

**Banco de Chile**

# **EARNINGS PRESENTATION**

**2Q23**

August 4<sup>th</sup>, 2023



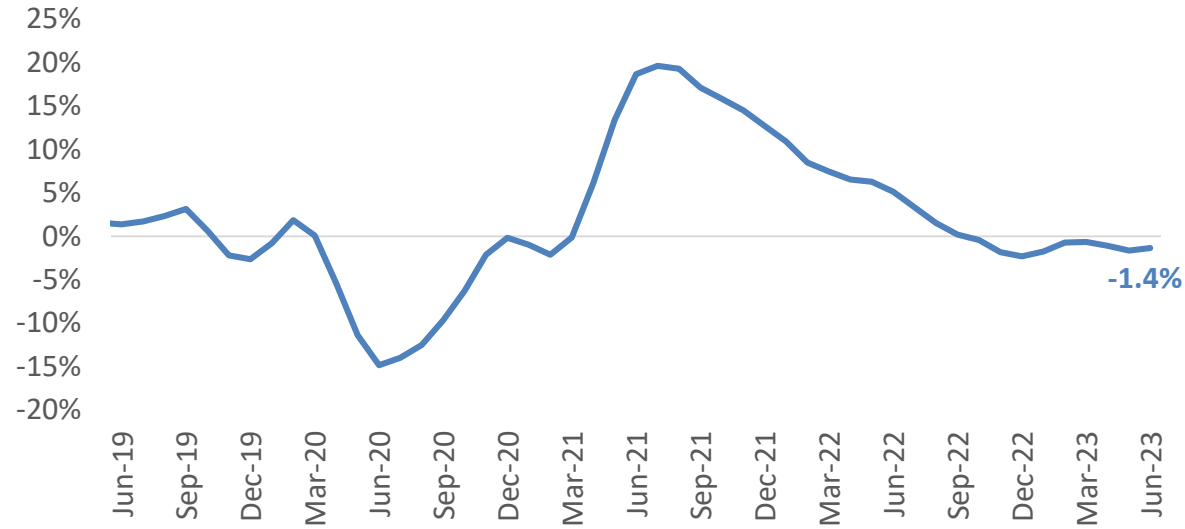
B O L S A  
**SANTIAGO**

An aerial photograph of Santiago, Chile, during the golden hour of sunset. The sky is a mix of soft pinks, oranges, and blues. In the background, a range of mountains is partially covered in snow, with the peaks catching the low sun. The city below is densely packed with buildings, with the prominent Torre Costanera skyscraper standing out in the center. The overall scene conveys a sense of a modern, vibrant city set against a dramatic natural backdrop.

