

# **EARNINGS PRESENTATION**

**1Q23**

May 5<sup>th</sup>, 2023





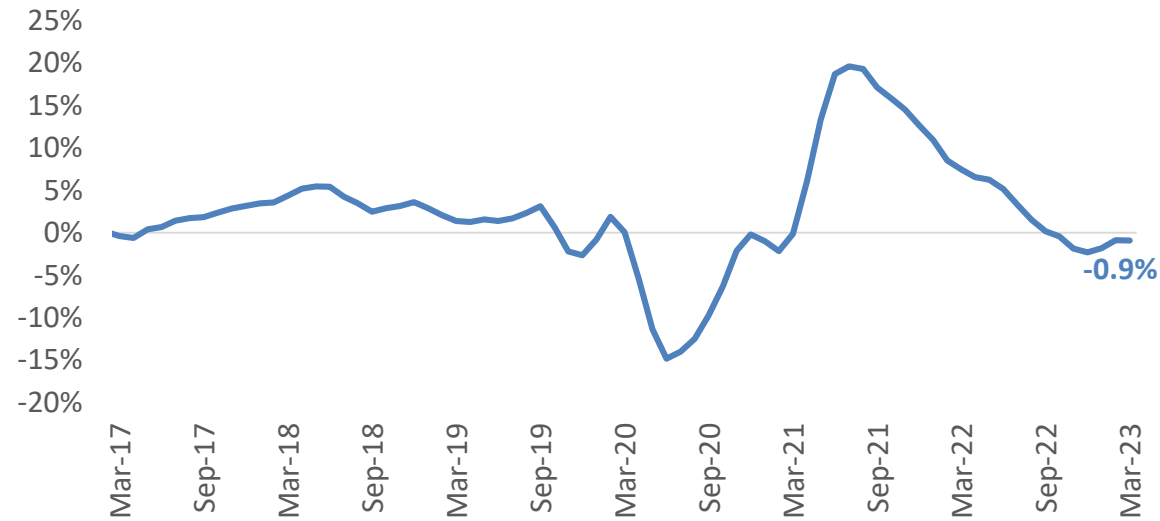
# Economic & Banking Industry Overview



# A healthy macroeconomic adjustment...

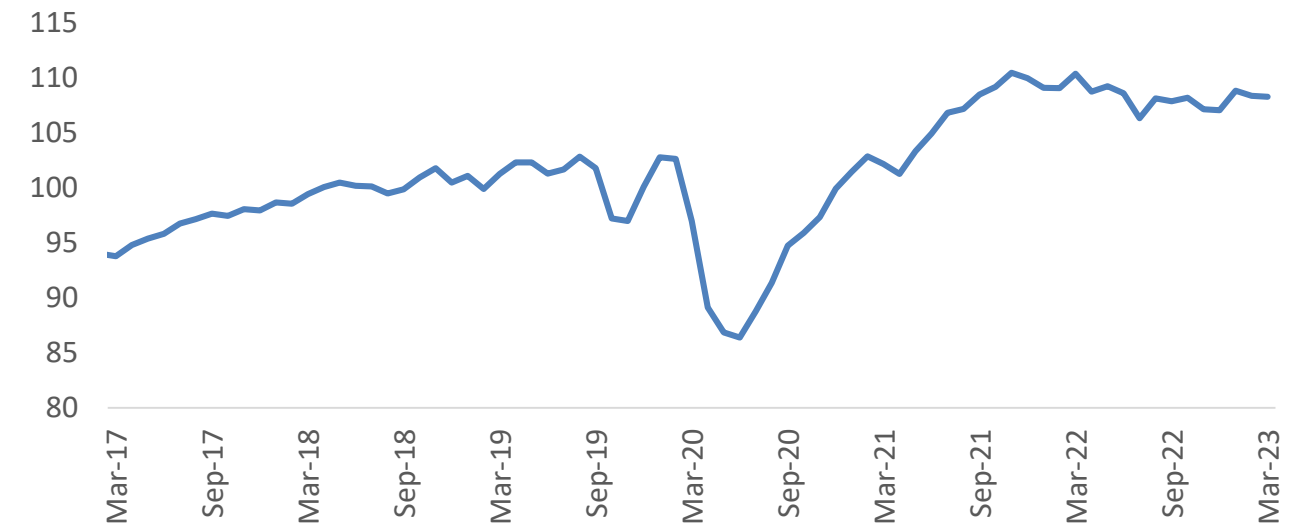
## Monthly Economic Growth

YoY, Ma3



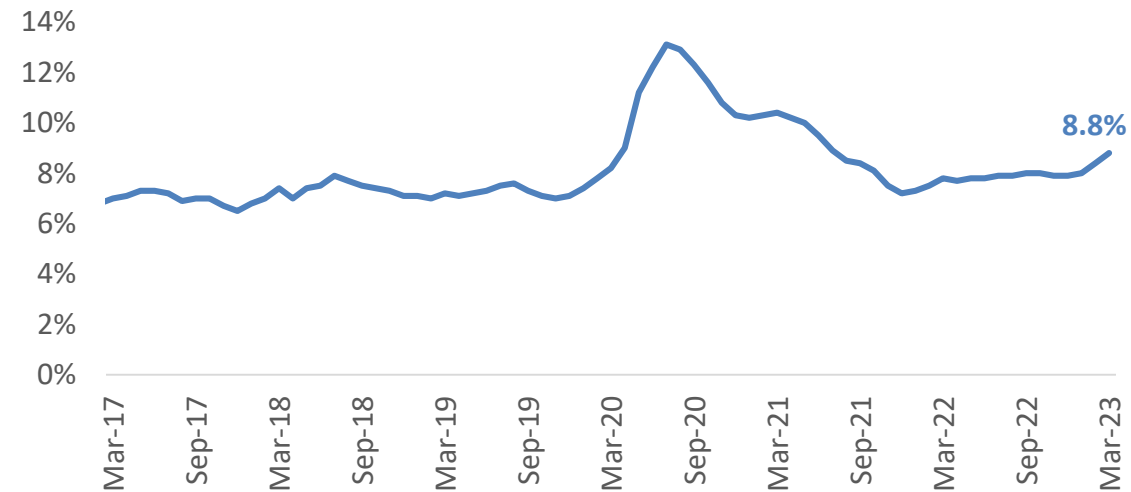
## Economic Activity

2018=100



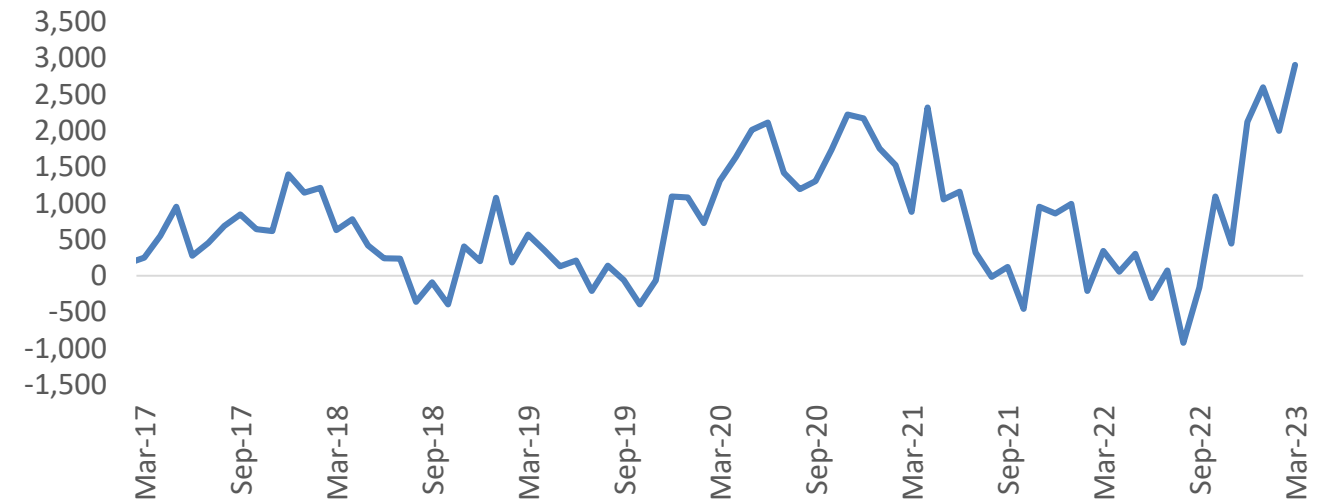
## Unemployment Rate

% of Labor Force



## Trade Balance

USD Million

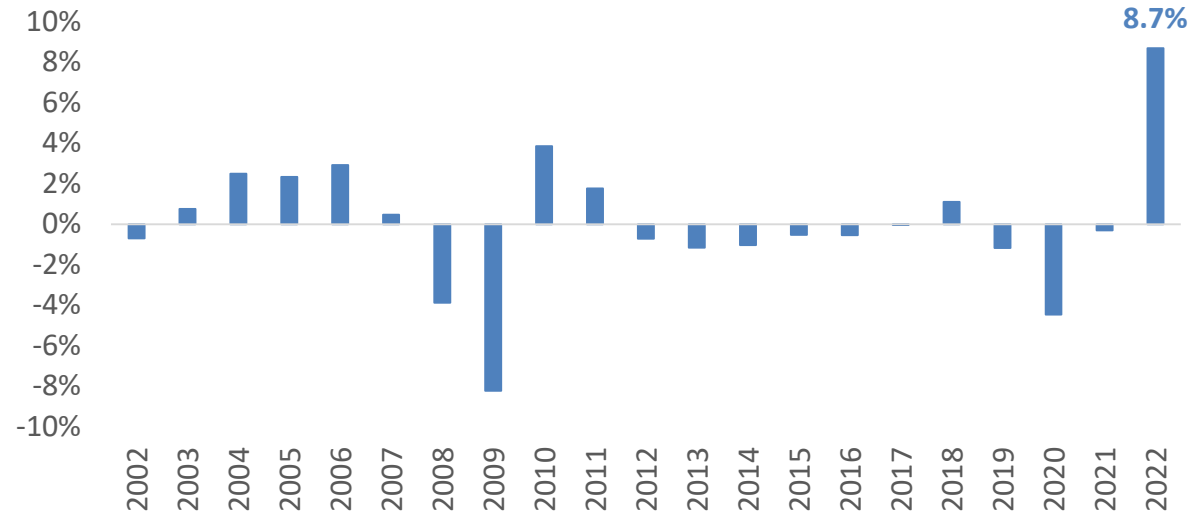




# ...due to the tighter fiscal and monetary policies in 2022

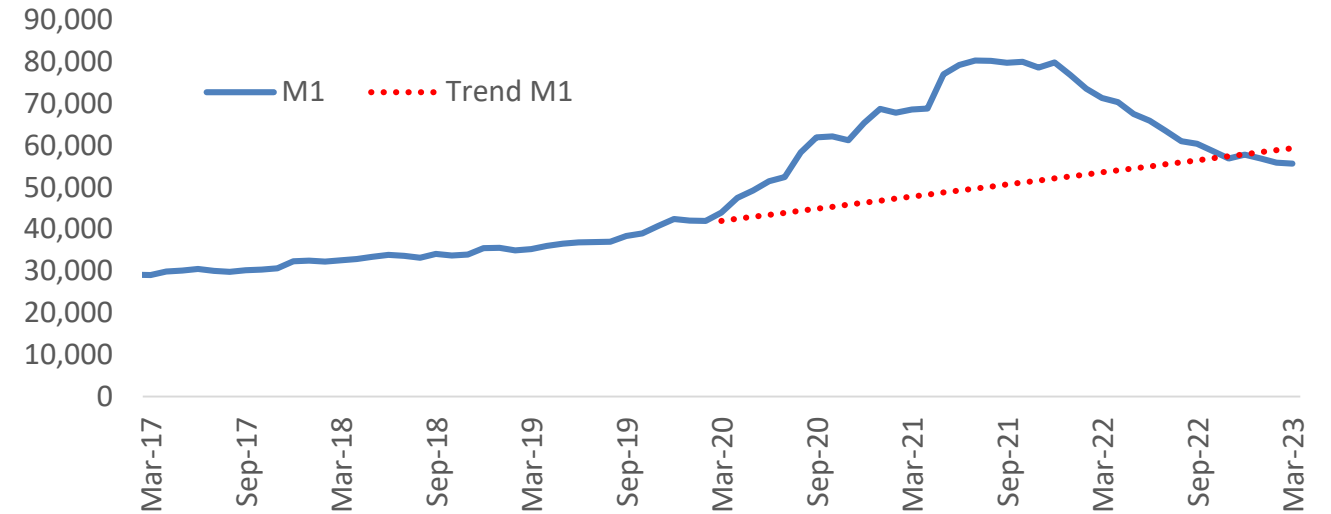
## Fiscal Adjustment

Change in Fiscal Balance, % of GDP



