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THE INTERAMERICAN MANAGEMENT CONSULTING CORPORATION

November 18, 1983

United States Agency
for International Development
La Paz, Bolivia

Att: Mr. Gerrit H. Argento

Re: Second Story Financial Institution

Dear Sirs:

Attached please find our report on the captioned subject which consists of a main body and several annexes. We feel that we have adequately covered all aspects of our scope of work.

It has been a pleasure working with you over the past eight weeks.

Very truly yours,


Onofre Torres
President


Kathryn M. Brault


C. Mauricio Urquidi

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I. INTRODUCTION

A. BACKGROUND

USAID/BOLIVIA is presently studying the most effective way of channelling additional funds into the Bolivian Private Sector. Emphasis is being made on developing a mechanism or entity which can be utilized for many different types of International Lending Agency (ILA) programs, directed at the private sector, and which will function efficiently, with freedom from external political pressures and internal corruptive practices.

A study was recently undertaken by an outside consulting group to analyze the role of the private sector in the Bolivian Economy. This study recommended the establishment of a new private rediscounting organization. As a result, an internal position paper was written by AID further developing this idea. This study will complement the previous studies and help AID determine how best to channel their additional resources to the private sector.

B. DESCRIPTION OF PROJECT AND OBJECTIVES

The purpose of this study will be to analyse the demand for and to determine the desirability of establishing a new private second story financial entity. The objective of the new private second story financial entity would be to more effectively channel AID and other ILA funds to the private sector through a rediscount facility available to the financial institutions in Bolivia. Included in this study will be a detailed description of the rediscount mechanism, an in depth analysis of Banco Industrial S.A. (BISA) as a potential candidate to manage the mechanism and an evaluation of the advantages of establishing an independent financial entity to house the rediscount facility. An appropriate name for this new entity is Banco Nacional de Redescuentos S.A., (BANCAR).

C. METHODOLOGY FOR ANALYSIS

The methodology for this study is largely empirical and can be described as consisting of an information gathering phase and an analysis phase.

INFORMATION GATHERING PROCESS

The information for this study was obtained from a series of interviews that were made with people from different sectors such as the private banks and financial institutions, the industrial and mining companies, the departmental and national chambers, ex-ministers and private enterprise general managers who have played important roles in public and private activities (Please see Annex 1 for a complete listing).

The purpose of the meetings with high executives of the

commercial banking system was to determine their criteria in relation to the establishment of a second story financial entity and to assess their opinion of BISA as an appropriate channel for handling USAID and other ILA resources.

The interviews held with the departmental and national chambers were to obtain their input regarding the feasibility and desirability of having these chambers participate as stockholders of this new institution.

Interviews were also held with the Central Bank of Bolivia, especially with its "Departamento de Desarrollo", whose function is rediscounting funds to the commercial banks. The main purpose of these interviews was to determine their reaction and attitude toward the creation of this new private second story financial entity, which, to some extent, would compete with their own activities.

Likewise, interviews were conducted with different industrial and mining companies to determine the current demand for new funds to expand the productive sector.

Other interviews were held with prestigious members of the community such as ex-ministers, Congressmen, bank managers, lawyers, etc. with the purpose of obtaining additional input for the project.

Finally, an in depth, objective study of Banco Industrial S.A. (BISA) was conducted wherein past performance was evaluated from the financial, operational and institutional point of view. The purpose of this evaluation was to establish the feasibility of using BISA to channel USAID and other ILA funds (See Annex 2).

ANALYSIS PROCESS

The information obtained was analyzed by a three person committee. All the qualitative and quantitative aspects were examined with the purpose of determining the advantages and disadvantages of each alternative available for the disbursement of ILA funds to the private sector. From this analysis the committee developed the most appropriate model for implementation under the present conditions in Bolivia.

II. MAJOR CONCLUSIONS AND RECOMMENDATIONS

As a result of this study it has been determined that it is feasible and advisable for USAID to promote the establishment of a second story financial institution in Bolivia.

This financial entity's main function would be to deliver rediscount services to fund private sector portfolios in an efficient and timely manner. It is anticipated that the financial institution will initially limit its activities to:

a. Verifying that the disbursement of funds to the banking system are in accordance with the requirements of the specific AID, World Bank, IDB, etc. loan programs being utilized.

b. Maintaining accounting records for the rediscounts executed and effecting prompt collection of all loans in accordance with repayment schedules.

c. Serving as a link between the International Lending Agencies (ILAs) who fund it (AID, World Bank, IDB, etc.) and the Bolivian Private Sector. It is expected that the second story financial institution will be in a unique position to read the pulse of the Bolivian economy and provide invaluable feedback to the ILAs regarding the specific development needs of the private sector.

The model which is developed further on in the study is designed in such a way that the second story financial institution can be established either as an independent legal vehicle with its own capital or simply as a department of an existing financiera such as Banco Industrial S.A. (BISA). Within the option of establishing the second story financial entity as an independent legal vehicle, there are two possibilities: one is to start up a de-novo entity which would imply negotiation of a new bank charter from scratch and the other is to arrange for the purchase of an existing bank charter while seeking the approval of minor adjustments to the by-laws so that the entity can function in accordance with the objectives of the project.

Of the three possibilities described above this study concludes that the most advantageous course of action is to arrange for the purchase of an existing charter and to operate the second story financial institution as an independent legal vehicle with its own capital structure. As a second, less attractive alternative, the study concludes that it would be best to establish the second story financial entity as an independent department of Banco Industrial S.A.. The least attractive alternative is to establish the second story financial entity as an independent legal vehicle while seeking to obtain approval of a completely new charter.

In order to support the above recommendation, the following analytical approach will be utilized. First, certain background factors will be considered to include, 1) an analysis of the new

entity's potential competitive relationship with the Central Bank of Bolivia, 2) a review of the existing rediscount system presently in place in the Bolivian Economy and 3) an assessment of any shortcomings in the effectiveness of these systems. Secondly, the aggregate demand for credit will be studied to include an assessment of the types of credit which are required by the Bolivian Private Sector. Thirdly, the present banking structure in Bolivia will be studied with regard to its inter-relationship with the private sector economic groups.

The final step will be to develop a model for the financial entity and to analyse its inter-relationship with the financial system in Bolivia. The legal structure alternatives, both within and without BISA, will be discussed in detail.

III. ANALYSIS AND DISCUSSION

A. BACKGROUND ANALYSIS

1. COMPETITIVE RELATIONSHIP WITH THE CENTRAL BANK

The Central Bank of Bolivia, through its "Departamento de Desarrollo", handles a number of international financial programs to encourage local investment, to provide financial and/or technical assistance for the establishment, expansion, modernization and diversification of industry, mining, agro-industry, service industries, hotels, cattle raising and other enterprises that will contribute to the economic and social development of the country, within the framework of national planning.

Annex 3 - Refinancing Lines of the Central Bank of Bolivia summarizes some of the present rediscount programs available to participating financial institutions through the "Departamento de Desarrollo" of the Central Bank of Bolivia.

USAID backed programs originally totalled up to US\$36,950,000 whereas IDB supported programs totalled as much as US\$75,000,000. The CAF has also granted US\$15,000,000. In addition, the Central Bank's own rediscount program plus the USAID backed productive credit guarantee program make for an additional US\$6,995,000 in credit programs for a grand total of US\$133,845,000. Some of these credit programs have been implemented in local currency as a result of which reflows from the programs have substantially eroded in overall value due to the inflation of the bolivian peso. Nevertheless, the "Departamento de Desarrollo" manages a substantial volume of money and many diverse programs.

The overwhelming consensus among practically all banking and private sector interviewees was highly critical of the "Departamento de Desarrollo"'s efficiency in the management of the various refinance programs. According to those interviewed disbursements can rarely be made quickly and in some cases disbursements have been delayed anywhere from two to three months. Often the potential end borrower and intermediary participating bank cannot even receive a coherent explanation as to why funding is being held up.

In spite of the fact that the participating banks in the system are one hundred percent responsible for the credit risk, the "Departamento de Desarrollo" insists on reanalyzing credit risk and in many cases forcing the participating bank to restructure credits, supposedly to minimize risk of credit losses. While this behaviour is paternalistic at best, it is also bureaucratic, time consuming and of dubious marginal value to the overall enhancement of the loan structure. Credit risk is being absorbed by each participating bank, it is clear the the "Departamento de Desarrollo"'s function should be limited to analyzing each potential loan's eligibility under each loan program rather than second guessing the participating banks'

credit committees.

In addition to complaints about operational inefficiency, some of those interviewed were of the opinion that rediscount programs are often directed toward certain sectors based on political rather than financial or economic criteria.

In summary, the Central Bank's "Departamento de Desarrollo" is managing substantial loan programs and their effectiveness has come under severe criticism from various sectors. It is probable that loan volumes presently handled by the "Departamento de Desarrollo" are exceeding their managerial capacity, especially in the light of the excessively complicated disbursement approval processes presently utilized. It should be mentioned, however, that there is no overwhelming structural reason that the "Departamento de Desarrollo" could not, in effect, accomplish the objectives of the rediscount entity which is the subject of this study. From a pragmatic point of view, however, it seems unlikely that the Central Bank's policies can be modified at this time. This means that the project's objectives must be accomplished through the establishment of a separate rediscount facility which would, to an extent, compete with the Central Bank's programs.

2. AGGREGATE DEMAND FOR CREDIT

Development credit has traditionally been provided by the commercial banking system utilizing its own funds or those provided by the Central Bank of Bolivia. The overall utilization of Central Bank funds increased significantly by 49% from 1980 to 1981 and decreased equally significantly by 53% from 1981 to 1982 (See Annex 4). This would mean that the demand for development funds has decreased and/or that the Central Bank has been restricting credit to the private sector.

Interviews with the Central Bank have indicated that there is presently very little demand for new investment and project credit. This opinion has been supported by the commercial banks. The economic condition of the country plus the wariness of the private sector regarding a growing political feeling of negativism toward the private sector by some political parties and other elements in the government have kept most businessmen from contemplating new investments.

However, the interviews conducted with the various private enterprise groups indicate a strong demand for credit in certain areas of the economy. The needs vary from sector to sector but, in general, industry requires working capital to keep their plants operating and agriculture requires financing to purchase seed and afterwards to harvest.

The industrial sector of the economy has been reducing production over the last three years. The industrialists need to finance the purchase of raw materials, the rotation of inventory

and, in some cases, the replacement of old and obsolete machinery. Satisfaction of many of these financing needs require foreign currency. Many industries also require a restructuring of their existing debt from short term to medium term in order to ride out the current economic crisis.

The needs of the industrial sector at the moment are in the neighborhood of US\$ 80,000,000 for the importation of raw materials, supplies, spare parts and equipment. To date, the Central Bank of Bolivia has been quite slow in providing the necessary foreign exchange for these purchases. Urgent financing is therefore needed to ensure the survival of the industrial sector during this period of economic chaos. The first loan program to be channelled through BANCAR should be structured to satisfy this urgent need.

Agriculture is in dire need of timely credit to purchase seed, new machinery and to harvest their product. This sector's demands, in particular, have not been met by either the Central Bank or the Banco Agricola. Agricultural production could easily be increased by the provision of credit although the efficiency and future of this sector depends to a large extent on the government's price control policy.

3. THE BOLIVIAN BANKING SYSTEM

The Bolivian Banking System is composed of 13 private commercial banks, 6 foreign banks, 4 private second story banks, 3 state banks and one mixed shareholder (public and private) bank. The private commercial banks are:

- Banco Boliviano Americano
- Banco de Cochabamba
- Banco de Credito Oruro
- Banco de Santa Cruz de la Sierra
- Banco Hipotecario Nacional - also the only mortgage bank
- Banco Mercantil
- Banco Nacional de Bolivia
- Banco Industrial y Ganadero del Beni
- Banco Potosi
- Banco de La Paz
- Banco del Progreso - presently 51% is held by the Pension Fund of the Armed Forces (COSSMIL).
- Banco de la Union
- Banco Popular del Peru - although a Peruvian bank, it is considered national under the terms of the Andean Pact.

The six foreign banks are:

- Banco de la Nacion Argentina
- Banco do Brasil
- Citibank

Bank of America
 Banco de Boston
 Banco Real S.A.

The private second story banks are:

Banco Industrial
 Banco de Financiamiento Industrial
 Banco de Inversion Boliviano
 Banco Real de Inversiones

The state banks are the following:

Banco del Estado
 Banco Minero de Bolivia
 Banco Agricola de Bolivia
 Banco de la Vivienda (mixed shareholding)

The size of the Bolivian private sector banks is quite small. At the moment the minimum capital requirement for commercial banks is \$b 80,000,000 and \$b 100,000,000 for investment banks.

The capital funds, which include reserves, of the private banks as of December 31, 1982 are the following in decreasing order of size:

		(millions)
1.	Mercantil	\$b 2,132.9 US\$ 10.9
2.	Santa Cruz	1,627.6 8.3
3.	Popular	1,297.3 6.6
4.	Boliviano	1,050.5 5.4
5.	Hipotecario	672.7 3.4
6.	Cochabamba	613.0 3.1
7.	Nacional	591.6 3.0
8.	Credito Oruro	544.8 2.8
9.	La Paz	508.4 2.6
10.	Big Beni	393.2 2.0
11.	Potosi	136.6 0.7
12.	Union	88.4 0.5
13.	Progreso	58.0 0.3
		<hr/>
		\$b 9,715.0 US\$ 49.6
1.	Industrial	\$b 1,001.2 US\$ 5.1
2.	de Inversion.	254.2 1.3
3.	Bafinsa	93.9 0.5
4.	Real	55.4 0.3
		<hr/>
		\$b 1,404.7 US\$ 7.2

Unfortunately, using the statistics provided by the Central Bank, there is no way to determine whether all banks had, in fact, revalued their assets as the result of the November 3, 1982 devaluation.

The ranking of the banks in terms of total deposits varies as follows:

(millions)

1.	Boliviano	\$b	9,578.5	US\$	48.9
2.	Santa Cruz		7,037.0		35.9
3.	Nacional		5,467.7		27.9
4.	Mercantil		4,622.4		23.6
5.	Popular		3,922.7		20.0
6.	Cochabamba		3,559.1		18.2
7.	Hipotecario		3,041.9		15.5
8.	Credito Oruro		2,550.2		13.0
9.	Big Beni		2,340.0		11.9
10.	Potosi		1,745.3		8.9
11.	La Paz		1,514.0		7.7
12.	Union		381.6		1.9
13.	Progreso		225.1		1.2
		\$b	45,985.5	US\$	234.6

In general, the Bolivian banks are held by a very small group of shareholders who either represent regional groups, economic groups or an individual. The regionally held banks are Banco de Credito Oruro, Banco de Santa Cruz de la Sierra, Banco Industrial y Ganadero del Beni, Banco Potosi and Banco Union. The banks owned and run by one predominant person are Banco Boliviano Americano, Banco de Cochabamba, Banco Mercantil and Banco Nacional de Bolivia. Banco Hipotecario Nacional and Banco de La Paz are owned by economic power groups.

The banking system is regulated by the Banking Law which is administered by the "Departamento de Fiscalizacion" of the Central Bank of Bolivia. The Banking Law is essentially for commercial banks and in effect, permits commercial banks to engage in all types of financial activities. In other countries these functions may be divided between commercial banks, investment banks and financieras.

Leverage limitations are 20 to 1 for direct liabilities and 10 to 1 for contingent liabilities. The legal lending limit to any one customer is 20% of capital.

The Central Bank is very active in the audit process of the private sector banks. In general, their audit is quantitative and not qualitative. The Central Bank inspectors are quite proficient in accounting but lack the necessary training and experience to evaluate the quality of risk assets or the liquidity of the financial institutions.

Typical commercial banking activity consists of the granting of one year loans either as discounted 90 day drafts or promissory notes with principal payments every three months. The banks are usually quite agile in meeting the clients short term needs. In depth financial analysis is only done at a few banks and credit is still extended on knowledge of the individual borrower, personal relationships and guarantees.

To a certain extent, project financing has been made

available by the commercial banks as very few other sources of credit exist in the market. The structure of these loans can be quite oppressive to the end user. As the commercial banks do not have experienced loan development officers, the loans are usually for too short a term, repayment is not made on schedule and therefore the loan ends up being renegotiated several times. The interest rate structure is also not advantageous to the client since the project is financed at commercial rates.

Bank Deposits

The private commercial banks have very little of the cash in circulation as shown below:

	(\$b millions)		
	<u>1980</u>	<u>1981</u>	<u>1982</u>
Cash in Circulation	9,805.0	11,229.8	41,909.4
Cash in Banks	344.4	378.1	3,011.2
Percentage (%)	3.5	3.4	7.2
Cash with the Public	9,460.6	10,851.7	38,898.2
Percentage (%)	96.5	96.6	92.8

The banks participation in the monetary mass in circulation is also limited.

	(\$ millions)		
	<u>1980</u>	<u>1981</u>	<u>1982</u>
Money in Circulation (Mf)	14,238.0	17,152.5	56,557.6
Cash with the Public	9,460.6	10,851.7	38,898.2
Percentage	66.4	63.3	68.8
Current Account Deposits	4,777.4	6,300.8	17,659.4
Percentage	33.6	36.7	31.2

Source: Banco Central de Bolivia - Boletín Estadístico No. 247

Bank deposits in the private commercial banks are composed as follows:

	(\$b millions)					
	<u>1980</u>		<u>1981</u>		<u>1982</u>	
Current Accounts	3,144.6	35%	4,483.6	35%	13,797.3	30%
Savings Accounts	2,304.8	26%	4,007.2	31%	13,558.4	29%
Time Deposits	2,755.5	31%	3,795.2	29%	16,359.0	36%
Other Deposits	755.4	8%	675.6	5%	2,270.8	5%
Total Deposits	8,960.3		12,961.6		45,985.5	

All deposits carry a reserve requirement of which the last modification of July 27, 1983 (Banco Central Circular No.

35/7/83) establishes the following:

	<u>National</u>	<u>Foreign</u>
Reserve on Current Accounts	60%	67.5%
Reserve on Savings Accounts	30%	30%
Reserve on Time Deposits	30%	32%
Reserve on Other Deposits	60%	67.5%

This same resolution establishes the minimum interest rate payable on savings accounts to be 43% p.a. and on time deposits 45% p.a. In practice, higher rates are paid on large deposits.

The Central Bank also establishes the maximum interest rate that can be charged on any loan. At the moment, the maximum rate is 62% p.a. To the interest rate is added a university tax of 1% p.a. and a federal tax of 4% p.a. for the productive sector and 6% p.a. for all other sectors. The lending rates are therefore 67% p.a. for the productive sector and 69% p.a. for all other sectors.

The Central Bank, however, does not regulate the commissions charged leaving fee income to the competitive and market forces of the economy. At the moment, a closing fee of an average of 12% is charged at disbursement of any loan.

The major deficiencies of the private banks are the concentration of loan portfolios and their off-balance sheet operations. As the banks are controlled by individuals or small groups, there is a great concentration of the loan portfolio in hands of the shareholders. The lending limit of 20% of capital is easily circumvented as most businesses have more than one company.

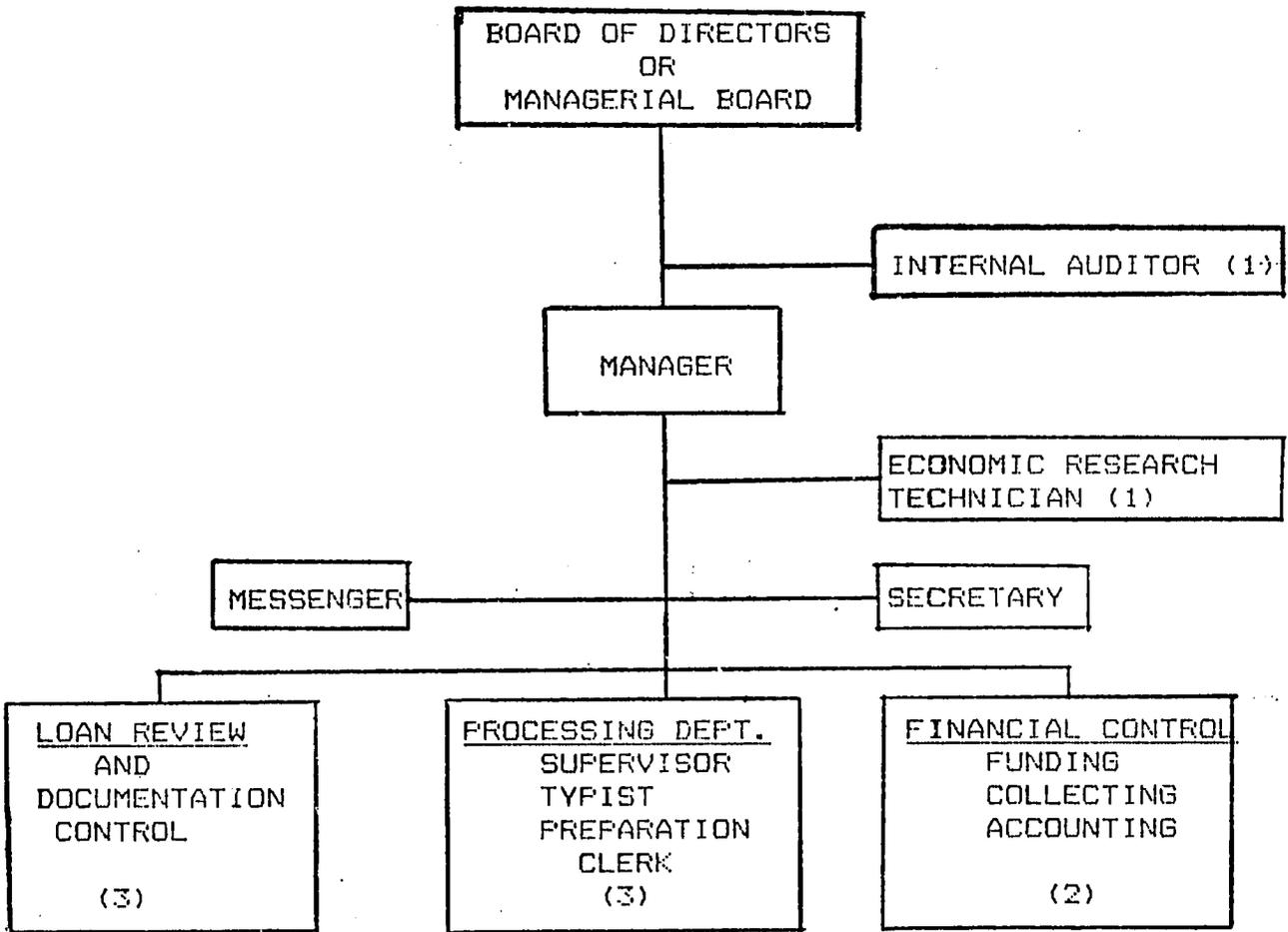
Off-balance sheet operations exist in many forms primarily to minimize earnings as the employee's Pension Fund receives by law 10% of net profit every year. This practice also avoids payment of income taxes. As a result, many loan commissions are not registered on the books. A typical off-balance sheet operation is the "Money Desk". The "Money Desk" is used when a client funds a loan to another client with the bank acting as intermediary and guarantor to the fundor. As the deposit does not pass through the bank, there is no reserve requirement and the fundor can be paid a higher rate of interest. As the cost of funds is lower to the bank, a lower interest rate can be charged to the borrower. Some banks, however, do register these operations on their books as contingent liabilities.

Bank executives are usually very well paid but the better portion of their salaries are not registered on the books. The methods of payment vary from bank to bank but, in general, they are paid from the proceeds of off-balance sheet income.

B) THE MODEL (BANCAR)

In order for the second story financial institution to perform the limited functions described earlier it will be necessary to create a unit with the following characteristics:

a. Adequately but lightly staffed. Since the basic function of the entity is to engage in rediscount activities and to act as a clearing house, or disbursing and collecting agent for international lending agencies, only a few departments will be required in order to fulfill its basic functions. The organigram described below conceptualizes the staffing dimensions of the model.



TOTAL STAFF: 13

() denotes staff requirements

b. Compensation. A rough estimate of the institution's operating budget has been prepared (Annex 5). In order to insure the success of the project it is extremely important that the general manager be adequately compensated according to custom in the marketplace. Special consideration should also be given to the compensation of the internal auditor. A key control issue to be dealt with when the project is implemented will be how to avoid corruption within the organization.

c. Efficiency. One of the principal reasons for establishing this new entity is to provide agility and speed in the disbursement and collection of international agency credit to the private sector. The model contemplates placing the entire credit risk of the end borrower upon the financial institutions in the system that participate in the rediscount programs. As a result, clients of BANCAR will be the participating banks in the system.

1. Credit Lines. On an annual basis, it is recommended that the General Manager hire an outside consultant or an external auditing firm to prepare bank credit analysis for each participating financial institution. This analysis will be presented to the Board of Directors and overall credit lines will be established based on past volume of usage and the credit worthiness of each bank. It is recommended that credit lines be reviewed at least annually and that credit review dates for each financial institution be staggered so as to spread out the task over the entire year.

2. Disbursements. Since overall credit lines have been allocated to each financial institution the disbursement decision process should be limited to:

a. Verifying that the bank has presented the required documentation in good order.

b. Verifying that the bank will not exceed its overall credit limit with the disbursement.

c. Verifying that BANCAR still has sufficient funds under the particular loan program which is being drawn down.

d. Verifying that the purpose and other structural requirements of the particular loan program being drawn down have been met by the Bank.

The General Manager and the Board of Directors should set a time limit (i.e. 2 or 3 days) for the Loan Review and Documentation Control Department to either accept or reject each bank's disbursement request. If accepted, the Manager will instruct the processing department to disburse the funds. If rejected, the bank will be notified immediately with the appropriate explanation.

d. Loan Review. Once disbursements have been made, the Loan

Review Department will conduct periodic reviews of each bank's portfolio with the objective of verifying that the proceeds of the end loans to the private sector borrowers, have been correctly invested in accordance with the eligibility requirements of the different ILA loan programs.

Any discrepancies will be reported to the Board of Directors of BANCAR and corrective measures will be taken to either force the participating bank to repay BANCAR immediately or to cancel the delinquent banks's future participation at the rediscount window.

e. Loan Repayment. The Financial Control Department will establish a control system to insure that the participating banks adhere to each disbursement repayment schedule. In all likelihood each participating bank will have to have an account with BANCAR to facilitate both disbursements and repayments. The exact nature of this account will have to be determined by the legal opinion of an attorney.

f. The Financial Control Unit. This department will establish a control system to monitor each ILA loan program and the funding relationship with the Central Bank.

g. Currency of Operations. Macro Economic Constraints. Because virtually all of the foreign exchange earnings of the country currently must be delivered to the Central Bank, there is no availability of foreign exchange for repayment of AID or other ILA loans except through the Central Bank. For this reason all loan programs developed for use through BANCAR must be negotiated through the Central Bank so that BANCAR's responsibility for cancellation of its liabilities is exclusively in bolivian pesos. There are two possible ways in which these ILA loans can be structured:

1. Direct loans to the Central Bank in US\$. The Central Bank will on-lend to BANCAR, in an equivalent disbursement, at the official rate of exchange in bolivian pesos. The local currency loan to BANCAR from the Central Bank should be made at the highest interest rate possible which will approximate the Central Bank's "cost of funds".

Theoretically, this "cost of funds" should be equivalent to a real rate of interest plus a factor to cover inflation. In today's economy it is impossible to guess at what this rate should be (refer to Annex 6).

From a pragmatic point of view, it is expected that the Central Bank will want to lend to BANCAR at a rate somewhat between 40% to 55% p.a.

Although this rate is substantially below what the Central Bank's "cost of funds" should be it is not realistic to expect that a higher local currency interest rate can be obtained. Moreover, as can be seen in Annex 6, it is not even

clear that anyone knows what the rate of inflation really is. Under this alternative BANCAR will on-lend to financial institutions at a small spread and the participating banks will on-lend to private sector borrowers at spreads similar to those available under the Central Bank's, "Departamento de Desarrollo" Programs (See Annex 7). As will be shown later on, this alternative has some major drawbacks in terms of ILA loan program decapitalization.

2. Dollar denominated loans made directly to BANCAR and guaranteed by the GOB. In this case the Central Bank will agree to provide foreign exchange to BANCAR, at the official rate of exchange, for repayment of the ILA loans. In the event that BANCAR makes its scheduled payment to the Central Bank, in local currency, at the official rate of exchange and the Central Bank has no foreign exchange availability, then the GOB assumes full responsibility for the ILA loan in US dollars. On-lending by BANCAR, and the participating banks, will be made in US\$ with the provision that loans can be repaid in bolivian pesos at the official rate of exchange.

The first alternative would be utilized for ILA loan programs which contemplate investment in projects in which the end borrower does not require a substantial foreign exchange component. In this case the end borrower receives local currency, invests in local currency and repays in local currency.

The second alternative is extremely useful when the ILA loan programs contemplate investments by the end borrower in projects where there is a substantial foreign exchange component, i.e. the importation of capital equipment or raw materials. In this case, the foreign exchange necessary for the investment will be under BANCAR's direct control and available for payment to the foreign suppliers. The end borrower will have to repay the participating bank in local currency. The end borrower will be responsible for the exchange risk but the Central Bank will be responsible to the ILA for exchange availability. As will be shown later on, this is the only viable alternative which will prevent ILA loan program decapitalization.

3. Decapitalization of the ILA loan funds. Any loan program which is based on subsidized interest rates (rates below the rate of inflation) will necessarily decapitalize rapidly. Under the first scenario, above, where the Central Bank on-lends to BANCAR in local currency the following rate of decapitalization will result based on current assumptions/local conditions:

- ASSUMPTIONS:
- 1) US\$ 10,000,000 ILA loan program
 - 2) Interest rate earned by fund 55% p.a.
 - 3) Assumed depreciation rate of
currency (inflation) (200%) p.a.
 - 4) Net decapitalization rate (145%) p.a.

At this decapitalization rate for the ILA loan funds, US\$ 10,000,000 initially invested by an ILA will be worth only US\$ 4,081,632 after one year and only US\$ 113,284 at the end of a five year period. The conclusion reached here is that any loan program conceived by an ILA wherein the Central Bank on-lends to BANCAR at such highly subsidized rates in local currency, is more of a grant to the private sector than a credit program.

Under the second scenario described earlier, where the end borrower is obligated in US\$ but may repay his loan in local currency at the official exchange rate, the ILA loan fund is preserved so long as the interest rate charged is based on an international free market rate of interest such as LIBOR or as a spread over prime rate. Obviously, if Central Bank approval to utilize the second system is obtained this will be the most economically sound method for setting interest rates.

An example of the interest rate structure under this scenario would be as follows:

ILA loan to BANCAR	LIBOR - 3% p.a.
BANCAR re-discount to participating banks	LIBOR
Bank loan to end user	LIBOR + 3% p.a.

If at all possible, it is recommended that BANCAR utilize the second alternative where rediscounts are in US\$ but repayment can be made in local currency at the official exchange rate. In Annex 2 - Banco Industrial S.A. it can be seen that BISA once experimented with a rediscount program in US\$ and it failed for many of the reasons listed in the Annex. It is felt that many of the shortcomings of the old BISA program can be overcome and that this on-lending system can be successful, even in today's distorted economy. Additionally, as seen earlier, it is the only alternative which avoids loan program decapitalization.

h. Earnings Dynamics. As can be seen from Annex 5 - Overhead and Variable Cost Projections, two sets of numbers have been estimated for BANCAR's operating expenses. One set is based on the distorted reality of the Bolivian economy at this time (it is likely that these figures will be obsolete within one month of this writing) and another set is based on US dollar equivalents as of two years ago prior to hyper-inflation. The rationale for the second set of numbers is that they are more rational and that eventually, in the not too distant future, the GOB will have to take appropriate economic steps to bring the economy into a realistic perspective. At that time the second set of numbers will be a better estimate of expenses than those developed out of the present environment.

1. Based on the present distorted set of figures the following earnings dynamics would apply for BANCAR:

Since BANCAR's total expenses for a typical year will be approximately \$b 81,236,000 the spread necessary to cover

these expenses with a loan portfolio of \$b 2,000,000,000 (US\$ 10,000,000) is at least 4% p.a. In order to provide for profitability and growth in retained earnings it will be necessary that the spread to be earned by BANCAR be approximately 6% p.a.

This conclusion is especially applicable if BANCAR's loan operations are done in local currency.

2. If the same analysis is done utilizing the dollarized figures for Bolivia during more normal times, total expenses are equivalent to US\$ 299,400. Under this scenario the spread necessary to cover these expenses is 3% p.a.

In order to provide for profitability and retained earnings growth the spread required by BANCAR will be 3 1/2% p.a. In later years, as the portfolio grows beyond the initial US\$ 10,000,000 ILA loan, economies of scale will permit good earnings growth with a total spread of only 3% p.a.

The reason for the dramatic differences in required spread between the two analyses lies in the assumptions regarding exchange rates utilized for the conversion of the ILA loans to local currency.

The timing and magnitude of the devaluations which will have to occur are impossible to forecast. Therefore, the decision as to what the required spread will be, for local currency transactions, in order to insure the long range viability of BANCAR will depend on the interest and exchange rate situation on the day the bank opens its doors for business. In all likelihood the policy for required spreads will have to be reviewed constantly by management and the ILAs.

i. Internal Management. The management structure within BANCAR follows the table of organization described earlier. Basically, the different department supervisors and the research technician report directly to the Manager. The Manager is responsible to the Board of Directors on all matters. (If the BISA alternative were to be selected the Manager would probably have to report to BISA's Board of Directors on certain matters and the BANCAR Management Board on others).

The selection of a Board of Directors /Management Board is the result of an attempt to combine the following desirable characteristics for the board:

1. The Board of Directors should have broad representation in the community; i.e. the members should have broad regional representation; they should represent different economic sectors and no single economic group should have a preponderance of power on the board.

2. The Board of Directors should be a selection of individuals that are in a position to communicate efficiently

with their constituency. The corporations or organizations they are drawn from should be in a position to provide financial, as well as other intangible forms of support to BANCAR. They should be in a position to give and receive information to as broad a private sector constituency as possible.

3. The Board should be chosen such that they will receive the maximum support from critical sectors such as the Government (Central Bank), the banking system, the private sector enterprises, and economic power groups.

4. It is important that the Board of Directors not be composed of the immediate beneficiaries of the ILA funds channeled through BANCAR. For this reason, the banks have not been included on the membership of the board. (Curiously, several of the bankers interviewed suggested that no banks be in a position to exert control on the Board).

As a consequence of the above criteria it is felt that the individuals drawn from the various sectoral chambers would be in the best position to fulfill the necessary qualifications. Based on interviews and analysis, the following sectoral chambers have been selected to provide a director for BANCAR (refer to Annex B).

1. CAMARA NACIONAL DE INDUSTRIAS
2. CAMARA NACIONAL DE COMERCIO
3. CAMARA NACIONAL DE EXPORTACIONES
4. CAMARA AGROPECUARIA DEL ORIENTE
5. CAMARA FORESTAL
6. FEDERACION DE EMPRESARIOS PRIVADOS DE COCHABAMBA
7. ASOCIACION DE MINEROS MEDIANOS
8. FEDERACION DE GANADEROS DEL BENI
9. CAMARA DE CONSTRUCCION.

In addition, it is important that a representative from one of the ILA's (AID) and the Manager of BANCAR be included on the Board. Other criteria for the selection of a representative to the Board include the following:

The Board member selected by a chamber should not be a chamber bureaucrat but rather a respected, high-level individual from one of the private sector enterprises in the constituency of the chamber.

Membership to the Board should be rotated not more than every three years, and preferably on a staggered basis, so as to minimize turnover and insure continuity of effort.

It is recommended that the above qualifications for directorship be included in the by-laws of BANCAR.

j. Legal Structure/Shareholder Composition

As mentioned earlier, three different alternatives have been identified for the legal structure of BANCAR.

1. BANCAR would be established as an independent legal vehicle with its own identity and capital by negotiating with the government authorities for a completely new bank charter.

2. BANCAR would be established as a department within BISA. BANCAR's activities would be, to a certain degree, subject to the overall management of BISA.

3. BANCAR would take over the charter of an existing bank shell. In this case, the charter of Banco de Inversion Boliviano S.A. is available for purchase. BANCAR would be an independent legal vehicle with its own identity and capital structure.

I. BANCAR AS A NEW INDEPENDENT LEGAL VEHICLE.

The major advantages to establishing an independent legal vehicle are the following:

i. It will be easy to implement a broad based Board of Directors such as has been described earlier. It is expected that the shareholders of the new entity would be the very same sectoral chambers that would participate in management. The fact that management is directly representative of ownership facilitates control and decision-making in the new institution. The various sectoral chambers interviewed have indicated both a willingness and a capacity to invest in BANCAR (see Annex 8).

ii. Because the stockholder group and the Management group will be the same, the positive characteristics which were sought for the Board of Directors will also be present in the ownership. Specifically, inordinate power or control by a vested interest group is avoided.

iii. It is perceived that there would be less opposition from the Central Bank to an institution owned by a widely held group such as the sectoral chambers.

iv. Long term independence of management would be easier to guarantee than if the management structure were to be incorporated into BISA.

However, there are some substantial disadvantages to this alternative:

i. The present political climate is not propitious for seeking a charter for a new bank. Legal counsel feels that a new legal charter might be negotiated in 6 months if AID were to put its full weight behind the project. However, there is no guarantee of this timetable and it could take up to two or three years for final approval.

ii. Specifically, the Banco Central opposition to the

establishment of a new entity that would compete with the "Departamento de Desarrollo" could be brought to bear at many stages of the negotiation of a charter for the new bank.

iii. The charter which may eventually be obtained may not be as broad as that which can be obtained by purchasing the BIB charter.

II. BANCAR AS A QUASI-INDEPENDENT DEPARTMENT WITHIN BISA.

There are some attractive advantages to this alternative:

i. BISA is an existing organization. The time frame for going ahead with BANCAR would be minimal, compared with the previous alternative. Fixed assets, furniture and equipment, etc., already exist. As a result, running BANCAR through BISA may be slightly more cost effective.

ii. BISA possesses its own capital. New capital would not have to be raised immediately. There is a potential problem here in that as BANCAR begins to grow it will put pressure on BISA's capital. BISA's stockholders may not be willing to increase capital solely so that BANCAR's operations can continue to grow.

iii. BISA has an established international reputation which BANCAR would capitalize on.

iv. BISA's prior experience with development credit could prove useful to BANCAR. However, BANCAR's primary emphasis will be on rediscounting and operating efficiency rather than on production loan analysis.

Nevertheless, the disadvantages of utilizing BISA are significant.

i. In spite of BISA's positive international prestige, the local image among the private banks, the private sector borrowers and the Central Bank officials is poor. This would have to affect BANCAR's image. BISA's poor past record of performance in the area of efficiency (see Annex 2) would also affect BANCAR's ability to project itself locally as an agile and efficient entity.

ii. In the final analysis, legal counsel does not believe that the management board composed of the sectoral chamber members would actually be able to exert full administrative control over the ILA funds in the program inasmuch as stockholders and management are different and there is a substantial long run potential for conflict.

iii. In an attempt to give the management board the necessary independence the ILA contracts with BISA would necessarily be cumbersome and complicated.

iv. Many local banks may not be willing to hand over to BISA

the confidential financial information, required for the annual review of participating banks' credit lines. BISA management would have to approve credit lines since any losses would necessarily be charged to BISA's capital.

v. The timing for deciding to establish BANCAR within BISA is poor, since BISA's prior track record in terms of efficiency is lacking. At this point there is no guarantee that the new management's good intentions will make significant changes in BISA's overall performance. On the contrary, there is evidence, based on interviews with the new management that the Hipotecario/Boliviano Americano group will in fact dominate management heavily in the future.

vi. Because the Hipotecario/Boliviano Americano group will probably exert undue control of the operations of BISA, in the long run this group will control, to some extent the operations of BANCAR. This will bring criticism from the other banks and the private sector and AID may even receive criticism for favoring a particular economic group.

III. BANCAR AS AN INDEPENDENT LEGAL VEHICLE UTILIZING THE NEW STRUCTURE OF BIB.

Essentially all of the advantages mentioned earlier for the de-novo independent version of BANCAR are applicable in the analysis of the BIB alternative. The following additional advantages can be mentioned.

i. As with the BISA alternative BANCAR can go on line almost immediately since the institution already exists. Only minor changes to the by-laws would be required. There is also the option of purchasing BIB's fixed assets along with the charter.

ii. It is easy to change the name of the bank from BIB to BANCAR. Central Bank approval is not required for this change of name. BANCAR can develop its own image.

The existing charter of BIB is very broad (see Annex 10) and the by-laws permit many types of activities which might not be obtainable today if a new charter were sought.

The principal disadvantages to the BIB alternative are the following:

i. The cost of purchasing the charter from the present owners of BIB would probably be in the neighborhood of US\$ 75,000 to US\$ 100,000. It is felt that this is a worthwhile expense because it would allow for immediate commencement of operations and a substantial savings in legal and managerial man-hours which would be wasted in trying to get a de-novo charter approved. This expense would probably have to be borne by AID either out of grant monies or operating expenses.

ii. There is a risk that BANCAR might assume undisclosed

liabilities of BIB, however, legal counsel feels that this is a risk that can be covered in the purchase and sale contract with BIB's present owners. The risk is further minimized by the fact that BIB's present ownership are reputable businessmen and respected bankers.

IV. SUMMARY.

Deciding among the three alternatives is not an easy matter since the pros and cons are not easily comparable from one alternative to the other. Essentially, it is clear that in the long run BANCAR's future is more meaningful and presents less risk for misuse of the ILA funds if the institution can be guaranteed independence. It is believed that there will be less Central Bank's opposition to an independent entity than to a BANCAR lodged within BISA, particularly in the light of the recent Hipotecario/Boliviano Americano takeover. Indications are that the required capital for the new bank will not be difficult to raise (See Annex B) and the US\$75,000 - US\$100,000 payment to purchase the BIB charter is well-worth making to insure BANCAR can begin operations rapidly.

