

# Banco Santander Chile

## *Solid business and profitability trends*

June / July 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 and financial system**

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

**Healthy balance sheet**

**Positive results**

**Summary**

# Macroeconomic environment

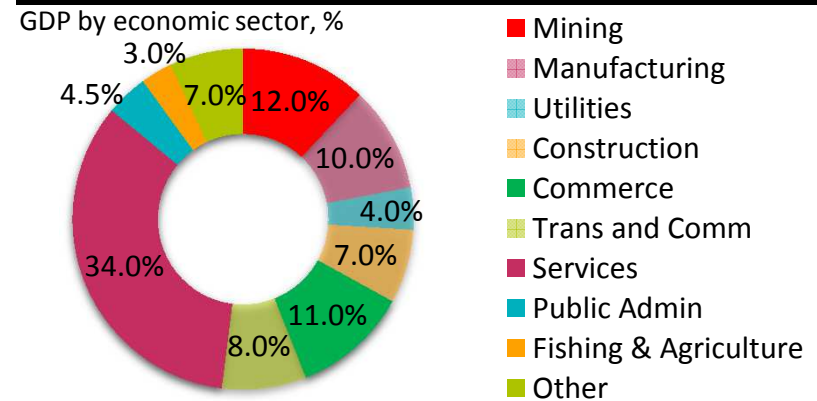
## Chile: a stable and diversified economy



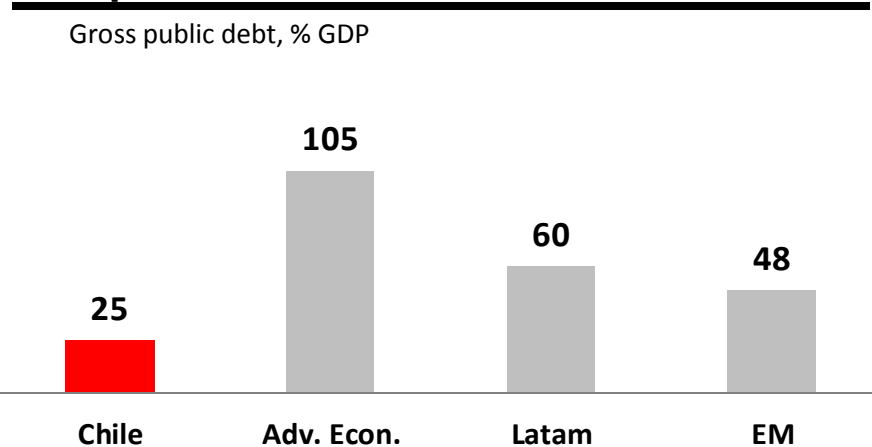
### Chile: Key economic indicators<sup>1,2</sup>

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:	-0.9%
Sovereign ratings:	Aa3/A+/A

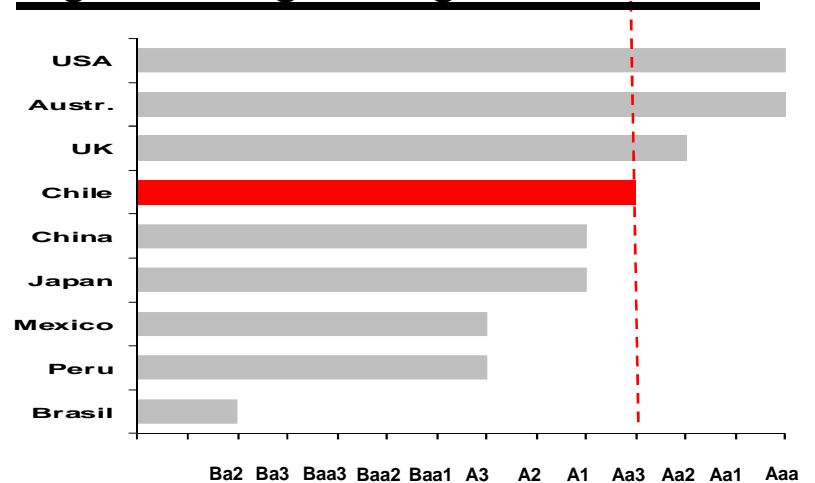
### Chile's economy is well diversified<sup>1</sup>



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



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



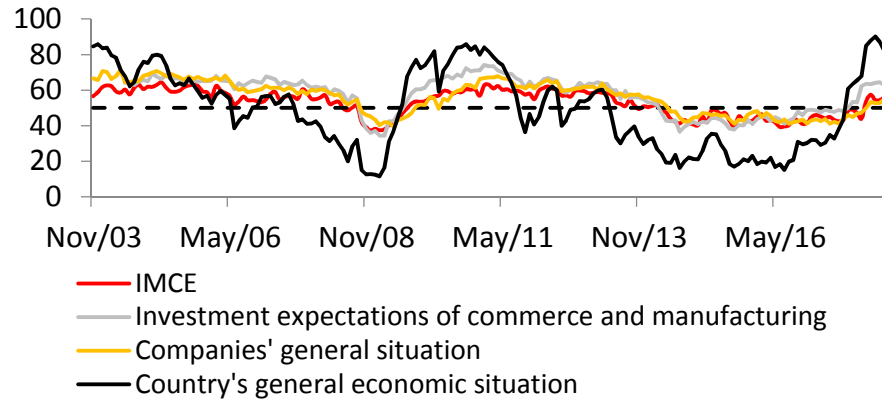
1. Source: Central Bank of Chile, BCCh, and IMF, 2017. 2. Source: International Monetary Fund, 10/2017. 3. Source: Central Bank of Chile, LTM Sept. 2017  
 4. Source: World Bank, 2016, Current international dollar 5. Source: Moody's

# Macroeconomic environment

**The economy is accelerating**

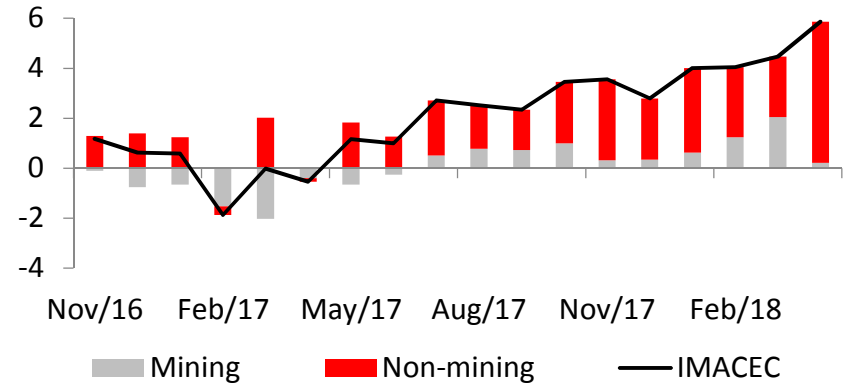
## Business confidence (IMCE<sup>1,2</sup>)

50 = neutral



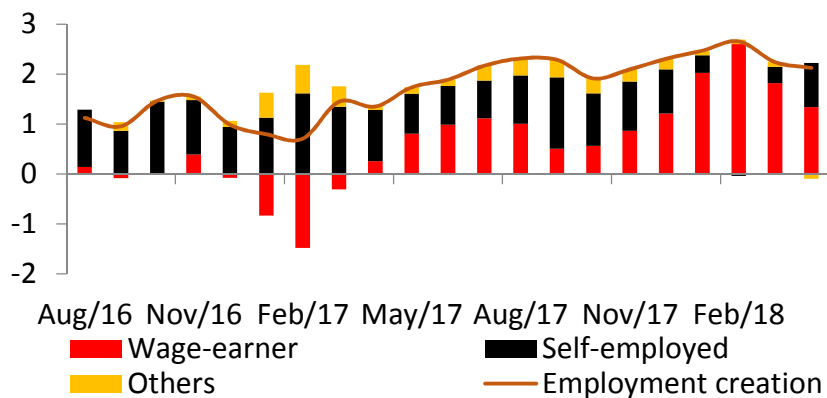
## Monthly economic activity<sup>2</sup>

YoY growth & contribution, %



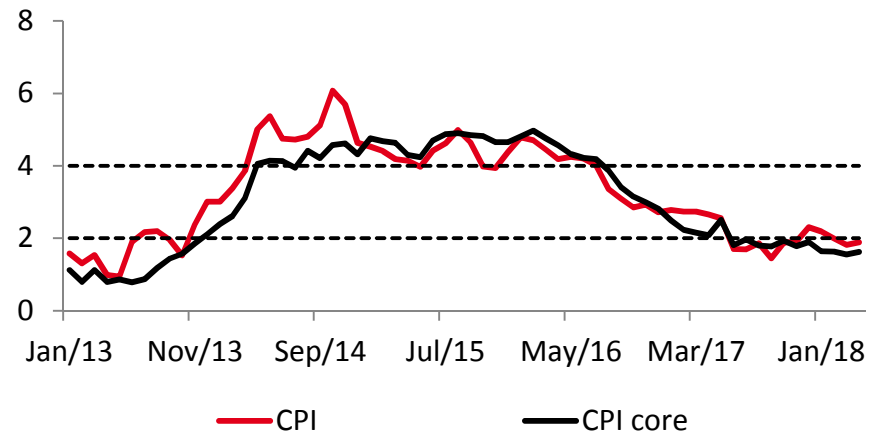
## Job Creation<sup>2</sup>

YoY growth and contribution, %



## Inflation<sup>2</sup>

YoY, %



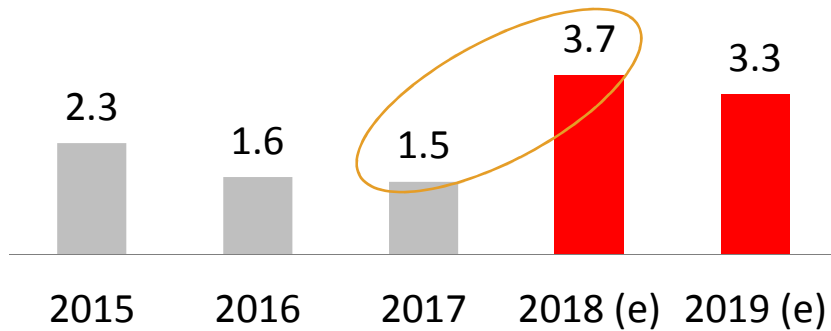
1. IMCE = *Indice Mensual de Confianza Empresarial* - Global Country Situation. 2. Source: Banco Central de Chile, INE and estimates Santander Chile, except IMCE, UAI

