

# Banco Santander Chile

## *Solid business and profitability trends*

September 2018



Simple | Personal | Fair

# 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 2017 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**



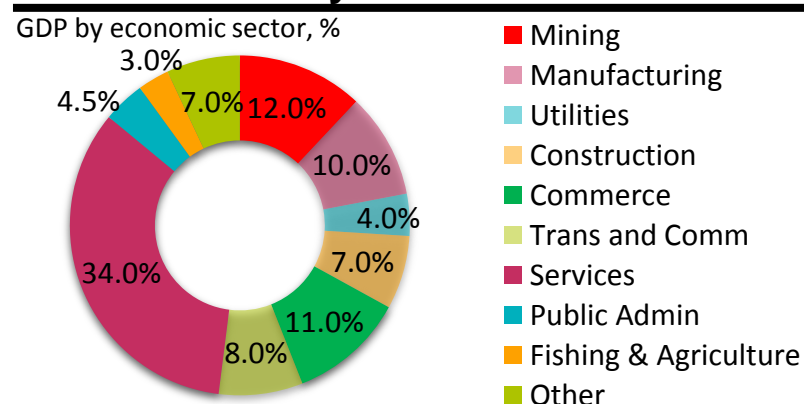
**Outlook**

## Chile: a stable and diversified economy

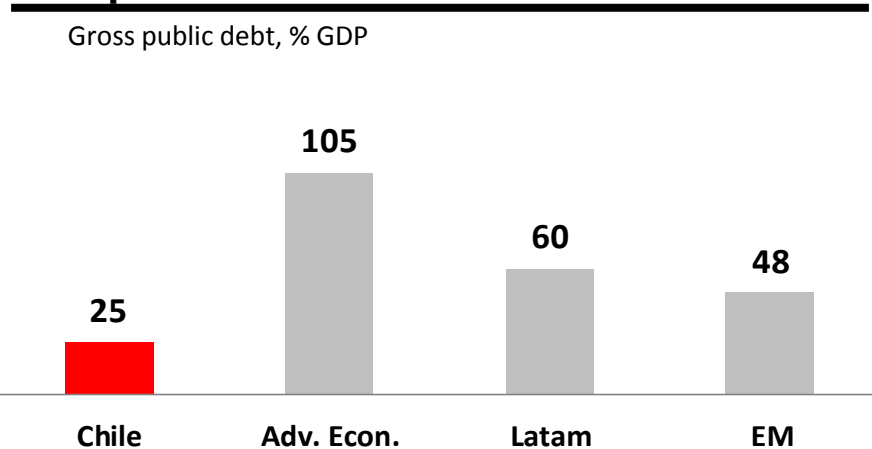
### Chile: Key economic indicators<sup>1,2</sup>

Population:	18.4 mn
GDP <sup>3</sup> :	US\$245bn
GDP per capita (PPP): <sup>4</sup>	US\$23,194
Exports / GDP:	28%
Investment / GDP :	21.6%
Net public debt / GDP:	4%
Sovereign ratings:	A1/A+/A

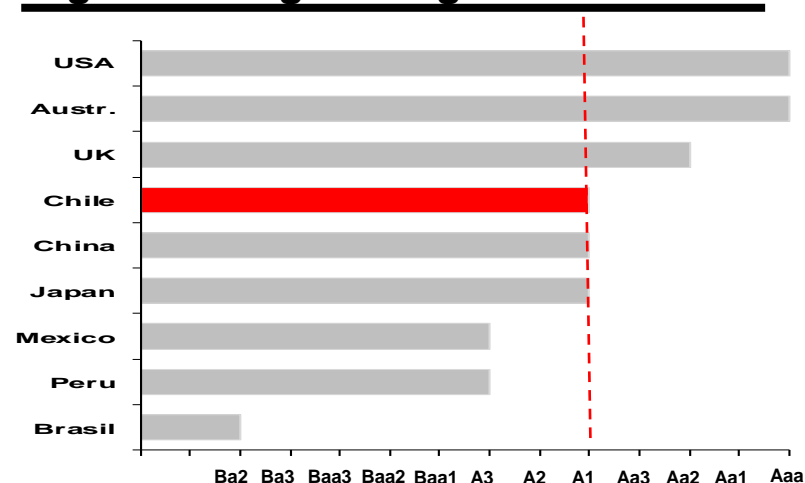
### Chile's economy is well diversified<sup>1</sup>



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



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

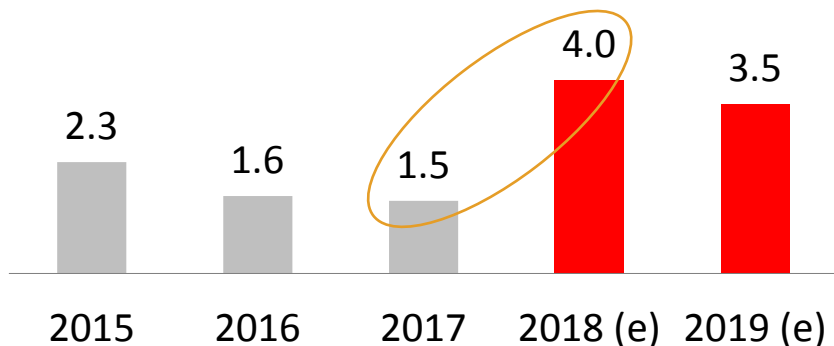


# Macroeconomic environment

## GDP growth expectations rise for 2018-19

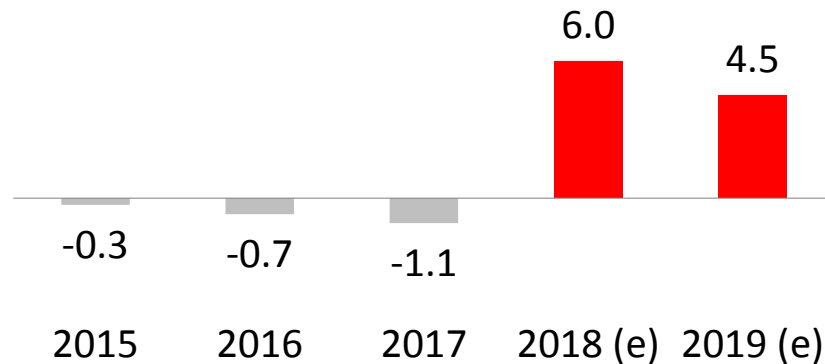
### GDP

YoY real growth, %



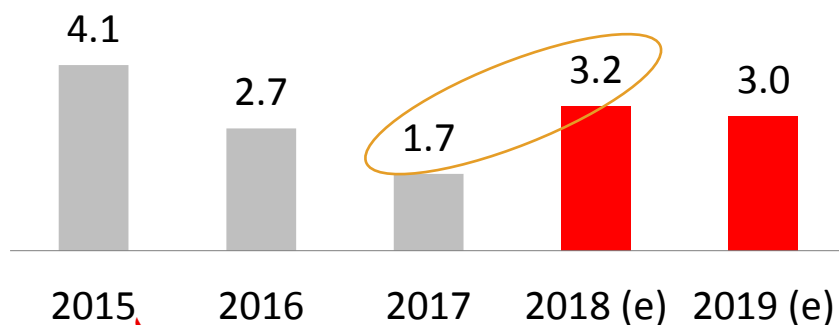
### Investment

YoY real growth of fixed capital formation, %



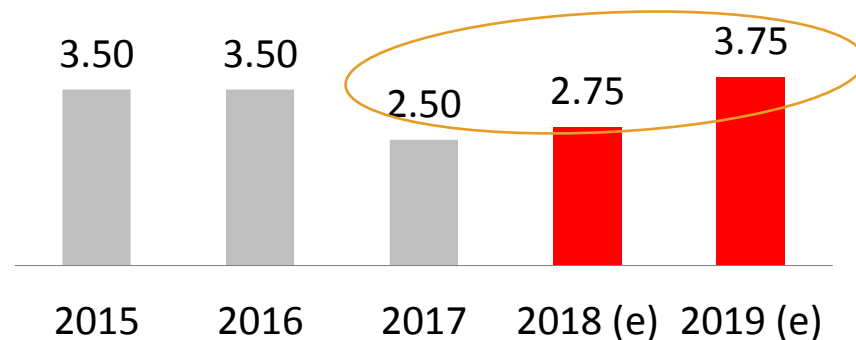
### Inflation

Annual change in UF inflation, %



### Central Bank ST Reference Rate

%

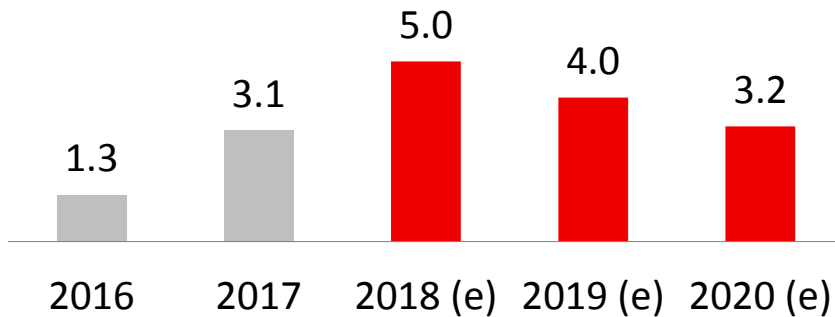


## Macroeconomic environment

# Growth of domestic demand reflects higher investment levels in various sectors

### 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>

# 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>6M18 (US\$)</b>	<b>YoY</b>
Gross Loans	44.7 bn	7.7%
Deposits	31.8 bn	8.1%
Equity	5.2 bn	6.7%
Net income <sup>1</sup>	467 mn	4.3%
<b>Network and Customers</b>	<b>6M18</b>	<b>Market Share</b>
Clients <sup>2</sup>	3.5 mn	24.6%
Digital Clients	1.0 mn	32.6% <sup>3</sup>
Branches	376	17.6%
<b>Market Share<sup>2</sup></b>	<b>5M18</b>	<b>Rank</b>
Loans <sup>4</sup>	19.0%	1
Deposits <sup>4</sup>	17.9%	1
Checking accounts	24.6%	1
Bank credit cards <sup>5</sup>	34.6%	1

