

**Comments about the results for the fourth quarter of 2006
presented by
Arturo Tagle, Chief Financial Officer
February 2nd, 2007**

Good day to all of you and thanks for participating in today's call. It is a pleasure for me to share with you some comments about our results for 2006.

As the operator has already mentioned, a slide presentation, that may allow you to more easily follow some of my comments, can be viewed at our web page, bancochile.cl.

If you now turn to slide number 2, an outline on the subjects to be covered today is provided. In the first place, I intend to briefly go through Banco de Chile's 2006 results, focusing on the main drivers for consistently achieving outstanding profitability.

I will then elaborate on how our strategy, based on expanding our client base, as well as our core retail products, has allowed us to show strong growth in the consumer segment while maintaining a sound asset quality.

I will also comment on the very satisfactory results of our sales efforts through our enhanced network and empowered sales capabilities, to finally discuss with you the extent of the Board's dividend proposal for 2006 net income distribution

As far as net income for the year is concerned, and **as can be seen in slide number 3**, Banco de Chile showed a new record in 2006, with a net income in excess of 195 billion pesos, involving an increase of 5.8% over 2005 and a compound annual growth rate of 36% along the four last years.

This figure, to be recorded as the largest bottom line ever achieved by our Bank, contributed by almost 22% to the total net profit of the banking system, a larger share than the 18.1% portion of the market represented by our loans.

Though subject to more volatility, mostly coming from our stock broker subsidiary, the net income obtained by our group of subsidiary companies has also fared well adding, during the past quarter, some extra 13% to the Bank's net income line. Conversely, and as was also the case in 2005, our US branches showed a

negative result driven by additional compliance and operational costs.

However, on a positive note, we were satisfied to see that on the last quarter of 2006, the negative trend was reverted and our US offices presented a positive net income figure, mostly consequence of the reduction of legal and auditing expenses. We expect this outcome to be confirmed in the performance going forward.

This important bottom line result allowed us, **as shown on slide number 4**, to be one of the leaders in the industry in terms of profits with a 30.5% return on capital and reserves, quite above the 16.7% average return for the remaining banks of the system, excluding Banco de Chile. Indeed, we feel very proud of our position as the most profitable among the large banks, heading our peers in terms of profitability for the third consecutive year. This outstanding performance also proved true in the scope of the last fourth quarter of 2006 where our Bank's return on capital exceeded by more than 420 basis points that of its main competitors as a group.

This highly satisfactory performance, quite extraordinary not only when compared to our peers but also in the light of our own history, has the additional worth of consolidating several important lines of action, to which we have been devoted for the last two years and, which have stood as cornerstones for the creation of additional value **and highlighted in slide number 5**.

The completion of our business model, along with a significant organizational restructuring; the focused enhancement of our distribution network, coming to support the strong marketing strategy on the retail business; the coordinated sales approach striving to broaden our client base; the timely and orderly progress for fully replacing our operational and technology platforms – what we have called Neos plan; the thorough efforts conducted to put in place the most updated processes so as to comply with the reporting requirements of our US branches, all sum up to create a solid sales platform.

And I am pleased to say that these initiatives seem to be paying in, not only in terms of profits but also in business volumes. Indeed, within a considerably active industry, where new players have added pressure to competition, our total loan volume increased by nearly 16% during the year, exceeding by almost 4 times the country's growth rate for 2006.

This performance may well be attributed to some or all of the previously mentioned initiatives but shows, **as you may see on slide number 6**, how Banco de Chile has been gaining pace along the year with loan growth rates, as from the second quarter, exceeding the system's and also our main competitors' average. Thus, our total loan portfolio, net of interbank loans, expanded by more than 12% during the last three quarters, outpacing the 10 and 11% of both mentioned groups. ~~This very strong behavior in the last 9 months, allowed us to maintain our market share.~~

The important increase in credit volumes, not only in Banco de Chile but also at industry level, speaks of the banking penetration process which has been going on in our country, not only in the corporate market, but also in the retail segments, involving micro entrepreneurs and individuals as well.

The recognition of this scenario led us to strengthen our business strategy, persevering in the purpose of gearing our portfolio to those segments with better risk-return ratios. The consolidation observed in 2006, of the new business model introduced during the second half of 2005, that organized our commercial areas along two main markets - retail and wholesale - has provided greater focus on each segment, and a more effective allocation our sales efforts.

A larger number of subsegments have also been identified within each main market, thus recognizing different client behaviour and critical masses and allowing us to focus on value proposals which acknowledge the clients' specific requirements.

As shown on slide number 7, consistent with our goal of expanding our business in those more profitable segments, though relentless in the synergy pursue from corporate clients, we have set a yet stronger commercial effort on the retail business.

An overall annual growth of 15.7%, in this higher yielding market segment, compares favourably to the 13.7% posted by the wholesale market, including international business. On top of this, the lower end consumer segment, involving higher net profitability, has shown a still larger increase of more than 18%, in line with our expectations. Similarly, within the wholesale market, the higher yielding sub segment of middle market companies grew the most, posting a 14.4% increase during the year.

However, as long as global activity keeps a steady pace, we have been able to open up to additional exposure in the large corporations segment. Moreover, our retail and wholesale platforms as well as our subsidiaries such as the insurance broker, factoring and funds management have been closely collaborating in a wide range of subjects including client segmentation and pricing strategies. This team work has incorporated non-core products to the network with a very positive impact as is the case of lease contracts, credit card sales and purchases.

It now seems relevant to emphasize how this important shift to higher yielding and, reasonably expected, higher risk loans has been conducted in a very balanced mood so as to minimize the impact in the credit quality of our portfolio. **As we can see in slide number 8**, Banco de Chile's conservative approach shows in the 15.3% reduction of past due loans in the last year and a substantial 33.8% decrease when compared to the first quarter of 2005. As a consequence, past due loans, as of December, amounted to only 0.64 % of the Bank's consolidated loans while, on a non-consolidated basis, they represented only 15.7% of the system's past due portfolio.

Additionally, as shows on **slide number 9**, our results have also taken advantage of this conservative credit strategy as the required provision expense, verified during 2006, showed the lowest levels among its peers, with a 0.4% of net provisions over total net loans, as compared to 0.7% required by the system as an average and 0.8% by our main peers. However, this low provision requirement only responds to a healthy portfolio and to the adequate stock of provisions that the Bank has accumulated due to our conservative approach. As can be seen in the chart, allowances cover 2.3 times our past due portfolio, against less than two times for the system and 1.6 times as an average for our main peers.

