

# Financial Results

July 31<sup>st</sup>, 2015



Banco de Chile  
Q2 | 15

**BCH**  
LISTED  
NYSE

# AGENDA – 2Q15 BCH Financial Results

---

1. Economic Environment

2. Banking Industry

3. BCH Strategic Focus

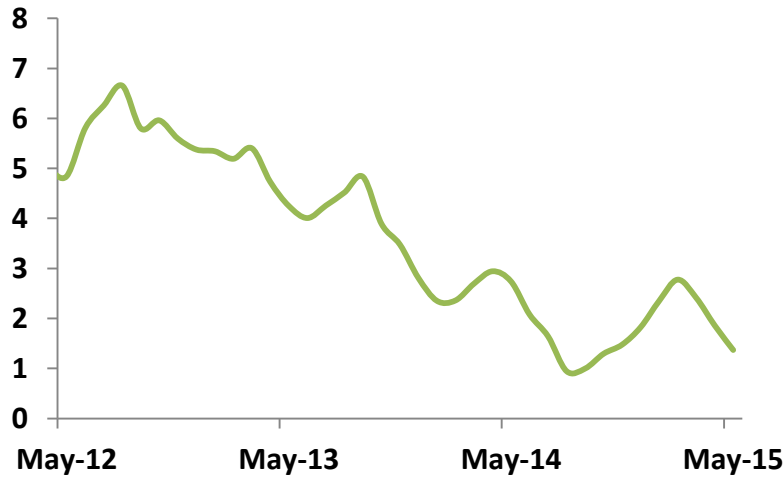
4. BCH Financial Results

# Economy

*Persistent weak economic performance*

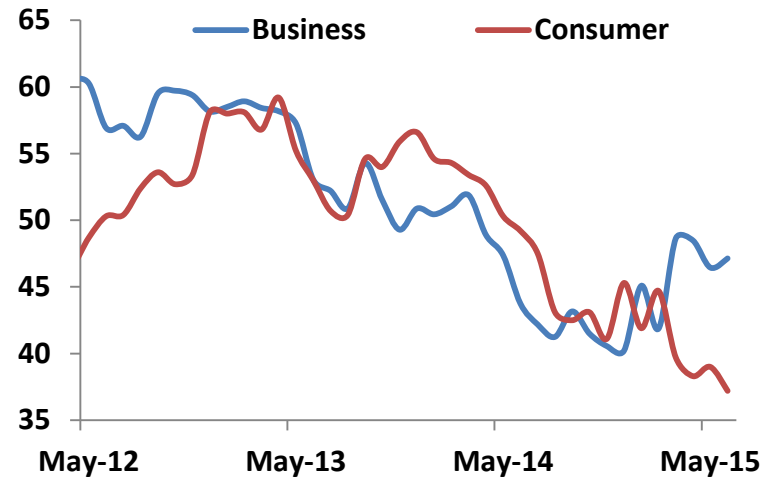
## Monthly Econ Activity

(IMACEC: MA3, YoY%)



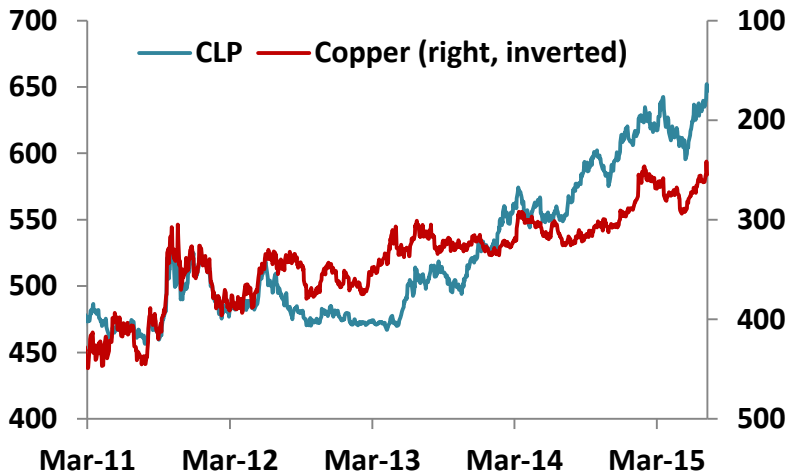
## Confidence

(50: pivot)



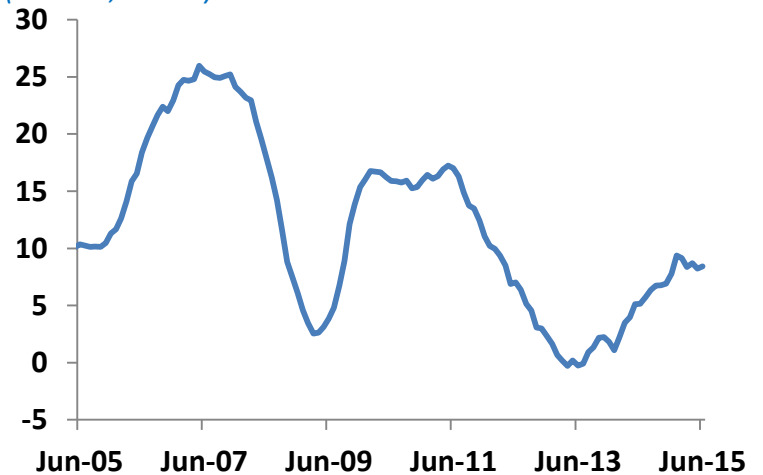
## Exchange Rate and Copper Prices

(CLP/USD and USD Cents/Pound)



## Trade Balance

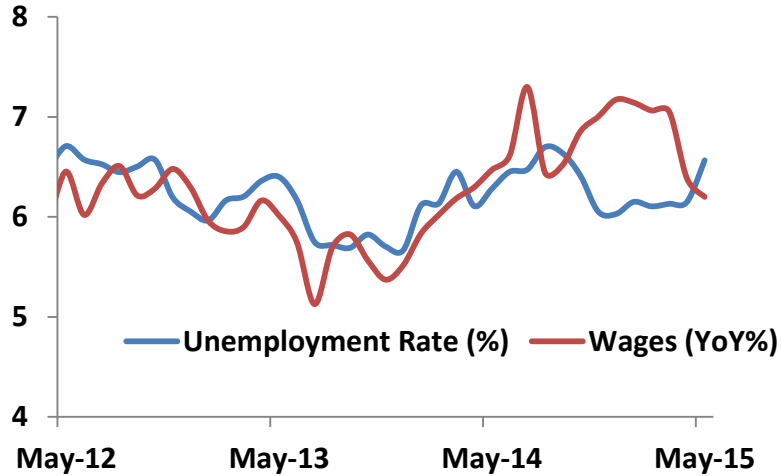
(USD Bn, MA12)



