



## CHAIRMAN'S LETTER TO SHAREHOLDERS

DEAR SHAREHOLDERS,

Throughout its more than 100 years of history, Banco de Chile has shown an outstanding financial performance subordinated to firmly entrenched ethical principles that are seen reflected in our relations with customers, shareholders, employees and the community as a whole. Our deeply-rooted presence in the country is clearly the consequence of this commitment, based on the conviction that our mission as a company is to contribute, with determination and perseverance, to the development of the society we are a part of.

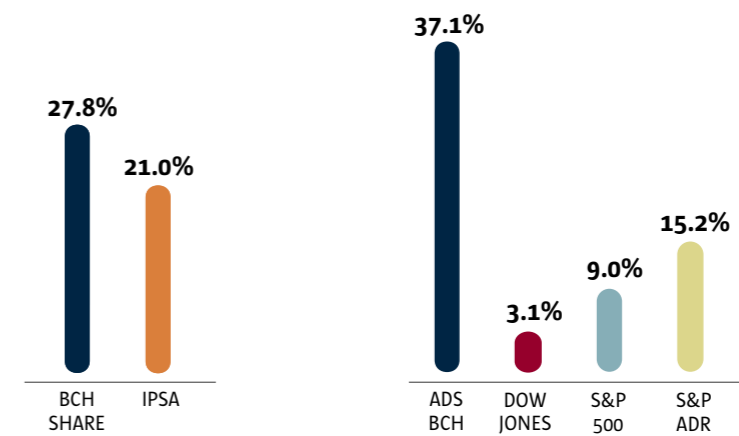
The extraordinary performance of our Bank in 2004 consolidates a company capable of creating value for all the segments of society with which it interacts. We thus closed the year with a total market value of Ch\$2,350 billion, reflecting nominal growth of almost 25% over the year before. Net income for 2004 reached Ch\$152,628 million, exceeding by 14.0% that of the previous year and positioning Banco de Chile as the most profitable institution in the Chilean financial sector.

The trust provided by our shareholders was thus rewarded with a rise of almost 28% in the share price of Banco de Chile during 2004, much greater than that shown by the Chilean Selected Stock Price Index which reflects the average performance of the most representative shares on the local stock market. Our shareholders abroad, who invest through one of the foreign exchanges where we are listed, were also adequately compensated: the ADS (American Depositary Share) price of Banco de Chile, traded mainly on the New York Stock Exchange, increased by 37%, more than doubling the best of the performance indices of the most prestigious securities in the global market.

This successful performance is the result of the quality relations we maintain with our customers. We are certain that the ultimate objective of creating value, both for the company and for the community, will be met to the degree that we prevail in getting closer to our customers, identifying their needs and providing them with effective and competitive solutions. The modernization of our business model will enable us to detect and spread the best customer attention practices throughout our network.

While we shall remain an important player within the industry, we believe that ensuring a healthy loan portfolio and seeking efficiency through the introduction of the latest technologies are necessary conditions for increasing shareholder value. We shall therefore keep up with our policy of being conservative in credit matters and aggressive in the modernization of our operations.

VARIATIONS OF BANCO DE CHILE'S SHARE AND ADS PRICE AND MAIN STOCK PRICE INDICES DURING 2004



The ultimate objective of creating value, both for the company and for the community, will be met only to the degree that we manage to get closer to our customers, in order to identify their needs and provide them with effective and competitive solutions.

The incorporation-still in progress- of a new operations platform, with innovative technology, is the concrete response to this principle.

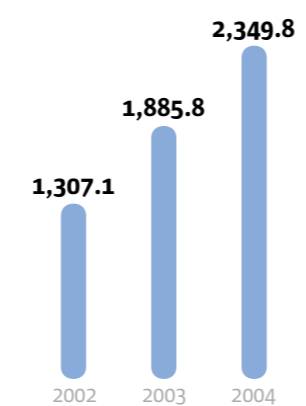
At the same time, our initiatives in aspects like performance control, productivity and technology have been translated into cost reductions whose positive progress was consolidated during 2004. With net operating income increasing by 10% while support costs rose by just 5.1%, the operating efficiency of Banco de Chile stood at 51.4%, beating the system's average of 55.8%. The savings and efficiency we achieved are a reflection of the long-term strategies that will continue to benefit our corporation in the years to come.

We are also convinced that our staff are ready to take advantage of the favorable environment that we foresee for Chile. The commitment of our employees and their team working are the building blocks of our success. We shall continue to provide out staff with the tools, training and support that they need and thank them for their loyalty and commitment.

From the perspective of social responsibility, a priority guideline of our corporation, we continue to contribute in the integral development of our country through a committed adherence to various educational, social and cultural activities. We are proud to remember our participation, as part of a large and involved team, in the Teletón Campaign for benefiting thousands of children in the Foundation's rehabilitation centers.

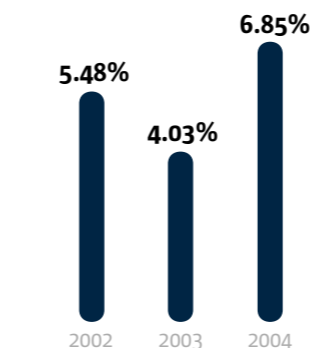
In an evermore competitive environment, we have been able to show that we are an organization capable of responding with creativity and efficiency to the demands imposed on us by the market, the industry, our customers and our shareholders. We are confident that we shall respond with enthusiasm and responsibility to the challenges of the future.

TOTAL MARKET VALUE (in billions of Ch\$)



Nominal prices at the close of each year

DIVIDEND YIELD



Price at the start of each year

**Segismundo Schulín-Zeuthen S.**  
 Chairman