As I said, we can be very satisfied with the results of our commercial efforts. However, as was mentioned, this performance is the consequence of several coordinated initiatives focused on providing accessible, timely, and competitive services. Along with this approach, and responding to the already commented increased banking penetration in emergent retail segments, and to business

opportunities on the rise in different regions of our country where our presence has been limited, we engaged in a strategy of empowering our distribution network.

Turning to slide number 10, you may observe that during the last 12 months, 44 new locations were added to our network, with 59% of them responding to the lower-end consumer market and other retail points of sales. We thus provide our customers with 293 points of sales and 22 additional supplementary cashiers. It is worth noting that the CrediChile network, our lower end consumer franchise, was enlarged by 36% in 2006 as far as sales locations are concerned. Also significant has been the almost 16% enhancement of our ATM network with 198 new machines along the last 12 month period.

The results of this strong sales focus **can be appreciated in slide number 11**. Strong incentives have been placed promoting a three step growth strategy involving, firstly, the incorporation of new clients, secondly, the increase in the usage of products and services by our current customers and, on a very relevant note, the prevention of client desertion.

The chart shows how an important increase in product and client incorporation has been verified. From roughly 48 hundred new debtors incorporated monthly to the Bank excluding CrediChile during the course of 2005, twelve months later, the number of net new debtors per month leaped to 68 hundred, a 40% increase. Equally important has been the incorporation of new checking accounts which, in net terms, have increased by 48% year on year, involving almost 11 thousand net new accounts per quarter. Great importance has also been given to credit cards in our retail business. This product has grown nearly 19% along one year, now involving a stock of more than 667 thousand cards.

Part of this success can be credited to the day by day improvement of our technology platform and systems, along with the implementation process of our Neos plan. During 2006, the final implementation of a comprehensive front-end platform, equally endowed for all of Banco de Chile and Banco Edwards account officers, throughout all of our branches and covering every market segment, was verified. This is indeed a relevant achievement as, for the first time, we now count on equivalent resources to service all of our clients, not only in the remote call centres and telemarketing platforms, but also in our physical points of sales.

This upscale tool creates data bases necessities for our cross-selling and up-selling initiatives, as well as to manage commercial campaigns, among other functionalities.

Year 2006 will also register the change of system for our loan portfolio, from a design of separate systems for each market, to an only one credit back-end. We can now count with precise information, timely and comprehensive, to respond to any credit requirement allowing us to react promptly to loan restructurings, prepayments and any change of conditions.

However, the very relevant increase in product and service sales was strongly fostered by a strategy based on providing very competitive products which involved higher sales costs. This importantly explains the lackluster performance of the Bank's net fees during the year. **As can be seen in slide number 12**, the 4.7% reduction when compared to the previous year figure can be importantly explained by an increase in sales costs, mainly sales force and cobranding costs, which together account for more than 48% of the lower income and costs explaining the yearly change. On an equal standing, lower fees coming from our Securities Broker subsidiary also account for an additional 29% of the negative effect.

As a counterpart, some of our subsidiaries fared very well as far as income is concerned. It is the case of the Insurance Broker, the Financial Advisory and the Mutual Fund companies which all together increased their contribution to net fee income by almost 30%.

On the part of Operating Expenses, an increase of 6.5% was recorded for the year, almost in line with the 6% increment experienced by Banco de Chile's Operating Income. This has mostly been the result of a very clear strategy which has privileged those projects and disbursements fostering sales and the expansion of our client base.

The quite relevant enhancement of our distribution network, the addition of new employees mostly devoted to front-end commercial functions, the incorporation of world-class technologies providing

more efficient sales capacities, together with extra marketing efforts oriented to promoting retail sales - inclusive of housing mortgages - have all involved additional costs which, in the light of 2006 results, seem to be worthwhile.

As may be seen in **slide number 13**, to this operational cost figure, the Bank, the subsidiaries and the foreign branches have come together. However, it seems relevant to note that the allocation of costs and income in all three components has been somehow uneven evidencing, for the one part, the strong control and focus brought to bear on core expenses, and, on the other hand, the incipient retribution from improved processes - consequence of the already implemented stages of our ongoing technology project.

Additionally, and in a quite relevant way, the growth in personnel expenses and technology, incurred upon by our US branches, to fully meet compliance and security regulations, have also contributed to boost the relevance of our foreign franchise in the total amount of expenses, as compared to those coming from our core business.

As a result, it can be observed that the overall efficiency ratio of 53.6% for 2006 does not fully reflect the progress made in the core Bank's cost-to-income ratio which stood at 50.2%, some 340 basis points below the consolidated ratio. This improved figure is partly jeopardized by the effect of US costs already commented and by the lower activity of some of our subsidiaries influenced by the lower than expected dynamics of our domestic economy.

Turning to future growth potential, the solid expansion experienced by our bank has undoubtedly put some healthy pressure on our capital base.

It is fair to say, however, that additional capital requirements have not only stemmed from sustained business dynamism. Aiming to strengthen financial systems, new Basle II regulations related to market risks have already been put in place while operational risks will do likewise during the course of this and next year, involving higher capital requirements to equal business volumes. Capital increases through one time capital injections, or through partial profit retentions, should be considered.

It is in this context that the Board of Directors has decided to propose to our next Shareholder Meeting, to be held on March 22nd, the approval of a combined dividend program involving a cash dividend in the equivalent of 70% of the 2006 per share net income, plus a dividend in the form of shares for the remaining 30%. This last portion is to be valued at the price of \$38.34 pesos resulting as the weighted average of the share price of 2006 last 90 days, less the per share income of the period. Should this mechanism be approved, our shareholders will obtain 1.9796 pesos per share in cash, plus the equivalent to roughly 0.85 pesos in Banco de Chile shares valued at the mentioned price. It is worth mentioning that an additional benefit will be added if it were the case that the ex-dividend price of the share exceeds the \$38.34.

Now you may open up the line for questions

FINAL REMARKS

Our solid results, within an uneventful economic environment, reflect the right balance between volume growth, risk levels and profitability. It is important to note that these achievements are undoubtedly a reflection of the various initiatives taken by the Corporation during 2006, including the expansion of the branch and automatic teller machine (ATM) network, progress in the implementation of the new technological platform, the development of new products and services, and a business and sales focus increasingly oriented to the needs of our customers.

Thank you all for your attention. Have a nice weekend.

