



Third Quarter 2012 Earnings Presentation

Banco de Chile
El banco de Chile

3Q | 2012 Highlights

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- ❖ *Chilean Economy*
- ❖ *Chilean Banking System*
- ❖ *Banco de Chile Results*
- ❖ *Banco de Chile Profitability*
- ❖ *Equity Raising Fundamentals*

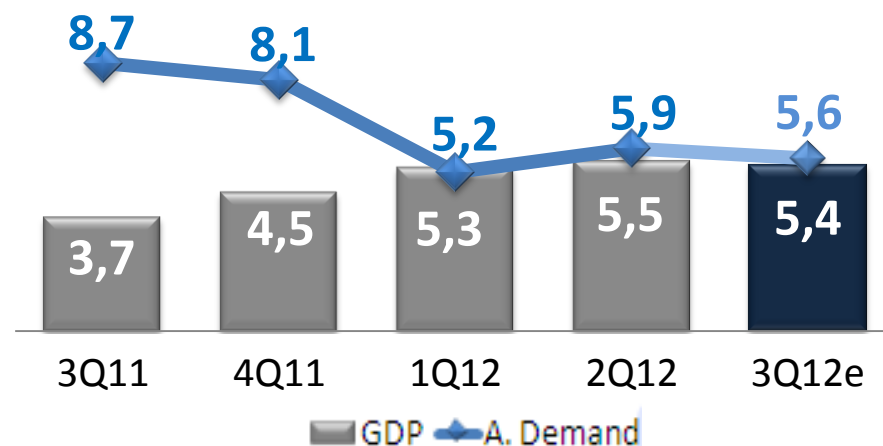
Economic Environment

Highlights

- Above expectation GDP growth boosted by solid performance in aggregate demand.
- Low unemployment and optimistic expectations of household and enterprises explain the dynamism in private consumption and investment.
- Sectors related with internal demand such as Commerce, Constructions and Services have sustained growth over 5.0%.
- Exports sectors has been affected by both, lower external demand and commodities prices.
- Imports continue growing above exports, which has increased the current account deficit to around 3% of GDP.

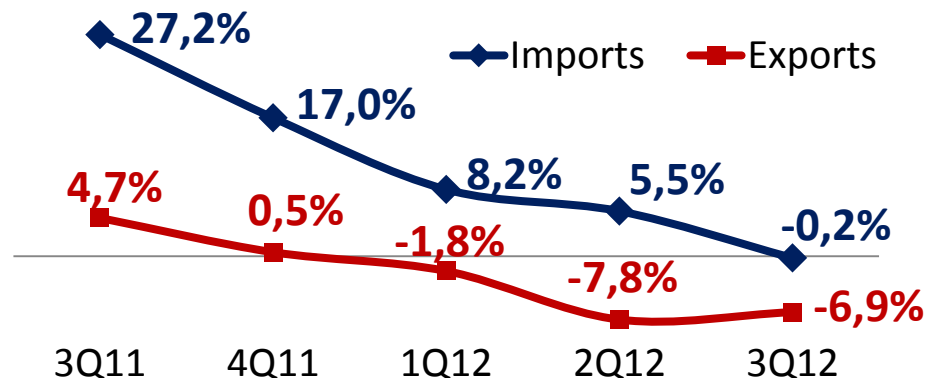
GDP & Aggregate Demand

(YoY Var. %)



Exports and Imports

(YoY Var. %)

