

BANK OF CHILE
Form 6-K
April 29, 2005

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN ISSUER
Pursuant to Rule 13a-16 or 15d-16 of the
Securities Act of 1934

For the month of April, 2005

of Chile, Bank

(Translation of Registrant's name into English)

Chile

(Jurisdiction of incorporation or organization)

Ahumada 251

Santiago, Chile

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No

(If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g-3-2(b): 82-____.)

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BANCO DE CHILE
REPORT ON FORM 6-K

Attached is an English translation of:

a) A press release published by Banco de Chile in local newspapers on April 29, 2005, regarding consolidated financial statements for the three months ended March 31, 2005.

b) A Press Release issued by Banco de Chile (the Bank) on April 29, 2005, regarding financial statements for the three months ended March 31, 2005.

Banco de Chile and Subsidiaries

**Consolidated Financial Statements
as of March 31, 2005 and 2004**

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BANCO DE CHILE AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS AS OF MARCH 31,
(Expressed in million of Chilean pesos)

| ASSETS | 2005 | 2004 |
|--|--------------|--------------|
| | MCh\$ | MCh\$ |
| CASH AND DUE FROM BANKS | 898,928.2 | 1,020,304.9 |
| LOANS: | | |
| Commercial loans | 2,944,866.2 | 2,698,205.5 |
| Foreign trade loans | 621,956.9 | 641,193.8 |
| Consumer loans | 739,263.0 | 629,799.2 |
| Mortgage loans | 752,449.8 | 1,103,797.8 |
| Leasing contracts | 362,382.3 | 288,156.1 |
| Contingent loans | 557,737.7 | 447,248.7 |
| Other outstanding loans | 1,016,747.1 | 519,374.5 |
| Past due loans | 87,295.7 | 109,428.5 |
| Total loans | 7,082,698.7 | 6,437,204.1 |
| Allowance for loan losses | (148,932.9) | (181,705.4) |
| Total loans, net | 6,933,765.8 | 6,255,498.7 |
| OTHER LOANS: | | |
| Interbank loans | 2,722.5 | 52,816.7 |
| Investments purchased under agreements to resell | 25,309.1 | 23,152.6 |
| Total other loans | 28,031.6 | 75,969.3 |
| INVESTMENTS: | | |
| Government securities | 1,055,661.6 | 1,053,213.3 |
| Other financial investments | 281,662.0 | 455,092.5 |
| Investment collateral under agreements to repurchase | 313,861.0 | 439,705.4 |
| Assets held for leasing | 23,589.3 | 25,964.8 |
| Assets received in lieu of payment | 15,697.2 | 16,537.8 |
| Other non-financial investments | 2.2 | 2.2 |
| Total investments | 1,690,473.3 | 1,990,516.0 |
| OTHER ASSETS | 299,485.4 | 296,926.1 |
| FIXED ASSETS: | | |
| Bank premises and equipment, net | 132,611.1 | 129,756.0 |
| Investments in other companies | 5,430.4 | 5,022.6 |
| Total fixed assets | 138,041.5 | 134,778.6 |

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| | | |
|--------------|--------------------|--------------------|
| Total assets | <u>9,988,725.8</u> | <u>9,773,993.6</u> |
|--------------|--------------------|--------------------|

BANCO DE CHILE AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS AS OF MARCH 31,
(Expressed in million of Chilean pesos)

| LIABILITIES AND SHAREHOLDERS EQUITY | 2005 | 2004 |
|---|--------------|--------------|
| | MCh\$ | MCh\$ |
| DEPOSITS AND OTHER LIABILITIES: | | |
| Current accounts | 1,529,891.6 | 1,288,324.6 |
| Time deposits | 4,107,213.3 | 4,010,961.5 |
| Other demand and time deposits | 693,160.7 | 695,850.2 |
| Securities sold under agreements to repurchase | 331,625.4 | 443,668.4 |
| Mortgage finance bonds | 664,518.5 | 1,007,403.5 |
| Contingent liabilities | 560,061.2 | 447,380.9 |
| | <hr/> | <hr/> |
| Total deposits and other liabilities | 7,886,470.7 | 7,893,589.1 |
| | <hr/> | <hr/> |
| BONDS ISSUED: | | |
| Bonds | 177,879.1 | 3,026.9 |
| Subordinated bonds | 301,867.2 | 272,766.6 |
| | <hr/> | <hr/> |
| Total bonds issued | 479,746.3 | 275,793.5 |
| | <hr/> | <hr/> |
| BORROWINGS FROM FINANCIAL INSTITUTIONS AND CENTRAL BANK: | | |
| Central Bank credit lines for renegotiation of loans | 1,676.1 | 2,617.5 |
| Other Central Bank borrowings | 83,506.2 | |
| Borrowings from domestic financial institutions | 107,875.3 | 52,860.6 |
| Foreign borrowings | 634,025.8 | 670,483.8 |
| Other liabilities | 36,739.7 | 43,272.2 |
| | <hr/> | <hr/> |
| Total borrowings from financial institutions and Central Bank | 863,823.1 | 769,234.1 |
| | <hr/> | <hr/> |
| OTHER LIABILITIES | 199,851.9 | 221,424.3 |
| | <hr/> | <hr/> |
| Total liabilities | 9,429,892.0 | 9,160,041.0 |
| | <hr/> | <hr/> |
| MINORITY INTEREST | 0.8 | 4.2 |
| | <hr/> | <hr/> |
| SHAREHOLDERS EQUITY: | | |
| Capital and reserves | 515,094.1 | 570,060.8 |
| Other equity accounts | 2,899.5 | 5,159.4 |
| Net income for the year | 40,839.4 | 38,728.2 |
| | <hr/> | <hr/> |
| Total shareholders equity | 558,833.0 | 613,948.4 |
| | <hr/> | <hr/> |
| Total liabilities and shareholders equity | 9,988,725.8 | 9,773,993.6 |

BANCO DE CHILE AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME AS OF MARCH 31,
(Expressed in million of Chilean pesos)

| | 2005 MCh\$ | 2004 MCh\$ |
|---|---------------|---------------|
| OPERATING RESULTS: | | |
| Interest revenue | 113,938.5 | 116,363.1 |
| Gains from trading activities | 5,318.8 | 10,804.9 |
| Income from fees and other services | 38,999.9 | 34,442.6 |
| Other operating income | 3,044.0 | 5,306.2 |
| | <hr/> | <hr/> |
| Total operating revenues | 161,301.2 | 166,916.8 |
| Less: | | |
| Interest expense | (30,694.6) | (31,592.5) |
| Losses from trading activities | (4,032.5) | (5,294.1) |
| Expenses from fees and other services | (7,356.8) | (6,645.4) |
| Loss from foreign exchange transactions | (5,564.5) | (11,330.8) |
| Other operating expenses | (4,207.2) | (3,212.2) |
| | <hr/> | <hr/> |
| Gross margin | 109,445.6 | 108,841.8 |
| Personnel salaries and expenses | (34,073.9) | (32,130.0) |
| Administrative and other expenses | (22,995.9) | (20,704.0) |
| Depreciation and amortization | (4,157.8) | (4,071.8) |
| | <hr/> | <hr/> |
| Net margin | 48,218.0 | 51,936.0 |
| Provision for loan losses | (5,068.0) | (9,939.0) |
| | <hr/> | <hr/> |
| Total operating income | 43,150.0 | 41,997.0 |
| NON OPERATING RESULTS: | | |
| Non operating income | 1,141.5 | 1,406.3 |
| Non operating expenses | (2,957.5) | (2,504.5) |
| Equity participation in net income (loss) in investments in other companies | 199.3 | (52.3) |
| Net loss from price-level restatement | 3,929.0 | 2,653.4 |
| | <hr/> | <hr/> |
| Income before income taxes | 45,462.3 | 43,499.9 |
| Income taxes | (4,622.7) | (4,770.9) |
| | <hr/> | <hr/> |
| Income after income taxes | 40,839.6 | 38,729.0 |
| Minority interest | (0.2) | (0.8) |
| | <hr/> | <hr/> |
| Net income for the year | 40,839.4 | 38,728.2 |
| | <hr/> | <hr/> |

2005 First Quarter Results

Santiago, Chile, April 29, 2005 Banco de Chile (NYSE: **BCH**), a Chilean full service financial institution, market leader in a wide variety of credit and non credit products and services across all segments of the Chilean financial market, today announced results for the first quarter ended March 31, 2005.

