

# Banco Santander Chile

## *Solid business growth and profitability trends*

November 2018



Simple | Personal | Fair

# Important information

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

Note: the information contained in this presentation is not audited and is presented in Chilean Bank GAAP which is similar to IFRS, but there are some differences. Please refer to our 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**



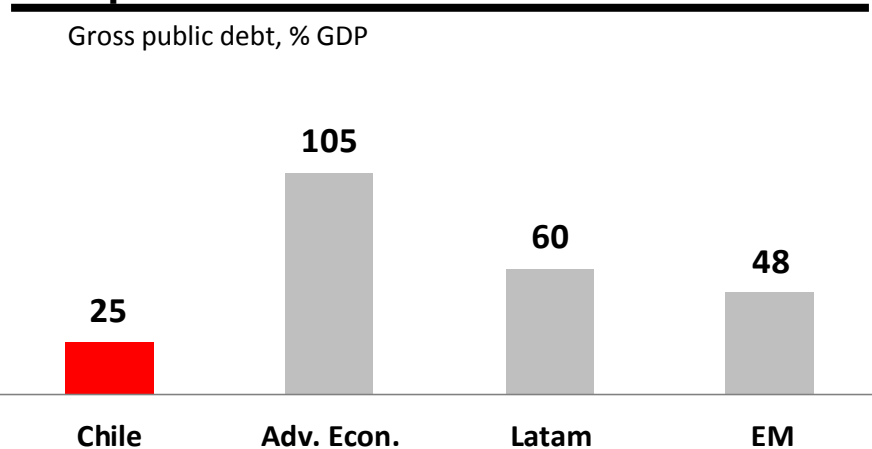
**Outlook**

## Chile: a stable and diversified economy

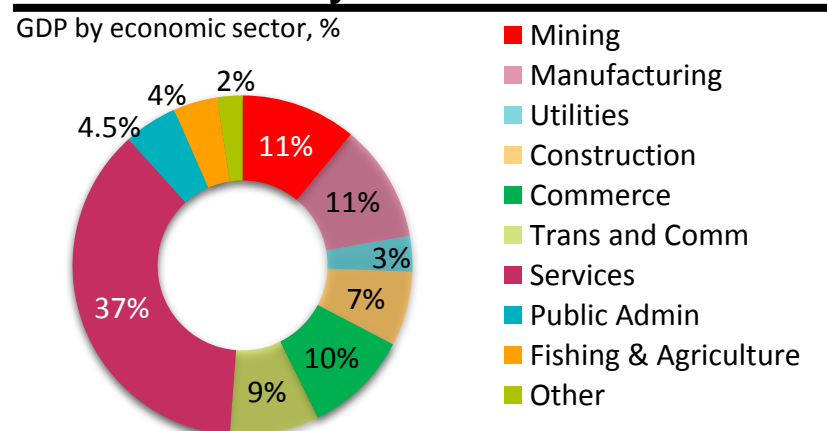
### Chile: Key economic indicators<sup>1,2</sup>

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

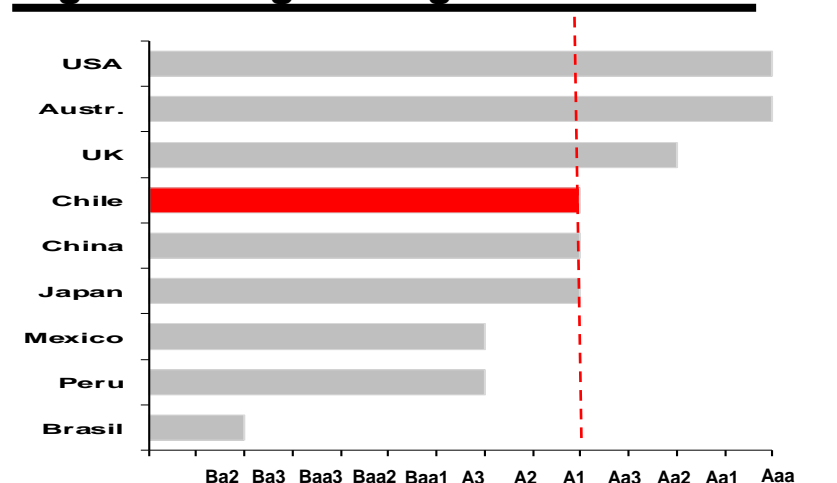
### Low public debt<sup>3,4</sup>



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



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



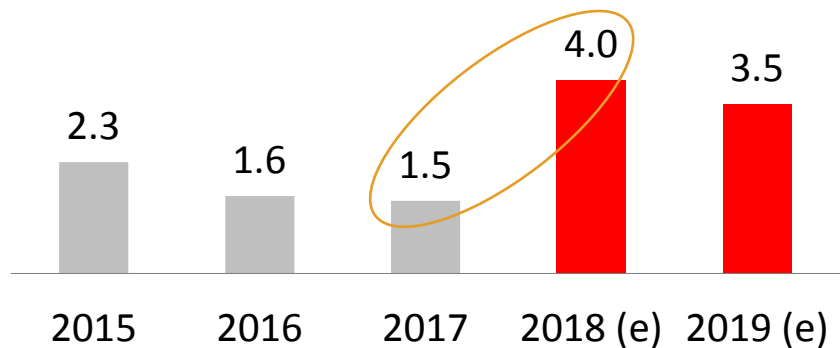
1. Source: Central Bank of Chile, BCCh, and IMF, 2017. 2. Source: International Monetary Fund, 10/2017. 3. Source: Central Bank of Chile, LTM Sept. 2017  
4. Source: World Bank, 2016, Current international dollar 5. Source: Moody's

