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BANCO

DE

CHILE

Sustainability Report 2016

Sustainability Report

2016

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A Message from Our CEO



Eduardo Ebensperger Orrego, Chief Executive Officer of Banco de Chile

I am very pleased to report on Banco de Chile's performance in our third Sustainability Report. This is my first time introducing this report in my new role as CEO. I was appointed to lead the organization in 2016 with the mission of strengthening the Bank's leadership position in an increasingly dynamic, demanding and competitive environment.

In order to accomplish this while anticipating the needs of customers and society at large, we reformulated our strategic management priorities this year. The Bank now focuses on three interdependent core themes: placing the customer at the center of all decisions, striving to achieve greater efficiency and productivity and a commitment to Chile and its development. We strive to do this through collaboration and team work.

These three core themes spurred the creation of the Corporate Affairs and Sustainable Development Division. This new division is charged with designing a comprehensive sustainability strategy, framed within its business challenges, that enables the Bank to work to high social and environmental standards while building good relationships with its main stakeholders: shareholders, customers, employees, the community and suppliers.

This year we reformulated our strategic priorities to focus on three interdependent core themes: placing the customer at the center of all decisions, striving to achieve greater efficiency and productivity and a commitment to Chile and its development.

At Banco de Chile, we recognize that it is our responsibility to be the best investment for our shareholders, and in 2016, we continued working toward that goal. As a result, we again led the industry in profitability and net income with profit of Ch\$552,249 million and return on average capital and reserves of 20.3%—well above the overall banking industry's 11.9%. These accomplishments are even more noteworthy in light of the challenging environment in Chile. This was the third straight year of weak investment and an economy that grew less than 2% across the board. These results and a conservative risk policy combined to once again make us the private bank with the best international risk rating in Latin America, with ratings of A+ (Standard & Poor's) and Aa3 (Moody's).

This year we worked hard to continue improving the service we provide the 2.12 million active customers who trust in us and with whom we aspire to maintain long-term relationships. Our universal bank serves all market segments. Our value model offers comprehensive solutions to meet the financing, savings, investment, advising and asset management needs of individuals and businesses of all sizes.

As we continue working to provide comprehensive, quality service based on a multi-channel approach, we have

successfully implemented a new retail internet platform that is even more secure, more agile and easier to use. We also continue to develop new mobile banking applications, which surpassed a million downloads this year. These developments aim to adapt to customer needs and make their lives easier. Our efforts have earned recognition from international publications. We are very pleased to have been named the best digital bank and best mobile bank in Chile—acknowledgment that encourages us to continue on this course.

At the same time, we work to expand access to financial services throughout Chile, broadening the national Cajas Chile network to provide coverage in 275 towns, or 78% of the country's municipalities. Many of the 2,374 Cajas Chile are located in remote towns, where they fulfill an important mission: enabling people to bank efficiently and safely without having to travel long distances.

Banco de Chile is also strongly committed to the development of the country's small and mid-sized businesses (SME); we aim to support them with products and comprehensive advising services that fit their needs. To that end, expert financial advising was provided to more than 3,000 SME owners and we partnered with leading universities to offer 72 talks and seminars throughout

Chile, benefitting nearly 8,000 customers. Meanwhile, as a result of our efforts to provide SMEs access to funding through state-backed loans, the Guarantee Fund for Small and Medium-Sized Enterprises (FOGAPE) recognized the Bank as the financial institution that made the "Largest contribution to growth of FOGAPE financing".

These initiatives, among others, contributed to Banco de Chile again placing number one in brand recall, improving its customer retention rate and earning the highest net promoter score among its main competitors.

None of this would have been possible without the highly committed, enthusiastic team that puts our institution's values and priorities into practice daily. I would like to take this opportunity to thank the 14,621 employees at Banco de Chile corporation (including subsidiaries) for their collaborative spirit and desire to grow—as reflected in the 307,000 training and development hours completed in 2016.

In 2016, we reformulated the Bank's strategic priorities and designed a comprehensive sustainability strategy around three clear themes. In 2017, we want this vision to take hold. I would like to reiterate my personal commitment as well as Banco de Chile's to continue working to make our institution the best investment for our shareholders, the best bank for our customers, the best place to work and the best business partner for our suppliers.

At Banco de Chile, we move forward together. We want our Bank to be the best place to work, for both men and women (who comprise 50.6% of our workforce), so we are especially pleased that 91% of our workers indicated that they were satisfied to be working at Banco de Chile on our annual internal climate survey. We are also very proud to have once again earned second place overall and first place for the financial industry on Merco's Talent ranking— a study that measures and recognizes the country's leading companies in terms of attracting and managing talent.

Our commitment to Chile is reflected not only in the actions that make our relationships with shareholders, customers, workers and suppliers sustainable but also our contributions to the community. These are focused on three themes: overcoming diversity, entrepreneurship and quality education.

We are best known for our role as the official bank of the Teletón since it began more than 38 years ago. We are grateful for the opportunity to be part of this project. The Teletón is in our DNA and unites us around a tremendous commitment: In 2016, more than 10,000 Banco de Chile

volunteers from Arica to Puerto Williams enthusiastically volunteered.

We wanted to take our commitment to the Teletón Foundation and our shared values a step further with the "Disability Inclusion Program", which encourages inclusion and full participation of employees with disabilities. We need to make progress here and will do it alongside the Teletón Foundation.

On the other hand, we have maximized financial literacy efforts in an attempt to reach an increasing number of people and places throughout the country. In 2016, we provided financial training to 44,159 entrepreneurs through our partnership with Desafío Levantemos Chile, which began in 2012. We also jointly organized the First National Entrepreneurs Challenge to advise, promote and raise awareness for entrepreneurs from Chile's 15 regions.

Quality education, the third pillar of our community-centered strategy, is central to the national agenda. We wholeheartedly support it as the path to improving opportunities for development. That is why we extended our commitment to the Astoreca Foundation for another ten years. This organization's excellent tuition-free schools contribute to improving the quality of education in vulnerable areas of Chile.

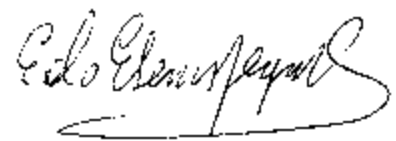
Through this and the Bank's many other initiatives—some of which are environmentally focused, like saving energy and paper or encouraging the use of bicycles—we plan to continue contributing to the community and our surroundings.

Finally, I'd like to highlight the importance of the relationship we cultivate with our 7,978 SME suppliers around the country. For the fourth straight year, we have earned the ProPyme seal, which involves, among other things, a commitment to pay within 30 days. Furthermore, as a way of supporting small and medium businesses across the country, 97% of our purchasing budget was spent with local suppliers.

Per policy, every supplier or contractor goes through a selection and evaluation process to ensure that goods and services are procured at competitive market conditions through public, transparent, timely procedures. In order to move forward on transparency, we have developed a supplier web portal to communicate, respond to questions, provide valuable information and improve our relationships with them.

In 2016, we reformulated the Bank's strategic priorities and designed a comprehensive sustainability strategy around three clear themes. In 2017, we want this vision to take hold. I would like to reiterate my personal commitment as well as Banco de Chile's to continue working to make our institution the best investment for our shareholders, the best bank for our customers, the best place to work and the best business partner for our suppliers. We will also place special emphasis on making a valuable contribution to the community. We will seek to be not just an industry leader, but also a cherished bank that is close to its customers and decidedly contributes to the development of people and the progress of our country.

I invite you to read and review this 2016 Sustainability Report. It tells of the road we have traveled and provides perspective on the challenges we face in order to continue successfully developing our business and remain committed to Chile's sustainable development.



Eduardo Ebensperger Orrego
Chief Executive Officer
Banco de Chile



About This Report

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In its third Sustainability Report, Banco de Chile presents its economic, social and environmental performance in accordance with the criteria and requirements set forth in the G4¹ version of the Global Reporting Initiative (GRI) guidelines and the Financial Sector Supplement.

In accordance with these parameters, this document reports on the material aspects of operations in Chile, i.e., relevant aspects of its value chain that significantly impact the Bank's environment as well as aspects or issues that carry substantial weight in its main stakeholders' assessments and decisions.

Banco de Chile, nor have there been modifications to the bylaws, criteria for drafting the report or calculation methods applied. In the event that an indicator has been modified, it will be expressly noted.

This Sustainability Report reports on Banco de Chile's performance between January 1 and December 31, 2016. The Bank serves different customer segments through its brands Banco de Chile, Banco Edwards|Citi and Banco CrediChile. Unless otherwise indicated, the information herein applies to the Bank and its respective brands. Performance indicators for 2014-2016 are also included to help readers identify trends and make comparisons.

With regards to the information reported last year, there have not been any significant changes in size, structure or ownership at

¹ www.globalreporting.org

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Principles for Defining Report Content

The content of this report was defined using the "core" option in the G4 version of the GRI standards on relevance or materiality, the sustainability context and stakeholder inclusiveness.

The following methodology was used to identify the material (relevant) aspects:

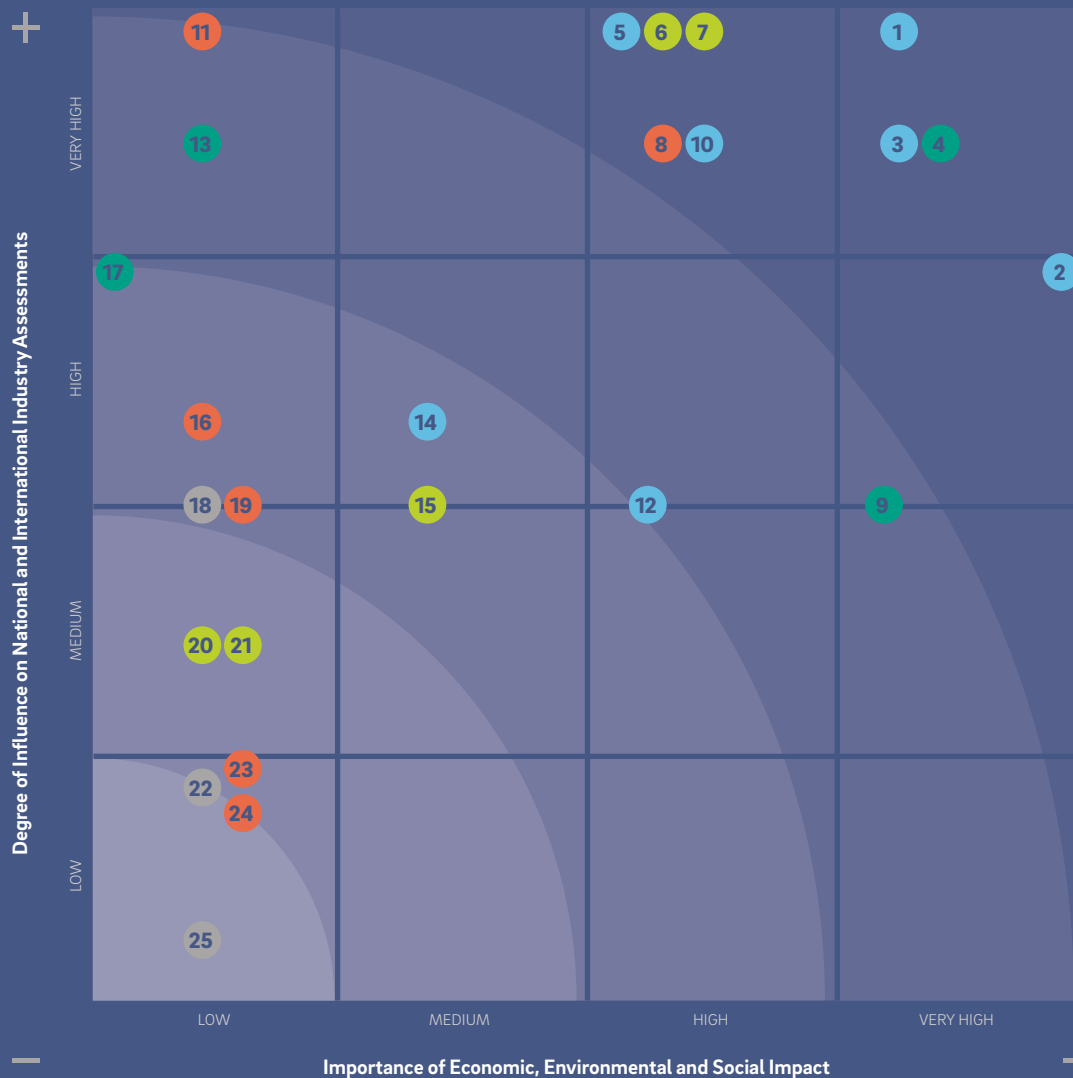
Stage 1	+	Stage 2	+	Stage 3
IDENTIFICATION OF MATERIAL ASPECTS		PRIORITIZATION		VALIDATION
VALUE CHAIN ANALYSIS The Bank's value chain was reviewed. The structure and identification of economic, social and environmental impact, both positive and negative, was validated in the process of preparing the 2015 report.		A score of 1 to 5 (where 5 is "very relevant" and 1 is "irrelevant") was used to rank the economic, social and environmental impacts in terms of priority. The relevance allocated by the Company was crossed with the national and international industry perspective to create the materiality matrix. (See Materiality Matrix).		The Corporate Affairs and Sustainable Development Division validated the materiality process as it relates to the scope of each indicator, structure and depth of the aspects addressed herein. (See Table of Aspects Relevant to the Bank's Operations).
REVIEW OF STUDIES Banco de Chile's Environmental, Social and Governance (ESG) risk assessment, performed by an extrafinancial risk rating agency, was analyzed to identify the primary sustainability challenges from an investor perspective.				
BENCHMARK Four sustainability reports by Chilean banks were benchmarked to identify material economic, social and environmental aspects or sustainability issues for the Chilean banking sector.				

Materiality Matrix

1. Training and development
2. Diversity and equal opportunity
3. Occupational health and safety
4. Energy
5. Labor relations
6. Customer satisfaction
7. Providing information to customers about products and services
8. Anti-corruption
9. Managing the environmental impact of transport
10. Freedom of association
11. Promoting economic and social development (includes support for general interest causes).

12. Employment and quality of employment
13. Products and services (green product and service development)
14. Non-discrimination
15. Customer privacy
16. Financial literacy and inclusion
17. Emissions
18. Economic performance
19. Social impact of its products/services
20. Marketing and advertising practices
21. Regulatory compliance (customers)
22. Market presence
23. Unfair competitive practices
24. Regulatory compliance (community)
25. Indirect economic impacts

- CUSTOMER ASPECTS
- LABOR ASPECTS
- ECONOMIC ASPECTS
- ENVIRONMENTAL ASPECTS
- SOCIAL ASPECTS



Aspects Relevant to the Bank's Operations

The material aspects reported herein are those elements for which the process of identifying, prioritizing and validating the economic, social and environmental elements of the Bank's operations resulted in ratings of very high, high and medium importance. The scope—whether the potential impact (positive and/or negative) of each material aspect would be limited to the organization or also affect surroundings—was also measured.

Those aspects and their respective scopes are listed below.

Materialty	Associated Indicators	Impact within the Organization	Impact Outside the Organization
Training and education	G4-LA9, LA10	✓	
Diversity and equal opportunity	G4- LA12	✓	
Labor/management relations + freedom of association and collective bargaining	G4-LA4, HR4	✓	
Occupational health and safety	G4-LA5, LA6	✓	
Employment + non-discrimination	G4-LA1, LA2, HR3	✓	
Product and service labeling	G4-PR5		✓
Marketing communications	G4-PR7		✓
Customer privacy	G4-PR8		✓
Regulatory compliance (customers)	G4-PR9	✓	✓
Local communities	G4-SO1, FS13, FS14		✓
Anti-corruption	G4-SO3, SO4	✓	✓
Emissions	G4-EN16		✓
Energy	G4-EN3	✓	✓
Transportation	G4-EN30		✓
Products and services	G4-FS8		✓
Economic performance	G4-EC1	✓	✓

Compliance with Principles of Information Quality

This report was drafted under the supervision of the Corporate Affairs and Sustainable Development Division. An external consultant specializing in GRI guidelines was hired to ensure the quality, precision, comparability and verifiability of the report contents,

which were provided by the organization's different areas with special attention given to traceability. Each of the organization's economic, social and environmental performance indicators was elaborated based on data and technical calculations

using procedures recognized by national standards and aligned with internationally accepted standards. This year, the Company decided not to submit the report for external assurance.

Corporate Contact Information

This document reports on the organization's most relevant aspects in terms of governance, performance and perspectives in 2016. It aims to promote interaction and dialog with the Bank's main stakeholders. Interested individuals and organizations may directly contact:

Division of Corporate Affairs
and Sustainable Development



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**TO BE
CHILE'S
BANK**

Chapter

01

Bank Profile

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BANK PROFILE

EMPLOYEES

CUSTOMERS

COMMUNITY

ENVIRONMENT

SUPPLIERS

ECONOMIC PERFORMANCE



No. 1

in net income, profitability and brand recall in 2016

Total Energy Savings in 2016

539,201 kWh

Earned ProPyme Certification Seal

4 years
in a row

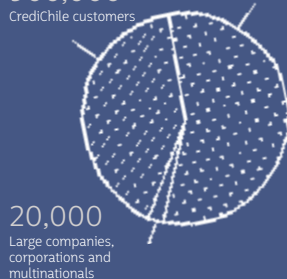
Social Investment in 2016

2,312 (MCh\$)

Total Active Customers at Year-End 2016

1,200,000
Retail and SME customers

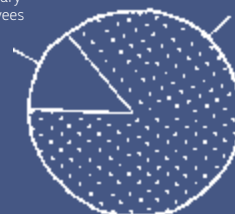
900,000
CrediChile customers



Total Banco de Chile Corporate Employees

2,730
Subsidiary
employees

11,891
Banco de Chile
employees



Banco de Chile

Profile

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G4-4
G4-13

Over its 123 years of uninterrupted operations, Banco de Chile has become a beacon in the financial and business sectors. Its scale, the diversity of its businesses, market leadership and international connectivity are its primary strengths and contribute to creating long-term relationships with customers, economic value for shareholders and development opportunities for employees and the community.

To flexibly, quickly and effectively meet the needs of all the markets it serves, the Bank has structured commercial operations into four business segments. Through these segments, it offers comprehensive solutions to meet the lending, savings, investment, advising and cash management needs of individuals and companies of all sizes. The Bank boasts a team of 11,891¹ people and also has a strategic alliance with Citigroup and a broad network of correspondent banks. In 2016, it posted net income of Ch\$552,249 million, the equivalent of a 20.3% return on average capital and reserves—nine percentage points above the local banking system average. Furthermore, steps were taken to consolidate the Bank's leadership position in current accounts and demand deposits, which are one of the Bank's distinguishing strategic assets. As a result of these accomplishments, the Bank maintained its international risk ratings of A+ (Standard & Poor's) and Aa3 (Moody's), making it the most sound private bank in Latin America.

The dissolution and liquidation of BanChile Trade Services and closure of the Hong Kong subsidiary were among the most important material events of 2016. Furthermore, Promarket, a Banco de Chile subsidiary, was absorbed on December 30, posing new challenges for the Corporation in 2017.

This year in operations, in addition to offering customers the various traditional channels (e.g. branches, ATMs and online remote assistance via telephone or internet banking), the Bank continued to develop mobile applications. It added new alternatives like Mi Cuenta, Mi Seguro, Mi Plata and Mi Pass to its existing Mi Banco, Mi Pago and Mi Beneficio applications. These new applications have logged more than a million downloads and more than 20 million transactions, driving prestigious international publications to name Banco de Chile the best digital and mobile bank in the country. The customer loyalty program was also reformulated. Iberia airlines was added to the Bank's partnership with Delta and Sky, benefiting more than a million credit cardholders with access to a travel points system.

As a complement to its business role, Banco de Chile has made a country-wide commitment to promoting financial literacy and entrepreneurship, especially in underprivileged groups. Through its strategic alliances with the Teletón and Desafío Levantemos Chile foundations, it also supports those overcoming adversity.

¹This figure does not include subsidiaries.

New Strategic Priorities

We reformulated our long-term strategic priorities in 2016 to anticipate the needs of current customers and society in general and maintain the leadership we have enjoyed to date. The new priorities focus on three interdependent core themes: placing the customer at the center of all decisions, striving to achieve greater efficiency and productivity, and committing to Chile and its development. At the same time, the fundamental elements of collaboration and teamwork that characterize the Bank, and which run through each core theme, have now become even more relevant and strategic.

