



# 3<sup>rd</sup> Quarter 2018 | Earnings Review Conference Call

**Gabriel Moura**  
Chief Financial Officer

**Claudia Labbé**  
Head of Investor Relations

**November 5<sup>th</sup>, 2018**

**Itaú Corpbanca**

**ITCB** MEMBER OF  
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**NYSE** **Sustainability Indices**  
In Collaboration with RobecoSAM

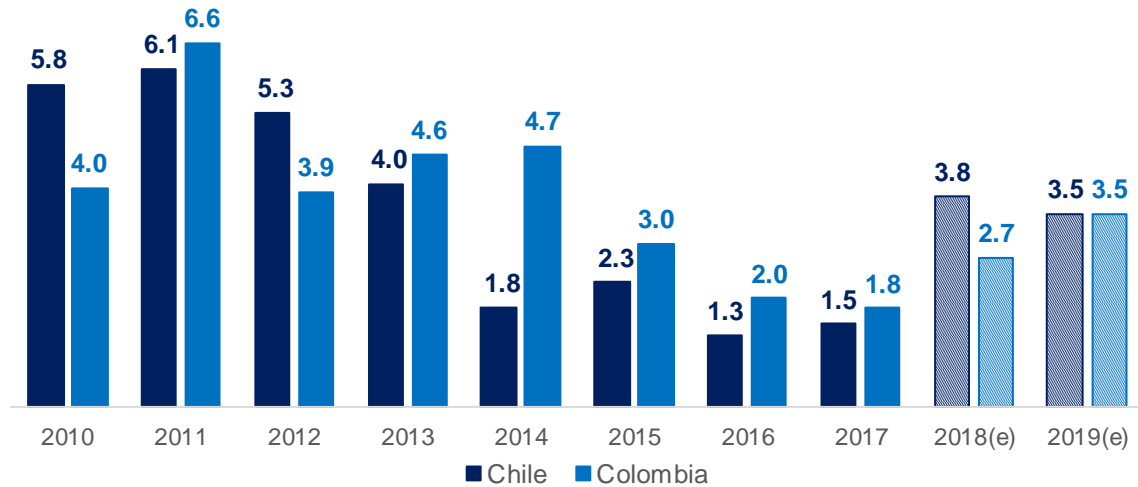
# Agenda

1. 3Q'18 Results
2. Update on Synergies
3. Next Steps

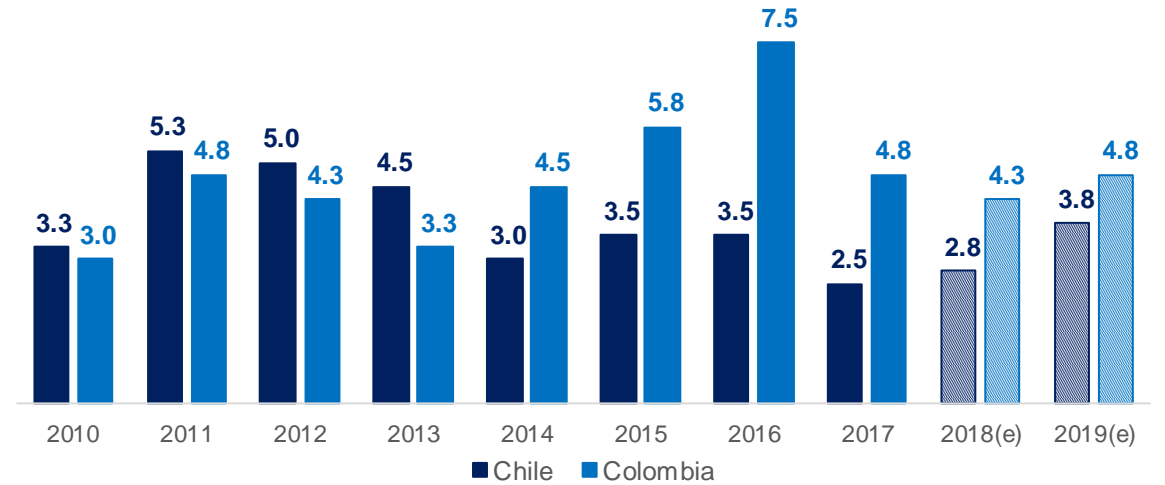
The Itaú logo is a blue rounded square with the word "Itaú" in yellow. It is positioned in the upper right corner of the slide, overlaid on a stylized world map composed of white dots.

