



Banco de Chile
2Q19 FINANCIAL RESULTS

July 30th, 2019

Banco de Chile

BCH
LISTED
NYSE



ROAE


22.9%

 +219bps (YoY)



Net Income


\$192bn

 +18.2% (YoY)



Net Fees


\$112bn

 24.6% (YoY)



Customer Income


\$402bn

 11.5% (YoY)



Loan Growth

\$28,834bn

 +8.7% (YoY)



Efficiency

43.0%

 -324bps (YoY)



% Digital Customers

90%

 +160bps (YoY)



Free Float

44%

 +60%



**1. CHILEAN
ECONOMY**



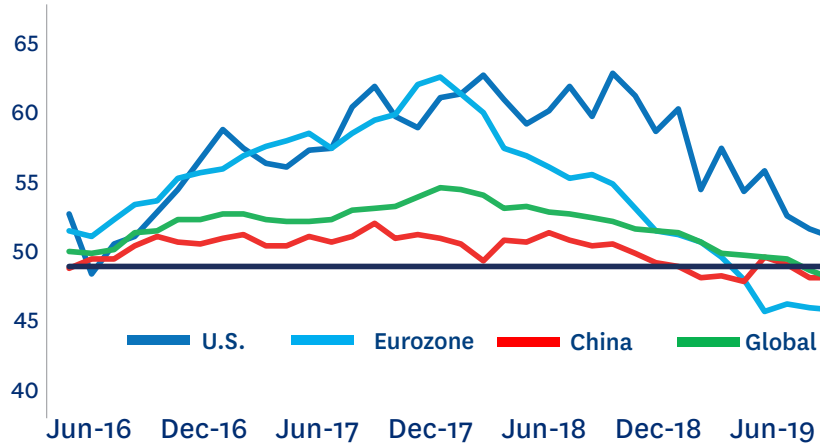
**2. BANKING INDUSTRY
OVERVIEW**



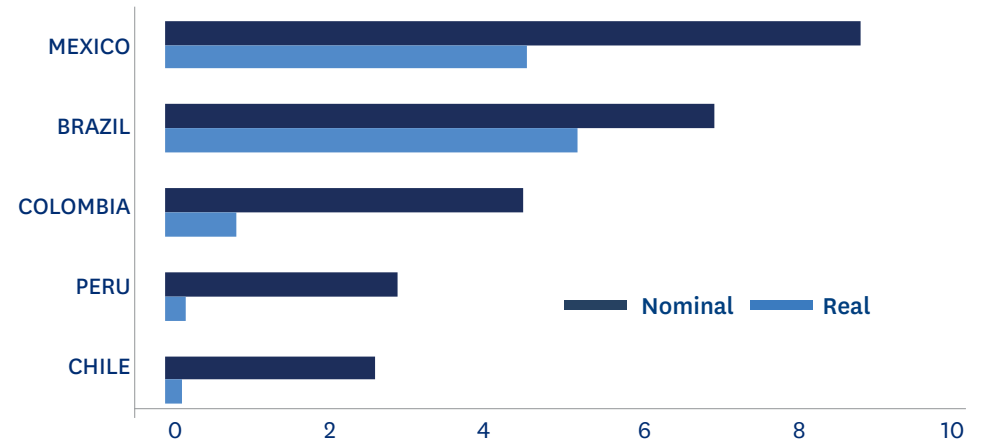
**3. BANCO DE CHILE
2Q19 FINANCIAL
RESULTS**

Chile: Macro Economy

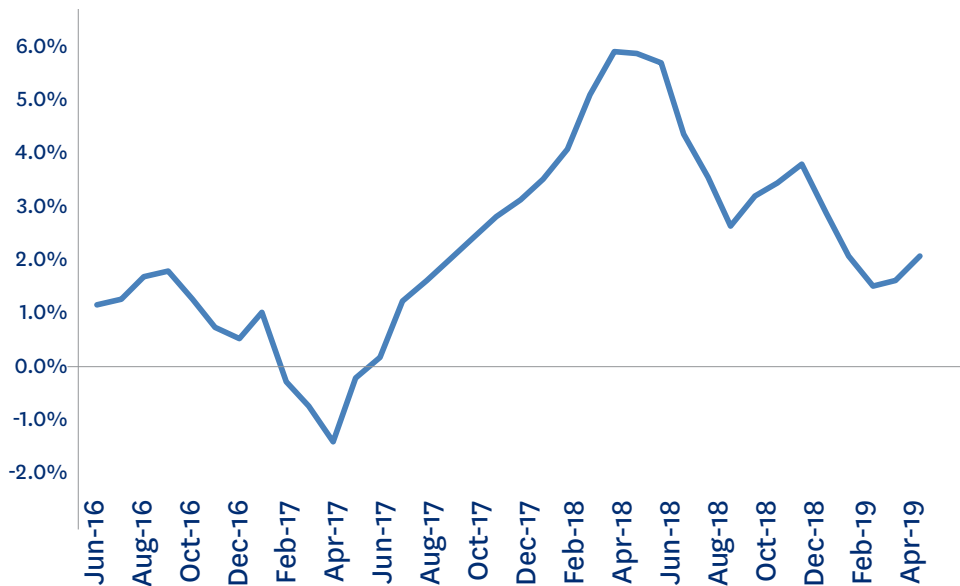
Manufacturing Indicators (PMI)
(%)



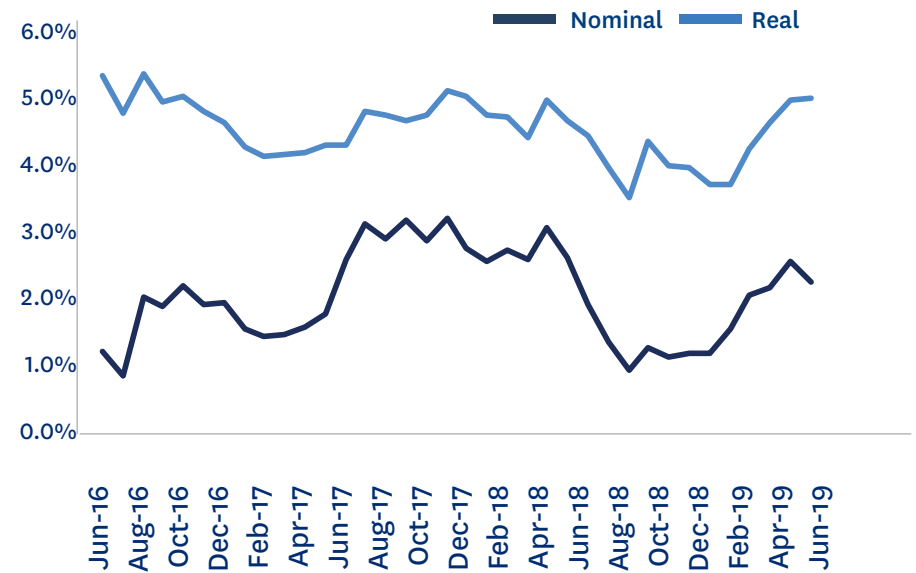
Monetary Policy Rates
(%)



Monthly GDP
(MA3, YoY,%)

