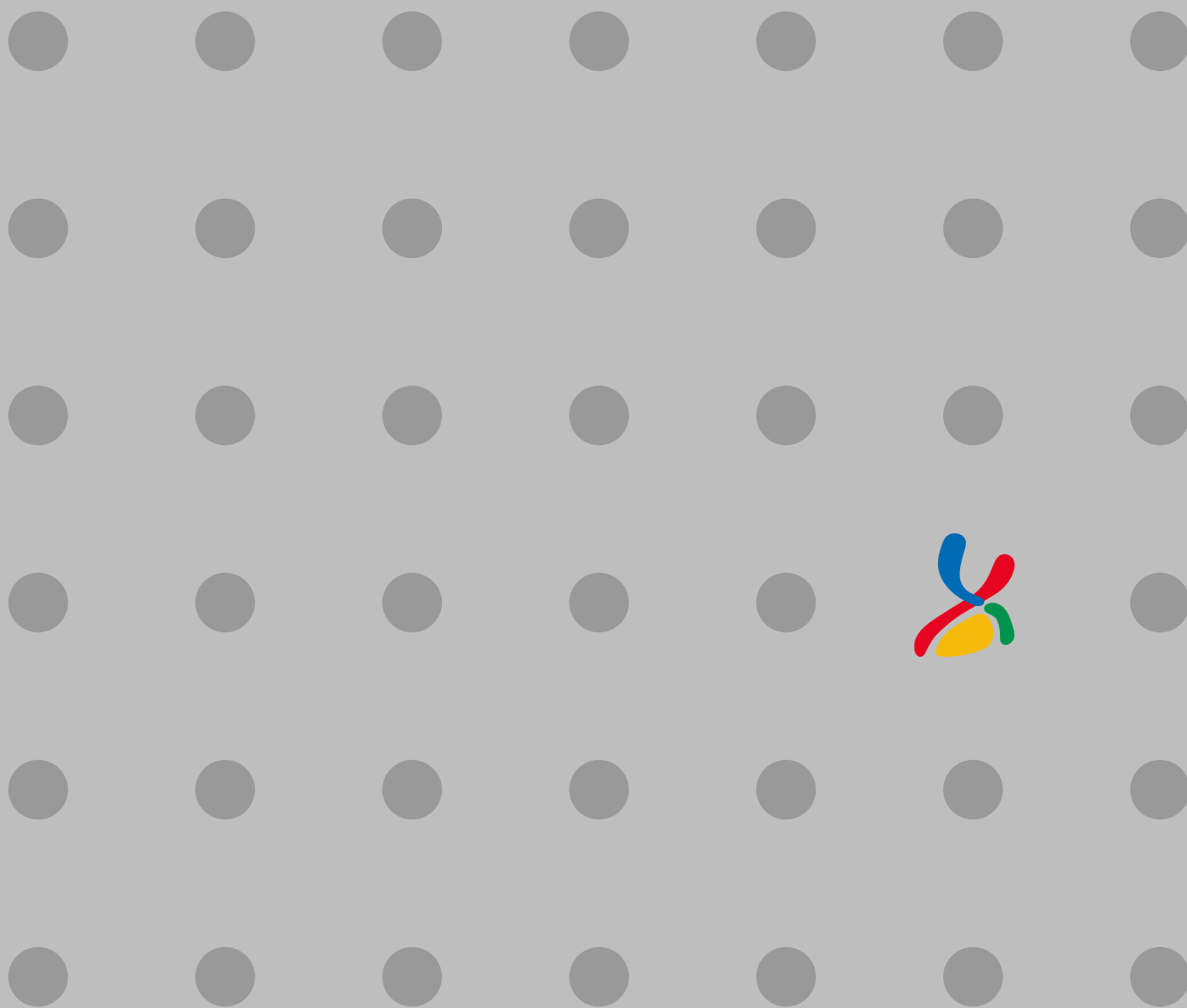


# Annual Report and Financial Statements

## Bci 2008



# OUR MISSION

Bci defines itself as a Financial Solutions Corporation with presence in all financial activities and operations permitted by the General Banking Law, offering the community products and services with highly-efficient operating processes and excellence in quality, with constant technological innovation, prudent risk-management policies and demanding ethical standards that have to be respected by everyone working in its companies. In this scenario and in order to meet its objectives and policies, the Corporation commits to ensure that these are complied with by emphasizing what it considers to be its four fundamental pillars:

## The Shareholders

Business policies and decisions should always be designed to increase the capital that the shareholders have invested in the company, striving to ensure that the return on their investment is higher than the average for the banking sector, accompanied by normal levels of risk for the Corporation's businesses and with a maximum possible level of transparency in its conduct in line with the prevailing law, regulations and ethical framework.

## Customers and Suppliers

The products and services that the Bci companies offer their customers should be of optimum quality, at competitive prices, innovative and must meet their needs properly and promptly. It should always be remembered that the customers are the basis of the Institution's success and commercial relations with them should therefore be maintained with a long-term perspective. Mutually beneficial relations should be maintained with suppliers accompanied by loyalty over time and high standards of quality, compliance and transparency.

## Team Members and their Families

The Corporation should endeavor to ensure that all its team members have a dignified standard of living, stable work and possibilities for personal, professional and family development, properly motivating and rewarding good performance as well as individual and team effort, while providing the guidelines and regulations for maintaining a workplace environment of excellence and demanding professional and ethical behavior. The Corporation is defined as a family-responsible company in terms of its commitment to strive to ensure that the work team members perform is carried out in conditions compatible with a proper personal and family life.

## Community

The commitment of the Corporation is to develop its businesses and activities within the framework of governing laws in the country and abroad, wherever it does business. It will abide in full by the ethical principles that ensure respect for the rights and interests of others, according to the guidelines established and accepted by society. As an enterprise, it is also interested in contributing effectively to maintaining a healthy environment and enhancing the social, cultural and economic heritage of the nation by supporting relevant initiatives.

The Corporation is fully aware of the social responsibility it has as a company.

The world has changed and so have we. These are times of accelerated transformation and constant evolution. We might say this is a watershed moment for the economy, knowledge, and information. We might say the future is Today, Bci has always been at the forefront courtesy of its great transformation capacity. We have always looked forward and we will continue to do so because we truly **Are and Always Will Be Different.**





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# [01] LETTER OF THE CHAIRMAN

## To our shareholders:

Before referring to the performance of Bci in 2008, I deem necessary to explain the international financial developments occurred last year which brought about an unpredictable impact on the main economies of the world. As you may recall, in my letter of 2007, I stated that the worldwide economic scenario had been complex, due mostly to the so-called subprime mortgage crisis that in the United States unleashed a credit crunch, banking liquidity constraints and economic uncertainty.

The situation worsened in 2008 despite the fact that, up to some extent, the oversight authorities of the American stock market had already warned a year before about the real estate bubble and the excessive mortgage financing. The level of real estate transactions in the main economies of the world, widely extended through the placement of derivatives, was so vast that, once the problem unfolded, it created a massive financial crisis, mainly produced by the lack of liquidity that affected the main banks worldwide.

After the financial collapse, the United States and the main developed economies applied several and costly bailout measures, particularly through their central banks; however, the economic damage was already evident resulting in a slower economic growth, plummeting stock indexes, a weaker economic activity, a rising unemployment, and a tremendous worldwide economic uncertainty which has led the United States, Japan and Europe to face clear signs of economic recession.

Emerging or developing economies, started to rapidly feel the effects of the international crisis. Even though the crisis is also affecting growth and economic activities across the board, Chile has a strong economic stability and a fiscal discipline which fortunately allows the country to better face the shocks, coupled with the economic measures adopted by the Central Bank of Chile and the Treasury Department.

For quite some time now, the banking industry has been showing a strong solvency level and financial capacity which is reflected in its high capitalization index, together with effective credit risk and investment controls allowing for a smooth handling of the situation.

Now, I will specifically refer to the performance of Bci in 2008.

First of all, I must highlight that Bci posted a net income of Ch\$152,057 million at the close of the year, a period characterized by strong fluctuations experienced by the leading economic indicators. The results amounted to 19.2% over Bci's basic capital vis-à-vis the 13.2% of profitability shown in the banking industry as a whole. Bci's net income has increased 12.3% compared to that of 2007, although I must point out that the Bank allocated additional allowances for Ch\$17,543 million to cover different types of risks, a much higher provision than the Ch\$1,950 million allocated against net income of 2007. If we compare the results of 2007 and 2008, including the aforementioned additional allowances, the effective net income increase of 2008 was 21.7%. I must also mention that additional allowances are allocated to cover unexpected risks or variations in the economic conditions of the country. Voluntary in nature, additional allowances are part of the tangible net worth of Bci which at the close of 2008 amounted to Ch\$30,467 million. The General Banking Law states that for a bank to be ranked first in terms of solvency rating, the minimum ratio between tangible net worth and total risk weighted assets must be 10%. Bci permanently holds this ratio above 10% in compliance with the agreement adopted by the Board of Directors as of November 17, 1998.



WE HAVE MAINTAINED A  
BUSINESS STRATEGY BASED  
**ON A PROFITABLE GROWTH,  
DELIMITED RISK EXPOSURE,  
CLOSENESS TO OUR  
CUSTOMERS AND**  
A GOOD WORKPLACE ENVIRONMENT



# [01] LETTER OF THE CHAIRMAN

The results obtained are due particularly to the sound position Bci shows in its core businesses amidst a fairly uncertain and volatile financial environment as well as to the prudent and well guided policies established by the Bank. Thus, it is worth mentioning that in 2008, total consolidated assets rose 26.3% compared to the 15.3% shown by the banking system. The most important item on the assets side are loans which in Bci amount to Ch\$9.3 trillion. Both in Bci and in the industry as a whole, these assets represent 90% of the risk weighted assets. In 2008, Bci increased its consolidated loans by 19.1% with a market share of 13.3%, whereas the banking industry in its entirety showed an increase in its portfolio of only 10.9%.

This level of loans has been reached bearing in mind the application of efficient credit risk models and the individual evaluation of the debtors, a policy that has resulted in an allowance index of 1.4% over total loans compared favorably to the 1.8% of the whole banking industry. Bci's commercial portfolio which concentrates 71.2% of total loans recorded an allowance index of 1.1%. Bci's non-performing loans account for 0.8% of total loans compared to the 1.0% shown by the banking industry as a whole. Bci also finances foreign debtors, whose portfolio, when necessary, allocates lesser allowances than the commercial portfolio.

The borrowings with which Bci has financed its assets at the close of 2008 are as follows: Ch\$6.1 trillion (63%) in time deposits, Ch\$2.0 trillion (21%) in non-interest bearing deposits and Ch\$1.5 trillion (16%) in loans of the Central Bank of Chile and foreign financial institutions.

It is particularly worthwhile mentioning the outstanding performance of our subsidiaries in the results of Bci, since they contributed Ch\$29,881 million to the net income accounting for 19.7%, while their current assets amounted to Ch\$1.1 trillion, that is to say, 8.5% of the total assets of the Bank.

Now, with respect to the guiding principles of the Bank, I consider this a great opportunity to reiterate that Bci has maintained a business strategy mainly based on a profitable growth, the closeness to our customers and a great workplace environment.

To this end, 44 new commercial service points were opened in 2008, which provide different types of commercial services and make up a network of 326 operating facilities in Santiago and regions. At the same time, a great deal of offices were refurbished inside and outside, displaying more appealing and comfortable designs for our customers and the public in general.

Likewise, we have considerably expanded our attention allowing our customers to serve themselves by means of self-sufficient electronic devices. In fact, in addition to the exclusively automated branch inaugurated in 2007, in 2008, 92 new branches were opened with specialized adjacent premises that have modern electronic facilities and that permit our customers to make numerous transactions, even the cashing of Bci checks during an extended period of time than the usual mandatory service tellers are to provide, and soon the Bank will provide this service 24/7. We have dubbed these facilities "Bci Full" as part of the transformation project of operational procedures initiated back in 2007, which is expected to attain defined objectives by the year 2010.





On the other hand, Bci started an effective bancarization program through Bci Nova, targeted to lower-income sectors which commonly do not have access to banking services; this segment accounts for nearly 40% of the population. To this end, Bci is designing flexible products that will uncover the specific needs of the sector.

We have also made advancements in delivering a specialized service to a defined sector of customers, which is a complement to the project started in 1996 developed to provide the upper socioeconomic sector of the country with an exclusive and private operational and transactional service, so far known as Preferential Banking, recently renamed Premier Banking. In 2008, we have also created Private Banking, an integral advisory investment service or wealth management service offered to high net worth individuals. Unlike Preferential Banking, Private Banking does not offer trading services since it is exclusively targeted towards orienting customers on the existing investment alternatives in both the domestic and international markets, and then based upon the customers' mandate, investing the funds they have allocated in the specific instruments of their choice. Private bankers do a permanent and reserved examination of our customers' investment portfolio.

As regard training and the integral development of our team members, I would like to emphasize the creation of the Bci Academy, a means to educate them in several aspects, starting with top management levels in order to reassert their condition as true leaders within the organization and the continuous improvement of the individuals, providing them with the best practices that stimulate their internal career development and mobility among several functions.

The prizes Bci has been awarded in 2008 are numerous as usual. It is worth mentioning that we have been ranked the fourth most admired company in Chile according to the survey carried out by PriceWaterhouseCoopers and Diario Financiero. Bci has received this award for ten years straight and it recognizes the job and commitment of our team members in regards to financial solvency, business strategy, innovation capabilities, corporate governance and social responsibility, quality of service and other attributes that Bci has maintained over time.

I must also mention the significant gesture that Diario Estrategia made when it celebrated its thirtieth anniversary by posthumously recognizing Mr. Jorge Yarur Banna who chaired Bci for nearly forty years as the best entrepreneur of the last thirty years.

Dear Shareholders, having said this, I must anticipate that 2009 will be a difficult year for the country owing to the international crisis which will surely affect the banking activity, as well as to the application of the International Financial Reporting Standards and the new criteria set by the Basle Committee which includes the measurement of operational risk and greater capital demands.

On behalf of the Board I chair, we would like to express our satisfaction for the performance results and market share achieved. Allow me to warmly greet you and express our thanks for the support you have given us. We would also like to thank our customers, suppliers of goods and services, foreign financial institutions for their unconditional support, and of course, and our team members for their constant and productive contribution to the performance of Bci.

[ LUIS ENRIQUE YARUR REY  
CHAIRMAN BCI ]



# [02]

## FINANCIAL SUMMARY



EFFICIENCY  
MEASURED BY  
THE RATIO BETWEEN OPERATING  
EXPENSES TO OPERATING  
**INCOME IMPROVED**  
4.88 PERCENTAGE POINTS



Balances of operations at the end of each year  
expresses in millions of Chilean pesos

	2003	2004	2005	2006	2007	2008	CHANGE 2007 / 2008
<b>CONSOLIDATED BALANCE SHEET<sup>1</sup></b>							
Commercial loans and due from bank	2,660,975	3,108,239	3,777,833	4,629,372	5,464,776	6,835,561	1,370,785
Mortgage loans	582,829	728,912	872,823	963,071	1,324,409	1,690,214	365,805
Consumer loans	266,486	538,278	655,298	799,983	911,749	1,003,813	92,064
<b>Total loans</b>	<b>3,510,290</b>	<b>4,375,429</b>	<b>5,305,954</b>	<b>6,392,427</b>	<b>7,700,934</b>	<b>9,529,588</b>	<b>1,828,654</b>
Allowances for credit risk	(63,299)	(78,432)	(73,477)	(66,850)	(85,650)	(131,820)	(46,170)
<b>Total net loans</b>	<b>3,446,991</b>	<b>4,296,997</b>	<b>5,232,477</b>	<b>6,325,576</b>	<b>7,615,284</b>	<b>9,397,768</b>	<b>1,782,484</b>
Financial investments	1,035,460	938,207	1,125,289	845,762	1,019,781	1,452,093	432,312
Other assets	3,068,391	4,826,704	4,297,511	1,595,236	1,394,074	1,946,511	552,437
<b>Total assets</b>	<b>7,550,842</b>	<b>10,061,908</b>	<b>10,655,277</b>	<b>8,766,574</b>	<b>10,029,139</b>	<b>12,796,372</b>	<b>2,767,233</b>
Non-interest bearing deposits	1,179,202	1,326,725	1,307,176	1,543,020	1,776,766	2,021,931	245,165
Time deposits	1,988,523	2,591,555	3,445,464	4,026,275	4,772,001	6,071,804	1,299,803
Other obligations	4,021,580	5,717,741	5,401,761	2,609,680	2,776,436	3,912,386	888,848
Capital and reserves	287,854	337,190	395,190	467,446	568,559	683,811	115,252
Net income	73,682	88,696	105,684	120,153	135,376	152,057	16,681
Allowances for minimum dividends	0	0	0	0	0	(45,617)	(45,617)
<b>Total liabilities plus equity</b>	<b>7,550,842</b>	<b>10,061,908</b>	<b>10,655,277</b>	<b>8,766,574</b>	<b>10,029,139</b>	<b>12,796,372</b>	<b>2,767,234</b>
<b>FINANCIAL INDICATORS</b>							
<b>Bci shares</b>							
Closing price (nominal)	8,900	12,500	12,829	15,852	14,950	10,841	(4,109)
Earning per share (nominal)	747,30	897,61	1,069,52	1,215,38	1,369,36	1,538,10	169
Market price / book value (times)	3.05	3.66	3.21	3.35	2.60	1.57	(1.03)
Market price / earning per share (times)	11.91	13.93	12.00	13.04	10.92	7.05	(3.87)
Shareholder's equity (millions of pesos)	877,514	1,235,182	1,267,692	1,567,134	1,477,962	1,071,745	(406,217)
<b>Profitability and efficiency</b>							
Return of equity	25.60%	26.30%	26.74%	25.70%	23.81%	23.82%	0.01 pp <sup>2</sup>
Capitalized earnings of previous year	52.02%	54.41%	53.21%	53.23%	54.75%	54.72%	(0.03) pp
Return on assets	0.98%	0.88%	0.99%	1.37%	1.35%	1.19%	(0.16) pp
Efficiency (backstopping costs / operating income)	49.65%	51.60%	50.46%	50.35%	49.64%	44.76%	(4.88) pp
Assets per employee (millions of pesos)	1,754	1,427	1,362	983	1,051	1,393	342
<b>Market share</b>							
Loans	11.20%	11.70%	12.49%	12.51%	12.38%	13.30%	0.92 pp
<b>Risk</b>							
Total allowances / total loans	1.84%	1.83%	1.40%	1.06%	1.12%	1.40%	0.28 pp
Non-performing loans / interbanking net loans	1.12%	0.94%	0.72%	0.84%	0.68%	0.80%	0.12 pp
Allowances / non-performing loans (times)	1.49	2.07	2.15	1.51	1.94	1.77	0.17
<b>ACTIVITY INDICATOR (NUMBER)</b>							
Employees Bci Corporation	4,304	7,053	7,823	8,918	9,541	9,185	(356)
Branches & contact points	141	198	221	233	282	326	44
Checking accounts	267,755	289,014	299,125	313,748	345,820	373,043	27,223
Electronic checkbooks	456,598	590,194	806,430	855,115	893,961	959,580	65,619
ATMs	437	506	512	628	815	988	173
ATMs transactions (december each year)	4,027,421	3,836,141	3,054,729	3,218,465	3,214,591	3,777,608	563,017
Internet transactions (december each year)	6,835,010	7,851,970	11,263,330	8,984,343	11,792,742	18,510,037	6,717,295
Customers with internet access passwords			213,615	242,641	280,324	297,239	16,915

1 The balance sheets from 2003 to 2007 are presented based on the balance sheet corresponding to 2008, due to modifications in the latter as instructed by the Superintendency of Banks.

2 pp: percentage points

# [03]

## BOARD OF DIRECTORS

### Standing

◆◆◆ **Pedro Corona Bozzo**  
Director

◆◆◆ **Dionisio Romero Seminario**  
Director

◆◆◆ **Andrés Bianchi Larre**  
Director

◆◆◆ **Lionel Olavarría Leyton**  
Chief Executive Officer

◆◆◆ **Alberto López-Hermida Hermida**  
Director

◆◆◆ **Juan Manuel Casanueva Préndez**  
Director

### Seated

◆◆◆ **Daniel Yarur Elsaca**  
Director

◆◆◆ **Sergio de Amesti Heusser**  
Director

◆◆◆ **Luis Enrique Yarur Rey**  
Chairman

◆◆◆ **Jorge Cauas Lama**  
Vice Chairman





The Board of Directors' mission is to maximize the company's value long term by looking after the interests of the **shareholders**, **customers**, **suppliers**, **team members** and their families, and the **community**

**[03]** BOARD OF DIRECTORS





The Board of Directors was appointed at the Ordinary Shareholders' Meeting held on April 24 of 2007. The elected members shall perform their duties for a period of three years, i.e., until the 2010 Ordinary Shareholders' meeting be celebrated.

The Board of Directors dictates the main policies governing the Bank's actions including the commercial strategy, budget accounting review, portfolio diversification, credit risk, financial risk, operational risk and international market risk, equity position, profitability, allowances hedging, additional allowances, quality of service and working conditions.

The members of the Board are provided with a comprehensive presentation on the performance of the Corporation and its results on a monthly basis, in addition to other relevant information on particular issues either examined or approved by the committees of the Bank.

The Committees hold meetings at different times and are comprised exclusively of Board members whose roles and activities are determined in accordance with the nature of the issues and specialties required by the Bank.

THE BOARD OF DIRECTORS DICTATES  
**THE MAIN POLICIES**  
GOVERNING THE ACTIVITIES  
OF THE BANK

Committees:

- **Executive Committee**
- **Directors Committee**
- **Corporate Governance and CSR Committee**
- **Compensations Committee**
- **Corporate Risk and Financial Committee**

The guiding principles by which the Board of Directors abides, the bios of each one of its members, their roles and individual attendance, as well as the specific composition, functions, and general attendance to the aforementioned committees are detailed in the Corporate Governance and Corporate Social Responsibility Report accompanying this Annual Report.

# [04]

## SENIOR MANAGEMENT

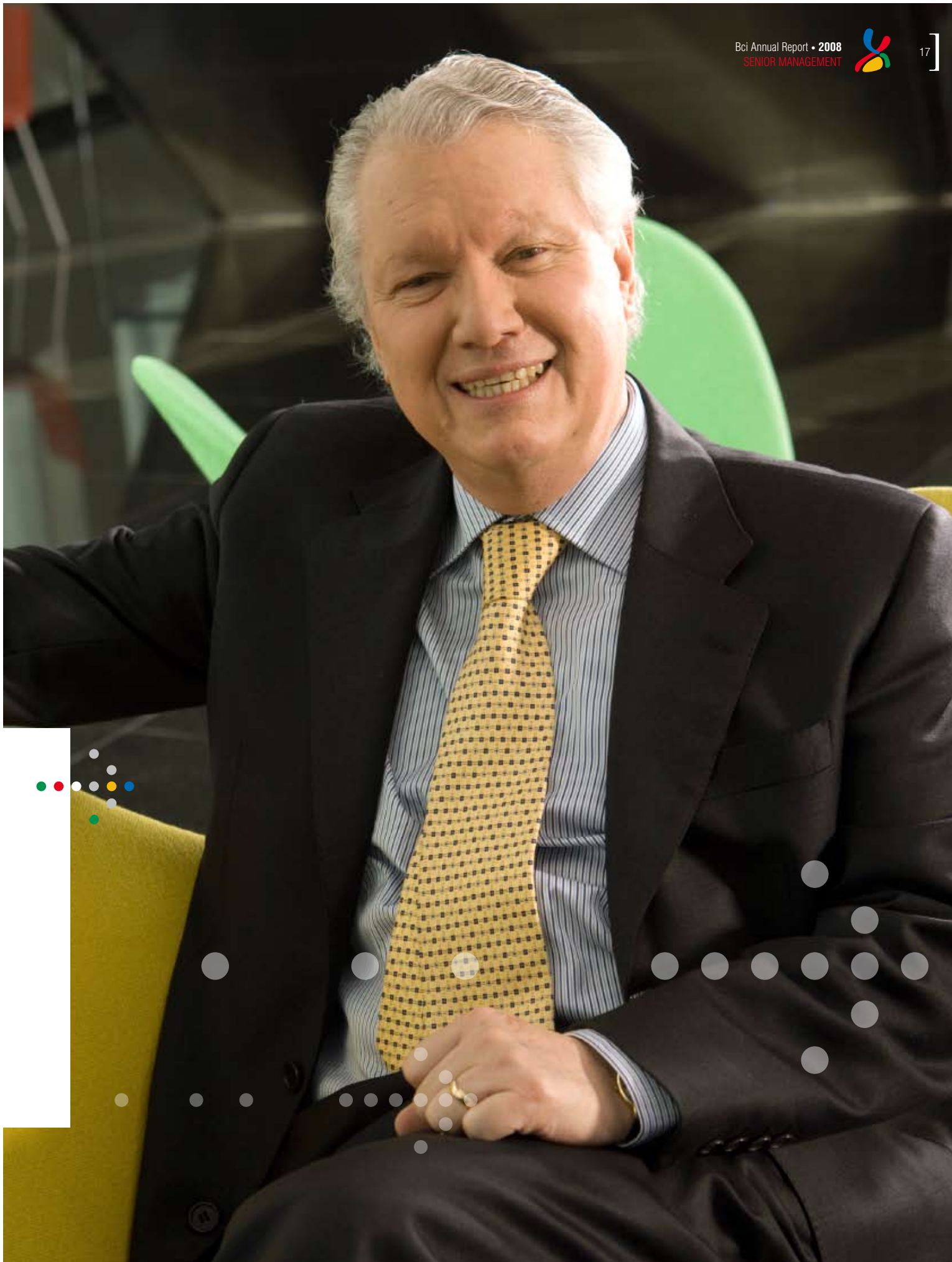
Within the organizational structure, the most important executive levels of Bci are those being held by Senior Executives who report directly to the Chief Executive Officer.

The Managerial Committees review the performance of the business and align the corporate strategic plans. In the Corporate Governance and CSR Report accompanying this Annual Report, the composition and functions of the main Managerial Committees are further detailed.