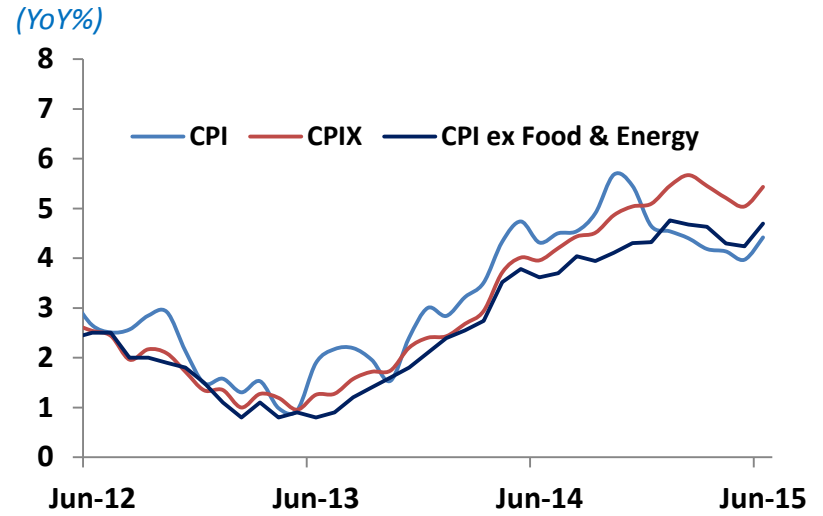
# Economy

Higher inflation due partly to currency depreciation

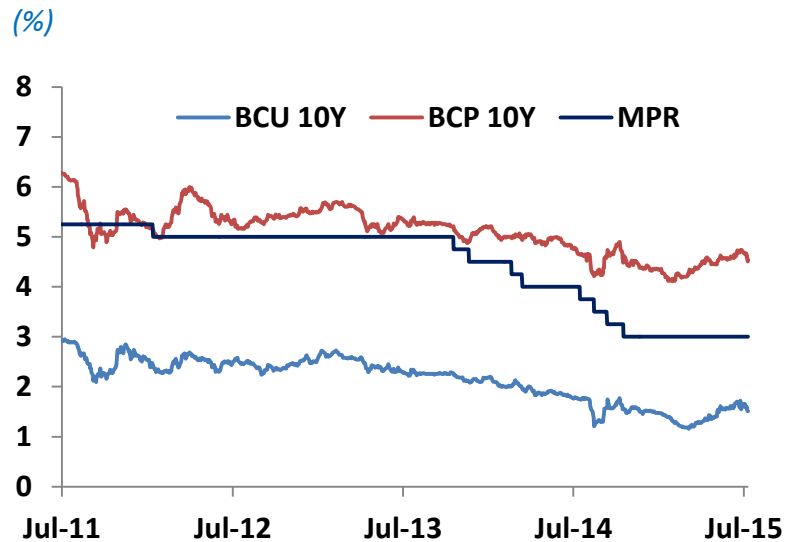
## Labor Market



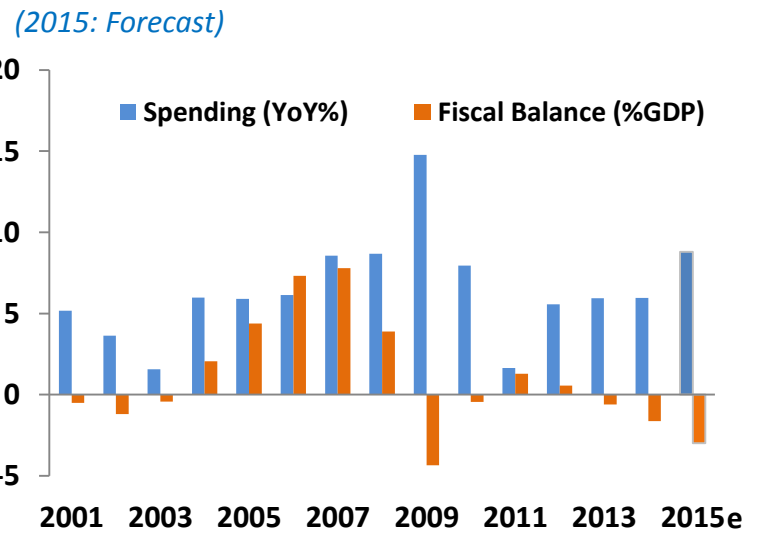
## Headline and Core Inflation



## Overnight and Long Term Rates



## Fiscal Accounts



# AGENDA – 2Q15 BCH Financial Results

---

1. Economic Environment

2. Banking Industry

3. BCH Strategic Focus

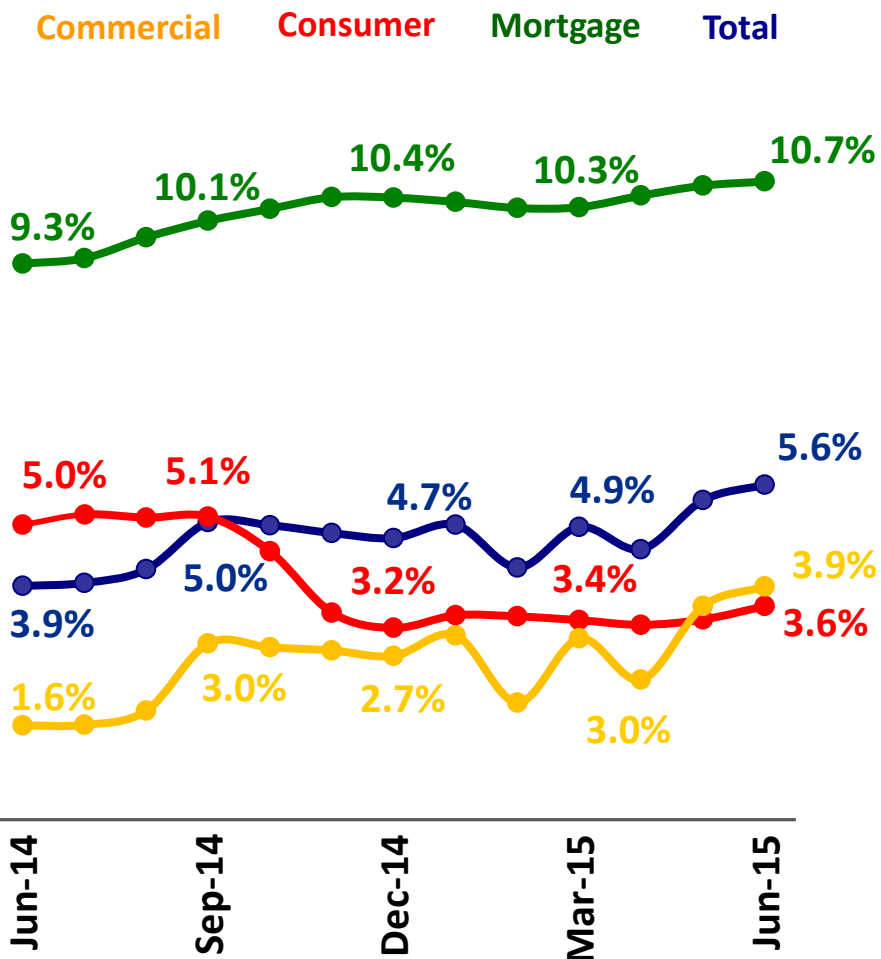
4. BCH Financial Results

# Banking Industry

*Strong mortgage growth despite weak macroeconomic environment*

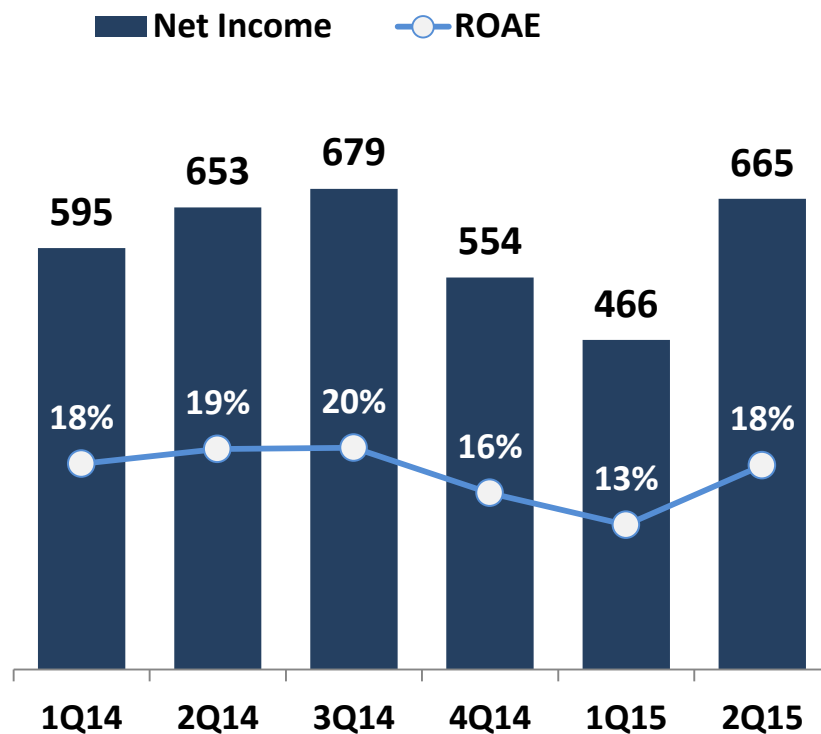
## Loan Growth

(Var. Real YoY)



## Accumulated Net Income & ROAE

(In billions of CLP and %)



	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15
Δ UF	1.28%	1.76%	0.60%	1.90%	-0.02%	1.46%

Note: Excludes loans from subsidiaries abroad, Ripley Bank Consolidation in Dec-13 and Cencosud/Scotiabank merger in May-15.

# AGENDA – 2Q15 BCH Financial Results

---

1. Economic Environment

2. Banking Industry

3. BCH Strategic Focus

4. BCH Financial Results

