

# Banco Santander Chile

## *Solid business and profitability trends*

February 2019



# 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 and financial system**

**Banco Santander Chile: the nation's leading bank**

**Healthy balance sheet**

**Positive results**

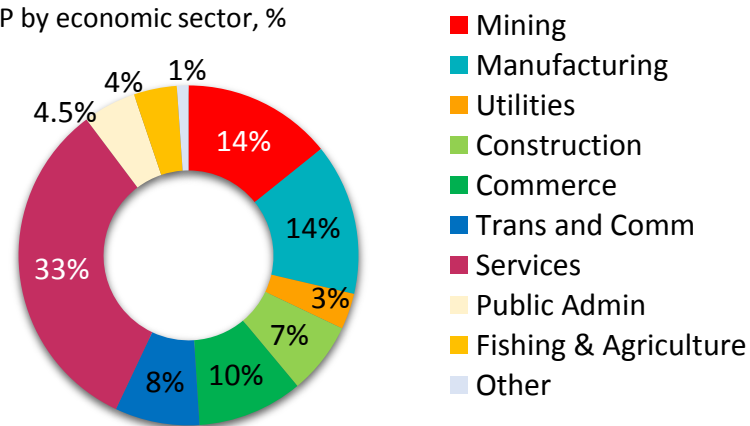
**Summary**

## Chile: a stable and diversified economy

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

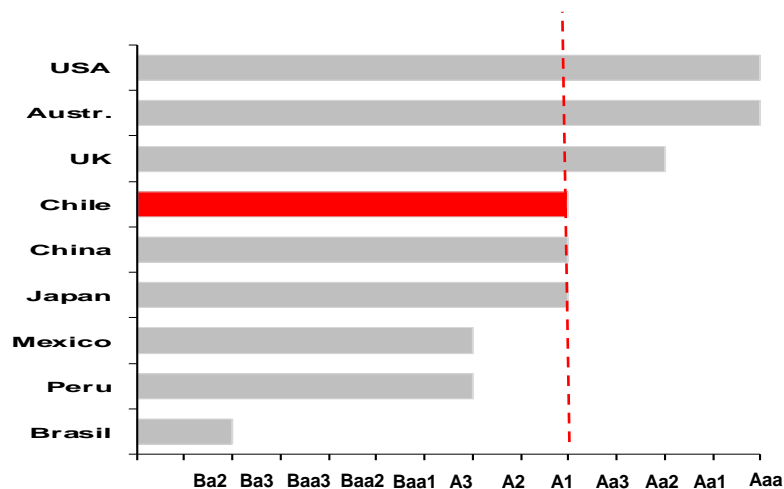
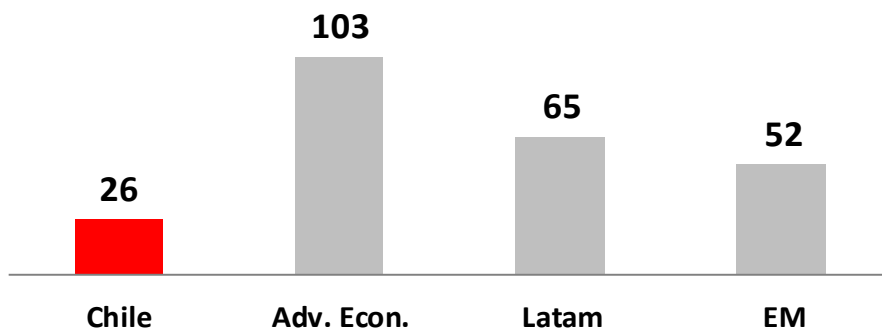
Population:	18.5mn
GDP <sup>3</sup> :	US\$297bn
GDP per capita (PPP): <sup>4</sup>	US\$25,891
Exports / GDP:	25%
Investment / GDP :	21.8%
Net public debt / GDP:	5%
Sovereign ratings:	A1/A/A+