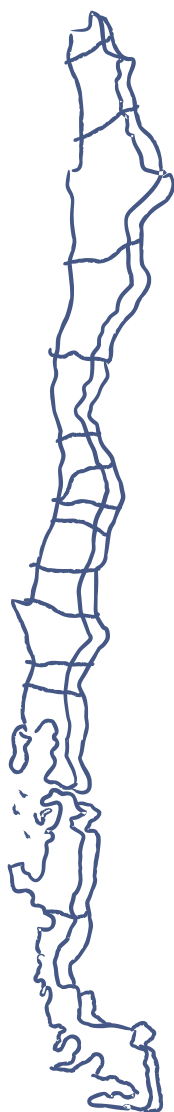
This new structure aims to position the Bank as a leader in service quality and net promoter scores, while seeking to understand and anticipate customer needs. Doing so requires a fundamental shift in our focus from product to customer, working to understand individual and collective behavior, control expenses and constantly seek ways



to increase productivity in all business activities. Likewise, the Bank will need to continue implementing new technology and actively managing margins and prices. Furthermore, as the Bank's success is tied to Chile's growth, it is essential that we support the nation. Contributing to the progress of our society by maintaining an impeccable corporate reputation and diligently implementing new regulations will be a priority.

Corporate Strategy

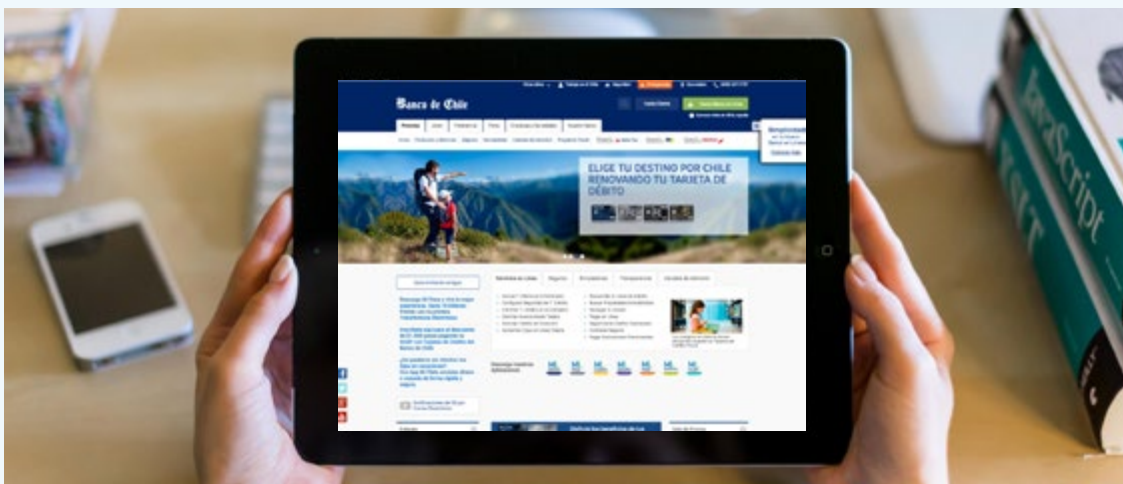


Branches and Service Channels



BRANCHES	2015	2016
Banco de Chile	254	258
BANCO EDWARDS  <small>del Banco de Chile</small>	39	41
BancoCrediChile <small>DEL BANCO DE CHILE</small>	126	124
	2,138	2,374
REMOTE CHANNELS		
ATMs		1,453
Internet banking	24-hour service	
Telephone banking	24-hour service	
Mobile banking	24-hour service	

Achievements in 2016



Progress on the Banco de Chile digital banking platform.

Leaders in Net Income and Profitability

- The Bank led the industry once again in net income and profitability, reporting 27% market share and return on average capital and reserves of 20.3%.

New Customer Service Model

- Our product offering for high-income customers was strengthened with the addition of four specially designed offices in areas outside Santiago. A new business model was also created: Private Wealth Management.

Record Number of New Customers

- As a result of our attractive value proposition, we opened more than 85,000 new current accounts and cut the attrition rate to 6% in 2016.

New Alliance in Customer Loyalty Program

- Iberia Airlines joined our existing alliances with Delta and Sky, adding value to the customer benefits program, which is currently positioned as the industry's best.

Advances in Digital Banking

- In response to more demanding customers who want immediate solutions, our digital offering was strengthened with the launch of a new retail banking internet platform. We also added the Mi Plata application to our successful mobile banking offerings.

Updated ATM Network

- In 2016, 96% of our ATMs had been updated and were in compliance with new security regulations. We are proud to say that we have the safest and most profitable ATM network in the industry thanks to the preference of customers and non-customers alike for Banco de Chile's ATMs.

Development of New Technology Platform

- With an eye toward the future and strategic priorities, the Bank moved forward with the development of a new pre- and post-sales technology platform known as the "Business Center", which will enable us to enhance service quality and create important synergies and efficiencies in processes.

Leaders in Net Promoter Score

- Our customers took note of this year's achievements. Our net promoter score of 74.5% in 2016 makes us the industry leader in terms of service quality.

High Job Satisfaction

- Our goal of becoming the best place to work and our efforts to that end resulted in an improvement in the most recent workplace climate survey, where 91% of employees indicated that they were satisfied to be working at Banco de Chile.

Awards

Private Banking and Wealth Management Survey 2016, Euromoney

British magazine, Euromoney, recognized Banco de Chile in two categories: Net-worth-specific services and Commercial banking capabilities.

Best Digital Bank and Best Mobile Bank in Chile 2016, Global Banking

For the second straight year, Global Banking and Finance Review magazine named Banco de Chile Best Digital Bank and Best Mobile Bank in Chile 2016.

2016 Perception Ranking by InnovAcción

Banco de Chile was selected as one of the 50 most innovative companies in Chile in the third version of the 2016 Perception Ranking by InnovAcción.

Best Investment Bank in Chile 2016, Global Finance

At its annual awards ceremony to recognize the best investment banks in several countries, Global Finance magazine named BanChile the Best Investment Bank in Chile 2016.

Best Bank in Chile, Global Finance

For the second year in a row, Global Finance magazine named Banco de Chile Best Bank in Chile.

Most Valuable Banking Brand in the Country, The Banker

An annual ranking by international magazine, The Banker, named Banco de Chile the most valuable banking brand in the country. The Company—the Chilean banking industry's only brand to appear among the top 150 banks in the world—rose 29 places since 2015.

Best Subcustodian Bank in Chile, Global Finance

For the ninth straight year, Banco de Chile was recognized by the British publication Global Finance as the best subcustodian bank in the country.

Most Innovative Banking Solutions in Chile 2016, Global Business Outlook

Global Business Outlook recognized Banco de Chile in the category of Most Innovative Banking Solutions Chile 2016. This recognition highlighted innovation in the Bank's mobile applications, specifically the Mi Pass application.

Best Mobile Banking Application Chile, World Finance

For the first time ever, World Finance magazine named Banco de Chile the country's Best Digital Bank and the Bank with the Best Mobile Banking Application.

First Place in the Banks and Financial Institutions Category, Merco Talent Ranking

For the second consecutive year, Banco de Chile ranked first in the Banks and Financial Institutions category of the Merco Talent Ranking, which measures Chile's most attractive companies in terms of attracting and managing talent. Banco de Chile earned second place on the overall ranking.

Best Investment Bank 2016, Latin Finance

Latin Finance magazine named BanChile Chilean investment bank of the year.

2016 at a Glance

Management and Leadership

Awards and Recognition



**Best Digital Bank
and Best Mobile
Bank in Chile 2016**

GLOBAL BANKING,
WORLD FINANCE,
GLOBAL FINANCE



**Best Bank
in Chile**

GLOBAL FINANCE



**Best Investment
Bank in Chile 2016**

GLOBAL FINANCE



Façade, Banco de Chile Headquarters.



**BEST
rating**

**among private
banks in Latin
America**

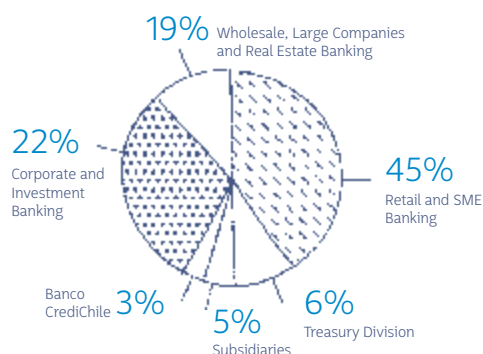
A+

STANDARD
& POOR'S

Aa3

MOODY'S
(LONG-TERM DEBT)

CONSOLIDATED NET
INCOME BY
LINE OF BUSINESS
(before taxes, 2016)



Employees



Subsidiary
Employees

2,730

Union Membership

64%

Workplace Climate
Satisfaction

91%

Banco de Chile Employees

11,891

Merco Talent Ranking

Financial Industry

1st PLACE

Overall Ranking

2nd PLACE

Women*



5,668

Men*



5,531

* This figure does not include Promarket or subsidiaries.

Customers

900 thousand

CREDICHILE

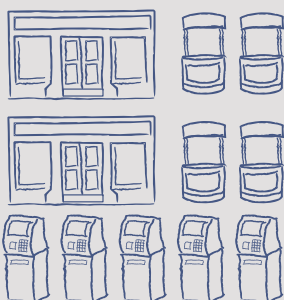
1.2 million

CUSTOMERS: MIDDLE TO HIGH-
INCOME INDIVIDUALS AND
SMES

20 thousand

LARGE COMPANIES, CORPORATIONS
AND MULTINATIONALS

**Branches,
Additional Tellers
and ATMs**



4,250

Active Customers

2.12 million

ACROSS THE COUNTRY IN 2016

Leading Bank

28.5%

MARKET SHARE IN RETAIL CURRENT
ACCOUNTS

18%

MARKET SHARE IN TOTAL LOANS**

20.9%

MARKET SHARE IN CONSUMER
LOANS**

** Excludes subsidiaries abroad

Social Networks

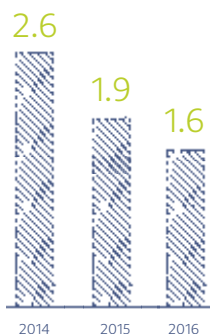
220,325
FANS

148,957
FOLLOWERS

3,157
FOLLOWERS

10,600
FOLLOWERS

NUMBER OF COMPLAINTS PER MONTH
(For every 10,000 customers)



132,650,066
WEB SITE SESSIONS

4,327,250
CALLS TO CONTACT CENTER

750,007
MOBILE APPLICATION USERS

Source: In accordance with Google's
updated definition of "session".

Community

Main Contributions to the Community



Overcoming Adversity



Entrepreneurship



Quality Education



Desafío Levantemos Chile volunteers.

Volunteerism

10,732

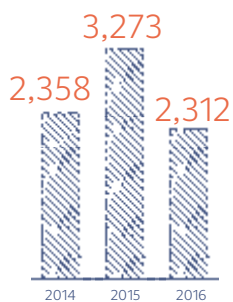
EMPLOYEES

Beneficiaries Throughout the Country

113,997

Includes beneficiaries from the Teletón Foundation, Desafío Levantemos Chile, Astoreca and Financial Literacy Programs

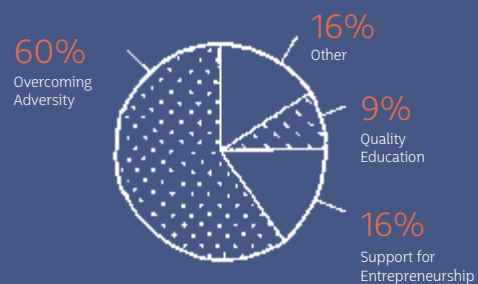
SOCIAL INVESTMENT
(MCh\$)



**Social Investment 2016
(MCh\$)**

2,312

SOCIAL DISTRIBUTION OF INVESTMENT 2016

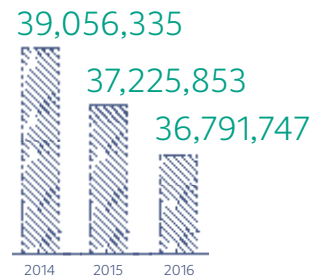


Environment

Total Energy Savings in 2016
(Kwh)

539,201

2014-2016 Energy Consumption
(Kwh)



7.5 tons
LESS PAPER CONSUMED

146 tons
OF PAPER SENT TO RECYCLING

Suppliers

Purchasing Budget

97%



represented purchases
from local suppliers



4 years
in a row with
ProPyme seal
certification

SME Supplier Base

7,978

Corporate Statement



Our Mission

We are a leading, globally-connected financial corporation with a prestigious business tradition. We provide financial services of excellence to each customer segment, offering creative and effective solutions and thus ensuring value creation for our shareholders, our employees and the community at large.

Our Vision

In everything we do, we constantly strive to be the best bank for our customers, the best place to work, and the best investment for our shareholders. We do so in a way that demonstrates our commitment to the people in our organization and the community in general.

Our Purpose

Our corporation contributes to the development of the country. Our purpose is to create conditions where both people and companies can develop and provide them with solutions tailored to their different stages in that development process.

Our Values

- Fairness
- Sound judgment
- Loyalty
- Respect
- Commitment
- Responsibility
- Integrity

Aspects of Social Conduct

- Optimism and cheerfulness
- Taking responsibility
- Collaboration
- Frank and direct style
- Recognize more than criticize
- Open communication

Sustainability Strategy and Stakeholder Engagement

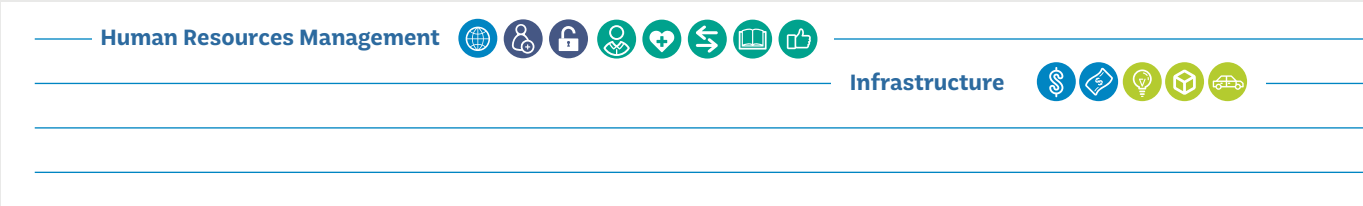
Value Chain

Sustainable
Management
of Value Chain Impact




MAIN ACTIVITIES



SUPPORT ACTIVITIES



Economic Impact

-  Economic Performance
-  Indirect Economic Consequences
-  Market Presence

Social Impact (Community)

-  Promotion of Economic and Social Development
-  Financial Literacy and Inclusion
-  Anti-corruption
-  Anti-competitive Behavior
-  Compliance

Social Impact (Labor Practices)

-  Employment and Quality of Employment
-  Occupational Health and Safety
-  Labor Relations
-  Training and Development
-  Diversity and Equal Opportunity

Environmental Impact

-  Energy
-  Products and Services
-  Managing the Environmental Impact of Transport

Human Rights Impact

-  Non-discrimination
-  Freedom of Association

Social Impact (Customer/Service)

-  Customer Satisfaction
-  Provision of Information to Customers about Products and Services
-  Marketing and Advertising Practices
-  Customer Privacy
-  Social Impact of Products / Services
-  Compliance



Technology and Innovation (R&D)



Procurement



SUSTAINABILITY STRATEGY



Sustainability Strategy

The Corporate Affairs and Sustainable Development Division focused efforts in 2016 on designing a Sustainability Strategy to reflect the shift in the Bank's Corporate Strategy, with special attention given to the Commitment to Chile theme. This management system enables the Bank to achieve attractive economic and financial results while maintaining high environmental and corporate social responsibility standards as well as good stakeholder engagement.

In order to establish a new starting point in line with its new corporate context, the division also performed

a sustainability assessment, created management metrics and aligned corporate communication with business objectives. These efforts also help strengthen the internal corporate culture needed to face the future.

Stakeholder Engagement

G4-24
G4-26

Banco de Chile's strategy identifies stakeholders and makes an explicit commitment to each of them. This enables the Corporation to contribute, through its business dealings, toward the country's development and the progress of all Chileans.

STAKEHOLDERS	ENGAGEMENT OBJECTIVES	MECHANISMS AND/OR CHANNELS OF COMMUNICATION
Customers	<ul style="list-style-type: none"> To offer innovative products and services with timely, flexible and proactive customer service designed to meet the needs and aspirations of each segment while building long-term, trust-based relationships. To have customer service channels that are always available and allow fluid, timely communication with each customer. 	<ul style="list-style-type: none"> Website www.bancochile.cl E-mails Traditional physical channels (branches and ATMs) Remote online assistance Mobile applications Facebook, Twitter, Instagram and YouTube Correspondent banks
Shareholders	<ul style="list-style-type: none"> To be the best investment option, sustainably and over the long term. To have a strong reputation, the best risk rating and be recognized for its contribution to the country. 	<ul style="list-style-type: none"> Annual shareholders' meeting Annual report Investor Relations Department Conference calls with investors Website www.bancochile.cl
Employees	<ul style="list-style-type: none"> To offer merit-based development and growth opportunities while offering competitive compensation and economic benefits. To promote a respectful, polite work environment in a location equipped with the appropriate technology and infrastructure. To build a homogeneous and unique culture, based on commitments and corporate values. 	<ul style="list-style-type: none"> Competency assessment Intranet Classroom and distance training Counseling program ("Programa Orienta") Health program ("Mi Salud") Paternity program ("Ser Padres") Team meetings Workplace climate survey Conventions
Community	<ul style="list-style-type: none"> To contribute to initiatives related to overcoming adversity, promoting entrepreneurship and supporting quality education. To promote a more equitable society with greater opportunities through inclusion of persons with disabilities. To conduct business activities in an environmentally respectful manner. 	<ul style="list-style-type: none"> Volunteer programs Financial literacy programs Programs that support entrepreneurship Programs that support overcoming adversity Programs for access to education Partnerships with non-profit institutions and expert NGOs Facebook, Twitter, Instagram and YouTube accounts
Suppliers	<ul style="list-style-type: none"> To seek long-term collaboration with our suppliers. To build collaborative supplier relationships, based on transparency, competition, efficiency, respect and objectivity. To streamline and increase the effectiveness of processes for supplying goods and services. To ensure that services are hired and goods are acquired under market conditions. To ensure that the Bank's obligations are paid in accordance with the terms and conditions of supplier contracts. 	<ul style="list-style-type: none"> E-mails Letters Website www.bancochile.cl Remote assistance

Partnerships and Memberships

Banco de Chile participates in:

Chambers of Commerce and Financial Associations:

- Colombian-Chilean Chamber of Commerce
- Brazilian-Chilean Chamber of Commerce
- Belgian-Chilean Chamber of Commerce
- Argentine-Chilean Chamber of Commerce
- Indian-Chilean Chamber of Commerce
- Chinese-Chilean Chamber of Commerce, Industry and Tourism
- Chilean Chamber of Construction
- German-Chilean Chamber of Commerce and Industry (Camchal)
- American-Chilean Chamber of Commerce
- Santiago Chamber of Commerce
- Chilean Factoring Association (Achef A.G.)

Regional Organizations

- Industrial Association of the Fifth Region
- Regional Chamber of Commerce and Production
- Corporation for Regionalization of the Biobío
- Industrial Corporation for the Regional Development of the Biobío
- Fifth Region Circle of Banking Managers
- Maule Advancement Board
- Concepción Chamber of Production and Commerce
- Antofagasta Circle of Banking Executives
- Iquique Circle of Banking and Financial Institution Executives

Institutional and Community Organizations

- Chilean Association of Banks and Financial Institutions (ABIF)
- The Business Council of Latin America (CEAL)
- The Institute of International Finance, Inc. (IIF)
- ABC Deportes
- Pontificia Universidad Católica, School of Medicine
- AcciónRSE Foundation
- Astoreca Foundation
- Chile-España Foundation
- Chilenter Foundation
- Chilena del Pacífico Foundation
- Cristo Joven Foundation
- Debra Foundation
- Desafío Levantemos Chile Foundation
- Paz Ciudadana Foundation
- Teletón Foundation
- Villa Padre Alberto Hurtado Foundation

Annual Contributions to Foundations

- La Esperanza Foundation
- Mater Kidney Foundationn
- Hogar de Cristo Foundation
- Las Rosas Foundation
- Trabajo en la Calle Foundation
- Society for Assistance and Training in Protecting Children

Corporate Governance



Offices at Banco de Chile headquarters.