# Macroeconomic environment

## GDP growth expectations rise for 2018-19

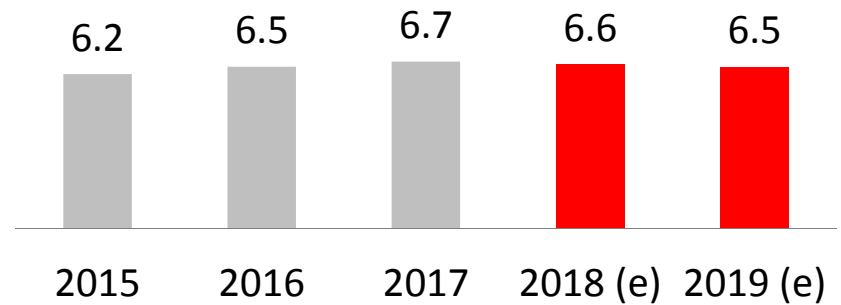
### GDP

YoY real growth, %



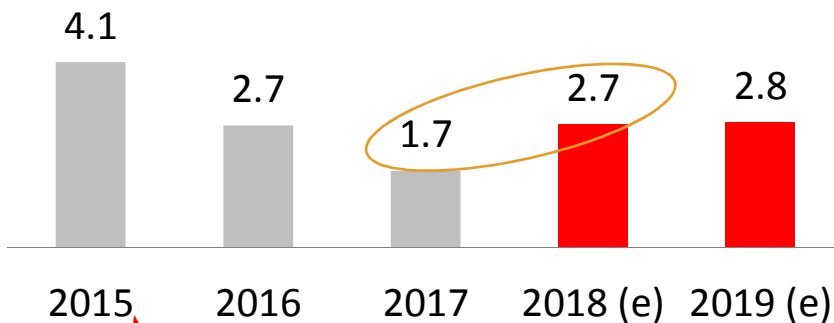
### Unemployment

% of workforce, %



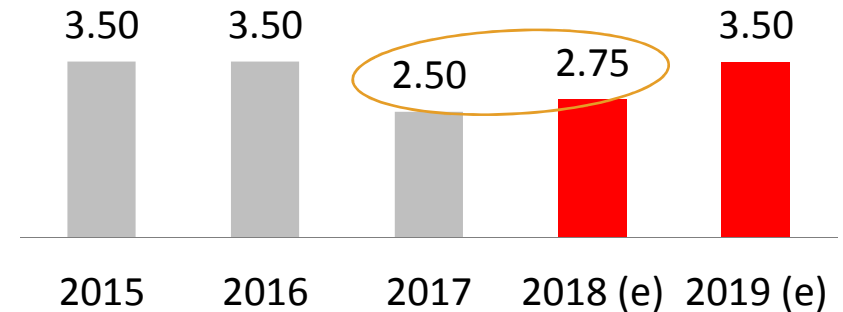
### Inflation

Annual change in UF inflation, %



### Central Bank ST Reference Rate

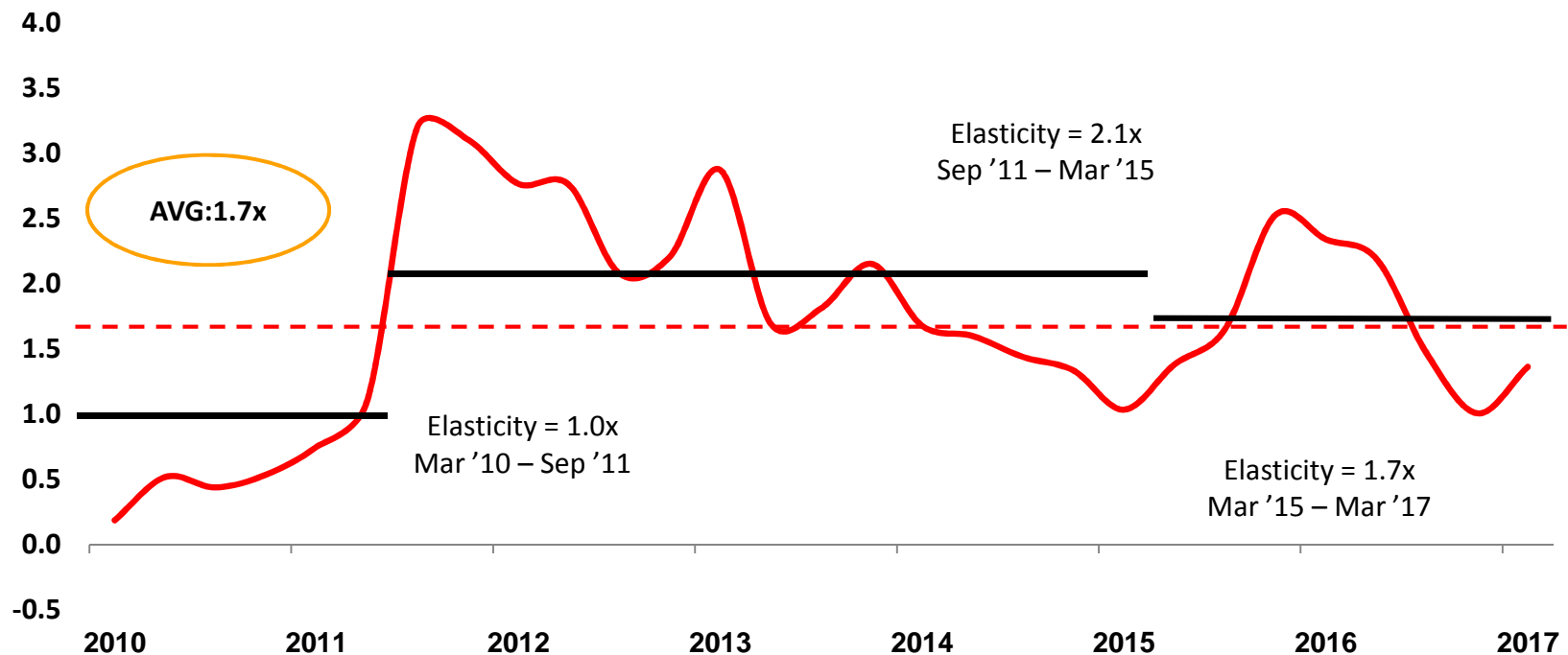
%



# Financial system with good growth potential

**Loan growth should accelerate to 8% in 2018**

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

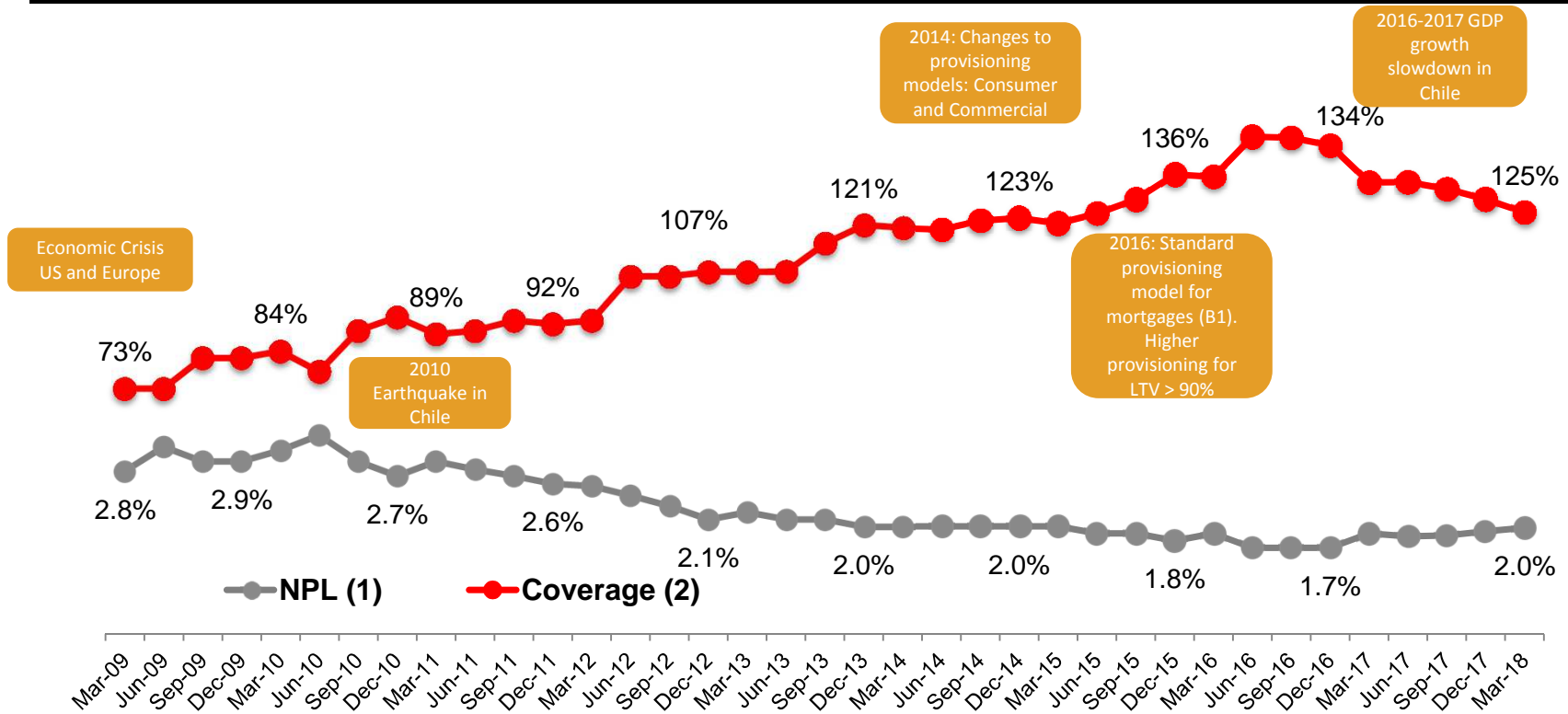


A loan growth to GDP growth multiplier of 1.5-1.7x is sustainable

# Financial system with good growth potential

## Asset quality has been stable throughout various cycles

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



1. Loans with 90 days or more overdue. 2. Stock of provisions divided by NPLs. Source: SBIF



# Agenda

**Macro-economic environment and financial system**

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

**Healthy balance sheet**

**Positive results**

**Summary**

## A leading bank

# Santander Chile is the nation's leading bank

Figures in US\$



Business and Results	3M18 (US\$)	YoY
Gross Loans	46.9 bn	3.2%
Deposits	33.3 bn	0.2%
Equity	5.2 bn	6.7%
Net inc. business segments (LTM) <sup>1</sup>	1,232 mn	12.0%
Net income (LTM)	948 mn	17.2%
Network and Customers	3M18	Market Share
Clients	3.5 mn	21.1% <sup>3</sup>
Digital Clients	1.0 mn	32.8% <sup>5</sup>
Branches	379	17.2% <sup>6</sup>
Market Share <sup>2</sup>	3M18	Rank
Loans	19.0%	1
Deposits	16.9%	1
Checking accounts <sup>3</sup>	21.1%	1
Bank credit cards <sup>4</sup>	31.5%	1

