

## **Fitch Upgrades Banco Mercantil's Individual Rating to C/D**

24 Nov 2004 11:17 AM (EST)

---

Fitch Ratings-Caracas-November 24, 2004: Fitch Ratings, the international rating agency, has upgraded the individual rating of Banco Mercantil to 'C/D' from 'D'. Fitch also affirms the following ratings for Banco Mercantil:

--Long-term foreign currency 'B+' (Rating Outlook Stable);

--Short-term foreign currency 'B';

--Long-term local currency 'B+';

--Short-term local currency 'B';

--Support '5'.

The bank's national long-term and short-term ratings have also been affirmed at 'AA(ven)' and 'F1(ven)', respectively. The rating action reflects Banco Mercantil's consistent performance in the past few years, despite the economic and political turmoil in Venezuela, which only until recently has seen some improvements. The bank's ratings also reflect its strong franchise, broad and stable retail deposit base, and adequate capital, which contribute to the bank's overall performance. The bank's activities will continue to be constrained by the volatile operating environment.

Banco Mercantil was the third largest universal bank in Venezuela at the end of June 2004 in terms of invested funds (assets plus investment funds) with a 12.8% market share. Although the bank is a main player in every segment, it has special leadership in middle market, mortgage lending, and trade finance activities, as well as trust services nationwide. Banco Mercantil is 99.7% owned by Mercantil Servicios Financieros, a holding company with investments chiefly concentrated in Venezuela and the U.S. At the end of 2003, four local economic groups, led by several of Mercantil Servicios Financieros' directors, controlled almost 50% of the holding company. In turn, JP Morgan Chase controls 9% (with reduced voting rights), while the rest is widely held in the Caracas Stock Exchange.

Contact: Franklin Santarelli or Carlos Fiorillo +58-212-286-3356, Caracas, or Gustavo Lopez +1-212-908-0853, New York.

London Ratings Desk +44-(0)20-7417-6300.

Note to Editors:

Fitch Ratings' individual ratings assess how a bank would be viewed if it were entirely independent and could not rely on external support. Its support ratings deal with the question of whether a bank would receive support from its owners or from the state if it were to get into difficulty. These ratings are not debt ratings but rather, respectively, an assessment of the intrinsic strength of a bank and of any level of outside support that may, or may not, be available to it. A Support rating qualified by the suffix 'T' indicates significant existing or potential transfer risk of economic and/or political origin that might prevent support for foreign currency creditors.

Media Relations: Kenneth Reed +1-212-908-0540, New York