

COMMERCIAL & UNIVERSAL BANKS REPORT

Second Semester 2010

MONETARY ENVIRONMENT SECOND SEMESTER 2010

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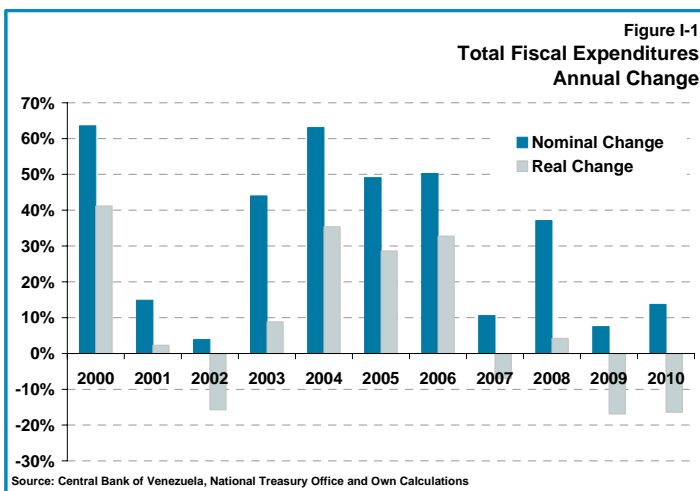
COMMERCIAL AND UNIVERSAL BANK RESULTS SECOND SEMESTER 2010

Banking results for 2010, as for 2009, are mainly explained by the contraction of economic activity, the rising inflation and a slow evolution of monetary liquidity as a response, on the one hand, to the general restriction on open market operations by the BCV, in spite of the reduction of legal reserves, the drop of primary spending in real terms and the reduction in the secondary production of money by way of loans.

MONETARY ENVIRONMENT SECOND SEMESTER 2010

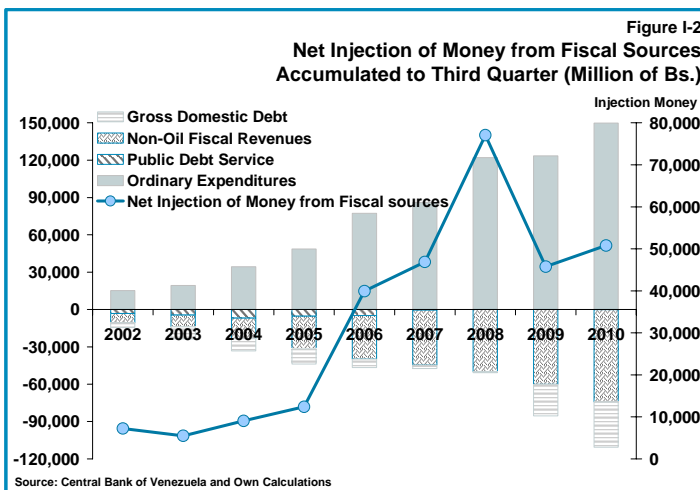
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currency by CADIVI at a higher exchange rate, the drainage caused by the various issues of Bs/US\$ securities (International Sovereign Bond and PETROBONO) and, to a lesser degree, by new procedures such as SITME.



THE SUPPLY OF MONEY OF FISCAL ORIGIN. The financial performance of the Central Government during 2010 closed with a negative result for the third consecutive year, largely due to a moderate expansion of public spending¹. According to information provided by the BCV the result was a nominal increase of 13.7% over 2009. However, after adjusting for the inflation of the period, the result in real terms was a 16.4% contraction (see Figure I-1).

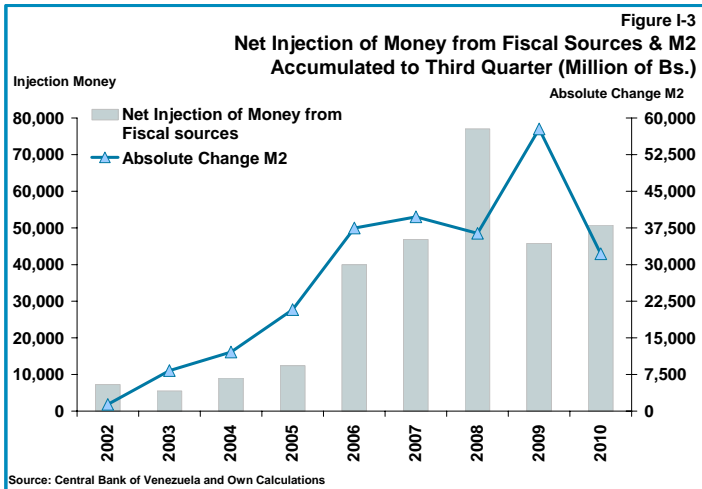
figures from the National Treasury (ONT – *Oficina Nacional del Tesoro*), the total cumulative expenditures for 2010 reached Bs. 212.8 billion. When compared with



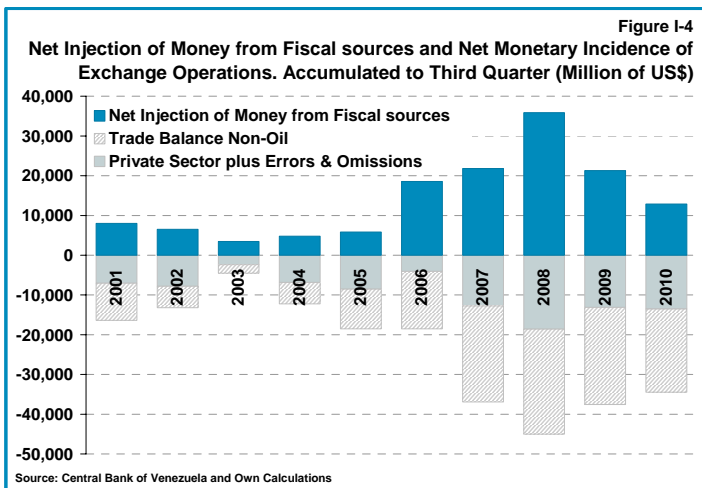
The higher level of cumulative expenditures for the first three quarters of 2010 caused the net monetary injection of fiscal origin² to rise above that of the same period of 2009, in spite of the fact that the internal fiscal

¹ Reinforced by an improved performance of the petroleum market and the higher value in bolivares of this income after the rise in the official exchange rate at the beginning of 2010.

² The money injection of fiscal origin is positive when total spending by the Central Government, including the balance of loans and the service of the internal public debt (not including the service of the foreign public debt) is higher than internal collection of taxes and internal increase of wealth (placement of DPN Bonds and Treasury Bills).



(a 54.2% cumulative drop in real terms through September 2009). To be noted is that this larger creation of fiscal money was drained by way of the non-petroleum Commercial

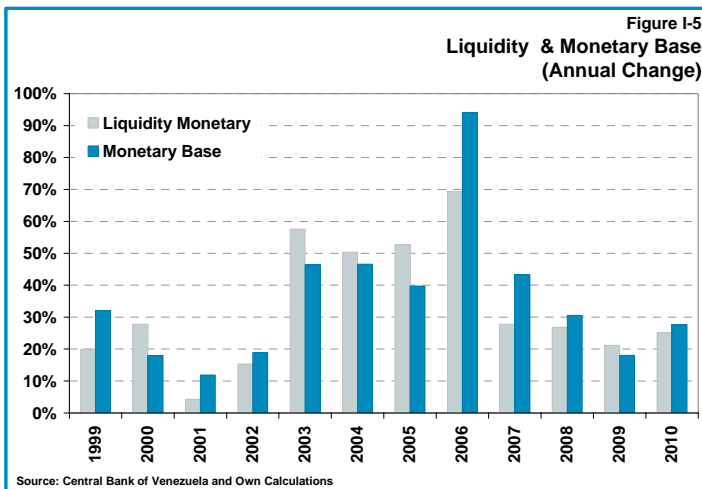


income was almost 30% higher than during of the first nine months of 2009³, and that the service of the external public debt was 1.6 times higher than during the 2009 January-September period (see Figure I-2). The primary creation of money of fiscal origin reached a cumulative Bs 50.8 billion (US\$ 12.882 billion) for the January-September period of 2010, which meant a nominal 11% increase when compared with the same period of 2009. However, after adjusting for the high inflation of the period, fiscal monetary injection declined by 14.7%

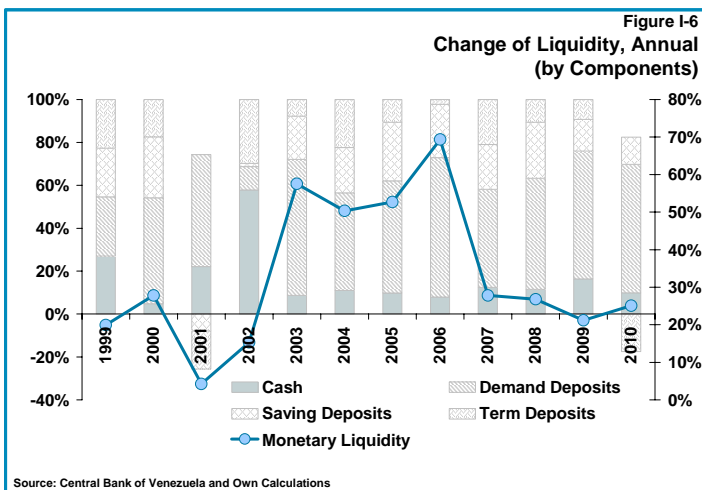
Balance and by the higher capital flight from the private sector. These are the relevant factors in the explanation of the lesser increase of money liquidity (M2) observed during the period (see Figure I-3). The non-petroleum Commercial Balance had a US\$ 20.941 billion cumulative deficit for the first three quarters of the year, but still 14.3% below that of the same period of 2009. On the other hand, capital flight via assets accumulation abroad reached US\$ 13.539 billion, 3.2% above that of the same period of 2009 (see Figure I-4).

MONETARY AGGREGATES. The performance of the monetary market during 2010 was characterized by a moderate expansion of money in circulation, basically due to an increase in public spending, reinforced by an improved performance of the national petroleum market (both in prices and production) and the higher value in bolivares of this income after the rise of the official exchange rate. This factor was partially counteracted by the decline in internal economic activity, the lesser secondary creation of money by way of loans, the delivery of foreign currency by CADIVI at a higher exchange rate, the drainage caused by the various issues of Bs/US\$ securities (International Sovereign Bond and PETROBONO) and, to a lesser degree, by new procedures such as SITME.

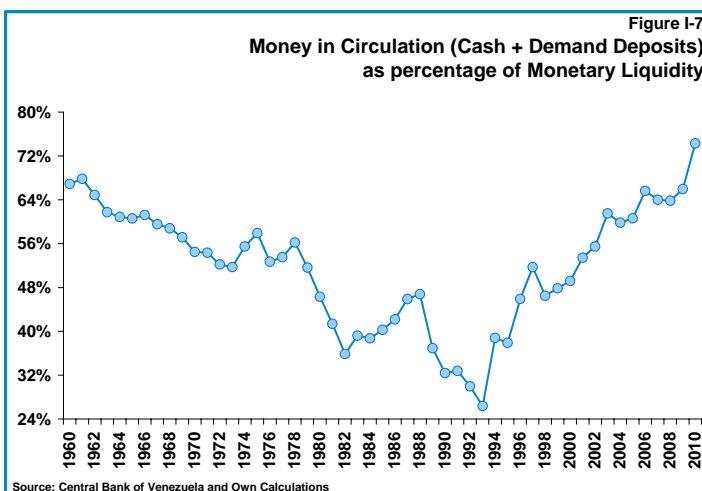
³ This increase in internal income is explained mainly by the high level of gross internal indebtedness, with an inter-annual 43.5% increase by the close of the third quarter of the year, followed by the 23.4% increase in non-petroleum fiscal income (tax collections.)