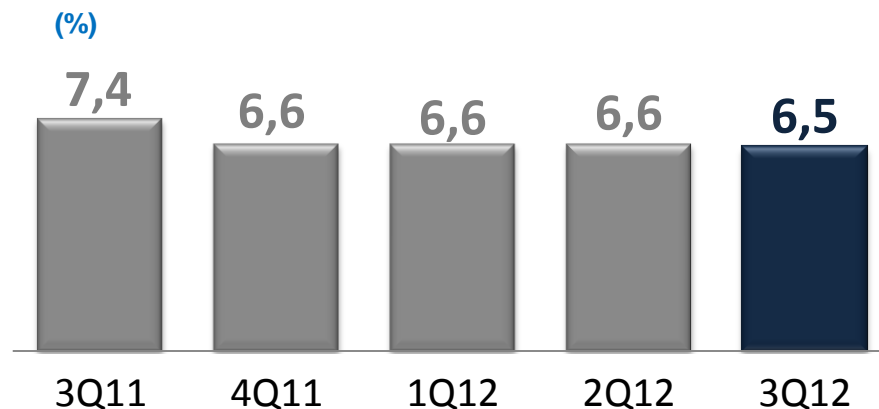


Economic Environment

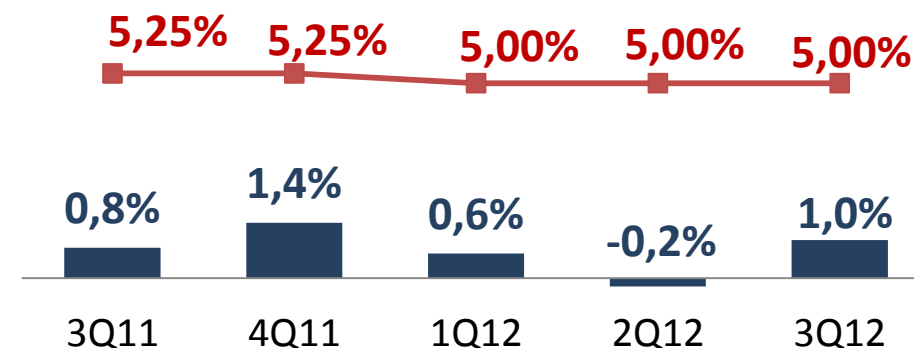
Highlights

- Low unemployment rate in line with positive evolution of GDP and enterprises sentiment.
- On a yearly basis inflation remains below the Chilean Central Bank Target of 3%.
- During 3Q12 CPI grew 1.0% meanwhile UF decreased -0.2%.
- According to the last figures we expect a rise around 0.5% in CPI during 4Q12 and 1.3% in UF.
- Chilean Central Bank has maintained a neutral position during 2012 keeping the interest rate at 5.0% since January.

Unemployment Rate



Inflation and Monetary Policy



UF (% Var.)	0.6%	1.3%	1.1%	0.4%	-0.2%
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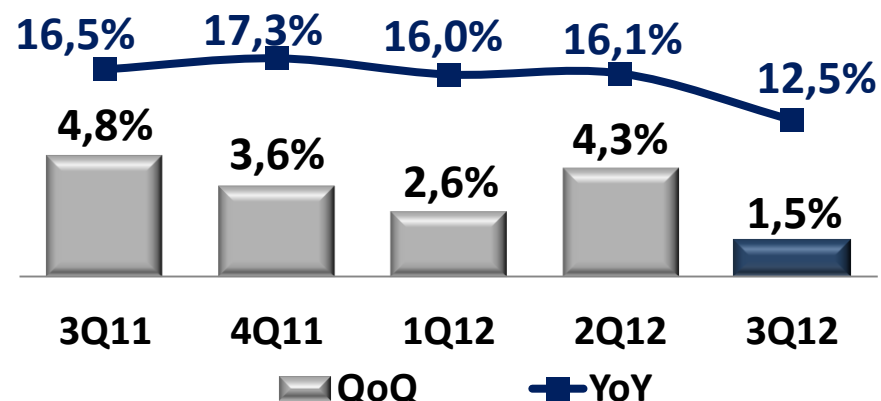
■ CPI (QoQ) ■ Monetary Interest Rate

Banking System

Highlights

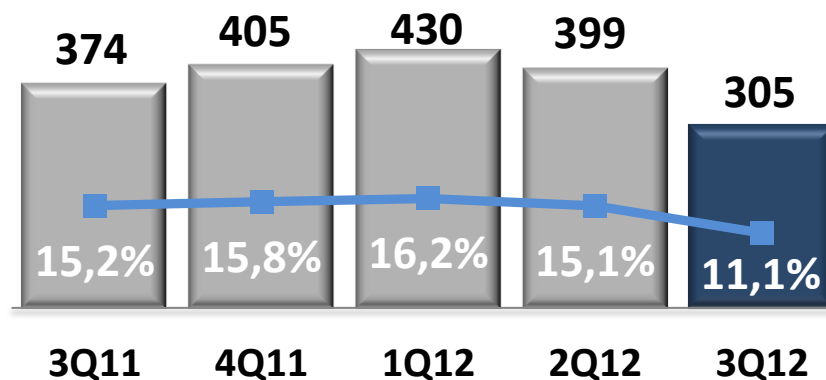
- After a growth spike during 2Q12, total loans posted moderate rise of 1.5% in 3Q12.
- The slowdown was focused in commercial which after reaching a strong rise of 5.5% in 2Q12 slowed to 1.1% in 3Q12.
- Consumer loans accelerated growth to +2.7% QoQ, in line with the solid trend in private consumption.
- ROAE reached 11.1% in 3Q12 accumulating 14.2% as of September.