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



# New executive Chairman of the Board and 3 new independent board members

**Claudio Melandri**



- Became Executive Chairman on March 1, 2018
- CEO of Santander Chile from January 2010 to March 2018.
- More than 30 years of experience in the financial industry
- Arrived to Santander Chile in 1991

**Rodrigo Vergara**



- Became director and First Vice President on July 12, 2018
- President of the Central Bank of Chile between 2011 and 2016
- Global Finance nominated him as one of the top five best presidents of central banks and number one in America

**Félix de Vicente Mingo**



- Became a director on March 27, 2018
- Minister of Economy, Development and Tourism between 2013 and 2014
- Previously a director of ProChile, the institution of foreign affairs that promotes Chilean exports.

**Alfonso Gomez Morales**



- Became a director on March 27, 2018
- Executive president of the Innovation Center UC Anacleto Angelini.
- Founder of Apple Chile, Unlimited, Virtualia, the first social network in Latin America.

## Solid corporate governance standards

### Independent Board

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

### 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**

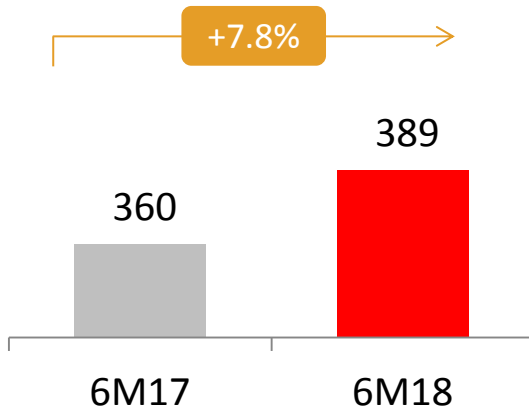
Santander Group owns 67.2%. We are listed on the Santiago Stock Exchange and the NYSE



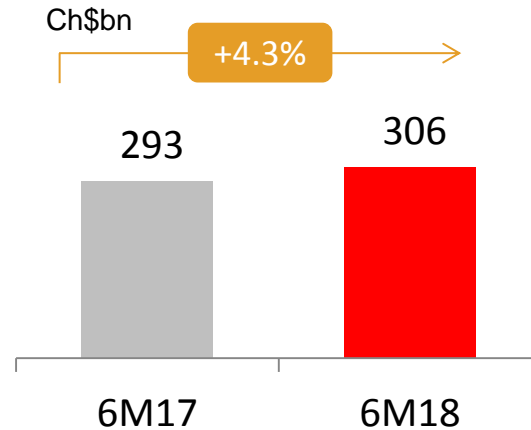
1. Source: SBIF Title IV Capital, Reserves and Dividends of Banks Art. 58

## Rise in net income driven by positive growth of operating income

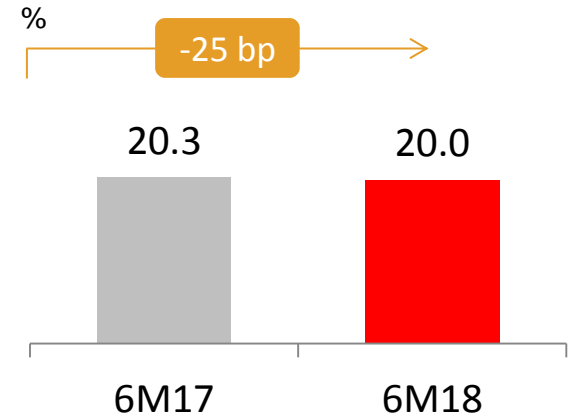
### Operating income



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



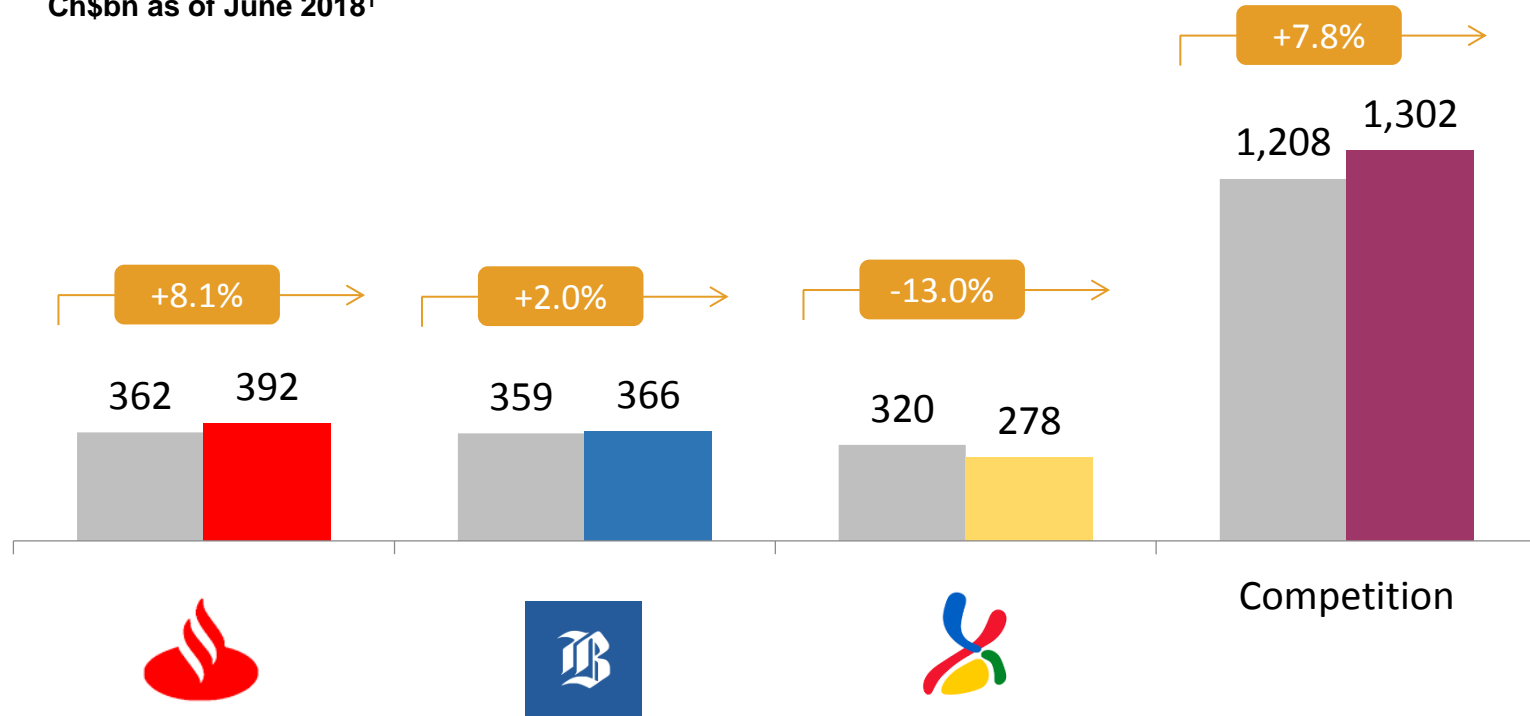
### ROE



# Growing income before tax above the competition








## Net income before taxes

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




1. Competition refers to the Chilean banking system minus Santander Chile


## Increasing ROE above the Chilean industry

	Growth 2015 to June 2018	June 2018	2017	2016	2015
 Santander	 +270bp	20.0%	19.2%	17.1%	17.1%
 Chile	 -180pb	19.5%	19.3%	19.6%	21.3%
 BCI	 -260pb	14.9%	14.0%	14.7%	17.5%
Competition <sup>1</sup>	 -160pb	12.7%	11.1%	10.7%	14.3%