Banco de Chile



Results for the
Fourth Quarter of 2006



hosted by
Arturo Tagle
CFO



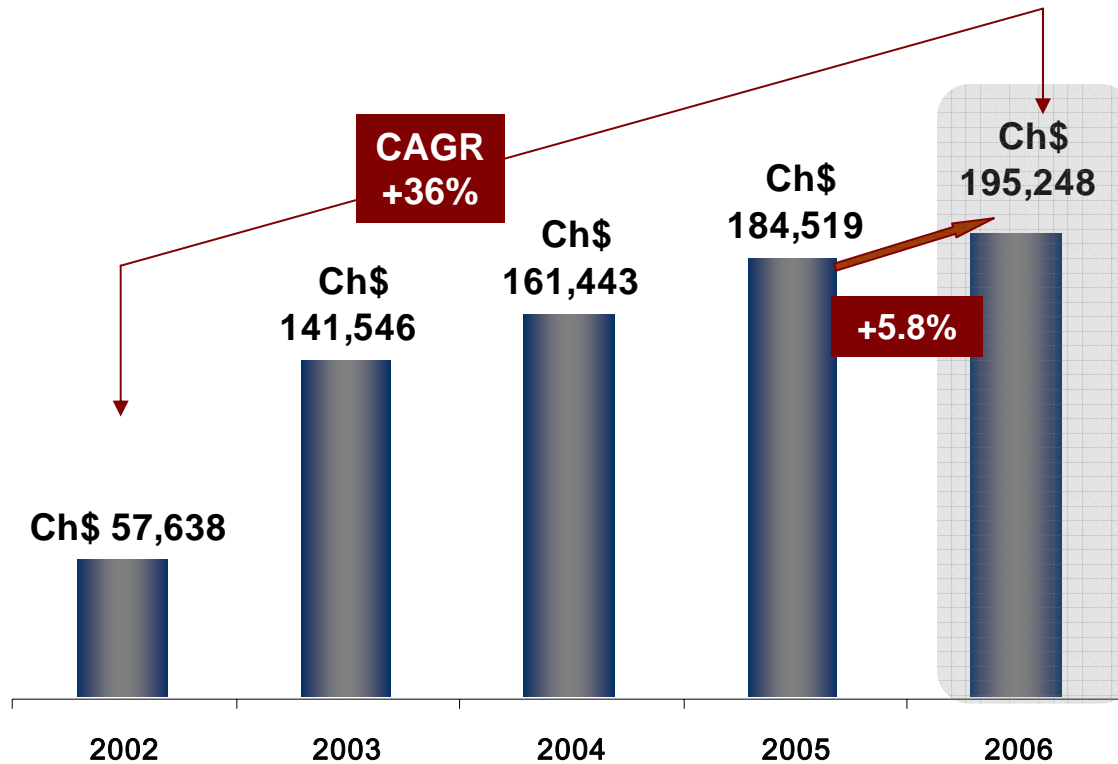
February 2, 2007



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- ▶ **Robust sales drive, fostering retail products and services.**
- ▶ **2006 net income distribution: dividend proposal.**

▶ Growing Annual Results in 2006

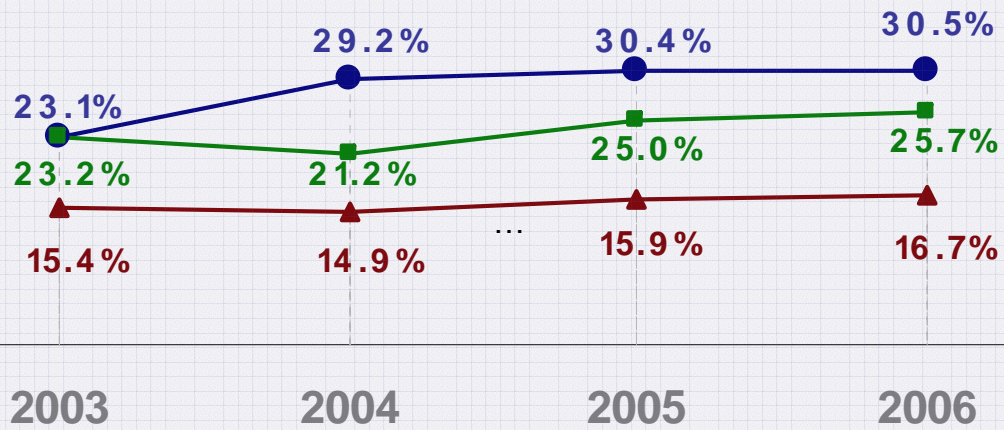


Banco de Chile contributes by 22% to the system's 2006 bottom line.

(Million of Ch\$ as of December 2006)