Ownership Structure

LQ Inversiones Financieras S.A. (LQIF) and Inversiones LQ-SM Limitada directly control 26.6% of Banco de Chile shares and indirectly control 24.5% through Sociedad Matriz Banco de Chile S.A., (SM-Chile S.A.). In all, LQIF and Inversiones LQ-SM Limitada hold 51.1% of the Bank's shares and voting rights. Under the strategic partnership agreement between Quiñenco and Citigroup Inc. for the merger by incorporation of Citibank Chile into Banco de Chile, Citigroup Inc. took a shareholding in LQIF, with an initial holding of 32.96%, which it later increased to 50%. An essential feature of this partnership is the agreement that Quiñenco will at all times continue to be the controller of LQIF and the companies that LQIF directly or indirectly controls.

Formed in 1996, Sociedad Matriz del Banco de Chile S.A. (SM-Chile S.A.) is a publicly-held corporation that was established to resolve the subordinated obligation with the Chilean Central Bank that resulted from the 1982-1983 economic crisis. SM-Chile S.A., which is the entity originally formed as Banco de Chile

in 1893, created a new wholly-owned subsidiary (currently Banco de Chile) to which it transferred its name, its assets and its liabilities, except for the subordinated obligation with the Chilean Central Bank. As of December 31, 2016, SM-Chile S.A. has a total of 16,426 shareholders who directly exercise their voting rights in the shares of Banco de Chile held by S.M.-Chile S.A. and its subsidiary Sociedad Administradora de la Obligación Subordinada S.A.

SM-Chile S.A. trades its shares on local stock markets and is governed by the provisions of Law 19,396 and regulated by the Superintendency of Banks and Financial Institutions (SBIF). Additionally, the Bank's stock is traded on local markets as well as the New York Stock Exchange under an American Depositary Receipts (ADR) program. As of December 31, 2016, there are 97,624,347,430 subscribed and paid shares.²

² For additional information regarding structure, ownership and control, see the 2016 Annual Report, pages 98 and 99.

Banco de Chile's Twenty Largest Shareholders as of December 31, 2016

Shareholders	% Ownership
Sociedad Administradora de la Obligación Subordinada SAOS S.A.	29.290
LQ Inversiones Financieras S.A.	26.320
Sociedad Matriz del Banco de Chile S.A. SM-Chile S.A.	12.434
Banco de Chile (on behalf of third parties)	3.266
Itaú-Corpbanca S.A. (on behalf of foreign investors)	3.056
Banchile Corredores de Bolsa S.A.	2.890
Ever 1 Bae SpA	2.248
Ever Chile SpA	2.248
J.P. Morgan Chase Bank	1.983
Banco Santander (on behalf of foreign investors)	1.809
Inversiones Aspen Limitada	1.556
A.F.P. Capital S.A.	1.111
A.F.P. Habitat S.A.	1.048
A.F.P. Provida S.A.	0.875
A.F.P. Cuprum S.A.	0.807
Inversiones Avenida Borgoño Limitada	0.601
Bci Corredor de Bolsa S.A.	0.513
LarrainVial S.A. Corredora de Bolsa	0.506
Inversiones CDP Limitada	0.476
Valores Security S.A. Corredores de Bolsa	0.373
Subtotal	93.409
Other shareholders	6.591
Total	100.000



Banco de Chile Board of Directors

Board of Directors

Corporate Governance Guidelines

External Regulations

- General Banking Law
- Corporations Law
- Securities Market Law
- Applicable standards issued by the Superintendency of Banks and Financial Institutions (SBIF) and the Superintendency of Securities and Insurance (SVS).

Internal Regulations

- General Corporate Governance Principles
- Code of Ethics
- Code of Conduct and Best Practices for Banks and Financial Institutions
- Asset Laundering and Terrorism Financing Prevention System

As in years past, efforts were made to strengthen corporate governance by having directors participate on various committees— a practice that has generated greater discussion and in-depth analysis of the aspects addressed and created an opportunity to enrich debate regarding the policies and guidelines that govern the Bank's business.

The board of directors, Banco de Chile's highest corporate governance authority, is comprised of eleven directors and two alternates. The complete board is elected every three years; thus, in 2016 there were no changes in its composition. The board meets twice a month, except in February, when it holds only one meeting. In order to preserve strong relationships outside Santiago, the board holds at least two meetings each year in other parts of Chile, taking advantage of the opportunity to visit corporate clients and branches. Additionally, the board assesses its performance annually using previously established scope and rating methods. The board's responsibilities include: establishing strategic guidelines; approving policies, procedures and mechanisms designed to meet the objectives of the corporate governance system; and appointing a Chief Executive Officer.

The board of directors approved the Bank's General Corporate Governance Principles, which summarize the principles of corporate governance it

upholds. These principles are based on its by-laws, its code of ethics, recommendations from international organizations and applicable laws (such as the General Banking Law, the Corporations Law and the Securities Market Law), and applicable regulations enacted by the SBIF and SVS. Similarly, these general principles complement the policies and internal procedures that the Bank has approved over time and aim to implement the corporate governance principles from the aforementioned sources.

Our corporate governance principles and standards strive to continuously improve internal self-regulation mechanisms, ensuring full compliance with current regulations, creating value for the Bank and all shareholders, directors, customers, employees, the community and the market in general, and working to ensure adherence to the corporation's values. They are also a system for self-regulation that provides behavior guidelines for the Bank's management and all employees, including at its subsidiaries.

Board of Directors

Name	Position	Serving Since	Date of Reelection
PABLO JOSÉ GRANIFO LAVÍN	Chairman	03-27-2007	03-24-2016
ANDRÓNICO MARIANO LUKSIC CRAIG	Vice Chairman	01-02-2002	03-24-2016
JANE FRASER	Vice Chairman	06-25-2015	03-24-2016
JORGE ALBERTO AWAD MEHECH	Director (1)	03-21-1996	03-24-2016
JORGE FELIPE ERGAS HEYMANN	Director	03-21-2002	03-24-2016
JEAN-PAUL LUKSIC FONTBONA	Director	04-11-2013	03-24-2016
SAMUEL LIBNIC	Director	04-09-2015	03-24-2016
GONZALO SEBASTIÁN MENÉNDEZ DUQUE	Director	03-29-2001	03-24-2016
JUAN ENRIQUE PINO VISINTEINER	Director	08-22-2013	03-24-2016
JOSÉ FRANCISCO PÉREZ MACKENNA	Director	03-29-2001	03-24-2016
JAIME LUIS ESTÉVEZ VALENCIA	Director (2)	03-27-2007	03-24-2016
RODRIGO MANUBENS MOLTEDO	Alternate Director	03-29-2001	03-24-2016
THOMAS GEORG FÜRST FREIWIRTH	Alternate Director (3)	11-25-2004	03-24-2016

(1) Independent director elected by minority shareholders

(2) Independent director elected by AFPs (pension funds)

(3) Independent director elected with own votes

Advisors to the Board

- Francisco Garcés Garrido
- Hernán Büchi Buc
- Andrés Ergas Heymann
- Arturo Tagle Quiroz

Board of Directors

The current board of directors was elected in March 2014. At the next election, in 2017, the entire board will be subject to reelection. The only change to the board relative to the previous year was the incorporation of a fourth advisor, Arturo Tagle Quiroz ⁴.

Compensation

Board compensation is approved annually at the ordinary shareholders' meeting and may include one or more of the following items: a fixed monthly honorarium, allowances for attending board or committee meetings, or an annual incentive set by shareholders that is subject to the Bank meeting earnings targets during the year.

Compensation for the members of the Directors' and Audit Committee, which is also set annually at the

ordinary shareholders' meeting, must be at least one third more than the compensation provided to ordinary board members. For the year ended December 31, 2016, the total amount paid in board fees was MCh\$ 2,486³. No provision has been established for pensions, retirement or other similar benefits for board members or other senior executives.

³ For further information on compensation, see the 2016 Annual Report, pages 218 and 219.

⁴ The Directors' curriculum vitae are available in the 2016 Annual Report.



The Board Room at Banco de Chile Headquarters.

Board Committees

Board Committees are comprised of one or more directors. They meet periodically to collaborate with the board through in-depth analysis of specific aspects to ensure that the Bank's highest authority has the information it needs to discuss and

approve policies and strategies. For a thorough description of the Board Committees and their responsibilities, see the 2016 Annual Report.

Committees

- Finance Committee (ALCO)
- Board Credit Committee
- Directors' and Audit Committee
- Asset Laundering Prevention Committee
- Superior Operational Risk Committee
- Portfolio Risk Committee
- Consumer Banking Committee
- Factoring Committee
- Leasing Committee

Senior Management

In 2016, the Commercial Division Manager was appointed Chief Executive Officer while the former CEO became an advisor to the board. This important change spurred other shifts in management and, ultimately, the design and implementation of a new Corporate Strategy that implied restructuring the entire organization. Another significant change was the splitting of the Commercial Division into three areas: Wholesale and Large Companies; Marketing; and

Commercial and Branches. The Special Business and Operational Risk and Processes Divisions were also created. The latter reports to the Directors' Committee and was created in response to an SVS recommendation.

Eduardo Ebensperger Orrego⁵
Chief Executive Officer

Joaquín Contardo Silva
Commercial and Branch Division Manager

Rodrigo Tonda Mitri
Marketing Division Manager

Juan Alberdi Monforte
Special Business Division Manager

Marcos D. Frontaura de la Maza
Wholesale and Large Companies Division Manager

José Miguel Quintana Malfanti
Corporate and Investment Division Manager

Juan Cooper Álvarez
Banco CrediChile - Consumer Finance Division Manager

Héctor Castagnoli Aracena
Corporate Credit Risk Division Manager

Juan Palacios Gómez
Operational Risk and Processes Division Manager

Felipe Echaiz Bornemann
Global Compliance Division Manager

Cristián Lagos Contardo
People and Organization Division Manager

Oscar Mehech Castellón
Controller

Nelson Rojas Preter
General Counsel and Secretary to the Board

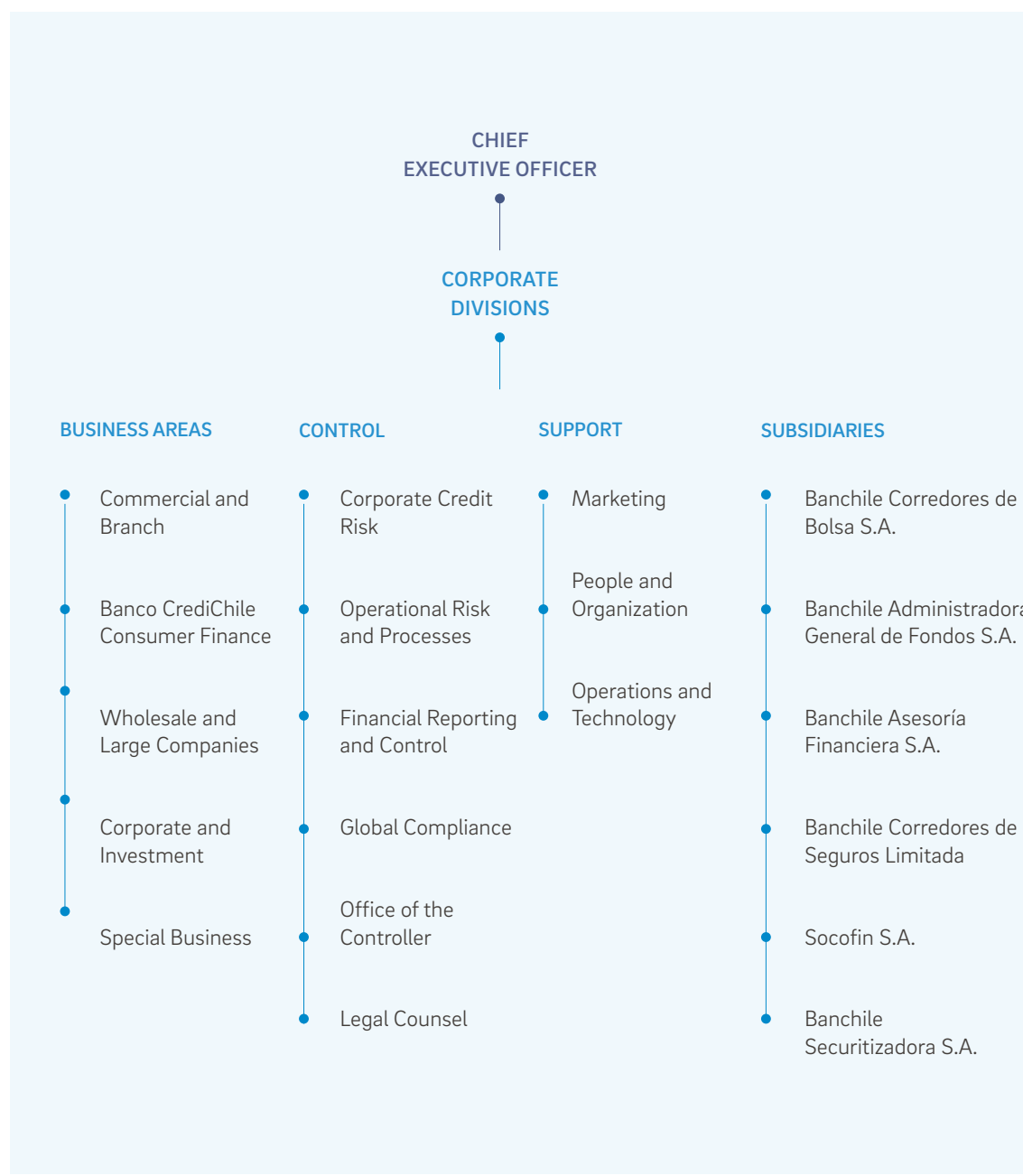
Rolando Arias Sánchez
Chief Financial Officer

Ignacio Vera Asis
Operations and Technology Division Manager

Hernán Arellano Salas
Chief Executive Officer of Banchile Corredores de Bolsa

⁵ The executives' curriculum vitae are available in the 2016 Annual Report.

Management Structure Banco de Chile



Guiding Principles

The board of directors is governed by Banco de Chile's General Corporate Governance Principles. The document addresses aspects of the board's duties and performance so that it can ensure compliance with the Bank's ethical principles, standards, internal guidelines and external regulations. These principles cover conflicts of interest, the directors' rights and responsibilities regarding information, as well as the role of the Chairman and the Board Committees. For directors, it establishes an obligation to keep confidential information about the Corporation's business and privileged information to which they have access due to their position.

Furthermore, it prohibits directors from acting upon opportunities for commercial gain that they learn about as a result of their position, to benefit themselves or related third parties, when such action would be detrimental to the Company. Similar restrictions apply to the members of the Board Committees and persons attending these meetings as guests or advisors. It also establishes guidelines regarding related-party transactions and how directors, members of Board Committees and board advisors must deal with potential conflicts of interest; credit operations with directors, senior executives and their spouses; dishonest practices; and use of insider information by executives, among other issues.

Following the enactment of the US Foreign Account Tax Compliance Act (FATCA), Banco de Chile also implemented procedures and controls to identify US Persons. In 2016, the

Global Compliance Division, which is autonomous and reports directly to the Directors' and Audit Committee, continued to spearhead efforts to implement and revise policies on personal investments, insider information, the code of ethics, fiduciary relationships, prohibitions on conditional credit products, mandatory absence, prevention of dishonest practices and the crime prevention model contained in Chilean criminal liability law, etc. Banco de Chile and its subsidiaries are certified in accordance with Law 20,393.

Banco de Chile's asset laundering and terrorism financing prevention policy details the roles and responsibilities, committee structures and processes for making decisions, gathering client information, monitoring transactions and reporting to the Financial Analysis Unit. This prevention process is applied to all businesses of both the Bank and its subsidiaries. In 2015 and in accordance with the newly added Chapter 1-16 of the Updated Compilation of Standards from the SBIF, the Bank approved a new corporate policy on Politically Exposed Persons. Also, the Policy on Donations to Political Parties and Candidates was repealed in 2016 in accordance with Law 20,900, which prohibits the practice. An explicit prohibition was also included in the Policy on Prevention of Dishonest Practices.

Policies and Procedures Approved by the Board in 2016

- Liquidity Risk Management Policy
- Website Policy
- Policy on Prevention of Dishonest Practices
- Prevention Model, Law 20,393
- Policy on Fair Value of Financial Instruments
- Operational Risk Policy
- Policy on Industry Concentration
- Policy on Additional Provisions
- Capital Management Policy
- Complex Products and Services Policy
- Accounting Policy
- Policy on Retail Segment Risk
- Policy on Wholesale Segment Risk
- Information Security Policy

Risk Management

Risk management is an integral part of Banco de Chile's strategic model for providing excellent financial services for each customer segment; therefore, it is an essential part of its value proposition.

The Bank's corporate governance model prescribes a high level of board involvement in all risk management matters. The board sets acceptable risk policies, guidelines and thresholds and senior management is responsible for controlling and upholding the board-established parameters.

In order to respond to market needs, industry changes and new regulations while properly managing overall financial and non-financial risks, the

board has formed committees with a qualified director participating on each. The Directors' Credit Committee and the Portfolio Risk Committee oversee credit risk; the Finance, International and Market Risk Committee addresses market risk; and the Superior Operational Risk Committee manages operating risks.

At the executive level, the Corporate Credit Risk Division, which reports directly to the CEO, is responsible for comprehensive management of credit and market risks for the Bank and its subsidiaries. It also seeks to manage, on an ongoing basis, threats that may affect the corporation's solvency and liquidity and, at the same time, to ensure that commercial plans are

followed with the most appropriate risk-return ratio.

In 2016, the bank created a special division in charge of operational risk that reports directly to the CEO, in order to focus on this risk area.⁶

⁶ For additional information on the Bank's risk management, see the 2016 Annual Report, pages 72 to 91.

Corporate Ethics



Aerial view of Banco de Chile Headquarters.

Ethics Management System

Banco de Chile's ethics and transparency system includes Ethics Committee activities, distribution of the Code of Ethics, training workshops on the Code and a reporting mechanism. The Ethics Committee is responsible for defining, promoting and regulating excellent professional and personal conduct, in line with the corporate philosophy and values, by all bank associates. It meets every four months and as necessary in the event of reported incidents or internal requirements.

In order to align all employees with the ethical guidelines, a training program called Let's Talk about Ethics (Hablemos de Ética), began in 2014. The workshop-based program, which is led by each department head, aims to generate open debate and

opportunities for group reflection on ethics case studies and in-depth analysis of the Code of Ethics itself. In 2016, an internal communications campaign was used to advertise an organization-wide Let's Talk about Ethics activity. As of year-end, the program had earned a satisfaction rate of 91% among the 8,457 participating employees and 1,009 supervisors. Additional monthly courses on regulatory standards, including ethics awareness, are a fundamental part of the induction process. In 2016, 505 people took the Code of Ethics course while 706 individuals participated in sessions on Regulatory Standards.

Regarding reporting channels, in addition to the Ethics Committee's e-mail address, complaints can be filed through direct supervisors or subsequent levels of management,

the Head of People and Organization or subsequent levels of management, the Labor Relations area or the People and Organization ambassadors at the branch network.

In 2016, the 13 reports or questions received via e-mail were channeled to the Ethics Committee for analysis and assessment. These e-mails are private and confidential. Anonymous e-mails are not processed.

Regulatory Compliance and Anti-corruption: Internal Control and Audit Systems

The internal control systems have been defined and are continuously evaluated by the board in order to ensure conservative management and effective auditing. To ensure audits are independent, the Bank has established a framework of action, a hierarchical structure and validation mechanisms for audit observations made and actions designed to resolve the issues. The board reviews all corporate policies and approves the auditing plan on an annual basis. It receives periodic information on the degree of completion. The Directors' and Audit Committee has been appointed by the board to regularly assess the quality of internal control systems and the internal audit function and build relationships and coordinate with external auditors.

In 2016, an advanced auditing system was created to provide a comprehensive, real-time view of risks and related controls.

The Bank's corporate policies are designed collectively by different areas and divisions depending on the subject of the policy. This design process is coordinated by the Global Compliance Division, which was formed following the merger of Banco de Chile and Citibank Chile. It is responsible for disseminating and enforcing Citibank's global control policies applicable to the Bank's operations, in addition to some local regulations arising from international agreements. In general, it is responsible for ensuring compliance with policies and guidelines that have a direct impact on the Bank's reputation.