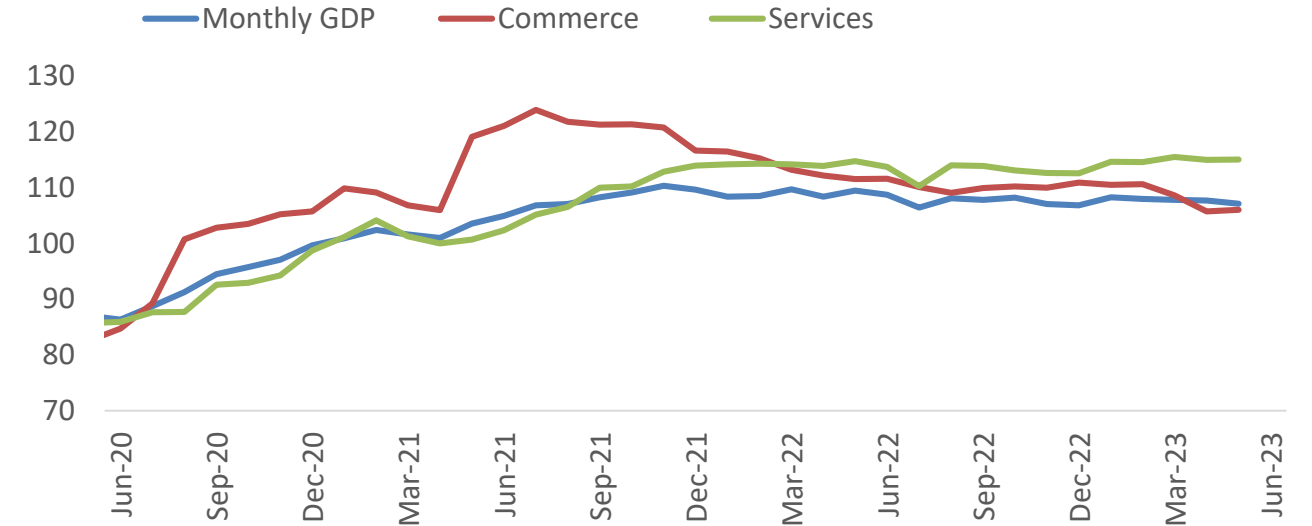
# Economic & Banking Industry Overview

# An ongoing macro adjustment...

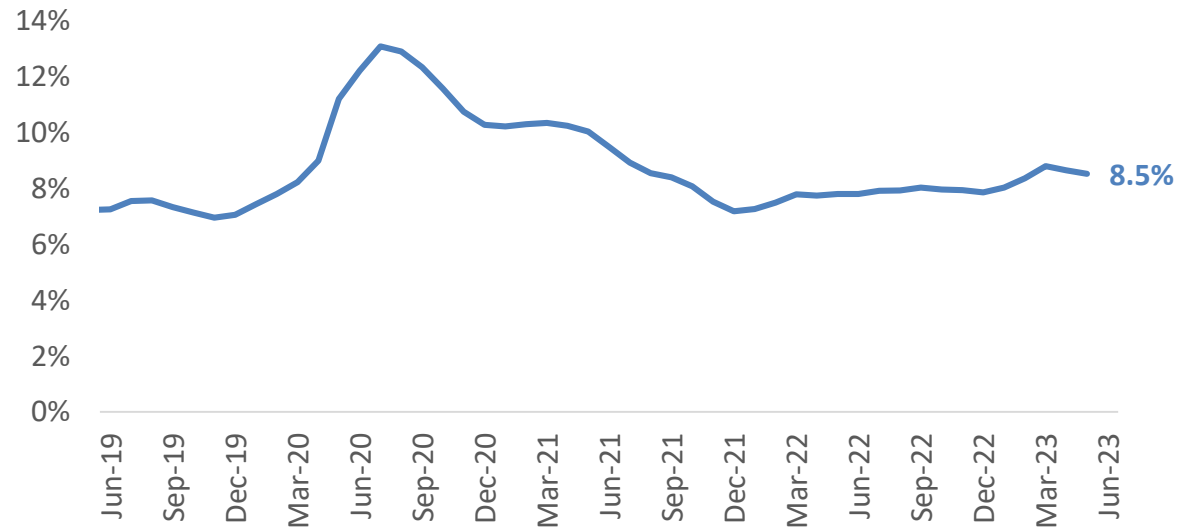
Monthly GDP Growth  
YoY, MA3



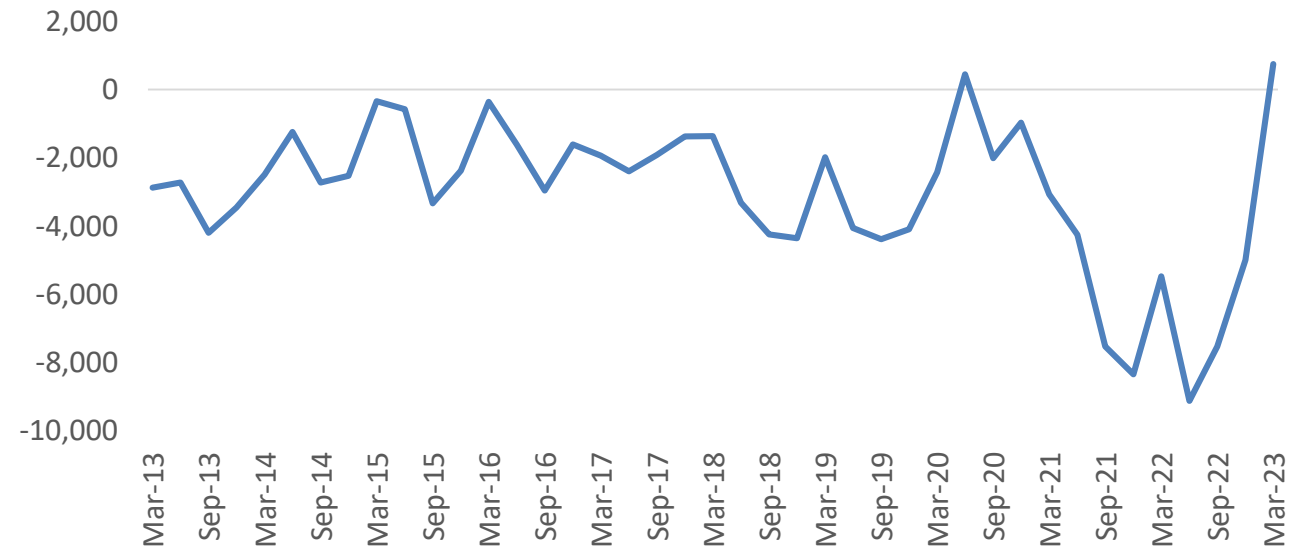
GDP by Economic Sector  
2018=100



Unemployment Rate  
% of Labor Force



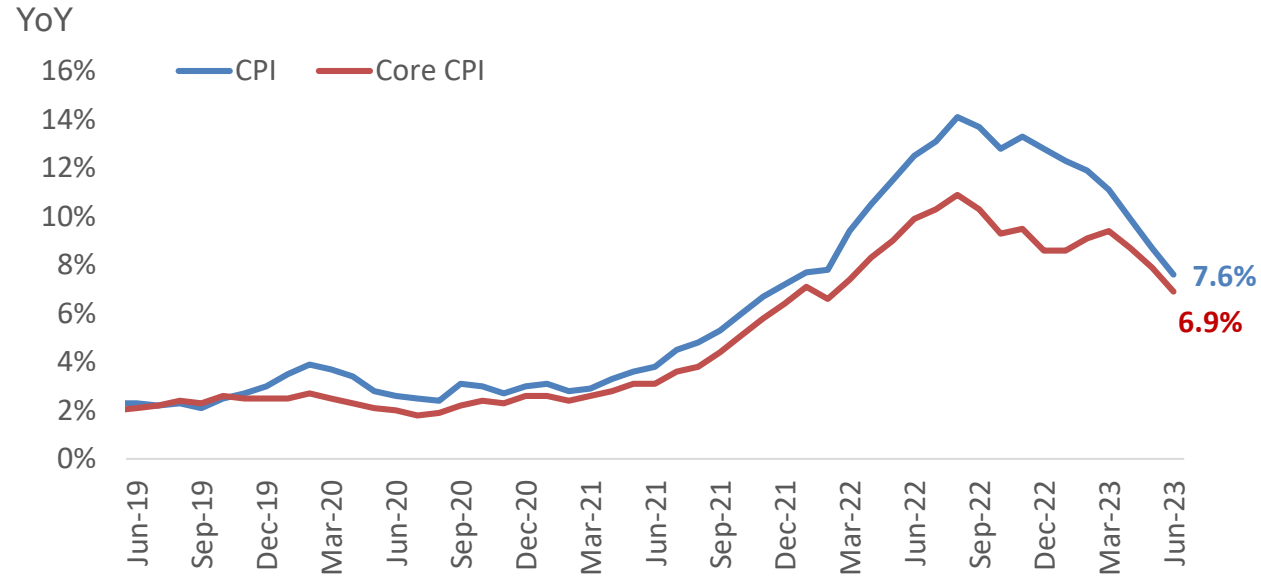
Current Account Balance  
USD Million



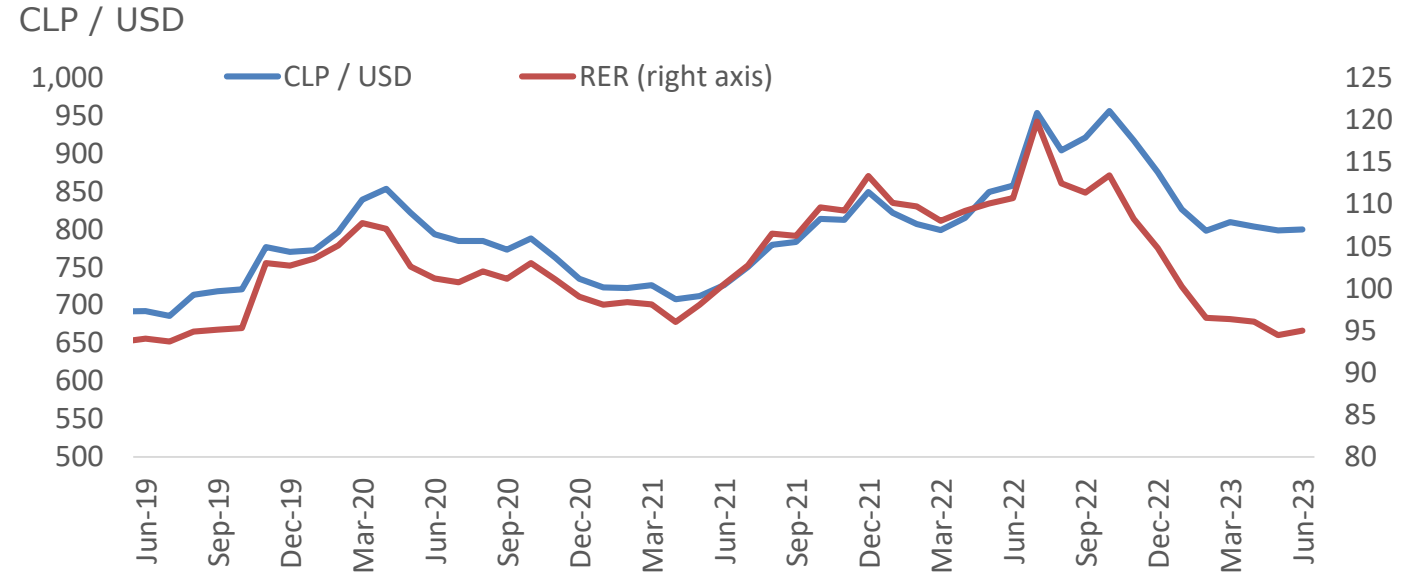
Source: Central Bank of Chile and Bloomberg.

# ...with lower pressures on rates and prices

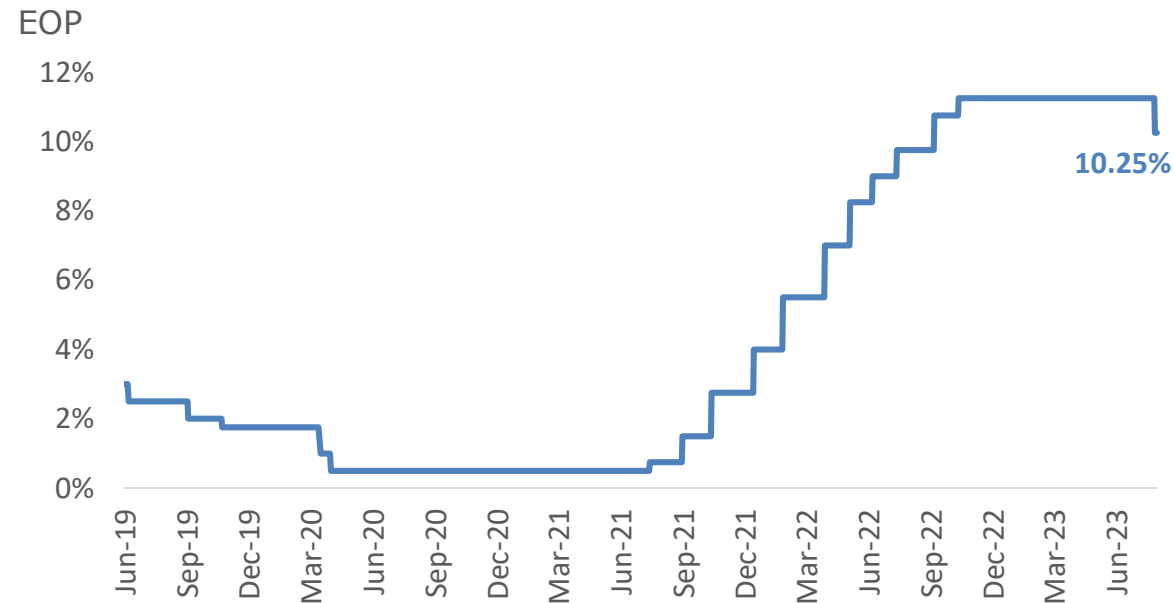
## Headline and Core CPI



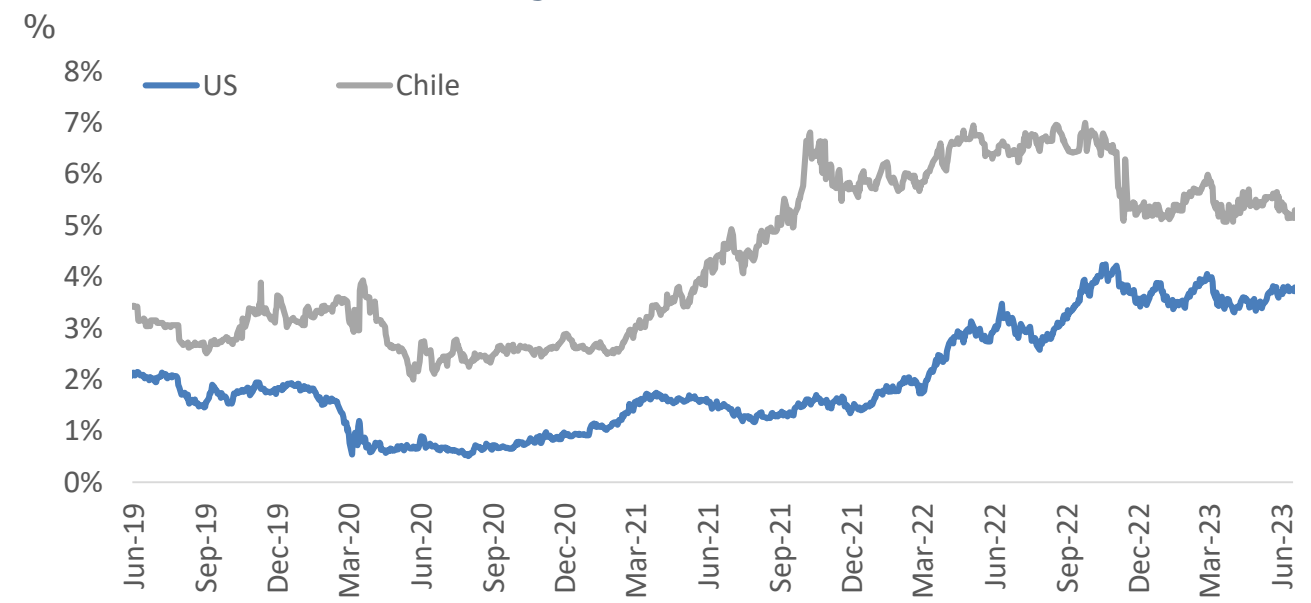
## Nominal and Real Exchange Rates



## Overnight Rate



## Chile and U.S. 10Y Sovereign Rates

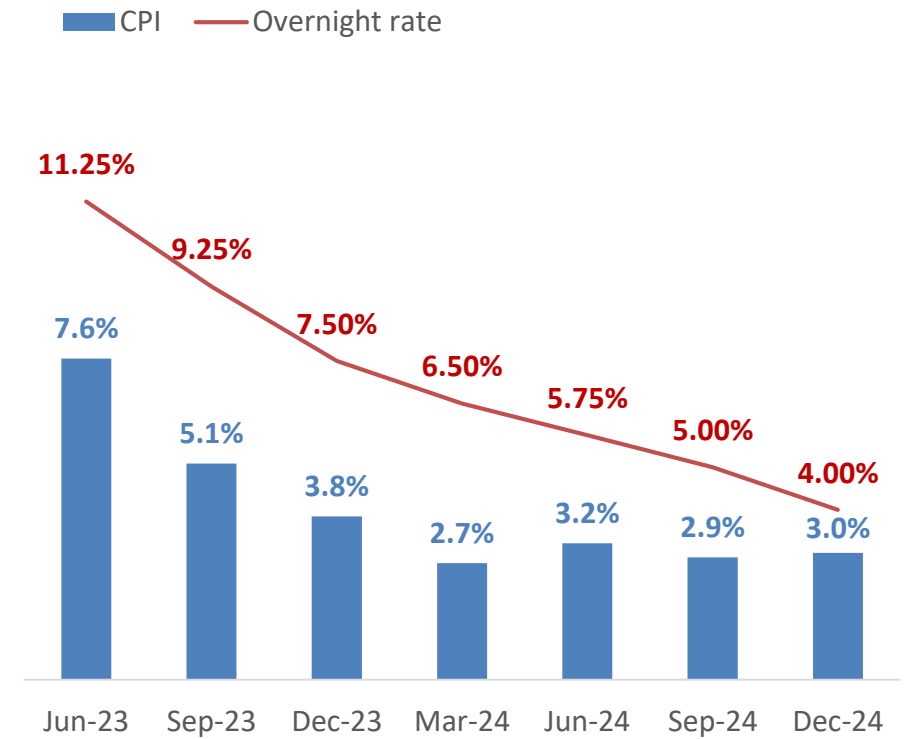


Source: Central Bank of Chile and Bloomberg.

