



2nd Quarter 2017 | Earnings Review Conference Call

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Itaú Corpbanca

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

Disclaimers

Itaú CorpBanca is the entity resulting from the merger of Banco Itaú Chile (Itaú Chile) with and into CorpBanca, which was consummated 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 this investment changed to “available for sale” for accounting purposes. In 2016, the Bank 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 and 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 periods prior to 2017, historical pro forma data of the consolidated combined results of Itaú Chile and CorpBanca deconsolidating our subsidiary SMU Corp and excluding non-recurring events is presented in this Management Discussion & Analysis report (“MD&A Report”) when appropriate. The pro forma income statements for the quarters prior to the second quarter of 2016 and for the six months ended June 30, 2016 have 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 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 when appropriate 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 – 2Q'17 Results

2 – Proposed Changes to the General Banking Act in Chile: Basel III

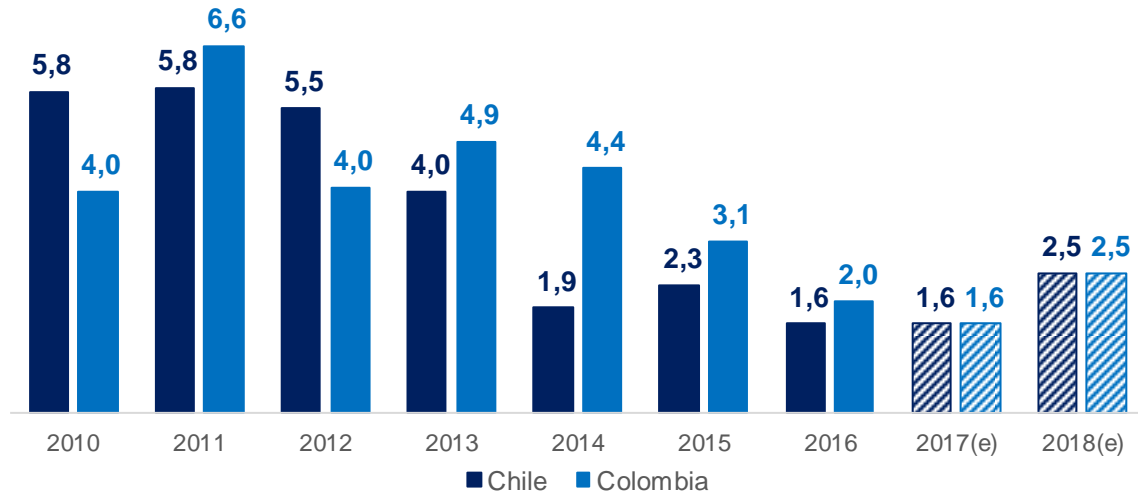
3 – Next Steps

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 small white squares. The map shows the Americas on the left and Europe on the right. Three orange squares are placed on the map over South America, and a thin grey line connects these squares to the agenda items on the left.

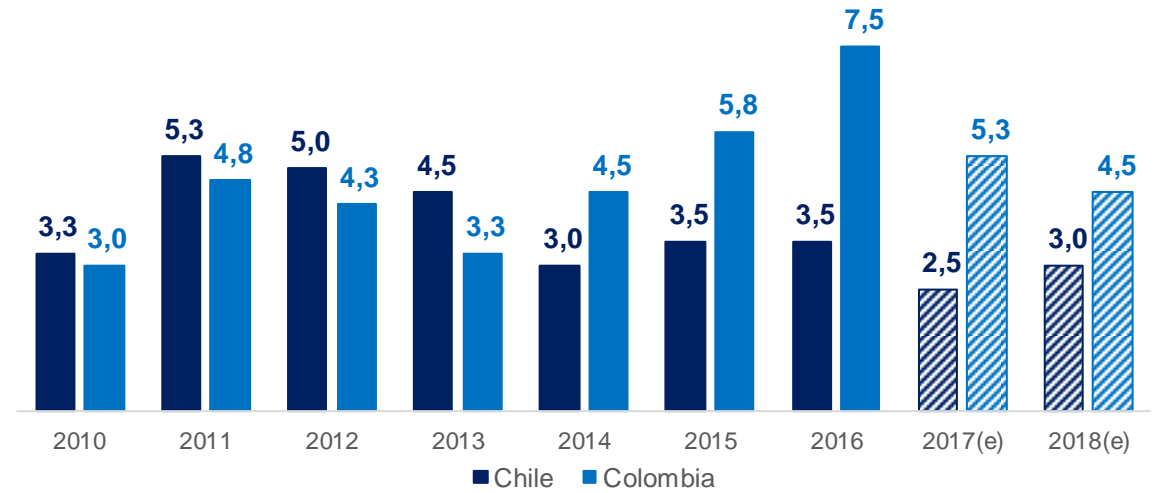
Itaú

Macroeconomic Backdrop

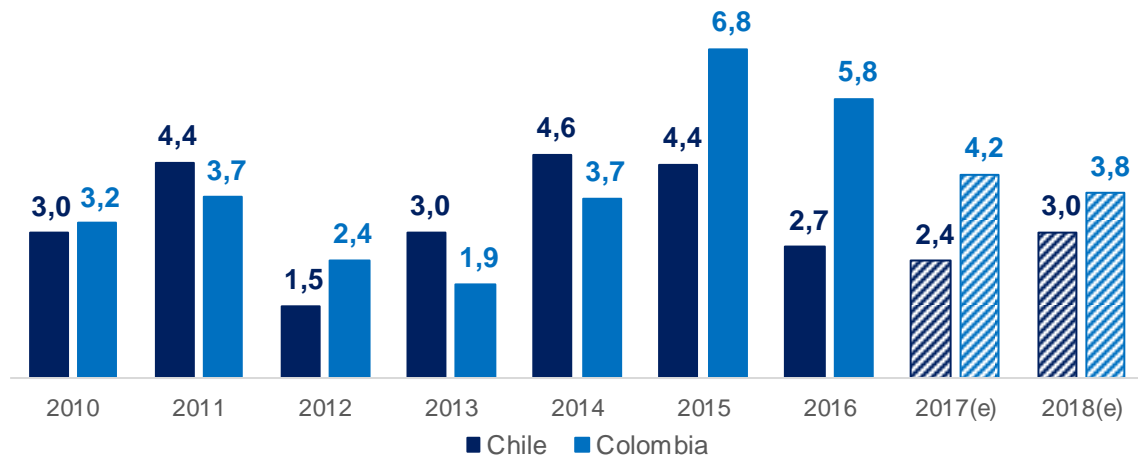
GDP Growth (%)



