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Banco Edwards Announces 2000 Fourth-Quarter and Year End Results

Santiago, Chile, February 8, 2001 -- Banco Edwards (NYSE: AED), a Chilean commercial bank focused on providing a broad range of financial services to corporations and individuals, today announced results for the fourth quarter and year ended December 31, 2000. The results have been prepared in accordance with Chilean GAAP on an unaudited, consolidated basis. All figures are expressed in constant Chilean pesos as of December 31, 2000, unless otherwise stated. Therefore, all growth is in real terms.

Net income for 2000 was Ch$3,176 million (Ch$0.43/share or US$0.12/ADS), an increase compared with the net loss of Ch$6,910 million recorded during 1999. In addition, net income for the fourth quarter of 2000, amounted to Ch$3,979 million, as compared to the net loss of Ch$20,494 million reported in the same quarter of 1999.

2000 Selected Financial Data

	1999	2000	% Change	4Q99	4Q00	% Change
Income Statement (Millions, Chilean pesos)						
Operating Revenue	127,364	130,470	2.4%	31,235	36,231	16.0%
Provision for loan losses	(66,888)	(35,380)	(47.1)%	(37,884)	(6,866)	(81.9)%
Operating Expenses	(68,850)	(84,501)	22.7%	(17,386)	(24,098)	38.6%
Net Income	(6,910)	3,176	-	(20,494)	3,979	-
Earning per Share (Chilean pesos)						
Net income per Share	(0.94)	0.43	-	(2.78)	0.54	-
Book value per Share	29.9	30.3	1.4%	29.9	30.3	1.4%
Balance Sheet (Millions, Chilean pesos)						
Loan Portfolio	2,083,013	2,272,442	9.1%	2,083,013	2,272,442	9.1%
Total Assets	2,539,208	2,827,326	11.3%	2,539,208	2,827,326	11.3%
Shareholders' Equity	220,814	224,003	1.4%	220,814	224,003	1.4%
Total Capital / Risk Adjusted Assets	12.5%	10.8%	-	12.5%	10.8%	-
Profitability Ratios						
ROAA	(0.28)%	0.12%	-	(3.19)%	0.57%	-
ROAE	(4.2)%	1.5%	-	(47.1)%	7.2%	-
Net Interest Margin	4.9%	4.4%	-	4.3%	4.5%	-
Efficiency ratio	54.1%	64.8%	-	55.7%	66.5%	-
Asset Quality Ratios						
Past Due Loans / Total Loans	2.74%	2.82%	-	2.74%	2.82%	-
Allowances for Loan Losses / Total Loans	3.65%	3.41%	-	3.65%	3.41%	-
Allowances for Loan Losses / Past Due Loans	132.8%	120.9%	-	132.8%	120.9%	-

2000 Highlights

The Bank

- **Loan Market Share Increased 60 Basis Points.** The 9.4% expansion in loan portfolio, net of interbank, together with the incorporation of lease contracts into the Bank, significantly increased the Bank's market share to 8.3% as of December 31, 2000 from 7.7% as of December 31, 1999. This achievement has enabled Banco Edwards to consolidate its position as the fourth private largest bank, in terms of total loans (excluding interbank loans), in the year 2000.

- **Fee Income Continues To Grow.** Fee income increased a significant 45.1% during the fourth quarter of 2000 compared to the same quarter of 1999, or 18.3% during 2000. This considerable expansion in income from services resulted mainly from the successful implementation of the new fee income plan that modified price rates and incorporated new services' charges, depending on the usage and type of product.

- **Distribution Channels Development.** In accordance with the Bank's business strategy, during the year 2000, the Bank strengthened its presence by enlarging and relocating 15 branches, totaling 86 branches as of December 31, 2000. Mention should also be made of the 133 new automatic teller machines and the additional 11 auxiliaries cashiers' desks introduced during the last twelve-months.

- **Internet Website.** The Bank was included among the five Latin American banks that stand out for their websites according to research made by Speer and Associates, Inc., a US internet consulting company. This is a result of the Bank's commitment to technology intensive distribution channels, where the scope of transactional alternatives was broadened. Accordingly, during 2000, the Bank launched a new internet gateway www.mundoedwards.com, which offers not only quality world wide web banking solutions but also an extended range of other services. Hence, during 2000, stock transactions and fund transfers for current account holders were made available and a new corporate home page together with additional financial and miscellaneous information was incorporated. During December 2000, from the approximately 6.8 million of transactions conducted through internet in the financial system, 9% was processed through Banco Edwards website, involving around 33,000 connected customers, which represented approximately 30% of the Bank's current accounts clients.

- **Further Product and Customer Base Expansion.** Along with the Bank's sales force efforts and within the special concern of the Bank in developing new products and services and broadening its infrastructure, the Bank was able to considerably enlarge its number of products and customers during 2000. Accordingly, the number of debtors increased by 21% in large companies and 12% in high-income individuals. In terms of number of products, this expansion was principally reflected in the increase of 45% in consumer loans oriented to high income individuals, 30% in mortgage loans, 26% in credit cards, 21% in mutual funds accounts and 9% in number of current accounts and credit lines.

- **New MundoEdwards Loyalty Program.** During the fourth quarter of 2000, the Bank launched the new MundoEdwards Loyalty Program for the Bank's card holder clients (credit and debit cards). This program primarily intends to differentiate Banco Edwards' offer from that of its competitors in order to both maintain the loyalty of its clients and increase its client base. By increasing the usage of these cards, the Bank also expects to increase fee income and reduce operational costs as a consequence of further use of technology intensive payments. This program allows the clients to receive attractive discounts in restaurants, music stores, tourism fares, books and computers stores, among others.

