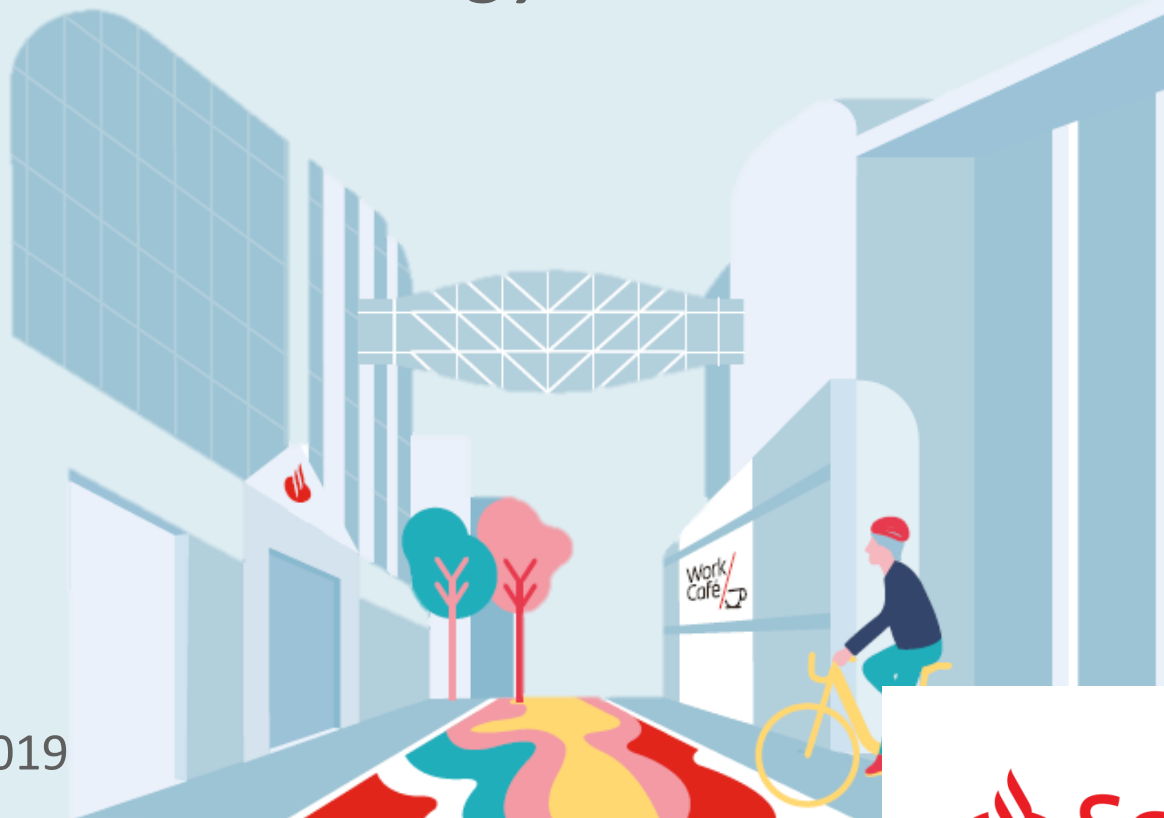


# Banco Santander Chile

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*Clear growth strategy in a stable environment*



September 2019



# Important information

Banco Santander Chile cautions that this presentation contains forward looking statements within the meaning of the US Private Securities Litigation Reform Act of 1995. These forward looking statements are found in various places throughout this presentation and include, without limitation, statements concerning our future business development and economic performance. While these forward looking statements represent our judgment and future expectations concerning the development of our business, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from our expectations. These factors include, but are not limited to: (1) general market, macro-economic, governmental and regulatory trends; (2) movements in local and international securities markets, currency exchange rates, and interest rates; (3) competitive pressures; (4) technological developments; and (5) changes in the financial position or credit worthiness of our customers, obligors and counterparties. The risk factors and other key factors that we have indicated in our past and future filings and reports, including those with the Securities and Exchange Commission of the United States of America, could adversely affect our business and financial performance.

Note: the information contained in this presentation is not audited and is presented in Chilean Bank GAAP which is similar to IFRS, but there are some differences. Please refer to our 2018 20-F filed with the SEC for an explanation of the differences between Chilean Bank GAAP and IFRS. Nevertheless, the consolidated accounts are prepared on the basis of generally accepted accounting principles. All figures presented are in nominal terms. Historical figures are not adjusted by inflation. Please note that this information is provided for comparative purposes only and that this restatement may undergo further changes during the year and, therefore, historical figures, including financial ratios, presented in this report may not be entirely comparable to future figures presented by the Bank.

# Agenda



**Macro-economic environment**



**Strategy update**



**Results**



**Outlook**

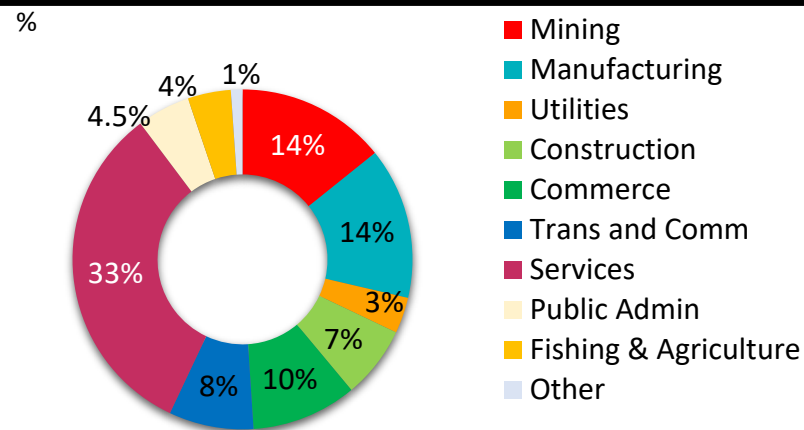
# Macroeconomic environment

## Chile: a stable and diversified economy

### Chile: Key economic indicators<sup>1,2</sup>

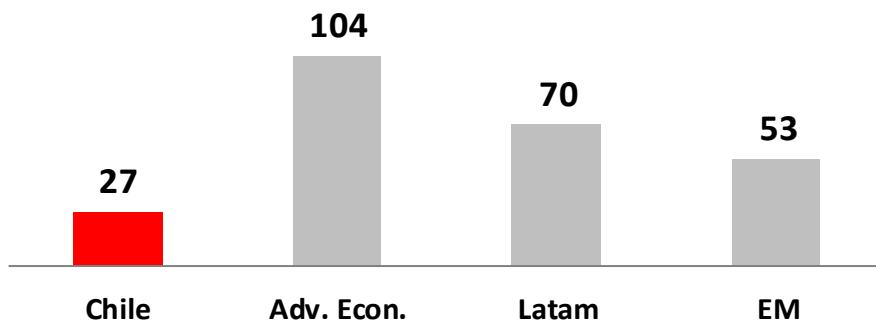
Population:	19.1mn
GDP <sup>3</sup> :	US\$296bn
GDP per capita (PPP):	US\$15,780
Exports / GDP:	25%
Investment / GDP :	23%
Net public debt / GDP:	8%
Sovereign ratings:	JCR: AA- / Mdy: A1/ SP: A+/ Fch: A

