Banco Nacional de Credito C.A. Banco Universal

Full Rating Report

Ratings

Foreign Currency

Long-Term IDR	B
Short-Term IDR	B
Viability Rating	b
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	B
Local-Currency Long-Term IDR	B

Outlooks

Foreign-Currency Long-Term IDR	Negative
Sovereign Foreign-Currency Long-Term IDR	Negative
Sovereign Local-Currency Long-Term IDR	Negative

Financial Data

Banco Nacional de Credito

	December 2013	December 2012
Total Assets (USDb)	6.71	6.16
Total Assets (VEFm)	42,166	26,429
Total Equity (VEFm)	2,989	1,598
Operating Profit (VEFm)	659	586
Published Net Income (VEFm)	670	517
Comprehensive Income (VEFm)	863	517
Operating ROAA (%)	2.04	3.02
Operating ROAE (%)	29.58	50.58
Internal Capital Generation (%)	22.42	32.38
Eligible Capital/Weighted Risks (%)	16.40	14.28
Tier 1 Ratio (%)	N.A.	N.A.
Net income (VEFm)	670	517

Related Research

2014 Outlook: Andean Banks (December 2013)
Peer Review: Private Sector Venezuelan Banks (February 2014)

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Key Rating Drivers

Challenging Operating Environment: Banco Nacional de Credito, C.A. Banco Universal's (BNC) ratings reflect the bank's growing franchise, improved capital ratios, good loan quality indicators, as well as adequate liquidity and funding. The ratings also reflect the bank's moderate profitability, rapid credit growth, relatively low loan loss reserves and high exposure to the government. BNC's operating environment, which suffers from deep macroeconomic imbalances and intrusive bank regulation, also tempers Fitch Ratings' view of creditworthiness.

Growth and Asset Concentration: BNC's loan growth has consistently exceeded that of the system since 2011, 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 since 2010.

Low Loan Loss Reserves: BNC's reserves for impaired loans grew significantly less than gross loans from 2011–2013, 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.

Improving Capital: High nominal profitability, curbs on dividend payouts, unrealized and nonrecurring foreign exchange gains and fresh capital injections led to an improvement in BNC's capitalization. The bank's equity to assets ratio was consistent with similarly rated banks at YE13. However, capital ratios are close to local regulatory minimums and remain exposed to the overall performance of the economy and, as such, are not considered a key strength.

Profitability Lags Domestic Peers: BNC's profitability continued to lag that of its Venezuelan peers in 2013. Despite similar margins, the bank's lower efficiency and limited cross-selling hinders profitability. When adjusted for inflation, the bank reported a loss in 2013, though gains from exchange rate fluctuations more than offset the impact of this loss on equity.

Adequate Liquidity: Expansive fiscal and monetary policies and the lack of investment alternatives supported steady deposit growth. However, these are largely demand deposits and very short term. Nevertheless, deposits have been stable, in part due to the government's tight monetary/capital controls.

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. However, the Rating Outlook on Venezuela's long-term IDRs is currently Negative. A sustained improvement of the bank's financial profile could be positive for the bank's national ratings.

Operating Environment

Operating Environment is Key Rating Driver

BNC's Outlook is Negative, in line with that of the sovereign and other Venezuelan banks. In addition to high exposure to the public sector, Venezuelan banks face a challenging operating environment that includes economic stagnation, intrusive regulation, capital controls and rampant inflation. The operating environment limits the banking sector's operations. Political strife, the government's confrontational stance towards the private sector and regulatory uncertainty have severely hindered private investment and curbed economic growth.

Deep Macroeconomic Imbalances

In Fitch's view, uncertainty over politics and policy choices remains the driving force behind Venezuela's economic performance in 2014, particularly in light of growing macroeconomic imbalances and civic unrest. Nevertheless, policymakers will retain a degree of flexibility in confronting Venezuela's economic challenges as Fitch expects oil prices to remain at a level that limits severe destabilizing fiscal pressures. Fitch expects a slight recession in 2014 compared with estimated growth of 0.7% in 2013, though downside risks remain. This is due to a comparatively lower fiscal stimulus, weaker household consumption, private sector restrictions to access foreign exchange and the potential for additional exchange rate adjustment in 2014. Annual inflation increased significantly to 56.2% in 2013 from 20.1% in 2012 and is not expected to decline in 2014 or 2015.

