

**Banks
Venezuela
Special Report****Venezuelan Banks: Review and
Outlook****Analysts**

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Related Research

- *Bank Systemic Risk Report, Oct. 21, 2008*
- *2009: A Year of Reckoning for Latin American Banks, Feb. 5, 2009*

Executive Summary

A deceleration of fiscal spending since 2007, recently exacerbated by the significant drop in oil prices from their peak as a consequence of the world crisis; a variety of measures to reduce liquidity in the local economy to curb inflation pressures; and banks' constraints in regards to minimum regulatory capital ratios have resulted in a decline of gross loan in real terms in 2008. During March 2008, the Central bank modified such trend on its monetary policy and announced a reduction on interest rates, while a decrease on the cash reserve requirement is not out of the table. Despite government control over interest rates, the sizable share of consumer loans and the overall larger loan portfolio have been able to compensate for the more than proportional increase in funding costs, hence improving the net-interest-margin (NIM) ratio although it is still lower than historical levels. However, the expected more modest growth of the loan portfolio, recent interest rates measures and pressures on funding costs can erode such gains and reduce the system's capacity to cope with growing administrative and credit costs. Going forward, stricter cost controls will be necessary in times when loan loss provisions will continue to grow. Impaired loans have grown steadily since 2005 although from very low levels, a trend that might accelerate as economic activity slows and loan growth remains more modest. At year-end 2008, the past-due-loans-to-total-loans ratio increased to 1.9% (2.3% including restructured loans), higher than posted in the last four years. Loan loss reserves increased slightly to just 2.8% of total loans, but are still low considering the unseasoned nature of the portfolio and the inherent volatility of the Venezuelan economy. Due to lower cash dividends, a more moderate increase in assets and regulatory capital adequacy constraints, the system was able to improve its capitalization levels, with the equity-to-assets ratio increasing to 8.6% at year-end 2008 (2006: 7.0%) and the free capital-to-banking-assets ratio to 6.0%. Current capital levels are considered low given the inherent volatility of the economy. There are several banks that barely comply with local capital rules and others that are actually operating below such limits. The low overall reserve levels and limited upside for profits have highlighted the need for a more conservative capital policies.

Prospects

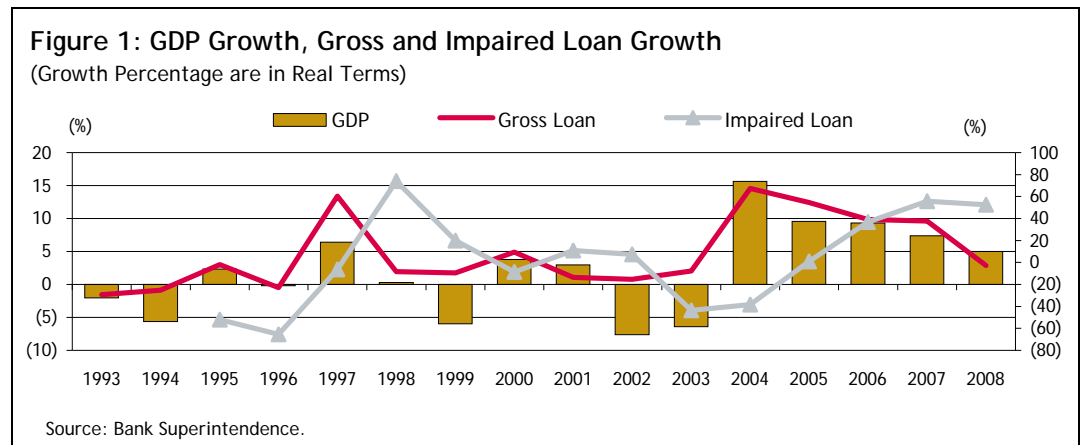
Going forward, Fitch Ratings expects that negative rating changes could be triggered from a significant deterioration of asset quality metrics and/or by a sustained decrease in capital ratios considering lower expected profitability. As an additional concern, it is possible that exacerbated government interference could weaken even more banks' financial flexibility and performance. Fitch expects that the aforementioned pressures could persist, an aspect that is incorporated into the currently low individual and issuer default ratings (IDRs) of Venezuelan banks. While banks' management has a history of adapting to rapid change in the Venezuelan market (which explains some banks' Outlook changes to Stable from Negative during 2008), their flexibility is increasingly limited by existing and prospective controls on their activities, and balance sheet integrity has been weakened by sustained and relatively unprofitable growth of lending activities.

