

COMMERCIAL & UNIVERSAL BANKS REPORT

First Semester 2011

MONETARY ENVIRONMENT FIRST SEMESTER 2011

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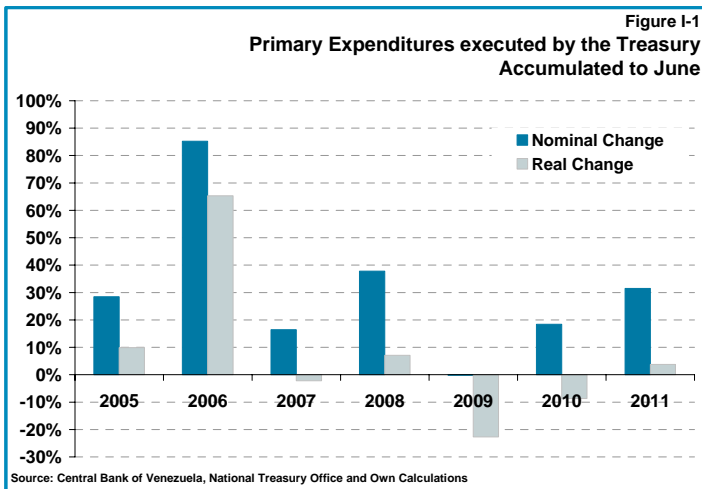
COMMERCIAL AND UNIVERSAL BANK RESULTS FIRST SEMESTER OF 2011

During the first six months of the year, the system of commercial and universal banks experienced important increases in their financial balances, following the recovery in economic activity. Deposits increased in real terms with respect to the levels of a year before and there was a marked preference of the public for more liquid instruments. Public banking deposits rose to a new record (33.8% of the total). On the assets side, the vigorous growth of loans and of investments in securities led to an increased level of intermediation. Also, the quality of the loan portfolio begins to show a positive turn within a well-stocked system. Efficiency, liquidity and profitability indicators also show positive turns in line with the system as a whole.

MONETARY ENVIRONMENT FIRST SEMESTER 2011

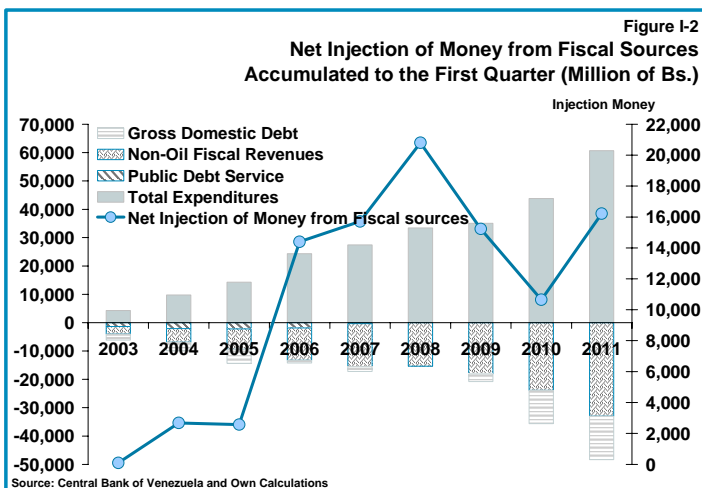
The performance of the monetary market during the first six months of 2011 was marked by a significant increase of the means of payment in the hands of the public, with a six-month growth rate not seen for a similar period since 2006. This was due, in part, to the increase in fiscal contributions caused by the increase of oil prices and the higher value of oil revenues under the unified official exchange rate. This result can also be explained by the recovery of the economy during the first quarter of the year, the net expansive effect of OMAs, the larger secondary creation of money by way of loans and the reduced delivery of foreign currency by CADIVI.

MONETARY SUPPLY OF FISCAL ORIGIN. During the first half of the year, the Central Government increased public spending, fundamentally due to the recovery of oil prices

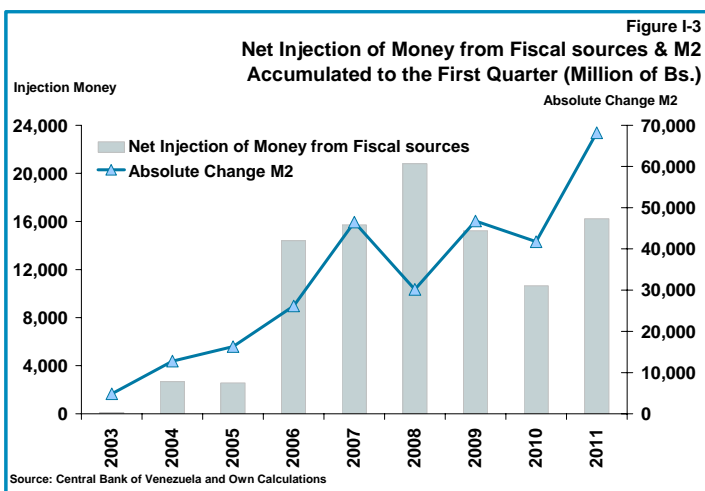


and the higher value of oil revenues after the unification of the official exchange rate. In fact, according to the latest figures published by the BCV, the total expenditures by the Central Government through March reached Bs. 60.7 billion, for a nominal 36.4% increase over the same period of 2010 or 940 basis points (bp) over the growth observed during the same period of last year, which indicates a change in the direction of fiscal policy with respect to 2009 and 2010. After adjusting for the average inflation of the period, ordinary spending by the Central

Government showed a 5.9% real increase, in contrast with the slight real 0.3% decrease of the January-March period of last year.



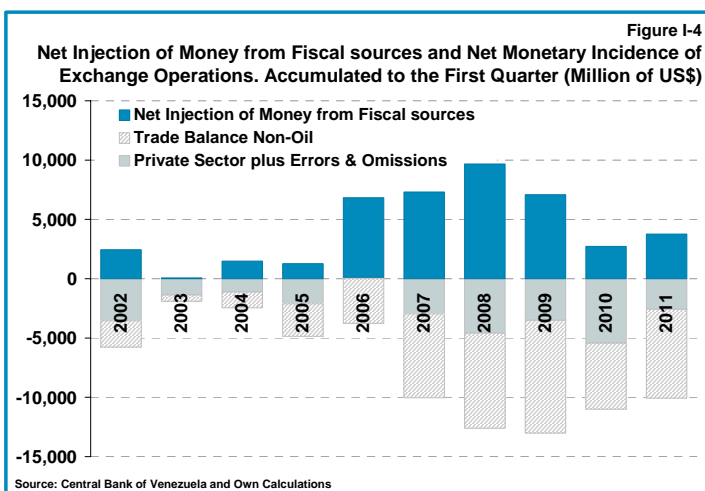
Additionally, when considering updated information published by the Planning and Finance Ministry on the execution of primary spending according to the National Treasury (not including payments of public debt), these contributions came to Bs. 112.6 billion in the first half of the year, 31.5% over those of the same period of 2010 (a nominal growth of 18.4% during the first half of 2010). In real terms, this meant a 3.8% growth, in contrast with the 8.6% decline in the first half of last year (see Figure I-1). However, the National Treasury



had planned on spending some Bs. 119.4 billion, which would determine an almost 40% increase. This shows that, on average actual primary expenditures were 5.7% lower than planned.

The higher level of total spending during the first quarter of the year caused the net monetary injection of fiscal origin¹ to rise above that of the same period of 2010, in spite of the fact that internal revenues were almost 36% over the first three months of 2010² (See Figure I-2). The primary creation of money of fiscal origin stood at

Bs. 16.2 billion (US\$ 3.771 billion) cumulatively for the January-March period of 2011; this meant a nominal 52.3% growth compared to the same period of 2010, the highest increase for a similar period since 2006. After adjusting again for the inflation of the period, fiscal monetary injection grew by 17.7% (compared to a real decline of 54.3% in the first quarter of 2010). To be noted is that this larger creation of fiscal monetary supply was sterilized in part by way of the non-oil Commercial Balance, however, the lower net

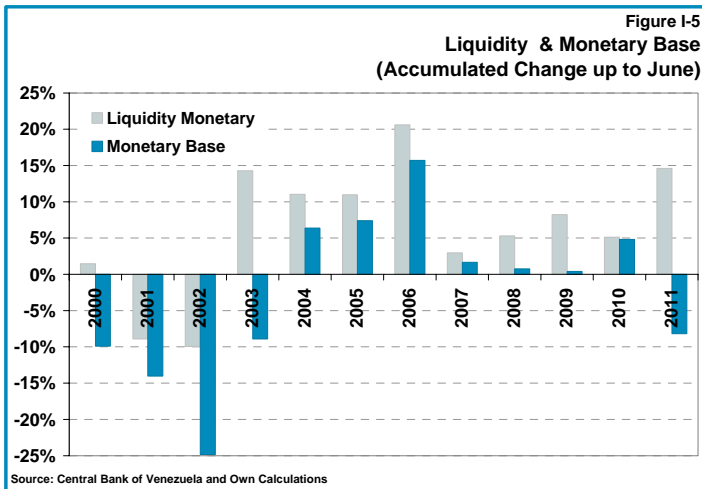


capital flight from the private sector was a key factor in the explanation of the larger increase of monetary liquidity (M2) for the period (see Figure I-3). Consequently, the non-Oil Commercial Balance showed a total US\$ 7.483 billion deficit for the first quarter of the year, 34.2% higher than for the same period of 2010. On the other hand, foreign exchange flight of the private sector by way of accumulating net assets abroad, plus errors and omissions, reached US\$2.581 billion, 52.4% below that of the same period of 2010 (see Figure I-4).

EVOLUTION OF MONETARY AGGREGATES. The performance of the monetary market during the first six months of the year was marked by a significant increase of the means of payment in the hands of the public, with a six-month growth rate not seen since 2006. This happened in a scenario of notable expansion of fiscal spending, which were possible due to the higher prices of oil and the higher value of the oil revenues as a result of the unification of the official exchange rate. In addition, this was the result of the economic recovery in the first quarter of the year, the net expansive effect of OMAs, the larger

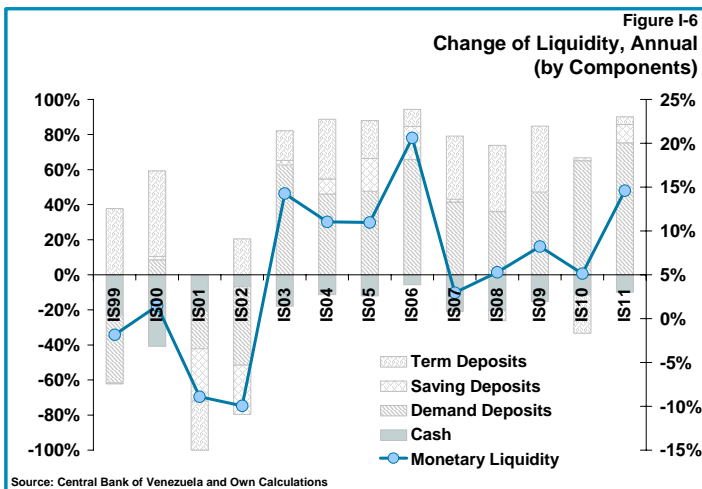
¹ The net monetary injection of fiscal origin is positive when the Central Government's total spending, including net loans and the service of internal public debt (not including the service of foreign public debt) is larger than internal collected taxes and internal indebtedness (placements of DPN Bonds and Treasury Bills).