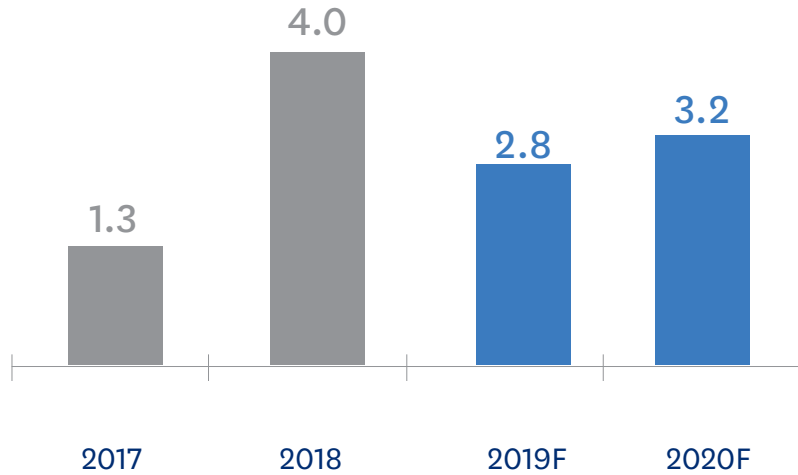


Nominal and Real Wages
(YoY, %)

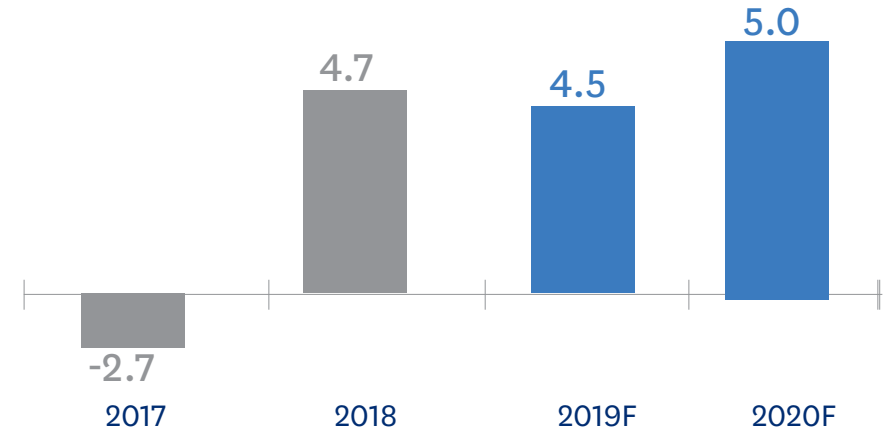


Chile: Baseline Scenario

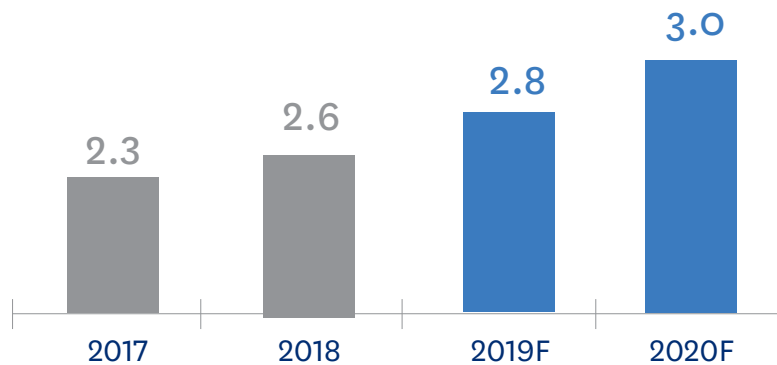
GDP
(YoY, %)



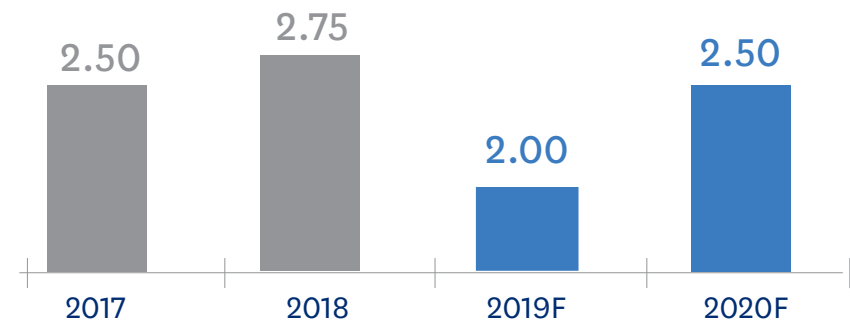
Gross Investment
(YoY, %)



CPI
(YoY, % end of period)



Monetary Policy Rate
(%, end of period)



Source: Bloomberg, Central Bank of Chile



**1. CHILEAN
ECONOMY**



**2. BANKING INDUSTRY
OVERVIEW**

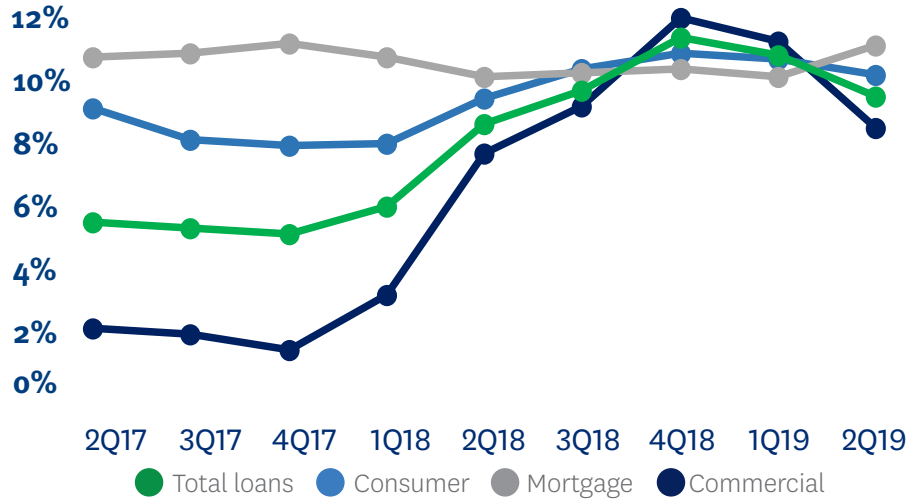


**3. BANCO DE CHILE
2Q19 FINANCIAL
RESULTS**

Chilean Banking Industry

Nominal Loan Growth^{1,2}

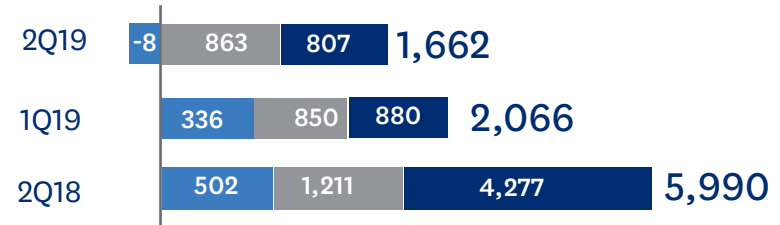
(YoY)



