



2nd Quarter 2018 | Earnings Review Conference Call

Gabriel Moura
Chief Financial Officer

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August 1st, 2018

Itaú Corpbanca

ITCB MEMBER OF
LISTED **Dow Jones**
NYSE Sustainability Indices
In Collaboration with RobecoSAM

Agenda

1. 2Q'18 Results

2. Update on Retail Strategy

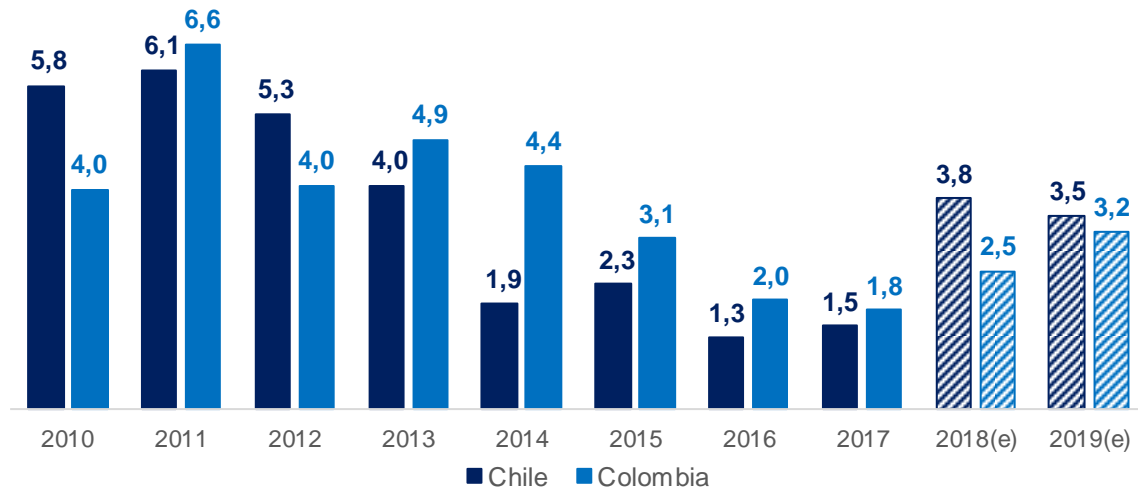
3. Next Steps

The Itaú logo is a blue rounded square with the word "Itaú" in yellow. It is positioned in the upper right corner of the slide, overlaid on a stylized world map composed of white dots. The map shows the Americas on the left and Europe/Africa on the right. Three orange squares are placed on the map over South America, and a white line connects them to the agenda items on the left.

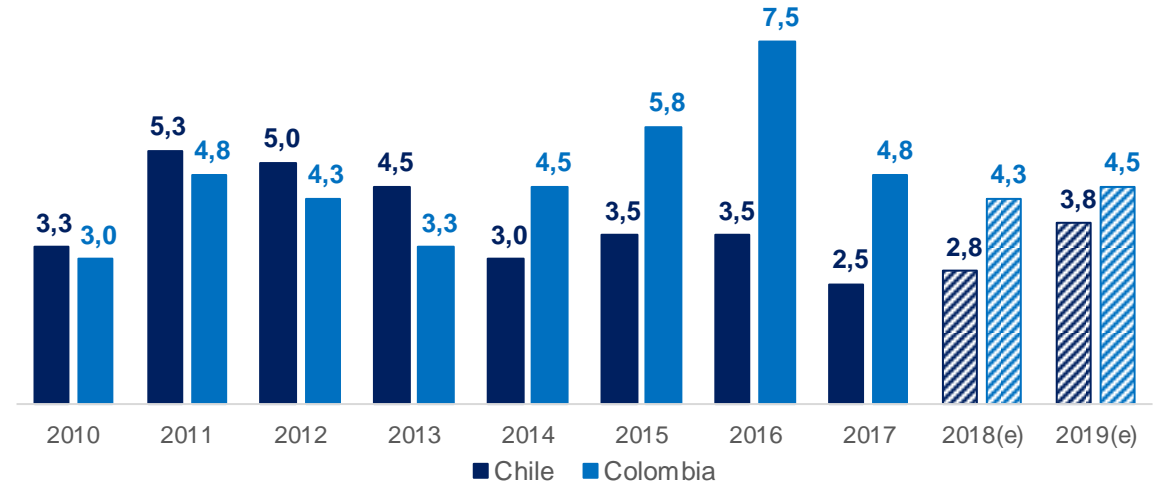
Itaú

Macroeconomic Backdrop

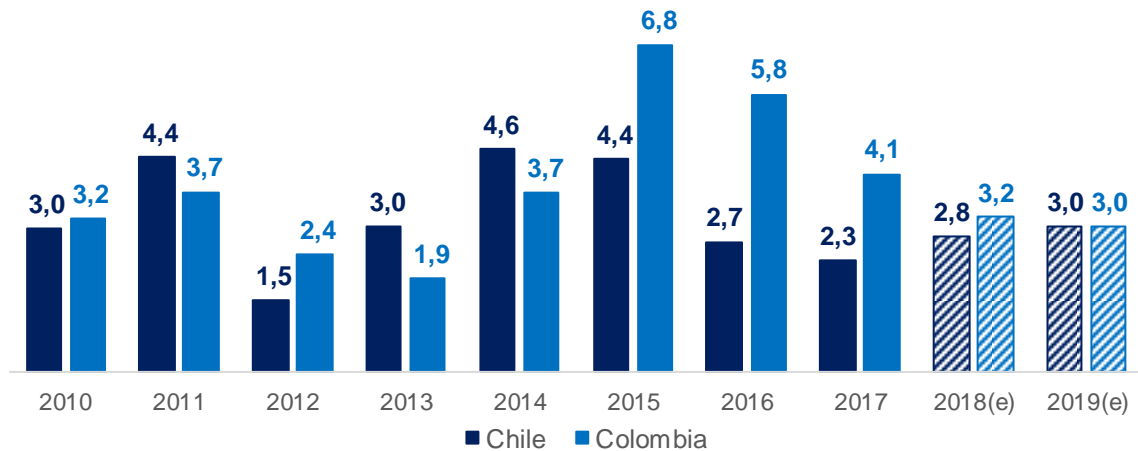
GDP Growth (%)



Interest Rates (EOP) - %



Inflation (CPI) - %



Exchange rates – CLP/USD & CLP/COP



Managerial Recurring Net Income (Reconciliation)

