



WE GO WHERE OUR CLIENTS ARE

Integrated Annual Report 2015
Financial Statements



BancoEstado®



G4-3, G4-5, G4-7

Name

Banco del Estado de Chile.

RUT

97.030.000-7

Constitution

Banco del Estado de Chile was the result of the fusion of Caja Nacional de Ahorros, Caja de Crédito Agrario, Caja de Crédito Hipotecario and Instituto de Crédito Industrial, with its Organic Law included in Decree Law 2.079, published on 18 January 1978.

Legal domicile

Ciudad de Santiago de Chile.

Central Office Address

Av. Libertador Bernardo O'Higgins N° 1111, Santiago.

Web Site

www.bancoestado.cl

Control and Supervision

It is related to the State through the Treasury, and its operations are supervised by the Superintendency of Banks and Financial Institutions (SBIF)

Integrated Annual Report 2015
Financial Statements

INDEX

CHAPTER 1

HELPING TO BUILD A COUNTRY FOR ALL

Page 04 - 35

- 1.1 Letter from the Chairman of the BancoEstado Board.
- 1.2 BancoEstado Integrated Annual Report.
- 1.3 Summary of annual management activities.
- 1.4 160 years of history
- 1.5 Milestones of the year
- 1.6 Awards and distinctions

CHAPTER 2

WE RENEW OUR COMMITMENT AS A PUBLIC BANK

Page 36 - 49

- 2.1 Corporate governance
- 2.2 Subsidiaries and related entities

CHAPTER 3

THE PRINCIPLES THAT RULE OUR ACTIVITIES

Page 50 - 63

- 3.1 Expression of our essence
- 3.2 Strategic guidelines
- 3.3 Risk assessment
- 3.4 Changes in Legislation

CHAPTER 4

WE PUT OURSELVES IN THE PLACE OF OUR MILLIONS OF CLIENTS

Page 64 - 89

- 4.1 Operation of personal clients
- 4.2 Operation of corporate and institutional clients
- 4.3 We grow to reach more clients

CHAPTER 5

WE ARE COMMITTED TO OUR WORKERS

Page 90 - 97

- 5.1 BancoEstado workforce
- 5.2 Labour relations
- 5.3 More opportunities for our team

CHAPTER 6

WE WORK WITH ALL AND FOR ALL

Page 98 - 109

- 6.1 Financial Education
- 6.2 Communication with the country
- 6.3 Joint work with suppliers

CHAPTER 7

FINANCIAL STATEMENTS

Page 110 - 117

ANNEX

TABLE GRI INDICATORS


Page 118 - 121



BancoEstado®

CHAPTER 1

HELPING TO BUILD A COUNTRY FOR ALL



We are a bank that helps to break down access barriers to the financial system.

Our main focus is to extend the coverage of financial and non-financial services to individuals who would otherwise have no access to the benefits offered by the system.



MISSION

"We exist so that Chile can become a more inclusive and equitable country with opportunities for all"

VISION

"We are a committed and efficient State bank, focusing on the development of the country and of all Chileans".



1.1 LETTER FROM THE CHAIRMAN OF THE BANCOESTADO BOARD.

G4-1, G4-13, G4-6, SO1

To report on our activities becomes increasingly challenging, especially if we consider how public confidence in institutions and their representatives has waned. It no longer suffices to provide numbers that summarise the financial year; there is currently a need to give a simple and direct report on the bank's impact on the diverse areas of its activities. And this is the balance of the past year.

2015 was marked by the volatility of the international markets, the economic slump in China and the moderate growth evinced by our country. It was also marked by a series of natural disasters that forced us to face different contingencies as if they were part of our normal life. In our specific case, this was seen by the significant progress made in the area of financial inclusion, and by our capacity to design timely initiatives for the population who suffered the storms in the north of the country, volcano eruptions in the south and the earthquake in the Norte Chico (Small North).

In this way, we gave proof of an enormous capacity to adapt to unexpected, dramatic and large-scale emergencies, maintaining the spirit, epic sense and distinctive seal of this public financial corporation.

We are aware that BancoEstado is the only institution that aims to break down access barriers to the financial system. The extension of our territorial and digital coverage; our support to State institutions and organisations by means of the offer of an ample range of services; and the coordination between public and private institutions in order to develop smaller corporations, are a fundamental part of our mission.

In this sense, our objectives aim to facilitate the entire population's access to the financial system, with no distinctions whatsoever; to lead the offer of products and services for persons and corporations; and to support the deployment of certain public policies.

When we say that we were present in many locations in Chile where there are no other banks, we are referring to a concrete fact. The conviction of our actions permits us to say that we are the principal bank in the country; 8.3 million CuentaRUT accounts, 216 thousand of which are in the hands of immigrants; that we are the leaders in the segment of small companies and mortgage loans; we are the only bank with branches in 102 boroughs; we have more than 16,500 CajaVecina customer outlets, 107 ServiEstado offices and 2,469 ATMs - the most important territorial coverage for this system; 2.7 million Internet and 1.3 mobile telephone clients, a permanent challenge in innovation and service.

And if we consider our activity in the financial industry in terms of number of clients, related products and transactions, BancoEstado represents more than 36% of the market. No doubt, this is another element that sustains the importance and relevance of our institution in the field of improving the quality of life for millions people in Chile.

In this context, profitability becomes one of the objective indicators of our achievements within the financial system, an indicator that shows our responsibility for the administration of the resources belonging to all Chileans. It also indicates the need to make the BancoEstado project sustainable in time, so that future generations can have access to more and improved development opportunities through us. In this context, we closed the year with a ROE of 17.5% before tax.

In 2015 we extended our service network by applying a new format. We opened 17 branches, most of which were located on municipal premises, bringing financial services to boroughs that lacked them. This same format gave us the chance to make important progress in the integration of original peoples' settlements, a task that has often been postponed. Alto Bío Bío, Lumaco, Teodoro Schmidt, Vilcún and Tirúa are examples of this.

It was also the year we launched our CreceMujer Emprendedora Program (Program to support business women), consolidating an initiative designed to contribute to the development, growth and strengthening of female entrepreneurial projects. Based on three key pillars: first, to reduce the gap on accessing to credits; second to improve women's management competencies and third, to strengthen commercial and social networks, the programme offers access to credit and professional advice to strengthen business ventures. We already have 80 thousand registered members and 600 thousand visits to the virtual community.

We also experienced complex internal problems in 2015. The company was open to public questioning with our collective bargaining process. This was a great lesson for BancoEstado. We should never forget that we belong to all Chileans, and that we are open to their praise, and also to their criticism.

We are convinced that BancoEstado is good for Chile. Our main challenges in 2016 point at a further extension of our on-site and distance attention networks, i.e. digital banking; at a diversification of the products and services we offer to our millions of personal clients; and at keeping our position as leaders in the development of smaller businesses.

We are ambitious because we know that the attainment of our targets has a positive impact on the quality of life of millions. With this in mind, in the next four years we envision that we will gain 15 thousand smaller businesses and 50 thousand micro entrepreneurs as clients; we will increase loans to smaller businesses by US\$ 1,500 million, and we hope to give new housing loans for US\$ 1,000 million per annum over the next two years.

Best wishes



A stylized, handwritten signature in blue ink, consisting of a large, sweeping 'J' followed by 'R' and 'G' in a cursive script.

JORGE RODRÍGUEZ GROSSI
 Chairman

1.2 BANCOESTADO INTEGRATED ANNUAL REPORT METHODOLOGY.

G4-15, G4-18, G4-19, G4-20, G4-21, G-26, G4-27, G4-28, G4-29, G4-30, G4-31, G4-32, DMA

In 2015, BancoEstado marked a milestone in the area of sustainability, being the first financial institution to publish an integrated annual report in Chile. The Bank concentrated in a single document its operating results for 2014, integrating economic and financial issues, with information on the social, environmental and cultural areas.

This year, the institution has decided to continue with this methodology, providing information on its operations between 1 January and 31 December 2015. This decision is based on a vision of sustainability as a transverse business element, and is another example of our transparent and responsible business operations, open to all the groups with which we operate.

1.2.1 Scope

The 2015 integrated annual report incorporates the compulsory requirements established by the Superintendency of Banks and Financial Institutions (SBIF), together with the principles set by the International Integrated Reporting Council (IIRC), and the standards proposed by the GRI Guide, version G4, issued by the Global Reporting Initiative¹.

This corporate document is also a communication on progress (CoP) for the United Nations Global Compact, regarding the fulfilment of the 10 principles defined by the organisation of which the bank has been a member since 2008.

As regards scope and coverage, this integrated annual report does not present significant changes to those of the previous year, as it once again chose the Essential option, as proposed by GRI-G4.

If you require specific information on this document, you can request it from the following email: comunicaciones@bancoestado.cl

1.2.2 Materiality

In order to determine the contents of this publication, the bank followed the three determination principles proposed by GRI in its version G4: Identification, Priorisation and Validation.

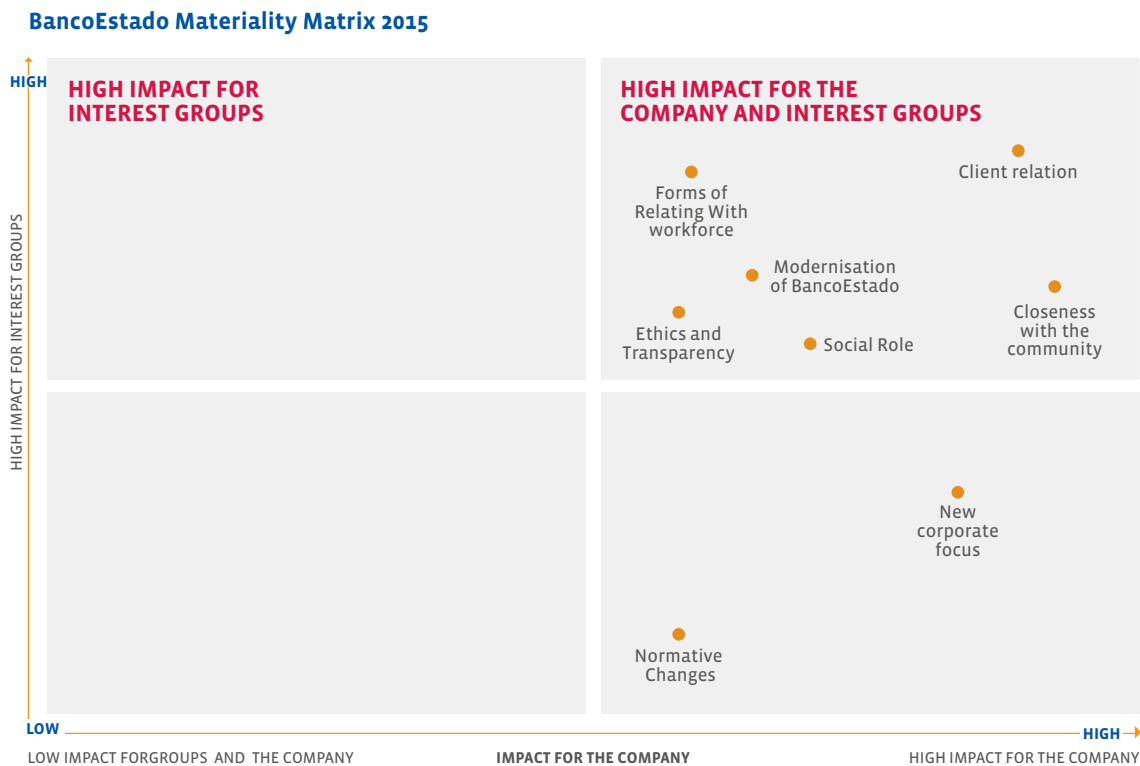
Contents were identified by means of three processes:

- 1) **Secondary information sources:** comparative analyses of relevant issues pertaining to the financial industry at a national and international level. Furthermore, press articles were reviewed, together with studies published by the financial sector and internal documentation in the area.
- 2) **Internal consultations:** interviews with the managers of the principal areas of the institution and its subsidiaries, and with representatives of the workforce.

¹ For further information of Global Reporting Initiative, see website: <https://www.globalreporting.org>

- 3) **External consultations:** interviews with individual suppliers, group interviews to clients and staff surveys. This involves working with priority interest groups, and those with which there exists a permanent relationship.

The aspects identified during the materiality process, which are part of the verification principle, were:



Quadrants of the materiality matrix

- a) **High impact for the company and interest groups:** the transverse issues that were relevant for the bank and the interest groups in the consultations are those which represent an important impact on 2015 operations. Among others, the following were identified: **relations with clients, relationship with the workforce, modernization of BancoEstado, ethics and transparency, social role of the bank and closeness to the community.**
- b) **High impact for the company:** the issues enhanced by the organisation through the internal consultation were related to **normative changes and corporate approach.** Although these issues represent an impact for the interest groups, given the changes they might generate in their relations with the organization, in the external consultation they were neither identified nor considered relevant.

Each of the material issues for the period is addressed in the chapters of this integrated annual report. The elements included in each of these material issues are the following:

HIGH IMPACT MATERIAL ISSUES FOR THE COMPANY AND INTEREST GROUPS

Material Issue	Relevance	Elements included
Client Relations (Chapter 4)	Clients are the central focus of all BancoEstado operations, and its actions are aimed at giving integral satisfaction to their needs, reaching them with a varied offer of financial and non-financial products and services that contribute to improve their quality of life.	<ul style="list-style-type: none"> • Quality of products and services • Focus on client outlook • Empathy, Persons, Smaller Companies and Larger Organisations Programmes • Information privacy • Solving complaints
Forms of relating with the Workforce (Chapter 5)	Our staff's committed work with the distinctive seal of the bank in the industry is essential in the delivery of a better service and in the attainment of improved service and social and financial inclusion. In order to achieve this, it offers its workers conditions that contribute to the development of their skills.	<ul style="list-style-type: none"> • Selection, induction and training processes • Internal mobility • Assessment of performance • Leadership development • Organisational climate.
Modernisation of BancoEstado (Chapter 4)	BancoEstado is a strategic ally of the Chilean State. This implies the development of an operational model aimed at anticipating the requirements of its clients, becoming a safe and efficient institution in the task of offering more development opportunities to all.	<ul style="list-style-type: none"> • Technological infrastructure • Information and transaction safety • Operational continuity • Energy efficiency
Ethics and Transparency (Chapters 2 and 5)	The institution is governed by principles of transparency and probity, giving its clients a convenient offer of services and products, and collaborating with the State in the implementation of public policies.	<ul style="list-style-type: none"> • Labour relations • Collective bargaining • Change of President of BancoEstado Union • Change of Chairman and Vice Chairman of the Governing Council.
Social Role (Chapter 4)	BancoEstado is not just another bank in the financial industry; it is the Bank of the Chilean State. As such, it is committed to be present in every corner of the country, facilitating the entire population's access to financial and non-financial services.	<ul style="list-style-type: none"> • Geographical and digital coverage • Financial Inclusion • Widespread range (Massivity) • Support to smaller businesses
Closeness to the community (Chapters 4 and 6)	An important part of BancoEstado's role is to be present when and where the population needs its services, especially in cases of natural disasters, and to be present in the most vulnerable and remote sectors of Chile.	<ul style="list-style-type: none"> • Aid and support in natural disasters. • Programmes focused on the community • Visibility of the Institution • Opening of branches.

HIGH IMPACT MATERIAL ISSUES FOR THE COMPANY

Material Issue	Relevance	Elements included
Corporate approach (Chapter 3)	In order to ensure the sustainability of the bank, the institution defined its strategic guidelines, which are implemented through the Empathy Programmes that provide specific actions to cover commitments with the State and the attainment of objectives proposed.	<ul style="list-style-type: none"> • Strategic guidelines • Empathy Programmes • Transmission of social role to workers • Working with the State
Normative changes (Chapter 3)	In concordance with the strict observation of the current legal regulations, the bank is open to the changes discussed under different circumstances in order to be able to introduce improvements to the current system that regulates Banks.	<ul style="list-style-type: none"> • General Banking Act • Basel III

* No relevant issues that might have affected the materiality of the 2015 integrated report were found in the other quadrants of the matrix



1.3 SUMMARY OF ANNUAL MANAGEMENT ACTIVITIES

BE-1, BE-2, BE-3, BE-5, G4-9, G4-EC1

The extension of our attention network, the increase in the number of inhabitants that are CuentaRUT holders – Chileans, foreigners, and members of our original peoples – and the new CajaVecina customer outlets that connect the inhabitants of every borough in the country, are only some of the milestones that mark Banco Estado's operations in 2015. The bank carried out its activities with an eminent focus on the encouragement of the financial inclusion and social integration of the country's entire population, with no discrimination whatsoever; the good results obtained permit it to provide solidness and sustainability and better opportunities for all.

1.3.1 Summary of results

In a scenario marked by a lower economic growth in 2015, the institution continued to strengthen its role as an encourager of the financial inclusion of the less favoured sectors, both in terms of individuals and smaller businesses, in order to generate more equitable access to banking services and contribute to improve the economic and social welfare of the country. It also maintained commercial and financial indicators at levels that prove its good administrative operation and strengthen its prospects of sustainable growth in time.

Regarding financial inclusion, among other initiatives, BancoEstado continues to extend its offer of payment options for Chilean middle and low income groups, with a total of more than eight million CuentaRUT accounts. The institution's participation in the overall number of debit cards issued by the banking system totalled 46%. A complementary activity was the extension of its distribution network, with 3,000 new CajaVecina outlets, which currently total 16,504, 60 new ATMs, with a total of 2,469 machines in the country, and the opening of 17 new branches, most of which are located in the more vulnerable and far off locations in the country, with a total of 380 bank offices in the country.

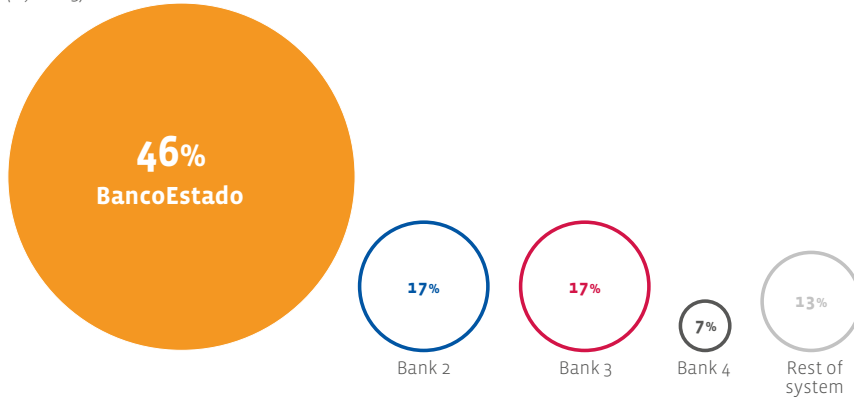
Regarding loans, it is important to mention that the bank's total loans for 2015 increased by 10.3%, surpassing its own figures for the past year and those of the system in general. This growth was triggered by the dynamism of commercial loans, with a real rate of 11.6%, especially those of medium companies. On the other hand, personal and mortgage loans maintained a high growth rate, 9.8%, while consumer loans grew at a slower rhythm of a real 4.9%

In terms of results, BancoEstado and its subsidiaries increased their surplus before tax by a real rate of almost 14% in 2015, totalling CLP 262,000 (approximately US\$ 369 million). In terms of ROE, despite equity increases of around US\$ 330 million during the year (MMUS\$ 200 for extraordinary capitalization plus MMUS\$ 130 for profit reinvestment) the consolidated ROE was 17.5% before tax, a rate similar to that obtained in 2014. Regarding efficiency, this indicator fell to 62.8% as a result to the relative stability of income and the programmed increase of support costs.

In 2015, the institution once again obtained the highest risk classification for the Latin American banking system, a ranking based on BancoEstado's solvency and responsible management at a local and international level, and in general, on the soundness of the Chilean economy and State.

BANCOESTADO PARTICIPATION IN NUMBER OF DEBIT CARDS

(%, Oct. 15)



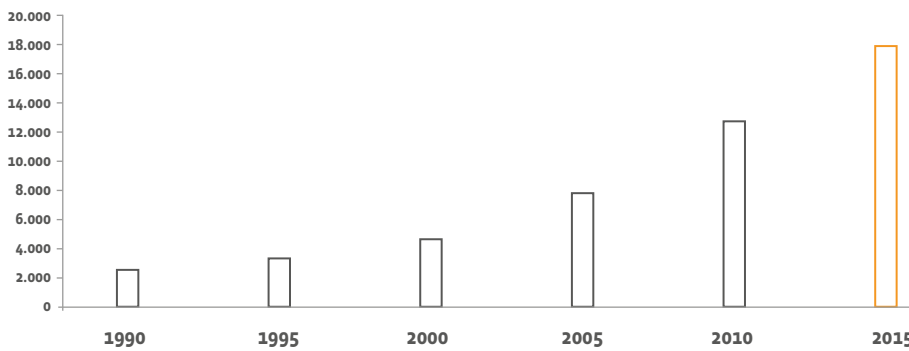
Source: SBIF.

*Total approved cards: 20.5 million

The continuous growth of CuentaRUT accounts has made BancoEstado the leader in banking debit cards

BANCOESTADO: TOTAL LOANS*

(MMMS at December 2015)



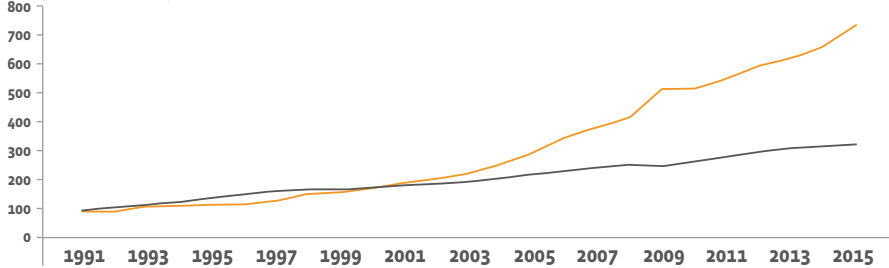
Source: BancoEstado

*Consolidated since 2008

There has been an important growth in loans over the entire period. At the end of 2015, total loans stocks exceeded of CLPS 19 billion.

Evolution of BancoEstado Loans and GDP

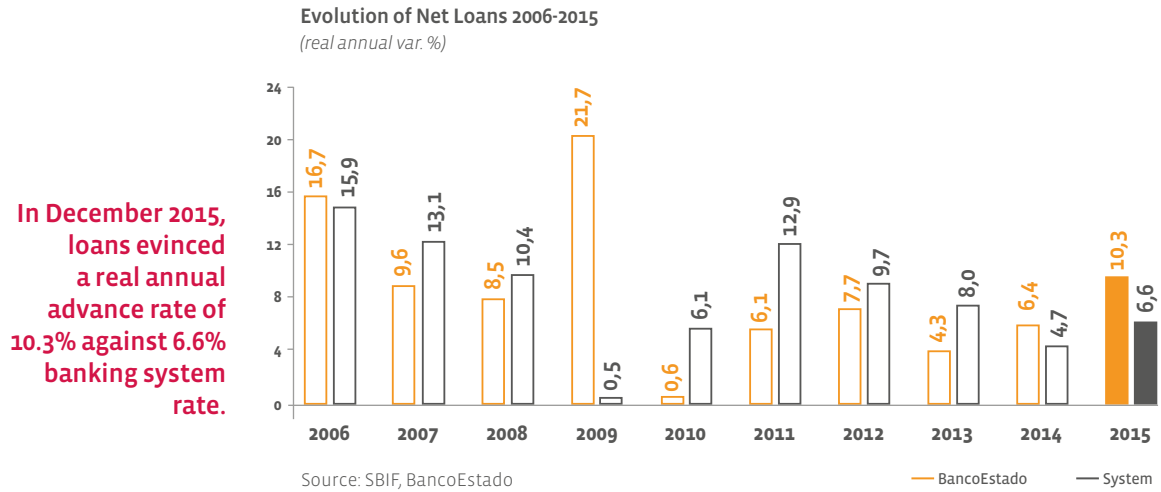
(1990 index= 100)



Source: Banco Central, BancoEstado

— BancoEstado credits — GDP

Between 2000 and 2015, loans grew by an annual average of 9.5%, while the GDP expanded at a rate of 3.8% per annum.



In December 2015, loans evinced a real annual advance rate of 10.3% against 6.6% banking system rate.

EXPANSION OF ACTIVITY

(real annual var, dec, 15%)

In 2015, the evolution of BancoEstado loans was triggered by commercial and housing loans.

NET TOTALS

10.3%
System*: 6.6 %

COMMERCIAL (COMPANIES)

11.6%
System*: 4.9 %

PERSONS

8.9%
System*: 9.3 %

HOUSING

9.8%
System*: 10.5 %

CONSUMPTION

4.9%
System*: 6.9 %

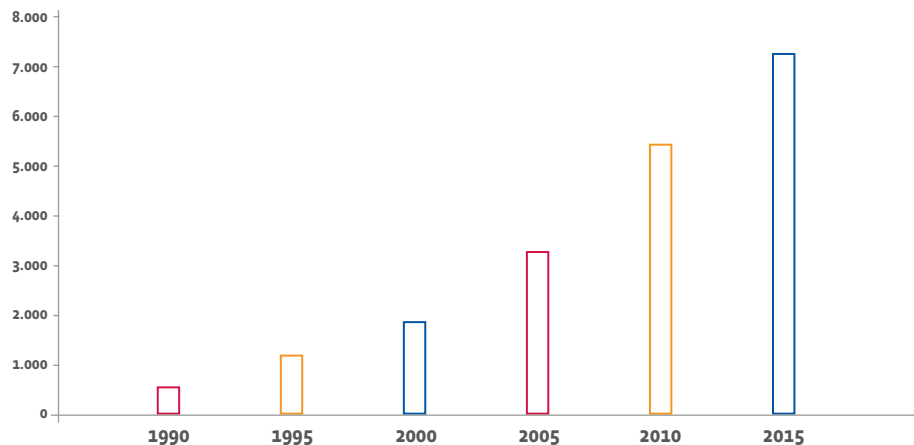
Source: SBIF, BancoEstado

*Excludes loans from subsidiaries abroad

BANCOESTADO: MORTGAGE LOANS

(MMMS at December 2015)

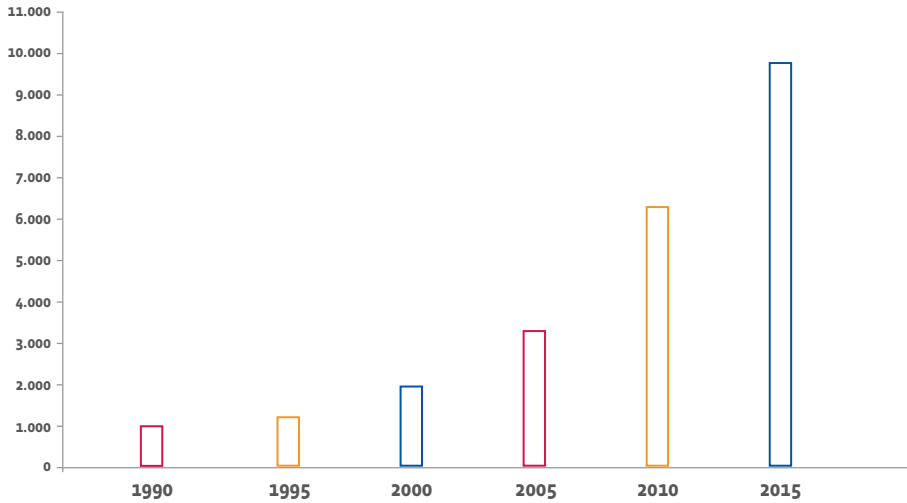
BancoEstado is the leader in providing financing for housing to the middle and low income sectors.



