

**FILANBANCO S.A. AND
FILANBANCO TRUST
& BANKING CORP.**

Report on the Application of Agreed-Upon
Procedures to Identify Adjustments
Required by the Assets, Contingencies,
Provisions, and Estimated Interest and
Corporate Benefits and Determination of
Losses at December 2, 1998.

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Deloitte & Touche

May 8, 2001

Eng. Miguel Crespo V.
General Manager
Filanbanco S.A.
Guayaquil

Dear Sirs:

Re: Report on Filanbanco S.A. and Filanbanco Trust & Banking Corp.

We are attaching the Independent Auditors' Report on the Application of Agreed-Upon Procedures to Identify Adjustments Required by the Assets, Contingencies, Provisions, and Estimated Interest and Corporate Benefits and determination of losses at December 2, 1998.

Sincerely,
[signature]

Deloitte
Touche
Tohmatsu

FILANBANCO S.A. AND FILANBANCO TRUST & BANKING CORP.

REPORT ON THE APPLICATION OF THE AGREED UPON PROCEDURES AT DECEMBER 2, 1998

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1. INTRODUCTION

1.1. REPORT OF THE INDEPENDENT AUDITORS ON THE APPLICATION OF THE AGREED-UPON PROCEDURES

1. We have performed the procedures listed in Appendix 1 of the Agreement for Provision of Services and Addenda, which have been previously agreed upon with the legal representative of Filanbanco S.A., Filanbanco Trust & Banking Corp.(an offshore bank established in the Republic of Panama) and Deloitte & Touche for the purpose of aiding them to identify the adjustments that must be made to the assets, contingencies, provisions and reserves for the payment of interest on deposits and obligations, corporate benefits and taxes, for the balance sheets of Filanbanco S.A. and Filanbanco Trust & Banking Corp. at December 2, 1998, and to determine the losses at that date. The agreement to use the previously agreed-upon procedures was reached in accordance with the agreement for provision of services and as established in Appendix 1 to the aforementioned agreement and its addenda, and with Ecuadorian Audit Regulation No. 30, "Work for Performing Agreed-upon Procedures With Respect to Financial Information." Filanbanco S.A. and Filanbanco Trust & Banking Corp. are fully responsible for the sufficiency of these procedures, and as a result we are making no claim regarding the sufficiency of the procedures described in Appendix 1 of the aforementioned agreement and addenda, either for the purpose for which this report has been requested or for any other purpose.
2. The agreed-upon procedures referred to above did not include the procedures agreed upon for the review of the financial statements of the other subsidiaries of Filanbanco S.A.
3. The findings based on the application of the agreed-upon procedures mentioned in Paragraph 1 that are shown in sections 3 to 5 were discussed and reviewed with the legal representatives and other officials of Filanbanco S.A. and Filanbanco Trust & Banking Corp. The aforementioned findings have been obtained on the basis of samples performed pursuant to Appendix 1 of the agreement for provision of service and its addenda, and did not include the extrapolation of the results to the total assets and contingencies and provisions and reserves for the payment of the interest on deposits and obligations, corporate benefits and taxes of the aforementioned entities.

4. Because the scope of our work was based on the information indicated in the preceding paragraphs, our work does not constitute an audit or a review of the financial statements conducted according to generally accepted auditing or review standards, and therefore we are unable to express, and are not expressing, any opinion or observation on the reasonability of the financial statements of Filanbanco S.A. and Filanbanco Trust & Banking Corp. at that date or any other date. If we had performed additional procedures, or had performed an audit or review of the financial statements, it is possible that other matters would have come to our attention and we could have notified you of them.
5. This report is for the sole use of the legal representatives of the banking institutions named in the paragraphs above and the Superintendent of Banks, and must not be submitted to him or used by other individuals who did not agree to the procedures.

* * * * *

1.2. BACKGROUND

On December 2, 1998, in Resolution No. JB-98-085, the Banking Board decided upon the following principal items:

1. Pursuant to the provisions of Article 23 of the Law on Economic Reorganization in the Area of Taxes and Finance, a decision was made to have Filanbanco S.A. undergo a restructuring program, after it was found that this financial institution had become subject to the provisions of Articles 146 of the General Law of Financial System Institutions and Art. 31 of the Law on the Monetary System and the State Bank.
2. To approve the Restructuring Program for the strengthening of Filanbanco S.A. that had been developed by the Superintendency of Banks.
3. To declare that the subscribed and paid-in capital of Filanbanco S.A. is reduced to ECS 1000, represented by ten ordinary registered shares of ECS 100 each.
4. Order that Filanbanco S.A., within a period of one week, proceed with a mandatory increase to its capital, in the form provided in the Restructuring Program.
5. Notify the Board of Directors of the Agencia de Garantía de Depósitos, AGD, to request the Ministry of Finance and Public Debt to issue Government Bonds in the amount required to replace the capital and pay the obligations to the Central Bank of Ecuador, in compliance with the terms, interest rates and any other conditions that will be established by the Agencia de Garantía de Depósitos pursuant to the law and the Restructuring Program.
6. The former shareholders of Filanbanco S.A., principally Intral Panamá S.A, must immediately establish a commercial trust to which they will transfer fixed assets, other than those of Filanbanco S.A. or its subsidiaries or affiliates, the value which will be no less than US\$ 65 million, and which will serve as the support or the source of funds for paying the value of any additional unrecoverable risk asset of Filanbanco S.A. which is considered as such by the special auditors that were appointed under the Stabilization Program for Filanbanco S.A., which must have the approval of the Superintendency of Banks, and the losses that were suffered up to December 2, 1998.

After having been determined, the aforementioned risk assets and losses must also be transferred to this commercial trust, as part of its assets, and the commercial trust will simultaneously assume a liability that is equal to the nominal value of the assets of losses that are transferred to it, a liability that will be included among the liabilities of Filanbanco S.A. to the AGD.

Both the risk assets and the fixed assets referred to herein will serve as the source of funds for paying the debts assumed by the commercial trust. Any surplus obtained by AGD on the sale of the shares of Filanbanco S.A. held by it will also be applied for the same purpose, with the surplus being the excess amount obtained on the investment that was made in the shares, plus their financial cost, calculated at the borrowing reference rate of the Central Bank of Ecuador, averaged weekly, up to the date of payment of the sale price.

In carrying out the resolution above, it was determined that the accounts and written-off assets of the Bank's capital at December 2, 1998, were as follows:

Account Name	(sucres in millions)
Paid in Capital	450,000
Reserve for Revaluation of Assets	350,382
Legal Reserve	12,446
Special Reserves	<u>20,798</u>
Total	<u>833,626</u>

At December 2, 1998, the Bank's capital amounted to ECS 855.891 billion, and as a result of the aforementioned write-offs, the capital of the Bank was reduced to ECS 22.265 billion, without considering the losses for the period. The balance of ECS 22.265 billion that was not written off primarily represents the currency restatement account and was transferred on December 31, 1998 to the Reserve for Revaluation account. As a result of the aforementioned adjustments, at December 3, 1998, the paid-in capital of the Bank was set at the symbolic value of ECS 1,000, represented by 10 shares of ECS 100 each, which were transferred by Intral Panamá S.A. to the AGD.

In the following, we detailed the composition of the shareholders, directors and administrators of Filanbanco S.A. and Filanbanco Trust & Banking Corp. up to December 2, 1998, the date on which the Bank entered into the Restructuring Program that was ordered by the Banking Board.

Shareholder Composition

The capital stock of Filanbanco S.A. was distributed as follows:

Shareholders	Per-Share Value	Sucres in millions	%
Intral Panamá S.A.	ECS 100	ECS 449,116	99.8
Seguros Rocafuerte S.A.	ECS 100	<u>ECS 884</u>	<u>0.2</u>
Total		<u>ECS 450,000</u>	<u>100.0</u>

The Permanent Directors, Alternates and officers of Filanbanco S.A. and Filanbanco Trust & Banking Corp. up to December 2, 1998 were as follows:

Permanent Directors:

Luis Peré Cabanas (President)
Estéfano Isaías Dassum
Luis Chiriboga Parra
Jorge Pérez Pesantez

Alternates:

Juan Carlos Plaza Plaza
Francisco Alarcón Fernández-Salvador
Farid Lértora Juez
Modesto Luque Benitez

Officers:

Roberto Isaías Dassum	Executive President
William Isaías Dassum	Executive Vice President
Juan Franco Porras	General Manager Filanbanco S.A.
Roberto Mejía Usubillaga	Vice President Commercial Division
Roberto Gavilanez Martínez	Vice President Operations and Services Division
Freddy Flores Estevez	Vice President Financial Division
Mercedes Avila de Nath	Vice President Legal Division
Ricardo Seminario Rubira	Vice President Administrative Division
José Medina Serrano	Vice President Treasury Division
María del Carmen Guzmán	Vice President International Business Division
Ernesto Lebed Moreno	Vice President for Marketing
Alfredo Ochoa Espinozá	Vice President for Development and Systems
Gastón García González	Chief Auditor (up to June 2000)
Daniel Rodríguez Galarza	Vice President General Representative, Filanbanco Trust & Banking Corp.
Olga Arosemena de Guizado	General Manager Filanbanco Trust & Banking Corp.

On November 26, 1998, the Extraordinary and Universal General Meeting of Shareholders accepted the resignations of Roberto and William Isaías Dassum from the positions of President and Executive Vice President, respectively, and also that of the permanent Directors and alternates, who retained their positions until the Bank filed its application for restructuring on December 2, 1998.

Requirements of the Superintendency of Banks for the determination of losses at December 2, 1998

On August 31, 2000, memo INSEF-2000 3482 issued by the Superintendency of Banks regarding the restructuring plan of December 2, 1998 ordered the hiring of an independent auditing firm to determine the losses of Filanbanco S.A. and Filanbanco Trust & Banking Corp. at December 2, 1998, thereby complying with the provisions of the restructuring plan.

The independent auditing firm selected by Filanbanco S.A. to perform this work was Deloitte & Touche Ecuador Cia. Ltda, and on December 8, 2000, the respective agreement for the determination of the losses was executed, and was modified by the addenda executed on January 5 and February 28, 2001.

The purpose of the aforementioned agreement is to determine the losses of Filanbanco S.A. and Filanbanco Trust & Banking Corp. at December 2, 1998, and takes into account the following:

- a. Evaluation and valuation of the risk assets and contingencies, in compliance with the regulations in effect at that date, and determination of the provisions for losses that may be yielded by the examination.
- b. Analysis, evaluation and valuation of the important reconciling entries that appear in the bank reconciliations at December 2, 1998, for the purpose of determining any adjustments that may be necessary.
- c. Analysis, evaluation and valuation of the accounts receivable and other assets, for the purpose of determining the reasonability of the provisions for valuation of these assets and determining the adjustments that may be necessary, if any.
- d. Analysis and evaluation of the reasonability of the provisions and reserves for interest on deposits, obligations and other liability accounts with financing cost, as well as the provisions and reserves for corporate benefits and taxes.
- e. Analysis and evaluation of the reasonability of the issue of bonds for US\$30 million and the establishment of the Silver Lace and Enerco Trusts to acquire a portfolio considered unrecoverable and its subsequent liquidation.
- f. Analysis, evaluation and valuation of the adequacy of the contribution to cover the institution's losses at December 2, 1998.
- g. Analysis, evaluation and valuation of the reasonability of the accounting for transactions that were the basis for the investment entries amounting to US\$ 107 million in the books of Filanbanco Trust & Banking Corp.; subsequent activity up to their payment in full by the contribution of assets from the Fideicomiso Multinversions and their provision to the Fideicomiso AGD, verifying the existence of sufficient and adequate evidence supporting these transactions.
- h. Review and evaluate events subsequent to December 2, 1998 that deal with incidents or estimates that might correspond to losses at that date and that were not reflected in the balance sheets that were used as the basis for determining the losses to be assumed by the former shareholders. Regarding this item, it will also be necessary to determine the contingencies activated after December 2, 1998 that may have generated losses.

Procedures agreed upon to determine the losses of Filanbanco S.A. and Filanbanco Trust & Banking Corp. at December 2, 1998.

The procedures agreed upon and applied, as set forth in Appendix 1 to the agreement for the provision of services and its addenda, do not establish procedures relating to the valuation of the internal control systems of Filanbanco S.A. and Filanbanco Trust & Banking Corp., and as a result, we are not providing any express or implicit assurance in this regard.

Establishment of Filanbanco S.A. and Filanbanco Trust & Banking Corp.

Filanbanco S.A.

Filanbanco S.A. was established in January 10, 1908 under the name of Filantrópica Caja de Préstamos y Depósitos. On May 26, 1978, in Superintendency of Banks Resolution No. 7880, it changed its name to Filanbanco S.A. The main office of the Bank is located in the city of Guayaquil and there are branches in the country's major cities.

The Bank is authorized to perform the transactions defined in Article 51 of the General Law of Financial Systems Institutions, in domestic or foreign currency or constant value units. The banking activities are governed by the General Law of Financial Systems Institutions, decisions of the Monetary Committee and the Agencia de Garantía de Depósitos and are under the oversight of the Superintendency of Banks of Ecuador.

Filanbanco S.A. is the parent company of the Financial Group of the same name and includes six institutions dedicated to financial activities, including depositary activities, issuing of credit cards, management of investment funds and trusts, securities intermediation, and other activities permitted by current regulatory law.

A list of the Bank's subsidiaries is presented below:

Institution	Ownership Percentage	Business Activity
Filanbanco Trust & Banking Corp	100.00	Banking (Panamanian)
Filancard S.A.	100.00	Auxiliary Services
Filanfondos S.A.	100.00	Fund Manager
Filancasa de Valores S.A.	100.00	Brokerage
Almacenera Guayaquil Almaquil S.A.	82.65	Almacenera
A.F.P. Génesis	51.00	General Depositary Fund Manager

On December 2, 1998 the Agencia de Garantía de Depósitos (AGD) took control of the banks because of their liquidity problems, and in compliance with the powers granted by law, it wrote down the capital stock of the prior shareholders and capitalized ECS 900 billion, becoming the sole shareholder of the Bank.

From December 3, 1998 to the date of this report, the Directors and Administrators of Filanbanco S.A. are as follows:

Directors	From:	To:
Dr. Juan Trujillo Bustamante (President)	Dec-8-1998	Present
Eng. Marco Elizalde Ycaza	Dec-8-1998	Present
Econ. Benigno Sotomayor Hoffman	Jun-4-1999	Present
Eng. Jorge Arturo Sánchez Varas	Jun-4-1999	Present
Dr. Pedro Aguayo Cubillo	Dec-8-1998	Dec-23-1998
Eng. Rodolfo Baquerizo Alvarado	Dec-8-1998	Feb-1-1999
Eng. Gustavo Vallarino Marcos	Dec-8-1998	Feb-1-1999
Eng. Juan Xavier Cordovez Ortega	Dec-8-1998	Feb-1-1999
Econ. Joaquin Orrantia Vernaza	Dec-8-1998	Jun-4-1999
Sr. Sucre Pérez Mac Collum (Alternate)	Feb-1-1999	Aug-3-1999
Sr. Rodolfo Boloña Páez (Alternate)	Feb-1-1999	Present

Officers	Position	Since
Miguel Crespo	General Manager	Feb-1-2001
Marco López Narváez	Vice President for Risk	Jul-7-2000
Giovanny Galarza	Vice President for Operations	Jul-7-2000
Francisco Nugué	Vice President for Subsidiaries	Mar-29-1999
Dieter Koehen	Vice President Corporate Banking	Sep-1-2000
Emilio Oneto	Vice President Personal Banking	Dec-16-1999
José Medina	Vice President for Treasury Operations	Jul-26-1999
Alberto Fierro	Vice President for Marketing	Feb-1-2001
Miguel Montalvo Malo	Vice President for Security	Nov-6-2000
Víctor Argudo	General Accountant	Nov-16-2000

From December 3, 1998 up to the date of this report, the Directors and Administrator of Filanbanco Trust & Banking Corp. are as follows:

Directors

Juan Trujillo Bustamante
 Jorge Sánchez Varas
 Roberto Rice Pita

Administrator

Olga Arosemena de Guizado General Manager

During the restructuring of Filanbanco S.A. and Filanbanco Trust & Banking Corp., the persons appointed to occupy the position of General Manager are: Engineer Daniel Cañizares Aguilar as Chief Executive Officer and General Manager from December 3, 1998 to March 29, 1999, the date upon which Engineer Marco Solo Herrera is appointed General Manager, up to April 19, 1999, the date on which Engineer Gonzalo Hidalgo Terán is appointed until October 13, 2000; the date upon which Engineer Antonio Bejarano Trujillo is appointed General Manager, up to January 31, 2001.

Filanbanco Trust & Banking Corp.

The Offshore Bank of the Financial Group, an organization established under the laws of the Republic of Panama, with an international banking license that allows it to manage transactions from an office established in Panama that are carried out, executed or produce effects abroad. The Bank began operations in March 1994.

Its administrative offices in Ecuador are located in the city of Guayaquil in the Filanbanco S.A. building.

1.3. FINANCIAL INFORMATION

The following is a balance sheet comparing the periods December 2, 1998 (date at which the losses were determined) and December 31, 1998, March 31, May 31 and December 3 of 1999, for Filanbanco S.A. and Filanbanco Trust & Banking Corp., representing the periods that were audited.

FILANBANCO S.A.	December 2, 1998	December 31, 1998	March 31, 1999	May 31, 1999	December 31, 1999
	(sucres in millions)				
Available Funds	704,075	732,703	766,122	685,737	1,175,510
Interbank Funds				24,500	338,519
Investments	575,353	1,837,304	2,305,796	1,017,942	3,184,775
Loan Portfolio	5,333,296	5,112,635	7,964,013	7,808,267	15,111,317
Allowance for Bad Debts	(992,133)	(972,013)	(1,156,840)	(1,632,755)	(6,840,618)
Accounts Receivable	249,868	241,952	406,722	458,481	775,400
Assets Received in Satisfaction	74,978	93,252	82,091	107,704	269,398
Fixed Assets	677,714	687,896	588,574	644,292	776,318
Other Assets	760,221	737,705	878,567	893,456	1,257,053
Total Assets	7,383,373	8,471,434	11,835,045	10,007,624	16,047,672
Demand Deposits	1,292,647	1,282,861	1,282,020	1,477,322	3,024,668
Interbank Funds		16,600	2,500	1,000	
Immediate Obligations	515,757	1,479,626	171,393	229,934	1,391,376
Term Deposits	1,508,397	1,311,933	1,340,975	1,523,026	3,191,962
Accounts Payable	162,909	385,579	3,598,503	3,393,043	1,947,593
Debts to Banks	3,491,489	2,570,345	2,330,590	1,425,407	1,386,912
Circulating Assets	282,760	211,157	167,342	150,473	196,330
Other Liabilities	483,813	411,744	1,029,251	744,447	1,750,810
Total Liabilities	7,737,772	7,669,845	9,922,574	8,944,652	12,889,651
Paid-In Capital	1	900,000	900,000	900,000	918,400
Contribution for capitalization		18,400	18,400	18,400	1,472,957
Accumulated results	(374,151)	(138,851)	907,913	(77,200)	(77,586)
Revaluation Reserve		22,040	86,157	221,772	844,250
Currency Restatement	19,751				
Total owner's equity	(354,399)	801,589	1,912,470	1,062,972	3,158,021
Total liabilities and owner's equity.	7,383,373	8,471,434	11,835,044	10,007,624	16,047,672
Contingencies	3,194,829	3,075,359	3,516,208	3,001,033	6,530,540

FILANBANCO TRUST & BANKING CORP.	December 2, 1998	December 31, 1998	March 31, 1999	May 31, 1999	December 31, 1999
(Dollars in thousands)					
Available funds	24,773	15,374	14,773	9,305	14,871
Investments	7,158	7,456	7,220	4,906	41,821
Loan portfolio	254,007	198,554	132,797	93,354	50,877
Allowance for bad debts	(15,095)	(7,844)	(8,250)	(276)	(276)
Accounts Receivable	2,988	1,077	2,143	21,509	2,481
Fixed Assets	105	103	98	94	83
Other assets	10,222	7,483	6,659	4,937	2,368
Total Assets	284,158	222,203	155,440	133,829	112,225
Demand deposits Immediate	14,885	14,483	8,288	8,636	9,332
Obligations	34	119	70	193	21
Term deposits	212,727	163,535	114,071	98,466	83,299
Accounts payable	168	103	145	206	122
Debts to banks	18,394	17,308	4,388	2,885	
Other liabilities	19,962	11,247	12,302	8,869	5,640
Total Liabilities	266,170	206,795	139,264	119,255	98,414
Paid in Capital	15,000	15,000	15,000	15,000	15,000
Reserves	378	378	378	378	378
Accumulated Profit/Loss	3,834	3,834	30	31	31
Profit/Loss for fiscal period	(1,224)	(3,804)	768	(835)	(1,597)
Total Capital	17,988	15,408	16,176	14,574	13,812
Total Liabilities and Capital	284,158	222,203	155,440	133,829	112,225
Contingencies	1,672	1,672	1,644		

The Accounting loss on the books of the Banks for the eleven months and two days ending December 2, 1998 was ECS 376.664 billion at Filanbanco S.A. and US\$ 1.2 million at Filanbanco Trust & Banking Corp. for the same period.

1.4 LIMITATIONS TO THE SCOPE OF THE APPLICATION OF THE AGREED-UPON PROCEDURES

With respect to the application of the proceedings agreed-upon in Appendix 1 of the agreement and its addenda for the determination of losses of Filanbanco S.A. and Filanbanco Trust & Banking Corp. at December 2, 1998, below we provide details of the limitations to the scope of application of the agreed-upon procedures.

- a. We did not receive the letter of representation from Filanbanco S.A. and Filanbanco Trust & Banking Corp. that is referred to in the sixth paragraph of the agreement for provision of services, which should have included aspects such as the compliance of the banks with current law, the disclosure of contingencies, valuation criteria, transactions with related parties and in general, the information, premises and foundational documentation for the recording, classification and valuation of the assets and contingencies of the Bank and its Subsidiary at December 2, 1998, which were submitted to the agreed-upon procedures.
- b. In section 3 to this report, we include the limitations to the scope of the application of the agreed-upon procedures that were primarily the result of the absence of account attachments that were requested and supporting documentation for the samples that were selected for analysis, and which were adjusted in compliance with the provisions of Appendix 1 of the agreement for provision of services. In addition, item 3.3, loan portfolio, provides the details on the limitations to the application of the procedures for review of the Silver Lace and Enerco Trusts.
- c. With respect to the credit accounts for banks and circulating assets, it was not possible to determine the reasonability of the accrued interest payable because we were not provided with the details of the obligations, including basic information such as the dates that the transactions were opened or due and the interest rates.
- d. Despite the activities of the officers of Filanbanco S.A., we have not had access to the working papers for the audits that were performed on December 31, 1998 by Hanson and Holm, on May 31, 1999 by Arthur Andersen Auditors Cia. Ltda, or December 31, 1999 by Arthur Andersen Auditors Cia. Ltda. The report of the special audit provided by the administration of the Bank and performed by KPMG LLP on March 31, 1999, is illegible in certain sections, mainly where it relates the classification of risk assets and contingencies, and in addition we were not provided with the CD that contains the report and its respective appendices on magnetic media, as had been planned in the agreed-upon procedures.

