

## Notes to the Consolidated Financial Statements

As of December 31, 2002 and 2001. (Expressed in million of Chilean pesos)

A free translation from the original in Spanish

### 1. Summary of Significant Accounting Principles:

#### (a) Basis of consolidation:

The consolidated financial statements of Banco de Chile as of December 31, 2002 have been consolidated with those of its Chilean subsidiaries and Branches in New York and Miami.

The pro-forma consolidated financial statements and all related disclosures as of December 31, 2001, are the sum of the consolidated financial statements of Banco de Chile and Banco de A. Edwards as of the same date, eliminating transactions between both Banks and their Subsidiaries, and presenting the restated figures according to the Consumer Price Index (CPI) used for price-level restatement (3.0%).

The proforma consolidated financial statements are presented only for comparative purposes.

The ownership percentages of subscribed and paid-in capital are the following:

	Interest Owned	
	2002	2001
	%	%
Banco de Chile New York branch	100.00	100.00
Banco de Chile Miami Agency	100.00	100.00
Banchile Administradora General de Fondos S.A.	99.98	99.99
Banchile Factoring S.A.	99.52	99.99
Banchile Corredores de Seguros Ltda.	99.75	99.99
Banchile Corredores de Bolsa S.A.	99.68	99.98
Banchile Asesoría Financiera S.A.	99.52	99.00
Banchile Securitizadora S.A.	99.00	99.00
Socofin S.A.	99.00	-
Promarket S.A.	99.00	-
Banedwards S.A. Corredores de Bolsa (*)	-	99.16
Banedwards S.A. Asesoría Financiera (*)	-	99.90
Banedwards S.A. Administradora de Fondos Mutuos (**)	-	99.00
Banedwards Administradora de Fondos de Inversión S.A. (*)	-	99.51
Banedwards Corredora de Seguros Ltda. (*)	-	99.00
Banedwards Factoring S.A. (*)	-	99.00

(\*) Subsidiary absorbed by Banchile companies of the same line of business.

(\*\*)Dissolved company as stated in Note 3 (c).

The subsidiaries' assets and operating income represent 10.0% and 9.1% (9.5% and 10.2% in 2001) of the totals consolidated assets and operating income, respectively.

Related party transactions and their effects on the consolidated financial statements have been eliminated. Minority interest is shown as a separate item in the consolidated balance sheet and consolidated statement of income.

For the purposes of the consolidation, the financial statements of the New York and Miami branches have been translated into Chilean pesos at the closing exchange rate of Chilean pesos 712.38 to US\$ 1 (Chilean pesos 656.20 to US\$ 1 in 2001), in accordance with the accounting rules related to foreign investments in countries in a stable economic environment as set out in Technical Bulletin No. 64 (issued by the Chilean Association of Accountants).

#### (b) Accounting principles applied:

The Bank, its subsidiaries and branches abroad, prepare their financial statements according to generally accepted accounting principles in Chile and specific accounting regulations from the different regulatory bodies in each field of business: Superintendency of Banks and Financial Institutions, Superintendency of Securities and Insurance, and regulations for American banking entities.

The use of different regulations creates non significant differences in the consolidated financial statements, mainly in areas such as accounting for financial investments and in the use of price level restatement.

#### (c) Interest and readjustments:

Loans, investments and liabilities are stated including their corresponding interest and readjustments accrued as of the Consolidated Balance Sheet date. However, a conservative criteria has been applied of suspending interest accruals and readjustments of past due loans, and of outstanding current loans of doubtful recovery.

#### (d) Price-level restatement:

Shareholders' equity, fixed assets, and other non-monetary assets and liabilities have been restated according to the variation in the Consumer Price Index (CPI). The application of this method resulted in a net charge to income of MCh\$ 9,596.2 (MCh\$ 10,248.6 in 2001).

#### (e) Foreign currencies:

Foreign currency assets and liabilities of Bank and subsidiaries have been translated into Chilean pesos at the closing exchange rate of Chilean pesos 712.38 to US\$1 (Chilean pesos 656.20 to US\$ 1 in 2001).

The balance of MCh\$ 30,917.1, corresponding to the net loss from foreign exchange (net gains from foreign exchange MCh\$ 4,017.9 in 2001), shown in the Consolidated Statement of Income, includes both the results of foreign exchange transactions as well as recognition of the effects that fluctuation in the exchange rates had on assets and liabilities stated in foreign currencies.

#### (f) Financial investments:

Financial investments traded on a secondary market are shown adjusted to market value, following specific instructions from the Superintendency of Banks and Financial Institutions. These instructions require that such adjustments to be recognized against income, except in the case of the investment portfolio classified as permanent may be recorded directly to the equity account, "Change in unrealized gains (losses) on permanent financial investments".

The application of this adjustment generated a net credit to income for the year amounting to MCh\$ 15,571.7 (net credit of MCh\$ 9,839.6 in 2001), which was included in operating income under "Gains from trading activities". The adjustment of the permanent investment portfolio, generated a net credit to equity in the amount of MCh\$ 9,082.7 (net charge MCh\$ 1,879.5 in 2001).

Other investments in securities are shown at purchase cost plus adjustments and accrued interest.

#### (g) Property, premises and equipment:

Property, premises and equipment are stated at acquisition cost plus price-level restatement (except New York and Miami Branches), and net of accumulated depreciation. Depreciation is calculated on the straight-line method over the estimated useful lives of the related assets.

Real estate available for sale amount to MCh\$ 6,551.4 as of December 31, 2002. In order to reflect the realization value of these assets, a provision of MCh\$ 2,743.8 charged to income for the period has been established.

Additionally, during the year 2002 were charged-off MCh\$ 1,434.6 against income, for remodeling and installation of rented offices that were closed.

#### (h) Investments in other companies:

Shares or rights in other companies, with 10% or more of equity participation or where the Bank has the right to elect one member to the Board of Directors or management of such companies, are accounted for using the equity method.

#### (i) Derivatives:

The Bank and subsidiaries value forward currency contracts on a daily basis based on the observed exchange rate, and the resulting gain or loss is recognized in income on an accrued basis. In accordance with instructions of the Superintendency of Banks, the initial gain or loss corresponding to the difference between the spot and future rate is deferred and amortized to income over the duration of the respective contracts.

Interest rate swaps contracts are valued at each month-end based on accrual of agreed upon interest rates, recording the difference with a credit or charge to income. Additionally, the Bank and its subsidiaries record an adjustment to market value of the swaps contract portfolio used to hedge interest rate and foreign currency risks of the foreign investments portfolio against income for the year.

#### (j) Allowance for loan losses:

Allowances required to cover the risk of assets losses have been set up in conformity with regulations issued by the Superintendency of Banks and Financial Institutions. Assets are shown net of these provisions, or including a deduction in the case of loans.