Source: BancoEstado

BANCOESTADO: COMMERCIAL LOANS*

(MMUS at December 2015)



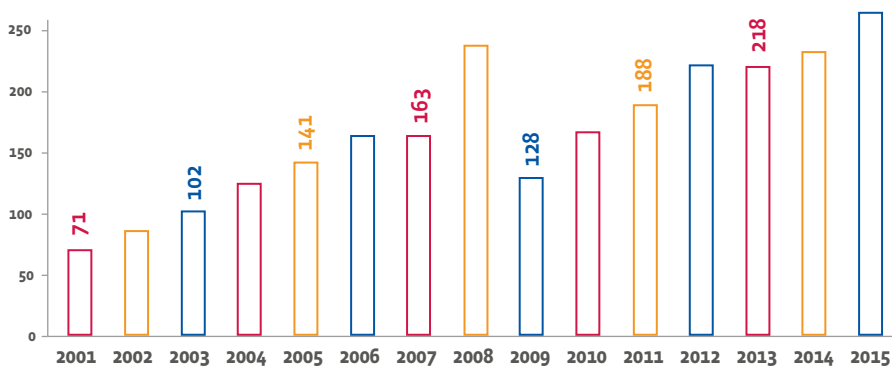
Source: BancoEstado

*Consolidated since 2008

In 2015, commercial loans expanded by a real rate of 11.6%.

SURPLUSES BEFORE TAX

(MMUS at December 2015)



Source: BancoEstado

In 2015, Surpluses before tax totalled MMUS\$ 369
Surpluses before tax average MMUS\$ 235 in the period 2006-2015

BANCOESTADO INTERNATIONAL RATING 2015

Rating Agency	Short term (1)	Long term (2)	Perspectives
Standard and Poors (3)	A-1+	AA-	Stable
Fitch Ratings (4)	F1	A+	Stable
Moody's	P-1	Aa3	Stable

(1) Debt in foreign currency under or equal to one year

(2) Foreign currency debt, more than a year

(3) In April 2015 S&P confirmed short and long term risk classification, and their perspectives

(4) In December 2015 Moody's confirmed short and long term classification and their perspectives

(5) In April 2015 Fitch Ratings confirmed short and long term classifications and their perspectives

Source: Fitch Ratings, Moody's and Standard and Poor's

PROFITABILITY

(Surpluses before tax/Assets:%)

In 2015, BancoEstado achieved a profitability rate of 17.5% before taxes.

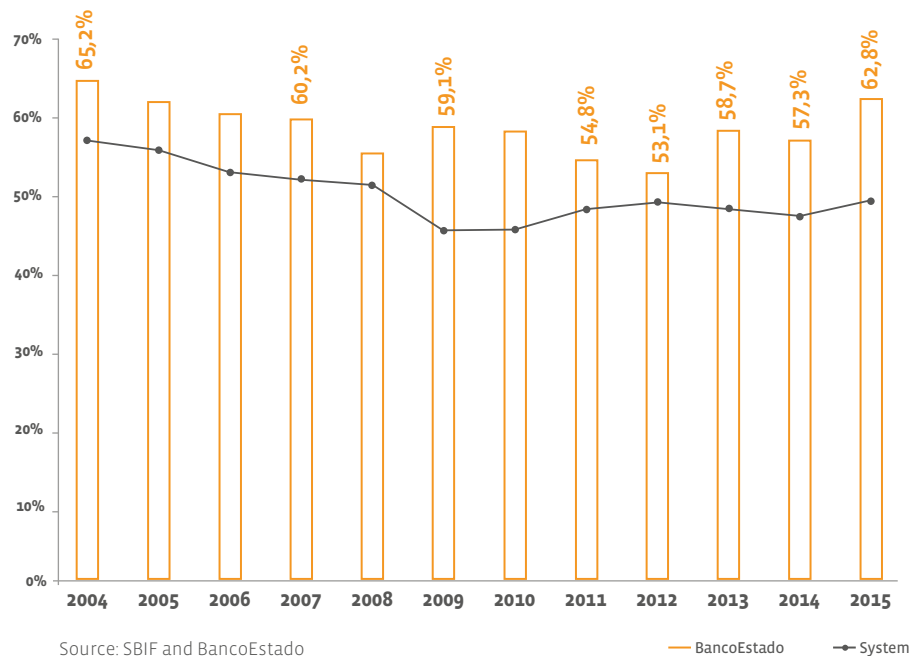
The profitability obtained through time has enabled it to evince sustainable growth rates.

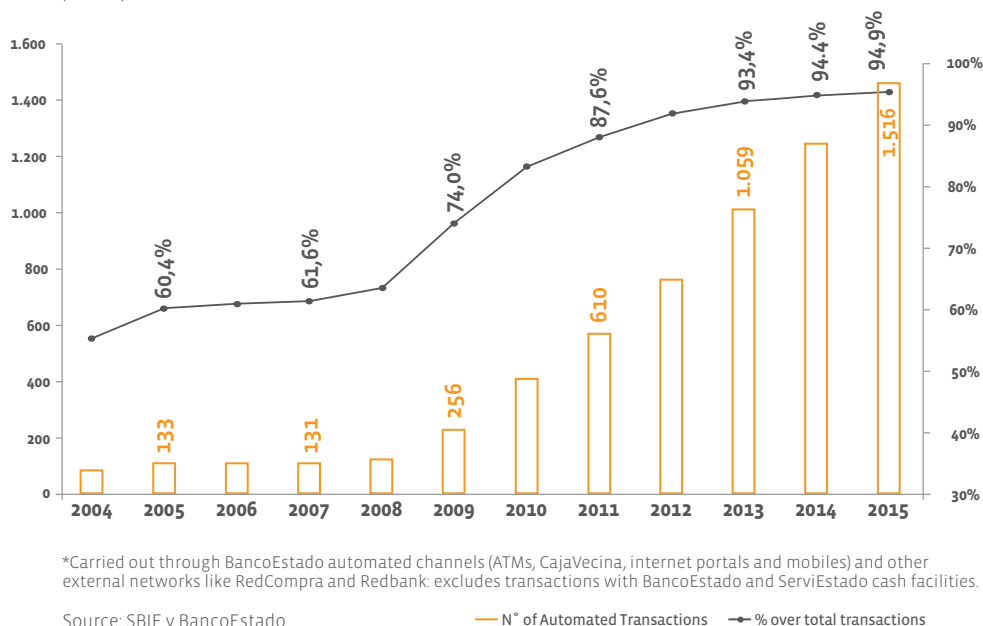


BANCOESTADO EFFICIENCY INDEX

(Support Expenditure/Gross Operational Result)

At the end of the 2015 period, BancoEstado efficiency rates had deteriorated when compared to the previous year owing to a slight reduction in income and increase in support expenditures.



**AUTOMATED TRANSACTIONS:
 BANCOESTADO CLIENTS***
 (Annual)


Automation of transactions has been a key element in the massification of BancoEstado services, as it has reduced operational costs. In 2015, these increased by 16.4%, representing 95% of the total transactions of the bank.

CONSOLIDATED CORPORATE DATA, BANCOESTADO AND SUBSIDIARIES (A)

(expressed in CLP millions)

Indicators	2008	2009	2010	2011	2012	2013	2014	2015
Results before taxes	197.126	104.934	138.602	163.203	195.461	198.274	221.400	261.750
Basic capital	702.261	931.584	931.344	1.025.313	1.136.838	1.077.302	1.236.936	1.487.444
Effective assets	1.044.935	1.290.202	1.405.605	1.598.950	1.707.041	1.802.945	2.057.958	2.398.956
Total loans	9.435.691	11.078.493	11.416.304	12.587.222	13.894.809	14.786.254	16.614.586	19.071.559
Consolidated totals	15.531.382	16.893.528	18.801.835	20.878.424	23.153.311	25.560.282	28.116.028	32.549.582
Results before taxes on total assets (%)	1,27	0,62	0,74	0,78	0,84	0,78	0,79	0,80
Results before taxes on assets (%)	28,01	11,2	14,8	15,8	17,1	18,3	17,8	17,5
Efficiency index (b)	55,8	59,1	58,6	54,8	53,1	58,7	57,3	62,8
Rate of provision on credits (%)	2,69	2,75	2,92	2,71	2,64	2,84	2,71	2,79
Basic capital on total computable equity (%)	4,41	5,34	4,62	4,69	4,55	3,91	4,10	4,30
Basel AMA Index (%)	10,91	12,36	12,14	12,61	11,47	11,25	11,49	11,70
BancoEstado Branches	342	344	344	342	345	360	364	381
ServiEstado Offices	45	79	84	86	96	100	107	107
CajaVecina	2.000	3.327	4.564	7.130	10.289	11.461	13.520	16.504
Number of automated services (c)	2.663	2.900	2.995	3.075	3.578	3.403	3.488	3.603
Total annual transactions	360	447	581	746	925	1.187	1.427	1.567

(a) Financial Statements are published in accordance with IFRS standards, (b) Support expenditures over gross operational results, (c) ATMs, dispensers and letter boxes

Sources: BancoEstado

ECONOMIC SCENARIO

/ The economic environment of the banking industry.

The activity of the banking industry and its results are strongly linked to the economic performance of the country. In a year marked by a rather restricted expansion of the product owing to less favourable external conditions and to the deterioration in corporate and individual expectations, the banking sector achieved a moderate level of expansion in its loans and maintained adequate indicators of profitability and solvency.

/ International Scenario

In 2015, the international economy showed modest growth rates in the developed countries; this evolution contrasts with that of the emergent economies, which have been losing strength, although as a whole, they still continue to grow at higher rates.

The developed economies have slowly consolidated their recovery, especially the USA, which maintains favourable growth expectations, and a few months ago opened a process to increase the rates of its monetary policy. In this context, the dollar has shown considerable levels of global appreciation, on its part, the Euro Zone has experimented a slower and more heterogeneous recovery, together with excessively low levels of inflation and high levels of private and public debt.

On the other hand, emerging economies have lost strength. The Chinese economy evinced an important slowdown, and Latin America's reduced economic activity has run hand-in-hand with capital outflows and currency depreciations, in an environment of less favourable financial conditions, higher inflation and a less expansive monetary policy. The region experienced the end of the super cycle of top raw materials prices, which has put an end to a phase of speedy economic growth and has translated into an important regression in investment.

Growth prospects for the global economy are reduced, despite the fact that the 2016 GDP is expected to be higher than its 2015 counterpart, owing to greater expansion levels both in the developed and the emergent world.

In 2015, there was a modest improvement in the international economy, owing to the growth of developed countries.



incentives in the USA and a stronger slowdown of the Chinese economy, which would imply more unfavourable financial conditions for diverse Latin American countries. Neither can we discard the eventual consequences of geopolitical events, especially those occurring in Europe and the Middle East.

7,4%

**real annual
 increase of public
 expenditure.**

/ The Local Economy.

The Chilean economy showed a weak growth rate in 2015, and after growing by 1.9% in 2014, the GDP totalled 2.1% in 2015. On the one hand, the external scenario has been somewhat negative given the end of high copper prices, which had a negative impact on investment. On the other hand, at an internal level, the decline in the confidence levels of entrepreneurs and consumers has had a negative effect on the activity and on demand.

In terms of inflation, the annual CPI variation has remained above the expected levels, and for most of the year has exceeded the maximum 4.0% determined by the Central Bank. In 2015, inflation was caused principally by a strong depreciation of the pesos and its transfer to final prices, in such a way that it closed at 4.4% for the year.

In this context, the Central Bank maintained an expansive monetary policy. In effect, it kept its monetary policy interest rate (MPR) at 3.0% from the fourth quarter in 2014 until the 25 base point adjustment implemented last October, and a similar one implemented in December, so that it ended the year at 3.5%. In this way, our monetary policy has contributed to contain economic slowdown, despite the fact that the process for reducing its expansiveness is already underway.

On the fiscal side, the implementation of an expansive policy during 2015 translated into an important real annual increase of 7.4% in public expenditure. Although this policy has contained the effects of a more adverse economic context, it has, in conjunction with lower income created by the downturn of the economy and lower copper prices, contributed to an effective increase in the fiscal deficit.

/ Prospects

Projections for 2016 indicate that the Chilean economy will grow by around 2%, which would reflect an expansion similar to that of internal demand, with total consumption rates that would grow by more than 2% and investments by some 1.5%; the latter would imply a slight improvement following the sharp fall in copper prices at the end of the cycle. At the same time, we foresee a slow but favourable development of external demand. We should also point out that the monetary policy will maintain its expansive trend, although it will be less dynamic. In the fiscal area, expenditure will increase by less than its 2015 rates.

1.3.2 Economic performance.

Despite the low economic growth evinced in 2015, the banking industry – measured by its loans – showed a slightly higher expansion than the previous year.

During the period, credit activities remained relatively low and, in spite of relevant phenomena that encouraged loans (like the significant improvement in the exchange rate and inorganic growth generated by the purchase of credit portfolios to non-banking organisations), these had already shown marked levels of deceleration from the previous fiscal year.

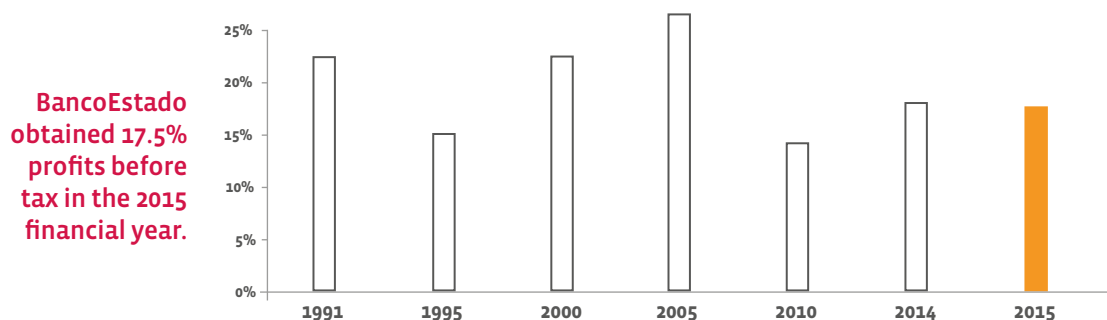
Within a context featuring the deterioration of expectations, both suppliers and demanders of credit restricted their operations in view of an eventual decline in supply conditions, especially in the case of or real estate developers and construction companies, while demand for credit lost strength in practically all segments.

In figures, total loans grew by a real 6.6% per annum in 2015. Loans showed mixed behaviour: while mortgage loans showed a strong annual expansion of 10.5%, remaining loans operations advanced at a much slower rhythm, in accordance with the evolution of the economy. Consumer loans grew by 6.9% and credits to businesses by 4.9%. We must add that the expansion of commercial and total loans is considerably lower if we exclude the effect of the rate of exchange.

The financial results of the banking sector fell considerably in 2015, after showing quite good results the previous year. In effect, lower income and the increase in support expenditures this financial period were the principal factors that determined the fall of profit before tax, which bordered a real 6% at the end of the financial year. The deterioration of profits was reflected in a ROE of 17.2%, which is 1.6% lower than the previous year.

Regarding solvency, the Basel indicator (effective gross income on average assets for credit risks) was 12.6%, less than the 13.4% obtained at the end of the previous financial year. In terms of portfolio quality, the system's risk indicators remained relatively stable.

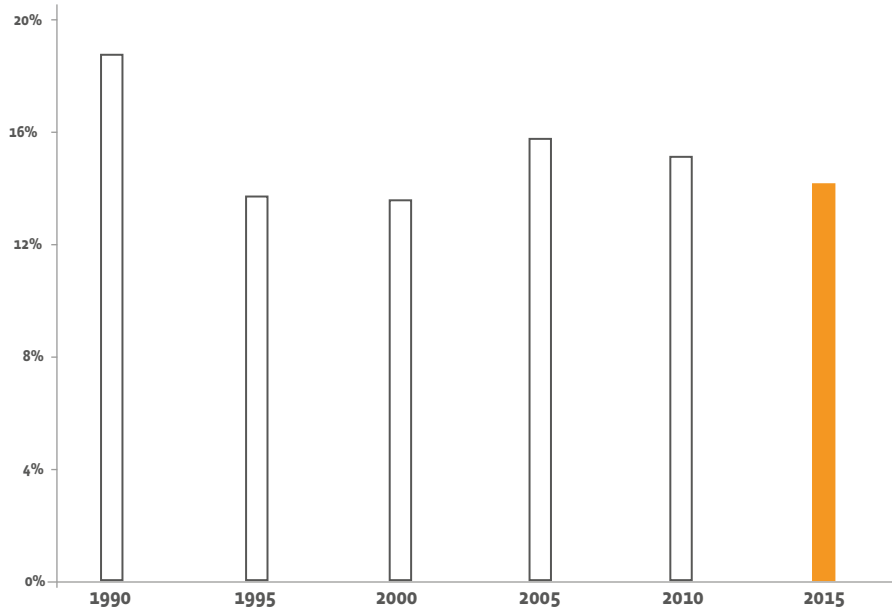
BANCOESTADO: ROE
(Return on equity before tax)



Source: BancoEstado

BANCOESTADO: MARKET PARTICIPATION

(%)

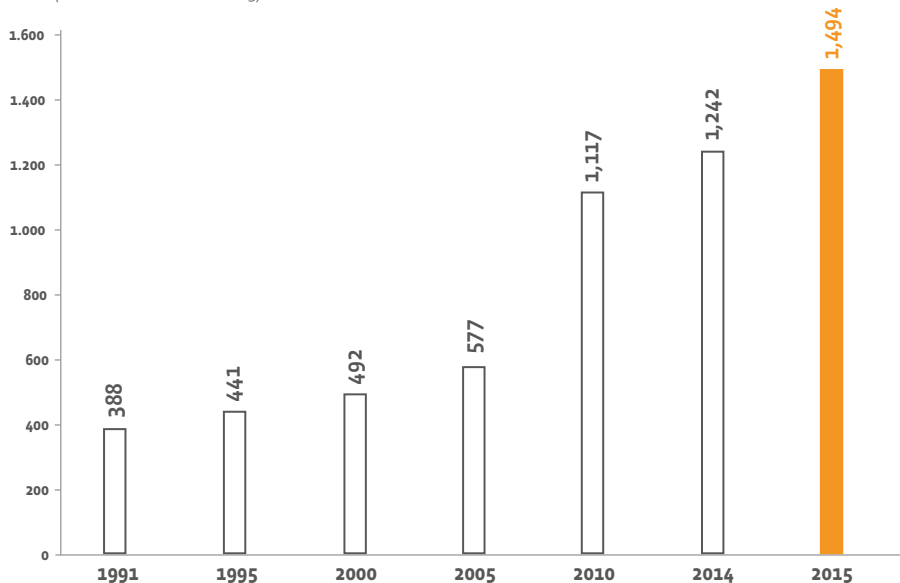


At December 2015, BancoEstado's participation in banking system loans reached 14.2%.

Source: SBIF, BancoEstado.

BANCOESTADO: EQUITY

(MMUS\$ at December 2015)



BancoEstado's equity for 2015 totalled MMUS\$ 2,104

Capital increases are usually financed by capitalisation of part of the profits.

Extraordinary capitalisations were carried out in 2009, 2014, and 2015 in order to sustain institutional growth

Source: BancoEstado

1.3.3 Contribution to the Treasury

BancoEstado has been a protagonist in the development of Chile and its people, playing an important role in the public scene. From its unique and essential position in the financial industry, it has always focused its work on turning limitations into improved conditions for the satisfaction of everyone's requirements.

These efforts translate into a responsible, transparent and profitable management that contributes to the development of the country as a whole, both in terms of contributing to the financial inclusion of sectors that have been traditionally excluded, and in terms of contributing to the Treasury. In this area, the excellent results obtained in 2015 have turned the institution into one of the public companies to have given more resources to the Treasury for tax and profits, which reflects a global vision of its role in the country's economy and national project.

BancoEstado has transferred some US\$ 3,000 million to the Treasury for profits and tax between 2001 and 2015.

BANCOESTADO CONTRIBUTIONS TO THE TREASURY, FOR PROFITS AND TAX.

(MM\$)

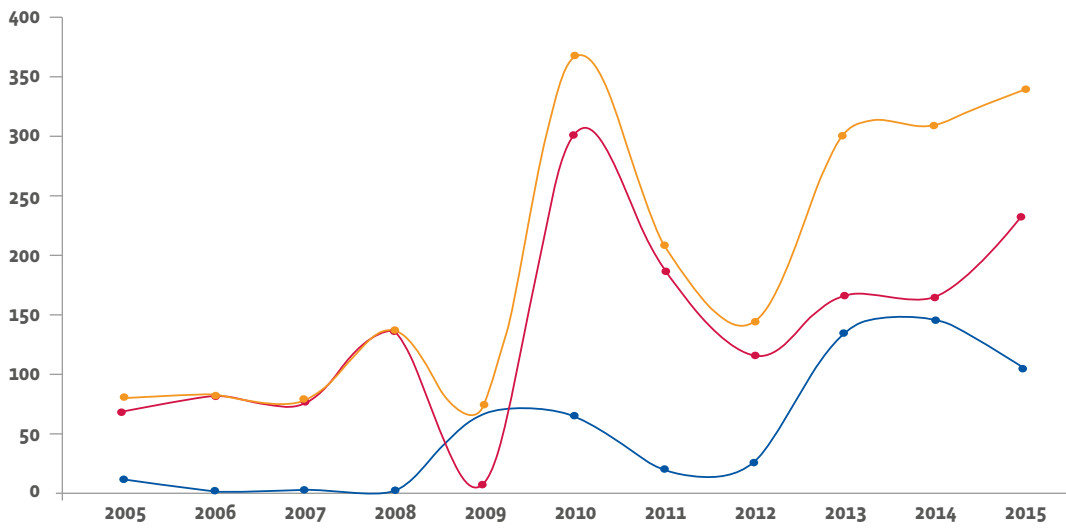
Year	For Net Profits, previous year	For Income Tax	For Special 40% TAX	Total	Adjusted amount at Dec. 2015
2001	25.079	11.234	30.433	66.746	105.188
2002	27.991	9.605	26.098	63.694	97.492
2003	20.924	11.644	31.268	63.836	96.694
2004	17.272	6.784	20.792	44.848	66.375
2005	7.953	16.047	32.597	56.597	80.698
2006	1.973	16.455	40.602	59.030	82.507
2007	2.504	15.265	39.258	57.027	74.483
2008	2.648	27.630	67.241	97.519	116.505
2009	47.412	2.419	3.559	53.390	65.337
2010	46.386	64.519	150.509	261.414	312.264
2011	15.327	37.792	95.793	148.912	171.188
2012	19.242	24.928	58.335	102.505	115.019
2013	95.890	37.182	81.125	214.197	235.512
2014	103.188	36.947	80.223	220.358	229.324
2015	75.459	55.067	110.665	241.191	241.191
TOTAL					2.089.775

Source: BancoEstado

Between 2001 and 2015, BancoEstado has transferred an annual average of approximately MMUS\$ 200 to the Treasury.



CONTRIBUTIONS TO THE TREASURY (*)
 (Expressed in December 2015 MMUS\$)



*Por income and tax of the previous year

Source: BancoEstado

— For profits — For taxes — Total

The good results obtained by BancoEstado (including its subsidiaries) enable it to make substantive contributions to the Treasury for taxes and profit sharing.

1.4 160 YEARS OF HISTORY

SBIF, G4-6



CREATION OF BANCOESTADO



POSITIONING OF A SOCIAL ROLE



MODERNISATION

In 2015, BancoEstado completed 160 years of committed work with Chile, maintaining its essential focus: that Chile should become a more inclusive and equitable country, offering opportunities to all.

The institution fulfils a key role for millions of clients, for hundreds of thousands of businesses of a most varied nature and size, and for an important part of the public institutions in the country, bringing the State closer to the people and contributing in the deployment of public policies.

1855 – 1928

Creation of: Caja de Crédito Hipotecario, Caja Nacional de Ahorros, Caja de Crédito Agrario and Instituto de Crédito Industrial, which extended their territorial coverage during the period.

1953

In the government of Carlos Ibañez del Campo all the savings banks operating in the country merged, resulting in the creation of the Banco del Estado de Chile, which opened its operations on the premises of its emblematic building on the corner of Alameda and Bandera streets.

1978

Promulgation of the Organic Law of Banco del Estado de Chile.

1989

The possibility of privatising the bank is analysed, and is finally discarded by government authorities.

1990 – 2000

Modernisation process that included updated technology and the processes for extending the branch networks. Focus on social groups that have no access to the banking system and creation of the Microempresas (microfinance) branch.

2001

Redefinition of mission and vision, and part of the institution's modernisation process, and the need to compatibilise economic efficiency with social impact. The bank is named BancoEstado.

2005

Inauguration of our branch in New York, USA, the first branch of a Chilean bank to be opened in that country.

2006

Creation of CuentaRUT accounts and CajaVecina, two iconic instruments of social and financial inclusion in the country.

2008

BancoEstado capitalisation and focus on a contra-cyclic management scheme as part of a series of measures to anticipate the international financial crisis. financiera internacional.

2010

Consolidation of the strategic Alliance between Administradora General de Fondos and BNP Paribas.



OF BANCOESTADO



BANKARISATION



FINANCIAL INCLUSION FOR ALL

The corporation has and will always have an inclusive seal, as this enables it to increase its territorial coverage, and offer innovative products and services at convenient prices. In this sense, CuentaRUT accounts, the CajaVecina and ServiEstado networks, together with emblematic programmes such as “Crece Mujer Emprededora” (Program to support women business) or “En Fácil y en Chileno” (Program to foster financial education), are essential.

2012

CajaVecina coverage includes 10,000 attention outlets, making BancoEstado the financial institution with the most extensive coverage in the country.

2013

Inauguration of the first and only branch in the La Legua township.

2014

Capitalización de US\$450 millones, incrementando la capacidad para otorgar créditos en US\$5.000 millones.

2014

Launch of the “En Fácil y en Chileno” (In Simple Chilean) financial education programme.

8 million people administer their resources in an efficient and safe way thanks to CuentaRUT accounts.

2015

Launching of the “CreceMujer Emprededora”(Program to support business women) programme.

Support to victims of the different natural disasters that affected the country.

New service model from branches installed on municipal premises.

2015

BancoEstado declares its status as “The bank of all Chilean enterprises”, ranging from microenterprises to large corporations and economic groups.



BancoEstado[®]

1.5

LANDMARSK

2015

G4-S01







01. –

160 years working to build a better country

• PRESENT WHERE AND WHEN CHILE NEEDS US

The President of the Republic, Michelle Bachelet, attended the ceremony in which BancoEstado commemorated its 160 years of existence; on this occasion Jorge Rodríguez Grossi, the Chairman of the bank, confirmed the financial institution's commitment with the country.



02. –

New Executive Committee

• FINANCIAL MANAGEMENT

Enrique Marshall Rivera was appointed Vice President of the Bank on 21 August, while the appointment of Jorge Rodríguez Grossi as Chairman of the bank was published on 22 September. Both took over their functions on the executive Committee at the beginning of October.



03.-

Opening of new offices

• FINANCIAL INCLUSION

17 new branches were inaugurated throughout the country to strengthen our national coverage: Pichidegua, Futrono, Quemchi, Alto Bío-Bío, Colbún, Olmué, Navidad, Tirúa, Sierra Gorda, Hualqui, Teodoro Schmidt, Pica, Lumaco, Vilcún, Santa Juana, Canela and La Reina.



04.-

CreceMujer Emprendedora

• FINANCIAL INCLUSION

This programme was launched in order to search for ways to close the gap that limits women's access to the financial system, improving their competencies and in business management and strengthening their social and commercial networks. The programme already has 80 thousand registered participants throughout the country.

05.-

CuentaRUT for female prison inmates

• FINANCIAL INCLUSION

As a way of contributing to the social reinsertion of women who have been in prison, the institution gave CuentaRUT accounts to inmates of the Female Penitentiary of Santiago, which will enable them to improve the way in which they administer their resources.