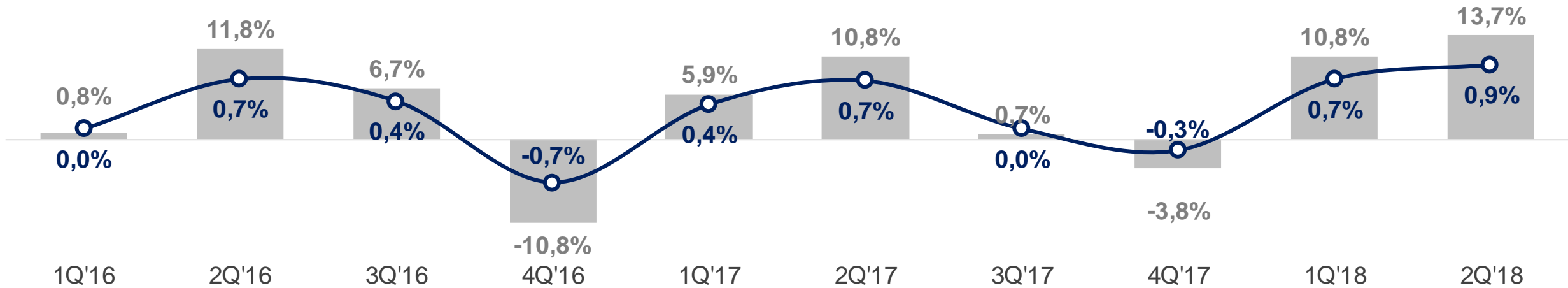
<i>in million of Chilean Pesos</i>	2Q'18	1Q'18	2Q'17	6M'18	6M'17
Net Income Attributable to Shareholders (Accounting)	57,937	42,760	64,607	100,697	89,021
(-) Non-Recurring Events	6,987	7,390	-15,088	14,377	-13,164
<i>(a) Restructuring costs</i>	-	588	893	588	2,259
<i>(b) Transaction costs</i>	1,376	1,439		2,815	-
<i>(c) SBIF fine</i>	-	-	-21,765	-	-21,765
<i>(d) Amortization of intangibles from business combinations</i>	8,626	8,510	8,692	17,136	17,381
<i>(e) Accounting adjustments</i>	-	-	-	-	-2,267
<i>(f) Sale / revaluation of investments in companies</i>	-	-	-	-	-3,145
<i>Tax effects</i>	-3,014	-3,147	-2,909	-6,162	-5,627
Recurring Net Income Attributable to Shareholders (Managerial)	64,924	50,150	49,519	115,074	75,857

Non-Recurring Events

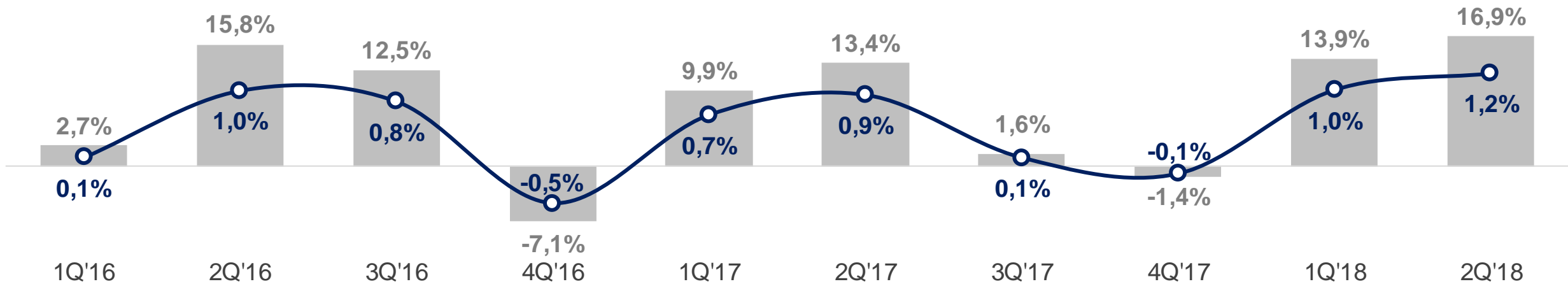
- (a) **Restructuring costs:** One-time integration costs.
- (b) **Transactions costs:** Costs related to the closing of the merger between Banco Itaú Chile and CorpBanca, such as investment banks, legal advisors, auditors and other related expenses.
- (c) **SBIF fine:** Fine imposed by the SBIF which, as instructed by the regulator, was accounted for as an expense impacting 2015 Net Income and once the Supreme Court ruled in our favor we proceeded to reverse such expense impacting 2017 Net Income.
- (d) **Amortization of Intangibles from business combinations:** Amortization of intangibles generated through business combination, such as customer relationships.
- (e) **Accounting adjustments:** Adjustments in light of new internal accounting estimates.
- (f) **Sale / revaluation of investments in companies:** the fiscal effect of the sale of SMU Corp in 2017.

Recurring RoTE / Recurring RoTA¹

RoTE / RoTA – Consolidated 



RoTE / RoTA – Chile 



■ Annualized Recurring Return on Average Equity (quarterly)

— Annualized Recurring Return on Average Assets (quarterly)

1 – Excludes Goodwill and intangibles assets from business combination.