FINANCIAL HIGHLIGHTS

- Net income for the 1Q05 was Ch\$ 40,839 million, an increase of 5.4% compared to 1Q04.
- The Bank's ROAE continued to be outstanding, reaching a 24.4% during 1Q05, broadly exceeding the system's average of 17.2%.
- The Bank's loan portfolio grew by 9.2% over the last twelve-month period and 3.7% during the 1Q05.

| Selected Financial Data | 1Q04 | 4Q04 | 1Q05 | % Change 1Q05/1Q04 |
|---|-----------|-----------|------------------|-----------------------|
| Income Statement (Millions, Chilean pesos) | | | | |
| Net Financial Income | 73,440 | 92,841 | 77,679 | 5.8% |
| Income from Services | 29,892 | 34,851 | 30,480 | 2.0% |
| Gains on Sales of Financial Instruments | 5,511 | (7,304) | 1,286 | (76.7)% |
| Operating Revenues | 108,843 | 120,388 | 109,445 | 0.6% |
| Provisions for Loan Losses | (14,788) | (20,748) | (13,499) | (8.7)% |
| Total Operating Expenses | (56,646) | (69,505) | (61,028) | 7.7% |
| Net Income | 38,729 | 30,722 | 40,839 | 5.4% |
| Earnings per Share (Chilean pesos) | | | | |
| Net income per Share | 0.57 | 0.46 | 0.62 | 8.8% |
| Book value per Share | 9.01 | 10.08 | 8.42 | (6.5)% |
| Balance Sheet (Millions, Chilean pesos) | | | | |
| Loan Portfolio | 6,490,023 | 6,833,800 | 7,085,422 | 9.2% |
| Total Assets | 9,773,996 | 9,572,012 | 9,988,726 | 2.2% |
| Shareholders' Equity | 613,948 | 669,137 | 558,833 | (9.0)% |
| Profitability | | | | |
| ROAA | 1.63% | 1.26% | 1.69% | |
| ROAE | 21.8% | 18.7% | 24.4% | |
| Net Financial Margin | 3.5% | 4.3% | 3.6% | |
| Efficiency ratio | 52.0% | 57.7% | 55.8% | |
| Asset Quality | | | | |
| Past Due Loans / Total Loans | 1.69% | 1.23% | 1.23% | |
| Allowances / Total Loans | 2.80% | 2.23% | 2.10% | |
| Allowances / Past Due Loans | 166.1% | 181.5% | 170.6% | |
| Capital Adequacy | | | | |
| Total Capital / Risk Adjusted Assets | 13.2% | 11.7% | 11.9% | |

First Quarter 2005 Highlights

The Bank

- **Annual Shareholders Meeting.** As a consequence of the end of the legal and statutory three-year permanence term established for the members of Board of Directors, at the Ordinary Shareholders Meeting of the Bank, held on March 17, 2005, it was agreed to completely reelect the Board of Directors. It was also agreed to designate Alternate Directors. The following were appointed as Directors for a three year term: Fernando Cañas Berkowitz (Chairman), Andrónico Luksic Craig (Vice Chairman), Jorge Awad Mehech, Jacob Ergas Ergas, Thomas Fürst Freiwirth, Guillermo Luksic Craig, Rodrigo Manubens Moltedo, Gonzalo Menéndez Duque, Máximo Pacheco Matte, Francisco Pérez Mackenna, Segismundo Schulín- Zeuthen Serrano, Edmundo Eluchans Urenda and Jorge Ergas Heymann, the two latter as Alternate Directors.
- **Distribution of Dividends.** At the above mentioned indicated Ordinary Shareholders Meeting of the Bank, distribution and payment of dividend N°193 was approved at the amount of Ch\$2.2993 per common share (1,379.58/ADS), and consequently charged against year 2004 Banco de Chile net income.
- **Sale of Shares issued by Banco de Chile.** At the Board of Directors Meeting held on March 24, 2005 it was decided to initiate the sale of 1,701,994,590 shares issued by the Bank (2.5% of the total outstanding shares), previously bought according to the share repurchasing program launched on March 26, 2004. The sale will begin with a preferential offer to shareholders in accordance to the Chilean Corporate Law and ultimately seeks to increase the Bank's capital base thus anticipating future loan growth.
- **Fitch Ratings upgrades Banco de Chile and affirms a stable outlook.** On March 31, 2005, Fitch Ratings upgraded the long-term and short-term foreign currency ratings of Banco de Chile to "A" from "A-" and to "F1" from "F2", respectively, as a result of its solid performance and sound balance sheet, standing in line with the recent upgrade of Chile's sovereign long-term foreign currency ratings.
- **Loan portfolio.** As of March 31, 2005, the Bank's loan portfolio, net of interbank loans, totaled Ch\$7,082,699 million, reflecting an annual and quarterly growth of 10.0% and 3.9%, respectively. The Bank reached a market share of 17.7% as of March 31, 2005.
- **A new local bond placement.** On March 22, 2005, the Bank placed a new series of subordinated bonds for a total amount of UF2 million with an annual real rate of 4.34% and maturity in 2023. These bonds were rated AA by the Chilean rating agencies and will complement the Bank's long-term financing, strengthening at the same time the Bank's capital base.
- **All of Banco de Chile's shares can now trade as ADRs.** The Bank has obtained the Chilean Central Bank's approval to trade all its shares as American Depositary Receipts. Previously, only 34% of its shares could be converted into ADS, percentage equivalent to the incidence of ten Banco de A. Edwards' shares in the total shares of the merged bank. Banco de A. Edwards launched its ADR program in 1995 which was renewed by Banco de Chile after the merger.
- **Branch network expansion.** During 1Q05 the Bank opened three new branches and installed 56 additional ATMs in order to support the expected expansion of the Bank's presence in the retail sector. The 2005 strategic plan considers opening over 20 branches and further expanding the ATM network in a context of a healthy and growing economy.
- **Banco de Chile as a member of the consortium of banks which will form the Financial Administrator of Transantiago (AFT).** Recently, Banco de Chile along with other Chile's three largest banks and two important companies from the technological and retail sectors, was awarded the 12 year contract under the Concession System known as the Financial Administration of Transantiago. Transantiago is an urban transport plan which will implement a comprehensive public transportation system in the Santiago Metropolitan Region. The AFT will administrate the US\$700 million that are

expected to be collected annually as surface and underground fares and also manage the smart card system payment.

- **The Bank signs Ch\$200 million Syndicated Credit Agreement.** Banco de Chile has signed a syndicated credit agreement for US\$ 200 million with four foreign banks, which will permit Banco de Chile to finance its international business operations from Chile and expand the base of working capital to consolidate its operations in its New York Branch (US\$ 50 million will be directly allocated to this branch). The interest rate of the loan was set at Libor + 0.225%, which constitutes the lowest interest rate that a Chilean company has obtained internationally for a loan with a five year termination payment period since the Asian financial crisis.
- **The Mutual Funds subsidiary continues to develop new products.** Banchile General Administrator of Funds, in line with its strategy of continued product innovation, launched during 1Q05 three new mutual funds: Banchile Garantizado 112, Fondo Mutuo Inversión 10 and Fondo Mutuo

Inversión 20 . This subsidiary has sustained itself as market leader due to its integral product offerings. Currently, it operates 43 different mutual funds and has a market share of 25.8%, in terms of funds under management.

