

BANCO DEL ESTADO DE CHILE AND SUBSIDIARIES

Unaudited Interim Consolidated Statements of Financial Position

As of September 30, 2012 and December 31, 2011

(Translation of financial statements originally issued in Spanish)

(In millions of Chilean Pesos - MCh\$ and in millions of US Dollars -MUS\$)

	09.30.2012	09.30.2012	31.12.2011
	(Unaudited)	(Unaudited)	(Audited)
	MUS\$	MCh\$	MCh\$
ASSETS			
Cash and due from banks	4.949	2.344.674	3.432.018
Transactions in the course of collection	521	246.915	84.587
Financial assets held-for-trading	2.879	1.364.053	1.479.136
Receivables from repurchase agreements and security loan	222	105.170	57.169
Financial derivative contracts	311	147.091	176.805
Loans and advance to banks	1.038	491.764	207.742
Loans to customers, net	27.534	13.044.711	12.246.228
Financial assets available-for-sale	6.957	3.296.146	2.234.279
Investment held to maturity	141	66.976	63.846
Investments in other companies	17	7.939	7.290
Intangible assets	135	63.856	33.209
Property, plant and equipment	495	234.551	237.006
Deferred Taxes	1.060	502.103	434.590
Other assets	468	221.851	179.563
TOTAL ASSETS	<u>46.727</u>	<u>22.137.800</u>	<u>20.873.468</u>
LIABILITIES			
Current accounts and other demand deposits	8.861	4.197.915	4.989.472
Transactions in the course of payment	442	209.518	50.331
Payables from repurchase agreements and security lending	1.355	641.707	536.864
Saving accounts and time deposits	23.423	11.097.333	9.217.183
Financial derivative contracts	285	134.770	155.034
Loans from financial institutions	1.471	697.054	1.191.835
Debt issued instruments	6.985	3.309.211	3.103.872
Other financial obligations	55	26.158	13.011
Current taxes	180	85.422	28.108
Deferred Taxes	229	108.519	83.785
Provisions	888	420.794	396.378
Other liabilities	175	83.009	77.470
TOTAL LIABILITIES	<u>44.349</u>	<u>21.011.410</u>	<u>19.843.343</u>
EQUITY			
Attributable to equity holders of the bank:			
Capital	588	278.497	278.497
Reserves	1.684	797.654	720.685
Other comprehensive income	7	3.255	(1.011)
Retained earnings:			
From previous years	-	-	-
Net income for the period	136	64.516	96.210
Less: Provision for distribution of income to the benefit of the state	(59)	(27.902)	(67.266)
	<u>2.356</u>	<u>1.116.020</u>	<u>1.027.115</u>
Non-controlling interest	<u>22</u>	<u>10.370</u>	<u>3.010</u>
TOTAL EQUITY	<u>2.378</u>	<u>1.126.390</u>	<u>1.030.125</u>
TOTAL LIABILITIES AND EQUITY	<u>46.727</u>	<u>22.137.800</u>	<u>20.873.468</u>

BANCO DEL ESTADO DE CHILE AND SUBSIDIARIES

Unaudited Interim Consolidated Statements of Income

For the periods from January 1 to September 30, 2012 and 2011

(Translation of financial statements originally issued in Spanish)

(In millions of Chilean Pesos - MCh\$ and in millions of US Dollars -MUS\$)

	09.30.2012	09.30.2012	09.30.2011
	(Unaudited)	(Unaudited)	(Unaudited)
	MUS\$	MCh\$	MCh\$
Interest income	1.903	901.780	907.047
Interest expense	(942)	(446.433)	(449.482)
Net interest income	961	455.347	457.565
Fees and commission income	362	171.328	150.592
Fees and commission expense	(79)	(37.223)	(28.231)
Net fee and commission income	283	134.105	122.361
Net gain (loss) from financial operations	120	56.755	52.500
Foreign exchange gain (loss) net	19	9.004	(5.505)
Other operating income	13	6.023	6.581
Total operating income	1.396	661.234	633.502
Provisions for loan losses	(310)	(146.619)	(162.541)
OPERATING INCOME, NET	1.086	514.615	470.961
Staff expenses	(473)	(224.252)	(217.594)
Administrative expenses	(271)	(128.078)	(107.972)
Depreciation and amortization	(34)	(16.243)	(20.540)
Impairment	-	-	-
Other operating expenses	(22)	(10.413)	(6.522)
TOTAL OPERATING EXPENSES	(800)	(378.986)	(352.628)
NET OPERATING INCOME	286	135.629	118.333
Income from investments in other companies	2	1.091	1.003
Income before income taxes	288	136.720	119.336
Income taxes expenses	(133)	(63.183)	(52.096)
NET INCOME FOR THE PERIOD	155	73.537	67.240
ATTRIBUTABLE TO			
Equity holders of the bank	136	64.516	59.146
Non-controlling interest	19	9.021	8.094
	155	73.537	67.240