GDP by economic sector, %



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

Gross public debt, % GDP

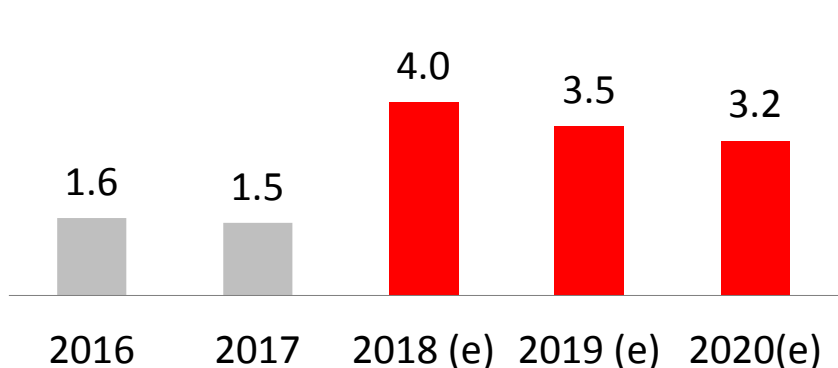


# Macroeconomic environment

## Good growth in 2018 set to continue in 2019 driven by investment...

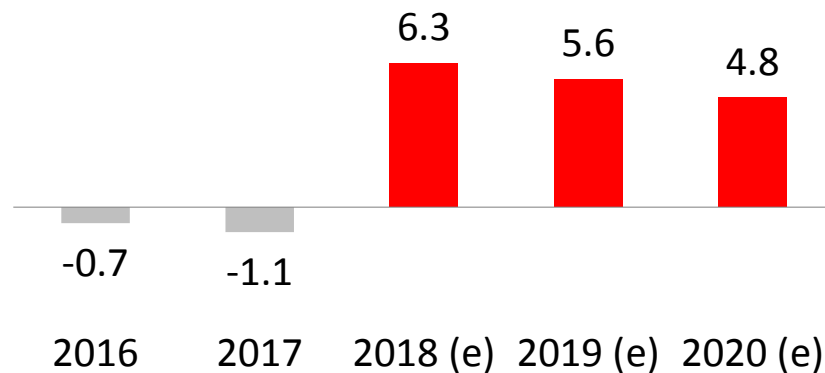
### GDP

YoY real growth, %



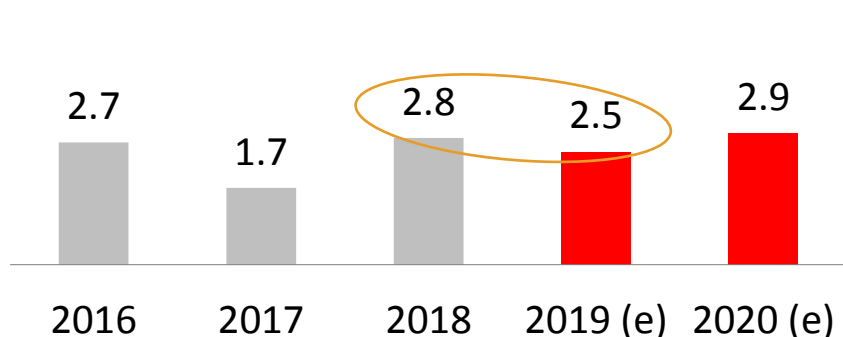
### Investment

YoY real growth of fixed capital formation, %



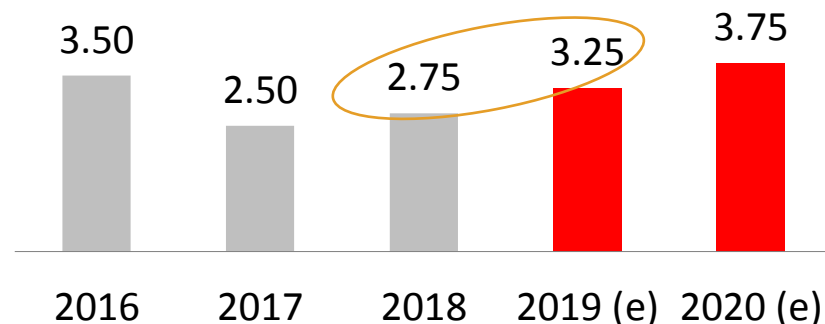
### Inflation

Annual change in UF inflation, %



### Central Bank ST Reference Rate

%

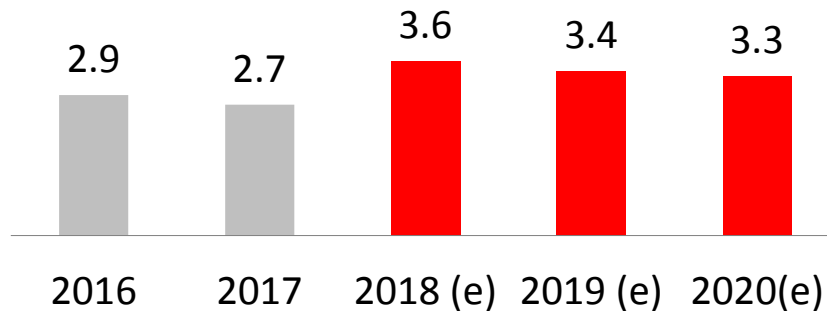


# Macroeconomic environment

## ...in various sectors plus growth of consumption

### Consumption

YoY growth, %

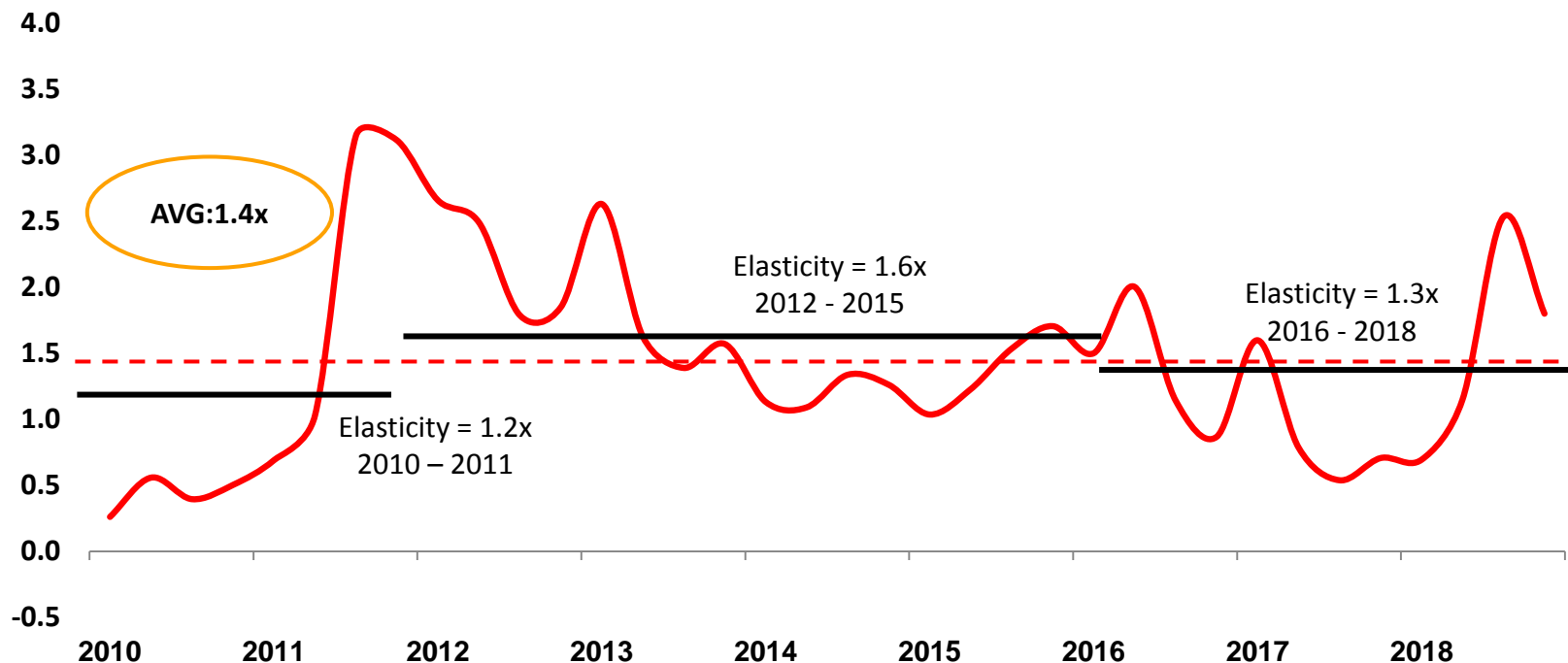


### Growth by Sectors (YoY growth, %)

	2017	2018 (e)	2019 (f)	2020 (f)
Agro/Fishing	0.7	4.9	3.5	3.4
Mining	-2.0	4.8	2.8	1.2
Manufacturing	1.6	3.3	2.2	1.7
Utilities	3.2	3.5	3.3	2.9
Construction	-2.5	3.9	5.6	5.2
Commerce	3.6	5.4	4.2	4.0
Transportation	2.4	3.7	3.4	3.3
Communications	3.9	3.3	3.2	3.1
Services	1.7	4.0	3.8	3.5
Public Admin.	1.9	1.3	2.1	3.1
<b>GDP</b>	<b>1.5</b>	<b>4.0</b>	<b>3.5</b>	<b>3.2</b>

## Loan growth reached 10% in 2018

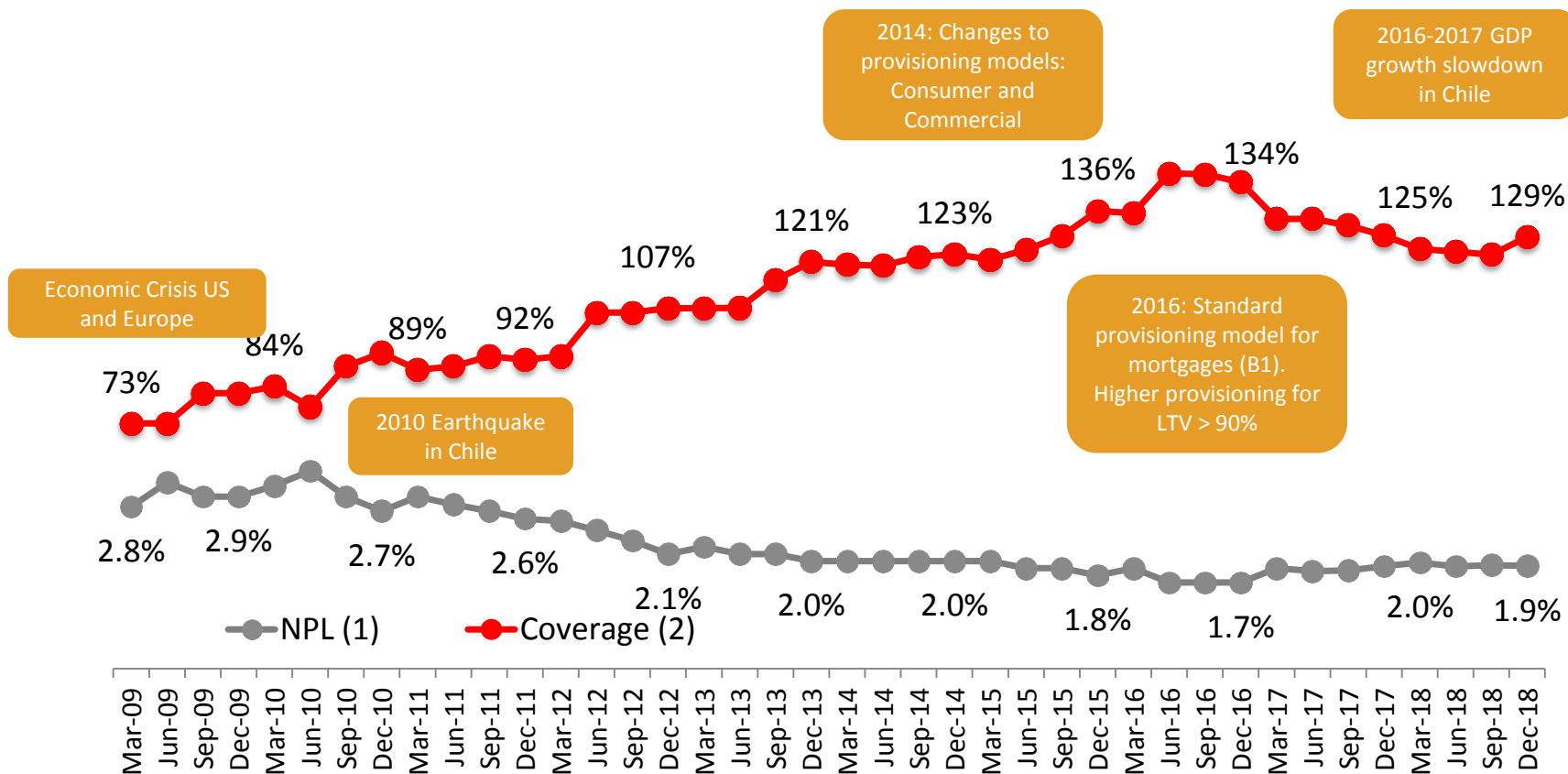
### Loan growth multiplier<sup>1</sup>



Banking system should grow ~1.4x nominal GDP in coming years

## Asset quality has been stable throughout various cycles

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





# Agenda

**Macro-economic environment and financial system**

**Banco Santander Chile: the nation's leading bank**

**Healthy balance sheet**

**Positive results**

**Summary**

## Santander Chile is the nation's leading bank

Figures in US\$



<b>Business and Results</b>	<b>12M18 (US\$)</b>	<b>YoY</b>
Gross Loans	43.4 bn	9.2%
Deposits	31.3 bn	10.8%
Equity	4.6 bn	5.7%
Net income <sup>1</sup>	855 mn	3.3%
<b>Network and Customers</b>	<b>12M18</b>	<b>Market Share</b>
Clients	3.4 mn	21.3% <sup>2</sup>
Digital Clients	1.1 mn	34.5% <sup>3</sup>
Offices	380	17.9%
<b>Market Share<sup>2</sup></b>	<b>12M18</b>	<b>Rank</b>
Loans <sup>4</sup>	18.6%	1
Deposits <sup>4</sup>	17.9%	2
Checking accounts <sup>2</sup>	21.3%	1
Bank credit cards <sup>5</sup>	35.1%	1

1. Net income attributable to shareholder 2. Market share of clients with checking accounts, as of November 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 December 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

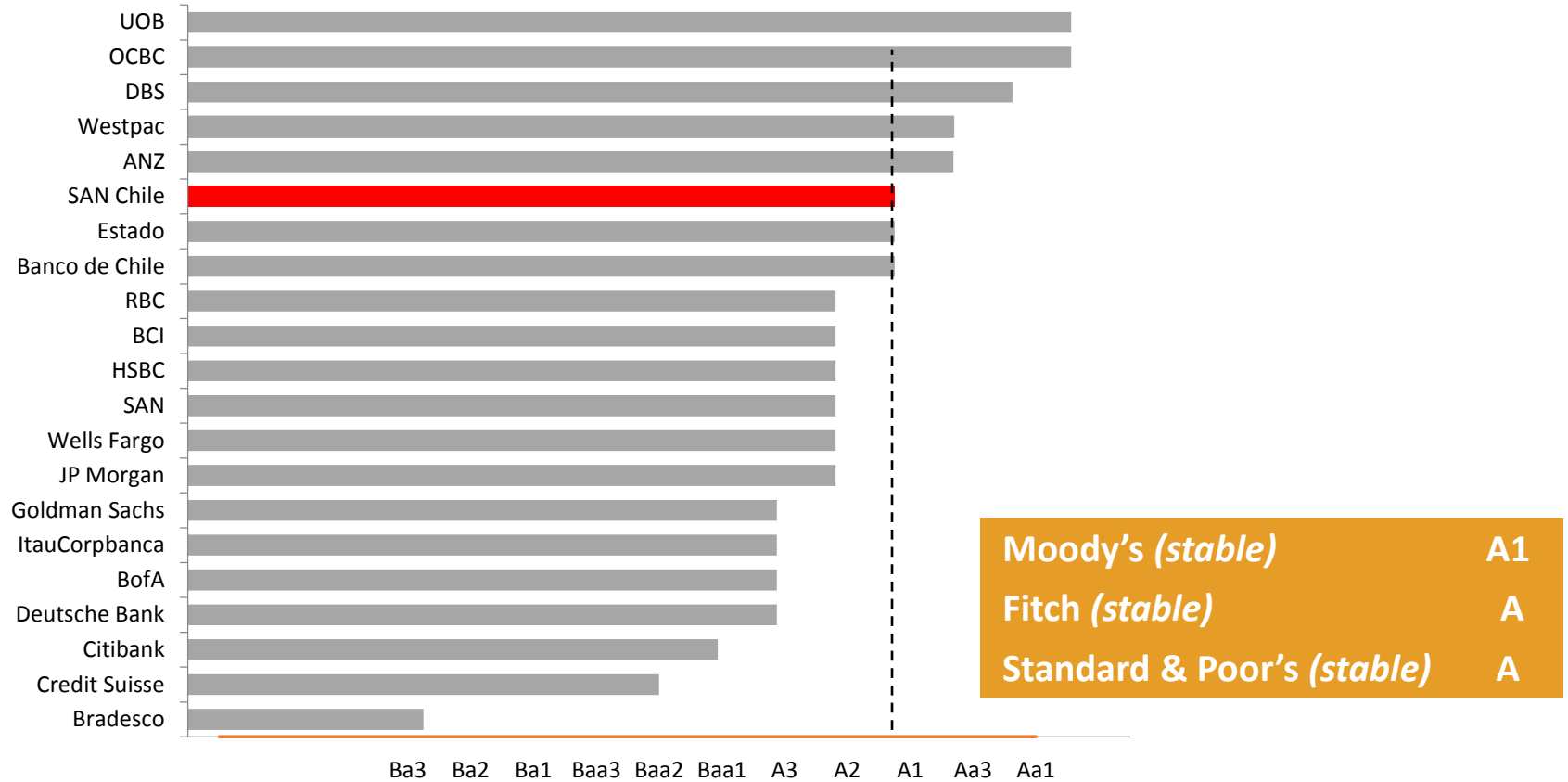
- ✓ **Board of Directors:** 6 out of 11 Board members unrelated to Grupo Santander. Board approves Corporate Responsibility & Sustainability Policy and Strategy.
- ✓ **Liabe:** Directors of a Bank who propose the payment of dividends in violation of the provisions of Title IV of the General Banking Law 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/CMF 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



