



# Banco de Chile

## 4Q10 & Year End Results

*February 3, 2011*



# Agenda

- ❑ *Chilean Economy*
- ❑ *Financial Results*
- ❑ *Key Balance Sheet Figures*
- ❑ *Capital Increase*

# Chile: 2010 Highlights

## Setting the pace for 2011....

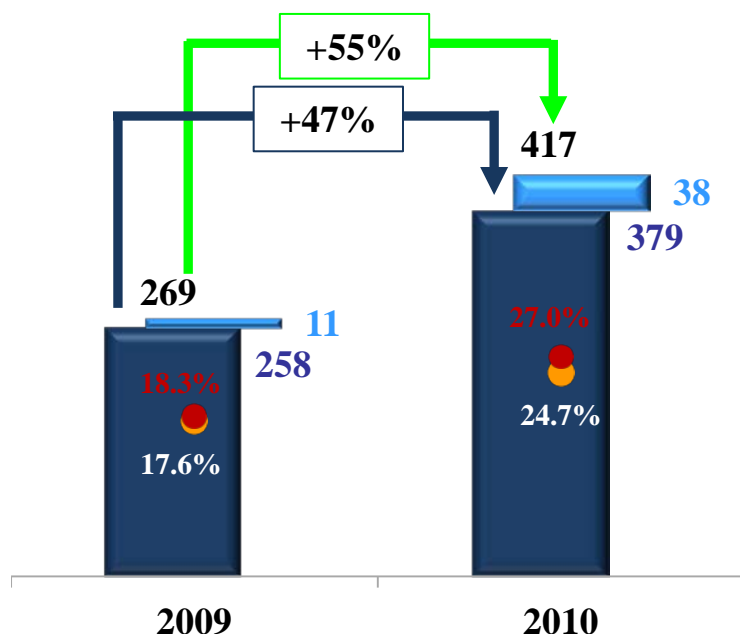
- ✓ *Estimated 2010 GDP to reach 5.2%, market forecasts suggest a further expansion of approximately 6% for 2011*
- ✓ *Unemployment reached 7.1% at the end of 2010*
- ✓ *Strong loan growth in 2010 of 9% for the Banking system and is expected to reach a rate of approximately 16% for 2011*
- ✓ *Consumer Price Index showed an annual increase of 3.0% and is expected to pick up during 2011 reaching levels above 3.5%*
- ✓ *Monetary policy rate rose to 3.25% and is expected to finish 2011 above 5.0%*

# BCH: Consistent Returns

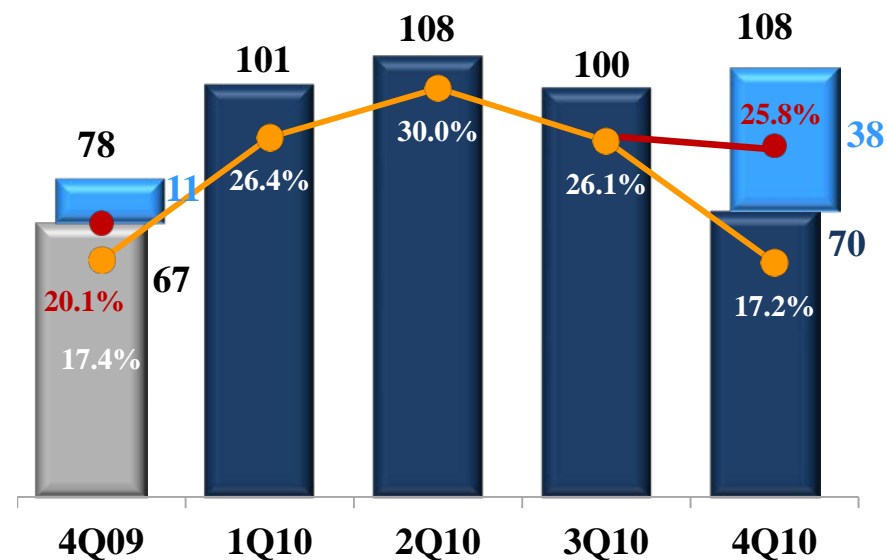
(Billions of Ch\$)

Excellent results for the year of Ch\$379 billion pesos and adjusted earnings of Ch\$417 billion...

