

**Comments on results for the
fourth quarter and 2008 year-end
presented by
Pedro Samhan, Chief Financial Officer.
January 30th, 2009**

Good day to all of you and thanks for participating in today's call. It is a pleasure for me to share with you our comments on Banco de Chile's results for the 2008 fourth quarter and year-end.

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.

If you now turn to **slide number 2**, an outline on the subjects to be covered today is provided. In the first place, I intend to briefly go through Banco de Chile's 2008 results, focusing on the last quarter and on the main drivers behind our quite outstanding annual net income and profitability.

Then, we will expand on credit quality, liquidity, funding structure and capital base and share some insight on what our expectations appear to be regarding activity and performance for 2009.

Within a sustained and widespread deterioration of the economic scenario, heavily weighing on the international arena and now starting to gain momentum on the domestic side, Banco de Chile's strong results for the year speak of our solid fundamentals enhanced by the advantages brought forth by the merger with Citibank Chile.

As can be seen in **slide number 3**, Banco de Chile's net income for 2008 stood in excess of 272 billion pesos, involving an increase of 3.3% in real terms over the 2007 result for the Bank on a stand alone basis. This figure, contributed by 27.4% to the total net profit of the banking system, a much larger share than the 19.4% portion of the market represented by our loans.

It should be noted, however, that on a proforma basis, which involves the combined figures of Banco de Chile and Citibank Chile branch previous to January 1st 2008, the Bank's net income for 2008 experienced a yearly reduction of 5.4% in real terms, mostly due to the fourth quarter lower result by 35% on a year-on-year combined basis.

In spite of this slowdown, Banco de Chile was able to stand out as one of the most profitable banks in the Chilean system as shown in **slide number 4**. The 22.4% Return on Capital, exceeds by 130 basis points the average ratio for our main peers and by 10 hundred basis points that of the system's average.

Moving on to **slide number 5**, it also seems interesting to note that in spite of a rather eventful year, not only on a global perspective but also considering the strong effort involved in the incorporation of Citibank's Chile operation, the Bank was able to keep in place a business model that has assured the highest yield within the industry. While persevering in our fundamentals, mainly responding to strong risk control and to the consistent focus on market segmentation, the Bank has outperformed the system - and its main peers - in terms of market share yield. A more than 14 billion pesos of annual return per each 100 basis points of market share tells of an 18.5% increase in a three-year period, on a proforma basis. This figure involves a 59% excess on top of the system's average and also exceeds the average yield of our main competitors by nearly 12%.

Slide number 6 highlights the main lines involved in the fourth quarter results. As a constant throughout the year, an important source of Operating Income can be found in the Net Financial Income level. While Total Operating Income for the fourth quarter grew by 3.8%, year-on-year, Net Financial Income was increased by 11.7%, both on a proforma basis.

As seen in **slide number 7**, the increase in Net Financial Income steps up to an almost 37% over the previous twelve-month stand-alone figure, visibly showing the powerful impact of the merger.

An improved asset mix, in the context of an almost 8% proforma annual growth over inflation in the Bank's loan portfolio; the positive impact of inflation on our enhanced UF position, build upon our Treasury's accurate and early CPI forecast; plus, increased nominal interest rates, all contributed to explain the more than 10% combined yearly growth in Net Financial Income.

On a quarter on quarter comparison, however, the 139 basis points reduction in the UF variation had the effect of negatively impacting Net Financial Margin for the fourth quarter, thus showing a reduction of 103 basis points, reinforced by the 10.5% increase in average interest earning assets. On its part, the steady, though mild, increase of 26 basis points in spreads observed since last august until December, was also unable to counterbalance the mentioned impact of reduced inflation.