# Agenda

**Macro-economic environment and financial system**

**Banco Santander Chile: the nation's leading bank**

**Healthy balance sheet**

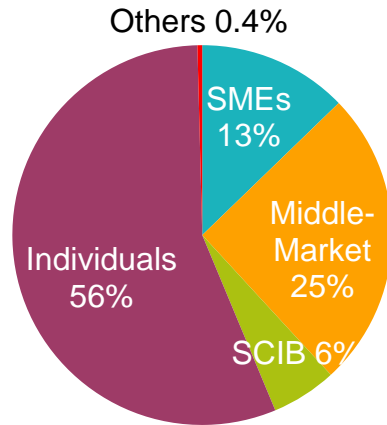
**Positive results**

**Summary**

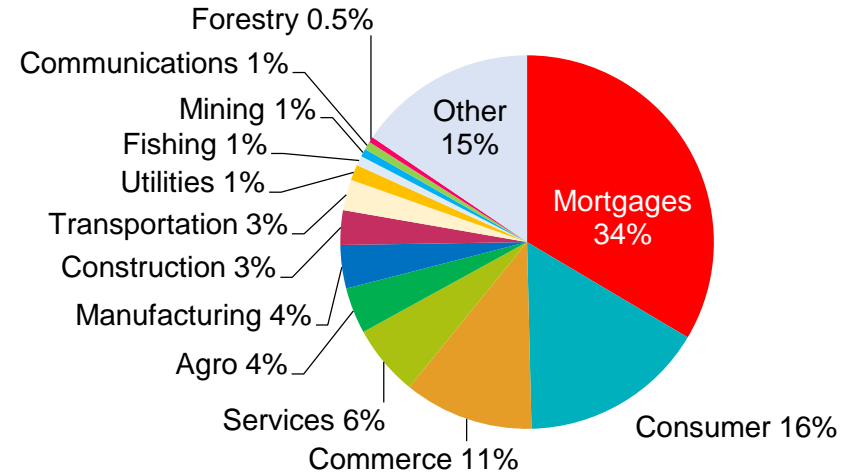
## A diversified loan book

Figures as of Dec. 2018

### Loans by Segment



### Loans by sector

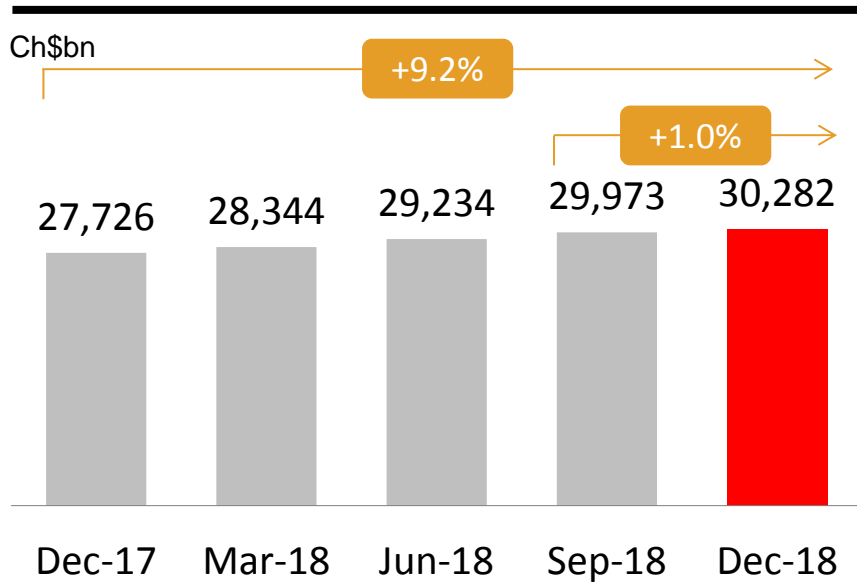


- **56% Individuals / 44% companies**
- **High diversification by sector**
- **Individual:** focus on growing in the mid-high income segments. Selective growth in lower-end segments
- **SMEs:** focus on larger SMEs, especially with a balanced flow of income (lending and non-lending products)
- **Middle-market:** focus on non-lending business activities. Loans as part of an integral client relationship
- **SCIB:** strong focus on non-lending activities

## A healthy balance sheet

# Loan growth accelerating in line with the economy

### Total Loans



Ch\$ bn	12M18	YoY
Individuals <sup>1</sup>	16,921	9.8%
Consumer	4,876	7.0%
Mortgages	10,151	11.6%
SMEs	3,865	1.1%
<b>Retail</b>	<b>20,787</b>	<b>8.1%</b>
<b>Middle Market</b>	<b>7,690</b>	<b>13.5%</b>
<b>Corporate (SCIB)</b>	<b>1,682</b>	<b>2.9%</b>
<b>Total<sup>2</sup></b>	<b>30,282</b>	<b>9.2%</b>