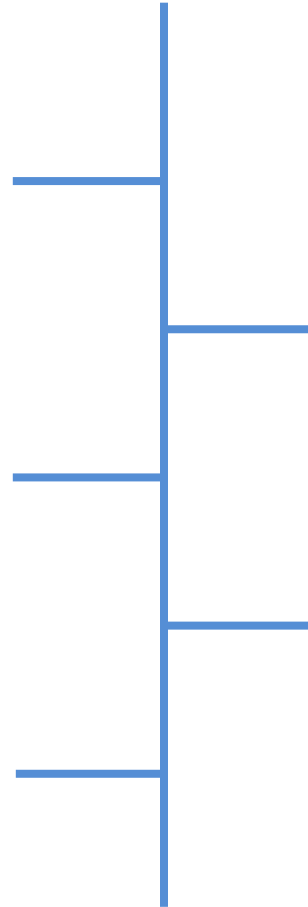
# BCH Strategic Focus

*Consistent and stable strategy that generates sustainable profitable growth in the long-term*

**Lead the Retail and  
Wholesale Business**

**Service Quality**

**Building Social Reputation**



**Operational Excellence**

**Aligning People/  
Culture/Strategy**



# BCH Lead the Retail and Wholesale Business

*Greater dynamism in middle-upper retail banking*

## Loan Growth

*(In trillions of CLP, %)*

Type	2Q15 (Tr. of CLP)	YoY (%)	QoQ (%)
<b>Retail</b>	<b>12.3</b>	11.0%	3.5%
• Mortgage	<b>5.8</b>	13.4%	5.1%
• SMEs	<b>3.1</b>	9.7%	3.0%
• Consumer: Middle/ Upper Income	<b>2.7</b>	10.9%	1.9%
• Consumer: Credichile	<b>0.7</b>	-0.7%	-1.9%
<b>Wholesale</b>	<b>10.3</b>	5.2%	3.6%
<b>Total Loans</b>	<b>22.6</b>	8.3%	3.5%

GLOBAL  
FINANCE



- Banco de Chile has been awarded “Best Digital Bank in Chile” by the prestigious magazine Global Finance.
- This recognition was obtained thanks to Banco de Chile’s digital strategy and first in class new suite of mobile applications.



