



Annual Report 2014

90 years
Mercantil





The Mercantil Culture:

The guiding principles behind 90 years of service

On March 23, 1925 in Caracas, an important group of Venezuelan entrepreneurs founded the Banco Neerlandio Venezolano. A year later, it changes its name to Banco Mercantil y Agrícola. Today, the Mercantil brand is well-known in Venezuela and internationally through the development of banking, insurance and wealth management businesses.

Mercantil has experienced nine decades of sustained growth, while remaining committed to the betterment of the communities, where it has presence, its institutions, people, and more than five million customers. As part of this commitment, Mercantil has focused on introducing innovative technologies, generating employment opportunities, caring for the well-being and professional development of more than 9,500 employees, as well as supporting the communities and organizations involved in social development.

Beyond the development of its multiple facilities, branches network, infrastructure and technology, Mercantil is its people, who embrace shared principles and values, which have remained unchanged, and represent a reference in the entrepreneurial performance of Mercantil.

On the occasion of this 90th anniversary, we have decided to develop a document that present the Mercantil Culture and Commitment, which are not new ideas, but take part of the daily activities of all in Mercantil. These Culture has remained in time and represents the way we are, our guideline, our way of action and performance.

This 2014 Annual Report, which is introduced at the Annual Shareholders Meeting on the 90th anniversary of the Mercantil foundation, presents the Culture and the Commitment that incorporate the guiding principles, which have been, and continue to be in the organization, and in addition summarizes the way Mercantil does business, widely recognized by clients, employees and related people.

Mercantil Servicios Financieros is a financial service corporation, engaged in banking, insurance and wealth management businesses in Venezuela, with presence in nine countries in the Americas and Europe. Its shares are traded on the Caracas Stock Exchange and its ADR on the OTC markets of the United States of America. Its major subsidiaries include: Mercantil Banco Universal, Mercantil Seguros and Mercantil Merinvest in Venezuela, Mercantil Commercebank in the United States, Mercantil Bank (Panamá) in Panama, and Mercantil Bank (Schweiz) AG in Switzerland. Mercantil is one of the 1,000 largest companies in the world according to Forbes Magazine (2014).

Mercantil



Annual Report 2014

CONTENTS

Presentation	5
Mercantil's Stock Performance	6
Financial Highlights	7
Board of Directors and Administration	8
Notice of Ordinary General Shareholders' meeting	9
Board of Directors' Report	11
Statutory Auditors' Report	21
Financial Statements	23
Economic Climate	29
Strategic Positioning	35
Management Discussion and Analysis	39
Business Management Report	52
Quality of Service and Operating Efficiency	69
Human Resources	71
Risk Management	73
Performance of Subsidiaries	81
Credit Ratings	89
Prevention and Control of Money Laundering and Terrorism Financing (ML/TF)	91
Internal Auditing	95
Corporate Social Commitment	99
Corporate Governance	103
Report of the Board of Directors on Compliance with Corporate Governance	109
Awards and Acknowledgements	111
Corporate Contacts	115
A Venezuelan brand with a multinacional presence	117



It is Venezuela's foremost comprehensive financial services provider with an equity base of Bs 32,554 million (US\$ 5,180 million)* in equity. It operates in nine countries in the Americas and Europe. Its shares are listed on the Caracas Stock Exchange (MVZ.A and MVZ.B) and it maintains a Level 1 American Depositary Receipt program (ADR) in the over-the-counter market (OTC) in the United States of America (MSFZY and MSFJY).

The mission of Mercantil Servicios Financieros (Mercantil) is to "To fulfill the needs of our customers by providing excellent financial products and services, attain the aspirations of our employees, support the development of the communities where Mercantil has presence and add value for our shareholders through a long term outlook."

Mercantil Banco Universal, founded in 1925, is Mercantil's main subsidiary in Venezuela. At December 31, 2014, it has a national network of 265 branches; one agency in Coral Gables, Florida, U.S.; a branch in Curaçao and representative offices in Bogota, Lima, Mexico City, Sao Paulo and New York; Mercantil Commercebank, N.A. in the U.S. which has 15 offices in Florida, five branches in Houston and one in New York, Mercantil Bank (Schweiz) AG in Switzerland; Mercantil Bank (Curaçao) N.V. in Curaçao, Mercantil Bank (Panamá) in Panama with five offices; Mercantil Bank and Trust, Limited (Cayman) in the Cayman Islands; Mercantil Merinvest, C.A. in Venezuela, Mercantil Capital Markets (Panamá) in Panama; Mercantil Seguros in Venezuela with 34 offices, Mercantil Seguros Panamá in Panama and Mercantil Inversiones y Valores, a holding for other minority investments.

Mercantil is actively involved in the development of different markets where it operates in banking, insurance and wealth management.

Likewise, it permanently undertakes an important social work in different community sectors, both in Venezuela through Fundación Mercantil, and in South Florida, U.S. through the Mercantil Commercebank, N.A. subsidiary.

(*)Dollar figures are given for reference only. This information is converted at the period-end exchange rate of Bs 6.2842/US\$ 1. Exchange control has been in place in Venezuela since February 2003.

Mercantil's Stock Performance

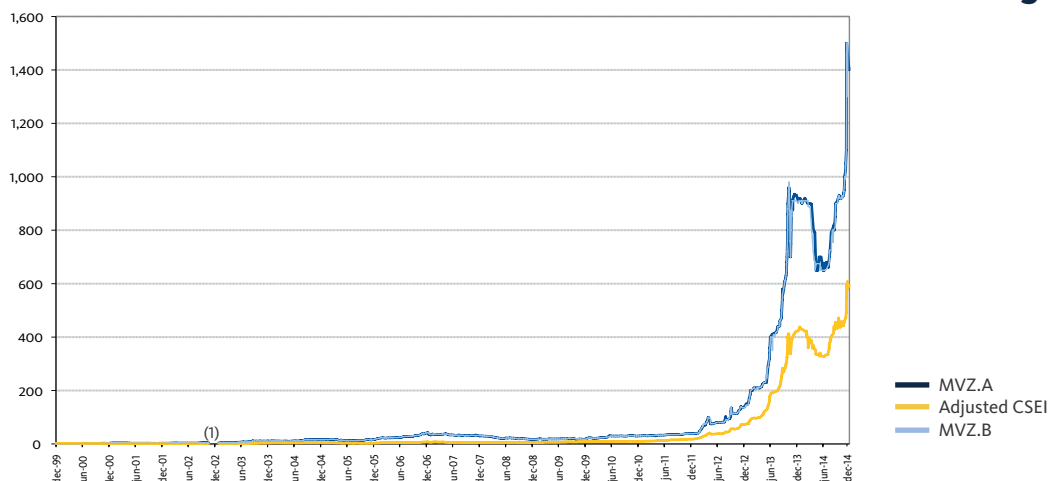
Caracas Stock Exchange: MVZ A & MVZ B Level 1 ADR: MSFZY y MSFJY Year Ended	December 31 2014 US\$ ⁽³⁾	December 31 2014 bolivars	December 31 2013 bolivars	December 31 2012 bolivars	December 31 2011 bolivars	December 31 2010 bolivars
Earnings per share ⁽¹⁾	15.82	99.40	73.12	41.97	24.89	21.82
Closing Price						
Class A share	222.78	1,400.00	929.99	140.00	38.10	29.50
Class B share	222.78	1,400.00	910.00	135.00	38.20	29.50
Market price/ Earnings per share ⁽¹⁾						
Class A share		14.1	12.7	3.3	1.5	1.4
Class B share		14.1	12.4	3.2	1.5	1.4
Book value per share ⁽²⁾	50.68	318.49	241.23	147.49	107.38	83.17
Market price / book value ⁽²⁾						
Class A share		4.4	3.9	0.9	0.4	0.4
Class B share		4.4	3.8	0.9	0.4	0.4
Number of outstanding shares						
Class A share		59,401,343	59,401,343	59,401,343	59,405,780	59,496,176
Class B share		42,813,618	42,813,618	42,813,618	42,818,328	42,860,312
Daily Average Traded Volume (Shares)						
Class A share		33,665	2,142	12,979	9,544	9,159
Class B share		17,440	2,354	5,201	4,319	5,899
Paid Dividends						
In stock (new shares for each share held)		-	-	-	-	-
In cash (Bs per share)	1,75	11,00	6,50	4,00	3,00	1,50
Cash dividends for the year / Market price (%)						
Class A share		0.8	0.7	2.9	7.9	5.1
Class B share		0.8	0.7	3.0	7.9	5.1

(1) Calculated based on weighted average shares issued minus repurchased shares adjusted by stock dividends.

(2) Calculated based on outstanding shares issued minus repurchased shares adjusted by stock dividends.

(3) Dollar figures are given for reference only and are converted at the period-end exchange rate of Bs 6.2842 / US\$ 1. Exchange control has been in place in Venezuela since February 2003.

Market Quote for Mercantil Class A and B Shares vs. Caracas Stock Exchange Index (CSEI)



⁽¹⁾ No Stock Exchange activities at this time.

Financial Highlights

Earnings	Consolidated					
	<i>(In thousands of Bs and millions of US\$, except percentages and Other Indicators)</i>					
Year Ended	December 31 2014 US\$	December 31 2014 bolivars	December 31 2013 bolivars	December 31 2012 bolivars	December 31 2011 bolivars	December 31 2010 bolivars
Balance Sheet ⁽¹⁾						
Total Assets	56,579	355,550,156	239,313,132	142,642,205	102,696,327	79,382,962
Loan Portfolio (Net)	31,408	197,382,285	121,818,576	77,885,513	60,371,801	42,928,106
Deposits	46,891	294,674,669	195,916,835	114,605,566	81,834,145	62,366,913
Shareholders' Equity	5,180	32,553,964	24,657,506	15,076,192	10,977,160	8,513,300
Income Statement ⁽²⁾						
Net Interest Income	2,877	18,081,128	11,483,870	7,484,264	4,581,383	2,810,196
Commissions and Other Income	1,296	8,141,183	6,385,147	3,997,898	2,762,903	3,229,233
Operating Expenses	(2,982)	(18,740,590)	(11,732,159)	(7,523,368)	(5,440,219)	(3,950,853)
Net Income	1,568	9,854,389	7,250,427	4,162,607	2,472,168	2,176,313
Profitability Indicators (%)						
Net Interest Income / Average Financial Assets (NIM)		9.3 %	8.8 %	8.5 %	7.8 %	7.1 %
Commissions and Other Income / Total Income		33.2 %	36.7 %	37.4 %	38.1 %	49.2 %
Net Earnings for the Year / Average Equity (ROE)		36.3 %	36.5 %	32.9 %	26.7 %	31.8 %
Net Earnings for the Year / Average Assets (ROA)		3.4 %	3.8 %	3.5 %	2.8 %	3.2 %
Capital Adequacy Indicators (%)						
Equity / Risk-Weighted Assets (regulatory minimum 8 %) ⁽³⁾		15.2 %	18.4 %	18.8 %	18.7 %	20.4 %
Equity / Assets		9.2 %	10.3 %	10.6 %	10.7 %	10.7 %
Loan Portfolio Quality Indicators (%)						
Past-Due and Non-Performing Loans / Gross Loan Portfolio		0.3 %	0.5 %	0.9 %	1.7 %	2.9 %
Allowances for Loan Losses / Past-Due + Non-Performing Loans		1.186.9 %	649.3 %	372.6 %	199.6 %	110.8 %
Allowances for Loan Losses / Gross Loan Portfolio		3.1 %	3.3 %	3.3 %	3.4 %	3.2 %
Efficiency Indicators (%)						
Operating Expenses / Average Total Assets		5.3 %	5.3 %	5.4 %	5.3 %	5.2 %
Operating Expenses / Total Income		49.1 %	47.4 %	47.7 %	50.6 %	46.7 %
Liquidity Indicators (%)						
Cash and Due from Banks / Deposits		26.1 %	23.7 %	24.0 %	16.7 %	19.0 %
Cash and Due from Banks and Investment Portfolio / Deposits		49.5 %	56.2 %	52.5 %	47.3 %	53.6 %
Other Indicators (%)						
Gross Loans / Deposits		69.2 %	64.3 %	70.3 %	76.4 %	71.1 %
Financial Assets / Total Assets		76.5 %	79.0 %	78.8 %	84.2 %	81.5 %
Financial Assets / Deposits		92.3 %	96.4 %	98.1 %	105.7 %	103.7 %
Number of Employees						
Employees in Venezuela		8,850	8,944	8,829	8,533	8,206
Employees Abroad		1,003	938	880	848	828
Banking Distribution Network						
Branches in Venezuela ⁽⁴⁾		299	299	302	304	306
Branches Abroad		30	26	23	24	22
Representative Offices		5	5	5	5	6
Mercantil Aliado Network						
Correspondent Desk		125	128	106	60	38
Correspondent Trading Points		122	188	186	117	83
Automatic Teller Machines (ATM)		1,379	1,432	1,392	1,334	1,334
Point of Sale Terminals (POS) ⁽⁵⁾		50,903	53,388	48,672	42,720	40,427

(1) Figures in US\$ converted at the exchange rate at the close of December 31, 2014: Bs 6.2842 / US\$ 1 (controlled).

(2) Figures in US\$ converted at the average exchange rate for the period: Bs 6.2842 / US\$ 1 (controlled).

(3) In accordance with the standards of the National Securities Superintendency.

(4) Excludes internal branch for employees, at Edificio Mercantil (Caracas).

(5) Physical Points of Sale (POS).

Board of Directors

Principal Directors

Gustavo Vollmer A.
Chairman & CEO

Gustavo J. Vollmer H.² †
Gustavo A. Marturet M.³
Alfredo Travieso P.²
Luis A. Romero M.¹
Víctor J. Sierra A.²
Gustavo Galdo C.³
Roberto Vainrub A.³
Miguel A. Capriles L.²
Nerio Rosales R.

Alternate Directors

Luis A. Sanabria U.²
Eduardo Mier y Terán¹
Luis Esteban Palacios W.²
Luis A. Marturet M.²
Carlos Hellmund B.¹
Francisco Monaldi M.³
Federico Vollmer A.³
Claudio Dolman C.²
Carlos Zuloaga T.³
Alejandro González Sosa¹
Miguel A. Capriles C.¹
Luis Pedro España N.¹
Alberto Sosa S.¹
Alexandra Mendoza Valdés¹
David Brillembourg C.³
Rafael Sánchez B.³
Nelson Pinto A.
Gustavo Marturet M.¹
René Brillembourg C.¹
W. Millar Wilson

Secretary

Guillermo Ponce Trujillo

Alternate Secretary

Rafael Stern S.

Principal Statutory Auditor

Francisco De León
Manuel Martínez Abreu

Alternate Statutory Auditors

Humberto Chirico
Gladis Gudiño

Legal Counsel

Luis Alberto Fernandes

Alternate Legal Counsel

Paolo Rigio C.

Administration

Gustavo Vollmer A. *
Chairman & CEO

Nerio Rosales Rengifo *
Global Executive Director

Millar Wilson *
Executive Director of International Business

Luis Calvo Blesa *
Global Human Resources
and Corporate Communications Manager

Rosa M. de Costantino *
Global Personal Banking and
Wealth Management Manager

Luis Alberto Fernandes *
Global Chief Legal Counsel

Alfonso Figueredo D. *
Global Chief Financial Officer

Fernando Figueredo M. *
Global Chief Risk Officer

Philip Henríquez S. *
Global Corporate and Investment Banking Manager

Rodolfo Gasparri G. *
Global Operations and Technology Manager

Nelson Pinto A. *
Executive President of Mercantil Banco Universal

María Silvia Rodríguez F. *
Executive President of Mercantil Seguros

Carlos Tejada G. *
Global Commercial Banking Manager

Guillermo Ponce Trujillo
Board of Directors Secretary

Rafael Stern S.
Board of Director Alternate Secretary

José Felipe Bello C.
Global Audit Manager

Anahy Espiga
Global Strategic Planning Manager

Luis M. Urosa Z.
Corporate Compliance

Maigualida Pereira C.
Compliance Officer - Prevention of Money Laundering
and Terrorist Financing

Note: The Audit, Compensation and Risk Committees were created pursuant to provision in the By-laws and in accordance with a resolution by the Board of directors. These committees are made up of independent Directors and are attended by the President and the Executive President (ex-officio).

- 1 Member of the Audit Committee
- 2 Member of the Compensation Committee
- 3 Member of the Risk Committee

* Member of the Executive Committee

Notice of Ordinary General Shareholders' meeting

MERCANTIL SERVICIOS FINANCIEROS, C.A.

Authorized Capital Bs 1,328,794,493.00

Subscribed and Paid-In Capital Bs 664,397,246.50

Caracas - Venezuela

The Board of Directors hereby convenes an Ordinary General Shareholders' Meeting to be held at the Auditorium's Edificio Mercantil, located at Avenida Andrés Bello N° 1, on March 20, 2015 at 10:00 in the morning, in order to:

1. Consider the report presented by the Board of Directors and the Company's Audited Financial Statements as of December 31, 2014, in light of the Statutory Auditors' Report.
2. Consider the report presented by the Board of Directors related to the Degree of Compliance with the Corporate Governance Principles, contained in Resolution N° 19-1-2005 dated February 2, 2005 of the National Securities Superintendency.
3. Appoint the Principal members and their Alternates to the Board of Directors as established in the Bylaws and to set the remuneration of all the members of said Board.
4. Appoint the Statutory Auditors and their Alternates and set their remuneration.
5. Consider the "Proposal for the Thirty-First Phase of the Company's Stock Repurchase Program; that the Board of Directors of Mercantil Servicios Financieros, C.A. submits for the consideration by the Ordinary General Shareholders' Meeting to be held March 20, 2015."
6. Consider the "Proposal for the decree of dividends for the year 2015 of Mercantil Servicios Financieros, C.A.; that the Board of Directors submits for the consideration of the Ordinary General Shareholders' Meeting to be held March 20, 2015."

N.B. The Shareholders are hereby informed that 1) the Balance Sheet, Income Statement, Statement of Shareholders' Equity and Statement of Cash Flows for the period ended December 31, 2013, duly examined by the external auditors "Espiñeira, Pacheco y Asociados"; the Statutory Auditors' Report, the Board of Directors' Report, 2) the Board of Directors report related to the Degree of Compliance with the Corporate Governance Principles, and 3) the "Proposal for the Thirty-First Phase of the Company's Stock Repurchase Program; that the Board of Directors of Mercantil Servicios Financieros, C.A., submits for the consideration of the Ordinary General Shareholders Meeting to be held March 20 2015", will be available to them 15 days prior to the Shareholders' Meeting, in the Company's Headquarters located at Avenida Francisco de Miranda, entre Segunda y Tercera Transversal de la Urbanización Los Palos Grandes, Centro Comercial El Parque, Segunda y Tercera Etapas, P03, Locales C-3-10, C-3-11, Municipio Chacao, Estado Miranda. The "Proposal for the decree of dividends for the year 2015 of Mercantil Servicios Financieros, C.A.; that the Board of Directors submits for the consideration of the Ordinary General Shareholders' Meeting to be held March 20, 2015", will be available, in the mentioned Company's Headquarters. In accordance with the provisions of the Bylaws of the Company, the shareholders are hereby informed, that each group of Common "A" shares that represents at least twenty per cent (20 %) of the subscribed capital of said shares, has the right to propose and designate one Principal Director and its Alternates as it may correspond.

Caracas, February 19, 2015

On behalf Mercantil Servicios Financieros, C.A.



Guillermo Ponce Trujillo
Secretary of the Board of Directors

90 *years*
Mercantil

The logo features the number '90' in a large, stylized font. The '9' is white with a blue shadow, and the '0' is orange with a blue shadow. A blue and orange ribbon-like graphic element curves through the '0' and extends to the right. Below the '90' is the word 'years' in a light blue, cursive font. Below 'years' is the word 'Mercantil' in a bold, white, sans-serif font. A blue and orange ribbon-like graphic element also curves under the 'Mercantil' text.

Board of Directors' Report

Caracas, February 19, 2015

Dear Shareholders:

We are pleased to submit Mercantil Servicios Financieros' consolidated results and main activities for the second half of 2014 as well as for the whole year.

The Financial Statements of Mercantil Servicios Financieros included in this report consolidate the activities of its subsidiaries and were prepared in accordance with the standards of the National Securities Superintendency. They are also presented in inflation-adjusted values as supplemental information. They have been examined by the company's external auditors Espiñeira, Pacheco y Asociados, whose report is attached hereto.

Financial Results

Mercantil reported Bs 9,854 million (US\$ 1,568 million*) in net income, of which Bs 3,974 million corresponds to the first half of the year and Bs 5,880 million to the second one. These results compare favorably to the Bs 7,250 million (US\$ 1,185 million*) achieved in 2013. Mercantil, C.A., Banco Universal was the main contributor to this income in 2013 with Bs 9,367 million; Mercantil Seguros, C.A. contributed Bs 1,128 million; Mercantil Commercebank Florida Bancorp Bs 122 million; and Mercantil Merinvest, C.A. Bs 48 million.

It should be noted that in accordance with the provisions regulating banking activity in Venezuela and abroad, Mercantil's subsidiaries have made contributions to government agencies in Venezuela and abroad, totaling Bs 5,259 million and accounting for 28.2 % of Mercantil's expenses. These, combined with Corporate Income Tax, amount to Bs 5,477 million and represent 29.4 % of its expenses. Bs 5,195 million of the Bs 5,259 million correspond to the amount paid in Venezuela and Bs 64 million to the amount paid abroad.

Mercantil Servicios Financieros' Total Assets grew 48.6 % to Bs 355,550 million (US\$ 56,578 million*) compared to December 2013 and Shareholders' Equity increased 32 % over the same period, closing at Bs 32,554 million (US\$ 5,180 million*).

The net loan portfolio grew 62 % to Bs 197,382 million (US\$ 31,409 million*), compared with Bs 121,819 million (US\$ 19,385 million*) at the close of 2013. The loan portfolio quality remained at satisfactory levels. The ratio of past-due and nonperforming loans to total loans was 0.3 %, considering the overall loan portfolio of Mercantil Servicios Financieros, which consolidates the portfolios of Mercantil, C.A. Banco Universal, Mercantil Commercebank Florida Bancorp, Mercantil Bank (Schweiz) AG, Mercantil Bank Curaçao N.V. and Mercantil Bank (Panamá) S.A.

* Dollar figures are given for reference only; balance sheet figures are converted at the period-end exchange rate of Bs 6.2842/US\$1 and income statement figures at the average exchange rate for the period of Bs 6.2842/US\$ 1 vs. Bs 6.1180/US\$ 1 at December 31, 2013. Exchange control has been in place in Venezuela since February 2003.

The ratio of allowances for loan losses over past-due and nonperforming was 1,186.9 %, compared to 649.3 % at the close of 2013.

The efficiency ratio measured by calculating operative expenses as a percentage of average assets was 5.3 % in both 2014 and 2013, while the efficiency ratio, measured by calculating operating expenses as a percentage of total income, was 49.1 %, compared to 47.4 % in 2013.

The equity/risk-weighted assets ratio was 15.2 % (regulatory minimum 8 %). This ratio was 18.4 % at the end of 2013 and is determined according to the guidelines of the National Securities Superintendency (SNV for its abbreviation in Spanish), which are based on the Basel Committee on Banking Supervision of the Bank for International Settlements.

The second portion of the ordinary cash dividend for Bs 153,322,441.50 (Bs 1.50 per share) was paid during the second half of the year. This amount, in addition to the sums paid out in the first half of the year corresponds to the first portion of the ordinary cash dividend of Bs 153,322,441.50 (Bs 1.50 per share) and to the extraordinary cash dividend of Bs 817,719,688.00 (Bs 8.00 per share), totaled Bs 1,124,364,571.00, which is 69.2 % higher than the 2013 dividend.

At December 31, 2014, Mercantil had issued and placed serie 4 of issue 2010-I, serie 1 of issue 2012-I, series 1 and 2 of issue 2013-I and series 1 and 2 of issue 2014-I of Unsecured Bonds amounting to Bs 30 million, 20 million, 60 million and 40 million, respectively. In addition, series 1 to 8 of issues 2013-I and 2014-I of Commercial Paper were placed, for Bs 300 million each issue.

The Stock Repurchase Program initiated in May 2000 is currently in its Thirtieth Phase. It was approved at the Shareholders' Meeting held on September 19, 2014. Given the stock market conditions, no shares were repurchased between January 1 and December 31, 2014. Mercantil does not maintain any treasury stock at the end of 2014.

Credit Ratings

Mercantil Servicios Financieros obtained “A1” and “A2” credit ratings from Fitch Ratings and Clave Sociedad Calificadora de Riesgo for its commercial paper and unsecured bond issues, respectively. These are among the highest possible ratings for debt instruments in Venezuela. In its recent evaluation issued in December 2014, Fitch Ratings also affirmed Mercantil Servicios Financieros' short-term national rating of “F1+(ven)” and adjusted its long-term national rating to “A+(ven)”.

Likewise, Fitch Ratings affirmed Mercantil Banco's short-term national ratings of “F1+(ven)” and adjusted its long-term national rating to “AA-(ven)”, which is the best national rating granted to any private financial institution. Also, Fitch Ratings adjusted its international risk ratings to “CCC” for long term, “C” for short term and “ccc” for Viability rating.

These risk rating adjustments made to Mercantil Servicios Financieros and Mercantil Banco responds to a modification made by Fitch Ratings, in December 2014, to the sovereign risk rating of Venezuela. Mercantil Banco's international risk ratings are largely dependent on the country risk.

Also, in December 2014, Fitch Ratings affirmed the ratings of Mercantil Commercebank Florida Bancorp and Mercantil Commercebank N.A. risk at "BB" for long term with a "Stable" outlook, "B" for short term and "bb" for Viability. These ratings are also limited by the sovereign risk rating of Venezuela.

Acknowledgements

Dr. Gustavo J. Vollmer Herrera, who was a member of the Board of Directors for 49 years, 13 of which was President of the Mercantil Banco subsidiary and Consorcio Inversionista Mercantil (CIMA for its abbreviation in Spanish), passed away on November 2, 2014 in Caracas, at age 91.

His example of honesty, competence, working, solidarity, modesty, closeness, kindness and sound ethical principles shown throughout his career represents Dr. Vollmer Herrera's contribution and legacy to Mercantil, leaving a deep footprint.

With his performance, he mostly contributed to forge the "Mercantil Culture", characterized by, among other qualities, its adherence to ethical principles, transparency, responsibility, solidarity and community commitment.

As Dr. Vollmer Herrera's passing is deeply mourned, the Board of Directors wishes to stand out all of his personal qualities, valuable contribution and accurate advice from whom they received for many years.

90th Anniversary

On March 23, the Mercantil Banco subsidiary will be celebrating 90 years of its foundation. During its existence, this subsidiary has preserved the ethical principles that encouraged its creation, by always focusing on an excellent customer service, strengthening itself as a strong and innovative institution of reference in the Venezuelan financial system, establishing its mission "To fulfill the needs of our customers by providing excellent financial products and services, attain the aspirations of our employees, support the development of the communities where Mercantil has presence and add value for our shareholders through a long term outlook."

To celebrate such a significant and important date, several institutional events and activities are scheduled, all year long.

Products and Services

At the end of 2014, Mercantil Servicios Financieros registered 5,022,000 customers, considering that 4,648,000 were from Mercantil Banco Universal, 880,000 from Mercantil Seguros and 117,000 from Mercantil Commercebank, of which 589,000 are common to all three subsidiaries. A significant number of customers, are incorporated each semester, mostly in the case of Mercantil Banco, which during the second half of 2014, incorporated 116,000 new customers.

Mercantil Banco ranks second in the financial system with a market share of 18.4 %, due to promotional activities and adjustment on the credit limits carried out during the second half of the year.

Likewise, through products cross-selling initiatives, the first and/or second credit cards were granted to 163,000 clients who fulfilled the established evaluation and risk parameters, which represented Bs 5,869 million exposure during the second half.

The consolidation process to include the unbanked sector of the population and support the communities continued in the Majorities Banking segment, through the Mercantil Aliado network, operating in low-income areas in 15 states throughout the country and the Capital District. These network operations are steadily growing in product placement. The Tarjeta Efectivo (Cash Card) reflected a 76.61 % growth, reaching a total of 174,685 Cards, while Microenterprise Credits registered a 98.90 % increase, totaling Bs 5,195 million with 17,386 active borrowers at the end of the year.

Following on with the strategy to enhance customer service, the passbook updating option was incorporated on the multifunctional equipments in the Mercantil Vía Rápida fast-track self-service areas. At the close of the period, 4.9 million transaction were carried out through Mercantil Vía Rápida. 53.6 % of the total transacciones managed through branch offices were processed through Mercantil Vía Rápida.

Between June and October, 2014, the “0” Choice for product suspension and additional alternatives for Monitoring Alert were incorporated in the Centro de Atención Mercantil Automated System, in the Automatic Affiliation Charge option for Credit Card Payment .

Mercantil Online Banking continued to garner preference among clients, reaching at year end more than 1,270,000 users in Mercantil Personal Online Banking and more than 66,000 affiliated groups on Mercantil Business Online Banking, which represents more than 53 % of the transactions carried out through all channels.

During the second half of the year, Mercantil Personal Online Banking incorporated the Activation and Deactivation of services, Wire Transfers to Own International Account and Venezuelan Central Bank Fund Availability Inquiry for Special Foreign Currency Account functionalities.

Mercantil Business Online Banking incorporated the SICAD II Foreign Currency Purchase Inquiries and Order Taking and migrated the platform of the “Invoice Collection” product, which included improved functionalities for the settlement of collecting societies and local technological attention.

The new Internet functionality of “Pronto Crédito Empresarial” product, addressed to the Corporate Banking segment is now in use. At the end of December, 115 credits for Bs 150 million were cleared.

At year end, @MercantilBanco, the official Mercantil Banco subsidiary Twitter account, which recently turned two (2) years-old in February, 2015, accounted for 180,000 followers. Around 22,400 approaches were served through @MercantilBanco. This account is ranked as the fourth most followed account in the banking system and second one in the banking sector with reference to the “Klout” influence indicator, in charge of measuring the account-followers interaction, with a score of 66 points. This is considered a positive number in social networks and is recognized at corporate levels.

In September, Fondonorma ratified quality certificates under the ISO 9001:2008 standards on 9 lines of service. Mercantil Banco is the first financial institution with the highest number of certified lines of service, which allow to assure quality on products and services offered.

The Mercantil Commercebank’s mobile banking service, Mercantil Mobile, continues to deliver a high quality, high value customer experience. As of December 31, 2014, more than 10,100 customers are successfully enrolled in Mercantil Mobile, performing more than 131,000 transactions on a monthly basis. Last year, enhancements included: banner advertising to send offers and communications to customers; remote deposit capture for Blackberry; alerts for specific types of transactions, such as wires, ACH transactions, and account balances; and loan advances from customer lines of credits to their deposit account.

Likewise, the Online Banking platform has added functionalities such as: e-sign and e-notification agreements that allow consumers to consent to receive electronic documents and email alerts (thereby decreasing printing and distribution costs of paper statements); ACH disbursement for commercial business customers and loan payments and advances, among others. At year end, the online banking channel handled 83 % of all transactions and 70 % of all statements were delivered electronically.

Additionally, Business to Consumer (B2C) was implemented, which is a browser based application that enhances the Bank’s consumer loan and credit card originating and underwriting systems with a more efficient processing and automated approvals. The result is a streamlined experience for consumer credit customers that also protects the Bank’s credit quality.

Mercantil Bank (Panamá) opened its fourth branch in a shopping center located in the Costa del Este area, to serve its customers better in Panama City, as part of its expansion plans of all its growing local operations. This new branch offers a comprehensive range of personal and commercial banking products and services, including ATM.

