

CONSOLIDATED STATEMENTS OF CASH FLOWS

BANCO DE CHILE AND SUBSIDIARIES

for the years ended December 31, 2004 and 2003 (Translation of Financial Statements originally issued in Spanish)
(Expressed in million of Chilean pesos)

	2004	2003
	MCh\$	MCh\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income for the year	152,627.8	133,816.8
Charges (credits) to net income which do not represent cash flows:		
Depreciation and amortization	17,303.8	19,694.2
Provision for loan losses	75,855.5	64,870.5
Unrealized loss on financial investments recorded at market value	716.6	10,482.7
Equity participation in net (income) loss in investments in other companies	(435.6)	1,250.9
Gain on sales of assets received in lieu of payment	(5,491.3)	(4,283.7)
Gain on sales of bank premises and equipment	(216.9)	(450.8)
Write-offs of assets received in lieu of payment	7,329.6	6,034.7
Net loss from price-level restatement	7,465.7	4,137.0
Minority interest	1.1	1.7
Other credits which do not represent cash flows	(862.7)	(8,784.4)
Net changes in interest accruals	3,271.7	89,271.6
Total cash flows from operating activities	257,565.3	316,041.2
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net increase in loans	(499,557.0)	(165,401.7)
Net decrease in other loans	1,397.8	45,171.2
Net decrease (increase) in investments	150,989.7	(550,705.6)
Purchases of bank premises and equipment	(12,309.7)	(6,975.4)
Proceeds from sales of bank premises and equipment	1,346.1	3,552.1
Investments in other companies	(291.5)	(2,339.3)
Proceeds from sales of investments in other companies	11.7	—
Dividends received from investments in other companies	733.3	558.9
Proceeds from sale of assets received in lieu of payment	16,712.1	20,649.3
Net (increase) decrease in other assets and liabilities	(9,063.0)	7,916.6
Total cash flows from investing activities	(350,030.5)	(647,573.9)

The accompanying notes 1 to 25 are an integral part of these consolidated financial statements

CONSOLIDATED STATEMENTS OF CASH FLOWS | CONTINUED

for the years ended December 31, 2004 and 2003 (Translation of Financial Statements originally issued in Spanish)
(Expressed in million of Chilean pesos)

	2004	2003
	MCh\$	MCh\$
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net increase in current accounts	196,694.2	159,585.9
Net increase (decrease) in time deposits	258,672.4	(70,376.3)
Net increase in other demand or time liabilities	28,563.9	138,642.5
Net increase (decrease) in investments sold under agreements to repurchase	(77,542.4)	153,850.0
Net increase in short-term foreign borrowings	72,888.0	90,950.9
Issuance of mortgage finance bonds	134,049.0	312,449.2
Repayment of mortgage finance bonds	(318,632.2)	(338,547.5)
Net (decrease) increase in other short-term borrowings	(39,364.1)	18,788.2
Borrowings from Central Bank (short-term)	82,724.8	25,528.5
Borrowings from Central Bank (long-term)	2,054.7	2,468.7
Payment of borrowings from Central Bank (long-term)	(3,042.9)	(3,117.2)
Issuance of bonds	174,321.4	-
Payment of bonds	(9,962.8)	(9,333.3)
Long-term foreign borrowings	230,786.4	403,370.7
Payment of long-term foreign borrowings	(426,508.6)	(281,829.7)
Payment of borrowings from financial institutions (long-term)	(102.9)	(23.3)
Other long-term borrowings	1,814.9	5,347.4
Payment of other long-term borrowings	(855.8)	(36,511.4)
Common stock repurchased	(52,761.8)	-
Dividends paid	(130,549.9)	(53,948.2)
Total cash flows from financing activities	123,246.3	517,295.1
TOTAL NET POSITIVE CASH FLOWS FOR THE YEAR	30,781.1	185,762.4
Effect of price-level restatement on cash and due from banks	(18,420.4)	(7,773.9)
Net increase in cash and due from banks	12,360.7	177,988.5
Cash and due from banks at beginning of year	878,255.0	700,266.5
Cash and due from banks at end of year	890,615.7	878,255.0

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