

## Banco de Chile and Subsidiaries – Consolidated Statements of Cash Flows

for the years ended December 31, 2002 and 2001

(Expressed in million of Chilean pesos)

	2002 MCh\$	Proforma 2001 MCh\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income for the year	52,635.1	99,983.3
Debits (credits) to net income which do not represent cash flows:		
Depreciation and amortization	23,236.6	19,008.8
Provision for loan losses	132,554.0	95,336.0
Voluntary loan loss allowance	(17,222.6)	3,207.0
Adjustment of financial investments to market value	(15,571.7)	(9,839.6)
Equity participation in net (income) loss in investments in other companies	969.4	(2.6)
(Gain) loss on sales of goods received in lieu of payment	(2,931.8)	(2,904.9)
(Gain) loss on sales of bank premises and equipment	(349.9)	(233.2)
Write-offs of assets received in lieu of payment	6,046.8	2,904.9
Net loss from price-level restatement	9,596.2	10,248.6
Write-offs and provisions related to fixed assets	4,178.4	-
Minority interest	1.1	1.1
Other charges (credits) which do not represent cash flows	14,131.3	2,996.6
Net changes in interest accruals	157.0	4,093.9
<b>Total cash flows from operating activities</b>	<b>207,429.9</b>	<b>224,799.9</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Net (increase) decrease in loans	(120,908.5)	(49,221.6)
Net (increase) decrease in other loan	(8,296.3)	(543.8)
Net (increase) decrease in investments	120,032.6	(402,490.4)
Purchases of bank premises and equipment	(11,996.9)	(16,685.7)
Proceeds from sales of bank premises and equipment	1,292.2	1,343.6
Investments in other companies	(647.6)	(1,613.3)
Dividends received from investments in other companies	260.3	323.9
Proceeds from sale of assets received in lieu of payment	24,850.5	8,025.7
Net (increase) decrease in other assets and liabilities	(61,378.2)	(9,803.5)
<b>Total cash flows from investing activities</b>	<b>(56,791.9)</b>	<b>(470,665.1)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Net increase (decrease) in current account	161,160.0	75,787.7
Net increase (decrease) in time deposits	(433,660.7)	216,021.1
Net increase (decrease) in other demand or time liabilities	44,569.1	(45,677.0)
Net increase (decrease) in investments sold under agreements to repurchase	28,787.9	23,315.9
Net increase (decrease) in short-term foreign borrowings	131,718.3	(10,781.1)
Issuance of mortgage finance bonds	122,831.0	243,092.8
Repayment of mortgage finance bonds	(189,124.9)	(147,599.1)
Net increase (decrease) in other short-term borrowings	(62,156.8)	86,607.3
Borrowings from Central Bank (long-term)	5,356.1	2,444.3
Payment of borrowings from Central Bank (long-term)	(6,113.7)	(3,277.0)
Proceeds from bond issuances	10,657.7	103,411.4
Repayment of bond issuances	(10,654.7)	(3,866.7)
Long-term foreign borrowings	583,420.0	284,266.2
Payment of long-term foreign borrowings	(531,685.1)	(353,289.3)
Payment of borrowings from financial institutions (long-term)	(14.6)	(29,528.2)
Other long-term borrowings	21,977.0	5,630.3
Payment of other long-term borrowings	(23,336.9)	(11,170.6)
Dividends paid	(97,068.6)	(86,051.8)
<b>Total cash flows from financing activities</b>	<b>(243,338.9)</b>	<b>349,336.2</b>
<b>TOTAL NET POSITIVE (NEGATIVE) CASH FLOWS FOR THE YEAR</b>	<b>(92,700.9)</b>	<b>103,471.0</b>
Effect of price-level restatement on cash and due from banks	(25,844.4)	(24,789.6)
Net increase (decrease) in cash and due from banks	(118,545.3)	78,681.4
Cash and due from banks at beginning of year	794,967.9	716,286.5
Cash and due from banks at end of year	676,422.6	794,967.9

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