

**Mercantil Servicios Financieros (Mercantil). First Quarter 2011**  
**Caracas Stock Exchange (MVZ.A & MVZ.B); Level 1 ADR: MSFZY & MSFJY**

Caracas, May 2, 2011. Mercantil Servicios Financieros (Mercantil) reports its earnings for the quarter ended March 31, 2011.

**Summary**

**Net Income:** Mercantil recorded Bs 242 million (US\$ 56 million)<sup>1</sup> in net quarterly income at March 31, 2011, which compares with the Bs 389 million (US\$ 150 million)<sup>1</sup> net result recorded in 1Q 2010. Net earnings per share in 1Q 2011 were Bs 2.43; US\$ 0.57<sup>1</sup> (Bs 3.91 in 1Q 2010, US\$ 1.51<sup>1</sup>). ROE and ROA indicators for 1Q 2011 were 11.3% and 1.2% respectively. The main variations in net income for the quarter are:

- ✓ **Net Interest Income** reached Bs 1,170 million (US\$ 273 million)<sup>1</sup> representing year-on-year growth of Bs 391 million (50.2%) from Bs 779 million (US\$ 301 million)<sup>1</sup>, mainly due to the increase in the financial intermediation ratio (loan portfolio to deposits) from 65.4% to 71.3% over that period.
- ✓ **Loan Portfolio Provision:** Totaled Bs 345 million (US\$ 80 million)<sup>1</sup>, Bs 228 million (194.9%), a year-on-year increase from Bs 117 million (US\$ 45 million)<sup>1</sup>, due mainly to higher provisioning required in the mortgage agricultural and commercial sectors in Venezuela. The provision represents 3.7% of the gross loan portfolio and covers 112.5% of past-due and nonperforming loans.
- ✓ **Commissions and other Income** reached Bs 570 million (US\$ 133 million)<sup>1</sup>, Bs 50 million (9.6%) more than the Bs 520 million (US\$ 201 million)<sup>1</sup> recorded in 1Q 2010, mainly due to Bs 178 million growth in income from the financing of insurance policies, commissions on credit cards, and other services, Bs 31 million growth in earning for securities trading activities, and due to the fact that the 1Q 2010 included a Bs 160 million increase registered in exchange difference using the new exchange rate set by the Venezuelan Central Bank for the valuation of assets and liabilities in foreign currency which went from Bs 2.1446/US\$ to Bs 2.5935/US\$.
- ✓ **Insurance premiums, net of claims** increased Bs 51 million (63.0%) to Bs 132 million (US\$ 31 million)<sup>1</sup>, compared with Bs 81 million (US\$ 31 million)<sup>1</sup> in 1Q 2010. Net collected premiums grew Bs 213 million (23.7%) to Bs 1,113 million over the same period.
- ✓ **Personnel and Operating expenses** reached Bs 1,236 million (US\$ 288 million)<sup>1</sup>, representing an increase of Bs 385 million (45.2%) compared with Bs 851 million (Bs 328 million)<sup>1</sup> in 1Q 2010, due mainly to Bs 130 million (34.7%) growth in personnel expenses, Bs 85 in expenses for contributions to regulatory bodies (89.5%) as a result of the increase in the semi-annual contribution that financial institutions in Venezuela must make to Deposits Guarantee Fund (Fogade) from 0.50% of total deposits in the first half of 2010 to 0.25% in the first half of 2011, and Bs 148 million in other operating expenses (52.9%) .

Personnel and Operating Expenses are affected by inflation in Venezuela which was 27.4% over the last 12 months, and due to the effects of devaluation on expenses in Venezuela and conversion by the subsidiaries abroad. The efficiency ratio measured by calculating Operating Expenses as a percentage of Average Assets, was 5.2% in March 2011 versus 5.3% in March 2010.

**Summary of the Financial Statements and Ratios<sup>2</sup>**  
**(In millions of Bolivars, except percentages)**

	<b>03-31-11</b>	<b>12-31-10</b>	<b>03-31-10</b>	<b>Δ Mar 2011 vs. Dec 2010</b>	<b>Δ Mar 2011 vs. Mar 2010</b>
<b>QUARTERLY RESULTS</b>					
Net Interest Income	1,170	1,096	779	6.7%	50.2%
Allowance for losses on loan portfolio	345	367	117	(6.0)%	194.9%
Commissions and other income	570	838	520	(32.0)%	9.6%
Insurance premiums, net of claims	132	188	81	(29.7)%	63.0%
Salaries and Operating Expenses	1,236	1,079	851	14.6%	45.2%
Taxes	(47)	(182)	(23)	(74.1)%	104.3%
Net Income – Quarter	242	494	389	(51.0)%	(37.8)%
<b>KEY FINANCIAL INDICATORS</b>					
Income per share –Quarter Bs/ share	2.43	4.96	3.91	(51.0)%	(37.9)%
Market price A share	31.00	29.50	23.00	5.1%	34.8%
Market price B share	30.50	29.50	24.00	3.4%	27.1%
Book value per share	83.12	83.17	54.89	(0.1)%	51.4%
Net Income (quarter) / Average Assets (ROA)	1.2%	2.9%	2.8%	(58.6)%	(57.1)%
Net Income (quarter) / Average Equity (ROE)	11.3%	28.9%	28.6%	(60.9)%	(60.5)%

<sup>1</sup> 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.

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

**Assets:** During 1Q 2011 total assets registered Bs 3,046 million (3.8%) quarter-over-quarter growth to Bs 82,429 million (US\$ 19,217 million)<sup>1</sup> and Bs 25,784 million (45.5%) year-on-year growth. This quarterly growth includes a 2.0% increase in the size of the domestic operation and 1.8% growth of the overseas operation in dollar terms. A breakdown by subsidiary is given below:

- ✓ **Mercantil Banco Universal** grew Bs 1,287 million (2.8%) in 1Q 2011 and Bs 10,379 million (27.6%) compared to March 2010.
- ✓ **Mercantil Commercebank, N.A.** grew US\$ 301 million<sup>1</sup> (4.7%) in 1Q 2011 and US\$ 768 million<sup>1</sup> (12.9%) compared to March 2010.
- ✓ **Mercantil Seguros** grew Bs 239 million (7.1%) in 1Q 2011 and Bs 1,076 million (42.8%) compared to March 2010.

**Loan Portfolio:** Net loans totaled Bs 43,972 million (US\$ 10,251 million)<sup>1</sup> which reflected quarter-over-quarter growth of Bs 1,043 million (2.4%) and 54.2% year-on-year growth. The quarterly variation includes 0.4% growth of domestic operations and a 2.0% increase in overseas operations in terms of dollars. Below is the analysis by subsidiary:

- ✓ **Mercantil Banco Universal** grew Bs 168 million (0.6%) in 1Q 2011 and Bs 6,643 million (32.8%) compared to March 2010.
- ✓ **Mercantil Commercebank, N.A.** grew US\$ 162 million<sup>1</sup> (4.4%) in 1Q 2011 and US\$ 698 million<sup>1</sup> (22.0%) compared to March 2010.

**Deposits:** Totalled Bs 64,021 million (US\$ 14,926 million)<sup>1</sup> and reflect Bs 1,654 million (2.7%) quarter-over-quarter growth compared to Bs 62,367 million (US\$ 14,540 million)<sup>1</sup> and a 41.9% year-on-year increase. The quarterly variation is attributable mainly to the increase in checking accounts and is reflected by a 2.3% increase in the domestic operation and 0.4% growth of overseas transactions. The breakdown by subsidiary is given below:

- ✓ **Mercantil Banco Universal** grew Bs 1,745 million (4.4%) in 1Q 2011 and Bs 8,963 million (27.9%) compared to March 2010.
- ✓ **Mercantil Commercebank, N.A.** grew US\$ 44 million<sup>1</sup> (0.9%) in 1Q 2011 and US\$ 410 million<sup>1</sup> (8.6%) compared to March 2010.

**Shareholders' Equity:** Shareholders' equity increased Bs 8,506 million (US\$ 1,983 million)<sup>1</sup> which was similar to the Bs 8,513 million (US\$ 1,985 million)<sup>1</sup> registered in the previous quarter and grew 50.9% over the close of 1Q 2010. The quarterly variation in shareholders' equity is attributed mainly to Bs 242 million in net income for the period and Bs 249 million reduction for allowances set aside to pay the dividends declared by the Shareholders' Meeting (see Page 22). Mercantil's Equity/Assets ratio at March 31, 2011 is 10.3% and its Equity/Risk-Weighted Assets ratio 19.8%, based on the standards of the National Securities Superintendency (*Superintendencia Nacional de Valores, SNV*), (10.7% and 20.4% % at December 31, 2010). For **Mercantil Banco Universal**, the Equity/Assets ratio at March 31, 2011 is 11.3% and its Equity/Risk-Weighted Assets ratio 16.6% (11.2% and 17.6% at December 31, 2010) in keeping with the requirements of the Superintendency of Banking Sector Institutions (SUDEBAN). For **Mercantil Commercebank, N.A.**, these indicators are 8.8% and 16.8% respectively, based on the standards of the Office of the Comptroller of the Currency (OCC) (9.3% and 18.1% at December 31, 2010). The equity ratios of Mercantil and its subsidiaries exceed the regulatory minimums.

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

	<u>03-31-11</u>	<u>12-31-10</u>	<u>03-31-10</u>	<u>Δ Mar 2011 vs. Dec 2010</u>	<u>Δ Mar 2011 vs. Mar 2010</u>
Cash and due from banks	10,577	11,824	9,620	(10.5)%	9.9%
Investment Portfolio	24,356	21,592	15,755	12.8%	54.6%
Loan Portfolio, Net	43,972	42,929	28,525	2.4%	54.2%
Other assets	3,524	3,038	2,745	16.0%	28.4%
<b>TOTAL ASSETS</b>	<b>82,429</b>	<b>79,383</b>	<b>56,645</b>	<b>3.8%</b>	<b>45.5%</b>
<b>ASSETS UNDER MANAGEMENT</b>	<b>17,065</b>	<b>16,615</b>	<b>14,765</b>	<b>2.7%</b>	<b>15.6%</b>
Deposits	64,021	62,367	45,117	2.7%	41.9%
Financial Liabilities	3,436	3,134	1,399	9.6%	145.6%
Other Liabilities	6,466	5,369	4,493	20.5%	43.9%
Shareholders' Equity	8,506	8,513	5,636	(0.1)%	50.9%
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>82,429</b>	<b>79,383</b>	<b>56,645</b>	<b>3.8%</b>	<b>45.5%</b>

<sup>1</sup> 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

March 31, 2011

### MERCANTIL SERVICIOS FINANCIEROS <sup>1</sup> (In millions of Bolivars and Dollars<sup>2</sup>, except percentages)

Shareholders' Equity: Bs. 8,506 (US\$ 1,983)

Shareholders' Equity

<div style="border: 1px solid black; padding: 5px; background-color: #0056b3; color: white;"> <sup>3</sup>  <b>Mercantil Banco Universal</b>                      Bs. 4,642                      US\$ 1,082                 </div>	<div style="border: 1px solid black; padding: 5px; background-color: #0056b3; color: white;"> <sup>3</sup>  <b>Mercantil Commercebank Florida Bancorp</b>                      Bs. 2,257                      US\$ 526                 </div>	<div style="border: 1px solid black; padding: 5px; background-color: #0056b3; color: white;"> <b>Bank Overseas</b>                      Bs. 650                      US\$ 152                 </div>	<div style="border: 1px solid black; padding: 5px; background-color: #0056b3; color: white;"> <sup>3</sup>  <b>Mercantil Seguros</b>                      Bs. 776                      US\$ 181                 </div>	<div style="border: 1px solid black; padding: 5px; background-color: #0056b3; color: white;"> <sup>3</sup>  <b>Mercantil Merinvest</b>                      Bs. 116                      US\$ 27                 </div>	<div style="border: 1px solid black; padding: 5px; background-color: #0056b3; color: white;"> <b>Others</b>                      Bs. 26                      US\$ 6                 </div>
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Main Activity

<div style="background-color: #e67e22; padding: 2px;"> <span style="color: white;">■</span> Venezuelan Universal Bank                 </div>	<div style="background-color: #e67e22; padding: 2px;"> <span style="color: white;">■</span> U.S.A Domestic Bank &amp; Brokerage                 </div>	<div style="background-color: #e67e22; padding: 2px;"> <span style="color: white;">■</span> International Banking                 </div>	<div style="background-color: #e67e22; padding: 2px;"> <span style="color: white;">■</span> Insurance In Venezuelan                 </div>	<div style="background-color: #e67e22; padding: 2px;"> <span style="color: white;">■</span> Investment banking, mutual funds, trading &amp; brokerage in Venezuelan                 </div>	<div style="background-color: #e67e22; padding: 2px;"> <span style="color: white;">■</span> Other Minor Investments                 </div>
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Main Subsidiaries

<ul style="list-style-type: none"> <li>■ Mercantil Commercebank N.A.</li> <li>■ Mercantil Commercebank Investment Services (MCIS)</li> <li>■ Mercantil Commercebank Trust Company (MCTC)</li> </ul>	<ul style="list-style-type: none"> <li>■ Mercantil Bank (Schweiz) AG. (Suiza)</li> <li>■ Mercantil Bank and Trust Limited (Cayman) (Islas Caiman)</li> <li>■ Mercantil Bank Curacao, NV (Curacao)</li> <li>■ Mercantil Bank (Panamá), S.A.</li> </ul>	<ul style="list-style-type: none"> <li>■ Mercantil Merinvest, Casa de Bolsa, C.A.</li> <li>■ Mercantil Servicios de Inversión, C.A.</li> <li>■ Mercantil Sociedad Administradora de Entidades de Inversión Colectiva, C.A.</li> </ul>
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In millions of Bolivars <sup>1</sup>							Total
Total Assets	47,380	28,841	2,346	3,433	50	379	82,429
% Assets	57.4%	35.0%	2.8%	4.2%	0.1%	0.5%	100.0%
Investments	9,496	10,616	1,574	2,377	46	247	24,356
Loans (Net)	26,871	16,574	527	-	-	-	43,972
Deposits	40,662	21,634	1,725	-	-	-	64,021
<b>Contribution</b>							
Income net: Quarter	116	(6) <sup>(4)</sup>	57	69	3	3	242
Assets Management	8,578	5,599	1,886	26	976	-	17,065
<b>In millions of US\$ <sup>2</sup></b>							
Total Assets	11,046	6,724	547	800	12	88	19,217
Investments	2,214	2,475	367	554	11	57	5,678
Loans (Net)	6,264	3,864	123	-	-	-	10,251
Deposits	9,480	5,044	402	-	-	-	14,926
<b>Contribution</b>							
Income net: Quarter	26	(1) <sup>(4)</sup>	13	16	1	1	56
Assets Management	2,000	1,305	440	6	228	-	3,979
<b>Number of Employees</b>	<b>6,697</b>	<b>759</b>	<b>42</b>	<b>1,494</b>	<b>21</b>	<b>22</b>	<b>9,035</b>

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

<sup>2</sup> 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.

<sup>3</sup> See Performance of Subsidiaries (page 18).

<sup>4</sup> See appendix VII under USGAAP (page 40) which reflects US\$ 2.6 million in Net income for 1Q 2011. 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 page. 40).

## Market Share

	Commercial and Universal Bank's Positioning	Market Share
<b>Venezuela</b>		
<b>Mercantil Banco <sup>(1)</sup></b>		
Tourism Loans	2	15,9%
Industrial Loans	1	18,3%
Agricultural Loans	2	13,4%
Mortgage Loans under the mortgage Debtor Law (Ley Especial del Deudor Hipotecario)	2	14,1%
Microcredits Loans	4	11,1%
Gross Loans	2	14,2%
Savings Deposits	1	19,6%
Total Deposits	2	12,9%
Total Deposits + Other Demand Liabilities	4	11,6%
Total Assets	5	11,0%
Trust	3	8,8%
<b>Mercantil Seguros <sup>(2)</sup></b>		
Net Premiums	2	12,7%
<b>U.S.A.</b>		
<b>Mercantil Commercebank <sup>(3)</sup></b>		
Total Deposits	16	1,0%

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

(2) Source: Venezuelan Superintendency of Insurance at february 28, 2011.