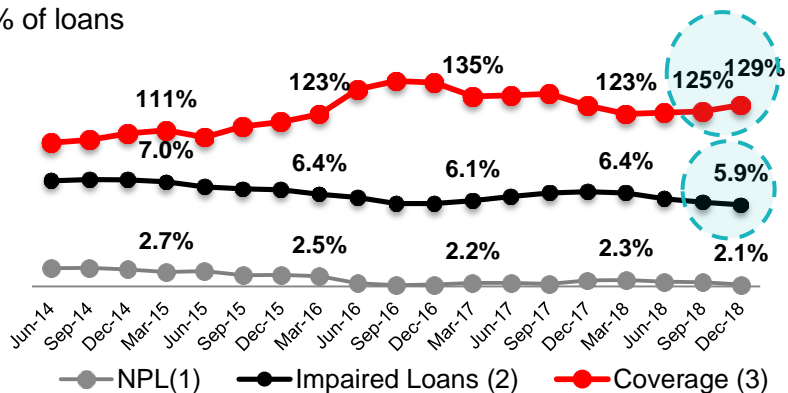
2019: Loan growth of 8-10% expected

# A healthy balance sheet

## Positive evolution of asset quality

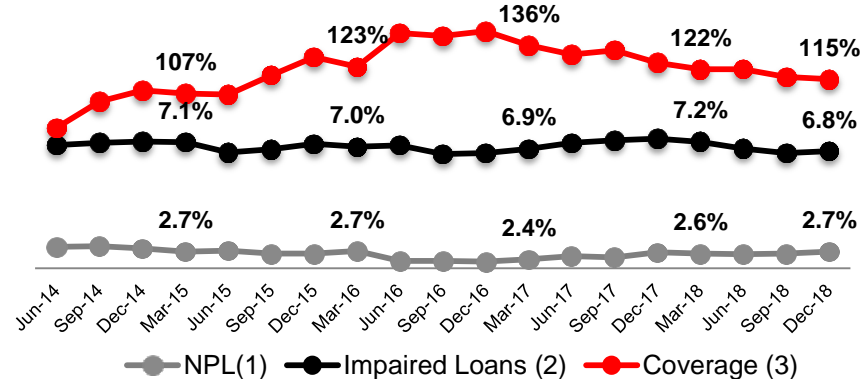
### Total loans

% of loans



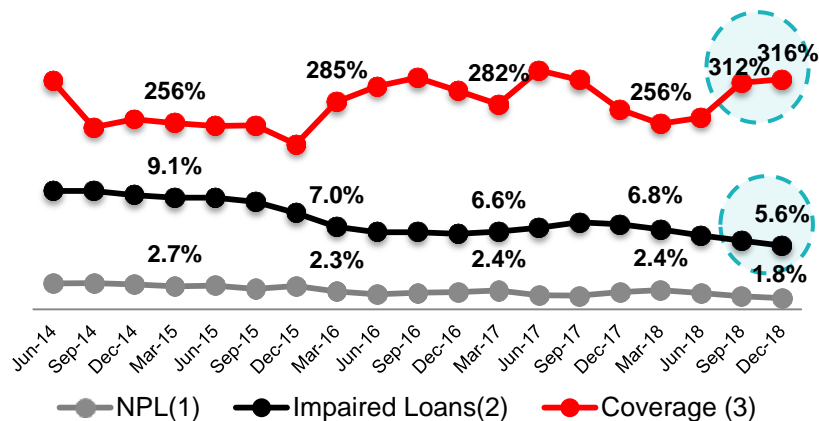
### Commercial loans

% of loans



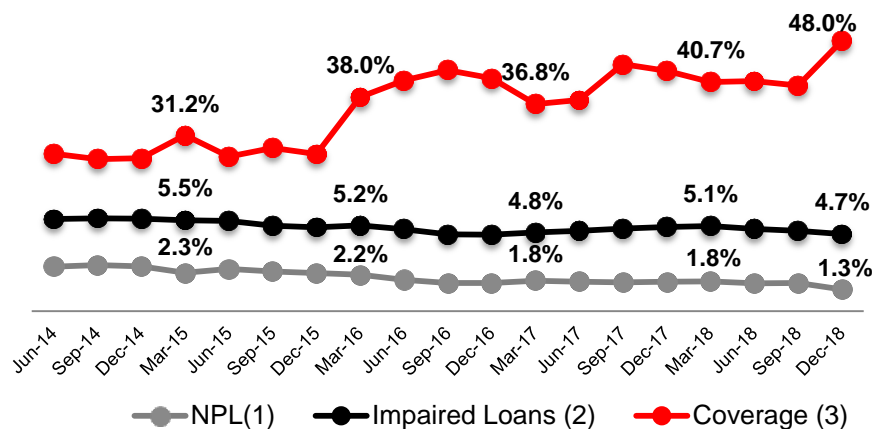
### Consumer loans

% 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

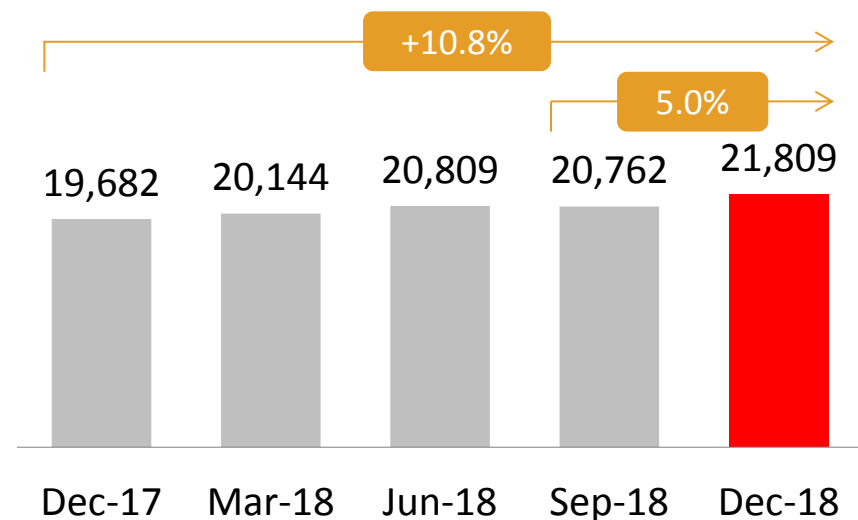


## A healthy balance sheet

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

#### Total Deposits

Ch\$bn

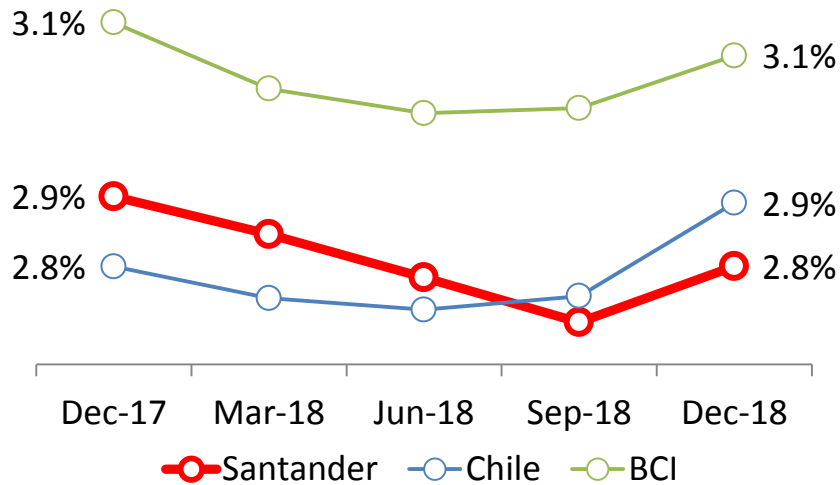


Ch\$ bn	12M18	YoY
Demand	8,741	12.5%
Time	13,068	9.7%
<b>Total Deposits</b>	<b>21,809</b>	<b>10.8%</b>
Mutual funds <sup>1</sup>	5,576	10.3%
<b>Loans to deposits<sup>2</sup></b>	<b>98.0%</b>	
<b>LCR<sup>3</sup></b>	<b>151.6%</b>	
<b>NSFR<sup>4</sup></b>	<b>109.5%</b>	

# A healthy balance sheet

## Focus on cost of funds in light of higher local rates

### CLP Time Deposit Cost Evolution<sup>1</sup>



### Demand deposits by segment

Ch\$ bn	12M18	YoY
Individuals	3,075	11.3%
SMEs	1,372	8.1%
<b>Retail</b>	<b>4,448</b>	<b>10.3%</b>
Middle Market	2,666	9.8%
Corporate (SCIB)	1,264	22.7%
<b>Total<sup>2</sup></b>	<b>8,741</b>	<b>12.5%</b>



1. Interest expense from time deposits over time deposits on a monthly basis. Source of data used to construct the ratio: SBIF

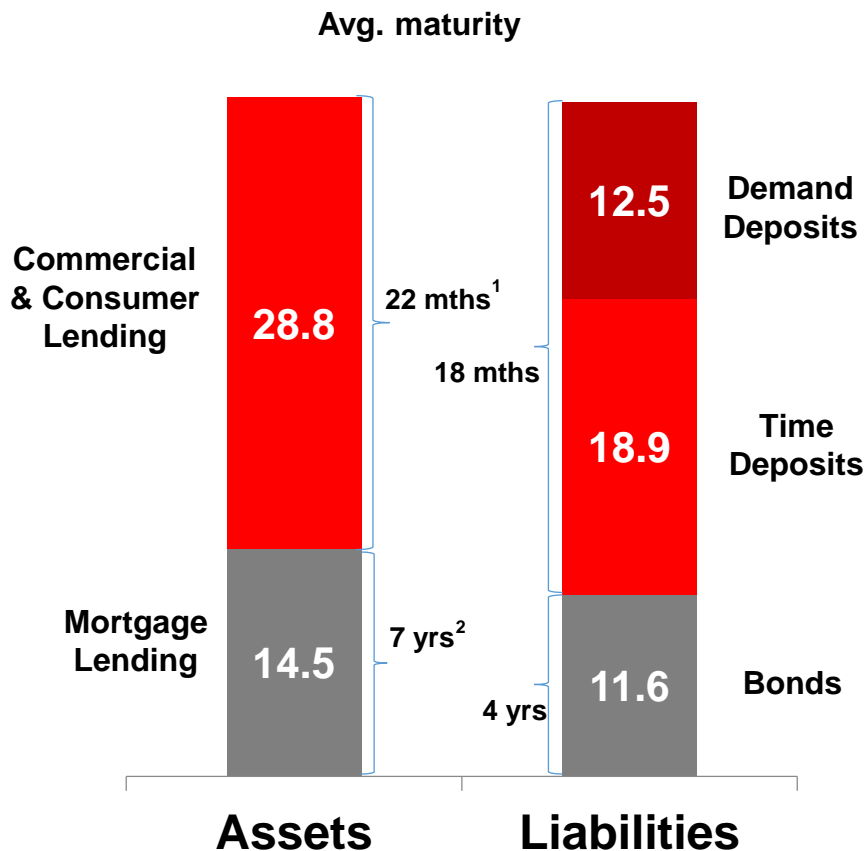
2. Includes deposits from our financial division

# A healthy balance sheet

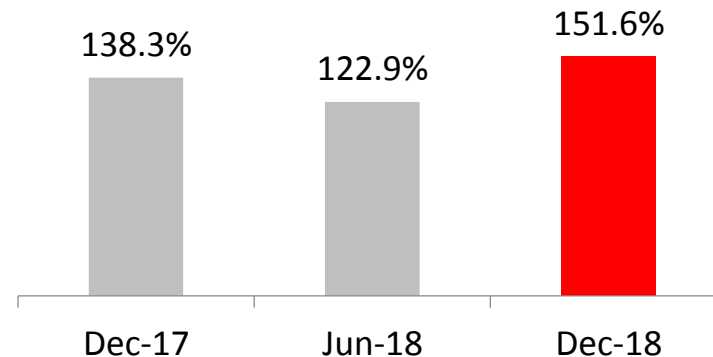
## Solid balance structure and liquidity levels