- The Venezuelan economy has deepened its dependence on oil prices.
- Economic activity is weakening as public spending is limited under the current oil price environment.
- Negative gross loans growth in real terms for the first time since 2003.

Economic Environment

Fiscal deficits, balance-of-payments behavior and economic growth in Venezuela have been traditionally tied to oil prices, a dependence that has grown in recent years. In this context and as a result of the oil windfall, Venezuela’s five-year GDP average growth reached 10.5% in 2008, one of the highest average growth rates among non-investment grade sovereigns. It is noteworthy that oil revenues traditionally have an important multiplier effect in Venezuela, which has increased in recent years due to greater availability of bank financing and the omnipresence of the government in the economy. The fiscal sustainability is completely reliant on the performance of the oil sector and considerably reducing the room for countercyclical fiscal measures. Under these considerations, the significant drop in oil prices from its peak as a consequence of the world crisis, the stagnation of oil exports (due in part to commitments to uphold its quota limit as a member of the Organization of Petroleum Exporting Countries [OPEC]), a high level of imports to cope with shortages of basic products due to the negative effect of price, production controls over the industry in a weak legal framework, a decline in private sector investment and high inflation levels will all result in a negative trend in the Venezuelan economy going forward. As can be seen in Figure 1, bank lending, and asset quality metrics are highly correlated to the country’s economic cycles, pointing towards a sharp drop in loan growth and pressure on asset quality going forward as the economy slows. With balance sheets weakened by a period of sustained growth without the profitability to keep capital growing apace, the tougher economic environment could add more pressure on the performance of Venezuelan banks and could negatively affect their ratings.

According to Fitch’s Bank Systemic Risk methodology, the MPI indicator of “2” (1 to 3 scale) indicates a moderate vulnerability of the Venezuelan banking system to the existence and severity of a set of macroeconomic circumstances that has been shown to anticipate a majority of past systemic banking crises. Venezuela was moved to MPI 2 from MPI 1 on March 2007 as a consequence of a rapid growth of the private-credit-to-GDP ratio and the real exchange rate appreciation above their long run trends. This loan growth has not, however, translated into improved profitability to the financial sector, and the growth has significantly pressured the once strong capitalization indicators of Venezuelan banks, resulting in a weak Banking System Indicator (BSI) of “D” (A to E scale), which measures intrinsic quality or strength of banks driven by the average of the Individual ratings assigned by Fitch.



The global financial crisis’ effects on the Venezuelan banking system have been mostly limited due to the existence of the following key factors: low presence of global banks

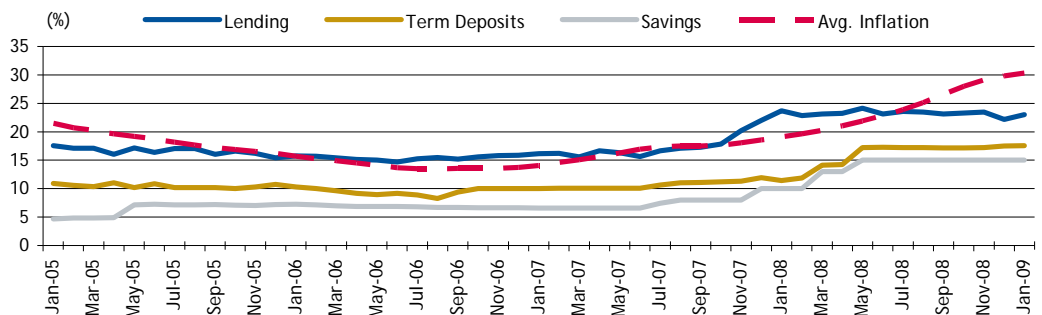
- A new currency is circulating since January 2008
- Higher inflation expectations remain unchanged.

that have been struggling recently; lack of international funding when the global credit market shrunk; strict foreign exchange controls that curb capital outflows; and the investment portfolio concentrated mostly Venezuelan government debt, without holdings of “toxic assets”.

A deceleration of fiscal spending since 2007 and a variety of measures to reduce liquidity in the local economy (which has been mostly driven by high cash reserve requirements) have resulted in a decrease of 3% in real terms of liquidity in 2008, after posting an average increase of approximately 32% during the 2003–2006 period. Despite recent monetary measures, liquidity growth is expected to remain negative in real terms going forward, somewhat hindering the loan portfolio size and the liquidity levels among all the market participants (with significant asymmetries among individual banks) of the Venezuelan banking system. Negative interest rates in real terms would be the rule - similar to what has been shown in most of the period since 2005 - due to continued government intervention in the interest rates market through the imposition of floors and ceilings (as well as a differentiated interested rates scheme for compulsory and non-compulsory loans), stringent foreign exchange control and expected higher levels of inflation. On March 2008, the Central bank announced a reduction on interest rates, being that interest rates for savings and time deposits decreased in 1 percentage point to 14% and 16%, respectively, while the maximum lending rate was decreased to 26% (31% for credit cards). Further possible government adjustment on interest rate floors and ceilings cannot be ruled out and could narrow the current spreads of Venezuelan banks even more.