(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

	Quarter Ended on			Δ	
	US\$ <sup>1</sup>				
In millions of Bolivars and millions of US\$, except percentages	03-31-11	03-31-11	03-31-10	Bolivars	%
<b>Net Interest Income</b>	273	1,170	779	391	50.2%
Allowance for Losses on Loan Portfolio	80	345	117	228	194.9%
<b>Net Financial Margin</b>	192	825	662	163	24.6%
Commissions and Other Income	133	570	520	50	9.6%
Insurance Premiums, Net of Claims	31	132	81	51	63.0%
<b>Operating Income</b>	356	1,527	1,263	264	20.9%

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## Net Interest Income

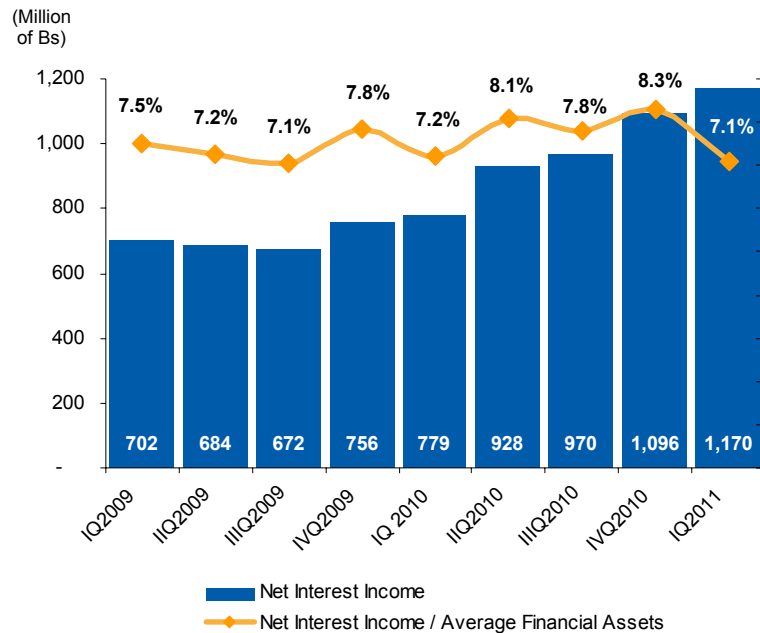
In 1Q 2011 Net Interest Income was Bs 1,170 million (US\$ 273 million)<sup>1</sup>, representing a year-on-year increase of 50.2% from Bs 779 million (US\$ 301 million)<sup>1</sup>, mainly resulting from: a) 40.6% growth of the domestic operation, b) 1.4% growth of the overseas operation in dollar terms, and c) an 8.2% increase (Bs 63 million) due to currency translation effects.

Growth of Venezuela's net interest income is mainly due to the increased in the financial intermediation ratio which rose from 65.4% at the end of March 2010 to 71.3% at the close of March 2011.

Mercantil Commercebank, N.A.'s Net Interest Income registered 12.5% year-over-year growth from US\$ 32 million to US\$ 36 million. The Bank continues to hold a significant portion of its assets, US\$ 2.6 million (more than 38%) in short-term investments and securities issued by the U.S. government or U.S. government-sponsored bodies. This high level of liquidity has continued to give the Bank ample flexibility to increase its credit operations, and ultimately to achieve a higher financial margin.

Mercantil's Net Interest Margin (NIM) ratio in 1Q 2011 was 7.1% compared to 7.2% twelve months earlier.

Evolution of Interest Income



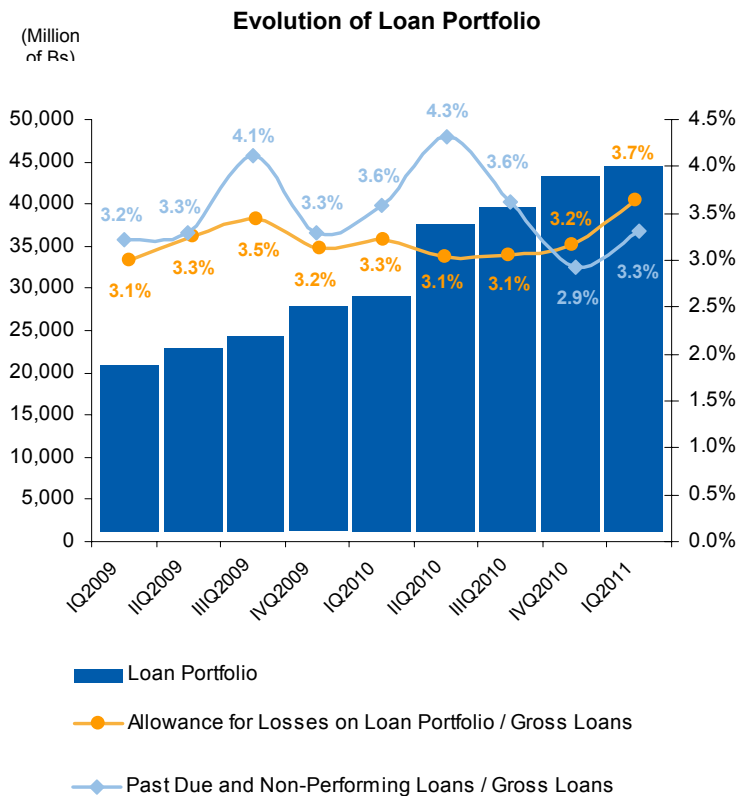
## Allowance for Losses on Loan Portfolio

During 1Q 2011, the Loan Portfolio Provision was Bs 345 million (US\$ 80 million)<sup>1</sup>, reflecting a Bs 228 million (194.9%) year-on-year increase from Bs 117 million (US\$ 45 million)<sup>1</sup>. This includes: a) 167.9% growth of the domestic operation, b) 10.4% growth of the overseas operation in dollar terms, and c) a 16.6% increase (Bs 20 million) due to currency translation effects.

The Mercantil Banco Universal subsidiary registered Bs 282 million in Loan Portfolio Provisions in 1Q 2011 (Bs 86 million in 1Q 2010) due to loan portfolio growth, mainly aimed at provisioning the construction, agricultural and commercial sectors.

The Mercantil Commercebank subsidiary registered US\$ 14 million in Loan Portfolio Provisions in 1Q 2011, mainly for mortgage, construction and housing loans, and US\$ 2 million compared to the US\$ 12 million provision registered in 1Q 2010.

This brings the accumulated allowance to Bs 1,701 million (US\$ 397 million)<sup>1</sup> at March 31, 2011 and represents 3.7% of Gross Loans (3.2% in December 2010). This provision covers 112.5% of the Past-due and Nonperforming Loan Portfolio (110.8% at December 31, 2010). Write-offs for the quarter totaled Bs 41 million in Venezuela and US\$ 9 million abroad (Bs 46 million in Venezuela and US\$ 17 million abroad in 1Q 2010).



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## Total Commissions and Other Income

In 1Q 2011, Other Income and Commissions amounted to Bs 570 million (US\$ 133 million)<sup>1</sup>, Bs 50 million (9.6%) higher than in 1Q 2010 when they totaled Bs 520 million (US\$ 200 million)<sup>1</sup>, mainly due to:

- Bs 160 million decrease in earning from exchange difference due to the new exchange rate set by the Venezuelan Central Bank for the valuation of assets and liabilities in foreign currency. The rate went from Bs 2.1446/US\$ to Bs 2.5935/US\$.
- Bs 31 million increase in earnings from securities trading activities.
- Bs 178 million growth from the financing and sale of insurance policies, earnings from commissions on credit cards and other services.

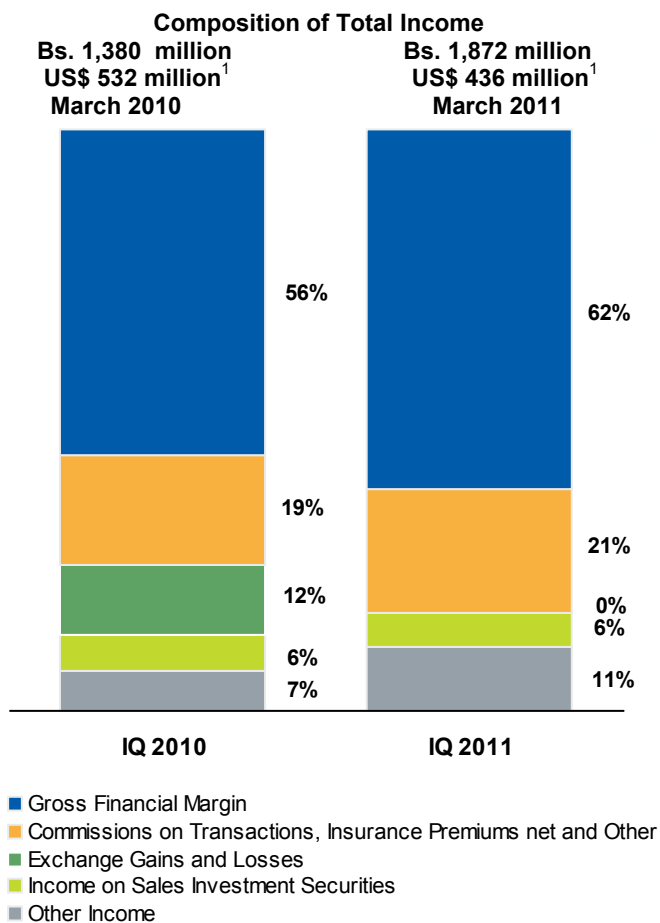
## Insurance Premiums, Net of Claims

In 1Q 2011, Insurance Premiums, net of Commissions, Reinsurance and Claims amounted to Bs 132 million (US\$ 31 million)<sup>1</sup>, (63.0%), higher than in 1Q 2010 when they totaled Bs 81 million (US\$ 31 million)<sup>1</sup>. This improvement in insurance activity is due to the automobile insurance business.

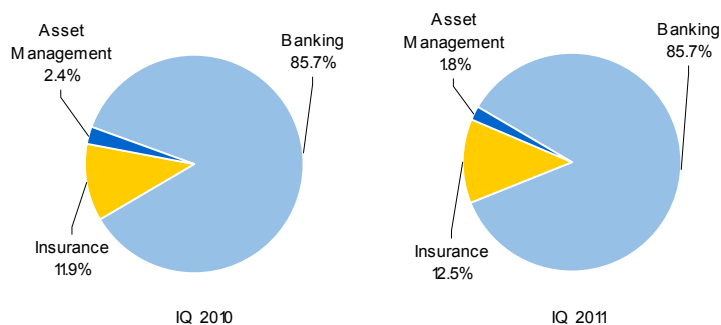
Net earned premiums for 1Q 2011 amounted to Bs 1,113 million (US\$ 260 million)<sup>1</sup>, reflecting year-on-year growth of Bs 213 million (23.7%). The main contributors to this variation were the Individual Automobile (34.3%) and Property & Casualty (29.7%) businesses. At the close of February 2011, Mercantil Seguros was the country's second largest insurance company in terms of net collected premiums, with 12.7% of the insurance market.

Claims in 1Q 2011 totaled Bs 800 million (US\$ 186 million)<sup>1</sup>, up Bs. 164 million (25.7%) on the figure for 1Q 2010. This growth is attributable mainly to the Health and Automobile businesses.

The technical result was Bs 43 million (US\$ 10 million)<sup>1</sup>, a year-on-year increase of 53.6%.



## Composition of Total Income by Business Segment



<sup>1</sup> 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.

## Total Operating Expenses

	US\$ <sup>1</sup>	Quarter Ended on		Δ	
		03-31-11	03-31-10	Bolivars	%
(In millions of Bolivars and US\$, except percentages)s)					
<b>Operating Income</b>	<b>356</b>	<b>1,527</b>	<b>1,263</b>	<b>264</b>	<b>20.9%</b>
<b>Operating Expenses</b>					
Salaries and Employee Benefits	118	505	375	130	34.7%
Other Operating expenses	170	731	476	255	53.6%
Taxes Current and Deferred	(11)	(47)	(23)	(24)	104.3%
<b>Net Income</b>	<b>56</b>	<b>242</b>	<b>389</b>	<b>(147)</b>	<b>(37.8)%</b>

In 1Q 2011, Operating Expenses increased 45.2% year on year from Bs 851 million (US\$ 328 million)<sup>1</sup> to Bs 1,236 million (US\$ 288 million)<sup>1</sup>. This variation is mainly due to:

- Bs 130 million in Personnel Expenses (34.7% year-on-year increase). Higher expenses include the application of salary increase policies in Venezuela. In Venezuela, at Mercantil Banco Universal assets per employee rose from Bs 5.1 million in 2010 to Bs 7.2 million in 2011. At Mercantil Seguros, the net collected premium per employee went from Bs 626,305 in 2010 to Bs 744,980 in 2011. In the case of the overseas business, this assets-per-employee indicator increased from US\$ 7.8 million in 2010 to US\$ 8.9 million in 2011.
- Bs 85 million (89.5%) increase in expenses for contributions to regulatory bodies, mainly due to the increase in compulsory semi-annual contributions by financial institutions to Deposits Guarantee Fund (Fogade); which rose from 0.50% of total deposits in the first half of 2010 to 0.25% in the first half of 2011.
- Bs 22 million (21.8%) rise in depreciation of property and equipment expenses, amortization of intangibles and others.
- Bs 148 million (52.9%) increase in commissions on services, in other operating expenses, in taxes and contributions, among others.

The efficiency ratio measured by calculating Operating Expenses as a percentage of Average Assets, was 5.2% in March 2011 versus 5.3% in March 2010. The ratio of Operating Expenses to Total Income was 56.4% in March 2011 versus 54.8% in March 2010. Personnel and Operating Expenses are affected by inflation in Venezuela which was 27.4% over the last 12 months, and due to the effects of devaluation on expenses in Venezuela and conversion by the subsidiaries abroad.

In 1Q 2011, corporate tax expenditure rose Bs 24 million (104.3%) compared to 1Q 2010, which corresponds mainly to higher estimated current taxes for the Venezuelan operation.

<sup>1</sup> 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.

## Balance Sheet

The principal Balance Sheet variations during 1Q 2011 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 Assets in Trust (In millions of Bolivars and Dollars, except percentages)									
	US\$ <sup>1</sup>					Δ		Δ	
						Mar 11 vs. Dec 10		Mar 11 vs. Mar 10	
		03-31-11	03-31-11	12-31-10	03-31-10	Bolivars	%	Bolivars	%
Investment Portfolio	5,678	24,356	21,592	15,755	2,764	12.8%	8,601	54.6%	
Loan Portfolio, Net	10,251	43,972	42,929	28,525	1,043	2.4%	15,447	54.2%	
Total Assets	19,217	82,429	79,383	56,645	3,046	3.8%	25,784	45.5%	
Deposits	14,926	64,021	62,367	45,117	1,654	2.7%	18,904	41.9%	
Shareholders' Equity	1,983	8,506	8,513	5,636	(7)	(0.1)%	2,870	50.9%	
Asset Management	3,979	17,065	16,615	14,765	450	2.7%	2,300	15.6%	

## Investment Portfolio

At the close of 1Q 2011, the investment portfolio amounted to Bs 24,356 million (US\$ 5,678 million)<sup>1</sup>, a quarter-over-quarter increase of Bs 2,764 million (12.8%) from Bs 21,592 million (US\$ 5,034 million)<sup>1</sup>. This quarterly variation mainly includes: a) 9.5% growth of the domestic operation, and b) 3.3% growth of the overseas operation in dollar terms.

Mercantil Banco Universal's investment portfolio amounted to Bs 9,793 million (US\$ 2,283 million)<sup>1</sup> at March 31, 2011, reflecting a 24.1% quarter-over-quarter increase from Bs 7,890 million. Mercantil Commercebank Florida Bancorp's portfolio increased US\$ 165 million (7.1%) to US\$ 2,475 million compared to the previous quarter. Mercantil Seguros investment portfolio registered 3.4% quarter-over-quarter growth to Bs 2,480 million (US\$ 578 million)<sup>1</sup>.

Compared to March 31, 2010, the investment portfolio grew Bs 8,601 million (54.6%) from Bs 15,755 million to Bs 24,356 million. This increase includes: a) 20.8% growth of the domestic operation, b) 3.5% growth of the overseas operation in dollar terms, and c) 30.3% increase (Bs 4,767 million) due to currency translation effects.

<sup>1</sup> 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 IQ 2010 are broken down as follows:

Investments by Maturity and Yield (In millions of Bolivars, except percentages)												
		Trading	Available for Sale		Held to Maturity		Shares	Time Deposits and Placements		Restricted Investments		TOTAL
Years		Bs. <sup>2</sup>	Bs. <sup>2</sup>	% <sup>4</sup>	Bs. <sup>3</sup>	% <sup>4</sup>	Bs. <sup>2</sup>	Bs. <sup>2</sup>	%	Bs. <sup>2</sup>	% <sup>4</sup>	
Bs.	Less Than 1		1.583	12.3%				1,282 <sup>5</sup>	5.0%	1,901 <sup>6</sup>	6.0%	4,766
	From 1 to 5		4.406	13.2%						2	12.1%	4,408
	Over 5		1.710	15.6%	320	6.7%	13					2,043
US\$	Less Than 1	202	420	5.8%	90	2.2%		264	0.5%	29	0.6%	1,005
	From 1 to 5	20	1,908	4.1%	207	2.8%				14	2.4%	2,149
	Over 5	28	9,912	5.0%	22	10.5%				23	4.7%	9,985
		250	19,939		639		13	1,546		1,969		24,356

<sup>2</sup> Registered at Market Value.

<sup>3</sup> Amortized cost.

<sup>4</sup> 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

<sup>5</sup> Bs 1,149 are Central Bank placements with less than 60 days maturity.

<sup>6</sup> Consists of Repos with the Central Bank of Venezuela with maturity under 30 days.