Monetary Liquidity (M2) reached Bs 294.5 billion by the close of 2010, which meant a 25.1% growth in comparison with the close of 2009, almost 400 bp higher than the 21.2% increase of 2009 (see Figure I-5). After adjusting for inflation, there was however a 1.8% decline in real terms, 280 bp below the decline in real terms of the year 2009.



Within the situation of economic contraction and high inflation rates, together with reductions in borrowing interest rates which took place during 2009, there was a preference by the public for more liquid instruments. Therefore, Money in Circulation (Sight Deposits and Coins and Bills) explained the whole of the cumulative increase of money in circulation with a 41% growth in comparison with December 2009 (see Figure I-6). Quasi-money (Savings and Term Deposits) showed a cumulative drop of 6.6%. Thereby, Money in Circulation reached a 74.3% participation in the total of M2, which was the highest level since the annual statistical series became available (1960) (see Figure I-7).



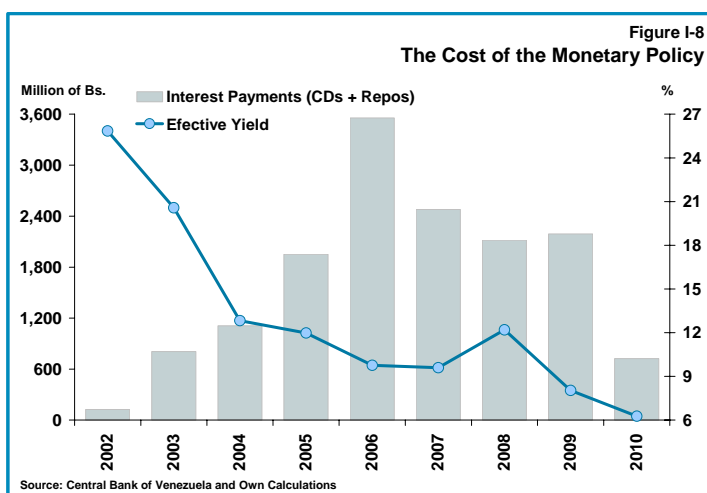
On the other hand, the Monetary Base, or high-powered money, reached Bs 126.2 billion by the close of 2010, for a 27.6% expansion in comparison with the close of 2009, far above the 18% increase of 2009. The performance of primary money, according to the End of Year Message of the President of the BCV, was determined by the desegregation of funds by PDVSA⁴, which was partially counteracted by the accumulation of assets by the Central

⁴ The monetary effect of PDVSA becomes expansive when separating in net terms the balance of its BCV account and injecting assets in the internal system of payments, which reduces non-monetary liabilities of the BCV and, consequently, expands the base.

Government, as the reduction of the primary fiscal expenditures and the significant issues of internal public debt raised the captive balances of their accounts in the BCV.

The surpluses of liquidity of banks reached a monthly average during 2010 of Bs 16.6 billion, 3.6 times above the average of 2009 (Bs 3.6 billion). This level represents 7% of M2, 480 bp over that of 2009⁵.

OPEN MARKET OPERATIONS OF THE BCV. Monetary policy during the year was determined by the limits established at the end of 2009 by the BCV in the balances of

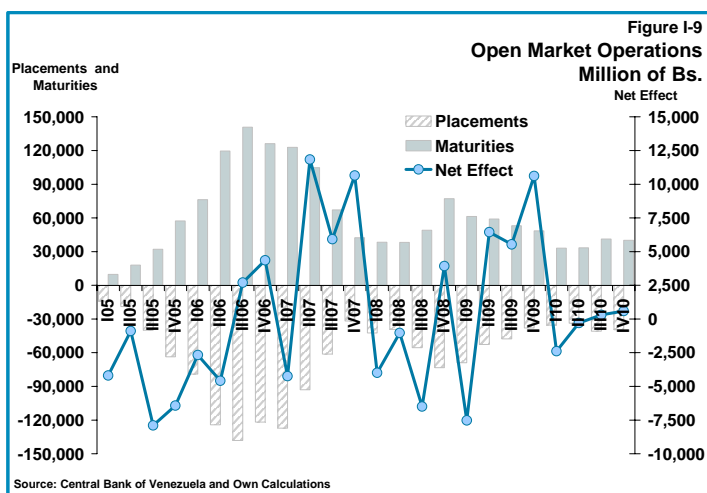


drainage instruments (Certificates of Deposit (CDs) and Repos)⁶ that financial institutions maintain and by the lesser demand of liquidity. Thus, during the year, the BCV acted in a more relaxed way than in previous years and, as a result, the placement of drainage instruments during the period was notably lower than that of 2009.

The placement of CDs and Repos reached Bs 114.9 billion, that is, 37.4% less than in 2009 (Bs 183.4 billion), in contrast with the

slight 1.7% growth in the placement of these securities during 2009. The placement of both instruments was done both with an effective yield as well as with a shorter average term than those of 2009. The effective weighted average yield declined during 2010, by

almost 180 bp in comparison with 2009, to stand at 6.3%. The weighted average term reached approximately 36 days in 2010, in contrast with the average 42 days observed in 2009. Taken together, maturities of CDs and Repos in 2010 stood at Bs. 114.6 billion, for a 42.1% decrease when compared with the year 2009 (Bs. 1981 billion).



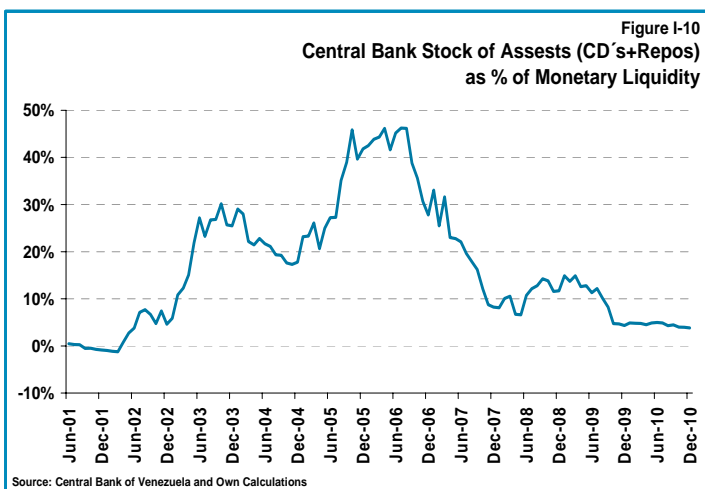
Given the notable reduction in placement of drainage instruments by the BCV, together

⁵ It should be noted that this large expansion of liquidity surplus can be explained by the lesser growth of credits, as well as by the establishment of limits in placement of CDs and Repos by the Central Bank since December 2009.

⁶ In order to provide more liquidity to the monetary market, the BCV decided that financial institutions participating in drainage operations by the BCV itself cannot maintain a balance higher than the one they had for these operations at the close of November 27, for each of the terms (28 and 56 days).

with the decline in weighted average yield of CDs and Repos, interest paid by the monetary authority during 2010 was significantly reduced (by 67%) going from Bs 2,200 million in 2009 to Bs 723.7 million in 2010 (see Figure I-8).

Injection operations through the acquisition of DPN Bonds under Resale Agreements (Reverse Repos) placed Bs 33.1 billion at an average 19.4% rate, 38.2% over that of



2009 (Bs 23.9 billion). Even with the more relaxed performance of the BCV, the lesser maturities and a higher reacquisition of DPN Bonds caused a net contractive effect of Bs 1.8 billion on open market operations, in significant contrast with the Bs 15.1 billion expansion of 2009. The monthly behavior shown on Figure I-9, indicates that the largest contraction took place during the first quarter of the year, reaching Bs 2.4 billion, while an expansion of the means of payment took place during the third and fourth quarters of the year for Bs 303

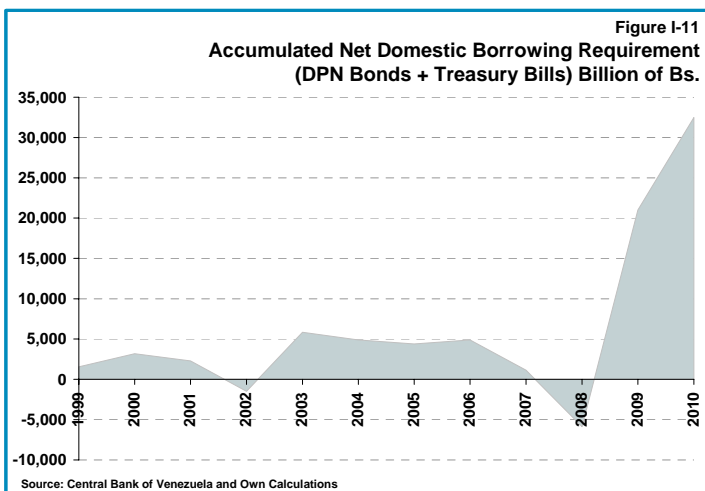
million and Bs 597 million, respectively.

The balance in circulation of CDs and Repos went from Bs 10.2 billion at the close of 2009 to Bs 11.2 billion at the close of 2010. This is equivalent to 3.8% of M2, 500 bp below the level of 2009, when this relationship came to 4.3%. It was also the lowest since June 2002 (see Figure I-10).

INTERNAL INDEBTEDNESS OF THE CENTRAL GOVERNMENT. During 2010, the low level of petroleum fiscal income of the National Treasury caused an urgent need of financing in the Central Government. Along these lines, at the beginning of the month of February, a program of weekly auctions of Treasury Bills⁷ was started, which accumulated a total placement of Bs 17.1 billion in 2010, far above the placements of 2009⁸. By maturity term, the placement of these instruments was as follows: 95,2% maturing in 91 and 105 days, and the remaining 4,8% at maturity terms of 182 and 364 days. However, these larger placements had an average yield of little more than 130 bp, below that of the previous year, to stand at 8.4%. In this way, both the cost of financing by way of this instrument as well as the payment of interest of VEBONOS were reduced, because these rates of interest being linked through the yield of the Treasury Bills.

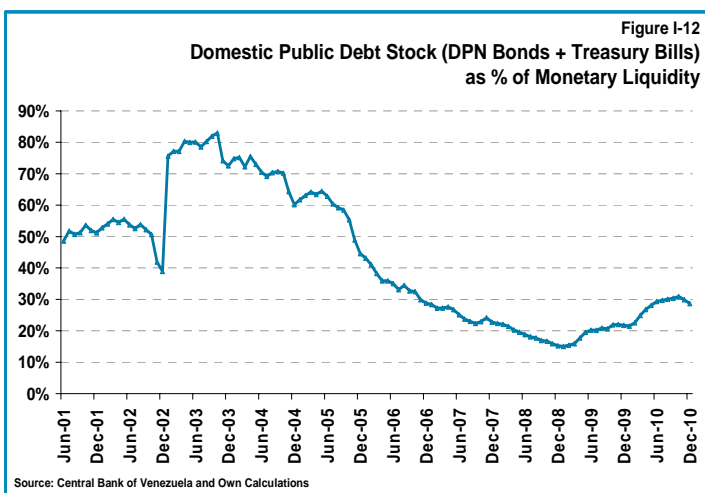
⁷ Within the approval in Official Gazette N° 39,349 of January 19, 2010, of a maximum Bs 5.15 billion in circulation by the close of the fiscal year 2010.