▶ Industry-leading profitability

ROC evolution



● Banco de Chile

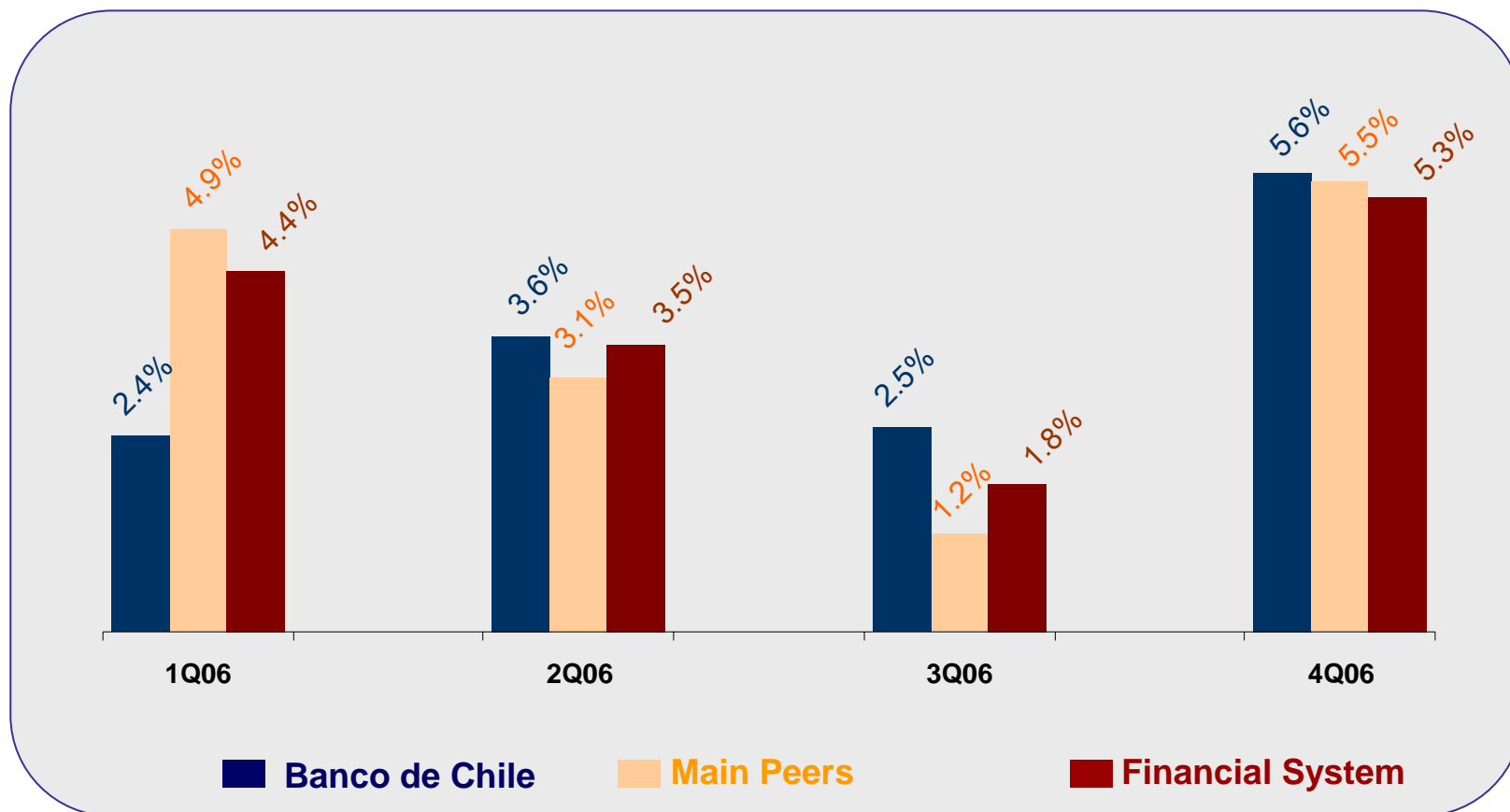
■ Main Peers

▲ Financial System
(ex-Banco de Chile)

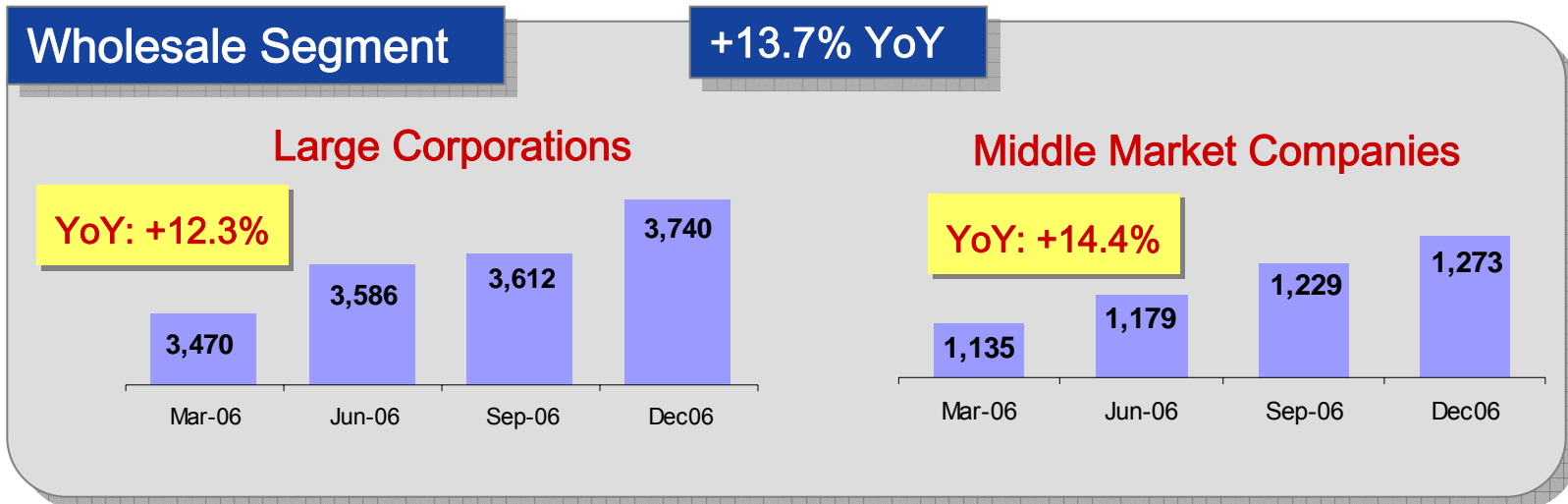
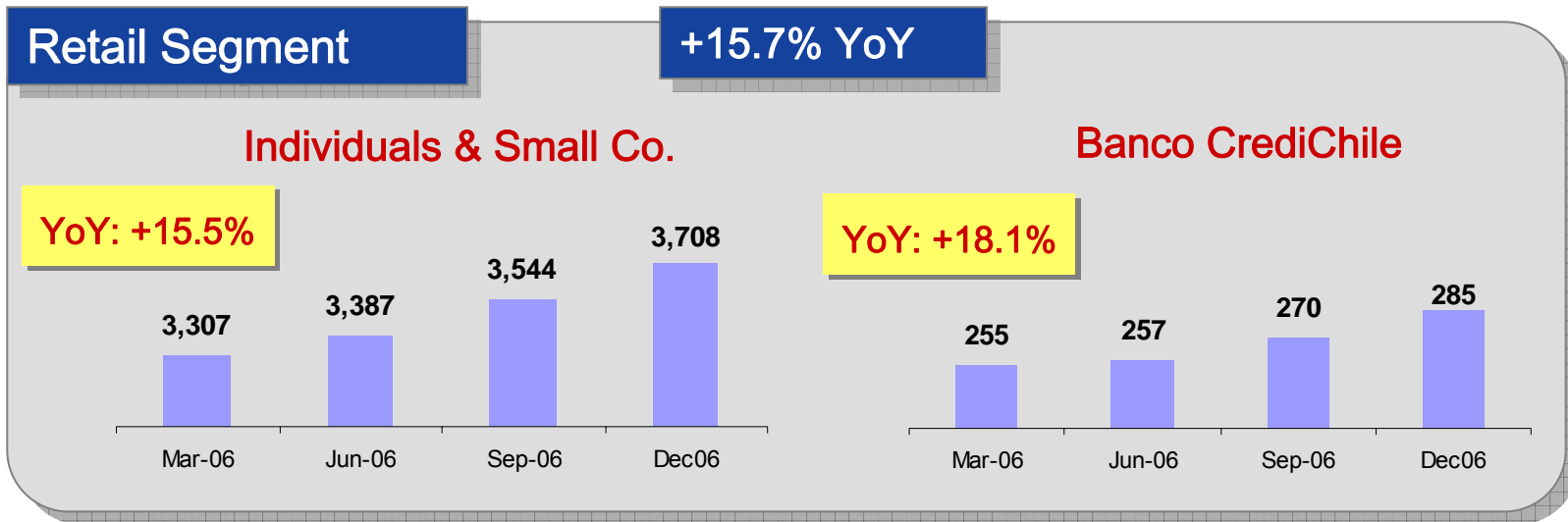
▶ 2006 Main Initiatives