### GDP by economic sector

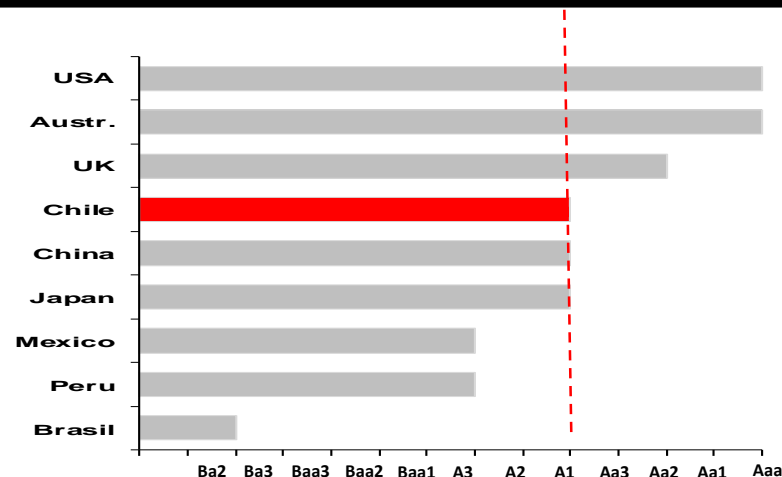


### Low public debt<sup>1,2</sup>

Gross public debt, % GDP



### Moody's risk rating<sup>3</sup>

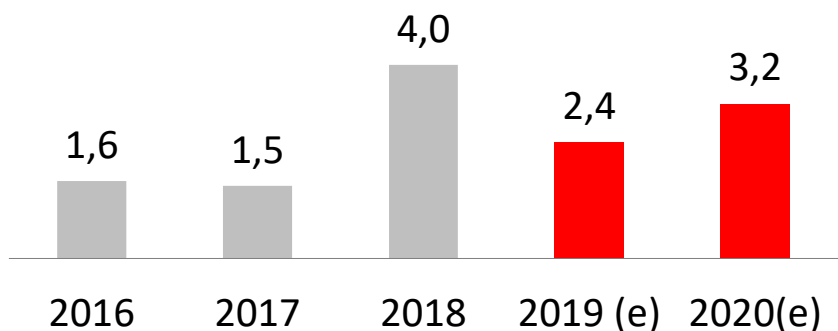


# Macroeconomic environment

## GDP growth of 2.7% expected in 2019 driven by investment...

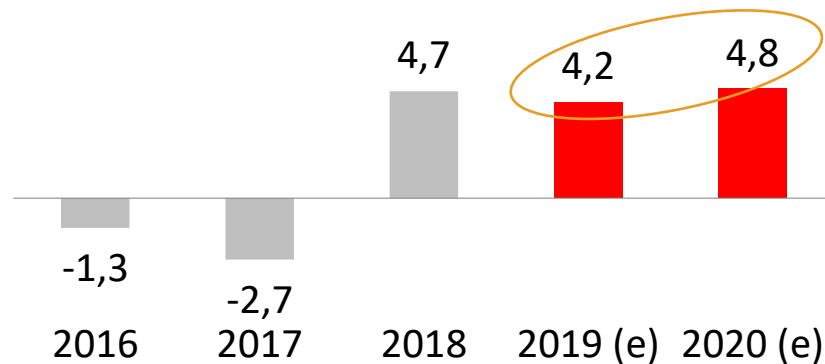
### GDP

YoY real growth, %



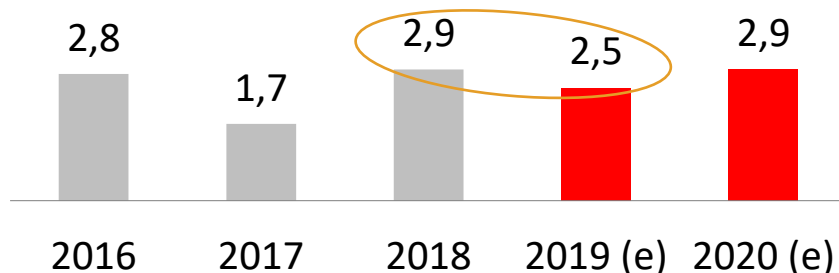
### Investment

YoY real growth of fixed capital formation, %



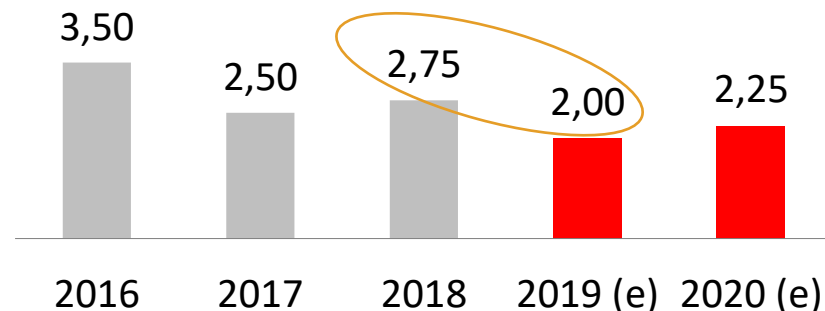
### Inflation

Annual change in UF inflation, %



### Central Bank ST Reference Rate

%

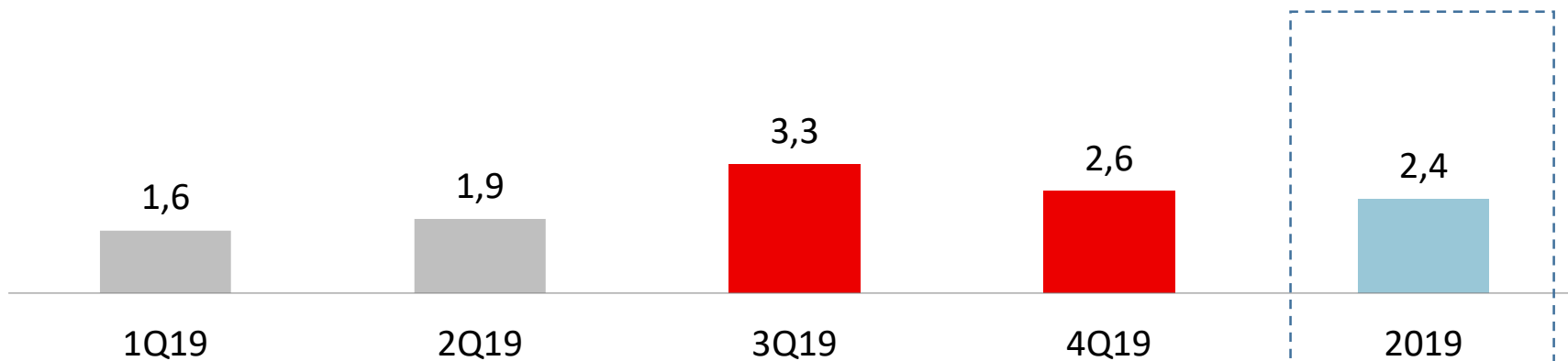


# Macroeconomic environment

**..with a better second half expected**

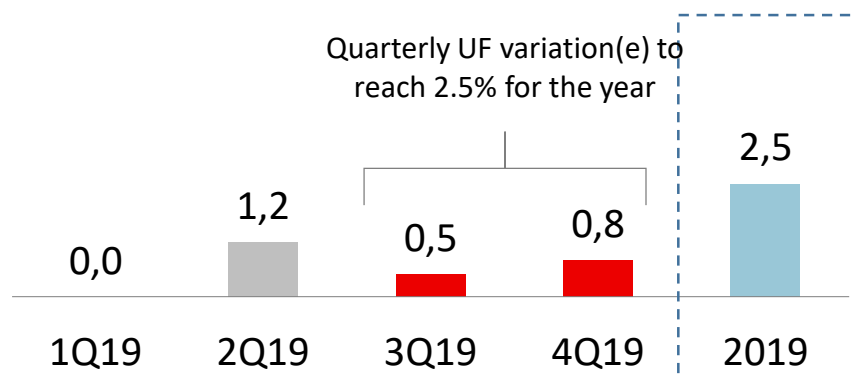
## Quarterly GDP

YoY real growth, %



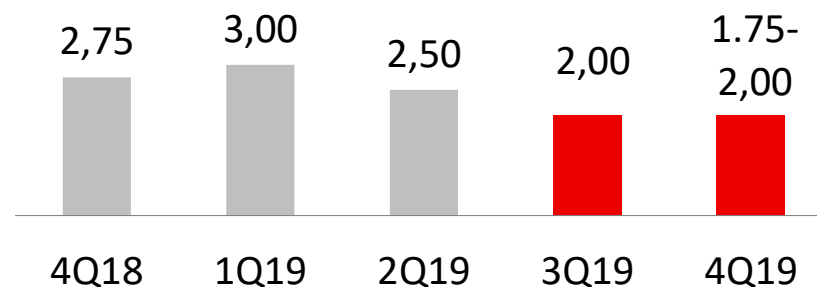
## Inflation

Quarterly change in UF inflation, %



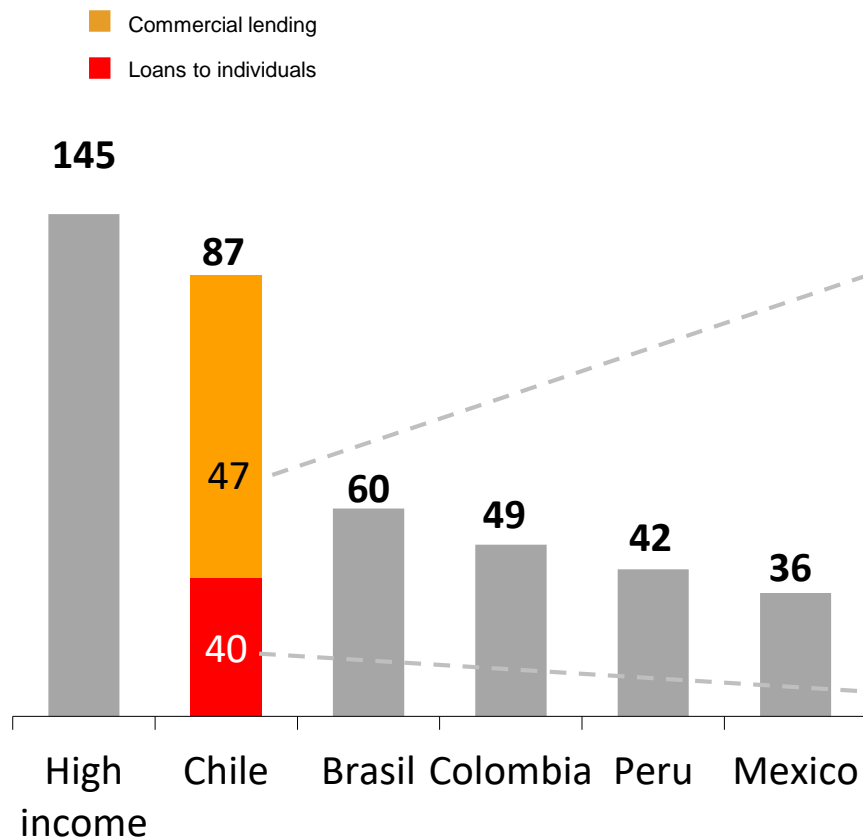
## Central Bank ST Reference Rate

%

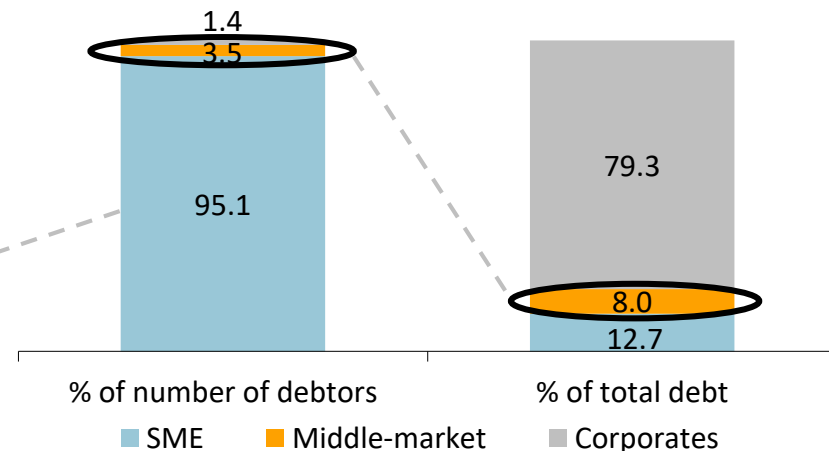


## High growth potential in Middle-market, SME and Individuals

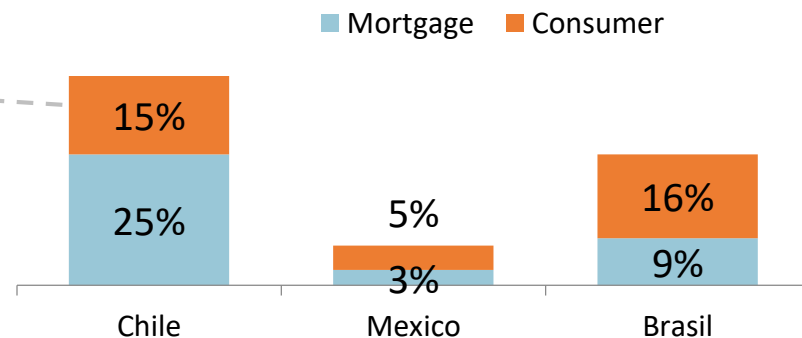
### Loans to GDP, 2018 (%)<sup>1</sup>



### Commercial lending by type of client

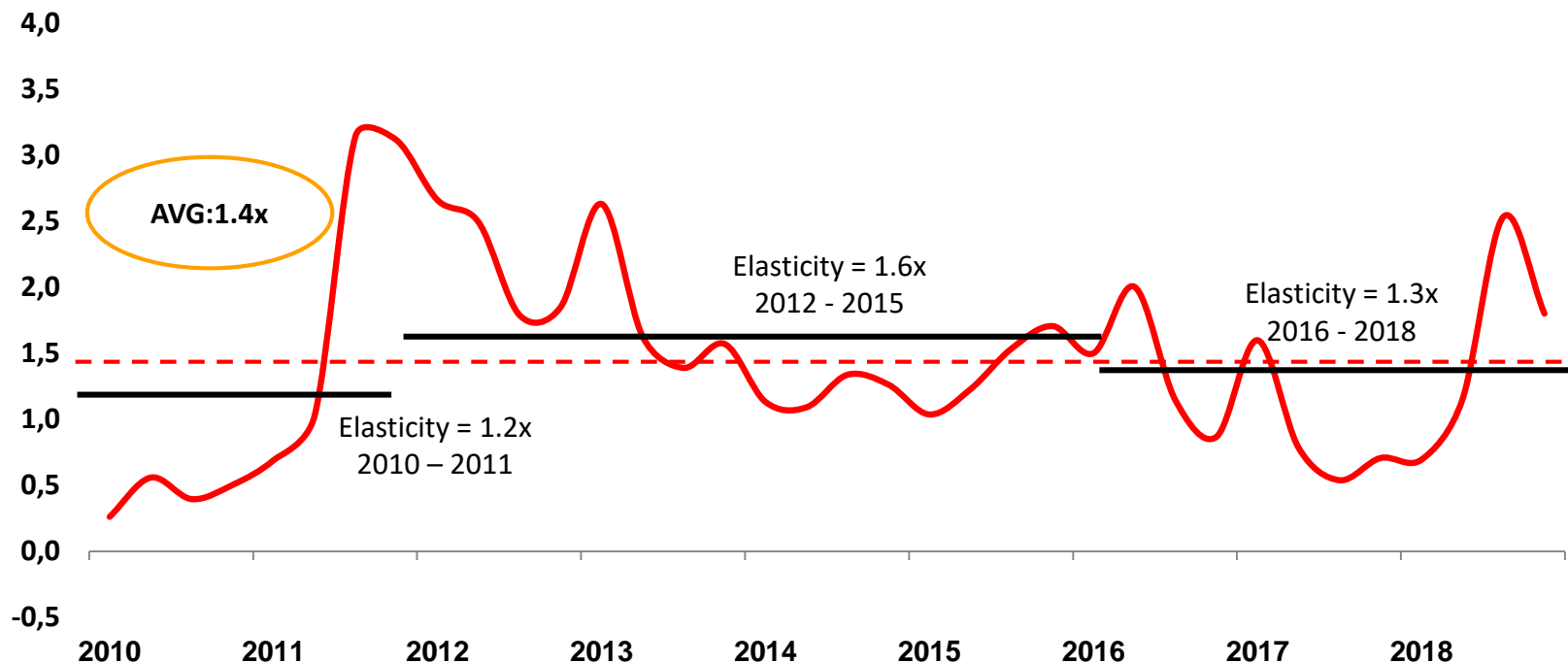


### Individual loans penetration



## Loans expected to grow 8-10% in 2019

### Loan growth multiplier<sup>1</sup>



Loans should continue to grow 1.4 times GDP



# Agenda

Macro-economic environment

Strategy update

Results

Outlook

## Santander Chile is the nation's leading bank

Figures in US\$



Business and Results	6M19 (US\$)	YoY
Gross Loans	45.8 bn	6.4%
Deposits	32.5 bn	5.9%
Equity	4.9 bn	5.7%
Net income <sup>1</sup>	859 mn	1.6%
Network and Customers	06M19	Market Share
Clients	3.4 mn	21.4% <sup>2</sup>
Digital Clients	1.1 mn	31.7% <sup>3</sup>
Offices	380	18.4%
Market Share <sup>2</sup>	06M19	Rank
Loans <sup>4</sup>	18.4%	1
Deposits <sup>4</sup>	18.1%	1
Checking accounts <sup>2</sup>	21.4%	1
Bank credit cards <sup>5</sup>	27.7%	1

1. Net income attributable to shareholder, Last Twelve Months 2. Market share of clients with checking accounts, as of January 2019. Source: SBIF 3. Average yearly market share over clients that enter a website with a passkey. Excludes Banco Estado. Source: SBIF. YTD avg as of January 2019. 4. Excludes loans and deposits of Chilean banks held abroad, as of March 2019. Source: SBIF. 5. Market share in terms of monetary amount of credit card purchases, as of February 2019.

## Objectives for healthy growth / higher profitability

I



**Increasing client loyalty through an improved client experience and quality of service and expanding digital banking capabilities**