Net Loan Origination^{1,2}

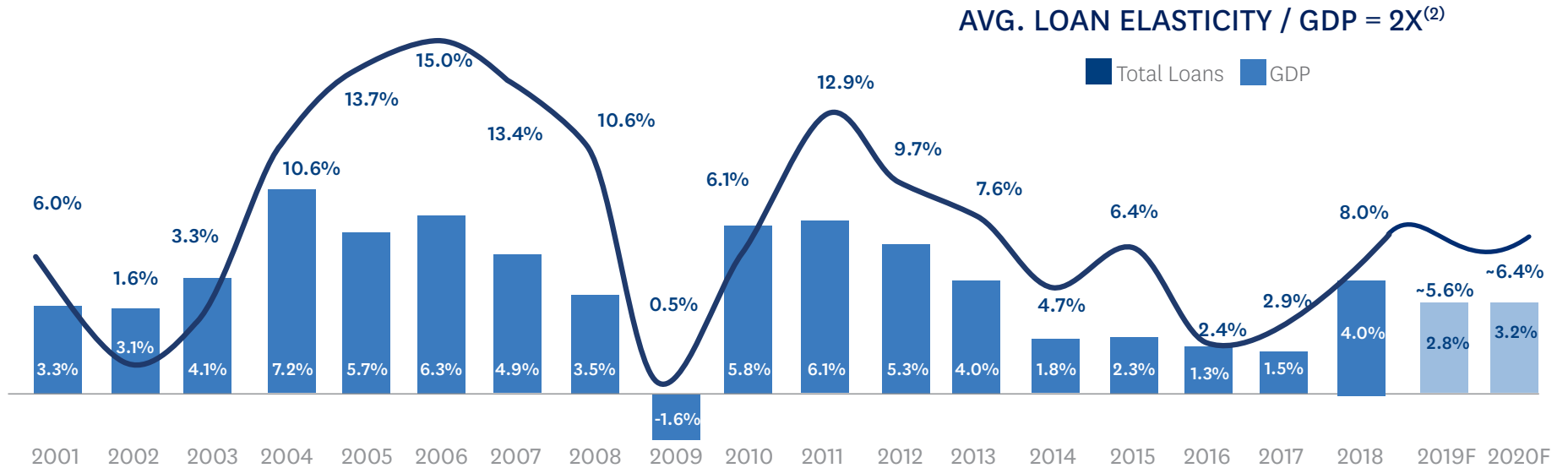
(In constant billions of CLP)

■ Consumer ■ Mortgage ■ Commercial



GDP and total loan growth chilean banking industry¹

(Real YoY)



Source: SBIF

1. Excludes subsidiaries abroad.

2. Loans includes consumer loans from CMR and Presto credit cards for prior quarters.



**1. CHILEAN
ECONOMY**



**2. BANKING INDUSTRY
OVERVIEW**

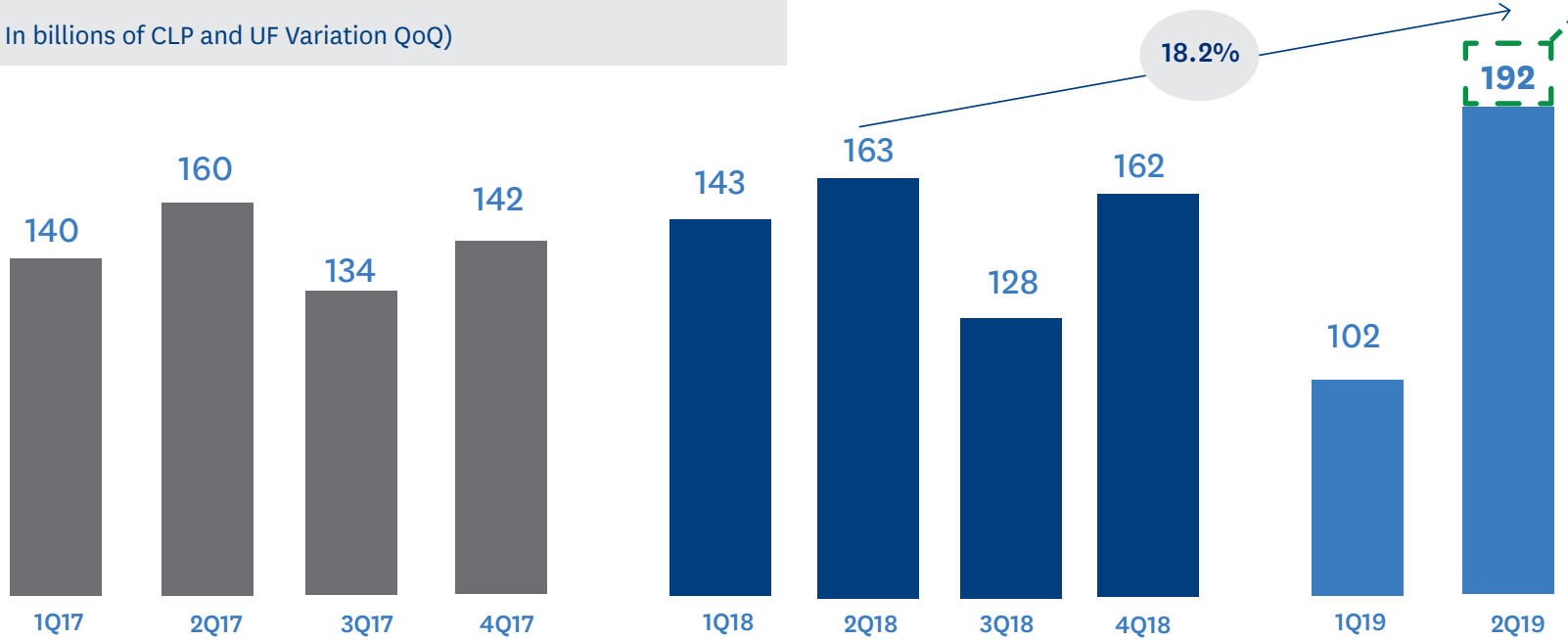


**3. BANCO DE CHILE
2Q19 FINANCIAL
RESULTS**

| Record Earnings Quarter

Quarterly Net Income

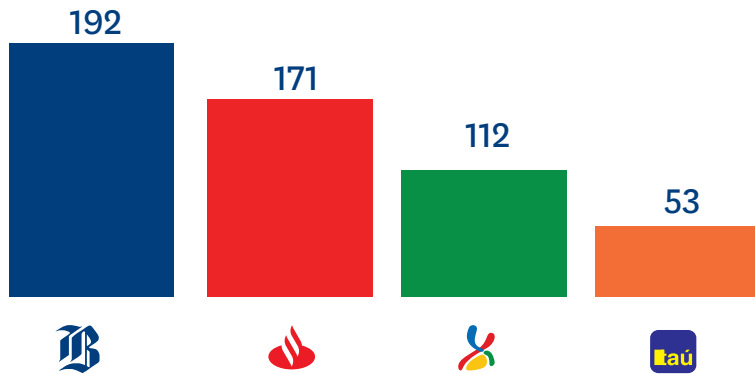
(Net income In billions of CLP and UF Variation QoQ)



Record Quarterly Net Income

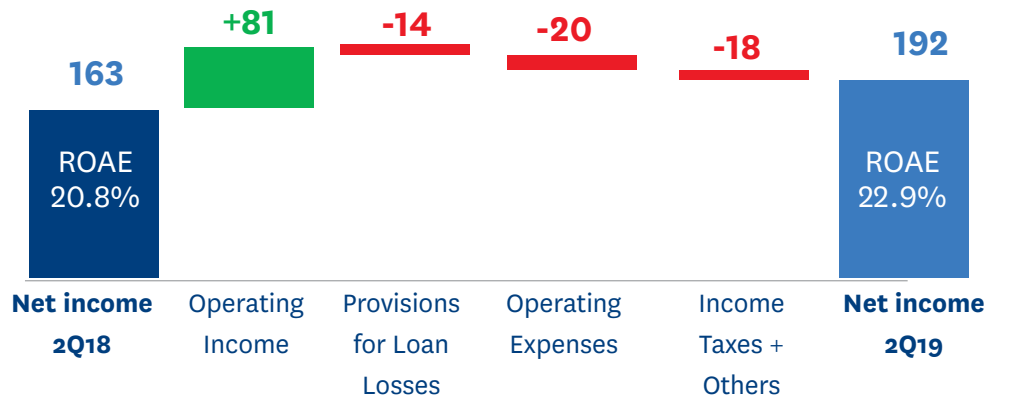
Net Income Attributable to Equity Holders for 2Q19

