workers could use them during their duties. In 2007, 56% of the bank's employees (7,094) enjoyed this subsidy.

CHRISTMAS' TOYS: We handed out 7,377 toys to the children of 5,360 employees. Besides reinforcing values that are proper to the Christmas celebration, these are educational toys that encourage creative thinking and the physical/sports activity, contributing in the process to the integral learning and development of children.

SENIORITY DECORATIONS: In November we held our nationwide events to reward the loyalty and seniority of our employees. These events were attended by the members of the Board of Directors, VPs and personnel ascribed to each one of the Directions. The honorees received buttons and acknowledgment plates for their professional career within the institution.

COLLECTIVE INSURANCE (HCM): The collective policy covers 100% of the basic prime to the employee, spouse and children under 18 years of age.

NON-CONTRACTUAL BENEFITS

UNSECURED LOANS: One of our strategic objectives is to support our employees so as they could buy their own home and improve their quality of life. In 2007 we maintained the benefit of the unsecured loans, which allowed 1,161 of our employees to buy principal homes. The unsecured loan is an amount in Bs.F which is turned into a direct subsidy at the moment of the purchase. We also implemented the benefit of Unsecured Loan for Home Revamping, and increased the amounts granted. This has given a boost to the program *"Your Home with Banesco"*. Likewise, the amount of the Unsecured Loan went from Bs.F 5,000 to Bs.F 7,000 for workers who earn up to 28 T.U. (official Tributary Units), and from Bs.F 7,000 to Bs.F 10,000 for workers included in the wage band between 28 T.U and 55 T.U.

Contractual Benefits						
Benefit	Bs.F Investment			N° Beneficiaries		
	2006	2007	%Variation	2006	2007	%Variation
Scholarships	40,000	44,100	10.25	40	111	177.50
Uniforms and Equipment	4,800,000	4,093,932	(14.7)	7,595	7,094	(6.6)
Christmas Toys	1,500,000	1,972,349	23.9	4,646	5,360	15.37
Decorations	438,000	126,680	(74.04)	1,348	1,398	3.7
HCM Insurance	8,873,955	24,963,610	181.31	*31,088	*32,581	4.80
Marriage Bonus	1,365	7,915	479.85	91	132	45.05
Contribution for Death of Direct Relatives	2,950	8,940	203.05	59	80	35.59
Contribution to Relatives for Employee Death	62,963	98,092	55.79	9	8	(11.11)
Birth Bonus	4,820	21,940	355.18	238	275	15.54
School Supplies**	N/A	359,840	-	-	3,357	-
Total	15,724,053	31,697,398	101.58	-	-	-

* Workers and relatives.

** This benefit was not granted in 2006. From 2007 it was granted according to Clause N° 41 of the Collective Bargain

Non-Contractual Benefits						
Activity	Bs.F Investment			N° Beneficiaries		
	2006	2007	%Variation	2006	2007	%Variation
Housing (Unsecured Loan)	3,874,270.03	10,390,410.56	168.19	735	1,161	57.95
Parking	1,699,240.98	301,000.00	(82.28)	771	833	8.04
Cafeteria subsidy	3,433,000.00	5,143,004.00	49.72	3,860	4,338	13.0
Medical service *	420,549.00	344,119.00	(18.2)	10,931	10,547	(3.5)
Medical assistance	119,926.00	76,591.00	(35.05)	7	20	185.71
Total	9,548,986	16,478,973.56	72.57	16,782	16,401	(2.27)

* Medical consultations all year-round

Unsecured Loans						
	2006		2007		% Variation	
	Beneficiaries	Amount Bs.F	Beneficiaries	Amount Bs.F	Beneficiaries	Amount Bs.F
Unsecured Loans	735	3,874,270.03	1,161	10,390,410.56	58	164.19

Housing Credits						
	N° Beneficiaries			Amount Bs.F		
	2006	2007	% Variation	2006	2007	% Variation
Shareholder's equity	186	345	85.4	21,946,220.22	32,221,364.29	137.95

Credit Cards Delivered				
Description	2006	2007	Variación	
Total Active Employees	10,171	12,548	23.37	
N° Employees with Credit Cards approved in the year	2,764	2,420	(12.44)	
N° Cards Approved	4,520	4,285	5.19	
N° Cards for Employees Approved in the year	27	39	29.62	

Vehicle Credits						
	2006		2007		% Variation	
	Amount	Bs.F	Amount	Bs.F	Amount	Bs.F
Banesco Credit	396	10,160.00	1,308	38,199.00	230.30	285.81
"Venezuela Móvil"	257	4,356.00	277	4,645.00	7.82	6.84
Total	653	14,516.0	1,585	42,844.00	142.72	195.15



Our Human Capital

Legal Liabilities					
	Bt.F Investment			N° Beneficiaries	
	2006	2007	%Variation	2006	2007
Nursery	2,488,877.10	2,612,605.54	4.97	1,360	1,079
Law on Workers' Diet	12,964,734.94	16,393,028.56	26.44	3,353	12,541
Mandatory Social Security	12,107,600.00	18,602,417.92	53.65	10,171	12,548
Employment Law	2,570,000.00	4,104,500.87	59.70	10,171	12,548
Habitat and Housing Law	2,706,000.00	10,472,644.46	287.01	10,171	12,548
INCE	3,439,000.00	5,281,559.04	52.42	367*	390*
Training on Capital					
Legitimation Prevention	28,755	21,613.58	(24.83)	952	5,510
Total	36,304,367.04	57,448,369.94	58.24		

*Truism

Workers under temporary contracts are not covered by the benefits established in the Collective Bargain and do not enjoy the contractual benefits offered by Banesco to its permanent workers (such as affiliation to the savings fund). They only enjoy the benefits established by law.

Partial-time permanent workers are covered by both the contractual and non-contractual benefits described in this section.

Dialogue with our Workers

The Executive VP of Human Capital conducts quarterly, six-monthly and annual surveys through Banesco's Intranet among all the employees at our headquarters in Ciudad Banesco. The purpose of these surveys is to gauge the satisfaction level in relation to toys donations, Bowling Tournament, Uniforms, Sports Campaigns, Caracas Sports Tournaments, Vacation Plans, Mini-Olympiads and Distinctions. The results in 2007 reveal a satisfaction level of 3.95, where 1 represents the expression "it has to be improved" and 5 means "excellent".

Likewise, and in order to know the satisfaction level with the Cafeteria Service at our headquarters in Ciudad Banesco, we conducted a six-monthly survey among users. In 2007, a total of 1,167 employees were surveyed (641 during the first quarter and 526 for the second quarter). For both surveys, the average of active users was 1,320. The satisfaction level of these workers in relation to the cafeteria service was 3.65 in 2007. In the scale applied, 1 represents "it has to be improved", while 5 means "excellent".

INTERNAL COMMUNICATIONS MANAGEMENT

In order to enhance its projection, Banesco introduced from its very beginning a series of innovations through different communicational approaches, with the purpose of providing a massive and/or segmented information to its audiences.

Through our internal communications, more than 12,000 employees are connected and updated about Banesco corporate information.



Printed, digital, voice and audiovisual means compose a wide range of options through which the internal customer gets information about the development of the institution, labor issues, benefits for employees, products, promotions, innovations and processes, among other relevant corporate topics.

During the second half of 2007, Banesco kept active its traditional media and introduced two new versions:

- **TiempoBanesco Extra newspaper:** a standard-size journal with information printed on both faces and delivered nationwide to our employees (monthly publication). During that half of the year, Banesco innovated with the use of this format for the publication of specific topics.
- **TiempoBanesco:** Bulletin Board, located in elevators at the administrative offices in the Metropolitan Area: a monthly summary of relevant information for the Banesco's community.
- **TiempoBanesco:** Bulletin Board located in service areas - toilets - at Ciudad Banesco: a monthly communication means which especially addresses the personnel without access to the electronic media so as they could obtain corporate information.
- **Weekly Newsletter:** an electronic magazine sent by e-mail. It covers the most important weekly news in Banesco's community.
- **Segmented Newsletter:** information sent by e-mail with a specific value for the organization; topics that require an in-depth communicational treatment. This newsletter was introduced during the second semester.
- **Special Newsletter:** information sent by e-mail in order to spread very important news for the institution, with massive and segmented distribution.

- **TiempoBanesco Intranet:** a highly versatile media, through which we enhance our communications:
 - a. *News on our main Intranet page, TiempoBanesco,* a space where is published the same information displayed on TiempoBanesco journal, as well as any other relevant news.

Our Human Capital



b. *Corporate Information Portals*: They have been designed so as each work area within the bank has a space to display its functions, activities, management and contact info.

c. *Collaboration Sites*: small portals with a fast design to address specific topics. In early 2007, these sites worked with the last SITRABANESCO elections, LOPCYMAT and the Sales Department (so as the branches' staff could directly publish relevant information for the whole network).

We took the first steps to streamline *CableBanesco* in order to enhance its audiovisual features and turn it into a more experience-based information means. We introduced the following new sections: CorpoBanesco, Campaigns, News, We in Banesco, Social Responsibility and Banesco with You.

The voice system at Ciudad Banesco broadcasts messages through speakers installed at strategic places. This system allows keeping informed the community of this administrative headquarters with live and recorded messages related to promotions and benefits for workers, and also emergencies.

SATISFACTION OF OUR STAFF IN RELATION TO THE INTERNAL COMMUNICATIONS

On a six-month basis, the Marketing Research Management conducts the Channels Survey in order to measure the satisfaction level of the Banesco staff in relation to internal communications. The purpose is to determine which is the internal communications means with the highest scope, knowledge and/or use; knowing the reading and consultation frequency of the different information means; measuring the interest and visual pleasure levels, as well as the general evaluation of the information delivered through our different media; evaluating traits linked to the weekly newsletters and gather suggestions and improvement opportunities for these media.

This is a quantitative study conducted through self-applied questionnaires, based on the objectives established and delivered through the *Lotus Notes* tool. During the first half of 2006, a specific evaluation was carried out about the recent changes in design and content of the weekly newsletter. The sample was composed of 132 people and revealed that 85% were satisfied; 78% always read the newsletter and consider that 90% of its contents were relevant, interesting, updated and clear; 84% of the population surveyed said that the frequency of this newsletter is suitable.

This instrument was applied to 258 employees, who said that *Lotus Notes* and the weekly newsletter are the most used means (81% for

both), followed by the Intranet (72%). The selection of these media was based on access and content simplicity.

In 2007, we conducted two quantitative measurements (one per semester) among 2,208 employees from the administrative areas. The results were the following:

■ *Lotus Notes* and Intranet/TiempoBanesco are the best known internal communication means (98% and 94%, respectively) and the most used (82% and 75%, respectively).

■ *Bulletin Boards*: They also are among the preferred vehicles for searching of information, thanks to the simplicity of their contents and access (37%).

As for the newsletters, their frequency of reading is around 80% of the total of Banesco's employees surveyed. On the other hand, time limitations and other technological hurdles (equipment /connection /lack of passwords) are the main reasons why 15% of the employees reported a low or no use whatsoever of this format.

The suggestions stated are focused on higher information content about products and services, particularly on the net of branches; changes of the design/format of the presentation (attractive and interactive contents), and more instructive contents about the bank's processes and strategic plans. To all this we should add the reference to events information and regional, national and international daily news.

Regarding electronic formats (*CableBanesco*, Bulletin Boards located at service areas and elevators), their contents are perceived as interesting: the surveyed individuals say they were satisfied. The score for image and location was 91%.

On the other hand, the most interesting and relevant issues for Banesco's population were linked to the annual event *Words for Venezuela*, the Currency Reconversion Process and Social Responsibility topics.

Finally, a high proportion of the sample said they felt well informed.

The External Dimension of Our Social Responsibility Program





Our Social Partners

Main action lines in 2006

- We organized a bimonthly meeting with Banesco's Vice-Presidents, with the participation of our Social Partners in order to increase awareness in our organization about our social action with these allies, as well as foster a dialogue with these actors.
- We offer logistic support to our Social Partners in order to collaborate on the fulfillment of their goals. One example of this is the support we have offered to the auction organized by FUNDANA and the congress sponsored by AVESID.
- We partake in the fundraising campaigns of our Social Partners (Great Raffle of the Kindness organized by Fe y Alegría, Health Bonus, Kindness Bingo, Raffle for Children with AIDS).
- We automated the administration and control process of the donations to our social partners.
- We conducted a survey among our social partners to gauge their satisfaction levels about the relationship between them and our organization.

“Management evolution against 2006 and main action lines in 2007

- We realized bimonthly meetings with Banesco's Vice-Presidents, with the participation of our Social Partners in order to increase awareness in our organization about our social action and together with these allies, as well as foster a dialogue with these actors.
- We conducted a survey among our social partners to gauge their satisfaction levels with the relationship between them and our organization.
- We coordinated and held the event *Words for Venezuela*.
- We offer logistic support to our Social Partners in order to collaborate on the fulfillment of their goals. One example of this is the support we have offered to the auction organized by FUNDANA and the congress sponsored by AVESID.

Commitments made for 2008

- Certifying the Corporate Social Responsibility Report, according to the parameters of the *Global Reporting Initiative* (GRI).
- Ensuring the continuation of the projects and initiatives launched in 2007 through our budgetary planning.
- Creating results indicators that allow us to go deeper into the social impact of the projects we develop with our Social Partners.
- Evaluating the satisfaction of our Social Partners, emphasizing the

results recorded, along with the organizations expressing the lower satisfaction level, all this in order to identify the weaknesses and take the relevant steps.

Our Policy

In Banesco we focus our social investment on supporting projects linked to the education and health sectors. We develop our social action in the community, hand in hand with a number of wonderful institutions that, all along the Venezuelan territory, materialize initiatives in favor of the communities. We designed a Manual of Rules and Proceedings which rules all the resource request process and its approval. The Manual can be found at our Web page.

The social action Banesco develops together with its Social Partners involves a medium and short-term relationship, which guarantees the continuity of the projects, so as the contributions could be more than mere aids but a growth process for the participant organizations. To this end, we employ a series of tools such as trusts, and we conduct regular surveys, visits and progress reports.

The following inventory of activities reveals our Social Partners' interests, and responds to several statements expressed by our stakeholders about the contents of our Corporate Social Responsibility Report.

The social action that Banesco develops along with its social partners is carried out through its Vice-Presidency of Communications and Social Affairs, which in turn reports to the Corporate Social Responsibility Committee composed of the Vice-Presidencies of Preservation and Infrastructure, Administration and Accounting, Human Capital, Economic Studies and Finance.

Our Social Partners are:

Fe y Alegría

It is an integral popular education and social promotion movement, which addresses the impoverished and excluded sectors aiming at strengthening personal development and social participation. It was created in Venezuela 50 years ago by the Jesuit father José María Vélaz.

“Don Bosco Houses” Network Association

It is integrated by nine houses located at several states of the country. This association's goal is to teach skills to children, young boys and girls and adolescents that live in a situation of abandonment, to reincorporate them to the educational system, provide them with medical and psychological attention, and assimilate them into their family groups. They have representatives in Valencia, Miranda, Mérida, the Federal District and Monagas. Nowadays, the project is led by father Rino Bergamín. el proyecto el padre Rino Bergamín.



Our Social Partners

Friends of the Child in Need of Protection Foundation (FUNDANA)

It is a non-profit association, composed of professionals and technicians from the social sector, devoted to offering protection to children between the ages of 0 and 6 years who lack a family environment due to physical or emotional maltreatment. Their mission is to rescue the individuals, develop their potential as much as possible, and achieve their insertion in a harmonic family environment. Fundana was founded in 1991 by Elsa Levy, its current president.

Children's Museum

This is the first science and technology center in Venezuela focused on children. It was created as an educational and recreational program of the Children's Museum Foundation, a non-profit private institution created and chaired by Mrs. Alicia Pietri de Caldera 22 years ago. The main objective of the Museum is being a center of educational outreach for children from 6 to 14 years old, especially those belonging in the lower income sectors

Andrés Bello Catholic University (UCAB)

With its three venues -Caracas, Guayana, and Coro- it is a private non-profit higher education institution. Its main location is at the neighborhood of Montalbán-La Vega in Caracas. It was founded in October 1953 and entrusted by the Venezuelan Episcopacy to the Company of Jesus. Its mission is to contribute to the integral education of youth, on its personal and community aspect, within a Christian conception of life.

Our Social Partners		(Monto Bs.F.)	
Organization/Institution	Project	2006	2007
UCAB-Caracas	"Simoncito" Program and Basic Bolivarian School in La Vega, Caracas	91,270	90,000
	VII Informatics Engineering Workshop	5,000	-
	XIII Economic Update Congress	13,000	-
UCAB-Guayana	Building of library	240,000	-
UCAB-Coro	Scholarships	-	20,533
Fe y Alegría	Building and Procurement of Higher Education Institutions	2,000,002	3,500,004
	Project for the Development of Thinking addressed to Fe y Alegría's teachers	264,921	-
	Other	2,230	-
Salesian Ladies Civil Assoc.	Consolidation Program for Work Training	164,186	226,443
	Event "La Sopa del Amigo Taribero"	900	-
	2006 Latin American Arts Festival	320	-
Don Bosco Houses Network Civil Assoc.	Bosco Bus	308,466	370,159
Fundana	Other	282	-
	Maintenance Quote for the Toddlers' Village	50,000	150,000
	Other	-	23,532
Apoye Civil Assoc.	Payment of 50% of the headquarters' rent.	13,500	34,400
Venezuelan Red Cross	Installation of the main elevator at the headquarters.	9,560	-
	Carlos J. Bello Maternity at the Hospital.	100,000	22,805
	Project "No Oyentes" for the Education of Children with Hearing Loss in PPD	-	80,206
Venezuela's Anti-Cancer Society	Building of new headquarters	100,000	-
	Sponsorship of Radio Unida Against Cancer	19,375	-
	Procurement for the hospital's operating rooms	120,556	-
	Sponsorship for advertisement inserts in newspapers	5,000	-
Venezuelan Foundation Against Children Paralysis	Donation of anesthetics and medical equipment	-	160,557
Fesnojiv	Building of new headquarters for the Center of Social Action for Music	2,000,000	250,000
Children's Museum Foundation	"The Emotion of Living without Drugs" project	75,000	-
	Development of educational Web page	2,000	2,000
Venezuelan Christian Education Assoc. (AVEC)	Several projects	3,094,022	1,053,370
Excelsior Foundation	Funding for educational programs corresponding to 2006	8,500	-
Total Bs.F		8,688,090	5,963,476
% Variation			(31.36)

Venezuelan Association of Catholic Education (AVEC)

It was founded in 1945 and links all educational institutions which voluntarily ask to be included and that define themselves as quality, evangelist educational projects,

committed to social change. The centers incorporated have been willing to open themselves and answer to the urgent needs of the families and communities they offer their services to. This way, their work complies with real priorities: attention of children and the young, training,



Our Social Partners

strengthening of family cells and of the community organization

Venezuelan Foundation Against Children Paralysis

In 1942, doctor Eugenio Mendoza Goiticoa created this foundation to face the sequels produced by poliomyelitis in Venezuelan children. The foundation promoted the construction of the Children's Orthopedic Hospital (Caracas), which annually receives 140,000 children and young persons with locomotive and neuromuscular problems from different parts of the country.

Venezuelan Red Cross

Its mission is to provide timely and effective humanitarian assistance to victims of international or national armed conflicts and /or natural disasters. It works to improve the situation of vulnerable people all over the world, through the permanent action of all components of the International Movement of the Red Cross and of the Red Half-Moon, and the tenacious and resolute effort of its volunteers.

Venezuela's Anti-cancer Society

The creation of this institution was the result of the tenacious effort of a group of socially sensitive citizens, led by Doctor Alejandro Calvo Lairet. Its mission is to contribute to the reduction of the incidence, mortality and morbidity of cancer through education, research and early diagnosis, in order to creating a collective awareness of the dimension of cancer in Venezuela and promoting its prevention among the healthy population.

Audacious Association to Guide and Encourage People with Special Needs (APOYE)

This organization provides labor-craftmanship training at work centers and addresses people with special needs (Down Syndrome). Additionally, the association provides psycho-pedagogical assistance, including all the academic activities, Language Therapy, Psychology, Informatics, Drawing, Acting, Dancing, Swimming and Labor Insertion.

Salesian Ladies Civil Association

This association is composed by a group of Catholic laywomen committed to the Christian community and by Christians in the civil society, and they constitute a Private Association of Congregations. The Salesian Ladies operate from private centers and privilege popular health, education for work, the rescue of the youth and women in general, the education of women as a means for the orientation of maternity, aboriginal woman promotion, the recovery of the feminine population in jails and micro-enterprises.

"Venezuela Without Boundaries" Foundation

This is a non-governmental organization that funnels resources towards non-profit organizations which work to improve the living conditions of low income sectors, particularly children and young people.

State Foundation for the National System of Venezuelan Youth and Children Orchestras (FESNOJIV)

This foundation was born in 1975 around the figure of maestro José Antonio Abreu, with the purpose of emphasizing the full development of the musical project in each of Venezuela's states: to foster and consolidate the cultural idiosyncrasy proper to each region, and form an humanitarian and integral personality in children and the youth in order to favor their full social insertion, through the artistic development, in an useful life.

"Always Friends" Association

The mission of this association is to raise funds for supporting institutions and programs which favor people in need. For over 12 years, this association has been working on the education of citizens in moral and Christian values, while offering tools to carry out activities in order to produce the material resources required to achieve their families' well-being. Among other institutions, they count on the *Colegio Mano Amiga*, where over 1,500 children and young people receive an excellent education from the primary levels to high school. On the field of human education, they are supported by *Prosuperación de la Mujer*, which provides assistance to around 600 affiliated women from different Venezuelan states. They also develop the *Un Kilo de Ayuda* program



Our Social Partners

Results of the Projects carried out with our Social Partners

Social Partner	Project Name	Description	Direct Beneficiaries	Indirect Beneficiaries
C. Assoc. Salesian Ladies	Training Program for Work at the Training Professional Center Don Bosco 88	Consolidation of the center with renewal of equipment, infrastructure and facilities improvement	169 young people-1st period 160 young people-2nd period	1,316 people
AVEC	National Program of Social Integral Prevention at Affiliated Centers	Consolidation of educational and recreational facilities to encourage values for life in children, adolescents, students and community members.	12,817 children and adolescents	64,085 people
Fe y Alegría	Construction, revamping and procurement of the Higher Education Institute Jesús Obeso (Barquisimeto) and San Francisco (Maracaibo)	Consolidation of infrastructure at higher education institutions	6,892 people	31,120 people
Fesajoiv	Funding Program for the Strengthening of the Instrumental Plant at several centers and modules of de National Systems of Venezuelan Youth and Children Orchestras	Transformation of the Venezuelan children and youth using music as a tool. The funds granted to this project were used to furnish and strengthen the Instrumental Plant at several centers and modules of de National System of Venezuelan Youth and Children Orchestras in order to offer the corresponding educational services.	63,000 people	189,000 people
Children Museum Private Foundation	Preventing from the Infancy	Participation of several Fe y Alegría schools and the children of Banesco's employees in the Exhibition "The Rush of Living ...without Drugs" for Drugs Abuse Prevention at the Children Museum.	2,016 children	2,500 families
Venezuelan Foundation Against Infantile Paralysis	Anesthesiology equipment acquisition for the Orthopedic Infantile Hospital	Updating of the Anesthesiology Equipment at the Orthopedic Infantile Hospital with the acquisition of two high technology anesthesia machines.	6,000 patients who would have an operation in 2008	24,000 patients
Fundana	The Toddlers' Villages	Maintenance of the Villages at the Home Center for Children who have been abandoned or abused.	338 children	1,352 people
Fundana	Third Auction for Fundana	Funds raising through the auction of art works donated by national and international artists to maintain the Villages.	338 children	1,352 people
C. Assoc. Don Bosco Houses Network	Project of assistance and family reinsertion for children and adolescents under risk.	Assistance and family reinsertion of children and adolescents under risk at the Mobile Unit (Bosco Bus).	291 children and adolescents	1,450 people (families and community members)
UCAB	Culmination of the construction of Los Angeles School, La Estrella sector, La Vega, Olaso Center	Construction of a school for pre-school, second stage of the basic school and formal school children of La Estrella sector, as well as an facility for Integral education.	282 children	170 families of La Estrella community and 50 families of the neighboring communities
C. Assoc. Apoye	Labor Insertion of Disabled young people	Academic activities, therapies, arts workshops and labor insertion training for youth with Down Syndrome.	55 young people	150 families
Los Roques Scientific Foundation	Educational/Environmentalist Program for the 2006-2007 Academic Year and Pre-Hispanic Archeology Workshop at Boca de Sebastopol, Los Roques Archipelago.	Provide the students of the Bolivarian Integral School Los Roques Archipelago and the members of the educational missions with knowledge about the Biological Diversity of Los Roques Archipelago National Park, its importance, as well as tools and behaviors allowing the sustained use of these biological resources. The development of Pre-Hispanic Archeology workshop for the students of the last grade of the Bolivarian Educational Unit of El Gran Roque.	261 students 40 adults and 14 teachers of the Ribas Mission	1,260 people
Los Roques Scientific Foundation	Reinforcement of Marine Biology Station	Acquisition of equipment to support the research of the station and infrastructure revamping in order to preserve the environment at Los Roques National Park.	100 young people	200,000 people (including tourists and Los Roques population)
Los Roques Scientific Foundation	Pre-Hispanic Archeology Workshop at Boca de Sebastopol, Los Roques Archipelago.	A one-week Field Archeological workshop was carried out, where the students of the last grade at the Bolivarian School El Gran Roque experienced an archeological expedition.	12 young people	48 people
Venezuelan Red Cross	First Aid Program for Children with Hearing Loss	First aid instructions and training for disasters for children with hearing loss.	500 children	2,000 people

Projects Follow-up Survey

On a quarterly basis, we conduct a survey among our Social Partners in order to monitor the evolution of the projects that we are committed to develop. This approach allows the organization to make a follow-up of the different initiatives, as well as the investment and consultancies offered by Banesco in order to achieve the successful completion of these works, and improve in the process potential deviations and build indicators to measure the impact of these projects.

Our Social Partners Satisfaction Indicators

	2006	2007
Satisfaction with Response Time	100%	96.78%
Satisfaction with Guidance and Support	92.73%	92.43%
Satisfaction with Information	100%	95.74%
Satisfaction with results	84.09%	76.24%
% of satisfaction of our Social Partners	90.95%	85.70%
Nº of Social Partners	15	15

Our Social Partners

Work or Project Status 2006	Work or Project Status 2007	Final Execution	Territorial Impact	% Executed
Young people training and infrastructure.	Consolidation of training projects	Permanent execution	Capital Dtr. Miranda State	72%
Infrastructural deficiencies at 21 schools; assistance for 11,810 children and adolescents.	The works were built at different schools: 2 bathrooms, 1 contention wall, 1 children park, 4 sports courses, 5 multiuse rooms, 1 swimming pool, 2 chapels. The roofs of three schools were made waterproof. We supported the construction of the headquarters of 1 school and the restoration of 1 theater. Two physical plants were expanded. Purchase of a tractor.	Permanent execution	National	100%
Infrastructural deficiencies at the centers.	IUJO Banquimotoc construction of 4,600 m2 L.U. San Francisco: construction of 5,750 m2	To be finished around 2008	Lara and Zulia States	85%
Once finished the construction, the intervention was focused on equipment procurement.	Under execution.	Permanent execution	National	100%
2,500 children assisted.	Successfully accomplished.	Permanent execution	Capital Dtr. Miranda State	100%
Given the increase of the number of patients who required surgical operations, it was necessary to acquire new High-Tech Anesthesia equipment.	2 anesthesia machines were acquired.	Permanent execution	The hospital receives patients from all the national territory, particularly from the Metropolitan area	100%
Consolidation of the different projects.	Project consolidation and continuation of tasks.	Permanent execution	Capital Dtr. Miranda State	100%
The funds raised by the 2006 second auction totalized Bs.F 430,000.	The total amount raised was Bs.F 900,000.00.	Annual project	Capital Dtr. Miranda State	100%
86 children and adolescents assisted.	Successfully accomplished. The number of children and adolescents assisted was increased.	Permanent execution	Capital Dtr. Miranda State	75%
The school building was finished.	The works had started.	Successfully executed with an increase of the enrollment	Capital Dtr.	100%
The enrollment rose from 42 to 55 young people.	Successfully accomplished.	Permanent execution	Capital Dtr.	100%
The project was started in 2007.	21 education lectures and workshops were given.	It requires continuity over the time	Federal Dependency Los Roques Archipelago	100%
Equipment and infrastructure deficiencies.	First Stage accomplished	To be finished around 2008	National	30%
Unaccomplished.	Finished	Finished	Federal Dependency Los Roques Archipelago	100%
The project was started in 2007.	The schools for children and adults with hearing loss lacked the necessary knowledge in First Aid and Disasters prevention.	Currently under execution	Capital Dtr. Miranda State	35%

As seen by our Social Partners

A key activity of our dialogue with our stakeholders is the half-yearly survey that is conducted among our Social Partners in order to know their expectations and foster a constructive dialogue allowing the achievement shared goals.

