

BANCO DEL ESTADO DE CHILE - NEW YORK BRANCH

Statements of Financial Position

As of December 31, 2009 and 2008 and the opening balances As of January 1, 2008

(In million of Chilean pesos – MCh\$ and millions of US dollars – MUS\$)

ASSETS	NOTES	31.12.2009	31.12.2009	31.12.2008	01.01.2008
		MUS\$	MCh\$	MCh\$	MCh\$
Cash and deposits in banks	5	829	420,604	218,586	254,403
Unsettled transactions	5	10	5,071	-	631
Financial derivative contracts	7	-	72	-	-
Interbank loans	8	82	41,575	63,377	73,513
Loans and accounts receivable from customers	9	789	400,087	213,219	158,042
Available for sale investments	10	1,001	507,771	668,286	484,471
Held to maturity investments	10	17	8,400	17,703	3,714
Intangibles	11	-	10	6	13
Property, plant and equipment	12	-	102	110	135
Other assets	14	-	72	59	534
TOTAL ASSETS		2,728	1,383,764	1,181,346	975,456
LIABILITIES					
Deposit and other demand liabilities	15	120	60,853	74,581	4,999
Investments under repurchase agreements	6	2	1,184	4,400	8,524
Time deposits and other time liabilities	15	2,034	1,031,227	792,429	908,234
Financial derivative contracts	7	1	716	1,797	1,373
Interbank borrowings	16	434	220,107	300,511	46,065
Provisions	17	-	182	82	50
Other liabilities	18	-	238	342	78
TOTAL LIABILITIES		2,591	1,314,507	1,174,142	969,323
EQUITY					
Equity attributable to the owners of the Bank:					
Capital	20	138	70,058	9,937	9,937
Valuation accounts	20	1	595	(3,211)	(2,102)
Translation difference	20	(9)	(4,617)	2,289	-
Accumulated losses	20	(3)	(1,811)	(1,702)	(1,266)
Net income (loss) for the year	20	10	5,032	(109)	(436)
Less: Provision for distribution of net income of the year		-	-	-	-
TOTAL EQUITY		137	69,257	7,204	6,133
TOTAL LIABILITIES AND EQUITY		2,728	1,383,764	1,181,346	975,456

BANCO DEL ESTADO DE CHILE - NEW YORK BRANCH

Statements of Income

As of and for the years ended December 31, 2009 and 2008

(In million of Chilean pesos – MCh\$ and in millions of US dollars – MUS\$)

	NOTES	31.12.2009 MUS\$	31.12.2009 MCh\$	31.12.2008 MCh\$
Interest income	21	41	20,783	47,128
Interest expenses	21	(26)	(12,914)	(42,248)
Net interest and indexation income		15	7,869	4,880
Fee and commission income	22	1	487	393
Fees and commission expense	22	-	(33)	(27)
Net fee and commission income		1	454	366
Net income from financial operations	23	(2)	(1,145)	(2,648)
Net exchange income (expense)	24	2	1,009	631
Other operating income	29	-	3	17
Total operating income		16	8,190	3,246
Provisions for loan losses	25	-	(196)	(627)
NET OPERATING INCOME		16	7,994	2,619
Personnel salaries and expenses	26	(4)	(1,720)	(1,429)
Administrative expenses	27	(2)	(1,114)	(1,140)
Depreciation and amortization	28	-	(49)	(80)
Impairments		-	-	-
Other operating expenses	29	-	-	(1)
TOTAL OPERATING EXPENSES		(6)	(2,883)	(2,650)
OPERATING INCOME (LOSS)		10	5,111	(31)
Income from investment in other companies		-	-	-
Income (loss) before income tax		10	5,111	(31)
Income tax expense	13	-	(79)	(78)
INCOME (LOSS) FOR THE YEAR		10	5,032	(109)
Attributable to:				
Equity holders of Banco del Estado de Chile New York Branch	20	10	5,032	(109)
		10	5,032	(109)

BANCO DEL ESTADO DE CHILE - NEW YORK BRANCH

Statements of Changes in Equity

As of and for the years ended December 31, 2009 and 2008

(In million of Chilean pesos – MCh\$ and in millions of US dollars – MUS\$)

	Capital MCh\$	Accumulated losses MCh\$	Valuation accounts		Income (loss) for the year MCh\$	Total Equity MCh\$	Total Equity MUS\$
			Investment instruments held for sale MCh\$	Translation difference MCh\$			
Equity as of January 01, 2008	9,937	(1,266)	(2,102)	-	(436)	6,133	-
Transfer of 2007 losses to reserves	-	(436)	-	-	436	-	-
Variation of investment instruments available for sale	-	-	(1,109)	-	-	(1,109)	-
Adjustment from translation difference	-	-	-	2,289	-	2,289	-
Net loss for the year	-	-	-	-	(109)	(109)	-
Equity as of December 31, 2008	9,937	(1,702)	(3,211)	2,289	(109)	7,204	14
Transfer of 2008 income to reserves	-	(109)	-	-	109	-	-
Capital increases	60,121	-	-	-	-	60,121	119
Variation of investment instruments available for sale	-	-	3,806	-	-	3,806	8
Adjustment from translation difference	-	-	-	(6,906)	-	(6,906)	(14)
Net income for the year	-	-	-	-	5,032	5,032	10
Equity as of December 31, 2009	70,058	(1,811)	595	(4,617)	5,032	69,257	137