By the second half of 2014, the Mercantil Seguros subsidiary launched and continued with a group of initiatives in terms of service quality, new benefits and coverages, as well as technological innovations orientated to expedite customers’ attention.

In this regard, a new service modality was introduced for the automobile segment in the Mercantil Automobile Inspection centers (SAM - Servicio Automotriz Mercantil for its abbreviation in Spanish), starting with its headquarter in Caracas, which is mainly focused on reducing all the procedures related to accident inspections and claim management, by using innovative technological tools, focused on process effectivity and automation. An exclusive, preferential service is offered to customers through the Virtual Claims (SNP - Siniestros No Presenciales for its abbreviation in Spanish) procedure, available in the Greater Caracas area, for reporting and processing eventual minor accidents, from the comfort of their home or office. This benefit is complemented with an exclusive Automobile Immediate Repair Date Service (CRI- Cita para Reparación Inmediata, for its abbreviation in Spanish), by exonerating on-site damage settings and optimizing customers' response time. Both modalities will be extended nationwide in 2015.

In terms of individual health insurance services, a Medical Attention for Illness coverage was incorporated to the Travel Assistance Service offered on Vital Protection Policies and a new Phone Medical Orientation service was consolidated on all Medical Expenses covered insurance policies, through which customers can received medical attention by phone when and where they need it, 24-hours, 365 days a year. A massive process was implemented for checking and adjustments of insured sum for all automobile insurances, in order to offer customers the chance to keep their coverages updated at all times, in the event of a claim.

The Electronic Advisor-Collection web site was launched during the second half of 2014, through which customers, both individuals and businesses, may pay their insurance contract in cash through bank wire transfers from any bank or register online deposits made by check or in cash, speeding up the procedures and reducing response time.

Mercantil Seguros opened new facilities for its Immediate Attention Center (CAI - Centro de Atención Inmediata, for its abbreviation in Spanish) at its headquarters in Caracas, at the end of 2014. These facilities have an avant-garde, wide, innovative environment equipped with the state-of-the-art technology available to all customers, intermediaries and commercial allies for business management, policy processing and document reception. In this way, response times are optimized, by offering a differentiated services to customers and insurance advisers, simplifying operations, thereby continuing with its consolidation process as the best nationwide company for doing businesses .

In September, a Business Referral campaign for Companies was launched, aimed at acquiring new corporate customers, by offering the opportunity to protect all their goods and employees with any of the products offered by Mercantil Seguros. It complements the Business Referral campaign for Individuals launched during the first half of the year, reaching more than 24,800 policies issued during the year.

Personal Banking and Wealth Management serves the Personal Banking segment and manages the Trust Fund, Mutual Fund and Securities Market businesses in Venezuela, the United States, Switzerland and Panama. During 2014, the focus continued on enhancing products and services, as well as their consolidation in Panama.

The Securities Market Business, during 2014, provided an important contribution to the SICAD II exchange market operation, with all facilities given to customers for registering their orders in it. As a result, it significantly contributed to the Mercantil Securities Account growth, which totaled 164,785 customers, allowing their participation in the primary and secondary securities market, increasing securities custody management in 17.5 % and income in 17.8 %.

Mercantil Commercebank Investment Services, Inc (MCIS), a Mercantil Commercebank N.A. subsidiary, registered a total of 3,324 customers in 2014. During the period, MCIS continued with the development of technological upgrading, supporting growth and improving quality of service

In Venezuela, the investment and portfolio management services are conducted through Mercantil Servicios de Inversión, which registered 45.5 % year-on-year growth in assets under management and 67.8 % year-on-year growth in income. The Mercantil Fixed Income Portfolio, Fondo Mutual de Inversión de Capital Abierto, C.A. maintained its position as industry leader, reaching Bs 2,123 million in assets at year end, reflecting 16.2 % growth compared to 2013 and 33.9 % increase in income, for a total of 184,921 clients. The Plan Crecer Mercantil product registered 54 % increase in assets, reaching Bs 1,151 million.

Trust services are available to clients in Venezuela through Mercantil C.A., Banco Universal, and in the United States through Mercantil Commercebank Trust Company, N.A.

During 2014, Mercantil Banco, through its Trust Services Unit focused its efforts on services enhancing and launching of two new products: Occupational Contingency Trust and Escrow Trust, which, in this way, reaffirms its reference status in the trust market. Compared to 2013, the volume of customer assets increased 40.4 % and income from services grew 58.4 %.

At year end, Mercantil Commercebank Trust Company, N.A. registered 2.0 % decrease on consolidated assets under management with a significant increase in income. These efforts continued aimed at improving process efficiency, optimizing customer service levels and offering better and timely information.

Mercantil Bank (Schweiz) focused its wealth management products and services to Private Banking, by increasing its assets in 6.3 % and its income in 13 %.

Prevention and Control of Money Laundering and Terrorism Financing

Prevention and control of money laundering and terrorism financing is a priority for Mercantil and an integral part of our organizational culture. The company has maintained internal control and monitoring of its subsidiaries' activities to ensure early detection of suspicious transactions, and has stepped up staff training in this area.

To ensure compliance with anti-money laundering legislation, Mercantil implements a well-structured "Comprehensive Money Laundering and Terrorism Financing Prevention and Control System" at its Venezuelan and overseas subsidiaries, in addition to Operational and Follow-Up Plans, and Monitoring and Oversight programs. The company's "Know your Client" policy is the main guideline in this area.

Corporate Social Commitment

In 2014, Mercantil Servicios Financieros executed a social investment both directly and through its Mercantil Banco Universal, Mercantil Seguros, Mercantil Merinvest, Mercantil Commercebank subsidiaries, as well as Fundación Mercantil, totaled Bs 57.5 million, targeted through various programs, projects and initiatives undertaken by renowned social development organizations in Venezuela and the United States.

Mercantil earmarked 57 % of the contributions to elementary and higher educational institutions, especially entrepreneurship and scholarship programs, giving the youngsters the opportunity to keep on developing their college and high school studies; and 43 % to social development institutions, that foster health prevention programs in the communities, child and youngsters care social programs and those institutions that disseminate art and culture.

During the year, it is underlined in Venezuela the consolidation of the Fundación Mercantil and Asociación Fe y Alegría alliance, which is part of the development and strengthening of the Give Your School a Helping Hand program, with more than 30 years of existence. Among the objectives of this alliance are rehab and maintenance of school facilities, raising school maintenance awareness and sense of compromise and create participatory forums with the educative communities. More than 22 educational centers throughout the nation were served in 2014, with more than 12,000 students being directly benefitted.

The corporation continued to strengthen the Online Donation Program in Venezuela "Un Aporte por Venezuela", through which the Mercantil Banco Universal subsidiary along with the Fundación Mercantil makes its internet platform available to social institutions allowing them to disseminate information about their work to clients who can make donations to them via electronic transfers.

In the United States, the supporting programs developed by the International University of Florida (UIF) and the Houston Museum of Fine Arts, as well as by other renowned institutions, that specifically serve social development on low-income communities, has kept going strongly, as part of this Corporate Social Commitment.

Lastly, it is important to mention the growing participation of Mercantil's Volunteers and their families active involvement in several activities in Venezuela, among them, the tree planting and housing building programs in alliance with the Universidad Simon Bolivar and Organización Techo, respectively, and in the United States the March of Dimes and The League Against Cancer institutions.

One of Mercantil's corporate values is "to be an integral institution and an important factor in the development of the communities and places in which it is involved."

Awards and Acknowledgements

Mercantil Servicios Financieros ranked as the first Venezuelan institution in The Banker magazine's ranking Top 200 Latin American Financial Institutions. According to the results, Mercantil Servicios Financieros is on the 15th place, climbing 14 places over the previous year. Additionally, Mercantil Servicios Financieros is on 4th place, on the same ranking, when measured by its Tier 1 and total assets growth and on 9th place when measured by its net income growth.

Also, the company is on 4th place of the Venezuelan-American Chamber of Commerce and Industry (Venamcham) Top 100 Companies Ranking, and on 2nd place in the financial sector. This ranking includes the most successful companies in Venezuela, be their capital national or foreign, ranked according to their total income at the close of 2013.

The AméricaEconomía magazine ranked the Mercantil Banco subsidiary on the 23rd place among its 250 Latin American Banks Ranking, climbing 7 places compared to last year. This ranking includes state-owned banks, which are ranked according to their asset size by the end of June 2014 .

Likewise, this subsidiary was the leading institution in the banking segment of the Venezuelan companies with the best image ranking. The study was published by the well-known P&M magazine on its latest anniversary edition, according to a study by Datanálisis, a polling firm.

In addition to these acknowledgements, granted to Mercantil Banco, are considered those received during the first half of 2014. For instance, "Venezuela's Best Trade Finance Provider in 2014", "Best Consumer Internet Banks in Venezuela" and "Best Information Security Initiatives in Latin America" awards granted by the Global Finance magazine, the "Data Integrity 2013 Award for Latin America" from MasterCard Worldwide and the first place of preference on the Gerente 2014 Brands ranking in the banking sector, for the seventh consecutive year.

On the other hand, the Mercantil Seguros subsidiary was the leading institution in the insurance segment of the ranking of Venezuelan companies with the best image. Moreover, ranks on the 11th place on the Venamcham Top 100 Companies ranking and 2nd place on the insurance sector.

The Mercantil Commercebank subsidiary earned the “Outstanding Community Service” category of the “2014 Excellence in Banking and Finance” awards, sponsored by the South Florida Business Journal, well-reputed publication specialized in banking and financial areas. This award was given to Mercantil Commercebank for its active participation in various social responsibility programs in South Florida, dealing with access to housing for low-income individuals, supporting micro-businesses as well as for the participation of its volunteers in activities related to cancer research and contributions in the areas of health, culture and education.

Development and Working Environment

There is a continuity in the application of compensation policies that benefit and support workers preserving and improving their economic conditions. These policies, for which Mercantil has a leading position in the financial sector, joined with the development of permanent retention, education and training programs, allow to improve the staff professional training and to maintain a continuous knowledge process. All of these is complemented with the development of several activities that encourage areas of closeness and recreation with the workers, on which their family groups actively participate throughout the country.

Relations between bank officials and employees have continued to evolve within the traditional spirit of harmony and cooperation and the Board of Directors wishes to acknowledge them for their efficiency and dedication to their work.

Pursuant to the National Superintendency Securities (formerly National Securities Commission) resolution, please note that form CNV-FG-010 reflects Bs 10,041,694.24 in remunerations paid to Company Directors and Executives in the second half of 2014.

During 2014, a number of Alternate Directors attended Board meetings, either standing in for Principal Directors in their absence, or as invitees. On the occasion of the Chairman of the Board's temporary absences, some of his CEO functions were delegated to members of the Executive Committee.

Yours sincerely

Gustavo J. Vollmer Acedo

Gustavo A. Marturet M.

Alfredo Travieso P.

Luis A. Romero M.

Gustavo Galdo C.

Víctor J. Sierra A.

Roberto Vainrub A.

Miguel Ángel Capriles López

Nerio Rosales Rengifo

Statutory Auditors' Report

Caracas, february 20, 2015

To the
Shareholders of
Mercantil Servicios Financieros, C.A.

Dear Shareholders,

In our capacity as the Company's Statutory Auditors, and in conformity with the provisions of articles 287 and 311 of the Commercial Code, and the Professional Standards relating to Statutory Auditors, we are pleased to inform you that we have examined the consolidated balance sheet of Mercantil Servicios Financieros, C.A. and its subsidiaries at december 31, 2014 and the related consolidated income statement, of shareholders' equity and cash flows for the semi-annual period then ended. The preparation of these financial statements and their notes is the responsibility of Management. Our responsibility is to express an opinion on these financial statements based on our audits.

We were appointed by the Ordinary General Shareholders' Meeting which we attended on march 21, 2014.

Our examination was conducted in accordance with generally accepted auditing standards and as such included selective tests of the accounting records and other audit procedures we deemed necessary under the circumstances. We have also taken into account the report of external auditors Espiñeira, Pacheco y Asociados for the same period, which should be treated as an integral part of this report, with whose content we agree, and which we attach hereto.

Based on our analysis, we can confirm that the Company maintains adequate controls over its loan and investment portfolios which are subject to ongoing analysis and monitoring so that the appropriate provisions can be created. The Company also maintains the provisions prescribed in its Bylaws and declares and pays the dividends to which it is obligated under its Bylaws and the Law. Further, the Company's internal accounting controls and policies justify our view that there is no current or potencial risk of conditions that are likely to weaken its financial position.

In our opinion, the aforementioned consolidated financial statements present fairly the financial position of Mercantil Servicios Financieros, C.A. and its subsidiaries at december 31, 2014 and the results of their operations and cash flows for the semi-annual period then ended, in conformity with the standars of the National Securities Superintendency. The Company presents the consolidated financial statements in inflation-adjusted values as supplemental information.

Yours sincerely,



Manuel Martínez Abreu
Statutory Auditor



Francisco De León
Statutory Auditor

Encl. Report of "Espiñeira, Pacheco y Asociados"

Mercantil
Seguros



Financial Statements

(In accordance with the standards of the National Securities Superintendency)

Balance Sheet

Unconsolidated

(in thousands of Bs)

Year Ended

Assets

Cash and Due from Banks

Investment Portfolio

Other Assets

Total Assets

Liabilities and Shareholders' Equity

Unsecured Bonds and Commercial Papers

Other Liabilities

Total Liabilities

Shareholders' Equity

Total Liabilities and Shareholder's Equity

	December 31 2014	December 31 2013	December 31 2012
	bolivars	bolivars	bolivars
Cash and Due from Banks	44,750	16,970	188,257
Investment Portfolio	34,778,210	25,603,253	15,555,779
Other Assets	(4,223)	(65,055)	(24,328)
Total Assets	34,818,737	25,555,168	15,719,708
Unsecured Bonds and Commercial Papers	750,000	212,000	190,000
Other Liabilities	1,514,772	685,662	453,516
Total Liabilities	2,264,772	897,662	643,516
Shareholders' Equity	32,553,965	24,657,506	15,076,192
Total Liabilities and Shareholder's Equity	34,818,737	25,555,168	15,719,708

Income Statement

Unconsolidated

(in thousands of Bs)

Year Ended

Income

Financial Income

Equity Investments

in Subsidiaries

Total Income

Expenses

Operating

Financial

Deferred Corporate Income Tax


Total Expenses

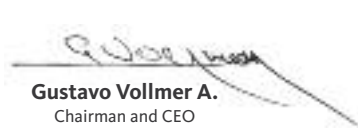
Net Income

	December 31 2014	December 31 2013	December 31 2012
	bolivars	bolivars	bolivars
Financial Income	15,597	23,968	22,111
Equity Investments in Subsidiaries	9,701,954	7,472,794	4,487,366
Total Income	9,717,551	7,496,762	4,509,477
Operating Expenses	(144,386)	(118,758)	(137,733)
Financial Expenses	(35,776)	(13,111)	(6,603)
Deferred Corporate Income Tax	317,000	(114,466)	(202,534)
Total Expenses	136,838	(246,335)	(346,870)
Net Income	9,854,389	7,250,427	4,162,607


Nerio Rosales Rengifo
Global Executive Director


Alfonso Figueredo Davis
Global Chief Financial Officer


Isabel Pérez Sanchis
Corporate Comptroller


Gustavo Vollmer A.
Chairman and CEO


Consolidated Balance Sheet


(In thousands of Bs and millions of US\$)

Year Ended


Assets	December 31	December 31	December 31	December 31	December 31	December 31
	2014	2014	2013	2012	2011	2010
	US\$ ⁽¹⁾	bolivars	bolivars	bolivars	bolivars	bolivars
Cash and Due from Banks						
Cash and Due from Banks	694	4,363,470	3,809,871	2,456,745	1,186,110	1,050,803
Central Bank of Venezuela	10,540	66,235,160	37,599,293	22,414,239	10,594,642	9,043,256
Venezuelan Banks and other Financial Institutions	147	921,286	919,471	76,026	28,920	5,073
Foreing Banks and Other Financial Institutions	261	1,641,022	1,580,688	887,925	1,004,425	1,213,412
Pending Cash Items	595	3,740,214	2,461,748	1,722,425	816,733	512,402
	12,237	76,901,152	46,371,071	27,557,360	13,630,830	11,824,946
Invesments Portfolio						
Invesments in Trading Securities	2	11,519	70,999	88,430	291,129	232,550
Invesments in Securities Available-for-Sale	5,837	36,684,481	34,967,914	20,191,962	18,210,469	17,087,370
Invesments in Securities Held-to-Maturity	4,202	26,404,305	16,798,928	7,364,455	2,878,553	623,040
Share Trading Portfolio	49	307,313	236,078	20,189	13,735	15,831
Invesments in Time Deposits and Placements	766	4,813,424	11,137,596	3,837,052	2,397,303	1,941,999
Restricted Investments and Repos	103	646,892	435,473	1,119,752	1,292,033	1,690,940
	10,959	68,867,934	63,646,988	32,621,840	25,083,222	21,591,730
Financial Direct Assets						
Loan Portfolio						
Current	32,262	202,742,735	124,758,531	79,336,932	60,829,744	42,384,693
Restructured	80	500,986	545,128	492,243	599,175	683,007
Past-Due	84	530,681	539,970	552,222	574,655	1,011,526
In Litigation	1	8,618	94,446	160,798	486,320	282,840
	32,427	203,783,020	125,938,075	80,542,195	62,489,894	44,362,066
(Allowance for losses on Loan Portfolio)	(1,019)	(6,400,735)	(4,119,499)	(2,656,682)	(2,118,093)	(1,433,960)
	31,409	197,382,285	121,818,576	77,885,513	60,371,801	42,928,106
Interest and Commissions Receivable	395	2,481,114	1,681,142	895,041	633,289	482,918
Long-Term Investments	54	338,801	242,007	185,124	195,376	188,824
Assets Available for Sale	4	28,116	78,098	49,096	73,812	94,879
Property and Equipment	325	2,044,681	1,116,611	832,347	695,397	689,246
Other Assets	1,197	7,506,073	4,358,639	2,615,884	2,012,600	1,582,313
Total Assets	56,578	355,550,156	239,313,132	142,642,205	102,696,327	79,382,962

⁽¹⁾ Dollar figures are given for reference purposes only; balance sheet figures are converted at the period-end exchange rate of Bs 6.2842 / US\$ 1. Exchange control has been in place in Venezuela since February 2003.


Nerio Rosales Rengifo
Global Executive Director


Alfonso Figueredo-Davis
Global Chief Financial Officer


Isabel Pérez Sanchis
Corporate Comptroller


Gustavo Vollmer A.
Chairman and CEO

Consolidated Balance Sheet

(In thousands of Bs and millions of US\$)

Year Ended

Liabilities and Shareholders' Equity

	December 31 2014 US\$ ⁽¹⁾	December 31 2014 bolivars	December 31 2013 bolivars	December 31 2012 bolivars	December 31 2011 bolivars	December 31 2010 bolivars
Liabilities						
Deposits						
Non-Interest Bearing Checking Accounts	14,997	94,244,958	58,309,779	35,309,377	22,797,171	16,222,179
Interest Bearing Cheking Accounts	16,100	101,175,773	68,533,113	34,308,373	24,965,178	19,929,002
Saving Deposits	14,492	91,069,337	62,315,596	39,013,606	27,414,478	20,004,694
Time Deposits	1,302	8,184,602	6,758,347	5,974,210	6,657,318	6,211,038
	46,891	294,674,670	195,916,835	114,605,566	81,834,145	62,366,913
Debt Authorized by the National Securities Commission						
Publicly Offered						
Debt Securities	99	619,507	198,080	176,149	0	67,043
	99	619,507	198,080	176,149	0	67,043
Financial Liabilities						
Obligations with Banks and Savings and Loan Institutions						
<i>In Venezuela up to one year</i>	48	300,127	430,127	421	65,193	252,874
<i>In Venezuela for more than one year</i>	0	0	0	0	0	140,000
<i>Abroad up to one year</i>	417	2,620,511	974,051	1,115,218	1,286,790	548,552
<i>Abroad for more than one year</i>	287	1,805,136	1,528,632	846,064	803,171	1,296,441
Liabilities Under Repurchase Agreements	70	439,894	628,420	707,735	802,099	866,439
Other Liabilities up to one year	20	127,739	19,927	13,963	31,042	27,201
Other Liabilities for more than one year	0	0	0	0	2,111	2,120
	842	5,293,407	3,581,157	2,683,401	2,990,406	3,133,627
Interest and Commissions Payable	15	93,504	54,236	23,305	25,256	29,475
Other Liabilities	3,438	21,602,934	14,198,060	9,591,762	6,385,717	4,789,814
Subordinated Debt	111	696,338	696,144	478,591	478,591	478,591
Total Liabilities	51,396	322,980,360	214,644,512	127,558,774	91,714,115	70,865,463
Minority Interest in Consolidated Subsidiaries	3	15,831	11,114	7,239	5,052	4,199
Shareholders'						
Paid-Up Capital	106	664,397	153,322	153,418	153,418	154,406
Maintenance of Paid-In Capital	31	191,709	191,709	191,709	191,709	191,709
Premium for Issuing Stock	0	0	203,546	203,546	203,546	203,536
Capital Reserves	27	166,715	166,715	166,715	166,715	166,715
Adjustment for Conversion of Net Assets by Subsidiaries Abroad	475	2,982,241	3,005,730	1,550,168	1,545,840	1,550,096
Retained Earnings	4,305	27,054,686	18,505,241	11,902,480	8,137,241	5,922,273
Shares Repurchased and Held by Subsidiaries	(7)	(43,018)	(10,850)	(6,678)	(3,514)	(16,182)
Repurchased shares restricted for employees stock option plan	(8)	(48,608)	(48,608)	(48,608)	(48,403)	(41,569)
Pension plan remeasurement	(15)	(93,223)	0	0	0	0
Unrealized Gain from Adjustment at Market Value of Investments	267	1,679,066	2,490,701	963,442	630,608	382,316
Total Shareholders' Equity	5,180	32,553,965	24,657,506	15,076,192	10,977,160	8,513,300
Total Liabilities and Shareholders' Equity	56,578	355,550,156	239,313,132	142,642,205	102,696,327	79,382,962

⁽¹⁾ Dollar figures are given for reference purposes only; balance sheet figures are converted at the period-end exchange rate of Bs 6.2842 / US\$ 1. Exchange control has been in place in Venezuela since February 2003.


Nerio Rosales Rengifo
Global Executive Director


Alfonso Figueredo Davis
Global Chief Financial Officer


Isabel Pérez Sanchis
Corporate Comptroller


Gustavo Vollmer A.
Chairman and CEO

Income Statement *Consolidated*

(In thousand of Bs and millions of US\$)

Year Ended


	December 31 2014 US\$ ⁽¹⁾	December 31 2014 bolivars	December 31 2013 bolivars	December 31 2012 bolivars	December 31 2011 bolivars	December 31 2010 bolivars
Interest Income						
Income from Cash and Due from Banks	34	215,664	24,524	8,595	9,376	6,495
Income from Investment Portfolio	744	4,676,951	3,786,234	1,979,439	1,528,008	1,025,296
Income from Loan Portfolio	4,018	25,247,483	14,642,794	9,815,722	6,416,560	4,544,692
Income from Financial Assets	0	0	0	0	0	1,849
Total Interest Income	4,796	30,140,098	18,453,552	11,803,756	7,953,944	5,578,332
Interest Expenses						
Interest on Demand and Savings Deposits	(1,410)	(8,858,292)	(4,904,321)	(3,179,620)	(2,006,768)	(1,527,917)
Interest on Time Deposits	(18)	(111,123)	(119,849)	(105,916)	(109,739)	(111,867)
Interest on Securities issued by the institution	(5)	(30,513)	(13,111)	(6,603)	(6,029)	(29,790)
Interest on Financial Liabilities	(30)	(185,461)	(148,163)	(109,681)	(122,434)	(135,410)
Total Interest Expenses	(1,462)	(9,185,389)	(5,185,444)	(3,401,820)	(2,244,970)	(1,804,984)
Net Interest Income	3,335	20,954,709	13,268,108	8,401,936	5,708,974	3,773,348
Provision for Losses on Loan Portfolio	(457)	(2,873,581)	(1,784,238)	(917,672)	(1,124,522)	(963,152)
Expense for Devaluation of Investments in Available-for-Sale Securities	0	0	0	0	(3,069)	0
Net Financial Margin	2,877	18,081,128	11,483,870	7,484,264	4,581,383	2,810,196
Commissions and Other Income						
Trust Fund Operations	27	167,408	104,274	70,883	58,090	56,267
Foreing Currency Transactions	6	36,051	3,495	4,685	9,990	(7,612)
Commissions on Customer account Transactions	226	1,419,098	858,945	525,543	384,411	272,035
Commissions on Letters of Credit and Guarantees Granted	5	30,216	25,872	23,141	24,607	22,265
Equity in Long-Term Investment	38	238,625	159,506	102,563	82,229	60,372
Exchange Gains	14	90,089	914,781	198,319	59,608	1,063,278
Income on Sale of Investments Securities	73	460,330	799,961	877,446	565,416	572,446
Other income	907	5,699,366	3,518,313	2,195,318	1,578,552	1,190,182
Total Commissions and Other Income	1,296	8,141,183	6,385,147	3,997,898	2,762,903	3,229,233
Insurance Premiums. Net of Claims						
Premiums	2,129	13,377,429	8,548,931	6,055,320	4,341,714	3,284,696
Claims	(1,785)	(11,216,351)	(7,225,263)	(5,033,730)	(3,587,810)	(2,863,982)
Total Insurance Premiums. Net of Claims	344	2,161,078	1,323,668	1,021,590	753,904	420,714
Operating Income	4,517	28,383,389	19,192,685	12,503,752	8,098,190	6,460,143
Operating Expenses						
Salaries and Employee Benefits	(998)	(6,274,223)	(4,314,387)	(2,996,641)	(2,197,438)	(1,707,492)
Depreciation, Property and Equipment Expenses, Amortization of Intangibles and Other	(273)	(1,713,468)	(1,015,980)	(644,642)	(529,595)	(453,031)
Fees Paid to Regulatory Agencies	(531)	(3,334,025)	(1,779,089)	(1,127,533)	(775,498)	(486,579)
Other Operating Expenses	(1,181)	(7,418,874)	(4,622,703)	(2,754,552)	(1,937,688)	(1,303,751)
Total Operating Expenses	(2,982)	(18,740,590)	(11,732,159)	(7,523,368)	(5,440,219)	(3,950,853)
Net before Income taxes, Extraordinary items and Minority Interest	1,534	9,642,799	7,460,526	4,980,384	2,657,971	2,509,290
Taxes						
Current	(15)	(96,592)	(63,303)	(612,535)	(229,353)	(275,100)
Deferred	50	314,149	(142,568)	(202,787)	46,533	(56,676)
Total Taxes	35	217,557	(205,871)	(815,322)	(182,820)	(331,776)
Net Income before Minority Interest	1,569	9,860,356	7,254,655	4,165,062	2,475,151	2,177,514
Minority Interest	(1)	(5,967)	(4,228)	(2,455)	(2,983)	(1,201)
Net Income for the Year	1,568	9,854,389	7,250,427	4,162,607	2,472,168	2,176,313

⁽¹⁾ Dollar figures are given for reference purposes only; income statement figures are converted at the average exchange rate for the period of Bs 6.2842 / US\$ 1. Exchange control has been in place in Venezuela since February 2003.

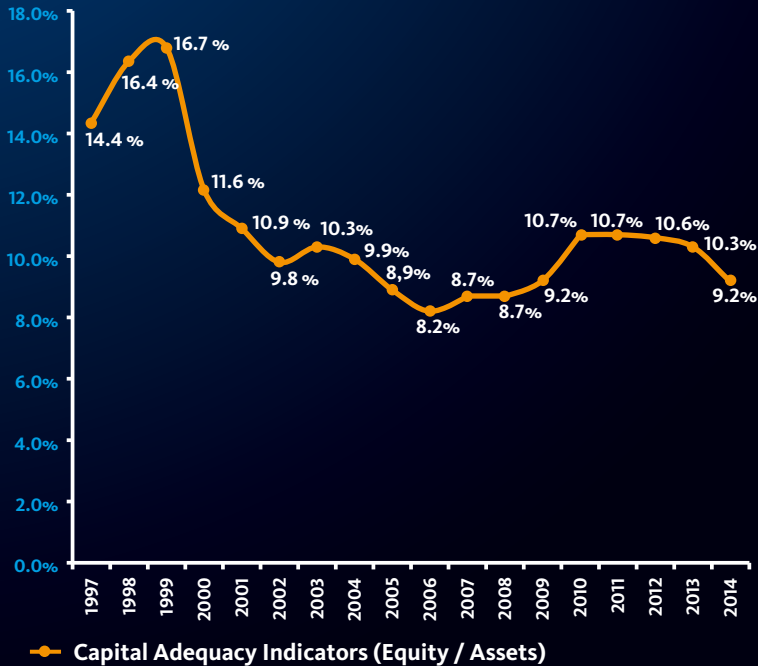

Nerio Rosales Rengifo
Global Executive Director


Alfonso Figueredo Davis
Global Chief Financial Officer

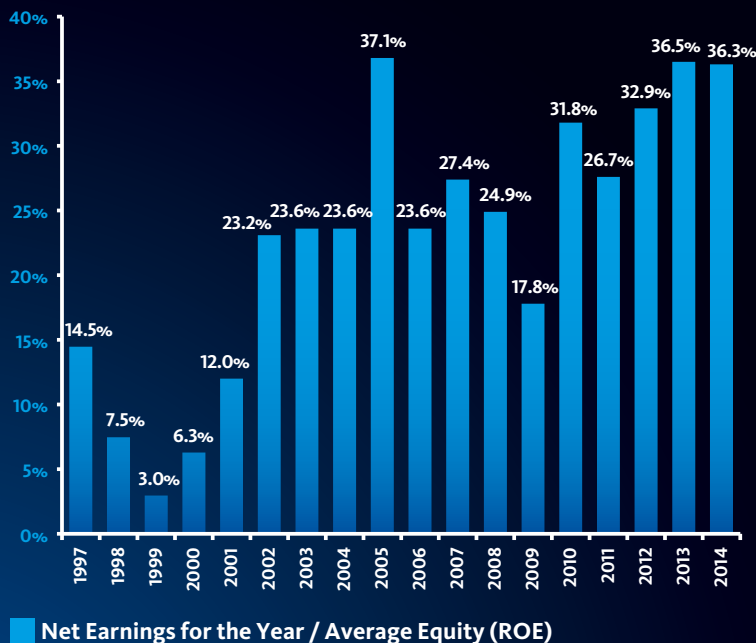

Isabel Pérez Sanchis
Corporate Comptroller


Gustavo Vollmer A.
Chairman and CEO

Mercantil Servicios Financieros' Capital Adequacy Indicators



MSF's Net Earnings for the Year / Average Equity (ROE)



Our Culture

Soundness

“Strength and Soundness above all else”

The return on average equity and the capital ratio show profitability and solvency.

Mercantil implements enterprise-wide policies related to credit, risk and liquidity, as well as solvency and financial strength indicators that ensure the soundness of Mercantil and its subsidiaries. These policies have been maintained and strengthened over time to align them with the best practices in the industry both domestically and internationally.

Capital Ratio according to the best international practices

Mercantil Servicios Financieros' capital ratios has been sustained at satisfactory levels, considering best practices in industry and the Basel Bank for International Settlements guidance.

Increasing Trend in the Net Income for the Year /Average Equity (ROE)

Throughout its history, Mercantil Servicios Financieros has shown increasing trends on the return on average equity (ROE) ratio.