The 2007 survey reveals a certain reduction against the previous year in terms of the information flow and the general satisfaction with the corresponding results. The first case can be ascribed to the change of Banesco's administration informatics systems, which

caused certain delays in terms of response time at its first stage of application.

As for the second aspect, we are committed to evaluate the situation together with the organization that expressed a lower satisfaction level, so as we could identify our weaknesses and apply the appropriate actions.



Social Action in the Community

Main Action Lines in 2006

- We attended and gave lectures and seminars before different audiences in order to present our vision of a socially responsible company.
- Ciudad Banesco was the scene for different activities organized by several institutions and organizations with a positive impact in the community.
- We organized a series of free-entrance concerts for the community's delight.
- We activated Banesco Community Banking, in order to support the low income micro-entrepreneurs, most of them non-bancarized.

Management evolution against 2006 and main action lines in 2007".

- We held seminars for journalists in the countryside, one of them in Valencia and other in Maracaibo, about micro-economy, macro-economy and personal development.
- We have continued the training and specialization process of the Vice Presidency of External Communications and Social Affairs, in order to deepen relationships with our stakeholders.
- Ciudad Banesco was the scene for different activities organized by several institutions and organizations with a positive impact for the community.
- We organized a series of free-entrance concerts for the community's delight.

Commitments Made for 2008

- Launching the Micro-entrepreneurs Training Program, along the Community Banking.
- Systematizing the dialogue with our stakeholders. The most important of these events will take place with the authorities and the community of Colinas de Bello Monte. Colinas de Bello Monte is the immediate neighboring area to our headquarters, and the purpose of this dialogue is to reach to a joint definition about Banesco's social investment in this sector.
- Continue with the training and specialization of the staff of the Vice-Presidency of External Communications and Social Affairs, in order to deepen the relationship with our stakeholders.

- Ciudad Banesco will be, as usual, the scene for different activities organized by several institutions and organizations with a positive impact for the community.
- To hold a seminar for journalists in the countryside about micro-economy, macro-economy and monetary policy, in order to support their personal training and development.
- We will continue the development and expansion of Banesco Community Banking, which has shown an important development and a positive social impact on the involved communities.

Our Policy

Our motivation is to make a solid contribution to all the neighboring communities of our headquarters nationwide. Therefore, we practice the "good neighbor" policy. Guided by this vision, Banesco adds its presence to our society, interacting with the different actors involved, keeping an eye on their problems and making a contribution suitable to their expectations.

Banesco's social action has many facets which respond to our goal of including those sectors deprived from education and health, and thus are impaired to break the poverty's vicious circle. In this sense, the organization's task is to offer study scholarships, workshops, support for educational lectures, material and equipment donations, and a wide and growing work carried out by our volunteers.

Likewise, we support cultural activities offering the communities a wide range of options to enhance their aesthetical and intellectual world, such as cultural events, exhibitions, book publishing and many other activities sponsored by Banesco.

- We granted study scholarships to 33 people, and 99 of them also enjoy the benefit of Banesco's Life Scholarships. This initiative was launched in 1996, when we decided to provide our current account holders affiliated to any of Banesco plans with the opportunity to participate in quarterly draws, whose prize consisted in a study scholarship named "Beca Banesco". This scholarship covers all academic expenses from pre-school to higher education, and even postgraduate studies. The beneficiary can also transfer the scholarship to his relatives. As a condition for participating, customers were required to maintain a quarterly average balance in their accounts equal or over Bs.F 1,000. Since then and up to this date, we have favored 19 people. Nine of them are still receiving the scholarships.

Social Action in the Community

Study and Life Scholarships					
	2006		2007		% Variation
	Beneficiaries	Amount Bs.F	Beneficiaries	Amount Bs.F	
IUJO Caria	2 students	6,750	-	-	-
Alejandro Humboldt University	20 graduate students from IUJO Caria	69,327	20 graduate students from IUJO Caria	18,326	- (73.64)
Apoye C. Assoc.	1 student	5,235	2 students	6,377	- 21.81
Banesco Life Scholarship	9 students	49,328	9 students	58,678	- 18.95
Nuestros Símbolos Private School	-	-	1 student	1,953	-
Individual assistance	-	-	1 student	25,800	-
Total	32	130,840	33	111,134	3.12 (15.06)

Contributions to Hogares Cere Femenino (Merica) were reclassified to the chart Our Commitment to the Community under the heading "Assistance to children under risk, older and disabled people".

Cultural Agenda – Ciudad Banesco		Amounts in Bs.F	
Event	Band	2006	2007
Concert	Penta Corde	2,505.68	-
Concert	Cantoria Ludus Vocaliter	1,149.00	-
Concert	Cuarteto Millenium	938.68	-
Concert	Centro Infantil Montalbán	3,628.44	-
Concert	Quinteto Metales	2,585.40	-
Concert	Penta Corde	3,108.45	-
Showing	Tocar y Luchar (feature film)	1,400.00	-
Concert	Cuarteto Trompetas	1,717.00	-
Concert	Scola Cantorum	53,953.95	-
Concert	Ensamble Randal	-	2,552.00
Concert	Cuarteto Lara Somos	-	2,271.15
Documentaries	Zapata Humorís	-	-
Showing	Causa y Sofía a Tres tiempos	-	824.40
Documentaries	A gozar con Billo's (documentary)	-	-
Concert	Sinfónica Criolla	-	2,402.73
Concert	Grupo Música Reservata	-	12,124.42
Total		70,986.60	20,174.70
Variation			(71.57%)

■ We organize free-entrance concerts for the community at our headquarters, as this place has become a reference point in Caracas. Our Fernando Crespo Suárez Auditorium can host 300 people.

■ Ciudad Banesco has also been the setting of different activities organized by our Social Partners and other institutions and organizations, which have a positive impact in the community.

Events at Ciudad Banesco		(Thousands of Bs.F)	
Institution	Activity	2006	2007
Venezuelan Assoc. for Down Syndrome (AVESID)	Workshop: Profile of the Labor Trainer. Employment with support.	62.50	-
	Video-clip about this organization.	62.50	-
	X International Congress on Down Syndrome.	11,062.50	-
Santiago de León de Caracas (private school)	Event "VIMUN"	9,955.50	10,272.90
Paso a Paso Foundation	Aquí Estamos (Photographic Exhibition)	2,444.44	1,844.62
Muci Gallery	Exhibition and introduction of Fabbiani's book	11,979.04	-
Central University of Venezuela	Lecture on Corporate Social Responsibility to Political Sciences students	886.98	-
Los Andes University	Lecture on Banking and Corporate Social responsibility to Journalism students	333.60	-
Capriles Group/Tricolor Foundation	Introduction of the new Tricolor Foundation's texts to teachers	-	400.00
César Cortez	Premiere of the documentary "Zapata Humorís Causa and Sophia in three times"	-	7,223.44
El Nacional	Awards ceremony for the winners of El Nacional Christmas cards conquest	-	844.28
El Universal	Awards ceremony for the winner of El Universal Photography conquest	-	5,461.96
Eugenio Montejo	Lectura on the poem "The Flamish couplet: Poetry under the stars"	-	5,052.83
Fe y Alegría	Fe y Alegría internal raffle	-	962.00
The Good Samaritan Foundation (children with AIDS)	Children Day celebration	-	4,875.85
Paso a Paso Foundation	Workshop on Dislexia and Special Children	-	1,062.50
	International Congress on Labor Inclusion	-	62.50
Fundana	Arts auction for The Toddlers Villages	-	24,957.00
Gilberto Caraballo	Introduction of the book "Encounter with the South".	-	34,043.58
Jacobo Borges	Mural Inauguration	-	9,652.15
Sephardic Museum	Introduction of the book "The Jewish Table in Venezuela".	-	14,978.37
Simón Bolívar University	Introduction of the book "Idols from the Promised Islands".	-	14,714.82
	Introduction of the Collection "Literature Papyrus"	-	25,766.78
Total Bs.F		38,120.17	162,175.58
% Variation Bs.F			325.43



Social Action in the Community



Juan Carlos Escotet, Muhammad Yunus, Derek Walcott and Luis Xavier Luján at the *Words for Venezuela 2007*

Words for Venezuela 2007 A Deluxe Edition

The event *Words for Venezuela* is already a reference for our customers, stakeholders and the community. For this Third Edition we invited two important Nobel Prize winners, as a contribution to entrepreneurship and perseverance for all Venezuelans.

Muhammad Yunus, Nobel Peace Prize 2006. He was born in Bangladesh in 1940. Developed the concept of micro-credits, and is

also the founder of the Grameen Bank (Rural Bank), whose main function is the allocation of micro-credits among thousands of poor people in his country.

Derek Walcott, Nobel Literature Prize 1992. He was born in the island of Saint Lucia in 1930, and has devoted his life to poetry and creative writing. Walcott is best known for his poetry based on Caribbean traditions. He was awarded this Nobel Prize for his work *Omeros*.

Our social entrepreneurs were also stars at this event. They have materialized many dreams through the financial support and participation of Banesco Community Banking, a specially designed project to create a tailor-made banking for low income sectors, at everyone's reach and available at any point where our customers are. These conveniences are reflected in our motto: "*Now the bank goes to you*".

These experiences, along with the voices of Juan Carlos Escotet, Banesco's President, and Luis Xavier Luján, Vice President of the Board of Directors, ratify Banesco's commitment to work united with our community in order to build the country we all dream.

This social action as a cultural contribution was promoted through a national campaign, and the event was broadcast nationwide by ValeTV and other TV and radio stations.

Traditionally, we support our Social Partners and other organizations and institutions with different raise funds activities in order to support their operations or develop new projects.¹



Venezuelan musician Miguel Delgado Estévez joins Derek Walcott during his presentation at the *Words for Venezuela 2007* event.

Collection for of our Social Partners' Raffles and other events					Amount in Bz.F
Organization/ Institution	Project	Collection			Direct Contribution 2006
		2006	2007	% Variation	
Venezuelan Foundation Against Infantile Paralysis	Super Bingo of Kindness	115,698	160,356	38.77	4,000
Fe y Alegria	Fe y Alegria Great Raffle	182,605	121,370	(33.53)	-
"El Buen Samaritano" Children with AIDS Foundation	Foundation Children with Aids	88,744	118,377	32.91	-
Promotora Estubali	Students Sports Bonus	72,041	-	-	-
Venezuelan Anti-Cancer Society	Great Bonus of Health	77,613	-	-	-
San Juan de Dios Hospital	Sponsorship of Third Bingo of the Smile	-	-	-	1,000
Fundana	Ciudad Banesco was the venue of the II and III Auction for the benefit of this foundation	385,333	900,000	134.78	1,333
Total Bz.F.		921,034	1,300,303	41.18	6,333

¹ Source: Certified letters from the Venezuelan Foundation Against Infantile Paralysis, Fe y Alegria, "El Buen Samaritano" Children with Aids Foundation, Promotora Estubali, Venezuelan Anti-Cancer Society, San Juan de Dios Hospital and Fundana.

Social Action in the Community

Reinauguration of Juan Cuchara Park, located at the La Vega Parrish with Banesco's support.



■ We contribute with different organizations and institutions through the donation of new computers.

■ Thanks to the continued support of SOS Friends, including Banesco, it was possible to offer benefits to over 3,000 children and young people under social risk in Venezuela.

In 2007, this social organization contacted 1,261.500 people, of whom 486 are new "SOS Friends". At the end of 2007 they will have contributed an average of BsF 14,536.00 in order to continue our social work, offering a family a warm home, and a loving mother to children at risk in our country. ²

Donation of new computers			(Amount Bs.F)	
Institution	Units	Place or State	2006	2007
Caracas Subway	1	Caracas	3,598.20	
Sucre Mayoralty	6	Miranda	55,652.39	
International Institute for Man Integral Development	1	Caracas	4,074.79	
National Guard (NG) Esguaznac Cordero	5	Táchira	11,090.00	
NG Regional Command N° 2	12	Carabobo	-	20,070.00
Fundación Proyecto País (Foundation Project Country)	1	Caracas	-	6,207.30
UCV School of Administration and Accounting	5	Caracas	-	14,247.87
National Guard	3	Caracas	-	12,902.83
Los Andes University, Journalism School	4	Táchira	-	12,588.51
Los Roques Scientific Foundation, Bolivarian Educational Unit Gran Roque	24	Vargas	-	49,951.12
Rural Outpatient Unit "Type II "Dr. Tulio Villar"obos"	1	Vargas	-	3,020.48
Yanama Intercultural Indigenous School	6	Zulia	-	9,248.36
Aquatic Transportation Tourism Cooperative	1	Los Roques	-	1,764.00
Total			74,415.38	130,000.47
% Variation Bs.F				74.69



Our managers get involved in the community where they work, and grant donations to different organizations.

SOS Villages 2006			
Program	N° of headquarters	N° of Children beneficiaries	Headquarters and Beneficiaries
Foster Care	3	335	La Cañada Children Village, 123 children Ciudad Ojeda Children Village, 103 children Maracay Children Village, 109 children
Youth communities	0	0	Youth Community for hosting Young People (under construction)
Assisted Home	0	0	Young people under independence process (under construction)
Family financing	4	287	La Cañada Social Center: 97 children Maracabo Social Center: 44 children Ciudad Ojeda Social Center: 102 children Maracay Social Center: 43 children
Community centers and homes	28	772	772 children under daily care for helping community's mothers
Preschool	2	413	La Cañada: 274 children Ciudad Ojeda: 139 children
School	1	893	Hermann Gmeiner Basic School - La Cañada
Total SOS Villages initiatives	38	2,710	355 children and young people under dependence and total assistance 1,059 children under daily care 1,316 children under part-time shift

Source: SOS Villages

SOS Villages 2007			
Program	N° of headquarters	N° of Children beneficiaries	Headquarters and Beneficiaries
Foster Care	3	295	La Cañada Children Village, 108 children Ciudad Ojeda Children Village, 95 children Maracay Children Village, 92 children
Youth communities	3	30	3 Youth Communities hosting 30 young people
Assisted Home	1	44	Young people under independence process
Family financing	4	282	La Cañada Social Center: 104 children Maracabo Social Center: 43 children Ciudad Ojeda Social Center: 102 children Maracay Social Center: 33 children
Community centers and homes	27	892	892 children under daily care to help community's mothers
Preschool	2	594	La Cañada: 272 children Ciudad Ojeda: 322 children
School	1	890	Hermann Gmeiner Basic School - La Cañada
Total SOS Villages initiatives	41	3,027	569 children and young people under dependence and total assistance 1,174 children under daily care 1,684 children under part-time shift



Social Action in the Community

- To support unattended children we act through different public and private organizations and institutions, with the purpose of bringing happiness to the kids with the donation of Christmas Toys.

Donation of Christmas Toys			
Organization / Institute	Units		% Variation
	2006	2007	
Chacao Foundation	-	1,500	-
Miranda Children Foundation	3,500	3,500	-
Fundana	194	230	18.56
Operations Theater N° 1 and Military Garrison of Guadalupe (National Guard)	-	1,000	-
Friends of Children with Cancer Foundation	300	300	-
Social Action Foundation, Caracas Mayoralty	-	1,000	-
El Hatillo Municipal Council	-	500	-
Sucre Mayoralty / Sucre Foundation	-	1,000	-
Municipal Council for the Rights of the Children and Adolescents (CMDNA)	130	200	53.85
Civil Association (CA) La Raya	-	350	-
SENIAT	-	198	-
Propatria 2000 Foundation	-	300	-
A Smile for the Children Foundation	100	200	100.00
San Agustín de Palmira Slum / Táchira State	-	300	-
Metropolitan Police Foundation (FUNDAPOL)	-	50	-
Miranda State regional government	1,500	1,800	20.00
Venezuela without Boundaries C.A.	-	500	-
Municipal Council for the Rights of the Children and Adolescents, Metropolitan Zone	-	100	-
Friends of Children with Cancer Foundation / Maracaibo	-	300	-
Zulia State regional government	4,000	4,000	-
Maracaibo Mayoralty	1,000	1,000	-
Carabobo State regional government	-	500	-
National Council of Universities	-	500	-
IPSFA-SISA	-	200	-
"Jesús de la Merced" Social Work Committee	-	300	-
Barruta Mayoralty	4,000	2,585	(35.38)
International Family Guidance Center	-	100	-
Foundation Project Country	180	200	11.11
FONDAFA	-	100	-
INCE	-	20	-
CNE	-	20	-
Military Hospital	-	40	-
"Ocumare del Tuy Battle" Reserve Battalion	100	-	-
Metropolitan Police Foundation	200	-	-
A Friendly Hand Foundation	150	-	-
Operations Theater N° 1 (National Guard)	500	-	-
"Renacer" (Foster Care for Children)	91	100	9.89
Guarumito Neighborhood Cooperative Association	113	-	-
Libertador Bolivarian Municipality Mayoralty	1,000	-	-
J.M. de los Ríos Hospital	200	-	-
Children with AIDS Foundation	18	-	-
Don Bosco Homes Network Association	44	-	-
Regional Command N° 2, Valencia (Core 2)	1,000	-	-
Zamora Municipality Mayoralty	300	-	-
Our Lady of Consolation Parish (Guatema)	300	-	-
Total toys	18,920	22,993	21.53
Total Bs.F	802,912	548,497.43	(31.69)

The total investment in toys in 2007 was Bs.F 548,497.43. From the total donated in 2007, 1,108 toys correspond to toys bought in 2006.

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Our workers also participate in Banesco's social action in the community.

- As a tradition, Banesco supports the "Up to the Last Cartridge" program, one of our social partner Fundana's flagship programs³.

Under this program, volunteers collect used tape and laser printer ink cartridges. These items are donated by public and private institutions in order to be sold to recycling companies and produce a fixed monthly income for Fundana. The cartridges used in our headquarters at Ciudad Banesco, other branches and offices, are periodically donated to this program.

Up to the Last Cartridge			
Headquarters	Cartridge / Units		% Variation
	2006	2007	
Ciudad Banesco	618	529	(14.4)
Banesco El Rosal	160	166	3.75
Banesco Insurance	89	141	58.42
Total Banesco	867	836	(3.57)

3 Source: Fundana



Our social action in the community covers a wider scope, thanks to the support to initiatives and projects from different organizations and institutions. We focus our social action on education and health for more and more Venezuelans

Our Commitment to the Community		Amount Bs.F	
Organization/Institution	Project	2006	2007
Assistance to children under risk, elder and disable people			
Venezuelan Assoc. for Down Syndrome	Acquisition of institution's headquarters / Other	201,742	-
	Sponsorship of Aresid's XI International Congress	-	10,000
Fundación	Headquarters construction	100,000	-
Volunteer Dividend for the Community - Carabobo State	Membership fees	2,400	2,880
Hogares Crea (shelter for women), Maracay	Infrastructure revamping	18,883	-
	Support for maintenance	800	1,200
Always Friends C.A.	Organization Press Conference Dinner of the Great Chef to raise funds for the foundation	25,000	53,334
San Antonio de Padua Foundation	Donation to develop social Works	8,000	9,000
A Smile for Mérida Children Foundation	Donation of 5 wheelchairs	1,333	-
Civil Assoc. IUVE C.A.	Sponsorship for the Sports Event 1 kilo of Help	48,000	-
Asoprogar, A.C.	Maintenance of Home-shelters	20,000	-
Children Foundation	Children Day Celebration	5,000	-
Hogar Bambi (Foster care)	1st Golf Tournament for the benefit of Hogares Bambi	10,000	-
Ladies of San Vicente de Paul Charity Assoc.	Donation	500	-
"Children for the Motherland, from the Streets, of the Life" Civil Assoc.	Visit to the Children Museum	165	-
Casa Hogar Santo Domingo Sabio (Foster Care)	Donation of 10 mattresses	1,600	-
Friends of the Elder Foundation	Recovery of Juan Cuchara Park/Others	-	169,383
Autism Aloud Foundation	Headquarters construction	-	69,062
A Friendly Hand C.A.	Headquarters construction at Filas de Turgua School	-	150,000
Health			
"Dr. Julio Criollo Rivas" Children Hospital	Donation of X-rays equipment and input	43,081	-
Concepcion Palacios Maternity Hospital	Linen	41,360	-
J.M. de los Ríos Hospital	Linen/Current Water filter	47,356	-
	Donation of chairs	-	4,142
San Juan de Dios Hospital	Infrastructure revamping/Others	198,734	10,592
	Sponsorship III Bingo of the Smile	-	1,000
San Juan de Dios Mental Hospital (Mérida State)	Annual Sponsorship	1,000	-
Children with Cancer Foundation	Medicine donation	70,106	100,011
Cardioamigos Foundation	Surgery for children	50,000	-
	Support for raising funds event	-	20,000
El Samán Health Center	Sponsorship for integration game among clinics, insurance, Banks and suppliers	500	-
CARISOFAC Clinic	Edition of a publication	3,000	-
Fundaseño	Support for the musical event "With all the Heart" for the benefit of the foundation	1,500	-
SenosAyuda	Sponsorship for the celebration of two concerts in Ciudad Banesco for the benefit of this foundation	-	10,000
Municipal Blood Bank	Support to campaign "World Day of Blood Donors"	-	4,050
Education			
UCV (Central University of Venezuela)	Donation of VideoBeam to the Postgraduate Studies Commission	896	-
	3rd Economy Essays Contest	3,000	5,000
	UCV Fire Fighters	897	-
	Donation of 5 computers to the Administration and Accounting School	-	14,248
	Sponsorship of UCV's Agenda 2008	-	5,000
Universidad Simón Bolívar (Simón Bolívar University)	Actions Program for El Guamacho Sector, Historic City of La Guaira	43,000	-
	II Encounter of Wisdom	2,500	-
	Other	368	-
	Book about Los Roques Archipelago	10,630	20,977
	"Papyrus" book Collection 2007 sponsorship	-	90,000
ULA (Los Andes University)	IV International Book Fair. Mérida State 2006 / 10th International Book Fair Mérida 2007	-	40,000
	Lecture on Economy at Ciudad Banesco to Journalism students	-	7,250.85
	Participation in International Festival of Choirs. Choral Foundation of the University Workers	1,500	-
	Literature Biennial 2007 sponsorship	-	30,000
	Donation of 1 computer, 1 VideoBeam and 1 Laptop to the Journalism School. ULA San Cristóbal	-	12,589
Universidad de Oriente (Eastern University)	Works on Los Ilustres Boulevard	157,549	27,988
LUZ (Zulia State University)	"LUZ Historic Vision" Book	162,000	-
	Aula Magna construction	120,000	-
	Anniversary Celebration of Teachers, Workers and Others Savings Fund	15,500	-
	I International Scientific-Technical Congress on Engineering in Maracaibo	-	50,000
	Publications program of the Academic Vice-Rectorate	-	50,000
Universidad Metropolitana (Metropolitan University, Caracas)	Educational projects of the José Abdala Academy Foundation	5,000	10,000
URBE (Universidad Dr. Rafael Belloso Chacín, Maracaibo)	Sponsorship of the IX Vacation Plan	1,350	-
	Sponsorship of Christmas party	-	2,400
USM (Universidad Santa María)	Christmas party for workers	2,000	-
	Acquisition of Fiberglass wastepaper baskets	142,876	-
Instituto Tecnológico Dr. Cristóbal Mendoza	Sponsorship of VIII Walk of Young Students	384	-
UPEL (Universidad Pedagógica Experimental Libertador)	VI National Teachers' Games	17,191	-
Venezuelan Assoc. of Mathematics Competences	Mathematics Olympics / Other	8,125	-
Luis Beltrán Prieto Figueroa Foundation	Award to Excellence of Nueva Esparta	2,000	3,000
ArtesanoGroup Foundation	Social Project "Makers of the Nation" / other	75,919	-
	Joint action with Banesco for the benefit of the Capuchin Sisters	-	38,950
Philip C. Jessup Foundation	Support to students for participating in Public International Law contest in Washington	4,300	-
Individual	Support to student for presenting Undergraduate Thesis at the Society for Conservation Biology	2,480	-



Organization/Institution	Project	2006	2007
Education			
Liceo Libertador. (High School, Mérida State)	"A Song for Bolívar" event	789	-
Center of Technical Consultancy for Productivity	XX International Seminar of the Deans Nucleus, Venezuelan Faculties of Economic and Social Sciences	5,000	-
IESA (Institute of Superior Studies in Administration)	SEKN Project	1,113	51,600
Intercultural Community Foundation (ALITASIA)	Commemoration of the Indigenous Resistance Day	2,000	-
Venezuelan-American Assoc. of Friendship	Annual General Assembly 2006	3,420	-
	Support for Anniversary party	-	2,180
Herrera Luque Foundation	XII Reflection Meeting "Caracas ... What a city we are"	5,000	-
Individual	Sponsorship of Political and Civic Training Course	50,000	-
ABC Prodein (Ciudad Santa María City School, Petare- CJSAMA)	Construction of two floors of the school	-	100,000
Casartes	Agreement to elaborate craftwork pieces	-	13,471
Espacio Anna Frank	Creation and implementation of technological platform (Virtual Community)	-	100,000
	Sponsorship cultural space	-	1,000
Assoc. Serviam (Ex Alumnas Academia Merici)	Merici Bazaar Sponsorship	-	10,000
Antonio Guzmán Blanco School	Donation of industrial kitchen and support for the PAE Food Program	-	300
Interciencia Assoc.	Funding of scientific research	-	50,000
San Ignacio Private School	Sponsorship Family Festival	-	6,000
The Church			
La Coronado Parish	Funding of the historic research of the Temple to upgrade it to Minor Basilica	4,000	-
José Ali Lebrón Moratóns C.A.	Support for Venezuelan priests to study abroad	5,000	-
Maracaibo Archdiocese	Edition of serialized publication of the book "Chiquinquirá Virgin, Mother and Queen of the Zulia people"	80,000	-
Archdiocesan Registry Father Luis Carmona Foundation	Cultural Project Inventory and Cataloging of the 42 section of Mérida's Archdiocesan Registry	50,000	-
Venezuelan Episcopal Conference	Support for communicational strategy	-	100,000
Public entities			
Chacao Mayorality	Virtual Library at the Los Palos Grandes Community Center	35,000	-
Tuñén Municipality Mayorality	Donation of 15 wheelchairs to be donated by the mayorality	4,000	-
Araure Mayorality	Donation of 15 wheelchairs	4,000	-
Sucre Municipality Mayorality, Caracas	Christmas celebration at Parque del Este, Caracas	4,993	-
Metropolitan Mayor's Office, Metropolitan District	Children Day celebration	1,280	-
Baruta Mayorality, Caracas	V Special Sports Games	5,000	-
	Arts Festival 2006	20,000	-
	Donation of 500 copies of the "ABC of Drugs" for parents and teachers	-	10,000
Eulalia Burox Mamporal Mayorality, Miranda State	VI Mamporal's International Fair	15,000	7,500
Mérida State regional government	IV "Day of the Public Servants 2006" Sports Games	3,888	-
	Support to activities related to the inauguration of the Trolmérida (light rail), Mérida 2007	-	1,130
	"Beautiful Mérida" Program	-	421
Mérida State regional government, Civil Security Direction,	III Sports-Labor Games, Mérida State	2,300	-
SENIAT	"Your Invoice Awarded" program sponsorship	30,000	-
Cantaura Fair Foundation (Fundecan)	Tribute to La Candelaria Virgin	-	30,000
Ministry for Indigenous Peoples	Donation of 550 hammocks	-	27,500
	Donation of 203 bales of whole milk	-	22,498
Miranda State regional government	1st Bowling Tournament of the General Treasury, Miranda State	-	3,648
Regional Command N° 3, Machiques, Zulia state	Construction of 3 sentry boxes	-	500
Corporulia	Celebration of the XXXV Anniversary of this institution	15,000	-
Sub-Police Station N° 12, El Vigía	Provisions donation	250	-
Professional Bodies			
Venamcham	Membership	5,863	-
	Support to the Social Alliance Committee	15,251	641
	IV Symposium of CSR	8,000	-
	Other	2,000	-
	"Consumption Trends for Low Income Sectors" workshop	-	1,200
	Sponsorship for the Annual Dinner of the Venezuelan Popular Craftwork	-	3,000
	IV Directorate of Social development Organizations	-	5,500
Paraguana Chamber of Commerce and Industry (CACOINPAR)	Celebration of the Businessman Day	5,000	-
Carabobo State Industrials Chamber	Seminar on Values and Innovation Culture	17,100	-
Capital District Lawyers Assoc.	World Soccer Cup of Lawyers in Turkey	10,000	-
Mérida State Lawyers Assoc.	XXVII National Games of Mérida's Lawyer Assoc., 2006	5,000	-
Zulia State Economists Assoc.	Celebration of the Economist's National Day	200	-
Capager, Caprandes and Caypecatach	Other	270	96
Zulia State Lawyers Assoc.	Inter-Schools National Games	300	-
Venezuelan Assoc. of Cebú cattle raisers	Asocebu Fair 2006	4,000	-
Savings Fund and Social Prevention of Los Andes University workers (CPPSTULA)	Anniversary celebration	-	500
Savings Fund and Social Prevention of Zulia University workers (CAPRELUZ)	Anniversary celebration	-	1,000
Fedecámaras	LXIII Annual Assembly sponsorship	-	32,000
Zulia State Industrials Chamber	Institutional support	-	1,080
Cattle Raisers Union of El Rosario Municipality, Perijá, Zulia State.	Sponsorship for institutional publication	-	700
Venezuelan Assoc. of Carora Cattle Raisers (Sicazigua Ranch)	Winner of the Aropeco Prize as great Champion of Milk	-	4,000



Organization/Institution	Project	2006	2007
Sports			
Venezuelan Apnea Assoc.	Sponsorship for the participation of athletes in contest in Egypt, 2006	20,000	-
Hebraica Social, Cultural and Sports Center	Mountain Marathon and Aquathlon sponsorship	25,000	-
Bolivarian Judo School	Sponsorship for athletes in competition in Santo Domingo	3,700	-
Scouts of Venezuela	Sponsorship of Scouting in Venezuela	6,720	-
Individual	Participation in International Tennis Tournament	12,000	-
Maracaibo Nautical Club	Sponsorship of Tennis Finals in Margarita	10,000	-
Institute of Arts of the Image and the Space (IAIME)	Uniforms for Softball Tournament	-	6,032
Santa Cruz Kickingball Club - Socre Parish	74 uniforms and 6 soccer balls for the Santa Cruz Team, 23 de Enero Parish	-	22,727
Special Olympics (paralympics) of Venezuela Foundation	Scholarship for the participation of 3 special employees of the organization	-	13,500
Eaguarnac Cordero Sports Complex (National Guard, Táchira State)	Inter-Schools Games of the National Guard	3,000	-
Culture			
Contemporary Museum of Zulia State	Maintenance of the Induction Room	16,690	-
	Sponsorship of the workshop of Plastic Expression and Creativeness	7,200	-
	Adjustment 2005	14,400	-
Caracas Schola Cantorum Foundation	Sponsorship CD "Arriba Cosmonauta", a tribute to Jesús Rosas Marciano	16,700	-
The Venezuelans Folk Group	Contribution for the celebrations of the Fátima Virgen, along with Portuguese communities in Colinas de Bello Monte	-	1,000
I.Q. Historiadora	Radio Micro-program "It's not a tale; it's history".	-	101,640
Bolívar Films	"El Reventón" ("The Burst") video documentary sponsorship	-	64,500
Editorial Projects			
C.A. Editora El Nacional	Sponsorship for Papel Literario section	41,040	-
Venezuelan Society of Medicine History	Sponsorship for magazine	12,400	-
Conciencia Activa (Active Consciousness) Foundation	Sponsorship for magazine	30,000	-
Institute of Communications Research (ININCO), Central University	Sponsorship for editorial production, N° 17, Volume 2	2,000	-
Emeterio Gómez	Sponsorship for the book "The Moral responsibility of the Capitalist Company"	-	2,000
Jacobo Borges	Sponsorship for the book "Of the Sun or of the Light" (the moneys collected from the sale of the book will be donated to Casartes)	-	76,500
"2001" newspaper	Sponsorship of serialized publication "The Golden Century of Spanish Literature", inserted in the newspaper	-	15,000
Sephardic Museum	Book "Altar of a Diaspora - The Jewish Table in Venezuela".	-	104,228
Others			
Bello Monte Neighbors Assoc.	Celebration of the Virgin of Fátima Day	547	-
	Sponsorship for the Web page of this municipality	-	11,400
Venezuelan Commission of Social Service, Caria Community Center	Revamping of the "Eduardo Blohm" Covered Gym	619,070	22,992
	Invitational Karate Tournament at the "Ernesto Blohm" Covered Gym	-	1,000
ValeTV	Support to its activities	160,656	-
CSR Activities	AccountAbility	28,670	-
	Printing of CSR publications	8,995	-
National Center for Competitiveness	Membership 2007	-	4,538
	"Venezuelan Success" Prize Awards ceremony	-	24,000
Other		1,961	-
Total		3,187,131	2,083,578
% Variation Bs.F			(34.63)





Banesco Corporate Volunteers



Main action lines in 2006

- Training of new volunteers-facilitators, along with Fe y Alegría, in order to give courses to the IUJO-Catia students.
- Design of new initiatives with Fundana that involve a higher number of workers.

