

Comments on results for the fourth quarter of 2007
presented by
Arturo Tagle, Head of Strategic Development
February 1st, 2008

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 insights on our results for the recently finished year and, in particular, for the last quarter of 2007, as well as our views on our Bank's recent developments.

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.

Slide number 2 of our presentation shows the main tenets of today's discussion. In the first place, I will review what our main results for the year have been, to further elaborate on the fourth quarter figures. I will focus on the excellent profitability ratios the Bank has been able to achieve, as well as on our successful loan growth and client base expansion. Lastly, I will gladly share with you the most important features of our recent merger with Citibank Chile and how this very promising deal is intended to strengthen Banco de Chile's business potential.

As can be seen in **slide number 3**, 2007 proved to be the most successful year in our Bank's recent history. With net income in excess of 242 billion pesos, involving an annual compound rate of 31% along the last 5 years, this extraordinary result contributed by 25% to the system's total bottom line. Hence, our company was able to improve by 15.5% the already significant profit obtained in 2006 and amply outperform the system's average net income growth of 2.9%.

As far as net income for the fourth quarter of 2007, the almost 79 billion pesos, stand as the largest quarterly figure the Bank has ever obtained, involving a year-on-year increase of 73% and a 21% growth over the previous quarter.

This superior output has allowed the Bank to once again stand out among the rest of the systems' participants as the best performer in terms of profitability. As shown on **slide number 4**, Banco de Chile not only obtained the highest yearly return on average capital and reserves in its history, but also exceeded its peers, both as average and individually, posting a 32.1% ratio. This figure, more than doubles the average for the rest of the system and beats our main peers' average return by 820 basis points.

It also seems interesting to note, as shown in **slide number 5**, that Banco de Chile's strategy of progressing towards a portfolio mix that assures a higher return and a growing business base, has allowed us to further increase our market share yield, thus capturing more than 13 billion pesos of annual net income per each 1% share of the loans market.

This figure shows a year-on-year real increase of almost 13% for Banco de Chile, which favorably compares to our main peers' and to the system's average expansion, thus speaking of our company's business synergy and of the advantages of a broad and diversified client base.

As a consequence of this performance, and in spite of the global market turbulence, value creation for Banco de Chile's shareholders will be experienced in the form of a substantial increase in earnings per share, as pictured in [slide number 6](#). With a 19% growth in nominal terms against the previous year figure, \$3.37 were earned per each Banco de Chile share during 2007.

This figure, involves a 34% compound annual growth since 2002, year of the merger to Banco Edwards.

The important increase of earnings per share registered for 2007 was achieved in spite of the 4.3% expansion in the number of shares outstanding, as a consequence of both, the 30% dividend capitalization and the issue of new shares, together adding up some 240 million dollar equivalent.

As you may see in [slide number 7](#), this capital expansion has also favored the stock's liquidity as the total traded volume of Banco de Chile's shares during 2007 increased by a nominal 74%. Thus, the total daily average, including ADRs, reached the equivalent of 1.8 billion pesos, some 3.6 million dollars per day.

During the next shareholder meeting, to be held on March 27th 2008, the Board will propose for approval the distribution in the form of dividends of 100% of the net income of 2007, separately for both banks: Banco de Chile and Citibank Chile. In the case of Banco de Chile, this payout ratio would involve a very attractive dividend yield of more than 7%.

Let's now move to the quarterly results. As may be seen in [slide number 8](#), during the fourth quarter, and in line with the performance of the previous periods, an important source of bottom line income was originated at the Operating Revenue level which shows an increase of 29.2% on a year-on-year basis.

An improved asset mix, added to a 12-month 10% growth in Average Interest-earning Assets, the positive impact of a higher inflation rate on our UF position, plus, higher nominal interest rates, all contributed to explain the 44.6% increase in net financial income, or equivalently, the 110 basis points expansion of net financial margin.

An important driver in the operating revenue expansion has been the positive evolution of fee income. As shown in [slide number 9](#), the 17.4% increase of total income from services along 2007, speaks of fostering cross-selling capabilities and increasing our retail base. Subsidiaries and core banking provide important fee sources as the number of checking accounts and debtors are enhanced.

These areas of business have largely compensated the reduction of fees shown by our international operation, mostly explained by advisory and systems fees supporting our improved compliance process.

As a consequence, total fee income for the quarter, on a non-consolidated basis, covers more than 36% of total operating expenses, well above the 27% average for the rest of our competitors. It seems worth noting that, on a consolidated standing, Total Net Fees already compensate for more than 50% of Total Operating Expenses.

In **slide number 10**, the previously mentioned increase in Operating Revenues is illustrated for the full year in terms of pesos. The 14.8% annual real growth seems still more relevant when compared to the very moderate increase of 3.3% in Operating Expenses.

These figures stand up to our commitment of providing an operational platform capable of delivering a substantial expansion in operating volumes with a stable cost level. The comprehensive technology development initiated by Banco de Chile some years ago, added to our consistent strategy of expanding in higher yielding segments seem to be paying in, supporting a robust yearly reduction of 540 basis points in our efficiency ratio, with a cost to income average rate of 48% for the full year 2007.

Let us now turn to Banco de Chile's commercial performance. **Slide number 11** pictures how our loan portfolio has increased, in overall terms, above the system's and its main competitors' average, thus fuelling most of our achievements. On a yearly basis, our real 15% total loan expansion exceeded the 11% growth shown by the system, excluding Banco de Chile.

This behaviour also proved true along all the different markets. Banco de Chile's consumer loans increased by 9% during 2007, against 7% of the rest of the system as an average, while housing loans with an annual 18% increase outperformed the system by 260 basis points.

The Bank also benchmarked the corporate segment with an almost 16% increase in corporate loans along the year, well above the performance of the remaining institutions as an average.

It seems interesting to note that our total loan portfolio was increased by the capture of more than 20% of the additional loans generated by the system during 2007. Being it the largest share captured by any of our competitors, it speaks well of our Bank's empowered capacities.

It is important to underscore that this ongoing increase in loan volume, favouring higher-yield segments and naturally involving higher risks, has been achieved without jeopardizing asset quality and maintaining the Bank's prudent risk policy.

As may be seen in [slide number 12](#) and, in spite of the relevant growth experienced in the consumer segment and middle-sized companies, the amount of past due loans showed a significant reduction of more than 7% along 2007. As a consequence, the ratio of Past Due Loans to Total Loans also decreased, reaching a consolidated level of 0.52% for the year, a 13 basis point reduction in 12 months.

Turning to [slide number 13](#), this risk performance seems even more outstanding when placed in context to the rest of our competitors, revealing a past due ratio 30 basis points below the average of our main peers.

In spite of this additional improvement in our past due ratio and prominent relative quality, total allowances exceed our past due loans by more than 2.5 times, the highest level among our peers and well above the system's average.

Consistent with these high allowances and low past due ratio, the required provision expenses for the Bank, in net, non-consolidated terms, equalled 0.52% of average net loans during the full year. As in previous occasions, we may forecast some increase in these provision requirements for the coming periods, as a consequence of our focus on higher-risk segments, added to a somehow subdued sentiment as regards to the global and local economic performances.

Let me now update you with the recent events regarding Banco de Chile's merger with Citibank Chile.

As I commented during our previous call, both companies have decided to merge their financial businesses in Chile, subject to authorizations to be granted by the respective regulators and to both banks' shareholder approval. Both permits were granted during last December 2007. As a consequence, the merger of both companies was effected through the absorption of Citibank Chile by Banco de Chile including assets, liabilities, equity and shareholders of the former. The surviving entity is Banco de Chile as the legal successor of Citibank Chile, entity who has, consequently, ceased to exist.

As far as relative weighing, Banco de Chile was valued in approximately 6 thousand and 15 million dollars, while Citibank Chile was worth 701 million dollars. Therefore, each represents 89.56% and 10.44% of the merged bank, respectively.