Other issues could have arisen if the letter of representation and the information mentioned in the paragraphs above had been obtained, which could have resulted in additional adjustments and disclosures, with the result that the loss determined at December 2, 1998 could have been affected, primarily in matters relating to the information that we note in paragraphs (b), (c), and (d), which was not received by us, and in addition because of the effect of the matters mentioned in paragraph (a) above.

1.5. DATES OF REVIEW AND ISSUING OF REPORT

The performance of the agreed-upon review procedures relating to the balances of the assets and contingencies at December 2, 1998 for Filanbanco S.A. and Filanbanco Trust & Corp. began on December 21, 2000 and ended on February 18, 2001.

1.6. ABBREVIATIONS AND EQUIVALENTS

The following abbreviations and equivalents are used in this report:

Agencia de Garantía de Depósitos	AGD
Central Bank of Ecuador	BCE
Sucres	ECS
United States Dollars	US\$
National Financial Corp.	CFN
Deloitte & Touche	D&T
Swiss francs	FS
French francs	FF
Yen	Y
Belgian francs	FB
Dutch florins	FH
Lira	L
Pound sterling	LE
German marks	DEM
Exchange rate at November 30, 1998	ECS 6,449 for US\$1.00
UVC at November 30, 1998	ECS 41,128
Exchange rate at December 2, 1998	ECS 6,551 for US\$1.00
UVC at December 2, 1998	ECS 41,301
Exchange rate at December 31, 1998	ECS 6,765 for US\$1.00
UVC at December 31, 1998	ECS 42,218

Figures in sucres are expressed in millions and/or fractions of millions of sucres, while figures in dollars represent United States of America dollars and are expressed in thousands.

* * * * *

2. EXECUTIVE SUMMARY OF FINDINGS AND ADJUSTMENTS

2.1. ADJUSTMENTS TO THE ASSETS, LIABILITIES AND CONTINGENCIES FOR INCOME STATEMENTS

The following is a summary of the income statements for Filanbanco S.A. and Filanbanco Trust & Banking Corp. at December 2, 1998 stated in millions of sucres and thousands of dollars, respectively, which come from the financial statements signed by the legal representatives of Filanbanco S.A. and Filanbanco Trust & Banking Corp. and from financial information provided by the Administration of the Bank.

Based on the financial information received and the application of the agreed-upon procedures described in the agreement and addenda executed with the Administration of the banks, adjustments were made to the corresponding accounts for the assets, contingencies, provisions and reserves for the payment of interest for deposits and obligations, corporate benefits and taxes, resulting in the adjusted income statement of December 2, 1998.

The agreed-upon procedures described in Appendix 1 to the aforementioned agreement and its addenda permit the use of the results of the following statutory and special audits of Filanbanco S.A. and Filanbanco Trust & Banking Corp. for the determination of the adjustments at December 2, 1998:

Audits	Date	Auditors
Statutory	Dec. 31, 1998	Hansen Holm & Co.
Special	Mar. 31, 1999	KPMG LLP
Special	May 31, 1999	Arthur Andersen Audidores Cía. Ltda.
Statutory	Dec. 31, 1999	Arthur Andersen Audidores Cía. Ltda.

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2.2. INCOME STATEMENTS - PROFORMA

FILANBANCO S.A.	December 2, 1998 (*)	Adjustments	Proforma Adjusted
	(sucres in millions)		
Interest earned	1,154,390	(152,433)	1,001,957
Commissions	177,705		177,705
Income for services	33,826		33,826
Readjustments earned - accrued	759,308		759,308
Other ordinary income	70,586		70,586
Extraordinary income	35,478		35,478
Total credit accounts	2,231,293	(152,433)	2,078,860
Interest paid - accrued	1,460,546	16,254	1,476,800
Commissions paid	2,900		2,900
Personnel expenses	98,639	3,807	102,446
Operating expenses	254,896	527,318	782,214
Allowances for depreciation	194,106	2,041,805	2,235,911
Readjustments paid - accrued	557,720		557,720
Extraordinary income	39,150	1,195,235	1,234,385
Total debit accounts	2,607,957	3,784,419	6,393,906
Loss	<u>(376,664)</u>	<u>(3,936,852)</u>	<u>(4,313,516)</u>

[handwritten figures illegible]

(*) *Period of 11 months and two days ending December 2, 1998*

The adjusted loss at Filanbanco S.A. of ECS 4.313516 trillion includes the adjusted loss at Filanbanco Trust & Banking Corp., based on the following

- Removal of the investment of ECS 128.197 billion recorded in the shares and stocks account by applying the proportional value method to the company's equity at December 2, 1998.
- Recording of an accrued liability corresponding to the difference of ECS 1.066615 trillion between the value of the equity shortfall of Filanbanco Trust & Banking Corp. at December 2, 1998 and the removal of the investment recorded at Filanbanco S.A., because the General Law of Financial Systems Institutions, Article 54, contemplates the recognition at the parent company of the losses recorded at the subsidiaries as a result of the fact that the financial statements of the financial group are not consolidated.

FILANBANCO TRUST & BANKING CORP.	December 2, 1998 (*)	Adjustments	Proforma Adjusted
	(Dollars in thousands)		
Interest earned	45,425		45,425
Commissions	15		15
Other ordinary income	449		449
Total credit accounts	45,889		45,889
Interest paid – accrued	44,245	2,777	47,022
Commissions paid	1,003		1,003
Personnel expenses	535		535
Operating expenses	375	28,702	29,077
Allowances for depreciation	955	149,325	150,280
Total debit accounts	47,113	180,804	227,917
Loss	<u>(1,224)</u>	<u>(180,804)</u>	<u>(182,028)</u>

(*) *Period of 11 months and two days ending December 2, 1998*

2.3 DETERMINATION OF LOSSES

In the following, we indicate the determination of the loss as it appears from the results of the application of the agreed-upon procedures to the financial statements of Filanbanco S.A. and Filanbanco Trust & Banking Corp. at December 2, 1998:

FILANBANCO S.A.

	(sucres in millions)
Loss according to accounting entries at December 2, 1998	376,664
Adjustments Performed:	
Interest earned	152,433
Interest paid	16,254
Personnel expenses	3,807
Operating expenses	527,318
Allowances, depreciation	2,041,805
Extraordinary expenditures	<u>1,195,235</u>
Total losses	<u>4,313,516</u>

FILANBANCO TRUST & BANKING CORP.**(dollars in thousands)**

Loss according to accounting entries at December 2, 1998	1,224
Adjustments Performed:	
Interest paid	2,777
Operating expenses	28,702
Allowances	<u>149,325</u>
Total losses	<u>182,028</u>

3. DETAIL OF FINDINGS AND ADJUSTMENTS

The agreed-upon procedures applied to the risk assets and contingencies of Filanbanco Bank S.A. and Filanbanco Trust & Banking Corp. do not include the evaluation of the internal control system of the aforementioned companies, for which reason there may be other findings, or the findings reported in this report may be affected, which could have been detected if we had performed those procedures.

In Appendices No. 1 and No. 1-1, we detail the journal entries by account and the amounts of the adjustments for Filanbanco S.A. and Filanbanco Trust & Banking Corp. determined for each of the findings detailed in the accounts shown below:

3.1 AVAILABLE FUNDS

FILANBANCO S.A.	December 2/98	Adjustments	Adjusted balance
	(sucres in millions)		
Cash	133,396		133,396
Deposits for statutory reserves	152,599		152,599
Banks and other institutions	340,162	(92,406)	247,756
Sight drafts	73,315	(52,340)	20,975
Remittances in transit	4,603	(4,603)	
Total	<u>704,075</u>	<u>(149,349)</u>	<u>544,726</u>

The findings representing the procedures applied to the balances of the available funds of Filanbanco S.A. are as follows:

- For the application of the agreed-upon procedures to the available funds account at December 2, 1998, we selected accounting balances for a total of ECS 570.665 billion.

We were not provided with the bank reconciliations for December 2, 1998 representing the accounts for deposits for statutory reserves and banks and other financial institutions, because the Bank did not prepare them at that date, and in addition we were not provided with the reconciliations for the bank accounts that were overdrawn for a total of ECS 227.193 billion (including US\$ 34.6 million); because of their nature, they are analyzed under this heading.

As an alternative procedure contemplated in the addenda to the agreement for provision of services, we performed a review of this heading at November 30, 1998, and for the purposes of our analysis, we also reviewed US\$ 33 million (ECS 212.906 billion) in overdrawn current accounts, and found the following:

- We were not provided with the bank reconciliation at November 30, 1998, nor the account statement for Republic National Bank with a balance of ECS 92.406 billion (US\$ 14.3 million) because, as we were informed, the Bank did not have a policy of producing this reconciliation monthly, and as a result it was not possible to perform the analysis of the reconciling entries that may have existed in this account, for which reason we adjusted the balance recorded at November 30, 1998 for ECS 92.406 billion, as recorded in Journal No. 1 in Appendix No. 1 (1-4).
- We were not provided with supporting documentation for the balances in the accounts for sight drafts and remittances in transit of ECS 56.943 billion at December 2, 1998, corresponding to branches of the Bank, for which reason we adjusted the entire balance of these accounts, as noted in Journal No. 2 in Appendix No. 1 (1-4).

Item	(sucres in millions)
Reconciliations not provided	92,406
Balances for the site draft and remittances in transit accounts because of the absence of attachments	<u>56,943</u>
Total	<u>149,349</u>

FILANBANCO TRUST & BANKING CORP.	December 2, 1998	Adjustments	Adjusted Balances
	(Dollars in thousands)		
Cash	47		47
Banks and other institutions	24,726	(18,912)	5,814
Total	<u>24,773</u>	<u>(18,912)</u>	<u>5,861</u>

The findings corresponding to the procedures applied to the balances of the available funds of Filanbanco Trust & Banking Corp. are as follows:

- We were not provided with the bank reconciliations at December 2, 1998, because the Bank did not prepare them at that date, and in addition we were not provided with the reconciliations for the overdrawn bank accounts for a total of US\$ 18.3 million; because of their nature, they are analyzed under this heading and not in credits to banks.

As an alternative procedure, we performed a review of this category at November 30, 1998 for a total of US\$ 23 million; for the purposes of our analysis, we also reviewed US\$ 8 million in overdrawn bank current accounts under this heading.

- At November 30, 1998, the bank reconciliations provided for our analysis include several unreconciled debit and credit entries for a net value of US\$ 19 million, for which we have not received the corresponding supporting documentation regarding their origin and payment, and as a result, because of the absence of supporting documentation, we adjusted this value as noted in Journal No. 1 in Appendix No. 1-1 (1 of 2).

3.2. INVESTMENTS

FILANBANCO S.A.	December 2, 1998	Adjustments	Adjusted Balances
	(sucres in millions)		
Bonds	44,110	(12,072)	32,038
Mortgage-backed securities	84,081	(1,712)	82,369
Bank acceptances	10,192	(3,726)	6,466
Repurchase agreements	428,924	(58,812)	370,112
Miscellaneous	11,266	(11,266)	
Third-party portfolio	3,354	(3,354)	
Allowance for protection of securities	(6,574)	6,574	
Total	<u>575,353</u>	<u>(84,368)</u>	<u>490,285</u>

The finding corresponding to the procedures applied to the balances of the Investments of Filanbanco S.A. is as follows:

We were not provided with supporting documentation regarding the existence, recovery or trading of investments for ECS 83.216 billion, according to Appendix No. 2, thus we were not satisfied regarding either its existence or its valuation, and as a result we adjusted the amount of ECS 1.152 billion for valuation of the mortgage-backed securities, according to Journal No. 3 and No. 4 in Appendix No. 1 (1 of 4). See list of supporting documentation not provided, attached in Appendix No. 2.

FILANBANCO TRUST & BANKING CORP.	December 2, 1998	Adjustments	Adjusted Balances
	(dollars in thousands)		
Miscellaneous Value protection reserve	7,869 (711)	(7,158)	7,869 (7,869)
Total	<u>7,058</u>	<u>(7,158)</u>	

The findings corresponding to the procedures applied to the balances for Investments of Filanbanco Trust & Banking Corp. are as follows:

We were not provided with supporting documentation for the account at December 2, 1998, for a total of US\$ 7.1 million, because the Bank did not prepare the attachments at that date, for which reason we were not satisfied of its existence, and we adjusted 100% of the balance of the investment account at December 2, 1998, is reflected in entry No. 2 in Appendix No. 1-1 (1 of 2).

3.3. LOAN PORTFOLIO AND CONTINGENCIES

FILANBANCO S.A.	December 2, 1998	Adjustments	Adjusted Balances
	(sucres in millions)		
Loan Portfolio:			
Current	4,379,083		4,379,083
Due	399,655		399,655
Commercial Lease Agreements:			
Current	426,040		426,040
Due	4,327		4,327
Non-interest Bearing Portfolio	124,191		124,191
Total Loan Portfolio	5,333,296		5,333,296
Allowance for Bad Debts	(992,133)	(1,935,250)	(2,927,383)
Net Loan Portfolio	4,341,163	(1,935,250)	2,405,913
Contingencies	3,194,829		3,194,829
Total	<u>7,535,992</u>	<u>(1,935,250)</u>	<u>5,600,742</u>

The loan portfolio primarily includes commercial loans granted to physical persons or legal entities whose financing was intended for various productive activities, mortgage loans granted for the purchase, construction, repair, remodeling and improvement of private dwellings, provided that they are backed by a mortgage guarantee, and have been

granted to the final user of the property, and consumer loans granted to physical persons who intend to use them for the purchase of consumer goods or the payment of services.

Contingencies represent the liabilities acquired by the institution on behalf of third parties.

The findings representing the procedures applied to the balances in the loan portfolio and contingencies of Filanbanco S.A. are as follows:

We were informed of the Bank policy to back up the database for the loan portfolio and contingency balances at the end of every month, for which reason the backup of the database of the loan portfolio and contingency accounts at December 2, 1998, the date for the application of the agreed-upon procedures, was not provided to us; backup of the database was provided to us on December 31, 1998 (in addition, the backup for the November 30, 1998 database was not available), for which reason we performed the selection and evaluation of the clients on the basis of the balances in the database at that date, December 31, 1998.

At December 31, 1998, Filanbanco S.A. sold its loan portfolio to Filanbanco Trust & Banking Corp. for US\$ 107.3 million, with Filanbanco S.A. reducing its loan portfolio at that date by this amount. Based on the fact that the evaluation of the loan portfolio and contingencies is at December 2, 1998, and at that date those loans were still active at Filanbanco, we proceeded to include them and evaluate them as part of the portfolio of Filanbanco S.A.

The customers selected from the database for the loan portfolio and contingencies at December 31, 1998 were 472 borrowers with a total risk of ECS 5.833622 trillion and 38 borrowers included in the portfolio sale transaction on December 31, 1998 for ECS 678.077 billion; additionally, 8,897 borrowers with a total risk at that date of ECS 67.882 billion were examined, based on the fact that these customers were identified as unrecoverable by the administration of the Bank on June 30, 1999, for which reason the balances of the loan portfolio and contingencies selected at December 31, 1998 total ECS 6.579581 trillion, representing 75% of the total recorded in these accounts.

Based on our evaluation of selected clients at December 31, 1998, we identified the following features in the evaluation of the loan portfolio and contingencies at December 2, 1998:

- a. Our review of the credit files found that the financial information of customers, such as the balance sheets filed with the Superintendency of Companies and Internal Revenue Service, projected cash flows, etc. are not included, are not up to date or are incomplete in 68% of the selected samples. In some cases, the balances are not properly signed by the legal representatives of the companies or audited balance sheets are not maintained despite the fact that mandatory independent auditing is required.

- b. We observed the repeated renewals of loan transactions, which were discovered not to have been granted on the basis of customers' real payment capacity, thereby resulting in the need for new short-term renewals without any real reduction in risk for the borrowers.
- c. The Bank has restructured the debt of various clients with payment difficulties, although the credit files do not include support for such decisions, such as projected cash flows, feasibility studies or other financial information that would make it possible to evaluate the capacity to perform the restructured obligations.
- d. Between December 31, 1998 and the date of this report, 187 customers significantly reduced their risk, but the credit records do not include the respective supporting documentation that would make it possible to demonstrate the form of payment, substitution of borrowers or write offs, if applicable. [handwritten marginalia: SP in proportion]
- e. 168 of the loan samples analyzed do not have collateral and in other cases the guaranties are insufficient in relation to the amounts of the loans granted.
- f. In applying the documentation verification procedure for the guaranties that were provided, it was not possible for us to observe the original documents for the mortgages and pledge agreements in 21 cases. According to the comments of the Administration of the Bank, most of these documents have been given to the legal department, outside attorneys or established trusts, and we were not provided documentation to justify the absence of the original documents, and therefore these guarantees were not taken into consideration when evaluating the loan portfolio and contingencies.
- g. From the 129 customers who have provided assets as security that require insurance policies, only 76 have purchased the respective coverage and endorsed it to the Bank.
- h. The appraisals of the collateral were performed primarily by a single expert authorized by the Board of Directors of the Bank, the Compañía Almacenera Guayaquil S.A. (a subsidiary of the Bank), and consequently the expert appraiser is not independent. In some cases, the valuations have not been updated.
- i. In the great majority of the pledges provided, we did not find documentation on the assets that would have made it possible to know their existence and condition.

The risk ratings assigned to the selected borrowers were discussed with the loan officers, jointly with an internal audit officer of Filanbanco S.A.

As a result of the evaluation of the customers selected on the basis of the conditions established by the Superintendency of Banks in Resolution No. 1822 on the classification of risk assets, and in consideration of the features described in subparagraph "a" to "i" above, we determined that the allowance established was insufficient by ECS 1.935250 trillion.

In appendix No. 3, we are including the list of the borrowers reflecting the risk and provisions required by each one individually. In addition, in Appendix 3.1 we are including as an example a summary record for each of the 25 biggest borrowers describing in detail the loans, their features and the guarantees provided to the Bank as well as the ratings assigned by the Bank and Deloitte & Touche. In Appendix No. 3-2, we are including the evaluation records for eight borrowers who, together with certain customers (17) in Appendix No. 3-1, represent the 25 borrowers that have the greatest deficiency in provisions.

The adjusting entry for insufficiency in the allowance for uncollectible loans is indicated in entry No. 5 of Appendix No. 1 (1 of 4).

Issuance of Convertible Bonds

Reflecting the decision of the General Meeting of Shareholders held on June 3, 1998, Filanbanco S.A. decided to issue bonds convertible into shares of Filanbanco S.A. for US\$30,000,000 with a five-year term, as authorized by the Superintendency of Banks in Resolution No. SB-98-0774 of June 15, 1998. The interest rate applicable is the prime rate published by Citibank of New York plus a margin of 1%.

The bonds were acquired in their entirety by Intral Panamá S.A., the principal shareholder of Filanbanco S.A., at par value and were offered as the guarantee for the portfolio sold to the Fideicomisos Silver Lace and Enerco on June 30, 1998.

Establishment of the Silver Lace and Enerco Trusts

On June 30, 1998 the company Intral Panamá S.A. (former majority shareholder of Filanbanco S.A.), represented by Mr. Roberto Isaías Dassum in his capacity as President, the companies Silver Lace Overseas Inc. and Enerco Business Inc, represented by Mr. Hugo Cucalón Murillo, and Filanbanco Trust & Banking Corp., represented by Mr. Daniel de Rodríguez Galarza in his capacity as Vice President-General Representative, met for the purpose of establishing the Silver Lace and Enerco trusts for the purpose of acquiring the loan portfolio assigned a “D” rating by the Bank from Filanbanco S.A..

The portfolio acquired by Fideicomiso Silver Lace and Fideicomiso Enerco amounted to ECS 150 billion each and was guaranteed with the convertible bonds issued by Filanbanco S.A. and purchased by Intral Panamá S.A. for US\$ 30 million and transferred by the latter company to the independent assets of the trusts.

On December 2, 1998 Intral Panamá S.A. authorized a set-off of the amount of the guaranteed obligations with the debts of the trusts, for which reason Filanbanco S.A. proceeded to perform the respective accounting entries, with Fideicomiso Silver Lake being left with an outstanding balance payable of ECS 91.342 billion and no guarantee backing this credit.

According to information obtained from the Internal Audit of the Bank, the set-off at December 2, 1998 was performed as follows:

Initial record of liability for the bonds (US\$ 30 million)	158,160
Exchange difference at time of set-off	38,460
Accrued interest for the bonds	7,483
Payment with balances in current accounts	<u>4,555</u>
	208,658
Portfolio sale	<u>300,000</u>
Outstanding balance at December 2, 1998	<u>91,342</u>

The sale of the portfolio to the Trusts, according to the loan agreement, established an annual interest rate equivalent to 1.1 times the basic rate of the Central Bank of Ecuador, with this interest amounting to ESC 58.297 billion at December 2, 1998; however at the time of offset, no interest was collected and there is no evidence of authorization for the non-collection of that interest and the outstanding balance has not recorded any interest since that time.

Information requested, but not provided, relating to the Fideicomisos Silver Lace and Enerco with respect to the transactions under examination is as follows:

- Client details for the loan portfolio sold to the Trusts on the date of the transaction. [handwritten marginalia illegible]
- Financial statements for the trusts on the date of the portfolio sale, June 30, 1998, and at December 2, 1998. [handwritten marginalia illegible]
We were supplied with the basic financial statement of the Fideicomiso Silver at June 30, 1998 without the respective authorizing signatures.
- Loan files that include: loan applications, feasibility analyses and methods of approval of the loans granted.
- At December 2, 1998, the Fideicomiso Enerco does not display any indebtedness because it had settled its debt with the value of the bonds issued to guarantee this debt and the Fideicomiso Silver Lace has made payments on its debt with the value of these same bonds, despite which we have not received the respective loan details for the outstanding balance at December 2, 1998 of Fideicomiso Silver Lace.

On the basis of the foregoing, it is not possible to identify the portfolio that was initially traded or the balance receivable in the portfolio at December 2, 1998, or the liquidation of the payments made by the Fideicomisos Silver and Enerco, and there are no guarantees that support the balance of the loan with Fideicomiso Silver, with the result that the amount of the loan shown by Silver Lace at December 2, 1998 for ECS 91.342 billion was assigned a 100% provision in the loan portfolio of Filanbanco S.A. (see Appendix No. 3).