As regards to Operating Expenses, and as pictured on **slide number 8**, a year-on-year increase of 12.5% against the proforma figure of 2007 was observed, mainly reflecting non-recurring expenses incurred upon during the course of the year. Two main items can be identified: on the one part, expenses related to personnel costs by the way of indemnities and compensations agreed upon with the unions following the merger, all amounting to some 44.8 billion pesos; and, on the other part, an amount of 17 billion pesos for additional loan loss provisions in view of a potential credit risk deterioration consequence of the ongoing economic slowdown. As these provisions do not respond to risk requirements on specific loans, local accounting regulations establish that they should be registered in the line of Other Operating Expenses.

Considering that these recently mentioned additional provisions were established in a relevant way on the last two months of the year, should we clean this effect, as well as the impact of merger related costs, the line of Total Operating Expenses would have shown an almost flat performance on a year to year proforma comparison, thus reflecting a strong control of core expenses, in spite of the real growth experienced by the loan portfolio.

On the Operating Revenue side, extraordinary income for a total of 48.8 billion pesos may be identified as a consequence of, both, the sale of Banco de Chile's branches in the United States required by the US regulators as a condition for the merger; and, the extraordinary income coming from the sale of Banco de Chile's participation in Visa when this company went public.

Consequently, the yearly efficiency ratio which stood to 52.3% on an all-inclusive stance, improves to 48.8% when discounting both extraordinary expenses and income, thus speaking of enhanced core revenues and merger synergies.

Let us now take a closer look to the Bank's loan portfolio and how it has focused in view of a scenario of lower activity and higher unemployment expectations. As can be seen on **slide number 9**, loans to the wholesale market have expanded along the year at a much faster pace than those granted to retail customers. Indeed, the corporate segment grew at a rhythm almost twice as fast as that of the Bank's retail portfolio, speaking of reduced demand for credit from individuals, as well as of prudent risk management in face of the wide consensus on weakening activity.

This prudent bearing on credit risks has allowed the Bank to show low levels of delinquency in absolute terms and also in relation to our peers.

As pictured in **slide number 10**, as of December, the past due ratio for Banco de Chile stood 39 basis points below the average ratio for our main peers and 48 basis points under the industry average. In our case, the year closed with a past due ratio of 0.6%, a quite flat performance all along the last two years.

This very conservative management of credit risk has not only sustained low impairment rates but has also allowed the Bank to show more modest provision requirements. Undoubtedly, these have and will increase, however, at a less vigorous pace than the rest of the industry. As shown in the slide, the ratio of net provisions established stood at 1.4% of average loans for the last quarter compared to the 1.8% and 1.7% figures shown, as average, by the rest of the system and by our main peers, respectively.

Yet, it is fair noting that, should we incorporate the additional provisions already mentioned, incurred upon by the Bank during the last quarter, the ratio of total provisions to average loans climbs to 1.8% for the fourth quarter.

Also worth noting is the high coverage that our Bank exhibits allowing us to feel well prepared to face an increasingly subdued scenario. Namely, allowances equivalent to 2.8 times the total amount of past due loans, as of december 2008, compare quite favourably to the system's figure of 1.7 times.

As may be appreciated in **slide number 11**, Banco de Chile showed, along the year and particularly during the last quarter, a cautious approach to portfolio expansion by fostering those more defensive economic sectors and slowing down those sectors with a less favourable outlook. As may be seen on the slide, our portfolio has been steering towards the corporate sector, mostly represented by the Industrial, Transportation and Telecom businesses. Conversely, areas such as Retail, Financial companies, Social and personal services, Fishery and the segment of Individuals, show a reduced participation in our portfolio, on a quarter on quarter basis.

As said, this evolution responds to the Bank's risk perception supported by the observed behaviour of the different sectors. On **slide number 12**, the evolution of risk indicators, mainly charges for provisions and past due loans, respective to total loans, have been pictured. The chart includes those more sensitive sectors where the general trend is an increase in net provisions, in the past due ratio, or in both.

As far as the Fishing sector is concerned, and as you may be aware, the salmon subsector was importantly damaged during 2008 because of the ISA virus that contaminated many of the fish farms. At the fishing industry level, the impact of this disease is all but negligible as roughly 70% of the sector's exports come from salmon, involving some 2.6 billion dollars per year at national level.