It is also responsible for ensuring compliance with regulations to prevent asset laundering and terrorism financing. To do so, the Bank has a board-approved Asset Laundering and Terrorism Financing Prevention Policy, which details roles and responsibilities, committee structures and processes to be used for supervising, making decisions, gathering client information, monitoring transactions and reporting to the Finance Ministry's Financial Analysis Unit. The Bank also has a crime prevention model that establishes a series of obligations and a reporting hotline for employees and suppliers. The crime prevention matrix was used to assess the Bank's different processes; seven major risk focuses have been identified in association with their respective control processes.

In April 2016, the Bank completed the first phase of implementation of a world-class tool for corporate management of Governance, Risk and Compliance (GRC) aspects. This platform consists of modules for internal audit, operational risk, information technology, policies and regulatory compliance and internal control. The internal audit model was implemented during the first phase. The operational risk model is scheduled to begin operating in 2017.

This tool enables the Office of the Controller to manage audits for the entire organization in a comprehensive manner, facilitates communication of results of reviews and automates operations through work flows and configurable reports.

Also in 2016, the Office of the Controller finished defining key indicators for the Bank's control activities and implemented software that enables it to continuously conduct tests and communicate analysis results to process owners. This provides business lines with automatic, up-to-date information on the compliance of their controls.

BE
THE BEST
PLACE TO
WORK

Chapter

02

Employees

EMPLOYEES

CUSTOMERS

COMMUNITY

ENVIRONMENT

SUPPLIERS

ECONOMIC PERFORMANCE

47 Building the Best Place to Work

50 Labor Relations

51 People Management Strategy

63 Employee Health and Safety



11,891

Employees

Increase in Number of Employees Relative to 2015

4.9%

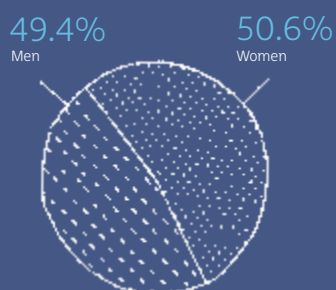
Metropolitan Region of Santiago

71.7%

Average Annual Turnover 2016

11%

Employees*



* This figure does not include Promarket or subsidiaries.

Unionization Rate

64%



Unionized employees

36%



Employees covered by collective bargaining agreements

Employees

Building the Best Place to Work

Highlights of this year's performance include reorganizing the People and Organization Division to reflect the Corporation's new strategic priorities, especially the challenges of making the Bank's operations sustainable in the medium and long term and strengthening relationships with different stakeholders in an increasingly dynamic and demanding environment.

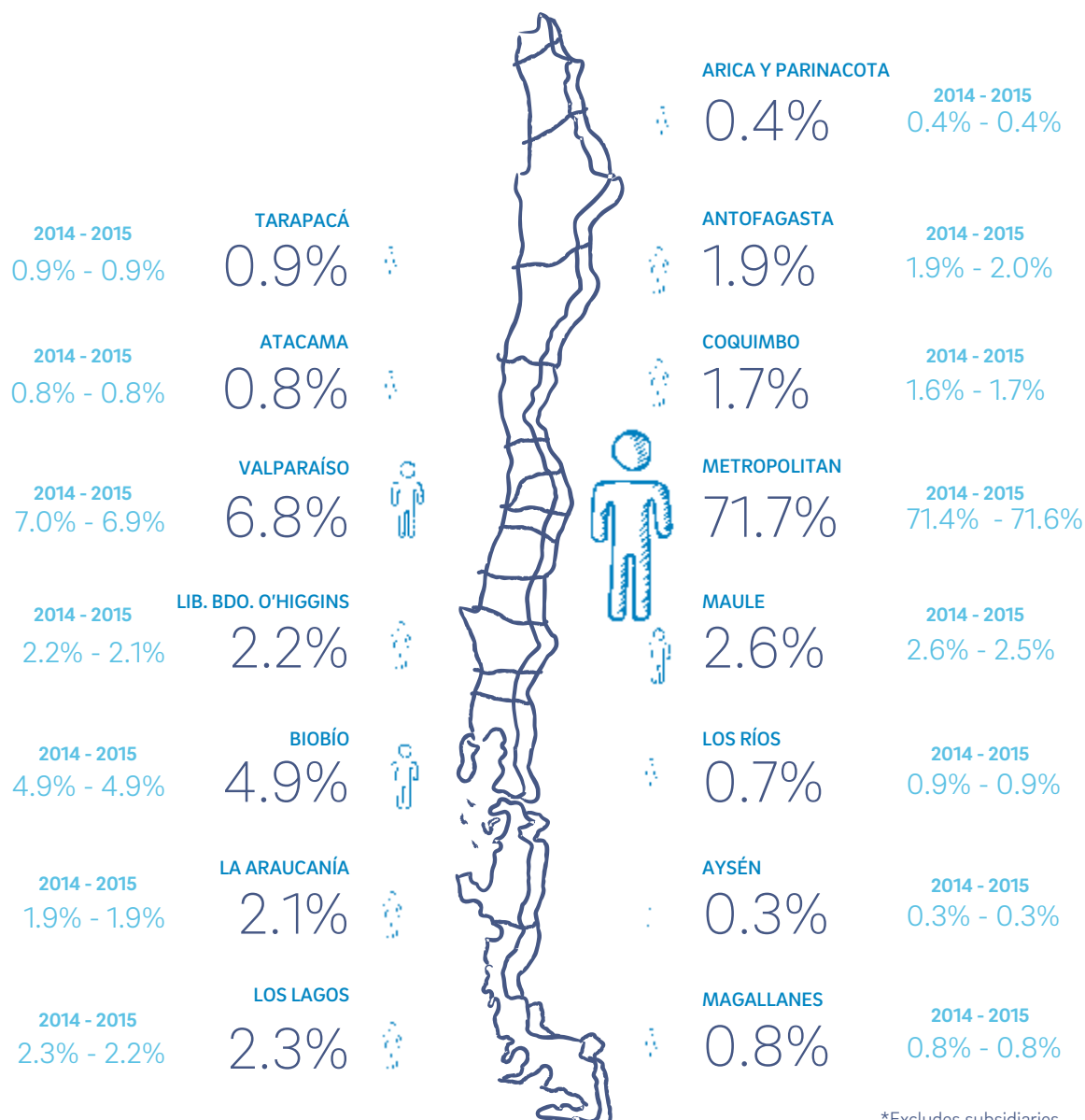
Thus, as of October, the Corporate Affairs and Sustainable Development Division became part of the People and Organization Division. This division is charged with designing, developing and implementing a sustainability strategy that reaffirms our commitment to Chile, manages our corporate reputation and establishes the necessary guidelines for ensuring that all the Bank's activities and decisions reflect its dedication and purpose.

Additionally, the division merged the organizational development and compensation teams to generate synergies in all processes and respond to personal and business needs with a more comprehensive vision, while creating a simpler, more efficient organization.

The People and Organization Division seeks to strengthen the customer focus of all commercial and support areas, while using improved performance assessment tools to identify and recognize outstanding performance. It strives to offer employees a challenging yet attractive workplace that allows them to develop their full potential and hone their skills.

This year the Bank earned second place overall and first place for the financial industry on Merco's Talent ranking— a study that measures and recognizes the country's leading companies in terms of attracting and managing talent.

Employee Distribution by Geographic Area (%)*









*Excludes subsidiaries.



Inclusion Program

The Bank's Code of Ethics rejects any form of arbitrary discrimination—whether on the basis of race, sex, religion, disability or other—as practices that are not acceptable within the Company's ethical framework. To reinforce these concepts, in 2016 the organization developed an inclusion program for people with disabilities and a policy aiming to encourage inclusion and participation. As a complement, cultural change workshops related to disabilities were offered to increase employee awareness of the issue.

Total Number of Employees by Type of Contract and Employer¹

2014		2015		2016	
					
INDEFINITE 5,466	INDEFINITE 5,491	INDEFINITE 5,524	INDEFINITE 5,477	INDEFINITE 5,566	INDEFINITE 5,461
FIXED-TERM 135	FIXED-TERM 98	FIXED-TERM 176	FIXED-TERM 146	FIXED-TERM 102	FIXED-TERM 70
TOTAL 11,190		TOTAL 11,323		TOTAL 11,199**	
SUBSIDIARIES 3,613		SUBSIDIARIES 3,654		SUBSIDIARIES 2,730	
TOTAL WORKFORCE 14,803		TOTAL WORKFORCE 14,977		TOTAL WORKFORCE 14,621	
				PROMARKET 692	12/31/2016 11,891**

*Includes Promarket, a subsidiary that was absorbed by the Bank on December 31, 2016.

** Does not include Promarket, a subsidiary until December 30, 2016.

Turnover by Age*

	2014	2015	2016
Under 30	14%	25%	25%
30 - 50	8%	8%	9%
Over 50	8%	4%	5%

Turnover by Gender*

	2014	2015	2016
Women	10%	11%	11%
Men	9%	11%	11%
Annual Average	10%	11%	11%

Turnover by Level*

	2014	2015	2016
Management	17%	5%	12%
Area Heads	6%	7%	7%
Professionals	10%	11%	11%
Technicians	12%	12%	12%
Administrative Personnel	8%	12%	12%

* Employee turnover is the percentage of employees who have left the Company in a given year (no. of employees who have left / no. of employees at the end of the preceding year x 100). Excludes retirements and deaths.

Diversity in Governance and Employees

Category/Level	2016				
	Men	Women	Under 30	30 - 50	Over 50
Management	117	25	0	87	55
Area Heads	931	613	26	1,095	423
Professionals	1,290	1,131	395	1,717	309
Technicians	1,153	1,809	602	1,948	412
Administrative Personnel	2,040	2,090	1,003	2,524	603
Total	5,531	5,668	2,026	7,371	1,802

¹ Note: This is the only table that includes Promarket employees in the total workforce at year-end. The rest of the quantitative data in the chapter is based on figures that include only Bank employees (excluding Promarket) as of December 30, 2016.

Labor Relations



Banco de Chile employees.

Banco de Chile's interaction with unions is governed by internal guidelines and commitments that comply with labor regulations and seek to guarantee full freedom of association. Moreover, the Bank explicitly rejects any act of discrimination related to access to work, continued employment, career development, wages, benefits, contract terms, etc.

The Bank safeguards against the disclosure of information relevant to the entire organization in terms of decision making or resolution of differences regarding how to address a situation with labor or union ramifications.

The Administration and Labor Relations Division manages relationships with the eight unions and is responsible for addressing issues relevant to

these groups as well as implementing initiatives that strengthen their leadership skills.

In 2016, security staff in Chile's 4th Region were offered a training program. Additionally, unions met with the new CEO and the Vice Chairman of the Board. The Joint Committee on Training was renewed with active participation by union leaders.

Unions

- 5th Region North Union
- 6th and 7th Regions Union
- 8th Region South Union
- Punta Arenas Union
- National Union
- Banco de Chile Union
- BAE Union
- Citibank Union

Union Statistics

	2014	2015	2016
% unionized employees	66	64	64
% employees covered by collective bargaining agreements	34	36	36

People Management Strategy

In order to positively influence how our employees face the challenges of the financial industry and improve the customer experience, Banco de Chile has focused on a project to align people, culture and strategy over the last four years. In 2016, efforts continued through the creation of the regional ambassadors program in Calama, Viña del Mar, Curicó, Talca,

Chillán, Concepción, Temuco, Pucón and Valdivia. Regional ambassadors collaborate in the Bank's cultural alignment and restructuring process. In 2017, the initiative is expected to expand to other areas of the country.

Aligning

People, Culture and Strategy Program



Human Capital for the Best Bank

Human Capital for the Best Bank is a cornerstone of Banco de Chile's strategy. Through it, the Bank manages and develops tools that strengthen its position as a good place to work in order to attract and retain the best professionals. The corporate trainee program, recognition system and benefits program stand out among these efforts.



Recruitment activity.

2016 Initiatives

- Career fairs in Santiago (17) and the rest of Chile (6) with more than 500 applicants.
- Six talks at different universities.
- Joined Get on Board, a search portal for digital talent in Latin America.

Attracting Talent

In order to attract high performing students and talented professionals, the Bank has undertaken different initiatives to promote the organization and attract talent. Similarly, once employees join the organization, opportunities for participation and recognition are needed to make them feel like part of an attractive organization.

In 2016, a significant portion of the actions to develop and retain talent consisted of maximizing skills through English classes, professional development seminars, leadership and communication strategy workshops. Graduate-level scholarships were also granted especially for this specially recruited group of employees.

This year, the Bank sponsored one of Chile's most important events for university students: For the past 39 years, the National Business Administration Conference (Jornadas Nacionales de Ingeniería Comercial,

JONIC) has welcomed the 200 best students from business administration programs at different universities throughout Chile. The participants address nationally relevant issues through presentations and debates. In addition to brand presence and participation at the career fair, the Bank gave a talk on business innovation that ended with an invitation to submit proposals for a customer loyalty program for the youth segment.

Positioning as the Best Employer Brand

Efforts continued to position Banco de Chile as a good place to work among students in business administration and industrial engineering programs at Chile's leading universities. Talks and breakfasts were held at universities and the Bank attended special events focused on this segment, like the National Business Administration Conference.

Corporate Trainee Program

The Corporate Trainee Program, which began three years ago, is an eight-month, mentor-supervised internship for graduates of civil engineering and business administration programs. In 2016, the eight interns worked on projects that sought to impact the Bank's strategic focuses. The nine professionals who participated in the 2015 program were all hired by different divisions of the Bank.

Benefits Program

MERCO TALENT RANKING

For the second straight year, Banco de Chile earned 2nd place on Merco's Talent ranking and 1st in the financial industry.

Banco de Chile has created and offers benefits that aim to help employees balance their personal and work lives, thereby improving quality of life. In 2016, efforts to publicize the benefits program continued. While 91% of employees were satisfied in 2015, employee knowledge of benefits was only 60%. In order to reach employees, the benefits team visited all the offices in the country and conducted complementary internal advertising campaigns.

Initiatives were also undertaken to facilitate employee access to benefits. One example is the new communication channels for information on comprehensive insurance coverage and other developments scheduled to be launched in 2017. Created in 2015, the www.esparami.cl website is one of the main tools for connecting employees to the benefits offered. In 2016, the site had more than 150,000 hits. Furthermore, this year, possible improvements were thoroughly reviewed and a new and improved site was designed to be presented in 2017.

Benefits fall into four categories:

Comprehensive Insurance

This benefit aims to provide economic support for health expenses, with coverage for employees and legal dependents, like their spouse or children. It includes supplementary health insurance, catastrophic insurance, dental insurance and life insurance.

Comprehensive insurance is one of the benefits that attracts the most inquiries and use. There were more than 340,000 requests in 2016. Given its popularity, it generates a significant volume of inquiries through various channels. A new communication channel, WhatsApp Seguro Integral, was created in 2016 to answer questions more efficiently. Since its launch on December 7th, 760 questions have been answered, and user feedback has been very positive.

Furthermore, in 2016, efforts to get employees to designate beneficiaries for their life insurance policies were redoubled. The number of people who had done so rose by 25% relative to 2015.

Quality of Life Programs

With its quality of life programs, the Bank supports workers and their families in a range of situations, providing access to professionals who respond to individual and group questions in a variety of areas.

The Orienta counseling program advised more than 4,000 employees and their dependents on psychological, social, housing, legal and insurance matters in 2016.

The diverse range of benefits offered through the Mi Salud health program were used approximately 7,000 times, both in person and remotely. The program benefits employees all over the country and includes medical exams and information, nutrition consultations and vaccinations.

Sports, Culture and Recreation

The Chileactivo benefits program offers employees and their families sports, cultural and recreational programs and activities. Activities in the Metropolitan Region are hosted in the Bank's stadium and other suitable locations.

In 2016, the infrastructure at recreational centers was improved to provide additional employee benefits, like hot tubs at the Graneros center and playgrounds in Algarrobo and Graneros. Additionally, new self-service software for cabin reservations was developed.

The BiciChile initiative continued in 2016, providing bicycle parking to encourage healthy lifestyles while providing an efficient solution to employee needs. BiciChile was in such high demand that its 150 spots were 100% occupied by year end. In total, 38% of users were women while 62% were men¹.



Recreation and Sports Centers:

- Las Brisas de Algarrobo vacation and recreation center
- Los Castaños de Graneros vacation and recreation center
- Banco de Chile Stadium sports and event center
- Agustinas physical fitness center
- BiciChile, bicycle rack



Banco de Chile stadium.



BiciChile facilities.

Other Benefits

This includes bonuses for the birth of a child, marriage, death, holiday bonuses, home purchase and vacation; uniform and tuition allowances as well as loans for medical expenses.

In 2016, in order to facilitate employee access to benefits, like bonuses and scholarship awards, Banco de Chile began designing technological solutions that improve the user experience when requesting benefits. In 2016, more than 879 bonuses (including marriage, birth and death) were paid; 214 medical loans were made; 9,259 tuition allowances for employee children and 559 with disabled dependent benefits, etc. were paid.

CHILEACTIVO PROGRAM

12 Sports programs for adults

6 Sports programs for kids

10 Cultural workshops (adults and kids)

Camps summer and winter

Managing Excellent Performance



Banco de Chile employees.

Managing Excellent Performance, the second pillar of our **Aligning People, Culture and Strategy Program**, includes instruments for assessing and measuring employee competence, payment of compensation, training processes and organizational climate.

Compensation

In order to maintain a competitive position in the job market that enables us to attract the best professionals, the Bank offers a total compensation model that seeks to recognize successful performance, ensure and maintain internal equity as well as external competitiveness, and favor professional development.

In terms of compensation, the 2016 emphasis was on strategic processes, like merit and proactivity. Banco de Chile focused on managing employees with high potential and anticipating market changes and pressures that could jeopardize the Corporation's development and growth strategy. It also emphasized efforts related to management processes, like promotion and development. In this

area, the Bank sought to support normal business growth and provide a timely response to needs arising from changes in roles, mobility and promotions as a result of the restructuring process.

Thanks to these efforts in 2016, 2,137 employees (19% of total workforce) received pay increases. All Banco de Chile employees with indefinite contracts received cost of living adjustments. As far as internal mobility, 810 people (7.2% of total workforce) received pay increases as a result of promotions and 503 for performance (4.5% of total workforce).

Additionally, in compliance with current legislation and Banco de Chile's compensation policy, the average minimum wage at Banco de Chile was 2.17 times the legal minimum wage in 2016. Thus, the Bank has managed to maintain its leadership in terms of minimum wages.

Regarding variable compensation, in 2016, the Bank focused on creating a customized work plan to gather perceptions and levels of satisfaction from employees and leaders in the commercial and management control areas in order to identify opportunities for improvement. These efforts were

Legal Minimum Wage v/s Banco de Chile Wages

	2014	2015	2016
Legal minimum wage	Ch\$ 225,000	Ch\$ 241,000	Ch\$ 257,500
Minimum wage at Banco de Chile	Ch\$ 560,000	Ch\$ 560,000	Ch\$ 560,000
Ratio	1: 2.49	1: 2.32	1: 2.17

designed to measure the effectiveness of existing incentive models and assess actions to improve the dimensions analyzed.

The work plan included quantitative analysis, work meetings and focus groups throughout Chile (with more than 400 participants in the Metropolitan Region and 223 outside Santiago). As a result, 80% of incentive models were enhanced; the new versions will be implemented in the first quarter of 2017.



Employees in the main foyer of Banco de Chile Headquarters.

Training and Development

Banco de Chile has developed programs that hone employee skills through voluntary training programs that promote self-management and continuous learning in order to ensure that the organization is staffed by highly qualified employees with continuously developing skills who are able to face the changes and challenges of the industry.

In 2016, the Bank expanded coverage and measurement of learning initiatives relative to years passed. It also formalized orientation courses for new employees joining the organization. During the year, 39,196 training activities were offered, reaching 100% of the Bank's total workforce. Of those, 3,210 were from outside Santiago, representing the total workforce outside the capital.

Strategic Priorities for Training and Development Programs

Orientation:

- A set of programs that seek to ensure that new employees have a good experience, that they get to know the Bank and the challenges of their position in order to help them adapt.

Regulatory:

- A set of courses on different (internal and external) regulations that employees must uphold depending on their role within the Bank.

Efficiency and Productivity:

- A set of programs that seek to leverage the strategic priorities of the Bank's different areas in order to provide more and better services to customers.