1. LTM = Last Twelve Months 2. As of Mar 2018 or latest available figures using the period-end exchange rate. Excludes Chilean bank loans and deposits held abroad. Source: SBIF. 3. Market share of clients with checking accounts, as of Mar 2018, latest available information. Source: SBIF. 4. Market share in terms of number of credit card purchases. As of Feb 2018, latest available information. Source: SBIF. 5. Average yearly market share over clients that enter a website with a passkey. Excludes Banco Estado. Source: SBIF. YTD avg as of Feb 2018. 6. YTD as of Mar 2018

## A leading bank

# Solid corporate governance standards

## Independent Board

Chairperson	Member	Financial Expert						
Vice Chair			Analysis & Resolution Committee	Human Resources Committee	Audit Committee	Asset & Liability Committee	Market Risk Committee	Strategy Committee
Claudio Melandri								
Orlando Poblete Iturrate								
Oscar Von Chrismar								
Juan Pedro Santa María Pérez								
Lucía Santa Cruz Sutil								
Ana Dorrego								
Andreu Plaza								
Felix de Vicente Mingo								
Alfonso Gomez Morales								
Bianca Bustamante Bravo, (Alternate)								
Raimundo Monge Zegers, (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

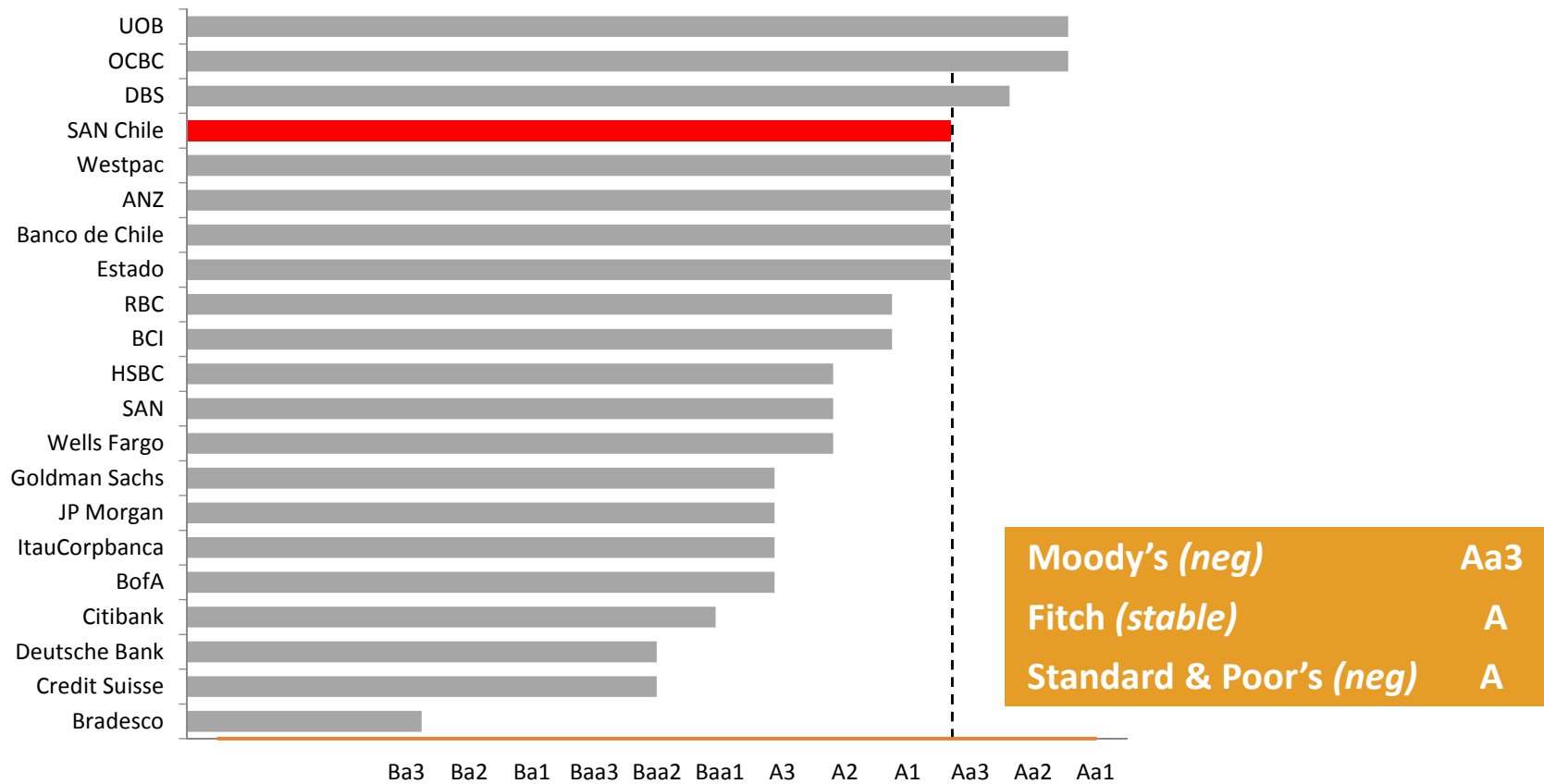
## Corporate Governance Standards

- ✓ **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



Source: Moody's via Bloomberg

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**Macro-economic environment and financial system**

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

**Healthy balance sheet**

**Positive results**

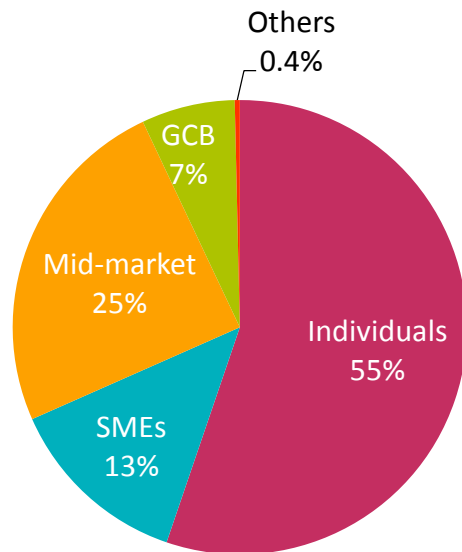
**Summary**

## A healthy balance sheet

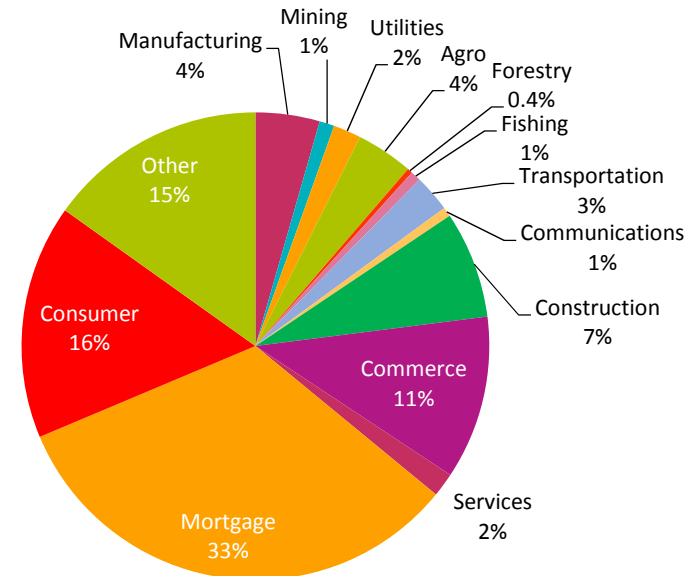
# A diversified loan book

Figures as of Mar. 2018

## Loans by Segment



## Loans by Sector



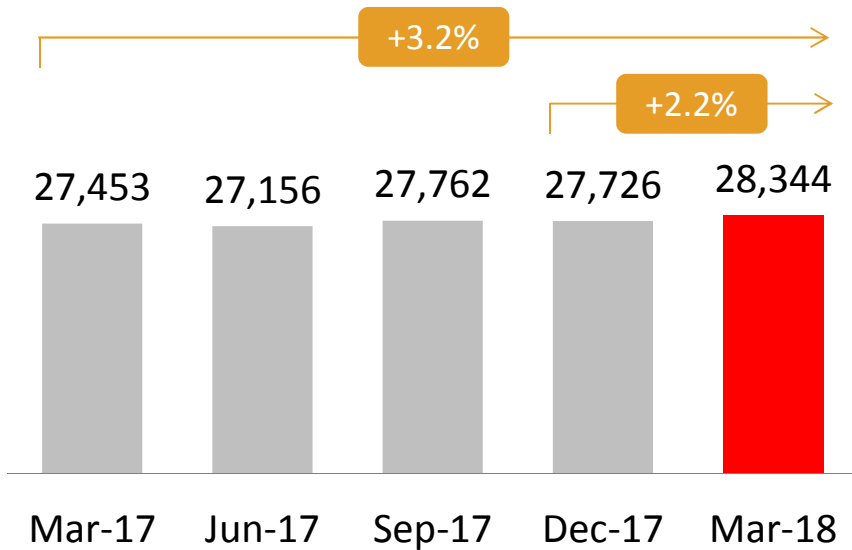
- **56% Individuals / 44% companies**
- **High diversification by sector**
- **Individual:** focus on growing in the mid-high income segments. Selective growth in lower-end segments
- **SMEs:** focus on larger SMEs, especially with a balanced flow of income (lending and non-lending products)
- **Middle-market:**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