1. Competition refers to the Chilean banking system minus Santander Chile.

## 3 objectives for healthy growth / higher profitability

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

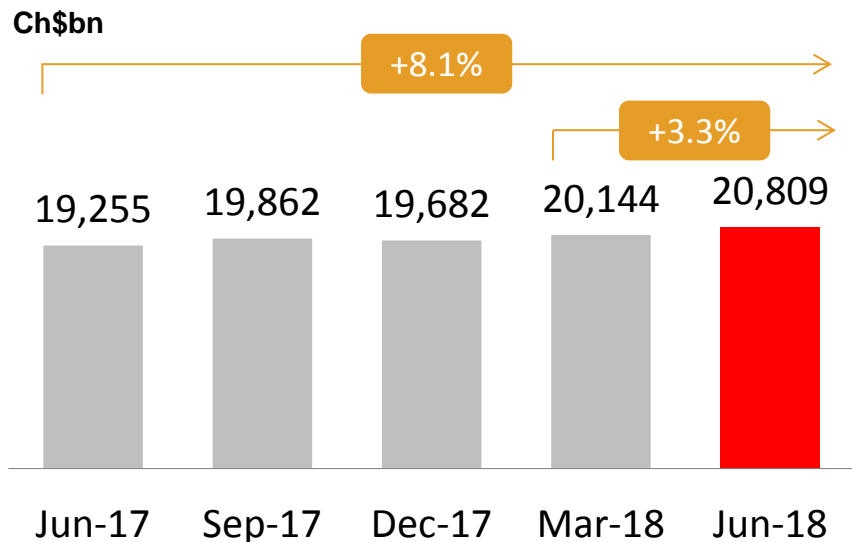
II  ... by increasing client loyalty through an improved client experience and quality of service and expanding digital banking capabilities

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

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

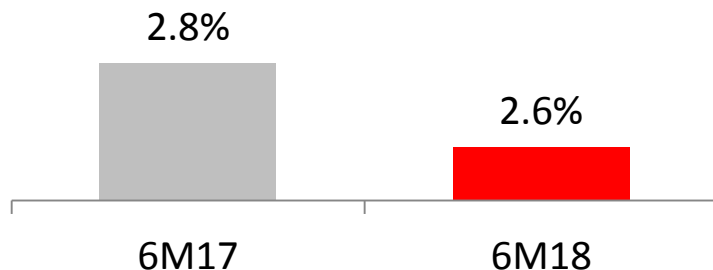
## Positive YoY growth of demand deposits in the quarter

### Total Deposits

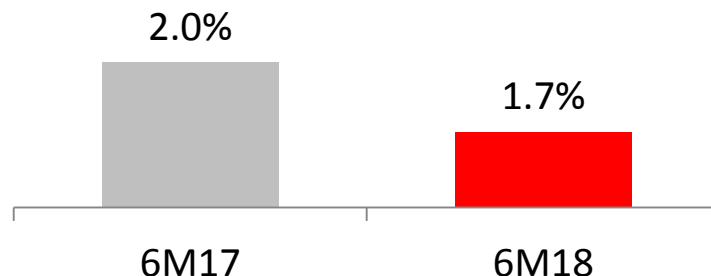


Ch\$ bn	6M18	YoY	QoQ
Demand	8,128	12.9%	(0.6%)
Time	12,682	5.2%	6.0%
<b>Total Deposits</b>	<b>20,809</b>	<b>8.1%</b>	<b>3.3%</b>
Mutual funds <sup>1</sup>	5,557	(0.1%)	3.2%
Loans to deposits <sup>2</sup>	98.1%		
LCR <sup>3</sup>	122.9%		
NSFR <sup>4</sup>	109.0%		

### YTD average cost of funds



### YTD average time and demand deposit cost

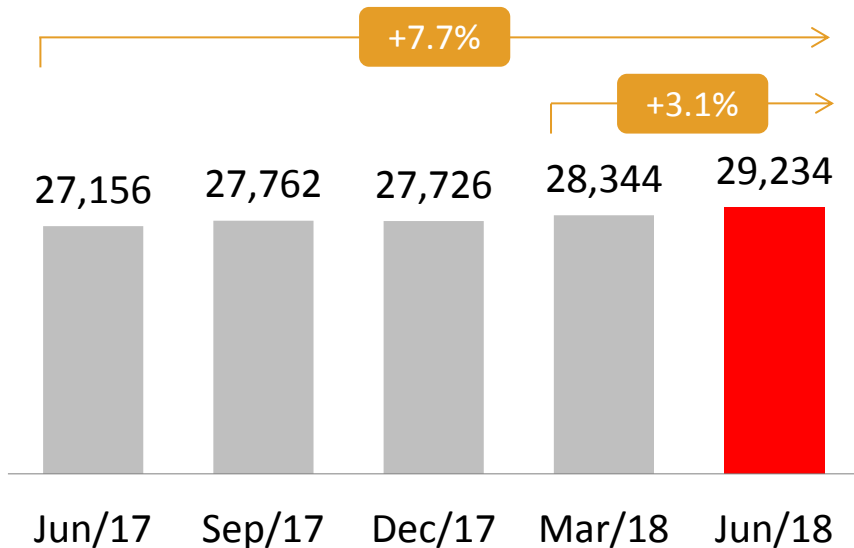


## Strategy: I. Re-focusing on growth as economy recovers...

# Loan growth accelerating in line with the economy

### Total Loans

Ch\$bn



Ch\$ bn	6M18	YoY	QoQ
Individuals <sup>1</sup>	15,976	6.5%	2.1%
Consumer	4,642	3.8%	1.0%
Mortgages	9,523	7.5%	2.7%
SMEs	3,797	2.1%	1.8%
<b>Retail</b>	<b>19,772</b>	<b>5.6%</b>	<b>2.0%</b>
<b>Middle Market</b>	<b>7,388</b>	<b>14.2%</b>	<b>5.9%</b>
<b>Corporate</b>	<b>1,949</b>	<b>3.9%</b>	<b>3.3%</b>
<b>Total<sup>2</sup></b>	<b>29,234</b>	<b>7.7%</b>	<b>3.1%</b>

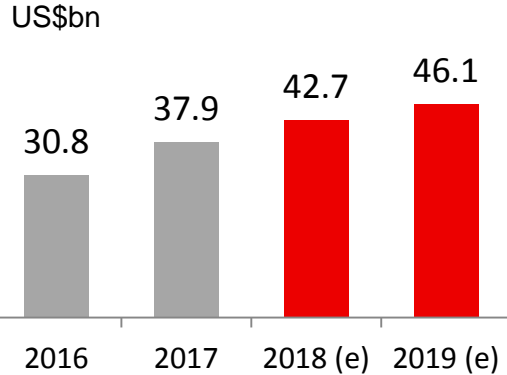
Loans to grow 8-10% in 2018



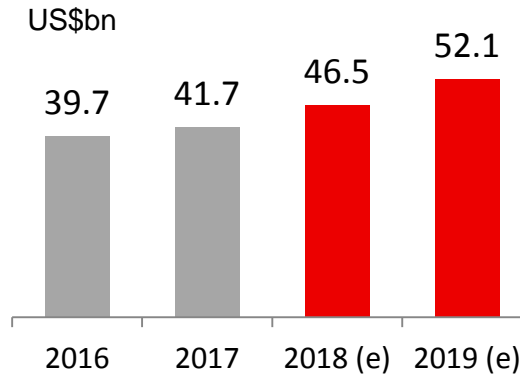
## Strategy: I. Re-focusing on growth as economy recovers...

### SAN is more exposed to the non-mining export sectors

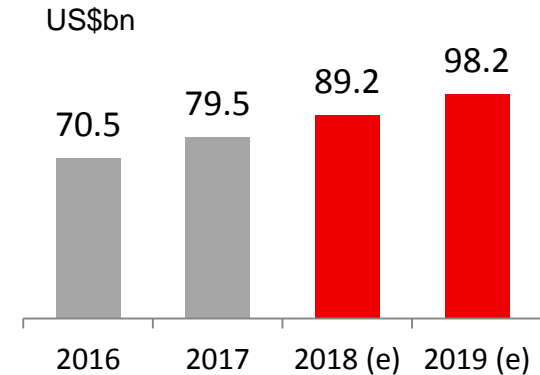
#### Mining exports



#### Non-mining exports

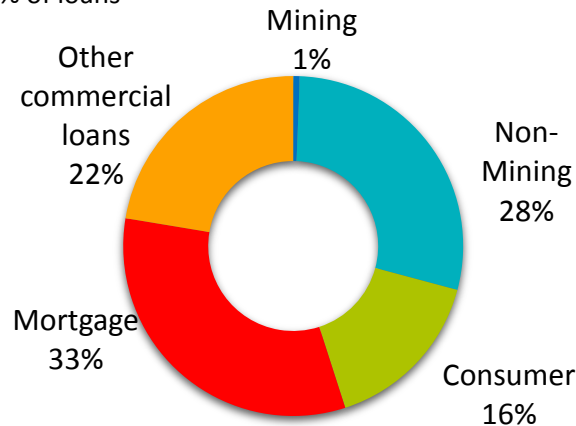


#### Total exports



#### SAN Chile loan book exposure

% of loans

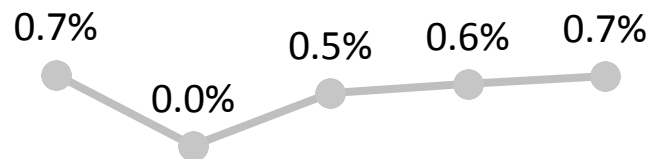
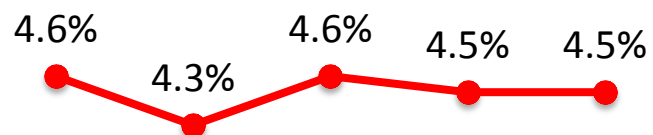


Even under stressed mining industry cycles, our loan book remains stable, as our exposure to mining is 1% of our total loan book.