On its part, Banco de Chile is present in the salmon subsector in a lower proportion than our global market share. However, in anticipation, and as a consequence of a bearish stance towards the industry, the Bank has importantly increased the provisions related to the fishing industry establishing, as can be seen on the chart, provisions for more than 10% of the total loans to the fish sector during the fourth quarter, whereas 94% of those provisions relate to salmon farming companies.

As was likely to be expected, the past due ratio of the fishing portfolio climbed to 1.38% during 2008. In response, and as can be seen in **slide number 13**, allowances for loan losses cover the sector's past due loans more than 2.3 times. We feel comfortable when observing that the bank's portfolio is importantly covered by allowances, not only on the global amount, but also in those more vulnerable sectors.

Nevertheless, it seems just to say that our effort in building up a strong coverage for eventually impaired loans will be maintained as long as we see signs of improvement in activity levels, both locally as well as in those areas of the world where our country has developed strong commercial links.

In this sense, though the country and the financial system enjoy a very advantageous position world and regional wise as a consequence of a long record of prudential financial behavior on a macro and industry perspective, the implications of the financial crisis have spread out around the world.

In view of this, the financial authority and local regulators, early on, took measures to give financial support and liquidity to the companies and individuals as well as to facilitate, and closely monitor, the functioning of the financial system. With these precautionary actions, the Central Bank succeeded in posting the signal that enough dollar liquidity would be provided, if needed.

Further to these financial measures, on the first week of January, the Chilean government announced a 4 billion dollar stimulus package, equivalent to some 2.8% of GDP, aimed to achieving a 2009 growth rate

between 1 to 2%. As a consequence, public spending on 2009 would rise 10.7%. The package has been positively evaluated by the market as being significantly focused on the final user, namely: low income jobless youths and families; exporters through tax exemptions; credit worthy customers through stamp tax relief; employer contribution for small and medium sized companies, among others. This package is intended to create 100 thousand jobs.

On the funding side, as far as Banco de Chile is concerned, and consistent with the strong market perception that the Bank enjoys, an expected process of reallocation of funds along the system was verified and, as a result, those larger and deeply rooted banking names took advantage. As may be seen on **slide number 14**, a 42% increase in non-interest bearing liabilities was verified along this rough twelve-month period, which accounts for the mentioned market adjustment but also speaks of the inclusion of Citibank Chile branch in the Bank's book.

On its part, interest-bearing liabilities grew by 20.4% mainly as a consequence of the increase in borrowings from financial institutions. Regarding this line, and as pictured in **slide number 15**, borrowings from foreign banks expanded by 90% as a consequence of both organic growth and the incorporation of the dollar asset book coming from Citibank Chile which required the respective funding. This was amply obtained from Banco de Chile's correspondent banks, in very good terms as regards to financial conditions and tenor. It should be noted that along the last tough quarter, a 19% increase in foreign loans was verified.

Along with the strength in our funding structure, and as pictured in **slide number 16**, it is important to highlight Banco de Chile's solid capital base, with Capital and Reserves reaching 1.9 billion dollars after an increase of more than 38% year-on-year. As of last December, Total Capital ratio stood at 11.7% with a high proportion of Basic Capital involving 6.6% of Total Assets, thus eventually allowing an important increase of total capital through the potential issue of subordinated bonds, should it be required.

It may be interesting to mention that, although the Bank importantly exceeds the regulatory adequacy ratios, as a consequence of the new IFRS accounting rules, price level adjustments were eliminated. This brings forth the effect that, in relative terms, the UF asset portfolio will no longer be supported by capital to be adjusted in equal terms. Consequently, should the Bank wish to maintain the dividend amount to be received by shareholders, the Bank should decrease the pay out ratio.

A second, though more volatile effect of the eradication of price level adjustments, relates to the fluctuation of the UF. On this occasion, for the current month of January and part of February, the recent negative inflation registered in December will boost the eventual long UF position - as non-adjusted capital will no longer balance this position - thus intensifying the negative impact on profit on the mentioned periods.