## A healthy balance sheet

# Loan growth accelerating in line with the economy

### Total Loans

Ch\$bn



Ch\$ bn	3M18	YoY	QoQ
Individuals <sup>1</sup>	15,650	4.7%	1.6%
Consumer	4,596	2.1%	0.8%
Mortgages	9,270	6.0%	1.9%
SMEs	3,731	0.2%	(2.5%)
<b>Retail</b>	<b>19,381</b>	<b>3.8%</b>	<b>0.8%</b>
<b>Middle Market</b>	<b>6,975</b>	<b>6.7%</b>	<b>2.9%</b>
<b>Corporate</b>	<b>1,886</b>	<b>(12.8%)</b>	<b>15.5%</b>
<b>Total<sup>2</sup></b>	<b>28,344</b>	<b>3.2%</b>	<b>2.2%</b>

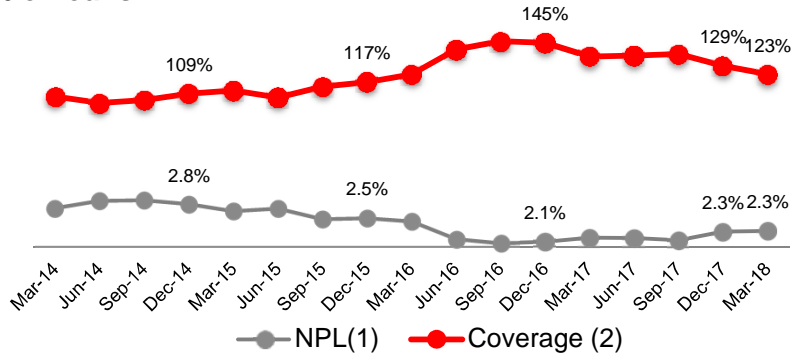


# A healthy balance sheet

## Positive evolution of asset quality

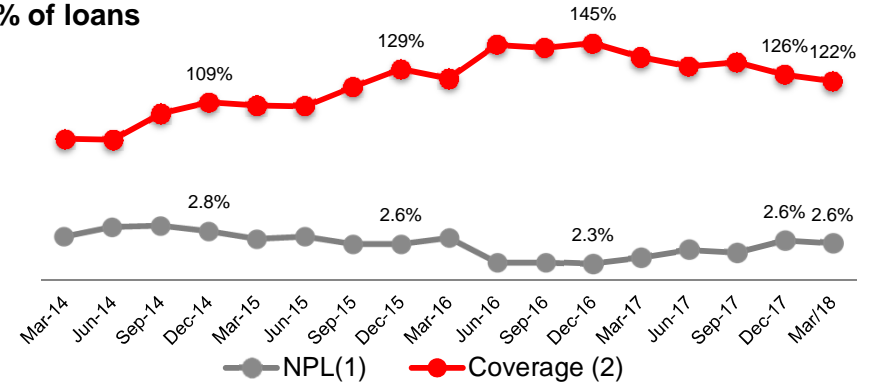
### Total loans

% of loans



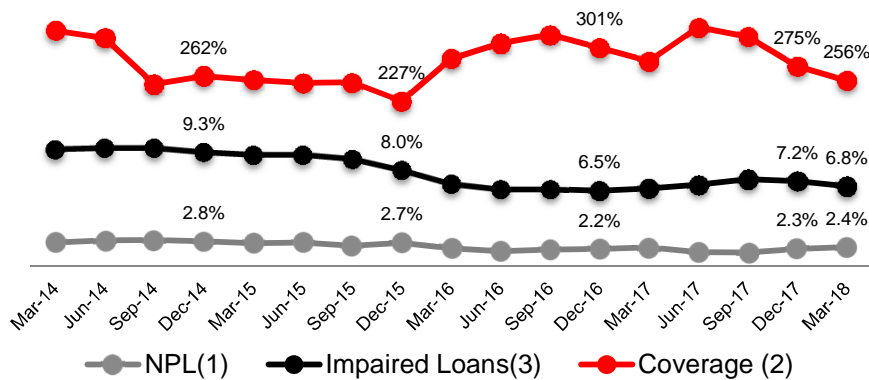
### Commercial loans

% of loans



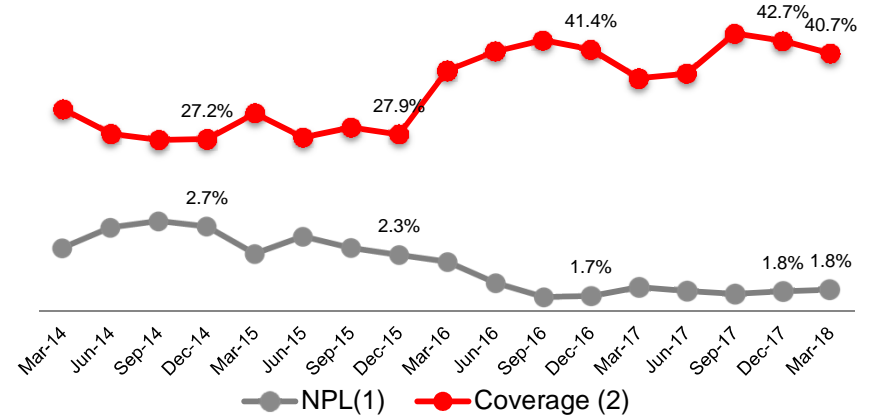
### Consumer loans

% of loans



### Mortgage loans

% of loans



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

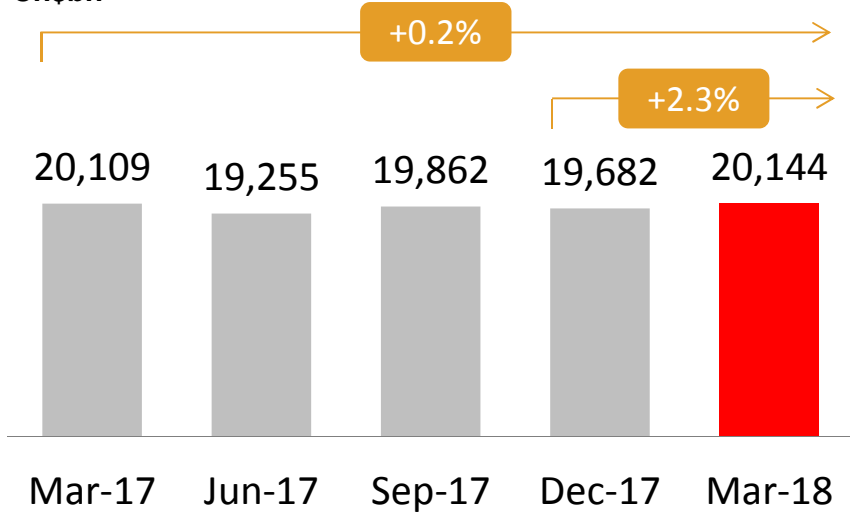


## A healthy balance sheet

### Improving funding mix and costs

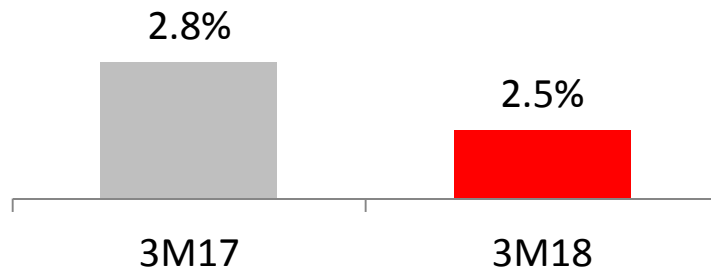
#### Total Deposits

Ch\$bn

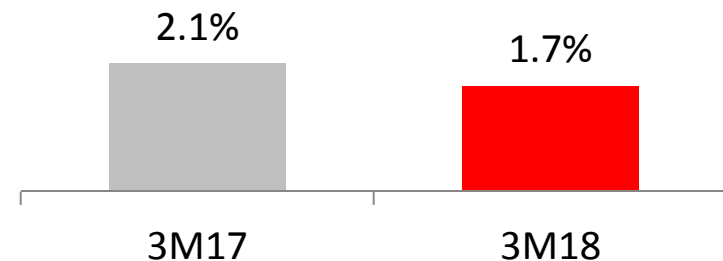


Ch\$ bn	3M18	YoY	QoQ
Demand	8,176	10.4%	5.2%
Time	11,969	(5.8%)	0.5%
<b>Total Deposits</b>	<b>20,144</b>	<b>0.2%</b>	<b>2.3%</b>
Mutual funds <sup>1</sup>	5,387	(1.9%)	6.5%
Loans to deposits <sup>2</sup>	98.0%		
LCR <sup>3</sup>	125%		
NSFR <sup>4</sup>	109%		