Income Statement

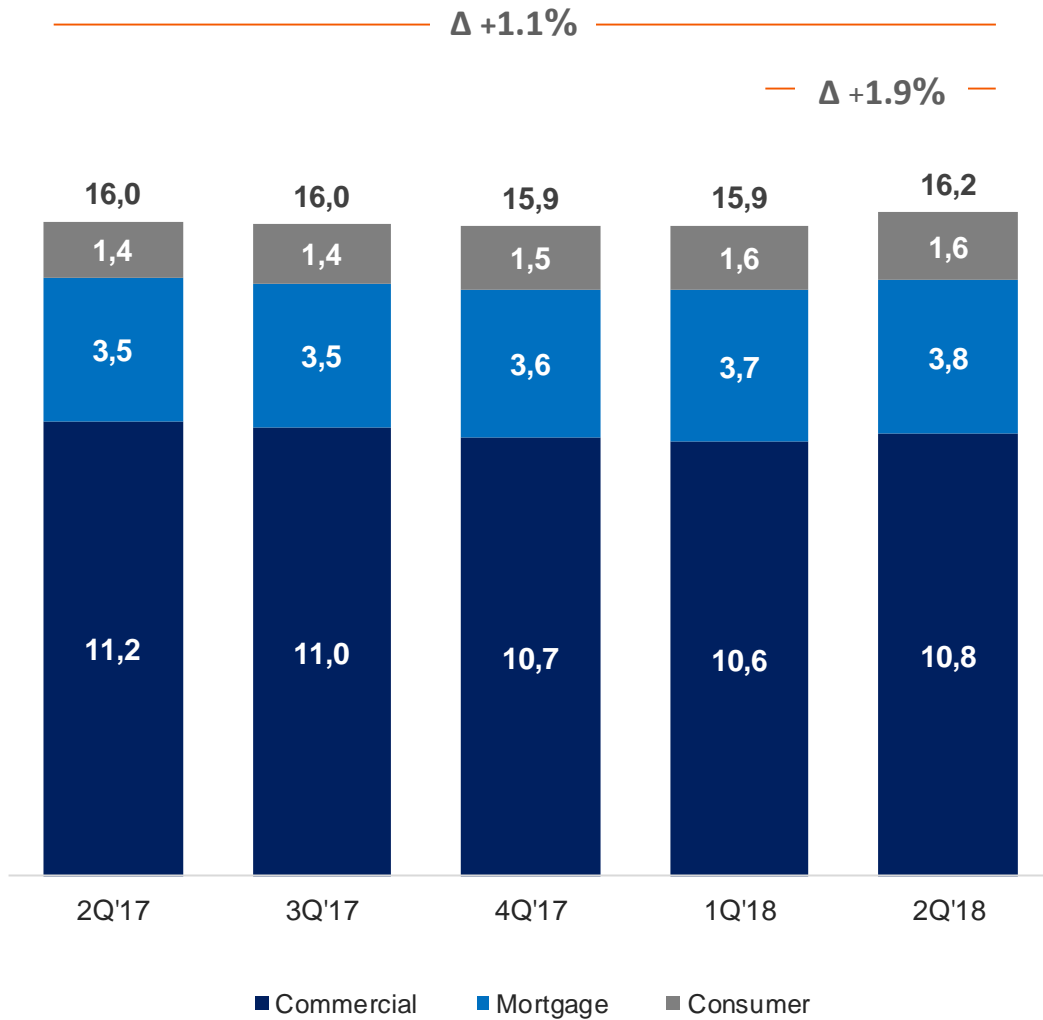


<i>in million of Chilean Pesos</i>	Change				Change				Change			
	2Q'18	1Q'18	%	\$	2Q'17	%	\$	1S'18	1S'17	%	\$	
Net interest income	144,135	134,088	7.5%	10,047	132,603	8.7%	11,532	278,222	261,910	6.2%	16,313	
Net fee and commission income	35,221	39,629	-11.1%	-4,408	30,762	14.5%	4,459	74,850	66,503	12.6%	8,347	
Total financial transactions, net	24,126	23,344	3.3%	782	8,361	188.6%	15,765	47,471	29,015	63.6%	18,455	
Other operating income, net	-5,946	821	-824.3%	-6,767	964	-716.6%	-6,910	-5,125	-2,813	82.2%	-2,312	
Net operating profit before credit & counterparty losses	197,536	197,882	-0.2%	-346	172,690	14.4%	24,846	395,418	354,615	11.5%	40,803	
Result from loan losses, net	-33,980	-30,705	10.7%	-3,275	-37,528	-9.5%	3,548	-64,685	-76,583	-15.5%	11,899	
CVA (ratings and collaterals effects)	7,981	352	n.m.	7,629	21,147	-62.3%	-13,167	8,333	15,681	-46.9%	-7,349	
Net operating profit	171,537	167,529	2.4%	4,007	156,309	9.7%	15,227	339,066	293,713	15.4%	45,353	
Operating expenses	-101,012	-105,527	-4.3%	4,515	-98,927	2.1%	-2,085	-206,538	-199,736	3.4%	-6,802	
Operating income	70,525	62,003	13.7%	8,522	57,382	22.9%	13,143	132,528	93,976	41.0%	38,551	
Income from investments in other companies	221	25	784.0%	196	264	-16.3%	-43	246	264	-6.8%	-18	
Income before taxes	70,746	62,028	14.1%	8,718	57,646	22.7%	13,100	132,774	94,240	40.9%	38,533	
Income tax expense	-7,421	-10,637	-30.2%	3,216	-9,469	-21.6%	2,048	-18,057	-11,782	53.3%	-6,275	
Net income attributable to shareholders	63,343	51,380	23.3%	11,963	48,208	31.4%	15,135	114,724	82,435	39.2%	32,288	

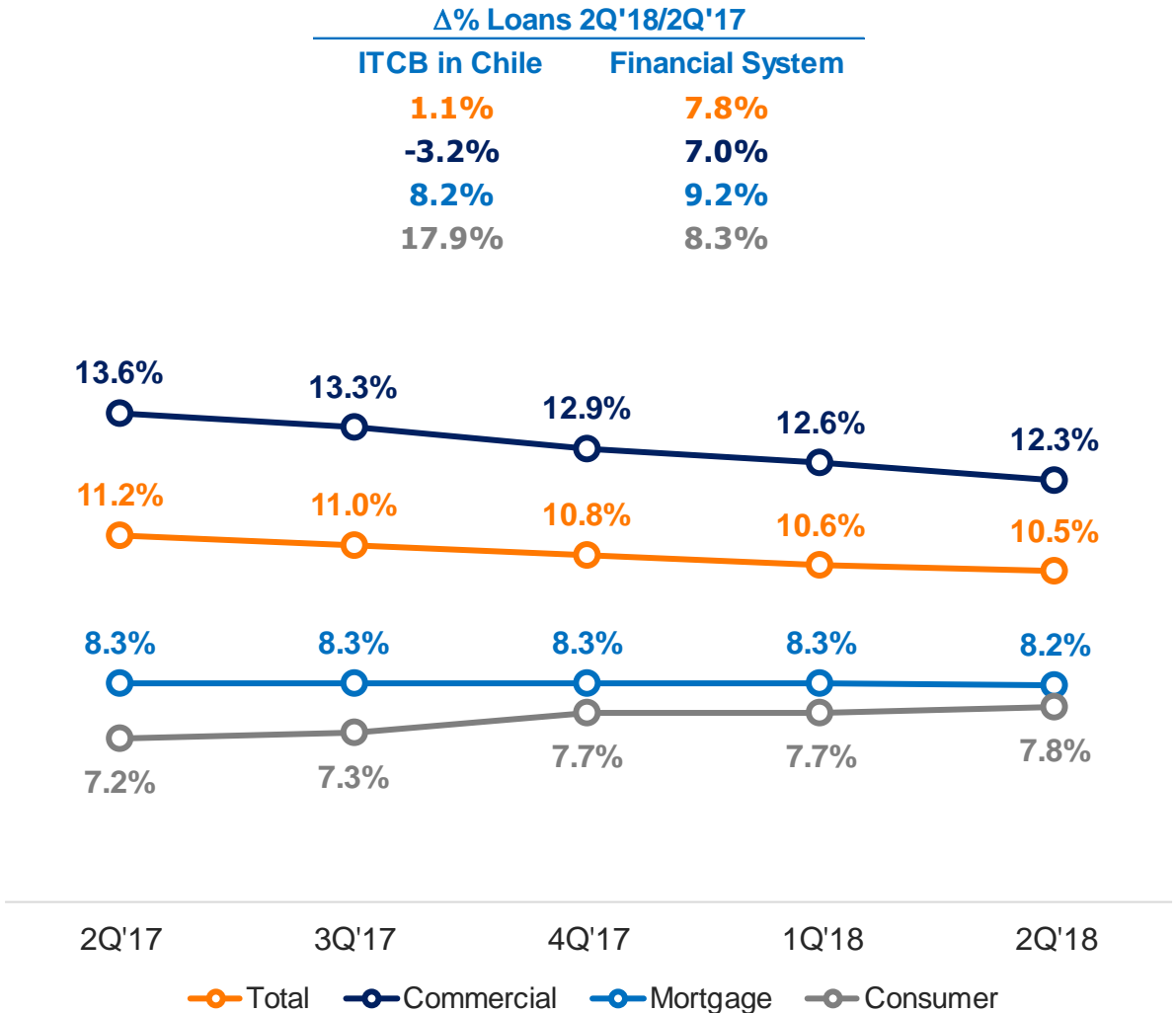
Loan Portfolio



Total Loans (CP\$ Trn)