- A highly stringent monetary policy and some fiscal initiatives have severely restricted monetary liquidity in an attempt to curb inflation.
- Negative real interest rates will remain due to government controls, foreign exchange controls and high inflation levels.

Figure 2: Interest Rates
(Annual Nominal Percentage)



Source: Cental Bank.

Despite the fact that the government reformed minor issues of the banking law (reformed previously in 2001) under the Enabling Law granted by the National Assembly in August 2008, the expectation of further, potentially more significant, reforms still remains in the government agenda. During 2007 and 2008, most of the regulatory amendments were related to changes in the interest rates’ maximums and minimums, fees and commissions control, size, composition and specific requirements of the compulsory lending, cash reserve requirements, new operational requirements regarding debit and credit cards services, among others, and more limitations to the banking activity in general. Further government intervention that could negatively affect the performance of banks could trigger a ratings downgrade and cannot be ruled out going forward. Fitch will continue to assess the possible effects on the banking system as a whole and on the issuers’ ratings.

In 2008 the change in the currency to “bolivar fuerte” (BsF) or “strong bolivar” (which is arrived at by dividing prevailing currency at year-end 2007 by 1,000) was enacted in an attempt to curb inflation. Nevertheless, the lack of complementary measures and

- Deep reform of the banking law still remains in the agenda.
- Further government intervention could trigger ratings downgrades on some issuers.

the negative expectations about the exchange rate and shortages of product and services have resulted in an even higher inflation level. Inflation expectations for 2009 are even less favorable than 2008 (approximately 30% or higher) despite the government's forecast of low double-digit inflation. In addition, since 2005 the government has left the official exchange rate unchanged at BsF2.15 per U.S. dollar, keeping a wide spread with the extremely volatile parallel market, which is used as a reference for price formation, resulting in higher inflation pressures. Future changes in this key price cannot be ruled out under the scenario of a significant decrease in oil receipts.

Bank Performance

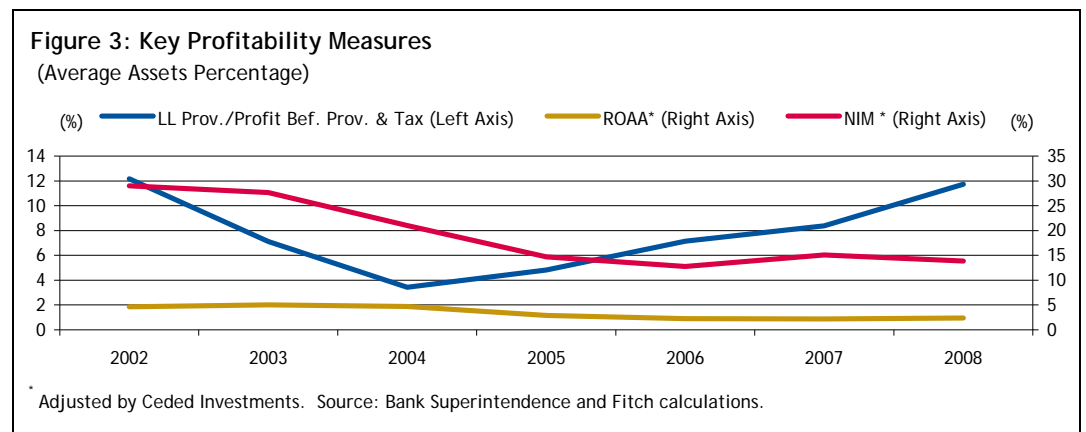
- Slightly improved spreads and some cost dilution sustained profits.
- Loan loss provisions will continue to increase.
- Low-income diversification, control over interest rates and fee income hinder banks' earnings capacity.

The financial results presented in this section refer to the consolidated banking system. Such figures are provided by the Venezuelan Bank Superintendence. Assets figures are adjusted including Ceded Investments (managed funds, presented by the regulator as an off balance sheet item), therefore, the adjusted asset figure is used accordingly for the presentation of some financial ratios (such as profitability, capitalization, among others).

