

## BANCO SANTIAGO

As of 12/31/99

English

## FINANCIAL STATEMENTS

Source: S.B.I.F.

<u>ASSETS</u>	Dec-99 M\$	Dec-98 M\$	Dec-97 M\$	Dec-99 USD	Dec-98 USD	Dec-97 USD	Var 00/99
CASH AND DUE FROM BANKS	334.634.428	491.033.170	300.329.321	631.302.334	1.013.081.506	639.033.330	-37,7%
LOANS							
Commercial loans	1.667.210.701	1.792.146.788	1.685.257.029	3.145.265.155	3.697.491.082	3.585.848.389	-14,9%
Foreign trade loans	227.536.967	291.320.533	276.758.361	429.258.338	601.041.766	588.879.623	-28,6%
Consumer loans	273.642.170	268.371.879	268.691.328	516.237.799	553.694.951	571.714.790	-6,8%
Mortgage loans	863.577.975	842.564.913	867.659.925	1.629.177.231	1.738.348.819	1.846.185.415	-6,3%
Leasing loans	-	-	-	-	-	-	-
Contingent loans	341.638.333	381.251.470	399.092.237	644.515.503	786.583.956	849.178.630	-18,1%
Other loans	586.246.517	550.585.639	454.972.857	1.105.979.431	1.135.947.962	968.080.036	-2,6%
Past due loans	56.811.041	48.059.451	25.212.470	107.176.488	99.154.486	53.646.473	8,1%
Total loans	4.016.663.704	4.174.300.673	3.977.644.207	7.577.609.945	8.612.263.023	8.463.533.355	-12,0%
Less: Allowance for loan losses	(70.710.313)	(51.367.410)	(37.156.355)	(133.398.067)	(105.979.343)	(79.060.377)	25,9%
Total loans, net	3.945.953.390	4.122.933.263	3.940.487.852	7.444.211.878	8.506.283.680	8.384.472.978	-12,5%
OTHER CREDIT OPERATIONS							
Loans to financial institutions	7.032.747	15.591.845	2.278.277	13.267.581	32.168.519	4.847.662	-58,8%
Brokerage credits	-	-	11.177.098	-	-	23.782.353	-
Total other credit operations	7.032.747	15.591.845	13.455.375	13.267.581	32.168.519	28.630.015	-58,8%
INVESTMENTS							
Banco Central de Chile and Treasury notes	345.017.571	147.106.549	82.540.361	650.890.583	303.504.801	175.627.348	114,5%
Other financial investments	245.264.760	209.742.934	89.479.031	462.702.587	432.733.878	190.391.277	6,9%
Brokerage notes	61.675.259	68.071.057	168.224.560	116.353.046	140.441.691	357.944.075	-17,2%
Banco Central de Chile deposits	-	-	42.010.612	-	-	89.389.144	-
Leasing assets	-	-	-	-	-	-	-
Assets received or awarded in payment of loans	22.354.612	412.403	1.345.432	42.172.943	850.854	2.862.778	-
Other non financial investments	30.189	135.441	-	56.952	279.436	-	-79,6%
Total investments	674.342.391	425.468.384	383.599.996	1.272.176.111	877.810.661	816.214.622	44,9%
Total other assets	100.212.287	110.207.396	85.482.177	189.054.817	227.375.830	181.886.871	-16,9%
FIXED ASSETS							
Property, premises, and equipment	110.854.277	108.629.058	107.213.466	209.131.392	224.119.461	228.126.172	-6,7%
Investments in subsidiaries	43.321.838	57.986.193	64.647.734	81.728.522	119.634.973	137.555.857	-31,7%
Total fixed assets	154.176.115	166.615.251	171.861.201	290.859.915	343.754.434	365.682.029	-15,4%
<b>TOTAL ASSETS</b>	<b>5.216.351.358</b>	<b>5.331.849.309</b>	<b>4.895.215.921</b>	<b>9.840.872.636</b>	<b>11.000.474.629</b>	<b>10.415.919.844</b>	<b>-10,5%</b>