## Yearly Net Income & ROAE



## Quarterly Net Income & ROAE



- ROAE\*
- Adj. ROAE\*\*
- Net Income
- Adj. Net Income\*\*

\*ROAE does not include provision for minimum dividends

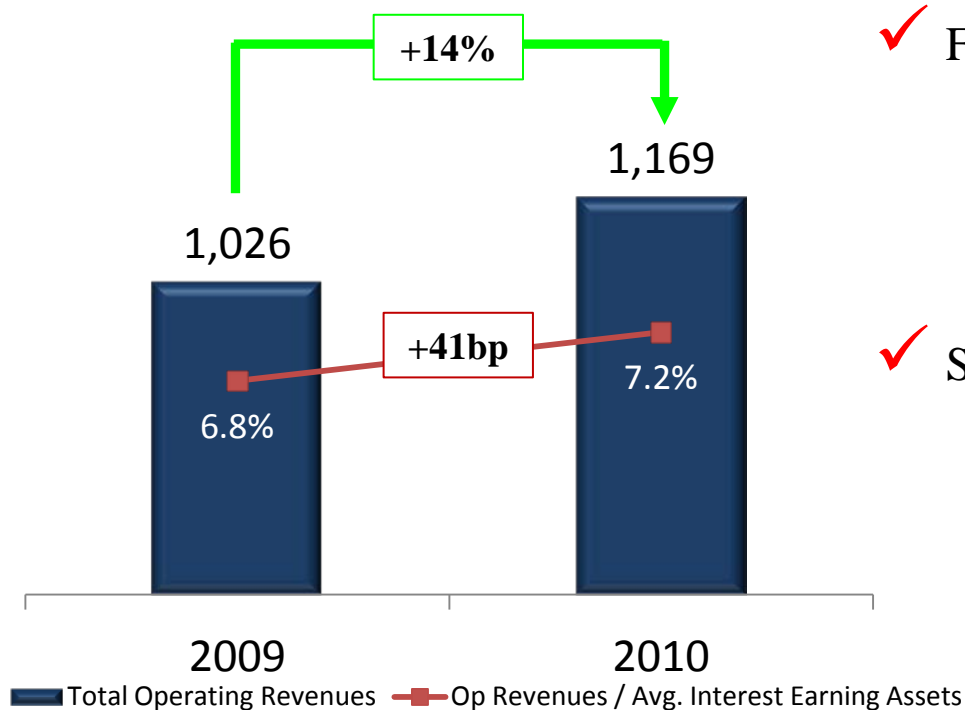
\*\* Adjusted for anticipating the effect of new provisioning rules by recognizing contingency allowances and by countercyclical provisions

# BCH: Operating Revenues

(Billions of Ch\$)

Gaining market share in operating revenues.....

## Total Operating Revenues



## Δ2009/2010 Highlights

- ✓ Firm increase in net interest income (+17%)
  - Strong loan growth
  - Positive inflation and active management of UF gap position
  - Improved funding from non-interest bearing deposits
- ✓ Strong rise in fee based revenues (+15%)
  - Assets under management
  - Stock brokerage activities
  - Core banking revenues

### Market Share

in Op. Rev.: 19.6%

20.9%

# BCH: Operating Revenues by Segment

(Billions of Ch\$)

Growing profitably in all operating segments...

