

# Banco Santander Chile 3Q 2018 Results

October 31, 2018



# Important information

Banco Santander Chile caution 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 2016 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 and results**



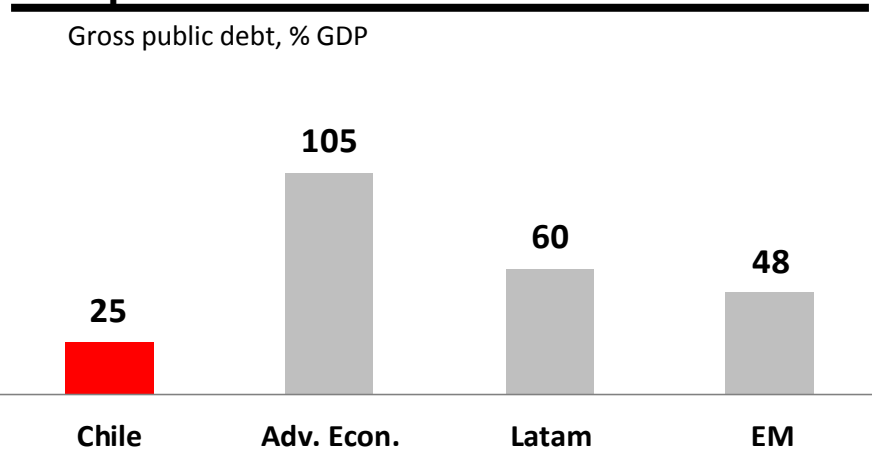
**Outlook**

## Chile: a stable and diversified economy

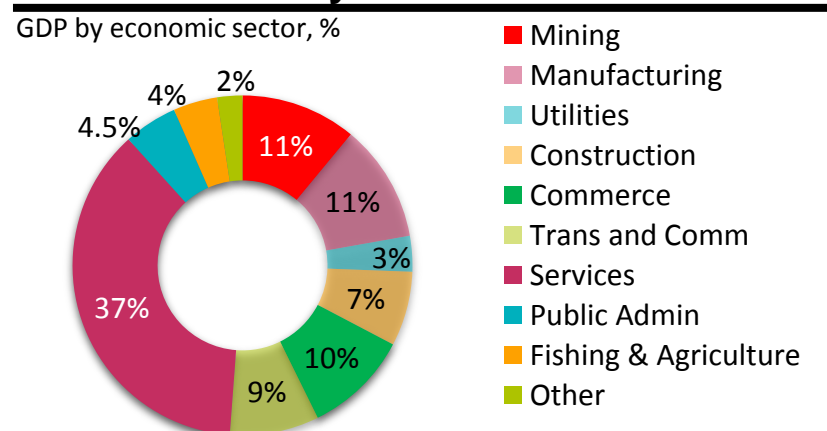
### Chile: Key economic indicators<sup>1,2</sup>

Population:	18.5 mn
GDP <sup>3</sup> :	US\$299bn
GDP per capita (PPP): <sup>4</sup>	US\$24,537
Exports / GDP:	28%
Investment / GDP :	21.6%
Net public debt / GDP:	5%
Sovereign ratings:	A1/A/A+

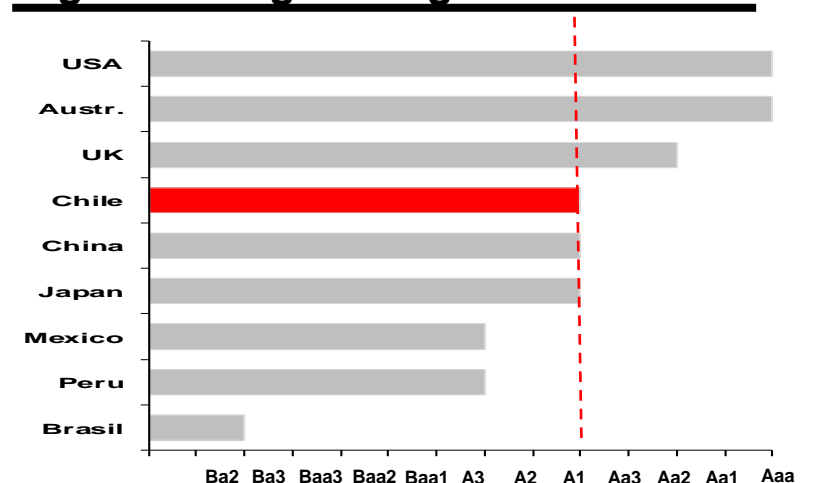
### Low public debt<sup>3,4</sup>



### Chile's economy is well diversified<sup>1</sup>



### High sovereign rating<sup>5</sup>



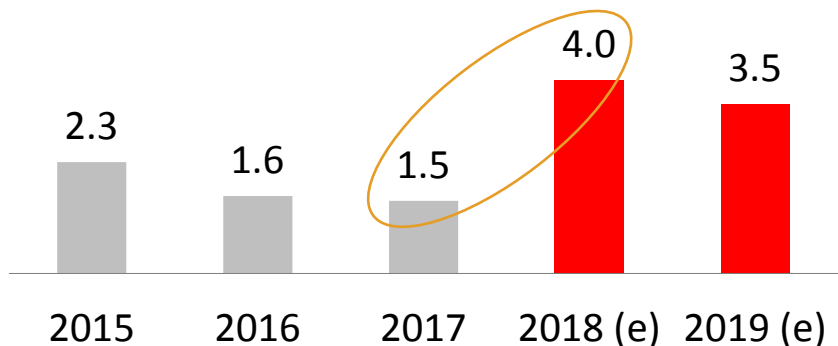
1. Source: Central Bank of Chile, BCCh, and IMF, 2017. 2. Source: International Monetary Fund, 10/2017. 3. Source: Central Bank of Chile, LTM Sept. 2017  
4. Source: World Bank, 2016, Current international dollar 5. Source: Moody's

