

# 1<sup>st</sup> Quarter 2017 | Earnings Review Conference Call

**Gabriel Moura**  
Chief Financial Officer

**Claudia Labbé**  
Head of Investor Relations



**Itaú Corpbanca**

May 2<sup>nd</sup>, 2017

# 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 likely<sup>1</sup>. 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.



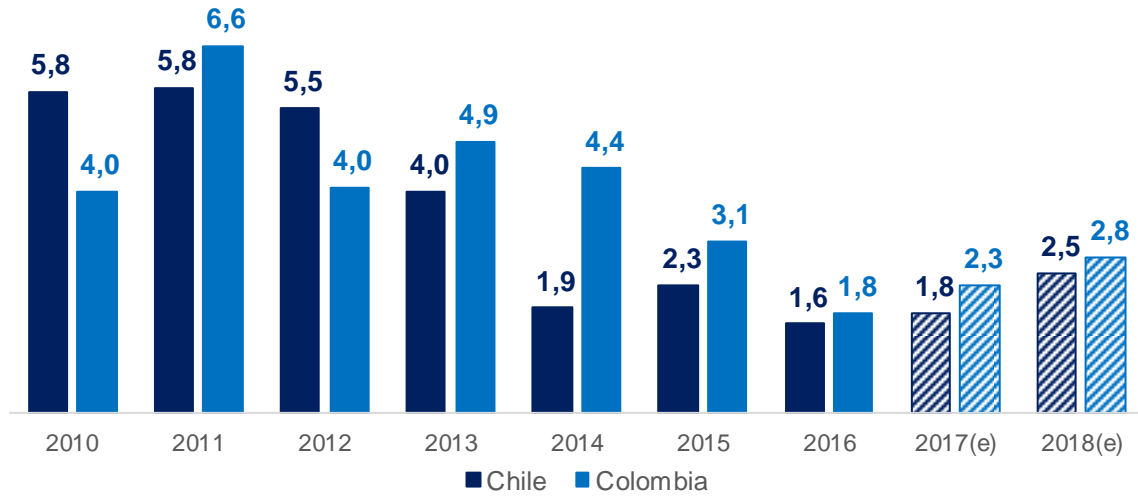


# Agenda

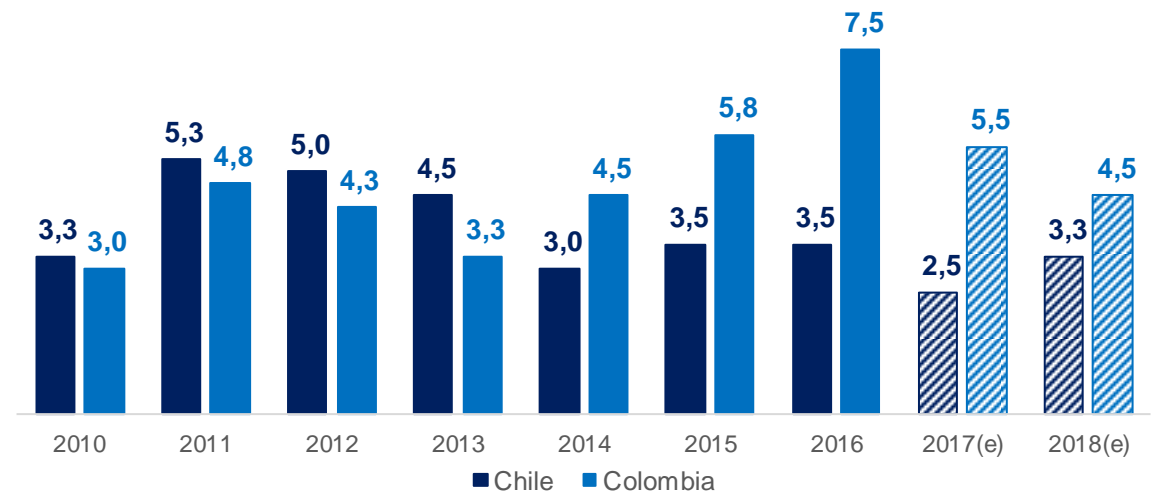
1. 1Q'17 Results
2. Next Steps

# Macroeconomic Backdrop

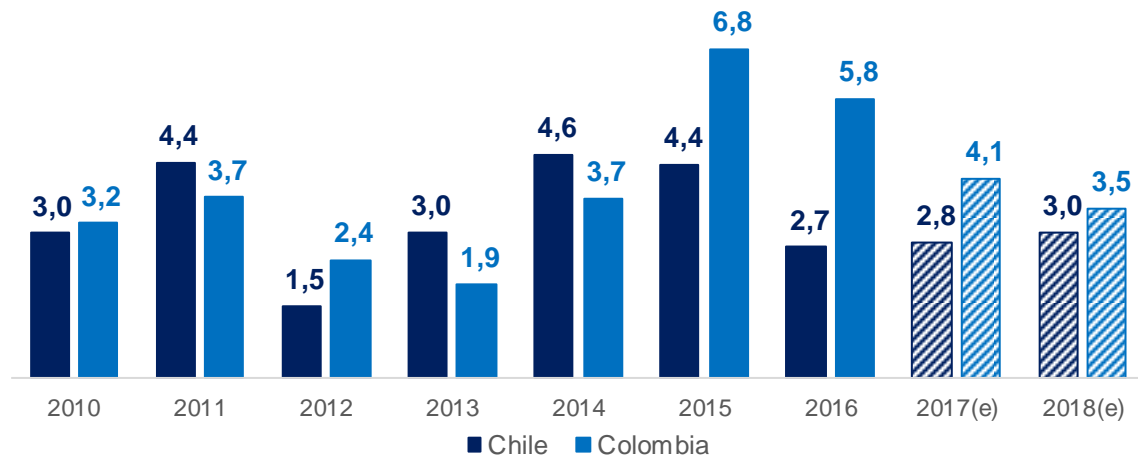
GDP Growth (%)



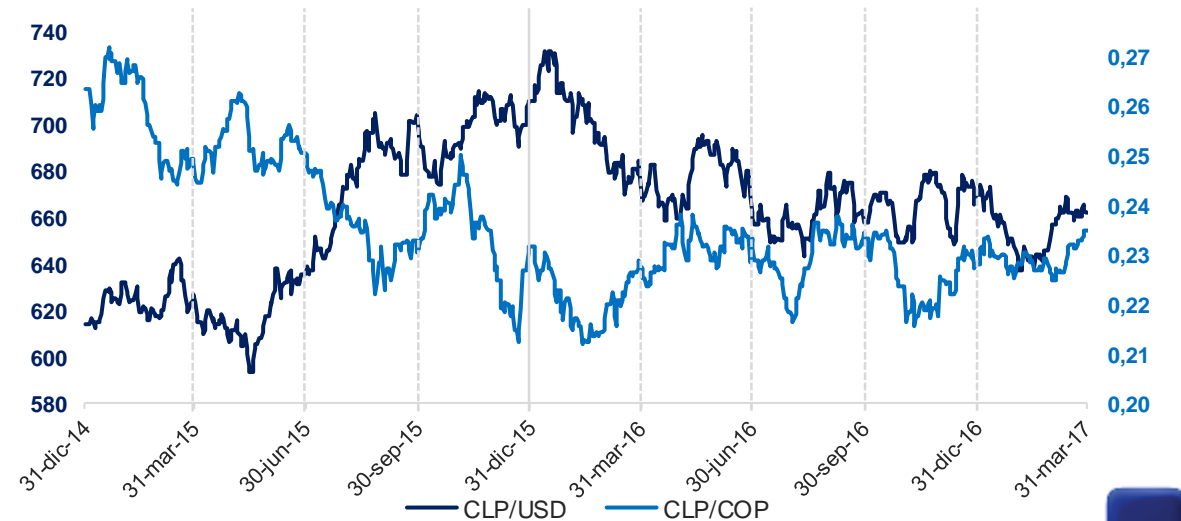
Interest Rates (EOP) - %



Inflation (CPI) - %



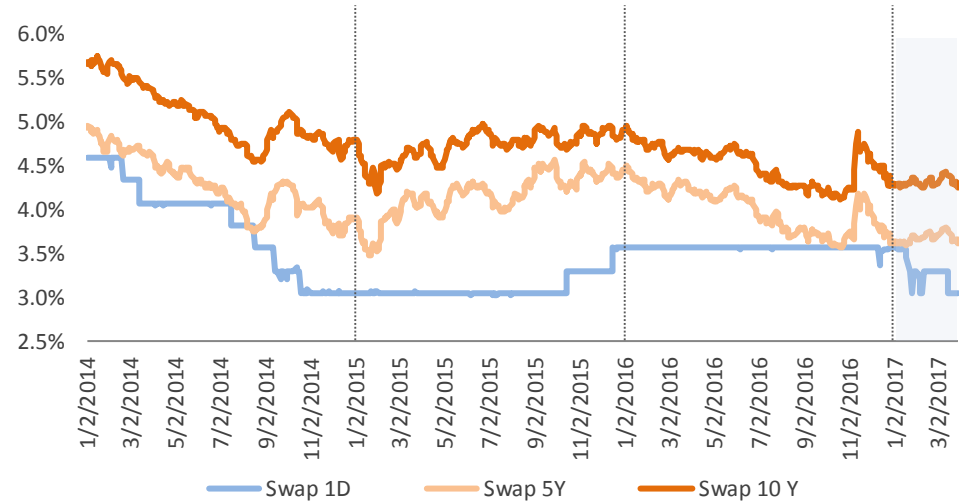
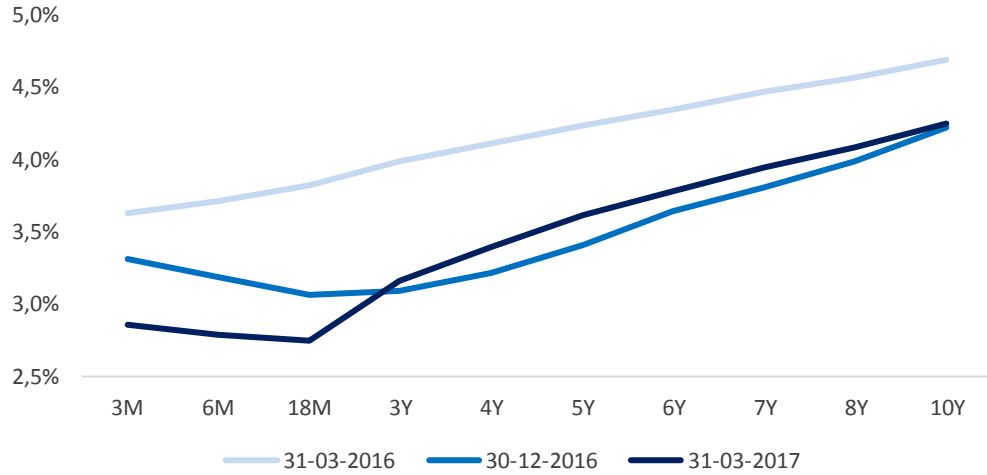
Exchange rates – CLP/USD & CLP/COP