#### YTD average cost of funds



#### YTD average time and demand deposit cost

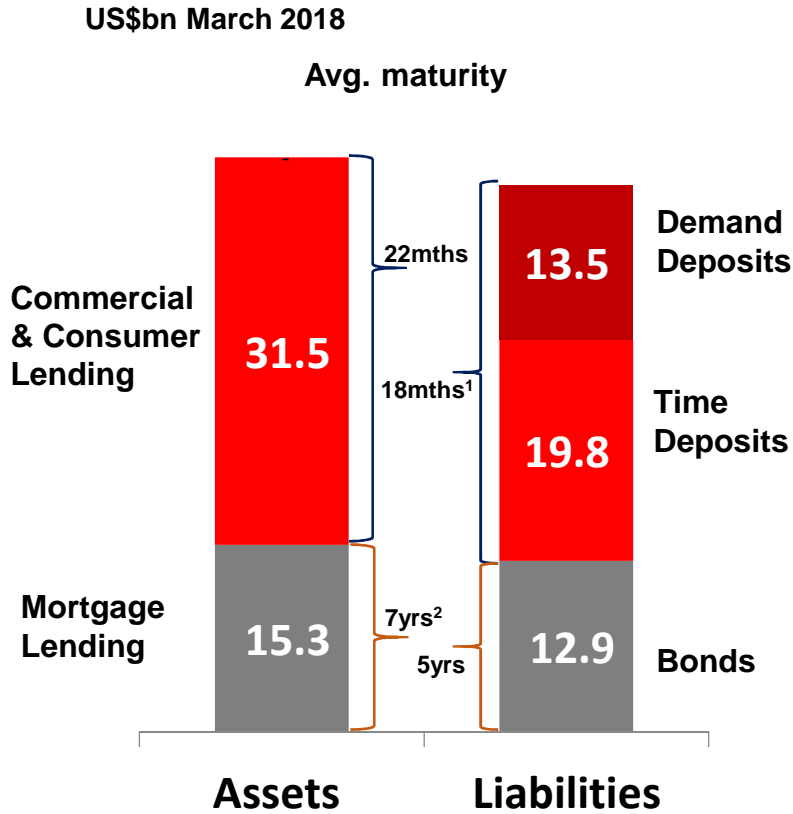


1. Banco Santander Chile is the exclusive broker of mutual funds managed by Santander Asset Management, a subsidiary of SAM Investment Holdings Limited. 2. (Net Loans – portion of mortgages funded with long-term bonds) / (Time deposits + demand deposits). 3. NSFR: *Net Stable Funding Ratio* according to internal methodology 4. LCR: *Liquidity Coverage Ratio* under ECB rules. These are not the Chilean models

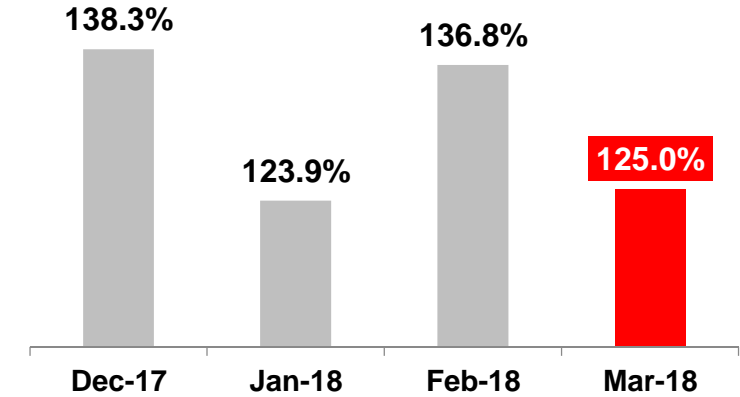
# A healthy balance sheet

## Solid balance structure and liquidity levels

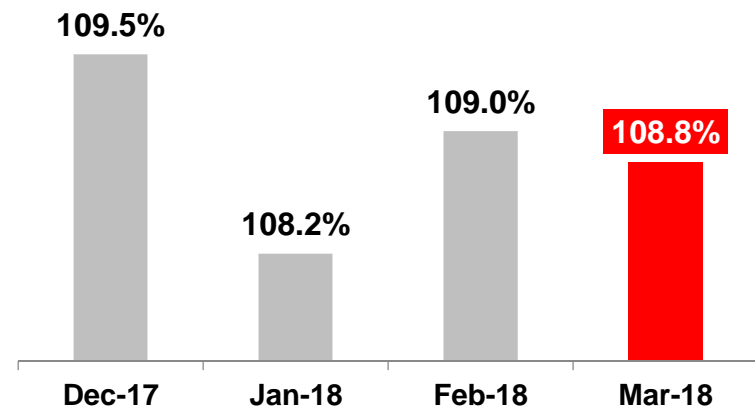
### Structural balance sheet



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



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

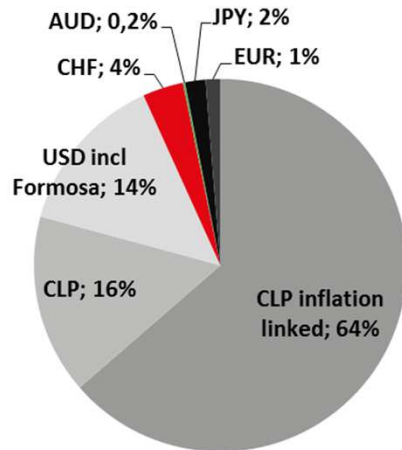


1. Assumes an actual duration for demand deposits of three years. 2. Duration includes pre-payment assumption. 3. LCR calculated following the ECB rules and not the local Chilean regulator's guidelines still under discussion. 4. Internal methodology and not the local Chilean regulator's guidelines still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

## A healthy balance sheet

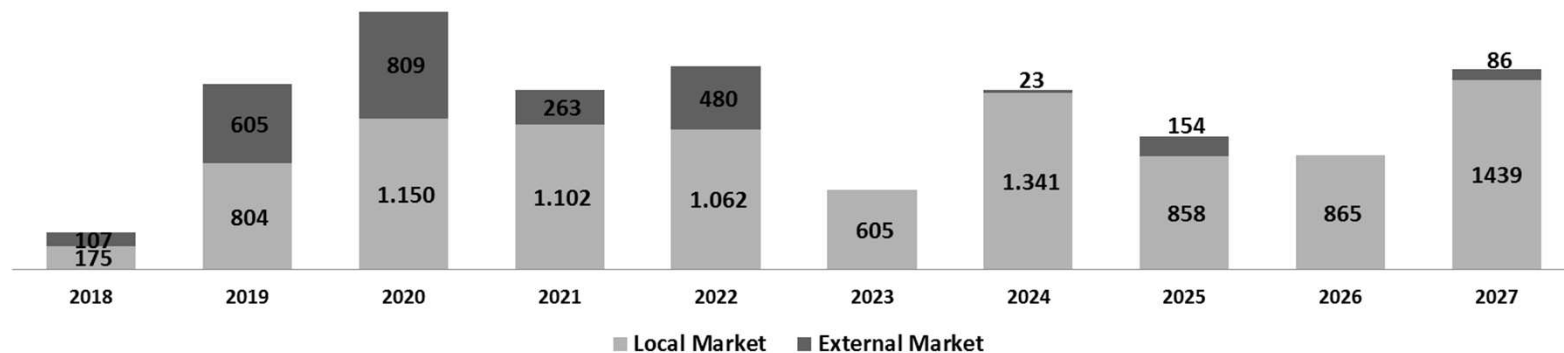
**We are an active issuer in international markets**

### Bonds



- Total outstanding: US\$12.9bn
- 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