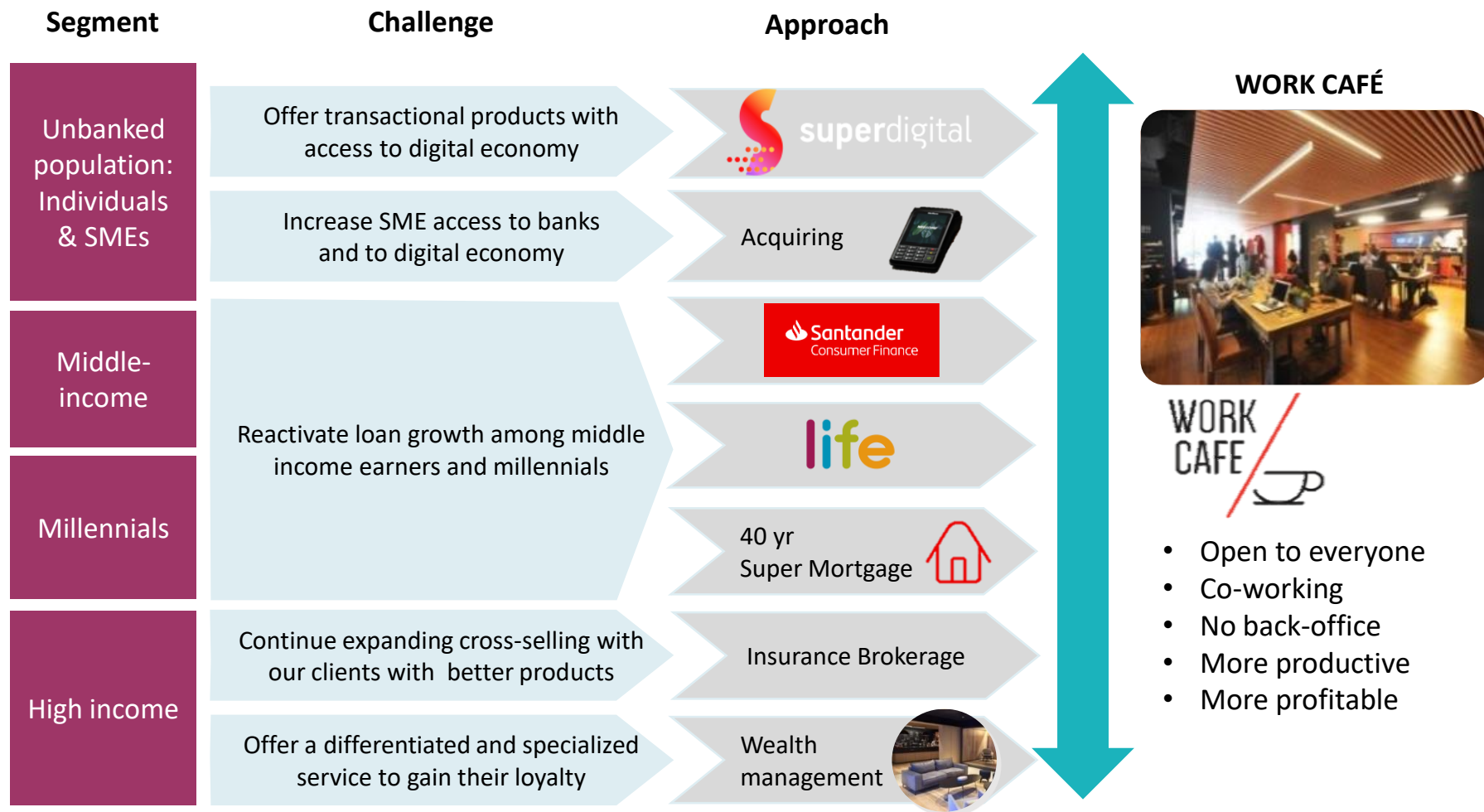
II



**Optimizing profitability and capital use to increase shareholder value in time**

# Strategy: I. Increasing client loyalty and expanding digital banking

## Offering innovative proposals for each market segment



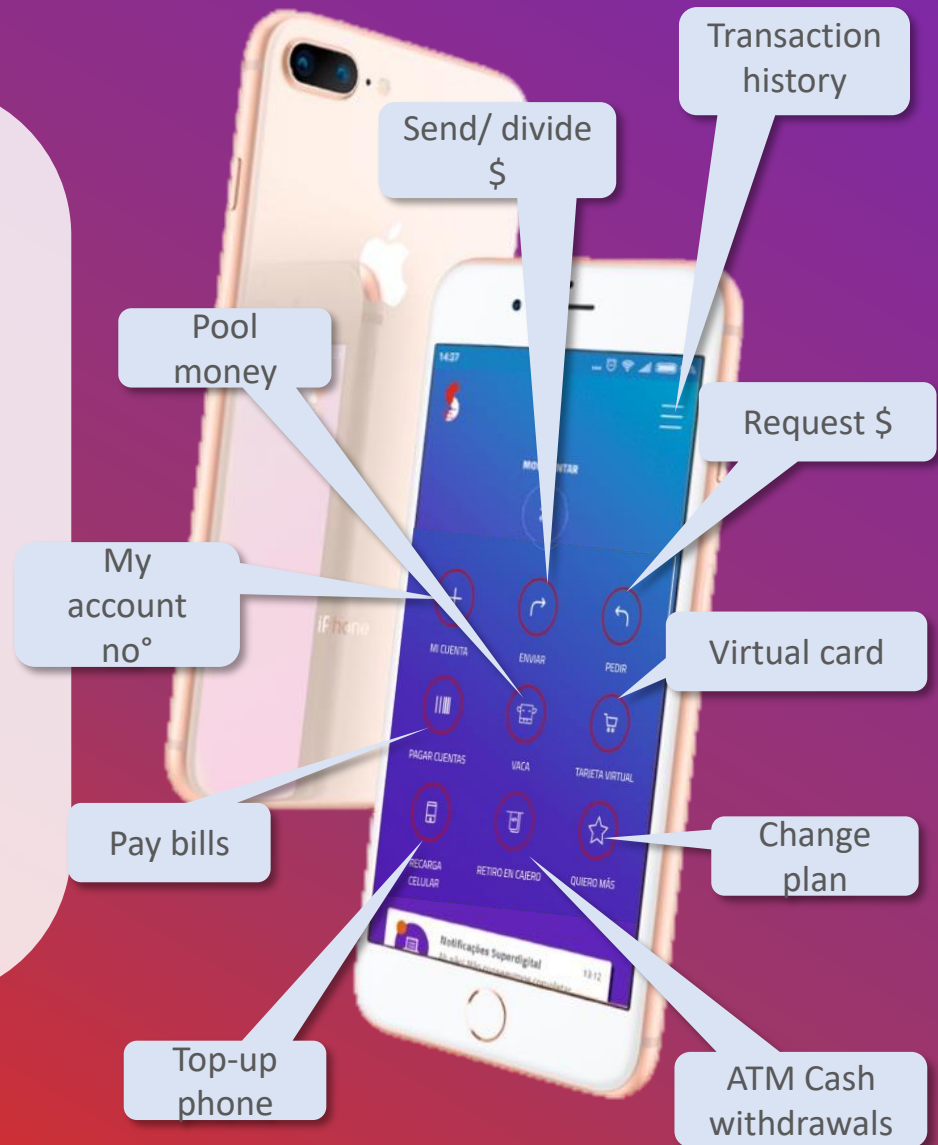
We have announced an investment plan of US\$380 million for the period of 2019-2021 in technology, branch upgrading and new products and services.

# Strategy: I. Increasing client loyalty and expanding digital banking

## Soft launch of Superdigital



- Our first 100% digital platform for Santander Chile
- First country in Latin America to implement one of the Santander Group's speedboats
- Purchasing and payment platform based on new prepaid card regulations
- Social Banking- Ecosystem for individuals to make payments to contacts via chats
- Financial inclusion without credit with UX Fintech



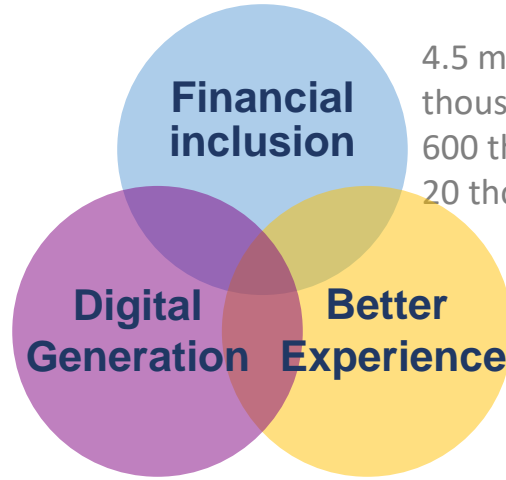
# Strategy: I. Re-focusing on growth as economy recovers



## Penetrating the unbanked market with transactional products

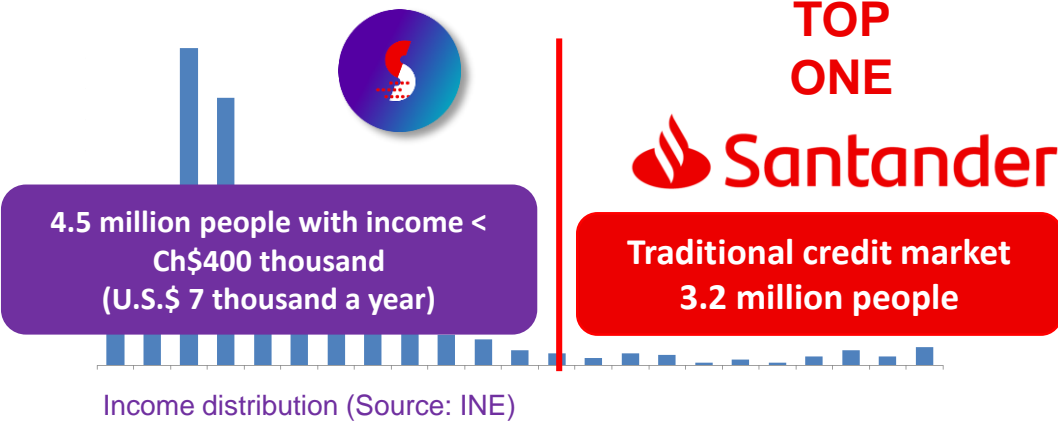
Clients this initiative seeks to target:

1.2 million Young generation  
1.5 million who use Rideshare



4.5 million people with income < Ch\$400 thousand (U.S.\$ 7 thousand a year)  
600 thousand immigrants  
20 thousand a month >18 Years **MY FIRST BANK**

7 million who use simple debit card or have no bank account



### Our position and market share<sup>1</sup>

Debit card	Stock	#1 36%	# operations	#2 25%	\$ operations	#1 26%
	Checking accounts		# accounts	#1 21%	\$ accounts	#2 20%



# Strategy: I. Re-focusing on growth as economy recovers

Acquiring



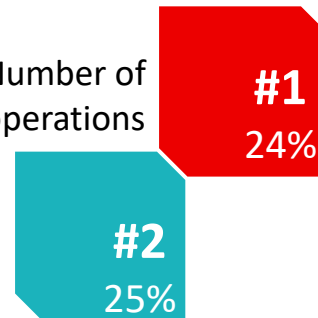
## Widening digital transaction penetration

### Position and market share<sup>1</sup>

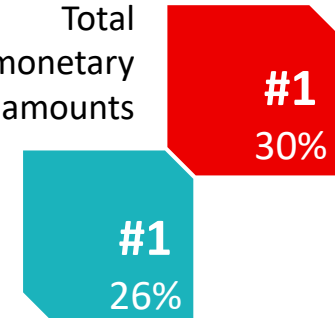
Credit card  
 Debit card



Number of operations

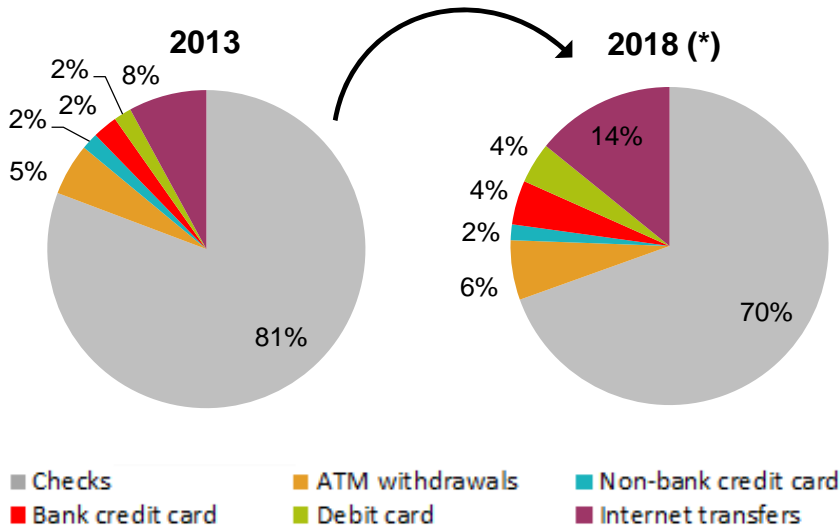


Total monetary amounts



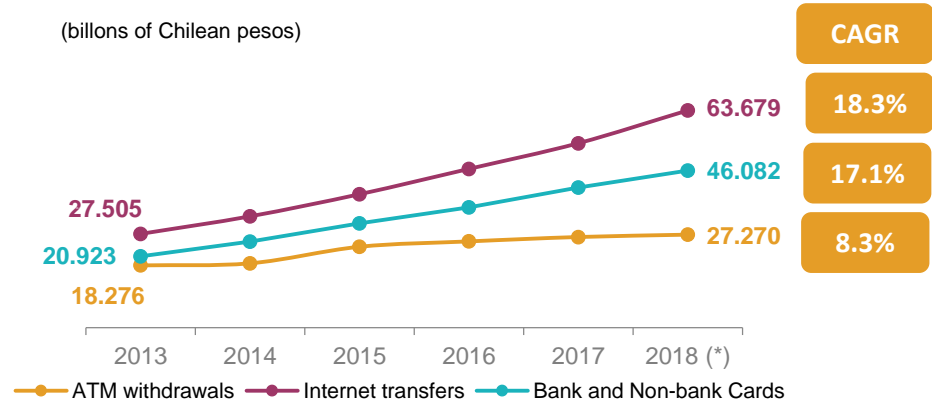
### Composition of retail payments in Chile<sup>2</sup>

(% of monetary total of payments)



### Payments by Internet, Cards and ATMs<sup>2</sup>

(billions of Chilean pesos)



Only 30-40% of shops use POS<sup>3</sup>



1. CMF Chile, latest information available 2. Source: Central Bank of Chile 3. Santander Chile estimates

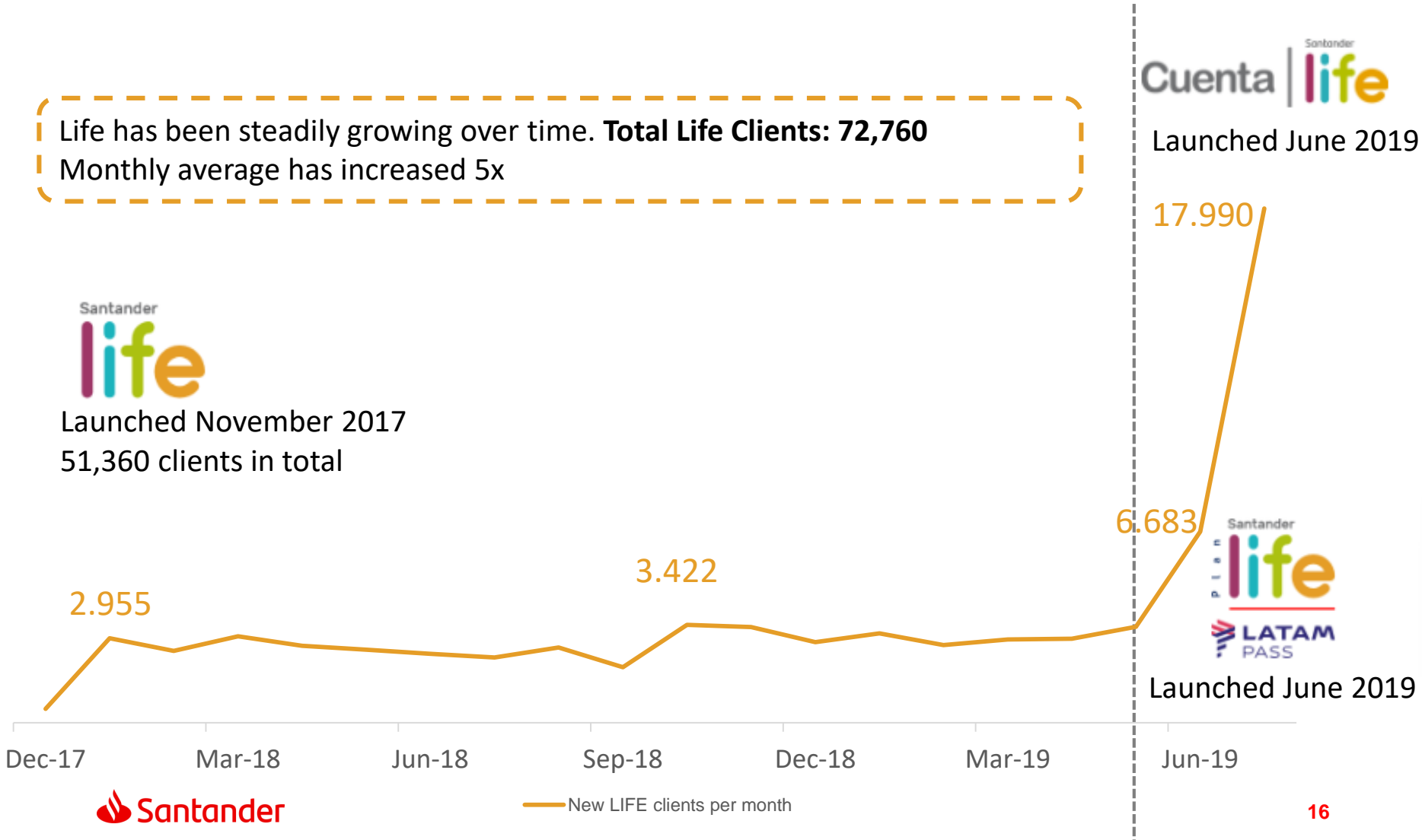
# Strategy: I. Increasing client loyalty and expanding digital banking