### Structural balance sheet

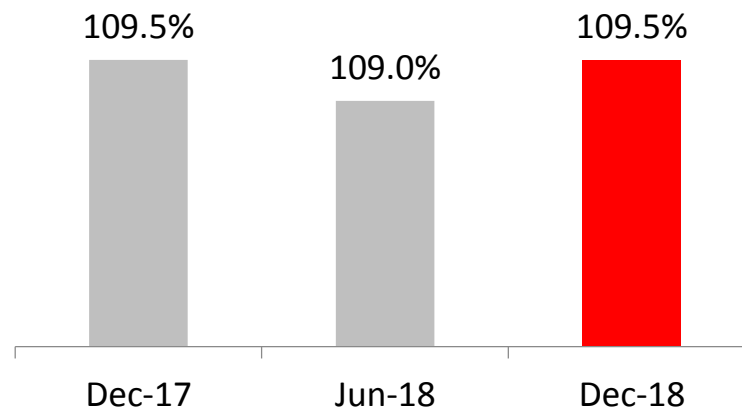
US\$bn Dec. 2018



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



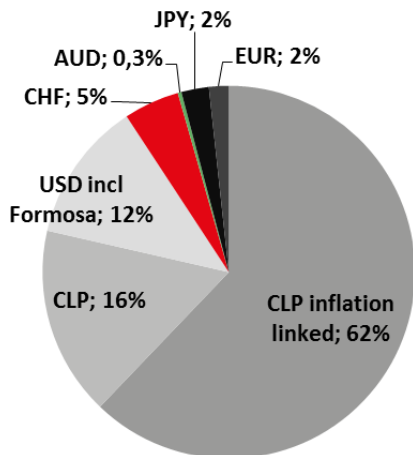
### NSFR<sup>4</sup>



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

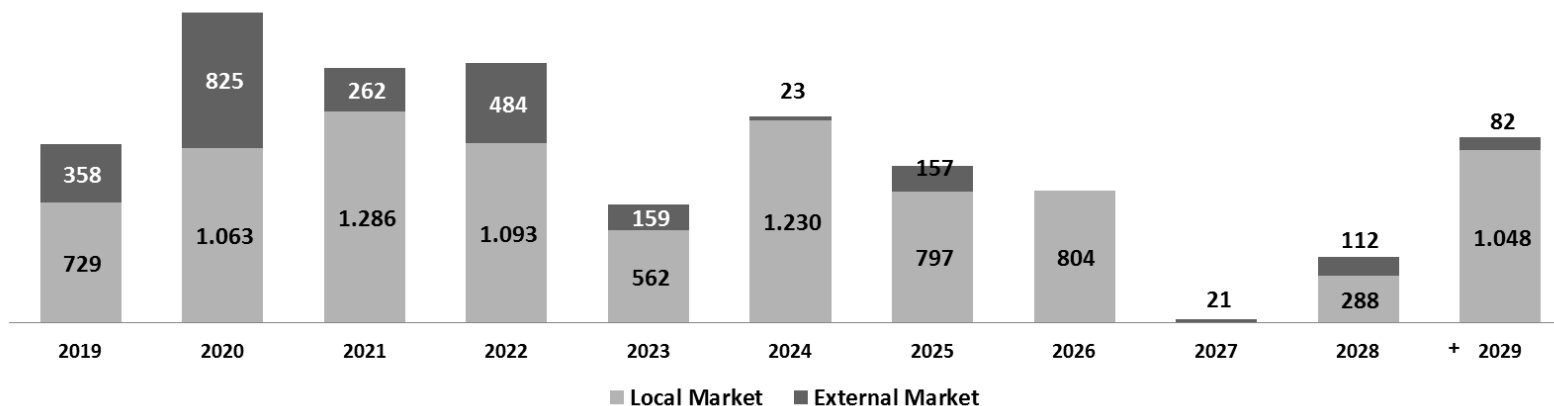
## We are an active issuer in international markets

### Bonds



- Total outstanding: US\$11.6bn
- We issue US\$2-3bn a year
- 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 notes
- AT1 approved under the new Banking Law. Probably can issue in 2020

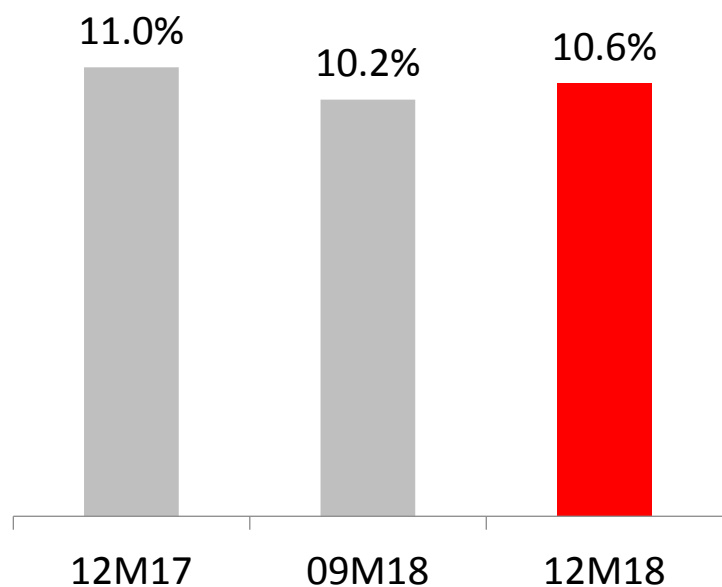
### Maturity profile



## Sustainable capital ratios

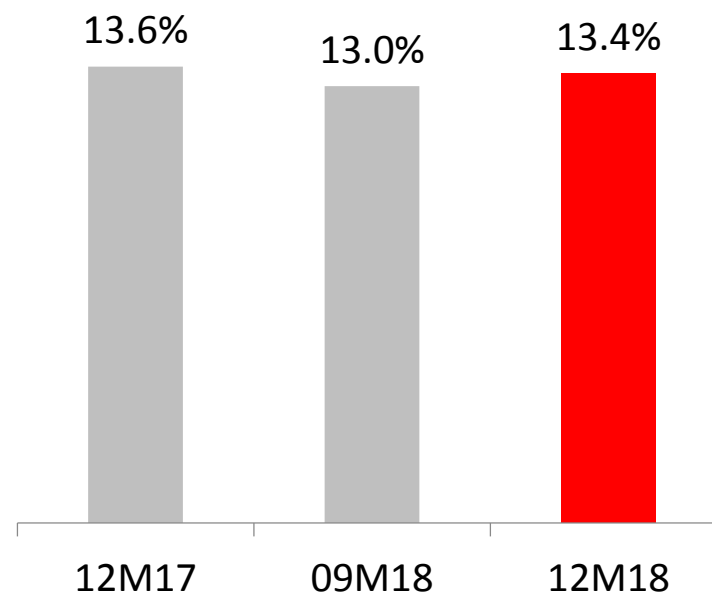
### Core capital

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### BIS Ratio

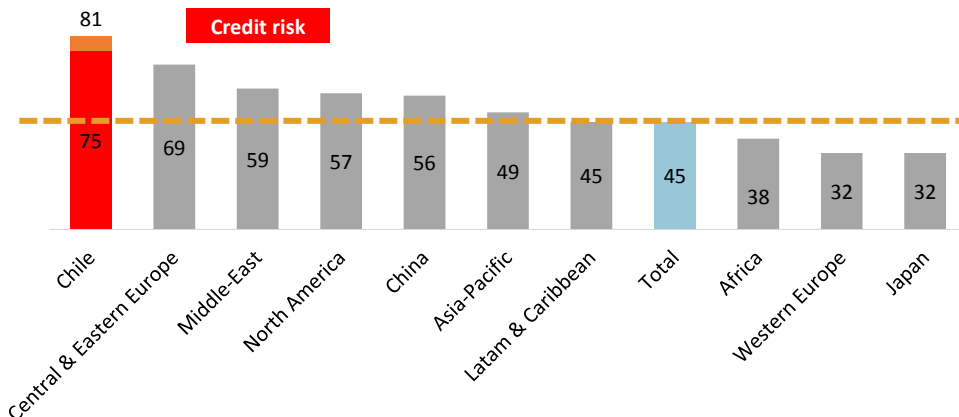
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# A healthy balance sheet

## New banking regulation institutes BIS III in Chile

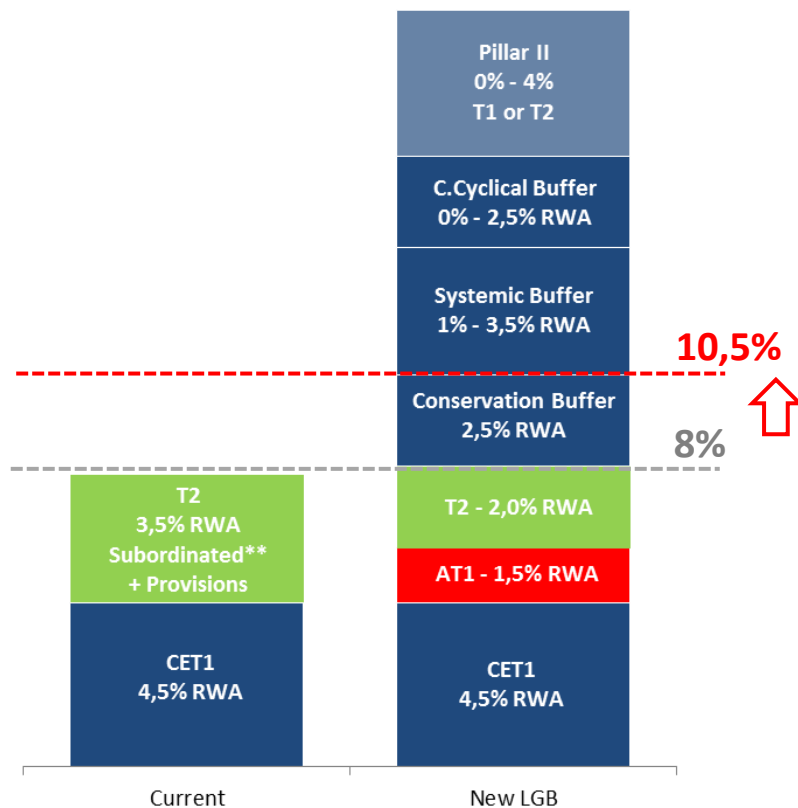
### RWA Density Worldwide\*



- New Banking Law passed at beginning of the year
- 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