El **98%** of Mercantil Servicios Financieros employees agree that “Mercantil is a solid and stable organization”.

2014 Organizational Climate and Engagement Survey





Our Culture

Long-Term Thinking and Vision

“The strategy is based on a long-term outlook, with tactical decisions and permanently striving to achieve the desired results”

Since Mercantil’s inception, its founders and successors always had a long-term business vision. Mercantil’s steadfast commitment to the geographies and communities where it operates and the close relationship with its customers, employees and vendors is grounded in creating strong partnerships, adding value and serving as a pillar and support for all to grow collectively and individually.

A sound long-term relationship
 Mercantil Banco has a clear long-term business vision. Mercantil Servicios Financieros’ course of action is align with the values of the Zaghaf family. Their members were the first clients of the bank when started operations in San Felix, Bolivar State. Different family generations, starting with Abdel Latif Zaghaf (father), Fady Zaghaf (son), and Omar Zaghaf (grandson) trust in Mercantil’s soundness, as its strategies “are align with the way we are”.



Strategic Decisions
 An important landmark in Mercantil’s development process was the decision of acquiring Interbank Banco Universal in the year 2000; an addition that complemented Mercantil’s strength. The acquisition of Seguros Orinoco was another step towards the consolidation of a comprehensive financial service organization, that strengthened Mercantil’s branch office network and its presence in other Venezuelan regions.

El 94% of Mercantil Servicios Financieros employees agree that “At Mercantil, we make decisions thinking about the future of the organization.”

2014 Organizational Climate and Engagement Survey



Economic Climate

Global Economy

Despite global economy continued showing improvements in 2014, due to the reduction of financial tensions and a relatively good performance of several key economies, such as United States, United Kingdom and some emergent countries in Asia, the global economy performance continues to be heterogeneous. Global GDP grew 2.6 % in 2014, compared with the global growth of 2.4 % reported in 2013. However, the expansion within the circle of mature economies has been differentiated, with the United Kingdom increasing by 3.1 % in 2014 (vs. 1.7 % in the previous year) and the United States, whose forecasted growth rate was 2.4 % in 2014, which was slightly higher than the one reported the previous year. Germany and Spain experienced a slightly lower growth of 1.5 % and 1.3 %, respectively, while France grew at only 0.3 % and Italy showed a 0.4 % contraction. In East Asia, Japan showed some recovery signs during the first months of 2014, but suffered a recession during the last months of the year. On the other hand, China and India grew at 7.3 % and 5.4 %, respectively in 2014.

Liquidity levels in the international financial markets remained high during 2014, as a result of an accommodative monetary policy in the main developed economies. Even though, the Federal Reserve ended its quantitative easing program, the interest rate kept unchanged within a known range between 0.0 % and 0.25 %. Meanwhile, the European Central Bank began a similar quantitative easing program, at a lesser extend than the programs implemented by the U.S. Federal Reserve and the Central Bank of Japan. The stable and relatively low risk that predominate in the financial markets during most of the year was altered in some emergent economies due to the fall in oil prices and in other raw materials at the end of the year.

United States

The best news for the U.S. economy concerning growth and labor market are explained by the dynamic levels of non-residential construction, and business machinery and equipment investments, which ended 2014 with year-on-year increases of 8.0 % and 6.4 %, respectively. However, consumption growth was not the same as in 2013. The private consumption growth during the year is estimated at 2.4 % (vs. 1.9 % in 2013). The recovery in the labor market continued during 2014. The unemployment rate improved from an average of 7.4 % in 2013 to 6.2 % in 2014. At the close of December, the unemployment rate closed at 5.6 %, following the creation of 252,000 jobs in one month. The position of the monetary authorities of maintaining interest rates unchanged, takes place when the U.S. inflation rate remains at historical minimum values at 1.6 % in 2014 vs. 1.5 % rate in 2013. The scenario of real economy recovery did not show the expected results in the housing market, with indicators showing a tendency towards stagnation and some irregularities, mainly in the new home market.

Latin America

The still weak and asymmetric global GDP growth negatively affected the region's external aggregate demand of products, mainly of raw materials, which decreased on average 10.5 % (vs. -5.2 % in 2013), ceasing to be the key driver of growth as the previous year. The regional GDP in 2014 barely grew at 1.1 % (vs. 2.7 % in 2013), the lowest rate of expansion recorded since 2009. This lower regional growth in 2014 is mainly due to Brazil (0.2 %) and Argentina (-0.2 %) poor results and the sluggish growth of the economies which recorded vigorous growth in 2013, like Paraguay (14.2 % to 4 %), Panama (8.4 % to 6 %), Bolivia (6.8 % to 5.2 %), and Peru (5.8 % to 2.8 %). Mexico accelerated its growth (from 1.1 % to 2.1 %), as well as other smaller economies, such as El Salvador, Guatemala, Honduras and Dominican Republic. Despite the low growth, the labor market closed with an unemployment rate of only 6.0 % (6.2 %), due to a more than proportional decrease in the labor market demand versus supply. The Inflation rate was raised from 7.6 % in 2013 to 9.4 % in 2014, given the upward pressures from food prices (from 9.3 % to 11.8 %), and the core inflation (from 7.0 % to 9.1 %).

Despite the reduction of regional exchanges in 2.6 %, the current account deficit slightly improved (from 2.6 % in 2013 to 2.3 % in 2014), due to the favorable external results experienced by countries such as Mexico and the Central American countries because the recovery of the U.S economy, in contrast with the stagnation of exportation rate from Brazil, Chile and Peru, since the fall in demand in Europe and China. The still solid financial flows, which were more concentrated on portfolio investment, rather than on direct investments, allowed an increase in total external assets.

The counter-cyclical fiscal response created a new contraction in the financial result, as the GDP fiscal deficit rose from -2.4 % to -2.7 %. Even though it has a better maturity profile, public debt remains around 32 % of the GDP, with 15 % in its external component.

Venezuela

Venezuelan economic results during 2014 continued affected by restrictions in external money supply, enhanced by oil prices decline during the second half of the year, resulting in an important restraint to economic growth and price stability. Taking into consideration the figures published during the the first three quarters of the year, the Venezuelan economic outlook slowed down significantly from 1.5 % growth during the same period in 2013 to 4 % decline of total GDP, on which oil activities grew at 0.3 % and non-oil activities dropped to 3.8 %. The fastest-growing sectors continue to be non-tradable, among them, Financial Institutions and Insurance Companies (14.2 %), Communications (5.0 %), General Government Services (1.7 %), and Community, Social and Personal Services (0.2 %). By contrast, the remaining businesses registered drops in: Trade (10.8 %), Construction (10.0 %), Manufacturing (9.2 %), Transportation (8.2 %), Mining (7.2 %), Agriculture (3.9 %), Real Estate Services (1.9 %), and Electricity and Water (1.1 %).

Despite this decline in growth, the labor market picked up, with open unemployment closing at 5.5 % vs. 5.6 % in December 2013 (7.0 % vs. 7.5 % on average), partly due to the net creation of 441,170 jobs, at the close of 2014. Public sector employment decreased in 77,577 jobs, which were more than offset by the creation of 518,747 jobs in the private sector, of which nearly 26 % were formal activities.

For the first three quarters of the year, global aggregated demand (domestic plus exports) also slowed down significantly, from -0.9 % in the same period of 2013 to -8.2 %, both in its domestic demand (-8.4 %) and exportations (-6.1 %). The remaining domestic spending components declined, with the exception of public consumer spending (+0.8 %): household spending (3.3 %), gross fixed capital formation (17.9 %) and inventories (28.5 %). From the aggregate supply side, the drop in local production was intensified by the significant contraction of imports in 17.4 %, which is added to the reduction registered in the same period of 2013 (5.6 %), totaling a total contraction of 22 % in the last 2 years.

The performance of the aggregated supply and demand, and particularly the current mechanism used to finance the public consumer spending, explains the significant rise in inflation in 2014 which, from a year-on-year variation (November to November), was 60.1 % in from 52.8 % in 2013.

The external sector has also experienced a negative performance up to September 2014, compared to the same period of 2013. The value of oil exports decline in more than US\$ 6,000 million, as a result of the average price declining from US\$ 101.5/barrel in 2013 to US\$/91.5 barrel in 2014 (-5.9 %) and the 89,000 barrels/day decline in oil exports (estimated implicitly from the balance of payments). Total imports also underwent into a contraction, both in the case of public oil imports (US\$ 2,327 million), and private non-oil imports (in US\$ 5,142 million) since public non-oil imports slightly increased (US\$ 213 million). As a result, the balance of goods increased its surplus in US\$ 1,179 million in 2014, to calculate a significant external saving of US\$ 28,344 million in three quarters. Nevertheless, after adjusting the structural deficit in the balance of income, services and current transfers (-US\$ 18,435 million) and the capital and financial account (-US\$ 7,525 million), plus Errors and Omissions (-US\$ 3,189 million), for the sixth year running, the global balance of the balance of payments reflected a US\$ 805 million deficit (considerably lesser than the US\$ 3,305 million gap in 2013). The international reserve levels closed at US\$ 21,340 million during the third quarter of the year, similar to 2013. In the last quarter of the year, the international reserves increase 3.4 % (+US\$ 718 million) to US\$ 22,058 at the end of 2014.

Summary of Economic Performance	2013	2014
Percentage variation of Gross Domestic Product %¹		
Total	1.5	-4.0
Oil Sector	1.0	0.3
Non Oil Sector	1.7	-3.8
Exchange Rate. Bs/US\$		
End of Period	6.30	13.90
Average	5.80	14.66
Exchange Rate Variation %		
End of Period	46.51 %	120.6 %
Average	34.90 %	152.7 %
Inflation (Caracas) %²		
Cumulative Variation	52.7	64.7
Annualized Variation	25.2	70.4
Interest Rate - End of Period		
Average Lending Rates (6 main Banks)	15.6	19.2
90 day Time Deposits (6 main Banks)	14.7	14.5

The fiscal policy nominally grew at 53 % up to December 2014, once the accumulated inflation in the same period was deducted, implying a inter-annual decrease of 1.2 % in real terms. This relative expenditure and income abatement, which is estimated to have increased around 45 % in nominal terms establishes a fiscal deficit from the Central Government around 2.7 points of GDP (-2 % in 2013).

(1) Cumulative figures as of third quarters of each year.

(2) Figures as of November of each year.

Source: Central Bank of Venezuela (BCV) and in-house calculations.

The injection of considerable sums of money of fiscal origin, credits to PDVSA by the issuing institution, banking credits, less available foreign exchange, maintenance of restrictions to capital flows and the absence of the issuances of dollar-denominated debt securities paid in bolivars in the domestic market explained the significant monetary expansion in 2014 of 64 % (69.7 % in 2013), which after taking the effect of inflation into account, led to a -2.1 % decline in payment systems in real terms (+7.2 % in 2013).

The lending rates of the Commercial and Full-Service Banks averaged on 17.2 % in 2014, above the 15.6 % registered in 2013. The deposit rates, which are measured based on savings and term deposits averaged 13.9 % and 14.7 %, almost identical to last year's figures. significantly faster-growing inflation remained real interest rates negative. On average, the real lending rate was -28.7 % (-24.2 % in 2013) and the real deposit rate was -30.4 % (-25.0 % in 2013) taking term deposits as a benchmark.

Our Culture

Respect and Care for Employees

“The well-being, motivation, recognition and individual development of our employees are permanent goals for the organization”

The employees of Mercantil and its subsidiaries are its greatest asset and the commitment to their well-being and personal and professional development is a permanent strategic priority. This is demonstrated year after year in the company's compensation policies, training opportunities, and employee engagement initiatives, bringing together employees and their families closer to Mercantil.

Through our employees and their contributions to the organization, Mercantil communicates their own culture guidance.

A Labor Relationship with Identity

Cordiality and respect are fundamental values at Mercantil. These three members of the same family, who have created a 40-year relationship with the Bank, state that “our co-workers are people like us”.

Pedro Reyes (uncle), who is currently the Customer and User Ombudsman of Mercantil, joined the bank in 1975; Nelson Lehmann (father) did it so in 1982, when the Bank purchased the Diners Club franchise. Today, he is retired from Mercantil. And in 1991, Elsy Lehmann (daughter and niece) has developed her Human Resources career since then.



My First Labor Experience

The National Annual Internship Program's purpose is to approach young workers' children, to the job procedures carried out within the organization and offer them the opportunity to develop experiences in different areas of the corporation.

91% of Mercantil Servicios Financieros employees agree that **“At Mercantil, trust and respect are the guiding principles of how employees are treated”**

2014 Organizational Climate and Engagement Survey



Mercantil
Impulsa tu futuro

Lo que comenzó ayer...

...evoluciona a una corporación financiera conformada por banca, seguros y servicios de inversión con presencia internacional, para ofrecerte el respaldo que necesitas.



MERCANTIL



Desde el 1º de enero de 2018, y al mismo tiempo, podrás pagar en bolívares actuales y en bolívares fuertes. www.mercantilbco.com

New Corporate Identity

On November 6, 2007, Mercantil launched a new graphic corporate identity, which aligns the corporate identities of Mercantil Servicios Financieros and its Subsidiaries under one brand name, highlighting the features of being a sound, dynamic and visionary corporation.

Clients Opportunities

The Mercantil brand is always present in the commitment of their clients' well-being.

Mercantil



Gánate un premio para usarlo en lo que necesitas o quieres

Esto es lo bueno de ganar efectivo que tú decides cómo disfrutar. Y con tus Tarjetas de Crédito Mercantil puedes ganar hasta Bs. 200 con solo pagar tus consumos habituales. Acumula un cupón electrónico por cada Bs. 350 y ve pensando en qué usarás tu premio.

Serán más de 100 ganadores entre Bs. 15.000 y Bs. 200.000 y tú puedes ser uno de ellos.



Mercantil, impulsa tu futuro

CENTRO DE ATENCIÓN MERCANTIL
D: 021 450 24 24, C: 021 450 24 24
T: 021 450 24 24 y 021 450 24 24
www.mercantilbco.com
@MercantilBanco

Cambiar sus billetes y monedas del curso transitorio anterior, por el valor equivalente, en cualquier agencia de la banca, pública o privada, y en el BCV.

Our Culture

Mercantil Brand is the focal point

“The brand image is the organization. The public presence is of the organization as a whole and not of its individual members. The corporate profile is guided by the strategy”

Throughout our history, the Mercantil brand has exemplified the corporate and institutional image of the organization.

90% of the Mercantil Servicios Financieros employees agree that “At Mercantil, the organization is above the individual role.”

2014 Organizational Climate and Engagement Survey



Strategic Positioning

During 2014, a detailed review and analysis process of all major strategic definitions, guiding Mercantil business activities, was conducted. During this process, the texts of Mercantil's Mission and Vision strategic definitions were reviewed, and the Culture and Commitment concepts were set, which integrate all Mercantil principles and values. They include new distinguishing elements of Mercantil performance in the development and implementation of its activities.

Mission

To fulfill the needs of our customers by providing excellent financial products and services, attain the aspirations of our employees, support the development of the communities where Mercantil has presence and add value for our shareholders through a long term outlook.

Vision

To be an independent financial services organization of reference in the areas of banking, wealth management and insurance, in the markets we serve.

(* Independent:

- Mercantil is the brand. Mercantil Servicios Financieros is the organization.
- Mercantil Servicios Financieros is the parent company and is not dependent on any other company.

(**) Reference:

To be recognized and respected for our strength, ethical behavior, dynamism, innovation, quality of service and for being the best place to workk.

Our Culture

Soundness: "Strength and Soundness above all else".

Long-term thinking and vision: "The strategy is based on a long-term outlook, with tactical decisions and permanently striving to achieve the desired results".

Respect and Care for Employees: "The well-being, motivation, recognition and individual development of our employees are permanent goals for the organization".

Mercantil brand is the focal point: "The brand image is the organization. The public presence is of the organization as a whole and not of its individual members. The corporate profile is guided by the strategy".

Compliance: "Strict and timely adherence to all applicable laws, regulations, rules and policies".

Ethical Behavior: "Zero tolerance for unethical behavior and transparency in all communications and information".

Multinational: "We are an international organization with Venezuelan roots".

Resilience: "We continuously adapt to changing environments and circumstances with dignity and integrity".

Good citizenship: "Our behavior reflects the solidarity and commitment to the community".

Corporate Governance: "Respect for the organization's corporate governance structure".

Our Commitment

- To be the best financial services provider as measured by the degree to which customers' needs and expectations are met, through products and services considered by them as the best in the market.
- To be a leading and innovative institution that anticipates the needs of the customers and competitors actions.
- To be recognized for its quality and excellence.
- To have the best and most capable human resources that are committed to working as a team.
- To maintain a prudent risk management combined with an excellent asset and liability management.
- To maintain a continuous focus on increasing operational efficiency across the organization, leveraging on technology as a competitive advantage.

Mercantil keeps focusing on the development of Banking, Wealth Management and Insurance financial businesses, while continue satisfying its clients' needs through comprehensive, differentiated value proposals for each segment, in the Venezuelan and international operations.

In the banking business in Venezuela, efforts to increase financing to the productive sectors and the Small and Medium Enterprise (SME) segments are maintained, through a program to finance working capital under competitive conditions and in line with the risk parameters established throughout the institution. Likewise, the strategy to grow the credit card product was sustained, through cross-selling initiatives and adjustments on the credit limits based on established evaluation and risk parameters. A constant supply of comprehensive products and services was made available to meet customers' needs and the supply of electronic and self-service products was expanded in an endeavor to enhance the quality of service through the installation of new self-service facilities and the increase of Mercantil Móvil functionalities, reflected in the transactions growth registered in these two distribution channels. The company also continued to execute its plan to grow the Mercantil Aliado network, focused on the Majority Banking segment to promote the development of low-income communities and attract new clients.

In the insurance business in Venezuela, Mercantil continues to strive to enhance and broaden its product offering and the quality of services available to clients and intermediaries, through initiatives that facilitate the distribution of products, optimize customer service and make information more readily available, particularly through self-management facilities in the virtual and technological channels. In addition a business referral campaign was launched, aimed at acquiring new customers, both individuals and corporates, through specially designed business alliances with insurance advisors, and selected companies. Mercantil Seguros continues to implement its expansion plan and enhance its infrastructure by opening new offices with the state-of-the-art technology and innovative avant-garde environment available for all customers intermediaries and commercial allies.

In the Wealth Management business, Mercantil is constantly focused on enhancing its product and services offering of Trusts, Mutual Funds, Financial Brokerage and Investment Advisory products, both in Venezuela and abroad.

In the international network, in line with its focus on differentiated value proposals aimed at satisfying clients' needs, it continues to strengthen its activity in the United States, Latin America and Europe. The strategy to grow and diversify domestic activity in the U.S. and Panama has been maintained, supported by the opening of new branches, the improvement of products and services and continuously following the established risk parameters. Also, the activity in Switzerland continues to be reinforced as a key factor for the development of the Private Banking and Wealth Management business.

Emphasis is kept on increasing efficiency through the ongoing improvement of processes and an enhancing products and services quality.

All of the above has been undertaken in strict compliance with the regulations applicable in the geographies where we operate, with the principles of transparency and sound management that are key to Mercantil's strategic positioning, the nature of the Institution and its day-to-day activity.

Our Culture

Compliance

“Strict and timely adherence to all applicable laws, regulations, rules and policies”

At Mercantil and its subsidiaries in Venezuela and abroad, the respect for and permanent compliance with legal and regulatory requirements, as well as the adherence to international best practices, is a fundamental premise for the company's actions as a business organization.

In addition, Mercantil maintains internal units devoted to the compliance function responsible for monitoring and managing the Bank's compliance with applicable laws and regulations, including the prevention of money laundering and terrorist financing.

97% of Mercantil Servicios Financieros employees agree that **“At Mercantil, we fully comply with the regulations and laws.”**

2014 Organizational Climate and Engagement Survey



Our Culture

Ethical Behavior

“Zero tolerance for unethical behavior and transparency in all communications and information.”



Mercantil maintain a Code of Ethics that upholds a set of principles and values that serve as a guide for decision-making and to conduct the company's business activities. The Code of Ethics also sets forth fundamental obligations for employees, such as integrity, loyalty, efficiency, camaraderie, honesty and respect for the law, that guide daily activities.

Similarly, the Board is empowered, from an ethical standpoint, to resolve conflicts of interest.

The proceeding of the members of the Board of Directors is determined by its institutional and representative character of all the shareholders of the company, which serves as a guideline and orientation for their performance.

93% of the Mercantil Servicios Financieros employees agree that **“The Code of Ethics of Mercantil determines our way of life here.”**

2014 Organizational Climate and Engagement Survey



Management Discussion and Analysis

Balance Sheet

A summary balance sheet at the close of December 2014 is shown below and the main variations by comparison to 2013 are commented on.

Summary of Consolidated Balance Sheet

Year Ended (In thousands of Bs and millions of US\$ except percentages)	December 31	December 31	December 31	December 31	Dec. 2014 Vs. Dec. 2013		Dec. 2014 Vs. Dec. 2012	
	2014 US\$(¹)	2014 bolivars	2013 bolivars	2012 bolivars	Increase/ (Decrease) bolivars	%	Increase/ (Decrease) bolivars	%
Total Assets	56,578	355,550,156	239,313,132	142,642,205	116,237,024	48.6	212,907,951	149.3
Investment Portfolio	10,959	68,867,934	63,646,988	32,621,840	5,220,946	8.2	36,246,094	111.1
Loan Portfolio, Net	31,409	197,382,285	121,818,576	77,885,513	75,563,709	62.0	119,496,772	153.4
Deposits	46,891	294,674,670	195,916,835	114,605,566	98,757,835	50.4	180,069,104	157.1
Shareholders' Equity	5,180	32,553,965	24,657,506	15,076,192	7,896,459	32.0	17,477,773	115.9
Trust Fund Assets	3,958	24,874,057	18,668,082	13,028,281	6,205,975	33.2	11,845,776	90.9

The audited financial statements and their notes are attached to this Report. The accounting standards used are summarized at the end of this chapter.

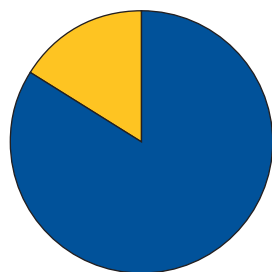
Total Assets

Total assets were Bs 355,550 million (US\$ 56,578 million)¹, representing 48.6 % annual growth. This growth is due to the combined behavior of cash & due from banks, investment portfolio and loan portfolio. These grew 65.8 %, 8.2 % and 62.0 %, respectively. Financial assets reached 77.2 % of total assets, up Bs 84,186 million (44.2 %) on the previous year.

The variations for this item during 2014, taken individually by subsidiary, are as follows:

Assets by Currency

Bs 355,550 million
(US\$ 56,578 million)¹
Year 2014



■ Bolivars 83.9 %
■ US Dollar 16.1 %

(In thousands of Bs except percentages)		December 31	December 31	Dec. 2014 Vs. Dec. 2013	
		2014	2013	Increase/ (Decrease)	%
Mercantil Banco Universal	Bs	292,085,486	185,802,979	106,282,507	57.2 %
Mercantil Seguros	Bs	14,972,929	10,684,967	4,287,962	40.1 %
Mercantil Commercebank	US\$	7,878,288	6,799,593	1,078,695	15.9 %

¹ Dollar figures are given for reference purposes only; balance sheet figures are converted at the period-end exchange rate of Bs 6.2842 / US\$ 1. Exchange control has been in place in Venezuela since February 2003.

Investment Portfolio

At December 31, 2014, investments totaled Bs 68,868 million (US\$ 10,959 million)¹, reflecting Bs 5,221 million (8.2 %) year-on-year increase from Bs 63,647 million (US\$ 10,127 million)¹. This growth was mainly observed in investments issued by the Bolivarian Republic of Venezuela, state-owned companies and decentralized entities.

The most significant variations for this item during the year, taken individually by subsidiary, are as follows:

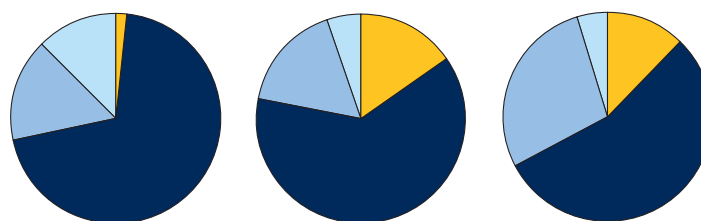
(In thousands of Bs except percentages)		December 31		Dec. 2014 Vs. Dec. 2013	
		2014	2013	Increase/	(Decrease)
Mercantil Banco Universal	Bs	48,782,994	47,905,037	877,957	1.8 %
Mercantil Seguros	Bs	8,765,710	6,246,925	2,518,785	40.3 %
Mercantil Commercebank	Us\$	2,230,747	1,770,514	460,233	26.0 %

Government bonds issued by the Venezuelan State account for 0.64 times Mercantil's equity and 5.9 % of its assets (0.9 % and 9.6 % respectively in December 2013). At Mercantil Banco Universal, these securities represent 0.59 times the equity and 5.8 % of the assets (0.9 % and 9.7 % respectively in December 2013).

At December 31, 2014, the Mercantil, C.A. Banco Universal subsidiary, in line with a regulation issued by the Venezuelan National Executive branch, purchased Bs 26,167 million in Mortgage Securities, Participation Certificates, Agricultural Bonds and Stocks, accounting for 58.8 % of the Bank's investment portfolio and 1.1 times its shareholders' equity (Bs 16,745 million, representing 37.2 % of its investment portfolio and 1.0 times its shareholders' equity at December 31, 2013).

Investments Portfolio by Issuer

Bs 68,868 million
(US\$ 10,959 million)¹
Year 2014



	Dec-2014	Dec-2013	Dec-2012
Venezuelan Central Bank	1.7 %	15.4 %	12.5 %
Venezuelan State and Government Entities	70.0 %	62.9 %	54.9 %
Government and US Government-sponsored Bodies	15.9 %	16.6 %	27.9 %
Others	12.4 %	5.1 %	4.7 %

¹Dollar figures are given for reference purposes only; balance sheet figures are converted at the period-end exchange rate of Bs 6.2842 / US\$ 1. Exchange control has been in place in Venezuela since February 2003.

Investment by maturity and yield at December 31, 2014 are broken down as follows:

Investments by Maturity and Yield (Stated in millions of Bs, and US\$, except percentages)											
Years	Trading	Available for Sale		Held to Maturity		Shares	Time Deposits and Placements		Trust Funds and Restricted Investments		TOTAL
	Bs ²	Bs ²	% ⁴	Bs ³	% ⁴	Bs ²	Bs ²	%	Bs ²	% ⁴	
Bs											
Less than 1		1,280	12.1	1,194	4.4		4,804 ⁵	9.2	192	2.7	7,469
From 1 to 5	1	4,786	13.4	5,877	4.8				4	12.0	10,668
Over 5		14,736	13.2	18,893	4.6	265					33,893
US\$											
Less than 1		625	7.1	149	2.7		9	0.5	392	4.2	1,177
From 1 to 5	1	2,363	3.7	256	3.4						2,620
Over 5	9	12,894	4.1	35	5.5	42			59	2.9	13,040
	12	36,684		26,404		307	4,813		647		68,868

¹ Dollar figures are given for reference purposes only and are converted at the period-end exchange rate of Bs 6.2842 / US\$ 1. Exchange control has been in place in Venezuela since February 2003.

² Market value.

³ Amortized cost.

⁴ Yield is based on the amortized cost at year end. This is obtained by dividing income from securities (including amortization of premiums or discounts) by the amortized cost or market value.

⁵ Bs 1,189 million correspond to deposits in the Venezuelan Central Bank maturing within 30 days.

Investments at year end, by company, issuer and currency, are made up as follows:

Breakdown of Investments by Issuer and Currency at December 31, 2014 (In millions of Bolivars and US\$, except percentages)								
	Venezuelan		U.S. Agencies	U.S. Private	Int'l	Venezuelan Government	Venezuelan Private	Totals Bs
	Central Bank	Government						
Bolivars								
Mercantil Banco Universal	1,189					42,375	199	43,763
Mercantil Seguros and Others						4,571	3,697	8,268
Total Bs	1,189					49,945²	3,897	52,031
US\$ Dollars								Totals US\$
Mercantil Banco Universal			4	13	9	106		132
Mercantil Commercebank								
Florida BanCorp			967	625	633	10		2,335
Mercantil Seguros and Others			111	16	99	81	2	312
Total US\$			1,082	653	742	198	2	2,679
Breakdown %			1.7 %	9.9 %	6.0 %	6.7 %	70.0 %	5.7 %
								100.0 %

¹ Dollar figures are given for reference purposes only; balance sheet figures are converted at the period-end exchange rate of Bs 6.2842 / US\$ 1. Exchange control has been in place in Venezuela since February 2003.

² Bs 1,242 million include foreign exchange indexation clauses.

Net Loan Portfolio

At December 31, 2014, net loans totaled Bs 197,382 million (US\$ 31,408 million)¹ up Bs 75,564 (62.0 %) from Bs 121,819 million (US\$ 19,385 million)¹ in December 2013. At December 31, 2014, consumer credits and commercial loans account for 60.0 % of total loans, reaching Bs 122,352 million and reflecting 61.3 % up on December 2013.

The most significant variations for this item during the year, taken individually by subsidiary, are as follows:

(In thousands of Bs except percentages)		December 31	December 31	Dec. 2014 Vs. Dec. 2013	
		2014	2013	Increase/	(Decrease)
Mercantil Banco Universal	Bs	162,619,332	89,809,279	72,810,053	81.1 %
Mercantil Commercebank	Us\$	5,250,102	4,746,719	503,383	10.6 %

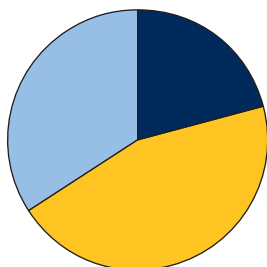
The ratio of past-due and nonperforming loans to gross loans is 0.3 % (0.5 % at December 2013). The ratio by subsidiary is as follows:

- **Mercantil Banco Universal** 0.3 % compared with 0.5 % for the Venezuelan financial system.
- **Mercantil Commercebank, N.A.** 0.3 %, a ratio that improved compared to 0.5 % in December 2013. Non-accrual loans amounted to 0.8 % of total loans (0.7 % at December 31, 2013).

99.5 % of Mercantil's loan portfolio is outstanding at December 31, 2014. The allowance for losses on loan portfolio covers 1,186.9 % of past-due and nonperforming loans (649.6 % at December 31, 2013). At Mercantil Banco Universal this ratio is 1,352.7 % (913.7 % at December 31, 2013) and 444.1 % at Mercantil Commercebank (237.1 % at the close of December 2013).

Loan Portfolio by Business Segment

Bs 197,382 million
(US\$ 31,409 million)¹
Year 2014



■ Large Corporations	21 %
■ Small and Medium Enterprises	45 %
■ Individuals	34 %

¹ Dollar figures are given for reference purposes only; balance sheet figures are converted at the period-end exchange rate of Bs 6.2842 / US\$1. Exchange control has been in place in Venezuela since February 2003.