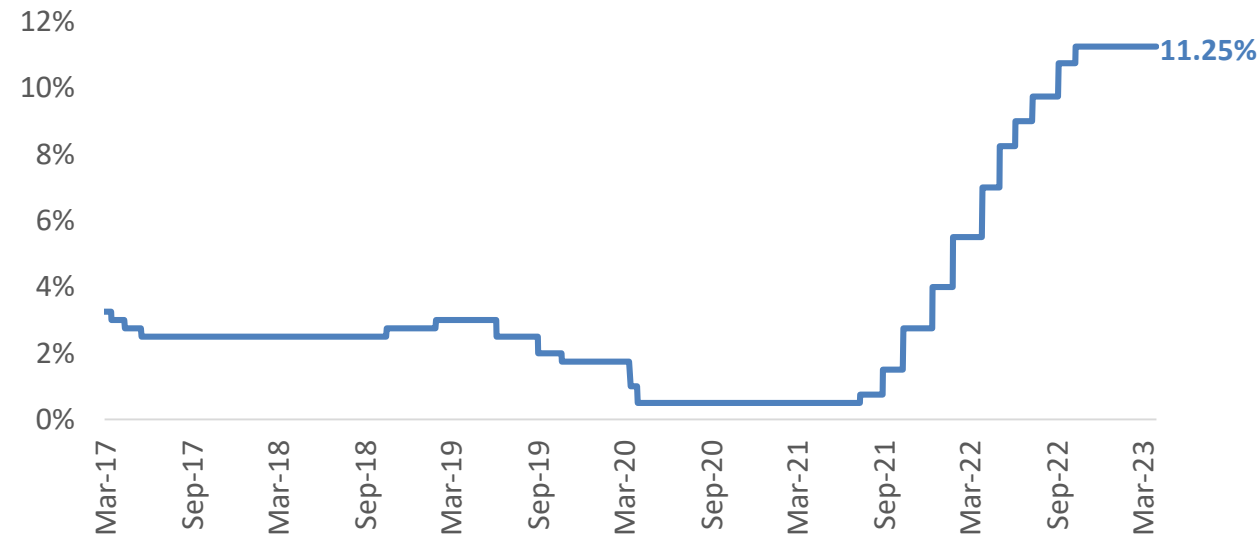
## M1 Money Supply

Million of CLP



## Overnight Rate

EOP



## Exchange Rate

CLP / USD





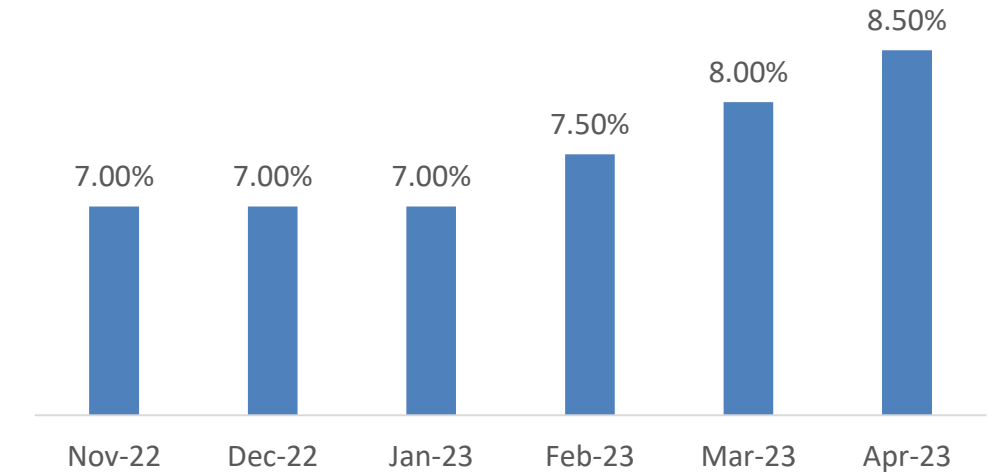
## Banco de Chile's Forecast

Yoy, %

	2020	2021	2022	2023f	2024f
GDP	-6.0	11.7	2.7	-0.4	2.1
Consumption	-6.6	19.3	3.1	-3,8	2.5
Investment	-10.8	15.7	2.8	-5.0	3.0
Exports	-0.9	-1.4	1.4	5.3	1.8
Imports	-12.3	31.8	0.9	-5,2	2.5
CPI	3.0	7.2	12.8	5.0	3.2
Overnight Rate (EOP)	0.5	4.00	11.25	7.5	4.5
Exchange Rate (EOP)	711	840	859	810	780
Fiscal Balance (% GDP)	-7.3	-7.6	1.1	-2.9	-1.5
Current Account (% GDP)	-1.9	-7.5	-9.0	-4.0	-2.5

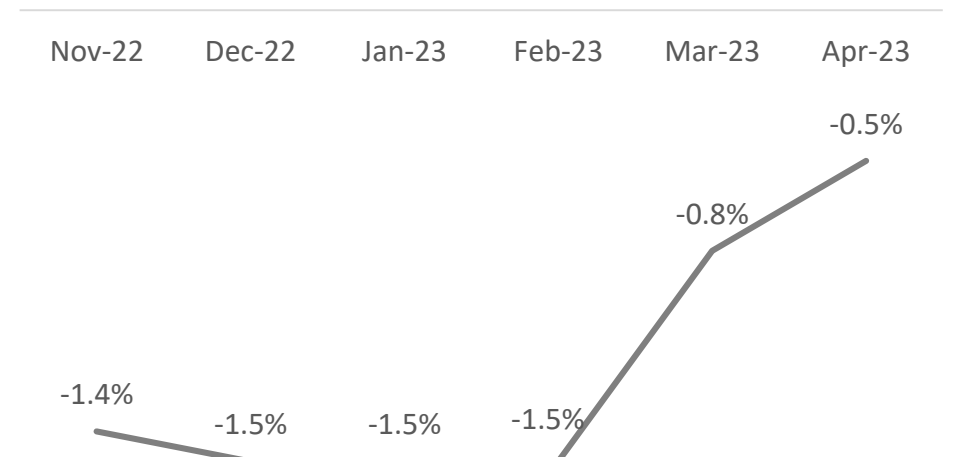
## Evolution of 2023 Overnight Rate Forecast\*

