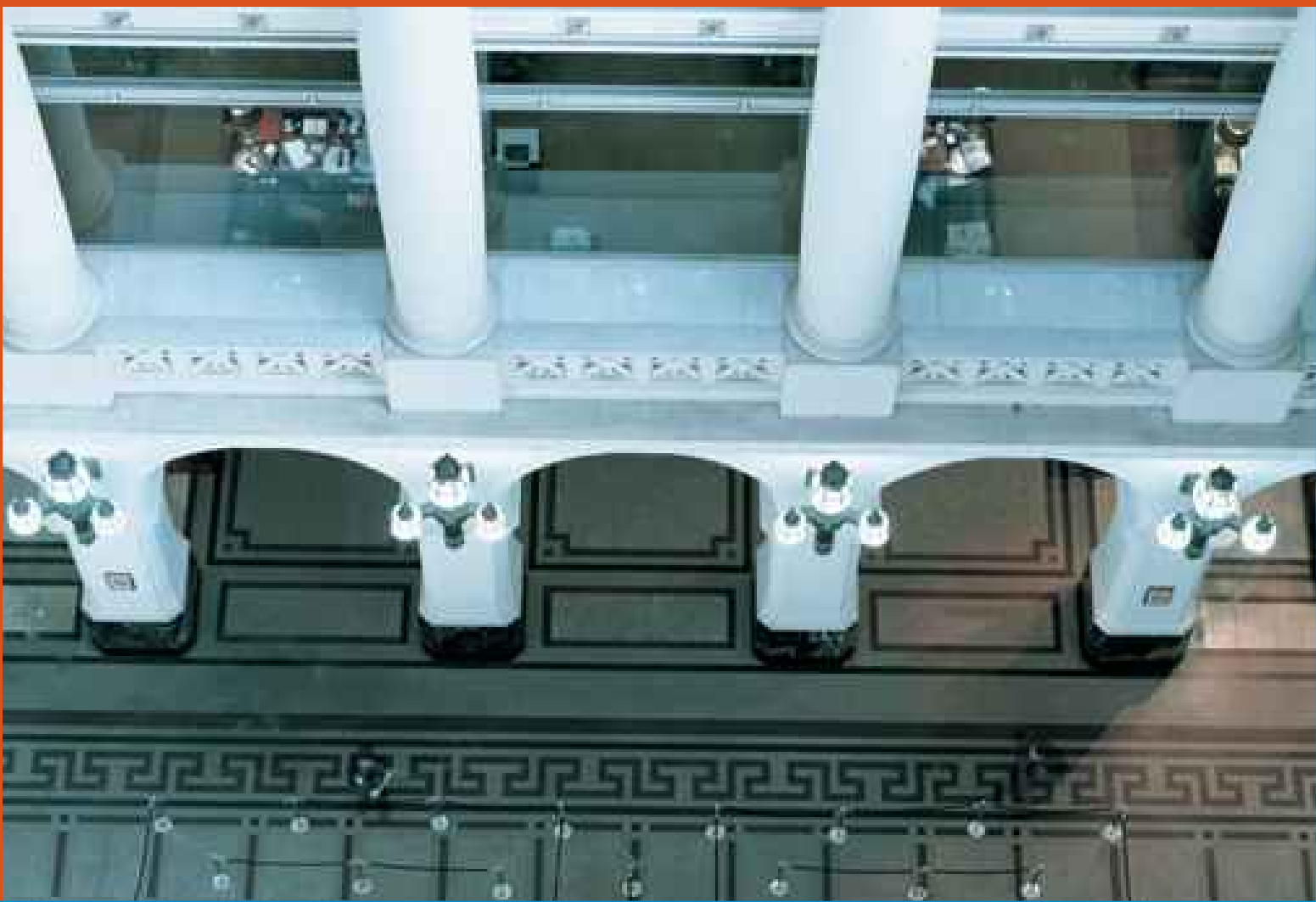




Commercial Performance by Business Area





Banco de Chile forcefully accepts the challenge of achieving higher levels of financial depth and bank penetration in the country, contributing to the modernization of our financial system, to the satisfaction of our customers and to the creation of value for our shareholders.



Banco de Chile



Business Areas of Banco de Chile

	Business Area	Objective Market	Strategy
RETAIL MARKET	Individuals and Medium and Small Companies	<ul style="list-style-type: none"> Individuals with monthly incomes of over Ch\$ 380 thousand. Small and medium companies with annual sales of up to Ch\$1,200 million. 	<p>Strong sub-segmentation and multi-brand positioning.</p> <p>Focus on cross-selling of products and quality of service.</p> <p>Satisfaction of specific needs with products of broad critical mass.</p>
	Banco CrediChile	<ul style="list-style-type: none"> Individuals with monthly incomes fluctuating between Ch\$170 thousand and Ch\$380 thousand. 	<p>Product range that enables the customer to start using banking services.</p> <p>Focus on distribution network and sales force.</p>
WHOLESALE MARKET	Large Corporations	<ul style="list-style-type: none"> Companies with annual sales of over Ch\$33,000 million. Subsidiaries of multinationals, public, financial & commercial sector companies, constructors and real-estate companies. 	<p>Area introducing business to the rest of the organization, particularly subsidiaries.</p> <p>Integral offer of services, focusing on margin growth and cross selling.</p>
	Large Companies	<ul style="list-style-type: none"> Companies with annual sales between Ch\$1,200 million and Ch\$33,000 million. 	<p>Emphasis on offering value-added services like leasing, foreign trade and financial advice.</p> <p>Integral offer taking advantage of strong distribution network.</p>
	Treasury	<ul style="list-style-type: none"> Agents of capital markets and large companies intensively using highly-transactional products like derivatives and investments. 	<p>Long-term commercial relationship, providing the customer with specialized financial orientation that adds value to the respective business.</p>