Mainly as a consequence of a less vigorous business growth, the Net Interest Revenue (NIR), principal income of the Venezuelan banking system (2005–2008: 71% average of total income), registered a lower increase of 36% in nominal terms during 2008 compared to the last two years (+54% in average). This downward trend is expected to continue given the environment of lower loan growth and possibly higher funding costs. However, the slight upturn in lending rates that occurred in the last quarter of 2007, the sizable share of consumer loans and the overall larger loan portfolio have been able to compensate for the rapid increase in funding costs, hence improving the NIM (NIR to average assets ratio) for the second year in a row up to 6.59% at year-end 2008, but still lower than historical levels (2002–2004: 10.36% average). However, an expected negative loan growth in real terms (especially in the most profitable loans), affected by a less favorable economic scenario, and a further government intervention regarding interest rates and compulsory lending controls, can erode such gains and reduce the system capacity to cope with growing administrative and credit costs. According to that, NIM levels will remain tight given the relatively higher and increasing burden of operating costs for Venezuelan banks (cost to average managed funds of 5.55% for 2008). It is worth mentioning that under the assumption of a more moderate asset growth and still-strong inflationary pressures, this ratio can deteriorate under the absence of strong cost control policies. Contrary to last year and despite the increased volume in transactions, fee income was reduced to 16% because of more controls on fees charged to credit cards (27% of total fee income). Given the tight control on fees, banks will face enormous challenges to expand this revenue source in 2009.

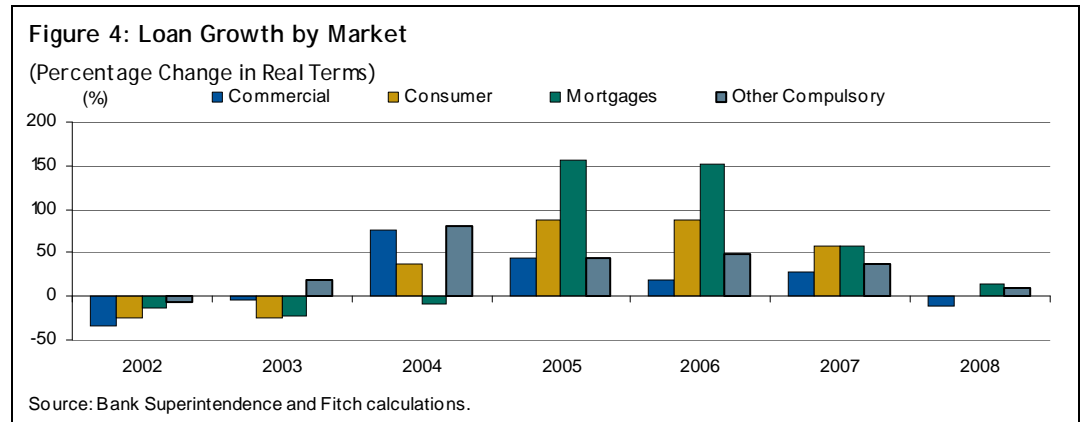
During 2008, trading income posted a better result compared to 2007, mainly due to a higher concentration in investment portfolio of relatively steady central bank instruments (31% of the total investment portfolio compared to 19% in 2007). As such, the lower burden of trading losses on central government debt resulted in an improvement (+54%) of other operating income. In the last three years, operating costs have grown 37% on average, a trend that could keep its pace going forward because of higher inflationary pressures (not necessarily captured in official price indexes) as well as some rigidity in the Venezuelan labor law and other legal requirements. Going forward, a more comprehensive cost control policy would be required to preserve profitability in times when loan loss provisions will keep its upward trend. On the other hand, credit costs are increasing rapidly, not only as a result of the increase of the past due portfolio, but also given the new dimension of the loan portfolio as a percentage of

assets (2002: 38%, 2008: 48%). During 2008 loan loss provisions increased by 101%, representing a relatively high 29% of the profit before provisions and taxes, a level similar to the one observed in the last economic downturn in Venezuela in 2002. It is worth mentioning that given the new size of the portfolio, the expected deterioration of loans and the limited revenue sources of Venezuelan banks, this ratio can easily increase in the short term, severely limiting the profitability of the system. A devaluation of the BsF could reap one-time gains for many banks, as most hold long foreign exchange positions; while these potential gains could help offset some of the above-mentioned pressures on performance, they are far from certain and not recurring income. A higher share of non-taxable income derived from government securities has resulted in a lower tax burden for Venezuelan banks in 2008 (10% of the pretax profit) compared to 2007 (13% of the pretax profit), but it is still higher than the average for the 2002–2006 period of 5%. In general, the system banks' ROAA (adjusted by ceded investments) barely remained above 2%, well below its historical average (2002–2004: 4.79%). Going forward, more astringent cost controls will be necessary to prevent a severe deterioration in efficiency and other performance ratios in times when loan loss provisions will trend upward and government intervention is expected to remain high. Despite the moderate deterioration of these systemic performance ratios, they disguise often significant drops in profitability at several banks, weakening further these banks' capacity to absorb further asset quality deterioration.