Financial System Highlights

- **The Chilean Financial System** reached a net income of Ch\$200,730 million during 1Q05, representing a 2.1% increase compared to 1Q04 and 37.8% rise relative to the previous quarter. The annual increase in net income was mainly driven by net financial income, fee income and a decrease in provisions for loan losses, factors that more than offset the increase in operating expenses and lower gains on sales of financial instruments. The 1Q05 net income resulted in a system's ROAE of 17.2%.
- **Total loan portfolio**, net of interbank loans, as of March 31, 2005 totaled US\$66,233 million, increasing by 12.9% and 4.8% in an annual and quarterly basis. These figures reveal a sound economic reactivation together with an increase in the investor's confidence, which has led to a significant annual increase of almost 10% in corporate commercial loans, the highest rate since 1998. Regarding consumer and residential mortgage loans, they continued with an increasing trend reaching an annual expansion of 19% and 20% respectively, the highest growths during the last 8 years.

Banco de Chile 2005 First-Quarter Consolidated Results

NET INCOME

The Bank's total net income for 1Q05 reached Ch\$ 40,839 million, an increase of 5.4% in comparison to 1Q04, which mainly reflects the Bank's solid revenue momentum following its loan portfolio expansion, improved funding mix and enhanced asset quality, fueled by favorable economic conditions and increased domestic demand.

As a consequence of this result the Bank posted an annualized return on average assets (**ROAA**) and annualized return on average shareholders' equity (**ROAE**) of 1.69% and 24.4%, respectively, for 1Q05, exceeding figures of 1.63% and 21.8% registered in 1Q04.

In relation to the comparative lower results obtained during 4Q04, it is worth mentioning that such quarter was mainly impacted by extraordinary expenses as a result of the one-time bonus paid under completion of the collective bargaining process with the workers' unions, marked to market losses related to a cross currency swap transaction and higher provisions for loan losses.

| Bank, Subsidiaries and Foreign Branches' Net Income | | | | |
|--|-------------|-------------|---------------|---------------------------------|
| (in millions of Chilean pesos) | 1Q04 | 4Q04 | 1Q05 | % Change 1Q05 / 1Q04 |
| Bank | 31,574 | 23,849 | 33,701 | 6.7% |
| Foreign Branches | 1,253 | 384 | 426 | (66.0)% |
| Stock Brokerage | 2,019 | 3,043 | 3,482 | 72.5% |
| Gral Adm. of Funds | 2,085 | 2,474 | 1,754 | (15.9)% |
| Insurance Brokerage | 366 | 20 | 212 | (42.1)% |
| Financial Advisory | 818 | 428 | 205 | (74.9)% |
| Factoring | 788 | 417 | 1,179 | 49.6% |
| Securitization | 19 | 26 | (11) | (157.9)% |
| Promarket | 3 | 19 | 24 | 700.0% |
| Socofin | (196) | 69 | (154) | (21.4)% |
| Trade Services | - | (7) | 21 | - |

| | | | | |
|-------------------------|---------------|---------------|---------------|-------------|
| Total Net Income | 38,729 | 30,722 | 40,839 | 5.4% |
|-------------------------|---------------|---------------|---------------|-------------|

During 1Q05, the Bank's subsidiaries contributed by 16.4% to the consolidated net income, with an overall outcome of Ch\$6,712 million compared to Ch\$5,902 million registered in 1Q04. This higher result was mainly driven by the Stock Brokerage and the Factoring subsidiaries.

The Stock Brokerage subsidiary's net income increase during 1Q05 was a consequence of higher fee income primarily from its participation in the public offering of the stock of an important shipping company and from trading of US dollars. The Factoring company increased its results by almost 50% as its loan portfolio expanded by 79% over the last twelve-months.

Lower results during 1Q05, compared to 1Q04, coming from both the General Administrator of Funds and the Insurance Brokerage subsidiary, principally reflected a change in the service agreement for the usage of distribution channels between the Bank and these companies, which implied higher revenue for the Bank and higher fee expenses for these subsidiaries (with no impact at the consolidated bottom line). The Financial Advisory subsidiary's net income decline during 1Q05 compared to 1Q04, was primarily due to the materialization of the structure of two important syndicated loans during 1Q04.

During 1Q05 and in comparison to 1Q04, the foreign branches' net income was impacted by higher operating costs related to legal counseling and advisory expenses in the New York branch.

NET FINANCIAL INCOME

Net financial income climbed to Ch\$77,679 million in 1Q05 from Ch\$73,440 million in 1Q04, as a result of a 3.5% growth in average interest earning assets and an 8 basis point increase in net financial margin¹.

| (in millions of Chilean pesos) | Net Interest Revenue | | | % Change 1Q05 / 1Q04 |
|---|----------------------|---------------|------------------|-------------------------|
| | 1Q04 | 4Q04 | 1Q05 | |
| Interest revenue | 116,363 | 126,019 | 113,938 | (2.1)% |
| Interest expense | (31,592) | (57,116) | (30,694) | (2.8)% |
| Foreign Exchange transactions, net | (11,331) | 23,938 | (5,565) | (50.9)% |
| Net Financial Income | 73,440 | 92,841 | 77,679 | 5.8% |
| Avg. Int. earning assets | 8,383,144 | 8,670,096 | 8,680,371 | 3.5% |
| Net Financial Margin¹ | 3.5% | 4.3% | 3.6% | - |

The increase in average interest earning assets was principally fueled by expansions in commercial and consumer loans, lease contracts and contingent loans.

Net financial margin increased slightly from 3.5% in 1Q04 to 3.6% in 1Q05 principally due to a better funding mix mainly related to the strong increase in non-interest bearing demand deposits. This effect was reflected in the improvement of the ratio of interest bearing liabilities to interest earning assets which declined to 68.7% in 1Q05 from 72.3% in 1Q04. This positive factor more than offset the negative repricing effect derived from the increase in short term interest rates (as the Bank's liabilities reprice faster than its assets).

It is important to note, that the Chilean Central Bank has been raising the monetary policy interest rate several times since September 2004 in approximately 100 basis points. In particular, the monetary authority raised this rate twice between December 2004 and March 2005 by 50 basis points (from 2.25% in December 2004 to 2.75% in March 2005). On the contrary, the Central Bank cut its short-term reference interest rate for monetary policy by 100 basis points in 1Q04 (from 2.75% in December 2003 to 1.75% in January 2004).

Therefore, net financial income decreased by 16.3% in 1Q05 compared to the previous quarter due to a decline of 70 basis points in the net financial margin. This decline was influenced by the lower inflation rate, measured by the

variation of the UF which was 0.7% in 4Q04 compared to -0.7% in 1Q05, implying that during 1Q05 the Bank earned lower interest income on the portion of UF denominated interest earning assets financed by nominal interest bearing liabilities and by non-interest bearing liabilities.

NET INCOME FROM SERVICES

Total net income from services reached Ch\$30,480 million in 1Q05, representing approximately 28% of the Bank's consolidated operating revenue. The 2.0% increase in fee income in comparison to the same period of the prior year, was driven by larger fees coming from the Stock Brokerage subsidiary, as a consequence of its participation in the public offering of an important shipping company during 1Q05 and a rise in the volume of business generated by the General Administrator of Funds and Insurance Brokerage. In addition, higher income fees were registered during 1Q05 in foreign branches for services related to investments in securities and mutual funds of Chilean clients abroad. In regards to lower fees reflected in 1Q05 compared to 1Q04 accounted as in the Bank, they were mainly attributed to higher sales force and cobranding expenses accounted for in this item during 1Q05.

It is worth recalling that during the last quarter of 2004 fees reached a record level for the past three years with outstanding performances obtained by the Bank's traditional banking services, the General Administrator of Funds and the Stock Brokerage subsidiaries. As for the Bank's fees the decrease in 1Q05 versus 4Q04 was mainly due to higher cobranding expenses and lower fees from leasing and prepaid loans.