FILANBANCO TRUST & BANKING CORP.	December 2, 1998	Adjustments	Adjusted Balances
	(dollars in thousands)		
Current Loan portfolio	218,132		218,132
Overdue Loan Portfolio	33,493		33,493
Lease Agreement	2,382		2,382
Total Loan Portfolio	254,007		254,007
Allowance for uncollectible loans	(15,095)	(149,325)	(164,420)
Net Loan Portfolio	238,912	(149,325)	89,587
Contingencies	1,672		1,672
Total	<u>240,584</u>	<u>149,325</u>	<u>91,259</u>

The findings representing the procedures applied to the balances of the loan portfolios and contingencies of Filanbanco Trust & Banking Corp. are as follows:

The computerized records that were provided revealed that the balance of the portfolio indicated above is composed of:

dollars in thousands

Customer portfolio	146,682
Accounts receivable	<u>107,325</u>
Total	<u>254,007</u>

Customer Portfolio

Because of the lack of appropriate information, the evaluation of the customer portfolio was performed on the basis of the results of the portfolio rating performed by the auditing firm KPMG LLP at March 31, 1999, which determined that an additional US\$ 61 million in provisions would be required, from which we are deducting the provisions determined by Deloitte & Touche for US\$ 19 million for the loans that were part of the purchase of the portfolio recorded by Filanbanco Trust & Banking Corp. on December 31, 1998 for a total of US\$ 107 million. As a result, in this report we find that the allowances for uncollectible loans at Filanbanco Trust & Banking Corp. are insufficient by the amount of US\$ 42 million at December 2, 1998 and we are including it as adjustment No. 3, Appendix 1-1 (1 of 2). In Appendix No. 3-3, we are presenting a summary of the calculation of the provision for US\$ 19 million that was deducted from the requirement appearing in the KPMG LLP audit.

Account Receivable

The account receivable amounting to US\$ 107.3 million originated in 1998. In the following, we present information relating to its origin, to a series of journal entries that were recorded up to December 2, 1998 that were included in the accounting records and therefore in the financial statements at that date, signed by the legal representatives, and finally, other journal entries that were recorded on December 31, 1998, which collectively served as the basis for the evaluation of this account receivable (all information is stated in United States dollars).

- a. During the year 1998, various debits and credits were recorded in the Miscellaneous Investments account, and were recorded primarily as an accounting credit to the Banks account, as shown in the general ledger, which recorded a debit balance of US\$ 74.3 million at December 1, 1998. We were not provided with the documents and signed journal entries that would support these transactions.

As an example, we are describing Journal entry #8012, dated May 8, 1998:

Accounts	Debits	Credits
Miscellaneous Investments	8,114,240	
Cash and Banks		8,114,240

To record investments performed in Guayaquil

- b. On December 2, 1998, various journal entries were recorded that significantly affected the balance in the Miscellaneous Investments, Loan Portfolio and Banks accounts. The principal accounting transactions that affected the aforementioned accounts, and which were identified on the basis of information from the general ledger provided by the Administration of the Bank, stated in United States dollars, are as follows:

b.1. Journal entry #2002, dated December 2, 1998, with the following entries:

Accounts	Debits	Credits
Loan portfolio	100,041,078	
Investments	35,180,721	
Cash and banks	15,994,624	33,099,401
Accumulated interest outstanding		2,081,320
Demand deposits		116,035,702

To record the purchase of the loan portfolio from Filanbanco

b.2. Journal entry # 2004, dated December 2, 1998, with the following entries:

Accounts	Debits	Credits
Demand deposits	116,035,702	
Internal transfers	12,427,351	
Accumulated interest receivable	3,129,888	
Interest earned	26,376	
Loan portfolio	84,457,463	100,041,078
Provision for protection of investments		116,035,702

Establishment of provisions and standardization of transactions.

b. 3. Journal entry # 2005, dated December 2, 1998, with the following entries:

Accounts	Debits	Credits
Provision for protection of investments	107,324,727	
Investments		107,324,727

To record write-off of investments

b.4. Journal entry # 2011, dated December 2, 1998, with the following entries:

Accounts	Debits	Credits
Allowance for uncollectible loans.	8,000,000	
Provision for protection of investments		8,000,000

Reclassification of provisions (does not specify the form of the reclassification)

b.5. Journal entry # 2013, dated December 2, 1998, with the following entries:

Accounts	Debits	Credits
Provision for protection of investments	108,035,702	
Allowance for uncollectible loans	8,000,000	
Demand deposits		116,035,702

To reverse transactions

b.6. Journal entry #2014, dated December 2, 1998, with the following entries:

Accounts	Debits	Credits
Demand deposits		116,035,702
Loan portfolio	100,915,708	
Internal transfers	12,427,351	
Other assets	2,536,623	
Accumulated interest receivable	124,650	
Interest earned	31,370	

Reverse accounting transaction

b.7. Journal entry #2015, dated December 2, 1998, the Bank records the following:

Accounts	Debits	Credits
Investments	107,324,727	
Provision for protection of investments		107,324,727

Represents the reversing of the write-off that had been performed for that amount.

b.8. Journal entry #2016, dated December 2, 1998, the Bank records the following:

Accounts	Debits	Credits
Accounts Receivable Fideicomiso		
Multiversiones	107,324,727	
Investments		107,324,727

Transaction performed because of sale of investment to Fideicomiso Multiversiones.

The accounting entries recorded up to Journal entry #2016 were made on December 2, 1998, which agrees with the general ledger of the Bank at that date; nonetheless, the financial statement at December 2, 1998, of which we were provided a photocopy and which is signed by the former administrator, does not reflect the account receivable from Fideicomiso Multiversiones for the amount of US\$ 107,324,727, and this amount is presented as the loan portfolio at that date.

A summary of the journal entries in subparagraphs (a) and (b) above reveals the following accumulated accounting transactions:

Accounts	Debits	Credits
Cash and Banks	15,994,624	107,330,045
Demand deposits	232,071,404	232,071,404
Investments	216,736,092	214,649,454
Provision for protection of securities	233,360,429	233,360,429
Loan portfolio	184,498,541	200,956,786
Allowance for uncollectible loans	8,000,000	8,000,000
Accounts Receivable Fideicomiso		
Multiversiones	107,324,727	
Accumulated interest receivable	3,129,888	2,205,970
Internal transfers	12,427,351	12,427,351
Other assets		2,536,623
Interest earned	26,376	31,370

The net effects of the journal entries above on the accounts indicated are as follows:

Accounts	Debits	Credits
Cash and Banks		91,335,421
Accounts Receivable Fideicomiso		
Multiversiones	107,324,727	
Investments	2,086,638	
Loan Portfolio		16,458,245
Accumulated interest receivable	923,918	
Other assets		2,536,623
Interest earned		4,994

The analysis of the journal entries recorded on December 2, 1998 reveals the following situations:

- We were not given signed documents supporting these transactions, except for the financial statements including these accounting entries; that financial statement was signed by the former legal representative of Filanbanco Trust & Banking Corp.
- The transactions that affected the deposits account, amounting to US\$ 232,071,404, do not list the identification of the depositors that would justify these deposits and withdrawals (b.1, b.2, b.5 and b.6), and the effect is a zero balance.
- The investments account accumulated US\$ 109.4 million (US\$ 74.3 million up to December 1, 1998, and US\$ 35.1 million on December 2, 1998) and US\$ 107.3 million was transferred to accounts receivable Fideicomiso Multiversiones.

- The transactions reveal cash and bank account activity as payments of US\$ 91.3 million, but also do not specify the beneficiaries.

The balances of the Accumulated Interest Receivable, Other Assets and Loan Portfolio accounts were written down (without identifying the borrower or borrowers who were written off) by US\$ 18.5 million.

- c. Subsequently, on December 31, 1998 several accounting entries were made that were related to the transactions recorded on December 2, 1998, as follows:

c.1. Journal entry #31033 on December 31, 1998

Accounts	Debits	Credits
Assets received in satisfaction	107,324,727	
Accounts Receivable Fideicomiso Multinversiones		107,324,727
To record assets received in satisfaction as payment of the accounts receivable from Fideicomiso Multinversiones.		

The assets were provided by the Compañía Otavalo S.A. on December 2, 1998, and by the Compañía Induprin S.A., together with the spouses Jaime Del Hierro Cordero and Patricia Talbot de del Hierro on December 21, 1998, and were used to pay the account receivable from Fideicomiso Multinversiones that was recorded at Filanbanco Trust & Banking Corp. at that date. The satisfaction and accord agreements were executed on December 2 and December 21 of 1998, respectively; nonetheless, the accounting record was made on December 31, 1998.

The satisfaction provided by the Compañía Otavalo S.A. consisted of 2,121 art objects for a total of US\$ 30 million, in an agreement executed between Magdalena Avila Aguilar, the company's legal representative, and Mr. Daniel Rodriguez Galarza (former administrator) representing Filanbanco Trust & Banking Corp.

On June 20, 2000 the aforementioned art objects were appraised by Global Silverhawk in the amount of US\$ 10.4 million. Subsequently, according to press reports (El Universo, March 4, 2001), it was mentioned that the Central Bank of Ecuador performed an appraisal of the same art objects for a value of US\$ 5.1 million, and it states that the appraisal performed by the experts from the Central Bank of Ecuador is conclusive.

The assets provided in satisfaction by the Compañía Induprin S.A. and the spouses Jaime Del Hierro Cordero and Patricia Talbot de Del Hierro consist of shares in 10 companies amounting to a total of US\$ 77,324,727, in an agreement executed by the legal representatives of these companies and Mr. Daniel Cañizares, representing Filanbanco Trust & Banking Corp.

We were not provided with the valuations of the assets or audited financial statements of the companies that were received in satisfaction. Furthermore, we were not provided with documentary evidence of the relationship between Fideicomiso Multinversiones and the legal entities and physical persons (Otavalo S.A., Induprin S.A., Jaime Del Hierro Cordero and Patricia Talbot de Del Hierro) for the payment of the account receivable.

The aforementioned assets received are composed of fiduciary rights by means of the contribution of these assets to a trusted named AGD, the accounting entry for which is as follows:

c.2. Journal entry # 31034 on December 31, 1998

Accounts	Debits	Credits
Fiduciary rights AGD	107,324,727	
Assets received in satisfaction		107,324,727

To record the contribution to the Fideicomiso AGD.

On that same date, the fiduciary rights were endorsed to Filanbanco S.A., and for this Filanbanco Trust & Banking Corp. received the loan portfolio of Filanbanco S. A. for the amount of US\$ 107,324,727. (See details in Appendix No. 3-4). The accounting entry for this transaction was performed as follows:

c.3. Journal entry # 31008 on December 31, 1998

Accounts	Debits	Credits
Loan portfolio	104,291,547	
Accumulated interest receivable	3,033,180	
Fiduciary rights AGD		107,324,727

To record the receipt of the portfolio contributed by Filanbanco

The activity recorded on December 31, 1998 reflects the recording of the assets in the amount of US\$ 107.3 million received in satisfaction for the accounts receivable of Fideicomiso Multinversiones, on December 2 and December 31, 1998 which were provided as a contribution to the Fideicomiso AGD, which was established on December 28, 1998, according to its notarized charter, for which Filanbanco Trust & Banking Corp. received fiduciary rights that were traded with its parent company, Filanbanco S. A., receiving customer documents in payment for US\$ 107.3 million.

A summary of the general ledger posting of the journal entries described in subparagraphs a, b and c is as follows:

Accounts	Debits	Credits
Cash and Banks	15,994,624	107,330,045
Investments	216,736,092	214,649,454
Provision for protection of securities	233,360,429	233,360,429
Loan portfolio	8,000,000	8,000,000
Allowance for uncollectible loans	107,324,727	107,324,727
Accounts Receivable	107,324,727	107,324,727
Fideicomiso	107,324,727	107,324,727
Multinversiones	6,163,068	2,205,970
Fiduciary rights AGD		2,536,623
Assets received in satisfaction	26,376	31,370
Accumulated interest receivable		
Other assets		
Interest earned		

The net effects of the general ledger postings above on the accounts indicated are as follows:

Accounts	Debits	Credits
Cash and Banks		91,335,421
Investments	2,086,638	
Loan Portfolio	87,833,302	
Accumulated interest receivable	3,957,098	2,536,623
Other assets		4,994
Interest earned		

The description above for the account receivable from Fideicomiso Multinversiones in the amount of US \$107.3 million at December 2, 1998 reveals:

- It originated during 1998 (up to December 2) with disbursements from the funds of Filanbanco Trust & Banking Corp.; there is no supporting documentation for the beneficiaries of the payments or the type of investments acquired.
- Fideicomiso Multinversiones accepts the account receivable without the existence of any documentary evidence that supports the authorization of the transfer of the Investments to Fideicomiso Multinversiones.
- Third parties (Otavalo S. A., Induprin S. A. and the spouses Jaime Del Hierro Cordero and Patricia Talbot de Del Hierro) substitute themselves in the account receivable from Fideicomiso Multinversiones and pay it in full by providing assets in satisfaction, without the existence of any documentation explaining why Filanbanco S. A. or Filanbanco Trust & Banking Corp. are accepting this substitution and accord and satisfaction, and without valuations or audited financial statements.

- The art objects received in satisfaction were finally appraised at US\$ 5.1 million, according to the final appraisal performed by the Central Bank of Ecuador, as noted in a newspaper publication; the other appraisal performed by Global Silverhawk was for US\$ 10.4 million and the shares of the 10 companies also received in satisfaction may also have a different value, but this does not change the nature and essence of the balance of the account receivable for US\$ 107.3 million at December 2, 1998, which did not declare any amount as an asset of Filanbanco Trust & Banking Corp.

Based on the remarks in the above paragraphs, we decided to make an adjustment of US\$ 107.3 million at December 2, 1998 to provide a provision for the account receivable named Fideicomiso Multinversiones with a charge to results, pursuant to entry No. 4 in Appendix 1-1 (1 of 2).

The determination of the reserve for uncollectible loans of Filanbanco Trust & Banking Corp. can be summarized as follows:

	(dollars in thousands)
Deficiency in allowances for uncollectible loans determined by KPMG LLP at March 31, 1999	61,095
Less: Provisions assigned to customers included in the purchase of the portfolio	<u>(19,094)</u>
Net deficiency of portfolio	42,001
Adjustment for absence of documentation related to the accounts receivable from Fideicomiso Multinversiones	<u>107,325</u>
Total	<u>149,326</u>

3.4. ACCOUNTS RECEIVABLE

FILANBANCO S.A.	December 2, 1998	Adjustments	Adjusted Balances
	(sucres in millions)		
Payments from customers	29,181	(8,457)	20,724
Interest receivable	52,822	(24,736)	28,086
Miscellaneous	169,779	(83,568)	86,211
Reserve for accounts receivable	(1,914)		(1,914)
	<u>249,868</u>	<u>(116,761)</u>	<u>133,107</u>

The findings corresponding to the procedures applied to the balances of the accounts receivable of Filanbanco S. A. are as follows:

For the analysis of the accounts receivable at December 2, 1998 we requested account records for a total of ECS 190.282 billion (including US\$ 19.5 million), equivalent to 75% of the total balance of this account at that date, of which we have received records representing ECS 173.247 billion (including US \$18.6 million) but we have not received the aforementioned account attachments for the difference of ECS 17.035 billion.

- From the account attachments received, we requested information from samples totaling ECS 162.941 billion, of which:
 - We have received documentation for a total of ECS 144.057 billion.
 - We did not receive documentation of the selected items for ECS 18.884 billion.
- We were not provided with the database for the contingencies for rediscounted loans at the Corporación Financiera Nacional that includes the information required for the calculation of the interest receivable, such as the dates when the loan was granted and when it is due and the interest rate.
- Because we did not receive the account attachments for the amount of ECS 17.035 billion we adjusted the amount. See detail in Appendix No. 4.
- Based on the analysis of the supporting documentation for accounts receivable, we identified entries for ECS 1.305 billion that were older than one year at December 2, 1998, and ECS 7.622 billion representing amounts not recovered at the date of the issuing of this report, for which reason we adjusted the total value of these entries by ECS 8.927 billion. See detail in Appendix No. 4-1.
- On the basis of the information received regarding ECS 144.057 billion, we identified samples representing ECS 47.179 billion, which we concluded could not be considered to be valid because we were not supplied with sufficient documentation indicating the nature of the items described in the information received, which in many cases could be included as an expense, or the justification of the collectibility or rights of Filanbanco to these amounts or providing evidence of their recovery; accordingly, we are adjusting this amount. See detail in Appendix No. 4-2.
- Because we did not receive supporting documentation for the selected entries representing ECS 18.884 billion in accounts receivable, we adjusted the amount. See detail in Appendix No. 4-3.
- Because we were not supplied the information required for the calculation of the interest for rediscounts recorded in the Interest Receivable account, we made an adjustment of ECS 24.736 billion, representing 47% of the balance of the account, based on the ratings awarded for uncollectible loans, in compliance with the procedure established in the addenda to the agreement to provide the agreed-upon services.

The summary of the adjustments identified under this heading and included in the journal entries from No. 6 to 10 of Appendix No. 1 (2 of 4) is as follows:

Item	(sucres in millions)
Samples with insufficient documentation	47,179
Reversing interest receivable	24,736
Documentation for samples not provided	18,884
Account attachments not provided	17,035
Expenses identified	<u>8927</u>
Total	<u>116,761</u>

FILANBANCO TRUST & BANKING CORP.	December 2, 1998	Adjustments	Adjusted Balances
	(dollars in thousands)		
Payment for customers	3,095		3,095
Miscellaneous	6		6
Allowance for uncollectible accounts	(113)	(2,632)	(2,745)
Total	2,988	(2,632)	356

The findings corresponding to the procedures applied to the balances of the Accounts Receivable of Filanbanco Trust & Banking Corp. are as follows:

- For the analysis of the accounts receivable at December 2, 1998, we selected the total of US\$ 2.8 million. For the samples selected for our analysis, we have not received the supporting documentation for 13 entries for total of US\$ 2.2 million.
- Because of the limitation noted above, we proceeded to make the adjustment to those entries for which we have not received supporting documentation amounting to US\$ 2.2 million, according to Journal entry No. 5 of Appendix No. 1-1 (2 of 2).
- From the documentation received, we identified entries for US\$ 301,445 for a receivable from the customer Torres del Edén, whose loan transaction had a provision of 100%, and US\$ 170,947, representing dishonored checks drawn by Wendy Salazar; the amounts indicated are considered unrecoverable, for which reason we proceeded to adjust them. The total adjustment of US\$ 480,392 is included in note No. 6 of appendix 1-1 (2 of 2).

3.5. ASSETS RECEIVED IN SATISFACTION

FILANBANCO S.A.	December 2, 1998	Adjustments	Adjusted Balances
	(sucres in millions)		
Land	16,676		16,676
Buildings and other properties	16,495		16,495
Furnishings, machinery and equipment	2,904		2,904
Transportation units	29		29
Shares and securities	14,100		14,100
Merchandise	1,379		1,379
Awarded assets in trust	2,909		2,909
Other	3,252		3,252
Provision for awarded assets	(10,696)	(27,658)	(38,354)
Rental property	25,722		25,722
Recovered assets	2,219		2,219
Provision for protection of assets	(11)		(11)
Total	74,978	(27,658)	47,320

The findings corresponding to the procedures applied to the balance of Assets Received in Satisfaction of Filanbanco S.A. are as follows:

For our analysis of the Awarded Assets account at December 2, 1998, we selected a total of ECS 64.507 billion and we found the following:

- In the comparison of the evaluations of the assets received in satisfaction with the accounting records, we have determined that there was an overvaluation with respect to market value of ECS 25.128 billion, of which a property located in Durán represents ECS 21.124 billion, and in compliance with the agreed-upon procedures, we adjusted the aforementioned overvaluation accordingly; see details in Appendix No. 5.
- Insufficiency of the reserve for protection of awarded assets, as a result of the length of ownership of the assets received in satisfaction for the amount of ECS 1.863 billion at December 2, 1998, calculated on the basis of the instructions of the Superintendency of Banks in effect at that date; in addition, we adjusted the amount of ECS 667 million representing assets received in satisfaction with no commercial value. See details for the total of ECS 2.530 billion in appendix No. 5-1.

The summary of the adjustments identified under this heading and included in the Journal entries for Nos. 11 to 12 of Appendix No. 1 (2 of 4) and (3 of 4) are as follows:

Item	(sucres in millions)
Overvaluation of book value	25,128
Insufficiency in provision for assets because of age and absence of commercial value	<u>2,530</u>
Total	<u>27,658</u>

3.6. FIXED ASSETS

FILANBANCO S.A.	December 2, 1998	Adjustments	Adjusted Balances
	(sucres in millions)		
Land	125,390		125,390
Buildings	329,185		329,185
Construction and remodeling	13		13
Furnishings and equipment	435,106		435,106
Valuation reserve - Buildings	19,482		19,482
Depreciation	(231,462)	(77,745)	(309,207)
Total	<u>677,714</u>	<u>(77,745)</u>	<u>599,969</u>

The findings corresponding to the procedures applied to the balance of Fixed Assets of Filanbanco S.A. are as follows:

- The balance of the Furnishings and Fixtures account reveals a net surplus of ECS 77.745 billion with respect to the total of the database at November 30, 1998, and as a result of the fact that we have not received explanations regarding this difference and considering that the independent auditor's report at December 31, 1998 identified the situation and disclosed it as a limitation to the scope of its work, resulting in an opinion with reservations on this item, we adjusted the aforementioned amount as shown in entry No. 13 in Appendix No. 1 (3 of 4). The Bank adjusted this amount on April 21, 1999 with a charge to results for 1999.

FILANBANCO TRUST & BANKING CORP.	December 2, 1998	Adjustments	Adjusted Balances
	(dollars in thousands)		
Furnishings and equipment	178		178
Accumulated depreciation	(73)		(73)
Total	<u>105</u>		<u>105</u>

3.7. OTHER ASSETS

FILANBANCO S.A.	December 2, 1998	Adjustments	Adjusted Balances
	(sucres in millions)		
Deferred charges and expenses	188,014		188,014
Stocks and shares	192,865	(128,620)	64,245
Accumulated amounts receivable	272,691	(127,697)	144,994
Other asset accounts	108,039		108,039
Provision for other assets	(1,388)	(202,729)	(204,117)
Total	<u>760,221</u>	<u>(459,046)</u>	<u>(301,175)</u>

Stocks and shares represent investments in shares of subsidiaries and other companies are shown in the list below:

Companies	%	(sucres in millions)
Filanbanco Trust & Banking Corp.	100.00	128,197
Filancard S. A.	100.00	12,378
Almacenera Guayaquil S. A.	82.65	10,198
Filanfondos S. A.	100.00	8,558
AFP Génesis S. A.	75.00	6,850
Filancasa de Valores S. A.	100.00	<u>3,250</u>
Subtotal		169,431
Other companies		<u>23,434</u>
Total		<u>192,865</u>

The findings corresponding to the procedures applied to the balance of Other Assets of Filanbanco S.A. are as follows

- We requested account records for Deferred Charges and Expenses and Miscellaneous Other Assets, for a total of ECS 286.358 billion (includes US \$9.1 million), of which we received records for only ECS 171.794 billion (includes US \$8.4 million), and records for ECS 114.564 billion were not provided to us.
 - From the account records received we requested information on the samples selected for analysis for a total of ECS 117.155 billion, of which we have received documentation for a total of ECS 59.791 billion (includes US\$ 4 million).
 - Because we did not receive records for ECS 114.564 billion from the Other Assets account, we adjusted the amount. See detail of adjustment in Appendix No. 6.