EOP



## Evolution of 2023 GDP Forecast\*

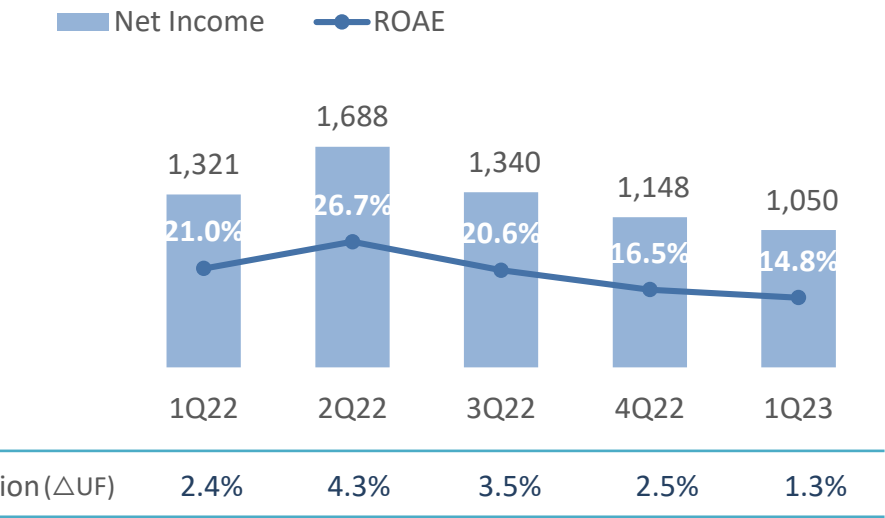
EOP



# Results normalizing in line with lower inflation

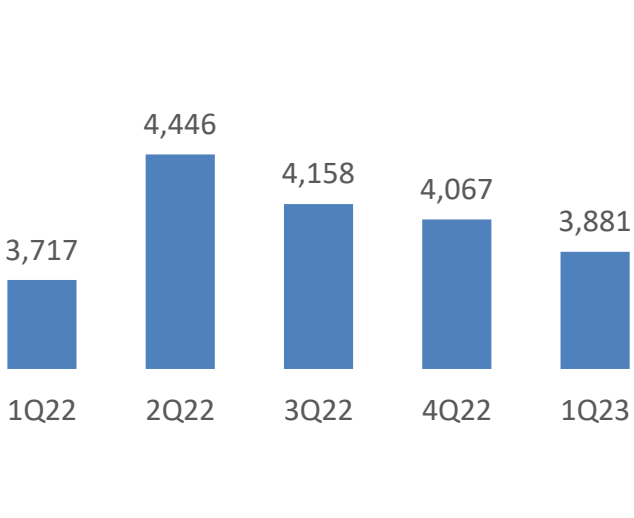
## Net Income<sup>1</sup>

Billions of CLP



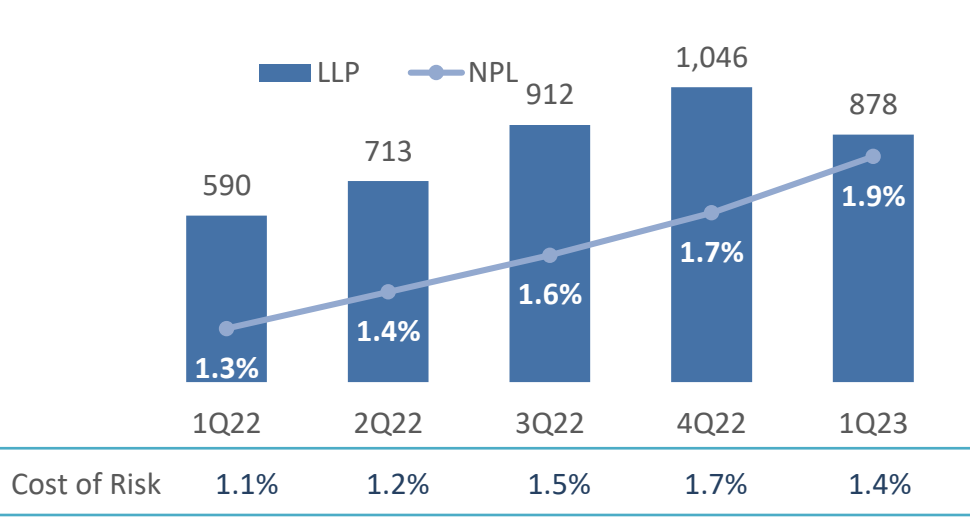
## Operating Income

Billions of CLP



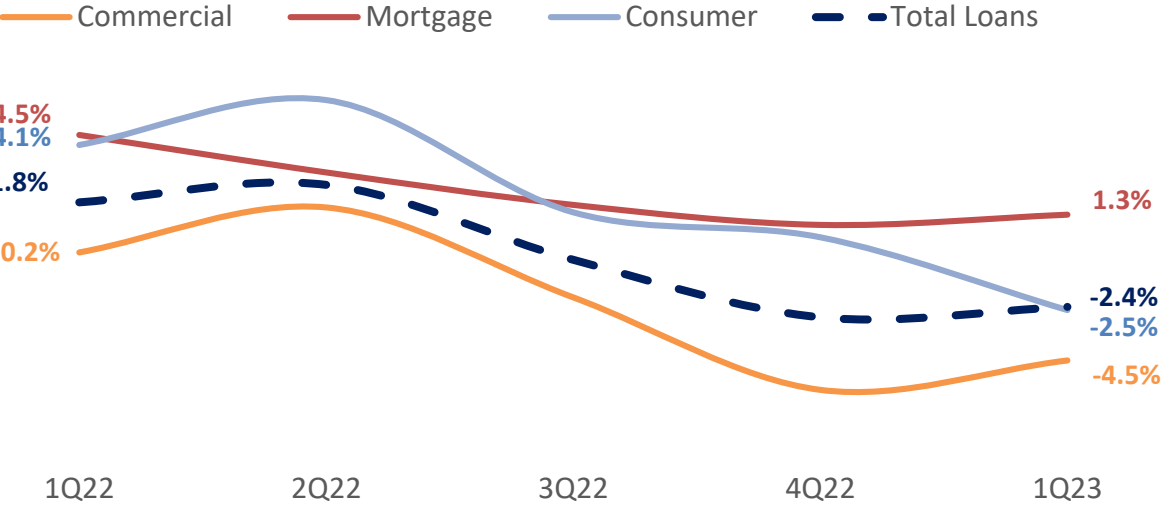
## Asset Quality

LLP in billions of CLP and NPL Ratio in %



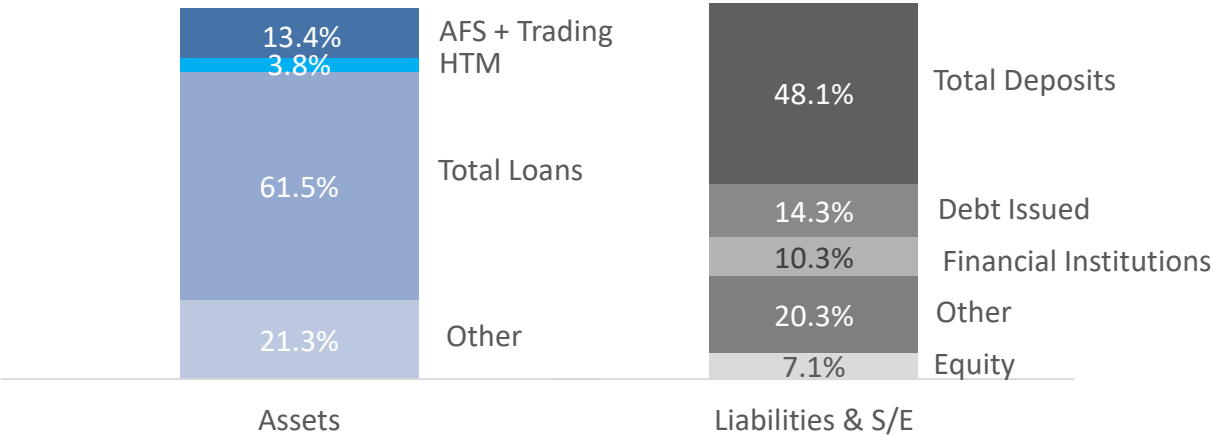
## Real Loan Growth<sup>2</sup>

YoY



## Structure

% Over Total Assets, as of March 2023



1. Net income attributable to equity holders. Note: industry’s data for 2021 quarters on proforma basis for the new local Compendium of Accounting Standards. 2. Figures do not include operations of subsidiaries abroad.

The background of the slide is a photograph of a grand, classical-style building, likely a government or institutional structure. The building features tall, fluted columns and a balcony with a decorative metal railing. A Chilean flag, with its characteristic white, red, and blue horizontal stripes and a white star on a blue square, is flying from a pole in front of the building. The sky is a clear, bright blue, and some green foliage is visible in the upper left corner. A dark blue horizontal band is superimposed over the middle of the image, containing the title text.

# Strategic Priorities and Advances



## STRATEGIC PILLARS

### **CUSTOMER CENTRICITY**

Customers first and at the centre of everything we do.

### **PRODUCTIVITY**

Transforming how we operate and connect to customers by reinforcing the use of technology.

### **SUSTAINABILITY**

Strengthening ESG initiatives to create long-term value for our stakeholders.

## CORE PRIORITIES



## MID-TERM TARGETS

- ✓ **Net Promoter Score**  
Target: >70%  
Mar-23: 75.3%
- ✓ **Market Share in Total Loans<sup>1</sup>**  
Target: Top 2  
Mar-23: Top 2
- ✓ **Cost to Income Ratio**  
Target: <45%  
Mar-23: 37.6%
- ✓ **Return on Average Capital and Reserves<sup>2</sup>**  
Target: Top 1  
Mar-23: Top 1
- ✓ **Corporate Reputation<sup>3</sup>**  
Target: Top 3  
Mar-23: Top 2

1. Excluding subsidiaries abroad  
2. Among main peers  
3. Based on 2022 Merco Ranking



# | Quarterly digital banking initiatives

## Personal Banking

- Open a US\$ dollar checking account 100% online
- Virtual credit card application
- Mi Pago app: credit top up for Lollapalooza event



## Corporate and SME Banking

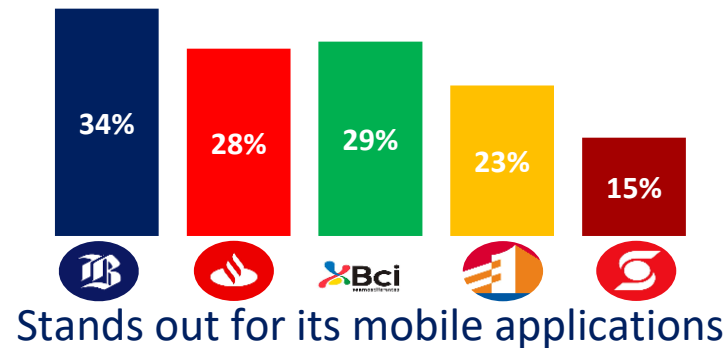
- Open a US\$ dollar checking account 100% online
- Online origination of Fogape government guarantee loans
- Online foreign currency transactions
- Virtual factoring for pre qualified clients

## Banco de Chile Ecosystem

- Cuenta FAN
- Digital Current Account
- Fan Clan
- Fan Emprende



## Leader in digital brand attributes\*



# | Efficiency: Focus on productivity and cost continuous improvements

## Cost Reduction



### Corporate Sourcing Team

- 2023 annual strategic sourcing plan in execution.
- Expense analysis in progress to enrich cost improvement project portfolio.
  - Optimize IT
  - Footprint rationalization
  - ESG & Efficiency projects
  - Selected operational services



### Continuous Cost Improvement Team

- Bank is preparing to renew its ERP Solution to enable a faster and more automated processes.

## Productivity Improvement

### Personal Banking

- Account manager sales excellence plan that had great success over the past two years is being adapted to other sales and customer service functions.

### SME Banking

- Availability of Digital Sales Channel has allowed to increase average loans per account manager, teams are working to increase clients eligible for digital sales through multiple levels.

# Top 1

In efficiency among peers

# 37.6%

1Q23 Efficiency Ratio

**Consumer loan origination** productivity improvements have been sustained up to date.

# +50%

YoY increase in SME loan originations.

## Corporate Volunteering

- Delivery of aid kits in areas affected by forest fires
- Accessibility at Lollapalooza
- Launch of Financial Education Program 2023
- Accompaniment of elderly in alliance with Amanoz Foundation

## Support to Customers and Community

- Options for rescheduling consumer and mortgage loans for customers affected by forest fires
- Reconstruction of the school “Colico Alto” in alliance with Desafío Levantemos Chile



☆  
**#QUEREMOSACHILE**

## Support to SMEs

- 7<sup>th</sup> National Entrepreneurship Challenge Competition with over 29 thousand of participants



## Governance

Renewal of Board of Directors:  
appointment of three women



## Sustainable Finance

Training on Sustainable Finance  
and Climate Change for all levels  
of management