Total Loan Growth (*)



Net Income & ROAE

(\$Bn. and %)



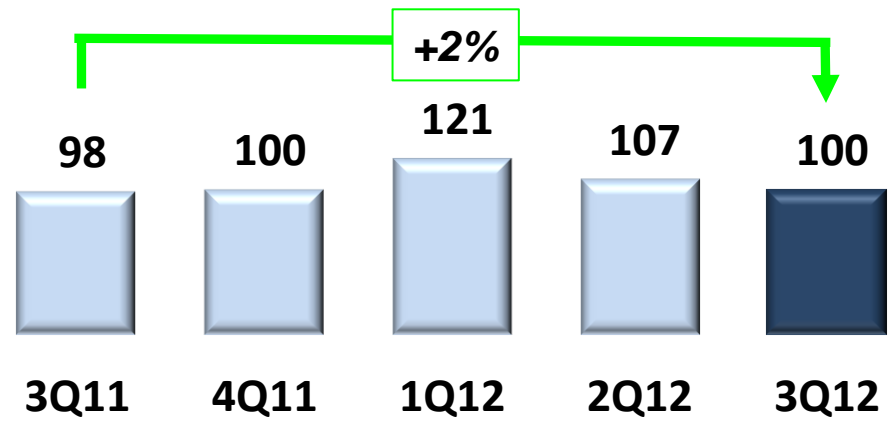
(*) Figures do not include operations in Colombia

Banco de Chile: 3Q/2012 Earnings

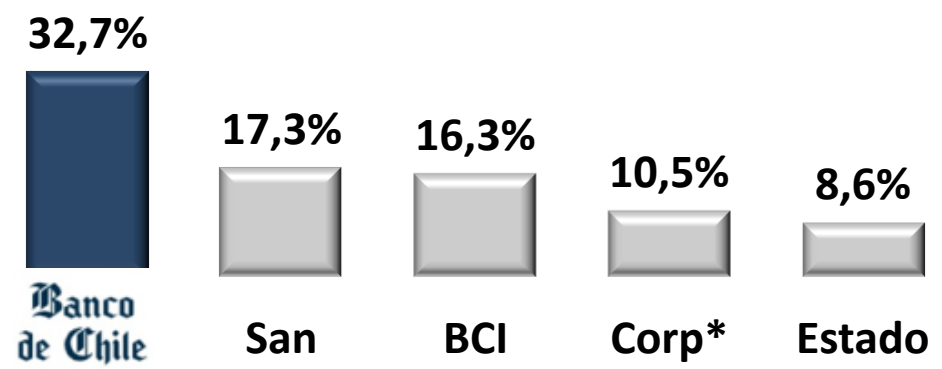
Highlights

- Highest net income YTD & Quarter of CLP 328 billion and CLP 100 billion, respectively
- Net income market share YTD and Quarter of 28.9% and 32.7%, respectively

Net Income (\$BN)



Net Income Market Share (3Q|12)



Net Income Q3**	100	53	50	32	26
Net Income YTD**	328	278	178	83	74

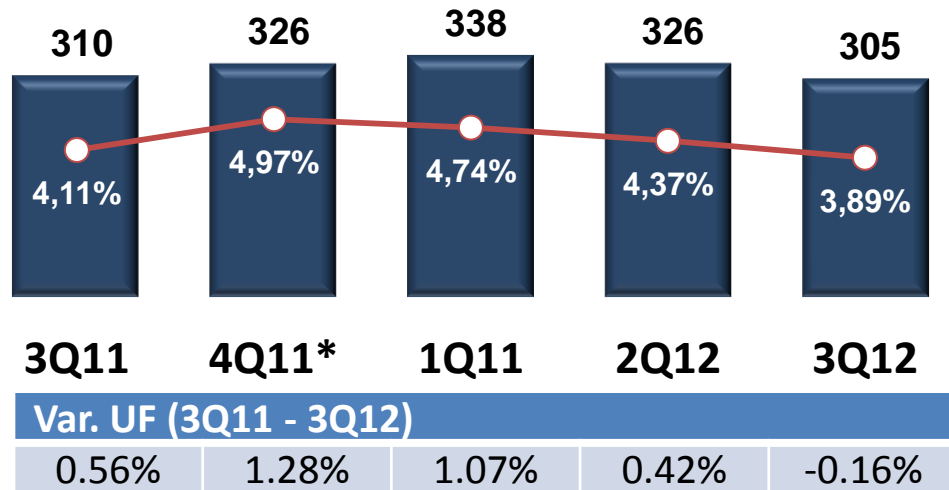
*Includes CorpBanca Colombia results
 **In billions of Ch\$