# Macroeconomic environment

## GDP growth expectations rise for 2018-19

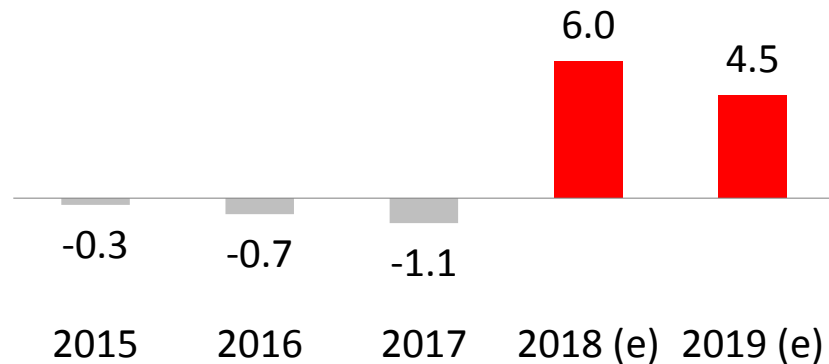
### GDP

YoY real growth, %



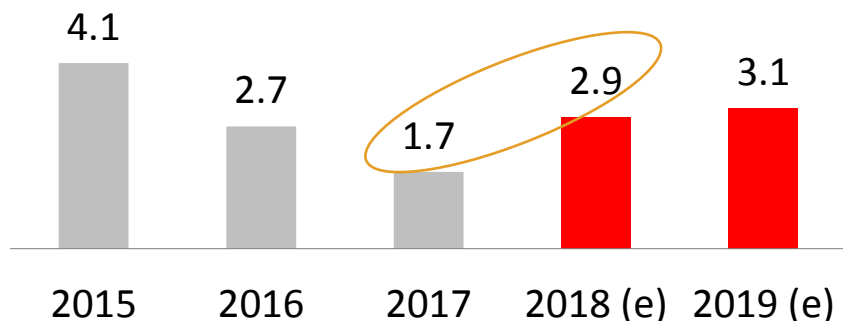
### Investment

YoY real growth of fixed capital formation, %



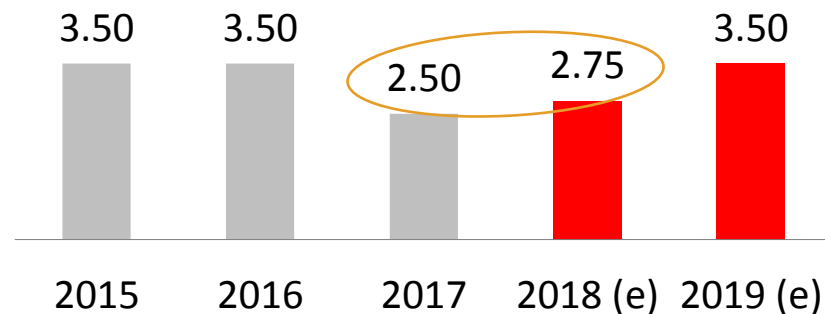
### Inflation

Annual change in UF inflation, %



### Central Bank ST Reference Rate

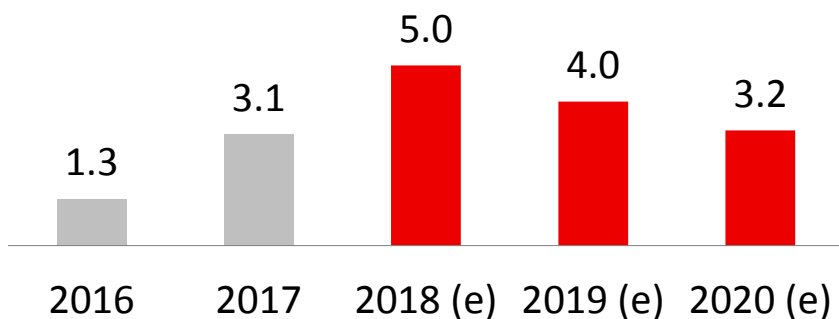
%



## GDP growth expectations rise for 2018-19

### Domestic Demand

YoY growth, %

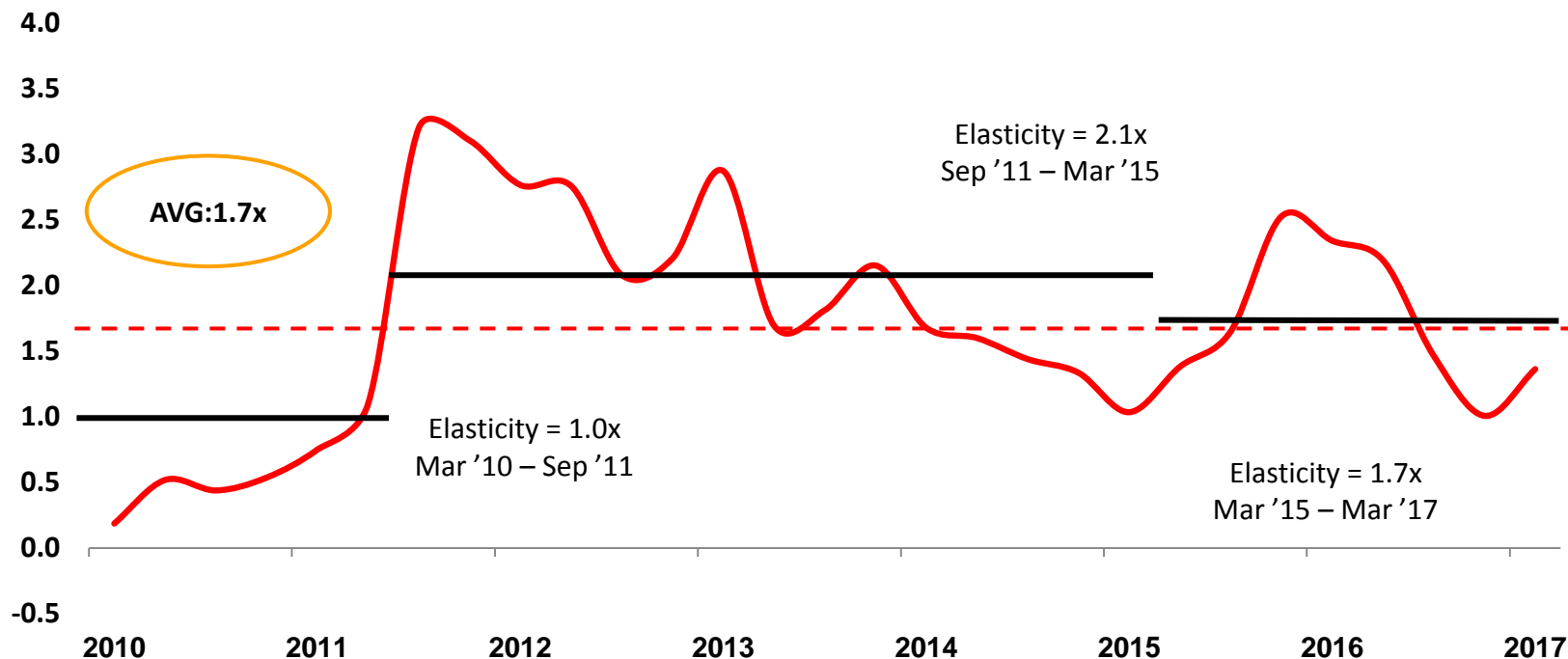


### Growth by Sectors (YoY growth, %)

	2016	2017	2018e	2019e
Communications	2.6	3.9	3.7	4.2
Agro/Fishing	1.6	0.7	4.9	3.3
Public Admin.	3.1	1.9	1.5	2.1
Transportation	3.3	2.4	3.4	3.8
Services	2.0	1.7	4.0	3.8
Construction	2.8	-2.5	5.8	5.1
Manufacturing	-2.4	1.6	3.7	2.1
Commerce	2.5	3.6	5.8	5.1
Utilities	2.0	3.2	5.3	3.3
Mining	-2.8	-2.0	5.9	1.4
<b>GDP</b>	<b>1.3</b>	<b>1.5</b>	<b>4.0</b>	<b>3.5</b>

## Loan growth should accelerate to 8% in 2018

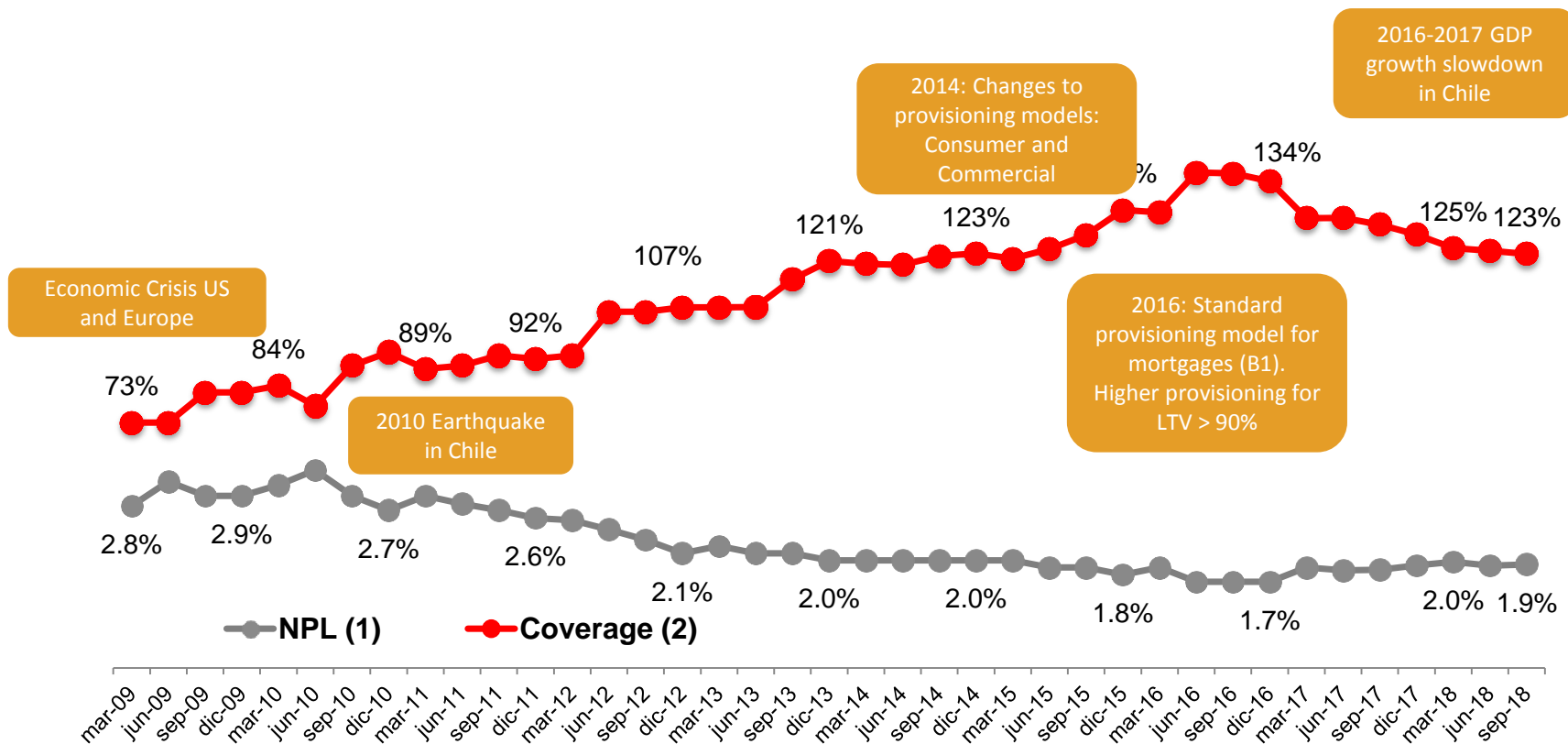
### Loan growth multiplier<sup>1</sup>



A loan growth to GDP growth multiplier of 1.5-1.7x is sustainable

## Asset quality has been stable throughout various cycles

### Total loans: Non-performing loans (NPL) and coverage (%)





# Agenda

**Macro-economic environment**

**Strategy and results**

**Outlook**

## Santander Chile is the nation's leading bank

Figures in US\$



<b>Business and Results</b>	<b>9M18 (US\$)</b>	<b>YoY</b>
Gross Loans	45.6 bn	8.0%
Deposits	31.6 bn	4,5%
Equity	4.8 bn	3.7%
Net income <sup>1</sup>	663 mn	1.2%
<b>Network and Customers</b>	<b>9M18</b>	<b>Market Share</b>
Clients <sup>2</sup>	3.4 mn	21.3%
Digital Clients	1.1 mn	31.7% <sup>3</sup>
Offices	377	17.6%
<b>Market Share<sup>2</sup></b>	<b>9M18</b>	<b>Rank</b>
Loans <sup>4</sup>	19.1%	1
Deposits <sup>4</sup>	17.7%	1
Checking accounts <sup>2</sup>	21.3%	1
Bank credit cards <sup>5</sup>	32.1%	1

1. Net income attributable to shareholder 2. Market share of clients with checking accounts, as of July 2018. 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 July 2018. 4. Excludes loans and deposits of Chilean banks held abroad. 5. Market share in terms of monetary amount of credit card purchases

## Solid corporate governance standards

### Independent Board

	Chairperson		Member		Financial Expert		
	★ Chairman of the Board	◆ Vice Chair	◆	◆	◆	◆	◆
	Analysis & Resolution Committee	Human Resources Committee	Audit Committee	Asset & Liability Committee	Market Committee	Risk Committee	Strategy Committee
Claudio Melandri ★		◆				◆	◆
Rodrigo Vergara ◆			◆	◆	◆		
Orlando Poblete Iturrate ◆		◆	◆			◆	
Juan Pedro Santa María Pérez	◆					◆	
Lucía Santa Cruz Sutil	◆					◆	◆
Ana Dorrego							
Andreu Plaza							
Felix de Vicente Mingo		◆	◆	◆			◆
Alfonso Gomez Morales				◆	◆		◆
Blanca Bustamante Bravo, (Alternate)		◆					
Oscar Von Chrismar, (Alternate)				◆	◆	◆	

**Santander Group owns 67.2%. We are listed on the Santiago Stock Exchange and the NYSE**



1. Source: SBIF Title IV Capital, Reserves and Dividends of Banks Art. 58

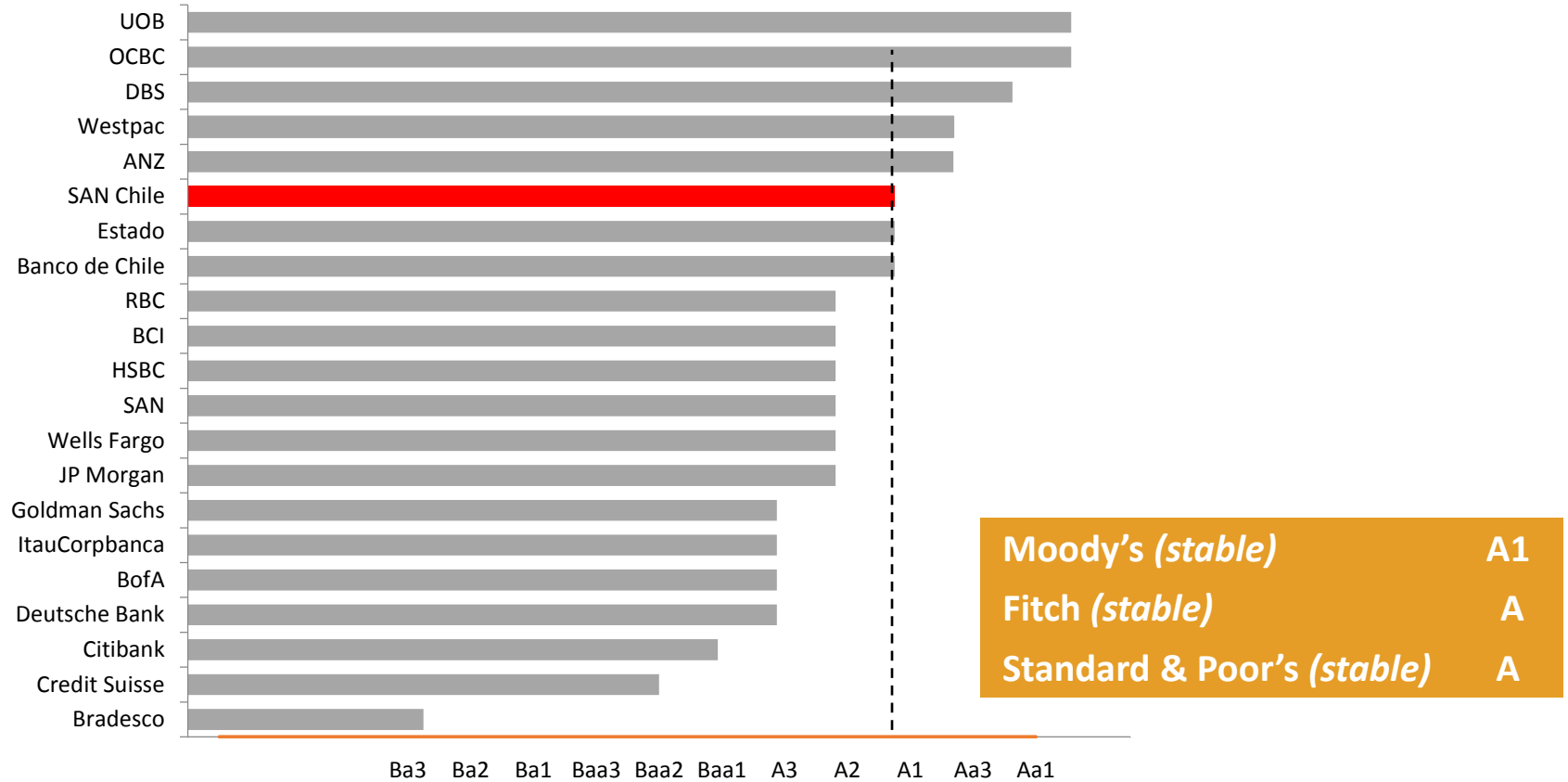
### Corporate Governance Standards

- ✓ **Board of Directors:** 7 out of 11 Board members unrelated to Grupo Santander. Board approves Corporate Responsibility & Sustainability Policy and Strategy.
- ✓ **Liabe:** Directors of a Bank who propose the payment of dividends in violation of the provisions of Title IV of the General Banking Law shall be liable to the refund of the dividend distributed under such circumstances (Art. 58)<sup>1</sup>.
- ✓ **Legal limits:** Related party lending: Limited to 5% of total equity (unsecured) or 25% (w/ collateral). Deposits in related party entities abroad: limited to 25% of regulatory capital. Too big to fail regulations. Santander Chile's BIS ratio >11% vs 8% legal limit.
- ✓ **Audit Committee:** At least 3 independent Board members by law. Autonomous Internal Auditing Area.
- ✓ **ALCO:** Makes decisions regarding capital, dividends, funding and liquidity.
- ✓ **Separation of functions:** commercial areas separated from risk; main credit decisions taken by committees.
- ✓ **Compliance:** Regulated by SBIF of Chile, ECB and SEC. Comply with SEC and NYSE Guidelines & SOX.
- ✓ **DJSI Chile, MILA**