² This increase in internal income is a result mostly of the 38% growth of non-oil fiscal income (collected taxes) followed by the high level of gross internal indebtedness, which had a year-on-year increase of 31.4% at the close of the first quarter of the year

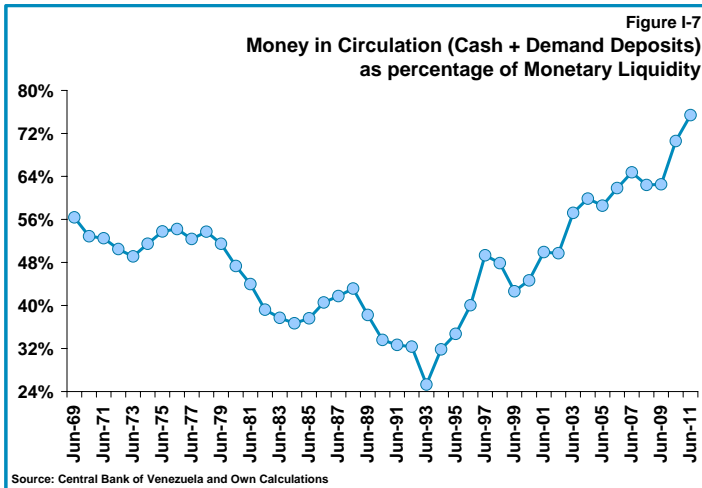


secondary creation of money by way of loans and the reduced delivery of foreign currency by CADIVI³.

In effect, Monetary Liquidity (M2) came to Bs 334.6 billion by the close of June, for a 14.6% growth when compared to the close of 2010, almost 950 bp over the 5.1% expansion that took place in the same period of 2010 (see Figure I-5). After adjusting for the inflation of the period, there was a slight real drop of barely 0.04% compared to the same period of last year (a 10% contraction in the same period of 2010), which represented the lowest real decline since January 2008, when monetary liquidity began decreasing continually.



The components of M2 show the same pattern than during the last few years, with a preference of economic agents for more liquid components of money. Consequently, Sight Deposits plus Coins and Bills make up most of the cumulative increase of money in circulation with a 16.1% growth compared to December 2010 (see Figure I-6). On the other hand, Quasi-Money (Savings plus Term Deposits) showed a 10.2% cumulative increase, taking money in circulation to a 75.4% participation of the total M2, the highest level since the statistical series became available (1968) (see Figure I-7).



On the other hand, the Monetary Base, or high-powered money, came to Bs. 115.9 billion at the close of the first half of the year, for an 8.9% decrease compared to December 2010, in contrast with the 4.8% increase of the same period of last year. To

be noted is that, since December 2009, there is no separate information on the sources of the Monetary Base.

³ According to CADIVI, during the first three months of the year, foreign exchange authorized by the BCV showed a year-on-year 3.3% decrease. Notably, this occurs in a context where oil prices showed an almost 30% recovery in comparison with the first quarter of 2010.].

Banking liquidity surpluses reached a monthly average of Bs. 29.1 billion, 84.3% over the average for the same period of last year (Bs. 15.8 billion). This level is equivalent to 6.7% of M2, barely 30 bp over that of the same period of 2010. It is important to point out that this strong expansion of liquidity surpluses can be explained by the limits in placements of CDs and Repos of the Central Bank since December 2009.

BCV OPEN MARKET OPERATIONS. Monetary policy during the first half of the year was directed towards generating a larger liquidity to cover the significant approved indebtedness and to stimulate internal economic activity. Consequently, the BCV maintained a more relaxed performance than last year's regarding the awarding of

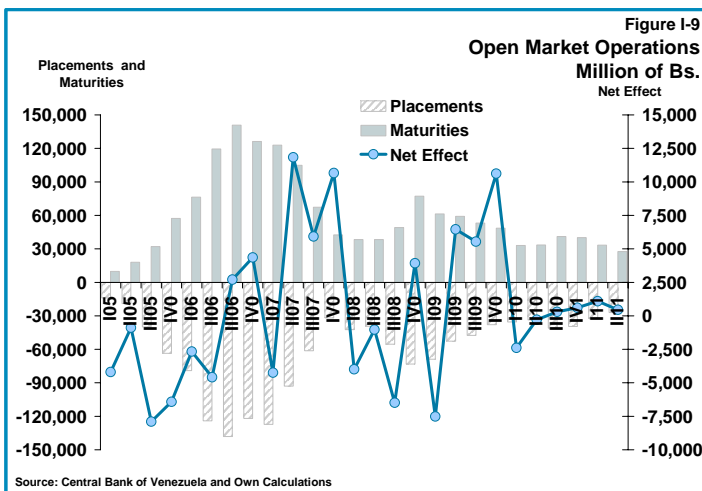
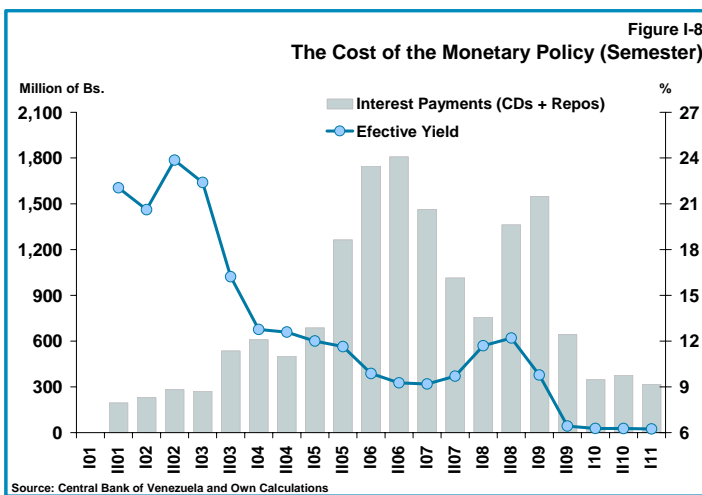
Certificates of Deposit (CDs) and Repos, partly as a result of the limits set for placement of CDs and Repos at the end of 2009 (the main instruments of the Central Bank to absorb money in circulation).

In effect, placements of CDs and Repos came to Bs. 49 billion, that is 14% less than during the first six months of last year (Bs. 59.6 billion). To be noted is that both instruments were placed both at effective yields and at average terms similar to those of the January-June period of 2010. Consequently, the average weighted effective yield declined by barely 10 bp during the first half of the year when compared with the same period of 2010, coming to 6.2%, while the weighted average term was 35 days during the first half of the year, similar to the average term for the same period of 2010 (36 days).

The maturities of CDs and Repos taken together during the first six months of 2011 came to Bs. 51.4 billion, a 7% decrease with respect to the same period of 2010 (Bs. 55.2 billion). With the reduction in awards of absorption instruments by the BCV and the slight reduction in the weighted average yield of CDs and Repos, interests paid by the monetary authority during the first half of the year dropped (by

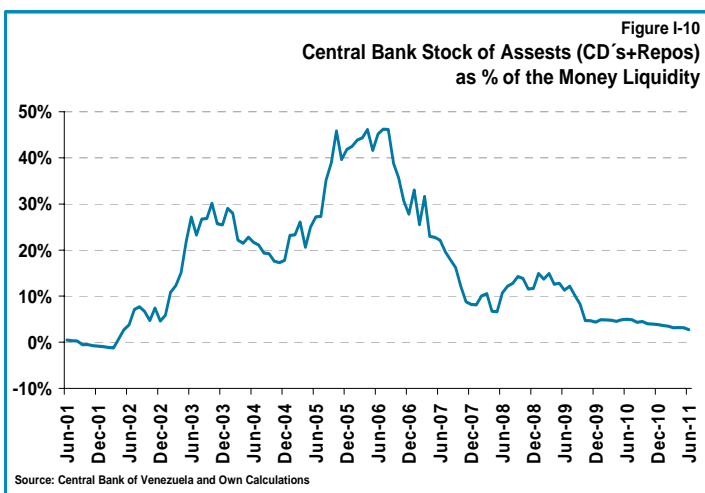
almost 13%) from Bs. 363 million during the first six months of 2010 to Bs. 317.2 million for the same period of the current year (see Figure I-8).

During the first half of the year, injection operations through purchase of DPN Bonds under Resale Agreement (Reverse Repos) placed Bs. 9.5 billion at an average 19% rate, 16.1% over that of 2010 (Bs. 11.3 billion).



The BCV's more relaxed performance in placement of absorption instruments, in spite of shorter maturities and an important buy back of DPN Bonds, have caused open market operations to provoke a net expansive effect on liquidity of up to Bs. 1.5 billion, in contrast with the net astringency of the first half of 2010 (Bs. 2.7 billion). According to quarterly

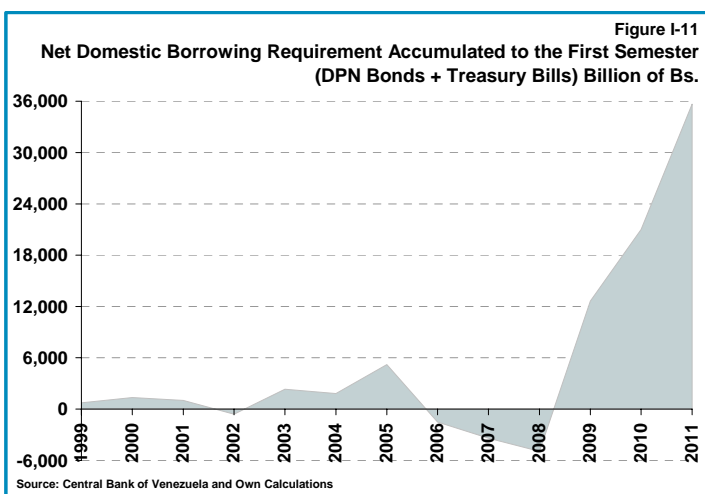
behavior, as seen in Figure I-9, the largest expansion took place during the first quarter of the year, coming to Bs. 1.1 billion, while net expansion during the second quarter barely reached Bs. 450 million.



Consequently, the balance in circulation of CDs and Repos went from Bs. 11.2 billion at the close of 2010 to Bs. 9.2 billion in June 2011, which represents 2.7% of M2, 220 bp below the level reached in June of last year (5%). It was also the lowest level since April 2002 (see Figure I-10).