06.-

Natural disasters

• PRESENT WHERE AND WHEN CHILE NEEDS US

The bank implemented diverse actions to maintain permanent service in order to help the thousands of our compatriots who were affected by the different natural disasters that shook the country. It also implemented a series of commercial measures such as the postponement of consumer and mortgage loan instalments.

07.-

Jessica Lopez Executive of the year

• FINANCIAL MANAGEMENT

Jessica López, the general manager of the bank, was nominated “Executive of the Year” a distinction awarded by Mujeres Empresarias, an organisation that promotes female entrepreneurship and the development of female professional activities.





08.-

The Mistral and Neruda Trains

• **PRESERVATION OF NATIONAL CULTURE AND IDENTITY**

To commemorate the 70th anniversary of Gabriela Mistral's Nobel Prize for Literature, the bank, the Santiago Metro and the Ministry of Transport and Telecommunications presented the "Tren Gabriela Mistral" (Gabriela Mistral Train), which will circulate during 2016 exhibiting photographs of Gabriela Mistral and excerpts of her works. This initiative follows the success of the "Tren de Neruda" (Neruda Train), which circulated in the first semester of 2015.

09.-

BancoEstado Award to Quality in Journalism

• **PRESERVATION OF NATIONAL CULTURE AND IDENTITY**

In the fifth version of the "Premio BancoEstado a la Calidad Periodística", the jury panel awarded the distinction to René Bustos, of Empresas y Poder magazine, for his report "Los desafíos en un Chile que envejece" (Challenges in a Chile that grows old"); and to Cristian Ascencio, of El Mercurio, Antofagasta, for his report "Los agricultores que cultivan en las piedras" (the farmers that sow stones".



10.-

Programme for the encouragement Chilean films.

• **PRESERVATION OF NATIONAL CULTURE AND IDENTITY**

The "Programa de Fomento BancoEstado al Cine Chileno" (Bancoo Estado Programme for the encouragement of Chilean Film) was launched; in its first version it awarded prizes to the following films.

- "Si escuchas atentamente", documentary.
- "Rara", feature film
- "Sin filtro", feature film
- "Aquí no ha pasado nada", independent film.
- "El primero de la familia", feature film.
- "Jesús", feature film.

1.5.1 A year marked by the forces of nature

In the course of 2015 the country had to face the consequences of diverse natural phenomena that affected thousands of our countrymen. This financial institution went in aid of the victims, and made enormous efforts to reach the affected areas as soon as possible. It deployed all its human and technical resources to ensure operational continuity and access to cash, contributing to give some degree of relief to many of the victims. Steps, such as waiving the payment of additional interests for sums owed, were also taken to help these people.

The measures implemented in each of these situations reaffirm the commitment of the bank and its workers to help its clients wherever and whenever they need it, providing speedy and efficient solutions tailored to their needs.

/ Eruption of volcán Villarrica.

The Villarrica volcano erupted in March, affecting the inhabitants of Villarrica, Pucón and Cunco. In the wake of this emergency, the institution took measures to ensure non-stop service in the affected areas, and the availability of cash for clients and users.

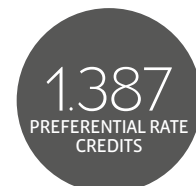
Furthermore, the integrated BancoEstado service network, consisting of branch offices, ServiEstado offices, CajaVecina outlets and ATMs, was reinforced by the arrival of a Bech Mobil (Mobile bank branch).

/ Storms in the north

That same month, the north of Chile was hit by violent storms and landslides affecting the regions of Arica and Parinacota, Tarapacá, Antofagasta and Atacama, causing floods, power outages and failure of communications systems, which also triggered the interruption of basic utilities. This also affected the normal performance of the entire banking industry. The bank implemented every possible measure to recover the related systems and serve clients and users as well as possible under these conditions.

The most complex situation arose in the regions of Antofagasta and Atacama, where the institution was the first bank to return to its operational activities, becoming operational three days after the initial emergency. Service in branches was reinforced with two Bech Movil units that travelled through the affected area, managing to cover client needs, maintaining customer service and guaranteeing the safety of its clients and workforce.

The main commercial actions implemented by BancoEstado to help these disaster victims were: postponement of payment of consumer credits and mortgage loan instalments to personal clients, small and microbusinesses, without the application of additional interests; emergency credits at preferential rates for the same sectors; help in filing insurance claims and collection of damages.



Parallel to this, the bank supported the award of State bonds to go in aid of victims. In all, the bank paid 8,097 bonds, 7,584 through CuentaRUT accounts and 306 in cash payments.

/ Eruption of volcán Calbuco

In April, a new natural disaster shook the south of Chile, with the eruption of volcán Calbuco in the Los Lagos region, which made it necessary to evacuate some 9,000 persons. Three localities in the sector of the rio Chamiza basin in the Los Lagos region suffered most. The bank immediately took all the measures necessary to ensure the continuity of services in the affected area, providing BancoEstado and ServiEstado offices, CajaVecina outlets and ATMs.

/ Earthquake in the region of Coquimbo

The country was hit by another catastrophe, which affected the region of Coquimbo, on 16 September: an earthquake that registered 8.4 on the Richter scale followed by a tsunami, created floods, power outages, interrupted communications and serious damages to public and private property, affecting the lives of thousands of our fellow Chileans.

The institution faced this disaster by taking a series of measures to go in aid of victims who had lost most of or all of their possessions, and also provided two Bech Movil services in the localities of Tongoy and Canela, where clients were able to draw cash, check their balances and change their passwords.

The bank also took commercial measures to help individuals and microbusinesses. These initiatives were part of the “Reemprende Coquimbo” (Start Over, Coquimbo) Government programme.



1.6 AWARDS AND DISTINCTIONS



Stock exchange operations

This is the eighth consecutive year that BancoEstado Corredores de Bolsa ranked first in terms of amounts traded in financial intermediation documents, in addition to being the fifth year it is awarded first place in fixed income transactions.

The award was given by the Santiago Stock Exchange.

Estudios Chile 3D and BacLab Y&R place it among the most valued brands in Chile.

The Chile 3D study carried out by Gfk Adimark, recognised BancoEstado as one of the brands most valued by Chileans, ranking it 22 among 430 brand names, and making it the bank that is most appreciated by individuals. The study carried out by the BacLab Y&R consultancy placed it as the leader among banks, and the only bank to be included in the Top 100 most valued brands, with high ratings among different economic segments.

BEME: 2nd Best Great Place to Work in Latin America 2015

The Great Place to Work ranking placed BancoEstado Microempresas second among the best places to work in Latin America.

Outstanding Bank of the Year

On the occasion of the 45th General Meeting of the Latin American Association of Development Financing Institutions (ALIDE) named BancoEstado the "Outstanding Bank of 2015" for its trajectory, financial results and balance between profitability and financial inclusion.



Personal Management

The Carlos Vial Espantoso Foundation awarded BancoEstado an Honourable Mention for its personal management and its contribution to the construction of solid labour relations, making special mention of the team's contribution to the institution's results and to the strengthening of its collaborative work.



One of the most admired corporations in Chile.

In the fifteenth version of the survey "Most admired corporations in Chile" carried out by PricewaterhouseCoopers and Diario Financiero, BancoEstado was selected in the areas of "Financial Solidity" and "Corporate Image", and was also the only State corporation included in the 10 most admired organisations in the country.

Prestigious Corporation

The first study of Employer Reputation and Talent, organised by Universum, ranked BancoEstado eighth among the most prestigious corporations to work for. The ranking measures the perceptions of 190 thousand university students regarding the prestige, innovation and success of 50 Chilean corporations.

QuéVeo 2015 Award

The QuéVeo Foundation awarded a prize to the “El banco de los hipotecarios de Chile” (The Bank of Chilean Mortgages) publicity campaign in the “audio-visual publicity campaign” category, praising its contribution to our national identity, and its freshness and artistic quality.



Best savings product

BancoEstado was awarded an honorary mention for its Ahorro Vivienda (Housing Savings) product, which received special mention for its contribution to integrating public policies through a savings system for obtaining housing subsidies.

Socially Responsible Institution

The Responsible Institutions ranking, carried out by Mori Consultants, ranked BancoEstado fourth, mentioning that it is the only banking institution present in the ranking. This distinction reaffirms BancoEstado’s commitment to responsible borrowing and to extending development opportunities for all.

Bess Employer Brand in the Financial System

This is the second consecutive year that BancoEstado was awarded a distinction by Trabajando.com; on this occasion it was awarded first place in the “Banking and Service” category, and fourth place in the general ranking.

Best Companies for Working Mothers and Fathers.

BancoEstado Microempresas ranked second among the “Best Companies for Working Mothers and Fathers” in the “Large Corporations” category, while BancoEstado Corredores de Seguros obtained third place in the “Pymes” category. This study is carried out by “El Mercurio’s” Ya Magazine and the Chile Unido Foundation.

The safest bank in Latin America

This is the fifth consecutive year that the Global Finance journal distinguished BancoEstado as the safest banking entity in Latin America; the bank is also the only Latin American institution among the 50 safest banks in the world.

Distinguished the BancoEstado Award for Quality in Journalism

The institution was awarded an honourable mention for the fifth version of the “Integration System of the Principles of the 2015 Global Pact Integration”, which awards prizes for best entrepreneurial practices. This recognition pertained to the “BancoEstado Award for Quality in Journalism”, an initiative that highlights media contributions to financial education and inclusion.

Annual Summit of the Global Banking Alliance for Women

At this meeting, BancoEstado was awarded a mention for its contribution to the inclusion of women into the world of finance.



CHAPTER 2

WE RENEW OUR COMMITMENT AS A PUBLIC BANK

BancoEstado has the calling to be a relevant actor in the generation of more and better opportunities, giving renewed impulse to its public role. Its market position should contribute to improve the conditions that enable Chile and its people to make full use of their potential and talent.



2.1 CORPORATE GOVERNANCE

DMA, G4-34, G4-38, G4-39, G4-40, G4-41, G4-42, G4-48

BancoEstado’s corporate governance consists of the Governing Body, which has as its mission the overall direction of the organisation, and the Executive Committee, in charge of managing and running the institution.

The institution saw two major changes in the Chairmanship of the Governing Body in 2015. Rodrigo Valdés Pulido, resigned his post as chairman after being appointed Minister of Finance by the President of the Republic, Michelle Bachelet. Guillermo Larraín Ríos, was appointed chairman, and tendered his resignation in September. On 22 September, former Minister of the Economy Jorge Rodríguez Grossi was appointed to the chairmanship of BancoEstado, taking on his duties on 1 October. Enrique Marshall Rivera was appointed vice chairman of the Governing Body on 21 August and assumed his functions on 15 October. The Executive Committee is made up of both these senior executives, together with Jessica López Saffie, the bank’s executive general manager.

2.1.1 Governing Body

The Governing Body is in charge of the higher management of the institution, defining its general policy and internal bylaws and regulations. It is also in charge of top-level supervision and control.

It has seven members, six of which are appointed by the President of the Republic, through a Ministry of Finance Supreme Decree. One of these members is appointed chairman and another, vice chairman. The seventh member is elected by BancoEstado staff and represents them, holding the post of labour director, together with an alternate director.

The functions of the Governing Body include proposing the allocation of profits at the end of each financial period, approving staff remunerations, and fixing the salaries of workers that do not take part in the collecting bargaining process, all of which should have the approval of the Ministry of Finance. It also approves the annual balance sheet and annual report and is empowered to create or eliminate branches in Chile and abroad.



BancoEstado’s Governing Body in charge of the overall management of the institution. It consists of seven members. One of these members is elected by the workers as their representative.



8

6

7

1

2

5

4

3

GOVERNING BODY

Chairman :

¹-Jorge Rodríguez Grossi

Vice Chairman:

²-Enrique Marshall Rivera

Directors:

³-Pedro Neira Asenjo

⁴-Sergio Páez Verdugo

⁵-Andrea Repetto Lisboa

⁶-Francisco Vidal Salinas

Labour Director:

⁷-Edith Signé Rodríguez

Alternate Labour Director:

⁸-Ricardo Morales Cordero



2

3

1

4

2.1.2 Executive Committee

The Executive Committee is in charge of the higher administration of the institution and is responsible for its operation. Its members are: the chairman, Jorge Rodríguez Grossi; the vice chairman, Enrique Marshall Rivera; and the executive general manager Jessica López Saffie. The Bank's General Counsel, Darko Homan Varkjen is also a member of the committee, with a right to speak. All of these executives have the exclusive confidence of the President of the Republic.

The role of this committee is to approve, execute and celebrate any act, contract, pact or convention that is adequate and necessary for the fulfilment of the objectives of the bank. It is also in charge of establishing the terms for the operations carried out by the institution, such as guarantees, maximum amounts and interest rates; the supervision of the fulfilment of agreements, regulations and instructions, and the authorization of the bank's annual budget for investment and expenditures, including modifications, provisions and write-offs, as corresponds.

It must also approve the balance sheet, the annual report and appoint the employees that act as certifying officers to witness the veracity of acts and documents, and of their deliberations and agreements.

All of its functions are included in the legal and regulatory framework of the institution, and in the policies and regulations of the Governing Body and of the Superintendency of Banks and Financial Institutions (SBIF).

In order to protect the ethics and transparency of the Executive Committee, its members cannot take part in or vote in business operations in which they are involved.

Chairman:

1- Jorge Rodríguez Grossi

Vice chairman:

2- Enrique Marshall Rivera

Executive General Manager:

3- Jessica López Saffie

General Counsel:

4- Darko Homan Varljen

EXECUTIVE COMMITTEE

PRESIDENTE:

Jorge Rodríguez Grossi

Commercial Engineer, Universidad de Chile and Master of Arts in Economics, Boston University. With an extensive career in the public sector, having held the posts of undersecretary of Finance and of Regional Development; minister of the Economy, Energy and Mining; President of the National Railroad. He was also a member of the Governing Body of BancoEstado between 2010 and 2014.

In the private area, he has been director and general manager of diverse corporations. In the academic area, he is currently dean of the Faculty of Economics and Business Studies of Universidad Alberto Hurtado. He was the founder, director and lecturer of the ILADES Post Graduate Programme in Economics, Georgetown University. He has been a consultant at the World Bank, BID, ECLA and other organisations.

The chairman is the extrajudicial representative of BancoEstado before public institutions and Chilean or foreign banks and financial institutions. The Chairman presides over the Governing Board and Executive Committee sessions, and may convene extraordinary sessions.

VICEPRESIDENTE:

Enrique Marshall Rivera

Commercial Engineer, Universidad de Chile, MA and PhD in Economics, University of Notre Dame, USA. In the public area, he was director of the Central Bank of Chile during the past decade, in addition to holding the post as vice chairman of that bank. Prior to that, he was general manager of the issuing bank and Superintendent of Banks and Financial Institutions.

He has also held different posts in Chilean Banks, and has reflected this experience in numerous studies on the operation of the financial system. He is currently on the boards of directors of a variety of non-profit making institutions and corporations, like Fundación Chilena del Pacífico and the Instituto de Estudios Bancarios Guillermo Subercaseaux.

He stands in for the chairman in case of absence, vacancy or any other cause which might prevent the chairman from fulfilling his functions, without having to accredit before third parties. Carries out the functions and duties entrusted or delegated by the Governing Body and Executive Committee.

EXECUTIVE GENERAL MANAGER:

Jessica López Saffie

Commercial engineer majoring in Economics, University of Chile. She has more than 30 years' experience in the banking sector. Between 1981 and 1990, she worked at Banco del Desarrollo (currently Scotiabank), and later at BancoEstado between 1990 and 2010, holding the posts of risk manager, controller and vice president of the institution, becoming the first woman to hold this post in the Chilean financial industry. She has also been a consultant for the IDB, corporate manager and adviser to corporations and executives.

In 2015, she won the Female Executive of the Year prize, awarded by Fundación Mujeres Empresarias and revista Capital, in acknowledgement of her professional merits, leadership and development of the profession in the country.

She is responsible for the immediate administration of the bank, and just as the chairman, is the extrajudicial representative of the institution. In charge of giving the Executive Committee reports on financial statements and institutional performance. Also in charge of coordinating the management activities of the general managers for each area, and submitting the balance sheet and annual report to the Executive Committee for approval. Other activities include, hiring, promotion, transfer and/or penalising bank employees, with the exception of those of higher rank.

/ INTERNAL CONTROL STRUCTURE

The bank's organisational structure includes diverse units and areas that complement its operational management and contribute to maintain internal control systems, which are added to the work carried out by the Executive Committee and Governing Body.

a) Auditing Committee

In charge of safeguarding the maintenance, application and operation of the internal control systems of the institution and its subsidiaries. It consists of five members, two of whom are external professionals. Sessions are also attended by the general manager, the attorney general and the Controller, or their corresponding replacements.

Its functions include the analysis of external auditing reports, balance sheets and financial statements, the revision of risk classification reports; the supervision and analysis of reviews carried out by the Bank's Controller's office and safeguarding the fulfilment of the standards and procedures that regulate the banking business; it must also propose the names of external auditors and risk classification agencies; analyse the company's management self-evaluation process, and analyse processes for dealing with client complaints.

In addition to the above, it must supervise banking activities per se so as to detect and penalise money laundering activities and report on related activities.

> Chairman:

Sergio Páez Verdugo

> Members:

Enrique Marshall Rivera

Pedro Neira Asenjo

Juan José Ossa Santa Cruz (independent)

Guillermo Ramírez Vilardell (independent)

b) Legal Department

Its function is to advise and legally represent the financial institution before courts of justice, administrative courts or other special courts, in addition to ensure that the bank's policies are coherent and operate within the scope of the current banking regulations.

It also provides legal services and internal advisory services, both to the corporate areas and to the different managements and branches. This support contemplates juridical issues and those pertaining to the organic and administrative management of the bank.

> BancoEstado General Counsel:

Darko Homan Varljen

c) Comptroller's Office

The Comptroller's Office operates under independent administration and is responsible for inspecting and supervising the bank's accounts, services and installations within the framework of the statute that defines its role.

Its work is focused mainly on key control operations; on providing results to requests made by the corporate governance; and verify risk mitigation through the implementation of improvement plans.

Its main responsibilities include the assessment and recommendation of improvements to risk management and internal control of the company and its subsidiaries. In addition, its auditing activities and reviews contribute to protect resources, safeguarding corporate assets.

> BancoEstado Comptroller:

Pedro Bolados Morales

d) Compliance Office

Its activities focus on the prevention and detection of money laundering, ensuring normative compliance, making sure that the workforce maintains permanent compliance with corporate ethical values; and fraud prevention, both internal and external, in order to avoid damage to the institution's assets, image or reputation. It also supervises regulatory compliance on the part of the branch in New York, USA.

It operates by applying the crime prevention model established in Law N° 20,393 on the Juridical Responsibility of Juridical Persons, and fulfils an official compliance role in the area of the prevention of money laundering.

It also represents the bank on the Committee for the Prevention of Money Laundering of the Association of Banks and Financial Institutions (SBIF).

> Compliance Manager:

Álvaro del Barrio Reyna





6 3 4 9 5 1 7 10 8 2

2.1.3 Area General Management Offices

BancoEstado's general management offices play a fundamental role in the success of the organisation, and in the fulfilment of the objectives required by the Executive Committee, which are later supervised by the Executive General Management office to review the operational progress of the institution.

The collaborative work between management offices is the foundation for syntonized progress in the area of our strategic guidelines, through efficient, profitable and sustainable management.

Executive General Manager

1- Jessica López Saffie

Chief Commercial Officer

2- Emiliano Figueroa Sandoval

Chief Financial Officer

3- Carlos Martabit Scaff

Chief Administration Officer

4- Victoria Martínez Ocamica

Operations and Systems Division Manager

5- Rodrigo Collado Lizama

Chief Risk Manager

6- Eduardo De Las Heras Val

Planning and Management Control Officer

7- Óscar González Narbona

Retail Banking Division Manager

8- María Cecilia Vergara Fisher

Branch Division Manager

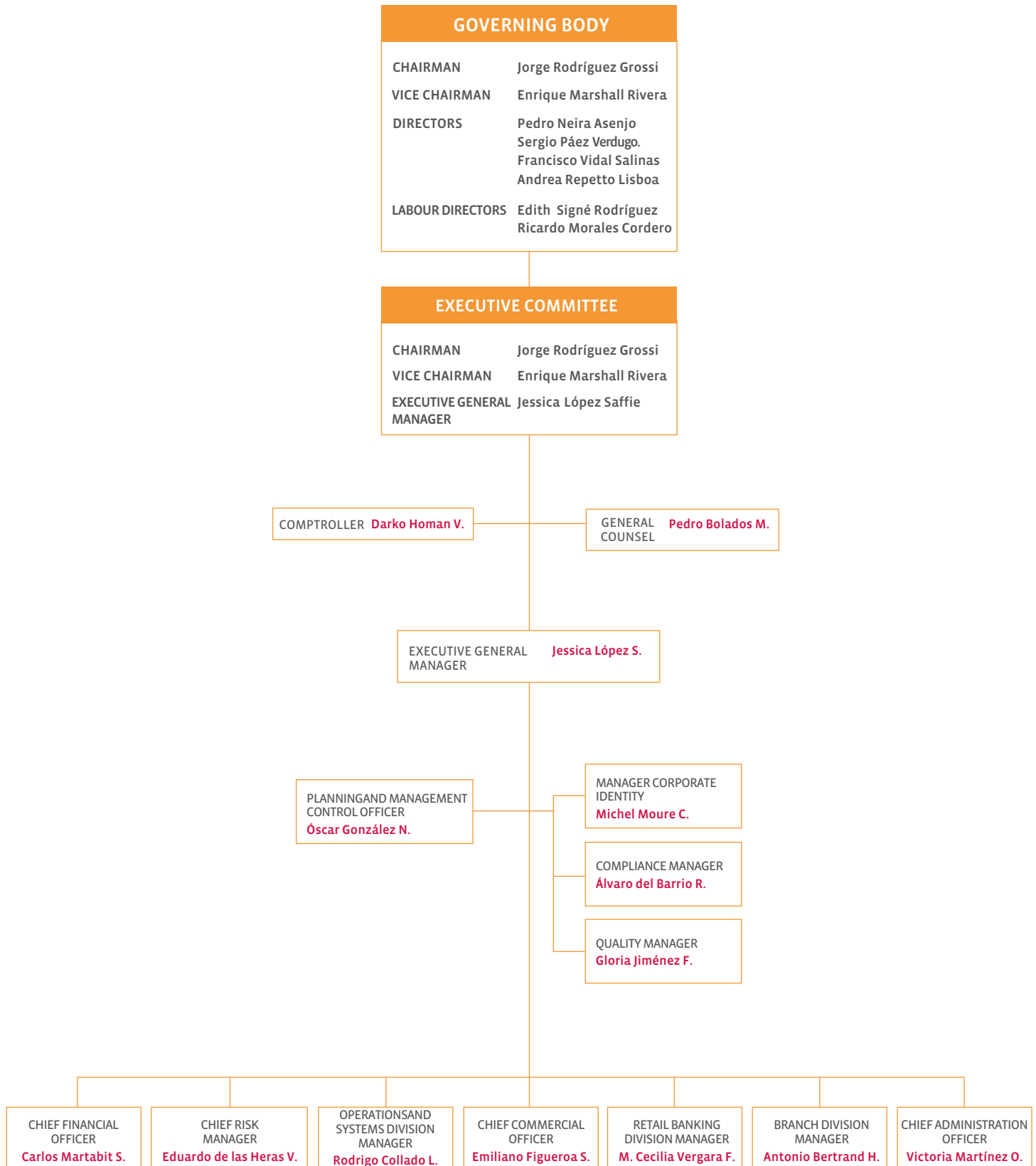
9- Antonio Bertrand Hermosilla

Contralor

10- Pedro Bolados Morales

*For more detailed information of the functions of each of the areas of BancoEstado Management offices, visit <http://www.corporativo.bancoestado.cl/Acerca-BancoEstado/Antecedentes.aspx>

ORGANISATION CHART



2.2 SUBSIDIARIES AND RELATED ENTITIES

G4-4, G4-17, G4-56

The institution has the support of its subsidiaries and related entities to develop an efficient and transverse management that covers an ample scope of action in the local and international financial industry. A diversified and comprehensive operation pattern makes each of the eight subsidiaries a crucial element of support in anchoring the role of the bank and in strengthening its overall operational management.



1

2

3

4

5

6

7

8

**General Manager BancoEstado Centro de Servicios S.A.
(BancoEstado Service Center)**

1-René Esquivel Cabrera

**General Manager Administradora General de Fondos S.A.
(BancoEstado General Funds Managements)**

2-Pablo Mayorga Vásquez

General Manager Sociedad de Servicios Transaccionales CajaVecina S.A.(CajaVecina Transactional Services)

3-Marta Jancso Acuña

**General Manager BancoEstado Servicios de Cobranzas S.A.
(BancoEstado Collection Services)**

4-Carlos Eterovic Urzúa

**General Manager BancoEstado Corredores de Bolsa S.A.
(BancoEstado Stockbrokers)**

5-Jorge Ramírez Oñate

**General Manager BancoEstado Corredores de Seguros S.A.
(BancoEstado Insurance brokers)**

6-Cristián Wolleter Valderrama

**General Manager BancoEstado Contacto 24 Horas S.A.
(BancoEstado 24 hour Contact)**

7-Jimmy Molina Molina

General Manager BancoEstado Microempresas Asesorías Financieras S.A. (BancoEstado Microcompanies S.A.)

8-Emilio Vélez Hormazábal



221 BancoEstado Subsidiaries

BancoEstado Centro de Services S.A., ServiEstado (BancoEstado Service Centre)

ServiEstado has been offering an extended banking service schedule running from 08:00 to 19:00 on Saturdays for eleven years. In addition, some offices are open on Sundays for recharging BIP Cards. There are 107 ServiEstado offices throughout the country, in which clients can cash money, make deposits, change foreign currency, pay utility and credit bills, among others.

> General Manager

René Esquivel Cabrera

BancoEstado S.A. Administradora General de Fondos (BancoEstado S.A. General Funds Management)

Offers persons, companies, institutions and investors diverse short, medium and long term savings and investment opportunities, all of which have been designed according to the purpose of the investment and of the risk threshold clients are willing to take. This BancoEstado subsidiary is affiliated with the French bank BNP Paribas Investment Partners, which has 49.9% participation in the company.

> General Manager

Pablo Mayorga Vásquez

Sociedad de Servicios Transaccionales CajaVecina S.A. (CajaVecina Transactional Services)

This is a service of banking correspondence that operates in small neighbourhood stores, helping the inhabitants of distant locations in the country to access banking services without having to travel elsewhere. In 2015, it totalled 16,504 attention points throughout Chile, covering all the boroughs in the country, with the exception of Chilean Antarctica.

> General Manager

Marta Jancso Acuña

BancoEstado Servicios de Cobranzas S.A. (BancoEstado Collection Services)

The subsidiary is in charge of collecting debts from BancoEstado clients who are in arrears with their payments, offering them adequate and sustainable solutions that lead to their rebankarisation.

Its activities are based on the encouragement of financial education, a fundamental pillar in the promotion of responsible borrowing.

> **General Manager**

Carlos Eterovic Urzúa

BancoEstado S.A. Corredores de Bolsa (BancoEstado Stockbrokers)

Advises personal and corporate clients on the improvement of the profitability of their stock Exchange investments. It is known for the placement of BancoEstado Bonds and for its leadership in securities intermediation. 2015 was the eighth consecutive year in which this subsidiary ranked first in financial intermediation instruments, and the fifth consecutive year in this position for its management of fixed income instruments with the Santiago Stock Exchange.

> **General Manager**

Jorge Ramírez Oñate

BancoEstado Corredores de Seguros S.A. (BancoEstado Insurance Brokers)

This subsidiary brokers life and general insurance, progressing in the massification of these products through a diversified supply and convenient prices. 49.9% belongs to Metlife Chile Inversiones Ltda., with which it has established a solid commercial alliance. This subsidiary is essential in the framework of the natural disasters that hit the country in 2015, after which thousands of Chileans lost part or the totality of their possessions.

