

Mercantil Servicios Financieros (MERCANTIL). Fourth Quarter 2010
Caracas Stock Exchange (MVZ.A & MVZ.B); Level 1 ADR: MSFZY & MSFJY

Caracas, February 01, 2011. Mercantil Servicios Financieros (MERCANTIL) reports its earnings for the quarter ended December 31, 2010.

Summary

Net Income: Mercantil recorded Bs 494 million (US\$ 115 million)¹ in net quarterly income at December 31, 2010 representing a Bs 181 million (57.9%) increase compared with Bs 313 million (US\$ 146 million)¹ in 4Q 2009. Net income for 2010 was Bs 2,176 million (US\$ 607 million)¹, which represents a 173.4% upturn from Bs 796 million (US\$ 371 million)¹ in 2009. Net earnings per share in 4Q 2010 were Bs 4.96 (US\$ 1.16)¹ versus Bs 3.14 (US\$ 1.46)¹ in 4Q 2009, in 2010 these were Bs 21.82 (US\$ 6.09)¹, versus Bs 7.95 (US\$ 3.71)¹ in 2009. ROE and ROA indicators were 28.9% and 2.9% respectively in 4Q 2010, and 31.8% and 3.2% respectively in 2010. The main variations in net income for the quarter are:

- ✓ **Net Interest Income** reached Bs 1,096 million (US\$ 256 million)¹, a Bs 340 million (45.0%) increase over the Bs 756 million (US\$ 353 million)¹ registered in 4Q 2009, mainly due to a higher financial intermediation ratio (loan portfolio to deposits) from 65.4% to 71.1%, compared to 4Q 2009.
- ✓ **Loan Portfolio Provision** registered Bs 367 million (US\$ 86 million)¹ in expenditure, reflecting a Bs 199 million (118.5%) year-on-year upturn compared to Bs 168 million (US\$ 78 million)¹ at 4Q 2009. This increase is mainly due to higher provisioning in the mortgage (construction and housing) and commercial sectors in the United States and agriculture and construction sectors in Venezuela. The provision represents 3.2% of the gross loan portfolio and covers 110.8% of past-due and nonperforming loans.
- ✓ **Commissions and other income** reached Bs 838 million (US\$ 195 million)¹, Bs 319 million (61.7%) more than the Bs 517 million (US\$ 241 million)¹ recorded in 4Q 2009, mainly due to the Bs 119 million increase registered in exchange difference due to the new exchange rate established by the Venezuelan Central Bank for the valuation of assets and liabilities in foreign currency which went from Bs 2.5935/US\$1 to Bs. 4.2893 /US\$1, and Bs 116 million in income from the financing and sale of insurance policies, commissions on credit cards, etc.
- ✓ **Insurance premiums, net of claims** increased Bs 84 million (80.8%) to Bs 188 million (US\$ 44 million)¹, compared with Bs 104 million (US\$ 48 million)¹ in 4Q 2009. Net collected premiums grew Bs 408 million (46.4%) to Bs 1,287 million over the same period.
- ✓ **Personnel and Operating expenses** reached Bs 1,079 million (US\$ 252 million)¹, representing an increase of Bs 306 million (39.6%) compared with Bs 772 million (Bs 360 million)¹ in 4Q 2009, due mainly to Bs 131 million growth in personnel expenses, Bs 98 million in expenses for contributions to regulatory bodies as a result of the rise in the semi-annual contribution that financial institutions are required to make to Fogade, from 0.50% of total deposits in 2009 to 1.25% in 2010, and Bs 77 million in other operating expenses.

Personnel and Operating Expenses were affected by the high level of inflation in Venezuela over the last 12 months (27.2%). The efficiency ratio measured by calculating Operating Expenses as a percentage of Average Assets, was 5.6% in December 2010, versus 5.9% in December 2009.

Summary of the Financial Statements and Ratios²
(In millions of Bolivars, except percentages)

	<u>12-31-10</u>	<u>09-30-10</u>	<u>12-31-09</u>	<u>Δ Dec 10 vs. Sep 10</u>	<u>Δ Dec 10 vs. Dec 09</u>
QUARTERLY RESULTS					
Net Interest Income	1,096	970	756	13.0%	45.0%
Allowance for losses on loan portfolio	367	230	168	59.6%	118.5%
Commissions and other income	838	669	517	25.3%	61.7%
Insurance premiums, net of claims	188	74	104	154.1%	80.8%
Salaries and Operating Expenses	1,079	1,098	772	(1.7)%	39.6%
Taxes	(182)	(43)	(87)	323.3%	109.2%
Net Income – Quarter	494	341	313	44.9%	57.9%
Net Income – 12 months	2,176		796		173.4%
KEY FINANCIAL INDICATORS					
Income per share –Quarter Bs/ share	4.96	3.42	3.14	45.0%	58.0%
Income per share –Year Bs/ share	21.82		7.95		174.5%
Market price A share	29.50	29.50	18.50	0.0%	59.5%
Market price B share	29.50	29.50	18.50	0.0%	59.5%
Book value per share	83.17	77.27	47.50	7.6%	75.1%
Net Income (quarter) / Average Assets (ROA)	2.9%	2.1%	2.5%	38.1%	16.0%
Net Income (quarter) / Average Equity (ROE)	28.9%	21.3%	28.0%	35.7%	3.2%
Net Income (year) / Average Assets (ROA)	3.2%	3.2%	1.6%	0.0%	100.0%
Net Income (year) / Average Equity (ROE)	31.8%	31.6%	17.8%	0.6%	78.7%

¹ Dollar figures are given for reference purposes only. Balance Sheet figures are translated at the closing exchange rate and income statement figures at the average exchange rate for the period. See exchange rates in Appendix V. Exchange control in place in Venezuela since February 2003.

² See Appendix III Summary of the Financial Statements and Ratios (in Dollars)¹.

Assets: During 4Q 2010 total assets grew Bs 4,516 million (6.0%) compared to 3Q 2010, reaching Bs 79,383 million (US\$ 18,507 million)¹ and reflecting Bs 26,308 million (49.6%) year-on-year growth. This quarterly growth includes a 6.9% increase in the size of the domestic operation and a decline of 0.9% in the overseas operation in dollar terms. A breakdown by subsidiary is given below:

- ✓ **Mercantil Banco Universal** grew Bs 4,702 million (11.2%) in 4Q 2010 and Bs 9,306 million (24.9%) compared to December 2009.
- ✓ **Mercantil Commercebank, N.A.** decreased US\$ 160 million¹ (2.4%) in 4Q 2010 and increased US\$ 485 million¹ (8.2%) compared to December 2009.
- ✓ **Mercantil Seguros** grew Bs 312 million (10.3%) in 4Q 2010 and Bs 1,164 million (53.3%) compared to December 2009.
- ✓ **Mercantil Bank (Schweiz) A.G.** decreased a US\$ 12 million¹ (3.4%) downturn in 4Q 2010, but a US\$ 3 million¹ (1.0%) increase compared to December 2009.

Loan Portfolio: Net loans totaled Bs 42,928 million (US\$ 10,008 million)¹ which reflected quarter-over-quarter growth of Bs 3,711 million (9.5%) compared to 3Q 2010 and 58.2% year-on-year growth. The quarterly variation includes 8.3% growth of domestic operations and 1.2% growth of overseas operations in terms of dollars. The breakdown by subsidiary is given below:

- ✓ **Mercantil Banco Universal** grew Bs 3,369 million (14.4%) in 4Q 2010 and Bs 6,663 million (33.2%) compared to December 2009.
- ✓ **Mercantil Commercebank N.A.** grew US\$ 79 million¹ (2.2%) in 4Q 2010 and US\$ 447 million¹ (13.7%) compared to December 2009.

Deposits: Totalled Bs 62,367 million (US\$ 14,540 million)¹ and reflect Bs 4,280 million (7.4%) quarter-over-quarter growth compared to Bs 58,087 million (US\$ 13,542 million)¹, reflecting a 45.6% year-on-year increase. The quarterly variation is attributable mainly to the increase in current accounts and savings accounts and is reflected by a 7.0% increase of the domestic operation and 0.4% growth of overseas transactions. The breakdown by subsidiary is given below:

- ✓ **Mercantil Banco Universal** grew Bs 3,846 million (10.8%) in 4Q 2010 and Bs 7,186 million (22.3%) compared to December 2009.
- ✓ **Mercantil Commercebank NA** grew US\$ 32 million¹ (0.6%) in 4Q 2010 and US\$ 387 million¹ (8.2%) compared to December 2009.

Shareholders' Equity: Shareholders equity increased to Bs 8,513 million (US\$ 1,985 million)¹, reflecting Bs 588 million (7.4%) quarter-over-quarter growth from Bs 7,924 million (US\$ 1,848 million)¹, and up 74.4% compared to 4Q 2009. The quarterly variation is mainly due to net income of Bs 494 million for the period, a Bs 152 million increase from adjusting available-for-sale investments to their market value, which includes an exchange difference effect for the period and a Bs 57 million reduction in allowances for the minimum cash dividend payable in 2011.

The variation from December 2009 was due mainly to net income for the year of Bs. 2,176 million, an increase of Bs. 1,270 million from the effect of translating net assets of overseas subsidiaries and an increase of Bs. 358 million from adjusting investments available for sale to their market value, which includes an exchange difference effect for the period. Mercantil's Equity/Assets ratio at December 31, 2010 is 10.7% and its equity/risk-weighted assets ratio is 20.4%, in accordance with the standards of the National Securities Superintendency (SNV), (9.2% and 18.3% at December 31, 2009). **Mercantil Banco Universal's** Equity/Assets ratio at December 31, 2010 is 11.2% and its Equity/Risk-Weighted Assets ratio 17.6% (10.2% and 17.0% at December 31, 2009) in keeping with the standards of the Superintendency of Banks in Venezuela. For **Mercantil Commercebank N.A.**, these indicators are 9.3% and 18.1%, respectively, based on the standards of the Office of the Comptroller of the Currency (OCC), versus 10.5% and 22.1% at December 31, 2009. The equity ratios of Mercantil and its subsidiaries exceed the regulatory minimums.

Summary of the Financial Statements (In millions of Bolivars, except percentages)

	<u>12-31-10</u>	<u>09-30-10</u>	<u>12-31-09</u>	<u>Δ Dec 10 vs. Sep 10</u>	<u>Δ Dec 10 vs. Dec 09</u>
Cash and due from banks	11,825	11,134	9,480	6.2%	24.7%
Investment Portfolio	21,592	21,522	14,044	0.3%	53.7%
Loan Portfolio, Net	42,928	39,218	27,138	9.5%	58.2%
Other assets	3,038	2,992	2,413	1.5%	25.9%
TOTAL ASSETS	79,383	74,866	53,075	6.0%	49.6%
ASSETS UNDER MANAGEMENT	16,615	18,074	13,029	(8.1)%	27.5%
Deposits	62,367	58,087	42,848	7.4%	45.6%
Financial Liabilities	3,134	3,321	1,665	(5.6)%	88.2%
Other Liabilities	5,369	5,534	3,682	(3.0)%	45.8%
Shareholders' Equity	8,513	7,924	4,880	7.4%	74.4%
TOTAL LIABILITIES AND SHAREHOLDERS'	79,383	74,866	53,075	6.0%	49.6%

¹ Dollar figures are given for reference purposes only. Balance Sheet figures are translated at the closing exchange rate and income statement figures at the average exchange rate for the period. See exchange rates in Appendix V. Exchange control has been in place in Venezuela since February 2003

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Contribution of the Subsidiaries

December 31, 2010

MERCANTIL SERVICIOS FINANCIEROS ⁽¹⁾ (In millions of Bolivars and Dollars ², except percentages)

Equity: Bs. 8,513 (US\$1,985)

Shareholders Equity

Mercantil Banco Universal Bs. 5,003 US\$ 1,166	Mercantil Commercebank Florida Bancorp Bs. 2,271 US\$ 529	Banks overseas Bs. 586 US\$ 137	Mercantil Seguros Bs. 871 US\$ 203	Mercantil Merinvest Bs. 112 US\$ 26	Others Bs. 29 US\$ 7
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Main Activity

■ Venezuelan Universal Bank	■ U.S.A Domestic Bank & Brokerage	■ International Banking	■ Insurance In Venezuelan	■ Investment banking, mutual funds, trading & brokerage in Venezuelan	■ Other Minor Investments
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Main Subsidiaries

■ Mercantil Commercebank N.A. ■ Mercantil Commercebank Investment Services (MCIS) ■ Mercantil Commercebank Trust Company (MCTC)	■ Mercantil Bank Schweiz, AG. (Suiza) ■ Mercantil Bank and Trust Limited (Islas Caiman) ■ Mercantil Bank Curacao, NV ■ Mercantil Bank 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.
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In millions of Bolivars ¹							Total
Total Assets	46,170	27,533	2,195	3,193	70	222	79,383
% Assets	58.2%	34.7%	2.8%	4.0%	0.1%	0.3%	100.0%
Investments	7,704	9,898	1,525	2,307	66	92	21,592
Loans (Net)	26,703	15,878	347	-	-	-	42,928
Deposits	39,218	21,363	1,786	-	-	-	62,367
Contribution							
Income net:							
Quarter	353	(57) ⁽⁴⁾	88	162	6	(58)	494
12 months	1,630	(35)	144	409	43	(15)	2,176
Assets under Management	8,421	5,364	1,813	24	993	-	16,615
In millions of US\$ ²							
Total Assets	10,764	6,419	512	744	16	52	18,507
Investments	1,796	2,308	356	538	15	21	5,034
Loans (Net)	6,225	3,702	81	-	-	-	10,008
Deposits	9,143	4,981	416	-	-	-	14,540
Contribution							
Income net:							
Quarter	82	(13) ⁽⁴⁾	21	38	1	(14)	115
12 months	455	(7)	40	114	12	(7)	607
Assets under Management	1,962	1,251	423	6	232	-	3,874
Number of Employees	6,685	746	41	1,487	26	49	9,034

¹ Financial data presented in accordance with SNV standards (see appendix I). Figures net of elimination of inter-company transactions.

² Dollar figures are given for reference purposes only. Balance Sheet figures are translated at the closing exchange rate and income statement figures at the average exchange rate for the period. See exchange rates in appendix V. Exchange control has been in place in Venezuela since February 2003.

³ See Performance of Subsidiaries (page 18).

⁴ See appendix VII under USGAAP (page 41) which reflects US\$ 4 million in Net income for 3Q 2010 and US\$ 1 million in Net income for the 12 months. The difference between Mercantil Commercebank N.A. financial statements and the figures in the contribution of subsidiaries chart above is due to accounting conciliations between each institution's own regulators. (see page 28, and page40).

Market Share

	Commercial and Universal Bank's Positioning	Market Share
Venezuela		
Mercantil Banco ⁽¹⁾		
Tuorism Loans	3	14.3%
Industrial Loans	1	18.6%
Agricultural Loans	2	13.4%
Morgtgage Loans under the mortgage Debtor Law (Ley Especial del Deudor Hipotecario)	1	14.7%
Microcredits Loans	3	10.6%
Gross Loans	2	14.5%
Savings Deposits	1	20.1%
Total Deposits + Inv. Sold under Rep Agrmt.	2	13.2%
Total Deposits + Inv. Sold under Rep Agrmt. + Other Demand Liabilities	4	11.7%
Total Assets	4	11.4%
Trust	3	9.9%
Mercantil Merinvest		
Mutual Funds	1	70.7%
Mercantil Seguros ⁽²⁾		
Net Premiums	2	11.2%
U.S.A.		
Mercantil Commercebank ⁽³⁾		
Total Deposits	16	1.0%

(1) Source: Summary of Unconsolidated Financial Statements Published in National newspapers.

(2) Source: Venezuelan Superintendency of Insurance Activity at November 30, 2010.

(3) Source: Federal Deposit Insurance Corporation (FDIC), to the Florida Stated USA, at June 30, 2010, total number of institutions: 339 in Florida.

Management Discussion and Analysis

Operating Income

In millions of Bolivars and millions of US\$, except percentages	US\$ ¹ 12-31-10	Quarter Ended on		Δ		12 months Ended on		Δ	
		12-31-10	12-31-09	Bolivars	%	12-31-10	12-31-09	Bolivars	%
Net Interest Income	256	1,096	756	340	45.0%	3,773	2,815	958	34.0%
Allowance for Losses on Loan Portfolio	86	367	168	199	118.5%	963	760	203	26.7%
Expense for Devaluation of Investments in Available for Sale Securities	-	-	34	(34)	(100.0)%	-	35	(35)	(100.0)%
Net Financial Margin	170	729	554	175	31.6%	2,810	2,020	790	39.1%
Commissions and Other Income	195	838	517	319	61.7%	3,229	1,380	1,847	133.8%
Insurance Premiums, Net of Claims	44	188	104	84	80.8%	421	326	95	29.1%
Operating Income	410	1,755	1,174	578	49.2%	6,460	3,726	2,732	73.3%

¹ Dollar figures are given for reference purposes only. Balance Sheet figures are translated at the closing exchange rate and income statement figures at the average exchange rate for the period. See exchange rates in Appendix V. Exchange control has been in place in Venezuela since February 2003

Net Interest Income

In 4Q 2010 Net Interest Income was Bs 1,096 million (US\$ 256 million)¹, representing a year-on-year increase of 45.0% from Bs 756 million (US\$ 353 million)¹, mainly resulting from: a) 11.5% growth of the domestic operation, b) 22.2% reduction in the overseas operation in dollar terms, and c) 11.5% (Bs 85 million) increase due to currency translation effects.

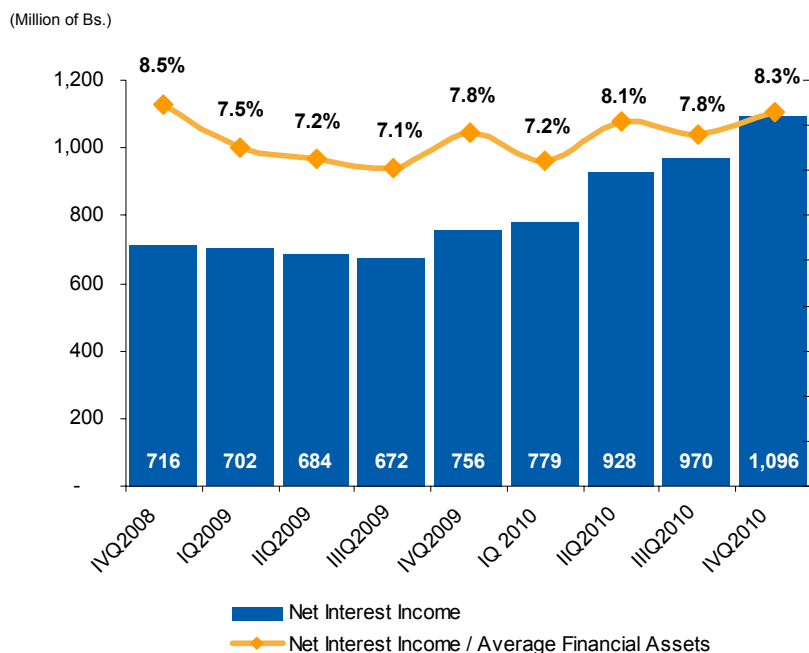
Growth of Venezuela's Net Interest Income is mainly due to the increased rate of financial intermediation which rose from 65.4% at the end of 2009 to 71.1% at the close of December 2010.