In consequence, it was then decided that Banco de Chile would increase its capital base in excess of 297 billion pesos, to be entered through the incorporation, in dominion, of assets and liabilities of Citibank Chile. On its part, Banco de Chile would provide payment to Citibank's shareholders by issuing 8.4 billion new shares, denominated "Banco de Chile-S" shares. These shares, to be owned by the shareholders of Citibank Chile, shall not be covered by the Central Bank's Exchange Convention providing guaranteed access to the official exchange rate. In addition, being this a different stock series, it is not included in the current Banco de Chile ADR program authorized by the SEC.

On respect to shareholder structure, LQ Inversiones Financieras, in short LQIF, fully owned by Quiñenco, was up to December 31st 2007, the controlling shareholder of Banco de Chile with 53% of its voting rights. On its part, Citigroup acquired a 32.96% stake of LQIF, the mentioned controlling company, through the contribution of its local banking business, plus other assets for 192 million dollars.

Citigroup's participation could be increased up to 50% over the next 28 months. Under the terms of the agreement, LQIF should, at all times, control at least 56% of Banco de Chile's voting rights.

As a part of the agreement, and following the merger, Citigroup acquired Banco de Chile's US branches for 130 million dollars entered last January 2nd. This amount will allow the bank to compensate for most of the expenses normally expected for in the first stages of a merger.

Moving to **slide number 14**, I will now expand on the strategic fundamentals of this merger and how we visualize the synergies and business strengths.

It is our belief that this merger will allow the Bank to foster value creation through the offer of global services to corporate clients; enhanced volumes and customer base in retail segments; larger economies of scale on the expense side; know-how transfer in controls and procedures; and the strengthening of our equity base.

As far as markets, and focusing closely on Latin America, **slide number 15** shows some of Citi's strengths with a coverage of 24 countries in the region, more than two thousand branches, 17 million customers and 9 million credit cards, all accounting for the largest franchise in terms of net income within the zone.

As for the branding strategy and, considering that within our country's banking industry the strength of the Banco de Chile brand is unparalleled, the main brand name will continue to be Banco de Chile. Within the segment of higher income individuals, the Banco Edwards name has been empowered with the addition of the Citi brand, thus covering the upper-scale retail customers under the Banco Edwards-Citi brand.

On the part of the consumer segment, with quite similar figures in loan volumes, both brands, Atlas and CrediChile will be temporarily maintained, thus ensuring continuity. The consolidation of both business units during this year, will surpass most of our largest competitors.

On **slide number 16**, you may appreciate how large market share increases may be attained should we succeed in providing the commercial conditions for clients to feel comfortable in the new environment. A 1.7 percentage point increase in total loans, more than 500 basis points in consumer loans, an additional 8% market share in the number of debtors and above 3% in checking accounts, are all very enticing figures that would have taken us quite a long time to incorporate.

On **slide number 17**, another strategic tenet, as regards the merger, has to do with strengthening our funding structure. With a very high ratio of Demand Deposits to Average Loans, Citi has contributed to enhancing our funding capabilities. This advantage is mostly consequence of Citi's international payment system which Banco de Chile will be able to access as established in the Connectivity Agreement subscribed by both banks.

Furthermore, as far as funding is concerned, Citibank Chile was quite comfortable as regards to the use of capital, with a very low Tier II Capital which can become a future source of Total Capital through the issuance of subordinated bonds.

Lastly, in **slide number 18**, and in terms of economies of scale and synergies, the net contribution of the merger in terms of present value has been calculated in some 160 billion pesos to be accrued for in the next 18 to 24 months.

It is our firm conviction that this agreement stands in line with our goal of providing financial services of excellence, strengthening our international and treasury products as well as enhancing our retail platforms. We are confident that this venture will further strengthen value creation for our shareholders.

NOW, WE MAY OPEN THE LINES FOR QUESTIONS

FINAL REMARKS

Allow me to take advantage of this opportunity to thank you all for your interest in Banco de Chile and, particularly, for the support you have given to my team and to me, during my performance as CFO for Banco de Chile, along the last 6 years. As you may be aware, as from January first I have taken a new position in the Bank as Head of Strategic Development. Pedro Samhan, previously Chief Financial Officer at Citibank Chile, will take responsibilities as the new CFO for Banco de Chile. His vast experience, here and abroad, together with his personal and professional capacities ensure a smooth and successful transition. I wish him all the best and ensure him all my support.

Personally, I embrace my new challenges with great enthusiasm and with a feeling of achievement for the past performance. The historical merger of Chile and Edwards, the two oldest and most traditional banks in Chile; the implementation of the most comprehensive and updated technology platform within the banking industry; the globalization of the Banco de Chile shares by listing in three world class markets; the important enhancement of the bank's capital base through successive issues and placement of new shares; the implementation of new accounting standards; and, the association with the largest bank in the world, among many other developments, have all contributed to enrich my experience, not only professionally, but also as a human being.

I cannot deny that I have strong feelings for this company with which I have been involved for many years. In an important way, people who work in this Bank are at the core of this affection. They have successfully and steadily persevered in their efforts towards building value for our clients and shareholders. From my new position I will make my best efforts to support my colleagues in their new challenges and will be always available to respond to any requirements you may have.

I am confident that our strong foundations will allow the Bank to keep up with our high standards towards our clients, our shareholders and our employees, within a renewed context of business enhancement.

Thank you for your interest in discussing Banco de Chile results and, once again, many thanks for your support.

Have a good day.

Banco de Chile



**Results for the
Fourth Quarter of 2007**



hosted by
Arturo Tagle
**Head of Strategic
Development**



February 1, 2008



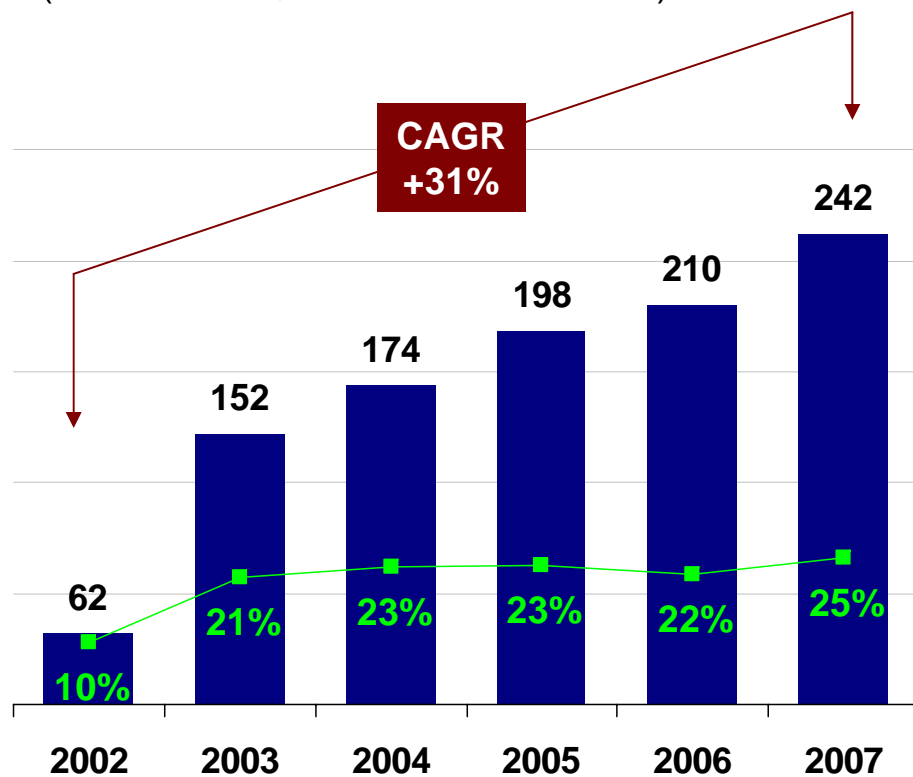
CONTENTS

- ▶ **Results for 2007: highest net income ever.**
- ▶ **Commercial performance: growing along all segments.**
- ▶ **Recent developments.**