INTERNAL INDEBTEDNESS OF THE CENTRAL GOVERNMENT. During the first half of the year, awards of DPN Bonds and Treasury Bills increased considerably. A program of weekly auctions of Treasury Bills began on January 18, with the approval on Official Gazette N° 39,591 of January 11 of this year, which authorized a maximum Bs. 6.89 billion in circulation by the end of the 2011 fiscal year. This represents a cumulative total placement of Bs. 12.5 billion, a 30.8% increase compared to the same period of the

previous year. These instruments were awarded with the following maturities: 94.3% at 91- and 105-days, and the remainder 5.7% at 182- and 364-days. However, these larger placements have an average yield almost 130 bp below those of last year, coming to 7.1%⁴.



On January 19, the program of weekly auctions of VEBONOS and TIF, was also started, with the issue of Bs. 45 billion approved in Official Gazette N° 39,591, that is, almost 90% of the maximum amount of indebtedness approved in the 2011 Special Indebtedness Law. Resources from the

placement of these bonds will be used for the service of the Public Debt, the Refinancing or Restructuring of the Debt, Government Finance or Fiscal Management and financing of projects. Consequently, during the first half of the year, the National Executive placed a

⁴ Thereby reducing both the financing cost of the instrument and the interest payments on VEBONOS, which are linked to the yield rates of Treasury Bills.

total amount of Bs. 36.8 billion through the BCV, 80.4% over the amount placed during the first half of 2010, for an effective yield of 17.3%. To be noted is that, of the total amount, Bs. 11.3 billion correspond to a Special Offer of DPN Bonds to the principal entities of the public finance system,⁵ and almost Bs. 3 billion were part of the 2010 Indebtedness Law. Some Bs. 11.2 billion remain to be placed, from the original amount approved at the beginning of January (Bs. 45. billion).

Additionally, on June 13 of this year, according to Official Gazette N° 39,694, the National Assembly approved the Complementary Special Indebtedness Law for the 2011 Fiscal

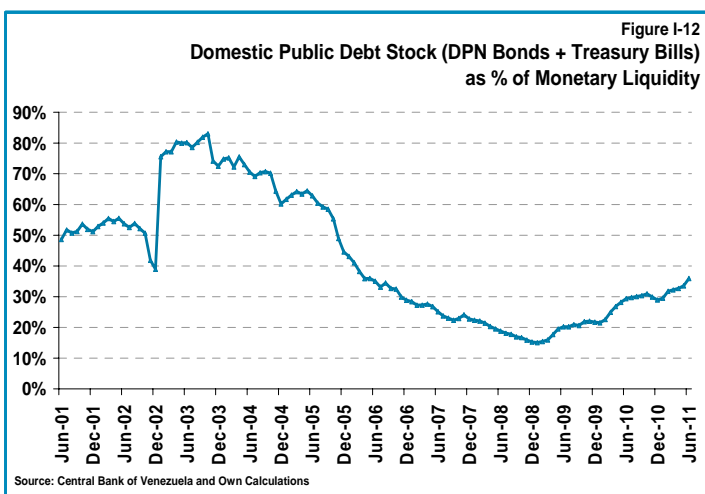
Year for Bs. 45 billion, to be used for the “Great Agro-Venezuela Mission” (Bs. 10 billion), the “Great Venezuela Housing Mission” (Bs. 10 billion), the “Great Venezuela Jobs Mission” (Bs. 10 billion), the service of the Public Debt (Bs. 6 billion), the refinancing or restructuring of the debt (Bs. 4 billion) and for emergencies and natural disasters (Bs. 5 billion)⁶.

On the other hand, maturities of internal public debt during the period came to Bs. 13.6 billion (70.4% as Treasury Bills and the remaining 29.6% as DPN Bonds), so that the net internal indebtedness was

positive at Bs. 35.7 billion, the highest net internal indebtedness for a similar period since the statistical series began (1999) (see Figure I-11), 70% over the positive net domestic indebtedness of Bs. 21 billion of the first half of 2010.

Given the large awards of DPN Bonds and Treasury Bills, the stock of securities of the Central Government closed at Bs. 120.2 billion by the end of the January-June period (93.3% of the stock of securities are DPN Bonds), that is, 42.3% more than the balance in circulation at the close of December 2010 (Bs. 84.5 billion). To be noted is that this stock represented 35.8% of monetary liquidity, still significantly below the maximum 83% historical record of October 2003 (see Figure I-12).

INTEREST RATES. During the first half of the year, interest rates continued a tendency to decrease, as they did in 2009 and 2010. The rising tendency of the last few years, therefore, continued to revert. However, the contraction of the rates is slightly less this year, when compared to that of 2010.



⁵ Bs. 3.5 billion as an exclusive offer for the Banco Industrial and the Banco del Tesoro, which was announced at the end of March and awarded by mid-June, while the remaining Bs. 7.8 billion from a total offer of Bs. 10 billion were placed with the main entities of the public finance sector.

⁶ Consequently, the National Executive has some Bs. 63.4 billion to place as DPN Bonds during the rest of the year, as follows: Bs. 11.2 billion of the remaining amount approved for this year, Bs. 7.2 billion of indebtedness not yet approved, and Bs. 45 billion from the Complementary Special Indebtedness law.

Lending rates of Commercial and Universal Banks averaged 17.6% during the first six months of 2011, equivalent to a drop of slightly more than 80 bp when compared to the

average rate for the same period of 2011 (a little more than 250 bp below the decrease for the first half of last year). Rates showed declines in all economic sectors. Declines larger than that of the global rate (70 bp) were: Mines and Quarries (-328 bp, when compared with the first six months of 2010), Communications (-210 bp), Vehicle Acquisition (-200 bp), Tourism (-147 bp), Services (-116 bp), Industrial (-106 bp) and Mortgages (-97 bp) (see Table I-1).

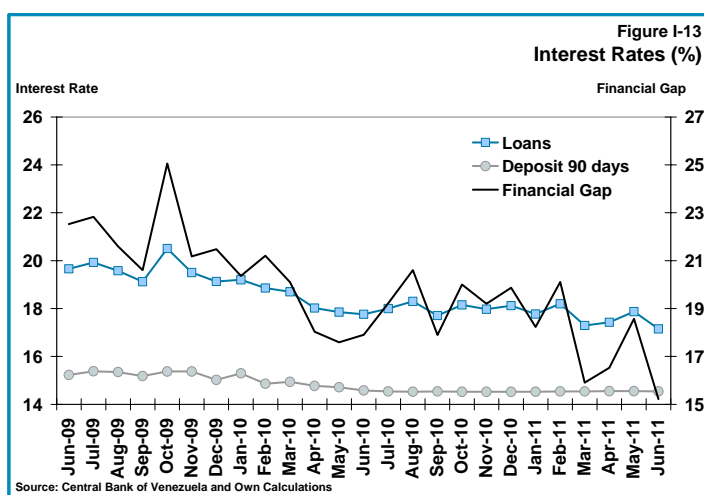
Table I-1
Commercial and Universal Banks
Interest Rates by Economic Destination (%)

	2010	2011
AVERAGE LENDING RATE	18.4	17.6
Agriculture	12.2	12.2
Industrial	17.7	16.5
Commerce	21.4	20.8
Services	22.3	21.1
Mortgage	11.2	10.2
Transportation	22.4	22.1
Tourism	16.0	14.0
Communication	20.7	18.1
Vehicles	23.3	21.3
Other Private Sectors	22.8	22.5
Mining and Quarries	20.9	17.3
Electricity and Water	22.6	22.1
Credit Cards	28.6	28.3

Source: Central Bank of Venezuela and Own Calculations

On the other hand, the rate of Savings Deposits came to a 12.6% average, the

same as in the first six months of 2010, while the rate for 90-days Term Deposits dropped by almost 30 bp, to stand at a 14.7% average in the first half of the year, both rates barely over the regulatory minimum of 12.5% and 14.5%, respectively. As a result, the relative financial margin came to a 17.8% average for the period, 140 bp below that of the January-June period of 2010 (19.2%). It was also the lowest level for a similar period since 1993 (see Figure I-13).



In a context of declining interest rates and rising prices, lending and borrowing rates continued to be negative during the first half of the year, although the lesser rates of inflation for the period caused real rates to be less negative than those of the first six months of 2010. The real lending rate was -10.1% (-12.3% in the first six months of 2010), while the real borrowing rate came to -12.5% (-14.9% during the first half of 2010).⁷

Gema Murillo
gmurillo@bancomercantil.com

⁷ To be noted is that negative real interest rates promote credit and reduce savings, and therefore, should be considered as factors that stimulate internal aggregate demand, whose expansion ends by forcing prices up, all other factors remaining constant.

LEGAL ASPECTS IN BANKING REGULATION AND SUPERVISION. FIRST SEMESTER 2011

During the first half of 2011, the Superintendency of Institutions of the Banking Sector, together with the BCV, approved a set of jurisprudential measures to rule banking institutions in the framework of the new Law of Institutions of the Banking Sector, approved by the end of 2010. A set of rulings were established to protect users of the banking system against electronic fraud, as well as guidelines for security systems of financial products and rights of users. Norms were also established for selecting, hiring and firing external auditors; for maximum limits of total trust funds of banks and requirements for mergers and transformations. Rulings were also approved for directed loans, and a reduction of the legal reserve of banks was also approved in order to support the “Great Venezuela Housing Mission.” These new regulations certainly affected the financial results of banks and in the composition of their assets and liabilities.

RESULTS OF COMMERCIAL AND UNIVERSAL BANKS FIRST SEMESTER 2011

During the first six months of the year, the system of commercial and universal banks significantly increased their balances following the indications of recovery of economic activity. Deposits grew in real terms with respect to levels of the previous year, and there was a marked preference of the public for more liquid instruments. Deposits of public banks registered a new record (33.8% of the system's total). On the side of assets, the stronger growth of credit and of investments in securities led to an increase in the levels of intermediation. Similarly, the quality of the loan portfolio is beginning to show a positive turn within a well-endowed system. Efficiency, liquidity and profitability indicators of the system as a whole also show similar positive tendencies.

LEGAL ASPECTS IN BANKING REGULATION AND SUPERVISION. FIRST SEMESTER 2011

1. REFORM OF THE LAW OF INSTITUTIONS OF THE BANKING SECTOR

By the end of December 2010, the National Assembly approved the Law of Institutions of the Banking Sector, which abolished the existing General Law of Banks and Other Financial Institutions. According to Official Gazette N° 39,627 of March 2 of this year, within the framework of the Enabling Law the President of the Republic approved a partial reform of this law, with changes in three articles and the addition of three new ones. According to one article, banking secrecy does not apply when the information is of official interest, by incorporating the Office of the Attorney General. The other two changes deal with sanctions. Under the first article, if funds are stolen (illegally removed) from institutions of the banking sector, sanctions will be applied both to whoever takes the funds and to any third parties profiting from them; the second article specifies that sanctions will also be applied to legal persons (not only to individuals, as before the reform) who publish false information about institutions of the banking sector in the media. The three new articles also refer to sanctions, establishing prison terms for those who: a) forge documents; b) use trust funds for ends other than those for which they were created, and c) misappropriate information on the clients.