Management evolution against 2006 and main action lines in 2007

- Continuation of the attention model for abandoned groups and communities with the Venezuelan Red Cross.
- Continuation of complementary training workshops to IUJO students and increasing the number of beneficiaries.
- Development of new initiatives with Fundana.
- Recruitment of new volunteers and strengthening of the links between Banesco and its Social Partners.

Commitments made for 2008

- Increasing the worker's participation in the Corporate Volunteers program.
- Creating new opportunities for the educational volunteers' intervention on the areas of children care, education and sports.

Our Policy

Banesco Corporate Volunteers bases its action on the community and the organizational value of individual and social responsibility. We act as agents of change, building support networks for the lower income communities. Recruitment of volunteers is coordinated by the Executive VP of Human Capital, through the internal communications channels.

Afterwards, we integrate the individual interests of its members with the community's needs. In order to motivate the remaining of Banesco's community and, at the same time, to enhance the effectiveness of its actions, we promote awareness, information and training activities through the Executive VP of Human Capital.

The new members of Banesco Corporate Volunteers are offered an induction course, which is given along with our Social Partners. Likewise, our professional volunteers participate in a training process based on classroom strategies to improve their performance as volunteer-facilitators.

Investment in Corporate Volunteer Activities		
	2006	2007
Amount Bs.F	30,002.19	55,936.58
Variation:	86.44 %	

The number of workers that compose Banesco Corporate Volunteers marked a 2.12% increase over 2006, and the average men-hours of volunteer work remained unchanged at 10 hours, as we can see in the following tables.

Banesco Corporate Volunteers



Volunteers Distribution					
Posts Category	N° workers 2006	% Posts 2006	N° Workers 2007	% Posts 2007	% Variation N° workers
Base	42	16.73	43	16.48	2.38
Professionals and Technicians	110	43.82	120	45.98	9.09
Supervisory	44	17.53	45	17.24	2.27
Managerial	43	17.13	40	15.33	6.98
Vice Presidents	12	4.78	13	4.98	8.33
Total workers	251	100	261	100	3.98
Total Men/Hours	2,537	-	2,591	-	2.13
Annual average Hours per volunteering	10	-	10	-	0

Complementary Training Workshops	
Training Experience	N° Beneficiaries
Building of values, culture and work training	368
Plastic and visual arts and other manual works	46
Technology	325
Total beneficiaries	739

Main actions

SPECIAL EVENT "HAND IN HAND WITH SOCIAL RESPONSIBILITY"

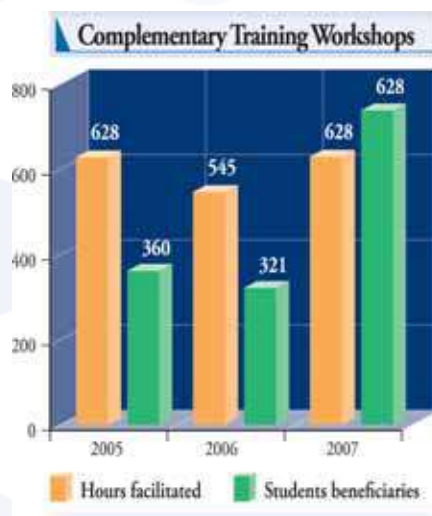
The special event "Hand in Hand with Social Responsibility" was held in April 2007 with a group of students and teachers from the Jesús Obrero University Institute (IUJO Fe y Alegría, Catia, Caracas). The purpose of this event was to exchange experiences and think about shared interests. Among the achievements of this encounter can be mentioned:

- Integration and alignment of Banesco's policies with Fe y Alegría's Human Management and Social Responsibility policies.
- Exploration of new learning experiences and alliances of Banesco's Corporate Volunteers, through the fulfillment of the Community Social Service.
- Implementation of Banesco Corporate Volunteers in Catia, by preparing the learning experiences guided by our volunteers in the community.

COMPLEMENTARY TRAINING WORKSHOPS

One of the main action lines developed by our corporate volunteers is based on our Complementary Training Workshops, where our volunteers act as learning facilitators. These volunteers are executives, professionals, experts and technicians who work in Banesco. They transfer their knowledge to the students of higher education institutions belonging to Fe y Alegría.

These Complementary Training Workshops cover three wide learning areas. In 2007, 739 people at the Higher Education



Institute Jesús Obrero (Catia) and Maracaibo Institute were the beneficiaries of this program. The figure includes students, teachers and community members. Thanks to this wide array of workshops, the number of beneficiaries rose by 36% over the 2006 figures.

RED CROSS

During the second half of 2006, the Venezuelan Red Cross began the first stage of a project named Training on Disasters Prevention to Children with Hearing Loss (PANDA). During this stage, 14 Banesco volunteers were trained in VSL (Venezuelan Sign Language), disasters and first aid. Likewise, Banesco and the Venezuelan Red Cross volunteers composed the groups which will go to the Special Schools of the Caracas Metropolitan Area in 2008, in order to transfer this knowledge to children and teachers. It is expected that 200 children with hearing loss who study at those institutions will be benefited by this program.



Banesco Corporate Volunteers

- Accompaniment and guidance to mothers hospitalized at the Carlos J. Bello Hospital in Caracas.
- Visits to the Guarenas community (Asoplacer I and II), Miranda State.

FUNDANA

For several years we have been participating in the celebration of the Fundana Toddlers Anniversary. In 2007, Banesco Volunteers designed the "Thematic Parties" which are organized by the six directions of the bank: Strategic Management, Risk and Finance, Credit, Credit Cards, Channels and Services for the Customer, Analysis and Operations Control, Sales, Technology and Processes, Real Estates, Infrastructure and Security. Besides the coordination of the logistics required for these activities, our workers composed teams in order to organize the delivery of donations such as school implements, pajamas, toys and Christmas gifts, all them purchased with the volunteers' money. Each opportunity to share with The Toddlers was propitious to enhance family values and solidarity.

Fundana's Activities			
Theme	Date	Direction in charge	N° Beneficiaries
Children Day	July 14th	Strategic Management, Risk and Finance	88 children
Coming Back to school	September 22nd	Credit, TDC, Channels and Customer Services	83 children
Christmas Dinner	December 14th	Analysis, Control and Operations	94 children
Christmas Party	December 18th	Sales	94 children

THE GOOD SAMARITAN FOUNDATION

In August, a delegation composed of 11 Banesco Corporate Volunteers accompanied the children of this foundation to enjoy the facilities of El Tolón Park (Banesco covered the amount of the rent of the park). It was a beautiful activity, where we shared quality time with these 12 children who enjoyed mechanical games, desserts and gifts. The Good Samaritan Foundation supports these children and their families for their medical treatment against Aids.

We donated part of our profits to Fundana

Since 2003, Banesco's workers donate a portion of their annual Christmas bonus. This donation goes to Fundana Toddlers (Los Chiquiticos de Fundana), a contribution that creates happiness and a better future for these kids.

Donations to Fundana		Bs.F
2006	2007	
70,820	68,630	

INAGURATION OF THE JUAN CUCHARA PARK

In April, a delegation composed of 7 volunteers participated in the inauguration event of Juan Cuchara Park, located in La Vega, Caracas, which was restored thanks to Banesco's support. The children who study at the neighboring schools enjoyed snacks and cultural shows organized by the community.

SOCIAL PROJECTS EVENT 2007

In December, we held the Social Projects Event organized by Banesco Corporate Volunteers. The main purpose of this meeting was promoting the activities developed by Banesco volunteers and fostering the exchange among our Social Partners that work along with our volunteers: Fundana, Don Bosco Houses Network, and Fe y Alegría. They also introduced the new projects jointly designed. During these meetings, 90 workers were recruited as new volunteers to start operating as of January 2008. The date of this event coincided with the toast to the International Volunteer Day, where many of them received a deserved acknowledgment for their work in 2007.

Social Projects Event	
Social Partner	New Projects for 2008
Fe y Alegría	Complementary Training Workshops for IUJO Barquisimeto students Complementary Training Workshops for IUSFRA Maracaibo students
Venezuelan Red Cross	Accompaniment to mothers at the Carlos J. Bello Maternity Hospital Visits to communities under risk Training of Banesco Volunteers in Disasters and First Aid



Main action lines in 2006

- We achieved leadership in the credits segment. This was the result of an improvement in procedures and systems, the training of our human assets and the decentralization of autonomies involved in the approval process, in order to offer a differentiated service to the customer.
- Our coverage was expanded with 21 attention points.
- A new attention model was implemented, Banesco Express, in order to offer faster transactions (Chacaíto and Catia, Caracas).
- Our Community Banking started operations with a pilot program in August.
- We strengthened intermediation to support our customers at different sectors nationwide.
- An aggressive penetration strategy was launched through e-channels, encouraging the customer to manage their operation by these means.

Management evolution against 2006 and main action lines in 2007

- Banesco recorded the highest growth rate in resources managed within the segment of the biggest banks in Venezuela.
- As a part of Banesco's consolidation leadership in the credit segment in Venezuela's financial system, our Board of Directors held several meetings in all of the country's regions in order to establish direct contacts with our customers and allocate specific resources for supporting financing aimed at sectors such as agriculture, construction, automotive, commercial, health and food. We supported the most important initiatives proposed by our customers at each state, fostering at the same time the regional development and helping with credits the satisfaction of individual needs.
- We encouraged the change in our attention model and the autonomies delegated to our branches (empowerment).
- Banesco complied successfully with the Currency Reconversion Process.

Commitments made for 2008

- Continuing with the attention model and autonomies delegated to branches (empowerment).

CRÉDITO PARA SU NEGOCIO
ABONADO EN 48 HORAS
HASTA BS. 300 MILLONES / Bs.F. 300 MIL.

MULTI-CRÉDITOS 48 HORAS BANESCO

- Crédito desde Bs. 3.500.000 / Bs.F. 3.500 hasta Bs. 300 millones / Bs.F. 300 mil.
- Disponible y abonado en 48 horas, al completar los requisitos*.
- Plazos de 12, 18, 24 y 36 meses.
- Tasa de interés fija.

Consultar los requisitos en www.banesco.com

¡PÍDALO YA! EN CUALQUIERA DE NUESTRAS
425 AGENCIAS EN TODO EL PAÍS.

Banesco

0500 BANESCO 2342424

Banesco es una institución financiera de capital del 100% en derecho, con licencia otorgada por el Banco Central de Venezuela. Su sede principal se encuentra en Caracas, Venezuela. Su sitio web es www.banesco.com.

- Developing the technological platform for collection and payment of e-services, in order to serve basically the communications, energy and commercial sectors.

- Achieving our consolidation as the leader bank in terms of our ATM network nationwide.

Our Policy

We foster win-win relationships based on three premises: profitability, reciprocity and quality service. In accordance with our Business Vision 2010, we encourage a massive bancarization supported by technologically innovative products and business models. In this way, our strategies guarantee growing levels of financial inclusion.



Our Customers

The First Banking Network in the country

Banesco continued expanding its attention points nationwide in order to provide a more timely and convenient service to our customers all along the country.

Attention Points and Customers		
Region	Indicators	2007
Metropolitan Zone	Nº of attention points*	186
	Nº of ATMs	528
	Nº of Employees	7,877
	Nº of Customers	1,355,251
Center-The Plains Region	Nº of attention points*	75
	Nº of ATMs	172
	Nº of Employees	1,394
	Nº of Customers	486,828
Western-Andean Region	Nº of attention points*	58
	Nº of ATMs	161
	Nº of Employees	1,174
	Nº of Customers	406,965
Eastern-South Region	Nº of attention points*	67
	Nº of ATMs	172
	Nº of Employees	1,172
	Nº of Customers	441,959
Zulia-Falcón Region	Nº of attention points*	56
	Nº of ATMs	146
	Nº of Employees	966
	Nº of Customers	339,084

*The attention points include branches, ATMs, Express centers, car-banking, etc.



Banesco Customers		
Customers	2006	2007
Natural	3,996,198	4,686,695
Legal	118,541	135,457
Total	4,114,739	4,822,152

Main Products and Services	
Main passive products	
• Liquid Savings Account	
• Current Account with Interests	
• Liquid Assets Account with Liquid Rent	
• Current Account without interests	
• Mutual Fund (fixed and variable rent, in US\$)	
• Investments (term deposits, participations with interests, flexible participations, traditional participations)	
Main credit products	
• Credit Cards	
• Personal credits (Multi-credit 48-hour, Extra-credit, credit for payrolls)	
• Credits for housing (Mandatory Savings Fund/LPH, Mortgage Credit)	
• Credit for Vehicles	
• Agricultural Credits	
• Other credits (bills, credit lines, micro-credits, IOUs, discounts on bills of change, mercantile loan, letter of credit).	
Other important products	
• Trust funds	
• Insurance	
Main services	
• Electronic services (BanescoOnline, cellular telephone service)	
• International services (purchase of checks in US\$, purchase of multi-currency checks, purchase of travel checks, purchase of cash in US\$, multi-currency transfers)	
• National services (payment of checks from other banks, transfers on national currency, safety deposits box, special services)	
• Collection	
• Payments to third parties.	

At the closing of 2007, Banesco ranked first in the Venezuelan financial market in terms of public deposits taking, with a market share of 14.24%. Likewise, it ranked first in credit portfolio with 15.31% of market share; first place in credit cards (TDC) with 24.42% and sixth in credit for vehicles with 4.26%.¹

Source: SAIF of Softline Consultores and proprietary estimations.



Detalles de cuentas por Banca

Passive Accounts			
Banking	N° of Passive Account Placed		
	2006	2007	% Variation
Branches network/			
SMEs segment	143,672	155,354	8.13
Premium segment	50,689	76,288	50.50
Community banking	3,895	25,943	566.06
Private banking	7,821	8,418	7.63
Enterprises Banking	5,133	11,315	120.44
Corporate Banking	468	1,524	225.64
Energy Banking	634	1,308	106.31
Public sector banking	2,179	2,915	33.78
Agricultural banking	1,413	2,688	90.23

Trust Funds			
Banking	N° of Trust Funds Placed		
	2006	2007	% Variation
Branches network/			
SMEs segment	169	123	(27.22)
Premium segment	66	76	15.15
Community banking	-	-	-
Private banking	116	112	(3.45)
Enterprises Banking	46	81	76.09
Corporate Banking	5	9	80.00
Energy Banking	14	15	7.14
Public sector banking	41	29	(29.27)
Agricultural banking	-	-	-

Credits			
Banking	N° of Credits Placed		
	2006	2007	% Variation
Branches network/			
SMEs segment	13,600	19,072	40.24
Premium segment	7,387	13,207	78.79
Community banking	1,783	13,377	650.25
Private banking	1,334	2,889	116.57
Enterprises Banking	2,145	2,757	28.53
Corporate Banking	302	438	45.03
Energy Banking	442	706	59.73
Public sector banking	383	2,416	530.81
Agricultural banking	1,368	1,740	27.19

Credit Cards			
Banking	N° of Credit Cards Placed		
	2006	2007	% Variation
Branches network/			
SMEs segment	37,603	70,490	87.46
Premium segment	14,341	26,689	86.10
Community banking	-	-	-
Private banking	4,385	4,612	5.18
Enterprises Banking	N/A	425	-
Corporate Banking	N/A	155	-
Energy Banking	N/A	77	-
Public sector banking	N/A	22,334	-
Agricultural banking	N/A	1,439	-

N/A: Non-Available at the bank

Our Customers

Innovation and Customized Offers

Products and Promotions

“YOUR TRANSFERS WILL BE CASH
BEFORE 10:00 AM”

In line with Banesco's positioning strategy as leader in electronic banking, we launched the campaign of electronic transfers in order to increase the use of this payment means and support, at the same time, the Central Bank of Venezuela in the creation of the so-called Compensation through this technological system.

BY POPULAR DEMAND: “THE WINNING
TICKET” AS PERMANENT PROMOTION

Thanks to the success of the promotion “The Winning Ticket”, it was decided to extend this promotion during the year 2007 and adopt it permanently. With this promotion, a purchase can be completely free of charge for the winner if the customer pays with his Banesco credit card and through a Banesco point of sales. 14,000 prizes had been granted up to June 2007.

CREDIT FOR PAYROLL:
“REQUESTED TODAY, GRANTED TODAY”

A product aimed at employees of affiliated companies and corporations. The beneficiary can get up to five times his monthly salary in less than 24 hours. With this offer, Banesco ratifies its leadership in fast and timely loans for all the segments of its customers base.

SUMA TARJETUM: “EXTRA-CREDIT IN CASH”

With the purpose of increasing the preference of our customers to pay their consumptions with Banesco credit cards, we implemented the “Extra-Credit in Cash”, the only system in the market that provides access to 100% of the addition of the credit cards limits, keeping unchanged the credit line of the customer. They just have to call to our Phone Center, request the credit and it will be immediately deposited on their account.



Our Customers

THE SKY IS BLACK AND BOUNDLESS: BANESCO SIGNATURE AND BLACK CARDS

With an important program based on direct marketing, we launched and placed over 20,000 exclusive Banesco Signature (Visa) and Black (Mastercard) cards. This long-awaited product exceeded our customers' expectations.

COMMERCIAL ACCOUNT STATEMENTS "IN A FLASH"

This product was created to make easier the life of our natural and legal customers, by providing their commercial outlets with a Banesco Point of Sales affiliated to BanescOnline. Through this means they can get the accounts statements online and print them.

RETURN TO THE CLASSROOM

With the aim of promoting the preference for Banesco's credit and debit cards we launched the "Return to the Classroom" promotion, which permitted our cardholders to enjoy up to 10% in discounts in school goods and uniforms, paid with Banesco cards at the participating stores.

TRAVEL AND ENJOY SPECIAL DISCOUNTS

Having in mind the enjoyment of our customers, between August 19th and December 31st 2007 we developed the promotion "Travelling is no more unattainable", through which the customers who paid their tourism packages and/or services with their Banesco debit or credit cards received the benefits of discounts of up to 12% with the participant tourism operators.

"BANESCO POINTS" BRING MANY GIFTS

With the program "The Winning Ticket", during the second half of 2007 we implemented two different versions of this successful permanent program: one of them during the school vacations period, and the other on the Christmas season.

These promotions provided our customers with the opportunity to make purchases at no cost, just passing their credit cards through a

Banesco point of sales. A total of 18,000 happy winners enjoyed the benefits of this promotion.

"CASH AT THE TURN OF THE CORNER"

Towards an enhanced consolidation of Banesco Electronic Banking, we launched the permanent program "Cash at Commercial Outlets", through which over 5,000 outlets operate as ATMs. Thanks to this offer, the customer can withdraw money up to BsF. 300 per transaction and directly at the cashier of the outlets affiliated to Banesco Point of Sales.

A FIRST CLASS PROMOTION

Strengthening the Private Banking strategies towards our First Class segment, Banesco developed a promotion through which this exclusive group participated in the raffle of an Audi A4 car per "green point" accumulated. The divulgation of this activity was customized and displayed as direct marketing, through the delivery of a gift box to the customer with an small bottle of Moët & Chandon and a card explaining the promotion.

PREMIUM ITINERARY

Seeking to consolidate the loyalty of the Premium Segment towards our products, we offered during the last quarter an activity that allowed our customers to participate in a raffle to win ten travels for two people to attractive international destinations. Each participant received one electronic ticket for each "green point" accumulated during the promotion. To advertise it, the bank sent an envelope as those used by the travel agencies, Banesco Airlines, with a simulated Boarding Pass with the information about the promotion.

"BANESCO HELPS EARLY RAISERS": A PRIZE FOR ON TIME PAYMENT

During the second quarter and in order to encourage on time payment and the affiliation of payments to our accounts, Banesco cardholders who paid on time were allowed to participate in the raffle of five brand new Trail Blazers. If the customers had the payments affiliated to a Banesco card, the customers' opportunities were duplicated.

Our Customers



“48-HOUR MULTI-CREDIT FOR YOUR BUSINESS”

It is a promotion exclusively targeted at commercial outlets, and offers a higher availability for the financing of working capital. The maximum amount was increased from Bs.F 150,000 to Bs.F 300,000, available in 48 hours, with a fixed interest rate for each term and available at all our branches nationwide.

PAYROLL AUTOMATED REVERSE

Our electronic payment service allows companies a timely rectification of faults or duplication in a payment file. Using the provided tools, the company indicates the file to be paid and avoids potential losses or delays in their operating areas, as well as in the bank's operating areas.

“YOU ARE THE NUMBER 1”

Ratifying the value of our customers, we launched the campaign “In Banesco You are the Number 1”, as our success is first of all the result of an integral management which has allowed us to conquer the trust of our most valuable asset: our customers.

The purpose of this communication is to reward and acknowledge those who have led us to be the leader in Venezuelan banking. This ratifies our approach focused in the customer.

“YOU CAN WIN CHANGING YOUR PASSWORD”

Strengthening the awareness of our customers in relation to the safety of electronic transactions and seeking to curve electronic fraud, we introduce the campaign *Protect yourself as the chameleon*. The purpose of this campaign is to offer an incentive to the customers to change their passwords and make their operation at Banesco ATMs. Those who did so participated in the raffle of three cars Optra “0 kilometers”. This promotion was reinforced online through different preventive messages. This kind of campaign supports the consolidation of our position as the leader in the electronic banking segment.

For Banesco, trust is one of our main guidelines and, therefore, we carry out permanent efforts in order to guarantee the highest level of safety when we provide our services. This, in turn, leads us to introduce technological innovations on a permanent basis.

“Safety depends on two: our technology and your prevention”. This is the motto of a campaign launched by Banesco during the second half of 2007. This campaign tried to take roots on our customers' consciousness about the need of changing their passwords as a protection mechanism.

Strategic Alliances

Banesco continued fostering strategic alliances with renowned partners, seeking to offer additional benefits to our customers and encouraging the preference for our products. Among these alliances, materialized during the second half of 2007, there are:

EXPAND YOUR COMBO WITH BANESCO AND CINEX

Along with this leader in the entertainment segment, we reached an agreement to offer a discount, additional to the 50% discount on the tickets acquired from Tuesday to Friday, to our customers who pay their tickets with a credit or debit Banesco card. With this additional discount the customer who buys a medium combo receives a big combo for free.

HIT A HOME RUN

As a part of the added value that we offer to our customers, during the baseball season we provided special discounts to buy Olevia LCD TV sets if the customer paid with a Banesco credit or debit card, with Banesco “Extra-Credit” at the Olevia Stores.

COMFORT AT YOUR ARM-REACH

To develop this promotion we forged an alliance with one of the main telemarketing companies, along with the representation of renowned international brands in the country such as Oster, Coleman, Campingaz and Ecology, among others, in order to provide our customers and employees with the opportunity to buy their preferred products, at the best prices and with the highest level of comfort. To do so, we offered our customers different options at the moment they use their Banesco credit card or “Extra-Credit”.



Our Customers

EXCELSIOR GAMA: AN ALLY AND MANY WINNERS

With this alliance with Excelsior Gama we aimed to encourage the preference for our cards and create additional benefits for our customers through raffles of groceries for amounts of up to Bs.F 500, as well as cars.

Presence in nationwide events

Our brand, products and services are always present at the most visible and interesting events for our customers. For this reason, during the second half of the year we participated in the main events held all across the country.

SHOPPING MALLS

In order to be present in our customers' lives and support them at their purchases and entertainment activities, Banesco has a presence at the 42 most important shopping malls all over the country. In this way, we contribute to consolidate the affinity of the Venezuelan public with our brand. We were the exclusive sponsor of Christmas at the CCCT, providing our customers and employees with a space for their recreation called Ice Entertainment. Likewise, we sponsored another innovating project: Yupiii Park at the Sambil Valencia Mall, where we have a children-scale branch. At this branch our future customers make different transactions, are encouraged to save money and interact with the entertainers who promote our values and service mission, among other topics.

AUTOMOTIVE SEGMENT

We participated at ExpoCírculo Automotriz, Auto Show Maracaibo, Automarket Caracas, Fiat Venezuela 50th Anniversary, Auto Show Caracas, where we promoted our "Credicarro by Internet" and "Credivehículos" plans.

SPORTS EVENTS

We were present with our brand and promoted our products and services at the Baseball Season 2007, the Locatel Month of Health and the Hebraica Acuatlón.

HALLMARK NATIONAL EVENTS

We were present at the 10th International University Book Fair at the Los Andes University in Mérida (FILU 2007), ExpoBodas and Expocrédito Caracas, offering a wide and attractive array of fast credit options and products. We were also present at Expo Hogar 2007, Agroferia, Foro Ansa and the I Scientific-Technical Congress on Engineering (University of Zulia, LUZ), where we offered an attractive array of products and services.

ENERGY

We were present at the 17th Latino-American Petroleum Exposition, the biggest in its kind in our country, where we promoted our Energy Banking and its specialized products for this sector of the economy.

Electronic Banking

BANESCONLINE:

- It showed a 106% increase in terms of average transactional volume over the previous year, and 44.93% on the affiliated customers' base.
- This channel recorded over 1,200,000 affiliated customers, with a monthly average of 18.8 million transactions and Bs.F 2,560,000; 122% over the previous year.
- Launch of the new look and feel of BanescOnline.
- New functionalities: capture and consultation of requirements of liabilities and CADIVI quote availability.
- Production of the following services:
 - Consultation on returned checks
 - Visualization of Compensated checks
 - Details of deposits
 - Details of cashier's check
 - Commercial Account Statement for legal and natural persons.