⁸ When the oil price was 25% below its current value.



In addition, the weekly auctions of VEONOS and TIF⁹ was started during the second week of February, for a 2010 placement of Bs 35.4 billion, 49.3% above placements of 2009, for an effective yield of 15.9%, that is, some 340 bp over the yield in 2009. To be noted is that 92.2% of the placements were made by auction, and the remaining 7.8% by direct award.

Maturities of internal public debt during this period were Bs 20.1 billion (78.6% in Treasury Bills and the remaining 21.4% in DPN Bonds), which resulted in a positive net internal indebtedness of Bs 32.5 billion, the highest positive net internal indebtedness since this statistical series became available (1999) (see Figure I-11), 54.7% over the positive net internal indebtedness of Bs 21 billion of 2009.



Given the large awards of DPN Bonds and Treasury Bills, the stock of securities of the Central Government closed 2010 at Bs. 84.5 billion (94.2% corresponding to DPN Bonds), that is, 65% more than the balance in circulation at the close of December 2009 (Bs. 51.2 billion). To be noted is that this stock of securities represented 28.7% of monetary liquidity,

significantly below the maximum 83% of October 2003 (see Figure I-12).

In addition, the Ministry for Planning and Finance announced in mid-August the Offer of the “2022 International Sovereign Bond”, for a maximum amount of US\$ 3 billion, to be acquired in bolívares at the official exchange rate (Bs/US\$ 4.30). 100% of the total auction amount was awarded, although satisfying only slightly more than a third of the demand, which reached US\$ 9.219 billion. This issue included an International Bond of the Republic maturing in August 2022 and a 12.75% coupon. In addition, up to 50% of this issue was exclusively destined to Category I¹⁰ RUSAD-registered companies. The rest was offered to individuals and legal persons not belonging to Category I. Each investor had to offer a minimum US\$ 3,000 to accede. The issue was priced by the Ministry for

⁹ Within the approvals in Official Gazettes N° 39,362 and 39,392 of February 5 and March 23, respectively, for the issue of a maximum Bs 45.7 billion to finance the Service of the Public Debt and Fiscal Performance of the Central Government.

¹⁰ With a social aim of promoting productive activities in the food, health and capital goods sectors.

Table I-1
Sovereign International Bond Allocation Mechanism

ALLOCATIONS CATEGORY I	
Ranges	Allocation
From US\$ 3.000 to US\$ 18.000.000	100% of the position
Greater than US\$ 18.000.000	0% of the position
ALLOCATIONS CATEGORY II	
Ranges	Allocation
From US\$ 3.000 to US\$ 66.000	100% of the position
Greater than US\$ 66.000	0% of the position

Source: National Public Credit Office

Planning and Finance at 100%, which meant an approximate collection of Bs 12.9 billion. The procedure for awarding the securities is summarized in Table I-1.

INTEREST RATES. In 2010, interest rates declined for the second

Table I-2
Commercial and Universal Banks
Interest Rates by Economic Destination (%)

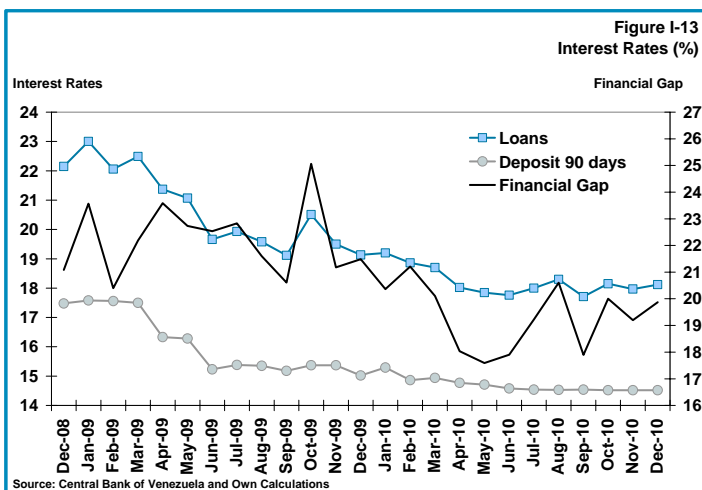
	2009	2010
AVERAGE LENDING RATE	20.7	18.2
Agriculture	12.7	12.3
Industrial	19.4	17.5
Commerce	23.6	21.1
Services	23.4	21.8
Mortgage	15.6	11.0
Transportation	22.9	21.9
Tourism	17.5	15.5
Communication	23.2	20.1
Vehicles	24.8	22.6
Other Private Sectors	23.6	22.4
Mining and Quarries	23.2	20.8
Electricity and Water	23.9	22.6
Credit Cards	29.8	28.6

Source: Central Bank of Venezuela and Own Calculations

consecutive year. The rising trend of the previous three years continued to revert. However, to be noted is that the rate of contraction of interest rates is slightly less during this year, as compared to the year 2009.

Lending rates of Commercial and Universal Banks averaged 18.2% during 2010, a decline by 240 bp in comparison with the average rate of 2009 (25 bp below the decline of 2009). By economic destination, it should be noted that all rates in the various sectors experienced declines. Reductions over the decline of the global rates (240 bp) were: Mortgages¹¹ (-460 bp in comparison with 2009), Communications (-361 bp), Mines and Quarries (-256 bp) and Commerce (-250 bp) (see Table I-2).

Borrowing rates, on the other hand, declined by 132 bp, to reach a 14.7% average at the close of 2010. Therefore, for the period under study, the rates of term deposits averaged 14.7% and that of savings was 12.6%, both barely above the legal minimum of 14.5% and 12.5%



Source: Central Bank of Venezuela and Own Calculations

¹¹ To be noted is that the 2009 difference between the global rate and the rate charged for mortgages (which includes housing policy rates) was a little over 500 bp, while the same difference for 2010 increased notably, to reach 720 bp.



respectively. As a result, the relative financial margin¹² reached an average 19.3% for the period, 300 bp below that for 2009 (22.3%) and the lowest level since 1993 (see Figure I-13).

Real interest rates, both lending (for the ninth consecutive year) and borrowing (for the fifth consecutive year), had negative averages during 2010. The real lending rate was -6.6% (-4.9% in 2009), while the real borrowing rate came to -9.4% (-8.5% in 2009).¹³

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¹² Defined as the difference between lending and reference borrowing rates, in relation to the lending rate.

¹³ To be noted is that negative interest rates in real terms are a stimulus to credit and to the reduction of savings, which means they are to be considered stimulating factors of internal aggregate demand, the expansion of which, all other factors being constant, results in rising prices.

RESULTS OF COMMERCIAL AND UNIVERSAL BANKS SECOND SEMESTER 2010

Banking results for 2010, as for 2009, are mainly explained by the contraction of economic activity, the rising inflation and a slow evolution of monetary liquidity as a response, on the one hand, to the general restriction on open market operations by the BCV, in spite of the reduction of legal reserves, the drop of primary spending in real terms and the reduction in the secondary production of money by way of loans.

LEGAL ASPECTS IN BANKING REGULATION AND SUPERVISION IN 2010

Actions of the regulatory (BCV) and supervisory (SUDEBAN) authorities, were centered, on the one hand, in the administration of interest rates, commissions and tariffs, legal reserves and directed loans.¹⁴ On the other hand, in the process of intervention, restructuring or liquidation of several financial institutions with liquidity and balance problems, although less than in 2009. Also, there was a proposal by the National Assembly of discussing and passing the Law of the Banking Sector towards the end of 2010.

1. LENDING OBLIGATIONS

The principal changes in directed loans were the following:

- a) Farming Sector. Minimum lending obligations for the farming sector went from 21% to 25%¹⁵, with the continued obligation of dedicating a percentage not less than 70% of loans to priority items, and a minimum 10% to medium- and long-term loans. The 13% preferential interest rate for these obligations was not changed.
- b) Housing Sector. Lending obligations remain at 10% of the banks' own resources. However, 58% of this obligation is to be allocated for the purchase of homes, 32% for construction, 6% for remodeling and 4% for self-construction.
- c) Micro-finance Sector. No changes have been made to either the 3% minimum lending obligations or to (non-preferential) rates applied to these credits.
- d) Tourism Sector. These sectorial lending obligations remain at 3% (2.5% for financial institutions other than universal and commercial banks), with a rate reduced from 16% to 15%.
- e) Manufacturing Sector. Percentages of lending obligations are retained for both the gross portfolio of the sector (10%) as well as for the maximum interest rate (19%).

¹⁴ Regulatory and supervisory measures took place mostly during the first semester of the year and have been discussed in the Commercial and Universal Banking Report, First Semester 2010 (Mercantil Banco Universal, 2010). This current report briefly summarizes the measures.

¹⁵ The highest level for the farm portfolio of banks was 22.5%, which was in force from March 1984 to May 1990.

2. INTEREST RATES

During the year, the BCV did not substantially change the financial conditions of the instruments for monetary regulation for either injection¹⁶ or drainage operations.¹⁷ Maximum and minimum limits for both lending, borrowing and preferential interest rates also remained unchanged.

3. LEGAL RESERVES

Legal reserves were reduced from 23% to 20% (October 19, 2010) and later to 17% (October 26, 2010), as a percentage of the increase in deposits with respect to the Reserves Base (July 14, 2006), in preparation for a possible liquidity problem when PDVSA bonds were placed at the end of October, thus avoiding the recurrence of the episodes of severe illiquidity in parts of the banking system due to the issue and placement of the 2022 International Sovereign Bond in August 2010.

4. OTHER FINANCIAL LEGISLATION

4.1 Reform of the Central Bank Law. A partial reform (the fourth in less than 10 years) of the Law of the Central Bank of Venezuela was passed by the National Assembly, with the main objective of improving the procedures for providing liquidity to the system of payments in general and to financial intermediaries in particular. This gives ample faculties to the BCV for regulating the functions and participants in the system of payments, at the same time establishing an annual contribution (similar to those for FOGADE and SUDEBAN) to finance these services by the BCV to financial institutions, of 0.1% to 0.5% of the average assets of the previous year. At the same time, the BCV was authorized to operate with banks so that its capacity to provide financial assistance was increased, both in terms of functions as well as of assets which can be received as guarantees for liquidity injection operations.

4.2. Organic Law of the National Financial System. This legal text replaces the Law of the Public Financial System, delivering to the Senior Authorities of the National Financial System (the Minister for Planning and Finance, the President of the BCV and three board members) the functions of overseeing financial intermediation, directing finances to priority activities (agriculture and food, energy, housing, etc.), and maintaining the appropriate levels of liquidity and solvency and of banking services to communities.

4.3. Rules for the Protection of Users of Financial Services.¹⁸ This legal body determines, in the first place, an improvement of services to bank clients, such as waiting times under 30 minutes, 75% of cashier positions open during the 12pm to 2pm period and 100%

¹⁶ Rates applied to injection operations for terms between 7 and 90 days were left between 19% and 21.5%, while the cost of financial assistance through discount, rediscount, advance and reports remained at 29.5%.