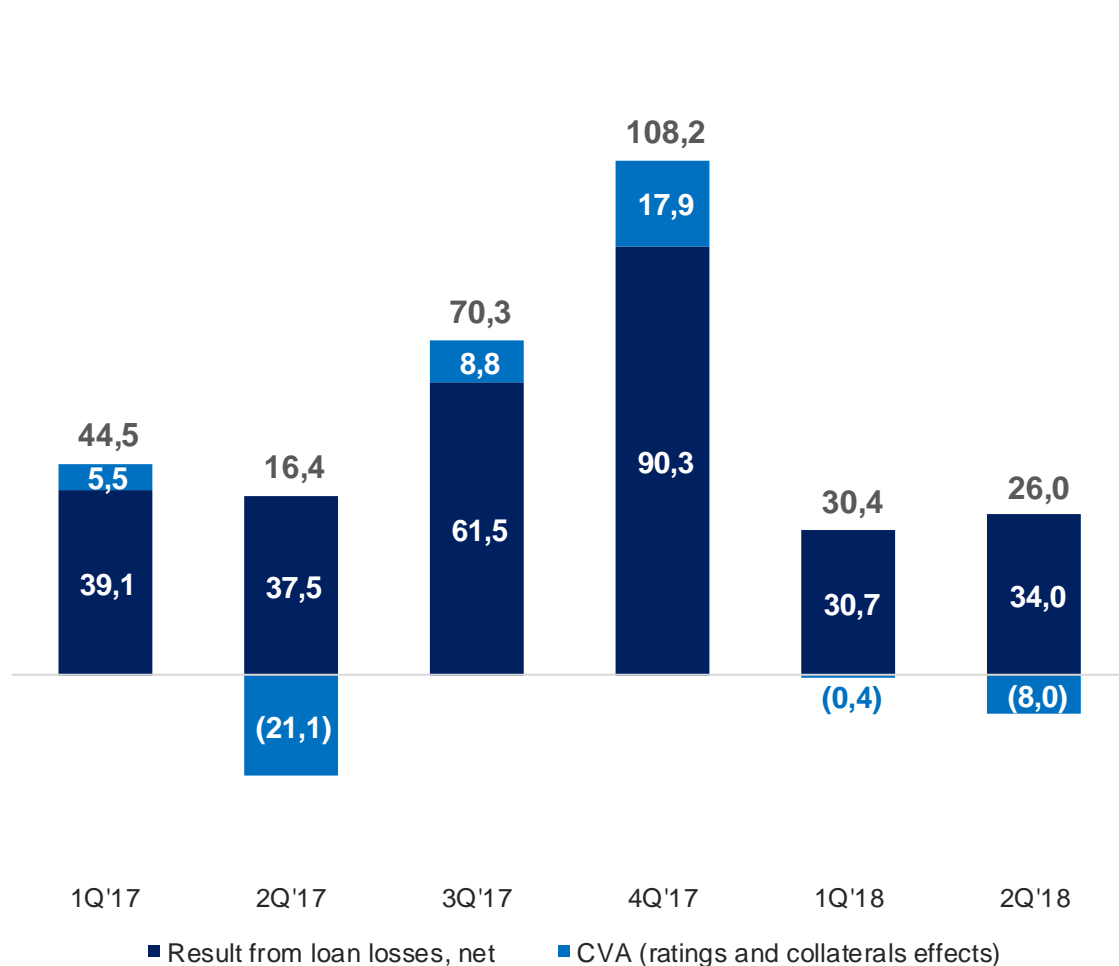
Market share



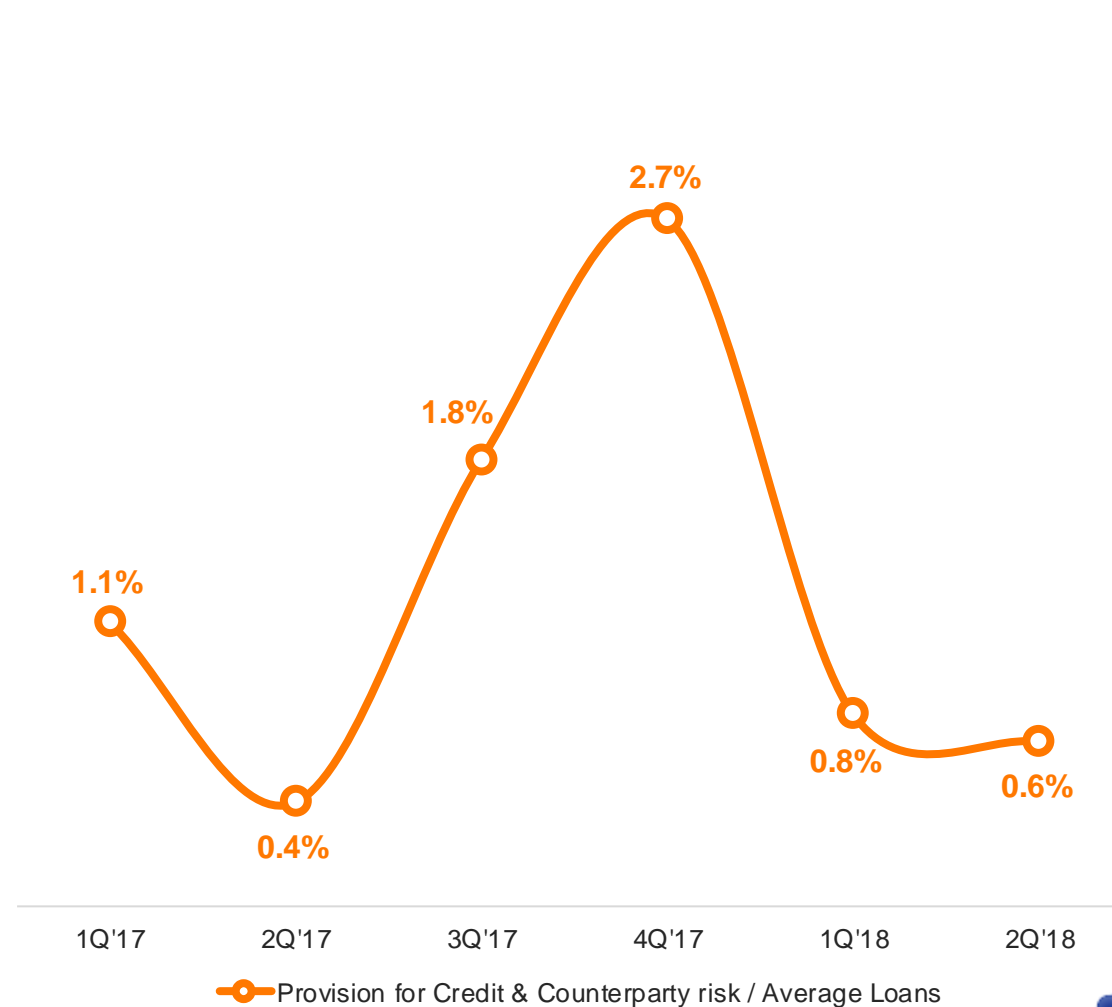
Net provision for credit & counterparty risks



Net provision for credit & counterparty risks (CLP Bln)