Compulsory Percentage of Mercantil Banco Universal Loan Portfolio by economic sector and interest rates

Sector	Percentages of Compliance	December 2014		December 2014 Interest rates in force
		% reached	% required	
Agricultural	Calculated on the average gross loan portfolio at December 31, 2013 and 2012. Monthly Compliance. Maximum per client: 5 % of the current loan portfolio. A minimum number of new clients per annum is required (10 %). Additionally the portfolio must be quarterly classified among areas: strategic, non-strategic sectors, machinery, equipment, construction and improvement of infrastructure agribusiness investment and trading. The concentration in the strategic sector must not be less than 75 %, non-strategic sector below 5 % and medium and long-term credits less than 20 % of the total.	38.2 ¹	25.0	Set weekly by the Venezuelan Central Bank. As of December 31, 2014 it is 13 %.
Mortgage	Calculated on the gross loan portfolio at December 31, 2013 and broken down as follows: 6,6 % for home purchase, 0,4 % for self-construction, and 13 % for construction of main dwellings. Annual Compliance.	15.2	20.0	Set by the Ministry of Housing and Habitat according to the family income of the borrowers; ranges between 4.66 % and 10.66 %.
Microcredits	Calculated on the gross loan portfolio at June 30, 2014. Monthly Compliance.	4.1	3.0	Within the minimum and maximum rates set by the Venezuelan Central Bank. As of December 31, 2014. The maximum rate applicable is 24 %.
Tourism	Calculated on the average gross loans at December 31, 2013 and 2012. At March 31, 2014 the minimum percentage that full-service banks have to earmark to the tourism sector was set in 4.25 %.	5.1 ¹	4.3	The Venezuelan Central Bank establishes a preferential rate for the sector on a monthly basis. As of December 31, 2014, the rate is 10.48 % and can be as low as 7.48 % in some cases in accordance with the law for Tourism loans.
Manufacturing	Calculated on the gross loan portfolio at December 31, 2014. The percentage of compliance must be earmarked to strategic development sectors in 60 % and to the financing of SME, joint ventures community and state-owned companies in 40 %.	19.0	10.0	Set by the Venezuelan Central Bank at 18%. For SME, state-owned industries, community industries and joint ventures, the applicable interest rate may not exceed 90 % of the rate set by the Venezuelan Central Bank. At December 31, 2014 this is equivalent to 16.2 %.

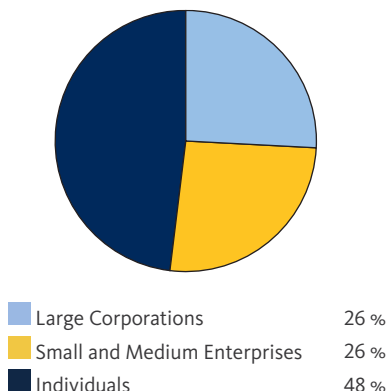
¹ Includes Bs 1,580 million in Agricultural Bonds issued by the Venezuelan State and Government Entities in accordance with the compulsory agricultural portfolio and Bs 207 million in Class "B" shares of the company guaranteeing the loans of tourism SMEs "Sociedad de Garantías Recíprocas para la Pequeña y Mediana Empresa," in accordance with requirements on compliance with the tourism portfolio.

Loan Portfolio Classified by Status

Year Ended (In thousands of Bs except percentages)	December 31 2014		December 31 2013		December 31 2012	
	bolivars	%	bolivars	%	bolivars	%
Current	202,742,735	99.5	124,758,531	99.1	79,336,932	98.5
Restructured	500,986	0.2	545,128	0.4	492,243	0.6
Past Due	530,681	0.3	539,970	0.4	552,222	0.7
In Litigation	8,618	0.0	94,446	0.1	160,798	0.2
	203,783,020	100.0	125,938,075	100.0	80,542,195	100.0

Deposits by Business Segment

Bs 294,675 million
(US\$ 46,891 million)¹



Deposits

At December 31, 2014 deposits totaled Bs 294,675 million (US\$ 46,891 million)¹, which represents a 50.4 % increase compared with Bs 195,917 million (US\$ 31,176 million)¹ as of December 2013. Demand deposits were the main component of total deposits, which reached Bs 195,421 million, up 54.1 % from December 2013, representing 66.3 % of total deposits. Savings deposits increased Bs 28,754 million (46.1 %) and time deposits Bs 1,426 million (21.1 %) over the same period.

The most significant variations for this item during the year, taken individually by subsidiary, are as follows:

(In thousands of Bs except percentages)		December 31	December 31	Dec. 2014 Vs. Dec. 2013	
		2014	2013	Increase/	(Decrease)
Mercantil Banco Universal	Bs	253,709,187	159,511,780	94,197,407	59.1 %
Mercantil Commercebank	Us\$	6,294,880	5,530,358	764,522	13.8 %

Shareholder's Equity

At December 31, 2014 shareholders' equity totaled Bs 32,554 million (US\$ 5,180 million)¹, 32.0 % more than the Bs 24,658 million (US\$ 3,924 million)¹ recorded at the end of 2013. This variation mainly includes Bs 9,854 million in net income for 2014, Bs 812 million increase due to the effect of adjusting investments available for sale to their market value, and Bs 1,091 million decline corresponding to dividends declared.

Capital Ratios

Mercantil's equity-to-assets ratio at December 31, 2014 is 9.2 % and its equity to risk-weighted assets ratio is 15.2 %, based on the standards of the National Securities Superintendency, (10.3 % and 18.4 % at December 31, 2013).

- **Mercantil Banco Universal**, in accordance with the requirements of the Superintendency of Banking Sector Institutions in Venezuela (SUDEBAN - for its abbreviation in Spanish), the equity-to-assets ratio at December 31, 2014 is 9.7 % and its equity to risk-weighted assets ratio is 16.5 % (10.9 % and 19.0 % at December 31, 2013).
- **Mercantil Commercebank, N.A.**, based on the standards of the U.S. Office of the Comptroller of the Currency (OCC), at December 31, 2014 the equity-to-assets ratio is 9.3 % and the equity to risk-weighted assets ratio is 13.3 % (10.3 % and 16.2 % at December 31, 2013 respectively).
- **Mercantil Seguros**, solvency margin is up to 3.17 %, compared to the 105 % basis that insurance companies in Venezuela may maintain.

The equity ratios of Mercantil and its subsidiaries exceed the regulatory minimums.

¹ Dollar figures are given for reference purposes only; balance sheet figures are converted at the period-end exchange rate of Bs 6.2842 / US\$ 1. Exchange control has been in place in Venezuela since February 2003.

Income Statement

The main variations between the figures for December 31, 2014 and December 31, 2013 are summarized below:

Financial Margin

Year Ended (In thousands of Bs and millions of US\$, except percentages)	December 31	December 31	December 31	December 31	Dec. 2014 Vs. Dec. 2013		Dec. 2014 Vs. Dec. 2012	
	2014 US\$ ⁽¹⁾	2014 bolivars	2013 bolivars	2012 bolivars	Increase/ (Decrease)		Increase/ (Decrease)	
					bolivars	%	bolivars	%
Interest Income	4,796	30,140,098	18,453,552	11,803,756	11,686,546	63.3	18,336,342	155.3
Interest Expense	(1,462)	(9,185,389)	(5,185,444)	(3,401,820)	3,999,945	77.1	5,783,569	170.0
Net Interest Income	3,335	20,954,709	13,268,108	8,401,936	7,686,601	57.9	12,552,773	149.4
Provision for losses on loan Portfolio	(457)	(2,873,581)	(1,784,238)	(917,672)	1,089,343	61.1	1,955,909	213.1
Net Financial Margin	2,877	18,081,128	11,483,870	7,484,264	6,597,258	57.4	10,596,864	141.6

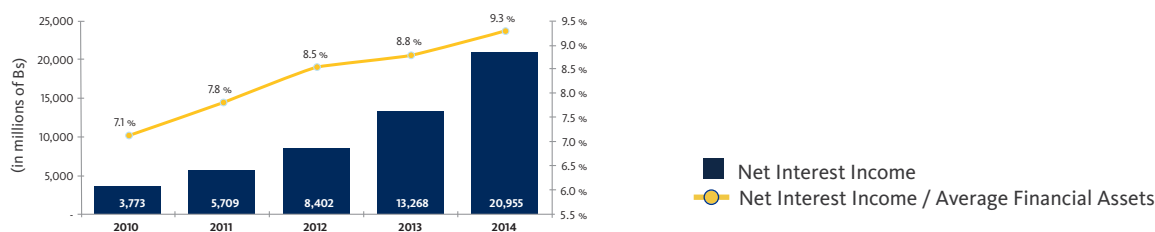
Net Interest Income

Net Interest Income in 2014 was Bs 20,955 million (US\$ 3,335 million)¹ 57.9 % higher than the Bs 13,268 million (US\$ 2,169 million)¹ recorded in December 2013, mainly due to an increase in the financial assets and liabilities. Interest income totaled Bs 30,140 million, recording a 63.3 % year-on-year increase, both reflected in growth of loan portfolio income by 72.4 %, and investment portfolio income by 23.5 %. Financial expenses were Bs 9,185 million, 77.1 % more than in 2013. The financial intermediation ratio (loans to deposits) was 69.2 %, at the close of 2014, and 64.3 %, at December 31, 2013.

- **Mercantil Banco Universal** reached Bs 18,939 million (US\$ 3,014 million)¹, 59.8 % year-on-year increase from Bs 11,853 million (US\$ 1,937 million)¹, mainly due to the increase in financial assets and liabilities. The financial intermediation ratio was 65.3 % in December 2014 and 57.4 % in December 2013.
- **Mercantil Commercebank, N.A.** reached US\$ 152 million¹ (Bs 958 million), 5.6 % higher than the US\$ 144 million¹ (Bs 883 million) in 2013. The Bank continues to hold a significant portion of its assets, US\$ 2,379 million¹ (more than 29.5 %), in short-term investments and securities issued by the U.S. government or U.S. government-sponsored agencies. This high level of liquidity has continued to give the Bank ample flexibility to increase its credit operations.

Mercantil's net interest income/average financial assets ratio at December 31, 2014 was 9.3 % compared to 8.8 % the previous year.

Net Interest



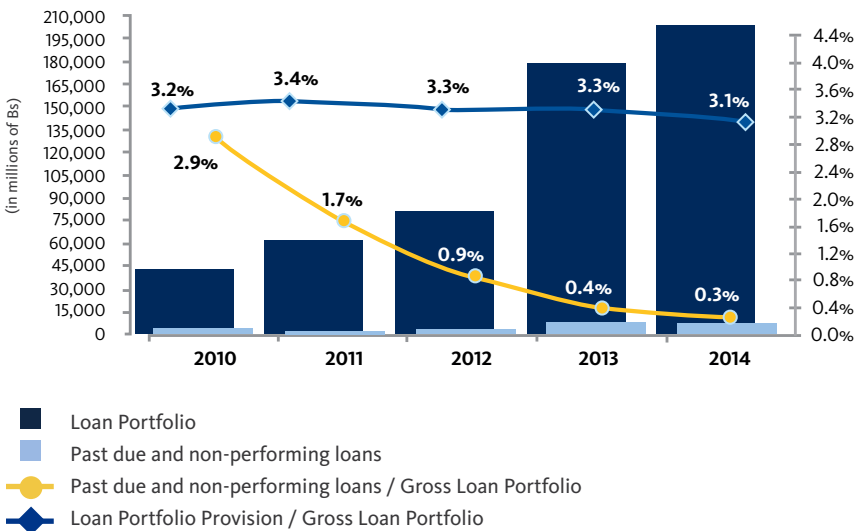
⁽¹⁾ Dollar figures are given for reference purposes only; income statement figures are converted at the average exchange rate for the period of Bs 6.2842 / US\$ 1 (versus Bs 6.1180/US\$ 1 at December 31, 2013). Exchange control has been in place in Venezuela since February 2003.

Loan Portfolio Provision

During 2014, loan loss provisions were Bs 2,874 million (US\$ 457 million)¹, 61.1 % up on the Bs 1,784 million (US\$ 292 million)¹ registered in 2013, bringing the accumulated provision to Bs 6,401 million (US\$ 1,019 million)¹ at the close of December 2014. This represents 3.1 % of Mercantil's gross loans (3.3 % at December 31, 2013) and 1,186.9 % coverage of past-due and nonperforming loans (649.3 % at December 31, 2013).

- **Mercantil Banco Universal** registered Bs 2,780 million (US\$ 442 million)¹ in loan portfolio provisions in 2014 (Bs 1,691 million in 2013), mainly aimed at provisions in the construction, agricultural and commercial sectors and originating from loan portfolio growth during the year. At December 31, 2014, the accumulated loan portfolio provision was Bs 5,898 million (US\$ 939 million)¹, which represents 1,352.9 % of past-due and nonperforming loans (914.5 % at December 31, 2013). The ratio of past-due and nonperforming loans to gross loans decreased from 0.4 % in December 2013 to 0.3 % in December 2014.
- **Mercantil Commercebank, N.A.** registered US\$ 8 million¹ (Bs 50 million) in loan portfolio provisions in 2014. At December 31, 2014, the accumulated provision for the loan portfolio was US\$ 65 million¹ (Bs 411 million) and covers 444.1 % of past-due and nonperforming loans (237.1 % at the close of December 2013).

Loan Portfolio Evolution



⁽¹⁾ Dollar figures are given for reference only; balance sheet figures are converted at the period-end exchange rate of Bs 6.2842/US\$ 1 and income statement figures are converted at the average exchange rate for the period of Bs 6.2842/US\$ 1 (versus Bs 6.1180/US\$ 1 at December 31, 2013). Exchange control has been in place in Venezuela since February 2003.

Commissions, Other Income and Insurance Premiums, Net of Claims

Commissions, Other Income and Insurance Premiums, Net of Claims

Year Ended (In thousands of Bs and millions of US\$, except percentages)	December 31	December 31	December 31	December 31	Dec. 2014 Vs. Dec. 2013		Dec. 2014 Vs. Dec. 2012	
	2014 US\$ ⁽¹⁾	2014 bolivars	2013 bolivars	2012 bolivars	Increase/ (Decrease)		Increase/ (Decrease)	
					bolivars	%	bolivars	%
Net Financial Margin	2,877	18,081,128	11,483,870	7,484,264	6,597,258	57.4	10,596,864	141.6
Commissions and Other Income	1,296	8,141,183	6,385,147	3,997,898	1,756,036	27.5	4,143,285	103.6
Insurance Premiums, Net of Claims	344	2,161,078	1,323,668	1,021,590	837,410	63.3	1,139,488	111.5
Operating Income	4,517	28,383,389	19,192,685	12,503,752	9,190,704	47.9	15,879,637	127.0

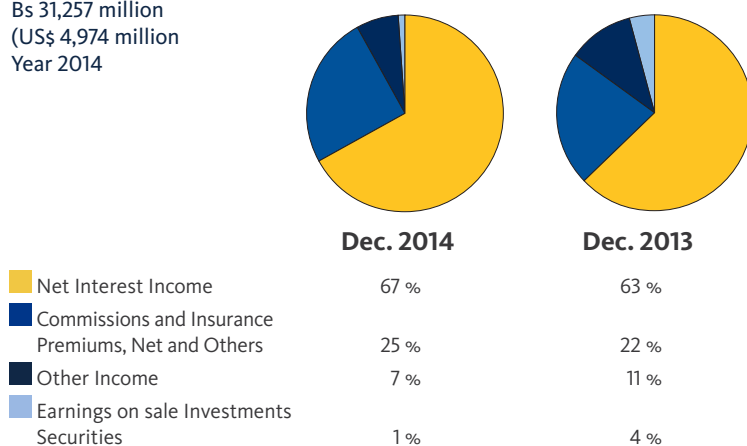
Commissions and Other Income during 2014 totaled Bs 8,141 million (US\$ 1,296 million)¹, reflecting a year-on-year increase of Bs 1,756 million (27.5 %) from Bs 6,385 million (US\$ 1,044 million)¹. This increase is mainly due to:

- Bs 2,920 million (62.5 %) growth of income from commissions on debit and credit cards, insurance policy financing, other commissions on client operations, and other income.
- Bs 825 million (90.2 %) decrease in earnings from exchange difference due to the new exchange rate set by the Venezuelan Central Bank for the valuation of assets and liabilities in foreign currency (adjusted from Bs 4.2893/US\$ 1 to Bs 6.2842/US\$ 1 in 2013).
- Bs 340 million (42.5 %) decline in earnings from securities trading activities.

Insurance premiums, net of commissions, reinsurance and claims totaled Bs 2,161 million (US\$ 344 million)¹ in 2014, reflecting a 63.3 % increase compared with Bs 1,324 million (US\$ 216 million)¹ in 2013. Net collected premiums in 2014 totaled Bs 17,504 million (US\$ 2,785 million)¹ which represents a year-on-year increase of Bs 7,125 million or 68.7 %. This growth was mainly in the health (67.0 %) and automobile (72.1 %) businesses. Mercantil Seguros is the country's second largest insurance company in terms of net collected premiums, with a market share of 12.0 % at November 30, 2014. Claims and administrative expenses totaled Bs 11,216 million (US\$ 1,785 million)¹, reflecting a year-on-year increase of Bs 3,991 million (55.2 %). The claims ratio was 62.1 % in 2014 (64.5 % in 2013).

Distribution of Total Income

Bs 31,257 million
(US\$ 4,974 million)
Year 2014



⁽¹⁾ Dollar figures are given for reference only; income statement figures are converted at the average exchange rate for the period of Bs 6.2842/US\$ 1 (versus 6.1180/US\$ 1 at December 31, 2013). Exchange control has been in place in Venezuela since February 2003.

Operating Expenses

Operating Expenses

Net Income Year Ended (In thousands of Bs and millions of US\$, except percentages)	December 31	December 31	December 31	December 31	Dec. 2014 Vs. Dec. 2013	Dec. 2014 Vs. Dec. 2013	Dec. 2014 Vs. Dec. 2013	Dec. 2014 Vs. Dec. 2013
	2014 US\$ ⁽¹⁾	2014 bolivars	2013 bolivars	2012 bolivars	Increase/ (Decrease)	%	Increase/ (Decrease)	%
Earnings from Financial Operation	4,517	28,383,389	19,192,685	12,503,752	9,190,704	47.9	15,879,637	127.0
Operating Expenses	(1,984)	(12,466,367)	(7,417,772)	(4,526,727)	5,048,595	68.1	7,939,640	175.4
Personal Expenses	(998)	(6,274,223)	(4,314,387)	(2,996,641)	1,959,836	45.4	3,277,582	109.4
Taxes (Current and Deferred)	35	217,557	(205,871)	(815,322)	(423,428)	(205.7)	(1,032,879)	(126.7)
Minority Interest	(1)	(5,967)	(4,228)	(2,455)	1,739	41.1	3,512	143.1
Net Income for the Year	1,568	9,854,389	7,250,427	4,162,607	2,603,962	35.9	5,691,782	136.7

Operating and personnel expenses rose 59.7 % (Bs 7,008 million) year over year due to:

- Increase of Bs 1,960 million in personal expenses, up 45.4 % compared to 2013. This increase in expenses is mainly due to the application of compensation and benefits according to the market, with the number of employees at the same level for the last 3 years. Assets per employee at Mercantil Banco Universal rose from Bs 25.1 million in 2013 to Bs 39.7 million in 2014. At Mercantil Seguros, net earned premiums per employee rose from Bs 2.1 million in 2013 to Bs 4.0 million in 2014. In the case of the overseas business, the assets per employee ratio rose from US\$ 8.3 million in 2013 to US\$ 9.1 million in 2014.
- Bs 3,201 million (62.9 %) increase in commissions expenses for using the point-of-sale and ATM network, and other facilities.
- Bs 1,555 million (87.4 %) rise in expenses for contributions to regulatory agencies.
- Bs 292 million (53.3 %) increase in expenses for taxes and contributions..

The efficiency ratio measured by calculating operating expenses as a percentage of average assets was 5.3 % in December 2014 and 2013. The ratio of operating expenses to total revenue was 49.1 % in December 2014 (47.4 % in December 2013). Personnel and operating expenses are affected by inflation in Venezuela which was 68.5 % over the last 12 months.

⁽¹⁾ Dollar figures are given for reference only; balance sheet figures are converted at the period-end exchange rate of Bs 6.2842/US\$ 1 and income statement figures are converted at the average exchange rate for the period of Bs 6.2842/US\$ 1 (versus Bs 6.1180/US\$ 1 at December 31, 2013). Exchange control has been in place in Venezuela since February 2003.

Taxes and Contributions

For the year ended December 31, 2014 Mercantil and its subsidiaries reported significant expenses for various types of taxes and contributions.

Operations in Venezuela generated Bs 22 million in estimated payable corporate income tax, Bs 312 million in deferred corporate income tax; Bs 801 million in value added tax; Bs 828 million in municipal taxes; Bs 2,641 million in contributions to FOGADE, the Deposit Guarantee Fund; Bs 219 million in contributions to the Superintendency of Banking Sector Institutions, Bs 438 million in contributions to the Superintendency of Insurance Activity and Bs 390 million in contributions to SAFONACC, the National Community Council Fund.

Operations abroad registered Bs 72 million in expenses for payable corporate income tax, which included Bs 2 million in deferred corporate income tax, Bs 12 million in municipal taxes and other contributions, and Bs 37 million for contributions to regulatory agencies.

Mercantil Servicios Financieros and its subsidiaries also complied with other compulsory contributions provided for under the applicable legislation.

Total contributions to the various official entities in Venezuela and abroad account for 28.2 % of Mercantil's expenses which, combined with corporate income tax, make up 29.4 % of those expenses (25.5 % and 26.1 % as of December 31, 2013 respectively).

Summary of the Accounting Principles used to prepare the Financial Statements

Financial statements are presented in accordance with the accounting standards of the National Securities Superintendency (SNV). A summary of some of the main accounting principles applied is given below:

Investment Portfolio

Investments in Trading Securities are unrealized gains or losses resulting from differences in market values due to market fluctuations are included in the results for the period. Investments in Securities Available for Sale are recorded at their market value. Unrealized gains or losses resulting from differences in market value and exchange rate fluctuations are included in shareholders' equity. Investments in Securities Held to Maturity are recorded at their acquisition cost, adjusted for amortization of premiums or discounts. For all portfolio investments, permanent losses in market value are recorded in the results for the period in which they occur. Long-Term Investments are investments that represent 20 % to 50 % stock ownership. Investments in excess of 50 % are recorded as equity participation and consolidated, except when control is likely to be temporary.

Loan Portfolio

Loans are classified as overdue 30 days after their maturity. Allowances for loan portfolio losses are determined through a collectibility assessment that quantifies the amount that must be set aside for each loan. These assessment take into account such aspects as economic conditions, credit risk by client, credit history and the collateral received. When evaluating loans for small amounts of the same nature, these are grouped together to determine provisions.

Recognition of income and expenditure

Income, costs and expenses are recorded as they are earned or incurred. Interest earned on past-due loan portfolios is recorded as income when collected. Fluctuations in the market value of derivatives are recognized as income in the period in which they occur. Insurance premiums are recorded as income when earned.

Consolidation

The consolidated financial statements include the accounts of Mercantil and its more than 50 %-owned subsidiaries and other institutions in which Mercantil has a controlling interest.

Inflation Adjustment

According to SNV standards, Mercantil's financial statements, as of December 31, 1999 must be presented in historic figures. Since then Mercantil has ceased to adjust for inflation in its primary financial statements. As a result, fixed and other assets are shown at their inflation-adjusted value up to December 31, 1999. The market value determined by independent assessments is higher than the inflation cost adjusted for inflation indicated above. New additions are being recorded at their acquisition value.

Accounting differences between SNV and of SUDEBAN standards and US GAAP

The main accounting differences for the reconciliation of items under SNV and SUDEBAN for Mercantil Servicios Financieros are:

- Amortization of premiums or discounts of securities carried out on a straight-line basis under SUDEBAN standards and in accordance with the constant amortization rate under SNV standards.
- Under SNV standards, the effects of exchange fluctuations are included in the results for the period, with the exception of exchange fluctuations from available-for-sale investments and the stock trading portfolio which are included in shareholders' equity. Under SUDEBAN standards, all fluctuations are recorded in the results, with the exception of exchange fluctuations from the stock trading portfolio and the fluctuations which, as provided by the SUDEBAN exception, must subsequently be included in income when authorized by SUDEBAN.

The main accounting differences between the SNV standards indicated above and US GAAP standards for Mercantil Servicios Financieros are:

- Deferred Income Tax: US GAAP allows deferred tax to be recognized for the total amount of loan loss allowances, while SNV standards only allow recognition of allowances for loans classified as high risk and unrecoverable.
- Provision for assets received in lieu of payment: SNV standards stipulate a 100 % allowance for real property received in lieu of payment after one year from the date of incorporation; under US GAAP no amortization deadlines are established.

Our Culture

Multinational

“We are an international organization with Venezuelan roots.”

The Founders` Vision March 23, 1925

In the articles of association of Banco Neerland-Venezolano (today, Mercantil Banco), its shareholders set the direction of the institution of “develop overseas banking and commercial activities”

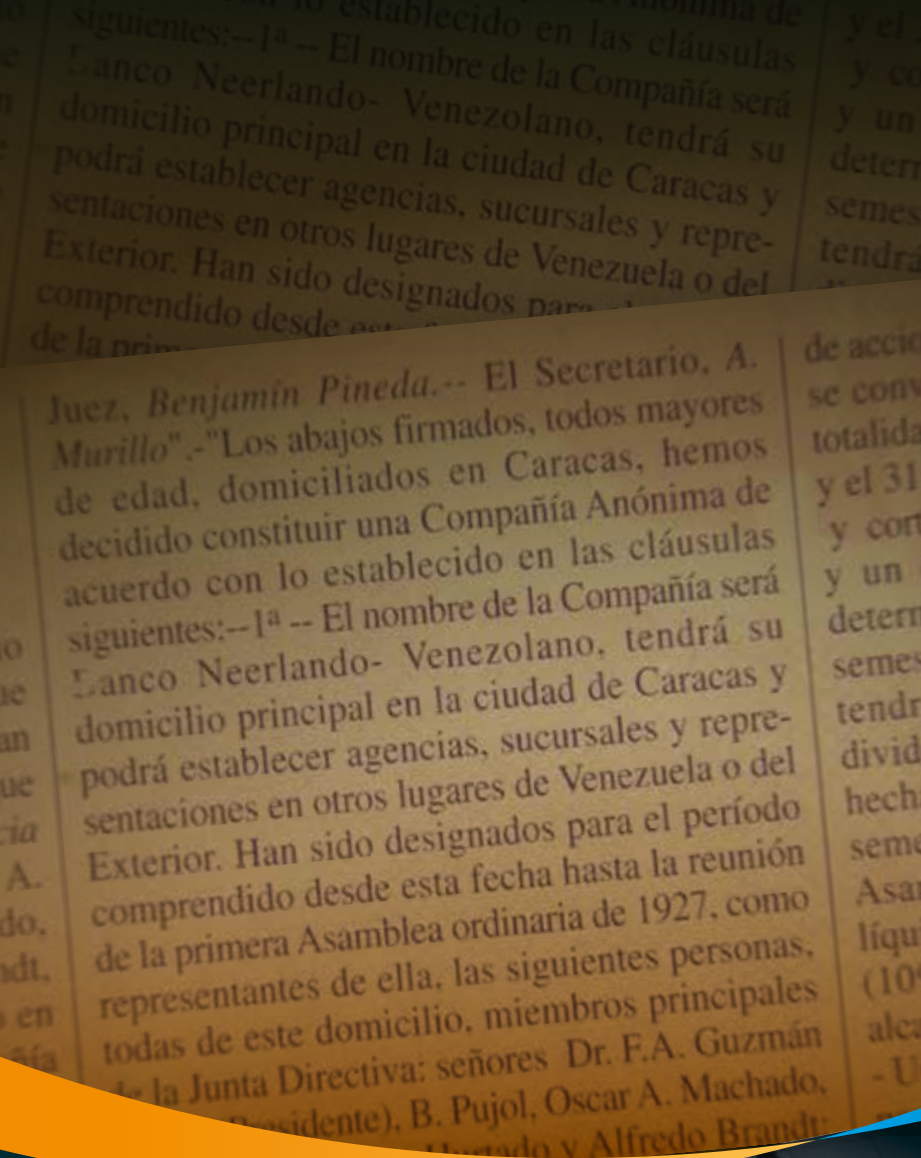
An excerpt of the March 23, 1925 articles of association.

Mercantil in other geographies

Currently, Mercantil Servicios Financieros and its subsidiaries have more than 5.2 million clients mainly in Venezuela, United States, Panama, Curaçao and Switzerland.

97% of Mercantil Servicios Financieros employees agree that **“I understand that meeting the customers`expectations is a top priority for our organization.”**

2014 Organizational Climate and Engagement Survey



Business Management Report

Banking

Global Personal Banking and Wealth Management

Personal Banking at Mercantil Servicios Financieros in Venezuela and the United States grew throughout 2014. Deposits closed at Bs 144,450 million (US\$ 22,986 million)* and represent 48 % growth compared to the end of December 2013. Total loans registered 81 % year-on-year. Mercantil Banco Universal represented 93 % of the loan portfolio, and Mercantil Commercebank the remaining 19 %.

Mercantil Servicios Financieros' loan portfolio grew 92 % compared to 2013, to more than Bs 71,000 millions (US\$ 11,392 million)*. Mercantil Banco Universal represented 96 % of the loan portfolio, and Mercantil Commercebank the remaining 4 %.

In Venezuela, Personal Banking deposits closed at Bs 117,460 million (US\$ 18,691 million)*, showing 60.4 % growth compared to the end of 2013. These performance is explained by 74.6 % increase in non interest bearing demand deposits and 56 % growth of savings deposits at the end of 2014.

Personal Banking loan portfolio in Venezuela reached Bs 68,372 million, reflecting 96.5 % year-on-year increase. Credit cards and its parallel credit lines were a determining factor in the loan portfolio growth, showing a 124 % increase (Bs 21,826 million). Loans aimed to individuals increased by 87 % (Bs 3,016 million), as a result of an attention-focused strategy in niche customers. Personal Banking contributed with 44.5 % of Mercantil Banco Universal's total loan portfolio growth of Bs 75,491 million at the end of 2014.

The loan portfolio of Mercantil Commercebank Personal Banking in the United States reached Bs 3,218 million (US\$ 512 million)* and registered an increase of Bs 509 million (US\$ 81 million)* (or 18.4 %) compared to 2013. Meanwhile, deposits totaled Bs 26,990 million (US\$ 4,295 million)*, up Bs 1,332 million (US\$ 212 million)*. These results were supported by the performance of the domestic and international segments.

As the U.S. economy was recovering, products and services offer was boosted by cross-selling initiatives, in order to strengthen clients' relationship. Selling strategies were introduced to drive loan volumes in order to meet the growing demand. The new loan origination system launched in 2014 boosted mortgage loans in Florida and Texas.

The Mercantil Commercebank brand development was another purpose of this segment in 2014, through positioning campaigns, which were strengthened by the opening of two new branch offices in Houston during 2014. It is expected to open a new branch office in South Florida in 2015, as well as a much bigger office at the Houston regional headquarter.

* Dollar figures are given for reference purposes only; balance sheet figures are converted at the period-end exchange rate of Bs 6.2842/US\$ 1. Exchange control has been in place in Venezuela since February 2003.

Personal Banking International (PBI) at Mercantil Commercebank utilizes a segmentation model based on account balances, transaction profiles and customers' long-term financial goals, in order to assign the most appropriate delivery channel to serve their needs. At the end of 2014, PBI recorded US\$ 2,671 million in deposits, through a customer centric approach touching every point of interaction including electronic channels and the Customer Call Center. This approach helped PBI acquire, retain and increase relationship deposits.

Personal Banking International (PBI) will continue working on improving the level of customers satisfaction by focusing on solving problems and educating customers about the benefits of the Bank's streamlined delivery channels. In addition, PBI is strengthening partnerships to seek internal referrals from other business units, in order to increase the cross-selling activity and service a larger portion of each customer's financial portfolio.

Personal Banking and Wealth Management serves the Personal Banking segment and manages the Trust Fund, Mutual Funds and Securities businesses in Venezuela, the United States, Switzerland and Panama. During 2014, the focus continued on enhancing products and services, as well as their consolidation in Panama.