“I am proud to have a group of team members like Bci’s, who are capable of **reaching all of the goals** we set our minds to, and at the same time, increasing **customer satisfaction and improving the workplace** environment despite all the challenges and demands”

LIONEL OLAVARRÍA LEYTON  
BCI'S CHIEF EXECUTIVE OFFICER FOR 15 YEARS



# [04] SENIOR MANAGEMENT

[ Senior Leaders ]



From left to right

•••• **Pablo Jullian Grohnert**  
Chief Human Resources Officer

•••• **Marcela Bravo Puldain**  
Corporate Communications and CSR Head

•••• **Carlos Andonaegui Elton**  
Corporate Secretary

•••• **Mario Gómez Dubravcic**  
Chief Commercial Banking Officer

•••• **Roberto Bustos Kaempffer**  
Chief Financial Officer and Controller

•••• **Humberto Béjares Jara**  
Corporate Advisor

•••• **Pedro Balla Friedmann**  
General Counsel



•••• **Abraham Romero Pequeño**  
Chief Retail Banking Officer

•••• **Graciela Durán Vidal**  
Audit and Compliance Head

•••• **Andrés Atala Hanna**  
Corporate Risk Advisor

•••• **Nicolás Dibán Soto**  
Chief Corporate Risk Officer

•••• **Eugenio Von Chrismar Carvajal**  
Treasurer and International Division Head

•••• **Mario Gaete Hörmann**  
Chief Operating and Technology Officer

•••• **Eduardo Paulsen Illanes**  
Corporate Projects and Innovations Head





Managerial committees support the progress of the business

## :: Senior Leaders



### Commercial Banking and Subsidiaries

Mario Gómez Dubravcic  
Germán Acevedo Campos  
Fernán Barrios Larrañaga  
Antonio Le Feuvre Vergara  
Francisco López Alonso  
Claudio Martínez de la Harpe  
Javiera Ramírez Collyer  
Gerardo Spoerer Hurtado

[ Group Head ]  
[ Chief Executive Officer - Bci Factoring S.A. ]  
[ Leasing ]  
[ Large Corporations ]  
[ Corporate Banking Business Development ]  
[ Medium-size and Large Companies ]  
[ Middle Market ]  
[ Chief Executive Officer - Bci Asset Management S.A. ]



### Retail Banking

Abraham Romero Pequeño  
Sandro Araya Molina  
Marcos Castro Vega  
Rodrigo Corces Barja  
María Francisca Errázuriz Correa  
Luis Felipe Hirane Sarkis  
Lily Justiniano Berardi  
Vivian Nazal Zedan  
Nelson Rojas Mena  
Juan Pablo Stefanelli Dachena  
Eduardo Valenzuela Vaillant

[ Group head ]  
[ TBanc ]  
[ Regions ]  
[ Metropolitan Area ]  
[ Preferential Banking ]  
[ Chief Executive Officer - Bci Nova ]  
[ Chief Executive Officer - Análisis y Servicios S.A. ]  
[ Agreements and Alliances ]  
[ Chief Executive Officer - Bci Corredores de Seguros S.A. ]  
[ Small Business Banking ]  
[ Telecanal Bci ]



### Treasury and International Division

Eugenio Von Chrismar Carvajal  
Jorge Barrenechea Parra  
Jorge Cristoffanini Olmedo  
Francisco Cuesta Esquerra  
José Luis de la Rosa Muñoz  
Santiago Edwards Morice  
Jorge Farah Tare  
José Luis Figueras Sepúlveda  
Ricardo Gabler Zúñiga  
Alberto Potin Olazarri  
Héctor Valenzuela Lamb  
María Grisel Vega  
Ricardo Victorero Castaño

[ Group head ]  
[ Asset and Liability Management & International Representation Offices ]  
[ Private Banking Middle and Back Offices ]  
[ Chief Executive Officer - Bci Asesoría Financiera S.A. ]  
[ Financial Management ]  
[ Trading Desk ]  
[ Area Advisor ]  
[ Sales Desk ]  
[ International Area ]  
[ Fixed Income Portfolio Management ]  
[ Chief Executive Officer - Administradora General de Fondos S.A. ]  
[ Chief Executive Officer - Bci Miami ]  
[ Chief Executive Officer - Bci Corredor de Bolsa S.A. ]



### Marketing

Felipe Alcaíno Vergara  
Ignacio Echeverría Saldes  
Christian Meyer González  
Bárbara Schwerter Eckholt  
Mauricio Zárate González

[ Business Intelligence Unit ]  
[ Corporate Image ]  
[ Mortgage ]  
[ Payment Instruments and Products ]  
[ Segments ]



### Corporate Risk

Nicolás Dibán Soto  
Manuel Alfero Ghio  
Rubén Aracena Yáñez  
Galo Bertrán Rubira  
Horacio Eyzaguirre Johnston  
Rodrigo Junco Figueroa  
Juan Pablo Risco Ríos  
Mario Sarrat González  
Manuel Tapia Salazar  
Gerardo Zegers Domínguez

[ Group head ]  
[ Corporate Credit Management ]  
[ Bci Nova Risk Management ]  
[ Chief Executive Officer - Compañía de Normalización y Cobranza de Créditos S.A. ]  
[ Follow-up and Portfolio Control ]  
[ Impaired Portfolio Management ]  
[ Market Risk ]  
[ Retail Banking Risk ]  
[ Risk Analysis and Management ]  
[ Operational Risk ]



**Operations and Technology**

Mario Gaete Hörmann  
Patricio Alcayaga Murtagh  
Pablo Cousiño Espinoza  
Danilo González Asensio  
José Alfredo Guerrero Benito  
José Manuel Izquierdo Correa  
Patricio Mardones Celis  
Orlando Melo Solari  
Eduardo Uchida Silva

[ Group head ]  
[ Financial Operations ]  
[ Technology and Innovation ]  
[ Branches and Central Units ]  
[ Information Technology ]  
[ Retail Banking Operations ]  
[ Procurement and Suppliers ]  
[ Security ]  
[ SME Operations ]

**Human Resources**

Pablo Jullian Grohnert  
Rafael Barrera Renault  
Andrea Barría Muñoz  
Guillermo Gallardo Labra  
Gonzalo Pizarro Sironvalle  
Alberto Zañartu Ossa

[ Group head ]  
[ Strategic Business Partner ]  
[ Organizational Development and Training ]  
[ Labor Relations ]  
[ Personnel Development ]  
[ Strategic Business Partner ]

**Corporate Projects and Innovation**

Eduardo Paulsen Illanes  
Claudia Ramos Arellano  
Patricio Salinas Gutiérrez  
Pedro Tapia Guzmán

[ Group head ]  
[ Commercial Effectiveness ]  
[ Corporate Quality of Service ]  
[ Bci 2010 Branch Network Project ]

**Corporate Planning, Management and Financial Control**

Roberto Bustos Kaempffer  
Juan Ignacio Acevedo Vogel  
Andrés Irrarázabal Ureta  
Osvaldo Lastra Acuña  
Fernando Vallejos Vásquez  
Ignacio Yarur Arrasate

[ Group head ]  
[ Planning ]  
[ Business Development ]  
[ Management Control ]  
[ Accounting ]  
[ Efficiency and Corporate Performance ]

**Audit and Compliance<sup>3</sup>**

Graciela Durán Vidal  
Renato Blaskovic Aravena  
Ximena Kutscher Taiba

[ Group head ]  
[ Technological Risk Audit ]  
[ Processes Audit ]

**Legal Division**

Pedro Balla Friedmann  
Fernando Carmash Cassis  
Arturo Prado Puga

[ Group head ]  
[ Legal Acts and Contracts ]  
[ Judicial Area ]

**Corporate Communications and Social Responsibility**

Marcela Bravo Puldain

[ Group head ]

**Corporate Secretary**

Carlos Andonaegui Elton

[ Corporate Secretary ]

**Corporate Advisor**

Humberto BÉjares Jara

[ Corporate Advisor ]

**Risk Advisor**

Andrés Atala Hanna

[ Risk Advisor ]



**A fundamental aspect for Bci is to add value to the business through the development of its team members**

**3** Audit and Compliance report directly to the Chairman and in an administrative manner to the Chief Executive Officer.

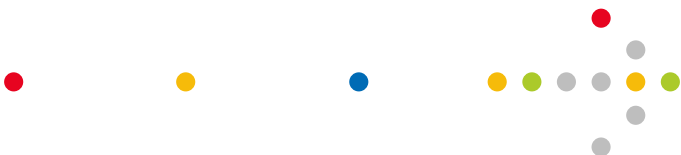
# [05]

## CORPORATE GOVERNANCE AND SOCIAL RESPONSIBILITY



As in previous years, the Corporate Governance and Social Responsibility Report (CSR) is distributed accompanying this Annual Report. The document provides information as to the conditions on which the Board of Directors takes on its responsibilities together with senior management, and how Bci relates to its stakeholders: shareholders, team members and their families, customers, suppliers and the community.

Next in the report are the principal milestones that took place in 2008 organized by the scope on which Bci develops its sustainability model.





**More than 600 team members actively participated in the corporate volunteering program**

With respect to Corporate Governance, the Market Information Disclosure and Management Manual was published; this document establishes the regulations for an expedite and adequate disclosure of information to the market, assuring its transparency to the public, investors and securities holders of the Bank.

In order to measure the ethics perception within the company, for the second year in a row, the survey dubbed Barometer of Values and Corporate Ethics was carried out by Generación Empresarial Foundation and Gemines Consultants, in which Bci was a leading institution within the financial sector, the best evaluated sector in the domestic economy.

To encourage the development of institutional leadership in an integral and sustainable manner, the Bank created the Bci Academy of Leadership as a key factor to preserve the culture, as well as to strengthen the performance of the business and the organization. In the first stage, 54 senior leaders were trained and next year the program will expand to area chiefs and heads.

In line with the commitment of the Corporation to reconcile family and work and to maintain a close and stable relation with our team members, new programs and communication instances were developed, such as “Ser Humano”, “BciAprende”, “Día del Minicolaborador”, and “Call Center Bci Contigo”, among others.

## [05] CORPORATE GOVERNANCE AND SOCIAL RESPONSIBILITY

As for our customers, Bci was awarded first place in terms of quality of service for “Member Companies” and was ranked first among banks, according to the National Index of Consumer Satisfaction by Grupo Procalidad and Capital Magazine, which reinforces the leadership commitment to customer satisfaction. To this end, the Corporate Quality Service Program called “Ser Primeros” was implemented and developed upon a corporatewise alignment strategy based on guidelines that offer unforgettable moments, under a promise which establishes three principles that synthesize the type of close, fast, and reliable service Bci provides.

Also a pilot plan was put into effect with Nace and Renace<sup>4</sup> customers. The main objective is to provide them with the opportunity to integrate themselves as preferential providers, and thus supporting them in their development and business growth by means of guaranteeing the purchase of their goods and services under a special agreement.



We implemented **power** and **water efficiency** measures in all our new branches as well as those which were refurbished



Bci Nova made a commitment with segments that are not provided with traditional banking services, through a responsible bancarization program, forming alliances with companies whose customer base belongs to this segment, and implementing a financial literacy pilot program together with Infocap<sup>5</sup> so as to promote training among lower-income and socially vulnerable individuals on financial matters, the development of micro businesses and entrepreneurial encouragement.

As regards safety, Bci was awarded for the thirteenth time the Annual Safety Prize given by the National Safety Council to the banking industry for achieving an occupational accidents rate of 1.35%. In addition, the third version of the Corporate Safety, Health, and Environmental policy was published within the 2009 plan to certify TBanc and Telecanal under international standards.



**Bci maintained its commitment to supporting education and culture through numerous activities**

To regulate the relationship with outsourcing companies, and particularly in order to guarantee their safety in the workplace, Bci published the internal guidelines on the System for the Management of Safety and Health in the Workplace for this segment, which contains the Special Regulation of Safety and Health in the Workplace for outsourcing companies, the Regulations for Outsourcing Companies, and the Program of Health and Safety in the Workplace for Outsourcing Companies.

As for our concern about the community, Bci launched the Corporate Volunteers Program, allowing for the strengthening of solidary activities of our team members in line with the CSR community programs. Nearly 600 team members had the chance to share with and be closer to the elderly community of Las Rosas foundation, the girls from Corporación Crédito al Menor and to other employees with outsourcing companies through a program called "Amigo Digital".

With respect to the environment, Bci continued encouraging measures to contribute to the care of our environment by means of developing a new internal communications and indicators' management campaign for the efficient use of energy. Likewise, the Program for the Preservation and Environmental Education in Parque Nacional Pan de Azúcar in the Atacama Region was put into effect, along with power efficiency and responsible consumption measures regarding the use of energy and water in every new branch as well as in those which are to be refurbished.

Lastly, Bci maintained its commitment to supporting education and culture by financing numerous cultural and educational activities which are detailed in the Corporate Government and Social Responsibility Report.

❖ **4** Nace and Renace are programs through which Bci provides advisory and financing to current and former customers of the Bank.

❖ **5** Infocap, "The Worker's Collage" is a non-profit foundation created in 1984 by Compañía de Jesús which specializes in labor matters and is inspired in the ideas of Padre Hurtado. Its mission is to train lower-income workers through the development of labor competencies, study and research into their reality in order to promote effective public policies, and stimulate their organization for them to access a better quality of life.

# [06]

## SHAREHOLDERS



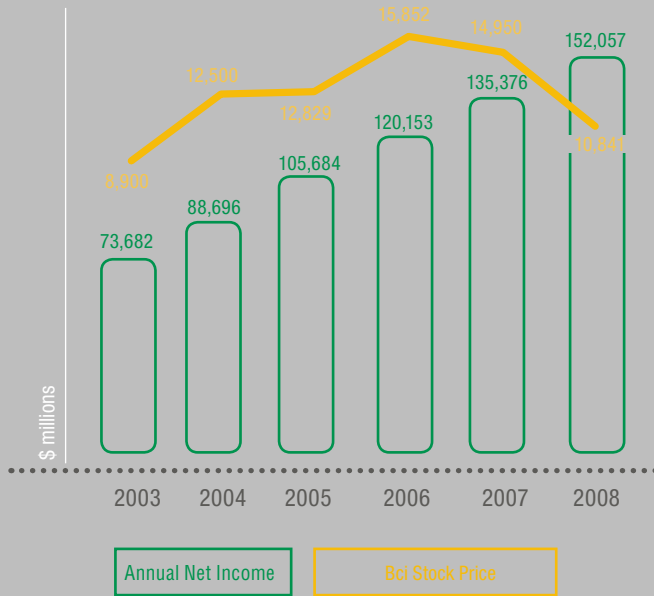
THE BANK CONTINUES TO SHOW  
**EFFICIENT PROFITABILITY  
AND MANAGEMENT**  
LEVELS ACHIEVING HISTORICAL RESULTS

### [ Stock Price and Market Capitalization ]

The Bank continues to show sound profitability and performance levels, reaching historical results over the last years. However, its stock price (measured as closing price and average weighted price) as well as its market capitalization have been affected by a high volatility in the domestic and international financial markets since the latter part of 2007 up until the date this Annual Report was released. The impact is reflected on the average stock weighted price of 2008.

In a global economic environment, the variations in foreign markets have a direct impact on the domestic market; hence, the slide in Bci's stock price was in line with the drop experienced by the markets and particularly the IPSA.

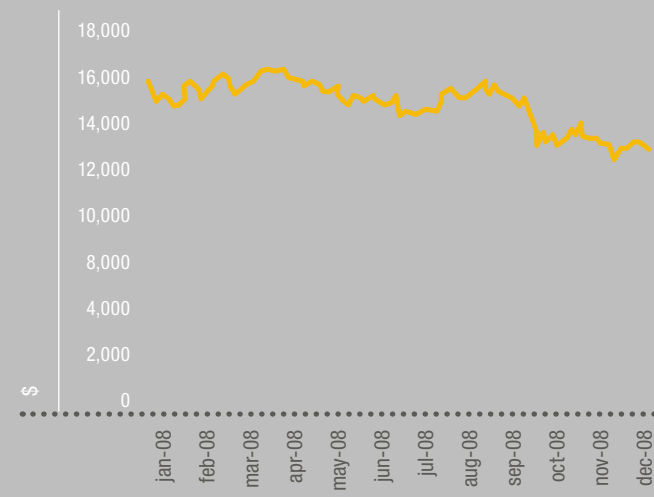
Net Income vs. Stock Price



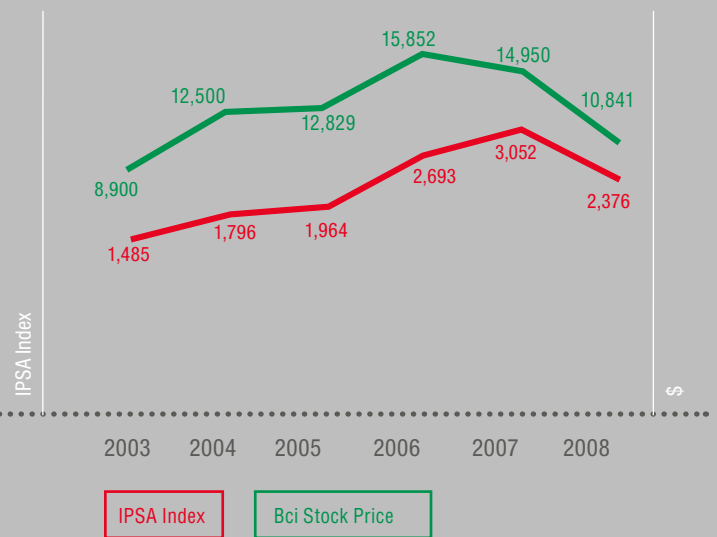
Market Capitalization vs. Bci Stock Price



Daily Weighted Average Price of Bci Stock in 2008



IPSA Index vs. Bci Stock Price



[ Capital Resources ]

At the Ordinary Shareholders' Meeting held on April 15, 2008, it was agreed to allocate \$74,082,377,799 to the reserve fund for future capitalization which accounts for 54,7% of the net income for 2007,

With these resources necessary to sustain the operational growth of the Bank, the basic capital of Bci as of December 31, 2008 is as follows:

Paid Capital (98,860,310 shares)	\$ 564,503,358,403
Reserve fund for future capitalization	\$ 134,798,940,243
Reserve for higher value obtained in shares placement of own issuance	\$347,422,227
Differences in valuation of financial instruments determined by the application of new accounting standards established by the Superintendency of Banks	\$1,901,000,923
Reserve for investment valuation	\$ (17,740,179,396)
Net Income for the year	\$ 152,056,634,068
Allowances for dividends payment	\$ (45,616,990,221)
	<b>••••• BASIC CAPITAL \$ 790,250,186,247</b>



•••••  
**As of December 2008, Bci's basic capital amounted to \$790,250 million**

The tangible net worth that regulates the transactional limits established by the General Banking Law is comprised of the following entries:

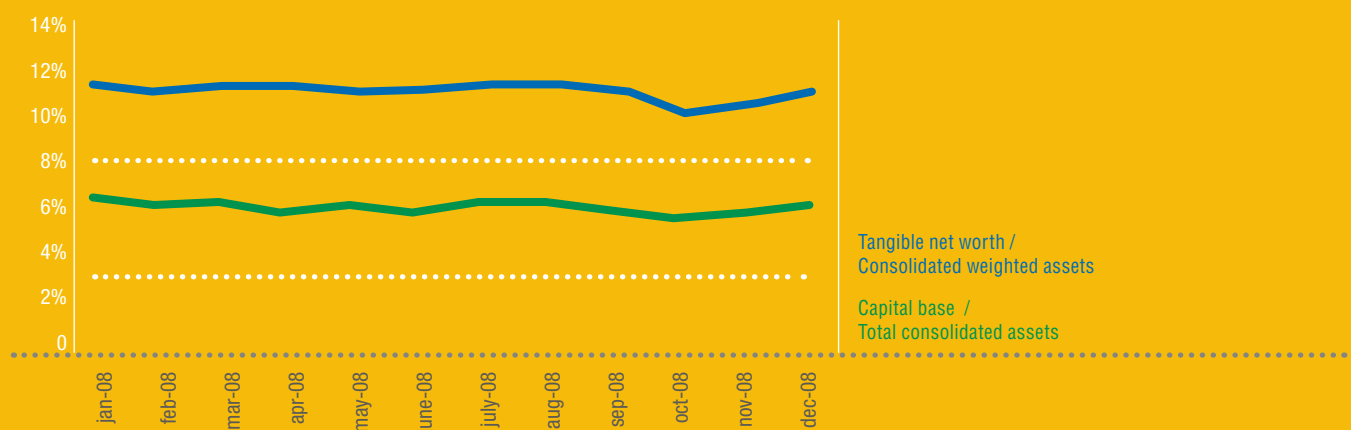
<b>Basic Capital</b>	<b>\$ 790,250,186,247</b>
Additional Allowances	\$ 30,467,000,000
<b>Subordinated Bonds</b>	<b>\$ 364,320,552,056</b>
Goodwill	\$ (8,079,233,177)
<b>TANGIBLE NET WORTH</b>	<b>\$1,176,958,505,126</b>

With the aforementioned resources, the ratio between basic capital to total assets is 7,47% while the ratio between tangible net worth and risk weighted assets is 11,12%. The minimum ratios required under the General Banking Law are 3% and 8% respectively,

At the beginning of 2009, the net income for 2008 is added to the basic capital where it remains until the Ordinary Shareholders' Meeting pronounces on its distribution.

Since January 2008, banks must allocate monthly allowances for the minimum dividend to be distributed among shareholders as instructed by the Superintendency of Banks and Financial Institutions, Consequently, the monthly net income balance not committed to the minimum dividend is regarded as capital for all legal and regulatory purposes.

**Capital base (%)**





**[ Tax situation of dividend distributed ]**

The Ordinary Shareholders' meeting held on April 15, 2008 approved a distribution of dividends for Ch\$620 per share against the net income for 2007 amounting to \$61,293,392,200 which accounts for 45,3% of the net income,

The dividend was distributed against first category rated income tax according to the Income Tax Law constituting a credit against the additional taxes that shareholders must be informed of on an annual basis,

The credit is subject to first category tax and, by law, must be added to the corresponding tax base as explained in the following example of dividends received per share,

Shareholders receive a certificate detailing the tax information of the dividend distributed and the necessary information to complete the corresponding annual tax declaration,



Our team work requires the same planning, analysis, strategy and commitment as that in Bci's yacht crew

Corporate shareholders, compelled to maintain the Taxable Net Income Fund (FUT), must consider that the distributed dividend in April 2008 comes from Taxable Net Income with the right to first category tax credit arising in 2001 and 2002 and indicated as follows:



YEAR	FIRST CATEGORY RATE	PROPORTION
2001	15%	28.09%
2002	16%	69.46%
-	w/o credit	2.45%



Bci provides shareholders **with a certificate showing** the tax information of the dividend distributed



# [06] SHAREHOLDERS

## [ Principal shareholders ]

The following are the main 25 shareholders of the Bci Corporation as of December 31, 2008 together with the number of shares and the corresponding stake.

NAME	N° OF SHARES	%
Empresas Juan Yarur S.A.C.	53.022.147	53.63%
Jorge Yarur Bascuñan	4.177.884	4.23%
Sociedad Financiera Del Rimac S.A.	3.434.892	3.47%
Inversiones BCP Ltda.	3.358.531	3.40%
AFP Habitat S.A. para Fondos de Pensiones	2.410.549	2.44%
AFP Provida S.A. para Fondos de Pensiones	2.369.533	2.40%
AFP Cuprum S.A. para Fondos de Pensiones	2.088.937	2.11%
Banco de Chile por Cuenta de Terceros	1.994.113	2.02%
Inversiones Jordan Dos S.A.	1.974.790	2.00%
Tarascona Corporation	1.456.528	1.47%
AFP Capital S.A. para Fondos de Pensiones	1.323.271	1.34%
Inversiones Millaray S.A.	1.182.245	1.20%
Inmobiliaria e Inversiones Cerro Sombrero S.A.	1.084.691	1.10%
BCI Corredor de Bolsa S.A.	1.082.281	1.09%
Luis Enrique Yarur Rey	965.652	0.98%
Banco Itaú por Cuenta de Terceros	930.234	0.94%
Banchile Corredores de Bolsa S.A.	825.061	0.83%
Larrain Vial S.A. Corredores de Bolsa	781.328	0.79%
Rentaequipos Comercial S.A.	712.964	0.72%
Inmobiliaria y Comercial Recoleta Sur Ltda.	585.074	0.59%
Modesto Collados Núñez	571.416	0.58%
Inversiones VYR Ltda.	526.123	0.53%
Penta Corredores de Bolsa S.A.	399.905	0.40%
Celfin Capital S.A. Corredores de Bolsa	394.217	0.40%
Inmobiliaria e Inversiones Chosica S.A.	377.736	0.38%
Otros Accionistas <sup>6</sup>	10.830.208	10.96%
<b>SHARES SUBSCRIBED AND PAID</b> (Authorized Equity Capital)		
	<b>98,860,310</b>	<b>100.00%</b>

<sup>6</sup> Includes Bci employees who own 773,045 shares, altogether equivalent to a 0.78% stake



### [ Shareholders' Agreement ]

Shareholders related to the Yarur Family, who as of December 31, 2008 hold 63.68% of the subscribed and paid shares of Bci, signed a shareholders' agreement dated December 30 of 1994, and updated in June 2008, by which they restate their will to maintain their unity and control of the Company. In addition, they reiterate their intention to preserve the principles upon which the management of the institution has been based.

