<u>Market Risk Situation of Banco Itaú Corpbanca</u>

In accordance with chapter III.B.2.2 of the Compendium of Financial Standards from the Chilean Central Bank and chapter 12-21 of the Updated Compilation of Standards from the Superintendency of Banks and Financial Institutions, financial entities must publish quarterly reports on their exposure to market risk, detailed as follows.

This report summarizes the main aspects of Banco Itaú Corpbanca's market risk situation.

I)   Definition of Market Risk

Market risk is the exposure to economic gains or losses caused by movements in prices and market variables. This risk stems from the activities of the Trading and Banking Books. In the first case, it comes from activities intended to obtain short-term gains and from the intensive use of fair value instruments. In the second case, with a more long-term vision, it stems from commercial activities with products valued at amortized cost. The different valuation methodologies require the use of diverse tools to measure and control the impact on either the economic value of the bank's positions and/or its financial margin.

Market risk exposure is measured and controlled using the difference between asset and liability balances in local and foreign currency (net position) and cash flows payable (related to liability accounts) and cash flows receivable (related to asset accounts) in the Trading and Banking Books for a given period or time band.

Positions in foreign currency and maturity mismatches are exposed to different adjustment factors, sensitivities and rate changes, as indicated in current regulations.

Banco Itaú Corpbanca estimates its market risk exposure in its Trading Book using the standardized methodology defined by the Chilean Central Bank and regulated by the Superintendency of Banks and Financial Institutions.

II)   Market Risk Exposure

Market risk exposure is determined based on the following risks:

- Interest Rate Risk, defined as exposure to losses arising from adverse changes in market interest rates that affect the bank's book and/or economic value.

- Currency Risk, defined as exposure to losses arising from adverse changes in the value in local currency of the foreign currency market that affect the bank's book and/or economic value.

- Indexation Risk, defined as exposure to losses arising from adverse changes in indexation indexes (such as UF, UVR or others) or their future market projections (e.g. unidad de fomento), that affect the bank's book and/or economic value.

Banco Itaú Corpbanca operates with products in markets that are duly authorized by regulators and about which it has the know-how and ability to provide effective, proactive and profitable risk management to control all inherent risks.

The bank's Market Risk Management Policy as well as all models and assumptions used to measure and monitor risk are reviewed by the committees involved and approved by the Asset and Liability Committee (ALCO) and the Board of Directors. These control policies are reviewed periodically to take into account international best practices and market conditions. This policy clearly establishes regulatory and internal guidelines, stipulating the limits and warnings in effect that concern risk management.

Once the guidelines have been defined and approved by the different levels, the Financial Risk Management Division is responsible for controlling and monitoring that exposure remains within the set risk appetite and reporting to senior management and the board on the evolution of the bank's market risk exposure. Senior management and the board are responsible for defining the bank's risk management strategy. To accomplish this, they use the information available to them and rely on active participation from the areas involved in market risk management.

III) Main Instruments for Measuring and Controlling Market Risk

Given the complexity and relevance of the portfolios managed by Banco Itaú Corpbanca, different tools have been chosen to control market risk based on the characteristics of the Trading and Banking Book portfolios. Some of these methods include:

III.1) Regulatory Risk Measurements

The standardized methodology provided by the Chilean Central Bank (Appendix 1 of Chapter III-B-2.2) and complemented by the SBIF (section I of RAN 12-21), is a risk measurement based on the standard methodology of the Basel Committee, which is designed to determine exposure to market risks for the Banking and Trading Books using adjustment factors and sensitivity.

Limit No. 1 (Cap.III.B.2)

Regulatory capital (RC)	3,415,845
Minimum percentage set for regulatory capital in article 66	10%
Credit risk-weighted assets (CRWA)	23,315,558
Market risk exposure (MRE):	119,811
Trading book interest rate risk	116,448
Currency risk	2,918
Options risk	445
Currency structural*	0
Basel index	**14.7%**
Basel index (includes MRE)	13.9%
Available margin = RC - 10% CRWA - MRE	964,478
Limit consumption %	**71.8%**

Limit No. 2 (Short-Term)

Short-term exposure to interest rate risk (STE)	67,543
Exposure to indexation risk (IR)	33,475
Reduced fees due to interest rate sensitivity (RF)	778
Interest and indexation income and expenses LTM (margin)	565,527
Limit set by Banco Itaú Corpbanca	35%
Limit = 35% Margin	197,934
Margin used = (STE + IR + RF) / Limit	**51.4%**

Limit No. 3 (Long-Term)

Long-term exposure to interest rate risk (LTE)	343,731
Limit set by Banco Itaú Corpbanca (over RC)	20%
Limit = 20% RC	683,169
Margin used = LTE / RC	**50.3%**

Figures as of 12-31-2018

* Translation risk, which is generated by consolidating financial statements.
Structural positions produced from consolidating assets and liabilities from our foreign branches and subsidiaries denominated in currencies other than the Chilean peso. As a result, movements in exchange rates can generate volatility within the bank's income statement and equity. This effect is known as "translation risk".

III.2) Var and Stress Tests

- **Calculation of Value at Risk (VaR):** this measurement provides the maximum potential economic loss at a certain confidence level and a given time horizon. Historical VaR, as opposed to Statistical or Parametric VaR, is based on the observed distribution of past returns, does not need to make assumptions of probability distributions (frequently normal distribution) and, therefore, does not need a mean (assumed 0), standard deviation and

correlations across returns (parameters). The bank uses a 99% confidence level and a time horizon of 1 day.

- **Calculation of Losses in Stress Scenarios (VaR Stress):** Simulation technique used to evaluate the behavior of financial assets and liabilities in a portfolio when diverse factors are elevated to extreme market conditions. In the event that stress scenarios occur, exposure is calculated by selecting the most unfavorable scenario among historical information, voted scenarios and a metric of scenario sensitivity.

- **Stress Testing Scenarios:** Banco Itaú Corpbanca also applies historical crisis scenarios, quantifying the size of the impact on profit or loss that could affect the bank's business and equity.

III.3) Sensitivity Measurements

- **Measuring Positions:** An important part of management control is the daily monitoring of positions, performing an exhaustive analysis of portfolio changes in order to detect any possible incidences for immediate correction.

- **Gap Analysis:** Representation by risk factor of cash flows expressed in fair value, assigned at the maturity date. It facilitates the detection of concentrations of interest rate risk over different time frames. All balance sheet and off-balance sheet positions must be ungrouped into cash flows and placed at the repricing / maturity point. For those accounts that do not have contractual maturities, an internal model is used to analyze and estimate their durations and sensitivities.

- **Measuring Volatility:** Analysis of volatilities by maturity and risk factor in order to observe market movements. This complements the VaR analysis by enabling the bank to understand the movements that are generated.

III.4) Backtesting

- Banco Itaú Corpbanca uses several tools to evaluate the degree of statistical accuracy or reliability of the results obtained. One of the most important of these tools is VaR Backtesting, which is designed to validate the real P&L results with the VaR from the previous day.