# A leading bank

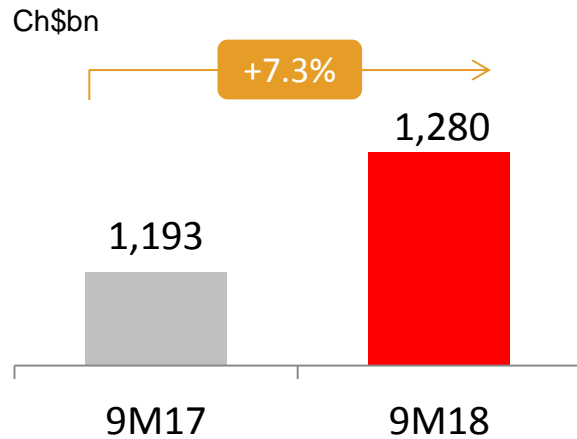
## Among banks with best international rating

### Risk rating, Moody's scale

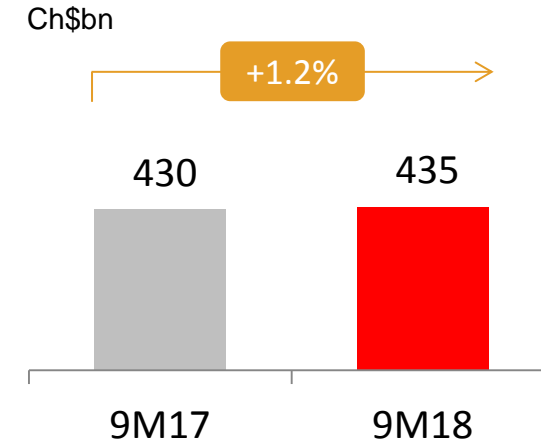


## Rise in net income driven by positive growth of core revenues

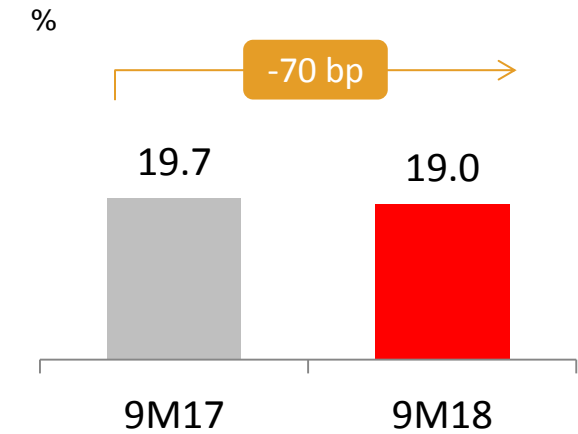
### NII + Fees



### Net income<sup>1</sup>









### ROE




## Growing income before tax above the competition


### ROE

Ch\$bn as of Sept 2018<sup>1</sup>

		Growth 2015 to Sept. 2018	LTM Sept 2018	2017	2016	2015
	Santander	 +140bp	18.5%	19.2%	17.1%	17.1%
	Chile	 -340pb	17.9%	19.3%	19.6%	21.3%
	BCI	 -520pb	12.3%	14.0%	14.7%	17.5%

## 3 objectives for healthy growth / higher profitability

I  Re-focusing on growth as economy recovers...

II  ... by increasing client loyalty through an improved client experience and quality of service and expanding digital banking capabilities

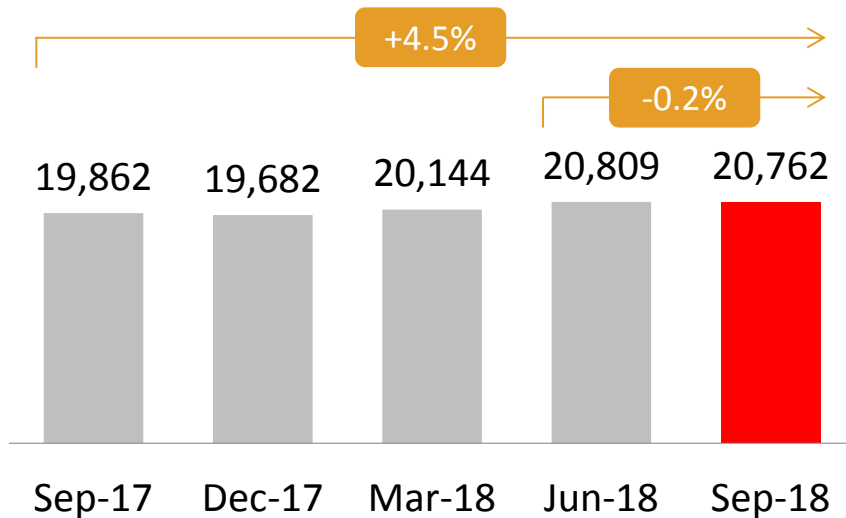
III  Optimizing profitability and capital use to increase shareholder value in time

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

### Positive YoY growth of demand deposits in the year

#### Total Deposits

Ch\$bn



Ch\$ bn	9M18	YoY	QoQ
Demand	7,984	9.8%	(1.8%)
Time	12,777	1.5%	0.8%
<b>Total Deposits</b>	<b>20,762</b>	<b>4.5%</b>	<b>(0.2%)</b>
Mutual funds <sup>1</sup>	5,544	0.4%	(0.2%)
<b>Loans to deposits<sup>2</sup></b>	<b>101.1%</b>		
<b>LCR<sup>3</sup></b>	<b>131.8%</b>		
<b>NSFR<sup>4</sup></b>	<b>108.4%</b>		

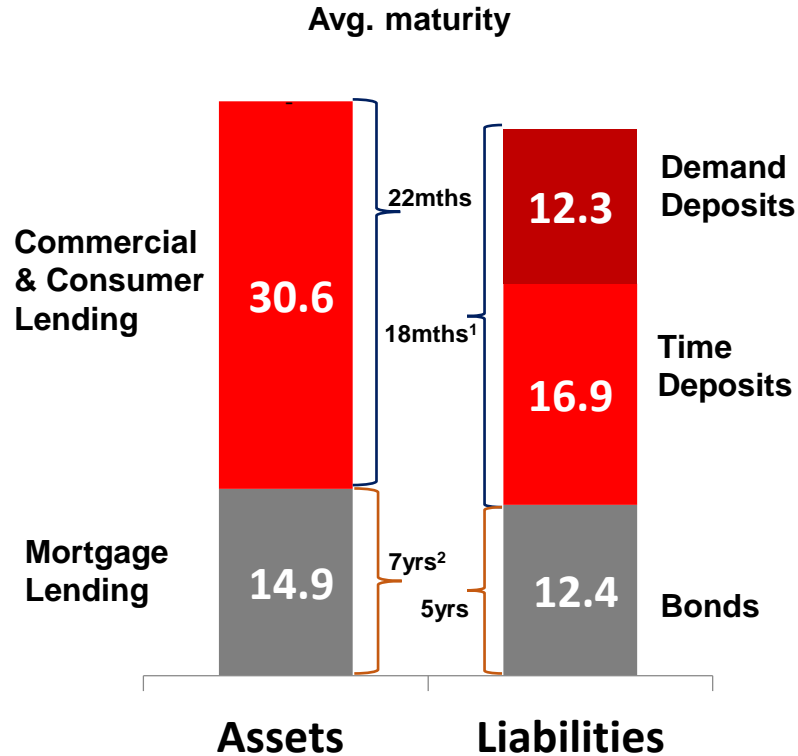


# Strategy: I. Re-focusing on growth as economy recovers...

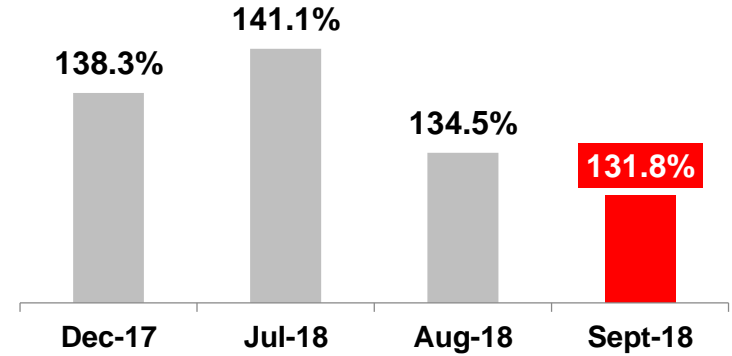
## Solid balance structure and liquidity levels

### Structural balance sheet

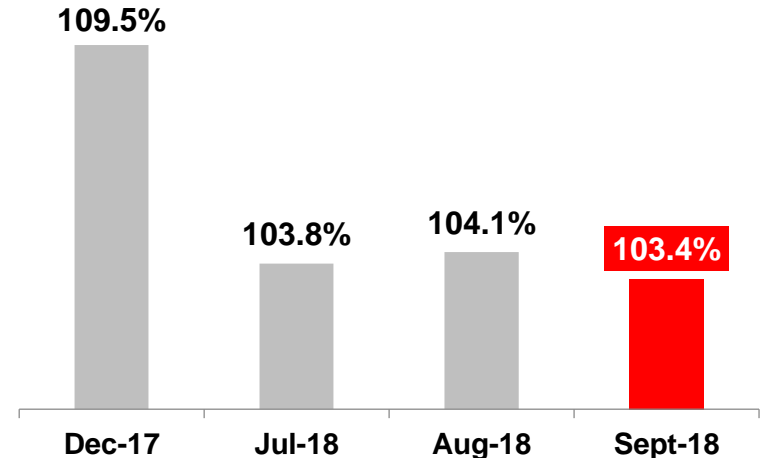
US\$bn June 2018



### LCR ECB<sup>3</sup>



### NSFR<sup>4</sup>

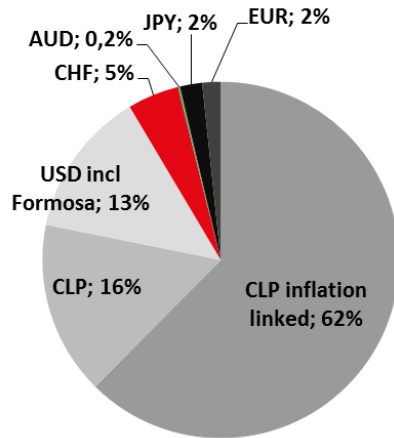


1. Assumes an actual duration for demand deposits of three years. 2. Duration includes pre-payment assumption. 3. LCR calculated following the ECB rules and not the local Chilean regulator's guidelines still under discussion. 4. Internal methodology and not the local Chilean regulator's guidelines still under discussion