THE MAJORITY SHAREHOLDERS  
REASSERT THEIR WILL TO  
**MAINTAIN THEIR TRADITIONAL**  
UNITY AND CONTROL  
OF THE BANK



# [07] RISK RATING



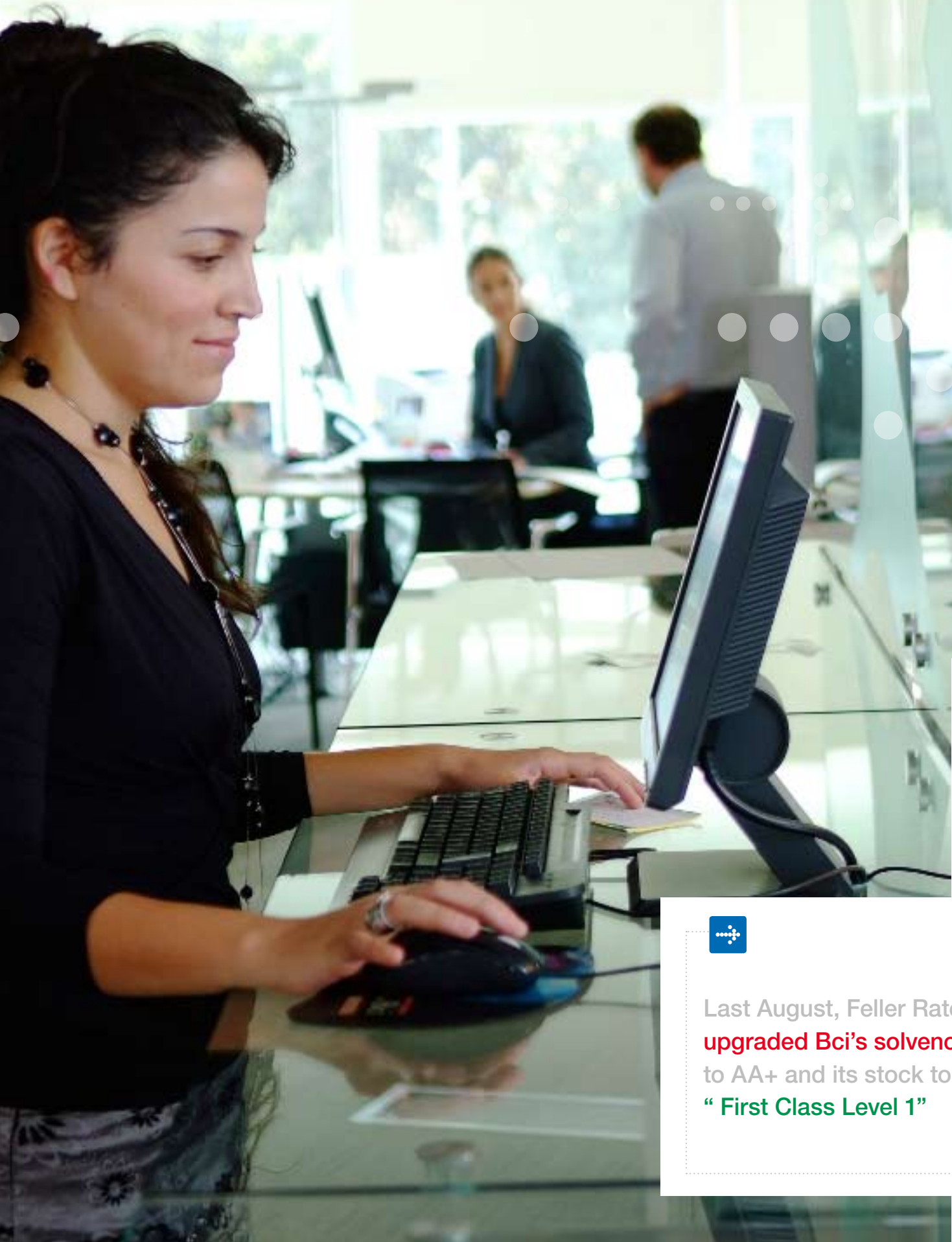
In August last year, Feller Rate upgraded Bci's solvency to AA+ and its stock to "First Class Level 1". The perspectives of the Bank were graded as "stable" which shows the Company has a solid strategy seeking to strengthen the segments in which it has competitive advantages. In addition, it also demonstrates that the Bank is constantly improving its operating efficiency and risk management.

According to this risk rating agency's report, the upgrading was due to its financial profile consistency with stable returns ranked at a higher level than that of its peer group. The new rating also considers its competitive position in middle market, corporate segment, non-interest bearing deposits and cash management, plus the stability and experience of its executive level.

During this date, Fitch Ratings also maintained its risk rating for Bci and the perspectives were deemed "stable". The agency highlighted the constant performance of the Bank which continued permanently as opposed to that of the industry peers, at a 20.4% between 2002 and 2007.



**Bci obtained  
positive reports  
in 2008**



Last August, Feller Rate  
**upgraded Bci's solvency**  
to AA+ and its stock to  
**"First Class Level 1"**

# 08

## PRIZES AND AWARDS

In 2008, the Bci Corporation received numerous awards and prizes that recognize its outstanding history in the industry, constituting an incentive to keep constantly improving and innovating.

It is worth noting that Bci ranked once again among the most admired companies in Chile, a recognition that has been awarded for a decade now. The Bank was second to none among

other banks and financial institutions. In addition, it was ranked first in terms of quality of service in the banking industry. Both awards reassert the commitment of the Corporation to keep the highest standards of service quality, nearness and long term relationship with clients and team members.



**A decade among the most admired companies in Chile** after obtaining the fourth place in the survey carried out in 2008 by PriceWaterhouseCoopers and Diario Financiero.



**First Place in Chile and third place in Latin America among the most sustainable and best governed banks** according to Management and Excellence (M&E) and Latin Finance Magazine.



Among **the most responsible companies in Chile** according to Fundación Prohumana and Capital Magazine.



Lower **Occupational Accidents award for the 13th time** granted by the Consejo Nacional de Seguridad.





Among the best banks in Latin America according to América Economía Magazine.

Among the best companies to work for, Great Place to Work Institute and Capital Magazine.



First Place for Corporate Annual Reports organized by Gestión Magazine and PriceWaterhouseCoopers.



First place in quality of service for “Member Companies” and first place among banks according to the National Index of Consumer Satisfaction of Grupo Procalidad and Capital Magazine.



Among the best companies for working parents, Fundación Chile Unido and YA magazine of El Mercurio.

Silver Big! award for internal marketing granted for the ethics campaign “¿Qué Hago?” in the 6th contest of Relationship and Direct Marketing.



Among the companies with the best corporate reputation in Chile, according to the Hill & Knowlton Captiva ranking together with La Tercera and Collect.



Posthumous Award “Best Entrepreneur of the last 30 years” granted to Jorge Yarur Banna, Diario Estrategia.





# Attentive to changes

We are always willing to offer products and services that integrate highly-efficient operational processes and excellence in quality so as to make our customers' lives easier.





We know how  
**to adapt to our  
customers' needs**

# [09]

## COMMERCIAL MANAGEMENT

The Corporation is oriented towards satisfying the financial needs of both corporate and retail banking through a countrywide branch network, international representation offices and remote service channels, such as ATMs, the Internet and phone platforms. Additionally, Bci has subsidiaries specialized in complementary products and services for investments, asset management, stockbrokerage, financial advisory, insurance and factoring among others.

### [ Retail Banking ]

The division has more than a thousand commercial officers serving customers throughout a wide branch network and contact points. In addition, there are other channels such as Mobile Banking, Phone Banking and Web services. Retail Banking provides a second to none service model that values our customer's time by giving them timely solutions, as well as a customized, near, fast and reliable service.

One of the main objectives of retail banking is to reach every customer with a proposal of products and services that meets their profile and needs. To this goal, the division is comprised of five major business units: Consumer Banking, TBanc, Bci Nova, Small Business Banking and Private Banking.



Retail Banking provides customers with tailor-made services, making their lives easier by offering integral financial solutions





**:: Consumer Banking**

Mainly oriented to individuals with the aim to provide the best financial solution for each customer. Consumer Banking is divided into Preferential Banking, Premier Banking and traditional Banking. The segmentation is based on the different financial needs of the customers. Each segment satisfies financial and advisory investment requirements and also provides a wide range of insurance products.

**:: TBanc**

Provides customers with financial investments and solutions online and by phone. This unique model in the Chilean market allows customers to solve all of their financial needs without visiting a branch, anywhere, 24/7 with first class security standards. TBanc has been offering customers remote financial solutions since 1998.

**:: Bci Nova**

Oriented to the low-to-moderate income segment of the country consisting of individuals and small business owners. Bci Nova's customers are served, supported and advised through a specialized network of 79 branches nationwide. Last year, Bci Nova started a bancarization project and worked on strengthening the long term relationship with its customers. More on Bci Nova in the chapter "Innovations and News of 2008".

**:: Small Business Banking**

Provides small and medium size companies and their partners with specialized financial solutions. It has 20 specialized centers across the country, in addition to the services provided in more than 55 branches of the Bank. Small Business Banking relationship officers offer an integral service allowing customers to have access to financial advisory, as well as to products and services ranging from leasing, factoring and foreign trade to investment and insurance. More on Small Business Banking in the chapter "Innovations and News of 2008".

**:: Private Banking**

Created in 2008 and targeted towards high net worth customers. Private Banking offers specialized wealth management services and serves customers in an integral manner in financial, business, advisory and investment aspects both in Chile and through its international correspondent network. More on Private Banking in the chapter "Innovations and News of 2008".



**The Corporation is targeted to satisfying the need customers and companies have for banking and financial services**





THE BCI CORPORATION  
UNCOVERS OUR CUSTOMERS' NEEDS BY OFFERING

**FLEXIBLE AND  
EFFICIENT**  
FINANCIAL SOLUTIONS



## [ Corporate Banking ]

The mission of this division is to develop and maintain long term relationships with our clients by means of initiatives that allow for the creation of value by offering products and services of excellence. Among them, there are different kinds of long and short term funding, transactions, funds transfers, collection, factoring, leasing, financial advisory, securitization, insurance, spot transactions and futures, and foreign trade and investments. The services are distributed throughout different areas and channels of the Bank, including branches in Chile, subsidiaries, representation offices, and international branches.

In 2008, several events took place aiming at strengthening the commercial relationship with the customers, better understanding their needs and responding efficiently to individual requirements.

The area is comprised of three business units: Large Corporations and Real Estate, Large Companies and Middle Market. These units serve a wide range of customers in the industrial and public sectors, governmental agencies, Armed Forces, universities and corporations, among others, and have access to all of the aforementioned products.



In 2008, Bci created a new segment to serve mid-size companies so as to provide them with a tailor-made service

## :: Corporate and Consumer Banking Regional Officers

### Regional Management Corporate Banking

Alejandro Cabezas Lafuente [ Southern Santiago ]  
Eugenio Cáceres Vargas [ Northern Santiago ]  
Cristián Daza Baquedano [ Southern Central ]  
Mónica Hidalgo Landeros [ Western Santiago ]  
Claudia Rivera Tavorara [ Eastern Santiago ]

### Regions

Roberto Montalva González [ Bío Bío and Araucanía ]  
José Morera Hierro [ Viña del Mar ]  
Jorge Obregón Kuhn [ South ]  
Luis Poblete Muñoz [ Southern Central ]  
Héctor Tello Farfan [ Northern Central ]  
Balduino Valdivia Lizana [ North ]

### Metropolitan Area

Francisco Allende Solari [ Southern Santiago ]  
Richard Calvert Sanhueza [ Northern Central Santiago ]  
Rodrigo Cataldo Sepúlveda [ Southeast ]  
Paula García Cuesta [ Santiago ]  
Eduardo Rendich Sillard [ Eastern Santiago ]  
Juan José Valenzuela Gaete [ Central Santiago ]

### Regions

Jaime Donoso Schulbach [ North ]  
Rodrigo Quijada Menanteau [ South ]  
Ricardo Sepúlveda Bellocchio [ Santiago ]

[ Subsidiaries ]



From left to right, up and down

◆◆◆ **Lily Justiniano Berardi**  
Chief Executive Officer Análisis y Servicios S.A.

◆◆◆ **Nelson Rojas Mena**  
Chief Executive Officer Bci Corredores de Seguros S.A

◆◆◆ **Germán Acevedo Campos**  
Chief Executive Officer Bci Factoring S.A.

◆◆◆ **Ricardo Victorero Castaño**  
Chief Executive Officer Bci Corredor de Bolsa S.A.

◆◆◆ **Galo Bertrán Rubira**  
Chief Executive Officer Compañía de Normalización y Cobranza de Créditos S.A.

◆◆◆ **Francisco Cuesta Esquerra**  
Chief Executive Officer Bci Asesoría Financiera S.A.

◆◆◆ **Héctor Valenzuela Lamb**  
Gerente General Administradora General de Fondos S.A.

◆◆◆ **Gerardo Spoerer Hurtado**  
Chief Executive Officer Bci Asset Management S.A.



SUBSIDIARY	TOTAL ASSETS	NET INCOME
Bci Corredor de Bolsa S.A.	648,500	3,765
Bci Asset Management Administradora General de Fondos S.A.	55,696	6,698
Bci Factoring S.A.	352,061	9,383
Bci Corredores de Seguros S.A.	9,127	7,138
Bci Securitizadora S.A.	9,248	511
Bci Asesoría Financiera S.A.	1,522	577
Bci Administradora General de Fondos S.A.	426	-169
Servicios de Normalización y Cobranza Normaliza S.A.	4,616	1,979
Análisis y Servicios S.A.	2,212	-1
<b>····· TOTAL</b>	<b>1,083,408</b>	<b>29,881<sup>7</sup></b>



Through our subsidiaries, our customers can access complementary financial services and products on top of those traditionally offered by the banking industry

·····<sup>7</sup> These figures do not include the share subsidiaries maintain among themselves.



**:: Bci Corredora de Bolsa S.A.**

Specializes in trading of Chilean and foreign variable and fixed income instruments. Operating since 1987, in 2008, the subsidiary redefined its commercial strategy, developing new and more segmented models of service and strengthening the relationship with the Bank's Branch network. In addition, it broadened its product base by incorporating forwards and short selling. In order to better serve its customers, the subsidiary moved to new premises in Magdalena street in the district of Las Condes, Santiago.

**:: Bci Asset Management Administradora General de Fondos S.A.**

Bci Asset Management was originally born in 1987 as Bci Administradora de Fondos Mutuos S.A. In 2008, it broadened its business scope by renaming itself Bci Asset Management Administradora General de Fondos S.A., offering products and services in an efficient and innovative fashion, thus satisfying all investment requirements of the customers of the Bci Corporation. The asset management services include a comprehensive range of Mutual Funds, Private Investment Funds and Voluntary Pension Savings.

**:: Bci Factoring S.A.**

Formed in 1994 with the objective of purchasing debt instruments of any nature from companies in need for maintaining their short-term liquidity. It has offices in Santiago and in the largest cities of the country.

**:: Bci Corredores de Seguros S.A.**

Created in 1998 with the objective of providing brokerage for Property and Casualty, and Life and Pension insurance policies with any insurance company established in the country. In 2007, it merged with Genera Corredora de Seguros Ltda., part of Banco Conosur group acquired by Bci.



**:: Bci Securitizadora S.A.**

Created in 2001, the subsidiary issues and places either short term or long term debt securities in the market. Such securities are backed by a set of financial assets, future flows, and debt securities, among others, which were previously acquired and structured into a Special Purpose Vehicle. It is targeted to institutional investors and companies and provides a service of advanced engineering in financial solutions for each customer.

**:: Bci Administradora General de Fondos S.A.**

Formed at the end of 2006 in order to manage public and private investment funds operating in different sectors of the economy. It offers innovative investment products and a management of excellence that satisfies the customers' need for long and mid-term investment and diversification.





The net income of our subsidiaries in 2008 was \$29,881 million

**:: Bci Asesoría Financiera S.A.**

The subsidiary was created in 1993 with the aim to provide companies with Corporate Finance advisory services. In its existence, Bci Asesoría Financiera has structured numerous transactions including syndicated loans, debt restructuring, project finance, financing of acquisitions, company assessment, advisory in buying, selling and merging of companies, partnerships, and bond issuance in several sectors of the economy for both domestic and international companies.

Banking. In 2008, Normaliza S.A. consolidated the merger of the collection subsidiaries of the Corporation concluded the year before.

**:: Análisis de Servicios S.A.**

Has been in business since 1996 and its main role is to gather and preassess financial information from prospective customers so as to facilitate the placement of products and services the Bank offers.

**:: Servicios de Normalización y Cobranza – Normaliza S.A.**

Created ten years ago to provide collection services as well as judicial and extra judicial recovery services to Consumer Banking, TBanc and Bci Nova. In dealing with delinquency, it employs 460 people in 30 offices throughout the country, with the objective of maintaining the normalization and recovery standards for Retail





To get even closer to our customers and reach them wherever they need us, we have created a **new kind of branches and commercial service offices**



## [ National Presence ]

In order to be closer to our clients and reach them wherever they need us, the Bci Corporation launched new and improved branches based on a more functional, close and efficient model.

In 2008, Bci increased its network in 44 contact points, reaching 326 throughout the country concentrated in the largest districts of Santiago and regions. It provides a new service model seeking to prioritize a close relationship with the customer by optimizing the use of technology.

The network of offices is distributed as follows:

### - *Multiservice Branch:*

Is the most complete point of service for customers, providing an integral attention and served by relationship managers and specialists in investments, factoring, and entrepreneurial support, among others. It offers an automated service area available 24/7 all year round.

### - *Cash Agency :*

Is a small service point particularly focused on transactions and treasury services. It offers tellers, ATMs and basic automated enquiry services.

### - *Point of Sale Branch:*

Is a small place that serves mainly the Retail Banking segment and offers sales and after sales service.

### - *Premier:*

Is an exclusive branch for the Retail Banking segment. Small in size and mainly supported by automated services, it provides customers with commercial and transactional attention.

### - *The Private Banking:*

Office focuses on services for high net worth customers.

### - *Commercial Platform:*

Is a service point targeted towards providing customers with a tailor-made and exclusive attention through relationship officers that specialize in their needs. Among them are the Small Business Banking Centers and Mortgage Centers.

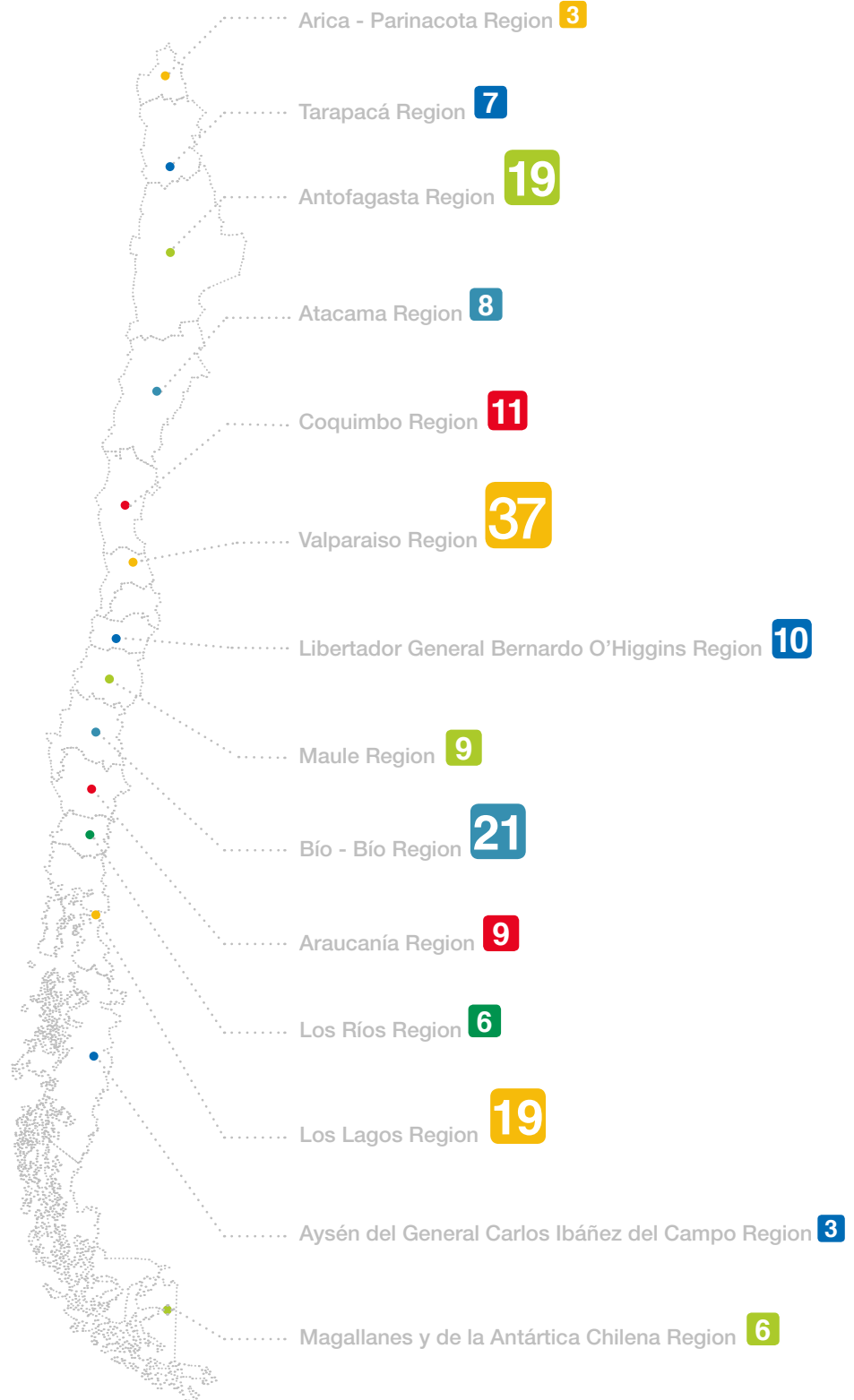
### - *Automated Branch:*

Offers self-sufficient electronic devices.

CONTACT POINTS	BCI	BCI NOVA	TOTAL
<b>Multiservice Branches</b>	179	77	<b>256</b>
Cash Agencies	12	2	<b>14</b>
Point of Sale Branches	33	-	<b>33</b>
Premier Branches	9	-	<b>9</b>
Private Banking	1	-	<b>1</b>
Commercial Platforms	1	-	<b>1</b>
Automated Branches	10	-	<b>10</b>
Remote Service Center (TBanc)	2	-	<b>2</b>
<b>••••• TOTAL</b>	<b>247</b>	<b>79</b>	<b>326</b>



[ Contact points in regions ]



Number of contact points in regions



118



50



[ Contact points in Metropolitan Region ]



Number of contact points in Metropolitan Region



129



29

The address and phones of our contact points can be found at [www.bci.cl](http://www.bci.cl)



**[ International Presence ]**

Through branches and representation offices abroad, the Corporation has extended its presence to places where our customers have commercial interests, which is complementary to alliances and direct agreements with foreign banks as well as to commercial relationships with a wide range of correspondent banks.

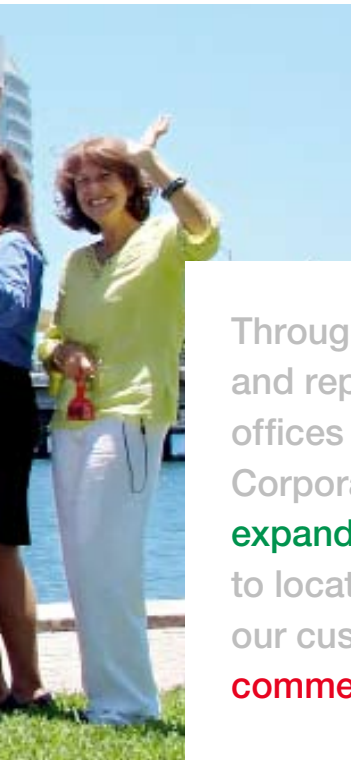
**:: Bci Miami, USA**

Created in 1999, this full branch offers customers to do business abroad and also a comprehensive coverage of the Latin American market present in Miami and the United States. Currently, Bci is the only Chilean bank with presence in Florida. One of the objectives of 2008 was to inform customers of the business opportunities offered by Bci Miami through a strategy that targets towards narrowing the distance between the United States and Chile. In 2009, Bci Miami will celebrate its tenth anniversary.

**:: Representation Offices**

Located in countries where our customers concentrate a considerable volume of their activities, mainly foreign trade. Bci offers customers the following network of offices:

- Lima, Perú  
Representative: Mónica Saba C.
- Sao Paulo, Brasil  
Representative: Fernando Flaquer
- Ciudad de México, México  
Representative: Roberto Olivieri S.
- Hong Kong, China  
Representative: Antonio Gutierrez del A.



Through our branches and representation offices abroad, the Corporation has **expanded its presence** to locations where our customers **keep commercial interests**



### :: Alliances and Agreements

#### - Alliance with Banco Popular, Spain:

This alliance strengthens the commitment Bci has pledged to Chilean companies that do business in the European continent, allowing for stronger commercial relationships with Spanish companies with presence in Chile, Peru, Brazil, Mexico, and the United States. A Director with Banco Popular works in Bci's premises in Santiago and in turn, a representative from Bci works in the facilities of Banco Popular in Madrid.

#### - Cooperation agreement with Banco de Crédito del Perú, Perú:

There is an agreement between Bci's and BCP's shareholders to develop commercial activities oriented toward both operating through local financing entities and coordinating financial transactions between both nations.



#### - Cooperation agreement with Banco Internacional, Costa Rica:

In 2007, the agreement between both Banks was reasserted, whose purpose is to foster foreign trade with Chile and promote investments between both nations. The agreement has brought about major business opportunities in Central America given the scope of influence Banco Internacional has in the region.

#### - Cooperation agreement with Banco Credicoop, Argentina:

In order to support Chilean companies that penetrate the Argentinean market and viceversa, the cooperation agreement signed between Bci and Banco Credicorp in the neighboring country has immensely allowed for the development of foreign trade between the two nations.

### :: Correspondent banks network

The corporation maintains commercial relationships with a network of more than a thousand correspondent banks worldwide with which mainly foreign trade transactions for customers are carried out.

It is worth mentioning that in 2008, during the most complex moment of the financial crisis, Banca Nazionale del Lavoro through BNP Paribas – BNL Corporate and Investment Division and guaranteed by SACE Spa, granted Bci a 5-year bullet loan for US\$150 million which shows the trust international banks place in us.

Another milestone last year was to have been the first Latin American Bank to place bankers acceptances in the Hong Kong market which opened Bci new possibilities of financing for the Chilean foreign trade.