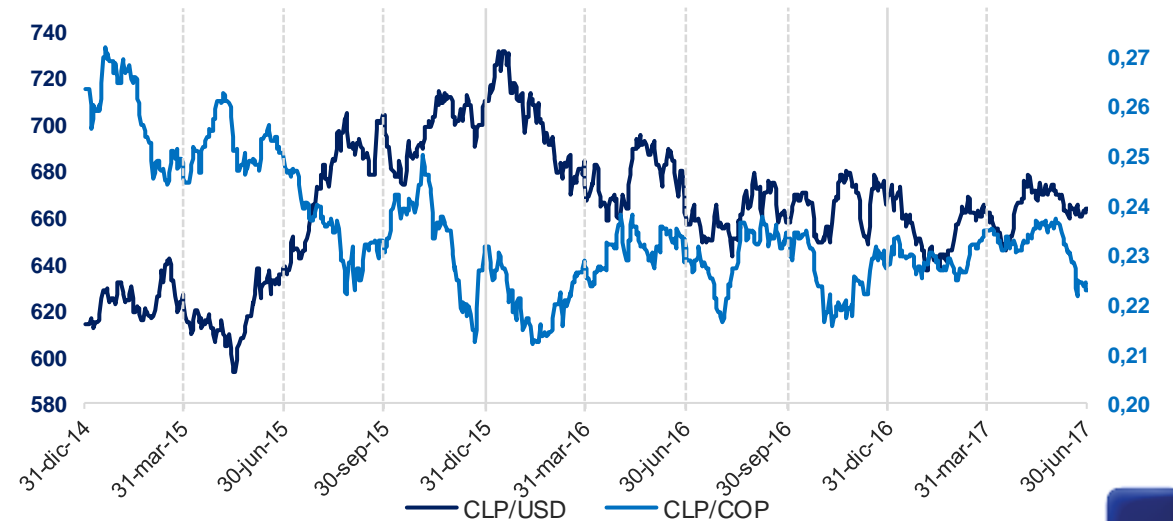
Interest Rates (EOP) - %



Inflation (CPI) - %



Exchange rates – CLP/USD & CLP/COP



Managerial Recurring Net Income (Reconciliation)

<i>in million of Chilean Pesos</i>	2Q'17	1Q'17	2Q'16	1H'17	1H'16
Net Income Attributable to Shareholders (Accounting)	64,607	24,414	28,544	89,021	34,682
<i>(+) Pro Forma consolidation effects</i>	-	-	-	-	-25,939
Pro Forma Net Income Attributable to Shareholders	64,607	24,414	28,544	89,021	8,743
(-) Non-Recurring Events	-15,088	1,925	25,611	-13,164	48,750
<i>(a) Restructuring costs</i>	893	1,366	9,518	2,259	27,438
<i>(b) Regulatory / merger effects on loan loss provisions</i>	-	-	4,521	-	13,119
<i>(c) SBIF fine</i>	-21,765	-	-	-21,765	-
<i>(d) Amortization of intangibles from business combinations</i>	8,692	8,690	8,814	17,381	12,079
<i>(e) Accounting adjustments</i>	-	-2,267	8,876	-2,267	10,076
<i>(f) Sale / revaluation of investments in companies</i>	-	-3,145	-	-3,145	-
<i>Tax effects</i>	-2,909	-2,718	-6,118	-5,627	-13,962
Recurring Net Income Attributable to Shareholders (Managerial)	49,519	26,339	54,155	75,857	57,493

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) **SBIF Fine:** Reversal of the provision for the fine imposed by the SBIF which, as requested by the SBIF, could not be accounted for pursuant to the requirements of IFRS and IAS.
- (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 tax effect from the sale of SMU Corp S.A in Chile.

2Q'17 Highlights

Managerial Recurring Net Income

Ch\$49.5
billion

Consolidated

▲ + 88.0% (2Q17/1Q17)
▼ - 8.6% (2Q17/2Q16)

Ch\$48.2
billion

Chile

▲ + 40.9% (2Q17/1Q17)
▼ - 8.8% (2Q17/2Q16)

Managerial Recurring RoTE (p.a.)

10.8%

Consolidated

▲ + 4.9 pp (2Q17/1Q17)
▼ - 1.1 pp (2Q17/2Q16)

13.9%

Chile

▲ + 3.6 pp (2Q17/1Q17)
▼ - 2.4 pp (2Q17/2Q16)

Credit Quality (Mar/17)

NPL 90
1.8%

Consolidated

▲ + 4 bp (2Q17/1Q17)
▲ + 38 bp (2Q17/2Q16)

NPL 90
1.8%

Chile

▼ - 1 bp (2Q17/1Q17)
▲ + 32 bp (2Q17/2Q16)



2Q17 / 1Q17



2Q17 / 1Q17

● Net Interest Income:

▲ + 4.9%

▲ + 1.7%

● Net Fee and Commission Income:

▼ - 10.8%

▼ - 13.9%

● Net Total Financial Transactions:

▲ + 68.6%

▲ + 127.6%

● Result from Loan Losses:

▼ - 9.5%

▼ - 2.7%

● Operating Expenses:

▼ - 0.2%

▼ - 1.9%

● Efficiency Ratio:

▼ - 6.4 pp

▼ - 6.3 pp

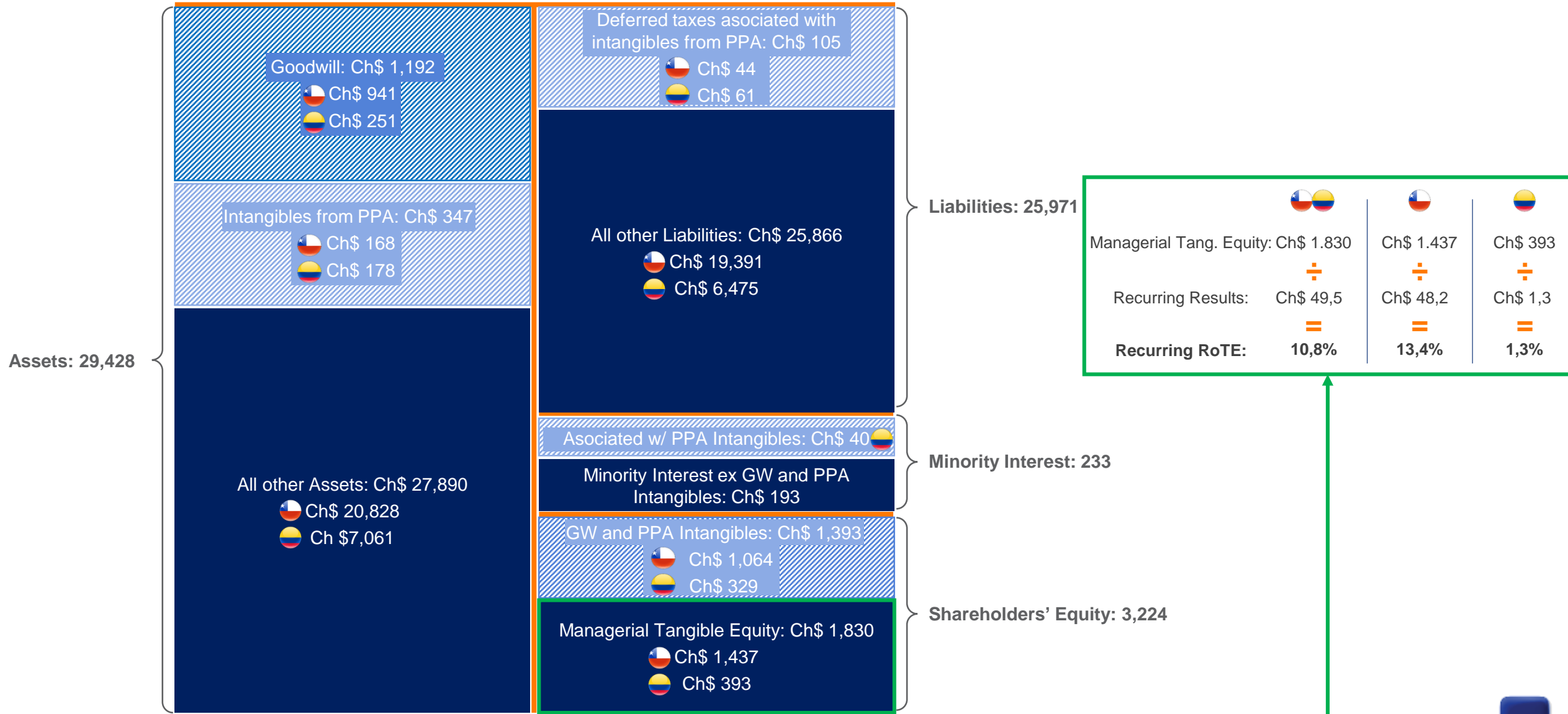
● Loan Portfolio:

▼ - 0.4%

▲ + 0.7%

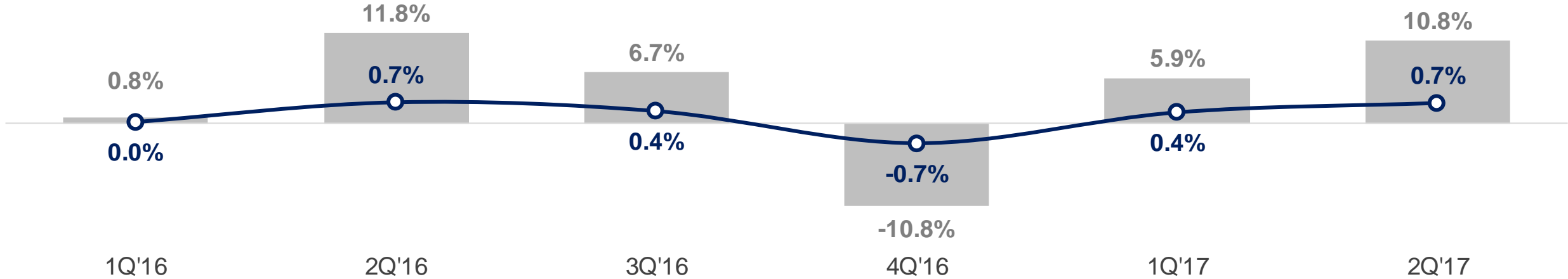
Average Tangible Equity Breakdown

2Q'17 Average Balance (Ch\$ MMM)