Banco de Chile: Operating Revenues

Highlights

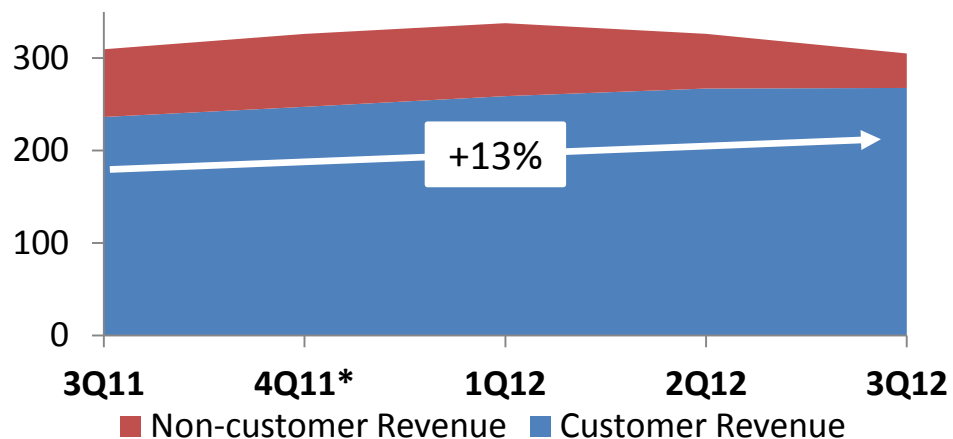
- Robust growth in our core business with stable spreads
- Lower inflation income as it dropped to -0.16% in 3Q12 from 0.42% in 2Q12 and 0.56% in 3Q11
- Lower financial income from USD/CLP derivative positions

Total Op. Revenues (\$BN) & NIM (%)



Total Op. Revenues Breakdown (\$BN)

(Quarters)



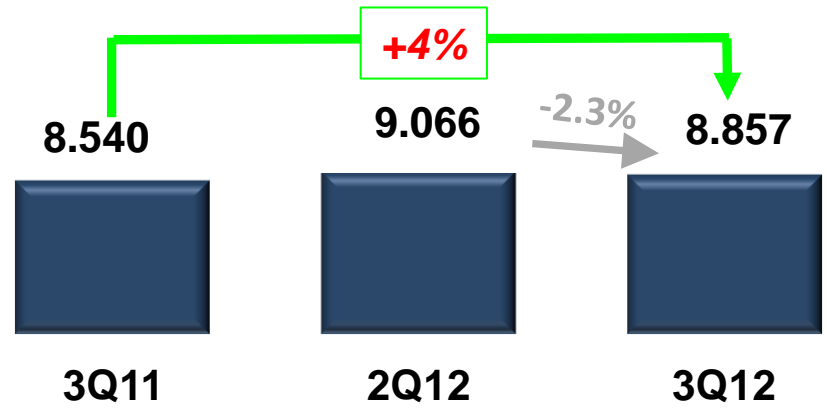
*Adjusted for a reduction of ~\$42 billion due to a sale of a loan portfolio which was recognized as a loss in net Financial Operating Income and its related provisions released in loan loss provisions.

Banco de Chile: Loan Portfolio

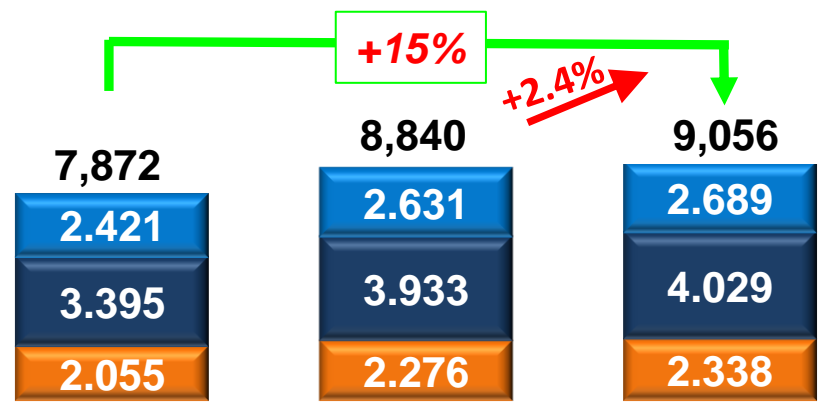
Highlights

- Total Loan Growth of +10% Y/Y and Flat Q/Q
- Retail loans, in line with our strategic focus, continue to lead growth with very strong Y/Y figures:
 - +15% Total Retail Loans
 - +19% Mortgage
 - +14% Commercial SME
 - +11% Consumer