As far as capital requirement is concerned, and as has been mentioned in other calls, during 2008 the Bank has been complying with the minimum regulatory provisions for future dividends in the amount of 70% of net income. The final amount to be distributed will be soon decided by the Board and proposed to the shareholders to be approved in the regular annual Shareholder Meeting to be held on March.

PLEASE NOW OPEN THE LINES FOR QUESTIONS

Banco de Chile



**Results for the
Fourth Quarter of 2008**



hosted by

**Pedro Samhan
Chief Financial Officer**



January 30, 2009

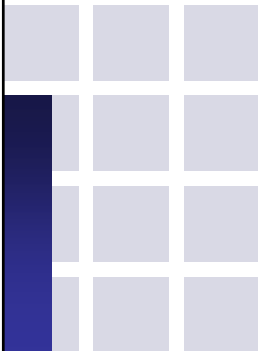


BCH
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NYSE



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Banco de Chile



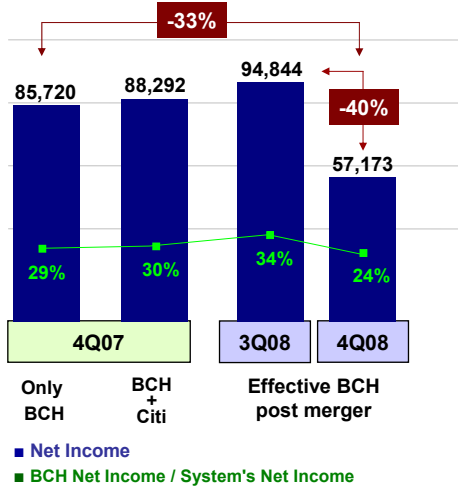
- Results for 2008: quarterly annual income and returns.
- Credit quality.
- Funding and liquidity.
- Capital base.

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del Banco de Chile

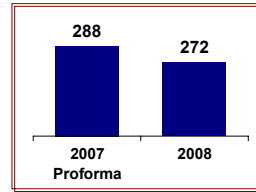
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del Banco de Chile

Net Income

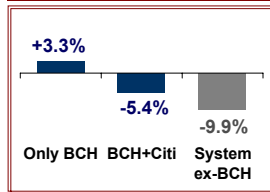
(Billions of Ch\$ as of December 2008)



BCH Annual Net Income



'08/'07 Net Income Growth



Banco de Chile's profitability in the system

Banco de Chile ROC evolution

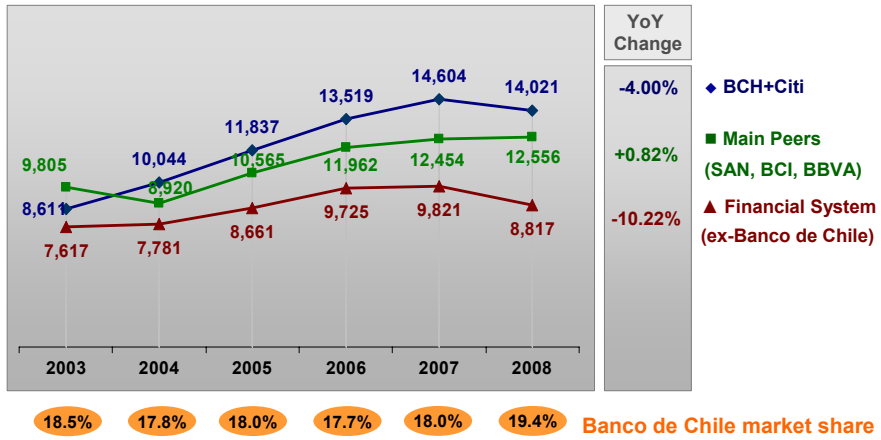


- Banco de Chile (includes Citi)
- Main Peers (SAN, BCI, BBVA)
- ▲ Financial System (ex-Banco de Chile)