> **General Manager**

Cristián Wolleter Valderrama

BancoEstado Contacto 24 Horas S.A. (BancoEstado 24 Hour Contact)

Its telephone service centre operates calls from clients, giving information, answering queries and carrying out sales and post sales operations. It has national and international coverage, and in 2015 became the first call centre in the Chilean financial sector to obtain COPC certification, which recognizes the operations management and suppliers model for contacting clients.

> **General Manager**

Jimmy Molina Molina

BancoEstado Microempresas S.A. Asesorías Financieras (BancoEstado Microcompanies Financial Advisory Services)

A pioneer is the financing of microbusinesses in the country; this subsidiary has been a key element in the development and consolidation of micro entrepreneurial activities. It has given thousands of micro entrepreneurs the chance to generate jobs and make a significant contribution to local economies. Its leading position in the area of financing and innovation makes it a regional referent. It currently serves more than 500 thousand clients.

> **General Manager**

Emilio Vélez Hormazábal

BANCOESTADO STRENGTHENS ITS CRIME PREVENTION MODEL

In 2015, the corporation progressed in the certification of its Crime Prevention Model, within the context of Law 10,393, which establishes criminal liability for legal persons.

The need to review the existing model was proposed, in order to strengthen its crime prevention mechanisms and mechanisms for monitoring activities which might result in crime.

The current model, validated by “BH Compliance”, a company authorised by the Superintendency Securities and Insurance (SVS), strengthen the monitoring of internal

activities that are exposed to crimes defined by the law, such as fraud, robbery, money laundering, financing of terrorist activities and bribery.

Parallel to this, a new channel for reporting these activities was made available on the intranet, in which employees can give confidential and safe information on behaviours that might imply an infringement of law 20,393.



100% COMPLIANCE WITH THE TRANSPARENCY LAW

At the beginning of 2016, the result of a study carried out by the Transparency Council was published; this is the organisation in charge of ensuring the correct implementation of this legal corpus by State institutions.

The study was based on the degree of progress seen in the implementation of this law in 2015, pointing out the 100% obtained by the BancoEstado management.

2.2.2 Related and linked Entities

In order to strengthen the insurance and investment areas, BancoEstado established strategic alliances with companies that operate in the international market.

One is MetLife Chile Inversiones Limitada, a subsidiary of MetLife Inc. Co, world leader in the insurance area, with which it has maintained a successful alliance for 11 years.

In 2009, it signed an alliance with the French bank BNP Paribas Investment Partners for the administration of mutual and investment funds in Chile.

Additionally, the organisation has participation, representation or intervention in the following institutions:

Entity	Percentage	RUT
Administrador Financiero Transantiago S.A.	21%	99.597.320-0
Sociedad Operadora de la Cámara de Compensación de Pagos de Alto Valor S.A.	14,96%	99.571.580-5
Operadora de Tarjetas de Créditos Nexus S.A.	12,9%	96.815.280-7
Transbank S.A.	8,71%	96.689.310-9
Imerc-OTC S.A.	11,48%	76.307.486-2

/ Related Entities

Are those institutions with which the bank has a certain degree of participation link.

/ Linked Entities

Are those corporations in which, despite not having a controlling interest, the bank does have direct or indirect ownership (through third parties) of 10% or more of its capital stock with a right to vote, unless it were a stock company, or when it can elect or appoint or influence the election or appointment of at least one member of the board or its administration.

Entity	Percentage	RUT
Administrador Financiero Transantiago S.A.	21%	99.597.320-0
Sociedad Operadora de la Cámara de Compensación de Pagos de Alto Valor S.A.	14,96%	99.571.580-5
Operadora de Tarjetas de Créditos Nexus S.A.	12,9%	96.815.280-7
Imerc-OTC S.A.	11,48%	76.307.486-2



CHAPTER 3

THE PRINCIPLES THAT RULE OUR ACTIVITIES

We are a public bank that operates in a highly competitive market, so that profitability, efficiency and productivity are key elements of our management activities. Nonetheless, we do have a distinctive seal: we help everyone to access the system, we are present where others are not, we encourage the development of small companies and support the State in the deployment of public policies.



3.1 EXPRESSION OF OUR ESSENCE

G4-56

The changes evinced by the country over the past years require a permanent review of the approaches that guide BancoEstado and its management, in order that it may adapt to this new social and economic scenario.

Our 2014-2018 Strategic Guidelines are the main articulators of the unique role that the bank plays within the system, and of the targets it has fixed for the coming years. Our closeness to our clients, quality service, and vocation for development, entrepreneurship and financial inclusion are the pillars on which this public entity bases its commitment with the development of Chile and its inhabitants.

3.1.1 Ethical management and integrity

BancoEstado and its subsidiaries are governed by the rules and legislations that regulate the Chilean finance industry and which are supervised by the Superintendency of Banks and Financial Institutions (SBIF).

It also operates within the framework of the Organic Law of Banco del Estado de Chile and a comprehensive normative framework that determines our corporate activities, and those of our employees. These include the Ethics Manual that regulates labour relations, proposing a set of conducts and good practices aligned with the core values of the organization. It is extensive to the entire workforce, regardless of post or responsibility.

A Purchase Policy that regulates contracts and relations with different suppliers of products and services has been established to ensure transparent commercial relations in purchase processes.

In accordance with Circular W 49 of the Financial Analysis Unit and Chapters 1 – 14 and 1 – 16 of the Updated Compilation of Norms of the Superintendency of Banks and Financial Institutions, BancoEstado also has a policy for serving Politically Exposed Persons, which is at the public’s disposal on our corporate website.





3.1.2 Mission, Vision and Values of BancoEstado.

The changes evinced by the country in the past few years require a permanent review of the outlooks that guide BancoEstado operations.

MISSION

“We exist so that Chile can become a more inclusive and equitable country with opportunities for all”

VISION

“We are a committed and efficient State bank, focusing on the development of the country and of all Chileans.

CULTURE

“The daily service we offer our clients enables us to fulfil our mission and achieve our vision. For this, we strengthen the pillars of a culture centred on our clients and committed to them, in an attempt to address their realities and requirements, keeping them near to our minds and hearts.”



The mission, vision and corporate values of BancoEstado reflect the identity of the organization, which together with the annual Strategic Planning process, contribute to define a comprehensive view of the challenges the bank must face and its commitment to make this project sustainable.

Corporate Values:

- **Inclusion:**

“Everybody has a place in BancoEstado, regardless of their condition. Our services are available to all, with equal dignity and no exclusion. This is part of our distinctive seal.”
- **Excellence in Performance:**

“Our challenge is to carry out high quality work in each of our areas, especially in the customer service area. We serve more than 10 million clients and must give them adequate response times, top quality services, easily accessible services 24/7”
- **Responsibility:**

“We are the Bank of the Chilean State, and this compels us to act responsibly, safeguarding the patrimony of the people and protecting our sustainability and reputation. On the internal front we must fulfil our obligations and the work we carry out should constitute an essential pillar in the achievement of excellent performance.”
- **Commitment:**

“We are committed to a just country with equal opportunities for all. We support the development of individuals and their entrepreneurial projects in companies and organisations, as a way of taking Chile towards development. Each of our workers is committed to honour our mission and vision on a daily basis and this is transmitted to our clients, and is part of the objective to offer the highest quality services available.”
- **Collaboration:**

“The collaborative work between our teams and different State organisations enables us to strengthen our services and our contribution to the country. This will be possible through the strengthening of mutual confidence and appreciation founded on the fact that we share a common project for BancoEstado.”

3.2 STRATEGIC GUIDELINES

DMA, G4-24, G4-25, G4-26

The Strategic Guidelines that rule our public entity until 2018 were established in 2015 through a series of meetings, dialogues and reflections, which are part of our constructive practices between different groups related to the institution – and which will enable us to face together new corporate and national challenges.

3.2.1 Strategic planning

The strategic planning outline for the 2015-2018 period resulted from a participative process that included encounters, workshops and conversations on different virtual platforms. The analysis of the bank's management, its role in the financial industry and in the national economy, and its active participation in the massification of financial inclusion, defined the 2015-2018 strategic plans, which establishes the principal objectives and targets for the period.

BancoEstado Strategic Map 2015 -2018





Efficiency and productivity for excellence management

INTERNAL PROCESS AREA

<p>Stable, continuous and scalable technological platforms</p>	<p>Re-design of products and services: self service; to institutions; non-financial product platforms</p>
<p>Optimise project development and internal processes</p>	<p>Extend own and third party transactional networks, with client safety in mind</p>
	<p>Strengthen client relations Information Management</p>

The distinctive value of working in BancoEstado

INTANGIBLES AREA

<p>Leadership style Active listening and trust in relations Assigns meaning and sustains vision Productive solution of agreements</p>	<p>Development of competencies Collaborative work Inter-area teams. Compliance with timely and top-quality deliverables</p>
---	---

6

Strategic programmes for developing Empathy



3.2.2 Empathy Programmes

The pillars of client orientation include support to state management and new forms of worker relations (with and among the workforce), in addition to the definition of the short and medium term issues to be addressed at the bank. All of these restructured under the “Empathy” Strategic Development Programme.

This programme addresses the most relevant issues leading to the materialisation of the institution’s strategic guidelines, which are focused on its clients. Empathy means to put you in another person’s place, to understand his motivations and needs, and is a concept that fully represents our institutional challenge.

This vision was a key point in the definition of the six strategic programmes that guide the bank’s actions in order to achieve the ambitious targets it has set itself.

PEOPLE EMPATHY:

We put ourselves in the place of our millions of clients

- Extend and improve the segment’s offer value
- Encourage the use of payment media and increase the value of CajaVecina so as to reduce use of cash.
- Massify service through distance self-service channels.
- Strengthen financial education to encourage the better use of channels, products and services.
- Extend the territorial coverage of service points.

STRATEGIES FOR PERSONS SEGMENT

Financial inclusion requires that we are “Everybody’s bank, with all and for all”, which materialises in our commitment to remain with our clients for their entire life, generating close links through a quality, transparent and multi-channel service that supports their development.

EMPATHY WITH SMALL COMPANIES :

We strengthen the progress and development of small and micro businesses in Chile.

- More businesses have access to financing
- Non-financial offer is a central element in the development of management competencies and access to business networks.
- Service model that focuses on the improvement of productivity and efficiency.
- Optimise access conditions to financial and non-financial services through the CreceMujer Emprendedora Program

THE DREAM

To make BancoEstado the bank of Small Companies in Chile. This requires making progress in the challenges proposed for 2018: to have 65,000 new clients with financing and see a USD\$ 1,500 million growth in commercial loans.

EMPATHY WITH LARGER BUSINESSES:

we add value to companies and institutions through a comprehensive commercial strategy

- Increase links with companies and institutions by adding value to their operations.
- Comprehensive offer of financial and non-financial supply of products, services, channels and business networks.
- Focus on services to the State and on their citizen service processes.
- Specialised services in massive collection and payment processes.

THE PRESENT AND THE CHALLENGES

BancoEstado serves 9,300 companies; 64, public institutions; 231 municipalities and 62,000 civil organisations. Our great objective is to continue to contribute to their development through the application of a strategy that adds value to the services rendered.

24/7 Empathy:

we are always available, regardless of the location of our clients

- Operational continuity: in the case of any crisis, ensure processes that can take the stress of the client payment chain, with a predefined level of service.
- Ensure the continuity of the CajaVecina, ATM and RedCompra channels.

CULTURAL EMPATHY:**we are a public bank that focuses its activities on “clients**

- Clarify development spaces for the workforce, generating exchange and encounters between the different areas.
- Open permanent conversation and dialogue spaces with the workforce and with clients, always considering the latter as the focus of the bank’s operations.
- Ensure the competencies required for leadership on the part of bank executives and senior staff.
- Keep open listening channels and encourage collaborative work, focusing on innovation.
- Develop female leadership so as to extend women’s presence in supervisory positions.

EFFICIENCY EMPATHY:**Work processes and methods that improve the quality of work in time**

- Develop actions to reduce the cost of client transactions.
- Devise productivity standards for the commercial platforms and central areas.
- Management of external processes and resources.

This company has a unique seal. Working for BancoEstado is not a matter of indifference, because the bank’s distinctive seal in the industry inspires its employees and its subsidiaries to place a special focus on their clients.



3.3 RISK EVALUATION

G4-2

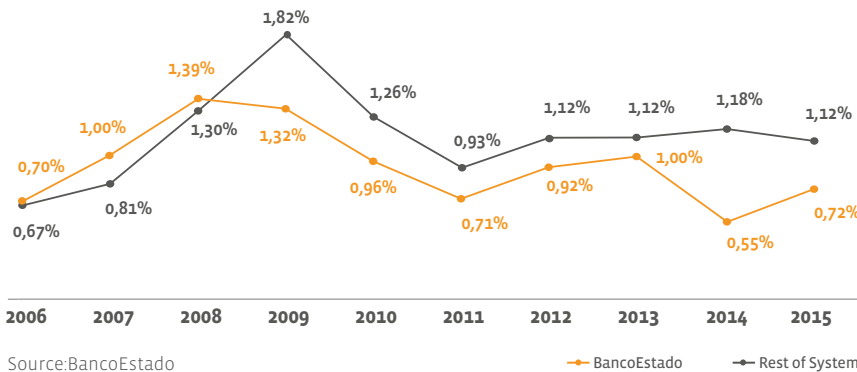
In the area of credit risk management, BancoEstado increased its credits on the basis of controlled risks, which has shown consistently better results –measured in terms of expenditure in provisions and net write-offs on credits – than the rest of the financial system during the past years. It also has a solid base of provisions to face contingencies.

When compared to the results of the rest of the financial system, this favourable performance is based on good risk management associated to credit admission, follow-up, normalisation and recovery processes, with an emphasis on a comprehensive view of these factors, thus ensuring the evolution of credits within their agreed terms during their life span.

BancoEstado has a conservative profile in terms of provisions, which enables it to show coverages of past due loan portfolios that are higher than those of the rest of the financial system in a wide range of products; this is also complemented with additional levels of provisions that contribute to cover potential losses in times of stressful scenarios.

NET CHARGE/LOANS

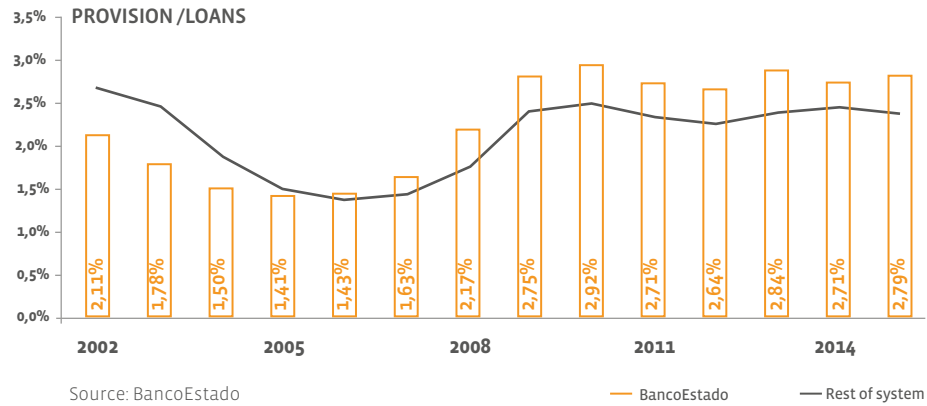
(Expenditure for provisions and penalties – recoveries)



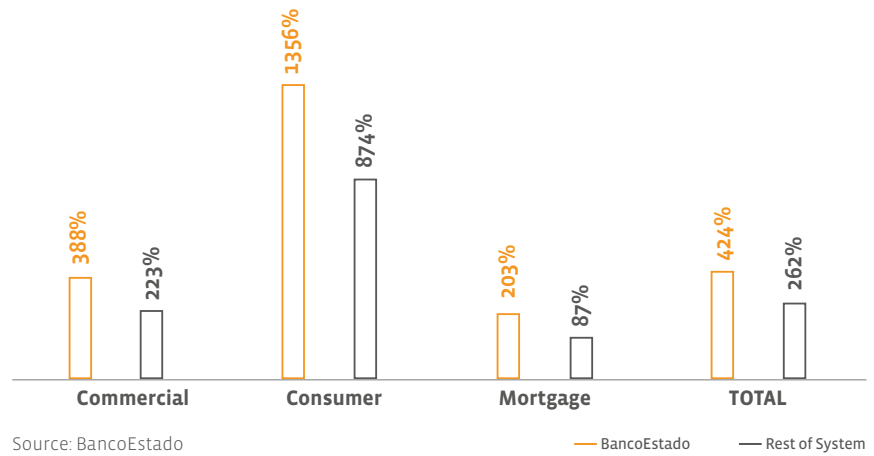
BancoEstado portfolio risks have remained below the system's average.



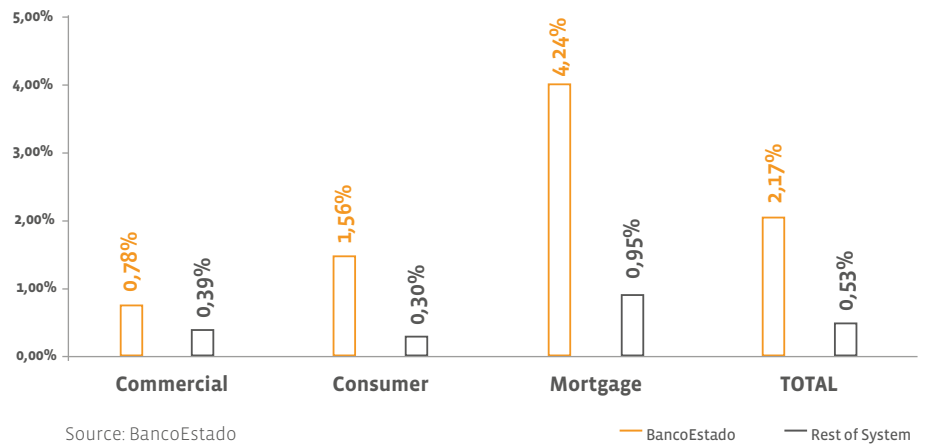
The indicator reflects the effect of a compound risk beneath the system's average and a conservative policy for provisions.



COVERAGE FOR PROVISIONS FOR PAST-DUE PAYMENT PORTFOLIO



ADDITIONAL PROVISIONS / LOANS



3.3.1 Operational Risks

Given its high level of participation in terms of number of clients, accounts and payment transactions, BancoEstado pays special attention to the operational continuity of its business operations and customer service. In 2015 BancoEstado began implementing a programme that contemplates large scale projects, oriented at strengthening and expanding its technological infrastructure and safety, it is also consolidating plans for the continuity of its business operations to face situations involving risks, and thus strengthen its recovery plans in the event of technological breakdowns.

In addition, communication protocols were improved for rapid response to events that affect the normal operation of its services, keeping clients informed at all times. Specifically, a process was created for communicating with clients and interested parties in times of crisis.



3.3.2 Market Risks

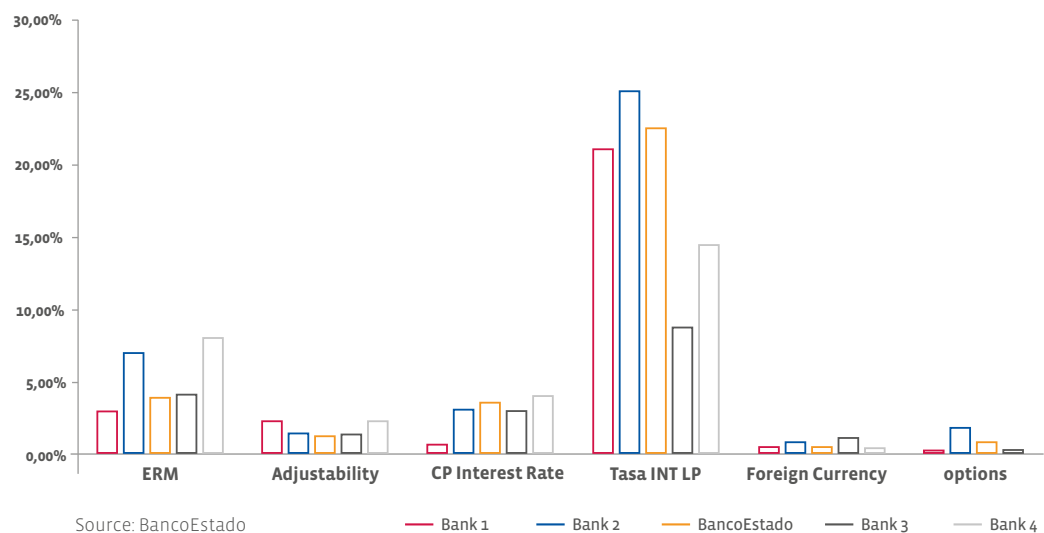
In 2015, in term of market risks and liquidity, BancoEstado applied two clear evaluation and management policies, which are applied by areas that are independent from the risk taking areas, within a framework of established powers and collective decisions.

The principal actions were related to the implementation and adaptation of capabilities to include the new liquidity regulations established by the Central Bank and the Superintendency of Banks and Financial Institutions.

In the course of the financial year, market risks and liquidity remained within the margins defined by the bank and the regulatory organisations.

NORMATIVE MARKET RISKS

Al 31/12/2015



3.4 LEGISLATIVE CHANGES

BE-10, DMA

As regards regulatory issues, in general terms, 2015 was marked by the discussion of the General Banking Act. At different points, the debate has focused on the analysis and review of the Basel III standards; changes in the corporate governance body of the Superintendency of Banks and Financial Institutions (SBIF) and on the improvement of banking resolutions regarding the liquidation of banks. The above, within the context of the last reform to the General Banking Act, which took place in 1997.

The New General Banking Act focuses on the adaptation of capital as defined by Basel III in accordance with the international standards in force to date. In terms of liquidity, BancoEstado has an important portfolio of financial assets, which leaves it in a good position to absorb this regulation when it comes into force.

Although the capital aspect will be more demanding, as a result of higher standards, the Chilean system and BancoEstado will be able to face this challenge with relative strength.

The new General Banking Law and the adaptation to the new Basil III international standards represent an important challenge for the Chilean financial system.



CHAPTER 4

WE PUT
OURSELVES IN
THE PLACE OF
OUR MILLIONS
OF CLIENTS



Our mission is to strengthen financial inclusion in the country so that everyone, with no distinction whatsoever, can access the financial system. Our closeness to our clients, the quality service we offer, our vocation for development and entrepreneurship are the pillars on which we base our commitment with the development of Chile and its inhabitants.

4.1 PERSONAL BANKING OPERATIONS

DMA, BE-6, G4-4, G4-PR3

BancoEstado works so that all the inhabitants in the country can access the financial system in equal conditions, providing a quality service that dignifies, and placing special emphasis on those groups that have been traditionally excluded, all of which is essential for the sustainable development of Chile.

The service vocation that our staff generates towards all our client segments goes together with an offer of inclusive personal financial and non-financial services, which generates a virtuous circle that has enormous social impact in the measure that it represents a tangible contribution to individual quality of life, to the growth of productive activities and to the development of the country.

4.1.1 BancoEstado Products

The bank works to generate greater closeness with the client, searching for comprehensive financial solutions; these permanent efforts are reflected in the positive satisfaction indices achieved. The bank's supply of products has strengthened throughout the years thanks to the development and implementation of new products, services, and attention channels that consolidate an operational model that contributes to increase levels of commercial effectiveness.

/ Electronic cheque book

This is a sight account that operates like a current account, but without line of credit or cheque book. The client uses a card that enables him to manage his funds efficiently and safely. In 2015, we had a total of 1,002.846 clients using this product, with an increase of 8.4% over the previous year.

/ Credit cards

Keeping up with the expansion process initiated in 2014, BancoEstado totalled 1,109,518 valid cards, showing an 8.9% rate of increase, and credits for MMS 186,483, which increased by a real 20% against 2014. This led the bank to have a market participation of 3.9% in credit card business.

/ Consumer Loans

We totalled 533,651 consumer loans in 2015, which a real annual increase of 4.6% against 2014. In the meantime, a total of 1.4 million clients had contracted loans in the period.

BancoEstado has increased its consumer loans more than five-fold between 2001 and 2015.

REAL EVOLUTION OF CONSUMER LOANS

(Balances, December 2001 index = 100)



Source: SBIF, BancoEstado.

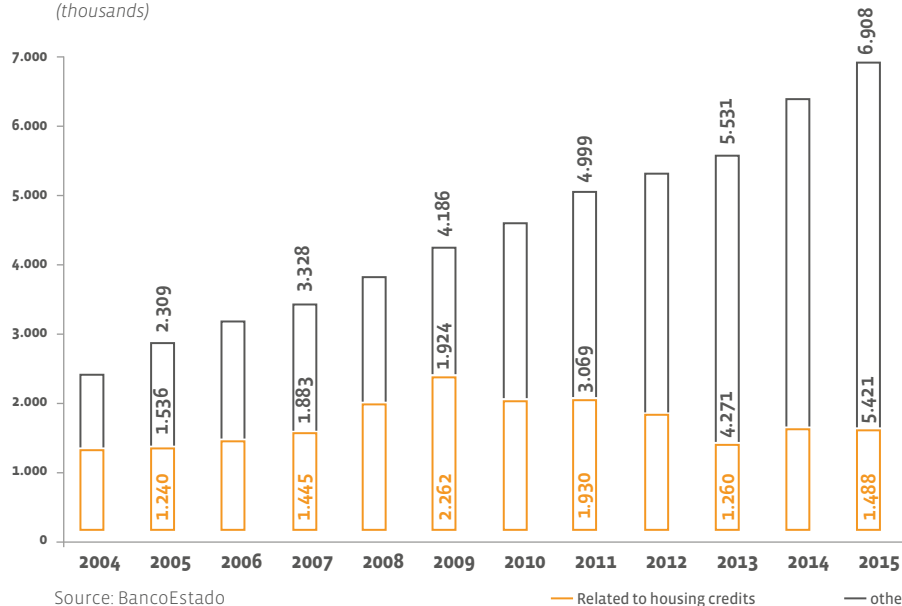
/ Insurance:

Our Corredora de Seguros BancoEstado subsidiary brokered \$ 155 thousand million in premiums, totalling 6.9 million valid insurance policies and over 3 million clients insured. This makes its market participation exceed 14%, ranking the company third in the industry.

1 out of every 4 Chileans aged 18 to 65 and eligible for insurance has insurance obtained through this subsidiary.

CURRENT INSURANCE POLICIES

(thousands)



Source: BancoEstado

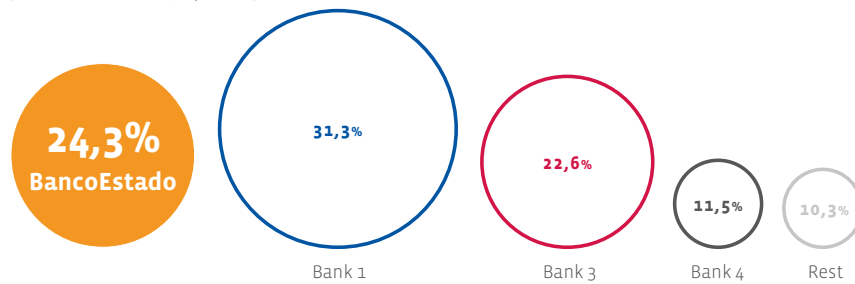
— Related to housing credits — others

/ Higher Education Credits:

Over 171 thousand persons obtained higher education credits from the bank, which implies a market participation of 24.3%. Loans totalled MMS 766,035 (at September), while participation in the credit market with BancoEstado guarantee totalled 27.8%.