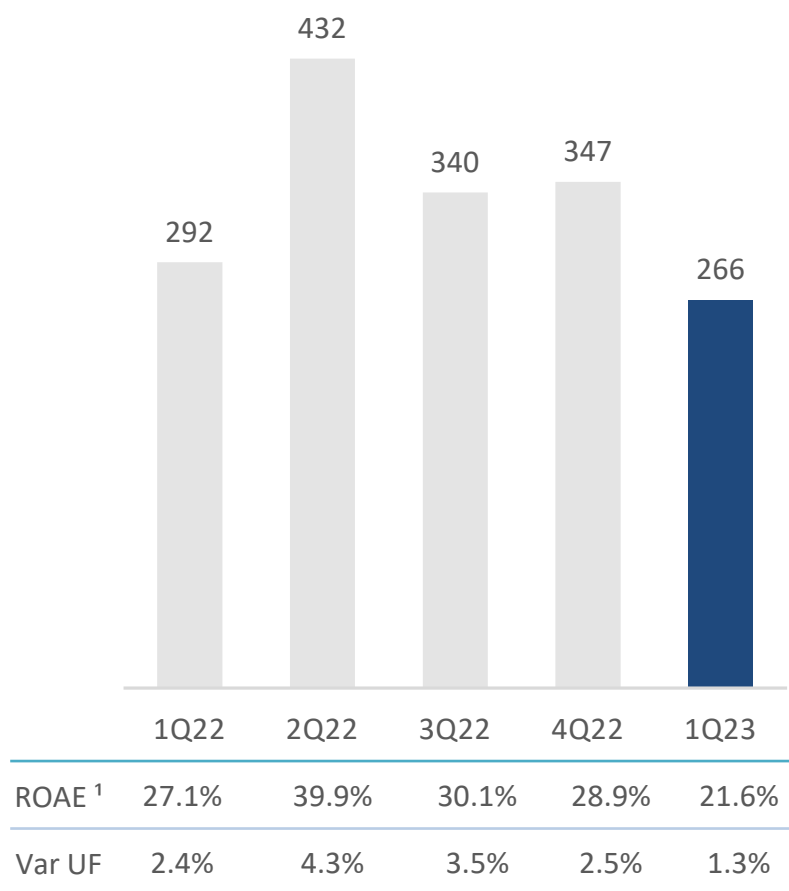
Banco de Chile

# 1Q23 Financial Results

# Superior economic value generation

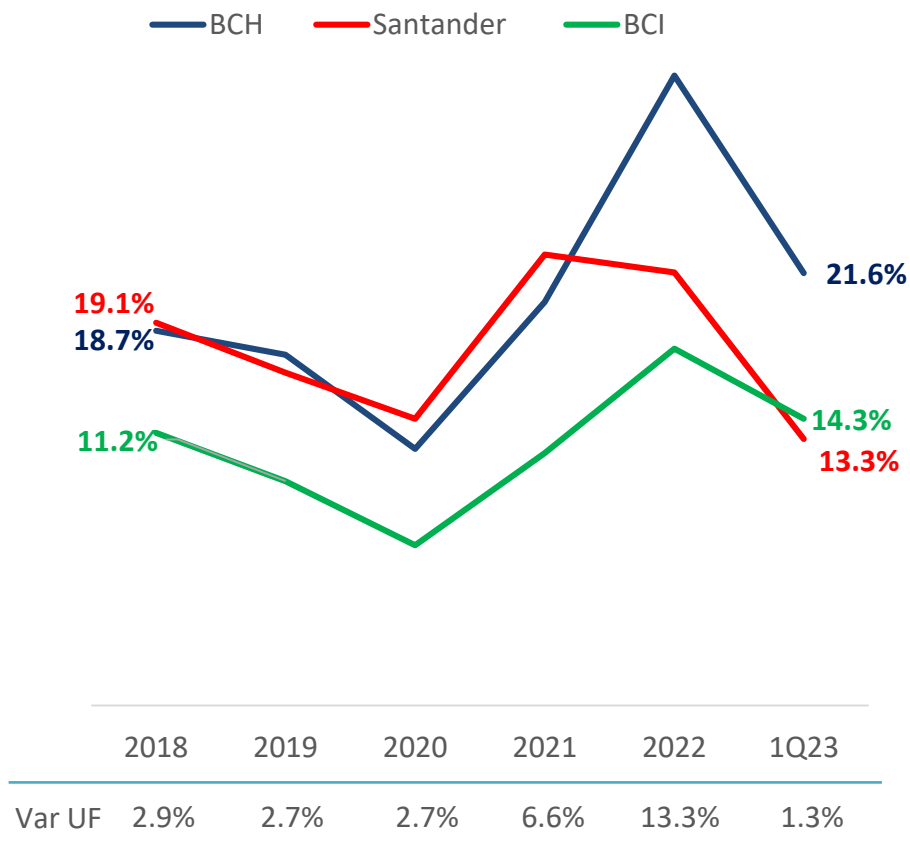
## Quarterly Net Income<sup>1</sup>

Billions of CLP



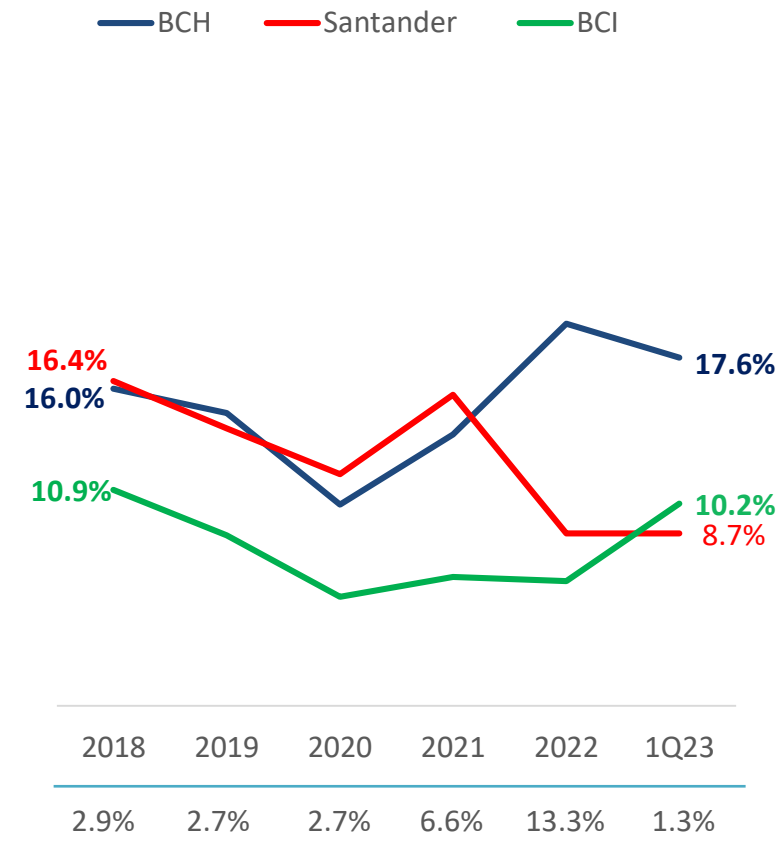
## ROAE<sup>2</sup>

Return on Average Equity



## Adjusted ROAE<sup>2,3</sup>

Return on Average Equity adjusted by inflation

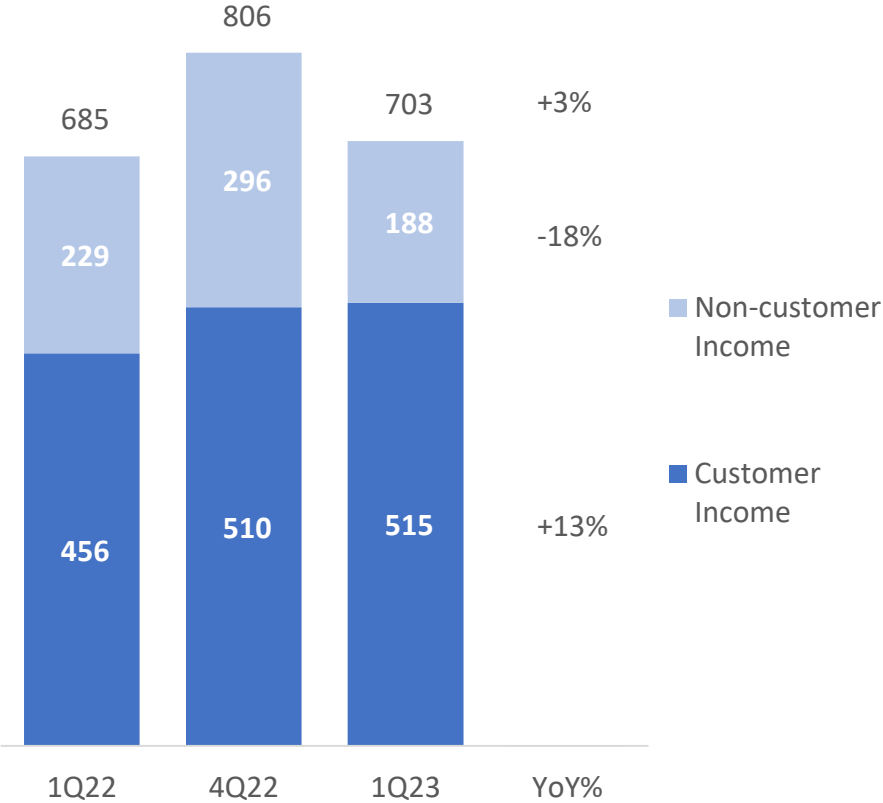


1. Net income attributable to equity holders. 2. Data on proforma basis for the new local Compendium of Accounting Standards. 3. Adjusted ROAE is a non-GAAP measure computed as net income less the effect of inflation on shareholders' equity divided by average shareholders' equity (based on the average of month-end balances). To calculate the inflation effect, CPI variation is applied on paid in capital, reserves, retained earnings from previous years and provision for minimum dividends set at the end of the previous year until the actual distribution month. CPI used for calculation consists of the index provided by the IRS for tax purposes (as reported by the National statistics institute with a one-month lag).