## Banco de Chile's Forecast YoY, %

	2020	2021	2022	2023f	2024f
GDP	-6.1	11.7	2.4	-0.2	2.0
Consumption	-6.6	19.3	3.1	-4.8	2.3
Investment	-10.8	15.7	2.8	-5.2	2.4
Exports	-0.9	-1.4	1.4	5.3	1.8
Imports	-12.3	31.8	0.9	-6.0	2.8
CPI	3.0	7.2	12.8	3.8	3.0
Overnight Rate (EOP)	0.5	4.0	11.25	7.50	4.00
Exchange Rate (EOP)	711	840	859	800	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

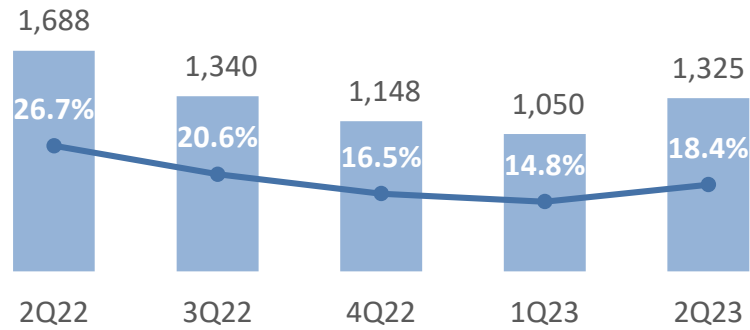
## Inflation and Overnight Rate Quarterly Forecast EOP



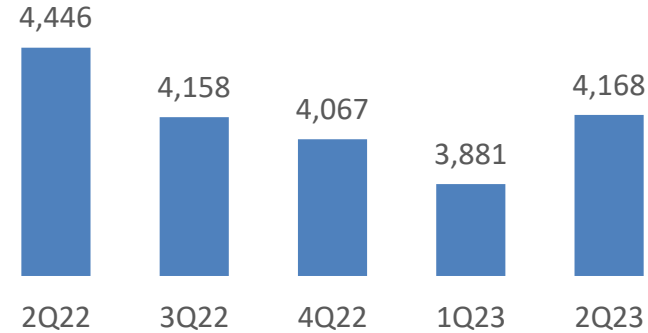
# Banking industry: Lower inflation normalizing results

Net Income<sup>1</sup>  
Billions of CLP

Net Income ROAE

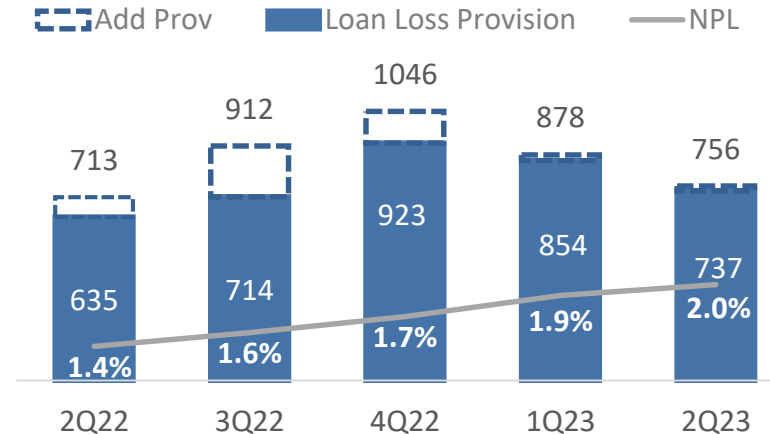


Operating Income  
Billions of CLP



Asset Quality

LLP in billions of CLP and NPL Ratio in %

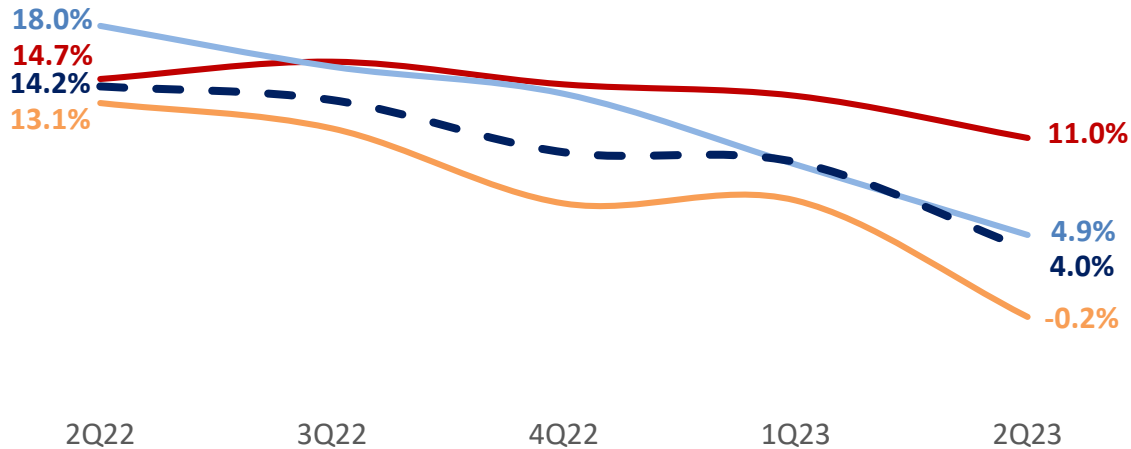


Cost of Risk 1.2% 1.5% 1.7% 1.4% 1.2%

Inflation (ΔUF) 4.3% 3.5% 2.5% 1.3% 1.4%

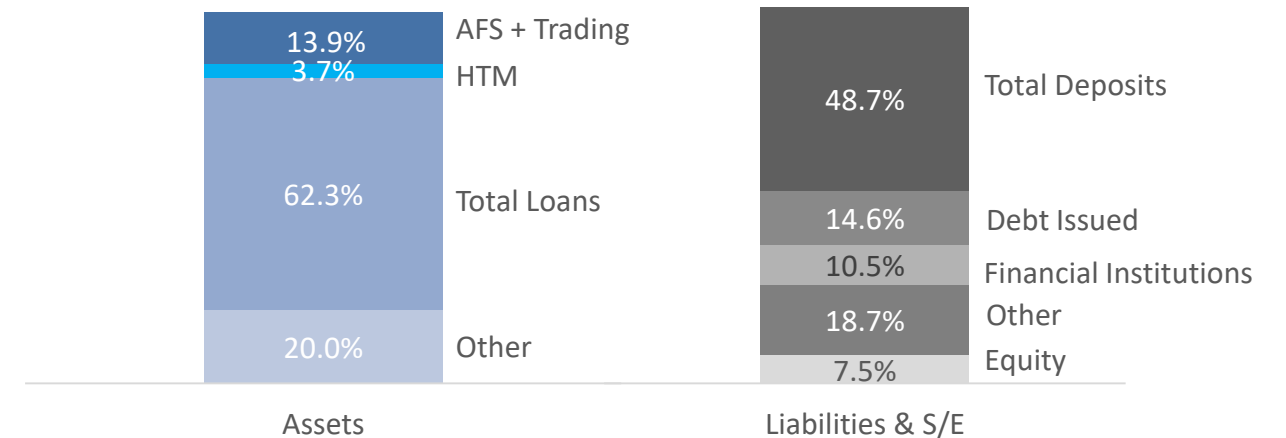
Nominal Loan Growth<sup>2</sup>  
YoY

Commercial Mortgage Consumer Total Loans



Structure

% Over Total Assets, as of June 2023



1. Net income attributable to equity holders. 2. Figures do not include operations of subsidiaries abroad.



## 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%  
June-23: 75.4%
- ✓ **Market Share in Total Loans<sup>1</sup>**  
Target: Top 2  
June-23: Top 2
- ✓ **Cost to Income Ratio**  
Target: <42%  
June-23: 36.4 %
- ✓ **Return on Average Capital and Reserves<sup>2</sup>**  
Target: Top 1  
June-23: Top 1
- ✓ **Corporate Reputation<sup>3</sup>**  
Target: Top 3  
June-23: Top 2

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



## A full range of digital accounts:

1.3 million digital accounts



**Cuenta FAN**

launched in Aug-20



**Digital account for SMEs**

launched in Nov-22



**Digital account for teenagers**

launched in Dec-22

## We also offer:

- Digital current account
- Online US\$ dollar checking account for individuals and companies
- Virtual credit card application

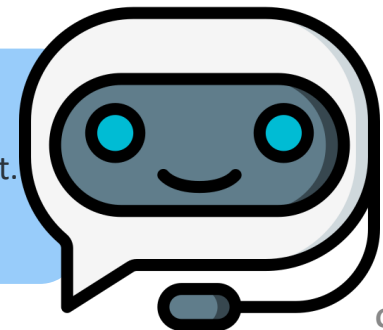


## 2Q23 Highlights

- First bank in Chile with a virtual building in the metaverse\*.
- SME clients can now receive payments from Banco de Chile customers using QR codes.
- Improved service quality through smart call management and advanced analytics.
- Post-Service Survey to enhance customer satisfaction.
- Recognized by Praxis Xperience Index 2023 as the bank\*\* with the best customer experience in Chile.

### Post-Service Survey Message

"Hi {Name}! From Banco de Chile we want to know if your request for a call back from an executive, made the day {dd-mm-yyyy} was met.  
- Press 1 if you were contacted  
- Press 2 if you were not contacted yet"



\* [www.portales.bancochile.cl/personas/dimensionb](http://www.portales.bancochile.cl/personas/dimensionb), \*\*Category large financial institutions.

# | Efficiency: Focus on productivity and continuous cost improvements

## Productivity Improvement



### Digital Adoption

Enhancements in deposit processes led to a greater use of digital channels, increasing margins.



### Cash Services Productivity

32% annual increase of active contracts due to improvements in onboarding process for payment services.



### Branch Waiting Times

New customer service management methods have reduced branch waiting times by 50% compared to 1Q23.

## Cost Reduction



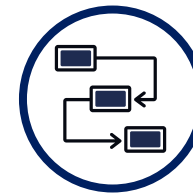
### Facilities

Comprehensive review of physical infrastructure for space rationalization.



### Investment Planning

Working in investment planning methodology, increasing value creation.



### Processes

Identification of key improvements in the procurement process to address the renewal of the Bank's new ERP system.

Since its foundation in 1893, Banco de Chile has consistently played a key role in the economic development of Chile and its people.



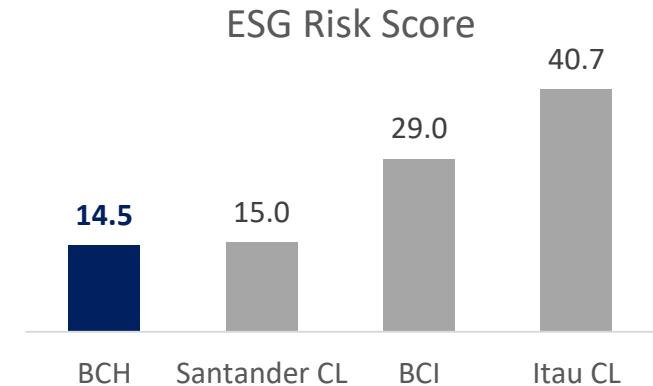


Issuance of Social Bonds overseas for more than US\$80 million dollars under the ESG Financing Framework to support women-owned enterprises.

  
**#QUEREMOSACHILE**



BCH improved its ESG Risk Score to the best score in the Chilean Industry\*.



- #1 among private banks in the state-guaranteed *Fogape Chile Apoya* program, aimed at supporting SMEs.
- National Entrepreneurship Contests for SMEs, university and high school students.
- Financial Education talks for the community, including university students, entrepreneurs and high school students.
- Sustainable Finance and Climate Change trainings to employees.
- *Cuadrilla Azul*: Reforestation volunteering with a special emphasis on areas affected by the summer forest fires.