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

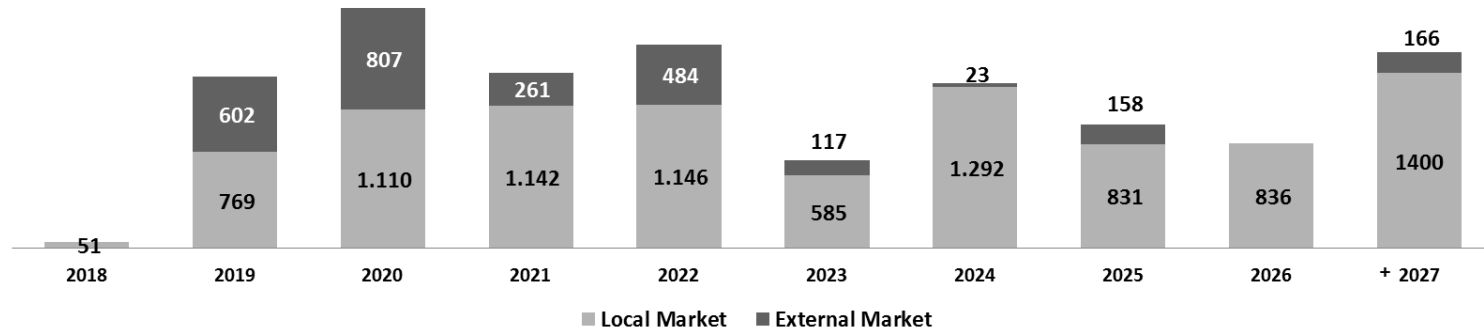
## We are an active issuer in international markets

### Bonds



- Total outstanding: US\$12.4bn
- High diversification by country
- MTN program: Private placements or public deals
- All foreign debt is swapped backed to local currency
- We issue Fixed and Floating with a preference for FRNs due to hedge accounting

### Maturity profile



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

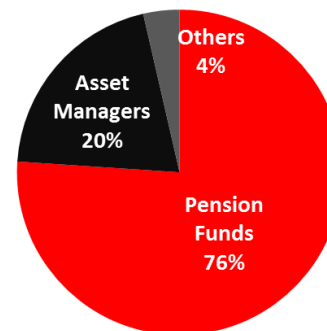
## In 3Q18 we issued the first local market FRN

CLP 75bn | ICP\* + 66bps Senior Unsecured Floating Rate Notes due 2022

### Summary of Terms

Local Issuer Rating	AAA (Fitch) /AAA (Feller)
Size	CLP 75bn (USD 110mn equiv.)
Pricing date	August 27 <sup>th</sup> , 2018
Maturity	January 10 <sup>th</sup> , 2022
Coupon	ICP + 100bps annual
Issue Price	101.02%
Spread to ICP	+ 66bps
Spread to UF	+ 123bps
Bookrunner	Santander CIB

### Allocation by Investor type



LATINFINANCE

Santander Chile issues maiden local currency FRN

Bloomberg

**Banco Santander-Chile: Banco Santander Chile issues first floating bond in Chilean pesos in the local market**  
*Demand reached 2.5 times the offering size, chiefly bought by mutual funds, pension funds and banks*

GlobalCapital

Santander brings first Chilean FRN

Banco Santander's Chilean yesterday sold the first ever floating rate note in Chilean pesos, raising Ps75bn (\$114m) in long three year notes.

EL MERCURIO

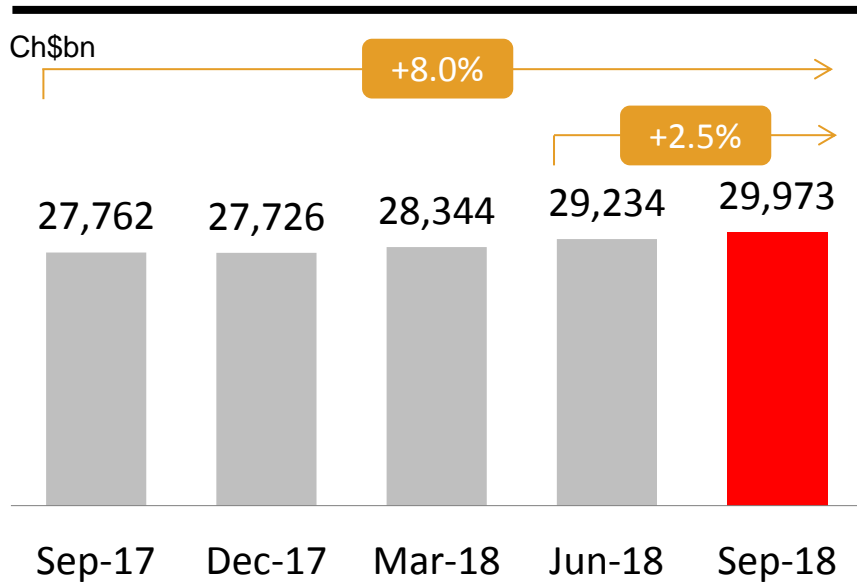
Santander coloca 1<sup>er</sup> bono en pesos con tasa flotante



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

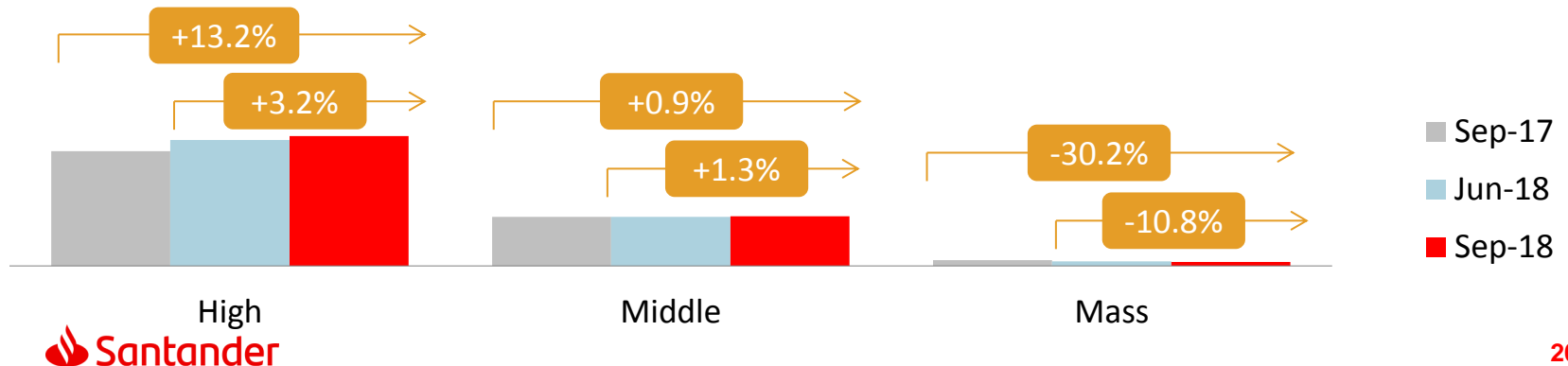
## Loan growth accelerating in line with the economy

### Total Loans



Ch\$ bn	9M18	YoY	QoQ
Individuals <sup>1</sup>	16,352	8.2%	2.4%
Consumer	4,684	4.6%	0.9%
Mortgages	9,818	9.9%	3.1%
SMEs	3,835	1.7%	1.0%
<b>Retail</b>	<b>20,187</b>	<b>6.9%</b>	<b>2.1%</b>
<b>Middle Market</b>	<b>7,614</b>	<b>15.1%</b>	<b>3.1%</b>
<b>Corporate (SCIB)</b>	<b>2,028</b>	<b>(2.0%)</b>	<b>4.1%</b>
<b>Total<sup>2</sup></b>	<b>29,973</b>	<b>8.0%</b>	<b>2.5%</b>

