

## BBV BANCO BHIF

As of 12/31/99

English

## FINANCIAL STATEMENTS

Source: S.B.I.F.

| <u>ASSETS</u>  | Dec-99<br>M\$        | Dec-98<br>M\$        | Dec-97<br>M\$        | Dec-99<br>USD        | Dec-98<br>USD        | Dec-97<br>USD        | Var<br>00/99 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|--------------|
| CASH AND DUE FROM BANKS  | 136.564.097          | 128.379.543          | 93.761.847           | 257.634.081          | 264.867.934          | 199.504.149          | -2,7%        |
| LOANS  |                      |                      |                      |                      |                      |                      |              |
| Commercial loans   | 562.510.788          | 560.542.127          | 509.523.716          | 1.061.200.951        | 1.156.489.821        | 1.084.152.011        | -8,2%        |
| Foreign trade loans  | 127.148.659          | 105.716.391          | 135.606.937          | 239.871.450          | 218.110.154          | 288.541.100          | 10,0%        |
| Consumer loans   | 115.097.984          | 86.310.431           | 85.206.625           | 217.137.328          | 178.072.495          | 181.300.558          | 21,9%        |
| Mortgage loans   | 245.681.790          | 257.570.356          | 266.364.226          | 463.489.332          | 531.409.649          | 566.763.239          | -12,8%       |
| Leasing loans  | 47.409.288           | -                    | -                    | 89.439.674           | -                    | -                    | -            |
| Contingent loans   | 57.209.039           | 52.929.766           | 68.996.038           | 107.927.329          | 109.202.739          | 146.808.070          | -1,2%        |
| Other loans  | 143.402.942          | 77.337.045           | 73.019.288           | 270.535.858          | 159.558.935          | 155.368.642          | 69,6%        |
| Past due loans   | 22.911.900           | 21.874.724           | 11.692.699           | 43.224.292           | 45.131.123           | 24.879.436           | -4,2%        |
| Total loans  | 1.321.372.391        | 1.162.280.840        | 1.150.409.529        | 2.492.826.213        | 2.397.974.916        | 2.447.813.056        | 4,0%         |
| Less: Allowance for loan losses                                      | (29.664.229)         | (22.558.046)         | (12.933.625)         | (55.962.851)         | (46.540.927)         | (27.519.848)         | 20,2%        |
| Total loans, net   | 1.291.708.162        | 1.139.722.795        | 1.137.475.905        | 2.436.863.362        | 2.351.433.988        | 2.420.293.208        | 3,6%         |
| OTHER CREDIT OPERATIONS  |                      |                      |                      |                      |                      |                      |              |
| Loans to financial institutions                                      | 9.543.494            | 27.931.459           | 11.487.130           | 18.004.214           | 57.627.155           | 24.442.031           | -68,8%       |
| Brokerage credits  | -                    | -                    | -                    | -                    | -                    | -                    | -            |
| Total other credit operations  | 9.543.494            | 27.931.459           | 11.487.130           | 18.004.214           | 57.627.155           | 24.442.031           | -68,8%       |
| INVESTMENTS  |                      |                      |                      |                      |                      |                      |              |
| Banco Central de Chile and Treasury notes                            | 79.438.161           | 33.858.857           | 43.191.049           | 149.863.530          | 69.856.344           | 91.900.851           | 114,5%       |
| Other financial investments  | 84.834.735           | 45.943.495           | 35.366.901           | 160.044.401          | 94.788.922           | 75.252.821           | 68,8%        |
| Brokerage notes  | 105.137.389          | 40.172.193           | 30.615.496           | 198.346.235          | 82.881.785           | 65.142.899           | 139,3%       |
| Banco Central de Chile deposits                                      | -                    | -                    | 11.295.566           | -                    | -                    | 24.034.428           | -            |
| Leasing assets   | 2.645.087            | -                    | -                    | 4.990.072            | -                    | -                    | -            |
| Assets received or awarded in payment of loans                       | 3.787.403            | 3.774.034            | 2.055.658            | 7.145.100            | 7.786.448            | 4.373.978            | -8,2%        |
| Other non financial investments                                      | 160.892              | 246.625              | -                    | 303.530              | 508.828              | -                    | -40,3%       |
| Total investments  | 276.003.668          | 123.995.204          | 122.524.671          | 520.692.867          | 255.822.327          | 260.704.976          | 103,5%       |
| Total other assets   | 29.035.221           | 26.773.810           | 20.980.124           | 54.776.202           | 55.238.736           | 44.640.991           | -0,8%        |
| FIXED ASSETS   |                      |                      |                      |                      |                      |                      |              |
| Property, premises, and equipment                                    | 45.176.799           | 40.460.955           | 38.850.356           | 85.227.986           | 83.477.549           | 82.664.830           | 2,1%         |
| Investments in subsidiaries  | 7.361.472            | 11.413.298           | 11.868.205           | 13.887.736           | 23.547.496           | 25.252.874           | -41,0%       |