CLIENTS WITH HIGHER HIGHER EDUCATION EDUCATION LOANS

(Number of debtors*, Sept. 2015)



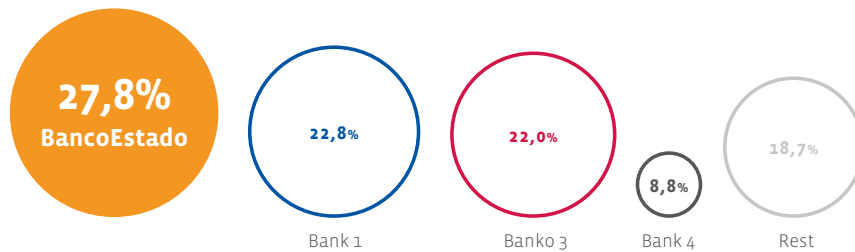
Source: SBIF

*Total debtors: 704 thousand

One out of every four students who finance their studies with bank loans, do so with BancoEstado.

Higher Education Loans

(Balances *, Sept. 2015)



Source: SBIF

Total Credit Stock: MMM 2,759

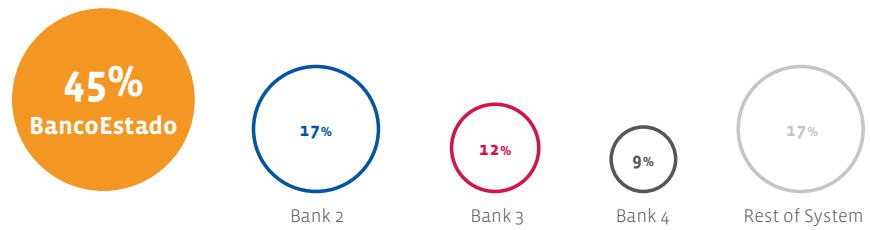


/ Mortgage Loans:

BancoEstado maintained its leadership in mortgage loans, with 45% participation in the market and with 455,496 persons involved in these operations. These figures have exceeded the bank's historical figures since 1855, and currently represent S 7,305 billion in mortgage loans.

BancoEstado is the leader in the country for mortgage loans for the lower and medium income segments. The bank serves 45% of mortgage loans clients in the banking system.

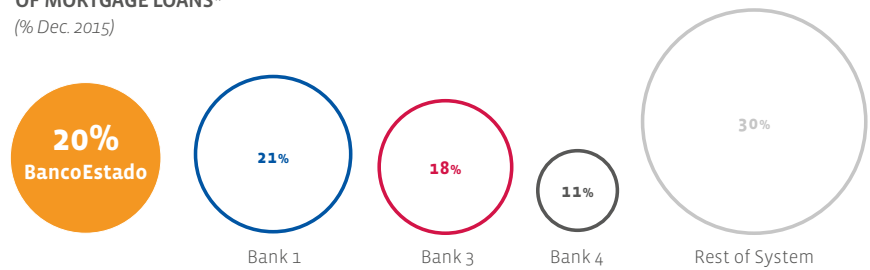
PARTICIPATION IN NUMBER OF CLIENTS WITH MORTGAGE LOANS*
(% De. 2015)



Source: SBIF

*Total de clientes del sistema: 1.009,384

PARTICIPATION OF BALANCES OF MORTGAGE LOANS*
(% Dec. 2015)

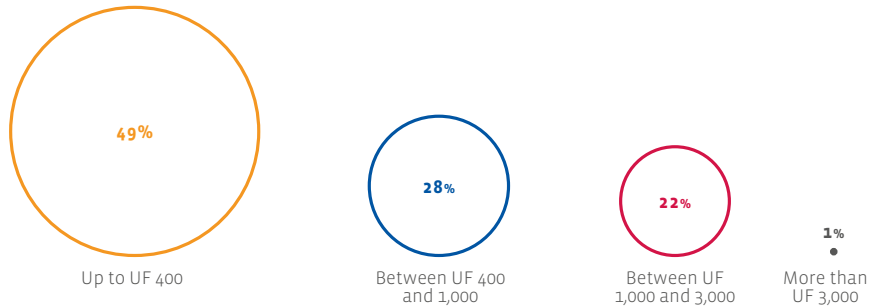


Source: SBIF

*Total number of mortgage loans for MMS 36,412



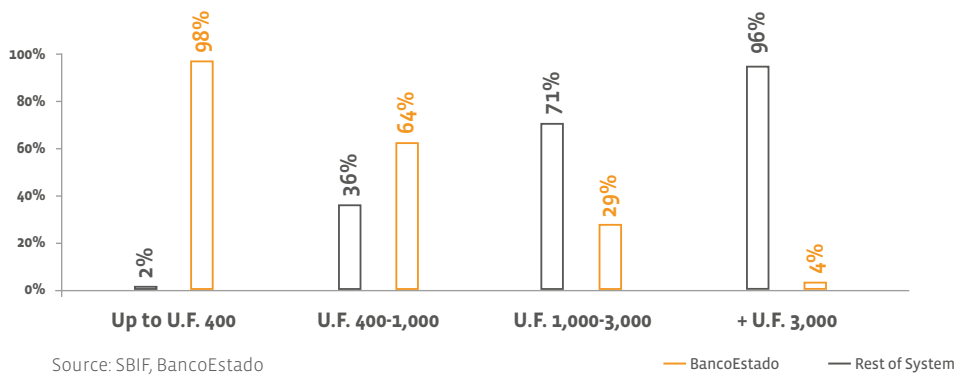
BANCOESTADO CLIENTS WITH MORTGAGE LOANS PARTICIPATION IN MORTGAGE LOANS ACCORDING TO TRANCHE OF DEBT ACCORDING TO CURRENT TRANCHE OF DEBT
 (% Dec. 2015)



Source: SBIF, BancoEstado

78% of BancoEstado clients with mortgage loans have mortgage debts of less than U.F. 1,000.

PARTICIPATION IN MORTGAGE LOANS ACCORDING TO CURRENT TRANCHE OF DEBT
 (% Dec 2015)



Source: SBIF, BancoEstado

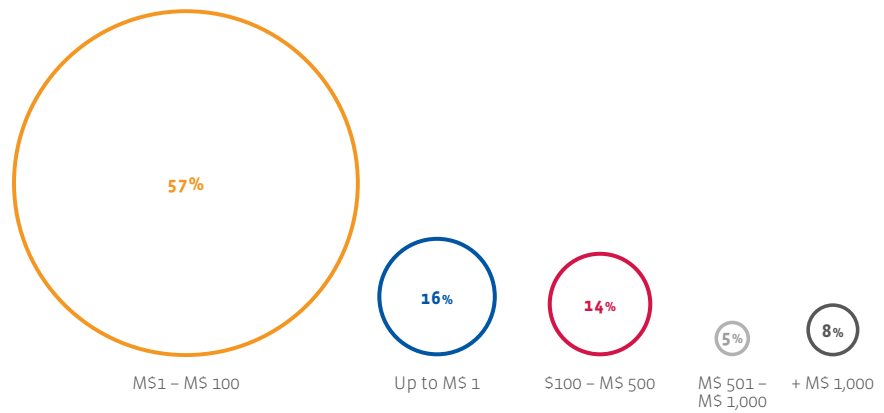
BancoEstado is the leader in mortgage loans of up to UF 1,000, with a market participation of 72%.



/ Savings:

More than 8.2 million clients had savings accounts during the period, which translates into 87% market participation in these accounts. In the past few years, the product has consolidated through the use of the electronic card, which enables clients to operate savings account funds via ATMs, the Internet and CajaVecina.

PARTICIPATION PER TRANCHE OF BALANCES OF CLIENTS WITH BANCOESTADO SAVINGS ACCOUNTS*
(% Dec 15)



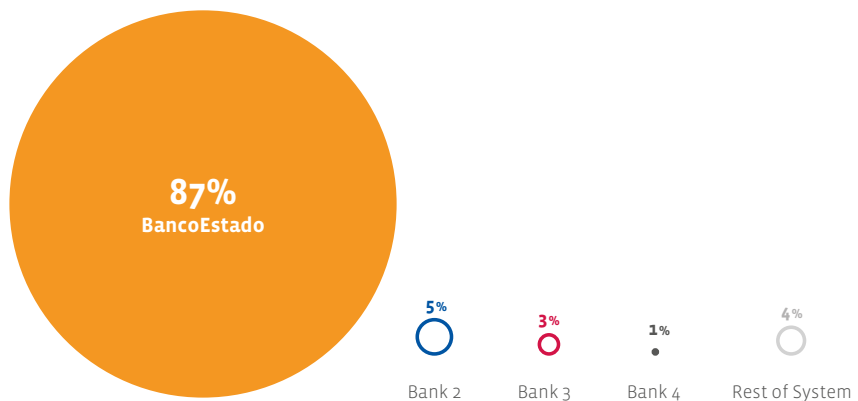
Source: BancoEstado

*Clients with current savings accounts: 8.3 million

73% of BancoEstado savings accounts have balances of less than \$ 100 thousand.

BancoEstado is the undisputed leader in personal savings accounts.

PARTICIPATION IN SAVINGS ACCOUNTS BALANCES PER BANK *
(% Dec 15)



Source: SBIF

* Total Term Savings: MM\$ 4,095



BANCOESTADO CLIENTS 

CLIENTS WITH SAVINGS ACCOUNTS	8.274.168	CLIENTS WITH CURRENT ACCOUNTS	555.758
CLIENTS WITH CUENTARUT ACCOUNTS	8.286.486	CLIENTS WITH ELECTRONIC CHEQUEBOOKS	1.002.846
CURRENT CREDIT CARDS	1.109.518	CLIENTS WITH MORTGAGE LOANS	487.103
CLIENTS WITH CONTRACTED INSURANCE	3.056.800	CLIENTS WITH CONSUMER OR UNIVERSITY LOANS	533.651
MICRO AND SMALL COMPANY CLIENTS	559.027	INTERNET CLIENTS	2.735.334
PORTAL MÓVIL CLIENTS	1.254.936	PERSONS WHO RECEIVE MONTHLY PAYMENTS OF REMUNERATIONS, PENSIONS AND GRANTS	2.980.521

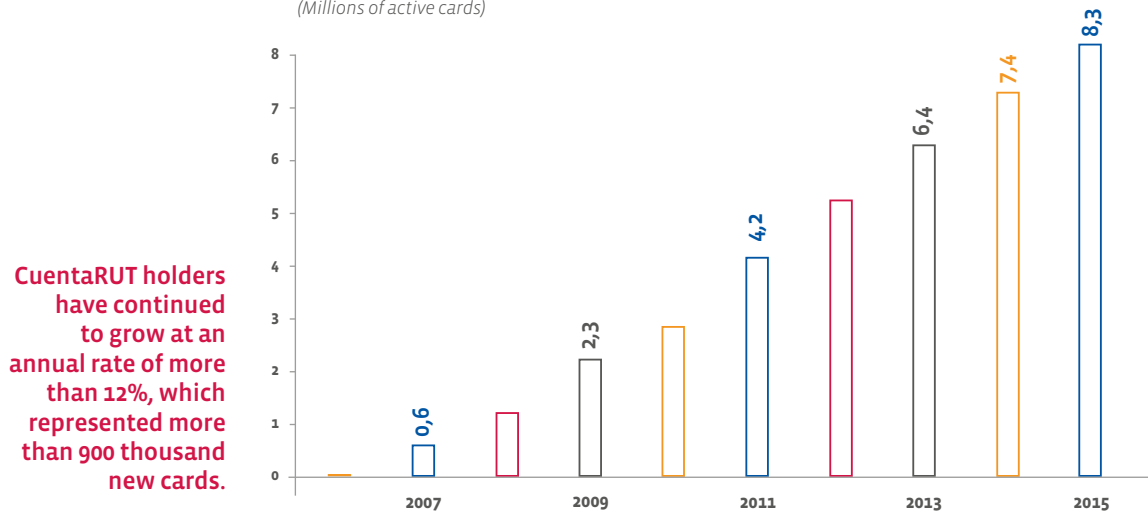
4.1.2 CuentaRUT account

Placed on the market in 2006, the CuentaRUT account is the most important means of payment in the country, with a use of 90%. Its massive nature reflects the benefits that CuentaRUT offers millions of citizens, as it is the key instrument for favouring and strengthening the financial inclusion of people who otherwise would be unable to access the banking system.

In 2015, BancoEstado continued with its expansion and financial inclusion strategy, totalling 8,286,486 CuentaRUT account holders, of which 921 thousand correspond to clients that were incorporated into the system during the period, once again affirming how much Chileans value this product. With this total, the bank ranks first in the debit card market (that includes current accounts and electronic chequebooks), with 46%, more than double the institution that follows in rank.

An average of over 61 million transactions was carried out per month through CuentaRUT accounts, 61% of which are free of charge. Along the same lines, 80% of monthly account queries are carried out through free channels (the Internet and telephony).

CUENTARUT ACCOUNTS
(Millions of active cards)



70%

BancoEstado estimates show that nearly 70% of the population belonging to the first two income quintiles per home, are CuentaRUT holders.

89%

89% of the foreigners living in Chile have some BancoEstado product, and 55.7% of these foreigners are CuentaRUT holders.

74,7%

74.7% of the population between 18 and 25 years of age are CuentaRUT holders.

The inclusive approach of this product is also seen in initiatives like giving a CuentaRUT account to inmates in the Santiago Penitentiary for Women. The initiative, which was organised jointly with the Ministry of Justice and the Chilean Gendarmerie, is aimed at contributing significantly to the social reinsertion of the inmates.

CuentaRUT is one of the most important of the products offered by BancoEstado; not only for its massivity, but also for the impulse it gives to financial inclusion and social participation. Although this product has no maintenance cost, it has been the centre of public debate in 2015; criticism regarding expenditures related to drawing operations fell considerably.

Operation-related charges, which were fixed in 2006, have suffered no change to date. Quite the opposite, they have fallen by approximately 25%. Furthermore, 65% of these accounts are free, which clearly shows that a very small percentage of its costs are transferred to clients. CuentaRUT generates annual losses of US\$ 37 million, precisely because of the fact that fees are frozen and because we have been the bank that has absorbed a greater part of the increased costs associated with their use in ATMs.

BancoEstado works to make this service sustainable, as it is fundamental for the people, because it enables them to manage their funds safely, to transfer funds, use the ATM network and pay bills with RedCompra. Its continuity would be threatened if it were totally free, as the profits obtained from usual credit operations are used to cover the annual deficit of this product.



4.2 OPERATION OF CORPORATE AND INSTITUTIONAL CLIENTS.

BE-6, BE-9, G4-PR3

BancoEstado supports people who develop an initiative, supporting them during their life span, growth and development. This closeness is the bank's distinctive seal and one of the main challenges linked to the institution's contributions to help the sustainable growth of companies, especially small businesses, which are the principal source of employment in the country.

One of the strategic guidelines that BancoEstado has set itself is to support entrepreneurial capacity, strengthening productivity and extending opportunities so that Chile and its people can make good use of their potential and talent.

4.2.1 Microfinance

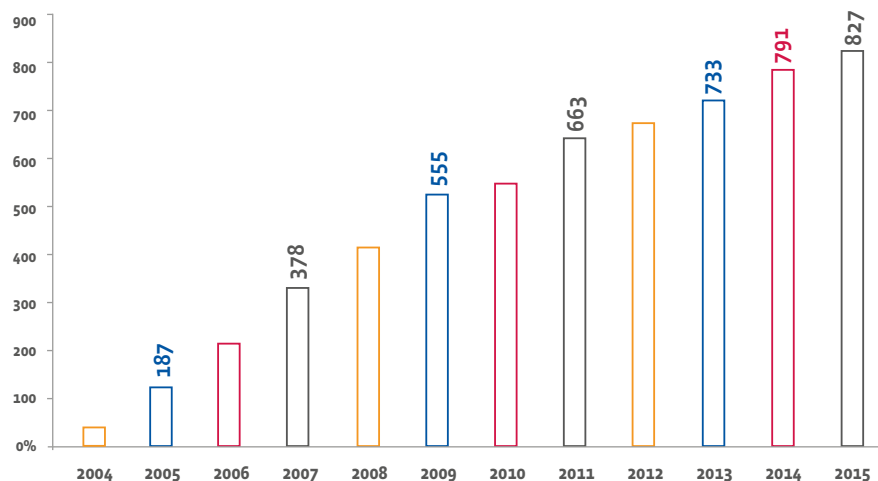
The subsidiary serves independents workers or owners of small businesses, small-scale fishermen, farmers, passenger and cargo transport companies, independent professional or technical services, small scale production, the crafts industry and tourism, with maximum sales volumes of 2,400 UF per annum.

In 2015 BancoEstado Microfinance saw its client portfolio grow considerably. So, by the end of the year, it included more than 533 thousand small businessmen among its clients, 70% of which had a credit with the bank or had carried out a transaction with the bank during the last three months of 2015. 111 thousand loans operations were carried out during the year, with sales totalling MMMS 442, which increased our credit stock to MMMS 827 at the end of the period, with a real annual growth of 4.5%.

In management terms, this is the third consecutive year that the Great Place to Work ranking elected this subsidiary as the second best company to work for in Latin America, and the fourth in Chile.

MICROFINANCE LOANS

(MMMS at Dec.2015)



In the past decade, BancoEstado has given important support to microfinance, multiplying its loans in the sector by more than four times, so that at the end of 2015 they totalled US\$ 1,174 million.

Source: BancoEstado



AWARD FOR ACADEMIC PERFORMANCE

In order to promote access to education and improve the quality of life of its clients, BancoEstado Microempresas offered the 9th version of the Award for Academic Performance, for children, nephews and grandchildren of microfinance owners. In this version 100 students were awarded prizes in the Primary Education, Secondary Education, Higher Education, School Leaving Test (PSU) results and Differential Education categories.



ENTREPRENEURIAL AWARD

In order to point out successful experiences in the areas of effort and innovation, and to support entrepreneurial activities as sustainable business ventures, BancoEstado Microempresas awarded prizes to 30 entrepreneurs in the following categories: Agriculture and Fisheries; Service and Tourism; Transport and Commerce. In its 11 years of existence, the programme has awarded prizes to more than 300 entrepreneurs throughout the country.



CHALLENGE TO OPEN INNOVATION "SO, HOW WOULD YOU DO IT?"

This programme, which is implemented in partnership with Socialab, is an initiative that invites Chileans to search for innovative ideas that will contribute to develop solutions that will improve the operation of Chilean microfinance. The best projects receive a seed capital of \$ 110 million, together with the incubation and mentoring of Socialab over a period of four months. In addition, they can develop the first pilot of their project with companies that are BancoEstado Microempresas clients.

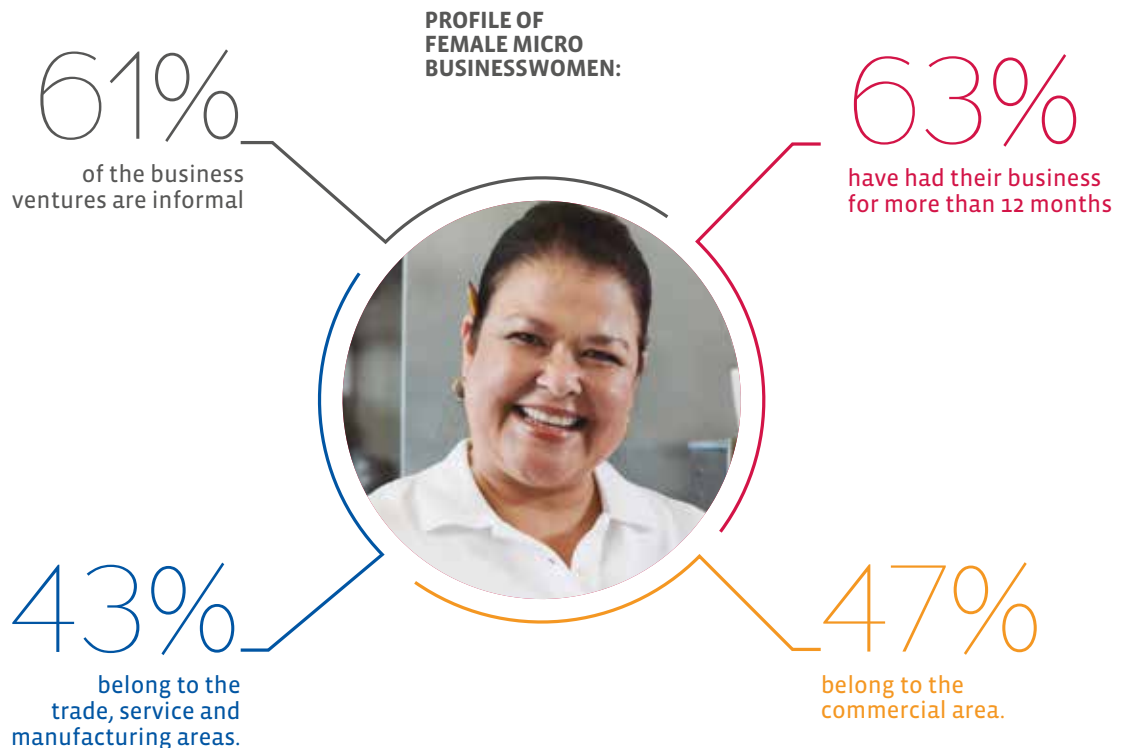
4.2.2 CreceMujer Emprendedora

Our commitment with inclusion in the area of micro-finances was strongly focused on the segment of female entrepreneurs, thanks to the launching of the Crece Mujer Emprendedora Program (Program to support businesswomen).

This initiative gives women a more ample space within the economic sphere, as in addition to offering financial services, it helps by providing competencies and support in the generation of networks through a virtual community. It also gives business management advice and helps establish contact with other female entrepreneurs to discuss ideas, share experiences and generate new business ventures.

Crece Mujer Emprendedora aims to reduce the gaps in female entrepreneurship, incorporating a gender focus in the analysis of credit applications, Parallel to this, the bank encourages associative activities, connection with training programmes and mentoring, thanks to the integrated work of a development network that includes Corfo, Sernam, Sercotec, Sence, Fosis, Indap, Prodemu, Chilecompra and Sernatur.

At the end of 2015, the programme was available in all the branches throughout the country had had 80 thousand registered members.



CRECEMUJER COMMUNITY



The Crecemujer.cl virtual community is a platform that enables women entrepreneurs, be they or not clients of the bank, to share testimonials and success stories, in addition to clarifying doubts. The site received 600 thousand visits in 2015. The most frequented sections were 'Capacitate' (Get Training) and 'Cómo comenzar tu negocio' (How to start your business), which give advice in the areas of law, tax, management, technological and financial education for entrepreneurship.

4.2.3 Small Companies

In 2015, the bank served a total of 36,713 clients from the small business segment, with annual sales ranging from U.F. 2,401 and U.F. 40,000. 2,700 small-scale entrepreneurs with current loans were incorporated into the sector, totalling more than 20,000 clients with some kind of credit with the bank, which represents an increase of 15.6% in comparison with 2014.

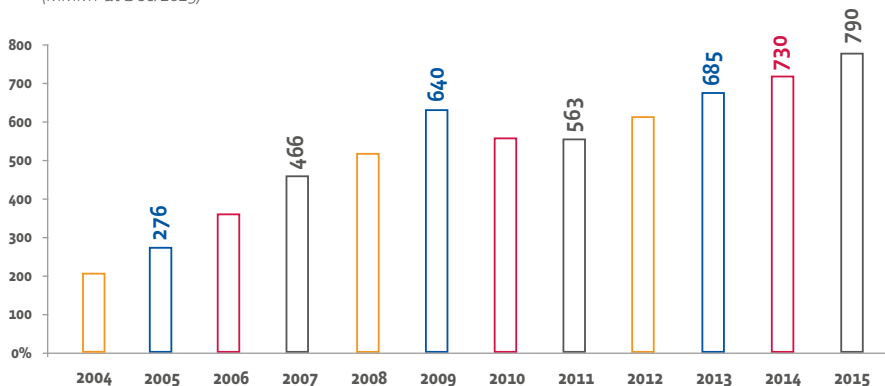
Regarding commercial loans, 2015 operations totalled 39,700 thousand for MMMS 507, which increased the stock to MMMS 790. All this reflected a 30% increase over 2014 in terms of operations and an increase of 8.3% in the commercial balance.

As regards coverage, six new specialised service platforms were added in 2015, with an 8.9% increase over 2014, totalling 72 platforms throughout the country.

Client satisfaction is a key element in our operations. In 2015 clients gave quality and service top grades (6 and 7).

LOANS TO SMALL COMPANIES

(MMMS at Dec. 2015)



Source: BancoEstado

In the past decade, BancoEstado has given permanent support to small and medium businesses, trebling its credits in these segments.

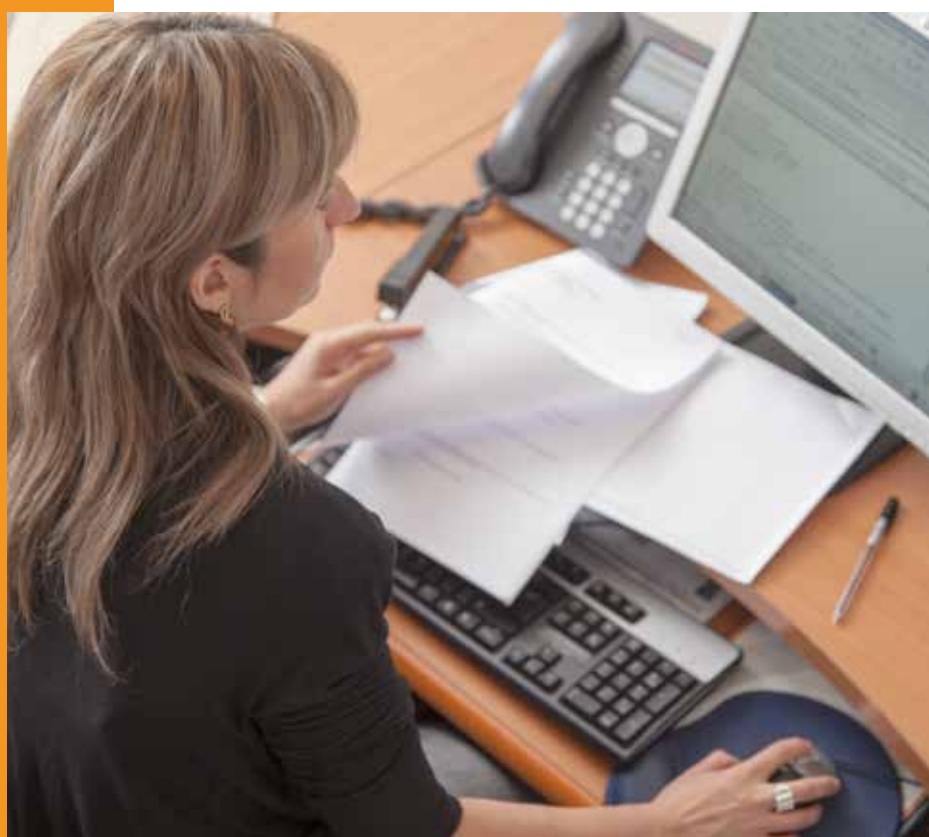
DEPLOYMENT OF STATE GUARANTEES THROUGHOUT THE COUNTRY

State Guarantees correspond to state encouragement instruments that enable Micro, Medium and Large Businesses to access sources of productive financing (working capital or investment), when they lack their own guarantees or when those they have are insufficient.

BancoEstado encourages the use of state guarantees in its financing activities, because they contribute to improve their clients' access to credit, both in terms of amount and time.