Investments during IQ 2011 by company, by issuer and by currency are broken down as follows:

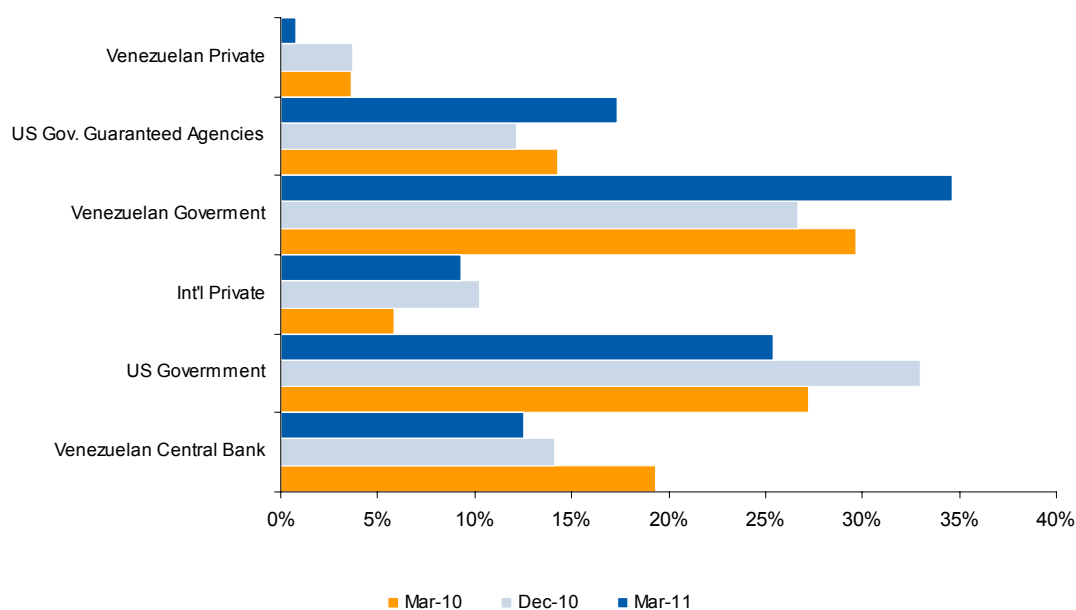
Breakdown of Investments by Issuer and Currency at March 31, 2011 (In millions of Bolivars and Dollars, except percentages)							
	Venezuelan Central Bank	US Government	US Gov. Guaranteed Agencies	Int'l Private	Venezuelan Government	Venezuelan Private	Total Bs
<b>Bolivars</b>							
Mercantil Banco Universal	3,050	-	-	25	5,796 <sup>2</sup>	9	8,880
Mercantil Seguros & Others	-	-	-	56	2,095	188	2,339
<b>Total Bs</b>	<b>3,050</b>	<b>-</b>	<b>-</b>	<b>81</b>	<b>7,891</b>	<b>197</b>	<b>11,219</b>
<b>US Dollars</b>							
Mercantil Banco Universal	-	26	44	36	38	-	144
Mercantil Commercebank Florida Bancorp	-	1,328	877	255	15	-	2,475
Mercantil Seguros & Others	-	90	63	218	72	1	444
<b>Total US\$</b>	<b>-</b>	<b>1,445</b>	<b>983</b>	<b>509</b>	<b>125</b>	<b>1</b>	<b>3,063</b>
<b>Breakdown %</b>	<b>12.5%</b>	<b>25.4%</b>	<b>17.3%</b>	<b>9.3%</b>	<b>34.7%</b>	<b>0.8%</b>	<b>100.0%</b>

<sup>1</sup> 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.

<sup>2</sup> Bs 924 millions include US\$ indexation clause.

Total investments in securities issued or guaranteed by the Venezuelan nation (excluding the BCV) represent 1.0 times Mercantil's equity and 10.2% of its assets. These securities are 1.3 times Mercantil Banco Universal's equity and account for 12.4% of its assets. Mercantil holds 2.5% of the public debt securities issued by the Venezuelan State, according to information obtained from the Ministry of Economics and Finance at December 31, 2010.

#### Breakdown of Investments by Issuer



## Loan Portfolio

**At the close of 1Q 2011**, Net Loans reached Bs 43,972 million (US\$ 10,251 million)<sup>1</sup>, 2.4% more than the previous quarter's level of Bs 42,929 million (US\$ 10,008 million)<sup>1</sup>. This quarterly variation includes: a) 0.4% growth of the domestic operation, and b) 2.0% growth of the overseas operation in dollar terms.

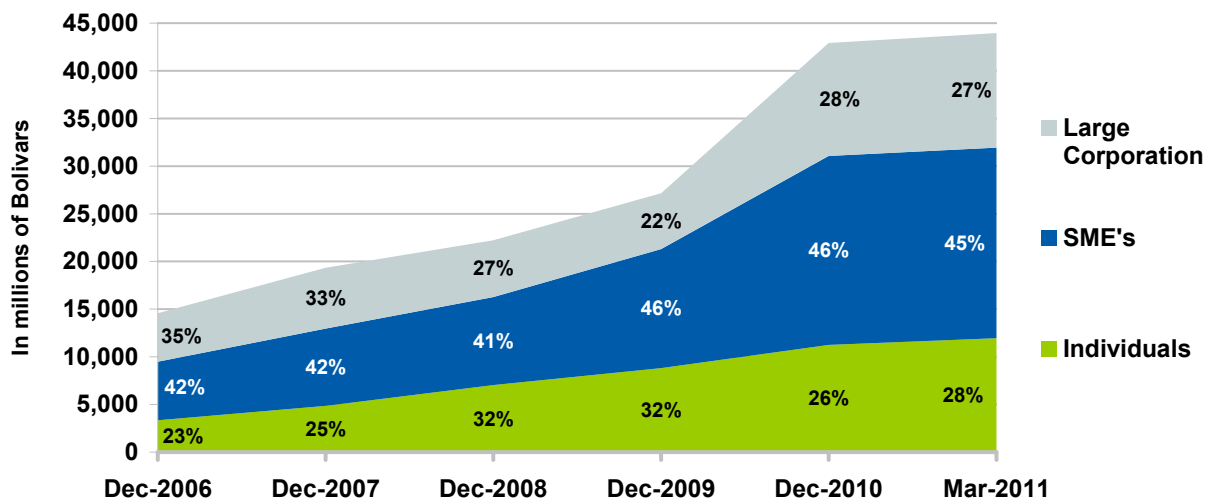
**In annual terms**, the investment portfolio grew Bs 15,447 million (54.2%) from Bs 28,525 million to Bs 43,972 million. This variation includes: a) 23.2% growth of the domestic operation, b) 11.8% growth of the overseas operation in dollar terms, and c) 19.2% increase (Bs 5,447 million) due to currency translation effects.

The ratio of past-due and nonperforming loans to gross loans was 3.3%. At Mercantil Banco Universal this indicator is 1.1%, compared with 3.9% for the Venezuelan financial system and 7.1% at Mercantil Commercebank (8.4% of nonperforming loans). At March 31, 2011, 95.2% of Mercantil's loan portfolio was outstanding. The allowance for losses on loan portfolio covers 112.5% of past-due and nonperforming loans; this indicator is 470.2% at Mercantil Banco Universal and 23.0% at Mercantil Commercebank.

Mercantil Banco Universal is Venezuela's leading bank in terms loans to the manufacturing sector with 18.3% of the market. Mercantil Banco Universal ranks second in Venezuela's financial system in terms of gross loans, agricultural loans, tourism loans and mortgage loans under the Mortgage Debtor Law (*Ley Especial del Deudor Hipotecario*) with 14.2%, 13.4%, 15.9% and 14.1% of those markets respectively. In terms of microcredits the Bank is Venezuela's fourth largest in the system with a market share of 11.1%.

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**



<sup>1</sup> 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	Mar-11		Mar-11 Interest Rates
		% of Compliance Reached	% of Compliance required	
<b>Agriculture</b>	Calculated on the average gross loans at 12/31/2010 and 12/31/2009, monthly compliance. Maximum per customer 5% of the current portfolio. It requires a minimum number of new clients. Additionally the portfolio must be quarterly classified between strategic a non-strategic sectors in accordance with the Ministry for Agriculture and Land.	20.7% <sup>3</sup>	21.0%	Set weekly by the Central Bank (BCV). At 03/31/2011 this is 13%.
<b>Mortgage</b>	Calculated on the gross loan portfolio at 12/31/2010, distributed as follows: 5.8% in long term loans and 4.2% in short-term loans. Annual Compliance and includes other considerations for others sectors.	12.3%	-	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%.
<b>Microcredits</b>	3% Calculated on the gross loan portfolio at 12/31/2010. Monthly Compliance.	3.1%	3.0%	Within minimum and maximum rates established by the Central Bank. At 03/31/2011 the rate can not be higher than 24%.
<b>Tourism</b>	It's calculated based on the average of the Loan Portfolio figures at year-end 2010 and 2009. In February 2010 the Tourism Ministry set the minimum that banks must lend at 3%. Compliance must be reached by December 31, 2011 (1.5% semiannually) and includes other considerations for others sectors.	2.5%	-	The Central bank establishes a preferential rate for the sector on a monthly basis. As of March 31, 2011 the rate is 13% and can be as low as 10% in some cases in accordance with the Law for Tourism Loans.
<b>Industrial</b>	Calculated on the gross loan portfolio at 12/31/2010. Monthly Compliance	14.8%	11.0% <sup>2</sup>	Set by the Central Bank at 19%.

### Assets

**At the close of 1Q 2011**, total assets reached Bs 82,429 million (US\$ 19,217 million)<sup>1</sup>, Bs 3,046 (3.8%) more than the Bs 79,383 million (US\$ 18,507 million)<sup>1</sup> recorded for 4Q 2010 This quarterly growth includes: a) 2.0% growth of the domestic operation, and b) 1.8% increase in the overseas operation in dollar terms.

**In annual terms**, assets grew Bs 25,784 million (45.5%) from Bs 56,645 million to Bs 82,429 million. This growth includes: a) 19.1% growth of the domestic operation, b) 7.0% growth of the overseas operation in dollar terms, and c) 19.4% increase (Bs 10,984 million) due to currency translation effects.

At March 31, 2011, Mercantil Banco Universal ranks fifth in the Venezuelan financial system in terms of Total Assets with a 11.0% share of the market. The leading institution has a 13.9% share and Venezuela's five main banks account for 61.0% of the market.

<sup>1</sup> 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.

<sup>2</sup> The Bank should earmark not less than 10% of its Gross Loans to the industrial sector at December 31, 2010.

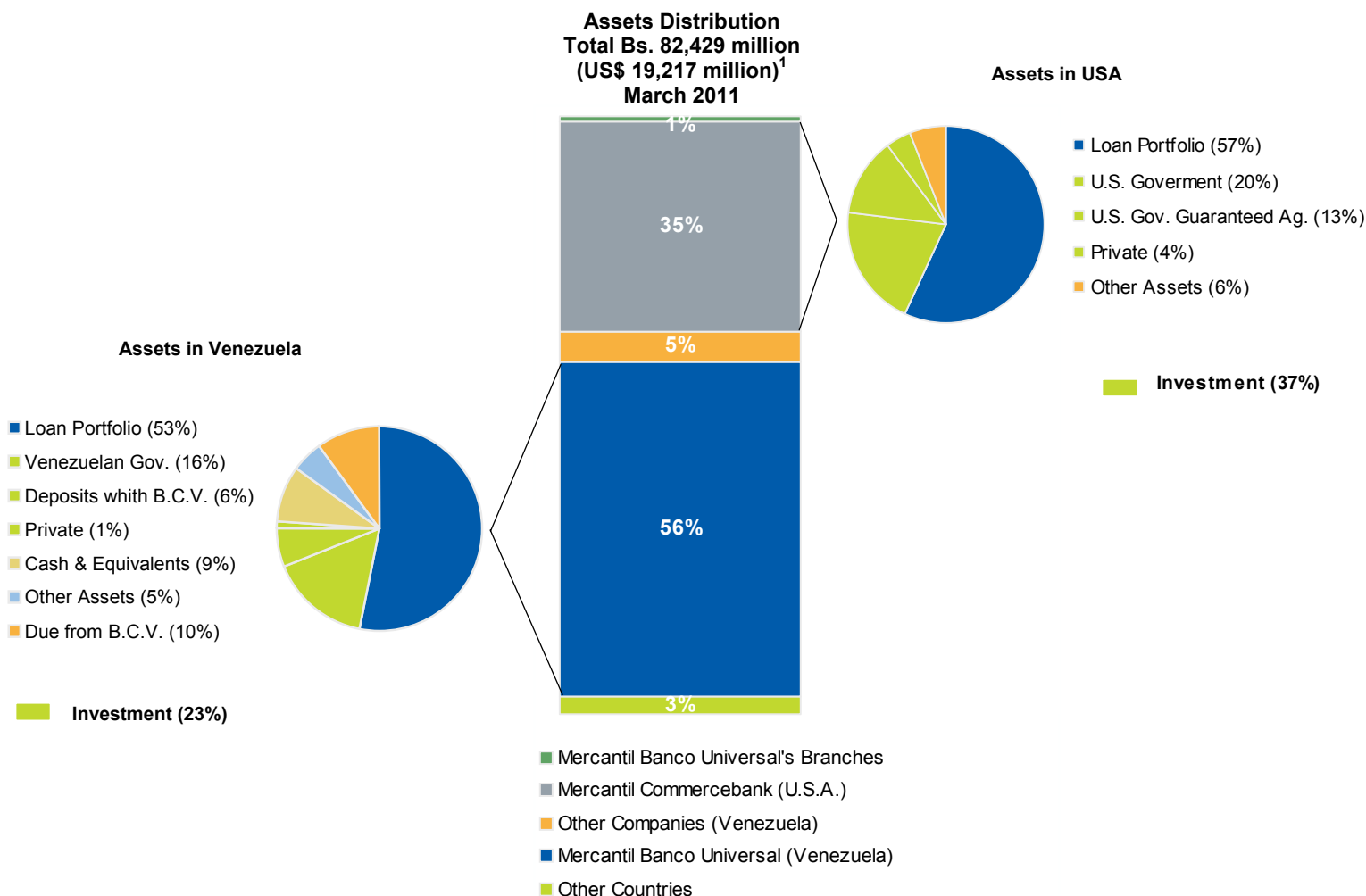
<sup>3</sup> Includes agricultural bonds issued by the State allocated to the compulsory loan portfolio.

The total consolidated assets of Mercantil Banco Universal including its overseas agencies were Bs 47,926 million (US\$ 11,174 million)<sup>1</sup> at March 31, 2011. This is Bs 1,287 (2.8%) more than the Bs 46,639 million (US\$ 10,873 million)<sup>1</sup> recorded in the fourth quarter of 2010. Year-on-year growth was 27.6% up from Bs 37,547 million (US\$ 14,477 million)<sup>1</sup>.

At the close of 1Q 2011, the total assets of Mercantil Commercebank Florida Bancorp (a Holding for Mercantil Commercebank, N.A.) were US\$ 6,734. This reflects a quarter-over-quarter increase of US\$ 301 million (4.7%) from US\$ 6,433. It also represents a year-on-year increase of 12.9% from US\$ 5,966 million.

The Total Assets of Mercantil Seguros at the close of March 31, 2011 were Bs 3,589 million (US\$ 837 million)<sup>1</sup>, representing 7.1% growth from Bs 3,350 million (US\$ 781 million)<sup>1</sup> in the previous quarter. Year-on-year growth was 42.8% from Bs 2,513 million (US\$ 968 million)<sup>1</sup>.

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



<sup>1</sup> 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

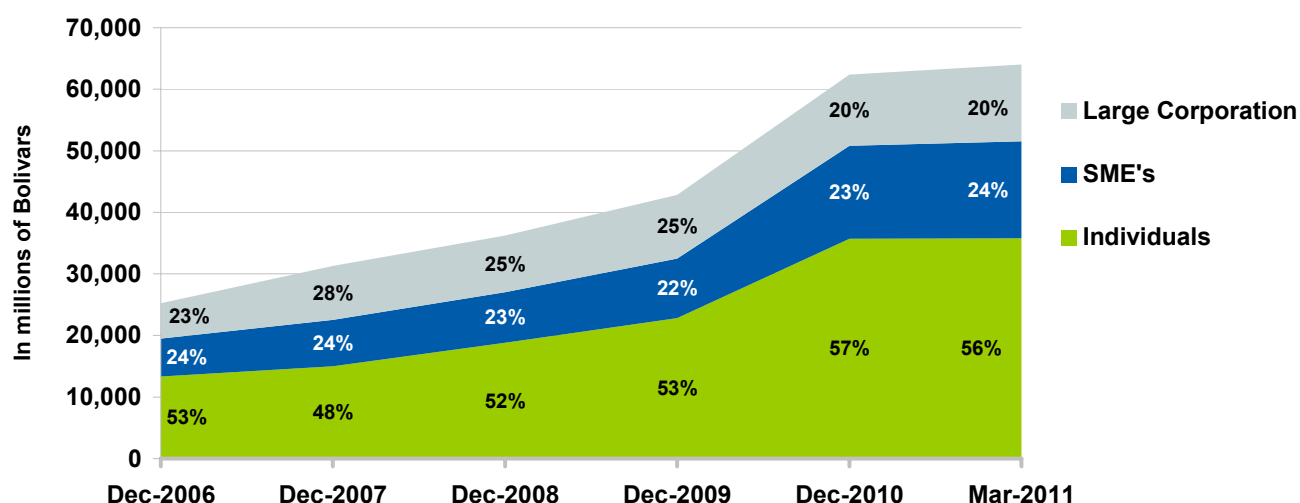
At the close of 1Q 2011, deposits totaled Bs 64,021 million (US\$ 14,926 million)<sup>1</sup> and represented Bs 1,654 million (2.7%) quarter-over-quarter growth from Bs 62,367 million (US\$ 14,540 million)<sup>1</sup>. This variation corresponds to: a) 2.3% growth of the domestic operation, and b) 0.4% growth in the overseas operation in dollar terms.

