Banco de Chile

www.bancochile.cl

Banco de Chile Announces 2002 First-Quarter Results

Santiago, Chile, April 25, 2002 -- 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, 2002. 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, 2002, unless otherwise stated. Therefore, all growth rates are in real terms. In addition, for comparative purposes, this document includes pro forma financial figures for periods before 2002, based on the historical financial statements of Banco de Chile and Banco Edwards.

Net income for the first quarter of 2002 was Ch$12,653 million (Ch$0.19/share or US$0.17/ADS), which represents a decrease of 58.4% when compared to the pro forma figures of Ch$30,418 million recorded in the first quarter 2001.

2002 First-Quarter Selected Financial Data

	1Q 01	4Q 01	1Q 02	% Change	
				1Q 02/1Q 01	1Q 02/4Q 01
Income Statement (Millions, Chilean pesos)					
Operating Revenues	103,111	103,334	99,077	(3.9)%	(4.1)%
Provisions	(22,556)	(21,647)	(33,643)	49.2%	55.4%
Operating Expenses	52,744	75,533	58,007	10.0%	(23.2)%
Net Income	30,418	11,453	12,653	(58.4)%	10.5%
Earning per Share (Chilean pesos)					
Net income per Share	0.45	0.17	0.19	(58.4)%	10.5%
Book value per Share	8.34	9.32	8.07	(3.3)%	(13.5)%
Balance Sheet (Millions, Chilean pesos)					
Loan Portfolio	6,237,933	6,053,019	5,974,146	(4.2)%	(1.3)%
Total Assets	8,751,832	8,947,987	8,896,884	1.7%	(0.6)%
Shareholders' Equity	568,092	635,090	549,373	(3.3)%	(13.5)%
Total Capital / Risk Adjusted Assets	11.5%	12.2%	13.5%	-	-
Profitability Ratios					
ROAA	1.23%	0.48%	0.52%	-	-
ROAE	18.7%	8.0%	8.1%	-	-
Net Financial Margin	4.0%	4.2%	3.7%	-	-
Efficiency ratio	51.2%	73.1%	58.5%	-	-
Asset Quality Ratios					
Past Due Loans / Total Loans	1.88%	1.99%	2.26%	-	-
Allowances / Total Loans	3.24%	3.72%	3.92%	-	-
Allowances / Past Due Loans	172.3%	187.2%	173.7%	-	-

First Quarter 2002 Highlights

The Bank

- **Annual Shareholders' Meeting.** Due to the end of the legal, statutory three year term established for the Board of Directors, at the Bank's Ordinary Shareholders Meeting, held on March 21, 2002, it was agreed to reelect the entire Board of Directors. It was also agreed to designate Alternate Directors. The following were appointed as Directors for a three years term: Segismundo Schulin-Zeuthen Serrano (President), Andrónico Luksic Craig (Vice-President), Jacob Ergas Ergas, Guillermo Luksic Craig, Francisco Pérez Mackenna, Gonzalo Menéndez Duque, Máximo Pacheco Matte, Rodrigo Manubens Moltedo, Máximo Silva Bafalluy, Manuel Sobral Fraile, Jorge Awad Mehech, Jorge Díaz Vial (Alternate Director) y Edmundo Eluchans Urenda (Alternate Director).

- **Distribution of Dividends.** At the Bank's Ordinary Shareholders Meeting, held on March 21, 2002, agreement was reached about the distribution and payment of dividend N°190. A dividend distribution of Ch$1.9355 per Banco de Chile common share was made, with a charge to Banco de Chile income for 2001. It was also agreed to make a dividend distribution of Ch$0.4364 per Banco de Chile–F share, with a charge to Banco de A. Edwards income for 2001. After the payment of this dividend, and according to the Transitory Second Article of the Bank's bylaws, Banco de Chile–F shares will be automatically converted into Banco de Chile common shares.

- **Merger-Related Information.** During the first quarter of 2002 the Bank continued to make important progress with its merger process, particularly in the commercial, credit, operations, technology, infrastructure and human resources areas. As a result of this merger process, during the first quarter of 2002, 18 branches and points-of-sale were closed and 245 members of staff (internal and external) were laid off. This led to cash flow disbursements and write-offs totaling approximately Ch$9,209 million, of which Ch$8,038 million were reflected in results as operating expenses, Ch$108 million as non-operating expenses and Ch$1,063 million as additional fixed assets (principally computer equipment and the reorganization of physical spaces).

- **Loan Portfolio.** As of March 31, 2002, the Bank's loan portfolio, net of interbank loans, totaled Ch$5,878,176 million, representing a 4.7% decrease over the previous twelve-month period, or a decrease of 2.4% when compared to the end of previous quarter. As of March 31, 2002 and in terms of net loans, the Bank ranked first in the Chilean banking system with a market share of 18.8%.

- **Consumer Loan Campaign.** During the first quarter 2002 the Bank launched a new consumer loan campaign directed at high-income individuals, promoting an attractive consumer loan package with competitive interest rates and a prompt approval process. This campaign led to a 6.6% increase in the volume of consumer loans during the quarter and, at the same time, the Bank's market share in this product increased from 16.6% as of December 31, 2001 to 16.9% at March 31, 2002.

- **Important Provisions during 1Q02.** During the first quarter of 2002, the Bank's net income was affected by the increase in provisions which rose from Ch$22,556 million recorded in the first quarter of 2001 to Ch$33,643 million in the first quarter of 2002. This increase was due mainly to the risk category downgrading of loans granted to Argentinean debtors and also due to the establishment of allowances for clients related mainly to the construction and real estate sectors.

***Financial System*.**

- **Loan portfolio expansion.** At the end of March 2002, the financial system's loan portfolio, net of interbank loans, totaled US$44,960 million, which represented a slight increase of 0.5% in comparison to December 31, 2001. This growth was mainly related to an increase in consumer loans and foreign trade loans.