BANCO DEL ESTADO DE CHILE AND SUBSIDIARIES

Unaudited Interim Consolidated Statements of Comprehensive Income

For the periods from January 1 to September 30, 2012 and 2011

(Translation of financial statements originally issued in Spanish)

(In millions of Chilean Pesos - MCh\$ and in millions of US Dollars -MUS\$)

	09.30.2012	09.30.2012	09.30.2011
	(Unaudited)	(Unaudited)	(Unaudited)
	MUS\$	MCh\$	MCh\$
Operating income, net	1.086	514.615	470.961
Total operating expenses	<u>(800)</u>	<u>(378.986)</u>	<u>(352.628)</u>
NET OPERATING INCOME	<u>286</u>	<u>135.629</u>	<u>118.333</u>
Income from investments in other companies	<u>2</u>	<u>1.091</u>	<u>1.003</u>
Income before income tax	288	136.720	119.336
Income taxes expenses	<u>(133)</u>	<u>(63.183)</u>	<u>(52.096)</u>
INCOME FOR THE PERIOD BEFORE COMPREHENSIVE INCOME	<u>155</u>	<u>73.537</u>	<u>67.240</u>
OTHER COMPREHENSIVE INCOME (LOSS)			
Financial assets available-for-sale	(5)	(2.692)	8.959
Exchange differences in conversion of foreign transactions	(2)	(836)	1.194
Effect of cash flow hedge	<u>33</u>	<u>15.754</u>	<u>12.697</u>
OTHER COMPREHENSIVE INCOME BEFORE INCOME TAXES	26	12.226	22.850
Income tax on other comprehensive income	<u>(17)</u>	<u>(7.960)</u>	<u>(12.759)</u>
TOTAL OTHER COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	<u>9</u>	<u>4.266</u>	<u>10.091</u>
CONSOLIDATED COMPREHENSIVE INCOME FOR THE PERIOD	<u>164</u>	<u>77.803</u>	<u>77.331</u>
Consolidated income for the period attributable to			
Equity holders of the bank	136	64.516	59.146
Non controlling interest	<u>19</u>	<u>9.021</u>	<u>8.094</u>
	<u>155</u>	<u>73.537</u>	<u>67.240</u>
Consolidated income for the period attributable to			
Equity holders of the bank	145	68.782	69.237
Non controlling interest	<u>19</u>	<u>9.021</u>	<u>8.094</u>
	<u>164</u>	<u>77.803</u>	<u>77.331</u>

BANCO DEL ESTADO DE CHILE AND SUBSIDIARIES

Unaudited Interim Consolidated Statements of Changes in Equity

For the periods from January 1 to September 30, 2012 and 2011

(Translation of financial statements originally issued in Spanish)

(In millions of Chilean Pesos - MCh\$ and in millions of US Dollars - MUS\$)

	Other comprehensive income						Retained earnings previous year	Income for the period	Provision for distribution of net income period	Total attributable to the bank equity holders	Non controlling interest	Total Equity
	Capital	Reserves	Financial assets available for sale	Cash flow hedge	Conversion difference	Deferred taxed						
	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	
Equity as of 01.01.2011	278.497	659.378	(4.114)	(7.749)	(5.480)	6.883	-	76.634	(72.705)	931.344	3.835	935.179
Transfers	-	61.307	-	-	-	-	15.327	(76.634)	-	-	-	-
Dividends Paid	-	-	-	-	-	-	(15.327)	-	15.327	-	(2.507)	(2.507)
Variation of financial assets available-for-sale	-	-	8.959	-	-	(5.373)	-	-	-	3.586	-	3.586
Variation of hedge accounting derivatives	-	-	-	379	-	(7.386)	-	-	-	(7.007)	-	(7.007)
Adjustment for conversion differences (NY)	-	-	-	-	1.194	-	-	-	-	1.194	-	1.194
Provision for distribution of minimum income	-	-	-	-	-	-	-	-	16.026	16.026	-	16.026
Net income for the period	-	-	-	-	-	-	-	59.146	-	59.146	8.094	67.240
Equity as of 09.30.2011 (Unaudited)	278.497	720.685	4.845	(7.370)	(4.286)	(5.876)	-	59.146	(41.352)	1.004.289	9.422	1.013.711
Equity as of 01.01.2012	278.497	720.685	1.264	4.776	(4.388)	(2.663)	-	96.210	(67.266)	1.027.115	3.010	1.030.125
Transfers	-	76.969	-	-	-	-	19.241	(96.210)	-	-	-	-
Dividends Paid	-	-	-	-	-	-	(19.241)	-	19.241	-	(731)	(731)
Variation of financial assets available-for-sale	-	-	(2.692)	-	-	1.564	-	-	-	(1.128)	-	(1.128)
Variation of hedge accounting derivatives	-	-	-	15.754	-	(9.524)	-	-	-	6.230	-	6.230
Adjustment for conversion differences (NY)	-	-	-	-	(836)	-	-	-	-	(836)	-	(836)
Provision for distribution of minimum income	-	-	-	-	-	-	-	-	20.123	20.123	(930)	19.193
Net income for the period	-	-	-	-	-	-	-	64.516	-	64.516	9.021	73.537
Equity as of 09.30.2012 (Unaudited)	278.497	797.654	(1.428)	20.530	(5.224)	(10.623)	-	64.516	(27.902)	1.116.020	10.370	1.126.390
Equity as of 09.30.2012 MUS\$ (Unaudited)	588	1.684	(3)	43	(11)	(22)	-	136	(59)	2.356	22	2.378