| Total fixed assets   | 52.538.271           | 51.874.254           | 50.718.561           | 99.115.722           | 107.025.045          | 107.917.704          | -7,4%        |
| <b>TOTAL ASSETS</b>  | <b>1.795.392.913</b> | <b>1.498.677.065</b> | <b>1.436.948.237</b> | <b>3.387.086.448</b> | <b>3.092.015.185</b> | <b>3.057.503.059</b> | <b>9,5%</b>  |
| <u>LIABILITIES AND STOCKHOLDERS EQUITY</u>                           |                      |                      |                      |                      |                      |                      |              |
| DEPOSITS AND OTHER LIABILITIES                                       |                      |                      |                      |                      |                      |                      |              |
| Demand deposits  | 128.198.592          | 111.468.927          | 125.116.939          | 241.852.194          | 229.978.575          | 266.220.740          | 5,2%         |
| Deposits and certificates of deposits                                | 801.603.583          | 618.168.709          | 543.175.175          | 1.512.259.859        | 1.275.382.855        | 1.155.754.757        | 18,6%        |
| Others demand and time deposit                                       | 100.112.486          | 96.333.755           | 58.442.109           | 188.866.539          | 198.752.245          | 124.351.679          | -5,0%        |
| Brokerage obligations  | 105.647.449          | 40.741.913           | 30.750.039           | 199.308.485          | 84.057.211           | 65.429.176           | 137,1%       |
| Mortgage bond obligations  | 252.311.981          | 258.645.889          | 265.418.471          | 475.997.475          | 533.628.648          | 564.750.885          | -10,8%       |
| Contingent liabilities   | 57.075.310           | 52.798.023           | 68.990.975           | 107.675.043          | 108.930.931          | 146.797.297          | -1,2%        |
| Total deposits and other liabilities                                 | 1.444.949.402        | 1.178.157.216        | 1.091.893.708        | 2.725.959.594        | 2.430.730.467        | 2.323.304.533        | 12,1%        |
| BONDS LIABILITIES  |                      |                      |                      |                      |                      |                      |              |
| Bonds liabilities  | 25.846.803           | -                    | -                    | 48.761.113           | -                    | -                    | -            |
| Subordinated bond  | 31.358.087           | 31.290.639           | 31.282.040           | 59.158.389           | 64.557.691           | 66.561.154           | -8,4%        |
| Total obligaciones por bonos   | 57.204.891           | 31.290.639           | 31.282.040           | 107.919.502          | 64.557.691           | 66.561.154           | 67,2%        |
| BORROWINGS FROM FINANCIAL INSTITUTIONS<br>AND BANCO CENTRAL DE CHILE |                      |                      |                      |                      |                      |                      |              |
| Credit lines for renegotiation of loans with Banco central de Chile  | 6.766.310            | 9.505.170            | 13.567.986           | 12.764.936           | 19.610.716           | 28.869.626           | -34,9%       |
| Other liabilities with Banco Central de Chile                        | 7.656.896            | 8.583.943            | 10.023.476           | 14.445.067           | 17.710.075           | 21.327.705           | -18,4%       |
| Domestic financial institutions borrowings                           | 17.601.155           | 7.046.536            | 13.490.630           | 33.205.341           | 14.538.152           | 28.705.030           | 128,4%       |
| Foreing borrowings   | 61.404.186           | 75.891.057           | 131.377.825          | 115.841.655          | 156.575.626          | 279.542.500          | -26,0%       |
| Other liabilities  | 22.542.153           | 27.500.026           | 43.823.521           | 42.526.748           | 56.737.038           | 93.246.609           | -25,0%       |
| Total borrowings from financial institutions                         | 115.970.700          | 128.526.731          | 212.283.438          | 218.783.746          | 265.171.607          | 451.691.470          | -17,5%       |
| Total other liabilities  | 10.556.734           | 8.079.799            | 10.912.591           | 19.915.735           | 16.669.943           | 23.219.542           | 19,5%        |
| TOTAL LIABILITIES  | 1.628.681.726        | 1.346.054.385        | 1.346.371.777        | 3.072.578.577        | 2.777.129.708        | 2.864.776.699        | 10,6%        |
| VOLUNTARY ALLOWANCE FOR LOANS LOSSES                                 | 5.144.284            | 202.840              | -                    | 9.704.915            | 418.492              | -                    | -            |
| STOCK HOLDERS' EQUITY  |                      |                      |                      |                      |                      |                      |              |
| Capital and reserves   | 153.773.565          | 153.741.404          | 74.415.353           | 290.100.486          | 317.193.588          | 158.339.154          | -8,5%        |
| Other equity accounts  | (859.471)            | (1.650.504)          | -                    | (1.621.429)          | (3.405.259)          | -                    | -52,4%       |
| Income for the period  | 8.652.809            | 328.940              | 16.161.107           | 16.323.898           | 678.656              | 34.387.205           | -            |
| Total stockholders' equity   | 161.566.903          | 152.419.840          | 90.576.460           | 304.802.955          | 314.466.985          | 192.726.359          | -3,1%        |
| <b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>                    | <b>1.795.392.913</b> | <b>1.498.677.065</b> | <b>1.436.948.237</b> | <b>3.387.086.448</b> | <b>3.092.015.185</b> | <b>3.057.503.059</b> | <b>9,5%</b>  |