- **Decrease in Net Income.** Net income across the Financial System decreased by 15.7% to US$224.5 million at March 31, 2002, as compared to US$266.2 million recorded at March 31, 2001. This drop was due principally to a decrease in net interest revenue (attributable to the decrease of approximately 58 basis points in net interest margin), and was also due to an increase in operating expenses and provisions. As a result, the annualized return on average shareholder's equity decreased from 19.8% in 1Q01 to 15.8% in 1Q02, while the annualized return on average assets decreased from to 1.64% in 1Q01 to 1.15% during 1Q02.

- **Deterioration in Credit Quality.** The ratio of past due loans to total loans increased from 1.62% at December 2001 to 1.74% at March 2002, and the ratio of allowances to total loans grew from 2.39% at December 2001 to 2.43% at March 2002. At the same time, the coverage ratio decreased to 140% as of March 31, 2002, from 147% at December 31, 2001.

2002 First-Quarter Consolidated Results

NET INCOME

Net income for the first quarter of 2002 totaled Ch$12,653 million (US$19.0 million), representing a decrease of 58.4% over the Ch$30,418 million (US$45.8 million) reported in the first quarter of 2001. This decrease was due principally to a significant increase in provisions (reflecting a charge of Ch$33,643 million in 1Q02 versus a charge of Ch$22,556 million in 1Q01). The quarterly net income was also affected by the non-recurring expenses relating to the merger.

As a result, net income for the first quarter of 2002 represented a 0.52% annualized return on average assets (ROAA) and a 8.1% annualized return on average shareholders' equity (ROAE), compared to 1.23% and 18.7% respectively for the first quarter of 2001.

Net Income (in millions of Chilean pesos, except for percentages)					
	1Q01	**4Q01**	**1Q02**	**% Change**	
				1Q02/1Q01	**1Q02/4Q01**
Bank[1]	23,339	8,416	6,879	(70.5)%	(18.3)%
New York Branch	2,689	2	2,165	(19.5)%	-
Miami Agency	1,039	113	117	(88.7)%	3.5%
Stock Brokerage	1,847	1,404	1,652	(10.6)%	17.7%
Mutual Fund	873	1,026	987	13.1%	(3.8)%
Insurance Brokerage	336	(217)	405	20.5%	-
Financial Advisory	63	264	52	(17.5)%	(80.3)%
Factoring	253	222	412	62.8%	85.6%
Investment Fund	(8)	(16)	(2)	(75.0)%	(87.5)%
Securitization	(13)	239	(14)	7.7%	-
Total Net Income	**30,418**	**11,453**	**12,653**	**(58.4)%**	**10.5%**

The decrease in net income over the 12-month period was attributable mainly to results for the Bank[1] and, a lesser extent, to the foreign operational positions (New York branch and Miami agency). Lower results recorded by the New York branch and Miami agency were mainly due to the following: (i) lower net interest revenues which resulted from a change in the mix of its interest earning assets towards lower yield and lower risk assets, and, (ii) to an increase in operating expenses as a result of a one-time payment related to the merger and also, although to a lesser extent, to expenses related to the improvement of the technological systems in order to concentrate all foreign operational processes in the Miami agency.

Net income from subsidiaries for the first quarter of 2002 increased by 4.2% when compared to the first quarter of 2001, boosted by better results from the Mutual Fund and Factoring companies. The increase in net income shown by the Mutual Fund subsidiary was closely related to an 8.6% growth in funds under management over the 12-months period. It is worth mentioning that Mutual Fund Company ranks first in terms of clients and assets under management, with a market share of 25.2% as of March 31, 2002.

[1] Excludes subsidiaries and foreign operational positions (branch and agency).

During the first quarter of 2002, the Factoring subsidiary recorded strong results, due to higher operating revenues which resulted from annual growth of 30.8% in the loan portfolio. Outstanding loans for this subsidiary totaled approximately Ch$26,000 million at the end of 1Q02 compared to approximately Ch$19,450 million for the same period of the previous year.

The improved performance of the Insurance Brokerage subsidiary was a consequence of lower operating expenses and higher fee income, resulting mainly from the implementation of different sales campaigns launched during the year to promote automobile, life and home insurance.

Finally, net income for the Stock Brokerage subsidiary decreased by 10.6% during the first quarter of 2002. The result was affected by extraordinary gains on sale of financial investments registered during 1Q01 and severance expenses related to the merger during the first quarter of 2002. In terms of stock transactions, the Stock Brokerage subsidiary continues to be the leading stock brokerage company in Chile, with a market share of 24.3% at March 2002.

NET FINANCIAL INCOME[2]

Net Financial Income (in millions of Chilean pesos, except for percentages)					
	1Q01	**4Q01**	**1Q02**	**% Change**	
				1Q02/1Q01	**1Q02/4Q01**
Interest revenue	180,606	174,966	139,617	(22.7)%	(20.2)%
Interest expense	(98,671)	(115,595)	(62,387)	(36.8)%	(46.0)%
Foreign Exchange transaction, net	(2,571)	26,751	(2,849)	10.8%	-
Net Financial Income	**79,364**	**86,122**	**74,381**	**(6.3)%**	**(13.6)%**
Avg. Interest Earning Assets	**7,929,955**	**8,112,247**	**8,075,427**	**1.8%**	**(0.5)%**
Net Financial Margin	**4.0%**	**4.2%**	**3.7%**	**-**	**-**

Net financial income (net interest revenue plus foreign exchange transactions) for the first quarter of 2002 totaled Ch$74,381 million (US$111.9 million), which represents a decrease of 6.3% over the Ch$79,364 million (US$119.4 million) recorded at the same period of 2001. This decrease was mainly attributable to the drop of approximately 32 basis points in the net financial margin, which more than offset the 1.8% expansion in average interest earning assets.