# Macroeconomic Backdrop

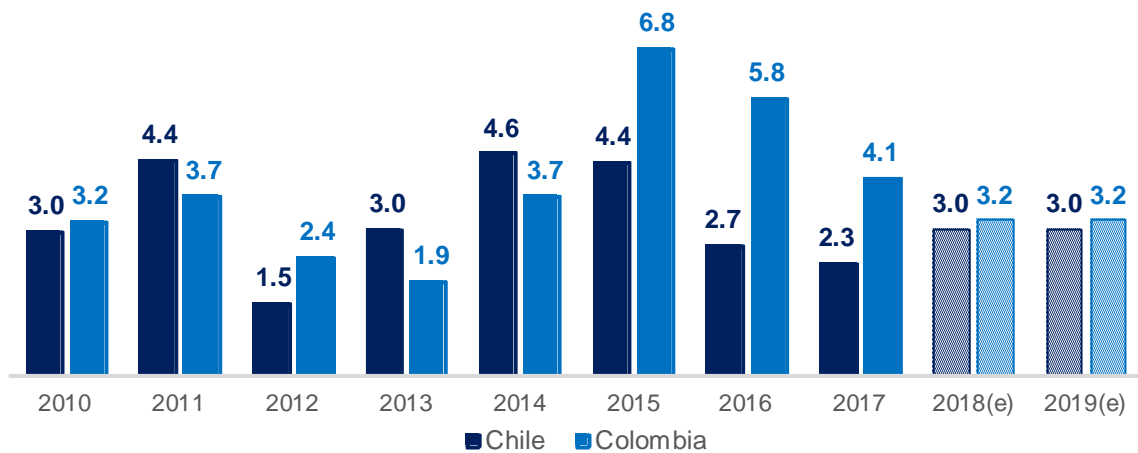
GDP Growth (%)