1 Net financial income divided by average interest earning assets.

| Net Income from Services, by Company | | | | |
|---|---------------|---------------|---------------|---------------------------------|
| (in millions of Chilean pesos) | 1Q04 | 4Q04 | 1Q05 | % Change 1Q05 / 1Q04 |
| Bank | 18,772 | 20,753 | 17,461 | (7.0)% |
| General Adm. of Funds | 4,120 | 5,390 | 4,824 | 17.1% |
| Financial Advisory | 1,030 | 644 | 295 | (71.4)% |
| Insurance Brokerage | 1,048 | 646 | 1,500 | 43.1% |
| Stock Brokerage | 2,370 | 4,476 | 3,485 | 47.0% |
| Factoring | 139 | 129 | 182 | 30.9% |
| Socofin | 1,944 | 2,198 | 1,877 | (3.4)% |
| Securization | 60 | 84 | 25 | (58.3)% |
| Promarket | 0 | 1 | 1 | - |
| Foreign Branches | 409 | 530 | 805 | 96.8% |
| Trade Services | - | - | 25 | - |
| Total Net Income from Services | 29,892 | 34,851 | 30,480 | 2.0% |

NET GAINS ON SALES OF FINANCIAL INSTRUMENTS

Gains on sales of financial instruments for the first quarter of 2005 decreased by 76.7% to Ch\$1,286 million from Ch\$5,511 million in 1Q04 mainly as a consequence of higher earnings obtained from the sale of Central Bank instruments and mortgage finance bonds issued by the Bank, as the medium and long term interest rates decreased between 50 to 70 basis points approximately during 1Q04. The losses accounted for in 4Q04 in this line, were mainly related to the mark to market of a cross currency swap transaction.

PROVISIONS

Provisions amounted to Ch\$13,499 million in 1Q05, an 8.7% decrease compared to 1Q04 and a 34.9% drop relative to the previous quarter. This decline principally reflects a healthier loan portfolio, in line with an improved economic environment which has positively impacted the overall risk of mainly corporate clients with the consequent up-upgrades in some of their risk classifications. Accordingly, the Bank's provisions to average loans declined to 0.76% in 1Q05 from 0.92% in 1Q04, or 1.21% in 4Q04.

The Bank's portfolio has also shown better performance, in comparison to the system in reaching, in unconsolidated terms, a ratio of provisions, net of recoveries, to average loans of 0.32% in comparison to a 0.64% for the system as of March 2005. Also, important coverage efforts stand behind the allowances to past due loans ratio of 167% sustained by the Bank in 1Q05, compared to the system's average of 163%.

Charge-offs decreased significantly compared to the previous quarter and, as a consequence, the ratio of charge-offs to average loans dropped to 1.04% in 1Q05 from 1.74% in 4Q04, remaining at the same level as in 1Q04.

| Allowances and Provisions | | | | |
|--|----------------|----------------|-----------------|---------------------------------|
| (in millions of Chilean pesos) | 1Q04 | 4Q04 | 1Q05 | % Change 1Q05 / 1Q04 |
| Allowances | | | | |
| Allowances at the beginning of each period | 182,466 | 162,786 | 152,512 | (16.4)% |
| Price-level restatement | 1,009 | (1,122) | 1,316 | 30.4% |
| Charge-off | (16,557) | (29,900) | (18,394) | 11.1% |

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| | | | | |
|--|----------------|----------------|----------------|----------------|
| Provisions for loan losses established, net | 14,788 | 20,748 | 13,499 | (8.7)% |
| Allow ances at the end of each period | 181,706 | 152,512 | 148,933 | (18.0)% |
| Provisions | | | | |
| Provisions | (14,788) | (20,748) | (13,499) | (8.7)% |
| Ratios | | | | |
| Allow ances / Total loans | 2.80% | 2.23% | 2.10% | |
| Provisions, net /Avg.Loans | 0.53% | 0.79% | 0.31% | |
| Provisions / Avg. Loans | 0.92% | 1.21% | 0.76% | |
| Charge-offs / Avg. Loans | 1.03% | 1.74% | 1.04% | |
| Recoveries / Avg. Loans | 0.39% | 0.41% | 0.45% | |

OTHER INCOME AND EXPENSES

Total Other Income and Expenses rose to Ch\$6,615 million in 1Q05 from Ch\$3,439 million in 1Q04 or Ch\$5,469 million in 4Q04, mainly as a consequence of higher recoveries of loans previously charged-off and, to a lesser extent, a decrease in expenses associated to assets received in lieu of payments and positive results in participation in earnings of equity investments.

OPERATING EXPENSES

Total operating expenses reached Ch\$61,028 million during the first quarter of 2005, an increase of 7.7% compared to 1Q04, due principally to higher personnel and administrative expenses related to the Bank's focus on expanding both its commercial banking activities and its subsidiaries' lines of business.

Consequently, personnel salaries and expenses grew by 6.1% during 1Q05, compared to 1Q04, mostly attributable to the incorporation of 297 employees into the Bank. On the administrative side, the 11.1% increase was primarily explained by legal counseling and advisory expenses recorded during 1Q05 in the New York branch, higher expenses coming from the network expansion (129 new ATMs and 3 new branches) principally concentrated in rental disbursements and advertising and promotional campaigns' expenses mostly supporting Credichile consumer banking, credit cards usage and new checking accounts services.

A higher depreciation and amortization expense during 1Q05, relative to 1Q04, was primarily the result of higher expenses incurred on behalf of the Neos project.

Lower operating expenses recorded during 1Q05 relative to the previous quarter, were mainly driven by a decrease in personnel salaries and administrative expenses. The decrease in personnel salaries was highly the result of the one time-bonus granted in the anticipated four-year collective bargain agreement paid in 4Q04 by the Bank to its workers. The drop in administrative expenses was principally due to lower expenses related to maintenance of fixed assets and to lower advertising and sponsorship expenses.

| Operating Expenses | | | | |
|-----------------------------------|-----------------|-----------------|-----------------|-------------------------|
| (in millions of Chilean pesos) | 1Q04 | 4Q04 | 1Q05 | % Change 1Q05 / 1Q04 |
| Personnel salaries and expenses | (32,130) | (39,811) | (34,074) | 6.1% |
| Administrative and other expenses | (20,704) | (25,573) | (22,996) | 11.1% |
| Depreciation and amortization | (3,812) | (4,121) | (3,958) | 3.8% |
| Total operating expenses | (56,646) | (69,505) | (61,028) | 7.7% |

| | | | | |
|--------------------------|--------------|--------------|--------------|---|
| Efficiency Ratio* | 52.0% | 57.7% | 55.8% | - |
| Efficiency Ratio** | 48.5% | 54.3% | 52.1% | - |

* Operating expenses/Operating revenues

** Excludes depreciation and amortization

LOSS FROM PRICE- LEVEL RESTATEMENT

Price-level restatement amounted to a positive Ch\$3,929 million in 1Q05 compared to a positive Ch\$2,653 million during 1Q04, mainly as a consequence of higher negative inflation rate used for adjustment purposes during 1Q05 (-0.5% in 1Q04 compared to -0.8% in 1Q05).

INCOME TAXES

The Bank's income taxes totaled Ch\$4,623 million in 1Q05 compared to Ch\$4,771 million in 1Q04, representing effective income tax rates of 10.2% and 11.0%, respectively. It is worth mentioning that our effective tax rate is significantly lower than Chile's 17% statutory corporate tax rate as the Bank has been permitted to deduct dividend payments to SAOS from its taxable income base.

LOAN PORTFOLIO

As of March 31, 2005, the Bank's loan portfolio, net of interbank loans, totaled Ch\$7,082,699 million reflecting a twelve-month growth of 10% and a quarterly expansion of 3.9% (or 15.6% in annual terms). Loan growth was positively impacted by the country's dynamic economic growth.

The annual expansion was mainly driven by commercial, consumer and contingent loans, which registered a growth of 9.1%, 17.4% and 24.7%, respectively.