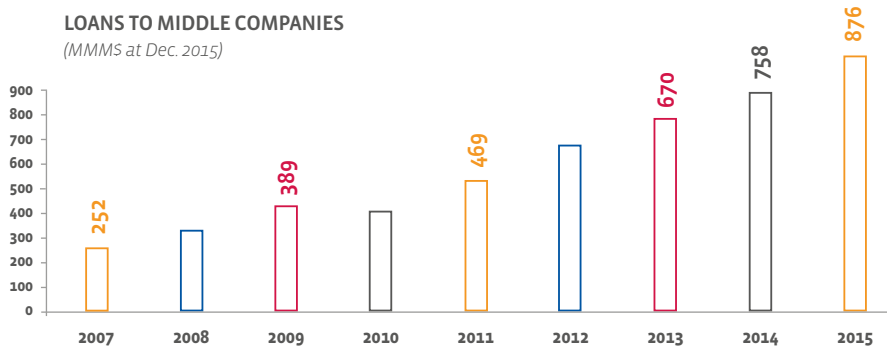
Our financial organisation is the market leader in the use of these instruments, and has a vast range of guarantees (FOGAPE, CORFO, Reciprocal Guarantees) and products it is able to finance: long and short term financing, Leasing, Factoring, Comex, among others.

In 2015, BancoEstado took special interest in disseminating the State Guarantees and encouraging their use by means of face-to-face training sessions and training sessions through our commercial platforms for our clients from Arica to Punta Arenas (approximately 1,200 clients in the former and 400 in the latter).



4.2.4 Middle Companies

BancoEstado aims to stay close to its clients while they grow. In this way, the Middle Companies segment accompanies and advises organisations with annual sales ranging from U.F. 40,001 to U.F. 300,000 in the Metropolitan Area; while in the regions, it serves companies with annual sales in excess of UF 40,000. Its commitment is to serve all middle companies, regardless of their geographic location. Together with this, it focuses on growing and becoming a relevant actor within the industry, providing top-quality financial products, services and solutions, which enabled it to complete a total of MMMS 876 in credits at December 2015.



Source: BancoEstado

4.2.5 Corporate Banking and Large Companies

This area concentrates on serving organisations with annual sales of more than UF 300,000. Client service is classified into the following segments according to the size of the companies and their activities: Corporate, Large Companies, Real Estate and Building Companies and Concession Companies.

In 2015, loans in this area grew by 18%, totalling MMS 8,099,299, and the year closed with more than 2,300 clients. In this segment, relations with clients became closer, with an increase in cross-selling and in the intensity of the products used, which generated important income for BancoEstado

Additionally, and in line with its vocation for encouraging development, Corporate Banking and Large Companies provided financing for important road and port infrastructure projects and for the most important projects for the generation and transmission of electric power in the country. In this context, BancoEstado supported the construction companies that are building the new 3 and 6 lines of the Santiago Metro and provided financing for the Programme of Social Integration and Economic Reactivation D.S. 116, boosted by the Ministry of Housing and Urban Planning (MINVU).

The challenge for 2016 is to continue to grow in the credit area and continue to give profits to the bank of all Chileans, strengthening the synergies between different segments so as to provide financial solutions to corporate collaborators, clients and suppliers, coordinating the capabilities of a global multi segment bank.

For example, with its payment agreements, BancoEstado has established important links with large company employees.

4.2.6 Public Sector Institutions

One of the distinguishing seals of BancoEstado is its public vocation. It is a state entity that supports the State, emphasizes its relations with different public organisations and is a proactive disseminator of the role of banking. This is a strategic pillar for the corporation.

With a view to consolidating the service given to Government institutions, our Institutional Bank devised a model of comprehensive management in order to respond to financial requirements without disregarding commercial effectiveness. Three areas were organized in 2015: The Sub-directorate for Large Clients, The Sub-directorate for Inclusion and Encouragement, and the Sub-directorate for Municipalities. This segmentation contributes to the development of a specialized offer that will help State organisations to reach their employees and beneficiaries in an optimum way.

It also strengthened its relations with the Government institutions that provide subsidies or benefits, strengthening the use of CuentaRUT accounts as the main channel for these ends. Examples of this are the distribution of Heating Subsidies in the region of Aysén, which the Government gave via the Solidarity and Social Investment Fund (Fosis), or the return of National Health Fund (Fonasa) surpluses.

This role became increasingly important in 2015, when many people suffered important material and personal loss as a result of the natural disasters that hit the country. For example, the Ministry of Social Development paid bonuses for the purchase of household utensils through BancoEstado to the victims of the earthquake and tsunami that hit the Region of Coquimbo.

The seal of the organisation is in the role it plays in giving services that are complementary to financial services. BancoEstado also works in the integration of cities, communes and localities by generating interaction spaces with other communities. The agreements it has signed with municipalities throughout the country have contributed to the creation of new branches, which encourage development in rural or isolated areas, where more often than not BancoEstado is the only existing banking institution.

OUR MAIN FOCUS

Focus on large Clients:

This includes the Armed Forces and different State ministries. The central focus is to achieve an integral understanding of how these institutions contribute to the community, so as to be able to design the corresponding products and services.

Focus on Inclusion and Encouragement:

The main challenge involved in inclusion is to be able to make all payments to State beneficiaries migrate to CuentaRUT accounts for the automation of these transactions, contributing to make institutional payments easier and to simplify their reception by payees. Regarding encouragement, the objective is to facilitate the relationship between production encouragement institutions and the micro company and small company that receives their support.

Focus on Municipalities:

BancoEstado aims to strengthen its links with municipalities throughout the country, whether or not they are clients of the bank, and to increase the number of these institutions included in its institutional client portfolio.

4.3 WE GROW TO REACH MORE CLIENTS

BE-7, DMA, G4-6, G4-8, G4-9, G4-13, G4-FS13

With a presence that covers practically the entire country – with the exception of Chilean Antarctica – the bank permits the financial inclusion of people who live in geographically isolated locations, reaching them through its different points of contact: ServiEstado Offices, ATMs, CajaVecina service outlets, Internet and mobile banking. Furthermore, it is the only financial institution in 102 communes in the country, reaching citizens with a service that is efficient, reliable, agile and safe.

Our activities have enabled us to turn our institution into an active agent of social integration and promoter of social development, since our presence in different localities gives a sense of equity and new opportunities to all.

This is the spirit that generates interaction with communities so as to create and encourage collaboration and exchanges of opinion. This contributes not only to the detection of business opportunities or to the improvement of on-going business operations, it also contributes to consolidate the bank’s role in the social weft as a financial institution that works hand-in-hand with the State, sharing the objectives of development and social inclusion for all.

BancoEstado has had a branch office in New York, USA, since 2005.

4.3.1 Scope and coverage of the network.

The financial institution has worked intensely to reach an increasing number of people every day, providing the best services offered by the market. This has led it to diversify and increase different service channels every year, ensuring the supply of continuous, efficient and safe services.

The BancoEstado network followed a historic trend and continued to grow in 2015.

BANCOESTADO PRESENCE

380

BancoEstado branches in the country.

/

107

ServiEstado branches.

16,504

CajaVecina service points.

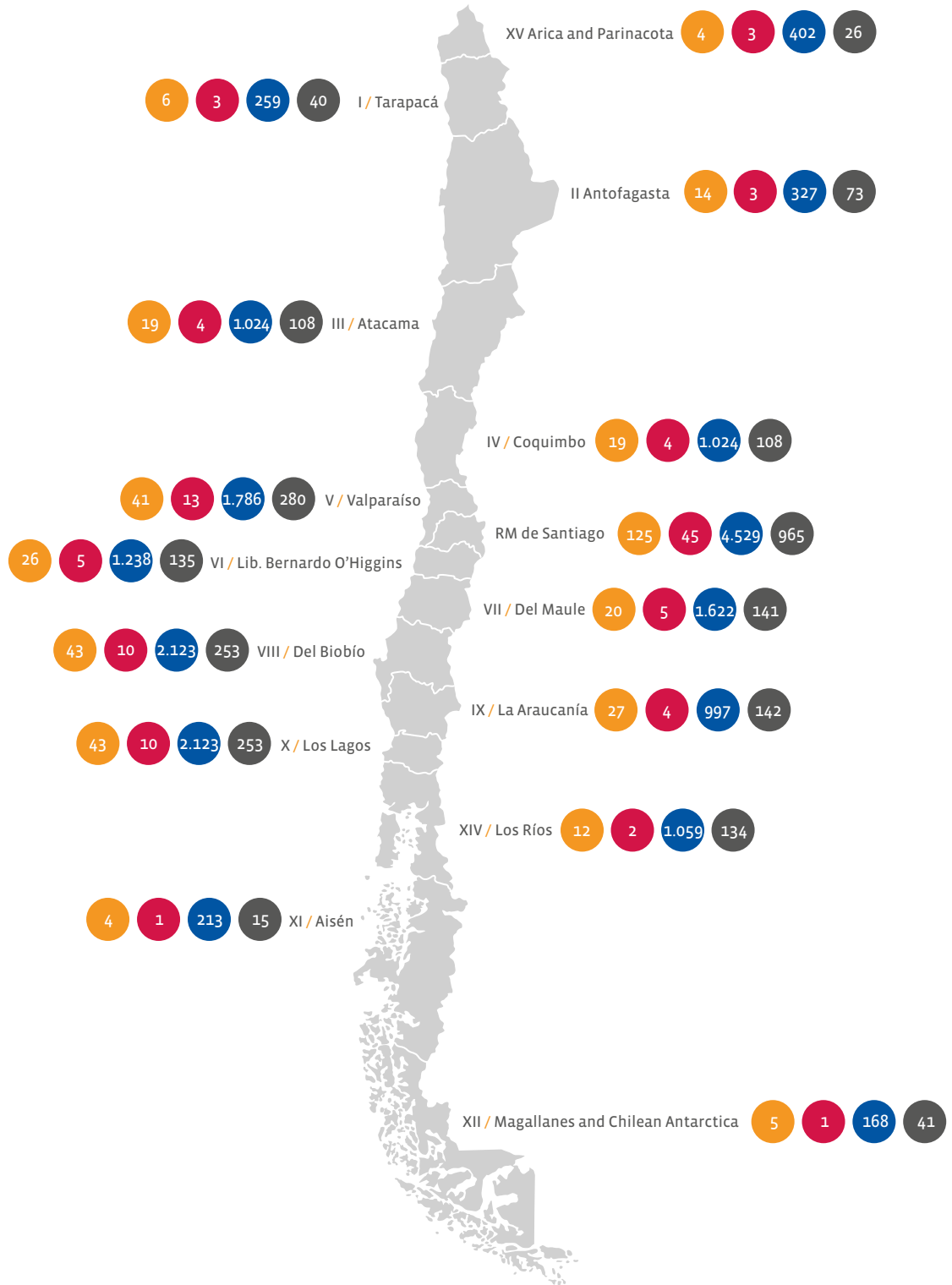
/

2,469

ATMs.

Attention Network

(Attention points at December 2015)



102

boroughs have BancoEstado as the only financial institution in their locality.

31%

market share holds BancoEstado on total ATMs throughout the country

EVOLUTION OF BANCOESTADO FIGURES

	2010	2011	2012	2013	2014	2015
CuentaRUT clients	2.9 million	4.2 million	5.3 million	6.4 million	7.4 million	8.3 million
Internet clients	1.0 million	1.1 million	1.4 million	1.8 million	2.3 million	2.7 million
Mobile clients	-	108 thou	356 thou	650 thou	913 thou	1.2 million
Microcompany clients	410 thou	429 thou	446 thou	464 thou	500 thou	522 thou
CajaVecina service points	4,500	7,100	10,200	11,400	13,500	16,504
BancoEstado Branches*	344	342	345	360	364	380
ServiEstado Offices	84	86	96	100	107	107
Automatic Cash Machines	1.812	1.891	2.366	2.388	2.385	2.469

Source: BancoEstado

* Branches existing in the country.

This strategy is focused on our conviction of reaching every corner of the country so as to reduce the inequitable access to banking that still affects many of our inhabitants. The organization has understood that the installation of a service point in an area that is isolated or distant from other urban service centres – either because of geographic location, density or social capital – is enormously beneficial to the community.

The environs of a bank branch generate opportunities for the development of economic poles that make community activities more dynamic. The increase of points of contact not only contributes to the development of economic transactions, it also gives dignity to and connects isolated localities, and gives the possibility of a safe management of personal and family finances.

This led to the opening in 2015 of 17 new branches in the following communes: Pichidegua, Futrono, Quemchi, Alto Bío-Bío, Colbún, Olmué, Navidad, Tirúa, Sierra Gorda, Hualqui, Teodoro Schmidt, Pica, Lumaco, Vilcún, Santa Juana, Canela, and La Reina in Santiago. In many of these locations, the majority of the population are members of our original peoples.

BancoEstado is the banking institution with the most extensive network of service points in the country.



QUALITY MANAGEMENT 2015

In 2015, BancoEstado applied the concept of quality to the network, which was reflected in 10% increase of client perception in comparison with the previous year.

This indicator is obtained daily through telephone surveys to clients served by all the face-to-face channels of the bank: cash tellers, customer service and business platforms.

On the other hand, the results of the indicators measured by the network, like quality produced, transparency and image excellence – which are summarised in the Integrated Quality Indicator (IQI) – also reflect the interest existing in the branches of offering their customers comprehensive service, with a result that gave an 89% grade to the activities related to these concepts.

One of the most relevant milestones of the year was the recognition gained by 14 branches in the country that showed the highest IQI indicators, which ratifies the concern and commitment of the employees of these branches to offer good and quality service.



/ CajaVecina

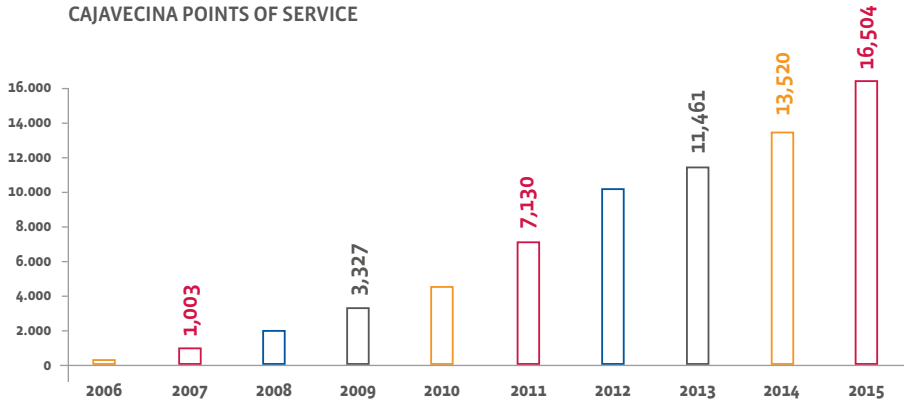
This innovative financial service system, which operates in small neighbourhood stores, totalled 16,504 service outlets in 2015, with a 22.1% increase over the previous year. Similarly, the transactions carried out by these outlets during the year increased by 26%, totalling 22.5 million transactions per month, including cash withdrawals, deposits, cash advances, payment of public utility bills, and payment of credit instalments and recharging of prepaid cell phones, among others.

It provides coverage for 100% of the communes in the country, with the exception of Antarctica, and is especially useful for people living in localities that are distant from the large cities or from densely populated areas, as they can conduct their business at outlets installed in small shops and stores. In fact, 19% of CajaVecina outlets are located in communes with a population of fewer than 20,000 inhabitants.

**68% of
CajaVecina
operators are
women of an
average age of
49.**

For the community, this system represents saving time, reducing the transport costs involved in having to travel to a bank office, and more flexible timetable. In addition, many small businesses receive the benefits offered by CajaVecina, not only because of the commission they are paid for the service, but because they see an increase in customers as they offer a service that is of enormous use to the community. It should be noted that 68% CajaVecina operators are women of an average age of 49 years.

CAJAVECINA POINTS OF SERVICE



Source: BancoEstado

CajaVecina serves 3.5 million CuentaRUT holders.

/ ServiEstado

ServiEstado, a service that complements the banking network in extended timetables and over the weekends, totalled 107 offices throughout Chile.

/ ATMs

Additionally, the bank's ATM network totalled 2,469 dispensers, which cover 31% of the total number of cash dispensers in the country, with 39% concentrated in the Metropolitan Region and 61% in the regions.

Regarding safety standards applicable to the installation and operation of ATMs, cash dispensers or any kind of cash container established in the Ministry of the Interior Supreme Decree N°222, the established targets were fulfilled before the end of 2015, with a service availability of 95%.

BancoEstado and the Government adopted the temporary measure of installing ATMs in 60 police stations, so as to give people the possibility of solving problems relating to access to cash. As agreed, the dispenser withdrawal plan was duly completed, while 21 dispensers remained in police stations in different parts of the country.

BANCOESTADO IMPLEMENTS A CONTINGENCY PLAN TO ENSURE ACCESS TO CASH.

As a result of the suspension of security transport companies, the bank implemented a series of measures to guarantee that Chileans had effective access to cash.

- Extraordinary service of BancoEstado offices on Saturdays between 10.00 and 13.00 in different regions: 12 branches on

23 May and 15 on May 30.

- Installation of 2 Bech Móvil units during two critical weekends, first in the central littoral on 23 and 24 May (El Quisco and Concón), and then in the communes of Puente Alto and Colina on 30 and 31 May.
- Payment of pensions and Social Security payments in the BancoEstado and ServiEstado network.

66 million transactions were carried out through the www.bancoestado.cl portal in 2015.

4.3.2 Multi Channelling

The delivery of a quality service is affected by the strength of contact points with clients. This is why the financial institution has made efforts to strengthen its multi channelling through a strategy that aims both at increasing points of contact and at a permanent improvement of the technological support platforms that enable uninterrupted operations and transactions.

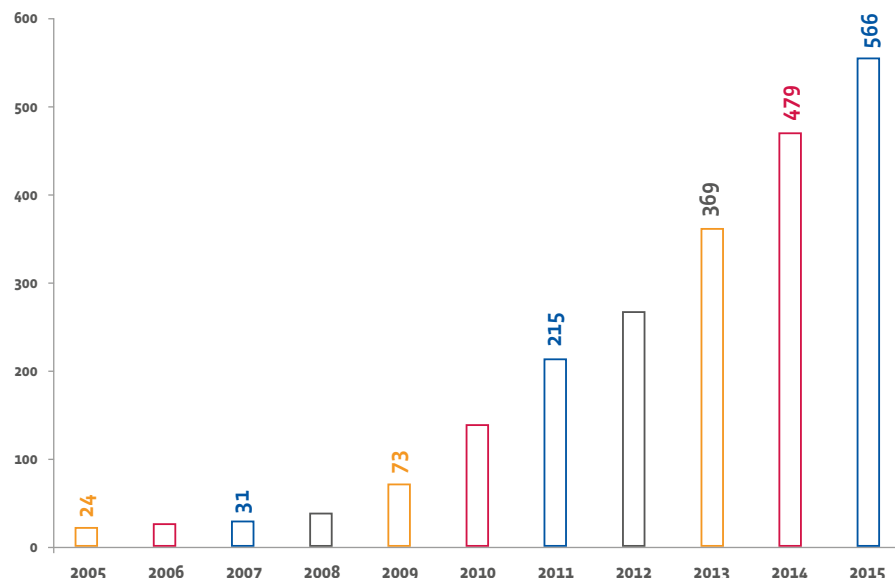
Today, the provision of services through distance channels is essential, not only for the customer, but also for financial institutions. At the same time, the incorporation of 3G technologies has contributed to the growth and improved service of CajaVecina, where some 22 million transactions take place every month, maintaining client satisfaction indices that fluctuate between 81% and 85%.

The automation of certain commercial activities contributes to an efficient management of banking operations, with an enormous reduction of operating costs. In 2015, these operations increased by 16.4%, representing 95% of total transactions.

The corporation's virtual platform is a complement to automated services, creating closeness with our clients. To this, we must add the efforts of our Call Centres, operated by our subsidiary BancoEstado Contacto 24 Horas, and its distance channels like Banca en Línea and Banca Móvil, in addition to the services offered by the social networks.

ANNUAL INTERNET TRANSACTIONS BY BANCOESTADO CLIENTS.

(millions)

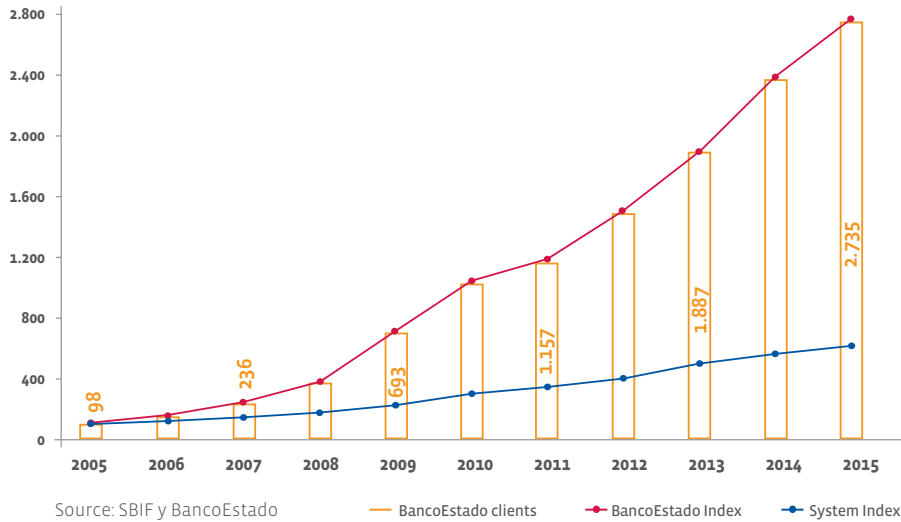


Internet transactions by BancoEstado clients have grown considerably in the past years. In 2015 they totalled 566 million, with an average of approximately 220 transactions (financial and administrative) per year per client.

Source: BancoEstado

INTERNET CLIENTS

(thousands, 2015= 100 index)

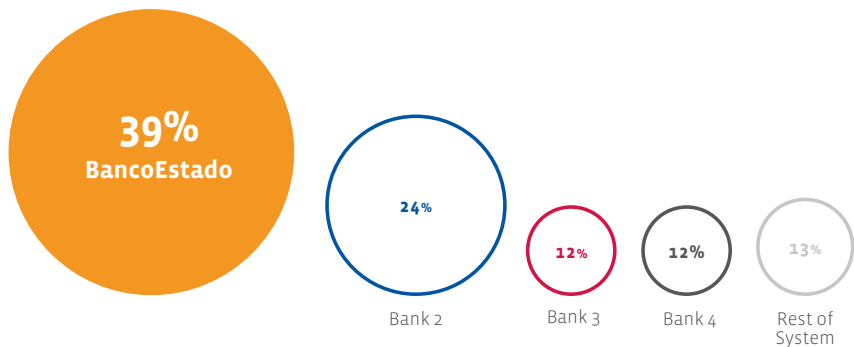


BancoEstado clients make massive use of the internet in their banking operations; at the end of 2015, these clients totalled more than 2.7 million.

Between 2005 and 2015, bank clients that use the Internet increased by an annual average of 39%, while clients belonging to the system did so by 20%.

PARTICIPATION OF NUMBER OF CLIENTS ON THE INTERNET

(%, Dec. 2015)



One out of every three clients that use the Internet for their banking transaction is a BancoEstado client.

Source: SBIF.

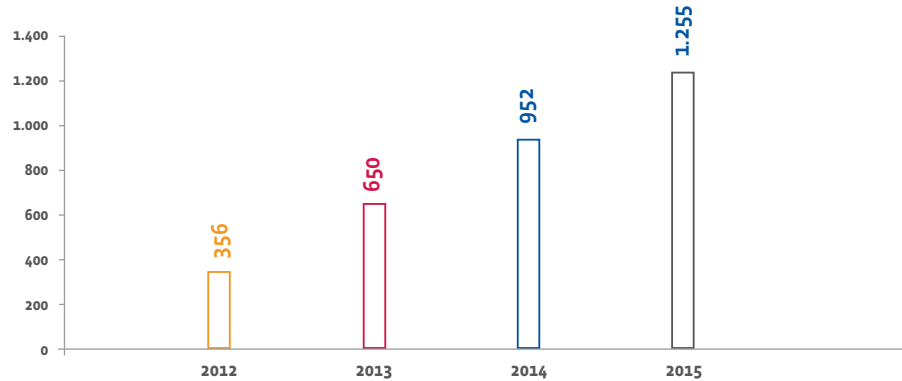
*Total Internet Clients: 6.9 million



CLIENTS BANCOESTADO MOBILE PORTAL

(thousands)

More than 1.2 million clients had been served by this channel by the end of 2015, with an annual growth of 32%.

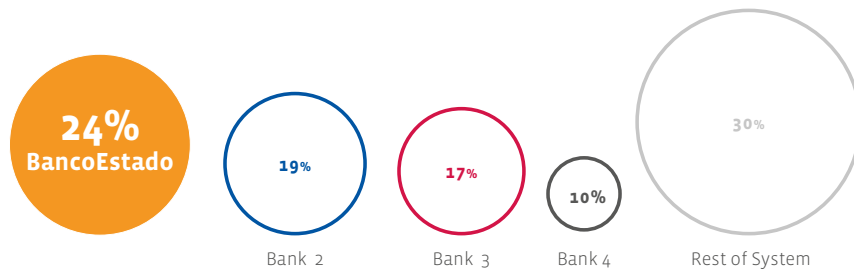


Source: BancoEstado

PARTICIPATION, IN NUMBER OF DEBTORS* IN THE SYSTEM

(Dec. 15)

BancoEstado concentrates the largest number of debtors in the system, with total of approximately 1.4 million (24%)



Source: SBIF

* 6.1 million debtors in the system

More than 566 million Internet transactions were carried out in 2015, with a portfolio of 2.7 million Internet clients. Together with this, the mobile channel served 1.3 million of clients, who totalled 12 million transactions per month. This represented an increase of 33% in transactions when compared to 2014.

Thinking of those clients who do not have Internet access on their cell phones, the Digital Banking section extended its pre and post-sale communications services through the use of text messages (SMS), as a way of keeping close to all our clients in the formats that best suit them. SMS contacts have totalled more than 6.6 million in pre-sale, sale and post-sale operations, adaptation and use of digital channels.

Furthermore, over the period we continued with our efforts to place BancoEstado on other channels like Facebook and Twitter, with a view to improving communications with our clients and improving services. These platforms have made it possible for the organization to have immediate access to complaints, queries, suggestions and congratulations, giving the best response times in the entire multi-channel area.

At the end of 2015, we had a total of 79,856 followers on Facebook and 65,000 followers on Twitter, which are the platforms where users bring us their doubts, suggestions and complaints, which are responded through the same media.

4.3.3 Technological capabilities for improved customer service.

BancoEstado covers 94% of total personal transactions by distance means, and 40% of these transactions are done by the Internet or our mobile channels. This helps give strong support to the development of isolated or rural areas, bringing the banking closer to more Chileans.

In this context it is essential to have a solid and reliable digital medium. Today, the bank has 1.2 million clients that operate preferably through the mobile channel and some 2.7 million that operate on the Internet, and as they will continue to increase, they will need powerful technological support systems that offer their clients stability, safety and confidence.

The increasing digitalisation of clients demands greater service quality. In 2015, the Digital Banking Management focused on improving the quality and continuity of the service given to clients. Some technological glitches and the exponential growth of distance transactions demanded a review and intervention of the bank's technological platforms, as the greatest challenge faced by the bank is the improvement of a platform that is required to grow without stopping.

The service given to clients is our permanent concern, and throughout the year we have implemented initiatives to increase the stability of our technological platforms, increase their usability indices and provide a more intuitive functionality that will help the user find what he requires quickly and safely.

For 2016, we wish to focus on our digital banking activities and strengthen mobile payments; increase coverage of RedCompra outlets; automation of distance sales and strengthening of distance channel sales; generation of new and better self service channels; and finally, increase of the capabilities of electronic sales of products and services.





BancoEstado®

CHAPTER 5

WE ARE
COMMITTED TO
OUR WORKERS

We are a universal
bank that centres its
activities on its clients.