# | Operational revenues beginning to normalize

## Quarterly Operating Revenues

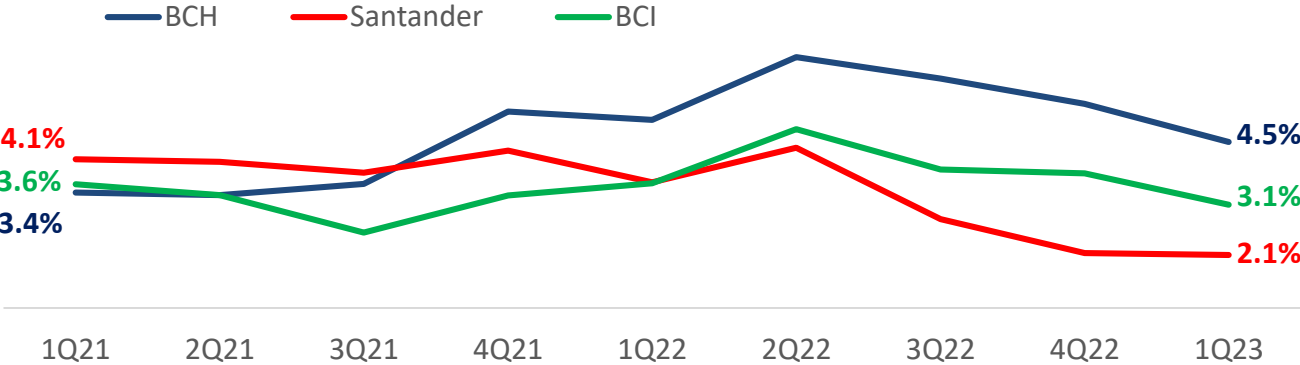
Billions of CLP



	1Q22	4Q22	1Q23
Var UF	2.4%	2.5%	1.3%
NIM	4.9%	5.2%	4.5%

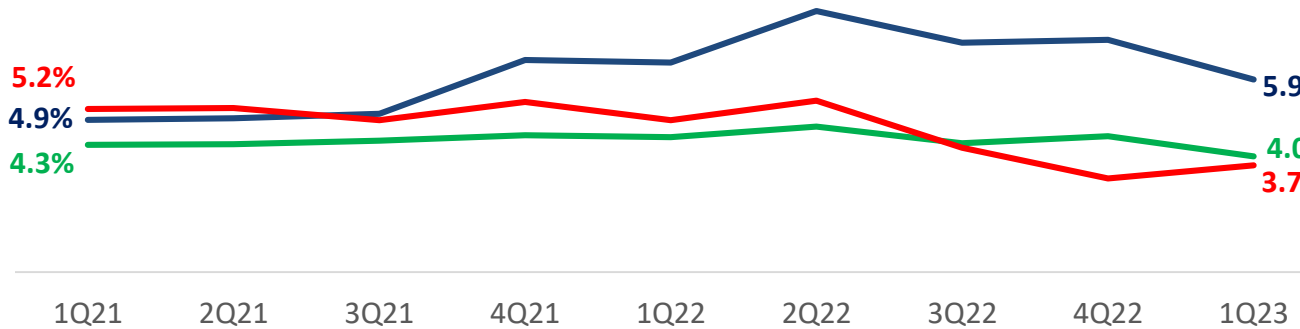
## NIM<sup>1</sup>

Net Interest Income/Avg. Interest Earnings Assets, Annualized



## Operating Margin<sup>1</sup>

Operating Income/Avg. Interest Earnings Assets, Annualized



1. Data for 2021 quarters on proforma basis for the new local Compendium of Accounting Standards.

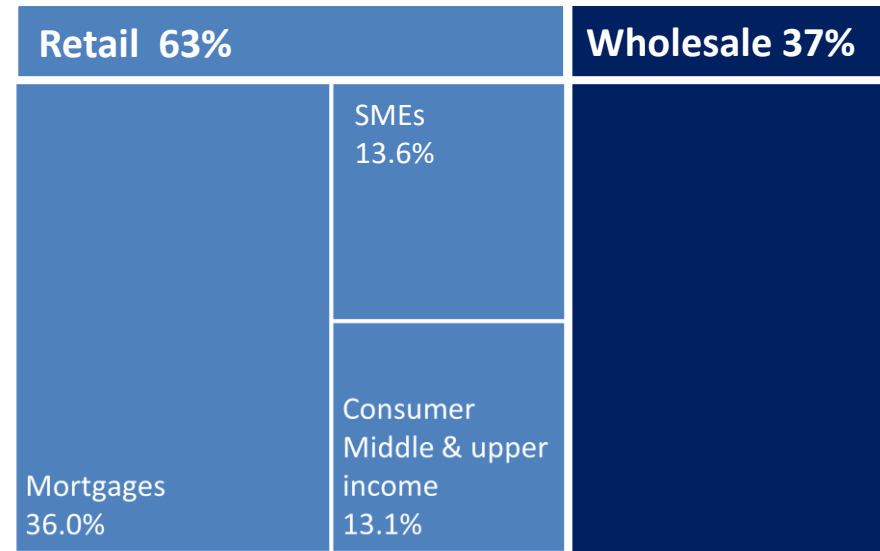




# Retail loans driving growth

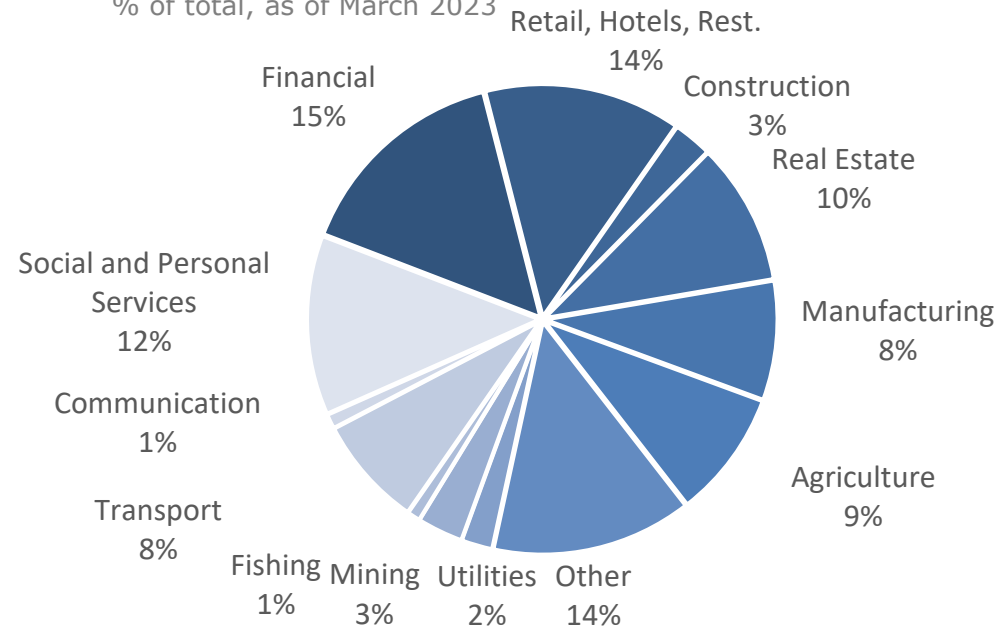
## Loans by Segment

% of total, March 2023



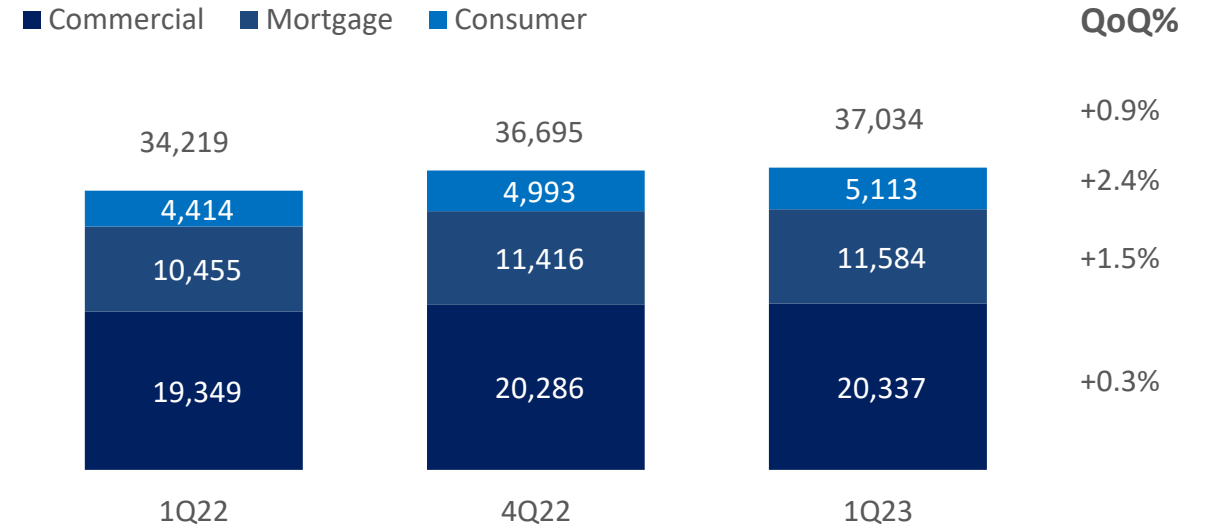
## Commercial Loans by Economic Sector

% of total, as of March 2023



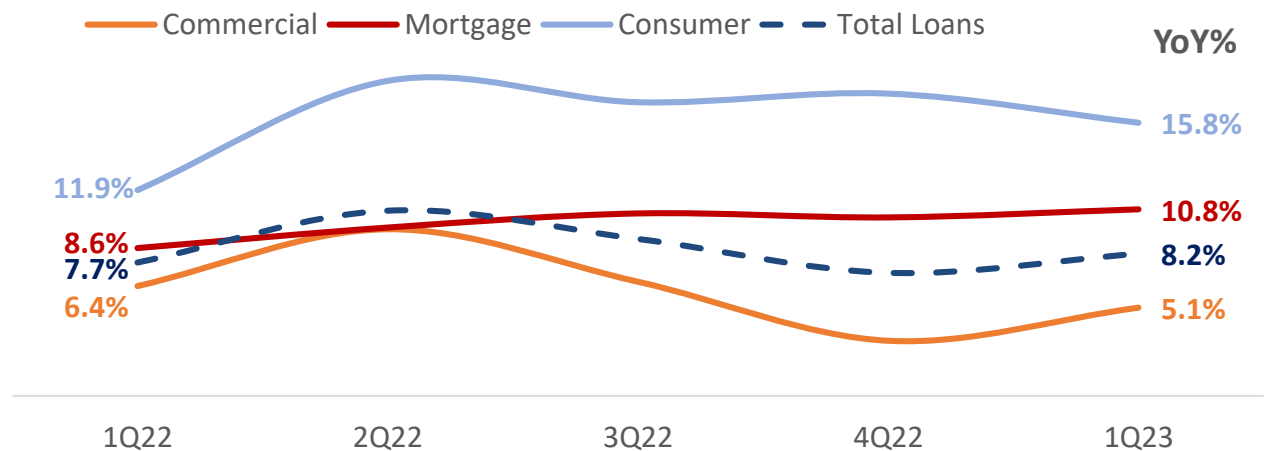
## Total Loans

Trillions of CLP



## Nominal Loan Growth by Product

YoY

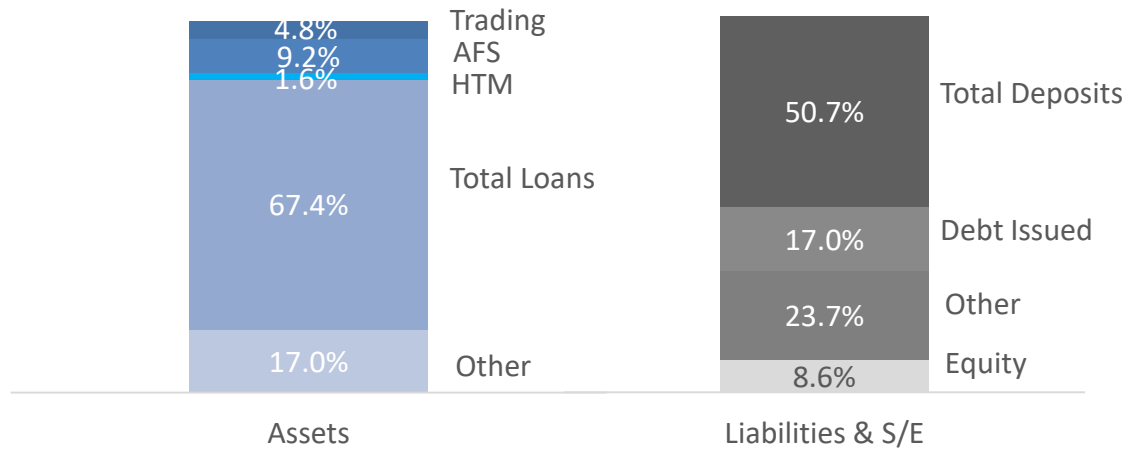




# Solid balance sheet structure

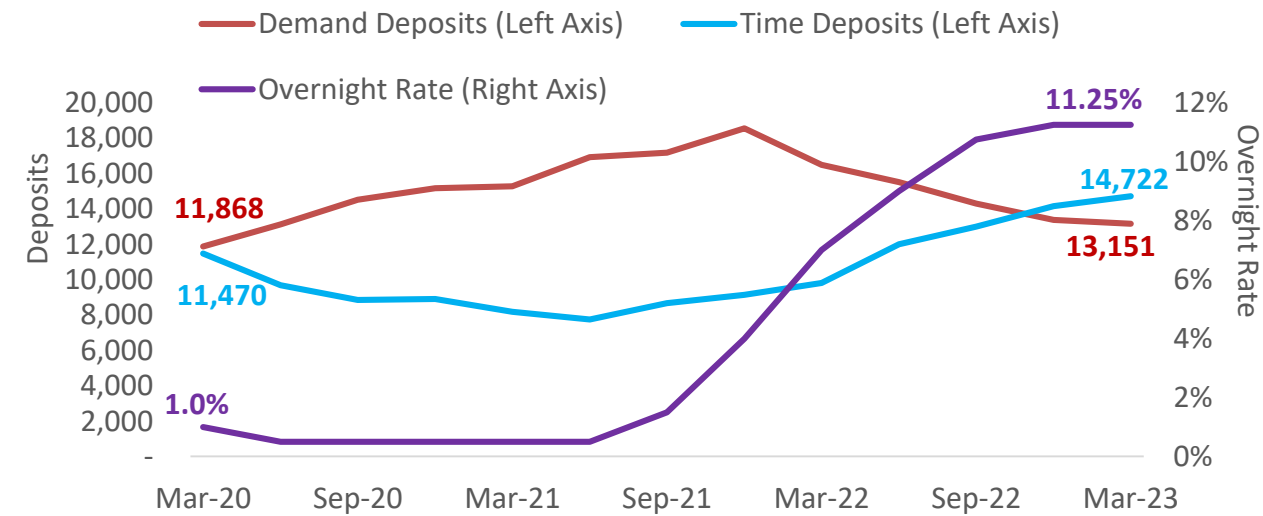
## Structure

% Over Total Assets, as of March 2023



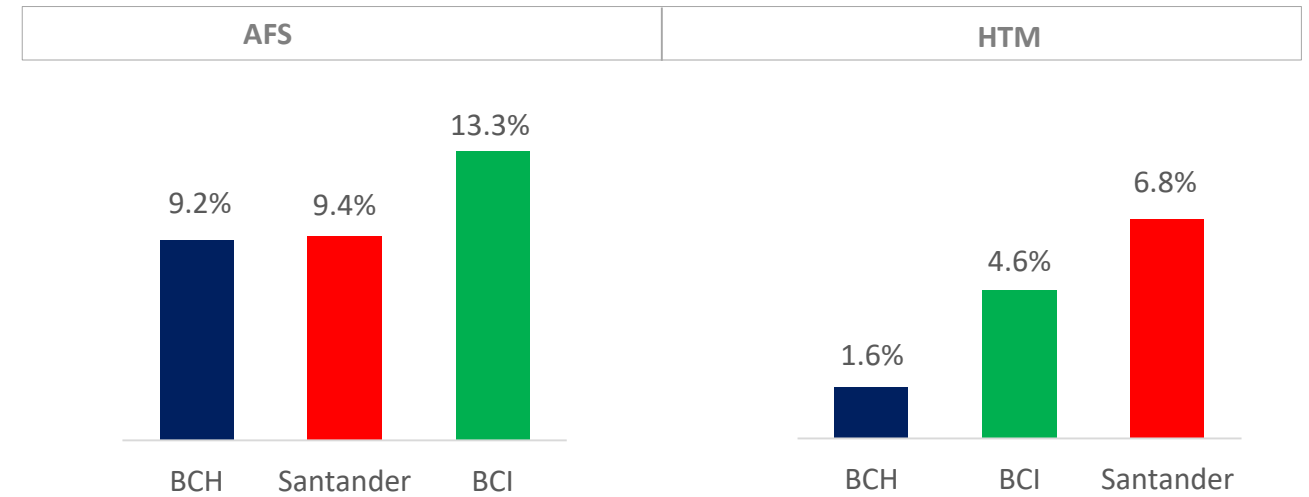
## Evolution of Deposits

Deposits in Billion of CLP