Difficult economic conditions could pressure the banking system's performance. In Fitch's opinion, Venezuelan banks have aptly managed deteriorating economic conditions. However, the large and mid-sized banks have generally been more resilient than the rest of the system in times of stress. For more information, see Fitch Research on "2014 Outlook: Andean Banks (Colombia, Ecuador, Peru and Venezuela)" dated December 2013, available on Fitch's website at www.fitchratings.com.

Underdeveloped Financial Market

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 25% of the system's total assets at YE13, 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.

Restrictive Regulatory Framework

Further government intervention in the banking system could create additional challenges for the banking sector as a whole. Although Venezuelan banks, including BNC, continue to benefit from high margins, government-imposed caps on lending rates and fees constrain the Venezuelan banks' ability to implement risk-based pricing. Similarly, regulatory floors on interest paid on savings and term deposits have incentivized the banks' growing reliance on demand deposit funding, representing 80% of total customer deposits in the banking system. The banks' maintenance of large negative mismatches between short-term assets and liabilities is manageable under the current regime of capital controls, which creates a significant barrier to deposit flight.

Related Criteria

Global Financial Institutions Rating Criteria (January 2014)

Growing Compulsory Lending Compromises Credit Standards

Similarly, ever-increasing compulsory lending requirements to priority economic sectors (e.g. agriculture, housing, manufacturing, microfinance and tourism) compromise banks' ability to manage growth, define optimal loan portfolios or tighten lending in the event of deteriorating asset quality. Since 2013, banks have been required to grant loans to priority sectors at levels equivalent to an estimated 54% of the previous year's gross loan portfolio, compared with a requirement of 47% in 2008.

The current breakdown is as follows:

- Agribusiness: 23% of the average outstanding gross loans as of year-end for the previous two years, of which up to 15% can be met with the purchase of government agricultural bonds.
- Mortgages and construction for primary residences: 20% of gross loans outstanding at the close of the previous year.
- Manufacturing: 10% of gross loans outstanding at the close of the previous year.
- Microfinance: 3% of gross loans outstanding at the close of the previous year.
- Tourism: 4% of average gross loans over the previous year.

Most of these loans must be extended at mandated interest rates that are lower than the market average and interest rate ceilings (only microfinance can be at the ceiling) and with defined conditions regarding maturities, economic subsectors, and the profile of the beneficiary.

Company Profile

BNC is a medium-sized bank that mostly focuses on the corporate segment. The bank had a 2.8% market share of assets as of Dec. 31, 2013. 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. BNC offers its customers lending, leasing and trade finance products, as well as car loans, mortgages and consumer lending.

By YE13, the bank had grown its network to 160 branches (Tequendama originally had three branches) in all but two Venezuelan states and including an off-shore branch in Curacao. In addition, BNC's distribution network included 375 ATMs, internet banking and a call center at the same date. The bank is controlled by a well-regarded local family, which held 17.5% of the shares as of Dec. 31, 2013. 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. Funding is, increasingly, widely based. But given the limitations of BNC's operating environment, about 38% of its loan portfolio was devoted to compulsory lending at YE13. 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

The bank was created by experienced bankers that actively participate in the day to day operations and implemented a professional and formal managerial structure. 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. 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.

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. However, the bank has to deal with regulatory limitations (e.g. interest rate caps and floors) and, like every enterprise in Venezuela's difficult economy, with logistical constraints (e.g. raw material shortages) that slowed its branch expansion. Nevertheless, the bank has embarked on a plan to increase the branches' profitability and improve efficiency. To support the latter, BNC has invested in IT systems.

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 53% of the loan portfolio maturing within six months at YE13 and only about one-third 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 remains moderate. On the corporate side, the bank maintains its interest in the oil & gas sector, which has an outsized weight in the loan portfolio but remains the country's key and more consistent industry.