# Macroeconomic environment

## GDP growth expectations rise for 2018-19

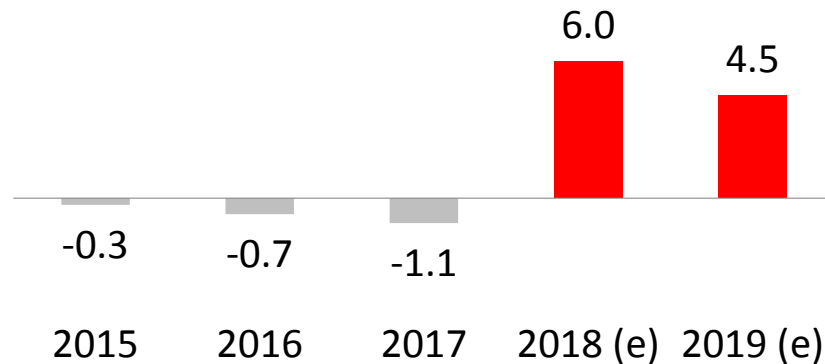
### GDP

YoY real growth, %



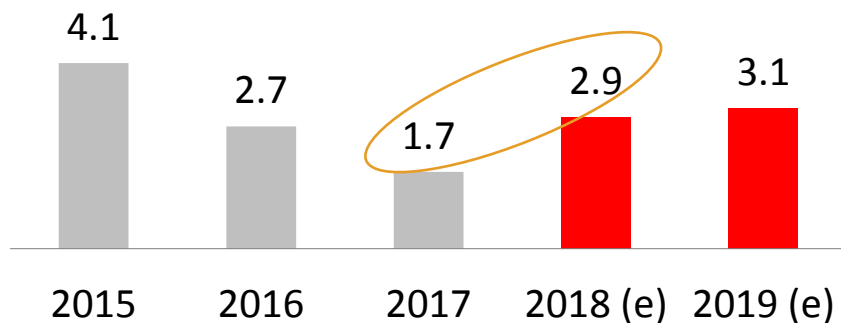
### Investment

YoY real growth of fixed capital formation, %



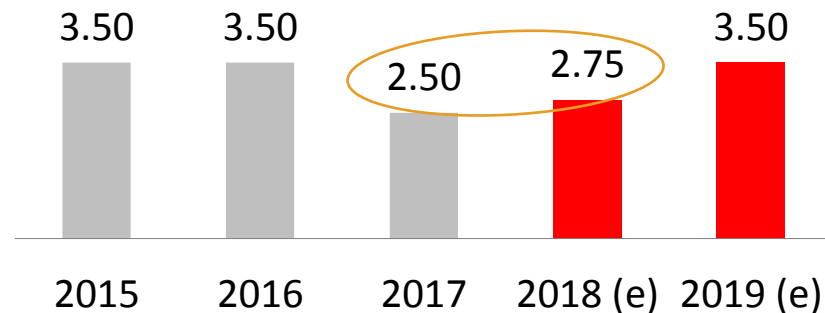
### Inflation

Annual change in UF inflation, %



### Central Bank ST Reference Rate

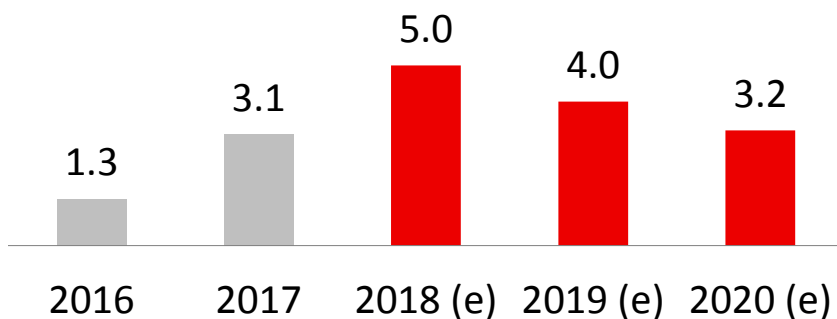
%



## GDP growth expectations rise for 2018-19

### Domestic Demand

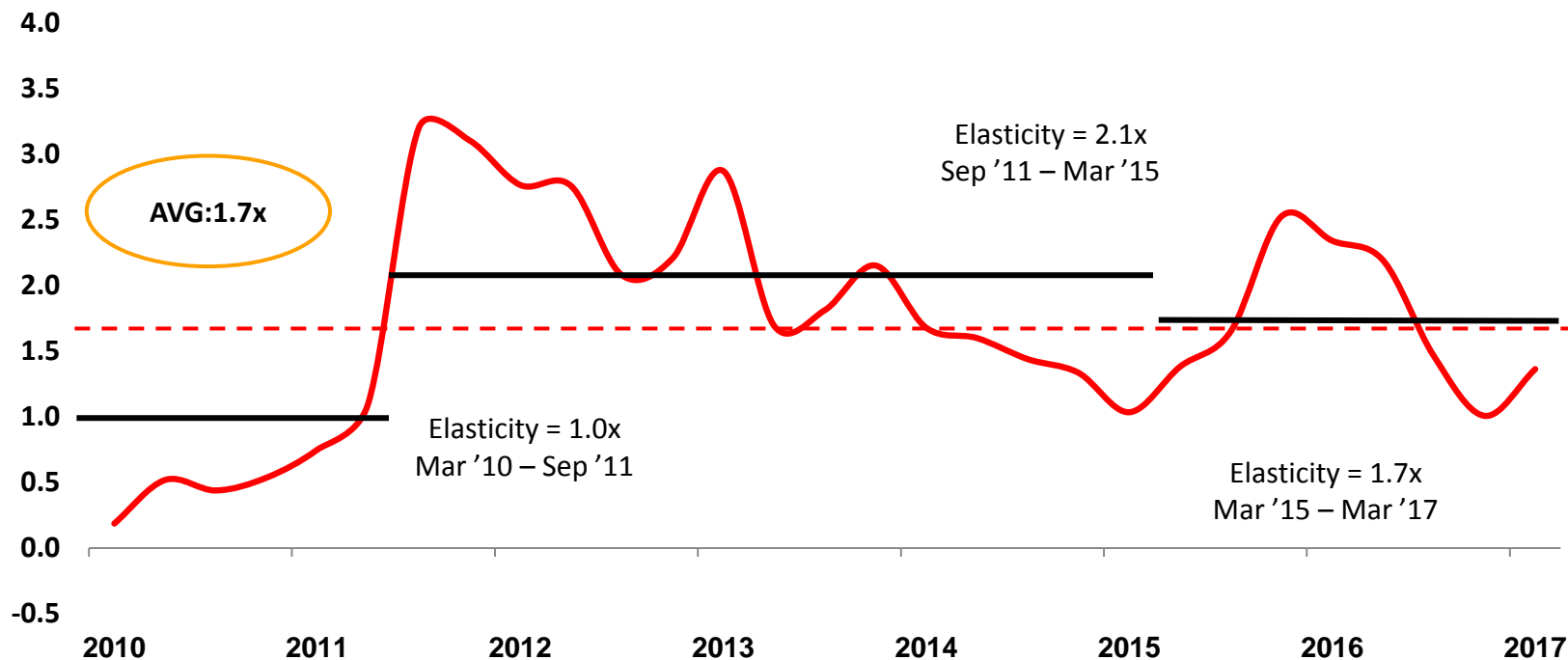
YoY growth, %



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

## Loan growth should accelerate to 8% in 2018

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

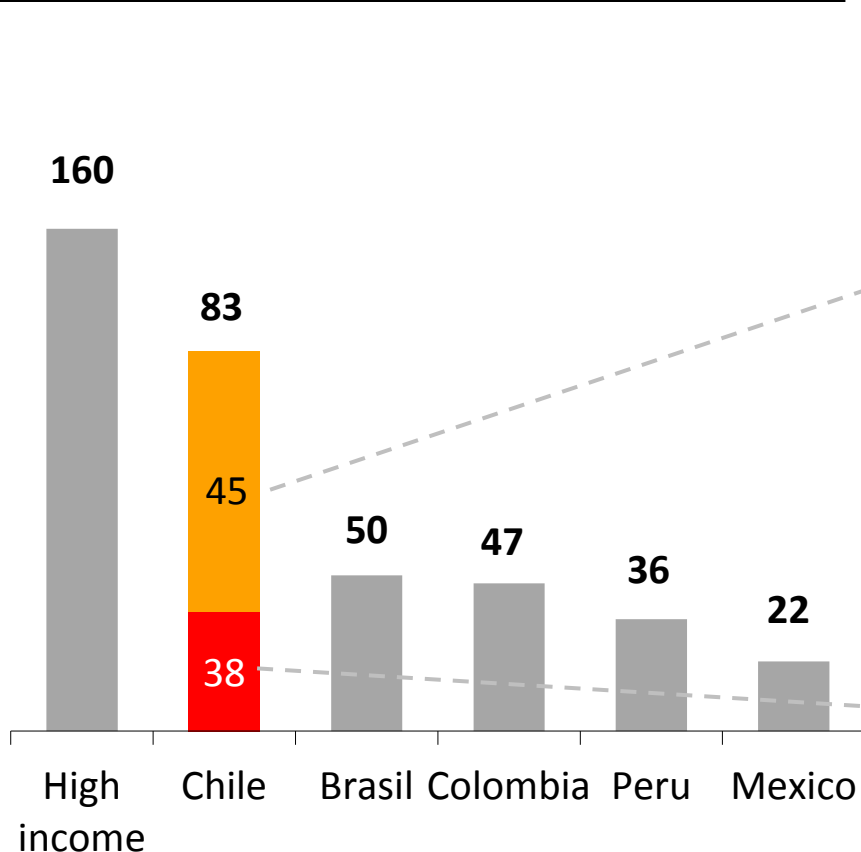


A loan growth to GDP growth multiplier of 1.5-1.7x is sustainable

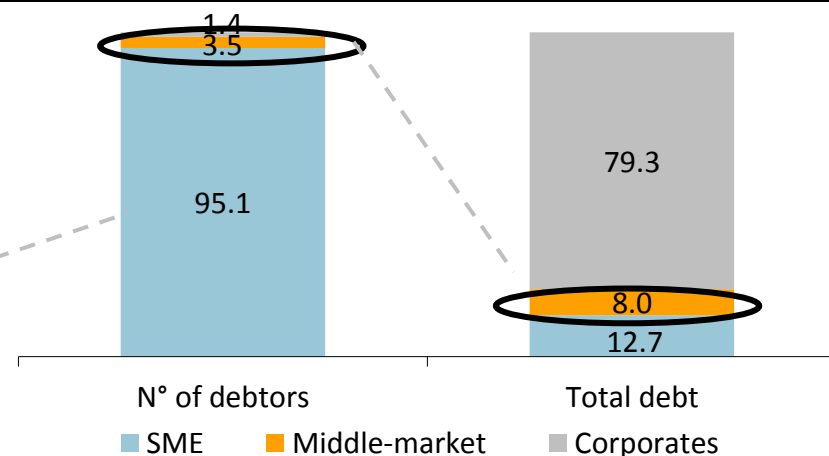
# Financial system with good growth potential