### Loans to Individuals by Income Level

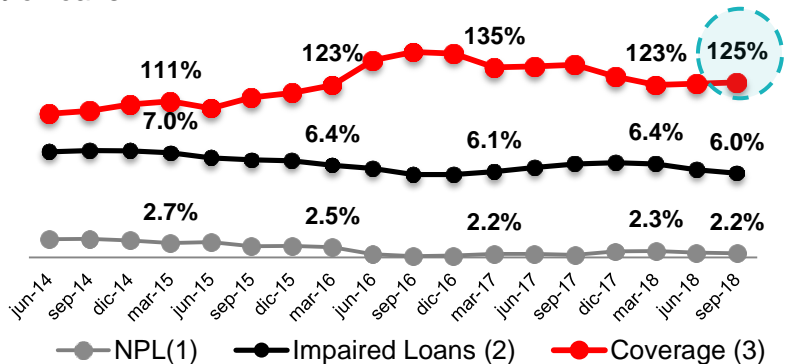


# Strategy: I. Re-focusing on growth as economy recovers...

## Positive evolution of asset quality. Coverage of consumer loans at 312%

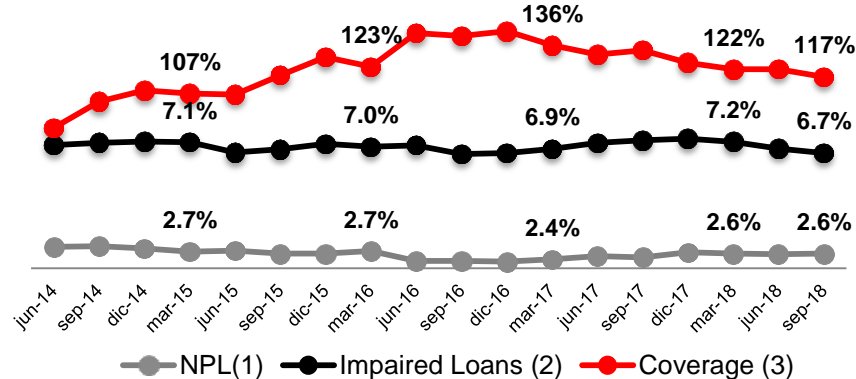
### Total loans

% of loans



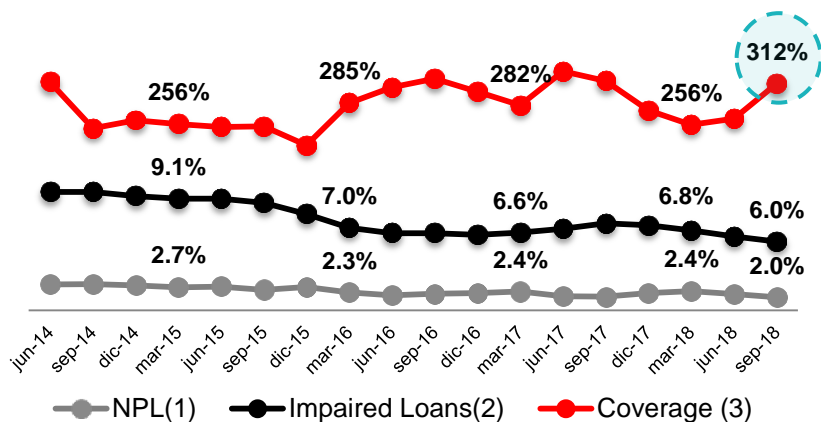
### Commercial loans

% of loans



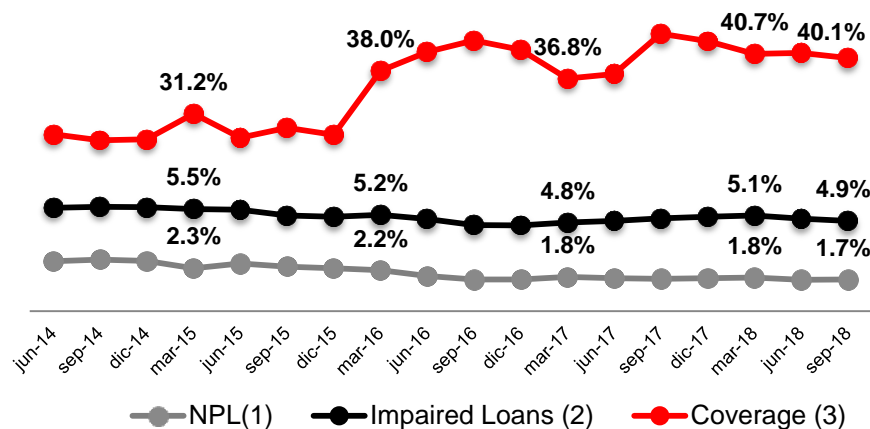
### Consumer loans

% of loans



### Mortgage loans

% of loans



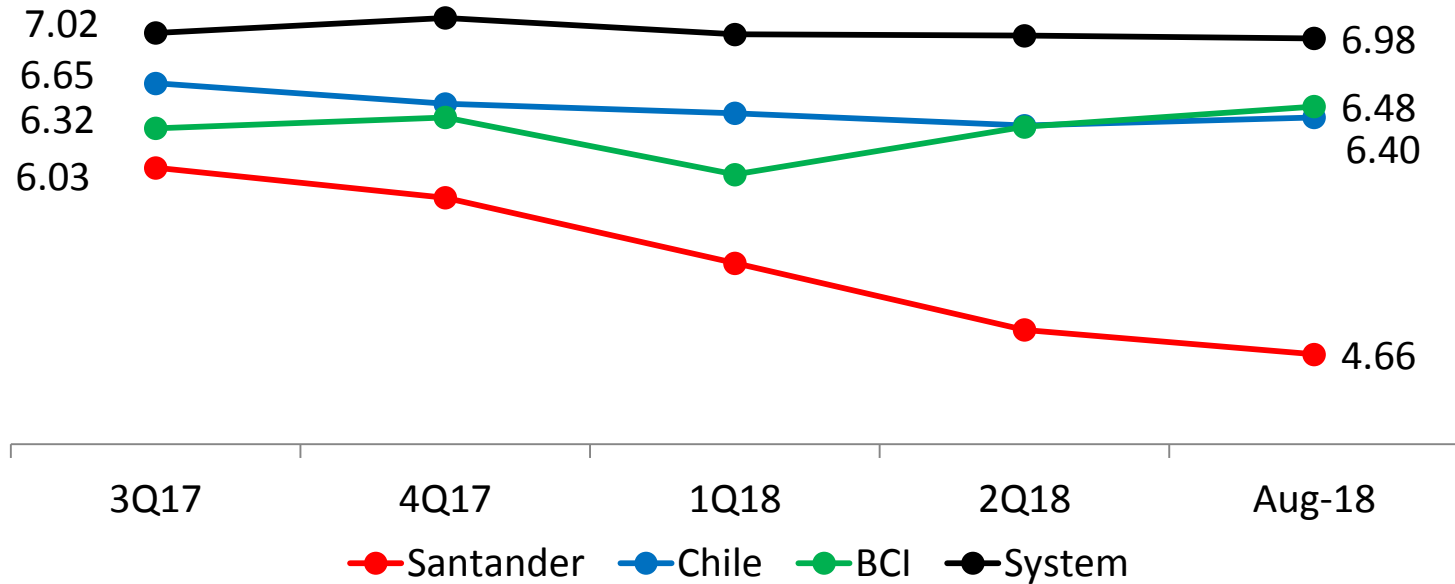
Including one-time additional provision of Ch\$20bn in 3Q18



1. 90 days or more NPLs. 2. Impaired NPLs + restructured loans 3. Loan loss reserves over NPLs

## Healthy evolution of impaired & charge-offs in consumer loans

### Variation of Impaired Consumer loans + Charge-offs as % of consumer loans

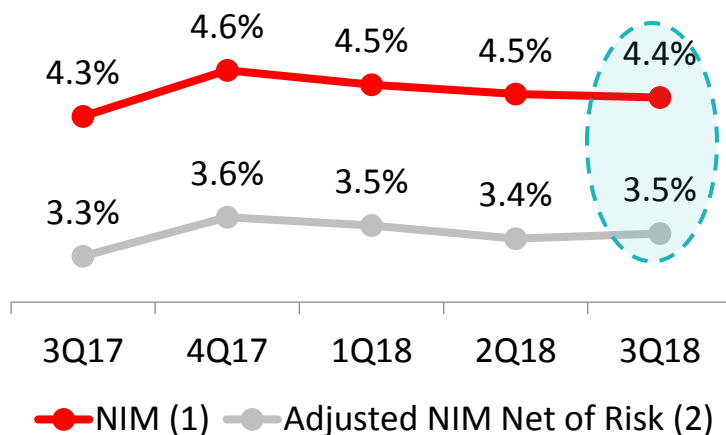


Additional provision of Ch\$20bn recognized in 3Q18 for consumer loans

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

**In 3Q18 NIM at 4.5% & adjusted NIM, net of risk at 3.5%**

### NIM<sup>1</sup> & Adjusted NIM Net of Risk<sup>2</sup>



### Net Interest Income

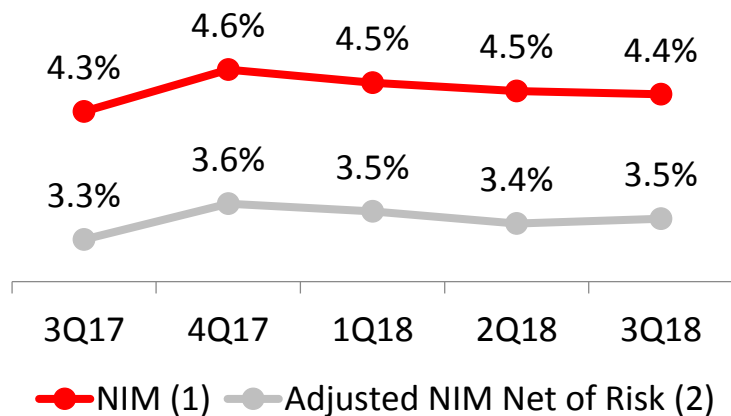
Ch\$ bn	9M18	YoY	QoQ
<b>Net interest income</b>	<b>1,057</b>	<b>7.8%</b>	<b>1.0%</b>
Average interest-earning assets	31,531	5.1%	1.5%
Average loans	28,810	(0.9%)	2.7%
Interest earning asset yield <sup>2</sup>	7.0%	+19bp	-1bp
Cost of funds <sup>3</sup>	2.7%	+12bp	-1bp
<b>NIM YTD</b>	<b>4.5%</b>	<b>+11bp</b>	

1. Annualized Net interest income divided by average interest earning assets 2. Annualized Net interest income net of provisions (adjusted to exclude the additional provision of Ch\$ 20,000 million in 3Q18) divided by the average interest earning assets. Averages are calculated using monthly figures. 3. Annualized interest expense divided by sum of average interest bearing liabilities and demand deposits.

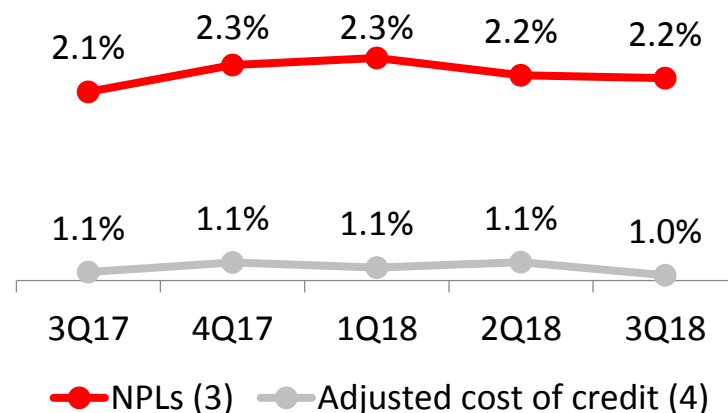
# Strategy: I. Re-focusing on growth as economy recovers...

## Adjusted cost of credit reaches 1.0%

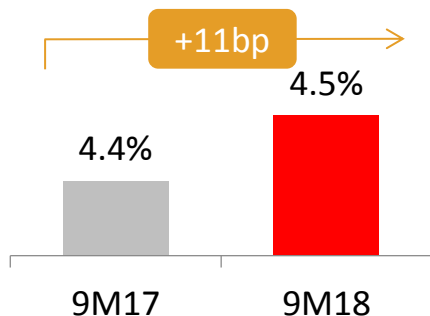
### NIM & Adjusted NIM Net of Risk



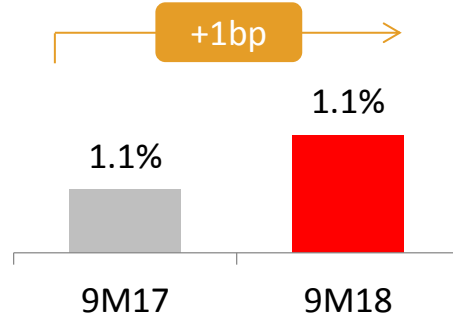
### NPLs & Adjusted Cost of Credit



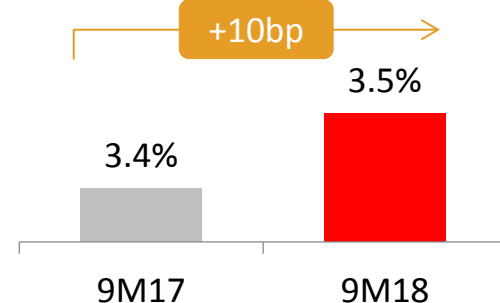
### NIM<sup>1</sup>



### Adjusted cost of risk<sup>4</sup>



### Adjusted NIM net of risk<sup>2</sup>





## 3 objectives for healthy growth / higher profitability



Re-focusing on growth as economy recovers...



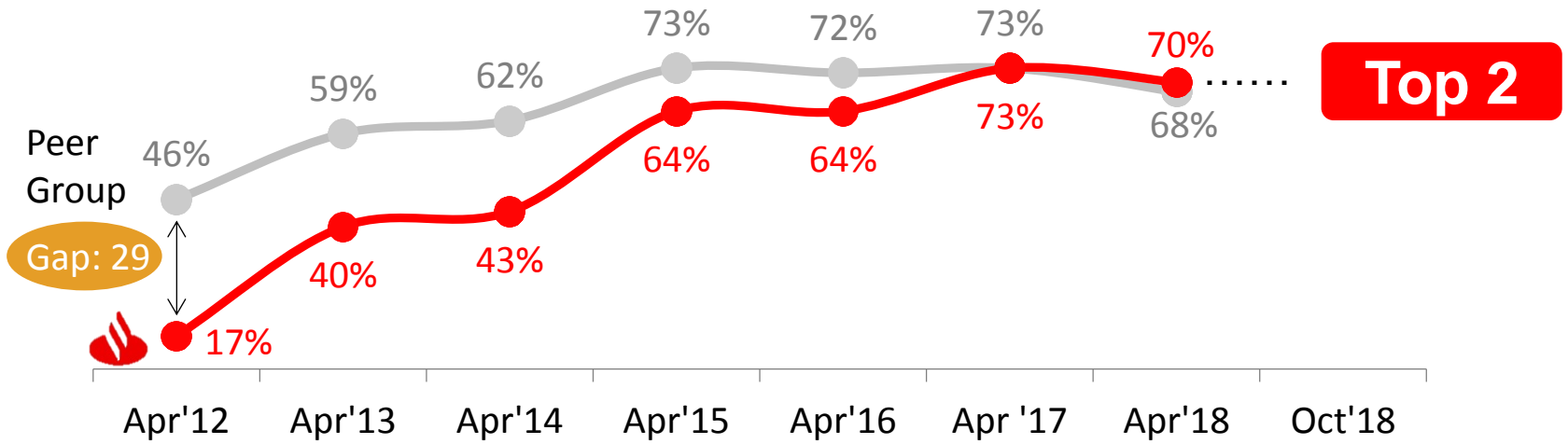
... by increasing client loyalty through an improved client experience and quality of service and expanding digital banking capabilities