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

**NII grows 5.6% YoY in 6M18. NIM stable at 4.5%**

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



2Q17 3Q17 4Q17 1Q18 2Q18

● NIM ● Inflation

### NII by segment

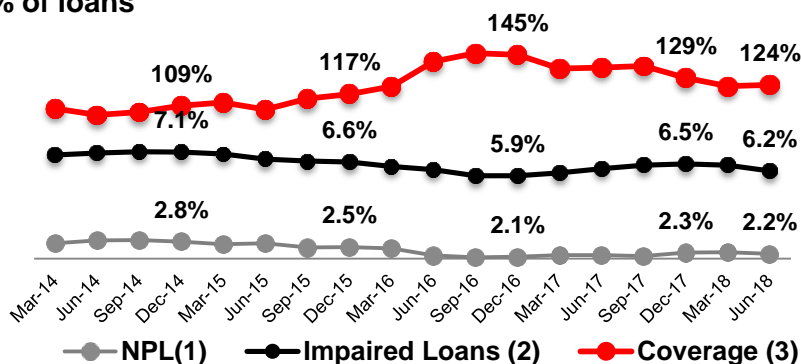
Ch\$ bn	6M18	YoY	QoQ
<b>Net interest income</b>	700	5.6%	101.9%
Average interest-earning assets	31,217	3.6%	1.7%
Average loans	28,347	5.1%	1.7%
Interest earning asset yield <sup>2</sup>	7.0%	-16bp	+10bp
Cost of funds <sup>3</sup>	2.6%	-18bp	+12bp
<b>NIM YTD</b>	<b>4.5%</b>	<b>+9bp</b>	

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

## Positive evolution of asset quality

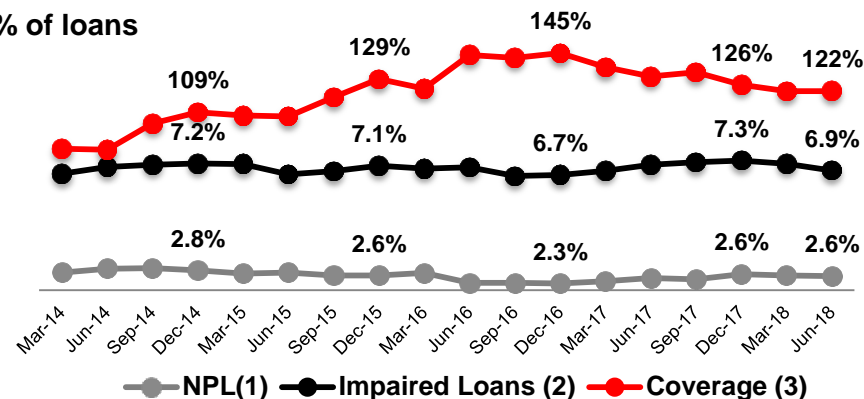
### Total loans

% of loans



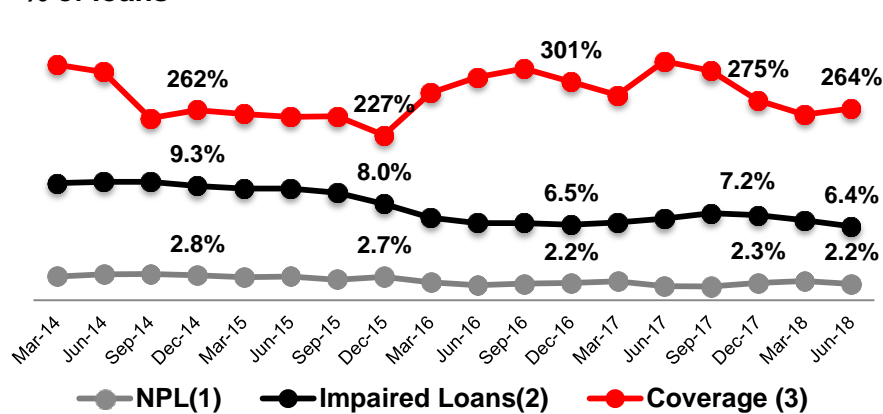
### Commercial loans

% of loans



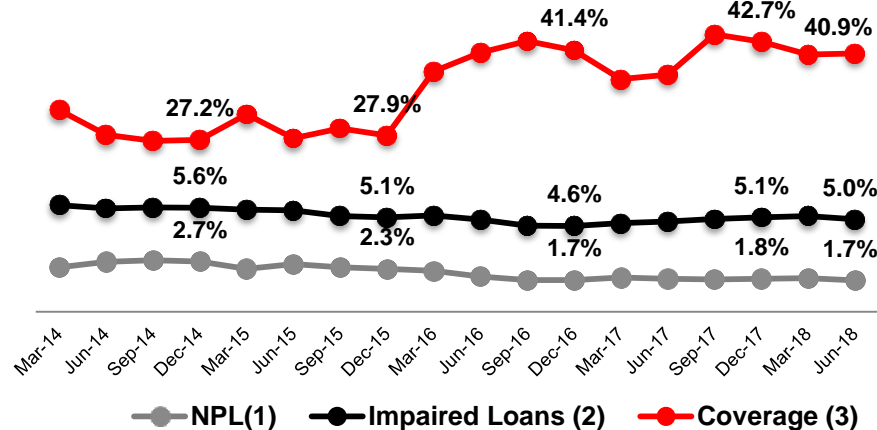
### Consumer loans

% of loans



### Mortgage loans

% of loans



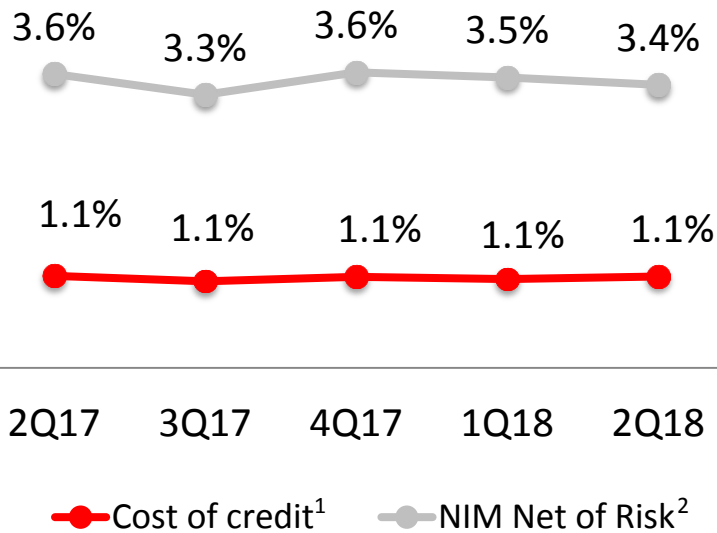
1. 90 days or more NPLs. 2. Impaired NPLs + restructured loans 3. Loan loss reserves over NPLs

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

## Cost of credit stable at 1.1%

### Cost of credit and NIM Net of Risk

% of loans



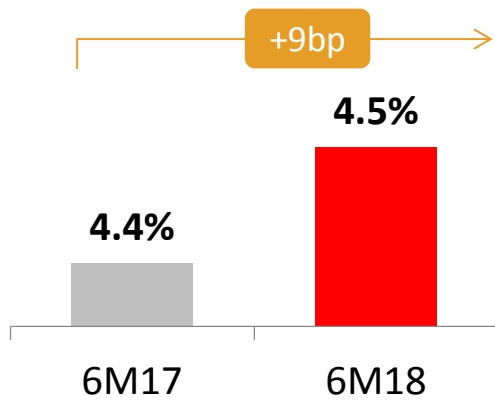
### Provision for loan losses

Ch\$ bn	6M18	YoY
Gross provisions and charge-offs	(200,663)	5.4%
Loan loss recoveries	45,257	12.9%
<b>Provision for loan losses</b>	<b>(155,406)</b>	<b>3.3%</b>

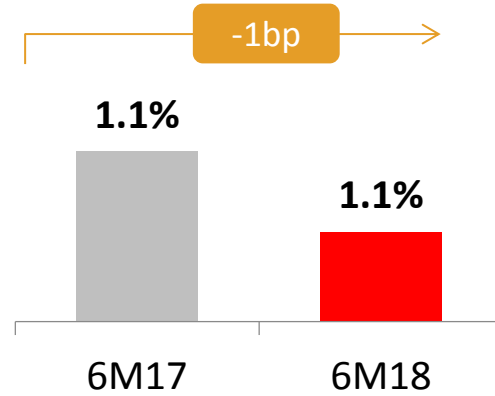
Strategy: I. Re-focusing on growth as economy recovers...