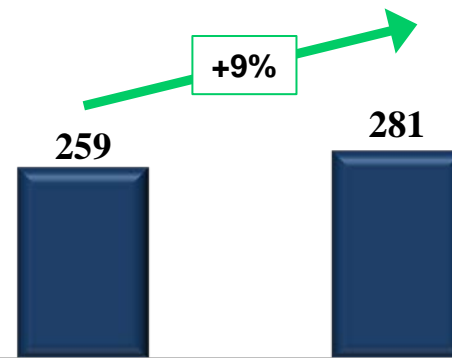
## Retail Segment



2009

2010

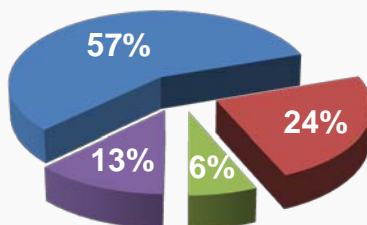
## Wholesale Segment



2009

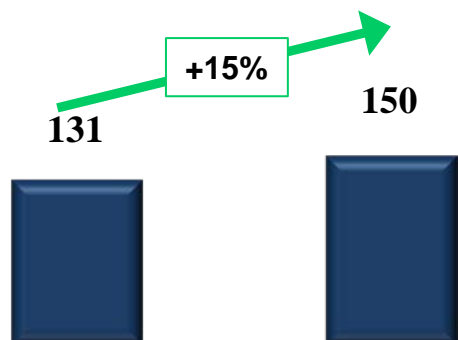
2010

## Composition by Segment



■ Retail      ■ Wholesale  
■ Treasury    ■ Subsidiaries

## Subsidiaries Segment



2009

2010

## Treasury Segment



2009

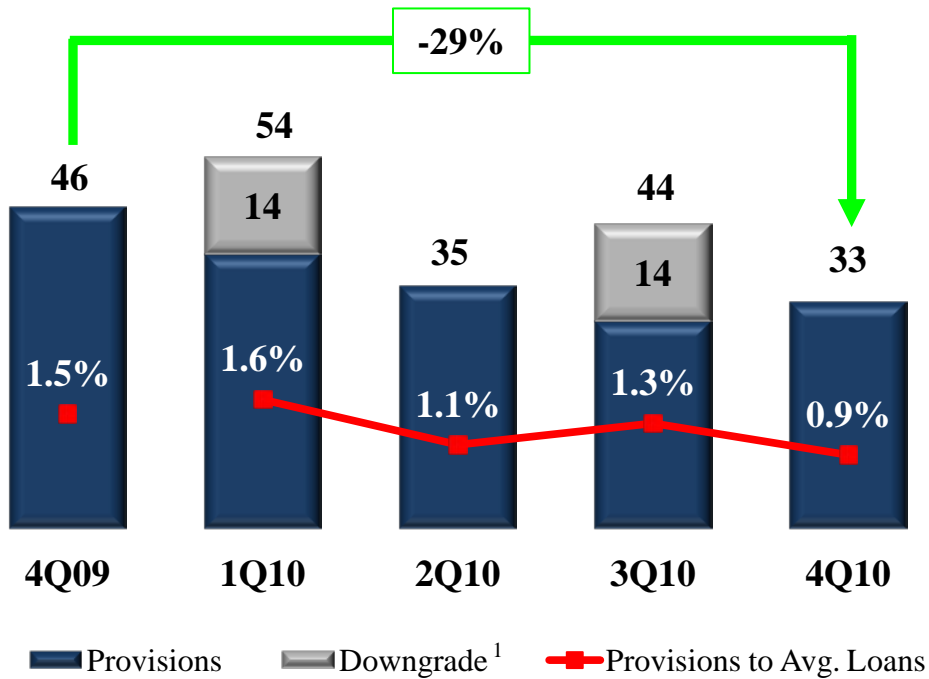
2010