Wholesale Loans (CLP \$BN)



Retail Loans (CLP \$BN)



3Q11 2Q12 3Q12

Commercial Mortgage Consumer

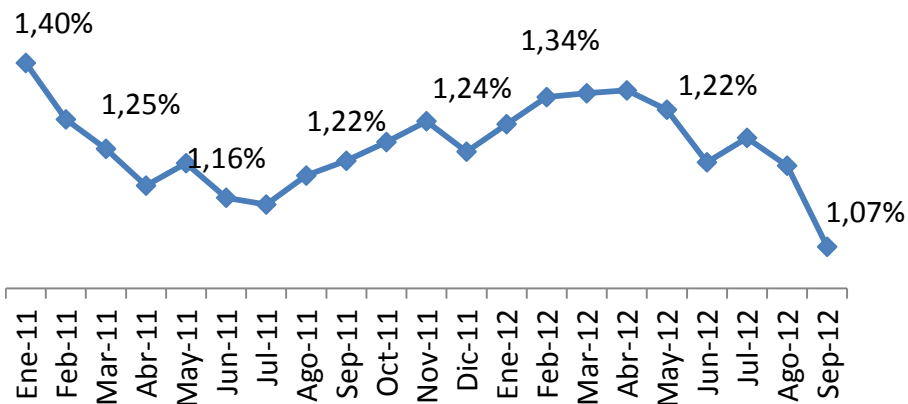
Banco de Chile: Credit Quality

Highlights

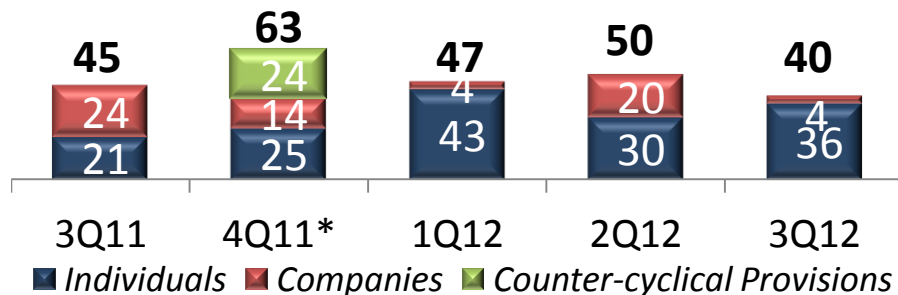
- Loan loss provisions under control
- Improving trend in mortgage and consumer non-performing loans
- Total non-performing loans continue to post favorably to peers and system with a ratio of 0.94%
- Decreasing trend in NPLs from individuals to 1.07%

Mthly Evolution of NPLs

(Total Past-due to Loans: Mortgage & Consumer , %)



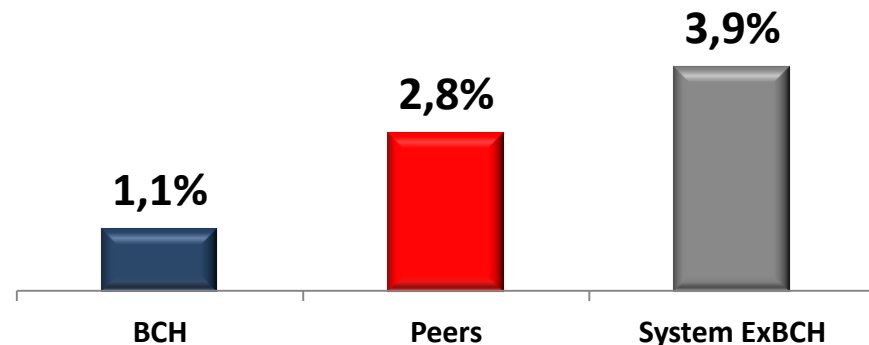
Loan Loss Provisions (CLP \$BN)



*Adjusted for a reduction of ~\$45 billion from a release of allowances due to a sale of a loan portfolio which was recognized as a loss in net Financial Operating Income.