(In billions of CLP)



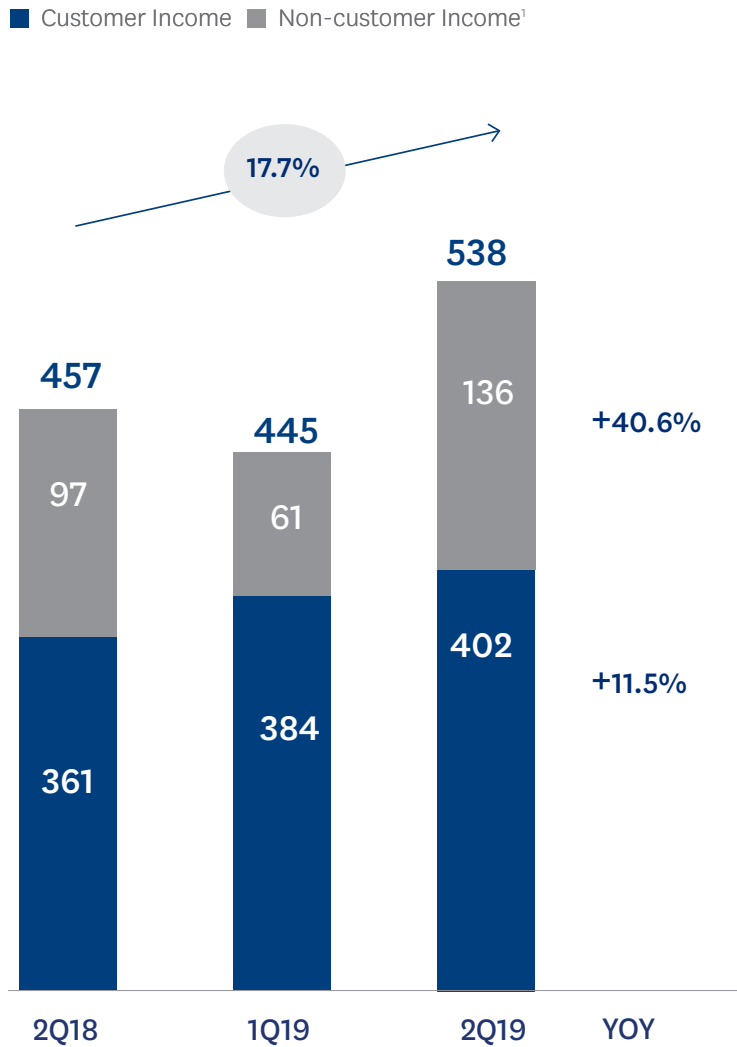
Net Income Breakdown

(In billions of CLP)

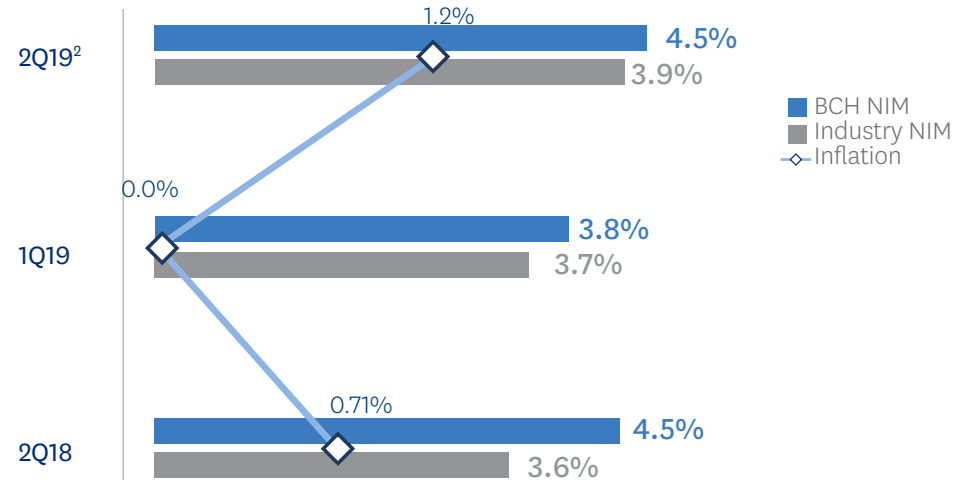


Banco de Chile | Strong Customer Income Generation

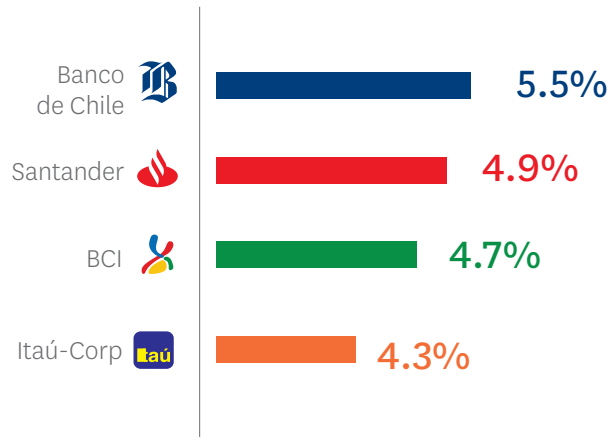
Quarterly Operating Revenues (In billions of CLP)



Net Interest margin and Inflation (%, ΔUF QoQ)



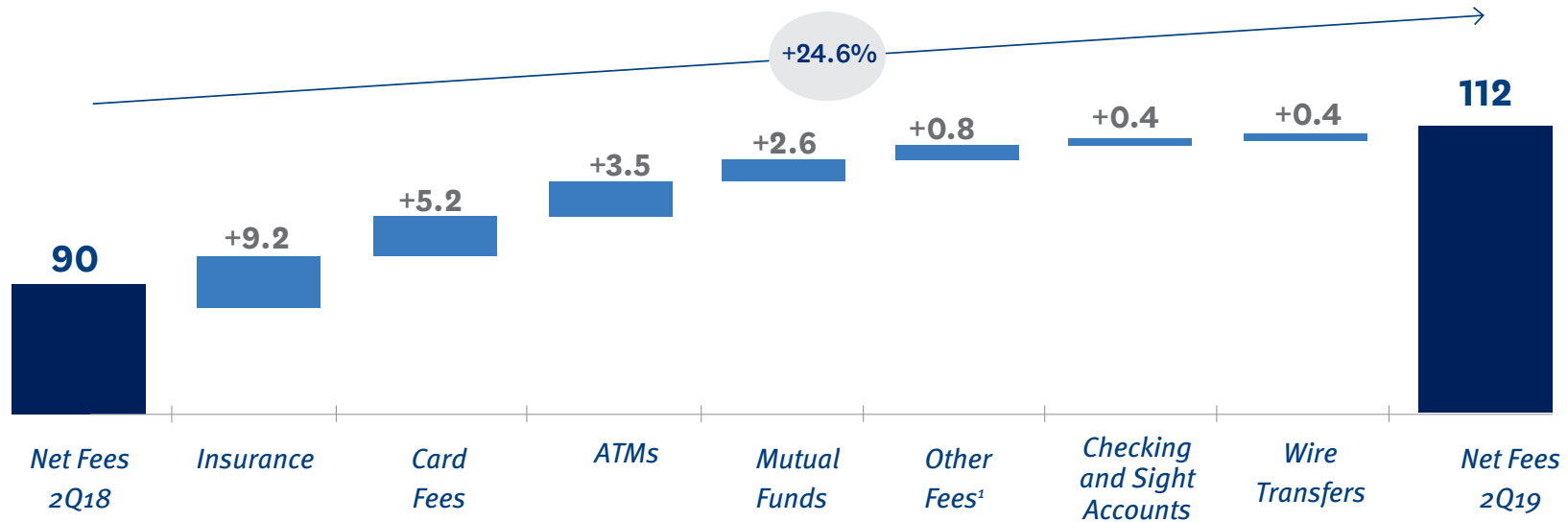
Operating Margin Net of Provisions (% as of May 2019)