Nominal loan growth has been rapid in the last few years (64% in 2013, 55% in 2012) but when adjusted for inflation (56% in 2013, 21% in 2012) it shows a more moderate pace. Future growth should decelerate but 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 2012 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

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. However, PDLs have also declined in absolute terms 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 YE13, down from 0.18% a year earlier. Loan loss reserves covered PDLs 30.0x at December 2013; this is a comfortable level when compared to the very low PDLs, but reserves have declined in relative terms when compared to gross loans and at 1.8% appear to be relatively weak. 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

(%, Year Ended Dec. 31)	2013	2012	2011	2010
Growth of Gross Loans	64.4	55.5	56.1	13.3
Impaired Loans /Gross Loans	0.1	0.2	2.3	4.3
Reserves for Impaired Loans/Impaired Loans	3,057.8	1,469.2	170.4	107.9
Impaired Loans less Reserves for Impaired Loans/Fitch Core Capital	(11.5)	(18.3)	(15.0)	(3.0)
Loan Impairment Charges/Average Gross Loans	0.3	1.9	1.2	1.0

Sources: Audited financial statements, SUDEBAN, Fitch.

BNC has consistently complied with the compulsory lending rules mentioned above; 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 Dec. 31, 2013, compulsory loans accounted for 37.5% of BNC's gross loans. 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.

Given its corporate focus, BNC has a relatively concentrated loan portfolio. Loans to the top 20 borrowing groups amounted to 21% of the total loan portfolio at September 2013, down from 22% at March 2013. In terms of industries, BNC's loan portfolio is mainly concentrated in personal/business services (36% of the total loan portfolio at December 2013) and wholesale/retail commerce (26%); these broad categories are in turn diversified in several sub-sectors (oil & gas services, food and beverages, clothing, durable goods, among others). Other significant exposures include agriculture (10.5% of the loan portfolio at December 2013), manufacturing (10%) and financial, business and real estate services (7.5%).

Concentration by obligor and industry has gradually declined in the past few years due to a sustained effort from the bank's management. Continued growth into retail products should also contribute to a reduction in concentration. However, similar to other corporate-oriented banks, further gains are likely to be increasingly more difficult to achieve. As such, Fitch expects BNC to sustain higher loan portfolio concentration than its larger peers.

BNC's investment portfolio accounted for about 26% of total assets at December 2013 and was mostly composed of debt securities from or guaranteed by the public sector. At December 2013, about 46% of the investment portfolio was classified as available for sale, and 30% as held to maturity. 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 86% of the total mature after one year, including 49% that mature after five years. Bank management estimates the average maturity at seven years. In aggregate, exposure to the government, central bank, state-owned enterprises and government agencies accounted for about 99.4% of all investments at December 2013.

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.

Key Performance Ratios

(%,Year Ended Dec. 31)

	2013	2012	2011	2010
Net Interest Income/Average Earning Assets	9.9	10.8	9.6	8.4
Non-interest Expense/Gross Revenues	74.8	58.3	71.8	85.3
Loans and Securities Impairment Charges/Pre-Impairment Operating Profit	6.5	23.5	26.1	48.7
Operating Profit/Average Total Assets	2.0	3.0	1.7	0.6
Operating Profit/Risk-Weighted Assets	3.6	5.2	2.8	1.1
Net Income/Average Equity	30.1	44.6	24.3	10.9

Sources: Audited financial statements, SUDEBAN, Fitch.

Earnings and Profitability

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 and has remained above 9.5% since 2011, up from less than 7% in 2009. The investment portfolio generates about 32% of interest revenues, highlighting its importance to the bank's income. Rapid nominal loan growth also fueled operating revenues. As is the case with other Venezuelan banks, non-interest operating income is modest, accounting for about 16% of gross operating revenues at YE13, down from 24% in 2009. The relative decline of non-interest income reflects increased 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 IT (which in the short run have a negative effect on expenses) 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 2012 peak, which in part reflected an extraordinary portfolio clean-up. At YE13, the ratio of loan impairment charges to gross loans was 0.31%, well below the previous three-year average. Profitability has been consistently below that of its domestic peers and when adjusted for inflation compared unfavorably to other similarly rated Latin American peers.

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.

Capital

(%,Year Ended Dec. 31)	2013	2012	2011	2010
Fitch Core Capital/ Weighted Risks	16.4	14.3	11.6	13.4
Fitch Core Capital/Adjusted Weighted Risks	14.4	12.7	10.2	11.1
Fitch Eligible Capital/Weighted Risks	16.4	14.3	11.6	13.4
Tangible Common Equity/Tangible Assets	7.1	6.1	5.6	6.5
Core Tier 1 Regulatory Capital Ratio	N.A.	N.A.	N.A.	N.A.
Internal Capital Generation	22.4	32.4	22.6	10.6

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

Capitalization and Leverage

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 increased to 14.6% at YE13 from 13.8% at YE12. Even though BNC's tangible equity to assets ratio improved to 7% at YE13 — its highest level since 2009 — it remains low relative to the bank's larger domestic peers and similarly rated Latin American peers. Additionally, Fitch views this level as weak in light of a volatile operating environment, increasing compulsory loans and high exposure to the public sector.