A net income before tax of Ch\$ 219,344 million has been taken into account, before adjustments and eliminations. The net income before tax relating to Treasury does not include gains on mismatches on the commercial portfolios which have been distributed among the respective business areas.

Results 2006

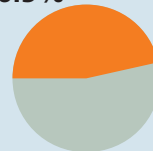
Loan portfolio by market

Contribution to pre-tax earnings 2006

- Increase in consumer loans of 21% in the year.
- Increases in loans to individuals and companies of 15% and 18% respectively.

38.2%

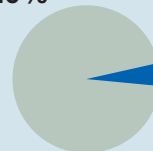
46.5%



- 26% annual increase in consumer loans of this segment.
- 21% increase in the number of customers compared to the year before.
- Strengthening of distribution network with 26 new branches in different parts of the country.

2.9%

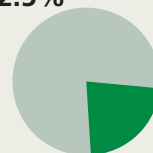
5.0%



- 9% growth in the loan portfolio over the year.
- Over 20% market share in the market of large corporations.

38.6%

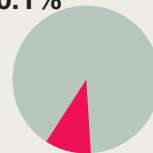
22.5%



- 14% growth in loan portfolio during 2006.
- 50% increase in sales of agreements and services.

13.1%

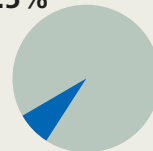
10.1%



- Issue of UF 12 million in bonds and US\$ 200 million abroad, almost double the figure for 2005.

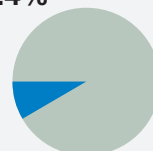
0.5%

7.5%



6.7%

8.4%



SUBSIDIARIES AND FOREIGN BRANCHES

- Subsidiary companies that offer financial services complementing the Bank's own activities. They include securities trading, investment and mutual funds, insurance, financial advice, factoring, recoveries, securitization and sales.
- Banchile Corredora de Bolsa, the largest stockbroker in the market in volumes traded, with a market share of 17.9%.
- Banchile Administradora General de Fondos, market leader with a 24.6% market share at the year end.
- The results of Banchile Asesoría Financiera in 2006 were practically three times the net income of the year before.
- Banchile Factoring, with a 30% market share, showed a 42.8% growth in business volumes.
- Banchile Corredores de Seguros exceeded by 20.1% the average of premiums brokered in 2005.
- Banchile Securitizadora at the end of 2006 maintains a portfolio of securitized assets of Ch\$90,000 million.
- The operating branches in New York and Miami have a presence of over 20 years in the United States market.



Retail Market

Through the Individuals and Medium and Small Companies Division and Banco CrediChile Division, Banco de Chile has secured a strong positioning in the retail market, achieving highly-satisfactory growth and business volume figures.

This achievement is a reflection of the whole organization's commitment to the Bank's new business model, which includes the development of a technological platform unique in Latin America, the extension of its distribution network and the creation of new value proposals for the customers. The fruit of this effort began to be gathered in 2006, at the same time positioning the Corporation as one of the principal players in the retail banking business.

Banco de Chile forcefully accepts the challenge of achieving higher levels of financial depth and bank penetration in the country, contributing to the modernization of our financial system, to the satisfaction of our customers and to the creation of value for our shareholders.

Individuals and Medium and Small Companies Division

The Individuals and Medium and Small Companies Division is responsible for the integral attention to the financial needs of individuals with income of over Ch\$380 thousand monthly and of small and medium companies with annual sales of up to Ch\$1,200 million. It also has one of the largest distribution networks in the country, with 193 branches located throughout Chile, 23 of which operate under the Banco Edwards brand. There are also more than 1,450 automated teller machines and 22 cash agencies.

The financial products and services that this Division offers to the individuals segment includes checking accounts, automatic payment of bills, charge cards, credit cards, freely-available lines of credit, housing loans in their various structures, consumer loans, life and general insurance, savings instruments, mutual funds, share trading and foreign exchange services. For each sub-segment, the Division also has differentiated proposals of value by product, brand, pricing and attention channel.

With respect to the companies segment, the Division offers financial services to 64% of medium-sized companies in Chile, a percentage which in the case of small companies is over 40%. These are all offered a wide range of products and services, including various financing alternatives, support for import and export transactions, collections, payments

and receipts services, leasing agreements, factoring services, checking account related services, investment management, insurance broking, share trading, transfers and payments to and from abroad, and loans granted under the official Guarantee Fund for Small Businesses (FOGAPE) facilities.