<u>LIABILITIES AND STOCKHOLDERS EQUITY</u>							
DEPOSITS AND OTHER LIABILITIES							
Demand deposits	416.883.995	410.349.817	445.528.790	786.469.702	846.618.591	947.985.184	-7,1%
Deposits and certificates of deposits	2.302.421.952	2.153.735.252	1.752.947.243	4.343.618.676	4.443.507.051	3.729.877.959	-2,2%
Others demand and time deposit	148.679.402	325.059.116	152.904.036	280.490.127	670.649.965	325.345.441	-58,2%
Brokerage obligations	62.165.277	68.801.186	168.430.450	117.277.486	141.948.067	358.382.162	-17,4%
Mortgage bond obligations	895.842.308	857.349.401	881.517.960	1.690.045.293	1.768.851.628	1.875.672.199	-4,5%
Contingent liabilities	341.200.837	380.749.346	399.364.551	643.690.149	785.547.992	849.758.052	-18,1%
Total deposits and other liabilities	4.167.193.771	4.196.044.117	3.800.693.030	7.861.591.433	8.657.123.294	8.087.020.999	-9,2%
BONDS LIABILITIES							
Bonds liabilities	130.291.973	107.015.998	117.175.002	245.801.447	220.791.456	249.322.082	11,3%
Subordinated bond	224.251.228	211.804.970	207.372.669	423.059.648	436.988.194	441.242.456	-3,2%
Total obligaciones por bonos	354.543.201	318.820.968	324.547.670	668.861.095	657.779.650	690.564.538	1,7%
BORROWINGS FROM FINANCIAL INSTITUTIONS AND BANCO CENTRAL DE CHILE							
Credit lines for renegotiation of loans with Banco central de Chile	22.464.344	27.320.580	32.267.340	42.379.957	56.366.812	68.657.650	-24,8%
Other liabilities with Banco Central de Chile	-	-	70.745	-	-	150.528	-
Domestic financial institutions borrowings	80.117.739	24.293.387	84.420.177	151.145.584	50.121.220	179.627.173	201,6%
Foreign borrowings	49.166.603	169.986.752	98.416.227	92.754.926	350.710.390	209.407.624	-73,6%
Other liabilities	38.774.883	64.019.888	61.738.700	73.150.496	132.083.469	131.366.084	-44,6%
Total borrowings from financial institutions	190.523.570	285.620.607	276.913.188	359.430.962	589.281.890	589.209.060	-39,0%
Total other liabilities	59.327.709	72.130.830	49.983.326	111.924.292	148.817.665	106.353.289	-24,8%
TOTAL LIABILITIES	4.771.588.251	4.872.616.522	4.452.137.214	9.001.807.781	10.053.002.499	9.473.147.885	-10,5%
VOLUNTARY ALLOWANCE FOR LOANS LOSSES	9.090.000	4.849.902	2.642.870	17.148.678	10.006.139	5.623.433	71,4%
STOCK HOLDERS' EQUITY							
Capital and reserves	385.890.992	385.686.861	375.527.418	728.000.060	795.734.891	799.037.988	-8,5%
Other equity accounts	(747.197)	(1.116.615)	-	(1.409.620)	(2.303.759)	-	-38,8%
Income for the period	50.529.313	69.812.639	64.908.420	95.325.737	144.034.859	138.110.538	-33,8%
Total stockholders' equity	435.673.108	454.382.885	440.435.838	821.916.177	937.465.991	937.148.526	-12,3%
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>5.216.351.358</b>	<b>5.331.849.309</b>	<b>4.895.215.921</b>	<b>9.840.872.636</b>	<b>11.000.474.629</b>	<b>10.415.919.844</b>	<b>-10,5%</b>