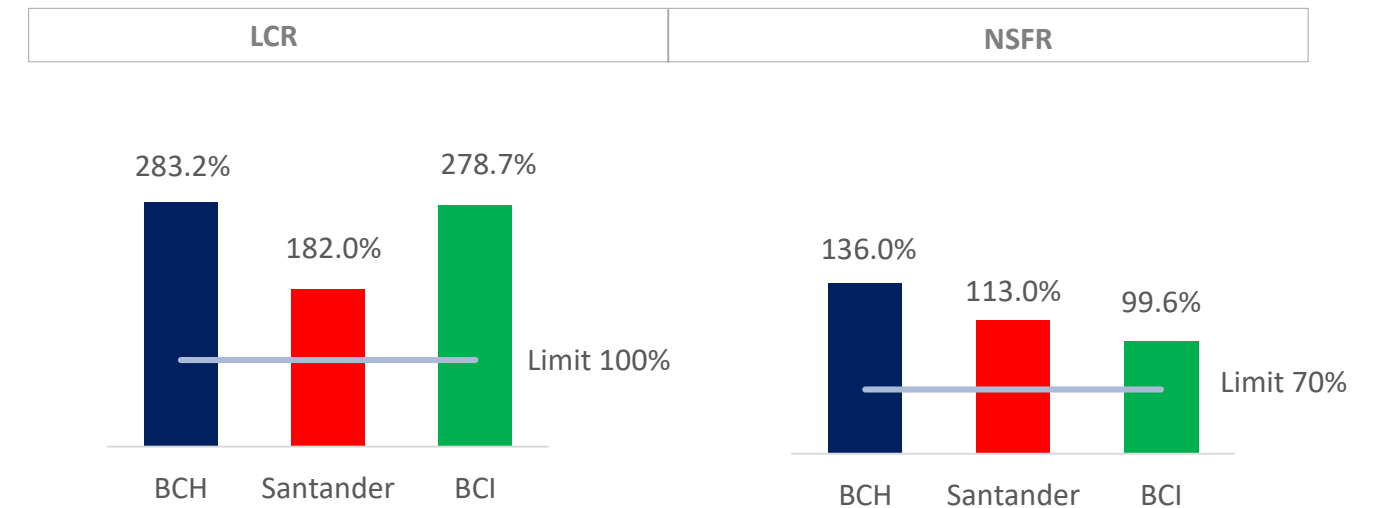
## Financial Instruments

% Over Total Assets, as of March 2023



## Liquidity Ratios

%, as of March 2023

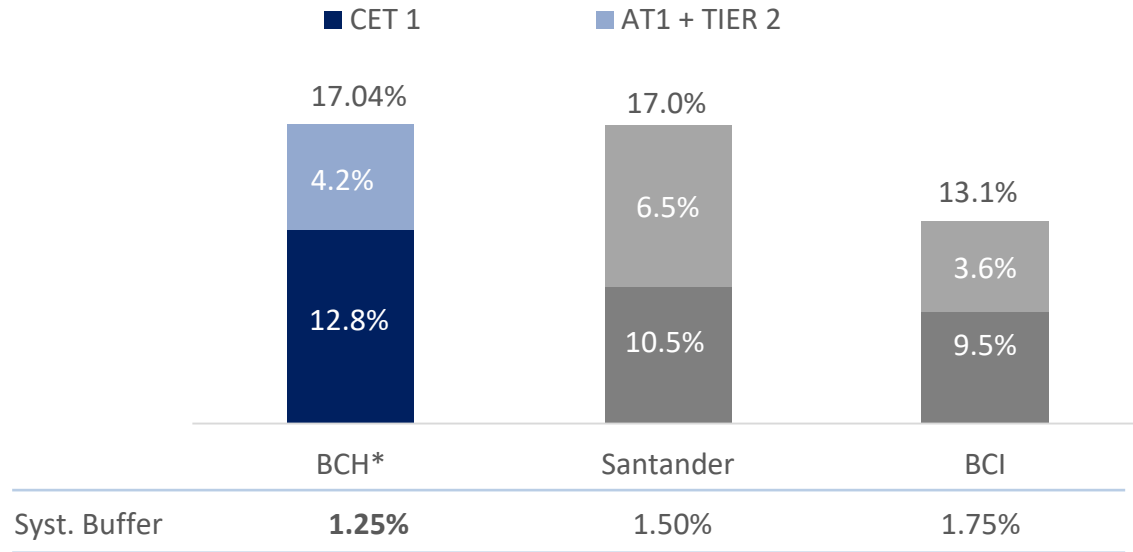




# The best capitalized bank among peers

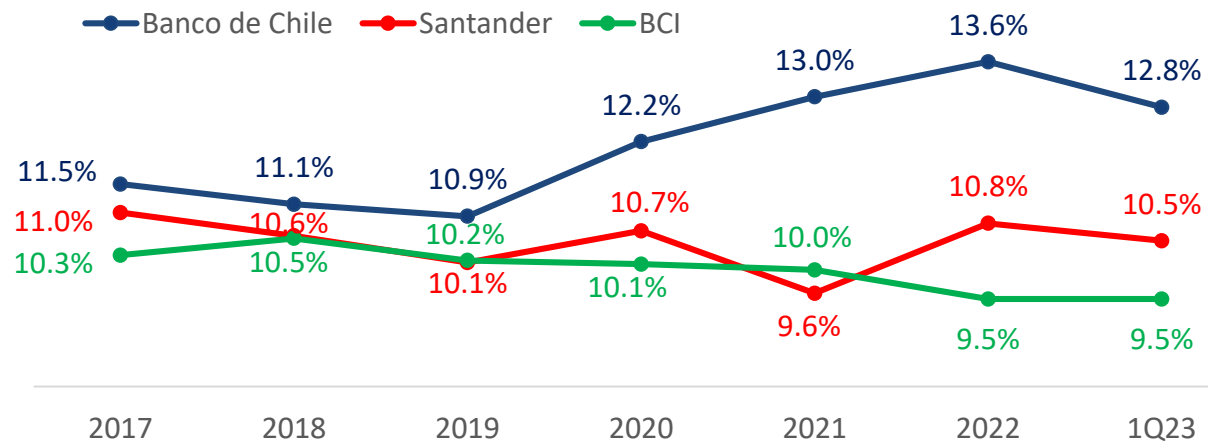
## Basel III Ratio

March 2023



## CET1 Ratio

Common Equity Tier 1 (CET1)/ Risk Weighted Assets (RWA)\*



## Basel III Implementation in Chile

Applicable for Banco de Chile

	Dec 2023	Dec 2024	Dec 2025	Dec 2026
CET 1 Regulatory Threshold	4.50%	4.50%	4.50%	4.50%
Conservation Buffer	1.88%	2.50%	2.50%	2.50%
Systemic Buffer Basel III *	0.63%	0.94%	1.25%	1.25%
CC Buffer **	-	-	-	-
Pillar 2 Buffer ***	-	-	-	-
<b>CET 1</b>	<b>7.00%</b>	<b>7.94%</b>	<b>8.25%</b>	<b>8.25%</b>
<b>AT 1</b>	<b>1.50%</b>	<b>1.50%</b>	<b>1.50%</b>	<b>1.50%</b>
<b>TIER 1</b>	<b>8.50%</b>	<b>9.44%</b>	<b>9.75%</b>	<b>9.75%</b>
<b>TIER 2</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>
<b>TOTAL CAPITAL</b>	<b>10.50%</b>	<b>11.44%</b>	<b>11.75%</b>	<b>11.75%</b>

\* Re-assessed on an annual basis on the methodology for DSIB. It may change from the current level.