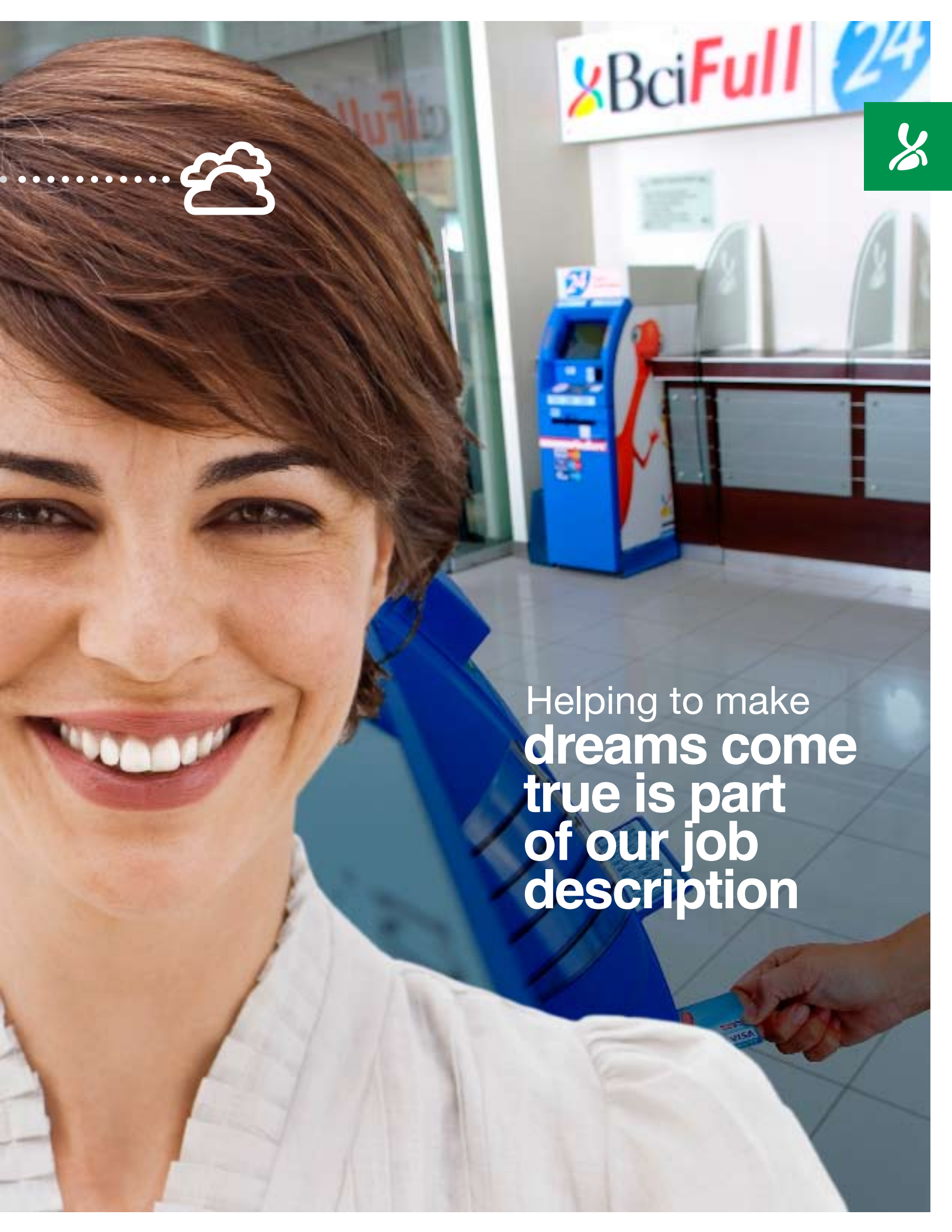




# A different service

In a time of rapid change, we adapt our products and services to be closer to our customers.





Helping to make  
**dreams come true** is part  
of our job  
description

# [10]

## INNOVATIONS AND NEWS OF 2008

The following are among the main initiatives Bci focused on and carried out last year:

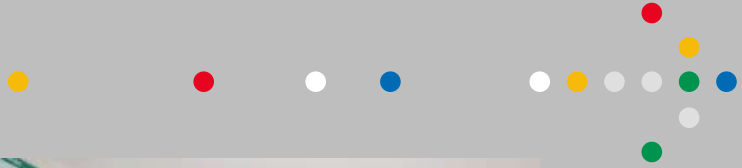


1. Serving high net worth customers through a **new Private Banking area exclusively devoted to this segment.**



2. Penetrating **segments that are not covered** by the traditional banking industry through a **responsible bancarization program.**





**3.** Transforming and readapting our customer service **through our branch network** so as to improve the quality of **services offered and the integral satisfaction at a user's level.**



**4.** Strengthening our commitment to support the **small business and middle market segments.**



**5.** Strengthening the leadership of our **team members** in order for them to face future challenges with appropriate tools.







## INNOVATION IN BCI IS A PERMANENT AND FORMALLY STRUCTURED PROCESS

WITHIN THE ORGANIZATION.

### [ Private Banking ]

Created in 2008, Bci Private Banking is a first-class service implemented to satisfy the needs of high net worth customers with an organization especially devoted to this segment.

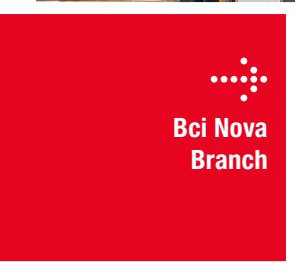
This business unit seeks to strengthen the relationship with the customers by offering wealth management services with a model that is second to none. Customers are personally and permanently advised by a private banker, the only contact point, who is backed by Bci and its subsidiaries as well as by a highly trained team of professionals and specialists.

Bci Private Banking offers integral investment advice in addition to the wide range of products and services of the Corporation.

The wealth management service is based on a thorough knowledge of the needs, objectives and projects of each customer. This way, the most adequate investment strategies are designed in a framework of discretion and absolute confidentiality.

Bci Private Banking has its own team of investment consultants backing the private banker and providing customers with advisory services of high international standards.







## [ Bci Nova ]

In 2008, Bci Nova created Emerging Banking which is targeted toward segments that are not traditionally fulfilled by banks. Through a bancarization project that encourages responsible indebtedness, our customers are advised and able to access the financial services of the Bci Corporation. In addition, Bci Nova adjusted its strategy to strengthen the nearness and long term relationship with its customers.

In this context, the Company was renamed Bci Nova, a brand that reflects the embedded values of the Corporation such as closeness, swiftness, joy, security and creativity.

## [ Branch Network transformation ]

In 2008, Bci concentrated its efforts on improving its branch network based on a corporate project whose objective is to assure the highest standards in the industry regarding customer satisfaction and quality of service.

In order for our customers to have an unforgettable experience, branches were revamped and given an amicable architecture and a logical and intelligible design.

This transformation process was accompanied by changes in the roles and functions of the team members in the branches, encouraging all of them to serve customers with the sole purpose of further strengthening our relationship with them.

As part of the same process, branches were segmented and three new models were born: multifunctional branches, branches inside office buildings, and points of sales in sectors of high demographics. The purpose of such models is to generate a special bond with each kind of customer and adjust to their needs.



**The changes made in the branches seek to improve customer attention and to offer a close, reliable and faster service**

## :: Bci Full

This technology allows for self-service through four innovative and user-friendly devices to run a number of banking errands to the tune of cash and deposit of checks, request for personal checkbook, payment and request of promissory notes payable at sight, and the request of all kinds of certificates such as balances and statements, among others.

Thanks to this technology, Bci is currently the only bank in Chile capable of offering the widest range of financial products and services in self-attention channels located in one spot 24/7, all year round.

BCI HAS MAINTAINED AND CONSOLIDATED THE SUPPORT  
IT PROVIDES TO BOTH BUSINESS BANKING AND  
**SMALL AND MID-SIZE  
COMPANIES**

**[ Strengthening of the commitment with  
small business owners ]**

Ever since it was founded, Bci has supported entrepreneurs through several activities and financial services. Eight years ago, Small Business Banking was created to serve small business owners and the middle market segment in a specialized and integral fashion. The area has implemented 20 entrepreneurial centers across the country, five of which started their operations last year. In addition, it covers customers' needs in more than 55 branches countrywide.

In 2008, the segment developed activities that were critical to supporting customers. Among them, the noteworthy first Entrepreneurial Event seeking to close businesses between Small and Medium size Enterprises, and Large Companies and Corporations. The event was held in May and hosted more than 510 companies, among them, 30 Large Corporations, allowing guests to concrete more than 3,200 business meetings. The second Entrepreneurial Event is scheduled to be held in the first quarter of 2009.

Our commitment with SMEs and the Middle Market segment was also reflected in the campaign "Hechos, No Palabras", aired in the TV program "Mirada Empresarial" broadcast on Cable TV for six consecutive seasons; and in the award "Empresario destacado Bci" that recognizes entrepreneurial performance in twelve categories.

Within the framework of Corporate Social Responsibility, Small Business Banking closed a successful third year with the programs Nace and Renace. The former provides financial advisory and lending to new customers and entrepreneurs within the segment, while the latter is oriented to current customers and former clients of the Bank who, having gone through financial constraints before, require additional support now to restart their businesses.





In order to further back Renace, Small Business Banking published in 2008 the Guide to Restarting a Business Renace Bci, a manual that offers entrepreneurial support and guidance by providing concrete guidelines when restarting a business. The Guide is among other complementary initiatives such as the First SME Legal Manual and the Guide to Starting a Business Nace Bci, created to back customers in this sector.

Finally, it is worth mentioning that Small Business Banking actively participates in government funds biddings to support Small and Medium size companies, such as the Guarantee Fund for Small Business Owners (FOGAPE), and particularly during 2008, in CORFO credits for Working Capital and in the Investment Guarantee Fund (FOGAIN).

**[ Bci and its team members ]**

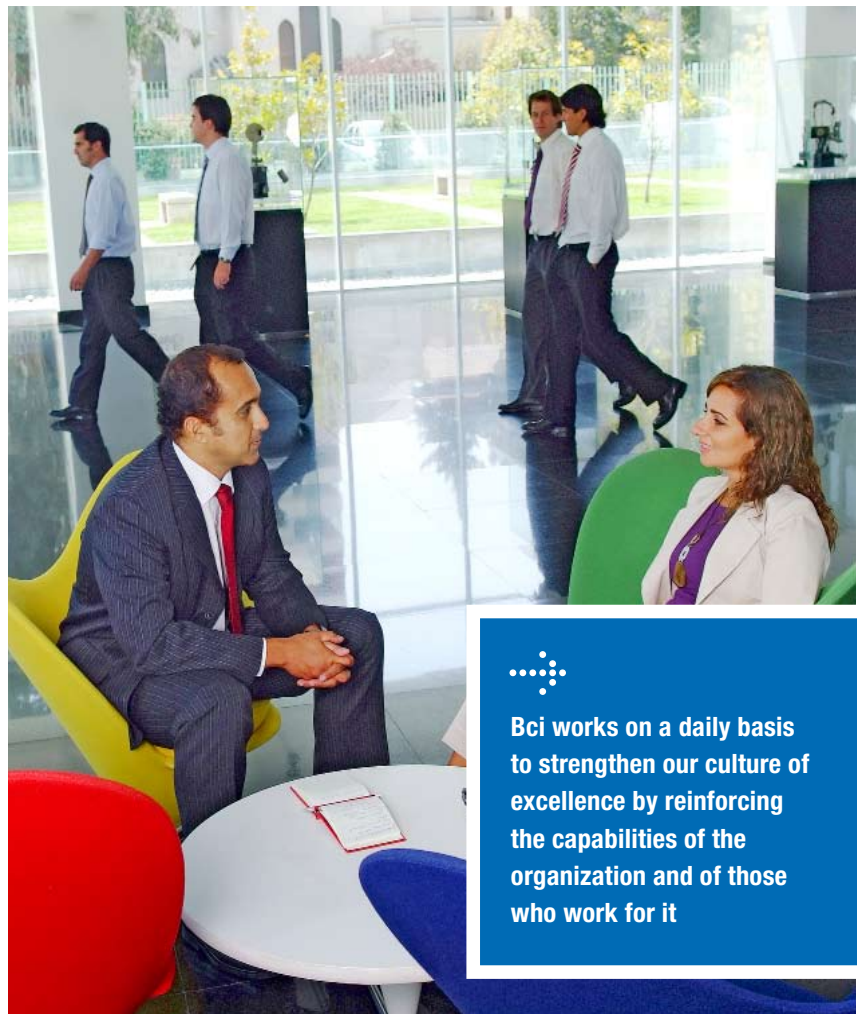
For the Corporation, the development of the people who work for the Organization is paramount. Therefore, Bci works day after day to build a culture of excellence by strengthening the capabilities of the Organization itself and of those who are part of it, thus seeking to foster an environment that stimulates personal achievements, innovation and the closeness to our customers.

To support the evolution and transformation of Bci, one of the important objectives of 2008 was the consolidation of a strategy for the development of our team members based on world-class best practices, that includes an internal career development framework, transfer opportunities among areas, and talent recruitment.

Also in 2008, Bci kicked off a program seeking to strengthen the leadership style marked by the own identity of the Corporation. This leadership style, recognized as a competitive advantage of Bci, bears a corporate seal based on fundamental principles

of integrity, respect and excellence. A Bci leader is recognized because he/she reaches ambitious objectives, is passionate about the client, acts as owner and brings out the best in people. By means of this initiative, more than 500 managerial positions within the Corporation will be trained and coached.

As regards workplace environment, the Bank has also been recognized for its good results, reflected in the annual survey by CDO Consulting Group and in the Great Place to Work ranking carried out in tandem with Capital Magazine. This year, Bci was once again ranked among the 35 best companies to work for in Chile.



**Bci works on a daily basis to strengthen our culture of excellence by reinforcing the capabilities of the organization and of those who work for it**



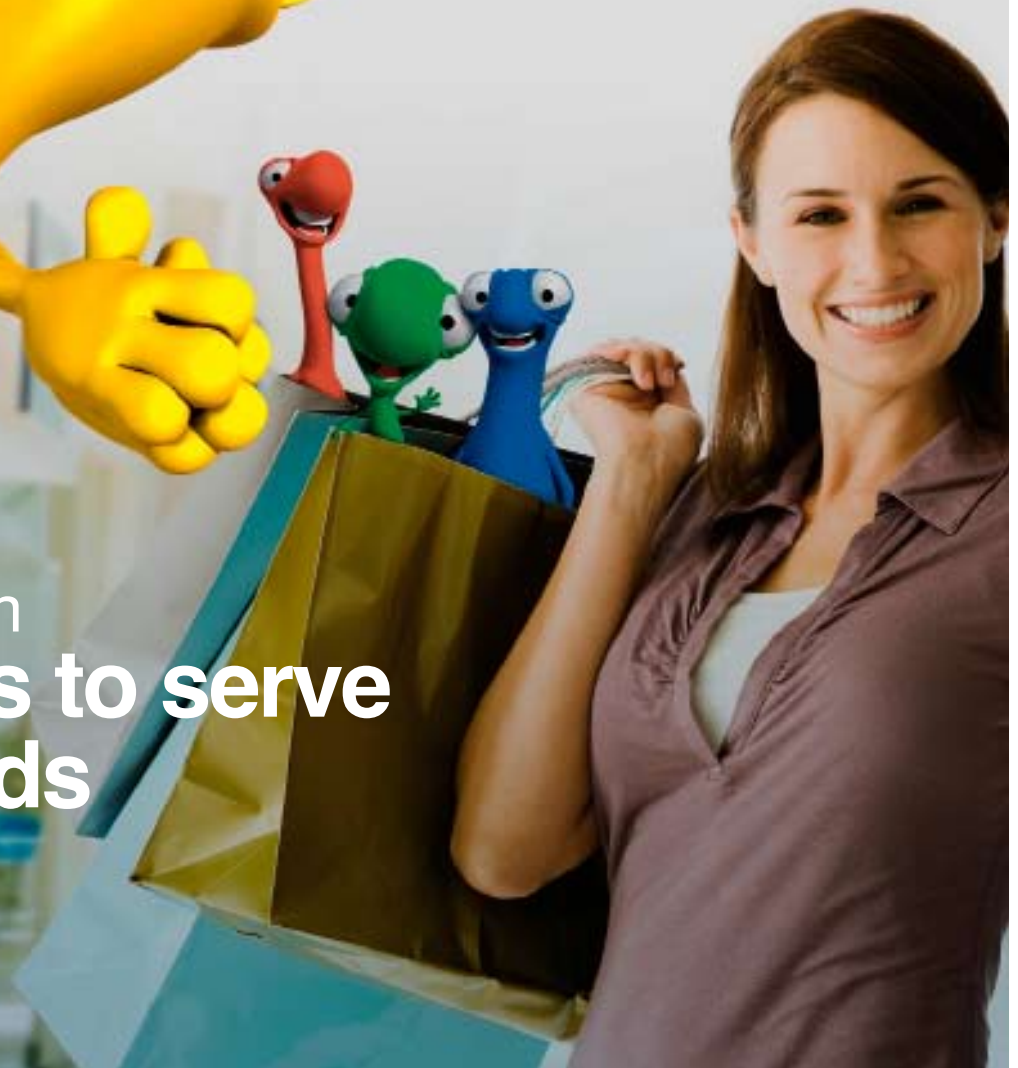
# We seek to be closer to you

A distinctive seal that conveys a way of communicating differently, our constant innovation, transparency in the workplace, and the attention we pay to new business trends to gain our customers' trust and preference.



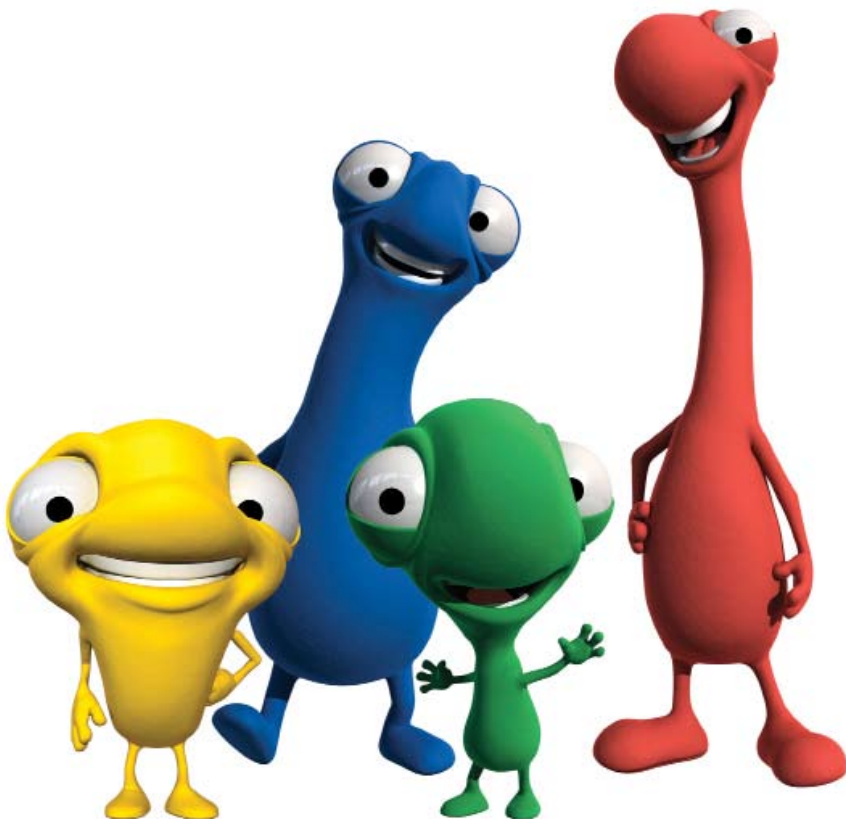


We transform  
**ourselves to serve**  
**your needs**



# [11]

## BRAND, CORPORATE IMAGE AND ADVERTISING



Bci has positioned itself as a brand that relates to people and makes customers' life easier by providing innovative products and services as well as a customized attention through multiple channels.

Also, the distinctive service attitude and the relationship with people are a differentiating factor to efficiently and effectively satisfy the needs and requirements of our customers.

These attributes have Bci be recognized as an organization where the customer values the difference that ranges from communication and advertising to every detail in the products and services the Bank develops.

In Bci, there is a constant need for caring about our corporate reputation and guaranteeing that the message our brand shows is coherent with the values and ethical principles of the Bank.

The efforts Bci has made to position its brand have reaped positive rewards. Proof of which are the excellent results published in Adimark's survey "Banks and Banking Industry Image" carried out in the third quarter of 2008, in which the Bank was recognized as the most innovative among its peer group.



BCI IS RECOGNIZED  
**AS A POWERFUL,  
 ATTRACTIVE, CLOSE  
 AND INNOVATIVE BRAND**

The survey also showed that, in terms of “top of mind”, Bci is third in the banking industry. With respect to advertising, the Bank is placed second and most of the respondents consider it appealing.

When asked “what bank would you choose if you had the need for change?” people places Bci second in their preferences, and it is the only Bank in the industry showing an upward trend in the rankings.



# [ 11 ] BRAND, CORPORATE IMAGE AND ADVERTISING

## [ Advertising Campaigns ]

In practical terms, the Bci spirit is reflected in its innovative advertising campaigns which reaffirms the creativity of the Bank and its aim to be closer to heart to our customers.

In 2008, the principal campaigns launched in the media were targeted toward letting the market know as to the new initiatives mentioned in the chapter "Innovations and News of 2008". Among them, Private Banking, the transformation of the Branch Network, and the new Bci Full self-service format.

## :: Noteworthy Campaigns

- Marzo es una Ilusión; Consumer loan
- Lanzamiento Banca Premier
- Súmate a Fundación Las Rosas
- Launching of Premier Banking
- La Era del Crédito 2
- Crédito Olímpico
- Launching of Bci Inversiones
- Bci 2010



The spirit of Bci is reflected in its innovative advertising campaigns



Iglesias de Chile. patrimonio de la humanidad.

Para nosotras su patrimonio es igual de importante.  
Bci Banca Privada, un nuevo concepto en Gestión Patrimonial en Chile.

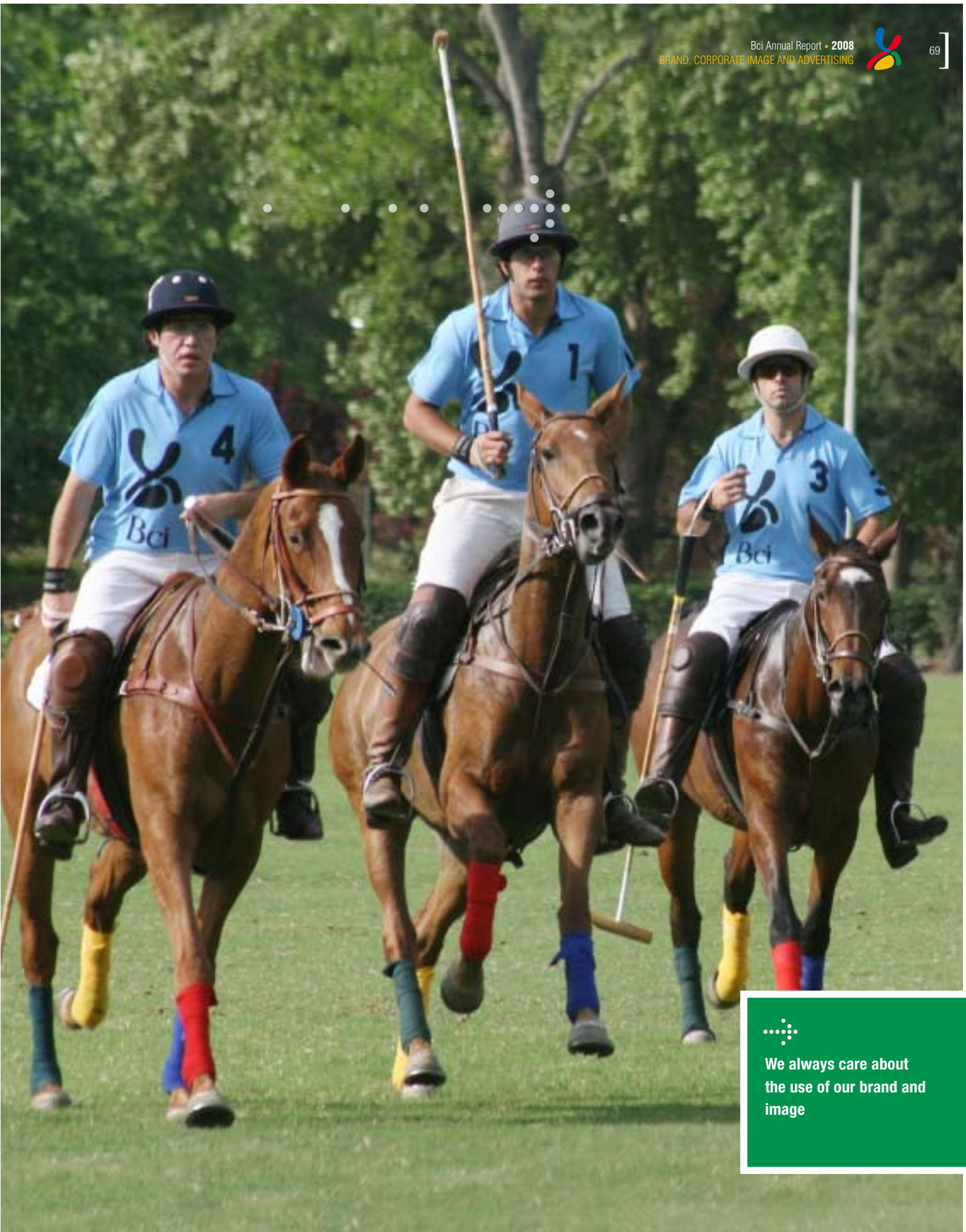
Una nueva administración patrimonial trasciende el mundo de las inversiones, por más exitosas preparadas para enfrentar las incertidumbres, riesgos y volatilidad.

• **REPOSICION** Servicio patrimonial con un lenguaje claro, en el ámbito de todo lo que afecta al patrimonio neto, gestión, registro, servicios de custodia, tributación y de asesoramiento.