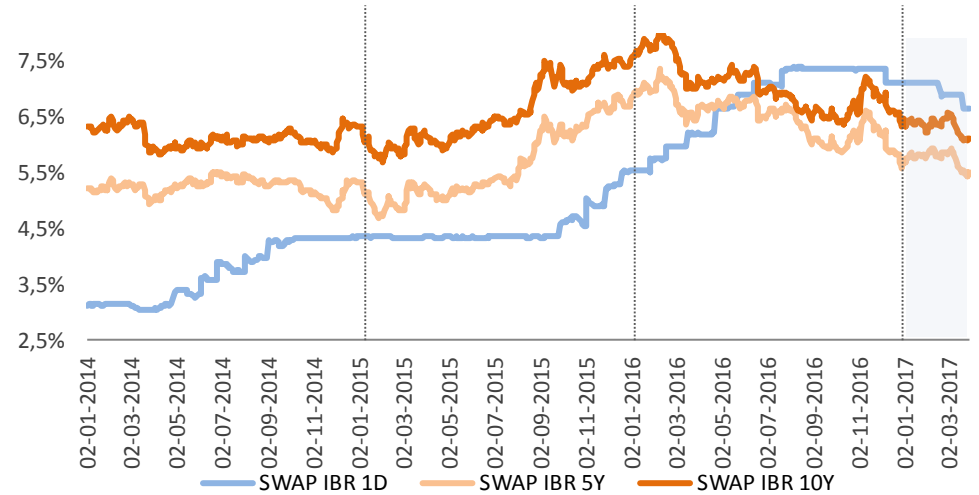
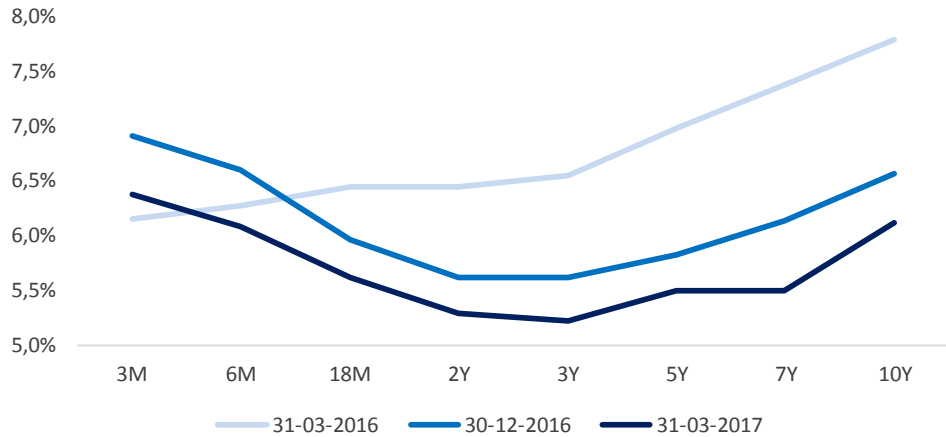
# Macroeconomic Backdrop



Interest Rate Swap curve



Interest Rate Swap curve



# Managerial Recurring Net Income (Reconciliation)

<i>in million of Chilean Pesos</i>	1Q'17	4Q'16	1Q'16	2017	2016
<b>Net Income Attributable to Shareholders (Accounting)</b>	<b>24,414</b>	<b>-51,862</b>	<b>6,138</b>	<b>24,414</b>	<b>6,138</b>
<i>(+) Pro Forma consolidation effects</i>	-	-	-25,939	-	-25,939
<b>Pro Forma Net Income Attributable to Shareholders</b>	<b>24,414</b>	<b>-51,862</b>	<b>-19,801</b>	<b>24,414</b>	<b>-19,801</b>
<b>(-) Non-Recurring Events</b>	<b>1,925</b>	<b>2,351</b>	<b>23,139</b>	<b>1,925</b>	<b>23,139</b>
<i>(a) Restructuring costs</i>	1,366	11,033	17,921	1,366	17,921
<i>(b) Regulatory / merger effects on loan loss provisions</i>	-	6,321	8,598	-	8,598
<i>(c) Loan loss provisions adjustments</i>	-	-29,764	-	-	-
<i>(d) Amortization of intangibles from business combinations</i>	8,690	8,725	3,265	8,690	3,265
<i>(e) Accounting adjustments</i>	-2,267	9,670	1,200	-2,267	1,200
<i>(f) Sale / revaluation of investments in companies</i>	-3,145	-1,505	-	-3,145	-
<i>Tax effects</i>	-2,718	-2,129	-7,844	-2,718	-7,844
<b>Recurring Net Income Attributable to Shareholders (Managerial)</b>	<b>26,339</b>	<b>-49,511</b>	<b>3,338</b>	<b>26,339</b>	<b>3,338</b>

## Non-Recurring Events

- (a) **Restructuring costs:** One-time integration costs.
- (b) **Regulatory / merger effects on loan loss provisions:** Effects of one-time provisions for loan losses due to new regulatory criteria in 2016 and additional provisions for overlapping customers between Itaú Chile and CorpBanca.
- (c) **Loan loss provisions adjustments:** Reversal of additional loan loss provisions to the regulatory minimum and provisions accounted through Price Purchase Allocation against Goodwill.
- (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:** Refers to the sale of the participation in Sifin S.A. in 2015 and the revaluation of our stake in Credibanco after its conversion into a joint-stock company in 2016, both in Colombia. In 2017 refers to the tax effect from the sale of SMU Corp S.A in Chile.

# Managerial Recurring Net Income (Reconciliation) – Chile and Colombia

*in million of Chilean Pesos*

	1Q'17	4Q'16	1Q'16	2017	2016
<b>Net Income Attributable to Shareholders (Accounting)</b>	<b>29,094</b>	<b>-50,065</b>	<b>6,138</b>	<b>29,094</b>	<b>6,138</b>
(+) <i>Pro Forma</i> consolidation effects	-	-	-26,677	-	-26,677
<b>Pro Forma Net Income Attributable to Shareholders</b>	<b>29,094</b>	<b>-50,065</b>	<b>-20,539</b>	<b>29,094</b>	<b>-20,539</b>
(-) Non-Recurring Events	3	17,936	22,322	3	22,322
(-) Costs of fiscal and economic hedges of the investment in Colombia	5,157	6,751	4,186	5,157	4,186
<b>Recurring Net Income Attributable to Shareholders (Managerial)</b>	<b>34,254</b>	<b>-25,377</b>	<b>5,969</b>	<b>34,254</b>	<b>5,969</b>

*in million of Chilean Pesos*

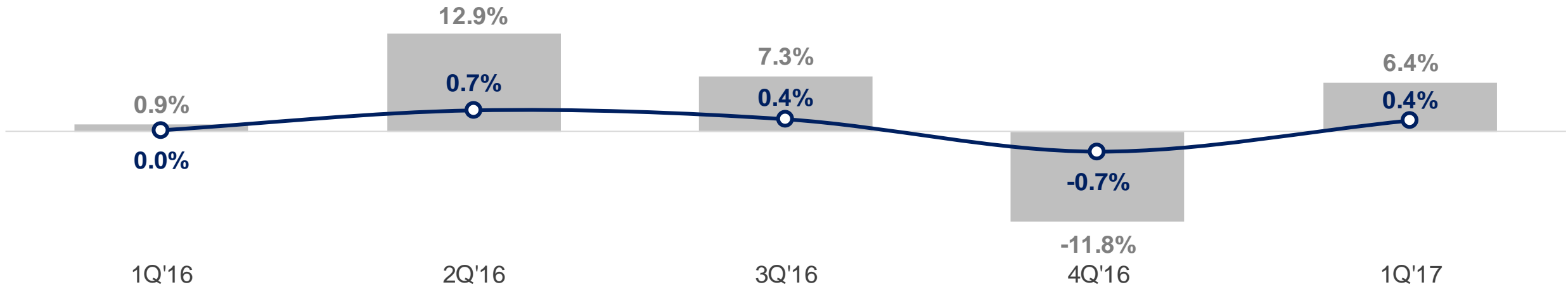
	1Q'17	4Q'16	1Q'16	2017	2016
<b>Net Income Attributable to Shareholders (Accounting)</b>	<b>-4,680</b>	<b>-1,797</b>	<b>-</b>	<b>-4,680</b>	<b>-</b>
(+) <i>Pro Forma</i> consolidation effects	-	-	738	-	738
<b>Pro Forma Net Income Attributable to Shareholders</b>	<b>-4,680</b>	<b>-1,797</b>	<b>738</b>	<b>-4,680</b>	<b>738</b>
(-) Non-Recurring Events	1,922	-15,585	817	1,922	817
(+) Costs of fiscal and economic hedges of the investment in Colombia	-5,157	-6,751	-4,186	-5,157	-4,186
<b>Recurring Net Income Attributable to Shareholders (Managerial)</b>	<b>-7,915</b>	<b>-24,134</b>	<b>-2,631</b>	<b>-7,915</b>	<b>-2,631</b>