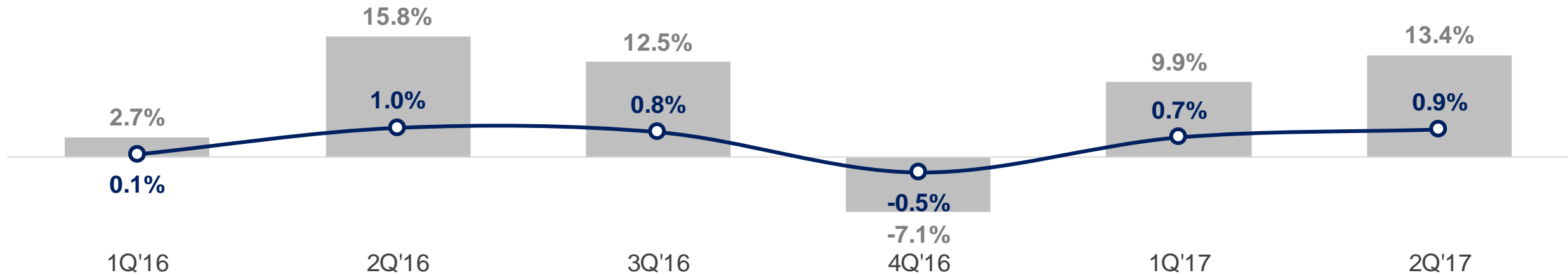


Recurring RoTE / Recurring RoTA¹

ROE / ROA – Consolidated



ROE / ROA – Chile



Income Statement

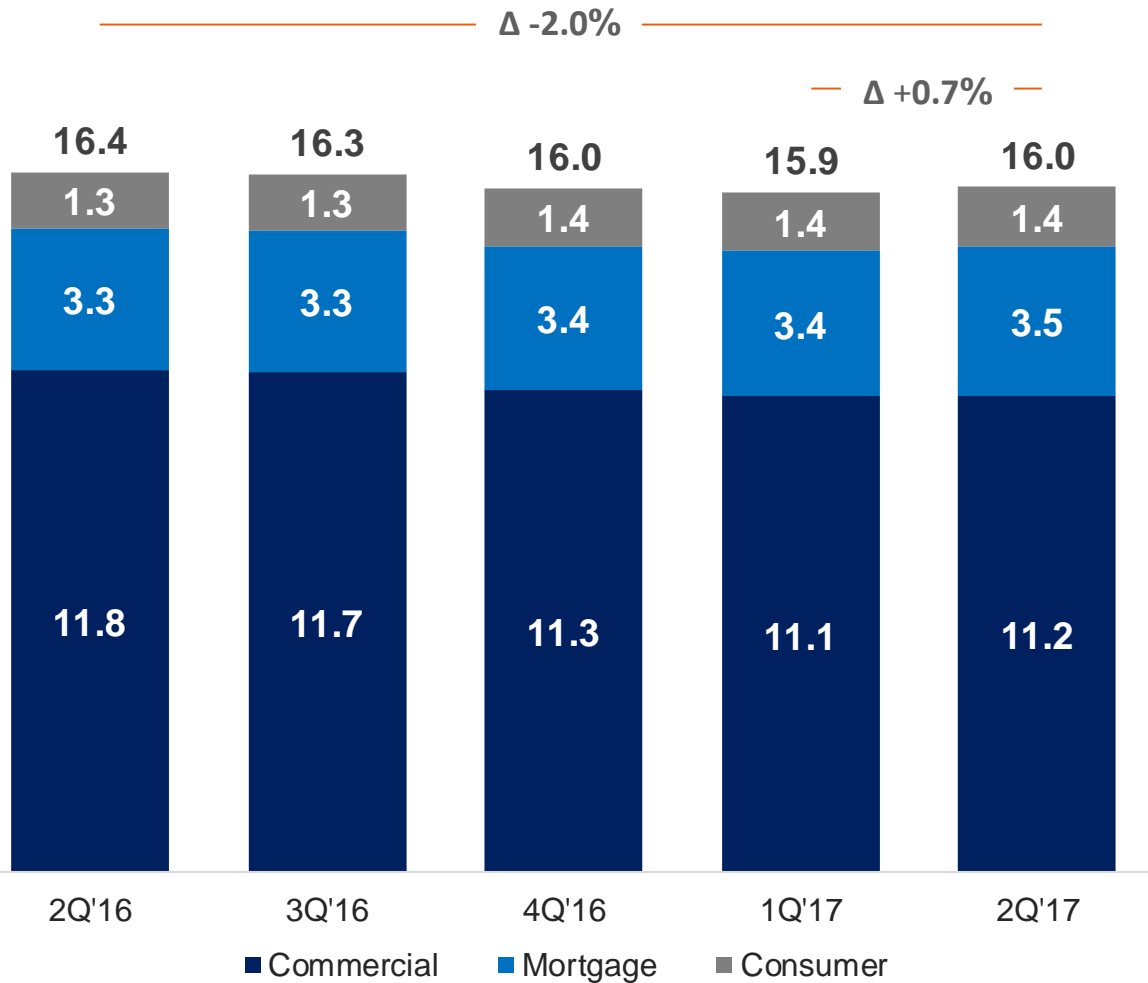


<i>in million of Chilean Pesos</i>	Change				Change				Change			
	2Q'17	1Q'17	%	\$	2Q'16	%	\$	2017	2016	%	\$	
Net interest income	134,559	132,375	1.7%	2,184	142,435	-5.5%	-7,876	266,934	276,640	-3.5%	-9,706	
Net fee and commission income	30,762	35,741	-13.9%	-4,979	33,307	-7.6%	-2,545	66,503	64,207	3.6%	2,296	
Total financial transactions, net	27,588	12,120	127.6%	15,468	4,003	589.2%	23,585	39,709	4,922	706.8%	34,787	
Other operating income, net	733	-4,497	-116.3%	5,230	-2,304	-131.8%	3,037	-3,765	-8,089	-53.5%	4,324	
Net operating profit before loan losses	193,642	175,739	10.2%	17,903	177,441	9.1%	16,201	369,381	337,680	9.4%	31,701	
Result from loan losses	-37,296	-38,336	-2.7%	1,039	-28,838	29.3%	-8,458	-75,632	-97,229	-22.2%	21,597	
Net operating profit	156,346	137,403	13.8%	18,942	148,603	5.2%	7,743	293,749	240,451	22.2%	53,298	
Operating expenses	-98,927	-100,809	-1.9%	1,882	-89,661	10.3%	-9,266	-199,736	-186,436	7.1%	-13,300	
Operating income	57,419	36,594	56.9%	20,824	58,942	-2.6%	-1,523	94,013	54,015	74.1%	39,998	
Income from investments in other companies	264	0	n.a.	264	219	20.5%	45	264	221	19.5%	43	
Income before taxes	57,683	36,594	57.6%	21,088	59,161	-2.5%	-1,478	94,277	54,236	73.8%	40,041	
Income tax expense	-9,478	-2,313	309.8%	-7,165	-6,221	52.4%	-3,257	-11,791	4,701	n.a.	-16,492	
Net income	48,204	34,281	40.6%	13,923	52,940	-8.9%	-4,736	82,485	58,936	40.0%	23,549	
Net income attributable to shareholders	48,235	34,227	40.9%	14,008	52,903	-8.8%	-4,668	82,462	58,872	40.1%	23,590	