In annual terms, deposits grew Bs 18,904 million (41.9%) from Bs 45,117 million to Bs 64,021 million. This growth includes: a) 19.1% growth of the domestic operation, b) 3.7% growth of the overseas operation in dollar terms, and c) 19.2% increase (Bs 8,643 million) due to currency translation effects.

Mercantil Banco Universal in Venezuela is the country's leading bank in terms of savings deposits with 19.6% of the market, and fourth in terms of total deposits with a market share of 11.6%.

Mercantil Commercebank's deposits at March 31, 2011 totaled US\$ 5,160 million, reflecting US\$ 44 million (0.9%) quarter-over-quarter growth from US\$ 5,116 million and a US\$ 410 million (8.6%) year-on-year increase from US\$ 4,750 million.

Breakdown of Deposits by Business Segment



## Financial Obligations

At the close of 1Q 2011, financial obligations totaled Bs 3,925 million (US\$ 915 million)<sup>1</sup>, representing 6.7% quarter-over-quarter growth from Bs 3,680 (US\$ 858 million) and 100.2% year-on-year growth 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\$ <sup>1</sup>	Mar-11	Dec-10	Mar-10
		Bs.	Bs.	Bs.
Publicly Traded Debt Securities Issued by Mercantil		10	67	266
Subordinated debt	112	479	479	296
Other Financial Liabilities *		489	546	562
		3,436	3,134	1,399
		<b>3,925</b>	<b>3,680</b>	<b>1,961</b>

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

<sup>1</sup> 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.

## Shareholders' Equity

At the close of 1Q 2011, shareholders' equity totaled Bs 8,506 million (US\$ 1,983 million)<sup>1</sup>, similar to the Bs 8,513 million (US\$ 1,985 million)<sup>1</sup> registered in the previous quarter. This figure was 50.9% up on the Bs 5,636 million (US\$ 2,173 million)<sup>1</sup> recorded in 1Q 2010.

The quarterly variation in shareholders' equity is mainly attributable to the Bs 242 million in net income for the period and a Bs 249 million reduction for allowances set aside by the Shareholders' Meeting (see Page 22).

The year-on-year variation in shareholders' equity was due mainly to Bs. 2,029 million in net income for the year, a Bs 995 million increase from the effect of translating the net assets of overseas subsidiaries and a Bs 164 million increase from adjusting investments available for sale to their fair market value, which includes exchange effects for the period and a reduction of Bs 307 million in allowances for the payment of dividends declared by the Shareholders' Meeting.

Mercantil's Equity/Assets ratio at March 31, 2011 is 10.3% and its Equity/Risk-Weighted Assets ratio 19.8%, based on the standards of the National Securities Superintendency (*Superintendencia Nacional de Valores, SNV*), (10.7% and 20.4% % at December 31, 2010). For Mercantil Banco Universal, the Equity/Assets ratio at March 31, 2011 is 11.3% and its Equity/Risk-Weighted Assets ratio 16.6% (11.2% and 17.6% at December 31, 2010) in keeping with the requirements of the Superintendency of Banking Sector Institutions (SUDEBAN). For Mercantil Commercebank, N.A., these indicators are 8.8% and 16.8%, respectively, based on the requirements of the Office of the Comptroller of the Currency (OCC), versus 9.3% and 18.1% at December 31, 2010. The equity ratios of Mercantil and its subsidiaries exceed the regulatory minimums.

<sup>1</sup> 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.

<sup>2</sup> See Exchange rates in Appendix III. Exchange control has been in place in Venezuela since February 2003.

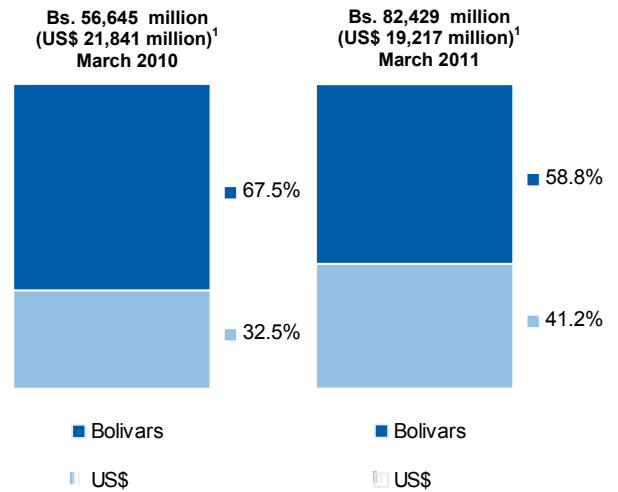
<sup>3</sup> Obtained from dividing Shareholders Equity minus goodwill's amortizations by Total Assets minus public debt securities.

## Assets and Liabilities in Foreign Currency

Mercantil's assets and liabilities in foreign currency amount to US\$ 7,887 million and US\$ 6,588 million respectively as of March 31, 2011 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\$ at March 31, 2011 would be an increase of Bs 789 million in assets and Bs 130 million in equity, Bs 42 million of which would be recorded as income for the period.

## Assets by Currency



At March 31, 2011 Mercantil's shareholders' equity was Bs 8,506 million, equivalent to US\$ 1,983 million<sup>1</sup>, which is partially covered in U.S. dollars by the following assets and derivatives operations:

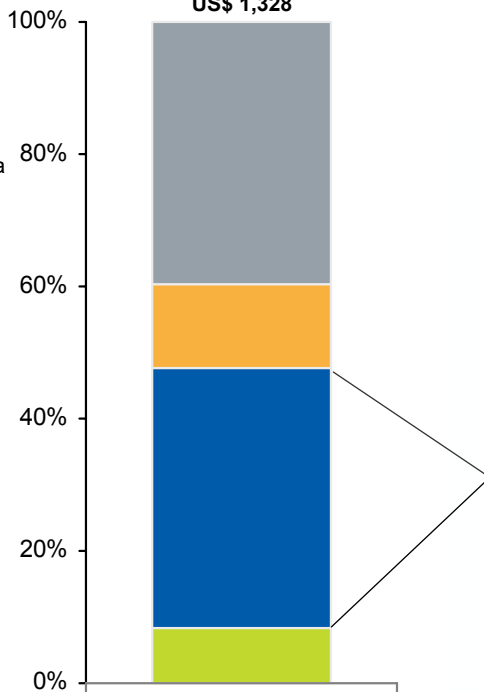
### Mercantil Servicios Financieros

#### Assets in US\$

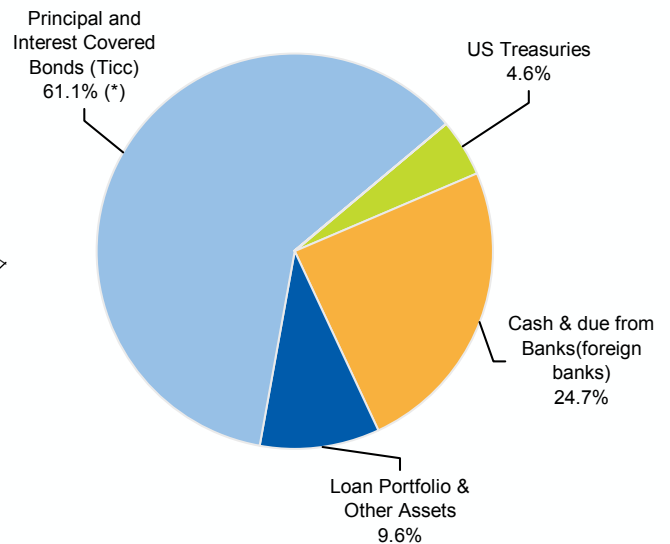
US\$ 1,328

#### Allocation by Subsidiary:

- Mercantil Commercebank Florida Bancorp and subsidiaries (40%)
- Other Foreign Subsidiaries (13%)
- Mercantil and Venezuelan Subsidiaries (39%)
- Mercantil Banco Universal and its overseas branch and agencies (8%)



### Assets in US\$ in Mercantil Banco Universal & Other Subsidiaries in Venezuela (39%)



<sup>1</sup> 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 III. Exchange control has been in place in Venezuela since February 2003.

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

## Performance of Subsidiaries

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

### Mercantil Banco Universal

Mercantil Banco Universal's total assets grew Bs 1,626 million (3.5%) compared with December 2010. During 1Q 2011 net loans increased Bs 168 million (0.6%) and deposits Bs 1,723 million (4.3%) compared with 4Q 2010, reaching Bs 26,871 million and Bs 42,003 million respectively. Loan portfolio quality remains very favorable, with a ratio of past-due and nonperforming loans to gross loans of 1.1%, compared to 3.9% for the Venezuelan financial system as a whole.

At March 31, 2011 the Mercantil Banco Universal subsidiary ranks fifth in Venezuela's financial system in terms of total assets, with an 11.0% market share. The leading institution's share is 13.9% and the country's five main banks account for 50.0% of its entire financial system. It also ranks second in terms of gross loans, loans to the agricultural and tourism sectors, and to the mortgage sector under the Mortgage Debtor Law (*Ley Especial del Deudor Hipotecario*), with market shares of 14.2%, 13.4%, 15.9% and 14.1% respectively. Mercantil is Venezuela's leading bank in terms of savings deposits, and loans to the manufacturing sector, with market shares of 19.6% and 18.3% respectively.

There was little variation in Shareholders' Equity which was Bs 4,544 million, 0.8% lower than in December 2010. This reduction mainly includes Bs 306 million in net quarterly income; Bs 342 million increase in income posted due to exchange differences using the new exchange rate set by the Venezuelan Central Bank for the valuation of dollar-linked bonds (*Títulos de Interés de Capital Cubierto, TICC*s), which went from Bs 2.5935/US\$ to Bs 4.2893/US\$; a Bs 13 million increase from adjusting available-for-sale investments to their fair market value; a Bs 201 million reduction from posting exchange earnings previously registered as equity at June 2010 in accordance with instructions from the Superintendency of Banking Sector Institutions (SUDEBAN); and a Bs 499 million reduction in dividends. The equity/assets ratio as of March 31, 2011 is 11.3% (minimum requirement 8%) and the equity/risk-weighted assets ratio, according to the standards of the Superintendency of Banking Sector Institutions, is 16.6% (minimum requirement 12%).

**Net income in 1Q 2011** registered Bs 129 million (72.4%) year-on-year growth to Bs 306 million, mainly due to a Bs 285 million increase in net interest income; Bs 201 million in income from posting exchange earnings previously registered as equity in accordance with the standards of the Superintendency of Banking Sector Institutions; Bs 122 million in net income from commissions on services; Bs 69 million increase in contributions to regulatory bodies; Bs 200 million in allowances for losses on loan portfolio; Bs 61 million in personnel expenses; and Bs 11 million in tax expenses, among others.

### Mercantil Commercebank N.A.

At March 31, 2011, total assets registered 4.7% quarter-over-quarter growth to US\$ 6,782 million, and 12.8% year-over-year growth. Deposits and investments sold under repurchase agreement reached US\$ 5,203 million at the close of March 2011, 0.8% more than in 4Q 2010 and 8.9 % above the figure for 1Q 2010.

Net loans reached US\$ 3,859 million, up 4.4% compared to the previous quarter and 22.2% more than in 1Q 2010. The ratio of non-accrual loans to total loans improved from 13.0% at the close of 1Q 2010 to 8.4% at March 31, 2011.

At March 31, 2011 the Bank's equity totaled US\$ 659 million, reflecting a quarter-over-quarter increase of US\$ 1 million (0.2%), mainly due to US\$ 3 million in quarterly earnings and a US\$ 2 million decrease from adjusting available-for-sale investments to their fair market value.

#### Mercantil C.A. Banco Universal Consolidated (In millions of Bs and US\$)

	US\$	03-31-11	12-31-10	03-31-10
Total Assets	11,167	47,897	46,271	36,944
Investments Portfolio	2,261	9,700	7,524	6,501
Loan Portfolio	6,265	26,871	26,703	20,228
Deposits	9,793	42,003	40,280	31,979
Shareholders' Equity	1,059	4,544	4,582	3,569
Income net Quarter	71	306	700	177

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

#### Mercantil Commercebank N.A. Consolidated (In millions of US\$)

	03-31-11	12-31-10	03-31-10
Total Assets	6,782	6,478	6,011
Investments Portfolio	2,471	2,306	2,280
Loan Portfolio	3,859	3,698	3,160
Deposits	4,776	4,715	4,355
Investments Sold under Repurchase Agreements	427	447	423
Shareholders' Equity	659	658	660
Income net Quarter	3	(4)	1

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

In 1Q 2011, the US\$ 3 million in net income reflects US\$ 2 million (108.6%) year-on-year growth, which is mainly attributable to US\$ 3 million growth of net interest income. The recorded loan portfolio provisions are similar to those in 1Q 2010.

Mercantil Commercebank, N.A.'s main capital adequacy indicators are an equity/assets ratio of 8.8% and an equity/risk-weighted assets ratio of 16.8% 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 1Q 2011 grew 23.7% to Bs 1,113 million compared with Bs 900 million at the close of 1Q 2010. At the close of February 2011 this subsidiary was the country's second largest insurance company in terms of net collected premiums, with 12.7% of the insurance market.

Total Assets stood at Bs 3,627 million at March 31, 2011 reflecting 3.4% quarter-over-quarter growth. The Company registered Bs 985 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.

Mercantil Seguros, C.A. Consolidated (In millions of Bs and US\$)				
	US\$ 03-31-11	03-31-11	12-31-10	03-31-10
Total Assets	846	3,627	3,507	2,590
Investments suitable for representing Technical Reserves	657	2,818	2,741	1,800
Investments not-suitable for representing Technical Reserves	59	252	286	319
Shareholders' Equity	230	985	1,114	693
Income net Quarter	16	68	158	58
Premiums Received Net	260	1,113	1,287	900

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

At the close of March 2011, the Company's investment portfolio totals Bs 3,070 million, reflecting 1.4% quarter-over-quarter growth. Total investments representing technical reserves were Bs 2,818 million (2.8% higher than in the previous quarter), maintaining sufficient liquidity levels to diligently meet commitments with insured, insurance advisers and reinsurers.

In 1Q 2011 the technical result closed at Bs 43 million, with a combined operating ratio (COR) of 95.5%. Net income for 1Q 2011 registered 17.2% growth to Bs 68 million.

### Mercantil Merinvest

At March 31, 2011 Mercantil Merinvest reached Bs 127 million in total consolidated assets, down 1.6% compared to 4Q 2010.

Net earnings went from Bs 23 million in 1Q 2010 to Bs 3 million in 1Q 2011. This variation is mainly due to a new regulatory environment that has initially restricted the operations of these type of companies.

Mercantil Merinvest C.A. Consolidated (In millions of Bs and US\$)				
	US\$ 03-31-11	03-31-11	12-31-10	03-31-10
Total Assets	30	127	129	104
Investments Portfolio	22	95	96	82
Shareholders' Equity	1	3	6	23
Income net Quarter	30	127	129	104

Figures presented according to the standards of the Venezuelan Securities and Exchange Commission (SNV)

## Private Banking and Wealth Management

### Asset Management

The Private Banking and Wealth Management business is comprised of: trusts, securities brokerage, mutual funds and portfolio management services. The net assets under management recorded off balance sheet at March 31, 2011 totaled Bs 17,065 million (US\$ 3,979 million)<sup>1</sup>, representing a 2.7% quarter-over-quarter increase and 15.6% year-on-year growth. They are broken down as follows:

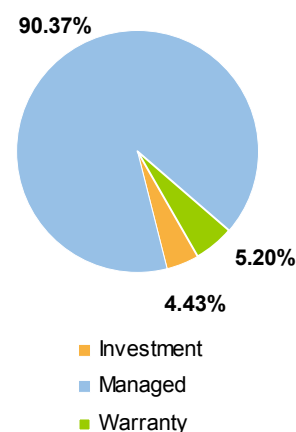
Total Assets under Management					
(In millions of Bolivars and Dollars, except percentages)					
	03-31-11	12-31-10	03-31-10	Δ Mar 11 vs. Dec 10	Δ Mar 11 vs. Mar 10
<b>Trust Funds</b>	10,394	10,285	10,802	1.1%	(3.8)%
<b>Mutual Funds</b>	537	526	402	2.0%	33.5%
<b>Brokerage</b>	4,852	4,670	3,111	3.9%	56.0%
<b>Financial Advisory</b>	1,282	1,134	450	13.1%	185.0%
<b>Total Private Banking and Wealth Management Bs.</b>	<b>17,065</b>	<b>16,615</b>	<b>14,765</b>	<b>2.7%</b>	<b>15.6%</b>
<b>Total Private Banking and Wealth Management US\$</b>	<b>3,979<sup>1</sup></b>	<b>3,874<sup>1</sup></b>	<b>5,692<sup>1</sup></b>	<b>2.7%</b>	<b>(30.1)%</b>

<sup>1</sup> 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 1Q 2011, the **Mercantil Banco Universal** Trust Fund managed Bs 8,578 million in assets. This represents a 1.9% quarter-over-quarter increase and a 11.4% year-over-year reduction. The increase is mainly represented by managed funds in the private sector. At March 31, 2011, Mercantil Banco Universal is Venezuela's leading private bank and ranks third in the fiduciary market.