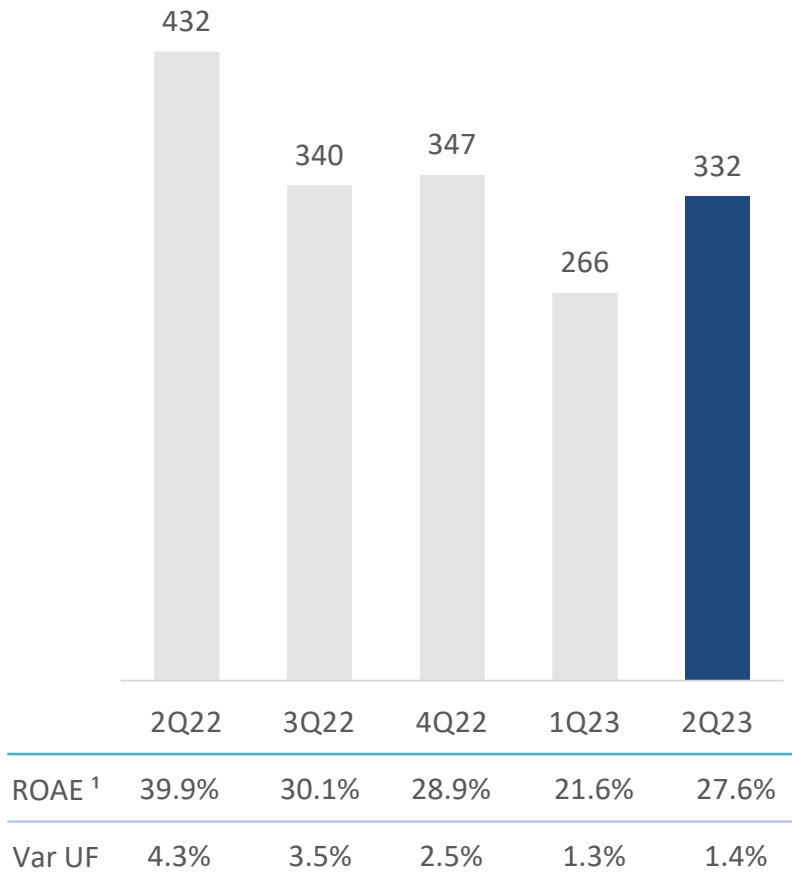
\*As of May 2023. Copyright ©2022 Sustainalytics. All rights reserved. This slide contains information developed by Sustainalytics (www.sustainalytics.com). Such information and data are proprietary of Sustainalytics and/or its third-party suppliers (Third Party Data) and are provided for informational purposes only. They do not constitute an endorsement of any product or project, nor investment advice and are not warranted to be complete, timely, accurate, or suitable for a particular purpose. Their use is subject to conditions available at <https://www.sustainalytics.com/legal-disclaimers>.

Banco de Chile

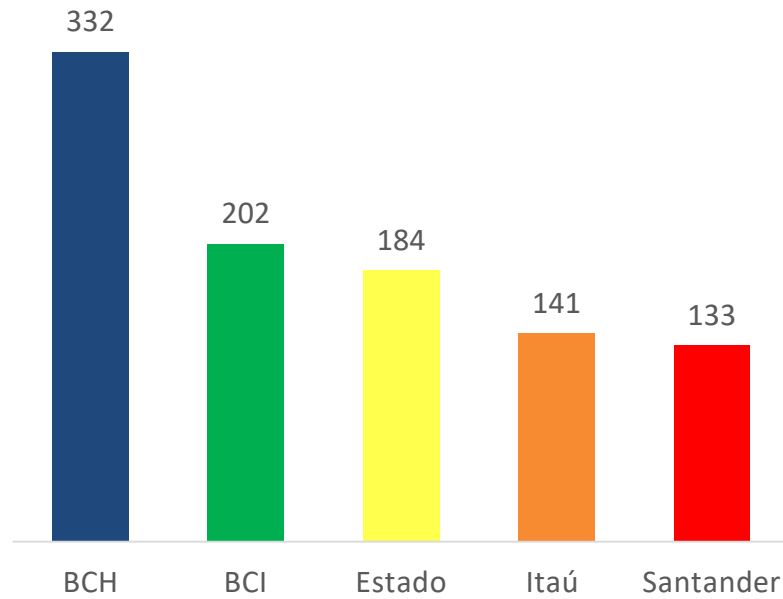
**2Q23  
Financial Results**

# Ahead of the Curve: Achieving Unrivalled Profitability

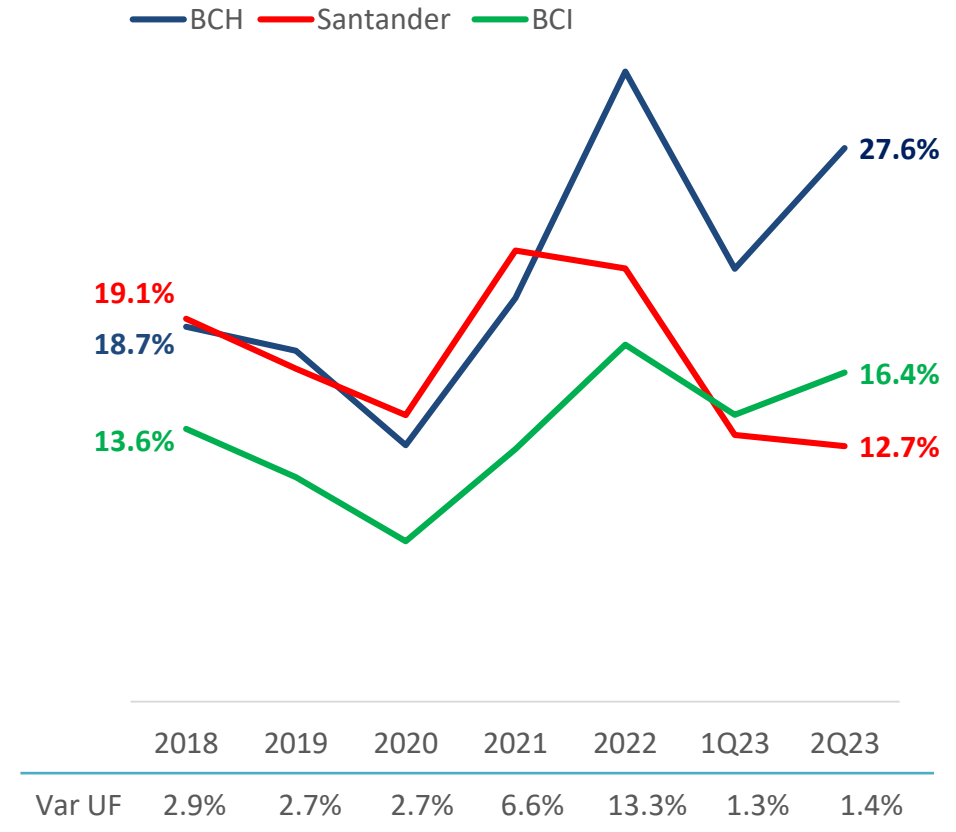
Quarterly Net Income<sup>1</sup>  
Billions of CLP



Net Income<sup>1</sup>  
Billions of CLP, 2Q23



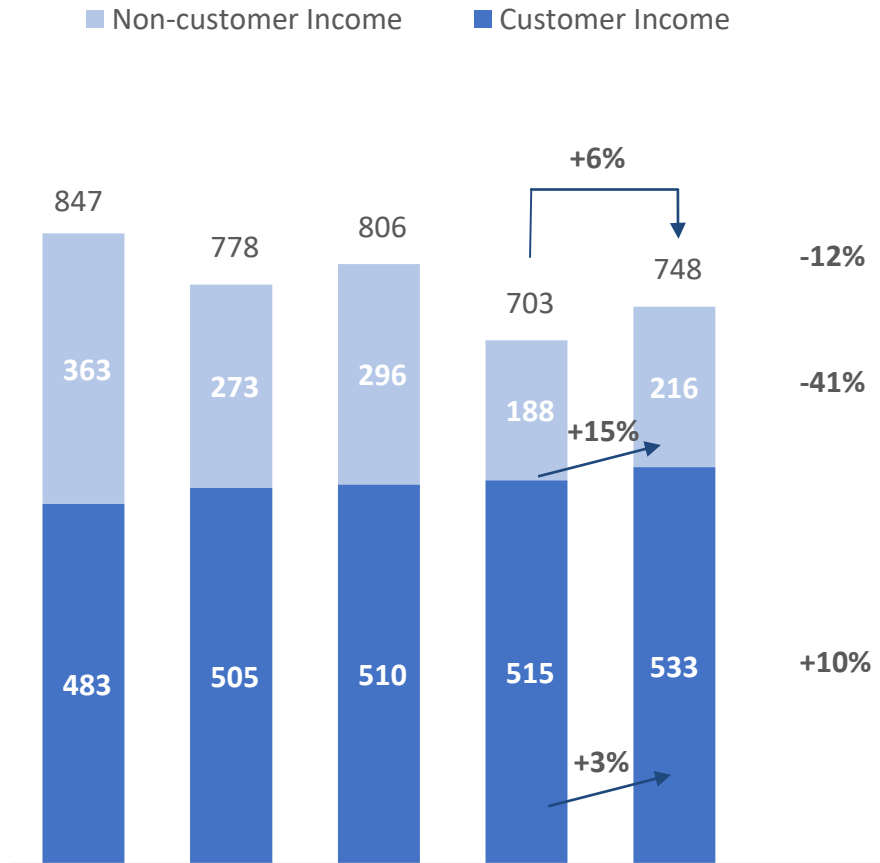
ROAE<sup>2</sup>  
Return on Average Equity



1. Net income attributable to equity holders. 2. Data on proforma basis for the new local Compendium of Accounting Standards.

