# Banco Nacional de Credito C.A. Banco Universal

## Full Rating Report

### Ratings

**Foreign Currency**

| | |
|---|---|
| Long-Term IDR | CCC |
| Short-Term IDR | C |
| Viability Rating | ccc |
| Support Rating | 5 |
| Support Rating Floor | NF |
| | |
| Long Term National Rating | BBB-(Ven) |
| Short Term National Rating | F3(Ven) |

**Sovereign Risk**

| | |
|---|---|
| Foreign-Currency Long-Term IDR | CCC |
| Local-Currency Long-Term IDR | CCC |

### Outlooks

| | |
|---|---|
| Foreign-Currency Long-Term IDR | NA |
| Sovereign Foreign-Currency Long-Term IDR | NA |
| Sovereign Local-Currency Long-Term IDR | NA |

### Financial Data

**Banco Nacional de Credito**

| | Sep 2015 | Dec 2014 |
|---|---|---|
| Total Assets (USDb) | 19.88 | 11.51 |
| Total Assets (VEFm) | 124,902.8 | 72,325.7 |
| Total Equity (VEFm) | 8,836.7 | 5,370.8 |
| Operating Profit (VEFm) | 2,330.2 | 1,128.7 |
| Published Net Income (VEFm) | 1,900.3 | 1,137.2 |
| Comprehensive Income (VEFm) | 1,900.3 | 1,041.5 |
| Operating ROAA (%) | 3.20 | 1.95 |
| Operating ROAE (%) | 43.33 | 27.41 |
| Internal Capital Generation (%) | 28.75 | 21.17 |
| Fitch Core Capital/Weighted Risks (%) | 13.49 | 16.06 |
| Tier 1 Ratio (%) | N.A. | N.A. |

Source: Audited financial statements, SUDEBAN, Fitch.

### Related Research

2016 Outlook: Andean Banks (December 2015)

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## Key Rating Drivers

**Challenging Operating Environment:** The operating environment is the key factor constraining BNC's VR, which drives its IDR and does not take into account state support. Like all Venezuelan banks, BNC's VR is strongly linked to the creditworthiness of the sovereign, given the significant level of government intervention, high level of exposure to sovereign securities and its vulnerability to the government's policy choices and the country's economic performance.

**Manageable Liquidity Risk:** BNC's ratings are also heavily influenced by the bank's liquidity and funding profile. Although most deposits are available upon demand, deposits have been stable, in part due to the government's capital controls. Furthermore, expansive fiscal and monetary policies continue to drive deposit growth. BNC has a large negative mismatch between short-term assets and liabilities, and access to longer-term funding is limited, as is the case across the Venezuelan banking system.

**Growth and Asset Concentration:** BNC's loan growth has consistently exceeded that of the system, while its exposure to the public sector is among the highest compared with other Venezuelan universal/commercial banks rated by Fitch. However, the bank's corporate focus, conservative lending policies and low-risk products reduced impaired loan levels, which, combined with rapid nominal loan growth, has resulted in a consistent improvement in impaired loan ratios.

**Low Loan Loss Reserves:** BNC's reserves for impaired loans grew significantly less than gross loans during 2015, resulting in a sharp decline in its reserves for impaired loans/gross loans ratio to a level that is well below that of the Venezuelan system and its domestic peers. In light of loan concentration and the fragility of the economic environment, Fitch views this level as weak.

**Tighten Capitalization:** High nominal loan growth has led to tighter capitalization in 2015, despite stronger profitability, curbs on dividend payments and fresh capital injections. The bank's tangible common equity to tangible assets ratio was consistent with its Venezuelan peers at 3Q15. Capital levels are considered weak relative to Latin American peers in highly speculative countries, particularly in light of the decline in BNC's overall cushion to absorb unexpected losses.

**Profitability Lags Domestic Peers:** BNC's profitability continued to lag that of its Venezuelan peers in 2015. Despite similar margins, the bank's lower efficiency and limited cross-selling hinders profitability. When adjusted for inflation, the bank reported a loss in 2014, though gains from the inflation adjustment of common equity more than offset the impact on equity.

## Rating Sensitivities

**Operating Environment Deterioration:** Should Venezuela's macroeconomic/political woes deepen, as reflected in its sovereign ratings, BNC's ratings could be downgraded. This is the main downside risk for BNC and the rest of Venezuela's banks.

**Limited Upside:** BNC's VR and Long-Term IDRs could be upgraded if the operating environment improves (more stable economic background, less intrusive regulation) and the bank reduces its exposure to the public sector. A sustained improvement of the bank's financial profile could be positive for the bank's national ratings.

## Operating Environment

*Rating Level Affected by Deep Economic Imbalances*

Venezuela's long-term IDRs were downgraded to 'CCC' from 'B' in December 2014. The downgrade reflected increased balance of payment and fiscal pressures due to the sharp decline in oil prices, and the reduced capacity for the Venezuelan economy to respond to this external shock as a result of low international reserves, which are not entirely liquid, and limited sources of external financing.

Macroeconomic instability continues to increase in Venezuela, highlighted by spiraling inflation and deep recessionary conditions in the economy. Growth declined rapidly after the 2012 election to 1.3% in 2013, down from 5.6% in 2012. The economy slipped into recession in 2014, contracting by an estimated 3.9%, according to Fitch. Fitch expects the economic contraction to continue, reaching 6.1% in 2015 and 2.4% in 2016, although there are risks of a more severe contraction given the rapid decline in oil prices. Foreign exchange rationing, price controls and monetary financing of fiscal deficits have fuelled inflation, which reached 68.5% at year-end 2014. Fitch expects inflation to exceed 80% in 2015 and 2016.

Inconsistent exchange rate and fiscal and monetary policies have deepened macroeconomic imbalances. Divisions within the government of President Nicolás Maduro and weak political capital have delayed necessary policy adjustments to address these rising macroeconomic imbalances, and the authorities' room to maneuver is shrinking in light of a drop in oil prices. At about 9% this year, the unemployment rate is similar to that of countries with sovereign ratings in the 'B' rating category. However, wage increases are not keeping pace with inflation. Private credit/GDP remains low relative to other emerging markets.