- Because we have not received supporting documentation for the entries selected for ECS 57.364 billion, we adjusted that amount. See detail in Appendix No. 6-1.
- From the information received for ECS 59.791 billion, we identified entries for ECS 11.988 billion which represented expenses that are as follows:

	(sucres in millions)
Discounts for prompt payment	5,104
Unrecorded payments	3,275
Entries older than one year	1,506
Dishonored check	967
Reversal of interest on lease transaction	664
Surplus in anticipated profit sharing	276
Payment of counterfeit checks	<u>196</u>
Total	<u>11,988</u>

In addition, we identified entries for ECS 18.815 billion that we decided could not be considered as valid because we were not provided sufficient documentation to determine whether they were adequately recorded in the accounts receivable accounts, and therefore we adjusted this amount. See detail in Appendix No. 6-2.

- We were not provided the database with the specifications required to validate the information representing the accumulated interest receivable recorded in Account No. 1904 Accumulated Interest Receivable on the loan portfolio.
- Because we were not provided with the information required for the calculation of the interesting commissions recorded in the Accumulated Amounts Receivable account, we made the adjustment for ECS 127.697 billion, representing 47% of the balance of the account, based on the ratings given to the uncollectible loans, according to that established in the addenda to the agreement for the performance of the agreed-upon procedures.
- In connection with the application of the agreed-upon procedures to stocks and shares of subsidiaries and affiliates, we have determined their adjustment at the equity value based on the audited financial statements at December 31, 1998, except in the case of Filanbanco Trust & Banking Corp, which was determined on the basis of the equity of the offshore bank plus the adjustments identified in this document at December 2, 1998.
- As established in the addenda to the agreement to apply the agreed-upon procedures for investments in subsidiaries, we determined the loss for the adjustment at the proportional equity value in the following manner:

(sucres in millions)

Filanbanco Trust & Banking Corp.:

Capital at December 2, 1998 according to financial statements	117,839
Adjustments made	<u>(1,184,454)</u>
Equity shortfall	(1,066,615)
Plus: Investment in Filanbanco S. A.	<u>(128,197)</u>
Loss for Filanbanco Trust & Banking Corp.	<u>(1,194,812)</u>

Other Subsidiaries:

Filancard S. A.	185
Filancasa de Valores S. A.	(133)
Filanfondos S. A.	30
Almacenera Guayaquil	651
AFP Génesis	<u>(310)</u>
Subtotal	423

Total Loss for adjustment to proportional equity value **1,195,235**

In the determination of the proportional equity value of Filanbanco Trust & Banking Corp., we have written off the accounting balance of ECS 128.197 billion at December 2, 1998 and in addition we have recorded an unadjusted liability corresponding to the equity shortfall of ECS 1.066615 trillion, because in its Article 54, the General Law of Financial System Institutions contemplates the recognition at the parent company of losses recorded at the subsidiaries.

The summary of the adjustments identified in this heading and included in Journal entries No. 14 to No. 19 of Appendix No. 1 (3 of 4) and (4 of 4) is as follows:

(sucres in millions)

Item	
Adjustment of subsidiaries to proportional equity value	1,195,235
Adjustment of accumulated interest receivable	127,697
Records not provided	114,564
Supporting documentation for selected entries, not provided	57,364
Supporting documentation for selected entries considered invalid	18,813
Entries representing expenses	<u>11,988</u>
Subtotal	1,525,661
Less: Unadjusted Liabilities	<u>(1,066,615)</u>
Adjusted Other Assets	<u>459,046</u>

FILANBANCO TRUST & BANKING CORP.	December 2, 1998	Adjustments	Adjusted Balances
(dollars in thousands)			
Deferred charges and expenses	72		72
Stocks and shares	29		29
Accumulated amounts receivable	10,091		10,091
Other	30		30
Total	<u>10,222</u>		<u>10,222</u>

3.8 RESERVES FOR INTEREST AND CORPORATE BENEFITS

For the accounts indicated below, we requested the databases and records at December 2, 1998, and because the bank does not perform daily backups of the information with automated systems, in compliance with the addenda to the agreement for provision of services, we performed the procedures at November 30, 1998.

FILANBANCO S. A.

Deposits

Applying the agreed-upon procedures to the demand and term deposit accounts, the calculation of the accumulated interest payable on term deposits revealed that there was a shortfall in the reserves on the books of ECS 16.254 billion, and accordingly it was adjusted as reflected in Journal entry No. 20, Appendix No. 1 (4 of 4).

Other Liabilities

The actuarial study determined that there was a deficiency in the reserves of ECS 3.807 billion in the reserve for retirements, and consequently we performed the adjustment of the aforementioned amount as reflected in Journal entry No. 21, Appendix No. 1 (4 of 4).

Filanbanco Trust & Banking Corp.

Applying the agreed-upon procedures to the demand deposit and term deposit accounts, we found that calculation of the accumulated interest payable on term deposits resulted in an insufficient reserves on the books of US \$2.7 million, and therefore it was adjusted as reflected in Journal entry No. 7, Appendix No. 1-1 (2 of 2).

Filanbanco S. A. and Filanbanco Trust & Banking Corp.

It was not possible for us to apply the agreed-upon procedures to the Credits to Banks and Other Financial Institutions, Immediate Obligations, Accounts Payable and Circulating Assets accounts because we were not provided with all of the records for these accounts and the records provided to us did not give information regarding the conditions of the principal and interest, when applicable.

3.9 DETERMINATION OF LOSSES

The following shows the determination of losses revealed by the application of the agreed-upon procedures to the financial statements of Filanbanco S.A. and Filanbanco Trust & Banking Corp at December 2, 1998, as follows:

FILANBANCO S. A.

(sucres en millones)

Loss on books at December 2, 1998	376,664
Adjustments Performed:	
Interest Earned	152,433
Interest Paid	16,254
Personnel Expenses	3,807
Operating Expenses	527,318
Allowances And Depreciation	2,041,805
Extraordinary Expenditures	<u>1,195,235</u>
	[handwritten illegible]
Total Losses	<u>4,313,516</u>

The adjusted losses of Filanbanco S.A. of ECS 4.313516 trillion include the adjusted loss of Filanbanco Trust & Banking Corp based on the following:

- Write-off of the investment recorded in the Stocks and Shares account of ECS 128.197 billion, using the proportional equity value method at December 2, 1998.
- Recording of unadjusted liabilities based on the difference of ECS 1.066615 trillion between the amount of the equity shortfall of Filanbanco Trust & Banking Corp at December 2, 1998, and the write-off of the investment recorded at Filanbanco S.A., as a result of the fact that Article 54 of the General Law of Financial System Institutions provides for the recognition at the parent company of losses recorded at the subsidiaries, and because the financial statements of the financial group are not consolidated in this report.

FILANBANCO TRUST & BANKING CORP.

(dollars in thousands)

Loss on books at December 2, 1998	1,224
Adjustments performed:	
Interest Paid	2,777
Operating Expenses	28,702
Reserves	<u>149,325</u>
Total Losses	<u>182,028</u>

4. CONTRIBUTION OF PROPERTY TO THE FIDEICOMISO AGD BY THE FORMER SHAREHOLDERS OF THE BANK

In compliance with the restructuring program approved by the Banking Board in Resolution No. JB-085 of December 2, 1998, the former shareholders of the Bank and, primarily, Intral Panama S.A. were immediately supposed to establish a commercial trust to which fixed assets would be transferred, other than those owned by Filanbanco S.A. or its subsidiaries or affiliates, the value of which may not be less than US\$ 65 million and which will be used as the guarantee or source of payment for covering the value of any additional unrecoverable risk asset of Filanbanco S.A. at December 2, 1998.

The findings corresponding to the procedures applied in reviewing the contribution to the Fideicomiso AGD by the former shareholders of the Bank are as follows:

As indicated above, the former shareholders contributed property to the Fideicomiso AGD in the amount of US \$65 million; according to appraisals performed that date, the value of the assets was US \$47 million, with a difference of US \$18 million existing between the value received and the value of the assets. The trust issued the respective fiduciary rights for US 65 million.

On the basis of that information, on December 31, 1998, Filanbanco S.A. made the accounting entry on its financial records for the fiduciary rights for the assets received amounting to US\$ 65 million, because these assets were contributed to the Fideicomiso AGD, according to the charter of the aforementioned trust, and were recorded with a credit to accumulated results; and on that same day, the Bank recorded the transfer of the fiduciary rights to the Deposit Guarantee Agency, offsetting them with liabilities to that institution at that date.

With respect to this, we have not been provided the respective authorization of the recording of this set off of the liability to the Deposit Guarantee Agency.

* * * * *

APPENDIX No. 1

ADJUSTING ENTRIES

1. FILANBANCO S.A.
- 1.1 FILANBANCO TRUST & BANKING CORP

FILANBANCO S.A.**ADJUSTING ENTRIES MADE TO ASSETS AND LIABILITIES****AT DECEMBER 2, 1998 (sucres in millions)**

Account Title	Debits	Credits
<p>AVAILABLE FUNDS</p> <p style="text-align: center;">-1-</p> <p><i>Operating Expenses</i></p> <p style="padding-left: 20px;"><i>Banks and Other Financial Institutions</i></p> <p>To adjust total of balance with financial institution for failure to supply bank reconciliation.</p>		
<p style="text-align: center;">- 2 -</p> <p><i>Operating Expenses</i></p> <p style="padding-left: 20px;"><i>Sight drafts</i></p> <p style="padding-left: 20px;"><i>Remittances in Transit</i></p> <p>To adjust the balance of accounts No. 1104 Sight Drafts and No. 1105 Remittances in Transit for absence of supporting documentation..</p>		
<p>INVESTMENTS</p> <p style="text-align: center;">- 3 -</p> <p><i>Operating Expenses</i></p> <p style="padding-left: 20px;"><i>Investments</i></p> <p>To adjust the balance of the attachments not provided.</p>		
<p style="text-align: center;">- 4 -</p> <p><i>Provisions, Depreciation and Amortization Portfolio</i></p> <p style="padding-left: 20px;"><i>Investments</i></p> <p>To record the valuation of mortgage-backed security</p>		
<p>LOAN PORTFOLIO</p> <p style="text-align: center;">- 5 -</p> <p><i>Provisions, Depreciation and Amortization of Loan Portfolio</i></p> <p style="padding-left: 20px;"><i>Allowance for Uncollectible Loans</i></p> <p>To adjust insufficiency of provision based on evaluation of loan portfolio.</p>		
c/f		

FILANBANCO S.A.**ADJUSTING ENTRIES MADE TO ASSETS AND LIABILITIES****AT DECEMBER 2, 1998 (sucres in millions)**

Account Title	Debits	Credits
c/b		
ACCOUNTS RECEIVABLE		
- 6 -		
<i>Operating Expenses</i>		
<i>Customer Payments</i>		
<i>Miscellaneous Accounts Receivable</i>		
To adjust the total of the documents not provided for the accounts receivable.		
- 7 -		
<i>Operating Expenses</i>		
<i>Customer Payments</i>		
<i>Miscellaneous Accounts Receivable</i>		
To adjust the amounts of the selected samples for which we have received insufficient documentation.		
- 8 -		
<i>Operating Expenses</i>		
<i>Customer Payments</i>		
<i>Miscellaneous Accounts Receivable</i>		
To adjust the amounts of the selected samples for which we have received no supporting documentation.		
- 9 -		
<i>Operating Expenses</i>		
<i>Customer Payments</i>		
<i>Miscellaneous Accounts Receivable</i>		
To adjust amounts that represent expenses for the Bank.		
- 10 -		
<i>Interest Earned</i>		
<i>Accumulated Interest Receivable</i>		
To reverse the accumulated interest receivable with respect to the amount identified as the shortfall in the Allowance for Uncollectible Loans.		
c/f		

FILANBANCO S.A.**ADJUSTING ENTRIES MADE TO ASSETS AND LIABILITIES****AT DECEMBER 2, 1998 (sucres in millions)**

Account Title	Debits	Credits
c/b		
AWARDED ASSETS		
- 11 -		
<i>Provisions, Depreciation and Amortization – Awarded Assets</i>		
<i>Provision for Protection of Assets</i>		
To adjust differences between Accounting records and valuations.		
- 12 -		
<i>Provisions, Depreciation and Amortization – Awarded Assets</i>		
<i>Provision for Protection of Assets</i>		
To adjust insufficiency of provisions for length of ownership of assets.		
FIXED ASSETS		
- 13 -		
<i>Depreciation</i>		
<i>Depreciation of Furnishings and Fixtures</i>		
To adjust surplus on books based on the additional lists supplied.		
OTHER ASSETS		
- 14 -		
<i>Operating Expenses</i>		
<i>Deferred Charges and Expenses</i>		
<i>Other Asset Accounts</i>		
To adjust the balances of the attachments for accounts No. 1901 Deferred Charges and Expenses and No. 1990 Other Asset Accounts that were not provided.		
c/f		

FILANBANCO S.A.**ADJUSTING ENTRIES MADE TO ASSETS AND LIABILITIES****AT DECEMBER 2, 1998 (sucres in millions)**

Account Title	Debits	Credits
c/b		
- 15 -		
<i>Operating Expenses</i>		
<i>Deferred Charges and Expenses</i>		
<i>Other Asset Accounts</i>		
To adjust amounts representing expenses for the Bank		
- 16 -		
<i>Interest Earned</i>		
<i>Accumulated Interest Receivable</i>		
To reverse the accumulated interest receivable in relation to the amount identified as the deficiency in the allowance for uncollectible loans..		
- 17 -		
<i>Operating Expenses</i>		
<i>Deferred Charges and Expenses</i>		
<i>Other Asset Accounts</i>		
To adjust the balances of the documentation considered invalid.		
- 18 -		
<i>Operating Expenses</i>		
<i>Deferred Charges and Expenses</i>		
<i>Other Asset Accounts</i>		
To adjust the value of the selected samples for which we have received no supporting documentation.		
c/f		

FILANBANCO S.A.**ADJUSTING ENTRIES MADE TO ASSETS AND LIABILITIES****AT DECEMBER 2, 1998 (sucres in millions)**

Account Title	Debits	Credits
c/b		
- 19 -		
<i>Extraordinary Expenditures</i>		
<u>Stocks and Shares:</u>		
<i>Filanbanco Trust & Banking Corp</i>		
<i>Other Subsidiaries</i>		
<u>Unadjusted Liabilities</u>		
To adjust the balance of Stocks and Shares on the basis of the proportional equity value of the audited financial statements at December 31, 1998.		
 OTHER LIABILITIES		
- 20 -		
<i>Interest Paid Accrued</i>		
<u>Other Liabilities Accumulated Amounts Payable</u>		
To adjust the insufficiency of the provision for interest accrued on deposits		
- 21 -		
<i>Personnel Expenses, Compensation, Pension and Retirement</i>		
<u>Other Liabilities Reserve for Retirement</u>		
To adjust the insufficiency of the reserve for the employee retirement fund.		
 Total		

FILANBANCO TRUST & BANKING CORP.
NOTES ON ADJUSTMENTS TO ASSETS AND LIABILITIES
AT DECEMBER 2, 1998 (dollars in thousands)

Account Title	Debits	Credits
<p>AVAILABLE FUNDS</p> <p style="text-align: center;">-1 -</p> <p><i>Operating Expenses</i></p> <p style="padding-left: 20px;"><i>Banks and Other Financial Institutions</i></p> <p>To adjust the net balance (debit) of the selected reconciling entries owing to absence of supporting documentation, and based on the special audit report at March 31, 1999.</p>		
<p>INVESTMENTS</p> <p style="text-align: center;">- 2 -</p> <p><i>Operating Expenses</i></p> <p style="padding-left: 20px;"><i>Investments</i></p> <p>To adjust the total of the balance of the Investments account entries owing to absence of supporting documentation.</p>		
<p>LOAN PORTFOLIO</p> <p style="text-align: center;">-3-</p> <p><i>Provisions, Depreciation and Amortization of Loan Portfolio</i></p> <p style="padding-left: 20px;"><i>Allowance for uncollectible loans</i></p> <p>To adjust for inadequacy of Allowance found in the special audit report at March 31, 1999.</p>		
<p style="text-align: center;">- 4 -</p> <p><i>Provisions, Depreciation and Amortization of Loan Portfolio</i></p> <p style="padding-left: 20px;"><i>Allowance for uncollectible loans</i></p> <p>Adjustment for absence of supporting documentation relating to the Multiversiones trust.</p>		
c/f		

FILANBANCO TRUST & BANKING CORP.
NOTES ON ADJUSTMENTS TO ASSETS AND LIABILITIES
AT DECEMBER 2, 1998 (dollars in thousands)

Account Title	Debits	Credits
c/b		
ACCOUNTS RECEIVABLE		
- 5 -		
Operating Expenses		
<i>Accounts Receivable</i>		
To adjust the total amount of the selected samples for which we have received no supporting documentation.		
- 6 -		
Operating Expenses		
<i>Accounts Receivable</i>		
To adjust the amounts representing expenses to the Bank		
OTHER LIABILITIES		
- 6 -		
Interest paid accrued on Deposits		
<i>Other Liabilities – Accumulated Obligations</i>		
To adjust the total amount of the selected samples for which we have received no supporting documentation.		
<i>Total</i>		

APPENDIX No. 2

**DETAILS OF ATTACHMENTS
AND DOCUMENTATION
NOT PROVIDED**

[see original for names, dates and numbers]

Appendix No. 2

FILANBANCO S.A.

**INVESTMENTS – DETAILS OF ATTACHMENTS AND DOCUMENTATION NOT PROVIDED
AT DECEMBER 2, 1998 (SUCRES IN THOUSANDS)**

Acct. No.	Account Title	Amount
	Government Bonds C.A.	
	Ministry of Finance Bonds	
	Government Bonds	
	Guarantee Bonds	
	Stabilization Bonds	
	Mortgage-backed bonds F	
	Bank acceptances, Filanbanco	
	Bank acceptances, other institutions	
	Bills of exchange, repo	
	Treasury bills, repo	
	Bills of exchange, Cealimiding	
	Bills of exchange, various issuers	
	Bills of exchange, various issuers	
	Other	
	Other certificates	
	Other securities	
	Notes held by Sup.	
	Dollar bonds	
	Other	
	National Government Bonds	
	Ministry of Finance Bonds	
	Government Bonds	
	CFN Bonds R. Series	
	CFN Bonds K. Series	
	Securities for statutory reserves	
	Own Mortgage-backed Securities	
	Bank acceptances, Filanbanco	
	Bank acceptances, Filanbanco	
	Bank acceptances, other institutions	
	Stabilization bonds, repos	
	Dollar Bonds, Repo transactions	
	CFN Securities, repo transactions	
	CFN Securities, repo transactions	
	Third-party portfolio, Dollar bonds	
	Dollar bonds	
	CFN Bonds Series R.	
	Stabilization bonds	
	Repo transactions	
	Provisions for protection of investments	
	TOTAL	

APPENDIX No. 3

**LOAN PORTFOLIO AND
CONTINGENCIES**

[see original for names, dates and numbers]

FILANBANCO S.A.
EVALUATION OF BORROWERS IN LOAN PORTFOLIOS AND CONTINGENCIES
AT DECEMBER 31, 1998 (IN MILLIONS OF SUCRES)

No.	Customers	Total 12/31/1998	Provision				Deficiency
			Filanbanco		Evaluation		
			%	Amount	%	Amount	
	c/f						

[see original for names, dates and numbers]

FILANBANCO S.A.
EVALUATION OF BORROWERS IN LOAN PORTFOLIOS AND CONTINGENCIES
AT DECEMBER 31, 1998 (IN MILLIONS OF SUCRES)

No.	Customers	Total 12/31/1998	Provision				Deficiency
			Filanbanco		Evaluation		
			%	Amount	%	Amount	
	c/b						
	c/f						

[see original for names, dates and numbers]

FILANBANCO S.A.
EVALUATION OF BORROWERS IN LOAN PORTFOLIOS AND CONTINGENCIES
AT DECEMBER 31, 1998 (IN MILLIONS OF SUCRES)

No.	Customers	Total 12/31/1998	Provision				Deficiency
			Filanbanco		Evaluation		
			%	Amount	%	Amount	
	c/b						
	c/f						

[see original for names, dates and numbers]

FILANBANCO S.A.
EVALUATION OF BORROWERS IN LOAN PORTFOLIOS AND CONTINGENCIES
AT DECEMBER 31, 1998 (IN MILLIONS OF SUCRES)

No.	Customers	Total 12/31/1998	Provision				Deficiency
			Filanbanco		Evaluation		
			%	Amount	%	Amount	
	c/b						
	c/f						

[see original for names, dates and numbers]

FILANBANCO S.A.
EVALUATION OF BORROWERS IN LOAN PORTFOLIOS AND CONTINGENCIES
AT DECEMBER 31, 1998 (IN MILLIONS OF SUCRES)

No.	Customers	Total 12/31/1998	Provision				Deficiency
			Filanbanco		Evaluation		
			%	Amount	%	Amount	
	c/b						
	c/f						

[see original for names, dates and numbers]

FILANBANCO S.A.
EVALUATION OF BORROWERS IN LOAN PORTFOLIOS AND CONTINGENCIES
AT DECEMBER 31, 1998 (IN MILLIONS OF SUCRES)

No.	Customers	Total 12/31/1998	Provision				Deficiency
			Filanbanco		Evaluation		
			%	Amount	%	Amount	
	c/b						
	c/f						

[see original for names, dates and numbers]

FILANBANCO S.A.
EVALUATION OF BORROWERS IN LOAN PORTFOLIOS AND CONTINGENCIES
AT DECEMBER 31, 1998 (IN MILLIONS OF SUCRES)

No.	Customers	Total 12/31/1998	Provision				Deficiency
			Filanbanco		Evaluation		
			%	Amount	%	Amount	
	c/b						
	c/f						

[see original for names, dates and numbers]

FILANBANCO S.A.
EVALUATION OF BORROWERS IN LOAN PORTFOLIOS AND CONTINGENCIES
AT DECEMBER 31, 1998 (IN MILLIONS OF SUCRES)

No.	Customers	Total 12/31/1998	Provision				Deficiency
			Filanbanco		Evaluation		
			%	Amount	%	Amount	
	c/b						
	c/f						

[see original for names, dates and numbers]

FILANBANCO S.A.
EVALUATION OF BORROWERS IN LOAN PORTFOLIOS AND CONTINGENCIES
AT DECEMBER 31, 1998 (IN MILLIONS OF SUCRES)

No.	Customers	Total 12/31/1998	Provision				Deficiency
			Filanbanco		Evaluation		
			%	Amount	%	Amount	
	c/b						
	c/f						

[see original for names, dates and numbers]

FILANBANCO S.A.
EVALUATION OF BORROWERS IN LOAN PORTFOLIOS AND CONTINGENCIES
AT DECEMBER 31, 1998 (IN MILLIONS OF SUCRES)

No.	Customers	Total 12/31/1998	Provision				Deficiency
			Filanbanco		Evaluation		
			%	Amount	%	Amount	
	c/b						
	c/f						

[see original for names, dates and numbers]

FILANBANCO S.A.
EVALUATION OF BORROWERS IN LOAN PORTFOLIOS AND CONTINGENCIES
AT DECEMBER 31, 1998 (IN MILLIONS OF SUCRES)

No.	Customers	Total 12/31/1998	Provision				Deficiency
			Filanbanco		Evaluation		
			%	Amount	%	Amount	
	c/b						
	c/f						

[see original for names, dates and numbers]

FILANBANCO S.A.
EVALUATION OF BORROWERS IN LOAN PORTFOLIOS AND CONTINGENCIES
AT DECEMBER 31, 1998 (IN MILLIONS OF SUCRES)

No.	Customers	Total 12/31/1998	Provision				Deficiency
			Filanbanco		Evaluation		
			%	Amount	%	Amount	
	c/b						
	c/f						

FILANBANCO S.A.
EVALUATION OF BORROWERS IN LOAN PORTFOLIOS AND CONTINGENCIES
AT DECEMBER 31, 1998 (IN MILLIONS OF SUCRES)

No.	Customers	Total 12/31/1998	Provision				Deficiency
			Filanbanco		Evaluation		
			%	Amount	%	Amount	
	c/b						
	8,897 ADDITIONAL BORROWERS						
	Total of borrower balances evaluated						
	Total of borrower balances not evaluated						
	Additional provisions assigned by the Bank						
	From September 30 to December 1998						
	Balance according to books						

APPENDIX No. 3

LOAN PORTFOLIO AND CONTINGENCIES

3.1 Record of Evaluation: 25 Largest Borrowers

FILANBANCO S.A.
RECORD OF EVALUATION OF THE 25 LARGEST BORROWERS
AT DECEMBER 2, 1998 (IN MILLIONS OF SUCRES)

No.	Borrower	Total Portfolio 12/31/98	Guarantees	Guarantee Value	Bank's Rating at 12/02/98	Bank's Provision at 12/02/98	Recommended Rating	Recommended Provision	Deficiency (Recommended Provision – Bank's Provision at 12/02/98)
1	Electroquil, S.A.		Industrial pledge on two electrical power generation turbines and fuel control system		Normal		Potential worth noting		
			Total Guarantees						

Comments

The Company is dedicated to the generation of electrical power, and its principal shareholder is a foreign Company named Duke Energy International.