# Strong customer income growth

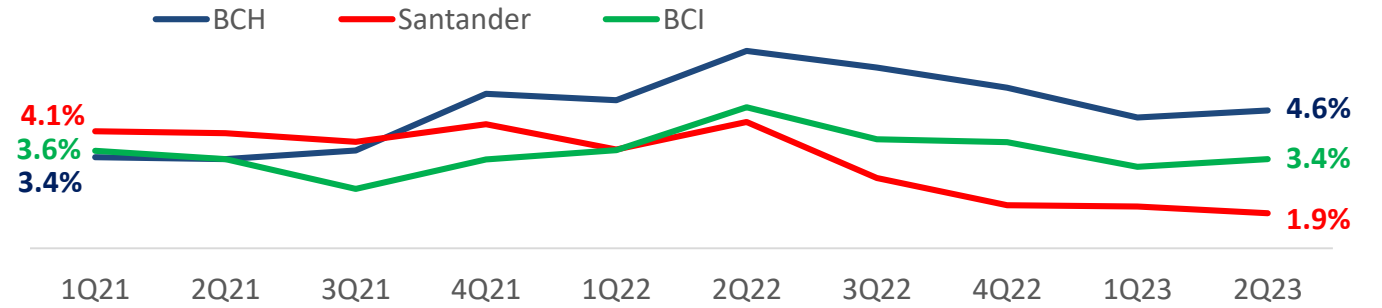
## Quarterly Operating Revenues Billions of CLP



	2Q22	3Q22	4Q22	1Q23	2Q23	YoY
Var UF	4.3%	3.5%	2.5%	1.3%	1.4%	
NIM	6.2%	5.8%	5.2%	4.5%	4.6%	

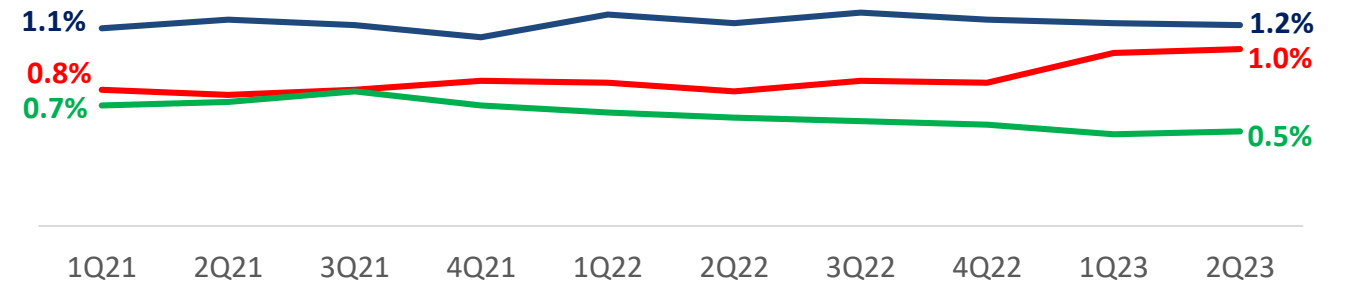
## NIM<sup>1</sup>

Net Interest Income/Avg. Interest Earnings Assets, Annualized



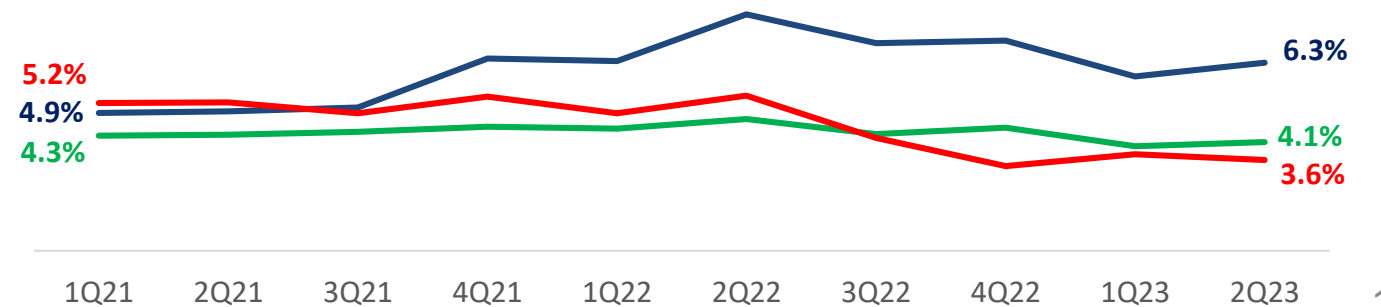
## Fees Margin<sup>1</sup>

Fees/Avg. Interest Earnings Assets, Annualized



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

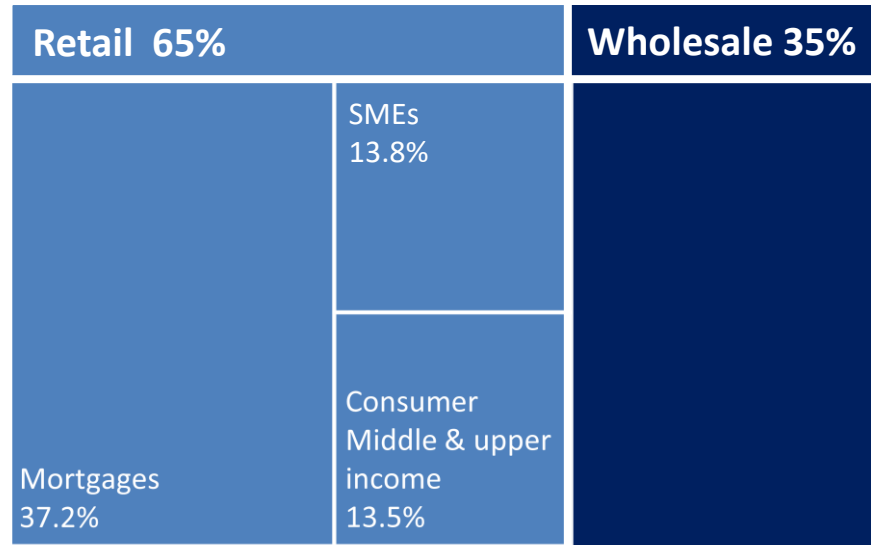
Operating Income/Avg. Interest Earnings Assets, Annualized



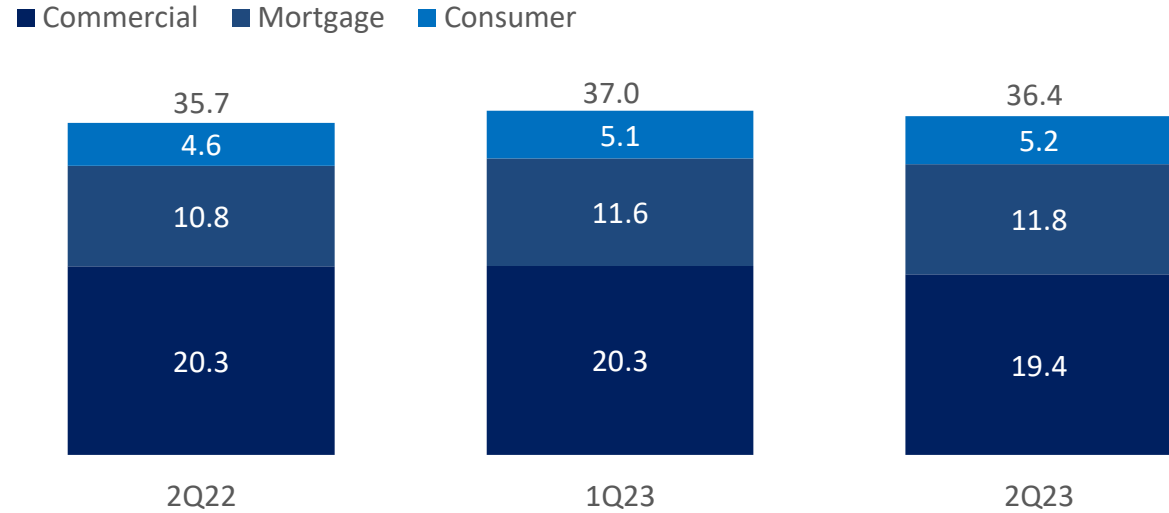
1. Data for 2021 quarters on proforma basis for the new local Compendium of Accounting Standards.

# EB | Economic weakness impacting loan growth

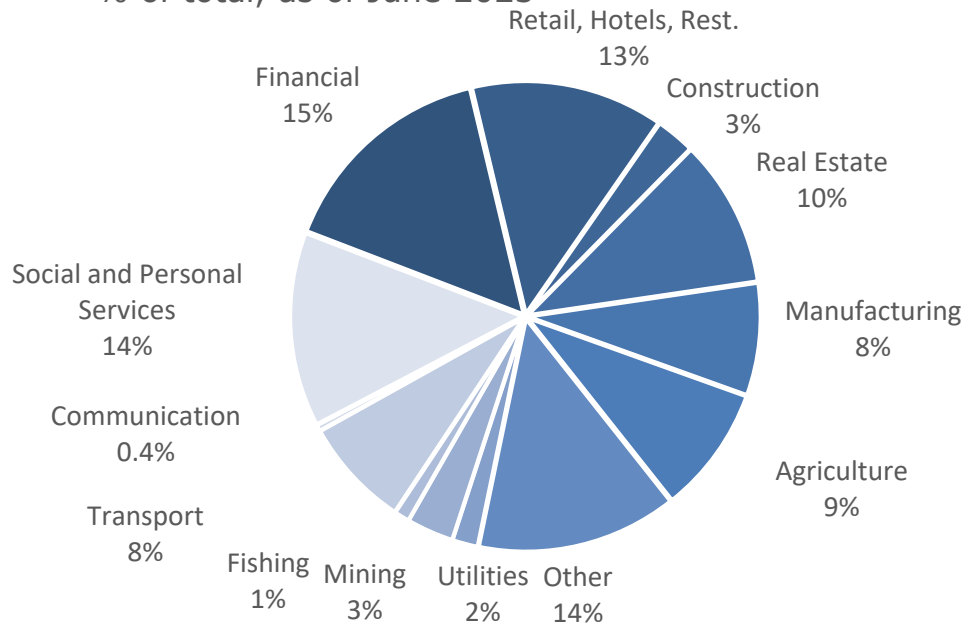
Loans by Segment  
% of total, June 2023