Optimizing profitability and capital use to increase shareholder value in time

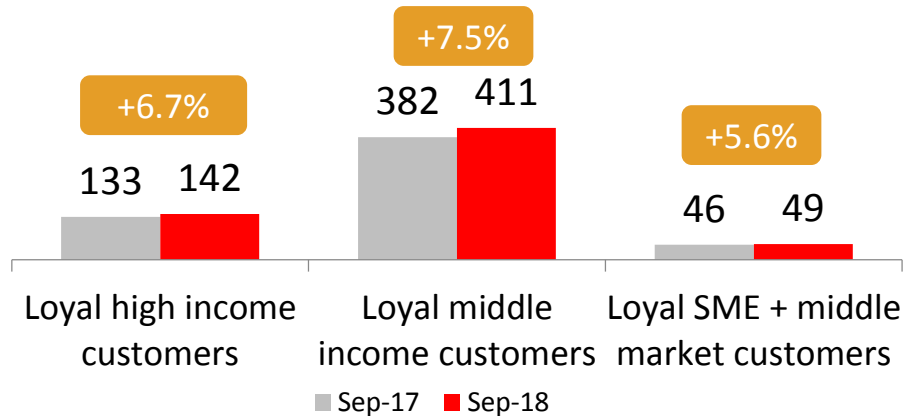
# Strategy: II. Increasing client loyalty and expanding digital banking

## Evolution of Bank Satisfaction Gap (% Gross Satisfaction)<sup>1</sup>



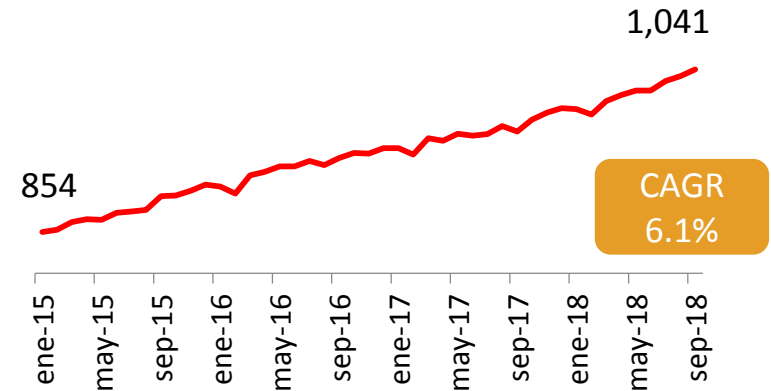
## Loyal customers<sup>1</sup>

thousands



## Total Digital Clients

thousands

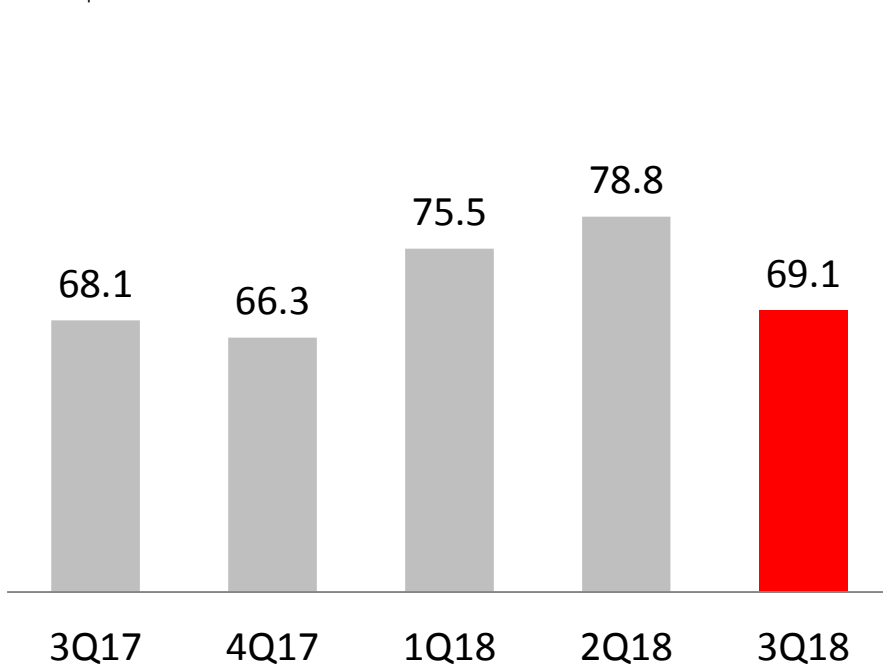


1. Source: GfK Adimark. % Satisfaction from score of 6 or 7

## Healthy fee growth in business segments

### Net fee income

Ch\$bn



Ch\$ bn	9M18	YoY	QoQ
Retail	153.9	7.2%	1.7%
Middle Market	27.4	0.7%	1.5%
Corporate	27.7	25.3%	10.7%
<b>Subtotal</b>	<b>209.1</b>	<b>7.8%</b>	<b>2.7%</b>
Others	14.4	(64.3%)	(130.3%)
<b>Total</b>	<b>223.4</b>	<b>5.0%</b>	<b>(12.3%)</b>

Ch\$ bn	9M18	YoY	QoQ
Credit card fees	30.8	30.6%	(13.1%)
Debit & ATMs fees	11.4	(28.8%)	(26.1%)

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

Mass Segment



Range of digital products that rewards positive credit behavior:

- 23,500 clients as of September 2018
- 70% are new clients to the bank

Mass Wealthy



SELECT/ PRIVATE BANKING

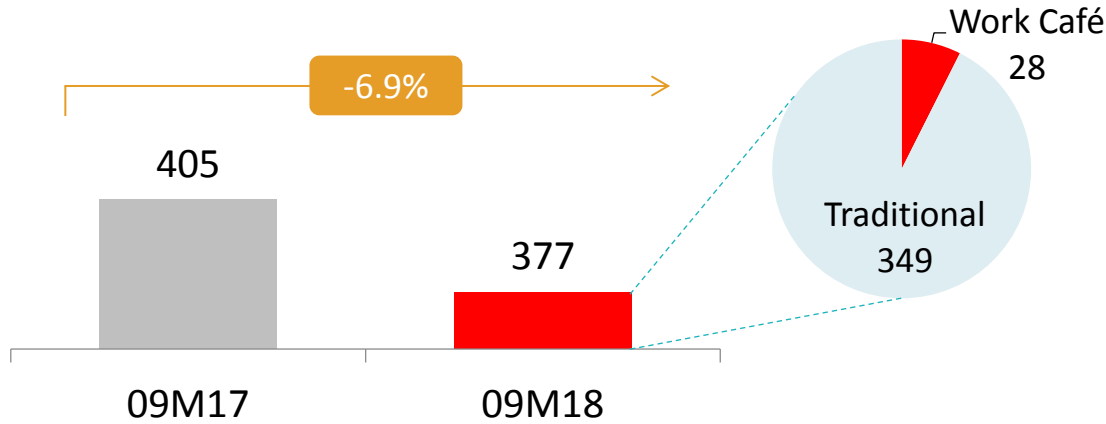


New style of branches

- New products: Investment funds, Allfunds, FX
- Process redesign: Digitalization of contracts
- New management tools: Investment systems
- Supporting tools: Tablet, data plans

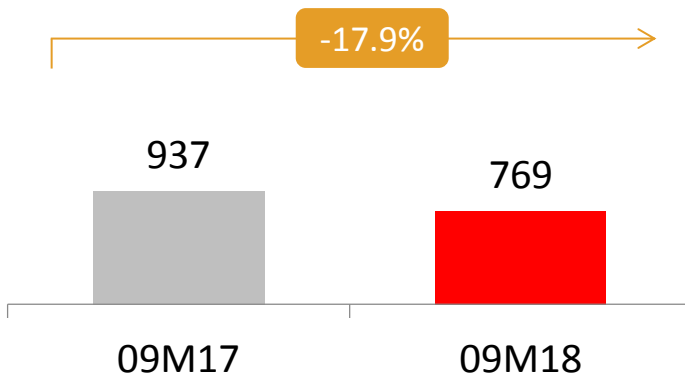
## Restructuring our physical distribution network

### Branches

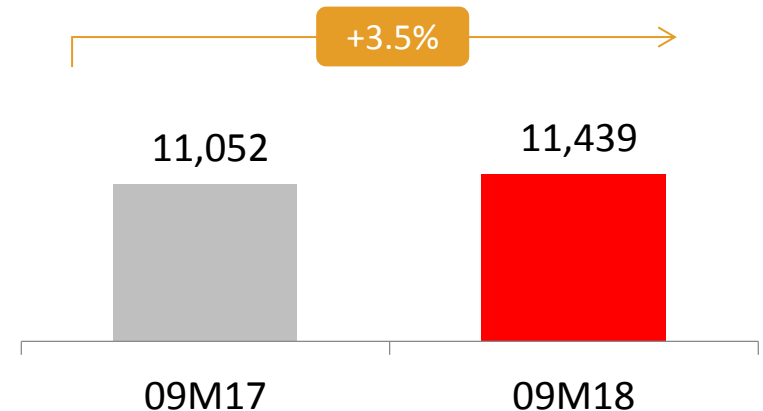


We will have 40 Work Cafés by year-end

### ATMs



### Employees

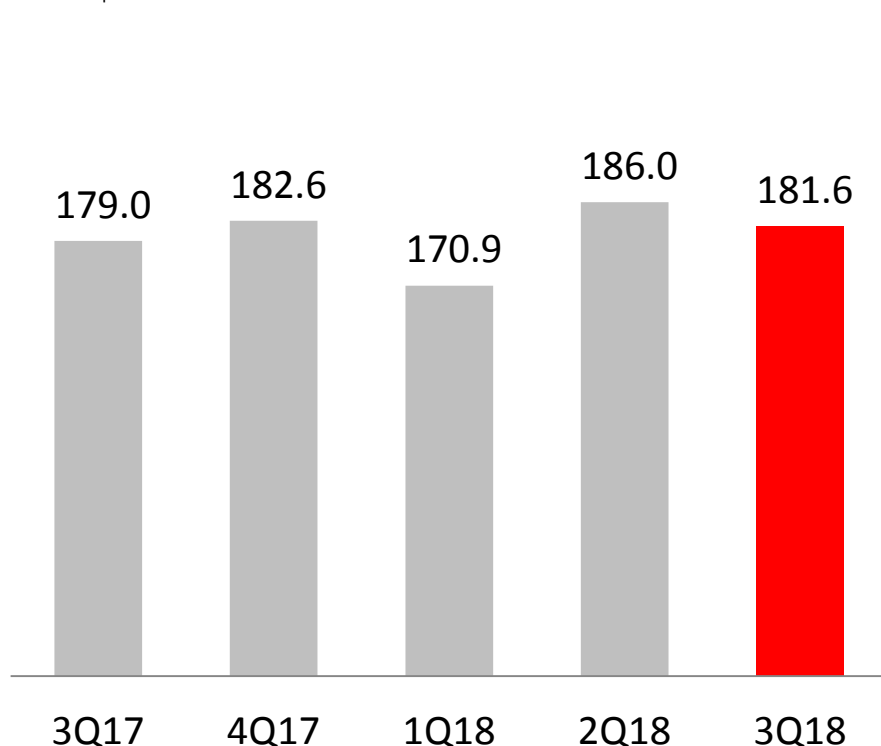


# Strategy: II. Increasing client loyalty and expanding digital banking

## Improving our efficiency


### Operating Expenses


Ch\$bn




Ch\$ bn	9M18	YoY	QoQ
Personnel expenses	297.7	1.0%	0.1%
Administrative expenses	183.1	6.5%	(7.2%)
Depreciation	57.7	4.1%	0.2%
<b>Operating expenses</b>	<b>538.5</b>	<b>3.1%</b>	<b>(2.4%)</b>
<b>Efficiency ratio</b>	<b>40.0%</b>	<b>-17bp</b>	<b>+27bp</b>
<b>Cost/Assets</b>	<b>1.9%</b>	<b>-0.4bp</b>	<b>-10bp</b>

## 3 objectives for healthy growth / higher profitability

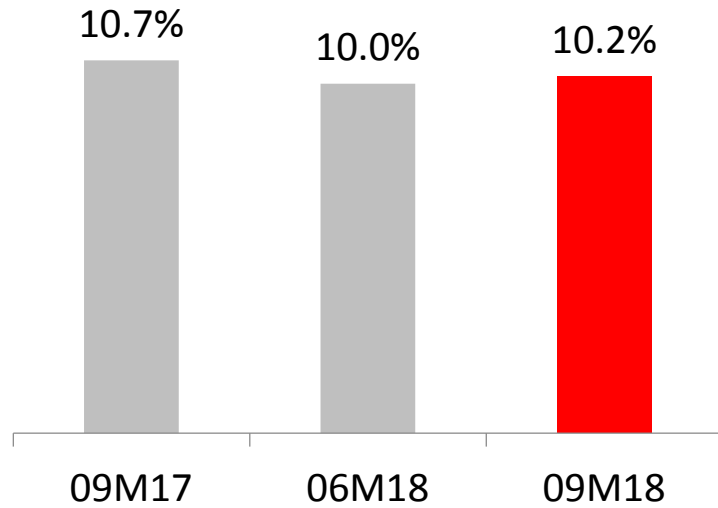
I  Re-focusing on growth as economy recovers...