Our Customers



PHONE CENTER (CAT)

This channel managed an average of 4,435,455 calls and 1.8 million transactions per month, with a participation of the robot (IVR) of 91%. From the total of calls, over 1,000,000 are received by our attention agents, who offer a highly competitive service in the national and international market.

STARTING UP OF THE FOLLOWING SERVICES IN IVR (ROBOT):

Consultation of products features; credit for payrolls; consultation of credit cards requests, Extra-Credit in Cash and Extra-Credit for Purchases.

ELECTRONIC CHANNELS

Average number of transactions through electronic channels grew by 56.47% over the average of the previous year. This accounted for an average relative participation of 80.32% over the total of transactions of the organization, accounting for an improvement of 4.23 points over the previous year.

POINTS OF SALE AND CHECKBOOK DISPENSERS' NETWORK

BanESCO closed the year with a total of 1,174 ATMs, 234 self-service machines and 44,113 Points of Sale, the widest network in the Venezuelan market.

- The average transactions as issuing and buyer at ATMs grew by 16.83% and 11.43% respectively over the previous year, with an average market share of 16.05% as buyer at the Suiche7B and Conexus networks.
- Increase in the monthly average of transactions through the self-service networks (63.32%), dispensers (20.97%) and points of sale (41.47%).
- Incorporation of a new functionality to change the PIN and new important progress on the matter of security, with the implementation of a dynamic exchange of keys and migration to a 3DES code in our ATMs network.

- Implementation of the pilot plan for the new channel of Cash Deposits. BanESCO multifunctional machines allow our customers to make online cash deposits with a state-of-the-art technology for the recognition of notes. The machine is able to return currencies if required and also allows to make withdrawals, consultations and transfers.

Payments Means and Services

CASH MANAGEMENT

At the end of 2007 we had recorded very important achievements: transactions grew by 19.3% and the amount managed rose by 65.1% over the 2006 figures for the services of Payroll payments, payments to suppliers and billing through the EDI (Platform of Electronic Exchange of Data).

Thanks to the joint management of the Specialized Banking and our executives, it was possible to affiliate 1,643 new customers to the different services of Cash Management, 29% over the previous year figures.

Today we count on 6,566 customers affiliated to the services of Payroll Payment, Suppliers payment and billing. The inter-annual increases relating to each service are the following: 35% for payrolls, 66% for suppliers and 14% for billing.

COLLECTION SERVICES

At the end of 2007, Bs.F 14.2 million were collected with 4,785,957 transactions recorded, accounting for increases of 64.8% and 49.7%, respectively against the previous year, for a total amount per transaction of Bs.F 2,967, higher by 12.5% against 2006.

New Technological Developments

NEW E-PAYMENT FUNCTIONALITIES

We were able to strengthen the Service of Payment to Suppliers through the incorporation of new functionalities in order to cover the demands of Commercial Partners from different sectors and offer increased comfort, speed and security for all operations.



Our Customers

The functionalities that have been incorporated are the following:

- Installment of the payment one to one (one debit, one credit)
- Electronic notification to the supplier over the payment made
- Detailed invoice for the supplier
- Consultation of the payment made to the supplier
- Notification via e-mail of the payment of the files received through the Van Network.

COLLECTION SERVICE BY CASHIER

During the second half of 2007, we incorporated 9 companies for a total of 16 all over the year, through which the creditors can use Banesco's network of branches to make their payments in an easy and comfortable way with the use of special forms.

ELECTRONIC BANKING, INTERNET AND ELECTRONIC PAYMENTS MEANS

- New functionalities in BanescOnline and Electronic Payment
- Integral Systems of Requirements in the Web for Banesco
- Public and private sites for Efecticket
- Increased capacities and availability of critical services in the Internet.

IMPROVEMENT ACTIONS: CREDIT CARDS AUTOMATION AND COLLECTION MANAGEMENT

- Emission of 39,923 new Locatel cards and 34,400 new Mastercard cards.
- Annual Account statement for Platinum cardholders.
- Optimization of critical processes, Macro-Processes of Credit and Credit Cards, curving the execution time.
- Account statements with masking of the card number for all products and database, which improved by 90% the control among the account statements and documents returned by courier.
- Automatic reversal of Cash Advances non-granted by the S7B ATMs network.

- Improvements to the system of Food Cards EfecTicket
- Creation and delivery of information related to the ROCA Project to Sudeban.
- Statistics System about Monetary Transactions (SETM).
- Transformation of the Customer Account and TDD Re-engineering.
- Re-engineering of the TDC Portfolio Report, improving the accounting process.
- Release Visa and Amex, April 2007, strengthening the electronic exchange of data.
- Regularization of the Local Exchange Commissions Mastercard and adjustment of the incoming process.
- Automatic incorporation of TDD requests to the Management Module of Sales Receipts.

Leaving Traces on Cards

DEBIT CARDS ISSUING BUSINESS

As the N° 1 in the market of POS Sales, Banesco leads the business of debit cards in Venezuela with 21.5% of market share and 53% growth at the end of 2007. This result is sustained by the development of key strategies to improve Customer Service, such as the review of the purchase approval parameters to curve the amount of denied transactions, which allowed the highest level of success in the country, above the average of Latin America and the Caribbean region.

CREDIT CARDS ISSUING BUSINESS

For this half of the year, Banesco showed a growth rate of 147.55% in sales, in comparison to the same period of the previous year. This means that the bank kept its lead position in sales of credit cards in the Venezuelan market, with a share of 25.5%, 3 points above the level recorded during the same period of 2006. This allowed Banesco to increase the gap with its closest rival by 9.9 points and all this success has been based on the strategies applied to the business.

Aiming to develop integral customers, Banesco granted over 49,000 plastic cards to new cardholders, who had liabilities with the institution. At the end of the process, a raffle was made to give up prizes such as travels and money deposited to the credit card, all this in order to foster the use and preference for our brand.

Our Customers



As a part of the inauguration of the new Sambil shopping mall in Barquisimeto, Banesco developed a massive process of cards issuing in order to position our private products and placing Sambil cards in the region and its neighboring areas.

Additionally, as a growth-centered strategy, the bank implemented several massive processes of Locatel Cards. This allowed an increase for these private cards of over 120% each. On the other hand, Mastercard achieved a growth rate of 84% against the previous year, mainly supported by upgrade processes. As for Visa, it grew 51% in 2007 in the placement of new cards in comparison with the number reported for 2006.

In our permanent search of a better quality service through the attention channels, Banesco established several programs addressed at promoters in order to reinforce their knowledge about credit cards. The purpose of this strategy is to consolidate the benefits offered by each product in order to provide a higher satisfaction level to the needs of each customer segment. As an added value, Banesco awarded the commercial branches with the highest indexes of placement fulfillment against the established goal. This, in turn, encouraged the taking of new cardholders served by the branches network.

Banesco is still the leader of the Credit and Debit Card market, with more than 4 million cardholders.

Specialized Segments

PREMIUM SEGMENT

During 2007 second half, the Passive Portfolio grew 12.12% against the first quarter, with a mixture of 60% sight deposits and 40% term deposits. The share in the total liabilities of the network for this period achieved 19%, 1 point above the result recorded during the previous half of the year.

At the end of 2007, the growth of the credit portfolio was 100% against the first months of the year, with a total delinquency rate for the portfolio of 0.04%. This is the result of the management control over the placements and collection.

The average amount of products per customer is 5.66, strengthening in this way the loyalty of the customers with the organization.

Currently, we count on 210 advisors all over the country, after the incorporation of 28 new advisors during the half of the year. This accounts for a 77% level of presence above the whole branches network. Today, the segment serves 44,689 customers nationwide,

with an average of 212 customers per advisor. The training of these advisors who have been incorporated to the certification program, as well as the experience they have developed during the last four years, has allowed the creation of a precious seedbed for the development of a new generation of advisors.

PRIVATE BANKING

- The Certification of Financial Advisors for the first group of Account Executives of the Private Banking was completed. This achievement will allow Banesco to enhance the knowledge of our teams and provide an improved consultancy service.
- The new structure of positions and functions for the private banking was created: Business Manager, Accounts Executive and Operating Assistant. This new structure will allow the bank to get adjusted to the demands of our customers and the market in order to provide a more effective and timely service.

A Regional Management for the Private Banking was created in Aragua state. Previously, this management was merged with the Regional Management of the Private Banking of Carabobo. With this separation, the bank will be in a better position to provide our customers in Aragua state with the best service and immediate answers to their concerns.

ENTERPRISES BANKING

In 2007, Banesco increased its presence in the malls sector and participated in the funding of important and huge works, such as the construction of the Líder and Millennium shopping malls.

We created financing plans tailor-made to commercial outlets located at the different malls nationwide. These funds were specially addressed to working capital, revamping and equipment purchase. These improvements allowed our customers to enjoy better conditions in terms of time and response, as well as customized attention according to their commercial needs.

Also in 2007, the Enterprises Banking carried out the segmentation previously designed in 2006: the segment of big enterprises (with sales above Bs.F 30 million) recorded a sustained growth rate, consolidating in the process our relationship with the customers.

ENERGY BANKING

Banesco has consolidated its position as PDVSA's first management bank. Likewise, in the field of nationalization of PDVSA's



Our Customers

operations, Banesco is one of the main supports as it concentrates the accounts of the new 24 joint ventures created between PDVSA and the previous operating companies.

The Energy Banking has become an important driving force for the development and consolidation of the so-called joint ventures, as the bank acts as one of its main operators for the nationalization of foreign currency both, in the oil market and the petrochemical sector, managing around US\$ 600 MM during 2007 second half.

In the services field, and as a support to our affiliated Todo Ticket, a total of 24,000 new users were incorporated (PDVSA's contractual and daily payroll), as well as pensioners.

In the iron and steel sector and metallurgical sector, Banesco is the leader of the market, with a concentration of above 35% of the sector's operations. In this sense, Banesco advantage over its closest rival amount to 10 percentage points.

In the electricity sector, Banesco is the main financial support for the service companies and contractors of this sector, concentrating above 30% of the private operations derived from this activity.

During the year, the Energy Bank totaled above 90 new customers of a high potential and business development, which in turn allows to encourage an important and sustained growth in the sector.

BANESCO COMMUNITY BANKING (BCB)

The purpose of BCB is to foster bancarization, offering financial services that can meet the needs of the low income sectors in order to improve their quality of life and the social fabric of their communities. This is carried out through a branches network and commercial allies in the target areas. Given the importance and development achieved by this service since its inauguration in 2006, we devote a separate chapter to the topic on this report.

TRUSTS

The Trusts portfolio amounted to Bs.F 7,003 million in December. During the second half of the year, assets increased to Bs.F 323 million, with an equivalent variation of 4.83%.

Bs.F 3,950 out of this portfolio correspond to private sector assets (56%), while Bs.F 3,052 million correspond to resources placed by the central government (44%), centralized and decentralized entities.

Likewise, 23% of these funds correspond to Administration Trusts (Bs.F 1,610 million), 39% to Guarantee Trusts (Bs.F 2,765 million),

26% to Collective trusts (Bs. F 1,811 million), 3% to Mixed Trusts (Bs.F 212 million) and 9% to Investments Trusts (Bs.F 604 million).

During 2007 second half, 193 new trusts were created. This led the amount of existent business to 6,911 plans, with 4,775 corresponding to Administration Trusts, 1,072 Collective trusts, 1,073 investments trusts and 47 guarantee trusts.

For the total financial systems, the trusts' assets amounted to Bs.F 70,637 million at the end of the six-month period, which accounts for a reduction of Bs.F 733 million against the same period of the previous year. Banesco Banco Universal, as a trustee, preserved its leader position in relation to private banks, with a 21.7% market share.

As for the trusts market, Banesco ranks third with a 9.91% market share.

FOREIGN TRADE: CROSSING BORDERS

In 2007, we increased the number of requests and processed the approval of above US\$ 1,078 million in letters of credit. 36% of this amount corresponded to imports carried out under the ALADI Agreement and 64% to imports from countries not included in the agreement or third countries.

These results fostered our growth in the sector which reached to a 14% market share in the foreign trade market among the banks included in the financial system.

Operations that guarantee quality service

SUPPORTING THE CURRENCY RECONVERSION AND UPDATING OUR PLATFORM

- The billing process was automated with the support of a securities transportation company. This allowed the reduction from 21 days to 5 days of the time required to process and cancel invoices. This system allows the validation of the services receipts corresponding to the transportation with a system named vault effective management. This improvement makes easier the verification process, as it creates a file that allows the automatic incorporation in the SAP system for the corresponding payment.
- Big changes were applied to the technological platform's hardware and software of the SwiftNet Service in order to replace the existent infrastructure for a new one that will support the new funcio-

Our Customers



nalities planned by Swift Corporation worldwide for 2008. The final purpose is to strengthen the safety mechanisms in the sector for the Administration of Certificates via PKI, elimination of the smart cards for connectivity with the web and migration of the current bilateral exchange of passwords to a new functionality for the management of the relationship with correspondent banks.

INFORMATION SAFETY AND BUSINESS CONTINUITY, WITH ARMORED OPERATIONS

In accordance with our commitment to preserve excellence and achieve our improvement and innovation goals, during the second half of 2007 we began the alignment of a series of processes addressed to optimize the management of the organization's losses, as well as the reinforcement of key elements focused on the integration and synergy among the processes, technology and human factor. This allowed the consolidation of a structure with a pro-active vision, adjusted to the new realities of the environment and business demands, with initial benefits quite evident in the management results of the organization, as well as in the improvement of the response times to our customers.

Leveraging this management, we started the process of reinforcement of the security channels and new products, along with a massive awareness campaign addressed to our customers in order to develop the culture of safety in the use of our services.

We also updated the mechanisms and processes which guarantee that, in case of contingency, the critical activities of the business will be preserved.

Edge Technology Available

- In October 2007, we implemented the worldwide Visa *release*, aligning Banesco to the worldwide demands related to this business.

ADMINISTRATION, FINANCE AND REQUIREMENTS INTEGRATED SYSTEM

- Banesco has included a new stage in its administration and finance processes with the implementation of the Administration and Finance Integrated System (SIAP), which was achieved with the maximum efficiency in terms of costs and budgets control.

- In order to provide our customers with the functionalities required to purchase Venezuelan Sovereign Bonds, we carried out significant adjustments to the application of Third Parties Securities Administration, which is used by the Treasury. In this field, our presence was outstanding in terms of services and use conveniences.

- In tune with the optimization of the business productivity and leveraging the quality services that differentiate our bank from our rivals, we implemented the Requirements Integrated System (SIRWeb), through which Banesco follows an automated administration of the requirements related to Credits, Mortgage Release, Credit and Debit Cards and FAOV. We also have a SIRWeb available in BanescOnline, which allows the self-management by our customers in order to make consultations of the state of their requirements through electronic channels. This, in turn, clears the branches and Phone Centers' workflow and favors a higher flexibility and control over the requirements.

ELECTRONIC DOCUMENTATION MANAGEMENT SYSTEM

- We integrated the workflow of the Web Commercial Credit with the documentation electronic management system to obtain a single digitalized electronic file of the customer. This minimizes the use of paper in our business processes and speeds up the procedures related to credits.

MORE TECHNOLOGICAL ENABLERS TO OPTIMIZE THE PURCHASES MANAGEMENT

In 2007 we installed the new version of Conversations System V6 (Predictive Benchmark of the Collection Management System - iCS) and Collections Release System iCS 4.6.2.0, all this with the purpose of adjusting our night processes and speed up the management.

An Efficient Growth of the IT Infrastructure

- We have expanded our capacities in all the technological platform, increasing the processing, storage and telecommunications links with a minimum of interruptions of our banking services. We replaced 2,000 work stations, 176 servers at branches and over 300 servers for our services and functionalities. This ratifies



Our Customers

Banesco's leadership in transactions and an improvement of the appropriate capacity to establish new records in processed operations.

- We have readied new technological environments in order to optimize the proof of the systems that will enter operation, assuring high-quality solutions for our customers.

THE FASTEST PLATFORMS, ALWAYS AVAILABLE

- We installed a new and modern Phone Station which allows a higher flow of calls at our contact centers.
- We migrated the platforms supporting the BanescOnline service, Points of Sale and ATMs in order to improve the response time at the electronic channels.

OPTIMIZATION OF THE IT QUALITY SERVICE

- The Monitoring Integral Center (CIM) increased the preventive management of organizational critical services, curved the interruptions due to faults in the IT infrastructure and incorporated new services to the monitoring management, such as Credicarro, Compensation, Treasury and SIAE.
- In order to enhance our capacity to provide a better service to our internal customers, we established the Service Desk, a schema of "7x24 attention", 365 days of the year, 24 hours a day, and keeping a 90% average level of calls at the Service Desk. The system also offers 65% of the solution at the first contact. Likewise, Banesco redefined the availability indicators for the main services in order to provide detailed information about the behavior of the technological components that support the whole system.

MULTISOURCING SOFTWARE FACTORY (SWF) INNOVATIVE MODELS

- In line with the international standards on the matter of outsourcing, we adopted an aggressive strategy to modify our way to operate the development of systems.
- An alliance was established with the two most important players in the world market of software factory (IBM and Accenture).
- We have proven capacity in Buenos Aires, Argentina, to develop new systems under the best world standards. This year is a must

to mention the support given by the SWT to the Currency Reconversion Program and the whole change of BanescOnline.

THE BEST OPTION IN INTERNET BANKING: BANESCONLINE

- We introduced improvements to our Internet channel, from its image and a friendly-user approach that turned out the site into the most attractive one in the market, to the total updating of the infrastructure, which allows us to support 255 million transactions in 2007 and the growth recorded in December (106%). This accounts for around 42 million transactions. Besides, this is the support for the growth rate projected for the following years.
- Likewise, we added new services, such as the consultation of foreign currencies availability at CADIVI.

Corporate Architecture in Tune with the last Trends

In order to support the technological innovation and be aligned with the last managerial practices, Banesco implemented the processes of the corporate architecture, which were later integrated to the budget management and strategic planning processes. This led us to cost-efficient components of the corporate architecture (processes, information, applications and technological infrastructure), as well as efficiencies in terms of response to the business needs.

In this sense, we had the opportunity to be evaluated by Mr. Richard Buchanans, a renowned advisor on research at Gartner. According to Mr. Buchanans, we are one of the few companies in Latin America that carries out with such a success this kind of projects.

THE BEST PERFORMANCE IN BUSINESS PROCESSES IN THE MARKET

Aiming to approach the newest world trends in the matter of Business processes, Quality Methodologies and Permanent Improvement, Banesco embarked on the transformation of the Executive VP of Quality Processes, hand in hand with Expertia Consulting Group. This effort led us to achieve an innovating model of activities that, no doubts, will continue positioning our organization as the leader in fast and effective business processes.



HIGH IMPACT REDESIGN OF BUSINESS PROCESSES AND LAST GENERATION METHODOLOGIES FOR MANAGING QUALITY

- Banesco carried out a high impact redesign of critical processes, all of them aligned with the organizational strategic plan. For example, in the areas of Credit, Trust, International, Community Banking, branches and Specialized Banking, Electronic Channels, Operations and Credit Cards we made reviews and important optimizations in order to provide our organization with balanced business processes in terms of minimum risk exposure, high profitability, a higher value for our customers and high flexibility, so as the bank could leverage its growth under an ideal and accelerated approach.
- We continued our efforts with the innovating 6-sigma technology and we were able to implement the best practices in permanent improvement of quality services. This produced significant reductions in costs and faster responses in processes related to the branches, international and credit. In the same token, we encouraged and analyzed the transactional volume of our Sales Network, ATMs and Self-Services in order to optimize the decisions making process aiming to adjust the processing capacity of these units. As a result, we recorded great benefits in costs for the organization and an improved response time for the customers. On the other hand, we updated our methodology to the Processes Architecture that allows us to draw a clear map of relationships and effective interventions in Banesco business processes.
- Banesco participated in more than 10 redesigns of organizational architectures in order to provide the bank with the best standards on organizational matters. Likewise, we redesigned the macro-process of credit, through which we got significant high levels of competitiveness. We also managed the underwriting of bonds and shares with timely and efficient procedures, having as a result quality standards unbeatable in the market. Last, but not the least, in order to guarantee the quality of everything we do, we started the implementation of the methodology to watch over the business processes, which ensures that our processes create on a permanent basis the best performance for the banking and the best quality service for our customers.

Innovation Macro-Process

The Vicepresidency of Innovation is the unit of the Banesco Group in charge of promoting, renewing and delivering innovating solutions that meet differentiated needs of our customers in relation to the business of financial intermediation and payment means and they are effective to produce growth and profitability.

Our team applies conceptual engineering methods, projects management and innovation creation to add value to its coordinating role. All this is targeted to the achievement of excellence and the creation of effective synergies between our supplying units and customers, so as the Group could perceive us as a source of managerial and technical talents.

At the end of 2010 we will have contributed to increase the economic value of the Banesco Group, achieving a success rate of at least 90% in terms of the performance of our launchings and renewal of solutions focused on initiatives with a high impact for the business. We will achieve satisfaction levels over 4.5 points and anticipate the market with highly innovating products and business that will guarantee the leadership in business of our Community Banking and Payment Means. We will carry out these objectives having in mind our intention to export services and products.

Innovation as a Corporate Core Capacity challenged us to redesign the Macro-Process used for products development:

- Intelligence of “ideas” and identification of opportunities, transformation of ideas into new products and packages with proven success in terms of profitability, sales, customer satisfaction, time to market, operational quality and excellent support from all the involved areas.

The path to the Macro-Process Redesign included the identification of opportunities to improve and rethink our enterprise as an innovation area:

- Strengths and weaknesses
- A new vision
- Processes redesign.

Among the methodologies currently in the market about innovation models, Banesco decided to compile the best practices and build a proprietary model.

These methodologies are the following:

- *Stage-Gate*: it's a conceptual map/operational plan for the development of new products. It divides the effort by separating it into controlled stages.



Our Customers

■ **Innovation Diamond:** It is based on the Stage-Gate methodology. The difference lies on the fact that the diamond incorporates factors that make easier the success of the innovating processes (such as the weather, organizational culture, the strategic environment and portfolio management).

■ **Prototyping:** At a very early stage, this methodology puts into practice a work model or pilot in order to test several aspects of the design and/or functionality, as well as to collect ideas or features exposed by the early use of the pilot to introduce improvements afterwards.

■ **Lead User (LU):** it is a methodology that involves innovating customers in the definition and validation process of new concepts.

For reformulating the new Macro-Process, the fundamental criteria or design premises were the following:

- Cycle (speed in the development and launching of products)
- Frequency (annual launching of products)
- Alignment with customers (Value Added)
- Profitability
- Inter-Functional Integration (integration and coordination of all the functional areas)
- Structuring (degree of structuring in the execution of tasks)
- Alignment with the core business
- Competitiveness (sustained differentiation, allowing a stronger resistance to imitation)
- Variability (management of different versions for different contexts)

All the organization's products or services are the result of market research both, internal and external and, once launched, the product is submitted to a follow-up to determine if it needs adjustments according to the customer's expectations.

A multidisciplinary team from the organization works on the design and creation of each product and service. This team evaluates in a systematic way their risks and operational feasibility.

The VP of Innovation- Natural Persons carried out 10 focus groups and 2 surveys during 2007, as detailed below:

Dialogue with Stakeholder-Legal Persons			
Focus group	Amount	Participants	Target Population
Focus Group Liabilities, assets and products possession-Massive segment	1	6	Sales managers and VPs network
Focus Group Liabilities, assets and products possession- Banking	1	8	Specialized Banking managers and VPs
Focus Group Massive segment	1	10	SME advisors
Focus Group Products Portfolio	1	6	Sales managers and VPs network
Total	4	30	

In turn, the VP of Innovation-Legal Persons carried out four focus groups during the last half of 2007, which were distributed as follows:

Dialogue with out Stakeholders- Natural Persons			
Focus group/Interviews/Surveys	Amount	Participants	Segment
Focus Group Branches Liabilities	2	19	Massive
Focus Group Premium Liabilities	2	4	Premium
Focus Group First Class Liabilities	2	4	Private
Focus Group Banking Liabilities and Assets	2	20	DE Segment
Focus Group Branches TDC	2	12	Massive
Community Banking Surveys	1	370	DE Segment
Survey Liabilities Challenge	1	112	Massive
Total	12	541	

Listening to the Customer

During this period a series of information contributions were made about the perceptions, needs and expectations of the customers. These data were the base for decision making processes and the definition of strategies such as the management evaluation through the conduction of market research on customers' satisfaction, communications effectiveness, brand value and evaluation of offers and products, among many other topics which allow the organization to get aligned with our customers' needs.

"We are an organization of integrated financial services ..." So reads our Mission, therefore our commitment to the permanent improvement of an integral offer to the customer and the general public.

To measure the performance of the actions and understand how they are related and shape the image perceived by our stakeholders is a part of Banesco management. This understanding is the source of a high number of programs and follow-up indicators, aligning the intra and supra areas information. The result is a customers' perspective which describes the corporate balance.



REDUCTION OF CONFLICTS AND CONSUMER'S LOYALTY

BanESCO counts of a Web tool for the administration and follow-up of the Requirements demanded by the bank's customers and the documentation needed to comply with those requirements (SIR-Web), through which they are funneled to the internal areas in charge of meeting the customers' needs (service or situation).

It's a communication channel through which the areas that serve directly the customer know the status of the requirements that are on the hands of the internal "solving" areas and can give an answer to the customer about their consultations.

Year after year, the bank has been investing in the improvement of this system. Very soon, the customer will see, among other things, the status of his requirement at BanescoOnline and some answers will be automatically generated without the need of sending them to a solving area, according to a decision tree. This, in turn, will allow faster solutions and more reliability.

BanESCO has a VP of Customers Attention devoted to funnel and monitor the customers' needs in the bank and to improve on a permanent basis the organization's attention model, with an integral vision with all the actors involved in the organization.

PROGRAM OF SERVICES AUDIT IN THE BRANCHES NETWORK

The ADS (Services Audit) is carried out each year at BanESCO's branches. This is a program to measure the quality service and to watch over the fulfillment of the standards established by the organization in relation to the attention process at the branches.

The fundamental purpose of the ADS is to produce information

addressed to the internal suppliers of the organization, so that they could apply certain indicators to the processes related to the service provided at the branch.

The ADS program is a part of the System of Quality Management, recently certified under the ISO 9001:2000 international standard, which is based on the fulfillment of the requirements demanded by the customer, through procedures developed and controlled under a permanent improvement schema.

The Services Audit is composed of two processes which are simultaneously performed: the evaluation of the branches (physical audit) and the Satisfaction Survey that seeks to know, among other things, what is the customers' perception about the service offered by the branches. These processes are carried out by the services auditors and an external supplier, respectively.

The Satisfaction Survey is a questionnaire designed according specific objectives and applied to 50 customers at each audited branch who are randomly selected. The strategy is focused in getting the information relative to each contact made by the customer with the organization during the visits he makes to the branch. It is annually applied and its results are analyzed in two six-month stages.

EVALUATED DIMENSIONS

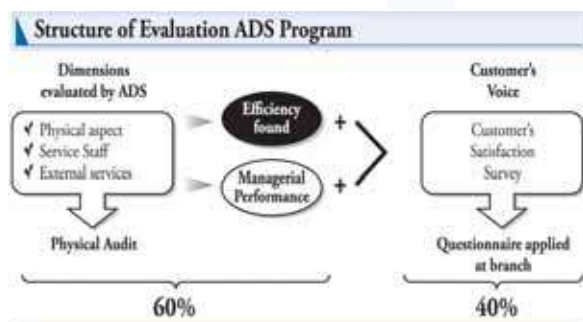
• PHYSICAL ASPECT

■ Look of the branch

- ❖ External Look
- ❖ Internal Operating Assets
- ❖ Hygienic Conditions

■ Elements for Customers Service

- ❖ Customer Service (public area)
- ❖ Printers and tapes
- ❖ Q-Matic



Indexes for Measuring Performance and Quality Service at Branches	
Indicators	They measure ...
Efficiency found (E.E.)	Attribute of services available at a branch and ideal conditions for the development of the attention process.
Managerial Efficiency / Performance (E.G.)	Portion of weaknesses reported by the branch's staff to the internal areas of the organization to ensure the image and service provision.
Satisfaction (E.S.)	Assessment reported by the customers about the different variables or attributes of service offered at a branch and considered as an influence on satisfaction.
ADS scores of branches	
I E.E. (60%) + E.S. (40%) II E.G. (60%) + E.S. (40%)	



Our Customers

Services Audit – Fulfillment of Quality Standards

Figures in percent



- Printed documents and Operative Forms
 - ❖ Stationary
 - ❖ Bankbooks, certificates and bank's checks
 - ❖ Checkbooks and forms
 - ❖ Operations forms
- Advertising Material
 - ❖ Merchandising/Shop windows
 - ❖ Brochures

SERVICES STAFF

- Image and look
- Behavior and attention
- Business Management
- Knowledge:
 - ❖ Institutional Information
 - ❖ Products/Plans
 - ❖ Technological procedures
 - ❖ Security procedures
 - ❖ Operational procedures

EXTERNAL SERVICES

- ATM
- Cashier by shifts
- Automatic checkbook dispensers
- Auto-Banco (Car Banking)
- Self-services

Structure of the Customer's Satisfaction Survey

ASPECTS CONSIDERED

FOR THE BRANCH EVALUATION

- ❖ Current account (delivery of checkbooks)
- ❖ Services
- ❖ Customized attention
- ❖ Look of the branch
- ❖ Information provided
- ❖ Operations made at cashiers
- ❖ Operation made during promotions
- ❖ Total Time

Average Score (1-7 points)

Services	2007(1)	2006
Self-services	6.08	5.88
Telephone Banking Branches	5.95	5.80
CableBanesco	4.79	5.44
ATMs	5.91	5.66
D.A.C.	6.37	6.39
Rates Screen	-	-
Cashiers by shifts	6.09	6.06
Fast Shift (Q-Matic)	5.51	5.84
Average Evaluation		
Banesco Services (2)	5.81	5.87
Other evaluated services (excluded from the managerial evaluation)		
Phone Banking	6.50	6.11
BanescOnline	6.73	6.65
Web page	6.82	6.63
Credit Cards	6.90	6.69

(1) Only Stage 1 of the ADS 07/08 Cycle

(2) Services considered for branch evaluation

Our Customers



THE CUSTOMER SPEAKS

The Banesco Mystery Shopper program has been applied year after year as a mechanism to assess the performance and willingness of the network's staff to offer quality service. This program has also produced quality information about some aspects linked to the attention process, based on the result of a structured evaluation which is conducted during the interaction of a "supposed customer" and a financial promoter. The promoter is not aware that he is being submitted to an evaluation during this interaction.