**(k) Voluntary allowances for loan losses:**

In accordance with regulations of the General Banking Law, financial institutions are entitled to set up special allowances, denominated "voluntary allowances for loan losses", which can be considered as "Effective Equity" for the compliance of the various regulations contained in that law.

The amounts set up at year end and its effect on income are shown in the Consolidated Balance Sheets and Consolidated Statements of Income.

**(l) Deferred taxes:**

The effects of deferred taxes arising from temporary differences between the tax balance and financial balance, are recorded on an accrual basis in accordance with Technical Bulletin No. 60, 69 and 71 issued by the Chilean Association of Accountants, as explained in note 17.

**(m) Staff vacations:**

The annual cost of vacations and staff benefits are recognized on an accruals basis.

**(n) Staff severance indemnities:**

The Bank has agreed to compensate certain employees who retire after 30 years of service. This liability includes the accrued proportion in respect of those employees entitled to the compensation, but have not yet received such payments as of December 31, 2002 and 2001.

As of December 31, 2002 and 2001, this liability has been calculated using the present value method, discounting at a rate of 7% per annum.

**(o) Cash and cash equivalents:**

In conformity with specific provisions applicable to financial institutions, the Bank has considered as cash and cash equivalents only the cash and due from bank balance in the Consolidated Balance Sheet. The Consolidated Statement of Cash Flows has been prepared using the indirect method.

**2. Accounting Changes:**

In accordance with Circular letter No. 3,196 issued by the Superintendency of Banks and Financial Institutions, effective October 31, 2002 the Bank modified its accounting treatment of financial investments in mortgage finance bonds issued by the Bank. This change consisted in reducing from assets the amount recorded for mortgage finance bonds issued by the Bank, and from liabilities, the respective mortgage finance bonds obligation. Likewise, the difference between the amount deducted from related assets and liabilities, was recognized as negative goodwill paid in the purchase of mortgage finance bonds, which is recorded under other assets, and is amortized using the straight-line method based on the term of the obligation. The effect of the indicated change meant reducing MCh\$ 202,629.9 from "other financial investments", decreasing MCh\$ 200,765.7 from "mortgage finance bonds", and recognizing a net amount of MCh\$ 1,864.2 under "other assets".

From that date the market value adjustment on financial investments in mortgage finance bonds issued by the Bank was suspended, recognizing the purchase value and interest and accrued readjustments in memorandum accounts.

**3. Relevant Events:**

**(a)** Effective January 1, 2002, Banco de A. Edwards merged with and into Banco de Chile, with Banco de Chile as the surviving entity. As a consequence of the merger, Banco de Chile acquired the assets and assumed the liabilities of Banco de A. Edwards, succeeding said bank in all of its rights and obligations, and incorporating the equity of Banco de A. Edwards into Banco de Chile.

**(b)** Effective January 1, 2002, the merger by incorporation of the subsidiaries of Banco de A. Edwards, Banedwards S.A. Corredores de Bolsa, Banedwards S.A. Factoring, Banedwards S.A. Asesoría Financiera and Banedwards Corredora de Seguros Limitada with and into the subsidiaries of Banco de Chile, Banchile Corredores de Bolsa S.A., Banchile Factoring S.A., Banchile Asesoría Financiera S.A. and Banchile Corredores de Seguros Limitada was approved. The Banco de Chile's subsidiaries became the legal surviving entities. These mergers were agreed upon in the respective Extraordinary Shareholders' Meetings of these companies.

On the same date, the Superintendency of Securities and Insurance, in accordance with Exempt Resolution No. 401 dated December 17, 2001, authorized the transfer of the administration of all mutual funds administrated by Banedwards S.A. Administradora de Fondos Mutuos to Banchile Administradora General de Fondos S.A. (formerly Administradora Banchile de Fondos Mutuos S.A.).

**(c)** The Board of Directors Meeting held on February 28, 2002, decided to dissolve the subsidiary Banedwards

S.A. Administradora de Fondos Mutuos, by placing all the shares of that company in Banco de Chile. For such purposes, on March 22, the Bank purchased from the subsidiary Banchile Asesoría Financiera S.A., 131 shares of Banedwards S.A. Administradora de Fondos Mutuos.

**(d)** In the Ordinary Shareholders Meeting of the Bank, held on March 21, 2002, it was agreed to re-elect the Bank's Board of Directors.

After the corresponding voting at the above mentioned meeting, the following persons were appointed as Directors for a three year term:

Directors:	Jorge Awad Mehech Jacob Ergas Ergas Andrónico Luksic Craig Guillermo Luksic Craig Rodrigo Manubens Moltedo Gonzalo Menéndez Duque Máximo Pacheco Matte Francisco Pérez Mackenna Segismundo Schulín-Zeuthen Serrano Máximo Silva Bafalluy Manuel Sobral Fraile
Alternate Directors:	Jorge Díaz Vial Edmundo Eluchans Urenda

**(e)** At the extraordinary Board of Directors meeting held after the aforementioned Ordinary Shareholders meeting, it was agreed to make the following appointments:

Board of Directors President:	Segismundo Schulín-Zeuthen Serrano
Board of Directors Vice-President:	Andrónico Luksic Craig

**(f)** Effective June 12, 2002, Banco de Chile (99%) and Banchile Asesoría Financiera S.A. (1%), a wholly owned subsidiary, acquired 100% of the shares of Promarket S.A., a privately held Corporation ("*Sociedad Anónima Cerrada*"), from the Companies Sociedad Inmobiliaria del Norte Limitada and Inmobiliaria el Rosal S.A.. This investment was approved by the Board of Directors, with a favorable opinion from the Committee of Directors, based on a valuation made by an independent consulting company.

**(g)** On June 27, 2002, Banco de Chile, together with its subsidiary Banchile Asesoría Financiera S.A., acquired from Inversiones el Norte y el Rosal S.A. 10,000 shares of equal value of Baned Servicios Especializados S.A., today Socofin S.A.. As a consequence of the above, the participation of the Bank and Banchile Asesoría Financiera S.A. in Baned Servicios Especializados S.A. (Socofin S.A.) is 99.00% and 1.00% respectively. This investment was approved by the Board of Directors, with a favorable opinion from the Committee of Directors, based on a valuation made by independent consultants.

**(h) Purchase Promise Agreement:**

Banco de Chile, "the promising buyer", and Inversiones Vita S.A., Inersa S.A. and Sociedad Inmobiliaria del Norte Limitada, "the promising sellers", amended the Share Purchase Promise Contract of Banchile Seguros de Vida S.A., executed between said companies and Banco de A. Edwards on November 9, 2000, agreeing to: (1) to extend the term for the execution of the Purchase Promise Agreement, until December 31, 2011, and (2) new terms for the determination of the purchase price.