Fitch's main measure of capital, Fitch core capital (FCC) to risk weighted assets, stood at about 16% at YE13. 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. When weighing compulsory loans at 100%, the FCC to adjusted risk weighted assets was 14.4% at YE13.

Funding and Liquidity

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 90% of assets since 2011 and continue to grow at a brisk pace due to the system's excess liquidity. However, most deposits are demand deposits (97%) 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.

Funding and Liquidity

(%,Year Ended Dec. 31)	2013	2012	2011	2010
Loans/Customer Deposits	51.8	49.4	56.0	66.8
Interbank Assets/Interbank Liabilities	N.A.	409.4	14,600.0	45.8
Customer Deposits/Total Funding (Excluding Derivatives)	100.0	99.8	99.3	93.8

N.A.– Not available.

Sources: Audited financial statements, SUDEBAN, Fitch.

BCN has a liquid balance sheet, with cash and equivalents accounting for 25% of its assets and "available for sale" securities 12%. Cash and equivalents cover about 27% of total deposits, while more liquid investments cover 13%. 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 YE13. 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

(Year Ended Dec. 31, 2013)

Issuer Name	Banco Nacional de Credito	Banco Exterior	Banco del Caribe	Banco BHD	Produbanco	Banking Sector Average
Country	Venezuela	Venezuela	Venezuela	Dominican Republic	Ecuador	Venezuela
Viability Rating	b	b	b	b	b	N.A.
Total Equity/Total Assets	7.09	7.20	7.04	11.31	7.75	7.90
Impaired Loans/Gross Loans	0.06	0.44	0.50	2.06	1.83	0.60
Reserves for Impaired Loans/ Impaired Loans	3,057.76	329.19	402.76	196.12	163.07	453.30
Deposits/Assets	90.37	91.07	89.27	78.51	83.89	86.74
Loans/Customer Deposits	51.75	62.96	52.79	68.54	61.84	50.20
ROAA	2.08	5.03	4.12	2.72	0.77	4.10

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

Banco Nacional de Credito C.A.