Deposits across the Venezuelan banking system are stable due to capital controls. Deposit growth remains steady, reflecting expansionary monetary and fiscal policy. In addition, the banking system is characterized by a high level of liquidity, with "available for sale" securities and "cash and due from banks" balances accounting for almost 220% of the system's total assets at 3Q15, a trend that is likely to continue given continued strong deposit growth. Nevertheless, Fitch highlights that due to a lack of investment alternatives, most of the banks' investments are concentrated in Venezuelan public sector debt, which could be less liquid in a stress scenario.

## Company Profile

BNC is a medium-sized bank that mostly focuses on the corporate segment. The bank had a 3.2% market share of assets as of September 30, 2015. The bank was created in 2003 when a group of experienced professionals acquired the former Banco Tequendama and later merged it with Stanford bank, a bank that had been intervened upon by regulators. By 3Q15, the bank had grown its network to 170 branches and an off-shore branch in Curacao. In addition, BNC's distribution network included 460 ATMs, internet banking and a call center at the same date. The bank is controlled by a well-regarded local family, which held about 18% of the shares as of Sep. 30, 2015. Other key shareholders controlled 64% of the shares, and remaining shares were widely held at this same date.

BNC has a commercial bank business model with a clear bias toward the corporate segment. Given regulatory guidelines, about 33% of its loan portfolio was devoted to compulsory lending at 3Q15. In addition, the high liquidity prevalent in the banking system creates an incentive for banks to hold substantial balances in securities and cash. Given its modest size and regulatory limitations, BNC's corporate structure is relatively simple and includes an off-shore branch. The bank cannot provide brokerage services, and its activities and fee structure are tightly regulated.

## Management

BNC's executive and senior management is experienced and has sufficient depth to navigate current economic conditions. BNC has consistently attracted well-qualified staff from bigger banks. The managerial team is organized following business lines with support and control areas reporting directly to the CEO except for the audit, compliance and risk administration functions that report to the board.

Local regulations do not specifically address corporate governance rules for private-sector banks. The board is composed of seven primary board members (including three independent) and seven alternate board members (including five independent). The board has organized several committees to steer and oversee BNC's operations. BNC does not engage in related third-party credit activities, in line with local regulations. Fitch notes that the bank operates in a jurisdiction that is not supportive of creditor rights.

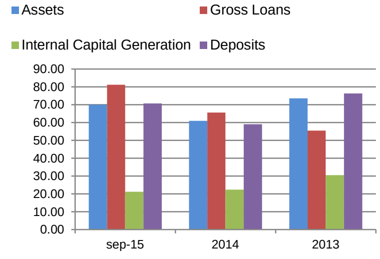
The bank's strategy is to gradually gain market share by growing above the industry average. The focus has been on expanding the network to widen the customer base and deepen product penetration, as well as make branches more profitable and improve efficiency. Nevertheless, execution of strategic objectives is constrained by the operating environment and regulatory limitations (e.g. interest rate caps and floors).

## Risk Appetite

BNC has consolidated its risk management function in a centralized unit that oversees all aspects of risk management. Accordingly, credit policies and risk management tools have been overhauled and are regularly being re-examined. Credit analysis is performed by a unit that is independent from the business areas. Credit approval is delegated to the business units; however, the risk management unit has veto power. Credit extension is based on a thorough analysis of the borrower's payment capacity and when needed covered by eligible collateral. Consumer lending is based on in-house scoring models that are being updated as the bank plans to grow into this segment, though without losing its focus on corporate lending.

Credit control and follow up are also independent from the business line. The bank's ample expertise in corporate lending and relatively conservative credit policies contribute to the maintenance of the stability of NPLs in nominal terms. Credit is predominantly short-term with 75% of the loan portfolio maturing within twelve months at 3Q15 and only 25% exceeding one year. BNC has actively sought to lower loan concentration. While retail lending growth should help reduce concentration over the medium term, the bank's risk appetite for this segment is lower, given the slowdown in economic activity.

**Track Record of Growth**




Source: Banco Nacional de Credito, SUDEBAN

BNC's loan growth is highest of its peer group at Sept. 2015 (85.65% versus a 73% median rate). Nominal loan growth has been rapid in the last few years (81% in 2014, 66% in 2013) and when adjusted for inflation (81% in 2014, 56% in 2013) it shows a rapid pace too. Future growth should remain mostly the same and may continue to be distorted by inflation as the underlying inflationary pressures (macro imbalances and high liquidity) remain unchanged. After growing at an even higher pace than the Venezuelan banking system overall in 2014 and 2013, BNC expects to consolidate its position and achieve higher efficiency and profitability

BNC does not engage in active securities trading but holds structural and liquidity investment portfolios. Like most Venezuelan banks, BNC has acquired a significant exposure to government securities, some of which can be used to comply with compulsory lending requirements. The market for domestic securities lacks depth, and banks face a volatile market that can, in a stress scenario, affect their balance sheet and equity. Despite basic market risk management tools, the lack of investment options and high monetary liquidity result in an oversized exposure to the public sector and higher market risk.

## Financial Profile

*Asset Quality*

The overall trend of BNC's impaired loans/gross loans ratio has been declining since YE11, while loan quality indicators are strong relative to its domestic peers. As is the case with most Venezuelan banks, BNC boasts very low past-due loan (PDLs) ratios, which are in part due to inflation-induced rapid loan growth, but also due to the bank's conservative credit policies, relatively low-risk products and short-term turnover of the loan portfolio. PDLs stood at 0.06% of gross loans at 3Q15, down from 0.05% at YE14. Loan loss reserves covered PDLs 30.17x at September 2015; this is a comfortable level when compared to the very low PDLs, but when compared to gross loans appear to be relatively weak (1.57%). Fitch expects loan quality ratios to be challenged over the medium term due to a seasoning of recent loan growth as well as macroeconomic imbalances and the need for economic adjustment.

### Asset Quality Metrics

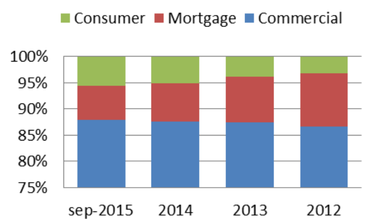
| (%) | Sep 2015 | 2014 | 2013 | 2012 |
|---|---|---|---|---|
| Growth of Gross Loans | 72.69 | 70.03 | 60.95 | 73.55 |
| Impaired Loans /Gross Loans | 0.06 | 0.05 | 0.06 | 0.18 |
| Reserves for Impaired Loans/Impaired Loans | 3,175.12 | 4,582.66 | 3,081.03 | 1,469.16 |
| Impaired Loans less Reserves for Impaired Loans/Fitch Core Capital | (14.41) | (14.44) | (11.57) | (17.26) |
| Loan Impairment Charges/Average Gross Loans | 1.57 | 1.74 | 0.32 | 2.00 |

Sources: Audited financial statements, SUDEBAN, Fitch.