## High growth potential in Middle-market and SME customers

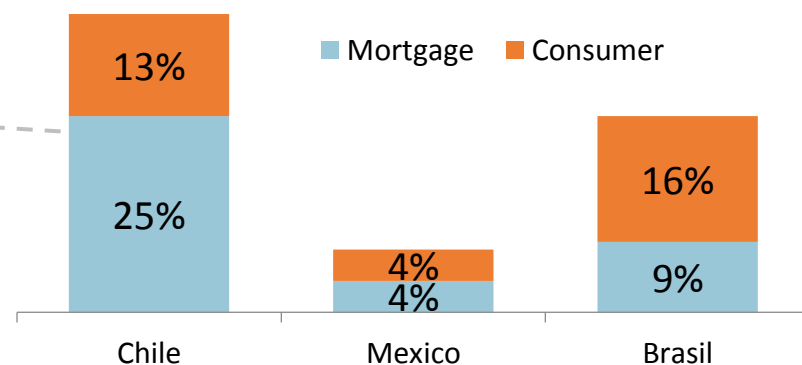
**Loans to GDP, 2017 (%)<sup>1</sup>**



**Commercial lending by type of client**



**Individual loans penetration and DSR<sup>2</sup>**



1. Or latest available information. Source: World Bank, weighted by size of world economies. Chilean loan include bank and non-bank lending. Source Chile: Santander Chile based on information from SBIF, BCCh, CMF and Superintendency of Social Security.

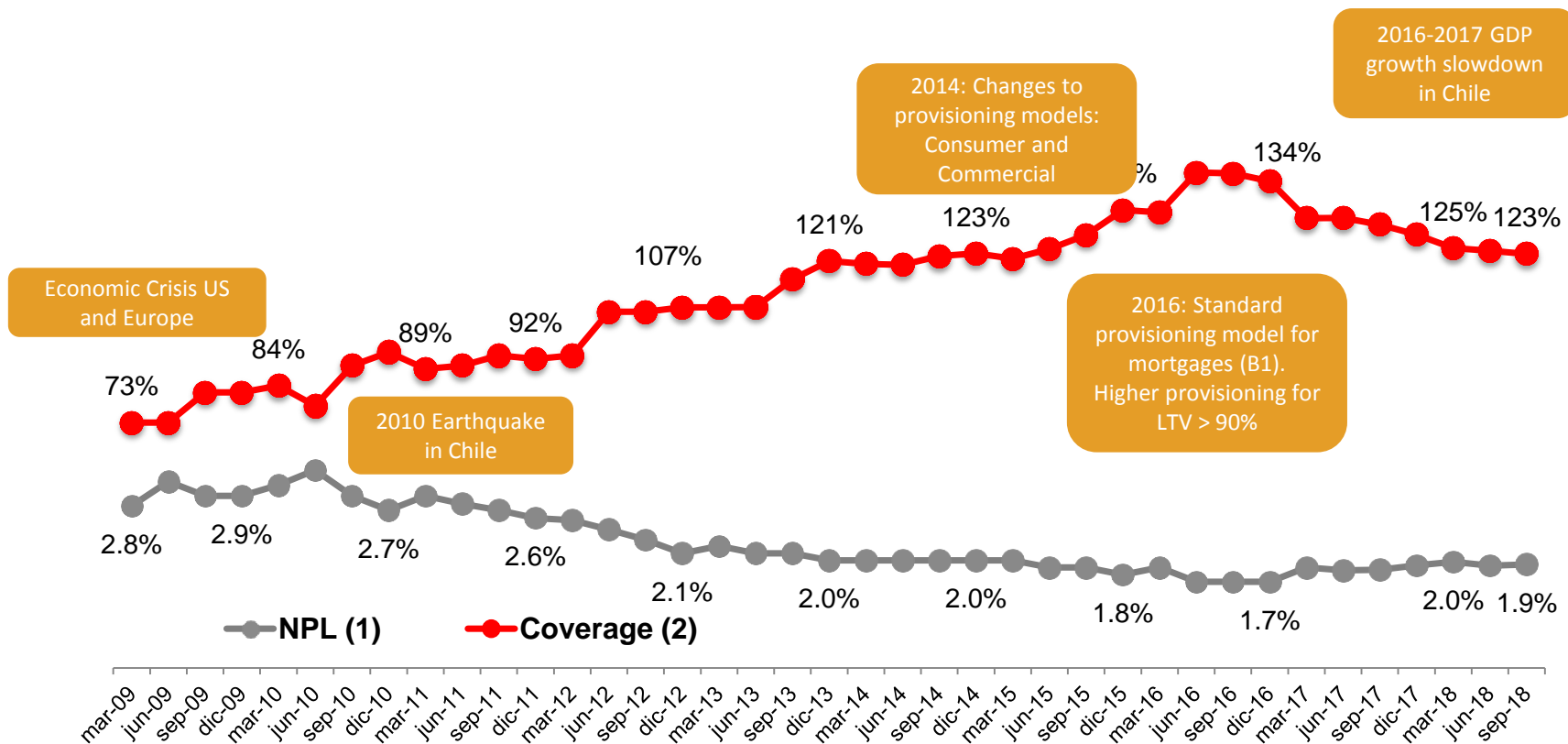
Source: SBIF, 2017

2. Debt servicing ratio, DSR: Total debt payments including amortization and interest / Disposable income. Sources: for Chile: SVS, SBIF and SVS; for Brazil and Mexico: JP Morgan, Scotiabank and Felaban



## Asset quality has been stable throughout various cycles

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



# Agenda

**Macro-economic environment**

**Strategy and results**

**Outlook**

## Santander Chile is the nation's leading bank

Figures in US\$



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

1. Net income attributable to shareholder 2. Market share of clients with checking accounts, as of July 2018. Source: SBIF 3. Average yearly market share over clients that enter a website with a passkey. Excludes Banco Estado. Source: SBIF. YTD avg as of July 2018. 4. Excludes loans and deposits of Chilean banks held abroad. 5. Market share in terms of monetary amount of credit card purchases