Mercantil Commercebank, N.A.'s Net Interest Income registered 2.7% year-over-year growth from US\$ 37 million to US\$ 38 million. The Bank continues to hold a significant portion of its assets, US\$ 2.5 million, which is more than 39%, in short-term investments and in securities issued by the US government or US government-sponsored bodies. This high level of liquidity has continued to give the Bank ample flexibility to increase its credit operations, and to achieve a higher net interest income in the future.

Mercantil's Net Interest Margin (NIM) in 4Q 2010 was 8.3% compared to 7.8% twelve months earlier.

In 2010, Net Interest Income grew registered 34% year-on-year growth from Bs 2,815 million (US\$ 1,313 million)¹ to Bs 3,773 million (US\$ 1,053 million)¹. The improvement can be attributed mainly to: a) 17.6% growth of the domestic operation, b) 7.8% growth of the overseas operation in dollar terms, and c) 8.6% (Bs 245 million) increase due to currency translation effects.

Evolution of Interest Income



Allowance for Losses on Loan Portfolio

During 4Q 2010, the Loan Portfolio Provision was Bs 367 million (US\$ 86 million)¹, reflecting a Bs 199 million (118.5%) year-on-year increase compared to Bs 168 million (US\$ 78 million)¹ at 4Q 2009. This includes: a) 67.2% growth of the domestic operation, b) 28.1% growth of the overseas operation in dollar terms, and c) 23.2% (Bs 40 million) increase due to currency translation effects.

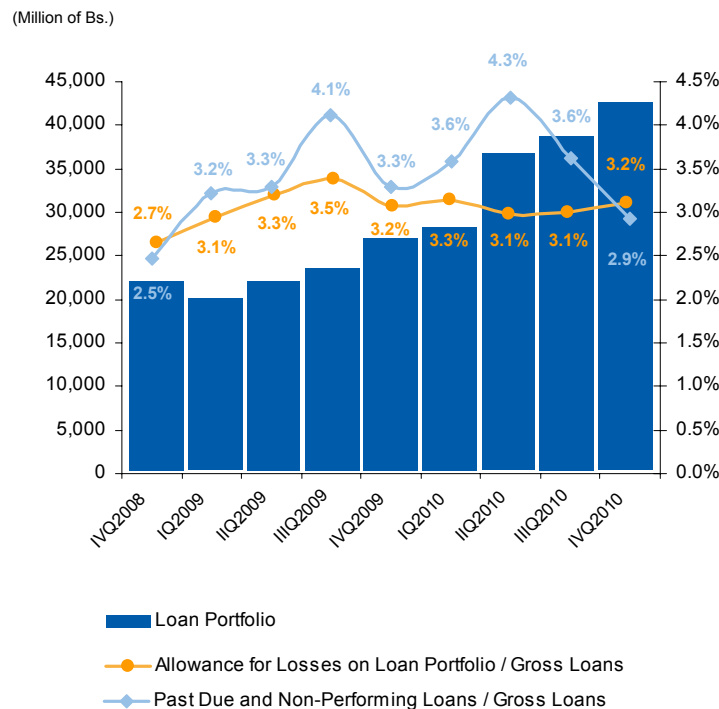
The Mercantil Banco Universal subsidiary registered Bs 241 million in Loan Portfolio Provisions in 4Q 2010 (Bs 128 million in 4Q 2009) due to loan portfolio growth and mainly aimed at provisioning the agricultural and construction sectors.

The Mercantil Commercebank subsidiary registered US\$ 29 million in Loan Portfolio Provisions in 4Q 2010, mainly from mortgage, (construction and housing) and commercial loans, reflecting a US\$ 11 million increase over the US\$ 18 million provision registered in 4Q 2009.

This brings the accumulated allowance to Bs 1,434 million (US\$ 334 million)¹ at December 31, 2010 and represents 3.2% of Gross Loans (3.1% at September 30, 2010). This provision covers 110.8% of the Past-due and Nonperforming Loan Portfolio (85.7% at September 30, 2010). Write-offs for the quarter totaled Bs 17 million in Venezuela and US\$ 81 million abroad (Bs 48 million in Venezuela and US\$ 39 million abroad in 4Q 2009).

During 2010 expenses for Loan Portfolio provisions grew 26.7% from Bs 760 million in 2009 to Bs 963 million at year end.

Evolution of Loan Portfolio



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Total Commissions and Other Income

In 4Q 2010, other income and commissions amounted to Bs 838 million (US\$ 195 million)¹, Bs 319 million (61.7%) higher than in 4Q 2009 when they totaled Bs 517 million (US\$ 121 million)¹, mainly due to:

- Bs 119 million increase in exchange difference due to the new exchange rate set by the Venezuelan Central Bank at December 2010 for the valuation of dollar-linked bonds TICC's (Títulos de Interés de Capital Cubierto). The rate went from Bs 2.5935/US\$1 to Bs 4.2893/US\$1
- Bs 17 million growth in earnings from securities trading activities in domestic and foreign currency.
- Bs 116 million growth from the financing and sale of insurance policies, earnings from commissions on credit cards, earnings from operations with derivatives and others.

In 2010, Commissions and Other Income totaled Bs 3,229 million, reflecting Bs 1,847 million (133.8%) growth compared to 2009. This is mainly due to Bs 1,061 million in income from exchange differences as a result of the new exchange rate established by the Central Bank of Venezuela for the valuation of assets and liabilities in foreign currency, which went from Bs 2.1446 / US\$1 a Bs 4.2893 /US\$1 in January 2010; Bs 373 million in income from securities trading; Bs 173 million in income from commissions on credit cards and others; Bs 46 million in income from the financing of insurance policies, among others.

Insurance Premiums, Net of Claims

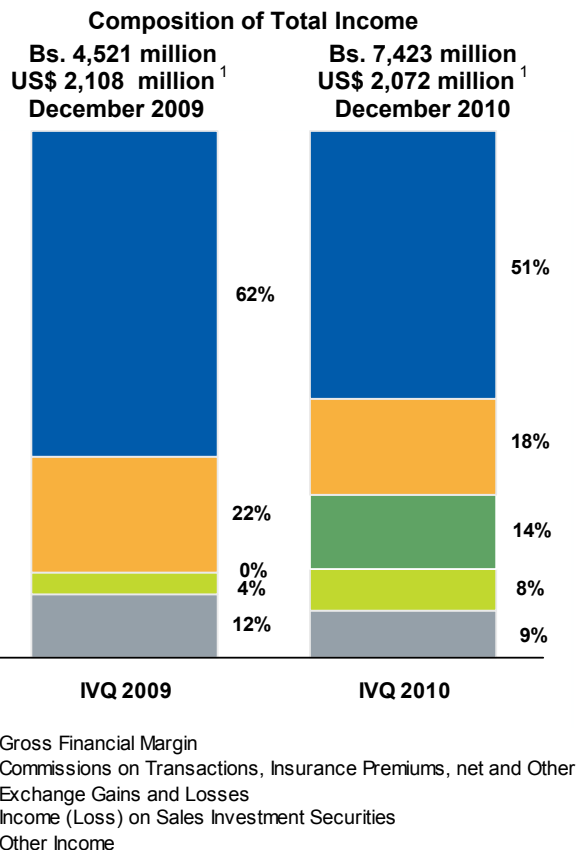
In 4Q 2010, Insurance Premiums, net of Commissions, Reinsurance and Claims amounted to Bs 188 million (US\$ 44 million)¹, (80.8%), higher than in 4Q 2010 when they totaled Bs 104 million (US\$ 48 million)¹. This improvement in insurance activity is due to the automobile insurance business.

Net earned premiums for 4Q 2010 amounted to Bs 1,287 million (US\$ 300 million)¹, reflecting year-on-year growth of Bs 408 million (46.4%). The main contributor to this variation was the Individual Automobile (46%) and Healthcare (56%) businesses. At the close of November 2010, Mercantil Seguros was the country's second largest insurance company in terms of net collected premiums, with 11.2% of the insurance market.

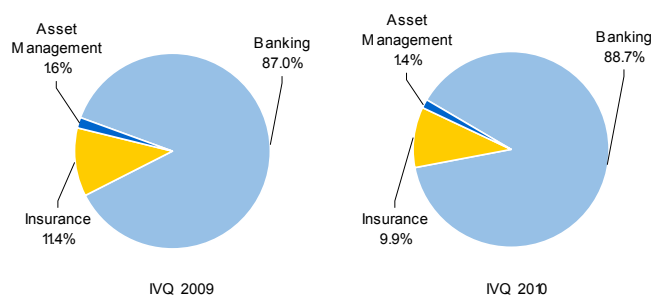
Claims in 4Q 2010 totaled Bs. 763 million (US\$ 178 million)¹, up Bs. 199 million (35.2%) on the figure for 4Q 2009. This growth is attributable mainly to the Healthcare and fire business.

The technical result was Bs 79 million (US\$ 18 million)¹, a year-on-year increase of 192.6%.

In 2010 net earned premiums grew 43.2%, from Bs 2,802 million in 2009 to Bs 4,013 million in 2010, mainly due to the growth of the automobile business.



Composition of Total Income by Business Segment



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Operating Expenses

(In millions of Bolivars and US\$, except percentages)	US\$ ¹	Quarter				12 months			
		Ended on		Δ		Ended on		Δ	
		12-31-10	12-31-09	Bolivars	%	12-31-10	12-31-09	Bolivars	%
Operating Income	410	1,755	1,174	578	49.2%	6,460	3,726	2,732	73.3%
Operating Expenses									
Salaries and Employee Benefits	107	459	328	131	39.9%	1,707	1,371	336	24.5%
Other Operating expenses	145	620	445	175	39.3%	2,245	1,463	781	53.4%
Taxes Current and Deferred	(42)	(182)	(87)	(95)	109.2%	(332)	(97)	(235)	242.3%
Net Income	115	494	313	181	57.9%	2,176	796	1,380	173.4%

In 4Q 2010, Operating Expenses registered 39.6% year-on-year growth from Bs 773 million (US\$ 360 million)¹ to Bs 1,079 million (US\$ 252 million)¹, mainly due to:

- Bs 131 million in Personnel Expenses (39.9% year-on-year increase). Higher expenses include the application of salary increase policies. In Venezuela, at Mercantil Banco Universal assets per employee rose from Bs 4.9 million in 2009 to Bs 7.0 million in 2010. At Mercantil Seguros, the net collected premium per employee went from Bs 610,841 in 2009 to Bs 865,501 in 2010. In the case of the overseas business, this indicator increased from US\$ 7.5 million assets per employee in 2009 to US\$ 8.6 million in 2010.
- Bs 98 million increase in expenses for contributions to regulatory bodies, mainly due to the increase in compulsory semi-annual contributions by financial institutions to Fogade; which rose from 0.50% of total deposits in 2009 to 1.25% in 2010.
- Bs 24 million rise in depreciation, property and equipment expenses, amortization of intangibles and others.
- Bs 53 million increase in commissions on services, transfers, communications and other expenses.

The efficiency ratio measured by calculating Operating Expenses as a percentage of Average Assets, was 5.6% in December 2010, versus 5.9% in December 2009. The ratio of operating income to total income was 43.9% in December 2010 versus 52.7% in December 2009. Personnel and Operating Expenses were affected by the high level of inflation in Venezuela over the last 12 months (27.2%) and for the effects of the devaluation of the Bolivar versus the US dollar affecting expenses in Venezuela and for the translation of overseas subsidiaries.

In 2010, Operating Expenses totaled Bs 3,952 million, 39.4% more than the Bs 2,834 million recorded in 2009, mainly due to the Bs 336 million growth of Personnel Expenses and a Bs 781 million increase in Other Operating Expenses; the latter reflected a Bs 95 million rise in depreciation expenses, property and equipment expenses, amortization of intangibles and others; higher expenses for contributions to regulatory agencies amounting to Bs 295 million, Bs 160 million in expenses for commissions, services, transfers and communications; Bs 56 million in provisions for realizable assets and other assets; Bs 30 million for taxes and contributions, and others.

During 4Q 2010, expenditure for corporation tax increased Bs 95 million (109.2%) compared with 4Q 2009. This was mainly due to higher estimated current taxes for the Venezuelan operation. In annual terms the increase is Bs 235 million (242.3%) more than at December 31, 2009.

¹ Dollar figures are given for reference purposes only. Balance Sheet figures are translated at the closing exchange rate and income statement figures at the average exchange rate for the period. See exchange rates in Appendix V. Exchange control has been in place in Venezuela since February 2003.

Balance Sheet

The principal Balance Sheet variations during 4Q 2010 are reviewed below and commented on with respect to the previous quarter. The main year-on-year variations are also indicated for comparison purposes.

Summary of Balance Sheet and Private Banking and Wealth Management										
(In millions of Bolivars and Dollars, except percentages)										
	US\$ ¹	12-31-10	12-31-10	09-30-10	12-31-09	Δ		Δ		
						Dec 10 vs. Sep 10		Dec 10 vs. Dec 09		
							Bolivars	%	Bolivars	%
Investment Portfolio	5,034	21,592	21,522	14,044	69	0.3%	7,548	53.7%		
Loan Portfolio, Net	10,008	42,928	39,218	27,138	3,711	9.5%	15,790	58.2%		
Total Assets	18,507	79,383	74,866	53,075	4,516	6.0%	26,308	49.6%		
Deposits	14,540	62,367	58,087	42,848	4,280	7.4%	19,519	45.6%		
Shareholders' Equity	1,985	8,513	7,924	4,880	588	7.4%	3,633	74.4%		
Assets under Management	3,874	16,615	18,074	13,029	(1,459)	(8.1)%	3,586	27.5%		

Investment Portfolio

At the close of 4Q 2010, the investment portfolio amounted to Bs 21,592 million (US\$ 5,034 million)¹, similar to the Bs 21,522 million (US\$ 5,018 million)¹ recorded in 3Q 2010. This quarter-over-quarter variation includes: a) 6.7% growth of the domestic operation, and b) 6.4% decline of the overseas operation in dollar terms.

Mercantil Banco Universal's investment portfolio amounted to Bs 7,890 million (US\$ 1,839 million)¹ at December 31, 2010, reflecting a 15.4% quarter-over-quarter increase from Bs 6,839 million. Mercantil Commercebank Florida Bancorp's portfolio dropped 11.3% to US\$ 2,310 million compared to the previous quarter. Mercantil Seguros investment portfolio grew 15.7% to Bs 2,399 million (US\$ 559 million)¹, compared to September 30, 2010.

Compared to December 31, 2009, the investment portfolio grew Bs 7,548 million (53.7%) from Bs 14,044 million to Bs 21,592 million. This increase includes: a) 12.9% growth of the domestic operation, b) 3.2% reduction in the overseas operation in dollar terms, and c) 44.0% (Bs 6,180 million) increase due to currency translation effects.

¹ Dollar figures are given for reference purposes only. Balance Sheet figures are translated at the closing exchange rate and income statement figures at the average exchange rate for the period. See exchange rates in Appendix V. Exchange control has been in place in Venezuela since February 2003

Investments by maturity and yield during 4Q 2010 are broken down as follows:

Investments by Maturity and Yield											
(In millions of Bolivars, except percentages)											
Years	Trading	Available for Sale		Held to Maturity		Shares	Time Deposits and Placements		Restricted Investments		TOTAL
		Bs. ²	% ⁴	Bs. ³	% ⁴		Bs. ²	%	Bs. ²	% ⁴	
Bs.	Less Than 1		9.2%				1,764 ⁵	5.0%	1,612	6.0%	4,372
	From 1 to 5	3,715	13.6%								3,715
	Over 5	748	14.8%	320	9.6%	15					1,083
US\$	Less Than 1	233	5.8%	63	1.6%		140	0.5%	30	0.1%	835
	From 1 to 5		4.1%	220	2.8%		13	2.5%	9	2.2%	2,421
	Over 5		5.0%	20	10.0%	1	25	0.4%	41	4.4%	9,166
		233		623		16	1,942		1,692		21,592

² Registered at Market Value.

³ Amortized cost.

⁴ The yield of securities is based on amortized cost at the end of the period. Yield is calculated by dividing income from (including Premium amortization or discounts) by amortized cost or market value

⁵ Bs 1,439 are Central Bank placements with less than 60 days maturity

Investments during 4Q 2010 by company, by issuer and by currency are broken down as follows:

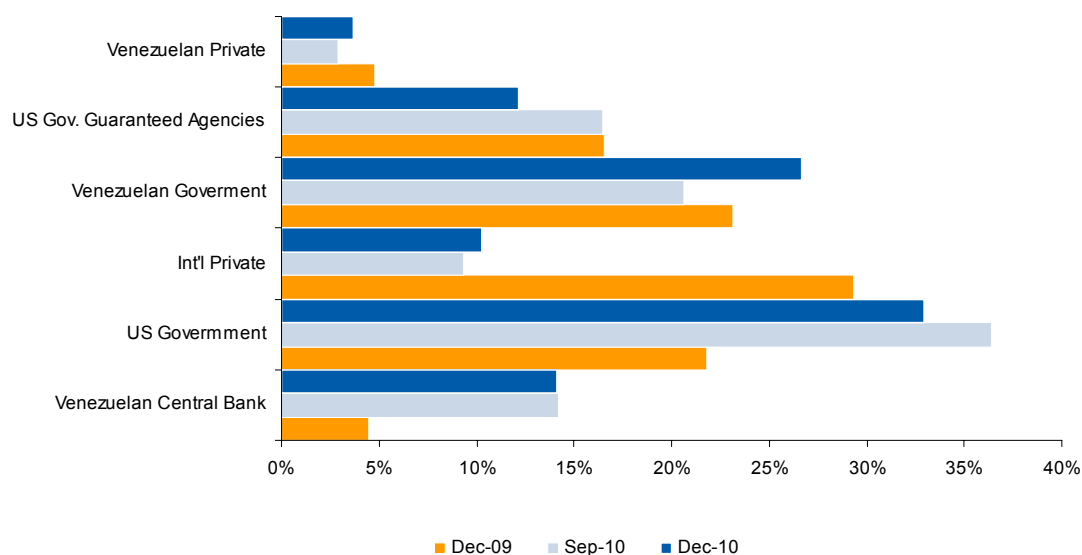
Breakdown of Investments by Issuer and Currency at December 30, 2010 (In millions of Bolivars and Dollars, except percentages)							
	Venezuelan Central Bank	US Government	US Gov. Guaranteed Agencies	Int'l Private	Venezuelan Government	Venezuelan Private	Total Bs
Bolivars							
Mercantil Banco Universal	3,050	-	-	25	3,964 ²	9	7,048
Mercantil Seguros & Others	-	-	-	72	1,676	377	2,125
Total Bs	3,050	-	-	97	5,640	386	9,173
US Dollars							
Mercantil Banco Universal	-	12	67	40	34	-	153
Mercantil Commercebank	-	439	1,600	251	19	-	2,309
Mercantil Seguros & Others	-	77	77	204	74	1	433
Total US\$	-	528	1,744	495	127	1	2,895
Breakdown %	14.1%	10.5%	34.7%	10.3%	28.6%	1.8%	100.0%

¹ Dollar figures given for reference purposes only and are translated at the closing exchange rate. See Exchange rates in Appendix V. Exchange control has been in place in Venezuela since February 2003.

² Bs 887 million include US\$ indexation clause.

Total investments in securities issued or guaranteed by the Venezuelan nation (excluding the BCV) represent 0.7 times Mercantil's equity and 7.3% of its assets. These securities are 0.7 times Mercantil Banco Universal's equity and account for 7.9% of its assets. Mercantil holds 2.4% of the public debt securities issued by the Venezuelan State, according to information obtained from the Ministry of Economics and Finance at September 30, 2010.