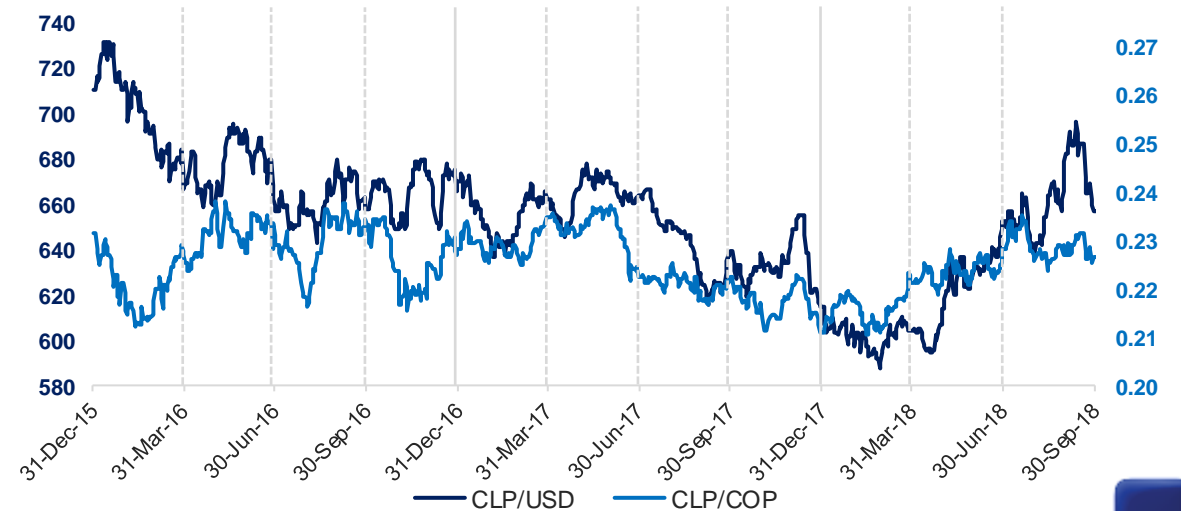
Interest Rates (EOP) - %



Inflation (CPI) - %



Exchange rates – CLP/USD & CLP/COP



# Managerial Recurring Net Income (Reconciliation)

*in million of Chilean Pesos*

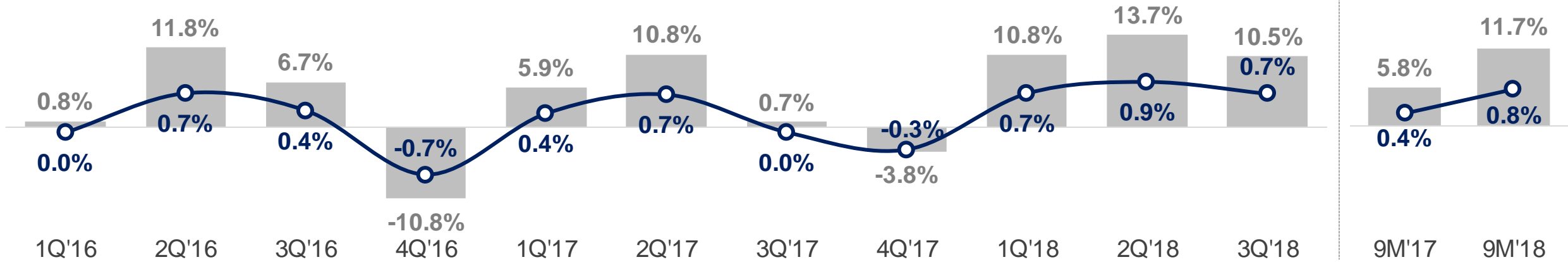
	3Q'18	2Q'18	3Q'17	9M'18	9M'17
<b>Net Income Attributable to Shareholders (Accounting)</b>	<b>42,894</b>	<b>57,937</b>	<b>(3,956)</b>	<b>143,591</b>	<b>85,065</b>
<b>(-) Non-Recurring Events</b>	<b>7,844</b>	<b>6,987</b>	<b>7,177</b>	<b>22,221</b>	<b>(5,987)</b>
<i>a) Restructuring costs</i>	-	-	1,664	588	3,923
<i>b) Transaction costs</i>	2,532	1,376	-	5,347	-
<i>c) SBIF fine</i>	-	-	-	-	(21,765)
<i>d) Amortization of intangibles from business combinations</i>	8,646	8,626	8,569	25,782	25,950
<i>e) Accounting adjustments</i>	-	-	-	-	(2,267)
<i>f) Sale / revaluation of investments in companies</i>	-	-	-	-	(3,145)
<i>Tax effects</i>	(3,334)	(3,014)	(3,056)	(9,496)	(8,683)
<b>Recurring Net Income Attributable to Shareholders (Managerial)</b>	<b>50,738</b>	<b>64,924</b>	<b>3,221</b>	<b>165,812</b>	<b>79,078</b>

## Non-Recurring Events

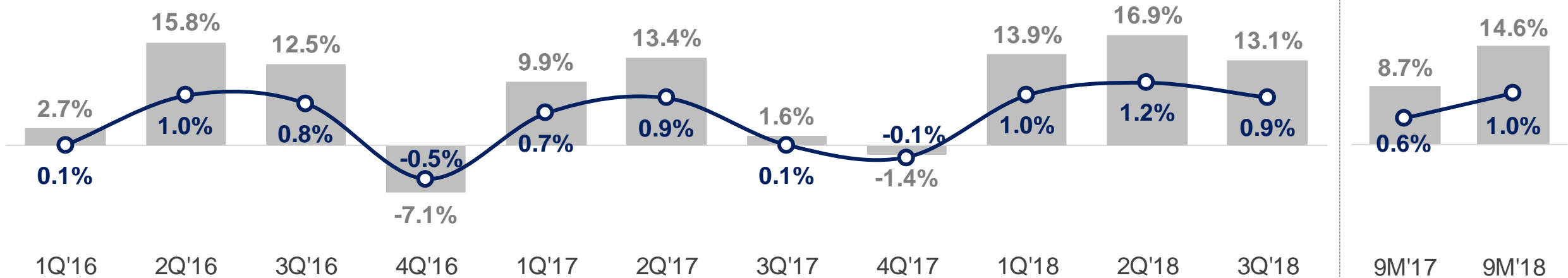
- (a) **Restructuring costs:** One-time integration costs.
- (b) **Transactions costs:** Costs related to the closing of the merger between Banco Itaú Chile and CorpBanca, such as investment banks, legal advisors, auditors and other related expenses.
- (c) **SBIF fine:** Fine imposed by the SBIF which, 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 RoTA<sup>1</sup>