2. NEW LEGISLATION WITHIN THE FRAMEWORK OF THE LAW OF INSTITUTIONS OF THE BANKING SECTOR

Within the framework of the new Law of Institutions of the Banking Sector, during the first half of the year the Superintendency of Institutions of the Banking Sector approved a set of regulations for banking institutions.

a) Electronic Banking

Regulations for the use of Electronic Banking services were approved on January 19 of this year, according to Official Gazette N° 39,597, including a set of mechanisms and security controls associated to the technological platform of automatic teller machines, points of sale (POS), and Internet, mobile and telephone banking services, in order to protect users of the banking system against electronic fraud. Banking institutions must provide their clients with information regarding all electronic banking services, and additionally, banks must establish authentication systems to verify the identity of their clients for each of the electronic channels. Institutions of the banking sector must make all necessary changes according to this regulation before July 19 of next year.

b) External Auditors

On February 23 of this year, according to Official Gazette N° 39,622, the Superintendency of Institutions of the Banking Sector approved regulations for the selection, hiring and firing of external auditors of banks. Banks will ask for proposals from five qualified

companies of external auditors and the General Shareholders Meeting will select three of them, which will then be voted on by at least 20% of clients having no less than 12 months doing business with the banking institution. The external auditor with the greatest number of votes will be named by the Board of the banking institution and can only be removed by the Superintendency of Institutions of the Banking Sector.

c) Maximum Amounts of Total Trust Funds

In Official Gazette N° 39,624 of February 25, 2011, SUDEBAN established that Universal Banks when acting as trustees cannot hold as trust funds more than five times their total equity, and can only have a larger amount if the trust funds belong to the public sector (after approval by the Superintendency of Institutions of the Banking Sector) and are dedicated to socio-economic projects.

d) Mergers and/or Transformation of Institutions of the Banking Sector

On February 28 of this year, Official Gazette N° 39,625 published requirements to be met by banking institutions wishing to take part in mergers or transformations after said requirements are submitted to SUDEBAN. Mergers and/or transformations must also take place within a maximum period of 180 continuous days which can be extended only once.

e) Rules and requirements for the Shareholders Meeting of Institutions of the Banking and non-Banking Sectors.

According to Official Gazette N° 39,628 of March 3 of this year, the Planning and Finance Ministry approved rules and requirements that institutions of the banking and non-banking sector must fulfill for stockholders assemblies, abolishing regulations from June 21, 1989, May 9, 1995 and August 8, 1997.

f) Regulations for the Protection of Users of Financial Services

According to Official Gazette N° 39,635 of March 16, 2011, the Superintendency of Institutions of the Banking Sector approved regulations for Institutions of the Banking Sector for their services, including attention to handicapped persons and seniors. This regulation includes all that refers to rights of users of financial services and attention to persons with maximum efficacy and efficiency. Additionally, it includes security systems of financial products, the defense of rights of users in claims procedures and the time for answers from financial institutions. This regulation abolished a set of regulations from the years 2009 and 2010.

3. LENDING OBLIGATIONS

During the first half of 2011, the minimum percentages that financial institutions must fulfill on loans to the micro-financial, tourism and manufacturing sectors were maintained. While mortgages were increased, those of agriculture were reduced. Consequently, loans for sectors make up a little more than half (52%) of direct credit allocations of banks per year. Financial conditions for loans to the agricultural and mortgage sectors were also modified.

a) Agriculture

In March of this year, according to Official Gazette N° 39,627, modified the monthly minimum percentages of the average gross portfolio of December 2009 and December

Table II-1
Agricultural Loan Portfolio
Minimum Percentage Required

	2010	2011
February	18%	20%
March	19%	21%
April	20%	21%
May	20%	22%
June	21%	24%
July	22%	25%
August	22%	25%
September	23%	25%
October	24%	25%
November	25%	25%
December	25%	24%

Source: Official Gazettes of the Bolivarian Republic of Venezuela N° 39,627 on March 02, 2011

2010 that banks must dedicate to financing agriculture (see Table II-1). Therefore, by the close of 2011, banking institutions must dedicate 24% of their placements to agriculture, that is, 100 bp below the minimum for last year. Financial conditions of agriculture loans were also changed.

a) The terms Priority and Non-Priority Items were changed to Strategic and Non-Strategic Items; however, the 70%-30% proportion for Strategic and Non-Strategic Items was kept for the quarterly agriculture portfolio.

b) The distribution of the Strategic Items in the agriculture portfolio was changed, with a minimum 49% percent (previously a minimum 49% and a maximum 49%) for primary agriculture production, a maximum 10.5% (previously 10.5% minimum and 15% maximum) for agro-industrial infrastructure, and a maximum 10.5% for commercialization (previously 10.5% and 15%), while the distribution of the Non-Strategic

Table II-2
Structure of the Quarterly Agricultural Loan Portfolio
Percentage Required

	Strategic Items	Non-Strategic Items
Primary Agricultural Production	49% minimum	21% maximum
Agroindustrial Investment	10,5% maximum	4,5% maximum
Marketing	10,5% maximum	4,5% maximum

Source: Official Gazettes of the Bolivarian Republic of Venezuela N° 39,627 on March 02, 2011

Items in the agriculture portfolio remained the same (see Table II-2).

c) The minimum percentage of new borrowers was raised from 20% to 30% of the total borrowers of the agriculture portfolio by the close of the previous year. Also, these new borrowers must be individuals (the previous regulation required a minimum 50%).

Tabla II-3
Terms of Financing Agricultural Loan Portfolio

	Term		Grace Period		Fees Frequency	
	2010	2011	2010	2011	2010	2011
Sowing, Acquisition of Consumptions and Capital of Work	2,3,4,5 and 7 years	2,3,4,5 and 10 years	6,12 and 24 months	4,6,7,8,12, and 24 meses	1,2,4 and 6 months. 1 years	Bimonthly, twice-monthly, monthly, four-monthly, semiannual and annual
Machinery Acquisition	To 8 years	To 8 years	24 months	24 months	na	na
Equipment Acquisition	To 4 years	To 4 years	12 months	12 months	na	na
Construction and Infrastructure Improvement	To 8 years	To 8 years	24 months	24 months	na	na
Purchase of livestock	To 8 years	To 10 years	24 months	24 months	na	na
Reactivation Collection Center	To 8 years	To 8 years	24 months	24 months	na	na

Note: na-Non Available

Source: Official Gazettes of the Bolivarian Republic of Venezuela N° 39,627, on March 02, 2011

d) A new article was included for the Superintendency of Institutions of the Banking Sector to establish or create, through prudential regulations, a special regime of provisions for hedging the agriculture loan portfolio, in order to provide this type of financing to small and medium producers, fishermen-farmers with no access to bank accounts under the “Great Venezuela Agriculture Mission.”

Financial conditions were also modified for granting loans for planting, supplies and working capital acquisition; machinery, equipment and vehicles acquisition; construction and improvement of infrastructure, and reactivation of collection centers (see Table II-3).

Later, on April 1st of this year, according to Official Gazette N° 39,647, the Superintendency of Institutions of the Banking Sector approved the Regulations of the

Special Regime of Information Requirements and Provisions for hedging of the agriculture portfolio. The regulation determines the information to be included when requesting credit and the requirements to be presented by borrowers of agriculture loans, which will

depend on the amount of the loan requested (less than 10,000 tax units (UT) and more than 10,000 UT) for individuals and legal persons. Minimum percentages provided by banking institutions were also established, depending on the risk category of the agriculture loan (see Table II-4).

b) Housing

On July 19 of the year, the Housing and Habitat Ministry (Official Gazette N° 39,716)

Table II-4
Agricultural Loan Portfolio Provisions

Risk Category	Unpaid Fees (after the expiration of the grace period)	Minimum Percentage of Individual Specific Provision
A (Normal)	1	1%
B (Potential)	2	5%
C (Real)	3 to 5	35%
D (High Risk)	6 to 11	50%
E (Unrecoverable)	12 or more	95%

Source: Official Gazettes of the Bolivarian Republic of Venezuela N° 39,647, on April 01, 2011

Table II-5
Mortgage Loan Portfolio
Minimum Percentage Required

Monthly Household Income	Acquisition		Improvements		Self-Construction	
	2010	2011	2010	2011	2010	2011
Until Three Minimun Wages	80%: 60% PM and 40% SM					
Until Four Minimun Wages		80%: 80% PM and 20% SM				
More than Three Minimun Wages	20%: 50% PM and 50% SM					
More than Four Minimun Wages		20%: 80% PM and 20% SM				
Until Five Minimun Wages			60% ^{1/} 40% ^{2/}	40% ^{1/} 40% ^{2/}	100%	60%

Notes: 1/ Improvement and Repair of Principal Homes, 2/ Housing Extension. PM-Primary Market and SM- Secondary Market

Source: Official Gazettes of the Bolivarian Republic of Venezuela N° 39,416, on May, 2010 and N° 39,716, on July 19, 2011

Table II-6
Housing's Direct Subsidies

Household Income Minimum Wages	Subsidy
Less than 1,0	100% temporary
1.0	80.00
1.1	77.42
1.2	74.84
1.3	72.26
1.4	69.68
1.5	67.10
1.6	64.52
1.7	61.94
1.8	59.35
1.9	56.77
2.0	54.19
2.1	51.61
2.2	49.03
2.3	45.45
2.4	43.87
2.5	41.29
2.6	38.71
2.7	36.13
2.8	33.55
2.9	30.97
3.0	28.39
3.1	25.81
3.2	23.23
3.3	20.65
3.4	18.06
3.5	15.48
3.6	12.90
3.7	10.32
3.8	7.74
3.9	5.16
4.0	2.58
More than 4	0.00

Note: It will be subject to review in the space of two years, at which to evaluate the financial conditions of the household.

Source: Official Gazettes of the Bolivarian Republic of Venezuela N° 39,716, on July 19, 2011

modified the mortgage portfolio that had been approved at the end of April, keeping it at 12% of the gross bank portfolio at the close of 2010, 2% of which will go entirely to construction of homes (like the previous Resolution), and for the other 10%, at least: 50% will also go to construction of homes (like the previous Resolution), 40% to the acquisition of main homes (previously 35%), and 10% to improvements, expansions and self-construction (previously 15%). The portfolio for acquisition of main homes was divided into an 80% for families with monthly incomes under 4 minimum wages, and the other 20% for families with monthly incomes above 4 minimum wages. For both cases, also, 80% goes to the acquisition of new homes and the rest for used houses. Additionally, it was determined that institutions of the banking sector must grant 100% for improvements, expansions and self-construction to families with monthly incomes equal or less than 5 minimum wages (40% for improvements or expansions of main homes, and 60% for self-construction of main homes) (see Table II-5).