<u>STATEMENTS OF INCOME</u>	Jan-99 a Dec-99 M\$	Jan-98 a Dec-98 M\$	Jan-97 a Dec-97 M\$	Jan-99 a Dec-99 USD	Jan-98 a Dec-98 USD	Jan-97 a Dec-97 USD	Var 00/99
<b>OPERATING INCOME:</b>							
Interest and readjustment earned	491.672.913	584.014.809	532.267.587	927.562.234	1.204.917.791	1.132.545.859	-23,0%
Gains on brokerage operations	1.879.064	2.072.857	522.489	3.544.936	4.276.642	1.111.740	-17,1%
Income from commissions	30.351.774	30.342.513	24.604.095	57.259.935	62.601.552	52.351.988	-8,5%
Net gain on foreign exchange	15.168.940	7.772.478	1.346.141	28.616.862	16.035.890	2.864.285	78,5%
Other operating income	2.611.748	1.842.079	(42.796)	4.927.175	3.800.509	(91.061)	29,6%
Total operating income	541.684.439	626.044.735	558.697.516	1.021.911.141	1.291.632.383	1.188.782.812	-20,9%
Less:							
Interest and readjustment expensed	(312.653.420)	(401.824.348)	(356.816.446)	(589.834.211)	(829.029.158)	(759.225.243)	-28,9%
Loss on brokerage operations	(801.849)	(1.947.399)	(2.025.273)	(1.512.722)	(4.017.802)	(4.309.326)	-62,3%
Commission expenses	(7.622.376)	(5.546.706)	(5.635.378)	(14.379.942)	(11.443.760)	(11.990.818)	25,7%
Net loss on foreign exchange							
Other operating expenses	(783.472)	(562.129)	(531.479)	(1.478.053)	(1.159.764)	(1.130.868)	27,4%
Gross operating income	219.823.322	216.164.153	193.688.941	414.706.212	445.981.898	412.126.557	-7,0%
Salaries, wages, and other personnel expenses	(66.079.148)	(60.326.831)	(68.572.191)	(124.661.172)	(124.464.089)	(145.906.218)	0,2%
Administrative and other expenses	(48.503.216)	(48.122.594)	(49.841.573)	(91.503.417)	(99.284.760)	(106.051.670)	-7,8%
Depreciation and amortization	(12.982.406)	(10.863.864)	(10.643.211)	(24.491.870)	(22.413.923)	(22.646.363)	9,3%
Net operating income	92.258.553	96.850.864	64.631.966	174.049.753	199.819.127	137.522.305	-12,9%
Allowance for loan and investment losses	(53.931.214)	(31.378.123)	(8.811.351)	(101.743.569)	(64.738.185)	(18.748.575)	57,2%
Recovery of loans written off	5.505.452	4.301.860	11.676.351	10.386.274	8.875.439	24.844.653	17,0%
Operating income	43.832.791	69.774.601	67.496.967	82.692.457	143.956.381	143.618.383	-42,6%
<b>NON OPERATING RESULTS</b>							
Non operating income	4.645.598	5.576.810	7.015.483	8.764.122	11.505.869	14.927.372	-23,8%
Non operating expenses	(4.489.651)	(2.749.559)	(2.740.527)	(8.469.921)	(5.672.789)	(5.831.225)	49,3%
income from foreign branches	-	-	-	-	-	-	-
Earnings from subsidiary investments	9.676.952	8.731.296	10.767.869	18.255.989	18.014.087	22.911.605	1,3%
Price-level restatement	(5.472.465)	(9.204.519)	(10.852.732)	(10.324.042)	(18.990.423)	(23.092.175)	-45,6%
Surplus before income taxes	48.193.225	72.128.629	71.687.060	90.918.605	148.813.125	152.533.960	-38,9%
Income taxes	6.699.088	-	-	12.638.120	-	-	-
Surplus	54.892.313	72.128.629	71.687.060	103.556.725	148.813.125	152.533.960	-30,4%
Voluntary loan loss allowance	(4.363.000)	(2.315.991)	(6.778.640)	(8.230.988)	(4.778.266)	(14.423.422)	72,3%
<b>INCOME FOR THE PERIOD</b>	<b>50.529.313</b>	<b>69.812.639</b>	<b>64.908.420</b>	<b>95.325.737</b>	<b>144.034.859</b>	<b>138.110.538</b>	<b>-33,8%</b>
<u>COMPANY INDEX</u>							
ROA = Income for the period/Total loans	1,26%	1,67%	1,63%				
ROE = Income for the period/Total stockholders' equity	11,6%	15,4%	14,7%				
Leverage=(Total Liabilities)/Total stockholders' equity	11,0	10,7	10,1				
Efficiency = (Gross Op Income-Net Op Income)/Gross Op Income	0,58	0,55	0,67				
Allowance(from balance)=Allowance/Tot Loans	1,8%	1,2%	0,9%				
Allowance(expenses)=Allowance/Tot Loans	1,3%	0,8%	0,2%				
Past due loans = Past due loans/Tot Loans	1,4%	1,2%	0,6%				
Allowance expenses (1)	(19.342.904)	(14.211.055)					
Loan loss expenses (2)	(34.588.310)	(17.167.068)					
(1)+(2)	(53.931.214)	(31.378.123)					
<u>INDUSTRY INDEX</u>							
ROA = Income for the period/Total loans	1,06%	1,25%	1,40%				
ROE = Income for the period/Total stockholders' equity	8,6%	10,4%	12,0%				
Leverage=(Total Liabilities)/Total stockholders' equity	10,8	11,1	11,2				
Efficiency = (Gross Op Income-Net Op Income)/Gross Op Income	0,59	0,60	0,64				
Allowance(from balance)=Allowance/Tot Loans	2,6%	2,0%	1,5%				
Allowance(expenses)=Allowance/Tot Loans	2,1%	1,7%	1,1%				
Past due loans = Past due loans/Tot Loans	1,7%	1,5%	1,0%				
Allowance expenses (1)	(175.876.036)	(135.539.036)					
Loan loss expenses (2)	(357.297.060)	(266.999.317)					
(1)+(2)	(533.173.096)	(402.538.353)					
<u>Exchange rate and CPI</u>							
US\$/S= exchange rate of Chilean peso to US\$1, end of year	530,07	472,41	439,18				
CPI=consumer price index for the year	2,6%	4,3%	6,3%				
UF/\$	15.066,96	14.685,39	14.096,93				