We are committed to
them with our minds
and hearts



5.1 BANCOESTADO WORKFORCE

G4-9, G4-10, G4-LA1, G4-LA2

Our workers are essential in the development of financial inclusion and in giving quality service to all our clients. This work is always based on a vocation for service, which we live on a day-to-day basis with a strong social sense and spirit of collaboration focused on team work.

5.1.1 2015 Figures

At the end of 2015, the BancoEstado workforce totalled 9,538 employees; this total increases to 13,826 if we include the workforce employed by our subsidiaries.

BANCOESTADO WORKFORCE 2015

Region	2010	2011	2012	2013	2014	2015
Tarapacá	110	96	96	97	99	96
Antofagasta	176	175	183	200	209	206
Atacama	114	109	116	122	113	114
Coquimbo	270	257	269	275	268	303
Valparaíso	673	673	682	685	739	700
O'Higgins	308	297	332	333	338	350
Maule	296	298	303	310	300	291
Biobío	626	637	648	643	641	682
La Araucanía	353	350	354	357	321	331
Los Lagos	341	365	376	376	316	318
Aysén	65	58	59	54	59	71
Magallanes	90	80	85	82	90	81
Los Ríos	126	122	121	125	175	169
Arica and parinacota	50	58	65	73	74	70
Metropolitan	5.141	5.056	5.424	5.473	5.535	5.756
Total	8.739	8.631	9.113	9.205	9.277	9.538

Source: BancoEstado

THE DISTRIBUTION OF WORKERS ACCORDING TO AGE GROUP WAS AS FOLLOWS:



Maintaining a heterogeneous distribution in terms of geographical origin.

A total of 9,334 – in other words 98% -of our employees has an indefinite contract, and is distributed as follows:

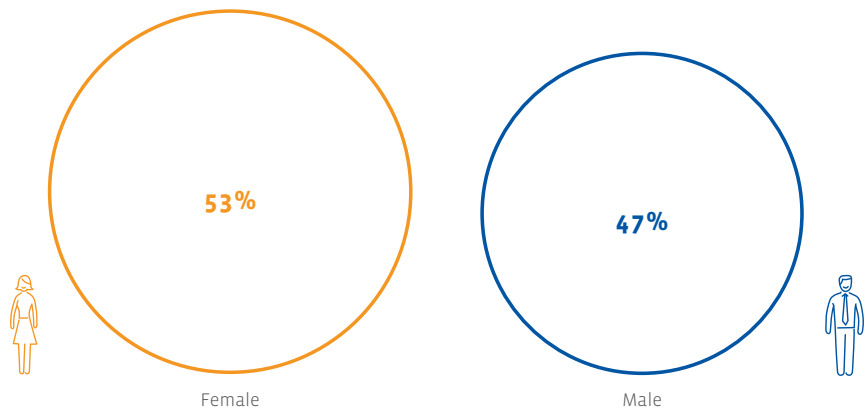
Number of employees according to type of contract, and according to gender (2015)

	Indefinite contract		Fixed term contract	
	Women	Men	Women	Men
	4418	4916	101	103
Total	9.334		204	

As regards gender, women’s participation in the bank totals 47%, corresponding to 4,519 workers. Nonetheless, as is the case with our overall national statistics, we can envisage a pyramidal composition when the post entails more responsibility; female participation in management posts totals 34%. Nonetheless, these figures are more encouraging than those of the rest of the banking system, as female participation in top level administration posts totals 30%, and 25% of board members are women. On the other hand, while the annual increase in women’s participation does not exceed 4%, this last year it totalled 16% on a global level.

Gender equity and equality are the focus points of our Empathy Culture programme and its Leadership component. This led to the creation of the Woman and Leadership programme in 2015, aimed at giving female BancoEstado assistant managers tools for their empowerment, and searching for ways to take them to positions of higher organisational responsibility. This programme is implemented by means of mentorships and workshops.

DISTRIBUTION OF BANCOESTADO WORKERS ACCORDING TO GENDER, 2015



Source: BancoEstado

5.1.2 Our personality

BancoEstado has a unique personality, developed in over 160 years of history and marked by a committed group of workers that are aware of their impact on the lives of individual persons and on the development of the country. This organisational culture is sustained by a strong spirit of public service, which our workers have been able to transmit to the country. This is a well-loved and respected organisation, which has a distinctive seal that marks a difference both within and outside the banking industry.

The corporation has a trajectory that reflects the overall contributions, efforts, and attachment of thousands of individuals, many of whom were visionaries and pioneers, who declared their commitment to a noble cause: to help millions of citizens make their dreams come true.

Today, the organisation and its people have clearly defined guidelines that lead them on their march along the road of growth, which is always close to the millions of clients on whom they focus their concern and operational activities.

“With all, of all and for all” is the best way of summing up the character and culture that marks our teams. BancoEstado has workers that are close to all Chileans at all times, even in the most difficult circumstances; reliable in their relations with clients in general; transparent in terms of information on products, services and collections, and diverse, serving persons, regardless of their social condition, gender, age, education and nationality.

The experience, professionalism and way in which our staff members fit into their workplace and the localities they serve, is their fundamental characteristic when it comes to offering new and different outlooks to the financial business world, in terms of innovation, and the best way to reach people, recognising and respecting their individuality and particular needs according to their life project. This inner wealth is crucial in the design of financial solutions and in giving value to what is offered to clients.

Similarly, branch managers throughout the country are important actors in the social organization of the localities they serve. They are strategic allies of the State and pillars of community development



/ Employees who received distinctions at the BancoEstado 2015 Awards ceremony.



5.2 LABOUR RELATIONS

BE-10, DMA, G4-11

The National Workers' Union, founded in 1957, is the single national union with the largest number of affiliated workers in the country, totalling 9,345. In other words, 97.98% of the BancoEstado² workforce is included in the collective wage agreement approved after the 2015 collective bargaining process, which will remain in force until 2017.

5.2.1 Collective Bargaining

A new collective bargaining process between the Bank's Union and the management, took place between July and September 2015 to establish a new collective wage agreement within the current normative framework. This new agreement came into force on 1 September 2015 and is effective for a period of 27 months.

This process, which was resolved by means of good offices, as requested by the company's administration, had large media coverage and left the company open to public questioning.

The experience was an important lesson to the bank and its workers. Throughout the years, BancoEstado has built a collaborative relationship with its workers, which has enabled it to maintain a solid corporation that plays a key role in the country.

The basis of this model implies a permanent open dialogue, responsible actions and a clear identification of the roles of each party.

Our future challenge is to establish a compatibility between the bank's sense of responsibility with our 17 million inhabitants, its owners and the interests and rights of the workforce.

² The BancoEstado Workers' Union only groups BancoEstado employees, without including its subsidiaries, some of which have their own unions.



5.3 MORE OPPORTUNITIES FOR OUR TEAM

G4-LA2, G4-LA9, G4-LA10, G4-LA11

To strengthen worker relations also implies contributing to their professional training, and also placing an additional focus on excellent performance, responsibility, transparency, collaborative work and innovation.

This is why, BancoEstado includes various initiatives that contribute to the renewal of its alliance with its workers, with the minds and hearts of all those committed to the target of fulfilling the objectives of inclusion and equity.

In 2015, the focus on persons was marked by new forms of internal leadership, new forms of relating –more horizontal, collaborative and comprehensive –and by the elaboration of a clear policy for professional development and internal mobility.

5.3.1 Performance assessment

The organisation's Performance Assessment System (SED) assesses the professional competencies of the workers and their contribution to the bank's operations, in an attempt to generate fluid communications with the management and with a view to obtaining improved conditions. These contribute to the establishment of action plans to detect improvement opportunities and strengthen positive practices.

In general terms, SED is used to assess the qualitative and technical competencies required for the operational efficiency of the organization.

In 2015, 87% of the overall workforce, 7,858 workers out of a total of 9,034 were subjected to performance assessments and took part in feedback conversations with their respective managements. On the other hand, 96% of the executive staff and 87% of the professional staff were involved in this assessment process.

5.3.2 Mobility

The bank is aware of other great challenges in the area of personal management, transmitting this corporate spirit to the new generations. More than 50% of our workers have been with us for between 5 and 6 years. In the past, average permanence with the company was of over 20 years, and is currently 14 years.

In this sense, it is essential to be able to give our collaborators the chance for professional development in a long-term internal career. In order to achieve this, promotions have gone together with the opening and offer of lateral professional development options that enable the newer staff members to get to know the organization, contribute to other work areas and thus develop along the new routes of internal mobility described above.

5.3.3 Training

In 2015 our workforce totalled more than 465 thousand hours of training in different subject areas; this time was divided equally between men and women. More than 2,481 employees improved their technical competencies, participating in diverse training programmes, which include in-service training, and external training programmes for staff co-financed by the bank.

For 2016, the aim is to continue increasing the time and coverage devoted to staff training, in order to give them the tools they require for improving their performance, strengthen their skills and development, as they are the principal articulators of the bank's objectives of equity and inclusion.



PRINCIPAL STAFF TRAINING PROGRAMMES


Training programme	Description	N° of workers	% of beneficiaries in terms of total
Scholarships and diploma courses	Financing covers up to 50% of the worker's training programme.	115	1,2%
University Careers	Financing covers up to 60% of the worker's study programme.	309	3,2%
Studies at the Instituto de Estudios Bancarios Guillermo Subercaseaux	Involves diverse technical, professional and training courses (Higher Education studies).	41	0,4%
Traditional studies at Escuela de Formación Bancaria (Efobec)	School of internal training and placement that contributes to professional development.	430	4,5%
Staff Induction	Facilitates the entry process to the bank, giving new collaborators a general vision of the institution, and especially of those processes that are critical for giving clients proper service in our branches.	471	4,9%
Training in Commercial Skills	Initiatives focused on employees of the Branches network.	680	7%
Other Programmes	Seminars, Congresses, Round-table discussions, Offimatics, etc.	435	4,6%
Total		2.481	25,8%

Source: BancoEstado



CHAPTER 6

WE WORK WITH
ALL AND FOR
ALL



We believe in an empowered population that is increasingly aware of its rights and duties, and therefore base our operations on the encouragement of financial education and responsible borrowing. These are key elements for establishing the bases of a trusting, transparent and lasting relationship, which enables us to stay close to our clients during each of the stages of their development.

6.1 FINANCIAL EDUCATION

DMA, BE-8, BE-9

The commitment to reduce financial inequalities implies that there is a need to educate bank clients and non-clients. Therefore, the organisation has been working for years on giving transparent and timely information on its products, services and general operations, ensuring that they are given optimum use and focusing mainly on avoiding the over indebtedness of thousands of our inhabitants.

The two most important programmes in this area are: “In Simple Chilean” (En Fácil y en Chileno) and “Use your Money Well” (Usa Bien tu Plata).

6.1.1 “In Simple Chilean”

The “En Simple y en Chileno” is a program that aims is to teach about financial education. This program was created in 2014 and its www.enfacilyenchileno.cl virtual platform offer suggestions and recommendations to help face unforeseen expenses, to help with the planning of monthly expenses, encourage savings and help people in the management of different kinds of credits.

The information contained in this web page responds to requirements related to basic needs and to the use of more complex products, regardless of their origin - BancoEstado or other financial institutions. As can be seen from its name, another unique feature of this programme is its simple language, which brings the world of banking closer to all the inhabitants of the country.

In 2015, different media were used to disseminate information on this programme: branches, mass media, tutorial videos on our website and e mails to clients.



To this we will add a financial dictionary with different banking industry terms explained clearly and simply.

“teach how to handle money”

Life is full of sudden unexpected expenses, it is always best to have some money put away so as not to have to get into debt when this happens.

“teach how to make a budget”

Your finances are really disorganised if you barely make it to the end of the month, or live on credit. Have a monthly budget to help you enjoy a relaxed end of the month.

“teach the main points of Loans”

loans enables you to purchase things it would be difficult for you to pay for in cash. You must use credit in your favour so you don't end up with enormous debts.

“teach how to put money away for your down payment”

Everybody dreams with owning their own home; so you must organise your money, so you can start to save for your “down payment”

“To put away money for your future”

future is to save, and this will help you fulfil your dreams, like buying a house, paying university fees, having a great holiday or an adequate pension.

“teach how to handle money so people can pay their debts”

There is no term that does not end, no debt that is not paid. So, when bills start piling up, you suffer and have a bad time. But take it easy, you can solve everything if you are organised and perseverant.

In addition, as from 2016, this platform will allow you to enrol or register in it, so as to encourage interactive participation and learning about tools for planning budgets, savings and more in the “Ordena tus Lukas” (Organise your cash) section. To this we will add a financial dictionary with related terms which will be explained in clear and simple words.

6.1.2 “Use your Money Well”

A second financial education initiative is the “Usa bien tu plata” programme, created in 2015 and implemented in the Metropolitan Region, in Valparaiso and the Libertador Bernardo OHiggins region, in an alliance with OGR (Open Green Road) (www.puntajenacional.cl)

The long term aim of this project is to reduce the lack of financial knowledge that has been detected among students, preparing them for current and future consumption, providing them with tools for better managing their finances, covering aspects like indebtedness, budget and savings.

The objective is to generate a change in the behaviour of young people, integrating financial responsibilities into their basic education as an effective way of creating a society that is more informed about and more aware of its financial health.

The alliance established with OGR consists of the development of Financial Education Workshops in educational establishments, focusing principally on 11th grade students. The complete cycle consists of four theoretical-practical classroom workshops lasting 90 minutes each, complemented with an initial diagnostic assessment and a final test, with a booklet with the correct answers, and explanations to help learning.

The first pilot was developed between the months of August and December 2015, in municipal chartered schools and in private schools, with a total of 212 workshops in 50 schools, distributed as follows, per region:



This initiative reached some 1,840 students and more than 50 teachers, coordinators, and heads of Technical Units. Students who took part showed an 8% improvement between their initial and final assessments.

The second stage of this pilot will include 25 schools, and is expected to reach some 300 educational establishments between 2016 and 2017.

In addition to classroom workshops, the “Usa bien tu plata” programme aims to become a comprehensive platform that will cover different communications media and learning platforms. The following were the main tools developed in 2015:

- **Classroom workshops in schools**
- **Recreational learning activities during each workshop.**
- **www.usabientuplata.cl webpage with audio-visual contents, blog, capsules, workshops, among others.**
- **Facebook fanpage: <https://www.facebook.com/usabientuplata>.**
- **A video with a summary of the programme**

In order to address over indebtedness and encourage families and microbusinesses to save, BancoEstado established a cooperation agreement with Fosis to display a series of activities aimed at education in the area of cash management, ways of saving and investment, among others. This agreement will help us in our activities as a public bank and partner of the State, in yet another effort to contribute to the development of Chile and its people.

A complementary activity designed by the bank is the implementation of a continuing financial education programme, which aims to close the inequality existing in the country. The initiative consists of the digitalisation of two financial education board games: “Karukinka” and “You Decide” (Tú Decides). The first game has been designed to teach children and adolescents the importance of savings, while the second provides guidelines for organising the family budget. Fosis will upload them on the Internet so they can be used in computers and mobile devices.

EDUCATIONAL WORKSHOPS AND GAMES

6.2 COMMUNICATION WITH THE COUNTRY

G4-15, G4-16, G4-PR5

Given the massive nature of BancoEstado, it is essential that it is close to its clients and gives timely, clear and transparent information to all the people related to it. Therefore, the institution's communicational activities are essential in the achievement of the inclusion objectives defined in this document, and are also part of the general impact that our institution has on other spheres of society. This begins with the identification of the interest groups that have a permanent relationship with the institution, together with the simple and direct channels that are open to establish a relationship with each of these actors.

In 2015, the bank increased its communication activities and its exposure to the media as a way of achieving increasing closeness with the community, of strengthening its public presence and marking its distinctive seal even more. A series of key milestones should be mentioned, as they were extremely important to the company, including timely communication of the improvements to its commercial and social activities, its response in times of crisis and its presence whenever it is necessary, given its role in the national economy.

The open doors policy was maintained; it is aimed at strengthening links with the media and is managed by the Corporate Identity Division, created in 2014. The consolidation of this communications policy was implemented by a greater presence in the regional media, through an active participation that placed regional assistant managers as maximum, proactive and systematic representatives of the organization.

This can be seen by the fact that in the period we are referring to, the institution received 4,244 mentions in the media, equivalent to 17% of bank industry publications during 2015. This ranks our institution second regarding media coverage, maintaining the trend seen in previous years. Furthermore, the absolute number of mentions in the press increased significantly: from 2,178 mentions to practically double (4,244), with special reference made to milestones like the presence of the bank and the measures it took to go in aid of the victims of the natural disasters that hit different regions in the country; the appointment of the former Chairman of the Board, Rodrigo Valdés as Minister of Finance; the actions taken to face lack of cash in ATMs; and the collective bargaining process.

In qualitative terms, there was an increase in the proportion of positive news items when compared to previous years, which was translated into a greater net favourability in the last three years. This is caused principally by the already mentioned milestones, together with the results of the "Crece mujer Emprendedora" programme and the opening of new branches in the regions. These news events were positively valued by the media, which managed to transmit favourable features of BancoEstado.

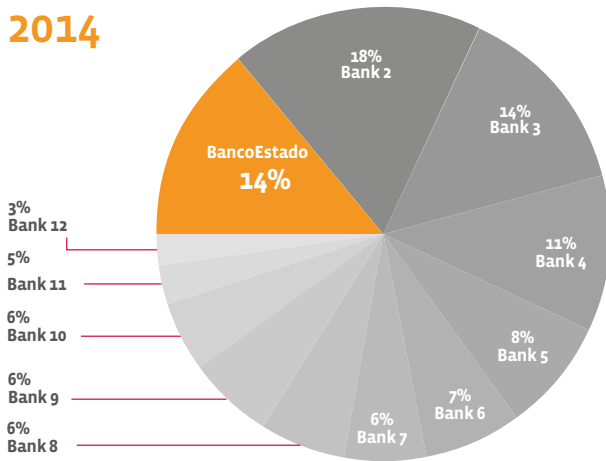
As regards the brand assessment, during the year there was an improvement in the general public's perception of all the brand pillars. It reached its highest levels in the areas of trust and service, and recovered its historical maximums for convenience and modernity. It should be noted that these figures are given in a context of generalized mistrust of companies and a greater communicational activity on the part of the competition, where society demands greater consistency between what is promised and the products and services that are finally provided.



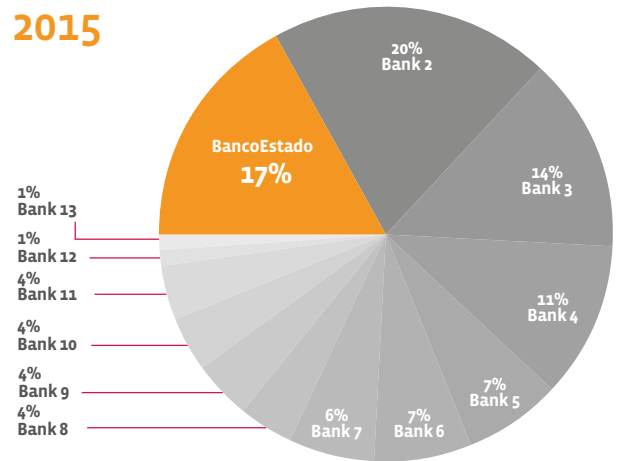
BANK COVERAGE, CONSIDERING SUBSIDIARIES:

% of total mentions. Principal banks and their subsidiaries,
Accrued January - December 2013 2014 2015

2014



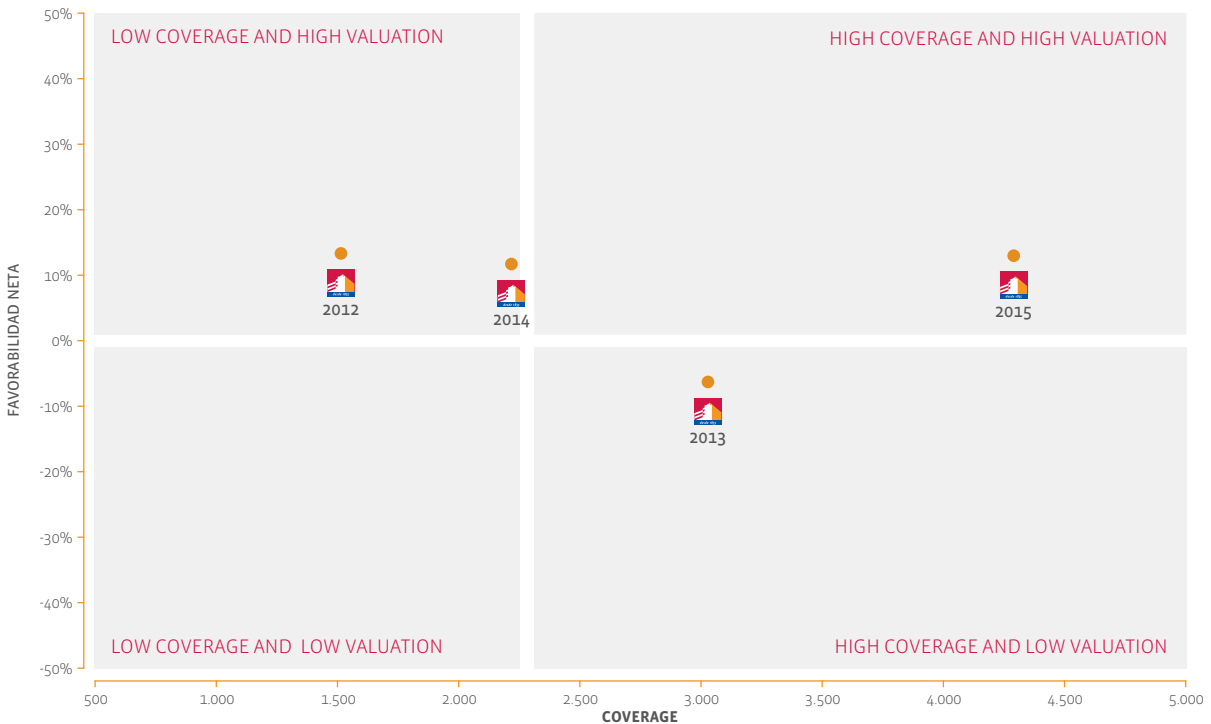
2015



Fuente: Conecta Research

MAP WITH BANCOESTADO POSITIONING, FAVOURABILITY AND COVERAGE:

Accrued coverage vs. Net BancoEstado Favourability 2012 vs 2013 vs 2014 vs 2015

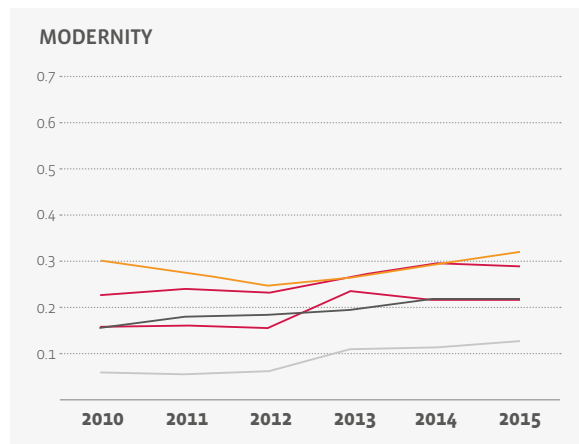
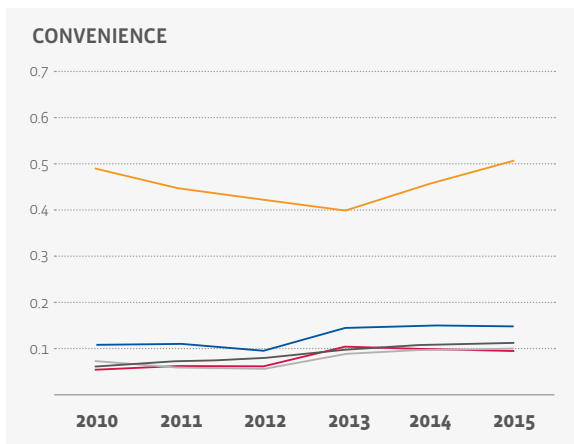
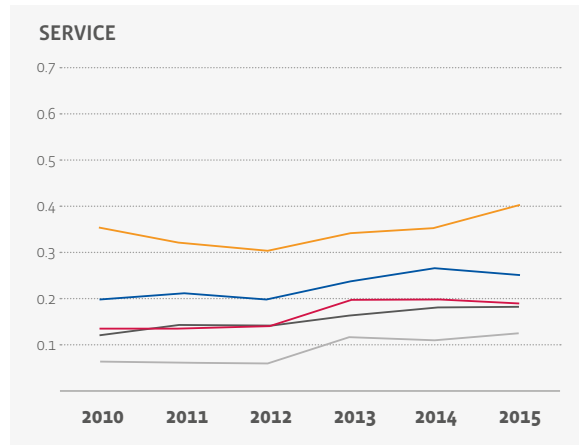
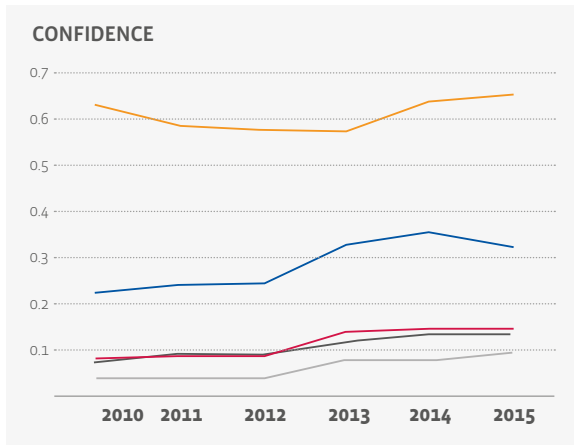


Source: Conecta Research

As in previous years, the organisation continued to actively monitor service quality and the transparency of the information it gives its clients, encouraging actions leading to continuing improvement. In this area, some 280 thousand telephone surveys to clients were carried out in order to make a periodic assessment of their level of satisfaction with our services and attention channels, either face-to-face or distance.

Similarly, some 4,800 “unknown client” visits were made to branches to check transparency and quality in service and product sales, with extremely high fulfilment of the protocols defined by the institution. To this, we must add some 1,400 “branch observer” visits to review the state and availability of our installations.

BRAND PILLARS



Source: Tracking de Marca trimestral, Activa Research.

— BancoEstado — Bank 2 — Bank 3 — Bank 4 — Bank 5



These activities make it possible to detect improvement opportunities, which translate into concrete actions to increase satisfaction and ensure transparent delivery of information, facilitating clients' decisions about the use of financial products and services.

In 2015, the Bank once again evinced important growth in terms of clients and transactions. Despite this increased volume of activity, the progress made in other service channels, specifically face-to-face channels, gave a 72% average of grades 6 and 7 out of seven in service quality as perceived by the users.



6.2.1 Relationships with the Community

/ Museo del Ahorro

The BancoEstado Savings Museum (Museo del Ahorro) was founded in 1990 with the objective of conserving the pieces belonging to the different institutions that originated the BancoEstado and which are part of our national heritage. This is a permanent exhibition with more than four thousand pieces, including the first coins minted by the Chilean Mint at the beginning of the 19th century, the first bills, designed and printed in the USA and dioramas by the artist Rodolfo Gutiérrez “Zerreitug”, among others.

The Savings Museum also has documents by well-known Chilean artists and a recently—inaugurated exhibition hall. It is open from Monday to Friday from, 09:00 to 14:00 and no entrance fee is charged.

This is the fourth consecutive year that the Savings Museum is included in the Cultural Heritage Day circuit, when it received more than 3,000 visitors.

BANCOESTADO AWARD FOR JOURNALISTIC QUALITY

Ever since 2008 BancoEstado has acknowledged the work done by journalists in the financial and economic sector through its BancoEstado Award for Journalistic Quality, the objective of which is to highlight work done by the media in financial reporting. The prize consists of a professional training trip to New York and Washington, which includes visits to economic, cultural and journalistic organisations in each city, together with meetings with editors of the most important financial communications media in that country.