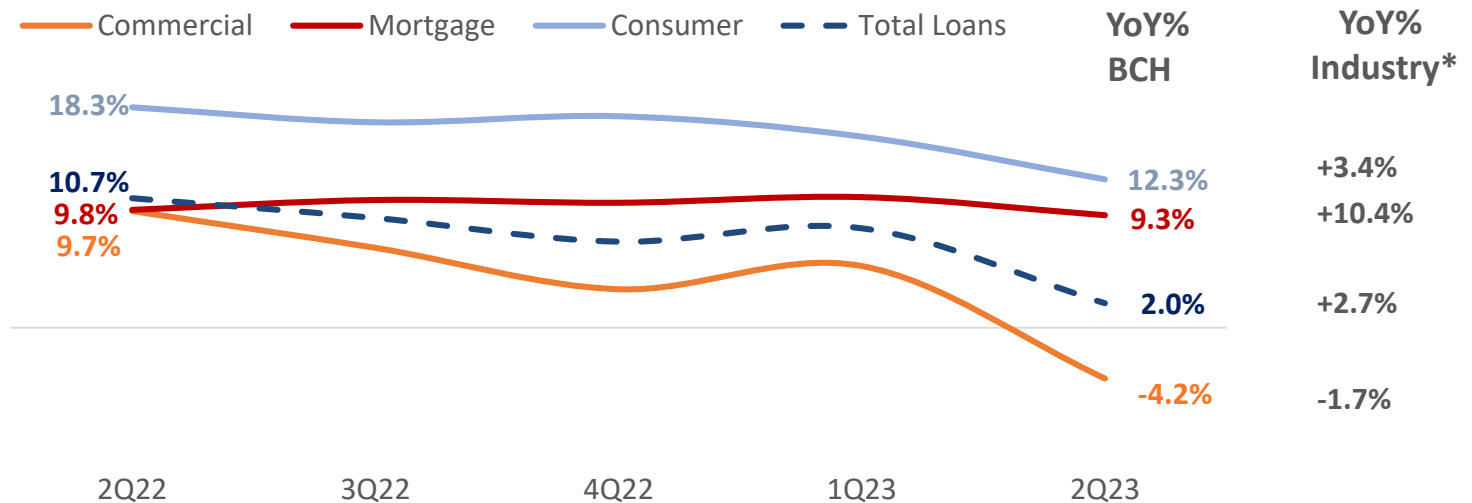
Total Loans  
Trillions of CLP



Commercial Loans by Economic Sector  
% of total, as of June 2023



Nominal Loan Growth by Product  
YoY



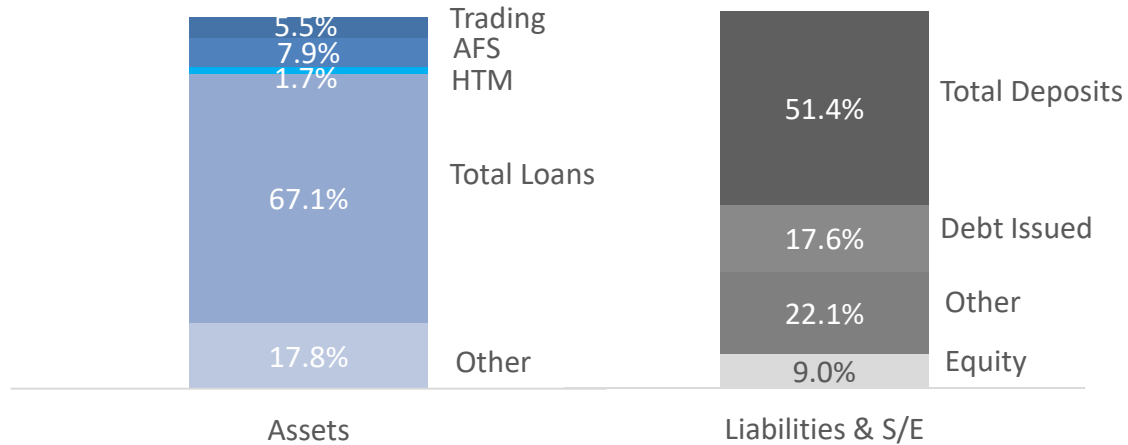
\*Figures excludes subsidiaries abroad and Banco Estado.



# Strong balance sheet structure

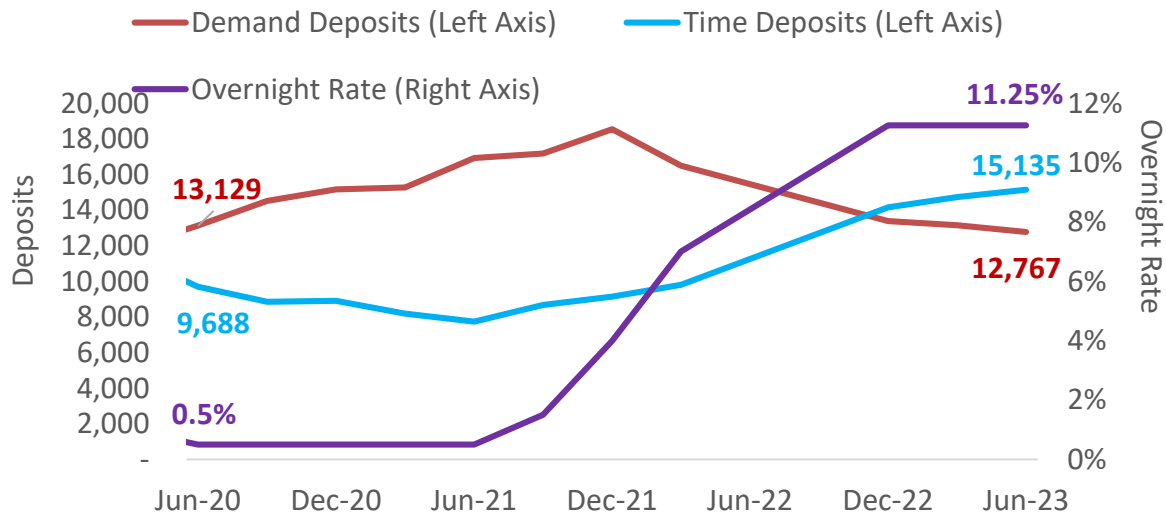
## Structure

% Over Total Assets, as of June 2023



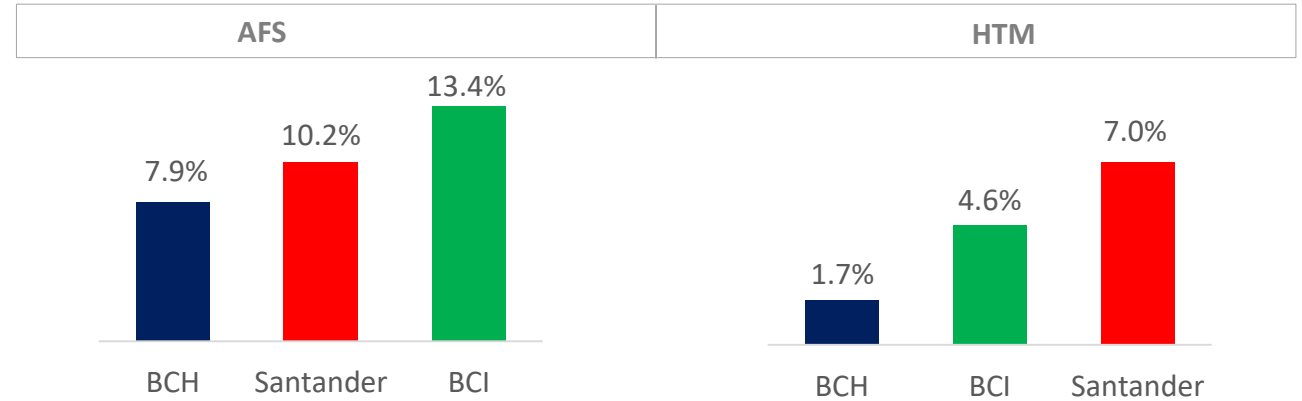
## Evolution of Deposits

Deposits in Billion of CLP



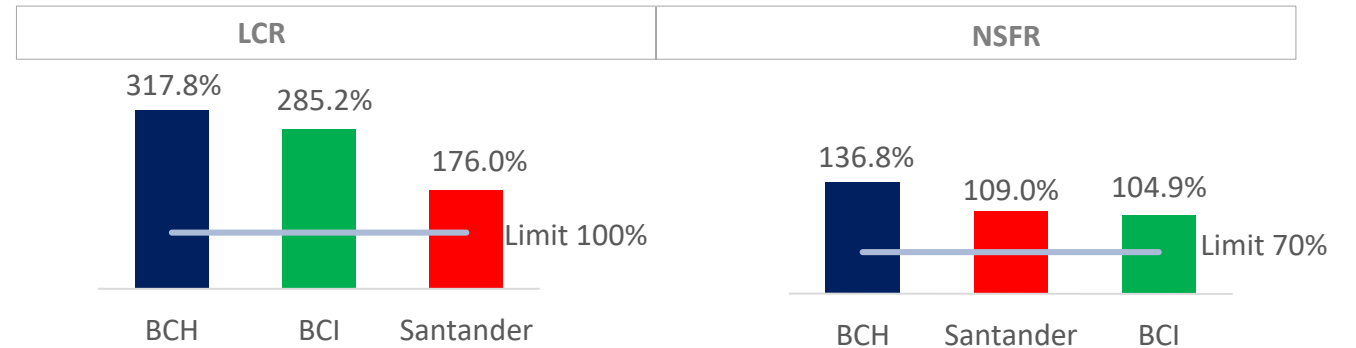
## Financial Instruments

% Over Total Assets, as of June 2023



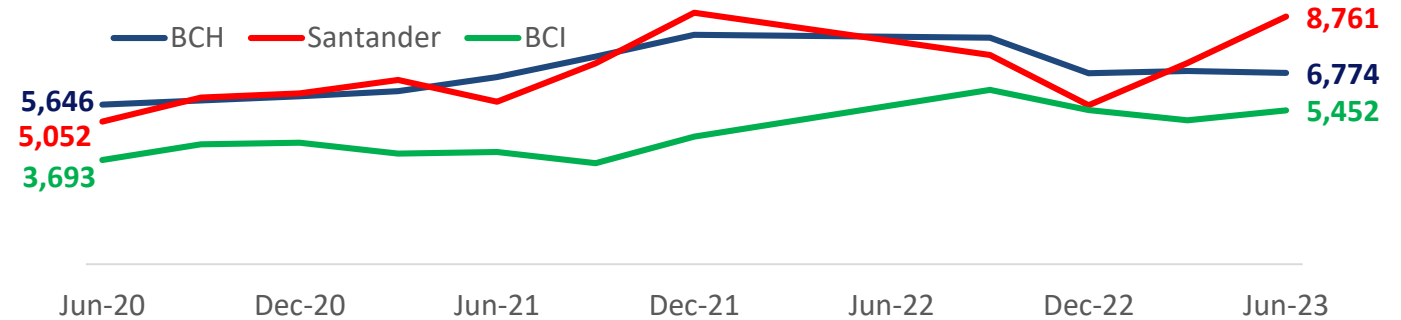
## Liquidity Ratios

%, as of June 2023



## UF GAP evolution in the Banking Book<sup>1</sup>

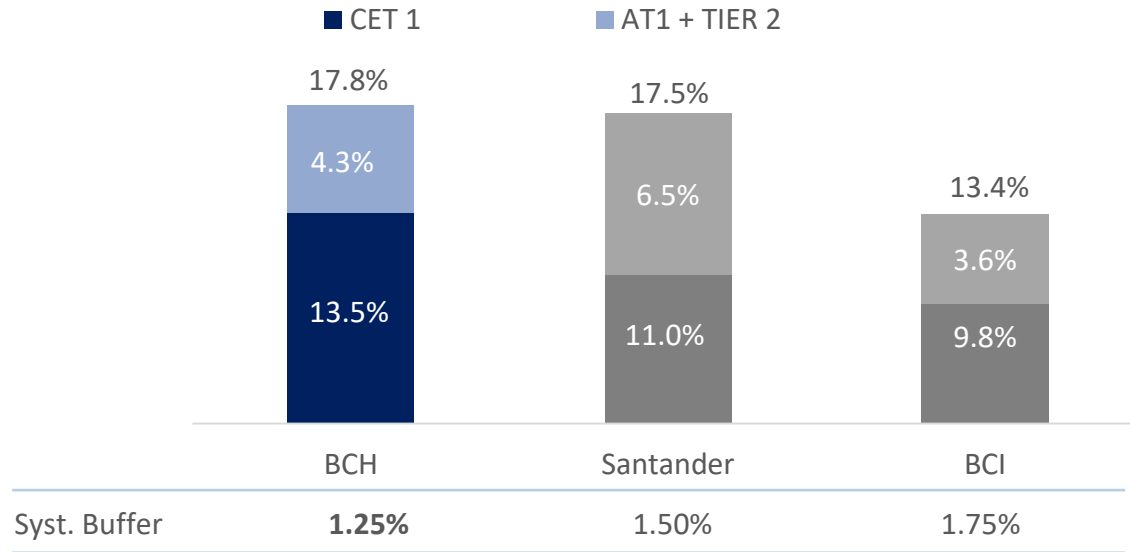
Billions of CLP



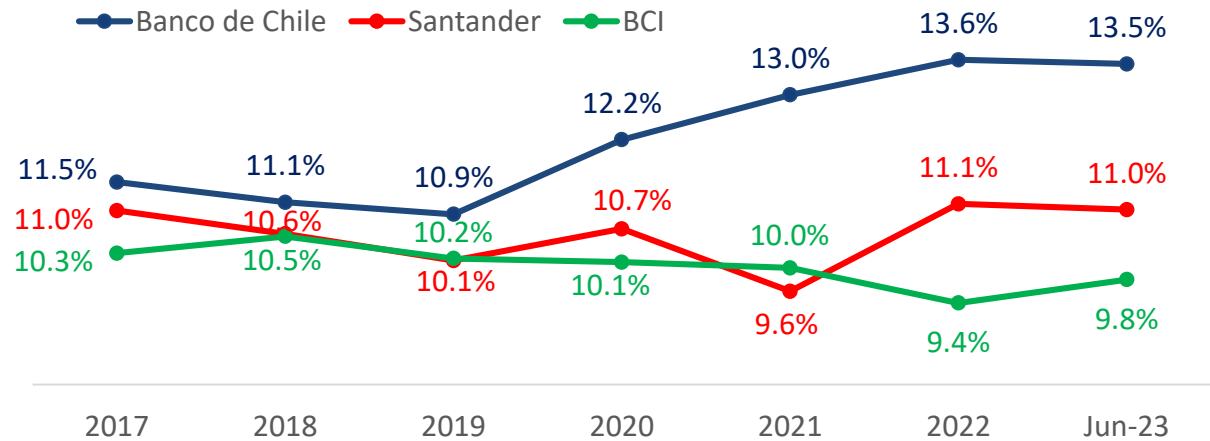
1. Source: quarterly market risk report of each bank, excludes foreign and local subsidiaries.