Banco de Chile

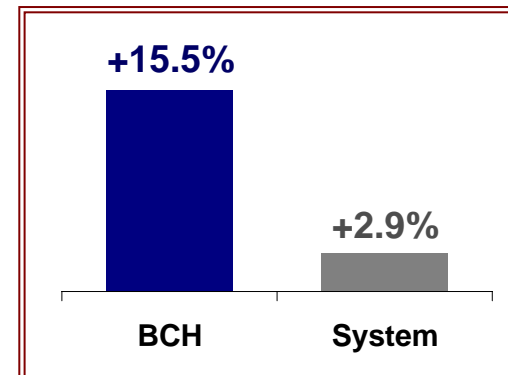
Net Income Trend

(Billions of Ch\$ as of December 2007)

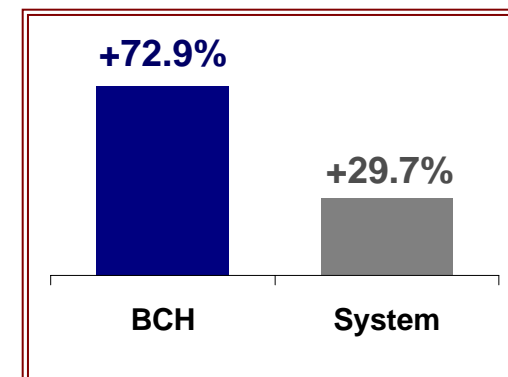


■ Net Income
■ BCH Net Income / System's Net Income

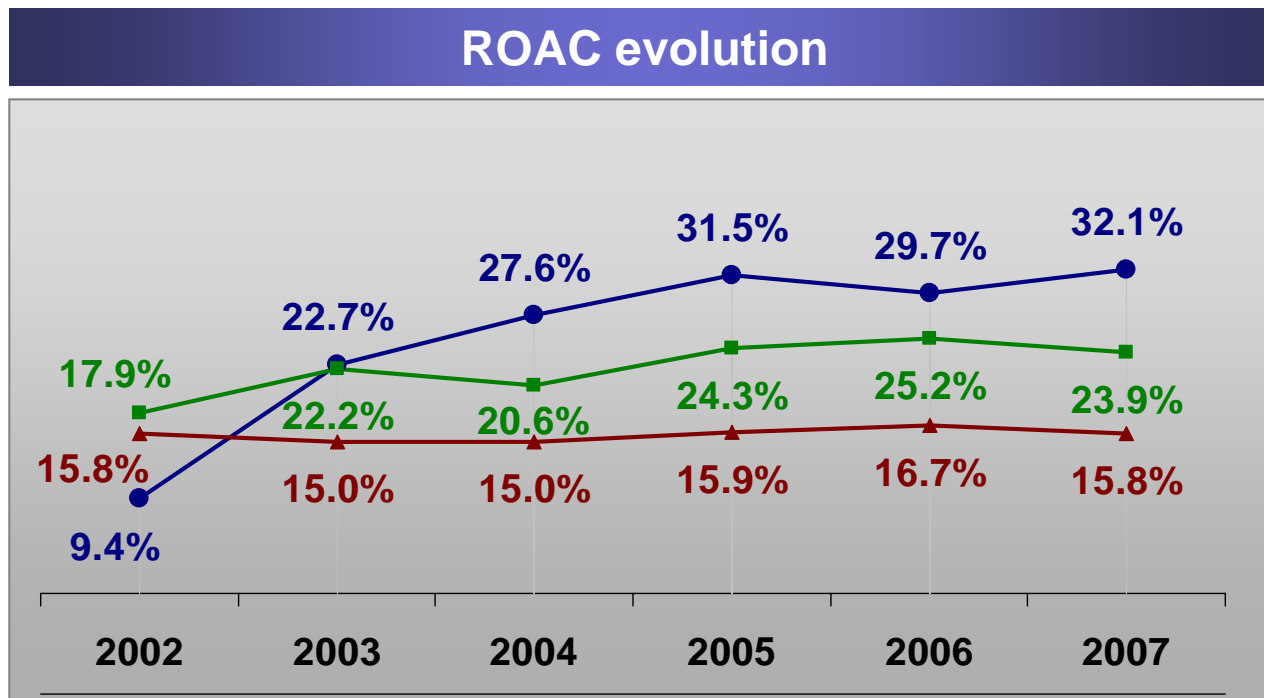
2007 Net Income Growth



4Q07/4Q06 Net Income Growth



► Industry-leading profitability

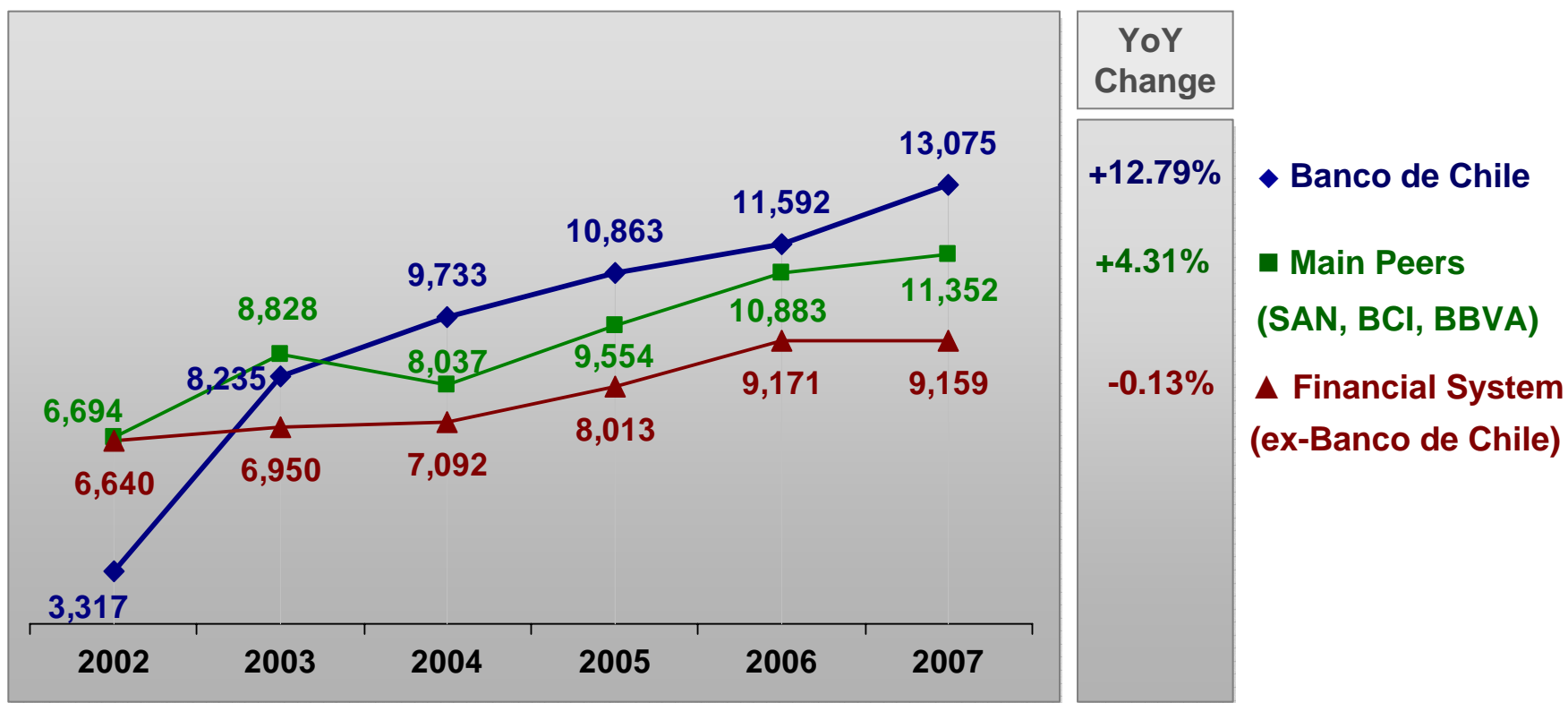


- Banco de Chile
- Main Peers (SAN, BCI, BBVA)
- ▲ Financial System (ex-Banco de Chile)

■ Banco de Chile shows the highest annual return on capital in the banking system.