If it were AID's intention to make a single loan for US\$ 10,000,000, to be rediscounted to the private sector, perhaps, for the sake of expediency, the BISA alternative would make more sense. However, if AID's intention is to create a mechanism that will endure, that can be utilized over and over and that will also serve other ILAs, then it makes more sense to go with BIB alternative.

In summary, it is evident that the most attractive course of action is to establish BANCAR within BIB as an independent entity. If this alternative proves to be unworkable for unforeseen reasons, then lodging BANCAR within BISA would be the next best alternative. The least attractive option will be to attempt to get approval for a de novo bank charter. All indications are that this process would involve a two to three year uphill battle with the Central Bank and other government entities.

ANNEX 1

LIST OF PERSONS AND ORGANIZATIONS INTERVIEWEDLA PAZ

BANCO BOLIVIANO AMERICANO	Luis Eduardo Siles, President
BANCO DE COCHABAMBA	Guido Quiroga, President
BANCO DE INVERSION BOLIVIANO	Roberto Capriles, Executive Vice President
BANCO DE LA UNION	Jorge Tamayo Ramos, Director and Ex-Minister of Finance
BANCO MERCANTIL	Fernando Anker, Assistant General Manager
BANCO HIPOTECARIO NACIONAL	Edward Derksen, Executive Vice- President
BANCO INDUSTRIAL Y GANADERO DEL BENI	Fernando Carrón, Manager
BANCO DEL ESTADO	Xavier Pantoja, General Manager
BANCO CENTRAL DE BOLIVIA	Jaime Castro, Interine General Manager
	Mario Dorado, Administrative Manager
	Dante Pino, Head of Departamento de Desarrollo
CAMARA NACIONAL DE INDUSTRIAS	Hugo Castellanos, General Manager
CAJA CLNTRAL - SISTEMA A & P	Ernesto Wende
COMPAÑIA MINERA DEL SUR	Gonzalo Sanchez de Lozada - President and Congressman
INTERNATIONAL MONETARY FUND	Joachim Harnack, Representative
INTER AMERICAN DEVELOPMENT BANK	Maria Cristina Ortiz - Representative
CORPORATION ANDINA DE FOMENTO	Fernando Gutierrez -Representative
CONFEDERACION DE EMPRESARIOS PRIVADOS	Tito Hoz de Vila - Executive Secretary
URSIC MOTORS LTDA.	José Antonio Ursic - President and Vice President of Confederacion de Empresarios Privados
EXPOBOL	Carlos Calvo Galindo - President and Ex Minister of Finance and Congressman
FERNANDO ROJAS	Laywer
ERNESTO ARANIBAR	Ex Minister of Finance
CARLOS MORALES	Director de Confederacion de Empresarios Privados
JAIME LARRAZABAL	Ex Minister of Energy and Hydrocarbons

COCHABAMBA

ASOCIACION DE BANCOS	Luis Montenegro, President
FEDERACION DE EMPRESARIOS PRIVADOS	Enrique Levy, Executive Secretary
DILLMANN	Roberto Peña, General Manager
CERVECERIA TAQUINA	Ernesto Asbun, President
GALINDO Y CIA.	Hugo Galindo

SANTA CRUZ

CAMARA AGROPECUARIA
CAMARA F^a INDUSTRIA Y COMERCIO
CAMARA NACIONAL FORESTAL
COOPERATIVA "LA MERCED"
CORDECRUZ
BANQUESA SAM
BANCO DE SANTA CRUZ
BANCO DE LA UNION

Alfonso Gruber - Economic Dept.
Augusto Yepes - Manager
Humberto Castedo - Manager
Alberto Terceros - President
Gaby Serrate - Planning Dept.
Ovidio Roca Avila - Manager
Alberto Alarcón - Manager
Cristobal Roda - President

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1. FINANCIAL ANALYSIS

Banco Industrial is basically a sound financial institution (See Appendix 1). Its capital base is low in dollar terms but it easily meets the the prevailing minimum requirements established by the Banco Central de Bolivia. As of December 31, 1982, 70% of capital funds were invested in fixed assets of which the principal asset is the BISA building in La Paz. BISA's loan portfolio is well secured and although recovery is slow due to the internal policy of not accepting local currency in payment of dollar obligations and to the general economic situation, BISA is in a much better position to recover its loans than most of the commercial banking system. Leverage is very low (5/1) and earnings are good (an average of 12% return on capital funds).

A close analysis of the bank shows that the bank, is quite liquid, especially in relation to commercial banks. The ratio of loans to funding is an average of 88% for the last three years. Preliminary figures for June, 1983 show that this ratio has decreased to 80% (See Appendix 2).

The current capital requirements for industrial banks is \$b 100,000 in paid-in-capital. As of December 31, 1982, BISA had \$b 142,833,362. There are rumors, however, that the minimum capital requirements will be raised to \$b 700,000,000. In that case BISA's shareholders will be obliged to invest further new funds or sell additional shares.

In peso terms, BISA fully meets all minimum capital requirements. In dollar terms, however, the situation is quite different. In 1981 when the peso was 24.51 to the dollar, BISA's paid in capital was the equivalent of US\$ 5,021,558. With the several devaluations of 1982, the paid in capital was reduced to the equivalent of US\$ 725,170. Capital funds were not as drastically affected since the revaluation of fixed assets is permitted by law. Total capital funds in 1981 were the equivalent of US\$ 6,589,468, which were reduced to the equivalent of US\$ 5,095,841 in 1982.

The Central Bank of Bolivia permits a leverage of 20 to 1 of total liabilities to capital funds. BISA, for the years ending 1980, 1981 and 1982, has had a liability leverage of only 5.2/1, 4.6/1 and 5.4/1, respectively. The ratio of contingent liabilities to capital funds has never risen above 0.3/1, which is extremely low (See Appendix 3).

Net profit in 1980, 1981 and 1982 was the equivalent of US\$ 741,388, US\$ 827,350 and US\$ 532,190, respectively. The return on capital funds was 12.8%, 12.5% and 10.4% for the same three years. Profitability decreased mainly because banking activity decreased. The return on total assets for the same three years was 2.1%, 2.0% and 1.7%. the return on banking assets is slightly more positive with ratios of 2.4%, 2.5% and 2.0%.

The composition of revenues is as follows:

	<u>1980</u>	<u>1981</u>	<u>1982</u>
Interest	75%	79%	62%
Commissions	7%	6%	6%
Foreign Exchange	1%	8%	23%
Others	<u>17%</u>	<u>7%</u>	<u>9%</u>
TOTAL	100%	100%	100%

Earnings from loans increased from 82% in 1980 to 85% in 1981 but as the loan portfolio decreased in 1982, earnings on loans fell to 68%. Other income in 1980 was mainly interest on savings accounts.

The income statement is understated in that income from rental of the various floors of the BISA building in La Paz is only shown in the books at the official exchange rate since all rental contracts are in foreign currency. The dollar equivalents are US\$ 66,012 in 1980, US\$ 102,890 in 1981 and US\$ 87,403 in 1982. The drop in 1982 is the result of the sale of two floors to the Inter-American Development Bank. Although the income is shown on the books at the official exchange rate, the rental checks are deposited in a foreign bank and maintained in interest earning dollar accounts.

Interest paid as a percentage of interest earned was 57% in 1980, 56% in 1981 and 62% in 1982. This is a very good spread. In commissions, however, the opposite is true. Commissions paid exceeded commissions earned by almost double in 1980 and 1981, but in 1982 commissions paid were 90% of commissions earned.

On the expense side, the breakdown is as follows:

	<u>1980</u>	<u>1981</u>	<u>1982</u>
Financial	67%	67%	52%
Salaries	8%	9%	3%
General	9%	11%	15%
Provisions	<u>17%</u>	<u>13%</u>	<u>30%</u>
TOTAL	100%	100%	100%

The financial expenses decreased every year as no new lines of credit were obtained. The increase in general expenses was mainly due to inflation (See Appendix 4).

In 1980, Banco Industrial provisioned 3.5% of the total loan portfolio for possible loan losses. In 1981 the same percentage was maintained and in 1982 it was increased to 3.8%. As the provision is in pesos bolivianos, it is adequate as their foreign currency loans will be recovered in local currency. This provision, however, does not cover a possible foreign exchange risk in the event that BISA recovers in pesos but is not able to obtain the necessary foreign exchange from the Central Bank to pay the funding institution.

Another serious problem which BISA faces is its foreign exchange position. In 1980, assets in foreign currency were \$b 693,722,448 against liabilities of \$b 640,310,788 leaving a net long position of \$b 53,411,660 or the equivalent of US\$ 2,179,178.30.

According to Supreme Decree No. 17123, these assets should be delivered to the Central Bank in order to have an even foreign exchange position. This decree was subsequently not accepted by the Bankers Association and it was never put into effect.

In 1981 the foreign currency assets totaled \$b 634,610,984 against foreign currency liabilities of \$b 613,949,936 leaving a net long position of \$b 20,661,045 or the equivalent of US\$ 842,964.02, which left BISA in a much better situation than in 1980.

To solve their over asset position, commercial banks transferred loans from their dollar portfolios to local currency. BISA was not able to do this as they did not have sufficient peso funding. The major transaction BISA made was to transfer the peso equivalent of US\$ 1,000,000 to Compañia de Inversiones Generales, to form the capital base for a new leasing company.

In 1982 the situation was reversed. In 1980 and 1981 BISA had a long position which is more conservative and more secure except for the possible risk of having to turn over the difference to the Central Bank. In 1982 the position was short as foreign currency assets were only \$b 3,639,463,420 against foreign currency obligations of \$b 5,090,771,821, a difference of \$b 7,404,634.70. Not included in these assets are all foreign currency loans (\$b 1,177,317,241) which were past due on November 3, 1982 and by law were de-dollarized at an exchange rate of \$b 145.40 to the dollar.

BISA does not agree with its external auditors as they regard the past due loan portfolio as a foreign currency asset inasmuch as their internal policy is not to accept local currency payment of dollar obligations. Under the existing legislation, the external auditors are correct in their assessment.

According to BISA, the foreign currency position as of September 30, 1983 is long by the equivalent of US\$ 3,407,345. In this calculation, BISA includes the entire foreign currency loan portfolio regardless of the fact that all loans were de-dollarized on November 3, 1983. To support BISA's position is the new decree of August and September 1983 which allows dollar denominated loans for funds provided by international government institutions. To reduce its long position BISA will be converting as much as possible of their foreign currency loan portfolio to local currency. BISA will also be constructing a new office building in Santa Cruz and therefore will begin the purchase of supplies. They will also be purchasing a computer system for La Paz. In addition, BISA convinced the Central Bank

that the provision for foreign currency loan losses (US\$ 739,214) presently denominated in pesos be considered as a foreign currency liability which would immediately reduce the long position to US\$ 2,668,131.

In the area of taxes, Banco Industrial received, by Supreme Decree, on March 29, 1979, an exemption from the payment of income taxes (30%) on profit up to an amount not to exceed the peso equivalent of of US\$ 1,500,000 as partial compensation for the investment made in the construction of a new office building in La Paz.

While the exemption is in effect BISA only pays a tax equivalent to 10% of the amount which normally would have been paid. In addition the decree stipulates that the entire net profit should be transferred to a special reserve account denominated "Reserve for the Construction of an Office Building in La Paz" beginning in 1978 and that no dividends may be paid out during this time.

On the funding side, BISA has been successful in attracting various types of credit. Short term credit has been provided by the international banking community, at market rates. In 1980 this type of credit amounted to US\$ 2,559,827 and decreased in subsequent years as international credit was cut off to Bolivia as a general policy. In addition, medium term credit was obtained from Adela Investment Company for US\$ 200,000 and the South African Development Corporation for Rands 850,000 (See Appendix 5).

In general, Bolivia has attracted far more short and medium term credit from the international banking community than the figures at BISA would indicate. The Banco de Inversion Boliviano S.A., an institution similar to BISA received over US\$ 15,000,000 in lines of credit, of which US\$ 10,000,000 was utilized. Other commercial banks, on the average, had US\$ 10,000,000 in utilized credit.

In its twenty years of operations BISA has received a total of 15 long term credits from international government agencies totaling US\$ 41,908,333.33, SFR 2,420,000, DM 5,000,000 and \$b 149,493,810. At the moment, BISA has a US\$ 15,000,000 loan approved at the World Bank pending disbursement until Bolivia comes to an agreement with the International Monetary Fund. BISA has also signed a pre-contractual agreement with the Corporacion Andina de Fomento for US\$ 10,000,000 to the mining sector.

Total disbursements under the 15 lines were US\$ 26,435,904.41, SFR 1,422,002.99, DM 3,626,000.00 and \$b 85,448,304.69.

Loan activity at the Banco Industrial depends somewhat on the availability of funds. In general, BISA has had access to funding but has been extremely lax in granting loans. For example in 1981 only 68 loans were approved and in 1982 a mere 38 loans were

approved. Strangely enough BISA prides itself that it meets the market demand for loans and that they have never had to advertise to raise demand. In addition, the head of the Credit Department estimates that 30-40% of all loan requests are turned down.

The total number of loans on the books as of December 31, 1982 was 1447, up from 1409 in 1981. Regionally, La Paz has had a greater market share with 905 loans or 63% of the total loans booked as of December 31, 1982. Santa Cruz is second with 217 loans or 15% and Cochabamba is third with 189 loans, or 13%. This regional distribution has been fairly constant since 1980 (See Appendix 6).

Loan approval, however, was more nationally oriented in 1982. Of the 38 loans approved, only 8 were for the La Paz area. Santa Cruz accounted for 18 loans, Cochabamba 6, Tarija-Potosi, 2 Oruro 3 and Sucre 1.

The purpose of the loans can be divided roughly into two categories: working capital and investment capital. In general, working capital loans account for 1/3 of the loan portfolio and investment capital for 2/3. In 1982, however, 85% of the monies disbursed were for investment capital (See Appendix 7).

The average tenor of the loan portfolio is 2-5 years. From 1980-1982 the average distribution of the loan portfolio by tenor is: 1% under one year, 26% between 1 and 2 years, 34% between 2 and 5 years and 39% over 5 years. The only major deviation occurred during 1982 when, of the 38 loans approved, 60% of the funds disbursed were for tenors over 5 years (See Appendix 8).

Between the years 1980 and 1982, the average loan in the portfolio averaged between US\$ 68,000 and US\$ 78,000. During the years, however, the average size of the loan approved increased significantly. In 1980 the average loan approved was for US\$ 73,000; in 1981 it was for US\$ 44,000 and in 1982 it was for US\$ 320,000 (See Appendix 9).

The majority of the funds disbursed are for industry (73%), followed by mining (21%), tourism and hotels (5%), and artisans and small industry (1%). Within the industrial sector the three largest category borrowers are the food industry, the beverage industry and the textile industry which account for 56-58% (See Appendix 10).

There is a large concentration of the loan portfolio in a few clients, primarily in the mining sector. Please refer to Appendix 11 for a complete breakdown.

As a result of the breakdown presented in Appendix 11, in 1980 the ten largest mining groups account for 50% of the loan portfolio. In dollar terms these loans amount to US\$ 12,913,381.96. In 1981, the participation of the ten largest clients increased to 55% and represented US\$ 14,647,761.96. In 1982 the percentage participation of the loan portfolio remained

at 55% and represented US\$ 12,420,759.16.

In order to perform a general review of the loan portfolio, thirty two loans were randomly selected as seen in Appendix 12. A regional sampling was taken as well as a sampling by economic sector, including different sizes and types of loans. In summary, the general characteristics of the loan portfolio are: 1) the loans are well documented, 2) the loans are well collateralized, usually by fixed assets and 3) the loans are granted for the purpose of purchasing new machinery and equipment.

The past due loans represented 8.3% of the loan portfolio in 1980, 10.3% in 1981 and 38.4% in 1982 (See Appendix 13). The large increase in 1982 is due mainly to the fact that BISA refused to accept payment of their dollar loans in local currency. In November of 1982 the de-dollarization decree was passed. This decree stated that all dollar loans past due as of November 3, 1982 could be repaid in bolivian pesos at the exchange rate of \$b 145.40 so long as payment was made by March, 1983. This deadline was later extended to August, 1983. All other dollar obligations were to be paid at the official exchange rate of \$b 196. Funding is in foreign currency and to protect themselves from taking additional foreign exchange risk, BISA refused to accept the pesos unless the Central Bank simultaneously provided them with foreign exchange. In practice, the Central Bank has given BISA the necessary foreign currency, with some delay, to meet their funding obligations. Whenever a payment has had to be remitted abroad, BISA would notify the required number of clients that they could accept local currency payments and thereby match the loan payments to the funding remittance. This policy is technically illegal and it has incurred the wrath of many of the clients but it has protected the earnings of BISA.

In accounting terms, all loans which were past due as of November 3, 1982 and are therefore eligible for repayment in pesos at the exchange rate of 145.40, entered into an account called "Documentos en Curso de Cobro". This amount was \$b 1,177,312,240.76 or US\$ 8,097,092.44, which accounted for 70% of the past due loan portfolio. In September, 1983 this account was reversed as the time period for payment had elapsed.

In October of 1983 the Central Bank authorized BISA to prepay US\$ 3,000,000 in local currency to the International Development Agency of the World Bank. On October 26, the equivalent of US\$ 2,000,000 was paid to the Central Bank and on November 4, the equivalent of US\$ 1,000,000 was paid. To make these payments clients were notified that BISA would accept pesos in payment of their obligations. As a result, the past due portfolio has been greatly reduced and interest payments greatly increased.

As BISA is not accepting payments in local currency to amortize dollar debt, they are offering to renegotiate the repayment schedules of the loans while maintaining the loan

documentation in dollars. This policy has received support from the Central Bank. On August 11, 1983 and September 23, 1983 two Government decrees were approved authorizing dollar loans if the funds are provided by international governmental lending agencies. Unfortunately, the Central Bank has not yet issued the operating instructions for the implementation of these decrees.

Legal action against past due clients has been temporarily suspended because any court settlement would necessarily mean repayment in local currency at the official exchange rate. Three clients, two in La Paz and one in Santa Cruz, have made peso deposits with a judge in payment of their obligations.

In the past, other deposits had been made but withdrawn as a result of negotiations with BISA. The outstanding judicial deposits at the moment are the peso equivalent of US\$ 300,000 at exchange rates of either 145.40 or 196.

2. EARLIER BISA EXPERIMENTS WITH REFINANCE PROGRAMS

During 1970, in order to further promote industrial development in the country, Banco Industrial S.A. expanded its credit policy to include the participation of intermediary banks. BISA established a system by which intermediary banks could tap to the BISA resources to finance their own customers. Basic conditions established by BISA for this type of refinance operation were the following:

- a. Borrowers: Industrial companies or individuals involved in industrial activities.
- b. Amount: Up to US\$ 30,000. The credit applications which initially were approved by the intermediary bank were then submitted to BISA for consideration.
- c. Purpose: The loans had to be structured within the following framework:

Investment Capital	70 percent
Working Capital	30 percent
- d. Tenor: Depending on the nature of the project, the repayment period fluctuated as follows:

Investment Capital	3 to 5 years
Working Capital	2 years max
- e. Interest Rate and Commissions: The interest rate charged to the end borrower was 13% p.a. and, in addition, the borrower paid a commitment fee of 1% p.a.
- f. Spread for participating bank: Of the interest rate of 13% p.a., the intermediary bank received

3% p.a.

- g. Responsibilities and Obligations: The basic responsibility for receiving, reviewing, analysing, disbursement and repayment of loans fell on, and was for the account, of the intermediary banks.

This system was widely accepted during the earlier years, 1970-1977, particularly due to the fact that BISA had a number of available funds, in hard currency, which were attractive to the end users, especially those using credit to finance the purchase of capital goods and, in general, to import (See Appendix 14).

All of the banks which participated in the program were shareholders of BISA. From 1975 to 1982, 121 loans were granted for a total value of US\$ 1,518,146.00. As of December 31, 1982 total outstandings were US\$ 501,219.00 divided among the following 4 banks:

Banco Hipotecario Nacional	\$ 16,895
Banco Nacional de Bolivia	\$ 464,266
Banco de Cochabamba	\$ 11,299
Banco de Potosi S.A.	\$ <u>8,759</u>
GRAND TOTAL	\$ 501,219

The total number of end users as of December 31, 1982 were six as shown in Appendix 15.

During 1978-1983, however, with the establishment of the "Departamento de Desarrollo" at the Central Bank, which channels credit through the banking system, the BISA operation became less attractive to commercial banks, especially since the Central Bank offered a higher spread to the intermediate bank plus larger amounts and longer terms than BISA. In addition, the majority of the loans from the Central Bank were granted in bolivian pesos, without being pegged to a foreign currency, whereas the BISA loans were granted only in hard currency.

During 1983, loan and interest payments in bolivian pesos were not accepted by BISA in accordance with internal policy. BISA had requested special operating instructions from the Central Bank which to date have not been forthcoming. As an exception, a payment of \$b 3,688,672 was accepted, equivalent to \$ 18,820 from Hostal Casa Mier.

In addition to its own loan program with other banks, BISA participated with the local banks, (through the Union de Bancos Bolivianos) in the warrant programs, in the financing of the national production of sugar and in the financing of the purchase of cotton for use by the local textile industry (See Appendix 16).

During 1983, BISA did not take part in any of the warrant

operations. During 1982, however, BISA participated in some of the sugar and cotton operations for a total of \$b 15,306,348.00.

3. CREDIT ADMINISTRATION

The credit department at BISA is extremely well organized. Functions are well defined and operating manuals exist. In addition, procedural manuals for use by clients have been prepared for the various types of loans. Standardized forms also exist for credit requests and disbursement instructions. The Credit Manager also prepares a monthly status of pending loan approvals and a disbursement report. Decision making authority exists but in practice a vertical structure is operational as the General Manager is involved in most of the steps in the decision making process.

Most credits are initiated by verbal contact with one of the senior officers of the Bank. Based on the preliminary information given, a meeting is held between the Head of the Credit Department and the General Manager to determine whether or not to proceed with the loan request. If negative, the client is immediately notified. If positive, a formal credit application is requested.

Once the formal application is made, the request is turned over to one of the junior officers who evaluates the project. The technical evaluation is done by one of the staff engineers. At the same time a financial analysis of the borrower and of the project is performed by the financial analyst or the economist. In addition, a market survey is usually done by the economist to determine the demand for the product. Once completed, the credit report is submitted to the head of the Credit Department for approval. Approval actually takes the form of an informal Credit Committee within the Department. Once approved, and the Credit Report modified, if necessary, the loan is presented to the General Manager, who, if in agreement, presents it to the Executive Committee. In practice, the Executive Committee turns down very few credits but they often do request modifications as to guarantees and collateral.

Independent decision making levels exist. For example, the Manager of the Credit Area has an autonomous lending limit of US\$ 30,000 and the General Manager has a lending limit of US\$ 100,000. All credits above US\$ 100,000 must be approved by the Executive Committee. Under most of the funding loan agreements, credits over a certain amount must be presented to the international lending institutions for approval.

In practice, the Credit Manager seldom uses his credit authority. As all disbursement checks are signed by the General Manager, he finds it more practical to check the credit first with the General Manager. The General Manager, on the other hand

does use his limit and he makes formal reports to the Executive Committee on the loans he has approved. Likewise, the Executive Committee informs the Board of Directors of approved credits.

At the moment, the Credit Department has 8 employees, which are the Assistant Manager, 3 engineers, 1 economist, 2 secretaries and one messenger. In 1980, when the volume of processed credits was considerably larger, there was an additional industrial engineer, 2 financial analysts and a Loan Coordination Officer. The Loan Coordinator was in charge of preparing all of the reports for the international lending agencies. This work is presently being done by the economist.

The three engineers evaluate projects. One specializes in mining, another in industry and the third in artisanry and small industry. The economist does the financial analysis of the borrowers.

The Credit Department does not have any bank credit officers in the traditional sense and none of their officers have had any bank lending experience. The engineers are, however, well trained academically and have obtained on-the-job experience. The financial analyst is also well trained, academically, but lacks in the financial training of the type banks offer.

The credit reports are well prepared and quite complete. The normal report averages 30 pages and it includes a detailed analysis of the project including a financial evaluation. This is probably the most important part of the entire report. The only deficiency is sometimes in the market study, partially because of lack of available statistics. The financial analysis of the borrower is less professional. The spreads and ratios are presented but the figures are not analyzed in depth. The shareholder structure and net worth of the various individuals is also not well analyzed. There is also no analysis of shareholders who own more than one company.

When problems in payments arise, they are usually financial in nature resulting from poor structure of the loan or lack of capital in the company. The BISA loan agreement usually requires additional capital to be put up by the borrowers but unfortunately this requirement is rarely enforced. Seldom does the project fail as in the case of the Sociedad Quimica Forestal in Cochabamba or the Hotel IV Centenario of Tarija.

In addition to the original credit report, supervision and inspection reports are made throughout the life of the loan. Each loan, according to the General Manager should be reviewed twice a year. From the loans inspected it is evident that a supervision report is not necessarily done once a year. In most cases, the report is only prepared when payment has not been made or when a new repayment schedule or a change in guarantees is requested by the client. In other words, the loan is reviewed when something goes wrong. On a monthly basis, the Credit Manager assigns the inspections to be done. In 1983, few inspections have been made

because BISA is afraid that if they visit the client, he will attempt to pay off his loan in local currency.

Disbursement in the Banco Industrial is a lengthy process. Based on the loans reviewed, if the project is complicated, up to two months take place until the credit report is ready. Internal approval time rarely takes longer than a month. It is the disbursement which takes longer than six months, if not longer. Once a credit is approved, the loan documentation is prepared by legal counsel and when everything is in order legal counsel issues a memo. Disbursement is then authorized if all other conditions precedent have been met and the check must be signed by the General Manager. The majority of the funds disbursed are for payment of the purchase or importation of fixed assets. Payment is either made directly to the local or foreign seller against verification of the invoices. In some cases, payment is made to another bank which had made a bridge loan. In the case of working capital loans, the funds are disbursed according to the terms set forth in the loan agreement. The major reason for the delay in disbursement is the preparation of the loan documentation. Since fixed assets are pledged, the title documents must be in order; according to BISA this is seldom the case. Bridge loans have been used to get around these delays, such as in the case of Manufacturas de Algodón. This loan for US\$ 110,000 was approved on December 17, 1980 and the legal go-ahead for disbursement was given on May 26, 1981, but the funds had already been disbursed against a promissory note in February.

The loan documentation is always prepared in the currency of the funding. Disbursements are also made in the same currency since BISA never assumes a foreign currency risk.

The collection of the loans is a function of the Loan Collection Department. On a monthly basis a list of maturities is prepared. Most clients are reminded verbally of the upcoming maturity but a few who are known delinquents are advised in writing. The Collection Department is only responsible for receiving payments and on a daily basis they prepare a list of payments received. Once a client does not pay or begins to negotiate payment, the Credit Department is advised. The head of the Credit Department then becomes personally involved in collection. The decision of whether or not legal action is to be taken is made by the Credit Manager with the approval of the General Manager. The Central Bank requires that after 30 days of being past due, the loan be turned over for legal action but BISA rarely follows this disposition.

The collection process before 1982 was quite efficient. Since the dedollarization decree BISA does not even call their clients when they are past due to avoid having to receive pesos.

In conclusion, BISA loans are fairly well analyzed and they are extremely well collateralized. BISA feels that they have met market demand in that they have granted good loans to solid entities but as analyzed elsewhere the clients feel that market

demand has not been met.

The major criticisms and deficiencies in the BISA credit system are:

1. Not utilizing all available funds.
2. Slowness in the internal processing of credit and in particular in their disbursement.
3. Lack of good, in-depth financial analysis. However, the loan portfolio is a healthy one.
4. Lack of good supervisory reports during the life of the loan.
5. Their policy of not accepting peso payment of dollar obligations.

4. BANK ADMINISTRATION

The accounting system used by the Banco Industrial is that which has been approved by the Central Bank and is thoroughly outlined in the Central Bank Manual. Audits by the Central Bank have shown that BISA has no major accounting problems.

An internal operations manual does not exist. The chief accountant for the Bank does have a list of functions for each employee but there has been no rotation of employees.

The Administrative Manager is responsible for the daily activities of the Bank, to include loan collection (only to the extent of providing the first contact with the client as mentioned above), for providing maturity schedules for both loans and funding, for bank reconciliations, for collecting all other accounts receivable and for the control of expenses. Certain areas such as maturity schedules and the loan collection process are well organized and run efficiently. Other areas such as bank reconciliations and the collection of other receivables are not so. For example, the list of other receivables is composed of over one hundred items which have remained unchanged for three years. They are mainly small peso items due by banks and other clients which should be easy to collect but as yet one has been assigned the task.

One of the major deficiencies in the accounting area is BISA's inability to cope with changes decreed by the government in the area of foreign exchange. In the second semester of 1982 the books of December 31, 1981 were finally closed because the bank could not come up with a solution for their long foreign exchange position. Again, the 1982 books were closed in June of 1983 because BISA did not want to accept the dedollarization of its loan portfolio. These delays obviously incurred criticism from the Central Bank. The basic delay stems from a slowness in

the decision making process. Definitely more agility is needed which could be provided by an experienced Operations Manager.

Another area which needs improvement is in the area of loan control. The individual loans made to clients are well controlled as are the loans received by BISA. But there is not at the moment a list of individual loans made under each loan program. Having such a list would be the only way to control the recycling of funds under each loan program.

5. CAPITAL STRUCTURE

Banco Industrial S.A. (BISA) is incorporated under Supreme Decree No. 06213 of September 12, 1962, as a private institution ruled under the General Bank Laws, with the major objective of supporting and promoting local and/or foreign investments in private Bolivian companies, so as to promote socio-economical development in the country.

At the time BISA was created, the authorized share capital of the Bank was \$b 12,000,000 (equivalent to US\$ 1,000,000) with 120,000 shares outstanding, having a par value of \$b 100 each. Suscribed capital was \$b 7,200,000 (then equivalent to US\$ 600,000) and paid in capital was \$b 5,400,000 (then equivalent to US\$ 450,000), apportioned as follows:

Class "A" Shareholders	\$b	900,000
Class "B" Shareholders	"	900,000
Special USAID Credit	"	<u>3,600,000</u>
	\$b	5,400,000
		=====

When the bank was formed the capital structure consisted of two types of shares, class "A", purchased by private local banks and class "B" shares, purchased by private industrialists or investors.

In 1974, in view of the increase of the bank's activities, medium sized mining companies became BISA stockholders as well as certain foreign financial institutions thereby creating another two series of shares, types "C" and "D".

Consequently the corporation's present capital structure consists of four series of shares (A,B,C, and D), with equal voting rights and having the following characteristics.

Series "A" represent capital contributions from private, local bank and financial entities.

Series "B" represent capital contributions from private local entities in the industrial, agro-industrial and private investment activities in the country.

Series "C" shares represent capital contributions from

international organizations, foreign investors and foreign financial institutions.

Series "D" shares represent capital contributions from private local entities from the mining sectors.

A summary of the capital structure indicating number of shareholders and shares issued, by series is listed as follows:

12 Series "A" Shareholders with	345,403 shares	24.91%
246 Series "B" " "	290,881 "	20.98%
5 Series "C" " "	605,386 "	43.65%
17 Series "D" " "	<u>145,054</u> "	<u>10.46%</u>
	1,386,724	100.00%
100.00%	=====	=====

Also enclosed (Appendix 17) is a detail of BISA shareholders as of December 31, 1982.

According to present statutes, Foreign Shareholders of the Series "C" cannot own more than 49 percent of total paid in capital. Upon the issuing of new shares, Series "C" shareholders may only acquire shares as long as their participation does not exceed the indicated proportion.

Authorized capital of the Banco Industrial was \$b 180,000,000 as of December 31, 1982 (equivalent to US\$ 918,367). The BISA Extraordinary Shareholders Meeting held on November 2, 1982, however, voted to increase the authorized capital to \$b 2,500,000,000 (equivalent to US\$ 12,755,102) and paid in capital to \$b 1,250,000,000 (equivalent to US\$ 6,377,551). An application has been submitted to the Central Bank of Bolivia for authorization to increase authorized capital.

The composition of BISA's capital structure during the past three years has been as follows:

	(\$b pesos)		
	<u>1982</u>	<u>1981</u>	<u>1980</u>
Paid-in-capital	138,672,400	119,855,600	78,875,400
Revaluation Capital Gain	2,240,158	2,240,158	2,240,158
Shares not issued	<u>1,220,804</u>	<u>982,635</u>	<u>720,000</u>
	142,133,362	119,855,600	81,835,558

6. BISA AND THE INDUSTRIAL SECTOR

One other which has had influence on the bank's operations has been the Private Bolivian Industrial Sector represented by the series "B" shares.

The dominant group of shareholders in this sector have been the following:

		<u>of shares</u>	<u>"B"</u>	<u>Total</u>
Co	a Boliviana			
Na	S.A.	65,534	22.5	4.7
M	ras de Algodon			
SA		43,747	15.0	3.2
Ca	cional de			
In	s, La Paz	32,874	11.3	2.4
In	o Venado S.A.	11,972	4.1	0.9
Dr	INTI S.A.	9,899	3.4	0.7
So	Boliviana			
de	o S.A.	9,257	3.2	0.7

in the series "D" shareholders, which represent the
minority, the larger blocks of stock are:

		<u>Number of shares</u>	<u>% of Series "D"</u>	<u>% of Total</u>
Est	Boliviana S.A.	27,053	18.7	2.0
Emp	Minera Unificada	19,159	13.2	1.4
Fer	Minés Consolidated	18,127	12.5	1.3
In	onal Mining Co.	16,726	11.5	1.2
Emp	Minera Atoroma Ltda.	12,943	8.9	0.9
Cis	era del Sur S.A.	11,554	8.0	0.8

During the last five years, the following individuals representing stock of the "B" and "D" series have held positions as Directors, both on the Board of Directores and on the Executive Committee:

1979 - BOARD OF DIRECTORS.

Jose Luis Johnson	- President, Cerveceria Boliviana Nacional
Felix Ballivian Calderon	- President, MASA
Guillermo Gutierrez Vea Murguía	- President of "ESTALSA"
Marcelo Zalles Barriga	- Finance Manager of "EMUSA"
Gonzalo Sanchez de Lozada	- President, COMSUR

EXECUTIVE COMMITTEE.

Jose Luis Johnson	- President, Cerveceria Boliviana Nacional
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1980 - BOARD OF DIRECTORS.

Guillermo Gutierrez Vea Murguía	- President of "ESTALSA"
Félix Ballivián Calderón	- Vice-President of "MASA"
Juan Lorini Saenz	- Director of Cerveceria Boliviana Nacional
Hugo Castellanos Ortiz	- General Manager of Cámara Nacional de Industrias
Jorge Eyzaguirre Durán	- Director of Grupo Minero Cerro Grande Ltda.
Marcelo Zalles Barriga	- Finance Manager, EMUSA

EXECUTIVE COMMITTEE.

Félix Ballivián Calderón	- Vice-President of "MASA"
Marcelo Zalles Barriga	- Finance Manager, EMUSA

1981 - BOARD OF DIRECTORS.

Guillermo Gutierrez Vea Murguía	- President of "ESTALSA"
Juan Lorini Saenz	- Director of Cerveceria Boliviana Nacional.

- | | |
|---------------------------|--|
| Félix Ballivián Calderón | - Vice-President of "MASA" |
| Hugo Castellanos Ortiz | - General Manager of Cámara Nacional de Industrias |
| Jorge Eyzaguirre Durán | - Director of Grupo Minero Cerro Grande Ltda. |
| Mario Mercado Vaca Guzmán | - President of "EMUSA" |

EXECUTIVE COMMITTEE.

- | | |
|------------------------|---|
| Juan Lorini Saenz | -- Director of Cervecería Boliviana Nacional |
| Jorge Eyzaguirre Durán | - Director of Grupo Minero Cerro Grande Ltda. |

1982 - BOARD OF DIRECTORS.

- | | |
|---------------------------------|--|
| Guillermo Gutierrez Vea Murguía | - President of "ESTALSA" |
| Juan Lorini Saenz | - General Manager of "FLEXI-PLAST" |
| Hugo Castellanos Ortiz | - General Manager of Cámara Nacional de Industrias |
| Jorge Eyzaguirre Durán | - Director of Grupo Minero Cerro Grande Ltda. |
| Marcelo Zalles Barriga | - Finance Manager of "EMUSA" |

EXECUTIVE COMMITTEE.

- | | |
|---------------------------------|------------------------------------|
| Guillermo Gutierrez Vea Murguía | - President of "ESTALSA" |
| Juan Lorini Saenz | - General Manager of "FLEXI-PLAST" |

1983 - BOARD OF DIRECTORS.

- | | |
|---------------------------------|--|
| Guillermo Gutierrez Vea Murguía | - President of "ESTALSA" |
| Carlos Dorado Chopitea | - General Manager of Cervecería Boliviana Nacional |
| Juan Lorini Saenz | - General Manager of "FLEXI-PLAST" |

Emilio Ascarrunz Pacheco	- Executive Vice-President of "MASA"
Jorge Eyzaguirre Durán	- Director of Grupo Minero Cerro Grande Ltda.
Marcelo Zalles Barriga	- Finance Manager of "EMUSA"

EXECUTIVE COMMITTEE.

Guillermo Gutierrez Vea Murguía	- President of "ESTALSA"
Carlos Dorado Chopitea	- General Manager of Cerveceria Boliviana Nacional

It can be seen from the above breakdown that there have been six shareholding companies (Cerveceria Boliviana Nacional, MASA, Estalsa, Emusa, Grupo Minero Cerro Grande and Flexiplast) which have had predominant participation in the leadership of BISA.

The degree of influence of each director from the various shareholding companies in the credit approval process may somehow be measured by the number of loans approved in favor of the companies these individuals represented. A listing of such credit transactions can be found in Appendix 18.

7. BISA AND THE BANKING SECTOR.

The following local banks own stock in BISA:

- Banco Boliviano Americano
- Banco de Cochabamba
- Banco de Crédito Oruro
- Banco de Financiamiento Industrial S.A.
- Banco de La Paz
- Banco Industrial y Ganadero del Beni S.A.
- Banco Hipotecario Nacional
- Banco Mercantil
- Banco Nacional de Bolivia
- Banco Potosí S.A.
- Banco de Santa Cruz de la Sierra
- Banco de la Nación Argentina
- Bank of America
- Banco Popular del Perú

Participation of the various banks in BISA's operating policies has been exerted exclusively through their representatives at the Shareholder's Meetings, on the Board of Directors and on the Executive Committee.

In Ordinary Shareholder's Meetings, participation of bank representatives and all shareholders in general is relatively passive, since in this type of meeting the matters discussed are

defined by the Commerce Code, e.g. Annual Report, Balance Sheet and Profit and Loss Statements; matters that have already been analyzed and approved by the BISA Board of Directors. Hence such matters are more for the information of the shareholders. At extraordinary meetings only specific points are discussed, therefore shareholders participation is also passive.

On the other hand the BISA Board of Directors is formed by 12 members, in which private local banks and financial institutions have the right to only three representatives with voting powers. The Shareholding structure of BISA allows the banking sector only limited influence on the decisions of the Board. Similarly, the Executive Committee is formed by the President of the Board and three of its members, one of which is a representative of the national banks and, since his influence is limited at the Board, he has only one vote.

Over the past four years, the various members of the board belonging to the bank shareholding group, have been the following:

1979.

Board of Directors.

Javier Zuazo Chavez	- Vice President, Banco Mercantil
Jorge Tamayo Ramos	- General Manager, Banco Hipotecario.
Bernardo Fleschler	- Vice President, Banco Boliviano Americano

Executive Committee.

Javier Zuazo Chavez	- Vice President, Banco Mercantil
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1980.

Board of Directors.

Executive Committee.

Javier Zuazo Chavez	- Vice President, Banco Mercantil
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1980.

Board of Directors.

Fernando Bedoya B.	- President, Banco Nacional de Bolivia
Jorge Tamayo Ramos	- General Manager, Banco Hipotecario
Bernardo Fleschler	- Vice President, Banco Boliviano Americano

Executive Committee.

Fernando Bedoya B. - President, Banco Nacional de Bolivia

1981.

Board of Directors.

Fernando Bedoya B. - President, Banco Nacional de Bolivia
 Jorge Valdéz A. - Commercial Vice President, Banco Boliviano Americano
 Javier Zuazo Chavez - President, Banco Mercantil

Executive Committee.

Fernando Bedoya B. - President, Banco Nacional de Bolivia

1982.

Board of Directors.

Javier Zuazo Chavez - President, Banco Mercantil
 Hector Ormachuca P. - General Manager, Banco Nacional (until 9/30/82)
 Jorge Harriague C. - General Assistant Manager, Banco Nacional (until 10/1/82)
 Kathryn H. Brault - General Manager, Banco Hipotecario (until 9/30/82)
 Alfredo Moscoso V. - Credit Manager, Banco Hipotecario (until 10/1/82)

Executive Committee

Javier Zuazo Chavez - President, Banco Mercantil

1983.

Board of Directors.

Jorge Valdez A. - Commercial Vice President, Banco Boliviano Americano
 Javier Zuazo Ch. - President, Banco Mercantil
 Roberto Capriles G. - Vice President, Banco Hipotecario

Executive Committee.

Jorge Valdez A. - Commercial Vice President, Banco Boliviano Americano

As can be seen, in recent years, participation of the local banks on the Board and Executive Committee of BISA has been mostly in the hands of the four local banks: (Banco Nacional,

Hipotecario, Mercantil and Boliviano Americano) which own a higher percentage of Type A shares.

It was possible to establish that the general opinion of the officers of BISA is that the Board members, who represent local banks have not had decisive influence on operating activities of BISA and, on the contrary, the bank representatives on the Executive Committee have been the most conservative regarding the credit approvals, particularly on issues such as collateral and credit risk.

On the other hand, it has been established that loans granted to companies in which Board members representing local banks have some type of share participation, have always been granted in accordance with the general standards and within the credit policy of BISA, complying always with the corresponding regulations (see Appendix 19).