• **REPOSICION** El nuevo Centro Patrimonial que se suma a la Corporación Bci, que ya tiene en Chile el primer laboratorio de inversión basado en el asesoramiento y en la relación de confianza de los clientes y Banca de Chile.

Bci **constantly cares about its corporate reputation** to guarantee that the message the brand conveys is coherent with its **values and ethical principles**





We always care about  
the use of our brand and  
image



# The best balance

We advise our customers as to the efficient and responsible use of the products and services we provide by helping them to confidently look into the future.

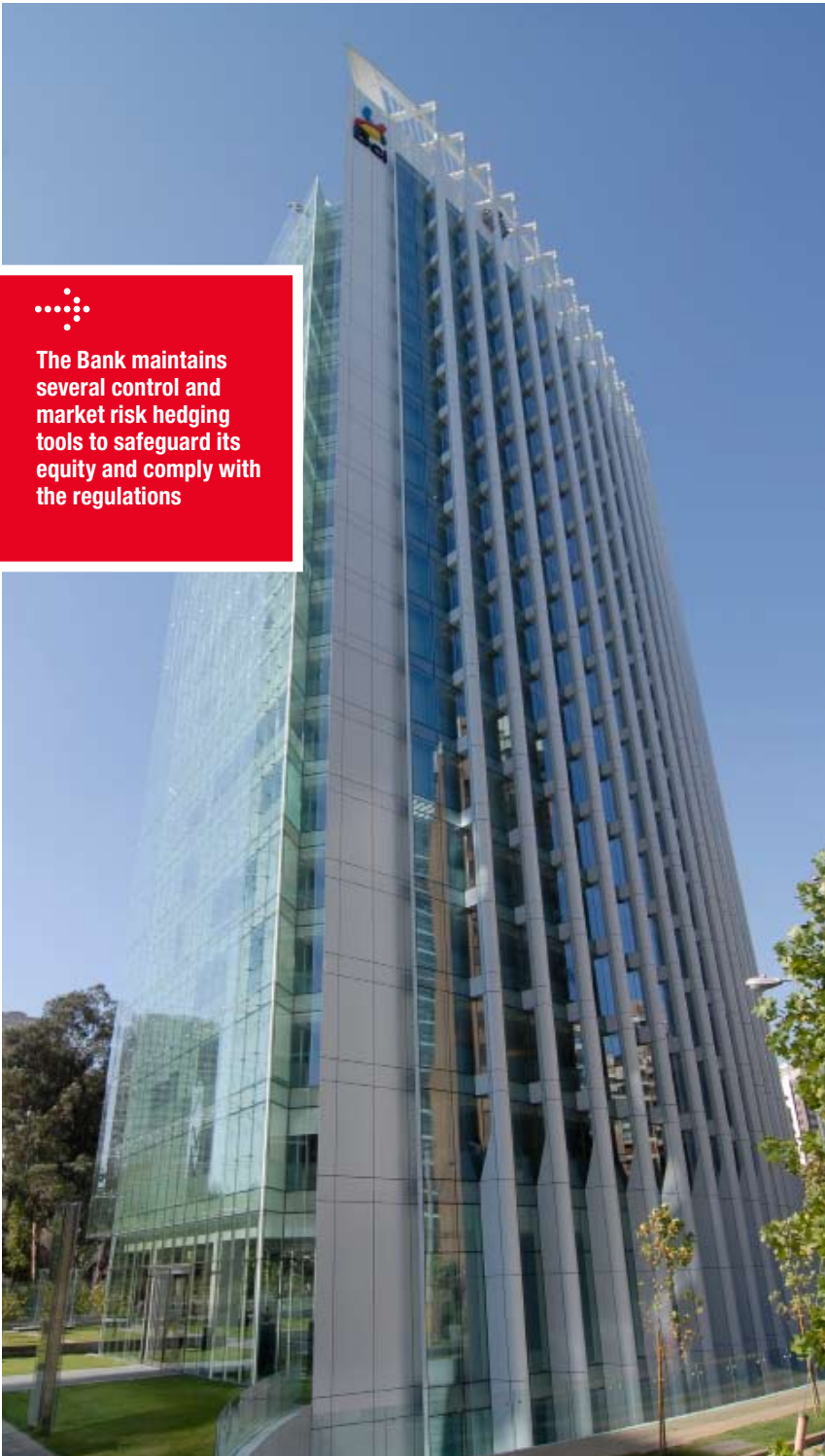




We stand by  
**you every  
step of the way**



# [ 12 ] RISK MANAGEMENT



The Bank maintains several control and market risk hedging tools to safeguard its equity and comply with the regulations

The risk of the business is managed by the Corporate Risk Division responsible for assessing and managing credit, financial, liquidity and operational risks.

## [ Credit Risk ]

The Corporate Risk Division in tandem with the commercial areas evaluates ongoing projects and companies from several sectors of the domestic economy, such as power generation, manufacturing, mining, and infrastructure. The Division has an international risk unit that evaluates the economic, political and social situation of each of the countries in which Bci has a presence so as to reduce the risk that might derive from external financing transactions.

In order to honor our environmental care strategy, the Bank has continued financing projects relative to the sustainable management of natural resources in accordance with the standards established by the authorities and pertinent organizations in this matter.

As regard retail credit risk, and particularly consumer and mortgage loans, an allowances model based on the expected loss is applied, which is estimated by tools that measure debtors' behavior and the odds of default occurrences. The program is continually revised at a predictive level and seeks to prevent future losses within a twelve-month period. The models implemented in this regard, have deemed the bank an active player in the industry and a reliable yardstick for credit risk policies.

Sophisticated models have also been developed and implemented for consumer loans of Bci Nova which allow for a specialized assessment and measure of the risks associated to this segment.



## [ Financial Risk ]

The Treasury Division manages in a centralized manner the funds raised domestically as well as their investment in different products and asset transactions. It also manages the funds that foreign banks provide Bci with and their investment in several transactions effected in foreign exchange and foreign trade.

Additionally, the area acts directly in the holding and trading of derivatives and financial instruments, thus controlling the balance between asset and liability transactions, cash reserve, technical reserve and the expected results of financial operations.

In order to comply with its functions and safeguard its capital, the Bank utilizes several tools to control and hedge market risks, focused on the control of assets and liabilities registered on an accrual basis as well as the ones reflected at a fair or market value.

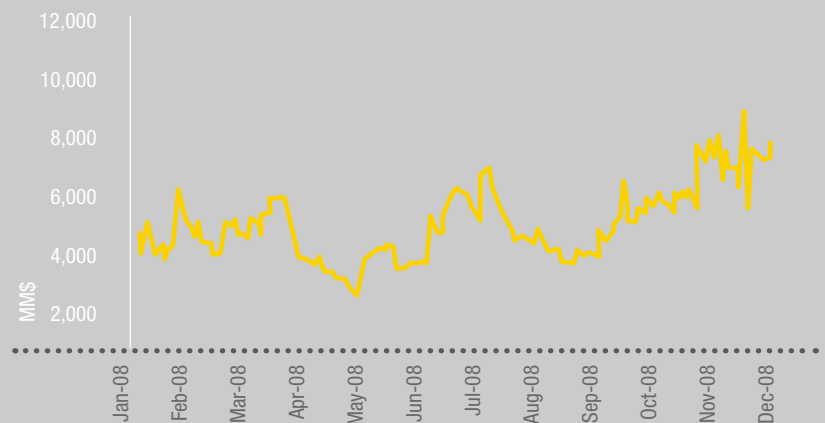
To carry out these controls, it is necessary to apply the fair value of the financial instruments to the portfolio, defined as the price an instrument would reach in a free and voluntary transaction between interested, duly informed and independent parties. To measure the fair value, the Superintendency of Banks and Financial Institutions (Sbif) considers that an instrument is priced in an active market provided there are updated quotes coming from stock markets, brokers, traders and regulatory agencies; that such prices reflect voluntary transactions effected regularly in the markets; and that they can be obtained in a systematic and expedite manner. The methods utilized reflect international best practices and abide by the highest standards in the domestic banking industry.

Based on these principles, the Bank controls the ALM risk inherent to assets and liabilities registered on an accrual basis by using the following models:

- **Spread en Riesgo, SeR**, which quantifies the impact on profits caused by the specific movement in short-term interest rates over a twelve-month horizon.
- **Market Value Sensitivity, MVS**, which quantifies the effect on the economic value of the equity capital produced by the fluctuations in long-term interest rates on the total assets and liabilities of the Bank.

The Bank's own portfolio of financial instruments available for trading is controlled by the Value at Risk (VaR) model which calculates the potential losses in the market value of this portfolio. The following graph shows the VaR level of the businesses of the Bank's Treasury in 2008.

•••• VaR Bank 2008



# [12] RISK MANAGEMENT



**This unit is responsible for controlling the liquidity position by classifying debtors' obligations as well as depositors and creditors' accruals into retail and wholesale**

At the same time, the regulatory models established by the Central Bank of Chile and the Superintendency of Banks and Financial Institutions (Sbif) are used; i.e., the short and long term exposure to interest rates and readjustability of the Bank's book or accrued base (X1 and X2, respectively) which are equivalent to the internal models of Spread at Risk and Market Value Sensitivity.

Apart from these tools, the Bank has a centralized management and control of the effectiveness of financial hedges so as to mitigate the effect of risks described above.

## [ Liquidity Risk ]

This unit is responsible for the management and control adequacy of operational risks which are closely related with the criteria established by the Basle Committee.

The Operational Risk Committee evaluates and defines the strategic risks and critical processes of the Corporation, as well as the design of the methodology to diagnose risks. In order to manage operational risk, the unit is divided into areas specialized in businesses, technological, regulatory, individuals, business continuity, asset laundering, and management self-evaluation processes.

Within the specialized areas, it is worth mentioning the most critical controls:

- Regulatory management control not only identifies regulatory risks but also ensures that the defined planning is in line with both the legal regulatory framework and also with the internal regulations of the Corporation. The responsibility is complementary to the assistance of the regulatory compliance area.
- The control of asset laundering and terrorism financing applies a model that allows for follow-up, controls, detection and action plans segmented by type of customer and risk, supported by technological instruments for detecting irregular transactions by means of a demanding monitoring and management model.

In addition, the Bank periodically trains team members through annual training programs as a complement to the rigorous control of the procedures.

- The technological control and security of customers, businesses and strategies provides Bci with policies and information security guidelines, with tools for protecting resources, followed in accordance with ISO 27001 standards, already certified for the Bank. Additionally, every year the Bank carries out a self-evaluation management process that assesses eight types of control on an equal number of areas responsible for the development of the operations and their oversight.

## [ Economic Environment ]

This unit is responsible for controlling the liquidity position by classifying debtors' obligations and the outstanding debts to depositors and of creditors in two categories: retail and wholesale. This is carried out by a structured model in accordance with regulations of the Central Bank of Chile.

The model allocates part of the cash flows corresponding to the retail category, to temporary bands other than those that should be allocated, according to the contractual maturity date of the obligations on the basis of the forecast behavior of the flows. This measurement is dubbed liquidity position calculated on an adjusted basis.

Liquidity control considers three fundamental pillars: the setting of internal limits by the Board of Directors, the use of early warnings, and the constitution of a contingency plan, which allows for the anticipation to illiquidity periods and for an adequate decision making when necessary.

As a fundamental part of the contingency plan, the Bank has defined Liquidity Barriers comprised of highly liquid assets whose objective is to provide reserves in case of either illiquidity of the system or of the Bank itself. In 2008, additional liquidity allowances were allocated for Ch\$400,000 million.

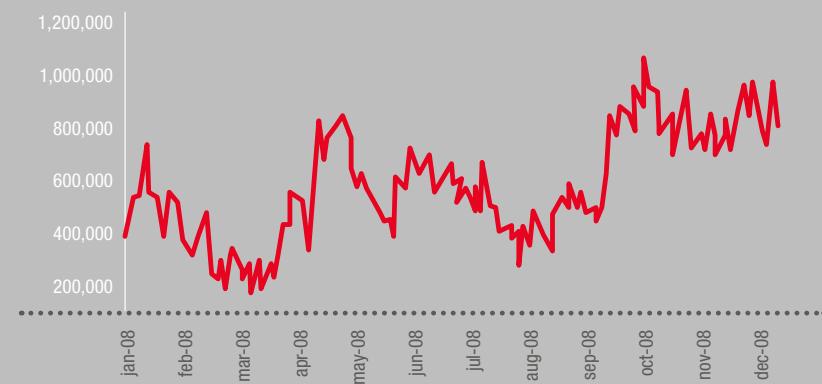


IN 2008,  
**\$400,000**  
 MILLION WERE ALLOCATED  
 AS ADDITIONAL LIQUIDITY RESERVES

As part of the transparency policy, the Bank publishes on the web the liquidity situation calculated on contractual and adjusted bases of the last day of each calendar quarter.

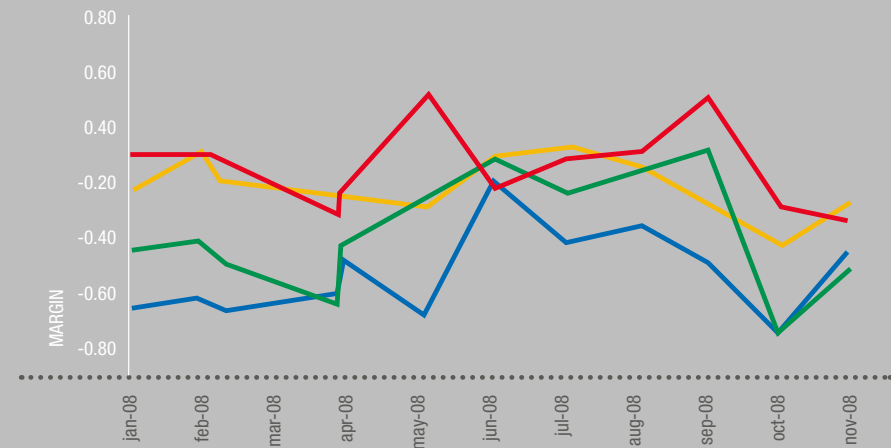
The Assets and Liabilities Committee defines the minimum level of liquidity the Treasury Division must assure for its daily operation. As can be seen in the graph, Bci showed high liquidity levels in 2008.

•••• Liquidity ALCO 2008



The C08 regulatory report shows the mismatching level of asset and liability operations at 30 and 90 days, by domestic and foreign currencies. The graph shows that in 2008 Bci's mismatch stood at 60% of the limit established by the regulation.

•••• Liquidity C08 2008



C08 30 days MN    C08 30 days MX    C08 30 days Total    C08 90 days

# [ 13 ]

## ECONOMIC ENVIRONMENT

### [ The Evolution of the Economy ]

In 2008, the Chilean economy went from boom to bust due to the unfolding of the financial crisis worldwide, and the deceleration of developed economies. In fact, the economy was gradually losing dynamism, particularly over the last four months when the effects of the crisis were strongly felt, mainly in the exports sector and consumption. In this scenario, the GDP grew 3.5% while internal demand increased 8.5% driven by fixed investment which went up roughly at a rate of 19.5%. On the other hand, private consumption decelerated in the latter part of the year posting an annual rise of 5.0%.

Among producing sectors, construction and telecommunications were the most dynamic of the year, reaching average growth rates of close to 10% a year, whereas the mining and manufacturing sectors showed a lackluster performance averaging growth rates of -4.0% and 0.3%, respectively.

Notwithstanding the economy was losing dynamism during the year, job creation was high, expanding at an annual average of 3.1%, thus compensating, in part, the strong growth showed by the labor force during the year of 3.8% on average, which did not allow for the unemployment rate to go over 8.5% throughout the year. The average annual unemployment rate was 7.8%, six basis points above the estimates for 2007.

As regards inflation, the steep rise in commodity prices led inflation to jump in 2008 to an annual all-time high of 9.9% in October. However, the external deceleration coupled with the evident instability of the financial markets in Q3 resulted in plummeting commodity prices in Q4, which allowed for negative inflation in November and December, hence, the accumulated CPI for December 2008 fell 7.1%. Despite these better inflationary perspectives, the monetary policy of the Central Bank regarding interest rates remained unaltered during H2, when most central banks worldwide were in favor of more lax monetary policies. In essence, the decision was justified due to the remaining uncertain inflationary scenario the economy showed towards the end of 2008, which led the Central Bank to put off rate cuts to the first few months of 2009.



As of December 2008, the banking industry posted total loans for \$70,3 trillion showing a growth of 10.9% vis-à-vis December 2007





## [ Behavior of the Banking Sector ]

External accounts deteriorated significantly starting in September as a consequence of falling copper prices and the meager performance of exported volumes shown during the whole year. In Q4, copper prices tanked close to 50% vis-à-vis the average price of the first nine months of the year which seriously affected the value of exports resulting in a slump in the terms of trades of nearly 11% in 2008. On top of that, copper production shrank on account of a slide in copper ore in the deposits as well as of some technical difficulties experienced in the mining industry affecting shipments. All in all, exports of goods at the end of the year totaled US\$ 67,800 million, whereas total imports accumulated US\$57.6 million. The current account showed a deficit of roughly US\$4,500 million equivalent to approximately 2.6% of the GDP.

At the close of December '08, total loans for the banking industry amounted to \$70.3 billion growing by 10.9% relative to same period of '07, while sector profits totaled \$933,130 million showing a rise of 2.5% and a return on equity of 13.2%. Bci posted net earnings for 19.2%.

Consolidated total assets for the system were \$103.1 billion, an increase of 15.3% vis-à-vis December 2007. On the flip side, risk weighted assets represented, as of December 2008, 72.2% of total assets for the industry and 79.0% for Bci, due to the operational development of basic assets the Bank has reached consisting primarily of loans with normal risk.

Capital resources of the banking sector comprised of the basic capital, subordinated bonds, and additional allowances summed up to \$9.6 trillion, compared to the \$1.2 billion shown by Bci. The rise in these resources was 36% basically on account of the anticipated net income capitalization of 2008.

The following graph shows the main figures of the sector compared to those of Bci, the market share gained and the increased in the volume of transactions in 2008. As can be seen, Bci has performed better than the industry in every respect.

MILLIONS OF PESOS <sup>8</sup>	SECTOR	BCI	% BCI'S MARKET	% INCREASE IN VOLUMEN	
				Sector	Bci
Total Consolidated Assets	110.702.575	13.869.441	12.5%	26%	31%
Risk weighted assets	79,968,379	10,951,048	13.7%	29%	33%
% weighted average	72.2%	79.0%			
Basic Capital	7,454,746	772,887	10.4%	27%	40%
Tangible net worth	9,638,016	1,155,636	12.0%	27%	36%
Net income	952,373	140,989	14.8%	7%	14%

<sup>8</sup> Figures at November 2008

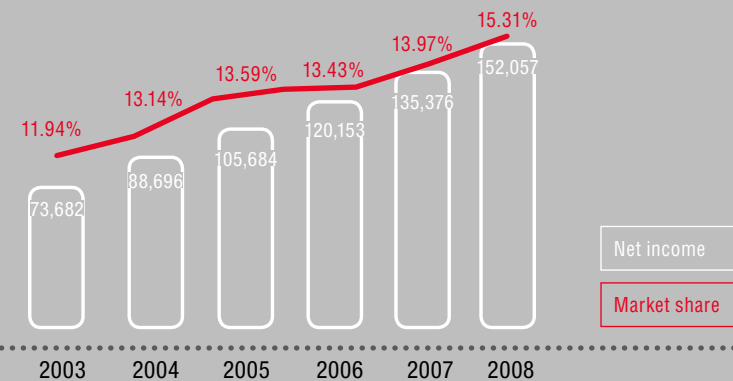
# [14]

## PERFORMANCE GRAPHS AND FIGURES

The following graphs shows the management and performance of Bci since 2003 to date, expressed in nominal pesos.

### [ Results ]

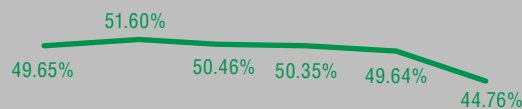
#### Net Income and Market share



**A 12.32% INCREASE IN NET INCOME**  
WITH RESPECT TO LAST YEAR

Net income for 2008 posted an increase of 12.32% with respect to the year before amounting to Ch\$152,057 million. Bci raised its market share in the financial system by 1.31 percentage points as opposed to 2007 reaching 15.31%

#### Efficiency Ratio of Bci \*

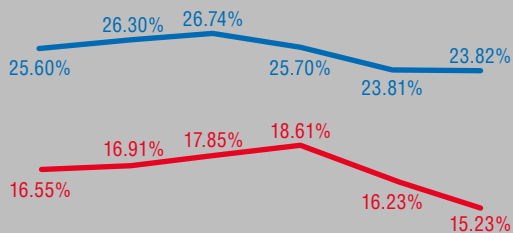


The efficiency ratio is measured as backstopping costs to gross operating income, hence a drop in the index represents an increase in efficiency. The index considers the Bank's individual results, which allows for the comparison with prior periods in accordance with the criteria established by the Superintendency of Banks and Financial Institutions. The index improved 4.88 percentage points compared to 2007 resulting in an index of 44.76% due to an increase in gross operational income of 22.31%, which was higher than the 10.28% rise in expenses.

\*Bci's individual results

2003 2004 2005 2006 2007 2008

#### Return on Equity



Bci  
System

Bci continued to show a return on equity of 19.24% higher than that of the financial system, while the industry only reached 13.21%.

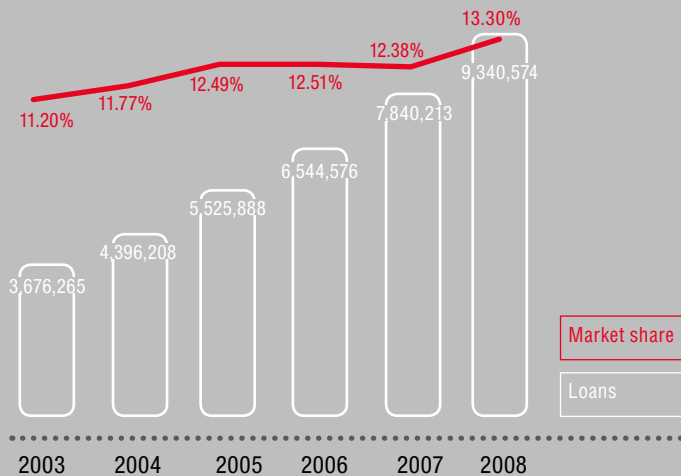
2003 2004 2005 2006 2007 2008



## [ Market share ]

It is important to point out that starting in 2008, the Superintendency of Banks and Financial Institutions (Sbif) reports on loans on a consolidated basis, i.e., including information on subsidiaries. In addition, neither contingent loans nor loans to foreign banks are included. From 2000 to 2007, total net interbanking loans have been considered to determine the market share and its evolution.

### •••• Total loans

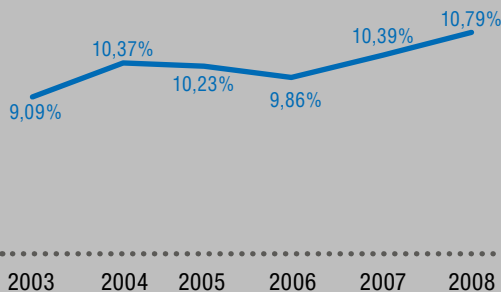


**13.3%**  
OF MARKET  
SHARE

Bci's total loans (net of interbanking loans) attained a market share of 13.3% as of December 2008 showing an increase of 0.92 percentage points with respect to December 2007.

These loans have experienced a strong growth evidencing an annual rate of 20.10% over the last eight years. Despite the fact these are not completely comparable, loans grew 19.14% in 2008 compared to the end of the previous year.

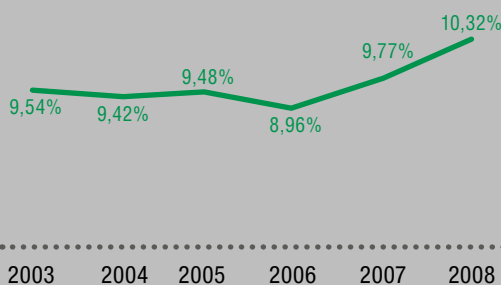
### •••• Market Share of Consumer Banking Lending \*



Loans in Consumer Banking, including consumer and mortgage loans grew 21.98% in 2008 reaching a market share of 10.79%.

\*Segment includes consumer and mortgage loans

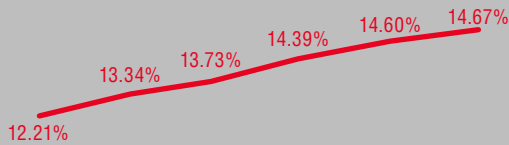
### •••• Mortgage loans



Mortgage loans increase 17.76% in 2008 with which their market share went up 10.37% recording their third straight year of growth.

# [14] PERFORMANCE GRAPHS AND FIGURES

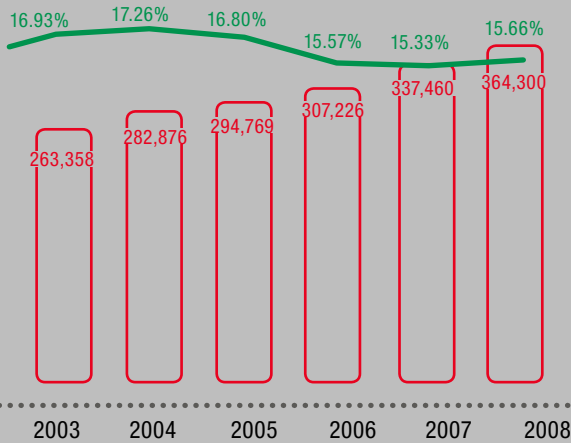
## Commercial loan portfolio



The market share for commercial loans was 14.49% at the end of 2008 managing to maintain the level shown in previous years.