- ▶ Completion of our reformulated business and organizational model;
- ▶ Focused enhancement of our distribution network;
- ▶ Strong marketing strategy towards the retail business;
- ▶ Coordinated sales approach attempting to broaden our client base;
- ▶ Timely and orderly progress for fully replacing our operational and technology platforms (Neos);
- ▶ Implementation of compliance requirements of our US branches.

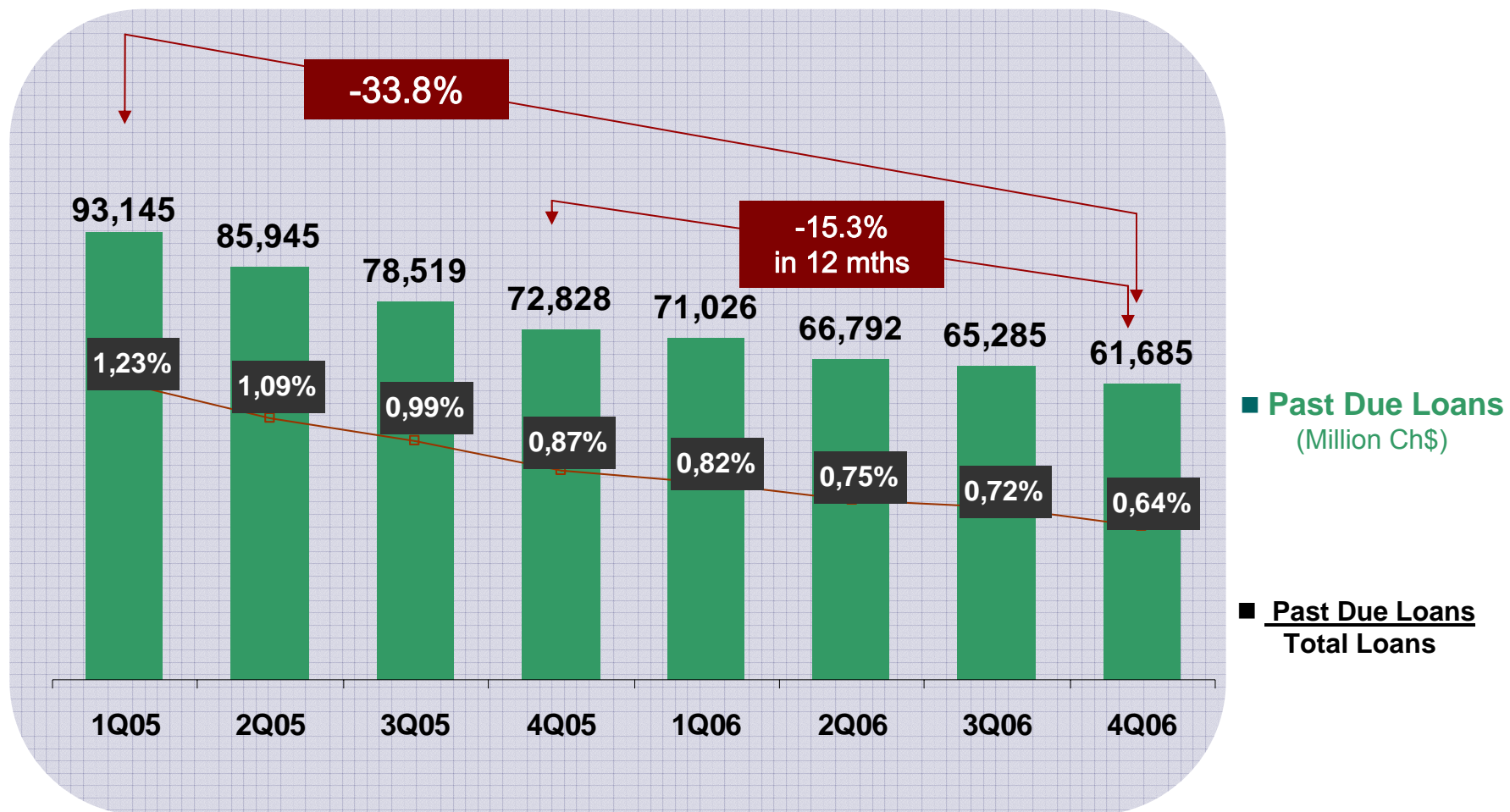
▶ Quarterly Loan Growth
 BCH on a strengthened pace