**YTD NIM net of risk rises to 3.5%**

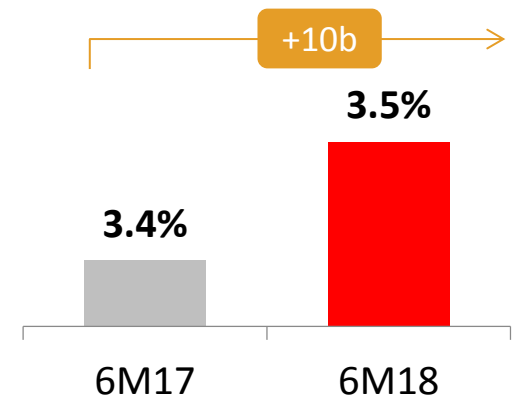
**NIM**



**Cost of risk**



**NIM net of risk**



## 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

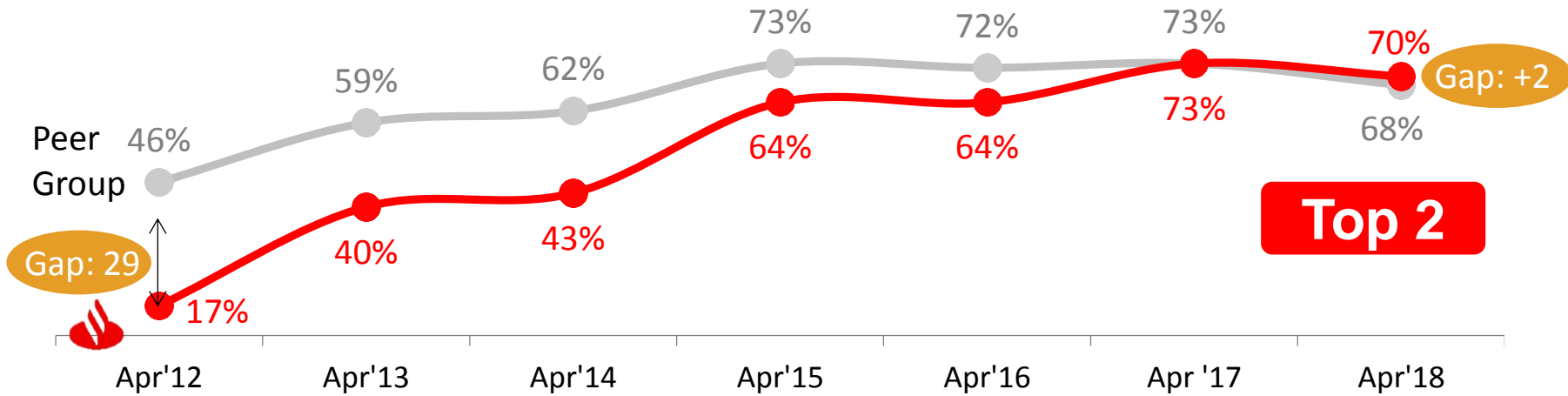
III



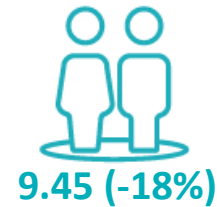
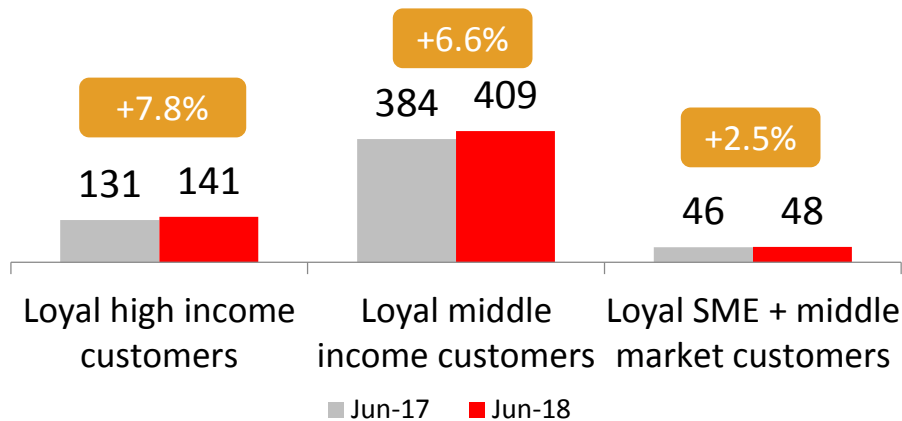
Optimizing profitability and capital use to increase shareholder value in time

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

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



## Loyal customer (thousands)<sup>2</sup>



Complaints for every 10,000 debtors<sup>3</sup>



1. Source: GfK Adimark. % Satisfaction from score of 6 or 7 2. Loyal high income and middle income customers with 4 products plus a minimum profitability level and a minimum usage indicator, as differentiated by segment. SME + Middle-market cross-selling differentiated by client size using a point system that depends on number of products, usage of products and income net of risk 3. As of Dec. 2017, change compared to Dec. 2016

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



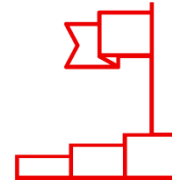
~16,600

Clients as of June 2018



70%

Of clients in Life are new clients



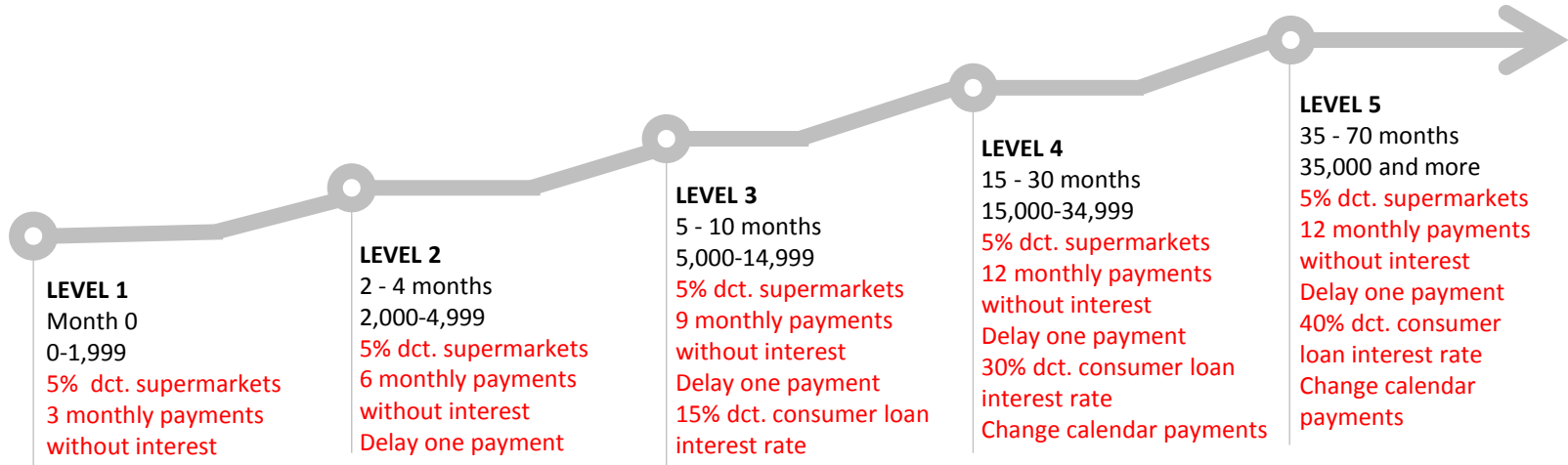
~25%

Of new monthly total bank plans are Life



6.6

Average monthly transaction through Life credit cards

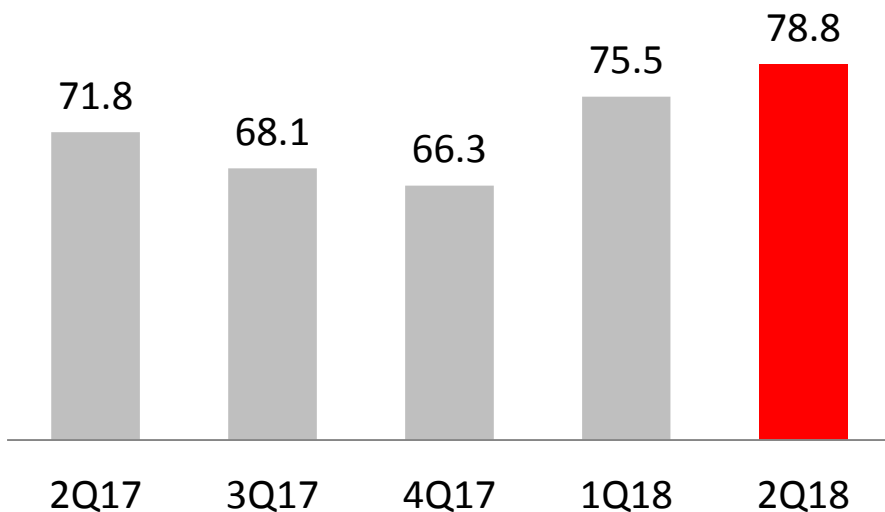




## Healthy fee growth driven by Retail and SCIB

### Net fee income

Ch\$bn



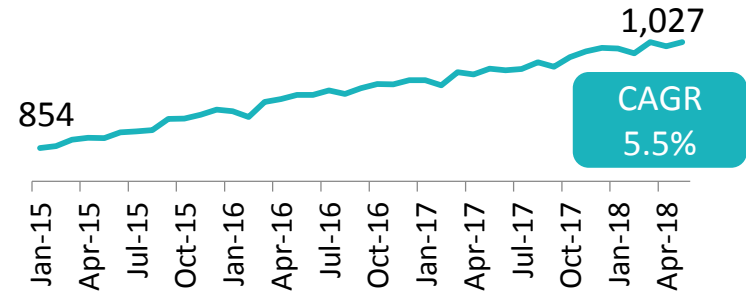
Ch\$ bn	6M18	YoY	QoQ
Credit, debit & ATM cards	29.9	4.0%	(3.4%)
Collection fees	23.3	4.2%	61.2%
Asset management	22.6	8.2%	1.1%
Insurance brokerage	18.8	(2.3%)	10.5%
Checking accounts	16.5	5.2%	0.3%
Guarantees, pledges and other contingent operations	16.3	(10.3%)	0.7%
Other	26.8	37.93%	(18.7%)
<b>Total</b>	<b>154.3</b>	<b>6.7%</b>	<b>4.4%</b>