**Master Agreement and Other Agreements:**

Likewise Banco de Chile, Banchile Corredores de Seguros Limitada and Banchile Seguros de Vida S.A., amended several provisions of the Master Agreement, the Distribution Agreement and the Collection Agreement respectively executed by Banco de A. Edwards, Banedwards Corredora de Seguros Limitada and Banedwards Compañía de Seguros de Vida S.A., dated November 9, 2000. By these amendments, the parties agreed to extend the term of such agreements until December 31, 2011.

The previously mentioned Amendments to the Purchase Promise Contract, Master Agreement and other agreements in reference, and due to represent transactions with related parties were approved by the Bank's Board of Directors under the terms provided in Article 44 of Law No. 18,046 on Chilean Corporations Law, at Meeting No. 2,533 held on May 23, 2002, and No. 2,537, held on July 25, 2002, respectively, prior approval of the Bank's Committee of Directors.

(i) Through resolution N° 381 dated August 30, 2002, the Superintendency of Securities and Insurance approved the merger of Banchile Administradora de Fondos Mutuos S.A. with and into Banchile Administradora de Fondos de Inversión S.A., both subsidiaries of Banco de Chile, it also approved the amended name of Banchile Administradora General de Fondos S.A.

Likewise, the new Company's capital increase from Ch\$ 598,352,907 divided into 455,276 ordinary shares without par value, to Ch\$ 2,554,614,813, divided into 11,181,138 ordinary shares without par value was approved, 99.98% are owned by Banco de Chile.

(j) On October 8, 2002, Banco de Chile listed its shares on the Madrid Stock Exchange to be traded on the "Latinamerican Securities Market, LATIBEX". The shares will be traded in Euros under the code XBCH in blocks of 600 shares per unit.

(k) On December 20, 2002, Banco de Chile listed its ADRs with the United Kingdom Listing Authority (UKLA), to be traded on the London Stock Exchange. Each ADR represents 600 Banco de Chile's shares.

#### 4. Related Party Transactions:

In accordance with the General Banking Law and Superintendency's instructions, related party transactions are defined as those persons or entities, related directly or indirectly to the owners or management of the Bank and its subsidiaries.

##### (a) Loans granted to related parties:

As of December 31, 2002 and 2001 loans granted to related parties are as follow:

	Loans		Past due loans		Total		Collateral (*)	
	2002 MCh\$	2001 MCh\$	2002 MCh\$	2001 MCh\$	2002 MCh\$	2001 MCh\$	2002 MCh\$	2001 MCh\$
Productive companies	96,424.3	80,570.1	-	-	96,424.3	80,570.1	23,019.0	16,277.9
Investment companies	6,944.0	4,749.9	-	-	6,944.0	4,749.9	2,208.1	475.1
Individuals (**)	1,753.5	3,780.1	-	-	1,753.5	3,780.1	1,372.6	1,005.2
Total	105,121.8	89,100.1	-	-	105,121.8	89,100.1	26,599.7	17,758.2

(\*) Includes only those collaterals computable towards individual credit limits as established in Article No 84 of the General Banking Law, valued in accordance with instructions of the Superintendency.

(\*\*) Includes only those obligations of individuals whose debts are equal to or greater than U.F. 3,000 (MCh\$ 50.2).

##### (b) Other related party transactions:

The Bank has undertaken the following related party transaction greater than U.F. 5,000 (MCh\$ 83.7) during 2002 and 2001:

	Expenses		Income	
	2002 MCh\$	2001 MCh\$	2002 MCh\$	2001 MCh\$
<b>Transbank S.A.:</b>				
Service expenses	3,384.1	3,611.8	-	-
<b>Empresa Nacional de Telecomunicaciones S.A.:</b>				
Telephone expenses	2,616.6	2,043.5	-	-
<b>Redbanc S.A.:</b>				
Expenses for electronic funds transfer of the automated teller machines	2,216.8	3,039.6	-	-
<b>Operadora de Tarjetas de Crédito Nexus S.A.:</b>				
Service expenses	1,591.6	2,062.0	-	-
<b>Soc. y Prom. y Eventos Mundo Edwards:</b>				
Service expenses	414.3	1,081.5	-	-
<b>Corp. Cultural de la Ilustre Municipalidad de Santiago:</b>				
Service expenses	349.6	-	-	-
<b>Entel PCS Telecomunicaciones S.A.:</b>				
Telephone expenses	333.5	0.5	-	-
<b>Depósito Central de Valores:</b>				
Service expenses	191.8	62.9	-	-
<b>Banedwards Cía. de Seguros de Vida S.A.:</b>				
Service expenses	155.6	-	-	-
<b>Empresa de Servicios Especializados S.A.:</b>				
Service expenses	154.6	932.7	-	-
<b>Hoteles Carrera S.A.:</b>				
Service expenses	150.0	94.9	-	-
<b>Entel Telefonía Local S.A.:</b>				
Telephone expenses	113.2	153.6	-	-
<b>Cía. Nac. de Teléfonos Telefónica del Sur S.A.:</b>				
Telephone expenses	100.2	63.5	-	-
<b>Telefónica del Sur Carrier S.A.:</b>				
Telephone expenses	101.2	-	-	-
<b>Empresa de Tarjetas Inteligentes S.A.:</b>				
Service expenses	91.4	85.2	-	-
<b>Editorial Trineo:</b>				
Service expenses	23.6	138.2	-	-
<b>Línea Aérea Nacional Chile S.A.:</b>				
Office rental income	-	-	103.1	103.6
Subtotal	11,988.1	13,369.9	103.1	103.6
<b>Transactions between 1,000 and 5,000 U.F.</b>				
Service expenses	330.3	506.2	-	-
Telephone expenses	33.1	33.1	-	-
<b>Total</b>	<b>12,351.5</b>	<b>13,909.2</b>	<b>103.1</b>	<b>103.6</b>

Related party transactions were carried out at normal market prices prevailing at the date on which they were made.