BNC has consistently complied with the compulsory lending rules; however, it is increasingly difficult to meet the government's specific requirements for obligatory loans by subsector, particularly for low income mortgage and construction loans for primary residences, tourism sector loans and for the increase in the number of new borrowers, as is the case with other Venezuelan banks. As of Sep. 30, 2015, compulsory loans decreased to 33% of BNC's gross loans (Dec.31, 2013: 37.5%). Up to now, government officials have understood the limitations for most banks in terms of meeting some of these requirements. Nevertheless, there is still significant uncertainty about possible fines or increases in compulsory lending levels.

**Loan Portfolio by Segment**




Source: Banco Nacional de Credito, SUDEBAN

Given its corporate focus, BNC has a relatively concentrated loan portfolio by obligor and industry, although it has gradually declined in the past few years due to a sustained effort from the bank's management. Loans to the top 20 borrowing groups amounted to 17% of the total loan portfolio at September 2015, down from 21% at September 2014. In terms of industries, BNC's loan portfolio is mainly concentrated in construction (23% of the total loan portfolio at September 2015), wholesale/retail commerce (18%); agribusiness (12%); services (11%); manufacturing (9%), among others.

BNC's investment portfolio accounted for about 15% of total assets at September 2015 and was almost entirely composed of debt securities from or guaranteed by the public sector. At 3Q15, about 38% of the investment portfolio was classified as held to maturity, and 26% as available for sale. The rest was in the form of other investments in government-issued/ guaranteed securities that can be used to comply with compulsory lending. The tenors of these securities are relatively long, as 79% of the total mature after one year, including 41% that mature after five years.

Overall, asset quality moderately influences BNC's ratings given the rapid lending growth, the loan portfolio's vulnerability to economic volatility and the investment portfolio's high public sector exposure.

## Earnings and Profitability

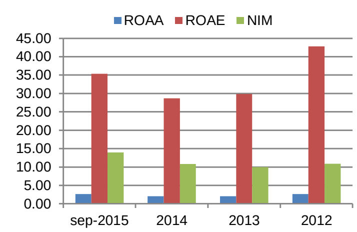
### Key Performance Ratios

(%)

| | Sep 2015 | 2014 | 2013 | 2012 |
|---|---|---|---|---|
| Net Interest Income/Average Earning Assets | 13.95 | 10.82 | 9.96 | 10.89 |
| Non-interest Expense/Gross Revenues | 59.60 | 67.12 | 71.64 | 59.57 |
| Loans and Securities Impairment Charges/Pre-Impairment Operating Profit | 20.27 | 29.76 | 6.58 | 26.46 |
| Operating Profit/Average Total Assets | 3.20 | 1.95 | 2.07 | 2.75 |
| Operating Profit/Risk-Weighted Assets | 4.76 | 3.25 | 3.66 | 4.77 |
| Net Income/Average Equity | 35.33 | 28.71 | 29.83 | 42.79 |

Sources: Audited financial statements, SUDEBAN, Fitch.

**Profitability**




Source: Banco Nacional de Credito, SUDEBAN

Profitability remains weak versus domestic peers and is not sufficient to support rapid balance sheet growth. While profitability appears strong in nominal terms, the bank's net losses in 2014 were up to 12% of average earning assets when adjusted for inflation, according to supplemental information in BNC's audited statements.

Given high monetary liquidity, funding costs have consistently declined in recent years. As a result, BNC's net interest income/average earning assets ratio increased to 13.95% at 3Q15, up from less than 10% in 2013. Rapid nominal loan growth has fueled operating revenues, thus reducing the importance to the bank's income of the interest revenues generated by the investment portfolio (12%). As is the case with other Venezuelan banks, non-interest operating income is modest, accounting for about 6.1% of gross operating revenues at 3Q15, down from 10.1% at YE14. The relative decline of non-interest income reflects regulatory limits on fees and commissions.

BNC has relatively high operating expenses due to its network expansion, high inflation and the relatively short loan portfolio turnover that requires a constant business development effort. As a result, efficiency ratios compare poorly to those of its peers. Management is in the process of improving efficiency through investments in and a review of all operating processes. While improvement is possible, asset growth pressures and high inflation could slow progress in this area.

Following the decline in past-due loans and still good performance of the loan portfolio, loan and other impairment charges have declined in absolute and relative terms from the 2014 peak, which in part reflected a more conservative focus toward retail lending. At 3Q15, the ratio of loan impairment charges to gross loans was 1.57%, well below the previous three-year average.

As Venezuela's economic performance remains uncertain, and deep imbalances continue to distort economic activity, BNC's profitability — as with most Venezuelan banks — could come under increased pressure over the medium term due to higher operating and credit costs. Margins should remain ample given the market's high liquidity and low funding costs, which could offset some of these pressures. High nominal loan growth, driven by inflation, and the bank's relatively conservative credit policies should help maintain a low impaired loan ratio. Credit costs are likely to pick up as the bank grows into retail lending while inflation could hinder management's efforts to improve efficiency. Nevertheless, profitability is expected to remain positive in nominal terms, though below the average of its peers.

## Capitalization and Leverage

### Capital

(%)

| | Sep 2015 | 2014 | 2013 | 2012 |
|---|---|---|---|---|
| Fitch Core Capital/ Weighted Risks | 13.49 | 16.06 | 16.40 | 15.18 |
| Total Regulatory Capital ratio | 13.05 | 14.71 | 14.50 | 13.83 |
| Fitch Eligible Capital/Weighted Risks | 13.05 | 14.71 | 14.50 | 13.83 |
| Tangible Common Equity/Tangible Assets | 7.07 | 7.43 | 7.03 | 6.42 |
| Core Tier 1 Regulatory Capital Ratio | N.A. | N.A. | N.A. | N.A. |
| Internal Capital Generation | 28.75 | 21.17 | 22.42 | 30.48 |

N.A.– Not available.
Sources: Audited financial statements, SUDEBAN, Fitch.

BNC has an unencumbered capital base that is entirely composed of Tier I capital and retained earnings. Sustained profitability, regulatory constraints on dividend distributions and unrealized gains from the bank's securities portfolio due to devaluation have resulted in significant internal capital generation. Additional fresh capital injections also supported the bank's improving capitalization.