# | The soundest capital position

## Basel III Ratio June 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 **	-	0.50%	0.50%	0.50%
Pillar 2 Buffer ***	-	-	-	-
<b>CET 1</b>	<b>7.00%</b>	<b>8.44%</b>	<b>8.75%</b>	<b>8.75%</b>
AT 1	1.50%	1.50%	1.50%	1.50%
<b>TIER 1</b>	<b>8.50%</b>	<b>9.94%</b>	<b>10.25%</b>	<b>10.25%</b>
TIER 2	2.00%	2.00%	2.00%	2.00%
<b>TOTAL CAPITAL</b>	<b>10.50%</b>	<b>11.94%</b>	<b>12.25%</b>	<b>12.25%</b>

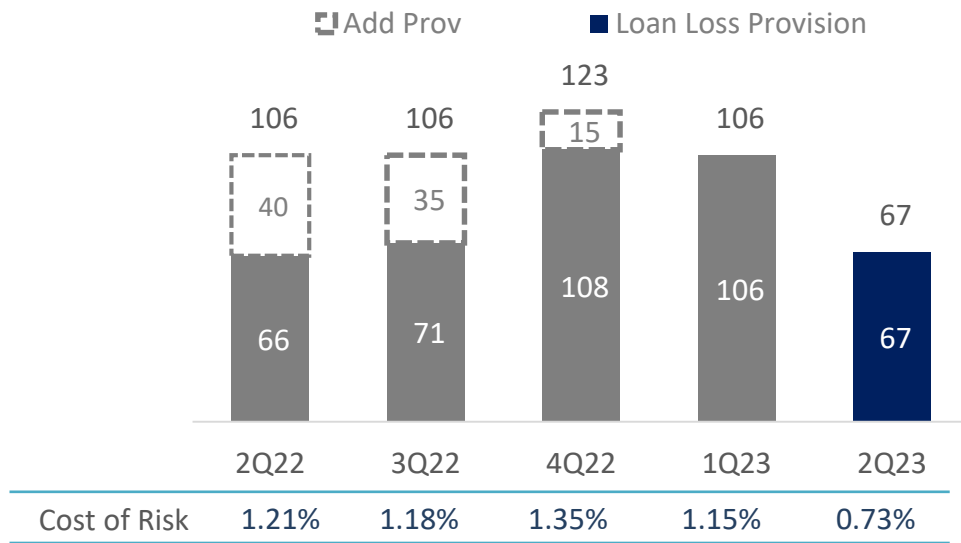
\* Re-assessed on an annual basis on the methodology for DSIB. It may change from the current level.

\*\* CC Buffer of 0.5% as defined by the regulator, due in one year since May 2023.

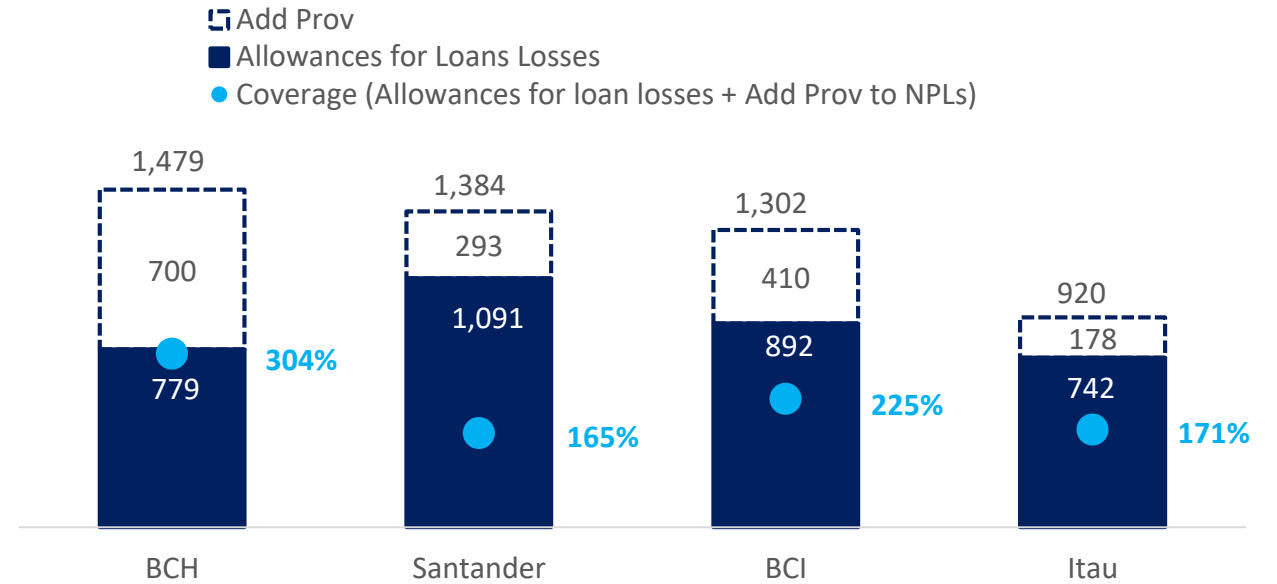
\*\*\* Re-assessed on an annual basis.

# Superior and prudent risk management

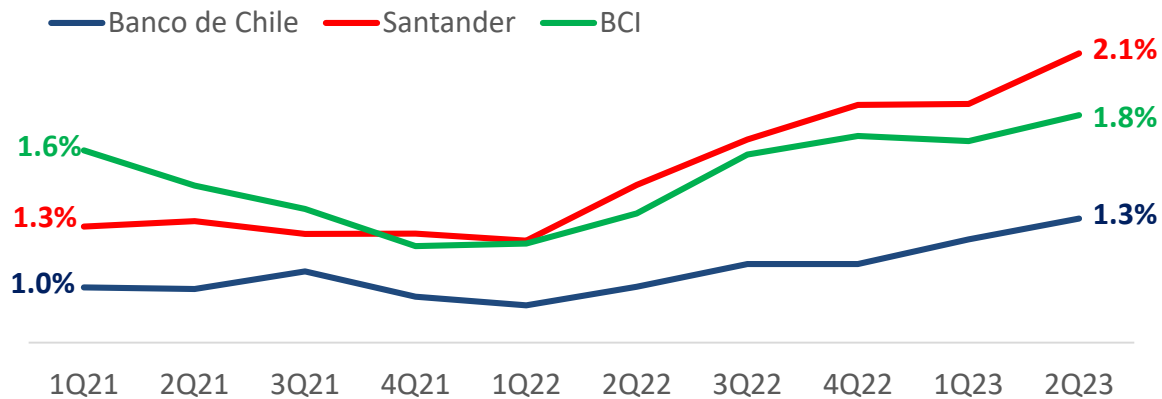
## Expected Credit Losses Billions of CLP



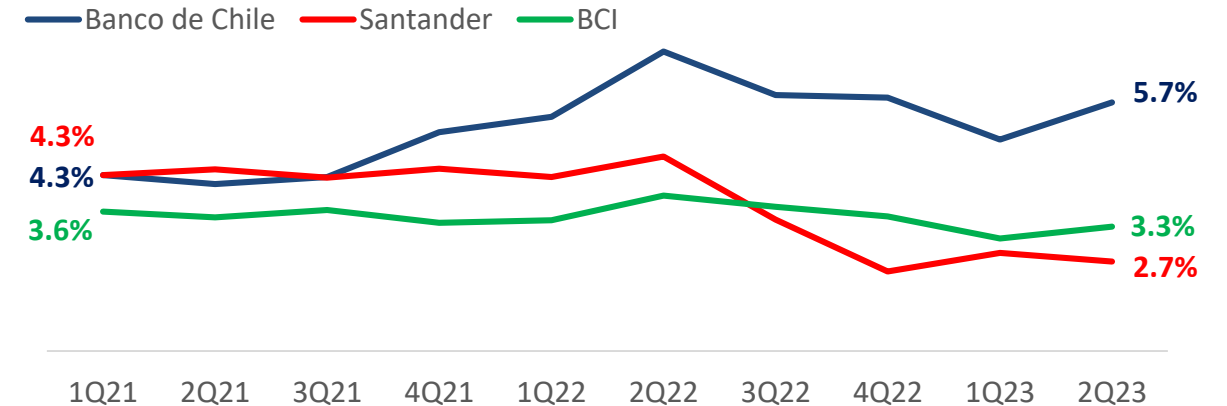
## Provisions and Coverage Billions of CLP, as of June 2023