## Solid corporate governance standards

### Independent Board

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

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



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

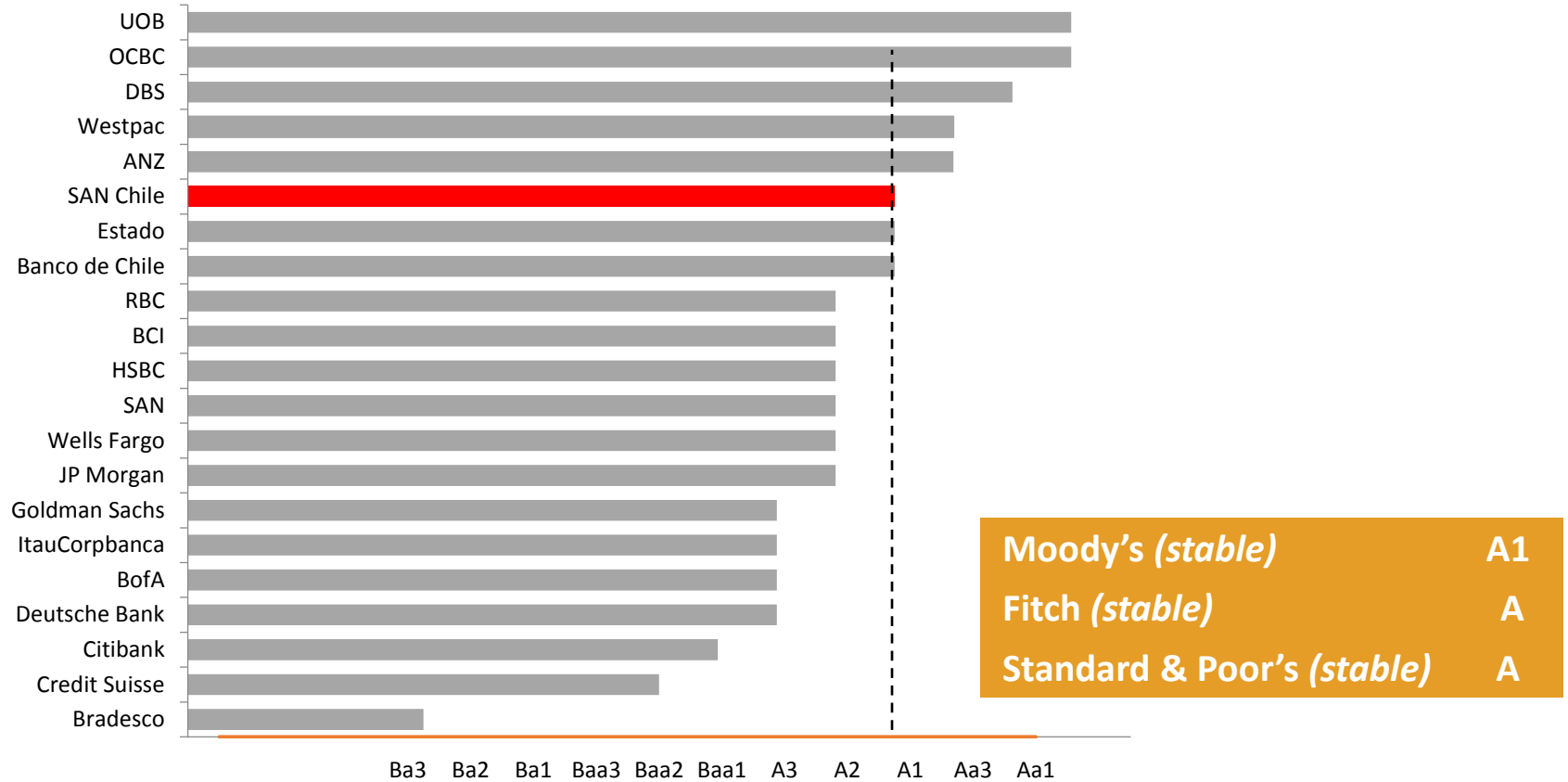
### Corporate Governance Standards

- ✓ **Board of Directors:** 7 out of 11 Board members unrelated to Grupo Santander. Board approves Corporate Responsibility & Sustainability Policy and Strategy.
- ✓ **Liabe:** Directors of a Bank who propose the payment of dividends in violation of the provisions of Title IV of the General Banking Law shall be liable to the refund of the dividend distributed under such circumstances (Art. 58)<sup>1</sup>.
- ✓ **Legal limits:** Related party lending: Limited to 5% of total equity (unsecured) or 25% (w/ collateral). Deposits in related party entities abroad: limited to 25% of regulatory capital.
- ✓ **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**




## Among banks with best international rating

### Risk rating, Moody's scale



## 3 objectives for healthy growth / higher profitability

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

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

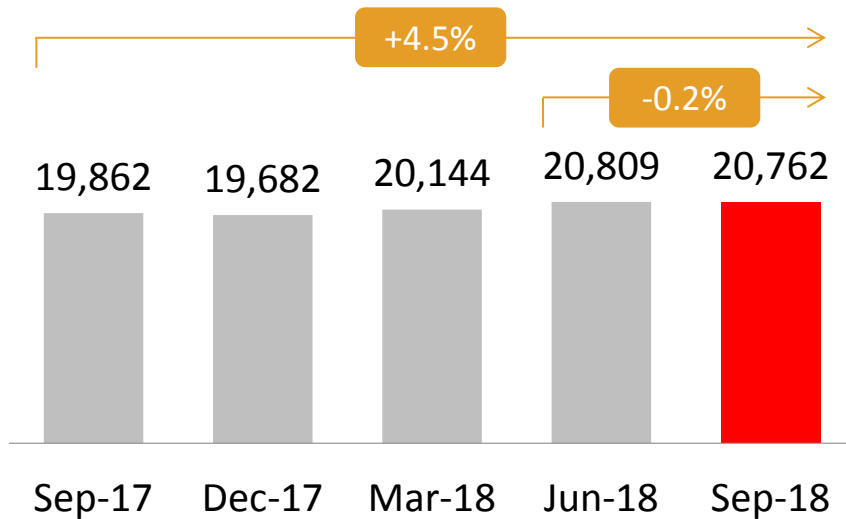
III  Optimizing profitability and capital use to increase shareholder value in time

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

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

#### Total Deposits

Ch\$bn

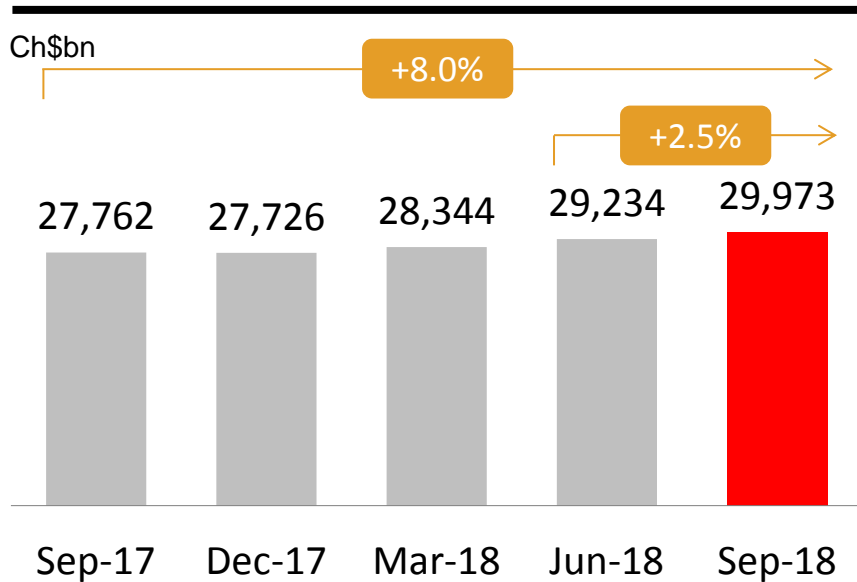


Ch\$ bn	9M18	YoY	QoQ
Demand	7,984	9.8%	(1.8%)
Time	12,777	1.5%	0.8%
<b>Total Deposits</b>	<b>20,762</b>	<b>4.5%</b>	<b>(0.2%)</b>
Mutual funds <sup>1</sup>	5,544	0.4%	(0.2%)
<b>Loans to deposits<sup>2</sup></b>	<b>101.1%</b>		
<b>LCR<sup>3</sup></b>	<b>131.8%</b>		
<b>NSFR<sup>4</sup></b>	<b>108.4%</b>		

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

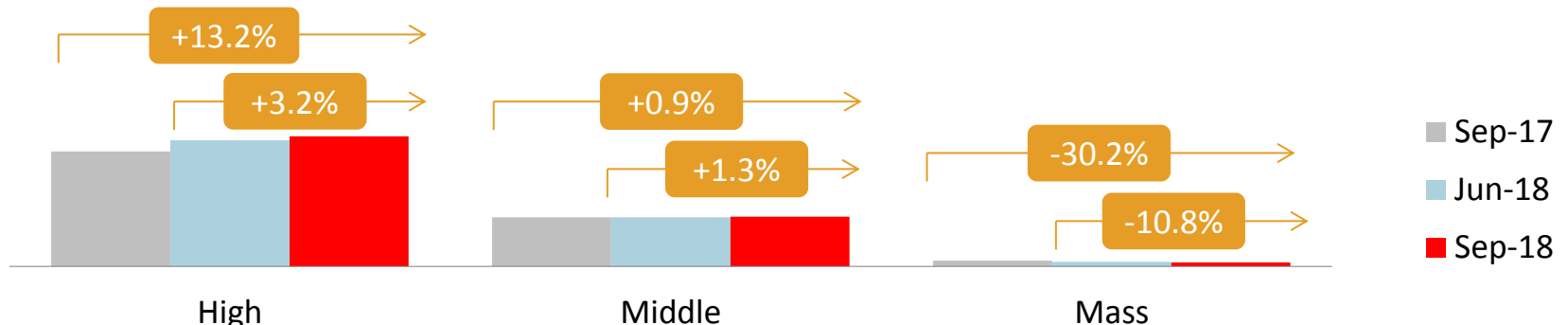
## Loan growth accelerating in line with the economy