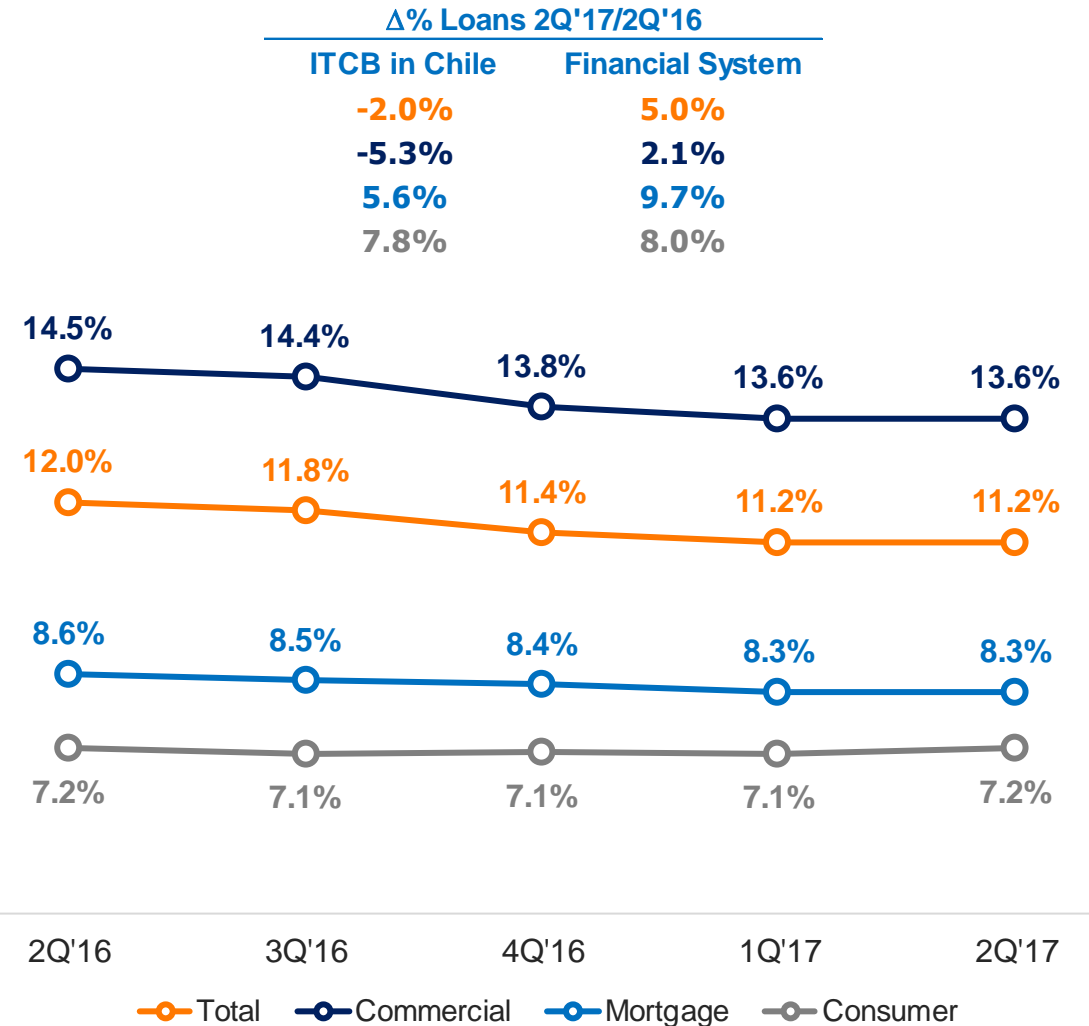
Loan Portfolio



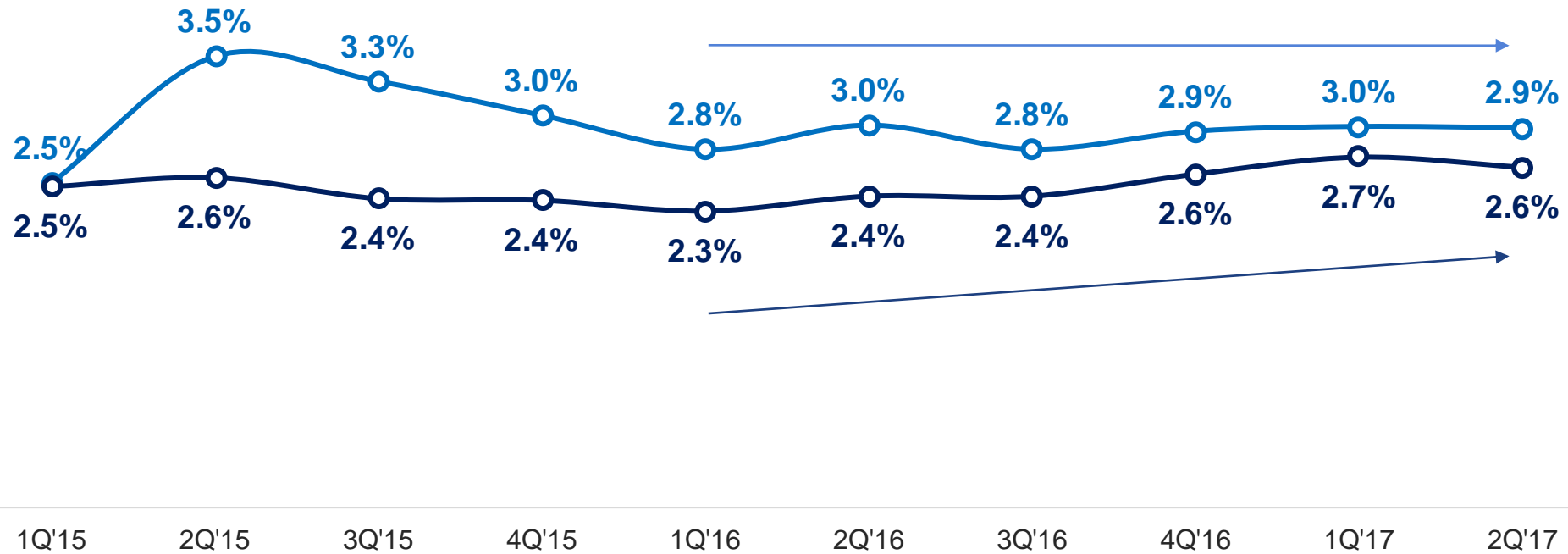
Total Loans (CP\$ Trn)



Market share



Net Interest Margin

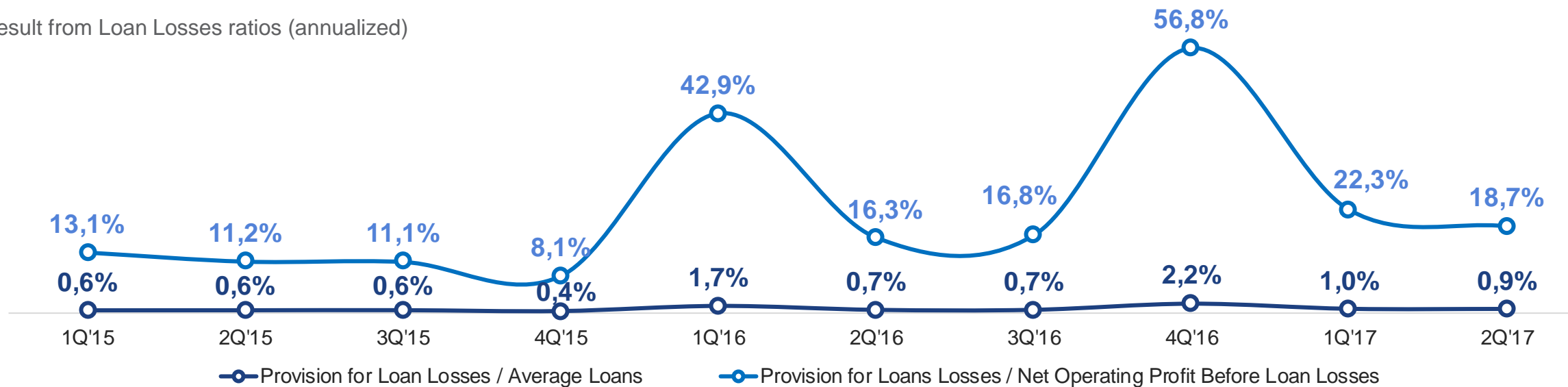


—○— Net Interest Margin —○— Net Interest Margin (ex Indexation)

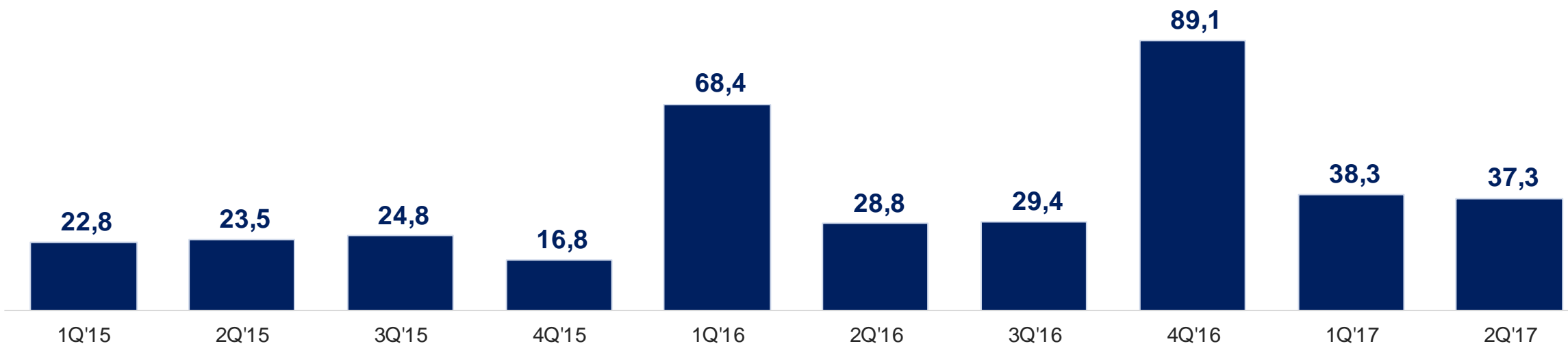
Result from Loan Losses



Result from Loan Losses ratios (annualized)