# BCH Lead the Retail and Wholesale Business

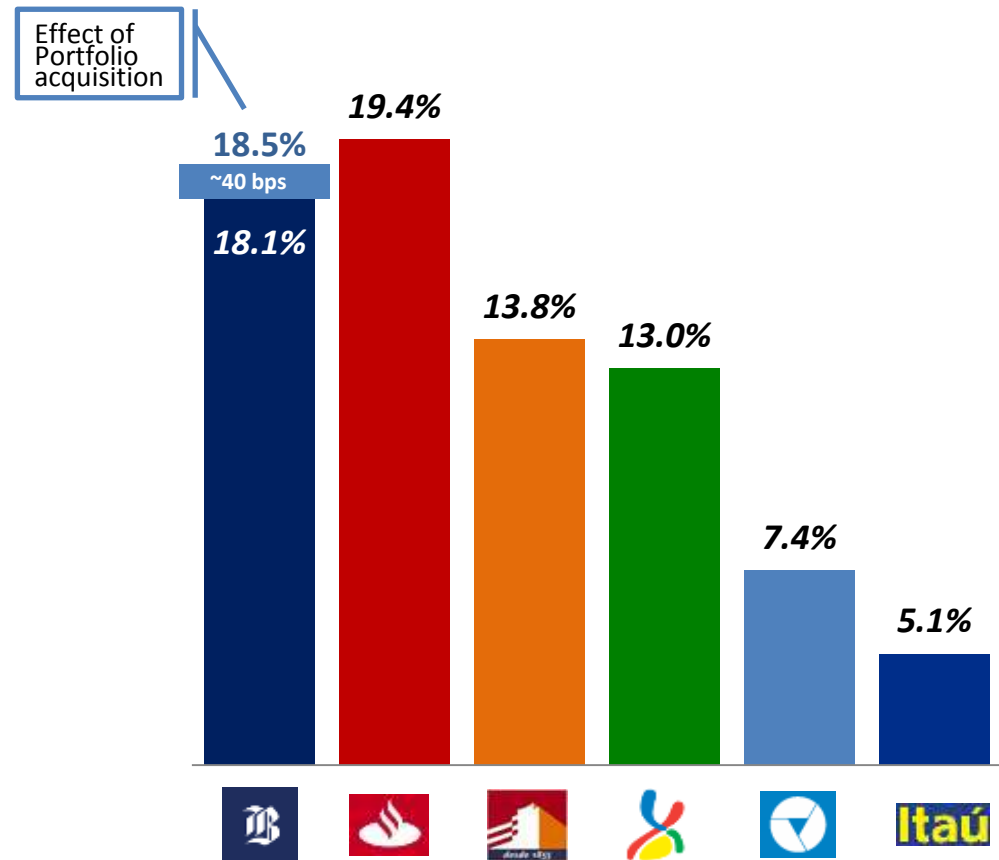
*Successfully acquired loan portfolio amounting to ~\$590 billion*

## Loan Portfolio Acquisition

- On July 3rd, 2015 Banco de Chile acquired a loan portfolio from another local bank in Chile
- Total amount acquired ~\$590 billion
- As of June 30, 2015, this loan portfolio represented 2.6% of total loan book
- Important synergies with acquisition results in minimal increase in head count and other operational expenses
- Attractive spreads and portfolio is primarily focussed in middle market segment