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**Positive results**

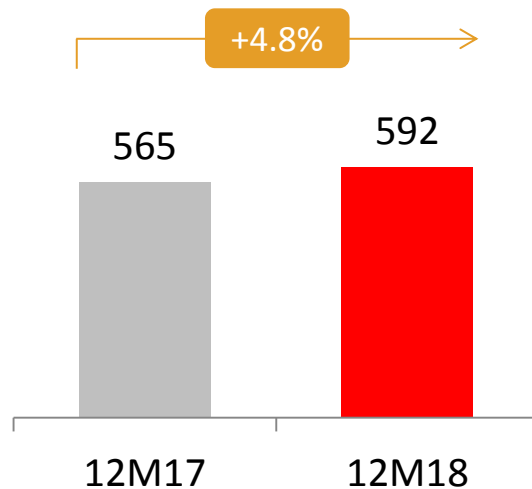
**Summary**

## Positive results

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

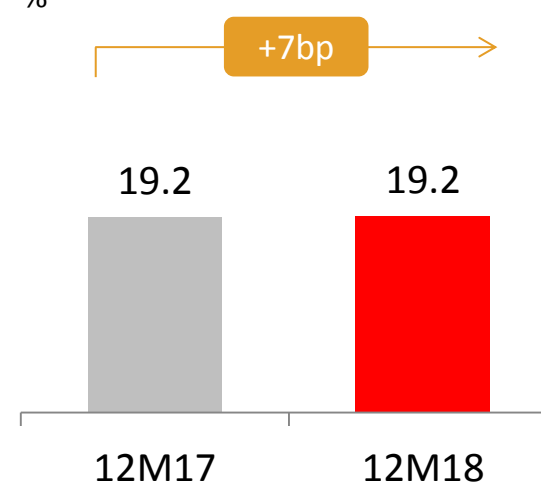
### Net income<sup>1</sup>

Ch\$bn



### ROE

%





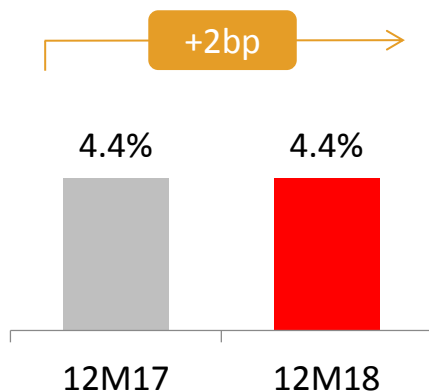
## Positive results

# NIM net of risk stable at 3.4% 12M18

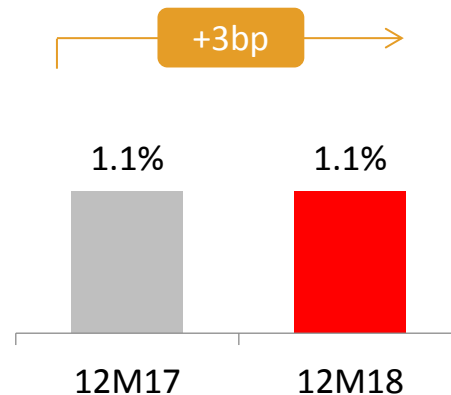
### Net Interest Income

Ch\$ bn	12M18	YoY
<b>Net interest income</b>	1,414	6.6%
Average interest-earning assets	31,836	6.1%
Average loans	29,145	6.2%
Interest earning asset yield <sup>2</sup>	7.0%	+19bp
Cost of funds <sup>3</sup>	2.72%	+20bp
<b>NIM YTD</b>	4.4%	2bp

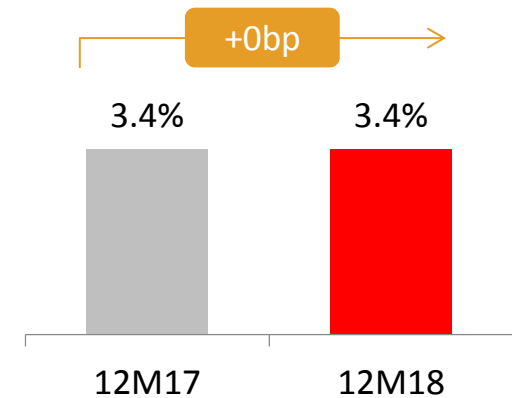
#### NIM<sup>1</sup>



#### Cost of Credit<sup>2</sup>



#### NIM net of risk<sup>3</sup>

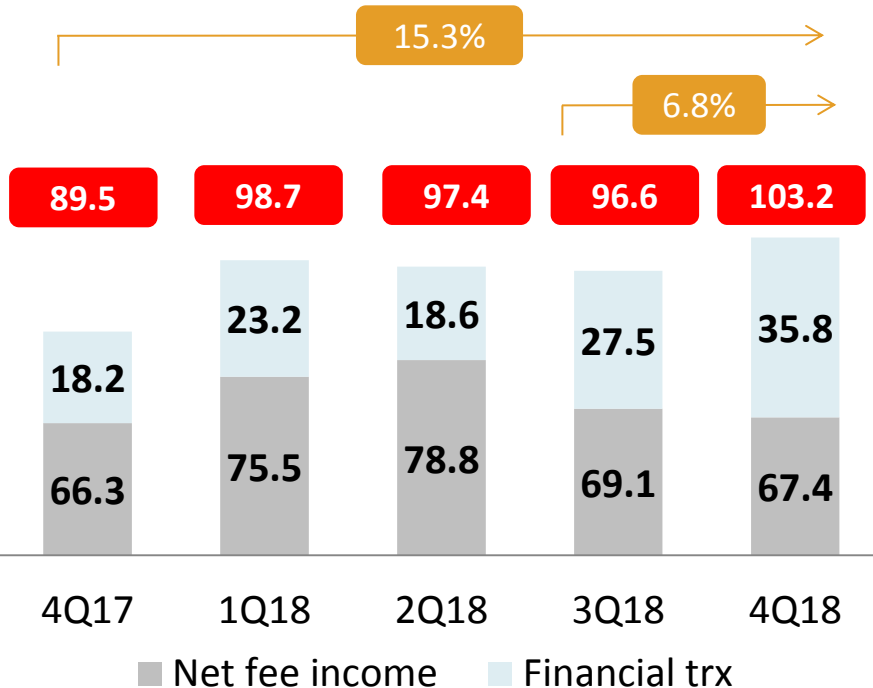


## Positive results

# Positive growth of non-interest income from business segments

### Non-interest income

Ch\$bn

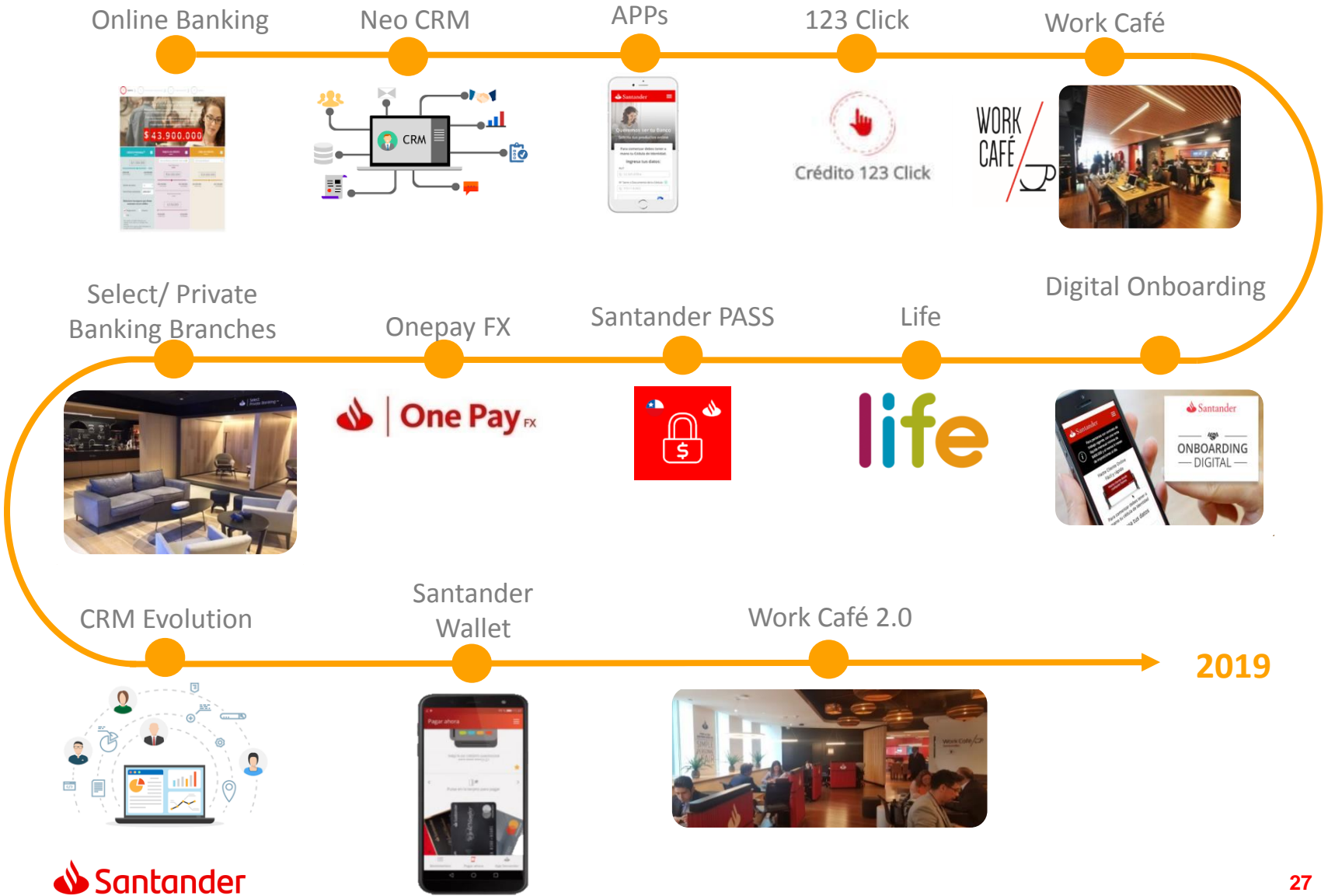


### Non-interest income

Ch\$ bn	12M18	YoY
Retail	240.2	5.8%
Middle Market	53.6	7.1%
Corporate	92.4	18.0%
<b>Subtotal</b>	<b>386.2</b>	<b>8.7%</b>
Others <sup>1</sup>	9.7	(81.8%)
<b>Total non-interest income</b>	<b>396.0</b>	<b>(3.1%)</b>