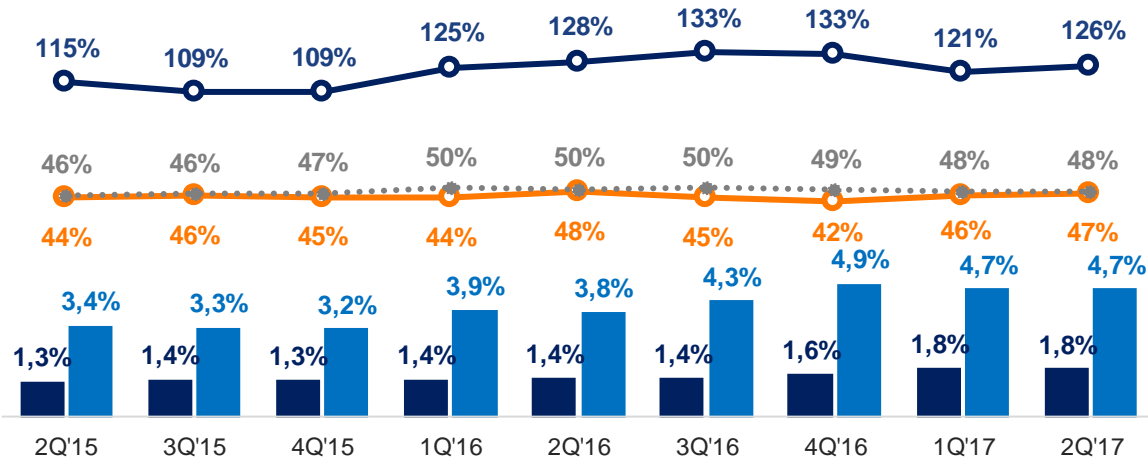
Result from Loan Losses (CLP Bln)