In Venezuela, the Securities Market Business during 2014 provide an important contribution to the SICAD II exchange market operation, with all facilities given to customers for registering their orders. This significantly contributed to the Mercantil Securities Account growth, which totaled 164,785 customers, allowing their participation in the primary and secondary securities market, increasing securities custody management in 17.5 % and income in 17.8 %.

In Mercantil Banco Universal, investment and portfolio management services are conducted through Mercantil Servicios de Inversión, which registered 45.5 % year-on-year growth in assets under management and 67.8 % year-on-year growth in income. The Mercantil Fixed Income Portfolio, Fondo Mutual de Inversión de Capital Abierto, C.A. maintained its position as industry leader, reaching Bs 2,123 million in assets at year end, reflecting 16.1 % growth compared to 2013 and 21.2 % increase in income, for a total of 184,921 clients. The Plan Crecer Mercantil product registered 54 % expansion in assets, reaching Bs 1,151 million.

In the U.S., Mercantil Commercebank Investment Services, Inc (MCIS), a Mercantil Commercebank N.A. subsidiary, registered a total of 3,324 customers in 2014. During the period, continued with the development of technological upgrading, supporting growth and improving quality of service, such as Mercantil Mobile, a solid mobile banking product, which represents a convenient and safe delivery channel that enhances customers' experience, while saves transactional costs.

Trust services are available to clients in Venezuela through Mercantil C.A., Banco Universal, and in the United States through Mercantil Commercebank Trust Company, N.A. During 2014, Mercantil Banco, through its Trust Services Unit focused its efforts on services enhancing and launching of two new products: Occupational Contingency Trust and Escrow Trust, which, in this way, reaffirms its reference status in the trust market. Compared to 2013, the volume of customer assets increased 40.4 % and income from services grew 58.4 %.

At year end Mercantil Commercebank Trust Company, N.A. registered 2.0 % decrease of consolidated assets under management with an increase in income by 3.3 %. The efforts continued aimed at improving process efficiency to increase customer service levels, offering better information in a timely manner.

Mercantil Bank (Schweiz) focused its wealth management products and services to Private Banking, by increasing its assets in 6.3 % and its income in 13 %.

Global Commercial Banking

Commercial Banking at Mercantil Servicios Financieros closed 2014 with more than Bs 76,000 million (US\$ 12,138 million)* in deposits, reflecting 59 % year-on-year increase. Mercantil Banco Universal represented 90 % of the deposits and Mercantil Commerbank the remaining 10 %.

Commercial Banking's loan portfolio in 2014 increased 69 % compared to 2013, to almost Bs 90,000 million (US\$ 14,317 million)*. Mercantil Banco Universal represented 86 % of the loan portfolio and Mercantil Commercebank the remaining 14 %.

In Venezuela, Commercial Banking deposit closed at Bs 69,000 million (US\$ 10,890 million)*, showing a 62 % growth compared to 2013. These performance is explained by 59 % increase of demand deposits products.

At the close of December 2014, Commercial Banking loan portfolio in Venezuela registered a strong 74 % growth compared to 2013, totaling Bs 77,746 million, of which Bs 31,957 million corresponds to the Middle Market Banking segment, showing 50 % year-on-year increase, and Bs 45,789 million corresponds to the Small and Medium Enterprise (SME) sector, with 96 % increase, compared to the end of 2013. This result was supported by the continued strategies of supporting and promoting SME segments through a program to finance working capital under competitive conditions. Commercial loans was the product with a higher contribution to the loan portfolio growth, showing Bs 19,000 million increase (70 % vs Dec. 13).

Currently, Mercantil Banco Universal complies with five compulsory loan portfolios, which accounted for 36 % of the Bank's gross loan portfolio. Commercial Banking is responsible for the agricultural, tourism and manufacturing sectors, and cooperates with the microcredit and mortgage sectors. At December 31, 2014 the Bank registered Bs 27,755 million (85 %) year-on-year growth to Bs 60,467 million. Commercial Banking represents 51 % of these compulsory loan portfolios with Bs 30,581 million.

In the U.S., Mercantil Commercebank's deposits showed 19 % growth compared to December 2013, totaling Bs 7,277 million (US\$ 1,158 million)* at the end of 2014. Mercantil Commercebank's loan portfolio reached Bs 12,223 million (US\$ 1,945 million)* at the close of 2014, with the Middle Market banking segment as the most important one totaling Bs 3,368 million (US\$ 536 million)* (9 % vs Dec. 13). This segment targets companies with annual revenues in excess of US\$ 25 million, countered heightened marketplace competition with more flexibility in pricing and structuring financing.

Overall U.S. economic conditions have improved. As a result, there has been a marked increase in the interest of real estate investment opportunities, as well as an uptick in Commercial & Industrial (C&I) lending. At the same time, a low interest rate environment creates a highly competitive marketplace that requires a strategic approach to structuring products and financing the right deals. Coupled with the repositioning of seasoned lending professionals, the Commercial Banking and Middle Market Banking units remain focused on growing loan volumes while preserving profitability.

* Dollar figures are given for reference purposes only; balance sheet figures are converted at the period-end exchange rate of Bs 6.2842/US\$ 1. Exchange control has been in place in Venezuela since February 2003.

This also boosted the SME expansion, resulting in a general interest in financing opportunities. Consequently, funds have been allocated to maximize growing opportunities.

2015 plans include a continued focus on commercial banking partnerships with the retail banking centers, particularly the new banking centers in the Houston and South Florida markets. In addition to a commitment to further penetrate this market, resources will be deployed to maximize lending opportunities arising in the South Florida market.

The Commercial Real Estate market of Mercantil Commercebank continued to attract both domestic and foreign buyers. This is evidenced by the increase in construction and growth in lending opportunities in all markets. Multi-family rental housing continues to flourish, creating a competitive yet attractive marketplace in which to structure financing.

Mercantil Commercebank's primary markets of South Florida, Houston, and New York continue to be at the top of investors' spectrum. A cross-markets marketing campaign was implemented during 2014 and resulted in increased brand recognition as well as more business with active investors in the three markets. In 2014, Real Estate loans grew 40 % from the prior year.

Commercial Banking International (CBI) continued to develop a strong internal referral program to increase awareness of CBI products and services among target client groups currently serviced in other areas of the Bank. These efforts increased inter-unit knowledge and awareness of CBI's global expertise in serving international companies needing U.S. banking services, opening up opportunities to leverage existing customer relationships.

CBI has experienced a significant growth in deposits by continuing to offer excellent products and services to companies based primarily in Latin America, and by maximizing efficient delivery channels. In 2015, CBI will continue its effective transitioning of customer service delivery from a geographic focus to an approach that assembles dedicated teams of professionals with specific areas of expertise to serve clients based on their unique needs.

Corporate and Investment Banking

During 2014, Corporate and Investment Banking focused its strategy on the continuous improvement of quality of service for its customers around the world through the Corporate, Oil and Gas, and Financial Institutions segments at Mercantil Banco, Mercantil Commercebank and Mercantil's other units.

To maximize the organizational changes made, these have been complemented by steps to improve client management, account plans and performance management, standardized everywhere.

Both in Venezuela, the United States and in the different geographies where Mercantil operates, Corporate and Investment Banking contributed with the balance, totaling Bs 40,342 million (US\$ 6,420 million*) of total Investments at the end of 2014. In terms of total deposits, Corporate and Investment Banking closed at Bs 76,116 million (US\$ 12,112 million*).

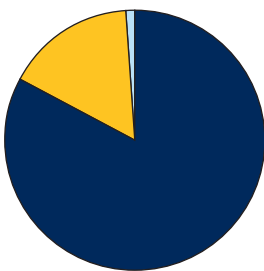
At the close of 2014, Global Corporate and Investment Banking maintained commercial relations with more than 1,296 economic groups at Mercantil Banco Universal and over 602 economic groups in the United States and Latin America served by Mercantil Commercebank, N.A.

In 2014, the implementation of the segmented value proposal aimed at Corporate and Investment Banking's clients continued its course, with product areas being strengthened to cover their emerging needs through the Corporate Products, Corporate Finance and Capital Market units.

* Dollar figures are given for reference purposes only; balance sheet figures are converted at the period-end exchange rate of Bs 6.2842/US\$ 1. Exchange control has been in place in Venezuela since February 2003.

Global Corporate and Investment Banking / Loan Portfolio

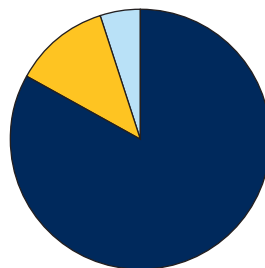
Year 2014



Corporate/Oil and Gas	83 %
Financial Institutions	16 %
Institutional Banking	1 %

Global Corporate and Investment Banking / Deposits (including investments sold under repurchased agreement)

Year 2014



Corporate/Oil and Gas	83 %
Financial Institutions	12 %
Institutional Banking	5 %

Corporate Banking

During 2014, the total deposits of Mercantil's Corporate customers in different geographies where Corporate and Investment Banking provides its services, grew at 44 % to Bs 63,681 million (US\$ 10,134 million)* at year end.

Corporate and Investment Banking's loan portfolio in 2014 increased 31 % compared to 2013, closing the year at Bs 33,637 million (US\$ 5,353 million*). This growth was in line with the risk policies established by the institution, in the United States and Latin America at the end of 2014. In Venezuela, increased support to customer's needs in the agricultural sector, as well as, manufacturing, and investors in the tourism sector has been sustained. As a result, Corporate Banking continued contributing to Mercantil Banco Universal's compulsory loan portfolio.

Financial Institutions and International Relations

Within the global financial environment, the Financial Institutions and International Relations segment handled relations with correspondents in line with Mercantil Servicios Financieros' risk parameters. In Venezuela, this business unit maintained higher volumes of assets and liabilities, Bs 762 million and Bs 8,568 million respectively, with emphasis on cross-selling of products and services to insurance companies, banks and diplomatic organizations.

In Latin America increased activity was strategically focused on maintaining its level of investment, always in line with the perception of risk in these markets. Consequently, this effort brought the loan portfolio to US\$ 892 million at the close of 2014.

Important credit facilities were maintained in favor of Mercantil Servicios Financieros' subsidiaries in many different geographical regions, which allowed to fully meet clients' requirements with respect to foreign trade operations.

Institutional Banking

The Institutional Banking segment focused its efforts during 2014 on optimizing the portfolio of institutional banking clients. This led to a reorganization and the subsequent incorporation of new clients in the portfolio traditionally handled by this segment.

During 2014 the emphasis was on automating the processes of state-owned companies and institutions which led to a preference for electronic channels, benefiting the parties by reducing the operating risks associated with the volumes handled, and substantially lowering transactional costs associated with these clients, resulting in increased profitability for them.

At the close of 2014, deposits by Mercantil Banco Universal's Institutional Banking segment totaled Bs 3,547 million, representing 1.2 % of the institution's total deposits. It should be noted that government deposits account for 0.8 % of the Venezuelan financial system.

* Dollar figures are given for reference purposes only; balance sheet figures are converted at the period-end exchange rate of Bs 6.2842/US\$ 1. Exchange control has been in place in Venezuela since February 2003.

With that level of penetration, Mercantil Banco Universal now serves more than 157 different government and state entities, including Petróleos de Venezuela (PDVSA), offering a wide range of products: payroll services and payments to suppliers, domestic tax collection, investment trust funds, managed funds, and pension funds.

Corporate Finance and Capital Market

In 2014 Mercantil's Corporate Finance and Capital Market, through the Mercantil Merinvest subsidiary, remained active, in a market of low volume, in the area of fixed-income investments in the primary market.

Likewise, Mercantil's Corporate Finance and Capital Market offered financial counseling to corporate customers, emphasizing the structuring and syndication of long-term syndicated loans. Mercantil Servicios Financieros continued to receive support for the restructuring of its issues of short and long-term fixed income securities. The institution's requirements for financial advice, particularly management of the Share Repurchase Program were also met.

Corporate Products Unit

During 2014, Corporate Products continued with the strategy of quality of services and customer attention in order to consolidate customers' relationship. The Corporate Products Unit met customers' needs, through its Corporate Service model, offering an efficient and customized service.

Corporate Products continued with its strategy to divert transactions towards electronic channels with the sale of specialized products, increasing cross-selling products per corporate client. In addition, a new functionality was implemented to allow customers to set up foreign currency requests in an automated way in the Alternative Foreign Exchange System (SICAD II) through Mercantil Business Online Banking. Additionally, a new platform was deployed with utilities and bill payment capabilities offering to collecting companies to gather collections online with a totally automated account reconciliation processes.

Likewise, the Corporate Products unit continued participating on promoting events and sponsorship of companies within this segment, which has consolidated Mercantil's image as a partner in some essential areas aimed at reinforcing corporate responsibility, and confirming their commitment with the country's entrepreneurial culture, by sustaining their backing in new companies development initiative.

Our Culture

Resilience

“We continuously adapt to changing environments and circumstances with dignity and integrity.”

ABRA 24:

ATM Massification

ABRA 24 (a 24-Hour Fast and Automated Banking Service) started out as pilot project in August, 1983, with three ATM's installed at Edificio Mercantil. Nowadays, it has more than 1,300 ATM's.

The Bank Everywhere

As of 2012, Mercantil has made available the Mercantil Móvil application for all Smartphones, in line with the new technological trends.

Throughout our history, Mercantil has responded to and anticipated changes. This ability, also known as resilience, has enabled the organization to find solutions to adverse and dynamic business environments, or to adapt business processes effectively to achieve efficient and productive solutions that benefit customers, employees and other stakeholders.

One example of this has been the accelerated evolution of new technologies. Mercantil has mostly pioneered the introduction of state-of-the-art technologies in the banking and insurance sectors.

96% of Mercantil Servicios Financieros employees agree that **“This organization provides me with the support I need to create ideas that will help the organization to be more successful.”**

2014 Organizational Climate and Engagement Survey



Finance

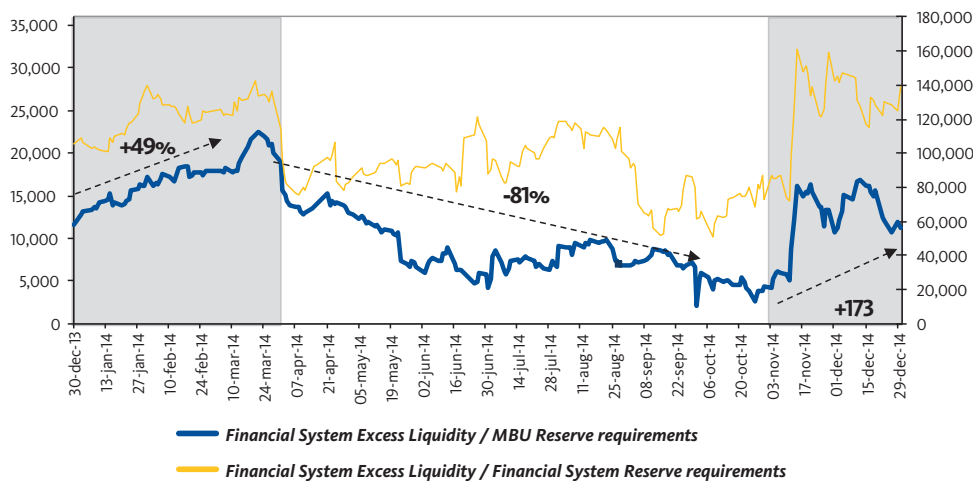
Venezuela

Liquidity

The behavior of the economy in 2014 was characterized by a recomposition of the excess of liquidity in the financial system, favoring the state-owned banks over the privately owned banks, which, by December 2013, was distributed as follows: 65.4 % for the privately owned banks and 34.6 % for the state-owned banks. At the close of the year, 61.0 % accounted for the privately owned banks and 37.0 % for the state-owned banks. The ratio of excess liquidity over reserves in the financial system rose Bs 33,525 million in nominal terms, 32 % more than at the close of December 2013 (Bs 105,534 million) to Bs 139,059. The trend showed a rise in monthly average surplus to Bs 103,652 million, 36,52 % more than the average registered for the same period in 2013 (Bs 75,924 million).

Mercantil Banco Universal registered similar levels of excess liquidity to reserve ratio, compared to December 2013 (Bs 12,000 million). Three periods were distinguished during 2014: two of liquidity concentration and one of sustained reduction. The contraction period arises from the beginning of the SICAD II and due to the compulsory deposits of the Bolivarian Securities of the Simón Bolívar Fund, under PDVSA, which experienced 36 % decrease in the financial system liquidity from Bs 136,100 million to Bs 73,003 million between March 27 and October 31. As of November, liquidity grew at 173 %.

Excess Liquidity and Interbank Market



Mercantil Banco Universal experienced a similar reduction on its liquidity of 81 %, during the same period, from Bs 21,155 million to Bs 4,297 million. A comparison of Mercantil Banco Universal's monthly surplus liquidity with 2013 shows a 16.31 % decrease from Bs 13,502 million to Bs 11,257 million in 2014.

Monetary Policy

The Venezuelan Central Bank's monetary policy in 2014 had a net contractionary effect on money supply.

At the close of December, the net amount of open market operations was Bs 83,314 million, 57.36 % higher than at the close of 2013 (Bs 52,944 million). Mercantil considerably reduced its participation in these operations, representing 1.4 % of the system.

Interbank Market

The negotiations in the overnight market were considerably higher than the ones registered in previous years, due to the above mentioned excess liquidity reductions, as a result of the SICAD II and the issuance of Bolivarian Securities. Transactions in the overnight market averaged Bs 2,794.8 million daily, versus Bs 228.4 million in 2013. This was a 1,124 % increase in traded volume. Mercantil participated in this market lending an average of Bs 15.2 million.

Domestic Borrowing: Venezuelan Public Debt and Compulsory Investments

In contrast with previous years, securities auctions were held until May 22. The total amount of the Public Debt Bonds (DPN - for its abbreviation in Spanish) issued in 2014 was Bs 82,832 million, of which Bs 41,800 million were assigned through public auctions, and Bs 41,032 million through direct allocation to state-owned banks and other public agencies. Mercantil Banco Universal participated actively in the total amount auctioned in the primary market with average yields of 15.31 % compared to 13.27 % for the financial system as a whole, maintaining its strategy to optimize the net interest income. In the secondary market, the Bank acquired DPN Bonds belonging to the mid-long yield curve.

Regarding compulsory investments, special financing operations were conducted as of May, through the Simón Bolívar Reconstruction Fund, under Petróleos de Venezuela (PDVSA), in the order of Bs 56,768 million, which was below Bs 15,665 million (21.82 %), to 2013 volume (Bs 71,768 million). Mercantil Banco Universal was also allocated with a total of Bs 7,974 million, sustaining a 14 % of the total amount invested, very close to 2013 share.

Mercantil Commercebank

Financial Markets in the United States

The Federal Reserve Bank (Fed) began winding down its \$85 billion per month asset purchase program, known as Quantitative Easing 3 (QE3), which finished in October, 2014. The winding down of QE3 was widely expected to eliminate Fed intervention over long-term rates and let market forces to respond setting long-term rates. On the contrary, market interest rates decreased over the course of 2014. The 10 Year U.S. Treasury ended 2013 at slightly more than 3 % while it ended 2014 at 2.17 %.

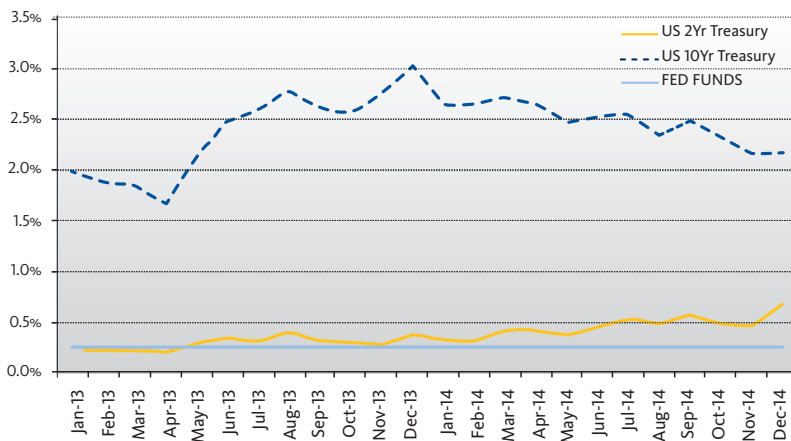
U.S. GDP in 2014 increased slightly to 2.4 % vs. 2.2 % in 2013. The acceleration in real GDP growth in 2014 reflected higher levels of fixed asset investment, a smaller decrease in federal government spending, and more investment in inventory.

The housing market continued to improve in 2014, though at a much slower pace than in recent years. Home prices, as calculated by the Case Shiller Index, which is a broad index that tracks the trend in home price appreciation in the 20 largest metropolitan cities in the U.S., increased by 4.6 % for 2014 vs. a 10.8 % increase for 2013.

The U.S. labor market showed a recovery in 2014. The unemployment rate declined to 5.6 % (in December) from 6.7 % a year ago, the lowest level registered since 2008 recession. Jobless claims also improved over the year.

Lastly, the price of NYMEX WTI Crude oil fell from US\$ 90 at the end of 2013 to US\$ 54 at the end of 2014.

U.S. Interest Rates



Assets and Liability Management in the United States

Mercantil Commercebank's Treasury unit has the responsibility for managing interest rate risk and liquidity risk for the Bank's balance sheet.

During 2014, despite the winding down and eventual end of QE3, market interest rates did not increase as many market participants were forecasting. The decrease occurred as a result of the increased demand for U.S. treasury securities stemming from views that a global economic slowdown was underway.

The decrease in interest rates in 2014 put downward pressure on financial margin. In addition, compression in high quality credit spreads also impacted the all-in rates on new loan and investments. Domestic and international deposits increased through the year, especially during the second quarter.

The Assets and Liabilities Committee (ALCO) approved an increase in the size of the investment portfolio to support the Bank's profitability. Short-term lending was accommodated through the use of short-term funding coming from the Federal Home Loan Bank (FHLB). Treasury implemented a strategy to increase unsecured funding (through brokered CDs) to improve overall balance sheet performance. Also, some repos and advances were repaid. Total wholesale funding ended 2014 at US\$ 969 million with an average cost of 1.48 %. As of December 31, 2014. The portfolio's yield was 2.02 % and the effective duration was 2.13 years. Treasury continued to manage the investment securities portfolio with limited interest rate and credit risk. Securities issued or guaranteed by the U.S. government comprised a significant portion of the portfolio. In 2014, private label commercial mortgage-backed securities (CMBS) were added to the investment portfolio. These investments offer prepayment protection for a certain period of time thereby allowing more stable streams of cash flows.

Treasury also performed derived transactions for the balance coverage against changes in interest rates.

The Bank ended the year with a strong liquidity position. The liquidity ratio, which includes uncommitted portfolio investments as Available for Sale, and cash compared to third-party deposits, ended at 28.6 %. The reportable leverage ratio ended 2014 at 9.27 %, which is more than 5 % above what the bank regulators call "well capitalized."

The balance sheet ended the year with an asset sensitive position, with a total asset duration of 1.60 years and a total liability duration of 1.40 years.

Treasury continued to support the growth of the loan portfolio through the execution of the Syndicated Loan Program. The balance of the portfolio actively managed under this program ended the year at US\$467 million (excluding revolving lines of credit) providing an average yield of three months Libor plus 200 bps.

Insurance

During 2014, the Mercantil Seguros subsidiary met the general goals set by the company as well as the management objectives proposed, with compliance of collected premiums.

The results registered at the close of December 31, 2014 show Bs 17,504 million in collected premiums, equivalent to a 68.7 % increase from the previous year. Mercantil Seguros is the second Venezuelan insurance company in terms of net collected premiums, with a market share of 12.0 %, at November 30, 2014.

The distribution of premiums in the different business lines at the close of 2014 is: automobile 50.5 %, health insurance 42.9 %, and property & casualty 6.6 %.

The year ended December 31, 2014 reflects Bs 16,234 million in assets. This includes Investments suitable for representing Technical Reserves for Bs 9,854 million. The solvency and noncommitted equity requirement meets the regulations in force.

In 2014, the Company declared and paid Bs 630 million in cash dividends. At the close of 2014, shareholder's equity reached Bs 5,452 million.

The year ended December 31, 2014 reflected Bs 1,614 million in net income, 23.6 % more than the previous year, as a result of good technical and financial management.

In 2014, Mercantil Seguros continued to innovate in the market with the commercialization of new products and coverages that complement the existing range of options, offering customers better protection. Mercantil Seguros launched the one and innovative "Temporary Car Replacement" protection in Venezuela, which, as an additional benefit in automobile policies, offers customers the opportunity to have a car loan to use, in the event of a total loss of the insured vehicle for up to 40 continuous days maximum, during the compensation arrangements.

In terms of health services, Mercantil Seguros implemented a 24-hour, 365 days a year Medical Care Telephone Service. This innovative service is unlimited and available to all customers who maintain any policy with medical expenses coverage under the individual or collective form nationwide. Likewise, a Medical Attention for Illness coverage was incorporated to the Travel Assistance Service offered on Vital Protection Policies.

In the automobile business, a new service culture was established in the Mercantil Automobile Inspection centers (SAM - Servicio Automotriz Mercantil by its abbreviation in Spanish), starting with its headquarter in Caracas, which is mainly focused on reducing all the procedures for accident inspection and claims management, by using innovative technological tools, focused on process effectivity and automation.

In terms of new business strategies, Mercantil Seguros launched a Business Referral campaign during 2014, aimed at acquiring new customers, through business alliances allowing to offer all Mercantil Seguros products. This expands their clients' portfolio, by offering some easy, fast membership options adapted to many different requirements.

Lastly, Mercantil Seguros opened a new branch office in Barinas, with an innovative avant-garde and state-of-the-art technology available for all customers intermediaries and commercial allies, continuing its consolidation process as the best company for doing businesses nationwide.

Our Culture

Good Citizenship

“Our behavior reflects the solidarity and commitment to the community.”

Mercantil’s commitment is present both in a direct manner, through its subsidiaries, as well as through Fundación Mercantil, along with its own initiatives and support to the work of various communities’ organizations serving education, social development, health and culture.

Art appraisal available to all

Mercantil propels contemporary art, modern art and colonial art promotion in Venezuela, since the 1980’s. As of 2010, the Espacio Mercantil art room was created to preserve, investigate and exhibit Venezuelan art to the community.

In Mercantil social commitment is active and permanent

Fundación Mercantil was created in 1988, in order to develop institutional programs aimed at supporting communities. Today, Fundación Mercantil maintains a social commitment relationship with more than 145 institutions in the community.

93% of Mercantil Servicios Financieros employees agree that **“This is a socially and environmentally responsible organization.”**

2014 Organizational Climate and Engagement Survey

90 years
Mercantil



Our Culture

Corporate Governance

“Respect for the organization’s corporate governance structure.”



Mercantil’s corporate governance structure is derived from its articles of incorporation. The governance structure is composed of the Shareholder’s Meeting; followed by the Board of Directors, Audit, Risk and Compensation Board Committees; Executive Committee; Chairman; Chief Executive Officer; Internal Auditor and Compliance Officer.

Mercantil’s Shareholders meetings have been over time an event where fundamental decisions of the organizations corporate and financial life are analyzed and approved.

97% of Mercantil Servicios Financieros employees agree that **“Mercantil is a serious and honest institution.”**

2014 Organizational Climate and Engagement Survey



Quality of Service and Operating Efficiency

The distribution channels of Mercantil Servicios Financieros through its subsidiaries Mercantil Banco and Mercantil Commercebank at year end 2014 are made up of 286 banking centers, 1,218 ATMs, 78 Call Center operators, 436 IVR ports, 61,004 points of sale which include physical (POS), merchant and e-commerce points of sale, as well as Personal and Business Online Banking services. There are also 247 customer service banking points for the majorities, through 125 correspondent trading desks and 122 trading points. At the close of 2014, Mercantil Servicios Financieros also has 158 multifunction equipments in 36 locations.

Quality improvement and operating efficiency projects

During 2014, Mercantil Banco Universal continue with the implementation of the new phases of the multichannel integral monitoring tool in the area of electronic fraud prevention. These allows to detect in a timely manner fraud patters, allowing to take actions in order to mitigate its occurrence, by including operating management modules through credit cards, as well as debit cards and deposit account transactions. For Mercantil Online Banking, the antifraud monitoring was also maintained, through the Transaction Guard tool, which guarantees a safe transaction with a montly average of 10,943 alerts for the Personal Online Banking and 1,605 for the Business Online Banking.

In order to reinforce the most important security aspects related to the protection of customers' information, the Bank has continued to execute informative campaigns in Mercantil Online Banking website and ATM network updated to address and attack the changing methods of fraud that predominate nowadays.

As a measure to reinforce security of Business Online Banking, the distribution and activation process of Token device was concluded, which replaces the Digital Certificate. This piece of hardware that generates a one-time password (OTP), enables new passwords to be generated every time a customer logs on to Business Online Banking. This method mitigates the risk of users compromising their passwords through the use of mathematical algorithms that strengthen the authentication process.

In addition, and complying with the precepts of the regulatory body, during 2014 Mercantil Banco applied the dollar account opening program and foreign currency purchase orders to provide customer with alternate options to purchase foreign currencies.

Mercantil has created a Level 3 alternate contingency center, as a precautionary measure, in order to guarantee the operational continuity in the event of failures or physical damages. This facility enables to operate distributed platforms of critical services, in order to guarantee their availability in case of a contingency. In addition, a recovery center of critical services was incorporated in the event of a disaster for the total loss of the central processing. This center will be fully operative in 2015.

Among Mercantil Commercebank's major projects executed in 2014, new functionalities in the Global Mobile Banking Platform were included, such as: Banner Advertising Functionality, which allows to send offers and communications to customers; Alerts Functionality, which enables to send alert messages to specific types of transactions, such as wires, and account balances; Loan Advances from customer lines of credits to their deposit account; and Bill Payment, that allows the payment of public utilities, bills and account. As of December 31, 2014, there are 10,000 customers, which carried out 130,000 transactions on a monthly basis (financial and non-financial).

In the Online Banking platform new functionalities was added, such as E-Sign agreement, consisting of documents digitalization, E-Notification, which allow consumers to receive notifications of any transaccion; ACH disbursement for corporate and commercial customers; and Loan Payments and Loan Advances, which as in the case of Mobile banking, will allow to obtain cash advances from Credit Lines and loan payments.

Business to Consumer (B2C) is a browser based application that enhances the Mercantil Commercebank's platform to consumer loan.

In the Mercantil Bank (Panamá) subsidiary, the current credit cards conversion to the new EMV (Europe–Master Card Visa) platform is highlighted, consisting of a Chip Technology standard interoperability, resulting in the reduction of fraud under the magnetic stripe card copying mode.

Human Resources

Human Capital management continues to deepen in policies, programs and developments, focusing on Mercantil's business strategy and customer service. Human Capital aimed, above all, to strengthen staff retention, foster opportunities for the individual development of employees, with emphasis on talent development, as well as their levels of personal and family well-being, focusing on enhancing commitment from and to the employees, and all organizational climate factors. All the above in strict fulfillment of the statutory and contractual obligations, and in the ongoing accomplishment of operational efficiency.

At December 31, 2014, Mercantil Servicios Financieros has 9,853 workers, reflecting -0.3 % year-on-year growth, showing higher productivity levels and resources management.

Several personnel development and training activities were fostered, with more than 78,400 participants, representing 197,300 hours of training, with Bs 33.1 million in investment of, combining distance learning with on-site training, which was extended to other regions along the year.