- **New Products and Services.** During 2000, the Bank has emphasized the offer of new products and services, designed to meet the needs of each segment, in order to increase cross-selling and diversify income sources. Among the principal new products incorporated during the last twelve-months we can mention: a consumer loan which includes insurance products, three mutual funds oriented to international markets, factoring and securitization business, Banca Movil service (to access financial information from mobile phones) and additional transactional alternatives through the Bank's web site.

- **Subsidiaries Net Income.** Total net income from subsidiaries, net of minority interest and excluding leasing company, amounted to Ch$2,862 million (US$5.0 million) in 2000, compared to the Ch$2,721 observed in the previous period. Notable was the performance of these subsidiaries considering that the 5.2% annual increase also included the results of the factoring company, which is still in start-up period since its incorporation into the Bank on April 2000.

Financial System.

- **Net Income Increase.** The financial system's net income increased 42.7%, to US$687 million as of December 31, 2000 compared to US$482 million as of December 31, 1999, mainly due to a decrease in provisions for loan losses and higher recoveries of loans previously charged-off. As a result, both, the annualized return on average shareholder's equity and the annualized return on average assets increased to 12.6% and 1.0% in 2000 from 9.2% and 0.7% in 1999, respectively.

- **NIM and Efficiency Ratio Remained Almost Steady.** The financial system's net interest margin reached a 4.8% in 2000, same figure as in 1999, while the efficiency ratio improved slightly from 59.6% to 59.0% in equal periods.

- **Loan Growth Showed a Recovery But remaine Low.** During 2000, the financial system's loan portfolio, net of interbank loans, reached US$47,663 million, representing a 4.6% increase over the last twelve-month period, showing a recovery in comparison to the 3.3% growth observed during 1999. The 2000 loan growth was fueled principally by foreign trade loans and, to a lesser extent, by commercial loans, expansions that offset the contraction experienced by consumer loans.

- **Credit Quality Stabilized.** The ratio of past due loans to total loans remained in 1.7%, while the ratio of allowances to total loans remained in 2.9% in 2000, compared to 1999. At the same time, the coverage ratio decreased slightly to 161% as of December 31, 2000 from 167% as of December 31, 1999.

Chilean Economy

- **A New Reduction in the Central Bank's Funds Target Rate.** During January 2001, the Central Bank decided to cut the targeted interest rate ("Tasa de Instancia Monetaria") by 25 basis points, setting it at 4.75%. This reduction, the second during the last six months, was taken in order to accelerate the recuperation of expenditure, particularly in consumption and investment. The low activity level of the internal demand has been reflected in a lower than expected GDP growth, driving the Central Bank to reduce it's forecast for year 2001 from 6.0% to 5.6%. The Bank estimation for year 2001 is a GDP growth around 5.0%

- **Persistent High Unemployment.** Unemployment figure for the three months ended December 31 reached 8.3%, a decrease in comparison with the 8.9% registered in the same period last year. Although is expected that the unemployment rate will remain high during year 2001, the recovery in investment (12% increase in capital good imports year over year) will help to reduce the level of this figure.

- **Inflation Rate in Line with The Central Bank Target**. The year 2000 ended with a twelve-month inflation rate of 4.5%, consistent with the Central Bank's target. The inflation rate was mostly impacted by the increase in oil price (around 37% year over year) which was mainly offset by the weakness of domestic demand. The Central Bank forecasts an inflation rate of 3.4% and 2.9% for the years 2001 and 2002, respectively.

- **Export Economic Sector Will Continue Boosting the GDP Expansion.** The trade balance for year 2000 ended with a surplus of US$ 1,427 million as a result of US$18,158 million in exports and US$16,731 million in imports. The expansion in exports will be an important component of internal demand growth and will contribute to a controlled current account deficit, estimated at (1.3%) and (1.7%) for the years 2000 and 2001, respectively.

2000 Fourth-Quarter and Year- End Consolidated Results

NET INCOME

The Bank's net income for 2000 amounted to Ch$3,176 million (US$5.5 million), compared to the net loss of Ch$6,910 million in 1999. The annual improvement in results responded mainly to a 47.1% decrease in provision for loan losses. Regarding the fourth quarter increase in net income, compared to the same quarter of 1999, it also reflected the aforementioned decline in provision for loan losses which together with the increase in operating revenues, more than offset the growth in operating expenses.

As a result, net income for 2000 implied a 0.12% annualized return on average assets (ROAA) and a 1.5% annualized return on average shareholders' equity (ROAE), compared to (0.28)% and (4.2)%, respectively, for 1999.

Net Income (in millions of Chilean pesos, except for percentages)						
	1999	**2000**	**% Change**	**4Q99**	**4Q00**	**% Change**
Bank (excluding subsidiaries)[1]	(10,356)	(691)	(93.3)%	(21,615)	3,315	-
Leasing[1]	1,243	1,359	9.3%	16	0	(100.0)%
Stock Brokerage	1,679	1,583	(5.7)%	804	257	(68.0)%
Mutual Fund	612	1,032	68.6%	219	233	6.4%
Insurance Brokerage	459	516	12.4%	91	201	120.9%
Investment Fund	(58)	(50)	(13.8)%	8	(7)	-
Financial Advisory	29	52	79.3%	(1)	30	-
Factoring	-	(273)	-	-	(52)	-
Securitization	-	2	-	-	2	-
Minority interest	(518)	(354)	(31.7)%	(16)	0	-
Total Net Income	**(6,910)**	**3,176**	**-**	**(20,494)**	**3,979**	**-**

[1] Since the third quarter of 2000, leasing operations were granted by the Bank.