	31 Dec 2013			31 Dec 2012		31 Dec 2011		31 Dec 2010	
	Year End	Year End		Year End	As % of	Year End		Year End	
	USDm	VEFm	As % of	VEFm	As % of	VEFm	As % of	VEFm	As % of
	Not Disclosed	Not Disclosed	Earning Assets	Audited/Report not seen	Earning Assets	Unqualified	Earning Assets	Unqualified	Earning Assets
Income Statement									
1. Interest Income on Loans	378.9	2,381.0	7.87	1,580.3	7.97	978.8	8.84	729.7	11.75
2. Other Interest Income	176.9	1,111.7	3.67	701.4	3.54	359.3	3.25	245.5	3.95
3. Dividend Income	0.0	0.0	0.00	n.a.	-	n.a.	-	n.a.	-
4. Gross Interest and Dividend Income	555.8	3,492.7	11.54	2,281.7	11.51	1,338.1	12.09	975.2	15.71
5. Interest Expense on Customer Deposits	179.0	1,124.9	3.72	673.4	3.40	498.1	4.50	458.0	7.38
6. Other Interest Expense	1.9	12.2	0.04	17.4	0.09	20.5	0.19	37.6	0.61
7. Total Interest Expense	180.9	1,137.1	3.76	690.8	3.48	518.6	4.69	495.6	7.98
8. Net Interest Income	374.8	2,355.6	7.78	1,590.9	8.02	819.5	7.40	479.6	7.73
9. Net Gains (Losses) on Trading and Derivatives	n.a.	n.a.	-	0.0	0.00	23.9	0.22	33.6	0.54
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.	-	0.0	0.00	(0.3)	(0.00)	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.	-	0.0	0.00	128.0	1.16	83.5	1.35
14. Other Operating Income	70.4	442.4	1.46	245.4	1.24	1.3	0.01	15.9	0.26
15. Total Non-Interest Operating Income	70.4	442.4	1.46	245.4	1.24	152.9	1.38	133.0	2.14
16. Personnel Expenses	77.1	484.5	1.60	306.7	1.55	193.4	1.75	147.7	2.38
17. Other Operating Expenses	256.0	1,608.8	5.32	763.2	3.85	504.4	4.56	374.6	6.03
18. Total Non-Interest Expenses	333.1	2,093.3	6.92	1,069.9	5.40	697.8	6.31	522.3	8.41
19. Equity-accounted Profit/ Loss - Operating	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
20. Pre-Impairment Operating Profit	112.1	704.7	2.33	766.4	3.86	274.6	2.48	90.3	1.45
21. Loan Impairment Charge	7.3	46.0	0.15	180.1	0.91	71.7	0.65	44.0	0.71
22. Securities and Other Credit Impairment Charges	0.0	0.1	0.00	0.0	0.00	0.0	0.00	0.0	0.00
23. Operating Profit	104.8	658.6	2.18	586.3	2.96	202.9	1.83	46.3	0.75
24. Equity-accounted Profit/ Loss - Non-operating	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
25. Non-recurring Income	4.4	27.9	0.09	13.8	0.07	11.5	0.10	25.8	0.42
26. Non-recurring Expense	1.8	11.6	0.04	75.9	0.38	5.6	0.05	3.5	0.06
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.	-	(5.0)	(0.03)	n.a.	-	n.a.	-
29. Pre-tax Profit	107.4	674.9	2.23	519.2	2.62	208.8	1.89	68.6	1.11
30. Tax expense	0.8	4.9	0.02	1.8	0.01	0.8	0.01	0.0	0.00
31. Profit/Loss from Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
32. Net Income	106.6	670.0	2.21	517.4	2.61	208.0	1.88	68.6	1.11
33. Change in Value of AFS Investments	30.8	193.3	0.64	n.a.	-	n.a.	-	0.0	0.00
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	137.4	863.3	2.85	517.4	2.61	208.0	1.88	68.6	1.11
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-	106.6	670.0	2.21	517.4	2.61	208.0	1.88	68.6	1.11
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 = VEF4.28930		USD1 = VEF4.28930		USD1 = VEF4.28930	

Banco Nacional de Credito C.A.

	31 Dec 2013			31 Dec 2012		31 Dec 2011		31 Dec 2010	
	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	276.0	1,734.3	4.11	1,200.0	4.54	876.0	5.75	687.8	7.83
2. Other Mortgage Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Other Consumer/ Retail Loans	119.6	751.4	1.78	389.4	1.47	260.0	1.71	209.0	2.38
4. Corporate & Commercial Loans	2,742.6	17,235.0	40.87	10,295.2	38.95	6,580.0	43.21	4,045.9	46.05
5. Other Loans	n.a.	n.a.	-	112.4	0.43	n.a.	-	n.a.	-
6. Less: Reserves for Impaired Loans	56.4	354.7	0.84	314.4	1.19	305.0	2.00	231.5	2.63
7. Net Loans	3,081.7	19,366.0	45.93	11,682.6	44.20	7,411.0	48.66	4,711.2	53.62
8. Gross Loans	3,138.1	19,720.7	46.77	11,997.0	45.39	7,716.0	50.67	4,942.7	56.26
9. Memo: Impaired Loans included above	1.8	11.6	0.03	21.4	0.08	179.0	1.18	214.5	2.44
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.	-	95.4	0.36	292.0	1.92	220.4	2.51
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	793.8	4,988.1	11.83	3,444.4	13.03	1,906.0	12.52	331.8	3.78
6. Held to Maturity Securities	518.4	3,257.6	7.73	2,787.1	10.55	1,078.0	7.08	919.2	10.46
7. Equity Investments in Associates	9.0	56.5	0.13	0.0	0.00	0.0	0.00	0.0	0.00
8. Other Securities	412.7	2,593.8	6.15	1,819.8	6.89	380.0	2.50	25.4	0.29
9. Total Securities	1,733.9	10,896.0	25.84	8,051.3	30.46	3,364.0	22.09	1,276.4	14.53
10. Memo: Government Securities included Above	n.a.	9,642.70	22.9	7,232.2	27.4	3,334.0	21.89	1,226.0	13.95
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	4,815.6	30,262.0	71.77	19,829.3	75.03	11,067.0	72.67	6,208.0	70.66
C. Non-Earning Assets									
1. Cash and Due From Banks	1,666.5	10,472.6	24.84	5,608.4	21.22	3,512.0	23.06	2,084.5	23.73
2. Memo: Mandatory Reserves included above	n.a.	n.a.	-	n.a.	-	2,661.0	17.47	1,727.9	19.67
3. Foreclosed Real Estate	3.6	22.9	0.05	72.0	0.27	43.0	0.28	6.8	0.08
4. Fixed Assets	112.7	708.1	1.68	488.1	1.85	346.0	2.27	279.3	3.18
5. Goodwill	n.a.	n.a.	-	0.0	0.00	21.5	0.14	23.2	0.26
6. Other Intangibles	n.a.	n.a.	-	0.0	0.00	57.6	0.38	61.6	0.70
7. Current Tax Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
8. Deferred Tax Assets	n.a.	n.a.	-	0.0	0.00	0.0	0.00	0.0	0.00
9. Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
10. Other Assets	111.5	700.5	1.66	431.5	1.63	181.9	1.19	122.3	1.39
11. Total Assets	6,709.9	42,166.1	100.00	26,429.3	100.00	15,229.0	100.00	8,785.7	100.00
Exchange rate		USD1 = VEF6.28420		USD1 = VEF4.28930		USD1 = VEF4.28930		USD1 = VEF4.28930	