In regards to the portfolio mix, it is worth mentioning that the Bank's focus on cross-selling of lease and factoring contracts has resulted in an increase in the relative weight of these products within the total loan portfolio, contributing to a higher average yield. As far as mortgage loans are concerned, the Bank continued increasing its high yielding residential mortgage loans financed by the Bank's general borrowings accounted as other outstanding loans, instead of mortgage loans financed by mortgage finance bonds.

Over the last twelve months, the Bank has achieved a healthy growth rate in both the individual and corporate segments. The segment of lower income individuals posted the highest annual loan growth reaching 18.1%, followed by the high income individual segment at 16.3%.

Large and middle market segments also performed well with growth rates of 7.3% and 6.7% respectively.

On a quarterly basis, the 3.9% growth in loans reveals an overall emphasis in lending activities in line with improved expectations for 2005. Moreover, this growth is the highest quarterly increase since the merger, and was also fueled principally by commercial and consumer loans. However, a significant recovery was noted in foreign trade loans as these had shown negative growth rates in the previous quarter. It is worth mentioning that the Bank is currently focused on strengthening its lending potential through the expansion of its distribution network, and sales force and by redesigning its CRM technology platform.

| Loan Portfolio | | | | | |
|---|------------------|------------------|------------------|-------------------------|-------------------------|
| (in millions of Chilean pesos) | Mar-04 | Dic-04 | Mar-05 | % Change 12 - months | % Change 1Q05 / 4Q04 |
| Commercial Loans | 2,698,206 | 2,844,350 | 2,944,866 | 9.1% | 3.5% |
| Mortgage Loans ¹ | 1,103,798 | 813,323 | 752,450 | (31.8)% | (7.5)% |
| Consumer Loans | 629,799 | 686,316 | 739,263 | 17.4% | 7.7% |
| Foreign trade Loans | 641,194 | 594,259 | 621,957 | (3.0)% | 4.7% |
| Contingent Loans | 447,249 | 526,654 | 557,738 | 24.7% | 5.9% |
| Others Outstanding Loans ^{2,3} | 519,375 | 928,712 | 1,016,747 | 95.8% | 9.5% |
| Leasing Contracts | 288,156 | 341,102 | 362,382 | 25.8% | 6.2% |
| Past-due Loans | 109,429 | 84,008 | 87,296 | (20.2)% | 3.9% |
| Total Loans, net | 6,437,206 | 6,818,724 | 7,082,699 | 10.0% | 3.9% |
| Interbank Loans | 52,817 | 15,076 | 2,723 | (94.8)% | (81.9)% |
| Total Loans | 6,490,023 | 6,833,800 | 7,085,422 | 9.2% | 3.7% |

¹ Mortgage loans financed by mortgage bonds.

² Includes mortgage loans financed by the Bank's general borrowings and factoring contracts.

³ According to the new guidelines dictated by the Superintendency of Banks, credit lines and overdrafts accounted as other outstanding loans were reclassified as consumer loans and commercial loans in 1Q04. The information for the prior quarters was reclassified for comparative purposes.

| Past Due Loans | | | | | |
|--------------------------------|----------------|---------------|---------------|-------------------------|-------------------------|
| (in millions of Chilean pesos) | Mar-04 | Dic-04 | Mar-05 | % Change 12 - months | % Change 1Q05 / 4Q04 |
| Commercial loans | 93,578 | 67,841 | 69,942 | (25.3)% | 3.1% |
| Consumer loans | 3,498 | 3,663 | 3,458 | (1.1)% | (5.6)% |
| Residential mortgage loans | 12,353 | 12,504 | 13,896 | 12.5% | 11.1% |
| Total Past Due Loans | 109,429 | 84,008 | 87,296 | (20.2)% | 3.9% |

Past due loans dropped significantly to Ch\$87,296 million as of March 31, 2005, from Ch\$109,429 million recorded twelve-months ago. This 20.2% contraction was driven by reduced past due loans in the commercial portfolio as a consequence of the sustained charge-off policy that the Bank has been implementing. During 1Q05 past-due loans registered a slight increase of 3.9% mainly explained by one client from the construction sector. However, the past due loans to total loans ratio remained stable at 1.23%, while allowances to past due loans reached 171%.

FUNDING

Total liabilities increased by 2.9% during the last twelve months mainly due to an 11.4% expansion in non interest bearing liabilities. During 1Q05, total liabilities rose by 5.9%, driven by both an increase of 4.7% in interest bearing liabilities and a growth of 8.4% in non-interest bearing liabilities.

The annual increase in non-interest bearing liabilities was triggered by the 18.8% growth in current account balances, as a result of low interest rates, low inflation rates and, to a lesser extent, an increase in the number of checking accounts.

On the other hand, interest bearing liabilities showed a slight decrease over the last twelve-months, mostly due to the drop in mortgage finance bonds, as a consequence of a 31.8% decrease in mortgage loans financed by these liabilities. The issuance of bonds (other bonds) partially offset the 34% decrease in mortgage finance bonds, in response to the strategy of financing mortgage loans with the Bank's general borrowings.

Regarding higher interest bearing liabilities recorded during 1Q05 relative to the previous quarter, they were mainly driven by an increase in medium term time deposits and the issuance of subordinated bonds. The latter will allow strengthening the Bank's capital base and increase the duration of the Bank's liabilities.

| (in millions of Chilean pesos) | Funding | | | % Change 12 - months | % Change 1Q05 / 4Q04 |
|---|------------------|------------------|------------------|----------------------------|----------------------------|
| | Mar-04 | Dic-04 | Mar-05 | | |
| Non-interest Bearing Liabilities | | | | | |
| Current Accounts | 1,288,325 | 1,413,172 | 1,529,892 | 18.8% | 8.3% |
| Bankers drafts and other deposits | 798,789 | 691,896 | 755,657 | (5.4)% | 9.2% |
| Other Liabilities | 758,479 | 820,169 | 884,020 | 16.6% | 7.8% |
| Total | 2,845,593 | 2,925,237 | 3,169,569 | 11.4% | 8.4% |
| Interest Bearing Liabilities | | | | | |
| Savings & Time Deposits | 3,818,351 | 3,634,373 | 3,920,610 | 2.7% | 7.9% |
| Central Bank Borrowings | 2,617 | 108,697 | 85,182 | 3,154.9% | (21.6)% |
| Repurchase agreements | 443,669 | 346,293 | 331,625 | (25.3)% | (4.2)% |
| Mortgage Finance Bonds | 1,007,404 | 782,577 | 664,519 | (34.0)% | (15.1)% |
| Subordinated Bonds | 272,767 | 264,174 | 301,867 | 10.7% | 14.3% |
| Other Bonds | 3,027 | 180,063 | 177,879 | 5,776.4% | (1.2)% |
| Borrowings from Domestic Financ. Inst. | 52,861 | 26,188 | 107,875 | 104.1% | 311.9% |
| Foreign Borrowings | 670,484 | 590,784 | 634,026 | (5.4)% | 7.3% |
| Other Obligations | 43,271 | 44,488 | 36,740 | (15.1)% | (17.4)% |
| Total | 6,314,451 | 5,977,637 | 6,260,323 | (0.9)% | 4.7% |
| Total Liabilities | 9,160,044 | 8,902,874 | 9,429,892 | 2.9% | 5.9% |

INVESTMENT PORTFOLIO

As of March 2005, the Bank's investment portfolio totaled Ch\$1,676,494 million, an increase of 5.1% compared to December 2004. This quarterly increase was mainly fueled by short term Central Bank securities in order to comply with technical reserve requirements² as a result of the 8.6% growth in demand deposits during such period. In terms of composition, in a context of increased interest rates, the Bank has reduced the duration of its investment portfolio.

At March 31, 2005, the investment portfolio was comprised principally by:

2 Technical reserve applies to demand deposits, checking accounts, or obligations payable on sight, other deposits unconditionally payable immediately or within a term of less than 30 days and time deposits payable within 10 days prior to maturity, to the extent their aggregate amount exceeds 2.5 times the amount of a bank's capital and reserves.