In 2014, the study of organizational climate and employees' engagement survey was applied, with the support of the well-known international consulting firm Aon Hewitt. The results showed that 88 % of the employees are engaged with Mercantil, a level that exceeds the average of the best companies in Latin America (81 %). This is the result of all management's actions and policies and programs carried out during the year, which enabled improvements in global ratios and factors compared to previous surveys.

Mercantil

Vía Rápida

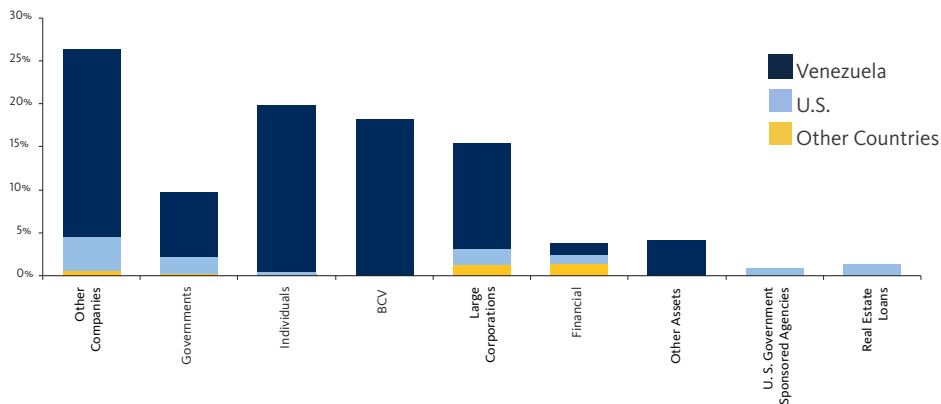


Mercantil Vía Rápida fast-track self-service areas allow customers to make deposits, cash withdrawals and pay credit cards.

Risk Management

Good risk management is key to Mercantil Servicios Financieros competitive strategy and its ability to generate value. In 2014, Mercantil's Global Risk Management maintained its policy of actions aimed at mitigating any adverse effect that might be caused by its subsidiaries' portfolios. Risk culture was promoted during 2014 and actions adapted to the strategic objectives established, promoting corporate values, and reinforcing awareness of risk management issues. The following figure illustrates how total credit risk exposure is distributed (it includes direct, contingent and issuer risk) by country and type of client, showing the breakdown at December 2014.

Distribution of Credit Risk Exposure of Mercantil



Credit Risk

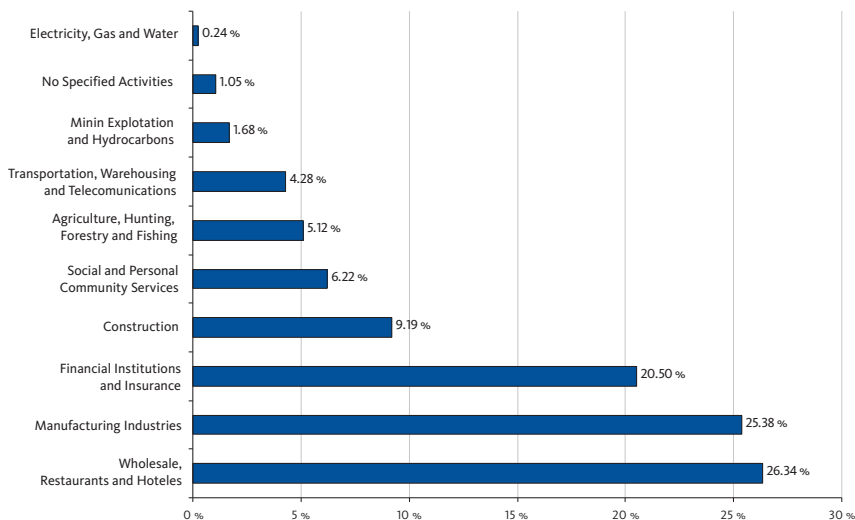
Credit risk management is conceived globally at Mercantil and its function responds to the common principles and organizational criteria of its different subsidiaries. A series of credit policies, procedures and management tools are available to develop good global risk management practices and these are constantly evolving to guarantee a better and more sophisticated process.

Credit risk management at Mercantil was instrumental in keeping loan portfolio growth to an acceptable level of risk in 2014. The institution's credit risk exposure was Bs 244 billion, a year-on-year increase of 58 % from Bs 154 billion in 2013. Venezuela still has the highest country risk 83.3 %.

The distribution of Mercantil's loan portfolio by clients' economic activity is shown below:

Distribution of Mercantil's Loan Portfolio by Economic Activity

December 2014



An analysis of Mercantil's loan portfolio by economic activity shows that 72.22 % of the loan portfolio is distributed as follows: Wholesale and Retail trade, Restaurants and Hotels, 26.34 %; Manufacturing Industry, 25.38 %; Financial Establishments, Insurance Companies and Others, 20.5 %.

At the close of 2014, the 20 largest debtors represent 4.4 % of total loans.

Market Risk

An institution is subject to market risk when the market conditions deteriorate and affect the liquidity and value of the financial instruments in its investment portfolios or contingent positions, resulting in a loss for that institution. There are two basic types of market risk: Price Risk and Liquidity Risk.

Each market factor and its effect on the organization's risk profile is measured daily. To accomplish this, Mercantil has a technological infrastructure and early warning systems in place. Treasury unit employs this technology to monitor and track market risk. It then produces a series of reports for Treasury risk-taking units and the corresponding management levels.

Mercantil's analyses use different methodologies to gauge market risk: Value at Risk (VaR), Financial Margin Sensitivity due to interest rate changes (Repricing Gap, Risk Gains), Liquidity Gap and a series of other effective risk management measures and ratios.

To complement the VaR, simulations are run, and stress situations are added based on extreme market conditions to estimate the potential loss to the Treasury unit if this situation were to materialize.

Market Risk in Trading Activities for 2014

Mercantil's trading activities carried out in the Venezuelan fixed-income securities market denominated in bolivars and in fixed-income securities in emerging markets, the latter made up of Venezuelan government debt securities.

Trading in the Bolivar-Denominated Fixed-Income Securities Market

During 2014 the public debt issue program in local currency in the primary market was maintained and amounted to Bs 82,832 million for the year (Bs 50,132 million, and Bs 32,700 million in Public Debt Bonds with a fixed coupon, and a variable coupon respectively, depending on the yields of the Treasury Bills), and Bs 31,200 million in Treasury Bills. 49.5 % (Bs 41,032 million) of the total issued bonds were direct placements to the State-owned Banks. The highest effective yield of these securities was 11.9 % at the close of 2014, compared to 13.0 % during 2013. After deducting the sum of securities maturing in 2014 (Bs 43,400 million), the net increase in indebtedness was Bs 80,400 million. The secondary market in local currency was limited by the volume of operations observed in the primary market. A total of Bs 56,768 million in securities of decentralized entities was also issued to finance the housing sector. The risk of those securities measured in terms of volatility went from an annual average of 1.14 % in 2013 to 2.18 % in 2014. Greater price volatility responds to the decrease in the amount of debt sold in local currency and the growth of money supply (65 % more than at the close of 2013), which boosted the demand of securities, but sustaining the prices of securities with premium prices (more than 100 % of its value) during the year.

Bolivar-denominated fixed-income trading activity during 2014 maintained an average VaR of Bs 150.7 thousand with a maximum of Bs 224.9 thousand and a minimum of Bs 76.3 thousand, while the average VaR for 2013 was Bs 499.2 thousand, with a maximum of Bs 4,939.7 thousand and a minimum of Bs 19.7 thousand.

Trading in Fixed-Income Securities in Emerging Markets

As far as the sovereign debt in foreign currency is concerned, the Republic of Venezuela did not issue any foreign currency-denominated bonds in 2014, while PDVSA did issue US\$ 2,684 million in bonds maturing in 2026, US\$ 5,000 million maturing in 2024, and US\$ 3,000 million maturing in 2022.

During 2014, Venezuelan crude oil prices showed higher volatility than in 2013 (2.65 % versus 1.80 % in 2013), averaging US\$ 88.61/bbl and achieved a maximum historic of US\$ 100.6/bbl as of June 2014. These prices remained below the 2013 figures, when reached a maximum of US\$ 108.8/bbl as of February 2013 and a drop as of September 2014. These behavior was reflected in the yields of Venezuelan government bonds, with higher yields at the short end of the yield curve observed in 2013. These yields were 42.09 % (1,789 basis points higher than the yields registered at the medium end of the yield curve), while the average yield at the long end was 20.58 % (vs. 12.25 % in 2013) . The country's risk rating was reviewed during the year by Fitch Ratings, decreasing from B+ to B in March 2014, and from B to CCC in December 2014. S&P's latest review took place in September 2014, reducing the rating from B- to CCC+.

Average VaR for this activity was US\$ 1,332.7 thousand in 2014 (maximum US\$ 3,684.6 thousand, minimum US\$ 65.2 thousand), versus US\$ 791.3 thousand in 2013, with a maximum of US\$ 1,342 thousand and a minimum of US\$ 199.4 thousand. The VaR in US\$ has increased, as a result of the drop of Venezuelan and PDVSA global bond prices, and its subsequent increase in the price volatility, measured by standard deviation, during a year where there were no issues in the primary market, except for PDVSA issuance mentioned above.

Market Risk in Positioning Activities for 2014

The average VaR of Mercantil's positioning activities (98 % confidence), in aggregate terms, for the consolidated investment portfolio classified as available for sale was Bs 1,093,567.566 thousand (US\$ 173.6 million) compared with Bs 758,402.986 thousand (US\$ 120.4 million) in 2013. The reason for the increase of the average VaR is due to the rise of the fixed income positions in bolivars as a result of Venezuelan public debt issues in local currency and more volatile prices during the first half of the year. In 2014, VaR accounted for 1.9 % of the total position of available-for-sale securities on the balance sheet, while in 2013 this ratio was 0.72 %.

Price Risk Positions of Interest Rate Mismatch

The price risk involved in the mismatches between interest rates is caused by the assets and liabilities duration gap. When adverse changes occur in the interest rate market, this gap can impact the institution's financial margin. To manage this, a repricing gap is applied to the financial assets and liabilities. This takes into account the sensitivity of the financial margin to changes in interest rates over a 12 month period (in the Venezuelan market 100, 200, 300, 500 and 1000 basis points are used; while in the U.S. market it is calculated with 25, 100 and 200 basis points), which are measured and compared with the interest rate limits designed. The sensitivity of the financial margin to changes in interest rates caused by their historic volatility, the economic value of capital and a duration analysis are also quantified.

Liquidity Risk

Liquidity risk depends on the likelihood that a company will be unable to deliver funds or financial assets, as agreed with a client or financial market counterpart, at any time or in any place or currency. This risk is one of the most important ones to be assumed by a financial institution within its intermediation activity, as it may arise a wide range of risks, among them, the reputational risk (or franchise risk). For Mercantil Servicios Financieros and its subsidiaries, managing and measuring liquidity risk is deemed a priority for the global management of an organization's risks and business.

Treasury is responsible for liquidity risk, which follows the liquidity policy parameters outlined in the organization by the Board of Directors, through the Board of Directors Risk Committee, the Integral Risk Committee and the Risk Committee and the Assets and Liabilities Committee. The organization's global liquidity risk environment is monitored periodically and is the outcome of the liquidity management process exercised by the Treasury in each of the financial vehicles in which it participates.

The Assets and Liabilities Committee meets monthly and must make decisions on the liquidity and structure of the financial balance sheet by presenting the evolution and trends of the main factors that affect liquidity, measured by a series of tools and reports for optimizing the management of assets and liabilities (analysis of liquid assets, short, medium and long-term liquidity gap, liquidity indicators), balance sheet structure (evolution of balance sheet items), among others.

These analyses and methodologies are complemented with reports known as Contingency Funding Plans. These are used to evaluate an institution's ability to meet extreme deposit withdrawals which are modeled using liquidity studies of the institution and the market, to establish primary and secondary reserve requirements and other sources of liquidity to meet potential withdrawals.

Operational Risks

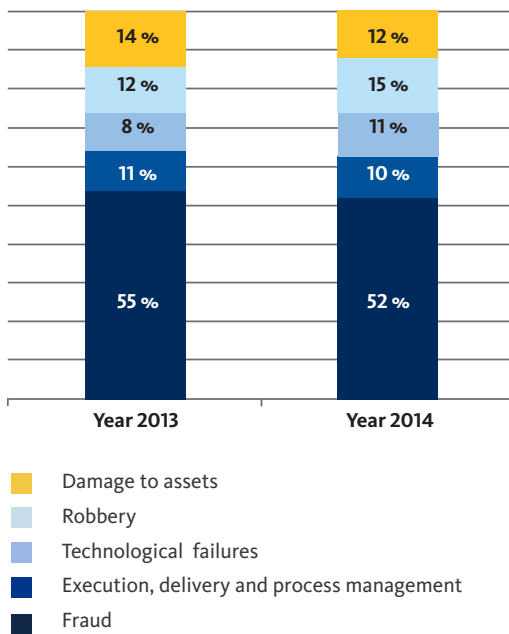
Mercantil sees operational risk management as fundamental to attain its objectives, with the view of the financial activity dynamism and considering the various sources of this type of risk, both internal and external. This is undertaken by keeping an integrated focus to meet the expectations of stakeholders and within the framework of the rules of the regulatory entities.

Operational risk management follows the comprehensive approach that characterizes it, always aiming to combine qualitative and quantitative aspects obtained from preventive risk analysis, and in due time attention to them through the establishment of corrective actions to mitigate any weaknesses detected. All of this, within the framework of the guidelines established in the respective geography and recommendations taken from best practices. During 2014, the organization identified and assessed operational risks detected in its critical processes, and provided the information necessary for decision-making.

In response to the risks identified, a fundamental part of operational risk management involves following up with action plans, particularly plans designed to prevent high-frequency risks involving electronic fraud and to mitigate risks derived from data security violations. Robust policy programs are available to cover high severity or catastrophic risks and business continuity plans have been strengthened, preparing the Organization to respond effectively in the event of such threats.

The comparative study of the behavior of operational risk events over time is a daily management task. Using information gathered on events around the world, risks are quantified and scenarios analyzed to help calculate economic capital, set objectives, and control expected losses.

Distribution of losses by Risk Factor



Making employees aware of operational risk is key to good prevention and mitigation, which is why the organization is constantly reinforcing its operational risk culture and fostering their commitment towards risk prevention at all levels of the group.

Banco Mercantil inaugura su nueva sede



Edificio Mercantil, Avenida Andrés Bello No. 1 Caracas

Una nueva sede, elevada y moderna para
mayor eficiencia.

En los 36 pisos del nuevo Edificio Mercantil, se
sitúan todas las dependencias, que aseguran la
total y rápida atención al cliente cada día.

Una nueva sede, equipada con los más
avanzados sistemas, ofrece todo lo que se
requiere de un banco. Capaces de trabajar
para el más eficiente para enfrentar el ritmo de
cada día y estar seleccionados.

Banco Mercantil: Marco de calidad y compromiso
institucional bancario en su nueva sede.



**BANCO
MERCANTIL**

Su solución efectiva.

In 1983 Mercantil Banco moved its headquarters to the current address and informed it to its customers through a press release.



Performance of Subsidiaries

Mercantil's global business includes the company's operations in Venezuela and abroad. Its management results are presented in the Consolidated Financial Statements Review chapter.

A summary of Mercantil's operations carried out through each subsidiary at December 31, 2014, prepared in accordance with the accounting standards of the National Securities Superintendency (SNV), is presented below.

Mercantil Servicios Financieros ⁽¹⁾ (In thousands of Bs and millions of US\$ ⁽²⁾) as of December 31, 2014

Equity Bs 32,553,965
Equity US\$ ⁽²⁾ 5,180

Equity	Mercantil, C.A. Banco Universal Bs 28,581,328 US\$ ⁽²⁾ 4,548	Mercantil Commercebank Florida BanCorp Bs 4,086,737 US\$ ⁽²⁾ 650	Other Banks Overseas Bs 1,746,042 US\$ ⁽²⁾ 278	Mercantil Seguros, C.A. Bs 4,483,794 US\$ ⁽²⁾ 714	Mercantil Merinvest, C.A. Bs 202,637 US\$ ⁽²⁾ 32	Others Bs 192,366 US\$ ⁽²⁾ 31	
Main Activity	Universal Bank In Venezuela	Commercial Bank, Brokerage and Trust Services in the U. S.	International Bank	Insurance in Venezuela and overseas	Investment Banking, Mutual Funds, Trading & Brokerage	Other Non Financial Bussinesses	
Main Subsidiaries		Mercantil Commercebank N.A. Mercantil Commercebank Investment Services (MCIS) Mercantil Commercebank Trust Company (MCTC)	Mercantil Bank (Schweiz), AG. Mercantil Bank & Trust Limited (Cayman Islands) Mercantil Bank (Curaçao) NV Mercantil Bank (Panamá) S.A.	Mercantil Seguros Panamá, S.A.	Mercantil Merinvest Casa de Bolsa, C.A. Mercantil Servicios de Inversión, C.A. Mercantil Sociedad Administradora de Entidades de Inversión Colectiva, C.A. Mercantil Capital Markets (Panamá)		
							Total
(In thousand of Bs) ⁽¹⁾							
Total Assets	287,542,739	49,392,782	4,669,936	13,339,259	163,396	442,044	355,550,156
Investment	44,590,790	14,045,322	1,683,466	8,385,709	109,343	53,304	68,867,934
Loan Portfolio, Net	162,619,332	32,992,693	1,770,260	-	-	-	197,382,285
Deposits	252,669,339	38,897,154	3,108,177	-	-	-	294,674,670
Net Income for the Year	9,367,013	121,545	(131,283)	1,127,697	48,250	(678,835)	9,854,389
(In millions of US\$.) ⁽²⁾							
Total Assets	45,756	7,860	743	2,123	26	70	56,578
Investment	7,096	2,235	268	1,334	17	8	10,959
Loan Portfolio, Net	25,877	5,250	282	-	-	-	31,409
Deposits	40,207	6,190	495	-	-	-	46,891
Net Income for the Year	1,491	19	(21)	179	8	(108)	1,568
Number of Employees	7,256	864	117	1,540	47	29	9,853

⁽¹⁾ In accordance with the standards of the National Securities Superintendency. Figures net of elimination resulting from the consolidation process.

⁽²⁾ Dollar figures are given for reference purposes only; balance sheet figures are converted at the period-end exchange rate of Bs 6.2842 / US\$ 1 and income statement figures are converted at the average exchange rate of Bs 6.2842/US\$ 1. Exchange control has been in place in Venezuela since February 2003.

Comments and a summary of the financial statements of Mercantil's main subsidiaries are indicated below, based on the accounting standards applicable to each of them, which explains why they differ from the consolidated information presented according to the accounting standards of the National Securities Superintendency. Mercantil C.A., Banco Universal is presented in accordance with the standards of the Superintendency of Banking Sector Institutions; Mercantil Commercebank Florida Bancorp in accordance with US GAAP; Mercantil Seguros C.A., in accordance with the standards of the Superintendency of Insurance Activity and Mercantil Merinvest, C.A., in accordance with the the standards of the National Securities Superintendency (SNV).

Mercantil Banco Universal

During 2014, Mercantil Banco Universal's total assets grew Bs 104,862 million (57.3 %), net loans grew Bs 72,810 million (81.1 %) and total deposits in Bs 95,326 million (58.6 %). Loan portfolio quality remains favorable, with a ratio of past-due and nonperforming loans to gross loans of 0.3 %, compared to 0.5 % for the Venezuelan financial system as a whole. The loan portfolio provision covers 1,352.9 % of past-due and nonperforming loans (914.5 % at December 31, 2013).

At December 31, 2014, the Mercantil Banco Universal subsidiary ranks third in the Venezuelan private financial system in terms of total assets with 11.6 % of the market. The leading institution has a 17.6 % share and Venezuela's four main banks account for 56.8 % of the total for the financial system. Mercantil Banco Universal is the leading bank in Venezuela's private financial system in terms of savings deposits and loans to the tourism, manufacturing and agricultural sectors, with market shares of 20.7 %, 14.2 %, 15.3 % and 15.3 % respectively. The bank also ranks second in terms of gross loans with a market share of 14.1 %. Mortgage loans and total deposits plus other sight obligations came third in the Venezuelan private financial system with market shares of 6.6 % and 11.7 %, respectively.

At December 31, 2014, investments in securities totaled Bs 44,523 million, similar to Bs 45,068 million recorded at December 2013. At December 31, 2014, investments in securities are made up of 96.6 % in securities issued or guaranteed by the Venezuelan State and Government Entities; 2.7 % in certificates of deposit issued by the Venezuelan Central Bank with maturities less than 30 days; 0.5 % in securities issued by the Venezuelan and international private sector, and 0.2 % in securities issued by the U.S. government and government-backed agencies, among others.

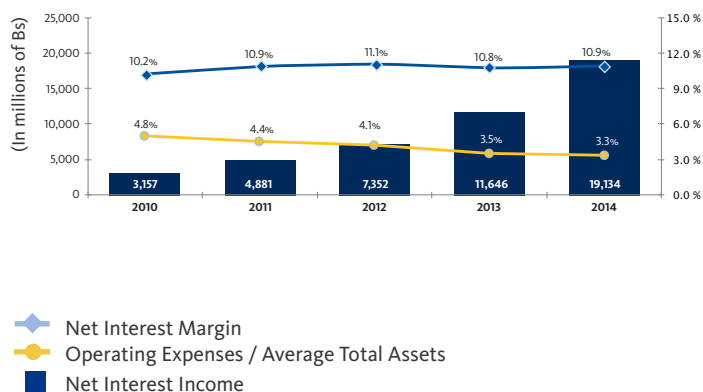
Shareholder's equity grew Bs 7,699 million (46.5 %) compared to December 2013, to Bs 24,256 million at the close of December 2014. This increase includes mainly Bs 9,431 million in net income for 2014, a Bs 1,099 million decline corresponding to cash dividends paid, and a Bs 633 million reduction in investments available for sale to their market value.

The equity/assets ratio as of December 31, 2014 is 9.7 %⁽¹⁾ (minimum requirement 9 %) and the equity/risk-weighted assets ratio is 16.5 % (minimum requirement 12 %), according to the standards of the Superintendency of Banking Sector Institutions.

(1) Obtained by dividing equity by total assets minus investments in securities issued or guaranteed by the Venezuelan government or public entities.

Net income in 2014 was Bs 9,431 million, reflecting a Bs 2,905 million (44.5 %) year-on-year increase. This variation is due mainly to:

Evolution of Net Interest Income



Bs 7,488 million (64.3 %) increase in net interest income, attributed mainly to a higher volume of financial assets and liabilities. Mercantil's net interest margin (net interest income /average financial assets) at December 31, 2014 was 10.9 % compared to 10.8 % for the previous year.

Bs 1,091 million (64.0 %) increase in expenses for nonperforming loans, Bs 1,512 million (84.4 %) increase in income from commissions on credit and debit cards, net of commissions for using the points of sale and ATM network, generated by a higher volume of operations during the year. Bs 57 million (58.4 %) increase in income from commissions on investments in trust funds; Bs 985 million (107.2 %) decrease registered in exchange rate differences using the new exchange rate set by the Venezuelan Central Bank for the valuation of assets and liabilities in foreign currency, which went from Bs 4.2893/US\$1 to Bs 6.2842/US\$1; a Bs 46 million (6.3 %)

decrease in earnings from the sale of investments in securities as a result of trading in securities issued by the Venezuelan nation, an activity that produced Bs 675 million in net earnings in 2014; a Bs 253 million (54.1 %) increase in expenses for other assets and operating expenses, among others.

Operating expenses rose Bs 3,390 million (58.4 %) compared to 2013, mainly due to the Bs 1,183 million (40.2 %) increase in personnel expenses, as a result of the application of compensation and benefits policies, according to the market. Increases of Bs 1,222 million (74.6 %) for contributions to regulatory bodies, and Bs 1,484 million (71.4 %) in general and administrative expenses. This increase is primarily due to Bs 338 million (61.2 %) in expenses to outsource services such as securities transportation, surveillance, etc., Bs 636 million (111.8 %) in expenses for depreciation of property and equipment, amortization of intangibles, among others, Bs 175 million (48.6 %) in taxes and contributions, and Bs 336 million (56.2 %) in other general administrative expenses.

Mercantil Banco Universal, Consolidated

Year Ended (In thousands of Bs and millions of US\$)	December 31	December 31	December 31	December 31
	2014	2014	2013	2012
	US\$ ⁽¹⁾	bolivars	bolivars	bolivars
Total Assets	45,812	287,892,974	183,030,629	104,514,153
Investments in Securities	7,085	44,523,248	45,067,501	17,870,462
Loan Portfolio, Net	25,877	162,619,332	89,809,279	57,755,945
Deposits	41,069	258,083,275	162,756,924	92,499,400
Equity	3,860	24,255,805	16,557,049	9,233,354
Net Earnings for the Year	1,501	9,430,660	6,525,812	3,395,032

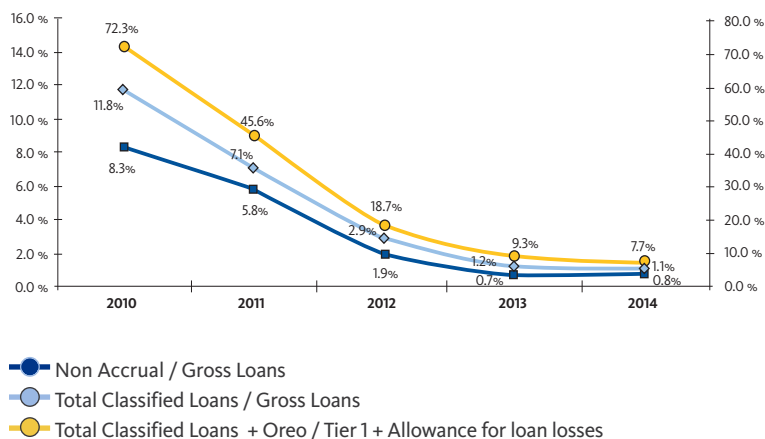
Historic figures presented in accordance with the Superintendency of Banking Sector Institutions.

⁽¹⁾ Dollar figures are given for reference purposes only; balance sheet figures are converted at the period-end exchange rate of Bs 6.2842/US\$ 1 and income statement figures are converted at the average exchange rate of Bs 6.2842/US\$ 1. Exchange control has been in place in Venezuela since February 2003.

Mercantil Commercebank Florida Bancorp

2014 marked another year of loans and deposit growth, as its presence was expanded in the South Florida and Houston markets.

Assets Quality Ratios



Total assets closed at US\$ 7,912 million, 15.9 % year-on-year increase. This is mainly due the net loan portfolio growth in US\$ 483 (10.2 %), and the investment portfolio growth in US\$ 463 (26.2 %). Non-accrual loans, as a percentage of total gross loans, steadily improved during the second quarter of 2014. At the close of the year, non-accrual loans as a percentage of total gross loans was 0.8 percent, lower than the 1.0 % industry benchmark. This marked a significant improvement since 8.3 % recorded in 2010, when the United States was recovering from the financial crisis. The Bank's loan portfolio loss provision was US\$ 8 million in 2014, the lowest level registered in the last five years.

During 2014, total deposits increased to US\$ 6,227 million from US\$ 5,519 million. Core deposits still remain the main component of total deposits. The high concentration of stable deposits and its modest yield still contribute to the necessary funding for loan portfolio growth.

Mercantil Commercebank Florida Bancorp's shareholder's equity remains strong in US\$ 677 million. At the end of the year, the Bank's equity/assets ratio was 9.3 % and its equity/risk-weighted assets ratio was 13.3 %. Hence the Bank's liquidity position remains robust.

In 2014 Mercantil Commercebank Florida Bancorp registered US\$ 23 million in net income, reflecting US\$ 7 million (22.4 %) year-on-year decrease.

However, net interest income grew 5.8 %, from US\$ 144 million to US\$ 152 million, despite the Fed's monetary and fiscal policies aimed at keeping interest rates low. Operating profit continued to be strong, as a result of the Bank's continuous focus on its strategies to enhance products offering, increase efficiency, expand its presence in the markets it serves and reinforce its working team as talented professionals

Mercantil Commercebank Florida Bancorp's subsidiaries specializing in securities brokerage and trust fund services continue registering a solid performance growth in 2014. The assets under management of Mercantil Commercebank Investment Services and Mercantil Commercebank Trust Company reached US\$ 2 million. Total combined income grew 14.8 % compared to the previous year.

The significant growth of loan portfolio was due to the successful implementation of diverse business strategies aimed at potential high net worth markets, particularly, real estate promoters and investors with high potential. The mortgage portfolio grew 25.1 % in 2014. This was complemented with a 6.6 % raise in the Commercial and Industrial (C&I) sector.

Mercantil Commercebank Florida BanCorp

Consolidated

Year Ended (In thousands of Bs and millions of US\$)	December 31 2014 US\$ ⁽¹⁾	December 31 2014 bolivars	December 31 2013 bolivars	December 31 2012 bolivars
Total Assets	7,912	49,722,111	42,915,631	29,288,704
Investments in Securities	2,229	14,010,461	11,098,632	9,087,646
Loan Portfolio, Net	5,233	32,884,873	29,850,842	18,750,430
Deposits	6,277	39,446,822	34,679,395	22,840,278
Equity	677	4,255,497	4,099,705	2,783,683
Net Earnings for the Period	23	141,602	177,734	114,820

Figures in accordance with Generally Accepted Accounting Principles (USGAAP).

⁽¹⁾ Dollar figures are given for reference only; balance sheet figures are converted at the period-end exchange rate of Bs 6.2842/US\$ 1 and income statement figures at the average exchange rate of Bs 6.2842/US\$ 1. Exchange control has been in place in Venezuela since February 2003.

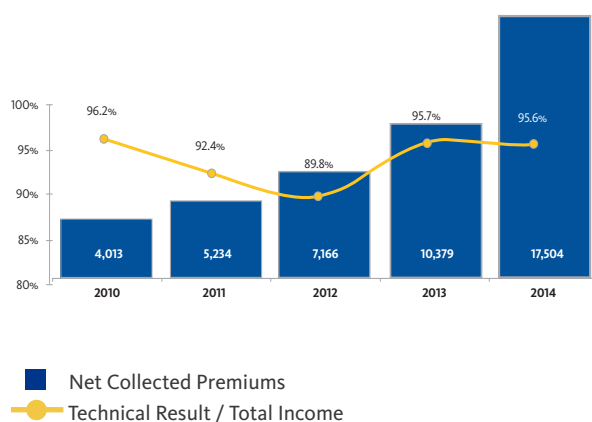
Mercantil Seguros

In 2014, premium income grew 68.7 % year on year to Bs 17,504 million, reflecting an outstanding performance by the company. At November 31, 2014, Mercantil Seguros was the country's second insurance company in terms of net collected premiums, with 12.0 % of the insurance market.

Total assets at December 31, 2014 were Bs 16,234 million, 53.9 % more than at December 31, 2013. Shareholders' equity was Bs 5,425 million, 37.8 % higher than at December 31, 2013, which means the company's solvency margin meets the regulations in force.

The figures presented include all the mandatory and voluntary reserves required to guarantee the Company's operations, including outstanding claims reserves and end-of-period payments. Guarantees and reserves total Bs 8,745 million (60.3 % up on the previous year).

Evolution of Net Collected Premiums and Technical Result³



At the close of December 31, 2014, the company's investment portfolio was Bs 13,365 million, 46.6 % more than at December 31, 2013. Total investments representing technical reserves were Bs 9,854 million, 39.4 % more than at December 31, 2013. Liquidity levels remained sufficient to meet commitments to policyholders, insurance advisers and reinsurers diligently.