Development:

- Programs that seek to develop employees within Banco de Chile. The program is voluntary and self-managed and is designed to respond to employees' individual development concerns.

Leadership:

- Programs aimed at strengthening the skills of Banco de Chile supervisors.

Division-specific:

- Courses that aim to meet emerging division-specific needs that are not addressed in any of the five previous priorities.

All classroom sessions conclude with satisfaction surveys, which earned an average score of 6.8 (of 7) from participants in 2016. Furthermore, 47% of these workshops featured pre- and post-learning assessments to measure knowledge acquisition.

Orientation programs seek to ensure that new employees have a good experience, that they get to know the Bank and the challenges of their position in order to help them

adapt. This year, efforts focused on redesigning existing programs to align them with the corporate restructuring process and adjusting contents to meet business needs. New, more specific programs were created and designed to continue helping employees better adapt to their new jobs.

Total Hours of Training and Development

2014	2015	2016
288,886	208,472	307,685

Training and Development (h/h) by Level or Employee Category

	2015	2016
Management	1,995	3,630
Area Heads	28,768	38,502
Professionals	43,992	70,300
Technicians	56,873	78,202
Administrative Personnel	56,966	117,051
TOTAL	188,594	307,685

Challenges for 2017

1. Manage training and development activities in terms of their impact on the organization.
2. Increase presence outside of Santiago.
3. Migrate from a traditional teach-learn (transmitter → receiver) approach to one in which social and collaborative learning are cornerstones of employee development.



Banco de Chile employees.

Career Development and Performance Evaluations

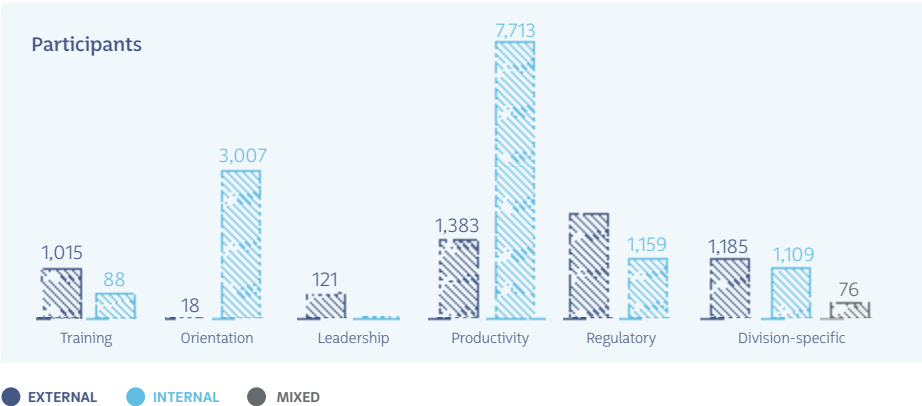
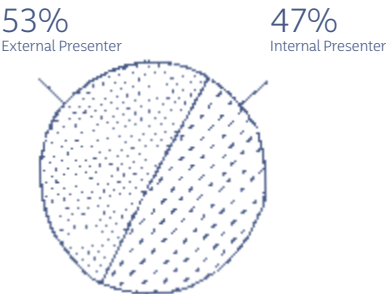
In response to the structural changes in 2016, the skill dictionary that is part of the performance evaluation and, consequently, the career development system, needed updating. Annual employee evaluations have been fundamental in spurring the professional drive that creates highly qualified professionals through specific work plans crafted between supervisors and each group member.

Given the importance and interrelation of the tools, in 2016 the basis for performance evaluations was analyzed in order to align it with the corporate strategy. New curricula was designed to systematize all the aforementioned priorities and leverage the professional future of specific positions through career development plans.

Internal Presenters

As a result of earlier training processes, 180 internal presenters taught courses in 2016, 50% of which regularly perform this type of activity. The following table illustrates the percentage of activities led by internal presenters and the number of employees reached per strategic priority.

Type of Activities



Internal Mobility

In order to promote equal access to employee development plans, the Bank encourages internal mobility in all its units. To that end, it has implemented development plans that enable employees to grow professionally, taking on positions through lateral mobility and promotions. The first quarterly reports on internal mobility

were issued in 2016. The main accomplishment was a 4% rise in internal mobility relative to 2015, climbing from 61% to 65% in 2016, despite a 32% reduction in the number of available positions. Furthermore, announcements for internal hiring processes rose 7 percentage points, from 9% in 2015 to 16% in 2016.

This is important because it promotes professional development within the Bank.

Internal Mobility

	2014	2015	2016
Development	415	587	509
Promotion	889	889	876

Workplace Climate

The same survey used in 2015 was used for the period under analysis in order to guarantee comparability of results. The survey received 10,260 responses, representing 92% of the total workforce qualified to answer. Both the final score and the overall

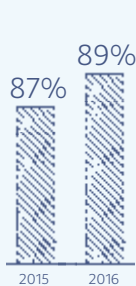
satisfaction score rose two points relative to 2015. The units that received the highest evaluations were recognized and the Bank took the opportunity to identify best practices that are replicable in other units of the Bank. Units with lower-than-expected

scores will design and implement a climate plan in 2017.

Climate Survey Results

The following table shows the Final Score and Satisfaction with Banco de Chile—an average of the survey's four dimensions (satisfaction, climate, commitment and culture).

Final Score



Satisfaction Score



Banco de Chile's Style

Banco de Chile's style is reflected in its ethics, leadership program and internal communications process. In 2016, we worked with new supervisors to strengthen organizational culture and spread the corporate strategy through all internal communication media.

Ethics

The Bank organized the Annual Ethics Activity for the third consecutive year. The board game, moderated by supervisors, attracted considerable employee participation². This initiative was reinforced by a corporate communications campaign to report and share its results and to make ethical issues a topic of internal conversation.

Leadership Program

In 2016, the leadership program focused on new supervisors, both those promoted internally and new hires, in order to teach supervisors how the Bank expects them to lead their teams and to reinforce corporate values, aspects of social conduct, and fundamental worker rights. This year, 185 new supervisors participated.

Internal Communications

At Banco de Chile, internal communication has four objectives: to inform, align, integrate and commit the organization. In 2016, internal communications focused on connecting the organization with the purpose, strategic challenges and organizational culture; committing employees to strategic initiatives, and being the driving force behind the different change processes.

The Company maintained the editorial line created in 2015 of "The best place to work and the best Bank for our customers." Different communication plans were developed to align and generate commitment in areas like Service Quality, Innovation, Organizational Structure Projects, Operational Risk, Customers, Benefits and Quality of Life, among others.

A special model for the commercial area to deliver commercial messages to branches earned a 75% satisfaction rate from branch users. The Intranet was also redesigned and two new communication channels were created—Intranet videos and IntraGram—to enable user feedback through comments on videos or photographs.

The Bank organized the Annual Ethics Activity, consisting of a board game, moderated by supervisors,



INTERNAL COMMUNICATIONS SATISFACTION SURVEY

83%

Overall satisfaction

87%

Satisfaction with the Intranet

which attracted considerable employee participation. This initiative is reinforced by a corporate communications campaign to report and share its results and to make ethical issues a topic of internal conversation.

The results of internal communications efforts are measured annually through a survey on employee satisfaction with internal media, as well as their perception and the value they place on it. It also measures the contribution of communication media to knowledge and understanding of the Identity and Strategy, Business and Customers and aspects of Personal Development and Wellbeing. The 2016 results were 83% overall satisfaction and 87% satisfaction with the Intranet.

² For further program details, see the Ethics Management System section of this report, page 38.

Employee Health and Safety

The Risk Prevention and Occupational Health Area is responsible for developing procedures and techniques to detect and identify potential hazards for employees while implementing mitigation and control measures. To that end, it organizes training sessions, conducts ongoing control audits and monitors compliance. Likewise, as mutually agreed with the Bank's unions, all employees regularly receive educational material on issues like: work-related accidents, traffic accidents and professional illness, work-related accident and professional illness insurance and Mutual de Seguridad health care centers.

Accident rates in 2016 were outstanding, once again placing Banco de Chile in the lead among banks belonging to the Chilean Chamber of Construction's Mutual de Seguridad. Additionally, Banco de Chile presented its accomplishments after applying the Ministry of Health's Protocol on Psychosocial Risk Surveillance at the 2016 Summit International seminar.

All branches have an Internal Security Body to address crime prevention matters. These bodies meet regularly to discuss issues related to the prevention of criminal activity, as

well as protocols and procedures for incidents like assault, robbery and unauthorized trespassing, among others. Furthermore, a criminal incident involving threat, aggression or personal injury activates the Mutual de Seguridad's Critical Incident Rescue Team Program, which begins by containing people in a state of shock.

An awareness program was also implemented to assess the scope of the newly enacted National Policy on Occupational Health and Safety within the Bank. This policy, like other new regulations on occupational health, poses significant internal challenges to establish safety goals. As of 2017, the sales force belonging to subsidiary Promarket will become part of Banco de Chile, making it impossible to compare indicators with prior years. Consequently, the commitment for 2017 is to continue reducing workplace accidents and to adopt the goals established in Chile's National Policy on Occupational Health and Safety.

Safety Goals for 2020

- To reduce the accident rate from 3.7% in 2015 to 3% in 2020.
- To drive down the mortality rate from 4.4% for every 100,000 employees in 2015 to 2.5% in 2020.
- To reduce traffic accidents from 1.09% in 2015 to 0.8% in 2020.



Employees participating in a risk prevention activity.

Occupational Health

The most recurrent professional illnesses are those associated with upper extremities (arms, elbows, wrists and hands). Tendinitis is the most frequent, especially among tellers and sales executives. The Bank implemented the Ministry of Health's Protocol for Surveillance of Skeletomuscular Disorders in the Upper Extremities three years ago to prevent these illnesses.³ The maintenance, architecture, acquisition, and people and organization areas are responsible for implementing action plans where risk factors were detected. In 2016, the Bank set ergonomic technical specifications for purchasing chairs and work tables, made improvements to desks and increased the availability of ergonomic elements and accessories (wrist supports, gel pads, foot rests, stands to adjust the height of PC monitors, etc.)

Furthermore, those who have been diagnosed with a professional illness are added to a monitoring plan that includes comprehensive workstation assessment and corresponding improvements, if risk conditions are observed.

The complementary advising offered by the Risk Prevention Area focuses on improving work station organization because, in most cases, skeletomuscular problems are caused by elements on the desk that affect ergonomics. It is important to note that 100% of the Bank's work stations meet a standard designed to mitigate workplace injuries.

In 2016, only one single professional illness, resulting in 21 lost days, was recorded. This is relevant for the Company given the number of people exposed.



Occupational Health Goals

- To uphold the new Policy on Occupational Health and Safety.
- To safely complete the process of incorporating Promarket employees. The increased number of employees, primarily concentrated in the sales force, could cause a rise in traffic accidents. New training will be offered and protocols must be standardized.
- To continue applying the Psychosocial Risk assessment to all employees in order to implement the new protocol on the matter.

Safety and Occupational Health Indicators

	2014	2015	2016
Accident rate	0.72	0.64	0.51
Claims rate	9.32	8.78	8.46
Severity index	34.11	34	32.86
Frequency index	2.86	2.52	2.02
Total days lost	967	972	945
Days lost to professional illness	82	24	21
Fatalities	0	0	0

³ <http://web.minsal.cl/portal/url/item/dbd6275dd3c8a29de040010164011886.pdf>



Employees in the main foyer at Headquarters.

Joint Committees

Banco de Chile has 45 joint committees, which represent all its employees in accordance with Law No. 16,744. These committees operate according to an annual work and meeting plan. In addition to their regular activities, the committees collaborated on the implementation and fulfillment of four occupational health protocols established by the Ministry of Health: Psychosocial Workplace Risk Surveillance; Manual Handling of Loads; Surveillance of Skeletomuscular Disorders in the Upper Extremities; and Occupational Noise Exposure. The support role played by the committees is of utmost importance as these four protocols directly impact the Bank's operations.

Furthermore, the Joint Committees on Hygiene and Safety were trained on the Ministry of Health's protocols in 2016. They joined the National Working Group, through which they submit observations directly and serve as a channel for communicating with the employees in the branches that elected them.

Joint Committees*

	2014	2015	2016
Percentage of employees on joint committees	54	56	56
No. of joint committees	39	42	45

*The table shows the Joint Committees and percentage of employees they represent. Variability is expected for this type of committee since branches with 25-26 employees can be affected by a change in just one employee. (These committees must be formed in work centers and/or branches with a total workforce exceeding 25 employees.)

TO BE
THE BANK
WITH THE
HIGHEST
SERVICE
QUALITY

Chapter

03

Customers

CUSTOMERS

COMMUNITY

ENVIRONMENT

SUPPLIERS

ECONOMIC PERFORMANCE

69

Products and Services

76

Concerned with Quality

79

Transparent Customer
Communications and Information



2.12 million

Active Customers

Net Promoter Score

74.48%

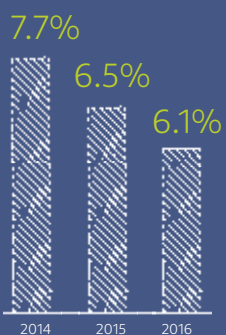
2016 Attrition Rate

6.1%

2016 Complaint Index

1.6 *for every 10,000 customers

Attrition Rate



Total Active Customers at Year-End 2016

900,000
CrediChile customers

1,200,000
Retail and SME customers

20,000
Large companies, corporations and multinationals

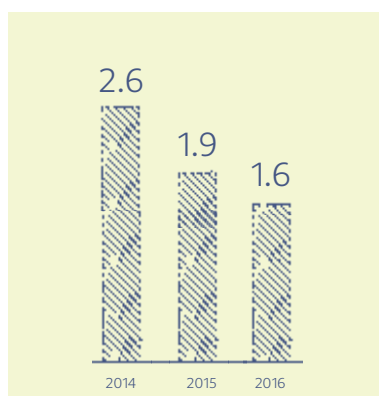


Products and Services

2016 NET PROMOTER SCORE

74.48%

Complaint Index*



*for every 10,000 customers

Banco de Chile's value creation model offers comprehensive solutions to meet the lending, savings, investment, advising and cash management needs of individuals and companies of all sizes. The scale and diversification of our businesses, combined with market leadership and international connectivity, among other strengths, enable the Bank to cultivate long-term relationships with customers, generate significant economic value for its shareholders and create development opportunities for associates and the community.

Banco de Chile's commercial strategy aims to build long-term, trust-based relationships with customers, anticipating their needs and delivering differentiated solutions with quality, flexible and comprehensive service.

In 2016, the Bank underwent a strategic change bring a global perspective to its customer-centered business vision and strengthen a value proposition focused not only on attracting new customers, but on harnessing their potential at each stage of their life. The Marketing Division was created as an overarching area responsible for marketing, digital banking and customer relationships for the entire corporation. Subordinate divisions were added to serve the retail and companies segments, each of which is responsible for providing a suitable and timely value offering for each subsegment.

In order to build long-term, trust-based relationships with customers, a plan to differentiate the service experience was implemented in 2016. Under the plan, customers are advised by their account executive, who serve as the

Bank's representative responsible for meeting customers' real needs.

In light of the current digital era, great efforts have been made in digital banking. The new, totally redesigned platform includes a complete suite of mobile applications that serve a broad range of customer transactions and needs. Multichannel and omnichannel approaches have been a cornerstone of innovation at Banco de Chile.

The Bank analyzed its retail banking customers in order to get to know them better and improve segmentation, which in turn helps the Bank identify each customer's lifecycle stage and thus provide a better value offering.

These efforts have resulted in greater preference for the Bank and higher customer loyalty, reducing attrition rates, improving complaint indicators and driving up net promoter scores.

At year-end 2016, Banco de Chile had 2.12 million active customers, 900,000 of which were served by CrediChile; 1.2 million were middle to high-income individuals and SMEs; 20,000 were large companies, corporations and multinationals.

Retail Market

Retail and SME Segment

OFFERS PRODUCTS AND SERVICES FOR:

- Middle to high-income individuals.
- Small and medium-sized companies with annual sales of up to Ch\$1,600 million.

Performance in 2016 Retail Segment

Management efforts in this segment are focused on providing a value offering for each type of customer. The service model for high-income individuals was modified as the Bank moved toward Private Wealth Management, an exclusive service model specially designed to serve Banco de Chile and Banco Edwards Private Banking customers with higher net worth. The model, which focuses on managing investments, serves customers through a team comprised of an investment expert and a banking services specialist.

The service model and value offering for the consumer and medium to low-income segments was reformulated to make the Bank's offer more competitive in relation to other banks that have positioned themselves in the medium-income segment.

We continued to deepen the digital channel line-up with customers and made an important change to the internet service platform, which was well received by customers and had minimal impact during the migration phase.

Two new mobile applications were also launched: Mi_Pass allows Bank customers to authorize transactions from their cell phone while Mi_Plata enables customers to manage their children's allowances safely and easily. These applications have also been well received by customers, as reflected in the more than one million downloads and over 20 million transactions logged in 2016.

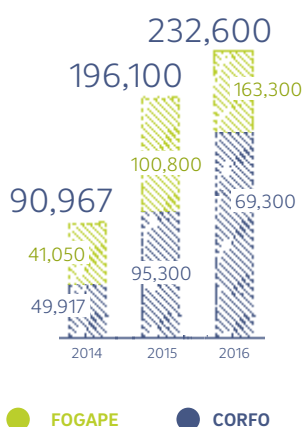
In recognition of its ongoing innovation in mobile applications and content, the magazine Global Banking and Finance Review named Banco de Chile the Best Digital Bank and Best Mobile Bank in Chile for the second straight year in 2016. This is in addition to the World Finance Digital Banking Awards 2016, where it was recognized for the first time as the country's best digital institution and the bank with the best mobile application.

These advances in innovation are complemented by a redesigned retail customer loyalty program and a newly launched partnership with Iberia airline, which provides service to

Europe. This is in addition to existing partnerships with Delta and Sky. Through these partnerships, the Bank's credit cardholders cashed in more than 53 million dollars, accumulated through purchases, for kilometers or national and international fares.

Similarly, efforts were made to expand Delta's SkyMiles program for the SME segment. A similar partnership, targeted toward domestic business travel for SMEs, was also signed with Sky airlines.

Government-Backed Loans in MCh\$: 2014-2016



Performance in 2016 SME Segment

In 2016, the Bank's efforts to maximize the growth and progress of small and medium enterprises continued. In this context, the commercial segmentation was reviewed in order to adjust the value offering to the current, specific needs of each small and mid-sized business. This strategy is based on the concepts of advising, flexibility, closeness, training and financing.

In terms of improving SME access to loans, the Bank was recognized by the Guarantee Fund for Small and Medium-Sized Enterprises as the financial institution that made the largest contribution to FOGAPE funding¹. It granted more than 9,000 loans for more than Ch\$151,000 million, achieving 28% market share in amounts financed through this government guarantee.

In advising and training, new partnerships were signed with Pontificia Universidad Católica de Chile's executive education program, Clase Ejecutiva. This is in addition to existing partnerships with Universidad Adolfo Ibañez's Compite program, Endeavor - eClass and Universidad de los Andes's Business Development Program. Through these alliances more than 3,000 small and mid-sized business owners were trained via classroom and e-learning sessions in 2016. Meanwhile, nearly 8,000 SME customers attended 72 meetings, seminars and talks hosted throughout the country.

2017 Challenges

In 2017, the strategic challenges for the SME segment are:

- To continue promoting the use of state-backed loans, which facilitate access to credit;
- To continue enhancing and improving our meetings, seminars, talks and workshops, presenting on key issues that help our customers make decisions;
- To increase customer awareness and utilization of our training and advising partnerships;
- To focus on ties, closeness and service quality;
- To strengthen leadership in all regions throughout Chile;
- To maintain and promote a multichannel approach and access to Bank products through digital banking and mobile applications.

¹ <http://ww3.bancochile.cl/wps/wcm/connect/banca-pyme/portal/financiamiento+pyme/capital+mediano+y+largo+plazo/creditos/fogape/cp+-+content+-+finanpyme+-+medlar+-+creditos+-+fogape>.

Consumer Finance Segment

Banco CrediChile

OFFERS PRODUCTS AND SERVICES FOR:

- Employees and retirees in the C3 and D socioeconomic segments
- Micro-entrepreneurs

Banco CrediChile offers a wide range of financial products and services, including consumer loans, credit cards, mortgage loans, micro-entrepreneurial loans, debit accounts, life and general insurance, direct deposit and savings accounts.