2003 2004 2005 2006 2007 2008

## Number of checking accounts\*



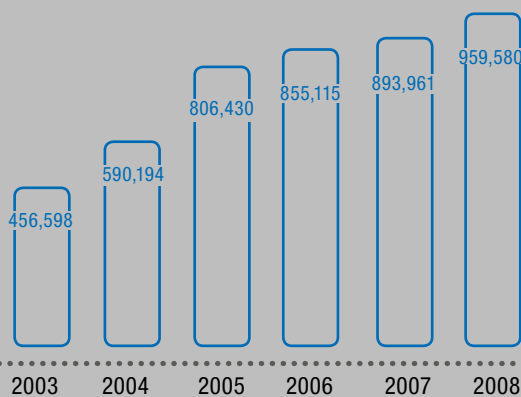
THE NUMBER OF CHECKING ACCOUNTS WENT UP **8.0%** RELATIVE TO 2007

At the end of 2008, the number of existing checking accounts showed a rise of 8.0% and a market share of 15.66%, which has been over 15% despite the strong competition due to the greater number of banks operating in the system.

\*Figures as of november of each year

2003 2004 2005 2006 2007 2008

## Number of sight accounts (Prime)



Electronic checkbooks operating through ATM withdrawals, were introduced for the first time in 1989 in the local market by Bci, totaling roughly 960,000; a yearly increase of 7.34%.

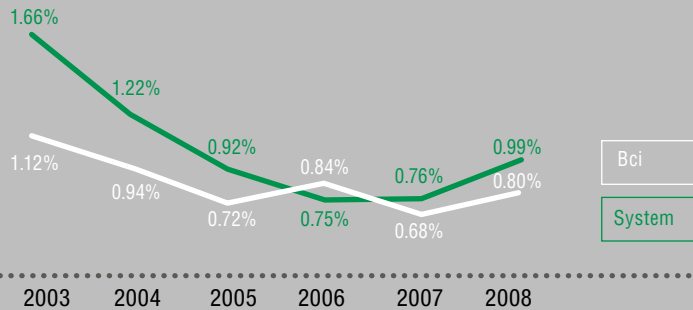
2003 2004 2005 2006 2007 2008



[ Risk ]

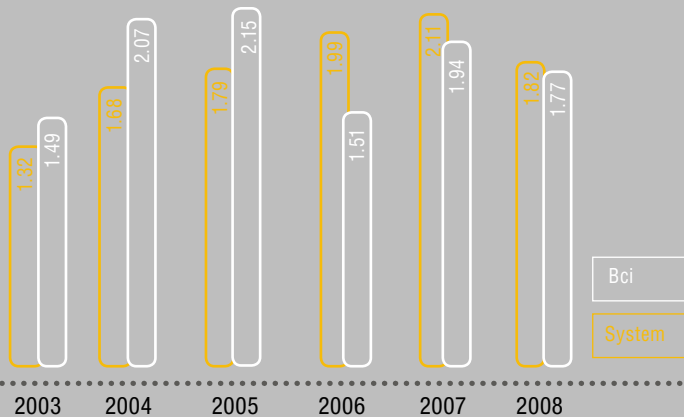
BCI RECORDED A RATIO OF  
**0.80%**  
OF NON-PERFORMING  
LOANS TO TOTAL LOANS  
AGAINST THE 0.99% POSTED  
BY THE FINANCIAL SYSTEM.

Overdue loans to total loans



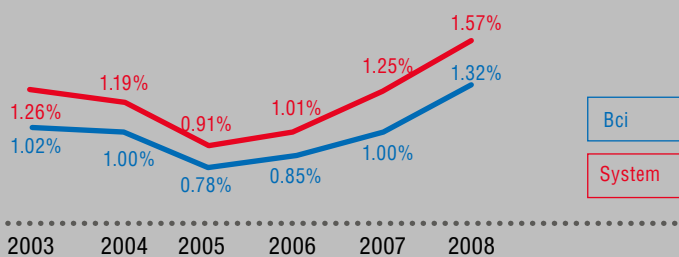
Bci's growth continued under a strict credit discipline, keeping efficient levels of risk in its portfolio. The ratio of non-performing loans to total loans was 0.80% at the end of 2008, below that of the financial system (0.99%).

Allowances / overdue loans



The ratio shows the number of times allocated allowances cover the non-performing loans portfolio. The Bank's ratio continued to show an efficient coverage level. Bci has also allocated additional allowances which are determined according to the risk evaluation models.

Loan Loss Provisions Expenses



Bci's ratio of charge for loan allowances has been permanently below compared to the financial system which shows the efficient risk control system of the Bank.

The rise experienced by this index over the past years is mainly due to the bancarization programs of Bci which by nature require a higher allowance allocation.



# A solid future

We are in the midst of a complex economic scenario.  
The way we work plus our financial coherence will provide  
a firm footing going forward.





We commit  
**to keeping on  
improving and  
innovating**

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# [15]

## IMPLEMENTATION OF IFRS

### [ Context ]

Chile has begun the implementation of the International Financial Reporting Standards, which implies that the Guild of Chilean Accountants (Colegio de Contadores de Chile A.G.) will replace the current Generally Accepted Accounting Principles in Chile for new principles dubbed "Chilean Financial Reporting Standards" which is the accurate interpretation of the IFRS principles set by the International Accounting Standards Board (IASB).

Likewise, the Superintendency of Banks and Financial Institutions through the "Accounting Standards Compendium" published in 2008 established that the Chilean Financial Reporting Standards should be applicable in all respects not specifically covered in such document.

Consequently, starting on January 1, 2009, Bci and other banks in Chile, will present their financial statements under a new accounting framework.

### [ The IFRS Project in Bci ]

Bci has converged towards international standards as a strategic corporate project. Since the beginning of the Project in the first part of 2007, top management leaders have been involved in different working teams.

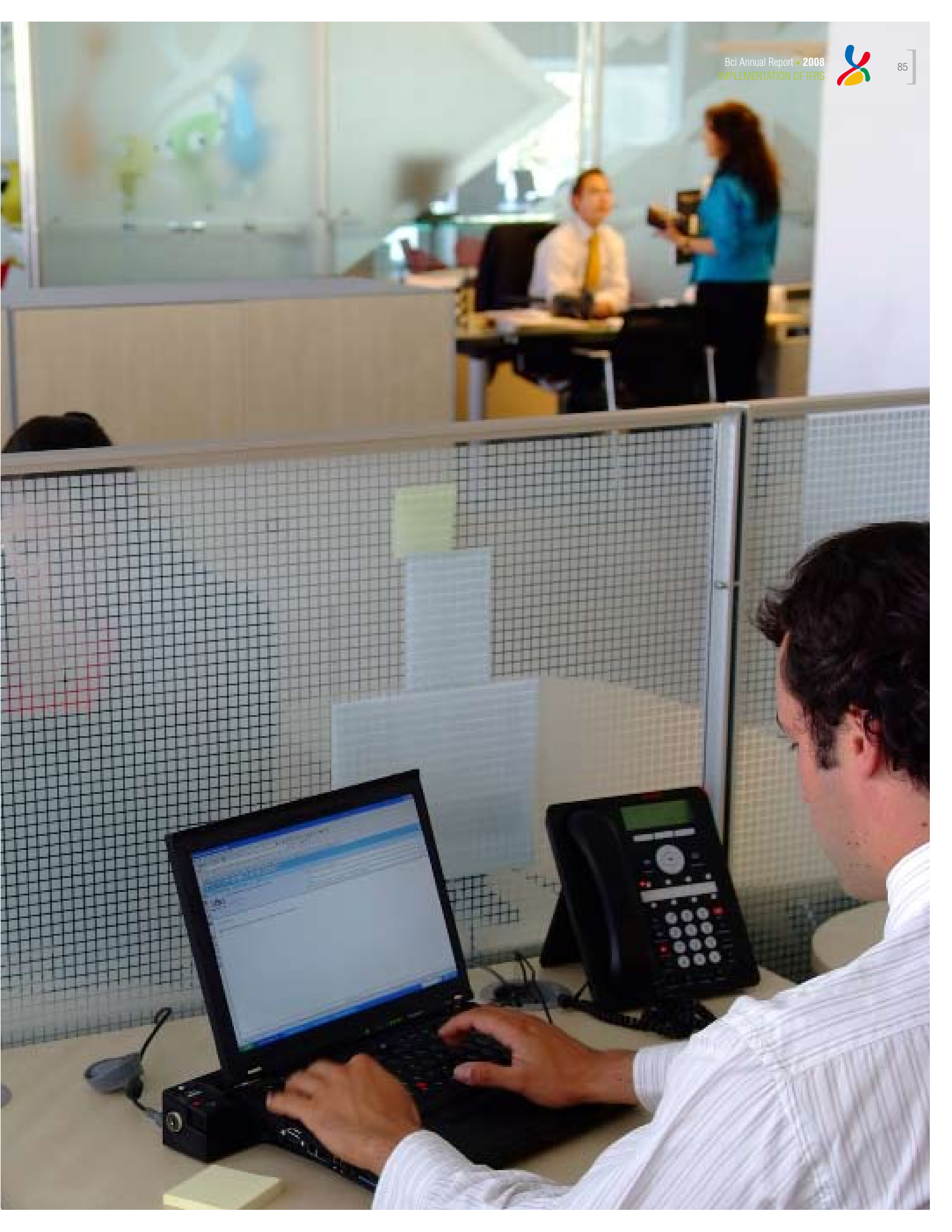
The groups consist of specialists in multiple disciplines such as accounting, systems, management, finance, and human resources, among others, supported by outsourced consultants who specialized in IFRS and systems.

Additionally, a professional project management office has been outsourced so as to secure an adequate transition.

The strong investment towards IFRS shows not only the fact the Bank recognizes the complexities associated with the new standards but also its commitment to the implementation of a robust, more demanding and transparent accounting framework resulting in a better understanding of the transactions by the users of financial information.

BCI HAS ADOPTED INTERNATIONAL  
**STANDARDS AS A STRATEGIC**  
CORPORATE  
PROJECT





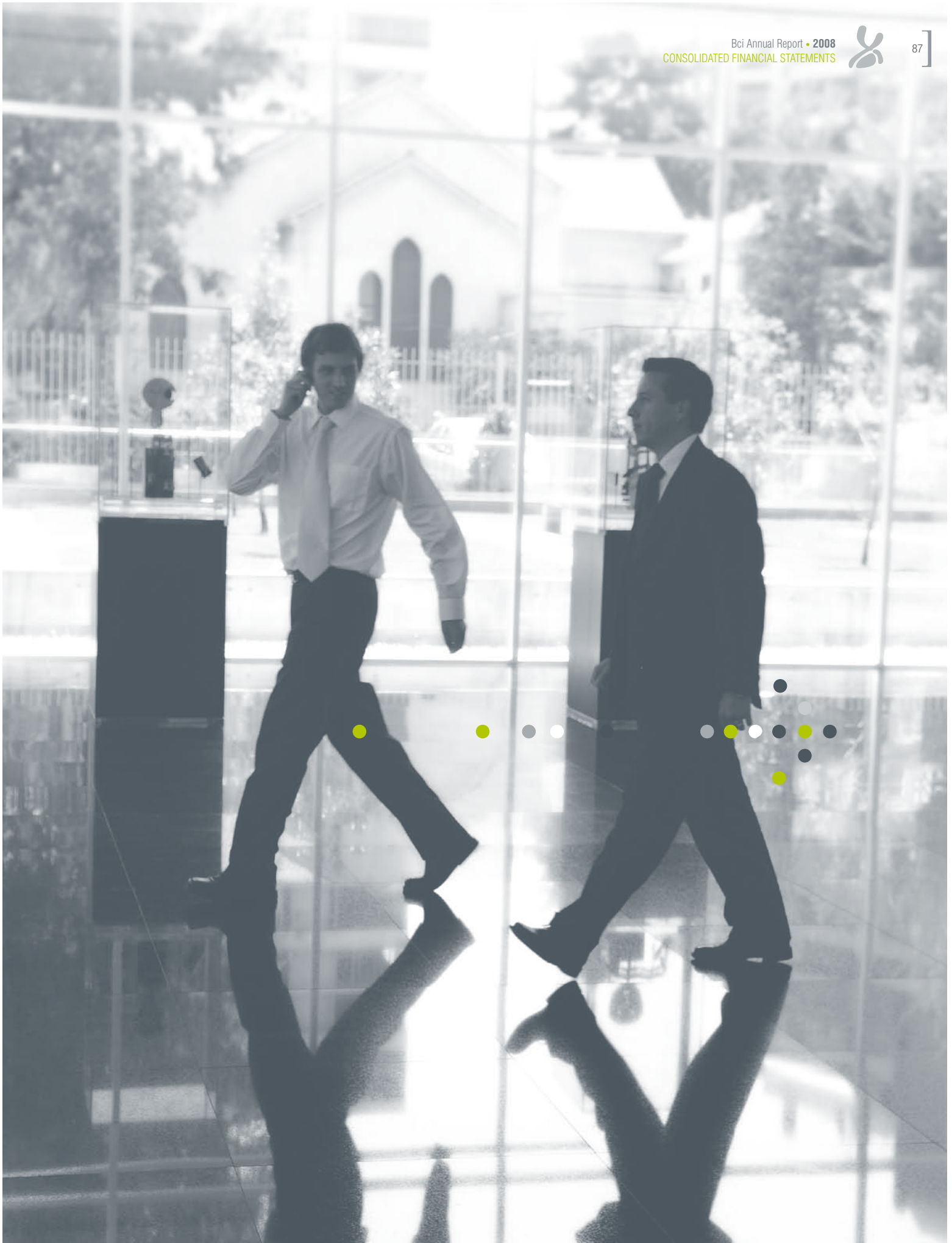
# [16]

## CONSOLIDATED FINANCIAL STATEMENTS December 31, 2008

### CONTENTS

- ❖ Consolidated Balance Sheet
- ❖ Consolidated Income Statement
- ❖ Consolidated Integral Income Statement
- ❖ Statement of Changes in Equity
- ❖ Consolidated Cash Flow Statement
- ❖ Notes to the Consolidated Financial Statements
- ❖ Report of Independent Auditing Firm

\$	Chilean pesos
MM\$	Millions of chilean pesos
MUS\$	Thousands of US dollars
UF	Unidades de fomento (official inflation-indexed monetary unit)



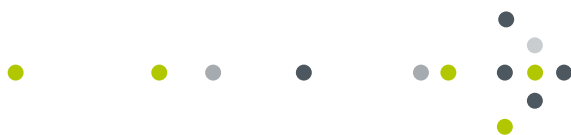
# [16] CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED BALANCE SHEET

### ASSETS

As of December 31

	2008 MM\$	2007 MM\$
Cash and due from Banks	526,235	545,856
Interbank currency clearing account	220,140	194,296
Trading Instruments	644,083	682,707
Repurchase Agreements	33,866	69,380
Derivative Instruments	583,155	229,201
Due from Banks	189,088	281,592
Loans and Accounts Receivable	9,208,680	8,011,449
Investment Instruments available for sale	808,009	427,835
Investments held to Maturity	-	-
Investments in Companies	43,217	39,080
Intangibles	81,786	71,937
Fixed assets	179,717	161,316
Tax receivable	40,109	16,238
Deferred Tax	49,902	34,401
Other assets	188,385	156,442
<b>Total assets</b>	<b>12,796,372</b>	<b>10,921,730</b>





◆◆◆ LIABILITIES

As of December 31

	2008 MM\$	2007 MM\$
Deposits and other obligations	2,021,931	1,934,898
Interbank currency clearing account	63,572	21,144
Repurchase agreements	227,414	253,900
Time deposits and other borrowings	6,071,804	5,196,709
Derivative Instruments	531,148	236,236
Borrowings from Financial Institutions	1,559,761	1,215,929
Bonds Payable	1,126,865	1,044,064
Other borrowings	126,879	72,293
Tax receivable	-	-
Deferred Tax	34,536	25,506
Allowances	97,937	39,985
Other Liabilities	144,274	114,481
<b>Total liabilities</b>	<b>12,006,121</b>	<b>10,155,145</b>
<b>SHAREHOLDERS' EQUITY</b>		
<b>Attributable to equity holders of the Parent:</b>		
Capital	564,503	564,503
Reserves	137,047	55,999
Equity accounts	(17,740)	(1,342)
<b>Retained Earnings:</b>		
Retained Earnings (prior years)	-	-
Net income	152,057	147,424
Less dividends payable	(45,617)	-
<b>Minority Interest</b>	<b>1</b>	<b>1</b>
<b>Total shareholders' equity</b>	<b>790,251</b>	<b>766,585</b>
<b>Total liabilities and shareholders' equity</b>	<b>12,796,372</b>	<b>10,921,730</b>

# [16] CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED INCOME STATEMENT

As of December 31

	2008 MM\$	2007 MM\$
Interest and Indexation Income	1,159,985	887,068
Interest and Indexation Expense	(688,020)	(526,051)
<b>Interest and Indexation net interest</b>	<b>471,965</b>	<b>361,017</b>
Fee Income	146,912	135,407
Commissions paid	(32,371)	(29,037)
<b>Fee net income</b>	<b>114,541</b>	<b>106,370</b>
Net income of Financial Operations	149,251	8,674
Net (loss) exchange gain	(139,851)	30,574
Other operating revenues	13,042	19,098
<b>Total operating revenue</b>	<b>608,948</b>	<b>525,733</b>
Credit Risk allowances	(93,678)	(56,476)
<b>Net operating Income</b>	<b>515,270</b>	<b>469,257</b>
Salaries and employees' benefits	(143,580)	(136,435)
Administrative expenses	(113,950)	(108,212)
Depreciation and Amortization	(27,019)	(26,074)
Other operating expenses	(26,908)	(10,216)
<b>Total operating expenses</b>	<b>(311,457)</b>	<b>(280,937)</b>
<b>OPERATING RESULT</b>	<b>203,813</b>	<b>188,320</b>
Result of investments in companies	7,741	8,651
Price-level restatements	(28,217)	(20,735)
<b>Income before income tax</b>	<b>183,337</b>	<b>176,236</b>
Income tax	(31,280)	(28,812)
Results of continued operations	152,057	147,424
<b>CONSOLIDATED NET INCOME FOR THE YEAR</b>	<b>152,057</b>	<b>147,424</b>
<b>Attributable to:</b>		
Equity holders of the Parent	152,056	147,423
Minority Interest	1	1
	152,057	147,424
<b>Net Income per share attributable to equity holders of the Parent:</b>		
Basic	1,538	1,491
Diluted	-	-

The accompanying Notes 1 to 20 are an integral part of these consolidated financial statements.



## CONSOLIDATED INTEGRAL INCOME STATEMENT

As of December 31

	2008 MM\$	2007 MM\$
Net Operating Income	515,270	469,257
Total operating expenses	(311,457)	(280,937)
<b>Operating results</b>	<b>203,813</b>	<b>188,320</b>
Result of Investments in Companies	7,741	8,651
Price-level restatements	(28,217)	(20,735)
<b>Income before Income Tax</b>	<b>183,337</b>	<b>176,236</b>
Income Tax	(31,280)	(28,812)
<b>Results of continued operations</b>	<b>152,057</b>	<b>147,424</b>
<b>CONSOLIDATED INCOME FOR THE YEAR</b>	<b>152,057</b>	<b>147,424</b>
<b>Integral results in equity:</b>		
Differences in translation of currencies (Miami)	(306)	63
Net change available for sale	(16,201)	(4,344)
<b>TOTAL INTEGRAL INCOME STATEMENT OF THE YEAR</b>	<b>135,550</b>	<b>143,143</b>
<b>Attributable to:</b>		
Equity holders of the Parent	135,549	143,142
Minority Interest	1	1
	135,550	143,143

# [16] CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders					Total MM\$
	Capital MM\$	Reserves MM\$	Mark-to- Market account MM\$	Retained earnings MM\$	Minority interest MM\$	
<b>As of January 1, 2007</b>	<b>248,223</b>	<b>216,175</b>	<b>3,048</b>	<b>120,153</b>	<b>1</b>	<b>587,600</b>
Net change available for sale after tax	-	-	(4,344)	-	-	(4,344)
Net change cash flow hedge after tax	-	-	-	-	-	-
Differences in translation of currencies (Miami)	-	-	63	-	-	63
Net adjustment to equity	-	-	(4,281)	-	-	(4,281)
Net income	-	-	-	135,376	-	135,376
Total income for 2007	-	-	(4,281)	135,376	-	131,095
Dividends paid	-	(54,373)	-	-	-	(54,373)
Reserves capitalization	251,777	(251,777)	-	-	-	-
Allocation to General banking allowances	-	-	-	-	-	-
Allocation to Legal reserve	-	120,153	-	(120,153)	-	-
Price-level restatement	18,369	21,245	-	-	-	39,614
<b>As of December 31, 2007</b>	<b>518,369</b>	<b>51,423</b>	<b>(1,233)</b>	<b>135,376</b>	<b>1</b>	<b>703,936</b>
<b>Restated balances for comparison purposes</b>	<b>564,503</b>	<b>55,999</b>	<b>(1,342)</b>	<b>147,424</b>	<b>1</b>	<b>766,585</b>
<b>As of January 1, 2008</b>	<b>518,369</b>	<b>51,423</b>	<b>(1,233)</b>	<b>135,376</b>	<b>1</b>	<b>703,936</b>
Net change available for sale after tax	-	-	(16,201)	-	-	(16,201)
Net change cash flow hedge after tax	-	-	-	-	-	-
Difference in translation of currencies (Miami)	-	-	(306)	-	-	(306)
Net adjustment to equity	-	-	(16,507)	-	-	(16,507)
Net income	-	-	-	152,057	-	152,057
Total income for 2008	-	-	(16,507)	152,057	-	135,550
Dividends for 2008 (minimum dividend allowances)	-	-	-	(45,617)	-	(45,617)
Dividends paid	-	(61,294)	-	-	-	(61,294)
Reserves capitalization	-	-	-	-	-	-
Allocation to General banking allowances	-	-	-	-	-	-
Allocation to Legal reserve	-	135,376	-	(135,376)	-	-
Price-level restatement	46,134	11,542	-	-	-	57,676
<b>As of December 31, 2008</b>	<b>564,503</b>	<b>137,047</b>	<b>(17,740)</b>	<b>106,440</b>	<b>1</b>	<b>790,251</b>

The accompanying Notes 1 to 20 are an integral part of these consolidated financial statements.



## CONSOLIDATED CASH FLOW STATEMENT

As of December 31

	2008 MM\$	2007 MM\$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net income for the year	152,057	147,424
Minority Interest	1	1
Gain (loss) on sale of premises and equipment	992	(176)
Gain on investment sale	(6,259)	(9,155)
Depreciation and Amortization	27,019	26,074
Allowances for doubtful assets	93,678	56,476
General allowances	15,067	2,124
Provisions for changes in market value investments	2,552	1,489
Net (income) loss from investments in companies and Miami	7,741	8,651
Net gain on sales of assets received in lieu of payment	(1,070)	(7,401)
Write-off of assets received in lieu of payment	621	1,287
Price-level restatements	28,217	20,735
Income tax and deferred tax	31,280	28,812
Other decrease	23,540	(18,616)
Net increase (decrease) in other assets and liabilities	(25,880)	(22,423)
<b>Operating cash flow</b>	<b>349,556</b>	<b>235,302</b>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>		
Net increase in loans and receivables	(1,207,358)	(794,738)
Net (increase) decrease in investments	38,624	(23,500)
Net increase in instruments available for sale	(338,616)	(75,029)
Purchases of premises and equipment	(37,662)	(18,275)
Sales of premises and equipment	4,135	209
Investments in companies	(3,622)	(20,413)
Sales of premises and equipment	6,259	16,741
Dividends received on investments	475	1,594
Sale of assets received in lieu of payment	2,100	13,804
Net change in other assets	(31,943)	(21,829)
Net change in other liabilities	29,793	26,245
<b>Cash used in investment activities</b>	<b>(1,537,815)</b>	<b>(895,191)</b>
<b>CASH FLOWS FROM FINANCIAL ACTIVITIES</b>		
Increase in other deposits and obligations at sight	87,430	130,189
Increase in deposits and borrowings	738,599	399,903
Decrease in obligations with Banks	(5,343)	(300,751)
Increase (decrease) in other financial obligations	53,406	(136,553)
Decrease in repurchase agreements	(26,381)	(232,992)
Loans received from Central Bank of Chile (long term)	439,554	53
Repayment of loans from Central Bank of Chile (long term)	(352,476)	(339)
Issue of mortgage-funding notes	-	434
Redemptions of mortgage-funding notes	(53,315)	(56,253)
Bond issues	126,966	294,544
Bond redemptions	(7,838)	(30,964)
Foreign borrowings at long term	4,458,394	1,557,121
Repayment of long term borrowings	(4,195,083)	(1,152,696)
Dividends paid	(61,294)	(54,373)
<b>Cash from financial activities</b>	<b>1,202,619</b>	<b>417,323</b>
<b>Total net increase (decrease) in cash and cash equivalent</b>	<b>14,360</b>	<b>(242,566)</b>
Effect of inflation on cash and cash equivalent	(56,137)	(17,419)
<b>CHANGE IN CASH AND CASH EQUIVALENT</b>	<b>(41,777)</b>	<b>(259,985)</b>
<b>BEGINNING-OF- THE-YEAR CASH, AND CASH EQUIVALENT</b>	<b>835,017</b>	<b>1,095,002</b>
<b>END-OF-THE-YEAR CASH, AND CASH EQUIVALENT</b>	<b>793,240</b>	<b>835,017</b>

The accompanying Notes 1 to 20 are an integral part of these consolidated financial statements.

# [16] CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2008 AND 2007

## NOTE 1 SIGNIFICANT ACCOUNTING PRINCIPLES APPLIED

### a) Information provided

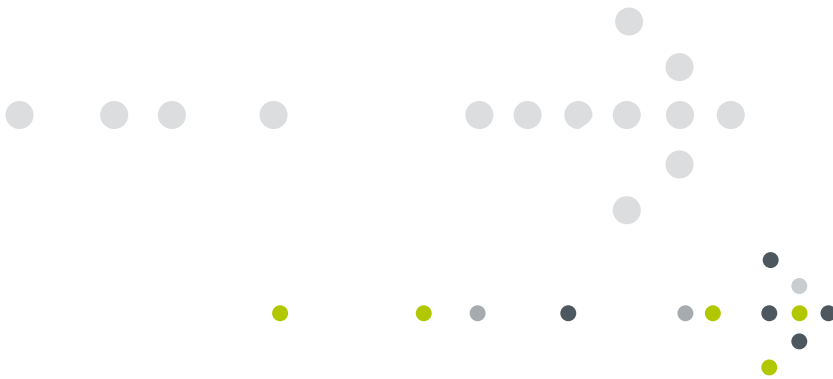
These consolidated financial statements have been prepared in accordance with the accounting standards of the Superintendency of Banks and Financial Institutions (Sbif), which, in the case of the present statements, conform with accounting principles generally accepted in Chile.