BNC's regulatory capital ratio decreased to 13% at 3Q15 from 14.71% at YE14. Even though BNC's tangible equity to assets ratio remained at 7.1% at Sep. 2015, it remains low relative to the bank's larger domestic peers and similarly rated Latin American peers. A fresh capital injection pending for approval will improve BNC's tangible equity to assets ratio to 7.25%. Nevertheless, Fitch views this level as weak in light of a volatile operating environment and high exposure to the public sector.

Fitch's main measure of capital, Fitch core capital (FCC) to risk weighted assets, stood at about 13.5% at Sep.30, 2015. However, risk weighted assets benefit from a high exposure to the government, which is weighted at zero, and to the 50% weight assigned to compulsory loans.

## Funding and Liquidity

### Funding and Liquidity

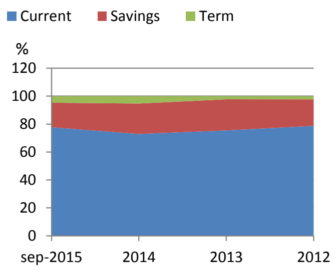
(%)

| | Sep 2015 | 2014 | 2013 | 2012 |
|---|---|---|---|---|
| Loans/Customer Deposits | 59.27 | 54.81 | 51.65 | 49.60 |
| Interbank Assets/Interbank Liabilities | n.a. | n.a. | n.a. | 0.00 |
| Customer Deposits/Total Funding (Excluding Derivatives) | 99.90 | 99.98 | 99.71 | 99.82 |

N.A.– Not available.

Sources: Audited financial statements, SUDEBAN, Fitch.

**Funding Evolution**




Expansionary fiscal and monetary policies have created a surplus of liquidity in the system and, given the limited investment options, a low-cost funding source for banks. Deposits have accounted for over 99% of total funding since 2011 and continue to grow at a brisk pace due to the system's excess liquidity. However, most deposits are demand deposits (95%) and time deposits have short-term maturities (on average 30 days). BNC has a large negative mismatch between short-term assets and liabilities, and access to longer-term funding is limited, as is the case across the Venezuelan banking system. Fitch views this structural maturity mismatch as manageable under the current environment of capital controls, which provides a sufficient barrier to capital flight. Additionally, there are no signs of a relaxation of such controls.

BCN has a liquid balance sheet, with cash and equivalents accounting for 34.3% of total deposits and short-term funding. However, most of these investments are government related and the financial market does not have the depth and ability to absorb these securities, especially in a stress situation.

## Support

Support cannot be relied upon given Venezuela's speculative-grade rating and lack of a consistent policy on bank support.

## Peer Analysis

BNC's liquidity was in line with similarly rated domestic and international peers at 3Q15. The bank's loan quality compares favorably to peers, though its exposure to the public sector as a proportion of equity exceeds that of most of its peers. Capitalization, though in line with that of other mid-sized Venezuelan banks, remains weak compared with that of large Venezuelan banks (market share of assets greater than 5%) and international peers. BNC's profitability is also weak compared with its domestic peers. When adjusting for inflation, profitability materially lags the bank's international peers.



## Peer Comparison

(Sep. 30, 2015)

| Issuer Name | Banco Nacional de Credito | Banco Exterior | Banco del Caribe | Banco Provincial | Banco Mercantil | Banking Sector Median |
|---|---|---|---|---|---|---|
| Country | Venezuela | Venezuela | Venezuela | Venezuela | Venezuela | Venezuela |
| Viability Rating | ccc | ccc | ccc | b | b | N.A. |
| Total Equity/Total Assets | 7.07 | 7.53 | 7.30 | 8.25 | 7.01 | 7.10 |
| Impaired Loans/Gross Loans | 0.06 | 0.43 | 0.61 | 0.27 | 0.22 | 0.28 |
| Reserves for Impaired Loans/ Impaired Loans | 3,175.12 | 562.9 | 404.95 | 1,138.74 | 1,466.15 | 766.68 |
| Deposits/Total Funding | 99.90 | 99.91 | 99.67 | 99.38 | 99.98 | 99.38 |
| Loans/Customer Deposits | 59.27 | 65.63 | 64.06 | 66.71 | 66.41 | 63.50 |
| ROAA | 2.61 | 3.68 | 3.94 | 3.95 | 3.21 | 3.68 |

N.A. – Not available.
Sources: Local superintendencies, audited financial statements, Fitch.