Re-activating growth among mid-income earners with a product mix that rewards positive credit behavior

As of June 2019

Life has been steadily growing over time. **Total Life Clients: 72,760**  
Monthly average has increased 5x



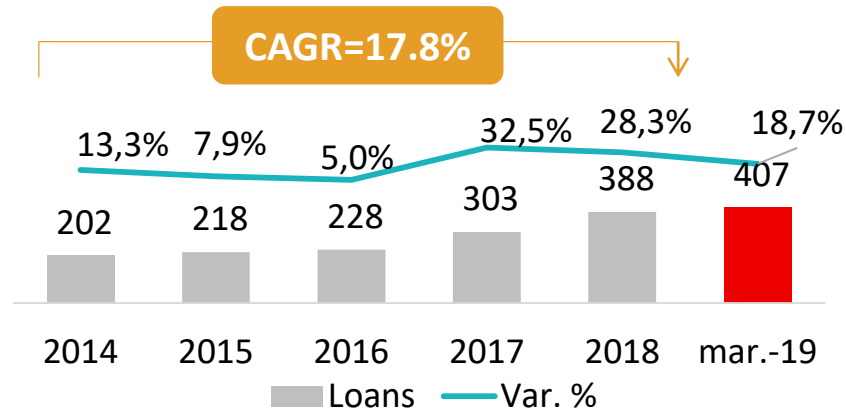


# Strategy: I. Increasing client loyalty and expanding digital banking

## Santander Consumer Chile: entering the auto lending business

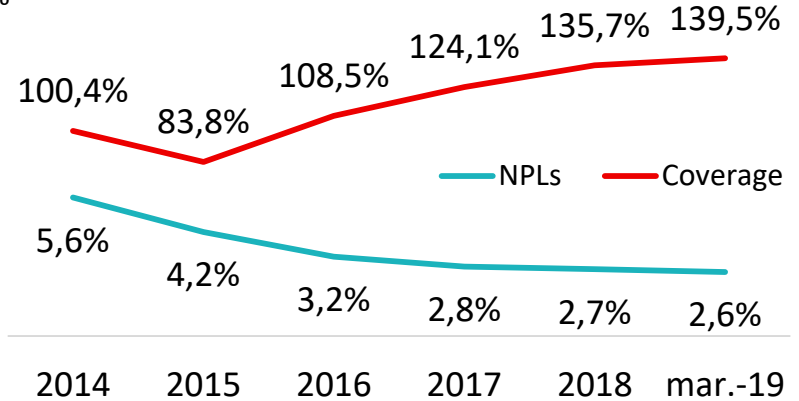
### Total loans

Ch\$bn. Var. % YoY



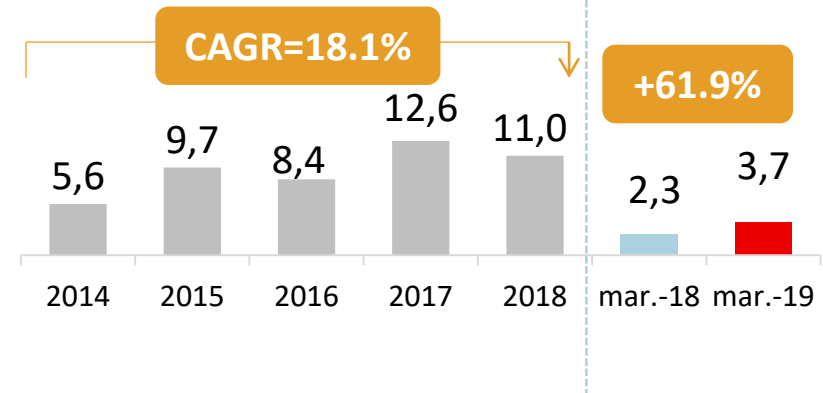
### NPLs and coverage

%



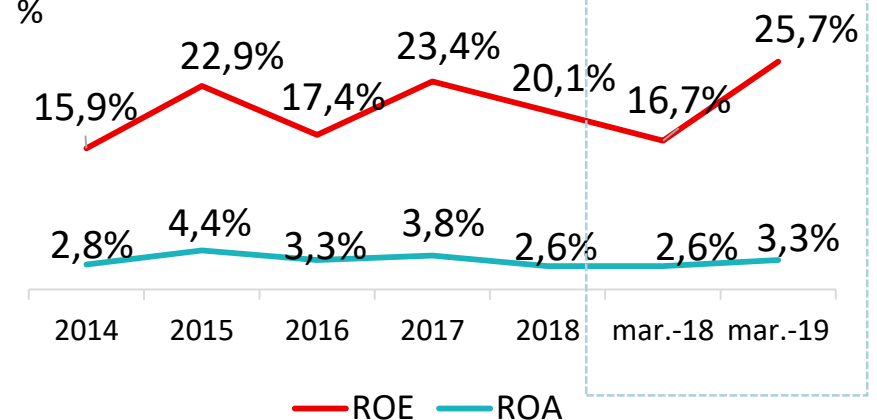
### Net income

Ch\$bn



### ROE & ROA

%

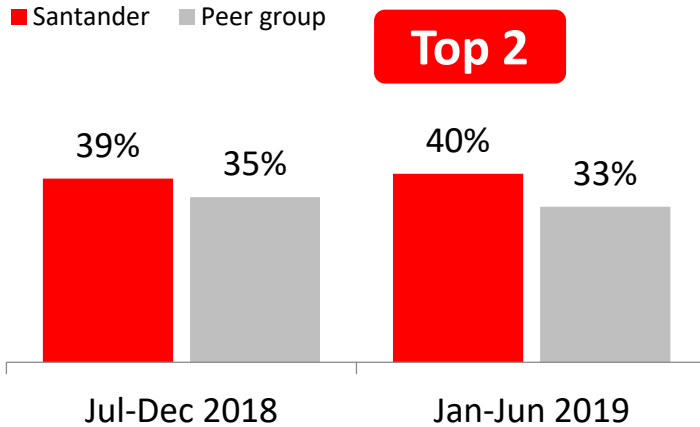


# Strategy: I. Increasing client loyalty and expanding digital banking

## Continuing to improve our client service

As of June 2019

### Net Promoter Score



Where we have seen tangible improvements in client satisfaction:



+4 pp

**Executives:** *Easily contacted* was the main aspect improved.



+2 pp

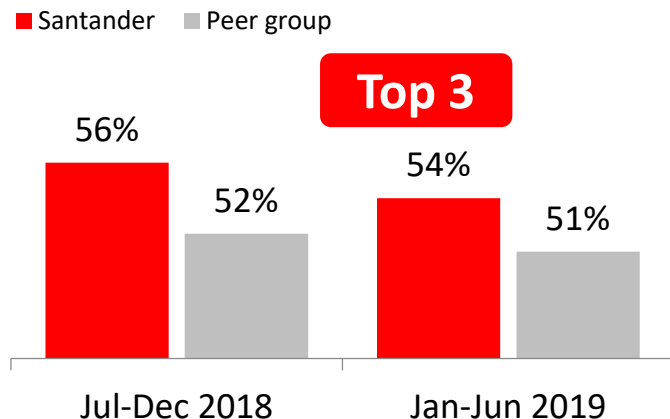
**Teamwork:** Clients have perceived our teams to be better integrated.



+3 pp

**The bank understands my history as a client**

### Net Global Satisfaction



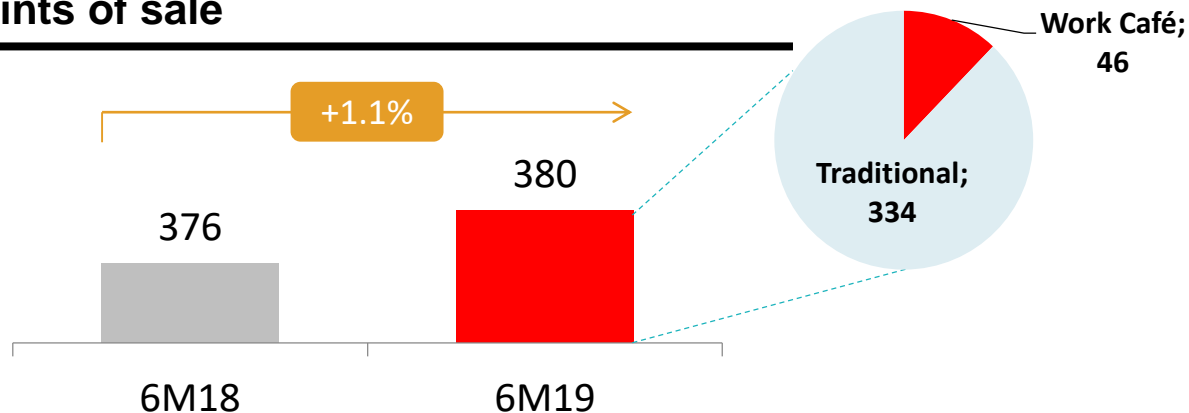
Our clients with a Life Credit Card have a **NPS of 67** and **Net Satisfaction of 90**



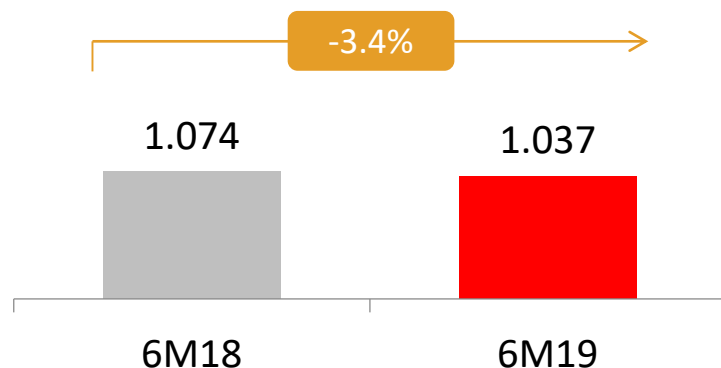
# Strategy: I. Increasing client loyalty and expanding digital banking

## Restructuring our physical distribution network

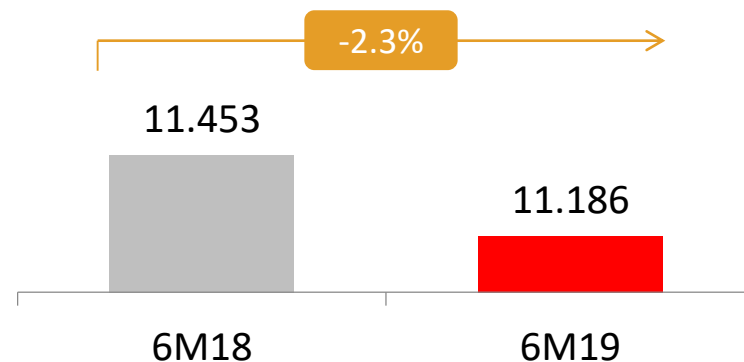
### Points of sale



### ATMs



### Employees

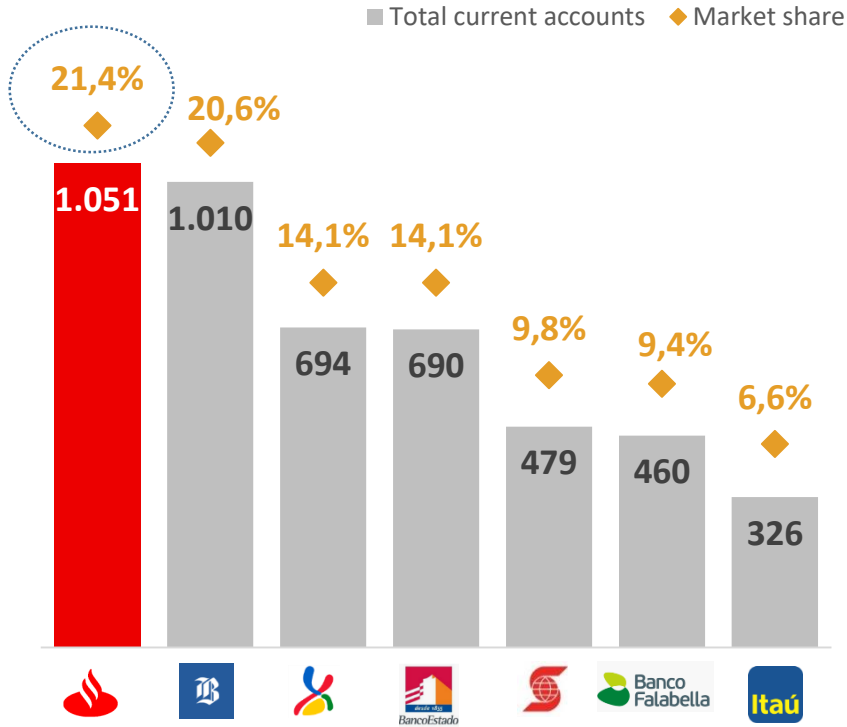


# Strategy: I. Increasing client loyalty and expanding digital banking

## We reached 1 million checking account holders

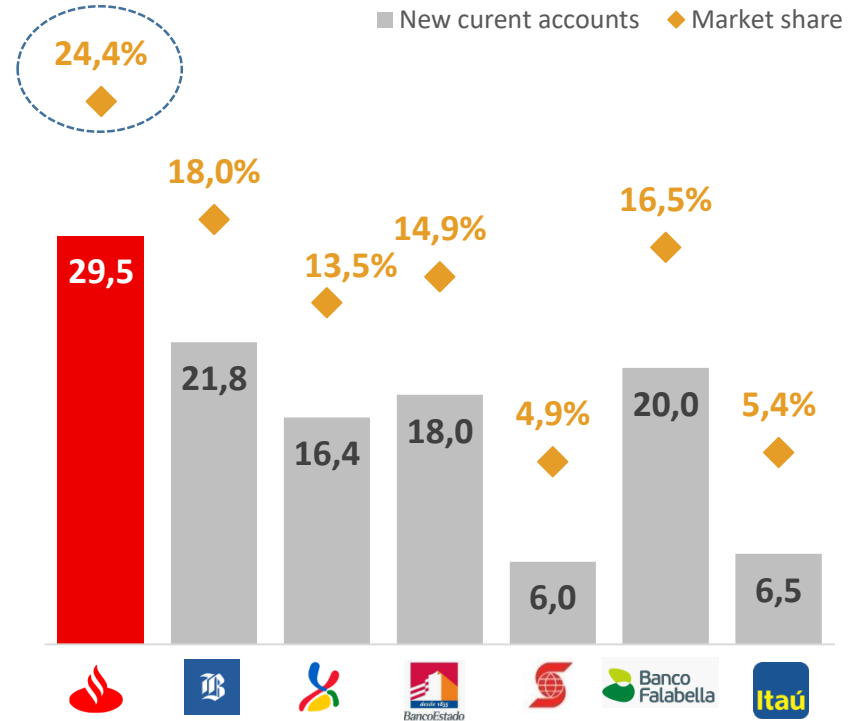
### Total current accounts and market share