Source: Superintendency of Banks and Financial Institutions

Market share yield

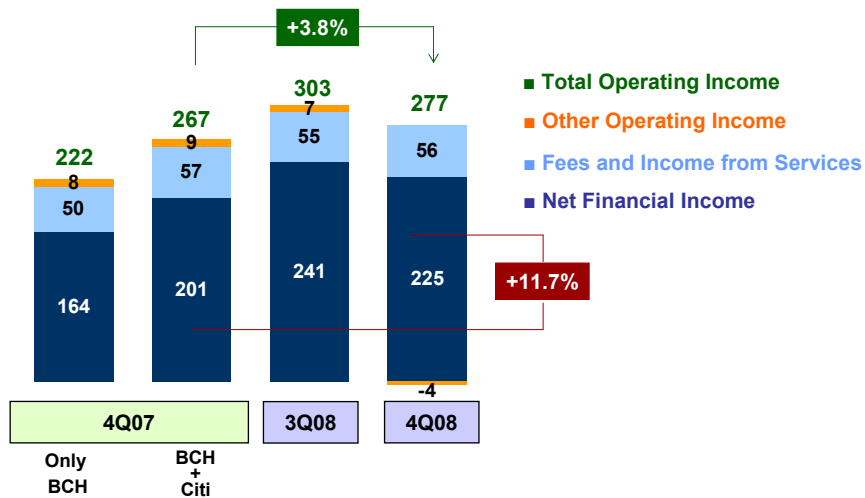
Net income from 1% Market Share (Mill. Ch\$ of Dec. 2008)



Source: Superintendency of Banks and Financial Institutions

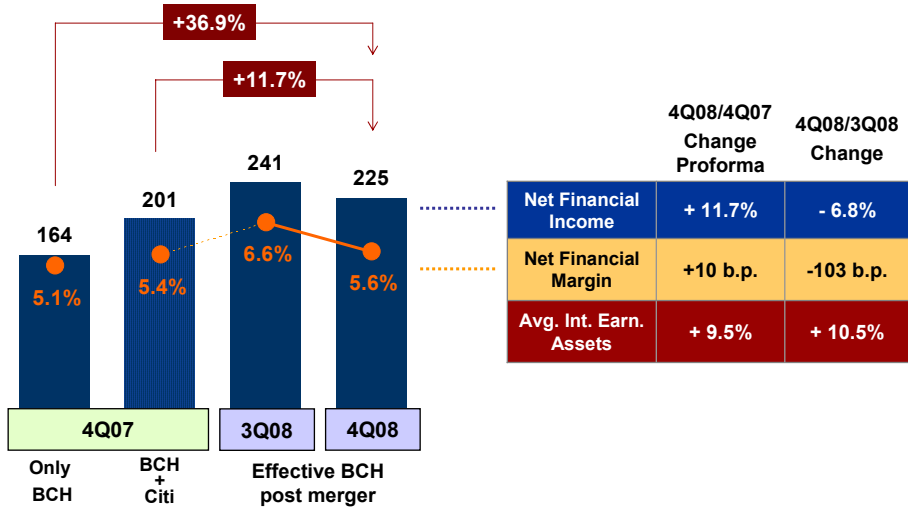
Quarterly Operating Income

(Billions of Ch\$ as of December 2008)