Performance in 2016

Banco CrediChile, Banco de Chile's consumer finance division, is committed to expanding access to financial services. That is why CrediChile has developed several initiatives to strengthen its service offering, including "CuentaChile", a debit account that expands bank usage. It gives users access to diverse products and benefits (e.g., withdrawals, savings and discounts), as well as an extensive network of 126 branches throughout the country.

In 2016, the national network of 2,374 Cajas Chile terminals extended its correspondent system to reach 275 towns (78% of Chilean municipalities), many of which are located in remote areas.

Banco CrediChile's main purpose is to "support the working middle class and its entrepreneurs". It strives to go from being a transactional bank to a customer-focused relationship bank that not only serves individuals, but also micro business and other customers through corporate agreements with domestic companies.

Another noteworthy milestone was the First National Entrepreneurship Contest, launched in conjunction with Desafío Levantemos Chile, which drew more than 16,000 applications.



Store with a CajaChile.



CrediChile products.

2017 Challenges

There are three main categories of strategic challenges that continuously guide Banco CrediChile's operations:

1. Customers, the Bank seeks to strengthen the value proposition, consolidating Digital Banking and Caja Chile, while maximizing the customer experience;
2. Seeking efficiency by streamlining processes and optimizing operational excellence;
3. Commitments to Society, the Bank aims to continue demonstrating corporate social responsibility through communicational transparency and financial literacy programs. These initiatives are in addition to other assistance provided to the community.

Wholesale Market

Wholesale, Large Companies and Real Estate Segment:

OFFERS PRODUCTS AND SERVICES FOR:

- Chilean companies with annual sales between Ch\$1,600 million and Ch\$70,000 million.

Meets customer needs through four specialized areas offering a complete range of products, including: Commercial Loans, Payment Products, Foreign Trade, Leasing, Factoring, Treasury Products (like Spots, Forwards, Structured Products), in addition to Asset Management and Financial Advising.

Performance in 2016

In a year filled with great challenges, a new division manager was appointed to continue the strategy of forming closer customer relationships. As of year-end, data from internal and external measurements showed an increase in the number of visits (more than 20,000) as well as improved relationships and net promoter scores, thereby making the Bank the market leader.

This boosted cross-selling with the retail banking segment, generating significant volumes of new customers for both CrediChile and private banking. Tight competition, reflected in a rise in the number of banks in Chile, makes this particularly noteworthy.



Customers at a Banco de Chile event.

2017 Challenges

In 2017, the focus of strategic challenges for the Wholesale, Large Companies and Real Estate banking segment are:

- To consolidate the model of wholesale and retail segment collaboration in order to harness the Bank's potential to link the two through supplier payment services, direct deposit products and the private banking value offering;
- To continue to strengthen the systematization and business intelligence model as the core of business development;
- To increase efficiency and commercial productivity;
- To develop specialized solutions and optimize remote customer service channels;
- To maintain levels of customer service quality and preference.

Corporate and Investment Segment:

OFFERS PRODUCTS AND SERVICES FOR:

- Chilean companies with annual sales over Ch\$70,000 million.

The Corporate and Investment segment offers its customers products such as variable term financing; transactional banking services such as current account management, payments, collections, representation and asset custody both in Chile and abroad; investment banking and capital markets products and financial risk hedging (derivatives) as well as advisory services for initial public offerings, capital increases, sales and purchases of blocks of shares, private capital placements, public share tenders, mergers and acquisitions, company valuations, bond issuances, and syndicated loans. It also manages business relationships with correspondent banks, giving the Bank access to international bank financing sources, as well as various bank-to-bank business deals.

Performance in 2016

Corporate banking was restructured in 2016. A new division manager was appointed, which spurred several structural changes to make the division more horizontal and bring it closer to its customers. Results included more than 1,600 customer visits as well as good net promoter scores and service quality indices, thereby enabling the Bank to consolidate its market leadership in the area. On the other hand, the Bank managed to maintain the industry's largest market share and best customer relations indicators, which reflects its capacity to advise and develop the best proposals for its customers. Examples include allotment of important bond mandates and its important role in the origin and execution of the market's largest project finance deal in 2016.

This boosted cross-selling with the retail banking segment, generating significant volumes of new customers for both CrediChile and private banking. Tight competition, reflected in a rise in the number of banks in Chile, makes this particularly noteworthy.

2017 Challenges

In 2017, the strategic challenges for the Bank's Corporate and Investment Division focused on maintaining leadership through:

- Providing the best local, regional and global solutions for customers;
- Innovative, comprehensive and personalized products and services;
- Simple and effective distribution of products and services with strategic advising for customers;
- Support for local customers with regional business ventures and for multinational corporations investing in Chile;
- Developing a strategy of continually evolving solutions and customer service in remote channels.

Treasury Division

THE TREASURY DIVISION'S BROAD RANGE OF ASSET AND LIABILITY MANAGEMENT PRODUCTS ARE MAINLY DIRECTED AT:

- Institutional investors, multinational entities, corporations, wholesale customers and large companies.

Performance in 2016

This year, the Treasury Division underwent changes to adapt to the new regulatory environment (Dodd Frank, Volker Rule, EMIR and local liquidity regulations). For treasury sales and structuring business, the focus on retail banking was strengthened; efforts to develop the Large Companies and Corporate segments also continued. On the other hand, efforts to diversify sources of funds abroad continued and, as a result, US\$380 million in bonds were issued in 2106 on the Japanese and Swiss markets.

2017 Challenges

In 2017, the focus of strategic challenges for the Treasury Division are:

- To use financial products to generate solutions for customers;
- To increase coverage of the currency trading platform;
- To expand distribution capacity of Sales and Structured Products Area;
- To continue diversifying sources of financing.

Subsidiaries

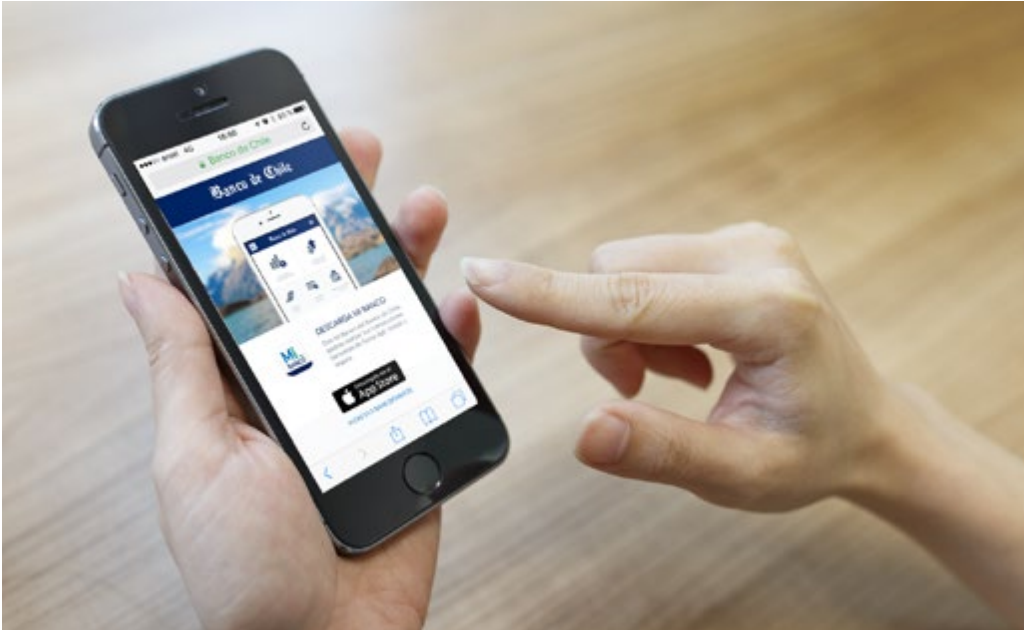
SUBSIDIARIES OFFER FINANCIAL SERVICES TO COMPLEMENT OUR CORE BANKING ACTIVITIES. THEY ARE LISTED BELOW:

- Banchile
 - › Administradora General de Fondos (AGF)
 - › Brokerage Subsidiary
 - › Insurance Brokerage
 - › Asesoría Financiera (Financial Advising)
 - › Securitization
- Socofin

It is important to note that on December 30, Promarket was dissolved and absorbed by Banco de Chile. Previously, the subsidiary was responsible for attracting new customers through a team of pre-evaluation executives.²

² For further details on subsidiary performance, see the 2016 Annual Report.

Concerned with Quality



Advances in digital banking.

Quality Service

Banco de Chile aspires to be number one in service quality, lead in net promoter score, understand and anticipate customer needs, and shift its focus from product to customer.

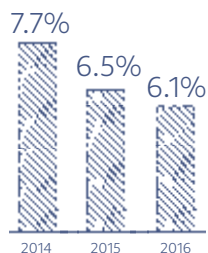
In line with these goals, the internet channel was strengthened in 2016, thereby improving the customer experience with simpler, user-friendly and complete information as well as shorter wait times for obtaining information or performing transactions. Processes were also redesigned to make service times and the customer experience more efficient. As evidenced by today's customers' awareness and use of all service channels, the impact of the multichannel approach was maximized. The next pending challenge

will be to improve technological platforms.

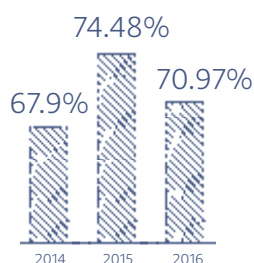
As a result of these efforts, the Bank saw its net promoter score grow by 3.51 percentage points to a net score of 74.48%. It also experienced improvements in satisfaction ratings for all service channels.

The improved net promoter scores for all the Bank's target segments were reflected in syndicated industry studies showing Banco de Chile's leadership in segments like SME Banking, Large Companies, Wholesale and Real Estate.

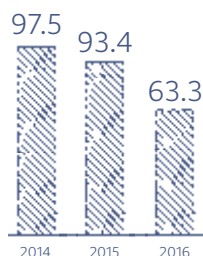
Cumulative Attrition (2014-2016)



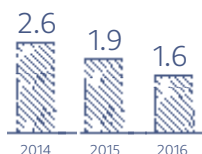
Net Promoter Score (NPS)*



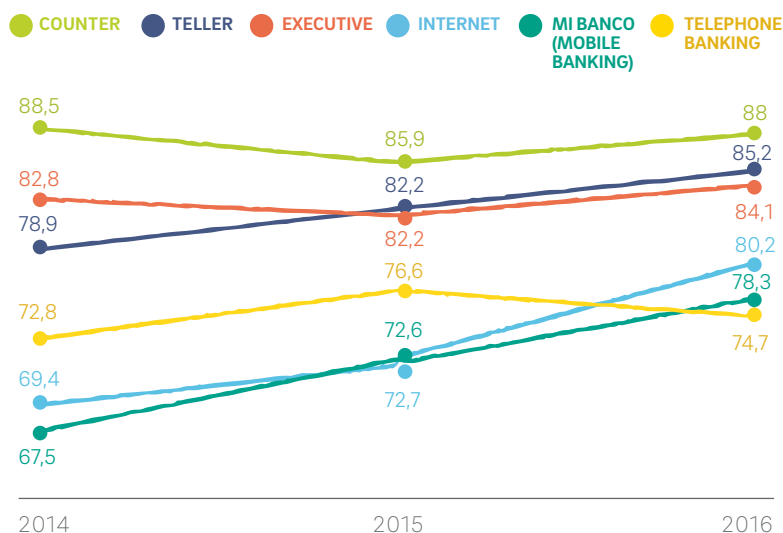
Number of Problems⁵ and Complaints⁶ (2014-2016)**



Formal Complaints Received**



Customer Service Channel Satisfaction (in % for 2014-2016)



The Bank's service satisfaction measurements³—broken down by channel—show an increase across all service channels. Furthermore, the customer attrition rate dropped 0.4 percentage points relative to the prior year.

In terms of complaints, it is worth noting that Banco de Chile's SERNAC complaint rate⁴ continues to fall, placing 4th in the industry, making it one of the banks with the lowest complaint rates. This downward trend is also reflected in the complaint index per 10,000 customers, which came in at 1.6 at year-end 2016, down 0.3 points relative to 2015.

Banco de Chile has tools that log all the problems and requests that customers file through the various channels of communication. At the end of 2016, 66.3% of requests were received through telephone or internet banking, reaffirming customer preference for remote service channels.

³ The 2015 NPS is the result of 67,608 customer surveys.

⁴ Rate for every 10,000 debtors.

⁵ A problem is a customer need that is resolved and, therefore, does not become a complaint.

⁶ Complaint: When the customer contacts a channel and his or her request is not resolved, it becomes a complaint submitted through one of the Bank's different channels.

*Net value

** (For every 10,000 customers)



Advances in digital banking.

Customer Requests, by Channel (2016)

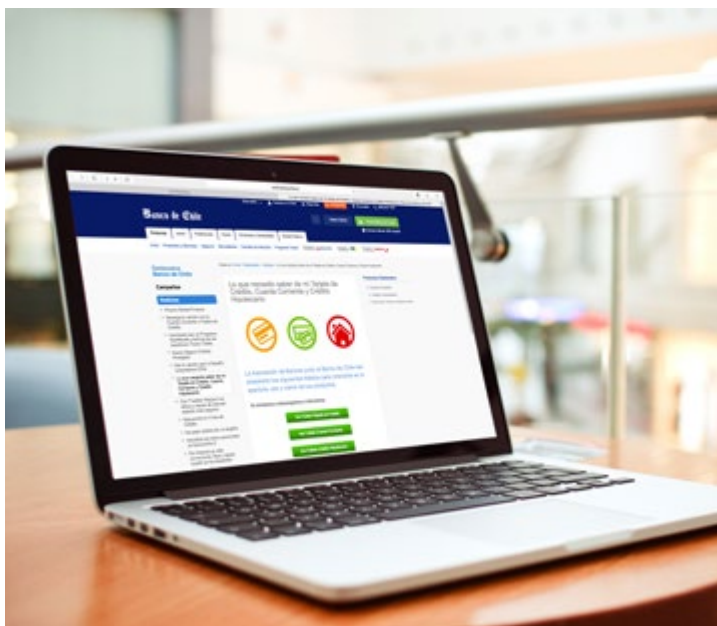
Channel		% of Requests Received
Problems	Telephone Banking	41.9%
	Internet	24.4%
	Branch, Executives	23.2%
	Branch, Operations	8.9%
	Internal Channels	1.6%
Total Problems		100%

Security and Trust

Some of the Bank's main attributes are reliability, solvency and security. Thus, efforts have been focused on optimizing operations and enhancing security. To that end, in 2016, the Bank worked on establishing indicators for controls that measure security and the progress on evaluating the Bank's processes.

Additionally, in 2016, the Bank completed the process of replacing all its ATMs, making them the first in the industry to meet the new regulatory standards and provide enhanced security to ATM network users. This accomplishment is in addition to its industry leading position in ATM uptime.

Transparent Customer Communication and Information



Information about products and services is available on Banco de Chile's website.

The principle of transparency is established in the Bank's Code of Ethics and the Transparency Policy⁸, which applies to Banco de Chile and its subsidiaries. It is embodied in a set of standards and protocols used to facilitate public access to all information regarding the conditions of the Bank's products and services.

Banco de Chile endeavors to uphold the highest transparency standards—those that demand the greatest and best access to information—recognizing the benefits of the Transparency Principle as a management tool.

Similarly, the Bank seeks to provide sufficient information regarding the prices, conditions and features of its

financial products and services so that customers can use it as a basis for informed decision making.

The Bank's Transparency Policy establishes that the commitment to transparency is the duty of all Banco de Chile employees and that the organization will ensure that information for customers is clear, complete, relevant, reliable, comparable, timely, free and easy to access.

The Bank is especially committed to the integrity of the information that appears in all mass advertising. It insists that they include clear, transparent language, relevant conditions and any restrictions that may apply.

The Bank has had a Corporate Customer Defense Unit for the past four years. This unit works internally to watch over customer interests and the Bank's image. Its pillars of action are Transparency, Ethics and Clarity.

In 2016, an Appendix⁹ entitled "Script Procedures" was added to the Transparency Policy. The appendix establishes that the Corporate Customer Defense Unit and the General Counsel must review and validate sales scripts in order to ensure that they are clear, easily understood and transparent.

Since 2014, the Bank has been working with the Chilean Association of Banks to design, publish and distribute product information pamphlets¹⁰ featuring language clear enough that customers can use them as a reference guide and support for making informed decisions.

The Transparency Policy will be updated in 2017 in order to adapt to the new organizational structure implemented in 2016.

⁸ The policy, updated in 2014, will be reviewed in 2017 in light of the Bank's structural changes in 2016.

⁹ Drafted by the Corporate Customer Defense Unit.

¹⁰ <https://www3.bancochile.cl/wps/wcm/connect/personas/portal/destacados/noticias/lo-que-necesito-saber-2015>

<http://www.bancoedwards.cl/wps/wcm/connect/bancoedwards/portal/beneficios-promociones/campanas/destacados/lo-que-necesito-saber-2015>

TO BE
A BANK THAT
PROMOTES
THE COUNTRY'S
DEVELOPMENT

Chapter

04

Community

83 **Our Contribution
to the Community**

85 **Overcoming Adversity**

90 **Education**

92 **Support for Entrepreneurship**

97 **Volunteerism**

COMMUNITY

ENVIRONMENT

SUPPLIERS

ECONOMIC PERFORMANCE



113,997

Beneficiaries Throughout the Country

Includes beneficiaries from the Teletón Foundation, Desafío Levantemos Chile, Astoreca and Financial Literacy Programs

Employees Participating in Corporate Volunteer Initiatives

10,732

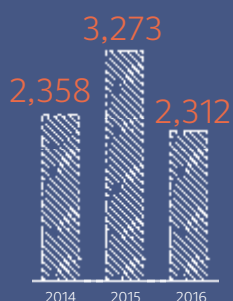
Hours of Corporate Volunteer Work

144,225

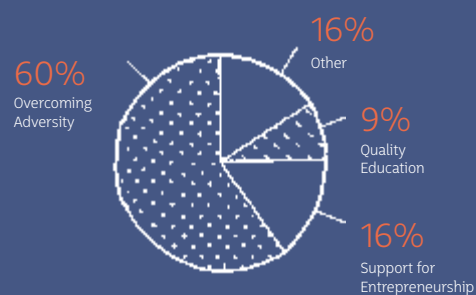
Social Investment 2016

MCh\$ 2,312

Social Investment (MCh\$)



Distribution of Social Investment



Our Contribution to the Community

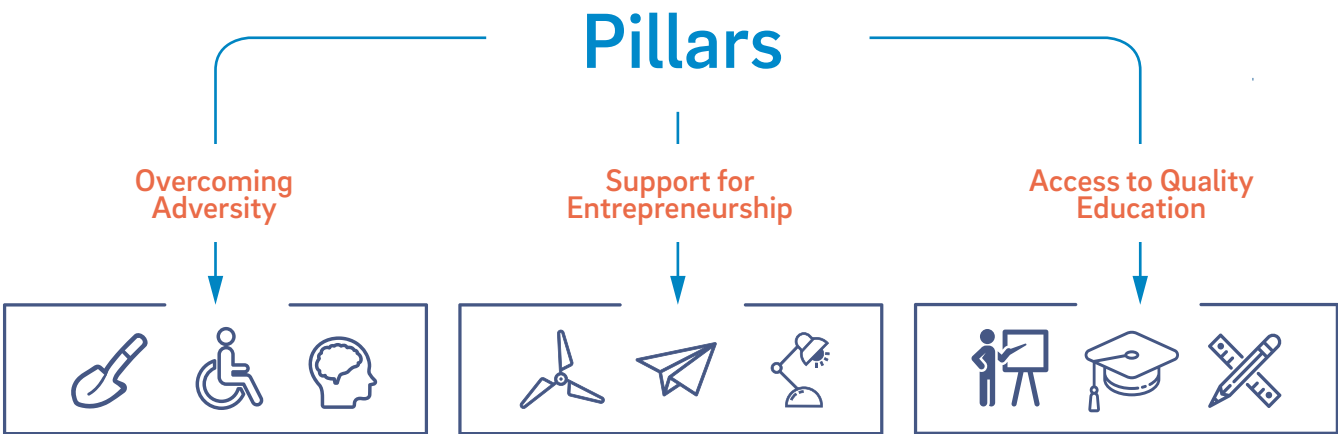
As part of Banco de Chile's new Corporate Strategy, the Corporate Affairs and Sustainable Development Division became part of the People and Organization Division in September 2016.