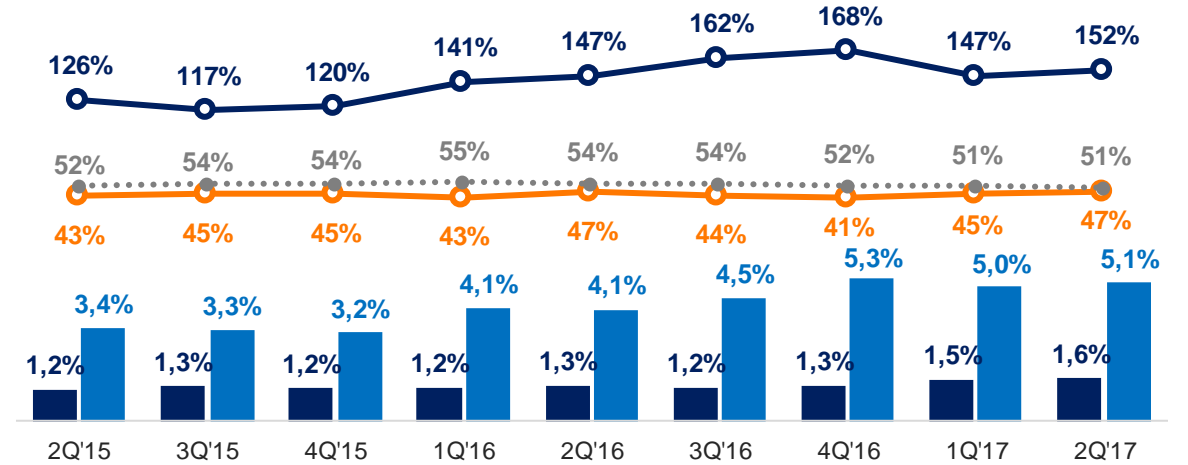
Credit Quality



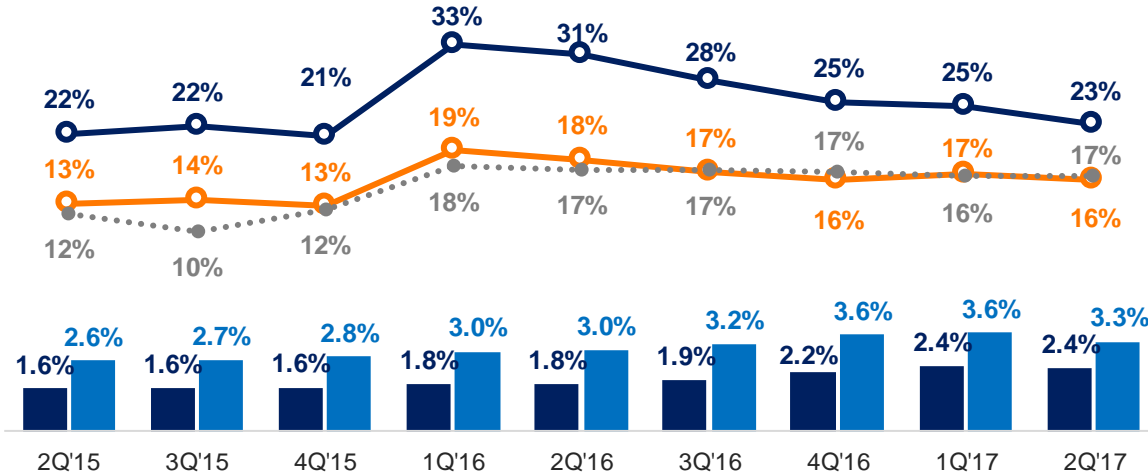
Total Loans



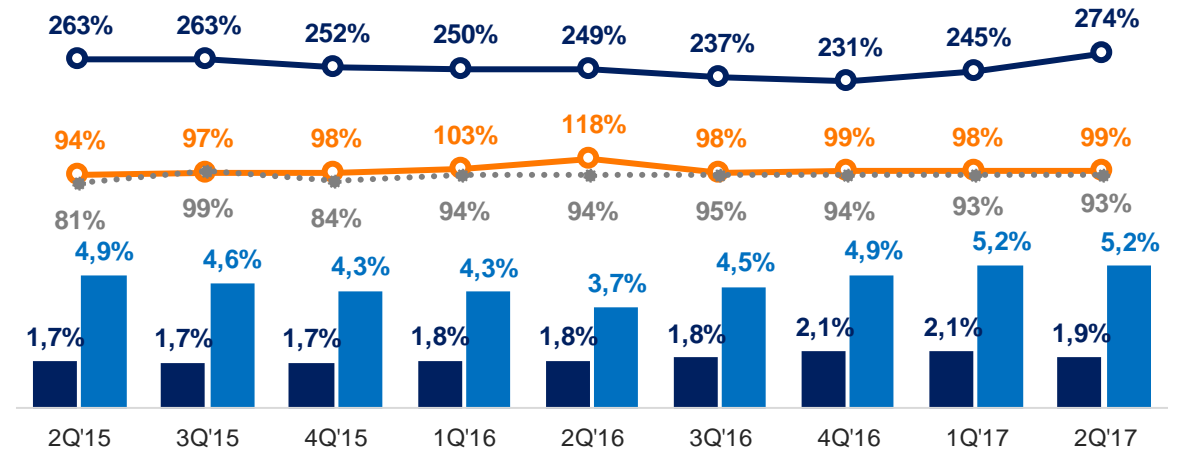
Commercial



Mortgage



Consumer



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



Income Statement

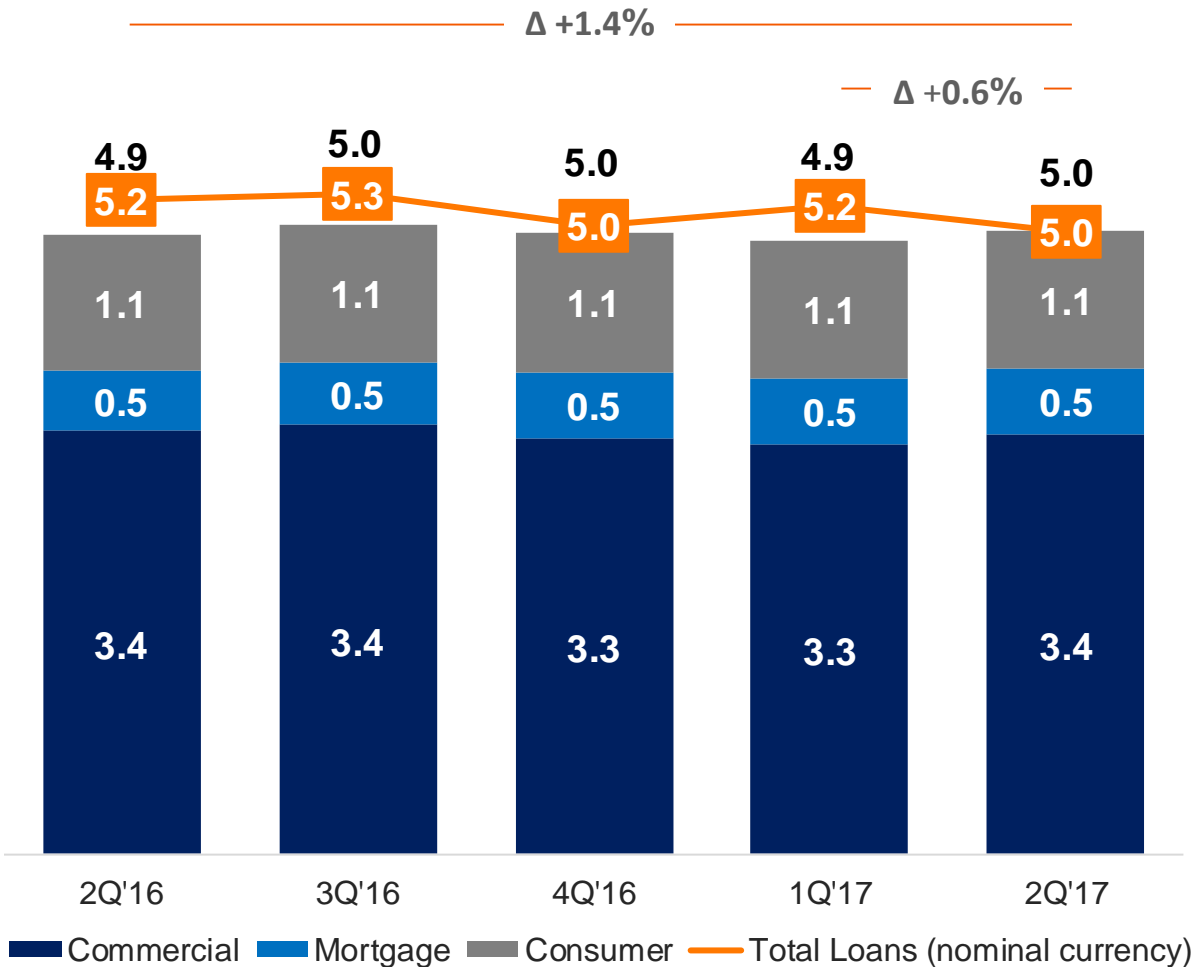


<i>in million of Chilean Pesos - constant currency</i> ¹	Change				Change				Change			
	2Q'17	1Q'17	%	\$	21Q'16	%	\$	2017	2016	%	\$	
Net interest income	57,812	51,956	11.3%	5,856	53,402	8.3%	4,410	109,769	111,993	-2.0%	-2,225	
Net fee and commission income	9,676	9,664	0.1%	13	12,886	-24.9%	-3,210	19,340	25,643	-24.6%	-6,303	
Total financial transactions, net	19,250	17,728	8.6%	1,523	20,054	-4.0%	-803	36,978	36,320	1.8%	658	
Other operating income, net	-1,732	-3,340	-48.2%	1,609	-1,168	48.3%	-564	-5,072	-1,776	185.6%	-3,296	
Net operating profit before loan losses	85,007	76,007	11.8%	9,000	85,173	-0.2%	-167	161,014	172,180	-6.5%	-11,166	
Result from loan losses	-30,550	-36,411	-16.1%	5,861	-27,645	10.5%	-2,905	-66,961	-67,988	-1.5%	1,027	
Net operating profit	54,457	39,596	37.5%	14,861	57,529	-5.3%	-3,072	94,053	104,192	-9.7%	-10,139	
Operating expenses	-49,899	-48,377	3.1%	-1,522	-42,942	16.2%	-6,957	-98,276	-86,513	13.6%	-11,763	
Operating income	4,558	-8,781	-151.9%	13,339	14,587	-68.8%	-10,029	-4,223	17,679	-123.9%	-21,902	
Income from investments in other companies	662	179	270.1%	483	123	437.1%	539	841	629	33.7%	212	
Income before taxes	5,220	-8,602	-160.7%	13,823	14,710	-64.5%	-9,490	-3,382	18,308	-118.5%	-21,690	
Income tax expense	2,626	4,501	-41.7%	-1,875	-8,039	-132.7%	10,665	7,126	-9,335	-176.3%	16,462	
Net income	7,846	-4,102	-291.3%	11,947	6,671	17.6%	1,175	3,744	8,972	-58.3%	-5,228	
(-) Minority Interests	-2,644	1,392	-289.9%	-4,036	-2,241	18.0%	-403	-1,252	-3,004	-58.3%	1,753	
(-) Cost of hedge positions for Colombia	-4,163	-5,130	-18.9%	968	-3,396	22.6%	-767	-9,293	-7,582	22.6%	-1,711	
Net income attributable to shareholders	1,039	-7,840	-113.3%	8,879	1,034	0.5%	5	-6,801	-1,614	321.4%	-5,187	
<i>Currency conversion effects</i>	244	-48			218			196	234			
Net income attributable to shareholders (nominal currency)	1,283	-7,888	-116.3%	9,171	1,252	2.5%	32	-6,605	-1,379	378.9%	-5,226	