Consistent with the Bank's strategic vision of achieving a greater share and presence in retail banking, the Individuals and Medium and Small Companies Division achieved important and notable progress in 2006. Loans in the individuals segment increased by 15.0% to Ch\$2,955 billion at the end of the year. Loans to the companies segment amounted to Ch\$753 billion, equivalent to an increase of 17.7% over 2005.

In terms of products, notable was the growth in consumer and commercial loans, which rose by 20.6% and 18.5% respectively. In terms of number of customers, the Division managed to add 42,200 new customers in the individuals segment and more than 3,700 customers in the companies segment, administering a total of 466 thousand customers and 446 thousand checking accounts at the end of 2006.

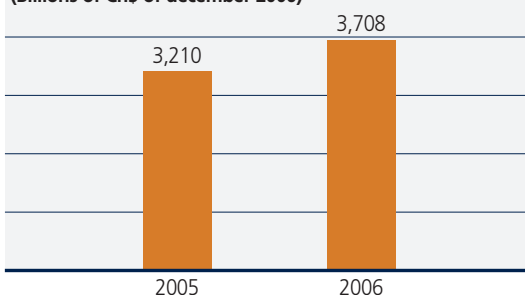
The achievements of the Individuals and Medium and Small Companies Division in 2006 were the result of several initiatives, including the addition of 18 new branches and the transformation of offices into multi-segment attention centers which were more effective in offering products and services.

Progress in the implementation of the Neos plan has also permitted having a new business model oriented to the generation of the information necessary and suitable for designing proposals of value, specific to the requirements of each business sub-segment, thus improving service efficiency and quality. The Individuals and Medium and Small Companies Division significantly expanded its distribution channels through which customers can make their usual requests. 70% of customer requests can now be made through telephonic banking (call center), a channel that has been equipped with technological support and information systems that have made it into a fundamental contact point for retail banking. With respect to the banking-by-internet service, transactions in the individuals segment increased by 29.7%, meaning that 61% of checking account customers today use this service channel.

Finally, the Human Resources management has been key to the achievements of the commercial areas of the Individuals and Medium and Small Companies Division. Its focus has been a strong sales orientation with an intensive support in training for broadening the knowledge of our staff and preparing them to assume greater future responsibilities. This is aligned with performance control systems and incentives and rewards programs that meet the business objectives set by the Bank.

Individuals and Medium and Small Companies loans

(Billions of Ch\$ of december 2006)



Individuals and Medium and Small Companies Loans Composition by Business Line

(millions of Ch\$)	2006	%
Mortgage	1,486,863	40.1
Commercial	877,326	23.7
Consumer	842,326	22.7
Leasing	133,363	3.6
Contingents	40,646	1.1
Foreign Trade	29,448	0.8
Past Due Loans	40,303	1.1
Others	257,581	6.9
Total	3,707,856	100.0

Individuals and Medium and Small Companies Results

(millions of Ch\$)	2006
Gross Margin	281,705
Operating Expenses	-131,863
Provisions for Loan Losses	-29,596
Other Income & Expenses	-2,150
Net Income Before Tax	118,096
Gross Margin / Loans	7.6%



Retail Market

Banco Creditchile Division

The Banco Creditchile Division is the Bank's business unit oriented to the mass-market segment, particularly C3 and D income groups, which make up a potential market of 50% of the economically-active Chilean population. Its objective segment relates to people whose incomes fluctuate between Ch\$170 and Ch\$380 thousand pesos monthly and it has one of the most extensive coverage networks in Chile, with 87 branches and 11 sales points, with a presence from Arica to Punta Arenas.

Through its branch network and a modern call center, Banco Creditchile offers a wide range of financial products and services, including consumer loans, credit and charge cards, sight accounts fed by remuneration credits, sight and time savings accounts, mortgage loans and life and general insurance.

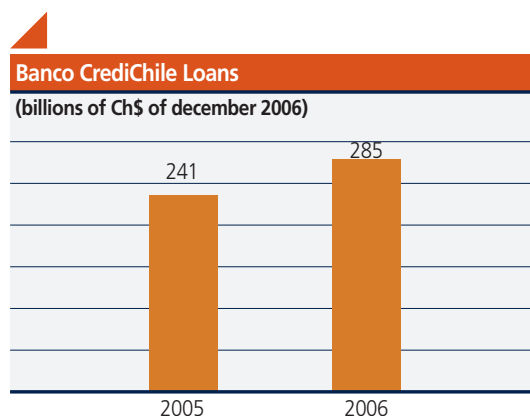
Consistent with the Corporation's strategic guidelines, the Division's efforts in 2006 were concentrated on growth, both in business volumes and number of customers. In this context, consumer loans, which represent 79% of Banco Creditchile's total loans, showed a strong growth of 25.9% compared to the year before. It also added more than 42 thousand new customers to reach a total of almost 239 thousand customers at the end of 2006.