**5. Investment in Other Companies:**

This caption includes investments in other companies for MCh\$ 4,776.7 (MCh\$ 5,361.7 in 2001), as follows:

Company	Shareholders	Investment							
		Ownership		Equity		Book value		Income	
		2002 %	2001 %	2002 MCh\$	2001 MCh\$	2002 MCh\$	2001 MCh\$	2002 MCh\$	2001 MCh\$
Soc. Operadora de Tarjetas de Crédito Nexus S.A.	Banco de Chile	25.81	25.81	3,385.0	3,199.0	873.5	831.9	48.0	(430.4)
Redbanc S.A.	Banco de Chile	25.42	25.42	3,431.5	3,490.1	872.3	918.4	151.1	195.2
Transbank S.A.	Banco de Chile	17.44	17.44	4,786.4	4,058.3	834.6	742.1	127.7	142.3
Servipag Ltda.	Banco de Chile	50.00	50.00	1,432.6	1,332.0	716.3	666.0	50.3	27.3
Bolsa de Comercio de Santiago	Banchile Corredores de Bolsa	4.17	4.17	15,259.7	15,430.1	636.3	641.0	93.2	60.6
Sociedad Interbancaria de Depósitos de Valores S.A.	Banco de Chile	17.60	12.38	1,378.1	1,130.1	242.5	140.0	43.6	38.9
Empresa de Tarjetas Inteligentes S.A.	Banco de Chile	26.67	26.67	582.3	526.1	155.3	146.8	(144.2)	(38.6)
Centro de Compensación Automatizado S.A.	Banco de Chile	33.33	33.33	458.2	421.2	152.7	140.4	12.3	31.3
Artikos Chile S.A.	Banco de Chile	50.00	50.00	(136.5)	1,332.1	(68.3)	666.1	(1,243.8)	(98.3)
Bolsa de Valores de Chile	Banchile Corredores de Bolsa	5.00	5.00	2,436.7	2,426.1	121.8	121.4	0.5	60.3
Subtotal						4,537.0	5,014.1	(861.3)	(11.4)
Shares or rights in other companies						239.7	347.6	(108.1)	14.0
<b>Total</b>						<b>4,776.7</b>	<b>5,361.7</b>	<b>(969.4)</b>	<b>2.6</b>

**6. Allowances for losses on loans and other assets**

**(a) Allowances for losses on loans and other assets:**

As of December 31, 2002, the Bank, its Chilean subsidiaries and foreign branches had made allowances for a total of MCh\$197,541.9 (MCh\$ 196,813.2 in 2001) to cover eventual losses on loans and other assets.

The changes experienced by these allowances during the year were as follows:

	Allowances for			
	Loans MCh\$	Assets received in payment MCh\$	Other assets MCh\$	Total MCh\$
Balance as of 12-31-2000	155,822.2	920.2	433.6	157,176.0
Charge-offs	(55,663.4)	(585.9)	(3,000.4)	(59,249.7)
Provisions established	87,434.0	386.1	4,739.1	92,559.2
Exchange rate of beginning balance of Foreign Branches	595.2	-	-	595.2
Balance as of 12-31-2001	188,188.0	720.4	2,172.3	191,080.7
<b>Balances restated for comparative purposes</b>	<b>193,833.7</b>	<b>742.0</b>	<b>2,237.5</b>	<b>196,813.2</b>
Balance as of 12-31-2001	188,188.0	720.4	2,172.3	191,080.7
Charge-offs	(110,961.6)	(1,528.8)	(14,058.6)	(126,549.0)
Provisions established	117,866.2	2,243.2	12,444.6	132,554.0
Exchange rate of beginning balance of Foreign Branches	343.8	-	112.4	456.2
<b>Balance as of 12-31-2002</b>	<b>195,436.4</b>	<b>1,434.8</b>	<b>670.7</b>	<b>197,541.9</b>

In the management's opinion the allowances made cover all potential losses arising from non-recoverable assets, on the basis of the information examined by the Bank and its subsidiaries.

**(b) Voluntary allowances for loan losses:**

In addition to the allowance for losses on loans and other assets shown in (a) above, the Bank, its Chilean subsidiaries and foreign branches, have made voluntary allowances for loan losses for a total of MCh\$ 20,557.3

(MCh\$ 38,913.3 in 2001). During 2002, the Bank partially released these global provisions with credits to income for the period, amounting to MCh\$ 17,222.6, of which MCh\$ 4,250.0 were released to comply with agreement No. 939 E made with Banco Central de Chile, according to which Banco de A. Edwards had established voluntary provisions for the same amount in the 2001 period. Additionally, as agreed by the Board, MCh\$ 13,423.9 were released to offset losses from recognition of permanent impairment of financial investments from Argentine issuers maintained by the New York branch, whose adjustment to market value up to this date, had been recorded with a charge to shareholders' equity.

Additionally, MCh\$ 451.3 has been charged to income for indexation adjustments.

During 2001, voluntary provisions for MCh\$ 3,207.0 were established with a charge to income for the period.

**7. Shareholders' Equity:**

**(a) Shareholders' Equity:**

The movement in the Shareholders' equity accounts were as follows:

	Paid-in Capital MCh\$	Other reserves MCh\$	Other accounts MCh\$	Net Income for the year MCh\$	Total MCh\$
Balance as of December 31, 2000	231,822.2	69,234.8	(538.0)	81,957.5	382,476.5
Dividends paid	-	-	-	(81,957.5)	(81,957.5)
Price-level restatement	7,186.5	2,230.6	-	-	9,417.1
Change in unrealized gains (losses) on permanent financial investments(*)	-	-	(1,550.9)	-	(1,550.9)
Net adjustment for translation differences (*)	-	-	2,915.3	-	2,915.3
Net income for the year	-	-	-	86,968.0	86,968.0
Balance as of December 31, 2001	239,008.7	71,465.4	826.4	86,968.0	398,268.5
Banco de A. Edwards Balances as of 12.31.2001	224,803.5	4,464.5	-	10,103.2	239,371.2
Proforma balances as of 12.31.2001	463,812.2	75,929.9	826.4	97,071.2	637,639.7
<b>Proforma balances restated for comparative purposes</b>	<b>477,726.6</b>	<b>78,207.7</b>	<b>851.2</b>	<b>99,983.3</b>	<b>656,768.8</b>
Balance as of December 31, 2001	239,008.7	71,465.4	826.4	86,968.0	398,268.5
Capital increase due to merger (1)	224,803.5	4,464.5	-	10,103.2	239,371.2
Retained earnings	-	2.6	-	(2.6)	-
Dividends paid	-	-	-	(97,068.6)	(97,068.6)
Price-level restatement	13,914.6	1,872.6	-	-	15,787.2
Absorption of subsidiary companies	-	(108.0)	-	-	(108.0)
Change in unrealized gains (losses) on permanent financial investments (*)	-	-	7,619.8	-	7,619.8
Net adjustment for translation differences (*)	-	-	1,724.5	-	1,724.5
Net income for the year	-	-	-	52,635.1	52,635.1
<b>Balance as of December 31, 2002</b>	<b>477,726.8</b>	<b>77,697.1</b>	<b>10,170.7</b>	<b>52,635.1</b>	<b>618,229.7</b>

(\*) These balances are presented net of the deferred taxes originating from adjustments to market value of the permanent investment portfolio and valuation of subsidiaries abroad.