NPL Benchmark

(Individual Past-due to Loans , September 2012)

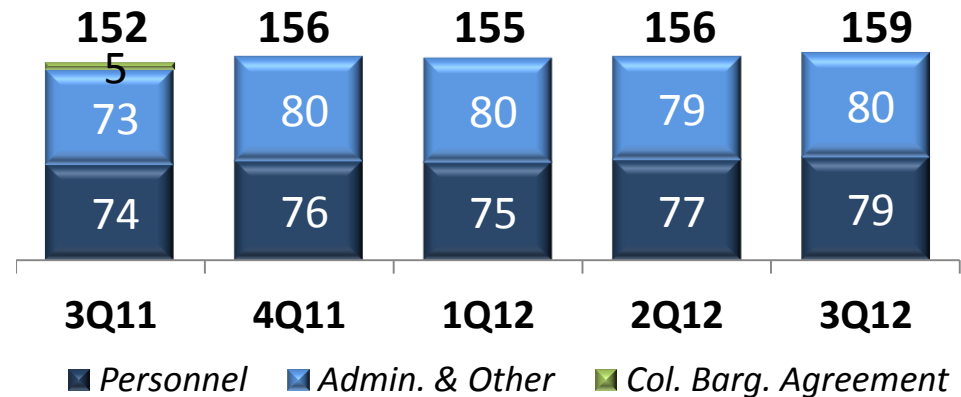


Banco de Chile: Operating Expenses

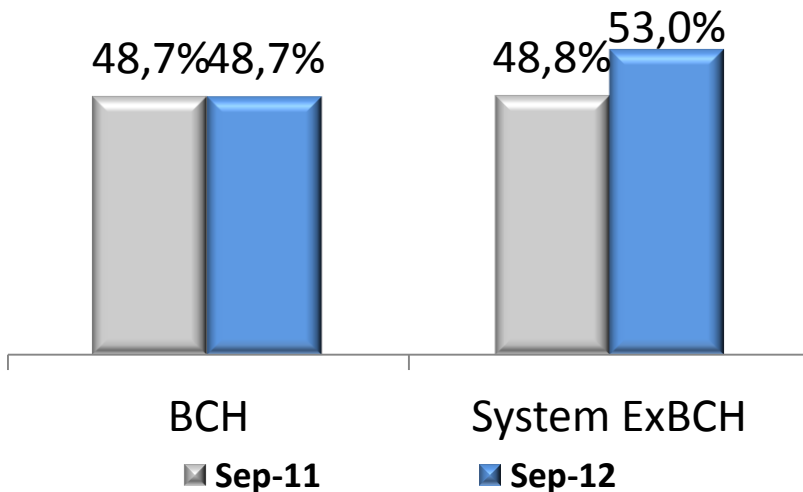
Highlights

- Operating expenses are in line with running rate
- Cost to assets continues to compare favorably to the industry average

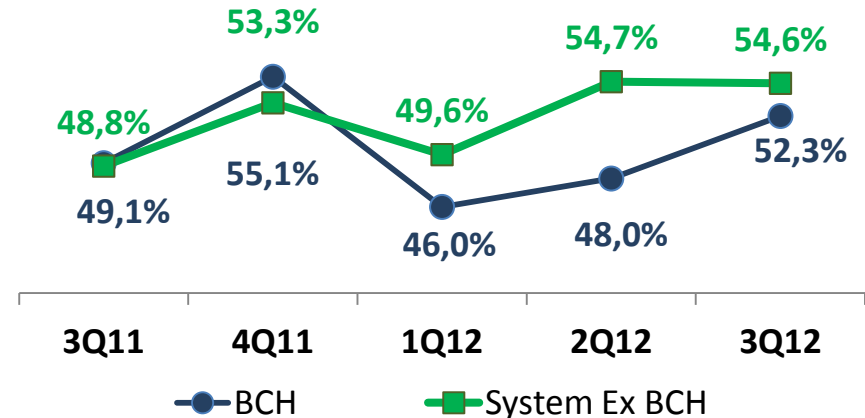
Operating Expenses (CLP \$BN)



Cost to Income Ratio (YTD)



Cost to Income Ratio (Qtrly)



