

**Banco de Chile - Statements of Cash Flows**

For the years ended December 31, 2001 and 2000
(Expressed in millions of Chilean pesos)

	2001 MCh\$	2000 MCh\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income for the year	86,968.0	84,498.1
Items that do not represent cash flows:		
Depreciation and amortization	7,500.6	8,583.0
Allowance for loan losses	48,573.4	33,753.9
Voluntary loan loss allowance	(1,136.4)	5,720.9
Adjustment of investments to market value	(9,360.5)	(5,295.8)
Equity participation in net (income) loss in investments in other companies	(8,142.2)	(6,006.9)
(Gain) loss from foreign branches	(9,075.6)	(12,385.0)
(Gain) loss on sales of goods received in lieu of payment	(159.7)	82.0
(Gain) loss on sales of bank premises and equipment	(84.4)	(156.2)
Write-off of assets received in lieu of payment	1,054.6	1,625.1
Net loss from price-level restatement	5,351.8	8,780.9
Other charges (credits) which do not represent cash flows	3,176.1	267.6
Net changes in interest accruals	(3,045.3)	(14,633.7)
Total Operating Cash Flows	<u>121,620.4</u>	<u>104,833.9</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net (increase) decrease in loans	(104,536.9)	(350,273.3)
Net (increase) decrease in other loan transactions	(18,020.0)	(2,514.4)
Net (increase) decrease in investments	(256,215.8)	(127,188.0)
Purchases of bank premises and equipment	(8,996.1)	(5,520.9)
Proceeds from sales of bank premises and equipment	442.1	380.9
Investments in other companies	(1,221.2)	(118.8)
Dividends received from investments in other companies	5,177.5	4,728.6
Proceeds from sale of assets received in lieu of payment	2,711.4	1,978.1
Net (increase) decrease in other assets and liabilities	6,213.0	5,983.0
Total Cash Flows from Investing Activities	<u>(374,446.0)</u>	<u>(472,544.8)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net increase (decrease) in current account	48,160.5	85,167.3
Net increase (decrease) in time deposits	181,761.8	432,600.6
Net increase (decrease) in other demand or time deposits	2,843.3	63,255.5
Net increase (decrease) in investments sold under agreements to repurchase	(4,737.4)	(26,253.7)
Net increase (decrease) in short-term foreign borrowings	(1,112.8)	(2,304.5)
Issuance of mortgage finance bonds	163,172.7	135,113.5
Repayment of mortgage finance bonds	(90,231.7)	(73,205.3)
Net increase (decrease) in other short-term borrowings	24,172.8	9,785.7
Borrowings from Central Bank (long-term)	2,373.1	2,863.7
Payment of borrowings from Central Bank (long-term)	(2,739.0)	(3,301.1)
Proceeds from bond issuances	70,944.8	24,097.9
Repayment of bond issuances	(339.4)	(717.1)
Long-term foreign borrowings	275,986.6	156,476.6
Payment of long-term foreign borrowings	(290,049.3)	(203,884.5)
Other long-term borrowings	5,466.3	11,493.2
Payment of other long-term borrowings	(10,845.2)	(5,401.4)
Dividends paid	(81,957.5)	(84,029.2)
Total Cash Flows from Financing Activities	<u>292,869.6</u>	<u>521,757.2</u>
TOTAL NET POSITIVE (NEGATIVE) CASH FLOWS FOR THE YEAR	40,044.0	154,046.3
Effect of price-level restatement on cash and due from banks	(12,996.8)	(17,156.0)
Net (increase) decrease in cash and due from banks	<u>27,047.2</u>	<u>136,890.3</u>
Cash and due from banks at beginning of year	442,749.0	305,858.7
Cash and due from banks at end of year	<u>469,796.2</u>	<u>442,749.0</u>

The accompanying notes 1 to 17 are an integral part of these financial statements