(1) At the Extraordinary Shareholders' Meeting of Banco de Chile, held on December 6, 2001, the merger by incorporation of Banco de A. Edwards and Banco de Chile, with the later acquiring all assets and assuming all liabilities of the former, incorporating all equity and shareholders of Banco de A. Edwards into Banco de Chile was approved. Later, on December 18, 2001 at Banco de A. Edwards' Extraordinary Shareholders' Meeting the merger was approved on the same terms, also obtaining the approval from the Superintendency of Banks and Financial Institutions on December 21, 2001. The merger became effective as of January 1, 2002.

For this purpose the Shareholders' Meeting agreed that the merged bank issue 23,147,126,425 registered shares, without par value, to be given to Banco de A. Edwards' shareholders in a proportion of 3.135826295 Banco de Chile shares for each Banco de A. Edwards' share. As a consequence of the above, Banco de Chile's paid in capital was divided between a total of 68,079,783,605 shares.

**(b) Base Capital and Actual Equity, for regulatory purposes:**

In conformity with the General Banking Law, the minimum base capital of a financial institution cannot be

less than 3% of total assets, while actual shareholders' equity cannot be less than 8% of the risk-weighted assets. As of December 31, 2002 and 2001, the Bank has calculated the following ratios:

	2002 (**) MCh\$	2001 MCh\$
Base capital (*)	565,594.6	556,785.5
Total assets	8,634,364.0	8,338,974.8
Ratio	6.55%	6.68%
Effective equity	822,927.7	709,577.7
Risk-weighted assets	6,012,828.1	5,790,236.6
Ratio	13.69%	12.25%

(\*) Equivalent for these purposes to the paid - in capital and reserves.

(\*\*)As of December 31, 2002, this ratio has been determined on total assets adjusted by risk on a consolidated basis, as established by Circular letter No. 3,178 dated June 7, 2002 from the Superintendency of Banks and Financial Institutions. As of December 31, 2001 this ratio was determined on total assets adjusted by risk on an individual assets basis.

## 8. Investments:

### (a) Financial investments:

Instruments (*)	Portfolio				Mark to Market adjustment				Total			
	Permanent (**)		Non-Permanent		Sub-Total		Against to income		Against to equity			
	2002 MCh\$	2001 MCh\$	2002 MCh\$	2001 MCh\$	2002 MCh\$	2001 MCh\$	2002 MCh\$	2001 MCh\$	2002 MCh\$	2001 MCh\$		
Central Bank securities	-	-	1,047,805.1	1,265,753.7	1,047,805.1	1,265,753.7	9,670.7	(5,509.6)	-	-	1,057,475.8	1,260,244.1
Chilean Treasury and other government agency securities	-	19,453.7	6,839.9	8,774.6	6,839.9	28,228.3	68.5	(114.4)	-	31.7	6,908.4	28,145.6
Domestic financial institutions	-	-	106,192.8	82,639.2	106,192.8	82,639.2	(81.8)	(0.5)	-	-	106,111.0	82,638.7
Other financial investments in Chile	-	-	58,140.1	56,125.4	58,140.1	56,125.4	276.6	369.2	-	-	58,416.7	56,494.6
Foreign financial investments	272,981.9	348,771.6	56,200.6	88,142.8	329,182.5	436,914.4	5,188.5	2,316.8	3,439.9	(5,843.8)	337,810.9	433,387.4
Mortgage finance bonds issued by the Bank	-	-	-	156,974.0	-	156,974.0	-	184.9	-	-	-	157,158.9
<b>Total</b>	<b>272,981.9</b>	<b>368,225.3</b>	<b>1,275,178.5</b>	<b>1,658,409.7</b>	<b>1,548,160.4</b>	<b>2,026,635.0</b>	<b>15,122.5</b>	<b>(2,753.6)</b>	<b>3,439.9</b>	<b>(5,812.1)</b>	<b>1,566,722.8</b>	<b>2,018,069.3</b>

(\*) Classification according to issuers and parties committed to pay. This schedule includes a total of MCh\$ 276,456.8 (MCh\$ 228,219.1 in 2001) of securities sold under repurchase agreements.

(\*\*)Permanent portfolio includes securities whose market value adjustment are booked against the equity account "Change in unrealized gains (losses) on permanent financial investment", as described in Note 1 (f).

### (b) Other investments:

	2002 MCh\$	2001 MCh\$
Assets held for leasing	23,530.8	7,726.0
Assets received in lieu of payment (*)	18,996.8	33,840.2
Other non financial investments	2.5	2.1
<b>Total</b>	<b>42,530.1</b>	<b>41,568.3</b>

(\*) In addition to assets received or awarded in payment, shown above, there are also certain assets which have not been disposed of and which were written-off according to the rules of the Superintendency. It is estimated that the fair value of these written off assets is approximately MCh\$ 9,604.2 (MCh\$ 7,367.4 in 2001).

## 9. Maturity of Assets and Liabilities:

### (a) Maturity of loans and financial investments:

The following table summarizes loans and financial investments, classified according to years to maturity. The amounts include accrued interest as of December 31, 2002 and 2001:

	2002				
	Less than 1 year MCh\$	Over 1 year/ less than 3 MCh\$	Over 3 years/ less than 6 MCh\$	Over 6 years MCh\$	Total MCh\$
<b>LOANS (1):</b>					
Commercial loans and others	2,527,077.9	646,676.6	428,191.9	389,095.2	3,991,041.6
Mortgage loans	55,688.0	100,255.5	157,778.6	570,574.8	884,296.9
Consumer loans	218,609.1	155,143.1	30,665.2	4,050.4	408,467.8
Leasing contracts	75,600.6	73,107.4	50,222.1	48,800.9	247,731.0
<b>OTHER LOANS:</b>					
Interbank loans	52,442.2	2,375.7	-	-	54,817.9
Investments purchased under agreements to resell	32,177.4	-	-	-	32,177.4
<b>FINANCIAL INVESTMENTS:</b>					
Permanent (2)	194,983.5	75,693.9	2,304.5	-	272,981.9
Non-permanent (3)	1,290,301.0	-	-	-	1,290,301.0
<b>Total</b>	<b>4,446,879.7</b>	<b>1,053,252.2</b>	<b>669,162.3</b>	<b>1,012,521.3</b>	<b>7,181,815.5</b>