Net earned premiums for Individual Business Lines grew 70.3 %, from Bs 5,501 million in 2013 to Bs 9,368 million at December 31, 2014, represented mainly by the healthcare and automobile businesses.

Net collected premiums for Collective Business Lines rose 66.8 % from Bs 4,133 million in 2013 to Bs 6,893 million in 2014.

The technical result² at December 31, 2014 was Bs 605 million, 61.2 % higher than in 2013, with a combined operating ratio of 95.6 %. Net earnings in 2014 totaled Bs 1,614 million, 23.5 % up on 2013.

Mercantil Seguros, C.A.

Year Ended

(In thousands of Bs and millions of US\$)

	December 31 2014 US\$ ⁽¹⁾	December 31 2014 bolivars	December 31 2013 bolivars	December 31 2012 bolivars
Total Assets	2,583	16,233,747	10,545,708	6,672,292
Investments in Securities	2,127	13,364,999	9,119,324	5,723,369
Equity	868	5,451,630	3,956,532	2,236,437
Net Earnings for the Year	257	1,613,693	1,305,981	824,566
Net Premiums	2,785	17,504,400	10,377,700	7,165,625

Figures presented in accordance with the standards of the Superintendency of Insurance Activity.

⁽¹⁾ Dollar figures are given for reference only; balance sheet figures are converted at the period-end exchange rate of Bs 6.2842/US\$ 1 and income statement figures at the average exchange of Bs 6.2842/US\$ 1. Exchange control has been in place in Venezuela since February 2003.

⁽²⁾ Technical result = Earned premiums - Incurred claims - Commissions - Operating expenses - Contributions.

⁽³⁾ Combined ratio = (Incurred claims + Commissions + Operating expenses + Contributions) / Earned premiums.

Other Subsidiaries of Mercantil Servicios Financieros

The subsidiaries of Mercantil Servicios Financieros include a brokerage company, a mutual fund and investment portfolio management company which are consolidated with Mercantil Merinvest, C.A., as well as other overseas banks, and other non-financial subsidiaries in Venezuela, as listed below:

- At December 31, 2014, Mercantil Merinvest, C.A. registered Bs 241 million in total assets, reflecting 25.4 % year-on-year growth. This variation is reflected in the investments in securities which grew 19.4 % compared to December 2013, totaling Bs 162 million at the close of 2014. Annual income was Bs 64 million, reflecting 6.8 % year-on-year growth from Bs 60 million. This variation was mainly due to the growth of net earnings from commissions on portfolio management and earnings from securities trading operations.
- Mercantil Bank (Schweiz) AG, which includes its Mercantil Bank and Trust Limited (Cayman) subsidiary, reached US\$ 278 million in total assets at December 31, 2014, compared to US\$ 292 million at December 31, 2013. Net income in 2014 totaled US\$ 1 million, US\$ 8 million above the US\$ 7 million loss obtained in 2013. This variation is mainly due to higher operating expenses and loan portfolio provision requirements.
- Mercantil Bank (Panamá) S.A., at December 31, 2014, has US\$ 259 million in total assets, 7.7 % more than at the close of December 2013. The investment portfolio grew 149.7 %, totaling US\$ 64 million at the close of December 2014. The net loan portfolio decreased 27.1 %, compared to 2013, reaching US\$ 111 million at the close of 2014. Deposits totaled US\$ 212 million, 8.1 % more than the US\$ 196 million registered at the close of December 2013. Net income in 2014 totaled US\$ 2 million, US\$ 6 million up to the US\$ 4 million loss registered in 2013. This variation is due mainly to the increase in income from securities trading operations which reached US\$ 8 million in 2014.
- Mercantil Inversiones y Valores comprises Mercantil Servicios Financieros' non-financial companies, such as: Servibien, Almacenadora Mercantil and others with various investments in securities. At December 31, 2014 Mercantil Inversiones y Valores C.A. registered Bs 60 million and Bs 59 million in consolidated assets and equity, respectively.

Mercantil Seguros

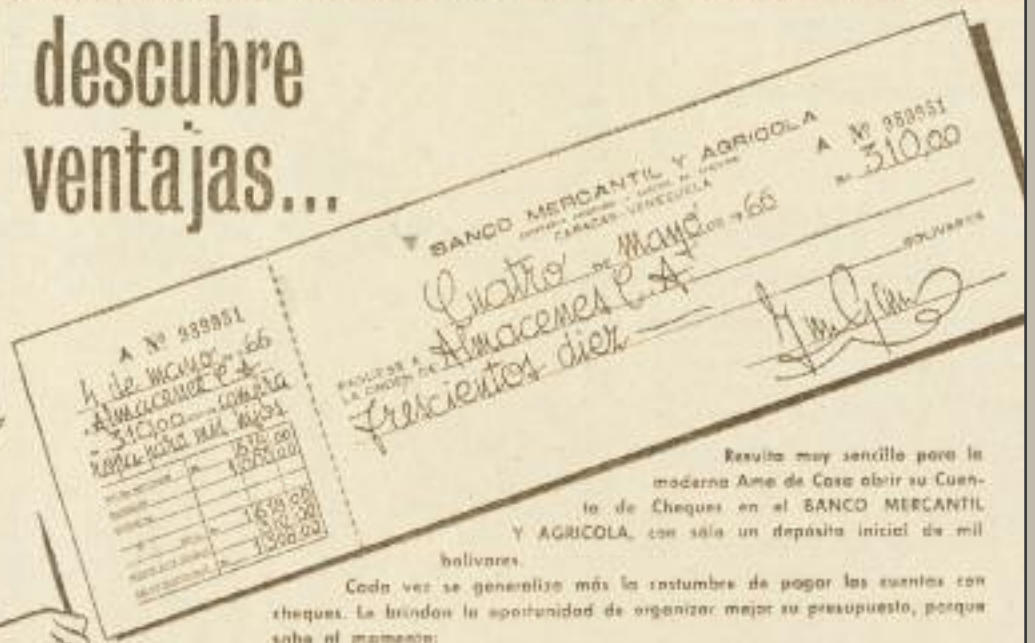


BANCO MERCANTIL Y AGRICOLA



Asociado
THE CHASE MANHATTAN BANK

El ama de casa descubre
nuevas ventajas...



Resulta muy sencillo para la moderna Ama de Casa abrir su Cuenta de Cheques en el BANCO MERCANTIL Y AGRICOLA, con sólo un depósito inicial de mil bolívares.

Cada vez se generaliza más la costumbre de pagar los cuentas con cheques. Le brindan la oportunidad de organizar mejor su presupuesto, porque sabe al momento:

- ★ A QUIEN LE HA PAGADO
- ★ CUANTO HA PAGADO
- ★ CUANTO LE QUEDA

No lleve dinero en efectivo... Es mejor y más seguro utilizar nuestras chequeras. Siéntase bien acompañada en el Banco Mercantil y Agrícola

In 1966, Banco Mercantil y Agrícola, partner of Chase Manhattan Bank, boosted the use of checkbooks.

Credit Ratings

During 2014, credit rating processes were carried out on Mercantil Servicios Financieros (Mercantil), and also on its subsidiaries, Mercantil Banco Universal C.A., Mercantil Commercebank Florida Bancorp and Mercantil Commercebank, N.A.

The following table shows a summary of the current credit ratings of Mercantil Servicios Financieros, Mercantil Banco Universal, Mercantil Commercebank Florida Bancorp and Mercantil Commercebank N.A. assigned by Fitch Ratings and Clave Sociedad Calificadora de Riesgo rating agencies.

Mercantil Servicios Financieros' ratings are based on the geographic diversification of its operations, adequate liquidity and low leverage. According to Fitch Ratings' scale Mercantil reflects "High Credit Quality", showing strong solvency capacity and low expectations of credit risk. The ratings given for Mercantil's issues, by Fitch Ratings and Clave Sociedad Calificadora de Riesgo, are the highest obtainable by a debt instrument in Venezuela. They reflect that these instruments have low investment risk, given the capacity of the issuer to pay capital and interest, in the conditions and terms agreed.

The national risk ratings for Mercantil Banco Universal are sustained by its sound balance sheet, strong franchise, stable deposit base and adequate risk management. It also highlights the experience of its management in a challenging operating environment. According to Fitch Ratings' scale Mercantil Banco national ratings reflects "Very High Credit Quality", being the best ratings given to a private financial institution in Venezuela. The international ratings are limited by the operating environment therefore are largely dependent on the country risk for Venezuela.

The ratings given to Mercantil Commercebank Florida BanCorp and Mercantil Commercebank N.A. reflect the financial flexibility to pay their commitments and are supported by adequate capitalization ratios, sound liquidity profile and stable deposit base. These ratings are also limited by Venezuela's sovereign rating.

Mercantil Servicios Financieros

National Ratings
 Long Term
 Short Term
 Unsecured Bonds (Long Term in local currency)
 Commercial Papers (Short Term in local currency)

Fitch Ratings Clave

A+ (Ven) -
 F1+ (Ven) -
 A2 A2
 A1 A1

Mercantil Banco Universal

National Ratings
 Long Term
 Short Term
 International Ratings
 Long Term (Foreign and local currency)
 Short Term (Foreign and local currency)
 Viability

Fitch Ratings

AA- (Ven)
 F1+ (Ven)

 CCC
 C
 ccc

Mercantil Commercebank Florida BanCorp y

Mercantil Commercebank N.A.

International Ratings
 Long Term Deposits (only Mercantil Commercebank N.A.)
 Long Term
 Short Term
 Viability

Fitch Ratings

BB+
 BB
 B
 bb



*"Fue rapidito...
tenemos tiempo de ir
a ver a papá..."*

Póliza Mercantil de Automóviles

Sin demoras tramitó la reparación de su carro

Tu póliza de Automóviles Mercantil te brinda el ágil y eficiente **Servicio Automotriz Mercantil**, en cuya moderna sede puedes hacer la inspección del vehículo como paso previo a la adquisición de la póliza, tramitar la orden de reparación y procesar ajustes de daños.

Y a través del **Centro de Atención Mercantil**, tu dispones las 24 horas de asistencia en viajes, incluyendo el servicio de grúas. Disfrutando además de financiamiento hasta en 8 meses.

**Porque tú quieres más... creamos la manera de asegurar tu tranquilidad.
Con la solidez Mercantil.**

Consulta a tu Intermediario de Seguros o acércate a nuestra sede principal: Av. Libertador, con calle Andrés Galarraga, Edificio Seguros Mercantil, Caracas, Corazal. Si prefieres coincidencia a través del: **0506.503.25.25** o por nuestra página web: www.segurosmercantil.com

2000-00-01



Advertisement on the Seguros Mercantil's automobile policy (today Mercantil Seguros).

Prevention and Control of Money Laundering and Terrorism Financing (ML/TF)

The mission of Mercantil's Prevention and Control of Money Laundering and Terrorist Financing Unit is to promote a culture of compliance with the anti-money laundering and combating the financing of terrorism (AML/CFT) regulations of the National Securities Superintendency (Resolution 110) and the Law Against Organized Crime and Terrorism Financing in Venezuela and the countries where Mercantil operates, across all levels of the organization as part of its good corporate governance practices. This involves supporting the organization through a systematic, professional approach in order to detect, follow up and manage reputational risk due to ML/TF by providing data, analyses and recommendations to guarantee its adherence to the regulations and best international practices on the matter. These include the recommendations of the Financial Action Task Force (GAFI), the Caribbean Financial Action Task Force (GAFIC), the Wolfsberg Principles and the Customer Due Diligence for Banks document of the Basel Committee on Banking Supervision of the Bank for International Settlements.

The control and oversight mechanisms in place, especially at Mercantil's subsidiaries Mercantil Banco Universal, Mercantil Seguros, Mercantil Merinvest Casa de Bolsa, Mercantil Sociedad Administradora de Entidades de Inversión Colectiva, Mercantil Bank (Curaçao), Mercantil Bank (Panamá), Mercantil Bank (Schweiz) AG, Mercantil Commercebank and Mercantil Capital Markets (Panamá) S.A. are adequate for the timely detection of any operations which - due to the nature of their activities - are presumed to involve ML/TF, and for reporting such operations to the appropriate authorities.

The "Know your Customer" policy is crucial to the in due time detection of operations presumed to involve ML/TF. Anti-money laundering and combating the financing of terrorism (AML/CFT) compliance processes are regularly reviewed by the supervisory authorities of the different jurisdictions in which Mercantil Servicios Financieros operates, as well as by the External and Internal Auditors.

Pursuant to the provisions of current legislation the institution has a "Comprehensive AML/CFT System" comprised by an AML/CFT Compliance Officer who reports directly to the Board of Directors, a Multidisciplinary Committee, an AML/CFT business unit and compliance staff responsible for areas susceptible to ML/TF risk. There are also a Operational, Follow-up, Evaluation and Control Plans, Code of Ethics, Manual of AML/CFT Risk Management Policies and Procedures, and Training Programs.

Its action during 2014 focused fundamentally on strengthening coverage and minimizing ML/TF risks by approving and setting policies, updating the Manual of AML/CFT Risk Management Policies and Procedures, appointing compliance staff in areas susceptible to risk, implementing new AML/CFT administrative and operating policies, training staff with special emphasis on the people for managing processes that are highly sensitive to risk, and the acquisition of state-of-the-art technology. All of this has given the Institution an efficient and effective structure for the highly professional risk management process, within a climate of ongoing improvements.

More than 7,500 participants took part in the extensive program of training courses and workshops developed by Mercantil Servicios Financieros.

Mercantil Servicios Financieros liaises constantly with the regulatory agencies in the countries where it operates and with which it maintains fluid and effective communications.



*" Te consiguieron
la cita con el especialista
en Houston..."*

Póliza Mercantil Global Benefits

Donde tú quieras atenderte

Tú dispones de Mercantil Global Benefits, la innovadora Póliza de Seguros Mercantil que indemniza los gastos hospitalarios y cirugía hasta por un millón de dólares, tanto en el exterior como en Venezuela.

Con coberturas y servicios ágiles, eficientes y de alta calidad: Ingreso a los centros hospitalarios de mayor prestigio de Estados Unidos, Europa y de otras partes del mundo • Atención con los especialistas más reconocidos • Aerocambios • Servicio bilingüe de atención las 24 horas. Disfrutando además de financiamiento hasta en 10 meses.

**Porque tú quieres más... creamos la manera de asegurar tu tranquilidad.
Con la solidez Mercantil.**

Consulta a tu Intermediario de Seguros o acércate a nuestra sede principal: Av. Libertador, con calle Andrés Balmori, Edificio Seguros Mercantil, Caracas, Caracas. Si prefieres contactarnos a través del **0509.503.25.25** o por nuestra página web: www.segurosmercantil.com

2006/04/11





From 1951 to 1983, Banco Mercantil (today Mercantil Banco Universal) was located in the centric corner of San Francisco in Caracas.

Internal Auditing

Mercantil Servicios Financieros' Internal Audit unit develop its assurance and consultancy activities independently and objectively, aiming at -adding value and improving Mercantil's operations, as well as contributing to the efficacy and efficiency of risk management and internal control processes, and corporate governance. The Internal Audit unit performance is framed within three fundamental stages of the audit process: annual planning, job execution and constantly communication of the company's results. All of these in accordance with the Organic Law of the National Financial System; Law on Banking Sector Institutions; Prudential regulations issued by Sudeban and other regulatory bodies, with special attention to Sudeban Resolution 119.10 with Rules on Administration and Control Risk related to crimes of Money Laundering and Financing of Terrorism; Resolution 136.03 of Standards for Adequate Integral Risk Management; Regulatory Aspects, Internal Policies and Procedures Manual; Corporate Mandate (ISO 9001: 2008 and Guidelines for Auditors 19011: 2002); Statements on Standards and Procedures of Internal Audit No. 1 and 2 (DNAI-1 "The Internal Audit Report" and DNAI-2 " Labor Documentation of Internal Audit") issued by the Federation of Public Accountants of Venezuela; International Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors (IIA), among others.

The Internal Audit unit's main role is to support the Board of Directors, through the Audit Committee, in protecting the assets of Mercantil, providing in a timely manner information, analysis and recommendations on internal control in various areas: financial, operational, accounting, branch network, ATMs, information technology, third party assets, tributary, regulatory and quality, in order to ensure adherence to laws and policies, regulations and procedures established by Mercantil and its subsidiaries.

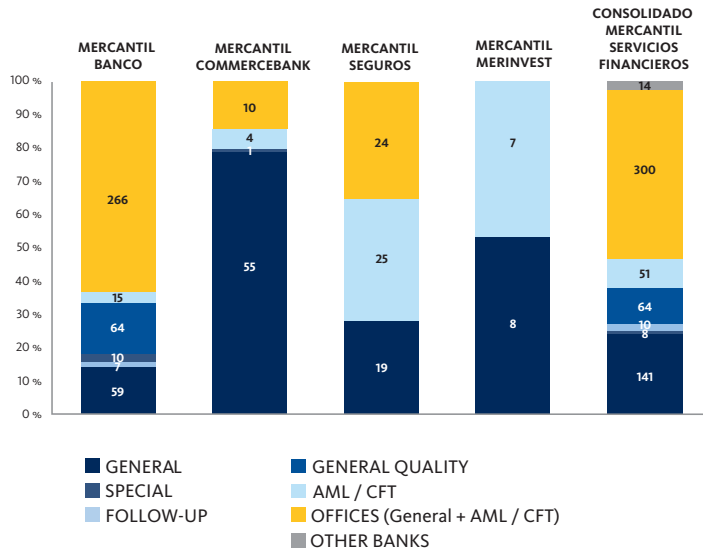
Mercantil's Internal Audit unit reports directly to the Audit Committee of the Board of Directors, and to the Chairman on administrative matters, and is made up of units at Mercantil Banco Universal, serving: Core Procedures, Systems, Tributes, Branch Office Network, Third Party Assets and Quality Management, as well as Mercantil Seguros, Mercantil Merinvest, and Mercantil Commercebank, which develop their review programs separately.

Internal Audit Unit assessed the operational effectiveness and efficiency of risk management processes and contributed to reinforce Mercantil's internal controls.

In order to strengthen its role and comply with the SUDEBAN Resolution 064.14, Mercantil Banco Universal's Internal Audit unit executed a series of actions related to change the design and shape of the reports to be issued, such as: strengthening teamwork through integration activities, adequacy of auditable universe, communication plan of the internal audit role to the institution, review of management indicators, configuration of AutoAudit system and definition of the consultant role in the Tributary Audit unit, in order to create value and boost risk approach in fulfillment of the business objective.

During 2014, all efforts were addressed to review units, branch offices, processes and technological components, giving priority to more relevant and risky aspects. It also followed up the corrective actions implemented by Management, and supported the External Auditors in checking the figures of the Financial Statement. The abovementioned coverage is summarized below:

Number of audits conducted in 2014 by company



Note: In order to make General Audits, reports on AML/CFT were issued for each 266 Mercantil Banco's branches.



Interior of the branch office of Mercantil Banco in San Francisco, Caracas

FE
DE
DE

FUNDACION DE
EDIFICACIONES Y
DOTACIONES
EDUCATIVAS

Ministerio de Educación Cultural y Deportes

 Ponle
Cariño
a tu Colegio



“Give your School a Helping Hand”, with more than 30 years of operations, is Mercantil's oldest social responsibility program.

Corporate Social Commitment

In 2014, Mercantil Servicios Financieros executed a social investment both directly and through its Mercantil Banco Universal, Mercantil Seguros, Mercantil Merinvest, Mercantil Commercebank subsidiaries, as well as Fundación Mercantil, totaling Bs 57.5 million, and targeted basically at various educational and social development programs and projects undertaken by renowned organizations in Venezuela and the United States.

Mercantil earmarked 57 % of the contributions to elementary and higher educational institutions, especially entrepreneurship, inclusion and culture maintenance programs, giving the youngsters the opportunity to continue their college and high school studies; and 43 % to social development organizations that foster in the communities improvements in their quality of life, through health prevention, care for children, young and elderly, as well as those organizations that disseminate art and culture.

Fostering Education

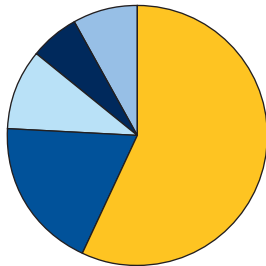
Elementary Education and Job Training

During the year, it is highlighted the consolidation of the Fundación Mercantil and Asociación Fe y Alegría alliance, which is part of the development and strengthening of the Give Your School a Helping Hand program, with more than 30 years of existence. Among the objectives of this alliance are rehab and maintenance of school facilities, raising school maintenance awareness and sense of compromise and create participatory forums with the educative communities “contributing to social structure integration that is present in the Fe y Alegría schools”. During 2014, more than 22 educational centers throughout the nation were served, with more than 12,000 students being directly benefited.

Working together with the Catholic Schools Association of Venezuela (AVEC-for its abbreviation in Spanish), different contributions were also given to consolidate the school infrastructure in Caracas, San Carlos, Cojedes State, and Barquisimeto, Lara State, benefiting 1,165 students. Special mention to the donation given to the Fundación Social Marista for the construction of the Colegio San Jose in in the city of Maracay, San Vicente neighborhood, next to the Valencia Lake, which will allow extremely poor children and youngsters, who live in an area of around 300,000 inhabitants, the opportunity to continue studies.

Ongoing support for different scholarship programs, aimed at children from low-income sectors and underprivileged young people who have been excluded from the formal education system, especially those aimed at training them in technical areas that enable them to enter to the job market. These are some of the beneficiary institutions: A.C. Alianza para el Conocimiento Instituto Venezolano Suizo; Fundación para el Desarrollo de la Educación (FUEDUCA); Asociación Superación por medio de la Tecnología (SUPERATEC); Fundación Santo Domingo (training of geriatric nursing auxiliaries); Fundación Alzheimer (caretakers’ training for domicilliary attention) and Asociación Civil Damas Salesianas (La Milagrosa - Baruta) in Venezuela In addition, Mercantil’s social commitment has also been extended to the Farm Worker Center; Our Lady of the Lakes; Make-A-Wish Foundation and Action USA (Action East) in the United States.

Mercantil’s Social Contributions
Year 2014



■ Education	57 %
■ Social Welfare	19 %
■ Health	10 %
■ Religious Institution	6 %
■ Culture	8 %

Higher Education

During 2014, Mercantil made important contribution to programs and initiatives of different education institutes involved in the academic and professional development of undergraduate (Bachelor and Advanced Vocational University degrees), and postgraduate (4th level) students. These are some of the universities and foundations that received this support: Universities Católica Andrés Bello; Zulia; Simón Bolívar; Central de Venezuela; Metropolitana; Nacional Experimental del Táchira; Fundación IESA; Católica del Táchira; Católica Santa Rosa and Fundación Pygmalion (UCV). These contributions went to fund scholarships awarded to needy students for school fees and for Academic-Student Development activities; Equipping Laboratories, Libraries and Multiple Use Rooms, as well as to improve physical infrastructure. Also, some important donations were made to some educational institutions in the United States, such as Miami Dade College Foundation; Zoolen, Links Foundation, Inc.; The Julliard School; and Barry University.

Social Development and Healthcare

During 2014, Mercantil continued to support the work of social and health organizations involved in programs aimed at the child, youth and senior citizen population; social entrepreneurship promotion, fight drug consume, early pregnancy prevention, help people with disabilities, as well as nutritional support for children and people living in extreme poverty.

These are some of the institutions covered: VenAmCham's Social Alliance; Fundación Ideas; United Nations Children's Fund (Unicef); Centro al Servicio de la Acción Popular (Cesap); Asociación Civil Red de Casas Don Bosco; Asociación Civil Buena Voluntad; Asilo La Providencia; Salud y Familia, Alianza para una Venezuela sin Drogas, Autismo en Voz Alta; Por La Caracas Posible; Centro Comunal Catia; Comedores Madre Teresa de Calcuta; Fondo de Protección del Niño y el Adolescente; Sociedad Venezolana para Niños y Adultos Autistas (Sovenia); Fundación de Instituciones Privadas de Asistencia al Niño (Fipan); Fundación Amigos del Adolescente (Fundamad); Asociación Nacional Contra la Parálisis Cerebral (Anapace); Asociación Benéfica Cristiana Promotora de Desarrollo Integral (ABC-Prodein); Asociación Provida Venezuela (Provive); Un Techo para mi país. In the United States some of the organizations are Our Lady of Guadalupe, Our Lady of the Lakes, TECHO, and Voices for Children, among others.

Mercantil contributes towards the health sector by supporting institutions that run specialized research programs, comprehensive medical care as well as preventive and hospital programs for children, young people and adults in Venezuela. These include: the Friends of Children with Cancer Foundation; Cardioamigos Foundation; Laparokids Foundation; Jacinto Convit Foundation; Hospital JM de Los Rios; Stop VIH/AIDS Porlamar; Centro de Salud Santa Inés; Sociedad Anticancerosa de Venezuela; Maracaibo Pediatric Hospital; Operación Sonrisa; Hospital San Juan de Dios de Mérida; Centro Médico Docente La Trinidad (Community Medicine) in Venezuela. In the United States are American Red Cross; Cystic Fibrosis Foundation; Autism Speaks; The Woman Cancer Association, and The Anti-Cancer League.

Culture, Quality of Life and Environment

In 2014, Mercantil continued to promote activities aimed at conserving and protecting the environment, as well as those activities that foster national artistic talent in music, literature and plastic arts.

In the environmental area, the support given to La Salle Society of Natural Sciences is highlighted.

Cultural institutions were also supported by Mercantil. These include Fundación Camerata de Caracas; Organización Venezuela Viva; Museo de Arte Contemporáneo del Zulia (Maczul); Fundación Pro Música de Cámara; Museo Sefardí; Fundación Museo de Arte Colonial; Fundación Francisco Herrera Luque; Fundación Vinicio Adames; Fundación John Boulton; Camerata de Caracas; Lagunillas Autonomous Municipality Major's Office (Mural Work: "Lagunillas Waters saved from Fire"). In the United States support was given to initiatives undertaken by the Miami Symphony Orchestra; Houston Museum of Fine Arts; Saludarte Foundation and Coral Gables Community Foundation.

Espacio Mercantil has been active disseminating the Collection of Works of Art orientated to preserve, research and exhibit the Venezuelan art to the community.

Support for the Social Work of Religious Institutions

In 2014, Mercantil continued to support religious institutions which are involved in social work and which also develop and strengthen training programs for the priesthood.

Particularly, the Venezuelan Episcopal Conference outstands among these institutions through the Family Apostolate and the strengthening of the Mercantil Solidarity Fund- Caritas alliance, aimed at attending those affected families by natural disasters; in addition to contributions to the Venezuelan Archdiocese and Diocese; John Paul II Foundation for Ecclesiastical Education; Fundación Amigos del Seminario (Fundasem); Asociación Civil Bien Mutuo, Asociación de Formadores Integrales (Afin); Archdiocese of Miami and the St. Patrick's Cathedral.

Online Donations Program: "Un Aporte por Venezuela"

The corporation continued to strengthen the Online Donation Program in Venezuela "Un Aporte por Venezuela", through which the Mercantil Banco Universal subsidiary along with the Fundación Mercantil makes its internet platform available to social institutions allowing them to disseminate information on their work to clients who can make donations to them via electronic transfers.

Special mention and recognition are due to Mercantil Volunteers' active and growing participation, along with their families in a variety of activities. Among this activities are the Tree Planting Day carried out with the Universidad Simón Bolívar, which is a contribution to minimize the global warming problem; the support of the cashier' personnel nationwide, as well as housing construction, in alliance with Techo Venezuela Organization. In the United States highlights the participation and support to the March of Dimes Association activities aimed at provide help to premature babies.



ORINOCO MERCANTIL

Porque tú quieres más... integramos lo mejor de nosotros



Muchos quieren vender... por el momento... y el comercio produce algo todavía más extraordinario.

Seguros Mercantil y Seguros Orinoco. Unidos con un compromiso de excelencia y calidad. El seguro con más posibilidades en una misma.

porque Seguros Mercantil es una empresa reconocida por su gran solidez y con 27 puntos de atención en todo el país.

Porque si quieres más, Seguros Mercantil es la solución. La mejor opción de hoy y mañana.



Compañía de Seguros Orinoco S.A. inscrita en el Registro de Comercio de la Cámara de Comercio de Caracas, C.R. 15.012.014. Seguros Mercantil S.A. inscrita en el Registro de Comercio de la Cámara de Comercio de Caracas, C.R. 15.012.014. Seguros Mercantil y Seguros Orinoco S.A. inscrita en el Registro de Comercio de la Cámara de Comercio de Caracas, C.R. 15.012.014. Seguros Mercantil y Seguros Orinoco S.A. inscrita en el Registro de Comercio de la Cámara de Comercio de Caracas, C.R. 15.012.014.

In 2001, Mercantil Seguros expanded its activities with the acquisition of Seguros Orinoco.

Corporate Governance

Mercantil Servicios Financieros (Mercantil) is registered in Venezuela and its shares are listed on the Caracas Stock Exchange. It also has a program of Level 1 ADR which are traded over the counter in the U.S. Mercantil's corporate governance structure is based on its bylaws, the Capital Markets Law, the Code of Commerce and the resolutions issued by the National Securities Superintendency, (formerly the National Securities Commission) on the subject. The Board of Directors and Mercantil's management keep up with the changing regulations through ongoing analysis and study of this area so the Corporation is able to adapt its Corporate Governance structure to current best practices in order to guarantee the appropriate transparency and efficiency demanded of it, based on the highest professional and ethical principles that characterize its permanent and close relationship with its shareholders, customers, creditors and employees.

Since 2009, the innovative initiative of the creation and development of the unit in charge of Compliance was undertaken, which is responsible for independently detecting and managing the risk of compliance with regulatory obligations through adequate policies, methodologies and procedures, to strengthen the business model, eliminating or reducing exposure to associated risks. During 2014 progress was made with the execution of this unit's Strategic Agenda.

It is important to point out that there has been a Compliance Unit at Mercantil Commercebank, N.A. subsidiary for many years now.

Another very significant aspect of Corporate Governance is the dividend policy which gives shareholders greater assurance that dividends will be declared and paid. In line with this policy, all proposals to declare dividends must be formulated in accordance with the corresponding legislation and bylaws. They must adhere to the provisions on compliance with the regulatory relevant equity ratios and meet the company's investment and development plans. A Board of Directors meeting is normally held each February. It reviews the dividend proposal that will be submitted for consideration by the first General Shareholders' Meeting held in the first quarter of the year, and after it is approved by the Board, a press release is published. Notwithstanding, the Board of Directors may at any time consider any dividend proposal it deems to be in order. In 2014, an ordinary cash dividend was declared and paid in two portions and an extraordinary cash dividend was paid in a single instalment.

Both Mercantil and its subsidiaries have Codes of Ethics which encompasses a series of ethical principles and values that guide the company in its decision making and activities. The Codes of Ethics cover fundamental duties such as probity, loyalty, efficiency, co-fraternity, honesty, sincerity, dignity and law abidance. They also establish rules designed to regulate treatment in the event of conflicts of interest and complement the provisions of the relevant bylaws. The bylaws stipulate how such situations should be handled and ban Board Members from taking part in discussions on any matters in which they, or their partners in civil or mercantile companies have a personal interest. Directors are required to remain outside the meeting room until a final decision is reached.

Mercantil's governance structure is comprised by the Shareholders' Meeting, followed by the Board of Directors, with its Audit, Risk and Compensation Committees, the Executive Committee, the Chairman and CEO (both positions currently held by the same person), the Internal Auditor and the Compliance Officer.