Higher growth on market share yield

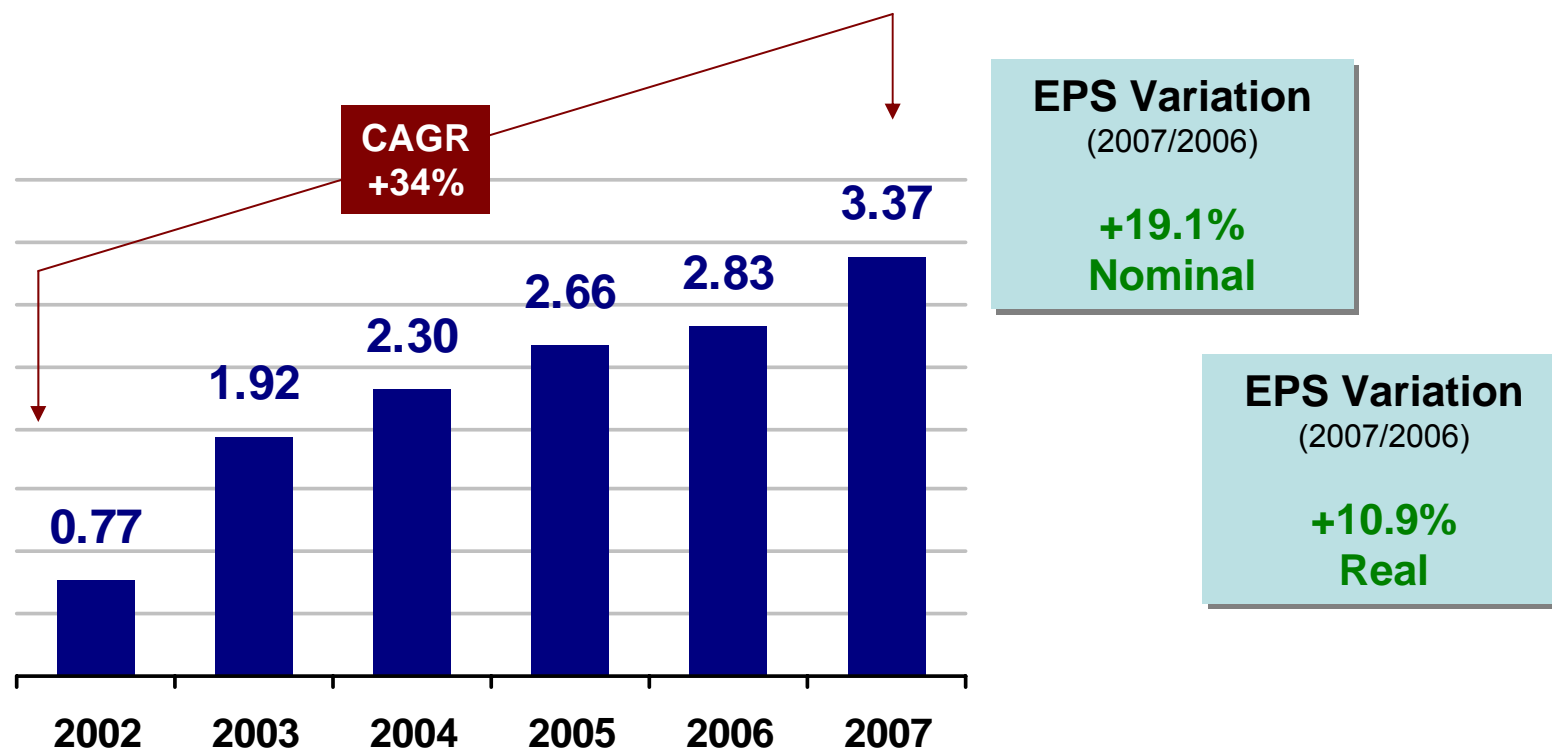
Net income from 1% Market Share



(Millions of Ch\$ as of December 2007)

Earnings per Share

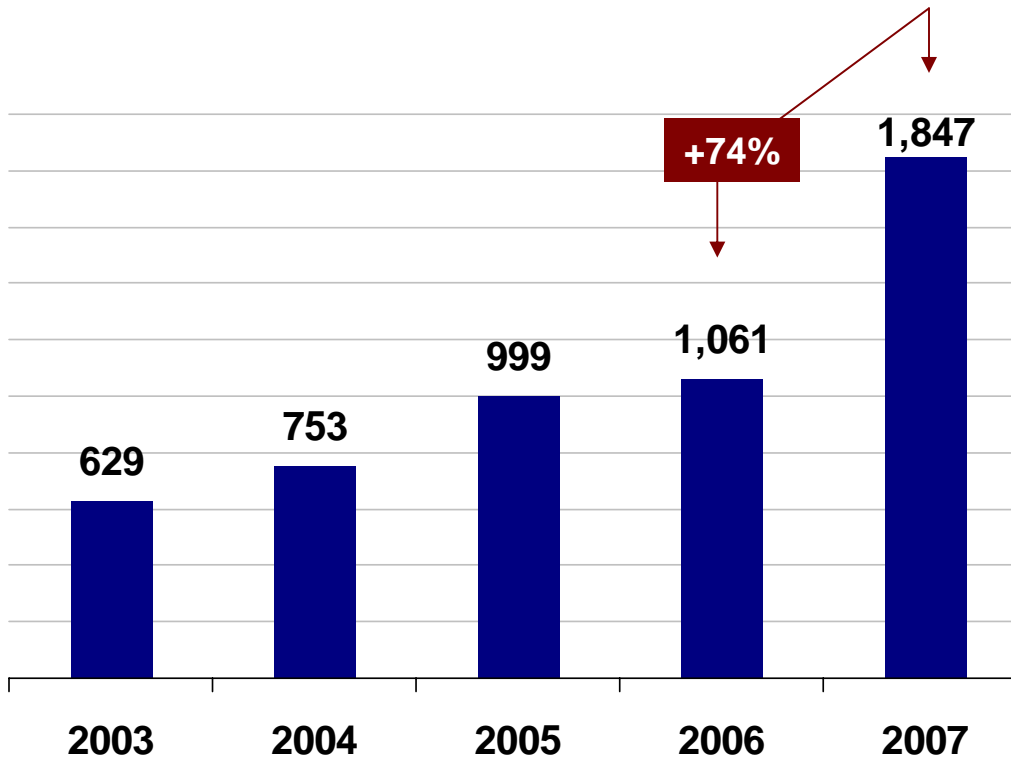
(Ch\$ of December of each year)



- Despite an increase of 4.3% in the total number of shares in the last year, EPS increased by 10.9% in real terms.

▶ Traded Volume (Share + ADS)

