

BANCO DE CHILE DURING 2002

RETAIL BANKING

The year 2002 was a period of important strategic decision-making and multiple adjustments to the Bank's structure that services individual customers. Notwithstanding these considerations, proposed targets were satisfactorily achieved during the period. Seeking to prevent customer migration to the greatest extent possible, special efforts were made to achieve desired targets, developing to that effect campaigns to ensure customer loyalty, the results of which greatly exceeded projected rates. The incorporation of new customers more than offset migration. Retail banking recorded a 7 percent annual growth rate in terms of lending volumes, with a notable 20 percent plus growth in consumer credits and growth in excess of 7 percent in mortgage loans.

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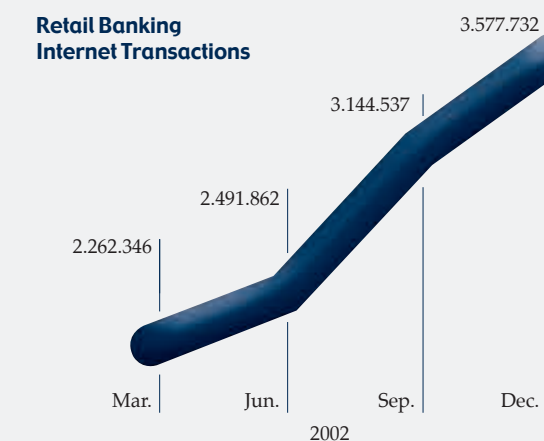
The decision of keeping two distinct brand names for customer service in Retail Banking meant operating a network of branches comprised by Banco de Chile and Banco Edwards branches. The impact of such approach was a new organizational structure for the Division, with a specific value proposal for each market segment, which seeks to boost our business efforts, quality of service and process agility while assuming minimal risks. In this context, the concept of Private Retail Banking was strengthened and Banca Joven was restructured, incorporating specialized accounts executives and service centers with distinct lay-outs, image and customer service models.

During the 2002 summer season and under the concept "That Chile You Want", our Bank organized live performances of the rock band La Ley at the main beach resorts in the country, in an effort to project the image of a cool, people-oriented banking institution. Likewise, since mid-march, Banca Joven of Banco de Chile went to the main university campuses around the country, installing modern, advanced technology booths to promote products and services that Banco de Chile has especially developed for future professionals.

In addition to the above, and for purposes of providing a better and more specialized service to our individual customer base, some customers were transferred to different banking divisions so as to place them in the segment that best represents them as regards financial service needs.

In the field of product development, the following were launched to the market: Voluntary Retirement Plan, various Endowment Assurance schemes, Interest-bearing Current Accounts, Variable Rate Mortgage Loans in pesos and UF, and numerous Credit Cards services and new e-banking functionalities.

Concerning credit cards, the Safe Payment system was launched in March. This system allows customers to pay international purchases made via Internet through virtual numbers that are used on a one-time basis. The Retail Banking



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During 2002, Banco de Chile opened new service points, among which we may note the branch located in Ancud, where our Bank had no presence, and two branches located in important regional trading centers, namely Quilpué-Plaza del Sol and Talca-Plaza del Maule.



Several sales campaigns were carried out during the year, the results of which were important business volumes. These reflect successful business management efforts. Among such campaigns were the consumer credit campaign, the mortgage loan campaign, and the new current account campaign.

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Industry launched the Automated Bill Payment system, where payment is charged to credit cards, offering customer a convenient and handy service. In April, Mundo Edwards customers were included in Travel Club, the most successful travel co-branding in the country; and later, in August, we launched the virtual Travel Club Duty-Free store, to extend program benefits.

Several sales campaigns were carried out during the year, the results of which were important business volumes. These reflect successful business management efforts. Among such campaigns were the consumer credit campaign, the mortgage loan campaign, and the new current account campaign. In each case, figures obtained therefrom greatly exceeded proposed targets.

Also during 2002, we carried out some joint campaigns with our Mutual Funds, Stock Brokerage, Insurance Brokerage and other subsidiaries. Such campaigns resulted in more customers and higher business volumes.

We should not fail to mention the new Internet services that were put in operation during 2002. Among them are the instant current account statement, which includes a display of cashed checks and deposit vouchers; a facility to retrieve past bank statements (up to twelve months in the past); a new presentation format for credit card statements; enquiries on not-yet-billed credit card transactions; on-line payment of transactions charged in US dollars; and e-payment of utility bills. In addition, great emphasis was placed on the development of new automated telephone-based services, such as payment of utility bills, e-transfers, on-line around-the-clock banking emergency service, home delivery of checkbooks, current account mini-statement, and payment of consumer credits.



*Highly successful was the August 2002 launching of Duty-Free by Travel Club, a virtual store for the exclusive use of Travel Club members, where under Program Benefits were extended to Banco de Chile card holders.*