Thousands of number of current accounts



### Net increase in current accounts 4M19 and market share

Thousands of number of current accounts

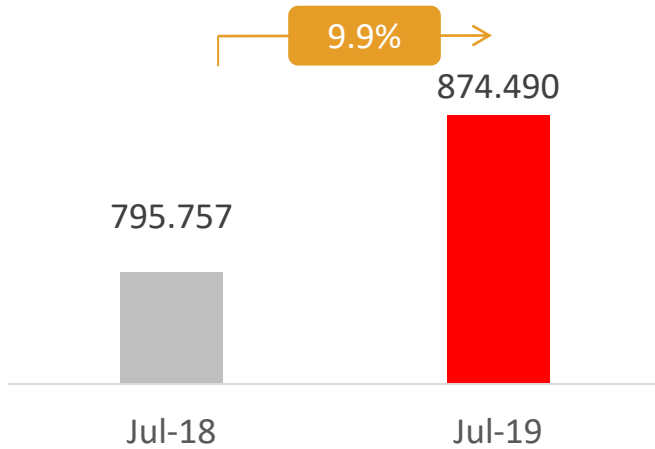


We represent over 24% of the net increase in current accounts in the system

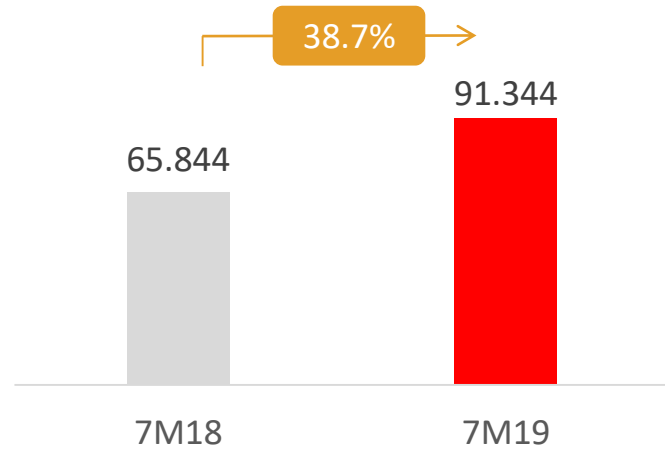
# Strategy: I. Increasing client loyalty and expanding digital banking

## Client growth accelerating

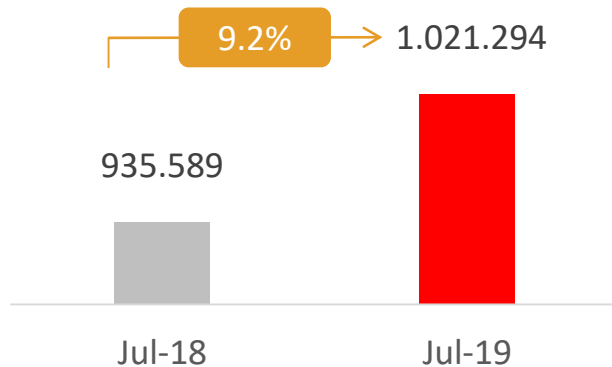
### Total checking accounts



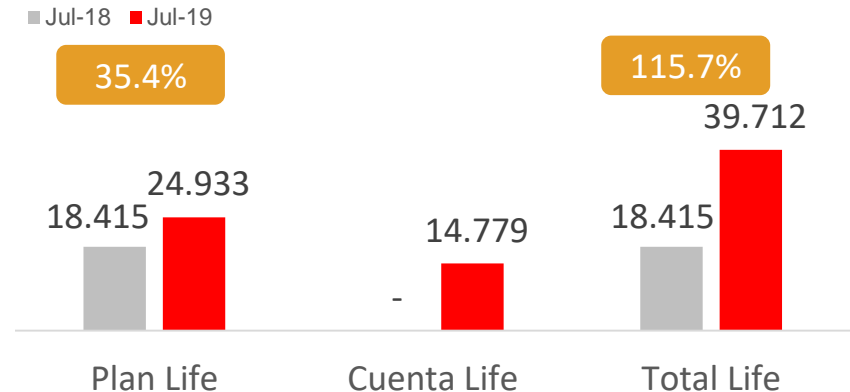
### New gross checking accounts (7M)



### Total digital clients



### New Santander Life clients (7M)



## Objectives for healthy growth / higher profitability



Increasing client loyalty through an improved client experience and quality of service and expanding digital banking capabilities








Optimizing profitability and capital use to increase shareholder value in time

## Strategy: II. Optimizing profitability and capital

**ROAE of 21.1% in 2Q19 and 18.2% in 6M19**

### ROAE

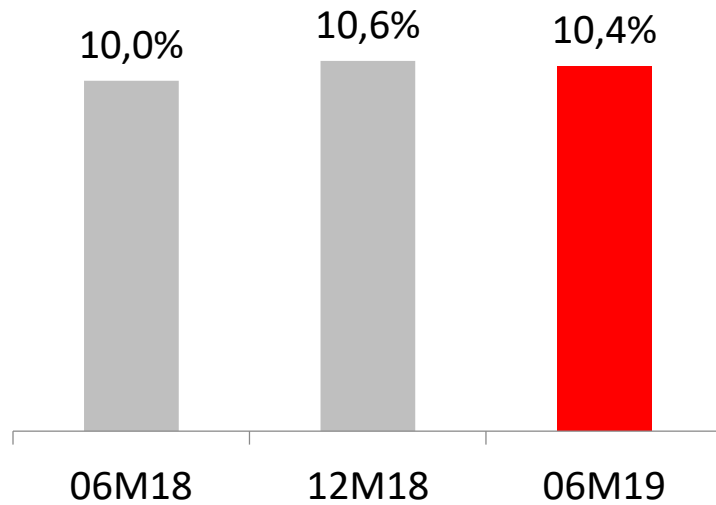
%

	6M19	2018	2017	2016	2015
 <b>Santander</b>	<b>18.2%</b>	<b>19.2%</b>	<b>19.2%</b>	<b>17.1%</b>	<b>17.1%</b>
 Chile	17.6%	18.7%	19.3%	19.6%	21.3%
 BCI	15.1%	13.5%	14.0%	14.7%	17.5%
 Itaú Corpbanca	4.8%	5.3%	1.8%	0.1%	14.8%
 Scotiabank	15.8%	8.6%	12.0%	11.5%	11.2%

## Strategy: II. Optimizing profitability and capital

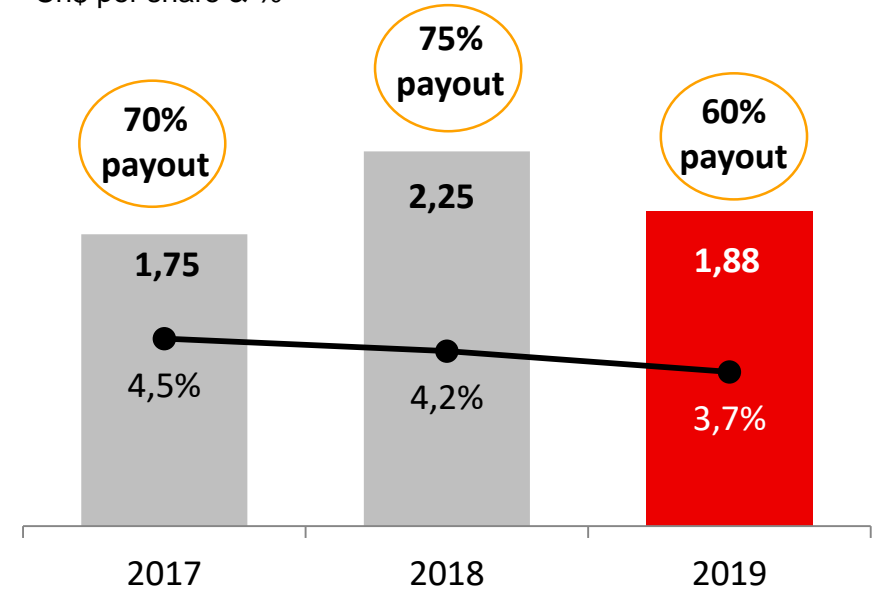
**40bp of capital generated in the 12 months**

### Core capital



### Payout and dividend yield

Ch\$ per share & %

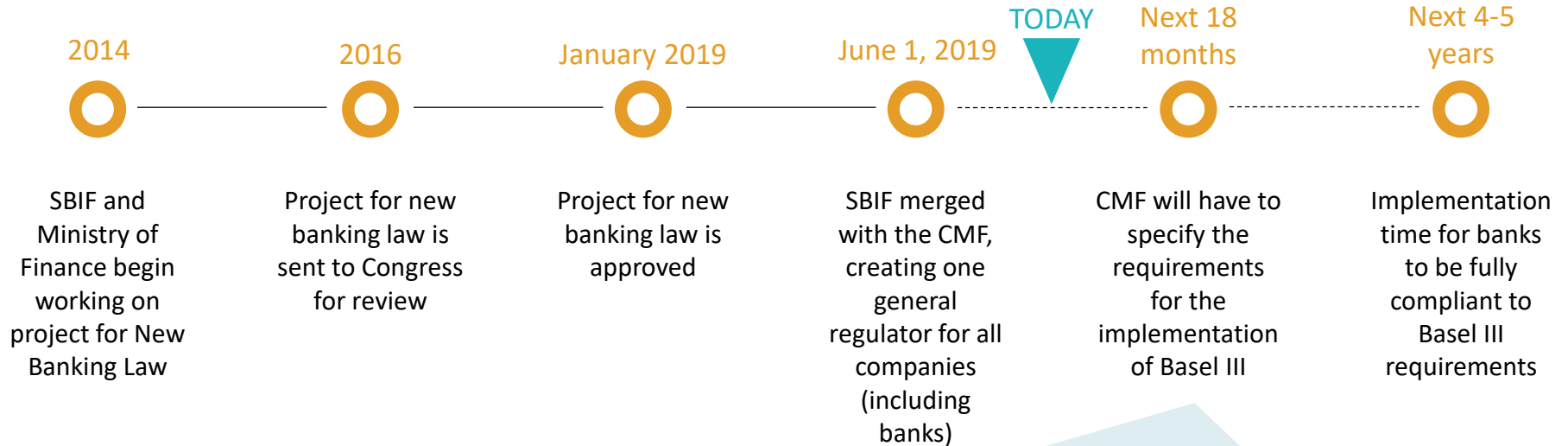


Payout of 60%. Dividend yield of 3.7%



## Strategy: II. Optimizing profitability and capital

### Updated timeline for implementation of BIS III



The CMF will begin publishing draft regulations for discussion in the following months. Standards will go through the following process:

CMF will create working groups with the Central Bank to create draft



CMF will publish draft regulations for discussion



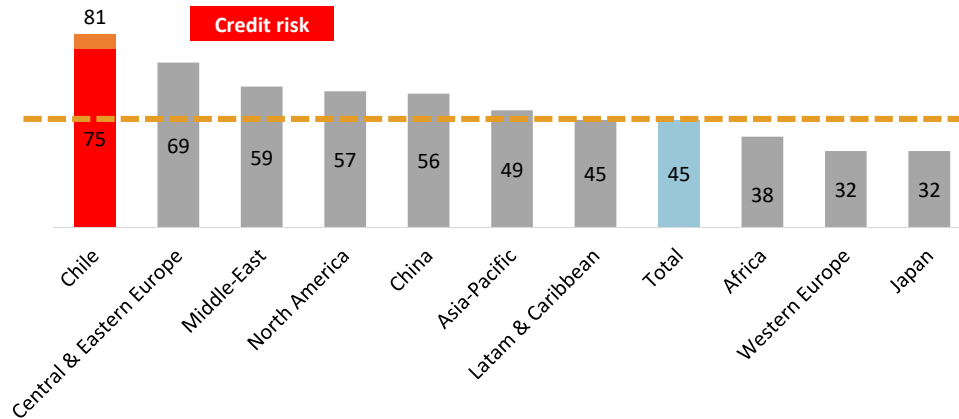
CMF will publish regulatory impact studies

*The CMF will begin its discussion on how to define systemic banks and how much increased capital they will be required to have. Under the Chilean legislation, this systemic buffer can go anywhere between 1% and 3.5%.*