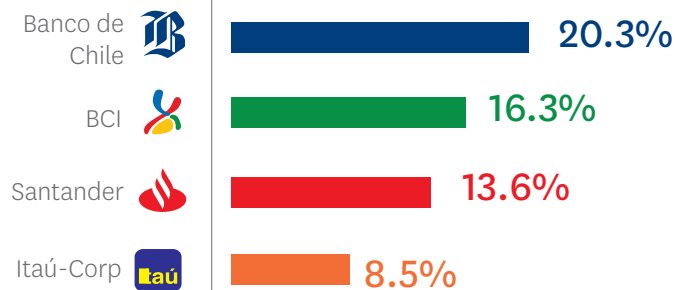
1. Non-customer income includes income from the contribution UF GAP position and treasury activities
 2. Industry NIM= avg of April and May annualized divided by avg. interest earning assets

Robust Fee Growth

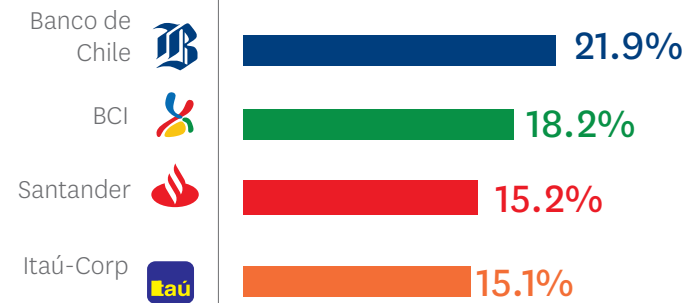
Breakdown of Net Fees
(In billions of CLP)



Net Fee Market share
(%, YTD as of May 2019)



Net Fees / Total Operating Revenues
(%, as of May 2019)

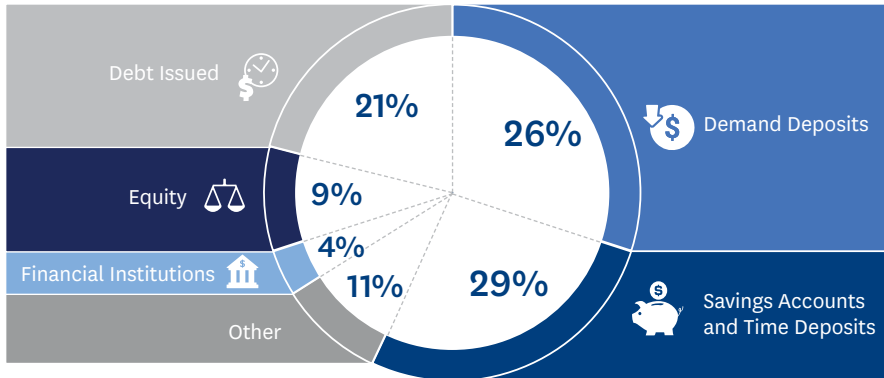


Source: CMF, Internal

1. Others fees include Cash management services, Letters of credit, Stock brokerage fees, Guarantees, Collaterals and other contingent loans, Custody and trust services, Foreign trade and currency exchange, Financial advisory services, Factoring, Collection services, Collection of over-due loans, Credit lines, Credits, Teller services expenses, Services of pre-evaluation credits and other fees

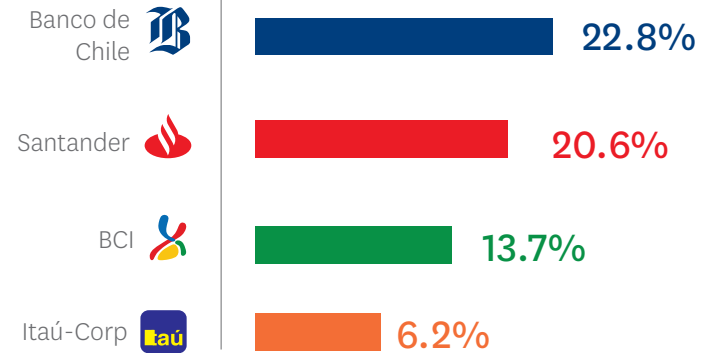
Leaders in Cost of Funding

Breakdown of Total Liabilities (% of total, as of June 2019)



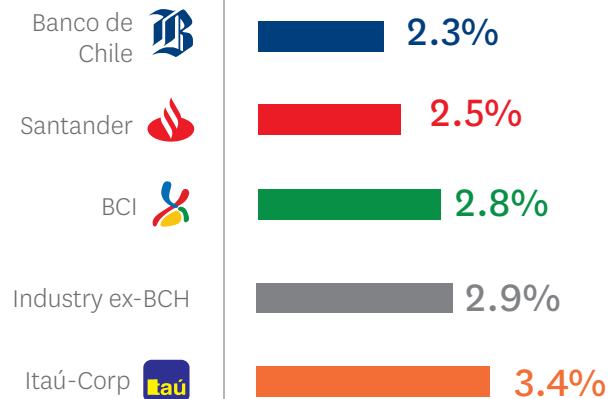
Market Share of DDA

(As of May 2019, excludes foreign subsidiaries)



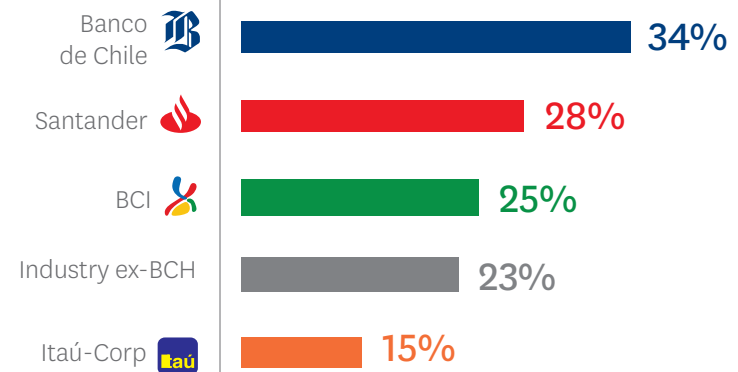
Cost of Funding¹

(% Local Currency, as of May 2019)



DDA to Total Loans

(As of May 2019, excludes foreign subsidiaries)

