



## Our Profile in 2006

# Banco de Chile

**Founded in 1893**, Banco de Chile has led the Chilean financial market as one of the most successful banks in terms of return on assets and the creation of added value for its shareholders.

Banco de Chile's activities are structured under a **multi-brand strategy**, with the Banco de Chile and Banco Edwards names covering the corporate and individual banking segments while the consumer segment is served by the Banco CrediChile brand, through independent and national-coverage distribution networks.

Our **subsidiary companies** complete the range of financial services under the Banchile name, offering securities trading, mutual funds, insurance broking, financial consultancy, factoring and securitization.

Banco de Chile has **its head office in Santiago, Chile**, and is supervised locally by the Superintendency of Banks and Financial Institutions.

Our **business is organized on the basis of two markets: the Wholesale Market**, which includes corporations and international banking activities, large companies and financial and treasury transactions; and the **Retail Market**, which covers operations with individuals and middle-market businesses.

We also provide **international services and products** on competitive conditions and suited to the needs of our customers, having an operative presence for more than 20 years in the United States, with branches in New York and Miami, representative offices in Buenos Aires, Mexico, Sao Paulo and, since September 2006, also present in Beijing, plus a foreign trade operation in Hong Kong.



At the end of 2006, Banco de Chile is positioned **as the largest Chilean-capital bank and the country's second largest financial institution**, with total assets equivalent to Ch\$12,760 billion, loans of Ch\$9,749 billion, deposits of Ch\$7,675 billion and shareholders' equity of Ch\$835 billion.



Banco de Chile is **one of the most profitable institutions in the financial system**, with a net income in 2006 of Ch\$ 192,248 million -the highest in its history- and a return of capital and reserves of 30.5%.



Banco de Chile has one of the **largest market capitalizations** of all Chilean and Latin American companies, exceeding US\$ 5,900 million at the end of 2006.



With a national network of 293 branches, 1,456 automated teller machines and other electronic distribution channels, Banco de Chile provides a **complete range of financial products and services to a broad customer base** which includes large corporations, small and medium-sized businesses and the retail market.



**The shares of Banco de Chile** are traded on the Chilean stock exchanges and on important international stock markets.



The Bank has an ADS (American Depositary Shares), Level III program on the **New York Stock Exchange (NYSE)**, subject to the most demanding supervision and public information regulations set by the United States Securities and Exchange Commission (SEC). Our shares are also traded on the **Madrid and London stock exchanges**, with the approval of the Comisión Nacional del Mercado de Valores (CNMV) and United Kingdom Listing Authority (UKLA) respectively.



## History in Three Centuries



Board Meeting at Banco Nacional de Chile.



Construction of Head Office.

### 19<sup>th</sup> Century ▶▶

**1855** June 25: official start of private-sector banking in Chile with a law authorizing the opening in Valparaíso of Banco de Depósitos y Descuentos de Valparaíso, one of the original institutions to constitute Banco de Chile.

**1865** Banco Nacional de Chile is founded and makes itself the principal financier of the state of Chile following the war with Spain and the blockade of Valparaíso.

**1893** On September 16, under the government of Jorge Montt, the shareholders of Banco de Chile, Banco de Valparaíso and Banco Agrícola approve the merger of the three entities. The new entity opens its doors in January 1894 with an initial capital of twenty million pesos of that time and with the power to issue bank notes. The Bank opens an office in Santiago, with two boards of directors of 11 members each, one in Santiago and the other in Valparaíso, with José Besa Infante as chairman.

**1894** The Bank has twenty-three agencies throughout the country, from Tacna to La Unión and offices in Buenos Aires, Lima, Callao, Montevideo, New York, Hamburg and Guayaquil, plus a subsidiary in London.

### 20<sup>th</sup> Century ▶▶

**1925** On August 21, the Central Bank of Chile is created with the power to issue bank notes and regulate the currency, relieving private-sector banks of their issuing powers. The General Banking Law is passed on December 21.

**1926** On April 5, the building of the head office of Banco de Chile is opened at Ahumada Street 251, whose construction was entrusted by the board to the Viennese architect Alberto Siegel Lubbe.

**1939** Practically at midnight on January 24, the tragic Chillán earthquake starts, the most violent recorded in Chile. Banco de Chile contributes by lending to the treasury seventy million pesos of that time to help the people affected.

**1957** Banco de Chile opens its Punta Arenas branch in April.

**1972** CORFO takes control of Banco de Chile after holding a share purchase option that enables it to obtain a majority of the board of directors. In 1973, the government appoints a provisional administrator. In 1975 CORFO sells its shares to enable the Bank to return to private hands.

**1977** Banco de Chile creates the subsidiary Leasing Andino, the principal leasing company in Chile.

**1980** Banchile Administradora de Fondos Mutuos is formed.



Main Hall of Head Office.



New York Stock Exchange official welcome ceremony to Banco de Chile.

## 21<sup>st</sup> Century

**1982** Banco de Chile opens the first branch of a Chilean bank in New York.

**1983** Following the banking system crisis, the Superintendency of Banks appoints a provisional administrator of Banco de Chile, as in the case of other banks. Between 1984 and 1985, Banco de Chile sells its doubtful loan portfolio to the Central Bank of Chile and assumes a repurchase commitment.

**1985** The recapitalization process of Banco de Chile begins through the so-called Popular Capitalism. More than 35,000 investors became shareholders of Banco de Chile in a process that ended in 1986. The provisional administration is ended in March 1987.

**1989** Banco de Chile repurchases the doubtful loan portfolio sold to the central bank at its economic value and assumes a subordinated obligation of indefinite term for the difference between the original sale value and the value of its repurchase.

**1989** Banchile Corredores de Bolsa is formed and within a few years becomes the largest stockbroker in Chile.

**1995** Banco de Chile opens its agency in Miami. During 1996 and 1997, representative offices are opened in Mexico City, Buenos Aires and Sao Paulo.

**1996** Banco de Chile is restructured within the holding company Sociedad Matriz del Banco de Chile, which in turn creates a bank with the name of Banco de Chile, transferring to it all its assets and liabilities. The latter entity is thus constituted as the successor of the former Banco de Chile.

**2001** Quiñenco S.A., a Luksic Group company, takes control of Banco de Chile after acquiring shares from various investors.

**2002** January 2: Banco de Chile and Banco de A. Edwards, the second and fourth largest private-sector banks, are merged to constitute the largest financial institution in Chile at that time.

**2002** On January 8, Banco de Chile lists its ADRs on the New York Stock Exchange. Between 2003 and 2004, the Bank also lists its shares on the London Stock Exchange and the Latin American securities platform in Madrid. It is the only Latin American company listed on the three principal international stock exchanges.

**2006** The Bank in May makes its first international bond issue for an amount of 200 million dollars.

**2006** In September, Banco de Chile's representative office in Beijing is inaugurated, the first of its kind of a Latin American bank in the Chinese capital.