Breakdown of Investments by Issuer



Loan Portfolio

At the close of 4Q 2010, Net Loans reached Bs 42,928 million (US\$ 10,008 million)¹, 9.5% more than the previous quarter's level of Bs 39,218 million (US\$ 9,144 million)¹. This quarterly variation includes: a) 8.3% growth of the domestic operation, and b) 1.2% growth of the overseas operation in dollar terms.

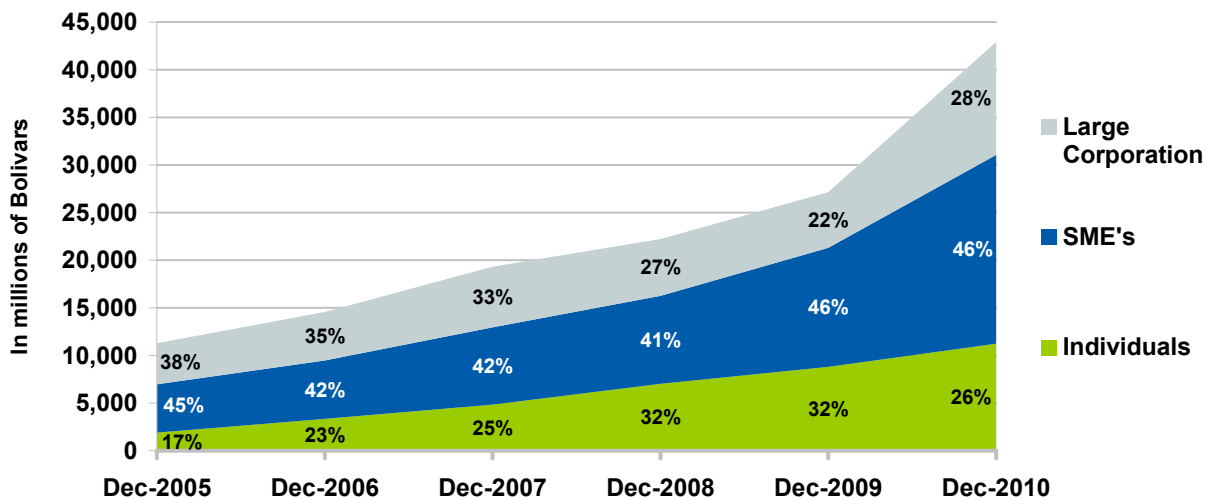
In annual terms, the investment portfolio grew Bs 15,790 million (58.2%) from Bs 27,138 million to Bs 42,928 million. This variation includes: a) 24.1% growth of the domestic operation, b) 7.9% growth of the overseas operation in dollar terms, and c) 26.2% (Bs 7,100 million) increase due to currency translation effects.

The ratio of past-due and nonperforming loans to gross loans was 2.9%. At Mercantil Banco Universal this indicator is 0.9%, compared with 3.4% for the Venezuelan financial system and 6.5% at Mercantil Commercebank (8.3% of nonperforming loans). At December 31 and September 30, 2010, 95.5% and 95.1% respectively of Mercantil's loan portfolio is outstanding. The portfolio provision represents 110.8% coverage of past-due and nonperforming loans; this indicator is 489.0% at Mercantil Banco Universal and 24.2% at Mercantil Commercebank.

Mercantil Banco Universal is Venezuela's leading bank in terms of manufacturing and mortgage loans under the Mortgage Debtor Law (*Ley Especial del Deudor Hipotecario*), with market shares of 18.6% and 14.7% respectively. Mercantil Banco Universal ranks second in Venezuela's financial system in terms of gross loans and agricultural loans, with 14.5% and 13.4% of those markets respectively. The Bank is Venezuela's third largest for microcredits and loans to the tourism sector, with market shares of 14.3% and 10.6% respectively.

Annex IV shows the distribution of the loan portfolio, broken down by economic activity, maturity, country and type of risk.

Loan Portfolio by Business Segment



¹ Dollar figures are given for reference purposes only. Balance Sheet figures are translated at the closing exchange rate and income statement figures at the average exchange rate for the period. See exchange rates in Appendix V. Exchange control has been in place in Venezuela since February 2003

Statutory percentage of Mercantil Banco Universal loans by economic sector and interest rates:

Sector	Percentages of compliance	Dec-10		Dec-10 Interest Rates
		% of Compliance Reached	% of compliance required	
Agriculture	Calculated on the average gross loans at 12/31/2009 and 12/31/2008, monthly compliance. Maximum per customer 5% of the current portfolio. It requires a minimum number of new clients. Additionally the portfolio must be classified between priority a non-priority sectors in accordance with the Ministry for Agriculture and Land. Moreover, loans to priority sectors must not be lower than 70% of total agricultural loans and at least 10% must be medium and long term loan. ²	26.3% ⁴	25.0%	Set weekly by the Central Bank (BCV). At 12/31/2010 this is 13%.
Mortgage	Calculated on the gross loan portfolio at 12/31/2009, distributed as follows: 5.8% in long-term loans and 4.2% in short-term loans. Annual Compliance.	12.3%	10.0%	Set semi-annually by the Housing and Habitat Ministry, based on the weighted average lending rate of leading banks in Venezuela. Set in accordance with family income of debtors, ranging between 4.66% and 14.39%.
Microcredits	3% Calculated on the gross loan portfolio at 06/30/2010. Monthly Compliance.	3.4%	3.0%	Within minimum and maximum rates established by the Central Bank. At 12/31/2010 the rate can not be higher than 24%.
Tourism	It's calculated based on the average of the Loan Portfolio figures at year-end 2009 and 2008. In February 2010 the Tourism Ministry set the minimum that banks must lend at 3%. Compliance must be reached by December 31, 2010 (1.5% semiannually)	3.2%	3.0%	The Central bank establishes a preferential rate for the sector on a monthly basis. As of December 31, 2010 the rate is 13% and can be as low as 10% in some cases in accordance with the Law for Tourism Loans.
Industrial	Calculated on the gross loan portfolio at 12/31/2009. Monthly Compliance	14.4%	11.0% ³	Set by the Central Bank at 19%.

Total Assets

At the close of 4Q 2010, total assets reached Bs 79,282 million (US\$ 18,507 million)¹, Bs 4,516 (6.0%) more than the Bs 74,866 million (US\$ 17,457 million)¹ recorded for 3Q 2010. This quarterly growth includes: a) 6.9% growth of the domestic operation, and b) 0.9% decline in the overseas operation in dollar terms.

In annual terms, assets grew Bs 26,308 million (49.6%) from Bs 53,075 million to Bs 79,383 million. This increase includes: a) 18.9% growth of the domestic operation, b) 4.2% growth of the overseas operation in dollar terms, and c) 26.5% (Bs 14,073 million) increase due to currency translation effects.

At December 31, 2010, Mercantil Banco Universal ranks fourth in the Venezuelan financial system in terms of total assets with 11.4% of the market. The leading institution has a 13.2% share and Venezuela's four main banks account for 49.5% of the market.

¹ Dollar figures are given for reference purposes only. Balance Sheet figures are translated at the closing exchange rate and income statement figures at the average exchange rate for the period. See exchange rates in Appendix V. Exchange control in place in Venezuela since February 2003.

² As of December 31, 2010 the concentration of the agriculture portfolio in primary production was 84.8% (76.0% in priority sectors and 8.8% in non-priority sectors). Medium and Long term loans were 33%.

³ The Bank should earmark not less than 10% of its Gross Loans to the industrial sector at December 31, 2009.

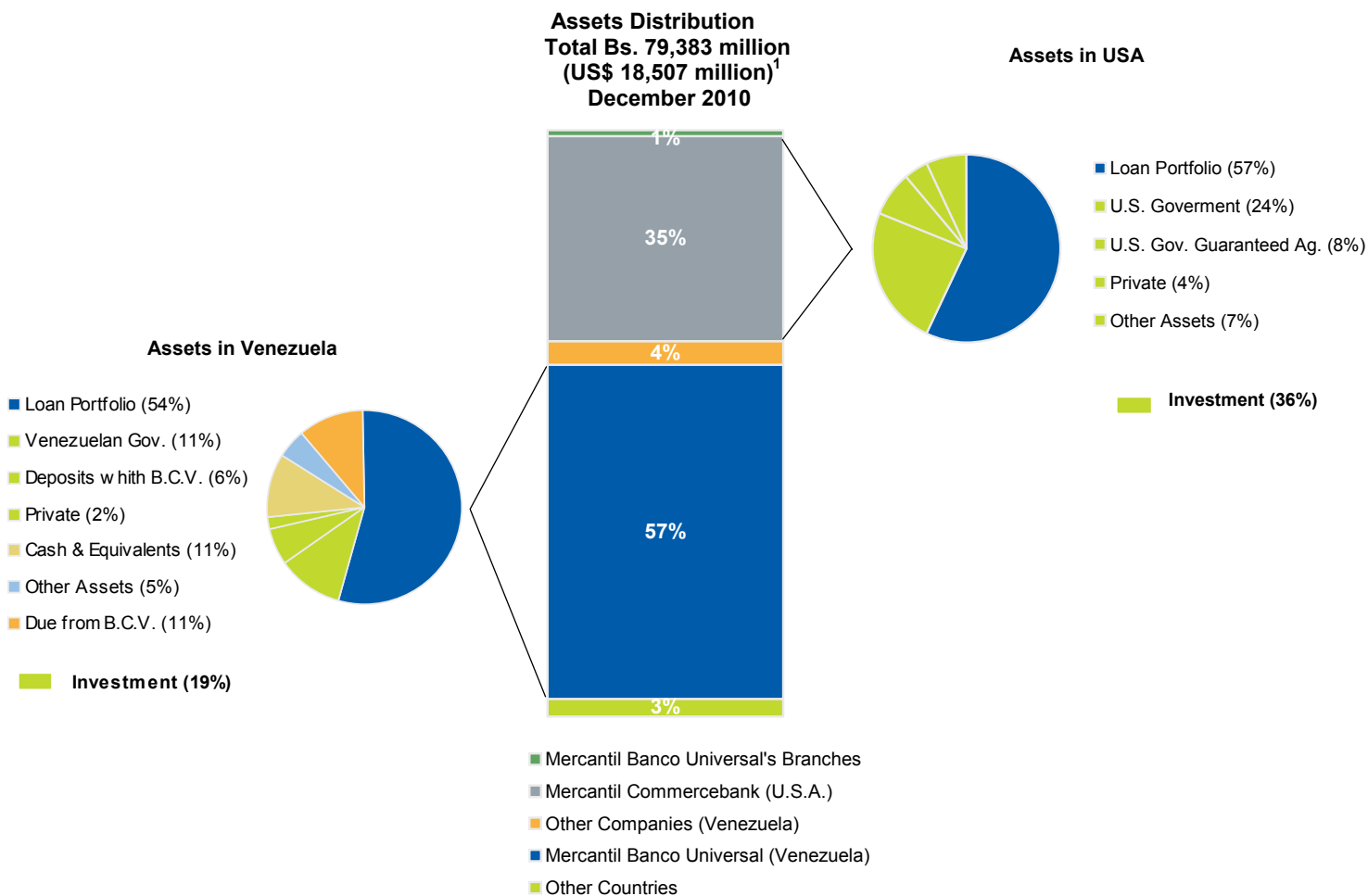
⁴ Includes agricultural bonds issued by the State allocated to the compulsory loan portfolio.

The total consolidated assets of Mercantil Banco Universal including its overseas agencies were Bs 46,639 million (US\$ 10,873 million)¹ at December 31, 2010. This is Bs 4,702 million (11.2%) more than the Bs 41,937 million (US\$ 9,777 million)¹ recorded in the third quarter of 2010. Year-on-year growth was 24.9%, up from Bs 37,333 million (US\$ 17,408 million)¹.

At the close of 4Q 2010, the total assets of Mercantil Commercebank Florida Bancorp (a Holding for Mercantil Commercebank N.A.) were US\$ 6,433 million. This reflects a quarter-over-quarter decline of US\$ 160 million (2.4%) from US\$ 6,593 million. It also represents a year-on-year increase of 8.2% from US\$ 5,948 million.

At the close of December 2010, the Total Assets of Mercantil Seguros were Bs 3,350 million (US\$ 781 million)¹, representing 10.3% up on the Bs 3,038 million (US\$ 709 million)¹ recorded for the previous quarter. Year-on-year growth was 53.3% from Bs 2,184 million (US\$ 1,019 million)¹.

The following figure shows the composition of Mercantil's assets:



¹ Dollar figures are given for reference purposes only. Balance Sheet figures are translated at the closing exchange rate and income statement figures at the average exchange rate for the period. See exchange rates in Appendix V. Exchange control has been in place in Venezuela since February 2003

Deposits

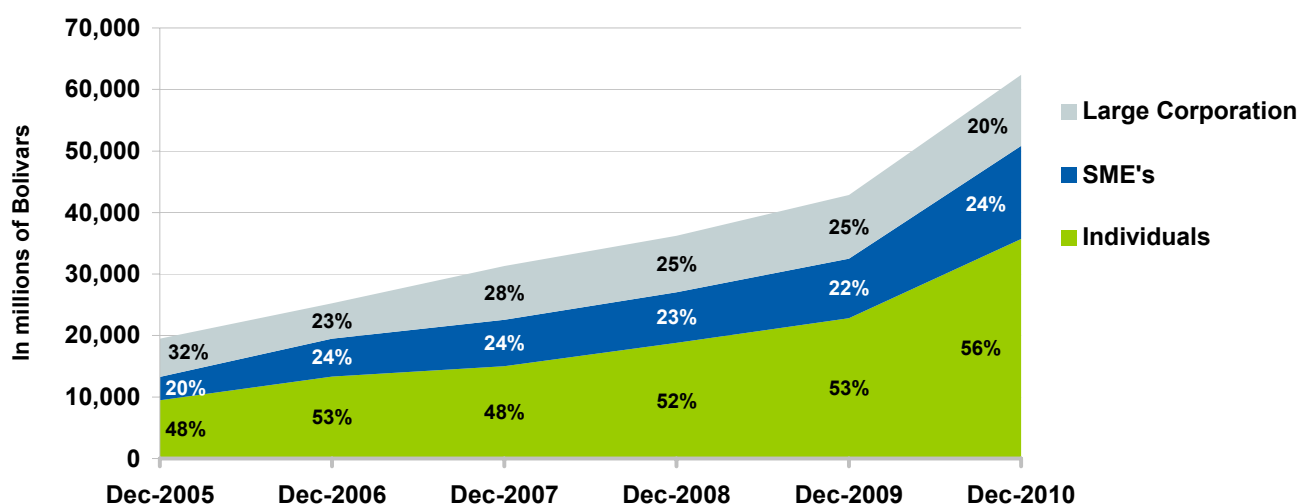
At the close of 4Q 2010, deposits totaled Bs 62,367 million (US\$ Bs 14,540 million)¹ and represented Bs 4,280 million (7.4%) quarter-over-quarter growth from Bs 58,087 million (US\$ 13,542 million)¹. This variation corresponds to: a) 7.0% growth of the domestic operation, and b) 0.4% growth in the overseas operation in dollar terms.

In annual terms, deposits grew Bs 19,519 million (45.6%) from Bs 42,848 million to Bs 62,367 million. This growth includes: a) 16.5% growth of the domestic operation, b) 3.6% growth of the overseas operation in dollar terms, and c) 25.5% (Bs 10,881 million) increase due to currency translation effects.

Mercantil Banco Universal in Venezuela is Venezuela's leading bank in terms of savings deposits with 20.1% of the market and ranks second in terms of gross deposits plus investments sold under repurchase agreement with 13.2% of the market.

Mercantil Commercebank's deposits at December 31, 2010 totaled US\$ 5,116 million, reflecting US\$ 32 million (0.6%) quarter-over-quarter growth from US\$ 5,084 million and a US\$ 387 million (8.2%) year-on-year increase from US\$ 4,729 million.

Breakdown of Deposits by Business Segment



Financial Obligations

At the close of 4Q 2010, financial obligations totaled Bs 3,680 million (US\$ 858 million)¹, representing a quarter-over-quarter decline of 5.6% from Bs 3,899 (US\$ 909 million). Obligations rose 65.5% compared to December 31, 2009, mainly by the effect of devaluation of the Bolivar versus the US dollar in translating the overseas subsidiaries.

(In millions of bolivars and dollars)	US\$ ¹	Dec-10	Sep-10	Dec-09
		Bs.	Bs.	Bs.
Publicly Traded Debt Securities Issued by Mercantil		67	89	312
Subordinated debt	112	479	489	245
		546	578	557
Other Financial Liabilities*		3,134	3,321	1,666
		3,680	3,899	2,223

* Includes liabilities under repurchase agreements, funds received for special financing programs, liabilities with credit cards, letters of credit and securities loan agreements.

¹ Dollar figures are given for reference purposes only. Balance Sheet figures are translated at the closing exchange rate and income statement figures at the average exchange rate for the period. See exchange rates in Appendix V. Exchange control in place in Venezuela since February 2003.

Shareholders' Equity

At the close of 4Q 2010, shareholders' equity totaled Bs 8,513 million (US\$ 1,985 million)¹, representing 7.4% quarter-over-quarter growth from Bs 7,924 million (US\$ 1,848 million)¹. This figure was 74.4% up on the Bs 4,880 million (US\$ 2,277 million)¹ recorded in 4Q 2009.

The quarterly variation mainly includes Bs 494 million in net income for the period, a Bs 152 million increase from adjusting investments available for sale to their market value, which includes exchange difference effect for the period and a Bs 57 decrease in allowances set aside for minimum cash dividends payable in 2011.

The variation from December 2009 was due mainly to Bs. 2,176 million in net income for the year, a Bs. 1,270 million increase from the effect of translating net assets of overseas subsidiaries and a Bs. 358 million increase from adjusting investments available for sale to their market value, which includes exchange difference effect for the period.

Mercantil's equity/assets ratio at December 31, 2010 is 10.7% and its equity/risk-weighted assets ratio is 20.4%, based on the standards of the National Securities Superintendency (SNV) (9.2% and 18.3% at December 31, 2009). For Mercantil Banco Universal, Equity/Assets ratio at December 31, 2010 is 11.2% and its equity/risk-weighted assets ratio 17.6% (10.2% and 17.0% at December 31, 2009) in keeping with the requirements of the Superintendency of Banks in Venezuela. For Mercantil Commercebank, N.A., these indicators are 9.3% and 18.1%, respectively, based on the requirements of the Office of the Comptroller of the Currency (OCC), versus 10.5% and 22.1% at December 31, 2009. 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 translated at the closing exchange rate and income statement figures at the average exchange rate for the period. See Exchange rates in Appendix V. Exchange control in place in Venezuela since February 2003.

² Obtained from dividing Shareholders Equity minus goodwill's amortizations by Total Assets minus public debt securities.

Assets and Liabilities in Foreign Currency

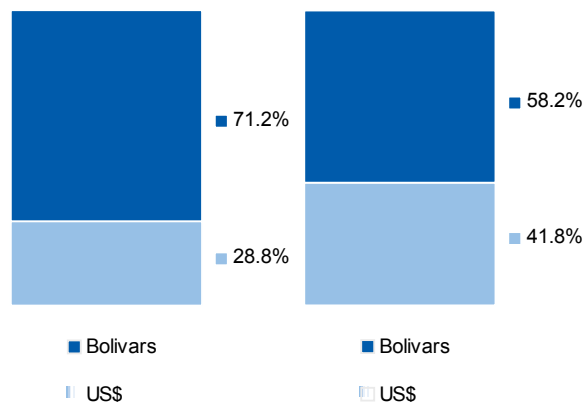
Mercantil's assets and liabilities in foreign currency amount to US\$ 7,738 million and US\$ 6,285 million, respectively, as of December 31, 2010 and US\$ 29 million from derivatives operations.