**Mercantil Sociedad Administradora de Entidades de Inversión Colectiva**, a subsidiary of Mercantil Merinvest C.A., managed the **Mercantil Fixed-Income Portfolio** during the first quarter of 2011. At March 31, 2011, the assets of *Portafolio Mercantil Renta Fija* totaled Bs 525 million, reflecting 1.7% quarter-over quarter growth and 31.9% year-on-year growth. The *Plan Crecer* product, which is based on the programmed acquisition of mutual fund units, expanded its assets at the close of March 2011 by 1.3% quarter over quarter, and 31.0% year on year, and its customer base has declined 1.2% this year.

### Trusts

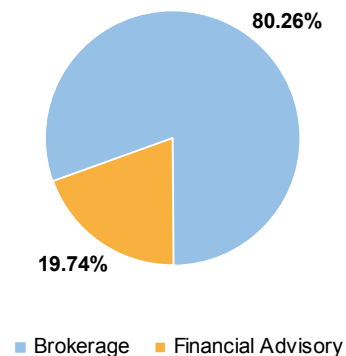


**Mercantil Commercebank Investment Services, Inc. (Mercantil CIS)**, a subsidiary of U.S. based Mercantil Commercebank, N.A. offers investment products and services to clients in global financial markets. During the first quarter of 2011, global financial markets continued to recover, and consequently the value of our clients' assets. Gross income during the first quarter of 2011 reached US\$ 2.9 million, reflecting a 35% quarter-over-quarter increase and a 21% year-on-year increase. Gross earnings in 1Q 2011 totaled US\$ 0.9 million, reflecting increases of 41% quarter over quarter, and 12% year-on-year. Clients' assets of US\$ 1.16 billion at the close of March 2011 remained similar to the close of December 2010 (US\$ 1.14 billion) and March 2010 (US\$ 1.19 billion).

**Mercantil Commercebank Trust Company, N.A. (Mercantil CTC)**, a subsidiary of U.S. based Mercantil Commercebank, N.A., is regulated and supervised by the U.S. Office of the Comptroller of the Currency (OCC). At the close of March 2011, Mercantil CTC posted US\$ 389 million in consolidated managed assets, down 2.8% compared to the close of December 2010. The Company posted a profit of US\$ 21,800 at March 31, 2011.

**Mercantil Bank (Schweiz) A.G.** manages mostly trusts and investment products. **Assets** under management were 4.0% more than at December 2010 and 47.1% down compared to March 2010. First quarter income fell 20.1% to US\$ 0.7 million, compared to the US\$ 0.8 million recorded during 1Q 2010.

### Mercantil Commercebank Investment Services



## Corporate Events

### **Gustavo Julio Vollmer assumes new role as president of Mercantil**

The Boards of Directors of Mercantil Servicios Financieros and Mercantil Banco Universal approved the appointment of Gustavo Julio Vollmer as President of both companies. He succeeds Gustavo A. Marturet who had announced in October 2010 his retirement as President, in line with Mercantil's Succession Policy and following an extensive career with the organization which commenced in 1972.

Gustavo Julio Vollmer has been a member of Mercantil's Boards of Directors for 39 years and has held management positions in other institutions associated with the country's industrial, commercial and education sectors.

Mercantil's incoming President, Gustavo Julio Vollmer, in referring to Gustavo Marturet who had announced his retirement as President of Mercantil after leading the company for more than 30 years, recognized him as a great and persevering leader who has brought together a first-class team of professionals that has learned by his example the principles and values of the organization. It is those principles and values that have served as a guide for consolidating a world class financial services provider with presence in 10 countries and that make Mercantil a benchmark financial institution in Venezuela.

Addressing the Company's shareholders, Gustavo Marturet thanked them for their support during the long career he embarked on at Mercantil in 1972, and which he will continue as Director on the Boards of both institutions. He stressed the professionalism and commitment of everyone at Mercantil, saying "I have great faith in Venezuela and my greatest satisfaction is to have served the country, the depositors and the shareholders who have always placed their trust in us."

### **Shareholders' Meetings**

The Shareholders' Meetings of Mercantil Servicios Financieros and its subsidiaries in Venezuela and abroad were held during the first quarter of 2011. They approved the reports presented by the Board of Directors for consideration by the shareholders, the audited financial statements and Statutory Auditors Report for 2010, and the proposal made in accordance with the Bylaws to appoint the members of Mercantil's Board of Directors and the statutory auditors.

The Shareholders' Meeting of Mercantil Banco Universal approved an amendment to the Bylaws in respect of the number of members of the Board of Directors, to adhere to the provisions of the new laws regarding corporate governance applicable to institutions within Venezuela's financial system.

### **Dividends**

The shareholders of Mercantil Servicios Financieros, held in March 2011, approved the payment of cash dividends of Bs 3.00 per common share, to be paid as follows: two ordinary cash dividends for each Class A and B outstanding share at the rate of Bs 0.32 per common share, payable on April 15 and October 20, 2011 respectively, and an extraordinary cash dividend at the rate of 2.36 per common share, payable on May 10, 2011.

### **Share Repurchase Program**

The Shareholders' Meeting authorized the Twenty-third Phase of Mercantil Servicios Financieros Share Repurchase Program, giving continuity to the program initiated in May 2000 to add value to the Company.

### **Nerio Rosales will be vice president of the Venezuelan Banking Association**

Following a partial reform of the Bylaws of Venezuelan Banking Association, two new vice presidencies have been created and Nerio Rosales Rengifo, executive president of Mercantil Banco Universal has been elected to hold one of the new positions for the period 2011-2012.

### **Alberto Benschimol appointed director of the Venezuelan Chamber of Insurance Companies**

The Venezuelan Chamber of Insurance elected its new Board of Directors for the period 2011-2012. Alberto Benschimol, president of Mercantil Seguros, was elected director.

## New Measures announced for the Venezuelan Economy

### **National Executive passed the Agricultural Sector Act**

The National Executive issued the new law on Assistance for the Agricultural Sector to help producers, farmers and fishermen affected by the natural disasters that occurred during the last quarter of 2010, making provisions to reschedule or partially or fully condone agricultural financing for the production of items considered strategic for food security and sovereignty.

To that effect the Ministry of Planning and Finance, in conjunction with the Ministry of Agriculture and Land, approved a Resolution setting forth the special terms and conditions that banking institutions shall apply to reschedule and condone debts, stipulating specific conditions regarding the deadlines and periods of grace applicable to rescheduled debts. It sets forth the procedures to be followed and the requisites to be met when requesting that a debt be rescheduled or condoned, and covers aspects concerning notification of the response.

The Superintendency of Banking Sector Institutions (Sudeban) issued a Resolution setting forth the conditions on managing risk and gradually establishing provisions for loans to be rescheduled.

### **Sudeban issued the Regulations the Selection, Engagement and Removal of External Auditors from Banks**

SUDEBAN issued the Regulations on the Selection, Engagement and Removal of External Auditors from Banks and provided that the Board of Directors of the Bank must appoint an external auditor elected through an automated process in which at least 20% of active users with at least one year of service participated. The audit companies that take part in that election will be appointed by the General Shareholders' Meeting held within the six month period immediately preceding the semester during which the selection process took place.

### **The Ministry of Planning and Finance and the Ministry of Agriculture and Land approved a Resolution setting the minimum percentages that banks must earmark to comply with the agricultural portfolio.**

The Ministry of Planning and Finance and the Ministry of Agriculture and Land approved a Resolution setting the minimum percentages of the loan portfolio that banks must earmark monthly to the agricultural sector at between 20% and 25%, incorporating in the amount of the monthly agricultural portfolio short-term loans along with the medium and long-term loans foreseen in the previous resolution. Maximum or minimum limits, as appropriate, are set for the distribution percentages for financing strategic items, previously called priority items, by contrast with the repealed Resolution which mentions nothing in that regard. The Resolution also provides that the number of new agricultural portfolio borrowers must be increased by at least 30% over the total for the previous year, with the significant stipulation that all the new borrowers must be individuals.

## Acknowledgments

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

In April 2011 Mercantil Servicios Financieros is still on the list of the leading 2000 companies in the world published by the prestigious Forbes Magazine, based on its evaluation that takes into account income, profitability, asset growth and market capitalization. In 2011 Mercantil Servicios Financieros ranked at number 1,426 on the list.

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

According to the sixth survey by the international organization Great Place to Work (GPTW) in Venezuela, the main subsidiaries of Mercantil Servicios Financieros in the country, Mercantil Banco and Mercantil Seguros were among the Best Companies to work for in Venezuela, ranking 13<sup>th</sup> and 12<sup>th</sup> respectively. The financial group is the only one that has been on the list of the best places to work in Venezuela for six years running.

## Economic Climate - Global

With the global economic recovery behind us, and even taking into account the growth demonstrated by the emerging countries during the first quarter, new threats and challenges are being posed to global economic growth and stability. During the first quarter a series of unexpected events and disturbances have affected prospects of growth. The political demonstrations in the Middle East and North Africa, the devastating natural and nuclear disaster that has afflicted the Japanese economy (the world's third), new developments in the Sovereign Debt crisis in Europe, and the threat of even higher food and energy prices worldwide, is affecting the performance of economies on a global scale.

The emerging economies of East Asia and Latin America have continued setting the pace and driving global growth. According to the survey on growth conducted periodically by Bloomberg on a number of experts, the Chinese economy - Asia's main giant - grew at an interannual rate of around 9.4% in the first quarter, slightly below the peak attained last year (11.9%). Furthermore, given the threat of inflation looming over China, the authorities seem to be propitiating a series of measures designed to slow down growth in the short term. On the other side of the world, another important emerging economy - Brazil - which registered very dynamic growth last year (7.6%) in the first quarter of the year seemed to be heading straight for a period of inflation (which is already 6.0%), moving away from the target of its Central Bank (4.5%  $\pm$  1 pp). This has intensified the restriction of stimuli from all angles: rates have begun to rise again; the credit facilities put in place following the crisis are gradually shrinking and the new government has embarked on a process of fiscal consolidation.

In Europe, first quarter economic growth appears to have been better than expected and although there is been a change in the evolution of interest rates, with the recent decisions of the European Central Bank to raise short-term interest rates to 1.25%, the exchange rate has also risen, offsetting the contractive effects of higher rates. Germany, which is the driving force behind the European recovery, registered 12.4% (interannual) growth in its industrial production in the first quarter. Further, the European region has not been affected by recent events in Japan (Just 2.2% of Europe's exports go to Japan and Europe only buys 3.3% of its imports from Japan). Nevertheless, the economies of southern Europe such as Greece, Spain, Italy and Portugal (plus Ireland), continue to bear the heavy burden of their over-indebtedness. Portugal in particular has finally resolved to accept an international aid package to overcome its debt repayment difficulties, but the conditions of the package remain vitally important to the discussions.

## Economic Climate - USA

### Economic Activity and Consumer Spending

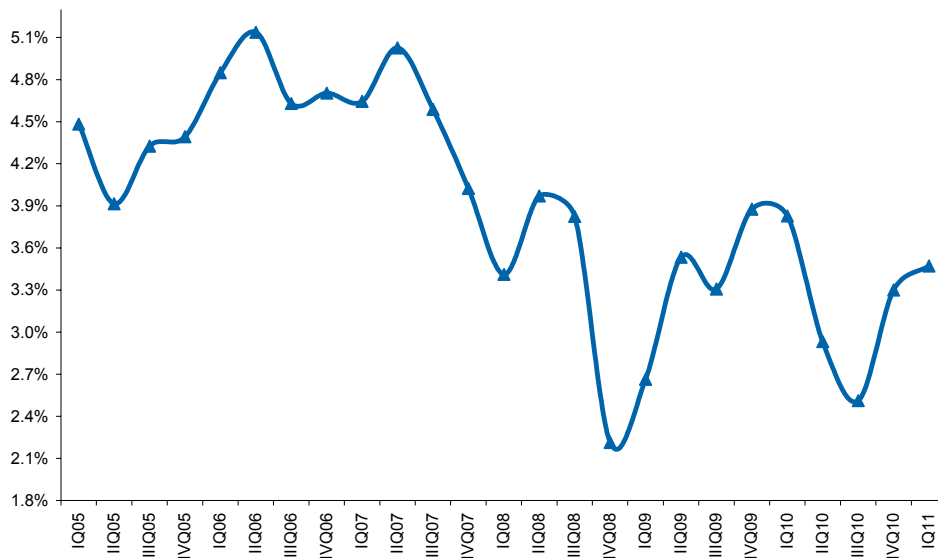
The U.S. economy, supported by the long drawn out expansive monetary policy, export growth and the sustained upturn in private consumer spending, grew between 2.5% and 3% in the first quarter. The Federal Reserve's monetary policy of anchoring the short-term interest rate (at 0.25%), registered no variations during the first quarter. Rising oil prices pose the greatest threat to growth but unlike the situation in the seventies and eighties should have a limited effect on non-energy prices given the gains in efficiency reported in many studies. Retail sales grew 7.7% during the first quarter but followed a downward trend towards the end of March, and consumer credit still showed signs of picking up in February. Added to the good levels of private consumer spending and credit is the continued feeling of confidence reflected in the entrepreneurial feeling, based on non-financial companies that are clearly less indebted than the banks, households and the public sector, and higher earnings expectations, stimulated by rising demand that should not put too much stress on costs (thanks to the still low use of productive capacity); hence the rise in the entrepreneurial feeling index of the Institute for Supply Management in February to 61.4 points in manufacturing and 66.9 in services. In the labor market there was an uninterrupted rise in the creation of new jobs during the first quarter and unemployment was down from 9.4% in December to 8.8% at the end of March.

The real estate market however still shows no sign of picking up. In February, new home sales declined 16.9% (interannually), and used homes 9.6%. February inventories rose to 3.5 million homes, which in conjunction with the decline in sales had a negative effect on the rate of new homes built as well as on prices. A 22.5% decline was reported in initiating the construction of new homes. The Case-Shiller Home Price Index fell for the seventh successive month in January (0.2% month on month).

### Inflation

Inflation picked up again in February, with a general Consumer Price Index that rose to an interannual 2.1% and may go even higher during 2011, triggered by spiraling oil prices. However, for the purpose of monetary policy actions under the Fed's control, the reference is the core Consumer Price Index which, because it excludes energy and food prices, is a truer reflection of the deeply rooted tendencies. The core CPI also experienced an upturn in February, to an interannual 1.1%. Certainly, producer prices and entrepreneurial feeling are pushing up prices at the beginning of 2011 (as a result of the overall increase in raw material prices), but the upturn continues to be limited by high unemployment and idle capacity, depress wages and salaries and thus offset the effect of higher raw material prices.

Treasury Rate 10 Years



Source: Bloomberg

**Economic activity**

The performance of the Venezuelan economy during the first quarter of 2011 is characterized by the significant growth crude benchmark prices compared with the close of 2010, in response to growing demand during the winter season and new and unexpected geopolitical risks associated with civil revolts in countries in North Africa and the Middle East. Venezuela's oil production did recover slightly, increasing the value of oil exports. Despite high oil prices and fewer foreign currency authorizations, the international reserves in the hands of the BCV weakened in the first quarter, partly explained by the transfer of funds from the BCV to FONDEN. On the fiscal front, Central Government's performance during the first quarter was marked by an increase in the income it received and a higher level of public spending, due fundamentally to the recovery of oil prices and the higher bolivar value of the oil industry's contribution to the national treasury before adjusting the average petroleum rate of exchange, as well as more net income from domestic borrowing. On the monetary front there was a slight increase in money supply, explained mainly by the expansion in public spending, the reduction in the amount of currency authorized by Cadivi, and the expansive effect of Open Market Operations (OMA's) on payment systems. All these steps caused an acceleration in the growth of domestic prices.

**Oil Sector, Reserves**

In the case of petroleum, the Venezuelan oil basket reached US\$ 9.9/bbl, reflecting a year-on-year increase of almost 30%. Venezuelan oil production averaged 2.213 mbd during the first quarter and a year-on-year increase of 28 mbd. The interannual recovery in both crude prices and production increased oil industry revenue. However, transfers of US\$ 2 billion to FONDEN, largely explained the US\$ 2,705 million reduction in international reserves which closed at US\$ 26,795 million in March, their lowest level since July 2007.