### Total Loans



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

### Loans to Individuals by Income Level



1. Includes other commercial loans to individuals. 2. Includes other non-segmented loans and interbank loans

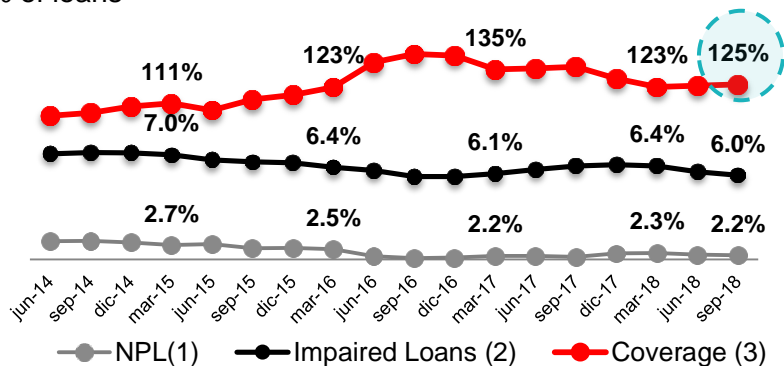


# Strategy: I. Re-focusing on growth as economy recovers...

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

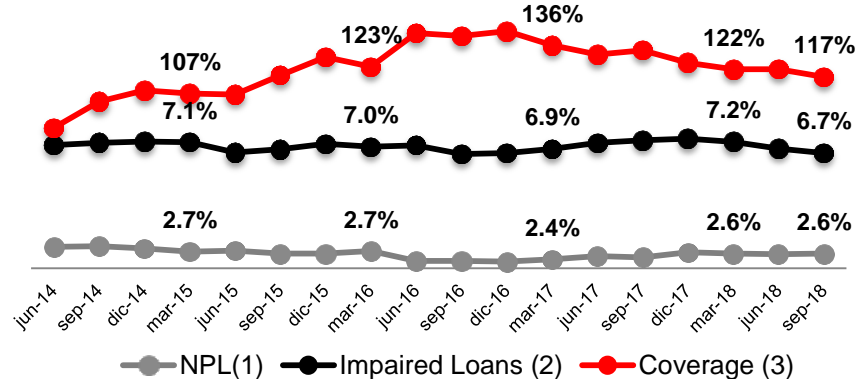
### Total loans

% of loans



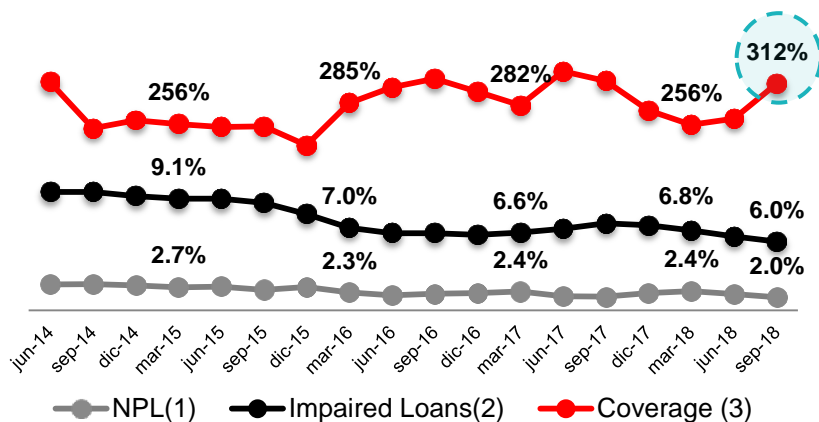
### Commercial loans

% of loans



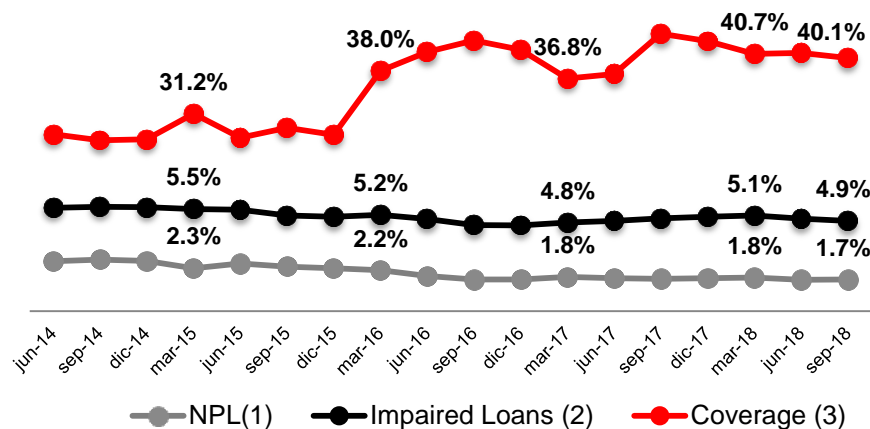
### Consumer loans

% of loans



### Mortgage loans

% of loans



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

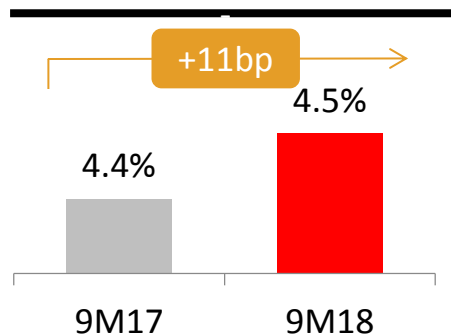


1. 90 days or more NPLs. 2. Impaired NPLs + restructured loans 3. Loan loss reserves over NPLs

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

## NIM at 4.5% & adjusted NIM, net of risk at 3.5%

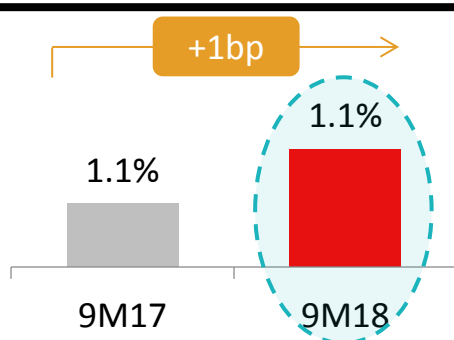
### NIM<sup>1</sup>



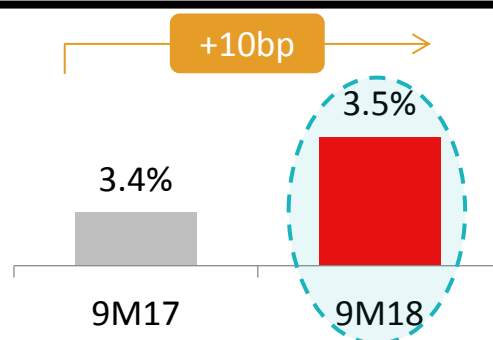
### Net Interest Income

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

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



### Adjusted NIM net of risk<sup>5</sup>



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

1. Annualized net interest income divided by average interest earning assets 2. Annualized gross interest income divided by average interest earning assets. 3. Annualized interest expense divided by sum of average interest bearing liabilities and demand deposits. 4. Annualized provision for loan losses (adjusted to exclude the additional provision of Ch\$20,000 million in 3Q18) / average total loans. 5. Annualized net interest income net of provision for loan losses (adjusted to exclude the additional provision of Ch\$20,000 million in 3Q18) divided by average interest earning assets Averages are calculated using monthly figures.