Total net income from subsidiaries increased 5.2% year-on-year, totaling Ch$2,862 million as of December 31, 2000, but declined 40.8% during the fourth quarter of 2000 relative to the same quarter of 1999 (both figures exclude the Leasing Company, which is currently incorporated into the Bank, and minority interest).

The annual increase was mainly a result of the positive performance showed by the Mutual Fund company during the year and, to a lesser extent, to better results coming from the Insurance Brokerage and Financial Advisory subsidiaries. On the other hand, the quarterly decline was mainly explained by incomes originated from mark to market of financial investments obtained by the Stock Brokerage company during the fourth quarter of 1999.

Mutual Fund's net income increased by 68.6% during 2000, largely as a consequence of the 35.6% growth of average funds under management. This, as response to the Bank's efforts in developing innovative products, in particular oriented toward international markets. Accordingly, as of December 31, 2000 the Mutual Fund subsidiary operated eleven funds, three of which are fixed income funds and eight of which are equity investment funds oriented to international markets (U.S.A, Europe, Asia and emerging markets).

The Insurance Brokerage subsidiary's net income improvement during 2000 and in particular during the fourth quarter of 2000 was mainly a result of an increase in fees related to life insurance, insurance linked to consumer and mortgage loans and also to guarantees. Such expansion reflects the Bank's successful use of the branch network in selling insurance products, supported also by promotional campaigns made during the year.

The Financial Advisory's higher results were mainly associated to the arrangement of a syndicated loan (related to the manufacturing industry during the third quarter of 2000) and to the management of an important acquisition (of a company of the fishing industry) materialized by an international operator during the fourth quarter of 2000.

The Factoring subsidiary, which initiated its operations during the second quarter of 2000, registered a net loss of Ch$273 million as of December 31, 2000. This result was associated to the Factoring's successful start-up process, thus, reaching a loan volume of approximately Ch$9,000 million as of December 31, 2000. During the fourth quarter of 2000 net losses declined 50% in comparison to the previous quarter and the Company expects to obtain positive results during the next year.

NET INTEREST REVENUE

Net Interest Revenue (in millions of Chilean pesos, except for percentages)						
	1999	**2000**	**% Change**	**4Q99**	**4Q00**	**% Change**
Interest revenue	268,513	294,360	9.6%	65,030	82,748	27.2%
Interest expense	(161,876)	(189,594)	17.1%	(40,704)	(55,098)	35.4%
Net Interest Revenue	**106,637**	**104,766**	**(1.8)%**	**24,326**	**27,650**	**13.7%**
Avg.interest earning assets	2,186,948	2,361,286	8.0%	2,280,159	2,481,652	8.8%
Net Interest Margin	4.9%	4.4%	-	4.3%	4.5%	-

Net interest revenue totaled Ch$104,766 million (US$182.9 million) during 2000, a 1.8% decrease compared to the Ch$106,637 million (US$186.2 million) registered in 1999. The lower results were mainly attributable to the decline of approximately 44 basis points experienced by the net interest margin, which more than offset the 8.0% expansion in the average interest earning assets during the last twelve-months.

The increase in average interest earnings assets during year 2000 was closely related to a significant increase in both the investment and loan portfolio. On the other hand, the decline in the Bank's net interest margin (from 4.88% in 1999 to 4.44% in 2000) was driven principally by the following factors:

- A change in the interest earning assets mix towards lower margin and lower risk segments and products (resulting in an increase in average balances in mortgage loans, loans to large corporations and financial investments).

- The positive effect of the declining interest rate environment which benefited the 1999 second and third quarter net interest margin (since the Bank's interest bearing liabilities have a shorter repricing period than the interest earning assets).

- A decrease in the Bank's loan spreads mainly due to the higher level of overdue loans related to middle market companies.

- A higher accounting cost attributable to the management of the Bank's foreign currency position through forward contracts and assets/liabilities denominated in local currency, readjusted in accordance with changes in the US exchange rate (which reduced the net interest margin in approximately 17 basis points in 1999 in comparison to 27 basis points in 2000). (See Other Operating Income, net).

It is worth noting that the above mentioned factors more than offset the positive impact in the net interest margin during 2000 of:

- The higher proportion of the Bank's average interest earning assets financed by non-interest bearing liabilities as a consequence of the capital increase effected at the end of 1999 and to the increase in the average volume of demand deposits between both periods.

- The higher inflation rate (from 2.3% in 1999 to 4.5% in 2000) which increase the profitability associated to the interest earning assets financed by non-interest bearing liabilities.

Regarding the 13.7% increase in net interest revenue between the fourth quarter of 2000 and the same quarter of 1999, it responded principally to an increase of 8.8% in interest earning assets and, to lesser extent, to an increase of 19 basis points in the net interest margin. In turn, the quarter on quarter increase in net interest margin was principally due to the 20.2% increase in average non-interest bearing liabilities and also to the impact of the higher inflation rate (from 0.8% in 4Q99 to 1.1% in 4Q00).