## Managerial reclassifications:

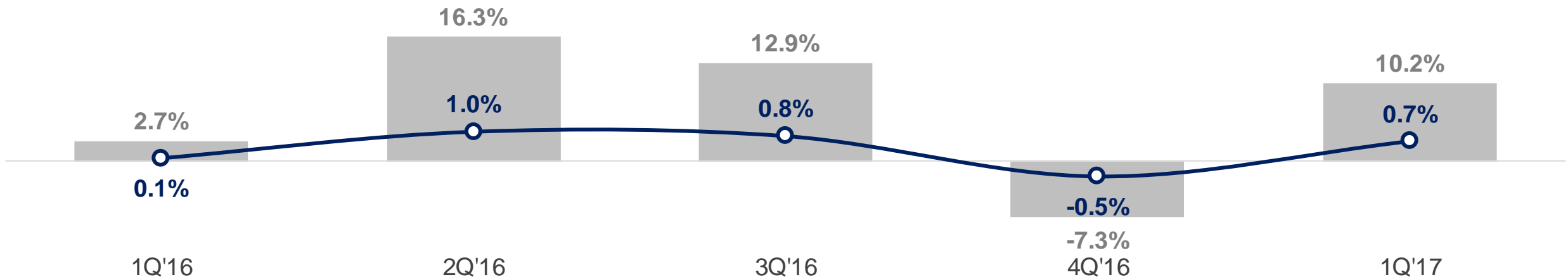
- (a) **Cost of Investment Hedge:** carry cost of the derivatives used for the economic hedge of the investment in Colombia booked in Chile.
- (b) **Cost of Fiscal Hedge:** cost of the derivative structure used for the fiscal hedge of the investment in Colombia booked in Chile.

# Recurring ROE / Recurring ROA<sup>1</sup>

ROE / ROA – Consolidated  



ROE / ROA – Chile 



■ Annualized Recurring Return on Average Equity (quarterly)    — Annualized Recurring Return on Average Assets (quarterly)

<sup>1</sup> – Excludes Goodwill and intangibles assets from business combination.



# Income Statement

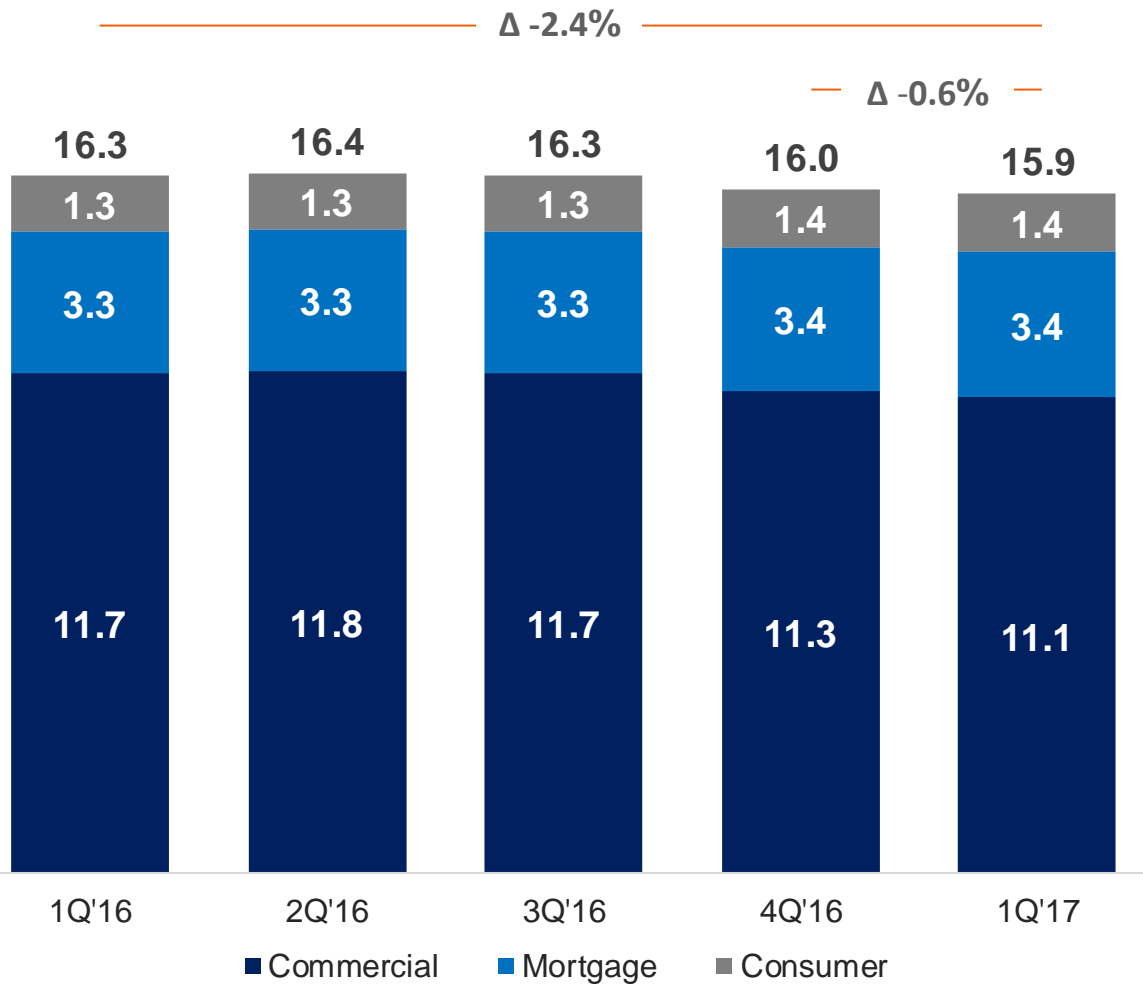


<i>in million of Chilean Pesos</i>	<b>1Q'17</b>	<b>4Q'16</b>	<i>Change</i>		<b>1Q'16</b>	<i>Change</i>	
			<i>%</i>	<i>\$</i>		<i>%</i>	<i>\$</i>
Net interest income	132,411	136,552	-3.0%	-4,141	134,205	-1.3%	-1,794
Net fee and commission income	32,117	31,637	1.5%	480	30,117	6.6%	2,000
Total financial transactions, net	12,120	-7,192	n.a.	19,312	919	1219.4%	11,202
Other operating income, net	-4,497	-4,191	7.3%	-306	-5,785	-22.3%	1,287
<b>Net operating profit before loan losses</b>	<b>172,151</b>	<b>156,805</b>	<b>9.8%</b>	<b>15,346</b>	<b>159,457</b>	<b>8.0%</b>	<b>12,694</b>
Provision for loan losses	-38,336	-89,143	-57.0%	50,807	-68,391	-43.9%	30,056
<b>Net operating profit</b>	<b>133,815</b>	<b>67,663</b>	<b>97.8%</b>	<b>66,153</b>	<b>91,065</b>	<b>46.9%</b>	<b>42,750</b>
Operating expenses	-97,185	-103,800	-6.4%	6,615	-95,992	1.2%	-1,193
<b>Operating income</b>	<b>36,630</b>	<b>-36,137</b>	<b>n.a.</b>	<b>72,767</b>	<b>-4,927</b>	<b>-843.4%</b>	<b>41,557</b>
Income from investments in other companies	0	106	n.a.	-106	2	n.a.	-2
<b>Income before taxes</b>	<b>36,630</b>	<b>-36,031</b>	<b>n.a.</b>	<b>72,661</b>	<b>-4,925</b>	<b>-843.7%</b>	<b>41,555</b>
Income tax expense	-2,322	10,678	n.a.	-13,000	10,922	n.a.	-13,244
<b>Net income</b>	<b>34,308</b>	<b>-25,353</b>	<b>n.a.</b>	<b>59,661</b>	<b>5,997</b>	<b>472.1%</b>	<b>28,312</b>
<b>Net income attributable to shareholders</b>	<b>34,254</b>	<b>-25,377</b>	<b>n.a.</b>	<b>59,631</b>	<b>5,969</b>	<b>473.9%</b>	<b>28,285</b>

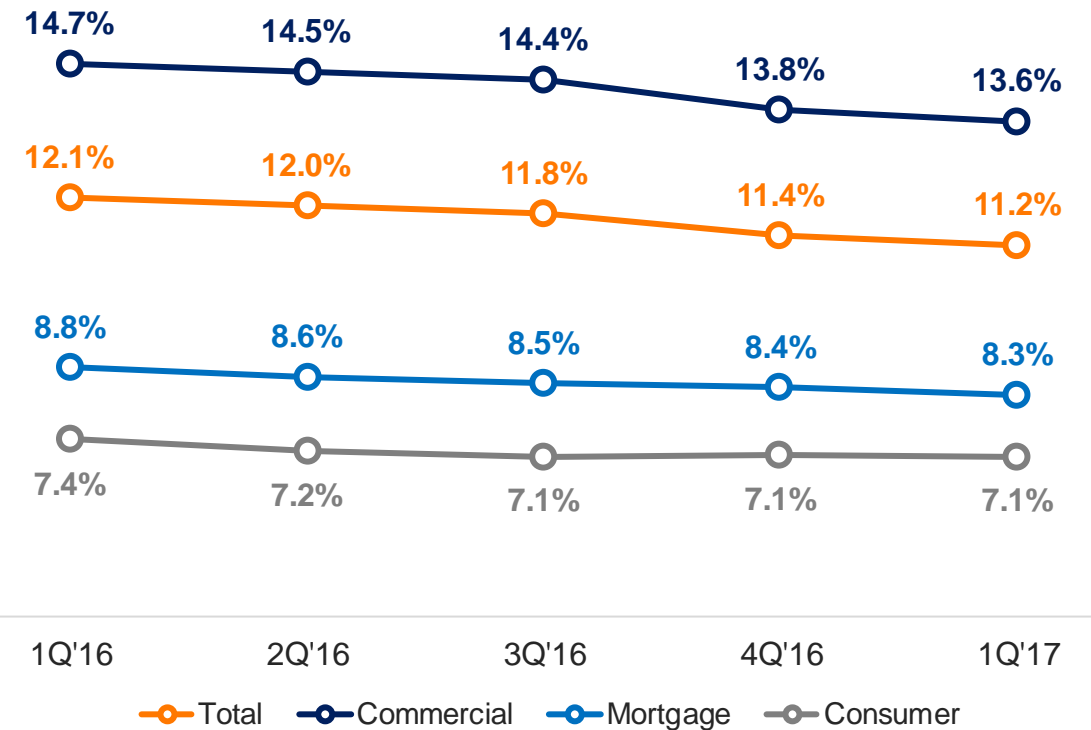
# Loan Portfolio



Total Loans (CP\$ Trn)