According to the audited financial statements for December 1998, the Company had assets of ECS 616.649 billion, equity of ECS 264.837 billion, income of ECS 136.756 billion, losses of ECS 9.671 billion, and at that date has a negative working capital of ECS 18.602 billion and the Company's profitability is unfavorable because all of recurring losses. At December 31, 1997 its financial statements reveal assets of ECS 396.658 billion, equity of ECS 68.123 billion, income of ECS 83.033 billion, losses of ECS 59.488 billion, and at that date its negative working capital is determined to be ECS 157.626 billion.

The guarantees offered by Electroquil consist of industrial pledges of two electrical energy generation turbines and fuel system controls valued at ECS 227.061 billion in 1998. As of this date, the customer has made its payments promptly, and therefore its transactions are current.

The unfavorable indices appearing in its financial statements at December 1998, taking into consideration the fact that its principal shareholder is a foreign corporation of acknowledged solvency on the international level and its prompt payment for its transactions, lead us to give the client a rating of B with a 3% provision at December 2, 1998.

Documentation in File

Credit application: YES
Approval: YES
Loan Agreement: NO
Guarantee Agreement: YES
Legal Report: YES
Original Financial Statements: YES
Updated Financial Statements: YES
Audited Financial Statements: YES
Prior Analysis of Original Loan: NO

FILANBANCO S.A.
RECORD OF EVALUATION OF THE 25 LARGEST BORROWERS
AT DECEMBER 2, 1998 (IN MILLIONS OF SUCRES)

No.	Borrower	Total Portfolio 12/31/98	Guarantees	Guarantee Value	Bank's Rating at 12/02/98	Bank's Provision at 12/02/98	Recommended Rating	Recommended Provision	Deficiency (Recommended Provision – Bank's Provision at 12/02/98)
2	Corrugadora del Pacifico S.A.		Leasing operation		Potential worth noting		Deficient		

Comments

The Company is dedicated to the manufacture of corrugated boxes and paper goods in general. Its principal shareholders are Tecfinsa, Trasantlantic, and Inversiones Letonia, with shares of 35%, 17% and 16%, respectively, and their legal representative is Eng. Rafael Simón Gaviño.

The loans were originated primarily in January of 1998; they relate to a commercial lease agreement for three lots of land, machinery, computer equipment, office furnishings and equipment for the value of US\$ 17 million with a term of 15 years.

At December 31, 1998 the financial statements of the Company revealed assets of ECS 60.838 billion, liabilities of ECS 56.304 billion, equity of ECS 4.534 billion, income of ECS 82.793 billion, expenses of ECS 82.816 billion, and a loss of ECS 23 billion, with indebtedness of 93%. We were not supplied with the cash flow statement that might show the Company could perform its obligations. There is no report of inspections or valuations of the properties that are in commercial lease. At December 31, 1999 the financial statements reveal assets of ECS 223.272 billion, liabilities of ECS 208.299 billion, equity of ECS 14.973 billion, income of ECS 232.879 billion, and a loss of ECS 2.550 billion.

Considering the financial situation of the Company, the absence of a cash flow statement that would make it possible to evaluate its capacity to pay its obligations, recurring losses, and on the basis of the fact that it has no profitability, we are giving the customer a C rating with a provision of 40%.

Documentation in File

Credit application: YES
Approval: YES
Loan Agreement: YES
Guarantee Agreement: NO
Legal Report: NO
Updated Financial Statements: YES
Audited Financial Statements: YES
Prior Analysis of Original Loan: NO

FILANBANCO S.A.
RECORD OF EVALUATION OF THE 25 LARGEST BORROWERS
AT DECEMBER 2, 1998 (IN MILLIONS OF SUCRES)

No.	Borrower	Total Portfolio 12/31/98	Guarantees	Guarantee Value	Bank's Rating at 12/02/98	Bank's Provision at 12/02/98	Recommended Rating	Recommended Provision	Deficiency (Recommended Provision – Bank's Provision at 12/02/98)
3	Megagraf S.A.		Mortgage on lot and building located in Cotocollao		Noticeable potential		Dubious		
			Total Guarantees						

Comments

The Company belongs to the Grupo Isaías and is dedicated to the provision of printing services. The loan originated from the absorption of the loans of the Graficas, Regani, Bodeler, and Apasur companies that were granted by the former Banco de los Andes, which were transferred to the Company MEGAGRAF S.A. Its loans were renewed at various times in 1998, and in 1999 all of its loans were restructured for seven years. Its sole shareholder is named Proempres Panamá S.A and there is no information in its loan file regarding the Company's legal representatives and managers.

Based on the unaudited financial statements for December 1998, the Company revealed assets of ECS 16.875 billion, equity of ECS 2.928 billion, income of ECS 25.423 billion, profits of ECS 27 million and at that date it presents an unfavorable profitability index. The loan file does not include a cash flow statement that would make it possible to evaluate the customer's payment capacity and the financial statements at December 1998 do not reflect indebtedness to the Bank. At December 30, 2000 the customer has 64% of its debt overdue, although a monetary reduction in the debt can be noted. There is no information in the loan file that indicates the reason for the reduction.

According to the information from the loan file, the Company Grafisa S.A. has provided surety for the Bank in the form of a lot and building with an area of 750,000 m² located in the Los Ciruelos district of Cotocollao to support the operations of Megagraf S.A.

Considering that the Company has had continuing renewals of its loans, the restructuring of debt and unfavorable indices on its financial statements, as well as the absence of secured guarantees, we are giving the customer a "D" rating with a provision of 70% at December 2, 1998

Documentation in File

Credit application: NO
Approval: NO
Loan Agreement: NO
Guarantee Agreement: YES
Legal Report: YES
Original Financial Statements: YES
Updated Financial Statements: NO
Audited Financial Statements: NO
Prior Analysis of Original Loan: NO

FILANBANCO S.A.
RECORD OF EVALUATION OF THE 25 LARGEST BORROWERS
AT DECEMBER 2, 1998 (IN MILLIONS OF SUCRES)

No.	Borrower	Total Portfolio 12/31/98	Guarantees	Guarantee Value	Bank's Rating at 12/02/98	Bank's Provision at 12/02/98	Recommended Rating	Recommended Provision	Deficiency (Recommended Provision – Bank's Provision at 12/02/98)
4	La Universal S.A.		Commercial trusts on machinery and trademarks for the Huevitos and Manicho products and an industrial pledge agreement on other machinery owned by it Total Guarantees		Normal		Dubious recovery		

Comments

The Company's business is the production and marketing of semifinished cocoa and chocolate products. Its principal shareholders are Commonwealth Development Corporation, Nordic Reinsurance Security Inc. and Bayside Community Corporation, with shares of 31%, 29% and 24% respectively, and its legal representative is Mr. Fernando José Guzmán Bertullo.

At December 31, 1998 the audited financial statements reveal assets of ECS 574.388 billion, liabilities of ECS 419.321 billion, equity of ECS 155.067 billion, income of ECS 191.911 billion and a loss for the fiscal year of ECS 149.831 billion, negative working capital of ECS 286.788 billion and a significant deterioration in liquidity. At December 31, 1999 the financial statements reveal assets of ECS 1.462774 trillion, liabilities of ECS 1.045059 trillion, and equity of ECS 417.715 billion, income of ECS 322.818 billion, it expenses of ECS 321.175 billion and profits of ECS 1.643 billion. In addition, it displays a liquidity indicator of 1.42%, indebtedness of 71.44% and profitability of 0.39%.

The guarantees consists of two commercial trusts on machinery and trademarks (Huevitos and Manicho) benefiting the Bank and an industrial pledge agreement on other machinery owned by it valued at US\$ 16.7 million in July 1998. There are no financial statements for the trusts that would make it possible to evaluate their current condition and in addition the guarantees given to the Bank are not protected by risk insurance policies and there are successive renewals of loans.

Considering the liquidity problems, the absence of the profitability that would make it possible to perform its obligations, the fact that it has had recourse to regular renewals, and because it has not provided the financial statements for the guarantee trusts, we are giving the customer a rating of D with a provision of 50%.

Documentation in File

Credit application: YES
Approval: YES
Loan Agreement: NO
Guarantee Agreement: YES
Legal Report: NO
Original Financial Statements: YES
Updated Financial Statements: NO
Audited Financial Statements: YES
Prior Analysis of Original Loan: NO

FILANBANCO S.A.
RECORD OF EVALUATION OF THE 25 LARGEST BORROWERS
AT DECEMBER 2, 1998 (IN MILLIONS OF SUCRES)

No.	Borrower	Total Portfolio 12/31/98	Guarantees	Guarantee Value	Bank's Rating at 12/02/98	Bank's Provision at 12/02/98	Recommended Rating	Recommended Provision	Deficiency (Recommended Provision – Bank's Provision at 12/02/98)
5	Industrial Pesquera Santa Priscilla		Lot of land 2,936 m ² in Mapasingue "El Rosario" shrimp farm, 719 hectares in Chanduy "San Antonio" shrimp farm, 923 ha in Chanduy Total Guarantees		Normal		Potential worth noting		

Comments

The Company's business is the packing and marketing of shrimp, and it belongs to the Grupo Salem which includes several companies dedicated to all phases of the shrimping business. The legal representative of the Company is Mr. Francisco Cornejo Puig-Mir.

The customer file includes two balances and two income statements corresponding to 1998 which are signed by the Manager and the Accountant. According to the financial statement filed for tax purposes, total assets amounted to ECS 265.573 billion, equity is ECS 18.715, income is ECS 238.224 billion, and profits for the fiscal year were ECS 606 million. According to the financial statement submitted to the Bank, assets total ECS 392.811 billion and equity is ECS 26.981 billion, income is ECS 270.169 billion and profits are ECS 18.417 billion. Audited financial statements are not included. On both balance sheets, the Company reveals high indebtedness; it is not possible to establish the profitability index because of the significant differences noted.

In 1998, the shrimp industry was affected by "El Niño," which caused productivity problems and cash flow problems for the Company. In 1999 and 2000, the customer made payments by means of the contribution of reprogrammed deposit certificates for US\$ 5.5 million, approximately. In February of 2000, approval was given for satisfaction by means of the contribution of several properties amounting to US\$ 1.8 million located in the Urbanización Colmas de Los Ceibos.

Considering the high indebtedness of the Company, the industry risk, the inconsistencies in the financial information and the irregularities in its cash flow because of the production problems, we are rating the customer as a Potential Risk worth noting with a provision of 10%.

Documentation in File

Credit application: YES
Approval: YES
Loan Agreement: NO
Guarantee Agreement: YES
Legal Report: YES
Original Financial Statements: YES
Updated Financial Statements: YES
Audited Financial Statements: NO
Prior Analysis of Original Loan: NO

FILANBANCO S.A.
RECORD OF EVALUATION OF THE 25 LARGEST BORROWERS
AT DECEMBER 2, 1998 (IN MILLIONS OF SUCRES)

No.	Borrower	Total Portfolio 12/31/98	Guarantees	Guarantee Value	Bank's Rating at 12/02/98	Bank's Provision at 12/02/98	Recommended Rating	Recommended Provision	Deficiency (Recommended Provision – Bank's Provision at 12/02/98)
6	Fideicomiso Silver Lace				Normal risk				

Comments

Fideicomiso Silver Lace was established in Panama City by the Company Intral Panamá S.A. (former majority shareholder of Filanbanco S.A.) for the purpose of acquiring the portfolio of Filanbanco S.A.

The debt of the Trust originated with the sale by the Bank of the non-performing loan portfolio for ECS 150.000 billion, and it was guaranteed with bonds convertible into shares issued by Filanbanco S.A., which had been purchased by Intral Panamá S.A. and assigned by this Company to the independent equity of the Trust.

On December 2, 1998, Intral Panamá S.A. authorized the offsetting of the amount of the obligations offered as collateral with the debt of the Trust, for which reason Filanbanco S.A. proceeded to perform the respective accounting entries, leaving an outstanding balance payable of ECS 91.342 billion at December 2, 1998, with the result that at this date, the debt was left without any surety for the loan.

In addition, we were not provided with a credit file for this customer that would permit us to determine the details of the loans that were originally negotiated and the detail of the loans at December 2, 1998.

The financial statements of the Trust at June 30, 1998, the date of the transaction, and November 30, a date closed to that of our review, were provided to us but are not correctly signed by the persons responsible for preparing them. At November 30, 1998, the aforementioned financial statements reveal a total of assets amounting to ECS 252.871 billion, liabilities of ECS 180.270 billion, capital of ECS 97.500 billion and losses of ECS 24.899 billion.

Taking into consideration the fact that we have not been provided with the credit file for this customer, the details of the loan portfolio initially negotiated and that in effect at December 2, 1998, the absence of surety and the losses incurred, we are giving this customer a rating of "E" with a 100% provision at December 2, 1998.

Documentation in File

Credit application: No
Approval: No
Loan Agreement: No
Guarantee Agreement: No
Legal Report: No
Original Financial Statements: Yes
Updated Financial Statements: No
Audited Financial Statements: No
Prior Analysis of Original Loan: No

FILANBANCO S.A.
RECORD OF EVALUATION OF THE 25 LARGEST BORROWERS
AT DECEMBER 2, 1998 (IN MILLIONS OF SUCRES)

No.	Borrower	Total Portfolio 12/31/98	Guarantees	Guarantee Value	Bank's Rating at 12/02/98	Bank's Provision at 12/02/98	Recommended Rating	Recommended Provision	Deficiency (Recommended Provision – Bank's Provision at 12/02/98)
7	Reactur S.A. Tourism Company		Mortgage on the Tourist Complex named "El Refugio," located in the Pintag Parish, Alangasí District, Canton of Quito		Potential worth noting		Dubious recovery		
			Total Guarantees						

Comments

The customer is dedicated to the construction and management of tourist complexes and its shareholders are Raul Caamaño Vega, Roberto Moscoso Cevallos and Juan Carlos Burneo Mateus. The latter is the legal representative of the Company.

The customer does not show any financial information at December 1998. The unaudited financial statements for December 1999 include assets for ECS 97.617 billion, liabilities for ECS 88.159 billion, equity of ECS 9.457 billion, income of ECS 335 million and losses of ECS 752 million. The financing granted by the Bank was for the development of the "El Refugio" Tourist Complex, which began construction in 1994 and was expected to conclude towards the end of 1997. Because of the customer's operational problems, the project was not concluded in 1997, for which reason the Bank had to refinance the debt. Additionally, we note that there are successive renewals and partial payments of interest.

The customer's guarantee is a mortgage on the project named the "El Refugio" Residential Tourist Complex, appraised in 1995 at a value of ECS 113.530 billion, and a commercial management and guarantee trust named "El Refugio." As of January 2001 the project is 50% completed.

Considering the financial inadequacy at December 1999, and that the project is currently 50% constructed and that once it is concluded, the income it generates will be the source of payments for the Bank, according to the "El Refugio" trust agreement, and that the time required for its completion is longer than that of the restructured loans, and that there are no positive cash flow statements, we are rating the client as D - 50% at December 2, 1998.

Documentation in File

Credit application: Yes
Approval: Yes
Loan Agreement: No
Guarantee Agreement: Yes
Legal Report: Yes
Original Financial Statements: Yes
Updated Financial Statements: Yes
Audited Financial Statements: No
Prior Analysis of Original Loan: Yes

FILANBANCO S.A.
RECORD OF EVALUATION OF THE 25 LARGEST BORROWERS
AT DECEMBER 2, 1998 (IN MILLIONS OF SUQUES)

No.	Borrower	Total Portfolio 12/31/98	Guarantees	Guarantee Value	Bank's Rating at 12/02/98	Bank's Provision at 12/02/98	Recommended Rating	Recommended Provision	Deficiency (Recommended Provision – Bank's Provision at 12/02/98)
8	INGSA Ingenio La Troncal S.A.		Industrial pledge on machinery and plant equipment, with a share of 39%.		Normal		Deficient		
			Total Guarantees						

Comments

The Company belongs to the Grupo Isafías and its business is the production of sugar, which is sold in the domestic market. Its sole shareholder is Proempres Panamá S.A. and its legal representative is Mr. Vicente Abudd Isafías.

The audited financial statement at December 1998 reveals assets of ECS 928.123 billion, liabilities of ECS 762.163 billion, equity of ECS 165.960 billion, income of ECS 291.391 billion and loss of ECS 210.210 billion, which shows that the Company lacks working capital and has a low liquidity index, and its assets are 82% financed and it has losses. Credit applications provide evidence of continual renewals of the loans. In a meeting of the Board of Directors held on February 1, 1999, all of the debts of the Grupo Isafías were restructured in US dollars for a term of seven years with a grace period of one year at an annual interest rate of 15%. The audited financial statements at December 1999 reveal assets of ECS 2.618740 trillion, liabilities of 2.541013 trillion, equity of ECS 77.727 billion, income of ECS 696.831 billion and a loss of ECS 433.635 billion. The credit file does not include projected cash flow statements that might provide evidence that the Company can perform its restructured obligations.

The guarantee consists of an industrial pledge agreement on machinery and equipment owned by it for US\$ 37,365,000, according to the valuation performed on July 16, 1998 by Almacenera Guayaquil S.A., 39% of which guarantees obligations of the Ingenio La Troncal, that is, US\$ 14,500,000, according to that stated in the respective pledge agreement, and the remainder secures other related companies, and there is no report of visits or inspection of the pledges, or an insurance policy.

Considering that the Company is suffering significant liquidity problems, has no profitability, high indebtedness, and that there is no evidence demonstrating its capacity to generate the funds that would permit it to reduce the amount of the loans at December 31, 1998, we are giving the customer a rating of C with a provision of 20%.

Documentation in File

Credit application: YES
Approval: YES
Loan Agreement: NO
Guarantee Agreement: YES
Legal Report: NO
Original Financial Statements: YES
Updated Financial Statements: YES
Audited Financial Statements: YES
Prior Analysis of Original Loan: NO

[see original for names, dates and numbers]

FILANBANCO S.A.
RECORD OF EVALUATION OF THE 25 LARGEST BORROWERS
AT DECEMBER 2, 1998 (IN MILLIONS OF SUCRES)

No.	Borrower	Total Portfolio 12/31/98	Guarantees	Guarantee Value	Bank's Rating at 12/02/98	Bank's Provision at 12/02/98	Recommended Rating	Recommended Provision	Deficiency (Recommended Provision – Bank's Provision at 12/02/98)
9	Industrial Pesquera Jambeli		Mortgage on 4 ships, land, and plant owned by the Company located in the Canton of Posorja.		Potential worth noting		Dubious		
			Total Guarantees						

Comments

The Company belongs to the Grupo Hidalgo Coronel and is dedicated to ocean fishing and its principal shareholders are Manuel Vinagre da Silva, Inmobiliaria Hidalgo, and Xavier Eduardo Coronel Robles, with shares of 30%, 18% and 13%, respectively; their legal representatives are Ms. Elena Carrion de Carillo and Manuel Vinagre Da Silva, President and General Manager, respectively.

At December 2, 1998, the credit file includes no financial information or cash flow statement that would make it possible to determine the payment capacity, no reports on visits to the customer, and the scanty information on the loan does not make it possible to evaluate the loan history. At December 31, 1998 there are overdue loans for US \$2,309,555 that date to February 1998.

Considering the absence of any cash flow statement that might make it possible to evaluate its capacity to pay its obligations and because the customer has significant liquidity problems, and because there are overdue loans, we are giving the customer a rating of D with a 70% provision at December 2, 1998.

Documentation in File

Credit application: NO
Approval: NO
Loan Agreement: NO
Guarantee Agreement: NO
Legal Report: NO
Original Financial Statements: NO
Updated Financial Statements: NO
Audited Financial Statements: NO
Prior Analysis of Original Loan: NO

FILANBANCO S.A.
RECORD OF EVALUATION OF THE 25 LARGEST BORROWERS
AT DECEMBER 2, 1998 (IN MILLIONS OF SUCRES)

No.	Borrower	Total Portfolio 12/31/98	Guarantees	Guarantee Value	Bank's Rating at 12/02/98	Bank's Provision at 12/02/98	Recommended Rating	Recommended Provision	Deficiency (Recommended Provision – Bank's Provision at 12/02/98)
10	Febres Cordero Cia de Comercio		Mortgages on various lands and buildings		Normal		Dubious recovery		
			Total Guarantees						

Comments

The Company is dedicated to the business of agricultural chemical products, agricultural machinery and lubricants. The legal representatives of the Company are Mr. Agustín Febres-Cordero Rivadeneira, Agustín Febres-Cordero Rosales and Carlos Febres-Cordero Rosales.