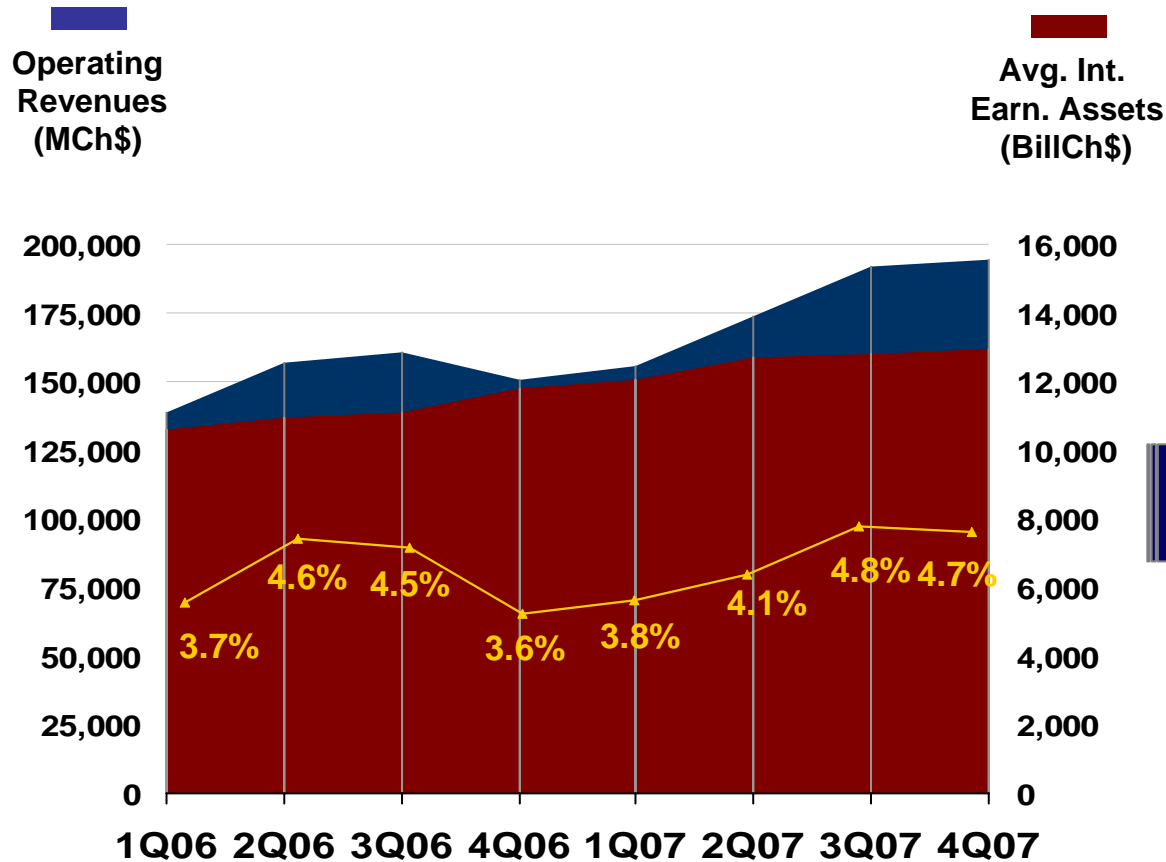
(Daily average in nominal Ch\$ million)



- The daily average traded volume in shares and ADRs of Banco de Chile has increased by 74% in the last year.

- ADRs represent 22.5% of the daily traded volume.

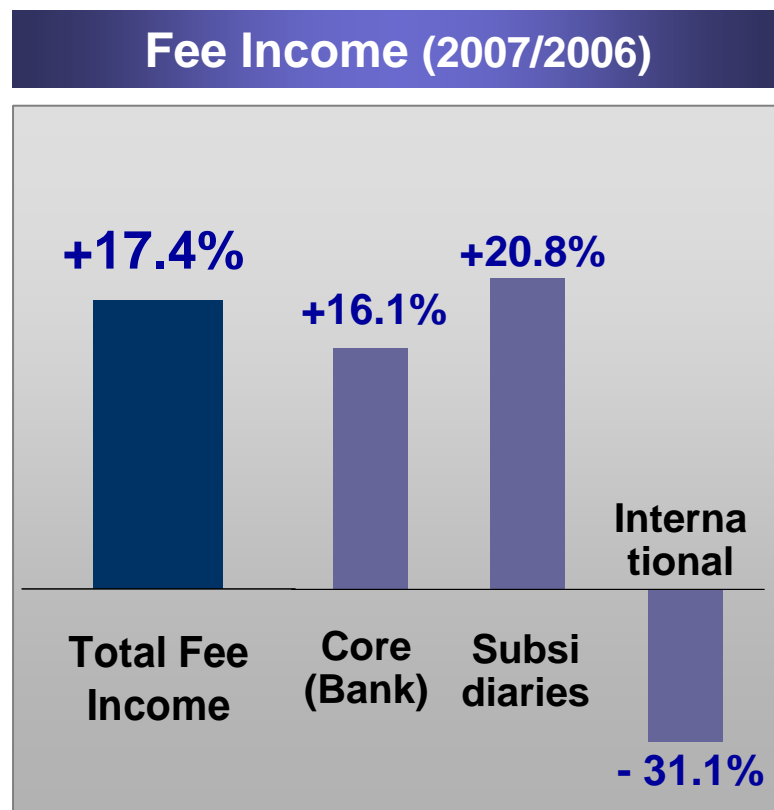
Operating Revenue & Average Interest Earning Assets



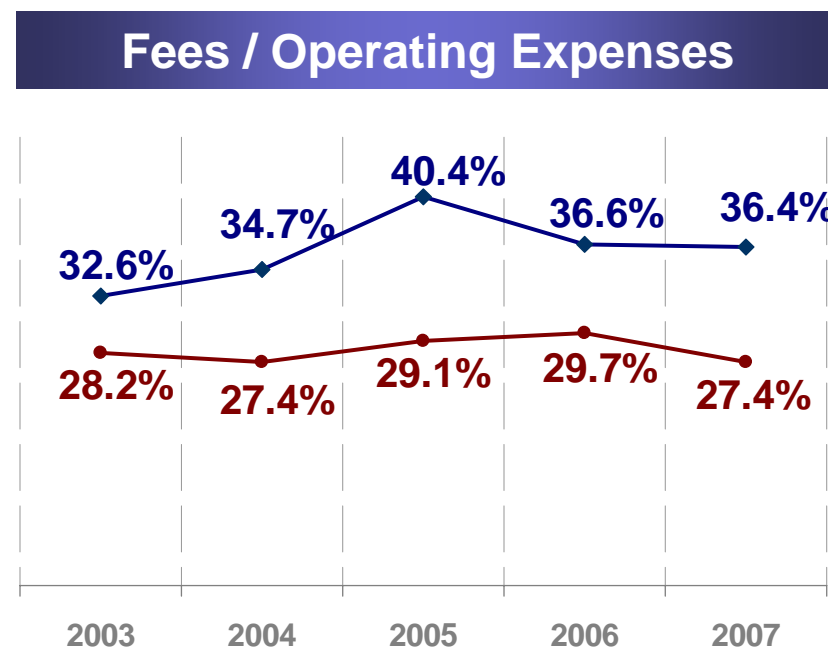
(Figures as of December 2007)

	Chg. YoY	Chg. QoQ
Operating Revenues	29.2%	1.4%
Avg. Int. Earn. Assets	10.0%	1.1%
Net Financial Margin	110 b.p.	-10 b.p.