The important achievements of Banco Creditchile largely reflect the synergies and coordination with the Bank's commercial divisions that attend the wholesale market. For example, the Large Companies Division, through various agreements with its customers, has channelled to this Division 35 thousand new sight accounts during 2006. The addition of 26 new branches during the year in those parts of the country where new business opportunities have been generated, plus improvements in the productivity of the sales force, also strengthened the ability to attract new customers to the Division.

The definition of the sale as a standardized process of a highly proactive nature has allowed an increase in productivity and efficiency levels in the various sales channels

thanks to a highly-experienced human team. This has been accompanied by a marked effort in the training and preparation of the sales force oriented to providing staff with new tools and opportunities of development within the organization, at the same time improving the levels of employability of the Division's staff. An important aspect was the strengthening during 2006 of the Universidad Banco Creditchile and the signing of a job certification agreement with INACAP.

In line with the objective of targeting new segments and increasing bank penetration in Chile, Banco Creditchile began in 2006 to add an important number of pensioners who were offered discount agreements, health insurance, consumer loans and fixed-payment credit cards. Similarly, specific



Through an effective segmentation and high-value proposals for our customers, Banco de Chile has consolidated itself as an important player in the Chilean retail market, taking an active part in the country's bank penetration process.

proposals have been designed for the emerging micro-business segment, whose sales do not exceed Ch\$3 million pesos monthly, in order to offer them relevant support for the development of their businesses, improving the coverage that was insufficient until now for this group of customers. Actions taken include training workshops that involved more than 200 people from different districts, covering management tools like leadership, customer attention, financing and accounting.

The strengths developed by the Banco CrediChile Division, mainly related to its distribution channels, highly-trained sales force, taking advantage of synergies with the Bank's other divisions, and the development of a first-class technological platform, place this business unit in a solid competitive position, making it a player of great importance in its market.

Banco CrediChile Loans Composition by Business Line

(millions of Ch\$)	2006	%
Consumer	225.984	79.3
Mortgage	44,194	15.5
Past Due Loans	2,514	0.9
Others	12,199	4.3
Total	284,891	100.0

Banco CrediChile Results

(millions of Ch\$)	2006
Gross Margin	40,232
Operating Expenses	-14,433
Provisions for Loans Losses	-12,723
Other Income and Expenses	-431
Net Income Before Tax	12,645
Gross Margin / Loans	14.1%



Wholesale Market

The wholesale market of Banco de Chile is made up of large corporations and companies, plus financial intermediaries and institutional investors. With total loans of over Ch\$5,050 billion, the wholesale market contributes close to 52% of the Bank's total loans, and produced growth of 10.7% over 2005. Banco de Chile is one of the most important financial suppliers in the Chilean financial system, constantly contributing to the creation of value for the Corporation and its customers.

Banco de Chile offers services to customers in this market through three Divisions: the Large Corporations Division, the Large Companies Division and the Treasury Division, plus its complementary services subsidiaries.

Large Corporations Division

Oriented to attend the financial needs of companies whose annual sales exceed Ch\$33,000 million (approximately US\$60 million). Its customers include most of the country's public-sector companies, the subsidiaries of multinationals and all companies that form part of the large Chilean business groups, including companies in the financial, commercial, industrial, infrastructure, concessions and services sectors.

This Division is also responsible for the performance and management of real estate banking and construction, and international banking. The first attends those real-estate and construction companies whose projects require financing of over UF50 thousand, approximately 920 customers at the end of 2006.

International banking is responsible for the performance and control of the New York and Miami, branches, the representative office in Mexico and Banchile Trade Services in Hong Kong.

During 2006, the branches in the United States consolidated the implementation of modern transaction control and monitoring systems, now being in a position to offer a high-quality service not only in financial and operational terms, but with respect to the security and transparency of its operations.

The international offices in Mexico and Hong Kong also report to this Division, giving support to our customers in their

foreign trade business with Central America and Asia, in close coordination with the Foreign Trade Department. Banco de Chile thus offers its customers an integral service in imports and exports, with a team of more than 40 foreign trade experts.

The Large Corporations Division, within a concept of integral offer, provides its customers with a varied and diverse range of products and services, including short and long-term financing, mortgage loans, leasing, syndicated loans and factoring transactions, plus the services offered by the investment banking areas of Banchile Corredores de Bolsa and Banchile Asesoría Financiera. Notable among the latter are the issues and placements of publicly-offered securities, advice on mergers and acquisitions and the restructuring of financial debt.

Also relevant are the cash management services for companies such as payment services (remunerations, suppliers, pensions, dividends, etc.), receiving and collection services, and the connection to international funds transfer networks, plus the traditional liabilities products, especially checking accounts. Of great importance is the increasingly more relevant role of the Large Corporation Division in the introduction of customers and business to the retail markets, attracting groups of customers mainly through the remunerations payment service.

In order to provide a highly-competitive service, the Large Corporation Division works together with the Treasury Division which, through a specialized platform, the

The commercial divisions that attend the Bank's wholesale market strengthen and contribute to the business structure of the whole Corporation, generating important synergies and corporate value.