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

### Digital clients continue to expand and digital trx double



### Digital Clients



**100 million → 210 million**  
Monthly transactions through digital channels<sup>1</sup>

APP 2.0: More transactional capabilities and a user-friendly interface

1. Data from Dec. 2016 to Dec. 2017

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



**95%**

Client satisfaction



**10%**

Cheaper to open vs traditional branch



**+13%**

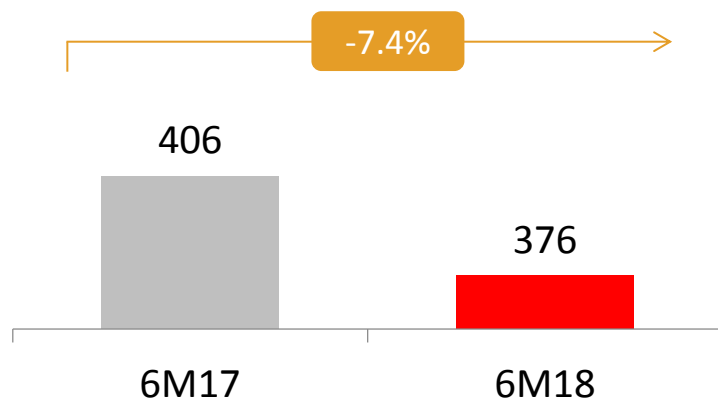
Increase in income vs traditional branch

We will have 40 Workcafés open for end of the year

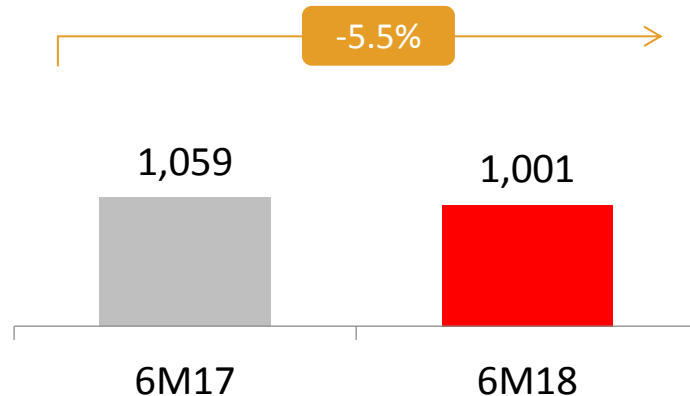
# Strategy: II. Increasing client loyalty and expanding digital banking

## Restructuring our physical distribution network

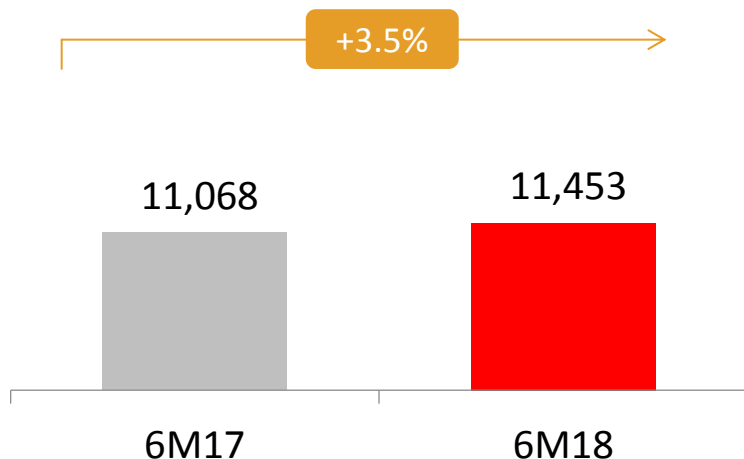
### Points of sale



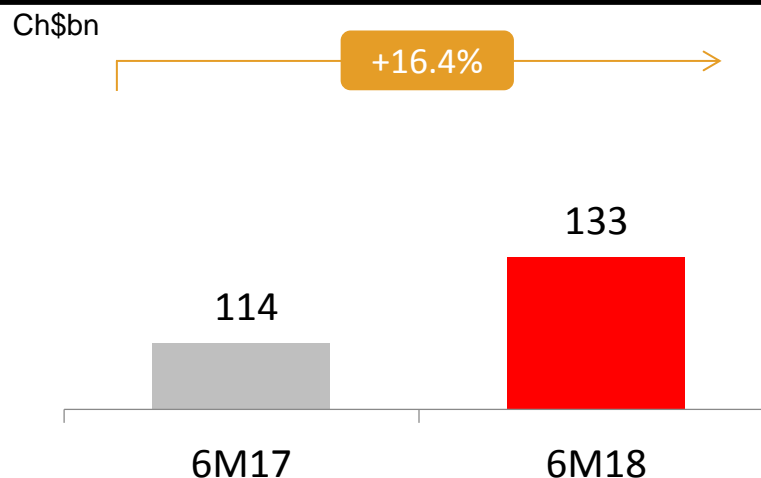
### ATMs



### Employees



### Loans and Deposits / Branches

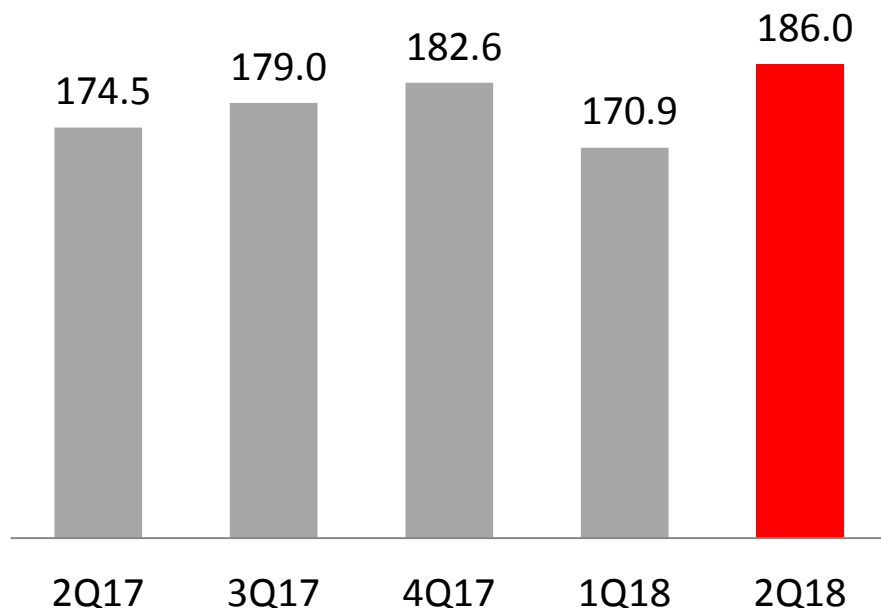


# Strategy: II. Increasing client loyalty and expanding digital banking

## Improving our efficiency

### Operating Expenses


Ch\$bn




Ch\$ bn	6M18	YoY	QoQ
Personnel expenses	193.6	(0.2%)	16.2%
Administrative expenses	124.9	10.6%	0.9%
Depreciation	38.4	5.6%	0.4%
<b>Operating expenses</b>	<b>356.9</b>	<b>4.0%</b>	<b>8.9%</b>
<b>Efficiency ratio</b>	<b>39.6%</b>	<b>-56bp</b>	<b>+186bp</b>
<b>Cost/Assets</b>	<b>1.9%</b>	<b>+5bp</b>	<b>+13bp</b>

## 3 objectives for healthy growth / higher profitability

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

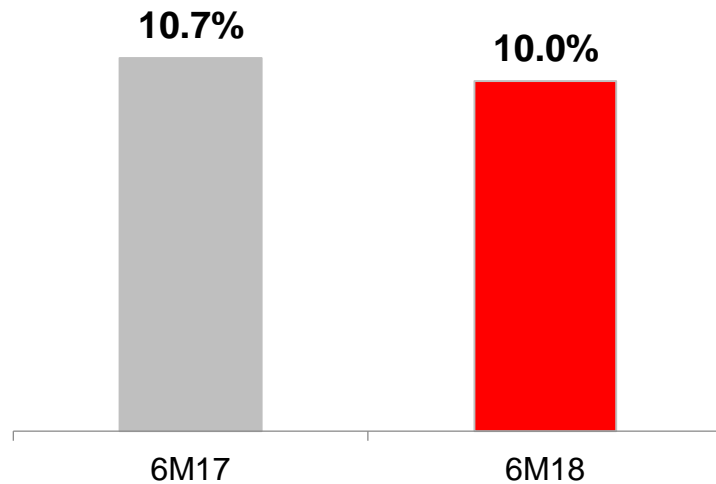
II  ... by increasing client loyalty through an improved client experience and quality of service and expanding digital banking capabilities