This division is charged with establishing and processing the Corporation's sustainability strategy, which is tied to the strategic priority "Commitment to Chile". It is also responsible for overseeing stakeholder engagement and community activities.

In 2016, Banco de Chile continued supporting the community by developing tools to improve quality of life and thereby contribute to the advancement of individuals and their

business ventures. These efforts were based on three pillars that respond to major public concerns: overcoming adversity, support for entrepreneurship, and access to quality education.

In order to accomplish its objectives, Banco de Chile promotes the creation of partnerships with its employees, expert foundations and other public and private entities. These relationships have enabled the Bank to deepen its commitment to building a more inclusive and caring society.



Commitments

Pillar	Commitments in 2015	Activities in 2016	Commitments in 2017
Overcoming Adversity 	Continue to support people affected by natural disasters.	No major natural disasters occurred in 2016.	Continue to support people affected by natural disasters.
	The Teletón	Support for the Teletón Foundation continued. The number of collection channels tripled and more than 10,000 employees participated in the campaign.	Continue to support the Teletón Foundation.
Support for Entrepreneurship 	Redouble support for entrepreneurs with different programs and initiatives that provide concrete tools to help them progress and get ahead with their entrepreneurial initiatives.	Thanks to the commitment shown by the Bank and the Desafío Levantemos Chile Foundation, the entrepreneurs of the Coquimbo coastline have new facilities for the city's Official Artisan Fair. A tsunami destroyed the former facilities on September 16, 2015. The initiative benefited 87 micro-entrepreneurs, in addition to hundreds of fishermen who recovered their tools and livelihoods.	Train employees on entrepreneurship/financial literacy.
	Increase the scope and coverage of financial literacy initiatives at the national level.	27,264 micro-entrepreneurs were trained through financial literacy workshops, benefitting 22% more individuals compared to 2015. Through Desafío Levantemos Chile, 16 people were trained and graduated from the MYPES Consultores program for supporting small business owners. Organized in conjunction with Desafío Levantemos Chile, the First National Entrepreneurs Challenge selected the 20 best entrepreneurs from Chile's 15 regions.	
Access to Quality Education 	Continue the Bank's contribution to quality education by supporting students in schools run by the Astoreca Foundation and performance enhancing activities.	The Bank renewed its commitment to the Astoreca Foundation for 10 years.	Develop a financial literacy program for school-aged children.

Overcoming Adversity

The activities associated with this pillar were conducted via partnerships that aim to improve social and working conditions.

Inclusion Program

Banco de Chile is renowned for its more than three-decade-old partnership with the Teletón Foundation. In 2016, the Bank decided to further that commitment with the **"Disability Inclusion Program"**. The first stage of the program consisted of designing an Inclusion Policy and conducting several training and awareness activities.

The objective of this program is to develop and implement practices inclusive of people with disabilities in order to encourage their development and full participation within the organization. Likewise, in order to strengthen internal activities, Banco de Chile joined the SOFOFA Network of Inclusive Companies (REIN in Spanish).

Scheduled to be published in 2017, the Disability Inclusion Policy was drafted by a participatory working group. Additionally, the Manual of Recommendations for Serving Persons with Disabilities, which aims to improve the service provided to this type of customer, was published in 2016.

In this same context and as a way of contributing to the cultural change necessary for real inclusion, an organization-wide training program was launched. In the first phase (2016), there were three experiential workshops with 103 participants, including division executives and first and second line managers.

In addition, 19 people from the Architecture and Maintenance teams were trained on interventions in infrastructure and future construction to ensure that considerations for universal accessibility are made in all Banco de Chile facilities. Twenty-one professionals from the Personnel Selection and Organization team heard talks on awareness in future recruitment and selection processes involving persons with a disability.

In 2016, as a precursor to the Inclusion Program, 10 jobs were analyzed using logs that identify the demands and tasks of a given position.



A Banco de Chile volunteer for the Teletón campaign.

The Teletón

For 38 years, Banco de Chile has supported the Teletón Foundation. Along with opening collection centers throughout Chile during the 27-hour campaign and committing thousands of employee volunteers throughout the year, the Bank also conducts activities to raise awareness regarding the Teletón's work. Furthermore, it creates opportunities for persons with disabilities to participate.

In 2016, more than 12,000 people ran in the Banco de Chile-Teletón run. Additionally, on closing night, 60,000 glowing, remote controlled bracelets were distributed and used to turn Chile's National Stadium blue, shining a "Light of Hope" for the entire country.

Banco de Chile has supported the Teletón Foundation since 1978. The foundation has done more than build rehabilitation centers; it has also driven cultural change regarding the dignity and rights of persons with disabilities. The foundation has 14 institutes throughout Chile, serving more than 30,000 children and young people. It receives 3,000 new patients a year. With over 730,000 medical therapy appointments, it has contributed to the rehabilitation of more than 70,000 children and young people.





XIX Chilean Open, Banco de Chile Cup Wheelchair Tennis Tournament.

Support for Chilean Athletes Wheelchair Tennis



Macarena Cabrillana, professional tennis player sponsored by Banco de Chile.

Chilean Tennis Player Macarena Cabrillana

For the past six years, Banco de Chile has funded the athletic development of Chilean tennis player, Macarena Cabrillana. The Bank is proud of her achievements; she represented Chile for the first time in Río's 2016 Paralympic Games. At the PTR Wheelchair Tennis Champs tournament (ITF2 Category), she achieved the best ranking of her career, making her number one in singles and doubles in Chile. She is currently ranked 19th in the world in singles and 16th in doubles.

Chilean Open Banco de Chile Cup

The 2016 Chilean Open "Banco de Chile Cup", an ITF Tour tournament, has been held on the tennis courts at the Bank's stadium for 19 years. Players accumulate points for the world wheelchair tennis ranking. Total prize money is US\$12,000.

In 2016, 50 tennis players from Argentina, Brazil, Colombia, France, Mexico, Peru and Chile participated with the following results:

Women's singles finalists:

- Francisca Mardones (Chile)
- Natalia Maraya (Brazil)

Men's singles finalists:

- Agustín Ledesma (Argentina)
- Carlos Santos (Brazil)

It is important to note that the finals could not be played due to inclement weather in Santiago. A drawing was held instead.

The Banco de Chile Cup was awarded to Marcelo Verdejo (Chile), the most outstanding participant of 2016, in recognition of his effort, performance and perseverance.



A Better Chile for Cancer Patients Program

A Better Chile for Cancer Patients Program

In 2014, Banco de Chile, Pontificia Universidad Católica de Chile (PUC) and the Sótero del Río Hospital began a program entitled "A Better Chile for Cancer Patients". As it aims to narrow the gap in survival rates for Chileans treated in the public versus private sectors, it focuses on conducting public sector innovation and research projects that facilitate curing the disease. Through construction and implementation of Sótero del Río's Ambulatory Treatment Center for patients with cancer (which offers doctors appointments and administers chemotherapy), the program aims to attract and retain oncologists with additional training to the public sector.

Today, the care center has seven oncologists, eight nurses, eight patient care cubicles and 16 couches. Its efforts have increased the number of appointments with oncologists three-fold and improved comprehensive patient care with multidisciplinary committees that focus on the patient and his/her family.

PUC increased its ability to train oncologists for the public sector from 1-2 to 4-6 per year. One of the project's main merits is that all graduates work in the public sector, primarily outside Santiago. These oncologists are being sent to Punta Arenas, Osorno, Valdivia, Temuco and Santiago (Sótero del Río and San Juan hospitals).

Debra Foundation

The Bank supports the Debra Foundation, a non-profit organization in existence since 1997 that has provided assistance for 200 children suffering from epidermolysis bullosa, more commonly known as "Butterfly Children". The purpose of this initiative is to improve quality of life for these children and their families by adapting homes and, in some cases, helping with the high cost of medications.

In 2016, the center's operations brought the pre-treatment oncological evaluation waiting period down from 50 to 10 days—an achievement that fundamentally impacts prognosis. The number of patients treated rose from 500 to 850 (70%) in 2016 and chemotherapy treatments went from 3,360 to more than 5,000 a year.

Innovation in Health

Banco de Chile offered funding grants for a total amount of Ch\$30 million. As a result, 10 research projects as part of the PUC-Sótero del Río alliance were begun, each with Ch\$3 million in grant money for the 2016-2018 period. The teams for these cancer-focused research initiatives include researchers and students from PUC and Sótero del Río Hospital.

One of the project outcomes was the Chilean public health system's liaison nurse pilot program. These nurses improve the efficiency of patient recovery thanks to their coordination role. The model was presented to the Ministry of Health in late 2016 and is under evaluation for other public health facilities in Chile.

The Chilean public health sector's first Biobanco was also created. This tissue bank freezes tissue from patients with cancer for larger scale international research projects in order to innovate and discover the best treatments for the most frequent cancers in Chile.

These initiatives are replicable models of private sector support for public sector cancer centers. Expenses for these centers are front loaded, first in construction, then in human capital. The cost of chemotherapy is covered by the government-funded AUGE program. Thus, because these centers treat more patients and, therefore, generate more resources for the hospital, this model should absorb operating costs in four to five years.



Cancer Center at Sótero del Río Hospital

The Ambulatory Cancer Care Center at Sótero del Río Hospital, funded by Banco de Chile and public funding, opened in 2015.

Education

Banco de Chile funds partner organizations and programs that help the Bank achieve its objective of improving education, especially in the most vulnerable sectors.



Eduardo Ebensperger Orrego, Chief Executive Officer, presents Banco de Chile's XXIV PSU scholarship.

Higher Education Scholarship (PSU Scholarship)

With the purpose of supporting education, contributing to the country's development and improving quality of life, Banco de Chile awarded its 24th PSU Scholarship. Based on the 2016 PSU results, Sofía Schweitzer Luck, a student at Colegio Almondale in San Pedro de la Paz, Concepción, earned the highest average score in Chile with 843.5 points and a grade point average of 6.83 (on a 7-point scale). Sofía enrolled in a medicine program in Concepción.

This scholarship, awarded to the student with the highest average score, recognizes academic excellence, effort and perseverance among Chile's youth. It covers full tuition and fees for the duration of the student's chosen degree program at the Chilean university of his or choice, as well as a monthly allowance for other expenses.

Conducting Business in Chile/China Program

In order to reinforce the importance of globalization and add cultural variables to the training of Chilean young people, Banco de Chile has provided financial support for the Conducting Business in Chile/China Program since 2007. The initiative funds annual exchanges between MBA students and three professors from Universidad Católica and MBA students from the School of Economics and Management at University of Tsinghua in Beijing.

In 2015, the commitment was renewed for a two-year period and three slots were added for each university. Nearly 400 students and professors have participated in the exchange program, which will celebrate 10 years in 2017.



Students from Colegio San Juan in Lampa.

Astoreca Foundation

Banco de Chile sees education as a cornerstone of our country's growth and development. Thus, for the past 12 years, it has supported the Astoreca Foundation whose excellent, tuition-free schools—San Joaquín in Renca and San José and San Juan in Lampa—improve the quality of education in Chile's vulnerable areas. The foundation aspires to be a model for Chilean education and to project its influence on other schools by sharing good practices, producing educational material and providing advising services. In 2016, Banco de Chile renewed its commitment to support the foundation's work for another 10 years and provide funding to finish construction on the San Juan School in Lampa.

The Astoreca Foundation has provided tools for a better professional future to 2,226 children and young people in vulnerable socioeconomic conditions. Student outcomes are above average for their district as well as municipal and state-subsidized schools nationwide. Eighty-five students from the San José de Lampa and San Joaquín de Renca schools took the most recent PSU (college entry exam); 91% got into college or a professional training institute.

In addition to its schools, the foundation promotes best practices in education for all schools throughout the country via its free website, Portal Educando Juntos. The purpose of the site is to provide teachers with quality educational tools. In 2016, nearly 800 teachers were trained.

Chilean National Standardized Testing (SIMCE) Results for 2015

Astoreca SIMCE Scores 2015				
Grade Level	Subject	San Joaquín de Renca	San José de Lampa	National Average
4 th grade	Language	302	295	265
	Math	318	307	260
6 th grade	Language	280	265	252
	Math	324	303	247
8 th grade	Language	293	245	243
	Math	320	280	263
10 th grade	Language	297	272	247
	Math	352	309	262

Support for Entrepreneurship

One of the responsibilities that Banco de Chile assumes as a financial institution is providing tools that support entrepreneurship and enable customers and the community to make informed decisions. The majority of these initiatives are conducted through the Desafío Levantemos Chile Foundation's entrepreneurship area and other organizations that stimulate the creation of thousands of microenterprises throughout the country. They consist of participating in training initiatives; providing preferential financing; supporting marketing; and consulting on business administration, responsible borrowing and financial literacy.

Partnership with Desafío Levantemos Chile

Banco de Chile partnered with Desafío Levantemos Chile after the 2010 earthquake and tsunami. Since that time it has collaborated on initiatives that develop and promote entrepreneurship at the national level.

Entrepreneurship Challenge Award

The first National Entrepreneurship Challenge Contest, a milestone in 2016, sought to boost and increase visibility for entrepreneurs from Chile's 15 regions. Micro and small business owners were invited to submit original, environmentally and community-friendly proposals.

The best 20 from each region were selected from the total of 15,968 entrepreneurs that signed up for the contest, organized in conjunction

with Desafío Levantemos Chile and sponsored by CORFO. The 300 entrepreneurs selected participated in a two-day training workshop designed to impart technical tools applicable to their businesses, like responsible borrowing, the Sustainable Business Model Canvas, sustainability and collaborative work.

After the workshops, 15 regional entrepreneurship fairs were organized. The 20 entrepreneurs from each region presented their work to the community, thus generating new business opportunities or contact networks. Based on the entrepreneurs' sales, an estimated total of 15,000 people attended the fairs. Prizes will be awarded in March 2017 at a seminar to be held in the city of Santiago.



THE CONTEST IN NUMBERS

Entrepreneurs Signed Up

15,968

Selected and Trained Entrepreneurs

300

Training Workshops Outside Santiago

20

Regional Entrepreneurship Fairs

15



The Entrepreneurship Challenge's Santiago Entrepreneurship Fair

Preferential Lending

In 2016, 33 Entrepreneurship Challenge Loans were granted. In order to improve business conditions for entrepreneurs requesting the loan, this financial solution offers preferential conditions. To reduce delinquency rates, the Bank offers special incentives like total reimbursement of loan fees for those who make all payments on time.

Furthermore, micro-entrepreneurs have access to the Chile Entrepreneur Account, an account without opening or maintenance fees. Specially for participants in Desafío Levantemos Chile's entrepreneurship programs, the objective of the account is to help micro-entrepreneurs better manage their business's income and expenses.



Grand opening of the boardwalk in Coquimbo.

Entrepreneurship Schools

Two Felipe Cubillos Sigall Entrepreneurship Schools were founded to train micro-entrepreneurs in areas like administration, finance, legal matters and marketing. One of them, founded in 2012, is located in the Estación Central district of Santiago and the other, created in 2013, is in Valdivia.

Post-Earthquake Support in Coquimbo

In 2016, entrepreneurs in the city of Coquimbo received funding to rebuild the boardwalk that had been destroyed by a tsunami on September 16, 2015. The initiative benefited 87 micro-entrepreneurs. Additionally, hundreds of fishermen recovered their supplies and livelihood.

MSE Consulting

The MSE Consulting program focuses on Bank employees who voluntarily participate in a course that provides tools to advise and grow the competitiveness of Chile's micro and small enterprises. These courses are given by Desafío Levantemos Chile's Entrepreneurship area. Sixteen people graduated in 2016, bringing the program's four-year total to 64 people trained.



Project funded by Banco de Chile's Board of Directors.

D-8 Special School in Curicó

One important entrepreneurship initiative of 2016 was the Independence and Autonomy through Banking Project. Through it, the Bank met two goals simultaneously: supporting entrepreneurship and empowering people with cognitive disabilities so that they could achieve workplace inclusion. The initiative consisted of building a kitchen workshop and providing psychosocial, labor and business support for students at a special school. As a result of the project, an inclusive bakery and bread shop will open in Curicó and will sell its products around the city from a food truck.

Banco de Chile, in conjunction with the Desafío Levantemos Chile Foundation, launched this initiative to benefit 90 students with different intellectual abilities from Special School D-8 in Curicó. It optimizes student autonomy, develops entrepreneurial initiative and achieves workplace inclusion.

The project also implies developing their ability to function. In other words, it prepares and adapts students for social and workplace integration, while imparting knowledge and skills for mastering basic financial concepts and specific job techniques.

A master pastry chef will provide instruction in baking and bread making and students will receive additional ongoing support from a team comprised of sociologists, speech therapists, occupational therapists and special education teachers. These professionals will give part-time workshops to prepare students and support workplace insertion, sales efforts and soft skill development.

D-8 Special School in Curicó

Public School in the Municipality of Curicó

- 45 years in existence
- Serves 90 students
- Approximately 350 students have graduated



A financial literacy talk for institutions.

Financial Literacy

In 2016, Banco de Chile's financial literacy training program continued through two main initiatives. The first stems from its interest in encouraging informed, proper financial behavior among companies, institutions and the general public. The Bank's Consumer Finance Division organized another 12 Principles of Financial Literacy seminars. These classroom and remote courses benefited a total of 44,159 people this year, including some micro-entrepreneurs from the Bank's social scholarship project. A total of 97,789 people have benefited from these courses since 2014.

The other training initiative, SENCE-funded social scholarships, are granted to Desafío Levantemos Chile as part of an entrepreneurship and financial literacy training project. The foundation gives entrepreneurs 80-hour courses that include a module with information from the 12 Principles of Financial Literacy seminar.

In 2016, two nation-wide workshops were held to the benefit a total of 400 people. The basic level course, Developing my Business, was given to women from SERNAM; another, more advanced course, Managing my Business, was also offered. At the end of both workshops, participants received a tablet as a work tool.



Volunteerism

In order to promote teamwork and enthusiasm while enabling Banco de Chile professionals to experience the community's different needs, the Bank encourages and promotes corporate volunteerism. This is manifest in projects and initiatives through the various foundations with which the Bank has long-term commitments.

In 2016, **10,732 volunteers** contributed a total of **144,225 work hours**, meaning 73.4% of associates participated in these programs.