# BCH: Superior Asset Quality

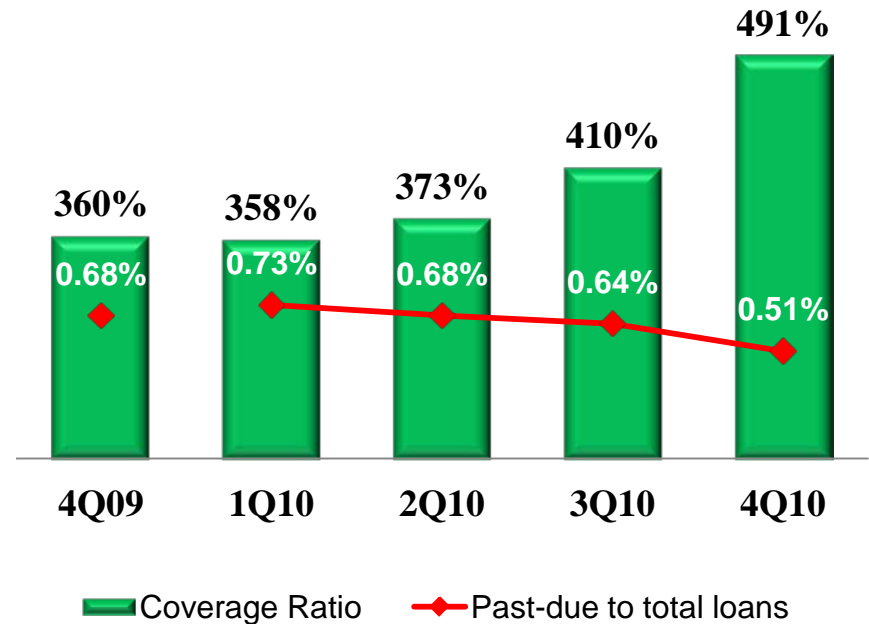
(Billions of Ch\$)

Asset quality and NPLs continue to improve... coverage ratio reaches 491%...

## Provisions Expenses



## Asset Quality Indicators



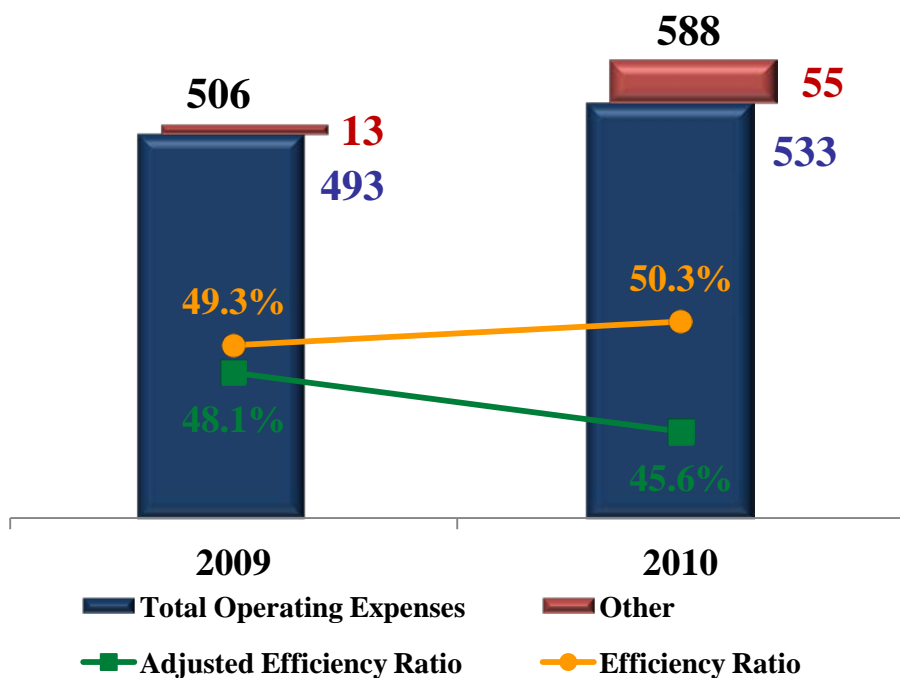
(1) Downgrade of certain wholesale debtor

# BCH: Operating Expenses

(Billions of Ch\$)

Improving adjusted operating efficiency...

