

# CONSOLIDATED STATEMENTS OF CASH FLOWS

for the years ended December 31, 2005 and 2004

(Translation of Financial Statements originally issued in Spanish)

(Expressed in million of Chilean pesos)

	2005	2004
	MCh\$	MCh\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income for the year	180,723.7	158,122.4
Charges (credits) to net income which do not represent cash flows:		
Depreciation and amortization	18,205.1	18,011.0
Provision for loan losses	56,649.7	78,586.3
Unrealized loss on financial investments recorded at market value	3,250.9	742.4
Equity participation in net income in investments in other companies	(681.3)	(451.3)
Gain on sales of assets received in lieu of payment	(5,071.8)	(5,689.0)
Gain on sales of bank premises and equipment	(98.4)	(224.7)
Write-offs of assets received in lieu of payment	10,252.4	7,593.5
Net loss from price-level restatement	11,449.8	7,734.5
Minority interest	0.4	1.1
Other credits which do not represent cash flows	(2,044.4)	(978.1)
Net changes in interest accruals	(61,745.6)	3,389.5
<b>Total cash flows from operating activities</b>	<b>210,890.5</b>	<b>266,837.6</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Net increase in loans	(914,393.9)	(517,541.1)
Net (increase) decrease in other loans	(30,211.1)	1,448.1
Net decrease in investments	7,248.5	156,425.3
Purchases of bank premises and equipment	(18,271.5)	(12,752.8)
Proceeds from sales of bank premises and equipment	291.5	1,394.6
Investments in other companies	(1,665.2)	(302.0)
Proceeds from sales of investments in other companies	19.8	12.1
Dividends received from investments in other companies	560.0	759.7
Proceeds from sale of assets received in lieu of payment	14,863.1	17,313.7
Net increase in other assets and liabilities	(22,261.5)	(9,389.3)
<b>Total cash flows from investing activities</b>	<b>(963,820.3)</b>	<b>(362,631.7)</b>

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# CONSOLIDATED STATEMENTS OF CASH FLOWS

BANCO DE CHILE AND SUBSIDIARIES

for the years ended December 31, 2005 and 2004

(Translation of Financial Statements originally issued in Spanish)

(Expressed in million of Chilean pesos)

	2005	2004
	MCh\$	MCh\$
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Net increase in current accounts	91,649.8	203,775.2
Net increase in time deposits	869,345.6	267,984.6
Net increase (decrease) in other demand or time liabilities	(218,462.4)	29,592.2
Net decrease in investments sold under agreements to repurchase	(78,399.0)	(80,333.9)
Net increase (decrease) in short-term foreign borrowings	(325,578.6)	75,512.0
Issuance of mortgage finance bonds	510,989.1	138,874.8
Repayment of mortgage finance bonds	(716,634.9)	(330,103.0)
Net increase (decrease) in other short-term borrowings	(45,399.3)	44,921.7
Borrowings from Central Bank (long-term)	554.5	2,128.7
Payment of borrowings from Central Bank (long-term)	(1,100.9)	(3,152.4)
Issuance of bonds	169,285.6	180,597.0
Payment of bonds	(14,233.7)	(10,321.5)
Long-term foreign borrowings	706,620.3	239,094.7
Payment of long-term foreign borrowings	(316,862.5)	(441,862.9)
Payment of borrowings from financial institutions (long-term)	—	(106.6)
Other long-term borrowings	1,478.1	1,880.2
Payment of other long-term borrowings	(10,605.6)	(886.6)
Common stock repurchased	—	(54,661.2)
Sale of shares acquired in the Bank shares repurchase program	57,636.9	—
Dividends paid	(152,622.5)	(135,249.7)
<b>Total cash flows from financing activities</b>	<b>527,660.5</b>	<b>127,683.3</b>
<b>TOTAL NET POSITIVE (NEGATIVE) CASH FLOWS FOR THE YEAR</b>	<b>(225,269.3)</b>	<b>31,889.2</b>
Effect of price-level restatement on cash and due from banks	(38,100.5)	(19,083.5)
Net increase (decrease) in cash and due from banks	(263,369.8)	12,805.7
Cash and due from banks at beginning of year	922,677.9	909,872.2
<b>Cash and due from banks at end of year</b>	<b>659,308.1</b>	<b>922,677.9</b>