Market share

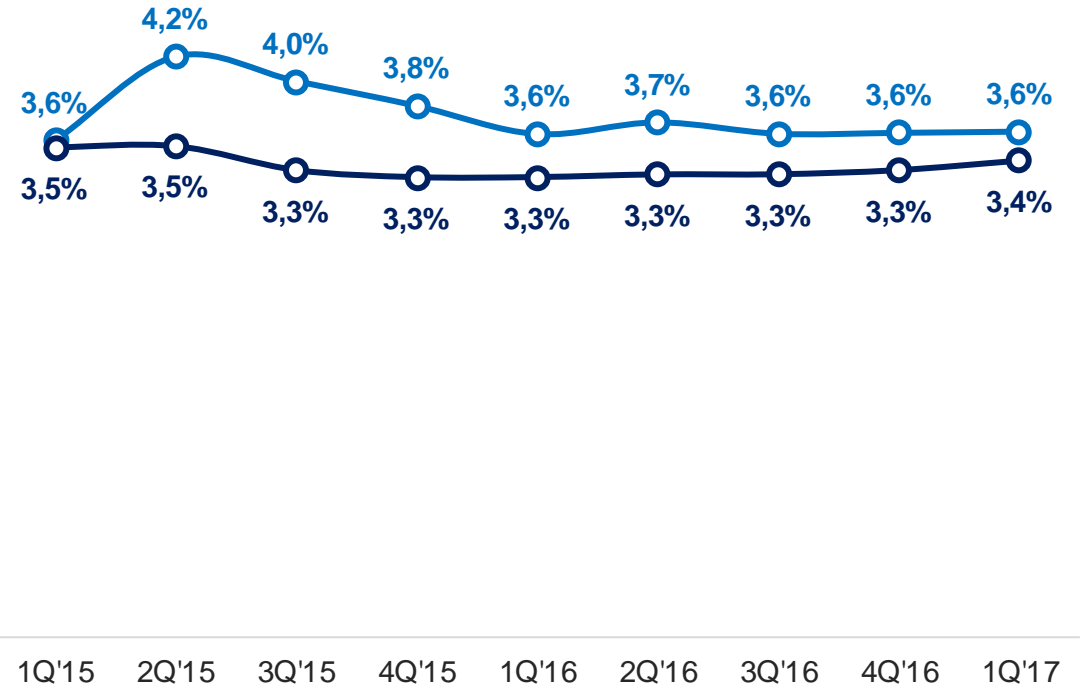
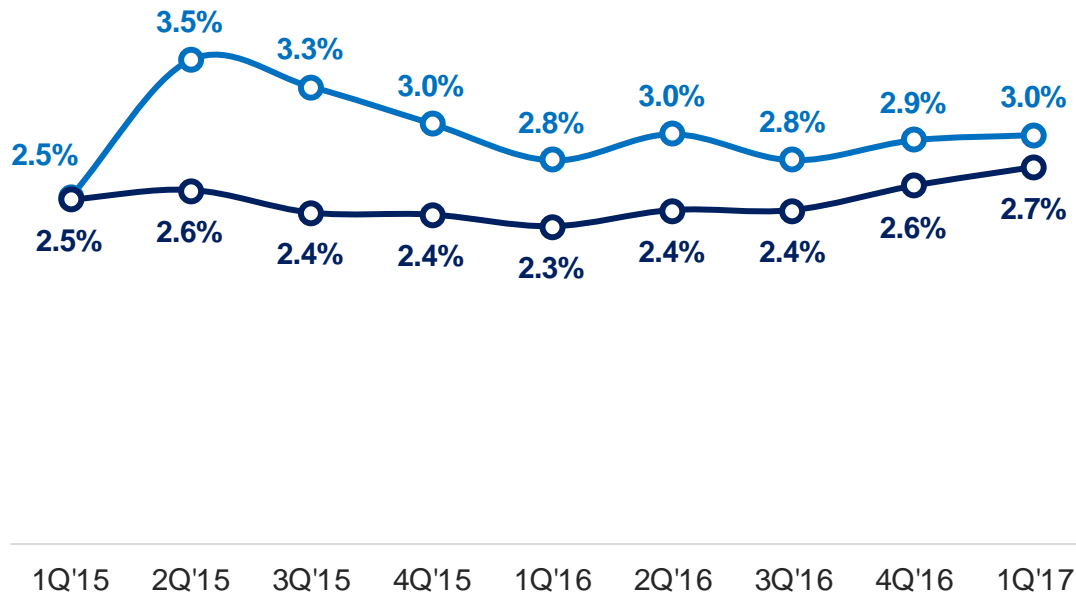


# Net Interest Margin



Itaú CorpBanca 

Chilean Financial System 



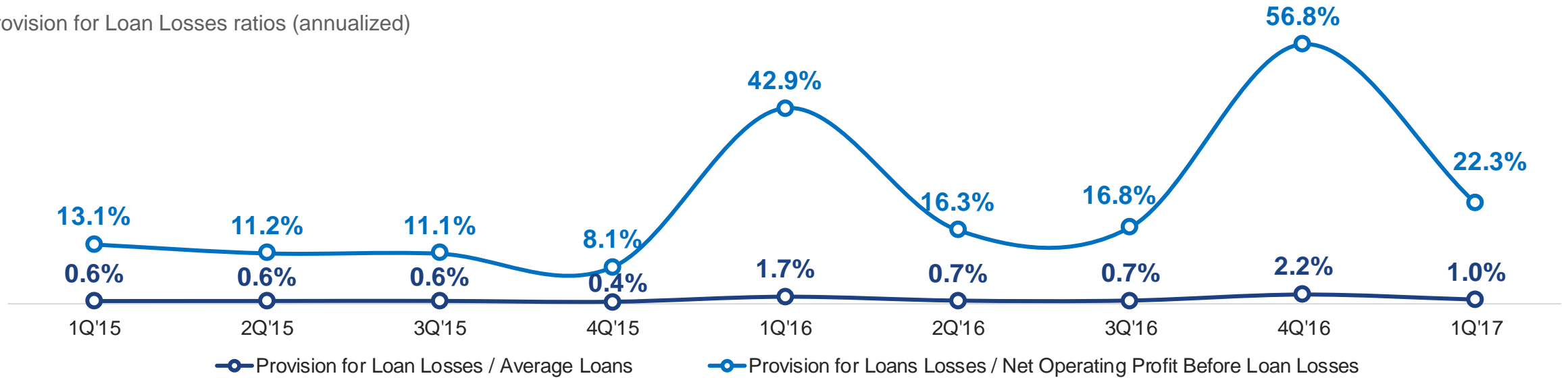
○ Net Interest Margin    
 ○ Net Interest Margin (ex Indexation)



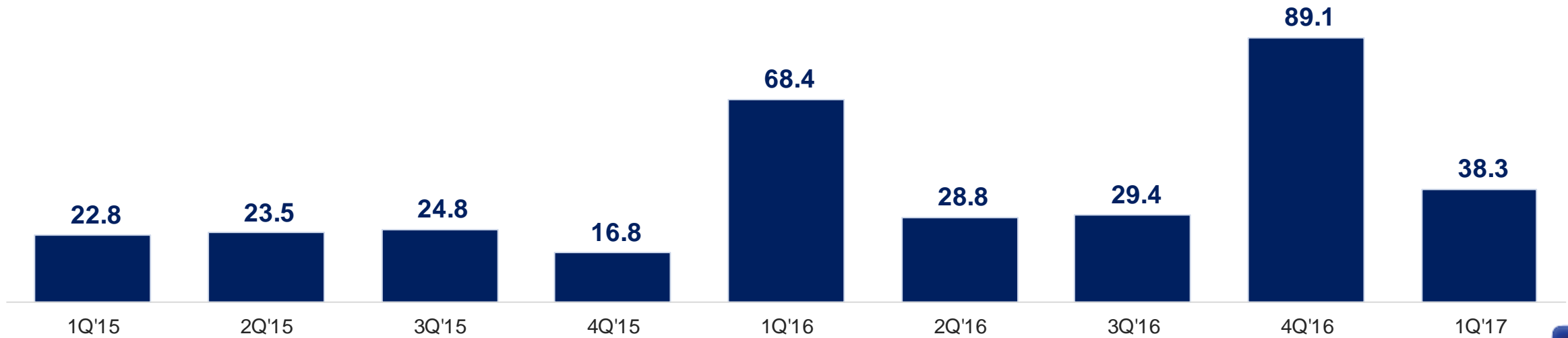
# Provision for Loan Losses



Provision for Loan Losses ratios (annualized)



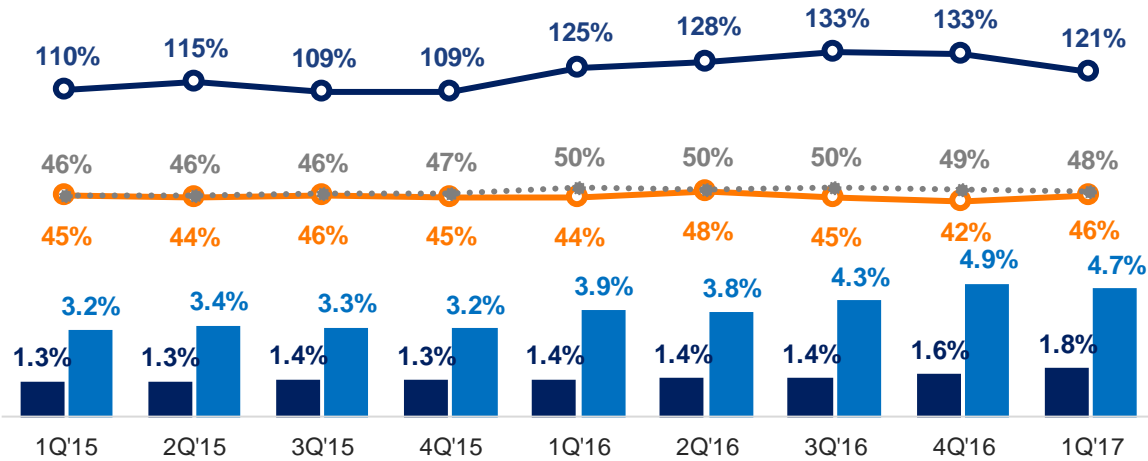
Provision for Loan Losses (CLP Bln)