## Total Loan Market Share – June 2015

*Before and after incorporating loans from acquisition*

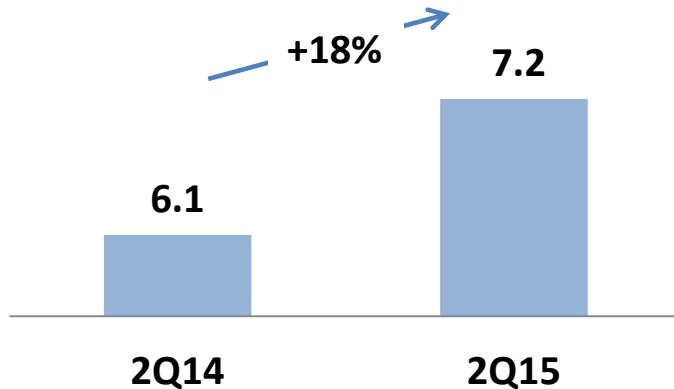


# BCH Strategic Focus

*Improving funding structure with more stable and diversified sources*

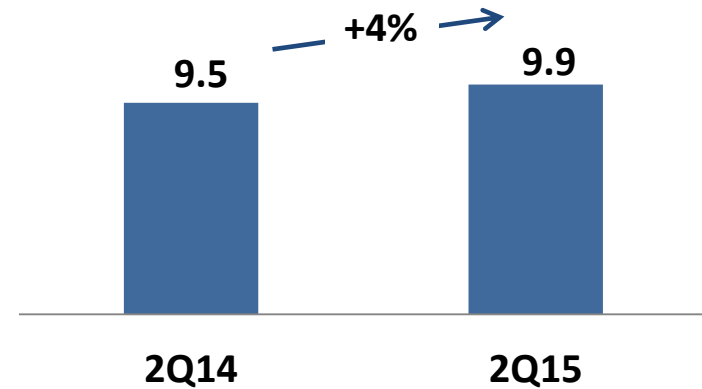
## Current Account Deposits

*(In Trillions of CLP)*



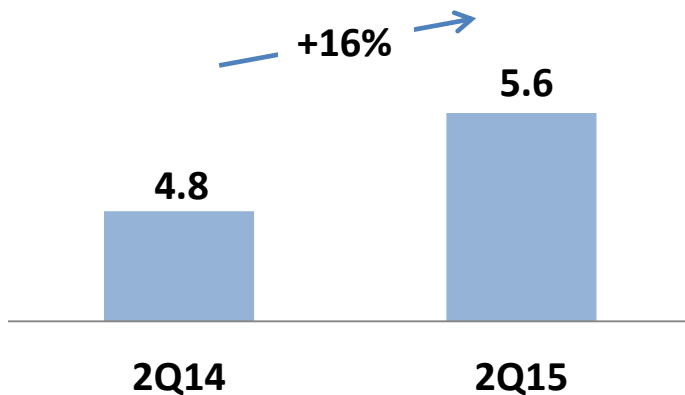
## Time Deposits

*(In Trillions of CLP)*



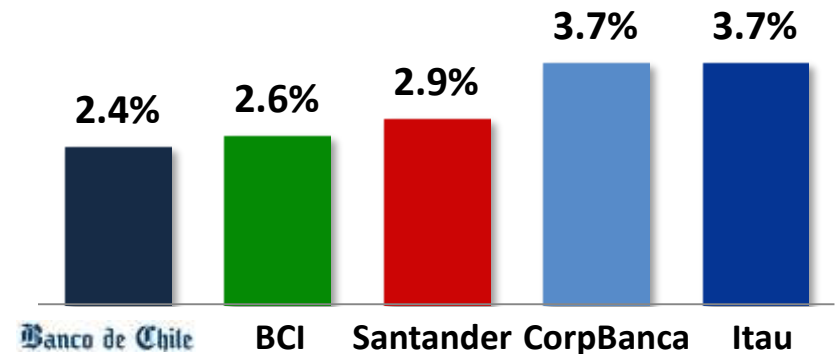
## Debt Issued

*(In Trillions of CLP)*



## Cost of Funding

*(%, YTD June 2015)*

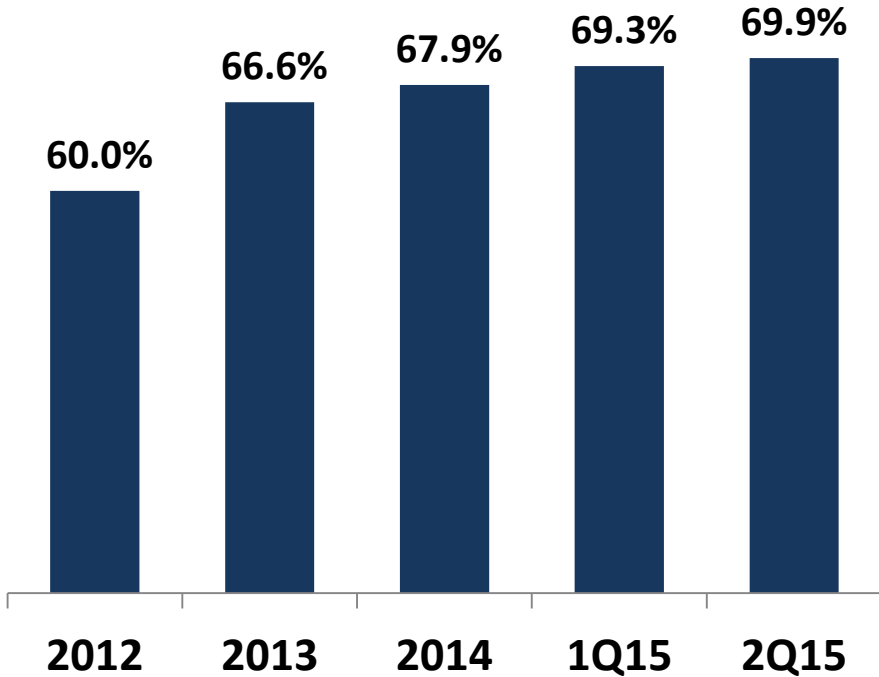


Source: SBIF. Information in Chilean GAAP, as of June 30, 2015.  
1.- Cost of funding is defined as the quotient between interest paid and the sum of interest bearing liabilities and non interest bearing deposits, excluding derivatives, annualized

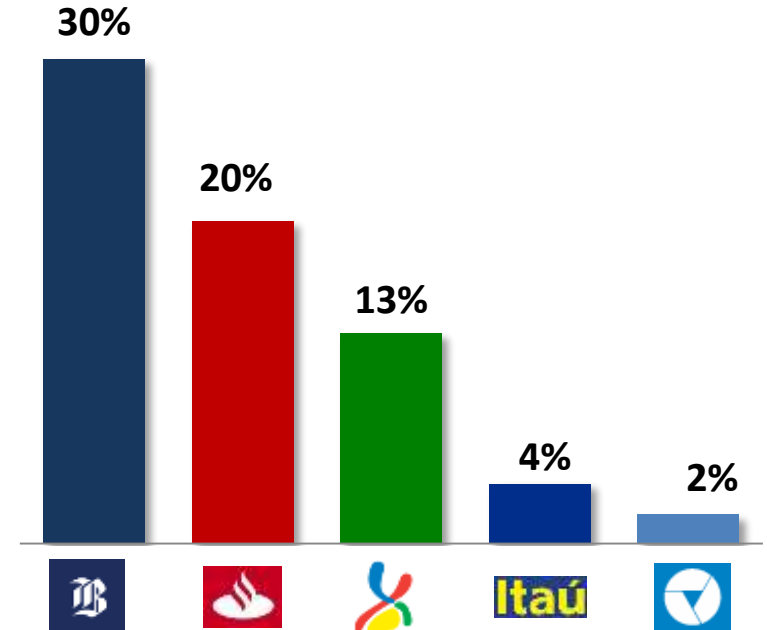
# BCH Service Quality

*Customer service is Banco de Chile's first priority*

## Service Quality: Net Promoter Score (%)



## First Mention by Attribute: Top of Mind (% of Total Mentions, December 2014)



Source: Adimark GFK. Includes all brands from each institution.

# BCH Operational Excellence

*Continuous improvements for better customer experience*

## New Online FX Operations For Retail Customers

- ✓ Fast and secure online service for foreign currency operations is introduced for retail customers who want to buy or sell currencies



## Web-service application for credit card approval and delivery

- ✓ New and innovative service uses cutting edge technology to improve delivery logistics of credit cards
- ✓ Field executives use an innovative online platform to collect necessary documentation
- ✓ Same day delivery and activation
- ✓ Exclusive Banco de Chile service.



## 350 New Cash Withdrawal Service Points



- ✓ This project was created to complement Banco de Chile's ATM network and facilitate cash withdrawal for customers