	2001				
	Less than 1 year MCh\$	Over 1 year/ less than 3 MCh\$	Over 3 years/ less than 6 MCh\$	Over 6 years MCh\$	Total MCh\$
<b>LOANS (1):</b>					
Commercial loans and others	2,664,230.4	643,829.9	508,260.9	434,466.4	4,250,787.6
Mortgage loans	48,238.7	93,789.5	143,884.5	474,464.1	760,376.8
Consumer loans	215,704.1	144,160.0	31,955.2	3,819.3	395,638.6
Leasing contracts	58,808.8	77,793.1	58,240.4	59,698.9	254,541.2
<b>OTHER LOANS:</b>					
Interbank loans	25,244.0	3,730.9	678.6	-	29,653.5
Investments purchased under agreements to resell	51,463.3	-	-	-	51,463.3
<b>FINANCIAL INVESTMENTS:</b>					
Permanent (2)	254,084.3	52,087.8	41,118.3	20,934.9	368,225.3
Non-permanent (3)	1,655,656.1	-	-	-	1,655,656.1
<b>Total</b>	<b>4,973,429.7</b>	<b>1,015,391.2</b>	<b>784,137.9</b>	<b>993,383.6</b>	<b>7,766,342.4</b>

(1) Includes only current effective loans as of each year-end and with the indicated maturity period. Consequently, contingent loans and past due loans are not included, as well as, overdue loans not transferred to past due loans amounting to MCh\$ 48,453.0 (MCh\$ 61,927.1 in 2001), of which MCh\$ 26,216.9 (MCh\$ 29,977.3 in 2001) were overdue by less than 30 days.

(2) Includes the total amount of permanent investments as described in Note 1(f), without considering the adjustment to market value and also includes non transferable investments.

(3) Includes the remaining investments, including its adjustment to market value.

**(b) Maturity of deposits, borrowings and other financial obligations:**

The following details deposits, borrowings and other obligations classified according to their maturity dates. The balances include interest accrued as of December 31, 2002 and 2001.

	2002				
	Less than 1 year MCh\$	Over 1 year/ less than 3 MCh\$	Over 3 years/ less than 6 MCh\$	Over 6 years MCh\$	Total MCh\$
<b>BORROWINGS AND OTHER LIABILITIES (*):</b>					
Time deposits	3,073,320.5	154,828.6	93,311.5	-	3,321,460.6
Other term liabilities	38,205.1	293.5	148.1	-	38,646.7
Securities sold under agreements to repurchase	276,675.0	-	-	-	276,675.0
Mortgage finance bonds	124,031.4	218,343.8	313,128.5	428,537.5	1,084,041.2
<b>BONDS ISSUED</b>	17,602.2	25,026.8	46,498.0	193,119.7	282,246.7
<b>BORROWINGS FROM FINANCIAL INSTITUTIONS AND CENTRAL BANK:</b>					
Central Bank credit lines from renegotiation of loans	3,763.3	-	-	-	3,763.3
Borrowings from domestic financial institutions	50,487.7	-	-	-	50,487.7
Foreign borrowings	452,153.0	58,065.0	126.2	-	510,344.2
Other liabilities	41,607.2	15,763.1	13,218.1	5,307.6	75,896.0
<b>Total</b>	<b>4,077,845.4</b>	<b>472,320.8</b>	<b>466,430.4</b>	<b>626,964.8</b>	<b>5,643,561.4</b>

	2001				
	Less than 1 year MCh\$	Over 1 year/ less than 3 MCh\$	Over 3 years/ less than 6 MCh\$	Over 6 years MCh\$	Total MCh\$
<b>BORROWINGS AND OTHER LIABILITIES (*):</b>					
Time deposits	3,885,493.9	37,368.7	11,377.9	-	3,934,240.5
Other term liabilities	18,968.5	410.8	316.4	-	19,695.7
Securities sold under agreements to repurchase	254,908.9	-	-	366.7	255,275.6
Mortgage finance bonds	130,897.8	231,160.9	332,647.8	700,634.3	1,395,340.8
<b>BONDS ISSUED</b>	13,184.7	22,293.9	40,754.9	203,464.7	279,698.2
<b>BORROWINGS FROM FINANCIAL INSTITUTIONS AND CENTRAL BANK:</b>					
Central Bank credit lines from renegotiation of loans	2,782.9	588.6	693.7	455.6	4,520.8
Other Central Bank borrowings	74,754.6	-	-	-	74,754.6
Borrowings from domestic financial institutions	46,246.2	12.3	-	-	46,258.5
Foreign borrowings	233,588.7	97,421.4	5,105.0	-	336,115.1
Other liabilities	35,956.6	18,231.1	13,067.9	6,484.4	73,740.0
<b>Total</b>	<b>4,696,782.8</b>	<b>407,487.7</b>	<b>403,963.6</b>	<b>911,405.7</b>	<b>6,419,639.8</b>

(\*) Excluding all demand deposits, saving accounts and contingent liabilities.

**10. Foreign Currency Balances:**

The Consolidated Balance Sheets includes assets and liabilities in foreign currencies and readjusted according to the exchange rate, in the following amounts:

	Payable in				Total	
	Foreign currency		Chilean pesos (*)		2002 ThUS\$	2001 ThUS\$
	2002 ThUS\$	2001 ThUS\$	2002 ThUS\$	2001 ThUS\$		
<b>ASSETS:</b>						
Cash and due from banks	226,494.4	323,060.6	-	-	226,494.4	323,060.6
Loans	1,212,072.5	1,242,761.8	74,282.7	152,805.4	1,286,355.2	1,395,567.2
Contingent loans	282,291.7	288,375.0	-	7,228.0	282,291.7	295,603.0
Loans to other Chilean banks	8,852.1	17,348.6	-	-	8,852.1	17,348.6
Leasing contracts	-	-	81,906.0	79,700.5	81,906.0	79,700.5
Financial investments:						
- In Chile	52,230.6	83,968.9	596,381.9	419,723.2	648,612.5	503,692.1
- Abroad	474,200.6	610,627.6	-	-	474,200.6	610,627.6
Other assets	146,051.8	58,453.1	-	1.5	146,051.8	58,454.6
<b>Total assets</b>	<b>2,402,193.7</b>	<b>2,624,595.6</b>	<b>752,570.6</b>	<b>659,458.6</b>	<b>3,154,764.3</b>	<b>3,284,054.2</b>
<b>LIABILITIES:</b>						
Deposits	1,771,317.6	1,536,299.3	1,667.3	6,782.9	1,772,984.9	1,543,082.2
Contingent liabilities	282,625.8	288,941.6	-	6,887.3	282,625.8	295,828.9
Liabilities with Chilean banks	12,426.3	-	-	-	12,426.3	-
Liabilities with foreign banks	716,344.6	496,608.1	-	687.4	716,344.6	497,295.5
Other liabilities	261,012.8	830,323.5	7,137.0	16,500.8	268,149.8	846,824.3
<b>Total liabilities</b>	<b>3,043,727.1</b>	<b>3,152,172.5</b>	<b>8,804.3</b>	<b>30,858.4</b>	<b>3,052,531.4</b>	<b>3,183,030.9</b>

(\*) Includes operations denominated in foreign currencies and payable in Chilean pesos or operations whose value is indexed to the exchange rate.