## 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

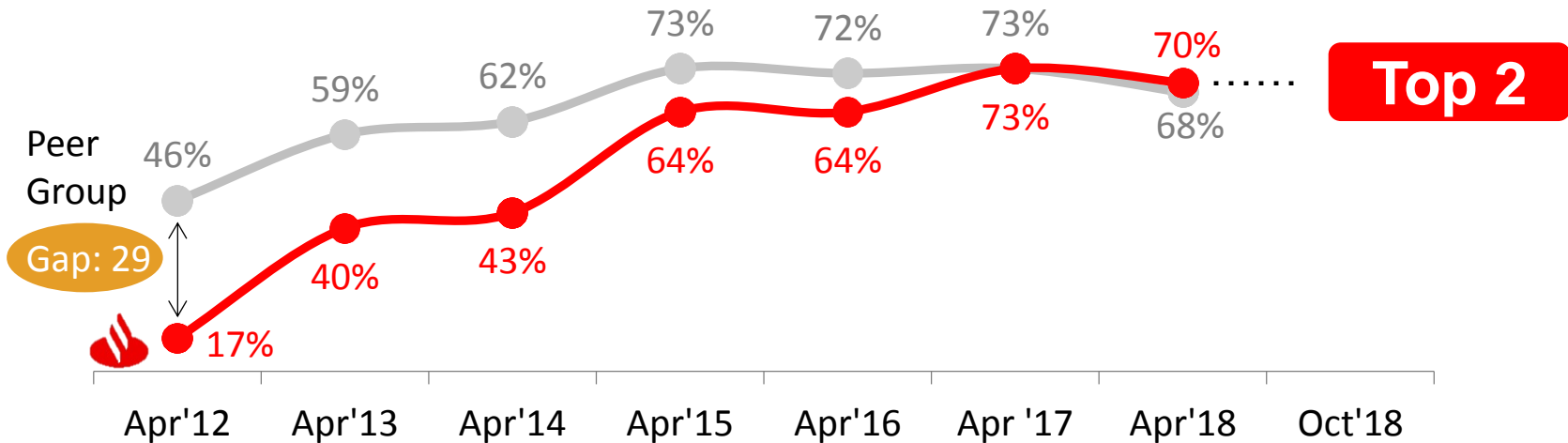
III



Optimizing profitability and capital use to increase shareholder value in time

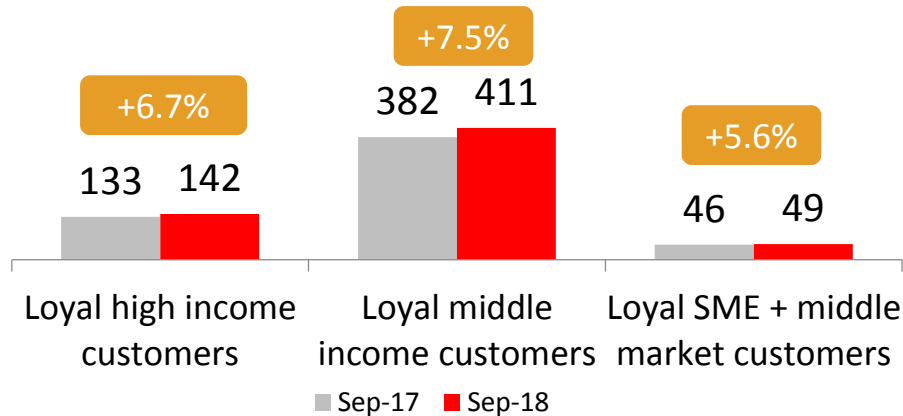
# Strategy: II. Increasing client loyalty and expanding digital banking

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



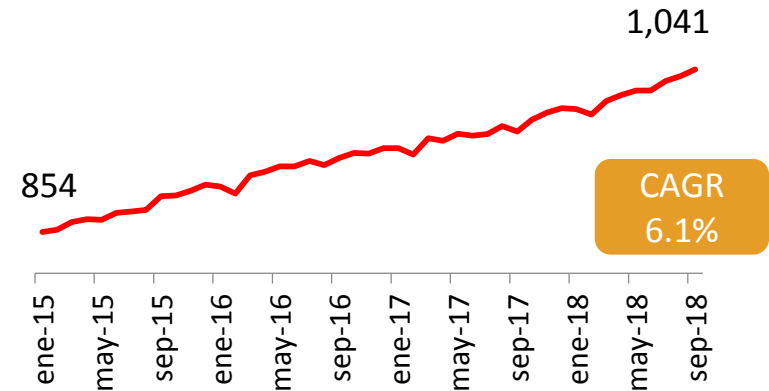
## Loyal customers<sup>1</sup>

thousands



## Total Digital Clients

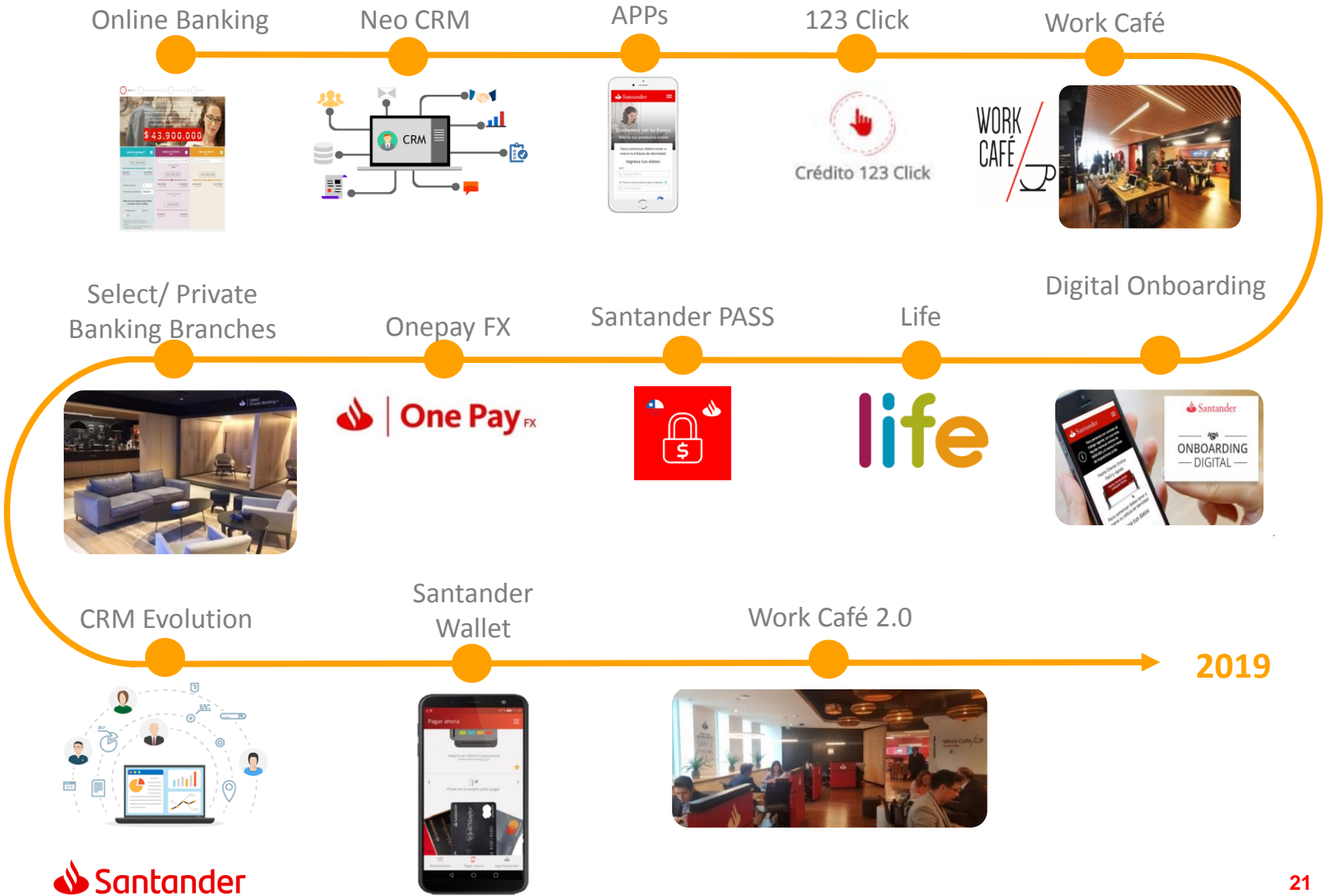
thousands



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

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

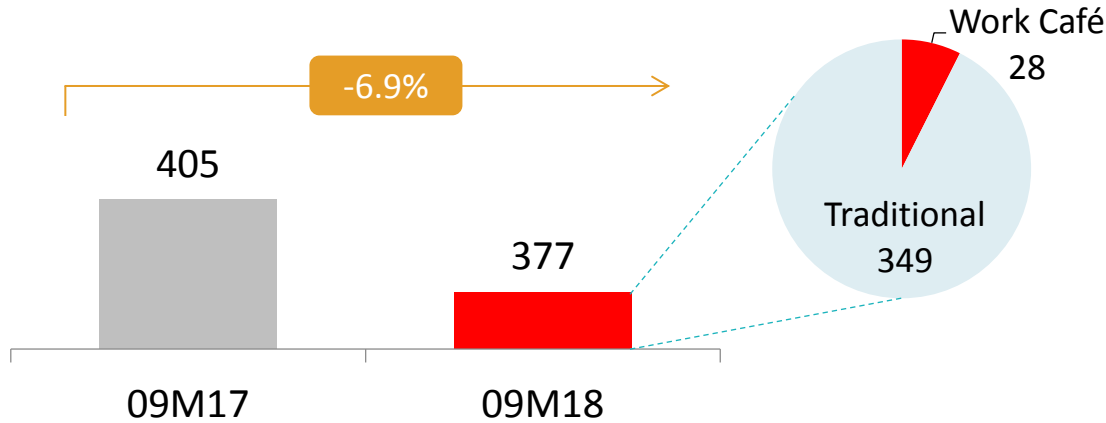
## Advancing our *phygital* strategy



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

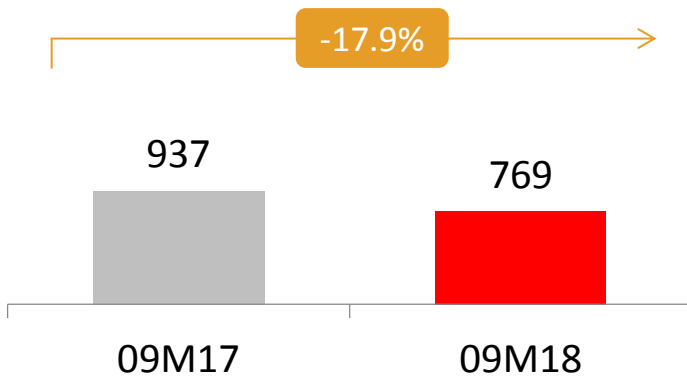
## Restructuring our physical distribution network