The estimated effect of each Bs 0.10/US\$1 increase on the exchange rate of Bs 4.2893/US\$1 at December 31, 2010 would be an increase of Bs 774 million in assets and Bs 145 million in equity, Bs 57 million of which would be recorded as income for the period.

Assets by Currency

Bs. 53,075 million
(US\$ 24,748 million¹)
December 2009

Bs. 79,383 million
(US\$ 18,507 million¹)
December 2010



At December 31, 2010 Mercantil's shareholders' equity was Bs 8,513 million, equivalent to US\$ 1,985 million¹, which is partially covered in US dollars by the following assets and derivatives operations:

Assets in US\$

US\$ 1,320

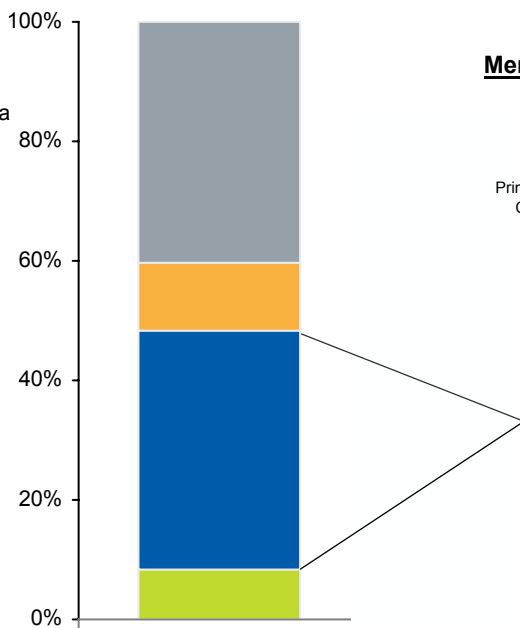
Allocation by Subsidiary:

Mercantil
Commercebank Florida
Bancorp and
Subsidiaries (40%)

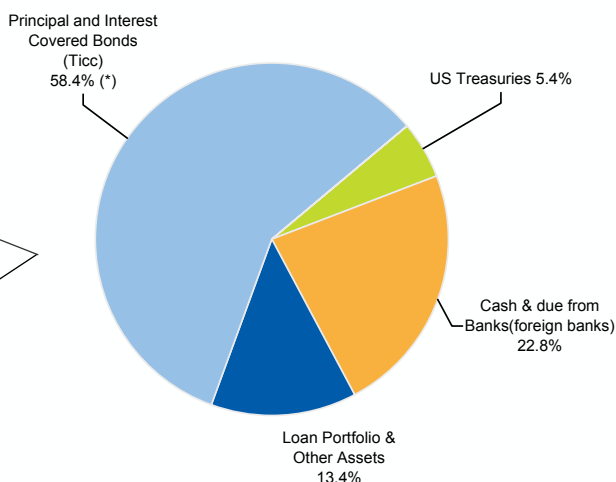
Other Foreign
Subsidiaries (8%)

Mercantil Banco
Universal and
Venezuelan
Subsidiaries (40%)

Mercantil Banco
Universal and its
Overseas Branch and
Agencies (12%)



Assets in US\$ in Mercantil & Other subsidiaries in Venezuela (40%)



¹ Dollar figures are given for reference purposes only. Balance Sheet figures are translated at the closing exchange rate and income statement figures at the average exchange rate for the period. See Exchange rates in Appendix V. Exchange control has been in place in Venezuela since February 2003.

* US\$ or under indexation clause
(See Investment Portfolio, page 10)

Performance of Subsidiaries

The results of Mercantil's subsidiaries are presented in accordance with the regulatory accounting standards applicable to each of them in their corresponding jurisdiction.

Mercantil Banco Universal

Mercantil Banco Universal's total assets grew Bs 4,369 million (10.4%) compared with September 2010. During the fourth quarter of 2010 net loans grew Bs 3,369 million (14.4%) and deposits increased Bs 4,036 million (11.1%) compared with the third quarter of 2010, reaching Bs 26,703 million and Bs 40,280 million, respectively. Loan portfolio quality remains very favorable, with a ratio of past-due and nonperforming loans to gross loans of 0.9%, compared to 3.4% for the Venezuelan financial system as a whole.

At December 31, 2010 the Mercantil Banco Universal subsidiary ranks fourth in the Venezuelan financial system in terms of total assets with an 11.4% market share. The leading institution's share is 13.2% and Venezuela's four main banks account for 49.5% of the country's entire financial system. It also ranks second in terms of gross loans and loans to the agricultural sector, with market shares of 14.5% and 13.4%, respectively. Mercantil Banco Universal is Venezuela's leading bank in terms of savings deposits, loans to the manufacturing sector and mortgage loans under the Mortgage Debtor Law (Ley Especial del Deudor Hipotecario), with market shares of 20.1%, 18.6% and 14.7%, respectively.

Shareholders' Equity grew Bs 248 million (5.7%) to Bs 4,582 million, compared to the previous quarter. This increase mainly includes Bs 700 million in quarterly net income, a Bs 23 million increase from adjusting available-for-sale investments to their market value and a Bs 473 decline due resulting from posting exchange earnings previously registered in the equity at June 30, 2010 following instructions of Superintendency of Banks in Venezuela. The equity/assets ratio as of December 31, 2010 is 11.2% (minimum requirement 8%) and the equity/risk-weighted assets, according to the standards of the Superintendency of Banks in Venezuela, is 17.6% (minimum requirement 12%).

In 4Q 2010, net earnings grew Bs 460 million (191.7%) to Bs 700 million compared to 4Q 2009, mainly due to the Bs 244 million increase in net interest income, Bs 473 million in earnings from exchange earnings being previously recorded as equity in accordance with the standard of the Superintendency of Banks in Venezuela, Bs 99 million in net income from commissions on services, Bs 92 million in contributions to regulatory bodies, Bs 112 million in allowances for losses on loan portfolio, Bs 76 million in personnel expenses and Bs 62 million in tax expenses, among others.

In annual terms, net earnings grew Bs 639 million (88.5%) to Bs 1,361 million compared to 2009; this is mainly associated with the increase of Bs. 682 million in net interest income, Bs 534 million in net exchange gains, Bs 234 million in net income from commissions on services, Bs 282 million in contributions to regulatory bodies, Bs 209 million in allowances for losses on loan portfolio, Bs 159 million in personnel expenses and Bs 82 million in tax expenses, among others.

Mercantil Commercebank N.A.

At December 31, 2010, Mercantil Commercebank, N.A. recorded 6,478 million in total assets, underwent a 2.3% drop compared to the previous quarter and 8.1% greater than in 4Q 2009. Deposits plus investments sold under repurchase agreement totaled US\$ 5,163 million at the close of December 2010, 1.0% and 8.5% increase compare to 3Q 2010 and 4Q 2009 respectively.

Net loans reached US\$ 3,697 million, 2.2% more than previous quarter and a rise of 13.8% compare to 4Q 2009. During 2010 a reduction of the non-accrual loans was reached at US\$ 100.5 million (22.8%). The rate of nonperforming loans improved from 12.7% at the end of 2009 to 8.3% at the close of 2010.

At December 31, 2010 the Bank's equity totaled US\$ 658 million, US\$ 13 million (1.9%) down on the previous quarter, mainly due to negative quarterly earnings of US\$ 4 million and US\$ 9 million decrease as a result of adjusting available-for-sale investments to their market value.

Mercantil C.A. Banco Universal				
Consolidated				
(In millions of Bs. and US\$)				
	US\$			
	12-31-10	12-31-10	09-30-10	12-31-09
Total Assets	10,787	46,271	41,902	36,610
Investments Portfolio	1,754	7,524	6,653	5,957
Loan Portfolio	6,225	26,703	23,334	20,287
Deposits	9,391	40,280	36,244	32,013
Shareholders' Equity	1,068	4,582	4,334	3,300
Income net Quarter	163	700	219	240
Income net 12 months	380	1,361		722

Historic figures in accordance with the standards of the Superintendency of Banking Sector Institutions in Venezuela (SUDEBAN).

Mercantil Commercebank N.A.			
Consolidated.			
(In millions of US\$)			
	12-31-10	09-30-10	12-31-09
Total Assets	6,478	6,632	5,991
Investments Portfolio	2,306	2,599	2,327
Loan Portfolio	3,697	3,618	3,248
Deposits	4,715	4,613	4,400
Investments Sold under Repurchase Agreements	447	499	357
Shareholders' Equity	658	671	655
Income net Quarter	(4)	2	6
Income net 12 months	1		(26)

Figures presented according to accounting principles generally accepted in the United States (USGAAP)

In 4Q 2010, Mercantil Commercebank, N.A. posted US\$ 4 million in negative earnings versus US\$ 6 million in net profits during 4Q 2009. This decline was mainly attributed to an US\$ 10 million (52.6%) rise in allowances for losses on loan portfolio compared with the US\$ 19 million provision made in 4Q 2009. The increase in provision for loans is attributed to a particular segment of the loan portfolio, which experienced a decline in collateral values that exceeded management's estimates.

In annual terms, US\$ 1 million in net income represents a US\$ 27 million (103.8%) increase compared with 2009. This is mainly attributed to the US\$ 59 million (44.7%) reduction in expenses for loan portfolio provisions versus US\$ 132 million in 2009, a US\$ 17.1 million reduction in net interest income, because of the low interest rates environment, and a US\$ 14 million increase in tax expenditure .

Mercantil Commercebank N.A.'s main capital adequacy indicators are an equity/assets ratio of 9.3% and an equity/risk-weighted assets ratio of 18.1%, in line with the standards of the Office of Comptroller of the Currency (OCC). This is more than double the regulatory equity required for a bank to be considered well-capitalized.

Mercantil Seguros

Premium income in 4Q 2010 grew 46.4% to Bs 1,287 million, compared with Bs 880 million at the close of the last quarter of 2009. At November 30, 2010, this subsidiary was the country's second insurance company in terms of net collected premiums, with a market share of 11.2%

Total Assets stood at Bs 3,507 million at December 31, 2010, reflecting 18.0% growth compare previous quarter. The Company registered Bs 1,114 million in equity, meeting the statutory solvency requirements in place.

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.

At the close of December 2010, the Company's investment portfolio totals Bs 3,027 million, 21.6% higher than 3Q 2010. Total investments representing technical reserves were Bs 2,741 million (19.2% higher than at September 30, 2010), maintaining sufficient liquidity levels to diligently meet commitments with insured, insurance advisers and reinsurers.

In 4Q 2010 the technical result closed at Bs 79 million, with a combined operating ratio (COR) of 91.7%. Net income for 4Q 2010 registered a 124.6% year-on-year increase to Bs 158 million.

In annual terms the technical result closed at Bs 124 million, with a COR of 96.2%. Net earnings for 2010 totaled Bs 405 million, 100.5% up on the figure for 2009.

Mercantil Merinvest

At December 31, 2010 Mercantil Merinvest reached Bs 129 million in total consolidated assets, down 3.7% growth compared to 3Q 2010.

At December 31, 2010 Mercantil Merinvest remains Venezuela's mutual fund industry leader with 70.7% of the market.

In 4Q 2010, net earnings reached Bs 6 million, higher than the Bs 1 million registered in 3Q 2010.

In annual terms, net earnings were Bs 43 million, 13.8% below the 2009 figure of Bs 49 million. This variation is mainly as a result of a new regulatory environment that at the outset has restricted the operations that these type of businesses can perform.

Mercantil Seguros, C.A.				
Consolidated				
(In millions of Bs. and US\$)				
	US\$			
	12-31-10	12-31-10	09-30-10	12-31-09
Total Assets	818	3,507	2,972	2,264
Investments suitable for representing Technical Reserves	639	2,741	2,299	1,676
Investments not-suitable for representing Technical Reserves	67	286	190	250
Shareholders' Equity	260	1,114	829	691
Income net Quarter	37	158	46	69
Income net 12 months	113	405	0	201
Premiums Received Net Quarter	300	1,287	976	880
Premiums Received Net 12 months	936	4,013		2,802

Historic figures in accordance with the standards of the Venezuelan Superintendency of Insurance Activity

Mercantil Merinvest C.A.				
Consolidated				
(In millions of Bs. and US\$)				
	US\$			
	12-31-10	12-31-10	09-30-10	12-31-09
Total Assets	30	129	134	134
Investments Portfolio	22	96	76	65
Indexed Financial Assets	-	-	-	45
Shareholders' Equity	26	112	111	119
Income net Quarter	1	6	1	24
Income net 12 months	12	43		49

Figures presented according to the standards of the National Securities Superintendency

Private Banking and Wealth Management

Private Banking and Wealth Management

The Private Banking and Wealth Management business covers: trust fund services, securities brokerage, mutual fund and portfolio management services. The net managed assets of third parties recorded off the balance sheet at December 31, 2010 totaled Bs 16,615 million (US\$ 3,874 million)¹, representing a 8.1% quarter-over-quarter reduction and 27.5% year-on-year growth. They are broken down as follows:

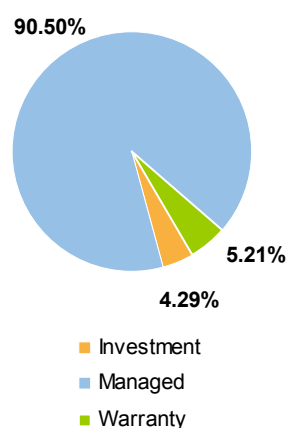
Total Assets under Management					
(In millions of Bolivars and Dollars, except percentages)					
	12-31-10	09-30-10	12-31-09	Δ Dec 10 vs. Sep 10	Δ Dec 10 vs. Dec 09
Trust Funds	10,285	11,890	9,612	(13.5)%	7.0%
Mutual Funds	526	450	378	17.0%	39.2%
Brokerage	4,670	4,688	2,732	(0.4)%	70.9%
Financial Advisory	1,134	1,046	306	8.4%	270.9%
Total Private Banking and Wealth Management Bs.	16,615	18,074	13,029	(8.1)%	27.5%
Total Private Banking and Wealth Management US\$	3,874¹	4,214¹	6,075¹	(8.1)%	36.2%

¹ Dollar figures are given for reference purposes only. Balance Sheet figures are translated at the closing exchange rate and income statement figures at the average exchange rate for the period. See exchange rates in Appendix V. Exchange control has been in place in Venezuela since February 2003

At the close of 4Q 2010, the **Mercantil Banco Universal** Trust Fund managed Bs 8,421 million in assets. This reflects declines of 16.7% quarter-over-quarter and 3.6% year-on-year, represented by the Corporate Sector mainly, through the Management and Employee Benefits products. In 2010 the **Mercantil Banco Universal** Trust Fund focused on an ongoing improvement process. Within the framework of the Quality Management System it has ratified the ISO9001:2008 certification for its employee products line.

During 2010 **Mercantil Sociedad Administradora de Entidades de Inversión Colectiva**, a subsidiary of Mercantil Merinvest C.A., through the **Mercantil Fixed-Income Portfolio**, remained Venezuela's mutual fund industry leader with 70.7% of the market. At December 31, 2010, this Portfolio's equity grew 16.9% to Bs 516 million compared to the third quarter and 36.4% more than in 4Q 2009. The Plan Crecer product based on the programmed acquisition of mutual fund units expanded its equity by 8.5% compared with the previous quarter, registered 43.2% growth compared to 4Q 2009 and grew its client portfolio by 12.5% in 2010.

Trusts

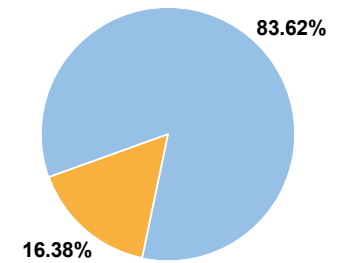


Mercantil Commercebank Investment Services, Inc. (Mercantil CIS), a US-based subsidiary of Mercantil Commercebank N.A., provides investment products and services to clients in global financial markets. Global financial markets recovered during the fourth quarter of 2010. At the close of December 2010, customers' assets totaled US\$ 1.1 billion, 10% less than at the close of September 2010 (5% less than at the close of December 2009). Income from commissions during the fourth quarter amounted to US\$ 2.1 million, 4% less than in the same quarter of the previous year. Net quarterly earnings reached US\$ 0.7 million, 7.6% less than in 4Q 2009. In annual terms, income from commissions reached US\$ 8.8 million in 2010, 34% more than reported during 2009. Net earnings reached US\$ 2.8 million, 49% more than in 2009.

Mercantil Commercebank Trust Company, N.A. (Mercantil CTC), a US-based subsidiary of Mercantil Commercebank, N.A., is regulated and supervised by the U.S. Office of the Comptroller of the Currency (OCC). At the close of December 2010, Mercantil CTC reached US\$ 422 million in consolidated assets under management, 49% less than at the close of September 2010 (45% lower than at December 31, 2009). Net consolidated results for the quarter were up 40% year on year, reaching US\$ 260,000. In annual terms net earnings reached US\$ 815,000 expanded 38% from 2009.

Mercantil Bank (Schweiz) A.G. manages mostly trust fund and investment products. Assets under management expanded 3.8% compared to September 2010, but were down 49.5% compared to December 2009. Third quarter 2010 income was up 23.5% to US\$ 1 million from US\$ 829,000 in 3Q 2009. Income in annual terms reached US\$ 3.6 million, reflecting 16.9% year-on-year growth.

Mercantil Commercebank Investment Services



■ Brokerage ■ Financial Advisory

Corporate Events

Capital increase for Mercantil Commercebank Holding Corporation

In October 2010, Mercantil Servicios Financieros put US\$ 25 million into its Mercantil Commercebank Holding Corporation, bringing the holding company's capital stock to US\$ 577 million.

Mercantil Seguros created dedicated Customer Service Unit

In order to offer its clients a better service and handle their queries and issues, Mercantil Seguros created its own Customer Service Unit. This is designed to offer a comprehensive service so customers can file a final appeal on decisions that fail to meet their expectations and promises a timely response. The creation of this new Customer Service Unit reflects Mercantil Seguros' interest in providing a quality service to all its policyholders.

New branch of Mercantil Bank (Panama) in Colón

In December Mercantil Bank (Panamá) opened a new office in Panama. Its main goal is to offer financial services to companies operating in the Colón Free Zone, as well as to their executives and clients. This will be the second branch of Mercantil Bank (Panama) to open in Panama.

Mercantil Banco Universal created the Self-Service Area at its Head Office

Mercantil Banco Universal's Head Office now has a new customer-friendly Self-Service Area that clients and users can use to carry out banking transactions quickly and safely. This Self-Service Area includes an ATM for Deposits and Multiple Transactions to make cash deposits and checks individually or in batches. ATMs are also available for checking balances, movements and trust funds, transfers between accounts and cash withdrawals, credit card payment, affiliating and topping up cellphone balances and changing passwords; plus a direct line to the Mercantil Call Center that customers can use for operations with their Llave Mercantil debit card.