# AGENDA – 2Q15 BCH Financial Results

---

1. Economic Environment

2. Banking Industry

3. BCH Strategic Focus

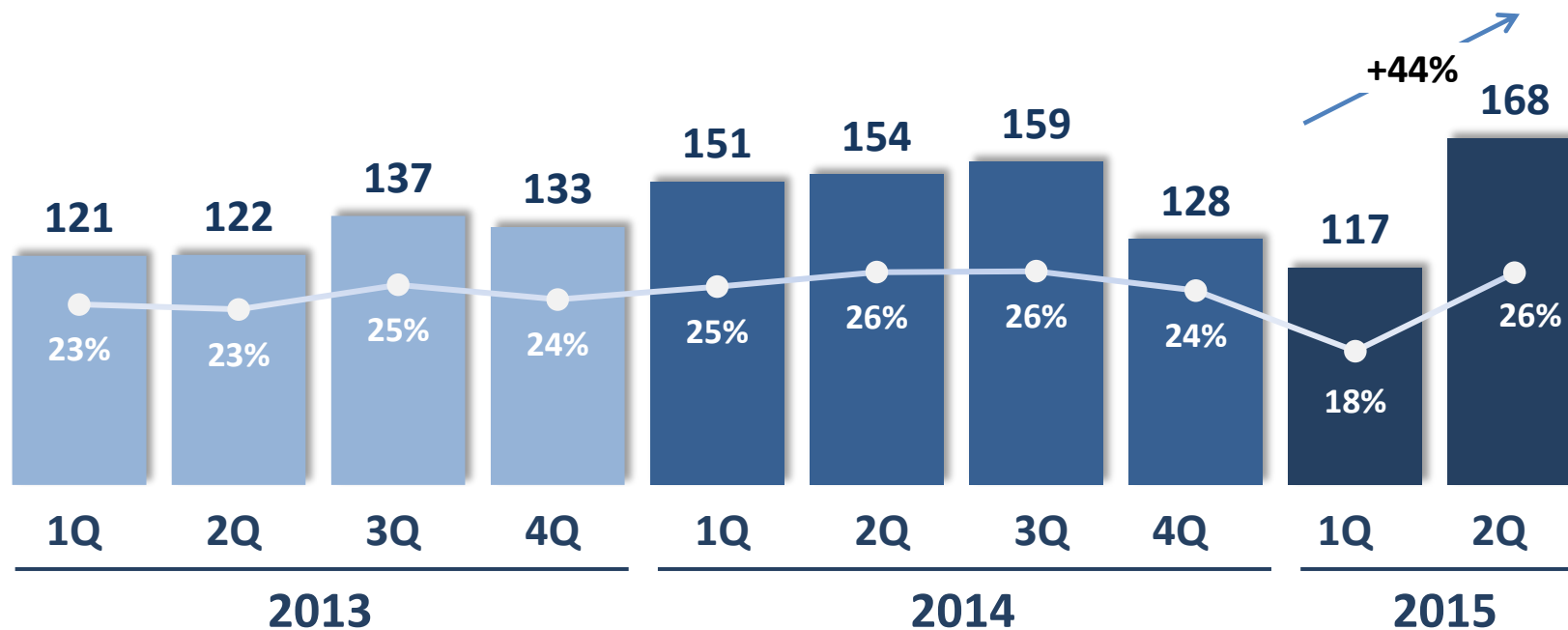
4. BCH Financial Results

# 2Q15 BCH Results

Record Quarterly Net Income

## Quarterly Net Income and ROAE

(In billions of CLP, %)



Δ QoQ	1Q	2Q	3Q	4Q
UF	0.12%	-0.07%	1.04%	0.95%

1Q	2Q	3Q	4Q
1.28%	1.76%	0.60%	1.90%

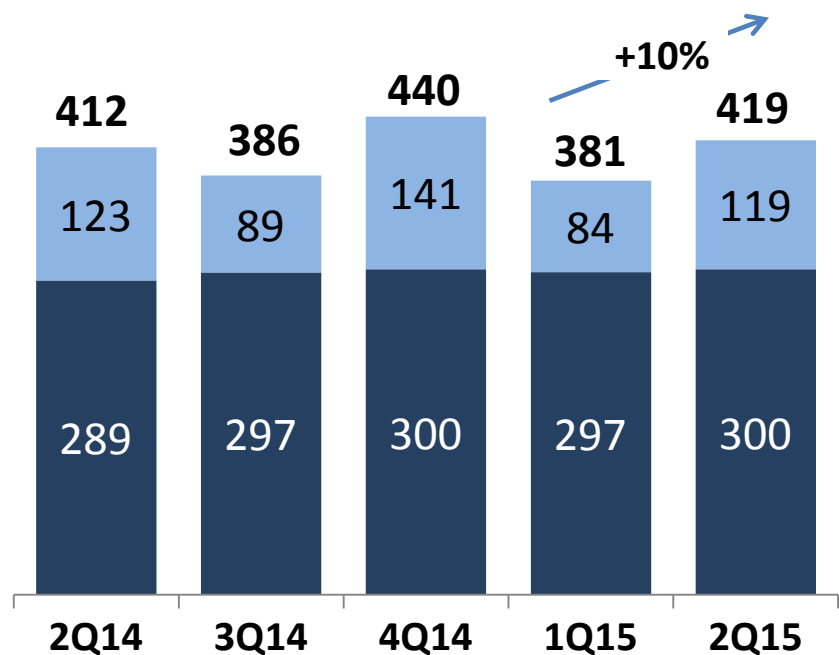
1Q	2Q
-0.02%	1.46%

# 2Q15 BCH Results

*Solid Core Revenues*

## Quarterly Operating Income

*(In billions of CLP)*

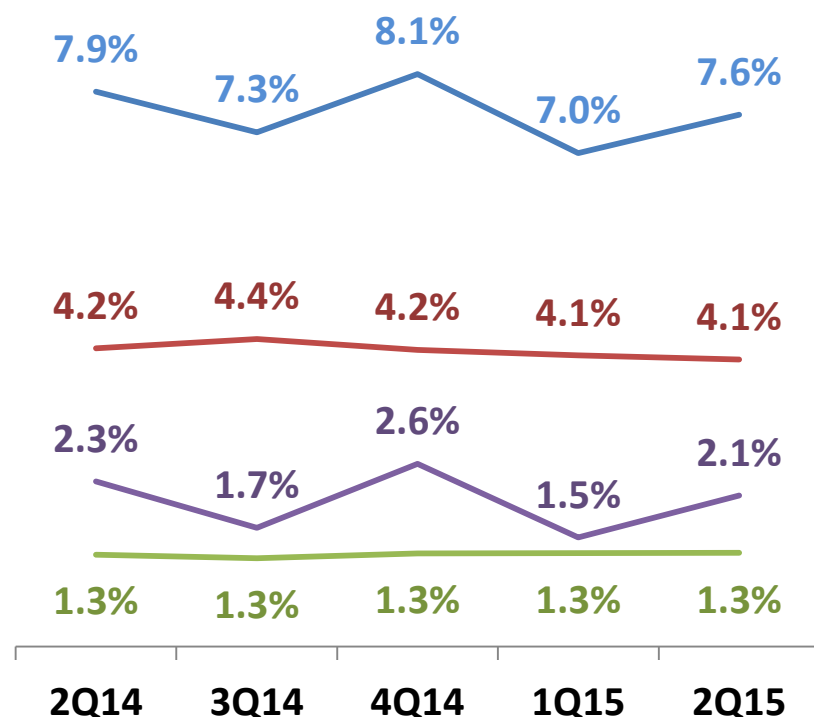


■ Customer income ■ Non-customer income\*

Δ QoQ	2Q14	3Q14	4Q14	1Q15	2Q15
UF	1.76%	0.60%	1.90%	-0.02%	1.46%

## Operating Margin Breakdown

*(Operating Income / Avg. Daily Loans)*



— Total Operating Income  
 — Interest Income from Customers  
 — Fees  
 — Non-customer income\*