LOAN PORTFOLIO

Loan Portfolio by Type of Credit

Loan Portfolio (in millions of Chilean pesos, except for percentages)					
	Dec.99	**Sep.00**	**Dec.00**	**% Change**	
				12-months	**4Q00/3Q00**
Commercial Loans	1,081,495	1,076,056	1,115,358	3.1%	3.7%
Mortgage Loans	380,811	423,066	431,496	13.3%	2.0%
Consumer Loans	126,035	142,656	151,827	20.5%	6.4%
Foreign trade Loans	122,056	160,538	185,686	52.1%	15.7%
Contingent Loans	109,755	121,396	123,077	12.1%	1.4%
Others Outstanding Loans	137,853	141,438	141,425	2.6%	(0.0)%
Lease Contracts	54,165	47,749	50,439	(6.9)%	5.6%
Past-due Loans	57,178	78,113	64,121	12.1%	(17.9)%
Total Loans, net	**2,069,348**	**2,191,012**	**2,263,429**	**9.4%**	**3.3%**
Interbank Loans	13,665	10,192	9,013	(34.0)%	(11.6)%
Total Loans	**2,083,013**	**2,201,204**	**2,272,442**	**9.1%**	**3.2%**

Loan Portfolio by Market Segment[1]

Loan Portfolio (in millions of Chilean pesos, except for percentages)					
	Dec.99	**Sep.00**	**Dec.00**	**% Change**	
				12-months	**4Q00/3Q00**
Individual Banking	**558,775**	**611,989**	**631,294**	**13.0%**	**3.2%**
High Income	457,264	504,981	521,560	14.1%	3.3%
Lower Middle Income	101,511	107,008	109,734	8.1%	2.5%
Corporate Banking	**1,510,573**	**1,579,023**	**1,632,135**	**8.0%**	**3.4%**
Middle market	1,262,695	1,246,529	1,227,236	(2.8)%	(1.5)%
Large corporations[2]	247,878	332,494	404,899	63.3%	21.8%
Total Loans, net	**2,069,348**	**2,191,012**	**2,263,429**	**9.4%**	**3.3%**
Interbank Loans	**13,665**	**10,192**	**9,013**	**(34.0)%**	**(11.6)%**
Total Loans	**2,083,013**	**2,201,204**	**2,272,442**	**9.1%**	**3.2%**

The Bank's loan portfolio, net of interbank, reached Ch$2,263,429 million as of December 31, 2000, a 9.4% year over year expansion or a 3.3% quarterly growth. In terms of percentage, the twelve-month growth was led by foreign trade loans, consumer loans and mortgage loans.

Foreign trade loans experienced an important increase during 2000 as a consequence of the Bank's focus in develop new products related to exports, sector that played a key role in the economy during 2000, influenced by the positive effect of the increase in the exchange rate during that period.

Consumer loans also experienced an important increase, mainly due to the launching of two consumer loan campaigns during the second half of the year, oriented to high income individuals, promoting an attractive consumer loan that included competitive interest rates and insurance coverage.

Regarding mortgage loans, its expansion was mainly attributable to the Bank's strategy of more actively participating in this market in order to bring new clients to the Bank. This objective was largely achieved during 2000 as mortgage loans operations increased by 30%.

Commercial loans' expansion during the last twelve months was largely the result of the management's decision of targeting large corporations, segment that increased an important 63.3% during the year 2000.

[1] For purposes of this table, clients were categorized in accordance of internal segment definitions.
[2] Large Corporations include commercial and foreign trade loans granted to foreign Banks.

Even though the volume of lease contracts has contracted during the year, mainly because of the slowdown in domestic investment, the Bank was able to reverse this trend during the fourth quarter of 2000, when lease contracts increased by 5.6%.

Mention should also be made of the year-over-year increase of the loan portfolio in lower risk segments such as large corporations and high-income individuals, that grew by 63.3% and 14.1%, respectively. Moreover, the Bank continued diversifying its loan portfolio lowering thus its concentration on its four principal sectors (Financial Services, Retail, Manufacturing and Construction) from 59.1% as of December 31, 1999 to 54.7% as of December 31, 2000.

The quarterly loan portfolio expansion, was mainly driven by an increase in commercial and foreign trade loans coming principally from large corporations related to the financial services, electricity, gas and water and export sectors.

Past Due Loans by Type of Credit

Past Due Loans (in millions of Chilean pesos, except for percentages)					
	Dec.99	**Sep.00**	**Dec.00**	**% Change**	
				12-months	**4Q00/3Q00**
Commercial loans	55,941	75,754	61,806	10.5%	(18.4)%
Consumer loans	1,020	1,039	1,064	4.3%	2.4%
Residential mortgage loans	217	1,320	1,251	476.5%	(5.2)%
Total Past Due Loans	**57,178**	**78,113**	**64,121**	**12.1%**	**(17.9)%**

Ratios

Allowance / Past Due Loans	**132.8%**	**103.5%**	**120.9%**	**-**	**-**
Past Due Loans / Total Loans	**2.74%**	**3.55%**	**2.82%**	**-**	**-**

Past due loan portfolio decreased 17.9% to Ch$64,121 million at December 31, 2000, from Ch$78,113 million at September 30, 2000. This decline was mainly due to a reduction in past due loans coming from commercial loans of middle market segment. As a consequence, past due to total loans ratio dropped to 2.82% during the fourth quarter of 2000 from 3.55% in the previous quarter, while the coverage ratio increased to 120.9% from 103.5% during the same periods.