¹⁷ Rates applied to drainage operations for terms of 28 and 56 days remained at 6% and 7% respectively; also unchanged was the maximum limit for the acquisition of CDs and Repos of the BCV by financial institutions based on their net as of November 27, 2009.

¹⁸ These legislations were published on September 13, 2010 in Official Gazette N° 39,508.

open the rest of the time, a complete offer of banking services in offices operating in malls, during weekends, and in national and banking holidays, among others. Secondly, it creates the position of Defender of the Bank Client and User. Thirdly, it regulates several common conditions of bank accounts, such as: a) minimum amount limits for opening and maintaining savings accounts are eliminated; b) dormant accounts may not be automatically inactivated; c) cash deposits assigned by mistake to beneficiaries other than the one indicated by the client are to be immediately reversed; d) information about clients must be updated; bank cards must be replaced within 3 working days, check books must be delivered within less than five working days, as well as any other information that may be requested by the client.

4.4. Law of Institutions in the Banking Sector. Changes include:

4.4.1. Institutions of the Banking Sector become legal persons of public interest.

The law defines the institutions of the Banking Sector (article 8) as of public interest, which means that their services must be accessible, equitable, continued, universal, progressive, non-discriminating and of quality. This definition also permits processes of intervention, liquidation or any other action deemed necessary to be applied to financial institutions and its related companies, to safeguard the general interest and the stability of the financial and payment systems.

4.4.2. Institutions belonging to the Banking Sector

a) The law establishes that only Universal Banks, Micro-financial Banks, Exchange Houses, and Frontier Exchange Operators are members of the Banking Sector under this law, the Constitution of the Republic, the Regulations of the Law of Institutions of the Banking Sector, the Organic Law of the National Financial System, rulings by the National Executive and prudential rulings by the Superintendent of Banking Institutions.

b) Included in the Banking Sector are mutual guarantee societies, capital risk foundations, companies that issue credit and debit cards and other electronic means of payment, companies that transport valuables, automatic tellers, financial lessors and general deposit storehouses; for these, the Superintendent of Institutions of the Banking Sector will issue specific regulations.

c) Financial Institutions of the Communal and Popular Power are excluded from this law and will have special regulations.

d) Existing financial institutions under the form of Commercial Banks, Mortgage Banks, investment banks, development banks, second story banks, money market funds, and savings and loans institutions will submit to Sudeban their Transformation Plan into any of the forms in a) during the first quarter of this year.

4.4.3. Financial Intermediation

Financial intermediation consists in raising funds in any form, and their placement as credits and investments, but now these investments must take place in the form of

securities issued or backed by the State or by State-owned companies, which requires that within one month they must get rid of all other securities.

4.4.4. Social Fund for Contingencies and Other Contributions

a) The law provides for the creation of the Social Fund for Contingencies by means of a cash transfer by Institutions of the Banking Sector to a trust fund, in an amount equivalent to 10% of their equity, through semi-annual 0.5% transfers of said capital until the required percentage is reached. Any increase in equity of banking institutions will require proportional transfers to the fund. This fund will cover payment obligations to workers only when the financial institution is liquidated.

b) A Social Contribution is created for Institutions of the Banking Sector, equivalent to 5% of gross half-year profits before taxes, for financing projects of the Communal Councils or other forms of social organization.

4.4.5. Terms for Credit and Investments in Securities

Short-term credits are all operations under 5 years (3 years in the previous law), including loans for the purchase of vehicles; mid-term credits are those between 5 and 10 years (between 3 and 5 years previously); long-term credits are those longer than 10 years (5 years previously).

4.4.6. The Central Risk Information System

The System of Central Risk Information (*SICRI – Sistema de Información Central de Riesgos*), a database of lending activity of the national banking sector, will only be available to banking institutions for automatic inquiries. Its use is not permitted for the negotiation of loans or for opening any deposit instrument.

4.4.7. Prohibitions to Institutions of the Banking Sector:

a) Loans to finance services or consumer goods in amounts in excess of 20% of the total loan portfolio.

b) Holding assets exceeding 15% of the total assets of the National Financial System.

c) The purchase of obligations of other banking institutions.

d) The inactivation, due to lack of activity, of savings accounts, current accounts and other deposits.

e) Semi-annual payments in the form of special bonuses, premiums and other similar remunerations to presidents, vice-presidents, members of the Board, administrators, advisors, legal consultants and to their spouses or relatives within the fourth degree of consanguinity and the second of affinity, for total amounts exceeding 20% of the transformation costs of the fiscal year.

4.4.8. Protection of Bank Deposits

a) The Fund for the Guarantee of Deposits and Banking Protection (*FOGADE – Fondo de Garantía de Depósitos y Protección Bancaria*) becomes the Fund for the Social Protection of Bank Deposits (*Fondo de Protección Social de los Depósitos Bancarios*).

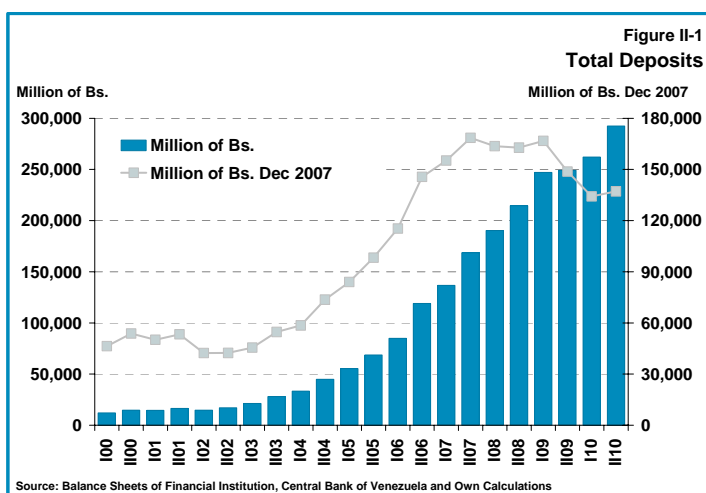
- b) The contributions of institutions of the banking sector to the Fund for the Social Protection of Deposits will not be less than 0.25% and 0.75% of deposits by the public, for public and private institutions of the banking sector, respectively, and will take place through monthly payments of 1/6 of this amount.
- c) These contributions will continue to be booked as institutional expenses.
- d) The non-compliance with contributions will be penalized with fines up to 40% of the contributions not transferred. The board of the banking institution will be fined up to 10% of their total annual remuneration of the immediately preceding year.
- e) The level per deposit guaranteed for any one institution remains at Bs 30,000.

4.4.9. The Supervisory Authority

- a) The Superintendency of Banks and Other Financial Institutions becomes the Superintendency of Institutions of the Banking Sector, as the regulatory and supervisory entity of the National Financial System, with a broad area of supervision subject, however, to the binding opinion of the National Financial System.
- b) The contribution to the Superintendency of Institutions of the Banking Sector will be between a minimum of 0.4% and a maximum of 0.6% of the average assets at the semi-annual closing of each institution.

COMMERCIAL AND UNIVERSAL BANK RESULTS IN 2010

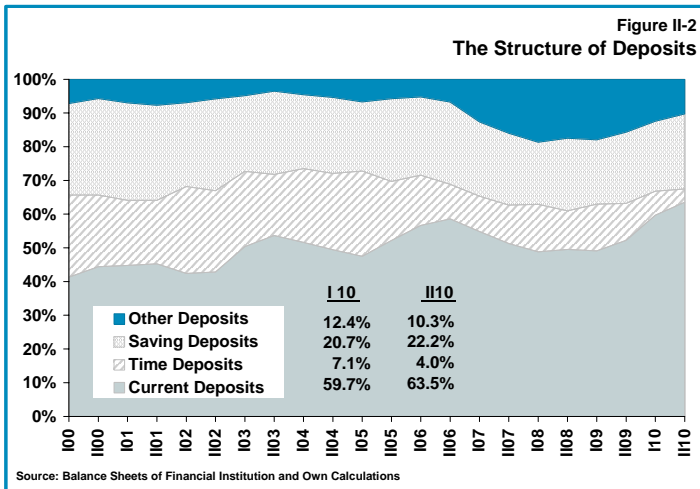
TOTAL DEPOSITS. The moderate expansion of the means of payment caused deposits in the financial system to increase by 17.4% during the year (16% in 2009), with a slow performance through August, by the end of which, bank deposits had barely expanded by 8.9%. By the close of the year, total deposits were Bs 292.360 billion. This nominal variation and the increase of internal prices caused the total deposits in real terms to



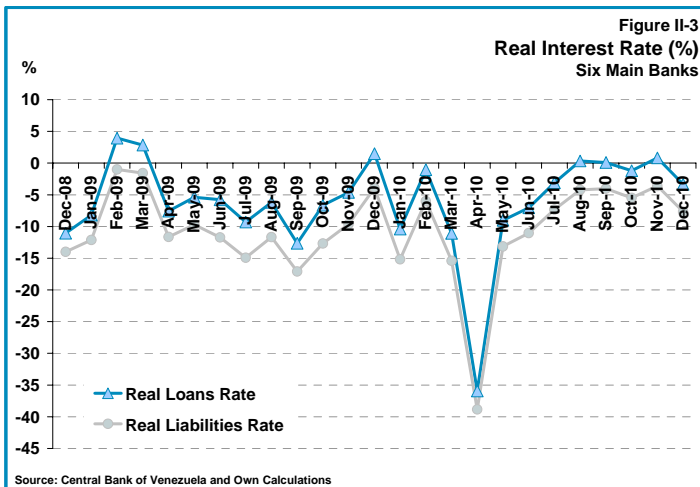
decline, for the third consecutive year, by 7.8% (-3.5% and -8.6% in 2008 and 2009, respectively) (see Figure II-1).

The performance of deposits by type by the close of 2010 reinforces the trend observed since 2005 of redirecting the preference of bank clients towards liquidity. In fact, the relevance of Current Account Deposits within total deposits continued to increase, this time with 1,130 bp of participation when compared with the close of the second semester of 2008, and continue to be the fundamental instrument of fund raising of

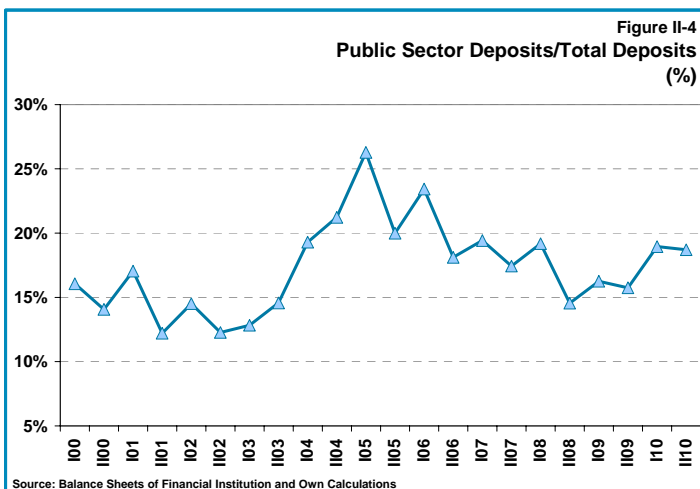
banks (63.5%). The other mainly transactional instrument, namely Savings Deposits,



recovered from a 21.1% participation (IIS-2009) to 22.2% by the close of the second semester of 2010. In contrast, Term Deposits strongly reduced their relevance in total deposits (from 11% to 4% in the same period under study) and Other Deposits reduced their participation in 540 bp (from 15.7% to 10.3%) (see Figure II-2). The preference by the public for transactional instruments is a characteristic phenomenon of economies where inflation causes negative yields in real terms for instruments of financial savings. This is the Venezuelan case, where negative rates in real terms prevail, whatever the type of interest-earning deposit (see Figure II-3).