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

## Strategy: III. Optimizing profitability and capital

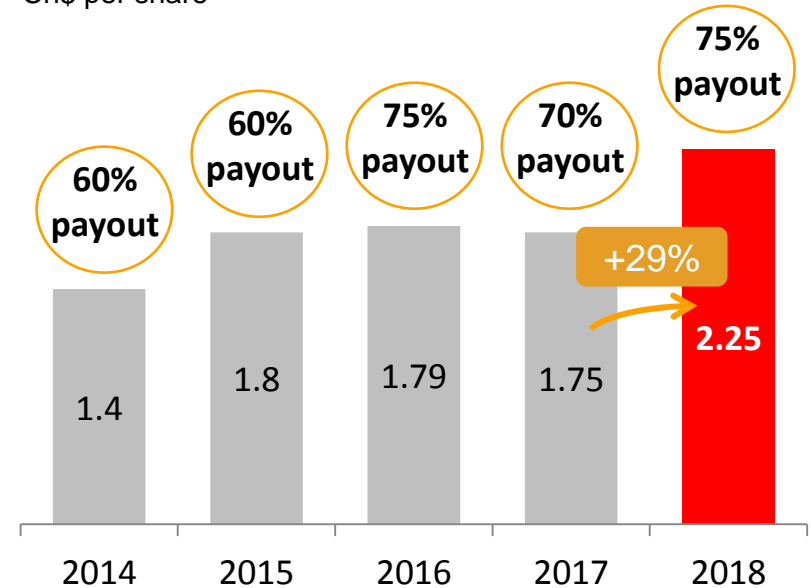
### High profitability levels sustains core capital ratios

#### Core capital



#### Dividend per share

Ch\$ per share

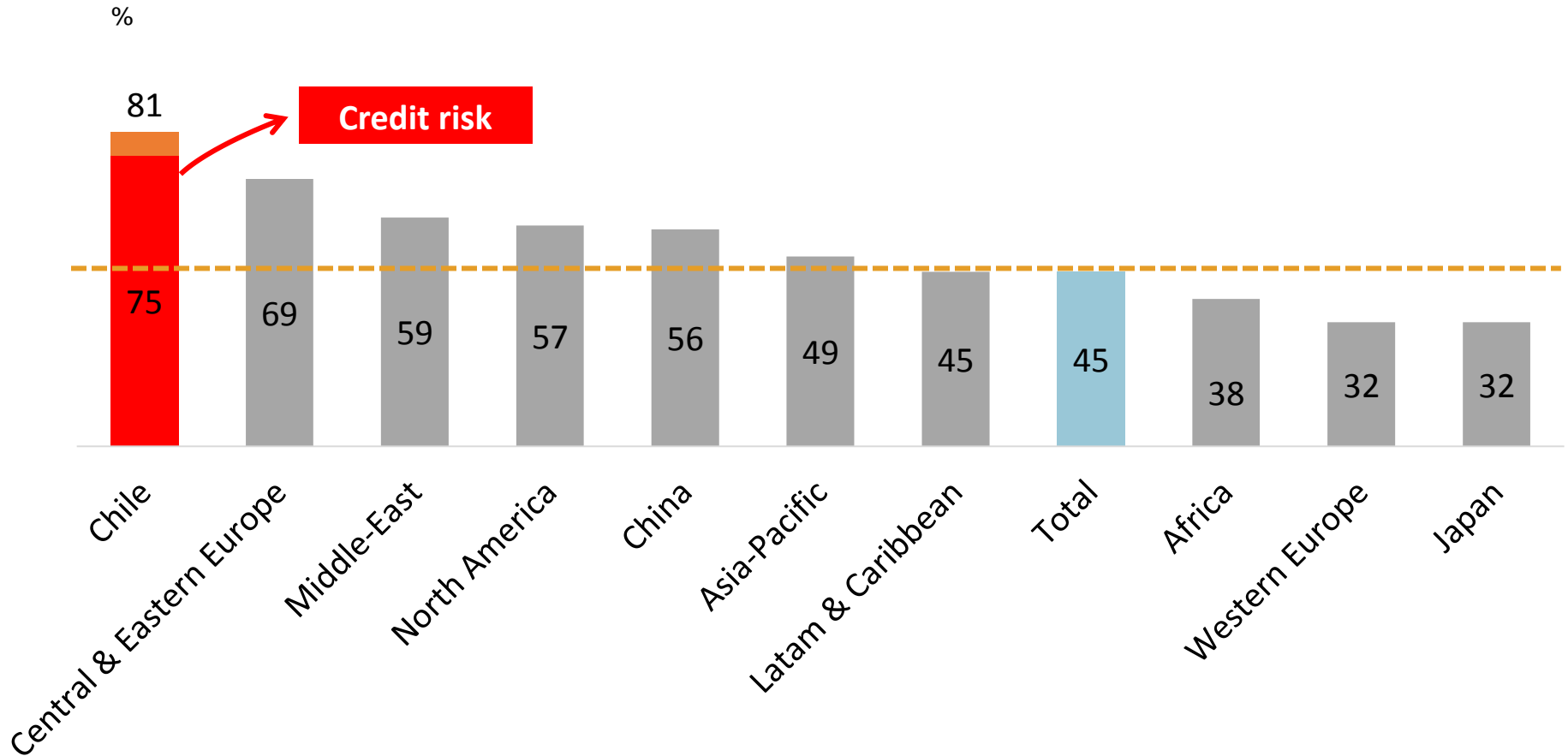


Dividend yield = 4.2% in 2018

## Strategy: III. Optimizing profitability and capital

**RWA density in Chile is currently among the highest in the world**

### RWA Density Worldwide<sup>1</sup>





# Agenda

**Macro-economic environment**

**Strategy and results**

**Outlook**

## Sound outlook for 2H18

- GDP growth estimate for 2018 rises to 4%
- Estimated loan growth of 8-10% with focus in all segments.
- Stable NIMs with UF inflation for 2018 ~3.2% with interest rates rising towards the end of the year
- Fee growth in high single digits with client loyalty and higher growth of total clients to drive fee income
- Cost of credit and asset quality stable
- Efficiency ratio around 40%
- Effective tax rate to rise 1.5%-2.0%

---

ROAE of 19.0 – 19.5%

---

# 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



# Agenda

## Annexes

Unaudited Balance Sheet				
	Jun/18	Jun/18	Jun/17	Jun-18/Jun-17
	US\$ Ths <sup>1</sup>	Ch\$ Million		% Chg.
Cash and deposits in banks	2,217,487	1,450,015	1,344,043	7.9%
Cash items in process of collection	1,140,132	745,532	429,236	73.7%
Trading investments	418,364	273,568	700,334	(60.9%)
Investments under resale agreements	2,670	1,746	-	--%
Financial derivative contracts	3,416,146	2,233,818	2,215,654	0.8%
Interbank loans, net	45,475	29,736	235,512	(87.4%)
Loans and account receivables from customers, net	43,430,373	28,399,121	26,121,070	8.7%
Available for sale investments	4,448,887	2,909,127	2,169,845	34.1%
Held-to-maturity investments	-	-	-	--%
Investments in associates and other companies	46,325	30,292	25,179	20.3%
Intangible assets	93,372	61,056	59,343	2.9%
Property, plant and equipment	352,610	230,572	245,099	(5.9%)
Current taxes	16,246	10,623	5,969	78.0%
Deferred taxes	582,061	380,610	361,939	5.2%
Other assets	1,274,540	833,422	893,207	(6.7%)
<b>Total Assets</b>	<b>57,484,689</b>	<b>37,589,238</b>	<b>34,806,430</b>	<b>8.0%</b>
Deposits and other demand liabilities	12,429,665	8,127,758	7,195,893	12.9%
Cash items in process of being cleared	1,096,766	717,175	258,454	177.5%
Obligations under repurchase agreements	169,116	110,585	145,570	(24.0%)
Time deposits and other time liabilities	19,393,782	12,681,594	12,059,284	5.2%
Financial derivatives contracts	3,168,845	2,072,108	2,060,639	0.6%
Interbank borrowings	2,375,305	1,553,212	1,830,856	(15.2%)
Issued debt instruments	12,265,476	8,020,395	7,045,748	13.8%
Other financial liabilities	381,629	249,547	244,622	2.0%
Current taxes	-	-	-	--%
Deferred taxes	34,628	22,643	8,304	172.7%
Provisions	315,501	206,306	238,766	(13.6%)
Other liabilities	1,200,161	784,785	792,986	(1.0%)
<b>Total Liabilities</b>	<b>52,830,873</b>	<b>34,546,108</b>	<b>31,881,122</b>	<b>8.4%</b>
<b>Equity</b>				
Capital	1,363,057	891,303	891,303	--%
Reserves	2,940,850	1,923,022	1,781,818	7.9%
Valuation adjustments	(43,306)	(28,318)	17,161	(265.0%)
<b>Retained Earnings:</b>				
Retained earnings from prior years	-	-	-	--%
Income for the period	467,244	305,531	292,811	4.3%
Minus: Provision for mandatory dividends	(140,173)	(91,659)	(87,843)	4.3%
<b>Total Shareholders' Equity</b>	<b>4,587,672</b>	<b>2,999,879</b>	<b>2,895,250</b>	<b>3.6%</b>
Non-controlling interest	66,143	43,251	30,058	43.9%
<b>Total Equity</b>	<b>4,653,816</b>	<b>3,043,130</b>	<b>2,925,308</b>	<b>4.0%</b>
<b>Total Liabilities and Equity</b>	<b>57,484,689</b>	<b>37,589,238</b>	<b>34,806,430</b>	<b>8.0%</b>