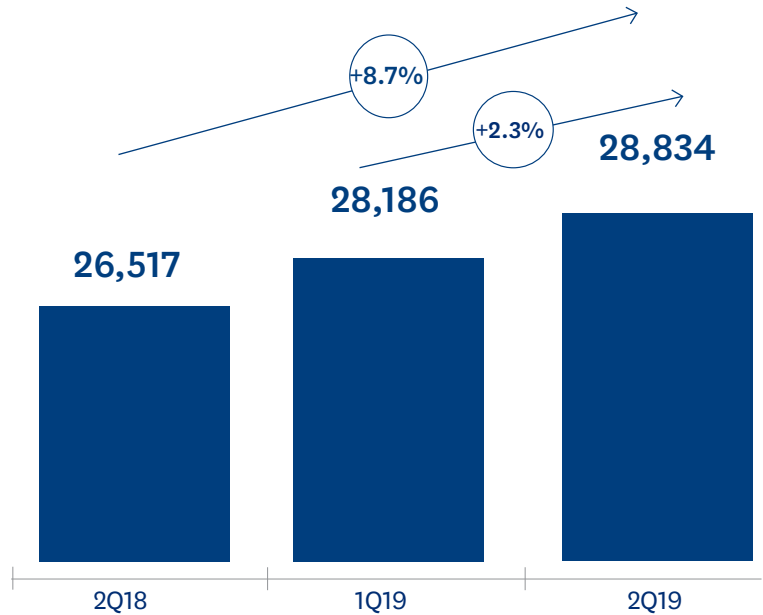


Source: CMF, Internal

1. Excludes results from accounting hedges

Focused and Efficient Retail Growth

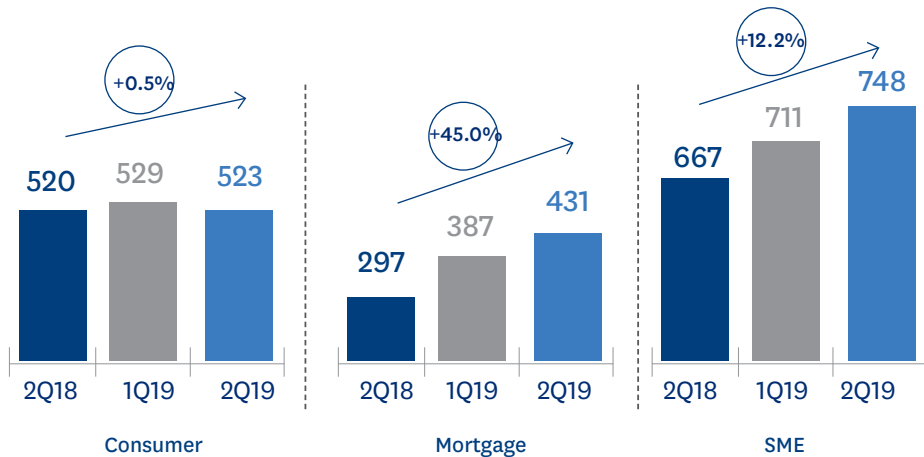
Total Loans
(In billions of CLP)



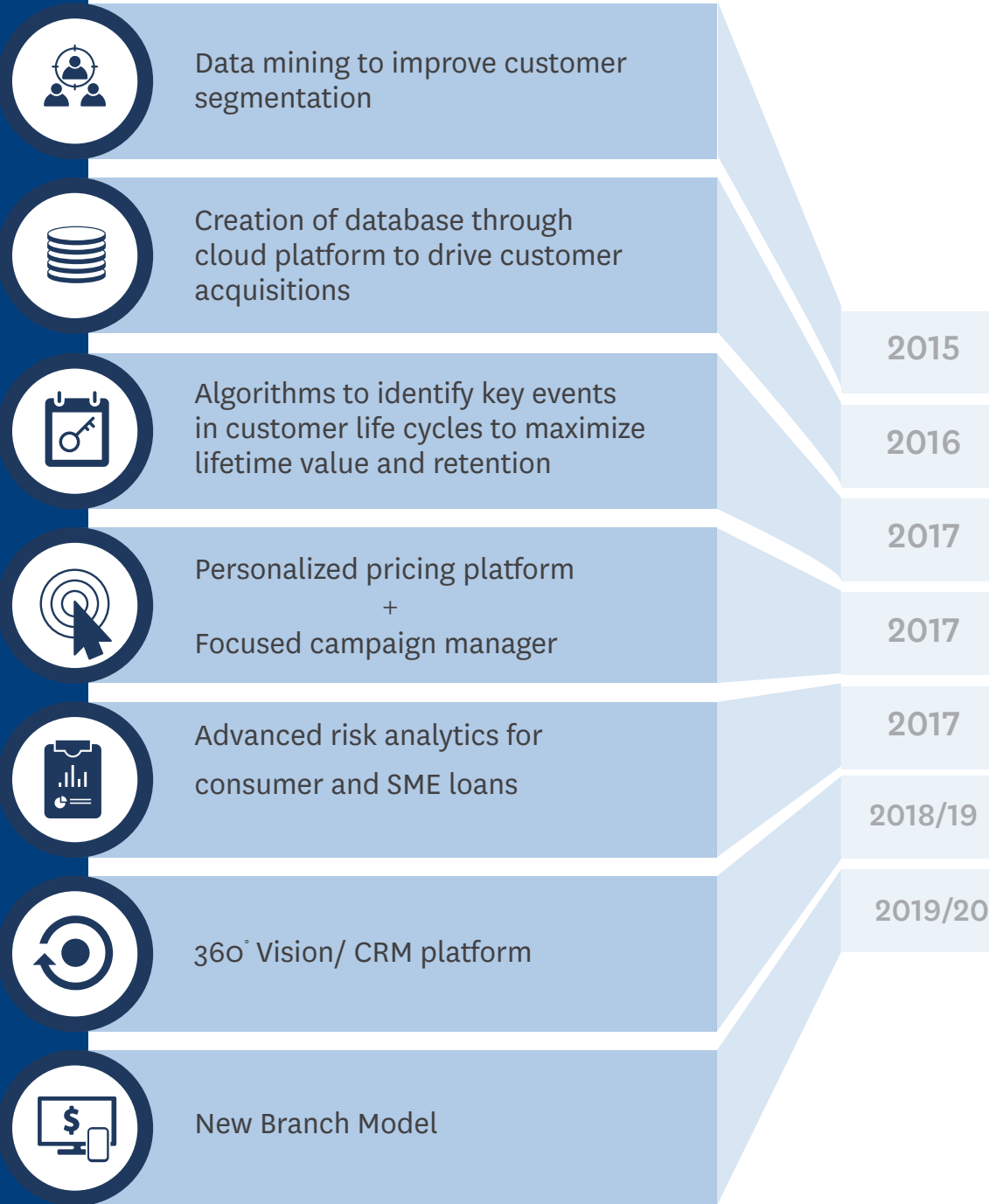
Total Loans Breakdown
(In billions of CLP)

| | 2Q18 | 1Q19 | 2Q19 | YoY |
|------------------------------|---------------|---------------|---------------|--------------|
| Retail | 16,235 | 17,638 | 18,044 | 11.1% |
| Individuals | 12,751 | 13,800 | 14,128 | 10.8% |
| SMEs | 3,484 | 3,839 | 3,916 | 12.4% |
| Wholesales | 10,282 | 10,547 | 10,789 | 4.9% |
| Large Companies | 2,726 | 2,925 | 2,960 | 8.6% |
| Corporate and Multinationals | 7,557 | 7,623 | 7,829 | 3.6% |
| Total | 26,517 | 28,186 | 28,834 | 8.7% |

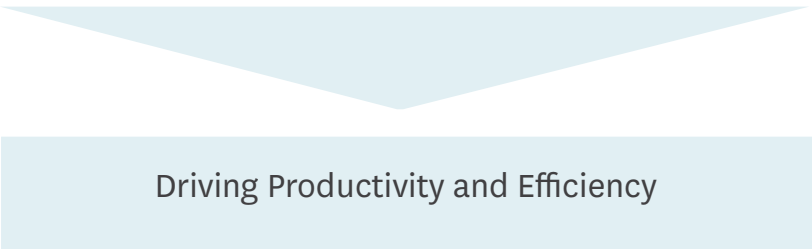
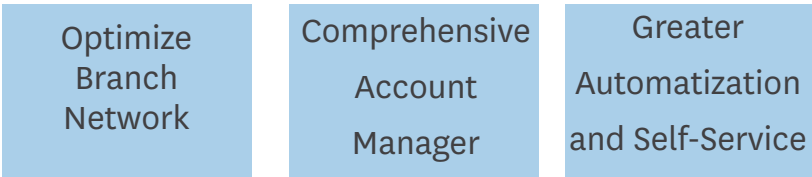
Total Retail Loan Originations
(In billions of CLP, YoY %)