This law also established the financial conditions for loans for the acquisition of main homes with the bank's own resources and with resources from the housing savings fund. The maximum installments for payments of mortgages will be 35% of the monthly family income over a maximum of 25 years, and that institutions of the banking sector may grant up to 100% of the value of the building. Additionally, the maximum amount of family allowance will be applied to houses costing up to Bs. 270,000 and families with monthly incomes up to a maximum 4 minimum wages (see Table II-6). The amount of the initial payment was also established depending on the cost of the house and family income (see Table II-7).

Table II-7
Down Payment Conditions

Household Income in Minimum Wages (MW)	Down Payment
Less than 2 MW	0%
Between 2 and 3 MW	2%
Between 3 and 4 MW	5%
Between 4 and 5 MW	10%
More than 6 MW	20%

Source: Official Gazettes of the Bolivarian Republic of Venezuela N° 39,716, on July 19, 2011

c) *Micro-finance*

According to the 18th transitional provision of the Law of Institutions of the Banking Sector, the obligation of banks remains to use a minimum of 3% of their gross loan portfolio (of the previous six months) to financing the micro-finance sector, the same percentage standing since 2004.

d) Tourism

At the beginning of March,⁸ the Tourism Ministry decided to keep at 3% the minimum percentage on the average portfolio for December 2009 and December 2010, that banks must use to finance tourism; however, by the close of the first half of the year, banks must have a 1.5% portfolio for this sector.

e) Manufacturing

At the end of December 2009,⁹ the BCV established that commercial and universal banks must have, by the close of 2010, a participation of not less than 10% on the gross loan portfolio for manufacturing by the close of 2009. It is assumed that this regulation still stands, given that so far, no changes have been published.

4. OTHER FINANCIAL DISPOSITIONS

According to Official Gazette N° 39,705 of June 30 of this year, the Central Bank reduced the minimum legal reserves that institutions must keep, from 17% to 14%, provided that resources from this reduction be used to acquire instruments issued within the framework of the "Great Venezuela Housing Mission." Later,¹⁰ the BCV modified terms and conditions for this reduction by establishing that banking institutions not taking part in the acquisition of said instruments must keep the legal reserve at 17% plus an additional 6% calculated on the sum of the Reserve Base of Net Liabilities plus the Reserve Base of Ceded Investments, and the Residual Balance at the close of the week ending on July 8 of this year.

Carmen Julia Noguera
cnoguera@bancomercantil.com

⁸ According to Official Gazette N° 39,629 of March 4 of this year.

⁹ According to Official Gazette N° 39,336 of December 29, 2009.

¹⁰ According to Official Gazette N° 39,710 of July 11 of this year.

RESULTS OF COMMERCIAL AND UNIVERSAL BANKS FIRST SEMESTER 2011

TOTAL DEPOSITS. The performance of the monetary market during the first six months of the year showed a strong growth of means of payment, and doubtlessly affected the increase in total deposits¹¹ of commercial and universal banks which increased of 29.9% (by June) on a year-on-year basis. In fact, total deposits came to Bs. 340.3 billion by the end of June of the current year, with a cumulative 16.4% variation, when last year's variation by the same date was just 5.2%. In spite of the high inflation of the Venezuelan

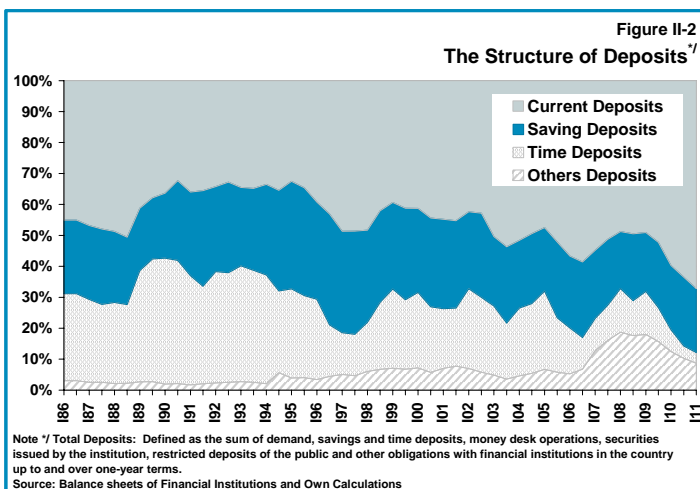
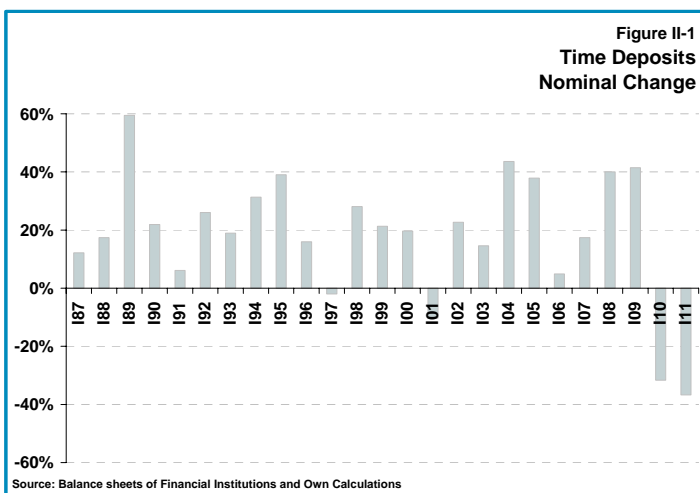
economy, deposits during the first half of this year showed a real year-on-year growth of 3.83%, already an indication of the beginning of a recovery cycle of economic activity.

The persistently high inflation continues to foster a nearly permanent environment of negative real interest rates, therefore causing a higher preference for more liquid and less rewarding instruments by economic agents, to the detriment of those of longer maturities and higher yields. This was shown in term deposits of commercial

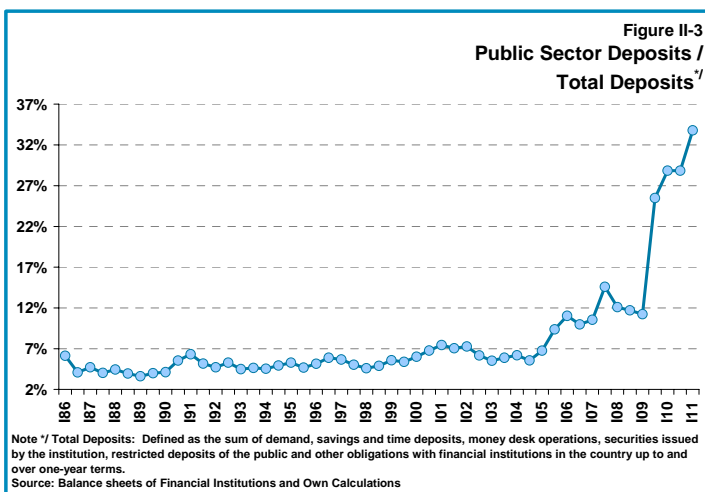
and universal banks suffering a nominal year-on-year 36.7% reduction during the first six months of the year (see Figure II-1). In contrast, deposits in current accounts and savings showed a nominal 46.1% and 29.7% increase, respectively. Consequently, term deposits

lost participation in total deposits reaching the lowest level since 1986 by the end of June (barely 3.5%, as can be seen in Figure II-2). Therefore, the participation of current account deposits in total deposits grew from 59.7% by the close of June 2010 to 67.2% in June of this year.

Deposits in state-owned financial institutions came to Bs. 114.9 billion, a 52% increase in comparison with the close of June 2010. To be noted is that almost all public banks, including Banco de

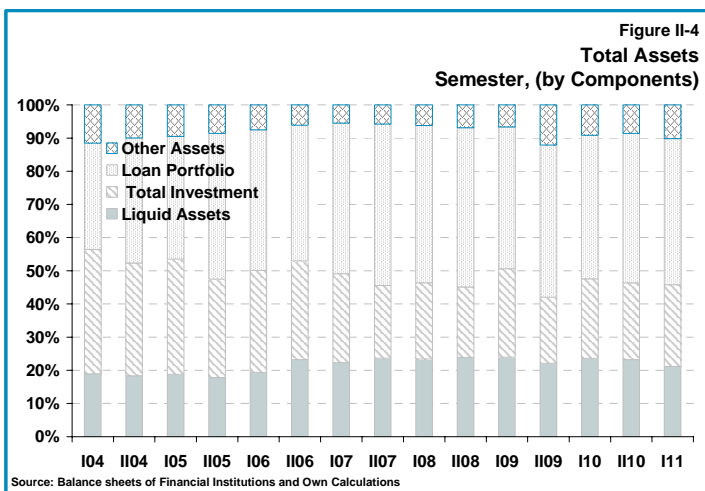


¹¹ Total deposits include: Current Accounts, Savings and Term Deposits, Securities issued by the institution, Restricted Deposits from the Public, Securities and Liabilities in Financial Institutions in the country of up to and over one year.



Venezuela (which became public in July 2009), had significant increases in deposits. Banco Industrial de Venezuela in particular led this increase with a 90% year-on-year increase in deposits. This tendency considerably increased the participation of deposits in public financial institutions within total deposits, from 28.8% during the first half of 2010 to 33.8% in the same period of this year, the highest level for a similar period since the statistical series became available (1986) (see Figure II-3).

ASSETS. Economic recovery and the program of internal public indebtedness affected the performance of assets of commercial and universal banks for an expansion in the loan portfolio and also for investments in securities. During the first half of the year, total assets came to Bs. 471.7 billion, a 32.4% increase with respect to June 2010. Additionally, and in spite of the high inflation of the period, total assets showed a real 5.8% expansion, in contrast with the 13.1% contraction during the first half of last year. According to the main accounts in banking assets, the largest increase during the first six months of the year



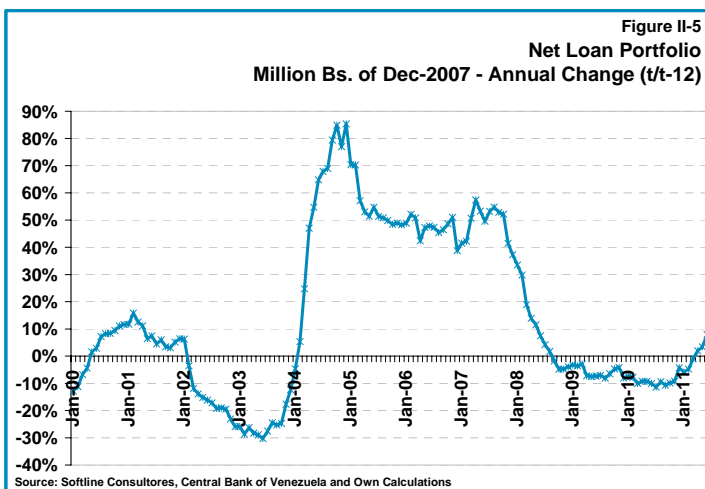
came in investments in securities (36.3%, year-on-year), for the largest nominal growth of total assets. It was closely followed by a 34.7% increase in the loan portfolio, and a nominal 18.6% increase in liquid assets. The other 102% of total assets, instead, showed a nominal 46.6% growth by the close of June of this year (see Figure II-4).