**11. Transactions with Derivative Products:**

The following is a summary of the forward exchange contracts, future contracts operations and other operations with derivative products held at year-end.

**(a) Contracts on foreign currency and interest rates:**

Description of transaction	Number of operations	Contract amounts				
		Less than 3 months		Over 3 months		
		2002 ThUS\$	2001 ThUS\$	2002 ThUS\$	2001 ThUS\$	
<b>Local market:</b>						
Foreign currency futures with Chilean currency	1,109	905	508,072	618,346	1,690,643	1,610,243
Foreign currency forward contracts	75	33	4,351	2,238	4,537	8,186
<b>Foreign markets:</b>						
Foreign currency forward contracts	70	41	48,286	3,679	7,936	6,416
Foreign currency futures sold	175	138	-	14,166	17,588	-
Interest rate swaps	78	35	-	8,050	635,798	247,500

The amounts refer to United States dollar amounts purchased or sold, or the equivalent in United States dollars of the foreign currency purchased or sold or the future amount, or the amount on which interest rate contracts are agreed. The period refers to the contract maturity from the date of the transaction.

**(b) Contracts on the value of authorized readjustment systems (A.R.S.) and on interest rates in Chilean currency:**

Description of transaction	Number of operations		Contract amounts			
			Less than 3 months		Over 3 months	
	2002	2001	2002	2001	2002	2001
			MCh\$	MCh\$	MCh\$	MCh\$
UF/pesos forward contracts purchased	17	3	1,674	2,513	34,325	838
UF/pesos forward contracts sold	5	28	-	3,945	2,547	2,849
Interest rate swaps	-	3	-	-	-	33,501

**(c) Options:**

As of December 31, 2002 and 2001 no balances were outstanding for these transactions.

**12. Contingencies, Commitments and Responsibilities:**

**(a) Commitments and responsibilities recorded in memorandum accounts:**

The Bank, its subsidiaries and branches abroad maintain the following memorandum accounts relating to their commitments and responsibilities with third parties arising in the ordinary course of business:

	2002	2001
	MCh\$	MCh\$
Securities held in safe custody	3,716,924.8	2,198,306.2
Domestic documents for collection	152,175.6	102,072.3
Foreign documents for collection	343,888.5	250,687.2
Credit approved but not yet disbursed	428,589.4	934,946.2
Suscribed leasing contracts	41,432.8	11,010.9
Administration of assets	37.4	38.4
<b>Total</b>	<b>4,683,048.5</b>	<b>3,497,061.2</b>

The above list includes only the major items. Contingent loans and liabilities are shown in the Consolidated Balance Sheets.

**(b) Other contingencies:**

- As of the date of issuance of these consolidated financial statements, there are legal complaints filed against the Bank in relation to operations from the ordinary course of their businesses. In Management's opinion, there will be no significant losses from these complaints that have not been expected by the Bank in these consolidated financial statements. As of December 31, 2002, the Bank has established provisions of MCh\$ 1,088.2 for this concept.

- In compliance with Articles 226 and following, of Law No. 18,045, subsidiary Banchile Administradora General de Fondos S.A., assigned Banco de Chile as the representative of the guarantee benefits that it has established and in such character, on December 30, 2002, the Bank received Bank Certificates of Deposit for the different funds, amounting to U.F. 885,000, issued by Banco Santander-Chile, maturing on January 9, 2004.

- Subsidiary Banchile Corredores de Bolsa S.A., in accordance with Articles 30 y following of Law No. 18,045, established an insurance policy guarantee for U.F. 20,000 purchased from Compañía de Seguros de Crédito Continental S.A., maturing on April 22, 2003, named as representative of the creditors of the Bolsa de Comercio de Santiago, Stock Exchange.

**13. Commissions:**

The income and expenses for commissions shown in the Consolidated Statements of income refers to the following items:

	Income		Expense	
	2002	2001	2002	2001
	MCh\$	MCh\$	MCh\$	MCh\$
Credit cards and automated teller cards	22,678.4	21,444.5	3,295.2	5,864.0
Demand deposits and overdrafts	17,735.8	18,501.7	-	-
Mutual funds and stock brokerage	15,587.3	14,556.8	1,754.8	1,058.5
Collection services	8,918.8	3,574.2	-	-
Credit lines	7,544.4	6,179.3	-	-
Collection and payment of services	5,868.4	7,035.9	2,738.0	2,686.7
Letters of credit guarantees, collaterals and other contingent loans	4,041.4	3,970.4	-	-
Insurance brokerage	2,749.9	4,548.8	5.0	6.3
Financial services	1,910.1	1,806.5	19.0	62.3
Foreign trade and currency exchange	1,748.6	2,333.6	-	-
Bancuenta Credichile Administration	1,716.2	1,351.8	-	-
Custody and trust services	559.1	692.4	-	-
Fees from sales force	-	-	5,014.4	3,275.1
Other	3,186.7	4,220.8	743.5	942.2
<b>Total</b>	<b>94,245.1</b>	<b>90,216.7</b>	<b>13,569.9</b>	<b>13,895.1</b>

Commissions on mortgage finance loans operations are shown in the Consolidated Statements of income under the heading "Interest revenue".

**14. Non Operating Income:**

The breakdown of non-operating income is as follows:

	2002	2001
	MCh\$	MCh\$
Rental income	2,686.1	2,685.1
Gains on sales of assets received in lieu of payment	902.0	5,586.4
Recoveries of expenses	891.9	592.5
Income from correspondent banks	578.4	1,003.2
Income from sale of fixed assets	519.1	275.3
Securities in companies and shares	294.9	83.7
Miscellaneous gains on exchange	233.1	184.6
Overestimated provision	141.9	426.4
Recovery of lease expenses	75.3	120.5
Tax returns	56.9	-
Other	403.2	1,134.8
<b>Total</b>	<b>6,782.8</b>	<b>12,092.5</b>

**15. Non Operating Expense:**

The breakdown of non-operating expenses is as follows:

	2002	2001
	MCh\$	MCh\$
Charge-offs of assets received in lieu of payment	6,046.8	2,904.9
Charge-offs and provisions related to fixed assets	4,347.6	63.9
Administration and credit card contracts	3,041.6	3,349.5
Charge-offs of transaction in process related to the merger	2,016.4	-
Legal contingencies provision	961.5	126.6
Delivery services of bank products	638.3	570.8
Indemnity for termination of rental contracts	582.1	-
Charge-offs of obsolete materials	279.6	35.4
Leasing expenses	7.3	477.7
Consulting expenses	-	1,215.4
Other	1,556.2	816.1
<b>Total</b>	<b>19,477.4</b>	<b>9,560.3</b>

**16. Merger Expenses:**

The Bank recorded MCh\$ 30,883.9 in its consolidated statement of income as of December 31, 2002 for merger expenses that have been directly charged to income for the period, as follows:

Description	MCh\$
Staff severance indemnities	14,483.7
Charge-offs and provisions related to fixed assets	4,347.6
Charge-offs of software development	3,869.8
Charge-offs of other assets	2,133.8
Maintenance and remodeling of offices	1,263.2
Other personnel expenses	1,075.2
Consulting services	1,030.0
Marketing	584.6
Indemnity for termination of rental contracts	582.1
Other	1,513.9
<b>Total</b>	<b>30,883.9</b>

During the year 2001, the merger expenses charged to income amounted to MCh\$ 14,589.3.