8. THE HIPOTECARIO/BOLIVIANO AMERICANO TAKEOVER

During the first nine months of 1983, capital composition did not undergo any changes. However, during the past few weeks, the sale of the shares of ADELA Investment Company S.A. to a group of private investors was completed. Several interviews were held with the new stockholders to learn of their new plans and programs which they intend to implement as part of the new policy for BISA. In this respect they have submitted the following criteria:

a. To strengthen BISA through an administrative restructuring. Planned changes at the executive level: 1) Replacement of the General Manager and 2) creation of three Managerial divisions under the General Manager: Credit, Finance and Administration.

b. To seek greater autonomy for the Santa Cruz and Cochabamba branch offices.

c. To improve BISA's credit policy, placing greater emphasis on the agroindustrial, agricultural, artisan and export sectors. Creation of an Industrial Park in La Paz.

d. To seek larger stockholder participation in the bank's activities, particularly from the IFC.

e. To investigate the possibilities of capturing internal resources through the issuance of bonds. To follow a growth policy by reinvestment of earnings and the sale of capital shares.

f. To establish a better relationship with the local commercial banks.

We have been informed that within the group participating in the purchase of the ADELA shares, the following companies are

involved:

- ESTALSA
- BANCO HIPOTECARIO NACIONAL
- BANCO BOLIVIANO AMERICANO
- LA CHONTA
- INGENIEROS CIVILES (ICE)
- INBO
- CONCERTEC
- ADOLFO LINARES Y ASOCIADOS
- EXPOBOL
- DERKSEN LTDA.
- BEAR, STEARNS & CO.

In the above list La Chonta is part of the same shareholder group as Banco Boliviano Americano. The rest of the names on the list are shareholders and together have controlling interest in the Banco Hipotecario Nacional. In addition, some relationship exists with Bear, Stearns & Co., an investment bank, by which the bank will appear as a shareholder of series "C" shares and therefore be eligible for an additional directorship.

Although the new shareholders have indicated that the 20% was purchased by individual groups to avoid having any one company control the bank, the purchase has, in effect, established by a single group, especially when the other shares owned by these companies are added to the 20% purchased.

Finally, they indicated that they are greatly interested in USAID channelling its funds through BISA and the bank would be willing to accept any proposal from USAID to create a control system for the handling of these funds.

9. BISA'S FIXED ASSETS

Banco Industrial S.A. has the following office space:

La Paz	Main Office Avenida 16 de Julio NO. 1628
Santa Cruz	Regional Office (Branch) Calle 24 de Septiembre No. 178 (Linale & Weiss Building)
Cochabamba	Representing Office Calle Jordan (So. piso, Banco Boliviano Americano Building)
Tarija	Representing Office (closed down in 1979)

In the city of La Paz BISA owns a twelve story building located in one of the best commercial areas in the city, where the bank now owns ten stories. The bank has three floors (10, 11th and 12th) and the other 7 floors are rented; five to USAID

(1st, 2nd, 3rd, 6th and 9th) and the other two to the Embassy of France (7th and 8th).

The other two floors were sold to the Inter-American Development Bank. Additionally, BISA sold the first and second basements, the street floor, and the mezzanine to the Banco Hipotecario Nacional.

In general, all the furniture of the Bank's offices in La Paz are quite luxurious and were directly imported from the United States. The bank was decorated by a professional interior decorator.

In Cochabamba the bank proceeded to purchase one floor (370 square meters) in the Banco Boliviano Americano building. At present they have a staff of five persons: the Representative, a Lawyer, an Engineer in Residence, one Secretary and a Messenger.

In Santa Cruz, BISA has rented office space of about 250 square meters located one block from the Main Square of the city. This branch office has a 7 person staff: Manager, General Advisor, Accountant, Technician, Auxiliary, Secretary and Messenger. The furniture in this office belongs to the bank.

It is also worth mentioning that the bank will soon open a representative office in Sucre, where it will commence activities similar to the ones in Cochabamba.

The facilities owned by the Bank adequately fulfill all its needs for performing its functions. It is clear that BANDAR could easily be lodged between the existing BISA facilities if necessary.

10. BISA'S MANAGERIAL STRUCTURE

The organizational structure of BISA, based on the organization chart submitted as Appendix 20 is the following:

General Shareholders' Meeting

The General Shareholders Meeting is the maximum authority and decision making body of the corporation. Generally, this body approves the corporation's financial statements and other general corporate issues.

Board of Directors

The General Shareholders Meeting elects a Board with 12 members as office holders and an equal number of substitutes. This Board consists of three representatives of each series of shares. The Board is empowered to represent the Bank, to fulfill legal and statutory provisions, accords and resolutions of the General Shareholders Meetings in addition to outlining and defining general policies of the Bank.

No shareholder may have more than one representative as a member of the Board.

In order to be a member of the Board on behalf of any series, it is necessary to be owner of at least ten paid up shares of the corresponding series.

Members of the Board are elected for one year and may be reelected.

Board resolutions are decided upon by simple majority corresponding to one vote for each member. The President will cast the deciding vote in case of a tie.

The Board will meet once a month and extraordinary meetings may be called as many times as the president desires.

The quorum for a Board meeting will be formed by one half plus one of its members including the President.

At the Ordinary Shareholders Meeting held on June 21, 1983 the present Board of Directors of BISA was elected:

TITLE HOLDERS.

Guillermo Gutierrez V.M.	-	President
Carlos Dorado Chopitea	-	1st Vice-President
Jorge Valdéz Afnez	-	2nd Vice-President
Javier Zuazo Chavez	-	Director
Roberto Capriles G.	-	Director
Juan Lorini Saenz	-	Director
Emilio Ascarrunz Pacheco	-	Director
Georg Schorpp	-	Director
Daniel F. Adams	-	Director
Frank Hixson	-	Director
Jorge Eyzaguirre Durán	-	Director
Marcelo Zellos Barriga	-	Director
Alberto Valdéz	-	Trustee (Sindico)

ALTERNATE DIRECTORS.

Franz Vega Hoye	-	Director
Carlos Romero Cayero	-	Director
Ramiro Moreno B.	-	Director
Emilio Unzueta Z.	-	Director

Alfredo Moscoso V.	- Director
Marcelo Montero	- Director
Ramiro Montes Saenz	- Director
Ernst Otto Gelfert	- Director
Xavier L. Simón	- Director
Fernando Illanes	- Director
Pedro G. España S.	- Director
Alberto Alandia B.	- Director
Hans Elsner	- Trustee (Sindico)

Executive Committee

The Board elects an Executive Committee formed by the President of the Board and three members that are chosen from each series of stockholders, so that the Executive Committee will always have representatives from each of the four groups of stockholders.

The General Manager of the institution is also a regular member of the Executive Committee, with voice and voting rights.

The members of the Board of each series will designate, among its members, the corresponding alternate members.

If necessary and at the request of the General Manager, the Credit Manager and/or the Administrative Financial Manager will also attend, with voice but without voting rights.

The Executive Committee meets at least twice a month and is in charge of directing and controlling the activities of the institution and, in general, of approving credit transactions. Decisions are made by simple majority and each Director has one vote. The President of the Board casts the deciding vote in case of a tie.

The present composition of the Executive Committee is the following:

TITLE HOLDERS.

Guillermo Gutierrez V.M.	- President
Carlos Dorado Chopitea	- 1st Vicepresident
Jorge Valdéz Añez	- 2nd Vicepresident
Frank Hixson	- Director

ALTERNATE MEMBERS.

Roberto Capriles Gutierrez	- Director
Juan Lorini Saenz	- Director
Jorge Eyzaguirre Durán	- Director
Fernando Illanes	- Director

It is important to mention that in September, 1983 the Board President and Executive Committee President, Mr. Guillermo Gutierrez V.M. passed away and Mr. Carlos Dorado Chopitea took

over the Presidency.

General Management

The General Manager is in charge of the executive administration of the Bank. He has signing powers and representation of BISA, according to the powers bestowed on him by the Board. He is a permanent member of the Executive Committee reporting to the corporation and third parties for fulfillment of his duties.

The present General Manager is Mr. Jorge López Pacheco, who has held this office since 1969 and has been connected with BISA since its organization, having held the titles of Sub-manager and Administrative Manager previously.

Credit Department

The management of the Credit Department has been in the hands of the assistant manager Mr. Felipe Sillerico Baptista since 1981.

The Credit Department reports directly to the General Manager and has under its direct responsibility, the following tasks:

1. Identify and promote projects.
2. Project assessment and analysis.
3. Internal processing of loan applications.
4. Negotiations of credits with possible borrowers.
5. Administration of loans and supervision of projects.
6. Evaluation of projects financed by the bank.

The Credit Department is divided into two units: 1) Credit Operations and 2) Regional Office in Santa Cruz.

The Credit Department has the following dependent divisions:

1. Division of Industrial Projects.
2. Division of Mining Projects.
3. Division of Administration and Supervision.
4. Economic Division
5. Small Industry and Artisanry Division.

The Santa Cruz Agency also has a technical division composed of specialists in charge of promotion, evaluation, supervision of

projects, and an accounting and administrative unit.

The Credit Department has not had a manager since November, 1981.

Financial Administrative Department

The financial-Administrative Department has the following principal functions:

1. Administration of the bank's financial resources.
2. Control of funds availability.
3. Preparation and control of budgets.
4. Cash Flow.
5. Relations with foreign correspondent banks and international financial institutions.
6. Relations with private and public local banks.
7. General accounting of the Bank.
8. All administrative aspects.

The Financial Administrative Department is divided into the following units:

1. Treasury and Accounting Division.
2. Legal Division.

The present Financial-Administrative Manager is Mr. Fernando Torres Saravia, who has held the position since January, 1981.

Internal and permanent auditing of the corporation is performed by a Trustee (sindico) and an alternate official who are elected at the General Shareholders Meeting.

Personnel

BISA presently has a staff of 28 employees at the Main Office in La Paz, 12 of whom have professional degrees.

The Credit Department has nine employees, 5 of whom have professional degrees.

The four divisions of the Financial-Administrative Department have a staff of eight persons. The four divisions are: Accounting, Legal, Treasury and Foreign Trade.

Miss Sonia Mendez Padilla, economist, is in charge of

internal auditing. The position was created in June 1982.

The Santa Cruz office has a 5 person staff and the Cochabamba office has a staff of four persons.

The payroll of BISA is competitive when compared with local banks' payroll as can be seen below:

		<u>BISA</u>	<u>LOCAL BANKS</u>	
			<u>H i g h</u>	<u>L o w</u>
General Accountant	\$b	96,000	80,000	70,800
Credit Official	"	70,000	120,000	55,800
Executive Secretary	"	33,000	32,500	30,000
Messenger	"	30,000	32,500	25,000

As mentioned earlier, at most local banks, salaries at executive levels are established in two portions: payments through the payroll and payments through systems outside the payroll.

Personnel evaluations for salary increases are basically regulated by agreements between the union and the Administration of the bank.

In the case of across the board salary increases, presentation for approval is made by the General Manager to the Executive Committee.

With regard to decision-making levels at BISA, the structure is totally vertical. It is the General Manager who approves and makes most of the decisions on all matters in BISA. Some of the following examples of managerial style illustrate this vertical form of management:

- a. General correspondence of the Institution is delivered by the Messenger to the General Manager, who opens and distributes such correspondence to the various sections of the Bank with instructions for action.
- b. Accounting vouchers originating in the Accounting Department are in some cases reviewed and initialled by the General Manager.
- c. Many checks issued for operating expenses of the Bank are signed by the General Manager.
- d. Authorization notes for the Bank's personnel annual leave are, in some instances, signed by the General Manager.
- e. All payment orders are issued and controlled by the General Manager's Secretary and in some instances, approved by the General Manager.

- f. A good portion of the correspondence addressed to borrowers in connection with their loans is signed by the General Manager.
- g. Most of the correspondence with foreign correspondent banks is handled and controlled by the General Manager.
- h. All monthly financial statements and economic reports are signed by the Accountant and the General Manager.
- i. All loan contracts, testimonies and legal documents are signed by the General Manager.

In other words, delegation of functions at the bank is extremely limited; autonomy of each Manager is limited and controlled by the General Manager and, therefore, the lower echelon structures are also limited.

Based on the analysis performed at the bank one can conclude that the operational structure of BISA is adequate, in theory, but due to the self-centered personality of the General Manager, people from other levels have not been permitted to assume responsibilities and neither has he delegated functions contemplated in the work descriptions of each of the positions on the organizational chart of the Bank.

Internal Control

Starting June 1, 1982, the position of Internal Auditor was created and the position was filled by Miss Sonia Mendez Padilla, who had been working in the Financial Economic Division since April, 1981. It is apparent that the scope of her functions is adequate to monitor the bank's management and procedures.

In relation to internal control mechanisms, the Bank has developed in some sectors extremely efficient operating manuals, such as those dealing with the credit approval system and credit administration. On the other hand, even though some sections lack operating manuals, these have been replaced by ad hoc procedures that have become efficient tools with time and use.

Disbursement Procedures

Most disbursements to the various BISA borrowers, when done from IDB or World Bank funds are made directly by the International Organization to the borrower, except when part of the IDB revolving fund or BISA's own resources are used for later reimbursement by the World Bank.

In cases where foreign commercial bank funds are used, disbursements come directly to BISA's account, for later disbursement to the borrower. In some specific cases, BISA requests that the foreign bank make a direct disbursement either

to suppliers or to the account of the Borrower.

For disbursement procedures, the bank possesses a system through which a form called Disbursement Authorization is used. This form is filled out upon receipt of a disbursement request from the borrower. In it, the various steps that must be followed are specified and the conditions precedent for disbursement are listed. When the conditions precedent have been met disbursement is then made by the Treasury Division.

With regard to the internal control system for repayment of BISA's obligations with several financial institutions abroad, the Treasurer of the bank is the person in charge of control of these operations. He prepares the Foreign Exchange request to the Exchange Policy Commission based on the loan records. Once such request is approved, BISA proceeds to deposit the Bolivian currency funds in the "Reserve Requirement" account of the Central Bank of Bolivia, as required to cover the purchase of the foreign currency funds.

The system utilized by BISA for the handling of funds required to cover operating costs is relatively efficient. The procedure requires participation of several persons belonging to different sections of the Bank.

The request called "Purchase or Payment Order" is initially presented to the Secretary of the General Manager of the Bank who proceeds to fill out a form and registers the order. The purchase order is then approved by the respective department head, depending on the type of expenditure, and then sent to the Treasury Division for payment and accounting.

Concerning the budget, it should be mentioned that there is no budgetary control system nor any systems related to this aspect.

11. PREDOMINANT ATTITUDES OF PRIVATE SECTOR BUSINESS TOWARD BISA.

A survey was conducted wherein a relatively large number of BISA clients users (see Annex 1), were interviewed. The following comments related to the operating systems of BISA and, in general, specific opinions of regarding the institution were obtained:

- a. Credit requests submitted to the Loan Department take too long before the final decision is conveyed to the potential borrower.
- b. Project evaluation requires excessive time and the impression is given that the operating system within the institution is extremely slow and burdensome. Some clients state that even with project evaluation completed, the final decision for credit disbursement

still takes too long.

- c. In some instances, clients complain that due to the pressing need for the money they have to resort to commercial banks and not use BISA in spite of the fact that the financial costs and repayment terms are less advantageous than those of BISA.
- d. For some projects, borrowers were forced to resort to bridge financing in the hope that BISA would reimburse such credits afterwards, once their credit request had been approved.
- e. Approval and disbursement of credits takes as long as 3 to 9 months.
- f. BISA's demands concerning collateral are excessive. Some borrowers stated that BISA had demanded collateral in the ratio of three to one for some loans.
- g. Financial margins are too high. In some cases, the borrower's contribution was required to be at least 40% of the total cost of the project.
- h. Concerning amortization terms, the different borrowers consulted indicated that the terms are in agreement with the needs of the project. Such terms fluctuate between 3 to 10 years for investment capital loans and 1 to 3 years for working capital loans. In some cases, a grace period is included.
- i. In general, there is a somewhat negative opinion about BISA concerning its system of granting credit. Most borrowers consulted state that BISA is extremely conservative, with an excessively vertical administration since most decisions are made by a single person, the General Manager.
- j. Finally, they conclude that BISA has failed to perform its assigned role as an industrial development bank inasmuch as they have not taken advantage of the opportunities offered by the Government in allowing it to be the only bank approved to channel soft loans from international organizations. BISA has not made full use of the facilities granted by the ILAs.

12. SUMMARY

In summary, it is apparent that BISA is a healthy, albeit unimaginative and conservative bank. Lethargic but cautious management is about to be replaced with aggressive and ambitious new blood. This radical change in leadership promises to shake up an institution that has coasted on its reputation for the past several years. Its future, under the new Hipotecario/Boliviano Americano leadership is an unknown. In terms of the BANCAR

project, BISA, as it stands today, is capable of adequately providing a home for the rediscount entity which is the subject of this project. Whether AID and the other ILAs can control BISA and the Hipotecario/Boliviano Americano Group, in the long run, is difficult to ascertain at this time.

FIRST NATIONAL BANK OF BOSTON

NAME: Banco Industrial S.A.

COUNTRY: La Paz, Bolivia

CURRENCY: Pesos Bolivianos IN THOUSANDS

DATE:	1980	1981	1982	6/1983
1. RATIOS - %				
2. Cash (12) / Current Liabilities (40)	17.5%	17.4%	15.0%	19.7%
3. Loans (22) / Deposits (30) - Funding (32)	30.0%	40.5%	34.7%	38.0%
4. Loans (22) / Current Liabilities (40)	55.6%	40.7%	34.7%	30.6%
5. Capital Funds (51) / Deposits (35)				
6. Ratio of N/PICG / To Capital (47)	22.2%	16.4%	73.5%	
7. Ratio of N/PICG / To Capital Funds (51)	12.8%	12.5%	10.1%	
8. ASSETS (Rate to \$)				
9. Cash & Central Bank	11,159	6,365	17,163	23,102
10. Due From Banks (DMD/Call)	6,669	15,632	3,254	55,456
11. <i>Due From Banks - Foreign</i>	10,310	95,330	6,233,359	87,2532
12. Total Cash & Banks (9-11)	120,939	121,330	649,256	1002,120
13. Gov't Obligations				
14. Items in Collection	3,446	3,229		
15. <i>Other Accounts Receivable</i>	34,057	56,651	473,570	651,020
16.				
17. Doubtful Assets				
18. Commercial Loans	612,641	633,191	4,228,746	4,073,978
19. Exchange Loans				
20.				
21.				
22. Total Loans (17-21)	612,641	633,191	4,228,746	4,073,978
23. Other Investments & Participations	12,320	13,683	154,319	151,251
24.				
25. Bank Premises & Equip (including Rental)	75,461	62,120	629,453	688,421
26. Interbranch Accounts	488	13,293		
27. Other Assets	9,058	11,253	174,857	501,919
28. TOTAL ASSETS	816,317	915,920	6,399,451	7,065,258
29. LIABILITIES & CAPITAL ACCOUNTS				
30. Demand Deposits / Current Accounts				
31. Time Deposits	22	863	3,112	778
32. Due to Banks				
33.				
34.				
35. Total Deposits (30-34)	22	863	3,112	778
36. Borrowed Funds	650,351	645,764	4,856,562	4,980,779
37. Red accounts	41,271	51,454	136,713	11,126
38. Total Funding	692,122	697,218	4,993,275	5,092,905
39.				
40. Total Current Liabilities (35-39)	692,144	698,751	4,996,387	5,093,703
41.				
42. Sundry Liabilities	33,470	47,862	377,608	543,957
43. Interbranch Accounts				
44. Reserves	4,528	5,779	19,907	
45. Total Liabilities (40-44)	730,142	752,412	5,400,696	6,057,110
46. <i>Revaluation of Assets</i>			732,753	732,166
47. Capital Stock (Paid in)	31,536	123,648	142,130	291,913
48. Reserve for Contingencies	5,863	5,863	5,863	5,863
49. Other Reserves and Provisions	110,948	15,560	56,223	23,762
50. Profit / Loss to credit (after tax pro.)	12,533	14,007	61,612	27,123
51. Total Capital Accounts (46-50)	141,280	161,508	227,735	1,028,168
52. TOTAL LIABILITIES & CAPITAL ACCOUNTS	876,367	915,920	6,317,451	7,065,258
53. Contingent Liabilities	29,251	30,661	30,304	67,417
54. Capital & Capital				

Best Available Document

DATE:		1980	1981	1982	6/1983
55.	PRFIT/LOSS/ACCOUNT (Rate to \$)				
56.	Operating Revenue (Gross Income)	101 431	111 524	655 760	380 006
57.	Operating Expenses (-)	84 961	89 415	427 245	375 279
58.					
59.	Net Operating Earnings	16 520	27 109	231 715	4 727
60.	Other Income (+)	21 100	8 671	66 206	41 166
61.	Other Expenses (-)	16 731	12 572	178 437	15 770
62.					
63.	Profit Before Taxes	20 889	23 208	119 484	27 123
64.	Income Tax (-)	5 75	677	3 226	
65.	Shareholder Fund	2 689	2 773	11 308	
66.	Net Profit	18 197	20 278	104 740	
67.	P/L Balance Forwarded (SO) (+)	13 716	12 553	14 007	
68.	Total	33 038	32 861	118 317	
69.	Dividends (Paid / Proposed) (-)				
70.	Transfer to Reserves (-)	17 503	18 854	36 699	
71.	Other Appropriations (-)				
72.	Funds to be Remitted (-)				
73.					
74.	Balance to P/L (SO)	12 583	14 007	61 613	

MEMORANDUM

cc Boston

R. de Janeiro

BBI-New York

BBI-Luxembourg

Nassau

London

FIRST NATIONAL BANK OF BOSTON

NAME: Banco Industrial S.A.

COUNTRY: La Paz Bolivia

CURRENCY: US \$

IN THOUSANDS

DATE:	1980	1981	1982	1982
	(29.11)	(31.11)	(1.16)	(300)
1. RATIOS - %				
2. Cash (12) / Current Liabilities (40)	17.5%	17.5%	12.9%	12.9%
3. Loans (22) / Deposits (30) Funding (38)	88.6%	90.8%	89.7%	89.7%
4. Loans (22) / Current Liabilities (40)	88.5%	90.6%	89.6%	89.6%
5. Capital Funds (51) / Deposits (35)				
6. Rate of N/P (CG) / To Capital (47)	27.2%	16.4%	13.5%	73.2%
7. Rate of N/P (CG) / To Capital Funds (51)	12.8%	12.5%	10.4%	16.4%
8. ASSETS (Rate to \$)				
9. Cash & Central Bank	455	280	70	59
10. Due From Banks (EMD/Call)	277	639	17	11
11. Due From Banks - Foreign	4 203	4 034	3 206	2 094
12. Total Cash & Banks (9-11)	4 934	4 952	3 513	2 164
13. Govt. Obligations				
14. Items in Collection	344	160		
15. Other Accounts Receivable	1 389	2 287	2 416	1 579
16.				
17. Doubtful Assets				
18. Commercial Loans	24 996	25 534	21 575	14 096
19. Exchange Loans				
20.				
21.				
22. Total Loans (17-21)	24 996	25 831	21 575	14 0
23. Other Investments & Participations	625	559	787	5
24.				
25. Park Premises & Equip (including Royal)	3 079	2 535	3 537	213
26. Interbranch Accounts	19	563		
27. Other Assets	369	450	490	647
28. TOTAL ASSETS	38 755	37 369	32 650	21 332
29. LIABILITIES & CAPITAL ACCOUNTS				
30. Demand Deposits / Current Accounts				
31. Time Deposits	1	35	16	10
32. Due to Banks				
33.				
34.				
35. Total Deposits (30-34)	1	35	16	10
36. Borrowed Funds	26 554	26 353	24 778	16 189
37. Red-accounts	1 634	2 121	697	456
38. Total Funding	28 238	28 474	25 475	16 645
39.				
40. Total Current Liabilities (35-39)	28 239	28 509	25 471	16 650
41.				
42. Sundry Liabilities	1 570	2 034	1 922	1 259
43. Interbranch Accounts			31	22
44. Reserves	134	237	102	67
45. Total Liabilities (42-44)	29 943	30 780	27 554	18 000
46. Revaluation of Assets			3 740	2 440
47. Capital (Res. (Paid in))	3 332	5 022	725	474
48. Reserve for Cont. Increase	239	239	30	20
49. Other Reserves and Depreciation	1 671	1 757	257	187
50. Profit / Loss (Balance After Appro.)	513	571	314	205
51. Total Capital / Accounts (45-50)	5 762	7 589	5 096	3 329
52. TOTAL LIABILITIES & CAPITAL ACCOUNTS	35 705	38 369	32 650	21 332
53. Contingent Liabilities	1 193	2 189	410	260

DATE:		1980	1981	1982	1982
55.	PR. IT/LOSS/ACCOUNT (Rate to \$)				
56.	Operating Revenue (Gross Income)	4 140	4 352	3 360	3 196
57.	Operating Expenses (-)	3 466	3 194	2 180	1 424
58.					
59.	Net Operating Earnings	624	1 106	1 180	772
60.	Other Income (+)	361	325	332	221
61.	Other Expenses (-)	635	313	210	395
62.					
63.	Profit Before Taxes	350	798	610	398
64.	Income Tax (-)	24	26	16	11
65.	Employee Fund	35	75	61	40
65.	Net Profit	301	707	533	347
67.	P/L Balance Forwarded (50) (+)	555	512	431	47
68.	Total	1 359	1 240	604	394
69.	Dividends (Paid/Proposed) (-)				
70.	Transfer to Reserves (-)	276	269	210	187
71.	Other Appropriations (-)				
72.	Profits to be Limited (-)				
73.					
74.	Balance to P/L (50)	513	541	314	205

MEMORANDUM

cc Boston
 R. de Janeiro
 BBI-New York
 BBI-Luxembourg
 Nassau
 London

APPENDIX 2

Ratios

	1980	1981	1982
<u>Capital</u>			
Capital Funds/Total Liabilities	19.3%	21.4%	18.5%
<u>Liabilities</u>			
Cash and Banks/Total Liabilities	16.5%	16.1%	12.1%
Cash and Banks/Current Liabilities	17.5%	17.4%	13.0%
<u>Banking Assets</u>			
Total Loans/Current Liabilities	88.6%	90.7%	84.7%
Total Banking Assets/Total Liabilities	105.6%	108.0%	99.1%
<u>Fixed Assets</u>			
Fixed Assets/Capital Funds	53.5%	33.5%	70.1%
<u>Earnings</u>			
Net Profit/Capital Funds	12.8%	12.5%	10.4%
Net Profit/Capital	22.2%	16.4%	73.3%
<u>Leverage</u>			
Current Liabilities/Capital Funds	4.9/1	4.3/1	5.0/1
Total Liabilities/Capital Funds	5.2/1	4.6/1	5.4/1
Contingent Liabilities/Capital Funds	.2/1	.3/1	.08/1

APPENDIX 2

<u>A S S E T S</u>	\$b	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>6/1983</u>
Cash and Banks		129,380,284	125,308,765	649,285,965	1,002,119,721
Loans - net		612,640,940	633,190,666	4,228,745,789	4,073,477,947
Other Accounts Receivable		34,056,595	56,050,759	473,589,803	651,019,686
Investments - net		15,320,195	13,683,340	154,318,944	151,297,044
Fixed Assets - net		77,609,594	66,544,544	809,303,147	795,243,943
Deferred Expenses		6,410,282	6,778,737	83,031,611	---
Other Assets		948,711	14,362,733	1,205,624	392,099,961
T O T A L		876,366,601	915,919,544	6,399,490,883	7,065,258,302

A S S E T S

US\$

	<u>1980</u> (24.51)	<u>1981</u> (24.51)	<u>1982</u> (196)	<u>1982</u> (300)	<u>6/1983</u> (196)	<u>6/1983</u> (470)
Cash and Banks	5,278,673	5,112,557	3,312,683	2,164,287	5,112,856	2,132,170
Loans-net	24,995,550	25,833,973	21,575,234	14,095,819	20,783,051	8,666,974
Other Accounts Receivable	1,389,498	2,286,853	2,416,275	1,578,633	3,321,529	1,385,148
Investments - net	625,059	558,276	787,342	514,396	771,924	321,909
Fixed Assets - net	3,166,446	2,714,936	4,129,098	2,697,677	4,057,367	1,692,008
Deferred Expenses	261,538	276,569	423,630	276,772	---	---
Other Assets	32,707	585,994	6,151	4,019	2,000,509	834,255
TOTAL	<u>35,755,471</u>	<u>37,369,218</u>	<u>32,650,413</u>	<u>21,331,603</u>	<u>36,047,236</u>	<u>15,032,464</u>

APPENDIX 2

ASSETS \$b

Cash and Banks

	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>6/1983</u>
Cash	83,742	1,850,314	5,115,499	7,989,646
Due From Banks-Local	6,669,446	15,632,157	3,284,367	85,485,864
Due from Banks- Foreign	103,106,297	98,879,507	628,339,214	893,532,381
Due from Banks- BCB Reserve req.	11,075,224	5,017,691	12,546,885	15,111,830
Checks Outstanding	8,445,575	3,929,096	---	---
	<hr/> 129,380,284	<hr/> 125,308,765	<hr/> 649,285,965	<hr/> 1,002,119,721

A S S E T S US\$

Cash and Banks

	<u>1980</u> (24.51)	<u>1981</u> (24.51)	<u>1982</u> (196)	<u>1982</u> (300)	<u>6/1983</u> (196)	<u>6/1983</u> (470)
Cash	3,417	75,492	26,099	17,052	40,764	16,999
Due from Banks - Local	272,111	637,787	16,757	10,948	436,152	181,885
Due from Banks Foreign	4,206,703	4,034,252	3,205,812	2,094,464	4,558,839	1,901,133
Due from Banks-BCB Reserve Req.	451,865	204,720	64,015	41,823	77,101	32,153
Checks Outstanding	344,577	160,306	---	---	---	---
	<hr/> 5,278,673	5,112,557	3,312,683	2,164,287	5,112,856	2,132,170

A S S E T S \$b

	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>6/1983</u>
Loans				
Current Portfolio:	582,242,626	588,748,181	2,707,511,346	3,067,906,564
Own Funds		26,262,867	14,271,389	15,783,961
Borrowed Funds		562,485,314	2,693,239,957	3,052,122,603
Fast due:	52,620,294	67,017,465	1,686,296,129	1,153,314,084
Simple past due	385,426	---	995,694,449	1,134,796,864
Under Legal Action	52,234,868	67,17,465	690,601,680	18,517,220
Write offs	20	20	21	21
	<hr/> 634,862,940	<hr/> 655,765,666	<hr/> 4,393,807,496	<hr/> 4,221,220,669
Less:				
Provision for Loan Losses	<hr/> 22,222,000	<hr/> 22,575,000	<hr/> 165,061,707	<hr/> 147,742,722
TOTAL	612,640,940	633,190,666	4,228,745,789	4,073,477,947

<u>A S S E T S</u>		\$b			
		<u>1980</u>		<u>1981</u>	
Loan Portfolio					
Current:					
Local Currency			69,839,658		115,625,334
	US\$	19,527,186	478,611,321	US\$	18,414,607
	DM	1,998,201	28,374,448	DM	1,617,326
	Sw.Fr	354,065	5,417,200	Sw.Fr.	336,499
					4,475,441
Fast Due:					
Simple Past Due					
Local Currency					
Foreign "	US\$	15,725	385,426		
Under Legal Action					
Local Currency					
			134,813		10,217,728
Foreign "	US\$	1,741,089	42,674,088	US\$	2,029,679
	DM	663,800	<u>9,425,966</u>	DM	592,631
					<u>7,052,307</u>
T O T A L			634,862,920		655,765,646

A S S E T S \$b

1982

6/1983

Loan Portfolio

Current:

Local Currency			191,246,301		127,646,857
Foreign Currency	US\$	12,400,543	2,430,506,465		2,940,259,707
	DM	790,871	60,050,819		
	Sw.Fr.	52,698	4,640,059		
	SAR	93,522	21,067,701		

Past Due:

Simple past due

Local Currency					70,762,159
Foreign Currency	US\$	8,004,087	1,163,794,224		1,064,034,705
at 145	DM\$	240,078	13,523,017		
Foreign Currency	US\$	2,461,386	482,431,605		
at 196	DM\$	96,300	7,312,059		

Under Legal Action

Local Currency			19,235,225		18,517,220
Foreign Currency			---		---
			<hr/> 4,393,807,475		<hr/> 4,221,220,648

NOTES ON LOAN WRITE OFFS

In 1980 the list of loans written off was as follows:

1. Fábrica de Fideos San Antonio	9.6.67	\$b 29,416.31
2. Oil Recovery S.A.	22.12.70	125,262.13
3. Panadería Victoria	29.6.71	71,500.00
4. Empresa Maderera 24 de Septiembre	29.6.71	95,886.27
5. Midapo Ltda.	29.6.71	37,500.00
6. Pedro Nava Ayala	29.6.71	5,000.00
7. Aserradero Santa Teresita	29.6.71	329,158.32
8. Peladora de Arroz y Molino de Maiz Belén.	28.12.76	12,665.95
9. Empresa Industrial La Florida	29.12.76	44,020.16
10. Panadería Guadalupe	29.12.76	24,601.52
11. Industria Boliviana de Hierro y Acero S.A.	29.12.76	3,599,045.11
12. Explotadora de Mármol y Cal S.A.	29.12.76	190,200.00
13. Fábrica de Dulces y Fideos La Estrella	29.12.76	84,518.55
14. Empresa Editora Lara Claros	19.6.70	3,349.85
15. Industria Boliviana del Hierro y Acero S.A.	29.12.76	158,525.18
16. Explotadora de Mármol y Cal S.A.	29.12.76	920,920.13

Each of the above loans is listed on the books with a residual value of \$b 1.00

In addition to the loans written off, the following interest due has also been written off:

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1. Industria Boliviana de Hierro y Acero S.A.	\$b	273,516.14
2. Aserradero Santa Teresita		6,368.59
3. Industria boliviana del Hierro y Acero S.A.		5,494.49
4. Explotadora de Mármol y Cal S.A.		56,482.03

In 1981 there were no additional entries in this account.

In 1982 the following loan was written off:

17. Fábrica Nacional de Pilas	30.12.82	3,061,505.73
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A S S E T S: \$b

Other Accounts Receivable

	<u>1980</u>	<u>1981</u>	<u>1982</u>
Accrued Interest	21,588,440	44,108,635	323,282,183
Commission	1,695,295	228,595	19,721,272
Investments	155,663	312,257	2,884,557
Various	9,557,020	11,159,697	114,187,986
Petty Cash	627,312	10,000	---
Avals	128,467	39,402	---
Letters of Credit	303,898	191,648	---
Stamps	500	500	---
Returned Checks	---	25	---
Taxes on Buying/Selling Foreign Currency	---	---	544,445
Rent	---	---	12,877,200
Salary Advances	---	---	72,160
Pending Operations	---	---	<u>20,000</u>
TOTAL	<u>34,056,595</u>	<u>56,050,759</u>	<u>473,589,803</u>

ASSETS - US\$

Other Accounts Receivable

	<u>1980</u> (24.51)	<u>1981</u> (24.51)	<u>1982</u>	
			(196)	(300)
Accrued Interest	880.801	1,799.618	1,649.399	1,077.607
Commissions	69.168	9.327	100.619	65.738
Investments	6.351	12.740	14.717	9.615
Various	389.923	455.312	582.592	380.627
Petty Cash	25.594	408	---	---
Avals	5.242	1.608	---	---
Letters of Credit	12.399	7.819	---	---
Stamps	20	20	---	---
Returned Checks	---	1	---	---
Taxes on Buying/Selling Foreign Currency	---	---	2.778	1.815
Rent	---	---	65.700	42.924
Salary Advances	---	---	368	240
Pending Operations	---	---	102	67
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL:	1,389.498	2,286.853	2,416.275	1,578.633

A S S E T S

\$b

	<u>1980</u>	<u>1981</u>	<u>1982</u>
Net Investments			
Compañía de Inversiones Generales Ltda.	8,957,765	6,482,916	104,038,165
Arab Latin American Bank Inc.	4,228,500	4,902,000	39,200,000
Mortgage Bonds	1,286,775	906,870	3,920,000
Other Investments	847,155	1,391,554	7,160,779
	<hr/>		
T O T A L	15,320,195	13,683,340	154,318,944

A S S E T S US\$

	<u>1980</u>	<u>1981</u>	<u>1982</u>	
	(24.51)	(24.51)	(196)	(300)
Net Investments				
Compañía de Inversiones Generales Ltda.	365,474	264,501	530,807	346,794
Arab Latin American Bank Inc.	172,521	200,000	200,000	130,667
Mortgage Bonds	52,500	37,000	20,000	13,066
Other Investments	34,564	56,775	36,535	23,869
	<hr/>			
T O T A L	625,059	558,276	787,342	514,396

A S S E T S \$b

NET INVESTMENTS	<u>1980</u>	<u>1981</u>	<u>1982</u>
Compañía de Inversiones Generales Ltda.	8,957,765.-	6,482,916	104,038,165
Explotadora de Mármol y Cal S.A.	1	1	1
Industria Boliviana de Hierro y Acero S.A.	1	1	1
Arab Latin American Bank Inc.	4,228,500	4,902,000	39,200,000
Mortgage Bonds	1,286,775	906,870	3,920,000
Other:			
Telephone Company	159,466	159,466	159,466
Almacenes Generales de Depósito S.A.	354,400	398,800	1,295,400
Executive Club	40,040	40,040	392,000
Asociación de Bancos Privados de Bolivia.	80,080	80,080	784,000
Bolsa de Valores	20,000	20,000	20,000
Asociación Latinoamericana de Instituciones de Desarrollo	104,167	104,167	104,167
Currency Collection	89,000	89,000	89,000
Mortgage Bonds	-,-	500,000	3,998,370
Paintings	-,-	-,-	318,374
	<hr/>	<hr/>	<hr/>
	15,320,195	13,683,340	154,318,944

NOTES ON INVESTMENTS

1. COMPANÍA DE INVERSIONES GENERALES LTDA.

This company was created in January of 1980 by BISA and its lawyer Fernando Rojas (1 share) and was capitalized by the amount of their outstanding loan of US\$ 800,000.- (\$b 16,320,000 at 20.40) to Sociedad Minera Caballo Blanco in order to attempt to recover their loan. Compañía Minera del Sur was contracted to operate the tin and zinc mine. Added to the original investment of \$b 16,320,000 are legal fees amounting to \$b 179,000. A reserve of \$b 7,541,234.92 was created. In 1981 the reserve was increased to \$b 10,016,084.92 and in 1982 to \$b 14,140,834.92.

In 1982 BISA invested an additional US\$ 1,000,000 or \$b 101,680,000 to develop a second function for this company in the field of leasing.

2. EXPLOTADORA DE MARMOL Y CAL S.A.

When this company ceased its operations, BISA was left with 300 shares and Corporación Boliviana de Fomento, a state-owned entity, took over the land and equipment. Recovery of the value of the shares is therefore impossible.

In 1980 a reserve of \$b 299,999 is shown which is maintained without change through 1982.

3. INDUSTRIA BOLIVIANA DE HIERRO Y ACERO S.A.

This company ceased functioning and BISA was left with 17,500 shares and the first mortgage on the land, plant and equipment. Efforts were made to

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sell the entire factory but to no avail. In 1982 the equipment was sold for approximately US\$ 50,000 and the land of 10,000 square meters with 2,000 square meters of construction will be auctioned off shortly.

A reserve of \$b 2,125,724 is shown in 1980 and maintained without change through 1982.

4. ARAB LATIN AMERICAN BANK INC.

During 1980, 1981 and 1982, 20 shares were purchased of Arlabank, headquartered in Lima, Perú, for a total amount of US\$ 200,000.-

5. MORTGAGE BONDS.

In 1980, BISA held 53 dollar denominated mortgage bonds issued by the Banco Hipotecario Nacional. 52 were of US\$ 1,000 and 1 of US\$ 500.- Each bond is for five years. In 1981 only 37 Bonds were held as the others had matured. In 1982 only 20 Bonds were in the portfolio.

6. TELEPHONE COMPANY.

BISA owns three shares in the telephone company and 11 telephone lines.

7. ALMACENES GENERALES DE DEPOSITO S.A.

ALGEDESA is owned by national private banks. It's main purpose is warehouse financing. In 1980 BISA owned 3,544 shares, in 1981 3988 shares and in 1982 12,954 shares at \$b 100 each. Capital increases were made to purchase additional warehousing space.

8. EXECUTIVE CLUB

BISA owns a share in the Executive Club which is a restaurant which was purchased for US\$ 2,000 at the exchange rate of \$b 20.

9. ASOCIACION DE BANCOS PRIVADOS DE BOLIVIA.

BISA was one of the banks who purchased the 14th floor in the Banco Boliviano Americano building for use by the Bankers Association. One share was equal to US\$ 4,000 at the exchange rate of \$b 20.

10. BOLSA DE VALORES

BISA purchased a share for \$b 20,000 in the recently formed Stock Exchange.

11. ASOCIACION LATINOAMERICANA DE INSTITUCIONES.

The membership fee was \$b 104,167.50.

12. CURRENCY COLLECTION

BISA holds 3 commemorative medals and 167 coins valued at \$b 4,000. It also has 100 silver coins of \$b 100, \$b 250 and \$b 500.- whose face value is \$b 85,000.-

13. CEDULAS HIPOTECARIAS

In 1981, 5 mortgage bonds denominated in pesos were purchased from the Banco Hipotecario Nacional which carried a tenor of 2 years and are pegged to the dollar at the official exchange rate.