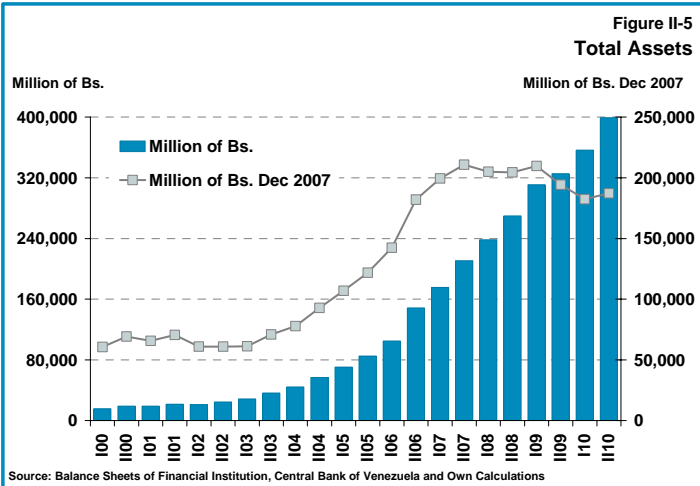
The participation of government deposits increased as a percentage of total deposits of the financial system by the second semester of 2010, from 15.7% in the second semester of 2009 to 18.7% (see Figure II-4), in spite of the moderate expansion in public spending during 2010. However, the participation of this type of deposit is still far from the maximum of the first semester of 2005 (26.3%).



An additional relevant factor is the sustained raise in participation of government banks in the total of the banking system. In terms of total deposits of the banking system, the participation of government banks increased by 550 bp. Government banks went from a 25.5% participation at the close of 2009 to 31% of the total commercial and universal banking system. This growing participation is linked more to the nationalization of Banco de Venezuela and the concentration of deposits of intervened institutions with liquidity and solvency problems in 2009 and 2010, than to an increased financial

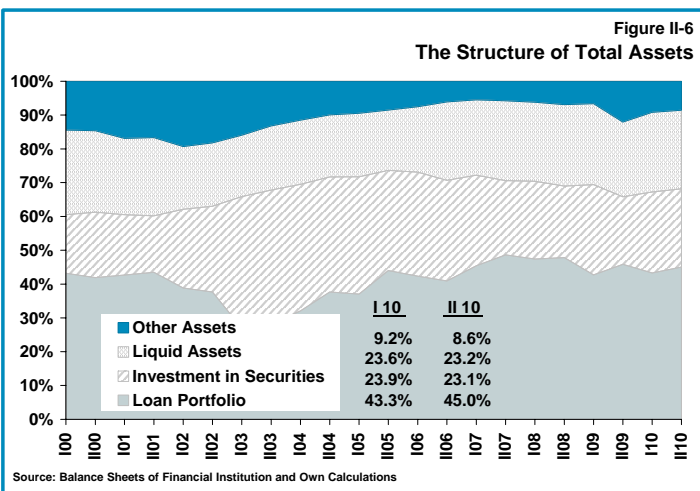
intermediation of this banking component. If the indicator of market participation were the loan portfolio instead, results would be considerably inferior: government banking is

responsible for only 21.4% of total loans, not much more than the 19% of the close of 2009.



ASSETS. Total Assets of Commercial and Universal Banks reached Bs 399.093 billion in the second semester of 2010, a nominal increase of 22.6% in comparison to the close of 2009. After adjusting for inflation, assets were lower for the third consecutive year, this time by 3.7% (see Figure II-5).

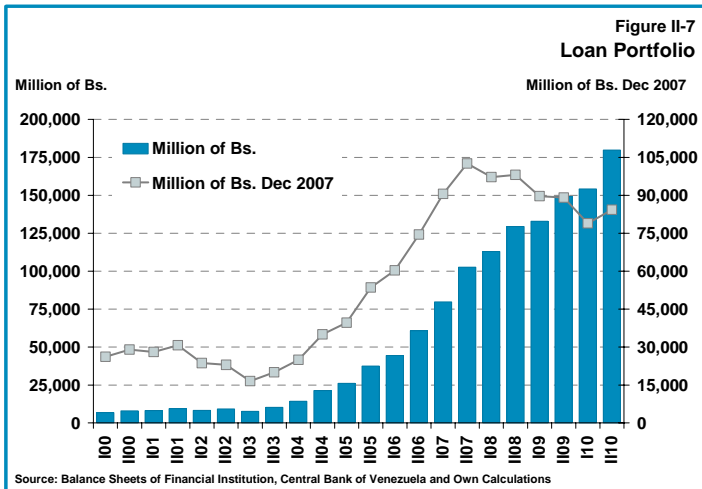
Investment Portfolio (from 20% to 23% in the same period), at the expense of the significance of the other types of assets: the Loan Portfolio (from 45.9% to 45.1%) and Other Assets (from 12.1% to 8.6% in the same period). The Investment Portfolio grew by 42.1% and Availabilities by 29%, which explains the restructuring of Total Assets favoring the first components, in the face of a moderate 20.5% increase of the loan portfolio and a 33% decline in Other Assets (see Figure II-6).



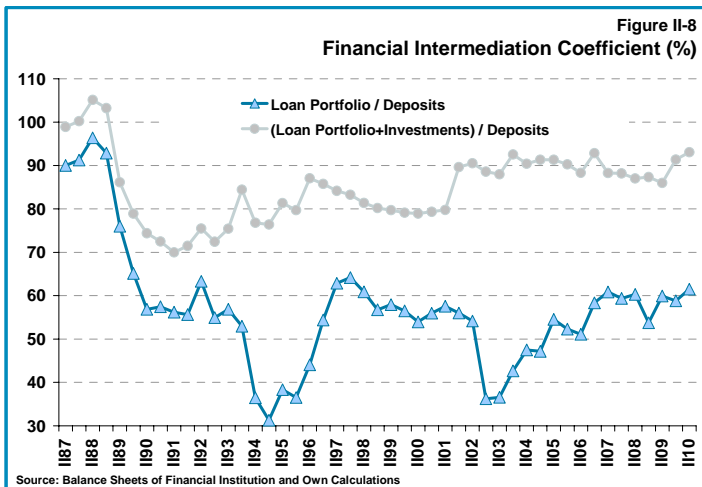
The structure of total assets during the period had some notable changes in comparison with the close of 2009, as the relevance of Availabilities increased (from 22.1% at the close of 2009 to 23.2%) and, mostly, in the Investment Portfolio (from 20% to 23% in the same period), at the expense of the significance of the other types of assets: the Loan Portfolio (from 45.9% to 45.1%) and Other Assets (from 12.1% to 8.6% in the same period). The Investment Portfolio grew by 42.1% and Availabilities by 29%, which explains the restructuring of Total Assets favoring the first components, in the face of a moderate 20.5% increase of the loan portfolio and a 33% decline in Other Assets (see Figure II-6).

The distribution of market participation of assets by origin of ownership, that is, as private or public banking, reproduces the trend described in the previous section on the behavior of deposits: there is a marked and sustained progress in the size of the public financial sub-system. Public banking assets expanded during the year by 55.1% (157.8% in 2009) which, in the face of an 11% growth of the private component, explains the notable increase in market participation of public banks, which has caused an almost four times increase of its importance in over a decade since its 6.4% minimum of July 1998.

Evolution of Credit. The net loan portfolio of universal and commercial banks closed 2010 at Bs 179.790 billion, 22.6% over the closing level of 2009. Credit, therefore,

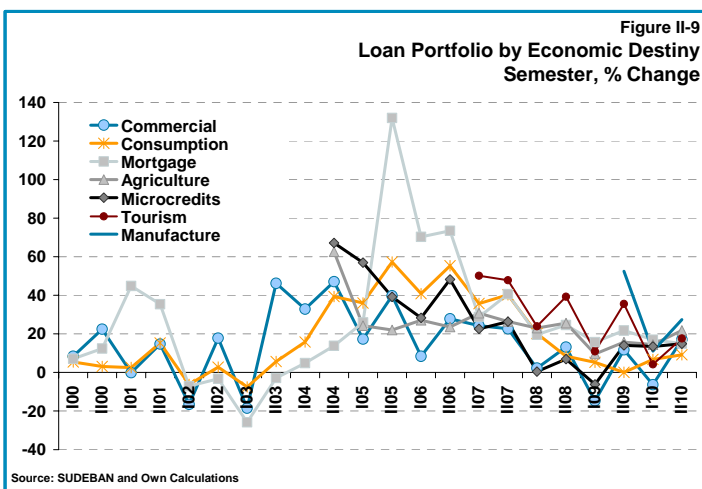


accumulates 15 consecutive semesters of growth in nominal terms¹⁹ although loans have been steadily shrinking since 2008 (see Figure II-7).



After adjusting the loan portfolio for inflation, in real terms loans declined for the third consecutive year, this time by -5.4% (-4.4% and -9.2% in 2008 and 2009, against a positive variation by 37.7% in the same period of 2007). This new reduction in the leverage effect on the economy diminished the volume of real loans at the close of 2010 below the level of the first semester of 2007 and almost 17.8% below the recent peak in the volume of credits real terms recorded in the second semester of 2007.

The co-evolution of deposits and placements during the year caused the basic financial intermediation coefficient (loan portfolio/deposits) to increase by 160 bp, from 59.9% at the close of 2008 to 61.5% at the close of 2010. This is one of the highest observed intermediation coefficients since the 1990s, with minimum values of about 36% in 2003. The expanded financial intermediation coefficient (investments in securities + loan portfolio/deposits), on the other hand, grew by 710 bp, going from 86% at the close of 2009 to 93.1% a year later, due to the important growth of the bank securities portfolio (see Figure II-8).