Higher rates and other one-time effects lowers total results

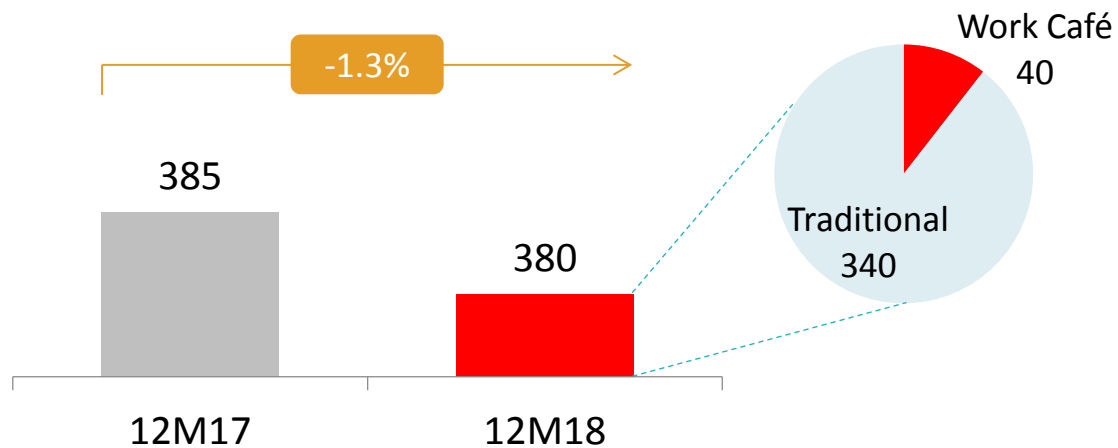
# Advancing our *phygital* strategy



# Positive results

## Restructuring our physical distribution network

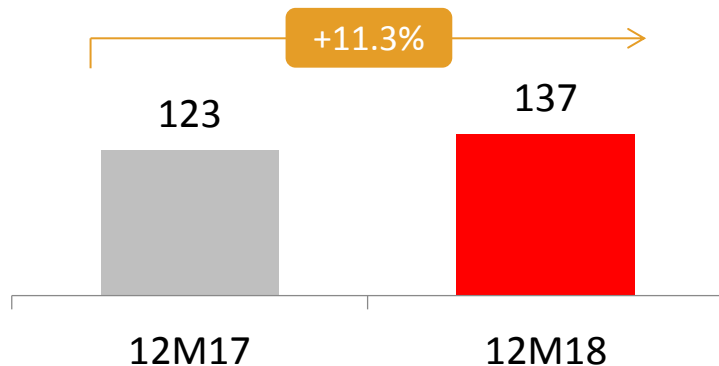
### Points of sale



We reached 40 Work Cafés by year-end

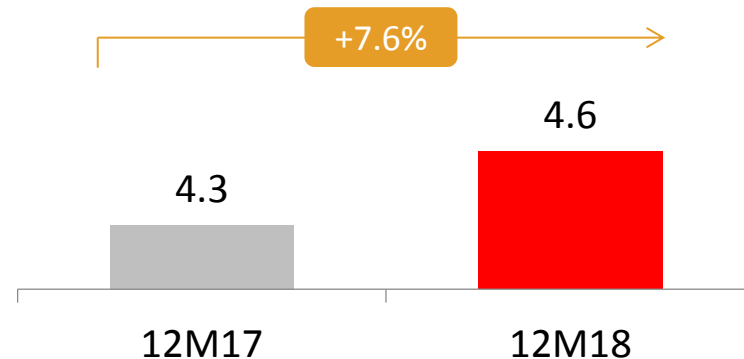
### Volumes<sup>1</sup> per point of sale

Ch\$ billion



### Volumes<sup>1</sup> per employee

Ch\$ billion

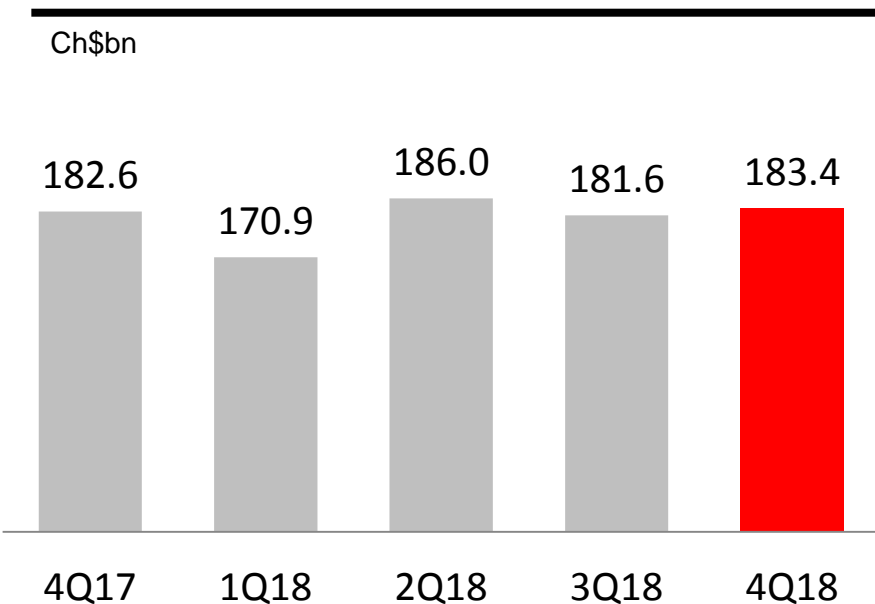


1. Volumes = Loans + Deposits

# Positive results

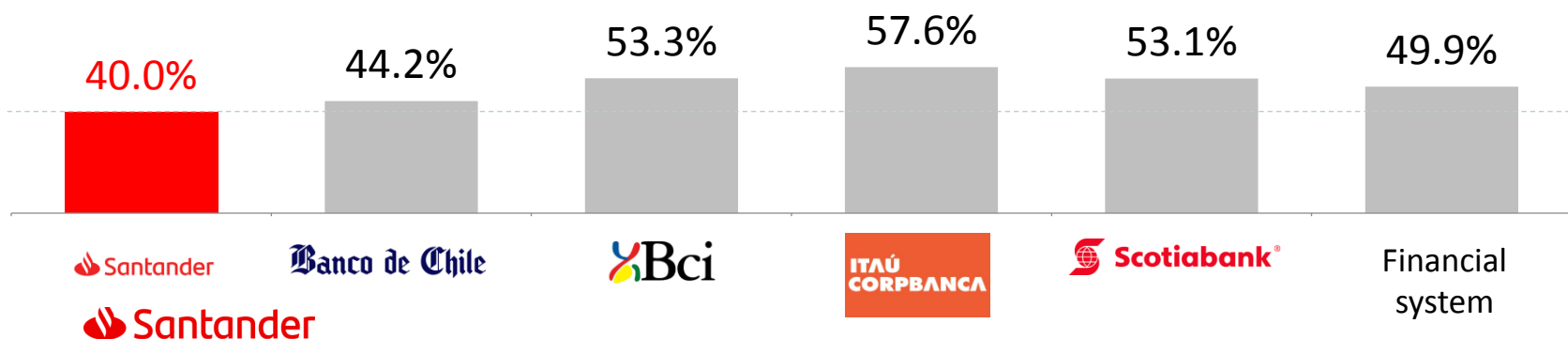
## Improving our efficiency

### Operating Expenses



Ch\$ bn	12M18	YoY
Personnel expenses	397.6	0.2%
Administrative expenses	245.1	6.5%
Depreciation	79.3	1.9%
<b>Operating expenses</b>	<b>721.9</b>	<b>2.4%</b>
<b>Efficiency ratio</b>	40.0%	-81bp
<b>Cost/Assets</b>	1.9%	-4.6bp

### Efficiency Ratio (%)













1. Operating expenses excluding Impairment and Other operating expenses 2. Efficiency ratio: Oper. Expense excluding impairment / Net interest income + fee income + financial transactions, and Other operating income, net

## Positive results

# Overall growing ROAE above the competition

### ROAE

Ch\$bn

		Growth 2015 to 2018	2018	2017	2016	2015
 <b>Santander</b>		<b>+210bp</b>	<b>19.2%</b>	<b>19.2%</b>	<b>17.1%</b>	<b>17.1%</b>
 <b>Chile</b>		<b>-260bp</b>	<b>18.7%</b>	<b>19.3%</b>	<b>19.6%</b>	<b>21.3%</b>
 <b>BCI</b>		<b>-400bp</b>	<b>13.5%</b>	<b>14.0%</b>	<b>14.7%</b>	<b>17.5%</b>
 <b>Itaú Corpbanca</b>		<b>-950bp</b>	<b>5.3%</b>	<b>1.8%</b>	<b>0.1%</b>	<b>14.8%</b>
 <b>Scotiabank</b>		<b>-580bp</b>	<b>5.4%</b>	<b>12.0%</b>	<b>11.5%</b>	<b>11.2%</b>

# Agenda

**Macro-economic environment and financial system**

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**Summary**

## Sound outlook for 2019

- ✓ GDP growth estimate of 3.5% in 2019 led by investment
- ✓ Estimated loan growth of 8-10% this year
- ✓ We should be issuing US\$2-3bn this year
- ✓ New banking law passed. AT1 should be approved in 2020
- ✓ Core revenues growing in line with average loans
- ✓ Advancing our investments in digital banking and new branch network models
- ✓ Positive evolution of asset quality. New provisioning requirement for commercial loans analyzed on a group basis ~18bp in terms of cost of credit



# Annexes

# Annexes

Unaudited Balance Sheet				
	Dec-18	Dec-18	Dec-17	Dec-18/Dec-17
	US\$ Ths <sup>1</sup>	Ch\$ Million		% Chg.
Cash and deposits in banks	2,960,102	2,065,441	1,452,922	42.2%
Cash items in process of collection	506,990	353,757	668,145	(47.1%)
Trading investments	110,412	77,041	485,736	(84.1%)
Investments under resale agreements	-	-	-	--%
Financial derivative contracts	4,443,698	3,100,635	2,238,647	38.5%
Interbank loans, net	21,591	15,065	162,599	(90.7%)
Loans and account receivables from customers, net	42,235,683	29,470,370	26,747,542	10.2%
Available for sale investments	3,431,442	2,394,323	2,574,546	(7.0%)
Held-to-maturity investments	-	-	-	--%
Investments in associates and other companies	46,281	32,293	27,585	17.1%
Intangible assets	95,911	66,923	63,219	5.9%
Property, plant and equipment	363,429	253,586	242,547	4.6%
Current taxes	-	-	-	--%
Deferred taxes	548,805	382,934	385,608	(0.7%)
Other assets	1,411,643	984,988	755,183	30.4%
<b>Total Assets</b>	<b>56,175,986</b>	<b>39,197,356</b>	<b>35,804,279</b>	<b>9.5%</b>
Deposits and other demand liabilities	12,527,828	8,741,417	7,768,166	12.5%
Cash items in process of being cleared	233,666	163,043	486,726	(66.5%)
Obligations under repurchase agreements	69,573	48,545	268,061	(81.9%)
Time deposits and other time liabilities	18,728,243	13,067,819	11,913,945	9.7%
Financial derivatives contracts	3,608,301	2,517,728	2,139,488	17.7%
Interbank borrowings	2,563,383	1,788,626	1,698,357	5.3%
Issued debt instruments	11,630,407	8,115,233	7,093,653	14.4%
Other financial liabilities	308,702	215,400	242,030	(11.0%)
Current taxes	11,599	8,093	6,435	25.8%
Deferred taxes	22,063	15,395	9,663	59.3%
Provisions	472,856	329,940	324,329	1.7%
Other liabilities	1,290,427	900,408	745,363	20.8%
<b>Total Liabilities</b>	<b>51,467,047</b>	<b>35,911,647</b>	<b>32,696,216</b>	<b>9.8%</b>
<b>Equity</b>				
Capital	1,277,378	891,303	891,303	0.0%
Reserves	2,755,993	1,923,022	1,781,818	7.9%
Valuation adjustments	15,607	10,890	(2,312)	(571.0%)
<b>Retained Earnings:</b>				
Retained earnings from prior years	-	-	-	--%
Income for the period	848,289	591,902	564,815	4.8%
Minus: Provision for mandatory dividends	(254,487)	(177,571)	(169,444)	4.8%
<b>Total Shareholders' Equity</b>	<b>4,642,780</b>	<b>3,239,546</b>	<b>3,066,180</b>	<b>5.7%</b>
Non-controlling interest	66,159	46,163	41,883	10.2%
<b>Total Equity</b>	<b>4,708,939</b>	<b>3,285,709</b>	<b>3,108,063</b>	<b>5.7%</b>
<b>Total Liabilities and Equity</b>	<b>56,175,986</b>	<b>39,197,356</b>	<b>35,804,279</b>	<b>9.5%</b>