| <u>STATEMENTS OF INCOME</u>                                  | Jan-99 a Dec-99<br>M\$ | Jan-98 a Dec-98<br>M\$ | Jan-97 a Dec-97<br>M\$ | Jan-99 a Dec-99<br>USD | Jan-98 a Dec-98<br>USD | Jan-97 a Dec-97<br>USD | Var<br>00/99 |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|--------------|
| <b>OPERATING INCOME:</b>                                     |                        |                        |                        |                        |                        |                        |              |
| Interest and readjustment earned                             | 166.059.521            | 178.936.949            | 161.966.257            | 313.278.475            | 369.176.106            | 344.627.811            | -15,1%       |
| Gains on brokerage operations                                | 2.251.699              | 469.326                | 707.926                | 4.247.927              | 968.296                | 1.506.307              | 338,7%       |
| Income from commissions                                      | 9.695.419              | 9.155.587              | 8.612.032              | 18.290.828             | 18.889.469             | 18.324.469             | -3,2%        |
| Net gain on foreign exchange                                 | 1.704.789              | 3.733.693              | 1.190.287              | 3.216.157              | 7.703.217              | 2.532.663              | -58,2%       |
| Other operating income                                       | 1.032.148              | 748.145                | 1.176.198              | 1.947.193              | 1.543.546              | 2.502.685              | 26,2%        |
| Total operating income                                       | 180.743.576            | 193.043.699            | 173.652.699            | 340.980.580            | 398.280.632            | 369.493.935            | -14,4%       |
| Less:  |                        |                        |                        |                        |                        |                        |              |
| Interest and readjustment expensed                           | (96.769.577)           | (118.929.159)          | (109.504.450)          | (182.559.996)          | (245.370.250)          | (233.000.871)          | -25,6%       |
| Loss on brokerage operations                                 | (93.783)               | (451.393)              | (401.040)              | (176.925)              | (931.298)              | (853.322)              | -81,0%       |
| Commission expenses  | (3.062.484)            | (1.733.191)            | (1.499.285)            | (5.777.508)            | (3.575.856)            | (3.190.142)            | 61,6%        |
| Net loss on foreign exchange                                 |                        |                        |                        |                        |                        |                        |              |
| Other operating expenses                                     | (270.024)              | (186.410)              | (172.421)              | (509.412)              | (384.594)              | (366.874)              | 32,5%        |
| Gross operating income                                       | 80.547.708             | 71.743.546             | 62.075.503             | 151.956.737            | 148.018.634            | 132.082.727            | 2,7%         |
| Salaries, wages, and other personnel expenses                | (22.053.086)           | (20.331.522)           | (18.569.013)           | (41.604.101)           | (41.947.247)           | (39.510.689)           | -0,8%        |
| Administrative and other expenses                            | (21.181.933)           | (21.341.704)           | (19.240.303)           | (39.960.634)           | (44.031.415)           | (40.939.043)           | -9,2%        |
| Depreciation and amortization                                | (4.523.824)            | (4.716.243)            | (4.072.904)            | (8.534.389)            | (9.730.379)            | (8.666.224)            | -12,3%       |
| Net operating income   | 32.788.865             | 25.354.076             | 20.193.283             | 61.857.613             | 52.309.593             | 42.966.771             | 18,3%        |
| Allowance for loan and investment losses                     | (27.534.711)           | (26.033.942)           | (9.928.436)            | (51.945.424)           | (53.712.267)           | (21.125.482)           | -3,3%        |
| Recovery of loans written off                                | 3.626.613              | 2.245.996              | 4.929.840              | 6.841.762              | 4.633.856              | 10.489.592             | 47,6%        |
| Operating income   | 8.880.767              | 1.566.130              | 15.194.687             | 16.753.951             | 3.231.182              | 32.330.880             | 418,5%       |