RoTE / RoTA – Consolidated 



RoTE / RoTA – 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

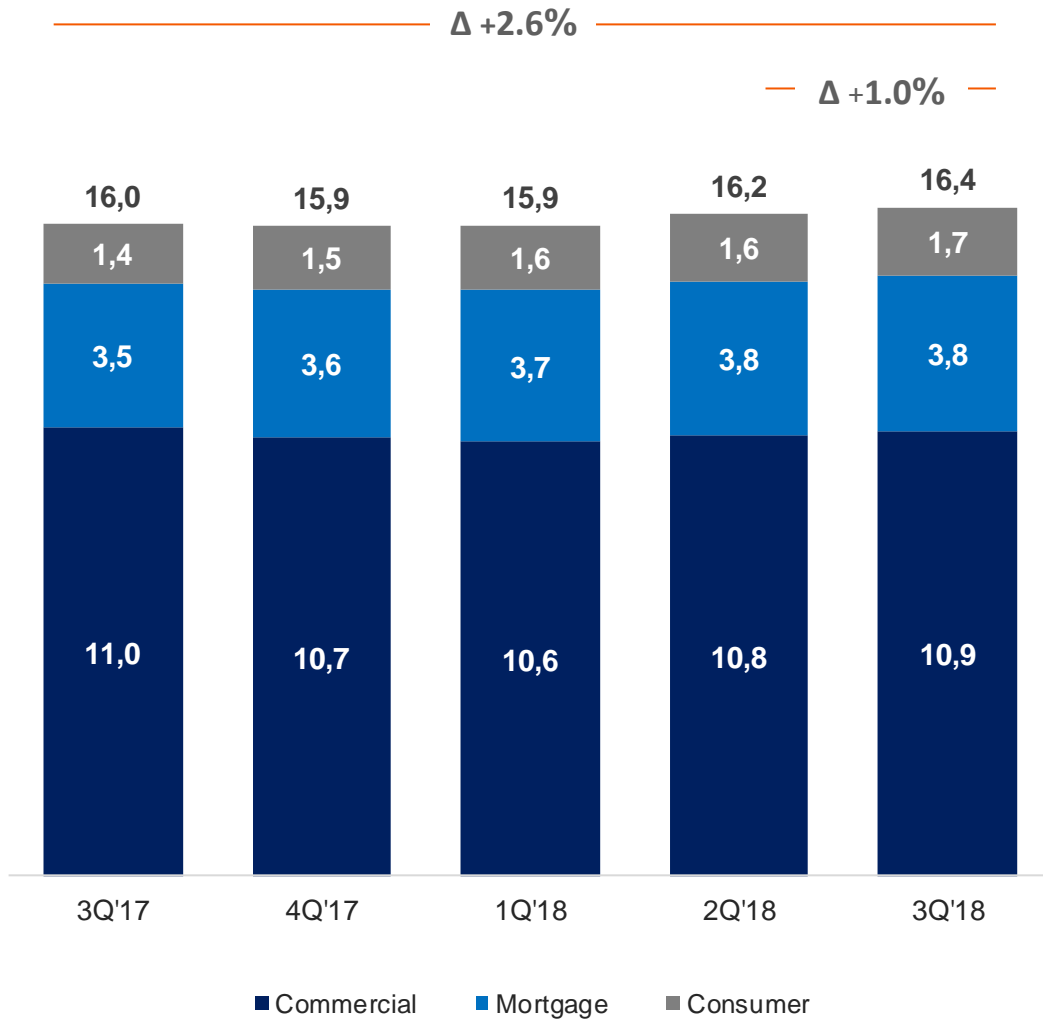


<i>in million of Chilean Pesos</i>	<b>Change</b>				<b>Change</b>				<b>Change</b>			
	<b>3Q'18</b>	<b>2Q'18</b>	<b>%</b>	<b>\$</b>	<b>3Q'17</b>	<b>%</b>	<b>\$</b>	<b>9M'18</b>	<b>9M'17</b>	<b>%</b>	<b>\$</b>	
Net interest income	140.063	144.135	-2,8%	-4.072	125.794	11,3%	14.269	418.285	387.703	7,9%	30.581	
Net fee and commission income	38.405	35.221	9,0%	3.184	38.637	-0,6%	-232	113.255	105.140	7,7%	8.115	
Total financial transactions, net	21.980	24.126	-8,9%	-2.146	20.793	5,7%	1.187	69.451	49.809	39,4%	19.642	
Other operating income, net	-2.263	-5.946	-61,9%	3.683	38	n.m.	-2.301	-7.388	-2.775	166,2%	-4.613	
<b>Net operating profit before credit &amp; counterparty losses</b>	<b>198.185</b>	<b>197.536</b>	<b>0,3%</b>	<b>649</b>	<b>185.262</b>	<b>7,0%</b>	<b>12.923</b>	<b>593.603</b>	<b>539.877</b>	<b>10,0%</b>	<b>53.726</b>	
Result from loan losses, net	-28.317	-33.980	-16,7%	5.663	-61.503	-54,0%	33.187	-93.002	-138.087	-32,6%	45.085	