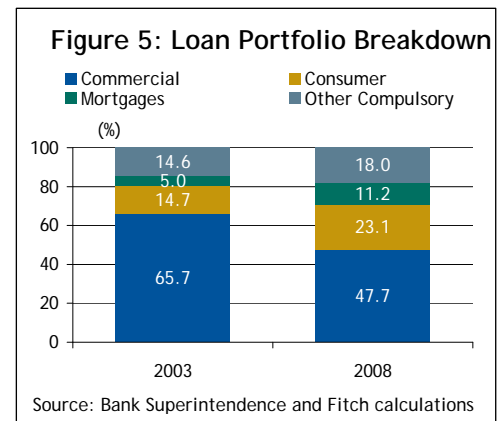


- First year of negative loan growth since year 2003.
- Commercial loans participation has been declining and instead compulsory lending increasing.
- Asset quality ratios continue its deterioration in 2008, and this trend may remain going forward.
- Overall reserves remain low.

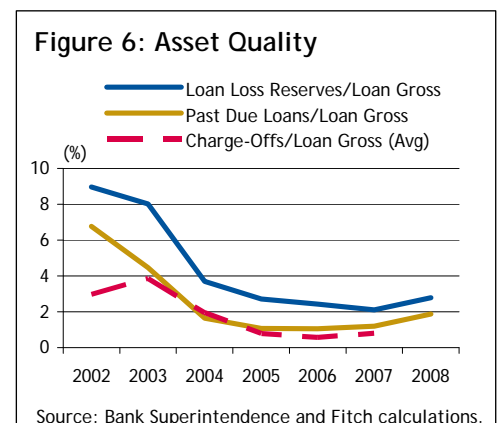
The strong trend in loan growth observed since 2004 came to an end (2004–2007 average: +48.9% p.a. in real terms) as exhausted capital bases, limited liquidity and lower economic activity mixed together and resulted in a lower demand and supply of loans. Also, the strategy to limit lending in a less benign operating environment followed by some participants resulted in lower loan expansion. Thus, during 2008 commercial loans decreased 11% in real terms and consumer loans remained almost flat (–1%) as can be seen on the next page in Figure 4, a trend that will continue going forward. Despite their negative trend, mortgage and other compulsory lending portfolios (agribusiness, manufacture, microfinance and tourism loan portfolios) will likely keep growing derived by complex mandatory rules, unsatisfied housing market demand and banks' efforts to comply with regulatory directed lending minimums.



Consumer and all compulsory lending (including mortgage loans) were the center of the loan growth during the 2004 to 2007 period, resulting in a change of the profile of the portfolio in terms of quality, maturities and inherent exposures. As such, a steady reduction of the participation of loans to large corporate and small- and medium-sized companies has decreased their share of exposure to an historical low (see Figure 5). Thus, commercial loan participation is expected to remain at its current level, while consumer lending could decline as a consequence of a less favorable economic environment. Compulsory lending will keep its relative upward trend, not only because of its inertial growth, but also due to persistent adjustments (increasing minimum requirements or including new compulsory lending for a specific economic sector) that are anticipated to be made to the regulatory framework that rules this market. This also occurred in 2008 when total compulsory lending (including mortgages) went up to 47% of the total loan portfolio (21% for agribusiness, 10% mortgages, 10% manufacture, 3% microfinance and 3% tourism) from 37% after the inclusion of a new compulsory portfolio (manufacturing). All of the above factors may result in higher pressures to the structural maturity mismatch of the system, which is characterized by fairly short-term funding and an increasing share of medium- and long-term loans.