Within this scenario, a restructuring in favor of investments in securities and in the loan portfolio became the norm during the first

six months of this year, instead of investing in liquid assets. Consequently, the participation of investments in securities grew by 80 bp, going from 23.9% in June 2010 to 24.7% in the first half of this year, while the participation of the loan portfolio on total assets came to 44.0% by the close of June, a 133 bp increase when compared with June of 2010. Instead, the participation of liquid assets declined by 250 bp, to stand at 21.2%.

When analyzing private and public banking, total assets of public Banks showed a nominal 57% increase when compared with the first six months of 2010, while those of private Banks bare grew by 21%. The creation of the Banco Bicentenario at the end of

2009, by the acquisition and fusion of Banfoandes with several intervened banks, and the purchase of Banco de Venezuela (July 2009) by the State continue to be the main cause for the significant increase in the participation of public banking assets on total assets of the banking system.



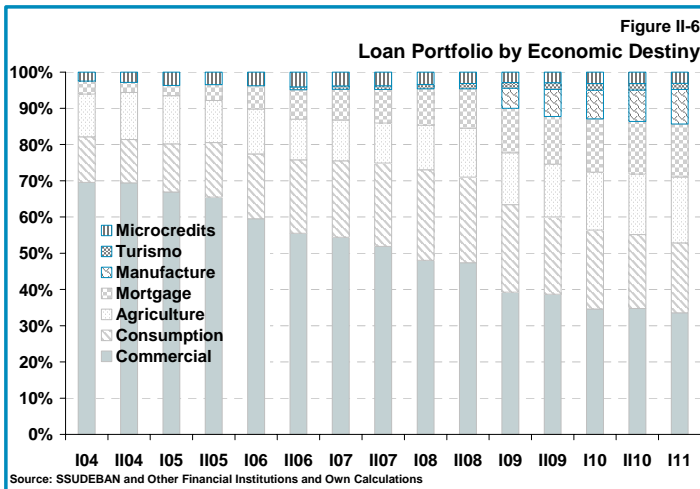
Evolution of Loans. The loan portfolio of commercial and universal Banks came to Bs. 217.7 billion by June of this year, a 35% growth when compared with the close of June 2010. In real terms, after adjusting for the inflation of the period, placements of banks expanded by 7.9% at the close of the first six months of the year. To be noted is that, during the last three months (and by June), the year-on-year growth rate of the loan portfolio in real terms was positive, thereby ending 31 consecutive months of negative year-on-year growth rates. This

former contraction situation was quite notable, especially taking into account the real seasonally adjusted loan portfolio and calculating the year-on-year variation (current month with respect to the same month of the previous year). This shows that, since September 2007, a systematic deceleration of loan growth took place, becoming negative by September 2008, to start reverting during the second quarter of this year (see Figure II-5).

This description confirms the cyclic tendency of bank loans in real terms in Venezuela. Just as a weakening of real activity during the contractive phase of the cycle caused a reduced demand for loans, the recent moderate growth of real quarterly GDP in Venezuela would explain the growth of real credit of the end of the first quarter of this year (in spite of four consecutive years of real negative lending interest rates).

The joint performance of the loan portfolio and of deposits caused the index of financial intermediation to show a 220 bp increase during the first six months of the year in comparison with the same period of last year, to close at 60% at the end of June.

Structure of Loans. Depending on the destiny of loans (commercial, consumer, agriculture, mortgages, micro-credits, tourism and manufacturing), a restructuring is still taking place from commercial loans to placements with marked destination for sectors (loan portfolios). During the first six months of the year, commercial placements showed a nominal 30.9% growth rate (compared to the previous year), below the average growth of the total portfolio (35% as we already said). This made its participation in the total gross portfolio to drop to 33.6%, the lowest level since the statistical series began (1999)

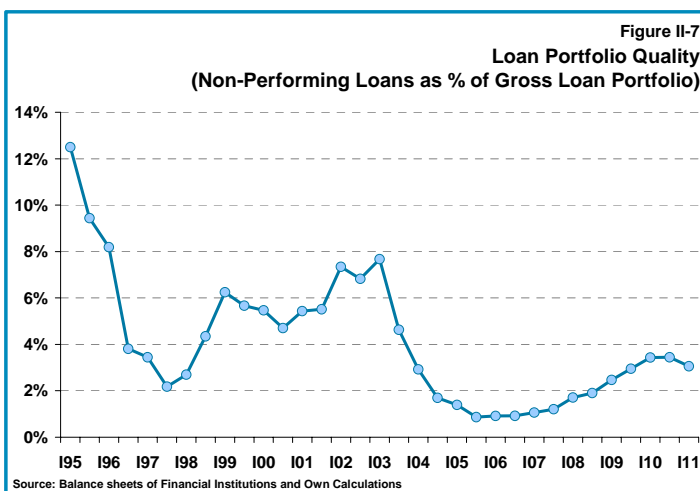


(although still the largest within the total portfolio, as seen in Figure II-6). Only manufacturing and agriculture showed nominal increases above the average (62.5% and 53.5%, respectively). The other loans showed nominal year-on-year increases below the average of the total gross portfolio: mortgages (34.2%), consumer (19.8%), micro-finance (32.1%) and tourism (24.9%). This represented a restructuring by sectors of the loan portfolio. Therefore, loans for manufacturing and agriculture increased

their participation within the total gross portfolio (see Figure II-6), the first increasing in just one year from 7.9% to 9.5%, and the second from 16% to 18.2%. Both now represent 34% of the total loan portfolio. In contrast, the sector losing more participation during the last year and to the end of the first six months of this year was the consumer loan portfolio (from 21.8% in June 2010 to 19.3% in June of this year).

After adjusting for inflation, consumer and tourism loans showed negative real growth rates (-10.6% and -0.1%, respectively).

Quality of Loans. Just like with the amount of credits, the quality of the loan portfolio also showed the effect of the evolution of the economic cycle. During the recent contraction of economic activity (and the following drop of household real income), there was a growing ratio of problem loans with commercial and universal banks as part of the gross portfolio. However, this index seemed to have reached a maximum by the end of the first quarter of



the year, later to show stability in April and declines in May and June. By the close of the first half of the year then, the overdue and under-litigation portfolios came to 3.1% of the gross portfolio, 30 bp below the close of December 2010 and 60 bp below the close of the first quarter of this year.

At the close of the first half of the year and in a scenario with growing resources, Banks showed a notable improvement in the hedge index, keeping comfortable levels of resources to cover their problem

loans. Consequently, the hedge index (resources / overdue plus under-litigation portfolios) went from 1.51 during the first six months of 2010 to 1.77 this year. The hedge index

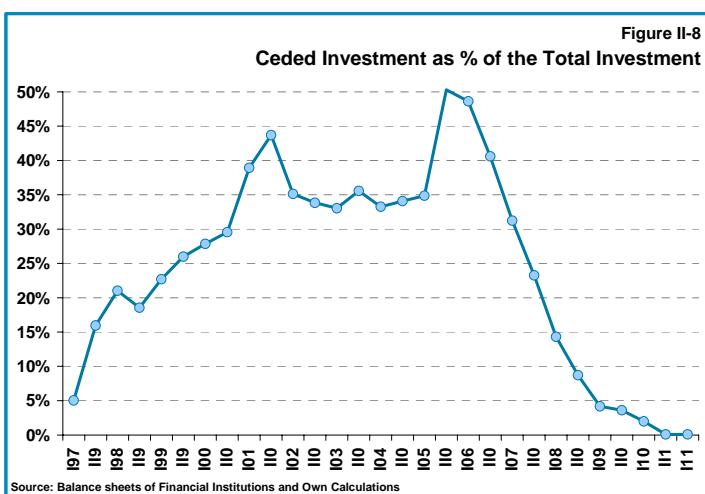
growth rate from period to period was 19%, the highest since the second half of 2005. Although the level is still below that of the second half of 2005 (2.8%), there is a clear shift in the tendency with consecutive increases in the last four months of the first half of this year.

Performance of Investments. As indicated above, monetary policy during the first six months of the year was geared towards generating more liquidity in order to confront the significant indebtedness approved by the National Assembly, the ulterior motive of which seems to be the fiscal generation of stimuli for internal economic activity. The large awards of DPN Bonds and Treasury Bills that took place during the first half of the year affected the performance of investments in securities of commercial and universal banks during the period. Consequently, investments in securities came to Bs. 116.34 billion at the close of June, a nominal 36.4% increase with respect to June 2010, slightly over the average variation in assets, which was, year-on-year and by June, 32.4%. After adjusting for increased prices, the growth of the securities stock came to 9%.

The securities portfolio continued to change composition during the first six months of the year, from securities issued by the BCV towards DPN Bonds and Treasury Bills. BCV placements and inter-banking operations came to Bs. 23.4 billion in June of this year, a 26.4% increase in nominal terms. Consequently, participation of DPN Bonds and Treasury

Bills within public security investments went from 68% during the first six months of 2010 to 69% in the same period of this year, slightly to the detriment of the participation of BCV liabilities, which barely reached 19% at the close of June.

During the first six months of the year, ceded investments dropped by 64.6%, coming to barely Bs. 613 million, that is, just 0.5% of total investments by banks, in contrast to the maximum level of the second half of 2005, when they reached 50% (see Figure II-8). This gradual transfer

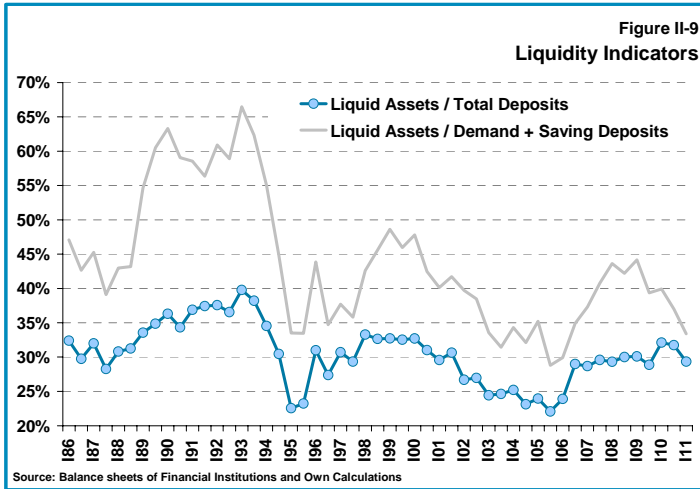


of ceded investments has caused an increase of deposits on the liabilities side of the balance sheet and of investments in securities, on the assets side.