▶ Enhancing Fee Income



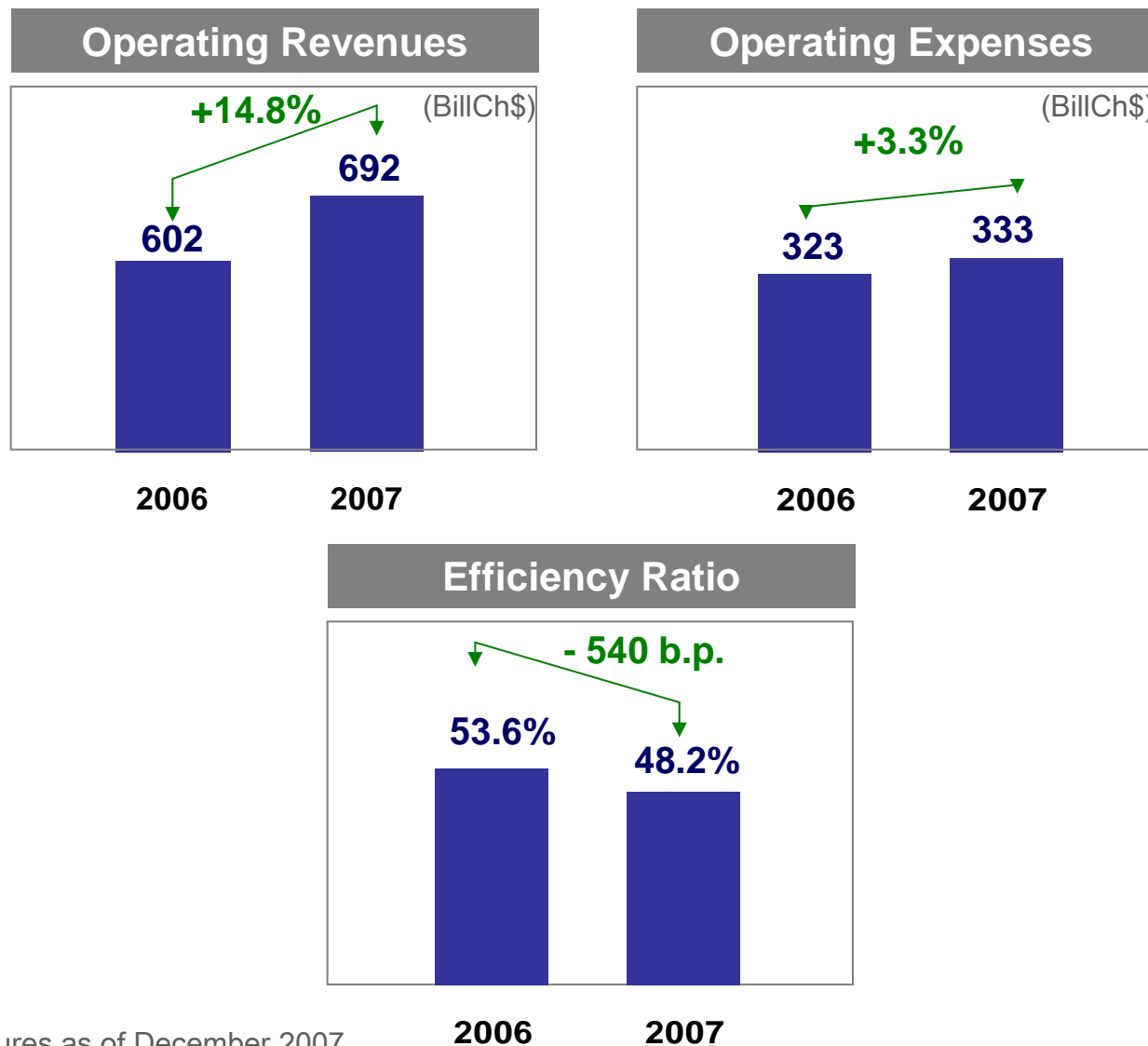
(Consolidated figures)



Source: SBIF (Unconsolidated figures)

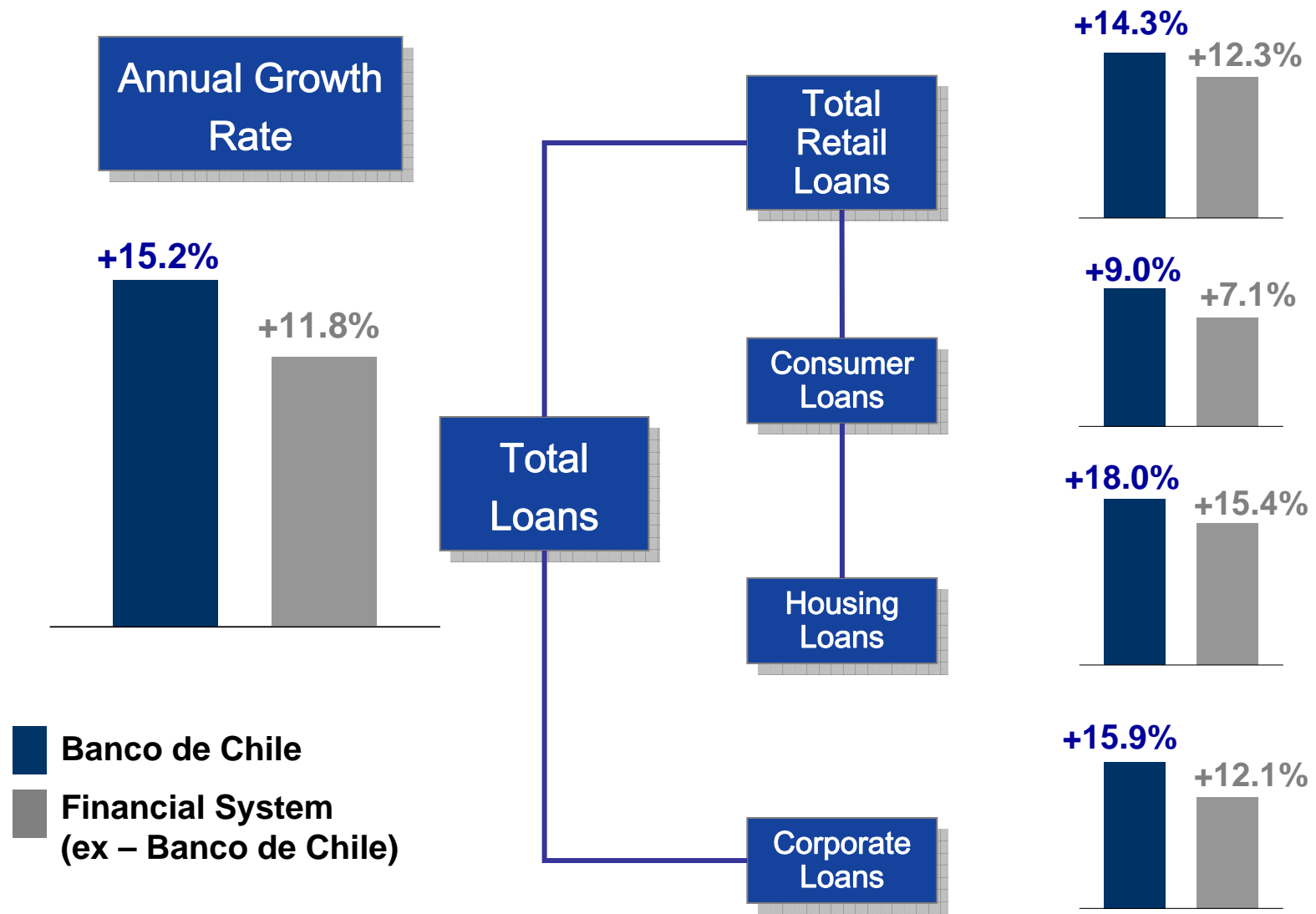
- ◆ Banco de Chile
- Financial System (ex-Banco de Chile)

Improved Efficiency

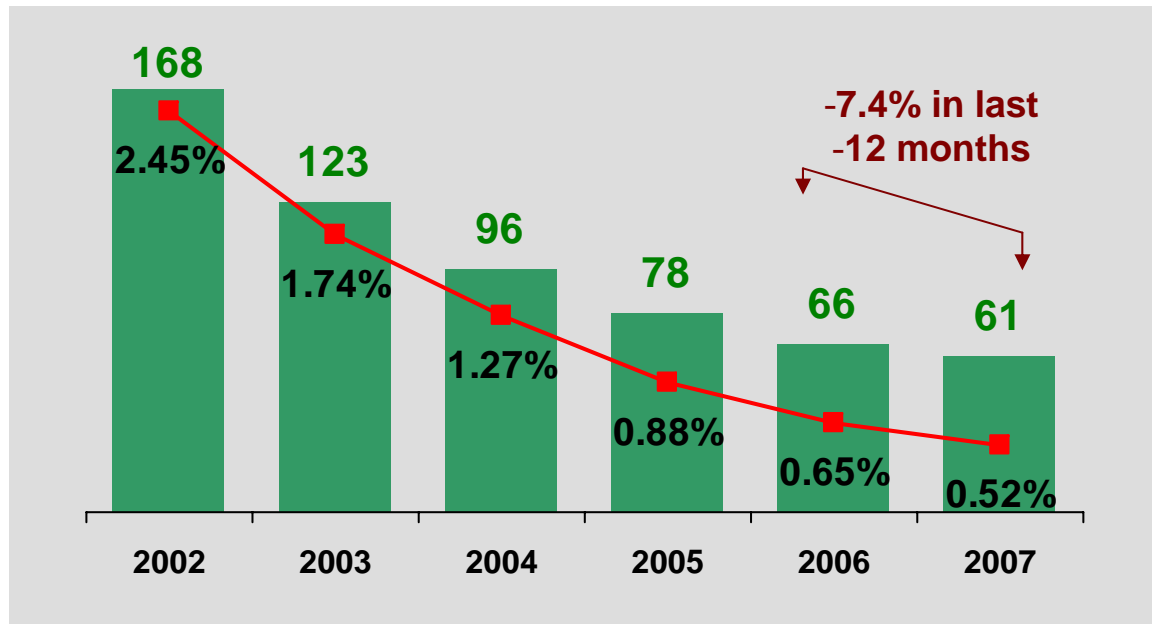


Consolidated figures as of December 2007

Loan Growth: strengthened synergies in all markets



Reduction in Past Due Loans



■ Past Due Loans
(Billions of Ch\$ of Dec'07)