Lower past due loans during the fourth quarter of 2000 were principally explained by charge-offs for an amount of approximately Ch$8,900 million, during the quarter, and by the incorporation of assets received in lieu of payment from two important corporations related to the construction sector.

FUNDING

Funding (in millions of Chilean pesos, except for percentages)					
	Dec.99	Sep.00	Dec.00	% Change	
				12-months	4Q00/3Q00
Non-interest Bearing Liabilities					
Current Accounts	210,887	203,615	227,009	7.6%	11.5%
Bankers drafts and other deposits	62,951	114,706	124,294	97.4%	8.4%
Other Liabilities	126,647	172,126	179,927	42.1%	4.5%
Total	**400,485**	**490,447**	**531,230**	**32.6%**	**8.3%**
Interest Bearing Liabilities					
Savings & Time Deposits	1,264,271	1,332,148	1,344,911	6.4%	1.0%
Central Bank Borrowings	2,870	2,518	2,363	(17.7)%	(6.2)%
Repurchase agreements	66,292	60,815	88,404	33.4%	45.4%
Mortgage Finance Bonds	398,308	448,754	458,206	15.0%	2.1%
Subordinated Bonds	52,953	52,333	51,576	(2.6)%	(1.4)%
Other Bonds	15,357	12,871	11,221	(26.9)%	(12.8)%
Borrowings from Domestic Inst.	72,009	21,748	40,467	(43.8)%	86.1%
Foreign Borrowings	20,426	21,726	41,771	104.5%	92.3%
Other Obligations	21,692	26,225	33,174	52.9%	26.5%
Total	**1,914,178**	**1,979,138**	**2,072,093**	**8.2%**	**4.7%**
Total Liabilities	**2,314,663**	**2,469,585**	**2,603,323**	**12.5%**	**5.4%**

During 2000, the balance of non-interest bearing liabilities increased by 32.6%, while total interest bearing liabilities increased by 8.2% during the same period. However, in terms of average balances, a more representative figure, non-interest bearing liabilities increased 19% during the last twelve months.

The growth in non-interest bearing liabilities during year 2000 was mainly a result of the Bank's strategy of increase its current account customer base in order to improve the Bank's funding mix, and, also, a consequence of the Bank's expansion plan towards large corporations. Accordingly, the number of current accounts increased by 9.4% and 7.4% in high income individuals and corporate segments, respectively, during the last twelve-months

Regarding total interest bearing liabilities, the annual increase was mainly driven by larger volumes of time deposits, coming from both high income individual and corporate segments, and, to a lesser extent, to higher saving accounts principally related to high income individuals. On the other hand, mortgage finance bonds important growth during 2000 was a result of the Bank's strategy of expanding its mortgage loan portfolio.

INVESTMENT PORTFOLIO

As of December 31, 2000, the Bank's investment portfolio reached Ch$294,290 million, an increase of 6.8% compared to the Ch$275,592 million as of September 30, 2000. During the fourth quarter of 2000, the Bank decided to extend the duration of its investment portfolio in order to benefit from the expected reduction in both inflation and real interest rates. Accordingly, the Bank took two actions: increase the volume of its financial investments acquiring medium and long-term fixed income instruments (PRC and zero coupons) and, extend the duration of short-term Central Bank instruments (PDBC).

The investment portfolio continued to be principally composed by Chilean Central Bank securities (39.6%), international investment grade securities (25.7%), time deposits issued by domestic institutions (17.5%) and investments purchased under agreements to resell (10.8%).

ASSETS RECEIVED IN LIEU OF PAYMENT

As of December 31, 2000, the Bank's assets received in lieu of payment, net of provisions, amounted to Ch$13,057 million, representing an increase of 154.9% in comparison to the Ch$5,122 million on September 30, 2000. This increase reflects the strict application of the Bank's collection policies for overdue loans; in particular, the increase was mainly explained by properties from three debtors. On December 31, 2000 the Bank's gross assets received in lieu of payment reached Ch$13,977 million and provisions for assets received in lieu of payment amounted to Ch$920 million.

PROVISIONS FOR LOAN LOSSES

Allowances and Provision for Loans Losses (in millions of Chilean pesos, except for percentages)

	1999	2000	% Change	4Q99	4Q00	% Change
Allowances at the beginning of each period	**34,713**	**75,944**	**118.8%**	**42,150**	**80,830**	**91.8%**
Price-level restatement	(870)	(3,389)	289.5%	(316)	(1,242)	293.0%
Charge-off	(24,787)	(30,382)	22.6%	(3,774)	(8,901)	135.9%
Provisions established, net	66,888	35,380	(47.1)%	7,884	6,866	(12.9)%
Allowances at the end of each period	**75,944**	**77,553**	**2.1%**	**45,944**	**77,553**	**68.8%**
Provisions for Loans Losses	**(66,888)**	**(35,380)**	**(47.1)%**	**(37,884)**	**(6,866)**	**(81.9)%**

Ratios

Allowance for loan losses / Total loans	3.65%	3.41%	3.65%	3.41%
Risk Index	3.28%	2.92%	3.28%	2.92%
Provisions for loan losses / Avg. Loans	3.35%	1.70%	7.45%	1.24%
Charge-offs / Avg. Loans	1.25%	1.46%	0.71%	1.61%
Recoveries / Avg. Loans	0.19%	0.18%	0.23%	0.28%

Provisions for loan losses amounted to Ch$35,380 million as of December 31, 2000 showing a sharp decline in comparison to the Ch$66,888 million recorded as of December 31, 1999. This decline was mostly a consequence of important volumes of provisions for loan losses established during the fourth quarter of 1999.