## Total Operating Expenses



## Detail of Operating Expenses

	2009	2010	Δ\$
Personnel	257	273	16
Administration	177	198	21
Depre /Amort / Impair	32	31	-1
Other	40	86	46
<b>Total</b>	<b>506</b>	<b>588</b>	<b>82</b>
New Prov. Rules	-	22	30
Countercyclical prov.	13	20	8
Commission write-offs	-	6	6
Earthquake, net	-	3	3
Other non-recurring	-	4	4
<b>Adjusted Expenses</b>	<b>493</b>	<b>533</b>	<b>39</b>

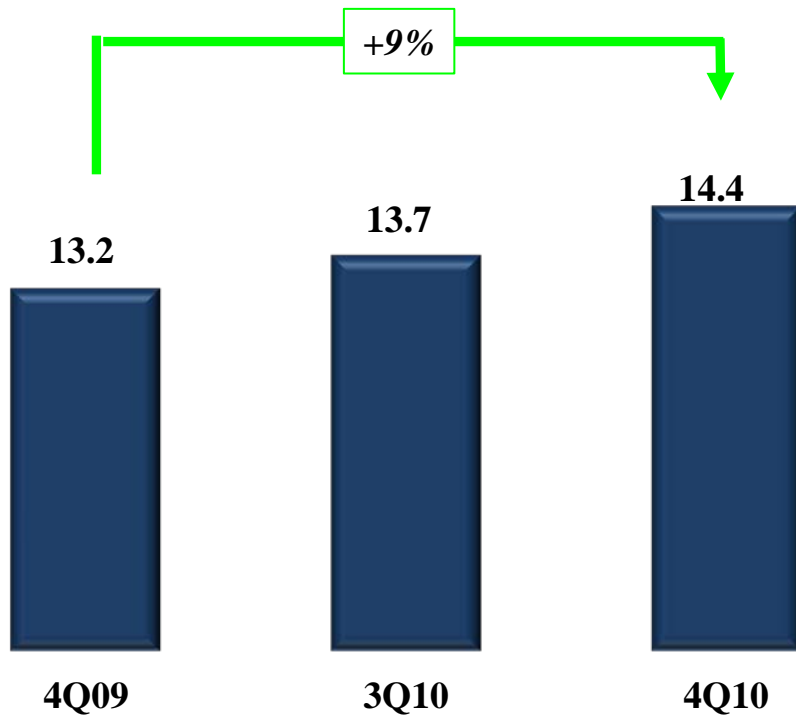


# *BCH: Total loan portfolio*

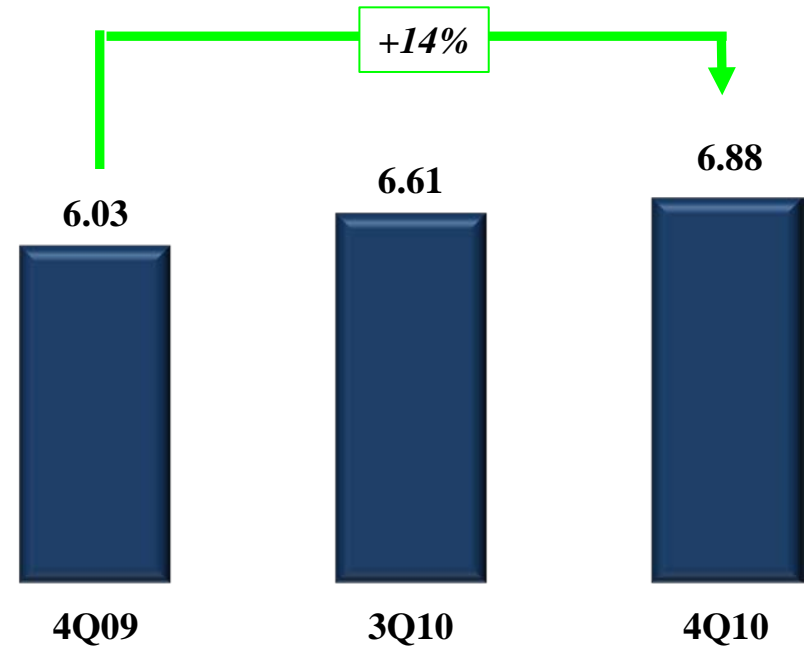