## Banco Nacional de Credito C.A.

| | 30 Sep 2015 | | | 31 Dec 2014 | | 31 Dec 2013 | | 31 Dec 2012 | |
|---|---|---|---|---|---|---|---|---|---|
| | Year End | Year End | | Year End | | Year End | | Year End | |
| | USDm | VEFm | As % of Earning Assets | VEFm | As % of Earning Assets | VEFm | As % of Earning Assets | VEFm | As % of Earning Assets |
| Income Statement | | | | | | | | | |
| 1. Interest Income on Loans | 1.363.4 | 8.567.8 | 13.67 | 4.481.3 | 9.10 | 2.388.5 | 7.84 | 1.580.3 | 8.01 |
| 2. Other Interest Income | 180.2 | 1.132.3 | 1.81 | 1.874.5 | 3.81 | 1.123.8 | 3.69 | 701.4 | 3.55 |
| 3. Dividend Income | 0.0 | 0.0 | 0.00 | 0.0 | 0.00 | 0.0 | 0.00 | n.a. | - |
| 4. Gross Interest and Dividend Income | 1.543.6 | 9.700.1 | 15.47 | 6.355.8 | 12.90 | 3.512.3 | 11.53 | 2.281.7 | 11.56 |
| 5. Interest Expense on Customer Deposits | 455.8 | 2.864.3 | 4.57 | 2.116.5 | 4.30 | 1.128.3 | 3.70 | 673.4 | 3.41 |
| 6. Other Interest Expense | 6.4 | 40.5 | 0.06 | 15.2 | 0.03 | 12.2 | 0.04 | 17.4 | 0.09 |
| 7. Total Interest Expense | 462.2 | 2.904.8 | 4.63 | 2.131.7 | 4.33 | 1.140.5 | 3.74 | 690.8 | 3.50 |
| 8. Net Interest Income | 1.081.3 | 6.795.3 | 10.84 | 4.224.1 | 8.58 | 2.371.8 | 7.78 | 1.590.9 | 8.06 |
| 9. Net Gains (Losses) on Trading and Derivatives | n.a. | n.a. | - | n.a. | - | n.a. | - | 0.0 | 0.00 |
| 10. Net Gains (Losses) on Other Securities | n.a. | n.a. | - | n.a. | - | n.a. | - | n.a. | - |
| 11. Net Gains (Losses) on Assets at FV through | n.a. | n.a. | - | n.a. | - | n.a. | - | 0.0 | 0.00 |
| 12. Net Insurance Income | n.a. | n.a. | - | n.a. | - | n.a. | - | n.a. | - |
| 13. Net Fees and Commissions | n.a. | n.a. | - | n.a. | - | n.a. | - | 0.0 | 0.00 |
| 14. Other Operating Income | 69.8 | 438.6 | 0.70 | 476.9 | 0.97 | 146.8 | 0.48 | 205.0 | 1.04 |
| 15. Total Non-Interest Operating Income | 69.8 | 438.6 | 0.70 | 476.9 | 0.97 | 146.8 | 0.48 | 205.0 | 1.04 |
| 16. Personnel Expenses | 184.4 | 1.158.6 | 1.85 | 952.3 | 1.93 | 484.0 | 1.59 | 306.7 | 1.55 |
| 17. Other Operating Expenses | 501.7 | 3.152.8 | 5.03 | 2.203.1 | 4.47 | 1.320.3 | 4.33 | 763.2 | 3.87 |
| 18. Total Non-Interest Expenses | 686.1 | 4.311.4 | 6.88 | 3.155.4 | 6.41 | 1.804.3 | 5.92 | 1.069.9 | 5.42 |
| 19. Equity-accounted Profit/ Loss - Operating | n.a. | n.a. | - | n.a. | - | n.a. | - | n.a. | - |
| 20. Pre-Impairment Operating Profit | 465.1 | 2.922.5 | 4.66 | 1.545.6 | 3.14 | 714.3 | 2.34 | 726.0 | 3.68 |
| 21. Loan Impairment Charge | 94.3 | 592.3 | 0.94 | 459.9 | 0.93 | 47.0 | 0.15 | 192.1 | 0.97 |
| 22. Securities and Other Credit Impairment Charges | 0.0 | 0.0 | 0.00 | 0.0 | 0.00 | 0.0 | 0.00 | 0.0 | 0.00 |
| 23. Operating Profit | 370.8 | 2.330.2 | 3.72 | 1.085.7 | 2.20 | 667.3 | 2.19 | 533.9 | 2.71 |
| 24. Equity-accounted Profit/ Loss - Non-operating | n.a. | n.a. | - | n.a. | - | n.a. | - | n.a. | - |
| 25. Non-recurring Income | 6.0 | 37.6 | 0.06 | 65.1 | 0.13 | 47.1 | 0.15 | 16.8 | 0.09 |
| 26. Non-recurring Expense | 2.5 | 15.7 | 0.03 | 11.8 | 0.02 | 39.5 | 0.13 | 31.6 | 0.16 |
| 27. Change in Fair Value of Own Debt | n.a. | n.a. | - | n.a. | - | n.a. | - | n.a. | - |
| 28. Other Non-operating Income and Expenses | n.a. | n.a. | - | n.a. | - | n.a. | - | 0.0 | 0.00 |
| 29. Pre-tax Profit | 374.3 | 2.352.1 | 3.75 | 1.139.0 | 2.31 | 674.9 | 2.21 | 519.1 | 2.63 |
| 30. Tax expense | 71.9 | 451.8 | 0.72 | 1.8 | 0.00 | 4.9 | 0.02 | 1.7 | 0.01 |
| 31. Profit/Loss from Discontinued Operations | n.a. | n.a. | - | n.a. | - | n.a. | - | n.a. | - |
| 32. Net Income | 302.4 | 1.900.3 | 3.03 | 1.137.2 | 2.31 | 670.0 | 2.20 | 517.4 | 2.62 |
| 33. Change in Value of AFS Investments | n.a. | n.a. | - | 0.0 | 0.00 | 0.0 | 0.00 | n.a. | - |
| 34. Revaluation of Fixed Assets | n.a. | n.a. | - | n.a. | - | n.a. | - | n.a. | - |
| 35. Currency Translation Differences | n.a. | n.a. | - | n.a. | - | n.a. | - | n.a. | - |
| 36. Remaining OCI Gains/(losses) | n.a. | n.a. | - | n.a. | - | n.a. | - | n.a. | - |
| 37. Fitch Comprehensive Income | 302.4 | 1.900.3 | 3.03 | 1.137.2 | 2.31 | 670.0 | 2.20 | 517.4 | 2.62 |
| 38. Memo: Profit Allocation to Non-controlling Interests | n.a. | n.a. | - | n.a. | - | n.a. | - | n.a. | - |
| 39. Memo: Net Income after Allocation to Non-controlling Interests | 302.4 | 1,900.3 | 3.03 | 1,137.2 | 2.31 | 670.0 | 2.20 | 0.0 | 0.00 |
| 40. Memo: Common Dividends Relating to the Period | n.a. | n.a. | - | n.a. | - | n.a. | - | n.a. | - |
| 41. Memo: Preferred Dividends Related to the Period | n.a. | n.a. | - | n.a. | - | n.a. | - | n.a. | - |
| Exchange rate | USD1 = VEF6.28420 | | | USD1 = VEF6.28420 | | USD1 = VEF4.28930 | | USD1 = VEF4.28930 | |