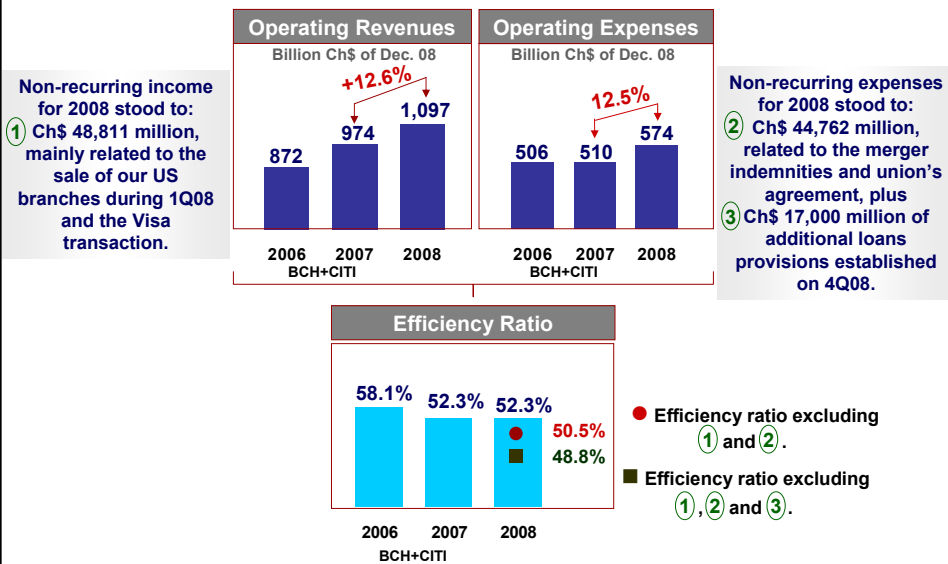


Strong Financial Income for the quarter

(Billions of Ch\$ as of December 2008)

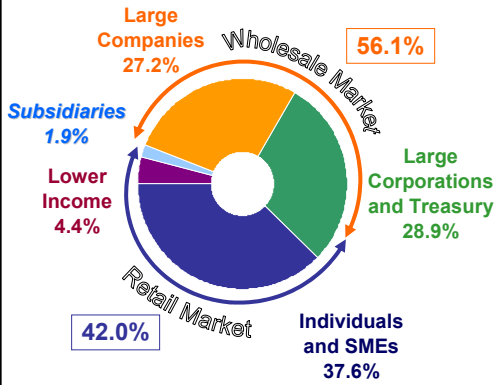


Improved efficiency performance



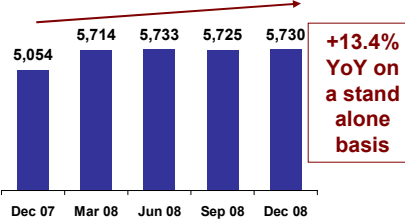
A balanced loan portfolio (as of December 2008)