SHAREHOLDER'S EQUITY

As of March 31, 2005, the Bank's Shareholder Equity totaled Ch\$558,833 million (US\$953 million), a 9.0% decrease compared to 1Q04 mainly due to a drop in capital and reserves.

This drop was a consequence of the Bank's tender offer for the repurchase of common stocks, representing 2.5% of the total outstanding shares. While maintained in the Bank's portfolio, the value of the 1,701,994,590 repurchased shares must be deducted from the basic capital.

At the end of March 2005, on a consolidated basis, Total Capital to Risk-Adjusted Assets (BIS ratio) was 11.94%, and Basic Capital to Total Assets was 5.15%, both well above the minimum requirements applicable to Banco de Chile of 10% and 3%, respectively.

| (in million of Chilean pesos) | Shareholders' Equity | | | % Change 12 - months |
|--|----------------------|----------------|----------------|-------------------------|
| | Mar-04 | Dic-04 | Mar-05 | |
| Capital and Reserves | 570,061 | 516,310 | 515,094 | (9.6)% |
| Accumulated adjustment for translation differences ³ | 4,842 | 1,343 | 2,886 | (40.4)% |
| Unrealized gain (loss) on permanent financial invest. ⁴ | 316 | 77 | 14 | (95.6)% |
| Net Income | 38,729 | 151,407 | 40,839 | 5.4% |
| Total Shareholders' e quity | 613,948 | 669,137 | 558,833 | (9.0)% |

³ Represents the effect of the variation in the exchange rate on investments abroad that exceed the restatement of these investments according to the change in the consumer price index.

⁴ Financial investments traded on a secondary market are shown adjusted to market value, following specific instructions from the Superintendency of Banks and Financial Institutions. These instructions state that such adjustments should be recognized against income, except in the case of the permanent portfolio, when an equity account. Unrealized gains (losses) on permanent financial investments, may be directly charged or credited.

| BANCO DE CHILE | | | | | | | | | | | |
|---|-----------------|-----------------|-----------------|---------------|-----------------|-----------------|-----------------|-----------------|-----------------|---------------|-------------------------------|
| CONSOLIDATED STATEMENTS OF INCOME (Under Chilean GAAP) | | | | | | | | | | | |
| (Expressed in millions of constant Chilean pesos (MCh\$) as of March 31, 2005 and millions of US dollars (MUS\$)) | | | | | | | | | | | |
| | Quarters | | | | % Change | | Year ended | | | | % |
| | 1Q04 | 4Q04 | 1Q05 | 1Q05 | 1Q05-1Q04 | | Dec.03 | Dec.04 | Mar.05 | Mar.05 | Change Dec 04-Dec 03 |
| | MCh\$ | MCh\$ | MCh\$ | MUS \$ | | | MCh \$ | MCh \$ | MUS \$ | MCh \$ | |
| Interest revenue and expense | | | | | | | | | | | |
| Interest revenue | 116,363 | 126,019 | 113,938 | 194.3 | (2.1) % | (9.6) % | 435,906 | 539,025 | 113,938 | 194.3 | 23.7 % |
| Interest expense | (31,592) | (57,116) | (30,694) | (52.3) | (2.8) % | (46.3) % | (207,665) | (213,181) | (30,694) | (52.3) | 2.7 % |
| Net interest revenue | 84,771 | 68,903 | 83,244 | 142.0 | (1.8) % | 20.8 % | 228,241 | 325,844 | 83,244 | 142.0 | 42.8 % |
| Income from services, net | | | | | | | | | | | |
| Income from fees and other services | 39,749 | 45,273 | 42,044 | 71.7 | 5.8 % | (7.1) % | 139,394 | 165,370 | 42,044 | 71.7 | 18.6 % |
| Other services expenses | (9,857) | (10,422) | (11,564) | (19.7) | 17.3 % | 11.0 % | (41,929) | (39,543) | (11,564) | (19.7) | (5.7) % |
| Income from services, net | 29,892 | 34,851 | 30,480 | 52.0 | 2.0 % | (12.5) % | 97,465 | 125,827 | 30,480 | 52.0 | 29.1 % |
| Other operating income, net | | | | | | | | | | | |
| Gains on financial instruments, net | 5,511 | (7,304) | 1,286 | 2.2 | (76.7) % | n/a | 5,420 | (3,126) | 1,286 | 2.2 | n/a |
| Foreign exchange transactions, net | (11,331) | 23,938 | (5,565) | (9.5) | (50.9) % | n/a | 92,591 | 17,519 | (5,565) | (9.5) | (81.1) % |
| Total other operating income, net | (5,820) | 16,634 | (4,279) | (7.3) | (26.5) % | n/a | 98,011 | 14,393 | (4,279) | (7.3) | (85.3) % |
| Operating Revenues | 108,843 | 120,388 | 109,445 | 186.7 | 0.6 % | (9.1) % | 423,717 | 466,064 | 109,445 | 186.7 | 10.0 % |
| Provision for loan losses | (14,788) | (20,748) | (13,499) | (23.0) | (8.7) % | (34.9) % | (61,119) | (72,924) | (13,499) | (23.0) | 19.3 % |
| Other income and expenses | | | | | | | | | | | |
| Recovery of loans previously charged-off | 6,233 | 7,106 | 7,942 | 13.5 | 27.4 % | 11.8 % | 25,818 | 33,466 | 7,942 | 13.5 | 29.6 % |
| Non-operating income | 1,406 | 1,411 | 1,142 | 1.9 | (18.8) % | (19.1) % | 5,384 | 4,782 | 1,142 | 1.9 | (11.2) % |
| Non-operating expenses | (4,148) | (2,947) | (2,668) | (4.6) | (35.7) % | (9.5) % | (15,188) | (15,784) | (2,668) | (4.6) | 3.9 % |
| | (52) | (101) | 199 | 0.3 | n/a | n/a | (1,240) | 433 | 199 | 0.3 | n/a |

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Participation in
earnings of equity
investments

| | | | | | | | | | | | |
|---|-----------------|-----------------|-----------------|----------------|----------------|-----------------|------------------|------------------|-----------------|----------------|-----------------|
| Total other income and expenses | 3,439 | 5,469 | 6,615 | 11.1 | 92.4 % | 21.0 % | 14,774 | 22,897 | 6,615 | 11.1 | 55.0 % |
| Operating expenses | | | | | | | | | | | |
| Personnel salaries and expenses | (32,130) | (39,811) | (34,074) | (58.1) | 6.1 % | (14.4) % | (127,302) | (135,506) | (34,074) | (58.1) | 6.4 % |
| Administrative and other expenses | (20,704) | (25,573) | (22,996) | (39.2) | 11.1 % | (10.1) % | (81,840) | (87,666) | (22,996) | (39.2) | 7.1 % |
| Depreciation and amortization | (3,812) | (4,121) | (3,958) | (6.7) | 3.8 % | (4.0) % | (17,242) | (15,849) | (3,958) | (6.7) | (8.1) % |
| Total operating expenses | (56,646) | (69,505) | (61,028) | (104.0) | 7.7 % | (12.2) % | (226,384) | (239,021) | (61,028) | (104.0) | 5.6 % |
| Loss from price-level restatement | 2,653 | (1,879) | 3,929 | 6.7 | 48.1 % | n/a | (4,104) | (7,406) | 3,929 | 6.7 | 80.5 % |
| Minority interest in consolidated subsidiaries | (1) | 0 | 0 | 0.0 | n/a | n/a | (2) | (1) | 0 | 0.0 | (50.0) % |
| Income | | | | | | | | | | | |
| before income taxes | 43,500 | 33,725 | 45,462 | 77.5 | 4.5 % | 34.8 % | 146,882 | 169,609 | 45,462 | 77.5 | 15.5 % |
| Income taxes | (4,771) | (3,003) | (4,623) | (7.9) | (3.1) % | 53.9 % | (14,136) | (18,202) | (4,623) | (7.9) | 28.8 % |
| Net income | 38,729 | 30,722 | 40,839 | 69.6 | 5.4 % | 32.9 % | 132,746 | 151,407 | 40,839 | 69.6 | 14.1 % |