*(Trillions of Ch\$)*

*Retail segment continues to grow strong...*

## *Total Loan Portfolio*



## *Retail Loan Portfolio*

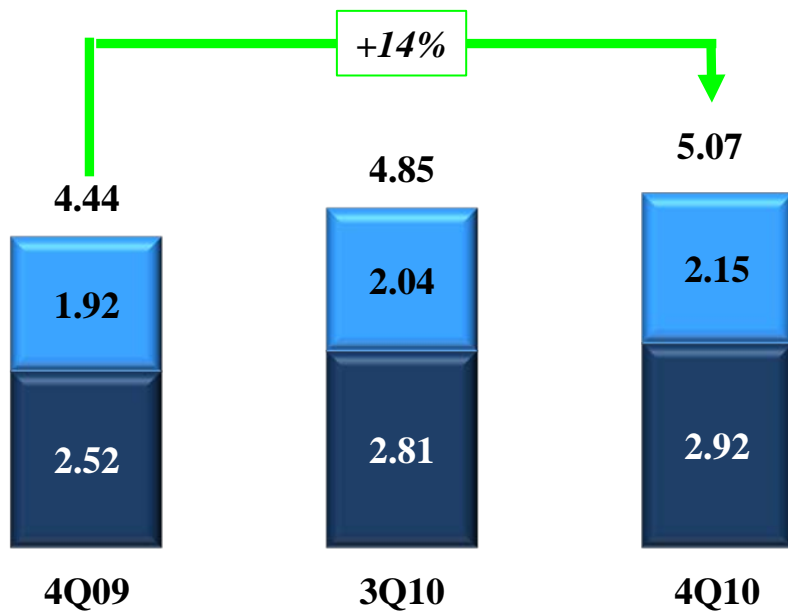


# BCH: Retail loan portfolio

(Trillions of Ch\$)

Strong retail loan growth by both individuals and SMEs...

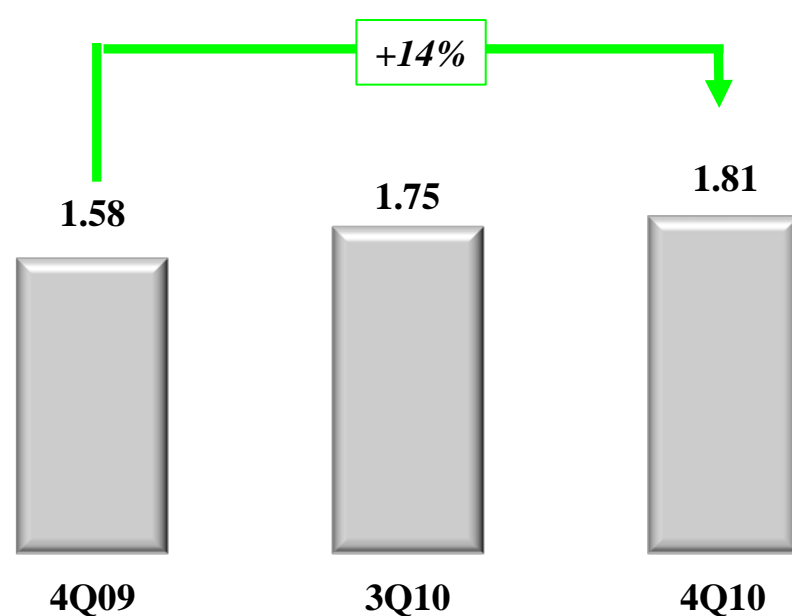
## Individual Loan Portfolio



■ Mortgage

■ Consumer

## SME Loan Portfolio



■ Commercial

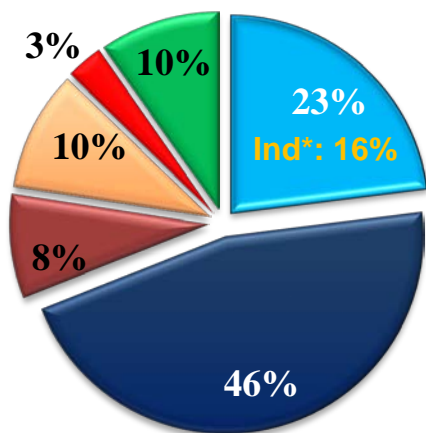
# BCH: Funding Structure

(Trillions of Ch\$)