## Strategy: II. Optimizing profitability and capital

# New banking regulation for implementation of BIS III

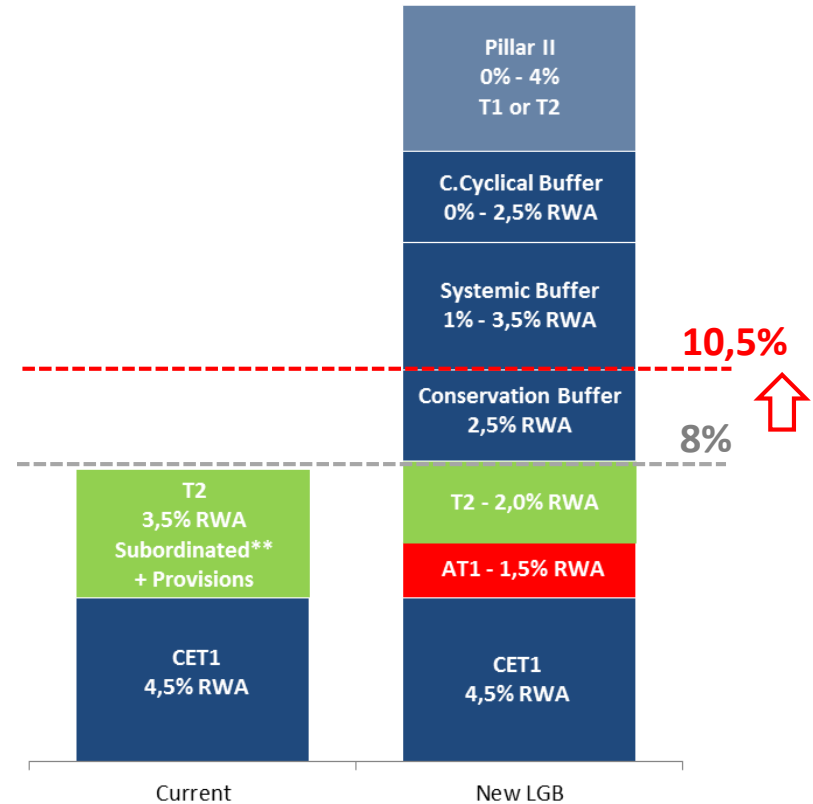
### RWA density\*



- Hybrid instruments will be recognized as capital (AT1 and preference shares)
- A normal transition to BIS III should be positive for our capital ratios
- Systemic buffer regulations published for consultation

\* BIS. RWA density= Risk weighted assets /total assets. The Banker database July 2017. Chile includes credit and market risk

### New capital requirements



\*\* Subordinated bonds allowed up to 50% of CET1

## Strategy: II. Optimizing profitability and capital

### Regulation in consultation phase: Systemic banks

#### Core capital additional charge

Systemic level	Range (bp)	Core capital additional charge (% RWA)
I	1000-1300	1.0%-1.25%
II	1300-1800	1.25%-1.75%
III	1800-2000	1.75%-2.5%
IV	>=2000	2.5%-3.5%

#### Factors

- 1. Size (30%):** Total assets consolidated in the domestic market
- 2. Domestic interconnection (30%):** assets and liabilities with financial institutions (banks and non-banks) and assets in circulation in the Chilean financial market
- 3. Domestic substitution (20%):** share in local payments, deposits and loans
- 4. Complexity (20%):** Factors that lead to greater difficulties regarding costs and/or time for the orderly resolution of the bank

# Agenda

**Macro-economic environment**

**Strategy update**

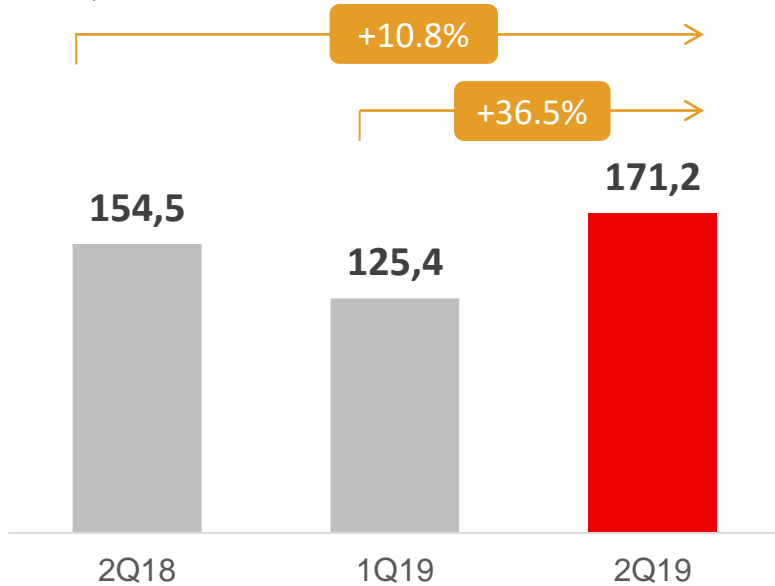
**Results**

**Outlook**

## Strong quarterly result with ROAE of 21.1%

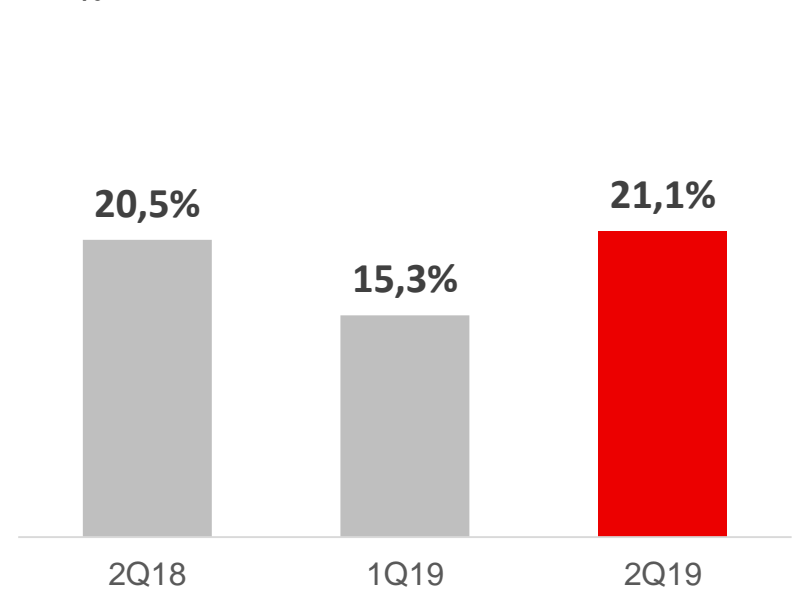
### Net income to shareholders

Ch\$bn



### ROAE<sup>1</sup>

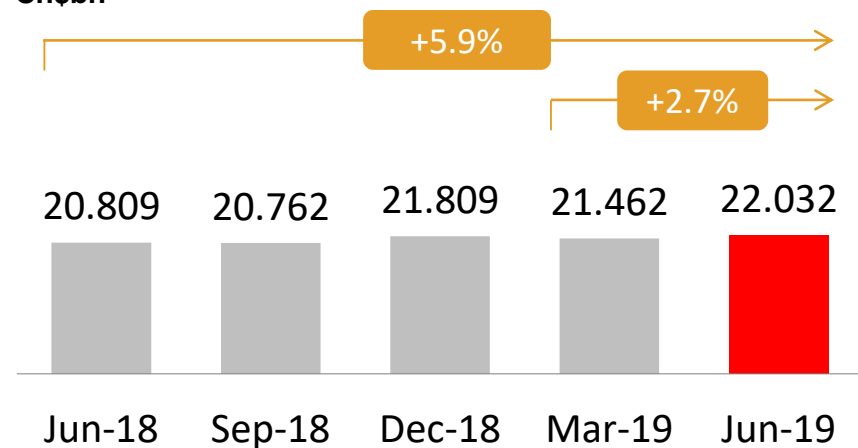
%



## Positive evolution of funding mix

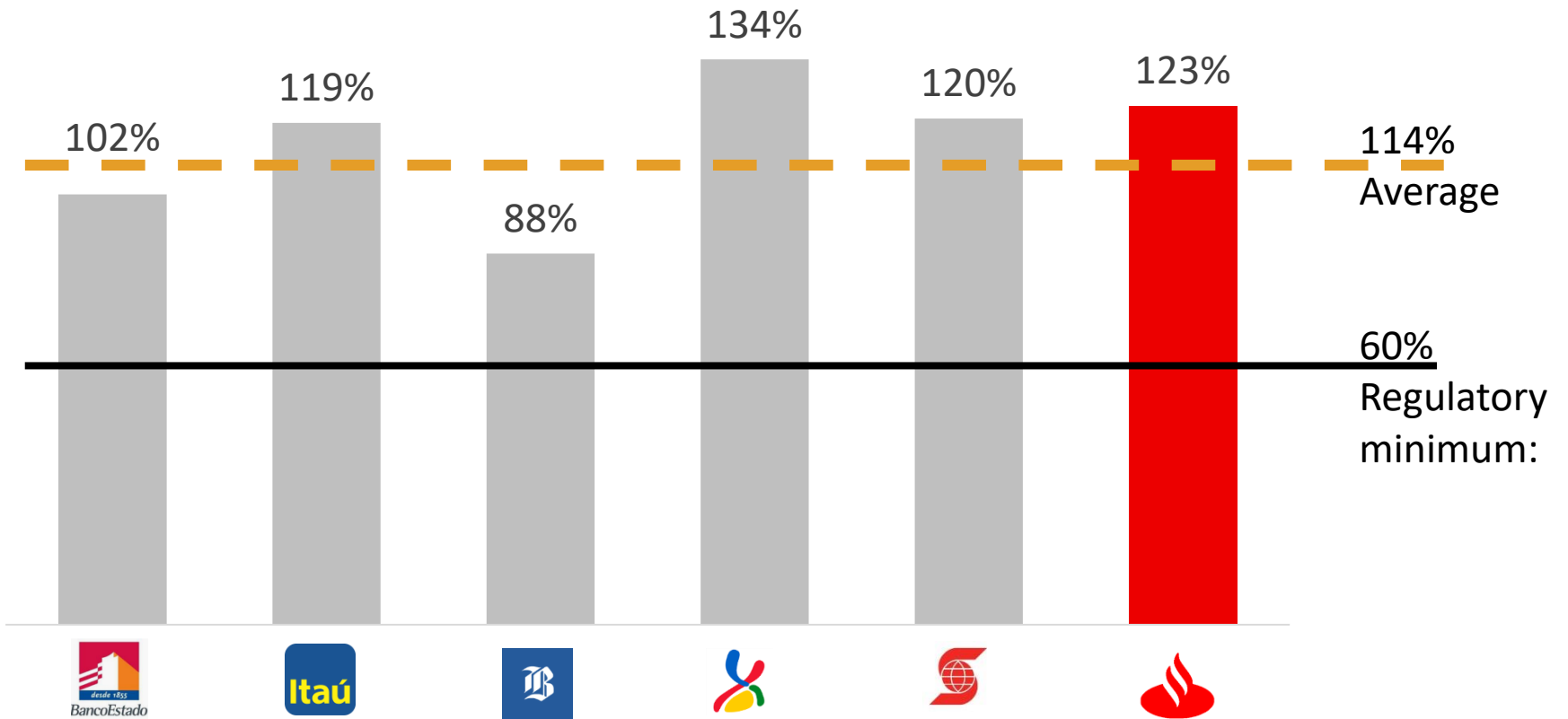
### Total Deposits

Ch\$bn



Ch\$ bn	6M19	YoY	QoQ
Demand	8,910	9.6%	4.5%
Time	13,123	3.5%	1.4%
<b>Total Deposits</b>	<b>22,032</b>	<b>5.9%</b>	<b>2.7%</b>
Mutual funds <sup>1</sup>	6,266	12.8%	7.7%
<b>Adjusted loans to deposits<sup>2</sup></b>	<b>97.0%</b>		
<b>LCR<sup>3</sup></b>	<b>123%</b>		
<b>NSFR<sup>4</sup></b>	<b>110%</b>		

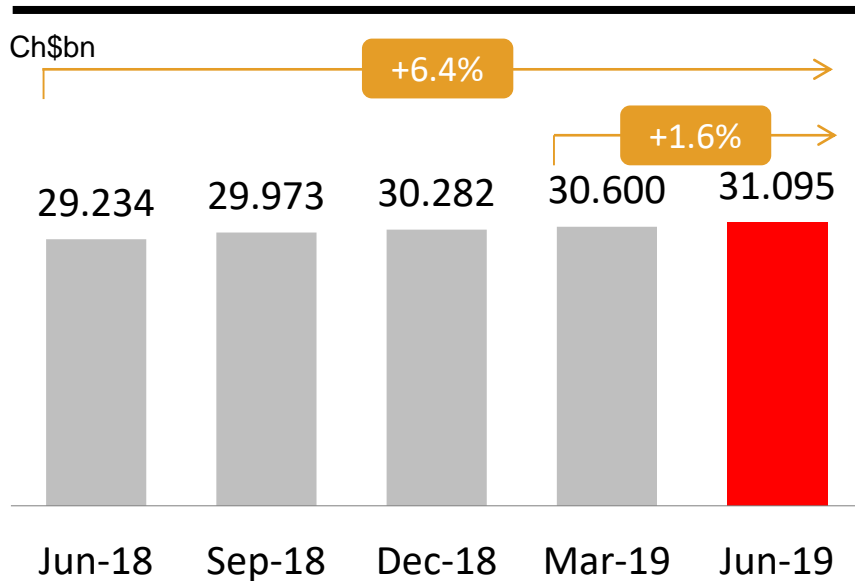
## Healthy liquidity levels



# Results

## Loan growth driven by Retail banking

### Total Loans



Ch\$ bn	6M19	YoY	QoQ
Individuals <sup>1</sup>	17,587	10.1%	2.5%
Consumer	4,989	7.5%	1.4%
Mortgages	10,658	11.9%	3.1%
SMEs	3,918	3.2%	2.2%
<b>Retail</b>	<b>21,505</b>	<b>8.8%</b>	<b>2.5%</b>
<b>Middle Market</b>	7,876	6.6%	(0.1%)
<b>Corporate (SCIB)</b>	1,563	(19.8%)	(1.7%)
<b>Total<sup>2</sup></b>	<b>31,095</b>	<b>6.4%</b>	<b>1.6%</b>