\*Includes income from the contribution UF GAP position and treasury activities

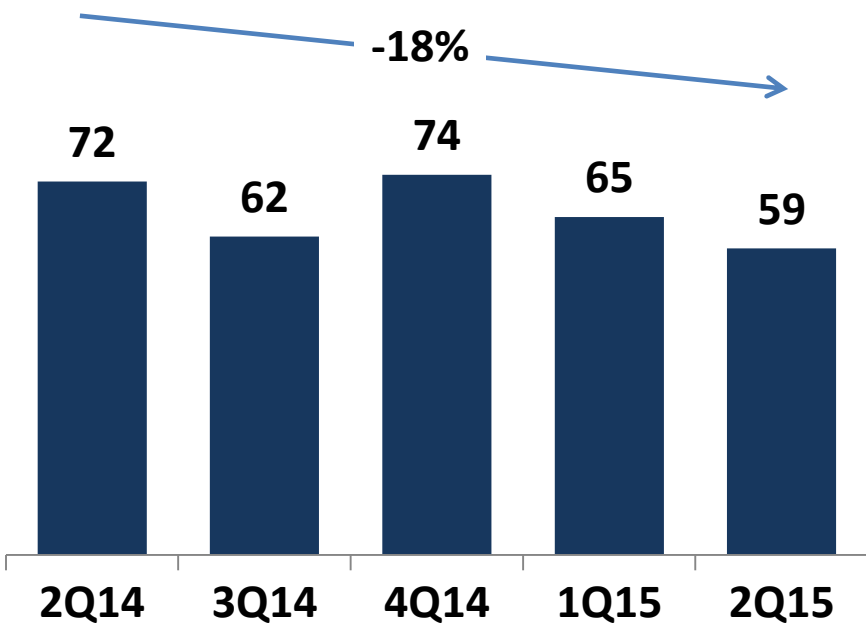


# 2Q15 BCH Results

Effective Risk Management

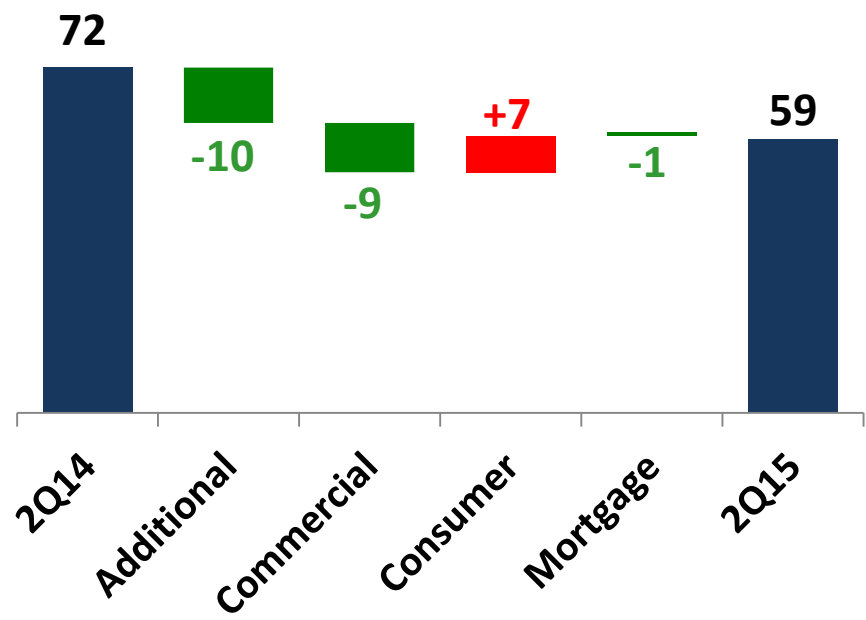
## Quarterly Loan Loss Provisions

(In billions of CLP)



## Variation in Loan Loss Provisions

(In billions of CLP)