## Delinquency Ratio<sup>1</sup> NPLs to Total Loans



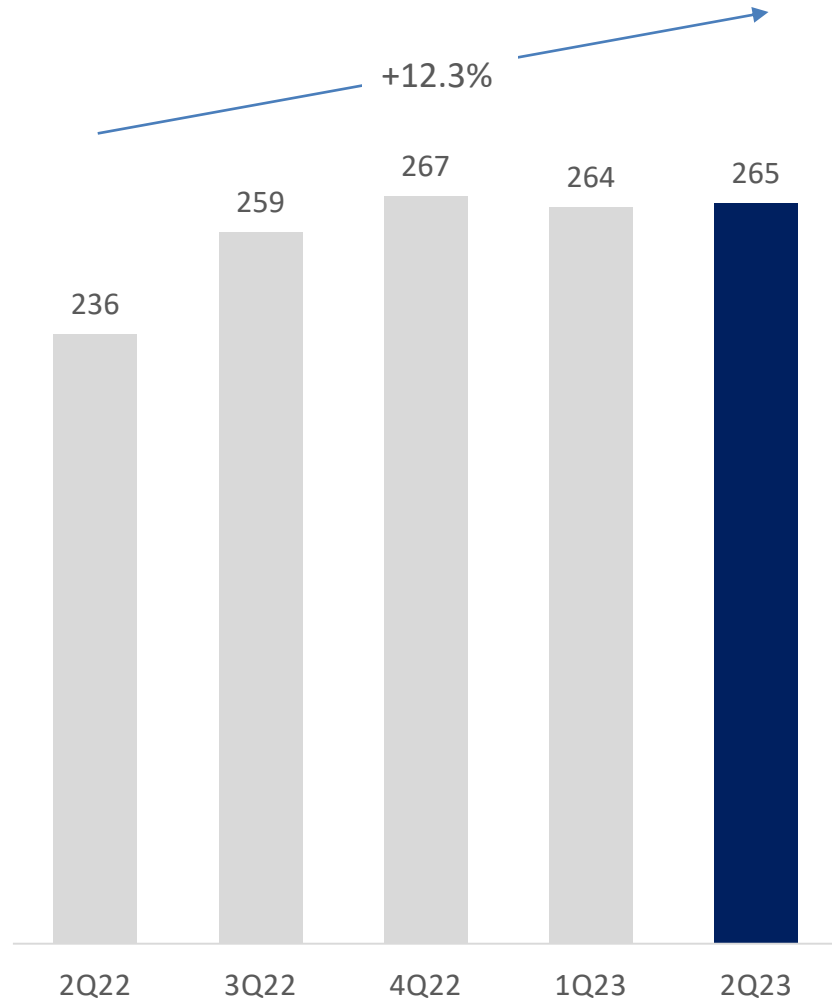
## Operating Margin, net of Risk<sup>2</sup> Net Operating Income/Avg. Interest Earnings Assets



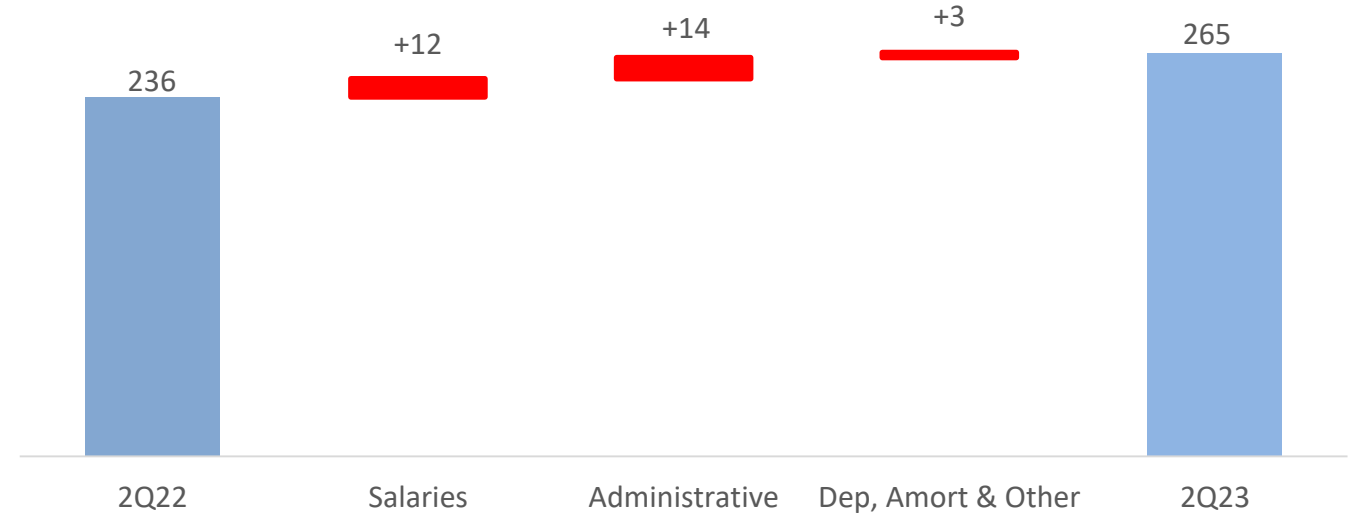
1. Excludes foreign subsidiaries 2. Data for 2021 quarters on proforma basis for the new local Compendium of Accounting Standards.

# IB | Inflation continues driving operating expenses growth

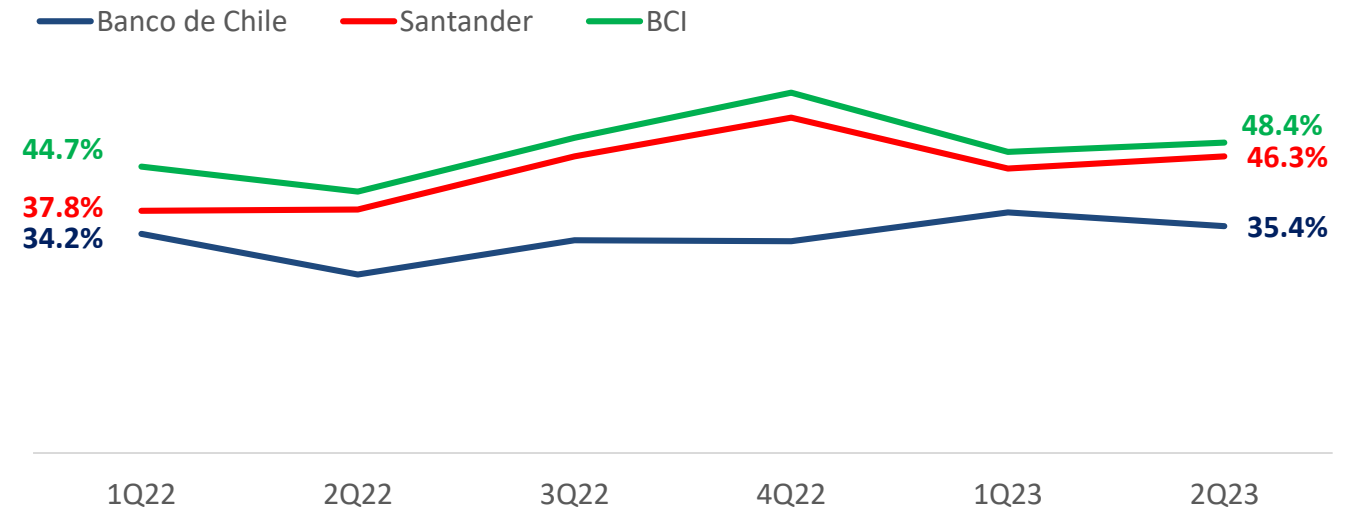
Total Expenses  
Billions of CLP



Variation in Total Expenses  
Billions of CLP



Efficiency vs Peers  
Operating expenses to Op. Income



Var UF (LTM)	2022	3Q22	4Q22	1Q23	2Q23
	11.4%	13.9%	13.3%	12.1%	9.1%

- The **Chilean economy is under an ongoing adjustment**, with a recession lasting until mid 2023, followed by a recovery in the second half of the year.
- The Central Bank began an **easing cycle** in July, reducing the interest rate by 100 bps. We expect this trend to continue in the short term, towards 7.5% and 4.0% by the end of 2023 and 2024.
- Thanks to **our prudent and consistent strategy, along with a robust cost management team**, we have outperformed our peers, positioning BCH as the leading bank in terms of profitability, capital and risk.
- We are the **strongest bank in ESG risk\*** in Chile.





# Appendix: Main Financial Indicators

Key Performance Ratios	Quarter		Year-to-Date	
	2Q22	2Q23	Jun-22	Jun-23
<b>Earnings per Share (1) (2)</b>				
Net income per Share (Ch\$)	4.27	3.29	7.16	5.92
Net income per ADS (Ch\$)	854.35	657.61	1,431.93	1,184.15
Net income per ADS (US\$)	0.93	0.82	1.55	1.48
Book value per Share (Ch\$)	43.82	48.23	43.82	48.23
Shares outstanding (Millions)	101,017	101,017	101,017	101,017
<b>Profitability Ratios (3) (4)</b>				
Net Interest Margin	6.21%	4.64%	5.56%	4.54%
Net Financial Margin	6.45%	4.99%	5.78%	4.84%
Fees & Comm. / Avg. Interest Earnings Assets	1.16%	1.15%	1.18%	1.15%
Operating Revs. / Avg. Interest Earnings Assets	7.66%	6.31%	7.01%	6.11%
Return on Average Total Assets	3.36%	2.43%	2.84%	2.19%
Return on Average Equity	39.93%	27.62%	33.51%	24.57%
Return on Average Capital and Reserves	43.16%	29.05%	34.08%	24.19%
Inflation-adjusted Return on Average Equity (5)	22.72%	21.50%	20.36%	19.52%
<b>Capital Ratios</b>				
Common Equity Tier 1 (CET1) / Total Assets	8.06%	8.78%	8.06%	8.78%
Common Equity Tier 1 (CET1) / Risk Weighted Assets (RWA)	12.87%	13.46%	12.87%	13.46%
Tier1 Capital / Risk Weighted Assets (RWA)	13.87%	13.96%	13.87%	13.96%
Total Capital / Risk Weighted Assets (RWA)	17.43%	17.77%	17.43%	17.77%

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\$801.21 per US\$1.00 as of June 30, 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.

(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.



## Appendix: Main Financial Indicators

Key Performance Ratios	Quarter		Year-to-Date	
	2Q22	2Q23	Jun-22	Jun-23
<b>Credit Quality Ratios</b>				
Total Past Due / Total Loans to Customers	0.97%	1.33%	0.97%	1.33%
Allowance for Loan Losses / Total Past Due	215.95%	160.34%	215.95%	160.34%
Total Allowance for Loan Losses / Total Past Due (6)	403.23%	304.45%	403.23%	304.45%
Impaired Loans / Total Loans to Customers	2.68%	2.98%	2.68%	2.98%
Loan Loss Allowances / Impaired Loans	78.36%	71.84%	78.36%	71.84%
Loan Loss Allowances / Total Loans to Customers	2.10%	2.14%	2.10%	2.14%
Expected Credit Losses / Avg. Loans to Customers (4)	1.21%	0.73%	1.19%	0.94%
<b>Operating and Productivity Ratios</b>				
Operating Expenses / Operating Revenues	27.85%	35.41%	30.70%	36.45%
Operating Expenses / Average Total Assets (3) (4)	1.84%	1.94%	1.85%	1.93%
<b>Balance Sheet Data (1) (3)</b>				
Avg. Interest Earnings Assets (million Ch\$)	43,977,387	47,183,793	43,535,510	47,288,066
Avg. Assets (million Ch\$)	51,380,300	54,587,604	50,905,863	54,743,989
Avg. Equity (million Ch\$)	4,322,990	4,810,269	4,316,088	4,869,503
Avg. Loans to Customers (million Ch\$)	34,969,664	36,851,397	34,528,375	36,750,001
Avg. Interest Bearing Liabilities (million Ch\$)	25,333,304	31,066,505	24,405,542	30,699,788
Risk-Weighted Assets (Million Ch\$)	34,401,467	35,999,130	34,401,467	35,999,130
<b>Additional Data</b>				
Exchange rate (Ch\$/US\$) - EOP	922.79	801.21	922.79	801.21
Employees (#) - EOP	12,340	12,652	12,340	12,652
Branches (#) - EOP	270	262	270	262

(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\$801.21 per US\$1.00 as of June 30, 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.

# | 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.