The Mystery Shopper program applied to the branches network shows through its indicators a result that exceeds the score recorded during the previous period. It was demonstrated the encouragement and promotion of the integral offer by the service supplier, to both natural and legal persons. Its strengths are outstanding in the treatment of the customer, the management of the information and consultancy.

The general result of the program for 2007 was 74%, with an evident improvement against 2006 when the network average was 71%.

Mystery Shopper Results				
	Treatment to the Customer	Information on products and procedures	Assessment	Sales management
2006	82%	72%	77%	63%
2007	84%	72%	75%	70%

Time at branches		
Region	Minutes	
	2006	2007
Capital-Center	41	41
Capital-East	35	52
Capital-West	46	54
Center-The Plains	45	59
Western-Andean	32	76
Eastern-South	54	47
Zulia-Falcón	47	65
Banesco (*)	44	56

(*) Total time in branch is equal to the addition of waiting time plus time with the promoter.

Responsible products and advertising

The VP of Innovation is in charge of the promotion, renewal and delivery of innovative solutions in order to meet the differentiated needs of the customer in relation to financial intermediation business and payment means, and that are effective in the creation of growth and profitability.

This team applies methods of conceptual engineering, projects management and creation of innovation to add value as a coordinator

agent. All these efforts are targeted to excellence and the effective creation of synergies between our supplying units and customers, so as the Group could perceive Banesco as a source of technical and managerial talents.

MESSAGES

In Banesco we make our best efforts to ensure that the messages we send can effectively reach the final customer/consumer. To do so, we take into consideration the way we communicate with the customer and guarantee that we comply with what we say, avoiding false expectations.

The development of our communicational strategy is based on the following steps:

- Review of the features attached to products/services/promotions
- Evaluation of the differentiating advantages: the "hook"
- Advantages and benefits for the customer and the organization
- Evaluation and distribution of human and financial resources
- Analysis of the media strategy/attention points
- Analysis of strengths and weaknesses
- Evaluation of social and legal environment
- Implementation and control
- Follow-up

Likewise, we are proud enforcers of the legal system in force in relation to advertising and communication:

- Law of Social Responsibility in Radio and Television
- Law of Protection to Consumers and Users
- Reform of the Technical Rules Established by the National Telecommunications Commission about Definitions, Time and Conditions of Publicity, Advertising and Promotions in the Services Provided by Radio, Television and Cable.
- Organic Law for the Protection of Children and Adolescents

Once the advertising product has been designed, we send all the information required by the Sudeban within the five following days after the date when it is introduced in the market. This information shall include:

- 1) Denomination, description and features of the new instruments or financial products.



Our Customers

- 2) Type of modification of the previous product (if it is the case)
- 3) Analysis of the economic-financial impact on the promoting institution.
- 4) Benefits for the users
- 5) Detailed report of the risk analysis for depositors and investors of the new financial instrument or product.

The advertising pieces employed for the introduction of products in the market shall be clear as for its purpose, description and benefits (interest rate, etc.) It shall be expressed in understandable terms and be clearly readable. Otherwise, Sudeban will be entitled to suspend or forbid the ads, according to the General Law for Banks. This, in turn, can cause additional sanctions established by the same law.

Once sent the information, Sudeban takes up to 15 days to issue an opinion. This institution is entitled to make observations or suspend the products, according to the law.

In 2006, Sudeban made observation to the following products:

- Banesco Plans (1)
- 48-hour Multi-credits (2)
- Extra-Credit in Cash (2)
- Some other promotions

Also in 2006, we received a notification from Sudeban as a result of a claim by another financial institution in relation to an advertising piece alluding other banks. The problem was institutionally solved by eliminating the portion under claim from the ad.

In 2007, we received observations to the following products:

- Banesco Community Banking
- Channels of Banesco Community Banking
- Points (locations) to withdraw cash

These cases were solved according to the rules established by Sudeban.

Up to this date, Banesco has never been fined because of the aforementioned observations. Sudeban has only applied its regulatory capacity to these cases.

Additionally, we shall send information to the Central Bank of Venezuela in case of requesting authorization to fix new fees or rates. This implies a justification of the increase and/or fixing of the fee, rate or additional charge; this information must be presented as follows:

QUALITATIVE ASPECTS

- Description of the fee, rate or additional charge.
- Current and additional benefit (if applicable) for the customer.
- The bank's opinion about the customer's perception in relation to the increase, which shall be classified as very sensitive, sensitive or not very sensitive.

QUANTITATIVE ASPECTS

- Number of customers who pay or will pay the fee, rate or additional charge.
- Number of monthly transactions with the bank's network and inter-banks networks.
- Number of monthly transactions (when the Internet and other channels are involved).
- Detailed cost structure for each fee, rate or additional charge, identifying: direct and indirect costs, as well as any other cost).
- Comparative information against the market of the fee, rate or additional charge.

All new products are designed according to the rules in force and, in case of changes on the legal system, the product is adjusted. For this purpose, our contracts and general conditions include a clause that limits Banesco's responsibility in case of non-fulfillment in the provision of the service or product as a result of changes in the rules.

According to the requirements established by the regulatory body, a risk analysis of the new financial instrument or products for depositors and investors shall be always send. Banesco also prepares a study of the risks that the bank could face as a result of the product provision. Although this study cannot protect Banesco from the risk involved, it helps to define mechanisms to reduce its impact.

Banesco Community Banking



Main action lines in 2006

- Fostering bankarization in the D and E sectors of the population.
- Offering financial services to meet the economic needs of the low income population.
- Developing a network of community branches and allies to provide services to the low income population within their own communities.
- Developing the potentialities of the Community Banking's human capital, so that it could develop the skills and abilities needed to provide efficient services to our customers.
- Supporting the improvement of the social fabric and the optimization of the low income population's quality of life.

Management evolution against 2006 and main action lines in 2007

- **BANKARIZATION:** The number of people bankarized increased: 13,377 credits were granted, 52% of the beneficiaries received a credit for the first time and 27% of them opened a bank account for the first time.
- **COMMUNITY BRANCHES:** A number of new community branches were opened at El Cementerio, Valles del Tuy, San Martín and Guarenas, as well as in Los Roques.
- **PRODUCTS AND SERVICES:** We launched the Personal Loan and the Integral Life Insurance.
- **ATTENTION CHANNELS:** We increased to 32 the number of Attention Desks located at the affiliated outlets. The number of PosWebs rose to 119.
- **HUMAN CAPITAL:** We closed the year with 215 employees.
- Our main action line in 2007 was the consolidation of Banesco Community Banking.

Commitments made for 2008

- Bringing Community Banking to Puerto Cabello, Higuerote, Maiquetía, Valencia and Santa Teresa.
- Offering new products to complement our services offer, such as the Funerary Insurance Policy.
- Expanding our network of commercial allies. For 2008 we expect



to establish 72 new allies and install 40 PosWebs and 52 Attention Desks.

- Keeping our quality service and our customers' satisfaction, an indicator that will be measured with the Banesco Community Banking Satisfaction study.
- Turning our organization into the Number 1 bank in the Venezuelan micro-finance market.
- Starting a training program for micro-entrepreneurs.
- Conducting a study about the social impact of micro-credit on the company, the family and the community. Developing a methodology that could take roots on the Community Advisor's work and allow the permanent evaluation of these indicators.

Our Policy

The concept of bankarization is directly related to the access and massive use of financial services by the population, so that they could carry out financial transactions, such as savings and deposits, credits, transfers, payments through the banking network and the use of electronic cards. In a word, bankarizing means to increase the presence and social-economic action of the banking.

Whereas in the developed countries over 90% of the population is bankarized, in Latin America only between 30% and 40% of the population has access to the banking system. In Venezuela, 60% to 70% of the population is deprived of access to credit. Therefore, they depend on moneylenders and usurers for help.



Banesco Community Banking

To face this adverse situation, Banesco -leader in the field of Corporate Social Responsibility- devoted more than three years to study and research in order to articulate and design the project previous to the launching, in July 2006, of Banesco Community Banking. This initiative on the matter of micro-finance was specially created for the low income sectors and includes a number of financial services which were created thinking on their particular needs. Among these services we can mention: "Loan to Work", "Personal Loan", "Community Account", "Saving Step by Step" and the "Integral Life Policy".

With these products, Banesco Community Banking fosters bankarization and the economic-social development of the country. It's worthy of mention the fact that bankarizing not only means providing products and services to a given sector. It is also about educating people on financial matters and offer advice to the customers on investment, proceedings, balance and requests as a part of the work, and using a natural and simple language. Under this approach, our relationship gets closer and the customer grows according to his/hers potentialities. In 2007, our Community Banking bankarized 52% of its credit customers.

A credit system adjusted to the micro-entrepreneurs' needs allows them to develop their own businesses, increase their income, make

savings and reinvest their revenues in the wellbeing of their families or the expansion of their micro-companies. On the other hand, the increase in financial transactions involves the reduction of its costs per transaction, which in turn produces savings and encourages the development of the country. As a conclusion, we could say that bankarization represents a boundless set of benefits and the incorporation to the formal financial system of a sector that had been excluded until very recently.

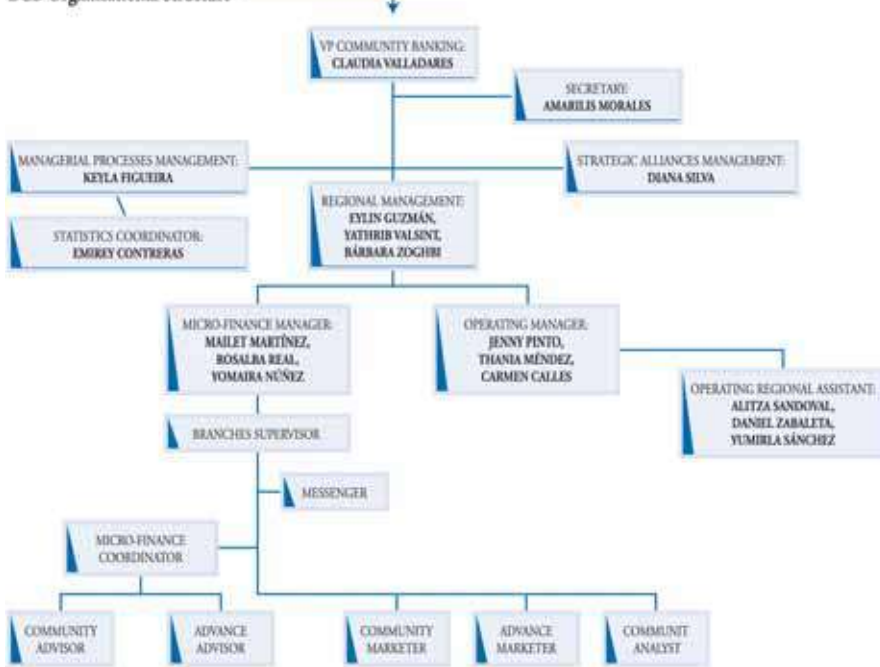
We are convinced that through a profitable business model we will be able to offer financial products and services to the neediest, in order to fight poverty and social exclusion.

Our Team

Banesco Community Banking (BCB) is a great team that bases its actions on the fundamentals that guide our organizational values: Corporate Social Responsibility, entrepreneurship, innovation and quality service.

The main asset of BCB is represented in its human capital, composed of 215 employees. Most of them are young people, very engaged and with a strong service vocation.

BCB Organizational Structure



BCB Products and Services

- **Main Passive Products**
 - "Step by Step" Savings
 - Community Account
- **Main Credit Products**
 - "Loan to work"
 - Other important products
 - Integral Life Insurance Policy
- **Main Services**
 - Debit card associated to the community account
 - Internet banking
 - Text messages from cellular phones
 - Banesco ATMs
 - CAT (Calls center 0-500-TU BANCO)
 - Commercial outlets with electronic points

Banesco Community Banking

They have the will, the motivation and the ability to support the customers and micro-entrepreneurs to develop their plans and businesses, and carry out actions aimed to produce substantial changes on their quality of life.

The VP of Human Capital is in charge of training the whole staff since its incorporation into the organization. Employees receive an integral training that turns the team into a group strongly engaged with the customers and society as a whole. In this sense, we make efforts to preserve quality through the application of fundamental principles such as communication, transparency and leadership.

The BCB task lies on three fundamental factors: the Community Advisor, the Analyst and the Marketer. The Community Advisor visits and offers individual guidance to micro-entrepreneurs at their workplaces. After an economic-social evaluation, the advisor estimates the micro-entrepreneur's potential and together they design

a business plan. The advisor has the ability to perceive and establish an effective link with his customers' needs; he also has a strong engagement with solidarity and his main feature is to be pro-active in the search of solutions and investment options.

The Marketer is in charge of the Attention Desks located at the affiliated outlets. At these Desks the marketers open Community Accounts, receive requests and liquidate Personal Loans. They also make affiliations to "Step by Step Savings", affiliations to the Integral Life Insurance Policy, and manage deposits, withdrawals and balance consultations. Likewise, they provide information about "Loans to Work" and receive and funnel the visits requests introduced by the customers.

Finally, the Analyst, located at the Community Branches, provides information about the different products, opens Community Accounts, liquidates "Loans to Work", affiliates customers to "Step by Step Savings", carries out administrative proceedings and files the customers' records, among other administrative duties.

All of them, together with the rest of the team, are an important part of a mechanism that allows the proper operation of Banesco Community Banking and the consolidation of satisfied, engaged, responsible and loyal customers.

Training			
Aspects	N° participants		
Cursos	2006	2007	% Variation
Development of supervisory abilities	-	12	-
Leadership to integrate teams aimed to success	-	1	-
Quality Service	-	94	-
Development of competences for sales	-	109	-
Time management	-	51	-
Total course	-	5	-
Total participants	-	267	-
Certifications	N° participants		
Advisors, coordinators and supervisors training program	27	109	303.7
Marketers and analyst training program	29	97	234.48
Total certifications	2	2	-
Total participants	56	206	267.85
Total investment (Bs.F)	80,748.01	368,963.83	356.93

Banesco Community Banking -- Total Workers per Region			
	2006	2007	Variation %
Greater Caracas	56	185	230
Valencia	15	28	87
Los Roques	0	2	N/A
Total	71	215	203

Employees hired by branch								
Branch	Community advisors	Advance advisors	Community marketers	Advance marketers	Community analysts	Branch supervisors	Micro-credit Coordinator	Total
Caria	7	1	7	1	4	1	1	22
Antimano	6	2	3	1	4	1	1	20
La Vega	3	0	2	1	2	1	1	10
San Martín	6	1	5	1	4	1	1	19
Los Roques	1	0	1	1	0	0	0	3
Cementerio/ Valle Coche	11	2	7	0	4	1	2	27
Guaremas	8	1	5	1	4	1	1	21
Petare	10	0	4	1	4	1	1	21
Cúa	8	1	6	1	4	1	1	22
La Isabela	9	2	8	2	5	1	1	28
Total	69	10	50	10	35	9	10	193

Note: Data as of December 31, 2007. Excludes staff at the Caracas headquarters (22 people)



BanESCO Community Banking

BCB Management

BanESCO Community Banking started operating as a pilot project in July 2006. At the end of 2007, BCB launched "Integral Life", a policy designed to meet the needs of low income population sectors. Following this approach, BCB has become a profitable business with social responsibility and the aspiration of providing a continuous support for development, improvement of life conditions, education and more independence for the low income communities in our country.

Main Indicators		
	2006	2007
Bankarization	50% of the customers received a credit for the first time. 26% opened a bank account for the first time	52% of the customers received a credit for the first time. 27% opened a bank account for the first time
Community branches	5 Community branches: Catia, La Vega, Antimano, Petare, Valencia	A total of 10 Community branches. The new branches were: El Cementerio, Los Roques, Valles del Tuy, San Martín and Guaremas-Guatire.
Products and services	Loan to Work, Community Account and Step by Step Savings	Two new products were created: Personal Loan and Integral Life Insurance Policy
Attention channels	12 attention Desks 61 PosWebs	32 attention Desks 119 PosWebs
Human resources	71 workers	215 workers

An Innovating Banking

BanESCO Community Banking has developed an innovating model that, through several attention channels, makes easier the customers' access to services and products, tailor-made to their needs.

BCB counts on 10 Community Branches located at the 14 main popular zones of the Metropolitan Area and the Center-The Plains region. At these branches, users can get information about the different products and services and make their banking operations at the Attention Desks. These are open spaces located at allied commercial outlets; all of them have been provided with a complete banking platform and are operated by the marketers. The PosWebs (commercial outlets with electronic points) are another important attention channel that allows customers to make cash withdrawals, deposits, balance and last movements consultations.

Based on an innovating model, BanESCO Community Banking reaches its customers with a simple and practical offer that allows them to make their financial operations without leaving their communities, as well as saving time and money. BanESCO Community Banking customers have access to Internet Banking through our Web page www.bancacomunitariabanesco.com. They can also enjoy the IVR, the traditional BanESCO points of sales at commercial outlets all over the country, the ATMs network, and self-service machines at BanESCO branches. Besides, our phone service center (0-500-TUBANCO-0-500-8826226) is also available for BanESCO Community Banking users.

Our community branches are located at Catia, La Vega, Antimano, San Martín, Petare, Guaremas, El Cementerio, Valles del Tuy, La Isabelica and Los Roques.

Finally, it is worth mentioning that one of the main features of BanESCO Community Banking is the simplicity of all its requirements and proceedings to have access to its products and services, as well as fast operations and short waiting times that ratify the quality service offered to our customers.

Customers		
2006	2007	% Variation
3,895	25,943	566.05

Community Account			
Product	2006	2007	% Variation
Nº of Community Accounts	3,895	25,943	566.05
Account Balance (Bs.F)	1,659,000	5,900,000	255.63

Step by Step Savings			
	2006	2007	% Variation
Nº of Affiliations	759	12,802	1,586.69
Total Savings (Bs.F)	64,000	804,000	1,156.25

Loans to work			
	2006	2007	%Variation
Nº loans granted	1,783	11,600	550.55
Amount Liquidated (Bs.F)	7,920,000	55,600,000	602.02
% Delinquency	0.02	1.01	-

Personal Loans			
Period	Nº Loans granted	Amount Liquidated (Bs.F)	% Delinquency
2007	1,777	3,800,000	0.23

Banesco Community Banking

Strategic Alliances

The achievement of strategic alliances with important stores and chains located at the low income areas has signified a determining factor for BCB operations, and it's an added value which differentiates our offers from similar business. Through the PosWebs and Attention desks installed at our commercial allies' outlets, customers are able to make financial transactions surrounded by the comfort and familiarity of their own communities and avoiding the inconveniences of going out to a banking branch. At the closing of 2007 this network counts on 151 allies, 32 Attention Desks and 119 PosWebs.

Along the same lines, Banesco has established alliances with stores such as Traki, the Ciao chain of perfume stores and telecommunications centers, Saas Drugstores, and the supermarket chain PractimercaDía a Día, among others. Particularly, the alliance with Día a Día has allowed the introduction of Attention Desks and PosWebs at their stores and the building of joint outlets. These alliances have resulted in lower costs for the parties involved.

The alliance with PractimercaDía a Día clearly shows the importance of team work. For Banesco Community Banking this represents an innovating model in terms of novel channels and edge technology, while for the allies it represents an added value for providing their customers with banking services at their own stores.

Finally, the experience in 2007 revealed that working with good allies results in the establishment of a win-win relationship that allows the enhancement of both parties in terms of information exchange, good practices, increase of the customers' base, cost reduction, increased sales and, above all, the opening of a fast-track option towards the fulfillment of goals and objectives.

Service Satisfaction

Committed to the customers and aiming to provide a better service, in November 2007 we conducted a satisfaction study about Banesco Community Banking.

The survey was conducted by Inmark Venezuela, among 450 active customers of the Community Banking in 8 areas of attention.

According to the results:

- 50% of the BCB customers enjoy Banesco products.
- The Banesco brand capitalizes the higher recall level (92%)
- Good attention and customized treatment, quality service and easy access are the main attributes associated to Banesco Community Banking and, at the same time, they are highly ap-

Branch	Attention Desks	PosWebs
Catía	7	10
Antimano	3	13
La Vega	2	4
San Martín	4	9
Los Roques	-	2
Cementerio/Valle	-	14
Coche	1	0
Guaremas	3	12
Petare	4	13
Valles del Tuy	-	7
Valencia	8	35
Total	32	119

preciated by the customers. Customized attention is the main advantage associated to BCB.

- Fast transactions, excellent prices and fees are features associated with our brand. The offer of credits is the most important element in terms of demand encouragement.
- The performance over the different service/channel and attention offered to our customers has been qualified as highly positive. The Community Account and Loans to Work are the most outstanding products in this sense.
- In relation to the knowledge levels of the attention channels, the branches concentrate the highest value (88%).
- The intention to purchase/repurchase BCB products amounted to 60% among the surveyed subjects.

Some testimonies of our micro-entrepreneurs



JAIR PIÑA.

BEACH SANDALS FACTORY, ALTA VISTA, CATIA (CARACAS)

"When you see a person in the street who is wearing the sandals that you created, you made them, those sandals that you glued with your own hands ... that's very rewarding".

All this started two years ago with a



Banesco Community Banking

machine to produce miñón, a synthetic material used to make shoes. Then, Jair Peña, with his talent and determination, decided to cover the whole manufacturing process.

His family also took the challenge, as his wife, mother and mother-in-law joined Jair in this enterprise. Currently, Jair has six employees.

"The starting up was quite hard. We began with direct sales, but we failed because we didn't receive payments on time to reinvest. We were through very difficult times and only with patience we stayed in the business. That is why we abandoned retail sales and now we sell to stores."

"Some people have said to me that this is an export product and we are thinking about this possibility for the future."

MARTHA MONTILLA



LA FÉNIX MOTOR GRINDING, PETARE (CARACAS)

"I started this because I had a food business, a restaurant. But I had been always attracted to the mechanics sector. My landlady was also renting a storehouse. When I

talked to her, and as she is a very enterprising person, she gave me the idea."

"The business was closed for several months at the very beginning, because I didn't know how to start. I even didn't know what a block was when they talked about motors, I thought it was a construction block..."

Martha entered the world of automotive mechanics and, with a little help from her friends and family, she succeeded. Today she has two employees, a workshop and has started work with 4 machines.

"I expect to expand the business, but to do so I need more machines and a bigger storehouse to create jobs and give happiness and prosperity to many."

Excellence as a goal, together with a good and courageous attitude and a high self-esteem have been the driving forces behind the success of Rectificadora La Fénix, a model of commercial initiative that has been successful but, above all, sustainable. This is because Martha identifies her business as a life commitment and a personal and collective responsibility.

MIRIAN DE LA CH

SEAMSTRESS, LA ISABELICA (VALENCIA)

"Work with enthusiasm and don't lose your faith in the work you do. At first I was ashamed of offering my merchandise. But Y have left that behind, thanks to the support of my elder daughter who told me: 'Come on mom! You can do it!'."



Mirian de La Ch Medina was born in Carora (Lara State), but she has lived for a long time in Valencia. She earns her life sewing clothes such as swimsuits, pajamas and children apparel. She personally sells the

clothes with the support of her family. Independence has not been easy, as she was hit by some robbers. Nevertheless, she has been able to progress and expand her business.

De La Ch Medina is a customer of Banesco Community Banking in La Isabelica, Valencia. She underlines that thanks to the support of this financial institution she has not only purchased machines, but also learned accounting skills.

"Now I have a small clothes factory, I make swimsuits, children garment. Today we live in a rented house, but thanks to the revenues of my business I have been able to save for the down payment to buy my own house. Of course, I'm going to work under better conditions. I want to continue growing."

She emphasizes the support of her Community Advisor, who has trained her for managing her business. *"Thanks to her teachings now I can estimate costs, order my invoices and make my business accounting. She always tells me that I am one of her preferred customers because I'm a very organized person."*

"My whole family has worked hand in hand with me. My husband puts the rivets and my younger children make the packing work. Now my elder daughter cannot help me because she is a certified nurse and she is working at a hospital."

Awards and Acknowledgments

CITIBANK AWARD

Since 2005, the Citi Foundation together with International Action,

Banesco Community Banking



supports the acknowledgement program addressed at the innovating action of Venezuelan micro-entrepreneurs, with the Citibank Award.

International Action is a private, non-profit organization well-known worldwide by its pioneer management in the field of micro-finance. The mission of this organization, founded in 1961, is to provide low income sectors with the financial tools they need (micro-credit, business training and other financial services) to overcome poverty.

The Citibank Award is a Citi Foundation's initiative, along with allied non-governmental organizations, which points to the acknowledgement of the efforts made by micro-entrepreneurs, as well as to support their development. This prize is included in the framework of the Citi Foundation programs that aim to encourage and promote the world impact of micro-credit and micro-entrepreneurship.

Under this approach, Banesco Community Banking made a selection of its outstanding micro-entrepreneurs and introduced, among others, Mr. Jesús Suniaga's project, who is a customer and neighbor of the Mamera community in Caracas. Mr. Suniaga was the winner of the third prize (commerce category) with his project based on telecommunications as a basic need.

The Commerce category of the Citibank Award includes the same micro-entrepreneurs whose main activity is the sale of goods, both manufactured and agricultural. The criteria to include Mr. Suniaga took into the consideration the fact that his business not only provides phone services, but it is also a retailer of other products.

Although the main reason to grant this acknowledgement is to encourage and promote the good practices of micro-entrepreneurs and take them as an example to be followed, the foundation established a cash prize for the winners.

This acknowledgement, formally granted on October 25, 2007, was a reason to be proud for our bank. Once again it was demonstrated the importance of believing in people and provide them with the required tools in order to help them to achieve their goals. Mr. Jesús Suniaga, our winner micro-entrepreneur, said that this acknowledgement encourages him to work more and more, for himself, for his family and for the community.

A Sustainable Banking

In line with the Millennium Goals, Banesco Community Banking team is making efforts to carry out a sustainable work that could help to build a society with improved and lasting economic and social conditions.

Agreements with Social Development Organizations

An additional support offered by Banesco Community Banking to the most vulnerable communities is a series of agreements with non-profit organizations located near our branches, pointing to create common benefits which could be translated into win-win alliances. Besides the fulfillment of their institutional mission, these Social Development Organizations have rented spaces to Banesco Community Banking, where we have placed Attention Desks to support the bankarization process in low-income sectors. Banesco, on the other hand, provides them with funds, so that they could solve some administrative commitments. Among these cases we can mention:

CATIA COMMUNITY CENTER (CECCA)

This organization supports the individual, family and community development of the low income population. Through this association, and according to Nattacha Jáuregui, its director: "Banesco Community Banking is reaching low income people who belong to the most vulnerable communities around our branches, located at the Sucre Parrish, one of the most populated parishes in the Libertador Municipality. Thanks to BCB and for the first time, this people has the opportunity to gain access to the benefits of the commercial banking. Many of the individuals who enjoy the services of Banesco Community Banking can also participate in the projects and programs developed by CECCA, allowing us to complement our mission as a space devoted to the development of the individual as a citizen prepared to support the development of his community."

COMMUNITY MANAGEMENT SCHOOL (ANTÍMANO, CARACAS)

The vision of this non-profit organization is to accompany the central participation of the most excluded and impoverished sectors of our population, so that they could build collective proposals for a sustainable development that guarantees the full enforcement of human rights.

Raiza Bracho, administrative manager, comments that the alliance between their organization and Banesco Community Banking has allowed them to host 10 children without a family at their shelter *Casa Hogar Quebrada de la Virgen*, located at El Junquito. Thanks to this initiative, this organization can cover the expenses corresponding to food, clothing and operational expenses.

FRIENDS OF THE ELDER FOUNDATION

This is a non-profit civil association devoted to the elder population of La Vega, Caracas. The main services offered by this organization are dancing sessions, bingos, courses and recreational workshops, among others.