The results have been prepared in accordance with Chilean GAAP on an unaudited, consolidated basis. All figures are expressed in constant Chilean pesos as of March 31, 2005, unless otherwise stated. Therefore, all growth rates are in real terms. All figures expressed in US dollars (except earnings per ADR) were converted using the exchange rate of Ch\$586.45 for US\$1.00 as of March 31, 2005. Earnings per ADR were calculated considering the nominal net income and, the exchange rate and the number of shares existing at the end of each period.

| BANCO DE CHILE | | | | | | | | | |
|---|------------------|------------------|------------------|------------------|------------------|-----------------|-------------------------------|------------------------------|-------------------|
| CONSOLIDATED BALANCE SHEETS (Under Chilean GAAP) | | | | | | | | | |
| (Expressed in millions of constant Chilean pesos (MCh\$) as of March 31, 2005 and millions of US dollars (MUS\$)) | | | | | | | | | |
| ASSETS | Dec 03 | Mar 04 | S ep 04 | Dec 04 | Mar 05 | Mar-05 | % Change Dec 04- Dec 03 | % Change Mar 05-Mar 04 | Mar 05- Dec 04 |
| | MCh\$ | MCh\$ | MCh\$ | MCh\$ | MCh\$ | MUS \$ | | | |
| Cash and due from banks | | | | | | | | | |
| Noninterest bearing | 654,899 | 826,039 | 591,804 | 535,320 | 645,561 | 1,100.8 | (18.3%) | (21.8%) | 20.6% |
| Interbank bearing | 216,330 | 194,266 | 125,058 | 348,171 | 253,367 | 432.0 | 60.9% | 30.4% | (27.2%) |
| Total cash and due from banks | 871,229 | 1,020,305 | 716,862 | 883,491 | 898,928 | 1,532.8 | 1.4% | (11.9%) | 1.7% |
| Financial investments | | | | | | | | | |
| Government securities | 1,027,221 | 1,053,214 | 1,034,422 | 906,347 | 1,055,662 | 1,800.1 | (11.8%) | 0.2% | 16.5% |
| Investments purchase under agreements to resell | 30,158 | 23,152 | 42,631 | 26,100 | 25,309 | 43.2 | (13.5%) | 9.3% | (3.0%) |
| Investment collateral under agreements to repurchase | 424,954 | 439,705 | 439,641 | 344,405 | 313,861 | 535.2 | (19.0%) | (28.6%) | (8.9%) |
| Other investments | 466,184 | 455,093 | 268,519 | 317,564 | 281,662 | 480.3 | (31.9%) | (38.1%) | (11.3%) |
| Total financial investments | 1,948,517 | 1,971,164 | 1,785,213 | 1,594,416 | 1,676,494 | 2,858.8 | (18.2%) | (14.9%) | 5.1% |
| Loans, Net | | | | | | | | | |
| Commercial loans | 2,686,513 | 2,698,206 | 2,675,944 | 2,844,350 | 2,944,866 | 5,021.5 | 5.9% | 9.1% | 3.5% |
| Consumer loans | 598,575 | 629,799 | 675,515 | 686,316 | 739,263 | 1,260.6 | 14.7% | 17.4% | 7.7% |
| Mortgage loans | 1,146,981 | 1,103,798 | 935,270 | 813,323 | 752,450 | 1,283.1 | (29.1%) | (31.8%) | (7.5%) |
| Foreign trade loans | 669,339 | 641,194 | 640,976 | 594,259 | 621,957 | 1,060.5 | (11.2%) | (3.0%) | 4.7% |
| Interbank loans | 13,445 | 52,817 | 40,354 | 15,076 | 2,723 | 4.6 | 12.1% | (94.8%) | (81.9%) |
| Lease contracts | 273,474 | 288,156 | 328,285 | 341,102 | 362,382 | 617.9 | 24.7% | 25.8% | 6.2% |
| Other outstanding loans | 448,402 | 519,375 | 732,935 | 928,712 | 1,016,747 | 1,733.7 | 107.1% | 95.8% | 9.5% |
| Past due loans | 107,275 | 109,429 | 97,140 | 84,008 | 87,296 | 148.9 | (21.7%) | (20.2%) | 3.9% |
| Contingent loans | 416,493 | 447,249 | 506,327 | 526,654 | 557,738 | 951.0 | 26.4% | 24.7% | 5.9% |
| Total loans | 6,360,497 | 6,490,023 | 6,632,746 | 6,833,800 | 7,085,422 | 12,081.8 | 7.4% | 9.2% | 3.7% |
| Allowances | (182,466) | (181,706) | (162,786) | (152,512) | (148,933) | (254.0) | (16.4%) | (18.0%) | (2.3%) |
| Total loans, net | 6,178,031 | 6,308,317 | 6,469,960 | 6,681,288 | 6,936,489 | 11,827.8 | 8.1% | 10.0% | 3.8% |
| Other assets | | | | | | | | | |
| Assets received in lieu of payment | 15,890 | 16,538 | 16,320 | 16,001 | 15,697 | 26.8 | 0.7% | (5.1%) | (1.9%) |
| Bank premises and equipment | 129,901 | 129,756 | 131,348 | 131,609 | 132,611 | 226.1 | 1.3% | 2.2% | 0.8% |
| Investments in other companies | 5,385 | 5,022 | 5,487 | 5,369 | 5,430 | 9.3 | (0.3%) | 8.1% | 1.1% |
| Other | 256,346 | 322,894 | 454,548 | 259,838 | 323,077 | 550.8 | 1.4% | 0.1% | 24.3% |
| Total other assets | 407,522 | 474,210 | 607,703 | 412,817 | 476,815 | 813.0 | 1.3% | 0.5% | 15.5% |
| Total assets | 9,405,299 | 9,773,996 | 9,579,738 | 9,572,012 | 9,988,726 | 17,032.4 | 1.8% | 2.2% | 4.4% |