▶ 2006 accelerated pace in higher-yielding segments



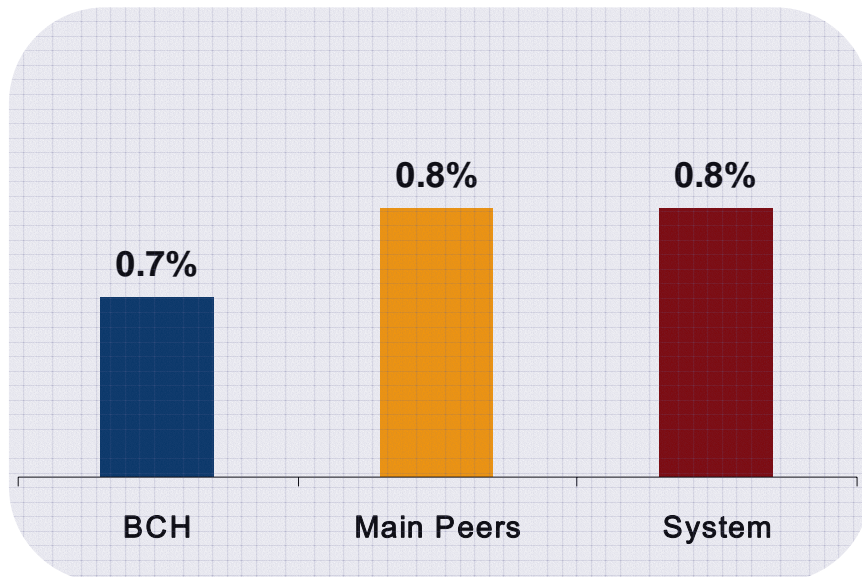
► Important reduction of Past Due Loans



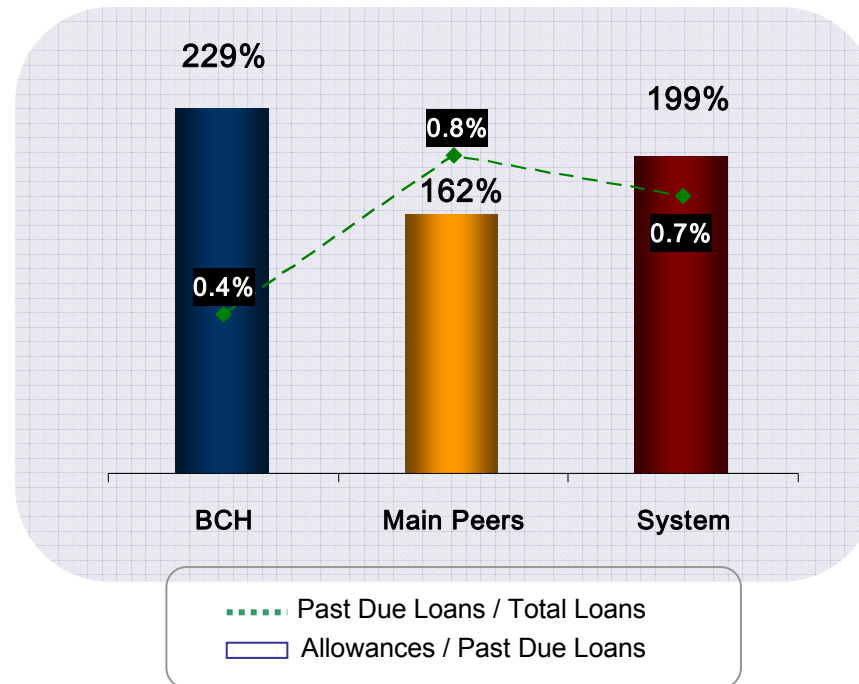
(Consolidated figures, Million Ch\$)

▶ Outstanding credit quality

Past Due Loans / Total Loans

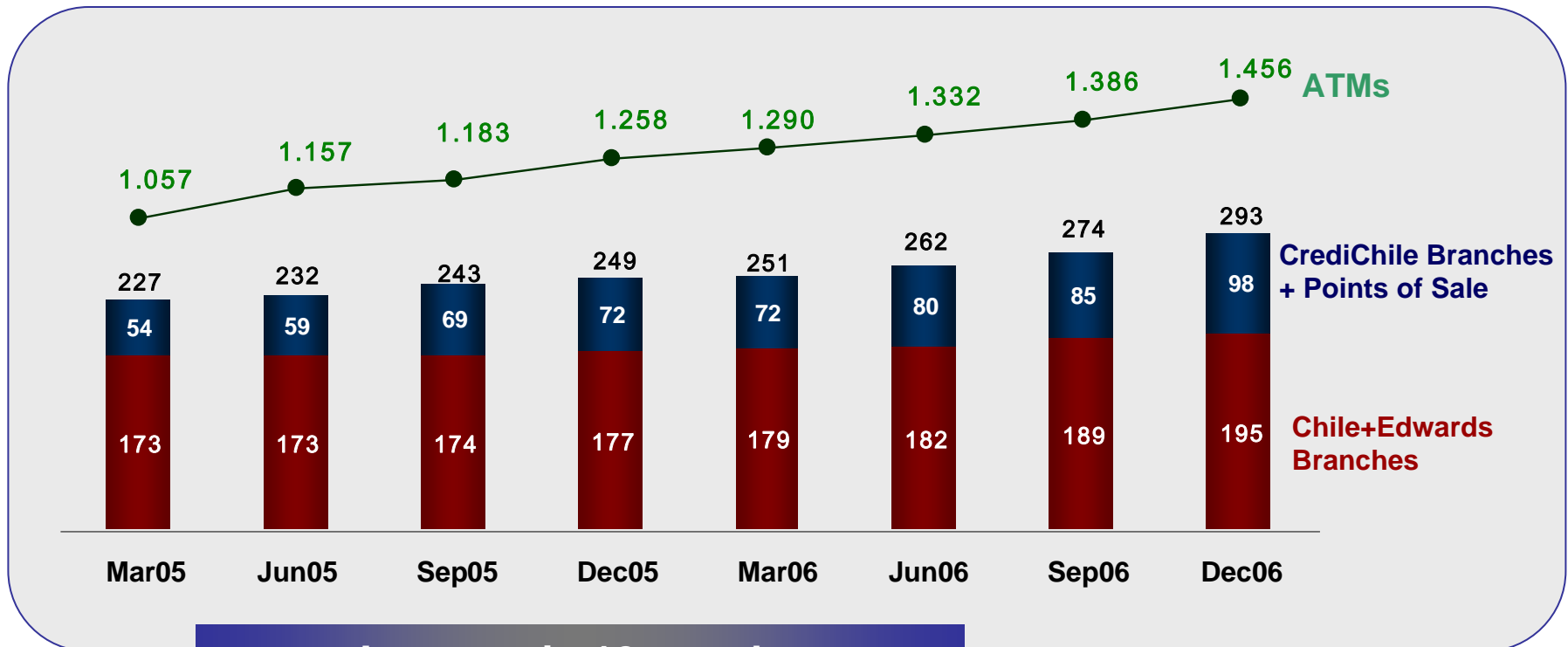


Allowances / Past Due Loans



Unconsolidated 4Q2006 figures.