During the fourth quarter of 2000, provisions for loan losses amounted to Ch$6,866 million, an 18.5% increase compared to the previous quarter but a significant 82% decrease in comparison to the fourth quarter of 1999. During the fourth quarter of 2000, provisions for loan losses were composed by approximately Ch$4,400 million of provisions related to corporations mainly of the service and trade sectors and approximately Ch$2,500 million associated to individuals.

As the risk index is concerned, it declined to 2.92% at December 31, 2000 from 3.09% at September 30, 2000 principally due to significant charge-offs of commercial loans.

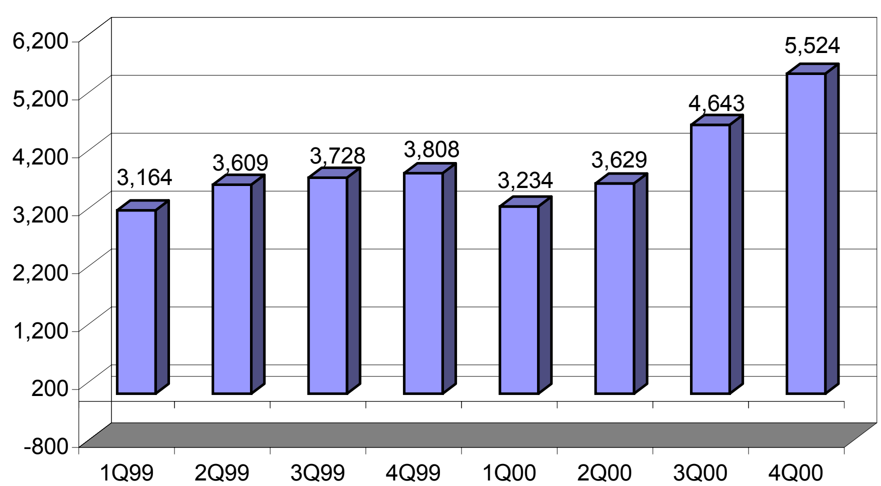
INCOME FROM SERVICES, NET

Income from Services (in millions of Chilean pesos, except for percentages)						
	1999	**2000**	**% Change**	**4Q99**	**4Q00**	**% Change**
Composition by Company						
Bank[1]	6,892	8,365	21.4%	1,843	3,293	78.7%
Finandes	1,585	1,254	(20.9)%	363	314	(13.5)%
Mutual Fund	2,243	3,124	39.3%	714	797	11.6%
Financial Advisory	558	555	(0.5)%	124	164	32.3%
Insurance Brokerage	1,565	1,927	23.1%	426	588	38.0%
Stock Brokerage	1,182	1,411	19.4%	287	327	13.9%
Investment Fund	151	63	(58.3)%	55	1	(98.2)%
Factoring	-	67	-	-	40	-
Leasing[2]	(7)	0	(100.0)%	(4)	-	-
Total Income from services, net	**14,169**	**16,766**	**18.3%**	**3,808**	**5,524**	**45.1%**
Adjusted fee income[3]	**14,169**	**17,831**	**25.8%**	**3,808**	**5,565**	**46.1%**

1 Considers fees from high income individuals, middle market and large companies.
2 Since the third quarter of 2000, leasing operations were granted by the Bank.
3 Adjusted fee income line shows fees on a cash basis and is presented here only for comparative purposes.

Notable has been the 18.3% and 45.1% increase in fee income during year 2000 and during the fourth quarter of 2000, relative to the year-earlier comparable periods. These expansions were largely the result of the Bank's focus on its new fee income plan implemented since the second half of 2000. As we mentioned in our previous release, this plan considers modifications in the price policy of several products. In particular, this change has implied mostly an increase in current account and credit line fees (overdraft fees and fees associated with the maintenance of lower volumes in current accounts) that grew 36.6% during 2000 and 119.1% in the fourth quarter of 2000, compared to the year-earlier quarter.

Fee Income Evolution by Quarter
(million of constant Chilean pesos)



During 2000, fees' growth was also fueled by higher subsidiaries' fees, mainly materialized by the Mutual Fund and, to a lesser extent, by the Insurance Brokerage and Stock Brokerage subsidiaries. Mutual Fund fees rose 39.3% during 2000 mainly as a consequence of the increase in average funds under management during the mentioned year. On the other hand, the 23.1% increase in Insurance Brokerage subsidiary's fees was principally explained by an expansion in life insurance, insurance related to consumer and mortgage loans, and also to guarantees. Finally, Stock Brokerage fees increased as a consequence of its market share growth, in terms of stock transaction and also to higher fees associated to international brokerage businesses.

Concerning Finandes' (Consumer Division) fees, the decline observed during 2000 was principally attributable to the regulation enacted by the Superintendency of Banks, effective July 1999, which stated that any fees or loan recovery expenses must be included in the loan interest rate for these credits.

As we mentioned in previous releases, during the year 2000, the Bank recognized fee income on an accrued basis, which resulted in an apparent reduction of the monthly fee inflow, mainly of those originated in the use of ATMs, credit lines and sight accounts. This regulation has led to a deferral of approximately Ch$1,065 million in fee income in 2000 and Ch$41 million in the fourth quarter of 2000. Excluding this extraordinary effect, income from services grew 25.8% in the last twelve-months ended December 31, 2000.