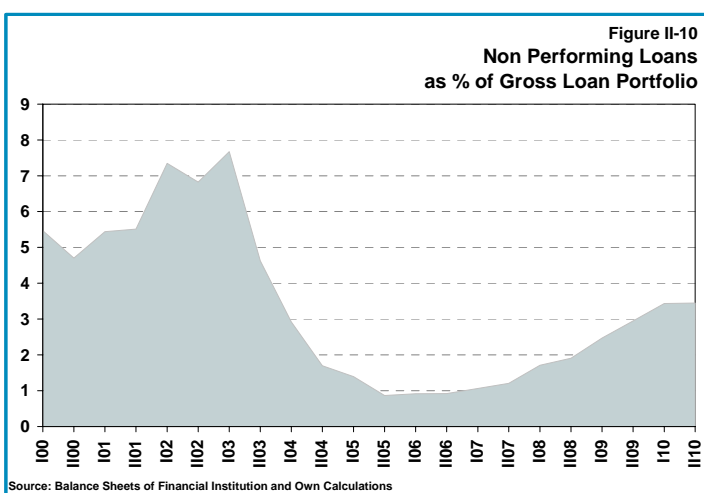


Structure of Credit. According to SUDEBAN's classification, the distribution of the loan portfolio by economic destination, which separates loans into commercial, consumer, mortgages, manufacturing, micro-credit, farming and tourism, had the following structure during 2010. To begin with, the largest growth of

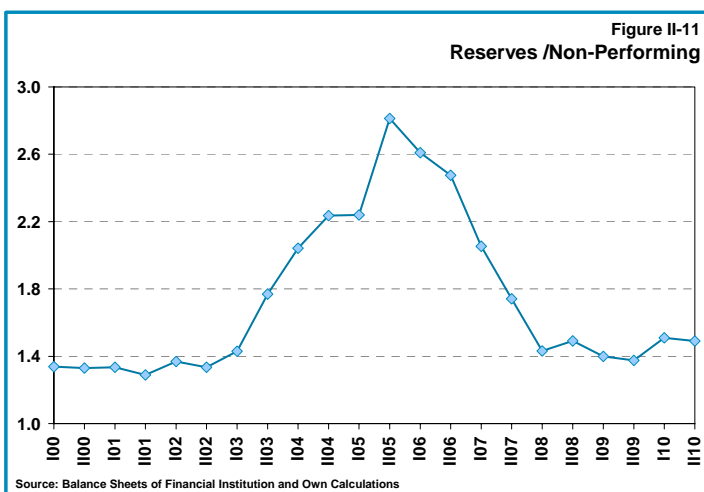
¹⁹ The gross loan portfolio in nominal terms has declined since the first semester of 2002.

the portfolio by destination was 39.4% for farm credits (26.8% in 2009), followed by mortgage loans which increased by 34.5% (40.8% in 2009), micro-credits by 30.4% (7% in 2009) and manufacturing by 41.5%. In contrast, consumer credits (which include vehicle loans, credit cards and other consumer credits) barely changed by 16.5% (5.3%), with commercial loans at the lowest variation rate of 9.7% (-4.7% in 2009) (see Figure II-9). Commercial loans are still individually the heaviest in the gross loan portfolio, with a 34.8% (38.7% at the close of 2009), followed in order of importance by consumer credits with 20.4% (21.3% at the close of the second semester of 2009), farm with 16.7% (14.6% in the same period of 2009), mortgages with 14.5% (vs. 13.2% in 2009) and manufacturing with 8.6% (7.4% in 2009). Micro-credits with 3.1% (2.9% in

2009) and Tourism with 1.9% (same as in 2009) remain sectorial destinations with lower specific weight in the total portfolio.



Quality of Credit. For the ninth consecutive semester, the quality of the loan portfolio again declined by the close of 2010 to a 3.4% level, 50 bp above the relation between the total Performing Loans and Loans In Litigation as a percentage of the Gross Loan Portfolio at the close of 2009 (see Figure II-10). This moderate deterioration in portfolio quality made financial institutions dedicate enough provisions to confront it, to the point that said provisions rose by 54.4% from December 2009 to December 2010, increasing the Coverage Index (as a coefficient between Provisions and the sum of Performing Loans and Loans in Litigation) from 1.38 at the close of 2009 to 1.49 by December 2010 (see Figure II-11).



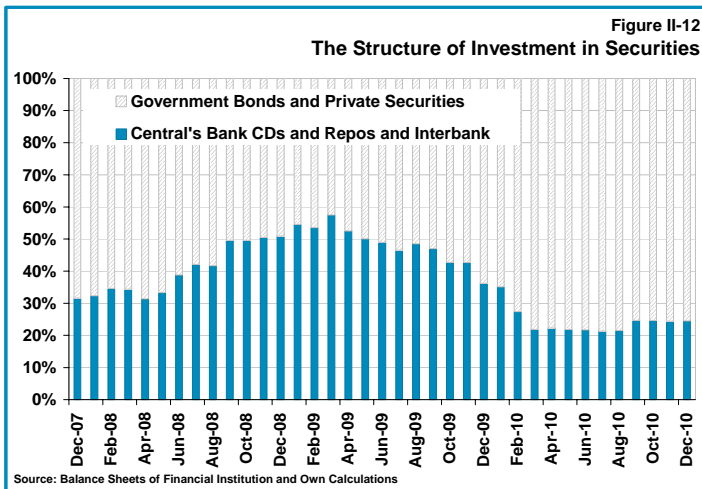
Investments. The commercial and universal banking investment portfolio of securities closed last year at Bs 92.310 billion, 42.1% above the closing level of 2009. As total assets of the system grew by

22.6%, participation in the Investment Portfolio rose by 320 bp (from 20% to 23.1%), still far below the historical maximum of 29.6% (2003). In real terms, the investment portfolio and the availabilities were the only two assets to have a nominal growth above inflation for a positive change in real terms by 11.6% and 1.3% respectively. The main indicator of

liquidity (Availabilities/Total Deposits) reached a high level of 31.7% at the close of the period (28.9% at the close of 2009).

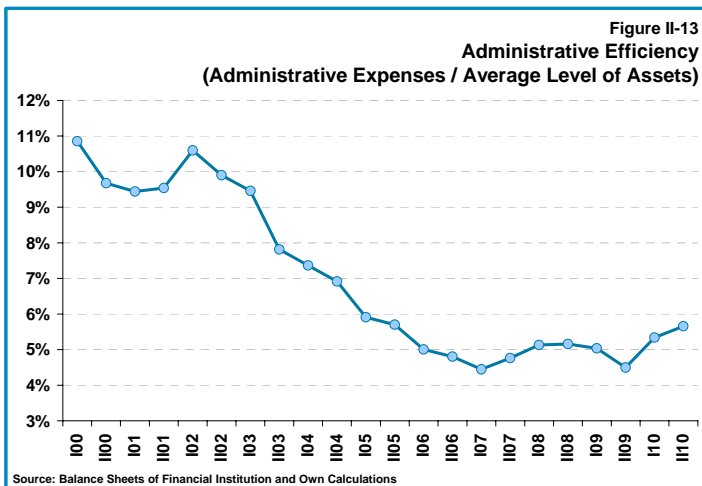
The composition of the investment portfolio, which includes BCV placements, inter-bank operations and other investments (Treasury Bills, DPN Bonds and Private Securities), a new structure has been observed during

2010, favoring other investments to the detriment of BCV instruments which have reduced their importance during the year, from a 36.3% of Total Investments in Securities to a mere 24.5%, as a consequence of the limits on balances that financial institutions may maintain in the form of drainage instruments (Certificates of Deposit and Repos), as established by the BCV at the end of 2009. On the other hand, other investments in securities increased from 63.7% to 75.5% during the same period (see Figure II-12).

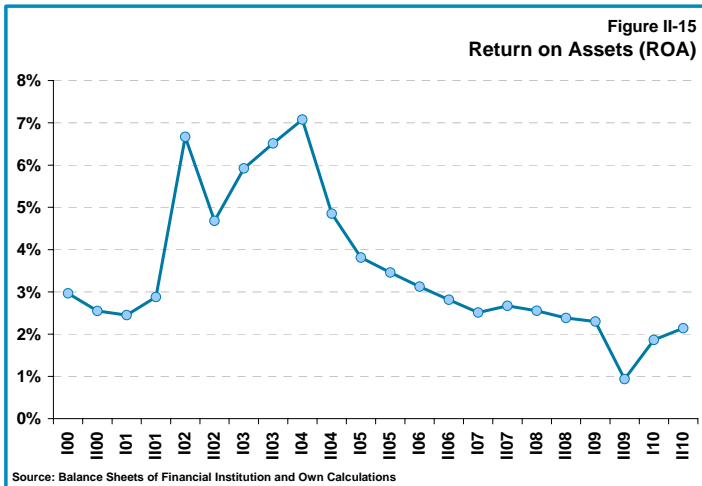
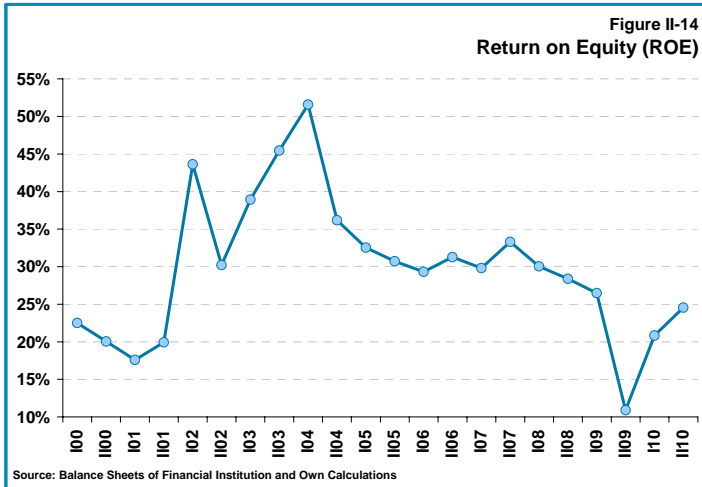


CAPITALIZATION INDICES. Capital balances of banks improved at the close of 2010 when the Capital Solvency Indicator (SUDEBAN), weighted for risk, rose to 9.6% (9.1% at the close of 2009), after a slight reduction during the second semester in comparison with the observed value at the close of the first (10.4%), but remaining, as usual, above the minimum levels established by the BCV.

ADMINISTRATIVE EFFICIENCY. The operational management of banks deteriorated during 2010, partly as a result of inflation and also due to the new banking regulations which had a negative effect on costs of the sector. Transformation costs (general and administrative, personnel and contributions to FOGADE and SUDEBAN) grew by 43.3% during the year (10.4% during 2009), a variation far above both the observed rate of inflation for the period as well as over the 22.6% growth of Total Assets. Therefore, one of the basic efficiency indicators, such as the Transformation Expenditures as a percentage of Total Assets (not including ceded investments) grew from 4.5% (at the close of 2009) to 5.7% (at the close of 2010), the highest level since the second semester of 2005 (see Figure II-13).



PROFITABILITY INDICATORS. Bank profitability improved considerably when compared to the lower results of the system at the close of 2009, due to a financial margin of about



69.8% (the highest level on record since 2004). This development of the financial margin is due, in part, to the 110 bp fall in the yield of financial assets from an annual average of 16.2% to 15.1%, caused by the reduction from 20.5% to 19.4% in the implied yield of the credit portfolio, and from 9.2% to 7.3% in the yield of the Investment Portfolio of Securities (including Ceded Investments). However, the cost of deposits declined by 192 bp (from 6.5% to 4.6%), explaining the improvement in the financial margin. Given these financial results and the evolution of transformation costs, total assets and equity, profitability indicators reversed their declining tendency for the first time since the second semester of 2008. The ratio of Liquid Profits over Average Assets (ROA) averaged 2% during the year (1.6% in 2008) and Liquid Profit over Equity (ROE) was 22.8% vs. an average of 18.2% in 2009 (see Figures II-14 and II-15).