New Measures announced for the Venezuelan Economy

National Assembly passed the Law on Banking Sector Institutions

The National Assembly passed the Law on Banking Service Institutions which repealed the General Law on Banks and Other Financial Institutions. The main amendments and additions to it are summarized below: 1) Under the new law banking activities are a public service; 2) the National Banking Council is eliminated; 3) specialized banking is eliminated, leaving only full-service banks and micro-finance banks; 4) The definition of financial intermediation seems to only cover investments in securities issued or backed by the Venezuelan government or state enterprises; 5) authorization is required to open transfer or close any banking offices; 6) there are additional reasons for disqualifying persons and SUDEBAN "may" remove or render null and void the appointment of Directors, administrators, advisers, auditors, and other officers; 7) the Board of Directors must approve transactions that exceed 2% of the equity; 8) anyone acquiring 1% of a bank's stock within a 12 month period or attaining 3% must provide SUDEBAN with the information it requests; 9) the Social Fund for Contingencies is created with 10% of the capital; 10) it is compulsory to make a "Social Contribution" amounting to 5% of "Gross Earnings Before Tax" in compliance with their social responsibility to finance Community Councils (Consejos Comunales) projects; and, 11) provides that the banks' statutory management and employee severance trust fund be held at a different bank. The Law also provides that such institutions must restrict: consumer credits to 20% of their loan portfolio; institution's assets to 15% of the assets of the banking sector; and operations with a single debtor to 10% of the equity and up to 20% with collateral from a bank or other acceptable guarantees, stipulating that for the such guarantors are considered related debtors purposes of that restriction.

The law also expressly sets out the responsibilities of Internal Auditors. Internal auditors must be certified by SUDEBAN and be appointed by the Meeting of Shareholders. The appointment process in established for external auditors provides that their names be proposed by the Meeting of Shareholders from a list of three candidates and they be elected through a process to be conducted by SUDEBAN in which 20% of customers who have banked with the institution for more than one year participate. These external auditors shall remain in office for three years, after which their contract may be renewed.

Various prohibitions have been established, including the following: Financial institutions may not carry out trading operations of assets or liabilities with foreign companies without authorization from SUDEBAN and invest in shares of companies regulated by the Securities Market Law and the Law on Insurance Activities. In this respect, Article 38 of the new Law on Banking Sector Institutions provides that no individual or entity is allowed to hold shares in a bank if that individual or entity holds an interest in another institution in the National Banking System that is equal to or in excess of 5%, pursuant to the standards set by SUDEBAN with the binding opinion of the OSFIN (Órgano Superior del Sistema Financiero Nacional), the highest body governing the national financial system. The Eleventh Transitory Provision further states that any individual or entity subject to compliance with the provisions of said Article 38 must withdraw any amount in excess of 5% percentage within thirty calendar days from the date that the Law enters into effect on December 28, 2010.

In order to determine precisely the exact scope of the de facto assumption provided for in said Article 38, the rules contained in said Article must first be approved and it is thus difficult to determine whether or not the thirty day period stipulated in the Eleventh Transitory Provision is subject to compliance, given that there is no certainty as to whether or not it comes under the legal assumption covered in said Article 38.

Despite the lack of absolute certainty and accuracy in this regard, in its utmost endeavor to comply with those rules, particularly with respect to the obligation to disinvest in shares of companies regulated by the Law on National Banking System, Mercantil Servicios Financieros has established in respect of Mercantil Seguros a trust type of structure, whose beneficiary is Mercantil. Shares of the company that owns through a subsidiary almost the entirety of the shares of Mercantil Seguros have been contributed to the trust.

In respect of Mercantil Merinvest Casa de Bolsa and Mercantil Servicios de Inversión, and likewise to ensure compliance with the aforesaid rules, Mercantil Servicios Financieros has suspended the receipt of new orders for securities trading and new affiliations to the Investment Brokerage Account (Cuenta Corretaje de Inversión) product, as well as subscriptions to the Mercantil Investment Portfolio (Fondo Portafolio Mercantil de Inversión Mutual Fund) and affiliations, additional contributions and programmed contributions to the Plan Crecer Mercantil product.

In the case of the rest of the rules the law grants a period of 135 days to comply with the new law and 30 days, renewable for a further 30 days, to withdraw investments not permitted.

The National Assembly passed the Law on the Bicentennial Public Stock Exchange

The National Assembly passed the Law on the Bicentennial Public Stock Exchange through which the Bicentennial Public Stock Exchange Public Institute was created as the institution in charge of providing all the services necessary for carrying out transactions with securities issued by government entities, state enterprises, social or collective enterprises, joint public-private enterprises, public savings funds, organized communities, autonomous institutes, private companies, SMEs, and the Venezuelan Republic in order to guarantee them adequate liquidity and financing. The National Superintendency of Securities (SNV) will license entities wishing to register and trade their securities on this stock exchange.

The National Superintendency of Securities (SNV) issued “Instructions on the procedure for Securities Operators to withdraw National Public Debt Securities from their investment portfolio”

The National Superintendency of Securities (SNV), through the instructions, defined National Public Debt Securities as securities issued by the Republic or other public entities in order to obtain financial resources and stipulated that such securities must be withdrawn within 180 calendar days from the date at which the Law on the Securities Market enters into force. The withdrawal of securities denominated in foreign currency must be channeled through the Transactions System for Foreign Currency Denominated Securities (SITME) and securities denominated in domestic currency, through SITME or traded privately with the banks. Once those securities have been withdrawn, Securities Operators have 48 hours within which to document the operation and report it to the National Superintendency of Securities (SNV).

The National Superintendency of Securities (SNV) amended the Rules on Economic and Financial Reporting that must be provided by persons subject to SNV control

The National Superintendency of Securities (SNV) amended the Rules on Economic and Financial Reporting by persons subject to SNV control, mainly in order to require that “Companies whose securities are traded on the stock exchange” publish their balance sheet, profit and loss statement and monthly indicators in a national daily newspaper within 15 calendar days of the monthly closure of their accounting period. The Superintendency also included the obligation that these companies declare in written and digital form, by that same deadline, their balance sheet, profit and loss statement, statement of shareholders’ equity, statement of cash flows and financial indicators as mentioned above.

The Ministry of Planning and Finance and the Central Bank of Venezuela issued Exchange Agreement N° 14

The Ministry of Planning and Finance and the Central Bank of Venezuela (BCV) amended Exchange Agreement N° 14 establishing the bid rate at Bs 4.2893/US\$1 and the ask rate at Bs 4.30/US\$1 as of January 1, 2011. These rates shall apply to all foreign currency transactions. Subsequently the Central Bank issued a circular stating the exchange rate applicable to payments in TICC dollar-linked bonds in the secondary market at Bs 4.30/US\$1. In the case of interest, the official exchange rate on the two banking days prior to the starting date of the payable coupon will be applied.

Acknowledgements

Mercantil Banco Universal “Best Bank in Venezuela in 2010”

Latin Finance magazine awarded Mercantil its prize for Best Bank in Venezuela in 2010. The November edition of the magazine reports that Mercantil Banco Universal's loan portfolio has registered 36.6% interannual growth in a year of special circumstances for the Venezuelan government.

It also pointed out that Mercantil is striving hard to make its services available to the broader population through Mercantil's Ally which is part of the Majorities Banking segment. According to Latin Finance Mercantil Banco Universal is the first bank to incorporate chip technology in its ATMs and credit and debit cards.

Mercantil Banco Universal obtained zero nonconformities in Fondonorma's annual audit

In October the maintenance and renewal audit for de Mercantil Banco Universal's ISO 9001:2008 certifications conducted by the Venezuelan Standardization and Quality Certification Institute, Fondonorma, concluded with zero nonconformities, certifying 100% compliance by Mercantil. Of the 9 lines evaluated, the Call Center (CAM) certification was renewed and maintenance was conducted on the 8 lines: Teller Line, Online Banking, ATM Network, Corporate Client Securities, Credit card application, printing and distribution, Home Delivery of Check Books, Préstame Mercantil and the Management and Employee Benefit Trust Funds.

Summary for 2010:

- **Mercantil Servicios Financieros among the Top 1000 World Banks**

Mercantil Servicios Financieros ranked at 291 in a survey of the Top 1000 World Banks published by The Banker magazine in July 2010. Mercantil also heads the list of Venezuelan banks in the ranking and the tenth leading financial services companies in Latin America.

- **Greater Miami Chamber of Commerce prize for Mercantil Commercebank**

For the second year running Mercantil Commercebank received the Top 100 Minority Business Award® from the Greater Miami Chamber of Commerce (GMCC). This year the bank was recognized in the Community Involvement category. In 2009 the Bank won the prize in the Employee Initiative category. Community involvement is a tradition at Mercantil Commercebank where employees give generously of their time through outstanding organizations such as the American Red Cross, Habitat for Humanity and The March of Dimes.

- **Mercantil Banco Universal certified 10 service lines under ISO 9001:2008**

The Venezuelan Standardization and Quality Certification Institute, Fondonorma, ratified its certification of the service lines and added a ninth during the 2009 annual follow-up audit of Mercantil Banco Universal, in accordance with ISO 9001:2008. This new certification is positioned in the “workers' trust fund service” (Employee Benefits and Savings Funds) for the incorporation, discharge and processing of institutions related to incoming and outgoing funds (contributions, incorporations, amortizations, loans, advances and withdrawals).”

- **Mercantil Banco y Mercantil Seguros among the 15 Best Companies to Work for in Venezuela**

The Great Place to Work Institute of Venezuela rated Mercantil Banco and Mercantil Seguros among the 15 Best Companies to work for in Venezuela in its fifth study. Mercantil Banco stands out as being the only financial institution to attain this recognition for the fifth year running, ranking tenth on the list. Mercantil Seguros has won this distinction for the third time and, at number 9, is the only company in the field of insurance to be recognized.

- **Mercantil Servicios Financieros among the world's Top 2000 companies**

In April 2010 Forbes Magazine once again rated Mercantil Servicios Financieros one of the world's Top 2000 companies. At number 1,297 it was the only Venezuelan company in the financial sector on the list and has climbed 36 positions since 2009.

Global Economic Climate

At the close of 2010, the global economy is back on track and headed for growth, largely supported by the economic performance of emerging economies in Asia and Latin America and the upturn registered in the US economy which is slated to grow 3.2% in the fourth quarter of 2010. Contributions to the growth of the economic blocks have certainly not been homogeneous and it would be well to point out that at year end even some of the eurozone countries are still experiencing difficulties in their fiscal position (and their financial commitments), the sovereign debt valuation has deteriorated and their economic growth rates have declined. Despite these setbacks in the eurozone, global GDP during 2010 ended with a growth rate that ranges between 3.3% (Economic Commission for Latin America and the Caribbean - ECLAC, 2010) and 3.6% (Institute of International Finance - IIF, 2010), offsetting the 0.6% contraction registered at the end of 2009.

The eurozone, headed by Germany, saw positive GDP variations in the order of 1.7% (versus -4.1% in 2009). Japan, basing its dynamism on external demand (which explains around 51% of its economic growth) and on a decisive fiscal stimulus policy, grew 4.3% in 2010 (as opposed to -6.3% in 2009).

Trade between the Asia/Pacific economy continued during the fourth quarter, leading to around 9% growth at year end (compared to 6.6% in 2009). China and India (with 10% and 8.7% growth respectively), given the size of their economies, still account for the bulk of that growth. That level of dynamism, especially in the case of China, is a response to the fiscal and credit stimulus packages and growing household income.

In Latin America, the region continued on the path to growth in the fourth quarter, closing with 65% aggregate GDP growth and 4.8% per capita growth. Unemployment fell 7.2% at year end (versus 8.6% at the close of 2009) and real remunerations increased in the majority of these countries.

US Economic Climate

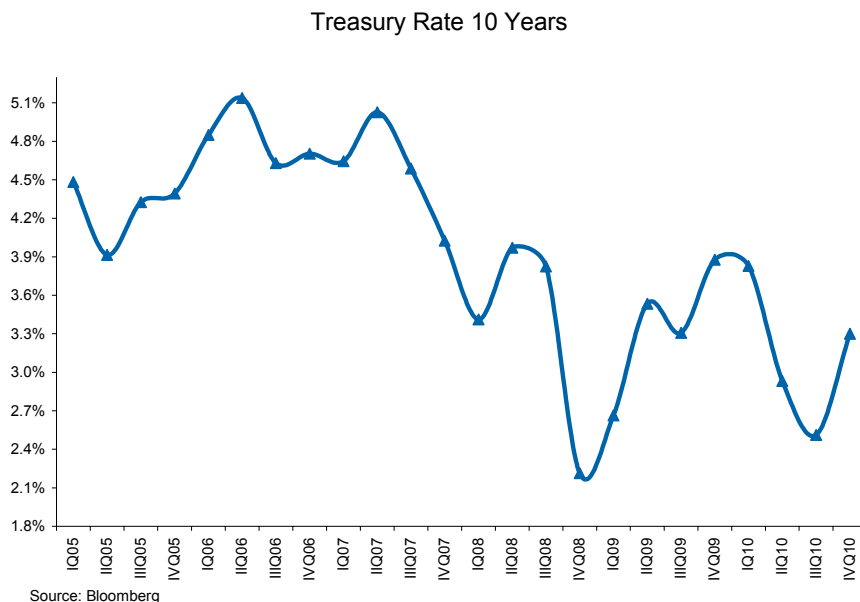
Economic Activity and Consumer Spending

The US economy, supported by the drawn out expansive monetary policy, export growth and a sustained upturn in private consumer spending, grew around 3.2% in the fourth quarter, bringing annual growth to 2.9% in 2010 which is a slightly below the long-term trend (estimated at 3%). The Federal Reserve's monetary policy to anchor short-term interest rates (at 0.3%) registered no variations during the fourth quarter and in November the Fed even announced the implementation of a second "quantitative easing" mechanism designed to foster a heightened expectation of public inflation (and greater household spending), and fuel the banks' credit-generating potential. This position on monetary policy adopted by the Fed finds support in the US economy's low levels of inflation. In effect, during the fourth quarter 2010 average annualized inflation measured by the consumer price index was 0.4%.

Private consumer spending on durable goods may have expanded 5%, while spending on services by private agents only grew 3%. The same type of asymmetry occurred in the expansion of business investment by the private sector. While investment in hardware and software grew 8% in the fourth quarter, investment in non-residential construction dropped down 4%. GDP expansion however was not sufficient to prevent unemployment at year end (at 9.6%) from exceeding the previous year's figure (9.3%). However, at year end initial claims for unemployment insurance dropped for the first time to 409,000, below the 2009 average of 457,000.

Inflation

The recovery of world markets was not reflected in other markets such as real estate. In the second half of the year house prices slumped again and by October the Case-Shiller Price Index shows an annual downward adjustment of 1%. High housing inventories during the year led to severe drops in the sale of new homes and used homes which in November registered inter-annual variations of -21.2% and -27.9%, respectively.



Venezuelan Economic Climate

Economic activity

The performance of the Venezuelan economy during the fourth quarter of 2010 was characterized fundamentally by the higher level of oil prices, offsetting the drop in national production, which increased the value of oil exports along with the higher level of international reserves held by the Central Bank. In the fiscal area, the rise in the volume of oil exports invoiced at a higher average rate of exchange led to an increase in oil revenues during the last quarter of 2010 and also in fiscal expenditure executed by central government. On the monetary liquidity, fundamentally due to the seasonal component and the expansive effect of Open Market Operations. All these steps stimulated the growth of domestic prices.

Oil Sector, Reserves

The Venezuelan oil basket rose to average US\$ 78/bbl in the fourth quarter, almost a 15% more than in the previous quarter and 10.6% up compared to the fourth quarter of 2009. This is explained by higher seasonal demand and a harsher-than-expected winter in the northern hemisphere. During the period under review Venezuela's oil production in Venezuela was 2.19 billion bbl/day, i.e. 5,000 bbl/day less than in the third quarter and 30,000 barrels/day less than during the last quarter of 2009. It is thus the favorable performance of oil prices that may explain the US\$ 882 million inter-quarterly growth of international reserves to US\$ 29.5 billion at the close of the fourth quarter of 2010. This occurred despite US\$ 1 billion being transferred from FONDEN as part of the US\$ 7 billion scheduled for transfer in 2010. In the last year moreover, reserves increased US\$ 2,365 million.

In addition, in mid October PDVSA announced it was launching the PDVSA 2017 Bond Offering for up to US\$ 3 billion, sold in bolivars at the official rate of exchange (Bs/US\$ 4.3). Of the total amount auctioned, 100% of the total was granted. However, it was only possible to satisfy a little over a half of the demand which totaled US\$ 6,985 million. This issue was almost entirely comprised of a security maturing in November 2017 and an 8.5% coupon. Each investor participated with a minimum request for US\$ 3,000 worth of bonds and the price of the instrument was set at 100% by PDVSA, which brought in approximately Bs 12.9 billion in funds. The funds obtained by PDVSA for placing the 2017 Bond will be used to finance

investment projects, some of which are related to social development. Bonds were awarded as follows: Individuals with orders of up to US\$ 3,000 were granted 100% of the amount requested, orders over US\$ 6,000 were awarded US\$ 5,000 for each order. Corporations with orders between US\$ 3,000 and US\$ 750,000 were granted 100% of the amount requested; orders over US\$ 750,000 were granted US\$ 750,000 for each order. PDVSA announced a Petrobond swap maturing in 2011 for up to US\$ 3 billion for a new International Bond maturing in 2013 and an 8% annual coupon. Holders of the 2011 Petrobond who swapped the bond before October 28 were applied a swap factor of 1.125; in other words for each US\$ 1 billion they received US\$ 1,125 for the new bond. So, if the holders of the 2011 Petrobond swapped their bonds after October 28, the swap factor was 1.095 (meaning that for every US\$ 1,000 they received US\$ 1,095 for the new bond). PDVSA announced that 18.3% of the 2011 Petrobonds (US\$ 550 million) were offered for swap, meaning that US\$ 618.6 million of PDVSA 2013 Bonds were placed.

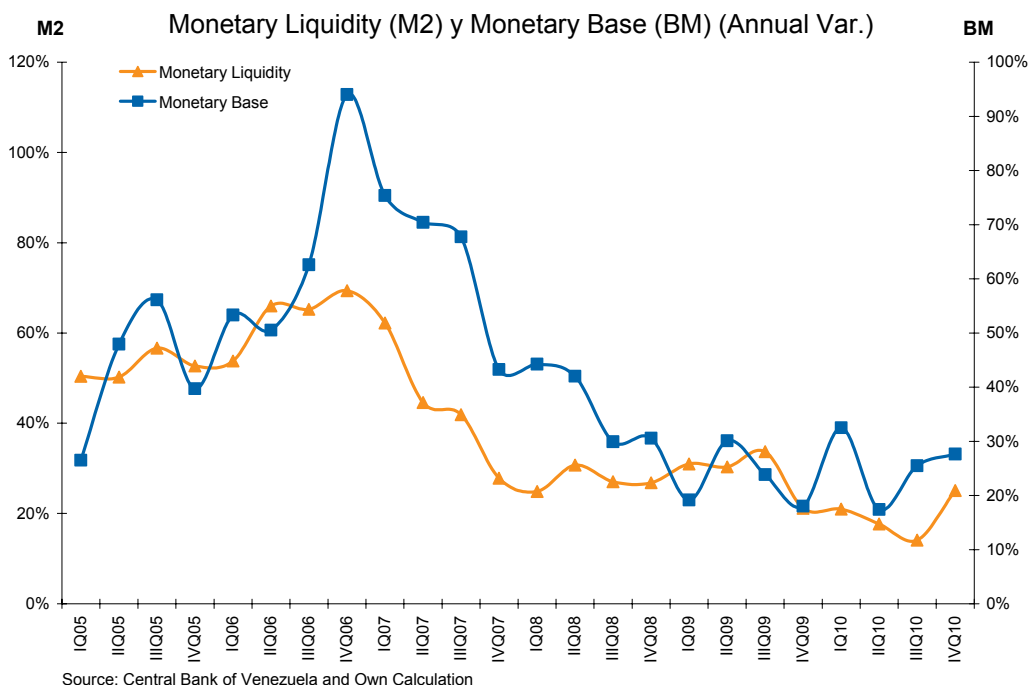
Monetary Policy

Primary spending by the Venezuelan Treasury totaled Bs 74 billion, reflecting 39.2% quarter-over-quarter growth and 17% year-on-year growth. Discounting inflation, this is 33% more than in the third quarter. However, it signified a real decline of 8.3% compared with the same period last year, which contrasts with the 0.6% growth observed in the fourth quarter of 2009.