14. PAINTINGS

The bank purchased several works of art valued at \$b 318,375.02

<u>A S S E T S</u>	\$b	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>6/1983</u>
Net Fixed Assets					
Land		2,885,912	2,054,842	35,124,040	35,124,040
Building		64,009,121	52,098,279	621,642,631	610,533,394
Furniture and equipment		7,622,010	6,936,287	37,285,856	35,091,118
Vehicles		943,855	1,050,772	5,430,609	4,675,380
Non-Bank (Loan recoveries)		2,148,696	4,404,364	109,820,011	109,820,011
		77,609,594	66,544,544	809,303,147	795,243,943

A S S E T S US\$

Net Fixed Assets

	<u>1980</u> (24.51)	<u>1981</u> (24.51)	<u>1982</u> (196) (300)	<u>6/1983</u> (196) (470)
Land	117,744	83,837	179,205 117,080	179,205 74,732
Buildings	2,611,551	2,125,593	3,171,646 2,072,142	3,114,966 1,299,007
Furniture and equipment	310,976	282,998	190,234 124,286	179,036 74,662
Vehicles	38,509	42,871	27,707 18,102	23,854 9,947
Non-Bank (Loan recoveries)	87,666	179,697	560,306 366,067	560,306 233,660
T O T A L	3,166,446	2,714,996	4,129,098 2,697,677	4,057,367 1,692,008

NOTES ON FIXED ASSETS

1. LAND

In 1980 BISA owned the property on Avenida 6 de Agosto, 2845 which was registered on the books at \$b 831,070.- and the property on Avenida 16 de Julio, 1628 for \$b 2,054,842.

In 1981 the land of the Avenida 6 de Agosto was transferred to non-bank assets. The book value of the land on the Avenida 16 de Julio remained unchanged.

In 1982 the assets were revalued and the land on the Avenida 16 de Julio had a new book value of \$b 3⁵ 124,040.

2. BUILDINGS

In 1980 the house on the land at Avenida 6 de Agosto had a book value of \$b 1,784,405.71 and in 1981 it was transferred to non-bank assets. This was done because the house was awarded to the bank via legal action as recovery of a loan. The accounting entity had been made incorrectly.

In addition BISA owned 12 floors of the newly constructed building on Avenida 16 de Julio plus 2 floors of parking for a total book value of \$b 64,520,127.

In 1981 BISA sold 2 floors of the Avenida 16 de Julio building plus 6 parking spaces to the Inter-American Development Bank. The book value of the building became \$b 51,943,830.

Also in 1981 BISA purchased ^{floor} e/of the Banco Boliviano Americano building in Cochabamba for US\$ 170,000, a book value of \$b 4,250,000.

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In 1982 the fixed assets of the bank were revalued. The Avenida 16 de Julio building was revalued by \$b 564,828,129 for a new book value of \$b 618,826,801.06 the floor in Cochabamba was revalued by \$b 27,748,750 for a new book value of \$b 31,998,750.

3. VEHICLES

The bank in 1980 owned 4 cars and a motorcycle. In 1981 an additional car was purchased. In 1982 these assets were revalued for a total of \$b 5,751,009.

4. NON-BANK

These are assets which have been awarded to the bank by law as partial or total recovery of problem loans. The Central Bank of Bolivia requires that these assets be listed as fixed assets and that they be sold off within two years.

In 1980 these assets were:

a. Incomex		
Building and furniture	\$b	273,684
b. Molinos San Martin		
Land 2,000 m ² in Cochabamba	"	4,593
c. Incomex		
Land 3,799 m ²	"	273,420
d. Ind. Bol. Textil Ltda.		
Land 23,053 m ² in Cochabamba	"	1,167,488
e. Hacienda La Florida	"	429,511

In 1981 the non-bank assets were:

a. Incomex		
Building and furniture	\$b	273,684
b. House at Avenida 6 de Agosto		
Transferred	"	1,424,598
c. Molinos San Martín		
Land 2,000 m ² in Cochabamba	"	4,593
d. Incomex		
Land 3,799 m ²	"	273,420
e. Ind. Bol. Textil Ltda.		
Land 23,053 m ² in Cochabamba	"	1,167,488
f. Hacienda La Florida	"	429,511
g. Land at Avenida 6 de Agosto		
Transferred	"	831,070

In 1982 the non-bank assets were:

a. Incomex		
Building and furniture revalued for \$b 26,316	"	350,000
b. House at Avenida 6 de Agosto		
revalued for \$b 9,850,402	"	11,275,000
c. Fábrica Nacional de Filas		
Building revalued for \$b 16,568,000	"	20,710,000
d. Molinos San Martín		
Land 2,000 m ² in Cochabamba revalued for \$b 595,407	"	600,000

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e. Incomex		
Land 3,799 m ²	\$b	1,899,500
f. Ind. Bol. Textil Ltda.		
Land 23,053 m ² in Cochabamba revalued for \$b 553,020	"	46,106,000
g. Hacienda La Florida		
Revalued for \$b 56,023	"	429,511
h. Land at Avenida 6 de Agosto		
Revalued for \$b 21,068,930	"	21,900,000
i. Fábrica Nacional de Pilas		
Land 6,000 m ² revalued for \$b 5,400,000	"	6,600,000

ASSETS - \$b.

	<u>1980</u>	<u>1981</u>	<u>1982</u>
Deferred Expenses			
Insurance Premiums	55.753	120.922	310.466
Special Projects	353.420	384.322	431.823
Installation Costs	1,780.445	2,019.027	1,935.825
Commissions	886.571	525.458	7,525.625
Taxes	2,368.431	2,368.431	2,368.431
Administrative	622.942	643.659	643.659
Various	342.720	716.918	1,202.112
Foreign Exchange	---	---	68,613.670
	<hr/>	<hr/>	<hr/>
TOTAL:	6,410.282	6,778.737	83,031.611

ASSETS - US\$

	<u>1980</u>	<u>1981</u>	<u>1982</u>	
Deferred Expenses	(24.51)	(24.51)	(196)	(300)
Insurance Premiums	2.275	4.933	1.584	1.035
Special Projects	14.419	15.680	2.203	1.439
Installation Costs	72.642	82.376	9.876	6.453
Commissions	36.172	21.438	38.396	25.085
Taxes	96.631	96.631	12.084	7.895
Administrative	25.416	26.261	3.284	2.146
Various	13.983	29.250	6.133	4.007
Foreign Exchange	---	---	350.070	228.712
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL:	261.538	276.569	423.630	276.772

ASSETS \$b.

	<u>1980</u>	<u>1981</u>	<u>1982</u>
Other Assets			
Interbranch Accounts	457,719	13,792.931	--
Company Store	490,992	569.802	1,205,624
	<hr/>	<hr/>	<hr/>
TOTAL:	948,711	14,362.733	1,205,624

ASSETS - US\$

	<u>1980</u>	<u>1981</u>	<u>1982</u>	
Other Assets	(24.51)	(24.51)	(196)	(300)
Interbranch Accounts	18.675	562.747	---	---
Company Store	20.032	23.247	6.151	4.019
TOTAL:	<u>38.707</u>	<u>585.994</u>	<u>6.151</u>	<u>4.019</u>

NOTES ON DEFERRED EXPENSES
 - - - - -

1. Foreign Exchange

On February 5, 1982 the Bolivian peso was devalued from \$b24.51 to \$b.43.13 to the U.S. dollar. On March 23, 1982 the peso was further devalued and a floating peso system was adopted. Each month the Banco Central would issue the average rate to which the books were to be adjusted. The last rate issued was \$b.225.09 per dollar for the month of October. The net income from foreign exchange transactions during this time was \$b.410,852,129. Only 25% of this amount, i.e. \$b.102,713,032 was reported as income in 1982. The remainder is deferred income which will be reported as income during the next three years.

On November 3, 1982 all foreign currency accounts were by law converted to pesos beolvianos. In reality all assets and liabilities except for the past due loan portfolio were adjusted from \$b.225.09 to \$b.196.00. The past due obligations were adjusted downwards from \$b.225.09 to \$b.145.40. These adjustments resulted in a loss of \$b.502,337,023 of which 25% or \$b.125,584,256 was declared in 1982 and the remainder deferred for three years.

The net deferred loss for 1982 is \$b. 68,613,670 which was calculated as follows:

Foreign Exchange Loss:	\$b.502,337,023
	- <u>125,584,256</u>
	\$b.376,752,767
Foreign Exchange Gain:	\$b.410,852,129
	- <u>102,713,032</u>
	\$b.308,139,097
Difference	\$b.376,752,767
	- <u>308,139,097</u>
	\$b. 68,613,670

APPENDIX 2

LIABILITIES

\$b

	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>6/1983</u>
Deposits	21.963	863.100	3.111.875	778.147
Borrowed Funds	650.851,499	645,903,998	4,856,562,457	4,981,799,356
Rediscounts	41,270,896	51,983,449	136,712,505	111,126,405
Other Liabilities	42,992,739	55,661,140	404,309,223	943,486,768
Total Liabilities	735,137,097	754,411,687	5,400,696,060	6,037,190,676
CAPITAL FUNDS				
Paid in capital	81,835,558	123,078,393	142,133,362	239,212,980
Additional capital	5,863,426	5,863,426	5,863,426	5,863,426
Revaluation of fixed Assets	---	---	732,166,412	732,166,412
Other revaluations			801,200	---
Legal reserve	6,419,469	7,735,570	19,629,892	19,629,892
Other reserves	34,528,457	10,823,769	36,572,738	4,072,113
Retained earnings	12,582,594	14,006,699	61,617,793	27,122,803
TOTAL CAPITAL FUNDS	141,229,504	161,507,857	998,784,823	1,028,067.626
Total liabilities and capital funds	876,366,601	915,919,544	6,399,480,883	7,065,258,302

L I A B I L I T I E S

US\$

	<u>1980</u> (24.51)	<u>1981</u> (24.51)	<u>1982</u>		<u>6/1983</u>	
			(196)	(300)	(196)	(470)
Deposits	896	35,214	15,877	10,373	3,970	1,656
Borrowed Funds	26,554,529	26,352,672	24,778,380	16,188,542	25,417,344	10,599,573
Rediscounts	1,683,839	2,120,908	697,513	455,708	566,971	236,439
Other Liabilities	1,754,090	2,270,956	2,062,802	1,347,697	4,813,708	2,007,419
Total Liabilities	29,993,354	30,779,750	27,554,572	18,002,320	30,801,923	12,845,087
CAPITAL FUNDS						
Paid in capital	3,338,864	5,021,558	725,170	473,778	1,220,474	508,964
Additional capital	239,226	239,226	29,915	19,545	29,915	12,475
Revaluation of Fixed Assets	---	---	3,735,543	2,440,555	3,735,543	1,557,801
Other revaluations	---	---	4,089	2,671	---	---
Legal Reserve	261,911	315,609	100,153	65,432	100,153	41,765
Other Reserves	1,408,750	441,606	186,595	121,909	20,776	8,664
Retained Earnings	513,366	571,469	314,376	205,393	138,382	57,708
Total Capital Funds	5,762,117	6,589,468	5,095,841	3,329,283	5,245,243	2,187,377
Total Liabilities & Capital Funds	35,755,471	37,369,218	32,650,413	21,331,603	36,047,236	15,032,464

LIABILITIES \$b

Borrowed Funds

	1980		1981		1982	
	US\$	\$b	US\$	\$b	US\$	\$b
<u>Short Term:</u>						
Banco Mercantil				20,000,000		
Manufacturers Hanover	280,000	6,862,800				
<u>Medium Term:</u>						
Manufacturers Hanover	225,000	5,514,750	75,000	1,838,250		
Security Pacific	460,000	11,274,600	80,000	1,960,800	40,000	7,840,000
Skandinaviska Enskilda	237,827	5,829,130	178,370	4,371,848	118,913	23,307,009
Atlantic Int'l Bank	857,143	21,008,571				
Shawmut Bank	300,000	7,353,000				
Deutsche Bank	200,000	4,902,000				
Adela			200,000	4,902,000	179,000	35,084,000
I.D.Corp. - South Africa					SAR 93,522	21,067,701

	1980		1981		1982	
	US\$	\$b	US\$	\$b	US\$	\$b
<u>Long Term:</u>						
AID 511-L-018	508,277	12,457,881	363,049	8,898,339	217,821	42,692,953
IBRD-455	5,000,000	122,549,999	5,000,000	122,549,999	5,000,000	979,999,994
IBRD-1290	5,201,000	127,476,510	6,203,117	152,038,400	8,401,016	1,646,599,056
BID - 100	83,333	2,042,499				
BID - 330	1,500,000	36,765,000	1,500,000	36,765,000	1,500,000	294,000,000
BID - 435	6,169,417	151,212,421	5,860,947	143,651,800	5,552,476	1,088,285,231
BID - 16	320,000	7,843,200	348,400	8,539,284	370,000	72,520,000
BID - 533	1,000,000	24,510,000	1,056,800	25,902,168	1,100,000	215,600,000
BID - 01 SF	1,422,003	21,756,646	SF1,350,903	17,967,008	SF 1,279,803	112,686,628
Kreditanstalt W. DM	3,458,000	49,103,600	DM3,374,000	36,101,800	DM 3,206,000	243,431,580
<u>Long Term: Local Currency</u>						
AID-511-44-920-496		420,000				
AID-511-LCL-1019		1,200,000		480,000		
AID		2,880,000		2,640,000		2,400,000
IBRD		5,448,892		12,880,382		26,631,385
EEC		22,440,000		44,416,920		44,416,920
TOTAL		650,851,499		645,903,998		4,856,562,457

LIABILITIES

\$b

Other Liabilities

	<u>1980</u>	<u>1981</u>	<u>1982</u>
Taxes Payable	1,328,430	1,748,481	6,785,179
Dividends Payable	644,909	576,636	576,636
Various accounts payable	8,876,026	11,555,638	12,054,145
Interest Payable	21,499,635	32,434,177	358,186,846
Commissions Payable	2,522,092	3,547,422	---
Deferred Income	395,195	---	---
Exchange Gains/Losses	3,203,144	---	---
Provisions-Social Benefits	3,423,127	4,438,325	8,019,061
Provisions - Others	1,100,181	1,360,461	11,948,379
Interbranch Account	---	---	6,738,977
	<hr/> 42,992,739	<hr/> 55,661,140	<hr/> 404,309,223

NOTES ON OTHER LIABILITIES
- - - - -

1. Various Accounts Payable

In 1980 this amount is made up of 47 small accounts payable; the two largest are Cobranzas Rehabilitacion Industrial for \$b.3,505,436.74 which are funds owed to AID proceeding from collections which BISA administrates on their behalf and Fondo de Empleados Banco Industrial for \$b.3,221,590.08 which is the 10% on profits owed to them plus penalty interest for 1980. The funds are only credited to the Fondo once. The financial statements have been approved by the shareholders in their annual meeting.

In 1981 this amount was composed of 57 accounts. The largest is still Cobranzas Rehabilitacion Industrial for \$b. 4,200,000 followed by Fondo de Empleados Banco Industrial for \$b.2,322,835 representing their 10% of 1981 profits. A third item in the Instituto de Educacion Bancaria for \$b.1,394,490.63 representing the 1981 fee.

In 1982 there were 51 items pending in this account. The largest was Ibhara for \$b.4,870,820 proceeding from the sale of machinery on a loan write off. The other large account is for \$b.4,668,400 representing fines due to the Central Bank of Bolivia for not meeting reserve requirements. The funds are only paid out when the Central Bank bills the bank which is usually a few months after the fact.

2. Commissions Payable

In 1980 there were 11 commissions to other banks and international agencies payable. In 1981 there were 8 commissions due to the Central Bank of Bolivia, BID and IBRD. In 1982 there were no commissions pending.

3. Exchange Gains/Losses

This amount is the carry over from the November, 1979 devaluation of the peso from \$b.20.40 to \$b.24.51. This item was later capitalized.

4. Reserve for Social Benefits

In accordance with the prevailing labor law, a month's salary for every employee with the institution for over five years must be credited to a special reserve to be paid to the employee upon his departure.

5. Various Provisions include such items as the external auditors fee and insurance on the executives.

C A P I T A L \$b

Paid In Capital	<u>1980</u>	<u>1981</u>	<u>1982</u>
Paid In	78,875,400	119,855,600	138,672,400
Revalued	2,240,158	2,240,158	2,240,158
Shares to be Issued	720,000	982,635	1,220,804
	<hr/>	<hr/>	<hr/>
	81,835,558	123,078,393	142,133,362

C A P I T A L

US\$

Paid in capital

	<u>1980</u>	<u>1981</u>	<u>1982</u>	
	(24.51)	(24.51)	(196)	(300)
Paid in	3,218,090	4,890,069	707,512	462,241
Revalued	91,398	91,398	11,429	7,467
Shares to be Issued	29,376	40,091	6,229	4,070
	<hr/>			
T O T A L	3,338,864	5,021,558	725,170	473,778

NOTES ON ADDITIONAL CAPITAL

The amount of \$b 5,863,423 shown as additional capital in 1980, 1981, 1982 and 1983 represents the premium paid for the purchase of shares and \$b 1,104,680.- represents undistributed profit.

NOTES ON LEGAL RESERVE

The maintenance of a legal reserve is required by the Central Bank of Bolivia. Annual contributions are made in the amount equal to 10% of net profit before taxes until the reserve reaches 25% of paid in capital.

C A P I T A L - \$b

	<u>1980</u>	<u>1981</u>	<u>1982</u>
Other Reserves			
Repayment of AID loan	2,880,000	2,640,000	2,400,000
Special Reserve	1,155,462	1,155,462	1,155,462
Reserve for Contingencies	756,652	756,652	756,652
Reserve for tax exemption	12,986,609	6,271,655	32,260,624
Building Reserve	16,749,734	---	---
	<hr/>		
T O T A L	34,528,457	10,823,769	36,572,738

C A P I T A L US\$

	<u>1980</u>	<u>1981</u>	<u>1982</u>	
Other Reserves	(24.51)	(24.51)	(196)	(300)
Repayment of AID Loan	117,503	107,711	12,245	8,000
Special Reserve	47,142	47,142	5,895	3,852
Reserve for Contingencies	30,871	30,871	3,860	2,522
Reserve for tax exemption	529,850	255,882	164,595	107,535
Building Reserve	683,384	---	---	---
	<hr/> 1,408,750	<hr/> 441,606	<hr/> 186,595	<hr/> 121,909

APPENDIX 3

CONTINGENT LIABILITIES

\$b

	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>6/1983</u>
Documentary Credits	13,828,247	13,582,489	14,802,283	3,596,179
Guaranties Issued Local Currency	14,182,759	39,380,898	63,465,178	63,465,178
Guaranties Issued Foreign Currency	1,240,444	697,926	2,036,948	358,123
 T O T A L	 <u>29,251,450</u>	 <u>53,661,313</u>	 <u>80,304,409</u>	 <u>67,419,480</u>

CONTINGENT LIABILITIES US\$

	<u>1980</u> (24.51)	<u>1981</u> (24.51)	<u>1982</u>		<u>6/1983</u>	
			(196)	(300)	(196)	(470)
Documentary credits	564,188	554,161	75,522	49,341	18,348	7,652
Guarantees Issued Local Currency	578,652	1,606,728	323,802	211,550	323,802	135,032
Guarantees Issued Foreign Currency	50,610	28,475	10,392	6,790	1,827	762
TOTAL	1,193,450	2,189,364	409,716	267,681	343,977	143,446

NOTES ON CONTINGENT LIABILITIES

1. DOCUMENTARY CREDITS

In 1980 these were 8 outstanding letters of credit. In 1981 there were 9 outstanding letters of credit and in 1982 there ^were 6.

2. GUARANTEES ISSUED - LOCAL CURRENCY

In 1980 there were 3 outstanding guaranties, all of which were BISA's share in the warrant financing of sugar, cotton and cotton bags organized by the Union de Bancos Bolivianos.

In 1981 there existed the same three warrant operations supervised by the Union de Bancos Bolivianos.

In 1982 there were 5 warrant financings to the same ~~3~~ three operations, sugar, cotton and cotton bags.

3. GUARANTEES ISSUED - FOREIGN CURRENCY

In 1980 there were two operations for a total of US\$ 62,022.01. In 1981 there was only one operation for US\$ 34,896.30. In 1982 there was one operation for US\$ 10,392.59.

INCOME STATEMENT - \$b.

APPENDIX 4

	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>6/1983</u>
Income				
Interest	92,215,512	95,343,295	445,816,198	316,422,315
Commissions	8,381,910	6,813,043	45,112,460	15,221,501
On Investments	291,418	403,839	2,279,277	19,74,161
Foreign Exchange	884,010	9,367,971	168,031,175	48,361,956
Others	<u>20,808,573</u>	<u>8,287,500</u>	<u>63,927,170</u>	<u>21,423,479</u>
TOTAL:	122,581,423	120,215,648	725,166,280	421,172,412
Expenses				
Financial	67,949,676	64,529,389	315,267,789	338,742,926
Salaries	7,567,323	9,194,793	18,199,196	13,010,808
General	9,444,135	10,690,774	93,778,213	23,516,764
Dues & Contributions	3,647,121	5,044,862	4,485,245	14,166,494
Provision for Loan				
Losses & Bad Investments	9,794,629	2,827,850	13,763,179	---
Provision for Social				
Benefits	815,981	1,310,900	3,548,955	4,603,597
Depreciation	2,413,913	3,388,726	31,055,653	---
Amortization of				
Deferred Charges	<u>109,743</u>	<u>----</u>	<u>125,584,256</u>	<u>---</u>
	101,742,521	96,987,294	605,682,486	394,049,609
Profit Before Taxes	20,838,902	23,228,354	119,483,794	27,122,804
Employee Fund	2,089,051	2,322,835	11,948,379	
Income Tax	<u>578,431</u>	<u>627,165</u>	<u>3,226,062</u>	
NET PROFIT	18,171,420	20,278,354	104,309,353	

INCOME STATEMENT - US\$

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INCOME	1980	1981	1982		6/1983	
	(24.51)	(24.51)	(196)	(300)	(196)	(470)
Interest	3,762,363	3,889,975	2,274,572	1,486,054	1,614,400	673,239
Commissions	341,979	277,970	230,166	150,375	77,661	32,386
On Investments	11,890	16,477	11,629	7,598	100,730	42,007
Foreign Exchange	36,067	382,210	857,302	560,104	246,745	102,898
Others	<u>848,983</u>	<u>338,127</u>	<u>326,159</u>	<u>213,090</u>	<u>109,303</u>	<u>45,582</u>
TOTAL:	5,001,282	4,904,759	3,699,828	2,417,221	2,148,839	896,112
EXPENSES						
Financial	2,772,325	2,632,778	1,608,509	1,050,893	1,728,280	720,730
Salaries	308,744	375,145	92,853	60,664	66,427	27,702
General	385,318	436,180	478,460	312,594	119,984	50,036
Dues and Contributions	148,801	205,829	22,884	14,951	72,278	30,141
Provision for Loan, Losses and Bad Investments	399,618	115,375	70,221	45,877	----	----
Provision for Social Benefits	33,292	53,484	18,107	11,830	23,488	9,795
Depreciation	98,487	138,259	158,447	103,519	----	----
Amortization of Deferred Charges	<u>4,477</u>	<u>----</u>	<u>640,736</u>	<u>418,614</u>	<u>----</u>	<u>----</u>
TOTAL:	4,151,062	3,957,050	3,090,217	2,018,942	2,010,457	838,404
Profit before Taxes	850,220	947,709	609,611	398,279	138,382	57,708
Employee Fund	85,233	24,771	60,961	39,828		
Income Tax	23,599	25,588	16,460	10,753		
Net Profit	741,388	827,350	532,190	347,698		

INCOME STATEMENT - \$b.

On Investments

	<u>1980</u>	<u>1981</u>	<u>1982</u>
Mortgage Bonds of Banco Hipotecario Nacional	140.320	99.266	552.778
Dividends - Agedesa	32.200	44.400	95.400
Dividends-Arlabank	121.349	269.365	1,648.013
Adjustment	<u>(2.451)</u>	<u>(9.192)</u>	<u>(16.914)</u>
 TOTAL:	 291.418	 403.839	 2,279.277

INCOME STATEMENT - US\$

	1980	1981	1982	
	(24.51)	(24.51)	(196)	(300)
On Investments				
Mortgage Bonds of Banco Hipotecario Nacional	5.725	4.050	2.820	1.843
Dividends Agedesa	1.314	1.812	487	318
Dividends Arlabank	4.951	10.990	8.408	5.493
Adjustment	(100)	(375)	(86)	(56)
TOTAL:	11.890	16.477	11.629	7.598

INCOME STATEMENT - \$b.

	<u>1980</u>	<u>1981</u>	<u>1982</u>
Other Income			
Sale of Fixed Assets	5,194.121	3,454.490	193.717
Rental	1,617.954	2,521.830	17,130.999
On Savings Accounts/ Time Deposits	13,005.982	2,170.977	45,599.597
Recuperations	---	---	858.666
Various	990.516	140.203	144.191
	<hr/>	<hr/>	<hr/>
TOTAL:	20,808.573	8,287.500	63,927.170

INCOME STATEMENTS - US\$

	<u>1980</u>	<u>1981</u>	<u>1982</u>	
Other Income	(24.51)	(24.51)	(196)	(300)
Sale of Fixed Assets	211.918	140.942	988.	646
Rental	66.012	102.890	87.403	57.103
On Savings Accounts Time Deposits	530.640	88.575	232.651	151.998
Recuperations	---	---	4.381	2.862
Various	<u>40.413</u>	<u>5.720</u>	<u>736</u>	<u>481</u>
 TOTAL:	 848.983	 338.127	 326.159	 213.090

INCOME STATEMENT - \$b.

	<u>1980</u>	<u>1981</u>	<u>1982</u>
FINANCIAL EXPENSE			
Interest	52,818,257	53,079,601	274,594,850
Commissions	15,131,419	11,449,788	40,672,939
TOTAL:	<hr/> 67,949,676	<hr/> 64,529,389	<hr/> 315,267,789

INCOME STATEMENT - US\$

FINANCIAL EXPENSE

	1980 (24.51)	1981 (24.51)	1982	
			(196)	(300)
Interest	2,154,968	2,165,630	1,400,994	915,316
Commissions	617,357	467,148	207,515	135,577
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL:	2,772,325	2,632,778	1,608,509	1,050,893

INCOME STATEMENT - \$b.

	<u>1980</u>	<u>1981</u>	<u>1982</u>
General Expenses			
Travel & Transportation	132.332	314.002	969.384
Insurance	147.065	164.100	359.832
Communications	520.360	884.521	1,356.255
Utilities	295.701	406.671	663.981
Supplies	362.740	335.411	1,918.623
Maintenance	236.771	173.412	727.807
Food	71.482	152.715	---
Uniforms	20.227	15.511	---
Printing	708.396	398.510	442.496
Subscriptions	119.211	161.857	---
Judicial	12.450	15.899	110.465
Rent	110.000	120.000	406.000
Administrative	4,857.103	6,500.000	59,584.200
Various	1,850.297	1,048.165	27,239.170
	<hr/>	<hr/>	<hr/>
TOTAL:	9,444.135	10,690.774	93,778.213

INCOME STATEMENT - US\$

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	1980 (24.51)	1981 (24.51)	1982	
General Expenses			(196)	(300)
Travel & Transportation	5.399	12.811	4.946	3.231
Insurance	6.000	6.695	1.836	1.200
Communications	21.231	36.088	6.920	4.521
Utilities	12.065	16.592	3.388	2.213
Supplies	14.800	13.685	9.789	6.396
Maintenance	9.660	7.075	3.713	2.426
Food	2.916	6.231	---	---
Uniforms	825	633	---	---
Printing	28.902	16.259	2.258	1.475
Subscriptions	4.864	6.604	---	---
Judicial	508	648	563	368
Rent	4.488	4.896	2.071	1.353
Administrative	198.168	265.198	304.001	198.614
Various	75.492	42.765	138.975	90.797
TOTAL:	385.318	436.180	478.460	312.594

INCOME STATEMENT - \$b.

	<u>1980</u>	<u>1981</u>	<u>1982</u>
Depreciation			
Building - 4% annually Av. 6 de Agosto	71.376	----	----
Building - 4% annually Av. 16 de Julio	1,935.604	2,159.947	25,087.369
Furniture and Equipment 10% annually	760.381	922.227	4,459.193
Vehicles - 20% annually	306.552	306.552	1,509.091
Adjustment	(660.000)	----	----
	<hr/>	<hr/>	<hr/>
TOTAL:	2,413.913	3,388.726	31,055.653

INCOME STATEMENT - US\$

	1980 (24.51)	1981 (24.51)	<u>1982</u>	
Depreciation			(196)	(300)
Building - 4% annually Av. 6 de Agosto	2.912	-----	-----	-----
Building - 4% annually Av. 16 de Julio	78.972	88.125	127.997	83.625
Furniture and Equipment 10% annually	31.024	37.627	22.751	14.864
Vehicles - 20% annually	12.507	12.507	7.699	5.030
Adjustment	(26.928)	-----	-----	-----
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL:	98.487	138.259	158.447	103.519

NOTES ON AMORTIZATION OF DEFERRED CHARGES

In 1980 the entire amount represents the final write off of various accounts receivable.

In 1982 the entire amount is 25% (the first of four annual payments) of the foreign exchange loss incurred by the devaluation of the Bolivian Peso from \$b. 225.09 to \$b. 196.00 in November of 1982. (See also the notes on Deferred Expenses).

FUNDING

	<u>Amount of Loan</u>	<u>Date of Contract</u>	<u>Interest Rate</u>	<u>Amount Disbursed</u>
1. Agency for International Development 511-L-018	US\$. 2,400.000.-	August 28, 1963	3%	US\$. 2,265.473.42

The disbursement date on this loan was extended 4 times which in total gave BISA an extra year. The repayment period is 15 1/2 years beginning April 29, 1969.

2. Agency for International Development 511-44-920-496	\$b. 6,000.000.-	April 14, 1966	4 1/2%	\$b. 6,000.000.-
---	------------------	----------------	--------	------------------

This loan was totally disbursed between 1966 and 1967. Repayment was made in ten years, the last payment in 1981.

3. Agency for International Development 511-LCL-1019	\$b. 4,800.000.-	March 6, 1968	12%	\$b. 4,800.000.-
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The first disbursement was made in May 1969. Disbursements were \$b. 1,200.000.- in 1969, \$b. 1,546.450 in 1970 and \$b. 1,053.550 in 1971. The last principal payment was made in 1982.

4. Agency for International Development 511-24-920-388-30132	\$b. 3,600.000.-	February 11, 1963	12%	\$b. 3,600.000.-
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This loan was made for the purpose of helping BISA capitalize itself and as a result was totally drawdown on July 8, 1963. Their payment period is 15 years beginning in March, 1978.

5. International Bank for Reconstruction and Development 455-IDA	US\$. 5,000.000.-	January 18, 1974	8%	US\$. 4,999.999.97
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The first disbursement took place in August, 1975 and the last in 1979. Disbursements for 1975 were US\$. 631.037.24, for 1976 US\$. 1,405.000.-, for 1977 US\$. 1,482.972.24, for 1978 US\$. 745.662.49 and for 1979 US\$. 735.328.- Repayment is 10 years beginning March 15, 1984.

	<u>Amount of loan</u>	<u>Date of Contract</u>	<u>Interest Rate</u>	<u>Amount Disbursed</u>
6. International Bank for Reconstruction and Development 1290	US\$. 10,000.000.-	October 15, 1976	8 85%	US\$. 9,031.015.59

During 1977 commitment fees were paid and the first disbursement wasn't until July, 1978. Disbursement for 1978 were US\$. 1,881.918.12, for 1979 US\$. 1,029.596.34, for 1980 US\$. 2,289.485.54, for 1981 US\$. 1,202.117.09 and for 1982 US\$. 2,627.898.50. In addition, in 1983 there was a disbursement of US\$ 291.106.04 bringing the total disbursement up to US\$. 9,322.121.63. The repayment period is 15 years which began September 1, 1981.

7. International Bank for Reconstruction and Development 1489	\$b. 84,093.810.-	May 9, 1978	8 1/4%	\$b. 26,631.384.69
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This loan is for an urban renewal project with the Government of Bolivia. Commitment fees were paid during 1979 and 1980. Disbursements have only been \$b. 5,445.892.26 in 1980, \$b. 7,431.490.38 in 1981 and \$b. 13,751.002.05 in 1982. The repayment schedule is for 15 years beginning in April, 1983.

8. Inter-American Development Bank 100	US\$. 1,000,000.-	July 29, 1966	3 1/4%	US\$. 1,000.000.-
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This was a twelve year loan with repayment beginning in 1970 and ending in 1982.

9. Inter-American Development Bank 330	US\$. 1,180.000.- in \$b. <u>US\$. 320.000.-</u> US\$. 1,500.000.-	February 20, 1973	1 1/4% 3% FFAL	1,500.000.-
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The first disbursement took place in September, 1973. Total disbursement for the dollar portion were US\$ 257.100.- in 1973, US\$ 440.497.48 in 1974, US\$ 391.512.85 in 1975, US\$. 89.789.67 in 1976 and US\$ 1,100.- in 1977. The repayment schedule is 30 years beginning August 20, 1983.

		<u>Amount of Loan</u>	<u>Date of Contract</u>	<u>Interest Rate</u>	<u>Amount Disbursed</u>
10.	Inter-American Development Bank 435	US\$. 7,008.333.33	September 4, 1975	2% 4%FFAL	US\$. 6,169.417.43

The first disbursement was in November, 1975. Total disbursements were US\$. 376.000.- in 1975, US\$. 564.560.63 in 1976, US\$. 2,602.011.71 in 1977, US\$. 1,318.000.- in 1978, US\$. 940.226.19 in 1979 and US\$. 368.618.90 in 1980. Repayment of the loan is in 20 years beginning March 6, 1981.

11.	Inter-American Development Bank 16	US\$. 5,000.000.-	September 7, 1978	8%	US\$. 370.000.-
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Commitment fees were paid during 1979 and the first disbursement was in May, 1980. Total disbursements have been US\$. 320.000.- in 1980, US\$. 28.400.- in 1981 and US\$. 21.600.- in 1982. In addition, US\$. 1,597.134.63 was disbursed in 1983. The commitment and disbursement dates have twice been extended. The last extension for funds committed to be disbursed is May, 1984. The repayment period is for 25 years and the first payment is for March 24, 1983.

12.	Inter-American Development Bank 533	US\$. 10,000.000.-	September 27, 1978	6% 3/4%FFAL	US\$. 1,100.000.-
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Commitment fees were paid in 1979 and the first disbursement was made in May, 1980. Total disbursements were \$b. 1,000.000.- in 1980, US\$. 56.800.- in 1981 and US\$. 43.200.- in 1982. Repayment is to be made in 30 years beginning in March, 1989. The commitment and disbursement dates have twice been extended. The last extension for the disbursement of committed funds is May, 1984.

13.	Inter-American Development Bank 01	Sw.Fr. 2,420.000.-	September 4, 1975	6% 4%FFAL	Sw.Fr. 1,422.002.99
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Total disbursements in 1976 were Sw. Fr. 686.764.16 and in 1977 Sw. Fr. 735.238.83. The loan is to be repaid in 20 years beginning in March, 1981.

		<u>Amount of Loan</u>	<u>Date of Contract</u>	<u>Interest Rate</u>	<u>Amount Disbursed</u>
14.	Kreditanstalt fur Wiederaufbau	DM 5,000.000.-	September 28, 1970	5 1/2%	3,626.000.-
	The first disbursement was in 1972. The disbursements were DM 615.564.95 in 1972. DM 494.075.82 in 1973, DM 5,360.- in 1974, DM 1,462.231.54 in 1975, DM 633.276.86 in 1976, DM 414.877.46 in 1977, nothing in 1978 and DM 613.37 in 1979. Repayment is to be made in 22 1/2 years beginning in June 1980.				
15.	European Economy Community	US\$. 2,500.000.- in \$b.	December 17, 1976	7%	US\$. 44.416.920.-
	In 1979 \$b. 22.440.000.- was disbursed and in 1981 \$b. 11,976.920.- Repayment is to be in 10 years beginning in December, 1987. A request has been sent to extend the disbursement dates in order to utilize the undisbursed funds which has not yet been answered.				

APPENDIX 6

REGIONAL DISTRIBUTION OF APPROVED LOANS - YEARLY

US\$

	1980			1981			1982			US\$			
	N°	Amount	%	N°	Amount	%	I/D MS	I/D	N°	Amount	%	I/D MS	I/D
La Paz	106	4,086,152	45	57	6,048,168	62	16	48%	8	2,899,463	24	(38)	(52%)
Santa Cruz	9	4,002,260	45	7	2,616,344	27	(18)	(35%)	18	5,027,300	42	15	92%
Cochabamba	3	513,800	6	1	500,000	5	(1)	(3%)	6	1,976,500	16	11	295%
Tarija-Potosí	2	160,000	2	2	354,000	3	1	121%	2	1,224,000	10	7	246%
Oruro	-	---	--	1	294,000	3	3	-	3	1,011,000	8	5	244%
Beni	-	---	--	-	---	-	-	-	-	---	-	-	---
Sucre	1	50,000	1	-	---	-	(3)	-	1	38,107	-	-	---
T O T A L	121	8,812,212	100	68	9,812,512	100		11%	38	12,176,370	100		24%

I/D /MS - Increase/Decrease in Market Share

I/D - Increase/Decrease in loan volume

REGIONAL DISTRIBUTION OF APPROVED LOANS - ACCUMULATED

US\$

	<u>1980</u>			<u>1981</u>					<u>1982</u>				
	<u>N°</u>	<u>Amount</u>	<u>%</u>	<u>N°</u>	<u>Amount</u>	<u>%</u>	<u>I/D</u> <u>MS</u>	<u>I/D</u>	<u>N°</u>	<u>Amount</u>	<u>%</u>	<u>I/D</u> <u>MS</u>	<u>I/D</u>
La Paz	840	54,202,874	59	897	60,251,042	59	0	11%	905	63,150,505	55	(4)	5%
Santa Cruz	192	17,829,259	19	199	20,445,603	20	1	15%	217	25,472,903	22	2	25%
Cochabamba	182	7,220,159	9	183	7,720,159	8	(1)	7%	189	9,696,659	9	1	26%
Tarija-Potosí	47	5,705,556	6	49	6,059,556	6	-	6%	51	7,283,556	6	-	20%
Oruro	25	2,925,852	3	26	3,219,852	3	-	10%	29	4,230,852	4	1	31%
Beni	24	1,144,176	1	24	1,144,176	1	-	-	24	1,144,176	1	-	-
Sucre	31	2,896,676	3	31	2,896,676	3	-	-	32	2,934,783	3	-	1%
	1,341	91,924,552	100	1,409	101,737,064	100		11%	1,447	113,913,434	100		12%

I/D/MS - Increase/Decrease in Market Share

I/D - Increase/Decrease in loan volume

APPROVED LOANS - BY PURPOSE - YEARLY

	US\$							
	<u>1980</u>		<u>1981</u>			<u>1982</u>		
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>I/D</u>	<u>Amount</u>	<u>%</u>	<u>I/D</u>
Working Capital	3,750,585	43	3,748,128	38	-	1,838,830	15	(51%)
Investment Capital	5,061,627	57	6,064,384	62	20%	10,337,540	85	71%
	8,812,212	100	9,812,512	100	11%	12,176,370	100	24%

I/D - Increase/Decrease

APPENDIX 7

APPROVED LOANS - BY PURPOSE - ACCUMULATED

	<u>1980</u>		<u>1981</u>			<u>1982</u>		
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>I/D</u>	<u>Amount</u>	<u>%</u>	<u>I/D</u>
Working Capital	33,654,978	37	37,403,105	37	11%	39,241,935	33	5%
Investment Capital	58,269,574	63	64,333,959	63	10%	74,671,499	67	16%
	91,924,552	100	101,737,064	100	11%	113,913,434	100	12%

US\$

I/D - Increase/Decrease

APPROVED LOANS - BY TENOR - YEARLY

	US\$												
	<u>N°</u>	<u>Amount</u>	<u>%</u>	<u>N°</u>	<u>Amount</u>	<u>%</u>	<u>I/D</u> <u>N°</u>	<u>I/D</u> <u>Amt.</u>	<u>N°</u>	<u>Amount</u>	<u>%</u>	<u>I/D</u> <u>N°</u>	<u>I/D</u> <u>Amt.</u>
Less than 1 year	--	--	--	4	1,370,000	14	-	-	7	1,035,000	9	75%	(25%)
1-2 years	47	2,412,600	27	26	3,315,580	34	(45%)	38%	4	900,910	7	(85%)	(73%)
2-5 years	58	2,087,280	24	30	2,204,092	22	(48%)	6%	15	2,886,060	24	(50%)	31%
Over 5 years	16	4,312,332	49	8	2,922,840	30	(50%)	(33%)	12	7,354,400	60	50%	152%
	121	8,812,212	100	68	9,812,512	100	(44%)	11%	38	12,176,370	100	(44%)	

I/D - Increase/Decrease in the number of loans

I/D - Increase/Decrease in the loan volume

APPROVED LOANS - BY TENOR - ACCUMULATED

	<u>1980</u>			<u>1981</u>			<u>1982</u>			US\$			
	<u>N°</u>	<u>Amount</u>	<u>%</u>	<u>N°</u>	<u>Amount</u>	<u>%</u>	<u>I/D N°</u>	<u>I/D Amt.</u>	<u>N°</u>	<u>Amount</u>	<u>%</u>	<u>I/D N°</u>	<u>I/D</u>
Less than 1 year	---	---	--	4	1,370,000	1	--	--	11	2,405,000	2	175%	76%
1-2 years	460	23,932,061	26	486	27,247,644	27	6%	14%	490	28,148,554	25	1%	3%
2-5 years	742	32,334,909	35	772	34,538,998	34	4%	7%	787	37,425,058	33	2%	8%
Over 5 years	139	35,657,582	39	147	38,580,422	38	6%	8%	159	45,934,822	40	3%	19%
TOTAL	1,341	91,924,552	100	1,409	101,737,064	100	5%	11%	1,447	113,913,434	100	3%	12%