### Maturity profile

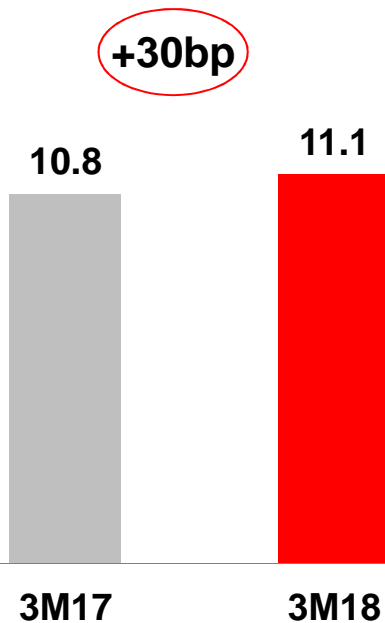


## A healthy balance sheet

### Solid capital levels for further growth

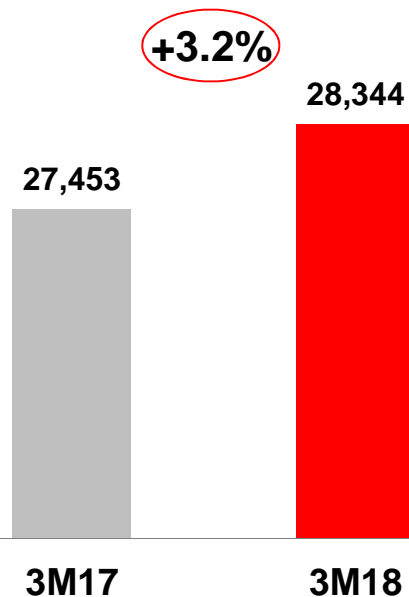
#### Core capital ratio<sup>1</sup>

%



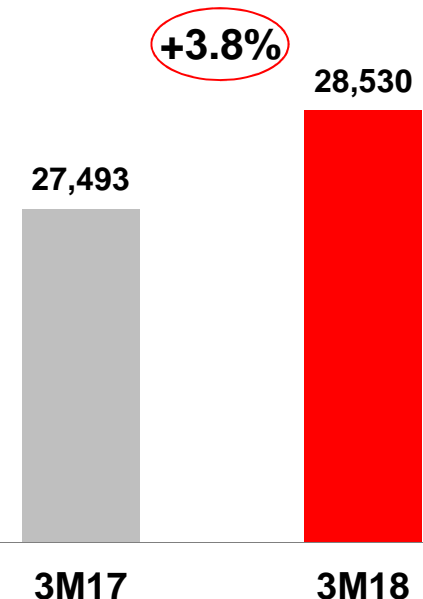
#### Loans

Ch\$Bn



#### RWA<sup>2</sup>

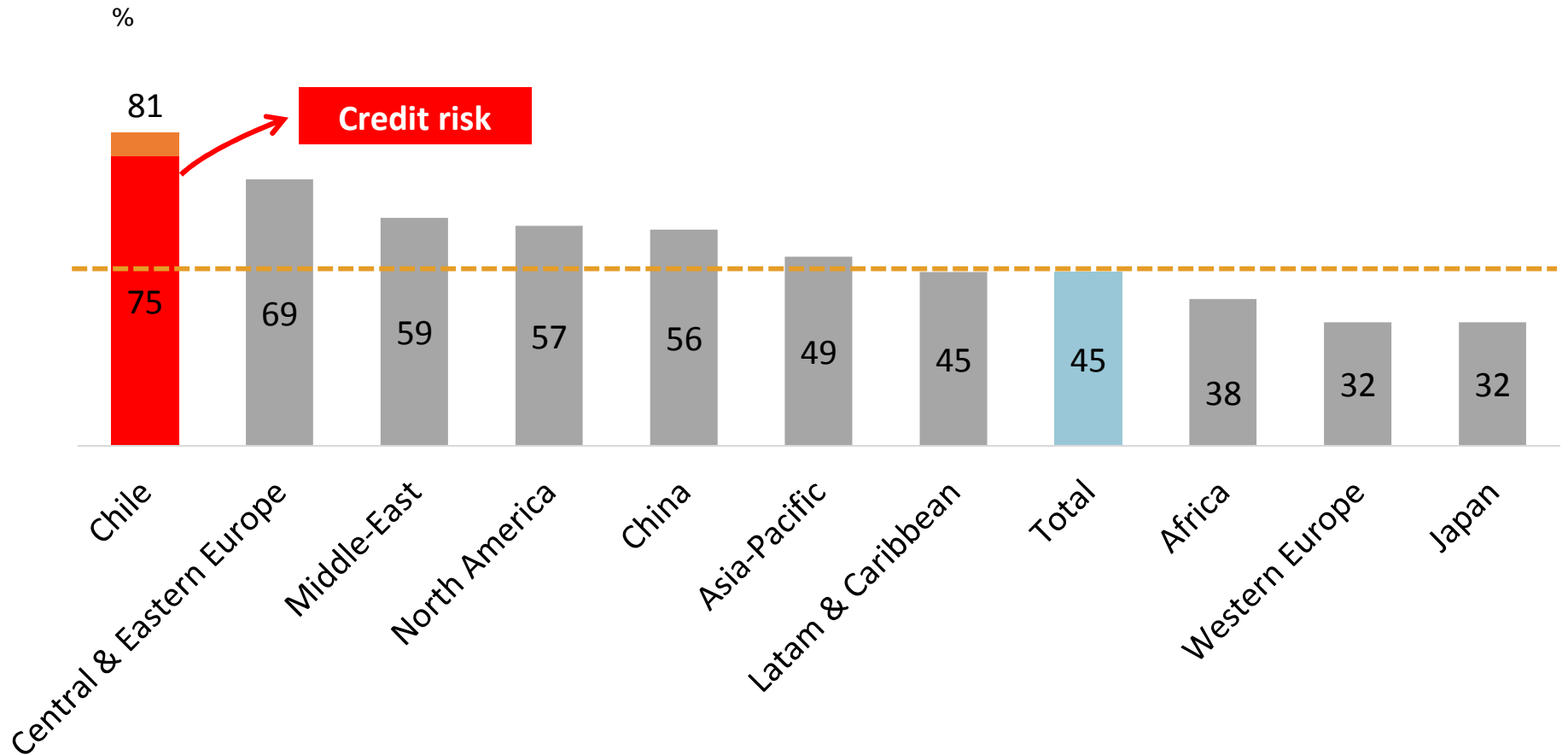
Ch\$bn



## A healthy balance sheet

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

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

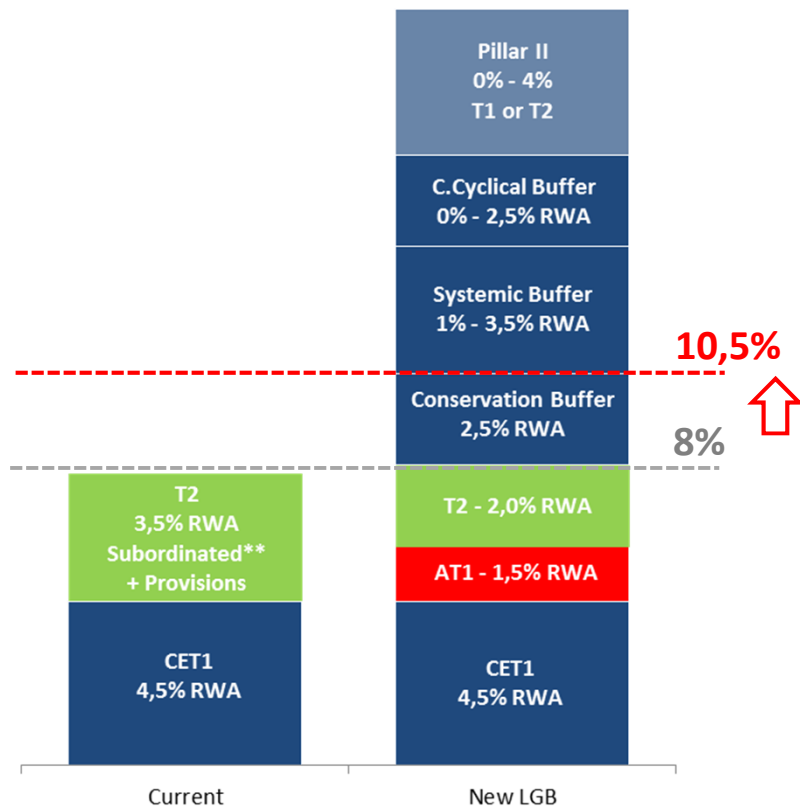


1. RWA density = Risk weighted assets / Total assets. Source: The Banker database July 2017. Chile includes credit and market risk

## A healthy balance sheet

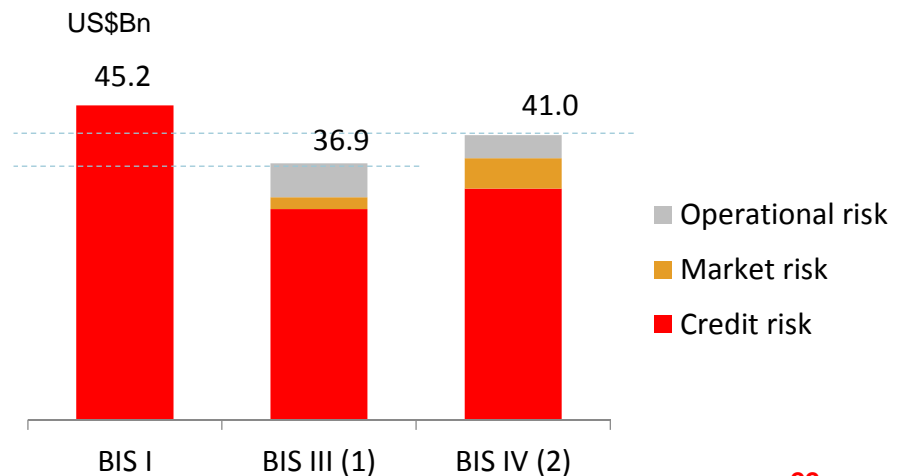
# New banking regulation will implement BIS III in Chile

### Introducing new capital requirements



- We expect the new banking law to be published by the end of 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
- We believe AT1 is an attractive instrument to optimize our blended cost of capital
- What's the market appetite? What features and issuance terms are more appreciated from an investor perspective?

### Santander Chile's Expected RWA



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

1. Based on ECB regulations 2. Initial internal estimate based on last guidelines published by BIS. 3. RWA density = Risk weighted assets / Total assets

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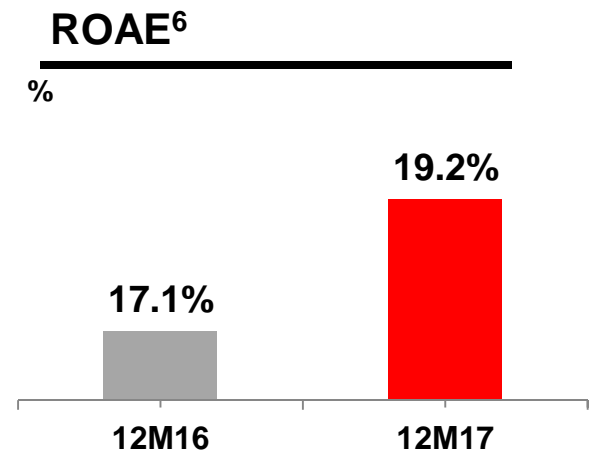
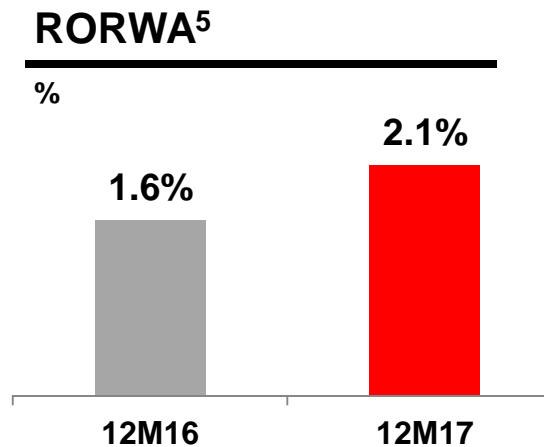
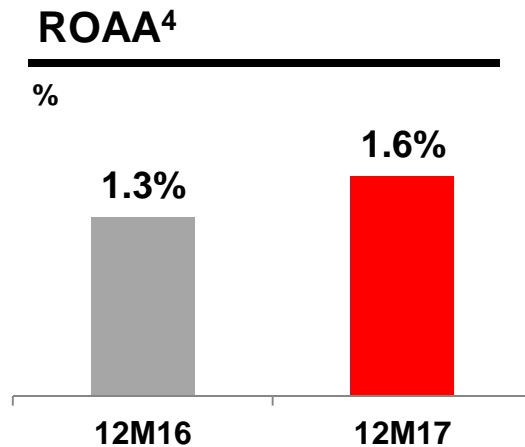
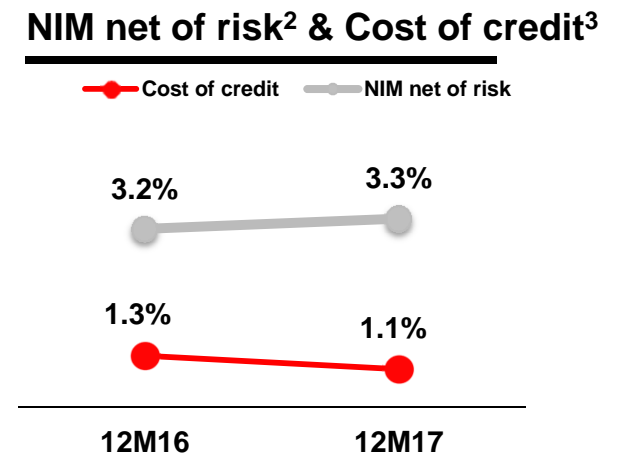
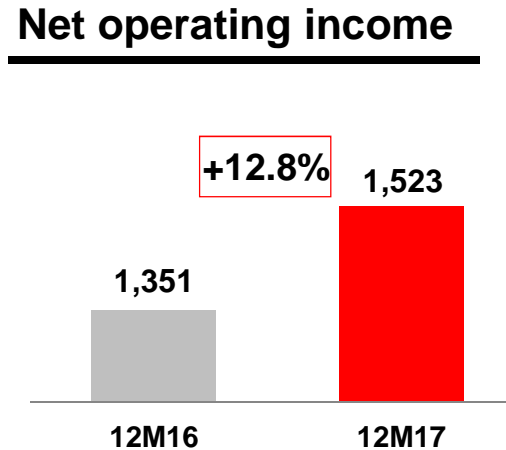
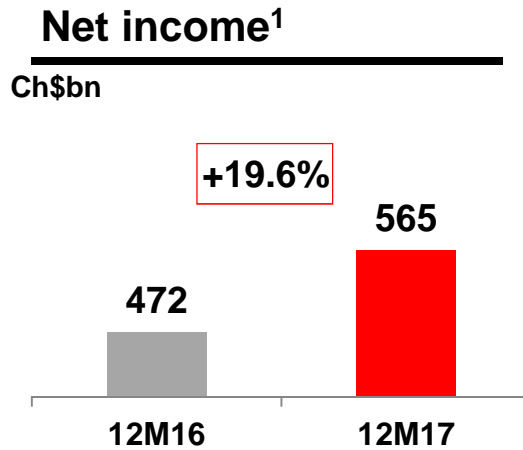
**Healthy balance sheet**