**Monetary Policy**

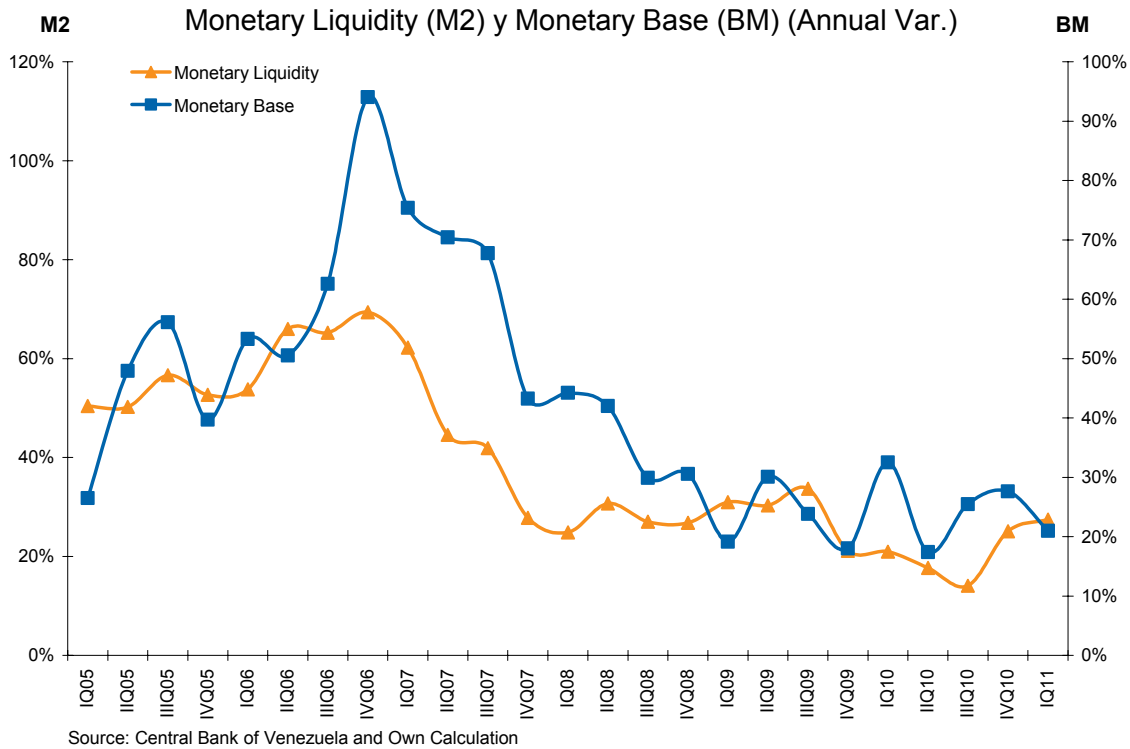
In the exchange area, the National Executive in conjunction with the Venezuelan Central Bank published Exchange Agreement N° 14 in Official Gazette N° 39,584 dated December 30, 2010, which set and unified the exchange rate from January 1, 2011 at Bs 4.29 (bid) and Bs 4.30 (ask).

In the fiscal area, primary spending by the National Treasury reached Bs 54 billion, representing a 34% year-on-year increase. Discounting the high level of inflation for the period, this makes an increase of 4.1%, which contrasts clearly with the real decline of 22.1% in the first quarter of 2010. In the area of the national debt, assignments of Government Bonds and Treasury Bills totaled Bs 20 billion which, together with shorter maturities, resulted in Bs 14.7 billion in net positive domestic indebtedness, reflecting a 72.5% year-on-year increase in positive domestic indebtedness.

In the money market, money in the hands of the public (M2) increased 4.1% in the first quarter, less than the 1.8% increase recorded for the same period in 2010. With respect to the way monetary policy was handled in the first quarter, despite the fact that the BCV relaxed its attitude towards the issuance of Open Market Operations compared with the same period in 2010, the net effect of these operations on payment systems resulted in a Bs 1.1 billion expansion, contrasting with the Bs 2.4 billion contraction registered in the first quarter of 2010.

## Inflation

Accumulated domestic inflation to March reached 6%, which is only 20 basis points higher than the variation experienced in the first quarter of 2010. By group, the highest price adjustments over and above the average were: Health (9.6%), Miscellaneous Goods and Services (8.3%), Restaurants and Hotels (7.3%), Household Equipment (6.8%) and Alcoholic Beverages and Tobacco (8.5%). Of the eleven regions in the National Consumer Price Index (INPC), only Caracas showed a price adjustment that was higher than the national average: 7.6% in Caracas compared to Maracaibo with the lowest inflation at 4.6%.



**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 38)
- 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 41)
- 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 42)
- 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 40).

## APPENDIX II

### MERCANTIL SERVICIOS FINANCIEROS, C.A.

#### CONSOLIDATED BALANCE SHEET

#### UNAUDITED FIGURES

(In millions of Bolivars and Dollars, except percentages)

	US\$ <sup>1</sup>					Δ		Δ	
						Mar 11 vs. Dec 10		Mar 11 vs. Mar 10	
		03-31-11	03-31-11	12-31-10	03-31-10	Bolivars	%	Bolivars	%
<b>CASH AND DUE FROM BANKS</b>									
Cash	193	826	1,051	653	(225)	(21.4)%	173	26.5%	
Banco Central de Venezuela	1,879	8,060	9,043	7,785	(983)	(10.9)%	275	3.5%	
Venezuelan Banks and Other Financial Institutions	13	55	5	13	50	1,000.0%	42	323.1%	
Foreign and Correspondent Banks	171	732	1,213	860	(481)	(39.7)%	(128)	(14.9)%	
Allowance for Cash and Due from Banks	211	904	512	309	392	76.6%	595	192.6%	
	2,467	10,577	11,824	9,620	(1,247)	(10.5)%	957	9.9%	
<b>INVESTMENT PORTFOLIO</b>									
Investments in Trading Securities	58	250	233	123	17	7.3%	127	103.3%	
Investments in Securities Available for Sale	4,649	19,939	17,087	11,755	2,852	16.7%	8,184	69.6%	
Investments in Securities Held to Maturity	149	639	623	499	16	2.6%	140	28.1%	
Share Trading Portfolio	3	13	16	20	(3)	(18.8)%	(7)	(35.0)%	
Investments in Time Deposits and Placements	360	1,546	1,942	2,274	(396)	(20.4)%	(728)	(32.0)%	
Restricted Investments	459	1,969	1,691	1,084	278	16.4%	885	81.6%	
	5,678	24,356	21,592	15,755	2,764	12.8%	8,601	54.6%	
<b>LOAN PORTFOLIO</b>									
Current	10,133	43,464	42,385	28,097	1,079	2.5%	15,367	54.7%	
Rescheduled	162	696	683	336	13	1.9%	360	107.1%	
Past Due	287	1,230	1,012	971	218	21.5%	259	26.7%	
Litigation	66	283	283	87	0	0.0%	196	225.3%	
	10,648	45,673	44,363	29,491	1,310	3.0%	16,182	54.9%	
Allowance for Losses on Loan Portfolio	(397)	(1,701)	(1,434)	(966)	(267)	18.6%	(735)	76.1%	
	10,251	43,972	42,929	28,525	1,043	2.4%	15,447	54.2%	
<b>INTEREST AND COMMISSIONS RECEIVABLE</b>	130	558	483	352	75	15.5%	206	58.5%	
<b>LONG-TERM INVESTMENTS</b>	47	201	189	168	12	6.3%	33	19.6%	
<b>ASSETS AVAILABLE FOR SALE</b>	28	119	95	47	24	25.3%	72	153.2%	
<b>PROPERTY AND EQUIPMENT</b>	152	650	689	533	(39)	(5.7)%	117	22.0%	
<b>OTHER ASSETS</b>	464	1,996	1,582	1,645	414	26.2%	351	21.3%	
<b>TOTAL ASSETS</b>	<b>19,217</b>	<b>82,429</b>	<b>79,383</b>	<b>56,645</b>	<b>3,046</b>	<b>3.8%</b>	<b>25,784</b>	<b>45.5%</b>	

<sup>1</sup> 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.

## APPENDIX II

### MERCANTIL SERVICIOS FINANCIEROS, C.A.

#### CONSOLIDATED BALANCE SHEET

#### UNAUDITED FIGURES

(In millions of Bolivars and Dollars, except percentages)

	US\$ <sup>1</sup>				Δ		Δ	
		03-31-11	03-31-11	12-31-10	03-31-10	Mar 11 vs. Dec 10	Mar 11 vs. Mar 10	
					Bolivars	%	Bolivars	%
<b>DEPOSITS</b>								
Non-interest Bearing	3,931	16,863	16,222	10,592	641	4.0%	6,271	59.2%
Interest-Bearing	4,895	20,995	19,929	13,671	1,066	5.3%	7,324	53.6%
Savings Deposits	4,720	20,244	20,005	14,766	239	1.2%	5,478	37.1%
Time Deposits	1,380	5,919	6,211	6,088	(292)	(4.7)%	(169)	(2.8)%
	14,926	64,021	62,367	45,117	1,654	2.7%	18,904	41.9%
<b>DEPOSITS AUTHORIZED BY THE VENEZUELAN SECURITIES AND EXCHANGE COMMISSION</b>								
Publicly Traded Debt Securities Issued	2	10	67	266	(57)	(85.1)%	(256)	(96.2)%
<b>FINANCIAL LIABILITIES</b>	801	3,436	3,134	1,399	302	9.6%	2,037	145.6%
INTEREST AND COMMISSION PAYABLE	7	29	29	26	0	0.0%	3	11.5%
OTHER LIABILITIES	1,385	5,944	4,789	3,902	1,155	24.1%	2,042	52.3%
SUBORDINATED DEBT	112	479	479	296	0	0.0%	183	61.8%
<b>TOTAL LIABILITIES</b>	17,233	73,919	70,865	51,006	3,054	4.3%	22,913	44.9%
<b>MINORITY INTEREST IN CONSOLIDATED SUBSIDIARIES</b>	1	4	4	3	0	0.0%	1	33.3%
<b>SHAREHOLDERS' EQUITY</b>								
Paid in Capital	36	154	154	154	0	0.0%	0	0.0%
Capital Inflation Adjustment	45	192	192	192	0	0.0%	0	0.0%
Share Premium	48	204	204	204	0	0.0%	0	0.0%
Capital Reserves	39	167	167	167	0	0.0%	0	0.0%
Translation Adjustments of net Assets of Subsidiaries Abroad	362	1,552	1,550	557	2	0.1%	995	178.6%
Retained Earnings	1,379	5,914	5,922	4,189	(8)	(0.1)%	1,725	41.2%
Shares repurchased and held by Subsidiaries	(4)	(17)	(16)	(7)	(1)	6.3%	(10)	142.9%
Repurchased Shares Restricted for Employee Stock Option Plan	(10)	(44)	(43)	(40)	(1)	2.3%	(4)	10.0%
Unrealized Gain (Loss) from Adjustment on Investments Available For Sale to Market Value	90	384	384	220	0	0.0%	164	74.5%
<b>TOTAL SHAREHOLDERS' EQUITY</b>	1,983	8,506	8,513	5,636	(7)	(0.1)%	2,870	50.9%
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	19,217	82,429	79,383	56,645	3,046	3.8%	25,784	45.5%

<sup>1</sup> 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.

## APPENDIX II

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

	US\$ <sup>1</sup> 03-31-11	Quarter Ended on		Δ	
		03-31-11	03-31-10	Bolivars	%
Income from Cash and Due from Banks	1	3	3	0	0.0%
Income from Investment Securities	78	334	195	139	71.3%
Income from Loan Portfolio	313	1,341	1,016	325	32.0%
Income from Financial assets	0	0	2	(2)	(100.0)%
<b>INTEREST INCOME</b>	<b>391</b>	<b>1,678</b>	<b>1,216</b>	<b>462</b>	<b>38.0%</b>
Interest for Demand and Savings Deposits	102	437	367	70	19.1%
Interest for Time Deposits	6	26	34	(8)	(23.5)%
Interest for Securities Issued by the Bank	1	4	12	(8)	(66.7)%
Interest on Financial Liabilities	9	40	24	16	66.7%
<b>INTEREST EXPENSE</b>	<b>118</b>	<b>507</b>	<b>437</b>	<b>70</b>	<b>16.0%</b>
<b>NET INTEREST INCOME</b>	<b>273</b>	<b>1,170</b>	<b>779</b>	<b>391</b>	<b>50.2%</b>
Provision for losses on loan portfolio	80	345	117	228	194.9%
<b>NET FINANCIAL MARGIN</b>	<b>192</b>	<b>825</b>	<b>662</b>	<b>163</b>	<b>24.6%</b>
Trust Fund Operations	3	13	16	(3)	(18.8)%
Foreign Currency Transactions	0	(2)	1	(3)	(300.0)%
Commissions on Transactions	21	88	60	28	46.7%
Commissions on Letters of Credit and Guarantees Granted	1	5	4	1	25.0%
Equity in Long-Term Investments	4	16	10	6	60.0%
Exchange Gains and Losses	2	8	168	(160)	(95.2)%
Income (Loss) on Sale of Investment Securities	26	110	79	31	39.2%
Other Income	77	332	182	150	82.4%
<b>TOTAL COMMISSIONS AND OTHER INCOME</b>	<b>133</b>	<b>570</b>	<b>520</b>	<b>50</b>	<b>9.6%</b>
Total insures premiums, net of claims	31	132	81	51	63.0%
<b>OPERATING INCOME</b>	<b>356</b>	<b>1,527</b>	<b>1,263</b>	<b>264</b>	<b>20.9%</b>
Salaries and employee benefits	118	505	375	130	34.7%
Depreciation, Property and Equipment Expenses, Amortization of Intangibles and Others	29	123	101	22	21.8%
Fees paid to regulatory agencies	42	180	95	85	89.5%
Other operating expenses	100	428	280	148	52.9%
<b>TOTAL OPERATING EXPENSES</b>	<b>288</b>	<b>1,236</b>	<b>851</b>	<b>385</b>	<b>45.2%</b>
<b>INCOME BEFORE TAXES AND MINORITY INTEREST</b>	<b>68</b>	<b>291</b>	<b>412</b>	<b>(121)</b>	<b>(29.4)%</b>
Total Taxes	(11)	(47)	(23)	(24)	104.3%
Minority Interests	0	(2)	0	(2)	0.0%
<b>NET INCOME</b>	<b>56</b>	<b>242</b>	<b>389</b>	<b>(147)</b>	<b>(37.8)%</b>
<b>NET INCOME US\$<sup>1</sup></b>		<b>56</b>	<b>150</b>	<b>(94)</b>	<b>(62.7)%</b>

<sup>1</sup> 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.

## APPENDIX II

**MERCANTIL SERVICIOS FINANCIEROS, C.A.**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**UNAUDITED FIGURES**  
(In millions of Bolivars)

	Quarter ended On	
	03-31-11	03-31-10
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	242	389
Adjustments to reconcile net income to net cash provided		
Operating activities -		
Allowance for losses on the loan portfolio	345	117
Depreciation and amortization	41	36
Decrease in allowance for losses on loan portfolio	0	(0)
Provision for interest receivable and other assets	20	3
Gain on equity in long-term investment	(16)	(10)
Minority interest expense	2	0
Deferred Income Tax	0	0
Provision for available for sale assets	6	7
Accrual for employee termination benefits	61	45
Payment of employee termination benefits	(52)	(37)
Net change in operating assets and liabilities -		
Interest and commissions receivables	(75)	(50)
Interest and commissions payables	(0)	(1)
Available for sale and other assets	(479)	(252)
Other liabilities	901	713
Net cash provided by operating activities	<b>995</b>	<b>960</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net change in investments securities	(3,129)	(1,041)
Loans granted	(39,813)	(21,752)
Loans collected	38,424	20,248
Additions to fixed assets, net of depreciation and write-offs	15	(62)
Net cash flows from investing activities	<b>(4,503)</b>	<b>(2,607)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net change in		
Deposits	1,653	2,270
Short-term financial liabilities	(175)	(438)
Debt securities by Mercantil	(57)	(47)
Subordinated debt	0	51
Long-term financial liabilities received	136	196
Long-term financial liabilities paid	341	(24)
Cash dividends	(6)	(15)
Shares premium	0	0
Shares repurchased	(1)	(2)
Repurchased shares for the employee stock option plan	(2)	(2)
Net cash flows from financing activities	<b>1,890</b>	<b>1,989</b>
<b>CASH AND CASH EQUIVALENTS <sup>1</sup></b>		
Net increase for the period	(1,618)	342
At the beginning of the period	13,729	11,500
<b>At the end of the period</b>	<b>12,111</b>	<b>11,842</b>

<sup>1</sup> 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 Share-holders' Equity
<b>Balance as of March 31, 2010</b>	<b>154</b>	<b>192</b>	<b>204</b>	<b>167</b>	<b>557</b>	<b>4,189</b>	<b>(7)</b>	<b>(40)</b>	<b>220</b>	<b>5,636</b>
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
<b>Balance as of June 30, 2010</b>	<b>154</b>	<b>192</b>	<b>204</b>	<b>167</b>	<b>1,538</b>	<b>5,144</b>	<b>(8)</b>	<b>(34)</b>	<b>176</b>	<b>7,532</b>
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
<b>Balance as of September 30, 2010</b>	<b>154</b>	<b>192</b>	<b>204</b>	<b>167</b>	<b>1,539</b>	<b>5,485</b>	<b>(10)</b>	<b>(38)</b>	<b>232</b>	<b>7,924</b>
Net income						494				494
Cash dividends						(57)				(57)
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
<b>Balance as of December 31, 2010</b>	<b>154</b>	<b>192</b>	<b>204</b>	<b>167</b>	<b>1,550</b>	<b>5,922</b>	<b>(16)</b>	<b>(43)</b>	<b>384</b>	<b>8,513</b>
Net income for the quarter						242				242
Cash dividends						(249)				(249)
Share repurchased							(1)			(1)
Repurchased shares for the employee stock option plan								(1)		(1)
Translation effect of net assets in subsidiaries abroad					2					2
<b>Balance as of March 31, 2011</b>	<b>154</b>	<b>192</b>	<b>204</b>	<b>167</b>	<b>1,552</b>	<b>5,914</b>	<b>(17)</b>	<b>(44)</b>	<b>384</b>	<b>8,506</b>