Impaired loans have shown a steady increasing trend since 2005, albeit from very low levels, a trend which Fitch expects will continue going forward; slumping loan growth and a larger share of still seasoning, higher risk loans in the loan mix could contribute to a sharp increase in growing impaired loans. Additionally, as a consequence of the oil revenues plunge, several industries that provide goods and services to the oil industry have seen their growth negatively affected, while some bottlenecks in the national oil company (PDVSA) have resulted in cash flow limitations that can further affect these suppliers and



creditors. Also, the asymmetries and inefficiencies of the foreign exchange control are affecting the financial position of several sectors that are heavy users of foreign currency and are, in turn, resulting in asset quality problems for Venezuelan banks. At year-end 2008, past due loans more than doubled, while the past due loans to total loans ratio increased to 1.9% (2.3% including restructured loans), higher than at any point in the last four years. Loan loss reserves increased slightly to just 2.8% of total loans, but are still low considering the unseasoned nature of the portfolio and the inherent volatility of the Venezuelan economy. As stated in previous analyses, considering the changes on the risk profile of the loan portfolio, its new expanded size, the lower revenue sources of the system and the decreased capital cushion, Venezuelan banks should expand its loan loss reserves more rapidly in order to cope with the expected deterioration of the loan portfolio.

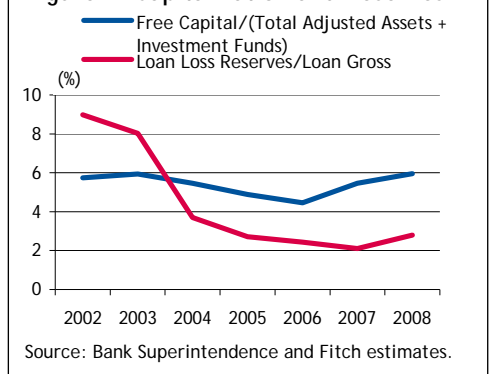
Historic, ample liquidity ratios common to Venezuelan banks have been steadily eroding given the strong long expansion and the tight monetary policy applied by the central bank. Also, the government's practice of shifting its deposits among banks - increasingly in favor of state-owned banks - was particularly harmful to the liquidity of several small and medium sized banks; an increasing concentration of excess liquidity among the system's larger banks has also added to liquidity pressure in the system, with no clear approach to liquidity assistance being provided by authorities. Some punctual illiquidity situations have arisen and have been solved not only by central bank injections of temporary liquidity but also by interbank lending provided by some of the largest banks to some middle to small banks, solutions that are not always available in the long run. A decision by the government to further concentrate the still significant deposits left with the private banks into the state-owned banks could further accentuate the illiquidity of the system. Nevertheless, the pace of those transfers is still uncertain. The barrier to capital flight imposed by the foreign exchange controls helps Venezuelan banks to cope with the structural maturity mismatch. Nevertheless, the aforementioned liquidity decrease is becoming a concern for banks with significant deposit concentrations. As mentioned before, given the fairly limited exposure of Venezuelan banks to foreign interbank lending, its almost complete isolation from the international capital markets and the benefits of the foreign exchange controls, Venezuelan banks have not been exposed to liquidity pressures observed in the region.

A more conservative cash dividend payout explained by current limitations imposed by the regulator, a slight recovery of profitability and a more moderate increase in assets caused a reversal of the downward trend in capital ratios during 2007 and a slight improvement during 2008, but these are still significantly below historical averages. As such, the system's equity-to-assets ratio stood at 8.6% (including investment funds), while the free-equity-to-assets ratio (subtracted from both components' fixed and foreclosed assets and investment in subsidiaries and affiliates) increased to 6.0%. Nevertheless, both levels are still below the two-digit historical average

of the late 1990s and early 2000s. This situation is exacerbated by the expected reduction in profits and the need for a more conservative provisioning policy. During 2007, several banks engaged in relatively small issuances of subordinated instruments aimed at strengthening their regulatory capital base. Nevertheless, while those issuances are identified as Tier 2 capital by the local regulator, given their relatively short term and no interest deferral in case of stress, according to Fitch's methodology,

- Capital ratios stagnated and are considered tight to confront unexpected losses.
- Several players barely comply with minimum regulatory capital guidelines, while others are currently under some kind of regulatory forbearance.
- A more conservative capital policy is needed to enhance the first line of defense for unexpected losses.