BANCO DEL ESTADO DE CHILE - NEW YORK BRANCH

Statements of Comprehensive Income

As of and for the years ended December 31, 2009 and 2008

(In million of Chilean pesos – MCh\$ and in millions of US dollars – MUS\$)

	<u>31.12.2009</u>	<u>31.12.2009</u>	<u>31.12.2008</u>
	MUS\$	MCh\$	MCh\$
Net operating income	16	7,994	2,619
Total operating expenses	<u>(6)</u>	<u>(2,883)</u>	<u>(2,650)</u>
OPERATING INCOME	<u>10</u>	<u>5,111</u>	<u>(31)</u>
Income from investments in other companies	-	-	-
Income before income tax	<u>10</u>	<u>5,111</u>	<u>(31)</u>
Income taxes	<u>(0)</u>	<u>(79)</u>	<u>(78)</u>
INCOME (LOSS) FOR THE YEAR BEFORE COMPREHENSIVE INCOME	<u>10</u>	<u>5,032</u>	<u>(109)</u>
OTHER COMPREHENSIVE INCOME			
Investment instruments available for sale	8	3,806	(1,109)
Exchange differences in translation of foreign transactions	<u>(14)</u>	<u>(6,906)</u>	<u>2,289</u>
COMPREHENSIVE INCOME BEFORE INCOME TAXES	<u>(6)</u>	<u>(3,100)</u>	<u>1,180</u>
Income tax over comprehensive loss	-	-	-
TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR	<u>(6)</u>	<u>(3,100)</u>	<u>1,180</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR	<u>4</u>	<u>1,932</u>	<u>1,071</u>
Attributable to income for the year			
Equity holders of the Bank	<u>10</u>	<u>5,032</u>	<u>(109)</u>
	<u>10</u>	<u>5,032</u>	<u>(109)</u>
Attributable to comprehensive income for the year			
Equity holders of the Bank	<u>4</u>	<u>1,932</u>	<u>1,071</u>
	<u>4</u>	<u>1,932</u>	<u>1,071</u>

BANCO DEL ESTADO DE CHILE - NEW YORK BRANCH

Statements Cash Flow

As of and for the years ended December 31, 2009 and 2008

(In million of Chilean pesos – MCh\$ and in millions of US dollars – MUS\$)

	<u>31.12.2009</u>	<u>31.12.2009</u>	<u>31.12.2008</u>
	MUS\$	MCh\$	MCh\$
FLows FROM OPERATING ACTIVITIES			
INCOME (LOSS) FOR THE YEAR	10	5,032	(109)
Charges (credits) to income that do not represent cash flows:			
Depreciation and amortization	-	49	80
Provisions for loan losses	-	196	627
Net variation of premium and discount for the investments	2	794	464
Net losses over derivatives	-	-	310
Net increase in fair value of other derivatives	(2)	(864)	694
Net variation on the interests receivable	17	8,672	(3,623)
Net increase in other assets	6	3,195	(2,738)
Increases in interest accounts payable	(24)	(11,998)	6,053
Increases in other liabilities	-	(18)	737
Net variation on exchange rates not representing flows	(133)	(67,512)	51,852
Net cash flows (used in) provided by operating activities	(124)	(62,454)	54,347
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of time deposits	(3,339)	(1,693,203)	(951,580)
Gain on maturity of certificates of deposits	3,313	1,680,005	849,753
Purchase of investments for sale	-	-	(15,884)
Sale of investments for sale	49	25,087	37,949
Maturity of investments for sale	17	8,717	43,551
Purchase of securities held to maturity	(38)	(19,464)	(26,091)
Maturity of investment instruments held to maturity	51	25,668	15,790
Net increase in balance sheet with Parent Company	11	5,767	10,827
Net variation of loans	(496)	(251,290)	6,708
Purchase of fixed assets	-	(69)	(20)
Net cash flow used in investing activities	(432)	(218,782)	(28,997)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net increase of balance sheet with Parent Company	6	2,924	53,532
Net increase in purchase of federal funds	-	-	5,225
Net increase in issued CD	792	401,491	85,680
Net increase on matured time deposits	(3)	(1,418)	(395,677)
Capital contributions	119	60,121	-
Net variation on deposits	82	41,440	4,432
Matured deposits	(5)	(2,552)	3,016
Net increase in other obligations	(37)	(18,752)	182,625
Net cash flows provided by (used in) financing activities	954	483,254	(61,167)
NET VARIATION FOR THE YEAR OF CASH AND CASH EQUIVALENT	398	202,018	(35,817)
CASH AND CASH EQUIVALENT AT THE BEGINNING OF YEAR	431	218,586	254,403
CASH AND CASH EQUIVALENT AT THE END OF YEAR	829	420,604	218,586