Board of Directors

It is essential for the Board of Directors to be efficient so that it can act in the interests of the company, which are ultimately those of the community at large and its shareholders, creditors, client and employees in particular. The Board has responsibility for defining corporate strategies, determining business policies and establishing and controlling the strategic direction of the institution. It also supervises the management of the organization's different business and support areas. It evaluates results by comparing them against previously approved plans and strategies, performance in previous years and the general banking environment.

In line with best Corporate Governance practices, the majority of Mercantil Servicios Financieros' Board members are independent from management. The presence of directors who are independent from management is further proof of Mercantil's commitment to international management standards and in line with best Corporate Governance practices.

The Directors are highly qualified and well-versed in business and finance, thereby ensuring optimum performance of their functions. The Board of Directors is made up of ten directors and twenty alternate directors. The Board appoints the Chairman and CEO, who must be Directors, from among its members, and these appointments may be held by the same person. The Board meets once a month and whenever else its Chairman deems necessary.

To ensure more transparency and better control over management procedures, from the outset Mercantil's bylaws have provided for the creation of a Compensation Committee and an Audit Committee. The creation of these committees was provided for in the bylaws of its main subsidiary, Mercantil Banco since 1981. An Ordinary Shareholders' Meeting held in March 2006 approved a proposal submitted by the Board of Directors to amend a provision in them giving legal status to the Risk Committee, which had already been created by the Board meeting at its meeting on May 31, 2001. It is important to point out that these committees are comprised mainly of directors who are independent from management.

Consistent with the Company's tradition of adhering to best corporate governance practices, the Audit Committee is subject to bylaws governing its functions. This document details the purpose of the Committee, as well as its functions and its responsibilities. These members should undertake an annual compliance evaluation with them. It also states that its members must be independent from Management, adding that at least one of them must have considerable accountancy or financial management experience.

Board of Directors Audit Committee

The Committee is made up as follows:

Luis A. Romero M.
(Coordinator)
Eduardo Mier y Terán
Alberto Sosa S.
Luis Pedro España N.
Alexandra Mendoza Valdés
Carlos Hellmund Blohm
Miguel Angel Capriles Capriles
Alejandro González Sosa
René Brillembourg Capriles
Gustavo Marturet Medina
Gustavo J. Vollmer A. (Ex officio)

The committee must review and discuss accounting and management policies, the opinions and reports of the organization's internal and external auditors, establish reserves, reviewing the Financial Statements and their Notes and formulate recommendations on matters incumbent upon it to the Board. It also approves the engagement and remuneration of the external auditors. In 2014 the Audit Committee met seven times. The main topics reviewed were: Consideration of the financial statements of Mercantil and its subsidiaries in Venezuela; consideration of the portfolio provisions and other reserves of Mercantil and its subsidiaries; opinions of the external auditors on the financial statements and their corresponding notes, which included a review of the new disclosures contained in the notes; review and follow-up of internal audit activities and activities related to the Prevention and Control of Money Laundering and Terrorism Financing of Mercantil and its subsidiaries, which included updating the Manual of Risk Management Policies and Procedures in this area; consideration and approval of the remuneration of the External Auditors, appointment of the new corporate internal auditor; external auditing activities schedule for 2015.

Board of Directors Risk Committee

The Committee is made up as follows:

Gustavo A. Marturet
(Coordinator)
Roberto Vainrub A.
Gustavo Galdo C.
Francisco Monaldi M.
Federico Vollmer A.
Carlos Zuloaga T.
David Brillembourg C.
Rafael Sánchez Brossard
Gustavo J. Vollmer A. (Ex officio)

Approves Mercantil's risk profile, policies and limits. It also optimizes the use of capital to support the approved risk profile. In 2014 the Risk Committee met seven times. The main topics reviewed were: Consideration and establishment of cross-border risk limits; consideration, adjustment and measures related to the credit risk policy, review of limits for individual borrowers, economic groups, boards of directors, Loan and Capital Commitment Committee and Global Corporate Committee; status and management reports on operational risk and market risk; follow-up of the limits set for the Republic of Venezuela; review of the earnings release and loan portfolio reviews of the subsidiaries in Venezuela and abroad; establishment of market risk limits for the various subsidiaries; consideration in the Venezuelan and PDVSA sovereign debt, evaluations from rating companies.

Board of Directors Compensation Committee

The Committee is made up as follows:

Gustavo J. Vollmer H. (†)
(Coordinator)
Alfredo Travieso P.
Víctor Sierra A.
Miguel Angel Capriles L.
Luis Esteban Palacios W.
Luis Alfredo Sanabria U.
Claudio Dolman C.
Luis A. Marturet M.
Gustavo J. Vollmer A. (Ex officio)

The committee is responsible for setting the organization's policy on pay and benefits, approving the remuneration of the Chairman and senior management and informing the Board of Directors accordingly. In 2014, the Compensation Committee met eight times. The main topics reviewed were: Semi-annual results of Mercantil and its subsidiaries in Venezuela and abroad; short and long-term management incentive programs of Mercantil and its subsidiaries in Venezuela and abroad; analysis of staff turnover during the year; considerations on the different special staff financing programs, and setting the conditions of those programs; establishing annual wage policy for Mercantil and its subsidiaries in Venezuela and abroad; considerations on per diems of board members of Mercantil Servicios Financieros and its subsidiaries in Venezuela and abroad; review of reports to be presented to the National Securities Superintendency; compensation structure of Executive Committee and Senior Management; considerations, reports and studies on this matter; consideration on key positions protection guidelines; actuarial assumption of the *Plan Complementario de Pensiones de Jubilación Mercantil* and consideration of the minimum pension of the Plan; results of the organizational climate survey; special personnel compensation actions in Venezuela; occurrence of the new Tax Income Law; considerations on Mercantil Social Security Savings Plan.

Executive Committee

The Committee is made up as follows:

Gustavo Vollmer A.
(Chairman & CEO)
Nerio Rosales Rengifo
(Global Executive Director)
Millar Wilson
(Executive Director of International Business)
Nelson Pinto Alves
Luis Calvo Blesa
Rosa Delgado de Costantino
Luis Alberto Fernandes
Alfonso Figueredo
Fernando Figueredo M.
Rodolfo J. Gasparri
Philip Henríquez S.
Maria Silvia Rodríguez F.
Carlos Tejada G.

Mercantil has an Executive Committee comprising a Chairman and twelve senior managers from the organization's Business and Supporting areas, which guarantees the timely implementation of Mercantil's decisions and strategies.

The committee meets weekly and holds extraordinary meetings as required. It is responsible for evaluating options and making recommendations on policy, objectives, strategies and organization and submitting to the Board of Directors for consideration, as well as guiding management in its effort to implement the policies adopted. It is also responsible for evaluating the outcome of their implementation.

Chairman of the Board of Directors

The Chairman of the Board of Directors is the President of the Company. The positions of Chairman of the Board of Directors and CEO are currently held by the same person. The corresponding statutory provisions provide that the same person exercising both positions, if deemed appropriate by the Board of Directors.

This officer, as Chairman of the Board, shall be responsible for directing the Company's activities and business, chairing Shareholders meetings, Board meetings and meetings of the Executive Committee, and providing them with guidance on setting the policies, goals and strategies to be followed when taking important decisions. He, or she, also represents the Company before political and administrative authorities and public and private entities. The CEO is responsible for the executive management and coordination of the company; submitting to the consideration of the Board of Directors and the Executive Committee any major policies, objectives, strategies and decisions and informing both bodies periodically on the company's financial condition and the results of their operations. Further responsibilities include designing, establishing and developing the company's organizational structure and appointing and removing general managers, consultants and advisers as necessary.

Since 2013 an adjustment of Mercantil's organizational structure was executed with the establishment of two Units that report directly to the Chairman and CEO. These are: the Mercantil Servicios Financieros Global Executive and the International Business Executive. Global Risk and Strategic Planning also report to them.

The Mercantil Servicios Financieros Global Executive is in charge of all the global activities of Mercantil's banking segments; the support units for Operations and Technology, Finance, Legal, Human Resources, Corporate Communications and is responsible for the management of banking, insurance and investment services activities in Venezuela.

The International Business Executive is responsible for the subsidiaries of Mercantil Servicios Financieros abroad, and is in charge of their expansion strategy and their performance.

The Audit and Secretary units, which used to report directly to the Board of Directors, depends on administrative matters of the Chairman. The Corporate Compliance Unit reports directly to the Chairman.

Internal Audit Manager

In accordance with the regulations applicable to Mercantil and its subsidiaries, Mercantil has an Internal Audit Manager who works in conjunction with the Audit Committee when the overall operations of Mercantil and its subsidiaries are audited.

The Internal Audit Manager heads Mercantil's Global Internal Audit business unit, which designs Mercantil's internal audit plan in conjunction with the Audit Committee. This plan is executed throughout the year. The results of the internal audits are reviewed and discussed periodically by the Audit Committee and the Board of Directors so that any corrective action may be taken.

Compliance Officer for the Prevention of Money Laundering and Terrorism Financing

In accordance with regulations on the matter, Mercantil has a Compliance Officer on the Prevention of Money Laundering and Terrorist Financing who is responsible for designing the Annual Operating Plan on the Prevention and Control of Money Laundering and Terrorist Financing, by coordinating and supervising training activities and training Mercantil staff on prevention and control of money laundering and terrorist financing, and maintaining institutional relations with the regulatory bodies on the matter. The Compliance Officer also advises the Audit Committee and Board of Directors on compliance with their anti-money laundering and antiterrorism financing obligations under the legislation in force.

Disclosure of Information

Mercantil prepares and publishes the company's financial statements on a semi-annual basis in compliance with the rules of the regulatory bodies. The company also prepares a quarterly report containing detailed information and accurate economic and financial data, as well as other relevant data for the market, which is disclosed to the general public, the National Securities Superintendency and the Caracas Stock Exchange through nationwide distribution methods, and by e-mail to analysts and participants in the local and international markets. In addition, information is distributed periodically to the Securities and Exchange Commission in accordance with its obligation to maintain Mercantil's Level 1 ADR program in the United States of America.

Financial information on the company is also available on Mercantil's website www.msf.com and on that of its principal subsidiary Mercantil Banco at www.mercantilbanco.com. Thus Mercantil fulfills the regulations on immediate dissemination of any information that may materially affect the price of its shares.

Last but not least, Mercantil has an Investor Relations business Unit, whose functions include the timely disclosure of information to investors by different means, including events and presentations.

Report of the Board of Directors of Mercantil Servicios Financieros on Compliance with the Corporate Governance Principles

Pursuant to Resolution N° 19-1-2005 of the National Securities Superintendency (formerly the National Securities Commission) dated February 2, 2005, published in Official Gazette of the Bolivarian Republic of Venezuela N° 38,129 of February 17, 2005, the Board of Directors of Mercantil Servicios Financieros submits to the Ordinary General Shareholders' Meeting this report on the degree of compliance with the Principles of Corporate Governance referred to in the Resolution.

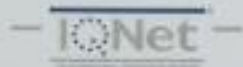
Independent Members of the Board of Directors

At its meeting on February 20, 2014 the Board of Directors examined the independence of each director and determined that, according to the criteria on the independence of Directors, contained in the above-mentioned resolution, at least one fifth of the members of the Board of Mercantil Servicios Financieros are independent directors. Thus Mercantil Servicios Financieros complies with the provisions set forth in the Resolution issued by the Superintendency on the Principles of Corporate Governance whereby at least one fifth of the Board of Directors must be comprised by independent directors.

Audit Committee

All the members who vote on the Audit Committee of Mercantil Servicios Financieros are independent directors, according to the criteria on the independence of directors contained in said Resolution. Mr. Gustavo J. Vollmer Acedo, in his capacity as Chairman and CEO of the Company, sits on this Committee as an ex officio member. The Audit Committee has responsibilities which it exercises in matters regarding the principles of corporate governance. The committee also deals with other matters. The chapter on Corporate Governance in the report indicates the topics covered by this Committee in 2014.

It can therefore be affirmed that Mercantil Servicios Financieros fulfills all the Corporate Governance Principles contained in that Resolution.



IQNET AWARD OF DISTINCTION

MERCANTIL, C.A. BANCO UNIVERSAL

Av. Andrés Bello, Edif. Mercantil, San Bernardino, Caracas, Distrito Capital, Venezuela


is presented with the

2013 IQNet AWARD OF DISTINCTION

for outstanding achievements implementing and maintaining
an outstanding management system

The award is granted by IQNet Association based on the recommendation of its partner
FONCONORMA during the 83rd Anniversary Celebrations of FONCONORMA in Caracas, 15 October 2013.




Lourdes de Rivas
Director General of FONCONORMA


Pedro Ángel
Marketing Director of IQNet



Awards and Acknowledgements

In 2014, Mercantil Servicios Financieros and its subsidiaries received various acknowledgments by prestigious publications and institutions.

Mercantil Servicios Financieros

- In February, the prestigious financial publication The Banker included Mercantil in its ranking of the among the world's Top 500 Banking Brands. Mercantil is ranked at 321st place on the list and is the only Venezuelan firm included in it.
- In May, Mercantil Servicios Financieros was included among the world's biggest 2000 public companies, according to the prestigious Forbes magazine's, for the tenth consecutive year. The ranking is obtained after evaluating and combining total income, profitability, assets growth, and market capitalization of publicly traded companies. Mercantil is ranked at 773rd place, climbing 375 places compared to 2013. It is among the first 58 companies in Latin America.
- In June, the Banker magazine included Mercantil Servicios Financieros as the first Venezuelan institution in its Top 1000 World's Financial Institutions, according to the analysis of the magazine. Mercantil Servicios Financieros rose 112 places in comparison with the previous year, raking at 260th place. It also ranks 9th (up 11 places from 2013) among the Top 25 Latin American financial institutions.
- In November, Mercantil Servicios Financieros ranked as the first Venezuelan institution in The Banker's Top 200 financial institutions in Latin America. According to the results, Mercantil Servicios Financieros is ranked 15th, up 14 places over the previous year. It also ranked at 4th place when measured by the Tier 1 and Total Assets growth, and 9th place when measured by net income growth.
- In November, the Venezuelan-American Chamber of Commerce and Industry (VenAmCham) presented the "Top 100 Companies", in which Mercantil Servicios Financieros was ranked at 4th place in the ranking, and 2nd place within the financial sector.

Mercantil Banco Universal

- In January, Global Finance magazine selected Mercantil Banco Universal as "Venezuela's Best Trade Finance Provider in 2014", for the ninth year running. Global Finance's selection process took into consideration the volume of transactions, range of global coverage, customer services, competitiveness in prices, development of new businesses and technological innovation.
- In June, Mercantil Banco Universal ranks, for the seventh consecutive year, as the first bank in the Gerente Magazine's ranking of the Top 100 brands in Venezuela with higher preference index in 2014, with 29 % of preference rate, based on a survey conducted to Venezuelan executives in various economic sectors.

- In July, Mercantil Banco Universal received the Data Integrity 2013 Award for Latin America granted by MasterCard Worldwide, acknowledging the quality of the information for authorizing, exchanging and clearing card transactions. MasterCard uses a Data Integrity Monitoring Program to follow up transactions sent by member financial institutions in order to reward the most efficient ones, for showing the highest increases in their operating quality indexes. With this award, MasterCard Worldwide acknowledged Mercantil's commitment with its transactions quality to its customers' benefit.
- In July, Global Finance magazine announced the winners of the "World's Best Internet Banks", having selected Mercantil Banco Universal in the category per country as "Best Consumer Internet Banks in Venezuela" and also in the regional category as "Best Information Security Initiatives in Latin America". Global Finance considered the strategy for attracting and servicing online customers, growth of online customers, breadth of products offerings, benefits gained from Internet initiatives and web site design and functionality.
- In November, Mercantil Banco Universal was the leading institutions in the banking segment of the ranking of Venezuelan companies with the best image. The study was published in the anniversary edition of the well-known P&M magazine, according to a study by Datanálisis, a polling firm. "This research applied a methodology based on the addition of individual perceptions and a list of characters that consumers associate with a company," quoted the publication.
- In December, Mercantil Banco Universal was ranked at 23rd place among the 250 Latin American Banks of the AméricaEconomía magazine, up 7 places in relation to last year. The ranking includes state-owned banks, which are ranked according to asset size by the close of June 2014.

Mercantil Commercebank

- In November, Mercantil Commercebank earned the Outstanding Community Service Category of the 2014 Excellence in Banking and Finance Awards, sponsored by the South Florida Business Journal, well-reputed publication specialized in banking and finance areas. Nominations were reviewed by a group of independent experts in the field. The award was given to Mercantil Commercebank for its active participation in various social responsibility programs in South Florida, dealing with access to housing for low-income individuals, with supporting micro-businesses as well as for the participation of its volunteers in activities related to cancer research and contributions in the areas of health, culture and education.

Mercantil Bank (Panamá)

- In March, Mercantil Bank (Panamá) was included, for the second consecutive year, among the Top 100 Central American Banks, according to the prestigious financial publication The Banker, Mercantil Bank (Panamá) ranks 74th among the Top 100 (33rd among banks in Panama), and 8th among the Top 10 as measured by its ROE.

Mercantil Seguros

- In June, the Gerente Magazine ranked Mercantil Seguros as the second insurance company in the country in the ranking of the Top 100 brands in Venezuela with higher preference index in 2014, with 17 % of preference rate, based on a survey conducted to Venezuelan executives in various economic sectors.
- In November, Mercantil Seguros was the leading institutions in the insurance segment of the ranking of Venezuelan companies with the best image. The study was published in the P&M magazine, based on a study by Datanálisis
- In November, the Venezuelan-American Chamber of Commerce and Industry (VenAmCham) presented the “Top 100 Companies”, which ranks Mercantil Seguros at 11th and 2nd place in the insurance sector. The list includes the most successful companies in the country, be their capital national or foreign, ranked according to their total income at the close of 2013.



Corporate Contacts

Mercantil Servicios Financieros

Av. Francisco de Miranda, entre Segunda y Tercera Transversal, urb. Los Palos Grandes, Centro Comercial El Parque, Segunda y Tercera Etapa, P03, locales C-3-10 y C-3-11, Chacao, Caracas, Venezuela.
Phone: (58-212) 287.8200
www.msf.com

INVESTOR RELATIONS

Av. Andrés Bello, N° 1, Edificio Mercantil
25th floor, Caracas 1050, Venezuela
P.O. Box 789, Caracas 1010-A
Phone: (58-212) 503.1335
Fax: (58-212) 503.1075
investors@msf.com

CORPORATE COMMUNICATIONS

Av. Andrés Bello, N° 1, Edificio Mercantil
14th floor, Caracas 1050, Venezuela
P.O. Box 789, Caracas 1010-A
Phone: (58-212) 503.1670
mcomunicacionesc@bancomercantil.com

Subsidiaries

MERCANTIL, C.A. BANCO UNIVERSAL

Avenida Andrés Bello, N° 1 Edificio Mercantil
Caracas 1050, Venezuela
Phone: (58-212) 503.1111
Telex 27002/27003 BMERVC
P.O. Box 789, Caracas 1010-A, Venezuela.
mercan24@bancomercantil.com
www.mercantilbanco.com
@MercantilBanco
Call Center:
Phone: 0-500-600 2424/ 0-500-503 2424
(58-212) 600.2424 -(58-212) 503 2424

MERCANTIL, C.A. BANCO UNIVERSAL CORAL GABLES AGENCY

220 Alhambra Circle, Coral Gables,
Fl. 33134, U. S.
Phone: (1-305) 460.8500
Fax: (1-305) 460.8595
Telex: 681278 BMER UW
asala@mercantilcb.com

MERCANTIL, C.A. BANCO UNIVERSAL CURAÇAO BRANCH

Abraham Mendez Chumaceiro Boulevard 1
Willemstad, Curaçao. Netherlands Antilles
Phone: (5999) 461.5000
Fax: (5999) 461.1974
fgirigori@bancomercantilcu.com
www.mercantilbankcuracao.com

REPRESENTATIVE OFFICES

BOGOTÁ

Edificio Interbolsa. La Cabrera
Av. 82, N° 12-18, Ofc. 805
Bogotá, Colombia
Phone: (57-1) 635.0035
Fax: (57-1) 623.7701
jrequena2@mercantilcb.com

LIMA

Edificio Banco de Comercio
Av. Canaval y Moreyra, N° 452, 15th-17th floors
San Isidro, Lima 27, Perú
Phone: (511) 442.5100
Fax: (511) 442.5100 Ext. 237
rafael.alcazar@rebaza-alcazar.com

MÉXICO

Eugenio Sue N° 58, Colonia Polanco
Chapultepec, Delegación Miguel Hidalgo
C.P. 11560, México, D.F.
Phone: (52-55) 5282.2300
Fax: (52-55) 5280.9418
mercvenmex@prodigy.net.mx

SAO PAULO

Av. Paulista, N° 1842, 3° andar, Cj. 37
Edf. Cetenco Plaza,
Torre Norte-Cep 01310-200
Sao Paulo, SP, Brasil
Phone: (55-11) 3285.4647 - 3284.0206
Fax: (55-11) 3289-5854
mercansp@uol.com.br

NEW YORK

11 East 51st. Street, New York NY,
10022-5903, U. S.
Phone: (1-212) 891.7400
Fax: (1-212) 891.7419
ljordan@bancomercantilyn.com

MERCANTIL COMMERCEBANK N.A.

220 Alhambra Circle, Coral Gables,
Fl. 33134, U.S.
Phone: (1-305) 460.8701
Fax: (1-305) 460.4010
www.mercantilcb.com
@MercantilCB (english)
@MercantilCBesp (spanish)

MERCANTIL COMMERCEBANK TRUST COMPANY, N.A.

220 Alhambra Circle 11th floor,
Coral Gables,
Fl. 33134, U.S.A.
Phone: (1-305) 441.5555
Fax: (1-305) 441.5560
www.mercantilctc.com

MERCANTIL COMMERCEBANK INVESTMENT SERVICES, Inc.

220 Alhambra Circle, Penthouse, Coral Gables,
Fl. 33134, U.S.A.
Phone: (1-305) 460.8599
Fax: (1-305) 460.8598
www.mercantilis.com

MERCANTIL BANK (SCHWEIZ) AG

Talacker 42
P.O. Box 9758, CH-8036 Zurich,
Switzerland
Phone: (41) - 433 444 555 master
Telefax: (41) - 433 444 550
www.mercantilbanksuiza.com

MERCANTIL MERINVEST, C.A.

Avenida Andrés Bello, N° 1
Edificio Mercantil,
24th floor. Caracas 1050, Venezuela
Phone: (58-212) 503.2700
Fax: (58-212) 503.2757
@MMerinvest

MERCANTIL CAPITAL MARKETS (PANAMÁ), S.A.

Edificio Torre de Las Américas
Torre C, 25th floor, Punta Pacífica
Ciudad de Panamá, Panamá
Phone: (507) 282 5800
contactenos@mercantilcmp.com
www.mercantilcapitalmarketspanama.com

MERCANTIL SEGUROS, C.A.

Av. Libertador con calle Isaías
"Látigo" Chávez,
Edificio Mercantil Seguros, Chacao. Caracas
1060, Venezuela
Phone: (58-212) 276.2000
Fax: (58-212) 276.2001
www.mercantilseguros.com
@MercantilSeg

MERCANTIL SEGUROS PANAMÁ, S.A.

Calle Punta Darién, Edificio Torre de las Américas
Torre A, 14th floor, local 1403, Punta Pacífica
Panama City, Panama
Phone: (507) 304 1150
www.mercantilseguros.com.pa

MERCANTIL BANK (PANAMÁ), S.A.

Torres de las Américas, 14th floor,
Torre A, Locales 1401-1402. Punta Pacífica
P.O. Box 0819-05811.
Panama City, Panama.
Phone: (507) 282.5000
Fax: (507) 830.5963
contactenos_mbp@mercantilbankpanama.com
www.mercantilbankpanama.com

MERCANTIL BANK & TRUST, LIMITED

Harbour Place, 4th floor
103 South Church Street
P.O. Box 1034 Grand Cayman,
KY1-1102 Cayman Islands
Phone: (1-345) 949-8455
Fax: (1-345)949-8499

MERCANTIL BANK (CURAÇAO) N.V.

Abraham Mendez Chumaceiro Boulevard 1
Willemstad, Curaçao.
Netherlands Antilles
Phone: (5999) 461.5000
Fax: (5999) 461.1974
fgirigori@bancomercantilcu.com
www.mercantilbankcuracao.com

Mercantill



A Venezuelan brand with a multinational presence

Since it was founded 90 years ago, Mercantil has focused its activities in the areas of banking, insurance and wealth management. In its beginnings as Mercantil Banco Universal (originally named Banco Neerlandó Venezolano and subsequently renamed Banco Mercantil y Agrícola), the organization focused on developing its core banking services for the first 40 years. In the seventies, following a period of strong growth, the company established the Consorcio Inversionista Mercantil y Agrícola (CIMA). At the conclusion of the 1990s, Mercantil Servicios Financieros was formed as the holding company for all of the financial services companies that operate under the Mercantil brand.

Mercantil Servicios Financieros

In 1997, the shareholders of Banco Mercantil (Mercantil Banco Universal) and the Consorcio Inversionista Mercantil y Agrícola (CIMA) decided to form Mercantil Servicios Financieros (Mercantil), which is now the leading and most diversified financial services holding company headquartered in Venezuela.

Today, Mercantil's main subsidiaries include: Mercantil Banco Universal, Mercantil Seguros and Mercantil Merinvest in Venezuela; Mercantil Commercebank N.A, Mercantil Commercebank Investment Services, and Mercantil Commercebank Trust Company in the United States; Mercantil Bank Panamá, Mercantil Seguros Panamá and Mercantil Capital Markets Panamá; Mercantil Bank Suiza (Schweiz) in Switzerland; Mercantil Bank Curacao; and Mercantil Inversiones y Valores in Venezuela, a holding company for other support subsidiaries.

Mercantil maintains firm roots and a strong banking tradition in Venezuela. Since Banco Mercantil was established on March 23, 1925 to support the growing manufacturing sector, provide financing for the country's agricultural industry, and create a network of in-country banking centers, Mercantil has focused on serving the banking needs of its diverse customer base. Over time, Mercantil has become an innovation leader and a financial services organization of reference in Venezuela.

During the 1970's, the Consorcio Inversionista Mercantil y Agrícola (CIMA) was established to develop other financial services activities and Banco Mercantil began its international expansion by opening Representative Office in several cities in Europe and the Americas. In this period, the Consorcio Inversionista Mercantil opens Banco Mercantil Venezolano C.A. in Curacao (1976) and Banco del Centro S.A. in Panama (1977) to complement its international operations and growth.

In 1987, CIMA acquired Credimático, the company operating MasterCard® and Visa® credit card franchises. In the same year, the company launched the ABRA24 ATM network and a series of new automated convenience services, such as check confirmations by phone. During this time, and with the development of new products, Mercantil positioned itself as a leader and pioneer in electronic banking services, a position it still holds today. Also in 1987, Mercantil acquired Commercebank N.A., a financial institution headquartered in Florida.

In 1996, the Consorcio Inversionista Mercantil y Agrícola and Banco Mercantil initiate their American Depositary Receipts (ADRs) program to make Class B shares available for investment in the United States. It was also the year that Banco Mercantil changed from a commercial bank to a universal bank by merging the functions and activities of Banco de Inversión Mercantil, Banco Hipotecario Mercantil, Arrendadora Mercantil, and Fondo Mercantil under the same entity.



The dawn of the 21st century marked additional important progress in the history of Mercantil Servicios Financieros. In January 2000, BMS Finanz A.G., a financial institution and subsidiary of Mercantil Servicios Financieros S.A. based in Zurich, Switzerland, obtained permission from the Swiss authorities to become Banco Mercantil Suiza (Schweiz), the first Latin American-based bank to establish a formal presence in the country.

July 2000 brought another historical milestone when Banco Mercantil signed the agreement to acquire InterBank Banco Universal. The transaction was completed in early 2001, making Banco Mercantil the leading financial institution in Venezuela, with consolidated assets reaching 3.1 billion bolivars.

In 2001, Seguros Mercantil acquired Seguros Orinoco, resulting in the significant expansion of the company's insurance activities and positioning Mercantil as the third largest insurance company in Venezuela with a market share of 10 percent.

Strategic organizational changes were completed in 2004, including the implementation of a corporate global management structure responsible for the development of the organization's financial business, operations and fiduciary activities, both in Venezuela and abroad.

In this period, Commercebank expanded in the areas of investment and trust services with the formation of Commercebank Investment Services and Commercebank Trust Company N.A. Seguros Mercantil launched the innovative international coverage healthcare policy called Mercantil Global Benefits.

In 2005, Commercebank opened its first full-service banking center in Houston, Texas. Today, the Bank continues to grow and expand in this important U.S. market. In 2006, it acquired Florida Savings Bank, an institution operating in South Florida since 1999 that had assets totaling US\$ 132 million. That same year, Mercantil Servicios Financieros included Class A shares in its ADRs program.



In 2007, Mercantil Servicios Financieros announced an important change that would enhance and solidify its global corporate identity. All of its subsidiaries, both in Venezuela and abroad, began operating under the Mercantil brand name with a unified graphic identity. With this strategy, Mercantil Servicios Financieros demonstrated the strength of the Mercantil brand in the areas of banking, insurance and investment services.

Also in 2007, Banco del Centro S.A (now Mercantil Bank Panamá), which had been operating for three decades on an international license, received a general license from Panamanian authorities to participate in the local market, thus allowing the Bank to begin offering financial services for foreigners residing in Panama. Subsequently, in 2008, the Superintendency of Banks of the Republic of Panama authorized the name change to Mercantil Bank (Panamá).

With a commitment to increase access to banking services to more communities in Venezuela, in 2008 Mercantil Banco Universal launched Mercantil Aliado, a network of convenient, self-standing kiosks and point of sale merchant locations in high population areas across the country that allow customers to perform banking transactions easily and that offer consumer products and services tailored to their needs.

In 2012, Mercantil Bank Suiza (Schweiz) refocused its activities to offering exclusive private banking products and services designed to meet the needs of Mercantil's clients.

In 2013, Mercantil Servicios Financieros established a new company in Panama offering brokerage and investment management services named Mercantil Capital Markets (Panama). Also that year, Mercantil launched its presence on social media through its primary Twitter account, @MercantilBanco. Later, four official Twitter accounts were created for its subsidiaries: Mercantil Seguros - @MercantilSeg, Mercantil Merinvest - @MMerinvest, and Mercantil Commercebank - @MercantilCB (English) and @MercantilCBesp (Spanish), in addition to an official Mercantil Banco account on YouTube.

In 2014, Mercantil Seguros Panamá S.A. was created in Panama to offer insurance products and services both locally and internationally.

In the last five years, Mercantil Servicios Financieros Class A and Class B shares have been among the publicly traded shares in the Venezuelan market that have experienced strong growth. Their performance has placed them among the most highly valued shares on the Caracas Stock Exchange.



Mercantil culture and commitment: our way of doing business

Since it was founded, Mercantil has been guided by its Culture and Commitment which uniquely distinguishes its way of doing business. Mercantil employees, the organization's most valuable asset, are also guided by a Code of Ethics that represent the principles and values shared by all.

The development of human capital and talent has always been a strategic priority. Mercantil employees consider the organization an excellent place to work, which is confirmed through on-going employee surveys related to employee engagement, organizational climate, open communication, and independent evaluations. The results confirm that Mercantil and its subsidiaries in Venezuela and abroad are some of the best companies in the industry, at a multinational level. In addition, Mercantil has traditionally maintained close relationships with its employees and their trade unions.

True to its vision, 90 years after Mercantil was established, the organization continues to support the economic development of Venezuela and the other countries and global communities where it has a presence. The corporate culture and guiding principles passed down by Mercantil's founders remain unchanged, and are the primary reason millions of customers trust Mercantil.



1925



1951



1982



2007