## APPENDIX III

### MERCANTIL SERVICIOS FINANCIEROS, C.A. Summary of the Financial Statements and Ratios (In millions Dollars <sup>1</sup>, except percentages and figures per share)

	<u>03-31-11</u>	<u>12-31-10</u>	<u>03-12-10</u>	$\Delta$ Mar 11 vs. Dec 10	$\Delta$ Mar 11 vs. Mar 10
Cash and due from banks	2,467	2,757	3,710	(10.5)%	(33.5)%
Investment Portfolio	5,678	5,034	6,074	12.8%	(6.5)%
Loan Portfolio Net	10,251	10,008	11,000	2.4%	(6.8)%
Other assets	821	708	1,057	16.0%	(22.3)%
<b>TOTAL ASSETS</b>	<b>19,217</b>	<b>18,507</b>	<b>21,841</b>	<b>3.8%</b>	<b>(12.0)%</b>
<b>ASSET MANAGEMENT</b>	<b>3,979</b>	<b>3,874</b>	<b>5,692</b>	<b>2.7%</b>	<b>(30.1)%</b>
Deposits	14,926	14,540	17,396	2.7%	(14.2)%
Financial Liabilities	801	731	539	9.6%	48.6%
Other Liabilities	1,507	1,253	1,731	20.5%	(12.9)%
Shareholders' Equity	1,983	1,985	2,173	(0.1)%	(8.7)%
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>19,217</b>	<b>18,507</b>	<b>21,841</b>	<b>3.8%</b>	<b>(12.0)%</b>
<b>INCOME – QUARTER</b>					
Financial Margin	273	256	301	6.7%	(9.3)%
Allowance for losses on loan portfolio	80	86	45	(6.0)%	77.8%
Commissions and other income	133	195	200	(32.0)%	(33.5)%
Insurance premiums, net of claims	31	44	31	(29.7)%	(0.0)%
Salaries and Operating Expenses	288	252	328	14.6%	(12.2)%
Taxes	(11)	(42)	(9)	(74.1)%	22.2%
Net Income – Quarter	56	115	150	(51.0)%	(62.7)%
<b>KEY FINANCIAL INDICATORS</b>					
Income per share –Quarter Bs/ share	0.57	1.16	1.51	(51.0)%	(62.3)%
Market price A share	7.23	6.88	8.87	5.1%	(18.5)%
Market price B share	7.11	6.88	9.25	3.4%	(23.1)%
Book value per share	19.38	19.39	21.17	(0.1)%	(8.5)%
Net Income (quarter) / Average Assets (ROA)	1.2%	2.9%	2.8%	(58.6)%	(57.1)%
Net Income (quarter) / Average Equity (ROE)	11.3%	28.9%	28.6%	(60.9)%	(60.5)%

<sup>1</sup> 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

## APPENDIX IV

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

By Economic Activity	03-31-11	%	12-31-10	%	03-31-10	%
Commercial	16.570	36,3%	16.451	37,1%	9.484	32,2%
Foreign trade	3.653	8,0%	3.612	8,1%	2.282	7,7%
Residential mortgage	2.734	6,0%	2.794	6,3%	2.518	8,5%
Industrial	3.163	6,9%	3.069	6,9%	2.476	8,4%
Construction	2.820	6,2%	3.233	7,3%	3.423	11,6%
Consumer	5.124	11,2%	4.391	9,9%	2.304	7,8%
Services	3.312	7,3%	4.664	10,5%	1.111	3,8%
Agricultural	4.614	10,1%	2.648	6,0%	3.147	10,7%
Car loans	1.435	3,2%	1.357	3,1%	1.149	4,0%
Other	2.248	4,9%	2.144	4,8%	1.597	5,4%
	<b>45.673</b>	<b>100,0%</b>	<b>44.363</b>	<b>100,0%</b>	<b>29.491</b>	<b>100,0%</b>

By Maturity	03-31-11	%	12-31-10	%	03-31-10	%
Up to six months	19.900	43,6%	20.665	46,4%	16.273	55,2%
Six months to one year	3.912	8,6%	3.361	7,6%	1.979	6,7%
One to two years	7.369	16,1%	6.105	13,8%	2.247	7,6%
Two to three years	4.551	10,0%	4.602	10,4%	2.402	8,1%
Three to four years	1.764	3,9%	1.588	3,6%	1.443	4,9%
Four to five years	2.211	4,8%	1.978	4,5%	665	2,3%
Over five years	5.966	13,1%	6.064	13,7%	4.482	15,2%
	<b>45.673</b>	<b>100,0%</b>	<b>44.363</b>	<b>100,0%</b>	<b>29.491</b>	<b>100,0%</b>

By Geographical Location of the Debtor	03-31-11	%	12-31-10	%	03-31-10	%
Venezuela	28.838	63,1%	28.404	64,0%	21.234	72,0%
United States of America	10.013	21,9%	9.263	20,9%	5.233	17,7%
Mexico	651	1,4%	664	1,5%	290	1,0%
Colombia	341	0,7%	362	0,8%	60	0,2%
Brazil	1.414	3,1%	1.590	3,6%	733	2,5%
Switzerland	280	0,6%	219	0,5%	88	0,3%
Peru	926	2,0%	838	1,9%	271	0,9%
Other countries	3.210	7,0%	3.023	6,8%	1.582	5,4%
	<b>45.673</b>	<b>100,0%</b>	<b>44.363</b>	<b>100,0%</b>	<b>29.491</b>	<b>100,0%</b>

By Type of Risk	03-31-11	%	12-31-10	%	03-31-10	%
Normal	41.942	91,8%	41.017	92,5%	26.878	91,1%
Potential	1.128	2,5%	880	2,0%	699	2,4%
Real	2.254	4,9%	2.184	4,9%	1.749	5,9%
High	299	0,7%	230	0,5%	151	0,5%
Unrecoverable	50	0,1%	52	0,1%	14	0,0%
	<b>45.673</b>	<b>100,0%</b>	<b>44.363</b>	<b>100,0%</b>	<b>29.491</b>	<b>100,0%</b>

## APPENDIX V

### Summary of Financial Indicators

	Quarter	
	Mar 11 <sup>1</sup>	Mar 10
<b>Net income in billions of Bolivars (millions of US\$)</b>	56	389
<b><u>Mercantil's stock indicators</u></b>		
<b><u>Class A share:</u></b>		
Number of outstanding shares <sup>3</sup> (Issued shares minus repurchased shares)	59,475,238	59,696,844
Market Price	7.23	23.00
Average daily volume (# of shares)	3,156	6,470
Market Price / Book value per share	0.4	0.4
Market Price / Period Net Earnings per share	12.8	5.9
Dividends received in Cash / Market price A	0.0	0.7
<b><u>Class B share:</u></b>		
Number of outstanding shares <sup>3</sup> (Issued shares minus repurchased shares)	42,845,029	42,977,147
Market Price	7.11	24.00
Average daily volume (# of shares)	2,866	9,712
Market Price / Book value per share	0.4	0.4
Market Price / Period Net Earnings per share	12.6	6.1
Dividends received in Cash / Market price B	0.0	0.6
Book value per share in Bs (Equity / # of outstanding shares) <sup>2</sup>	19.38	54.89
Total weighted outstanding shares	99,420,372	99,494,563
Earnings per share (Net Result/ weighted outstanding shares)	0.57	3.91
<b><u>Balance Structure indicators</u></b>		
Gross Loans/Deposits	71.3%	65.4%
<b><u>Profitability Ratios (%):</u></b>		
Gross financial margin / Average interest earning assets	7.1%	7.2%
Commissions and other income as a percentage of Total income	37.5%	43.5%
Return on average assets (ROA)	1.2%	2.8%
Return on average equity (ROE)	11.3%	28.6%
<b><u>Efficiency Ratios (%):</u></b>		
Operating expenses / Average total assets	5.2%	5.3%
Operating expenses / Total income	56.4%	54.8%
<b><u>Liquidity Ratios (%):</u></b>		
Cash and due from banks / Deposits	16.5%	21.3%
Cash and due from banks and Investments Portfolio / Deposits	54.6%	56.2%
<b><u>Asset Quality Ratios (%):</u></b>		
Non performing loans/ Gross loans	3.3%	3.6%
Allowance for loan losses / Non performing loans	112.5%	91.4%
Allowance for loan losses / Gross loans	3.7%	3.3%
<b><u>Capital Adequacy Ratios (%):</u></b>		
Shareholders equity / Assets	10.3%	9.9%
SNV-Risk based capital (minimum required 8%)	19.8%	19.6%

<sup>1</sup> 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.

<sup>2</sup> Issued shares minus repurchased shares.

<sup>3</sup> 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

	Quarter	
	Mar 11	Mar 10
Employees in Venezuela	8,189	8,715
Employees Abroad	846	842
Branches in Venezuela	306	330
Bank branches	273	298
Insurance branches	33	32
Branches Abroad	22	21
Representative Offices	6	6
Number of ATMs	1,327	1,368
Number of points of sale (POS)	40,824	40,411
Exchange rate Bs/US\$1 (Controlled since February 2003)	4.2893	2.5935
Average Exchange Rate for the period (Bs/US\$1)	4.2893	2.5935
Inflation for the last 12 months	27.4%	28.2%

## APPENDIX VI

### MERCANTIL C.A. BANCO UNIVERSAL According to rules issued by SNV <sup>1</sup> UNAUDITED CONSOLIDATED FIGURES

(In millions of Bolivars and Dollars, except percentages)

	US\$ <sup>2</sup>					Mar 11 vs. Dic 10		Mar 11 vs. Mar 10	
		03-31-11	03-31-11	12-31-10	03-31-10	Δ		Δ	
						Bolivars	%	Bolivars	%
<b>SUMMARY OF BALANCE SHEET</b>									
<b>ASSETS</b>									
Cash and Cash Equivalents	2,379	10,204	10,941	8,946	(737)	(6.7)%	1,258	14.1%	
Investments Portfolio	2,283	9,793	7,890	7,250	1,903	24.1%	2,543	35.1%	
Loan Portfolio	6,265	26,871	26,703	20,228	168	0.6%	6,643	32.8%	
Properties and Equipment and Other Assets	247	1,058	1,105	1,123	(47)	(4.3)%	(65)	(5.8)%	
<b>TOTAL ASSETS</b>	<b>11,174</b>	<b>47,926</b>	<b>46,639</b>	<b>37,547</b>	<b>1,287</b>	<b>2.8%</b>	<b>10,379</b>	<b>27.6%</b>	
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>									
Deposits <sup>3</sup>	9,589	41,128	39,383	32,165	1,745	4.4%	8,963	27.9%	
Financial Liabilities and Other Liabilities	503	2,156	2,253	1,743	(97)	(4.3)%	413	23.7%	
<b>TOTAL LIABILITIES</b>	<b>10,092</b>	<b>43,284</b>	<b>41,636</b>	<b>33,908</b>	<b>1,648</b>	<b>4.0%</b>	<b>9,376</b>	<b>27.7%</b>	
<b>SHAREHOLDERS' EQUITY</b>	<b>1,082</b>	<b>4,642</b>	<b>5,003</b>	<b>3,639</b>	<b>(361)</b>	<b>(7.2)%</b>	<b>1,003</b>	<b>27.6%</b>	
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>11,174</b>	<b>47,926</b>	<b>46,639</b>	<b>37,547</b>	<b>1,287</b>	<b>2.8%</b>	<b>10,379</b>	<b>27.6%</b>	

	US\$ <sup>2</sup>	Quarter Ended on				
		03-31-11	03-31-11	03-31-10	Δ	
					Bolivars	%
<b>SUMMARY OF STATEMENT OF INCOME</b>						
Interest Income	335	1,437	1,044	393	37.6%	
Interest Expense	105	449	384	65	17.0%	
Gross Financial Margin	230	988	660	328	49.6%	
Provision for Losses on Loan Portfolio	66	282	86	196	228.0%	
Net Financial Margin	164	706	574	132	22.9%	
Commissions and Other Income	79	337	409	(72)	(17.6)%	
Operating Income	243	1,043	983	60	6.1%	
Operating Expenses	210	901	637	264	41.5%	
Income before taxes	33	142	347	(205)	(59.0)%	
Taxes	6	25	14	11	77.3%	
<b>NET INCOME</b>	<b>27</b>	<b>117</b>	<b>333</b>	<b>(216)</b>	<b>(64.8)%</b>	
<b>NET INCOME IN US\$ <sup>2</sup></b>		<b>27</b>	<b>128</b>	<b>(101)</b>	<b>(78.9)%</b>	

Conciliation of Net Income SNV and SUDEBAN (In millions of Bs)	Quarter	
	03-31-11	03-31-10
	Net income <sup>4</sup>	306
Deferred Income Tax	0	0
Long term interest bearing loans, investments in securities adjusted for amortization, and other consolidation effects	(189)	156
Net income SNV	117	333
Inter-company eliminations	(1)	(16)
<b>Contribution to Mercantil's Results</b>	<b>116</b>	<b>317</b>

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> Deposits include investments sold under repurchase agreement as follows: Bs 578 million as of 03.31.2010. According to the Superintendence of Bank's regulations investments sold under repurchase agreement are reduced from the total amount of the investment portfolio.

<sup>4</sup> 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 SUDEBAN<sup>1</sup>  
**UNAUDITED CONSOLIDATED FIGURES**  
(In millions of Bolivars and Dollars, except percentages)

	US\$ <sup>3</sup> 03-31-11	03-31-11	12-31-10	03-31-10	Mar 11 vs. Dec 10		Mar 11 vs. Mar 10	
					Δ	Δ	Bolivars	%
<b>SUMMARY OF BALANCE SHEET</b>								
<b>ASSETS</b>								
Cash and Cash Equivalents	2,379	10,204	10,941	8,946	(737)	(6.7)%	1,258	14.1%
Investments Portfolio	2,261	9,700	7,524	6,501	2,176	28.9%	3,199	49.2%
Loan Portfolio	6,265	26,871	26,703	20,228	168	0.6%	6,643	32.8%
Properties and Equipment and Other Assets	262	1,122	1,103	1,269	19	1.7%	(147)	(11.6)%
<b>TOTAL ASSETS</b>	<b>11,167</b>	<b>47,897</b>	<b>46,271</b>	<b>36,944</b>	<b>1,626</b>	<b>3.5%</b>	<b>10,953</b>	<b>29.6%</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>								
Deposits <sup>3</sup>	9,793	42,003	40,280	31,979	1,723	4.3%	10,024	31.3%
Financial Liabilities and Other Liabilities	315	1,350	1,409	1,396	(59)	(4.2)%	(46)	(3.3)%
<b>TOTAL LIABILITIES</b>	<b>10,108</b>	<b>43,353</b>	<b>41,689</b>	<b>33,375</b>	<b>1,664</b>	<b>4.0%</b>	<b>9,978</b>	<b>29.9%</b>
<b>SHAREHOLDERS' EQUITY</b>	<b>1,059</b>	<b>4,544</b>	<b>4,582</b>	<b>3,569</b>	<b>(38)</b>	<b>(0.8)%</b>	<b>975</b>	<b>27.3%</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>11,167</b>	<b>47,897</b>	<b>46,271</b>	<b>36,944</b>	<b>1,626</b>	<b>3.5%</b>	<b>10,953</b>	<b>29.6%</b>

	US\$ <sup>3</sup> 03-31-11	Quarter Ended on		Bolivars	%
		03-31-11	03-31-10		
<b>SUMMARY OF STATEMENT OF INCOME</b>					
Interest Income	337	1,447	1,091	356	32.6%
Interest Expense	109	469	398	71	17.8%
Gross Financial Margin	228	978	693	285	41.0%
Allowance for Losses on Loan Portfolio	67	286	86	200	232.6%
Net Financial Margin	161	692	607	85	13.9%
Commissions and Other Income	134	574	251	323	128.7%
Operating Income	295	1,266	858	408	47.5%
Operating Expenses	218	936	667	269	40.3%
Income before taxes	77	330	191	139	72.4%
Taxes	6	25	14	11	78.6%
<b>NET INCOME</b>	<b>71</b>	<b>306</b>	<b>177</b>	<b>129</b>	<b>72.4%</b>
<b>NET INCOME IN US\$<sup>3</sup></b>		<b>71</b>	<b>68</b>	<b>3</b>	<b>4.0%</b>

**Mercantil C.A. Banco Universal**  
**Indicators<sup>1</sup> from Consolidated Financial Statements**

	System average <sup>2</sup>	03-31-11	03-31-10
Gross financial margin / Average assets	7.7%	8.5%	7.8%
Return on average assets (ROA) <sup>2</sup>	2.6%	2.6%	1.9%
Return on average equity (ROE) <sup>2</sup>	28.0%	27.0%	20.0%
Non performing loans / Gross loans	3.9%	1.1%	1.0%
Allowance for loan losses / Non performing loans	136.1%	470.2%	380.9%
Allowance for loan losses / Gross loans	5.4%	5.3%	3.7%
Operating expenses / average total assets	5.2%	6.3%	5.9%

<sup>1</sup> Consolidated.

<sup>2</sup> Based on annualized figures.