### Branches

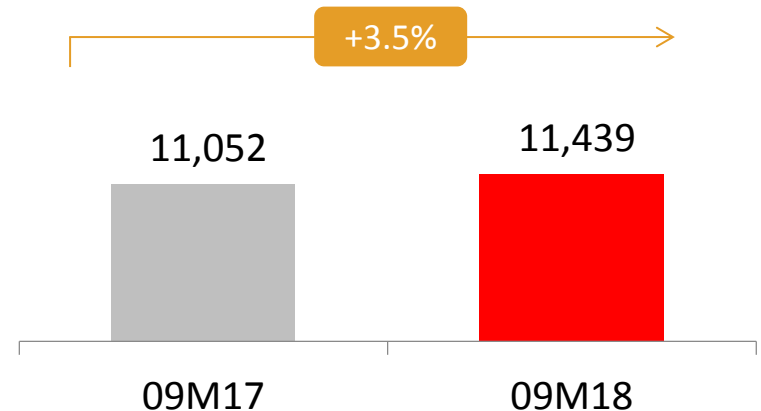


We will have 40 Work Cafés by year-end

### ATMs



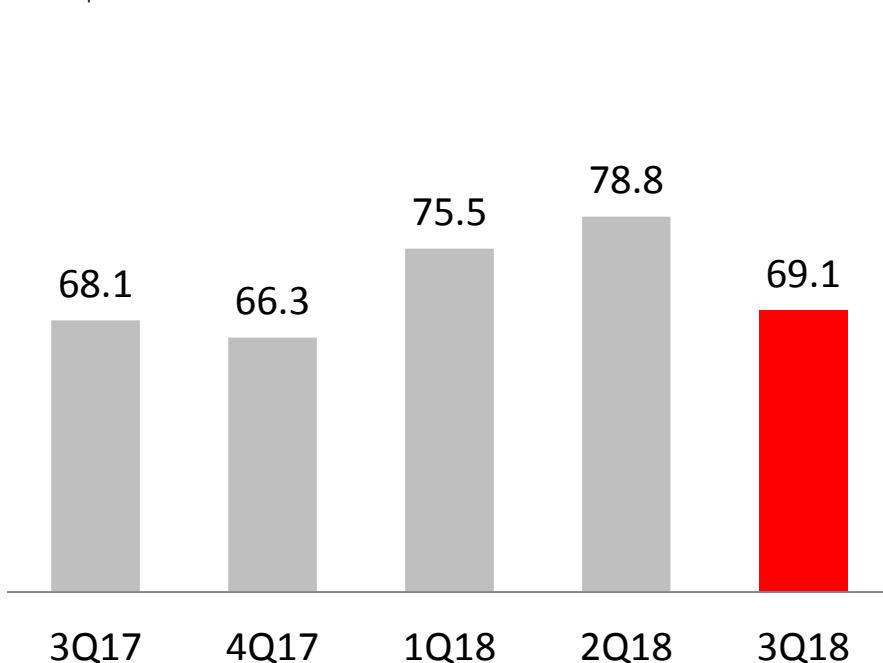
### Employees



## Healthy fee growth in business segments

### Net fee income

Ch\$bn



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

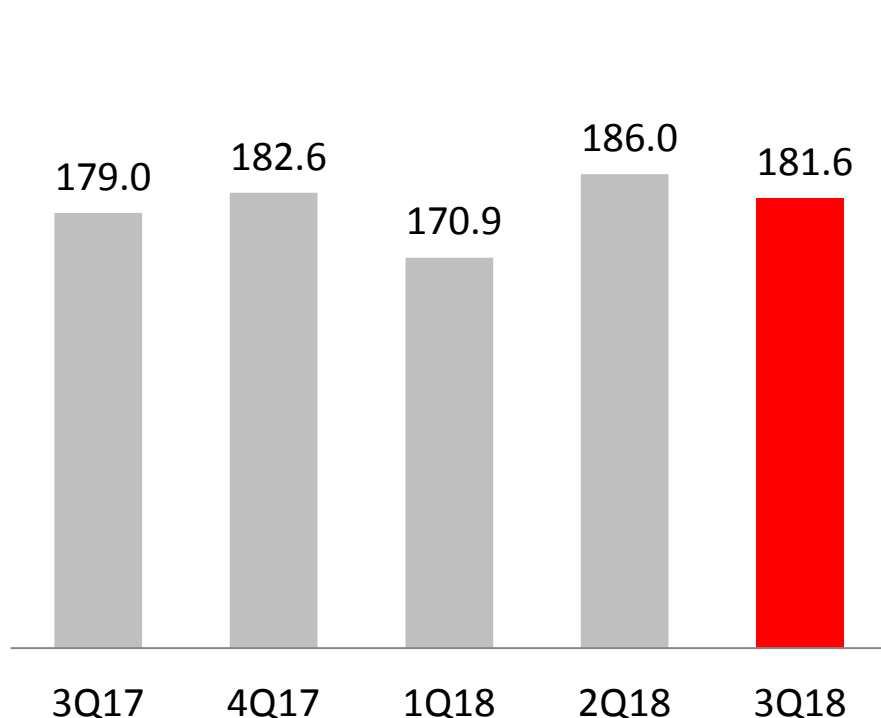
Ch\$ bn	9M18	YoY	QoQ
Credit card fees	30.8	30.6%	(13.1%)
Debit & ATMs fees	11.4	(28.8%)	(26.1%)

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

## Improving our efficiency

### Operating Expenses

Ch\$bn



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



## 3 objectives for healthy growth / higher profitability

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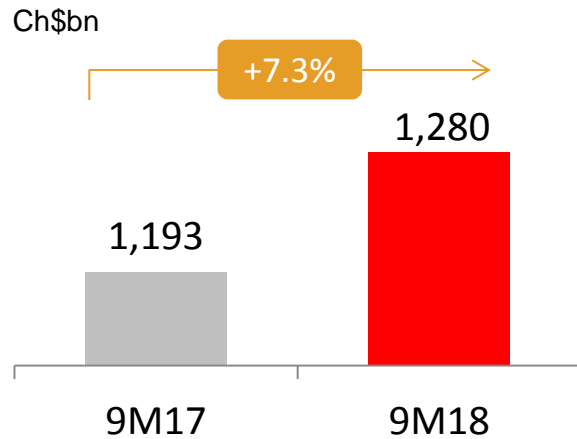
III



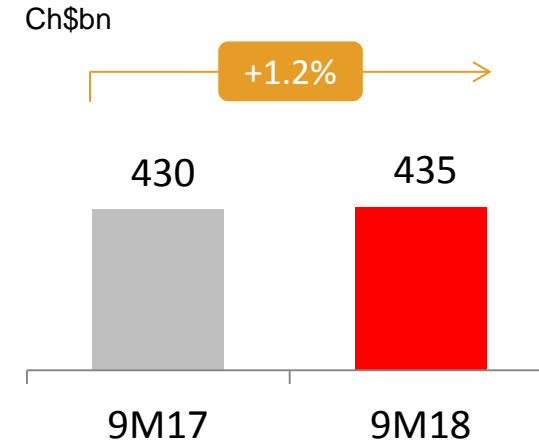
**Optimizing profitability and capital use to increase shareholder value in time**