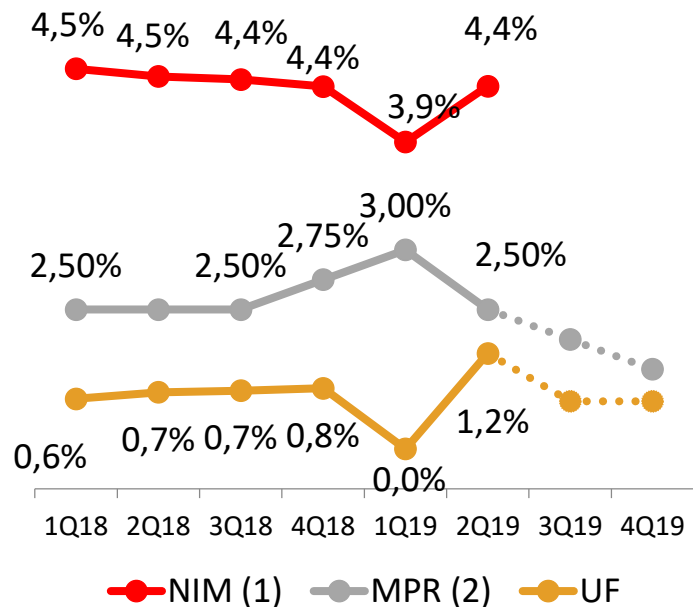
2019: Loan growth forecast 8-10% driven by retail loans



# Results

## Higher inflation in 2Q19 drives recovery in NIMs

### NIM<sup>1</sup> & Inflation



### Net Interest Income

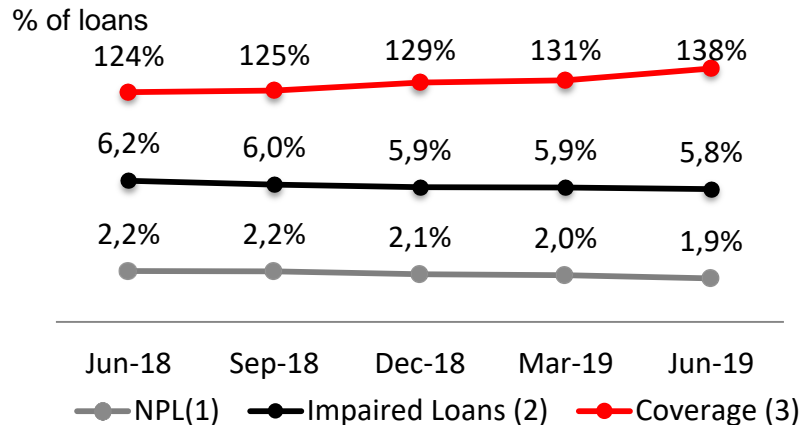
Ch\$ bn	6M19	YoY	QoQ
<b>Net interest income</b>	693	(1.0%)	14.8%
Average interest-earning assets	31,836	2.0%	2.6%
Average loans	29,145	2.6%	1.9%
Interest earning asset yield <sup>3</sup>	6.8%	-19bp	+240bp
Cost of funds <sup>4</sup>	2.73%	+11bp	+198bp
<b>NIM YTD</b>	<b>4.1%</b>	<b>-35bp</b>	

Stable NIM outlook for the rest of the year

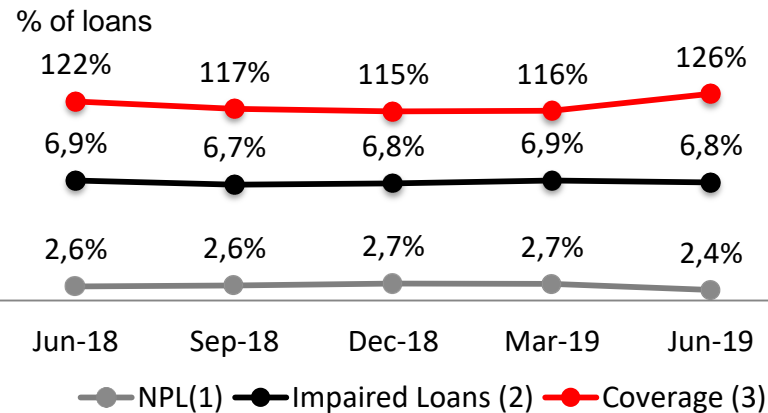
# Results

## Positive evolution of asset quality

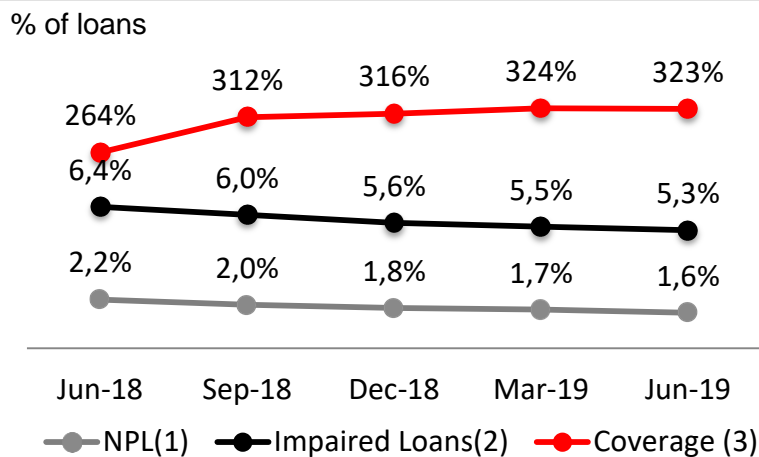
### Total loans



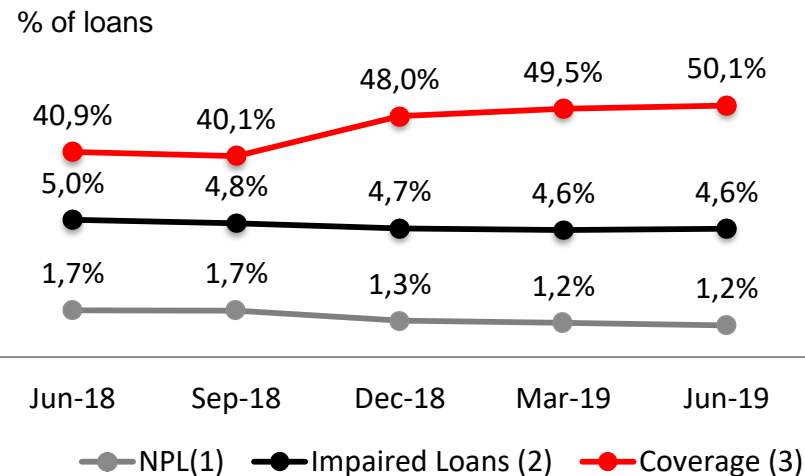
### Commercial loans



### Consumer loans



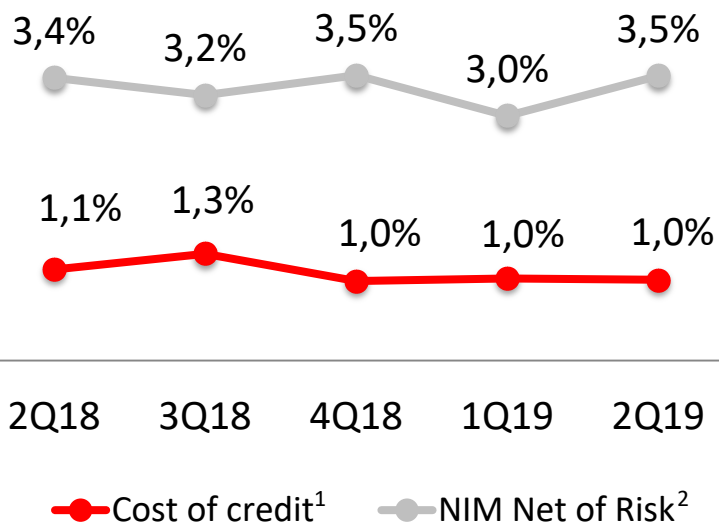
### Mortgage loans



## Low cost of credit drives NIM net of risk

### Cost of credit<sup>1</sup> and NIM Net of Risk<sup>2</sup>

%



### Provision for loan losses

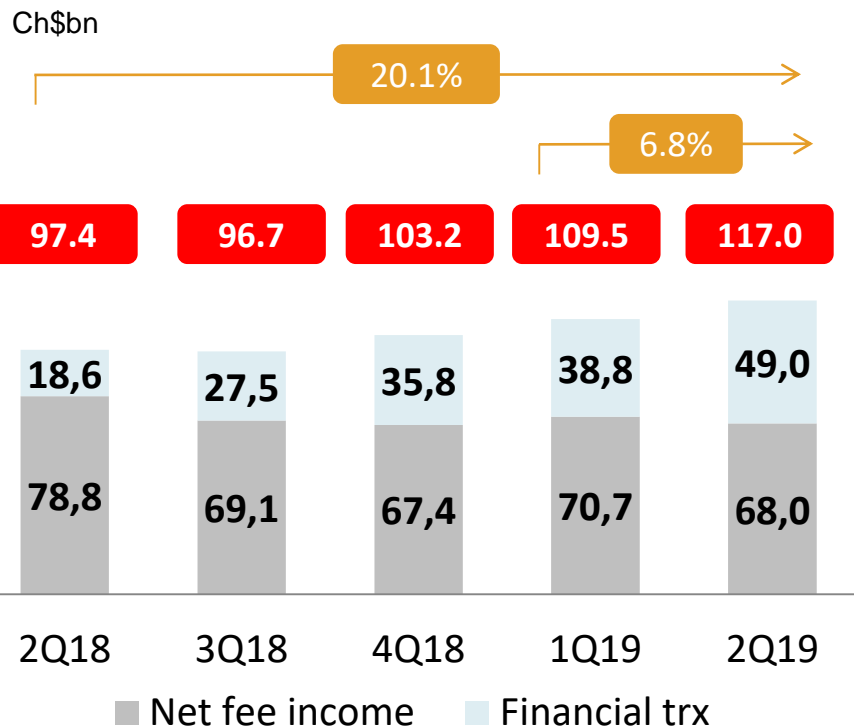
Ch\$ bn	6M19	YoY	QoQ
Gross provisions & charge-offs	(194,249)	(3.2%)	(16.8%)
Loan loss recoveries	41,627	(8.0%)	31.2%
<b>Provision for loan losses</b>	<b>(152,622)</b>	<b>(1.8%)</b>	<b>(0.9%)</b>
Cost of credit (YTD) <sup>1</sup>	0.99%	-10bp	
NIM net of risk (YTD) <sup>2</sup>	3.2%	-26bp	

One-time provision expense for new standardized model for commercial loans analyzed on a group basis recognized in July 2019: Ch\$31bn

# Results

## Non-NII: Strong client treasury revenues offset lower fee income

### Non-interest income (fee + financial trxs)



Total Non-NII growth ~10% in 2019

### Fee income

Ch\$ bn	6M19	YoY	QoQ
Retail	112.3	0.4%	(3.6%)
Middle Market	19.5	6.9%	(3.8%)
Corporate	14.3	(23.6%)	(11.9%)
<b>Subtotal</b>	<b>146.0</b>	<b>(1.8%)</b>	<b>(4.5%)</b>
Others	(7.3)	(230.7%)	(15.8%)
<b>Total Fees</b>	<b>138.6</b>	<b>(10.2%)</b>	<b>(3.8%)</b>

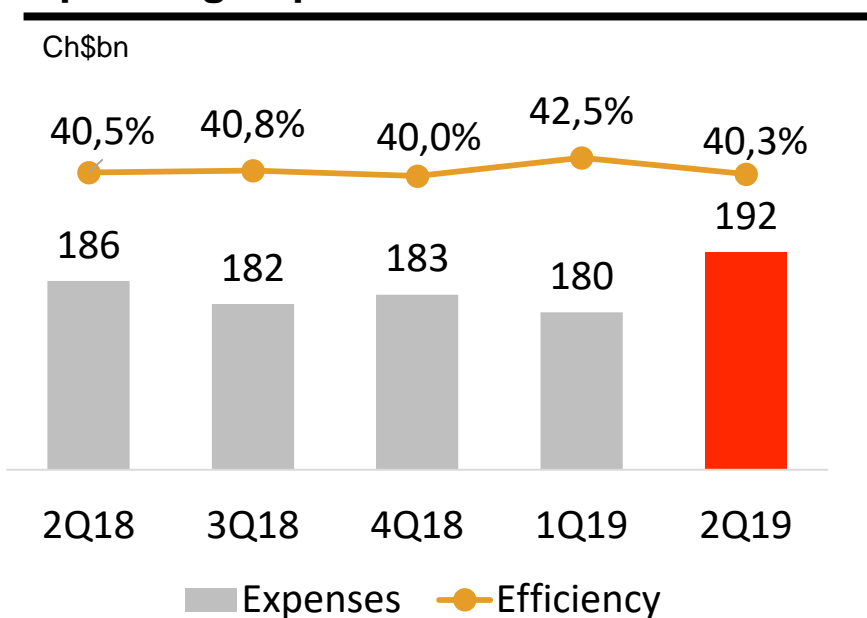
### Financial transactions, net

Ch\$ bn	6M19	YoY	QoQ
Client	66.2	60.1%	18.8%
Non Client	21.7	--%	52.1%
<b>Total Financial trx</b>	<b>87.9</b>	<b>110.3%</b>	<b>26.2%</b>

# Results

## Investing to improve productivity and efficiency

### Operating Expenses



Ch\$ bn	6M19	YoY	QoQ
Personnel expenses	199.3	3.0%	10.8%
Administrative expenses	120.7	(3.4%)	3.4%
Depreciation	51.7	34.4%	(2.5%)
<b>Operating expenses</b>	<b>371.7</b>	<b>4.1%</b>	<b>6.4%</b>
<b>Efficiency ratio</b>	<b>41.4%</b>	<b>+174bp</b>	<b>-225bp</b>
<b>Cost/Assets</b>	<b>1.8%</b>	<b>-11bp</b>	<b>+2bp</b>

# Agenda

**Macro-economic environment**

**Strategy update**

**Results**

**Outlook**

## Sound outlook for rest of 2019

- ✓ GDP growth estimate reduced to 2.4%. Investment to expand 4.2% in 2019
- ✓ UF inflation of 2.5% for 2019. The MPR cut a further 50bp to 2.0%
- ✓ Ambitious investment plan announced focusing on technology and new businesses
- ✓ Estimated loan growth of 8-10% with growth accelerating in higher yielding retail loans
- ✓ NIMs of 4.2-4.3% in remaining quarters, depending on inflation and velocity of rate cuts
- ✓ Greater client loyalty and higher client treasury income should drive non-interest income
- ✓ Recurring\* cost of credit of 1.0% with stable asset quality.
- ✓ Efficiency ratio ~41% led by improved productivity through digitalization
- ✓ Effective tax rate of ~22% for the full year

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**Recurring ROAE\* of 18% in 2019**

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\* Excluding the effect of the change in provisioning models for commercial loans analyzed on a group basis.