I/D N° - Increase/Decrease in the number of loans

I/D Amt - Increase/Decrease in the amount of the loans

APPROVED LOANS - BY AMOUNT - YEARLY

US\$

	<u>1980</u>			<u>1981</u>			<u>1982</u>						
	<u>N°</u>	<u>Amount</u>	<u>%</u>	<u>N°</u>	<u>Amount</u>	<u>%</u>	<u>I/D</u> <u>N°</u>	<u>I/D</u> <u>Amt.</u>	<u>N°</u>	<u>Amount</u>	<u>%</u>	<u>I/D</u> <u>N°</u>	<u>I/D</u> <u>Amt.</u>
To 16,500	85	255,276	3	39	115,952	1	(54%)	(55%)	4	48,500	--	(90%)	(58%)
16,501-41,000	9	235,150	3	6	161,216	1	(33%)	(32%)	6	148,910	1	0	(8%)
41,001-82,500	5	295,000	3	3	170,000	2	(40%)	(42%)	5	278,560	2	40%	64%
Over 82,500	22	8,026,786	91	20	9,365,344	96	(9%)	17%	23	11,700,400	97	15%	25%
	121	8,812,212	100	68	9,812,512	100	(44%)	11%	38	12,176,370	100	--	24%

I/D - Increase/Decrease in the number of Loans

I/D - Increase/Decrease in the Loan volume

APPROVED LOANS - BY AMOUNT - ACCUMULATED

US\$													
<u>1980</u>				<u>1981</u>				<u>1982</u>					
	<u>N°</u>	<u>Amount</u>	<u>%</u>	<u>N°</u>	<u>Amount</u>	<u>%</u>	<u>I/D</u> <u>N°</u>	<u>I/D</u> <u>Amt.</u>	<u>N°</u>	<u>Amount</u>	<u>%</u>	<u>I/D</u> <u>N°</u>	<u>I/D</u> <u>Amt.</u>
To 16,500	785	4,412,466	5	824	4,528,418	4	5%	3%	828	4,576,918	4	1/2%	1%
16,501-41,000	231	6,036,109	7	237	6,197,326	6	3%	3%	243	6,346,236	6	3%	2%
41,001-82,500	91	4,993,612	5	94	5,163,612	5	3%	3%	99	5,442,172	5	5%	5%
Over 82,500	234	76,482,365	83	254	85,847,708	85	9%	12%	277	97,548,108	85	9%	14%
TOTAL	1,341	91,924,552	100	1,409	101,737,064	100	5%	11%	1,447	113,913,434	100	3%	12%

I/D - Increase/Decrease in the number of Loans

I/D - Increase/Decrease in the Loan volume

 SECTORIAL DISTRIBUTION OF APPROVED LOANS - ACCUMULATED

	<u>1980</u>			<u>1981</u>						<u>1982</u>			US\$		
	<u>N°</u>	<u>Amount</u>	<u>%</u>	<u>N°</u>	<u>Amount</u>	<u>%</u>	<u>I/D N°</u>	<u>I/D Amt.</u>	<u>N°</u>	<u>Amount</u>	<u>%</u>	<u>I/D N°</u>	<u>I/D Amt.</u>		
Industry	1.106	68,317,302	75	1,124	74,328,646	73	2%	9%	1.155	82,805,056	73	3%	17	4%	
Mining	49	17,758,481	19	54	21,252,481	21	10%	20%	60	24,702,441	21	11%		16%	
Turism/Hotels	42	5,523,303	6	42	5,523,303	5	0	0	43	5,773,303	5	2%		5%	
Artisan & Small Industry	144	325,466	-	189	632,634	1	31%	94%	189	632,634	1	0	0		
TOTAL	1,341	91,924,552	100	1,409	101,737,064	100	5%	11%	1,447	113,913,434	100	3%	12%		

I/D N° - Increase/Decrease in the number of loans

I/D Amt.- Increase/Decrease in the amount of the loans

APPENDIX 10

SECTORIAL DISTRIBUTION OF APPROVED LOANS - YEARLY

	<u>1980</u>			<u>1981</u>			<u>1982</u>			US\$			
	<u>Nº</u>	<u>Amount</u>	<u>%</u>	<u>Nº</u>	<u>Amount</u>	<u>%</u>	<u>I/D Nº.</u>	<u>I/D Amt.</u>	<u>Nº</u>	<u>Amount</u>	<u>%</u>	<u>I/D Nº</u>	<u>I/D Amt.</u>
Industry	35	6,954,110	79	18	6,011,344	62	(49%)	(14%)	31	8,476,410	70	72%	41%
Mining	5	1,294,226	15	5	3,494,000	35	0	170%	6	3,449,960	28	20%	(1%)
Turism/Hotels	3	381,000	4	--	--	--	-	--	1	250,000	2	--	--
Artisan & Small Industry	78	182,876	2	45	307,168	3	(42%)	68%	-	--	--	--	--
TOTAL	121	8,812,212	100	68	9,812,512	100	(44%)	11%	38	12,176,370	100	(44%)	24%

APPENDIX 10

APPROVED LOANS IN THE INDUSTRIAL SECTOR - ACCUMULATED

	1980			1981			1982			US\$	
	N°	Amount	%	N°	Amount	%	I/D	N°	Amount	%	I/D
Food	247	19,152,455	28	251	20,882,455	28	9%	258	24,030,955	29	15%
Drink	58	7,250,880	11	61	7,700,880	10	6%	66	9,669,490	12	26%
Textiles	114	11,626,625	17	117	13,281,625	18	14%	121	13,860,925	17	4%
Manuf./Shoes	76	750,202	1	76	750,202	1	-	76	750,202	1	-
Wood	76	2,565,083	4	76	2,565,083	3	-	81	3,343,883	4	30%
Furniture	33	711,223	1	33	711,223	1	-	33	711,223	1	-
Printing	36	711,852	1	36	711,852	1	-	36	711,852	1	-
Leather	35	244,177	-	36	446,177	1	83%	36	446,177	1	-
Rubber	3	28,102	-	3	28,102	-	-	3	28,102	-	-
Chemical/ Pharmaceuti- cal.	71	5,691,454	8	74	6,691,454	9	18%	76	7,018,454	8	5%
Plastic	21	3,586,204	5	21	3,586,204	5	-	22	3,853,204	4	38%
Construction Materials	74	3,876,652	6	74	3,876,652	5	-	77	4,317,652	5	11%
Construct- ion	25	4,050,880	6	27	4,499,224	6	11%	27	4,499,224	5	-
Metal Products	93	2,958,272	4	95	3,484,272	5	18%	97	4,072,972	5	17%
Various	144	5,113,241	8	144	5,113,241	7	-	146	5,490,741	7	7%
TOTAL	1,106	68,317,302	100	1,124	74,328,646	100	9%	1,155	82,805,056	100	11%

I/D - Increase/Decrease

APPROVED LOANS IN THE INDUSTRIAL SECTOR - YEARLY

US\$

	1980			1981			1982				
	N°	Amount	%	N°	Amount	%	I/D	N°	Amount	%	I/D
Food	6	3,027,260	44	4	1,730,000	29	(43%)	7	3,148,500	37	82%
Drink	4	985,000	14	3	450,000	7	(54%)	5	1,968,610	24	338%
Textiles	8	1,500,050	22	3	1,655,000	28	10%	4	579,300	7	(65%)
Manuf./ Shoes	2	40,000	--	-	---	--	--	-	--	-	---
Wood	3	159,000	2	-	---	--	--	5	778,800	9	---
Furniture	-	---	--	-	---	--	--	-	---	-	---
Printing	1	60,000	1	-	---	--	--	-	---	-	---
Leather	-	---	-	1	202,000	3	--	-	---	-	---
Rubber	-	---	-	-	---	--	--	-	---	-	---
Chemical/ Pharma- ceutical	2	631,000	9	3	1,000,000	17	59%	2	327,000	4	(67%)
Plastic	2	250,000	4	-	---	--	--	1	267,000	3	--
Construction Materials	-	1,200,000	3	-	---	--	--	3	441,000	5	--
Construct- ion.	-	---	--	2	448,344	7	--	-	---	-	--
Metal Pro- ducts.	4	58,800	1	2	526,000	9	795%	2	588,700	7	12%
Various	2	43,000	-	-	---	-	---	2	377,500	4	-
TOTAL	35	6,954,110	100	18	6,011,344	100	(14%)	31	8,476,410	100	41%

I/D - Increase/Decrease

CONCENTRATION OF LOAN PORTFOLIO

The concentration of the loan portfolio is shown below:

1980

Cervecería Boliviana Nacional	\$b.	39,286,207.47	Brewery
International Mining Co.	"	36,765,180.00	Mining
Molino Andino S.R.L.	"	34,139,004.09	Flour Mill
Empresa Minera Pabón	"	31,226,052.98	Mining
Empresa Minera Atoroma Ltda.	"	28,830,422.18	Mining
Empresa Minera Fabulosa			
Mines Consolidated S.A.	"	28,534,234.10	Mining
Duralit S.A.	"	27,608,000.00	Construction Materials
Fábrica Nacional de Conservas Dillmann	"	25,585,360.73	Food
Manufacturas de Algodón S.A.	"	20,313,496.41	Pharma- ceutical
	\$b.	294,191,954.27	

In 1981 the ten largest loans were the same as those of 1980 except for one.

1981

Gasser & Cia.	\$b.	47,066,940.00	Sugar Refinery
International Mining Co.	"	46,575,877.43	Mining
Cervecería Boliviana Nacional S.A.	"	42,259,464.29	Brewery
Molino Andino S.R.L.	"	31,512,929.16	Flour Mill
Fábrica Nacional de Conservas Dillmann	"	29,185,220.38	Food
Empresa Minera Pabon	"	29,095,653.02	Mining
Empresa Minera Atoroma Ltda.	"	28,830,392.18	Mining
Duralit S.A.	"	26,810,966.45	Construction Materials
Empresa Minera Fabulosa Mines Consolidated S.A.	"	25,593,034.10	Mining
Manufacturas de Algodón S.A.	"	22,157,257.25	Textile
	\$b.	329,087,734.76	

The mining industry figures more predominantly in the list of 1982:

1982

Estalsa Group	\$b.	361,890,223.60	Mining
Cervecería Boliviana Nacional	"	313,356,975.00	Brewery
International Mining Co.	"	269,637,731.33	Mining
Molino Andino	"	204,797,004.00	Flour Mill
Empresa Minera Fabulosa Mines Consolidated S.A.	"	189,448,594.10	Mining
Empresa Minera Atoroma Ltda.	"	170,881,189.28	Mining
Empresa Minera Fabon Ltda.	"	157,093,401.38	Mining
Manufacturas de Algodón S.A.	"	147,785,569.99	Textile
Droguería Inti S.A.	"	145,685,384.08	Pharmaceutical
Compañía Minera del Sur	"	135,573,491.00	Mining
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		\$b. 2,096,149,563.76	
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To further illustrate the predominance of the few mining companies, the loans to the different mines of the various groups have been consolidated resulting in the following lists of the 10 largest loans:

1980

COMSUR Group	\$b.	47,541,086.30	Mining
Cervecería Boliviana Nacional	"	39,286,207.47	Brewery
Estalsa Group	"	36,765,180.00	Mining
Molino Andino S.R.L.	"	34,139,004.09	Flour Mill
Empresa Minera Fabon	"	31,226,052.98	Mining
Empresa Minera Atoroma Ltda.	"	27,608,000.00	Construction Materials
Fábrica Nacional de Conservas Dillmann	"	25,585,360.73	Food
EMUSA Group	"	23,621,681.73	Mining
Manufacturas de Algodón S.A.	"	21,903,996.31	Textile
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		\$b. 316,506,991.79	
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1981

ESTALSA Group	\$b.	56,379,877.93	Mining
Gasser & Cia.	"	47,066,940.00	Sugar Refinery
COMSUR Group	"	44,599,886.30	Mining
Cervecería Boliviana Nacional	"	42,259,464.29	Brewery
Molino Andino S.R.L.	"	31,512,929.16	Flour Mill
Fábrica Nacional de Conservas Dillmann	"	29,185,220.38	Food
Empresa Minera Pabon	"	29,095,653.02	Mining
Empresa Minera Atoroma	"	28,830,392.18	Mining
Duralit S.A.	"	26,810,966.45	Construction Materials
EMUSA Group	"	23,275,315.91	Mining
	\$b.	359,016,645.62	

1982

Estalsa Group	\$b.	697,183,126.77	Mining
Comsur Group	"	325,022,085.10	Mining
Cervecería Boliviana Nacional	"	313,356,975.00	Brewery
Molino Andino S.R.L.	"	204,797,004.00	Flour Mill
Empresa Minera Atoroma Ltda.	"	170,881,189.28	Mining
Empresa Minera Pabon	"	157,093,401.38	Mining
Emusa Group	"	152,065,317.36	Mining
Manufacturas de Algodón	"	147,785,569.99	Textile
Drogueria Inti S.A.	"	145,685,384.08	Pharma- ceutical
Duralit S.A.	"	120,598,742.55	Construction Materials
	\$b.	2,434,468,795.51	

APPENDIX 12

REVIEW OF LOAN PORTFOLIO

The following loans were reviewed:

1. AMOBLART

\$b. 1,939,526.22

This was originally a US\$ 30,000.- loan for the purchase of furniture making machinery for a company located in Cochabamba. The loan was approved in 1979 and disbursed in March, 1980. US\$ 11,391.72 and \$b. 201,351.89 were past due as of December 31, 1982. In 1983 the guarantor paid the overdue portion and the loan is now current.

2. ADMINISTRADORA DE BIENES Y HOTELES S.R.L.

\$b. 87,240,000.00

This company owns a hotel in La Paz and in 1977 they were given a loan of US\$ 514,000.- to build a hotel in Trinidad. A second loan of US\$ 86,000.- was granted to cover cost overruns. Not a single principal payment has been made and in 1981 legal action was taken. The auctioning off of the collateral was suspended in 1981 and again in 1982 as partial interest payment were made. The major difficulty has been that the hotel in Trinidad has never been successful due to low demand and the owners are now trying to sell it to the Armed Forces or to a hospital group. Recovery is assured in the long run as the first mortgage is held on two privately owned houses in La Paz as well as on the hotel in Trinidad.

3. BODEGAS Y VIÑEDOS LA CABAÑA

\$b. 42,293,923.84

Beginning in 1975 this Tarija vineyard has borrowed the following amounts: in 1975 - US\$ 27,500.-; in 1976 - DM 303,376.-; in 1979 - US\$ 69,100.-; in 1980 - US\$ 40,000.- and \$b. 3,000,000.-; in 1981 - US\$ 52,000.- and \$b. 5,200,000.- and in 1982 US\$ 34,000.- for a total of US\$ 222,600.-, DM 303,376.- and \$b. 8,200,000.-. La Cabaña has been an excellent client and the loan is well guaranteed by fixed assets. As of December 31, 1982 the following was outstanding: US\$ 89,867.75 and DM 132,727.- and in past due US\$ 77,175.63 and DM 20,084.24. During 1983 La Cabaña has tried to clear up the overdue portion but BISA would not accept payment in local currency at the exchange rate of \$b. 145.40 to the dollar.

4. CERAMICAS BARBATO

\$b. 974,144.20

in 1975 Cerámicas Barbato in Cochabamba requested a loan of US\$ 48,000.-.

They had previously borrowed and with delays had repaid the loan. Now, with new shareholders and new management, BISA approved the new loan against the first mortgage of the plant. The only supervision and inspection report was done in February of 1978. In 1979 legal action was initiated because the factory was virtually closed and no payments had been made against the loan principal. Through the influence of the workers the auctioning off of the plant was postponed several times. Recovery of the pesos is possible in the long run because of the first mortgage but it will be a lengthy process as a creditors group has been formed and liquidation of the plant and other assets rests with the judicial system.

5. CERVECERIA BOLIVIANA NACIONAL S:A.

\$b. 313,356,975.-

The La Paz brewery owed US\$ 1,156,429.-; DM 381,202.80 and \$b. 66,829,000.- as of December 31, 1982 of which US\$ 281,874.- and DM 74,306.80 were past due. CBN has traditionally been an excellent client and their overdue obligations resulted from their inability to purchase dollars at the Central Bank. In 1983 a new repayment schedule was negotiated and all of their obligations are current.

6. COMPAÑIA MINERA DEL SUR

\$b. 135,573,491.-

This is the second largest private mining company and as of December 31, 1982 they owed US\$ 775,000.- of which US\$ 322,919.- was past due. In 1982 a new repayment schedule had been approved but their obligations continued to run past due as COMSUR was unable to obtain dollars from the Central Bank. Their obligations are still past due as BISA will only accept dollars. This is an excellent mine and the guarantees are good. Payment depends upon the availability of dollars at the Central Bank.

7. COMPAÑIA INDUSTRIAL Y COMERCIAL ORURO

\$b. 110,197,530.-

The Oruro flour mill borrowed US\$ 1,050,000 which was approved in 1977 but disbursed in 1978. The entire outstanding loan of US\$ 630,000.- is past due. In April 1983 CICO attempted to pay off a portion at the bolivian peso equivalent which was not accepted by BISA. Recovery is not a serious problem but one of negotiation to establish the currency of repayment.

8. EMPRESA MINERA ATOROMA

\$b. 170,881,189.25

In 1978 this mining company entered financial bankruptcy and was reorganized. The mine has continued to produce tin and BISA has partially recovered the monies owed them from the sale of other assets.

As of December 31, 1982, BISA was owed US\$ 1,175,000.- in principal. A new repayment schedule had been negotiated in 1981 but it was not met. In 1983 the repayment schedule was again renegotiated and an agreement was reached that the mine would make monthly payments of US\$ 51,000. The first payment was received in September, 1983.

9. EMPRESA MINERA PABON LTDA.

\$b. 157,093.401.38

Beginning in 1976 a total of US\$ 1,915,226,000.- has been lent to this mining company of which US\$ 901,415.24 plus \$b. 7,000,000.- is still outstanding. As of December 31, 1982 US\$ 525,415.24 of the outstanding loans was past due. Through the years very little payment has been made against the principal of the loans. Pabón has sold its share participation in the Kellguani mine to the Emusa group and there will be partial recovery of US\$ 250,000.- from that sale. The General Manager of BISA is presently negotiating a new repayment schedule with the borrower but in any case recovery will be a slow process and in pesos. The bank does hold the first mortgage on the mine.

10. EMPRESA COMERCIAL INDUSTRIAL EL CHORITO S.A.

\$b. 43,013,075.97

In 1976 a US\$ 200,000.- loan was approved for the construction of a shopping center in a residencial area of the city of La Paz. This loan was subsequently increased to US\$ 300,000.- of which US\$ 293,733.33 is outstanding and past due. The shopping center was built and opened but was never a going concern. From the beginning interest payments were late. In 1982 the shareholders decided to liquidate and the shopping center was closed. BISA holds the first mortgage and has tried to sell the complex privately to no avail. Legal action has been temporarily suspended because BISA does not want to receive the proceeds of the auction in local currency. Recovery, in any case, will be difficult, as it is, to a certain extent, a white elephant.

11. FABRICA BOLIVIANA DE TEJIDOS Y CONFECCIONES RIBSA LTDA.

\$b. 8,307,291.-

Ribsa is currently under reorganization by the creditors under the supervision of the judicial system. By 1977 BISA had granted nine loans to RIBSA for the purchase of new machinery and for working capital. Five of those loans have been totally paid off and the outstanding loans as of December 31, 1982 have been transferred to pesos and amount to \$b.8,307,291.- In January, 1980 RIBSA was looking for rehabilitation funds which were not found and in February the Banco del Estado started legal action. In May, 1980 the employees took over the factory and the fate of the factory became a political issue. Throughout 1980 and 1981, BISA renewed and then suspended legal action as promises were made as to payment and the repayment schedule was renegotiated. Finally, in February, 1982 RIBSA deposited \$b. 10,913,590.75 with a judge in payment of the loan plus interest. BISA did not accept the peso equivalent of the dollar loan and initiated the corresponding legal

defense. At the moment the entire matter rests with the judge. This loan is recoverable in pesos but not in dollars.

12. FABRICA DE ALFOMBRAS Y CUBRECAMAS LA GLORIETA

\$b. 10,172.84

This small La Paz rug company borrowed US\$ 26,710.- in 1975 and US\$ 5,000.- in 1976 for new machinery. As of December 31, 1982, \$b. 10,172.84 was outstanding and past due which has since been paid.

13. FABRICA DE HILADOS Y TEJIDOS LA CIMA S.A.

\$b. 80,414,994.82

La Cima was a new company formed in 1979 and BISA lent them US\$ 470,000.- for the purchase of machinery. In 1981 they fell behind in their payments and US\$ 450,729.61 was outstanding and past due as of December 31, 1982. The factory is modern and well equipped and BISA has the first mortgage. At present the borrower is renegotiating the repayment schedule and since the company is a going concern and the shareholders are fairly competent businessmen, recovery should be made according to the new schedule.

14. FABRICA DE MUEBLES Y HERRAMIENTAS DE MADERA FATIMA

\$b. 5,875,761.44

In 1976 a loan for US\$ 53,500.- was approved for the importation of machinery for this new furniture factory in Santa Cruz. In 1977 an additional loan of US\$ 10,000.- was granted. As of December 31, 1982 US\$40,405.- was outstanding and past due. The factory had a fire in 1981 and as a result has not been operating at full capacity. The factory has definite problems as production is down and they are trying to repay BISA in pesos. Recovery in pesos is assured but not necessarily in dollars.

15. GASSER Y CIA. INDUSTRIAS LA BELGICA

\$b. 98,513,920.-

La Bélgica of Santa Cruz is the second largest private sugar refinery. It has been an excellent client over the years. It has borrowed a total of US\$ 1,150,000.- of which US\$ 400,000.- was outstanding and past due as of December 31, 1982. In addition, there is a \$b. 20,113,920.- warrant operation outstanding. The past due occurred because of the lack of availability of foreign exchange at the Central Bank. In 1983 BISA granted La Bélgica a year's extension to avoid the problem of having to receive pesos.

In 1982 an additional loan of US\$ 1,240,000 was approved but La Bélgica decided not to draw it down because of the general economic conditions of the country.

16. GEOMASTER

\$b. 68,275,486.72

In 1981, US\$ 348,344.32 was granted to this construction company in Santa Cruz with the aval of Banco Nacional de Bolivia for the purpose of building the new offices of Banco Nacional in Santa Cruz.

In 1982 the loan came due and the entire amount was past due as of December 31, 1982. In 1983 the entire loan was paid off at the peso equivalent.

17. HOTEL IV CENTENARIO

\$b. 2,139,733.30

This small hotel in Tarija was begun in 1974 and BISA granted them US\$ 50,000.- in 1975 and US\$ 20,000.- in 1976 to finish it. The hotel was never completely finished and it was affected by serious problems such as the lack of a sewage system in the city. As of December 31, 1982 US\$ 9,734.06 and \$b. 412,308.25 were outstanding of which US\$ 4,085.32 was past due. Negotiations are now underway for the sale of the hotel to a new group. Recovery is possible but it will be slow.

18. HOTELERA NACIONAL S.A.

In 1976 a US\$ 500,000.- loan was approved for the construction of the Hotel Plaza in La Paz. The loan has now been fully repaid.

19. INDUSTRIAS GUT LTDA.

\$b. 48,481.07

This is a small company which makes jams and jellies and borrowed \$b. 70,000.- in 1981 against personal guaranties. Legal action was taken against them in 1982 when they fell behind in their payments but it has since been suspended as a new repayment schedule was negotiated. The major problem of this factory has been their cash flow because their product is sold mainly to COMIBOL who is very slow in paying.

20. LABORATORIOS DE COSMETICA Y FARMACEUTICA S.A.

\$b. 56,603,824.51

This is a small pharmaceutical company in La Paz which had borrowed up to US\$ 285,000.- and DM 363,000.- by 1976. By 1978 a new repayment schedule had been granted as their sales had not gone according to their projections. In 1980, however, still another repayment schedule was negotiated as CCFAR had cash flow problems. As of December 31, 1982 US\$ 266,250.- and DM 123,047.28 were outstanding and past due. In 1983 total payment of the loans was made.

21. MIGUEL LECOÑA RODRIGUEZ

\$b. 24,590.54

Me. Lecoña is a carpenter and in 1979 borrowed \$b. 80,000.- to purchase tools against a first mortgage of his shop. Payments have been made on schedule and his small business is doing well.

22. MANUFACTURAS DE ALGODON S.A.

\$b. 147,785,569.99

MASA, one of the largest textil firms, has borrowed beginning in 1976 a total of Sw. Fr. 370,000.- ; US\$ 1,023,000.- and \$b. 2,928,068.- . Until 1982 MASA was an excellent client. By December 31, 1982 US\$ 850,609.87 was outstanding and past due. In March, 1983 interest payments were made and in April a new repayment schedule was negotiated. In spite of their financial problems resulting from a high level of indebtedness, these loans should be recovered according to the new repayment schedule. BISA holds the first mortgage on the plant.

23. INDUSTRIA NACIONAL DE ALAMBRE

\$b. - 0 -

INAL was a new firm in Cochabamba which produced wire and in 1977 borrowed US\$ 30,000.- for the importation of machinery and equipment. The loan carried the guaranty of the Banco Hipotecario Nacional and was repaid according to schedule.

24. JUSTO MAGNE YUFANQUI

\$b. 24,170.63

Mr. Magne is a small artisan who makes sweaters. In 1979 a \$b. 58,800.- loan was approved for the purchase of machinery and raw materials against personal guaranties and a lien on the machinery. The loan is being repaid according to schedule.

25. RADIO NACIONAL DE BOLIVIA

\$b. 498,722.79

The La Paz radio station borrowed US\$ 20,000.- in 1977 for the purchase of new equipment with the aval of Banco Nacional de Bolivia. In 1980 they fell behind schedule and as of December 31, 1982 US\$ 3,430.- was outstanding and past due. Apparently the radio station has deposited the equivalent in pesos with a judge to the order of Banco Nacional but BISA is insisting that Banco Nacional pay them in dollars. The loan is definitely recoverable in pesos.

26. RETEX LTDA.

\$b. 3,132,208.70

This textile firm borrowed US\$ 21,900.- and \$b. 362,000.- in 1979 to purchase new equipment. An inspection report in 1980 showed that they had been slow in purchasing and installing this equipment. In 1982 a new repayment schedule was requested as production was below normal. As of December 31, 1982, US\$ 16,786.62 was outstanding of which US\$ 3,138.- was past due. The client is now insisting on paying in pesos which BISA has refused to accept. Recovery is definitely possible in pesos.

27. SOCIEDAD QUIMICA FORESTAL LTDA.

\$b. 6,070,582.58

This company was founded in Cochabamba in 1976 to produce charcoal for use by the government tin foundry. A loan of US\$ 260,000.- was granted to install 10 ovens against the first mortgage of the plant. Unfortunately a white elephant was built as with 5 ovens total demand could be met. Legal action has been taken in the form of seeking a buyer for the plant, retention of salaries and recovery under the insurance policies. As of December 31, 1982 US\$ 6,070,582.58 was outstanding and past due and already transferred from a dollar debt to a peso debt. Even in pesos recovery is doubtful.

28. SOCIEDAD TECNICA ARMONIA LTDA.

\$b. 55,001,160.48

This mining company borrowed US\$ 78,100.- for mining equipment and in 1980 fell behind in their payments. As of December 31, 1982, US\$ 378,000.- was outstanding and past due but in 1983 the company began making monthly payments of US\$ 15,000.- BISA holds the first mortgage on the mine.

29. SOCIEDAD INDUSTRIAL COMERCIAL LA FRANCESA LTDA.

\$b. 1,758,022.-

In 1978 this commercial bakery in La Paz borrowed \$b. 1,800,000.- and US\$ 10,000.- to purchase and install new equipment to make cookies. In 1975 they had borrowed and repaid on schedule. As of December 31, 1982 \$b. 795,270.- and US\$ 4,912 was outstanding and current.

30. CARMELO UGARTE HUAHUAMULLO

\$b. 20,000.-

Mr. Ugarte has a small aluminum workshop and in 1980 he borrowed \$b. 50,000.- against personal guaranties to purchase tools. As of December 31, 1982 \$b. 20,000.- was outstanding and current.

31. ACEROS TESA S.R.L.

\$b. 3,005,856.-

This iron foundry in Oruro is one of three in the country. In 1974 they borrowed US\$ 204,000.- and in 1976 US\$ 50,000.- In 1980 they fell behind in their payments but as of December 31, 1982, they only owed US\$ 15,336.- which was all current.

32. SERVICIOS A LA CONSTRUCCION LTDA.

\$b. 17,810,100.-

This Santa Cruz company is involved in road building and has service contracts with Servicio Nacional de Caminos. The company was founded in 1976 and borrowed US\$ 260,000.- in 1976 to purchase machinery and equipment. In 1977 they were granted an additional US\$ 105,000.- In 1980 a new repayment schedule was approved and has been followed. Total outstandings were US\$ 99,000.- as of December 31, 1982 of which US\$ 31,500.- was past due mainly because of the problem in obtaining dollars. In 1983 part of the past due was paid and part was subrogated to another construction company. Recovery is possible due to the intervention of another borrower.

In 1980 the past due loan portfolio was composed of the following:

Simple Past Due:

1.	Fábrica de Mosaicos Mosamar	2.4.79	\$b.	385.425.88
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Under Legal Action:

1.	Fábrica Nacional de Cueros El Inca	30.12.75		117.899.56
2.	Baldivieso y Cía. Ltda.	21. 1.67		16.913.50
3.	Fábrica Nacional de Pilas	13. 8.75		3,905.032.64
4.	Lab. de Cosmética y Farmoquímica	30. 6.80		4,510.275.00
5.	Cooperativa Minera Molletero	30. 6.80		1,010.658.46
6.	Soc. Minera Bol. Modede S.A.	4. 4.75		107.574.39
7.	Fábrica Nacional de Pilas S.A.	13. 8.75		1,053.930.00
8.	Cerámicas Barbato S.A.	11. 5.78		941.184.00
9.	Soc. Química Forestal	6.11.78		5,922.596.40
10.	Emp. Ind. Ganadera Lizardo Barrancos	16.10.79		83.579.10
11.	Emp. Ind. Ganadera Lizardo Barrancos	16.10.79		120.911.26
12.	Cía. Ind. Metalúrgica CIMMET	28.12.79		1,225.500.00
13.	Ind. Boliviana Textil Ltda.	28.12.79		3,377.243.44
14.	Corp. Yungueña Citrícola S.A.	30. 6.80		122.550.00
15.	Lab. de Cosmética y Farmoquímica	30. 6.80		765.937.50
16.	Lab. de Cosmética y Farmoquímica	30. 6.80		2,451.000.00
17.	Lab. de Cosmética y Farmoquímica	30. 6.80		3,308.850.00
18.	Administradora de Bienes y Hoteles	8. 7.80		12,598.140.00
19.	Administradora de Bienes y Hoteles	8. 7.80		2,107.860.00
20.	Establecimientos Farmaceuticos S.A.	30.12.80		2,521.149.58
21.	Fábrica de Muebles Fátima	6. 4.76		990.326.55
22.	El Faro Ltda.	23.12.76		315.128.99
23.	Servicón Ltda.	9.12.76		2,731.114.01
24.	Servicón Ltda.	30.10.77		1,181.688.37
25.	Fábrica de Quesos Belen	18. 7.79		245.100.00
26.	Maestranza Asturias	19. 3.76		502.724.61
			\$b.	<u>52,234.867.36</u>

The breakdown by antiquity is as follows:

1 year -	9 loans	33%	\$b.	29.396.420.54	56%
2 years -	6 loans	22%		5.437.759.68	10%
3-5 years -	7 loans	26%		12.584.762.93	24%
over 5 years -	5 loans	19%		5.201.350.09	10%
	<u>27 loans</u>	<u>100%</u>	\$b.	<u>52.620.293.24</u>	<u>100%</u>

The four largest past due loans which represent 70% of the entire past due obligations are:

1.	Administradora de Bienes y Hoteles	\$b.	14.706.000.00
2.	Laboratorios de Cosmética y Farmoquímica		11.030.061.50
3.	Sociedad Química Forestal		5.922.596.40
4.	Fábrica Nacional de Pilas		4.958.962.64
		\$b.	<u>36.623.621.54</u>

The past due loan portfolio divided by amounts is shown below:

Up to \$b.500,000	9 loans	- 33%	\$b. 1.515.082.68	3%
\$b. 500,001 - \$b. 1,000,000	4 loans	- 15%	3.200.172.66	6%
\$b.1,000,001 - \$b. 3,000,000	8 loans	- 30%	14.282.900.42	27%
\$b.3,000,001 - \$b. 5,000,000	4 loans	- 15%	15.101.401.08	29%
Over \$b.5,000,000	2 loans	- 7%	18.520.736.40	35%
	<u>27 loans</u>	<u>- 100%</u>	<u>\$b.52.620.293.24</u>	<u>100%</u>

In 1981 the past due loans were the following:

Under Legal Action:

1. Amoblart	29.10.81	\$b. 403.200.00
2. Huanca Mamani Juan	4. 5.81	21.439.69
3. Soc. Química Forestal	31. 7.81	6.041.000.00
4. Soc. Minera Motede S.A.	31. 7.81	109.725.00
5. Cerámica Barbato S.A.	31. 7.81	960.000.00
6. Cooperativa Minera Molleterio	31. 7.81	846.918.36
7. Quisbert Cuarite Hilarión	30.12.81	22.028.75
8. Tintaya Idiaquez Felix	30.12.81	88.943.47
9. Barreto Escolastico	30.12.81	41.459.00
10. Alarcon Marquez Rene	30.12.81	126.000.00
11. Industrias Gut Ltda.	30.12.81	66.920.91
12. Castillo Lopez Eusebio	30.12.81	43.750.00
13. Ojeda Murillo B. & Sra.	30.12.81	65.000.00
14. Marquez, Justina Conde de	30.12.81	20.000.00
15. Calcina Cortez Alberto	30.12.81	510.225.00
16. Maestranza Asturias	30.12.81	512.775.00
17. El Faro Ltda.	30.12.81	321.429.00
18. Baldivieso y Cia. Ltda.	21. 1.67	16.913.50
19. Fábrica Nacional de Pilas	13.8.75	3,272.569.25
20. Lab. de Cosmética y Farmoquímica	30. 6.80	3,779.737.50
21. Amoblart	29.10.81	279.211.06
22. Fábrica Nacional de Pilas	13. 8.75	1,053.930.00
23. Emp. Ind. Ganadera Lizardo Barrancos	16.10.79	83.579.10
24. Emp. Ind. Ganadera Lizardo Barrancos	16.10.79	120.911.26
25. Cia. Ind. Metalúrgica CIMMET	28.12.79	1,225.500.00
26. Ind. Boliviana Textil Ltda.	28.12.79	3,377.243.44
27. Ccorp. Yungueña Citrícola S.A.	30.6.80	122.550.00
28. Lab. de Cosmética y Farmoquímica	30.6. 80	765.937.50
29. Lab. de Cosmética y Farmoquímica	30.6. 80	2,451.000.00
30. Lab. de Cosmética y Farmoquímica	30.6. 80	3,308.850.00
31. Administradora de Bienes y Hoteles	8. 7.80	12.598.140.00
32. Administradora de Bienes y Hoteles	8. 7.80	2.107.860.00
33. Establecimientos Farmaceuticos	30.12.80	2.521.149.58
34. Fábrica Nacional de Vidrios y Cristales	8. 7.81	551.475.00
35. Emp. Con. Ind. El Chorito S.A.	8. 7.81	7.199.403.92
36. Soc. Ind. Com. y Serv. Coinser Ltda.	30.12.81	98.225.80
37. Papeles Generales S.A. Pagensa	30.12.81	1.627.356.89
38. Soc. Técnica Armonia Boteca Ltda.	30.12.81	9.264.780.00
39. Fab. de Muebles Fatima	6. 4.76	990.326.55

\$b. 67.017.464.53

Between 1980 and 1981 5 loans were recovered and 20 were added.

In terms of antiquity, the past due portfolio was divided as follows:

1 year	23 loans	59%	\$b. 29.221.266.85	44%
1-2 years	8 loans	21%	27.655.224.58	41%
3-5 years	4 loans	10%	4.807.233.80	7%
Over 5 years	4 loans	10%	5.333.739.30	8%
	<u>39 loans</u>	<u>100%</u>	<u>\$b. 67.017.464.53</u>	<u>100%</u>

The six largest overdue loans are the following:

1. Administradora de Bienes y Hoteles	\$b. 14.706.000.00
2. Lab. de Cosmética y Farmoquímica	10.305.525.00
3. Soc. Técnica Armonía SOTECA Ltda.	9.264.780.00
4. Emp. Com. Ind. El Chorito S.A.	7.199.403.92
5. Soc. Química Forestal	6.041.000.00
6. Fábrica Nacional de Pilas	4.326.499.25
	<u>\$b. 51.843.208.17</u>

The division of the past due loan portfolio by amounts is as follows:

to \$b. 500,000	18 loans	46%	\$b. 2.051.286.54	3%
\$b. 500,001 - \$b. 1,000,000	7 loans	18%	\$b. 5.137.657.41	8%
\$b. 1,000,001 - \$b. 3,000,000	6 loans	16%	\$b. 10.986.796.47	16%
\$b. 3,000,001 - \$b. 5,000,000	4 loans	10%	\$b. 13.738.400.19	21%
Over \$b. 5,000,000	4 loans	10%	\$b. 35.103.323.92	52%
	<u>39 loans</u>	<u>100%</u>	<u>\$b. 67.017.464.53</u>	<u>100%</u>

In 1982 the past due loan portfolio was divided into those loans which were past due as of November 3, 1982 in foreign currency which would be repaid at \$145.40 pesos to the dollar and those which were due after November 3, and would be repaid at \$b. 196.00 pesos to the dollar.

Simple Past Due:

1. Compañía Industrial y Com. Oruro	\$b. 72.030.000.00
2. Cía. Minera Kellguani S.A.	31.360.000.00
3. Empresa Minera Unificada	17.966.536.00
4. Fab. de Hilados y Tejidos La Cima S.A.	57.615.262.32
5. Geomaster	68.275.486.72
6. Gasser y Cia.	49.000.000.00
7. Gasser y Cía.	29.400.000.00
8. Manufacturas de Algodón S.A.	15.201.564.00
9. Manufacturas de Algodón S.A.	28.275.156.00
10. Manufacturas de Algodón S.A.	32.340.000.00
11. Manufacturas de Algodón S.A.	17.517.500.00
12. Ind. Maderera Los Palos	10.530.100.00
13. Proplásticos Ltda.	8.624.000.00
14. Maestranza H. Bowles	44.296.000.00
15. Editorial Continental	7.312.059.00
	<u>\$b. 489.743.664.04</u>

Past Due: \$b. 145.40 / US\$

1.	Arando Industrial y Comercial (Bolivia) S.A.	\$b.	10.790.842.10
2.	Amoblart		1,656.356.09
3.	Administradora de Bienes y Hoteles		12.504.400.00
4.	Administradora de Bienes y Hoteles		74.735.600.00
5.	Bodegas y Viñedos La Cabaña		499.885.20
6.	Bodegas y Viñedos La Cabaña		1.255.892.50
7.	Beslontex Ltda.		2.112.272.33
8.	Barraca y Maestranza Yacuma		1.271.208.94
9.	Bodegas y Viñedos La Cabaña		1.904.758.90
10.	Beslontex Ltda.		145.400.00
11.	Bodegas y Viñedos La Cabaña		7.560.800.00
12.	Bodegas y Viñedos La Cabaña		2.920.248.50
13.	Cervecería Boliviana Nacional		17.336.042.00
14.	Cervecería Boliviana Nacional		5.192.961.00
15.	Compañía Ind. y Com. Oruro		38.167.500.00
16.	Compañía Minera del Sud		46.952.422.60
17.	Compañía Minera Kellguani S.A.		32.715.000.00
18.	Cervecería Boliviana Nacional S.A.		11.185.476.00
19.	Cervecería Boliviana Nacional S.A.		7.270.000.00
20.	Calmecca de E. Fuentes R.		376.222.50
21.	Compañía Minera Kellguani S.A.		5.816.000.00
22.	Compañía Minera Kellguani S.A.		10.905.000.00
23.	Cervecería Boliviana Nacional S.A.		10.804.208.72
24.	Corp. Yungueña Citricola		727.000.00
25.	Cía. Ind. Mercantil Metalúrgica		7.270.000.00
26.	Droguería Inti S.A.		3.029.409.00
27.	Droguería Inti S.A.		6.058.091.00
28.	Droguería Inti S.A.		1.363.125.00
29.	Droguería Inti S.A.		12.847.544.00
30.	Droguería Inti S.A.		1.752.690.86
31.	Droguería Inti S.A.		4.618.868.00
32.	Droguería Inti S.A.		1.096.135.70
33.	Empresa Minera Unificada S.A.		26.656.472.80
34.	Empresa Minera Yana Malleu		13.421.292.40
35.	Empresa Minera Fabulosa Mines		43.620.000.00
36.	Empresa Minera Pabon Ltda.		47.764.177.71
37.	Empresa Minera Pabon Ltda.		18.902.000.00
38.	Empresa Minera Pabon Ltda.		9.729.198.18
39.	Empresa Minera Avicaya Ltda.		14.540.000.00
40.	Emp. Com. Ind. El Chorito S.A.		42.708.826.18
41.	Emp. Ind. y Gan. Lizardo Barrancos		717.273.56
42.	Emp. Ind. y Gan. Lizardo Barrancos		495.814.00
43.	Establecimientos Farmaceuticos S.A.		14.956.146.43
44.	Empresa Minera Atoroma Ltda.		58.160.000.00
45.	Empresa Minera Atoroma Ltda.		83.605.000.00
46.	Empresa Minera Atoroma Ltda.		29.080.000.00
47.	Fab. de Singani Tres Estrellas		3.050.279.72
48.	Ferrari Ghezzi y Cia.		16.616.867.43
49.	Fab. de Cintas y Trenzados Dayzi		5.089.000.00
50.	Fab. de Hilados y Tejidos La Cima		22.794.967.23
51.	Fab. Nacional de Conservas Dillman		58.120.74
52.	Fab. de Cintas y Trenzados Dayzi		5.670.600.00
53.	Fab. Nac. de Vidrios y Cristales		3.271.500.00
54.	Granja Lechera de E. Magnus		912.046.22

55.	Hotel IV Centenario	\$b.	594.005.53
56.	Hotel Paraiso-Yacuiba		5.041.916.57
57.	Hotel Gloria		7.010.461.00
58.	Hotel Casa Mier		2.174.052.79
59.	Hostal Casa Mier		1.038.446.80
60.	Hotel Gloria		3.442.166.16
61.	Ind. Boliviana Textil Ltda.		20.034.728.52
62.	La Precisa Simon y Cía Ltda.		605.881.80
63.	Liquid Carbonic de Bolivia S.A.		778.664.98
64.	La Precisa Simon y Cía. Ltda.		1.584.215.88
65.	Lab. de Cosmética y Farmaceutica S.A.		4.543.750.00
66.	Lab. de Cosmética y Farmaceutica S.A.		14.540.000.00
67.	Lab. de Cosmética y Farmaceutica S.A.		19.629.000.00
68.	Lab. de Cosmética y Farmaceutica S.A.		17.891.074.51
69.	Manufacturas de Algodón S.A.		845.064.80
70.	Manufacturas de Algodón S.A.		1.593.002.40
71.	Manufacturas de Algodón S.A.		2.998.875.00
72.	Manufacturas de Algodón S.A.		46.528.000.00
73.	Molino Andino S.A.		15.796.692.00
74.	Muñoz Llosa y Cia. Ltda.		130.388.90
75.	Muñoz Llosa y Cia. Ltda.		55.307.25
76.	Manufacturas de Algodón S.A.		2.474.976.99
77.	Oriente Publicidad		454.375.00
78.	Oxibis Ltda.		952.249.32
79.	Plastix Boliviana S.A.		3.053.352.02
80.	Papeles Generales S.A.		8.315.776.41
81.	Radio Nacional de Bolivia		498.722.79
82.	Retex Ltda.		456.271.02
83.	Residencia Copacabana		30.281.00
84.	Racipren T.V. S.R.L.		40.624.76
85.	Soc. Ag. Gan. e Ind. de Cinti, S.A.		8.976.298.08
86.	Soc. Ag. Gan. e Ind. de Cinti, S.A.		1.385.573.31
87.	Soc. Agroindustrial del Valle		289.827.27
88.	Soc. Ind. y de Servicios Ltda.		582.702.13
89.	Soc. Técnica Armonia		54.961.200.00
90.	Texturizadoras Bolivianas S.R.L.		12.620.400.12
91.	Urbil Ltda.		825.175.53
92.	Velasco Tarifa Raul		619.043.41
93.	Ind. Maderera Los Palos		6.695.248.34
94.	Proplasticos Ltda.		7.677.120.00
95.	Tomás Gonzalez		969.336.72
96.	Mercado de Materiales		8.724.000.00
97.	Cámara de Industria y Comercio		2.079.217.09
98.	Servición Ltda.		4.580.100.00
99.	Ramón Ortiz M.		113.993.60
100.	Herland Vaca Diez		1.817.500.00
101.	Fábrica de Muebles Lambda		1.938.661.82
102.	Pre-Fab. Torok-Leigue G.		1.454.000.00
103.	Fanaderia Lucero		1.890.202.90
104.	Fábrica de Mosaicos Moxamar		1.254.076.00
105.	Aserradero Los Naranjos		1.090.500.00
106.	Fábrica de Quesos Belen		893.570.68

107.	Textiles Orientales S.A.	11.268.500.00
108.	Textiles Orientales S.A.	32.221.766.88
109.	Textiles Orientales S.A.	5.198.050.00
110.	Fábrica de Muebles Fatima	5.874.887.00
111.	Mercado de Materiales	4.900.507.80
112.	Editorial Continental	602.704.81
113.	Mercado de Materiales	8.019.804.53
		<hr/>
		1.177.317.240.76

Under Legal Action:

These items include those past due loans denominated in pesos boliviano and those foreign currency loans which came due after November 3, 1982 and are to be repaid at \$b. 196. to the U.S. dollar.