Evolution of Liquid Assets. The high surpluses of banking liquidity, together with the 3% reduction in the minimum legal reserves, continue to explain the behavior of liquid assets during the first six months of the year, which showed an 18.6% increase.

However, due to the large increase of deposits during the first half of the year, the usual liquidity indicator (liquid assets as a percentage of total deposits) came to 29.3%, 278 bp below the level for the first six months of last year (32.12%) (see Figure II-9). Similarly,

liquid assets as part of more liquid deposits (demand + savings deposits) declined from 39.9% during the first half of 2010 to 33.3% during the first six months of this year, the lowest level of the last three years (see Figure II-9).

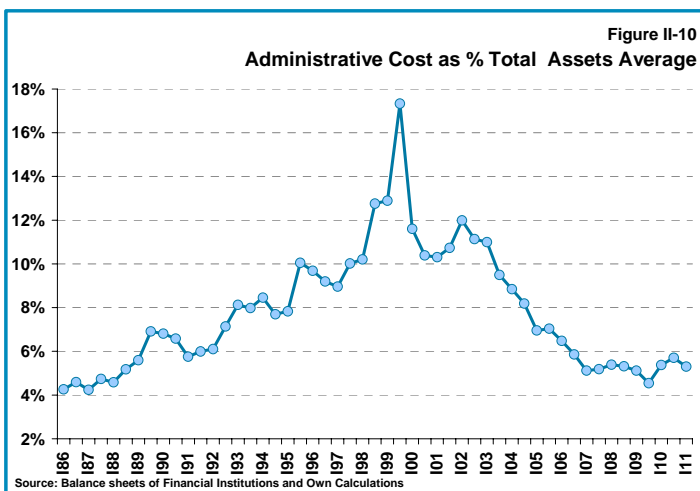


CAPITALIZATION INDEXES. The expansion of banking balance required an increase of the assets base of financial institutions. Consequently, assets came to Bs. 40.5 billion in June, a 15.8% increase with respect to the level of June 2010, 577 bp

over the amount for the first six months of last year. In real terms, that is, after adjusting for the inflation of the period, assets grew slightly less than at the close of June 2010 (6%), coming to 1%. With these levels of assets, banks complied with the indexes of equity solvency.

According to figures from SUDEBAN, the indicator of Assets plus Operations as a percentage of total assets¹² came to 9.9% at the close of June, slightly below the level of June 2010 (10.3%), but still over the minimum required by SUDEBAN (8%). On the other hand, the index showing the amount of assets of banks when considering risks associated

to Active accounts (assets compared to active weighted by risks and other contingency operations) came to 14.05% in May 2011, 129 bp over the level for the same month of last year (12.76%), and slightly over the minimum requirements of SUDEBAN (12%).



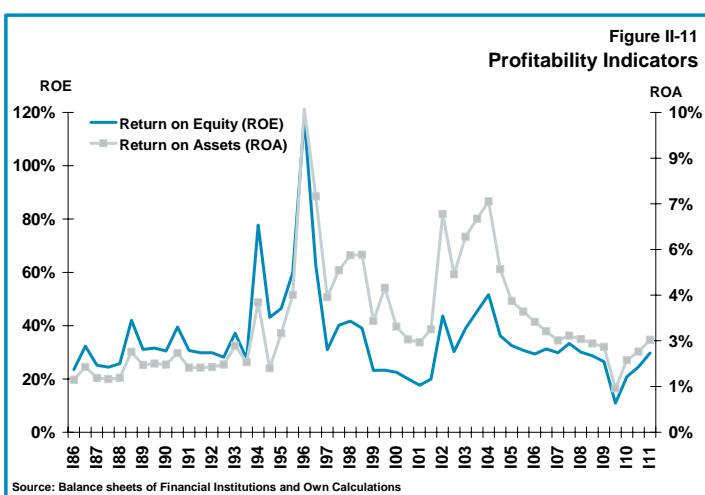
to Active accounts (assets compared to active weighted by risks and other contingency operations) came to 14.05% in May 2011, 129 bp over the level for the same month of last year (12.76%), and slightly over the minimum requirements of SUDEBAN (12%).

ADMINISTRATIVE EFFICIENCY. The expansion of the total balance of banks improved the indicators of banking management during the first six months of the year with respect to the levels of the previous year. In spite of transformation expenses, which came to Bs. 11.6 billion in June of this year (Bs. 9.2 billion last year), the proportion of transformation expenses as a

¹² From May 2006, Treasury Bills and Bonds, Bonds and Liabilities from the National Public Debt and Other Securities backed by the Nation are excluded from total assets.

percentage of average assets dropped slightly from 5.4% in June 2010 to 5.3% by the close of June of this year, very much below the historical maximum of 2002 (see Figure II-10). Personnel and General and Administrative Expenses, also as percentages of total assets, showed a slight improvement during the first six months of the year, coming to 2.2% (2.3% for both, the previous year).

PROFITABILITY INDICATORS. During the first half of the year, banking net results came to Bs. 5.5 billion, a 73% increase in comparison with the levels for the same period of 2010. The larger net profit was the result both of higher financial income as well as of a stricter control of expenses. Regarding financial income, the increase of general income from



securities investments was fundamental, with a year-on-year nominal increase of 52.7%. On the other hand, revenues from the loan portfolio grew by 22.2%. To be noted is that the average yield of securities investments was 8.5% during the first six months of the year (7.4% last year). Similarly, the average yield of the banking loan portfolio was 19% during the first half of the year, when it had been 19.8% last year. Cost of deposits, calculated as the proportion of expenses for deposits (or financial expenses) divided by average

deposits of the period, dropped by 130 bp in a year, to reach 3.7% at the close of June. The improvement in returns can also be explained by an improved evolution of transformation expenses.

When compared with the expansion of assets and of equity, the improvement in net results, in its turn, improved profit indicators of banks. Return on Assets (ROA) went from 1.9% during the first six months of 2010 to 2.5% during the first half of this year, leaving behind the lowest levels in almost a decade (those of last year). Net income as a percentage of assets came to 29.7% during the first half of the year, up from 20.8% during last year, similarly leaving behind the lowest level of the last 10 years (see Figure II-11).

Leonardo Vera
lvera@bancomercantil.com

COMMERCIAL AND UNIVERSAL BANKS
Main Indicators

	YEARS					SEMESTERS						
	2006	2007	2008	2009	2010	I 2008	II 2008	I 2009	II 2009	I 2010	II 2010	I 2011
Intermediation Indexes												
Basic: Loan Portfolio / Deposits ^{1/}	51.1%	60.9%	60.3%	59.9%	61.5%	59.4%	60.3%	53.8%	59.9%	58.8%	61.5%	61.0%
Amplified: (Loan Portfolio+Investments) / Deposits ^{1/}	88.3%	88.2%	87.0%	86.0%	93.1%	88.2%	87.0%	87.3%	86.0%	91.4%	93.1%	95.2%
Liquidity												
Liquid Assets / Total Deposits ^{1/}	29.0%	29.6%	30.0%	28.9%	31.7%	29.3%	30.0%	30.1%	28.9%	32.1%	31.7%	29.3%
Liquid Assets / Deposits	31.1%	35.2%	36.4%	34.3%	35.4%	36.1%	36.4%	36.7%	34.3%	36.7%	35.4%	32.1%
Liquid Assets / (Demand+Saving Deposits)	34.9%	40.8%	42.2%	39.4%	37.0%	43.6%	42.2%	44.2%	39.4%	39.9%	37.0%	33.4%
(Liquid Assets+Investment in Securities) / Total Deposits ^{1/}	66.2%	57.0%	56.7%	55.0%	63.3%	58.1%	56.7%	63.7%	55.0%	64.7%	63.3%	63.5%
Loan Portfolio Quality												
Non-Performing Loans / Gross Portfolio Loans	0.9%	1.2%	1.9%	2.9%	3.4%	1.7%	1.9%	2.5%	2.9%	3.4%	3.4%	3.1%
(Overdue+In Litigation+Restructured Loans) / Gross Portfolio Loans	1.1%	1.5%	2.3%	3.7%	4.6%	2.0%	2.3%	3.2%	3.7%	4.5%	4.6%	4.2%
Reserves / Gross Portfolio Loans	2.3%	2.1%	2.8%	4.1%	5.1%	2.4%	2.8%	3.5%	4.1%	5.2%	5.1%	5.4%
Reserves / Non-performing	2.47	1.74	1.49	1.38	1.49	1.43	1.49	1.40	1.38	1.51	1.49	1.77
(Overdue+In Litigation Loans-Reserves) / Net Portfolio Loans	-1.39	-0.91	-0.94	-1.15	-1.78	-0.76	-0.94	-1.02	-1.15	-1.85	-1.78	-2.50
Capitalization and Equity												
(Equity + Operating results) / Total Assets	9.0%	8.7%	8.9%	8.6%	8.8%	9.0%	8.9%	9.2%	8.6%	9.8%	8.8%	8.6%
(Equity + Operating Results) / (Total Assets + Ceded Investment) Average	7.5%	8.2%	8.7%	8.6%	8.8%	8.7%	8.7%	9.1%	8.6%	9.7%	8.8%	8.6%
Solvency Indicator (SUDEBAN) ^{2/}	9.9%	9.2%	9.0%	9.1%	9.6%	9.4%	9.0%	9.6%	9.1%	10.4%	9.5%	9.9%
Investment in Securities+Ceded Investment / Equity	5.5	3.27	2.62	2.40	2.64	2.96	2.62	3.02	2.40	2.50	2.64	2.88
Administrative Efficiency												
Personnel Expenses / (Total Assets + Ceded Investment) Average	2.1%	2.1%	2.3%	2.2%	2.3%	2.3%	2.4%	2.4%	2.1%	2.3%	2.4%	2.2%
General and Administrative Expenses / (Total Assets + Ceded Investment) Average	2.4%	2.1%	2.4%	2.2%	2.4%	2.5%	2.4%	2.3%	2.1%	2.3%	2.5%	2.2%
Personnel Expenses + General and Administrative Expenses / (Total Assets + Ceded Investment) Average	4.5%	4.2%	4.8%	4.4%	4.7%	4.7%	4.8%	4.6%	4.1%	4.6%	4.8%	4.4%
Administrative Cost / (Total Assets + Ceded Investment) Average	4.9%	4.6%	5.1%	4.8%	5.5%	5.1%	5.2%	5.0%	4.5%	5.3%	5.7%	5.3%
Profitability												
Implicit Yield on Financial Assets (A)	10.1%	12.4%	18.2%	16.2%	15.1%	17.4%	19.0%	18.4%	14.4%	15.4%	14.9%	15.2%
Implicit Yield on Portfolio Loans (A)	16.2%	17.3%	22.8%	20.5%	19.4%	22.2%	23.4%	22.6%	18.7%	19.8%	19.0%	19.0%
Portfolio Yield: (Securities + Ceded Investment)	5.5%	6.4%	9.9%	9.2%	7.3%	8.9%	10.8%	11.3%	7.4%	7.4%	7.3%	8.5%
Cost of Deposits (B)	3.8%	4.0%	7.1%	6.5%	4.6%	6.2%	7.9%	7.4%	5.7%	5.0%	4.2%	3.7%
Average Relative Financial Margin: (A-B)/A	62.4%	67.5%	60.9%	60.0%	69.8%	64.1%	58.3%	59.7%	60.5%	67.4%	71.9%	75.8%
Return on Equity (ROE)	30.4%	31.7%	29.2%	18.2%	22.8%	30.0%	28.4%	26.5%	10.9%	20.8%	24.6%	29.7%
Return on Assets (ROA)	2.9%	2.6%	2.5%	1.6%	2.0%	2.6%	2.4%	2.3%	0.9%	1.9%	2.1%	2.5%
Liquid Returns / (Assets + Ceded Investment) Average (ROA)	2.4%	2.3%	2.4%	1.6%	2.0%	2.4%	2.3%	2.3%	0.9%	1.9%	2.1%	2.5%

Notes: 1/ Total Deposits: Defined as the sum of demand, savings and time deposits, money desk operations, securities issued by the institution, restricted deposits of the public and other obligations with financial institutions in the country up to and over money desk operations, securities issued by the institution, restricted deposits of Operating Results/Total Assets - Government Securities). The minimum requirement is 8%.