# Thank You.

Our purpose is to help people  
and business prosper.

Our culture is based on believing  
that everything we do should be:

**Simple Personal Fair**



MEMBER OF  
**Dow Jones  
Sustainability Indices**  
In Collaboration with RobecoSAM





# Annexes

# Annexes

Unaudited Balance Sheet	Jun-19	Jun-19	Jun-18	Jun-19/Jun-18
	US\$ Ths <sup>1</sup>	Ch\$ Million		% Chg.
Cash and deposits in banks	2,858,976	1,939,644	1,450,015	33.8%
Cash items in process of collection	754,653	511,987	745,532	(31.3%)
Trading investments	240,519	163,178	273,568	(40.4%)
Investments under resale agreements	-	-	1,746	(100.0%)
Financial derivative contracts	6,184,635	4,195,904	2,233,818	87.8%
Interbank loans, net	12,685	8,606	29,736	(71.1%)
Loans and account receivables from customers, net	44,645,070	30,289,001	28,399,121	6.7%
Available for sale investments	4,271,899	2,898,227	2,909,127	(0.4%)
Held-to-maturity investments	-	-	-	--%
Investments in associates and other companies	14,561	9,879	30,292	(67.4%)
Intangible assets	93,407	63,371	61,056	3.8%
Property, plant and equipment	292,039	198,131	230,572	(14.1%)
Right of use assets	288,958	196,041	-	--%
Current taxes	-	-	10,623	(100.0%)
Deferred taxes	577,156	391,566	380,610	2.9%
Other assets	1,719,262	1,166,416	833,422	40.0%
<b>Total Assets</b>	<b>61,953,822</b>	<b>42,031,951</b>	<b>37,589,238</b>	<b>11.8%</b>
Deposits and other demand liabilities	13,132,472	8,909,594	8,127,758	9.6%
Cash items in process of being cleared	578,446	392,441	717,175	(45.3%)
Obligations under repurchase agreements	197,055	133,690	110,585	20.9%
Time deposits and other time liabilities	19,342,172	13,122,503	12,681,594	3.5%
Financial derivatives contracts	5,645,286	3,829,988	2,072,108	84.8%
Interbank borrowings	2,705,184	1,835,305	1,553,212	18.2%
Issued debt instruments	13,170,898	8,935,664	8,020,395	11.4%
Other financial liabilities	309,426	209,927	249,547	(15.9%)
Leasing contract obligations	223,398	151,562	-	--%
Current taxes	6,889	4,674	-	--%
Deferred taxes	57,875	39,265	22,643	73.4%
Provisions	312,514	212,022	206,306	2.8%
Other liabilities	1,361,756	923,870	784,785	17.7%
<b>Total Liabilities</b>	<b>57,043,372</b>	<b>38,700,505</b>	<b>34,546,108</b>	<b>12.0%</b>
<b>Equity</b>				
Capital	1,313,754	891,303	891,303	0.0%
Reserves	3,183,455	2,159,783	1,923,022	12.3%
Valuation adjustments	38,482	26,108	(28,318)	(192.2%)
<b>Retained Earnings:</b>				
Retained earnings from prior years	-	-	-	--%
Income for the period	437,271	296,662	305,531	(2.9%)
Minus: Provision for mandatory dividends	(131,182)	(88,999)	(91,659)	(2.9%)
<b>Total Shareholders' Equity</b>	<b>4,841,780</b>	<b>3,284,857</b>	<b>2,999,879</b>	<b>9.5%</b>
Non-controlling interest	68,671	46,589	43,251	7.7%
<b>Total Equity</b>	<b>4,910,450</b>	<b>3,331,446</b>	<b>3,043,130</b>	<b>9.5%</b>
<b>Total Liabilities and Equity</b>	<b>61,953,822</b>	<b>42,031,951</b>	<b>37,589,238</b>	<b>11.8%</b>

1. The exchange rate used to calculate the figures in dollars was Ch\$678.44 / US\$1

# Annexes

	Jun-19	Jun-19	Jun-18	Jun-19/Jun-18
	US\$ Ths <sup>1</sup>	Ch\$ Million		% Chg.
Interest income	1,675,700	1,136,862	1,088,772	4.4%
Interest expense	(654,127)	(443,786)	(388,727)	14.2%
<b>Net interest income</b>	<b>1,021,573</b>	<b>693,076</b>	<b>700,045</b>	<b>(1.0%)</b>
Fee and commission income	360,720	244,727	246,548	(0.7%)
Fee and commission expense	(156,356)	(106,078)	(92,230)	15.0%
<b>Net fee and commission income</b>	<b>204,364</b>	<b>138,649</b>	<b>154,318</b>	<b>(10.2%)</b>
Net income (expense) from financial operations	33,770	22,911	(8,853)	(358.8%)
Net foreign exchange gain	95,734	64,950	50,634	28.3%
<b>Total financial transactions, net</b>	<b>129,504</b>	<b>87,861</b>	<b>41,781</b>	<b>110.3%</b>
Other operating income	14,662	9,947	24,564	(59.5%)
<b>Net operating profit before provisions for loan losses</b>	<b>1,370,103</b>	<b>929,533</b>	<b>920,708</b>	<b>1.0%</b>
<b>Provision for loan losses</b>	<b>(224,960)</b>	<b>(152,622)</b>	<b>(155,406)</b>	<b>(1.8%)</b>
<b>Net operating profit</b>	<b>1,145,143</b>	<b>776,911</b>	<b>765,302</b>	<b>1.5%</b>
Personnel salaries and expenses	(293,774)	(199,308)	(193,577)	3.0%
Administrative expenses	(177,857)	(120,665)	(124,865)	(3.4%)
Depreciation and amortization	(76,173)	(51,679)	(38,440)	34.4%
<b>Op. expenses excl. Impairment and Other operating expenses</b>	<b>(547,804)</b>	<b>(371,652)</b>	<b>(356,882)</b>	<b>4.1%</b>
Impairment of property, plant and equipment	-	-	(39)	(100.0%)
Other operating expenses	(45,444)	(30,831)	(19,852)	55.3%
<b>Total operating expenses</b>	<b>(593,248)</b>	<b>(402,483)</b>	<b>(376,773)</b>	<b>6.8%</b>
<b>Operating income</b>	<b>551,896</b>	<b>374,428</b>	<b>388,529</b>	<b>(3.6%)</b>
Income from investments in associates and other companies	800	543	1,141	(52.4%)
<b>Income before tax</b>	<b>552,696</b>	<b>374,971</b>	<b>391,530</b>	<b>(4.2%)</b>
Income tax expense	(117,092)	(79,440)	(84,584)	(6.1%)
<b>Net income from ordinary activities</b>	<b>435,604</b>	<b>295,531</b>	<b>306,946</b>	<b>(3.7%)</b>
Net income discontinued operations <sup>2</sup>	2,504	1,699	1,860	(8.7%)
<b>Net consolidated income</b>	<b>438,108</b>	<b>297,230</b>	<b>306,946</b>	<b>(3.2%)</b>
Net income attributable to:				
Non-controlling interest	837	568	1,415	(59.9%)
<b>Net income attributable to equity holders of the Bank</b>	<b>437,271</b>	<b>296,662</b>	<b>305,531</b>	<b>(2.9%)</b>

1. The exchange rate used to calculate the figures in dollars was Ch\$678.44 / US\$1

2. Corresponds to the discontinued operations of Redbanc S.A., Transbank S.A. and Nexus S.A. Jun-2018 has been included for comparison purposes, reclassifying from Income from investments in associates and other companies

# Annexes

	2Q19	2Q19	1Q19	2Q18	2Q19/2Q18	2Q19/1Q19
	US\$ Ths <sup>1</sup>	Ch\$ Million	Ch\$ Million		% Chg.	
Interest income	996,567	676,111	460,751	560,720	20.6%	46.7%
Interest expense	(450,646)	(305,736)	(138,050)	(207,390)	47.4%	121.5%
<b>Net interest income</b>	<b>545,922</b>	<b>370,375</b>	<b>322,701</b>	<b>353,330</b>	<b>4.8%</b>	<b>14.8%</b>
Fee and commission income	181,830	123,361	121,366	122,394	0.8%	1.6%
Fee and commission expense	(81,639)	(55,387)	(50,691)	(43,570)	27.1%	9.3%
<b>Net fee and commission income</b>	<b>100,192</b>	<b>67,974</b>	<b>70,675</b>	<b>78,824</b>	<b>(13.8%)</b>	<b>(3.8%)</b>
Net income (expense) from financial operations	282,149	191,421	(168,510)	18,321	944.8%	(213.6%)
Net foreign exchange gain	(209,901)	(142,405)	207,355	239	--%	(168.7%)
<b>Total financial transactions, net</b>	<b>72,248</b>	<b>49,016</b>	<b>38,845</b>	<b>18,560</b>	<b>164.1%</b>	<b>26.2%</b>
Other operating income	7,062	4,791	5,156	18,257	(73.8%)	(7.1%)
<b>Net operating profit before provisions for loan losses</b>	<b>725,423</b>	<b>492,156</b>	<b>437,377</b>	<b>468,971</b>	<b>4.9%</b>	<b>12.5%</b>
<b>Provision for loan losses</b>	<b>(112,535)</b>	<b>(76,348)</b>	<b>(76,274)</b>	<b>(80,001)</b>	<b>(4.6%)</b>	<b>0.1%</b>
<b>Net operating profit</b>	<b>612,888</b>	<b>415,808</b>	<b>361,103</b>	<b>388,970</b>	<b>6.9%</b>	<b>15.1%</b>
Personnel salaries and expenses	(154,400)	(104,751)	(94,557)	(104,061)	0.7%	10.8%
Administrative expenses	(90,397)	(61,329)	(59,336)	(62,710)	(2.2%)	3.4%
Depreciation and amortization	(37,610)	(25,516)	(26,163)	(19,260)	32.5%	(2.5%)
<b>Op. expenses excl. Impairment and Other operating expenses</b>	<b>(282,407)</b>	<b>(191,596)</b>	<b>(180,056)</b>	<b>(186,031)</b>	<b>3.0%</b>	<b>6.4%</b>
Impairment of property, plant and equipment	-	-	-	-	--%	--%
Other operating expenses	(24,565)	(16,666)	(14,165)	(9,931)	67.8%	17.7%
<b>Total operating expenses</b>	<b>(306,972)</b>	<b>(208,262)</b>	<b>(194,221)</b>	<b>(195,962)</b>	<b>6.3%</b>	<b>7.2%</b>
<b>Operating income</b>	<b>305,917</b>	<b>207,546</b>	<b>166,882</b>	<b>193,008</b>	<b>7.5%</b>	<b>24.4%</b>
Income from investments in associates and other companies	579	393	150	966	(59.3%)	162.0%
<b>Income before tax</b>	<b>306,496</b>	<b>207,939</b>	<b>167,032</b>	<b>193,974</b>	<b>7.2%</b>	<b>24.5%</b>
Income tax expense	(54,970)	(37,294)	(42,146)	(40,031)	(6.8%)	(11.5%)
<b>Net income from ordinary activities</b>	<b>251,526</b>	<b>170,645</b>	<b>124,886</b>	<b>153,943</b>	<b>10.8%</b>	<b>36.6%</b>
Net income discontinued operations <sup>2</sup>	1,365	926	773	1,210	(23.5%)	19.8%
<b>Net consolidated income</b>	<b>252,890</b>	<b>171,571</b>	<b>125,659</b>	<b>155,153</b>	<b>10.6%</b>	<b>36.5%</b>
<b>Net income attributable to:</b>						
Non-controlling interest	500	339	229	638	(46.9%)	48.0%
<b>Net income attributable to equity holders of the Bank</b>	<b>252,391</b>	<b>171,232</b>	<b>125,430</b>	<b>154,515</b>	<b>10.8%</b>	<b>36.5%</b>



<sup>1</sup> The exchange rate used to calculate the figures in dollars was Ch\$678.44 / US\$1  
<sup>2</sup> Corresponds to the discontinued operations of Redbanc S.A., Transbank S.A. and Nexus S.A. Previous quarters have been included for comparison purposes, reclassifying from Income from investments in associates and other companies.

# Annexes: Key Indicators

<b>Profitability and efficiency</b>	<b>06M19</b>	<b>06M18</b>	<b>Change bp</b>
Net interest margin (NIM) <sup>1</sup>	4.1%	4.5%	-35
Efficiency ratio <sup>2</sup>	41.4%	39.6%	174
Return on avg. equity	18.2%	20.0%	-177
Return on avg. assets	1.5%	1.7%	-20
Core Capital ratio	10.4%	10.0%	41
BIS ratio	13.1%	12.8%	35
Return on RWA	1.9%	2.1%	-22

<b>Asset quality ratios (%)</b>	<b>Jun-19</b>	<b>Jun-18</b>	<b>Change bp</b>
NPL ratio <sup>3</sup>	1.9%	2.2%	-36
Coverage of NPLs ratio <sup>4</sup>	137.6%	123.9%	1,373
Cost of credit <sup>5</sup>	1.0%	1.1%	-10

<b>Structure (#)</b>	<b>Jun-19</b>	<b>Jun-18</b>	<b>Change (%)</b>
Branches	380	376	1.1%
ATMs	1,037	1,074	(3.4%)
Employees	11,186	11,453	(2.3%)

<b>Market capitalization (YTD)</b>	<b>Jun-19</b>	<b>Jun-18</b>	<b>Change (%)</b>
Net income per share (Ch\$)	1.57	1.62	(2.9%)
Net income per ADR (US\$)	0.93	0.99	(6.4%)
Stock price (Ch\$/per share)	50.5	51.27	(1.5%)
ADR price (US\$ per share)	29.92	31.43	(4.8%)
Market capitalization (US\$m)	14,119	14,435	(2.2%)
Shares outstanding (millions)	188,446.1	188,446.1	--%
ADRs (1 ADR = 400 shares) (millions)	471.1	471.1	--%

1. NIM = Net interest income annualized divided by interest earning assets.

2. Efficiency ratio: Operating expenses excluding impairment and other operating expenses divided by Operating income. Operating income = Net interest income + Net fee and commission income + Total financial transactions, net + Other operating income minus other operating expenses.

3. Capital + future interest of all loans with one installment 90 days or more overdue divided by total loans.

4. Loan loss allowance divided by Capital + future interest of all loans with one installment 90 days or more overdue.

5. Provision expense annualized divided by average loans.