

Banco de Chile and Subsidiaries

**Consolidated Financial Statements
as of December 31, 2006 and 2005**

BANCO DE CHILE AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31,
(Expressed in million of Chilean pesos)

| ASSETS | 2006 | 2005 |
|--|---------------------|---------------------|
| | MCh\$ | MCh\$ |
| CASH AND DUE FROM BANKS | <u>1,219,073.5</u> | <u>673,153.6</u> |
| LOANS: | | |
| Commercial loans | 3,970,908.8 | 3,584,630.6 |
| Foreign trade loans | 677,296.0 | 562,336.0 |
| Consumer loans | 1,072,323.9 | 882,291.1 |
| Mortgage loans | 581,218.2 | 684,424.0 |
| Leasing contracts | 539,176.0 | 464,355.9 |
| Contingent loans | 987,313.9 | 738,769.7 |
| Other outstanding loans | 1,762,224.5 | 1,363,056.3 |
| Past due loans | 61,685.1 | 72,847.0 |
| Total loans | <u>9,652,146.4</u> | <u>8,352,710.6</u> |
| Allowance for loan losses | (144,978.6) | (144,272.2) |
| Total loans, net | <u>9,507,167.8</u> | <u>8,208,438.4</u> |
| OTHER LOANS: | | |
| Interbank loans | 43,019.4 | 25,537.3 |
| Investments purchased under agreements to resell | 53,313.5 | 47,676.0 |
| Total other loans | <u>96,332.9</u> | <u>73,213.3</u> |
| TRADING SECURITIES | <u>1,197,372.1</u> | <u>1,367,455.3</u> |
| INVESTMENTS: | | |
| Available for sale | 40,066.2 | 25,162.4 |
| Held to maturity | 16,003.0 | 15,738.5 |
| Total investments | <u>56,069.2</u> | <u>40,900.9</u> |
| DERIVATIVE INSTRUMENTS | <u>50,500.9</u> | <u>-</u> |
| OTHER ASSETS | <u>474,399.9</u> | <u>397,130.1</u> |
| FIXED ASSETS: | | |
| Bank premises and equipment, net | 151,676.9 | 145,441.0 |
| Investments in other companies | 7,692.7 | 7,310.7 |
| Total fixed assets | <u>159,369.6</u> | <u>152,751.7</u> |
| Total assets | <u>12,760,285.9</u> | <u>10,913,043.3</u> |

BANCO DE CHILE AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31,
(Expressed in million of Chilean pesos)

| LIABILITIES AND SHAREHOLDERS' EQUITY | 2006 | 2005 |
|---|--------------|--------------|
| | MCh\$ | MCh\$ |
| DEPOSITS AND OTHER LIABILITIES: | | |
| Current accounts | 1,738,972.4 | 1,548,059.6 |
| Time deposits | 5,935,810.0 | 4,871,502.9 |
| Other demand and time deposits | 512,395.0 | 419,841.5 |
| Securities sold under agreements to repurchase | 306,855.3 | 276,435.3 |
| Mortgage finance bonds | 477,637.0 | 568,190.9 |
| Contingent liabilities | 988,359.0 | 739,109.0 |
| Total deposits and other liabilities | 9,960,028.7 | 8,423,139.2 |
| BONDS ISSUED: | | |
| Bonds | 554,271.8 | 331,522.4 |
| Subordinated bonds | 405,942.4 | 311,695.5 |
| Total bonds issued | 960,214.2 | 643,217.9 |
| BORROWINGS FROM FINANCIAL INSTITUTIONS AND CENTRAL BANK: | | |
| Central Bank credit lines for renegotiation of loans | 824.5 | 1,436.2 |
| Borrowings from domestic financial institutions | 88,260.8 | 92,053.6 |
| Foreign borrowings | 591,573.0 | 675,384.1 |
| Other liabilities | 26,432.0 | 34,451.8 |
| Total borrowings from financial institutions and Central Bank | 707,090.3 | 803,325.7 |
| DERIVATIVE INSTRUMENTS | 69,954.8 | 61,277.1 |
| OTHER LIABILITIES | 228,365.5 | 190,698.9 |
| Total liabilities | 11,925,653.5 | 10,121,658.8 |
| MINORITY INTEREST | 1.8 | 1.0 |
| SHAREHOLDERS' EQUITY: | | |
| Capital and reserves | 640,940.2 | 608,775.7 |
| Other equity accounts | (1,557.3) | (1,911.1) |
| Net income for the year | 195,247.7 | 184,518.9 |
| Total shareholders' equity | 834,630.6 | 791,383.5 |
| Total liabilities and shareholders' equity | 12,760,285.9 | 10,913,043.3 |

BANCO DE CHILE AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME AS OF DECEMBER 31,
(Expressed in million of Chilean pesos)

| | 2006 | 2005 |
|--|--------------|--------------|
| | MCh\$ | MCh\$ |
| OPERATING RESULTS: | | |
| Interest revenue | 777,654.0 | 697,783.9 |
| Gains from trading activities | 40,740.5 | 14,511.3 |
| Income from fees and other services | 183,592.7 | 176,981.0 |
| Gains from foreign exchange transactions | - | 24,154.5 |
| Other operating income | 8,853.9 | 10,697.4 |
| Total operating revenues | 1,010,841.1 | 924,128.1 |
| Less: | | |
| Interest expense | (372,243.5) | (316,676.6) |
| Losses from trading activities | (8,160.1) | (30,730.9) |
| Expenses from fees and other services | (41,348.8) | (33,423.3) |
| Loss from foreign exchange transactions | (10,802.3) | - |
| Other operating expenses | (17,556.9) | (14,077.7) |
| Gross margin | 560,729.5 | 529,219.6 |
| Personnel salaries and expenses | (157,957.5) | (153,778.8) |
| Administrative and other expenses | (122,811.7) | (111,262.2) |
| Depreciation and amortization | (21,126.7) | (18,587.4) |
| Net margin | 258,833.6 | 245,591.2 |
| Provision for loan losses | (34,252.6) | (24,160.6) |
| Total operating income | 224,581.0 | 221,430.6 |
| NON OPERATING RESULTS: | | |
| Non operating income | 16,716.8 | 8,023.8 |
| Non operating expenses | (14,457.6) | (12,100.4) |
| Equity participation in net income in investments in other companies | 1,031.1 | 695.6 |
| Net loss from price-level restatement | (8,526.4) | (11,690.2) |
| Income before income taxes | 219,344.9 | 206,359.4 |
| Income taxes | (24,096.3) | (21,840.1) |
| Income after income taxes | 195,248.6 | 184,519.3 |
| Minority interest | (0.9) | (0.4) |
| Net income for the year | 195,247.7 | 184,518.9 |

“The complete financial statements, together with their respective notes and the corresponding report of the external auditors, are available at www.bancochile.cl, as well as at Banco de Chile Principal Offices”

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