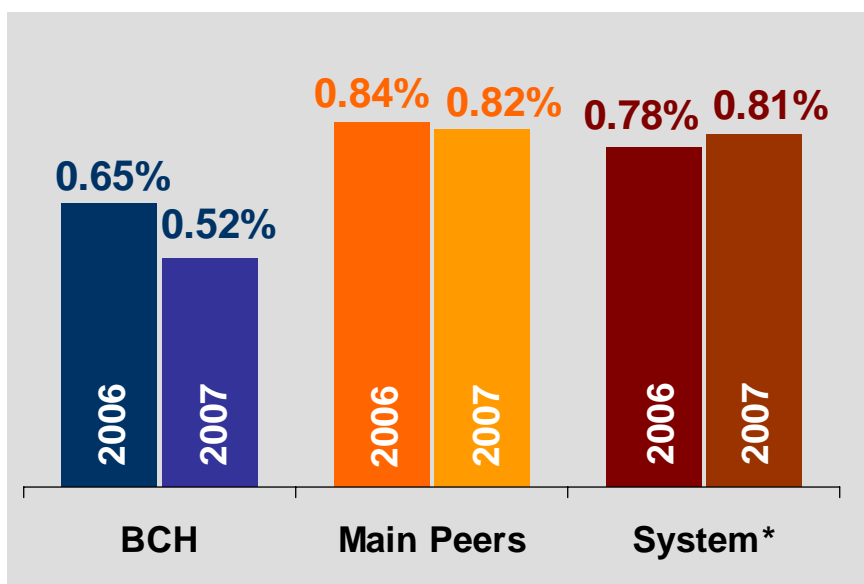
■ $\frac{\text{Past Due Loans}}{\text{Total Loans}}$

- Further improvement in the past due loan ratio in spite of an increase in higher risk exposure.

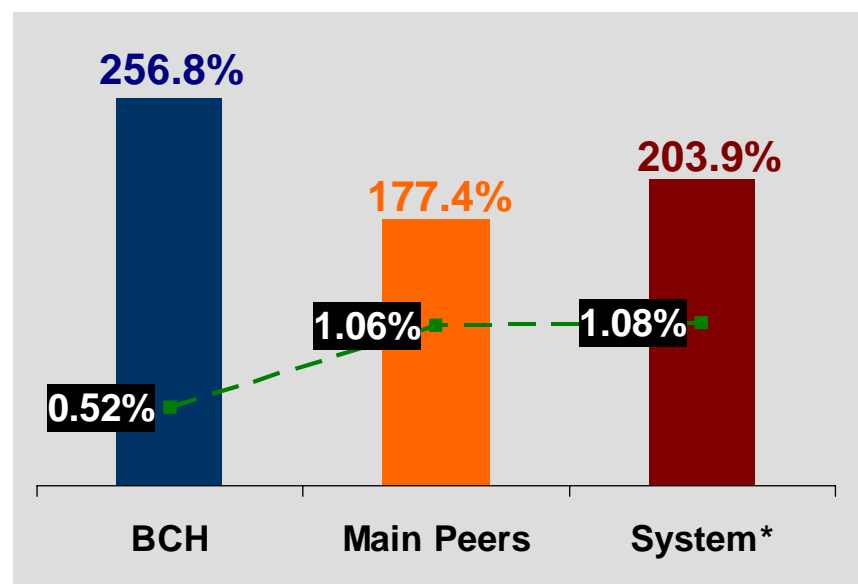
(Consolidated figures)

▶ Outstanding Credit Quality

Past Due Loans / Total Loans (%)



Allowances / Past Due Loans (2007)



--- Net Provisions / Average Net Loans

Unconsolidated figures.

* System ex – Banco de Chile

► **The merger with Citibank Chile narrows gaps and enhances our competitive advantages.**



▶ **Global Services to Corporate Clients and Individuals: know-how transfer.**

Citi in Latin America

- ✓ Presence in 24 countries
- ✓ Over 2.100 branches
- ✓ 13.000 Corporate Clients
- ✓ 17 million Retail Customers
- ✓ 9 million Credit Cards



Added Value

- ✓ Leadership in Corporate Banking
- ✓ Growing presence in Retail Banking
- ✓ Strong customer recognition and brand loyalty
- ✓ First place in Net Income within the region