Teletón	CrediChile Solidarity Olympics
10,110 134,800	400 5,000
Desafío Levantemos Chile	Villa Padre Hurtado
87 2,750	50 130
Astoreca	Debra
45 250	40 1,320
TOTAL	
10,732	144,225

TO BE
A BANK THAT IS
RESPONSIBLE
FOR ITS
ENVIRONMENTAL
IMPACT

Chapter

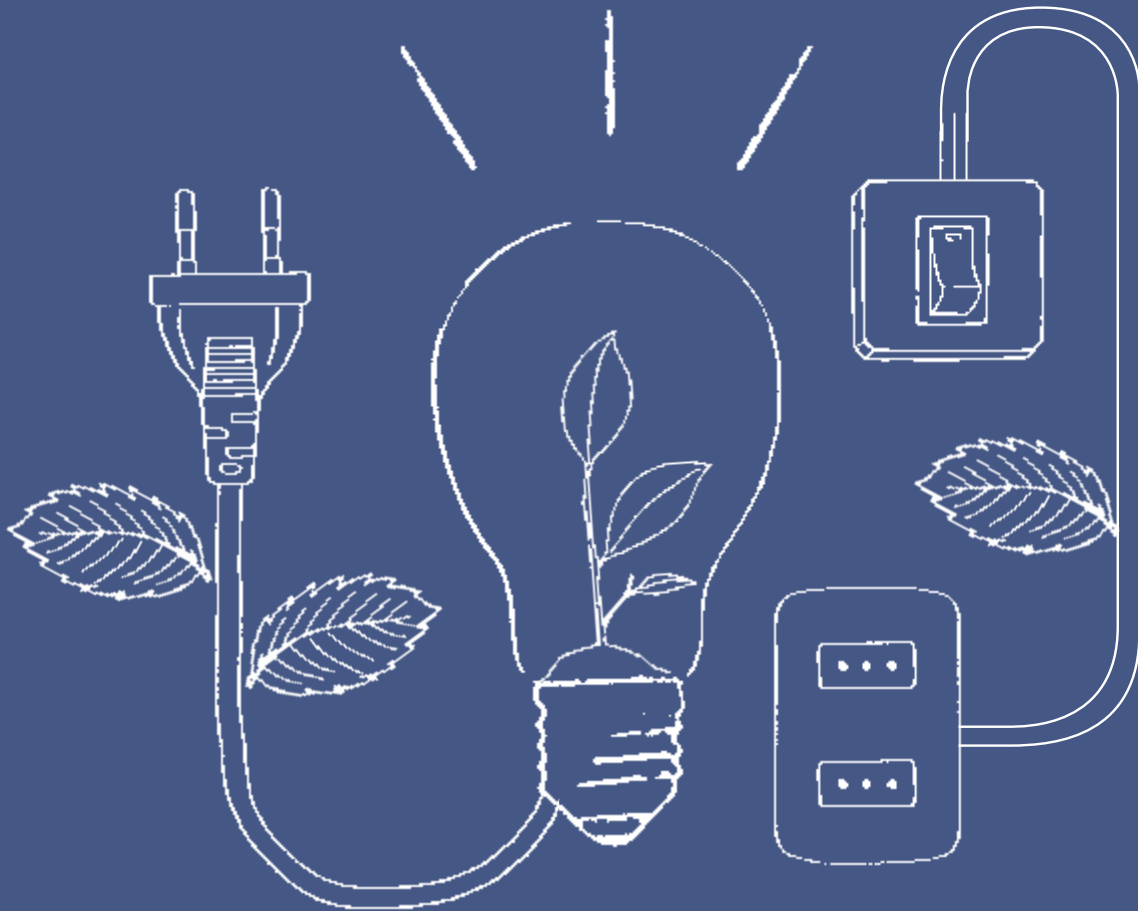
05

Environment

101 Environment, Contributions
and Impact

102 Energy Efficiency and Emissions

103 Inputs and Recycling



5.8%

Total Energy Savings Since 2014

Total Energy Savings in 2016

539,201 kWh

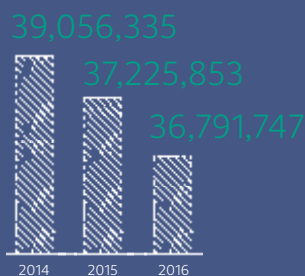
Paper Consumed

7.5 tons less

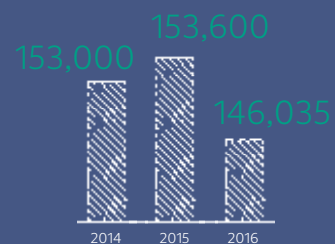
Paper Sent for Recycling

146 tons

2014-2016 Energy Consumption (Kwh)



Paper Consumption 2014-2016 (tons)



Environment, Contributions and Impact



Banco de Chile has developed programs and initiatives designed to reduce the direct impacts of its operations on the environment. They focus on efficiently managing energy and paper as well as reducing greenhouse gas emissions.

The Management and Financial Controls Division's Architecture and Maintenance departments are responsible for designing and implementing projects and programs to minimize the environmental impact of the Bank's operations.

The Bank's environmental challenges for 2017 include drafting an environmental policy and beginning to measure its carbon footprint.

Energy Efficiency and Emissions

Electricity is the Bank's main energy source. Sixty percent of consumption is attributable to air conditioning and heating units, 25% to lighting and computers and the remaining 15% is used for communications rooms, call centers and other equipment.

Energy efficiency initiatives have focused on heating and air conditioning units. The Bank installed certified energy efficient units that are free of ozone-depleting gases and added timers to units at headquarters and branches that can be programmed by floor or by office.

For lighting, a system of daily rounds to turn off office lights has been implemented at headquarters. At branches, all employees are responsible for turning off interior lighting at the end of the work day. This is in addition to timers that control exterior lighting.

As a result of these energy efficiency measures, 529,201 kWh —the equivalent of the consumption of 1,541 homes and 6,164 people—were saved in 2016.

In 2016, the Bank achieved its goal of purchasing no more incandescent bulbs, which have now been replaced with LED technology. It also eliminated purchases of magnetic ballasts in favor of electronic ballasts. In 2017, the Bank expects to continue these efforts by replacing metal halide, halogen and PAR 30 dimmable lighting.

The Bank has determined that all branch construction and office remodeling projects must be conducted in accordance with the highest energy standards. The Architecture and Maintenance departments are responsible for implementation.



2014-2016 Energy Consumption

	2014	2015	2016
Energy consumption (kWh)	39,056,335	37,225,853	36,791,747

Regarding greenhouse gas emissions, Banco de Chile has taken action to manage its direct impact on the greenhouse gases emitted as a result of transporting employees and executives. Implemented in 2015, BiciChile, a world-class bicycle rack, enables 150 employees at branches in downtown Santiago to bike to work knowing that there is a safe place to store their bicycle, with an excellent locker service, showers and a laundry area.

Nearly a year after implementation, the initiative has earned the Bank first place in the Cool Place to Bike¹ awards (corporations category). This national award recognizing companies and institutions that best encourage employee use of bicycles.

Banco de Chile earned first place thanks to participation of 320 employees (mostly BiciChile users), who rode 655,152 kilometers in one month, saving 9.8 tons of CO₂ emissions and 3,653 liters of fuel.

By the end of 2017, the Bank expects to measure its carbon footprint as a first step in designing an action plan to manage its main emissions.

¹ <http://www.coolplacetobike.com/>

Inputs and Recycling



PAPER CONSUMPTION 2014-2016 (TONS)

2014

153,000

2015

153,600

2016

146,035



COMPUTERS DONATED TO CHILENTER 2014-2016

2014

3,750

2015

5,387

2016

1,983

Paper, one of the Bank's major operating inputs, has a significant environmental impact. The Paperless Project, launched in 2016, aims to progressively increase document digitalization and gradually eliminate paper use. The Bank considers these steps an essential component of its sustainability strategy, efficiency and commitment to the environment.

The Paperless Project is a long-term plan that involves significant effort in terms of technological, process and cultural change. This year, the program was launched with the "Don't Live in a World made of Paper" campaign, which aims to address several challenges including:

- Adapting to the digital world in order to address customer and market needs, which are quickly evolving toward mobile and remote channels.
- Making the Bank more flexible and efficient for customers and employees by reducing wait times, processes and associated costs.
- Being environmentally responsible and friendly, providing more sustainability through win-win relationships that benefit both environmental protection and resource optimization.

The first phase of the project was implemented in 2016, with digitalization of teller and customer service processes as well as customer identification cards and the launch of Coldview, a digital report platform.

As of year end, all the Bank's paper reduction efforts resulted in a savings of 7.5 tons relative to 2015, as illustrated by the numbers below.

The paper recycling contract with SOREPA² continued in 2016; however, thanks to the Paperless project, the quantity of paper sent to be recycled fell 7.6 tons from 2015.

As of year end 2016, the Bank had recycled 146 tons of paper, a savings of 3,867 liters of water and 146 tons of carbon equivalents.

Another of the Bank's significant sources of waste is the computing equipment disposed of when the organization's technological systems are upgraded. Banco de Chile has partnered with the Chilenter Foundation³ to dispose of these machines sustainably while helping to close Chile's digital gap. Chilenter collects and transforms electronic waste in a sustainable, innovative manner in order to promote education and the social use of technology, building skills to improve quality of life in communities on the technological periphery.

Banco de Chile has donated 11,120 computers to the foundation in the last three years. Once refurbished, they are distributed to educational establishments and social organizations across Chile.

² www.sorepa.cl

³ www.chilenter.com

TO BE
AN OBJECTIVE
AND TIMELY
BANK

Chapter

06

Suppliers

107	Relationships with Suppliers and Contractors
108	Selection and Evaluation Processes



7,978

No. of ProPyme Suppliers

14,385

Payments Made and Audited

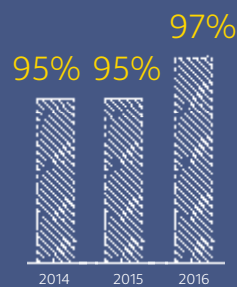
97%

of the Purchasing Budget was Spent with Local Suppliers.

4 years in a row

Certified with ProPyme Seal

Purchases from Local Suppliers 2014-2016



Relationships with Suppliers and Contractors

Banco de Chile's relationship with its suppliers and contractors is guided and delineated by a regulatory framework comprised of a set of policies, manuals and procedures. The Administration Area is responsible for managing this relationship and ensuring compliance with the regulatory framework.

Highlights in 2016 include:

- Creation of the supplier web portal to make the purchasing process more transparent and improve the Bank/supplier relationship. This new channel, used to respond to both questions and complaints, will be launched during the first half of 2017.
- Development of a program to improve and audit compliance with Contractor and Subcontractor Risk Prevention Regulations. Thanks to the 2015-2016 reinforcement plan, the number of workplace accidents at contracting companies fell from 7 in 2015 to 2 in 2016.

- ProPyme Seal Recertification. Beginning in 2011 and as a sign of Banco de Chile's commitment to supporting small and mid-sized businesses, the Bank met the requirements set forth by the Ministry of Economic (Decree No. 127), Development and Tourism for its ProPyme Seal.

The seal seeks to improve the economic conditions of Chile's small and medium enterprises and recognizes the support large companies lend to entrepreneurs by paying invoices within 30 days. The Bank's ProPyme supplier base is comprised of 7,978 SMEs; 14,385 payments were made and audited in 2016¹.



¹ Beginning in 2011, the Bank has hired KPMG to audit its fulfillment of these standards.

Selection and Evaluation Processes

The process of selecting and evaluating suppliers aims to ensure that all the goods and services required for the Bank's operation are procured at competitive market conditions through public, transparent, timely processes and with the best cost-quality ratio.

The guidelines for supplier selection and evaluation, found in the Supplier Management and Selection Policy², aim to ensure that all the goods and services required for the Bank's operation are procured through public, transparent, timely processes at competitive market conditions and with the best cost-quality ratio.

According to the policy, supplier selection begins with an accreditation process that considers legal, commercial, financial and labor aspects of the company and qualifies it to participate in bidding or quoting processes. Prior to awarding the job and/or contract, the criticality of the service to be provided is determined on the basis of business continuity, information security, financial results, legal and reputational risk. For service outsourcing, the Bank considers additional factors related to customer impact, concentration of services and country risk (the latter only when the service provider is outside of Chile).

In addition to the evaluation process from the Supplier Management and Selection Policy, the Bank considers other reputational and commercial criteria, including the Related Party Transaction Policy (Established in Title XVI of the Corporations Law (No. 18,046) and the Guidelines on Politically Exposed Persons (PEP) from the SBIF's Updated Compilation of Standards.

Relationships with contractors are also governed by the Protocol on Relationships with Contractors as well as Contractor and Contractor Risk Prevention Regulations.

The protocol, which is shaped by the Law on Subcontracting and considers and observes current labor law, is designed to ensure the quality of the service contracted by helping build proper commercial relationships between users and contractors, ensuring compliance with labor obligations, avoiding fines, sanctions and undesired labor conflicts.

² This policy applies to all areas of the Bank and its subsidiaries.



PURCHASES FROM LOCAL SUPPLIERS

2014

95%

2015

95%

2016

97%

In addition, the regulations establish standards, administrative procedures, legal requirements and obligations for risk prevention that the employees of contracting and subcontracting companies must observe and uphold while performing work that, by virtue of contract, subcontract or a similar legal instrument, produces work and/or supplies goods or services for Banco de Chile. This ensures that services meet the required quality criteria and risks are controlled to protect employees, the environment and physical assets.

In 2016, 97% of the total purchasing budget was spent with local suppliers.³

Proportion of the Purchasing Budget Spent with Local Suppliers 2014-2016

	2014	2015	2016
% purchases from local suppliers	95	95	97
% purchases from other suppliers	5	5	3

³The Bank defines purchases made from suppliers located within Chilean territory as local.

TO BE
**THE BEST
INVESTMENT FOR
SHAREHOLDERS**

Chapter

07

Economic Performance

113	2016 Economic Performance
114	Economic Value Generated and Distributed
115	Financial Contribution by the State



18%

Market Share at year-end 2016

Economic Value Generated in 2016

Ch\$2,239,603

Average Reserves

20.3%

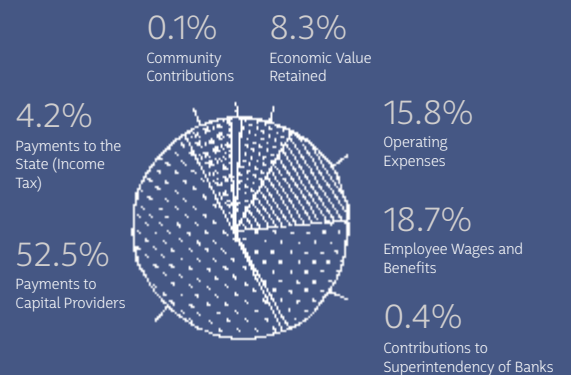
Proportion of Banking Industry Net Income

27%

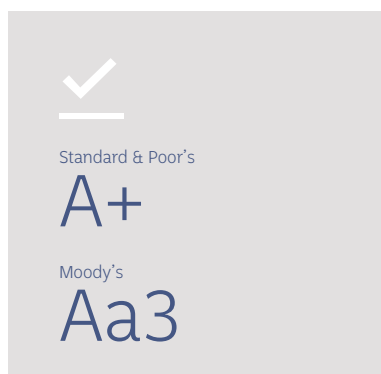
Financial Results for the Year
Net Income 2014-2016



Economic Value Distributed in 2016



Economic Performance 2016



The private bank with the best international risk rating in Latin America, earning an 'A+' from Standard & Poor's and an Aa3 from Moody's.

Banco de Chile performed strongly in 2016, both financially and with respect to its strategic agenda. As a reflection of this, Banco de Chile once again led the Chilean banking industry in net income and carried out important strategic initiatives. This year's accomplishments take on even more relevance given the challenging environment in which they occurred, including lower-than-expected economic growth, tighter competition in all business segments and significant organizational change that brought a change in leadership, new divisions and reformulated strategic priorities.

The new priorities aim to address the important transformations occurring in both the banking industry and the entire business sector. These changes are reflected in a society that is more informed, more demanding and less tolerant (especially regarding transparency and service quality). Additionally, the digital banking revolution has made innovation essential in the banking business and increased regulations will also continue to apply pressure to the banking industry's bottom line.

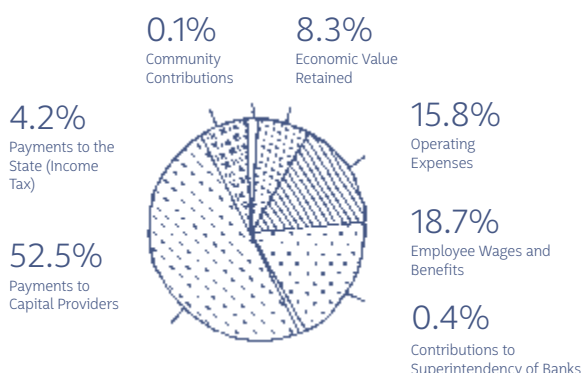
In 2016, the Bank responded with important progress on strategies to adapt its business model to these changes, contributing to the Bank's sustainability and responding to customer requirements more flexibly and efficiently.

In financial management, Banco de Chile reached its main economic goals for the period, posting profit of Ch\$552,249 million, for a return on average capital and reserves of 20.3%. While net income was down 1.2% relative to 2015, it represented 28.1% of banking system results, keeping the Bank far ahead of its relevant competitors.

As it approaches 2017, the Bank will face numerous financial and strategic challenges. It wishes to maintain its leadership position in the majority of its segments and business lines, while leading the industry in profitability and net income. To accomplish this, the Bank will grow selectively in those segments that provide adequate risk-return ratios while keeping a constant focus on efficiency and productivity. At the strategic level, the Bank will continue investing significant resources in technology and innovation, simplifying processes and maximizing the digital banking offering in response to new generations of customers.

Economic Value Generated and Distributed

Economic Value Distributed in 2016



In 2016, Banco de Chile generated economic value of Ch\$2,239,603 million. As shown below, most of that figure was used to pay capital providers (52.5%), employee wages and benefits (18.7%), operating expenses (15.8%), taxes to the State (4.2%), contributions to the Superintendency of Banks (0.4%) and community contributions (0.1%).

It is important to note that payments to the State rose 42.6% between 2015 and 2016 due primarily to a 3.3% (Ch\$20,551 million) increase in the Bank's net income before tax and a higher corporate (first category) tax rate (22.5% in 2015 v. 24.0% in 2016).

Economic Value Generated (MCh\$)

	2014	2015	2016
Total operating income	2,269,322	2,157,231	2,239,603
Total operating income	2,266,461	2,153,559	2,235,090
Income attributable to investments in associates	2,861	3,672	4,513

Economic Value Distributed (MCh\$)

	2014	2015	2016
Operating expenses	-316,081	-330,078	-354,268
Administrative and other expenses	-285,580	-300,541	-320,979
Depreciation and amortization	-30,501	-29,537	-33,289
Employee wages and benefits	-384,512	-381,388	-417,918
Payments to the State (income tax)	-63,629	-66,159	-94,345
Contributions to the Superintendency of Banks	-7,609	-8,084	-8,856
Community contributions	-2,358	-2,259	-1,936
Economic Value Retained	222,961	191,553	185,595

Financial Contributions from the State



Banco de Chile Branch.

In 2016, economic resources contributed by government entities to Banco de Chile remained steady and consisted primarily of tax credits for training expenses of approximately Ch\$1,600 million. Additionally, the Bank received a total of Ch\$232 million in tax credits from donations, representing a 51.3% drop relative to 2015 (Ch\$476 million). Finally, in tax credits for purchases of property, plant and equipment, the government contributed a similar amount of Ch\$23 million in 2016.

Chile's current tax reform reduced the use of property tax as a credit against corporate (first category) tax by 50% for 2015. The rate was further cut to 0% for 2016. Consequently, no financial contributions tied to property tax credits were recorded.

Financial Assistance Received from Government (MCh\$)

	2014	2015	2016
Tax credit for property taxes paid	4,800	2,350	0*
Tax credit for training expenses	1,489	1,600	1,600
Tax credit for donations	401	476	232
Tax credit for additions to PP&E	22	22	23

*The tax reform in Law 20,780 reduced the use of property tax as a credit against corporate (first category) tax by 50% for 2015 and then eliminated it in 2016.

Index of GRI G4 Indicators

General Standard Disclosures

INDICATORS	MATERIAL ASPECTS	PAGE	OMMISSIONS / COMMENTARY
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G4-1	Provide a statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	4-7	
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G4-3	Name of the organization.	17	
G4-4	Report the primary brands, products, and services.	17	
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G4-9	Report the scale of the organization, including: total number of employees, total number of operations, net sales and quantity of products or services provided.	22 to 26	
G4-10	Report the break down of the organization's employees.	23, 48 and 49	
G4-11	Report the percentage of total employees covered by collective bargaining agreements.	50	
G4-12	Describe the organization's supply chain.	28 and 29, 107	
G4-13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.	17	
G4-14	Report whether and how the precautionary approach or principle is addressed by the organization.		No explicit guidelines.
G4-15	List externally developed economic, environmental and social charters, principles to which the organization subscribes or which it endorses.	32	
G4-16	List memberships in associations and national or international advocacy organizations.	32	
MATERIAL ASPECTS AND BOUNDARIES			
G4-17	List all entities included in the organization's consolidated financial statements.	9	
G4-18	Process for defining report content and the aspect boundaries.	10	
G4-19	List all the material aspects identified in the process for defining report content.	11 and 29	
G4-20	For each material aspect, report the aspect boundary within the organization.	12	
G4-21	For each material aspect, report the aspect boundary outside the organization.	12	
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatement.	9	
G4-23	Report significant changes from previous reporting periods in the scope and aspect boundaries.	9	

INDICATORS	MATERIAL ASPECTS	PAGE	OMMISSIONS / COMMENTARY
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G4-51	Report the remuneration policies for the highest governance body and senior executives.	36	
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Specific Standard Disclosures

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G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements.		No explicit guidelines.

INDICATORS	MATERIAL ASPECTS	PAGE	OMMISSIONS / COMMENTARY
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INDICATORS	MATERIAL ASPECTS	PAGE	OMMISSIONS / COMMENTARY
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G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes.	79	See note 26 to the financial statements in the 2016 Annual Report.
Customer privacy			
G4-DMA	Management approach.	78	
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	78	This type of incident did not occur.
Compliance			
G4-PR9	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services.		See note 26 to the financial statements in the 2016 Annual Report.

Banco de Chile
Sustainability Report 2016

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Banco de Chile