The unaudited consolidated financial statements at December 1998 include assets of ECS 349.807 billion, liabilities of ECS 274.944 billion, equity of ECS 74.863 billion, income of ECS 247.442 billion and a loss of ECS 8.378 billion. In addition, the Company displays negative cash flow statements that do not permit it to meet its obligations in the agreed-upon time. The Company's indebtedness to the Bank and the national financial system is high, according to the unaudited financial statements at December 31, 1998. Because of the difficult financial situation, the Company has been affected and regular renewals of its loans appear.

The mortgage guarantees that were created by the customer relate to facilities located in different parts of the city where the offices, warehouses, sheds and storage facilities operate, and according to valuations performed between December 1998 and February 1999, represent ECS 19.415 billion. In addition, the customer has made pledges to the Bank of inventory in its own warehouses, but there are no pledge inspection reports or appraisals relating to them.

Considering the financial inadequacies, the losses existing at the evaluation date, the constant renewal of its loans, and the quality of the security provided to the Bank, we are giving the customer a rating of "D" and a provision of 80% at December 2, 1998.

Documentation in File

Credit Application: Yes
Approval: Yes
Loan Agreement: No
Guarantee Agreement: Yes
Legal Report: Yes
Original Financial Statements: Yes
Updated Financial Statements: Yes
Audited Financial Statements: No
Prior Analysis Of Original Loan: Si

FILANBANCO S.A.
RECORD OF EVALUATION OF THE 25 LARGEST BORROWERS
AT DECEMBER 2, 1998 (IN MILLIONS OF SUCRES)

No.	Borrower	Total Portfolio 12/31/98	Guarantees	Guarantee Value	Bank's Rating at 12/02/98	Bank's Provision at 12/02/98	Recommended Rating	Recommended Provision	Deficiency (Recommended Provision – Bank's Provision at 12/02/98)
11	Dumasi S.A.				Normal		Dubious recovery		

Comments

The Company belongs to the Grupo Isafas and is dedicated to the industrial production of milk products and cattle production, and the Company's indebtedness originates primarily from factoring operations, with its loans having undergone several renewals during 1998 and its liabilities being restructured for a seven-year term in 1999. The credit file does not include any information on the shareholders, legal representatives and administrators of the Company.

According to the audited financial statements at December 31, 1998, the Company reveals assets of ECS 69.893 billion, liabilities of ECS 63.433 billion, equity of ECS 6.460 billion, income of ECS 7.959 billion, and a profit of ECS 74 million, although in its indebtedness, the financial statements do not reflect its liabilities to the Bank at that date, because the debt is large and indebtedness is 91%. The loan file does not include a cash flow statement that would make it possible to evaluate the customer's payment capacity.

In the scanty information included in the loan file on the customer's guarantees, it was noted that the Company created an industrial pledge agreement on various machinery for US\$ 9,500,000, but we were not provided with the original agreement regarding this, updated valuations or inspection reports for the pledges.

Considering the deficiencies and financial inconsistencies noted in the balances at December 1998, the absence of secured guaranties and the constant renewal of the loans, we are giving the customer a rating of "D" with a provision of 80% at December 2, 1998.

Documentation in File

Credit application: YES
Approval: NO
Loan Agreement: NO
Guarantee Agreement: NO
Legal Report: YES
Original Financial Statements: YES
Updated Financial Statements: YES
Audited Financial Statements: YES
Prior Analysis of Original Loan: NO

FILANBANCO S.A.
RECORD OF EVALUATION OF THE 25 LARGEST BORROWERS
AT DECEMBER 2, 1998 (IN MILLIONS OF SUCRES)

No.	Borrower	Total Portfolio 12/31/98	Guarantees	Guarantee Value	Bank's Rating at 12/02/98	Bank's Provision at 12/02/98	Recommended Rating	Recommended Provision	Deficiency (Recommended Provision – Bank's Provision at 12/02/98)
12	Josda S.A.		Industrial pledge on machinery owned by Ingenio La Troncal with a 39% share of the pledge		Normal		Deficient		
			Total Guarantees						

Comments

The Company belongs to the Grupo Isafas and is dedicated to the provision of personnel services and services for the import/export of machinery, raw materials, foodstuffs and goods in general. Its sole shareholder is Atty. Miguel Lopez Mosquera, and there is no information relating to its legal representatives.

At December 31, 1998, the Company's audited financial statements presented assets of ECS 41.227 billion, liabilities of ECS 40.987 billion, shareholder's equity of ECS 240 million, income of 1.908 billion, expenses of ECS 1.673 billion, profits of ECS 235 billion, which reveals a level of indebtedness of 100% with respect to the assets and a lack of working capital. The loan file does not include a cash flow statement that might show the capacity for payment of the loans or feasibility studies, and there have been constant renewals of the loan transactions. In the meeting of the Board of Directors held on February 1, 1999, all the debts of the Grupo Isafas were restructured in dollars for the term of seven years with a grace period of one year and an annual interest of 15%. At December 31, 1999, the audited financial statements revealed assets of ECS 266.347 billion, liabilities of ECS 266.499 billion, a capital shortfall of ECS 152 million, income of 2.535 billion and a loss of 157 million.

The guarantee consists of an industrial pledge agreement on machinery and equipment owned by Ingenio La Troncal for the value of US\$ 37,365,000, according to the valuation performed on July 16, 1998 by Almacenera Guayaquil S.A., of which 39%, that is, US\$ 14,500,000, guarantees the Company's transactions, as indicated in the respective pledge agreement; there is no report on inspections of the guarantee, report on customer visits or the insurance policy.

Considering the Company's weak economic capacity and the absence of income that makes it impossible for it to meet its restructured obligations, we are giving the customer a rating of C with the provision of 40% at December 2, 1998.

Documentation in File

Credit application: YES
Approval: YES
Loan Agreement: NO
Guarantee Agreement: NO
Legal Report: NO
Original Financial Statements: YES
Updated Financial Statements: YES
Audited Financial Statements: YES
Prior Analysis of Original Loan: NO

[see original for names, dates and numbers]

FILANBANCO S.A.
RECORD OF EVALUATION OF THE 25 LARGEST BORROWERS
AT DECEMBER 2, 1998 (IN MILLIONS OF SUCRES)

No.	Borrower	Total Portfolio 12/31/98	Guarantees	Guarantee Value	Bank's Rating at 12/02/98	Bank's Provision at 12/02/98	Recommended Rating	Recommended Provision	Deficiency (Recommended Provision – Bank's Provision at 12/02/98)
13	Timsa. Terrenos y Materiales S.A.		Mortgage on lands located in the "Pradera III" development Several lots located in the Canton of Naranjal, Taura Parish. Industrial pledge agreement on machinery and equipment Open-ended industrial pledge of six silos or grain storage warehouses		Potential worth noting		Loss		

Comments

The Company is dedicated to the provision of port services such as loading, unloading, transportation and merchandise storage; the loan was originated for working capital, and the Company's loans have been renewed several times. The Caompañía Manaoil – Distribuidora del Ecuador and Mr. Héctor Cornejo Anteparra are among its shareholders, and its executive president is Mr. Carlos Valdano Raffo and its general manager is Mr. Andrés Valdano Trujillo.

The loan file does not include the financial statements at December 31, 1998 or December 31, 1999, which made it impossible to perform a financial analysis of the Company.

The assets described as guarantees for this Company were obtained from the loan file from photocopied documentation, and we were not provided with the original documents of the guarantees or the respective valuations, and there is no evidence of any inspection of the pledges or the insurance policies benefiting the Bank on the assets given in guarantee.

Considering the absence of information on the guarantees and the financial information, the continual renewals of its obligations, the absence of valuations on the pledges that were provided and the absence of insurance policies to the benefit of the Bank for the assets given in guarantee, we are giving the customer a rating of "E" with a 100% provision at December 2, 1998.

Documentation in File

Credit application: YES
Approval: YES
Loan Agreement: NO
Guarantee Agreement: YES
Legal Report: YES
Original Financial Statements: NO
Updated Financial Statements: NO
Audited Financial Statements: NO
Prior Analysis of Original Loan: NO

FILANBANCO S.A.
RECORD OF EVALUATION OF THE 25 LARGEST BORROWERS
AT DECEMBER 2, 1998 (IN MILLIONS OF SUCRES)

No.	Borrower	Total Portfolio 12/31/98	Guarantees	Guarantee Value	Bank's Rating at 12/02/98	Bank's Provision at 12/02/98	Recommended Rating	Recommended Provision	Deficiency (Recommended Provision – Bank's Provision at 12/02/98)
14	La Portuguesa S.A.		Mortgage on lots located in the Urbanizacion Los Lagas – on the road to Samborondón, and mortgage on a ship.		Potential worth noting				

Comments

The Company belongs to the Grupo Higgins and is dedicated to the industrial production of ocean products and their derivatives, and its shareholders are Bernardo Higgins Fuente, Bernardo Vásconez, Jorge Bejarano Orrantía and Jorge Vásconez. There is no information regarding its legal representatives.

It was not possible to evaluate the financial position of the borrower because of the absence of information on the loans and the absence of financial information, and no correspondence between the Bank and the Company was found after 1996. The customer has loans that are overdue since May 1998 and is in the legal department of the Bank so that recovery procedures may be undertaken with respect to the existing guarantees.

The guarantee consists of a mortgage on 4 lots located in Puntilla on the road to Samborondón, for a total of 7,014 m², and a mortgage on a fishing boat; there are no valuations for those guarantees.

Considering the absence of any financial information that would make it possible to evaluate the customer's payment capacity, the overdue transactions and the absence of valuations for the guarantees provided, as of December 2, 1998, we are giving the customer a rating of D with a provision of 80%.

Documentation in File

Credit application: NO
Approval: NO
Loan Agreement: NO
Guarantee Agreement: YES
Valuation: NO
Legal Report: NO
Original Financial Statements: NO
Updated Financial Statements: NO
Audited Financial Statements: NO
Prior Analysis of Original Loan: NO

FILANBANCO S.A.
RECORD OF EVALUATION OF THE 25 LARGEST BORROWERS
AT DECEMBER 2, 1998 (IN MILLIONS OF SUCRES)

No.	Borrower	Total Portfolio 12/31/98	Guarantees	Guarantee Value	Bank's Rating at 12/02/98	Bank's Provision at 12/02/98	Recommended Rating	Recommended Provision	Deficiency (Recommended Provision – Bank's Provision at 12/02/98)
15	Papalera Ecuatoriana Papecua S.A.				Potential worth noting		Loss		

Comments

The Company's business is the production of paper and cardboard. We did not find its shareholder composition or its legal representatives.

At December 31, 1998, the Company does not present any financial information that might permit the analysis of its economic situation.

The Company's loans originated in August 1994, on which date Filanbanco acquired these loans from the former Banco Los Andes. In 1995, faced with difficulty in paying its obligations, the Company reached a refinancing and payment agreement with the Bank, and accordingly carried out leaseback transactions with a 10 year term for two buildings and machinery that was owned by the Company, which was used to settle the Company's debts. In 1996 and 1997, the Company began to default on the payment of its obligations, with the result that the Bank began legal action and towards the end of 1999, the Company filed a Habeas Data appeal and in December 1999, the judge decided in favor of the Company and ordered Filanbanco to liquidate the Company's operations.

The Company has provided no guarantees to back its loans.

Considering the absence of surety backing the loans, and the legal decision in favor of the Company that forced the Bank to perform the corresponding liquidation of the operations, we are giving the customer a rating of "E" with a provision of 100% at December 2, 1998.

Documentation in File

Credit application: Yes
Approval: Yes
Loan Agreement: Yes
Guarantee Agreement: Yes
Legal Report: No
Original Financial Statements: No
Updated Financial Statements: No
Audited Financial Statements: No
Prior Analysis of Original Loan: Yes

[see original for names, dates and numbers]

FILANBANCO S.A.
RECORD OF EVALUATION OF THE 25 LARGEST BORROWERS
AT DECEMBER 2, 1998 (IN MILLIONS OF SUQUES)

No.	Borrower	Total Portfolio 12/31/98	Guarantees	Guarantee Value	Bank's Rating at 12/02/98	Bank's Provision at 12/02/98	Recommended Rating	Recommended Provision	Deficiency (Recommended Provision – Bank's Provision at 12/02/98)
16	Industrial Marítima Vidaco						Normal		

Comments

The Company belongs to the Grupo Jambeli and is dedicated to industrial and commercial fishing.

The Company's indebtedness includes principally US\$ 10 million (ECS 67.650 billion) that corresponds to the intended purchase of overdue debts from Hamilton Bank for loans granted to companies in the Grupo Jambelí, which was offset with credit for a liability to Hamilton Bank. Because this deal was not carried out, it was reversed at the beginning of 1999, and the balance of the loans amounting to ECS 1.218 billion correspond to direct transactions.

Considering that the loan transaction recorded at December 31, 1998 did not take place, that it was reversed at the beginning of 1999 to December 31, 1998, we are giving this customer a rating of "D" at December 2, 1998, with a 60% provision on the balance of the direct loan transactions of ECS 1.128 billion

Documentation in File

Credit application: NO
Approval: NO
Loan Agreement: NO
Guarantee Agreement: NO
Legal Report: YES
Original Financial Statements: YES
Updated Financial Statements: YES
Audited Financial Statements: YES
Prior Analysis of Original Loan: NO

FILANBANCO S.A.
RECORD OF EVALUATION OF THE 25 LARGEST BORROWERS
AT DECEMBER 2, 1998 (IN MILLIONS OF SUCRES)

No.	Borrower	Total Portfolio 12/31/98	Guarantees	Guarantee Value	Bank's Rating at 12/02/98	Bank's Provision at 12/02/98	Recommended Rating	Recommended Provision	Deficiency (Recommended Provision – Bank's Provision at 12/02/98)
17	BOPP of Ecuador		Open-end mortgage and industrial pledge on land, facilities and equipment belonging to the plant's production line		Normal		Dubious		
		Total	Total Guarantees						

Comments

The Company is dedicated to the production, manufacture and marketing of plastics for home use; it belongs to the Grupo Zaidan, and Mr. Jaime Zaidan Saba is its legal representative.

The customer's audited financial statements at December 1998 include assets of ECS 168.612 billion, liabilities of ECS 159.569 billion, equity of ECS 9.042 billion, income of ECS 89.509 billion, and profits of ECS 502 million. In addition, it presents negative cash flows, which do not make it possible for it to meet its payment obligations within the agreed-upon time, resulting in an unfavorable liquidity index.

The Company has not made payment of its overdue obligations to the Bank. Between December 1999 and July 2000, the Company made US\$ 6 million in payments on its debt by means of the contribution of CRD's after not having made any payments for approximately 1 year. The Bank thereby managed to reduce the portfolio by US\$ 3.6 million, and in January 2001 it reveals overdue transactions and it has not accepted the Bank's offer to establish a trust to guarantee and administer the assets mortgaged to the benefit of the Bank.

The customer's guarantees relate to an open mortgage on land and buildings located in the Cotacollao district, where the industrial plant operates, and in addition the customer has pledged three lines of polypropylene processors and extruders located in the plant; according to valuations performed in 1997, the value of the mortgage and industrial pledges is ECS 42.113 billion.

Considering the customer's financial deficiencies and the fact that it does not have the capacity to generate the funds that would permit it to perform its obligations to the Bank, its refusal to establish the trust suggested by the Bank, and the overdue transactions that appear, we are giving the customer a rating of "D" with a 60% provision at December 2, 1998.

Documentation in File

Credit application: Yes
Approval: Yes
Loan Agreement: No
Guarantee Agreement: Yes
Legal Report: Yes
Original Financial Statements: Yes
Updated Financial Statements: Yes
Audited Financial Statements: Yes
Prior Analysis of Original Loan: Yes

FILANBANCO S.A.
RECORD OF EVALUATION OF THE 25 LARGEST BORROWERS
AT DECEMBER 2, 1998 (IN MILLIONS OF SUCRES)

No.	Borrower	Total Portfolio 12/31/98	Guarantees	Guarantee Value	Bank's Rating at 12/02/98	Bank's Provision at 12/02/98	Recommended Rating	Recommended Provision	Deficiency (Recommended Provision – Bank's Provision at 12/02/98)
18	Agricola Chimborazo Chimsa S.A.		Mortgage and pledge agreement on land and machinery owned by Ingenio La Troncal, with a share of 86% of the pledge.		Normal		Deficient		
			Total Guarantees						

Comments

The Company belongs to the Grupo Isaías and its business is the production and sale of sugar cane to Ingenio La Troncal. Its shareholders are Merkesa S.A. and Ms. Magdalena Dávila, but we did not identify the percentages of the shares in the Company, and its legal representatives are Juan José Hidalgo Guerrero and Fernando José Leon Romero, President and General Manager, respectively.

Analysis of the audited financial statements of the customers at December 31, 1998 reveals assets of ECS 239.322, liabilities of ECS 163.449 billion, shareholder equity of ECS 75.874 billion, income of ECS 41.224 billion and profits for the year of ECS 6.013 billion. In addition, it lacks working capital and has low liquidity indices. In the loan file, we did not observe projected cash flows that would provide evidence of the customer's payment capacity or feasibility studies. There are constant renewals of the loan transactions and on February 1, 1999, the entire amount of the loans was restructured in dollars at a seven-year term with a grace period of one year and annual interest of 15%.

The guarantee consists of a mortgage on land, infrastructure, crops and a pledge of certain machinery owned by Ingenio La Troncal in the amount of US\$ 19,911,183, according to the appraisal performed on April 15, 1998 by Almacenera Guayaquil S.A. The loans are guaranteed by 86% of the value of the guarantees, which represents US\$ 17,036,683, and the difference guarantees loans of other related companies, under no records of visits to the plant or on the guarantees created or correspondence between the Bank and the Company.

Considering the absence of a cash flow statement that would make it possible to evaluate the capacity for payment of the loans and the liquidity problems suffered by the Company, and that it does not have working capital, we are giving the client a rating of C and a provision of 20% at December 2, 1998.

Documentation in File

Credit application: YES
Approval: YES
Loan Agreement: YES
Guarantee Agreement: YES
Valuation: YES
Legal Report: NO
Original Financial Statements: YES
Updated Financial Statements: YES
Audited Financial Statements: YES
Prior Analysis of Original Loan: NO

FILANBANCO S.A.
RECORD OF EVALUATION OF THE 25 LARGEST BORROWERS
AT DECEMBER 2, 1998 (IN MILLIONS OF SUCRES)

No.	Borrower	Total Portfolio 12/31/98	Guarantees	Guarantee Value	Bank's Rating at 12/02/98	Bank's Provision at 12/02/98	Recommended Rating	Recommended Provision	Deficiency (Recommended Provision – Bank's Provision at 12/02/98)
19	PACIFICTEL					Normal		Normal	

Comments

Pacifictel is a Company dedicated to the provision of telecommunications services, and is owned by the state through the Solidarity Fund. Its legal representatives is Mr. Oscar Cordovez Novoa.

The audited financial statements for 1998 reveal total assets of ECS 5.325 trillion, liabilities of ECS1.828 trillion, equity of ECS 3.497 trillion, income of ECS 774 billion and a profit for the fiscal year of ECS 24 billion. At that date, the working capital amounts to ECS 376 billion.

The customer's debt was originated at the end of 1997, when, following the spinoff that created it, the customer substituted itself as debtor to assume the liabilities acquired by EMETEL. The Bank originally financed the purchase of electronic equipment for US\$ 33 million, of which US\$ 7.8 million was still in effect as of December 2, 1998. In addition, a letter of credit for US\$ 5.8 million was open to guarantee the payment of the Siemens Company for the installation of telephone networks on the Santa Elena peninsula. On July 5, 2000 a payment agreement was executed between Filanbanco, Banco del Progreso and Pacifictel, in which the obligations of Pacifictel were offset with certificates of deposit from the Banco del Progreso for approximately US\$ 5 million.

Based on the analysis of the financial information of Pacifictel and taking into consideration its equity structure, the generation of income that determines payment capacity and its credit history, we are rating the client at December 2, 1998 in the normal category.

Documentation in File

Credit application: YES
Approval: YES
Loan Agreement: NO
Guarantee Agreement: NO
Legal Report: YES
Original Financial Statements: YES
Updated Financial Statements: YES
Audited Financial Statements: YES
Prior Analysis of Original Loan: NO

FILANBANCO S.A.
RECORD OF EVALUATION OF THE 25 LARGEST BORROWERS
AT DECEMBER 2, 1998 (IN MILLIONS OF SUCRES)

No.	Borrower	Total Portfolio 12/31/98	Guarantees	Guarantee Value	Bank's Rating at 12/02/98	Bank's Provision at 12/02/98	Recommended Rating	Recommended Provision	Deficiency (Recommended Provision – Bank's Provision at 12/02/98)
20	Floricultora Macstouch S.A.		Floriculture farm located in Mulalo, Canton of Latacunga, Province of Cotopaxi		Normal		Dubious collection		
			Total Guarantees						

Comments

The Company is dedicated to the cultivation, exploitation and marketing of flowers, and its shareholders are Abdul Latuf Tarmomad and Mohamed Maqqsud Abdul Latuf, who are responsible for the legal representation of the Company.

It does not reveal any financial information at December 1998. The Company obtained loans from the Bank for the purchase of land, facilities, importing of plants and the purchase of a dwelling for its shareholder. In September 1998 the customer was sued because of its overdue loans and difficulty in paying its obligations; the Bank took legal action and succeeded in attaching the Company's facilities in July of 2000. The ruling is still in effect at this date and the judicial trustee is Mr. Marco Rodríguez.

The guarantee provided by the customer corresponds to Floricultora Mac's Touch S.A., which has an area of 178 hectares; based on the valuation in June 1998, it is worth US \$12.03 million, while the valuation of March 8, 2000 is for US\$ 9 million. The Farm is in the province of Cotopaxi, the canton of Latacunga, Mulalo district.

Considering the difficulties of the Company at December 1998 and considering the liquidation of the guarantees to be the only means of recovering the loans granted, and also considering that we found no physical inspections of the guarantees provided, we are giving the customer a rating of "D" with a 50% provision at December 2, 1998.