<sup>3</sup> 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 <sup>1</sup>

#### UNAUDITED CONSOLIDATED FIGURES

(In millions of Dollars, except percentages)

			Mar 11 vs. Dec 10 Δ		Mar 11 vs. Mar 11 Δ		
	<u>03-31-11</u>	<u>12-31-10</u>	<u>03-31-10</u>	<u>US\$</u>	<u>%</u>	<u>US\$</u>	<u>%</u>
<b>SUMMARY OF BALANCE SHEET</b>							
<b>ASSETS</b>							
Cash and Cash Equivalents	131	233	285	(102)	(43.8)%	(154)	(54.0)%
Investments Securities	2,475	2,310	2,283	165	7.1%	192	8.4%
Loan Portfolio	3,864	3,702	3,166	162	4.4%	698	22.0%
Properties and Equipment and Other Assets	264	188	232	76	40.4%	32	13.8%
<b>TOTAL ASSETS</b>	<b>6,734</b>	<b>6,433</b>	<b>5,966</b>	<b>301</b>	<b>4.7%</b>	<b>768</b>	<b>12.9%</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>							
Deposits	5,160	5,116	4,750	44	0.9%	410	8.6%
Financial Liabilities, Other Liabilities and Subordinated Debt	1,048	788	706	260	33.0%	342	48.4%
<b>TOTAL LIABILITIES</b>	<b>6,208</b>	<b>5,904</b>	<b>5,456</b>	<b>304</b>	<b>5.1%</b>	<b>752</b>	<b>13.8%</b>
<b>SHAREHOLDERS' EQUITY</b>	<b>526</b>	<b>529</b>	<b>510</b>	<b>(3)</b>	<b>(0.6)%</b>	<b>16</b>	<b>3.1%</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>6,734</b>	<b>6,433</b>	<b>5,966</b>	<b>301</b>	<b>4.7%</b>	<b>768</b>	<b>12.9%</b>

	Quarter Ended on Δ			
	<u>03-31-11</u>	<u>03-31-10</u>	<u>USD</u>	<u>%</u>
<b>SUMMARY OF STATEMENT OF INCOME</b>				
Interest Income	45	43	2	4.7%
Interest Expense	9	11	(2)	(18.2)%
Gross Financial Margin	36	32	4	12.5%
Allowance for Losses on Loan Portfolio	14	12	2	16.7%
Net Financial Margin	22	20	2	10.0%
Commissions and Other Income	17	14	3	21.4%
Operating Income	39	34	5	14.7%
Operating Expenses	37	35	2	5.7%
Income before taxes	2	(1)	3	300.0%
Taxes	3	1	2	200.0%
<b>NET INCOME US\$</b>	<b>(1)</b>	<b>(2)</b>	<b>1</b>	<b>50.0%</b>

### Conciliation of Net Income SNV and USGAAP

(In millions of dollars)

	Quarter	
	03/31/11	03/31/10
Mercantil Commercebank N.A. Consolidated - Net Income	3	1
Results for the Holding and other Affiliates	(2)	0
Mercantil Commercebank Florida Bancorp - Net Income	1	1
Deferred Income Tax	(3)	(2)
Others	(1)	(2)
<b>Contribution to Mercantil's Results<sup>1</sup></b>	<b>3</b>	<b>1</b>

<sup>1</sup> 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)

	03-31-11	12-31-10	03-31-10	△ Mar 11 vs. Dec 10		△ Mar 11 vs. Mar 10	
				US\$	%	US\$	%
<b>SUMMARY OF BALANCE SHEET</b>							
<b>ASSETS</b>							
Cash and Cash Equivalents	135	236	287	(101)	(42.8)%	(152)	(53.0)%
Investments Securities	2,471	2,306	2,280	165	7.2%	191	8.4%
Loan Portfolio	3,859	3,698	3,160	162	4.4%	699	22.2%
Properties and Equipment and Other Assets	316	239	284	77	32.2%	32	11.3%
<b>TOTAL ASSETS</b>	<b>6,782</b>	<b>6,478</b>	<b>6,011</b>	<b>303</b>	<b>4.7%</b>	<b>770</b>	<b>12.8%</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>							
Deposits	4,776	4,715	4,355	61	1.3%	421	9.7%
Financial Liabilities, Other Liabilities and Subordinated Debt	1,346	1,105	996	241	21.8%	350	35.1%
<b>TOTAL LIABILITIES</b>	<b>6,122</b>	<b>5,820</b>	<b>5,351</b>	<b>302</b>	<b>5.2%</b>	<b>771</b>	<b>14.4%</b>
<b>SHAREHOLDERS' EQUITY</b>	<b>659</b>	<b>658</b>	<b>660</b>	<b>1</b>	<b>0.2%</b>	<b>(1)</b>	<b>(0.2)%</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>6,782</b>	<b>6,478</b>	<b>6,011</b>	<b>303</b>	<b>4.7%</b>	<b>770</b>	<b>12.8%</b>

	Quarter		△	
	03-31-11	03-31-10	USD	%
<b>SUMMARY OF STATEMENT OF INCOME</b>				
Interest Income	44	43	2	4.1%
Interest Expense	8	9	(1)	(15.3)%
Gross Financial Margin	37	34	3	9.4%
Allowance for Losses on Loan Portfolio	14	12	2	15.7%
Net Financial Margin	23	22	1	6.0%
Commissions and Other Income	16	15	2	12.1%
Operating Income	39	36	3	8.4%
Operating Expenses	35	34	1	2.8%
Income before taxes	4	2	2	109.4%
Taxes	1	1	1	110.9%
<b>NET INCOME US\$</b>	<b>3</b>	<b>1</b>	<b>1</b>	<b>108.6%</b>

### Mercantil Commercebank N.A.

<b>INDICATORS</b>	Similar Group <sup>1</sup>	03-31-11	03-31-10
	Gross financial margin / Average assets	3.6%	2.3%
Return on average assets (ROA) <sup>2</sup>	0.5%	0.2%	0.1%
Return on average equity (ROE) <sup>2</sup>	4.6%	1.6%	0.8%
Non Accrual / Gross loans	2.3%	1.6%	2.3%
Allowance for loan losses / Gross loans	3.6%	2.3%	2.3%
Operating expenses / average total assets	0.5%	0.2%	0.1%

<sup>1</sup> Based on December, 2010.

<sup>2</sup> Annualized.

## APPENDIX VIII

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

	US\$ <sup>2</sup> 03-31-11	03-31-11	12-31-10	03-31-10	Δ Mar 11 vs. Dec 10		Δ Mar 11 vs. Mar 10	
					Bolivars	%	Bolivars	%
<b>SUMMARY OF BALANCE SHEET</b>								
<b>ASSETS</b>								
Cash and Cash Equivalents	26	112	72	68	40	55.6%	44	64.7%
Investments Portfolio	578	2,480	2,399	1,647	81	3.4%	833	50.6%
Premiums receivable	112	482	459	390	23	5.0%	92	23.6%
Property and equipment	28	120	122	112	(2)	(1.6)%	8	7.1%
Other assets	93	395	298	296	97	32.6%	99	33.4%
<b>TOTAL ASSETS</b>	<b>837</b>	<b>3,589</b>	<b>3,350</b>	<b>2,513</b>	<b>239</b>	<b>7.1%</b>	<b>1,076</b>	<b>42.8%</b>
<b>LIABILITIES AND SHAREHOLDERS' ÉQUITY</b>								
Uncollected Premium	309	1,329	1,208	942	121	10.0%	387	41.1%
Reserves	173	740	633	629	107	16.9%	111	17.6%
Financial Liabilities	35	150	70	0	80	114.3%	150	100.0%
Accounts Payable Reinsures	45	191	196	116	(5)	(2.6)%	75	64.7%
Other provisions and other liabilities	94	403	373	288	30	8.0%	115	39.9%
<b>TOTAL LIABILITIES</b>	<b>656</b>	<b>2,813</b>	<b>2,480</b>	<b>1,975</b>	<b>333</b>	<b>13.4%</b>	<b>840</b>	<b>42.5%</b>
<b>SHAREHOLDERS' ÉQUITY</b>	<b>181</b>	<b>776</b>	<b>870</b>	<b>538</b>	<b>(94)</b>	<b>(10.8)%</b>	<b>238</b>	<b>44.2%</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' ÉQUITY</b>	<b>837</b>	<b>3,589</b>	<b>3,350</b>	<b>2,513</b>	<b>239</b>	<b>7.1%</b>	<b>1,076</b>	<b>42.8%</b>

	US\$ <sup>2</sup> 03-31-11	Quarter Ended on		Δ	
		03-31-11	03-31-10	Bolivars	%
<b>SUMMARY OF STATEMENT OF INCOME</b>					
Earned Premiums Received	220	945	731	214	29.3%
Claims Incurred	(146)	(627)	(485)	(142)	29.3%
Commissions and Acquisition Expenses	(36)	(154)	(128)	(26)	20.3%
Management Expenses	(28)	(121)	(90)	(31)	34.4%
Technical Result	10	43	28	15	53.6%
Income from Investments	15	65	45	20	44.4%
Taxes and Contributions	(5)	(20)	(8)	(12)	150.0%
Contracts of excess of lost	(5)	(20)	(7)	(13)	185.7%
<b>NET INCOME</b>	<b>16</b>	<b>68</b>	<b>58</b>	<b>10</b>	<b>17.2%</b>
<b>NET INCOME US\$ <sup>(2)</sup></b>		<b>16</b>	<b>22</b>	<b>(7)</b>	<b>(29.1)%</b>

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

	Quarter	
	03/31/2011	03/31/2010
Mercantil Seguros (Consolidated) - Net Income	68	58
Valuation of Investments	(3)	(1)
Earned premiums	3	0
Other	0	1
<b>Contribution to Mercantil's Results</b>	<b>68</b>	<b>58</b>

<sup>1</sup> 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.

<sup>2</sup> 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 SUDESEG Unaudited Consolidated Figures (In millions of Bolivars and Dollars, except percentages)

	US\$ <sup>1</sup> 03-31-11	03-31-11	12-31-10	03-31-10	△ Mar 11 vs. Dec 10		△ Mar 11 vs. Mar 10	
					Bolivars	%	Bolivars	%
<b>SUMMARY OF BALANCE SHEET</b>								
<b>ASSETS</b>								
Investments suitable for representing								
Technical Reserves	657	2,818	2,741	1,800	77	2.8%	1,018	56.6%
Investments not-suitable for representing								
Technical Reserves	59	252	286	319	(34)	(11.9)%	(67)	(21.0)%
Other assets	130	557	480	471	77	16.0%	86	18.3%
<b>TOTAL ASSETS</b>	<b>846</b>	<b>3,627</b>	<b>3,507</b>	<b>2,590</b>	<b>120</b>	<b>3.4%</b>	<b>1,037</b>	<b>40.0%</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>								
Technical Reserves	488	2,093	1,871	1,588	222	11.9%	505	31.8%
Other allowances and liabilities	128	549	522	309	27	5.2%	240	77.7%
<b>TOTAL LIABILITIES</b>	<b>616</b>	<b>2,642</b>	<b>2,393</b>	<b>1,897</b>	<b>249</b>	<b>10.4%</b>	<b>745</b>	<b>39.3%</b>
	230	985	1,114	693	(129)	(11.6)%	292	42.1%
<b>SHAREHOLDERS' EQUITY</b>	<b>846</b>	<b>3,627</b>	<b>3,507</b>	<b>2,590</b>	<b>120</b>	<b>3.4%</b>	<b>1,037</b>	<b>40.0%</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>657</b>	<b>2,818</b>	<b>2,741</b>	<b>1,800</b>	<b>77</b>	<b>2.8%</b>	<b>1,018</b>	<b>56.6%</b>

	US\$ <sup>1</sup> 03-31-11	Quarter Ended on		△	
		03-31-11	03-31-10	Bolivars	%
<b>SUMMARY OF STATEMENT OF INCOME</b>					
Earned Premiums Received	220	945	731	214	29.3%
Claims Incurred	(146)	(627)	(485)	(142)	29.3%
Commissions and Acquisition Expenses	(36)	(154)	(128)	(26)	20.3%
Management Expenses	(28)	(121)	(90)	(31)	34.4%
Technical Result	10	43	28	15	53.6%
Income from Investments	15	65	45	20	44.4%
Taxes and Contributions	(5)	(20)	(8)	(12)	150.0%
Contracts of excess of lost	(5)	(20)	(7)	(13)	185.7%
<b>NET INCOME</b>	<b>16</b>	<b>68</b>	<b>58</b>	<b>10</b>	<b>17.2%</b>
<b>NET INCOME US\$<sup>1</sup></b>		<b>16</b>	<b>22</b>	<b>5</b>	<b>20.9%</b>

### KEY FINANCIAL AND OPERATING INDICATORS Mercantil Seguros (In millions of Bolivars, except percentages)

	Quarter	
	03-31-11	03-31-10
Premiums Received Net	1,113	900
Market Share	12.7% <sup>2</sup>	12.0%
Equity / Total Assets	27.2%	26.8%
Incurred Claims / Earned Premiums (%)	66.3%	66.5%
Commissions and Acq. Expenses / Earned Premiums (%)	16.3%	17.4%
Administrative Expenses / Earned Premiums (%)	12.8%	12.4%
Combined Ratio (%) <sup>3</sup>	95.5%	96.3%
Insured Persons <sup>4</sup>	1,429,753	1,439,132

<sup>1</sup> 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.

<sup>2</sup> Market Share at 02.28.2011

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

<sup>4</sup> In numbers

## APPENDIX IX

### Key Macroeconomic Indicators

	YEARS		QUARTERS				
	2009	2010	I 10	II 10	III 10	IV 10	
<b>Gross Domestic Product. Var.%<sup>1</sup></b>							
Consolidated	(3.3)	(1.4)	(4.8)	(1.6)	0.0	0.6	ND
Oil activities	(7.2)	0.2	(1.1)	0.4	(0.3)	1.8	ND
Non-Oil activities	(2.0)	(1.5)	(4.9)	(1.6)	0.0	0.2	ND
Other Net Taxes on Products	(7.5)	(2.1)	(8.3)	(3.4)	0.4	2.4	ND
<b>Consumer Price Index (% Change)<sup>2</sup></b>	26.9	27.4	28.4	44.6	18.8	19.3	33.8
<b>Unemployment Rate (% Change)<sup>3</sup></b>	7.7	8.5	9.3	8.2	8.9	8.0	ND
<b>Wage Income Index (% Var)<sup>1</sup></b>	23.1	20.5	25.3	21.7	21.7	20.5	ND
<b>Monetary Liquidity (% Change)<sup>1</sup></b>	21.2	24.1	20.9	17.7	14.1	24.1	27.5
<b>Interest Rates (Period end) (%)<sup>4</sup></b>							
<b>Six Main Commercial and Universal Banks</b>							
Period-end Loan Rate	18.9	17.9	18.4	17.7	17.4	17.9	17.1
Period-end Saving Deposit Rate	12.6	12.6	12.6	12.6	12.6	12.6	12.6
Period-end Time Deposit Rate	15.0	15.0	14.5	14.6	14.8	15.0	14.9
<b>Exchange Rate (Preferential)</b>							
Period end (Bs/US\$) (Bid rate) <sup>7</sup>	2.1446	2.5935	2.5935	2.5935	2.5935	2.5935	4.2893
Annual average exchange rate (Bs/US\$) <sup>7</sup>	2.1446	2.3691	2.3691	2.3691	2.3691	2.3691	4.2893
Depreciation (%) <sup>2</sup>	0.0	0.0	20.9	0.0	0.0	0.0	65.4
<b>Exchange Rate (Oil)</b>							
Period end (Bs/US\$) (Bid rate) <sup>7</sup>	2.1446	4.2893	4.2893	4.2893	4.2893	4.2893	4.2893
Annual average exchange rate (Bs/US\$) <sup>7</sup>	2.1446	3.2170	3.2170	3.2170	3.2170	3.2170	4.2893
Depreciation (%) <sup>2</sup>	0.0	0.0	100.0	0.0	0.0	0.0	0.0
<b>External Sector (million of US\$)</b>							
<b>Trade Balance<sup>5</sup></b>	19,153	27,173	9,038	6,059	5,581	6,495	ND
Oil Exports	54,201	62,317	15,654	15,257	14,661	16,745	ND
Non-Oil Exports	3,394	3,469	857	807	859	946	ND
Imports	38,442	38,613	7,473	10,005	9,939	11,196	ND
<b>Central Bank of Venezuela Intl. Res. FEM</b>	35,000	29,500	28,527	27,970	28,618	29,500	26,795
	830	832	830	831	831	832	3
<b>Oil Export Average Price (US\$/b)</b>	56.9	71.6	70.6	69.5	68.0	78.1	90.9
<b>Average Oil Production (Thousands bpd)</b>	2,181	2,187	2,185	2,178	2,195	2,190	2,213
<b>Central Government (millions of Bs)</b>							
Ordinary Income	136,955	162,562	31,244	38,788	39,631	52,899	ND
Oil Income	53,236	58,668	7,372	14,457	13,638	23,201	ND
Non-Oil Income	83,719	103,894	23,872	24,331	25,993	29,698	ND
Ordinary Expenditures <sup>6</sup>	187,542	228,994	43,773	49,592	56,391	79,238	ND

<sup>1</sup> Year-on-year variation.

<sup>2</sup> Annual Dec-Dec figures. Annualized quarterly figures.

<sup>3</sup> Annual figures for the second semester.

<sup>4</sup> Annual figures correspond to weighted averages.

<sup>5</sup> Balance of payments figures.

<sup>6</sup> Does not include public debt amortization

<sup>7</sup> 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