The Bank's net financial margin (net financial income as a percentage of the average interest earnings assets), which fell to 3.7% in the first quarter of the current year from 4.0% in the first quarter of 2001, was affected by several factors. The most important of these included the following:

- The decrease in nominal interest rates, attributable to a decrease in both real interest rates and in the inflation rate (the change in the value of the unidad de fomento[3] or UF was a negative 0.4% in the first quarter of 2002 compared to a positive 0.3% in the same period of

[2] For analysis purposes, results form foreign exchange transactions, which consist mainly of the results of forward contracts which hedge foreign currencies and dollar-adjustable Chilean peso positions, have been included in the calculation of net financial income and the net financial margin. Under SBIF guidelines these gains/losses cannot be registered as interest revenue, but must be considered as gains/losses from foreign exchange transactions and, accordingly, registered in a different line of the income statements. This accounting asymmetry distorts net interest revenue and foreign exchange transaction gains, especially in periods of high volatility in the exchange rate.

[3] The UF is an accounting unit which is linked to the Chilean CPI, and which changes daily to reflect changes in the index over the previous month.

2001.) This meant that the Bank earned lower nominal rates on the portion of interest earning assets financed by non-interest bearing liabilities.

- A higher proportion of financial investments within the interest earning assets mix, as a result of a 3.0% decrease in the average loans and a 17.1% increase in the average investment portfolio during the 12-month period ending March 31, 2002.

The above factors were partially offset however, by the following:

- An increase of approximately 30 basis points in lending spreads, mainly in large corporations and high income individuals, as a consequence of the commercial efforts to increase higher yield products such as consumer loans, lease contracts and commercial loans denominated in Chilean pesos.

- A better funding mix, reflected in the improvement of the ratio of interest bearing liabilities to interest earning assets which decreased from 80.1% in the first quarter of 2001 to 79.0% in the first quarter of 2002.

LOAN PORTFOLIO

Loan Portfolio by Type of Credit

Loan Portfolio (in millions of Chilean pesos, except for percentages)					
	March.01	**Dec.01**	**March.02**	**% Change**	
				12-months	**1Q02/4Q01**
Commercial Loans	2,847,490	2,699,187	2,522,956	(11.4)%	(6.5)%
Mortgage Loans	1,222,925	1,258,873	1,257,001	2.8%	(0.1)%
Consumer Loans	362,776	385,975	411,516	13.4%	6.6%
Foreign trade Loans	582,484	518,451	549,266	(5.7)%	5.9%
Contingent Loans	358,667	369,798	338,277	(5.7)%	(8.5)%
Others Outstanding Loans	448,940	424,839	425,222	(5.3)%	0.1%
Leasing Contracts	227,957	247,023	239,077	4.9%	(3.2)%
Past-due Loans	117,209	120,198	134,861	15.1%	12.2%
Total Loans, net	**6,168,448**	**6,024,344**	**5,878,176**	**(4.7)%**	**(2.4)%**
Interbank Loans	69,485	28,675	95,970	38.1%	234.7%
Total Loans	**6,237,933**	**6,053,019**	**5,974,146**	**(4.2)%**	**(1.3)%**

The Bank's loan portfolio, net of interbank loans, totaled Ch$5,878,176 million as of March 31, 2002, representing a decrease of 4.7% when compared to the Ch$6,168,448 million recorded at March 31, 2001. It is worth mentioning that this decrease was concentrated mainly in the fourth quarter of 2001 and first quarter of 2002.

The decrease in loans over the last 12-month period was mostly concentrated in commercial, foreign trade, contingent and other outstanding loans to large companies. However, this decline was partially offset by growth in consumer loans, mortgage loans and leasing contracts.

The contraction in commercial and foreign trade loans was due principally to the Bank's decision to reduce its exposure in Latin America (mainly in Argentina and Brazil) and in certain economic sectors and debtors, as a result of lower external and internal economic activity. The slowdown in contingent loans was evidenced principally in foreign currency contingent loans to corporations.

The decrease over the 12-months period in other outstanding loans was mainly attributable to the sale of mortgage loans financed by the Bank's general borrowings which corresponded to approximately Ch$25,500 million (during 2Q01 y 3Q01).

The positive performance of consumer loans and leasing contracts over the last 12-months was mostly a result of commercial efforts to increase higher yielding products. Particularly important in the increase in consumer loans were the three consumer loan campaigns launched during the period, promoting attractive consumer loans with competitive interest rates and insurance coverage. These commercial efforts were significant in the improved market share in consumer loans which increased by approximately 130 basis points (from 15.6% as of March 31, 2001 to 16.9% at March 31, 2002). In addition, the 2.8% increase in mortgage loans was boosted by the reduction in long-term interest rates.

With specific regard to the 2.4% decrease in total loans between 4Q01 and 1Q02, this was concentrated principally in decreases in commercial and contingent loans to large companies, and to a lesser extent, to a drop in leasing contracts.

Past Due Loans by Type of Credit

Past Due Loans (in millions of Chilean pesos, except for percentages)					
	March.01	**Dec.01**	**March.02**	**%Change**	
				12-months	**1Q02/4Q01**
Commercial loans	105,786	107,596	121,022	14.4%	12.5%
Consumer loans	4,756	3,973	5,016	5.5%	26.3%
Residential mortgage loans	6,667	8,629	8,823	32.3%	2.2%
Total Past Due Loans	**117,209**	**120,198**	**134,861**	**15.1%**	**12.2%**

Ratios

Allowance / Past Due Loans	**172.3%**	**187.2%**	**173.7%**	**-**	**-**
Past Due Loans / Total Loans	**1.88%**	**1.99%**	**2.26%**	**-**	**-**

The past due loan portfolio increased by 15.1% to Ch$134,861 million at March 31, 2002, from Ch$117,209 million at March 31, 2001. Most of this growth was evidenced during the first quarter of 2002, due mainly to an increase in past due loans to medium size companies in the real estate and other services sectors. As a consequence, the ratio of past due to total loans rose to 2.26% in 1Q02 from 1.99% in the 4Q01, while the coverage ratio dropped to 173.7% from 187.2% over the same periods.