II  ... by increasing client loyalty through an improved client experience and quality of service and expanding digital banking capabilities

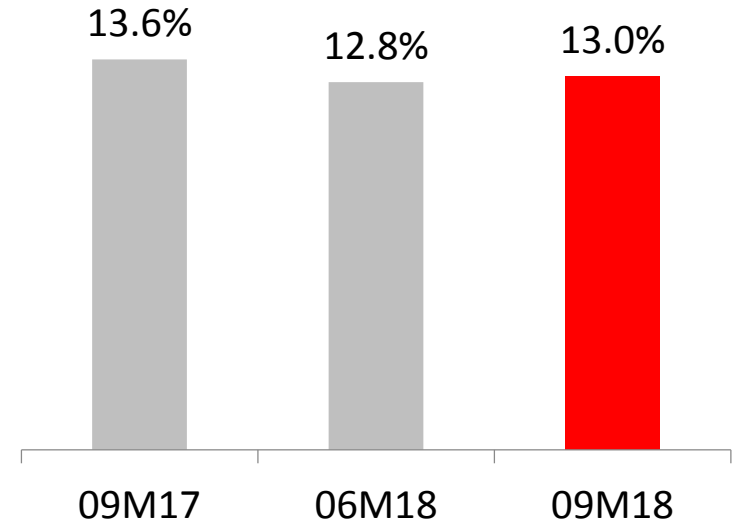
III  **Optimizing profitability and capital use to increase shareholder value in time**

## Sustainable capital ratios

### Core capital



### BIS Ratio



20bp of core capital generated in the quarter

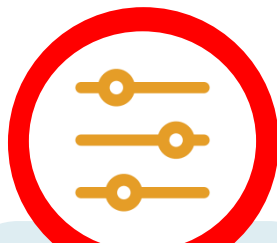


## New Banking Law Approved



### Merger of SBIF with CMF

Seeks to have a solid and efficient governance which will be more flexible to make changes in accordance to international standards.



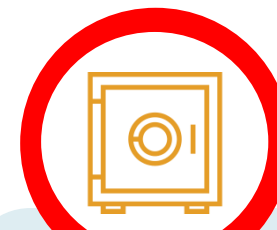
### Minimum capital requirements

Increase capital requirements, giving a more faculties to regulator in the decision-making process



### Mechanisms to manage crisis

Includes mechanisms of early intervention in order to prevent a bank's insolvency beforehand, protect bank depositors and maintain the financial stability of the system



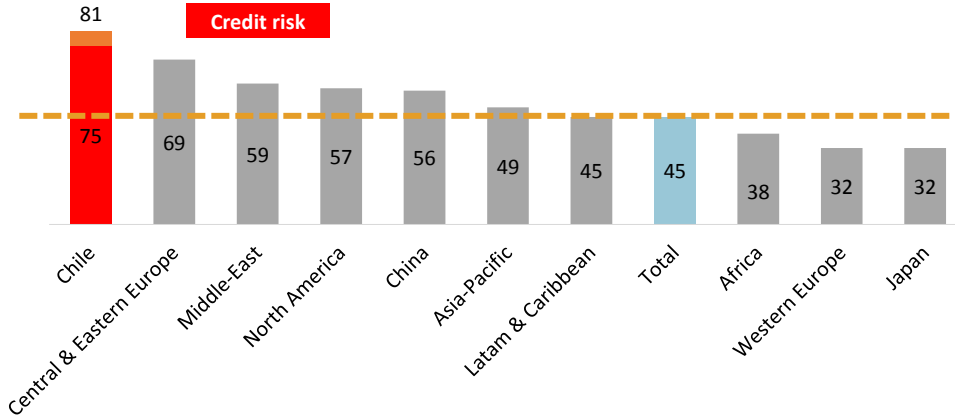
### Other guarantees

Increase in state guarantees for deposits, among others

# Strategy: III. Optimizing profitability and capital

## New banking regulation will implement BIS III in Chile

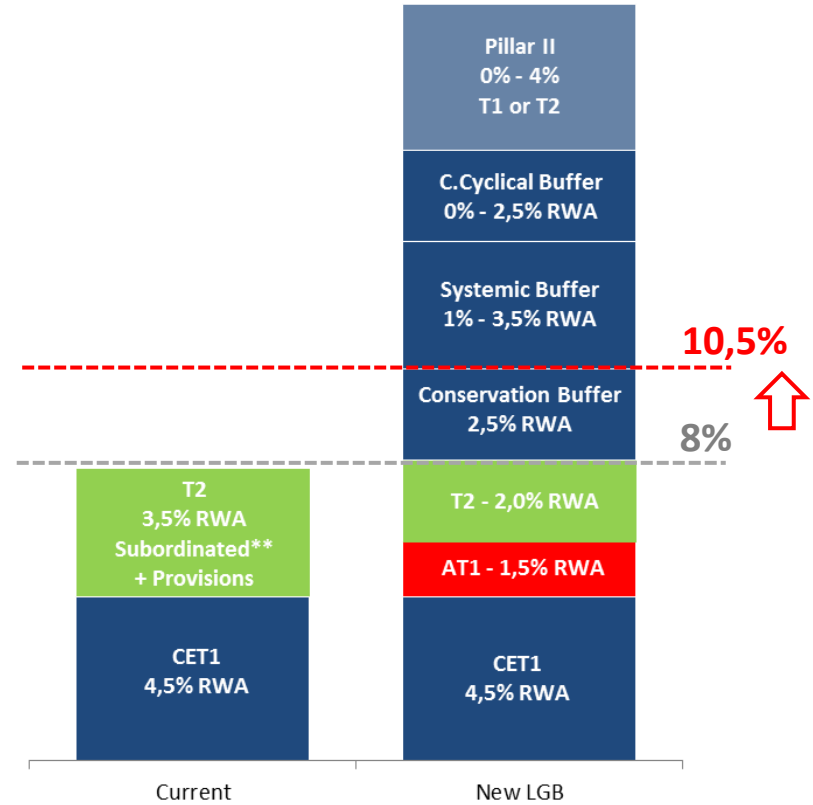
### RWA Density Worldwide\*



- New Banking Law approved by Congress in Sept. 2018
- Hybrid instruments (AT1 and Preferred stock) will be recognized as capital
- A normal transition to BIS III should be positive for our capital ratios

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

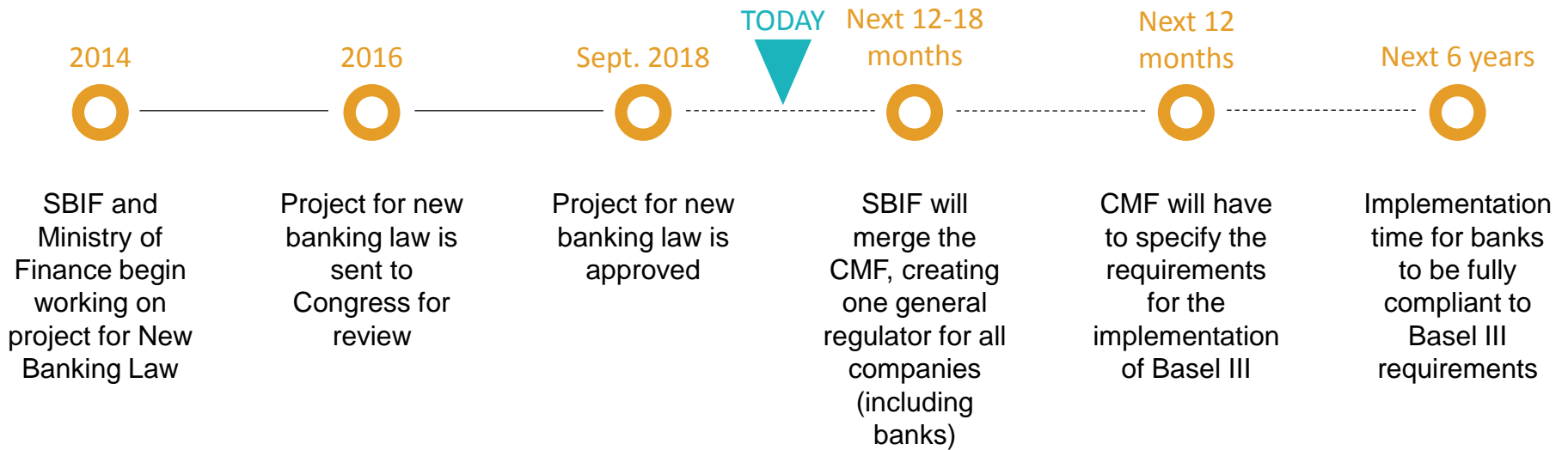
### Introducing new capital requirements



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

## Strategy: III. Optimizing profitability and capital

### Timeline of New Banking Law



# Agenda

**Macro-economic environment**

**Strategy and results**

**Outlook**

## Sound outlook for 2019

- ✓ For 2018 stated ROE ~19%
- ✓ We maintain a positive view on the economy. GDP growth estimate of 3.5% in 2019
- ✓ Inflation expectations rise to ~3% for 2019 with short-term rates rising 75bp
- ✓ Estimated loan growth of 8-10% with growth accelerating in higher yielding retail loans
- ✓ Core revenues growing in line with average loans:
  - NIMs of 4.4%-4.5% in 2019, depending on inflation and velocity of rate rises
  - Client loyalty and greater growth in mid-income segments should drive fee income
- ✓ Recurring cost of credit of 1.0% with stable asset quality. New provisioning requirement for commercial loans analyzed on a group basis ~18bp in terms of cost of credit
- ✓ Efficiency ratio 39.5%-40.0% led by improved productivity through digitalization
- ✓ Effective tax rate of ~22%

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**Recurring ROAE\* of 19.0 – 19.5% 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