## Unaudited YTD Income Statement

	Jun/18	Jun/18	Jun/17	Jun-18/Jun-17
	US\$ Ths <sup>1</sup>	Ch\$ Million		% Chg.
Interest income	1,665,044	1,088,772	1,074,843	1.3%
Interest expense	(594,475)	(388,727)	(412,234)	(5.7%)
<b>Net interest income</b>	<b>1,070,569</b>	<b>700,045</b>	<b>662,609</b>	<b>5.6%</b>
Fee and commission income	377,042	246,548	230,862	6.8%
Fee and commission expense	(141,046)	(92,230)	(86,201)	7.0%
<b>Net fee and commission income</b>	<b>235,996</b>	<b>154,318</b>	<b>144,661</b>	<b>6.7%</b>
Net income (expense) from financial operations	(13,539)	(8,853)	4,899	(280.7%)
Net foreign exchange gain	77,434	50,634	67,238	(24.7%)
<b>Total financial transactions, net</b>	<b>63,895</b>	<b>41,781</b>	<b>72,137</b>	<b>(42.1%)</b>
Other operating income	37,565	24,564	29,068	(15.5%)
<b>Net operating profit before provisions for loan losses</b>	<b>1,408,026</b>	<b>920,708</b>	<b>908,475</b>	<b>1.3%</b>
<b>Provision for loan losses</b>	<b>(237,660)</b>	<b>(155,406)</b>	<b>(150,372)</b>	<b>3.3%</b>
<b>Net operating profit</b>	<b>1,170,365</b>	<b>765,302</b>	<b>758,103</b>	<b>0.9%</b>
Personnel salaries and expenses	(296,035)	(193,577)	(194,026)	(0.2%)
Administrative expenses	(190,954)	(124,865)	(112,865)	10.6%
Depreciation and amortization	(58,786)	(38,440)	(36,400)	5.6%
<b>Op. expenses excl. Impairment and Other operating expenses</b>	<b>(545,775)</b>	<b>(356,882)</b>	<b>(343,291)</b>	<b>4.0%</b>
Impairment of property, plant and equipment	(60)	(39)	(349)	(88.8%)
Other operating expenses	(30,359)	(19,852)	(53,998)	(63.2%)
<b>Total operating expenses</b>	<b>(576,194)</b>	<b>(376,773)</b>	<b>(397,638)</b>	<b>(5.2%)</b>
<b>Operating income</b>	<b>594,172</b>	<b>388,529</b>	<b>360,465</b>	<b>7.8%</b>
Income from investments in associates and other companies	4,589	3,001	1,605	87.0%
<b>Income before tax</b>	<b>598,761</b>	<b>391,530</b>	<b>362,070</b>	<b>8.1%</b>
Income tax expense	(129,353)	(84,584)	(68,351)	23.7%
<b>Net income from ordinary activities</b>	<b>469,408</b>	<b>306,946</b>	<b>293,719</b>	<b>4.5%</b>
Net income discontinued operations	-	-	-	--%
<b>Net income attributable to:</b>				
Non-controlling interest	2,164	1,415	908	55.8%
<b>Net income attributable to equity holders of the Bank</b>	<b>467,244</b>	<b>305,531</b>	<b>292,811</b>	<b>4.3%</b>

1. The exchange rate used to calculate the figures in dollars was Ch\$653.90 / US\$1

## Unaudited Quarterly Income Statement

	2Q18	2Q18	1Q18	2Q17	2Q18/2Q17	2Q18/1Q18
	US\$ Ths <sup>1</sup>		Ch\$ Million			% Chg.
Interest income	857,501	560,720	528,052	550,875	1.8%	6.2%
Interest expense	(317,159)	(207,390)	(181,337)	(206,841)	0.3%	14.4%
<b>Net interest income</b>	<b>540,343</b>	<b>353,330</b>	<b>346,715</b>	<b>344,034</b>	<b>2.7%</b>	<b>1.9%</b>
Fee and commission income	187,175	122,394	124,154	115,567	5.9%	(1.4%)
Fee and commission expense	(66,631)	(43,570)	(48,660)	(43,729)	(0.4%)	(10.5%)
<b>Net fee and commission income</b>	<b>120,544</b>	<b>78,824</b>	<b>75,494</b>	<b>71,838</b>	<b>9.7%</b>	<b>4.4%</b>
Net income (expense) from financial operations	28,018	18,321	(27,174)	3,623	405.7%	167.4%
Net foreign exchange gain	365	239	50,395	31,782	(99.2%)	(99.5%)
<b>Total financial transactions, net</b>	<b>28,384</b>	<b>18,560</b>	<b>23,221</b>	<b>35,405</b>	<b>(47.6%)</b>	<b>(20.1%)</b>
Other operating income	27,920	18,257	6,307	16,049	13.8%	189.5%
<b>Net operating profit before provisions for loan losses</b>	<b>717,191</b>	<b>468,971</b>	<b>451,737</b>	<b>467,326</b>	<b>0.4%</b>	<b>3.8%</b>
<b>Provision for loan losses</b>	<b>(122,344)</b>	<b>(80,001)</b>	<b>(75,405)</b>	<b>(76,510)</b>	<b>4.6%</b>	<b>6.1%</b>
<b>Net operating profit</b>	<b>594,846</b>	<b>388,970</b>	<b>376,332</b>	<b>390,816</b>	<b>(0.5%)</b>	<b>3.4%</b>
Personnel salaries and expenses	(159,139)	(104,061)	(89,516)	(101,350)	2.7%	16.2%
Administrative expenses	(95,902)	(62,710)	(62,155)	(54,383)	15.3%	0.9%
Depreciation and amortization	(29,454)	(19,260)	(19,180)	(18,778)	2.6%	0.4%
<b>Op. expenses excl. Impairment and Other operating expenses</b>	<b>(284,495)</b>	<b>(186,031)</b>	<b>(170,851)</b>	<b>(174,511)</b>	<b>6.6%</b>	<b>8.9%</b>
Impairment of property, plant and equipment	-	-	(39)	(165)	--%	--%
Other operating expenses	(15,187)	(9,931)	(9,921)	(35,181)	(71.8%)	0.1%
<b>Total operating expenses</b>	<b>(299,682)</b>	<b>(195,962)</b>	<b>(180,811)</b>	<b>(209,857)</b>	<b>(6.6%)</b>	<b>8.4%</b>
<b>Operating income</b>	<b>295,164</b>	<b>193,008</b>	<b>195,521</b>	<b>180,959</b>	<b>6.7%</b>	<b>(1.3%)</b>
Income from investments in associates and other companies	3,328	2,176	825	885	145.9%	163.8%
<b>Income before tax</b>	<b>298,492</b>	<b>195,184</b>	<b>196,346</b>	<b>181,844</b>	<b>7.3%</b>	<b>(0.6%)</b>
Income tax expense	(61,219)	(40,031)	(44,553)	(31,143)	28.5%	(10.1%)
<b>Net income from ordinary activities</b>	<b>237,273</b>	<b>155,153</b>	<b>151,793</b>	<b>150,701</b>	<b>3.0%</b>	<b>2.2%</b>
Net income discontinued operations	-	-	-	-	--%	--%
<b>Net income attributable to:</b>						
Non-controlling interest	976	638	777	265	140.8%	(17.9%)
<b>Net income attributable to equity holders of the Bank</b>	<b>236,298</b>	<b>154,515</b>	<b>151,016</b>	<b>150,436</b>	<b>2.7%</b>	<b>2.3%</b>

 The exchange rate used to calculate the figures in dollars was Ch\$653.90 / US\$1

# Annexes: Key Indicators

<b>Profitability &amp; Efficiency</b>	<b>06M18</b>	<b>06M17</b>	<b>Change bp</b>
Net interest margin (NIM) <sup>1</sup>	4.5%	4.4%	9
Efficiency ratio <sup>2</sup>	39.6%	40.2%	(56)
Return on avg. equity	20.0%	20.3%	(25)
Return on avg. assets	1.7%	1.6%	5
Core capital ratio	10.0%	10.7%	(65)
BIS ratio	12.8%	13.6%	(84)
Return on RWA	2.1%	2.2%	(3)

<b>Asset Quality Ratios</b>	<b>Jun/18</b>	<b>Jun/17</b>	<b>Change bp</b>
NPL ratio <sup>3</sup>	2.2%	2.2%	6
Coverage of NPLs ratio <sup>4</sup>	123.9%	136.2%	(1,231)
Cost of credit <sup>5</sup>	1.1%	1.1%	(1)

<b>Structure (#)</b>	<b>Jun/18</b>	<b>Jun/17</b>	<b>Change (%)</b>
Branches	376	406	(7.4%)
ATMs	1,001	1,059	(5.5%)
Employees	11,453	11,068	3.5%

<b>Market Capitalization</b>	<b>Jun/18</b>	<b>Jun/17</b>	<b>Change (%)</b>
Net income per share (Ch\$)	1.62	1.55	4.3%
Net income per ADR (US\$)	0.99	0.94	5.9%
Stock price (Ch\$/ per share)	51.27	42.24	21.4%
ADR price (US\$ per share)	31.43	25.41	23.7%
Market capitalization (US\$m)	14,435	11,971	20.6%
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 = 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.