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

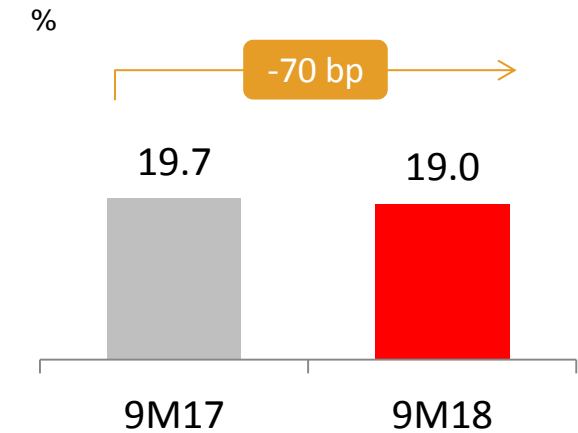
### NII + Fees



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









### ROE



## Growing income before tax above the competition

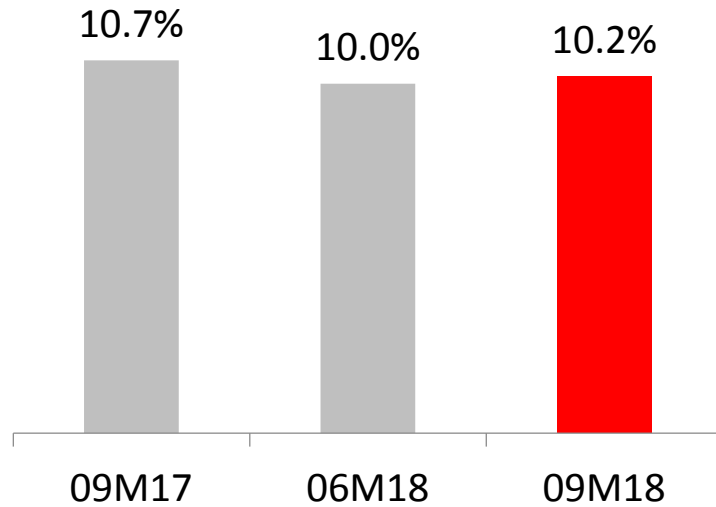
### ROE

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

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

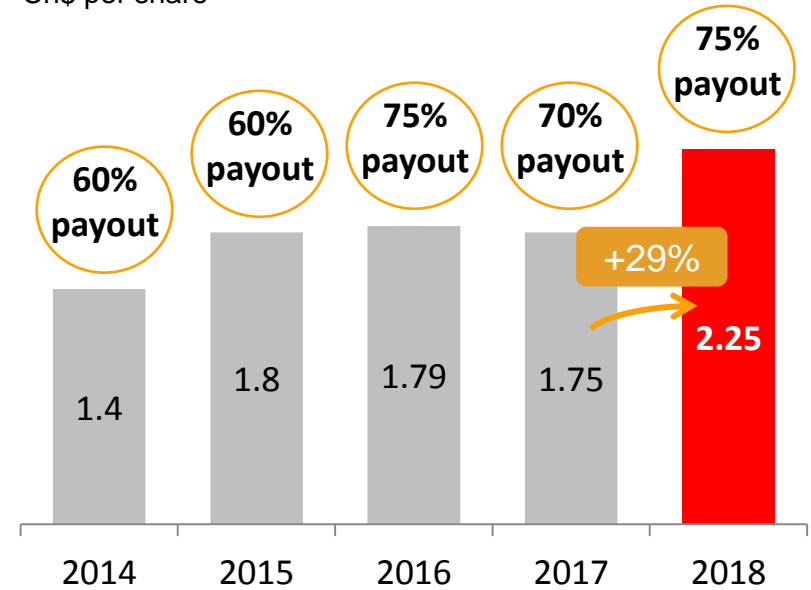
## Sustainable capital ratios

### Core capital



### Dividend per share

Ch\$ per share

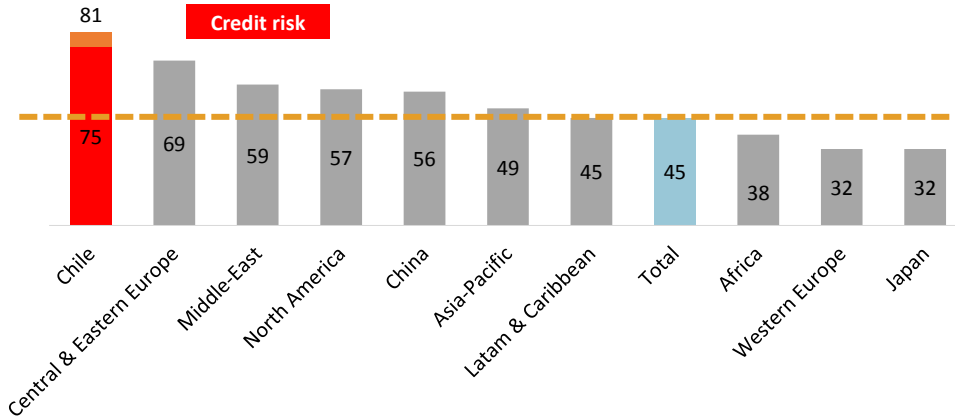


Payout of 60-70% over 2018 earnings expected<sup>1</sup>

# Strategy: III. Optimizing profitability and capital

## New banking regulation will implement BIS III in Chile

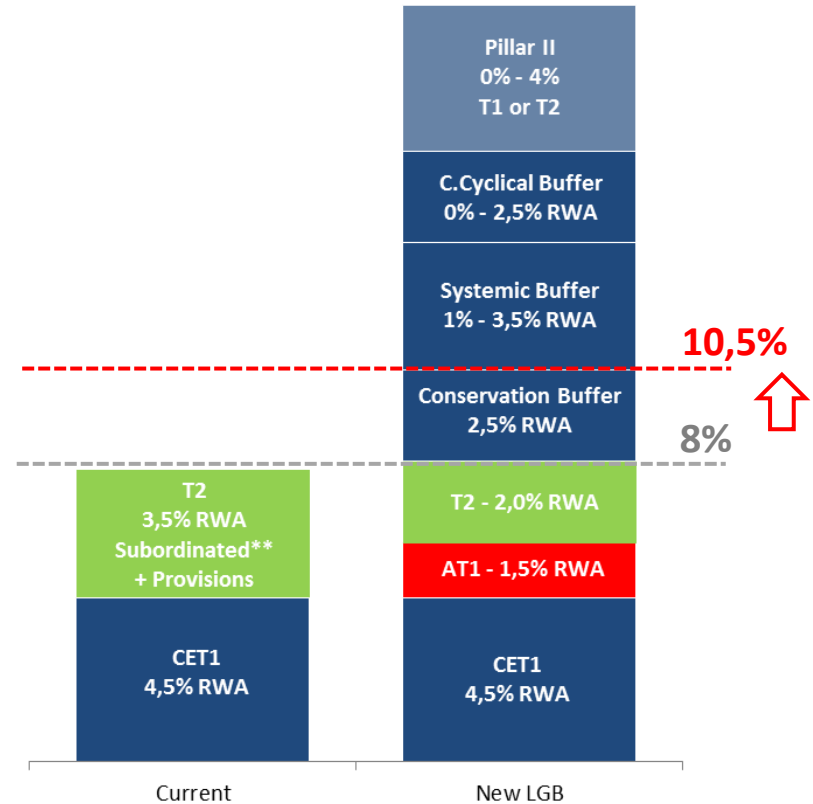
### RWA Density Worldwide\*



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

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

### Introducing new capital requirements



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

# Agenda

**Macro-economic environment**

**Strategy and results**

**Outlook**

## Sound outlook for 2019

- ✓ We maintain a positive view on the economy. GDP growth estimate of 3.5% in 2019
- ✓ Inflation expectations rise to ~3% for 2019 with short-term rates rising 75bp
- ✓ Estimated loan growth of 8-10% with growth accelerating in higher yielding retail loans
- ✓ Core revenue growth driven by higher client loyalty and strong push forward in our *phygital* strategy
- ✓ Recurring cost of credit of 1.0% with stable asset quality. New provisioning requirement for commercial loans analyzed on a group basis ~18bp in terms of cost of credit
- ✓ Efficiency ratio 39.5%-40.0% led by improved productivity through digitalization

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**Recurring ROAE\* of 19.0 – 19.5% in 2019**

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

# Thank You.

Our purpose is to help people  
and business prosper.

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

**Simple Personal Fair**



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





# Annexes

## Unaudited Balance Sheet

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

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

## Unaudited YTD Income Statement

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

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

# Annexes

## Unaudited Quarterly Income Statement

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

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

# Annexes: Key Indicators

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

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

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

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

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

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

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

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

5. Provision expense annualized divided by average loans.