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COMMERCIAL AND UNIVERSAL BANKS
Main Indicators

	YEARS					SEMESTERS						
	2006	2007	2008	2009	2010	II 2007	I 2008	II 2008	I 2009	II 2009	I 2010	II 2010
Intermediation Indexes												
Basic: Loan Portfolio / Deposits ^{1/}	54.5%	60.9%	60.3%	59.9%	61.5%	60.9%	59.4%	59.9%	53.8%	59.9%	58.8%	61.5%
Amplified: (Loan Portfolio+Investments) / Deposits ^{1/}	91.3%	88.2%	87.0%	86.0%	93.1%	88.2%	88.2%	86.4%	87.3%	86.0%	91.4%	93.1%
Liquidity												
Liquid Assets / Total Deposits ^{1/}	22.1%	29.6%	30.0%	28.9%	31.7%	29.6%	29.3%	30.2%	30.1%	28.9%	32.1%	31.7%
Liquid Assets / Deposits	23.4%	35.2%	36.4%	34.3%	35.4%	35.2%	36.1%	36.7%	36.7%	34.3%	36.7%	35.4%
Liquid Assets / (Demand+Saving Deposits)	28.8%	40.8%	42.2%	39.4%	37.0%	40.8%	43.6%	42.6%	44.2%	39.4%	39.9%	37.0%
(Liquid Assets+Investment in Securities) / Total Deposits ^{1/}	58.9%	57.0%	56.7%	55.0%	63.3%	57.0%	58.1%	56.7%	63.7%	55.0%	64.7%	63.3%
Loan Portfolio Quality												
Non-Performing Loans / Gross Portfolio Loans	0.9%	1.2%	1.9%	2.9%	3.4%	1.2%	1.7%	1.9%	2.5%	2.9%	3.4%	3.4%
(Overdue+In Litigation+Restructured Loans) / Gross Portfolio Loans	1.3%	1.5%	2.3%	3.7%	4.6%	1.5%	2.0%	2.2%	3.2%	3.7%	4.5%	4.6%
Reserves / Gross Portfolio Loans	2.4%	2.1%	2.8%	4.1%	5.1%	2.1%	2.4%	2.8%	3.5%	4.1%	5.2%	5.1%
Reserves / Non-performing	2.81	1.74	1.49	1.38	1.49	1.74	1.43	1.47	1.40	1.38	1.51	1.49
(Overdue+In Litigation Loans-Reserves) / Net Portfolio Loans	-1.61	-0.91	-0.94	-1.15	-1.78	-0.91	-0.76	-0.92	-1.02	-1.15	-1.85	-1.78
Capitalization and Equity												
(Equity + Operating results) / Total Assets	11.6%	8.7%	8.9%	8.6%	8.8%	8.7%	9.0%	8.9%	9.2%	8.6%	9.8%	8.8%
(Equity + Operating Results) / (Total Assets + Ceded Investment) Average	8.9%	8.2%	8.7%	8.6%	8.8%	8.2%	8.7%	8.7%	9.1%	8.6%	9.7%	8.8%
Solvency Indicator (SUDEBAN) ^{2/}	11.2%	9.2%	9.0%	9.1%	9.6%	9.2%	9.4%	9.0%	9.6%	9.1%	10.4%	9.6%
Investment in Securities+Ceded Investment / Equity	5.16	3.27	2.62	2.40	2.64	3.27	2.96	2.60	3.02	2.40	2.50	2.64
Administrative Efficiency												
Personnel Expenses / (Total Assets + Ceded Investment) Average	2.1%	2.1%	2.3%	2.2%	2.3%	2.1%	2.3%	2.4%	2.4%	2.1%	2.3%	2.4%
General and Administrative Expenses / (Total Assets + Ceded Investment) Average	2.4%	2.1%	2.4%	2.2%	2.4%	2.2%	2.5%	2.3%	2.3%	2.1%	2.3%	2.5%
Personnel Expenses + General and Administrative Expenses / (Total Assets + Ceded Investment) Average	4.5%	4.2%	4.8%	4.4%	4.7%	4.4%	4.7%	4.7%	4.6%	4.1%	4.6%	4.8%
Administrative Cost / (Total Assets + Ceded Investment) Average	4.9%	4.6%	5.1%	4.8%	5.5%	4.8%	5.1%	5.1%	5.0%	4.5%	5.3%	5.7%
Profitability												
Implicit Yield on Financial Assets (A)	10.1%	12.4%	18.2%	16.2%	15.1%	13.6%	17.4%	18.8%	18.4%	14.4%	15.4%	14.9%
Implicit Yield on Portfolio Loans (A)	16.2%	17.3%	22.8%	20.5%	19.4%	18.0%	22.2%	23.2%	22.6%	18.7%	19.8%	19.0%
Portfolio Yield: (Securities + Ceded Investment)	5.5%	6.4%	9.9%	9.2%	7.3%	6.9%	8.9%	10.5%	11.3%	7.4%	7.4%	7.3%
Cost of Deposits (B)	3.8%	4.0%	7.1%	6.5%	4.6%	4.4%	6.2%	7.8%	7.4%	5.7%	5.0%	4.2%
Average Relative Financial Margin: (A-B)/A	62.4%	67.5%	60.9%	60.0%	69.8%	67.7%	64.1%	58.4%	59.7%	60.5%	67.4%	71.9%
Return on Equity (ROE)	30.4%	31.7%	29.2%	18.2%	22.8%	33.3%	30.0%	28.7%	26.5%	10.9%	20.8%	24.6%
Return on Assets (ROA)	2.9%	2.6%	2.5%	1.6%	2.0%	2.7%	2.6%	2.4%	2.3%	0.9%	1.9%	2.1%
Liquid Returns / (Assets + Ceded Investment) Average (ROA)	2.4%	2.3%	2.4%	1.6%	2.0%	2.5%	2.4%	2.3%	2.3%	0.9%	1.9%	2.1%

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 one-year terms. 2/ Since May 2006, the Solvency Index is calculated as (Equity + 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.

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

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	(Thousands of Bs.)	Cash + Cash Inflows Dec-10	% Change Dec-10/ Dec-09	Total Investments/ Dec-10	% Change Dec-10/ Dec-09	Loans Portfolio Dec-10	% Change Dec-10/ Dec-09	Total Assets Dec-10	% Change Dec-10/ Dec-09	Demand Deposits Dec-10	Savings Deposits Dec-10
1	Venezuela (Universal Bank)	17,471,206	87.7	9,942,286	41.8	21,379,476	36.2	52,999,470	59.7	32,681,975	10,006,983
2	Banesco (Universal Bank)	17,345,428	49.4	4,790,075	(20.0)	27,653,659	21.6	52,087,243	20.9	28,240,616	8,444,732
3	BBVA Provincial (Universal Bank)	12,370,525	47.6	8,804,680	30.9	25,058,712	39.2	48,225,190	39.4	22,009,408	8,831,857
4	Mercantil (Universal Bank)	10,911,754	19.5	7,514,322	22.0	26,587,273	31.1	46,105,782	26.3	24,579,548	13,213,485
5	Bicentenario (Universal Bank)	3,493,486	0.2	25,762,714	294.0	8,713,582	25.0	43,341,914	51.1	13,438,910	4,066,647
6	Occidental de Descuento (Universal Bank)	4,257,013	(7.9)	4,666,790	17.5	12,572,040	19.7	25,603,006	13.0	10,280,569	2,841,264
7	Exterior (Universal Bank)	3,349,294	11.3	1,425,667	138.0	9,928,609	37.0	15,111,350	35.7	6,560,876	1,927,411
8	Del Tesoro (Universal Bank)	169,651	(91.8)	7,834,898	30.5	3,399,923	146.7	13,983,756	30.1	5,338,252	339,283
9	Industrial de Venezuela (Universal Bank)	2,373,843	193.5	9,577,156	76.3	865,617	7.0	13,908,048	90.7	6,317,930	1,903,450
10	Bancaribe (Universal Bank)	2,933,169	14.4	1,590,626	31.2	8,781,889	43.6	13,794,030	33.7	5,069,135	2,503,615
11	Corp Banca (Universal Bank)	1,982,997	(13.6)	1,902,963	336.6	7,501,016	10.0	12,300,185	21.2	4,347,808	1,479,679
12	Nacional de Crédito (Universal Bank)	2,194,317	21.9	1,268,329	(12.2)	4,704,948	12.9	8,660,360	9.7	3,956,755	1,187,305
13	BFC - Banco Fondo Común (Universal Bank)	2,287,412	28.4	842,014	(45.2)	2,982,226	5.0	7,212,421	9.2	2,977,387	2,475,123
14	Venezolano de Crédito (Universal Bank)	2,418,019	83.9	1,587,264	5.1	2,813,795	32.5	6,927,704	36.8	4,485,299	668,436
15	Caroni (Universal Bank)	1,089,145	(29.2)	1,986,617	39.8	1,697,448	(12.7)	5,370,063	1.0	2,460,058	1,281,775
16	Agrícola de Venezuela (Universal Bank)	359,735	37.0	1,132,497	91.7	3,244,356	12.0	5,033,507	24.5	906,028	95,454
17	Citibanca (Universal Bank)	1,182,789	(10.0)	1,460,767	(1.0)	1,426,232	51.7	4,225,296	10.5	2,808,642	228,117
18	Piazza (Commercial Bank)	962,391	29.3	42,947	(61.9)	2,156,074	33.2	3,242,220	28.9	1,483,949	1,001,378
19	Softitasa (Universal Bank)	754,643	14.2	734,513	44.0	1,555,324	22.7	3,159,038	24.3	1,447,281	743,824
20	Bancoro (Universal Bank)	98,650	(90.8)	1,680,179	(13.5)	1,115,126	(46.8)	3,044,782	(44.1)	771,412	243,052
21	Del Sur (Universal Bank)	521,008	12.2	756,861	42.1	1,132,946	4.4	2,538,740	15.2	933,237	728,506
22	Guayana (Commercial Bank)	776,190	88.9	550,950	116.5	874,392	(23.0)	2,459,377	24.1	1,555,971	415,011
23	Banco Soberano (Commercial Bank)	1,853,885	19,050.9	5,950	(92.3)	157,738	(2.8)	2,118,583	659.5	7,356	3,640
24	Activo (Commercial Bank)	621,508	62.7	351,737	6.0	720,310	28.7	1,779,221	33.2	1,082,869	49,823
25	100% Banco (Commercial Bank)	319,029	30.3	294,306	174.2	753,463	26.3	1,509,533	39.1	860,020	221,420
26	Bancoex (Commercial Bank)	31,353	237.8	540,406	(5.7)	643,206	39.3	1,237,580	15.4	-	-
27	Banplus (Commercial Bank)	270,810	28.3	137,739	14.1	614,470	10.4	1,136,752	17.0	487,190	63,114
28	I.M.C.P (Commercial Bank)	94,395	2.0	110,182	(60.5)	44,684	36.7	411,323	(9.2)	270,994	5,485
29	Bancrecer (Micro-enterprise Bank)	70,317	(39.0)	134,487	48.2	182,439	58.5	399,991	16.1	169,612	115
30	Banqente (Micro-enterprise Bank)	21,372	49.2	465	(97.9)	311,458	56.0	351,398	41.8	75,554	18,874
31	The Royal Bank of Scotland (Commercial Bank)	87,049	(38.0)	149,790	(40.6)	4,083	(92.0)	246,444	(45.7)	-	-
32	Mi Banco (Micro-enterprise Bank)	41,938	59.8	14,012	(40.5)	78,118	(12.2)	155,776	(6.6)	19,574	4,315
33	Banco Internacional de Desarrollo (Universal Bank)	11,946	(83.6)	53,099	(52.0)	48,412	(8.3)	142,857	(41.3)	38,713	2,254
34	Ban Valor (Commercial Bank)	26,320	(87.9)	22,752	(96.4)	43,170	(90.7)	127,763	(90.7)	50,206	5,040
35	Exportación y Comercio (Commercial Bank)	8,112	(25.2)	70,223	209.8	12,648	6.9	92,923	97.7	4,394	-
36	Bancamiga (Micro-enterprise Bank)	7,251	34.4	-	-	30,941	42.6	49,680	41.5	-	18,759
	Total Commercial Bank + Universal Bank	92,767,951	29.0	97,740,263	36.3	179,789,803	20.5	399,093,306	22.6	185,717,528	65,019,228