Distribution Desk, directly resolves the needs of liquidity and short-term financing for corporate customers, notable being the growing importance of derivative products, particularly peso-dollar and UF-dollar forward contracts and interest-rate swaps. The Bank has also been perfecting its offer of technological solutions that facilitate the connection and communication with customers to permit a system of self-service by the company.

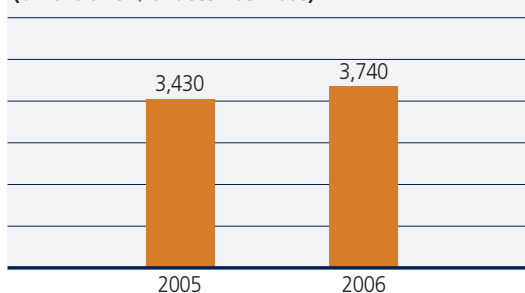
One of the important highlights of 2006 was this Division's participation in the Bank's growth strategy in the retail sector, resulting in the opening of a significant number of checking accounts for Individual Banking, plus the support of numerous new agreements for crediting remunerations with the consequent new sight accounts, and loan transactions with repayments deducted from remunerations for Banco CrediChile.

Among the most important businesses concluded in 2006 include the participation in various syndicated loans and the financing of large projects in public works and highways. There were also important leasing transactions related to the mining and educational sectors, and the financing of the acquisition of a large hotel chain.

As a whole, the Large Corporations Division accounted for 38.6% of the Bank's loans in 2006 and 26.0% of its net pre-tax income. Compared to 2005, the Division's total loans increased by 9.1% and achieved an estimated market share of 20% in the large corporations market.

Large Corporations Loans

(billions of Ch\$ of december 2006)



Large Corporations Loans Composition by Business Line

(millions of Ch\$)

	2006	%
Commercial	2,434,463	65.1
Contingent	566,906	15.2
Foreign Trade	363,896	9.7
Leasing	185,279	5.0
Mortgage	24,107	0.6
Past Due Loans	15,035	0.4
Others	150,550	4.0
Total	3,740,236	100.0

Large Corporations Results

(millions of Ch\$)

	2006
Gross Margin	81,220
Operating Expenses	-26,682
Provisions for Loan Losses	9,533
Other Income and Expenses	-6,952
Net Income Before Tax	57,119
Gross Margin / Loans	2.2%



Wholesale Market

Large Companies Division

The Large Companies Division offers its products and services to companies whose annual sales are between Ch\$1,200 million and Ch\$33,000 million (between US\$2 and US\$60 million, approximately), providing a diverse and varied range of specialized products and services for this segment. The proposals of value that this Division provides its customers include the products and services of the leasing area, which operates under the brand-name Leasing Andino, Banchile Factoring and Banchile Asesoría Financiera, comprising an integral offer of high value and which, during 2006, strongly contributed to the expansion of the Division's business volume.

As result, total loans of the Large Companies Division increased by 14.4% over 2005 to a figure of Ch\$1,273 billion, attending approximately 64% of all the companies in this segment in Chile and contributing more than 13% of the Corporation's total loans. In terms of result, this business unit contributed almost 12% of the Bank's pre-tax net income.

The growth in the Division's business volume in 2006 was approximately 40% higher than the growth of the financial system in this segment, producing a market share of close to 28%, higher than the 26% of 2005.

The success obtained in 2006 was largely the result of the Division's efforts to provide a service of excellence through highly-trained account executives committed to the objectives, fundamental elements that make up a large part of the proposals of value in this segment. Agile and flexible responses and a personalized attention have become a solid and permanent competitive advantage of the Bank's Large Companies Division, and will in turn sustain the future expansion of business volumes and increased market shares.

Among the Division's main achievements, and in line with the Corporation's challenges and objectives, the sale of agreements and services practically doubled in 2006, notably in remunerations payments, supplier payments, the payment of services and deductions from remunerations. In addition to these agreements, there were services to the employees of these companies which meant 35,000 new sight accounts for the CrediChile Division and close to 8,000 new checking accounts for the Individuals and Medium and Small Companies Division.

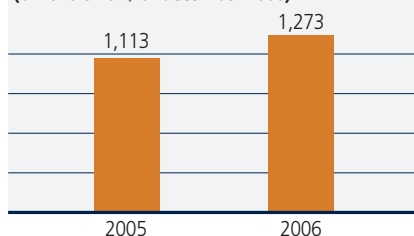
In addition, it also continued advancing with the implementation of the Neos technological platform. In particular, the new functions available in the Siebel module reinforced the efficiency and productivity of the Division's sales capacity. A new Centralized Attention Model was also developed during the year, grouping together the attention centers in three large platforms that previously were distributed among all the branches in Santiago and in some regions.

The new technologies introduced, together with the adjustments to the attention model will enable account executives to continue increasing their efficiency and closeness to their customers, thus resolving their requirements more quickly and completely and designing proposals of value more efficiently and proactively.

The achievements of the Large Companies Division are evidence of the correct segmentation strategy in the companies market, generating, together with the Large Corporations Division, important synergies and corporate value through a growing integration with the rest of the business units of the Bank and its subsidiaries.