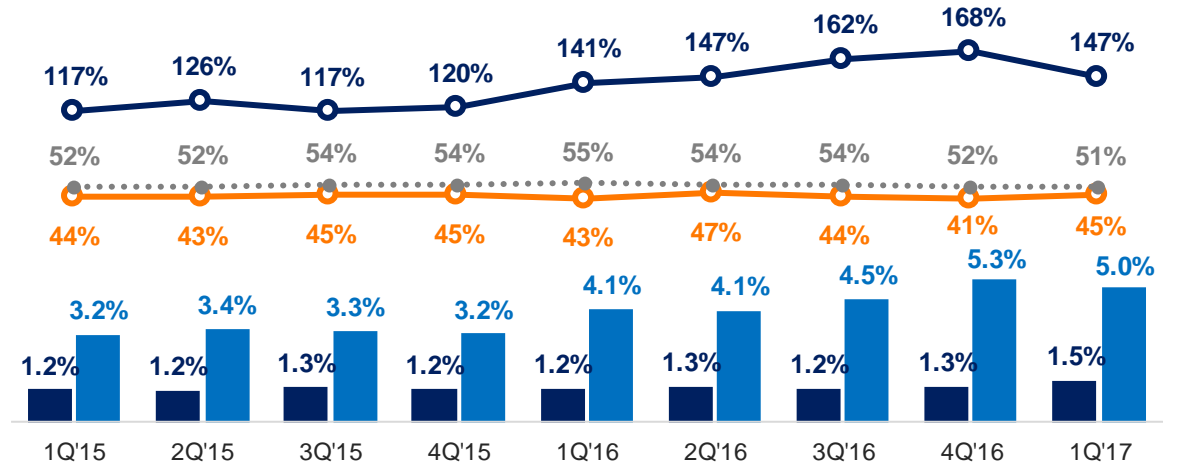
# Credit Quality



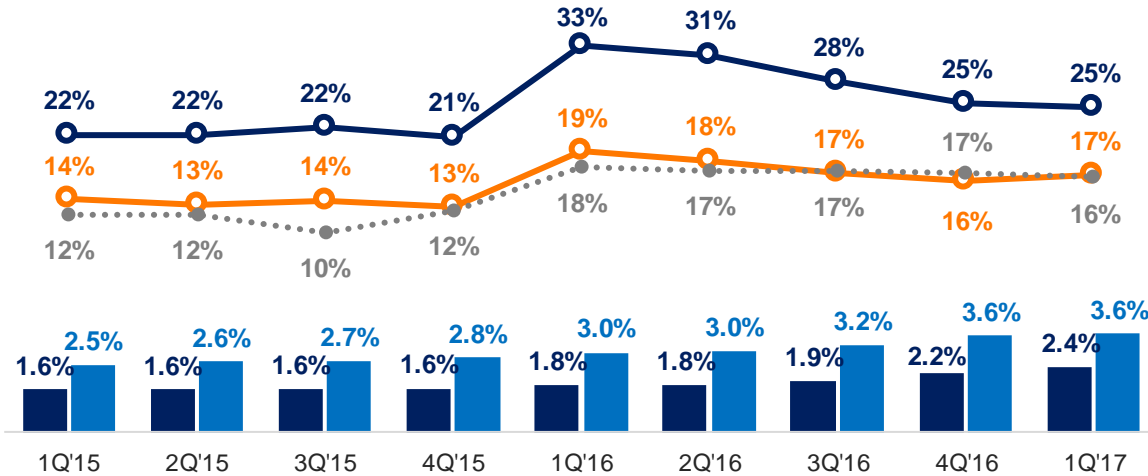
## Total Loans



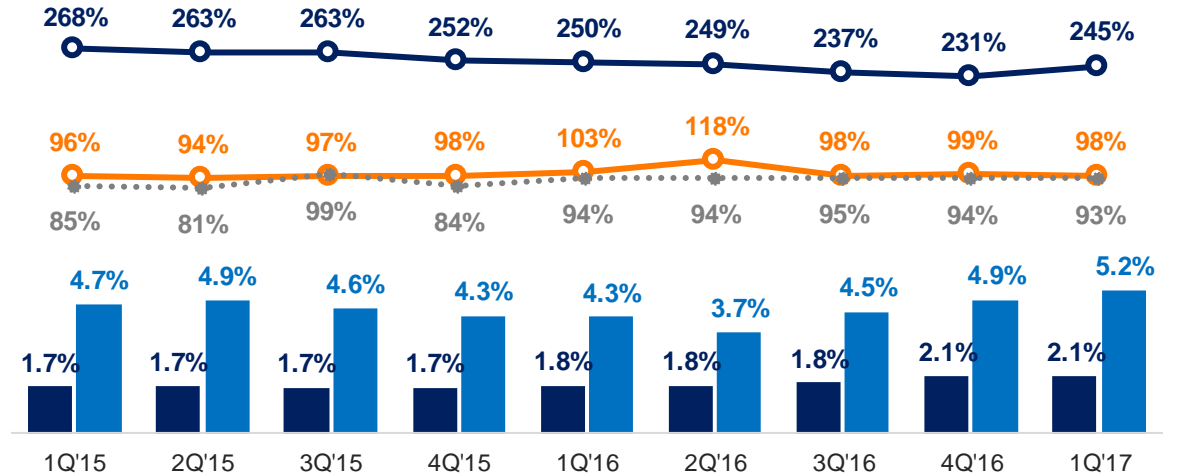
## Commercial



## Mortgage



## Consumer



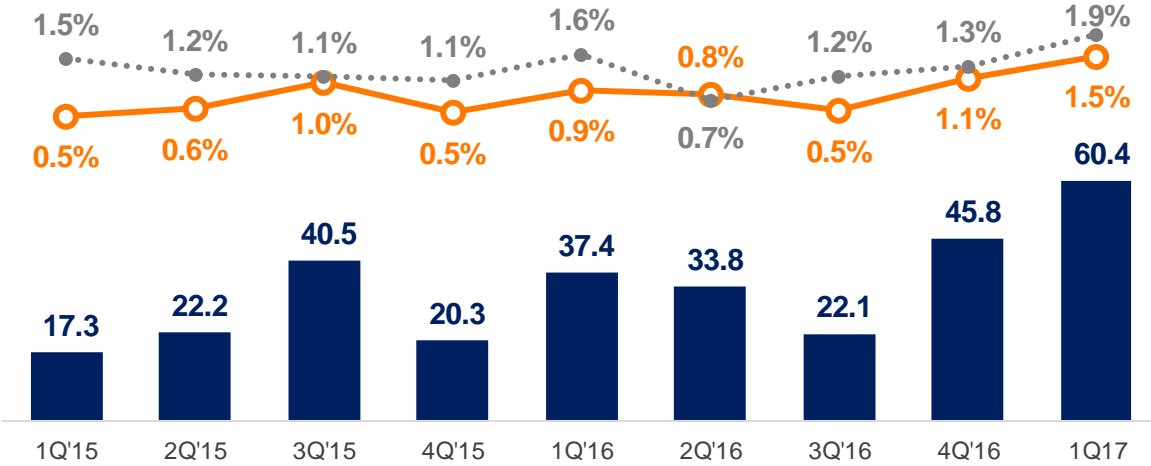
NPL90 (%)
  Cartera deteriorada %
  NPL90 Coverage Ratio
  Cartera Deteriorada Coverage Ratio
  Cartera Deteriorada Coverage Ratio (Financial System)



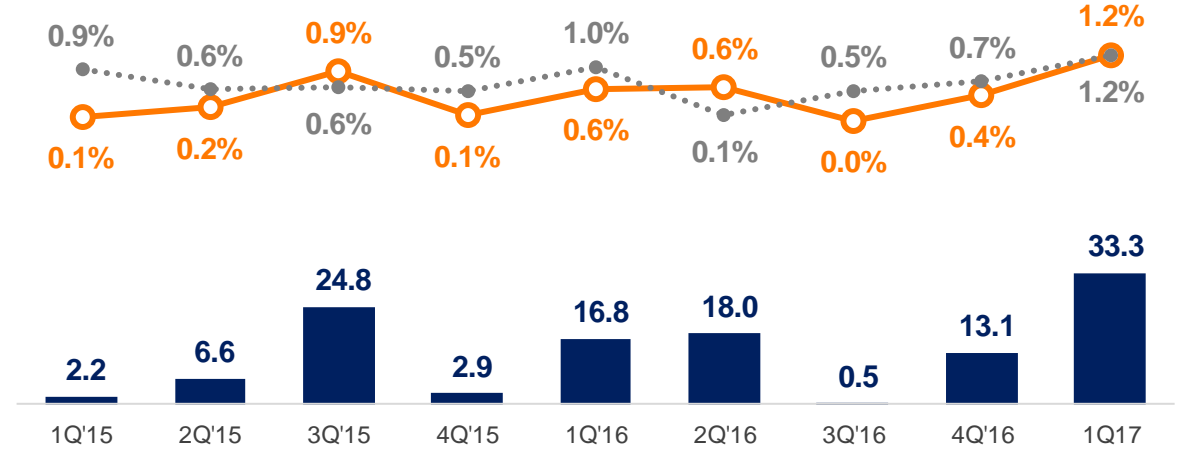
# Credit Quality – NPL Creation<sup>1</sup>