The preparation of the financial statements require management to make certain estimates and assumptions that affect the reported balances of assets and liabilities, and the showing of contingencies with respect to assets and liabilities at the date of the financial statements, as well as the revenues and expenses during the year. The actual results may differ from these estimates.

The consolidated integral income statement includes the consolidated net income for the year and the integral income or loss recognized under the equity of the Bank for the differences in currency translations of Bci Miami, and the net change available for sale. The results considered for the distribution of shareholders' dividends correspond to the consolidated net income for the year of the consolidated income statement.

### b) Consolidated subsidiaries

The consolidated financial statements include the assets, liabilities and results of the Bank, Bci Miami and the following subsidiaries:





Subsidiary	Direct		Indirect	
	2008	2007	2008	2007
Análisis y Servicios S.A.	99.00	99.00	1.00	1.00
Bci Asset Management Administradora de Fondos S.A. ex - Bci Administradora de Fondos Mutuos S.A. (1)	99.90	99.90	0.10	0.10
Bci Asesoría Financiera S.A.	99.00	99.00	1.00	1.00
Bci Corredor de Bolsa S.A.	99.95	99.95	0.05	0.05
Bci Corredores de Seguros S.A. ex - Genera Corredores de Seguro Ltda. (2)	99.00	99.00	1.00	1.00
Bci Factoring S.A.	99.97	99.97	0.03	0.03
Bci Securitizadora S.A.	99.90	99.90	0.10	0.10
Bci Administradora General de Fondos S.A.	99.90	99.90	0.10	0.10
Banco de Crédito e Inversiones Sucursal Miami	100.00	100.00	-	-
Servicio de Normalización y Cobranza-Normaliza S.A. ex - Servicios de Cobranza Externa Ltda. (3)	99.90	99.90	0.10	0.10

(1) On March 24, 2008, The Superintendency of Securities and Insurance approved the reform of the by-laws of "Bci Administradora de Fondos Mutuos S.A." under resolution N° 164, thus becoming a General Funds Management in accordance with Law N° 18,045, as a consequence, on April 9, 2008, "Bci Administradora de Fondos Mutuos S.A." changed its name to "Bci Asset Management Administradora General de Fondos S.A."

Holding

(2) On June 1, 2007, the Bank sold to Genera Corredores de Seguros Ltda., its 99% outstanding stock in Bci Corredores de Seguros S.A. On the same date, Genera Corredores de Seguros Ltda., merged with Bci Corredores de Seguros S.A., changed its name and became a closely-held corporation with the name of Bci Corredores de Seguros S.A.

(3) On May 8, 2007, the Bank sold to Servicios de Cobranza Externa Ltda., its 99% outstanding stock in Compañía de Normalización de créditos Normaliza S.A. On the same date, Servicios de Cobranza Externa Ltda., merged with Compañía de Normalización de Créditos Normaliza S.A., changed its name and became a closely-held corporation with the name of Compañía de Normalización de Créditos Normaliza S.A.

The combined assets and revenues of the subsidiaries represent 3.63% (2.45% in 2007) and 13.23% (5.12% in 2007) respectively of the consolidated financial statements.

The effects of the unrealized results arising from transactions with the subsidiaries have been eliminated and the participation of minority investors is shown as Minority Interest in the statement of income.

For consolidation purposes, the financial statements of Bci Miami have been translated to Chilean pesos at the exchange rate of Ch\$641.50 (Ch\$497.85 in 2007) per US dollar, in accordance with the terms of Technical Bulletin N° 64 of the Chilean Guild of Accountants relating to the valuation of investments abroad in economically-stable countries.

# [16] CONSOLIDATED FINANCIAL STATEMENTS

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### AS OF DECEMBER 31, 2008 AND 2007

#### c) Interests and Indexation Adjustments

Loans and accounts receivables, and investments and obligations include their respective interest and indexation adjustments accrued to the year-end.

However, the Bank has followed a prudent policy of suspending the accrual of interest and indexation adjustments on accounts receivables and non-performing and doubtful outstanding loans.

#### d) Price-level restatements

Shareholders' equity, premises, equipment and investments, and other non-monetary balances have been restated based on variations in the Consumer Price Index. These restatements resulted in a net charge to income of MM\$28,217 (MM\$20,735 in 2007). Items in the Statement of Income have not been restated.

The figures for 2007 have been restated by 8.9% and certain reclassifications have been made for comparison purposes.

#### e) Foreign Currencies

Foreign currency assets and liabilities of the Bank are shown at their equivalent value in Chilean pesos calculated at the exchange rate of Ch\$641.50 per US\$ 1 as of December 31, 2008 and the Subsidiaries regulated by the Sbfif at the exchange rate informed by it of Ch\$ 629.11 per US\$1. As of December 31, 2007, the foreign currency assets and liabilities of the Bank were shown at their equivalent in Chilean pesos calculated at the exchange rate of Ch\$497.85 per US\$1; and its subsidiaries regulated by the Sbfif were shown at the informed exchange rate of Ch\$495.82 per US\$1. These exchange rate do not differ significantly from the exchange rate applied by the subsidiaries regulated by the Superintendency of Securities and Insurance. The charge to income of MM\$139,851 in 2008 (charge of MM\$30,574 in 2007) relate to the net exchange gain/loss, including both the results of foreign exchange trading and the effect of the exchange rate on foreign currency assets and liabilities.

#### f) Trading Instruments

Trading instruments correspond to those acquired with the intention of making gains from short-term price fluctuations or through trading margins, or which are included in a portfolio where there exists a pattern of taking short-term gains.

Trading instruments are shown at their fair value according to market prices at the closing of the balance sheet. Gains or losses deriving from adjustments to their fair market value, and also the results of their trading activities, are included in Gain (loss) from prices differences in the statement of income. Accrued interest and indexation adjustments are shown as Income from interest and indexation adjustments.

All purchases and sales of securities for trading that should be delivered within the term established in the market regulations or customs are booked on the date of trading which is the date that commits the purchase or sale of the asset. Any other purchase or sale is treated as a forward until its liquidation.

#### g) Financial derivative products

Financial derivative contracts, which include foreign currency and forwards in UFs, interest rate futures, currency and interest rate swaps and other derivative instruments are shown initially in the consolidated balance sheet at cost (included trading costs) and are later valued at their fair value. The fair value is obtained from market quotes, discounted cash flow models and option valuation models. Derivative contracts are reported as an asset when its fair value is positive and as a liability when is negative, under the heading financial derivative contracts.

Certain derivatives included in other financial instruments are treated as separate derivatives when their risks and characteristics are not closely related to those of the principal contract and this is not recorded as its fair value with its unrealized gains and losses included in the results.

At the time of closing a derivative contract, this should be assigned by the Bank as a derivative instrument for trading or for hedging of it accounts.



Changes in the fair value of financial derivative contracts held for trading are included in Net gain (loss) from financial operations in the consolidated income statement.

If the derivative instrument is classified for hedging accounts, this corresponds to the hedging of the fair value of existing assets or liabilities, or of firm commitments.

The hedging relationship for purposes of accounting for the hedge should meet the following conditions: (a) at the time of starting the hedge, the hedging relationship has been formally documented; (b) it is expected that the hedge will be highly effective; (c) the effectiveness of the hedge can be measured in a reasonable way, and (d) the hedge is highly effective in relation to the risk hedged, in a continuous way or throughout the hedge relationship.

Certain transactions with derivatives that do not qualify for being booked as hedging derivatives are treated and reported as derivatives for trading, even when providing an effective hedge for the management of risk positions.

When a derivative covers exposure to changes in the fair value of an existing asset or liability item, the latter is recorded at its fair value in relation to the specific risk hedged. The gains or losses resulting from marking to fair value, both the item hedged and the hedging derivative, are shown in the results for the year.

If the item hedged in a fair value hedge is a firm commitment, the changes in fair value of the commitment with respect to the risk hedged are shown as assets or liabilities with effect in the results of the year. Gains or losses from the marking to fair value of the hedge derivative, are shown with effect on the results for the year. When an asset or liability is acquired as a result of the commitment, the initial recording of the asset or liability required is adjusted to incorporate the accumulated effect of the mark-to-market of the firm commitment that was recorded in the consolidated balance sheet.

When a hedge of fair value of interest rates is made and the item covered is an amount of currency instead of individual assets or liabilities, the gains or losses from measuring to fair value, both of the portfolio hedged and the hedge derivative,

are recognized with effect on the results for the year, but the measurement of fair value of the portfolio hedged is shown in the balance sheet under Other assets and Other liabilities, according to the position of the portfolio hedged at a moment in time.

#### h) Investment Instruments

Investment instruments are classified in two categories: Investments held to maturity or Investments available for sale. Investments held to maturity only include those instruments where the Bank has the capacity and intent to hold them until their maturity date. The Bank and its subsidiaries do not hold any of these types of instruments as of December 31, 2008 and 2007. The other investment instruments are considered available for sale.

Investment Instruments are initially shown at cost. Instruments available for sale are later valued at their fair value according to market prices or valued through the use of models. Unrealized gains or losses caused by a change in their fair value are shown as a charge or credit to equity accounts. When these investments are sold or matured or are impaired, the amount of the adjustments to fair value accumulated in the equity is transferred to results as Net gain (loss) of financial operations.

Investments held to maturity are shown at cost plus accrued interest and indexation adjustments, less allowances for impairment made when their booked amount is higher than the estimated recovery value.

Interest and indexation adjustments on Instruments available for sale are included under Interest and Indexation adjustment income.

Purchase and sale of investment instruments that should be delivered within the term established by market regulations or standards are accounted for on the trading date in which they are committed. Other purchases or sales are treated as forwards until their liquidation.

# [16] CONSOLIDATED FINANCIAL STATEMENTS

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### AS OF DECEMBER 31, 2008 AND 2007

#### i) Leasing contracts

The item shows the nominal value of all outstanding leasing contracts net of non-accrued interest and value added tax.

Assets acquired for leasing operations are shown at their restated cost under Other assets.

#### j) Premises and equipment

Premises and equipment are shown at restated cost and net of depreciation. Depreciation is calculated by the straight-line method over the estimated useful lives of the respective assets.

#### k) Investment in companies

Shares and rights in companies in which the Bank owns at least 10% of the capital, or has the right to elect or appoint a director or manager, and shares quoted on stock exchanges, are valued using the proportional equity method.

Those investments representing a holding of less than 10% are valued at restated cost.

Foreign investments have been valued in accordance with Technical Bulletin N° 64 of the Chilean Guild of Accountants generating a conversion difference credit of MM\$2,093 (credit of MM\$1,431 in 2007) which has been fully absorbed by the exchange difference of the liabilities contracted in each year and assigned to hedge the exchange exposure to these investments.

Any increase or decrease in values are amortized over a period of 10 years.

#### l) Allowances for doubtful assets

The Bank has made the necessary allowances to cover eventual losses on doubtful assets as required by the Superintendency of Banks and Financial Institutions (Note 10). Allowances for loans and accounts receivable are shown net of the respective asset balance.

The subsidiaries have made allowances based on the specific regulations applicable to them and a critical analysis of their doubtful assets.

#### m) Deferred taxes

The effects of deferred taxes caused by timing differences between the tax and financial treatment of accounts have been shown on an accrual basis taking into account the tax base in force at the expected time of their reversal, in accordance with Technical Bulletin N° 60 of the Chilean Guild of Accountants.

#### n) Vacation of Staff

The annual cost of staff vacation and benefits are shown on an accrual basis.

#### o) Statement of cash flows

In accordance with specific regulations applicable to financial institutions, cash and deposits in Banks, interbank currency clearing accounts, highly liquid financial instruments and repurchase agreements are considered as cash and cash equivalents.



## NOTE 2 ACCOUNTING CHANGES

The Superintendency of Banks and Financial Institutions has established a new Accounting Standards Compendium which must be applied to meet the Internacional Financial Reporting Standards. The following will be the main impacts:

### a) Accounting changes effected during 2008

As of December 2008, the Bank showed MM\$45,617 in its liability as allowances for the payment of minimum dividends, thus lowering the retained earnings that are part of the equity. Until 2007, dividends were reflected at the date of the agreement of the corresponding Ordinary Shareholders' Meeting. The change had no effect in the results.

### b) Presentation formats used starting in 2008

In 2008, the Sbif established new presentation formats for the yearly financial statements. The application of these new formats only affects the presentation of the current financial statements and involves no other changes in the accounting criteria applied by the Bank. For comparison purposes, the financial statements of 2007 have been modified in accordance with the new format.

### c) Standards that will be applied starting in 2009

In addition, in 2009, banks must apply the new standards established by the Sbif in the Compendium and, for matters not expressly referred to in such document, IFRS standards must be applied otherwise. These new criteria include among other issues a) the elimination of the price-level restatement mechanism; b) changes in certain criteria for determining credit risk allowances; c) the option of revaluating fixed assets at the date the new standards are applied for the first time; d) loan interests accrual at an effective rate, and e) changes in and the implementation of additional revelations in the notes to the financial statements.

These changes will create adjustments on the equity accounts balances of the Bank as of January 1, 2009, as well as affect results in coming years. Likewise, for comparison purposes, the financial statements of 2008 must also be presented in

accordance with the new criteria, thus differing from those presented here. At the date these financial statements were released, the Bank was in the process of elaborating the information that permits, with reasonable objectivity, to estimate the definitive adjustments which must be reflected in those upcoming financial statements.

## NOTE 3 SIGNIFICANT EVENTS

As of December 31, 2008, there have been no significant events which may have influenced or may influence considerably either the activities of the Bank or the financial statements. .



# [16] CONSOLIDATED FINANCIAL STATEMENTS

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2008 AND 2007

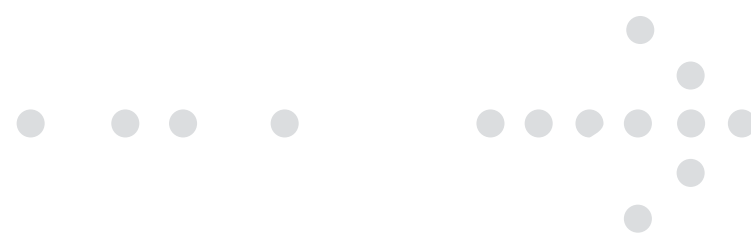
### NOTE 4 CASH AND CASH EQUIVALENT

The detail of the balances included under cash and cash equivalent is as follows:

	As of December 31	
	2008 MM\$	2007 MM\$
<b>Cash and deposits in banks:</b>		
Cash	177,966	140,569
Deposits in the Central Bank of Chile	131,649	272,691
Deposits in national banks	2,316	874
Deposits abroad	214,304	131,722
<b>Subtotal – Cash and deposits in banks</b>	<b>526,235</b>	<b>545,856</b>
Interbank currency clearing accounts	156,568	173,152
Highly liquid financial instruments	76,571	46,629
Repurchase agreements	33,866	69,380
<b>Total cash and cash equivalent</b>	<b>793,240</b>	<b>835,017</b>

The level of funds in cash and in the Central Bank of Chile is due to regulations on cash reserve the Bank must keep as an average on a monthly basis.

Interbank currency clearing accounts are transactions whose settlement will increase or decrease funds in the Central Bank of Chile or in banks abroad, usually within 12 or 24 labor hours which is detailed as follows:





	As of December	
	2008 MM\$	2007 MM\$
<b>Assets</b>		
Checks in process of clearing	124,617	161,003
Funds receivable	95,523	33,293
<b>Subtotal assets</b>	<b>220,140</b>	<b>194,296</b>
<b>LIABILITIES</b>		
Funds payable	63,572	21,144
<b>Subtotal liabilities</b>	<b>63,572</b>	<b>21,144</b>
Interbank currency clearing account	156,568	173,152

## NOTE 5 TRADING INSTRUMENTS

The detail of the instruments assigned as financial instruments for trading is as follows:

	As of December 31	
	2008 MM\$	2007 MM\$
<b>Government and Central Bank Instruments</b>		
Instruments of Central Bank of Chile	280,143	376,074
Instruments of the General Treasury of the Republic	18,857	41
Other fiscal instruments	4,453	47
<b>Subtotal</b>	<b>303,453</b>	<b>376,162</b>
<b>Other financial Instruments</b>		
Promissory notes for deposits in Chilean banks	244,772	227,710
Mortgage bonds of Chilean banks	22,190	10,594
Bonds from other Chilean companies	3,193	3,799
Other instruments issued in Chile	68,353	49,230
Other foreign instruments	2,122	15,212
<b>Subtotal</b>	<b>340,630</b>	<b>306,545</b>
<b>Total</b>	<b>644,083</b>	<b>682,707</b>

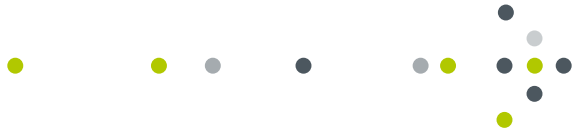
**[16]** **CONSOLIDATED FINANCIAL STATEMENTS**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF DECEMBER 31, 2008 AND 2007**

**NOTE 6**  
**FINANCIAL DERIVATIVES**

The Bank and its subsidiaries use the following derivative instruments for accounting hedging and trading:

As of December 31, 2008

	Type of hedging	Notional amount of contract with final expiry in			Fair Value	
		Less than 3 months MM\$	3 months to 1 year MM\$	More than 1 year MM\$	Assets MM\$	Liabilities MM\$
<b>Derivatives held for hedging activities</b>						
Interest rate swaps	(FV)	-	(19,885)	(93,423)	(8,099)	(8,099)
Interest rate forwards	(FV)	-	-	-	-	-
<b>Total assets / (liabilities) for derivatives held as hedge</b>		<b>-</b>	<b>(19,885)</b>	<b>(93,423)</b>	<b>920</b>	<b>(8,099)</b>
<b>Derivatives held for trading</b>						
Currency forwards		5,556,170	3,171,861	173,699	455,693	(395,574)
Interest rate swaps		(39,804)	(90,565)	182,286	(94,646)	(94,646)
Currency and rate swaps		121,810	212,945	411,208	(31,957)	(31,957)
Interest rate futures		26,171	13,840	39,634	1,683	(872)
<b>Total assets / (liabilities) for derivatives held for trading</b>		<b>5,664,347</b>	<b>3,308,081</b>	<b>806,827</b>	<b>582,235</b>	<b>(523,049)</b>
<b>Total assets/(liabilities) for financial derivatives</b>		<b>5,664,347</b>	<b>3,288,196</b>	<b>713,404</b>	<b>583,155</b>	<b>(531,148)</b>



As of December 31, 2007

	Type of hedging	Notional amount of contract with final expiry in			Fair value	
		Less than 3 months MM\$	3 months to 1 year MM\$	More than 1 year MM\$	Assets MM\$	Liabilities MM\$
<b>Derivatives held for hedging activities</b>						
Interest rate swaps	(VR)	-	36,710	186,970	1,806	(1,601)
<b>Total assets/(liabilities) for derivatives held as hedge</b>		<b>-</b>	<b>36,710</b>	<b>186,970</b>	<b>1,806</b>	<b>(1,601)</b>
<b>Derivatives held for trading</b>						
Currency forwards	4,097,402	3,720,473	739,162	110,100	(127,366)	(127,366)
Interest rate swaps	115,147	47,772	(55,965)	97,391	(95,094)	(95,094)
Currency and rate swaps	6,411	122,954	430,157	19,176	(11,964)	(11,964)
Interest rate futures	-	109,300	-	728	(211)	(211)
<b>Total assets/(liabilities) for derivatives held for trading</b>		<b>4,218,960</b>	<b>4,000,499</b>	<b>1,113,354</b>	<b>227,395</b>	<b>(234,635)</b>
<b>Total assets/(liabilities) for financial derivatives</b>		<b>4,218,960</b>	<b>4,037,209</b>	<b>1,300,324</b>	<b>229,201</b>	<b>(236,236)</b>

# [16] CONSOLIDATED FINANCIAL STATEMENTS

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2008 AND 2007

### NOTE 7 INVESTMENT INSTRUMENTS

#### a) Investments available for sale

The detail of the instruments the Bank and its subsidiaries have assigned as available for sale is as follows:

	As of december 31	
	2008 MM\$	2007 MM\$
<b>Instruments of the Government and Central Bank of Chile:</b>		
Instruments of the Central Bank of Chile	290,052	67,236
Instruments of the General Treasury of the Republic	340	709
Other fiscal instruments	12,003	14,742
<b>Subtotal</b>	<b>302,395</b>	<b>82,687</b>
<b>Other Financial Instruments:</b>		
Promissory notes for deposits in Chilean banks	167,420	89,531
Mortgage bonds of Chilean banks	42,390	40,786
Bonds from Chilean banks	16,117	4,789
Bonds from other Chilean companies	104,406	75,091
Other instruments issued in Chile	19	11
Other foreign instruments	175,262	134,940
<b>Subtotal</b>	<b>505,614</b>	<b>345,148</b>
<b>Total</b>	<b>808,009</b>	<b>427,835</b>

As of December 31, 2008, the portfolio of instruments available for sale includes a net unrealized loss of MM\$16,201 (net unrealized loss of MM\$4,344 in 2007) shown as valuation adjustments in the equity.

#### b) Investments held to maturity

The Bank has assigned no investments to be held to maturity as of December 31, 2008 and 2007.



## NOTE 8 INVESTMENTS IN COMPANIES

The consolidated balance sheet shows Investments in companies amounting to MM\$43,217 (MM\$39,080 in 2007) as follows:

COMPANY	Bank's Stake		Equity of the Company		Investment Value		Accrued Results	
	2008 %	2007 %	2008 MM\$	2007 MM\$	2008 MM\$	2007 MM\$	2008 MM\$	2007 MM\$
AFT S.A.	20,00	20,00	2.843	4.468	569	894	180	(2.728)
Centro de Compensación								
Automático ACH Chile	33,33	33,33	913	897	304	299	28	41
Sociedad Interbancaria de								
Depósitos de Valores S.A.	7,03	7,03	1.343	1.333	94	94	18	18
Transbank S.A.	8,72	8,72	6.794	6.153	592	537	138	83
Redbanc S.A.	12,71	12,71	4.400	4.289	559	545	55	83
Servipag S.A.	50,00	50,00	5.307	4.272	2.654	2.136	518	367
Artikos Chile S.A.	50,00	50,00	711	503	355	252	104	59
Nexus S.A.	12,90	12,90	4.106	5.095	530	657	104	129
Combanc S.A.	11,52	11,52	3.613	3.960	416	456	66	53
Bolsa de Comercio de Santiago	2,08	2,08	18.492	17.350	385	361	97	31
Bolsa Electrónica de Santiago	2,44	2,50	4.096	3.697	100	92	6	4
Bolsa de Comercio de Valparaíso	1,67	1,66	670	663	11	11	-	-
Cámara de Compensación –								
Bolsa de Comercio de Santiago	0,15	0,15	2.790	2.780	4	4	-	-
Swift Shares					14	14	-	-
Credicorp Ltda. shares(1)					35.872	32.077	1.055	10.243
Visa Inc. shares(2)					-	-	5.205	-
Bladex shares					239	239	18	33
Other shares					519	883	149	254
Allowances on investment					-	(471)	-	(19)
<b>Total</b>					<b>43,217</b>	<b>39,080</b>	<b>7,741</b>	<b>8,651</b>

# [16] CONSOLIDATED FINANCIAL STATEMENTS

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2008 AND 2007

(1) In 2008, the Bank acquired shares in Credicorp for an amount of MM\$3,622 (MM\$18,392 in 2007). It also sold shares in 2007 generating profits for MM\$9,155.

(2) In 2008, the Bank sold Visa Inc. shares generating profits for MM\$5,134. No acquisition of shares was recorded during the year.