## Banco Nacional de Credito C.A.

| | 30 Sep 2015 | | | 31 Dec 2014 | | 31 Dec 2013 | | 31 Dec 2012 | |
|---|---|---|---|---|---|---|---|---|---|
| | Year End USDm | Year End VEFm | As % of Assets | Year End VEFm | As % of Assets | Year End VEFm | As % of Assets | Year End VEFm | As % of Assets |
| **Balance Sheet** | | | | | | | | | |
| **Assets** | | | | | | | | | |
| **A. Loans** | | | | | | | | | |
| 1. Residential Mortgage Loans | 687.0 | 4.317.0 | 3.46 | 2.608.0 | 3.61 | 1.734.3 | 4.08 | 1.200.0 | 4.54 |
| 2. Other Mortgage Loans | n.a. | n.a. | - | n.a. | - | n.a. | - | n.a. | - |
| 3. Other Consumer/ Retail Loans | 601.4 | 3.779.1 | 3.03 | 1.852.0 | 2.56 | 751.4 | 1.77 | 389.4 | 1.47 |
| 4. Corporate & Commercial Loans | 9.346.9 | 58.738.1 | 47.03 | 31.539.6 | 43.61 | 17.386.6 | 40.87 | 10.407.6 | 39.38 |
| 5. Other Loans | 0.0 | 0.0 | 0.00 | 0.0 | 0.00 | n.a. | - | 0.0 | 0.00 |
| 6. Less: Reserves for Impaired Loans | 209.2 | 1.314.5 | 1.05 | 792.8 | 1.10 | 357.4 | 0.84 | 314.4 | 1.19 |
| 7. Net Loans | 10.426.1 | 65.519.7 | 52.46 | 35.206.8 | 48.68 | 19.514.9 | 45.88 | 11.682.6 | 44.20 |
| 8. Gross Loans | 10.635.3 | 66.834.2 | 53.51 | 35.999.6 | 49.77 | 19.872.3 | 46.72 | 11.997.0 | 45.39 |
| 9. Memo: Impaired Loans included above | 6.6 | 41.4 | 0.03 | 17.3 | 0.02 | 11.6 | 0.03 | 21.4 | 0.08 |
| 10. Memo: Loans at Fair Value included above | n.a. | n.a. | - | n.a. | - | n.a. | - | n.a. | - |
| **B. Other Earning Assets** | | | | | | | | | |
| 1. Loans and Advances to Banks | n.a. | n.a. | - | 0.0 | 0.00 | n.a. | - | 0.0 | 0.00 |
| 2. Reverse Repos and Cash Collateral | n.a. | n.a. | - | n.a. | - | n.a. | - | n.a. | - |
| 3. Trading Securities and at FV through Income | 0.0 | 0.0 | 0.00 | 0.0 | 0.00 | 0.0 | 0.00 | 0.0 | 0.00 |
| 4. Derivatives | n.a. | n.a. | - | n.a. | - | n.a. | - | n.a. | - |
| 5. Available for Sale Securities | 761.6 | 4.786.3 | 3.83 | 4.612.6 | 6.38 | 5.074.8 | 11.93 | 3.444.4 | 13.03 |
| 6. Held to Maturity Securities | 1.096.6 | 6.891.2 | 5.52 | 5.171.2 | 7.15 | 3.290.2 | 7.73 | 2.787.1 | 10.55 |
| 7. Equity Investments in Associates | 0.0 | 0.0 | 0.00 | 0.0 | 0.00 | 0.0 | 0.00 | 0.0 | 0.00 |
| 8. Other Securities | 1.053.7 | 6.621.7 | 5.30 | 4.261.6 | 5.89 | 2.593.9 | 6.10 | 1.819.8 | 6.89 |
| 9. Total Securities | 2.911.9 | 18.299.2 | 14.65 | 14.045.4 | 19.42 | 10.958.9 | 25.76 | 8.051.3 | 30.46 |
| 10. Memo: Government Securities included Above | n.a. | n.a. | - | n.a. | - | n.a. | - | 0.0 | 0.00 |
| 11. Memo: Total Securities Pledged | n.a. | n.a. | - | n.a. | - | n.a. | - | n.a. | - |
| 12. Investments in Property | n.a. | n.a. | - | n.a. | - | n.a. | - | n.a. | - |
| 13. Insurance Assets | n.a. | n.a. | - | n.a. | - | n.a. | - | n.a. | - |
| 14. Other Earning Assets | n.a. | n.a. | - | n.a. | - | n.a. | - | n.a. | - |
| 15. Total Earning Assets | 13.338.0 | 83.818.9 | 67.11 | 49.252.2 | 68.10 | 30.473.8 | 71.64 | 19.733.9 | 74.67 |
| **C. Non-Earning Assets** | | | | | | | | | |
| 1. Cash and Due From Banks | 5.397.5 | 33.919.0 | 27.16 | 20.462.6 | 28.29 | 10.627.4 | 24.98 | 5.703.8 | 21.58 |
| 2. Memo: Mandatory Reserves included above | 4.467.7 | 28.076.0 | 22.48 | 26.674.9 | 36.88 | 8.280.3 | 19.47 | 4.350.1 | 16.46 |
| 3. Foreclosed Real Estate | 0.0 | 0.0 | 0.00 | 0.0 | 0.00 | 22.9 | 0.05 | 72.0 | 0.27 |
| 4. Fixed Assets | 551.5 | 3.465.9 | 2.77 | 1.153.7 | 1.60 | 708.2 | 1.66 | 488.1 | 1.85 |
| 5. Goodwill | n.a. | n.a. | - | n.a. | - | n.a. | - | 0.0 | 0.00 |
| 6. Other Intangibles | n.a. | n.a. | - | n.a. | - | n.a. | - | 0.0 | 0.00 |
| 7. Current Tax Assets | n.a. | n.a. | - | n.a. | - | n.a. | - | n.a. | - |
| 8. Deferred Tax Assets | n.a. | n.a. | - | n.a. | - | n.a. | - | 0.0 | 0.00 |
| 9. Discontinued Operations | n.a. | n.a. | - | n.a. | - | n.a. | - | n.a. | - |
| 10. Other Assets | 588.6 | 3.699.0 | 2.96 | 1.457.2 | 2.01 | 704.8 | 1.66 | 431.5 | 1.63 |
| 11. Total Assets | 19.875.7 | 124.902.8 | 100.00 | 72.325.7 | 100.00 | 42.537.1 | 100.00 | 26.429.3 | 100.00 |
| Exchange rate | USD1 = VEF6.28420 | | | USD1 = VEF6.28420 | | USD1 = VEF6.28420 | | USD1 = VEF4.28930 | |