Loan Allocation per Segment



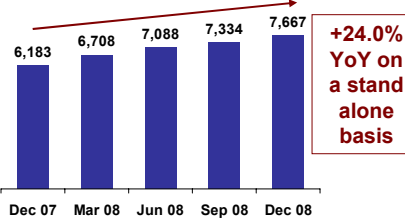
Retail Market

Billion Ch\$ of Dec. 08



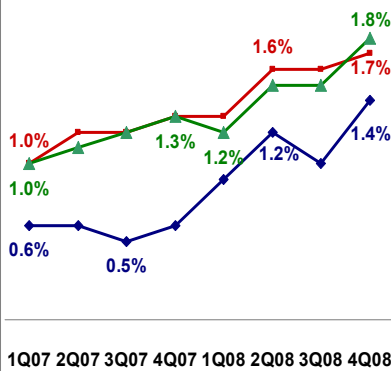
Wholesale Market

Billion Ch\$ of Dec. 08

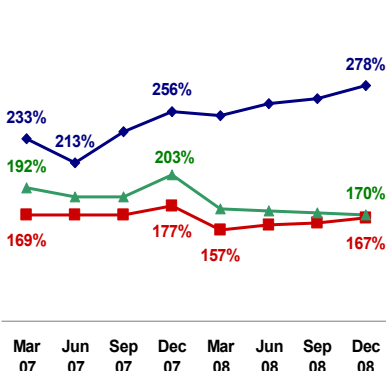


Comparative credit quality

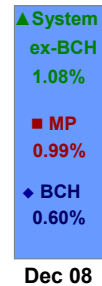
Provision for loan losses / Avg. Loans



Allowances / Past Due Loans



Past Due Loans Total Loans



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

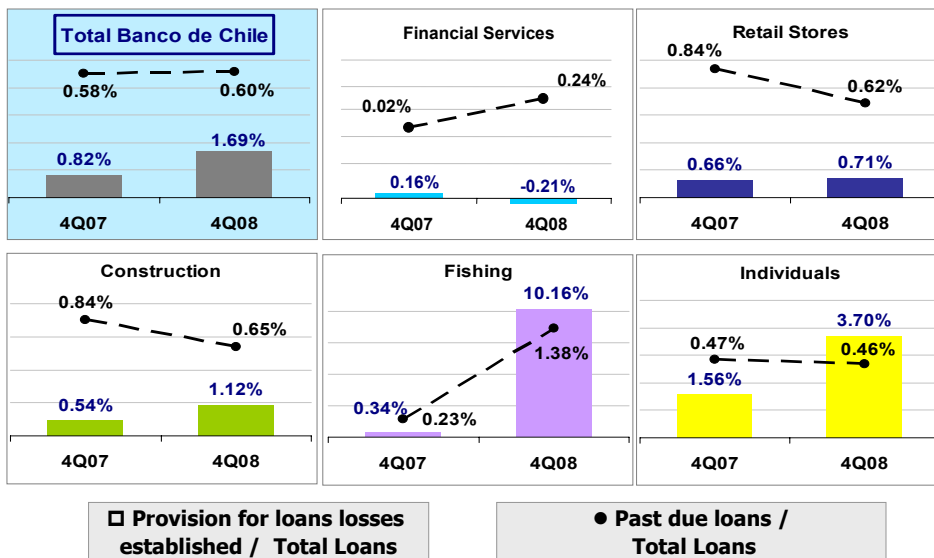
Source: Superintendency of Banks and Financial Institutions

Loan portfolio adjustment in more sensitive economic activities

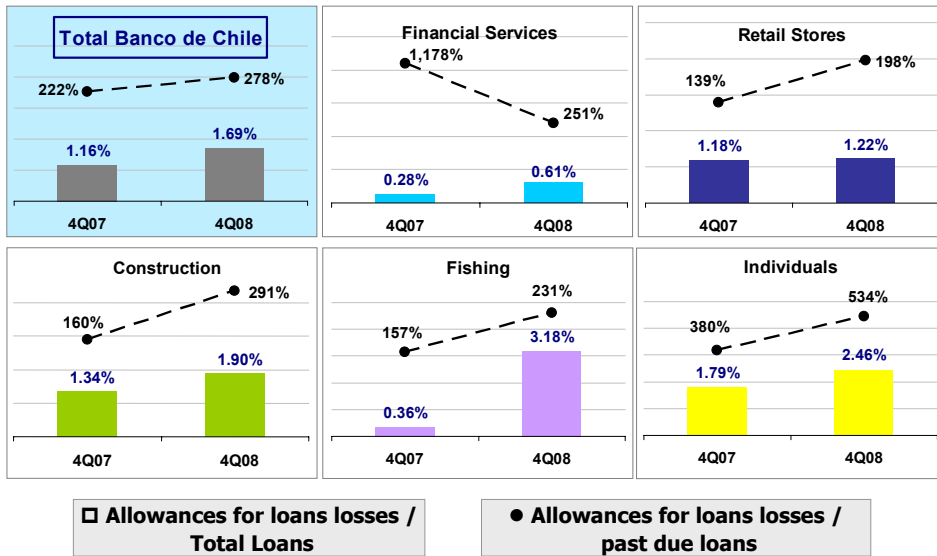
Loan allocation per economic activity	December 2008
Financial Services	12.9%
Retail Stores	13.5%
Industrial	8.4%
Construction	6.1%
Forestry & Agriculture	6.5%
Social & Personal Services	4.6%
Transport & Telco	6.8%
Fishing	2.7%
Individuals	28.8%
Others	9.7%

Sep '08 to Dec '08 Reduced Exposures	
Financial Services	- 40 b.p
Retail Stores	- 10 b.p
Construction	- 20 b.p
Social & Personal Services	- 10 b.p
Fishing	- 10 b.p
Individuals	- 20 b.p