Figure 7: Capitalization and Reserves



they do not carry any equity credit (for more information, please see Fitch's special report, "Equity Credit for Hybrids & Other Capital Securities," published on June 25, 2008, at www.fitchratings.com). During 2008, the local regulator released a new set of requirements for banks' hybrid instruments issuances that have limited its possibilities to be used as a mechanism to strengthen its capital ratios, therefore a decrease of Tier 2 capital is expected in the mid-term. This trend in capital ratios and the fact that overall loan reserves are at historical lows have highlighted the need for a more conservative capital policy among Venezuelan banks in order to enhance their first line of defense for unexpected losses. Worth mentioning, is the fact that that several entities are barely above the minimum regulatory capital (11 institutions out of 59 at year-end 2008) or in some cases experiencing some kind of regulatory forbearance in terms of capital ratios (20 institutions); even more when these regulatory ratios are significantly benefit from low-risk weighting of government exposure, often the largest asset on the banks' balance sheets. So far the government has maintained a wait-and-see position regarding this forbearance, and so far the regulator has just requested that banks submit adjustment plans aimed at returning them to regulatory compliance. Nevertheless, it is not possible to forecast if additional measures (clearly outlined in the Banking Law and that can result even in the intervention of banks that operates with capital levels below the regulatory requirements) would be applied more strictly going forward, resulting in a significant operating risk to those institutions. In Fitch opinion, a lack of consistent enforcement of prudential regulations aimed at safeguarding bank/system, solvency, could raise systemic risks significantly.

Outlook and Prospects

After a five-year GDP average annual growth of 10.5%, one of the highest average growth rates among non-investment grade sovereigns, the Venezuelan economy is expected to show a negative trend in its economy, explained mainly by the significant drop in oil prices from its peak as a consequence of the world crisis. Therefore, as a consequence of the world crisis, a variety of measures to reduce liquidity in the local economy in order to curb inflation pressures, and banks' constraints in regards to minimum regulatory capital ratios suggest loan growth in real terms will continue with its negative trend, while a conservative risk control measure that consider the distorted set of interest rates and compulsory lending can also reduce loan expansion. In addition, an expected negative loan growth in real terms (especially in the most profitable loans) affected by a less favorable economic scenario, pressures on the funding cost, higher loan loss provision needs due to more negative asset-quality ratios and a further government intervention regarding interest rates and compulsory lending controls can erode current low profitability ratios and reduce the system's capacity to cope with growing administrative and credit costs.

Under this scenario and given the current low capital and reserve levels, Venezuelan banks confront significant challenges to deal with an expected downturn of the economy. This will continue unless higher profits or a more prudent capitalization policy replenish the system's capital base in the absence of a currency devaluation, an old way to produce quick, sizable gains for Venezuelan banks.

During 2008, Fitch affirmed individual and issuer default ratings of Venezuelan banks and changed the Outlooks to Stable from Negative of some Venezuelan banks that, in general terms, have demonstrated their capability to cope with the high government intervention environment in banking activity and preserve or enhance their capital bases. Going forward, Fitch expects that negative rating changes could be triggered by a sustained decrease in capital ratios considering the lower expected profitability and also in case it is observed a significant back turn on its asset quality metrics. As an

additional concern remains the possibility of an exacerbated government interference on the banking business, that could weaken banks' financial flexibility and performance even more.

Key Financial Figures

(VEB/USD Mil., Years As of Dec. 31)