FUNDING

Funding (in millions of Chilean pesos, except for percentages)					
	March.01	**Dec.01**	**March.02**	**% Change**	
				12-months	**1Q02/4Q01**
Non-interest Bearing Liabilities					
Current Accounts	854,055	907,416	868,481	1.7%	(4.3)%
Bankers drafts and other deposits	517,776	518,389	726,376	40.3%	40.1%
Other Liabilities	550,852	529,928	657,704	19.4%	24.1%
Total	**1,922,683**	**1,955,733**	**2,252,561**	**17.2%**	**15.2%**
Interest Bearing Liabilities					
Savings & Time Deposits	4,010,831	3,971,314	3,777,515	(5.8)%	(4.9)%
Central Bank Borrowings	5,037	76,658	4,168	(17.3)%	(94.6)%
Repurchase agreements	222,845	246,849	335,768	50.7%	36.0%
Mortgage Finance Bonds	1,293,555	1,350,134	1,344,708	4.0%	(0.4)%
Subordinated Bonds	200,470	262,565	260,359	29.9%	(0.8)%
Other Bonds	11,020	7,901	6,669	(39.5)%	(15.6)%
Borrowings from Domestic Financ. Inst.	45,254	44,731	46,398	2.5%	3.7%
Foreign Borrowings	397,027	325,021	254,908	(35.8)%	(21.6)%
Other Obligations	75,018	71,991	64,457	(14.1)%	(10.5)%
Total	**6,261,057**	**6,357,164**	**6,094,950**	**(2.7)%**	**(4.1)%**
Total Liabilities	**8,183,740**	**8,312,897**	**8,347,511**	**2.0%**	**0.4%**

At March 31, 2002 non-interest bearing liabilities increased by 15.2% over December 31, 2001, while total interest bearing liabilities showed a 4.1% decrease over the same period.

The increase in non-interest bearing liabilities observed during the first quarter of 2002 was due mainly to an important increase in Bankers Draft and Other liabilities. The expansion in Bankers Drafts and other deposits was influenced in part by the decrease in short-term nominal interest rates (due to the sharp decrease in inflation) and, in addition, by commercial efforts to increase the volume of non-interest bearing demand deposits (through cash management and payment service contracts) aimed at improving the funding mix. The important increase in Other Liabilities was mainly due to an increase in obligations related to foreign currency transactions pending settlement[4], where volumes are very volatile.

By contrast, total interest bearing liabilities decreased by 4.1% during the first quarter of 2002. This was mainly a consequence of the decrease in both loan and investment portfolios, implying a lower level of funds needed by the Bank to finance interest earnings assets. This decrease is reflected principally in lower levels of time deposits (mainly from institutional investors and large companies), Central Bank borrowings and foreign borrowings.

[4] Composed of U.S. dollars sold by the Bank and where transfer is pending.

INVESTMENT PORTFOLIO

As of March 31, 2002, the Bank's investment portfolio amounted to Ch$1,951,594 million, which corresponded to a decrease of 2.5% when compared to the portfolio of Ch$2,002,071 million at December 31, 2001. The decrease shown over the quarter was mainly due to a reduction in Fed Funds booked by the New York branch and also to a reduction in Mexican investment grade securities.

As of March 31, 2002, the investment portfolio represented 21.9% of total assets and was composed principally of instruments issued by the Chilean Central Bank (69.6%), securities from international issuers (15.3%) and mortgage finance bonds issued by the Bank (12.3%).

PROVISIONS

Allowances and Provisions (in millions of Chilean pesos, except for percentages)					
	1Q01	**4Q01**	**1Q02**	**% Change**	
				1Q02/1Q01	**1Q02/4Q01**
Allowances at the beginning of each period	**195,632**	**219,853**	**225,064**	**15.0%**	**2.4%**
Price-level restatement	(233)	(2,253)	954	-	-
Charge-off	(16,029)	(14,183)	(25,394)	58.4%	79.0%
Provisions established, net	22,556	21,647	33,643	49.2%	55.4%
Allowances at the end of each period	**201,926**	**225,064**	**234,267**	**16.0%**	**4.1%**
Provisions	**22,556**	**21,647**	**33,643**	**49.2%**	**55.4%**
Ratios					
Allowances / Total loans	3.24%	3.72%	3.92%	-	-
Risk Index	2.58%	3.09%	3.21%	-	-
Provisions / Avg. Loans	1.46%	1.43%	2.24%	-	-
Charge-offs / Avg. Loans	1.03%	0.94%	1.69%	-	-
Recoveries / Avg. Loans	0.23%	0.29%	0.17%	-	-

Provisions amounted to Ch$33,643 million for the first quarter of 2002, representing an increase of 49.2% when compared to the first quarter of 2001. This increase can be largely explained by the following factors:

- Provisions have been taken for loans granted to debtors in Argentina, given the significant deterioration of the Argentinean economy. It should be noted that the Bank's total exposure to assets in Argentina is approximately 0.7% of total interest earning assets.

- The reactivation of the construction sector has taken longer than expected, particularly for second homes and resort projects. As a result of slower sales levels therefore, the Bank has increased provisions related to this sector.

- The long and significant reduction in aggregate demand and consumption in Chile, have had a negative effect on the financial situation of some medium size companies. The Bank has therefore considered it wise to increase provisions in this segment.

It is worth mentioning that as of March 31, 2002, allowances include voluntary allowances of Ch$33,396 million (equivalent to 0.6% of the total loan portfolio). It should be pointed out that during the first quarter of 2002, the Bank released totaling Ch$4,494 million of voluntary allowances.

The increase in allowances contributed to the rise in the Bank's overall risk index from 3.09% in December 2001 to 3.21% in March 2002. It also affected the increase in the allowances over total loans ratio which rose from 3.72% to 3.92% over the same periods. At the same time, the coverage ratio dropped from 187.2% in December of 2001 to 173.7% in March 2002, in spite of the important provisioning efforts.