In this, its fifth version, 104 entries were submitted in different formats: written press, online media, radio and television. The jury panel awarded prizes to the following professionals and media: René Bustos, of the “Empresas y Poder” magazine, for his report “The challenges of a Chile that grows old” in the Metropolitan Region category; and Cristián Asencio of “El Mercurio de Antofagasta” for his work on “The farmers that sow stones” in the regional category.

On the occasion three honorary mentions were awarded to Loreto Álvarez – Channel 13; Luis Toledo – Diario El Llanquihue, Puerto Montt, and Iván Pereira, VTV Valle Televisión.

This initiative was also recognised by Global Compact Chile, for the study “Integrating the Global Compact Principles” (SIPP), which was distinguished among anti-corruption good practices.

"MY LIFE AND MY JOB" LITERARY CONTEST

BancoEstado gave its support to this contest organised by the Directorate of Labour, which was also supported by the Chilean Copper Corporation (Codelco) and the Chilean Safety Association. The winners for 2015 were Alfonso Cáceres, Leonardo Pellizari and Nidia Loyola, whose work was chosen out of a total of 937 submissions.

The first prize consists of a laptop, a scanner and a printer, plus CLPS 700,000; the second of a laptop and CLPS 500,000; the third of CLPS 500,000; the honorary mention received a prize of CLPS 100,000.

The jury panel was headed by the author José Luis Rosasco

In 2015, we inaugurated the new art gallery, with exhibitions of contemporary Chilean art.

The three exhibitions held this year were

- **“Personajes”**, by photographer and BancoEstado employee Manuel Iván Contreras.
- **“BancoEstado Foundations”**, a series of photographs that record the construction of the BancoEstado main offices between 1944 and 1953.
- **“Gabriela Mistral, seventy years from the Nobel Prize”**, showing a series of objects belonging to the poetess, which were purchased by BancoEstado in 1933 and were later loaned to Dibam (Directorate of Libraries, Archives and Museums) for conservation.



/ BancoEstado Programme for encouraging Chilean Films.

The bank launched this initiative, aimed at the national audio-visual industry, to encourage national film creation and contribute to preserve our country’s collective memory.

In its first version, the film “Sin Filtro” by director and producer Nicolás López was awarded first feature film prize. In the area of independent cinema, the following films received awards: the documentary “Si escuchas atentamente” (If you listen carefully), directed by Nicolás Guzmán; and the films “Aquí no ha pasado nada” (Nothing’s happened here) directed by Alejandro Fernández; “El primero de la familia” (The first one in the family) directed by Carlos Leiva; “Rara” (Strange), directed by Pepa San Martín; and Jesus, directed by Fernando Guzzoni.

As an active member of the national community, the bank has taken part in the Global Compact since 2003, and with our Executive General Manager on the Executive Committee of the compact, attending work meetings and seminars. It is also a member of “Acción” a non-profit-making organization that groups companies committed to Corporate Social Responsibility and Sustainable Development.

The organisation is also included in the Great Place to Work ranking and develops specific projects with Fundación San José, Recycla Chile, Fundación Chile and Comunidad Mujer, in search of a comprehensive achievement of its inclusion and equity objectives.

The corporation also attends the work sessions organized by the Association of Banks and Financial Institutions (AIBF).

6.3 JOINT WORK WITH SUPPLIERS

DMA, G4-12

Clients are the centre of Banco Estado activities. Nonetheless, the organisation also seeks to carry out actions that look for positive impacts on other social spheres related to the bank.

From this perspective, the aim of reducing existing gaps and generating opportunities is also incorporated into our operations with suppliers, with whom a long-term relationship is essential, so as to strengthen their growth and sustainable development.


The greatest challenge in this sense has been the decentralization of processes related to suppliers.

This is the framework of the Decentralised Purchases Project; its pilot, launched in 2015, showed that it is possible to decentralise the supply process, spreading it out through the regions, without affecting institutional efficiency objectives or our relations with clients and suppliers. All this, within a context in which purchase operations are critical processes that require constant concern for transparency so as to avoid risks related to conflicting interests.



The key to the success of this pilot was to identify which processes can be decentralised. Once these areas had been defined, the focus was placed on assessing potential suppliers, analysing their billing capabilities and their geographical location.

On-hand field work with this project led us to understand that the entry barriers faced by suppliers are related to the fulfilment of quality standards. This opens the doors to look into the possibility of establishing with the pertinent State companies, like Corfo and others, mechanisms that contribute to the development of micro and small businesses that might become suppliers. Furthermore, this pilot, which included 121 suppliers, leads us to consider the possibility of establishing new relationships with small and medium companies in 2016, and thus continue contributing to the development of Chile.



BANCOESTADO AND ITS SUBSIDIARIES HAVE THE PROPYME SEAL.

In view of the concern for the sustainability of its suppliers, the financial entity pays for services provided by smaller companies within a maximum period of thirty calendar days.

This effort was acknowledged in 2012, with Ministry of the Economy certification that identifies the large-scale organisations that commit themselves to pay for services rendered within this period.

The eight BancoEstado subsidiaries also obtained this seal in 2014, which made it the first public company to receive total certification.



BancoEstado®



CHAPTER 7

FINANCIAL STATEMENTS

CONTENTS

- I. Independent Auditors' Report
- II. Consolidated Statement of Financial Position
- III. Consolidated Statement of Income
- IV. Consolidated Comprehensive Statement of Income
- V. Consolidated Statement of Changes in Equity
- VI. Consolidated Statement of Cash Flows

INDEPENDENT AUDITORS' REPORT

To
Banco del Estado de Chile

We have audited the accompanying consolidated financial statements of Banco del Estado de Chile and Subsidiaries (hereinafter “the Bank”), which include the consolidated statement of financial position as of December 31, 2015 and the corresponding consolidated statements of income, of comprehensive income, of changes in net equity and of cash flows for the year then ended and the related notes to the consolidated financial statements.

Responsibility of Management for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Accounting Standards and instructions issued by the Superintendency of Banks and Financial Institutions; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the consolidated financial statements, that are free from material misstatement, whether due to fraud or error.

Responsibility of the Auditor

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Chile. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank’s preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Bank’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by the Bank’s management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Banco del Estado de Chile and Subsidiaries as of December 31, 2015 and the results of its operations and its cash flows for the year then ended, in accordance with accounting standards and instructions issued by the Superintendency of Banks and Financial Institutions.

Other issues - Predecessor Independent Auditors

The consolidated financial statements as of December 31, 2014 of Banco del Estado de Chile were audited by other auditors whose report dated February 26, 2015 expressed an unqualified opinion on those statements.

February 25, 2016
Santiago, Chile

Juan Carlos Cabrol Bagnara

BANCO DEL ESTADO DE CHILE AND SUBSIDIARIES

Consolidated Statements of Financial Position
 As of December 31, 2015 and 2014
 (In millions of Chilean Pesos - MCh\$)

	31.12.2015 MMS	31.12.2014 MMS
ASSETS		
Cash and due from banks	4.634.708	3.991.859
Transactions in the course of collection	325.925	383.694
Financial assets held for trading	2.209.909	1.876.891
Repurchase agreements and securities loans	234.062	179.780
Financial derivative contracts	442.739	306.971
Loans and advance to banks	489.453	437.373
Loans and accounts receivable from customers	18.539.161	16.164.190
Financial investments available for sale	4.013.041	3.333.722
Financial investments held to maturity	36.273	42.632
Investments in companies	13.161	12.128
Intangible assets	133.804	98.125
Property, plant and equipment	303.777	256.561
Deferred taxes	802.298	744.049
Other assets	371.271	288.229
TOTAL ASSETS	32.549.582	28.116.204
LIABILITIES		
Current accounts and other demand deposits	7.940.027	6.653.167
Transactions in the course of payment	161.900	351.760
Repurchase agreements and securities loans	575.634	475.202
Saving accounts and time deposits	14.346.167	12.641.928
Financial derivative contracts	253.460	216.856
Obligations with banks	1.040.353	679.003
Debt instruments issued	5.421.541	4.562.943
Other financial obligations	39.265	33.279
Current taxes	42.246	119.825
Deferred taxes	267.334	191.201
Provisions	673.633	753.622
Other liabilities	294.055	194.919
TOTAL LIABILITIES	31.055.615	26.873.705
EQUITY		
Attributable to equity holders of the bank:		
Issued capital	574.632	432.472
Reserves	886.976	795.779
Valuation accounts	5.403	8.685
Retained earnings:		
Net income for the period	112.583	165.659
Less: Provision for distribution of income to the benefit of the state	(92.149)	(165.659)
	1.487.445	1.236.936
Non-controlling interest	6.522	5.563
TOTAL EQUITY	1.493.967	1.242.499
TOTAL LIABILITIES AND EQUITY	32.549.582	28.116.204

BANCO DEL ESTADO DE CHILE AND SUBSIDIARIES

Consolidated Statements of Changes in Equity
For the years ended December 31, 2015 and 2014
(In millions of Chilean Pesos - MChs)

	31.12.2015 MMS	31.12.2014 MMS
Interest income	1.573.104	1.682.613
Interest expense	(811.916)	(943.107)
Net interest income	761.188	739.506
Fees and commission income	311.233	266.642
Fees and commission expense	(113.541)	(78.813)
Net fee and commission income	197.692	187.829
Profit from financial operations, net	29.106	123.520
Profit foreign exchange transaction, net	114.507	30.101
Other operating income	12.936	8.407
Total operating income	1.115.429	1.089.363
Provisions for loan losses	(145.958)	(233.128)
OPERATING INCOME, NET	969.471	856.235
Personnel salaries and expenses	(362.004)	(319.936)
Administrative expenses	(249.603)	(218.980)
Depreciation and amortization	(73.572)	(69.284)
Impairment	-	-
Other operating expenses	(24.002)	(27.849)
Total operating expenses	(709.181)	(636.049)
OPERATING INCOME	260.290	220.186
Income from investments in companies	1.460	1.134
Income before income taxes	261.750	221.320
Income taxes expenses	(138.835)	(46.057)
NET INCOME FOR THE PERIOD	122.915	175.263
Attributable to:		
Equity holders of the bank	112.583	165.659
Non-controlling interest	10.332	9.604
	122.915	175.263

BANCO DEL ESTADO DE CHILE AND SUBSIDIARIES

Consolidated Comprehensive Statements of Income
 For the years ended December 31, 2015 and 2014
 (In millions of Chilean Pesos - MChs)

	31.12.2015 MMS	31.12.2014 MMS
NET INCOME FOR THE PERIOD	122.915	175.263
OTHER COMPREHENSIVE INCOME THAT WILL BE RECLASSIFIED TO THE INCOME FOR THE PERIOD		
Loss on valuation of investment securities available-for-sale	(8.370)	(654)
Profit on accumulated conversion difference translation adjustment	857	2.324
Net (loss) profit on cash flow hedge derivatives	(5.497)	19.164
Subtotal other comprehensive income components that will be reclassified to the income for the period	(13.010)	20.834
Income tax relating to components of other comprehensive income components that may be reclassified to the income for the period	9.728	(13.194)
Total other comprehensive income that will be reclassified to the income for the period	(3.282)	7.640
OTHER COMPREHENSIVE INCOME THAT WILL NOT BE RECLASSIFIED TO THE INCOME FOR THE PERIOD		
Adjustment for employee benefits plans	2.847	(6.002)
Subtotal other comprehensive income components that will not be reclassified to the income for the period	2.847	(6.002)
Income tax relating to components of other comprehensive income components that may not be reclassified to the income for the period	(1.850)	4.021
Total other comprehensive income that will not be reclassified to the income for the period	997	(1.981)
TOTAL OTHER COMPREHENSIVE INCOME	(2.285)	5.659
CONSOLIDATED COMPREHENSIVE INCOME FOR THE PERIOD	120.630	180.922
Attributable to:		
Equity holders of the bank	110.298	171.318
Non-controlling interest	10.332	9.604
	120.630	180.922

BANCO DEL ESTADO DE CHILE Y FILIALES

Estado Consolidado de Cambios en el Patrimonio
Por los ejercicios terminados al 31 de diciembre de 2015 y 2014
(En millones de pesos - MCh\$)

	Issued capital	Reserves		Reserves Valuation accounts			Prior year's retained earnings	Income for the period	Provision for distribution of net income period	Total attributable to equity holders of the bank	Non-controlling interest	Total equity	
		Other reserves not derived from profits	Reserves derived from profits	Financial investments available for sale	Cash flow hedge	Conversion difference							Deferred taxes
	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	
Equity as of 01/01/2014	278.497	-	797.760	5.750	6.194	(4.646)	(6.253)	-	103.188	(103.188)	1.077.302	4.992	1.082.294
Transfers	-	-	103.188	-	-	-	-	-	(103.188)	-	-	-	-
Dividends paid	-	-	(103.188)	-	-	-	-	-	-	103.188	-	(2.638)	(2.638)
Capital contribution	153.975	-	-	-	-	-	-	-	-	-	153.975	-	153.975
Variation of financial investments available-for-sale	-	-	-	(654)	-	-	88	-	-	-	(566)	-	(566)
Variation of hedge accounting derivatives	-	-	-	-	19.164	-	(13.282)	-	-	-	5.882	-	5.882
Adjustment for conversion differences New York Branch	-	-	-	-	-	2.324	-	-	-	-	2.324	-	2.324
Adjustment for employee	-	(1.981)	-	-	-	-	-	-	-	-	(1.981)	-	(1.981)
Provision for distribution of minimum income	-	-	-	-	-	-	-	-	-	(165.659)	(165.659)	(6.395)	(172.054)
Net income for the period	-	-	-	-	-	-	-	-	165.659	-	165.659	9.604	175.263
Equity as of 12/31/2014 MCh\$	432.472	(1.981)	797.760	5.096	25.358	(2.322)	(19.447)	-	165.659	(165.659)	1.236.936	5.563	1.242.499
Equity as of 01/01/2015	432.472	(1.981)	797.760	5.096	25.358	(2.322)	(19.447)	-	165.659	(165.659)	1.236.936	5.563	1.242.499
Transfers	-	-	165.659	-	-	-	-	-	(165.659)	-	-	-	-
Dividends paid	-	-	(75.459)	-	-	-	-	-	-	-	(75.459)	(2.996)	(78.455)
Capital contribution	142.160	-	-	-	-	-	-	-	-	-	142.160	-	142.160
Variation of financial investments available-for-sale	-	-	-	(8.370)	-	-	5.469	-	-	-	(2.901)	-	(2.901)
Variation of hedge accounting derivatives	-	-	-	-	(5.497)	-	4.259	-	-	-	(1.238)	-	(1.238)
Adjustment for conversion differences New York Branch	-	-	-	-	-	857	-	-	-	-	857	-	857
Adjustment for employee plans	-	997	-	-	-	-	-	-	-	-	997	-	997
Provision for distribution of minimum income	-	-	-	-	-	-	-	-	-	73.510	73.510	(6.377)	67.133
Net income for the period	-	-	-	-	-	-	-	-	112.583	-	112.583	10.332	122.915
Equity as of 12/31/2015	574.632	(984)	887.960	(3.274)	19.861	(1.465)	(9.719)	-	112.583	(92.149)	1.487.445	6.522	1.493.967

BANCO DEL ESTADO DE CHILE AND SUBSIDIARIES

Consolidated Statements of Cash Flows
 For the years ended December 31, 2015 and 2014
 (In millions of Chilean pesos - MChs)

	31.12.2015 MMS	31.12.2014 MMS
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
Net income for the period	122.915	175.263
Charges (credits) to income that do not represent cash flows:		
Depreciation and amortization	73.572	69.284
Impairment of assets	-	-
Provisions for loan losses	234.401	317.066
Adjustment to market of financial assets held-for-trading	(114.126)	(45.600)
Gain from investment in companies	(1.460)	(1.134)
Net gain on sales assets received in lieu of payment	(4.679)	(2.029)
(Gain) loss net on sale of property, plant and equipment	(167)	19
Write-off of assets received in lieu of payment	4.493	2.925
Other charges to income that do not represent cash movements	194.602	10.437
Net loss for interest and inflation readjustment	(91.421)	(102.216)
Changes in assets and liabilities affecting operating flows:		
Increase of trading instruments	(490.317)	(170.556)
Increase in loans	(2.520.929)	(2.031.538)
(Increase) decrease in held-to-maturity and financial investments available-for-sale	(672.960)	327.140
Increase in other credit transactions	(52.080)	(200.307)
Increase (decrease) in current accounts	1.064.797	(54.906)
Increase of deposits and loans	1.954.627	769.121
(Decrease) increase in other demand and time liabilities	(28.325)	211.345
Increase (decrease) of other obligations through brokerage of documents	100.432	(8.522)
Decrease of obligations in letters of credit	(117.822)	(78.023)
(Decrease) Increase of loans obtained from local banks	(246.020)	174.210
Increase (decrease) of loans obtained from foreign banks	607.370	(100.807)
Disminución de préstamos obtenidos del Banco Central	-	-
Increase of other assets and liabilities	149.028	426.200
Net cash flows provided by (used in) operating activities	165.931	(312.628)
CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES:		
Purchase of property, plant and equipment and intangible assets	(162.735)	(69.152)
Sale of property, plant and equipment and intangible assets	73	46
Investments in companies	(194)	(2.200)
Dividends received from investments in companies	570	409
Sale of assets received in lieu of payment	6.305	3.132
Net cash flow used in investing activities	(155.981)	(67.765)
CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES:		
Issue of bonds	614.573	632.195
Redemption of bonds	(24.868)	(22.627)
Capital increase	142.160	153.975
Payment of prior period income in benefit of the state	(75.459)	(103.188)
Payment of income in benefit of non-controlling interest	(9.395)	(12.127)
Net cash flows provided by financing activities	647.011	648.228
NET VARIATION FOR THE PERIOD OF CASH AND CASH EQUIVALENTS	656.961	267.835
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	4.874.556	4.606.721
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	5.531.517	4.874.556

TABLE OF GRI-G4 INDICATORS AND BANCOESTADO OWN INDICATORS

G4-32

CODE	NAME OF INDICATOR	LOCATION AND/OR COMMENTS	PAGE(S)
STRATEGY AND ANALYSIS			
G4-1	Statement by the person responsible for decision-making within the organisation (or the person who holds the post of executive director, chairman, or other similar one), on the relevance of sustainability of the organisation or its strategy for addressing this issue.	Chapter 1	6 to 7
G4-2	Describe the principal effects, risks and opportunities within the company	Chapter 3	59-61
Organisation profile			
G4-3	Organisation name	Back cover	N/A
G4-4	Most important brands, products and services of the organisation	Chapters 2 and 4	45 to 49 / 65 to 80
G4-5	Location of main office	Back cover	N/A
G4-6	Description of the number of countries in which the organisation operates, giving names of those countries in which it carries out significant operations or operations that have a specific relevance on the sustainability issues that are addressed in the annual report.	Chapters 1 and 4	6 to 7 / 24 to 25 / 81 to 85
G4-7	Nature of ownership and legal form	Back cover and annex	N/A y 113 to 117
G4-8	Market breakdown (including a breakdown according to geographical areas, types of clients and recipients)	Chapter 4	81 to 88
G4-9	Characterization of the scale of the organisation, including: Number of employees, Number of operations, net income (for organisations belonging to the public sector), capitalisation in terms of debt and equity (for organisations in the private sector), and number of products or services offered.	Chapters 1, 4 and 5	12 to 17 / 81 to 89 / 91 to 92
G4-10	a. Number of employees, according to type of contract and gender b. Number of permanent employees, according to contract and gender c. Staff numbers, according to employees, workers and gender d. Staff numbers according to region and gender e. Indicate if a substantial part of the work carried out by the organisation is done by independent workers with a recognized legal status or by people who are neither employees or contracted workers, as is the case of the employees of the contractors and workers that are subcontracted by the contractors. f. Report on any significant change in the size of the workforce (for example seasonal contracts during the tourist season, or in the agricultural sector).	Chapter 5	90 to 92
G4-11	Percentage of employees covered by collective bargaining agreements	Chapter 5	94
G4-12	Supply chain of the organisation	Chapter 6	108 to 109
G4-13	a) Indicate any significant changes that have taken place in the period covered by this annual report with regard to the size, structure, shareholding or supply chain of the organisation, for example - Changes in the location of centres or of the centres themselves, such as the opening, closure or extension of installations - Changes in the structure of social capital, and other operations related to the capital formation, maintenance and alteration (for private sector organisations), and - Changes in the location of suppliers, the structure of the supply chain, or relations with suppliers in areas like selection or finalization of contracts.	Chapters 1 and 4	6 to 7 / 81 to 85

CODE	NAME OF INDICATOR	LOCATION AND/OR COMMENTS	PAGE(S)
G4-14	Indicate how the organisation addresses the precautionary principle, if applicable	Given the products and services provided by BancoEstado, its operations do not contemplate activities that might have environmental impact. In any case, the bank has an environmental respect statement, which can be seen in its webpage www.bancoestado.cl	N/A
G4-15	Give a list of letters, principles or other external environmental, economic or social initiatives that the bank has signed or adopted	Chapters 1 and 6	8 to 107
G4-16	a) Make a list of the associations (for example industrial associations), or national or international promotion organisations to which the company belongs, and in which: -It holds a post in the governing board -it participates in projects or committees -it makes important fund contributions in addition to its normal membership fees -considers that membership is a strategic decision. This list fundamentally includes memberships of ownership of the organisation	Chapter 6	107
MATERIAL ASPECTS AND COVERAGE			
G4-17	a. a. Make a list of the entities that appear in the consolidated financial reports of the organisation, and in other documents b. Indicate if any of the entities that appear in the consolidated financial statements of the bank and other related documents, do not appear in the annual report. The organisation may provide this basic content by means of a reference to the information published in the consolidated financial reports or equivalent documents	Chapter 2	45 to 49
G4-18	a. Describe the process followed to establish the contents of this annual report and the coverage of each of its aspects. b. Describe how the organisation has applied the principles for writing annual reports so as to define the contents of the annual report.	Chapter 1	8 to 11
G4-19	List of the material aspects identified during the process of defining the contents of the annual report	Chapter 1	8 to 11
G4-20	Coverage of each material aspect within the organisation	Chapter 1	8 to 11
G4-21	Indicate the coverage of each material aspect outside the organisation	Chapter 1	8 to 11
G4-22	Description of the consequences of the reformulation provided in previous annual reports and their consequences	In 2015, there were no reformulations of this nature	N/A
G4-23	Indicate every significant change in the scope and coverage of each aspect with regard to the previous annual reports.	The contents of this documents cover the totality of the operations and activities of BancoEstado, presenting no changes in scope or coverage with the previous report	N/A
PARTICIPATION OF INTEREST GROUPS			
G4-24	Give a list of the interest groups related to the organisation	Chapter 3	54 to 58
G4-25	List the criteria used to select the interest groups with which the organisation operates	Chapter 3	54 to 58

CODE	NAME OF INDICATOR	LOCATION AND/OR COMMENTS	PAGE(S)
G4-26	Indicate the approach of the organisation with regard to the interest groups, including the frequency with which it collaborates with different interest groups or state if a specific group participated in the drafting of the annual report.	Chapters 1 and 3	8 to 11/ 54 to 58
G4-27	Indicate what key problems and issues have arisen in connection with the participation of interest groups, and also describe the assessment carried out by the organisation, included in its annual report. Specify which interest groups proposed each of the key issues and problems.	Chapter 1	8 to 11
ANNUAL REPORT PROFILE			
G4-28	Period covered by the annual report (for example fiscal year or calendar year)	Chapter 1	8
G4-29	Date of the last annual report (if applicable)	Chapter 1	8
G4-30	Cycle for presenting annual reports (annual, bi-annual, etc.)	Chapter 1	8
G4-31	A contact point is given so as to clarify any doubts that may arise concerning the content of the annual report.	Chapter 1	8
G4-32	a. Indicate which option of "agreement" with the Guide the organisation has chosen b. Indicate the GRI Index of the option chosen (see the following tables) c. Provide reference to the external verification report, if the annual report has been subjected to external review.	Chapter 1 and Annex	8 / 118 to 121
G4-33	Describe the organisation's policies and practices regarding external verification of the annual report	The contents of this document have not been reviewed by external parties	N/A
GOVERNMENT			
G4-34	Description of the government of the organisation, without leaving out the committees of the governing body Indicate which committees are in charge of decision-making on economic, environmental and social issues.	Chapter 2	36 to 44
G4-38	Describe the composition of the higher government body and its committees	Chapter 2	36 to 44
G4-39	Indicate if the person in charge of the higher government body also holds an executive post. If so, describe this person's executive functions and the reasons for his/her appointment	Chapter 2	36 to 40
G4-40	Describe the processes for the appointment and selection of the high government body and its committees.	Chapter 2	37 to 42
G4-41	Describe the processes by which the higher government body prevents and deals with conflicts of interest.	Chapter 2	36 to 44 / 48
G4-42	Describe the functions of the higher government body and senior management in the development, approval and updating of the purpose, values, mission statements, strategies, policies and objectives with regard to the economic, environmental and social impacts of the organisation.	Chapter 2	36 to 44
G4-48	Indicate the committee or senior post that reviews and approves the organisation's annual sustainability report and ensures that it reflects all material interests.	Chapter 2	37
G4-56	Describe the values, principles, standards and regulations of the organisation, such as codes of conduct and ethical codes.	Chapters 2 and 3	48 / 51 to 53

CODE	NAME OF INDICATOR	LOCATION AND/OR COMMENTS	PAGE(S)
LABOUR PRACTICES			
G4-LA1	Number and ratio of employment and mean rotation of employees, broken down according to age group, gender and region	Chapter 5	90 to 97
G4-LA2	Social benefits for full time employees which are not available to temporary or part time employees broken down according to significant activities	Chapter 5	90 to 97
G4-LA9	Average, annual training hours per employee, according to gender and employment category	Chapter 5	95 to 97
G4-LA10	Skills management and ongoing training programmes that encourage the employability of staff and help them to manage the end of their professional careers	Chapter 5	95 to 97
G4-LA11	Percentage of employees that receive regular assessment for their performance and professional development, according to gender and category.	Chapter 5	95
ECONOMICS			
BE1	Consolidated corporate data of BancoEstado and its subsidiaries	Chapter 1	12 to 17
BE2	Profitability	Chapter 1	16
BE3	Efficiency	Chapter 1	16
BE5	Market share	Chapter 2	12 to 17 / 21
G4-EC1	Generated and distributed economic value	Chapter 1	12 to 17
SOCIETY			
G4-SO1	Percentage of centres in which development programmes have been implemented, assessment of impact and participation of the local community	Chapters 1 and 6	7 / 32 to 33
BE6	Additional service coverage	Chapter 4	65 to 80
BE7	Remote localities where the bank is present	Chapter 4	81 to 89
G4-FS13	Access points according to type in poor areas or areas with low population density.	Chapter 4	81 to 89
BE8	Financial education programmes for clients and users	Chapter 6	99 to 101
BE9	Indicate initiatives, projects or programmes in which the organisation participates actively with the community	Chapters 4 and 6	76 to 78 / 99 to 101
BE10	Situations related to regulatory changes or conflicts in which the organisation has been involved over the period in reference	Chapter 3	62 to 63 / 94
RESPONSIBILITY OF THE PRODUCT			
G4-PR3	Type of information required by the organisation's procedures regarding information and labelling of its services and percentage of categories of significant products and services subject to these requirements.	Chapter 4	65 to 80
G4-PR5	Results of customer assessment surveys.	Chapter 6	102 to 105



Materiality and Content: Gestión Social

Design and Layout: Armstrong y Asociados

Photography: Andrés Figueroa / Archivo BancoEstado / Agencia Los Quiltros / Juan Pablo Ugalde / Ursula Ortíz / Berta Gatica

Printing: Fyrma Gráfica