Initiatives



Pilot Program 2017-2019: 16 Branches





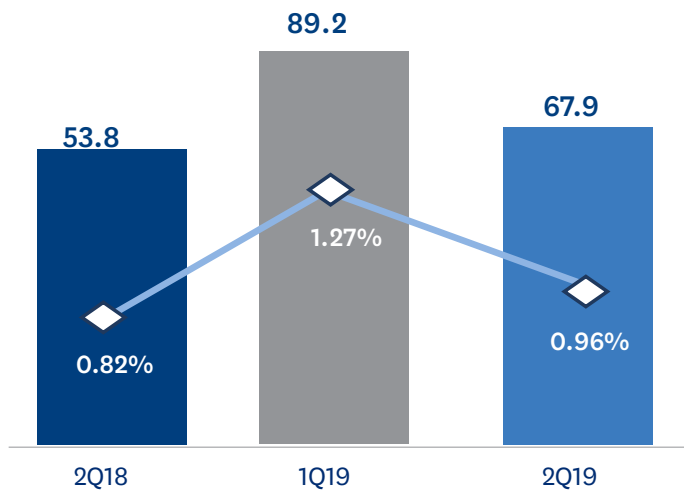
Industry Leader in Risk Management and Asset Quality

Loan Loss Provisions

(In billions of CLP and LLP ratio in %)

■ Loan Loss Provisions

◇ LLP Ratio



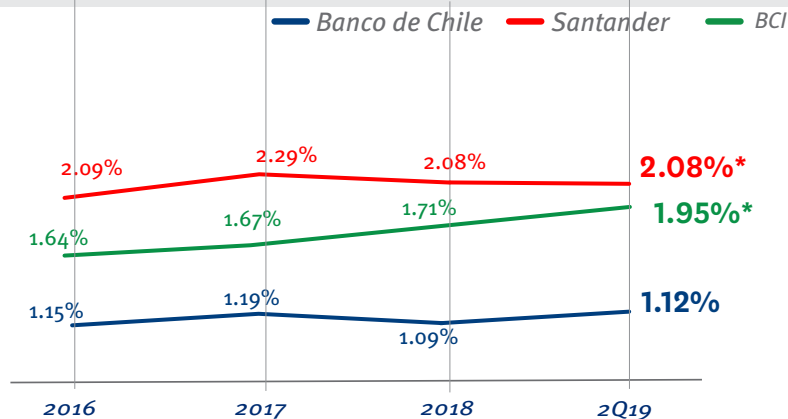
Variation in LLP by Concept

(In billions of CLP)



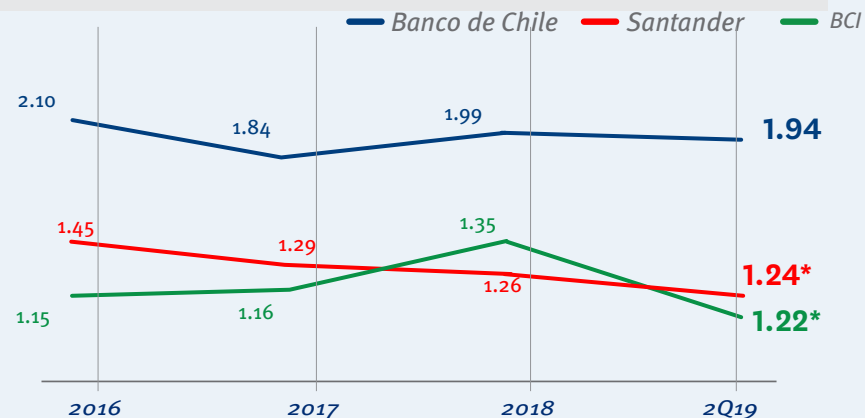
Delinquency Ratio

(% Past Due Loans¹ / Total Loans)



Coverage Ratio

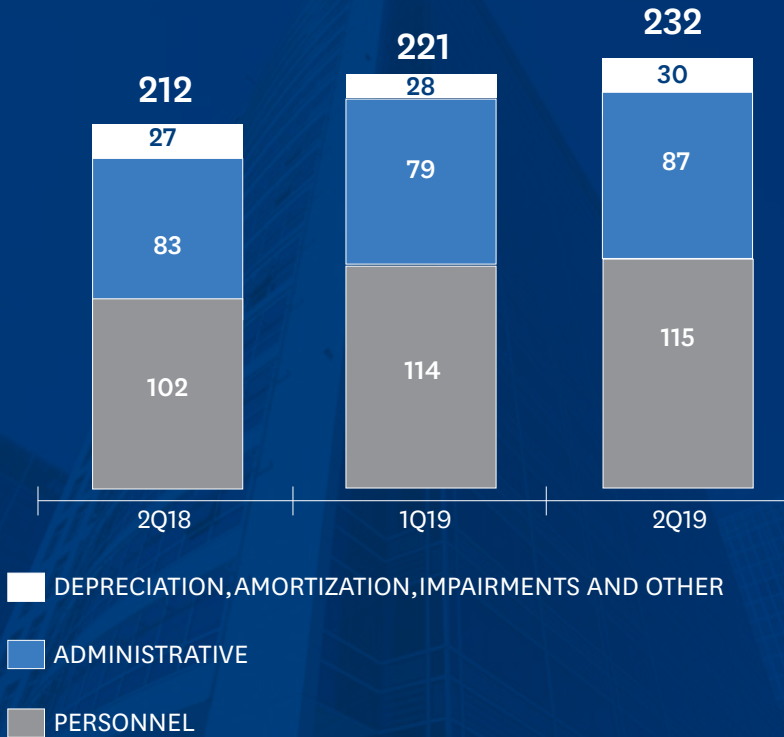
(Allowances for Loan Losses / Past-Due Loans)



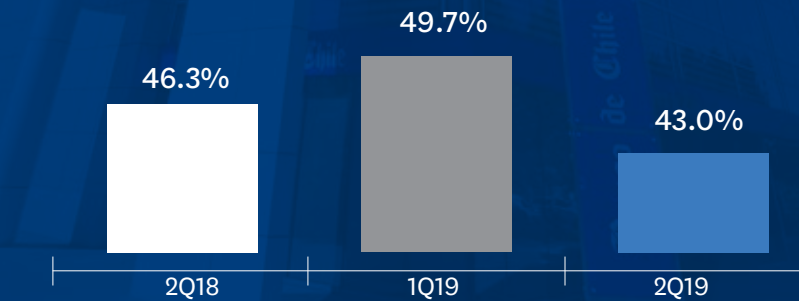
1. Loans overdue 90 days or more, including overdue installments, as well as outstanding capital and interests, individual. *peers as of May 2019
 Source: Banco de Chile, CMF, Central Bank of Chile / CMF. Information in Chilean GAAP.