Documentation in File

Credit application: YES
Approval: YES
Loan Agreement: NO
Guarantee Agreement: YES
Legal Report: NO
Original Financial Statements: NO
Updated Financial Statements: YES
Audited Financial Statements: NO
Prior Analysis of Original Loan: YES

[see original for names, dates and numbers]

FILANBANCO S.A.
RECORD OF EVALUATION OF THE 25 LARGEST BORROWERS
AT DECEMBER 2, 1998 (IN MILLIONS OF SUCRES)

No.	Borrower	Total Portfolio 12/31/98	Guarantees	Guarantee Value	Bank's Rating at 12/02/98	Bank's Provision at 12/02/98	Recommended Rating	Recommended Provision	Deficiency (Recommended Provision – Bank's Provision at 12/02/98)
21	Bienes y Valores de la Sierra				Normal		Potential worth noting		

Comments

The Company is dedicated to the manufacture of cardboard boxes and paper goods in general. Its shareholders and legal representatives are Victor Semalles Cabria, Victor Semalles Vargas, Jaime Semalle Vargas and Montserrat Semalle Vargas.

The customer's loan file does not include financial information that would make it possible to evaluate the Company's economic situation, and there are no secured guarantees. At December 30, 2000 the customer has made payments on the loan by means of Bank transfers of US\$ 1,211,333 and certificates of deposit for US\$ 2,706,302. The internal balance sheet at July 31, 2000 reveals assets of US\$ 12,509,000, liabilities of US\$ 2,896,988 and equity of US\$ 9,612,012. In addition, it reveals negative working capital of US\$ 2,887,988 and indebtedness of 23%.

The guarantee that was found consists of 49 bills of exchange endorsed to Filanbanco for a value of US\$ 1,367,385. According to the regulations of the Superintendency of Banks, the former are not considered secured guarantees.

Considering the absence of financial information that would make it possible to evaluate the capacity for payment of the obligations, and that there are no secured guarantees at December 2, 1998, and on the basis of the payments made, we are assigning a rating of B with a provision of 10%.

Documentation in File

Credit application: YES
Approval: YES
Loan Agreement: YES
Guarantee Agreement: NO
Legal Report: NO
Original Financial Statements: NO
Updated Financial Statements: NO
Audited Financial Statements: NO
Prior Analysis of Original Loan: NO

FILANBANCO S.A.
RECORD OF EVALUATION OF THE 25 LARGEST BORROWERS
AT DECEMBER 2, 1998 (IN MILLIONS OF SUCRES)

No.	Borrower	Total Portfolio 12/31/98	Guarantees	Guarantee Value	Bank's Rating at 12/02/98	Bank's Provision at 12/02/98	Recommended Rating	Recommended Provision	Deficiency (Recommended Provision – Bank's Provision at 12/02/98)
22	Representaciones Industriales y Tecnicas				Potential worth noting		Loss		

Comments

The customer belongs to the Grupo Industrial "Aguilar," which is dedicated to the purchase and sale of agricultural products, and the customer's debt was originated for factoring operations, and its loans have undergone several renewals. Its shareholders are Mr. Aguilar Mora José Miguel and Ms. Mora Valverde Carmen. The executive president is Mr. Aguilar Mora José and the general manager is Mr. Sotomayor Unda Jorge.

The loan file does not include financial statements for the Company at December 31, 1998, which made it impossible for us to evaluate its financial condition at that date. The customer's file does not include the cash flow statement that would make it possible to evaluate the customer's payment capacity, and in addition, according to information from the risk office, the customer has been classified as a loss by other financial institutions.

In December 1997, the group executed an agreement for a commercial trust named "Maguilar" to the benefit of Filanbanco S.A. that included three lots of land with a total area of 27,939 m², the buildings constructed on it and machinery belonging to the industrial plant, located at Km. 10.5 on the road to Daule, for the purpose of guaranteeing the group's operations. We were not supplied with the financial statement of the trust, so that we were unable to evaluate the debt payment capacity, and in addition it was not possible to examine the original trust agreement and its guarantees, and there is no insurance policy in favor of the Bank on the assets in trust.

Considering that the Company has continuously renewed its loan, the absence of financial information and the lack of the original trust agreement, its guaranties and respective valuations, we are giving the customer a rating of " E" with a 100% provision at December 2, 1998.

Documentation in File

Credit application: YES
Approval: YES
Loan Agreement: NO
Guarantee Agreement: NO
Legal Report: YES
Original Financial Statements: NO
Updated Financial Statements: NO
Audited Financial Statements: NO
Prior Analysis of Original Loan: YES

[see original for names, dates and numbers]

FILANBANCO S.A.
RECORD OF EVALUATION OF THE 25 LARGEST BORROWERS
AT DECEMBER 2, 1998 (IN MILLIONS OF SUCRES)

No.	Borrower	Total Portfolio 12/31/98	Guarantees	Guarantee Value	Bank's Rating at 12/02/98	Bank's Provision at 12/02/98	Recommended Rating	Recommended Provision	Deficiency (Recommended Provision – Bank's Provision at 12/02/98)
23	Granjas Marinas Doble A S.A.		Mortgage on several lots of land located in different areas and a helicopter.		Normal		Potential worth noting		

Comments

The Company is dedicated to the shrimping business and belongs to the Grupo Adum. Its principal shareholder is the Company Agropecuaria Calicanto (AGROCALSA) S.A. and its legal representatives are Messrs. Adum Boschetti Guido and Adum Miranda Jorge.

Analysis of the customer's audited financial statements at December 31, 1998 reveals assets of ECS 22.417 billion, liabilities of ECS 21.235 billion, shareholder's equity of ECS 1.182 billion, income of ECS 12.285 billion, and a profit for the year of ECS 25 million. In addition, it reveals a high level of indebtedness and its profitability is insufficient to cover its obligations. In the loan file, we did not find any projected cash flow that could provide evidence of the customer's payment capacity or feasibility studies. There are constant renewals of the loans and on March 19, 1999 the entire amount of the loans was restructured in dollars for the term of seven years with a grace period of one year and annual interest of 15%.

The guarantees consist of mortgages on land owned by it and related companies Predios y Desarrollo PREDELSA S.A., Construcciones, Maquinarias Doble A CONMADASA, Agriola La Gardenia), located in Chongón Parish and Molleturo Parish in the Canton of Guayas and Cuenca, respectively. In addition, they include a helicopter owned by it, but there are no updated valuations or reports of visits to the security that was provided.

Considering that the Company has constantly renewed its loans, its restructuring of its liabilities, high indebtedness indicators and deteriorated profitability, as well as the lack of valuations of the guarantees and cash flow statements that might make it possible to evaluate its capacity for paying its debts, at December 2, 1998, we are giving the customer a rating of "B" with a 15% provision.

Documentation in File

Credit application: YES
Approval: YES
Loan Agreement: YES
Guarantee Agreement: YES
Legal Report: YES
Original Financial Statements: YES
Updated Financial Statements: YES
Audited Financial Statements: NO
Prior Analysis of Original Loan: NO

FILANBANCO S.A.
RECORD OF EVALUATION OF THE 25 LARGEST BORROWERS
AT DECEMBER 2, 1998 (IN MILLIONS OF SUCRES)

No.	Borrower	Total Portfolio 12/31/98	Guarantees	Guarantee Value	Bank's Rating at 12/02/98	Bank's Provision at 12/02/98	Recommended Rating	Recommended Provision	Deficiency (Recommended Provision – Bank's Provision at 12/02/98)
24	Botell S.A.		Ordinary commercial pledge No. 03 of 2,500 capital shares of the Company Cia Lucian.		Normal		Dubious recovery		
			Total Guarantees						

Comments

The Company is dedicated to the real estate business and it belongs to the Grupo Isaías; it provides no information regarding the persons who are responsible for its legal representation and management.

The Company does not provide any financial information at December 1998 that would make it possible to determine the source of the funds necessary for the payment of its obligations, and no information on its business activities is included in the loan file. This Company was substituted as the debtor of the Company Lucian S.A. According to customer correspondence included in the customer file, the level of indebtedness is high.

The customer's guarantees relate to a commercial pledge agreement on 2,500 shares of the Company Lucian, which have not been valued. The latter is the owner of 2,172 lots of land with a total area of 506,209 m² located in the La Unión subdivision located in the Canton of Durán, which are mortgaged to the Banco La Previsora and Filanbanco.

Considering the deficiencies in the information which did not permit us to perform an evaluation, and that there is no valuation of the shares of the Company Lucian which were used as security for the loans, we are giving the customer a rating of "D" with an 80% provision at December 2, 1998.

Documentation in File

Credit application: YES
Approval: YES
Loan Agreement: YES
Guarantee Agreement: YES
Legal Report: NO
Original Financial Statements: NO
Updated Financial Statements: YES
Audited Financial Statements: NO
Prior Analysis of Original Loan: NO

FILANBANCO S.A.
RECORD OF EVALUATION OF THE 25 LARGEST BORROWERS
AT DECEMBER 2, 1998 (IN MILLIONS OF SUCRES)

No.	Borrower	Total Portfolio 12/31/98	Guarantees	Guarantee Value	Bank's Rating at 12/02/98	Bank's Provision at 12/02/98	Recommended Rating	Recommended Provision	Deficiency (Recommended Provision – Bank's Provision at 12/02/98)
24	Servicios Agrícolas S.A.		Open mortgage on several lots of land in different areas, which do not have valuations		Potential worth noting		Dubious recovery		
			Total Guarantees						

Comments

The Company is dedicated to the import/export of machinery and implements for fumigation and other items for plantations. The guarantees provided consist of several lots of land located in different areas of the Country, and there are no recent valuations at December 2, 1998 that would make it possible to value the assets.

The audited financial statements at December 31, 1998 did not display any profitability because the Company's operations reveal losses of ECS 705 million in 1998, and in addition there is a high percentage of indebtedness (82%).

The customer made payments in 1999 and 2000 by means of reprogrammed certificates of deposit; however, during 1998 and 1999, the loans were overdue. The existing guarantees do not provide adequate coverage for the obligations that were contracted and in addition the Bank does not have updated valuations that would make it possible to establish the value of the mortgaged assets.

Considering the weak financial structure revealed by its financial statements, the insufficiency of coverage provided by the guarantees and the payment of its debt, we are giving the customer a rating of "C" with a provision of 30%.

Documentation in File

Credit application: YES
Approval: YES
Loan Agreement: NO
Guarantee Agreement: YES
Legal Report: YES
Original Financial Statements: YES
Updated Financial Statements: YES
Audited Financial Statements: YES
Prior Analysis of Original Loan: NO

APPENDIX No. 3

LOAN PORTFOLIO AND CONTINGENCIES

3.2. Record of Evaluation: 8 Borrowers with Highest Provision Requirements

FILANBANCO S.A.
RECORD OF EVALUATION OF THE 25 WITH THE HIGHEST PROVISION
AT DECEMBER 2, 1998 (IN MILLIONS OF SUCRES)

No.	Borrower	Total Portfolio 12/31/98	Guarantees	Guarantee Value	Bank's Rating at 12/02/98	Bank's Provision at 12/02/98	Recommended Rating	Recommended Provision	Deficiency (Recommended Provision – Bank's Provision) at 12/02/98
1	Sociedad Ecuatoriana de Transporte		Two commercial units in the Cristóbal Colón building in Quito		Potential worth noting		Loss		

Comments

The company is dedicated to the commercial aviation business for domestic and international transportation of passengers, cargo and mail, and belongs to the group of Roberto Dunn Barreiro. Its principal shareholder is the company SARSO S.A., which holds a 65% stake, and its legal representatives are Roberto Dunn Barreiro and Roberto Dunn Suarez.

The customer's audited financial statements at December 31, 1998 reveal assets of ECS 393.257 billion, liabilities of ECS 368.740, equity of ECS 24.517 billion, income of ECS 373.114 billion, loss of 15.105 billion, and negative working capital, low liquidity index and indebtedness of 94%. In addition, it displays no profitability or the capacity to pay its obligations. The customer's credit file does not include the projected cash flow that might provide evidence of the customer's payment capacity, information on its credit history or analysis of the customer's financial position.

The guarantees consist of two commercial trusts whose beneficiary is the Bank composed of 12,737,412 shares of the company SAETA, which were contributed by the companies Vehiculos y Talleres S.A. – VETASA and SARSO S.A. to guarantee the loan transactions of SAETA, and there is no valuation for these shares. The company has not been in operation since February, 2000. In addition, it includes a mortgage on units 5 and 6 in the Cristóbal Colón building in Quito, owned by the Compañía Servicios Aéreos Nacionales, which are located in the city of Quito and were appraised at ECS 250 million in August 1995; there is no information on visits made to the business or correspondence with the customer.

Considering that the customer has liquidity and solvency problems, and that it has not been able to make its loan payments, that it has no guarantees and cash flow at December 2, 1998, and that it is not in operation, we are assigning it a rating of E with 100% provision.

Documentation in File

Credit application: YES
Approval: YES
Loan Agreement: YES
Guarantee Agreement: YES
Legal Report: NO
Original Financial Statements: YES
Updated Financial Statements: YES
Audited Financial Statements: YES
Prior Analysis of Original Loan:

[see original for names, dates and numbers]

FILANBANCO S.A.
RECORD OF EVALUATION OF THE 25 WITH THE HIGHEST PROVISION
AT DECEMBER 2, 1998 (IN MILLIONS OF SUCRES)

No.	Borrower	Total Portfolio 12/31/98	Guarantees	Guarantee Value	Bank's Rating at 12/02/98	Bank's Provision at 12/02/98	Recommended Rating	Recommended Provision	Deficiency (Recommended Provision – Bank's Provision) at 12/02/98
2	Kengar S.A.				Potential worth noting		Loss		

Comments

According to the information from the company's loan file, it belongs to the attorney Victor Hugo Sicouret Olvera and is dedicated to construction; its legal representative is Mr. Antonio Patiño Gómez.

The loan file does not include financial information that would make it possible to evaluate the company's payment capacity. The debt corresponds to signature loans intended for working capital. The credit history includes defaults with the Bank and constant renewals.

The customer's credit file shows that it has not provided any surety that would serve as an alternative source of payment.

Considering the lack of financial information, the constant renewals of its loan, and the absence of guarantees, we are rating the customer at December 2, 1999 in the loss category with 100% provision.

Documentation in File

Credit Application: Yes
Approval: Yes
Loan Agreement:
Guarantee Agreement: No
Legal Report:
Original Financial Statements: No
Updated Financial Statements: No
Audited Financial Statements: No
Prior Analysis of Original Loan: No

FILANBANCO S.A.
RECORD OF EVALUATION OF THE 25 WITH THE HIGHEST PROVISION
AT DECEMBER 2, 1998 (IN MILLIONS OF SUCRES)

No.	Borrower	Total Portfolio 12/31/98	Guarantees	Guarantee Value	Bank's Rating at 12/02/98	Bank's Provision at 12/02/98	Recommended Rating	Recommended Provision	Deficiency (Recommended Provision – Bank's Provision) at 12/02/98
3	Autosueco Ecuador S.A.		Assignment of mining rights Agricultural pledge of 21 horses Industrial pledge of dump trucks Total Guarantees		Potential worth nothing		Loss		

Comments

The Company is dedicated to the provision of post-sale technical services for Volvo brand vehicles and parts. We did not find the shareholder composition of the company or its legal representatives. The unaudited financial statements for the customer at December 31, 1998 reveal assets of ECS 54.054 billion, liabilities of ECS 45.996 billion, equity of ECS 8.059 billion, income of ECS 3.042 billion, costs and expenses of ECS 3.041 billion and profits of ECS 1 million. The customer does not display any cash flow from its operations that would make it possible to establish the sources of payment or any other financial information. According to its credit history with the Bank, this is a customer that has defaulted on all of its commitments. As of September 1999, the Bank has begun legal actions and is attempting to file for the attachment of the assets provided as security.

The guarantee consisting of the assignment of mining rights was valued in June 1998 at ECS 3.247 billion; in addition there is a pledge of 21 Paso Fino horses located in Sangolqui with a value of ECS 2.046 billion, regarding which there is no evidence of visits or inspection of the guarantee, and a pledge of dump trucks, a physical verification of which was performed in February 2000, and found them to have been dismantled. At present, the customer has filed a Habeas Data appeal against the Bank, and as of this date, no ruling has been issued in this case.

Considering the conflict created by the recovery of the loans, the company's lack of payment capacity, the customer's payment attitude, the condition of the existing guarantees and the absence of profitability and business flow, according to its financial statements, we are giving the customer a rating of "E" with a 100% provision at December 2, 1998.

Documentation in File

Credit application: YES
Approval: YES
Loan Agreement: YES
Guarantee Agreement: YES
Legal Report: NO
Original Financial Statements: NO
Updated Financial Statements: NO
Audited Financial Statements: NO
Prior Analysis of Original Loan: NO

FILANBANCO S.A.
RECORD OF EVALUATION OF THE 25 WITH THE HIGHEST PROVISION
AT DECEMBER 2, 1998 (IN MILLIONS OF SUQUES)

No.	Borrower	Total Portfolio 12/31/98	Guarantees	Guarantee Value	Bank's Rating at 12/02/98	Bank's Provision at 12/02/98	Recommended Rating	Recommended Provision	Deficiency (Recommended Provision – Bank's Provision) at 12/02/98
4	Alejandro Pinto Acuña		Open-end mortgage on a forest plantation of 1,239 ha located in Cayambe Mortgage on 2 lots Total Guarantees		Normal		Dubious recovery		

Comments

Alejandro Pinto Acuña is dedicated to the exploitation and exportation of eucalyptus wood through the related Company ALPACA INDUSTRIAL, which is the principal cash flow. In 1995, the customer purchased 1,300 ha of land in Cayambe to begin reforestation and replace the depleted resources, and the customer's debt increased considerably in 1998 because of the low level of operation, the lack of exports and additionally, because of product quality problems.

According to the information included in the loan file at December 2, 1998, the customer's condition was deteriorating because of serious liquidity problems and high indebtedness, principally to the Banco del Pacifico. At present, the customer is being sued by third parties and its assets are frozen. The main cash flows of the company ALPACA INDUSTRIAL are committed to the Banco del Pacifico and the Company's operation depends on having this Bank continue to finance the working capital.

The secured guaranties consist of a forest plantation with an area of 1,239 ha located in the Cangahua district of Cayambe, and the mortgage on two lots of 600 m² and 5,394 m², respectively, located on Jorge Washington and Valdivia streets in the city of Quito.

Taking into consideration the customer's financial situation, the liquidity problems, high indebtedness, the third-party lawsuit and the freezing of its assets, as well as the quality of the surety provided, we are giving the customer a rating of "D." with an 80% provision.

Documentation in File

Credit application: YES
Approval: YES
Loan Agreement: YES
Guarantee Agreement: YES
Legal Report: NO
Original Financial Statements: NO
Updated Financial Statements: NO
Audited Financial Statements: NO
Prior Analysis of Original Loan: YES

FILANBANCO S.A.
RECORD OF EVALUATION OF THE 25 WITH THE HIGHEST PROVISION
AT DECEMBER 2, 1998 (IN MILLIONS OF SUQUES)

No.	Borrower	Total Portfolio 12/31/98	Guarantees	Guarantee Value	Bank's Rating at 12/02/98	Bank's Provision at 12/02/98	Recommended Rating	Recommended Provision	Deficiency (Recommended Provision – Bank's Provision) at 12/02/98
5	Bebidas Refrescantes		Mortgage on a property located on the outskirts of Portoviejo with an area of 30 ha		Potential worth noting		Loss		

Comments

The company is dedicated to the production and marketing of carbonated beverages for the local market, and belongs to the group of Federico Intriago.

The unaudited financial statements at December 1998 reveal assets of ECS 124.250 billion, liabilities of ECS 99.873 billion, equity of ECS 24.376 billion, income of ECS 1.638 billion, losses for the fiscal year of ECS 15.996 billion and a high level of indebtedness (90%) that is the cause of the lack of liquidity or payment capacity to meet its obligations. The customer had unpaid liabilities to the Bank from 1995 until 1999, when it restructured its liabilities with a grace period up to 2001. There is no cash flow that provides evidence of its capacity to pay for the refinancing.

The secured guarantee consists of a property located in the Las Pulgas District on the outskirts of Portoviejo, and there are no valuations of the asset.

Considering the poor financial condition of the company in its financial statements at December 1998, the inadequacy of the secured guaranties, the absence of payment capacity to meet its obligations to the bank, we are giving the customer a rating of "E" with a 100% provision at December 2, 1998.

Documentation in File

Credit application: NO
Approval: NO
Loan Agreement: NO
Guarantee Agreement: YES
Legal Report: NO
Original Financial Statements: NO
Updated Financial Statements: NO
Audited Financial Statements: NO
Prior Analysis of Original Loan: YES

FILANBANCO S.A.
RECORD OF EVALUATION OF THE 25 WITH THE HIGHEST PROVISION
AT DECEMBER 2, 1998 (IN MILLIONS OF SUQUES)

No.	Borrower	Total Portfolio 12/31/98	Guarantees	Guarantee Value	Bank's Rating at 12/02/98	Bank's Provision at 12/02/98	Recommended Rating	Recommended Provision	Deficiency (Recommended Provision – Bank's Provision) at 12/02/98
6	Servicios Aéreos Nacionales (SAN)		Commercial trust on shares of the companies SAN and SAETA		Normal		Loss		

Comments

Since December 1998 the business of the company has been the provision of air transport services and it belongs to the Grupo Dunn; the legal representative of the company is Mr. Roberto Dunn Barreiro.

The audited financial statements for 1998 include assets of ECS 77.366 billion, liabilities of ECS 54.718 billion, equity of ECS 22.648 billion, income of ECS 56.639 billion, and a profit of ECS 31 million. The company has a negative working capital of ECS 37.224 billion, its unprofitability is well known, and the company is highly indebted to the financial system, as is its related company, Sociedad Ecuatoriana de Transportes Aéreos, SAETA. See record No. 25. It displays an unfavorable credit history that includes successive renewals and restructurings of its obligations that have not permitted it to reduce its indebtedness.

Approximately 80% of the shares of SAN were contributed to the Tropisol trust established to the benefit of Filanbanco in order to guarantee the obligations of the Roberto Dunn group. We did not receive any financial statements from the Tropisol trust that would reasonably permit us to establish its equity value. At the date of issue of this report, the companies in the Grupo Dunn are not in operation and in addition, the Bank has initiated judicial collection procedures.

Considering the absence of cash flow for the payment of the debt, the absence of information that might make it possible to establish the amount of the guarantee provided and a credit history, we are rating the client in the Loss category with a provision of 100% at December 2, 1998.

Documentation in File

Credit application: YES
Approval: YES
Loan Agreement: NO
Guarantee Agreement: YES
Legal Report: YES
Original Financial Statements: YES
Updated Financial Statements: YES
Audited Financial Statements: YES
Prior Analysis of Original Loan: NO

FILANBANCO S.A.
RECORD OF EVALUATION OF THE 25 WITH THE HIGHEST PROVISION
AT DECEMBER 2, 1998 (IN MILLIONS OF SUCRES)

No.	Borrower	Total Portfolio 12/31/98	Guarantees	Guarantee Value	Bank's Rating at 12/02/98	Bank's Provision at 12/02/98	Recommended Rating	Recommended Provision	Deficiency (Recommended Provision – Bank's Provision) at 12/02/98
7	Frostisa S.A.		Industrial pledge of 27 dump trucks		Potential worth noting		Loss		
			Total Guarantees						

Comments

The Company belongs to Mr. Segundo Vicente Wong Miele and is dedicated to highway construction and provides services to government companies such as Petroecuador and Emetel. The Company has a history of defaulting on the payment of its obligations, and has often agreed to settle its overdue loans but has not honored its commitments to the Bank, for which reason legal action has been initiated against the customer and 6 of its dump trucks were seized.