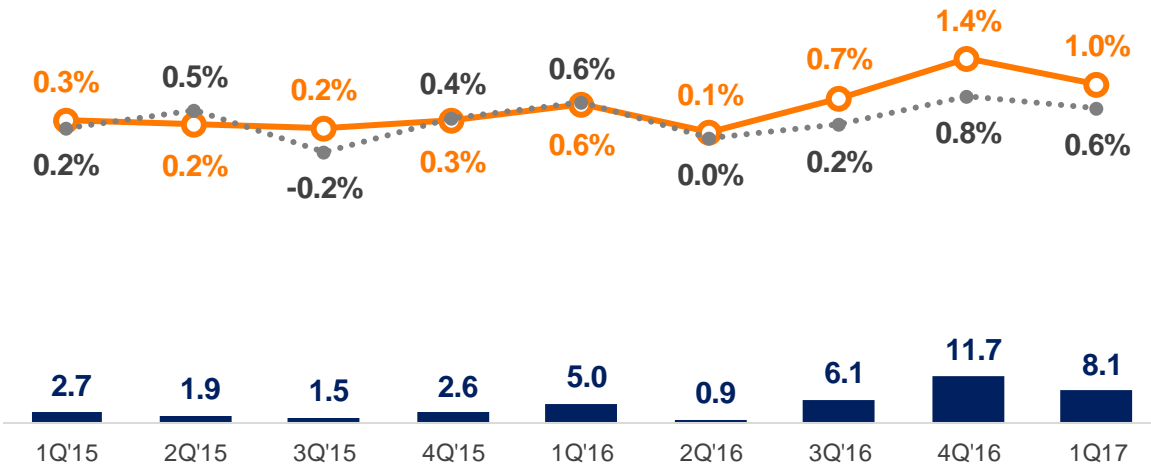
Total Loans



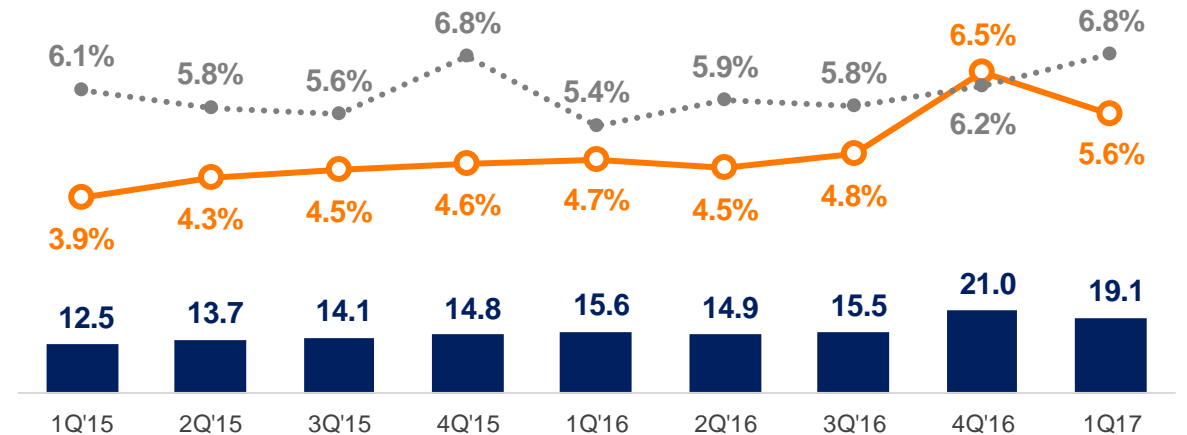
Commercial



Mortgage



Consumer



■ NPL Creation (Ch\$ MM)    ● NPL Creation / Loans (annualized)    ● NPL Creation / Loans (annualized) - Chilean Financial System

1 – NPL Creation: Δ NPL90 balance + write-offs.

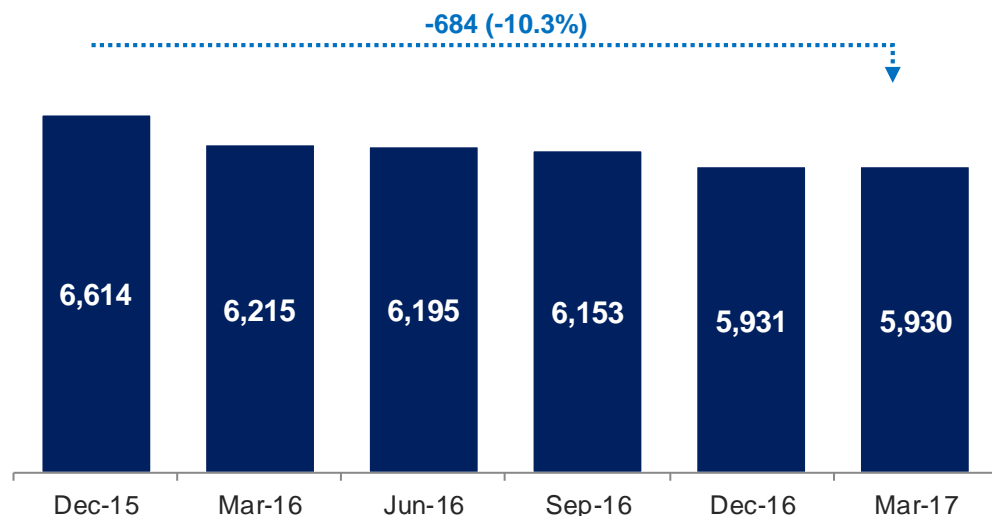


# Operating Expenses

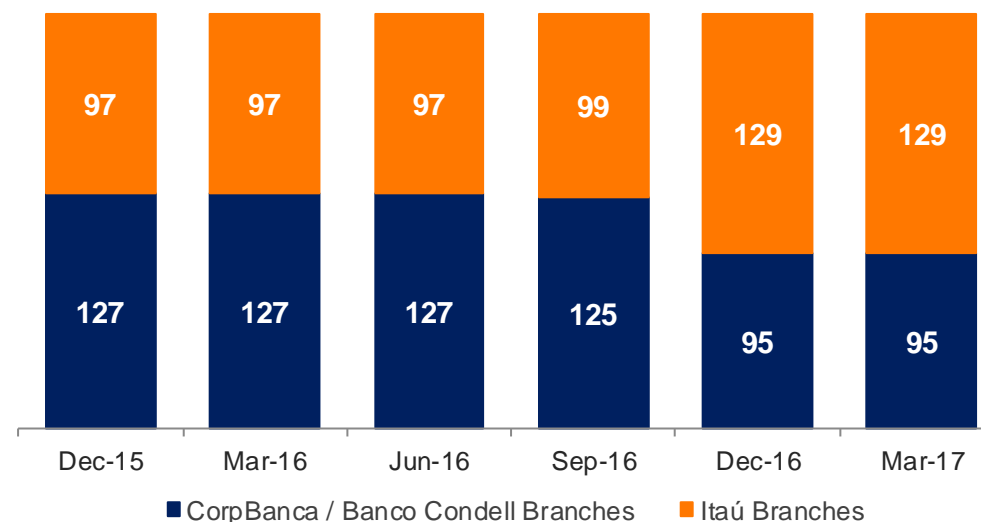


<i>in million of Chilean Pesos</i>	1Q'17	4Q'16	change		1Q'16	change	
Personnel Expenses	(44,532)	(45,237)	705	-1.6%	(48,544)	4,012	-8.3%
Administrative Expenses	(45,756)	(51,292)	5,536	-10.8%	(41,102)	(4,654)	11.3%
<b>Personnel and Administrative Expenses</b>	<b>(90,288)</b>	<b>(96,529)</b>	<b>6,241</b>	<b>-6.5%</b>	<b>(89,647)</b>	<b>(642)</b>	<b>0.7%</b>
Depreciation, amortization and Impairment	(6,897)	(7,270)	374	-5.1%	(6,346)	(551)	8.7%
<b>Total Operating Expenses</b>	<b>(97,185)</b>	<b>(103,800)</b>	<b>6,615</b>	<b>-6.4%</b>	<b>(95,992)</b>	<b>(1,193)</b>	<b>1.2%</b>

# Employees



# Branches



# Income Statement



<i>in million of Chilean Pesos - constant currency</i> <sup>1</sup>	<i>Change</i>				<i>Change</i>		
	<b>1Q'17</b>	<b>4Q'16</b>	<b>%</b>	<b>\$</b>	<b>1Q'16</b>	<b>%</b>	<b>\$</b>
Net interest income	54,893	56,346	-2.6%	-1,453	61,903	-11.3%	-7,010
Net fee and commission income	10,210	11,180	-8.7%	-970	13,478	-24.3%	-3,269
Total financial transactions, net	18,730	17,657	6.1%	1,073	17,186	9.0%	1,544
Other operating income, net	-3,529	-2,898	21.8%	-631	-643	n.a.	-2,886
<b>Net operating profit before loan losses</b>	<b>80,303</b>	<b>82,285</b>	<b>-2.4%</b>	<b>-1,982</b>	<b>91,925</b>	<b>-12.6%</b>	<b>-11,621</b>
Provision for loan losses	-38,469	-55,726	-31.0%	17,257	-42,624	-9.7%	4,154
<b>Net operating profit</b>	<b>41,834</b>	<b>26,559</b>	<b>57.5%</b>	<b>15,275</b>	<b>49,301</b>	<b>-15.1%</b>	<b>-7,467</b>
Operating expenses	-51,112	-52,349	-2.4%	1,238	-46,034	11.0%	-5,077
<b>Operating income</b>	<b>-9,278</b>	<b>-25,790</b>	<b>-64.0%</b>	<b>16,512</b>	<b>3,267</b>	<b>-384.0%</b>	<b>-12,544</b>
Income from investments in other companies	189	3	n.a.	186	534	-64.6%	-345
<b>Income before taxes</b>	<b>-9,089</b>	<b>-25,787</b>	<b>-64.8%</b>	<b>16,698</b>	<b>3,801</b>	<b>n.a.</b>	<b>-12,889</b>
Income tax expense	4,755	-1,609	n.a.	6,364	-1,369	n.a.	6,124
<b>Net income</b>	<b>-4,333</b>	<b>-27,396</b>	<b>-84.2%</b>	<b>23,062</b>	<b>2,432</b>	<b>n.a.</b>	<b>-6,765</b>
(-) Minority Interests	1,471	9,242	-84.1%	-7,771	-806	n.a.	2,277
(-) Cost of hedge position for Colombia	-5,157	-6,751	-23.6%	1,594	-4,186	23.2%	-971
<b>Net income attributable to shareholders</b>	<b>-8,020</b>	<b>-24,905</b>	<b>-67.8%</b>	<b>16,885</b>	<b>-2,561</b>	<b>213.2%</b>	<b>-5,459</b>