IB | New Plans to Continue Improving Efficiency

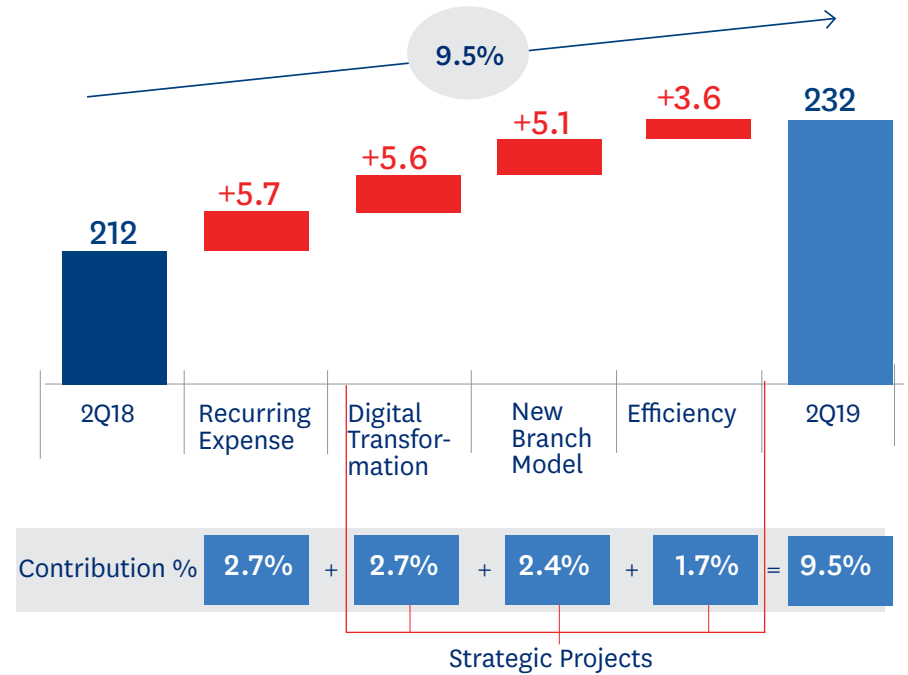
Operating Expenses
(In billions of CLP)



Efficiency Ratio
(%)

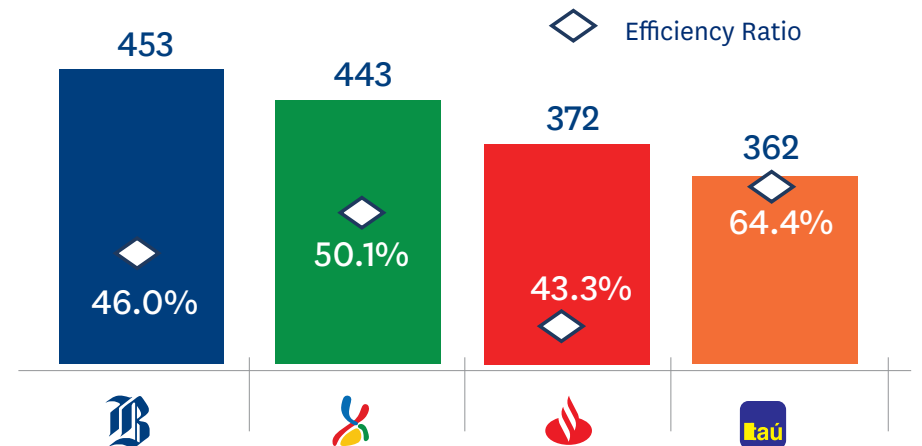


Breakdown of Operating Expenses
(ΔYoY, in billions of CLP)



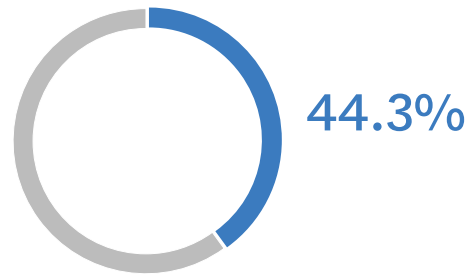
Total Expense comparison amongst peers

(In billions of CLP, as of June 2019, Efficiency ratios as of June 2019 %)



BB | Large and Growing Free Float

Free Float
(As of June, 2019)



Top 5 companies in the
IPSA Index:

| | |
|--------------------|--------|
| 1. Banco de Chile | 11.05% |
| 2. Banco Santander | 7.82% |
| 3. Enel | 7.76% |
| 4. Falabella | 7.05% |
| 5. Copec | 6.67% |

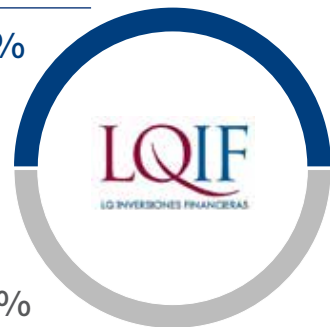


An increase in MSCI weighting was announced for August 29th, 2019

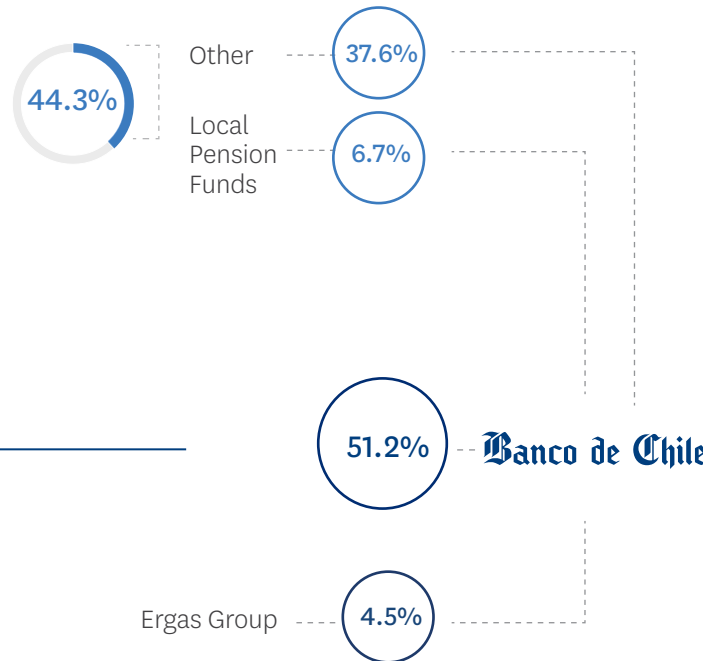
New Ownership Structure
(As of June, 2019)



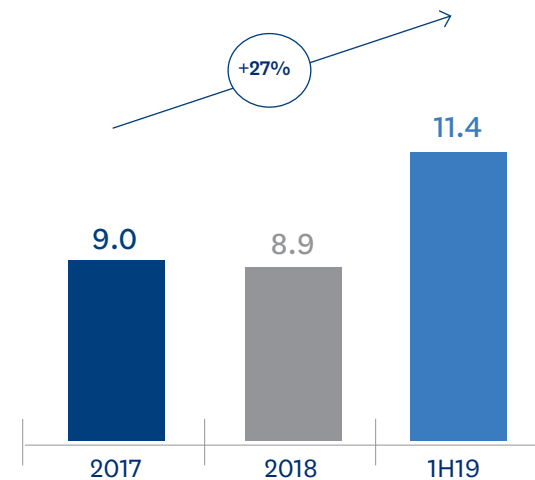
50.0%



50.0%



Avg. Daily Trading Volume
(in US\$ Millions)



BCH: 2Q19 Key Takeaways

- ◇ We expect GDP growth to improve to 3.2% in 2020, which should translate into a banking industry loan growth of ~9% nominal.
- ◇ Implementation of key projects, including digital transformation is expected to improve our efficiency of about 3% in the medium term
- ◇ We expect cost of risk to be between 1.0% and 1.1% for 2019.
- ◇ Our solid fundamentals and sound strategy should permit a sustainable ROAE between 18% and 20% in the medium term.
- ◇ The increase in free float to 44% is expected to promote higher visibility and trading of BCH shares

| 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.*

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.