	Banking System		Banescos		Banco de Venezuela		Banco Mercantil		Banco Provincial	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Total Assets ^a (VEB)	278,271,785	231,244,278	38,146,865	30,308,223	25,980,540	24,677,932	31,426,248	24,777,436	28,348,031	21,916,861
Total Assets ^a (USD)	129,610	107,706	17,768	14,117	12,101	11,494	14,637	11,540	13,204	10,208
Gross Loans (VEB)	136,072,446	107,063,672	18,944,724	16,446,463	14,895,763	13,084,614	15,800,691	12,703,023	15,754,189	13,311,149
Past Due Loans ^b (VEB)	3,096,960	1,565,194	348,906	144,506	209,906	91,031	171,745	88,443	170,587	129,951
Loan Loss Reserves (VEB)	3,794,280	2,257,589	363,944	203,729	243,438	202,744	462,289	270,503	421,193	311,579
Equity (VEB)	24,566,320	18,009,984	2,929,840	2,149,530	2,501,696	1,916,578	2,708,877	2,091,272	2,931,207	2,169,488
Net Income (VEB)	6,080,064	4,580,355	767,487	694,636	1,048,800	699,408	820,956	534,951	1,098,841	811,169
NIM ^a (%)	6.5	6.0	6.0	5.5	6.5	6.6	7.1	7.1	8.0	8.2
Op. Profit/Assets ^a Ave. (%)	2.7	2.6	2.5	2.6	5.0	3.8	3.4	3.1	5.4	5.0
Cost/Assets ^a Ave. (%)	5.5	5.0	6.0	5.0	5.7	4.6	6.4	6.4	5.7	4.9
Cost/Income (%)	59.4	60.2	64.4	63.0	46.8	50.5	58.5	64.6	44.7	43.7
ROAA ^a (%)	2.4	2.2	2.3	2.3	4.2	3.0	3.0	2.4	4.5	4.4
LL Provisions/Profit										
Before Taxes and Prov (%)	29.3	21.0	27.3	13.2	26.9	17.5	26.4	11.7	23.6	21.0
LL Reserves/Loan Gross (%)	2.8	2.1	1.9	1.2	1.6	1.6	2.9	2.1	2.7	2.3
LL Reserves/Impaired Loans ^b (%)	122.5	144.2	104.3	141.0	116.0	222.7	269.2	305.8	246.9	290.7
Impaired Loans ^b /Gross Loans (%)	2.3	1.5	1.8	0.9	1.4	0.7	1.1	0.7	1.1	1.0
Equity/Assets ^a (%)	8.6	7.8	7.9	7.1	9.9	7.8	9.0	8.4	10.3	9.9
Free Equity/Assets ^a	5.9	5.5	5.5	4.9	8.6	6.7	7.2	6.8	9.2	8.6
Individual Rating	NA		D/E		D		D		D	
Long-Term Issuer Default Rating (IDR)	NA		B		B+		B+		B+	
Long-Term National Rating	NA		A-(ven)		AA(ven)		AA(ven)		AA(ven)	
Rating Outlook (O) or Watch (W)	NA		Negative O		Evolving W		Stable O		Stable O	
	BOD		Bancaribe		Banco Exterior		Venezolano de Crédito			
	2008	2007	2008	2007	2008	2007	2008	2007		
Total Assets ^a (VEB)	18,424,228	15,723,240	8,416,015	7,034,864	8,562,974	5,743,319	4,656,428	4,013,950		
Total Assets ^a (USD)	8,581	7,323	3,920	3,277	3,988	2,675	2,169	1,870		
Gross Loans (VEB)	8,105,570	5,246,513	4,323,815	3,783,009	5,467,582	3,969,854	1,845,139	1,699,769		
Past Due Loans ^b (VEB)	105,201	90,747	50,950	26,265	31,699	9,903	17,726	10,872		
Loan Loss Reserves (VEB)	150,483	116,196	91,679	76,565	102,862	76,660	28,906	22,521		
Equity (VEB)	1,140,529	977,287	673,972	492,083	709,817	496,273	444,498	323,332		
Net Income (VEB)	166,029	142,947	129,163	127,641	312,917	170,871	228,065	162,343		
NIM ^a (%)	4.1	4.3	6.0	6.2	9.0	8.3	9.8	7.1		
Op. Profit/Assets ^a Ave. (%)	0.9	1.0	1.8	2.2	5.5	4.6	6.5	5.1		
Cost/Assets ^a Ave. (%)	5.1	4.3	6.5	6.1	5.1	4.2	6.1	5.3		
Cost/Income (%)	79.2	77.5	66.5	67.9	45.2	42.6	48.1	49.7		
ROAA ^a (%)	1.0	1.0	1.8	2.0	4.4	3.3	5.3	4.6		
LL Provisions/Profit										
Before Taxes and Prov (%)	26.0	19.2	36.6	22.6	8.8	18.2	2.2	5.8		
LL Reserves/Loan Gross (%)	1.9	2.2	2.1	2.0	1.9	1.9	1.6	1.3		
LL Reserves/Impaired Loans ^b (%)	143.0	128.0	179.9	291.5	324.5	774.1	163.1	207.1		
Impaired Loans ^b /Gross Loans (%)	1.3	1.7	1.2	0.7	0.6	0.2	1.0	0.6		
Equity/Assets ^a (%)	6.4	6.2	8.8	7.0	8.3	8.6	9.8	8.1		
Free Equity/Assets ^a	4.5	4.5	2.9	2.1	7.4	7.9	8.9	7.2		
Individual Rating	D/E		D/E		D		D			
Long-Term Issuer Default Rating (IDR)	B-		B		B+		B+			
Long-Term National Rating	BBB-(ven)		A-(ven)		AA-(ven)		A+(ven)			
Rating Outlook (O) or Watch (W)	Stable O		Negative O		Negative O		Negative O			

^aAdjusted by Ceded Investments. ^bAdjusted by restructured loans. NA – Not Available
Source: Banking Superintendence, Banks Audited Information and Fitch Calculations

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