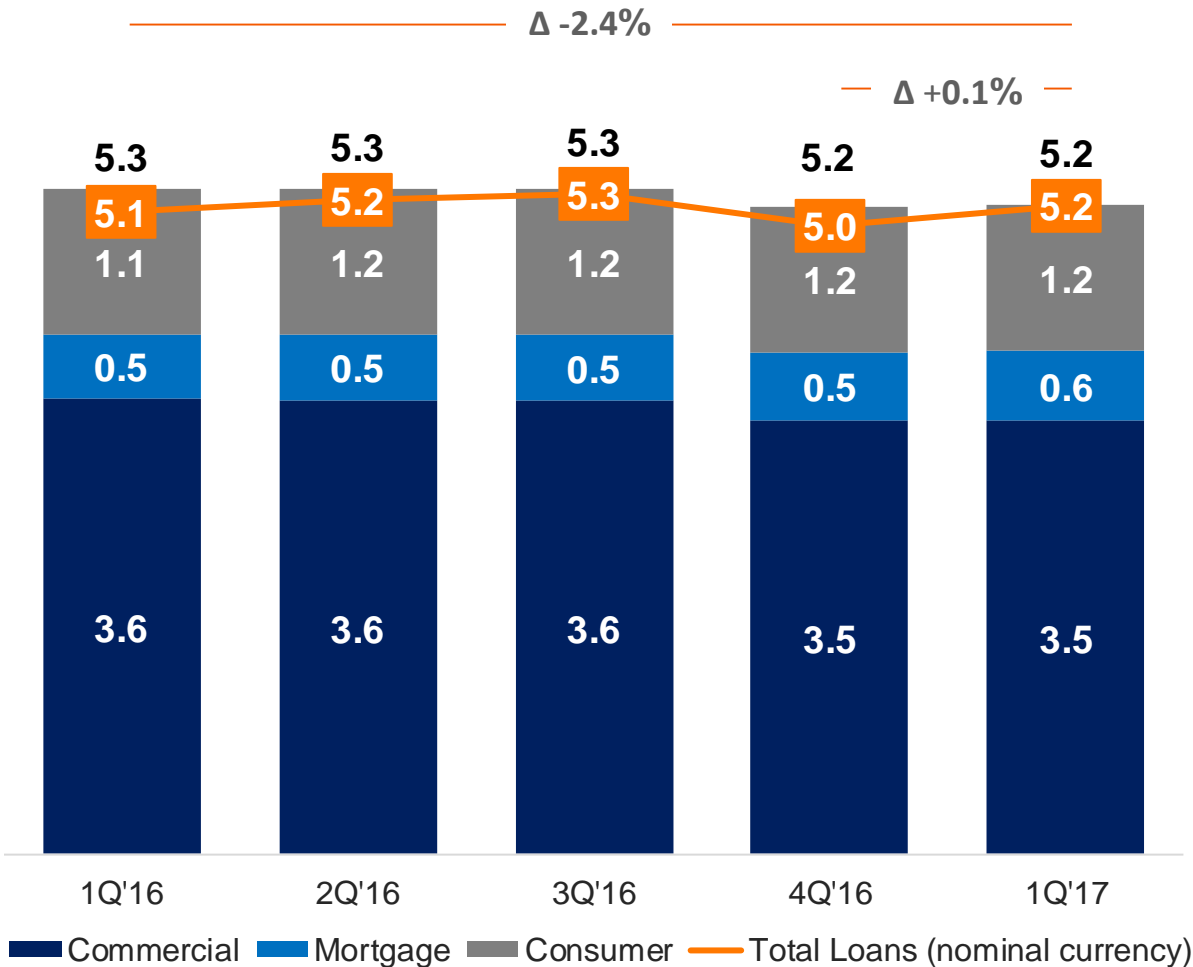
1 – Considers the elimination of foreign exchange variation, which is obtained by the application of the foreign exchange rate of March 31<sup>st</sup>, 2017 to all periods analyzed.



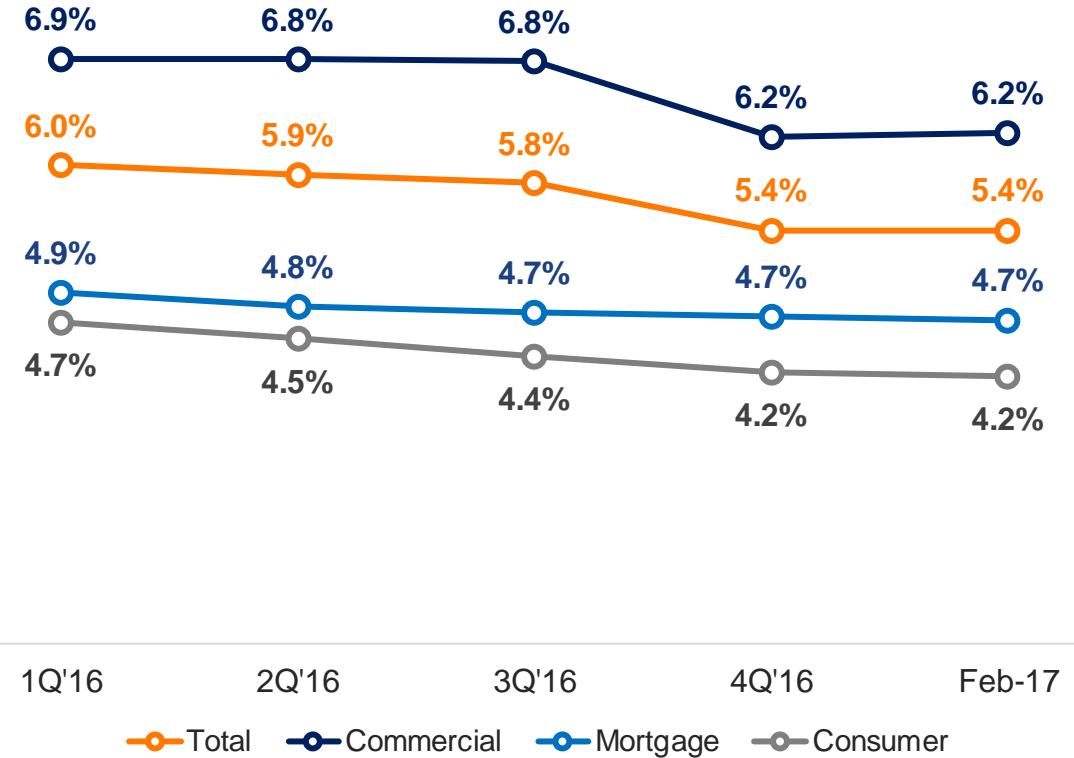
# Loan Portfolio



Total Loans – in constant currency<sup>1</sup> (CP\$ Trn)



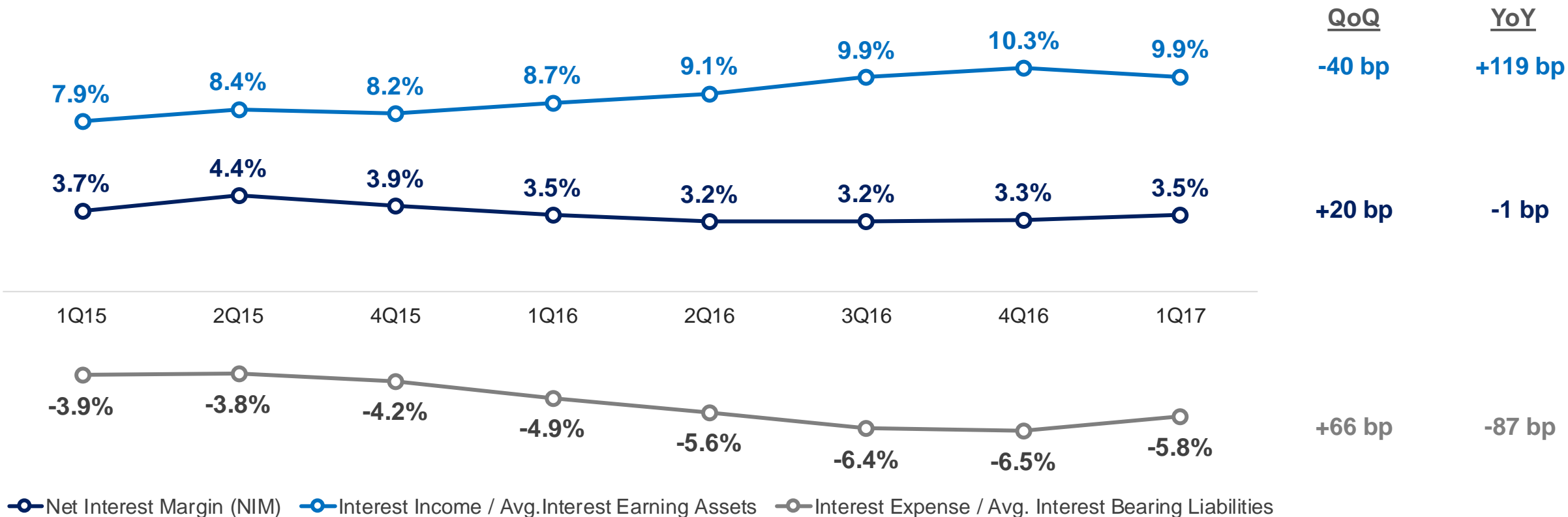
Market share



1 – Considers the elimination of foreign exchange variation, which is obtained by the application of the foreign exchange rate of March 31<sup>st</sup>, 2017 to all periods analyzed.