INCOME FROM SERVICES, NET

Income from services amounted to Ch$ 18,581 million during the first quarter of 2002, which corresponded to a slight increase of 0.8% when compared to 1Q01. The quarter on quarter increase was due mainly to higher fees from credit cards and line of credit. This increase in fees more than offset the decrease in letters of credit and other contingent loans (there was 5.7% decrease in this type of loan over the 12-month period) and to lower financial advisory fees (where incomes are cyclical).

It is worth mentioning that the fees over average loans ratio stood at 1.24% for the first quarter of 2002 up from 1.22% for year 2001 and 1.13% in the year 2000.

GAINS ON SALES OF FINANCIAL INSTRUMENTS, NET

The Bank's total gains on sales of financial instruments increased to Ch$6,115 million during the first quarter of 2002 from Ch$5,308 million during the same period of 2001. These gains corresponded mainly to higher mark-to-market and trading earnings obtained from Central Bank securities and mortgage finance bonds, as a consequence of the steady decline in the interest rates during the quarter.

As we mentioned in the Banco Chile previous release, the loss on sales of financial instruments posted in 4Q01 was mainly a consequence of the establishment of provisions and charge-offs related to a Mexican security held at the New York branch.

OTHER INCOME AND EXPENSES

The Bank's Other Income and Expenses amounted to Ch$2,402 million in the first quarter of 2002, as compared to Ch$4,875 million in the same period of the previous year. This decrease is primarily attributable to lower non-operating income and lower recoveries of loans previously charged-off. The decrease in net non-operating income resulted from: (i) earnings obtained from the sale of assets received in lieu of payment in 1Q01, and, (ii) higher charge-offs on these assets made during 1Q02. The losses in the participation in earnings of equity investments in the first quarter of 2002 were due principally to results recorded by Comercio Electronico Artikos Chile S.A., an affiliate which offers e-commerce services to our corporate customers.

OPERATING EXPENSES

Operating Expenses (in millions of Chilean pesos, except for percentages)					
	1Q01	**4Q01**	**1Q02**	**% Change**	
				1Q02/1Q01	**1Q02/4Q01**
Personnel salaries and expenses	(26,498)	(41,625)	(29,633)	11.8%	(28.8)%
Administrative and other expenses	(21,976)	(29,231)	(23,012)	4.7%	(21.3)%
Depreciation and amortization	(4,270)	(4,677)	(5,362)	25.6%	14.6%
Total operating expenses	**(52,744)**	**(75,533)**	**(58,007)**	**10.0%**	**(23.2)%**
Efficiency ratio*	**51.2%**	**73.1%**	**58.5%**	**-**	**-**
Efficiency ratio**	47.0%	68.6%	53.1%	-	-

*Operating expenses/Operating revenues.
**Excluding depreciation and amortization.

The Bank's operating expenses increased by 10.0% to Ch$58,007 million (US$87.3 million) in the first quarter of 2002 from Ch$52,744 million (US$79.4 million) at the same period of 2001. This was due to non-recurring expenses relating to the merger. Without the merger related expenses, total operating expenses would have decreased by 5.3%.

Personnel salaries and expenses increased by 11.8% during 1Q02 when compared to 1Q01, mainly as a consequence of (i) higher severance payments and overtime expenses (all of them related with the merger) and (ii) a lower release of vacation provisions. The 4.7% expansion in administrative and other expenses is principally attributable to higher advertising expenses and to external advisory expenses (mainly technological, outplacement and financial). Both of these are related principally to the merger process.

The increase in depreciation and amortization expenses during the first quarter of 2002, as compared to the first quarter of 2001, are mainly related to the merger and correspond to: (i) charge-offs for discontinued software, (ii) charge-offs related to the refurbishment of rented branches that were closed during the quarter and, (iii) depreciation of technological equipment acquired during 2001 in order to integrate the information technology systems of both banks.

The efficiency ratio increased to 58.5% at March 31, 2002, from 51.2% at March 31, 2001. Without the merger costs, the efficiency ratio would have been 50.4% as of March 31, 2002.

LOSS FROM PRICE- LEVEL RESTATEMENT

Loss from price-level restatement amounted to a positive figure of Ch$1,711 million in 1Q02, compared to a loss of Ch$344 million during 1Q01. The difference between these figures can be attributed mainly to the inflation rates used for adjustment purposes. During 1Q01 the rate was 0.1%, whilst in 1Q02 this was negative 0.4%. This resulted in a positive restatement of the Bank's equity.

INCOME TAXES

Income taxes amounted to a positive Ch$1,113 million during the first quarter of 2002, compared to a charge of Ch$1,924 million in the first quarter of 2001. The positive income tax figure recorded in 1Q02, it was mainly influenced by the following factors: (i) the increase in the amount of certain items which can be deduct from the financial tax income basis (such as, the release of voluntary allowances, the payment of previously provisioned expenses, the payment of interest on certain non-performing loans and the amounts arising from charge-offs of loans made before the regulatory term, etc.), and, (ii) the benefit of the amortization of the effects of adopting deferred income taxes in 1999 (which implied a tax credit originating from the application of this guideline for periods prior to 1999).

It is worth mentioning that the Bank's effective tax rate is significantly lower than the statutory corporate income tax rate, as the Bank is allowed to deduct from the net income every payments made by the shareholders SAOS to the Central Bank regarding its subordinated debt.

SHAREHOLDERS' EQUITY

As of March 31, 2002, the Bank's Shareholder's equity totaled Ch$549,373 million (US$827 million), as compared to Ch$568,092 (US$855 million) at March 31, 2001, reflecting the higher net income recorded during the first quarter of 2001. The Bank also maintained strong capitalization ratios in 1Q02. At the end of March 2002, the Bank's Total Capital to Risk-Adjusted Assets ratio (BIS ratio) was 13.5%, and the Basic Capital to Total Assets ratio was 6.1%, both indicators in full compliance with the general minimum requirements of 8% and 3% respectively. It is important to point out, that as a condition imposed by the Chilean Central Bank in order to approve the merger, the Bank must maintain a minimum BIS ratio of 10%.