| BANCO DE CHILE | | | | | | | | | |
|---|------------------|------------------|------------------|------------------|------------------|-----------------|-----------------------|-------------------------------|-----------------------|
| CONSOLIDATED BALANCE SHEETS (Under Chilean GAAP) | | | | | | | | | |
| (Expressed in millions of constant Chilean pesos (MCh\$) as of March 31, 2005 and millions of US dollars (MUS\$)) | | | | | | | | | |
| LIABILITIES & SHAREHOLDERS' EQUITY | Dec 03 | Mar 04 | S ep 04 | Dec 04 | Mar 05 | Mar-05 | Dec 04- Dec 03 | % Change Mar 05-Mar 04 | Mar 05- Dec 04 |
| | MCh\$ | MCh\$ | MCh\$ | MCh\$ | MCh\$ | MUS \$ | | | |
| Deposits | | | | | | | | | |
| Current accounts | 1,248,505 | 1,288,325 | 1,296,527 | 1,413,172 | 1,529,892 | 2,608.7 | 13.2% | 18.8% | 8.3% |
| Bankers drafts and other deposits | 674,597 | 798,789 | 806,083 | 691,896 | 755,657 | 1,288.5 | 2.6% | (5.4%) | 9.2% |
| Saving accounts and time deposits | 3,480,034 | 3,818,351 | 3,543,534 | 3,634,373 | 3,920,610 | 6,685.3 | 4.4% | 2.7% | 7.9% |
| Total deposits | 5,403,136 | 5,905,465 | 5,646,144 | 5,739,441 | 6,206,159 | 10,582.5 | 6.2% | 5.1% | 8.1% |
| Borrowings | | | | | | | | | |
| Central Bank borrowings | 28,349 | 2,617 | 2,622 | 108,697 | 85,182 | 145.3 | 283.4% | 3154.9% | (21.6%) |
| Securities sold under agreements to repurchase | 433,910 | 443,669 | 450,652 | 346,293 | 331,625 | 565.5 | (20.2%) | (25.3%) | (4.2%) |
| Mortgage finance bonds | 1,031,495 | 1,007,404 | 905,173 | 782,577 | 664,519 | 1,133.1 | (24.1%) | (34.0%) | (15.1%) |
| Other bonds | 3,180 | 3,027 | 178,677 | 180,063 | 177,879 | 303.3 | 5562.4% | 5776.4% | (1.2%) |
| Subordinated bonds | 275,753 | 272,767 | 266,644 | 264,174 | 301,867 | 514.7 | (4.2%) | 10.7% | 14.3% |
| Borrowings from domestic financial institutions | 50,720 | 52,861 | 47,990 | 26,188 | 107,875 | 183.9 | (48.4%) | 104.1% | 311.9% |
| Foreign borrowings | 730,031 | 670,484 | 444,756 | 590,784 | 634,026 | 1,081.1 | (19.1%) | (5.4%) | 7.3% |
| Other obligations | 60,601 | 43,271 | 46,160 | 44,488 | 36,740 | 62.6 | (26.6%) | (15.1%) | (17.4%) |
| Total borrowings | 2,614,039 | 2,496,100 | 2,342,674 | 2,343,264 | 2,339,713 | 3,989.5 | (10.4%) | (6.3%) | (0.2%) |
| Other liabilities | | | | | | | | | |
| Contingent liabilities | 416,520 | 447,382 | 509,057 | 527,915 | 560,061 | 955.0 | 26.7% | 25.2% | 6.1% |
| Other | 264,236 | 311,097 | 440,130 | 292,254 | 323,959 | 552.5 | 10.6% | 4.1% | 10.8% |
| Total other liabilities | 680,756 | 758,479 | 949,187 | 820,169 | 884,020 | 1,507.5 | 20.5% | 16.6% | 7.8% |
| Minority interest in consolidated subsidiaries | | | | | | | | | |
| | 5 | 4 | 1 | 1 | 1 | 0.0 | (80.0%) | (75.0%) | 0.0% |
| Shareholders' equity | | | | | | | | | |
| Capital and Reserves | 574,617 | 575,219 | 520,317 | 517,730 | 517,994 | 883.3 | (9.9%) | (9.9%) | 0.1% |
| Net income for the year | 132,746 | 38,729 | 121,415 | 151,407 | 40,839 | 69.6 | 14.1% | 5.4% | (73.0%) |
| Total shareholders' equity | 707,363 | 613,948 | 641,732 | 669,137 | 558,833 | 952.9 | (5.4%) | (9.0%) | (16.5%) |
| Total liabilities & shareholders' equity | 9,405,299 | 9,773,996 | 9,579,738 | 9,572,012 | 9,988,726 | 17,032.4 | 1.8% | 2.2% | 4.4% |

BANCO DE CHILE
SELECTED CONSOLIDATED FINANCIAL INFORMATION

| | Quarters | | | Year ended | |
|--|-----------|-----------|-----------|------------|-----------|
| | 1Q04 | 4Q04 | 1Q05 | Dec 03 | Dec.04 |
| Earnings per Share | | | | | |
| Net income per Share (Ch\$) (1) | 0.57 | 0.46 | 0.62 | 1.95 | 2.28 |
| Net income per ADS (Ch\$) (1) | 341.33 | 277.70 | 369.15 | 1,169.92 | 1,368.59 |
| Net income per ADS (US\$) (2) | 0.55 | 0.50 | 0.59 | 1.95 | 2.44 |
| Book value per Share (Ch\$) (1) | 9.01 | 10.08 | 8.42 | 10.39 | 10.08 |
| Shares outstanding (Millions) | 68,080 | 66,378 | 66,378 | 68,080 | 66,378 |
| Profitability Ratios (3)(4) | | | | | |
| Net Interest Margin | 4.04% | 3.18% | 3.84% | 2.75% | 3.84% |
| Net Financial Margin | 3.50% | 4.28% | 3.58% | 3.86% | 4.04% |
| Fees / Avg. Interest Earnings Assets | 1.43% | 1.61% | 1.40% | 1.17% | 1.48% |
| Other Operating Revenues / Avg. Interest Earnings Assets | -0.28% | 0.77% | -0.20% | 1.18% | 0.17% |
| Operating Revenues / Avg. Interest Earnings Assets | 5.19% | 5.55% | 5.04% | 5.10% | 5.49% |
| Return on Average Total Assets | 1.63% | 1.26% | 1.69% | 1.45% | 1.59% |
| Return on Average Shareholders' Equity | 21.84% | 18.65% | 24.43% | 20.01% | 23.56% |
| Capital Ratios | | | | | |
| Shareholders Equity / Total Assets | 6.28% | 6.99% | 5.59% | 7.52% | 6.99% |
| Basic capital / total assets | 5.84% | 5.37% | 5.15% | 6.08% | 5.37% |
| Basic Capital / Risk-Adjusted Assets | 9.02% | 7.81% | 7.57% | 9.20% | 7.81% |
| Total Capital / Risk-Adjusted Assets | 13.21% | 11.67% | 11.94% | 13.22% | 11.67% |
| Credit Quality Ratios | | | | | |
| Past Due Loans / Total Loans | 1.69% | 1.23% | 1.23% | 1.69% | 1.23% |
| Allowance for loan losses / past due loans | 166.05% | 181.54% | 170.61% | 170.09% | 181.54% |
| Allowance for Loans Losses / Total Loans | 2.80% | 2.23% | 2.10% | 2.87% | 2.23% |
| Provision for Loan Losses / Avg.Loans (4) | 0.92% | 1.21% | 0.76% | 0.96% | 1.11% |
| Operating and Productivity Ratios | | | | | |
| Operating Expenses / Operating Revenue | 52.04% | 57.73% | 55.76% | 53.43% | 51.29% |
| Operating Expenses / Average Total Assets (3) | 2.39% | 2.86% | 2.52% | 2.46% | 2.51% |
| Loans per employee (million Ch\$) (1) | 715 | 730 | 756 | 697 | 730 |
| Average Balance Sheet Data (1)(3) | | | | | |
| Avg. Interest Earnings Assets (million Ch\$) | 8,383,144 | 8,670,096 | 8,680,371 | 8,312,051 | 8,492,253 |
| Avg. Assets (million Ch\$) | 9,488,341 | 9,718,867 | 9,685,752 | 9,185,641 | 9,524,416 |
| Avg. Shareholders Equity (million Ch\$) | 709,172 | 658,997 | 668,591 | 663,345 | 642,742 |
| Avg. Loans | 6,450,316 | 6,864,861 | 7,083,135 | 6,380,914 | 6,576,769 |
| Avg. Interest Bearing Liabilities (million Ch\$) | 6,057,997 | 6,000,138 | 5,967,464 | 6,064,013 | 6,039,223 |
| Other Data | | | | | |
| Inflation Rate | 0.25% | 0.17% | 0.22% | 1.07% | 2.43% |

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| | | | | | |
|----------------------|--------|--------|--------|--------|--------|
| Exchange rate (Ch\$) | 623.21 | 559.83 | 586.45 | 599.42 | 559.83 |
| Employees | 9,080 | 9,365 | 9,377 | 9,130 | 9,365 |

Notes

- (1) These figures were expressed in constant Chilean pesos as of March 31, 2005.
 - (2) These figures were calculated considering the nominal net income, the shares outstanding and the ex change rates existing at the end of each period.
 - (3) The ratios were calculated as an average of daily balances.
 - (4) Annualized data.
-

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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;
- unanticipated increases in financing and other costs or the inability to obtain additional debt or equity financing on attractive terms; and

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 publicly 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.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: April 29, 2005

Banco de Chile

By: /s/ Pablo Granifo L.

By: Pablo Granifo Lanvín
General Manager