Banco Nacional de Credito C.A.

	31 Dec 2013			31 Dec 2012		31 Dec 2011		31 Dec 2010	
	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	4,575.5	28,753.4	68.19	19,117.9	72.34	10,454.0	68.65	4,533.1	51.60
2. Customer Deposits - Savings	1,349.7	8,482.0	20.12	4,596.2	17.39	2,313.0	15.19	1,253.1	14.26
3. Customer Deposits - Term	138.5	870.2	2.06	572.3	2.17	1,005.0	6.60	1,617.0	18.40
4. Total Customer Deposits	6,063.7	38,105.6	90.37	24,286.4	91.89	13,772.0	90.43	7,403.2	84.26
5. Deposits from Banks	0.3	1.8	0.00	23.3	0.09	2.0	0.01	481.5	5.48
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	20.2	0.08	97.0	0.64	4.6	0.05
8. Total Deposits, Money Market and Short-term Funding	6,064.0	38,107.4	90.37	24,329.9	92.06	13,871.0	91.08	7,889.3	89.80
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	n.a.	-	n.a.	-	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	6,064.0	38,107.4	90.37	24,329.9	92.06	13,871.0	91.08	7,889.3	89.80
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	170.2	1,069.8	2.54	401.7	1.52	336.0	2.21	148.2	1.69
10. Total Liabilities	6,234.2	39,177.2	92.91	24,731.6	93.58	14,207.0	93.29	8,037.5	91.48
F. Hybrid Capital									
1. Pref. Shares and Hybrid Capital accounted for as Debt	0.0	0.0	0.00	100.0	0.38	100.0	0.66	100.0	1.14
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	432.5	2,718.1	6.45	1,520.2	5.75	903.0	5.93	661.0	7.52
2. Non-controlling Interest	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Securities Revaluation Reserves	43.1	270.8	0.64	77.5	0.29	19.0	0.12	(12.8)	(0.15)
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	475.6	2,988.9	7.09	1,597.7	6.05	922.0	6.05	648.2	7.38
7. Total Liabilities and Equity	6,709.9	42,166.1	100.00	26,429.3	100.00	15,229.0	100.00	8,785.7	100.00
8. Memo: Fitch Core Capital	475.6	2,988.9	7.09	1,597.7	6.05	842.9	5.53	563.4	6.41
9. Memo: Fitch Eligible Capital	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Exchange rate	USD1 = VEF6.28420			USD1 = VEF4.28930		USD1 = VEF4.28930		USD1 = VEF4.28930	

Banco Nacional de Credito C.A.