BANCO DEL ESTADO DE CHILE AND SUBSIDIARIES
Unaudited Interim Consolidated Statements of Cash Flows
For the periods from January 1 to September 30, 2012 and 2011
(Translation of financial statements originally issued in Spanish)
(In millions of Chilean Pesos - MCh\$ and in millions of US Dollars -MUS\$)

	09.30.2012	09.30.2012	09.30.2011
	(Unaudited)	(Unaudited)	(Unaudited)
	MUS\$	MCh\$	MCh\$
CASH FLOWS (USED IN) OPERATING ACTIVITIES			
NET INCOME FOR THE PERIOD	155	73.537	67.240
Charges (credits) to income that do not represent cash flows:			
Depreciation and amortization	34	16.243	20.540
Provisions for loan losses	310	146.619	162.541
Adjustment to market of financial assets held-for-trading	75	35.567	(79.122)
Gain from investment in companies	(2)	(1.091)	(1.003)
Net gain on sales assets received in lieu of payment	(1)	(385)	(1.612)
Loss on sale of property, plant and equipment	-	-	97
Write-off of assets received in lieu of payment	1	403	153
Other charges to income that do not represent cash movements	218	103.451	67.887
Net income for interest and inflation readjustment	65	30.844	(47.982)
Changes in assets and liabilities affecting operating cash flows:			
Decrease (increase) of trading instruments	443	209.895	(545.911)
(Increase) decrease in loans	(2.248)	(1.064.997)	431.922
Increase in held to maturity and financial assets available-for-sale	(2.010)	(952.182)	(1.018.617)
Increase in other credit transactions	(600)	(284.041)	(216.823)
Decrease in currents accounts	(2.118)	(1.003.392)	(752.113)
Increase of deposits and loans	4.094	1.939.362	1.868.951
Increase in other demand and time liabilities	264	124.893	19.383
Increase (decrease) of other obligations through brokerage of documents	221	104.843	(79.999)
Decrease of obligations in letters of credit	(219)	(103.992)	(120.642)
Decrease of loans obtained from local banks	(12)	(5.457)	(12.064)
(Decrease) increase of loans obtained from foreign banks	(375)	(177.801)	239.131
Decrease of loans obtained from the Central Bank	(657)	(311.237)	-
Net decrease of other assets and liabilities	(143)	(67.743)	(19.531)
Net cash flows (used in) operating activities	(2.505)	(1.186.661)	(17.574)
CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES:			
Purchase of property, plant and equipment and intangible assets	(83)	(39.454)	(25.734)
Sale of property, plant and equipment and intangible assets	-	188	1.251
Investment in company	-	(114)	-
Dividends received from investments in companies	1	463	232
Sale of assets received in lieu of payment	1	603	2.368
Net cash flow (used in) investing activities	(81)	(38.314)	(21.883)
CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES			
Issue of bonds	743	352.039	42.624
Redemption of bonds	(26)	(12.339)	(120.870)
Payment of income from previous year at the benefit of the state	(40)	(19.242)	(15.327)
Payment of income in benefit of non-controlling interest	(23)	(10.756)	(8.116)
Net cash flows provided by (used in) financing activities	654	309.702	(101.689)
NET VARIATION FOR THE PERIOD OF CASH AND CASH EQUIVALENTS	(1.932)	(915.273)	(141.146)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	7.801	3.695.663	2.821.904
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	5.869	2.780.390	2.680.758