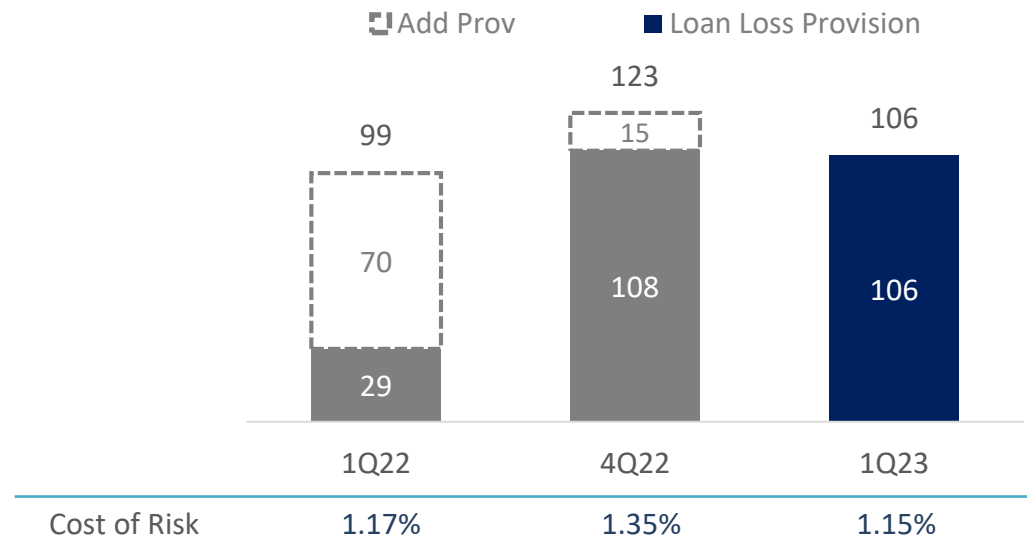
\*\* The methodology and buffer have not yet been defined.

\*\*\* Re-assessed on an annual basis.



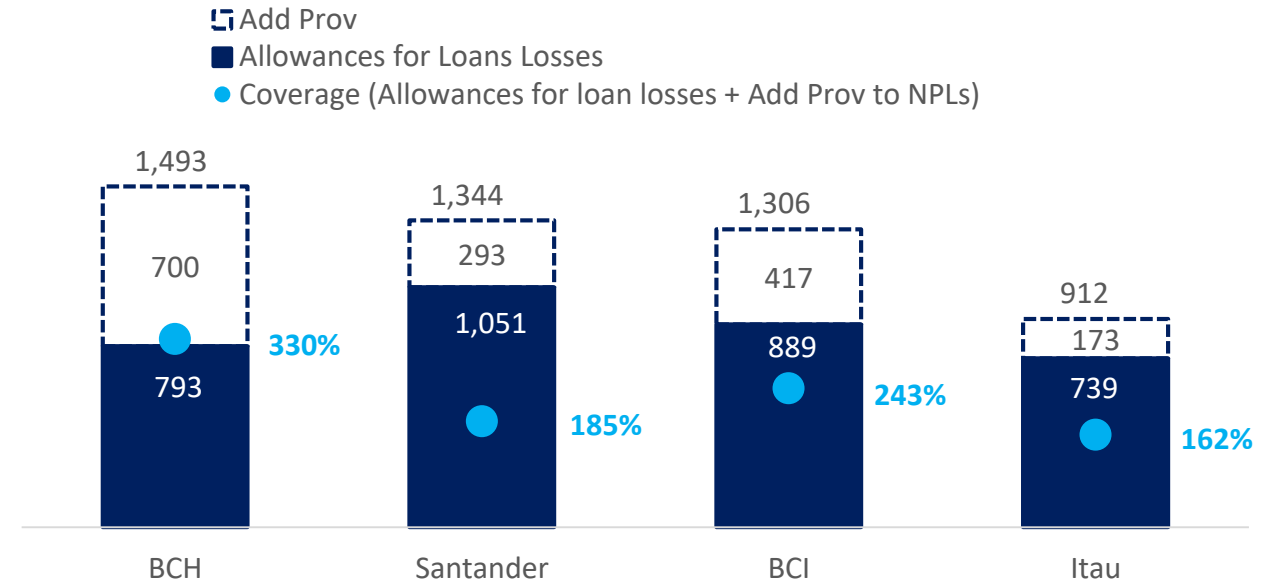
## Expected Credit Losses

Billions of CLP



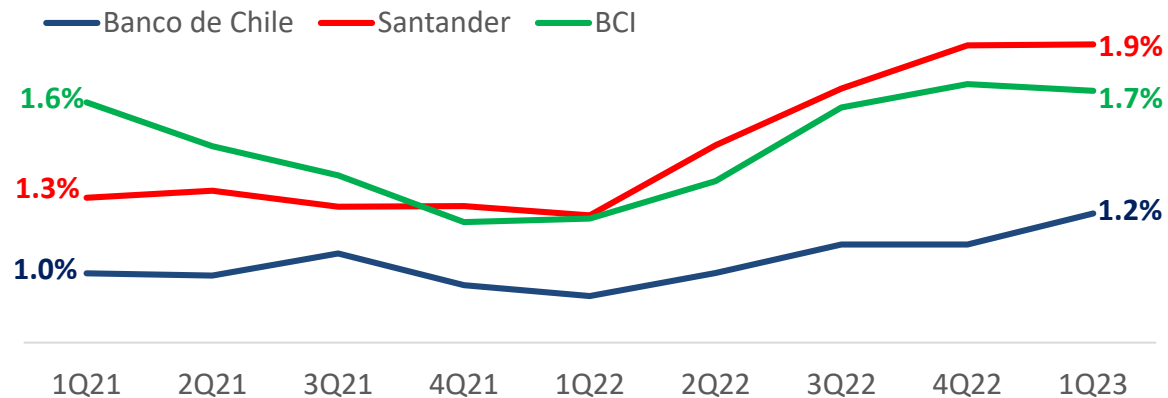
## Provisions and Coverage

Billions of CLP, as of March 2023



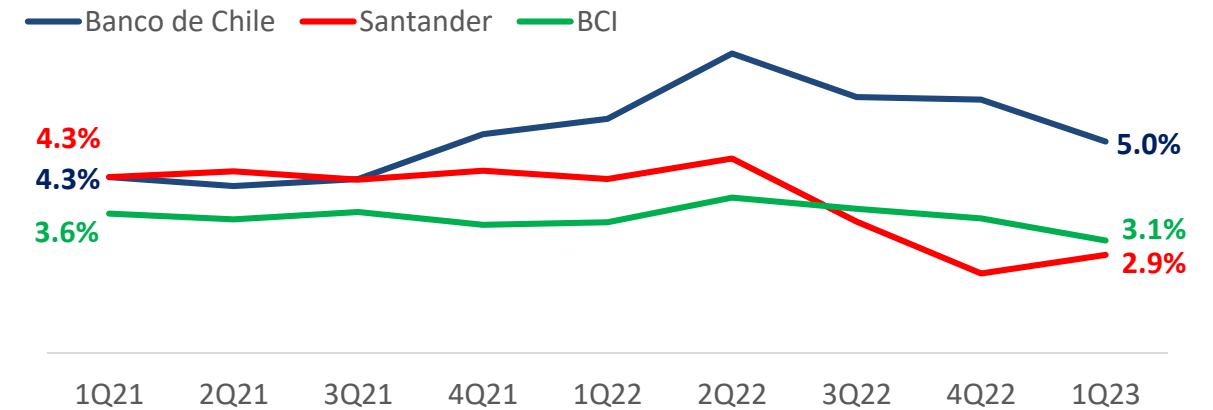
## Delinquency Ratio<sup>1</sup>

NPLs to Total Loans



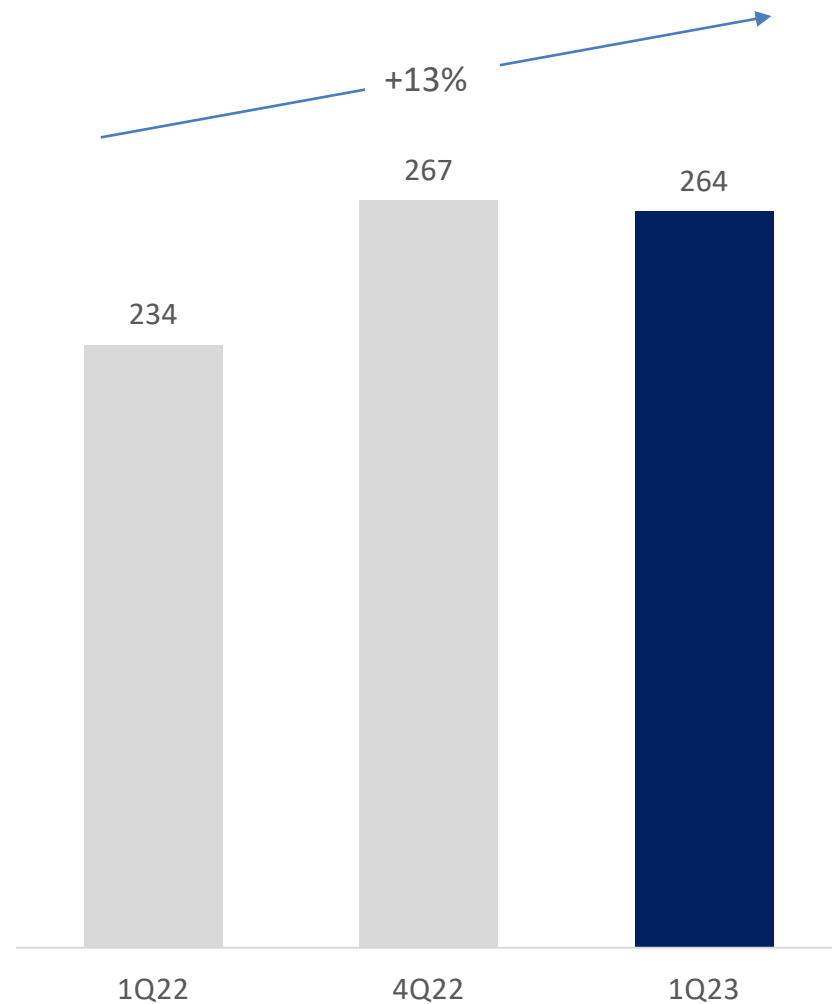
## Operating Margin, net of Risk<sup>2</sup>