### NOTE 9 OTHER ASSETS

The detail of other assets is as follows:

	As of December 31	
	2008 MM\$	2007 MM\$
<b>Assets held for leasing</b>	46,897	53,314
<b>Assets received in lieu of payment or foreclosure:</b>		
Assets received in lieu of payment	180	151
Assets received in foreclosure sale	1,226	1,127
<b>Subtotal</b>	<b>1,406</b>	<b>1,278</b>
<b>Other assets:</b>		
Deposits	2,436	1,816
Investments in gold	2,532	2,055
VAT prepaid taxes	8,614	7,195
Prepaid expenses	38,031	21,131
Deferred commissions	30,107	24,797
Leasing assets recovered held for sale	44	362
Mark-to-market adjustments on macro hedge	5,538	521
Accounts receivable from related companies	340	290
Other assets	52,440	43,683
<b>Subtotal</b>	<b>140,082</b>	<b>101,850</b>
<b>Total</b>	<b>188,385</b>	<b>156,442</b>

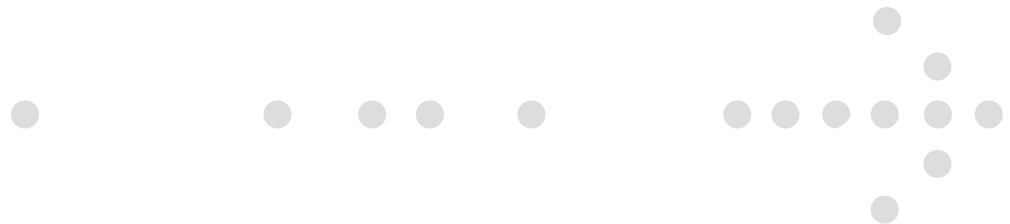
**NOTE 10  
 ALLOWANCES**

a) Allowances for credit risk

The result corresponding to credit risk allowances shown in the Consolidated Balance Sheet is as follows:

Loans and accounts receivable as of December 31, 2008

	Due from banks MM\$	Commercial loans MM\$	Mortgage loans MM\$	Consumer loans MM\$	Contingent loans MM\$	Total MM\$
<b>Allowances allocation:</b>						
Individual allowances	-	(36,550)	-	(27,161)	(618)	(64,329)
Group allowances	-	(46,268)	(1,063)	(54,869)	-	(102,200)
<b>Result for allocation of allowances</b>	<b>-</b>	<b>(82,818)</b>	<b>(1,063)</b>	<b>(82,030)</b>	<b>(618)</b>	<b>(166,529)</b>
<b>Allowances release:</b>						
Individual allowances	299	22,208	-	-	145	22,652
Group allowances	-	11,456	-	8,257	655	20,368
<b>Result for release of allowances</b>	<b>299</b>	<b>33,664</b>	<b>-</b>	<b>8,257</b>	<b>800</b>	<b>43,020</b>
Recovery of write-offs	-	7,980	-	21,851	-	29,831
<b>Net result</b>	<b>299</b>	<b>(41,174)</b>	<b>(1,063)</b>	<b>(51,922)</b>	<b>182</b>	<b>(93,678)</b>



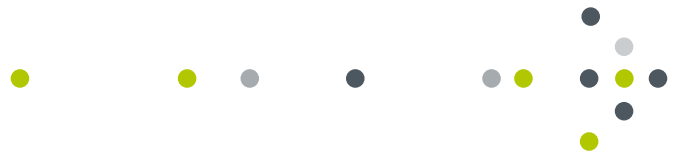
**[16]** **CONSOLIDATED FINANCIAL STATEMENTS**  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 AS OF DECEMBER 31, 2008 AND 2007

Loans and accounts receivable as of December 31, 2007

	Due from banks MM\$	Commercial loans MM\$	Mortgage loans MM\$	Consumer loans MM\$	Contingent loans MM\$	Total MM\$
<b>Allowances allocation:</b>						
Individual allowances	(4)	(15,209)	-	(23,135)	(95)	(38,443)
Group allowances	-	(30,104)	(458)	(43,901)	(381)	(74,844)
<b>Result for allocation of allowances</b>	<b>(4)</b>	<b>(45,313)</b>	<b>(458)</b>	<b>(67,036)</b>	<b>(476)</b>	<b>(113,287)</b>
<b>Allowances release:</b>						
Individual allowances	233	18,159	-	-	158	18,550
Group allowances	-	-	876	9,625	-	10,501
<b>Result for release of allowances</b>	<b>233</b>	<b>18,159</b>	<b>876</b>	<b>9,625</b>	<b>158</b>	<b>29,051</b>
Recovery of write-offs	-	7,950	-	19,810	-	27,760
<b>Net result</b>	<b>229</b>	<b>(19,204)</b>	<b>418</b>	<b>(37,601)</b>	<b>(318)</b>	<b>(56,476)</b>

Allowances for contingent loans referred to operations shown in Note 15.

At the closing of 2007 and 2008, assets covered by credit risk allowances are as follows:





As of December 31, 2008

	Assets before allowances MM\$	Allocated allowances MM\$	Net asset MM\$
<b>Loans and accounts receivable:</b>			
Commercial loans	6,646,473	(70,608)	6,575,865
Mortgage loans	1,690,214	(3,817)	1,686,397
Consumer loans	1,003,813	(57,395)	946,418
<b>Total</b>	<b>9,340,500</b>	<b>(131,820)</b>	<b>9,208,680</b>
<b>Due from banks</b>	<b>189,206</b>	<b>(118)</b>	<b>189,088</b>

As of December 31, 2007

	Assets before allowances MM\$	Allocated allowances MM\$	Net asset MM\$
<b>Loans and accounts receivable:</b>			
Commercial loans	5,669,545	(46,832)	5,622,713
Mortgage loans	1,442,282	(3,000)	1,439,282
Consumer loans	992,895	(43,441)	949,454
<b>Total</b>	<b>8,104,722</b>	<b>(93,273)</b>	<b>8,011,449</b>
<b>Due from banks</b>	<b>282,045</b>	<b>(453)</b>	<b>281,592</b>

**[16]** **CONSOLIDATED FINANCIAL STATEMENTS**  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 AS OF DECEMBER 31, 2008 AND 2007

b) Other allowances

Allowances shown in the liability are as follows:

	As of December 31	
	2008 MM\$	2007 MM\$
<b>Allowances for benefits and personnel salaries</b>		
Allowances for other benefits	5,928	6,647
Allowances for vacation	6,892	6,892
<b>Subtotal</b>	<b>12,820</b>	<b>13,539</b>
<b>Allowances for minimum dividend</b>	45,617	-
<b>Allowances for contingent loans risk</b>		
Stand-by Letters of Credit	519	569
Confirmed Letters of Credit	41	52
Documentary Letters of Credit issued	303	610
Bid Bonds	2,337	2,452
<b>Subtotal</b>	<b>3,200</b>	<b>3,683</b>
<b>Allowances for contingencies</b>		
Allowances for country risk	1,775	1,599
Additional allowances for loans and accounts receivable	30,467	16,771
Other allowances for contingencies	4,058	4,393
<b>Subtotal</b>	<b>36,300</b>	<b>22,763</b>
<b>Total</b>	<b>97,937</b>	<b>39,985</b>



## NOTE 11 INCOME TAX AND DEFERRED TAXES

### a) Income tax

The allowance for First Category Income tax was calculated under current legislation and the respective liability is shown for MM\$37,443 (MM\$21,570 in 2007), presented under current taxes net of monthly tax prepayments made of MM\$65,320 (MM\$35,511 in 2007).

### b) Deferred taxes

Deferred tax balances are as follows:

	As of December 31	
	2008 MM\$	2007 MM\$
<b>Assets</b>		
Allowance for doubtful assets	33,308	21,107
Allowance for vacation and personnel bonuses	1,696	1,659
Securities trading	5,479	1,171
Net leasing contracts	-	1,326
Derivative contracts	-	1,975
Other	9,419	<b>7,163</b>
<b>Total assets</b>	<b>49,902</b>	<b>34,401</b>
<b>Liabilities</b>		
Premises and equipment	3,002	2,832
Deferred expenses	10,740	5,739
Subordinated bonds	5,611	16,441
Net leasing contracts	6,888	-
Derivative contracts	6,124	-
Other	2,171	494
<b>Total liabilities</b>	<b>34,536</b>	<b>25,506</b>
Net balance of deferred taxes booked	15,366	8,895

### c) Effect on results

	As of December 31	
	2008 MM\$	2007 MM\$
Allowance for income tax	(37,443)	(21,570)
Deferred tax	6,471	(6,795)
Other		(308)
<b>Total</b>	<b>(31,280)</b>	<b>(28,812)</b>

# [16] CONSOLIDATED FINANCIAL STATEMENTS

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2008 AND 2007

### NOTE 12 SHAREHOLDER'S EQUITY

#### a) Shareholder's equity

On April 15, 2008, The Ordinary Shareholders' Meeting agreed to distribute a dividend of MM\$61,294 (MM\$ 59,212 on April 24, 2007) equivalent to Ch\$620 per share (Ch\$550 in 2007), on a total of 98,860,310 issued shares, thus leaving a balance of MM\$137,047 in reserves (MM\$55,999 in 2007).

#### b) Capital requirements

The basic capital for 2008 is equivalent to the net amount that must be shown in the financial statements as Shareholders' equity attributable to equity holders, in accordance with the accounting Standards Compendium (equity paid and Bank's reserves in 2007). According to the General Banking Law, the Bank must keep a minimum ratio of Tangible Net Worth to Consolidated Risk Weighted Assets of 8% net of demanded allowances. The Tangible Net Worth is calculated based on the Shareholders' equity and reserves or Basic Capital with the following adjustments: a) subordinated bonds are added up to 50% of the basic capital, b) plus additional allowances, c) minus the balance of assets corresponding to goodwill and d) assets corresponding to investments in unconsolidated subsidiaries. In 2007, allowances allocated for normal risk portfolio were added.

The assets are weighted according to risk categories to which a risk percentage is assigned in accordance with the amount of equity necessary to back those assets. 5 risk categories are applied (0%, 10%, 20%, 60% and 100%). For instance, cash, deposits in other banks and financial instruments issued by the Central Bank of Chile have 0% of risk, which means that according to the current regulation, no equity is needed to back these assets. Fixed assets have 100% of risk which means that a minimum equity of 8% of the amount of those assets is required.



All derivative instruments traded over-the-counter have a restatement factor over notional values, thus obtaining the exposure amount to credit risk (or credit equivalent). Off-balance contingent loans are also considered by a “credit equivalent” for their weighting.

The levels of basic capital and tangible net worth at the end of 2007 and 2008 are as follows:

	Consolidated assets		Risk weighted assets	
	2008 MM\$	2007 MM\$	2008 MM\$	2007 MM\$
<b>On-balance assets (net of allowances)</b>				
Cash and deposits in banks	526,235	545,856	-	-
Interbank currency clearing accounts	220,140	194,296	58,668	28,252
Trading instruments	644,083	682,707	115,330	239,186
Repurchase agreements	33,866	69,380	19,596	69,917
Financial derivatives contracts	583,155	229,201	466,956	167,856
Due from banks	189,088	281,592	176,832	247,089
Loans and accounts receivable	9,208,680	8,011,449	8,414,569	7,524,150
Investment instruments available for sale	808,009	427,835	344,838	329,721
Investments in companies	43,217	39,080	43,217	39,080
Intangibles	81,786	71,937	73,707	71,457
Fixed asset	179,717	161,316	179,717	161,316
Tax	47,114	21,226	46,762	21,084
Deferred taxes	49,902	34,401	4,990	3,440
Other assets	879,299	714,702	188,384	154,192
<b>Off-balance assets</b>				
Contingent loans	747,957	752,237	448,128	411,771
<b>Total risk weighted assets</b>	<b>14,242,248</b>	<b>12,237,215</b>	<b>10,581,694</b>	<b>9,468,511</b>

	Amount		Ratio	
	2008 MM\$	2007 MM\$	2008 %	2007 %
Basic capital	790,250	766,584	5.55	6.26
Tangible net worth	1,176,959	1,071,973	11.12	11.32

# [16] CONSOLIDATED FINANCIAL STATEMENTS

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2008 AND 2007

### NOTE 13 MATURITIES OF ASSETS AND LIABILITIES

#### a) Maturity of financial assets

The following shows the main financial assets by their remaining term to maturity including accrued interests as of December 31, 2008. As these are trading instruments or available for sale, they are shown at their fair value and within the term in which they will be sold.

	Up to 1 year MM\$	More than 1 year to 3 years MM\$	More than 3 years to 6 years MM\$	More than 6 years MM\$	Total MM\$
Trading instruments	520,071	60,052	17,171	46,789	644,083
Repurchase agreements	33,866	-	-	-	33,866
Financial derivative contracts	459,864	123,291	-	-	583,155
Due from banks	177,100	1,675	10,431	-	189,206
Loans and accounts receivable (*)	6,159,418	1,877,101	936,189	175,539	9,148,247
Investment instruments available for sale	684,538	52,039	63,649	7,783	808,009

(\*) Excluding amounts whose maturity date has already expired.

#### b) Maturity of financial liabilities

The following shows the main financial liabilities by their remaining term including accrued interests as of December 31, 2008.

	Up to 1 year MM\$	More than 1 year to 3 years MM\$	More than 3 years to 6 years MM\$	More than 6 years MM\$	Total MM\$
Repurchase agreements	227,414	-	-	-	227,414
Term deposits and borrowings (*)	5,897,877	113,317	1,762	-	6,012,956
Financial derivative contracts	502,993	28,155	-	-	531,148
Obligations with banks	1,430,690	122,615	6,456	-	1,559,761
Debt instruments issued	319,890	170,827	200,485	435,663	1,126,865

(\*) Excluding term savings accounts.



## NOTE 14 TRANSACTIONS WITH RELATED PARTIES

In accordance with the General Banking Law and instructions issued by the Superintendency of Banks and Financial Institutions, individuals and or entities are considered to be related to the ownership or management of the Bank, either directly or through third parties.

### a) Loans granted to related parties

Loans granted to related parties as of December 31 comprise the following:

	Current portfolio		Overdue portfolio		Total		Collateral (*)	
	2008 MM\$	2007 MM\$	2008 MM\$	2007 MM\$	2008 MM\$	2007 MM\$	2008 MM\$	2007 MM\$
Productive companies	121,616	105,158	-	-	121,616	105,158	44,330	31,117
Investment companies	16,304	19,753	-	-	16,304	19,753	173	-
Individuals (**)	13,124	11,596	-	-	13,124	11,596	8,330	7,390
<b>Total</b>	<b>151,044</b>	<b>136,507</b>	<b>-</b>	<b>-</b>	<b>151,044</b>	<b>136,507</b>	<b>52,833</b>	<b>38,507</b>

(\*) The collaterals shown includes only those considered as valid for the calculation of individual credit limits as referred to in Article N° 84 of the General Banking Law, valued for these purposes in accordance with the instructions of the Sbif.

(\*\*) Loans to individuals include only the obligations of persons whose debts are the equivalent of UF 3,000 or higher.

# [16] CONSOLIDATED FINANCIAL STATEMENTS

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2008 AND 2007

### b) Other transactions with related parties

In 2007 and 2008, the Bank has made the following transactions for amounts exceeding UF 1,000 with related parties:

Name	Description	Amount of transaction MM\$	Effect on results	
			Charge MM\$	Credit MM\$
<b>2008</b>				
Bolsa de Comercio de Santiago	Renting of terminals	103	103	-
Centro de Compensación Automática ACH Chile	Clearing services	259	259	-
Compañía de Formularios Continuos Jordan (Chile) S.A.	Form printing	2,678	2,250	-
Operadora de Tarjetas de Crédito Nexus S.A.	Card processing	3,007	3,007	-
Redbanc S.A.	ATMs operation	2,897	2,434	-
Servipag Ltda.	Collection and payment of services	6,243	6,243	-
Transbank S.A.	Credit cards management	4,328	4,328	-
Vigamil S.A.C.	Form printing	147	123	-
Viña Morandé S.A.	Purchase of inputs	39	33	-
<b>2007</b>				
Artikos Chile S.A.	Outsourcing of supplies	465	391	-
BCI Seguros Generales S.A.	Insurance contracted	834	201	-
Compañía de Formularios Continuos Jordan (Chile) S.A.	Form printing	2,515	2,515	-
Galería de Arte Patricia Ready Ltda.	Consulting services	61	61	-
Operadora de Tarjetas de Crédito Nexus S.A.	Card processing	2,912	2,912	-
Redbank S.A.	ATMs operation	2,616	2,198	-
Servipag Ltda.	Collection and payment of services	5,335	5,335	-
Transbank S.A.	Credit cards management	4,403	4,403	-
Vigamil S.A.C.	Form printing	135	114	-
Viña Morandé S.A.	Purchase of inputs	127	107	-

All these transactions were carried out on market conditions prevailing at the time they were made.



## NOTE 15 CONTINGENCIES, COMMITMENTS AND RESPONSIBILITIES

The Bank and its subsidiaries record in their memorandum accounts the following balances related to their business commitments or responsibilities:

### a) Pending litigations

The Bank and its subsidiaries have several pending litigations related to the activities they perform and that, from the management and internal legal advisors standpoint, will not constitute additional liabilities to those recorded by the Bank and its subsidiaries; therefore, the Bank's management has not deemed necessary to allocate additional allowances for these contingencies (Note 10b).

### b) Contingent loans

	As of December 31	
	2008 MM\$	2007 MM\$
Stand-by Letters of Credit	246,860	194,845
Confirmed Letters of Credit	5,308	25,552
Documentary Letters of Credit issued	50,353	89,721
Bid Bonds	445,436	442,119
Available credit lines	3,217,863	1,585,239
Other credit commitments	185,410	235,666
<b>Total</b>	<b>4,151,230</b>	<b>2,573,142</b>

### c) Responsibilities

	As of December 31	
	2008 MM\$	2007 MM\$
Documents for collection	137,912	205,733

## d) Collaterals granted

• *Direct commitments:*

As of December 31, 2008, Bci Corredor de Bolsa S.A. has collaterals for its commitments in stock repos in the Santiago Stock Exchange, Securities Exchange amounting to MM\$18,586 (MM\$ 69,064 in 2007).

As of December 31, 2008, Bci Corredor de Bolsa S.A. maintains collaterals for the appropriate compliance of the settlement of SCL system operations in the Santiago Stock Exchange, Securities Exchange amounting to MM\$424 (MM\$348 in 2007).

As of december 31, 2008, Bci Corredor de Bolsa S.A. maintains collaterals abroad for operations in the international market for MM\$63.

As of December 31, 2008, Bci Corredor de Bolsa S.A. maintains collaterals for the appropriate compliance of short-selling operations in the Santiago Stock Exchange, Securities Exchange amounting to MM\$487.

• *Collaterals for operations:*

As of December 31, 2008, Bci Corredor de Bolsa S.A. maintains a collateral amounting to UF 20,000 to comply with Article N° 30, Law 18,045 to ensure the appropriate and thorough compliance of all the obligations as securities trader and whose beneficiaries are current creditors or future creditors it may have due to its operations as Stockbroker. This collateral corresponds to policy N° 027051 contracted with Mapfre Insurance Company Credit and Collateral on August 19, 2008, which expires on August 19, 2009, and whose representative is the Santiago Stock Exchange, Securities Exchange on behalf of the beneficiaries.

• *Trustworthy insurance:*

As of December 31, 2008, Bci Corredor de Bolsa S.A. has contracted a policy with Bci Corredores de Seguros S.A., which insures Banco de Crédito e Inversiones and its subsidiaries for UF200,000 according to the banking policy N° 800069-7, in effect as of November 30, 2009.



**NOTE 16  
 COMMISSIONS**

The amount of commissions shown in the Consolidated Income statement arose as follows:

	Revenues		Expenses	
	2008 MM\$	2007 MM\$	2008 MM\$	2007 MM\$
Commissions for lines of credit and overdrafts	16,137	16,276	-	-
Commissions for guarantees and Letters of Credit	6,341	4,334	-	-
Commissions for cards services	22,440	21,217	-	-
Commissions for accounts management	24,295	24,216	-	-
Commissions for collections and payments	22,656	27,389	-	-
Commissions for trading and securities management	2,074	3,827	-	-
Commissions for mutual funds investments or other	15,839	13,702	-	-
Commissions for insurance sales	17,066	10,661	-	-
Commissions for credit cards transactions	-	-	18,073	15,938
Commissions for securities transactions	-	-	4,185	1,237
Other commissions	20,064	13,785	10,113	11,862
<b>Total</b>	<b>146,912</b>	<b>135,407</b>	<b>32,371</b>	<b>29,037</b>

Commissions earned from mortgage bonds are shown in the consolidated income statement under Interest and adjustment income.

**NOTE 17  
 FINANCIAL OPERATIONS NET INCOME**

As of December 31, 2008 and 2007, the results of financial operations is as follows:

	As of December 31	
	2008 MM\$	2007 MM\$
Financial Trading instruments	49,389	51,364
Trading derivatives	106,602	(44,534)
(Loss) Gain in sale of instruments available for sale	(7,081)	1,022
Gain in loan portfolio sale	276	-
Net result of other operations	65	822
<b>Total</b>	<b>149,251</b>	<b>8,674</b>

**[16]** **CONSOLIDATED FINANCIAL STATEMENTS**  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 AS OF DECEMBER 31, 2008 AND 2007

**NOTE 18**  
**OTHER OPERATING INCOME**

The detail of other operating income is as follows:

	As of December 31	
	2008 MM\$	2007 MM\$
Income of assets received in lieu of payment	1,082	7,501
Release in contingency allowances	646	67
Other income	11,314	11,530
<b>Total</b>	<b>13,042</b>	<b>19,098</b>

**NOTE 19**  
**OTHER OPERATING EXPENSES**

The detail of other operating expenses is as follows:

	As of December 31	
	2008 MM\$	2007 MM\$
Allowances and expenses of assets received in lieu of payment	807	1,637
Contingency allowances	16,814	3,380
Other expenses	9,287	5,199
<b>Total</b>	<b>26,908</b>	<b>10,216</b>



**NOTE 20**  
**DIRECTORS' SALARY AND OTHER EXPENSES**

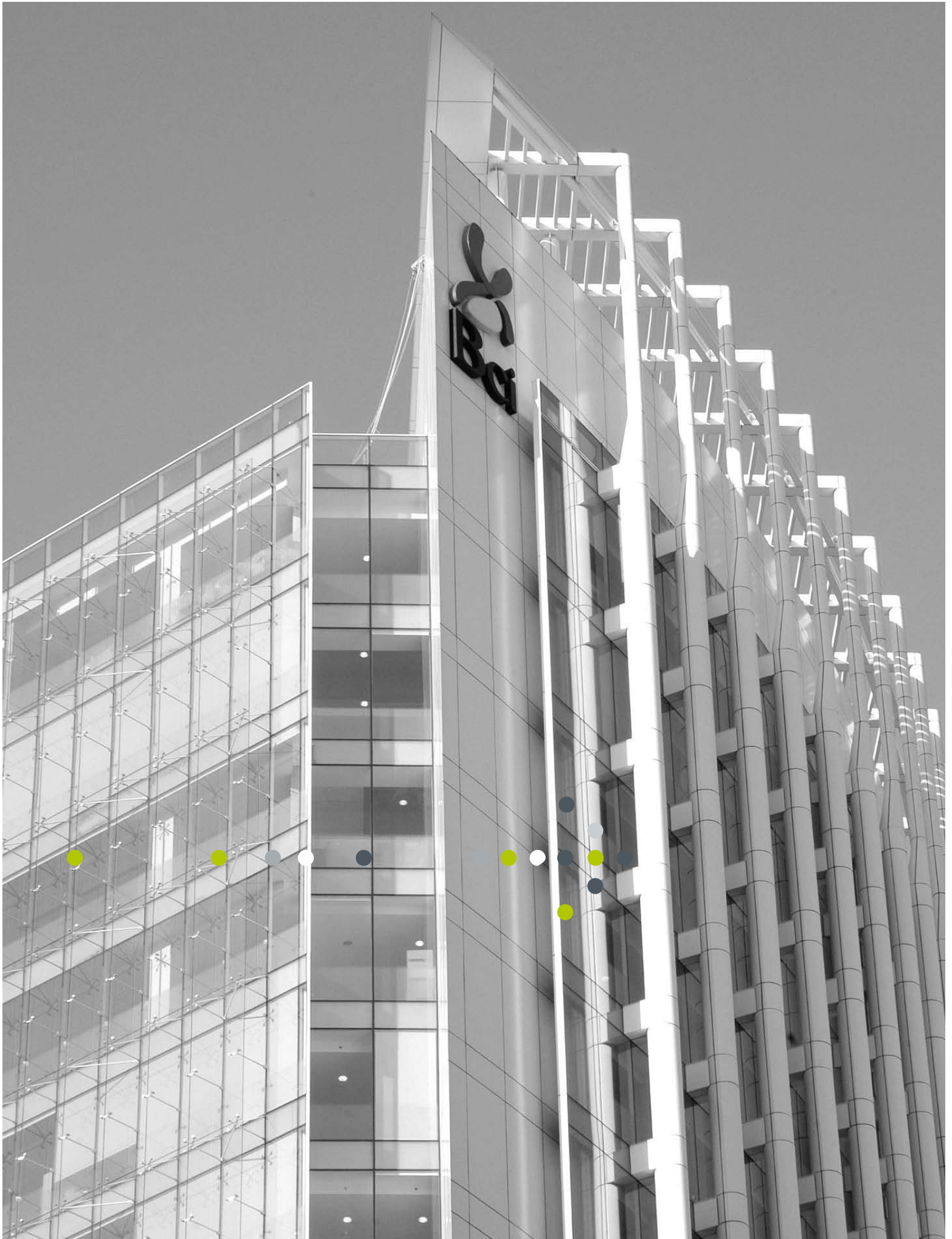
The Bank and its subsidiaries have paid or provided for the following amounts as a charge to income:

	As of December 31	
	2008 MM\$	2007 MM\$
Profit sharing	678	771
Fees (*)	1,175	1,051
Allowances	195	176
Other	76	89
<b>Total</b>	<b>2,124</b>	<b>2,087</b>

(\*) In 2008, fees expenses of the Board of Directors amounted to MM\$905 (MM\$870 in 2007) and those of Board of Directors of subsidiaries to MM\$270 (MM\$181 in 2007).

**FERNANDO VALLEJOS VÁSQUEZ**  
**ACCOUNTING OFFICER**

**LIONEL OLAVARRÍA LEYTON**  
**CEO**





## REPORT OF INDEPENDENT AUDITORS

Santiago, January 29, 2009

To the Shareholders and Directors  
Banco de Crédito e Inversiones

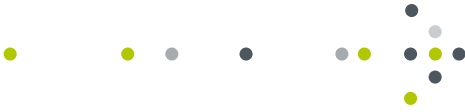
We have audited the accompanying consolidated balance sheets of Banco de Crédito e Inversiones and subsidiaries as of December 31, 2008 and 2007 and the related consolidated statements of income, integral results, changes in equity, and cash flows for the years then ended. The preparation of these financial statements (including the notes thereto) is the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards in Chile. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also involves assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Banco de Crédito e Inversiones and subsidiaries as of December 31, 2008 and 2007 as well as the results of their operations, integral results, changes in equity, and cash flows for the years then ended, in accordance with accounting principles generally accepted in Chile.

As stated in Note N°2, and as established by the Superintendency of Banks and Financial Institutions, at the close of 2008 the Bank allocated allowances for the payment of minimum dividends to its shareholders and modified the presentation of the financial statements. Likewise, as of 2009, the Bank is to abide by the accounting principles of the new Compendium of Accounting Standards established by the Superintendency.

ROBERTO J. VILLANUEVA B.



EXECUTIVE PRODUCTION  
**GERENCIA CORPORATIVA DE  
PLANIFICACIÓN Y CONTROL FINANCIERO**

GENERAL CONSULTANCY  
**HUMBERTO BÉJARES JARA**

DESIGN  
**GRUPOXIGENO**

PHOTOGRAPHY  
**ANA MARÍA LÓPEZ  
THOMAS WEDDERWILLE**

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