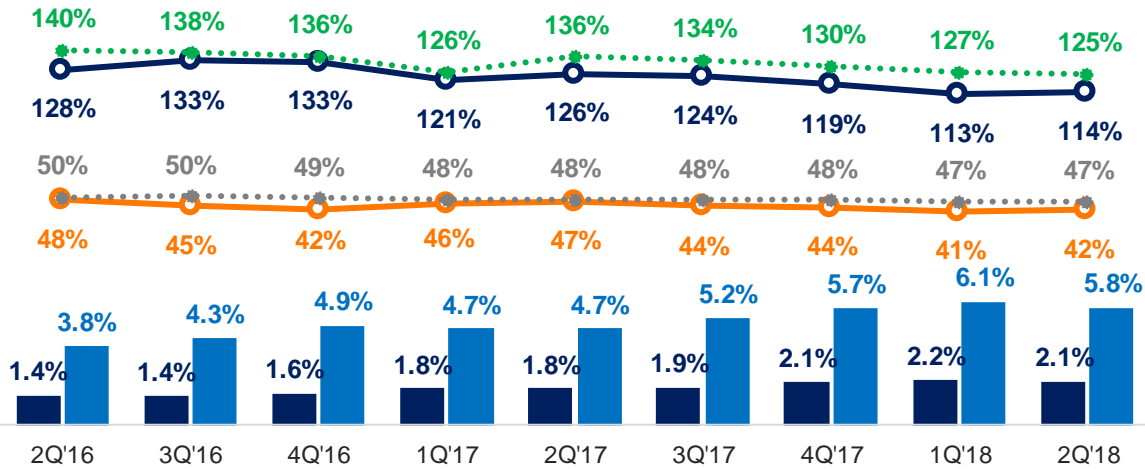
Net provision for credit & counterparty risk ratio (annualized)



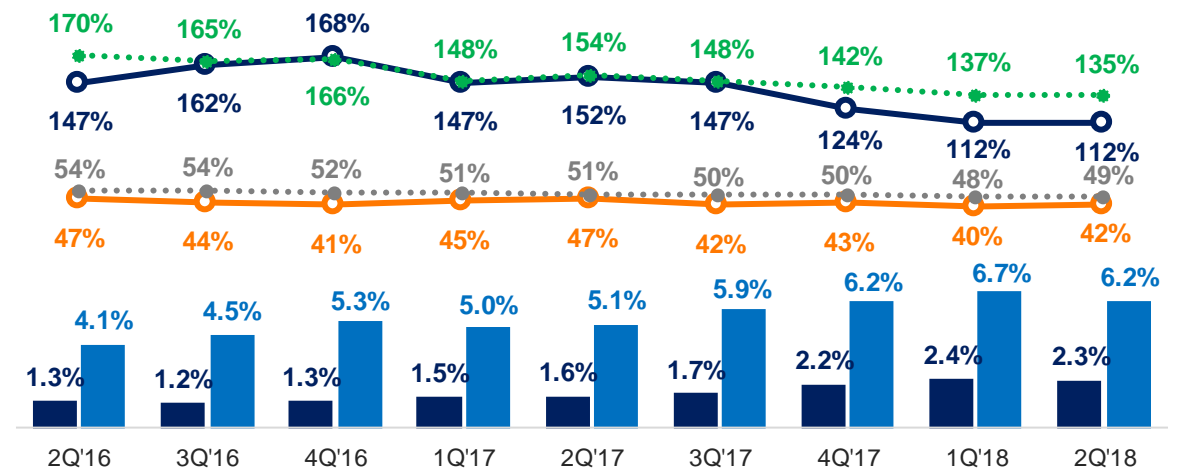
Credit Quality



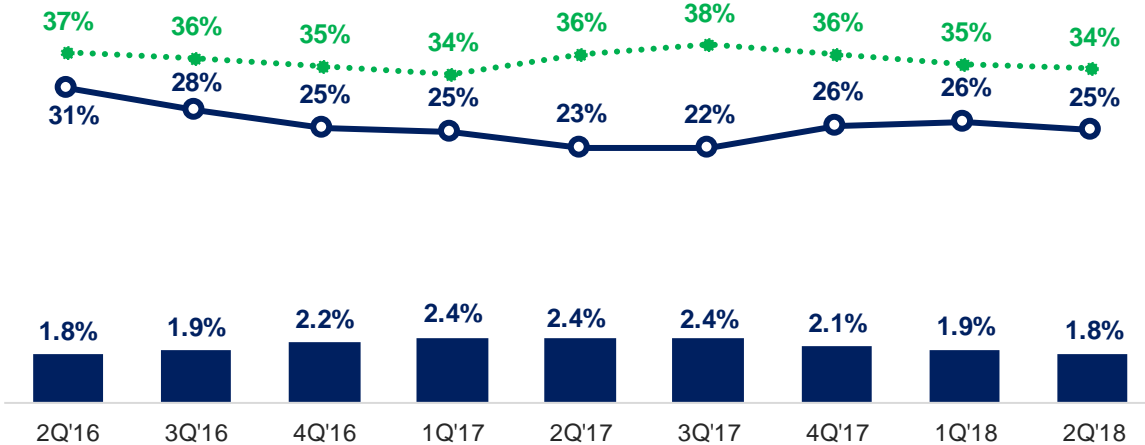
Total Loans



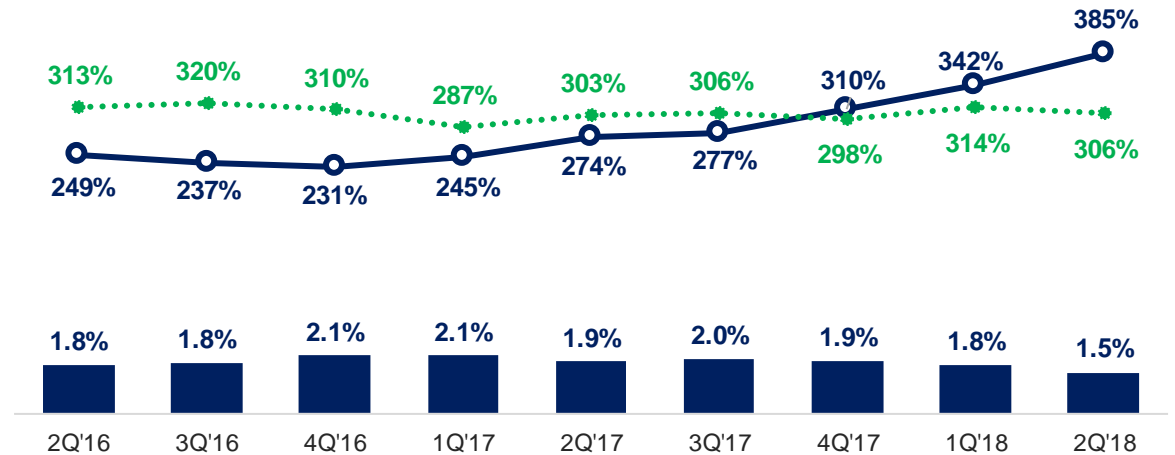
Commercial



Mortgage



Consumer



■ NPL90(%)
 ■ Cartera deteriorada (%)
 —○— NPL90 Coverage
 -.-●-.- NPL90 Coverage (Chilean Financial System)
 —○— Cobertura Cartera Deteriorada
 -.-●-.- Cartera Deteriorada coverage (Chilean Financial System)

Note: 'Cartera deteriorada' includes low-end of the substandard portfolio and the impairment portfolio, according to SBIF criteria.