**Positive results**

**Summary**

## Positive results

**In 12M17 net income up 19.6%, ROAE 19.2% & RoARWA 2.1%**



1. Net income attributable to shareholders. 2. NIM net of risk = Net interest income, net of provisions, over average interest earning assets. 3. Provisions expense / total loans. 4. Attributable income / average assets. 5. Attributable income / average risk-weighted assets. 6. Attributable income / average equity.

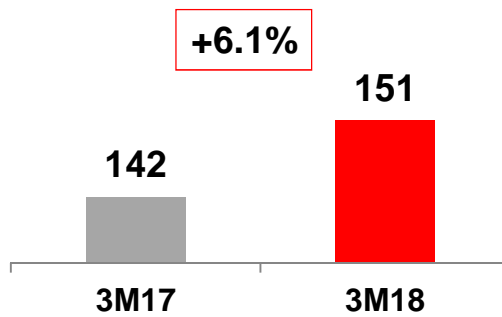


# Positive results

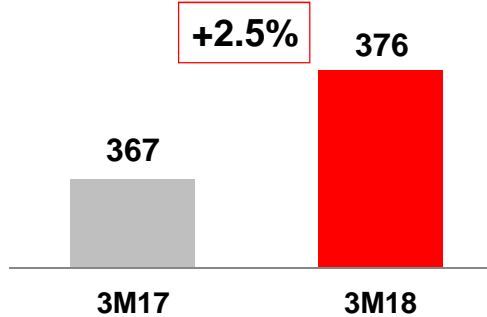
## ROAE at 19.4% in 1Q18

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

Ch\$bn

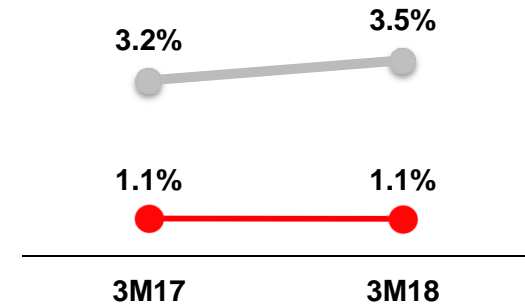


### Net operating income



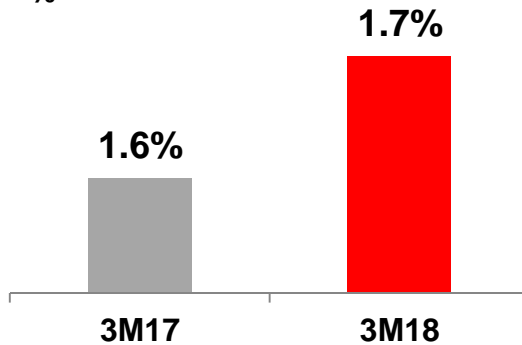
### NIM net of risk<sup>2</sup> & Cost of credit<sup>3</sup>

● Cost of credit ● NIM net of risk



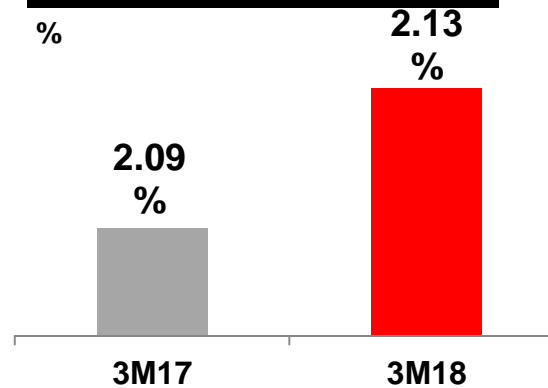
### ROAA<sup>4</sup>

%



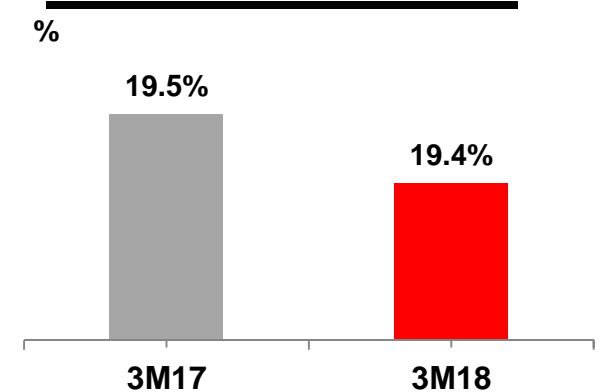
### RORWA<sup>5</sup>

%



### ROAE<sup>6</sup>

%



1. Net income attributable to shareholders. 2. NIM net of risk = Net interest income, net of provisions, over average interest earning assets. 3. Provisions expense / total loans. 4. Attributable income / average assets. 5. Attributable income / average risk-weighted assets. 6. Attributable income / average equity.

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**Macro-economic environment and financial system**

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## Summary

### Sound outlook for Santander Chile

#### Market Environment & Financial System

- GDP should accelerate to 3.7% in 2018
- Inflation expectations to rise 2.5% in 2018. We expect rates to remain stable until 4Q18
- Loan growth in the banking system expected to accelerate with economy

#### Healthy balance sheet

- Loans increase 3.2% YoY. Growth focused on profitability, with loans to individuals increasing 4.7% YoY. Middle-market companies showing more activity, increasing 6.7% YoY
- Better funding mix. Demand deposits rise 10.5% YoY with average funding cost of time and demand deposits decreasing to 1.7%

#### Positive results

- 6.1% net income growth driven by higher loan volumes, lower cost of funding, fee income growth and controlled expenses
- Efficiency improves to 38.7%
- Stable asset quality in 2018
- ROE remains stable YoY at 19.4% in 1Q18

# Annexes

## Annexes

### ■ Unaudited Balance Sheet

	Mar-18 US\$ Ths <sup>1</sup>	Mar-18 Ch\$ Million	Mar-17	Mar-18/Mar-17 % Chg.
Cash and deposits in banks	2,645,570	1,599,697	1,828,411	(12.5%)
Cash items in process of collection	846,017	511,561	800,901	(36.1%)
Trading investments	285,281	172,501	387,190	(55.4%)
Investments under resale agreements	-	-	-	--%
Financial derivative contracts	3,307,684	2,000,057	2,500,630	(20.0%)
Interbank loans, net	15,260	9,227	351,880	(97.4%)
Loans and account receivables from customers, net	45,520,328	27,524,777	26,294,766	4.7%
Available for sale investments	4,948,977	2,992,498	2,807,974	6.6%
Held-to-maturity investments	-	-	-	--%
Investments in associates and other companies	46,759	28,274	24,501	15.4%
Intangible assets	103,293	62,458	59,118	5.6%
Property, plant and equipment	384,716	232,626	249,485	(6.8%)
Current taxes	11,173	6,756	-	--%
Deferred taxes	616,311	372,665	368,276	1.2%
Other assets	1,522,756	920,765	1,035,406	(11.1%)
<b>Total Assets</b>	<b>60,254,125</b>	<b>36,433,862</b>	<b>36,708,538</b>	<b>(0.7%)</b>
Deposits and other demand liabilities	13,520,777	8,175,608	7,408,618	10.4%
Cash items in process of being cleared	585,519	354,046	602,307	(41.2%)
Obligations under repurchase agreements	175,135	105,899	205,151	(48.4%)
Time deposits and other time liabilities	19,793,896	11,968,775	12,700,210	(5.8%)
Financial derivatives contracts	3,178,274	1,921,807	2,293,744	(16.2%)
Interbank borrowings	2,187,163	1,322,512	1,491,687	(11.3%)
Issued debt instruments	12,892,277	7,795,573	7,411,645	5.2%
Other financial liabilities	403,003	243,684	238,331	2.2%
Current taxes	-	-	24,847	--%
Deferred taxes	18,557	11,221	11,623	(3.5%)
Provisions	562,126	339,901	324,584	4.7%
Other liabilities	1,624,635	982,368	997,313	(1.5%)
<b>Total Liabilities</b>	<b>54,941,363</b>	<b>33,221,394</b>	<b>33,710,060</b>	<b>(1.4%)</b>
<b>Equity</b>				
Capital	1,474,032	891,303	891,303	--%
Reserves	2,946,761	1,781,818	1,640,112	8.6%
Valuation adjustments	-7,191	-4,348	6,763	(164.3%)
<b>Retained Earnings:</b>				
Retained earnings from prior years	934,088	564,815	472,351	19.6%
Income for the period	249,749	151,016	142,375	6.1%
Minus: Provision for mandatory dividends	-355,151	-214,749	-184,413	16.5%
<b>Total Shareholders' Equity</b>	<b>5,242,289</b>	<b>3,169,855</b>	<b>2,968,491</b>	<b>6.8%</b>
Non-controlling interest	70,473	42,613	29,987	42.1%
<b>Total Equity</b>	<b>5,312,762</b>	<b>3,212,468</b>	<b>2,998,478</b>	<b>7.1%</b>
<b>Total Liabilities and Equity</b>	<b>60,254,125</b>	<b>36,433,862</b>	<b>36,708,538</b>	<b>(0.7%)</b>