Shareholders' Equity	**March.01**	**Dec.01**	**March.02**	**% Change**	
(in million of Ch$ pesos)				**12-months**	**1Q02/4Q01**
Capital and Reserves	537,274	537,583	537,159	(0.0)%	(0.1)%
Accumulated adjustment from translation differences*	4,276	6,589	7,108	66.2%	7.9%
Fluctuation of financial investments**	(3,876)	(5,765)	(7,547)	94.7%	30.9%
Net Income	30,418	96,683	12,653	(58.4)%	(86.9)%
Total Shareholders' equity	**568,092**	**635,090**	**549,373**	**(3.3)%**	**(13.5)%**

(*) 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.

(**) Corresponds to adjustment to market value of permanent investments, net of deferred taxes.

-- Financial Tables Follow --

BANCO DE CHILE
CONSOLIDATED STATEMENTS OF INCOME (Under Chilean GAAP)

(Expressed in millions of constant Chilean pesos (MCh$) as of March 31, 2002 and millions of US dollars (MUS$))

	Quarters				% Change		Year ended			% Change
	1Q01 MCh$	4Q01 MCh$	1Q02 MCh$	1Q02 MUS$	1Q02-1Q01	1Q02-4Q01	Dec 00 MCh$	Dec 01 MCh$	Dec 01 MUS$	Dec 01-Dec 00
Interest revenue and expense										
Interest revenue	180,606	174,966	139,617	210.1	(22.7) %	(20.2) %	865,709	788,747	1,187.1	(8.9) %
Interest expense	(98,671)	(115,595)	(62,387)	(93.9)	(36.8) %	(46.0) %	(548,655)	(454,589)	(684.2)	(17.1) %
Net interest revenue	**81,935**	**59,371**	**77,230**	**116.2**	**(5.7) %**	**30.1 %**	**317,054**	**334,158**	**502.9**	**5.4 %**
Income from services, net										
Income from fees and other services	22,277	23,385	22,158	33.3	(0.5) %	(5.2) %	80,457	92,093	138.6	14.5 %
Other services expenses	(3,838)	(3,663)	(3,577)	(5.4)	(6.8) %	(2.3) %	(14,803)	(15,439)	(23.2)	4.3 %
Income from services, net	**18,439**	**19,722**	**18,581**	**28.0**	**0.8 %**	**(5.8) %**	**65,654**	**76,654**	**115.4**	**16.8 %**
Other operating income, net										
Gains on financial instruments, net	5,308	(2,510)	6,115	9.2	15.2 %	-	9,371	7,120	10.7	(24.0) %
Foreign exchange transactions, net	(2,571)	26,751	(2,849)	(4.3)	10.8 %	-	11,033	3,885	5.8	(64.8) %
Total other operating income, net	**2,737**	**24,241**	**3,266**	**4.9**	**19.3 %**	**(86.5) %**	**20,404**	**11,005**	**16.5**	**(46.1) %**
Operating Revenues	**103,111**	**103,334**	**99,077**	**149.1**	**(3.9) %**	**(4.1) %**	**403,112**	**421,817**	**634.8**	**4.6 %**
Provisions	**(22,556)**	**(21,647)**	**(33,643)**	**(50.6)**	**49.2 %**	**55.4 %**	**(75,616)**	**(90,186)**	**(135.7)**	**19.3 %**
Other income and expenses										
Recovery of loans previously charged-off	3,555	4,345	2,599	3.9	(26.9) %	(40.2) %	12,725	15,542	23.4	22.1 %
Non-operating income	3,593	4,261	2,840	4.3	(21.0) %	(33.3) %	10,353	14,530	21.9	40.3 %
Non-operating expenses	(2,292)	(2,075)	(2,889)	(4.3)	26.0 %	39.2 %	(13,501)	(10,089)	(15.2)	(25.3) %
Participation in earnings of equity investments	19	27	(148)	(0.2)	-	-	7	3	0.0	(57.1) %
Total other income and expenses	**4,875**	**6,558**	**2,402**	**3.6**	**(50.7) %**	**(63.4) %**	**9,584**	**19,986**	**30.1**	**108.5 %**
Operating expenses										
Personnel salaries and expenses	(26,498)	(41,625)	(29,633)	(44.6)	11.8 %	(28.8) %	(123,149)	(128,695)	(193.7)	4.5 %
Administrative and other expenses	(21,976)	(29,231)	(23,012)	(34.6)	4.7 %	(21.3) %	(93,634)	(98,538)	(148.3)	5.2 %
Depreciation and amortization	(4,270)	(4,677)	(5,362)	(8.1)	25.6 %	14.6 %	(15,420)	(17,433)	(26.2)	13.1 %
Total operating expenses	**(52,744)**	**(75,533)**	**(58,007)**	**(87.3)**	**10.0 %**	**(23.2) %**	**(232,203)**	**(244,666)**	**(368.2)**	**5.4 %**
Loss from price-level restatement	**(344)**	**(2,818)**	**1,711**	**2.6**	**-**	**-**	**(16,557)**	**(9,910)**	**(14.9)**	**(40.1) %**
Minority interest in consolidated subsidiaries	**0**	**0**	**0**	**0.0**	**-**	**-**	**(365)**	**(1)**	**0.0**	**(99.7) %**
Income before income taxes	**32,342**	**9,894**	**11,540**	**17.4**	**(64.3) %**	**16.6 %**	**87,955**	**97,040**	**146.1**	**10.3 %**
Income taxes	**(1,924)**	**1,559**	**1,113**	**1.7**	**-**	**(28.6) %**	**(522)**	**(357)**	**(0.5)**	**(31.6) %**
Net income	**30,418**	**11,453**	**12,653**	**19.0**	**(58.4) %**	**10.5 %**	**87,433**	**96,683**	**145.6**	**10.6 %**

BANCO DE CHILE
CONSOLIDATED BALANCE SHEETS (Under Chilean GAAP)