For Carmen Tovar, its director, "Counting on the Banesco Community Banking presence in our spaces has allowed us to maintain the foundation and pay the administrative expenses, as this is our only income source."



Our Environmental Commitment

Main Action Lines in 2006

- We requested to Ciudad Banesco's maintenance service company to use biodegradable cleaning products.
- We conducted a feasibility study to reduce the electricity consumption. As a result, it was agreed that to use saving light bulbs at all major revamping and new spaces inaugurated.

Management evolution against 2006 and main action lines in 2007

- Ciudad Banesco adopted the use of biodegradable cleaning products (toilette soap and floor disinfectant).
- The change from high consumption light bulbs to energy saving units was started at branches of old morphology (35 in total).
- We requested the painting maintenance companies to use only water-based paints at all our facilities.
- We classified Ciudad Banesco's waste, separating the organic waste produced at our kitchen from that produced by our offices. The first portion is delivered to the municipal waste collection company, while the second is reclassified, separating paper and cardboard from the rest of the wastes. Paper and cardboard are delivered to the Rebirth Foundation and the rest is discarded.

Commitments made for 2008

- Demanding our air conditioning contractors their certification of "Good Practices in refrigeration" standard issued by FONDOIN.
- Training the Conservation managers in the management of products that degrade the ozone layer, certified by FONDOIN.
- Fostering recycling campaigns for our branches.
- Using sewage waters to irrigate.
- Incorporation of Gelecom to the Credit Cards file and to the business area of Accounts Opening.

Our Policy

In Banesco we are aware of the need to protect and preserve the environment for the benefit of nature and future generations. From the point of view of our business, we have committed ourselves to



develop a series of actions that guide our behavior towards the encouragement of a sustainable development.

Our main purpose is to curve the impact produced by our activities on the environment throughout the diagnosis, evaluations, establishment of new indicators and goals favoring a better use of natural resources, energetic savings and wastes recycling.

Our Environmental Commitment



Our Environmental Commitment

		Consumption per capita			Total Consumption			Unit		
Environmental key indicators	Unit	2006	2007	% Variation	2006	2007	% Variation	2006	2007	% Variation
Indicators of direct impact: Eco-efficiency										
CO2 emissions employees vehicles	kg	110.94	96.11	(13.37)	1,128,371	1,209,416	7.18	-	-	-
CO2 emissions diesel equipment	kg	1.66	1.46	(12.05)	16,884	18,455	9.30	-	-	-
Electricity consumed	Kw/H	9,301	8,566	(7.9)	94,600.471	107,781.492	13.93	-	-	-
Water consumed	m3	31.3	25.29	(19.20)	318,352	318,280	(0.02)	-	-	-
Paper consumed per employee	kg	3	2.5	(16.66)	32,381	31,489	(2.75)	-	-	-
Paper consumed per customers	kg	0.042	0.67	1,495.24	169,422	326,544	92.74	-	-	-
Computers Recycled	Nº	-	-	-	-	-	-	318	115	(63.83)
Furniture Recycled	Nº	-	-	-	-	-	-	703	2,492	254.48
Indicators of indirect impact										
Total environmental patronage	Thousands Bs.F	0	142,202	-	-	-	-	-	-	-
Indicators of environmental management										
Fines, claims or legal non-fulfillment	Nº	0	0	-	-	-	-	-	-	-

Recycled Furniture

2006	
Institution/Organization	Nº Units of furniture recycled
Air Support Detachment Nº 5	27
Works' Pensions Autonomous Special Fund Service.	
Caracas Metropolitan Mayoralty	27
Police of General Rafael Urdaneta Municipality	16
Artigas Community Center for Student Protection and Development	55
Andrés Bello Catholic University (UCAB)	77
Dr. Julio Criollo Rivas Hospital	85
Central University of Venezuela – Medicine Faculty – José María Vargas School – Physiopathology Chair	4
Venezuelan Association of Catholic Education (AVEC)	53
IPC Course Free of Drugs	100
CEB/A Dr. José de Jesús Arocha	4
María Rosa Molas School	6
Guarauguta School	26
San Benito Scouts Group	31
La Milagrosa Private School	27
Venezuela's Maristas Brothers	60
513rd Brigade (Army)	68
Dr. Pastor Oropeza Assistance Pre-School	18
Canine Anti-Drugs Training Center Command (National Guard)	19
Total Units of furniture recycled	703
2007	
Fundabombieros	11
Canaima School	9
Andrés Eloy Blanco Experimental Technology Institute	3
Tomás Vicente González National School	14
Iribarren Municipality Firefighter (Barquisimeto)	37
María Auxiliadora Popular Technology School	53
Rebirth Shelter	2,253
CICPC Banking Security Division	1
San José Community Council	19
Polícarpo Krause School	37
Metropolitan Firefighters	29
Barquisimeto Archdiocese	26
Total Units of furniture recycled	2,492
% Variation furniture recycled 2006/2007	254.48
% Variation Institutions/Organization favored 2006/2007	(17.7)

We updated our indicators based on the increase of the Bank's payroll, the calculation of the hired staff's effects, the increase of branches and expansion in square meters, the growth in the number of vehicles used in and for the Bank and the total of power plants (15 units as of December 31, 2007).

The data corresponds to the whole financial institution, excluding CO2 emissions from the power plants located at our administrative headquarters in Caracas.

Operations with environmental impact

PRODUCTS AND SERVICES: In our feasibility studies about loans to the constructor, we emphasize the following aspects related to the environment:

- The project is verified to ensure it counts on all permits granted by the corresponding authorities, particularly the environmental impact study required by law for all building projects: housing, industrial warehouses, hotels, factories, malls and others.



Our Environmental Commitment

Recycled Equipment

Institution/Organization	N° Computers Recycled	Institution/Organization	N° Computers Recycled
Year 2006			
Ariel Jiménez School (Mata de Madera)	4	Nuestra Señora del Carmen Parish- Carmelitas Sisters	1
Barinas Police General Command	5	Foundation for the Integration of Disabled People and Community Support	10
Guayana Diocese Media Bureau	5	José Alberto Velandía National School	10
513rd Brigade (Army)	1	Citizens' Actions Against AIDS	4
N° 5 Support Detachment	2	La Milagrosa Private School	2
Mireya Vanegas School	5	Civil Assoc. Delio Amado León	5
Center of Children Development, School District N° 4	2	Barlovento's Black Theater	2
National Guard Division of Well-being and Social Security	4	Virginia Gil de Hermoso School	2
León Trujillo National School	1	Civil Assoc. Salesian Ladies	20
AVEC - Teachers' House	2	Venezuela's Maristas Brothers	20
IPC Chair Free of Drugs	5	Venezuela's Alzheimer Association	2
San Judas Tadeo School	1	Rafael María Baralt Pre-School	2
Andrés Bello Catholic University (UCAB)	20	Venezuela's Scouts - San José de Calasane Group	2
Dr. Julio Criollo Rivas Children Hospital	10	Venezuela's Scouts - General Direction	2
José Alberto Hernández Parra School	6	Robinson Mission	1
Caracas for the Children Foundation/Metropolitan Integral		Family Center Luisa Amalia de Vega of the ADIC (Association of Community Integral Development)	15
Center of Education Lya Imber de Coronil	6	Rafael Urdaneta General Workshop (school)	3
Pedro Nolasco Colón School of Music	2	Coordinating Commission of Sucre Mission, Táchira State	2
Carora Firefighters	2	UNEFA - San Cristóbal	2
Linda Louiza Friends Foundation	8	El Junquito Civil Registry	1
Prudencio Esai School of Music	2	Venezuela's Crea Shelters - Cocorote locality	1
National Parks Institute - Fires Special Program	2	Saint Mary of Guana Missionary Center	2
El Avila Park Search and Rescue	2	Consuelo Navas Tovar State Basic School	2
CEBJA Dr. José de Jesús Arocha	2	E.B.E. Dr. Humberto Fernández Morán	3
Caricuao National Pre-School	2	Total of Computers Recycled	318
Troense Arocha de Gallegos Pre-School	2		
El Valle Evening Trade Institute	6	Year 2007	
Friend of the Child with AIDS Foundation	2	Infrastructure and Services Autonomous Institute	4
La Vega Parish Civil Registry	2	EFOFAC	4
Radio Gulima Comunitaria (Foundation)	4	Individual	1
Jose Antonio Calcaño National Basic School	2	The Child Don Simón School	8
Trayecto Danza	4	San José Parish Council	2
Juan Rodríguez Suárez	4	Heart of Jesus Institute - Augustinian Sisters	5
The Good Shepherd Sisters	4	Civil Assoc. Club of the Elders	1
Caricuao Psycho-educational Unit	4	Civil Assoc. San Fernando Home-Shelter	1
Miguel Antonio Caro Bolivarian School	2	La Guaira Psycho-Educational Unit	6
CEIC Gabriela Mistral	5	Macarao Civil Registry	1
Caracas Metropolitan Autonomous Institute for the Youth	2	Secular Franciscan Order	20
Lus Mangos National School	2	Divina Pastora Augustinian School	10
LPB Gustavo H. Machado	2	B. Claret School	10
Venezuelan Red Cross	5	Mother E. Jaramillo Archdiocesan School	10
Luis Cárdenas Saavedra National School	20	Los Roques Scientific Foundation	5
Padre Mendoza National Basic School	6	Metropolitan Council for the Rights of the Children and Adolescents	3
Holly Trinity School	4	Miranda State Firefighters	1
CICPC Division Against Robbery	1	María Auxiliadora Popular Technology School	5
José González Navarro	2	Quebrada Seca School	5
Educational Zone Falcón, School District N° 01	2	María Teresa Toro School	4
Committee of the Hospitalized Child, Falcón	2	Tomás Vicente González School	8
Vicente Emilio Sojo National Basic School	3	Caucagua Creation Basic School	1
Dr. Pantur Oropeza IVSS (Social Security)	2		
Authority of Scientific and Criminal Investigation (CICPC)		Total Computers	115
El Vigía Sub-Station	3	% Variation - Favored Institutions 2006/2007	(71.05)
Lya Imber de Coronil Pre-School	2	% Variation Equipment Recycled 2006/2007	(63.83)
Association of Workers with Hear Loss			
Los Altos Mirandinos	2		

Our Environmental Commitment



- In relation to the service of pipe water supply, it has to be ensured that the project counts on the service capacities and the required stability in terms of delivery. If the project cannot ensure the public service delivery and the marketer proposes a deep well as a solution, it has to be verified that the well has been previously authorized by the Ministry of the Environment and that the water is suitable for human consumption. Generally, the results are requested after the diagnosis: purity and mineral composition, among others.
- As for treatment plants, they have to possess the required permits issued by the Ministry of the Environment. A series of inspections are conducted to determine that the location will not cause future environmental damages and verify that the condominium or field agreements include maintenance commitments for deep wells and treatment plants.
- Generally, we support traditional construction systems. When receiving a project presented with non-traditional constructive systems we verify that they have been previously tested and adjusted to the Venezuelan rules. Technical suitability certificates issued by recognized institutions (as the National Institute of Structural Models, INME) or others are required. Likewise, constructive elements should not include high contents of polymers, acetates or asbestos.
- Projects must comply with the standard distances in relation to tributaries, high tension towers and protection zones, and at the same time their compliance with equipment standards for a sane habitat.
- When the projects locate over beaches, we verify their compliance of the special norms for that type of initiatives, both for tourism or for housing.



Environmental Sponsorship

Organization/Institution	Project	Amount Bs.F
Los Roques Scientific Foundation	Execution of the Educational Project at the Los Roques Archipelago Bolivarian Education Unit and strengthening of the Dos Mosquises Biology Sea Station	103,772
	Funding of the Educational-Environmental program for the Academic year 2007-2008	17,750
	Pre-Hispanic Archeology Workshop at the El Gran Roque Bolivarian Education Unit	20,680

- Last, but not the least, we try to ensure that the financed projects have their fitness certificate before beginning the sales process.

PRODUCTS TRANSPORTATION: Banesco does not cause measurable environmental impact with this activity, as the products transported by the bank to its nationwide agencies network are office stationary, printed documents, as well as technology equipment and consumables.

PERSONNEL TRANSPORTATION: Our staff uses their own vehicles as transportation means to go to Banesco, return to their homes and reach different administrative facilities in the capital region. When the staff has to go to an event which has been organized outside the organization, Banesco covers the expenses incurred for that movement and, if necessary, hires transportation services.

BRANCHES OPENING: Banesco does not carry out previous environmental impact studies in the areas where we open branches, unless they are required by the municipal authorities. We do design market feasibility analysis, as well as growth and takings evolution studies at the geographical area where the point of attention will be opened.

PAPER CONSUMPTION FOR PRINTED DOCUMENTS AND PHOTOCOPIES: We integrate the Commercial Web Credit Workflow with the Electronic Management of Documents system to obtain a single electronic and digitalized file of the customer. This allows a minimum use of paper in our business processes and a faster response for our customers' credit requests.



Our Suppliers

Main Action Lines in 2006

- We evaluate the administrative and financial procedures with a view to implement within the organization a system that supports the envisaged processes, covering in the process the whole chain of value in terms of budget and procurement.
- We select our suppliers according to the evaluation matrix of the administrative systems offered to cover the envisaged processes.

Management evolution against 2006 and main action lines in 2007

- We carried out a 100% implementation of the SAP system as a support to the administrative and financial management of the organization.
- We updated our processes of procurement, payment, transportation logistics, inventory, fixed assets, advancements, as well as budget and costs control.

Commitments made for 2008

- Creating a Responsibility Center addressed to the Operational Excellence and aligned with Banesco's Strategic Planning program, so as "100% of our suppliers with important transactions and/or strategies could comply with the Procurement Committee's guidelines."
- Developing the "Assessment Stage 1" project to determine the planning and execution in the second half of 2008 and the following two years.

The goals of the Responsibility Center addresses to Operational Excellence involve other commitments:
- The Gelecom should be able to manage 100% of the files corresponding to commercial credits of the highest 500 debtors with a balance over Bs.F 750 and Bs.F 500,000, 100% of the new files of commercial credits and 30% of the new files of Credit Cards.
- Continuing with the training activities for the use of this tool in the areas that are being incorporated to the Gelecom platform (Agricultural and Energy Banking).

Suppliers					
Servicio	N° of Suppliers			% on Total	
	2006	2007	% Variation	2006	2007
Hardware store, parts, material and other supplies	94	116	23.4	5.72	6.5
Stationary	37	31	(16.21)	2.53	1.7
Office equipment	14	14	-	0.85	0.79
Hardware and software	24	23	(4.16)	1.46	1.30
Furniture	8	9	12.5	0.48	0.51
Forms and value paper	20	20	-	1.21	1.13
Credit and debit cards	3	2	(33.33)	0.18	0.11
Cleaning articles	3	3	-	0.18	0.17
Fittings	8	8	-	0.48	0.45
Food stamps	-	2	-	-	0.11
Other equipment	8	16	100	0.48	0.9
Real Estate	4	3	(25)	0.24	0.17
Technology	50	44	(12)	3.04	2.48
Maintenance	193	151	(21.76)	11.75	8.51
Advertising and Marketing	259	250	(3.47)	15.77	14.09
Transportation, mail and courier	44	46	4.54	2.67	2.59
Hotels and travel agencies	93	102	9.67	5.66	5.75
Fees and consultancies	293	292	(0.34)	17.84	16.46
Real Estate renting	131	174	38.82	7.97	9.81
Equipment renting	7	13	85.71	0.42	0.73
Photocopies and printed papers	2	2	-	0.12	0.11
Notary and registry services	11	11	-	0.66	0.62
Surveillance	8	10	25	0.48	0.56
Affiliations and subscriptions	12	18	50	0.73	1.01
Telephone and telecommunications	8	10	25	0.48	0.56
Cleaning	8	7	(12.5)	0.48	0.39
Condominium and administrators	149	154	3.35	9.07	8.68
Training	61	60	(1.63)	3.71	3.38
Electricity	14	19	35.71	0.85	1.07
Other services	76	164	115.78	4.62	9.24
Total	1,642	1,774	8.03	100.00	100.00

- Reducing the costs and response times of the service, both for internal and external customers.

Our policy for contracting with suppliers

All suppliers must consign the required documentation to be registered in our administrative system. Among these requirements are the following:

- Commercial Registry
- Audited financial statements
- IRS statement
- Mandatory Social Security Clearance
- Having an account in Banesco

Our Suppliers

- CADIVI (foreign exchange government office) documents

- Price list of services and products

Purchases over Bs.F 1 million go to the Procurement Committee for evaluation and recommendations, after being submitted to an analysis conducted by the Credit Division and the review of the Operating Risk office.

To make a purchase, at least three different budgets are required. Afterwards, these budgets are analyzed and the Bank selects the best offer in term of price, response time and quality product.

The analysis includes a visit to the factory or the company, in order to assess its installed capacity and if it counts on enough inventories and stocks.

Alliances

We join efforts with our suppliers in order to reinforce our social action in the community. Our suppliers are aware of the importance of creating alliances to mitigate the community problems and offer a higher quality of life for the citizens.

Together with them and our Social Partners, Banesco held the following activities last year:

Amount paid to suppliers

Service	Amount Bs.F			% on Total	
	2006	2007	% Variation	2006	2007
Hardware store, parts, material and other supplies	21,792,578	26,239,607	20.4	4.39	2.80
Stationary	9,699,724	15,659,288	61.44	1.95	1.67
Office equipment	8,229,818	29,122,865	253.87	1.66	3.10
Hardware and software	17,885,465	26,105,043	45.95	3.60	2.78
Furniture	518,644	11,332,243	2,084.97	0.10	1.21
Forms and value paper	19,701,716	14,901,931	24.36	3.97	1.59
Credit and debit cards	1,327,928	3,701,981	178.77	0.26	0.39
Cleaning articles	2,329,303	3,694,166	58.59	0.46	0.39
Fittings	984,927	4,735,295	380.77	0.19	0.50
Food stamps		11,586,382			1.23
Other equipment	599,077	4,198,677	600.85	0.12	0.45
Real Estate	1,033,670	21,520,680	1,981.96	0.20	2.29
Technology	51,971,441	87,322,846	68.02	10.4	9.30
Maintenance	73,728,295	142,867,986	93.77	14.8	15.22
Advertising and Marketing	55,062,382	75,951,565	37.93	11.1	8.09
Transportation, mail and courier	50,769,190	106,489,815	109.75	10.24	11.35
Hotels and travel agencies	8,055,817	13,600,959	68.83	1.62	1.45
Fees and consultancy	65,436,197	75,265,030	15.02	12.9	8.02
Real Estate renting	29,678,338	53,254,359	79.43	5.98	5.67
Equipment renting	7,357,267	55,129,107	649.31	1.48	5.87
Photocopies and printed papers	6,726,351	7,910,468	17.60	1.35	0.84
Notary and registry services	721,174	1,566,777	117.25	0.14	0.17
Surveillance	7,330,897	15,789,193	115.37	1.47	1.68
Affiliations and subscriptions	998,548	966,338	(3.22)	0.20	0.10
Telephone and telecommunications	6,145,438	33,098,596	438.58	1.23	3.53
Cleaning	9,489,563	12,904,361	35.98	1.91	1.37
Condominium and administrators	10,517,286	13,326,159	26.70	2.12	1.42
Training	7,081,490	8,988,985	26.93	1.42	0.96
Electricity	8,584,650	7,458,185	(13.12)	1.73	0.79
Other services	11,984,537	53,883,168	349.60	2.41	5.74
Total	495,741,707	938,572,055	89.32	100.00	100.00

Social Investment of our Suppliers

		2006	2007
Supplier	Alliance	Investment Bs.F	Investment Bs.F
Restoven de Venezuela	Snacks for events at Fundana	772.76	5,176.04
Recrea	Recreational activities at Fundana	5,500.00	8,000.00
Indesir	Events at Fundana	10,200.00	
Total Bs.F		16,472.76	13,176.04





Our Suppliers

Most Significant Suppliers in the Capital Region

Type of Service	Nº Suppliers	Average 2006 Bs.F	Average 2007 Bs.F	% Variation	% on Total	
					2006	2007
Couriers	3	500,000.00	680,000.00	36.00	31.00	34.14
Printing and Copies	2	623,000.00	712,000.00	14.29	38.62	35.74
Value Paper	1	490,000.00	600,000.00	22.45	30.38	30.12
Total	6	1,613,000.00	1,992,000.00	23.50	100	100

Most Significant Suppliers in the Mid-Western Region

Service	Nº Suppliers	Average 2006 Bs.F	Average 2007 Bs.F	% Variat	% on Total	
					2006	2007
Hotels and travel agencies	3	32,221.16	22,866.36	(29.03)	8.81	4.58
Electricity	2	66,588.60	68,433.09	2.76	18.2	13.69
Equipment Maintenance	2	39,201.42	62,799.03	60.19	10.72	12.57
Offices cleaning and conservation	4	227,775.86	345,599.05	51.72	62.27	69.16
Total	11	365,787.04	499,697.53	36.61	100	100

Most Significant Suppliers in the Zulia-Falcón Region

Service	Nº Suppliers	Average 2006 Bs.F	Average 2007 Bs.F	% Variat	% on Total	
					2006	2007
Hotels and travel agencies	1	3,470.00	15,288.00	340.57	1.84	4.8
Equipment Maintenance	2	27,297.40	58,699.00	115.03	14.51	18.44
Offices cleaning and conservation	3	125,062.00	207,291.90	65.75	66.48	65.12
Transportation, mail and couriers	2	32,300.00	37,058.00	14.75	17.17	11.64
Total	8	188,129.40	318,336.90	69.21	100	100

Most Significant Suppliers in the Eastern Region

Type of Service	Nº Suppliers	Average 2006 Bs.F	Average 2007 Bs.F	% Variat	% on Total	
					2006	2007
Real Estate Renting	6	155,893.00	118,600.00	(23.92)	40.1	37.68
Offices cleaning and conservation	2	60,000.00	38,601.00	(35.67)	15.42	12.26
Transportation, mail and couriers	1	31,700.00	26,000.00	(17.98)	8.15	8.26
Equipment Maintenance	4	77,800.00	61,800.00	(20.57)	19.9	19.63
Furniture	1	14,000.00	25,800.00	84.99	3.6	8.2
Fees and Consultancy	1	23,600.00	20,000.00	(15.25)	6.1	6.35
Hotels and travel agencies	3	26,200.00	24,000.00	(8.40)	6.73	7.62
Total	18	389,193.00	314,801.00	(19.01)	100	100





Procurement Committee

The Procurement Committee is an organizational body of coordination that shall foster the ideal design of the procurement operations that are the framework of any event involving goods acquisitions, input and/or services or negotiation, even when it doesn't involve the immediate disbursement of funds.

ROLES AND MEMBERS OF THE PROCUREMENT COMMITTEE

PRESIDENCY: Executive Vice Presidency of Administration and Control

SECRETARY: Legal Consultancy

APPLICANT: An administrative or self-management area

DECISION MAKING TEAM

- Administrative Vice Presidency
- Executive VP of Electronic Channels
- VP of Physical and Operational Infrastructure Conservation
- Management of IT Administrative Division

SUPPORT TEAM

- VP of Legal Consultancy
- VP of Commercial Credit Analysis
- VP of Operating Risk

OBJECTIVE

Acting as a corporate mechanism of autonomy in the purchase processes, in order to add value to them, so as the organization is able to evaluate, endorse or question the design of the acquisition operations for goods and services in order to help the areas with self-management in purchases to optimize the value they deliver to the organization.

IN THE SEARCH OF AN EFFICIENT MANAGEMENT OF OPERATIONS:

- Creation of the Electronic Folder "Procurement Committee Operations":
- Evaluation forms from the supplier and procurements operations forms: models and results.
- Historic registry of the Committee's resolutions.
- Management reports

— Creation of the Suppliers Corporate Registry

- Ensuring purchases consolidated by supplier, simultaneous purchase in course, or even accumulated.
- Some suppliers create "consolidated risk" to place equal or different staples in one and/or several areas. In such a case, the analysis should be focused on the supplier rather than on the operation.

— Review of all the important contracts non-analyzed during the last year:

- Contracts that involve critical staples for the business continuity shall be carefully analyzed.
- Involves selection and review by each contract holder together with Legal Consultancy and Risk (to evaluate the impact on the business in case of non-fulfillment by the supplier).

— Scope of the Committee's purpose, which could be expand over time:

- The committee can make strategic analysis to optimize costs and propose ideas and initiatives.
- The committee must watch over, on a permanent basis and particularly, the critical services contracts or critical staples.
- The committee is entitled to establish guidelines based on the best practices both in terms of know-how and its own experience.

COMMITTEE POWERS

- The committee will process, endorse or question any Procurement Operation higher or equal to the minimum autonomy of the Procurement Committee.
- The exceptions shall be agreed-upon by the same committee in the case of high atomicity of suppliers or the specific market's dynamic, among others.
- The operations endorsed which amount is higher than the maximum autonomy of the committee will be validated by the Directive Committee.
- The operations questioned shall be reformulated according to the issues and shall be informed and evaluated by electronic means.
- Every supplier, true or potential billing party on year after the minimal autonomy of the Procurement Committee, shall be



Our Suppliers

endorsed under the modality of Operation of Procurement, even if none of the operations totalizes that amount and even if those operations are distributed among several Responsibility Centers.

SELF-MANAGEMENT IN PURCHASES

- Administration-Purchases
- IT and Processes
- Marketing
- Physical Infrastructure
- Electronic channels (including requirements of Commercial Cards)
- Physical and Operational Infrastructure
- Card-Operations
- Human Capital
- Security

SUPPLIERS AND REQUIREMENTS

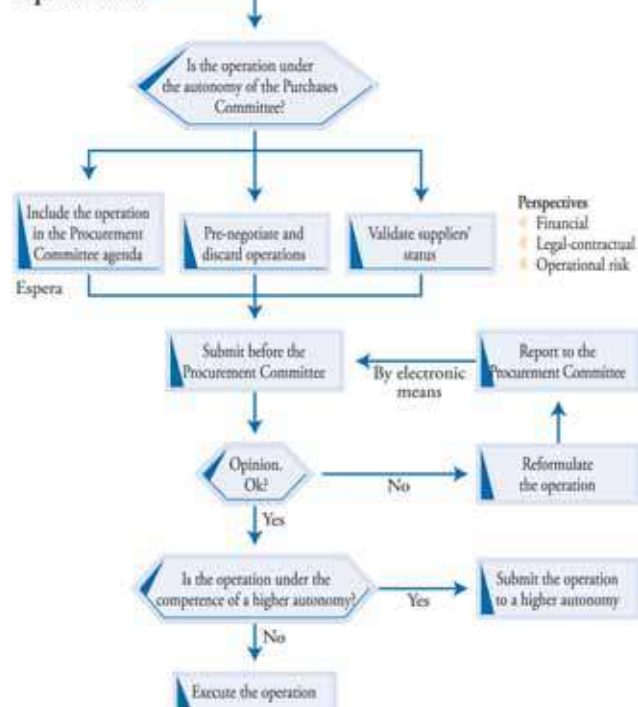
Previously to the activation of the Procurement Committee, the Self-Management Areas in Purchase shall request to their suppliers the following:

- Copies of the RIF and NIT documents
- Charter copy, including their corresponding amendments or incorporations, if any.
- Card Identity copies of the company's binding parties
- Financial Statement closing the three last fiscal years, signed by a Public Accountant.
- Trial Balance updated, if it has been issued after the six months of its closing date
- Debt Table
- Workload Table, for those companies that work through contracts
- General information about the company's activity

The suppliers will be able to deliver or not the following documentation:

- Calculation of the revenues corresponding to one year, as of the beginning of the process. If the supplier presents cyclical sales, it shall indicate the quarterly sales percentage.

When analyzing procurement requirements...



- Costs and expenses to be incurred for the present period, as well as potential investment or acquisition plan of machinery and equipment.
- Remodeling planned for the period
- Indicate the flow if the supplier is considering to cancel dividends in cash.
- Projection of debts repayment with the banking system (capital and interests)
- If the supplier does not have cash flow, it shall indicate the following premises: sales estimated for the following year; monthly percentage of sales, estimation of benefit margin for the following year.

Optional documentation: Monthly projection of cash flow for a year, from the starting date of the process, in order to apply for Banesco supplier.

- As of 2008, the areas shall request this information to their suppliers that have or cover the amount of Bs.F 1,000,000 and send it to the Credit Area, addressed to Mr. Rafael Calles, who will be in charge of the Financial Evaluation. They shall also attach the Evaluation of Operational Risk.

Our Commitments to the Authorities



Main action lines in 2006

- First steps of the National Systems of Payments' modernization, according to what has been promoted by the BCV along with the financial institutions.
- Fulfillment of the minimum levels legally established in relation to the specialized credit portfolio.
- Fulfillment of the new regulation related to the so-called indexed credits.

Management evolution against 2006 and main action lines in 2007

- Continuation of the BCV's initiatives to encourage the modernization of the National System of Payments which marked the beginning of the project second stage.
- Successful fulfillment of the Currency reconversion process.
- Fulfillment of the minimum levels legally established in relation to the specialized credit portfolios.