Income Statement

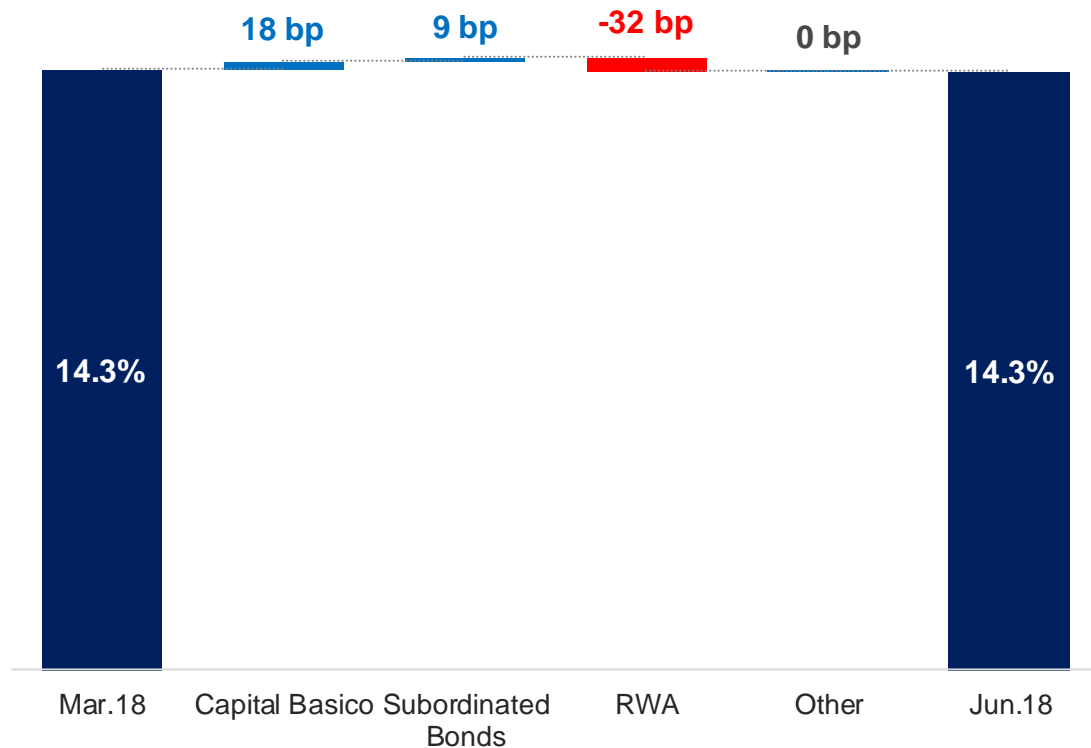


in million of Chilean Pesos - constant currency ¹	Change				Change			Change			
	2Q'18	1Q'18	%	\$	2Q'17	%	\$	1S'18	1S'17	%	\$
Net interest income	72.823	67.161	8,4%	5.663	55.597	31,0%	17.227	139.984	108.867	28,6%	31.117
Net fee and commission income	8.300	6.468	28,3%	1.831	9.921	-16,3%	-1.621	14.768	19.829	-25,5%	-5.061
Total financial transactions, net	3.098	5.483	-43,5%	-2.385	23.414	-86,8%	-20.316	8.582	41.590	-79,4%	-33.008
Other operating income, net	-533	-204	161,1%	-329	-1.775	-70,0%	1.242	-737	-5.200	-85,8%	4.463
Net operating profit before loan losses	83.688	78.908	6,1%	4.780	87.156	-4,0%	-3.467	162.597	165.085	-1,5%	-2.488
Result from loan losses	-32.380	-30.757	5,3%	-1.623	-31.322	3,4%	-1.058	-63.137	-68.654	-8,0%	5.517
Net operating profit	51.309	48.151	6,6%	3.157	55.834	-8,1%	-4.525	99.460	96.431	3,1%	3.029
Operating expenses	-50.093	-50.404	-0,6%	311	-51.160	-2,1%	1.067	-100.498	-100.761	-0,3%	263
Operating income	1.215	-2.253	-153,9%	3.468	4.673	-74,0%	-3.458	-1.038	-4.330	-76,0%	3.292
Income from investments in other companies	-8	1.288	-100,6%	-1.296	679	-101,2%	-687	1.280	862	48,4%	417
Income before taxes	1.207	-965	-225,1%	2.172	5.352	-77,4%	-4.145	242	-3.468	-107,0%	3.710
Income tax expense	3.014	4.744	-36,5%	-1.730	2.692	12,0%	322	7.758	7.307	6,2%	452
Net income	4.221	3.779	11,7%	442	8.044	-47,5%	-3.823	8.000	3.839	108,4%	4.162
(-) Minority Interests	-1.419	-1.268	11,8%	-150	-2.711	-47,7%	1.292	-2.687	-1.283	109,4%	-1.404
(-) Cost of hedge positions for Colombia	-1.168	-3.665	-68,1%	2.497	-4.136	-71,8%	2.968	-4.833	-9.266	-47,8%	4.434
Net income attributable to shareholders	1.634	-1.154	-241,7%	2.788	1.198	36,4%	437	481	-6.711	-107,2%	7.191
Currency conversion effects	-53	-77			112			-130	133		
Net income attributable to shareholders (nominal currency)	1.581	-1.231	-228,5%	2.812	1.310	20,7%	271	350	-6.578	-105,3%	6.928