(Expressed in millions of constant Chilean pesos (MCh$) as of March 31, 2002 and millions of US dollars (MUS$))

ASSETS	Dec 00 MCh$	Mar 01 MCh$	Sep 01 MCh$	Dec 01 MCh$	Mar 02 MCh$	Mar 02 MUS$	% Change Dec 01-Dec 00	% Change Mar 02-Mar 01	% Change Mar 02-Dec 01
Cash and due from banks									
Noninterest bearing	686,150	663,508	704,702	716,099	699,556	1,052.9	4.4 %	5.4 %	(2.3) %
Interbank bearing	6,576	33,829	151,663	52,682	55,813	84.0	701.1 %	65.0 %	5.9 %
Total cash and due from banks	**692,726**	**697,337**	**856,365**	**768,781**	**755,369**	**1,136.9**	**11.0 %**	**(11.8) %**	**(1.7) %**
Financial investments									
Government securities	718,822	778,098	972,883	1,107,922	1,037,922	1,562.1	54.1 %	33.4 %	(6.3) %
Investments purchase under agreements to resell	42,552	24,571	36,923	49,764	20,213	30.4	16.9 %	(17.7) %	(59.4) %
Investment collateral under agreements to repurchase	210,139	209,121	316,318	220,686	322,583	485.5	5.0 %	54.3 %	46.2 %
Other investments	711,551	665,119	650,006	623,699	570,876	859.2	(12.3) %	(14.2) %	(8.5) %
Total financial investments	**1,683,064**	**1,676,909**	**1,976,130**	**2,002,071**	**1,951,594**	**2,937.2**	**19.0 %**	**16.4 %**	**(2.5) %**
Loans, Net									
Commercial loans	2,779,259	2,847,490	2,879,147	2,699,187	2,522,956	3,797.1	(2.9) %	(11.4) %	(6.5) %
Consumer loans	350,418	362,776	379,070	385,975	411,516	619.3	10.1 %	13.4 %	6.6 %
Mortgage loans	1,212,553	1,222,925	1,242,738	1,258,873	1,257,001	1,891.8	3.8 %	2.8 %	(0.1) %
Foreign trade loans	568,628	582,484	657,904	518,451	549,266	826.7	(8.8) %	(5.7) %	5.9 %
Interbank loans	37,082	69,485	47,852	28,675	95,970	144.4	(22.7) %	38.1 %	234.7 %
Leasing contracts	224,587	227,957	256,326	247,023	239,077	359.8	10.0 %	4.9 %	(3.2) %
Other outstanding loans	497,342	448,940	458,076	424,839	425,222	640.0	(14.6) %	(5.3) %	0.1 %
Past due loans	117,990	117,209	126,655	120,198	134,861	203.0	1.9 %	15.1 %	12.2 %
Contingent loans	384,368	358,667	375,261	369,798	338,277	509.1	(3.8) %	(5.7) %	(8.5) %
Total loans	**6,172,227**	**6,237,933**	**6,423,029**	**6,053,019**	**5,974,146**	**8,991.2**	**(1.9) %**	**(4.2) %**	**(1.3) %**
Allowances	(195,632)	(201,926)	(219,853)	(225,064)	(234,267)	(352.6)	15.0 %	16.0 %	4.1 %
Total loans, net	**5,976,595**	**6,036,007**	**6,203,176**	**5,827,955**	**5,739,879**	**8,638.6**	**(2.5) %**	**(4.9) %**	**(1.5) %**
Other assets									
Assets received in lieu of payment	16,850	16,416	30,369	32,724	33,281	50.1	94.2 %	102.7 %	1.7 %
Bank premises and equipment	147,243	146,243	144,042	143,959	143,891	216.6	(2.2) %	(1.6) %	(0.0) %
Investments in other companies	3,826	3,854	5,191	5,185	5,331	8.0	35.5 %	38.3 %	2.8 %
Other	165,244	175,066	168,406	167,312	267,539	402.6	1.3 %	52.8 %	59.9 %
Total other assets	**333,163**	**341,579**	**348,008**	**349,180**	**450,042**	**677.3**	**4.8 %**	**31.8 %**	**28.9 %**
Total assets	**8,685,548**	**8,751,832**	**9,383,679**	**8,947,987**	**8,896,884**	**13,390.0**	**3.0 %**	**1.7 %**	**(0.6) %**

BANCO DE CHILE

CONSOLIDATED BALANCE SHEETS (Under Chilean GAAP)

(Expressed in millions of constant Chilean pesos (MCh$) as of March 31, 2002 and millions of US dollars (MUS$))