Net Operating Income/Avg. Interest Earnings Assets

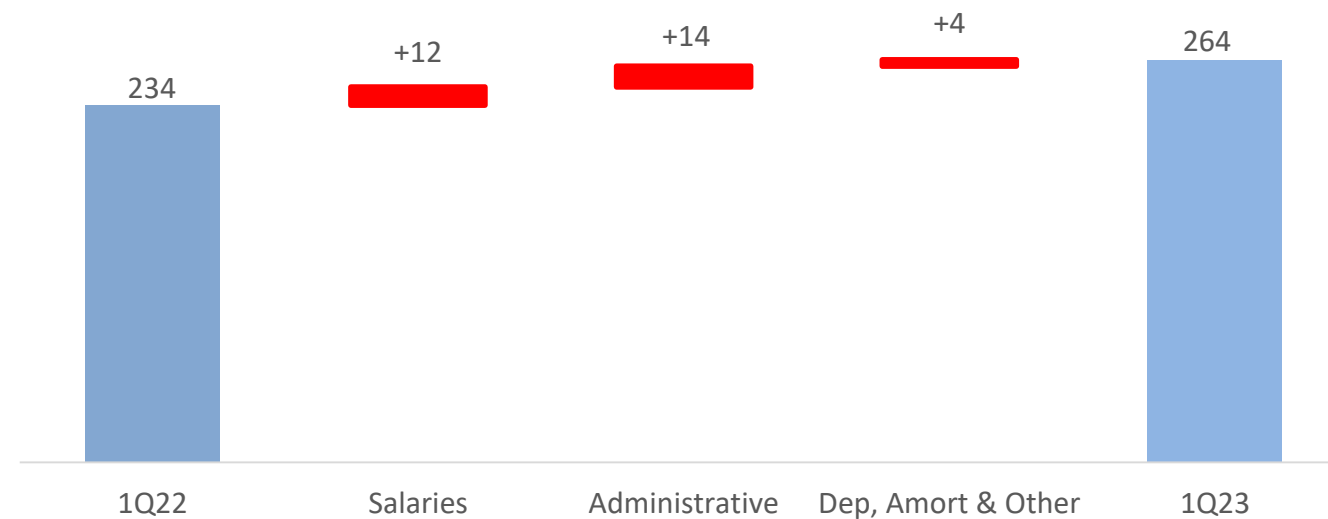


# | Inflation driving total expense growth

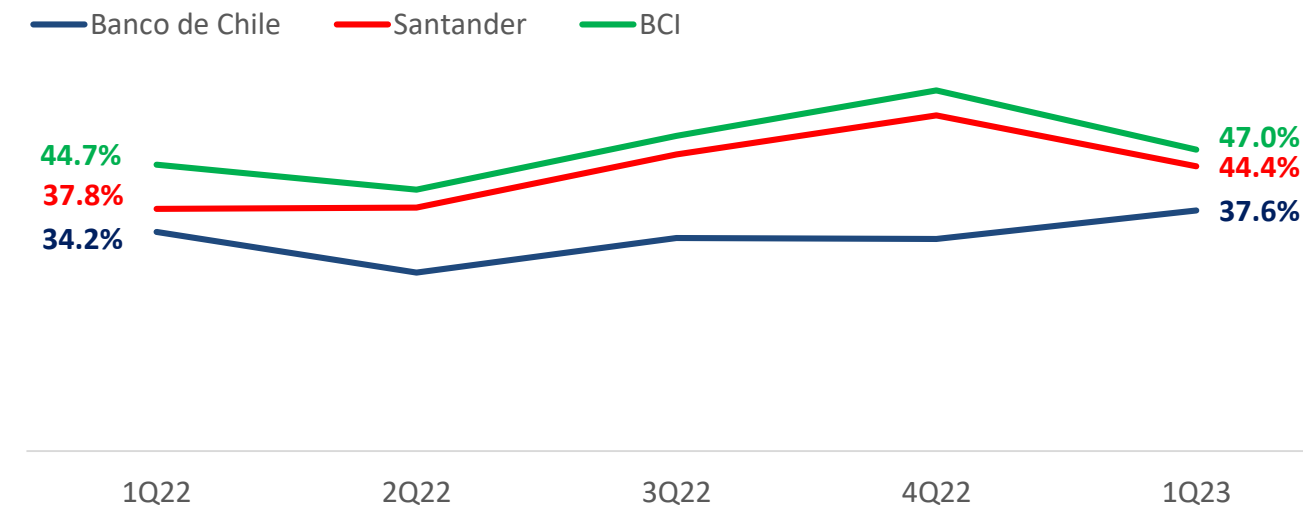
**Total Expenses**  
Billions of CLP



**Variation in Total Expenses**  
Billions of CLP



**Efficiency vs Peers<sup>1</sup>**  
Operating expenses to Op. Income



Var UF (LTM)      7.9%      13.3%      12.1%

1. Data for 2021 quarters on proforma basis for the new local Compendium of Accounting Standards.

- The **Chilean economic activity is gradually adjusting**. We expect a mild recession until 2Q23 and a recovery beginning in the 2H23.
- Central Bank will likely begin an **easing cycle** by mid year to reach a monetary interest rate of 7.5% at year end.
- **Our prudent and consistent strategy together with our solid cost management team** have driven stronger results than peers allowing BCH to lead the banking industry in **profitability**.
- BCH is the **best capitalized bank** among peers.







## Appendix: Main Financial Indicators

Key Performance Ratios	Quarter		Year-to-Date	
	1Q22	1Q23	Mar-22	Mar-23
<b>Earnings per Share (1) (2)</b>				
Net income per Share (Ch\$)	2.89	2.63	2.89	2.63
Net income per ADS (Ch\$)	577.58	526.55	577.58	526.55
Net income per ADS (US\$)	0.74	0.66	0.74	0.66
Book value per Share (Ch\$)	41.58	46.55	41.58	46.55
Shares outstanding (Millions)	101,017	101,017	101,017	101,017
<b>Profitability Ratios (3) (4)</b>				
Net Interest Margin	4.91%	4.45%	4.91%	4.45%
Net Financial Margin	5.10%	4.70%	5.10%	4.70%
Fees & Comm. / Avg. Interest Earnings Assets	1.21%	1.16%	1.21%	1.16%
Operating Revs. / Avg. Interest Earnings Assets	6.35%	5.92%	6.35%	5.92%
Return on Average Total Assets	2.31%	1.94%	2.31%	1.94%
Return on Average Equity	27.08%	21.58%	27.08%	21.58%
Return on Average Capital and Reserves	25.99%	20.01%	25.99%	20.01%
Inflation-adjusted Return on Average Equity (5)	18.00%	17.58%	18.00%	17.58%
<b>Capital Ratios</b>				
Common Equity Tier 1 (CET1) / Total Assets	8.20%	8.39%	8.20%	8.39%
Common Equity Tier 1 (CET1) / Risk Weighted Assets (RWA)	13.16%	12.79%	13.16%	12.79%
Tier1 Capital / Risk Weighted Assets (RWA)	14.16%	13.29%	14.16%	13.29%
Total Capital / Risk Weighted Assets (RWA)	17.84%	17.04%	17.84%	17.04%

(1) Figures are expressed in nominal Chilean pesos.

(2) Figures are calculated considering nominal net income, the shares outstanding and the exchange rate existing at the end of each period.

(3) Ratios consider daily average balances.

(4) Annualized data.

(5) Non-GAAP measure computed as net income less the effect of inflation on shareholders' equity (both for the period) divided by average shareholders' equity.

(6) Including additional allowances.

These results have been prepared in accordance with Chilean GAAP on an unaudited, consolidated basis.

All figures are expressed in nominal Chilean pesos (historical pesos), unless otherwise stated. All figures expressed in US dollars (except earnings per ADR) were converted using the exchange rate of Ch\$794.42 per US\$1.00 as of March 31, 2023. Earnings per ADR were calculated considering the nominal net income, the exchange rate and the number of shares outstanding at the end of each period.

Banco de Chile files its consolidated financial statements, together with those of its subsidiaries, with the Financial Market Commission, on a monthly basis. In addition, Banco de Chile files its quarterly financial statements (notes included) with the SEC in form 6K, simultaneously or previously to file this quarterly earnings report. Such documentation is equally available at Banco de Chile's website both in Spanish and English.



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Key Performance Ratios	Quarter		Year-to-Date	
	1Q22	1Q23	Mar-22	Mar-23
<b>Credit Quality Ratios</b>				
Total Past Due / Total Loans to Customers	0.88%	1.22%	0.88%	1.22%
Allowance for Loan Losses / Total Past Due	236.35%	175.25%	236.35%	175.25%
Total Allowance for Loan Losses / Total Past Due (6)	439.55%	329.95%	439.55%	329.95%
Impaired Loans / Total Loans to Customers	2.61%	2.80%	2.61%	2.80%
Loan Loss Allowances / Impaired Loans	79.62%	76.46%	79.62%	76.46%
Loan Loss Allowances / Total Loans to Customers	2.07%	2.14%	2.07%	2.14%
Expected Credit Losses / Avg. Loans to Customers (4)	1.17%	1.15%	1.17%	1.15%
<b>Operating and Productivity Ratios</b>				
Operating Expenses / Operating Revenues	34.21%	37.56%	34.21%	37.56%
Operating Expenses / Average Total Assets (3) (4)	1.86%	1.92%	1.86%	1.92%
<b>Balance Sheet Data (1) (3)</b>				
Avg. Interest Earnings Assets (million Ch\$)	43,093,633	47,392,338	43,093,633	47,392,338
Avg. Assets (million Ch\$)	50,431,426	54,900,374	50,431,426	54,900,374
Avg. Equity (million Ch\$)	4,309,186	4,928,736	4,309,186	4,928,736
Avg. Loans to Customers (million Ch\$)	34,087,086	36,648,604	34,087,086	36,648,604
Avg. Interest Bearing Liabilities (million Ch\$)	23,477,780	30,333,070	23,477,780	30,333,070
Risk-Weighted Assets (Million Ch\$)	31,918,588	36,556,606	31,918,588	36,556,606
<b>Additional Data</b>				
Exchange rate (Ch\$/US\$) - EOP	784.30	794.42	784.30	794.42
Employees (#) - EOP	12,296	12,571	12,296	12,571
Branches (#) - EOP	272	265	272	265

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Banco de Chile files its consolidated financial statements, together with those of its subsidiaries, with the Financial Market Commission, on a monthly basis. In addition, Banco de Chile files its quarterly financial statements (notes included) with the SEC in form 6K, simultaneously or previously to file this quarterly earnings report. Such documentation is equally available at Banco de Chile's website both in Spanish and English.

# | Forward Looking Information

The information contained here in 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;
- natural disasters or pandemics, such as the coronavirus known as COVID19;
- the effect of tax laws or other kind of regulation on our business;
- other risk factors as reported in our form 20F filed with the U.S. SEC.

Undue reliance should not be placed 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.