	31 Dec 2013 Year End	31 Dec 2012 Year End	31 Dec 2011 Year End	31 Dec 2010 Year End
Summary Analytics				
A. Interest Ratios				
1. Interest Income on Loans/ Average Gross Loans	16.04	16.45	15.90	16.55
2. Interest Expense on Customer Deposits/ Average Customer Deposits	3.84	3.80	4.83	6.85
3. Interest Income/ Average Earning Assets	14.69	15.55	15.66	17.16
4. Interest Expense/ Average Interest-bearing Liabilities	3.88	3.88	4.94	6.81
5. Net Interest Income/ Average Earning Assets	9.90	10.84	9.59	8.44
6. Net Int. Inc Less Loan Impairment Charges/ Av. Earning Assets	9.71	9.61	8.75	7.67
7. Net Interest Inc Less Preferred Stock Dividend/ Average Earning Assets	9.90	10.84	9.59	8.44
B. Other Operating Profitability Ratios				
1. Non-Interest Income/ Gross Revenues	15.81	13.36	15.72	21.71
2. Non-Interest Expense/ Gross Revenues	74.81	58.26	71.76	85.26
3. Non-Interest Expense/ Average Assets	6.50	5.51	5.96	6.39
4. Pre-impairment Op. Profit/ Average Equity	31.65	66.11	32.05	14.29
5. Pre-impairment Op. Profit/ Average Total Assets	2.19	3.94	2.34	1.11
6. Loans and securities impairment charges/ Pre-impairment Op. Profit	6.54	23.50	26.11	48.73
7. Operating Profit/ Average Equity	29.58	50.58	23.68	7.33
8. Operating Profit/ Average Total Assets	2.04	3.02	1.73	0.57
9. Taxes/ Pre-tax Profit	0.73	0.35	0.38	0.00
10. Pre-Impairment Operating Profit / Risk Weighted Assets	3.87	6.85	3.78	2.14
11. Operating Profit / Risk Weighted Assets	3.61	5.24	2.79	1.10
C. Other Profitability Ratios				
1. Net Income/ Average Total Equity	30.10	44.63	24.27	10.86
2. Net Income/ Average Total Assets	2.08	2.66	1.78	0.84
3. Fitch Comprehensive Income/ Average Total Equity	38.78	44.63	24.27	10.86
4. Fitch Comprehensive Income/ Average Total Assets	2.68	2.66	1.78	0.84
5. Net Income/ Av. Total Assets plus Av. Managed Securitized Assets	n.a.	2.66	1.78	0.84
6. Net Income/ Risk Weighted Assets	3.68	4.63	2.86	1.63
7. Fitch Comprehensive Income/ Risk Weighted Assets	4.74	4.63	2.86	1.63
D. Capitalization				
1. Fitch Core Capital/ Risk Weighted Assets	16.40	14.28	11.60	13.37
2. Fitch Eligible Capital/ Risk Weighted Assets	n.a.	n.a.	n.a.	n.a.
3. Tangible Common Equity/ Tangible Assets	7.09	6.05	5.56	6.48
4. Tier 1 Regulatory Capital Ratio	n.a.	n.a.	n.a.	n.a.
5. Total Regulatory Capital Ratio	14.50	13.83	13.99	16.00
6. Core Tier 1 Regulatory Capital Ratio	n.a.	n.a.	n.a.	n.a.
7. Equity/ Total Assets	7.09	6.05	6.05	7.38
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	22.42	32.38	22.56	10.58
E. Loan Quality				
1. Growth of Total Assets	59.54	73.55	73.34	11.30
2. Growth of Gross Loans	64.38	55.48	56.11	13.26
3. Impaired Loans/ Gross Loans	0.06	0.18	2.32	4.34
4. Reserves for Impaired Loans/ Gross Loans	1.80	2.62	3.95	4.68
5. Reserves for Impaired Loans/ Impaired Loans	3,057.76	1,469.16	170.39	107.93
6. Impaired loans less Reserves for Impaired Loans/ Fitch Core Capital	(11.48)	(18.34)	(14.95)	(3.02)
7. Impaired Loans less Reserves for Impaired Loans/ Equity	(11.48)	(18.34)	(13.67)	(2.62)
8. Loan Impairment Charges/ Average Gross Loans	0.31	1.87	1.16	1.00
9. Net Charge-offs/ Average Gross Loans	n.a.	1.86	0.68	2.61
10. Impaired Loans + Foreclosed Assets/ Gross Loans + Foreclosed Assets	0.17	0.77	2.86	4.47
F. Funding				
1. Loans/ Customer Deposits	51.75	49.40	56.03	66.76
2. Interbank Assets/ Interbank Liabilities	n.a.	409.44	14,600.00	45.77
3. Customer Deposits/ Total Funding (excluding derivatives)	100.00	99.82	99.29	93.84

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