OTHER OPERATING INCOME, NET

Other operating income (in millions of Chilean pesos, except for percentages)						
	1999	**2000**	**% Change**	**4Q99**	**4Q00**	**% Change**
Gain on sales of financial instruments, net	1,881	2,295	22.0%	911	475	(47.9)%
Foreign exchange transactions, net	4,677	6,643	42.0%	2,190	2,582	17.9%
Total other operating income	**6,558**	**8,938**	**36.3%**	**3,101**	**3,057**	**(1.4)%**

The Bank's Other Operating Income rose to Ch$8,938 million (US$ 15.6 million) during 2000 from Ch$6,558 million (US$11.5 million) during 1999, mainly as a consequence of higher foreign exchange transactions and, to a lesser extent, to an increase in gain on sales of financial instruments.

Higher gains on sales of financial instruments during 2000, in comparison to the previous year, were mainly a consequence of price differential losses registered during the first quarter of 1999 of approximately Ch$1,781 million, coming from sales of loans related to a corporate client which provided services to the mining industry. This more than offset the significant gains obtained during that year as a consequence of the reductions in the discount rates of Central Bank securities and Yankee Bonds.

The increase in foreign exchange transactions observed during 2000, as compared to 1999 was mainly attributable to higher accrual earnings experienced by the UF-US$ forward contracts due to both, higher inflation rate (the annual change experienced by the UF index was 2.6% in 1999 and 4.7% in 2000) and higher volumes (the Bank had an average net liability position of US$ 251 million in 1999 and US$347 million in 2000). Nevertheless, it is important to note that the amount showed in this line does not reflect adequately the financial results associated with the management of the foreign exchange position, since it does not include the cost of carry nor the accounting asymmetry originated from the asset/liability position maintained in instruments denominated in local currency, readjusted in accordance with changes in the US exchange rate.

In accordance with the Bank's internal profitability methodology, the financial results associated with the management of the foreign exchange positions reached an amount of approximately Ch$3,900 million in 1999 and Ch$3,300 million in 2000.

During the fourth quarter of 2000, other operating income declined slightly relative to the fourth quarter of 1999, as lower gains on sales of financial instruments totally offset the increase in foreign exchange transactions. The decline observed in gains on sales of financial instruments was primarily explained by higher mark to market earnings originated from the Stock Brokerage portfolio during the fourth quarter of 1999. On the other hand, the increase in foreign exchange transactions was also attributable to higher accrual earnings experienced by the UF-US$ forward contracts.

OTHER INCOME AND EXPENSES

The Bank's Other Income and Expenses amounted to Ch$(1,071) million in 2000, compared to Ch$1,655 million in 1999. This figure was primarily explained by higher charge-offs on assets received in lieu of payment originated during the second quarter of 2000, in accordance to the Superintendency guidelines, mainly associated to two industrial properties.

Regarding the higher Other Income and Expenses registered in the fourth quarter of 2000 compared to the same quarter of 1999, they were mainly attributable to higher recovery of commercial loans previously charged-off and to lower charges on assets received in lieu of payment during the mentioned quarter.

OPERATING EXPENSES

Operating expenses (in millions of Chilean pesos, except for percentages)						
	1999	**2000**	**% Change**	**4Q99**	**4Q00**	**% Change**
Personnel salaries and expenses	(35,190)	(40,240)	14.4%	(8,812)	(10,375)	17.7%
Administrative and other expenses	(28,421)	(38,012)	33.7%	(7,285)	(11,681)	60.3%
Depreciation and amortization	(5,239)	(6,249)	19.3%	(1,289)	(2,042)	58.4%
Total operating expenses	**(68,850)**	**(84,501)**	**22.7%**	**(17,386)**	**(24,098)**	**38.6%**
Operating expenses / Operating revenues	**54.1%**	**64.8%**	**-**	**55.7%**	**66.5%**	**-**

The Bank's operating expenses grew by 22.7% to Ch$84,501 million (US$148 million) in 2000 from Ch$68,850 million (US$120 million) in 1999, boosted by an increase in administrative expenses.

The increase in the Bank's operating expenses during 2000 is in line with the Bank's growth strategy, which seeks to improve the Bank's profitability and efficiency in the medium term. To achieve this, the Bank invested heavily in the expansion of its branch network and ATMs, as well as in the improvement of its internet website. In addition, the Bank strengthened its market position in large corporations and incorporated new products and businesses such as the Factoring and Securitization subsidiaries. Special efforts made by the Bank's sales force together with an aggressive marketing corporate campaign during this year permitted the enhancement of its customer base.

As personnel salaries expenses are concerned, the 14.4% increase during 2000, compared to 1999, was mostly associated with the aforementioned expansion plan, which implied an increase in headcount of 313 employees (from 2,626 to 2,939) during the last twelve months. This expansion was focused on commercial areas such as new branches, corporate business and the factoring subsidiary, and towards strengthening its Internet project and its Credit Division.

On the other hand, year-on-year growth of 33.7% in administrative and other expenses was mainly due to higher:

(i) Advertising expenses mainly related to Corporate campaigns, television campaigns supporting internet products and services innovations (e-card, corporate e-B2B.cl and the Bank's site) and the launching and promotion of new products (united triple mileage card, consumer and mortgage loans).