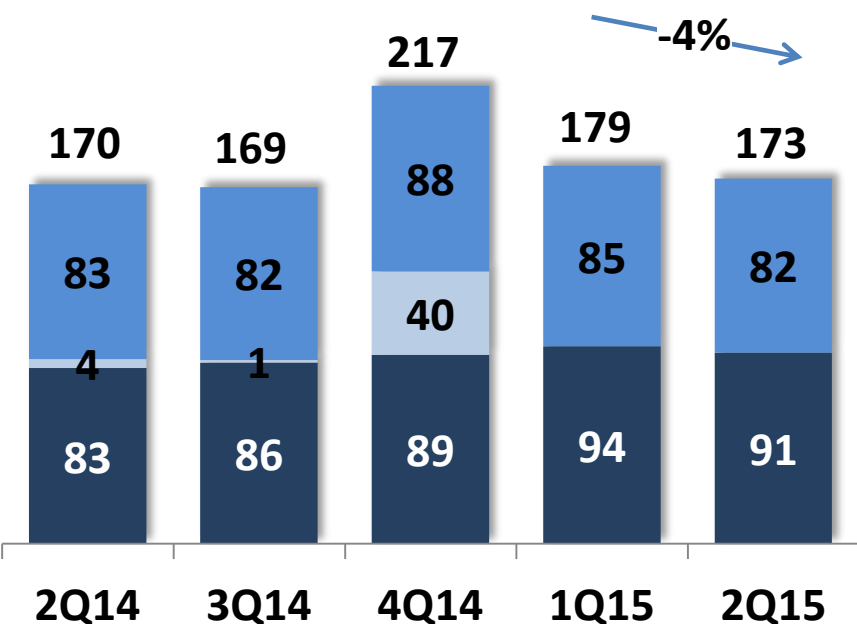


# 2Q15 BCH Results

*Strict cost control and productivity improvements*

## Operating Expenses

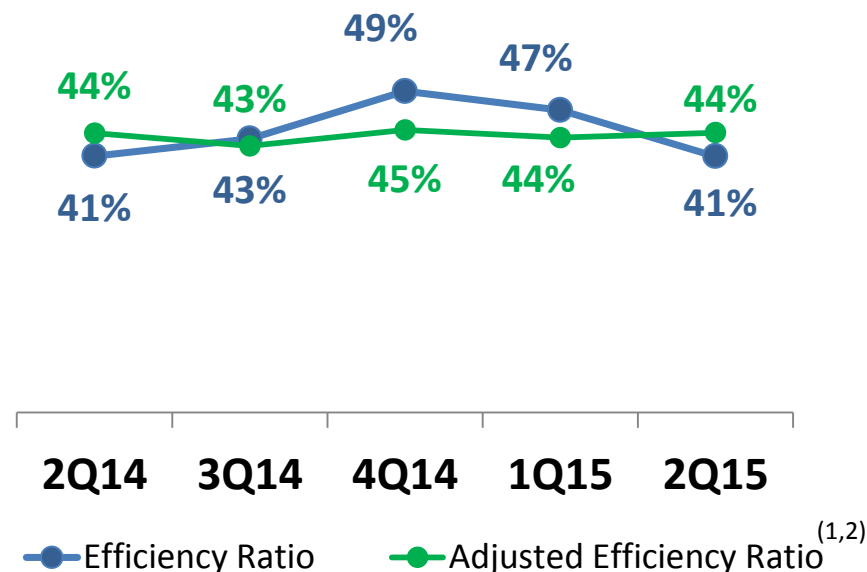
*(In billions of CLP)*



- Personnel
- Collective Barg. Agreement
- Administration & Others

## Efficiency Ratio

*(Operating Expenses/Operating Revenues, %)*



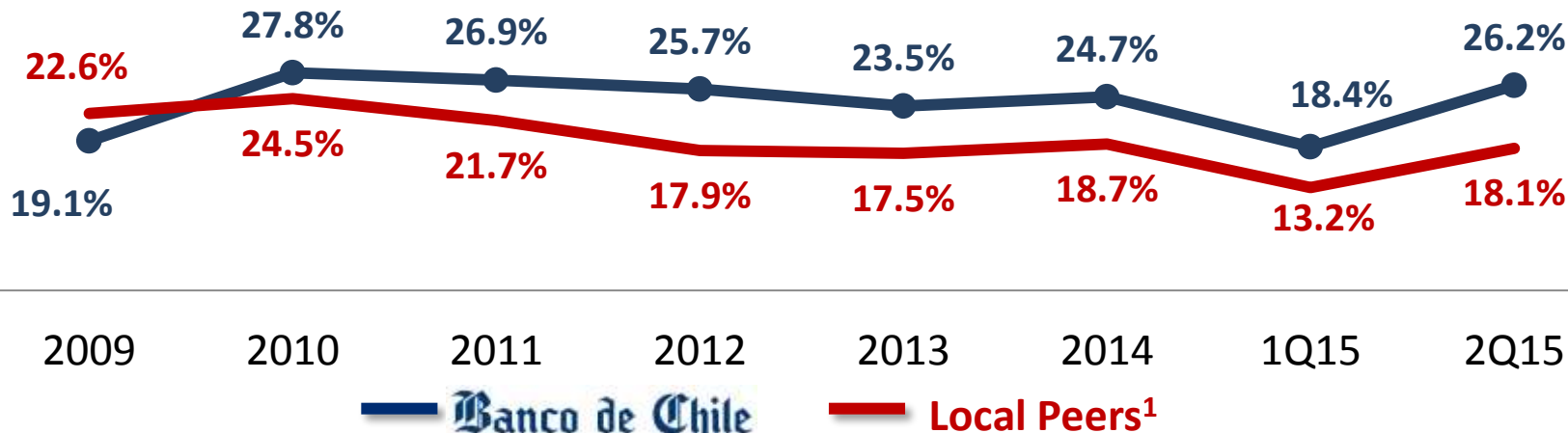
- (1) Excludes non-recurrent personnel expenses of ~Ch\$39.6 Bn in 4Q14, Ch\$1.3 Bn in 3Q14 and Ch\$4.2Bn in 2Q14 related to collective bargaining agreements
- (2) Estimated efficiency with a normalized annual UF inflation of 3% on bank book (operating income)

# 2Q15 BCH Results

*BCH continues to show higher profitability versus peers*

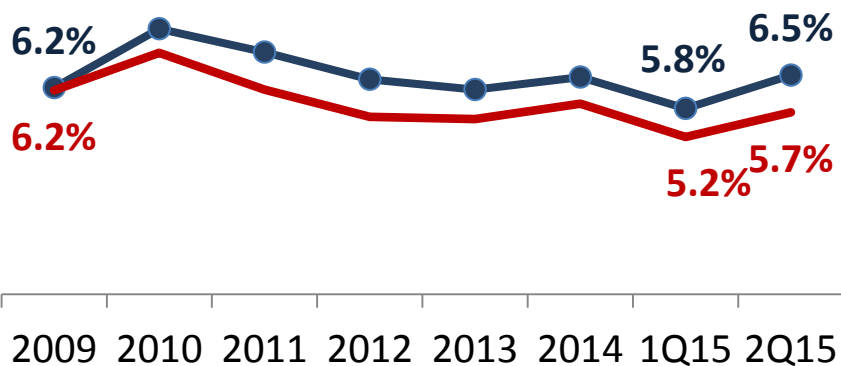
## Return On Average Equity (ROAE)

(%, based on SBIF data and monthly average volumes)



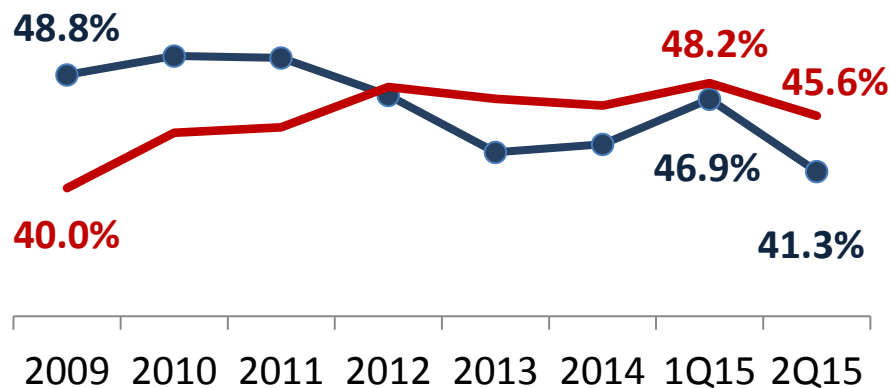
## Net Operating Margin (Net of Risk)

(Net Operating Income / Avg. Loans)



## Efficiency Ratio

(Operating Expenses / Operating Revenues)



1.- Santander, BCI, CorpBanca, and Itau



# 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.*