1. The exchange rate used to calculate the figures in dollars was Ch\$697.76/ US\$1

## Unaudited YTD Income Statement

	Dec-18	Dec-18	Dec-17	Dec-18/Dec-17
	US\$ Ths <sup>1</sup>	Ch\$ Million		% Chg.
Interest income	3,216,460	2,244,317	2,058,446	9.0%
Interest expense	(1,189,448)	(829,949)	(731,755)	13.4%
<b>Net interest income</b>	<b>2,027,012</b>	<b>1,414,368</b>	<b>1,326,691</b>	6.6%
Fee and commission income	694,312	484,463	455,558	6.3%
Fee and commission expense	(277,428)	(193,578)	(176,495)	9.7%
<b>Net fee and commission income</b>	<b>416,884</b>	<b>290,885</b>	<b>279,063</b>	4.2%
Net income (expense) from financial operations	76,207	53,174	2,796	1801.8%
Net foreign exchange gain	74,392	51,908	126,956	(59.1%)
<b>Total financial transactions, net</b>	<b>150,599</b>	<b>105,082</b>	<b>129,752</b>	(19.0%)
Other operating income	56,647	39,526	87,163	(54.7%)
<b>Net operating profit before provisions for loan losses</b>	<b>2,651,142</b>	<b>1,849,861</b>	<b>1,822,669</b>	1.5%
<b>Provision for loan losses</b>	<b>(465,898)</b>	<b>(325,085)</b>	<b>(299,205)</b>	8.6%
<b>Net operating profit</b>	<b>2,185,244</b>	<b>1,524,776</b>	<b>1,523,464</b>	0.1%
Personnel salaries and expenses	(569,772)	(397,564)	(396,967)	0.2%
Administrative expenses	(351,251)	(245,089)	(230,103)	6.5%
Depreciation and amortization	(113,621)	(79,280)	(77,823)	1.9%
<b>Op. expenses excl. Impairment and Other operating expenses</b>	<b>(1,034,644)</b>	<b>(721,933)</b>	<b>(704,893)</b>	2.4%
Impairment of property, plant and equipment	(56)	(39)	(5,644)	(99.3%)
Other operating expenses	(65,553)	(45,740)	(96,014)	(52.4%)
<b>Total operating expenses</b>	<b>(1,100,252)</b>	<b>(767,712)</b>	<b>(806,551)</b>	(4.8%)
<b>Operating income</b>	<b>1,084,992</b>	<b>757,064</b>	<b>716,913</b>	5.6%
Income from investments in associates and other companies	7,302	5,095	3,963	28.6%
<b>Income before tax</b>	<b>1,092,294</b>	<b>762,159</b>	<b>720,876</b>	5.7%
Income tax expense	(237,757)	(165,897)	(143,613)	15.5%
<b>Net income from ordinary activities</b>	<b>854,537</b>	<b>596,262</b>	<b>577,263</b>	3.3%
Net income discontinued operations	-	-	-	--%
<b>Net income attributable to:</b>				
Non-controlling interest	6,249	4,360	12,448	(65.0%)
<b>Net income attributable to equity holders of the Bank</b>	<b>848,289</b>	<b>591,902</b>	<b>564,815</b>	<b>4.8%</b>

1. The exchange rate used to calculate the figures in dollars was Ch\$697.76/ US\$1

# Annexes

## Unaudited Quarterly Income Statement

	4Q18	4Q18	3Q18	4Q17	4Q18/4Q17	4Q18/3Q18
	US\$ Ths <sup>1</sup>		Ch\$ Million			% Chg.
Interest income	841,855	587,413	568,132	524,299	12.0%	3.4%
Interest expense	(329,357)	(229,812)	(211,410)	(177,798)	29.3%	8.7%
<b>Net interest income</b>	<b>512,499</b>	<b>357,601</b>	<b>356,722</b>	<b>346,501</b>	<b>3.2%</b>	<b>0.2%</b>
Fee and commission income	170,989	119,309	118,606	112,308	6.2%	0.6%
Fee and commission expense	(74,339)	(51,871)	(49,477)	(46,008)	12.7%	4.8%
<b>Net fee and commission income</b>	<b>96,649</b>	<b>67,438</b>	<b>69,129</b>	<b>66,300</b>	<b>1.7%</b>	<b>(2.4%)</b>
Net income (expense) from financial operations	54,179	37,804	24,223	(50,137)	(175.4%)	56.1%
Net foreign exchange gain	(2,915)	(2,034)	3,308	68,311	(103.0%)	(161.5%)
<b>Total financial transactions, net</b>	<b>51,264</b>	<b>35,770</b>	<b>27,531</b>	<b>18,174</b>	<b>96.8%</b>	<b>29.9%</b>
Other operating income	15,434	10,769	4,193	19,224	(44.0%)	156.8%
<b>Net operating profit before provisions for loan losses</b>	<b>675,846</b>	<b>471,578</b>	<b>457,575</b>	<b>450,199</b>	<b>4.7%</b>	<b>3.1%</b>
<b>Provision for loan losses</b>	<b>(105,026)</b>	<b>(73,283)</b>	<b>(96,396)</b>	<b>(76,805)</b>	<b>(4.6%)</b>	<b>(24.0%)</b>
<b>Net operating profit</b>	<b>570,819</b>	<b>398,295</b>	<b>361,179</b>	<b>373,394</b>	<b>6.7%</b>	<b>10.3%</b>
Personnel salaries and expenses	(143,132)	(99,872)	(104,115)	(102,086)	(2.2%)	(4.1%)
Administrative expenses	(88,869)	(62,009)	(58,215)	(58,203)	6.5%	6.5%
Depreciation and amortization	(30,873)	(21,542)	(19,298)	(22,355)	(3.6%)	11.6%
<b>Op. expenses excl. Impairment and Other operating expenses</b>	<b>(262,874)</b>	<b>(183,423)</b>	<b>(181,628)</b>	<b>(182,644)</b>	<b>0.4%</b>	<b>1.0%</b>
Impairment of property, plant and equipment	-	-	-	-	--%	--%
Other operating expenses	(19,310)	(13,474)	(12,414)	(23,343)	(42.3%)	8.5%
<b>Total operating expenses</b>	<b>(282,184)</b>	<b>(196,897)</b>	<b>(194,042)</b>	<b>(205,987)</b>	<b>(4.4%)</b>	<b>1.5%</b>
<b>Operating income</b>	<b>288,635</b>	<b>201,398</b>	<b>167,137</b>	<b>167,407</b>	<b>20.3%</b>	<b>20.5%</b>
Income from investments in associates and other companies	(183)	(128)	2,222	1,009	(112.7%)	(105.8%)
<b>Income before tax</b>	<b>288,452</b>	<b>201,270</b>	<b>169,359</b>	<b>168,416</b>	<b>19.5%</b>	<b>18.8%</b>
Income tax expense	(60,388)	(42,136)	(39,177)	(37,991)	10.9%	7.6%
<b>Net income from ordinary activities</b>	<b>228,064</b>	<b>159,134</b>	<b>130,182</b>	<b>130,425</b>	<b>22.0%</b>	<b>22.2%</b>
Net income discontinued operations	-	-	-	-	--%	--%
<b>Net income attributable to:</b>						
Non-controlling interest	3,569	2,490	455	(4,253)	(158.5%)	447.3%
<b>Net income attributable to equity holders of the Bank</b>	<b>224,496</b>	<b>156,644</b>	<b>129,727</b>	<b>134,678</b>	<b>16.3%</b>	<b>20.7%</b>

1. The exchange rate used to calculate the figures in dollars was Ch\$697.76 / US\$1

# Annexes: Key Indicators

<b>Profitability &amp; Efficiency</b>	<b>12M18</b>	<b>12M17</b>	<b>Change bp</b>
Net interest margin (NIM) <sup>1</sup>	4.4%	4.4%	2
Efficiency ratio <sup>2</sup>	40.0%	40.8%	(81)
Return on avg. equity	19.2%	19.2%	(7)
Return on avg. assets	1.6%	1.6%	(0)
Core capital ratio	10.6%	11.0%	(40)
BIS ratio	13.4%	13.9%	(50)
Return on RWA	2.0%	2.1%	(5)

<b>Asset Quality Ratios</b>	<b>Dec-18</b>	<b>Dec-17</b>	<b>Change bp</b>
NPL ratio <sup>3</sup>	2.1%	2.3%	(20)
Coverage of NPLs ratio <sup>4</sup>	126.1%	128.8%	(267)
Cost of credit <sup>5</sup>	1.1%	1.1%	3

<b>Structure (#)</b>	<b>Dec-18</b>	<b>Dec-17</b>	<b>Change (%)</b>
Branches	380	385	(1.3%)
ATMs	910	926	(1.7%)
Employees	11,305	11,068	2.1%

<b>Market Capitalization</b>	<b>12M18</b>	<b>12M17</b>	<b>Change (%)</b>
Net income per share (Ch\$)	3.14	3.00	4.8%
Net income per ADR (US\$)	1.80	1.94	(7.4%)
Stock price (Ch\$/ per share)	51.69	48.19	7.3%
ADR price (US\$ per share)	29.9	31.27	(4.4%)
Market capitalization (US\$m)	14,047	14,732	(4.6%)
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.

# 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