## Banco Nacional de Credito C.A.

| | 30 Sep 2015 | | | 31 Dec 2014 | | 31 Dec 2013 | | 31 Dec 2012 | |
|---|---|---|---|---|---|---|---|---|---|
| | Year End USDm | Year End VEFm | As % of Assets | Year End VEFm | As % of Assets | Year End VEFm | As % of Assets | Year End VEFm | As % of Assets |
| **Balance Sheet** | | | | | | | | | |
| **Liabilities and Equity** | | | | | | | | | |
| **D. Interest-Bearing Liabilities** | | | | | | | | | |
| 1. Customer Deposits - Current | 13.886.6 | 87.266.3 | 69.87 | 47.849.7 | 66.16 | 28.818.0 | 67.75 | 19.019.5 | 71.96 |
| 2. Customer Deposits - Savings | 3.186.9 | 20.027.3 | 16.03 | 14.313.2 | 19.79 | 8.664.1 | 20.37 | 4.596.2 | 17.39 |
| 3. Customer Deposits - Term | 870.7 | 5.471.5 | 4.38 | 3.515.6 | 4.86 | 991.2 | 2.33 | 572.3 | 2.17 |
| 4. Total Customer Deposits | 17.944.2 | 112.765.1 | 90.28 | 65.678.5 | 90.81 | 38.473.3 | 90.45 | 24.188.0 | 91.52 |
| 5. Deposits from Banks | 18.0 | 113.3 | 0.09 | 2.4 | 0.00 | 1.8 | 0.00 | 23.3 | 0.09 |
| 6. Repos and Cash Collateral | n.a. | n.a. | - | n.a. | - | n.a. | - | n.a. | - |
| 7. Other Deposits and Short-term Borrowings | 0.0 | 0.0 | 0.00 | 11.7 | 0.02 | 109.3 | 0.26 | 20.4 | 0.08 |
| 8. Total Deposits, Money Market and Short-term Funding | 17.962.3 | 112.878.4 | 90.37 | 65.692.6 | 90.83 | 38.584.4 | 90.71 | 24.231.7 | 91.68 |
| 9. Senior Debt Maturing after 1 Year | 0.0 | 0.0 | 0.00 | 0.0 | 0.00 | 0.0 | 0.00 | 0.0 | 0.00 |
| 10. Subordinated Borrowing | 0.0 | 0.0 | 0.00 | 0.0 | 0.00 | 0.0 | 0.00 | n.a. | - |
| 11. Other Funding | n.a. | n.a. | - | n.a. | - | n.a. | - | n.a. | - |
| 12. Total Long Term Funding | 0.0 | 0.0 | 0.00 | 0.0 | 0.00 | 0.0 | 0.00 | 0.0 | 0.00 |
| 13. Derivatives | n.a. | n.a. | - | n.a. | - | n.a. | - | n.a. | - |
| 14. Trading Liabilities | n.a. | n.a. | - | n.a. | - | n.a. | - | n.a. | - |
| 15. Total Funding | 17.962.3 | 112.878.4 | 90.37 | 65.692.6 | 90.83 | 38.584.4 | 90.71 | 24.231.7 | 91.68 |
| **E. Non-Interest Bearing Liabilities** | | | | | | | | | |
| 1. Fair Value Portion of Debt | n.a. | n.a. | - | n.a. | - | n.a. | - | n.a. | - |
| 2. Credit impairment reserves | n.a. | n.a. | - | n.a. | - | n.a. | - | n.a. | - |
| 3. Reserves for Pensions and Other | n.a. | n.a. | - | n.a. | - | n.a. | - | n.a. | - |
| 4. Current Tax Liabilities | n.a. | n.a. | - | n.a. | - | n.a. | - | n.a. | - |
| 5. Deferred Tax Liabilities | n.a. | n.a. | - | n.a. | - | n.a. | - | n.a. | - |
| 6. Other Deferred Liabilities | n.a. | n.a. | - | n.a. | - | n.a. | - | n.a. | - |
| 7. Discontinued Operations | n.a. | n.a. | - | n.a. | - | n.a. | - | n.a. | - |
| 8. Insurance Liabilities | n.a. | n.a. | - | n.a. | - | n.a. | - | n.a. | - |
| 9. Other Liabilities | 507.3 | 3.187.7 | 2.55 | 1.262.3 | 1.75 | 963.8 | 2.27 | 499.9 | 1.89 |
| 10. Total Liabilities | 18.469.5 | 116.066.1 | 92.93 | 66.954.9 | 92.57 | 39.548.2 | 92.97 | 24.731.6 | 93.58 |
| **F. Hybrid Capital** | | | | | | | | | |
| 1. Pref. Shares and Hybrid Capital accounted for as Debt | 0.0 | 0.0 | 0.00 | n.a. | - | 0.0 | 0.00 | 0.0 | 0.00 |
| 2. Pref. Shares and Hybrid Capital accounted for as Equity | n.a. | n.a. | - | n.a. | - | n.a. | - | n.a. | - |
| **G. Equity** | | | | | | | | | |
| 1. Common Equity | 1.406.2 | 8.836.7 | 7.07 | 5.370.8 | 7.43 | 2.988.9 | 7.03 | 1.697.7 | 6.42 |
| 2. Non-controlling Interest | n.a. | n.a. | - | n.a. | - | n.a. | - | n.a. | - |
| 3. Securities Revaluation Reserves | 0.0 | 0.0 | 0.00 | 0.0 | 0.00 | 0.0 | 0.00 | 0.0 | 0.00 |
| 4. Foreign Exchange Revaluation Reserves | n.a. | n.a. | - | n.a. | - | n.a. | - | n.a. | - |
| 5. Fixed Asset Revaluations and Other Accumulated OCI | n.a. | n.a. | - | n.a. | - | n.a. | - | n.a. | - |
| 6. Total Equity | 1.406.2 | 8.836.7 | 7.07 | 5.370.8 | 7.43 | 2.988.9 | 7.03 | 1.697.7 | 6.42 |
| 7. Total Liabilities and Equity | 19.875.7 | 124.902.8 | 100.00 | 72.325.7 | 100.00 | 42.537.1 | 100.00 | 26.429.3 | 100.00 |
| 8. Memo: Fitch Core Capital | 1.406.2 | 8.836.7 | 7.07 | 5.370.8 | 7.43 | 2.988.9 | 7.03 | 1.697.7 | 6.42 |
| 9. Memo: Fitch Eligible Capital | n.a. | n.a. | - | n.a. | - | n.a. | - | n.a. | - |
| Exchange rate | USD1 = VEF6.28420 | | | USD1 = VEF6.28420 | | USD1 = VEF6.28420 | | USD1 = VEF4.28930 | |