Commitments made for 2008

- Strengthening our structure to solve our customers' claims which are remitted to the Bank by the Superintendence of Banks.
- Strengthening the areas that evaluate and analyze the different bills with an impact on the financial sector which have been introduced by the central government in the Enabling Law and considered by the National Assembly.

Our Policy

A fundamental factor of Banesco's philosophy is the efficient encouragement of social inclusion of the groups that remain outside the financial system, as an instrument to foster the struggle against poverty and to support the economic growth of the country. This, in turn, helps to achieve the central government's goals which are established in the Constitution.

We also work to be an active partner both for the central government and regional and local governments, in order to encourage the development and diversification of productive activities.

Banesco's doctrine is based on a careful observation of its fiscal obligations, not only to abide by the regulations in force but also as an integral part of its social responsibility and institutional reputation.

Therefore, as corporate citizens we respectfully observe the laws on fiscal and parafiscal matters, honor within the established period the commitments and legal contributions, both the national and regional ones, as well as the contributions to the banking sector regulatory bodies.

Modernization of the National System of Payments

The Phase Two of this project was implemented in January, as a part of the initiatives launched by the Central Bank of Venezuela and financial institutions towards the modernization of the National System of Payments.

Our Commitments to the Authorities

Taxes Paid for own Operations (Thousands Bs.F)			
	2006	2007	% Variation
IRS	-	76,600	-
Tax on Economic Activities	25,659	42,892	67.16
Tax on Financial Transactions	-	5,584	-
Value Added Tax	63,277	78,590	24.1
Contribution Organic Law of Science, Technology and Innovation	-	21,705	-
Technology projects	-	19,319	-
Taking Projects	-	386	-
Contributions	-	2,000	-
Commercial Publicity and Urban Buildings	592	579	(2.19)
IDB	846	-	-
Law of Food for the Workers	12,964.73	16,393.02	26.44

Parafiscal Contributions (Thousands Bs.F)			
	2006	2007	% Variation
Law on Housing and Habitat	2,706	10,472	286.99
SSO (Social Security)	12,107	18,602	53.64
Employment Law	2,570	4,104	59.68
INCE	3,439	5,241	52.99

Contributions to SUDEBAN and FOGADE (Thousands Bs.F)			
	2006	2007	% Variation
Superintendence of Banks and other Financial Institutions	20,005	30,346	51.69
Fund of Guarantee of deposits and Banking Protection	65,041	87,026	33.80

Banesco adjusted its systems to send Payment Files to Third Parties in accounts held by other banks, Credit Cards payments of other banks and Transfers to Third Parties in other banks, which are liquidated during the same labor day of its reception.

Besides, the internal processes of control for Third Parties transfers were automated, as well as those for the Management of Transfers Operations for Corporate Customers managed by the Treasury. In March we achieved the implementation of the Phase III of the CCE Project, corresponding to the Domiciliation process in accounts held by other banks. To achieve this it was necessary to make all the adjustments required for sending domiciliation files, Internet and ATMs for domiciliation requests.

In June 2007 the Electronic Payment project was implanted, creating important improvements in our Suppliers Payment Service. This system allows companies to manage a payment schema that makes easier its conciliation, the issuance of payment receipts with detailed billing, electronic notification to the beneficiaries, and consultation of operations via Internet by customers and beneficiaries.

Currency Reconversion

The VP of Operations was a key factor for the success of the Currency Reconversion process. In this sense, the required tests were conducted so as the systems supporting the operations could be active at the beginning of 2008.

Likewise, before December 31, 2007 an amount of Bs.F 819 million was distributed to support the launch of the Currency Reconversion process in subsidiaries and ATMs.

We achieved the coordination, alignment of activities and processes carried out by the project, guaranteeing the transaction synchronization, versatility and success (deadline).

Additionally, and as an added value to the management, the Control Center was designed and implemented, which allowed a careful minute by minute follow-up of the transaction period and birth of the so-called Bolívar Fuerte ("Hard Bolívar"), ensuring the detection and immediate solution of potential adverse events and certifying the project's success.

During the second half of 2007, we continued with the process of awareness of the Bank's internal and external audiences about the Currency Reconversion process and the adjustment of all the proceedings required for an ideal functioning, vis-à-vis the customer in record time.

The importance and impact of the Currency Reconversion on our business and Banesco's permanent and firm belief that we must fully enforce the laws and regulations imposed by the State, guided us during the second half of 2007 to establish a 46-project work program, over 390,316 m/h with 40,000 planned activities, the participation of a multidisciplinary work team composed of 1,000 people, IBM support as Consultancy team and the hiring of 49 technology suppliers, detection of 196 impacted applications and 1,222 business processes to be redesigned, development of systems at our software factory in Buenos Aires where 25% of the technological requirement were executed, use of the best-known methodology for systems development and establishment of a control and monitoring room.

We conducted 6 rehearsals with all the impacted systems of the bank, made 3,185 visits to customers (1,552 specialized bankings and 1,633 SMEs) and gave 96 massive public lectures all over the country, as well as the detection of operating risks and its mitigating actions, an aggressive and appropriate communicational strategy, supporting at the same time our human capital with training for over 10,000 employees. All this made possible the achievement of an impeccable

Our Commitments to the Authorities

Informative Lectures

In 2006, Banesco began a nationwide cycle of lectures, opened to the general public, where experts on this matter gave detailed information

about credits of the specialized portfolios and how to get this kind of financing. Due to the high impact of this initiative, in 2007 this activity was underlined, with a significant expansion of the budget portion devoted to these activities. This allowed an evident increase of the geographic coverage. The number of lectures given mirrors the increase of beneficiaries in terms of information and credits granted.

We make available to the regulatory bodies all the information related to the credits we offer, when they ask for this information.

Informative Lectures			
Year	N° of Lectures	N° of Participants	N° Target-Cities
2006	28	3,786	16
2007	60	8,454	24
% Variation	114.28	123.29	50

Specialized Credit Portfolio

Banesco has excelled in term of fulfillment of the minimum levels legally established in relation to the specialized credit portfolios (agriculture, tourism, micro-credit and mortgage credit, and their different modalities, both in 2006 and 2007), treating them as credit operations that create wealth and foster the activities which directly support the productive development of our country. We emphasize the timely attention to our customers' requests, providing them with services and products adjusted to the specific needs of each economic sector and always supporting the initiatives that involve the creation of direct and indirect jobs.

On the matter of mortgage credits to acquire a principal home, Banesco has achieved a progressive increase of our response level, financing each year a growing number of families nationwide. This means that many Venezuelans are able to materialize their dreams of having a home property thanks to Banesco, while at the same time we help to improve our customers' and their families quality of life.



Specialized Credit Portfolios

Portfolio	2006	2007	%	2006	2007	%	2006	2007	%
	Total Amount (MM Bs.F)	Total Amount (MM Bs.F)		% Required	% Required		% Maintained	% Maintained	
Modalidad			Variation			Variation			Variation
Tourism	111,849.5	270,679.4	142	2.5	3	20	2.16	3.05	41.20
Micro-entrepreneurs	192,503.1	765,590	297.70	3	3	-	5.79	6.59	13.81
Agriculture	906,492.5	1,581,644	24.47	16	21	31.25	17.50	22.48	28.45
LP Mortgage	212,680.8	450,301.7	111.72	3	5	66.66	4.11	5.07	23.35
CP Mortgage	299,160.5	415,851.1	39	7	5	(28.57)	5.77	4.68	(18.89)

Currency Reconversion process, with excellent results for our customers, the regulatory bodies and our organization. Banesco was the bank with the lower interruption time of its services, and the higher availability of Bs.F in the market through our wide ATMs network and subsidiaries, without incidents as a result of the Currency Reconversion process. Thanks to this performance, the BCV and the Superintendence of Banks congratulated and acknowledged Banesco's excellence, ratifying again our leadership in terms of technological advance in the Venezuelan market.

EXTERNAL CAMPAIGNS

- In order to address our varied audiences, we develop the following campaigns:
- Publication of 10 special editions on the national printed media.

- Merchandising at subsidiaries.
- Publications at Banesco's sites.
- 0-500 FUETE1, phone attention center exclusive for Currency Reconversion.
- Distribution of BCV leaflets related to the Currency reconversion.

INTERNAL CAMPAIGNS

- Internal communications campaigns with 75 different materials (newsletters, boards, newspapers, etc.)
- Design of the Currency reconversion site.
- Existent relation with the regulatory body.
- Sudeban paid two visits to Banesco and made inspection reports.



Our Commitments to the Authorities

Regulations

Banesco pioneered in the fulfillment of the following regulations: Tax on Financial Transactions (ITF), Change of Time Zone, Franchises Requirements Visa and Master Card and CADIVI.

- Banesco begun successfully and on record time the application of the Tax on Financial Transactions, simultaneously with the complex program of Currency Reconversion, adjusting its transactional systems in order to comply with the collection of the new tax.
- Banesco was N° 1 in the updating of all its systems and platforms for the change of Venezuela's Time Zone in a transparent manner for our customers. We automated over 12,000 workstations and more than 800 servers in just 45 minutes.
- We complied on time with the duties as Exchange Operator, incorporating to the CADIVI portal all the requests of foreign currency (Internet, travel and cash) required by our customers in the 2007 last quarter.

The review and renewal of CADIVI Module 2008 certificates allowed our customers to continue using their credit cards abroad after the change of the year, comply with the technical regulations published and imposed, and maintain continuous conciliations of the CADIVI and Banesco databases.

Banesco also fulfilled the provisions established by the Organic Law of Science, Technology and Innovation, which fixes a 0.5% contribution of the annual gross revenues obtained through innovation projects. In 2007 the Bank devoted Bs.F 50,000 to Interciencias and, additionally, Bs.F 7,797,000 to proprietary projects related to the area of technological innovation.

Likewise, the institution complies with the Organic Law against Illegal Trafficking and Consumption of Drugs and Narcotic Substances (LOCTISEP) and the Article 96 linked to the corporate responsibility in drugs prevention, according to which private and public legal persons with 50 workers or more will allocate one per cent (1%) of their annual net income to integral social prevention programs against drug trafficking and consumption for their workers and families; 0.5% out of this percentage shall be allocated to integral protection programs for children and adolescents, who will be the first and more important priority. The legal persons belonging to economic groups will be consolidated in order to comply with this provision.

In this way, Bs.F 53,370 were authorized for the Fundacuid, a foundation that in turn allocated the resources for the contract of professional technical assistance on the matter of drugs for the community that hosts the Canaima School (AVEC) in La Vega, Caracas.

Fines and non-fulfillment

During the years that ended on December 31, 2007 and 2006, Banesco did not receive from the National Securities Commission, Central Bank of Venezuela or FOGADE, any kind of sanction due to non-fulfillment of the regulations established by these regulatory bodies. Banesco did not receive any sanction for non-fulfillment of the guidelines established by the rules in force in relation to free competition or anti-trust rules. In relation to the communications received from the Superintendence of Banks and Other Financial Institutions, no events were recorded with a significant impact on the Bank's financial situation and patrimony.

Lawsuits, eventualities, contractual and fiscal commitments are half-yearly showed in the Financial Statements audited by the Bank, according to the requirements of the Regulatory Body and included in the Commitments and Eventualities Notice. The bank does not expect these lawsuits, eventualities, contractual and fiscal commitments to produce any impact on the financial statement as a whole, up to December 31, 2007 and December 31, 2006. These audited financial statements can be seen at the Venezuelan Banking Association Web page (www.asobanca.com.ve).

Likewise, we keep a close eye to the strict fulfillment of the legal provisions to which Banesco is submitted as a financial institution, such as: the Decree with Rank and Force of the General Law of Banks and Other Financial Institutions, the regulations and instructions established by the Superintendence of Banks and Other Financial Institutions, through its instruction manuals, announcements and official letters. It is worth mentioning that, due to the fast growth rate experienced by the Bank during recent years, we have considerably strengthened our organizational and functional structure, the internal control systems, supported by cutting-edge technology and a human capital committed to the Bank in order to face and meet on time the demands of the regulatory bodies, our customers and the general public.

The Making Process of the Corporate Social Responsibility Report 2007



Principles for the definition of the report's contents

Following the recommendation of the Guidelines for the Elaboration of Sustainability Reports of the Global Reporting Initiative (GRI), Banesco considered each one of the principles for the definition of the report's content and reserved several paragraphs to analyze and apply them to our report.

Banesco evaluated organizational factors and strategies in order to determine the materiality of the report's information, and to this aim:

1. The review of the organization's mission and vision led to the following topics:

- Financial access and inclusion.
- Tailor-made innovation and offers for the customer.
- Quality service follow-up.
- Increase of the human capital's competences as relevant aspects of this report.

2. The expectations of employees, stockholders, suppliers and customers were analyzed through an internal exchange with the areas that maintain a continuous relation with them (Human Capital, Innovation, Marketing, Sales, Administration, etc.). The interest topics that emerged from this analysis were:

- Actions to improve the employees' quality of life (for example, the *Tu Casa con Banesco* program).
- Training programs.
- Health and Safety campaigns for the employees.
- Fair wages over the minimum wage.
- Rules for the relation with suppliers in a Procurement Commitment.
- Dialogue spaces (such as Words for Venezuela, lectures on Currency Reconversion to the customers, regional visits by the Bank's president to the customers, among others).
- Mutual satisfaction (between employees and organization, customers and organization, social partners and organization).
- More and better Access Infrastructure, with availability and safety guaranteed.
- Joint actions to support the community through the Social Partners.
- Reduction of paper and energy consumption.
- Capital democratization through the issuance of preferred shares.

Banesco's stakeholders groups are the axis of its CSR program. Therefore, this report has been organized around them and devotes a whole section to each one of them, where the reader is able to observe the stakeholders' mechanism of participation in 2007, with the organization and the number of media used to inform and being in touch with them.

First of all, the internal stakeholders are the stockholders and employees. In the case of the employees, we have compiled in this report the results of two of the follow-up instruments to measure their satisfaction levels with the organization and actions to improve their quality of life, as well as internal information and communication means.

The main external stakeholders are composed of the customers, the suppliers and Banesco's Social Partners, and along the report we show the interactions made with them in 2007. The report particularly reports our customers and social partners' satisfaction surveys with aspects related to their relations with Banesco.

Other external stakeholders also important for Banesco are the Authorities and the Community, and as such they have a special section in this report.

Banesco's goal is to establish increasingly formal and systematic mechanisms to raise the expectations and reasonable interests of its stakeholders, with a view to build a formal process of participation of the stakeholders in the creation of the report's contents, and provide a growing guidance for Banesco's actions in the matter of CSR in order to meet the reasonable priorities of its stakeholders and report its performance in relation to those priorities.

With this report, Banesco adopts the premise of reporting its performance in the framework of sustainability. That is, its purpose is not only to inform about its individual performance, but also to report its work within a wider context, including:

- The strategy of contributing with the future through the financial inclusion as a tool to fight poverty and the actions already underway in this sense, such as Community Banking and the increase of the available infrastructure for this access.
- Support the cause of training free and productive citizens, conscious about their role in the public scene, considering that children and youths are the most relevant and strategic investment, and that the highest duty of the Venezuelan society is to strengthen its educational system. For this reason, our efforts have been focused on an alliance that has multiplied its potential with more than 12,000 volunteers who work in Banesco, with over four million customers, with committed businessmen and suppliers, and with the social partners. In a word, the people who day by day make things.



The Making Process of the Corporate Social Responsibility Report 2007

- The value attached to the organization's human capital, which is reflected on wages above the legal minimum, promotions, continuous training, the support program for buying homes, among others.
- The importance of dialogue to find solutions and exchange ideas with social actors who have already found solutions, with spaces such as Words for Venezuela.
- The organization's impact on the creation of direct jobs at the different regions of the country, indirect jobs through the regional distribution of its suppliers, opportunities and regional services for the customers and regional donations.
- The actions and amounts of the investment in training were lower against 2006. Due to the Currency Reconversion it was necessary to make adjustments to the training programs. We only maintained those programs that because of business strategy had to be coordinated, as well as the training of new employees.
- We were unable to achieve at a 100% the training of new employees on the matter of capital legitimization, basically in the countryside, as a result of the Currency Reconversion process. The suspended courses were reprogrammed for the first two months of 2008.
- The health campaigns achieved lower results than those reported in 2006. This activity was also affected by the Currency Reconversion process.
- No training actions on the matter of Human Rights were developed.
- As for the Code of Ethics, the writing of the new "Code of Conduct of the Banesco Citizen", which will replace the previous one, was delayed for 2008. It will enter into force in 2009. The Code of Ethics in force is available at our Web site www.banesco.com.
- The satisfaction of our Social Partners decreased, particularly in relation to the response time and projects' results. We ratify our commitment to evaluate this aspect together with the organizations that expressed less satisfaction, in order to identify weaknesses and take the required steps.

Finally, the content of this report was guided by the Principle of Exhaustivity (comprehensiveness) in terms of scope, coverage and time.

In relation to the scope, this report includes all the aspects that were deduced as relevant for each stakeholders group, based on the internal knowledge of them, as a formal consultation process was not opened. However, as it has been previously mentioned, the organization has plans to establish and put into practice more formal mechanisms to raise these topics, so as we could focus on the stakeholders' reasonable priorities.

The coverage of this report only includes Banesco Banco Universal in Venezuela, and specifies the organization's regional results corresponding to its performance on the matter of employees, customers, suppliers and installed infrastructure.

It is worth mentioning that, in order to favor the comparison of the data with their current use, in this report all investments and costs are indicated in Bolívars Fuertes (Bs.F). To do so, all the figures expressed in "old" bolívars were divided into 1000.

Principles to define the quality of the report's content

In order to ensure the quality of the information displayed in this report, Banesco watched over the enforcement of the principles to define the quality of the report elaboration, which are established in the Guidelines for the Elaboration of the Sustainability Report of the GRI. Fulfilling the principle of Balance, the report gives account of the unfavorable aspects, such as:

Most of the figures reported were displayed into detail for 2006 and 2007, with their respective variation rates. This allows a comparative approach of the performance for the two periods. In this sense, it is important to mention that the 2004 to 2006 reports did not include the same indicators used in the present report. We also did an important review exercise of the figures and homologation of the sources affecting the compatibility of the indicators used in the reports from 2006 and backwards.

The source of this lack of compatibility was the fact that the data of one topic were obtained from different areas of the Bank and, in some cases, there were differences in the method to classify the information.

To solve this problem, during the process of data recovery in 2007 Banesco established one representative per issue and then a restructuring was applied for the purpose of comparing the figures previously supplied for 2006.

The Making Process of the Corporate Social Responsibility Report 2007



Some of the task we expect to tackle in depth in future reports in order to fulfill this standard is the comparison with the results obtained by other financial institutions in the variables of public nature (Benchmarking), as this report has only offered an incipient treatment in this sense.

With a view to guaranteeing the Precision of the Information, this report has used the technical protocols of the GRI's guidelines in order to understand and formulate the quantitative and qualitative indicators presented. In general terms, the quantitative indicators are reported together with the variables that allow their calculation. This, in turn, makes easier the understanding of how they were obtained.

The data reported correspond to the organization's registries at their different systems of information management or internal registry mechanisms. In general terms, the data corresponds to public information published and reported to the regulatory organizations, so they are perfectly verifiable.

The Frequency of the report in annual, as it is clearly established. The report is published during the second half of the year following to the year reported. In this sense, Banesco intends to publish the report of the next year (2008) during the first half of the following year (2009). Another advantage to improve the report is the notification about when will be the next updating of the report. This information has not been included as a part of the information supplied.

Another premise of this report was Clarity. For this reason, the 2007 report includes the most relevant elements in a readable document in terms of language simplicity, the visualization of figures and graphic expressions of the management and the volume of pages.

In order to guarantee the Reliability of the information displayed and the procedures followed for the elaboration of this report, it has documented all its internal sources for each aspect reported, and they has been submitted to the verification of External Auditors before its publication.

As this report excluded information about subsidiaries and joint business, it was not necessary a base to consolidate information different to Banesco Banco Universal's information.

Additionally, other changes included in this report in comparison with those published in previous years are: the inclusion of the inventory of 2006 main action lines, the 2007 actions and the 2008 commitments for each chapter of the report, as well as the sections titled Description of the main impacts, risks and opportunities and Making Process of the Report.

For the year ended on December 31, 2007, the Performance Indicators included in the Guidelines for the elaboration of the Sustainability Report, version 3.0, have been submitted to the review of our external auditors: De la Vega, Márquez, Perdomo & Asociados (Horwarth Venezuela), who also act as external auditors for the Bank and the companies of our financial group.



Profile, Strategy and Organization

Area	Development	Pages
1. Strategy and Analysis	1.1 Statement of the highest decision-making officer in the organization (managing director or equivalent) on the sustainability relevance for the organization and its strategy.	3-5
	1.2 Description of main impacts, risks and opportunities in relation to sustainability.	8-12
2. Organization Profile	2.1 Name of the organization	7
	2.2 Main brands, products and/or services	14, 54-64
	2.3 Operating structure of the organization, including main divisions, operating entities, subsidiaries and joint ventures.	18, 20, 75, 77
	2.4 Location of the organization's headquarters.	7
	2.5 Number of countries where the organization operates and name of the countries where it develops significant activities or the most relevant ones in relation to the sustainability aspects treated in the report.	92
	2.6 Nature of the property and legal form.	7, 19, 22, 25, 54
	2.7 Markets served (including geographical details, sectors supplied and customers/beneficiaries types).	54-55, 75-76
	2.8 Dimensions of the informant organization, including:	23, 13, 22,
	- Number of employees	25, 54
	- Net sales (for private sector organizations) or net revenues (for public sector organizations).	
	- Total capitalization distinguished in terms of debt and net patrimony (public sector organizations).	
	- Amount of products or services provided	
	2.9 Significant changes during the period covered in the report about size, structure and property of the organization, including:	71, 22
	- Location of the activities or changes produced on the activities, openings, closures and expansion of facilities.	
	- Changes on the social capital structure and other types of capitals, capital maintenance and amendment operations (private sector organizations).	
	2.10 Awards and acknowledgements received during the period covered in the report.	14
3. Report's Parameters	REPORT PROFILE	
	3.1 Period covered by the information contained in the report (for example, fiscal year, natural year).	5, 93
	3.2 Date of the latest report made (if any)	5, 93
	3.3 Cycle of report presentation (yearly, biennial, etc.).	5, 93
	3.4 Contact person to pose questions about the report or its contents.	8
	REPORT SCOPE AND COVERAGE	
	3.5 The definition process of the report's content includes:	91-93
	- Determination of material aspects	
	- Priority of the aspects included in the report	
	- Identification of stakeholders that are expected to use the report, according to the organization	
	3.6 Coverage of the report (for example, countries, divisions, subsidiaries, rented facilities, joint ventures, suppliers).	92-93
	3.7 Indicate the existence of limitations of the report's scope or coverage.	92-93
	3.8 The base to include information in the case of joint ventures, subsidiaries, rented facilities, activities provided by sub-contractors and other entities that could have significant impact over the compatibility between periods and/or organizations.	92-93
	3.9 Data base measurement techniques to make calculations, including the hypothesis and underlying techniques to the estimations applied for the compilation of indicators and all the information contained in the report.	92-93
	3.10 Description of the potential effect produced by the reformulation of information included in previous reports, along with the reasons explaining such reformulation (for example, mergers and acquisitions, change of the information periods, nature of the business or assessment methods).	92, 93, 46
	3.11 Significant changes in relation to previous periods in terms of scope, coverage or assessment methods applied to the report.	92, 93
	3.12 Table indicating the location of the report's basic contents.	94-96
	3.13 Policy and current practice for the external verification of the report. If the verification report in the sustainability report does not include this, the scope shall be explained, as well as the base of any other external verification. If any. The relation between the informant organization and the verification's supplier(s) shall also be explained.	98
4. Government, commitment and stakeholders' participation	GOVERNMENT	
	4.1 The government structure of the organization, including the committees of the highest government body in charge of duties such as: the definition of the strategy or organizational supervision.	16-21
	4.2 It shall be indicated if the president of the highest government body acts simultaneously as an executive (if so, indicate his/her function in the organization' Board of Directors and add justifications).	17
	4.3 For organizations with a unitary ruling structure, it shall be indicated the number of independent or non-executive members of the highest government body.	17, 18
	4.4 Employees and stockholders' mechanisms to communicate recommendations and indications to the highest government body.	16, 22
	4.5 Relation among the retribution of the members of the highest government body, high directors and executives (including the agreement of job abandonment) and organization performance (including its social and environmental performance).	17



Profile, Strategy and Organization

Area	Development	Pages
4. Government, commitment and stakeholders' participation	4.6 Proceedings implanted to avoid interests conflicts within a single government body.	16, 17, 21
	4.7 Proceedings to determine the training and expertise demanded to the members of the highest government body in order to guide the organizational strategy in social, environmental and economic matters.	17
	4.8 Mission statements and values internally developed, behavior codes and relevant principles for the economic, environmental and social performance, and the state of their implementation.	7
	4.9 Proceedings of the highest government body to supervise the identification and management, by the organization, of the economic, environmental and social performance, including related risks and opportunities, as well as the adherence or enforcement of the agreed-upon international standards, behavior codes and principles.	8, 18-21
	4.10 Proceedings to evaluate the performance suitable to the highest government body, particularly in relation to the economic, environmental and social performance.	18-21
	COMMITMENT TO EXTERNAL INITIATIVES	
	4.11 Description of how the organization has adopted a precautionary approach or statement.	8-9, 18-21
	4.12 Social, environmental and economic principles or programs externally developed, as well as any other initiative supported or approved by the organization.	37-52, 72-81, 104-105
	4.13 Main organizations to which it is affiliated (such as sector associations) and/or national and international bodies supported by the organization and	18, 37-52, 77
	- If they have a presence in the government bodies - If they participate in projects or committees - If they provide significant financing exceeding the stockholders duties - If they have a strategy consideration	
	STAKEHOLDERS PARTICIPATION	
	4.14 Relation of stakeholders included by the organization	9, 10, 91
	4.15 Base to identify and select the stakeholders to which the organization is committed.	9, 10, 91
	4.16 Approaches adopted for stakeholders inclusion, including the frequency of their participation by types and categories.	9, 10, 18, 22, 34-35, 40, 41, 66-69, 77-77
	4.17 Main concerns and interest issues that have emerged from the stakeholders participation and how the organization has addresses them in the report.	9, 10, 18, 22, 34-35, 40, 41, 66-69, 75-77



Information about the management and/or direction approach

		Páginas
Economic	INFORMATION ABOUT THE DIRECTION APPROACH	
Dimension	Economic performance	13, 99
	Presence in the market	38, 45, 46, 54, 74
	Indirect economic impact	43, 44, 51
Environmental	INFORMATION ABOUT THE MANAGEMENT APPROACH	
Dimension	Materials	79
	Energy	79
	Water	79
	Biodiversity	(1)
	Emissions, dumping and waste	79
	Products and services	79, 81
	Rules enforcement	81
	Transportation	(1)
	General aspects	79
Social	LABOR AND ETHIC PRACTICES OF THE WORK 'INFORMATION ABOUT THE MANAGEMENT APPROACH'	
Dimension	Employment	23, 24
	Relationship Companies/Workers	26-29, 33-35
	Health and Safety at the workplace	30-32
	Training and education	27-29
	Diversity and equal opportunities	26
	HUMANS RIGHTS INFORMATION ABOUT THE DIRECTION APPROACH	
	Practices of investment and provision	85
	Non- discrimination	26
	Freedom of association and collective bargains	33
	Abolition of children exploitation	26
	Prevention of forced and obligatory work	26, 31
	Claims and conciliatory proceedings	34-35
	Security practices	31
	Rights of the Indigenous people	(1)
	SOCIETY INFORMATION ABOUT THE MANAGEMENT APPROACH	
	Community	42-52
	Corruption	18, 32
	Public Policy	(2)
	Anti-trust patterns	69-70, 90
	Law enforcement	16-21
	RESPONSIBILITY ON PRODUCTS INFORMATION ABOUT THE MANAGEMENT APPROACH	
	Health and Safety of the Customer	63
	Labeling of products and services	56-57
	Marketing communications	14, 69-70
	Customer's Privacy	7, 57, 63
	Law enforcement	69-70

(1) Aspects considered as non-priorities in relation to the activities developed by the Bank. Therefore, these aspects are not covered by specific management approaches.

(2) Absence of a defined policy. Rather the bank analyzes each case on an individual basis and always within the legal framework enforcement.