Large Companies Loans

(billions of Ch\$ of december 2006)



Large Companies Loans Composition by Business Line

(millions of Ch\$)	2006	%
Commercial	609,337	47.9
Leasing	220,188	17.3
Foreign Trade	203,016	15.9
Contingent	165,980	13.0
Mortgage	39,639	3.1
Past Due Loans	3,833	0.3
Others	31,148	2.5
Total	1,273,141	100.0

Large Companies Results

(millions of Ch\$)	2006
Gross Margin	49,111
Operating Expenses	-20,404
Provisions for Loans Losses	-1,764
Other Income and Expenses	-1,411
Net Income before Tax	25,532
Gross Margin / Loans	3.9%

Treasury Division

The Treasury Division is the business unit responsible for managing the Bank's liquidity, managing net positions subject to market risks, managing the financial investments portfolio and developing derivative products for hedging itself and/or customers. It is also responsible for the Bank's representative offices abroad.

In its intermediary role within the Corporation, the Division receives the funds deposited by customers and assigns these to the commercial areas according to the terms and conditions required by customers needing loans, investing any surpluses or seeking additional funds in the market as needed at any time. In this intermediation process, the Division sets the marginal costs for buying and selling funds, assuming the risks of the mismatching of positions as to term, rates and currencies.

The Treasury Division is structured into three areas: the Local Currency Finance Area, the Foreign Currency Finance Area and the International Financial Institutions Department.

The Local Currency Finance Area in 2006 produced positive results in managing mismatched interest rates. As part of a strategy to diversify its sources of finance, it also made several bond issues during the year. UF 2 million was placed at a 2-year term, UF 5 million at 5 years and UF 5 million at 10 years, almost double the UF 7.5 million placed in 2005.

The Corporate money desk belonging to this Area, which attends the Bank's large customers, of both the Corporate Division and the Large Companies Division, increased its trading volumes by around 22%, in response to the Division's strategy and objective of supporting and complementing

the commercial management of other divisions. The outstanding performance of this Area enabled it to maintain its first place in quality of service of its traders, according to customer surveys.

The Foreign Currency Finance Area, which is responsible for managing the liquidity and positions in foreign currency, including derivative products, also produced a strong growth in its trading operations, with a 20% growth in the stock of financial derivatives. The exchange business was especially relevant in its results, leading to the Bank being distinguished for the fourth year running as the "Best Foreign Exchange Bank in Chile", by the Global Finance magazine.

The International Financial Institutions Area manages relations with the institutions it works with in other countries, both in obtaining foreign currency funding when the Bank needs it, and in the placement of funds abroad. It also manages the Bank's representative offices in Argentina, Brazil, Hong Kong and, recently, in mainland China.

In 2006, the placements arranged by the International Financial Institutions Area grew by around 41%, a far greater increase than in 2005. This greater volume compensated the decline in margins due to the reduction in country risk in Latin America in general. Another important achievement by the Area, jointly with Foreign Currency Finance, was the placement abroad of subordinated bonds for US\$200 million, which significantly strengthened the Bank's equity base, opening the way to further new issues abroad.

An important change in this Area has been the replacement of central bank paper by more sophisticated securities abroad, increasing the number of countries and instruments in which it invests. The Bank's investment portfolio therefore now includes securities in Brazilian reales, Mexican pesos,

indexed reales, and Peruvian and Colombian bonds, investments that provide significant benefits for the Corporation, particularly the investments in Brazil.

With respect to the representative offices abroad, one of the most important elements from a strategic point of view was the opening of a representative office in Beijing. Banco de Chile thus became the first Latin American bank in mainland China, which is in addition to the presence in Asia of the foreign trade office in Hong Kong. This new representative office plays a fundamental role in the strengthening and promotion of business and investments between the two countries, providing a wide range of financial services to its customers, whether Chilean or Chinese.

Treasury Results

(millions of Ch\$)	2006
Gross Margin	22,677
Operating Expenses	-3,548
Provisions for Loans Losses	0
Other Income and Expenses	-20
Net Income before Tax	19,109
Gross Margin / Financial Investments	1.7%



Subsidiaries and Foreign Branches

Banchile Administradora General de Fondos S.A.

Banchile Administradora General de Fondos, a subsidiary company of Banco de Chile, has been in this business since 1981 and currently manages the largest number of mutual funds in the market. Its experience has led to position itself as leader in asset management for companies and individuals throughout Chile, offering a wide range of investment options and complete advice with respect to asset management.

It currently offers more than 50 mutual funds, which enables its customers to diversify their investments among different financial instruments, thus taking advantage of business opportunities in Chile and the world. With more than 160,000 customers and managed funds at December 2006 of more than US\$4,300 million, equivalent to a 24.6% market share in mutual funds, the company again closed 2006 as the industry leader. This translated into a net income of Ch\$9,664 million in 2006, representing a growth of 12.3% over 2005.