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

In January 2010 following banks were liquidated: Banco Real (Micro-enterprise Bank) and Baninvest (Investment Bank)

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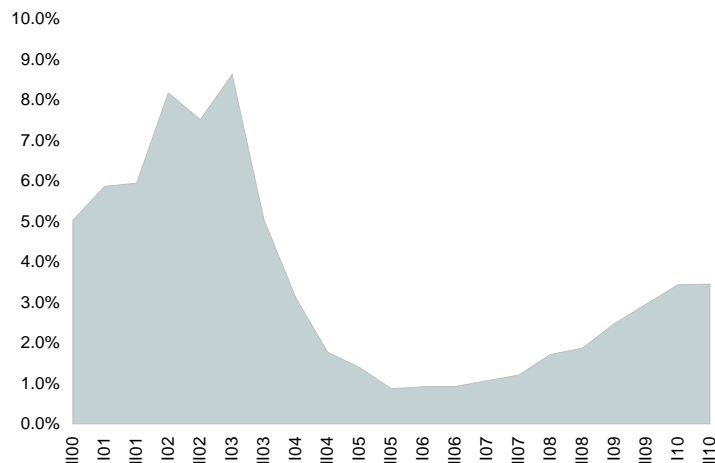
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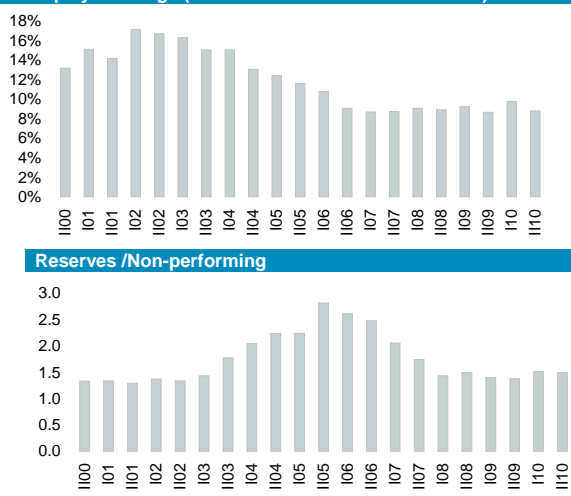
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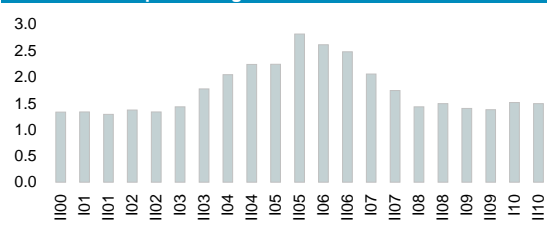
Non-Performing Loans / Net Loan Portfolio



Equity / Average (Total Assets + Ceded Investments)



Reserves / Non-performing



Source: Balance sheets of Financial Institutions and Own Calculations



Term Deposits Dec-10	Total Deposits Dec-10	% Change Dec-10/ Dec-09	Equity Dec-10	Interest Income Dec-10	Interest Expenses Dec-10	Gross Financial Margin Dec-10	Other Income/ Dec-10	Transformation Costs Dec-10	Net Income Dec-10	
96,815	42,785,773	76.5	4,013,777	2,519,769	888,130	1,831,640	819,427	1,185,622	624,359	(Thousands of Bs.F)
10,580	36,695,928	37.3	4,234,873	2,986,246	793,859	2,192,386	811,503	1,856,002	503,483	Venezuela (Universal Bank) 1
38,060	30,879,325	36.3	5,055,550	2,657,443	645,880	2,011,563	979,608	1,141,327	783,249	Banesco (Universal Bank) 2
460,716	38,253,749	32.1	4,583,202	2,567,199	861,098	1,706,101	1,335,103	1,314,883	918,824	BBVA Provincial (Universal Bank) 3
275,992	17,781,549	0.1	2,590,079	1,337,493	545,365	792,128	210,994	644,299	89,428	Mercantil (Universal Bank) 4
959,674	14,081,507	19.1	2,077,672	1,654,620	958,359	696,261	287,516	747,879	127,615	Bicentenario (Universal Bank) 5
17,706	8,505,993	22.3	1,273,935	895,640	252,720	642,920	222,701	389,012	350,221	Occidental de Descuento (Universal Bank) 6
2,192,179	7,869,714	25.0	695,385	538,133	173,730	364,403	256,329	269,439	101,556	Exterior (Universal Bank) 7
1,102,085	9,323,465	48.2	704,786	310,122	234,707	75,415	161,462	421,270	20,379	Del Tesoro (Universal Bank) 8
320,307	7,893,057	15.5	1,191,201	908,084	262,622	645,462	212,135	404,774	276,214	Industrial de Venezuela (Universal Bank) 9
2,353,603	8,181,090	37.2	1,019,594	780,845	465,334	315,512	169,843	333,771	52,507	Bancaribe (Universal Bank) 10
1,483,047	6,627,107	22.7	747,410	510,412	240,022	270,390	126,648	267,098	45,757	Corp Banca (Universal Bank) 11
355,795	5,808,305	16.6	617,341	371,678	233,152	138,526	170,274	225,356	44,137	Nacional de Crédito (Universal Bank) 12
-	5,153,735	37.3	774,566	294,859	45,119	249,740	100,610	208,607	149,713	BFC - Banco Fondo Común (Universal Bank) 13
346,435	4,088,268	1.3	552,260	297,310	112,014	185,296	59,512	188,612	32,709	Venezolano de Crédito (Universal Bank) 14
-	1,001,482	53.8	573,351	118,190	22,859	95,331	29,405	114,122	9,247	Caroni (Universal Bank) 15
12,376	3,049,135	16.4	654,472	212,891	17,590	195,300	48,794	157,748	58,198	Agrícola de Venezuela (Universal Bank) 16
292,935	2,778,262	28.2	276,723	218,866	89,184	129,682	19,024	94,935	34,698	Citibank (Universal Bank) 17
9,568	2,200,673	25.1	278,296	193,139	88,821	104,318	60,231	140,012	7,035	Plaza (Commercial Bank) 18
314,617	1,329,081	(60.4)	336,488	132,717	103,981	28,736	28,816	68,562	(19,015)	Sofitasa (Universal Bank) 19
-	1,661,743	22.0	276,928	167,202	71,258	95,945	38,648	99,943	16,657	Bancoro (Universal Bank) 20
95,941	2,066,923	34.5	228,359	137,047	55,984	81,064	16,467	88,832	1,019	Del Sur (Universal Bank) 21
18	11,014	-	269,718	47,883	13,924	33,960	308	62,617	2,565	Guayana (Commercial Bank) 22
267,118	1,399,810	82.0	188,979	96,377	31,591	64,785	46,425	71,720	12,076	Banco Soberano (Commercial Bank) 23
181,722	1,263,162	74.6	106,960	101,551	31,196	70,355	39,754	72,210	18,145	Activo (Commercial Bank) 24
-	-	-	1,111,247	38,885	1,113	37,773	31,493	33,961	6,539	100% Banco (Commercial Bank) 25
233,789	784,093	40.6	96,383	86,107	38,024	48,083	34,125	51,698	7,794	Bancoex (Commercial Bank) 26
2,639	279,118	(28.5)	31,651	11,816	1,952	9,864	2,001	9,482	188	Banplus (Commercial Bank) 27
2,608	172,335	102.7	41,299	28,085	9,652	18,434	13,133	30,547	798	I.M.C.P (Commercial Bank) 28
66,220	160,648	124.1	41,519	31,419	7,743	23,676	29,480	42,308	4,887	Bancrecer (Micro-enterprise Bank) 29
-	-	(100.0)	158,825	9,724	298	9,426	14,243	15,292	(11,573)	Bangente (Micro-enterprise Bank) 30
104,635	128,524	82.8	13,771	15,952	8,719	7,233	4,528	20,764	(9,893)	The Royal Bank of Scotland (Commercial Bank) 31
-	40,967	20.8	94,902	7,965	420	7,544	2,249	5,178	2,198	Mi Banco (Micro-enterprise Bank) 32
26,194	81,440	(87.9)	24,553	27,799	26,414	1,386	9,347	34,259	(163,544)	Banco Internacional de Desarrollo (Universal Bank) 33
-	4,394	(73.1)	78,564	4,703	55	4,648	830	3,128	2,424	Ban Valor (Commercial Bank) 34
-	18,759	(15.0)	5,964	3,070	1,873	1,197	2,776	9,886	(6,334)	Exportación y Comercio (Commercial Bank) 35
11,623,374	262,360,128	25.0	35,020,582	20,321,241	7,134,760	13,186,481	6,395,740	10,825,158	4,094,262	Bancamiga (Micro-enterprise Bank) 36
										Total Commercial Bank + Universal Bank

*/ Other Income: Income from Financial Assets Recovered + Other Operating Income + Extraordinary Income

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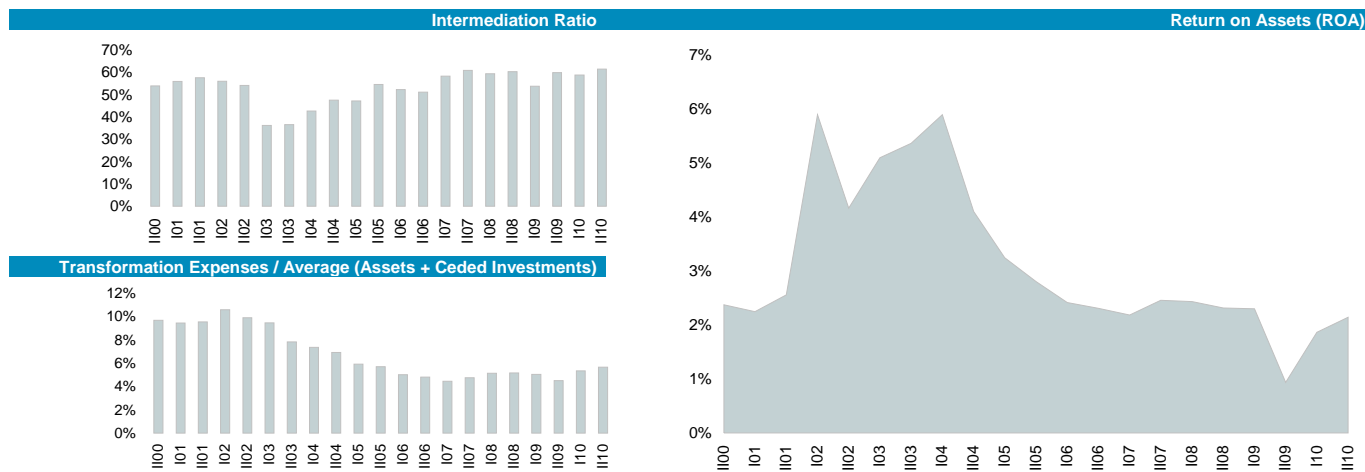
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