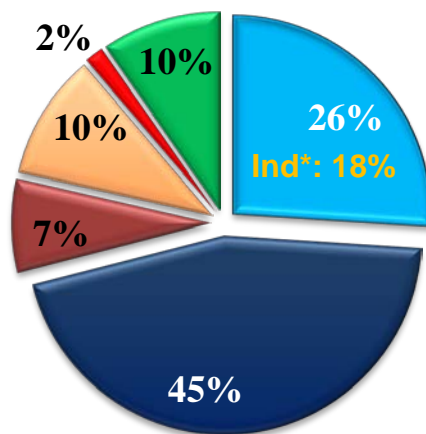
Taking greater advantage of the increase in the Monetary Policy Rate...

## Funding Structure

December 2009

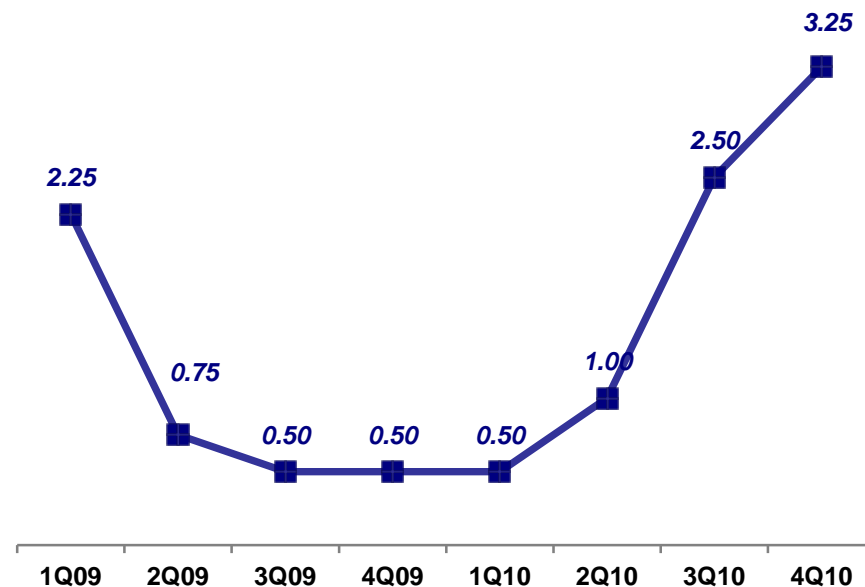


December 2010



- Non-interest bearing deposits
- Time Deposits
- Financial Institutions
- Debt Issued
- Other
- Equity

## Monetary Policy Interest Rate



\*Proportion of non-interest bearing deposits to total funding in banking industry, ex Banco de Chile

# *BCH: Fundamentals of our Capital Increase*

## Reasons for Capital Increase

1

Positive expectations for the Chilean economy and the financial system

2

Support business growth in the medium term, in line with strategic objectives

3

Strengthen the capital base of Banco de Chile

4

Increase the liquidity of our shares

## Key Facts about the Capital Increase

- ✓ Capital Increase of Ch\$240 billion
- ✓ Issuance of 3,385,049,365 common shares
- ✓ Price of the issuance will be set within 120 days of the extraordinary shareholders meeting held on January 20, 2011
- ✓ Orders Book Auction may be opened prior to the preferential rights offering for the sale of waived rights

# 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 after completion of this offering to reflect later events or circumstances or to reflect the occurrence of unanticipated events.*

***End of Presentation***