According to the unaudited financial statements in dollars at December 1998 that were included in the customer file, the assets are US\$ 7.3 million, liabilities are US\$ 4.3 million, equity is US\$ 3 million, income is US\$ 0.2 million and profits are US\$ 0.05 million. The 1999 financial condition significantly declined, revealing assets of US\$ 0.6 million, liabilities of US\$ 2.4 million, and an equity shortfall of US\$ 1.8 million and losses of US\$ 3 million. The poor financial condition was the origin of the transactions due in December 2000 in the amount of US\$ 1 million.

The dump trucks provided as security are in average or poor condition, according to the valuation performed in November 1999.

Considering the financial deficiencies of the company, the customer's attitude toward paying its debts, and the quality and valuation of the guarantees provided, we are giving the customer a rating of "E" with a provision of 100%.

Documentation in File

Credit application: YES
Approval: YES
Loan Agreement: NO
Guarantee Agreement: YES
Legal Report: NO
Original Financial Statements: NO
Updated Financial Statements: YES
Audited Financial Statements: NO
Prior Analysis of Original Loan: YES

FILANBANCO S.A.
RECORD OF EVALUATION OF THE 25 WITH THE HIGHEST PROVISION
AT DECEMBER 2, 1998 (IN MILLIONS OF SUCRES)

No.	Borrower	Total Portfolio 12/31/98	Guarantees	Guarantee Value	Bank's Rating at 12/02/98	Bank's Provision at 12/02/98	Recommended Rating	Recommended Provision	Deficiency (Recommended Provision – Bank's Provision) at 12/02/98
8	Compañía Comercial Sicocar S.A.				Normal		Dubious collection		

Comments

The Company is dedicated to the importing, distribution and sale of all kinds of industrial, agricultural, and construction equipment, motorized vehicles, tools, etc. The loan was originated for working capital for the Company, and has been renewed several times. Its principal shareholders are Bueran Company and Sico C.A., its executive president is Mr. Alfonso Andrade Peñaherrera.

Based on the unaudited financial statements at December 1998, the company reveals assets of ECS 221.903 billion, equity of ECS 36.494 billion, income of ECS 181.767 billion, loss for the year of ECS 13.867 billion, and at that date, a negative working capital of ECS 10.196 billion with 84% indebtedness.

At December 31, 1998, the customer has provided pledges in guarantee (vehicles and parts) but there is no updated evidence of any inspection of the pledges or any valuations of them.

Considering that the company has constantly renewed its loans, has unfavorable financial indices and lacks secured guarantees, we are giving the customer a rating of "D" with a provision of 90% at December 2, 1998.

Documentation in File

Credit application: YES
Approval: YES
Loan Agreement: NO
Guarantee Agreement: NO
Legal Report: SI
Original Financial Statements: YES
Updated Financial Statements: YES
Audited Financial Statements: NO
Prior Analysis of Original Loan: NO

APPENDIX No. 3

LOAN PORTFOLIO AND CONTINGENCIES

3.3 Details of Loan Portfolio Purchased from Filanbanco S.A.

[see original for names, dates and numbers]

FILANBANCO TRUST & BANKING CORP.

**DETAILS OF THE LOAN PORTFOLIO PURCHASED FROM FINANBANCO ON 12/31/1998, DISCOUNTING OF ALLOWANCES
PURCHASE OF LOAN PORTFOLIO DECEMBER 31, 1998 VS BALANCES AT MARCH 31, 1999 (US DOLLARS IN THOUSANDS)**

No.	Identification	Customer	Portfolio Purchase 12/31/98	Portfolio Balance March 31, 1999 FTB	%	Discounting of Allowances

[see original for names, dates and numbers]

FILANBANCO TRUST & BANKING CORP.

**DETAILS OF THE LOAN PORTFOLIO PURCHASED FROM FINANBANCO ON 12/31/1998, DISCOUNTING OF ALLOWANCES
PURCHASE OF LOAN PORTFOLIO DECEMBER 31, 1998 VS BALANCES AT MARCH 31, 1999 (US DOLLARS IN THOUSANDS)**

No.	Identification	Customer	Portfolio Purchase 12/31/98	Portfolio Balance March 31, 1999 FTB	%	Discounting of Allowances

FILANBANCO TRUST & BANKING CORP.

DETAILS OF THE LOAN PORTFOLIO PURCHASED FROM FINANBANCO ON 12/31/1998, DISCOUNTING OF ALLOWANCES PURCHASE OF LOAN PORTFOLIO DECEMBER 31, 1998 VS BALANCES AT MARCH 31, 1999 (US DOLLARS IN THOUSANDS)

No.	Identification	Customer	Portfolio Purchase 12/31/98	Portfolio Balance March 31, 1999 FTB	%	Discounting of Allowances
		TOTALS				

NOTE:

The discounting of allowances for uncollectible loans at Filanbanco Trust & Banking Corp. at December 31, 1998 is US\$19,094, reducing the adjustment determined by KPMG LLP at March 31, 1999, because the customer portfolio purchased from Filanbanco on 12/31/98 is held at Filanbanco Trust & Banking Corp. as of March 31, 1999.

APPENDIX No. 4

**ACCOUNTS RECEIVABLE,
ACCOUNT ATTACHMENTS
NOT PROVIDED**

[see original for names, dates and numbers]

Appendix No. 4

FILANBANCO S.A.
ACCOUNTS RECEIVABLE, ACCOUNT ATTACHMENTS
NOT PROVIDED
AT DECEMBER 2, 1998 (SUCRES IN THOUSANDS)

Account Title	Total
Real Estate Expenses Guayaquil / Clarwater – houses	
Employee Advances Profit Sharing	
Other Miscellaneous borrowers credit Miscellaneous Accounts AFP Génesis Commission Receivable Subsidiary No Chart of Accounts Urbasur No Chart of Accounts Sermansa Accounts Receivable	
TOTAL	

APPENDIX No. 4

ACCOUNTS RECEIVABLE

4.1 Detail of Entries Representing Expenses

[see original for names, dates and numbers]

Appendix No. 4-1

FILANBANCO S.A.
ACCOUNTS RECEIVABLE, DETAIL OF ENTRIES
REPRESENTING EXPENSES
AT NOVEMBER 30, 1998 (SUCRES IN THOUSANDS)

No.	Date of Entry	Item	Amount of Entry
		Amt. Check N 177309	{a}
		Amt. asset creation	{a}
		Soanginco S.A.	{a}
		Endixa asset gas adjustment	{b}
		Amazonas Companie de Seguros – Adjustments	{b}
		Amazonas Companie de Seguros – Adjustments	{b}
		Adum constructions	{b}
		Banadex adjustment	{b}
		Spondylus adjustment	{b}
		Water usage Ferexpo	{b}
		Creation of asset in name of Pesquera	{b}
		Creation of asset in name of Botell	{b}
		Ind Pesq. Jambeli	{b}
		Ind. Pesq. Jambeli	{b}
		TOTAL	

{a} Amounts from prior years, not recovered and written off by the Bank in 2000

{b} Amounts not recovered to date. Adjusted for aging.

Total

APPENDIX No. 4

ACCOUNTS RECEIVABLE

4.2 Detail of Entries Adjusted for Insufficient Information

[see original for names, dates and numbers]

Appendix No. 4-2

FILANBANCO S.A.
ACCOUNTS RECEIVABLE, DETAIL OF ENTRIES ADJUSTED FOR
INSUFFICIENT INFORMATION
AT NOVEMBER 30, 1998 (SUCRES IN THOUSANDS)

No.	Date of Entry	Item	Amount of Entry
		Ariel Adraby	{a}
		Accounts Receivable	{a}
		Ind. Pesq. Jambeli	{a}
		Accounting entry for check remittance adjustment	{a}
		Adjustment	{b}
		Proyecto Carcelen and supplies	{b}
		Frostisa S.A.	{b}
		Valores RNB	{b}
		1794730031001 adjustment	{b}
		Ecuafresco	{b}
		Mabiosa S.A.	{b}
		991270809001 adjustment	{b}
		Adum constructions	{b}
		Industria Maritima Vidaco	{b}
		Mirasol – Filbico	{b}
		Accounting entry for check [remittance] adjustment	{c}
		Accounting entry for check [remittance] adjustment	
		TOTAL	

- {a} Payment receipt missing
- {b} Part of supporting information for entry missing
- {c} Documentation with illegible format

Total Insufficient Documentation

APPENDIX No. 4

ACCOUNTS RECEIVABLE

4.3 Detail of Entries For Which No Information Has Been Received to Date

[see original for names, dates and numbers]

Appendix No. 4-3

**FILANBANCO S.A.
 ACCOUNTS RECEIVABLE, DETAIL OF ENTRIES FOR WHICH NO INFORMATION HAS BEEN
 RECEIVED TO DATE
 AT NOVEMBER 30 1998 (SUCRES IN THOUSANDS)**

No.	Date of Entry	Item	Amount of Entry
		Amount transfer. Supplement Receivables Fees - Architect Diego Rivadeneira Return 10% Employee Withholding October Payment expenses for November 98 Locality La Universal Amt. rio verde energy payment – May 98 Amt pmt. FC. Fetop. Misc customers For capitalization of funds For capitalization of funds Reclassification of accounts Transfer of securities Payment pending Record payment of RN loan Macia Munoz Jeannine Payment Tenth dividend Fiducia to be paid Filanbanco trust adjustment For standardization because of merger securities For debit Transaction For Marcimex Amt. Receivable cancellation of reversals Negotiation Repo Reversals Charge to account per instructions Accounting entry for cancellation adjustment Account cancellation adjustment 74000000 / 03490414 adjustment Filanb. legal expenses	
		TOTAL	

APPENDIX No. 5

**AWARDED ASSETS,
DIFFERENCE BETWEEN VALUATIONS
AND BOOKS**

[see original for names, dates and numbers]

Appendix No. 5

FILANBANCO S.A.

**AWARDED ASSETS, DIFFERENCES BETWEEN VALUATIONS AND BOOKS
AT DECEMBER 2, 1998 (SUCRES IN THOUSANDS)**

Date of Entry	Customer	Valuation Value	Book Value	Difference
	TOTAL			

APPENDIX No. 5

AWARDED ASSETS

5.1 Determination of Provision for Aging

[see original for names, dates and numbers]

Appendix No. 5-1

1 of 4

FILANBANCO S.A.

**ASSETS RECEIVED IN SATISFACTION, DETERMINATION OF PROVISION FOR AGING
AT DECEMBER 2, 1998 (SUCRES IN THOUSANDS)**

No.	Date of Entry	Customer	Description of Asset Based On Accounting Record Attachments	Book Value	Provision
		c/f	Land, Unamuncho District, Km. 10 Northwest of Ambato 28 Art Works (Various Artists) Rice husking facility, consisting of land and a building PVC Accessories, composed of rigid polyvinyl chloride 20 artworks and six colonial maps Land, Urbanizacion La Floresta, Manta Vidalag larva laboratories Three subdivided lots in a residential area Villa Barrio Centenario, to be remodeled Oriente and Arguelles House and land located in front of the Portoviejo airport Warehouse located in Cdla. Santa Adriana, block 4b, Lot 4 Land for fruit cultivation, public street, 2 km. Yaruqui Parts and replacements for vehicles, various makes Husking machine accessories in Babahoyo Land located at Km. 4. ½, road to San Mateo House in San Rafael Husking machine accessories in Babahoyo Parking spaces in the Unicormo business center 4 lots of land in the Punta Blanca district, Santa Elena 4 lots of land in the Punta Blanca district, Santa Elena Land in the Palmito Pamba district, Guarren River, Nanegalito Warehouse-type house in Alborada X stage Building located in Naranjito Public residential complex, calle 304 between Av. 219 and 221 Storage unit located in Guachichivo, industrial warehouse and constructions Apartments in the Scorpio condominium in Salmas		

[see original for names, dates and numbers]

Appendix No. 5-1

2 of 4

FILANBANCO S.A.

**ASSETS RECEIVED IN SATISFACTION, DETERMINATION OF PROVISION FOR AGING
AT DECEMBER 2, 1998 (SUCRES IN THOUSANDS)**

No.	Date of Entry	Customer	Description of Asset Based On Accounting Record Attachments	Book Value	Provision
		c/b	Laboratory at Km 4 1/2, San Mateo road, flood zone three lots of land and El Guano parish house Land in a good location but construction is average Agricultural land in front of the cemetery in the parish of Alajuela Office// 903 on the fourth [floor] and Calle 7 block //711 commercial zone House in Montecristi Stock of sport and work shoes, different brands FBM transformer USA 1979 and 1991 welding machine, Daiden brand Shoemaking machinery Villa in the Las Dunas development, US block , lot 12a Land in Santa Elena Urb. Los Corrales, Sitio Colorado, unpaved streets Land near the beach, outskirts of Puerto López Partially ruined house located in Ballenita, block 18, Lot 6-7-8 House located in Las Peñas y Núñez - Cuenca House in Vinces in good condition with enclosed patio Land in Latacunga with enclosed patio 4.621 mts2 Lot 3.000 facing the sea on the san pablo/manglaralto road Craz brand dump truck, model 1990 Land in Punta Barandúa Land in the Cerro Las Hojas district, Vía Manta - Portoviejo Kia Besta truck, grey, year 1993 Samanga subdivision// 9- 10 Land 2 blocks from the beach, Sector Santa Rosa block 14, Lot 12		
		c/f			

[see original for names, dates and numbers]

Appendix No. 5-1

3 of 4

FILANBANCO S.A.

**ASSETS RECEIVED IN SATISFACTION, DETERMINATION OF PROVISION FOR AGING
AT DECEMBER 2, 1998 (SUCRES IN THOUSANDS)**

No.	Date of Entry	Customer	Description of Asset Based On Accounting Record Attachments	Book Value	Provision
		c/b	Land for fruit cultivation, public street, 2 km. Yaruqui "chritine" recreational boat, length 6.24 King Cobra propeller [illegible] Land in deserted area on the Manta- Jipijapa road, with wetlands Medical offices in front of the Hospital Luis Vernaza Land on the San Isidro Road with storage sheds and feeding lot for pigs Pasta making machine Merchandise, parts for motorcycles, photographic material Two-story building, access roads in poor condition Land in Punta Blanca, laid out with wires Three-story building in construction Divided land in Lotización Girasol Single family dwelling, divided, ground floor, concrete Compaq keyboard, Panasonic telephone, sharp fax, scanner Building, El Palmar residential plan, Tarqui parish Land in Urb. Los Esteros, 150 mts from La Fae, painting, "Pink Hill with Blue Shoes " by Tabara General merchandise: blouses, bags, trousers, skirts, etc. Assorted furniture, bottles, artificial plants, etc. Land located in the flood zone on the outskirts of Chone Gasoline pump and tank Shoemaking machinery Villa located in a marginal area, difficult to sell Lotización Los Caracoles, land full of brush, damaged roads Parts for labeler		
		c/f			

[see original for names, dates and numbers]

Appendix No. 5-1

4 of 4

FILANBANCO S.A.

**ASSETS RECEIVED IN SATISFACTION, DETERMINATION OF PROVISION FOR AGING
AT DECEMBER 2, 1998 (SUCRES IN THOUSANDS)**

No.	Date of Entry	Customer	Description of Asset Based On Accounting Record Attachments	Book Value	Provision
		c/b	Land near the beach at Crucita, 250 m ² Chevrolet Blazer GMC vehicle Hot dog carts Miscellaneous electrical appliances Industrial sewing machine Machinery and silos in Piladora on the road to Juján 100 gasoline equipment, Catanqui Cloths		
PROVISION REQUIRED ACCORDING TO D&T					
PROVISION ASSIGNED BY THE BANK					
DIFFERENCE IN PROVISION AT DECEMBER 2, 1998					

APPENDIX No. 6

**OTHER ASSETS, ACCOUNT
ATTACHMENTS NOT PROVIDED**

FILANBANCO S.A.
OTHER ASSETS, ACCOUNT ATTACHMENTS NOT PROVIDED
AT DECEMBER 2, 1998 (SUCRES IN THOUSANDS)

Account Title	Total
Advance Payments	
Bond Issue Discount	
Bond Issue Discount	
Tax on capital Leasing	
Subtotal	
Deferred Charges	
No chart of accounts	
Publicity campaign	
Easy banking	
Consumer loan	
Trust project	
Loan	
Continuous Improvement	
P.M.C. bond Project	
Credit system	
Sabi system transactions	
Accounting system	
No chart of accounts	
Standardization of national manual	
System manual for product	
Implementation First union Acct.	
Maintenance of investments	
Dollar savings certificate project	
Automatic accounting project Investments	
Custody Project	
Centralization Project	
Automatic system project	
Call center project	
Invoice entry systems	
Minicash	
Maintenance Multico applications	
Maintenance Windows applications	
Automated collection [illegible]	
Window contingencies	
C/F	

FILANBANCO S.A.
OTHER ASSETS, ACCOUNT ATTACHMENTS NOT PROVIDED
AT DECEMBER 2, 1998 (SUCRES IN THOUSANDS)

Account Title	Total
c/b Account control project Collection service project Maintenance application systems Electronic Wallet Sabi loan application project Loan interface project Credit Line Risk office - operation Automatic accounting credit card Consumption housing [mas] Savings recovery project Sabi crv system Fílanb. Investment project Money desk system maintenance Money-laundering program Special rates accounts project Tif Sys. Administrative office Prepaid Card project Program Review Automatic loan payment system Sabi consolidated host. PBX Lines ST 2000 and PC systems Computer software Banktra software Integrated accounting system Consolidated program System software No chart of accounts Ag.n.51 chiriyacu Ag.n.56 av.alfaro Ag.n.57 el ejido Ag.n.58 sangolqui Adec. Ag. Cayambe Several flats am. bldg. C/F	

FILANBANCO S.A.
OTHER ASSETS, ACCOUNT ATTACHMENTS NOT PROVIDED
AT DECEMBER 2, 1998 (SUCRES IN THOUSANDS)

Account Title	Total
C/B	
Ag.america	
Ag.la prensa	
Ag.el ejido	
Ag.6 de diciembre	
Ag.ipiales	
Medical offices	
Systems center	
No chart of accounts	
Banktrade software	
Annual vehicle maintenance	
No chart of accounts	
No chart of accounts	
Telex services	
Commercial petroleum project	
Cost matrix – Matrix Acct.	
Cost matrix – Quito acct.	
Tarqui office	
Manta matrix	
No chart of accounts	
Filanbanco merger expenses	
Employee uniforms	
Filanbanco merger expenses	
Filanbanco merger expenses	
Filanbanco merger expenses	
Filanbanco merger expenses	
Filanbanco merger expenses	
Filanbanco merger expenses	
Interest rate calculation statutory reserves	
Expenses work difference	
Expenses 98 elections	
Overall system project	
No chart of accounts	
Subtotal	
Advances to Third Parties	
Nonmonetary	
C/F	

[see original for names, dates and numbers]

Appendix No. 6

4 of 4

FILANBANCO S.A.
OTHER ASSETS, ACCOUNT ATTACHMENTS NOT PROVIDED
AT DECEMBER 2, 1998 (SUCRES IN THOUSANDS)

Account Title	Total
C/B	
Transactions in process	
Transactions in process	
Transfer for bonus payment	
Unadjusted account check mktg.	
Difference for reconciliation position	
Deposits for importing	
Subtotal	
Miscellaneous	
Other companies	
TOTAL	

APPENDIX No. 6

OTHER ASSETS,

**6.1 Detail of Samples for Which We Have Not
Received Information**

[see original for names, dates and numbers]

Appendix No. 6-1

FILANBANCO S.A.

**OTHER ASSETS, DETAIL OF SAMPLES FOR WHICH WE HAVE NOT RECEIVED INFORMATION
AT NOVEMBER 30, 1998 (SUCRES IN THOUSANDS)**

No.	Account	Date of Entry	Item	Amount of Entry
	Superba maint. contribution		Amortize Superintendency of Banks contribution	
	Superba maint. contribution		Amortize siba fee payment	
	Income tax advance pmt.		Payment of second advance pmt	
	Income tax advance pmt.		Donation to Fundación Malecón 2000	
	Unamortized advertising		Amortization calculation	
	Consumer loans		Guayaquil consumer publicity	
	London group consultants		Distribution of expenses	
	Consumer loan project		Distribution of expenses	
	Consumer loan project		Reclassification of subsidiary [accounts]	
	Scorecard Project		P link for final corestate installment	
	Call center project		P maint inv. 53319	
	Finished programs inform.		p hiper inv. 2170	
	Filanfondos program		Transfer of deferred charges	
	Computer software		Software distribution	
	Computer software		IBM payment	
	Computer software		Transfer of deferred charges	
	Sur		Eduardo jairala	
	Miscellaneous accounts		Reverse receipt	
	Codeca discount premium		Record discount premium	
	Filancard discount premium		Transfer of deferred charges	
	Almaquil Discount premium		Transfer of deferred charges	
	Rental, various sites		Corresponding amortization	
	Deferred expenses work. pay.		Part. Trabajador 97-98 Acct.	
	Deferred expenses work. pay		Transfer of deferred charges	
	Monetary		Cancel subsidiary [accounts]	
	Monetary		Cancel subsidiary [accounts]	
	Non-monetary		Pay tecnocarga	
	Dollars		Adjust amounts	
	Dollars		Adjust for letters [of credit] purchased	
	Installment sale – Award. Assets.		Removed for sale of office	
	Installment sale – Award. Assets.		d term payment 1200	
	Awarded assets in process		adj. cia arnau processing	
	Awarded assets in process		Ing. Contribution Sr. Ángel Polibio	
			Maresva	
			TOTAL	

APPENDIX No. 6

OTHER ASSETS

6.2 Detail of Entries with Insufficient Supporting Documentation

[see original for names, dates and numbers]

Appendix No. 6-2

FILANBANCO S.A.

OTHER ASSETS, DETAIL OF ENTRIES WITH INSUFFICIENT SUPPORTING DOCUMENTATION

AT NOVEMBER 30, 1998 (SUCRES IN THOUSANDS)

No.	Account	Date of Entry	Item	Amount of Entry
	Remigio Crespo Visa International Installment sale – Awarded assets Installment sale – Awarded assets Installment sale – Awarded assets Installment sale – Awarded assets Installment sale – Awarded assets Publicity campaign		Payment of remodeling accounts Record. N/D Base II Incomig Sale of Exon company furniture Sale of former Endara assets Transfer for sale of awarded assets Sale of land to Construtfl [illegible] land av diego vasques Distribution of expenses Adjustment of subsidiary [book] TOTAL	