LIABILITIES & SHAREHOLDERS' EQUITY

	Dec 00 MCh$	Mar 01 MCh$	Sep 01 MCh$	Dec 01 MCh$	Mar 02 MCh$	Mar 02 MUS$	% Change Dec 01-Dec 00	Mar 02-Mar 01	Mar 02-Dec 01
Deposits									
Current accounts	852,820	854,055	851,189	907,416	868,481	1,307.1	6.4 %	1.7 %	(4.3) %
Bankers drafts and other deposits	533,895	517,776	567,302	518,389	726,376	1,093.2	(2.9) %	40.3 %	40.1 %
Saving accounts and time deposits	3,902,154	4,010,831	4,251,763	3,971,314	3,777,515	5,685.3	1.8 %	(5.8) %	(4.9) %
Total deposits	**5,288,869**	**5,382,662**	**5,670,254**	**5,397,119**	**5,372,372**	**8,085.6**	**2.0 %**	**(0.2) %**	**(0.5) %**
Borrowings									
Central Bank borrowings	5,290	5,037	4,828	76,658	4,168	6.3	1349.1 %	(17.3) %	(94.6) %
Securities sold under agreements to repurchase	228,568	222,845	322,160	246,849	335,768	505.3	8.0 %	50.7 %	36.0 %
Mortgage finance bonds	1,278,914	1,293,555	1,334,048	1,350,134	1,344,708	2,023.8	5.6 %	4.0 %	(0.4) %
Subordinated bonds	158,431	200,470	220,931	262,565	260,359	391.8	65.7 %	29.9 %	(0.8) %
Other bonds	11,914	11,020	8,994	7,901	6,669	10.0	(33.7) %	(39.5) %	(15.6) %
Borrowings from domestic financial institutions	58,461	45,254	107,284	44,731	46,398	69.8	(23.5) %	2.5 %	3.7 %
Foreign borrowings	416,085	397,027	435,289	325,021	254,908	383.6	(21.9) %	(35.8) %	(21.6) %
Other obligations	84,457	75,018	74,673	71,991	64,457	97.0	(14.8) %	(14.1) %	(10.5) %
Total borrowings	**2,242,120**	**2,250,226**	**2,508,207**	**2,385,850**	**2,317,435**	**3,487.6**	**6.4 %**	**3.0 %**	**(2.9) %**
Other liabilities									
Contingent liabilities	383,914	358,389	374,809	369,441	337,873	508.5	(3.8) %	(5.7) %	(8.5) %
Other	147,787	192,461	207,418	160,484	319,827	481.5	8.6 %	66.2 %	99.3 %
Total other liabilities	**531,701**	**550,850**	**582,227**	**529,925**	**657,700**	**990.0**	**(0.3) %**	**19.4 %**	**24.1 %**
Minority interest in consolidated subsidiaries	**3**	**2**	**3**	**3**	**4**	**0.0**	0.0 %	100.0 %	33.3 %
Shareholders' equity									
Capital and Reserves	535,422	537,674	536,987	538,407	536,720	807.8	0.6 %	(0.2) %	(0.3) %
Net income for the year	87,433	30,418	86,001	96,683	12,653	19.0	10.6 %	(58.4) %	(86.9) %
Total shareholders' equity	**622,855**	**568,092**	**622,988**	**635,090**	**549,373**	**826.8**	**2.0 %**	**(3.3) %**	**(13.5) %**
Total liabilities & shareholders' equity	**8,685,548**	**8,751,832**	**9,383,679**	**8,947,987**	**8,896,884**	**13,390.0**	**3.0 %**	**1.7 %**	**(0.6) %**

BANCO DE CHILE
SELECTED CONSOLIDATED FINANCIAL INFORMATION

	Quarters			Year ended	
	1Q01	4Q01	1Q02	Dec 00	Dec 01
Earnings per Share					
Net income per Share (Ch$) (1)	0.45	0.17	0.19	1.32	1.41
Net income per ADS (Ch$) (1)	268.09	100.93	111.51	791.27	848.68
Net income per ADS (US$) (2)	0.44	0.15	0.17	1.50	1.48
Book value per Share (Ch$) (1)	8.34	9.32	8.07	9.39	9.29
Shares outstanding (Millions)	68,079.78	68,079.78	68,079.78	68,079.78	68,079.78
Profitability Ratios (3)(4)					
Net interest margin	4.13%	2.93%	3.83%	4.29%	4.06%
Net financial margin	4.00%	4.25%	3.68%	4.44%	4.11%
Fees / Avg. Interest Earnings Assets	0.93%	0.97%	0.92%	0.89%	0.93%
Other Operating Revenues / Avg. Interest Earnings Assets	0.14%	1.20%	0.16%	0.28%	0.13%
Operating Revenues / Avg. Interest Earnings Assets	5.20%	5.10%	4.91%	5.45%	5.13%
Return on average total assets	1.23%	0.48%	0.52%	0.98%	0.97%
Return on average shareholders' equity	18.73%	7.97%	8.11%	15.16%	16.15%
Capital Ratios					
Shareholders equity / total assets	6.5%	7.1%	6.1%	7.2%	7.1%
Basic capital / risk-adjusted assets	7.2%	7.2%	9.9%	7.2%	7.2%
Total capital / risk- adjusted assets	11.5%	12.2%	13.5%	11.1%	12.2%
Credit Quality Ratios					
Past due loans / total loans	1.88%	1.99%	2.26%	1.91%	1.99%
Allowances / past due loans	172.28%	187.24%	173.71%	165.8%	187.2%
Allowances / total loans	3.24%	3.72%	3.92%	3.17%	3.72%
Provisions / Avg.Loans	1.46%	1.43%	2.24%	1.30%	1.44%
Risk index	2.58%	3.09%	3.21%	2.56%	3.09%
Operating and Productivity Ratios					
Operating expenses / operating revenue	51.2%	73.1%	58.6%	57.6%	58.0%
Operating expenses / average total assets (3)	2.14%	3.13%	2.39%	2.59%	2.46%
Loans per employee (million Ch$) (1)	827	834	862	794	834
Average Balance Sheet Data (1)(3)					
Avg. Interest earnings assets (million Ch$)	7,929,955	8,112,247	8,075,427	7,390,143	8,229,904
Avg. Assets (million Ch$)	9,867,356	9,643,762	9,706,293	8,963,798	9,956,845
Avg. Shareholders equity (million Ch$)	649,618	575,135	623,997	576,872	598,583
Avg. Loans	6,197,895	6,054,904	6,009,927	5,819,242	6,260,575
Avg. Interest bearing liabilities (million Ch$)	6,350,431	6,537,595	6,380,251	5,950,887	6,624,784
Other Data					
Inflation Rate	0.5%	(0.2%)	0.5%	4.5%	2.6%
Exchange rate (Ch$)	592.91	656.20	664.44	572.68	656.20

Notes

(1) These figures were expressed in constant Chilean pesos as of March 31, 2002.

(2) These figures were calculated considering the nominal net income, the shares outstanding and the exchange rates existing at the end of each period.

(3) The ratios were calculated as an average of daily balances.

(4) Annualized data.

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.

Contacts:

Jacqueline Barrio
Banco de Chile
(56-2) 637 2938
jbarrio@bancochile.cl

Ximena Tarzijan
Banco de Chile
(56-2) 637 2868
xtarzijan@bancochile.cl