1.	Amoblart	29.10.81	201.351.89
2.	Huanca Mamani Juan	4. 5.81	21.439.69
3.	Sociedad Química Forestal	31.7. 81	6.041.000.00
4.	Soc. Minera Motede S.A.	31.7.81	109.725.00
5.	Cerámicas Barbato S.A.	31. 7.81	960.000.00
6.	Coop. Minera Molleterio	31. 7.81	846.918.36
7.	Quisbert Cuarite Hilarion	30.12.81	22.028.75
8.	Tintaya Idiaquez Felix	30.12.81	88.943.47
9.	Alarcon Marquez Rene	30.12.81	117.626.00
10.	Industrias Gut Ltda.	30.12.81	46.887.07
11.	Castillo Lopez Eusebio	30.12.81	17.496.77
12.	Ojeda Murillo B. y Sra.	30.12.81	65.000.00
13.	Marquez Justina Conde de	30.12.81	12.898.31
14.	Fab. Boliviana de Tejidos Conf. RIBSA	21. 1.82	380.000.00
15.	Fab. Boliviana de Tejidos, Conf. RIBSA	21. 1.82	410.200.00
16.	Fab. Boliviana de Tejidos Conf. RIBSA	21. 1.82	7.500.000.00
17.	Cordero Carvajal Luciano	30. 8.82	52.743.16
18.	Cabrera Marquez Tomas	22. 9.82	21.823.03
19.	Carrocerías Oriental	22. 9.82	203.796.38
20.	Gutierrez Quispe Isaac	22. 9.82	130.740.50
21.	Huanca Mamani Manuel	22. 9.82	12.206.00
22.	Intexsum	22. 9.82	133.028.27
23.	Inbaltco	22. 9.82	209.492.50
24.	Linares Castillo Alfredo	22. 9.82	20.160.00
25.	Mullisaca Quispe Agustin	22. 9.82	5.204.15
26.	Mullisaca Ramos Carlos	22. 9.82	16.390.23
27.	Patty Juana Choque de	22. 9.82	12.000.00
28.	Quispe Paye Mario	22. 9.82	56.875.00
29.	Ticona Flores Hermenegildo	22. 9.82	35.309.66
30.	D. Taller Cerraj.	22. 9.82	600.000.00
31.	Cuba Quispe Fvaristo	30.12.82	18.450.00
32.	Claros Flores Juan	30.12.82	10.105.90
33.	Copa Copa Zacarias	30.12.82	43.406.08
34.	Gonzales Zenteno Ruben	30.12.82	45.750.00
35.	Rodriguez Cori Francisco	30.12.82	5.415.00
36.	Tintaya Mamani Mario	30.12.82	44.500.00

37.	Vega Veliz Jacinto	30.12.82	16.128.00
38.	Maestranza Asturias	19. 3.76	361.843.32
39.	El Faro	23.12.76	321.429.00
40.	Baldivieso y Cia. Ltda.	21. 1.67	<u>16.913.50</u>

\$b.19.235.224.99

The six largest past due loans are the following:

1.	Empresa Minera Atoroma Atoroma Ltda.	\$b. 170.845.000.00
2.	Manufacturas de Algodón S.A.	\$b. 147.774.139.19
3.	Cía. Industrial y Comercial Oruro	\$b. 110.197.500.00
4.	Administradora de Bienes y Hoteles	\$b. 87.240.000.00
5.	Cía. Minera Kellguani S.A.	\$b. 80.796.000.00
6.	Fábrica de Hilados y Tejidos La Cima S.A.	<u>\$b. 80.410.229.55</u>

\$b. 677.262.868.74

The division of the overdue loan portfolio by amounts is shown below:

To \$b. 1,000,000.	66 loans	39%	\$b. 19.964.183.51	1%
\$b.1,000.001 - 5,000.000	32 loans	19%	74.595.922.50	4%
\$b.5,000.001 - 10,000.000	23 loans	14%	160.667.271.11	10%
\$b.10,000.001 - 20,000.000	22 loans	13%	317.771.185.71	19%
\$b.20,000.001 - 50,000.000	18 loans	11%	643.915.017.92	38%
Over \$b. 50,000.000	7 loans	4%	469.382.549.04	28%
	<u>168 loans</u>	<u>100%</u>		<u>100%</u>
			\$b.1.686.296.129.79	

PARTICIPATING BANKS IN BANCO INDUSTRIAL LOAN PROGRAM

Listed below are all those banks which used BISA funding during

the last seven years:

<u>BANK</u>	<u>1975-78</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>US\$. SUB-TOTAL</u>
Hipotecario	530,266	13,021	---	---	---	543,287
No. Operations	74	1	---	---	---	75
Mercantil	118,306	---	---	---	---	118,306
No. Operations	6	---	---	---	---	6
Boliviano						
Americano	9,515	---	---	---	---	9,515
No. Operations	7	---	---	---	---	7
Nacional	124,821	122,550	49,020	354,992	---	651,383
No. Operations	21	1	1	1	---	24
Cochabamba	30,030	18,382	---	---	---	48,412
No. Operations	1	1	---	---	---	2
Popular	30,030	---	---	---	---	30,030
No. Operations	1	---	---	---	---	1
Credito Oruro	63,715	---	---	---	---	63,715
No. Operations	4	---	---	---	---	4
Big Beni	25,315	---	---	---	---	25,315
No. Operations	1	---	---	---	---	1
Potosi	28,183	---	---	---	---	28,183
No. Operations	1	---	---	---	---	1
TOTAL:	960,181	153,953	49,020	354,992	---	1,518,146
No. Operations	116	3	1	1	---	121

CLIENT UTILIZATION OF BISA FUNDING

The following clients had the following balances outstanding as of December 31, 1982:

TARIFA RAUL	BANCO HIPOTECARIO	US\$.	10,645
ORIENTE PUBLICIDAD	" "		<u>6,250</u>
		US\$.	16,895
HOSTAL CASA MIER	BANCO NACIONAL	US\$.	76,641
HOSTAL CASA MIER	" "		39,281
GEOMASTER	" "	US\$.	<u>348,344</u>
		US\$.	464,266
OXEBIS LTDA.	BANCO DE COCHABAMBA	US\$	11,299
URBIL LTDA.	BANCO DE POTOSI	US\$.	8,759
GRAND TOTAL:		US\$.	501,219

WARRANT OPERATIONS

1. Sugar Warrant

In favor of:

Cia. Industrial Azucarera "San Aurelio"

Gasser y Cia., Industrias "La Bélgica"

Amount:

\$b. 18,556,348 corresponding to 6.5 percent of the total amount of \$b. 285,482,281 to be financed through the Union de Bancos Bolivianos.

Type of Operation:

The provision of a Guarantee to the Central Bank of Bolivia.

Term:

5 monthly installments

Administration:

Under the responsibility of the leading bank:

Banco La Paz

Guarantee Fee:

5 percent p.a.

Depository:

Almacenes Generales de Depósito S.A. "AGEDESA"

Participating Banks:

	<u>Percentage</u>
Banco Nacional de Bolivia	9.17
Banco Hipotecario Nacional	8.08
Banco Mercantil	9.16
Banco Boliviano Americano	13.37
Banco de Crédito Oruro	7.11
Banco de Cochabamba	7.31
Banco de Santa Cruz de la Sierra	12.61
Banco Industrial y Ganadero del Beni	7.18
Banco de Potosi	6.50

Banco de La Paz	6.51
Banco de Financiamiento Industrial	6.50
Banco Industrial S.A.	<u>6.50</u>
	100.00%

2. Cotton Warrant

In favor of:

Sociedad Nacional Textil

"SONATEX" S.A.

Amount:

\$b. 6,750,000 corresponding to 25 percent of the total amount of \$b. 27,000,000. to be financed through the Union de Bancos Bolivianos with refinancing resources from the Central Bank of Bolivia

Type of Operation:

The provision of a guarantee to the Central Bank of Bolivia

Terms:

6 monthly installments

Administration:

Under the responsibility of the Banco de Crédito Oruro, the lead bank.

Depository:

Almacenes Generales de Depósito S.A.
"AGEDESA"

Guarantee Fee:

5 percent p.a.

Participating Banks:

Banco Boliviano Americano	25
Banco de Crédito Oruro	30
Banco de Potosi	20
Banco Industrial	25

T O T A L: 100%

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NOMINA DE ACCIONISTAS DEL BANCO INDUSTRIAL S. A.

(AL 31 DE DICIEMBRE DE 1982)

No.	N O M B R E S	Número de Acciones		Importe \$b.	
		Parciales	Totales	Parciales	Totales
SERIE "A" BANCOS PRIVADOS NACIONALES					
1	Banco Boliviano Americano	69.282		6.928.200.-	
2	Banco de Cochabamba	13.420		1.342.000.-	
3	Banco de Crédito Oruro	12.111		1.211.100.-	
4	Banco de Financiamiento Industrial S.A.	1.361		136.100.-	
5	Banco de La Paz	1.691		169.100.-	
6	Banco Industrial y Ganadero del Beni S.A.	7.484		748.400.-	
7	Banco Hipotecario Nacional	79.468		7.946.800.-	
8	Banco Mercantil	71.591		7.159.100.-	
9	Banco Nacional de Bolivia	38.560		3.856.000.-	
10	Banco Potosí S.A.	3.712		371.200.-	
11	Banco Popular del Perú	46.130		4.613.000.-	
12	Banco de Santa Cruz de la Sierra	593	345.403	59.300.-	34.540.300.-

SERIE "B" INDUSTRIALES E INVERSIONISTAS PRIVADOS DE BOLIVIA

1	Aguilar Leytón Mario	5		500.-	
2	Aguilar Zapata Magda	5		500.-	
3	Aguilera Carinen Melgar v. de	355		35.500.-	355
4	Albatex Artesanal	17		1.700.-	
5	Alborta Betty Diez Canseco de	424		42.400.-	
6	Alvarez La Faye Julio	103		10.300.-	
7	Alvarez Uverhuaga David	124		12.400.-	
8	Anaya Oblitas Iván	51		5.100.-	
9	Andreatta Loma Clelia	102		10.200.-	
10	Andreatta Loma Bertha	102		10.200.-	
11	Aramayo Elsa Diez de Medina de	1.554		155.400.-	
12	Arando Industrial y Comercial S.A.	10		1.000.-	
13	Aranibar Esther F. de	452		45.200.-	
14	Aranibar Janeth Dajer de	5		500.-	
15	"Argos" Cía. de Seguros S.A.	1.074		107.400.-	
16	Arteaga Magda Guzmán de	55		5.500.-	
17	Artesanía Texul Boliviana	360		36.000.-	
18	Ballivián Calderón René	367		36.700.-	
19	Bakir Khteeb Farid	54		5.400.-	
20	Batky Braun Rapp Gabriel E.	868		86.800.-	
21	Bedoya Ballivián Mario	413		41.300.-	
22	Beltrán Luis Felipe	86		8.600.-	
23	Beltrán Aida Hernandez de	285		28.500.-	
24	Berthín Flores Edwin Erick	104		10.400.-	
25	Berthín Marcia Ximena	104		10.400.-	
26	Borda Castillo Carlos	10		1.000.-	
27	Borjesson American Tobacco S.A.	103		10.300.-	
28	Caceres Torrico Juan Carlos	5		500.-	
29	Calderón Borda Emilio	5		500.-	
30	Carnacho Flores Nancy	5		500.-	

No.	N O M B R E S	Número de Acciones		Importe Sb.	
		Parciales	Totales	Parciales	Totales
31	Cámara Deptal. de Comercio é Ind. Santa Cruz	436		43.600.-	
32	Cámara Deptal. de Industrias Oruro	1.338		133.800.-	
33	Cámara Nacional de Industrias La Paz	32.874		3.287.400.-	
34	Canelas Lopez René	640		64.000.-	
35	Capriles Rico Remberto	51		5.100.-	
36	Carrasco Villalba Arturo	72		7.200.-	
37	Casa Kavlin S.A.	154		15.400.-	
38	Castellanos Ortiz Hugo	4.192		419.200.-	
39	Cervecería Boliviana Nacional S.A.	65.534		6.553.400.-	
40	Cervecería Taquiña S.A.	897		89.700.-	
41	Claros Zarco Donato	716		71.600.-	
42	Claure Cardona Lionel	132		13.200.-	
43	Claure Graciela Zapata v. de	241		24.100.-	
44	Claure Bascon Lionel José	176		17.600.-	
45	Collque Covarrubias Ubaldo	5		500.-	
46	Compañía Inmobiliaria y Mobiliaria "Americana"	857		85.700.-	
47	Compañía Industrial La Suprema	1		100.-	
48	Compañía Industrial de Tabacos S.A.	1.544		154.400.-	
49	Compañía Industrial Azucarera San Aurelio S.A.	2.024		202.400.-	
50	Consejo Superior de Enseñanza Técnica	72		7.200.-	
51	Cooperativa Gráfica E. Burillo	38		3.800.-	
52	Cortez Paredes Lucio	5		500.-	
53	Curtiembre Vis de Kuljis y Cia	174		17.400.-	
54	Curtiembre Illimani	187		18.700.-	
55	De la Reza Fernandez Antonio	227		22.700.-	
56	Dick Noya Edgar	16		1.600.-	
57	Drogueria Inti S.A.	9.899		989.900.-	
58	Dueri y Cia. Ltda.	429		42.900.-	
59	Durén Amalia Gamarra de	389		38.900.-	
60	Editorial Benavides	5		500.-	
61	Editorial Fenix	27		2.700.-	
62	Eguino Escobar Enrique	187		18.700.-	
63	Elias Paredes Manuel	163		16.300.-	
64	Elsner Schweitzer Hans	72		7.200.-	
65	Embotelladora Tunari	257		25.700.-	
66	Empresa Editora Universo	10		1.000.-	
67	Empresa Editora Urquizo	9		900.-	
68	Establecimientos Textiles Estatex	971		97.100.-	
69	Estuquera y Calea Achachicala	28		2.800.-	
70	Fabalu Ltda.	2		200.-	
71	Fábrica de Tejidos Fatima	81		8.100.-	
72	Fábrica de Productos de Alambre Atlas	75		7.500.-	
73	Fábrica de Pinturas Monopol	136		13.600.-	
74	Fábrica de Pinturas Espintbol	515		51.500.-	
75	Fábrica de Calzados Maratón	361		36.100.-	
76	Fábrica de Confecciones La Paz	336		33.600.-	

No.	N O M B R E S	Número de Acciones		Importe \$b.	
		Parciales	Totales	Parciales	Totales
77	Fábrica de Jabones Patria S.A.	2.025		202.500.-	
78	Fábrica de Tejidos Jacquard Fateja S.A.	3.841		384.100.-	
79	Fábrica de Salchichas J. Stege	51		5.100.-	
80	Fábrica de Vidrios y Cristales S.A.	1.767		176.700.-	
81	Fábrica Nal. de Tejidos S.A. Fanase	957		95.700.-	
82	Fábrica y Curtiduría M.S. Salas	605		60.500.-	
83	Fábrica de Camisas Corona	34		3.400.-	
84	Fábrica de Cintas y Trenzados Dayzi	123		12.300.-	
85	Fábrica de Productos Alimenticios "Corona"	102		10.200.-	
86	Fábrica de Fiecos Lima	5		500.-	
87	Fábrica Flecotex	4		400.-	
88	Fábrica de Tejidos Selán	6		600.-	
89	Fábrica de Ropa Los Infantes	10		1.000.-	
90	Fábrica de Tapacoronas Fanet	6		600.-	
91	Fábrica de Tejidos Punto Im Terrot	27		2.700.-	
92	Fábrica de Tejidos Teycot	5		500.-	
93	Fábrica de Ropa Interior Bolívar	5		500.-	
94	Fábrica de Tejidos El Pacífico	13		1.300.-	
95	Fábrica de Papaya Salviatti y Cía.	311		31.100.-	
96	Fábrica de Tejidos Beslontex	19		1.900.-	
97	Fábrica de Tejidos Tricotex	46		4.600.-	
98	Fábrica de Chornpas Sam Duck	54		5.400.-	
99	Fábrica de Mantas Rescala	12		1.200.-	
100	Fábrica de Camisas La Modelo	58		5.800.-	
101	Fábrica de Tejidos Fadtex	2		200.-	
102	Fábrica de Persianas Agramot	21		2.100.-	
103	Fábrica de Tejidos Bialistok	4		400.-	
104	Fábrica de Aguas Gaseosas Oriental	499		49.900.-	
105	Fábrica de Tejidos Sagrado Corazón	34		3.400.-	
106	Fábrica de Tejidos Sfertex	5		500.-	
107	Fábrica de Tejidos Arneko	37		3.700.-	
108	Fábrica de Pinturas Colorit	955		95.500.-	
109	Fábrica de Camisas Olímpic	31		3.100.-	
110	Fábrica de Tejidos Kuenzel	274		27.400.-	
111	Fábrica de Muebles Fama Ltda.	30		3.000.-	
112	Flexi - Piast	125		12.500.-	
113	Fernandez Arroyo Jorge	80		8.000.-	
114	Fernandez Arroyo Alicia	227		22.700.-	
115	Fierro del Carpio Eduardo H.	54		5.400.-	
116	Franco Graciela Bedoya de	72		7.200.-	
117	Fronae Ltda. Cochabamba	80		8.000.-	
118	Fundación Boliviana de Desarrollo	110		11.000.-	
119	Gambarte Pantoja Hugo	131		13.100.-	
120	García Eulert Alvaro	5		500.-	
121	García Rodríguez Luis Enrique	262		26.200.-	
122	Gasser y Cía. Ind. La Bélgica S.A.	4.299		429.900.-	

No.	N O M B R E S	Número de Acciones		Importe \$b.	
		Parciales	Totales	Parciales	Totales
123	Gomatex S.A.	59		5.900.-	
124	Granier Bertini Manuel	54		5.400.-	
125	Gutierrez Vea Murguia Guillermo	367		36.700.-	
126	Gutiérrez Machicado Dulfredo	91		9.100.-	
127	Gutiérrez J. Oswaldo	89		8.900.-	
128	Hanart Carlos	237		23.700.-	
129	Hansa Ltda.	7.495		749.500.-	
130	Hilanderias Bolivianas Hilbo S.A.	204		20.400.-	
131	Hidalgo Hidalgo Carlos Lauro	1.082		108.200.-	
132	Hoiguin Manuel	389		38.900.-	
133	Hoeschst Ltda.	17		1.700.-	
134	Imprenta Horizontes	212		21.200.-	
135	Imprenta Renovación	329		32.900.-	
136	Imprenta Kollasuyo	8		800.-	
137	Imprenta Nacional	32		3.200.-	
138	Imprenta Universitaria	13		1.300.-	
139	Industria Venado S.A.	11.972	--	1.197.200.-	
140	Industrias Bolivianas Philips	247		24.700.-	
141	Industrias Calatayud S.R.L.	485		48.500.-	
142	Industrias El Cuerito Ltda.	258		25.800.-	
143	Industria Maderera Boliviana	35		3.500.-	
144	Induvar S.A.	984		98.400.-	
145	Industrias Famet	14		1.400.-	
146	Industria Calcetinera Incabol	36		3.600.-	
147	Industrias LAC Ltda.	108		10.800.-	
148	Industrias Valdez	6		600.-	
149	Industrias Bolivianas Aguila	8		800.-	
150	Industrias Albus S.A.	1.890		189.000.-	
151	Industrias Unidas El Progreso	27		2.700.-	
152	International Machinery Co. (Bolivia) S.A.	855		85.500.-	
153	Johnson José Luis	1.195		119.500.-	
154	Jordan Arce Rolando Marcelo	577		57.700.-	
155	Jordan Arce Rosemary Angelica	212		21.200.-	
156	Justiniano Elizabeth E. de	5		500.-	
157	Kalifra Ltda.	326		32.600.-	
158	Laboratorios Alfa	117		11.700.-	
159	Laboratorios Esfasa	199		19.900.-	
160	Laboratorios Vita S.A.	1.150		115.000.-	
161	Laboratorios Aero-Cos Ltda.	55		5.500.-	
162	La Cascada Ltda.	426		42.600.-	
163	La Mercantil de Seguros y Reaseguros S.A.	211		21.100.-	
164	La Papelera S.A.	3.501		350.100.-	
165	Librería e Imprenta Avance	221		22.100.-	
166	Linch Mondesta v. de	5		500.-	
167	López Pacheco Jorge	1.343		134.300.-	
168	Manufacturas de Algodón Said S.A.	43.747	--	4.374.700.-	

No.	N O M B R E S	Número de Acciones		Importe \$b.	
		Parciales	Totales	Parciales	Totales
169	Manufactura Boliviana S.A. Manaco	2.403		240.300.-	
170	Manufacturas B. Fernandez	1.399		139.900.-	
171	Manufacturas Textiles Forno S.A.	5.565		556.500.-	
172	Manufacturas Textiles Chamón	2		200.-	
173	Matadero Los Lucumos	129		12.900.-	
174	Mac Lean Alberto	72		7.200.-	
175	Mejía Cerrudo Raúl	144		14.400.-	
176	Mena Flora Fernandez v. de	216		21.600.-	
177	Mercado Maria Cristina R. de	5		500.-	
178	Muñoz Saavedra Jaime	5		500.-	
179	Moreno Sanjies Helio	89		8.900.-	
180	National Destillers de Bolivia S.A.	38		3.800.-	
181	Oblitas Velarde Blanca	78		7.800.-	
182	Optica La Paz	54		5.400.-	
183	Optica Rex Antonio Muñoz Monje	118		11.800.-	
184	Palza Veintemillas Jorge	427		42.700.-	
185	Panadería Cerez	96		9.600.-	
186	Pareja Egúez Lidars	147		14.700.-	
187	Patiño Bustamante Luis	877		87.700.-	
188	Peña Clavijo Raúl	241		24.100.-	
189	Plastix Boliviana S.A.	1.607		160.700.-	
190	Plasmar S.A.	734		73.400.-	
191	Plastoform Ltda.	595		59.500.-	
192	Plaza Montero Andrés	119		11.900.-	
193	Pozo Vargas Elvío	112		11.200.-	
194	Pozo Zapata Napoleón	124		12.400.-	
195	Rada Elena Ibañez v. de	68		6.800.-	
196	Resnikowski y Cía.	13		1.300.-	
197	Riera Fernandez José	188		18.800.-	
198	Romero Loza José	963		96.300.-	
199	Rodríguez Marquez Rosario	138		13.800.-	
200	Rodríguez Yolanda Marquez v. de	138		13.800.-	
201	Rodríguez Porcel Antonieta	269		26.900.-	
202	Rodríguez España Andrés	5		500.-	
203	Rodríguez del Castillo Eliana	5		500.-	
204	Romero Cervero Carlos	5		500.-	
205	Salazar Salmón Hugo	156		15.600.-	
206	Salazar Elsa Paredes de	234		23.400.-	
207	Sánchez Baptista Felipe	17		1.700.-	
208	Sand Domaria Jaime	2.091		209.100.-	
209	Santa Cruz Gladys de	5		500.-	
210	Sánchez Lizaso Rosario	5		500.-	
211	Sears Archibald F.J.	3.812		381.200.-	
212	Schering Boliviana	32		3.200.-	
213	Sociedad Textil Comercial Soteco	41		4.100.-	
214	Sociedad Agrícola Ganadera Industrial de Cinti	212		21.200.-	

No.	N O M B R E S	Número de Acciones		Importe \$b.	
		Parciales	Totales	Parciales	Totales
215	Sociedad Boliviana de Cemento S.A.	9.257	-	925.700.-	
216	Sociedad Estuquera Milluni Ltda.	212		21.200.-	
217	Sociedad Industrial La Francesa Ltda.	587		58.700.-	
218	Sociedad Industrial y Comercial La Precisa S.A.	210		21.000.-	
219	Sociedad Industrial Molinera	879		87.900.-	
220	Sociedad Nacional Textil Sonatex S.A.	5.787		578.700.-	
221	S.A. Marmolera	586		58.600.-	
222	Howson S.A.I.C.	1.855		185.500.-	
223	Soligno Barbato Francisco Gaspar	394		39.400.-	
224	Sociedad Anónima de Representaciones y Comercio Sarco	253		25.300.-	
225	Steffen Jack	144		14.400.-	
226	Taborga Arturo	72		7.200.-	
227	Tacoplastix	55		5.500.-	
228	Textilón S.R.L.	155		15.500.-	
229	Textiles Asociados S.A. Texas	2.155		215.500.-	
230	The Manhattan Shirt (Bolivia) S.A.	823		82.300.-	
231	Ureña Añez Guillermo	5		500.-	
232	Uriquidi Elena Ortiz de	181		18.100.-	
233	Ugarteche Horacio Anibal	262		26.200.-	
234	Vaca Diez Leonor C. v. de	19		1.900.-	
235	Valdes Loma Alberto	3.286		328.600.-	
236	Valdes Hertzog Jaime	96		9.600.-	
237	Vascal S.A.	2.132		213.200.-	
238	Vaides Enriqueta I. de	102		10.200.-	
239	Velasco James Santiago	197		19.700.-	
240	Vergara Jimenez Waldo	263		26.300.-	
241	Velazquez Martinez Marcelo	5		500.-	
242	Villar Humberto del	91		9.100.-	
243	Virreira Luis Barrios	1.357		135.700.-	
244	Volcan S.A.	3.357		335.700.-	
245	Zabala Beltrán Maria del Carmen	89		8.900.-	
246	Zabala G. Manuel	144	290.881	14.400.-	29.088.100.-

SERIE "C" INVERSIONISTAS Y BANCOS EXTRANJEROS

1	"ADELA" Compañía de Inversiones S.A.	275.124		27.512.400.-	
2	Banco de la Nación Argentina	14.193		1.419.300.-	
3	Bank of America	9.559		955.900.-	
4	Corporación Financiera Internacional B.M.	178.225		17.822.500.-	
5	Sociedad Alemana de Cooperación Económica	128.285	605.388	12.828.500.-	60.538.600.-

No.	N O M B R E S	Número de Acciones		Importe \$b.	
		Parciales	Totales	Parciales	Totales
SERIE "D" MINEROS					
1	Avicaya Ltda.	9.194		919.400.-	
2	Compañía Minera del Sur S.A.	11.554		1.155.400.-	
3	Compañía Explotadora de Minas Ltda.	809		80.900.-	
4	Compañía Estañífera Berenguela	5.917		591.700.-	
5	Empresa Minera Atoroma Ltda.	12.943		1.294.300.-	
6	Empresa Minera Sarrosquira Ltda.	632		63.200.-	
7	Empresa Minera Palón	5.303		530.300.-	
8	Empresa Minera San Juan Ltda.	3.621		362.100.-	
9	Empresa Minera Unificada	19.159		1.915.900.-	
10	Empresa Minera Santa Isabel Ltda.	392		39.200.-	
11	Empresa Minera Yana Mallcu Ltda.	5.614		561.400.-	
12	Estalsa Boliviana Ltda.	27.053		2.705.300.-	
13	Fabulosa Mines Consolidated	18.127		1.812.700.-	
14	Grupo Minero Cerro Grande Ltda.	5.534		553.400.-	
15	Hormet S.A. Cía. Metalúrgica Industrial Comercial	443		44.300.-	
16	International Mining Co.	16.726		1.672.600.-	
17	Compañía Minera Orlandini Ltda.	2.033	145.054	203.300.-	14.505.400.-

1.386.724

Préstamo USAID/B. 511-24920-388 (Equiv. a 24.000 Acc.)	2.400.000.-
Capital por Revalorización s/g. D.S. No. 14460 de 25.3.77	2.240.158.38
Acciones por Emitir Ptmto. USAID/B. y Dividendos	1.220.803.81
Revalorización Activo Fijo	801.200.-
Capital Asignado a Santa Cruz	(2.000.000.-)
	<u>143.551.362.19</u>

R E S U M E N

12 Accionistas Serie "A"	345.403	Acciones
246 Accionistas Serie "B"	290.861	Acciones
5 Accionistas Serie "C"	605.386	Acciones
17 Accionistas Serie "D"	<u>145.054</u>	Acciones

1.386.724 Acciones

\$b. 100.- c/u.

APPENDIX 18 - LOANS TO INDUSTRIAL SHAREHOLDERSCerveceria Boliviana Nacional.

Legal Representatives : . José Luis Johnson
 Juan Lorini Saenz
 Carlos Dorado Chopitea

Loan No. 384/51/76.

Date of Origin: 8/30/76
 Amount: US\$ 620,000
 Balance Due as at 9/30/83: US\$ 285,152
 Behavior: Normal

Loan No. 420/23/77.

Date of Origin: 9/9/77
 Amount: US\$ 200,000
 Balance Due as at 9/30/83: repaid
 Behavior: Normal

Loan No. 539/8/80.

Date of Origin: 30/5/80
 Amount: US\$ 500,000
 Balance Due as at 9/30/83: US\$ 450,000
 Behavior: Normal

Loan No. 540/9/80.

Date of Origin: 6/16/80
 Amount: US\$ 225,000
 Balance Due as at 9/30/83: US\$ 225,000
 Behavior: Normal

Loan No. 633/2/82.

Date of Origin: 12/30/80
 Amount: \$b 66,829,000
 Balance Due as at 9/30/83: \$b 47,897,530
 Behavior: Normal

Loan No. 23/3/76.

Date of Origin: 9/16/76
 Amount: DM 997,400
 Balance Due as at 9/30/83: DM 460,344
 Behavior: Normal

COMPANIA MINERA DEL SUR (COMSUR).

Legal Representative: Gonzalo Sanchez de Lozada

Loan No. 701/27/79.

Date of Origin: 5/25/79
 Amount: US\$ 775,000
 Balance Due as at 9/30/83: US\$ 320,919
 Behavior: Normal

COMPANIA MINERA KELLGUANI S.A.

Legal Representatives: Mario Mercado V.G.
Marcelo Zalles B.

Loan No. 538/7/80.

Date of Origin: 12/5/80
Amount: US\$ 300,000
Balance Due as at 9/30/83 US\$ 225,000
Behavior: Irregular

Loan No. 547/16/80.

Date of Origin: 11/11/80
Amount: US\$ 200,000
Balance Due as at 9/30/83 US\$ 200,000
Behavior: Irregular

Loan No. 554/1/81.

Date of Origin: 23/1/81
Amount: US\$ 75,000
Balance Due as at 9/30/83 US\$ 75,000
Behavior: Irregular

EMPRESA MINERA FABULOSA MINES

Legal Representative: Gonzalo Sanchez de Lozada

Loan No. 416/19/77.

Date of Origin: 28/7/77
Amount: US\$ 1,200,000
Balance Due as at 9/30/83 US\$ 1,020,000
Behavior: Normal

EMPRESA MINERA YANA MALLCU LTDA.

Legal Representatives: Mario Mercado V.G.
Marcelo Zalles B.

Loan No. 380/47/76.

Date of Origin: 24/9/76
Amount: US\$ 600,000
Balance Due as at 9/30/83 US\$ 92,306
Behavior: Normal

EMPRESA MINERA UNIFICADA (EMUSA)

Legal Representatives: Mario Mercado V.G.
Marcelo Zalles B.

Loan No. 306/22/75

Date of Origin: 10/11/75
Amount: US\$ 550,000
Balance Due as at 9/30/83 US\$ 274,990
Behavior: Normal

INTERNATIONAL MINING CO.

Legal Representatives: Guillermo Gutierrez V.M.

Loan No. 523/22/80.

Date of Origin: 30/12/80
 Amount: US\$ 1,500,000
 Balance Due as at 9/30/83 US\$ 1,050,000
 Behavior: Normal

MANUFACTURAS DE ALGODON S.A.

Legal Representatives: Felix Ballivian C.
 Emilio Ascarrunz P.

Loan No. 342/9/76.

Date of Origin: 17/3/76
 Amount: US\$ 100,000
 Balance Due as at 9/30/83 Repaid
 Behavior: Normal

Loan No. 345/9/76.

Date of Origin: 6/4/76
 Amount: US\$ 155,000
 Balance Due as at 9/30/83 Repaid
 Behavior: Normal

Loan No. 348/15/76.

Date of Origin: 8/4/76
 Amount: US\$ 125,000
 Balance Due as at 9/30/83 US\$ 83,371
 Behavior: Normal

Loan No. 493/15/79.

Date of Origin: 22/3/79
 Amount: US\$ 625,000
 Balance Due as at 9/30/83 US\$ 485,000
 Behavior: Normal

Loan No. 518/40/79.

Date of Origin: 12/9/79
 Amount: US\$ 163,000
 Balance Due as at 9/30/83 US\$ 155,217
 Behavior: Normal

Loan No. 558/5/81.

Date of Origin: 17/3/81
 Amount: US\$ 110,000
 Balance Due as at 9/30/83 US\$ 110,000
 Behavior: Normal

Loan No. 2/76.
 Date of Origin: 16/3/76
 Amount: SFR 370,000
 Balance Due as at 9/30/83 SFR 37,890.78
 Behavior: Normal

FLASMAR S.A.

Legal Representatives: Felix Ballivian
 Fernando Illanes

Loan No. 522/44/79.
 Date of Origin: 14/11/79
 Amount: US\$ 110,000
 Balance Due as at 9/30/83 US\$ 68,750
 Behavior: Normal

Loan No. 524/46/79.
 Date of Origin: 14/11/79
 Amount: US\$ 200,000
 Balance Due as at 9/30/83 US\$ 40,000
 Behavior: Normal

EMPRESA MINERA AVICAYA LTDA.

Legal Representatives: Guillermo Gutierrez V.m.

Loan No. 575/9/82.
 Date of Origin: 6/9/82
 Amount: US\$ 300,000
 Balance Due as at 9/30/83 US\$ 312
 Behavior: Normal

GRUPO MINERO ESTALSA, IMCO, AVICAYA

Legal Representatives: Guillermo Gutierrez V.M.

Loan No. 580/14/82
 Date of Origin: 1/11/82
 Amount: US\$ 1,800,000
 Balance Due as at 9/30/83 US\$ 1,795,162.76

PLASTIX BOLIVIANA LTDA.

Legal Representatives: Fernando Illanes

Loan No. 559/6/81.
 Date of Origin: 6/4/81
 Amount: US\$ 200,000
 Balance Due as at 9/30/83 US\$ 178,999.67
 Behavior: Normal

INDUSTRIAS VARIAS S.A. (INDUVAR)

Legal Representatives: Felix Ballivian

Loan No. 343/10/76.

Date of Origin: 23/3/76
Amount: US\$ 50,000
Balance Due as at 9/30/83 Repaid
Behavior: Irregular

Loan No. 344/11/76.

Date of Origin: 23/3/76
Amount: US\$ 200,000
Balance Due as at 9/30/83 Repaid
Behavior: Irregular

Loan No. 3/76.

Date of Origin: 13/4/76
Amount: SFR 255,000
Balance Due as at 9/30/83
Behavior:

LOANS TO BANK SHAREHOLDERS1. Borrower: SOCIEDAD INDUSTRIAL MOLINERA S.A. (SIMSA)

Major Shareholder:	Fernando Bedoya
Amount of Credit:	US\$. 96,300 with AID funds
Amount of Aval:	247,000
TOTAL:	US\$. 343,337
=====	
Date of approval of loan:	12/12/74
Purpose:	Working Capital US\$. 46,300 Machinery and Equipment 297,037
Term of Loan:	5 years, one year grace period
Term of Aval:	8 1/2 years
Interest Rate:	12% p.a.
Aval Commission:	3 percent p.a.
Balance Due:	Totally repaid
Payment History:	Regular

2. Borrower: MOLINERA DE ORIENTE S.A.

Shareholders:

Simón Bedoya	9.48%
Bethsabé de Bedoya	9.48%
Raúl Bedoya	9.48%
Fernando Bedoya	9.48%
Alfonso Bedoya	6.21%
Carlos	6.21%
Graciela de Franco	6.21%
Others	43.45%

Amount:	US\$. 26,700	BID Funds
	US\$. 171,697.49	BCB Funds
Date of Approval of loan:	11/25/71	
Purpose:	Working Capital and Imports US\$. 26,700 Construction of Building US\$. 171,697.49	
Term of Loan:	8 years	
Interest Rate:	12% p.a.	
Committment Fee:	1% p.a. on undisbursed funds	
Balance Due:	Totally repaid	
Payment History:	Regular	

3. Borrower: COMPANIA INDUSTRIAL Y COMERCIAL DE ORURO S.A. (CICO) ORURO

Shareholders:

Bethsabé de Bedoya	42.5%
Fernando Bedoya	23.0%
Alfonso Bedoya	3.1%
Jaime Bedoya	6.2%
Estela Bedoya	7.5%
Oscar Bedoya	6.0%
Others	11.7%

Amount: US\$. 1,150,000 with BID funds

Date of loan approval: 12/28/77

Purpose: Import of Machinery and Equipment

Term: 6 years, 1 year grace

Interest Rate: 12% p.a.