| <b>NON OPERATING RESULTS</b>                                 |                        |                        |                        |                        |                        |                        |              |
| Non operating income   | 1.963.885              | 1.480.922              | 3.039.326              | 3.704.953              | 3.055.384              | 6.467.004              | 21,3%        |
| Non operating expenses                                       | (2.070.646)            | (1.538.815)            | (1.076.418)            | (3.906.363)            | (3.174.826)            | (2.290.377)            | 23,0%        |
| income from foreign branches                                 | -                      | -                      | -                      | -                      | -                      | -                      | -            |
| Earnings from subsidiary investments                         | 1.922.898              | 932.257                | 1.022.484              | 3.627.630              | 1.923.399              | 2.175.616              | 88,6%        |
| Price-level restatement                                      | (2.217.743)            | (1.906.508)            | (1.100.205)            | (4.183.869)            | (3.933.437)            | (2.340.988)            | 6,4%         |
| Surplus before income taxes                                  | 8.479.160              | 533.987                | 17.079.874             | 15.996.302             | 1.101.702              | 36.342.136             |              |
| Income taxes   | 5.120.233              | (2.207)                | (4.289)                | 9.659.541              | (4.553)                | (9.125) #####          |              |
| Surplus  | 13.599.393             | 531.780                | 17.075.586             | 25.655.843             | 1.097.148              | 36.333.010             |              |
| Voluntary loan loss allowance                                | (4.946.584)            | (202.840)              | (914.479)              | (9.331.945)            | (418.492)              | (1.945.805)            |              |
| <b>INCOME FOR THE PERIOD</b>                                 | <b>8.652.809</b>       | <b>328.939</b>         | <b>16.161.107</b>      | <b>16.323.898</b>      | <b>678.656</b>         | <b>34.387.205</b>      |              |
| <u>COMPANY INDEX</u>   |                        |                        |                        |                        |                        |                        |              |
| ROA = Income for the period/Total loans                      | 0,65%                  | 0,03%                  | 1,40%                  |                        |                        |                        |              |
| ROE = Income for the period/Total stockholders' equity       | 5,4%                   | 0,2%                   | 17,8%                  |                        |                        |                        |              |
| Leverage=(Total Liabilities)/Total stockholders' equity      | 10,1                   | 8,8                    | 14,9                   |                        |                        |                        |              |
| Efficiency = (Gross Op Income-Net Op Income)/Gross Op Income | 0,59                   | 0,65                   | 0,67                   |                        |                        |                        |              |
| Allowance(from balance)=Allowance/Tot Loans                  | 2,2%                   | 1,9%                   | 1,1%                   |                        |                        |                        |              |
| Allowance(expenses)=Allowance/Tot Loans                      | 2,1%                   | 2,2%                   | 0,9%                   |                        |                        |                        |              |
| Past due loans = Past due loans/Tot Loans                    | 1,7%                   | 1,9%                   | 1,0%                   |                        |                        |                        |              |
| Allowance expenses (1)                                       | (7.106.183)            | (9.624.421)            |                        |                        |                        |                        |              |
| Loan loss expenses (2)                                       | (20.428.528)           | (16.409.521)           |                        |                        |                        |                        |              |
| (1)+(2)  | (27.534.711)           | (26.033.942)           |                        |                        |                        |                        |              |
| <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              |                        |                        |                        |              |