In the money market, money in the hands of the public (M2) grew even faster than in the third quarter, consistent with the seasonal behavior of this variable and in keeping with the nominal growth of spending. This resulted in M2 growing 730 basis points (12.8%) more than at the close of the third quarter. The BCV also registered less activity in the area of CD and Repo issuance, leading to a Bs 597 billion expansion in the net effect of open market operations, 96.8% above the expansion registered in the previous quarter. This also contrasts significantly with the Bs 10.6 billion expansion seen during the fourth quarter of 2009.

Inflation

A change was noticed in domestic prices compared to the third quarter, with the national consumer price index varying 4.9% above the 4.2% registered in the third quarter but almost 60 basis points lower than in the same period last year. The results for the quarter can be explained by the improvement registered in seven of the eleven cities in this index: Maracaibo (6%), Ciudad Guayana (5.5%), Barquisimeto, Maturín (5.3%), Barcelona-Puerto La Cruz (5.2%), Valencia and the rest of the country (5%).



Summary of the Accounting Principles used to prepare the Financial Statements

Mercantil's financial statements are presented in accordance with the accounting standards of the Venezuelan National Securities Superintendency (SNV), in bolivars. A summary of some of the main accounting principles applied is given below:

Investment Portfolio

Investments in Trading Securities - Unrealized gains or losses resulting from differences in fair values due to market fluctuations are included in the results for the period. *Investments in Securities Available for Sale* - Recorded at their fair value. Unrealized gains or losses resulting from differences in fair value and exchange rate fluctuations are included in shareholders' equity. *Investments in Securities Held to Maturity* - Recorded at their acquisition cost, adjusted for amortization of premiums or discounts. For all portfolio investments, permanent losses resulting from decreases in fair value, are recorded in the results for the period in which they occur. *Permanent investments* are stock participations between 20% and 50%. The greater than 50% are recorded for equity participation and are consolidated by exception of those when control is likely to be temporary.

Loan Portfolio

Loans are classified as overdue 30 days after their maturity. Allowances for losses on loan portfolio are determined through a collectibility assessment that quantifies the amount to be set aside for each loan. These assessments take into account such aspects as economic conditions, credit risk by customer, 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 and when they are earned or incurred. Interest earned on loan portfolios is recorded as income when collected. Fluctuation in the market value of derivatives is included in the income statement for the period. 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 share. Its main subsidiaries are:

- Mercantil C.A. Banco Universal. universal bank in Venezuela and its overseas agencies.
See Annex VI Earnings Reconciliation according to the standards of the Superintendency of Banking Sector Institutions in Venezuela (Page 37)
- Mercantil Commercebank, N.A., bank in the United States of America and its subsidiaries Mercantil Commercebank Investment Services, Inc. and Mercantil Commercebank Trust Company, N.A.
See Annex VII Financial Statements Mercantil Commercebank N.A. according to the accounting standards applicable in the United States US GAAP (Page 40)
- Mercantil Bank (Schweiz) AG, bank in Switzerland and its subsidiary Mercantil Bank and Trust Limited (Cayman) in the Cayman Islands.
- Mercantil Seguros, C.A., insurance company in Venezuela
See Annex VIII Earnings Reconciliation according to the standards of the Superintendency of Insurance Activity (Page 41)
- Mercantil Bank Curacao, N.V., bank in Curacao, and its subsidiary Mercantil (Panama) in Panama.
- Mercantil Merinvest, Casa de Bolsa. C.A., a securities brokerage company in Venezuela, Mercantil Servicios de Inversión, C.A. and Mercantil Sociedad Administradora de Entidades de Inversión Colectiva, C.A.

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 assets, among others, are shown at their inflation-adjusted value up to December 31, 1999. The market value determined by independent assessments is greater than the cost adjusted for inflation indicated above. New additions are being recorded at their acquisition value.

Accounting differences between SNV standards applicable in Venezuela and US GAAP standards

The main accounting differences between SNV standards and US GAAP are:

- Deferred Corporation Tax: US GAAP allows deferred tax to be recognized for the total amount of loan portfolio loss allowances, while the SNV standards only allow recognition of allowances for loans classified as high risk and unrecoverable.
- Provision for assets received in lieu of payment: The 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. (See SNV - USGAAP earnings reconciliation, page 39)

APPENDIX II

MERCANTIL SERVICIOS FINANCIEROS, C.A.

CONSOLIDATED BALANCE SHEET

UNAUDITED FIGURES

(In millions of Bolivars and Dollars, except percentages)

	US\$ ¹			Δ		Δ		
		12-31-10	12-31-10	09-30-10	12-31-09	Dec 10 vs. Sep 10	Dec 10 vs. Dec 09	
					Bolivars	%	Bolivars	%
CASH AND DUE FROM BANKS								
Cash	245	1,051	779	802	272	34.9%	249	31.0%
Banco Central de Venezuela	2,108	9,043	8,398	7,674	645	7.7%	1,369	17.8%
Venezuelan Banks and Other Financial Institutions	1	5	17	37	(12)	(70.6)%	(32)	(86.5)%
Foreign and Correspondent Banks	283	1,213	951	558	262	27.5%	655	117.4%
Allowance for Cash and Due from Banks	119	512	990	411	(478)	(48.3)%	101	24.6%
	2,757	11,825	11,134	9,480	691	6.2%	2,345	24.7%
INVESTMENT PORTFOLIO								
Investments in Trading Securities	54	233	219	72	14	6.4%	161	223.6%
Investments in Securities Available for Sale	3,983	17,086	17,327	10,137	(241)	(1.4)%	6,949	68.6%
Investments in Securities Held to Maturity	145	623	424	456	199	46.9%	167	36.6%
Share Trading Portfolio	4	16	20	20	(4)	(20.0)%	(4)	(20.0)%
Investments in Time Deposits and Placements	453	1,942	2,455	2,029	(513)	(20.9)%	(87)	(4.3)%
Restricted Investments	396	1,692	1,078	1,330	614	57.0%	362	27.2%
	5,034	21,592	21,522	14,044	69	0.3%	7,548	53.7%
DIRECT FINANCIAL ASSETS	-	-	-	294	-	0.0%	(294)	(100.0)%
LOAN PORTFOLIO								
Current	9,881	42,385	38,485	27,017	3,900	10.1%	15,368	56.9%
Rescheduled	159	683	523	88	160	30.6%	595	676.1%
Past Due	236	1,012	1,161	854	(149)	(12.8)%	158	18.5%
Litigation	66	283	307	71	(24)	(7.8)%	212	298.6%
	10,342	44,362	40,476	28,030	3,887	9.6%	16,332	58.3%
Allowance for Losses on Loan Portfolio	(334)	(1,434)	(1,258)	(893)	(176)	14.0%	(541)	60.6%
	10,008	42,928	39,218	27,138	3,711	9.5%	15,790	58.2%
INTEREST AND COMMISSIONS RECEIVABLE	113	483	439	302	44	10.0%	181	59.9%
LONG-TERM INVESTMENTS	44	189	158	153	31	19.6%	36	23.5%
ASSETS AVAILABLE FOR SALE	22	95	144	51	(49)	(34.0)%	44	86.3%
PROPERTY AND EQUIPMENT	161	689	638	490	51	8.0%	199	40.6%
OTHER ASSETS	369	1,582	1,614	1,122	(32)	(2.0)%	460	41.0%
TOTAL ASSETS	18,507	79,383	74,866	53,075	4,516	6.0%	26,308	49.6%

¹ Dollar figures are given for reference purposes only. Balance Sheet figures are translated at the closing exchange rate and income statement figures at the average exchange rate for the period. See exchange rates in Appendix V. Exchange control has been in place in Venezuela since February 2003.

APPENDIX II

MERCANTIL SERVICIOS FINANCIEROS, C.A. CONSOLIDATED BALANCE SHEET UNAUDITED FIGURES (In millions of Bolivars and Dollars, except percentages)

	US\$ ¹					△ Dec 10 vs. Sep 10		△ Dec 10 vs. Dec 09	
		12-31-10	12-31-10	09-30-10	12-31-09	Bolivars	%	Bolivars	%
DEPOSITS									
Non-interest Bearing	3,782	16,222	14,503	10,398	1,719	11.9%	5,824	56.0%	
Interest-Bearing	4,646	19,929	18,932	12,232	997	5.3%	7,697	62.9%	
Savings Deposits	4,664	20,005	17,870	13,902	2,135	11.9%	6,103	43.9%	
Time Deposits	1,448	6,211	6,782	6,315	(571)	(8.4)%	(104)	(1.6)%	
	14,540	62,367	58,087	42,848	4,280	7.4%	19,519	45.6%	
DEPOSITS AUTHORIZED BY THE SNV									
Publicly Traded Debt Securities Issued	16	67	89	312	(22)	24.7)%	(245)	(78.5)%	
FINANCIAL LIABILITIES	731	3,134	3,321	1,665	(187)	(5.6)%	1,469	88.2%	
INTEREST AND COMMISSION PAYABLE	7	29	35	27	(6)	(17.1)%	2	7.4%	
OTHER LIABILITIES	1,117	4,790	4,918	3,095	(128)	(2.6)%	1,695	54.8%	
SUBORDINATED DEBT	112	479	489	245	(10)	(2.0)%	234	95.5%	
TOTAL LIABILITIES	16,521	70,865	66,939	48,192	3,926	5.9%	22,673	47.0%	
MINORITY INTEREST IN CONSOLIDATED SUBSIDIARIES	1	4	4	3	-	0.0%	1	(33.3)%	
SHAREHOLDERS' EQUITY									
Paid in Capital	36	154	154	156	-	0.0%	(2)	(1.3)%	
Capital Inflation Adjustment	45	192	192	192	-	0.0%	-	0.0%	
Share Premium	47	204	204	204	-	0.0%	-	0.0%	
Capital Reserves	39	167	167	167	-	0.0%	-	0.0%	
Translation Adjustments of net Assets of Subsidiaries Abroad	361	1,550	1,539	280	11	0.7%	1,270	453.6%	
Retained Earnings	1,381	5,922	5,485	3,922	437	8.0%	2,000	51.0%	
Shares repurchased and held by Subsidiaries	(4)	(16)	(10)	(29)	(6)	60.0%	13	(44.8)%	
Repurchased Shares Restricted for Employee Stock Option Plan	(10)	(43)	(38)	(38)	(5)	13.2%	(5)	13.2%	
Unrealized Gain (Loss) from Adjustment on Investments Available For Sale to Market Value	90	384	232	26	152	65.5%	358	1,376.9%	
TOTAL SHAREHOLDERS' EQUITY	1,985	8,513	7,924	4,880	588	7.4%	3,633	74.4%	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	18,507	79,383	74,866	53,075	4,516	6.0%	26,308	49.6%	

¹ Dollar figures are given for reference purposes only. Balance Sheet figures are translated at the closing exchange rate and income statement figures at the average exchange rate for the period. See exchange rates in Appendix V. Exchange control has been in place in Venezuela since February 2003.

APPENDIX II

MERCANTIL SERVICIOS FINANCIEROS, C.A. CONSOLIDATED INCOME STATEMENT UNAUDITED FIGURES (In millions of Bolivars and Dollars, except percentages)

	Quarter Ended on				12 months Ended on				
	US\$ ¹ 12-31-10	12-31-10	12-31-09	Δ	12-31-10	12-31-09	Δ		
			Bolivarss	%			Bolivars	%	
Income from Cash and Due from Banks	-	1	1	-	0.0%	6	11	(5)	(45.5)%
Income from Investment Securities	62	265	184	81	44.0%	1,025	1,099	(74)	(6.7)%
Income from Loan Portfolio	305	1,308	981	327	33.3%	4,545	3,489	1,056	30.3%
Income from Financial assets	-	-	11	(11)	(100.0)%	2	42	(40)	(95.2)%
INTEREST INCOME	367	1,574	1,177	397	33.7%	5,578	4,641	937	20.2%
Interest for Demand and Savings Deposits	97	415	329	86	26.1%	1,528	1,305	223	17.1%
Interest for Time Deposits	4	19	48	(29)	(60.4)%	112	226	(114)	(50.4)%
Interest for Securities Issued by the Bank	1	5	16	(11)	(68.8)%	30	125	(95)	(76.0)%
Interest on Financial Liabilities	9	40	28	12	42.9%	135	170	(35)	(20.6)%
INTEREST EXPENSE	111	478	421	58	13.8%	1,805	1,826	(21)	(1.2)%
NET INTEREST INCOME	256	1,096	756	340	45.0%	3,773	2,815	958	34.0%
Provision for losses on loan portfolio	86	367	168	199	118.5%	963	760	203	26.7%
Expense for Devaluation of Investments in Available for Sale Securities	-	-	34	(34)	(100.0)%	-	35	(35)	(100.0)%
NET FINANCIAL MARGIN	170	729	554	175	31.6%	2,810	2,020	790	39.1%
Trust Fund Operations	3	13	13	-	0.0%	56	48	8	16.7%
Foreign Currency Transactions	-	(2)	1	(3)	(300.0)%	(8)	2	(10)	(500.0)%
Commissions on Transactions	19	81	72	9	12.5%	272	231	41	17.7%
Commissions on Letters of Credit and Guarantees Granted	2	7	4	3	78.5%	22	19	3	15.8%
Equity in Long-Term Investments	7	29	27	2	7.4%	60	65	(5)	(7.7)%
Exchange Gains and Losses	28	118	(1)	119	(11,900.0)%	1,063	2	1,061	53,050.0%
Income (Loss) on Sale of Investment Securities	34	146	129	17	13.2%	572	199	373	187.4%
Other Income	104	444	272	172	63.2%	1,190	814	376	46.2%
TOTAL COMMISSIONS AND OTHER INCOME	195	838	517	319	61.7%	3,229	1,380	1,847	133.8%
Total insures premiums, net of claims	44	188	104	84	80.8%	421	326	95	29.1%
OPERATING INCOME	409	1,755	1,174	578	49.2%	6,460	3,726	2,732	73.3%
Salaries and employee benefits	107	459	328	131	39.9%	1,707	1,371	336	24.5%
Depreciation, Property and Equipment Expenses, Amortization of Intangibles and Others	28	122	98	24	24.5%	453	358	95	26.5%
Fees paid to regulatory agencies	34	147	49	98	200.0%	487	192	295	153.6%
Other operating expenses	82	351	298	53	17.8%	1,304	913	391	42.8%
TOTAL OPERATING EXPENSES	252	1,079	772	306	39.6%	3,952	2,834	1,117	39.4%
INCOME BEFORE TAXES	158	676	400	272	67.9%	2,509	893	1,615	180.9%
Total Taxes	(42)	(182)	(87)	(95)	109.2%	(332)	(97)	(235)	242.3%
NET INCOME	115	494	313	181	57.9%	2,176	796	1,380	173.4%
NET INCOME US\$¹		115	146	(31)	(21.2)%	607	371	236	63.6%

¹ Dollar figures are given for reference purposes only. Balance Sheet figures are translated at the closing exchange rate and income statement figures at the average exchange rate for the period. See exchange rates in Appendix V. Exchange control has been in place in Venezuela since February 2003.

APPENDIX II

MERCANTIL SERVICIOS FINANCIEROS, C.A. CONSOLIDATED STATEMENT OF CASH FLOWS

UNAUDITED FIGURES

(In millions of Bolivars and Dollars, except percentages)

	Quarter ended on		12 months ended on	
	12-31-10	12-31-09	12-31-10	12-31-09
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	494	313	2.176	796
Adjustments to reconcile net income to net cash provided				
Operating activities -				
Allowance for losses on the loan portfolio	367	168	963	760
Depreciation and amortization	41	36	155	146
Decrease in allowance for losses on loan portfolio	(0)	(5)	(1)	(8)
Provision for interest receivable and other assets	25	(0)	37	7
Gain on equity in long-term investment	(29)	(27)	(60)	(65)
Minority interest expense	0	0	1	0
Deferred Income Tax	47	11	57	0
Provision for available for sale assets	41	24	54	36
Accrual for employee termination benefits	46	39	186	161
Payment of employee termination benefits	(41)	(40)	(179)	(161)
Net change in operating assets and liabilities -			0	0
Interest and commissions receivables	(44)	8	(181)	21
Interest and commissions payables	(5)	2	2	(11)
Available for sale and other assets	(50)	(143)	(425)	(201)
Other liabilities	(188)	82	1.657	211
Net cash provided by operating activities	704	467	4.443	1.693
CASH FLOWS FROM INVESTING ACTIVITIES				
Net change in investments securities	(445)	(1.282)	(6.011)	(3.723)
Loans granted	(42.385)	(20.873)	(176.441)	(70.948)
Loans collected	38.307	17.131	159.689	65.277
Additions to fixed assets, net of depreciation and write-offs	(75)	(34)	(287)	(61)
Net cash flows from investing activities	(4.598)	(5.057)	(23.050)	(9.455)
CASH FLOWS FROM FINANCING ACTIVITIES				
Net change in				
Deposits	4.280	3.596	19.519	6.636
Short-term financial liabilities	(283)	62	621	(1.539)
Debt securities by Mercantil	(22)	(69)	(245)	138
Subordinated debt	(11)	0	234	0
Long-term financial liabilities received	123	(23)	(75)	(5)
Long-term financial liabilities paid	(27)	22	922	58
Cash dividends	(1)	(70)	(124)	(182)
Shares premium	0	0	(0)	3
Shares repurchased	(6)	(2)	(10)	(13)
Repurchased shares for the employee stock option plan	(5)	(4)	(5)	(5)
Net cash flows from financing activities	4.048	3.513	20.836	5.091
CASH AND CASH EQUIVALENTS ¹				
Net increase for the period	154	(1.077)	2.229	(2.672)
At the beginning of the period	13.575	12.577	11.500	14.171
At the end of the period	13.729	11.500	13.729	11.500

¹ Includes: Cash and Cash Equivalents, Cash and Due from banks, Investments in time deposits and placements within 90 days maturity.