1. The exchange rate used to calculate the figures in dollars was Ch\$604.67 / US\$1

## Annexes

### ■ Unaudited YTD Income Statement

	Mar-18	Mar-18	Mar-17	Mar-18/Mar-17
	US\$ Ths <sup>1</sup>	Ch\$ Million		% Chg.
Interest income	873,290	528,052	523,968	0.8%
Interest expense	(299,894)	(181,337)	(205,393)	(11.7%)
<b>Net interest income</b>	<b>573,395</b>	<b>346,715</b>	<b>318,575</b>	<b>8.8%</b>
Fee and commission income	205,325	124,154	115,295	7.7%
Fee and commission expense	(80,474)	(48,660)	(42,472)	14.6%
<b>Net fee and commission income</b>	<b>124,852</b>	<b>75,494</b>	<b>72,823</b>	<b>3.7%</b>
Net income (expense) from financial operations	(44,940)	(27,174)	1,276	--%
Net foreign exchange gain	83,343	50,395	35,456	42.1%
<b>Total financial transactions, net</b>	<b>38,403</b>	<b>23,221</b>	<b>36,732</b>	<b>(36.8%)</b>
Other operating income	10,430	6,307	13,019	(51.6%)
<b>Net operating profit before provisions for loan losses</b>	<b>747,080</b>	<b>451,737</b>	<b>441,149</b>	<b>2.4%</b>
<b>Provision for loan losses</b>	<b>(124,704)</b>	<b>(75,405)</b>	<b>(73,862)</b>	<b>2.1%</b>
<b>Net operating profit</b>	<b>622,376</b>	<b>376,332</b>	<b>367,287</b>	<b>2.5%</b>
Personnel salaries and expenses	(148,041)	(89,516)	(92,676)	(3.4%)
Administrative expenses	(102,792)	(62,155)	(58,482)	6.3%
Depreciation and amortization	(31,720)	(19,180)	(17,622)	8.8%
<b>Op. expenses excl. Impairment and Other operating expenses</b>	<b>(282,552)</b>	<b>(170,851)</b>	<b>(168,780)</b>	<b>1.2%</b>
Impairment of property, plant and equipment	(64)	(39)	(184)	(78.8%)
Other operating expenses	(16,407)	(9,921)	(18,817)	(47.3%)
<b>Total operating expenses</b>	<b>(299,024)</b>	<b>(180,811)</b>	<b>(187,781)</b>	<b>(3.7%)</b>
<b>Operating income</b>	<b>323,352</b>	<b>195,521</b>	<b>179,506</b>	<b>8.9%</b>
Income from investments in associates and other companies	1,364	825	720	14.6%
<b>Income before tax</b>	<b>324,716</b>	<b>196,346</b>	<b>180,226</b>	<b>8.9%</b>
Income tax expense	(73,682)	(44,553)	(37,208)	19.7%
<b>Net income from ordinary activities</b>	<b>251,034</b>	<b>151,793</b>	<b>143,018</b>	<b>6.1%</b>
Net income discontinued operations	-	-	-	--%
<b>Net income attributable to:</b>				
Non-controlling interest	1,285	777	643	20.8%
<b>Net income attributable to equity holders of the Bank</b>	<b>249,749</b>	<b>151,016</b>	<b>142,375</b>	<b>6.1%</b>

1. The exchange rate used to calculate the figures in dollars was Ch\$604.67 / US\$1

## Annexes

### ■ Unaudited Quarterly Income Statement

	1Q18	1Q18	4Q17	1Q17	1Q18/1Q17	1Q18/4Q17
	US\$ Ths <sup>1</sup>		Ch\$ Million			% Chg.
Interest income	873,290	528,052	524,299	523,968	0.8%	0.7%
Interest expense	(299,894)	(181,337)	(177,798)	(205,393)	(11.7%)	2.0%
<b>Net interest income</b>	<b>573,395</b>	<b>346,715</b>	<b>346,501</b>	<b>318,575</b>	<b>8.8%</b>	<b>0.1%</b>
Fee and commission income	205,325	124,154	112,308	115,295	7.7%	10.5%
Fee and commission expense	(80,474)	(48,660)	(46,008)	(42,472)	14.6%	5.8%
<b>Net fee and commission income</b>	<b>124,852</b>	<b>75,494</b>	<b>66,300</b>	<b>72,823</b>	<b>3.7%</b>	<b>13.9%</b>
Net income (expense) from financial operations	(44,940)	(27,174)	(50,137)	1,276	--%	(45.8%)
Net foreign exchange gain	83,343	50,395	68,311	35,456	42.1%	(26.2%)
<b>Total financial transactions, net</b>	<b>38,403</b>	<b>23,221</b>	<b>18,174</b>	<b>36,732</b>	<b>(36.8%)</b>	<b>27.8%</b>
Other operating income	10,430	6,307	19,224	13,019	(51.6%)	(67.2%)
<b>Net operating profit before provisions for loan losses</b>	<b>747,080</b>	<b>451,737</b>	<b>450,199</b>	<b>441,149</b>	<b>2.4%</b>	<b>0.3%</b>
<b>Provision for loan losses</b>	<b>(124,704)</b>	<b>(75,405)</b>	<b>(76,805)</b>	<b>(73,862)</b>	<b>2.1%</b>	<b>(1.8%)</b>
<b>Net operating profit</b>	<b>622,376</b>	<b>376,332</b>	<b>373,394</b>	<b>367,287</b>	<b>2.5%</b>	<b>0.8%</b>
Personnel salaries and expenses	(148,041)	(89,516)	(102,086)	(92,676)	(3.4%)	(12.3%)
Administrative expenses	(102,792)	(62,155)	(58,203)	(58,482)	6.3%	6.8%
Depreciation and amortization	(31,720)	(19,180)	(22,355)	(17,622)	8.8%	(14.2%)
<b>Op. expenses excl. Impairment and Other operating expenses</b>	<b>(282,552)</b>	<b>(170,851)</b>	<b>(182,644)</b>	<b>(168,780)</b>	<b>1.2%</b>	<b>(6.5%)</b>
Impairment of property, plant and equipment	(64)	(39)	-	(184)	(78.8%)	--%
Other operating expenses	(16,407)	(9,921)	(23,343)	(18,817)	(47.3%)	(57.5%)
<b>Total operating expenses</b>	<b>(299,024)</b>	<b>(180,811)</b>	<b>(205,987)</b>	<b>(187,781)</b>	<b>(3.7%)</b>	<b>(12.2%)</b>
<b>Operating income</b>	<b>323,352</b>	<b>195,521</b>	<b>167,407</b>	<b>179,506</b>	<b>8.9%</b>	<b>16.8%</b>
Income from investments in associates and other companies	1,364	825	1,009	720	14.6%	(18.2%)
<b>Income before tax</b>	<b>324,716</b>	<b>196,346</b>	<b>168,416</b>	<b>180,226</b>	<b>8.9%</b>	<b>16.6%</b>
Income tax expense	(73,682)	(44,553)	(37,991)	(37,208)	19.7%	17.3%
<b>Net income from ordinary activities</b>	<b>251,034</b>	<b>151,793</b>	<b>130,425</b>	<b>143,018</b>	<b>6.1%</b>	<b>16.4%</b>
Net income discontinued operations	-	-	-	-	--%	--%
<b>Net income attributable to:</b>						
Non-controlling interest	1,285	777	(4,253)	643	20.8%	(118.3%)
<b>Net income attributable to equity holders of the Bank</b>	<b>249,749</b>	<b>151,016</b>	<b>134,678</b>	<b>142,375</b>	<b>6.1%</b>	<b>12.1%</b>

1. The exchange rate used to calculate the figures in dollars was Ch\$604.67 / US\$1

## Annexes: Key Indicators

<b>Profitability &amp; Efficiency</b>	<b>03M18</b>	<b>03M17</b>	<b>Change bp</b>
Net interest margin (NIM) <sup>1</sup>	4.5%	4.2%	32
Efficiency ratio <sup>2</sup>	38.7%	40.0%	-129
Return on avg. equity	19.4%	19.5%	-17
Return on avg. assets	2.0%	1.9%	9
Core capital ratio	11.1%	10.8%	31
BIS ratio	14.0%	13.7%	30
Return on RWA	2.1%	2.1%	4

<b>Asset Quality Ratios</b>	<b>Mar-18</b>	<b>Mar-17</b>	<b>Change bp</b>
NPL ratio <sup>3</sup>	2.3%	2.2%	16
Coverage of NPLs ratio <sup>4</sup>	122.9%	135.5%	-1,259
Cost of credit <sup>5</sup>	1.1%	1.1%	-1

<b>Structure (#)</b>	<b>Mar-18</b>	<b>Mar-17</b>	<b>Change (%)</b>
Branches	379	415	(8.7%)
ATMs	948	1,279	(25.9%)
Employees	11,444	11,229	1.9%

<b>Market Capitalization</b>	<b>Mar-18</b>	<b>Mar-17</b>	<b>Change (%)</b>
Net income per share (Ch\$)	0.80	0.76	6.1%
Net income per ADR (US\$)	0.46	0.46	1.2%
Stock price (Ch\$/ per share)	50.88	41.37	23.0%
ADR price (US\$ per share)	33.51	25.08	33.6%
Market capitalization (US\$m)	15,855	11,816	34.2%
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.



# 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