(ii) Rental and maintenance expenses due to the installation of 133 new ATMs and other sites during 2000 and the opening and relocation of some branches in order to optimize the service to customers.

(iii) Sale force expenses in line with the Bank's aim to increase the number of customers linked principally to checking accounts, credit cards, credit lines and mortgage loans.

(iv) Advisory expenses associated, within others, to technology and software development of the Bank's website.

(v) Collection expenses related to consumer loans as a consequence of the modification in the collection law (during 1999).

(vi) Supplies expenses related to current accounts due to the expansion of the client base and to the modification of the checkbooks in order to increase safety procedures.

The increase in depreciation and amortization expenses during 2000, compared to 1999 was mainly associated to higher depreciation of computer equipment related to ATMs, to higher amortization of software development related to the Bank's website and, to a lesser extent, to higher depreciation expenses associated with the re-furbishing of rented branches and also to the opening of new branches.

Regarding the fourth quarter operating expenses, the increase observed with respect to the year-earlier quarter was mainly driven by the same factors that explained the year on year operating expenses growth.

In terms of deferred costs (related to the origination of consumer loans and sales of other products which arose from the change in accounting principles dictated by the Superintendency of Banks), the net effect was a reduction in expenses for an amount of approximately Ch$1,537 million in year 2000 and Ch$362 million in the fourth quarter of the same period.

As consequence of the higher expenses, the efficiency ratio moved to 64.8% as of December 31, 2000, from 54.1% as of December 31, 1999, while operating expenses to average total assets ratio increased to 3.2% in 2000 from 2.8% in the prior year.

LOSS FROM PRICE- LEVEL RESTATEMENT

Loss from price-level restatement increased 185%, moving to Ch$6,983 million (US$12.2 million) in 2000 from Ch$2,450 million (US$4.3 million) in 1999. This increase is principally attributable to the increase in non-monetary liabilities, net, as a result of the capitalization made in the last quarter of 1999 through the rights offering (average shareholders equity grew 30.7% between 2000 and 1999). Also, the higher inflation rate observed during 2000 relative to the previous year (the inflation rate used for adjustment purposes climbed to 4.7% in 2000 from 2.6% in 1999) contributed to the mentioned increase in the inflation adjustment for non-monetary assets and liabilities. The higher loss from price-level restatement observed during the fourth quarter of 2000 in comparison to the same quarter of 1999, was also explained by the aforementioned factors (inflation rate used for adjustment purposes increased to 1.6% in 4Q00 from 0.8% in 4Q99).

INCOME TAXES

Income taxes amounted to a positive Ch$995 million during the full year 2000, compared to the positive Ch$2,777 million in 1999. The difference between both figures is largely explained by the losses incurred during 1999. However, in both years, the change in the accounting principle related to the recording of deferred income taxes, implied a reduction on the charge for income taxes by Ch$920 million during 2000 and Ch$1,021 million during 1999. It is worth mentioning that these amounts corresponded mainly to the tax credit originated from the application of this new guideline for the periods prior to 1999.

SHAREHOLDER'S EQUITY

As of December 31, 2000, the Bank's shareholder's equity totaled Ch$224,003 million (US$391.1 million), as compared to Ch$220,814 (US$385.6 million) as of December 31, 1999. The slight increase corresponded to the net income of year 2000. At the same date, the Bank's Total Capital to Risk-Adjusted Assets ratio (BIS ratio) reached 10.8%, and the Basic Capital to Total Assets ratio, reached 7.9%, both indicators in full compliance with the 8% and 3%, respective minimums requirements.

Note: All figures expressed in US dollars (except earnings per ADR) were converted using the exchange rate of Ch$572.68 for US$1.00 as of December 31, 2000. Earnings per ADR were calculated considering the nominal net income and the exchange rate existing at the end of each period.

FORWARD-LOOKING INFORMATION

The information contained herein incorporates by reference statements which constitute ''forward-looking statements,'' in that they include statements regarding the intent, belief or current expectations of our directors and officers with respect to our future operating performance. Such statements include any forecasts, projections and descriptions of anticipated cost savings or other synergies. You should be aware that any such forward-looking statements are not guarantees of future performance and may involve risks and uncertainties, and that actual results may differ from those set forth in the forward-looking statements as a result of various factors (including, without limitations, the actions of competitors, future global economic conditions, market conditions, foreign exchange rates, and operating and financial risks related to managing growth and integrating acquired businesses), many of which are beyond our control. The occurrence of any such factors not currently expected by us would significantly alter the results set forth in these statements.

Factors that could cause actual results to differ materially and adversely include, but are not limited to:

- changes in general economic, business or political or other conditions in Chile or changes in general economic or business conditions in Latin America;
- changes in capital markets in general that may affect policies or attitudes toward lending to Chile or Chilean companies;
- unexpected developments in certain existing litigation;
- increased costs;
- unanticipated increases in financing and other costs or the inability to obtain additional debt or equity financing on attractive terms; and

You should not place undue reliance on such statements, which speak only as of the date that they were made. Our independent public accountants have not examined or compiled the forward-looking statements and, accordingly, do not provide any assurance with respect to such statements. These cautionary statements should be considered in connection with any written or oral forward-looking statements that we may issue in the future. We do not undertake any obligation to release publicly any revisions to such forward-looking statements after completion of this offering to reflect later events or circumstances or to reflect the occurrence of unanticipated events.

-- Financial Tables Follow --