Source: Balance sheets of Financial Institutions, Central Bank of Venezuela and Own Calculations

This report has been prepared by the Economic Research Unit, by Mercantil C.A. (Banco Universal), coordinated by Francisco Vivancos C.

Economic Research team: Inés Fasanaro, Gema Murillo, Carmen J. Noguera, Leonardo Vera.

The opinions expressed in this report are responsibility of the authors and do not necessarily express the opinion of the institution.

Edificio Mercantil, Av. Andrés Bello, N° 1-Zip Code N°789 - Caracas 1010A. Venezuela.

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	(Thousands of Bs.)	Cash + Cash Inflows Jun-11	% Change Jun-11/ Dec-10	Total Investments* Jun-11	% Change Jun-11/ Dec-10	Loans Portfolio Jun-11	% Change Jun-11/ Dec-10	Total Assets Jun-11	% Change Jun-11/ Dec-10	Demand Deposits Jun-11	Savings Deposits Jun-11
1	Venezuela (Universal Bank)	19,606,048	12.2	15,426,400	55.2	26,776,168	25.2	66,248,940	25.0	42,906,332	10,295,986
2	Banesco (Universal Bank)	13,710,436	(21.0)	8,019,682	67.4	31,741,408	14.8	55,585,714	6.7	32,389,364	8,014,233
3	BBVA Provincial (Universal Bank)	12,550,004	1.5	11,693,472	32.8	28,928,913	15.4	55,411,793	14.9	25,816,832	8,633,375
4	Bicentenario (Universal Bank)	6,088,911	74.3	26,192,098	1.7	8,230,910	(5.5)	54,131,370	24.9	15,935,313	5,641,657
5	Mercantil (Universal Bank)	11,791,244	8.1	9,260,106	23.2	31,509,447	18.5	53,603,451	16.3	30,495,667	14,482,198
6	Occidental de Descuento (Universal Bank)	5,513,304	29.5	3,148,321	(32.5)	14,145,870	12.5	28,731,563	12.2	11,654,514	3,753,593
7	Del Tesoro (Universal Bank)	741,969	337.3	11,368,077	45.1	4,800,094	41.2	21,741,267	55.5	10,673,471	433,591
8	Exterior (Universal Bank)	3,571,566	6.6	2,699,019	89.3	11,887,406	19.7	18,652,590	23.4	8,443,298	2,082,663
9	Industrial de Venezuela (Universal Bank)	3,492,721	47.1	12,121,321	26.6	965,493	11.5	17,935,407	29.0	7,853,129	1,874,218
10	Bancaribe (Universal Bank)	3,124,708	6.5	1,668,868	4.9	11,056,191	25.8	16,451,594	19.3	6,518,786	2,923,759
11	Corp Banca (Universal Bank)	3,388,097	70.9	574,262	(69.8)	8,277,276	10.3	13,168,459	7.1	5,269,568	1,985,668
12	Nacional de Crédito (Universal Bank)	2,479,505	13.0	2,232,832	76.0	5,414,991	15.1	10,646,120	22.9	4,798,920	1,421,760
13	Agrícola de Venezuela (Universal Bank)	260,564	(27.6)	4,309,181	280.5	3,999,012	23.3	8,913,989	77.1	1,547,818	59,596
14	Venezolano de Crédito (Universal Bank)	3,132,975	29.6	1,596,728	0.6	3,097,235	10.1	7,938,199	14.6	5,040,297	711,841
15	BFC - Banco Fondo Común (Universal Bank)	1,609,482	(29.6)	1,477,191	75.4	3,098,438	3.9	7,332,847	1.7	3,099,000	2,736,035
16	Caroní (Universal Bank)	1,199,942	10.2	2,691,960	35.5	1,733,055	2.1	6,254,078	16.5	3,052,623	1,103,269
17	Sofitasa (Universal Bank)	946,905	25.5	910,552	24.0	1,768,685	13.7	4,375,872	26.0	1,713,469	837,381
18	Citibank (Universal Bank)	965,665	(18.4)	1,527,431	4.6	1,786,480	25.3	4,362,286	3.2	2,901,777	244,108
19	Plaza (Commercial Bank)	1,184,328	23.1	82,488	92.1	2,477,462	14.9	3,822,230	17.9	1,704,792	1,419,764
20	Del Sur (Universal Bank)	523,648	0.5	890,912	17.7	1,117,469	(1.4)	2,668,241	5.1	1,046,396	859,923
21	Guayana (Commercial Bank)	592,763	(23.6)	799,192	45.1	711,600	(18.6)	2,277,342	(7.4)	1,403,121	414,785
22	Activo (Commercial Bank)	488,168	(21.5)	570,526	62.2	984,245	36.6	2,189,996	22.8	1,351,456	71,193
23	Banco Soberano (Commercial Bank)	1,853,885	-	5,950	-	157,738	-	2,118,583	-	7,356	3,640
24	100% Banco (Commercial Bank)	410,732	28.7	738,905	151.1	703,165	(6.7)	2,033,480	34.7	1,120,772	280,176
25	Bancoex (Commercial Bank)	8,910	(71.6)	862,065	59.5	677,717	5.4	1,578,425	27.5	-	-
26	Banplus (Commercial Bank)	334,303	23.4	280,966	104.0	711,551	15.8	1,446,198	27.2	865,114	129,393
27	I.M.C.P (Commercial Bank)	123,103	30.4	419,123	280.4	46,635	4.4	615,703	49.7	567,177	4,712
28	Bancreer (Micro-enterprise Bank)	74,274	5.6	215,968	60.6	245,046	34.3	554,424	38.6	233,272	126
29	Bangente (Micro-enterprise Bank)	29,546	38.2	453	(2.6)	361,155	16.0	410,662	16.9	93,254	19,729
30	Mi Banco (Micro-enterprise Bank)	25,280	(39.7)	45,496	224.7	137,299	75.8	229,927	47.6	71,585	4,479
31	Banco Internacional de Desarrollo (Universal Bank)	39,892	233.9	51,207	(3.6)	36,452	(24.7)	161,811	13.3	66,729	873
32	Exportación y Comercio (Commercial Bank)	10,090	24.4	90,229	28.5	8,752	(30.8)	112,110	20.6	21,436	-
33	Bancamiga (Micro-enterprise Bank)	10,009	38.0	20,444	-	29,598	(4.3)	68,666	38.2	-	15,973
Total Commercial Bank + Universal Bank		99,882,978	7.7	121,991,424	24.8	207,622,956	15.5	471,767,337	18.1	228,662,638	70,459,698

* / Total Investments = Investments in Securities + Investments in Subsidiaries, Affiliates, Branches and International Agencies

In May 2010 ABN Amro Bank (Commercial Bank) changed its name to The Royal Bank of Scotland (Commercial Bank)

In June 2010 was the intervention of Banco Federal (Commercial Bank)

In August 2010 was the intervention of HelmBank(BC).

In October 2010 was the intervention of Bancoro(BU).

In November 2010 ordered the liquidation of HelmBank(BC).

In December 2010 ordered the liquidation of Federal(BC), Federal(BI) and Inverbanco (BH).

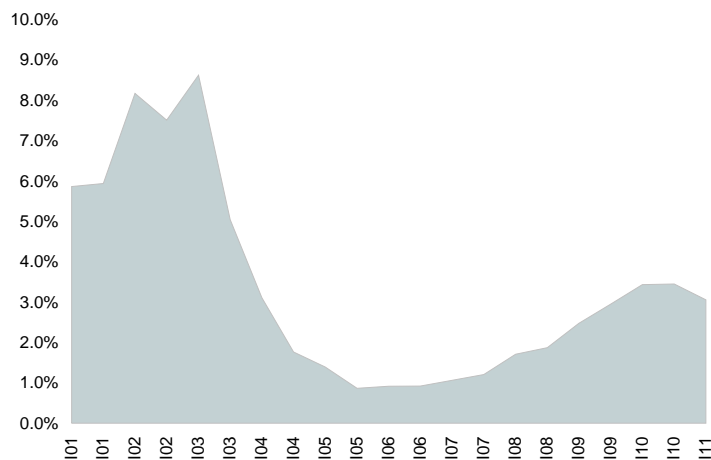
In December 2010 ordered the liquidation of Bancoro (BU)

In January 2011 was the intervention of Ban Valor (BC) and Casa Propia (EAP)

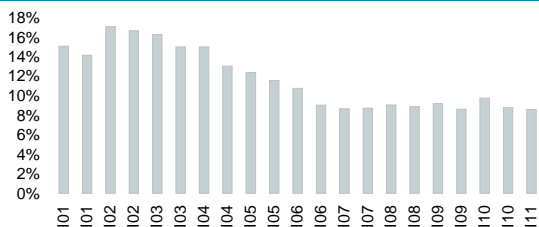
In February 2011 ordered the liquidation of Ban Valor (BC)

In July 2011 ordered the liquidation of Casa Propia (EAP)

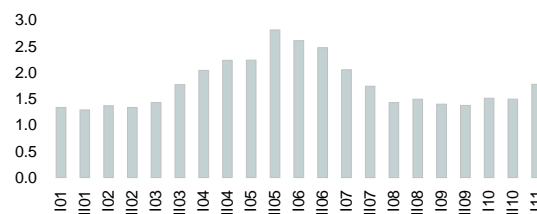
Non-Performing Loans / Net Loan Portfolio



Equity / Average (Total Assets + Ceded Investments)



Reserves / Non-performing



Source: Balance sheets of Financial Institutions and Own Calculations