BANESCO Nº1 IN GOOD NEWS SOCIAL BALANCE 2007

SOCIAL INVESTMENT	(Bs.)	2007 (Bs.F)	Accumulated 1998-2007 (Bs.)	(Bs.F)
APPLICATION THIRD PARTIES RESOURCES AND BANESCO	20,559,136,683	20,559,137	72,063,841,464	72,063,841
• Solidarity (Capital and Regional)	—	—	1,792,017,000	1,792,017
• Words for Venezuela	493,258,001	493,258	3,307,401,000	3,307,401
• Fe y Alegría	3,500,004,000	3,500,004	13,445,350,000	13,445,350
• State Foundation for the Venezuelan System of Children and Youth Orchestras	250,000,000	250,000	3,342,969,000	3,342,969
• Venezuelan Assoc. of Catholic Education (AVEC)	1,017,000,000	1,017,000	2,288,260,000	2,288,260
• Higher Education Universities and Institutes	475,395,000	475,395	4,474,676,000	4,474,676
• Banesco Life Scholarships and Other Academic Scholarships	112,334,375	112,334	538,337,375	538,337
• Other Education Institutes and Organizations	433,212,000	433,212	620,167,000	620,167
• Venezuelan Foundation against Infantile Paralysis	160,557,000	160,557	487,919,000	487,919
• San Juan de Dios Hospital	11,592,000	11,592	213,326,000	213,326
• Red Cross	103,011,000	103,011	341,262,000	341,262
• Other Health and Medical Care Organizations	105,938,000	105,938	579,737,000	579,737
• FUNDANA	173,532,000	173,532	1,144,114,000	1,144,114
• Civil Assoc. Don Bosco Houses Network	370,159,044	370,159	530,159,044	530,159
• Salesian Ladies Association	226,443,000	226,443	533,916,000	533,916
• Assistance to Abandoned Children and People with Special Needs	560,640,000	560,640	1,482,402,000	1,482,402
• Toys donation to the communities	548,498,000	548,498	2,260,674,000	2,260,674
• Editorial Projects and Publications	1,918,582,909	1,918,583	3,363,231,690	3,363,232
• Computers donations	6,207,000	6,207	397,585,000	397,585
• Other contributions	3,003,756,751	3,003,757	5,567,062,751	5,567,063
• Investment in work at Colinas de Bello Monte	—	—	1,482,402,000	1,482,402
• Social work of the Church	100,000,000	100,000	801,711,000	801,711
• Mayoralities, regional governments and other State organizations	142,634,000	142,634	667,947,000	667,947
Non-contractual social benefits for Banesco employees	6,794,655,266	6,794,655	22,446,528,266	22,446,528
Contribution Corporate Volunteering	51,727,337	51,727	105,134,337	105,134
Application Article 96 LOICTCSEP	3,029,586,492	3,029,586	17,466,951,492	17,466,951
• Venezuelan Assoc. for catholic Education (AVEC)	—	—	4,434,352,000	4,434,352
• Children Museum	—	—	300,000,000	300,000
• FUNDANA	—	—	110,000,000	110,000
• Alliance for Venezuela Free of Drugs	—	—	100,000,000	100,000
• ABC PRODEIN (School Santa María City, Petare. CISAMA)	—	—	276,000,000	276,000
• Educational Foundation Canaima Schools	—	—	571,950,000	571,950
• Civil Assoc. Don Bosco Houses Network	—	—	508,217,000	508,217
• Education (Campaign against drugs and sports events)	3,029,586,492	3,029,586	11,166,432,492	11,166,432
TOTAL SOCIAL INVESTMENT	23,588,723,175	23,588,723	89,530,792,956	89,530,793
COMMITMENTS MADE	10,532,161,956	10,532,162	10,532,161,956	10,532,162
Fe y Alegría	10,124,987,000	10,124,987	10,124,987,000	10,124,987
Civil Assoc. Don Bosco Houses Network	407,174,956	407,175	407,174,956	407,175
TOTAL COMMITMENTS MADE	10,532,161,956	10,532,162	10,532,161,956	10,532,162
GENERAL TOTAL SOCIAL INVESTMENT PLUS COMMITMENTS MADE	34,120,885,131	34,120,885	100,062,954,912	100,062,955

Data expressed in Bs and BsF

For Banesco it is a pleasure to publish our Social Balance corresponding to the closing of 2007, in an exercise of transparent management with all our stakeholders. This is the summary of Banesco's efforts during the year in the social and environmental fields, which account our contribution to sustainable development.

Banesco closed 2007 with excellent news for all the Venezuelan people. During that year we invested 3% of our profits in the development of several initiatives and projects focused on the education and health of each Venezuelan citizen, through our Corporate Social Responsibility Program.

These achievements are the result of a hard work coordinated together with our Social Partners Fe y Alegría, Don Bosco Houses Network Civil Assoc., Foundation of the Child in Need of Protection, Andrés Bello Catholic University, Salesian Ladies Assoc., Children's Museum, Venezuelan Red Cross, Venezuelan Foundation against Infantile Paralysis, Venezuelan Anti-Cancer Foundation, Venezuelan Assoc. for Catholic Education, Apoye Institute Civil Assoc., State Foundation for the Venezuelan System of Children and Youth Orchestras, Venezuela without Boundaries Civil Assoc., and A Friendly Hand Civil Assoc.

To be responsible means for us to recognize and respect each person and community with which we are connected. What is essential is to recognize ourselves as an organization of people for people. To be responsible is always to build the country, to support Venezuela.

With this report, we intend to go deeper into our dialogue with the community, exchange experiences and learn constantly from everyone who has a daily interaction with our organization. We ratify our commitment to sustain this effort and the perseverance that has guided our work for over a decade for the benefit of all Venezuelan citizens.

DIRECTORS:

Juan Carlos Escotet	Nelson Becerra Méndez
Luis Xavier Luján	Gonzalo Clemente Rincón
Miguel Angel Marciano	Fernando Crespo Suárez
María Josefina Fernández	Salvador Cores González
	Carlos Acosta López



MORE THAN A DECADE
OF CORPORATE SOCIAL RESPONSIBILITY

REP. J-07013300-5



Auditors' Report

Banesco Banco Universal, C.A.

Report on procedures previously agreed for the verification
of the Performance Indicators included in the 2007 Corporate Social Responsibility Report.
Year finished on December 31, 2007



Horwath Venezuela
De la Vega, Márquez, Perdomo & Asoc.

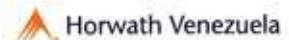
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Report on Applying Agreed-Upon Procedures for the Verification of
the Social Responsibility Report Performance Indicators included in
Banesco Banco Universal, C.A. 2007 Corporate Social Responsibility Report

To the Board of Directors and Stockholders of
BANESCO BANCO UNIVERSAL, C.A.


1. We have applied the procedures listed in the third paragraph, agreed-upon with the Board of Directors of **Banesco Banco Universal, C.A.** with the sole purpose of helping you evaluate the accompanying performance indicators for the year ended December 31, 2007, provided by the Bank in report identified as Attachment I - "**Banesco Banco Universal, C.A. 2007 Corporate Social Responsibility Report**". The preparation of "**Banesco Banco Universal, C.A. 2007 Corporate Social Responsibility Report**" as well as the design, implementation and maintenance of its elaboration processes and the basis and criteria for its submission is the exclusive responsibility of the bank's management. Our responsibility is to express an opinion on the Performance indicators, based on the procedures applied in our limited review.
2. This agreed-upon procedures engagement was conducted in accordance with the generally accepted audit standards and the Sustainability Reporting Guidelines issued by "Global Reporting Initiative (GRI) version 3", as well as the review standards issued by the International Federation of Accountants for works of reviewing ISAE 3000 (International Standard on Assurance Engagements 3000) in regard to limited assurance. Such standard requests that planning and performance of our work allow for obtain a limited assurance grade on the information subject to review.
3. Following are the procedures applied and agreed upon with you during our review:
 - Meetings with **Banesco Banco Universal, C. A.'s**, staff participating in the compilation of information recorded in the report named "**Banesco Banco Universal, C.A. 2007 Corporate Social Responsibility Report**" and in the elaboration of indicators which are the object of our review in order to gather the required information for its verification.
 - Analysis of the processes carried out by the Bank to obtain and validate the data submitted in "**Banesco Banco Universal, C.A. 2007 Corporate Social Responsibility Report**".

Auditors' Report



- Verification that the indicators provided by the Bank consider the aspects suggested by (GRI) in the Sustainability Reporting Guidelines issued by "Global Reporting Initiative (GRI) Version 3", and assure the importance of the information presented in regard to the Bank's situation.
 - A verification process, throughout verification tests based on the selection of a sample of the calculation of quantitative and qualitative indicators included in **"Banesco Banco Universal, C.A. 2007 Corporate Social Responsibility Report"**, corresponding to the year ending in December 31, 2007 and its appropriate compilation from the data provided by the Bank's information sources.
 - Verification of qualitative information on indicators of the "Global Reporting Initiative" (GRI-G3) included in **"Banesco Banco Universal, C.A. 2007 Corporate Social Responsibility Report"**.
 - Review through the analysis of the submitted internal information on updates carried out by the interested parties throughout the year regarding identification, collecting information, and existing relationships.
4. Based on the obtained results, from applying the procedures described in paragraph 3, agreed upon with the Bank's management, to the effects of review of Performance indicators of the year 2007, provided by the Bank to be reviewed and included in **"Banesco Banco Universal, C.A. 2007 Corporate Social Responsibility Report"**, significant deviations nor omissions have been found in the reviewed information, neither other circumstances indicating that the procedures to obtain social information carried out by the Bank had not been properly described in the presentation of indicators included in **"Banesco Banco Universal, C.A. 2007 Corporate Social Responsibility Report"**. Therefore, we establish a B level rating based on the application levels established in the Sustainability Reporting Guidelines Version 3.0, prepared by Global Reporting Initiative. Should a different approach been applied, other matters would have been identified and reported.

DE LA VEGA, MÁRQUEZ, PERDOMO & ASOCIADOS
(HORWATH VENEZUELA)


Samuel A. Márquez T.
Public accountant
C.P.A. N° 21.318
SBIF. N° CP-569
C.N.V. N° 92-2003

November 18, 2008
Banesco



Banesco Banco Universal C.A.

Performance Indicators

GRI 3.0 INDICATOR		INDICATOR	VERIFICATION	PAGES
ECONOMIC PERFORMANCE INDICATORS	Aspect: Economic Performance			
	EC1 Generated and distributed direct economic value, including revenues, development costs, employees' retribution, donations and other investments in the community, non-distributed benefits and capital payments to suppliers and government.	Main	Verified	11-33
	EC3 Coverage of the organization's liabilities caused by social benefit programs.	Main	Verified	30-34, 71-77
	EC4 Significant financial aids received from governments.	Main	1	
	Aspect: Presence in the Market			
	EC5 EC5 Rank of the relationships between the standard initial wage and the minimum local wage in places where significant operations are under development.	Additional	Verified	26
	EC6 Policy, practices and expenses proportion corresponding to local suppliers in places where significant operations are under development.	Main	Verified	11, 82-84
	EC7 Proceedings for local hiring and proportion of high officers coming from the local community in places where significant operations are under development.	Main	Verified	85-86
	Aspect: Indirect Economic Impacts			
	EC8 Development and impact of the investments on infrastructures and the services supplied, mainly for the public benefit through commercial commitments, pro bono or in kind.	Main	Verified	37-41, 43-49
	EC9 Understanding and description of the significant indirect economic impacts, including the scope of those impacts.	Additional	Verified	8-12

GRI 3.0 INDICATOR		INDICATOR	VERIFICATION	PAGES
ENVIRONMENTAL PERFORMANCE INDICATORS	Aspect: Materials			
	EN1 Materials used, classified by weight and volume.	Main	Verified	79
	EN2 Percentage of materials used which are market value materials.	Main	Verified	79
	Aspect: Energy			
	EN3 Direct consumption of energy detailed by primary sources.	Main	Verified	79
	EN5 Energy savings due to conservation and efficiency improvements.	Additional	Verified	78
	Aspect: Water			
	EN8 Total taking of water per sources.	Main	Verified	79-81
	EN9 Water sources that show significant impacts due to water taking.	Additional	2	—
	Aspect: Biodiversity			
	EN11 Description of neighboring lands or located within natural places protected or non-protected high biodiversity areas. Indicate the location and size of the lands owned, rented or managed considered as high diversity areas in non-protected areas.	Main	3	—
	EN12 Description of the most significant impacts on biodiversity in protected natural locations or non-protected high diversity places, produced by the activities, products and services in protected areas, high biodiversity areas and non-protected areas.	Main	4	—

BanESCO Banco Universal C.A.

Performance Indicators



GRI 3.0 INDICATOR		INDICATOR	VERIFICATION	PAGES
ENVIRONMENTAL PERFORMANCE INDICATORS (CONTINUATION)	Aspect: Biodiversity			
	EN13 Protected or restored habitat	Additional	4	—
	EN14 Strategies and actions implanted and planned for the management of impacts on biodiversity.	Additional	4	—
	EN15 Number of species, classified in terms of their extinction risk level, included in the Red List of the IUCN and national lists and with habitats located in areas affected by the operations according to the danger degree of the species.	Additional	4	—
	Aspect: Emissions, dumpings and waste			
	EN16 Total, direct and indirect gas emissions of green house effects, by weight.	Main	5	—
	EN17 Other indirect gas emissions of green house effects, by weight.	Main	5	—
	EN19 Emissions of dangerous substances for the ozone layer, by weight.	Main	5	—
	EN20 NO, SO and other significant aerial emissions, by type and weight.	Main	5	—
	EN21 Total dumpings of sewage waters, according to nature and destination.	Main	5	—
	EN23 Total number and volume of the most significant accidental spills.	Main	5	—
	Aspect: Emissions, dumpings and waste			
	EN24 Weight of the waste transported, imported, exported or treated which are considered as dangerous, according to the Basel Agreements, attachments I, II, III and IV and percentage of waste internationally transported.	Additional	5	—
	EN25 Identification, size, protection status and biodiversity value of water and habitat resources related or significantly affected by water dumping or water runoffs of the informant organization.	Additional	5	—
	Aspect: Products and Services			
	EN26 Initiatives to mitigate the environmental impact of products and services and reduction degree of that impact.	Main	Verified	78
	EN27 Percentage of the products dumped and their packing materials, which are recovered at the end of their life cycle, by products categories.	Main	6	—
	EN28 Cost of significant fines and number of non-monetary sanctions due to violation of the environmental regulations.	Main	Verified	79,81
	Aspect: Transportation			
	EN29 Significant environmental impacts from products, goods, and materials transportation that are used for the organization's activities, as well as staff transportation.	Additional	Verified	81
	Aspect: General			
	EN30 Classification by type of total expenses and environmental investment.	Additional	Verified	79-81



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Performance Indicators

GRI 3.0 INDICATOR		INDICATOR	VERIFICATION	PAGES
LABOR PRACTICES AND LABOR ETHICS PERFORMANCE INDICATORS	Aspect: Employment			
	LA1 List of workers classified by employment type, contract and region.	Main	Verified	24-25
	LA2 Total number of employees and average turnover of employees, classified by age, gender and region.	Main	Verified	23-26
	LA3 Social benefits for full-time workers, not offered to temporary or half-time workers, classified by main activity.	Main	Verified	32-34
	Aspect: Labor / Management Relations			
	LA4 Percentage of employees covered by a collective bargain.	Main	Verified	31-32
	LA5 Minimum period for notice of employment termination related to organizational changes, including if these modifications are specified in the collective bargain.	Main	Verified	26
	Aspect: Occupational Health and Safety			
	LA6 Percentage of total of workers represented in direction-employees health and safety committees established to support the control and consultancy for health and safety programs at the workplace.	Additional	Verified	30-31
	LA8 Education, training, consultancy, prevention and risk control programs applied to the workers, their families or the community members in relation to serious illnesses.	Main	Verified	27-29
	LA9 Health and safety issues covered by formal agreement with unions.	Additional	Verified	30-31
	Aspect: Training and Education			
	LA10 Average hours devoted to training per year and per employee, classified by employee category.	Main	Verified	27
	LA11 abilities management program and continuous training to foster the employability of the workers and support the final management of their professional careers.	Additional	Verified	29-30
	LA12 Percentage of employees submitted to regular performance and professional development evaluations	Additional	Verified	26, 30
	Aspect: Diversity and Equal Opportunities			
	LA13 Composition of the corporate government bodies and payroll, classified by gender, age, minority groups and other diversity indicators.	Main	Verified	17- 20, 24
	LA14 Relationship between men and women base wage, classified by professional categories.	Main	Verified	26

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Performance Indicators

GRI 3.0 INDICATOR		INDICATOR	VERIFICATION	PAGES	
HUMAN RIGHTS PERFORMANCE INDICATORS	Aspect: Non-discrimination				
	HR4	Total number of discrimination incidents and steps taken.	Main	Verified	26
	Aspect: Freedom of Association and Collective Bargain				
	HR5	Company's activities where the right of association and collective bargain could be under significant risk, as well as steps taken to support these rights.	Main	Verified	31-32
	Aspect: Child Labor				
	HR6	Activities identified as involving a potential risk of children exploitation incidents and steps taken to encourage their elimination.	Main	Verified	24, 26
	Aspect: Forced and Compulsory Labor				
	HR7	Operations identified as involving significant risk to be the source of forced or non-agreed upon work and steps taken to encourage their elimination.	Main	Verified	26
Aspect: Security Practices					
HR9	Total number of incidents related to violations of the indigenous people rights and steps taken.	Additional	7	—	

GRI 3.0 INDICATOR		INDICATOR	VERIFICATION	PAGES	
SOCIETY PERFORMANCE INDICATORS	Aspect: Community				
	S01	Nature, scope and effectiveness of programs and practices to evaluate and manage the impacts caused by the operations at the communities, including entrance, operation and exit of the company.	Main	Verified	40-52
	Aspect: Corruption				
	S02	Percentage and number of business units analyzed against risks related to corruption.	Main	Verified	28-29
	S03	Percentage of employees trained in the organization's anti-corruption policies and proceedings.	Main	Verified	28-29
	S04	Steps taken as a response to corruption incidents.	Main	Verified	32
	Aspect: Public Policy				
	S05	Position before public policies and participation in their development and lobbying activities.	Main	Verified	18
	S06	Total value of financial contributions or in kind contributions to political parties or related institutions, classified by countries.	Additional	8	—
	Aspect: Anti-Trust Patterns				
S07	Total number of actions related to anti-trust practices and against free competition and their results.	Additional	Verified	90	
Aspect: Regulatory Enforcement					
S08	Monetary value of sanctions or significant fines and total number of non-monetary sanctions due to the violation of laws and regulations.	Main	Verified	90	



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Performance Indicators

GRI 3.0 INDICATOR		INDICATOR	VERIFICATION	PAGES
PRODUCT RESPONSIBILITY PERFORMANCE INDICATORS	Aspect: Customer Health and Safety			
	PR1 Phases of the life cycle of products and services where are evaluated the impacts of those products and services on the customer's health and safety in order to be improved and; percentages of significant products and services categories submitted to such evaluation procedures.	Main	Verified	55-70
	PR2 Total number of incidents due to legal or regulatory violations or the voluntary codes related to the products and services impacts on health and safety during their life cycle, distributed according the type of result of such incidents.	Additional	Verified	68-70
	Aspect: Labeling of Products and Services			
	PR3 Types of information about products and services required by the procedures and rules in force and, percentage of products and services submitted to such information requirements.	Main	Verified	55-70
	PR4 Total number of regulations and voluntary codes violations related to the information and labeling of products and services, distributed according the type of result of such incidents	Additional	Verified	69-70
	PR5 Practices related to the customers' satisfaction, including results of the customers' satisfaction studies.	Additional	Verified	68-70, 75-77
	Aspect: Marketing Communications			
	PR6 Regulations enforcement programs or adhesion to standards or voluntary codes mentioned in marketing communications, including publicity, other promotional activities and sponsors.	Main	Verified	55-70
	PR7 Total number of incidents due to the violation of regulations related to marketing communications, including publicity, promotion and sponsorship, distributed according the type of result of such incidents.	Additional	Verified	69, 70
	Aspect: Customer's Privacy			
	PR8 Total number of claims dully based in relation to privacy respect and customers' personal data drain.	Additional	Verified	67
	Aspect: Compliance			
	PR9 Costs of those significant fines due to regulatory violations in relation to the supply and use of products and services of the organization.	Main	Verified	70

Pages: location of the indicator in the Corporate Social responsibility Report 2007, BanESCO Banco Universal, C.A.


- (1) During the period covered in this report, no financial contributions granted by the government have been recorded.
- (2) All the organization's headquarters are located at urban lands. Therefore, the water taken is dumped through the urban network.
- (3) All the organization's headquarters are located at urban lands. Therefore, they do not affect protected natural places or with a high biodiversity value.
- (4) All the organization's headquarters are located at urban lands. Therefore, they do not affect protected or restored areas.
- (5) The organization's activities do not produce significant emissions or spills of dangerous substances.
- (6) The organization's activities do not create products that should be recovered at the end of their life cycle.
- (7) The organization's activities are limited to areas free of incidents related to the rights of indigenous people.
- (8) The organization does not grant this kind of contributions.



Banesco Banco Universal C.A.

Performance Indicators

Banesco Banco Universal C.A. has prepared this **2007 Corporate Social Responsibility Report** according to the protocols established by the *Global Reporting Initiative, version 3.0 (GRI G3)*. The aforementioned report has been submitted to an external verification process conducted by the audit firm De La Vega, Márquez, Perdomo & Asociados (HORWATH VENEZUELA), which verified that it fulfills the requirements associated with the Application Level B+.

		2002 In Accordance	C	C+	B	B+	A	A+
Mandatory	Self Declared					✓		
	Third Party Checked					✓		
	GRI Checked							
Optional	Externally Assured							
	Externally Assured							
	Report							

Banesco is the first Venezuelan organization that obtains a certification of the *Global Reporting Initiative*, the schema of economic, environmental and social sustainability reports most frequently used in the world. GRI has certified that the present report meets the requirements of the Application Level B+.

Banesco Social Action Nationwide 2007 (Bs.F)

1 Capital Region (Capital District, Miranda and Vargas states)

• Andrés Bello Catholic University (UCAB), Caracas	96,500.00
• Salesian Ladies Assoc.	226,443.00
• Don Bosco Houses Network Civil Assoc.	370,159.00
• Fundona	198,489.00
• Apoye Civil Assoc. (Down Syndrome)	34,400.00
• Venezuelan Red Cross	103,011.00
• Venezuelan Foundation Against Infantile Paralysis	164,557.00
• Fesnojiv	257,225.88
• Children's Museum Foundation	2,000.00
• Venezuelan Assoc. for Down Syndrome	10,000.00
• Always Friends Civil Assoc.	53,334.00
• San Antonio de Padua Assoc.	9,000.00
• Friends of the Elder Foundation	169,383.00
• Autism Aloud Foundation	69,062.00
• A Friendly Hand Civil Assoc.	150,000.00
• J.M. de Los Rios Hospital	4,142.00
• San Juan de Dios Hospital	11,592.00
• Friends of Children with Cancer Foundation	100,011.00
• Cordoamigos Foundation	20,000.00
• SenorAyuda	22,124.41
• Municipal Blood Bank	4,050.00
• Central University of Venezuela (UCV)	24,248
• Simón Bolívar University (USB)	151,458.6
• IESA	51,600.00
• ABC Prodein	100,000.00
• Cosartes	13,471.00
• Anna Frank Space	101,000.00
• Assoc. Serviam Ex Alumnas- Merici Academy	10,000.00
• Los Roques Scientific Foundation	192,153.12
• ArtesanoGroup Foundation	38,950
• Interscience Association	50,000.00
• San Ignacio Private School	6,000.00
• Venezuelan Episcopal Conference	100,000
• Baruta Mayoralty	10,000.00
• Eulalia Baroz Mamporal Municipality Mayoralty	7,500.00
• Ministry of the Popular Power for Indigenous Peoples	49,998.00
• Venamcham	26,690.00
• Venezuelan Assoc. of Friendship	2,180
• Fedecamaras	32,000.00
• Institute of the Space and Image Arts	6,032.00
• Santa Cruz Kickingball Club	22,727.00
• Venezuelan Special Olympic Games Foundation	13,500.00
• Venezuelan-Portuguese Folk Group	1,000.00
• I.Q. Historiadora	104,640.00
• Bolívar Films	64,500.00
• Emeterio Gómez	2,000.00
• Jacobo Borges	86,152.15
• Diario 2001 (newspaper)	15,000.00
• Sephardic Museum	119,206.37
• Bello Monte Neighbors Assoc.	11,400.00
• Venezuelan Commission of Social Service, Catio Community Center	62,692.00
• National Center for Competitiveness	28,358.00
• El Nacional (newspaper)	844.28
• Step by Step Foundation	2,969.62
• Individual	34,043.58
• Capriles Group	400.00
• El Universal (newspaper)	5,461.96
• César Cortez	3,047.84
• The Good Samaritan Foundation -Children with AIDS	4,875.85
• Eugenio Montejo	5,052.83
• Santiago de León de Caracas Private School	10,272.90
• Cultural agenda at Ciudad Banesco	8,050.28
• Project Country Foundation	6,207.30
• National Guard	12,902.83
• Rural outpatient department "Dr. Julio Villalobos"	3,020.48
• Tourism Transportation Cooperative	1,764



1 Capital Region (Capital District, Miranda and Vargas states)

• AVEC Schools in Miranda	102,265.00
• Banesco Life Scholarships	9,404
• AVEC Schools, Capital District	258,617.85
• Alejandro Humboldt University	43,532.00
• Individual	25,800.00
• Miranda State Regional Government	3,648.13
• José Abdala Academic Foundation	10,000.00
• Our Symbols School	1,953.00
• Arte y Parte Producciones	23,980.00

Total:

4,175,177.68

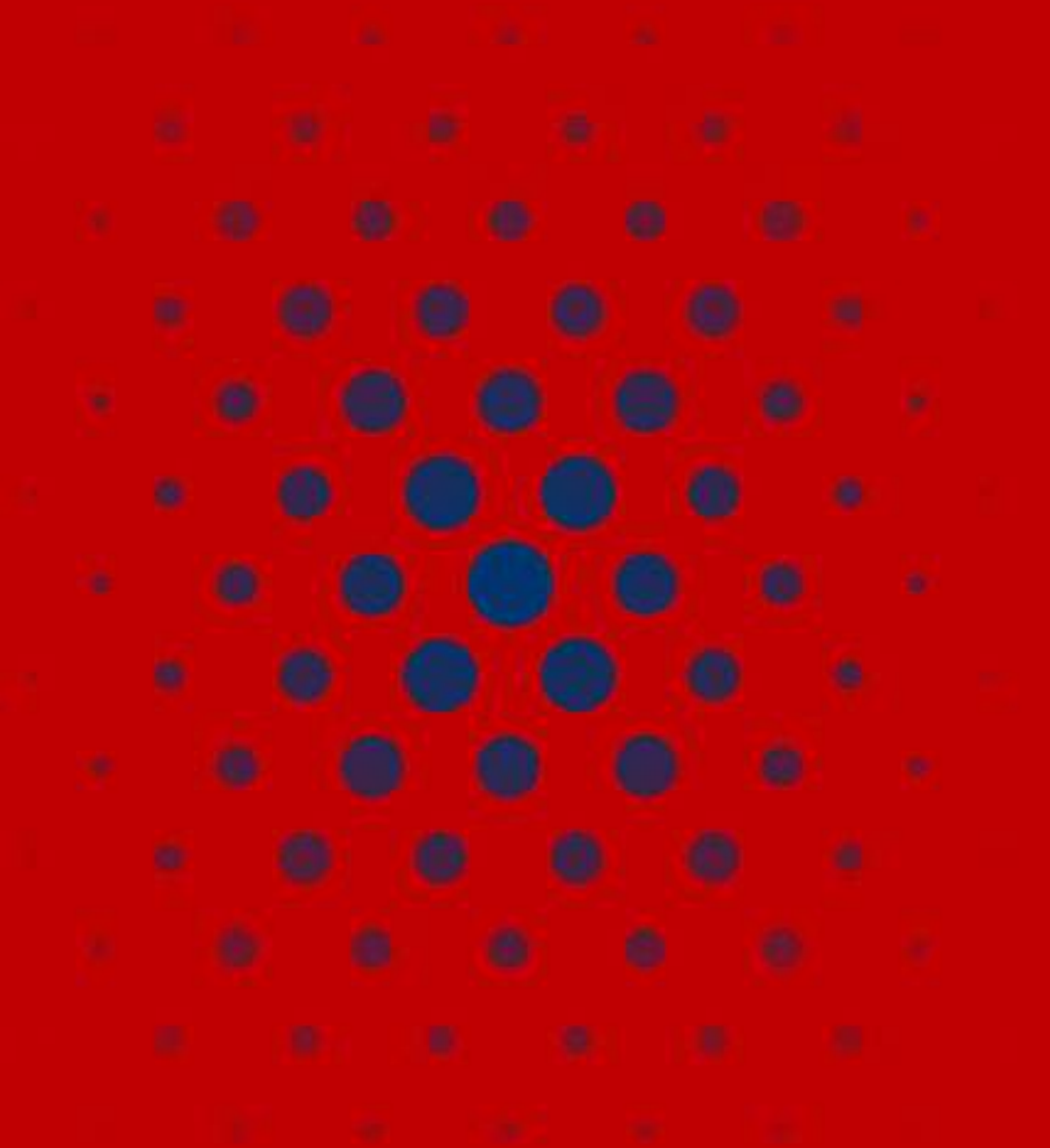
2 Center and The Plains Region (Carabobo, Cojedes, Aragua, Guárico and Apure states)

• Volunteer Dividend for the Community	2,880.00
• Hogares Crea Maracay (shelter for women)	1,200.00
• National Guard, Regional Command N° 2	20,070.00
• AVEC Schools in Cojedes state	78,161.00
• AVEC Schools in Carabobo state	135,000.00

Total:

237,311.00





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