

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

for the years ended December 31, 2003 and 2002

(A free translation from the original in Spanish - Expressed in million of Chilean pesos)

	<b>2003</b> <b>MCh\$</b>	<b>2002</b> <b>MCh\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income for the year	130,553.0	53,161.5
Debits (credits) to net income which do not represent cash flows:		
Depreciation and amortization	19,213.9	23,469.0
Provision for loan losses	63,248.0	133,879.5
Voluntary loan loss allowance	-	(17,394.8)
Unrealized (gain) loss on financial investments recorded at market value	10,227.0	(15,727.4)
Equity participation in net (income) loss in investments in other companies	1,220.4	979.1
Gain on sales of assets received in lieu of payment	(4,179.2)	(2,961.1)
Gain on sales of bank premises and equipment	(439.8)	(353.4)
Write-offs of assets received in lieu of payment	5,887.5	6,107.3
Net loss from price-level restatement	4,036.1	9,692.2
Write-offs and provisions related to fixed assets	-	4,220.2
Minority interest	1.7	1.1
Other charges (credits) which do not represent cash flows	(8,529.9)	14,272.3
Net changes in interest accruals	87,094.2	158.6
Total cash flows from operating activities	<b>308,332.9</b>	<b>209,504.1</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Net (increase) decrease in loans	(161,367.5)	(122,117.6)
Net (increase) decrease in other loan	44,069.5	(8,379.3)
Net (increase) decrease in investments	(537,273.8)	121,232.9
Purchases of bank premises and equipment	(6,805.3)	(12,116.9)
Proceeds from sales of bank premises and equipment	3,465.5	1,305.1
Investments in other companies	(2,282.2)	(654.1)
Dividends received from investments in other companies	545.3	262.9
Proceeds from sale of assets received in lieu of payment	20,145.7	25,099.0
Net (increase) decrease in other assets and liabilities	7,723.5	(61,992.0)
Total cash flows from investing activities	<b>(631,779.3)</b>	<b>(57,360.0)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Net increase (decrease) in current account	155,693.5	162,771.6
Net increase (decrease) in time deposits	(68,659.8)	(437,997.3)
Net increase (decrease) in other demand or time liabilities	135,260.9	45,014.8
Net increase (decrease) in investments sold under agreements to repurchase	150,097.5	29,075.8
Net increase (decrease) in short-term foreign borrowings	88,732.6	133,035.5
Issuance of mortgage finance bonds	304,828.5	124,059.3
Repayment of mortgage finance bonds	(330,290.2)	(191,016.1)
Net increase (decrease) in other short-term borrowings	18,329.9	(62,778.4)
Borrowings from Central Bank (short-term)	24,905.9	-
Borrowings from Central Bank (long-term)	2,408.5	5,409.7
Payment of borrowings from Central Bank (long-term)	(3,041.2)	(6,174.8)
Proceeds from bond issuances	-	10,764.3
Repayment of bond issuances	(9,105.7)	(10,761.2)
Long-term foreign borrowings	393,532.4	589,254.2
Payment of long-term foreign borrowings	(274,955.8)	(537,002.0)
Payment of borrowings from financial institutions (long-term)	(22.7)	(14.7)
Other long-term borrowings	5,217.0	22,196.8
Payment of other long-term borrowings	(35,620.9)	(23,570.3)
Dividends paid	(52,632.4)	(98,039.3)
Total cash flows from financing activities	<b>504,678.0</b>	<b>(245,772.1)</b>
<b>TOTAL NET POSITIVE (NEGATIVE) CASH FLOWS FOR THE YEAR</b>	<b>181,231.6</b>	<b>(93,628.0)</b>
Effect of price-level restatement on cash and due from banks	(7,584.3)	(26,102.8)
Net increase (decrease) in cash and due from banks	<b>173,647.3</b>	<b>(119,730.8)</b>
Cash and due from banks at beginning of year	<b>683,186.8</b>	<b>802,917.6</b>
Cash and due from banks at end of year	<b>856,834.1</b>	<b>683,186.8</b>

The accompanying notes 1 to 21 are an integral part of these consolidated financial statements.