## Unaudited Balance Sheet

	Sep-18 US\$ Ths <sup>1</sup>	Sep-18 Ch\$ Million	Sep-17	Sep-18/Sep-17 % Chg.
Cash and deposits in banks	2,710,478	1,780,079	1,348,865	32.0%
Cash items in process of collection	859,160	564,245	601,685	(6.2%)
Trading investments	596,907	392,013	480,306	(18.4%)
Investments under resale agreements	-	-	-	--%
Financial derivative contracts	3,396,242	2,230,448	2,121,297	5.1%
Interbank loans, net	21,785	14,307	278,046	(94.9%)
Loans and account receivables from customers, net	44,390,972	29,153,327	26,674,518	9.3%
Available for sale investments	3,800,017	2,495,623	2,127,922	17.3%
Held-to-maturity investments	-	-	-	--%
Investments in associates and other companies	49,484	32,498	26,639	22.0%
Intangible assets	90,977	59,748	59,112	1.1%
Property, plant and equipment	365,444	240,002	226,896	5.8%
Current taxes	27,635	18,149	-	--%
Deferred taxes	591,237	388,289	381,520	1.8%
Other assets	1,000,286	656,928	825,909	(20.5%)
<b>Total Assets</b>	<b>57,900,624</b>	<b>38,025,656</b>	<b>35,152,715</b>	<b>8.2%</b>
Deposits and other demand liabilities	12,157,388	7,984,243	7,270,501	9.8%
Cash items in process of being cleared	693,376	455,368	513,719	(11.4%)
Obligations under repurchase agreements	274,083	180,001	147,515	22.0%
Time deposits and other time liabilities	19,455,744	12,777,365	12,591,871	1.5%
Financial derivatives contracts	3,177,105	2,086,532	1,946,743	7.2%
Interbank borrowings	2,730,438	1,793,188	1,401,117	28.0%
Issued debt instruments	12,465,691	8,186,718	6,900,261	18.6%
Other financial liabilities	366,815	240,902	225,820	6.7%
Current taxes	-	-	10,234	(100.0%)
Deferred taxes	50,305	33,037	6,863	381.4%
Provisions	419,877	275,750	277,098	(0.5%)
Other liabilities	1,344,628	883,071	842,592	4.8%
<b>Total Liabilities</b>	<b>53,135,449</b>	<b>34,896,175</b>	<b>32,134,334</b>	<b>8.6%</b>
<b>Equity</b>				
Capital	1,357,163	891,303	891,303	0.0%
Reserves	2,928,133	1,923,022	1,781,818	7.9%
Valuation adjustments	(50,600)	(33,231)	(2,279)	1358.1%
<b>Retained Earnings:</b>				
Retained earnings from prior years	-	-	-	--%
Income for the period	662,755	435,258	430,137	1.2%
Minus: Provision for mandatory dividends	(198,826)	(130,577)	(129,041)	1.2%
<b>Total Shareholders' Equity</b>	<b>4,698,625</b>	<b>3,085,775</b>	<b>2,971,938</b>	<b>3.8%</b>
Non-controlling interest	66,550	43,706	46,443	(5.9%)
<b>Total Equity</b>	<b>4,765,175</b>	<b>3,129,481</b>	<b>3,018,381</b>	<b>3.7%</b>
<b>Total Liabilities and Equity</b>	<b>57,900,624</b>	<b>38,025,656</b>	<b>35,152,715</b>	<b>8.2%</b>

1. The exchange rate used to calculate the figures in dollars was Ch\$656.74/ US\$1



## Unaudited YTD Income Statement

	Sep-18	Sep-18	Sep-17	Sep-18/Sep-17
	US\$ Ths <sup>1</sup>	Ch\$ Million		% Chg.
Interest income	2,522,922	1,656,904	1,534,147	8.0%
Interest expense	(913,812)	(600,137)	(553,957)	8.3%
<b>Net interest income</b>	<b>1,609,110</b>	<b>1,056,767</b>	<b>980,190</b>	<b>7.8%</b>
Fee and commission income	556,010	365,154	343,250	6.4%
Fee and commission expense	(215,773)	(141,707)	(130,487)	8.6%
<b>Net fee and commission income</b>	<b>340,237</b>	<b>223,447</b>	<b>212,763</b>	<b>5.0%</b>
Net income (expense) from financial operations	23,403	15,370	52,933	(71.0%)
Net foreign exchange gain	82,136	53,942	58,645	(8.0%)
<b>Total financial transactions, net</b>	<b>105,539</b>	<b>69,312</b>	<b>111,578</b>	<b>(37.9%)</b>
Other operating income	43,787	28,757	67,939	(57.7%)
<b>Net operating profit before provisions for loan losses</b>	<b>2,098,674</b>	<b>1,378,283</b>	<b>1,372,470</b>	<b>0.4%</b>
<b>Provision for loan losses</b>	<b>(383,412)</b>	<b>(251,802)</b>	<b>(222,400)</b>	<b>13.2%</b>
<b>Net operating profit</b>	<b>1,715,262</b>	<b>1,126,481</b>	<b>1,150,070</b>	<b>(2.1%)</b>
Personnel salaries and expenses	(453,287)	(297,692)	(294,881)	1.0%
Administrative expenses	(278,771)	(183,080)	(171,900)	6.5%
Depreciation and amortization	(87,916)	(57,738)	(55,468)	4.1%
<b>Op. expenses excl. Impairment and Other operating expenses</b>	<b>(819,974)</b>	<b>(538,510)</b>	<b>(522,249)</b>	<b>3.1%</b>
Impairment of property, plant and equipment	(59)	(39)	(5,644)	(99.3%)
Other operating expenses	(49,131)	(32,266)	(72,671)	(55.6%)
<b>Total operating expenses</b>	<b>(869,164)</b>	<b>(570,815)</b>	<b>(600,564)</b>	<b>(5.0%)</b>
<b>Operating income</b>	<b>846,097</b>	<b>555,666</b>	<b>549,506</b>	<b>1.1%</b>
Income from investments in associates and other companies	7,953	5,223	2,954	76.8%
<b>Income before tax</b>	<b>854,050</b>	<b>560,889</b>	<b>552,460</b>	<b>1.5%</b>
Income tax expense	(188,447)	(123,761)	(105,622)	17.2%
<b>Net income from ordinary activities</b>	<b>665,603</b>	<b>437,128</b>	<b>446,838</b>	<b>(2.2%)</b>
Net income discontinued operations	-	-	-	--%
<b>Net income attributable to:</b>				
Non-controlling interest	2,847	1,870	16,701	(88.8%)
<b>Net income attributable to equity holders of the Bank</b>	<b>662,755</b>	<b>435,258</b>	<b>430,137</b>	<b>1.2%</b>

1. The exchange rate used to calculate the figures in dollars was Ch\$656.74/ US\$1

## Unaudited Quarterly Income Statement

	3Q18 US\$ Ths <sup>1</sup>	3Q18	2Q18	3Q17	3Q18/3Q17	3Q18/2Q18
		Ch\$ Million			% Chg.	
Interest income	865,079	568,132	560,720	459,304	23.7%	1.3%
Interest expense	(321,908)	(211,410)	(207,390)	(141,723)	49.2%	1.9%
<b>Net interest income</b>	<b>543,171</b>	<b>356,722</b>	<b>353,330</b>	<b>317,581</b>	<b>12.3%</b>	<b>1.0%</b>
Fee and commission income	180,598	118,606	122,394	112,388	5.5%	(3.1%)
Fee and commission expense	(75,337)	(49,477)	(43,570)	(44,286)	11.7%	13.6%
<b>Net fee and commission income</b>	<b>105,261</b>	<b>69,129</b>	<b>78,824</b>	<b>68,102</b>	<b>1.5%</b>	<b>(12.3%)</b>
Net income (expense) from financial operations	36,884	24,223	18,321	48,034	(49.6%)	32.2%
Net foreign exchange gain	5,037	3,308	239	(8,593)	(138.5%)	1284.1%
<b>Total financial transactions, net</b>	<b>41,921</b>	<b>27,531</b>	<b>18,560</b>	<b>39,441</b>	<b>(30.2%)</b>	<b>48.3%</b>
Other operating income	6,385	4,193	18,257	38,871	(89.2%)	(77.0%)
<b>Net operating profit before provisions for loan losses</b>	<b>696,737</b>	<b>457,575</b>	<b>468,971</b>	<b>463,995</b>	<b>(1.4%)</b>	<b>(2.4%)</b>
<b>Provision for loan losses</b>	<b>(146,780)</b>	<b>(96,396)</b>	<b>(80,001)</b>	<b>(72,028)</b>	<b>33.8%</b>	<b>20.5%</b>
<b>Net operating profit</b>	<b>549,957</b>	<b>361,179</b>	<b>388,970</b>	<b>391,967</b>	<b>(7.9%)</b>	<b>(7.1%)</b>
Personnel salaries and expenses	(158,533)	(104,115)	(104,061)	(100,855)	3.2%	0.1%
Administrative expenses	(88,642)	(58,215)	(62,710)	(59,035)	(1.4%)	(7.2%)
Depreciation and amortization	(29,385)	(19,298)	(19,260)	(19,068)	1.2%	0.2%
<b>Op. expenses excl. Impairment and Other operating expenses</b>	<b>(276,560)</b>	<b>(181,628)</b>	<b>(186,031)</b>	<b>(178,958)</b>	<b>1.5%</b>	<b>(2.4%)</b>
Impairment of property, plant and equipment	-	-	-	(5,295)	(100.0%)	--%
Other operating expenses	(18,902)	(12,414)	(9,931)	(18,673)	(33.5%)	25.0%
<b>Total operating expenses</b>	<b>(295,462)</b>	<b>(194,042)</b>	<b>(195,962)</b>	<b>(202,926)</b>	<b>(4.4%)</b>	<b>(1.0%)</b>
<b>Operating income</b>	<b>254,495</b>	<b>167,137</b>	<b>193,008</b>	<b>189,041</b>	<b>(11.6%)</b>	<b>(13.4%)</b>
Income from investments in associates and other companies	3,383	2,222	2,176	1,349	64.7%	2.1%
<b>Income before tax</b>	<b>257,878</b>	<b>169,359</b>	<b>195,184</b>	<b>190,390</b>	<b>(11.0%)</b>	<b>(13.2%)</b>
Income tax expense	(59,654)	(39,177)	(40,031)	(37,271)	5.1%	(2.1%)
<b>Net income from ordinary activities</b>	<b>198,225</b>	<b>130,182</b>	<b>155,153</b>	<b>153,119</b>	<b>(15.0%)</b>	<b>(16.1%)</b>
Net income discontinued operations	-	-	-	-	--%	--%
<b>Net income attributable to:</b>						
Non-controlling interest	693	455	638	15,793	(97.1%)	(28.7%)
<b>Net income attributable to equity holders of the Bank</b>	<b>197,532</b>	<b>129,727</b>	<b>154,515</b>	<b>137,326</b>	<b>(5.5%)</b>	<b>(16.0%)</b>

1. The exchange rate used to calculate the figures in dollars was Ch\$656.74 / US\$1

# Annexes: Key Indicators

<b>Profitability &amp; Efficiency</b>	<b>09M18</b>	<b>09M17</b>	<b>Change bp</b>
Net interest margin (NIM) <sup>1</sup>	4.4%	4.3%	13
Efficiency ratio <sup>2</sup>	40.8%	40.2%	61
Return on avg. equity	17.0%	18.8%	(173)
Return on avg. assets	1.4%	1.6%	(20)
Core capital ratio	10.2%	10.7%	(47)
BIS ratio	13.0%	13.6%	(58)
Return on RWA	1.7%	2.0%	(29)

<b>Asset Quality Ratios</b>	<b>Sep-18</b>	<b>Sep-17</b>	<b>Change bp</b>
NPL ratio <sup>3</sup>	2.2%	2.1%	8
Coverage of NPLs ratio <sup>4</sup>	121.7%	137.2%	(1,552)
Cost of credit <sup>5</sup>	1.3%	1.1%	25

<b>Structure (#)</b>	<b>Sep-18</b>	<b>Sep-17</b>	<b>Change (%)</b>
Branches	377	405	(6.9%)
ATMs	769	937	(17.9%)
Employees	11,439	11,052	3.5%

<b>Market Capitalization</b>	<b>Sep-18</b>	<b>Sep-17</b>	<b>Change (%)</b>
Net income per share (Ch\$)	0.69	0.73	(5.5%)
Net income per ADR (US\$)	0.50	0.46	10.0%
Stock price (Ch\$/ per share)	52.63	47.59	10.6%
ADR price (US\$ per share)	31.98	29.71	7.6%
Market capitalization (US\$mn)	15,066	13,997	7.6%
Shares outstanding (millions)	188,446	188,446	--%
ADRs (1 ADR = 400 shares) (millions)	471	471	--%

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 = 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.