**17. Deferred Taxes and Income Taxes:**

The Bank and its subsidiaries have recorded in the Financial Statements the effects of deferred taxes and amortization of its complementary accounts, as provided by the standards of Technical Bulletins No. 60, 69 and 71 of the Chilean Association of Accountants. The movements and effects from deferred taxes are shown on the following table:

	Balance as of 12.31.2001 (Historics) MCh\$	2002 Amortizations MCh\$	2002 Deferred taxes MCh\$	Balance as of 12.31.2002 MCh\$
<b>• Temporary Difference</b>				
Obligations with repurchase agreements	7,028.5		18,363.9	25,392.4
Global allowances for loan losses	19,652.7		2,080.2	21,732.9
Leasing equipment	3,151.1		2,047.3	5,198.4
Voluntary allowances for loan losses	5,667.0		(2,275.0)	3,392.0
Charge-offs from financial investment	-		2,312.4	2,312.4
Accrued interests and reajustments				
from risky loan portfolio	1,862.2		(188.4)	1,673.8
Staff vacations	1,157.4		163.5	1,320.9
Accruals interest and				
reajustments from past due loans	247.3		812.9	1,060.2
Personnel provisions	256.9		650.6	907.5
Assets at market value	1,386.8		(613.6)	773.2
Staff severance indemnities	719.4		(48.5)	670.9
Other adjustments	4,216.4		4,118.2	8,334.6
<b>Total</b>	<b>45,345.7</b>	<b>-</b>	<b>27,423.5</b>	<b>72,769.2</b>
Complementary account balance	(5,850.1)	3,115.3	-	(2,734.8)
<b>Net assets</b>	<b>39,495.6</b>			<b>70,034.4</b>
<b>• Temporary Difference</b>				
Investments with repurchase agreements	7,038.8		17,508.7	24,547.5
Depreciation and price-level				
restatement of fixed assets	3,668.9		362.2	4,031.1
Transitory Assets	3,022.4		(1,675.6)	1,346.8
Other adjustments	1,699.6		293.1	1,992.7
<b>Total</b>	<b>15,429.7</b>	<b>-</b>	<b>16,488.4</b>	<b>31,918.1</b>
Complementary account balance	(2,809.6)	877.6	-	(1,932.0)
<b>Net liabilities</b>	<b>12,620.1</b>			<b>29,986.1</b>

As of December 31, 2002, the income tax balance in the consolidated statements of income shows net credit amounting to MCh\$ 1,153.2 (net credit MCh\$ 284.8 in 2001), detailed as follows:

	2002 MCh\$	2001 MCh\$
Tax expense	(8,289.6)	(3,822.7)
Amortization of deferred tax beginning balance	2,237.7	3,000.9
Deferred tax effect for the year	8,202.2	470.1
Deferred taxes from previous years	2,732.9	-
Income tax (reassessment of previous years)	(3,235.0)	(240.9)
Non deductible expenses (Art. 21)	(428.1)	(186.2)
Tax credit related to absorption of tax losses carry forwards	(66.9)	1,063.6
<b>Total net credit for income taxes</b>	<b>1,153.2</b>	<b>284.8</b>

**18. Other Assets and other Liabilities:**

Other Assets and Other Liabilities as of December 31, are as follows:

Other Assets	2002 MCh\$	2001 MCh\$
Deferred tax assets	70,034.4	40,680.5
Amounts receivable under spot foreign exchange transaction	29,949.6	22,605.6
Credit card charges in process	27,471.2	25,363.5
Balances with domestic branches	13,394.7	3,588.5
Negative goodwill from bond's issuances	7,041.9	1,454.5
Dividends receivable	6,474.2	-
Transactions in process	5,740.9	6,987.1
Accounts receivable for assets received in lieu of payment sold	3,432.1	5,323.7
Accounts receivable for sale of financial investments	3,339.0	20.5
Deferred fees	3,213.3	2,921.1
Software investment	3,147.9	4,806.0
Recoverable taxes	2,762.7	1,709.2
Negative goodwill related to mortgage finance bonds issued by the bank	1,897.6	-
VAT fiscal credit	1,284.2	1,158.7
Document brokerage operations	1,253.6	1,946.3
Materials and supplies	955.7	1,096.3
Advanced advertising	862.6	999.1
Deferred expenses	643.4	1,579.8
Derivative instruments, net	-	14,727.7
Other	5,639.5	20,164.2
<b>Total</b>	<b>188,538.5</b>	<b>157,132.3</b>
<b>Other Liabilities</b>	<b>2002 MCh\$</b>	<b>2001 MCh\$</b>
Deferred tax liabilities	29,986.1	12,998.7
Amounts payable under spot foreign exchange transaction	28,200.2	79,899.4
Documents in transit	22,537.1	27,229.7
Derivative instruments, net	8,787.1	-
Accrued staff vacation expense	8,610.8	8,133.7
Accrued severance staff indemnities	7,647.8	4,450.3
Premium on bond issuances	7,041.9	1,454.5
Deferred fees	5,092.6	5,642.9
Transactions in process	2,709.7	2,373.1
Administration and credit card contract provision	2,213.3	1,488.1
VAT fiscal debit	2,171.0	1,895.6
Legal contingencies provision	1,088.2	126.6
Other	12,591.9	8,932.0
<b>Total</b>	<b>138,677.7</b>	<b>154,624.6</b>

**19. Directors' Expenses and Remunerations:**

As agreed at the Shareholders Meeting, during 2002 the Bank and its subsidiaries have paid, and charged to income, remunerations to the Directors amounting to MCh\$ 1,667.0 (MCh\$ 2,275.6 in 2001).

**20. Subsequent events:**

In the opinion of Bank's Management as of the date in which these consolidated financial statements were issued there are no significant subsequent events that affect or that could affect the consolidated financial statements of the Bank and its subsidiaries as of December 31, 2002.

**Héctor Hernández G.**  
General Accounting Manager

**Pablo Granifo L.**  
Chief Executive Officer