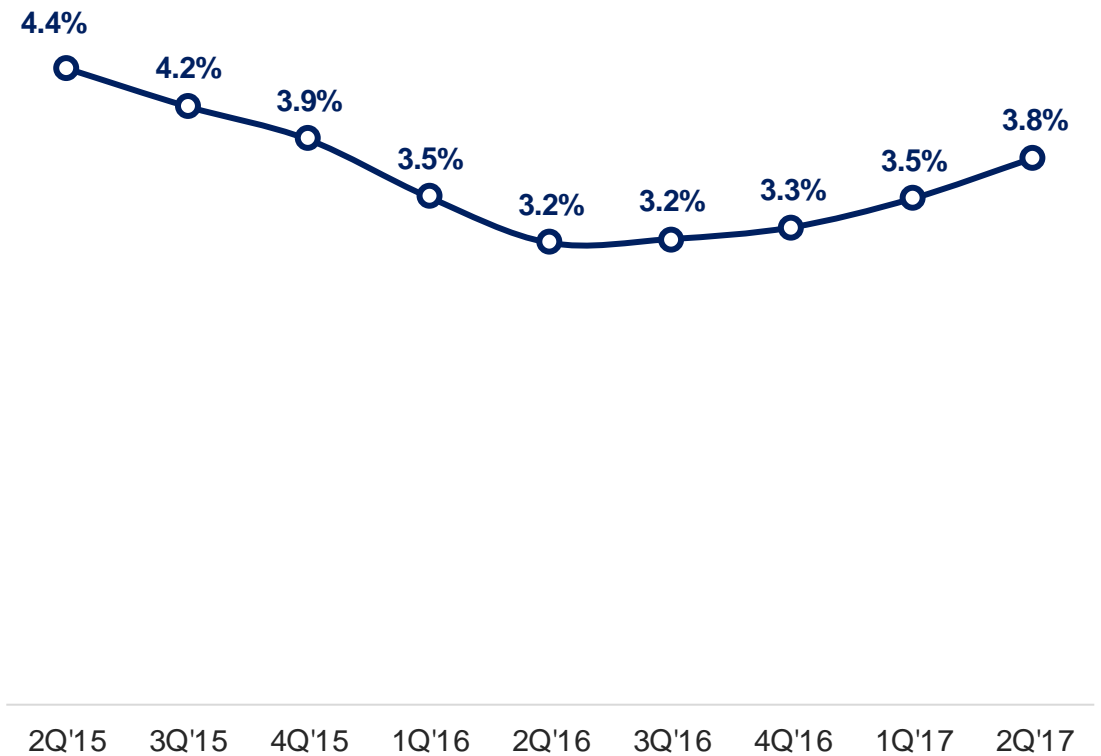
Loan Portfolio & NIM



Total Loans – in constant currency¹ (CP\$ Trn)



Net Interest Margin (NIM)



Itaú Corpbanca
 1 – Considers the elimination of foreign exchange variation, which is obtained by the application of the foreign exchange rate of June 30st, 2017 to all periods analyzed.



Agenda

1 – 2Q'17 Results

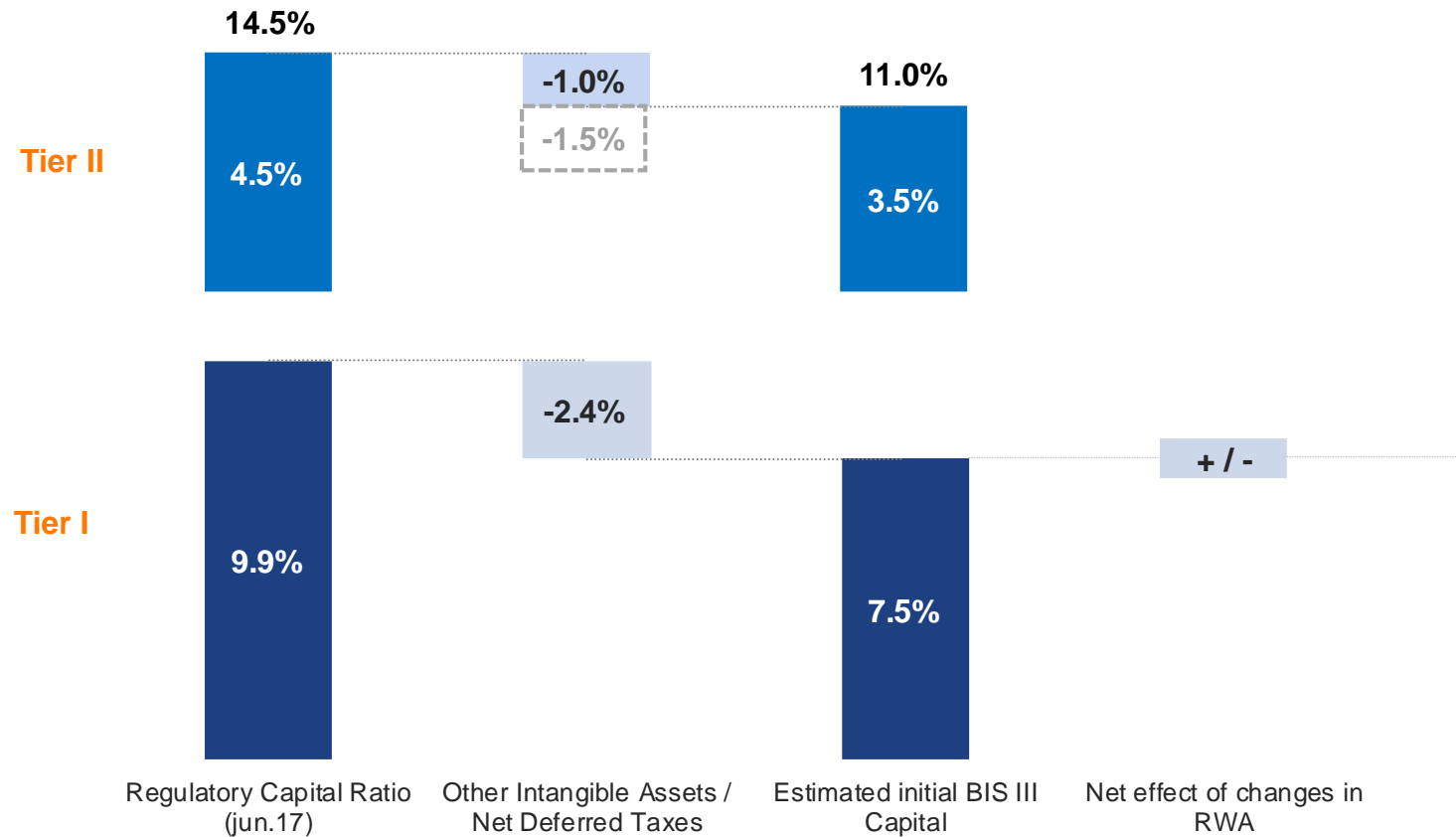
**2 – Proposed Changes to the
General Banking Act in Chile:
Basel III**

3 – Next Steps



Itaú

Proposed Changes to the General Banking Act in Chile: Basel III



Key pending definitions

- Capital requirements
 - Capital deductions
 - Buffer sizes (SIFI , Counter-cyclical)
- RWAs
 - Credit risk density
 - Market risk
 - Operational risk
- Implementation phase-in

Agenda

1 – 2Q'17 Results

2 – Proposed Changes to the General Banking Law in Chile: Basel III

3 – Next Steps

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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) 
- Acquisition of assets and liabilities of Itaú Corporación Financiera 
- Completion of systems integration (jun.2018)
- Redefining business models for wholesale and retail



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