## Banco Nacional de Credito C.A.

| | 30 Sep 2015 Year End | 31 Dec 2014 Year End | 31 Dec 2013 Year End | 31 Dec 2012 Year End |
|---|---|---|---|---|
| **Summary Analytics** | | | | |
| **A. Interest Ratios** | | | | |
| 1. Interest Income on Loans/ Average Gross Loans | 22.61 | 16.95 | 16.06 | 16.45 |
| 2. Interest Expense on Customer Deposits/ Average Customer Deposits | 4.35 | 4.19 | 3.85 | 3.80 |
| 3. Interest Income/ Average Earning Assets | 19.91 | 16.29 | 14.75 | 15.61 |
| 4. Interest Expense/ Average Interest-bearing Liabilities | 4.41 | 4.22 | 3.88 | 3.89 |
| 5. Net Interest Income/ Average Earning Assets | 13.95 | 10.82 | 9.96 | 10.89 |
| 6. Net Int. Inc Less Loan Impairment Charges/ Av. Earning Assets | 12.73 | 9.65 | 9.77 | 9.57 |
| 7. Net Interest Inc Less Preferred Stock Dividend/ Average Earning Assets | 13.95 | 10.82 | 9.96 | 10.89 |
| **B. Other Operating Profitability Ratios** | | | | |
| 1. Non-Interest Income/ Gross Revenues | 6.06 | 10.14 | 5.83 | 11.41 |
| 2. Non-Interest Expense/ Gross Revenues | 59.60 | 67.12 | 71.64 | 59.57 |
| 3. Non-Interest Expense/ Average Assets | 5.92 | 5.68 | 5.59 | 5.51 |
| 4. Pre-impairment Op. Profit/ Average Equity | 54.34 | 39.02 | 31.80 | 60.04 |
| 5. Pre-impairment Op. Profit/ Average Total Assets | 4.01 | 2.78 | 2.21 | 3.74 |
| 6. Loans and securities impairment charges/ Pre-impairment Op. Profit | 20.27 | 29.76 | 6.58 | 26.46 |
| 7. Operating Profit/ Average Equity | 43.33 | 27.41 | 29.71 | 44.15 |
| 8. Operating Profit/ Average Total Assets | 3.20 | 1.95 | 2.07 | 2.75 |
| 9. Taxes/ Pre-tax Profit | n.a. | n.a. | n.a. | n.a. |
| 10. Pre-Impairment Operating Profit / Risk Weighted Assets | n.a. | n.a. | n.a. | n.a. |
| 11. Operating Profit / Risk Weighted Assets | 4.76 | 3.25 | 3.66 | 4.77 |
| **C. Other Profitability Ratios** | | | | |
| 1. Net Income/ Average Total Equity | 35.33 | 28.71 | 29.83 | 42.79 |
| 2. Net Income/ Average Total Assets | 2.61 | 2.05 | 2.07 | 2.66 |
| 3. Fitch Comprehensive Income/ Average Total Equity | 35.33 | 28.71 | 29.83 | 42.79 |
| 4. Fitch Comprehensive Income/ Average Total Assets | 2.61 | 2.05 | 2.07 | 2.66 |
| 5. Net Income/ Av. Total Assets plus Av. Managed Securitized Assets | 19.21 | 0.16 | 0.73 | 0.33 |
| 6. Net Income/ Risk Weighted Assets | 3.88 | 3.40 | 3.68 | 4.63 |
| 7. Fitch Comprehensive Income/ Risk Weighted Assets | n.a. | n.a. | n.a. | n.a. |
| **D. Capitalization** | | | | |
| 1. Fitch Core Capital/ Risk Weighted Assets | 13.49 | 16.06 | 16.40 | 15.18 |
| 2. Fitch Eligible Capital/ Risk Weighted Assets | n.a. | n.a. | n.a. | n.a. |
| 3. Tangible Common Equity/ Tangible Assets | 7.07 | 7.43 | 7.03 | 6.42 |
| 4. Tier 1 Regulatory Capital Ratio | n.a. | n.a. | n.a. | n.a. |
| 5. Total Regulatory Capital Ratio | 13.05 | 14.71 | 14.50 | 13.83 |
| 6. Core Tier 1 Regulatory Capital Ratio | n.a. | n.a. | n.a. | n.a. |
| 7. Equity/ Total Assets | 7.07 | 7.43 | 7.03 | 6.42 |
| 8. Cash Dividends Paid & Declared/ Net Income | n.a. | n.a. | n.a. | n.a. |
| 9. Cash Dividend Paid & Declared/ Fitch Comprehensive Income | n.a. | n.a. | n.a. | n.a. |
| 10. Cash Dividends & Share Repurchase/Net Income | n.a. | n.a. | n.a. | n.a. |
| 11. Internal Capital Generation | 28.75 | 21.17 | 22.42 | 30.48 |
| **E. Loan Quality** | | | | |
| 1. Growth of Total Assets | 72.69 | 70.03 | 60.95 | 73.55 |
| 2. Growth of Gross Loans | 85.65 | 81.15 | 65.64 | 55.48 |
| 3. Impaired Loans/ Gross Loans | 0.06 | 0.05 | 0.06 | 0.18 |
| 4. Reserves for Impaired Loans/ Gross Loans | 1.97 | 2.20 | 1.80 | 2.62 |
| 5. Reserves for Impaired Loans/ Impaired Loans | 3,175.12 | 4,582.66 | 3,081.03 | 1,469.16 |
| 6. Impaired loans less Reserves for Impaired Loans/ Fitch Core Capital | (14.41) | (14.44) | (11.57) | (17.26) |
| 7. Impaired Loans less Reserves for Impaired Loans/ Equity | (14.41) | (14.44) | (11.57) | (17.26) |
| 8. Loan Impairment Charges/ Average Gross Loans | 1.57 | 1.74 | 0.32 | 2.00 |
| 9. Net Charge-offs/ Average Gross Loans | 0.01 | n.a. | n.a. | 1.86 |
| 10. Impaired Loans + Foreclosed Assets/ Gross Loans + Foreclosed Assets | 0.06 | 0.05 | 0.17 | 0.77 |
| **F. Funding** | | | | |
| 1. Loans/ Customer Deposits | 59.27 | 54.81 | 51.65 | 49.60 |
| 2. Interbank Assets/ Interbank Liabilities | n.a. | n.a. | n.a. | 0.00 |
| 3. Customer Deposits/ Total Funding (excluding derivatives) | 99.90 | 99.98 | 99.71 | 99.82 |

The ratings above were solicited by, or on behalf of, the issuer, and therefore, Fitch has been compensated for the provision of the ratings.