Asset quality by sector: provisions and past due



Asset quality by sector: risk and coverage



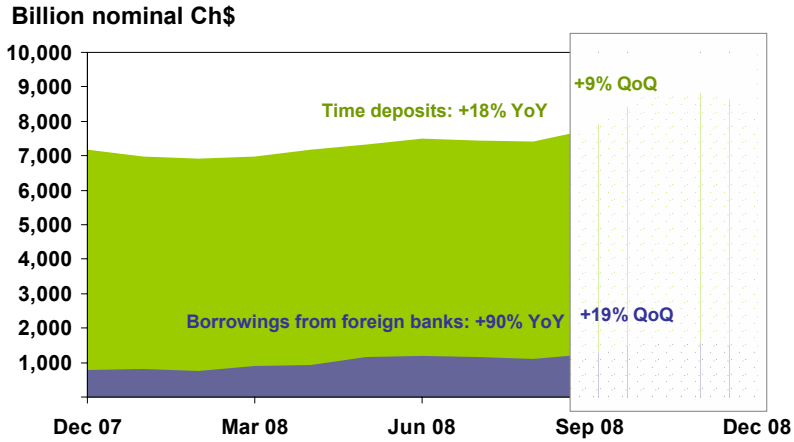
Improved funding structure

- Almost 26% annual expansion in total liabilities as consequence of the customer base growth; 19% increase in checking accounts and in time deposits.
- Non-interest bearing liabilities grew at a higher pace than interesting bearing liabilities (42% v/s 20%)

(in millions of Ch\$ of Dec. 2008)	2007*	2008	YoY Change
Non-interest Bearing Liabilities	3,123,099	4,444,605	42.3%
Checking accounts and demand deposits	2,735,681	3,007,261	9.9%
Derivate instruments	130,856	862,799	559.3%
Transactions in the course of payment	75,801	141,989	87.3%
Other	180,761	432,556	139.3%
Interest Bearing Liabilities	10,283,705	12,386,092	20.4%
Saving accounts and time deposits	7,134,228	8,472,590	18.8%
Securities sold under repurchase agreement	386,794	420,658	8.8%
Borrowings from financial institutions	933,631	1,498,549	60.5%
Mortgage Finance Bonds	432,696	350,428	-19.0%
Subordinated Bonds	486,124	555,576	14.3%
Other Bonds	841,580	994,583	18.2%
Other	68,652	93,708	36.5%
Total Liabilities	13,406,804	16,830,697	25.5%

*Banco de Chile on a stand alone basis.

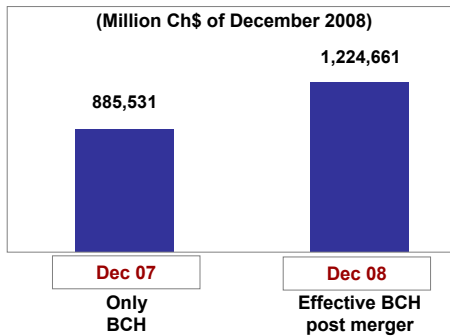
Diversified and Stable Funding Structure



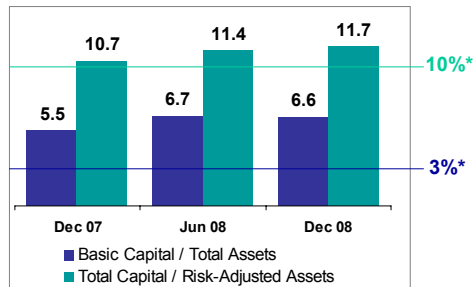
A strong Capital Base with high growth potential

- Banco de Chile's capital base increased 38% YoY, ensuring future growth capacities.
- The high proportion of basic capital gives enough space to additional issues of subordinated debt, should it be necessary.

Capital + Reserves



Capital Adequacy Ratios (%)



*SBIF regulatory requirements.

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 later events or circumstances or to reflect the occurrence of unanticipated events.