CVA (ratings and collaterals effects)	-272	7.981	-103,4%	-8.253	-8.776	-96,9%	8.503	8.060	6.905	16,7%	1.155	
<b>Net operating profit</b>	<b>169.595</b>	<b>171.537</b>	<b>-1,1%</b>	<b>-1.941</b>	<b>114.983</b>	<b>47,5%</b>	<b>54.613</b>	<b>508.661</b>	<b>408.696</b>	<b>24,5%</b>	<b>99.966</b>	
Operating expenses	-109.184	-101.012	8,1%	-8.172	-110.648	-1,3%	1.465	-315.722	-310.385	1,7%	-5.337	
<b>Operating income</b>	<b>60.412</b>	<b>70.525</b>	<b>-14,3%</b>	<b>-10.113</b>	<b>4.335</b>	<b>n.m.</b>	<b>56.077</b>	<b>192.939</b>	<b>98.311</b>	<b>96,3%</b>	<b>94.628</b>	
Income from investments in other companies	51	221	-76,9%	-170	33	54,5%	18	297	297	0,0%	0	
<b>Income before taxes</b>	<b>60.463</b>	<b>70.746</b>	<b>-14,5%</b>	<b>-10.283</b>	<b>4.368</b>	<b>n.m.</b>	<b>56.095</b>	<b>193.236</b>	<b>98.608</b>	<b>96,0%</b>	<b>94.628</b>	
Income tax expense	-10.330	-7.421	39,2%	-2.910	1.373	-852,5%	-11.703	-28.388	-10.409	172,7%	-17.979	
<b>Net income attributable to shareholders</b>	<b>50.118</b>	<b>63.343</b>	<b>-20,9%</b>	<b>-13.226</b>	<b>5.754</b>	<b>771,0%</b>	<b>44.364</b>	<b>164.841</b>	<b>88.189</b>	<b>86,9%</b>	<b>76.652</b>	