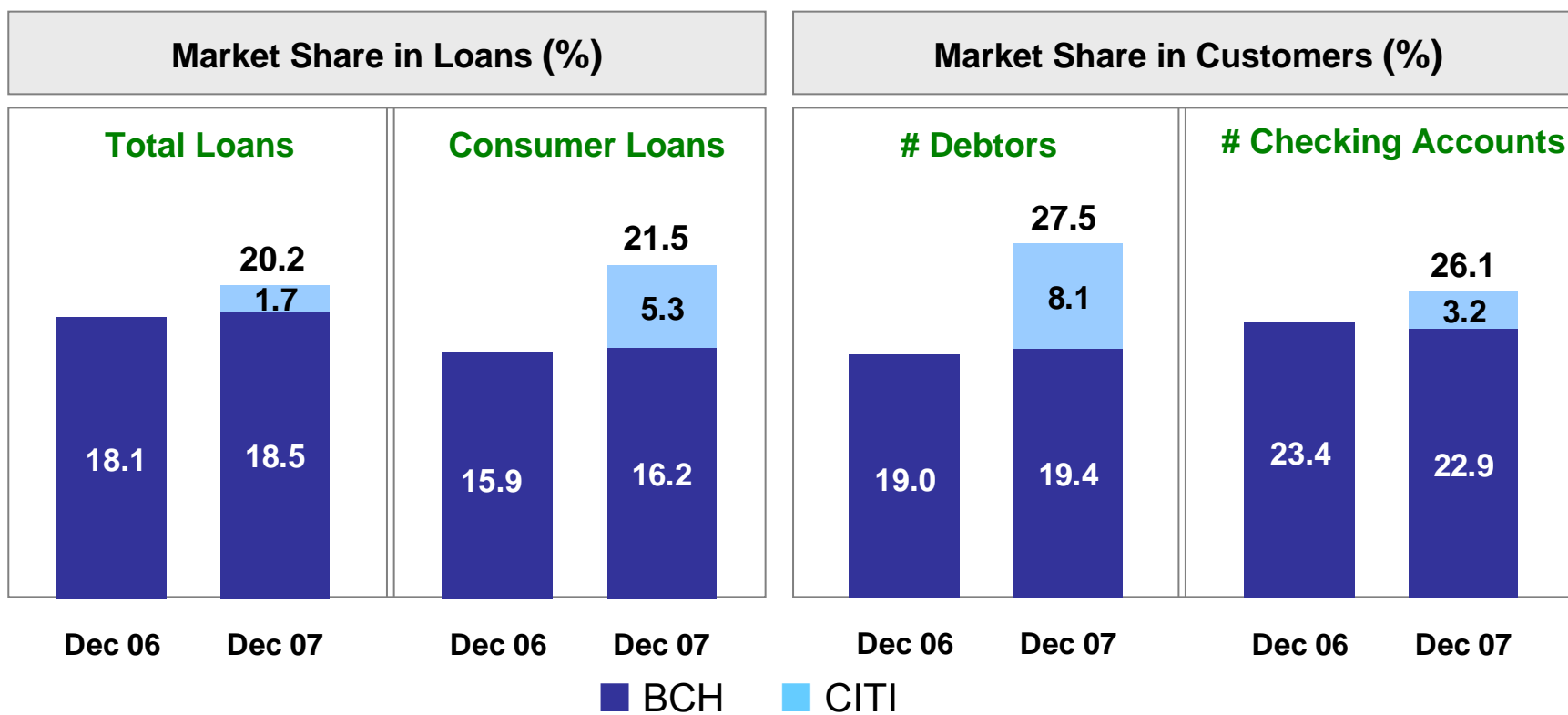
Market focused Brands



Increase in Business Volume and Retail

Customer Base

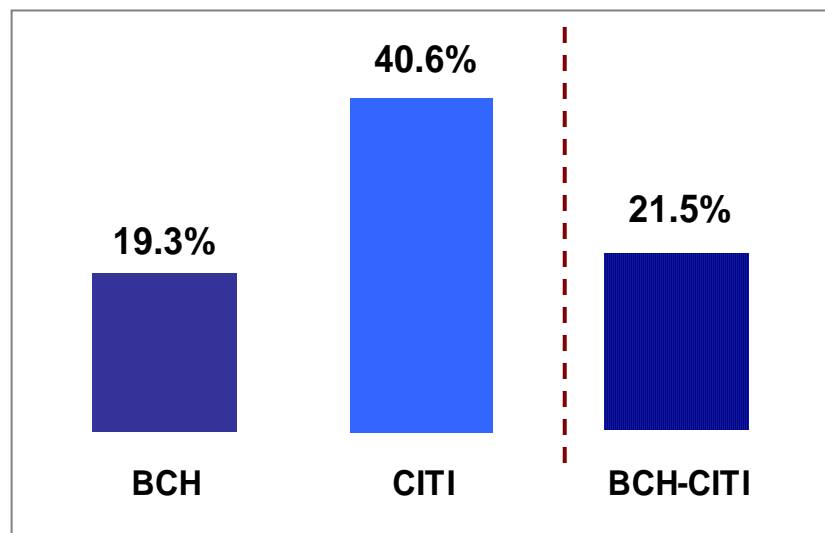
- ✓ Market Share gains.
- ✓ Stronger presence in the retail segment.
- ✓ Increased profitability in the asset portfolio.
- ✓ Enhanced base of customers, debtors and checking account holders.



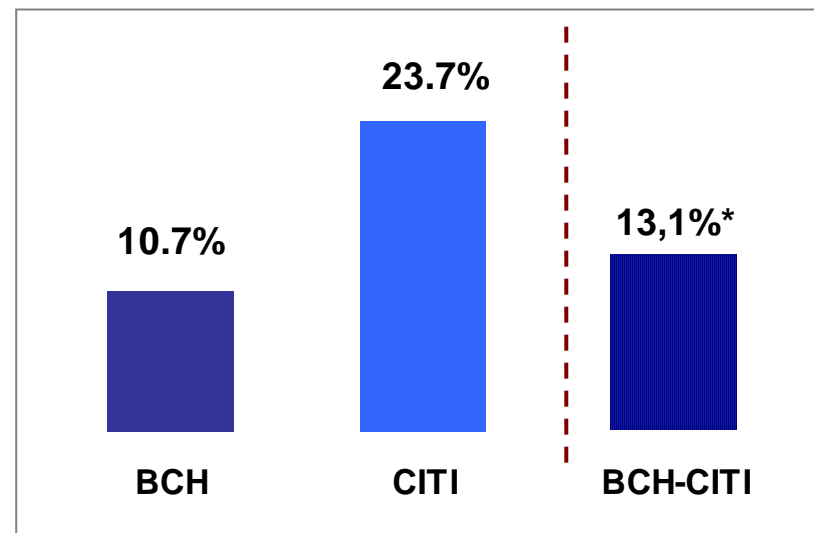
Improved Funding Structure and Equity Base

- ✓ Increased share of demand deposits in the liability mix.
- ✓ Stronger Capital base to sustain future growth.

Demand Deposits / Avg. Loans



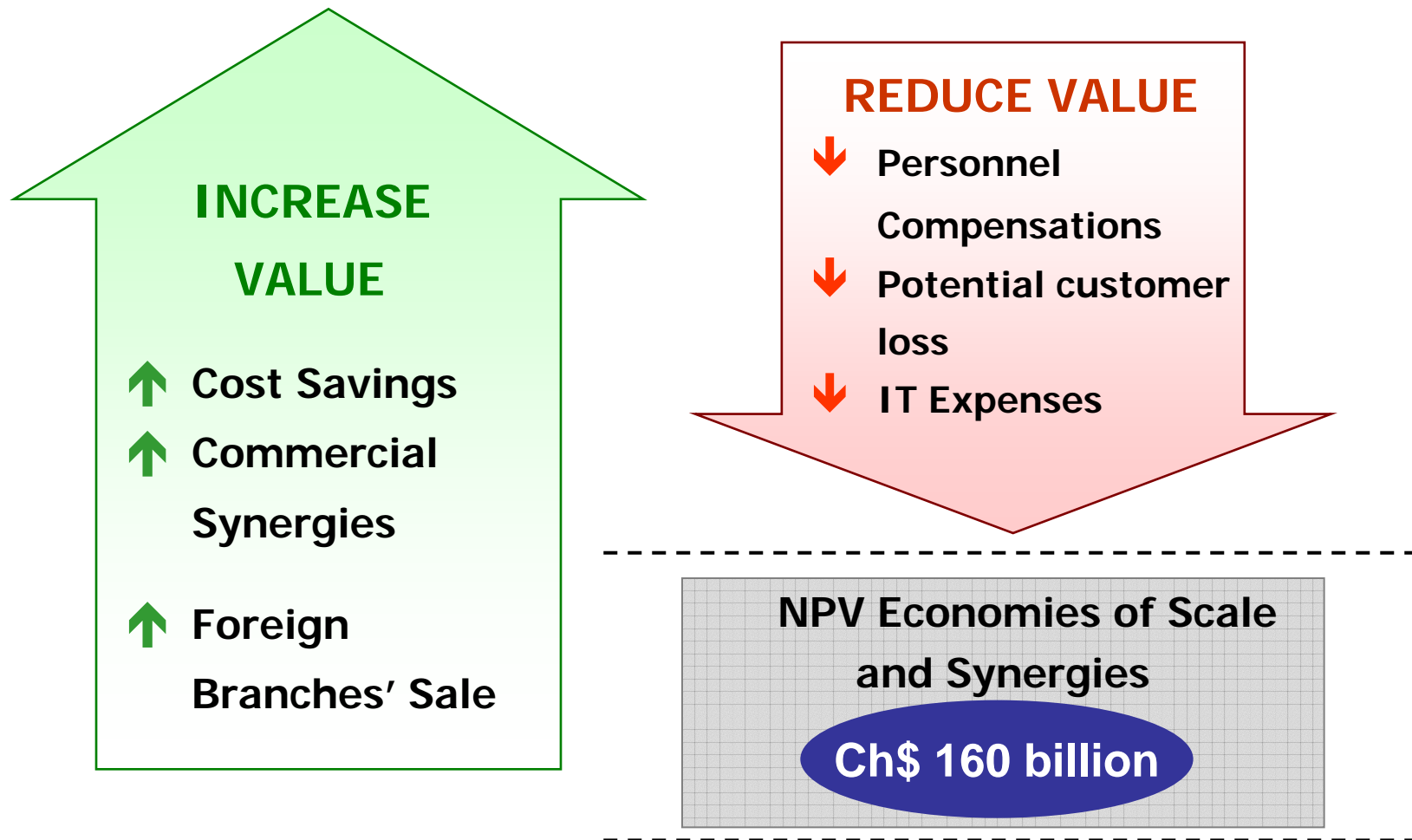
Total Capital / Risk Adjusted Assets



* Includes margin of subordinated bonds

(figures as of December 2007)

Economies of Scale and Synergies



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.