APPENDIX II

MERCANTIL SERVICIOS FINANCIEROS, C.A. Statement of Shareholders' Equity UNAUDITED FIGURES (In millions of Bolivars)

	Capital stock	Capital inflation adjustment	Paid-in Surplus	Capital Reserves	Translation adjustment of the assets In subsidiaries Abroad	Retained earnings	Shares repurchased held by subsidiaries	Repurchased shares restricted for employee stock option plan	Unrealized Gain (loss) from adjustments on investments Available for sale to market value	Total Shareholders' Equity
Balance as of December 31, 2009	156	192	204	167	280	3,922	(29)	(38)	27	4,881
Net income						389				389
Cash dividends						(101)				(101)
Shares repurchased and redeemed	(2)					(22)	23			0
Share repurchased							(2)			(2)
Unrealized income on Investments available for sale									193	193
Repurchased shares for the employee stock option plan								(2)		(2)
Translation effect of net assets in subsidiaries abroad					277					277
Balance as of March 31, 2010	154	192	204	167	557	4,189	(7)	(40)	220	5,636
Net income						952				952
Cash dividends						3				3
Share repurchased							(1)			(1)
Unrealized income on Investments available for sale									(44)	(44)
Repurchased shares for the employee stock option plan								6		6
Translation effect of net assets in subsidiaries abroad					981					981
Balance as of June 30, 2010	154	192	204	167	1,538	5,144	(8)	(34)	176	7,532
Net income						341				341
Share repurchased							(2)			(2)
Unrealized income on Investments available for sale									56	56
Repurchased shares for the employee stock option plan								(4)		(4)
Translation effect of net assets in subsidiaries abroad					1					1
Balance as of September 30, 2010	154	192	204	167	1,539	5,485	(10)	(38)	232	7,924
Net income						494				494
Cash dividends						1				1
Minimum dividend payable						(58)				(58)
Share repurchased							(6)			(6)
Unrealized income on Investments available for sale									152	152
Repurchased shares for the employee stock option plan								(5)		(5)
Translation effect of net assets in subsidiaries abroad					11					11
Balance as of December 31, 2010	154	192	204	167	1,550	5,922	(16)	(43)	384	8,513

APPENDIX III

MERCANTIL SERVICIOS FINANCIEROS, C.A.
Summary of the Financial Statements and Ratios
(In millions Dollars¹, except percentages and figures per share)

	<u>12-31-10</u>	<u>09-30-10</u>	<u>12-31-09</u>	Δ <u>Dec 10 vs.</u> <u>Sep 10</u>	Δ <u>Dec 10 vs.</u> <u>Dec 09</u>
Cash and due from banks	2,757	2,597	4,421	6.2%	(37.6)%
Investment Portfolio	5,034	5,018	6,549	0.3%	(23.1)%
Loan Portfolio Net	10,008	9,144	12,654	9.4%	(20.9)%
Other assets	708	698	1,124	1.6%	(36.9)%
TOTAL ASSETS	18,507	17,457	24,748	6.0%	(25.2)%
ASSETS UNDER MANAGEMENT	3,874	4,214	6,075	(8.1)%	(36.2)%
Deposits	14,540	13,542	19,979	7.4%	(27.2)%
Financial Liabilities	731	774	776	(5.6)%	(5.8)%
Other Liabilities	1,253	1,293	1,716	(3.1)%	(27.0)%
Shareholders' Equity	1,985	1,848	2,277	7.4%	(12.8)%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	18,507	17,457	24,748	6.0%	(25.2)%
INCOME – QUARTER					
Financial Margin	256	226	353	13.3%	(27.5)%
Allowance for losses on loan portfolio	86	54	78	59.6%	9.7%
Commissions and other income	195	156	241	24.8%	(19.3)%
Insurance premiums, net of claims	44	17	48	154.1%	(8.7)%
Salaries and Operating Expenses	252	256	370	(1.7)%	(32.0)%
Taxes	(42)	(10)	(41)	323.3%	3.5%
Net Income – Quarter	115	80	146	45.2%	(21.0)%
Net Income 12 months	607		371		63.6%
KEY FINANCIAL INDICATORS					
Income per share – Quarter Bs / share	1,16	0,80	1,46	(45.1)%	(21.1)%
Income per share – 12 months Bs / share	6,09		3,71		64.4%
Market price A share	6,88	6,88	8,63	0%	(20.3)%
Market price B share	6,88	6,88	8,63	0%	(20.3)%
Book value per share	19,39	18,01	22,15	7.6%	(12.5)%
Net Income (quarter) / Average Assets (ROA)	2.9%	2.1%	2.5%	38.1%	16.0%
Net Income (quarter) / Average Equity (ROE)	28.9%	21.3%	28.0%	35.7%	3.2%
Net Income (9 months) / Average Assets (ROA)	3.2%	3.2%	1.6%	0.0%	100.0%
Net Income (9 months) / Average Equity (ROE)	31.8%	31.6%	17.8%	0.6%	78.7%

¹ Dollar figures are given for reference purposes only. Balance Sheet figures are translated at the closing exchange rate and income statement figures at the average exchange rate for the period. See exchange rates in Appendix V. Exchange control has been in place in Venezuela since February 2003.

APPENDIX IV

MERCANTIL SERVICIOS FINANCIEROS, C.A. Consolidated Loan Portfolio by Classification (In millions of Bolivars, except percentages)

By Economic Activity	12-31-10	%	09-30-10	%	12-31-09	%
Commercial	16,451	37.1%	14,539	35.9%	9,483	33.9%
Foreign trade	3,612	8.1%	3,428	8.5%	2,281	8.1%
Residential mortgage	2,794	6.3%	2,662	6.6%	2,067	7.4%
Industrial	3,069	6.9%	2,834	7.0%	2,339	8.3%
Construction	3,233	7.3%	2,873	7.1%	2,364	8.4%
Consumer	4,391	9.9%	4,139	10.2%	3,221	11.5%
Services	4,664	10.5%	2,802	6.9%	801	2.9%
Agricultural	2,648	6.0%	3,966	9.8%	2,940	10.5%
Car loans	1,357	3.1%	1,210	3.0%	1,219	4.3%
Other	2,143	4.8%	2,023	5.0%	1,315	4.7%
	44,362	100.0%	40,476	100.0%	28,030	100.0%

By Maturity	12-31-10	%	09-30-10	%	12-31-09	%
Up to six months	20,665	46.4%	19,670	48.6%	16,178	57.8%
Six months to one year	3,361	7.6%	2,780	6.9%	2,043	7.3%
One to two years	6,105	13.8%	4,683	11.6%	2,161	7.7%
Two to three years	4,602	10.4%	4,542	11.2%	1,900	6.8%
Three to four years	1,588	3.6%	1,629	4.0%	1,218	4.3%
Four to five years	1,978	4.5%	1,432	3.5%	569	2.0%
Over five years	6,063	13.7%	5,740	14.2%	3,961	14.1%
	44,362	100.0%	40,476	100.0%	28,030	100.0%

By Geographical Location of the Debtor	12-31-10	%	09-30-10	%	12-31-09	%
Venezuela	28,404	64.0%	24,935	61.7%	21,045	75.0%
United States of America	9,263	20.9%	8,975	22.2%	4,389	15.7%
México	664	1.5%	647	1.6%	256	0.9%
Colombia	362	0.8%	221	0.5%	127	0.5%
Brazil	1,590	3.6%	1,503	3.7%	590	2.1%
Switzerland	219	0.5%	252	0.6%	65	0.2%
Peru	838	1.9%	861	2.1%	270	1.0%
Other countries	3,022	6.8%	3,082	7.6%	1,288	4.6%
	44,362	100.0%	40,476	100.0%	28,030	100.0%

By Type of Risk	12-31-10	%	09-30-10	%	12-31-09	%
Normal	41,017	92.5%	37,400	92.4%	25,829	92.1%
Potential	880	2.0%	966	2.4%	504	1.8%
Real	2,184	4.9%	1,848	4.6%	1,514	5.4%
High	230	0.5%	213	0.5%	164	0.6%
Unrecoverable	51	0.1%	49	0.1%	19	0.1%
	44,362	100.0%	40,476	100.0%	28,030	100.0%

APPENDIX V

Summary of Financial Indicators

	Quarter Ended on			12 months Ended on	
	US\$ Dec 10 ¹	Dec 10	Dec 09	Dec 10	Dec 09
Net income in billions of Bolivars (millions of US\$)	115	494	313	2,176	796
Mercantil's stock indicators					
Class A share:					
Number of outstanding shares ³ (Issued shares minus repurchased shares)		59,496,176	59,733,553		
Market Price	6,88	29,50	18,50		
Average daily volume (# of shares)		14,991	54,088		
Market Price / Book value per share		0,4	0,4		
Market Price / Period Net Earnings per share		6,0	5,9	1,4	2,3
Dividends in Cash / Market price A		1,0	0,8	5,1	7,4
Class B share:					
Number of outstanding shares ³ (Issued shares minus repurchased shares)		42,860,312	42,992,256		
Market Price	6,88	29,50	18,50		
Average daily volume (# of shares)		4,417	46,998		
Market Price / Book value per share		0,4	0,4		
Market Price / Period Net Earnings per share		6,0	5,9	1,4	2,3
Dividends in Cash / Market price B		1,0	0,8	5,1	7,4
Book value per share in Bs (Equity / # of outstanding shares) ²	19,39	83,17	47,50		
Total weighted outstanding shares		99,636,004	99,663,151	99,724,384	100,117,194
Earnings per share (Net Result/ weighted outstanding shares)	1,16	4,96	3,14	21,82	7,95
Balance Structure indicators					
Gross Loans/Deposits		71.1%	65.4%		
Profitability Ratios (%):					
Gross financial margin / Average interest earning assets		8.3%	7.8%	7.1%	7.3%
Commissions and other income as a percentage of Total income		48.3%	45.0%	49.2%	37.8%
Return on average assets (ROA)		2.9%	2.5%	3.2%	1.6%
Return on average equity (ROE)		28.9%	28.0%	31.8%	17.8%
Efficiency Ratios (%):					
Operating expenses / Average total assets		5.6%	5.9%	5.2%	5.4%
Operating expenses / Total income		43.9%	52.7%	46.7%	58.4%
Liquidity Ratios (%):					
Cash and due from banks / Deposits		19.0%	22.1%		
Cash and due from banks and Investments Portfolio / Deposits		53.6%	54.9%		
Asset Quality Ratios (%):					
Non performing loans/ Gross loans		2.9%	3.3%		
Allowance for loan losses / Non performing loans		110.8%	96.5%		
Allowance for loan losses / Gross loans		3.2%	3.2%		
Capital Adequacy Ratios (%):					
Shareholders equity / Assets		10.7%	9.2%		
SNV-Risk based capital (minimum required 8%)		20.4%	18.3%		

¹ Figures in US\$ given for reference purposes only; Balance Sheet figures translated at the closing exchange rate and income at the average exchange rate for the period. See exchange rates in Appendix III. Exchange control has been in place in Venezuela since February 2003.

² Issued shares minus repurchased shares.

³ Stock dividends paid are considered as issued shares for comparison purposes.

APPENDIX V

Number of employees

Employees in Venezuela

Employees Abroad

Distribution network

Branches in Venezuela

Bank branches

Insurance branches

Branches Abroad

Representative Offices

Number of ATMs

Number of points of sale (POS)

Exchange and inflation rates

Exchange rate Bs/US\$1 (Controlled since February 2003)

Average Exchange Rate for the period (Bs/US\$1)

Inflation for the last 12 months

Number of employees

	Dec 10	Dec 09
Employees in Venezuela	8,206	8,961
Employees Abroad	828	872
Branches in Venezuela	306	329
Bank branches	273	297
Insurance branches	33	32
Branches Abroad	22	21
Representative Offices	6	6
Number of ATMs	1,344	1,379
Number of points of sale (POS)	40,428	41,028
Exchange rate Bs/US\$1 (Controlled since February 2003)	4.2893	2.1446
Average Exchange Rate for the period (Bs/US\$1)	4.2893	2.1446
Inflation for the last 12 months	3.5827	2.1446
Number of employees	27.2%	26.9%

APPENDIX VI

MERCANTIL C.A. BANCO UNIVERSAL According to rules issued by SNV ¹ UNAUDITED CONSOLIDATED FIGURES (In millions of Bolivars and Dollars, except percentages)

	US\$ ²					Dec 10 vs. Sep 10		Dec 10 vs. Dec 09	
						Δ		Δ	
		12-31-10	12-31-10	09-30-10	12-31-09	Bolivars	%	Bolivars	%
SUMMARY OF BALANCE SHEET									
ASSETS									
Cash and Cash Equivalents	2,551	10,941	10,531	9,143	410	3.9%	1,798	19.7%	
Investments Portfolio	1,839	7,890	6,839	6,825	1,051	15.4%	1,065	15.6%	
Loan Portfolio	6,225	26,703	23,334	20,040	3,369	14.4%	6,663	33.2%	
Properties and Equipment and Other Asset	258	1,105	1,233	1,325	(128)	(10.4)%	(220)	(16.6)%	
TOTAL ASSETS	10,873	46,639	41,937	37,333	4,702	11.2%	9,306	24.9%	
LIABILITIES AND SHAREHOLDERS' EQUITY									
Deposits ³	9,192	39,383	35,537	32,197	3,846	10.8%	7,186	22.3%	
Financial Liabilities and Other Liabilities	525	2,253	1,986	1,785	267	13.4%	468	26.2%	
TOTAL LIABILITIES	9,707	41,636	37,523	33,982	4,113	11.0%	7,654	22.5%	
SHAREHOLDERS' EQUITY	1,166	5,003	4,414	3,351	589	13.3%	1,652	49.3%	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	10,873	46,639	41,937	37,333	4,702	11.2%	9,306	24.9%	

	US\$ ²	Quarter				12 months			
		Ended on		Δ		Ended on		Δ	
		12-31-10	12-31-09	Bolivars	%	12-31-10	12-31-09	Bolivars	%
SUMMARY OF STATEMENT OF INCOME									
Interest Income	303	1,299	1,022	277	27.1%	4,644	3,999	645	16.1%
Interest Expense	100	428	381	47	12.3%	1,599	1,647	(48)	(2.9)%
Gross Financial Margin	203	871	641	230	35.9%	3,046	2,352	693	29.5%
Allowance for Losses on Loan Portfolio	56	241	128	113	88.3%	684	476	208	43.7%
Net Financial Margin	147	630	513	117	22.8%	2,361	1,876	485	25.9%
Commissions and Other Income	142	609	342	267	78.1%	2,414	1,025	1,389	135.5%
Operating Income	289	1,239	855	384	44.9%	4,775	2,901	1,874	64.6%
Operating Expenses	169	724	584	140	24.0%	2,789	2,130	659	30.9%
Income before taxes	120	515	271	244	90.0%	1,986	771	1,215	157.6%
Taxes	33	140	88	52	59.1%	277	89	188	211.2%
NET INCOME	87	375	183	192	104.9%	1,709	682	1,027	150.6%
NET INCOME IN US\$ ²		87	85	2	2.4%	477	318	159	50.0%

Conciliation of Net Income SNV and SUDEBAN (In millions of Bs.)

	Quarter		12 months	
	Ended on	Ended on	Ended on	Ended on
	12-31-10	12-31-09	12-31-10	12-31-09
Net income ⁴	700	240	1,361	722
Deferred Income Tax	(26)	(51)	(26)	3
Long term interest bearing loans, investments in securities adjusted for amortization, and other consolidation effects	(299)	(6)	374	(43)
Net income SNV	375	183	1,709	682
Inter-company eliminations	(22)	(21)	(79)	(38)
Contribution to Mercantil's Results	353	162	1,630	644

¹ These financial statements are presented in accordance with SNV standards and adjusted for inflation up to December 31, 1999 (See accounting principles used). They reflect Mercantil Banco Universal's contribution to Mercantil's results. These Standards of the SNV are described in Appendix I.

² Dollar figures are given for reference purposes only. Balance Sheet figures are translated at the closing exchange rate and income statement figures at the average exchange rate for the period. See exchange rates in Appendix V. Exchange control has been in place in Venezuela since February 2003.

³ Deposits include investments sold under repurchase agreement as follows: Bs 703 million as of 12.31.2009. According to the Superintendence of Bank's regulations investments sold under repurchase agreement are reduced from the total amount of the investment portfolio.

⁴ Historic figures in accordance with the standards of the Superintendency of Banks in Venezuela.

APPENDIX VI

MERCANTIL C.A. BANCO UNIVERSAL According to rules issued by SUDEBAN¹ UNAUDITED CONSOLIDATED FIGURES (In millions of Bolivars and Dollars, except percentages)

	US\$ ³ 12-31-10	12-31-10	09-30-10	12-31-09	Dec 10 vs. Sep 10		Dec 10 vs. Dec 09	
					Bolivars	%	Bolivars	%
SUMMARY OF BALANCE SHEET								
ASSETS								
Cash and Cash Equivalents	2,551	10,941	10,531	9,143	410	3.9%	1,798	19.7%
Investments Portfolio	1,754	7,524	6,653	5,957	712	10.7%	1,408	23.6%
Loan Portfolio	6,225	26,703	23,334	20,287	3,369	14.4%	6,416	31.6%
Properties and Equipment and Other Assets	257	1,103	1,384	1,223	107	7.7%	268	21.9%
TOTAL ASSETS	10,787	46,271	41,902	36,610	4,598	11.0%	9,890	27.0%
LIABILITIES AND SHAREHOLDERS' EQUITY								
Deposits	9,391	40,280	36,244	32,013	4,036	11.1%	8,267	25.8%
Financial Liabilities and Other Liabilities	328	1,409	1,324	1,297	85	6.4%	112	8.6%
TOTAL LIABILITIES	9,719	41,689	37,568	33,310	4,121	11.0%	8,379	25.2%
SHAREHOLDERS' EQUITY	1,068	4,582	4,334	3,300	477	11.0%	1,511	45.8%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	10,787	46,271	41,902	36,610	4,598	11.0%	9,890	27.0%

	US\$ ² 31-12-10	Quarter Ended on				12 months Ended on			
		12-31-10	12-31-09	Bolivars	%	12-31-10	12-31-09	Bolivars	%
SUMMARY OF STATEMENT OF INCOME									
Interest Income	317	1,361	1,055	306	29.0%	4,802	4,185	617	14.7%
Interest Expense	104	446	384	31	8.1%	1,646	1,711	(65)	(3.8)%
Gross Financial Margin	213	915	671	275	41.0%	3,156	2,474	682	27.6%
Allowance for Losses on Loan Portfolio	56	240	128	24	18.8%	686	477	209	43.8%
Net Financial Margin	157	675	543	251	46.2%	2,470	1,997	473	23.7%
Commissions and Other Income	231	990	345	85	24.6%	2,131	989	1,142	115.5%
Operating Income	388	1,665	888	336	37.8%	4,601	2,986	1,615	54.1%
Operating Expenses	197	845	590	244	41.4%	3,046	2,152	894	41.5%
Income before taxes	191	820	298	92	30.9%	1,555	834	721	86.5%
Taxes	28	120	58	(29)	(50.0)%	194	112	82	73.2%
NET INCOME	163	700	240	121	50.4%	1,361	722	639	88.5%
NET INCOME IN US\$³		163	112	(28)	(24.9)%	317	337	(20)	(5.9)%

Mercantil Banco Universal

Indicators¹ from Consolidated Financial Statements

	System average ²	12-31-10	12-31-09
Gross financial margin / Average assets	7.7%	8.7%	7.7%
Return on average assets (ROA) ²	2.0%	3.4%	2.2%
Return on average equity (ROE) ²	21.9%	34.0%	24.7%
Non performing loans / Gross loans	3.4%	0.9%	0.9%
Allowance for loan losses / Non performing loans	149.1%	489.0%	378.9%
Allowance for loan losses / Gross loans	5.1%	4.2%	3.5%
Operating expenses / average total assets	6.5%	6.4%	4.7%

¹ Consolidated.

² Based on annualized figures.

³ Dollar figures are given for reference purposes only. Balance Sheet figures are translated at the closing exchange rate and income statement figures at the average exchange rate for the period. See exchange rates in Appendix V. Exchange control has been in place in Venezuela since February 2003.