Note: Peers include Santander, BCI and BBVA

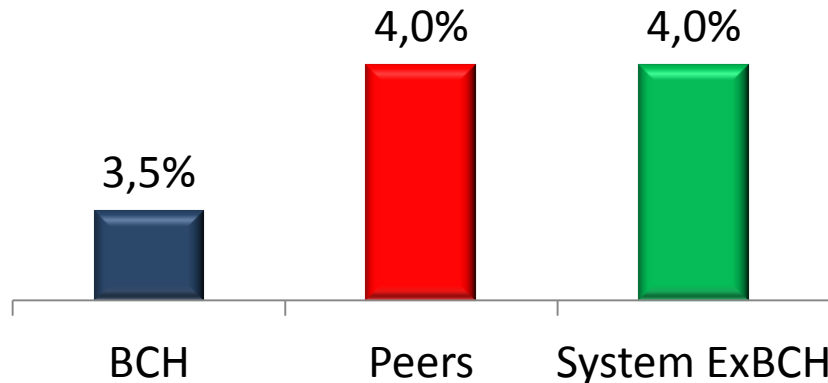
Banco de Chile: Funding

Highlights

- Continue to diversify funding and extend durations:
 - ❖ Hong Kong USD 50 mn
 - ❖ Chile UF 212 mn
- Current Account Dep. 23% mksh ($\Delta Y/Y$ +9%)
- Solid Cost of Funding of 3.5%

Cost of Funding*

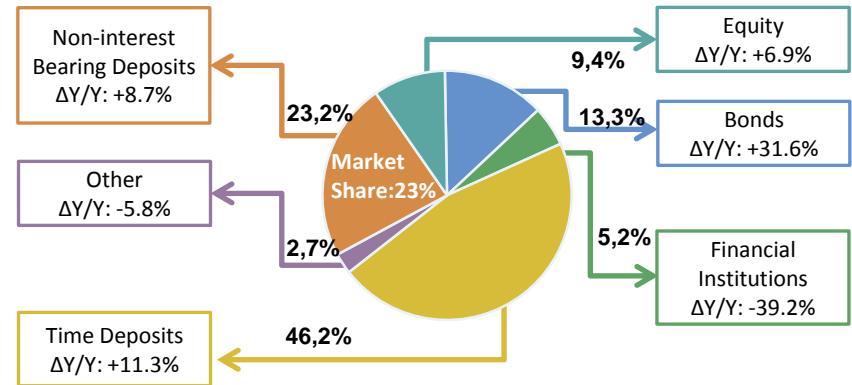
(As of September 2012)



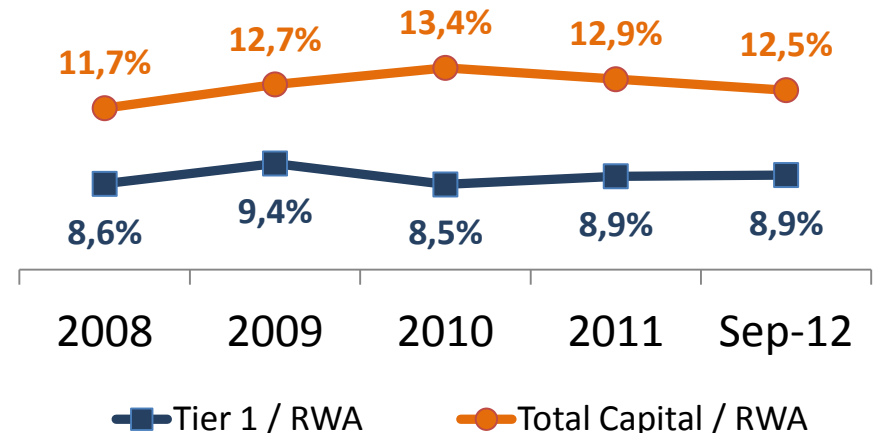
* Interest paid over average interest bearing liabilities + non-interest bearing deposits
 Note: Peers include Santander, BCI and BBVA

Funding Structure

(% of Total Funding and $\Delta Y/Y$ Change, September 2012)