# Net Interest Margin<sup>1</sup> (NIM)

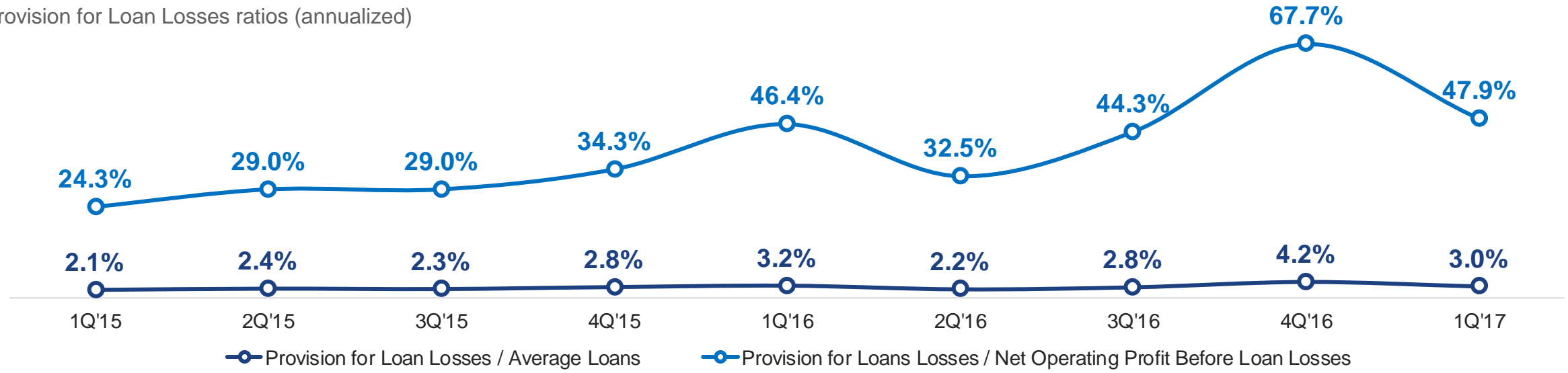


1 – Considers the elimination of foreign exchange variation, which is obtained by the application of the foreign exchange rate of March 31<sup>st</sup>, 2017 to all periods analyzed.

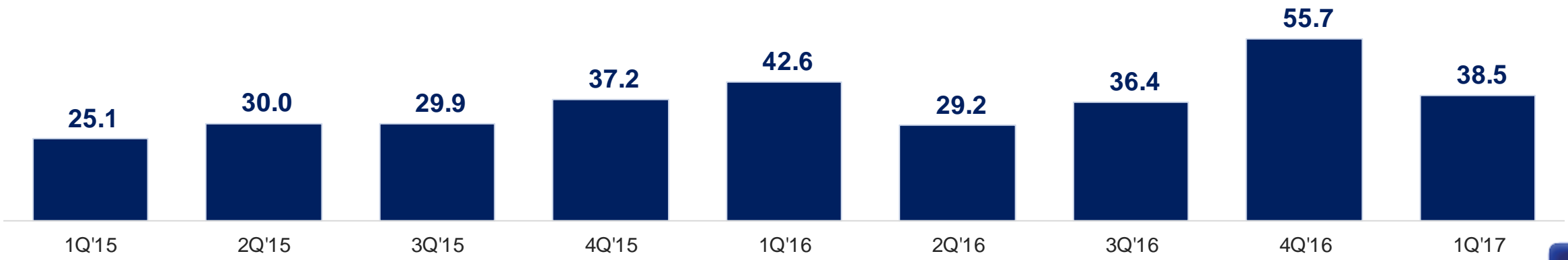
# Provision for Loan Losses<sup>1</sup>



Provision for Loan Losses ratios (annualized)



Provision for Loan Losses (CLP Bln)



1 – Considers the elimination of foreign exchange variation, which is obtained by the application of the foreign exchange rate of March 31<sup>st</sup>, 2017 to all periods analyzed.





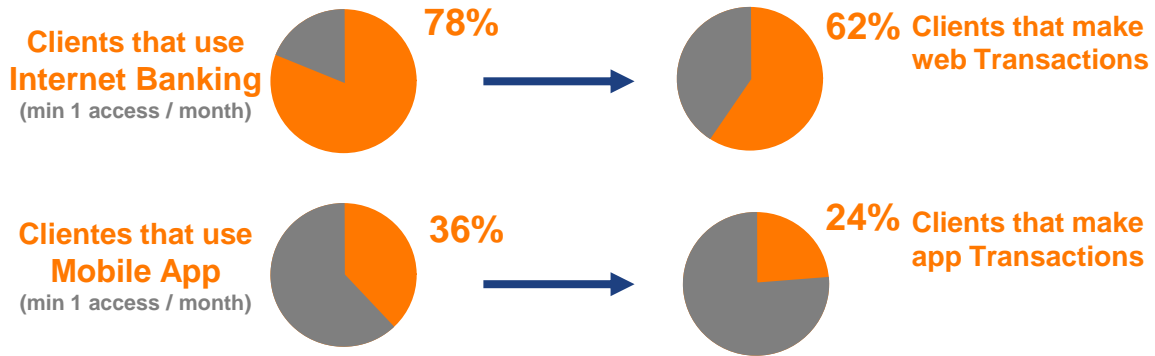
# Agenda

1. 1Q'17 Results
- 2. Next Steps**

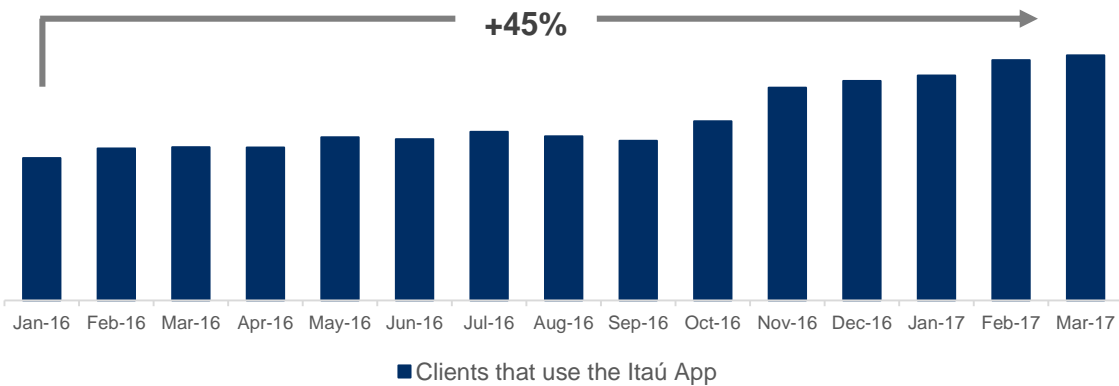
# Digital Banking

## Use of Digital Channels

% of Individuals Clients

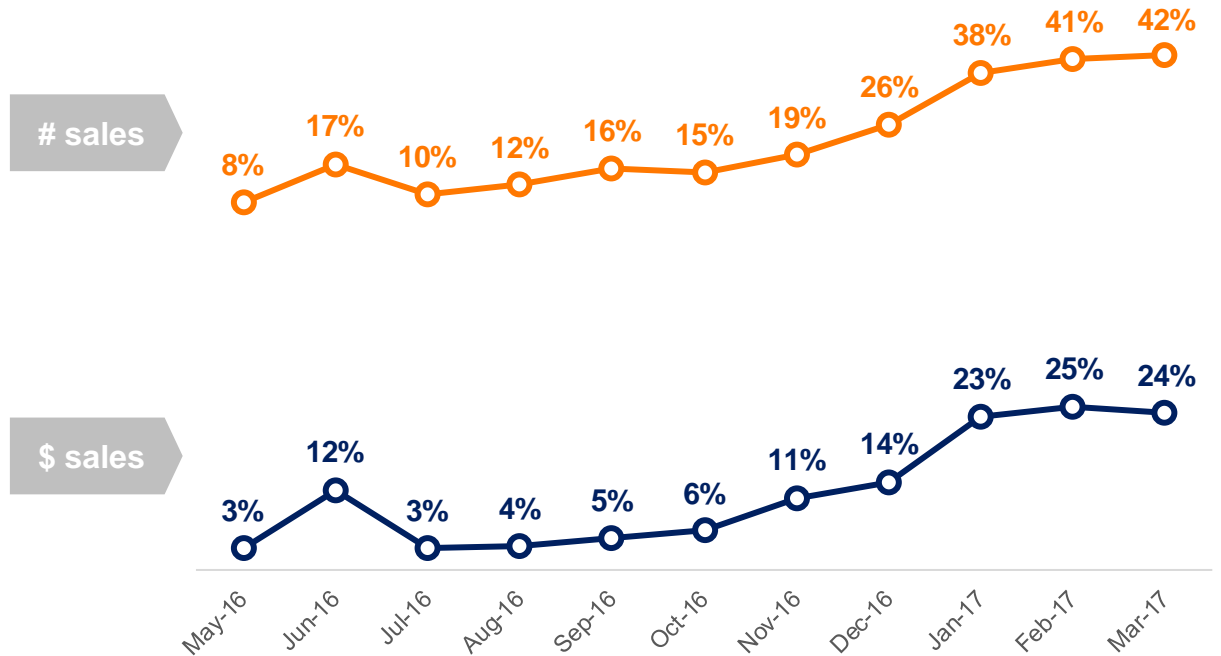


### Itaú App Usage



## Digital Banking

Share of sales on digital channels / total retail sales



# Next Steps

## Chile

- Completion of branch migration and client segmentation (dec.2017)
- Focus on topline and client satisfaction
- Focus on digital strategy
- Implementation of synergies

## Colombia

- Introduction of the Itaú brand (may.2017)
- Completion of systems integration (jun.2018)
- Redefining business models for wholesale and retail

# 1<sup>st</sup> Quarter 2017 | Earnings Review Conference Call

**Gabriel Moura**  
Chief Financial Officer

**Claudia Labbé**  
Head of Investor Relations



**Itaú Corpbanca**

May 2<sup>nd</sup>, 2017