2006 was a year characterized by the creation of new products and better investment opportunities for customers. The subsidiary launched four new guaranteed mutual funds by which customers can access the markets of India, Brazil, Russia, China and Eastern Europe to take advantage of potential gains in

the different emerging markets, with the risk limited by a guarantee of the initial investment. It also offered to individuals six mutual funds created especially for Voluntary Pension Savings (APV) plans. These new funds provide an excellent investment option for each investor profile plus greater flexibility in the administration of their income allotted to APV.

During 2006, Banchile Administradora General de Fondos obtained an outstanding position in the annual recognitions granted to the most profitable mutual funds in the domestic market by the *Diario Financiero* newspaper, in collaboration with the Chilean Association of Mutual Fund Managers. On this occasion, our subsidiary obtained 10 distinctions, being the company most awarded in the domestic market.

Banchile Asesoría Financiera S.A.

Banchile Asesoría Financiera maintains a notable share in the domestic investment banking business. Its principal businesses are concentrated on long-term financing transactions, company sales, acquisitions and mergers, strategic associations and company valuations. Its capacity and competitive strength in offering creative and innovative solutions to its customers position this business unit as an important player in the Chilean capital markets, capable of ensuring confidentiality, diagnostic capacity and experience for the successful closing of the businesses in which it is involved.

During 2006, Banchile Asesoría Financiera concluded important business transactions both in company acquisitions and in long-term syndicated loans and company valuations, obtaining outstanding financial results.

In company acquisition services, it negotiated on behalf of *Empresas Carozzi S.A.* in the purchase of brands and assets related to the retail business of *Molinera San Cristóbal*, it represented *ISS*, a Danish leader in facility services, in the purchase of the company *Lyon y Cia. Ltda.*, and it negotiated on behalf of *Goyaike*, a member of the Argentine *Pérez Companac* group, in the purchase of *Frigorífico O'Higgins S.A.*

Regarding company sales, Banchile Asesoría Financiera S.A. managed and carried out negotiations for the sale of *Cecinas La Preferida S.A.* to *Cecinas San Jorge*, and the sale of the *Economax* supermarkets chain to the *Cencosud* group.

In long-term syndicated loans, Banchile Asesoría Financiera S.A. participated in transactions for *Johnson's S.A.* for US\$3 million and for *Industria Nacional de Envases S.A.* for US\$62 million. It also arranged a syndicated leasing deal of around US\$10 million for *Mobilink S.A.*

The subsidiary's net income for 2006 was Ch\$1,241 million, practically trebling the result obtained in 2005.

Banchile Corredores de Bolsa S.A.

Banchile Corredores de Bolsa, a subsidiary of Banco de Chile since 1990, offers its clients the sale and purchase of shares on the Santiago Stock Exchange and the Chilean Electronic Exchange. Clients can also carry out transactions in dollars, euros and other currencies, receiving a fast and safe service in all transactions. Clients can also invest for the term that most suits them through selling securities under repurchase agreements, thus optimizing the combination of profitability, flexibility and liquidity. For some years now, and with much market success, Banchile Corredores de Bolsa has an Asset Management area dedicated to managing high-net-worth clients' investments. Since 2004, the Investment Banking area is dedicated to doing business in the capital markets, such as debt and capital issues, publicly or privately, public share offerings, new company listings and mergers and acquisitions of large companies.

The results obtained during 2006 again placed this business unit as the principal stockbroker in the market, both in terms of stock volumes traded and of earnings. In 2006, Banchile Corredores de Bolsa traded more than US\$11,900 million, equivalent to a 17.9% market share. With respect to results, this subsidiary produced a net income of Ch\$6,455 million.

During 2006, Banchile Corredores de Bolsa participated in important bond placements. The first one was the successful placement of the securitized bond for Ch\$19,700 million for Forum

Servicios Financieros. It was also the placement agent for a bond issue of Johnson's for Ch\$36,100 million, in which demand was double the amount offered. In addition, it acted as placement agent for the capital increase of Enaex, for around US\$63 million. Lastly, it participated as adviser in the merger of the assets of Nestlé and Soprole and in the capital increase of US\$100 million of Parque Arauco.

The commitment and professionalism of its staff has been fundamental in these achievements and has enabled it for the third consecutive year to be recognized by the Great Place to Work Institute - Chile, placing Banchile Corredores de Bolsa among the 35 best companies to work for in Chile.

Banchile Corredores de Seguros Ltda.

Banchile Corredores de Seguros remained in the vanguard of the insurance broking market, offering customers of the Banco de Chile Corporation a broad and varied range of new insurance products, services and promotions, especially designed for the segments attended by the Individuals and Medium and Small Companies, Large Companies and Banco CrediChile Divisions.

In 2006, this subsidiary repeated the successes obtained during the last few years, notably meeting all the objectives set for the year. The annual average premiums brokered during the year

exceeded Ch\$5 billion, an increase of 20.1% over the previous year.

In this expansion of volume, notable was the success of the new bank products protection insurance, especially designed for the companies segment. Also the annuity policies, directed mainly to the Bank's Private Banking segment, increased by 50% over the year before, totaling UF330,000 in 2006.

With respect to the successes obtained by the sales channels, notable was the performance of the new Telemarketing channel which, in its first year, sold 52,000 new insurance policies.