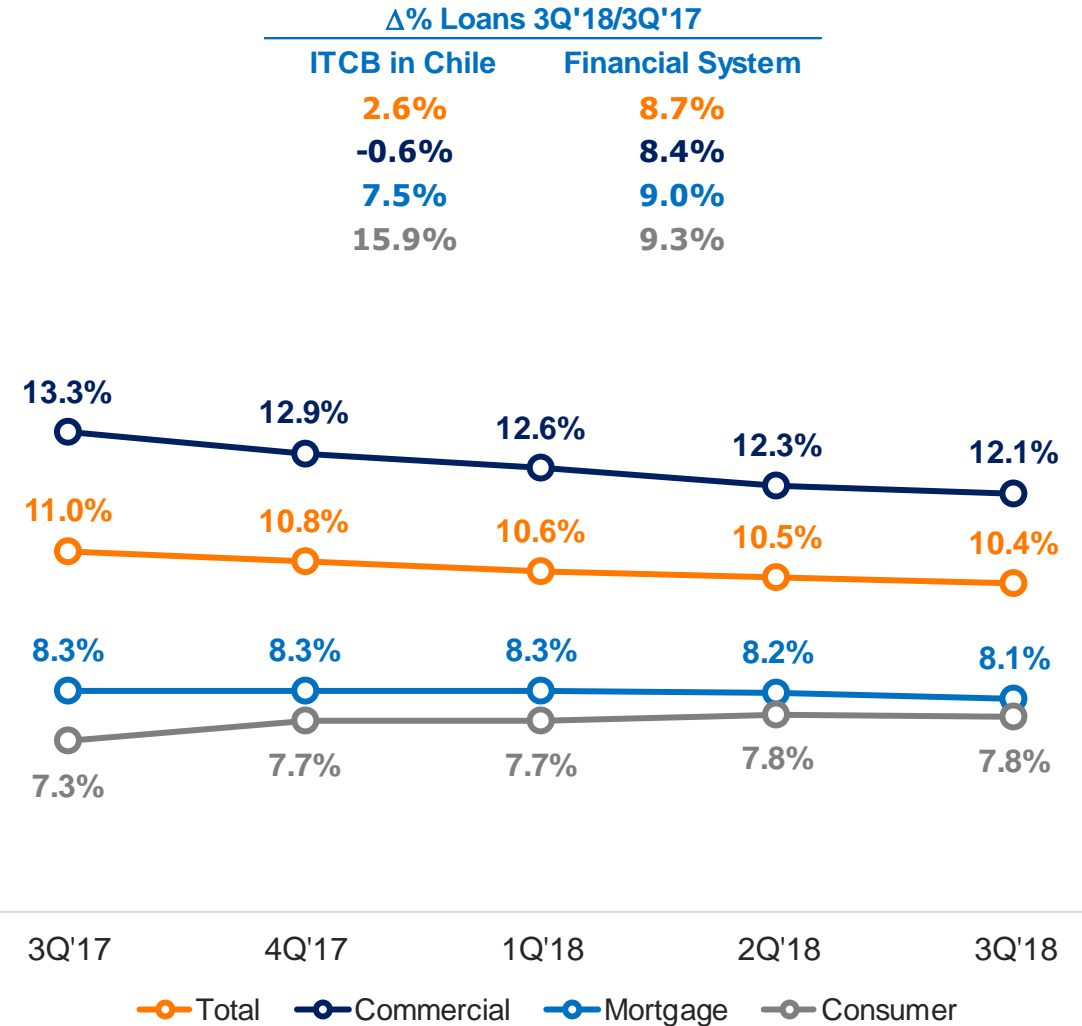
# Loan Portfolio



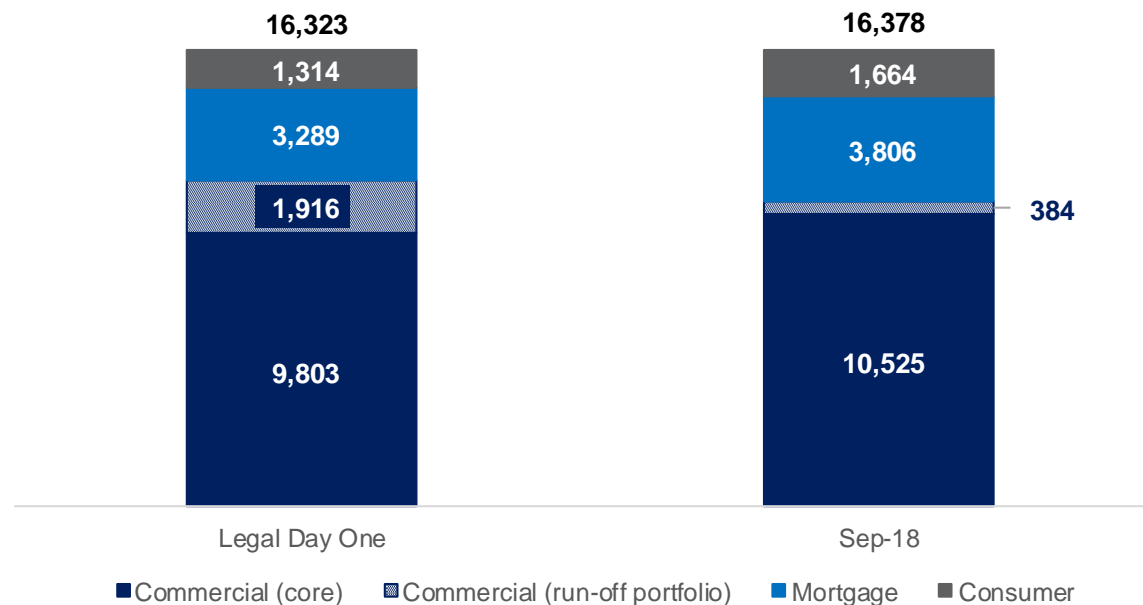
Total Loans (CP\$ Trn)