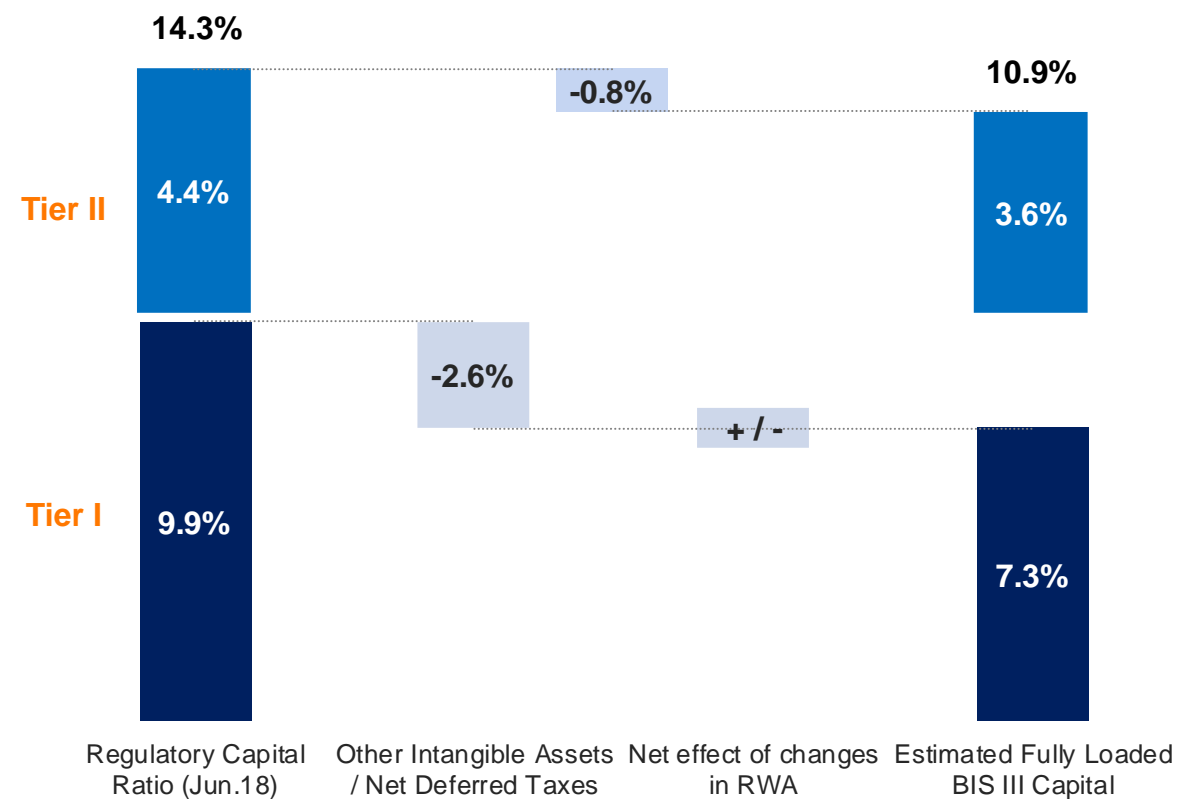
1 – Considers the elimination of foreign exchange variation, which is obtained by the application of the foreign exchange rate of June 30th, 2018 to all periods analyzed.

Regulatory Capital Ratio – Ley General de Bancos (LGB)

Regulatory capital ratio evolution (LGB)



Estimated¹ BIS III capital ratio (new LGB)



1 – Reflects our best estimate for the impact of the implementation of the new Banking Law in Chile. The actual impact depends on definitions still to be set by the Comision para el Mercado Financiero (CMF).

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Client Segmentation

Fully implemented **segmentation model** with well defined **identity** and **value proposition**, aimed at optimizing service level, **satisfaction** and **profitability** per client.

Branch profile in Chile

22 Itaú Personal Bank

122 Itaú Sucursales

55 Condell (*Consumer Finance*)

Individuals
By monthly income
(CLP MM)

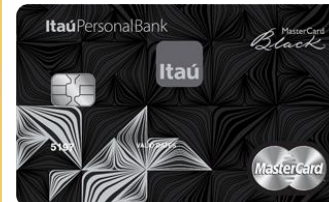
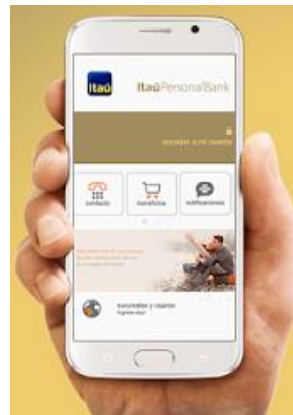
Private Bank
Investments > USD 1MM

Personal Bank
Over \$2.5

Itaú Branches
From \$0.6 to \$2.5

Condell
Up to \$0.6

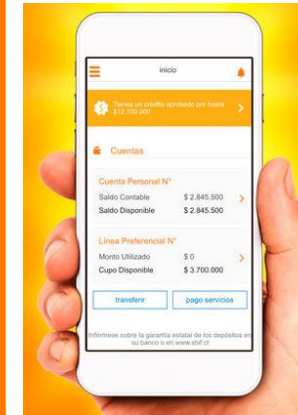
Itaú Personal Bank



Itaú Sucursales



Sucursal Itaú San Bernardo

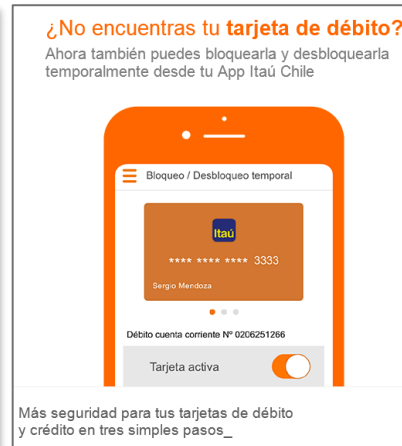


Client Experience, Digital Banking and Value Offer

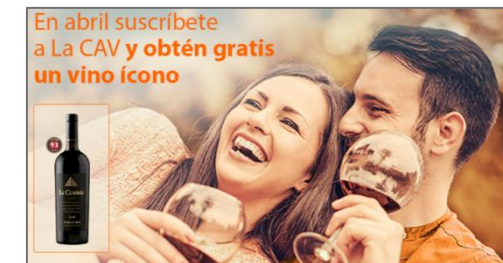
Continuous improvement of the look and feel of our digital channels.



Advancing with roll-out of new digital services and offerings. Executing a well defined pipeline of digital solutions.



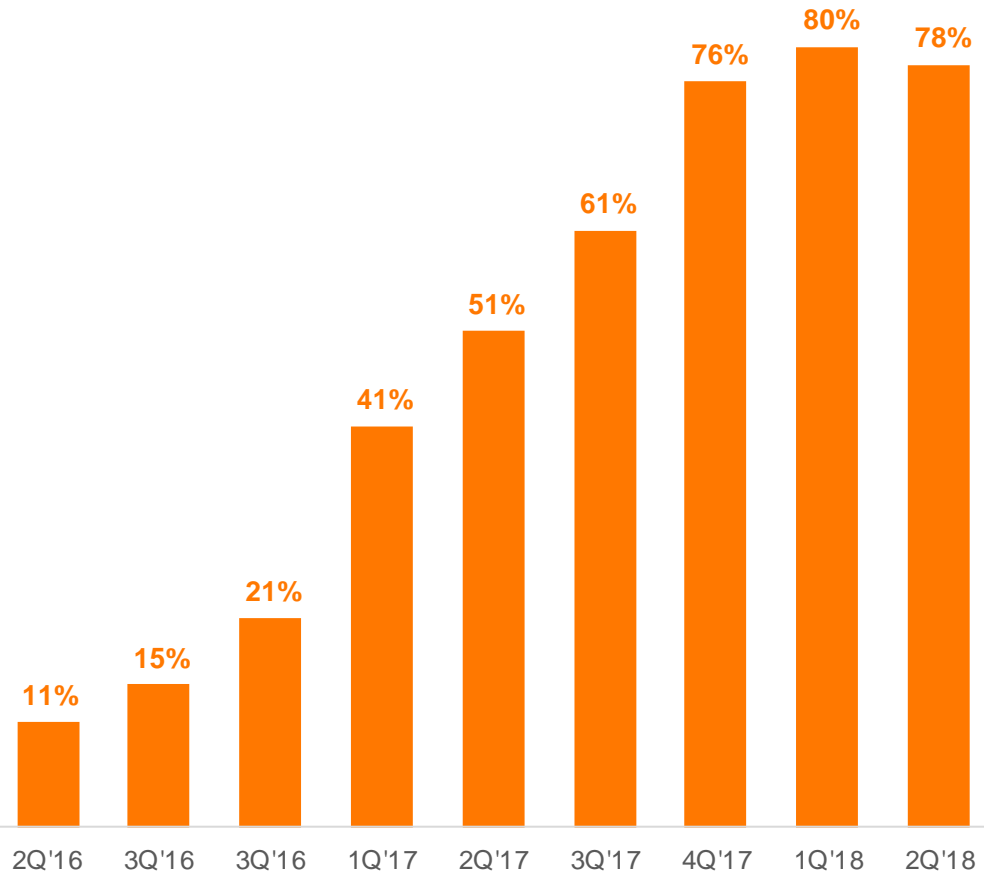
Review and improvement of benefits and offers linked to stronger transactionality and relationship.