APPENDIX VII

MERCANTIL COMMERCEBANK FLORIDA BANCORP

According to rules issued by SNV ¹

UNAUDITED CONSOLIDATED FIGURES

(In millions of Dollars, except percentages)

					Dec 10 vs. Sep 10		Dec 10 vs. Dec 09	
	<u>12-31-10</u>	<u>09-30-10</u>	<u>12-31-09</u>	<u>US\$</u>	<u>%</u>	<u>US\$</u>	<u>%</u>	
SUMMARY OF BALANCE SHEET								
ASSETS								
Cash and Cash Equivalents	233	165	167	68	41.2%	66	39.5%	
Investments Securities	2,310	2,603	2,330	(293)	(11.3)%	(20)	(0.9)%	
Loan Portfolio	3,702	3,623	3,255	79	2.2%	447	13.7%	
Properties and Equipment and Other Assets	188	201	196	(13)	(6.5)%	(8)	(4.1)%	
TOTAL ASSETS	6,433	6,593	5,948	(160)	(2.4)%	485	8.2%	
LIABILITIES AND SHAREHOLDERS' EQUITY								
Deposits	5,116	5,084	4,729	32	0.6%	387	8.2%	
Financial Liabilities, Other Liabilities and Subordinated Debt	788	982	710	(195)	(19.9)%	77	10.8%	
TOTAL LIABILITIES	5,903	6,066	5,439	(163)	(2.7)%	464	8.5%	
SHAREHOLDERS' EQUITY	529	527	509	2	0.4%	20	3.9%	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	6,433	6,593	5,948	(160)	(2.4)%	485	8.2%	

	Quarter Ended on				12 months Ended on			
	<u>31-12-10</u>	<u>31-12-09</u>	<u>US\$</u>	<u>%</u>	<u>31-12-10</u>	<u>31-12-09</u>	<u>US\$</u>	<u>%</u>
SUMMARY OF STATEMENT OF INCOME								
Interest Income	46	48	(2)	(4.2)%	179	207	(28)	(13.4)%
Interest Expense	10	11	(1)	(9.1)%	42	54	(12)	(22.2)%
Gross Financial Margin	36	37	(1)	(2.7)%	137	153	(16)	(10.4)%
Allowance for Losses on Loan Portfolio	29	18	11	61.1%	73	132	(59)	(44.9)%
Net Financial Margin	7	19	(12)	(63.2)%	64	21	43	207.0%
Commissions and Other Income	20	19	1	5.3%	70	67	3	4.5%
Operating Income	27	38	(11)	(28.9)%	134	88	47	52.9%
Operating Expenses	40	36	4	11.1%	142	141	1	0.4%
Income before taxes	(13)	2	(15)	(750.0)%	(7)	(53)	46	(86.7)%
Taxes	0	11	(11)	(100.0)%	0	3	(3)	(108.8)%
NET INCOME US\$	(13)	(9)	(4)	44.4%	(7)	(56)	48	(87.9)%

Cconciliation of Net Income SNV and USGAAP

(In millions of dollars)

	Quarter Ended on		12 months Ended on	
	12-31-10	12-31-09	12-31-10	12-31-09
Mercantil Commercebank N.A. Consolidated - Net Income Results for the Holding and other Affiliates	(4)	6	1	(26)
Mercantil Commercebank Florida Bancorp - Net Income	(2)	(1)	(6)	(5)
Deferred Income Tax	(6)	5	(5)	(31)
Provision for available for sale assets	(4)	(6)	(3)	(14)
Others	(4)	(6)	2	(6)
Contribution to Mercantil's Results ¹	1	(2)	(1)	(5)
	(13)	(9)	(7)	(56)

¹ These financial statements are presented in accordance with rules of the SNV (see accounting principles used) to reflect the contribution of Mercantil Commercebank Florida Bancorp to the results of Mercantil. These Standards of the SNV are described in Appendix I.

APPENDIX VII

MERCANTIL COMMERCEBANK N.A.
According to USGAAP
UNAUDITED CONSOLIDATED FIGURES
(In millions of Dollars, except percentages)

	12-31-10	09-30-10	12-31-09	Δ		Δ	
				US\$	%	US\$	%
				Dec 10 vs. Sep 10		Dec 10 vs. Dec 09	
SUMMARY OF BALANCE SHEET							
ASSETS							
Cash and Cash Equivalents	236	171	168	65	38.0%	68	40.5%
Investments Securities	2,306	2,599	2,327	(293)	(11.3)%	(21)	(0.9)%
Loan Portfolio	3,697	3,618	3,248	79	2.2%	449	13.8%
Properties and Equipment and Other Assets	238	244	248	(6)	(2.5)%	(10)	(4.0)%
TOTAL ASSETS	6,478	6,632	5,991	(154)	(2.3)%	486	8.1%
LIABILITIES AND SHAREHOLDERS' EQUITY							
Deposits	4,715	4,613	4,400	102	2.2%	314	7.1%
Financial Liabilities, Other Liabilities and Subordinated Debt	1,105	1,348	936	(243)	(18.0)%	169	18.1%
TOTAL LIABILITIES	5,820	5,961	5,336	(141)	(2.4)%	484	9.1%
SHAREHOLDERS' EQUITY	658	671	655	(13)	(1.9)%	3	0.5%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	6,478	6,632	5,991	(154)	(2.3)%	486	8.1%

	Quarter		Δ		12 months		Δ	
	Ended on	Ended on	US\$	%	Ended on	Ended on	US\$	%
	12-31-10	12-31-09			12-31-10	12-31-09		
SUMMARY OF STATEMENT OF INCOME								
Interest Income	46	48	(2)	(4.2)%	179	208	(29)	(13.9)%
Interest Expense	8	10	(2)	(20.0)%	35	47	(12)	(25.5)%
Gross Financial Margin	38	37	1	2.7%	143	161	(17)	(10.6)%
Allowance for Losses on Loan Portfolio	29	19	10	52.6%	73	132	(59)	(44.7)%
Net Financial Margin	9	18	(9)	(50.0)%	70	29	41	141.4%
Commissions and Other Income	18	25	(7)	(28.0)%	62	69	(7)	(10.1)%
Operating Income	27	43	(16)	(37.2)%	132	98	34	34.7%
Operating Expenses	33	34	1	(2.9)%	130	137	(7)	(5.1)%
Income before taxes	(6)	9	(15)	(166.7)%	2	(39)	41	105.1%
Taxes	2	(3)	5	166.7%	(1)	13	(14)	107.7%
NET INCOME US\$	(4)	6	(10)	(166.7)%	1	(26)	27	103.8%

Mercantil Commercebank N.A.

Indicators	Similar Group ¹	12-31-10	12-31-09
Gross financial margin / Average assets	3.6%	2.3%	2.8%
Return on average assets (ROA) ²	0.6%	0.0%	(0.4)%
Return on average equity (ROE) ²	4.9%	0.2%	(4.3)%
Non Accrual / Gross loans	10.1%	8.3%	12.5%
Allowance for loan losses / Gross loans	2.3%	1.6%	2.3%
Operating expenses / average total assets	2.8%	2.0%	2.2%

¹ Based on September, 2010.

² Annualized.

APPENDIX VIII

MERCANTIL SEGUROS According to rules issued by SNV ¹ Unaudited Consolidated Figures (In millions of Bolivars and Dollars, except percentages)

	US\$ ² 12-31-10	12-31-10	09-30-10	12-31-09	Δ Dec 10 vs. Sep 10		Δ Dec 10 vs. Dec 09	
					Bolivars	%	Bolivars	%
SUMMARY OF BALANCE SHEET								
ASSETS								
Cash and Cash Equivalents	17	72	77	81	(5)	(6.5)%	(9)	(11.1)%
Investments Portfolio	559	2,399	2,074	1,453	325	15.7%	946	65.1%
Premiums receivable	107	459	410	325	49	12.0%	134	41.2%
Property and equipment	28	122	116	113	6	5.2%	9	8.0%
Other assets	69	298	361	213	(63)	(17.5)%	85	39.9%
TOTAL ASSETS	781	3,350	3,038	2,184	312	10.3%	1,165	53.3%
LIABILITIES AND SHAREHOLDERS' ÉQUITY								
Reserves for general risks	282	1,208	989	796	219	22.1%	412	51.8%
Claims incurred	148	633	622	480	11	1.8%	153	31.9%
Life Reserves and Others	-	-	30	28	(30)	(100.0)%	(28)	(100.0)%
Financial Liabilities	16	70	60	-	10	16.7%	70	100.0%
Accounts Payable Reinsures	46	196	149	118	47	31.5%	78	66.1%
Other provisions and other liabilities	87	373	413	238	(40)	(9.7)%	135	56.7%
TOTAL LIABILITIES	579	2,480	2,264	1,660	216	9.5%	820	49.4%
SHAREHOLDERS' ÉQUITY	203	870	773	525	97	12.5%	345	65.7%
TOTAL LIABILITIES AND SHAREHOLDERS' ÉQUITY	781	3,350	3,038	2,184	312	10.3%	1,165	53.3%

	US\$ ² 12-31-10	Quarter Ended on		Δ		12 months Ended on		Δ	
		12-31-10	12-31-09	Bolivars	%	12-31-10	12-31-09	Bolivars	%
SUMMARY OF STATEMENT OF INCOME									
Earned Premiums Received	222	954	675	279	41.3%	3,321	2,305	1,016	44.1%
Claims Incurred	(135)	(580)	(445)	(135)	30.3%	(2,214)	(1,518)	(696)	45.9%
Commissions and Acquisition Expenses	(41)	(177)	(124)	(53)	42.7%	(587)	(404)	(183)	45.2%
Management Expenses	(26)	(112)	(79)	(33)	41.8%	(391)	(297)	(94)	31.5%
Technical Result	20	85	28	58	205.4%	130	86	44	50.7%
Income from Investments	24	104	26	78	300.0%	237	143	94	65.6%
Taxes and Contributions	1	4	-	4	100.0%	126	-	126	100.0%
Contracts of excess of lost Technical Result	-	(2)	30	(32)	(106.7)%	(24)	-	(24)	(100.0)%
Technical Result	(7)	(29)	(11)	(18)	163.6%	(59)	(27)	(32)	118.9%
NET INCOME	38	162	73	90	122.6%	409	202	207	102.6%
NET INCOME US\$ ²		38	34	4	10.7%	114	94	20	21.5%

Conciliation of Net Income SNV and SUDESEG (In millions of Bs)

	Quarter Ended on		12 months Ended on	
	12-31-10	12-31-09	12-31-10	12-31-09
Mercantil Seguros (Consolidated) - Net Income	158	69	405	201
Valuation of Investments	0	3	(2)	1
Earned premiums	2	-	3	1
Other	2	1	3	(1)
Contribution to Mercantil's Results	162	73	409	202

¹ These financial statements are presented in accordance with SNV standards and adjusted for inflation up to December 31, 1999 (See accounting principles used, Appendix I). They reflect Mercantil Seguros contribution to Mercantil's results. These Standards of the SNV are described in Appendix I.

² Dollar figures are given for reference purposes only. Balance Sheet figures are translated at the closing exchange rate and income statement figures at the average exchange rate for the period. See exchange rates in Appendix V. Exchange control has been in place in Venezuela since February 2003.

APPENDIX VIII

MERCANTIL SEGUROS

According to rules issued by Superintendency of Insurance Activity
Unaudited Consolidated Figures

(In millions of Bolivars and Dollars, except percentages)

	US\$ ¹					Δ		Δ	
						Dec 10 vs. Sep 10		Dec 10 vs. Dec 09	
		12-31-10	12-31-10	09-30-10	12-31-09	Bolivars	%	Bolivars	%
SUMMARY OF BALANCE SHEET									
ASSETS									
Investments suitable for representing									
Technical Reserves	639	2,741	2,299	1,676	442	19.2%	1,065	63.5%	
Investments not-suitable for representing									
Technical Reserves	67	286	190	250	96	50.5%	36	14.4%	
Other assets	112	480	483	338	(3)	(0.6)%	142	42.0%	
TOTAL ASSETS	818	3,507	2,972	2,264	535	18.0%	1,243	54.9%	
LIABILITIES AND SHAREHOLDERS' EQUITY									
Technical Reserves	436	1,871	1,660	1,329	211	12.7%	542	40.8%	
Other allowances and liabilities	122	522	482	244	40	8.3%	278	113.9%	
TOTAL LIABILITIES	558	2,393	2,142	1,573	251	11.7%	820	52.1%	
SHAREHOLDERS' EQUITY	260	1,114	829	691	285	34.4%	423	61.2%	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	818	3,507	2,972	2,264	535	18.0%	1,243	54.9%	

	US\$ ¹	Quarter				12 months			
		Ended on				Ended on			
		12-31-10	12-31-10	12-31-09	Bolivars	%	12-31-10	12-31-09	Bolivars
SUMMARY OF STATEMENT OF INCOME									
Earned Premiums Received	222	951	675	276	40.9%	3,320	2,304	1,016	44.1%
Claims Incurred	(135)	(580)	(445)	(135)	30.3%	(2,214)	(1,518)	(696)	45.8%
Commissions and Acquisition Expenses	(41)	(177)	(124)	(53)	42.7%	(588)	(404)	(184)	45.5%
Management Expenses	(27)	(115)	(79)	(36)	45.6%	(394)	(297)	(97)	32.7%
Technical Result	18	79	27	52	192.6%	124	85	39	45.9%
Income from Investments	25	106	23	83	360.9%	238	143	95	66.4%
Exchange Gains and Losses	1	4	-	4	100.0%	126	-	126	100.0%
Taxes and Contributions	-	(2)	30	(32)	(106.7)%	(24)	-	(24)	100.0%
Contracts of excess of lost	(7)	(29)	(11)	(18)	163.6%	(59)	(27)	(32)	118.5%
NET INCOME	37	158	69	86	124.6%	405	201	204	100.5%
NET INCOME US\$¹		37	32	5	15.0%	113	94	19	20.2%

KEY FINANCIAL AND OPERATING INDICATORS

Mercantil Seguros

(In millions of Bolivars, except percentages)

	Quarter		12 months	
	Ended on		Ended on	
	12-31-10	12-31-09	12-31-10	12-31-09
Premiums Received Net	1,287	880	4,013	2,802
Market Share	11.2% ²	9.3%		
Equity / Total Assets	31.8%	30.5%		
Incurred Claims / Earned Premiums	61.0%	65.9%	66.7%	65.9%
Commissions and Acq. Expenses / Earned Premiums	18.6%	18.4%	17.7%	17.5%
Administrative Expenses / Earned Premiums	12.1%	11.7%	11.9%	12.9%
Combined Ratio (%) ³	91.7%	96.1%	96.2%	96.3%
Insured Persons ⁴	1,509,373	1,420,000		

¹ Dollar figures are given for reference purposes only. Balance Sheet figures are translated at the closing exchange rate and income statement figures at the average exchange rate for the period. See exchange rates in Appendix V. Exchange control in place in Venezuela since February 2003.

² Market Share at 11.30.2010.

³ Combined ratio = (incurred claims + commissions + operating expenses) / earned premiums

⁴ In numbers

APPENDIX IX

Key Macroeconomic Indicators

	YEARS		QUARTERS							
	2009	2010	I 09	II 09	III 09	IV 09	I 10	II 10	III 10	IV 10
Gross Domestic Product. Var.%¹										
Consolidated	(3.3)	(1.9)	0.5	(2.6)	(4.6)	(5.8)	(5.8)	(1.9)	(0.4)	(0.4)
Oil activities	(7.2)	(2.2)	(5.0)	(3.9)	(9.6)	(10.2)	(4.9)	(2.0)	(2.1)	0.3
Non-Oil activities	(2.0)	(1.8)	1.4	(2.0)	(3.1)	(4.0)	(4.7)	(1.7)	(0.2)	(0.7)
Other Net Taxes on Products	(7.5)	(2.3)	0.5	(5.7)	(9.3)	(13.4)	(8.3)	(3.3)	0.4	1.4
Consumer Price Index (% Change)²	26.9	27.4	23.3	29.2	31.8	23.5	28.4	44.6	18.8	19.3
Unemployment Rate (% Change)³	7.5	8.3	8.0	7.4	7.4	7.3	9.3	8.2	8.9	7.7
Wage Income Index (% Var)¹	23.1	ND	22.6	17.0	22.2	23.1	25.3	21.7	21.7	ND
Monetary Liquidity (% Change)¹	21.2	25.1	31.0	30.3	33.7	21.2	20.9	17.7	14.1	25.1
Interest Rates (Period end) (%)⁴										
Six Main Commercial and Universal Banks										
Period-end Loan Rate	18.9	16.7	22.4	20.4	18.6	18.9	18.4	17.7	17.4	16.7
Period-end Saving Deposit Rate	12.6	12.6	15.0	12.8	12.6	12.6	12.6	12.6	12.6	12.6
Period-end Time Deposit Rate	15.0	14.6	17.1	14.7	14.5	15.0	14.5	14.6	14.8	14.5
Exchange Rate (Preferential)										
Period end (Bs/US\$) (Bid rate) ⁷	2.1446	2.5935	2.1446	2.1446	2.1446	2.1446	2.5935	2.5935	2.5935	2.5935
Annual average exchange rate (Bs/US\$) ⁷	2.1446	2.3691	2.1446	2.1446	2.1446	2.1446	2.3691	2.3691	2.3691	2.3691
Depreciation (%) ²	0.0	0.0	0.0	0.0	0.0	0.0	20.9	0.0	0.0	0.0
Exchange Rate (Oil)										
Period end (Bs/US\$) (Bid rate) ⁷	2.1446	4.2893	2.1446	2.1446	2.1446	2.1446	4.2893	4.2893	4.2893	4.2893
Annual average exchange rate (Bs/US\$) ⁷	2.1446	3.2170	2.1446	2.1446	2.1446	2.1446	3.2170	3.2170	3.2170	3.2170
Depreciation (%) ²	0.0	0.0	0.0	0.0	0.0	0.0	100.0	0.0	0.0	0.0
External Sector (million of US\$)										
Trade Balance⁵	19,153	26,181	(1,315)	4,505	7,623	8,340	8,988	6,069	5,523	5,601
Oil Exports	54,201	60,811	9,158	13,709	15,494	15,840	15,654	15,257	14,661	15,239
Non-Oil Exports	3,394	3,432	682	851	951	910	807	817	830	978
Imports	38,442	38,062	11,155	10,055	8,822	8,410	7,473	10,005	9,968	10,616
Central Bank of Venezuela Intl. Res.	35,000	29,500	28,163	29,921	32,384	35,000	28,527	27,970	28,618	29,500
FEM	830	832	829	829	829	830	830	831	831	832
Oil Export Average Price (US\$/b)	56.9	71.6	38.6	54.5	64.3	70.2	70.6	69.5	68.0	78.1
Average Oil Production (Thousands bpd)	2,181	2,187	2,122	2,168	2,215	2,220	2,185	2,178	2,195	2,190
Central Government (millions of Bs)										
Ordinary Income	136,955	ND	25,332	28,929	39,612	43,082	31,244	38,788	39,631	ND
Oil Income	53,236	ND	7,293	8,838	17,605	19,500	7,372	14,457	13,638	ND
Non-Oil Income	83,719	ND	18,038	20,092	22,007	23,582	23,872	24,331	25,993	ND
Ordinary Expenditures⁶	187,542	ND	35,012	40,076	48,360	64,093	43,773	49,592	56,391	ND

¹ Year-on-year variation.

² Annual Dec-Dec figures. Annualized quarterly figures.

³ Annual figures for the second semester.

⁴ Annual figures correspond to weighted averages.

⁵ Balance of payments figures.

⁶ Does not include public debt amortization

⁷ Exchange Rate US\$/1 for comparison purposes. At January 1, 2008, begins the Monetary Conversion Law.

ND: Not Available

FEM: Macroeconomic Stabilization Fund

Source: Central Bank of Venezuela (BCV). Ministry of Finance (MF). National Statistics Institute (INE)

Ministry of Energy and Production (MEP). Bloomberg and own calculation