Commitment Fee: 1.5% p.a. on amount not disbursed

Balance Owed as at 9/30/83: US\$. 630,000

Payment History: Irregular, at present in past due

4. Borrower: ARANDO INDUSTRIAL Y COMERCIAL (BOLIVIA)

Shareholders:

Julio Zuazo Cuenca	11.61%
Javier Zuazo Cuenca	58.568%
German Zuazo Chavez	11.737%
Carmen Zuazo de Romanelli	11.737%
Federico Zuazo Cuenca	3.521%
Other:	2.817%

Amount: US\$ 390,000 with IBRD funds
\$b. 3,468,000 with BCB funds

Date of loan approval: 10/25/78

Purpose: Machinery & Equipment US\$. 380,000
Construction \$b. 3,468,000

Term: 6 years, 1 year grace

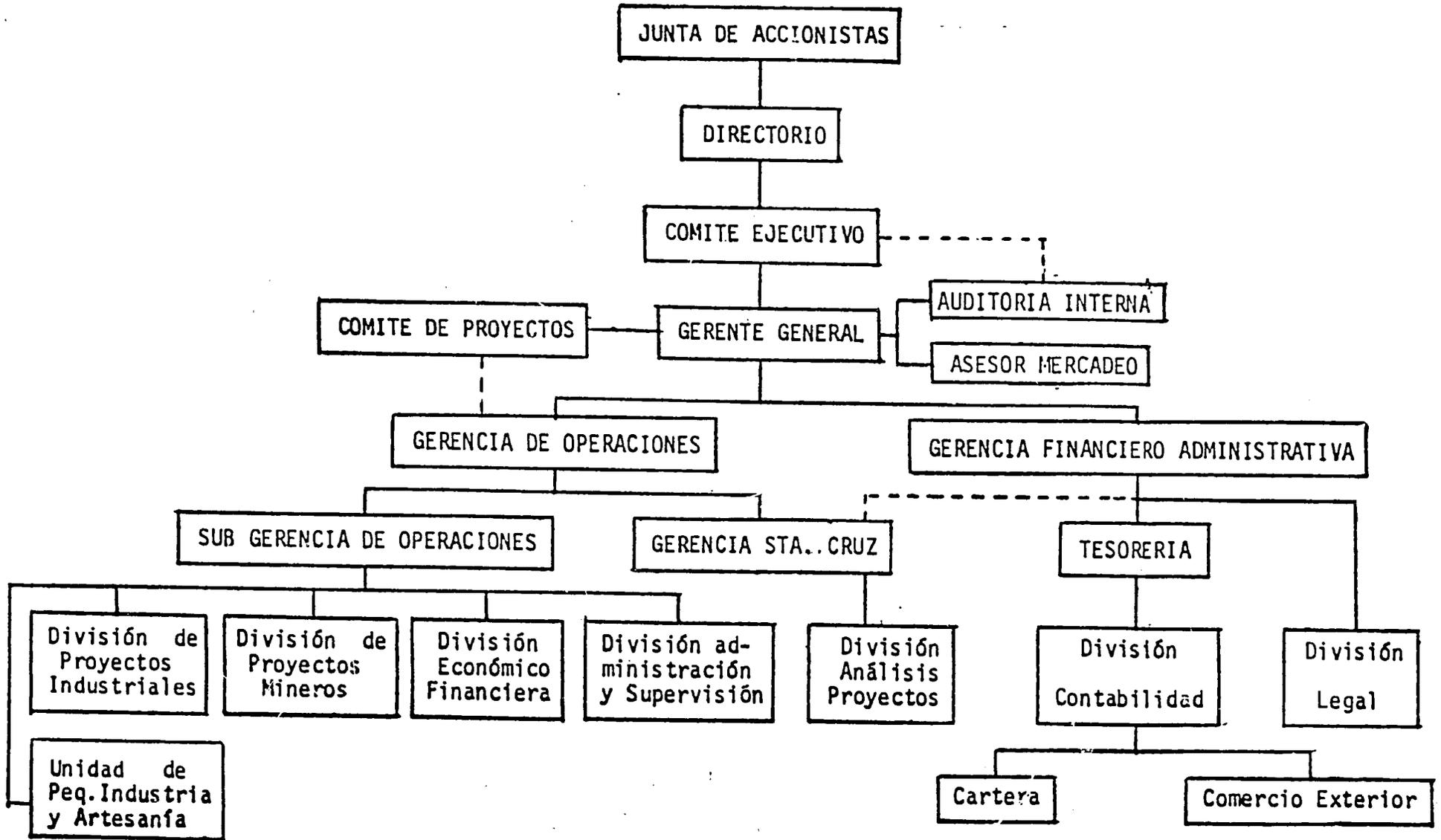
Interest Rate: 13% p.a. and 12% p.a. to BCB

Commitment Fee: 1.5 percent on amount not disbursed

Balance owed as at 9/30/83: US\$ 233,616.86
\$b. 1,856,053.13

Payment History: Regular

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ANNEX 3 - REFINANCING LINES OF THE CENTRAL BANK OF BOLIVIA

The following are the refinancing lines administered by the Central Bank of Bolivia.

1. Refinancing Lines Initiated with AID Assistance

a. Special Fund for Economic Development

In 1967, USAID assisted in the creation of a new channel for financing development projects. It was agreed with the GOB to deposit the peso reflows of Loans 511-L-014 (us\$ 5,000,000) and 511-L-029 (US\$ 1,100,000) to COMIBOL and Loan 511-l-032 (US\$ 4,750,000) to ENDE in the Central Bank to constitute a Special Fund for Development (SFD). The SFD is administered by the Central Bank and the funds are relent through ICIs to industry, agriculture, livestock, export industries, civil construction and housing.

b. Agricultural Refinancing Fund - FRA 1

Loan 511-l-042, valued at US\$ 8,000,000, was signed in 1971. This loan finances the production, storage and marketing of wheat, corn, edible oil, animal feeds, milk and milk products.

c. Basic Food Production - FRA 2

In view of the need to provide financing for loans to small farmers, Loan 511-T-052 was signed in 1975 for US\$ 8,000,000 with a US\$ 3,000,000 counter part contribution from the GOB. The program finances the production, processing and marketing of basic foods such as wheat, corn, sorghum, rice, quinoa, soybeans, potatoes, peanuts, milk products, fruit, poultry, forage and cattle. The maximum amount of each production subloan is US\$ 5,000 for periods of up to two years for working capital and ten years for investment capital.

d. Industrial Refinancing Fund (FRI)

Loan 511-L-043 was signed in 1972 for US\$ 7,000,000 and was developed to finance subloans for the creation, expansion and modernization of industrial companies.

2. Other AID-Assisted Central Bank Programs

a. Productive Credit Guaranty Program (PCGP)

The principal objective of the PCGP in Bolivia is to facilitate the provision of credit to persons or groups who presently cannot borrow because they do not possess sufficient collateral to meet the requirements of lending institutions. The program established in 1978 a fund in the Central Bank for the

purpose of guarantying 75% of eligible loans made by private financial institutions in Bolivia.

The fund is capitalized with a guaranty fee of 10% on each loan made under the system. It is backed by US\$ 2.5 million in AID guarantee authority and US\$ 1.25 million by the Central Bank of Bolivia. The funds to be lent came from the resources of the participating financial institutions or from the refinancing lines administered by the Central Bank. Eligible loans must fall into one of the following categories: 1) agricultural production and related infrastructure and services, 2) small scale privately owned agro-industries, 3) business ventures located in rural areas or market towns, 4) artisanry projects located in rural or urban areas, 5) self-financing, self-help community development projects or 6) rural housing. Although PCGF authority will terminate at the end of the fiscal year 1983, the Mission has requested that AID Washington extend the guaranty authority through December 31, 1985 to allow for fund leveraging and the overall program objectives to be met.

b. Technical Assistance Fund (TAF)

The TAF was initiated under the A&A Project but was later enlarged to cover all of the refinancing lines administered by the Central Bank. The TAF finances pre-investment assistance to investors, promotion, training and information activities. One of its principal purposes is to assist potential investors with feasibility studies and the filling out of the detailed loan application forms of the Central Bank.

3. Banco Central de Bolivia

The Central Bank has budgeted \$b 3,245,000,000 of its own funds to create its own rediscount program. Under this facility, subloans are granted to construction, tourism, industry, agriculture, services, printing, rural housing, restaurants and hotels.

4. Inter-American Development Bank (IDB)

a. Cattle Credit

The IDB has loaned US\$ 7,000,000 and the Central Bank has contributed US\$ 2,000,000 to establish a cattle fund. This fund is designed to promote cattle breeding in the Chaco area of the Departments of Tarija, Chuquisaca and Santa Cruz.

b. Agricultural Credit

In March 1983 the IDB signed a loan of US\$ 32,000,000 for agriculture and cattle production with a GOB participation of US\$ 11,000,000. The activities of this loan will be carried out only in the Departments of Santa Cruz, Chuquisaca, Tarija and Potosi.

c. Mining Credit

Also in March 1983, another IDB loan for US\$ 15,000,000 with a GOB counter part contribution of US\$ 8,400,00 was signed for the mining sector and industrial reactivation.

5. CAF Credit.

On March 21, 1983, the Coporación Andina de Fomento (CAF) signed an agreement with the Government of Bolivia by which CAF grants a loan for industrial rehabilitation with the following characteristics:

Amount:	US\$ 15,000,000
Term:	7 years
Amortizations:	8 monthly installments, first installment due 42 months from the contract date
Interest:	12-1/2 percent p.a.
Penalty Interest:	50 percent of the agreed interest rate
Commitment Fee:	1 percent p.a. on amounts not disbursed starting from the contract date
Total Cost of Project:	CAF US\$ 15,000,000 GOB US\$ 3,750,000
Elegibility:	All medium and small industrial companies of the private sector, are eligible to participate in this program
Purpose:	Working capital. Short term credit for raw materials, semi-processed goods, packing materials, imported parts and replacements.

The users of the Central Bank rediscount program must submit their credit applications through the banking system, which in turn analyzes the and then requests funds from the Central Bank of Bolivia, forwarding all pertinent documentation to them for analysis and approval. To date, the "Departamento de Desarrollo" has established certain general credit standards which must be followed by both the ICI's and the borrowers. Also, depending on the different credit lines which they administer, standards and conditions vary. As an examples in the specific case of the Agroindustrial and Artisanship Refinancing Program with AID funds, the following special conditions apply:

The spread for the ICI's on the Central Bank's contribution varies as a function of the financing structure:

<u>BCB contribution</u>	<u>ICI contribution</u>	<u>Spread</u>
90%	10%	10%
85%	15%	12%
80%	20%	14%

The minimum contribution of the borrower is usually 15%. In the case of new projects, the minimum contribution is set at 25% of the total investment. For working capital loans a minimum contribution of 15% in cash and 15% in inventory is required.

The following approval limits have been approved:

1. ICI's up to an equivalent of US\$ 15,000 in Bolivian pesos.
2. Regional Technical Offices of the Central Bank up to an equivalent of US\$ 25,000 in Bolivian pesos.
3. Central Bank agencies (branches) and the "Departamento de Desarrollo" up to an equivalent of US\$ 300,000 in Bolivian pesos.
4. Central Bank's Credit Committee, all loans over the equivalent of US\$ 300,000 in Bolivian pesos. For loan applications over the equivalent of US\$ 600,000, USAID approval is also required.

The ICI's must comply strictly with all those stipulated norms in each the Rediscount Facility Programs, particularly those related to the following aspects:

- Disbursements
- Repayments
- Delinquent accounts
- Projections of resource utilization
- Socio-Economic impact of the Projects

The general documentation that is to be submitted to the Central Bank for credit applications, is the following:

1. Application Form, or feasibility study.
2. Proforma invoices of machinery, equipment, tools, raw materials and other needed purchases.
3. Construction budget.
4. Blueprints or sketches of the construction.
5. Financial Statements for the last three years or Opening Balance Sheet.
6. Financial Statement of the company as at the date of presentation of the request.

7. sworn statement of the ICI certifying that it has received and is satisfied with the legal documentation of the company.
8. Technical-Economical and financial evaluation of the ICI (mandatory).

The procedure, in general terms, is the following:

1. Credit application or request through the ICI.
2. Evaluation by the ICI.
3. Request from the ICI to the BCB and forwarding of documentation.
4. Evaluation by the BCB.
5. Approval of the credit by the BCB.
6. Funds disbursement by the BCB to the "reserve" account of the ICI.
7. Disbursement of the credit to the borrower by the ICI.

On the other hand, credit follow-up, supervision of the project and the correct application of resources is the responsibility of the ICI. Similarly, the credit risk is for the account of the ICI since the Central Bank automatically debits the "reserve" account of the ICI for the total amount of the loan plus interest on the date payment is due.

The Central Bank also supervises the projects by making periodic visits to the end borrowers in order to verify the progress of the project as well the correct application of the funds.

Listed below are the rediscount facilities outstanding as of June 30, 1983:

	(\$b millions)
Banco del Estado	3,108.8
Banco Boliviano Americano	136.8
Banco de Cochabamba	1,577.0
Banco de Credito Oruro	1,393.2
Banco de Santa Cruz de la Sierra	962.9
Banco Hipotecario Nacional (commercial)	282.9
Banco Mercantil	616.6
Banco Nacional de Bolivia	349.9
Banco Industrial y Ganadero del Beni	884.7
Banco Fitosi	189.8
Banco de La Paz	298.5
Banco del Progreso	15.4

Banco de la Union	322.6
Banco Popular del Peru	451.1
Banco de la Nacion Argentina	21.8
Banco do Brasil	---
Citibank	284.9
Banco of America	184.6
Banco de Boston	21.1
Banco Real S.A.	0.8
Banco Minero de Bolivia (state)	1,665.0
Banco Agricola de Bolivia (state)	3,296.7
Banco de la Vivienda (mixed)	331.4
Banco Industrial S.A.	111.9
Banco Hipotecario Nacional (mortgage)	232.0
Banco de Financiamiento Industrial	1,486.6
Banco de Inversion Boliviano S.A.	17.4

In order to evaluate the efficiency of the existing Central Bank rediscount system), the officers of the following banks were visited and polled:

Banco Nacional de Bolivia
 Barco Boliviano Americano
 Banco de Cochabamba
 Banco Mercantil
 Banco Industrial y Ganadero del Beni
 Banco Hipotecario Nacional
 Banco Industrial S.A.

Comments from the majority of the banks visited were the following:

- a. In general, the "Departamento de Desarrollo" of the Central Bank is inefficient.
- b. Processing of credit requests submitted by the ICIs is excessively long.
- c. Since the ICIs assume the credit risk and they are in charge of the evaluation, control and supervision of the projects, the Central Bank should be more flexible with its demands.
- d. The ICIs should have a margin of autonomy for credit approval and disbursements from the Central Bank and disbursement should be automatic once the request has been received by the ICI.
- e. Most rejections of loan applications are due to form and not substance.
- f. A good portion of the correspondence sent to the Central Bank by the ICIs is ignored and usually second mailings must be made.
- g. For better service, some ICIs have resorted to personal

visits to the executives of the Central Bank to pressure the people in charge of credit processing.

- h. Some ICIs state that the "Departamento de Desarrollo" should not waste time in redoing the technical - economical and financial evaluation of the project, especially for small operations, since besides delaying credit disbursement, there is duplication of labor.
- i. Sometimes, when credit applications are rejected for lack of some data required by the BCB, the application and all documents are returned to the ICIs instead of requesting only the missing documents. Therefore, the entire documentation has to be submitted again with the resulting delay in credit approval.
- j. Some ICIs agree, that as a general rule, credit approval takes between 20 and 60 days, depending on the amount and complexity of the project.
- k. In some cases, due to the delay in credit approval, ICIs are forced to bridge finance their customers using their own resources.
- l. In some instances some loans are suddenly approved as a result of political pressure.

From the above comments, executives of those banks visited would be pleased to have available a new private sector institution that could channel USAID and/or other international funds more efficiently and by which they can expand their banking operations. In addition, it is thought that with a new institution in the hands of the private sector, the "Departamento de Desarrollo" would be forced to improve their operating systems to the benefit of all credit users and the ICIs themselves.

BANK UTILIZATION OF BANCO CENTRAL FACILITIES (ooo's omitted)

	<u>1980</u>		<u>1981</u>		<u>1982</u>	
	\$b.	US\$	\$b.	US\$	\$b.	US\$
Boliviano Americano	35.5	1.4	119.2	4.9	166.9	.9.
Cochabamba	191.3	7.8	251.8	10.3	1,355.4	6.9
Credito Oruro	135.5	5.5	416.1	17.0	1,011.5	5.2
Santa Cruz	183.5	7.5	158.8	6.5	1,039.2	5.3
Hipotecario	108.8	4.4	173.4	7.1	397.7	2.0
Mercantil	144.0	5.9	168.3	6.8	244.8	1.3
Nacional	187.6	7.7	230.7	9.4	396.4	2.0
Big Beni	252.8	10.3	287.4	11.7	809.9	4.1
Potosi	58.4	2.4	75.3	3.1	190.0	1.0
La Paz	43.1	1.8	54.9	2.2	574.6	2.9
Union	---	---	---	---	236.3	1.2
Sub Total:	1,340.5	54.7	1,935.9	79.0	6,422.7	32.8
Industrial	41.3	1.7	52.1	2.1	136.7	.7
Inversion	8.0	.3	25.4	1.0	20.9	.1
Bafisa ^N	27.2	1.1	94.4	3.9	1,351.9	6.9
Sub Total:	76.5	3.1	171.9	7.0	1,509.5	7.7
TOTAL:	1,417.0	57.8	2,107.8	86.0	7,932.2	40.5

Source: Boletin Estadístico No. 247 - Junio 1983 - Banco Central de Bolivia

ANNEX 5

OVERHEAD AND VARIABLE COST PROJECTIONS

ALTERNATIVE I

Expressed in \$b.

DIRECT LABOR

Salaries (Administrative)	\$b.	15,280.000.-
Salaries (Manager) US\$. 42.000 at 1.400		58,800.000.-
Social Benefits		3,056.000.-
	\$b.	<u>77,136.000.-</u>

INDIRECT LABOR

Legal		300.000.-
External Auditors US\$.1.500.- at 1.400		2,100.000.-
	\$b.	<u>2,400.000.-</u>

ADMINISTRATIVE EXPENSES

Materials and Supplies		300.000.-
Others		150.000.-
	\$b.	<u>450.000.-</u>

GENERAL EXPENSES

Transportation and Hotels	\$b.	450.000.-
Communications		150.000.-
Rent		350.000.-
Other		300.000.-
	\$b.	<u>1,250.000.-</u>

TOTAL EXPENSES:

\$b.	<u><u>81,236.000.-</u></u>
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ANNEX 5

OVERHEAD AND VARIABLE COST PROJECTIONS

ALTERNATIVE II

Expressed in US\$.

DIRECT LABOR

Salaries (Administrative)	US\$.	160.000.-
Salary (Manager)		50.000.-
Social Benefits		32.000.-
	US\$.	<u>242.000.-</u>

INDIRECT LABOR

Legal	US\$:	12.000.-
External Auditors		1.500.-
	US\$.	<u>13.500.-</u>

ADMINISTRATIVE EXPENSES

Materials and Supplies	US\$.	12.000.-
Other		2.000.-
	US\$.	<u>14.000.-</u>

GENERAL EXPENSES

Transportation and Hotels	US\$.	12.000.-
Communications		1.500.-
Rent		14.400.-
Other		2.000.-
	US\$.	<u>29.900.-</u>

TOTAL EXPENSES:

US\$	299.400.-
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ANNEX 6 - MACROECONOMIC CONSIDERATIONS.

MACROECONOMIC BACKGROUND.

The outstanding feature of the bolivian economy at this time is galloping inflation or hyperinflation. Estimates of inflation range from 150% p.a. to 300% p.a. based on information received from sources both within and without the Central Bank of Bolivia. From a practical viewpoint, accurate measurement of the rate of price increases is extremely difficult and is hindered by a complex network of subsidy, price support and price control policies. At best, a reflection of the inflationary phenomenon can be found in the rapid movement of the U.S. dollar versus the bolivian peso in the free market.

The rate of exchange on the free market has risen from \$b 225/US\$ to \$b 1,500/US\$ since October 1982 to the present. Without taking the compounding effect into account this represents an annual depreciation rate of the bolivian peso against the dollar in excess of 560% p.a.

During the period of September 26 to November 13, 1983 the rate of exchange moved from 760:1 to 1500:1, an increase of 97% for the seven week period. This represents a depreciation rate for the bolivian peso of well over 1000% p.a. on annual basis!

At hyperinflation rates such as those described above, very little can function efficiently. As an example, the highest denomination of currency at this time is the \$b 1,000 bill, the equivalent of US\$ 0.67 at the free market rate. As a result, even the most simple commercial transactions are complicated to an alarming degree.

Industry, which is envisioned to be one of the end beneficiaries of the subject loan program, suffers more than other sectors simply because industrial enterprise is generally more complex than other sectors of the economy. The natural complexity of industrial production is exasperated by the severely deteriorated economic environment, not to mention the effect of labor problems brought about by the constant political turmoil in Bolivia.

INFLATION AND THE CREATION OF CREDIT.

The inflationary situation in Bolivia is a demand pull phenomenon. It is the result of a governmental/Central Bank policy of operating the government budget at constantly increasing deficit levels. This is the result of political pressure to:

1. Not increase taxes.
2. To maintain or increase popular social programs.

3. To maintain costly subsidy programs, i.e., grain, gasoline, interest rates, etc.
4. To maintain inefficiently run public corporations which produce losses rather than revenue to the public coffers.

The deficits are financed by the creation of credit from the Central Bank to the different ministries and public corporations. In effect, this is an injection of new liquidity into the money supply. Since the relative amount of goods and services in the economy has not increased as a result of all of this, the currency depreciates in value.

The Central Bank creates credit and money with equal ease through the Departamento de Desarrollo, through the normal functioning of its present loan programs. For the Central Bank, credit creation is as simple as passing a debit and credit entry, i.e.

Dr. Loans Receivable - Due from Banco XYZ
Cr. Banco XYZ - current account at the Central Bank.

As can be seen from the above, the creation of money is simply a function of the Central Bank's willingness to increase the money supply. It is particularly interesting to note that in order to create credit available to Banco XYZ it was not necessary that USAID provide funds for the transaction!

Conversely, when USAID provides a loan to the GOB through the Bolivian Central Bank, the following accounting entries are passed:

Dr. Cash US\$ (Banco Central A/C at correspondent Bank in New York).
Cr. US\$ Loans - Due to USAID.

The cash received in the Central Bank's account at the correspondent bank becomes liquid international reserves which can be used immediately for the purchase of imports and amortization of current debt.

The important conclusions to be drawn from the above transactions are that:

- i. The loan from USAID to the Central Bank is simply a balance of payments transaction with no internal credit creation effect and is not inflationary. It provides much needed international liquidity inasmuch as the foreign exchange can be utilized immediately and does not have to be repaid for 25-40 years.
- ii. The loan from the Central Bank to Banco XYZ represents creation of credit to the private sector. Because of the fungibility of money this increased credit will rapidly

turn into a once and for all increase in the money supply equal to the amount of the loan times the multiplier effect. Since the average reserve requirement in Bolivia is approximately 35% the multiplier will be equal to the reciprocal, or 2.86. Therefore, loans made by the Departamento de Desarrollo to the private sector, through the Banking System, in the amount of \$b 2,000 million (roughly equivalent to US\$ 10 million) will increase the local money supply by \$b 2,000 x 2.86 = \$b 5,720 million!

Moreover, it should be kept in mind that once the money flows to the industrial borrower and re-flows into the banking system, it is thereafter on-lent to the highest bidder, which in Bolivia would probably be the commercial sector.

- iii. It is evident that the US\$ loan to the Central Bank and the \$b loan from the Central Bank to the private sector are not necessarily related. Each transaction could occur independently from one another. A US\$ loan to the Central Bank of one dollar need not create a \$b 200 loan from the Central Bank to the private sector. It could create a larger or smaller \$b loan depending upon mutual negotiations between the international lending institution's desire to implement a specific loan program and the Central Bank's need for Balance of Payment relief. The dollar loan by the international lending agency to the Central Bank simply becomes an inducement mechanism, or "the carrot", with which the agency can motivate the Central Bank to implement a particular economic policy or loan program.
- iv. If the supply of dollars entering the economy (the free market) is relatively small, and as the supply of \$b chasing those dollars increases through the reflows of credit in the banking system, the price of the free market US\$ will continue to rise. Therefore, if we assume that the Bolivian economy will continue to generate foreign exchange with difficulty, and internal liquidity continues to increase, the bolivian peso will continue to depreciate. Increasing credit in the private sector creates increased demand for US\$ in the official market also. Credit creation puts additional pressure on the Central Bank's international reserves.

CONCLUSIONS.

The above analysis raises questions which go far beyond the scope of the present study, however, it is recommended that some thought be given to the following issues which arise.

- a. Does it make sense for USAID to induce the Central Bank to increase overall credit in the economy in the face of already galloping inflation?

- b. Does it make sense to provide a balance of payments type of loan to the Bolivian Central Bank while they show no effort to correct the deficitary problems which would provide for IMF relief and a renegotiation of the country's International Debt? It has become known that the World Bank has stopped funding some credits to Bolivia, which have already been committed, pending the GOB reaching an agreement with the IMF. Should USAID consider a similar policy with a view toward inducing the government to adopt corrective economic measures? Are the political objectives which motivate USAID to provide support to the private sector important enough to risk damaging the economy further by providing a balance of payments loan which will permit the GOB to put off its day of reckoning with the IMF? Obviously there are political and policy issues here which go beyond the consideration of sound lending techniques.

BANCO CENTRAL DE BOLIVIA

C I R C I

La Paz, septiembre 29 de 1983
 CITE: DPTO. DESARROLLO N° 22-56-83

Señores

Señores:

El objeto de la presente, es comunicar que en fecha 24.9.83 ha sido suscrito el Convenio de Ampliación del Programa de Refinanciamiento de Agroempresas y Artesanías, entre el Gobierno de Bolivia y la Agencia Internacional para el Desarrollo (AID). Dicho Convenio establece nuevas normas para el procesamiento y otorgamiento de créditos, las cuales por acuerdo entre el Banco Central de Bolivia y USAID/B se hacen extensivas a todas las líneas de refinanciamiento que administra el Departamento de Desarrollo.

El detalle de las nuevas normas es el siguiente:

A. ESTRUCTURA DE FINANCIAMIENTO

El spread que perciben las ICIs sobre el aporte del BCB, será variable en función de la estructura de financiamiento.

<u>APORTE BCB</u>	<u>APORTE ICI</u>	<u>SPREAD</u>
90%	10%	10%
85%	15%	12%
80%	20%	14%

La vigencia de la anterior escala, esta condicionada a la implementación por parte de las ICIs de una unidad mínima para evaluación y supervisión de proyectos. Se otorga un plazo de 90 días para que las ICIs demuestren la implementación de dicha unidad, caso contrario las ICIs percibirán solamente un 8% de spread, cualquiera sea la estructura de financiamiento.

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B. RECUPERACION DEL APORTE DE LAS ICTs

El aporte de las ICTs, en la estructura de financiamiento, será recuperado en las primeras amortizaciones del Plan de Pagos aprobado.

C. APORTE DE LOS PRESTATARIOS

El aporte mínimo de los prestatarios en general será del 15% como mínimo y se calculará tomando en cuenta el valor total del capital de inversiones o capital de operaciones por efectuar con el Proyecto.

No se considerarán como aporte del prestatario inversiones efectuadas con anterioridad a la solicitud de crédito.

En casos de proyectos de creación se establece como aporte propio mínimo un 25% de la inversión total.

Para solicitudes de capital de operaciones, se establece un aporte mínimo de 10% en efectivo y 15% en inventarios.

D. PLAZOS Y PERIODOS DE GRACIA

Los plazos y periodos de gracia son los establecidos por la Reglamentación en actual vigencia.

E. MARGEN DE APROBACION

Se acuerdan los siguiente márgenes de aprobación:

- Instituciones de Crédito Intermediarias (ICTs) hasta el equivalente en pesos bolivianos de \$us. 15.000---.
- Oficinas Técnicas Regionales del BCB hasta el equivalente en pesos bolivianos de \$us. 25.000.--.
- Agencias del Banco Central de Bolivia y Departamento de Desarrollo hasta el equivalente en pesos bolivianos de \$us.300.000.--.
- Comité de Créditos del Banco Central de Bolivia, solicitudes mayores al equivalente en pesos bolivianos de \$us.300.000.--, los créditos mayores al equivalente en pesos bolivianos de \$us.600.000.- requerirán también la aprobación de USAID/B.

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El margen autónomo de las ICI's (\$us.15.000.-) es para solicitudes de los Sectores Agropecuario, Industrial y Artesanal y entrará en vigencia una vez que demuestren la implementación de la Unidad Técnica Mínima.

F. REQUISITOS PARA LA PARTICIPACION DE LAS ICI's

Las ICI's para participar en los Programas y Líneas de Refinanciamiento, deben cumplir los siguientes requisitos:

F.1 Establecer una Unidad Técnica Mínima de Evaluación, Control y Seguimiento de Proyectos que debe contar con el siguiente personal:

- Encargado de la Unidad
- Economista Evaluador de Proyectos
- Ingeniero Agrónomo especialista en Evaluación y Supervisión de Proyectos.
- Ingeniero Industrial especialista en Evaluación y Supervisión de Proyectos.
- Un empleado responsable del control contable de la cartera refinanciada.

La Unidad podrá estar localizada en la Agencia que la ICI considere mas apropiada.

Las ICI's en cada Agencia del interior del país, excepto la Oficina sede de la Unidad, deben contar con el siguiente personal:

- Analista de Créditos.
- Un empleado responsable del control contable de la Cartera refinanciada.

F.2 Cumplir estrictamente con los informes requeridos y por requerirse, para todos y cada uno de los Programas y Líneas de Refinanciamiento, los cuales deben ser remitidos al Dpto. de Desarrollo, el que a su vez enviará a USAID/B una compilación de los mismos.

Los informes básicos tienen relación con los siguientes aspectos:

- Desembolsos
- Recuperaciones

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- Moras
- Proyecciones sobre utilización de recursos
- Impacto socioeconómico de los Proyectos

F.3 Las ICI's deben mantener una relación adecuada entre la Cartera Refinanciada y su Capital; Asimismo un porcentaje de cartera en mora aceptable.

G. FORMULARIOS DE SOLICITUD DE CREDITOS

Se acuerda el uso de los formularios de solicitud de crédito diseñados por el Departamento de Desarrollo, de acuerdo a la siguiente relación:

	<u>Crédito \$b.</u>	<u>Inversión total del Proyecto</u>
Formulario "A" para Sector Manufacturero Industrial	5.000.000.--	6.250.000.--
Formulario "B" para Sector Manufacturero Industrial	20.000.000.--	25.000.000.--
Formulario "C" para Capital de Trabajo Sector Manufacturero Industrial	Sin límite	Incluye aporte propio de acuerdo a Reglamento.
Formulario Agrícola	10.000.000.--	12.500.000.--
Formulario Pecuario	10.000.000.--	12.500.000.--
Formulario Agrícola para Capital de Operaciones	Sin límite	Incluye aporte propio de acuerdo a Reglam.

Solicitudes de crédito por montos de crédito o inversiones totales mayores a los anteriores, debe ser presentadas con un estudio de factibilidad.

H. DOCUMENTACION EXIGIDA

La documentación en forma general a presentarse al Banco Central para consideración de las solicitudes es la siguiente:

- H.1 Formulario de solicitud o estudio de factibilidad.
- H.2 Facturas proforma de maquinaria, equipo, herramientas, materias primas e insumos.
- H.3 Presupuesto de obras civiles.

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- H.4 Croquis o planos de construcción de obras civiles, aprobados cuando corresponda por autoridad competente.
- H.5 Estados Financieros de las tres últimas gestiones o Balance de Apertura.
- H.6 Estado de situación de la Empresa a la fecha de presentación de la solicitud.
- H.7 Carta Jurada de la ICI, en la cual certifique al Banco Central de Bolivia, que se encuentran en su poder y a su satisfacción documentos tales como los siguientes:
- Documentación Legal de la Empresa
 - Solvencia Tributaria
 - Registro en los organismos respectivos
 - Formulario del INE
 - Otros documentos específicos para cada actividad
- H.8 Evaluación Técnica-Económica y Financiera de la ICI en forma obligatoria. En caso de no presentarse este requisito las solicitudes serán devueltas inmediatamente.

I. CRITERIOS DE ELEGIBILIDAD

Los Proyectos que califiquen en la ampliación de la línea de refinanciamiento de Agroempresas y Artesanías deben cumplir al menos uno de los siguientes criterios:

- I.a Procesar o comercializar productos producidos por pequeños agricultores.
- I.b Producir insumos para pequeños agricultores.
- I.c Proporcionar servicios para pequeños agricultores, relacionados con la producción, asistencia técnica, maquinaria agrícola, etc.
- I.d Proporcionar insumos o servicios especializados a empresas que mantienen relación productiva con pequeños agricultores.

Califican además talleres de artesanía utilitaria, de servicios y típicos, independientemente de su localización.

J. ASISTENCIA TÉCNICA

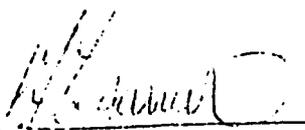
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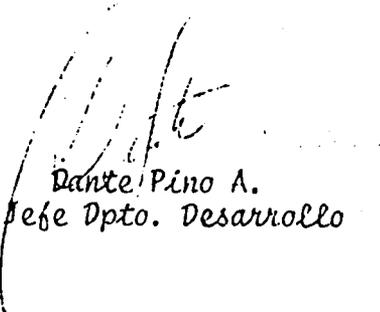
La ampliación del Programa A y A contempla la contratación de Asesores y Consultores con experiencia internacional para dar Asistencia Técnica (entrenamiento) al Departamento de Desarrollo, Agencias, Oficinas Técnicas Regionales e ICI's participantes en los Programas y Líneas de Refinanciamiento del BCB.

Las presentes normas y otras de carácter mas detallado, serán incluidas en la Reglamentación de los Programas y Líneas de Refinanciamiento que esta siendo revisada y actualizada.

Con este motivo, saludamos a Uds. muy atentamente.

BANCO CENTRAL DE BOLIVIA


Lic. Alex Zegarra V.
Subjefe Dpto. Desarrollo


Dante Pino A.
Jefe Dpto. Desarrollo

AZV/DPA/rr

ANNEX 8

SELECTION OF POTENTIAL SHAREHOLDERS AND THEIR
WILLINGNESS TO INVEST IN BANCAR

The criteria utilized to choose the different entities that could participate as stockholders of this new institution was as follows:

1. Participation of all Cámaras at national level.
2. Representation of all different productive sectors through its Cámaras .
3. Participation of Cámaras Departamentales of those sectors with regional influence in the country.
4. Economic ability to invest
5. Legal capacity to invest

Specifically in the case of the "Federación de Empresarios Privados de Cochabamba" this institution was chosen as a result of a direct inquiry to various Cochabamba businessmen as to how this very important productive region of the country wanted to be represented.

The concept of a new second level financial entity has been widely discussed with representatives of the local banks, the Cámara Nacional de Industria, the Cámara de Exportadores, the Cámara de Comercio, the Asociación de Mineros Medianos, the Federación de Empresarios Privados de Cochabamba, the Cámara Nacional Forestal, the Cámara Agropecuaria del Oriente, and the Cámara de Industria y Comercio de Santa Cruz.

General comments from these institutions have been highly positive. They are in full agreement with the creation of this new institution. Listed below is a summary of their assessments and opinions:

a. The Banks of Cochabamba, Mercantil, Nacional and Big Beni state that the idea of creating a second story financial institution owned by the private sector is extremely attractive, particularly if such an institution, through its rediscount operations will channel loans from international lending agencies through the local banks. In short this institution would represent a new source of funding for local banks. Similarly, these banks stated they would be interested in participating as shareholders in this new institution, either directly or through the Bankers Association.

b. The Banco Hipotecario Nacional and the Banco Boliviano Americano are predisposed to the idea that USAID should channel its funds through BISA instead of creating a new institution. They state that by means of an administrative restructuring BISA could become the appropriate channel for handling USAID resources. Therefore, there would be no need to create a new institution. It is worth mentioning that these two banks are the leaders of the recent shareholder changes in BISA.

c. A meeting has held with the Board of Directors of the Cámara Nacional de Industrias in which the scope of the project was explained and the various alternatives for channeling USAID resources, were discussed. The general opinion of the Directors was a preference for the creation of a new second story financial institution owned by the various chambers. They also stated that they would have no difficulty in providing their portion of the capital. Regarding the BISA alternative, they are less than keen as this institution is undergoing a change in shareholders which would create new power groups which would result in discriminatory and arbitrary lending practices.

d. In reference to the Cámara Nacional de Exportadores, this sector is extremely interested in acquiring shares in a new institution. They state that the "Departamento de Desarrollo" of the Central Bank of Bolivia does not provide them with the efficient financing that they would like to have and that a new source of funding in the hands of the private sector where they could present the points of view of their constituency would be highly positive.

e. The Asociación de Mineros Medianos state that the creation of a new financial institution would be highly beneficial to their associates, as it would represent a new source of funding and that a capital participation in this new institution would signify no problem to them. They also mentioned that a good number of their associates have been using BISA resources with satisfactory experience, and that they would also favor, as a second alternative, the utilization of BISA to channel USAID's funds.

f. At the meeting with the Federación de Empresarios Privados de Cochabamba, where representatives of agricultural, poultry, dairy, commerce, industry and banking participated, the idea of creating a new financial institution has met with extremely high interest.

Inasmuch as the experience of this sector has been somewhat negative with the Central Bank and BISA, especially due to the fact that these organizations have been burocratic and very slow in their procedures, they also perceive the Central Bank is being too demanding in their requirements for collateral. Therefore, they would like to see a new institution in the hands of the private sector where these factors could be greatly improved upon. On the other hand, this group states that if BISA operations could somehow be changed in order to provide for more efficiency and agility, they would recommend that the USAID funds be channeled through BISA as this institution already has the necessary infrastructure. However, in the case that BISA is not utilized, they would agree to participate in a new institution contributing with their corresponding portion of equity.

g. In reference to those institutions surveyed in Santa Cruz (Cámara Nacional Forestal, Cámara Agropecuaria del Oriente and Cámara de Industria y Comercio de Santa Cruz), their reaction concerning a new second level financial institution was somewhat cautious, as they are at this time in the process of creating a financial institution in Santa Cruz called BANDESA, with the participation of CORDECRUZ, CAO, the Cámara de Industria y Comercio, Cooperativa La Merced and the University of Santa Cruz.

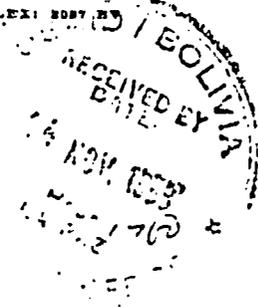
They consider that a participation in another financial entity would mean double effort. Nonetheless, they do not discard the possibility of participating in both projects, based primarily on the opportunity of obtaining new financial resources. Therefore, they request that if the BANCAR project materializes, they should be taken into account as potential shareholders.

DR. CANTO ROJAS (1890-1978)
 HENRI ROJAS
 FERNANDO ROJAS

HENRI ROJAS & FERNANDO ROJAS
 ESTUDIO DE ABOGADOS

CALLE 500 - LUAYTA 500, EDIF. CASTILLA B. PISO - LA PAZ, BOLIVIA
 TELEFONOS: 555001 - 555500 - 555000 - 555000
 CABLES: HENROJAS - TELEX: 5057 HJ

La Paz, November 11, 1983



USAID
La Paz

Attention: Mr. Michael Curtis

Gentlemen:

In connection with your request regarding Bolivian law for establishing a financial entity, please be advised as follows:

1. Bolivian banking law.

On July 11, 1928 the General Law of Banks was enacted to regulate the activities of commercial banks.

No laws have been enacted for financing or investment banks or for rediscount credit institutions, except Supreme Decree 14797 of August 1, 1977 which indicates that financing entities capitalized by local investors should obtain their authorization to operate from the Central Bank, which in each case will indicate the conditions, requisites and other regulations for the functioning and operation of such local financing entities.

2. Purchase of an existing bank.

Under Bolivian banking law it is feasible to purchase the shares of stock of a bank. For this purchase it is not necessary to obtain any special permits from the Central Bank. An endorsement of the shares of stock to the buyers and payment of the respective price will be sufficient. However, to protect buyers from undisclosed liabilities a small contract should be executed.

Since Banco de Inversión Boliviano S.A. is not a rediscount credit institution but an investment bank, it will be necessary to amend its bylaws to which effect an authorization from the Central Bank will be required.

The new bylaws can contemplate the purpose, operations and administration as indicated in your memorandum, as well as the change of name since the new entity will not be an investment one.

3. New financial entity.

As stated above, the establishment of a new financial entity is governed by Supreme Decree 14797.

Among the legal steps to be taken for such formation, compliance with the General Banking Law of 1928 will be required as it was required by the Central Bank for the organization of other financing entities. These steps are:

- (a) Feasibility study
- (b) At least five shareholders which are called the "organizing committee" will file the respective petition to the Central Bank with the following information:
 - (i) Name of the entity
 - (ii) Domicile
 - (iii) Amount of capital and number of shares
 - (iv) Name, domicile, profession of the members of the "organizing committee" and the number of shares that will be paid by such members.
 - (v) Number of the members of the board of directors which can not be more than 10 or less than five.
 - (vi) Powers granted to the Shareholders' Meeting, together with proposed bylaws.
- (c) The petition must be published in a local newspaper.
- (d) If Central Bank finds the petition in order it will be examined and for 40 days Central Bank can make all necessary investigations to determine if the new organization is convenient for the public interest.
- (e) Within the next 60 days after the petition has been accepted for examination, the Central Bank will approve or disapprove it.

If the petition is disapproved, it must be confirmed by the executive branch.

Upon approval of the petition all legal documents must be recorded before a Notary Public and the Commerce Registry, prior publication in a local newspaper.

In practice the foregoing deadlines are seldom complied with by the Central Bank, and the formation of a bank may take more than 6 months.

4. Subsidiary of Banco Industrial S.A.

Under Bolivian law to establish a subsidiary means to form a new legal entity which at least 51% of its shares of stock are owned by another

company. Thus, because it is a new entity the same steps will have to be taken as stated in numeral 3 above.

5. Division within Banco Industrial S.A.

There are no laws in Bolivia which will govern the establishing of a division or its operation. However, the present bylaws of Banco Industrial S.A. enables it to operate as a rediscount credit institution.

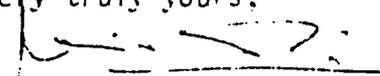
Since according to your memorandum you wish that the 7 chambers participate in the capitalization, although this can be accomplished by a capital increase, it may not be feasible because such chambers will probably represent a minority and a substantial amendment of the bylaws will have to be made.

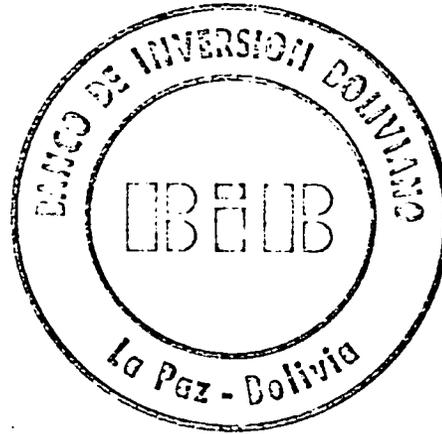
An alternative would be not to amend the bylaws of Banco Industrial S.A. but its internal regulations. In fact, Article 5 of the bylaws of Banco Industrial S.A. state that their loans are made according to the internal regulations of the Bank and these regulations can be amended as to permit disbursement of USAID funds with certain controls or approvals from committees to be formed inside or outside the bank.