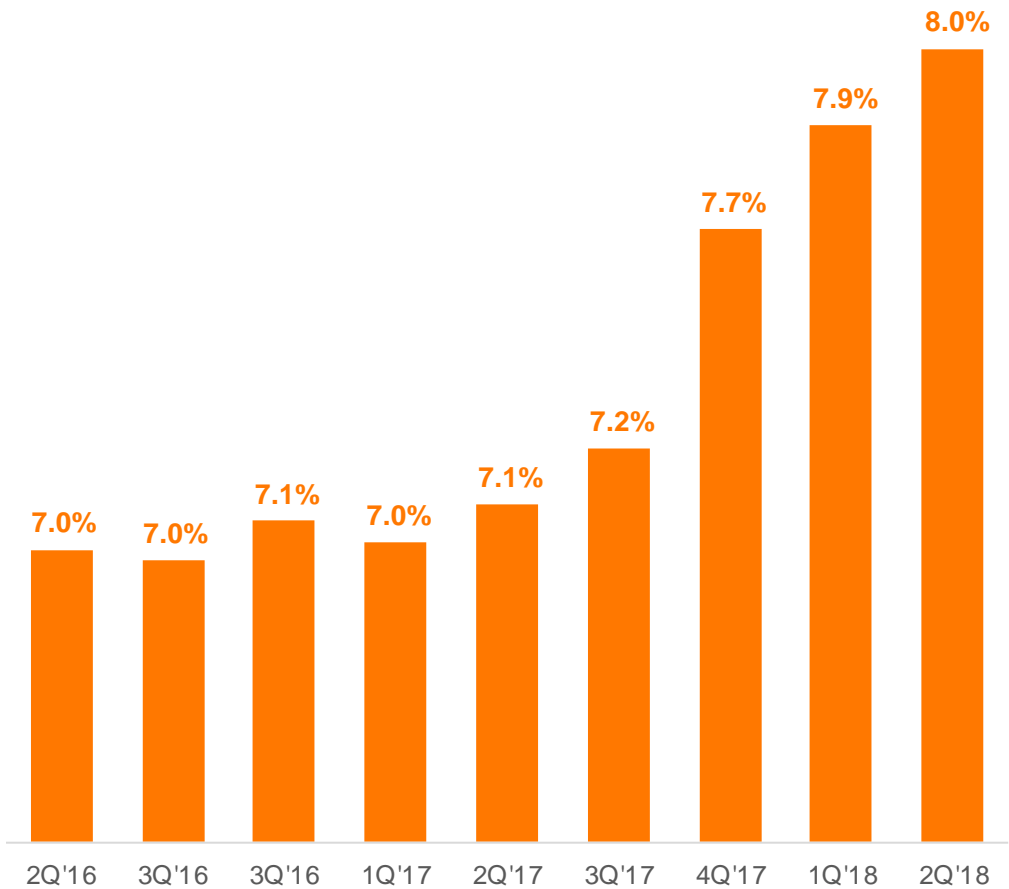
Improving Results on Retail Banking

Consumer installment loans

Share of sales (#) through **digital** vs. traditional channels



Market Share of Consumer Installment Loans



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- 3. Next Steps**

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Itaú

Next Steps

Chile

- Full focus on client satisfaction
- Focus on increasing and sustainable results
- Advance the technological integration and digital agenda 
- Strengthen our culture throughout the organization

Colombia

- Complete branch and client migration 
- Complete the technological integration 
- Implement retail and wholesale business strategies
- Strengthen our culture throughout the organization



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Disclaimers

Itaú CorpBanca is the entity resulting from the merger of Banco Itaú Chile (Itaú Chile) with and into CorpBanca on April 1, 2016 (“the Merger”). After the Merger, the surviving entity’s name changed to “Itaú CorpBanca”. The legal acquisition of Itaú Chile by CorpBanca is deemed a reverse acquisition pursuant to standard N° 3 of the International Financial Reporting Standards (or IFRS). Itaú Chile (the legal acquiree) is considered the accounting acquirer and CorpBanca (the legal acquirer) is considered the accounting acquiree for accounting purposes. Therefore, in accordance with IFRS after the date of the Merger, Itaú CorpBanca's historical financial information (i) reflects Itaú Chile - and not CorpBanca - as the predecessor entity of Itaú CorpBanca, (ii) includes Itaú Chile's historical financial information, and (iii) does not include CorpBanca's historical financial information.

Additionally, after the Merger our investment in SMU Corp S.A. (“SMU Corp”) was no longer considered strategic. Therefore the status of the investment changed to “available for sale” for accounting purposes. In 2016, our management estimated that the sale of Itaú CorpBanca’s investment in SMU Corp was highly likely¹. Therefore, in accordance with standard N° 5 of IFRS as of June 30, 2016 SMU Corp ceased to be consolidated in the Financial Statements of Itaú CorpBanca. SMU Corp was a joint venture with SMU S.A. —SMU is a retail business holding company controlled by CorpGroup— whose sole an exclusive purpose was the issuance, operation and management of “Unimarc” credit cards to customers of supermarkets associated with SMU.

In order to allow for comparison with previous periods, historical pro forma data of the consolidated combined results of Itaú Chile and CorpBanca deconsolidating our subsidiary SMU Corp S.A. (which is no longer considered strategic as of June 30, 2016) and excluding non-recurring events for the periods prior to the second quarter of 2016 is presented in this Management Discussion & Analysis report. The pro forma income statement has been calculated as if the Merger occurred on January 1, 2015. The pro forma information presented here is based on (i) the combined consolidated historical unaudited Financial Statements of each of CorpBanca and Banco Itaú Chile as filed with the “Superintendencia de Bancos e Instituciones Financieras” (“SBIF”), (ii) the deconsolidation of SMU Corp unaudited Financial Statements as filed with the SBIF and (iii) the exclusion of non-recurring events.

The pro forma combined financial information included in the MD&A Report is provided for illustrative purposes only, and does not purport to represent what the actual combined results of Itaú Chile and CorpBanca could have been if the acquisition occurred as of January 1, 2015.

1 – On January 30, 2017 Itaú CorpBanca announced the transfer of all of its shares in SMU Corp. S.A.