Network investment emphasizing retail



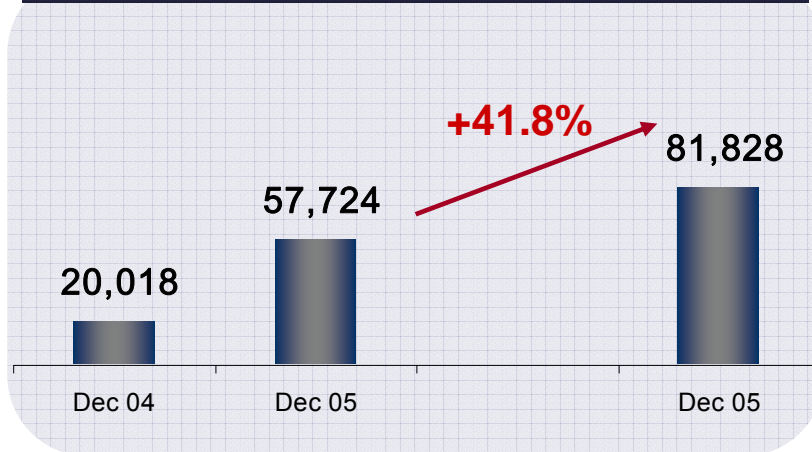
Increase in 12 months

	Branches	ATMs
Bank (Chile + Edwards)	+10.2%	+15.7%
CrediChile	+36.1%	

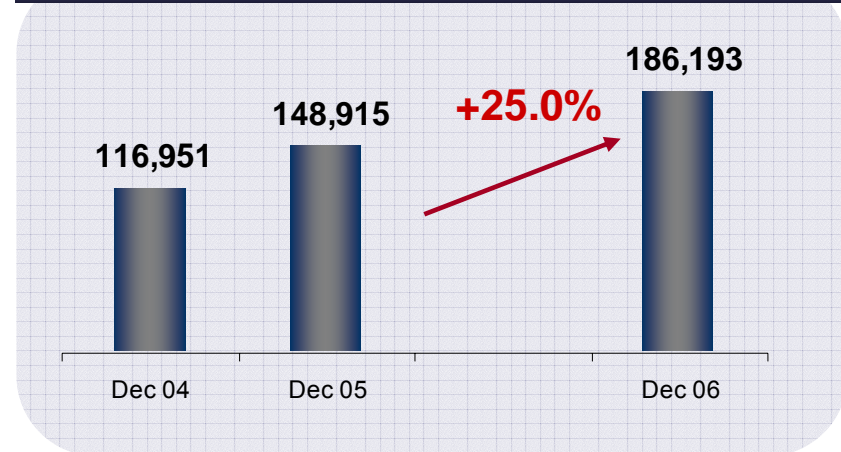
+44 new sales locations in 2006.

2006: Growing Sales Momentum

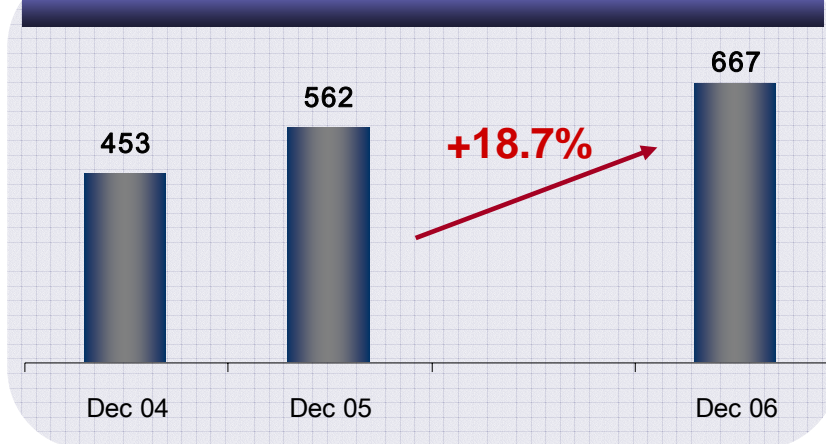
Number of New Debtors (net)



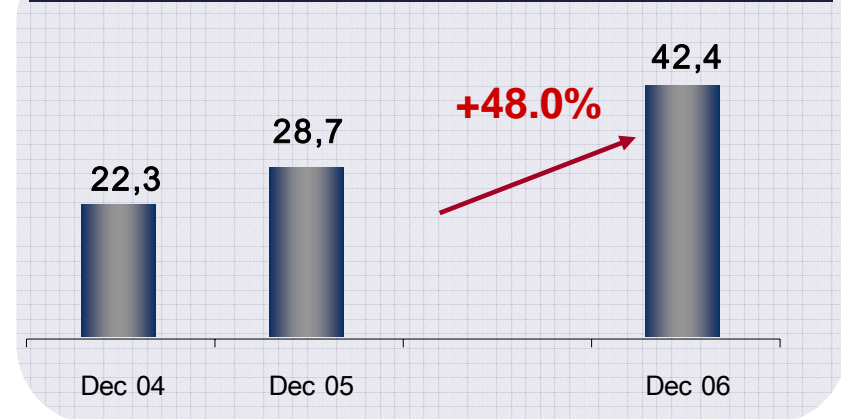
CrediChile Consumer Sales (Ch\$ Million)



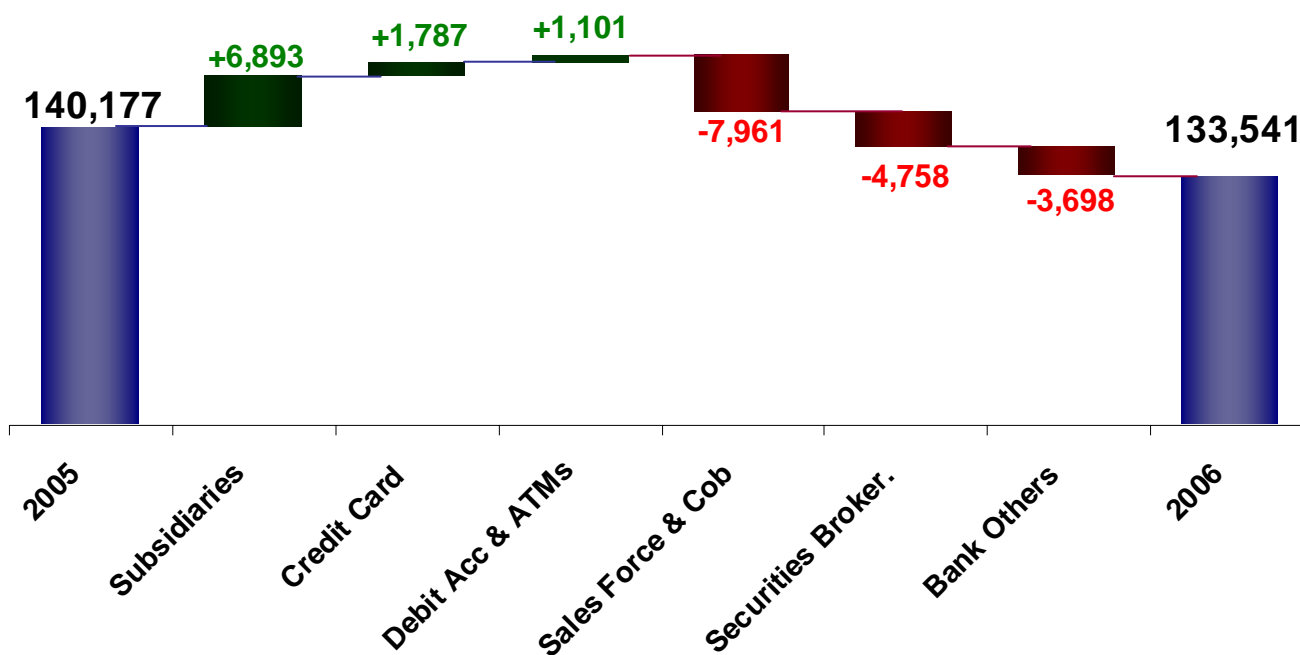
Credit Card Stock (in thousands)