Based on the foregoing, we believe that the alternatives under numerals 2, 3 and 4 above implies negotiations with the Central Bank regarding the purpose and operation of the new entity because there is no law which regulates the functioning of financing entities or of rediscount credit institutions. These negotiations will have to be made pursuant to Supreme Decree 14797 which states that the Central Bank in each case will establish the conditions, requisites and other regulations for the functioning and operation of local financing entities. However, since in alternative 2 the legal entity already exists and it is operating, such negotiations with the Central Bank will be less cumbersome and limited to an amendment of the respective bylaws.

Regarding alternative 5 above, it appears to be the only alternative that does not require any approval from the Central Bank but the amendment of Banco Industrial's internal regulations to fit the conditions that you may wish to impose for the disbursement of USAID funds.

Very truly yours,


Fernando Rojas



**ESTATUTOS DEL
BANCO DE INVERSIÓN
BOLIVIANO S. A.**

**LA PAZ - BOLIVIA
1981**

DIRECCION GENERAL DE REGISTRO DE COMERCIO
Y SOCIEDADES POR ACCIONES

MATRICULA No. 7-5524-1

La Dirección General de Registro de Comercio y Sociedades por Acciones, del Ministerio de Industria, Comercio y Turismo;

CERTIFICA:

Que, la firma BANCO DE INVERSION BOLIVIANO S. A. (BIBSA) con domicilio en Plaza Venezuela No. 1440 del Distrito de LA PAZ se encuentra legalmente inscrita en el Registro de Comercio del Ministerio de Industria, Comercio y Turismo, bajo el número del encabezamiento y Resolución Administrativa No. 23/3/80 Ley General de Bancos de fecha 7 de marzo de 1980 en la actividad comercial de BANCARIA FINANCIERA Y DE INVERSION correspondiendo su organización al tipo de SOCIEDAD ANONIMA.

Es cuanto se certifica a petición de la parte interesada, y para los fines que se crean convenientes.

La Paz, 15 de enero de 1981

DIRECTOR GENERAL DE REGISTRO DE
COMERCIO Y SOCIEDADES POR ACCIONES

DR. RODOLFO GUTIERREZ BELTRAN
DIRECTOR GENERAL
REGISTRO DE COMERCIO Y SOCIEDADES POR ACCIONES

JEFE DEL DEPTO. DE DOCUMENTACION
REGISTRO Y ARCHIVO

JAIME D. MICHEL HERAS
JEFE DEPTO. REGISTRO Y ARCHIVO

RESOLUCION

Resolución número: Veinti nueve/tres/ochenta.— División de Fiscalización.— La Paz, 7 de marzo de mil novecientos ochenta.

VISTOS Y CONSIDERANDO: La solicitud presentada por el Banco de Inversión Boliviano S. A. mediante memorial de fecha 17 de diciembre de 1979, pidiendo la aprobación para la modificación de su escritura de constitución social y estatutos adecuados al Código de Comercio en actual vigencia.

Que, la citada entidad bancaria acompaña al efecto, testimonio de la Escritura Pública No. 449/79 de 5 de diciembre de 1979, extendida por ante la Notaría de Fe Pública de Victor Murillo Taboada, que consta de cuatro cláusulas y la nueva versión de sus Estatutos, los mismos que constan de cincuenta y ocho (58) Artículos, contenidos en ocho (8) Títulos, los mismos que han sido adecuados al Código de Comercio, en observancia a lo prescrito en los Artículos 3o y 4o de las disposiciones transitorias del citado cuerpo de leyes.

Que, la entidad bancaria impetrante, ha cumplido con los requisitos exigidos en el Artículo 49o de la Ley General de Bancos, por lo que corresponde aprobar la modificación de su Escritura de Constitución y de sus Estatutos.

Que, de conformidad con el Artículo 26o inciso 17) del Decreto Ley No. 14791 de 1o de agosto de 1977, el Banco Central de Bolivia, tiene facultades para aprobar los Estatutos de los Bancos y entidades financieras que están sujetas a la Ley General de Bancos.

Por tanto, el BANCO CENTRAL DE BOLIVIA, en uso de las facultades conferidas por la Ley General de Bancos y Decreto Ley No. 14791 de 1o de Agosto de 1977.

RESUELVE:

PRIMERO.— Aprobar la modificación de la Escritura de Constitución Social del Banco de Inversión Boliviano S. A. en sus cuatro (4) cláusulas, en la forma y términos de su redacción.

SEGUNDO.— Aprobar la reducción de su Capital Autorizado al monto de Sb. 60,000,000 (SESENTA MILLONES 00/100, PESOS BOLIVIANOS) dividido en sesenta mil acciones de Pesos Bolivianos Un Mil (Sb. 1,000.00) cada una. Teniendo como Capital Pagado la suma de Sb. 30,000,000.00 (TREINTA MILLONES 00/100 PESOS BOLIVIANOS) dividido en treinta mil acciones de Pesos Bolivianos Un Mil (Sb. 1,000.00) cada una.

TERCERO.— Aprobar la adecuación de sus Estatutos a las normas del Código de Comercio en sus cincuenta y ocho (58) Artículos contenidos en ocho (8) Títulos, a los que debe sujetar su administración y operaciones con el tenor literal siguiente:

ESTATUTO DEL BANCO DE INVERSION BOLIVIANO S. A.
(B. I. B. S. A.)

TITULO I
DENOMINACION, DOMICILIO, OBJETO Y DURACION

ARTICULO 1.— Denominación y Domicilio.— Con la denominación de Banco de Inversión Boliviano S. A. (B. I. B. S. A.) se ha constituido una Sociedad Anónima mediante Escritura Pública No. 303 de 26 de octubre de 1976 extendida en La Paz, en la Notaría de Dña. Celia Aranda de Meruvia, con domicilio legal y principal en La Paz—Bolivia, pudiendo constituir sucursales, agencias, establecimientos, representaciones y oficinas en cualquier otro lugar de la República y/o del exterior.

ARTICULO 2.— Objeto.— La Sociedad tiene por objeto principal dedicarse en forma amplia, por cuenta propia, ajena y/o asociada, a actividades financieras y de inversión, para fomentar y cooperar al desarrollo económico de Bolivia, a cuyo efecto podrá realizar las siguientes operaciones:

- a) Conceder préstamo a mediano y largo plazo y complementariamente a corto plazo dentro del sector productivo.
- b) Efectuar inversiones en cualquier clase de actividades, sea esta industrial, agropecuaria, minera, turismo, construcción y otras relacionadas con sus operaciones en forma directa o participando en cualquier clase de sociedad.
- c) Emitir, colocar, adquirir y suscribir valores; letras de cambio, libranzas, pagarés, aceptaciones bancarias, bonos, obligaciones y certificados de participación en los préstamos que otorgue. En caso de bonos y títulos obligacionales éstos podrán servir para constituir encajes legales de acuerdo a disposiciones legales vigentes.
- d) Otorgar avales, cartas de crédito, fianzas u otras garantías vinculadas con sus operaciones, y realizar operaciones warrant de acuerdo a disposiciones legales vigentes.
- e) Realizar inversiones en valores mobiliarios vinculados con sus operaciones, prefinanciar sus emisiones y colocarlos, de acuerdo a disposiciones legales vigentes.

- f) Actuar como fideicomisario, mandatario y depositario.
- g) Obtener créditos del exterior y actuar como mandante o intermediario de créditos obtenidos en moneda nacional o extranjera de acuerdo a disposiciones legales vigentes.
- h) Dar en locación bienes de capital.
- i) Propiciar asistencia técnica y de administración a empresas en general.
- j) Vender y comprar acciones o cuotas de capital de empresas del sector productivo sin exceder del treinta por ciento del activo del Banco o de la Sociedad vendedora por operación.
- k) Realizar préstamos con opción de comprar acciones o cuotas de capital, y conceder préstamos para el cumplimiento de sus operaciones.
- l) Promover inversiones en el sector industrial a objeto de constituir importaciones de productos y desarrollar las materias primas nacionales.
- ll) Promover entrenamientos intensivos de personal administrativo y técnico tanto en Bolivia como en el exterior.
- m) Emitir certificados de ahorro o certificados al portador de acuerdo a disposiciones legales vigentes.
- n) Realizar por cuenta propia o de terceros toda clase de operaciones financieras y de inversión, mediante la utilización de recursos propios o de terceros.
- o) Recibir depósitos a plazo fijo con fines de inversión, previa autorización del Banco Central de Bolivia.
- p) Otorgar anticipos sobre créditos provenientes de ventas, adquirirlos, asumir sus riesgos, gestionar su cobro y prestar asistencia técnica y administrativa.
- q) Actuar como agentes en el pago de dividendos, amortizaciones e intereses.
- r) Otorgar asesoramiento técnico, financiero y económico a cualquier clase de empresas.
- s) Promover la importación de bienes de capital, insumos y otros relativos con excepción de artículos de consumo, y promover la exportación de toda clase de bienes y realizar todos los trámites necesarios para la realización de tales actividades ya sea por sí o por cuenta de terceros.
- t) Colaborar en la creación de una bolsa de valores en el Mercado Nacional de conformidad a disposiciones vigentes.

A efecto de poder llevar a cabo las mencionadas operaciones la sociedad se halla plenamente facultada a realizar todas las operaciones, actos y contratos, de cualquier naturaleza y sin limitación alguna, permitidos por las leyes y a desarrollar todas las actividades civiles, mercantiles o financieras inherentes o accesorias a dichas actividades.

ARTICULO 3.— Duración.— La Sociedad tendrá una duración de cincuenta años a partir de la fecha de su inscripción en el Registro de Comercio. Este plazo se prorrogará automáticamente por otros diez años y así sucesivamente, si una Junta Extraordinaria de Accionistas no resolviere antes de las mismas la duración de la Sociedad al vencimiento del plazo principal o si no lequiere prórroga alguna.

TITULO II CAPITAL Y ACCIONES

ARTICULO 4.— Capital Autorizado.— El Capital Autorizado de la Sociedad es de Sb. 60,000,000 equivalente a US\$ 3,000,000 dividido en 60,000 acciones de Sb. 1,000.— cada una. El capital social pagado es de Sb. 30,000,000 dividido en 30,000 acciones de Sb. 1,000 cada una.

ARTICULO 5.— Pago de Acciones Suscritas.— Las acciones de la Sociedad deberán ser integradas de acuerdo a lo estipulado en los contratos de suscripción correspondiente.

ARTICULO 6.— Aumento o Reducción del Capital Autorizado.— El Capital Autorizado podrá aumentarse o disminuirse de acuerdo con las actividades y requerimientos de la Sociedad mediante resolución de una Junta General Extraordinaria especialmente convocada al efecto. La reducción del capital social se hará por resolución de la Junta General Extraordinaria y con la autorización de la Dirección de Sociedades por Acciones y además de la autorización del Banco Central de Bolivia (División de Fiscalización) y las publicaciones señaladas en el Art. 142 del Código de Comercio. Podrá reducirse también en el monto de las pérdidas sufridas por la sociedad para restablecer el equilibrio entre el capital y el patrimonio social. La reducción será obligatoria cuando las pérdidas superen el 50 o/o más las reservas libres y exista una decisión de la Junta General Extraordinaria en sentido de no reponer las pérdidas sufridas.

ARTICULO 7.— Emisión de Acciones.— Previa resolución de una Junta General Extraordinaria, el Directorio queda facultado para emitir acciones por el monto del capital social o por el capital que posteriormente se pague hasta el monto del capital autorizado, fijando las épocas, condiciones y modalidades que considere convenientes. Solo habrá lugar a la emisión de nuevas acciones cuando las precedentes han sido totalmente suscritas.

ARTICULO 8.— Títulos.— Las acciones estarán representadas por títulos nominativos, por una o más acciones, debiendo dichos títulos estar correlativamente numerados y contener necesariamente la denominación de la sociedad y su domicilio, fecha y lugar de su constitución y duración, fecha de inscripción en el Registro de Comercio, monto de capital social y del autorizado, valor nominal de cada acción, serie, número de acciones que representan, nombre del titular de la acción, condiciones para su transmisión, clase de acción, sea ordinaria o preferida, lugar y fecha de la emisión del título y firmas autógrafas del Presidente, Secretario y Síndico o Síndicos de la sociedad.

ARTICULO 9.— Certificados de Acciones.— Mientras no estén totalmente pagadas las acciones suscritas por un accionista no se emitirá el título y en su lugar se emitirán certificados provisionales por el monto de las acciones que se vayan pagando las que serán forzosamente nominativas y contendrán los mismos requisitos indicados para los títulos.

ARTICULO 10.— Indivisibilidad de las Acciones.— Las acciones con indivisibles cuando resulten propietarios de una acción más de dos personas, deberán ser representadas por uno solo de ellos, pero todos sus propietarios serán responsables solidariamente ante la Sociedad con preferencia a todas las obligaciones que corresponden a los Accionistas, a falta de acuerdo sobre tal designación, el nombramiento lo hará el Directorio.

ARTICULO 11.— Libro de Registro de Acciones.— La Sociedad llevará un libro de registro de acciones de libre consulta para los accionistas el mismo que contendrá: el nombre, nacionalidad y domicilio del accionista y demás particularidades del mismo, nombre del suscriptor y estado del pago de las acciones si hubiere, transferencia de las acciones con indicación de las fechas y nombres de los adquirentes, la emisión de títulos duplicados y los gravámenes que pudieran establecerse sobre las acciones y conversión de los títulos con datos de las nuevas acciones. Cada partida que se asiente en dicho libro deberá llevar la firma del Secretario de la Sociedad. La Sociedad considera como propietario de las acciones nominativas a la persona que aparece inscrita en el título de registro de la acción.

ARTICULO 12.— Títulos Duplicados.— En los casos de pérdida o inutilización de acciones, deberá comunicarse tal hecho por escrito al Directorio solicitando la extensión de títulos duplicados. Justificado el extravío o inutilización, el Directorio ordenará la publicación de un aviso por tres días consecutivos en un diario de circulación nacional con todas las características necesarias para identificar las acciones, indicando claramente su reposición. No procede la reposición hasta transcurridos treinta días de la fecha de la última publicación. Si durante los treinta días indicados no se opusiera a la reposición presentando la acción que se presume perdida, ésta sólo podrá realizarse si se lo ordena judicialmente. El interesado pagará todos los gastos que correspondan.

ARTICULO 13.— Preferencia en nuevas emisiones.— En la emisión de cualquier acción o bono los accionistas tendrán derecho preferente para suscribirlas en proporción al número que posean.

La sociedad hará el respectivo ofrecimiento mediante avisos en un órgano de prensa de circulación nacional por tres días consecutivos. Los accionistas pueden ejercer su derecho preferente dentro del plazo de treinta días computados desde la fecha de la última publicación. En caso de que alguno o algunos accionistas no hicieren uso de este derecho, la sociedad lo hará extensivo a los otros accionistas en forma proporcional con un plazo de siete días a partir de la respectiva notificación escrita, vencido el cual la Sociedad podrá ofrecer libremente.

ARTICULO 14.— Derecho de los accionistas.— Las acciones ordinarias otorgan a su poseedor iguales derechos y obligaciones. Cada acción otorga a su propietario el derecho a un voto en las Juntas Generales de Accionistas y el derecho al pago de dividendos, cuando así lo disponga la Junta General de Accionistas, a pro rata entre el número de acciones emitidas y a cualquier derecho proporcional de capital en caso de liquidación de la Sociedad. Asimismo, los accionistas tendrán derecho a integrar los organismos de ad-

ministración y fiscalización y a una preferencia en la emisión de acciones.

ARTICULO 15.— Obligaciones y Responsabilidad.— La posesión de una o más acciones implica el sometimiento a la escritura social, a los estatutos que rijan a la sociedad, a sus posteriores modificaciones y el sometimiento a las resoluciones de las Juntas Generales de Accionistas y de Directorio, aún cuando el accionista no hubiere intervenido en dichas resoluciones, pero siempre que ellas se hayan adoptado de acuerdo con las normas legales y estatutarias de la Sociedad. La responsabilidad de los accionistas de acuerdo a ley queda limitada a las acciones suscritas o pagadas, quedando el patrimonio individual del accionista libre de toda responsabilidad. La escritura constitutiva ni los presentes Estatutos pueden desconocer los derechos acordados por ley a los accionistas.

ARTICULO 16.— Derechos de Terceros.— Los acreedores de un accionista no tendrán derecho a intervenir en la Administración o el manejo de la Sociedad ni sobre sus bienes, salvo el derecho legal que pudiera corresponderles dentro de los recursos judiciales correspondientes.

ARTICULO 17.— Transferencia de Acciones.— La transferencia de acciones se realizará mediante el endoso respectivo, el pago de impuesto correspondiente y el registro de inscripción en el libro de registro de accionistas de la Sociedad. Toda transferencia llevará la firma del Secretario de la Sociedad en la partida correspondiente.

ARTICULO 18.— Canje de Títulos.— En cualquier tiempo los accionistas podrán pedir el canje de títulos que contenga una o más acciones con nuevos títulos con diferente cantidad de número de acciones.

TITULO III

JUNTAS GENERALES DE ACCIONISTAS

ARTICULO 19.— Competencia y Clase de Juntas.— La Junta General de Accionistas es el organismo máximo de decisión de la Sociedad, con las más amplias facultades de resolución, conforme con las atribuciones que se les otorga por los presentes Estatutos. Las Juntas Generales de Accionistas son ordinarias y extraordinarias.

ARTICULO 20.— Convocatoria.— Las Juntas Generales de Accionistas se reunirán en el domicilio social y serán convocadas por el Directorio, sea por propia iniciativa o a solicitud escrita y motivada de accionistas que representen por lo menos el 20 o/o del capital social. El o los Síndicos también podrán convocar a Juntas. En caso de doble convocatoria tendrá validez la realizada por el Directorio, acumulándose en un solo orden del día los asuntos propuestos por éste y el o los Síndicos. La convocatoria se hará mediante avisos publicados en un periódico de circulación nacional e indi-

cará el carácter de la Junta, lugar, orden del día de la Junta y los requisitos que deben cumplirse para poder participar en ella. Dichos avisos deberán publicarse durante tres días discontinuos, debiendo el último realizarse cuando menos cinco días y no más de treinta días antes de la Junta. De no existir el quorum previsto en los Arts. 29 y 31, la segunda convocatoria y posteriores para el caso de Juntas Extraordinarias se hará con sólo la publicación de dos avisos de prensa, el último con tres días de anticipación. Sin embargo, la Junta podrá reunirse sin el cumplimiento de los requisitos previstos para la convocatoria y resolver cualesquier asunto a su competencia, siempre que concurran accionistas que representen la totalidad del capital, para las resoluciones se adoptarán por dos tercios de las acciones con derecho a voto.

ARTICULO 21.— Representación.— Los accionistas que no puedan concurrir a las Juntas tendrán derecho de hacerse representar por otros accionistas mediante carta-poder o por personas no accionistas mediante poder notariado. Los accionistas residentes en el exterior podrán hacerse representar por otros accionistas mediante cable o telex dirigido al Presidente de la Sociedad y por personas extrañas a la Sociedad mediante poder notariado debidamente legalizado. Sin embargo, no pueden ser mandatarios o representantes los Directores, Administradores, Síndicos y demás empleados dependientes de la Sociedad.

ARTICULO 22.— Derecho de Revisión.— Desde el día siguiente al de la publicación, de la primera convocatoria hasta el día anterior al verificativo de la Junta, los accionistas o sus representantes tendrán derecho a revisar en el domicilio de la Sociedad todos los antecedentes relativos a los asuntos consignados en el orden del día de la Junta, así como a interiorizarse de los estados financieros y contables.

ARTICULO 23.— Prohibición de Transferencia.— Desde el día de la última publicación de la convocatoria a la Junta, hasta el posterior de su verificativo, no podrán hacerse transferencias de acciones, lapso durante el cual quedará cerrado el libro de registro de acciones.

ARTICULO 24.— Derecho de Voto.— Cada acción otorga a su poseedor derecho a un voto en las Juntas Generales de Accionistas. Los Directores o Administradores, Síndicos y Gerentes de la Sociedad, no pueden votar sobre la aprobación de Balances y cuentas relativas con su gestión, en las resoluciones referentes a su responsabilidad. Las votaciones serán secretas cuando así lo solicite por lo menos el 10 o/o de las acciones presentes o representadas en la Junta. Los accionistas que constituyen el 25 o/o de las acciones presentes o representadas en la Junta podrán solicitar un aplazamiento de la votación de cualquier asunto, hasta por treinta días sin necesidad de nueva convocatoria. Este derecho podrá ejercitarse por una sola vez en el mismo asunto.

ARTICULO 25.— Obligatoriedad de las Resoluciones.— Las resoluciones de las Juntas Generales obligan a todos los accionistas cuando se hubieran adoptado de acuerdo con las normas establecidas en los presentes Estatutos,

aún cuando el accionista no hubiera concurrido a la Junta o hubiera sido de voto disidente.

ARTICULO 26.— Presidencia de las Juntas.— Las Juntas Generales serán presididas por el Presidente del Directorio que es también el Presidente de la Sociedad. En su ausencia o impedimento será reemplazado por el Vicepresidente. A falta de este personero será presidida por el Director que designe la Junta y si no estuviera presente ningún Director, se presidirá por el accionista que tenga el mayor número de acciones. Actuará como Secretario, el Secretario del Directorio que es a la vez Secretario de la Sociedad y en su ausencia o impedimento la Junta designará a su reemplazante.

ARTICULO 27.— Actas.— De las deliberaciones y resoluciones de las Juntas se llevarán actas en un libro especial de Juntas Generales de Accionistas donde se resumirán las expresiones vertidas en las deliberaciones, la forma de las votaciones y sus resultados, con indicación completa de las resoluciones adoptadas; las actas serán firmadas a más tardar dentro de los cinco días siguientes a la celebración de la Junta por quien las presidió, el Secretario y dos representantes de los accionistas elegidos a tal objeto.

De las actas de las Juntas Extraordinarias de Accionistas pasadas al libro respectivo se obtendrá copia legalizada y se inscribirá en el Registro de Comercio, previo conocimiento de la Dirección de Sociedades por Acciones y del Banco Central de Bolivia, División de Fiscalización. Cualquier accionista puede solicitar a su costo copia legalizada del acta. Las actas de las Juntas Generales de Accionistas indicarán la nómina de accionistas o sus representantes y el número de votos que les corresponde.

ARTICULO 28.— Junta General Ordinaria.— La Junta General Ordinaria se reunirá con carácter obligatorio por lo menos una vez al año, para considerar y resolver los siguientes asuntos:

- a) Memoria Anual
- b) Balance General y Estado de Resultados y todo otro asunto relativo a la gestión de la Sociedad.
- c) Informe del Síndico o Síndicos.
- d) Distribución y destino de las utilidades o en su caso, el tratamiento de las pérdidas.
- e) Elección o remoción de los Directores o del o los Síndicos y auditores externos y fijación de sus remuneraciones y si hubieren de sus responsabilidades.
- f) Designación de Auditores Externos.

La Junta será convocarla necesariamente dentro de los tres primeros meses al cierre del ejercicio para tratar los asuntos indicados.

ARTICULO 29.— Quorum y Resoluciones de las Juntas Ordinarias.— La Junta General Ordinaria será válida con la concurrencia de más de la mitad de las acciones con derecho a voto. Si no hubiere dicha asistencia mínima se postergará la Junta y se hará una segunda convocatoria conforme al Art. 20 de estos Estatutos y la Junta será válida con cualquier número de acciones presentes.

Las resoluciones en las Juntas Ordinarias se adoptarán por el voto afirmativo de la mayoría absoluta de las acciones presentes o representadas, con derecho a voto.

ARTICULO 30.— Junta General Extraordinaria.— Los accionistas se reunirán en Junta General Extraordinaria para considerar todos los asuntos que no sean de competencia de las Juntas Ordinarias y privativamente, pero no limitativamente les corresponderá resolver sobre los siguientes:

- a) Modificación de Estatutos.
- b) Emisión de nuevas acciones ordinarias o preferidas.
- c) Emisión de bonos o debentures, fijando sus condiciones, términos y plazos.
- d) Aumento de capital autorizado y reducción o reintegro del capital.
- e) Liquidación anticipada de la Sociedad, su prórroga, transformación o fusión, nombramiento, renoción o retribución de liquidadores.
- f) Venta o hipoteca de más del 30 o/o de los activos de la Sociedad.

ARTICULO 31.— Quorum y Resoluciones de las Juntas Extraordinarias.— La Junta General Extraordinaria será válida con la concurrencia de por lo menos a 70 o/o de las acciones con derecho a voto. Si no existiera dicha concurrencia mínima se postergará la Junta y se procederá a una segunda convocatoria de acuerdo al Art. 20 de los Estatutos y la Junta será válida con la concurrencia de por lo menos un tercio de las acciones emitidas. Las resoluciones de las Juntas Extraordinarias de Accionistas, se acordarán con el voto afirmativo de por lo menos el 60 o/o de las acciones concurrentes o representadas con derecho a voto.

TITULO IV DIRECTORIO

ARTICULO 32.— Facultades y Constitución.— La Sociedad será administrada con las más amplias facultades de administración por un Directorio elegido por la Junta General Ordinaria de Accionistas. Estará constituida por un número de cinco a diez Directores titulares y cinco a diez suplentes, según lo resuelva la correspondiente Junta. La elección de Directores podrá recaer entre accionistas o no accionistas. Para elegir las dos terceras partes de los Directores titulares o suplentes, cada Director deberá ser elegido por lo menos por la mitad más uno de los votos de los accionistas concurrentes a la Junta. Para elegir al restante o restantes Directores, los accionistas cuyos votos no hayan alcanzado a elegir las dos terceras partes de los Directores, elegirán en una nueva votación, por mayoría absoluta, al Director o Directores restantes. La elección de Directores se hará mediante voto escrito no secreto.

ARTICULO 33.— Cargos del Directorio.— En la primera reunión del Directorio después de su elección por la Junta, sus miembros procederán a

elegir entre ellos un Presidente, un Vicepresidente y un Secretario.

ARTICULO 34.— Mandato.— Los Directores durarán en sus funciones por el lapso de un año, pudiendo ser reelegidos indefinidamente. Sin embargo, no cesará su mandato hasta que sus sustitutos hayan tomado posesión del cargo.

ARTICULO 35.— Remoción de Directores.— La Junta General Ordinaria de Accionistas podrá resolver, en cualquier momento, la revocatoria del mandato de uno o más Directores. Producida dicha revocatoria procederá a elegir al reemplazante.

ARTICULO 36.— Función de los Suplentes.— Los Directores suplentes reemplazarán a sus Directores titulares únicamente cuando éstos por razones de enfermedad o ausencia del país estén impedidos para asistir a la reunión de Directorio por un período continuado mayor a un mes. Si la ausencia continuada es por un plazo mayor a tres meses, sea cual fuere la causa de dicha ausencia, el Director titular dejará vacante el puesto y en su lugar entrará su respectivo suplente por el período durante el cual el titular fué elegido.

ARTICULO 37.— Honorarios y Fianzas.— La Junta General Ordinaria que elija el Directorio determinará el honorario que recibirán los Directores. Para garantizar las responsabilidades emergentes del desempeño de su cargo, los Directores antes de ingresar al ejercicio de sus funciones prestarán una fianza en efectivo, hipotecaria, Boleta de Garantía o póliza de seguro en el equivalente a dos años de remuneraciones. Los Directores que sean accionistas podrán dar como fianza acciones del propio Banco, las cuales serán depositadas en el Banco Central de Bolivia.

ARTICULO 38.— Responsabilidad y Memoria.— Los Directores son responsables de acuerdo a lo estipulado en el Art. 321 y siguientes del Código de Comercio. Sin embargo, de acuerdo a la ley la acción de responsabilidad no alcanza a los Directores disidentes que hubieran hecho constar su disidencia. La responsabilidad prescribe a los tres años de haber fenecido el mandato respectivo. Anualmente y dentro de los seis meses de cerrado cada ejercicio, el Directorio elaborará y publicará una memoria, previa su consideración y aprobación en Junta General de Accionistas.

ARTICULO 39.— Sesiones y Quorum.— El Directorio sesionará por lo menos una vez al mes y cuantas veces sea convocado por el Presidente a solicitud de cualquier Director o del Gerente General. Sus reuniones serán válidas con la asistencia de por lo menos la mitad más uno de sus miembros. Se convocarán con una anticipación de por lo menos cuarenta y ocho horas.

ARTICULO 40.— Resoluciones.— Las resoluciones del Directorio serán válidas cuando estén apoyadas por el voto de la mitad más uno de los Directores presentes. Cada Director, inclusive el Presidente, tienen derecho a un voto y el presidente, en caso de empate, tiene derecho a un voto suplementario. De las resoluciones se llevarán actas a cargo del Secretario, las que para

su validez se firmarán por todos los concurrentes.

ARTICULO 41.— Derechos de los Directores.— Los Directores tendrán derecho a recibir estados mensuales de pérdidas y ganancias de la Sociedad y en un plazo razonable balances semestrales. Además tendrán derecho de inspeccionar los libros, archivos y propiedades de la Sociedad en cualquier momento.

ARTICULO 42.— Facultades del Directorio.— Son atribuciones y facultades del Directorio las siguientes:

- a) Representar legalmente a la Sociedad, judicial o extrajudicialmente, sin limitación alguna, por intermedio de su Presidente.
- b) Precautelar, cuidar y resguardar los bienes, derechos e intereses de la Sociedad.
- c) Disminuir o aumentar el capital pagado hasta el límite del autorizado y emitir las acciones en las cantidades y montos que requiera el desenvolvimiento de las actividades.
- d) Dirigir y administrar los negocios y actividades de la Sociedad con las más amplias facultades para ejecutar todos los actos, contratos, actividades y operaciones conducentes al logro del objetivo de la Sociedad.
- e) Realizar toda clase de actos judiciales y extrajudiciales, enjuiciar y seguir lo enjuiciado ante cualquier Tribunal y autoridad con facultad de desistir y admitir desistimientos y transigir y admitir transacciones, someter cuestiones a arbitraje y nombrar árbitros o arbitreadores o amigables componedores, hacer uso de todos los recursos ordinarios y extraordinarios que acuerdan las leyes, presentar demandas de nulidad y demandas directas de nulidad así como demandas de amparo y habeas corpus y en todos los casos en que las leyes requieran poderes especiales serán bastantes las facultades conferidas por el presente artículo, sin que la falta expresa de atribución signifique limitación a su amplio poder administrativo y de representación de la Sociedad.
- f) Comprar, vender, permutar, locar, alquilar, arrendar, donar, ceder toda clase de bienes muebles o inmuebles que no correspondan al activo fijo de la Sociedad y toda clase de derechos, acciones y cuotas de capital, otorgar y obtener préstamos de dinero, establecer, otorgar, aceptar, transferir y cancelar garantías, avalos, fianzas, prendas, garantías solidarias, reales o personales y de cualquier naturaleza, aceptar hipotecas, aceptar y endosar toda clase de garantías y fianzas, importar, exportar y efectuar toda clase de actos financieros. La venta y la hipoteca de bienes inmuebles requerirá la autorización previa de la Junta General Extraordinaria de Accionistas.
- g) Designar al Gerente General y a los altos funcionarios de la sociedad, formar comités fijándoles sus facultades y remuneraciones otorgándoles los poderes que estime por conveniente.
- h) Realizar todo género de operaciones financieras; abrir cuentas bancarias en el país o en el exterior y girar sobre dichas cuentas pagar, endosar, aceptar, avalar, protestar y cobrar letras de cambio, pagarés y demás documentos negociables y descontar letras de cambio y pagarés, emitir, aceptar y otorgar recibos, boletas de garantía y créditos de cualquier naturaleza, emitir pólizas de seguro, otorgar y recibir fianzas y

suscribir todos los documentos privados o públicos que sean necesarios; aceptar conocimiento de embarque, recibos de depósitos, warrants y cualquier documento de crédito, así como endosarlos y negociarlos y aceptar pagos y otorgar recibos y finiquitos, condonaciones y moras. Todas estas facultades serán llevadas a cabo en conformidad con el objeto de la Sociedad.

- i) Formar y administrar sociedades por cuenta propia y de terceros y tener participaciones de sociedades ya constituidas, comprar acciones y concurrir a toda clase de Juntas de Accionistas en sociedades en las que participe la Sociedad. Todas estas operaciones estarán vinculadas con las operaciones y objetos de la Sociedad.
- j) Aceptar mandatos, comisiones y representaciones y emitir debentures con o sin garantías.
- k) Establecer o suprimir agencias, representaciones, sucursales, establecimientos y oficinas en el interior o exterior del país.
- l) Delegar en todo o en parte sus atribuciones y facultades y otorgar poderes generales y especiales a personas naturales o jurídicas;
- ll) Aprobar los reglamentos de la Sociedad y cumplir y hacer cumplir todas las disposiciones legales y estatutarias.
- m) Convocar a Juntas Generales Ordinarias y Extraordinarias de Accionistas, preparar la memoria—informe para consideración de las Juntas y someter a consideración de ellas los balances generales y demás estados financieros y proponer distribuciones de reservas y dividendos.
- n) Realizar todo cuanto sea necesario a la mejor administración y manejo de los intereses sociales aún cuando no estén expresamente determinados en los anteriores incisos, que no tienen carácter limitativo o sea que no podrán dejarse de cumplir con un acto aún cuando no esté expresamente establecido entre las presentes atribuciones y facultades.

ARTICULO 43.— Presidente.— El Directorio en su primera reunión después de su elección por la Junta, designará entre sus miembros a un Presidente que será Presidente del Directorio y de la Sociedad. El presidente tiene la representación de la Sociedad y presidirá las reuniones de las Juntas de Accionistas y de Directorio. El Presidente firmará conjuntamente con el Secretario las acciones, contratos, poderes y cualquier otro documento escrito en representación de la Sociedad.

ARTICULO 44.— Vicepresidente.— El Vicepresidente será elegido anualmente juntamente con el Presidente, reemplazará al Presidente en caso de ausencia o impedimento de aquél y con sus mismas facultades y atribuciones. En caso de ausencia, impedimento o muerte del Vicepresidente, se elegirá entre los miembros del Directorio, sean titulares o suplentes, a un nuevo Vicepresidente, que durará en sus funciones hasta la próxima Junta General Ordinaria.

ARTICULO 45.— Secretario.— El Secretario que será elegido entre los miembros del Directorio tendrá a su cargo y responsabilidad los libros de actas de Juntas Generales de Accionistas y de Directorio y el libro de Registro de Acciones. Firmará con el Presidente o en su caso con el Vicepresidente todos los contratos y documentos de la Sociedad así como los poderes y

acciones. En caso de ausencia, impedimento o muerte del Secretario será suplente el Director, titular o suplente que elija el Directorio.

ARTICULO 46.— Prohibiciones.— Los Directores quedan prohibidos de comprometer a la sociedad en operaciones ajenas al giro propio de la Sociedad bajo responsabilidad de daños y perjuicios.

TITULO V

FISCALIZACION INTERNA DE LA SOCIEDAD

ARTICULO 47.— Síndicos.— La fiscalización interna y permanente de la Sociedad estará a cargo de uno o más Síndicos elegidos entre accionistas o no accionistas por la Junta General Ordinaria y por uno o más suplentes elegidos asimismo por dicha Junta.

Si la elección no se realizara por unanimidad los accionistas que representen por lo menos el 20 o/o del capital social tendrán derecho a nombrar a un tercio de los Síndicos o a uno de ellos si fuesen dos.

No podrán ser Síndicos los dependientes de la Sociedad ni los cónyuges o parientes de estos hasta el cuarto grado de consanguinidad y segundo de afinidad.

Los Síndicos tendrán derecho a la remuneración que señale la Junta que los elija. Y para garantizar las responsabilidades emergentes del desempeño de sus cargos prestarán una fianza en efectivo, póliza de seguro o acciones de la Sociedad, en la equivalente a dos años de remuneraciones.

ARTICULO 48.— Responsabilidad y Atribuciones.— Los Síndicos serán solidaria e ilimitadamente responsables por el incumplimiento de sus obligaciones.

Son atribuciones de los Síndicos las siguientes:

- a) Fiscalizar la administración de la Sociedad, sin intervenir en la gestión administrativa.
- b) Asistir con voz pero sin voto, a las reuniones del Directorio y a las Juntas Generales de Accionistas.
- c) Examinar los libros, documentos, estados de cuenta y practicar arcos y verificaciones de valores toda vez que lo juzgue conveniente, pudiendo exigir la certificación de balances de comprobación.
- d) Verificar la constitución de fianzas para el ejercicio del cargo de Director.
- e) Revisar el balance general y estados de resultados, debiendo presentar informe a la Junta General Ordinaria.
- f) Convocar a Juntas Ordinarias y Especiales cuando lo juzgue conveniente, y a Juntas Ordinarias y Especiales cuando omitiera hacerlo el Directorio.
- g) Hacer incluir en el orden del día de cualquier Junta los asuntos que estime necesarios.
- h) Exigir el cumplimiento de los Estatutos y demás disposiciones legales y concretar la realización de auditorías externas previa autorización de la

- Junta General.
- i) Supervisar la liquidación de la Sociedad.
 - j) Atender denuncias de los accionistas.

TITULO VI

BALANCES, RESERVAS, DIVIDENDOS

ARTICULO 49.— Balance General.— Al 30 de junio y al 31 de diciembre de cada año se practicará Balance General de todas las operaciones de la Sociedad juntamente con un estado de ganancias y pérdidas, inventarios y demás documentos que sean necesarios los que serán puestos a conocimiento del Directorio antes del verificativo de la Junta General de Accionistas. El Directorio presentará dicho Balance General y demás documentos juntamente con una memoria informe de la gestión correspondiente a consideración de la Junta General Ordinaria.

ARTICULO 50.— Certificación del Balance.— El Balance será presentado a consideración de la Junta de Accionistas con una certificación efectuada por los inspectores designados en la anterior Junta de Accionistas.

ARTICULO 51.— Fondos de Reserva.— De las utilidades líquidas anuales se destinará obligatoriamente un porcentaje no inferior al diez por ciento hasta constituir un fondo de reserva legal que alcance al veinticinco por ciento del capital pagado. La Junta General de Accionistas podrá disponer la reinversión del total o parte de las utilidades, la constitución de otras reservas sean ordinarias o extraordinarias o para fines especiales y el saldo distribuirlo como dividendo a prorrata entre las acciones emitidas de la Sociedad.

ARTICULO 52.— Prescripción.— Los dividendos no cobrados por sus beneficiarios en un plazo de más de cinco años de haber sido declarados, prescribirán en favor de la Sociedad y se revertirán automáticamente al patrimonio social como cuenta de superavit.

TITULO VII

PRORROGA, DISOLUCION Y LIQUIDACION

ARTICULO 53.— Prórroga.— Al vencimiento de los cincuenta años de duración de la Sociedad, ésta se prorrogará automáticamente por otros diez años más y así sucesivamente, a menos que seis meses antes del período de los cincuenta años o de los períodos sucesivos de diez años una Junta Extraordinaria de Accionistas resuelva terminar la Sociedad. Producida la prórroga automáticamente se convocará a una Junta General Extraordinaria

para que ratifique dicha prórroga y autorice al Presidente y Secretario de la Sociedad a suscribir la correspondiente escritura pública de prórroga, sin perjuicio de todos los actos de la sociedad desde la terminación del plazo de duración hasta la ratificación mediante escritura social serán válidos y legales.

ARTICULO 54.— Disolución Anticipada.— La Sociedad se disolverá anticipadamente en cualquier tiempo, en los siguientes casos:

- a) Por resolución de accionistas adoptada en una Junta General Extraordinaria convocada especialmente al efecto, que representen más del setenta y cinco por ciento de las acciones emitidas.
- b) Por pérdida de más del cincuenta por ciento del capital pagado y una vez agotadas las reservas, salvo que los accionistas, en Junta General Extraordinaria, resuelvan reintegrar el quebranto sufrido y continuar con la Sociedad.

ARTICULO 55.— Liquidación.— Producida la disolución de la Sociedad por vencimiento de su plazo de duración, por pérdida del cincuenta por ciento del capital pagado y reservas o por acuerdo de accionistas que representen más de setenta y cinco por ciento del total de emisión de acciones, en Junta General Extraordinaria de Accionistas especialmente convocada al efecto, se designará una comisión liquidadora que estará formada por tres personas elegidas en dicha Junta.

ARTICULO 56.— Atribuciones.— La Comisión Liquidadora tendrá la representación legal de la Sociedad, sin limitación alguna y tendrá todas las facultades y atribuciones necesarias para realizar todos los actos, gestiones, contratos, otorgamiento de poderes y demás actos para liquidar los activos de la Sociedad, pagar sus deudas y entregar a los accionistas cualquier saldo a prorrata entre la tenencia de sus acciones.

ARTICULO 57.— Cuentas de la Liquidación.— Trimestralmente los liquidadores enviarán un informe de sus labores al Síndico. La Junta de Accionistas podrá ratificarlos o removerlos y fijar plazos y condiciones para la terminación de la liquidación. Corresponde a la Junta de Accionistas el fijar la remuneración de los liquidadores.

TITULO VIII

DISPOSICIONES GENERALES

ARTICULO 58.— Arbitraje.— Las diferencias que ocurran entre la Sociedad y los accionistas y entre éstos por razones de su interés social en la Sociedad, se someterá a la decisión de arbitradores o amigables componedores que serán nombrados uno por cada parte y en caso de discordia entre ambos éstos nombrarán un árbitro definitivo y a falta de entendimiento entre los árbitros para este nombramiento, actuará como tal el De

partamento de Fiscalización del Banco Central de Bolivia, el laudo arbitral será inapelable y definitivo, debiendo la parte perdedora cubrir los gastos emergentes del arbitraje.

CUARTO.— De conformidad con el Artículo 49o de la Ley General de Bancos, protocolícense actuados ante la Notaría de Gobierno para cuyo fin expídase por Asesoría Legal copia legalizada de la presente Resolución, debiendo presentarse un ejemplar del testimonio correspondiente a este Organismo.

Regístrese, comuníquese y archívese.

BANCO CENTRAL DE BOLIVIA