In the human resources area, Banchile Corredores de Seguros was chosen as the second best place to work in Chile, according to the annual survey conducted by The Great Place to Work Institute - Chile and Capital magazine. The same survey, in which more than a thousand companies took part, stated that in Latin America, Banchile Corredores de Seguros is among the 100 best places to work, and at the same time, one of the three companies of greatest credibility.

In terms of results, the gross operating income of Banchile Corredores de Seguros increased by 39.7% compared to 2005, mainly the result of the higher volume of premiums charged. This, together with improvements in productivity of the sales channels, particularly Telemarketing, meant a 134% increase in net income to Ch\$1,782 million in 2006.



Subsidiaries and Foreign Branches

Banchile Factoring S.A.

Banchile Factoring maintained its position as the market leader, with a 30% share and total loans, as of December 2006, of over Ch\$205 billion, plus Ch\$226 billion channelled through the Bank's commercial divisions.

The subsidiary's business volume showed great dynamism in 2006, particularly in operations channelled through the Bank, which showed a growth of 42.8% in the average stock in the year. Notable were the operations in the concessions sector channelled by the Large Corporations Division and the growth in the volume of business channelled by the Individuals and Middle Market Companies Division, supported by the expansion of the customer base and branches of this Division.

Taking into account all of the Bank's commercial divisions, the 36% increase in the number of customers operating with factoring products should be mentioned, especially in the Small and Medium Companies segments. This growth was largely sustained on new business platforms designed to the needs of these customers. At the end of the year, the subsidiary Banchile Factoring has a customer portfolio of over 1,800.

The international factoring service, which provides customers with direct support in their foreign trade activities, showed an increase of 88% in its number of customers. In developing this line of

business, Banchile Factoring forms part of Factors Chain International, a network of international factoring correspondents.

At the end of 2006, the gross margin of Banchile Factoring showed an increase of 52.4%. This, together with an important improvement in operating efficiency, produced a net income of Ch\$3,385 million, 54.8% more than the year before.

Banchile Securitizadora S.A

Banchile Securitizadora offers its securitization services to large and medium companies, enabling them to increase their business volumes without having to increase working capital. In the process, the securitized assets are backed by less liquid assets which, through a structuring process, achieve credit status. This financing option is thus transformed into a useful tool for companies with securitizable assets such as mortgage loans, credit cards, leasing agreements, car loans, accounts receivable, etc.

The securitizing industry in Chile still in its infancy, but Banchile Securitizadora has since its origins made a total of approximately US\$439 million of issues, thus maintaining a portfolio of securitized assets of almost Ch\$90.000 million at the end of 2006. The strengths of Banchile Securitizadora, mainly related to its experience in the securitization of different assets and its market knowledge, place it in a privileged position to meet the growth in demand expected in the coming years.

Other Business Support Subsidiaries

Banco de Chile has the subsidiaries Socofin S.A and Promarket S.A. to complement its network of Banchile subsidiaries. These optimize the global returns and performance of the business units that attend the Corporation's retail market.

Socofin, the subsidiary responsible for recovering overdue loans, established as its priority strategy to focus on solutions and recovery efforts in the segments of highest risk. As a result, it obtained more than Ch\$18,000 million in recoveries of loans written off, which translated into a 10% reduction in the charge for loan losses budgeted for the year, in the segments related to the Individuals and Middle Market Companies and Banco CrediChile Divisions.

For its part, Promarket is the subsidiary responsible for supporting the Bank in the task of adding new customers to the Individuals and Middle Market Companies Division, and has a large sales force that allows the Bank to offer its products effectively to potential customers.

Foreign Branches

The branches of Banco de Chile in the United States of America, located in the cities of New York and Miami, manage combined assets of US\$900 million dollars at the end of 2006 and have customer deposits of US\$850 million.

As already reported, the New York and Miami branches in January 2005 agreed with The Office of the Comptroller of the Currency (OCC) and separately with the Board of Governors of the Federal Reserve Bank (FED), to the issue of administrative resolutions called Consent Order and Cease and Desist Order Upon Consent, respectively, by which various measures were promised to, among other things, improve its money-laundering systems and comply with the provisions of the Bank Secrecy Act.

As a result, Banco de Chile has made important efforts in the implementation of modern control and monitoring systems, reinforcing the areas of Compliance, Operations, Credit and

Human Resources. Various specialized consultants were also contracted to give full compliance to the requirements of the United States regulators and strengthen the international business in order to continue with our tradition of excellence in service and compliance with the regulations current in the countries where the Bank operates.

These efforts have implied significant operating expenses of a large magnitude in the last two years, which fully explain the losses recorded by both branches. The progress made in the implementation of these initiatives, enabled the losses to be reversed in the last months of 2006. In that period, the foreign branches showed a net income of Ch\$622 million, compared to losses of Ch\$2.433 million in the same quarter of 2005.

In this context, Banco de Chile reiterates its mission of continuing to be the best Chilean bank operating in the United States and in making ourselves the first option for those customers requiring international financial services.