Capital Base



Banco de Chile: Profitability



Highlights

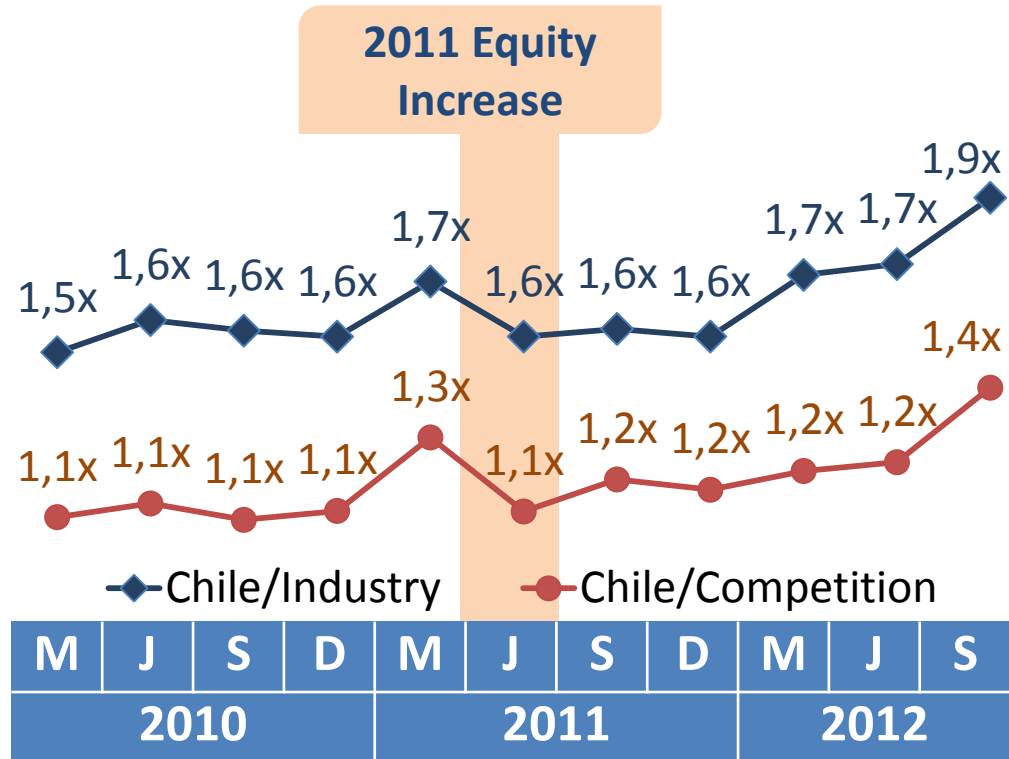
- Our ROAC represents 1.7 and 1.2 times the average of the industry and our peers, respectively.
- We also ranked:

#1

-Net Income

-International S&P Rating

Multiple BCH ROAC to Competition



Equity Offering Fundamentals

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Reasons for Capital Increase

1

Strengthen our capital base to handle business growth

2

Maintain solid risk ratings by maintaining adequate capital ratios which allow us to benefit from low cost of funding

3

Increase free float to improve the liquidity of our share

Key Facts

- ✓ Capital Increase of ~Ch\$250 billion
- ✓ Issuance of 3.939.489.442 common shares
- ✓ Price of the issuance will be set within 180 days of the extraordinary shareholders meeting held on October 17, 2012
- ✓ Pricing and preferential rights offering is expected to occur near the end of November
- ✓ LQIF has announced its intention to exercise their right in the preemptive rights period and to assign and transfer its right to the special preemptive rights period
- ✓ Free float is expected to reach near 17% post equity offering

Forward-looking Information

The information contained herein incorporates by reference statements which constitute “forward-looking statements,” in that they include statements regarding the intent, belief or current expectations of our directors and officers with respect to our future operating performance. Such statements include any forecasts, projections and descriptions of anticipated cost savings or other synergies. You should be aware that any such forward-looking statements are not guarantees of future performance and may involve risks and uncertainties, and that actual results may differ from those set forth in the forward-looking statements as a result of various factors (including, without limitations, the actions of competitors, future global economic conditions, market conditions, foreign exchange rates, and operating and financial risks related to managing growth and integrating acquired businesses), many of which are beyond our control. The occurrence of any such factors not currently expected by us would significantly alter the results set forth in these statements.

Factors that could cause actual results to differ materially and adversely include, but are not limited to:

- changes in general economic, business or political or other conditions in Chile or changes in general economic or business conditions in Latin America;*
- changes in capital markets in general that may affect policies or attitudes toward lending to Chile or Chilean companies;*
- unexpected developments in certain existing litigation;*
- increased costs; and*
- unanticipated increases in financing and other costs or the inability to obtain additional debt or equity financing on attractive terms.*

You should not place undue reliance on such statements, which speak only as of the date that they were made. Our independent public accountants have not examined or compiled the forward-looking statements and, accordingly, do not provide any assurance with respect to such statements. These cautionary statements should be considered in connection with any written or oral forward-looking statements that we may issue in the future. We do not undertake any obligation to release publicly any revisions to such forward-looking statements to reflect later events or circumstances or to reflect the occurrence of unanticipated events.