Number of New Checking Accounts Net (in thousands)

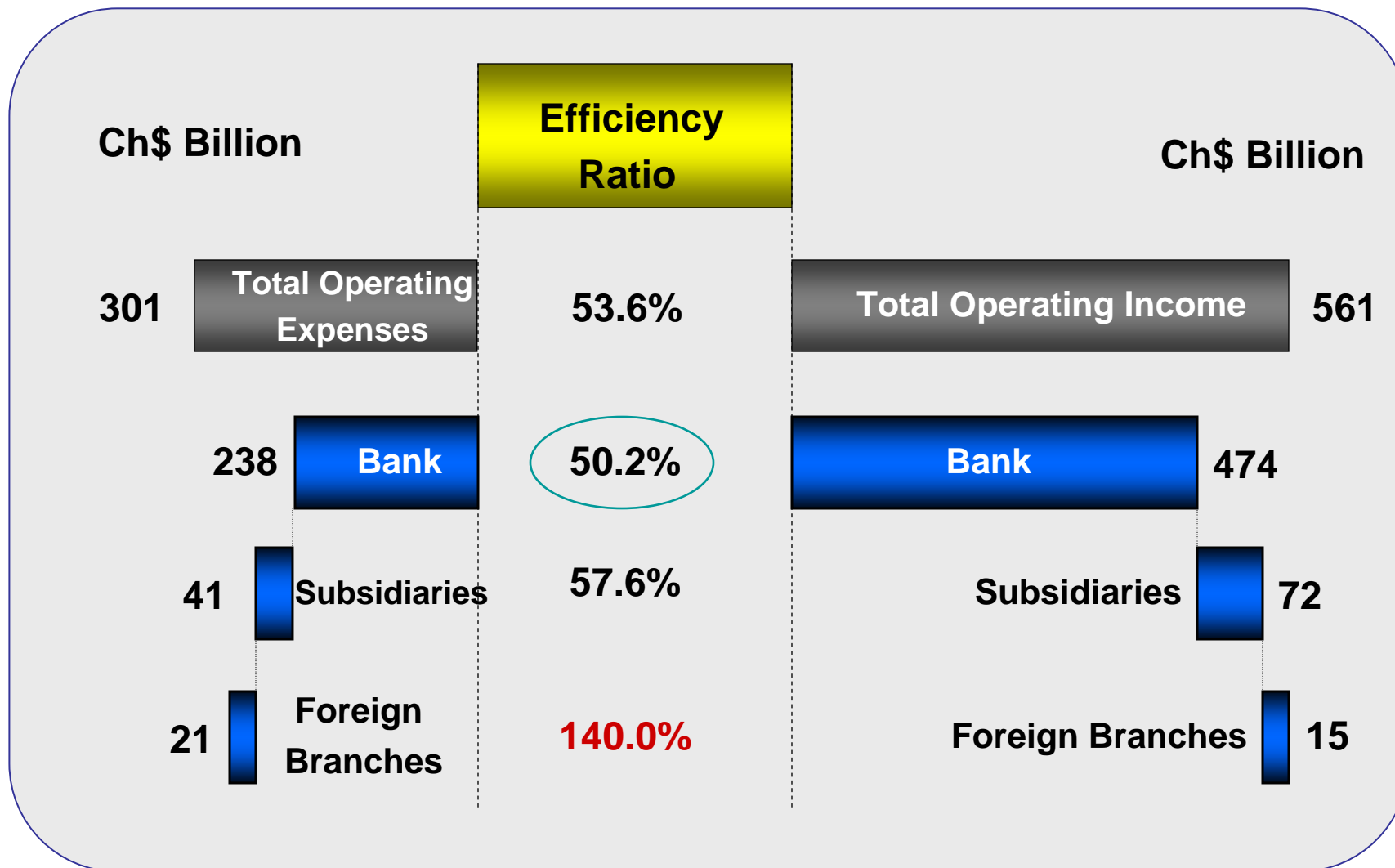


Components of Fee Income variation in 2006



(Millions of Ch\$)

► Efficiency contribution by BU



FORWARD-LOOKING INFORMATION

The information contained herein incorporates by reference statements which constitute “forward-looking statements,” in that they include statements regarding the intent, belief or current expectations of our directors and officers with respect to our future operating performance. Such statements include any forecasts, projections and descriptions of anticipated cost savings or other synergies. You should be aware that any such forward-looking statements are not guarantees of future performance and may involve risks and uncertainties, and that actual results may differ from those set forth in the forward-looking statements as a result of various factors (including, without limitations, the actions of competitors, future global economic conditions, market conditions, foreign exchange rates, and operating and financial risks related to managing growth and integrating acquired businesses), many of which are beyond our control. The occurrence of any such factors not currently expected by us would significantly alter the results set forth in these statements.

Factors that could cause actual results to differ materially and adversely include, but are not limited to:

- changes in general economic, business or political or other conditions in Chile or changes in general economic or business conditions in Latin America;
- changes in capital markets in general that may affect policies or attitudes toward lending to Chile or Chilean companies;
- unexpected developments in certain existing litigation;
- increased costs; and
- unanticipated increases in financing and other costs or the inability to obtain additional debt or equity financing on attractive terms.

You should not place undue reliance on such statements, which speak only as of the date that they were made. Our independent public accountants have not examined or compiled the forward-looking statements and, accordingly, do not provide any assurance with respect to such statements. These cautionary statements should be considered in connection with any written or oral forward-looking statements that we may issue in the future. We do not undertake any obligation to release public any revisions to such forward-looking statements after completion of this offering to reflect late events or circumstances or to reflect the occurrence of unanticipated events.

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