Market share



# Loan Portfolio – run off portfolio



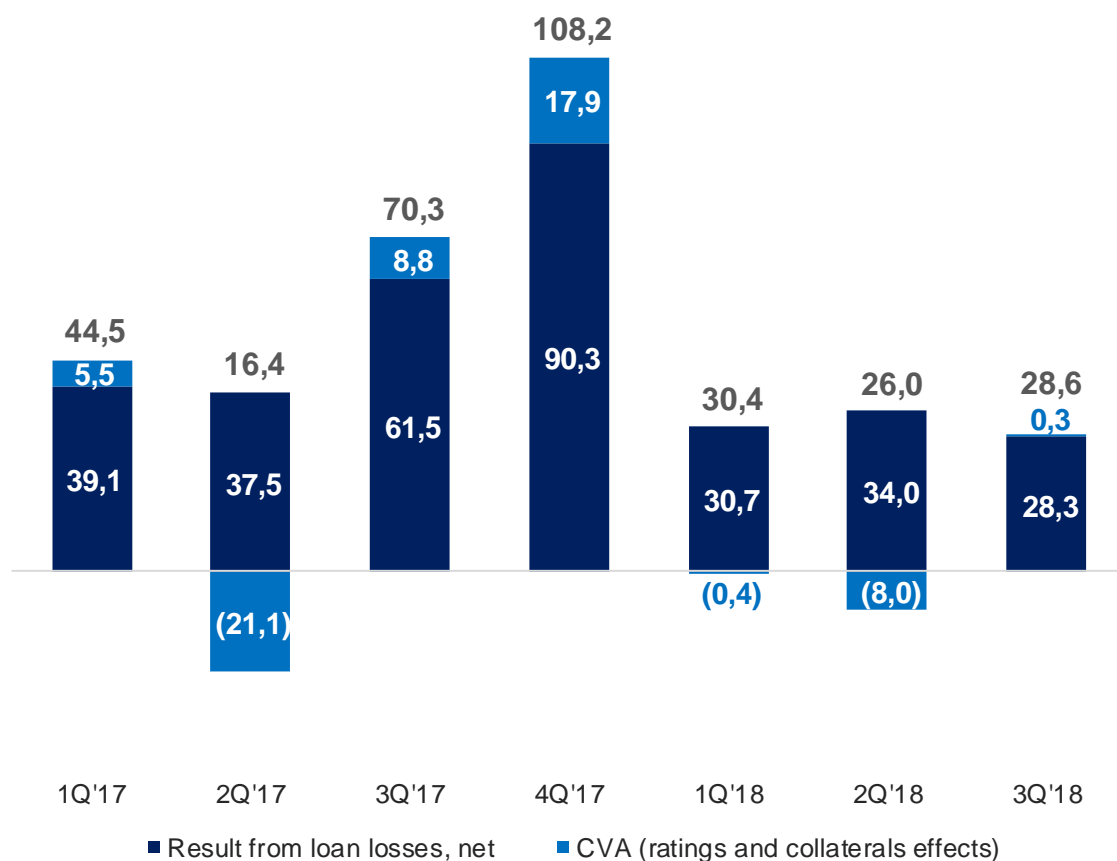
<i>in billion of Chilean pesos</i>	Sep-18	Legal Day One	Var (\$)	CAGR (%)	CAGR (%) Financial System
Commercial	10,909	11,719	(810)	-2.8%	4.9%
Commercial (core)	10,525	9,803	722	2.9%	n.a.
Commercial (run-off portfolio)	384	1,916	(1,532)	-47.4%	n.a.
Mortgage	3,806	3,289	516	6.0%	9.4%
Consumer	1,664	1,314	350	9.9%	7.9%
<b>Total</b>	<b>16,378</b>	<b>16,323</b>	<b>56</b>	<b>0.1%</b>	<b>6.6%</b>
<b>Total (ex run-off portfolio)</b>	<b>15,994</b>	<b>14,406</b>	<b>1,588</b>	<b>4.3%</b>	



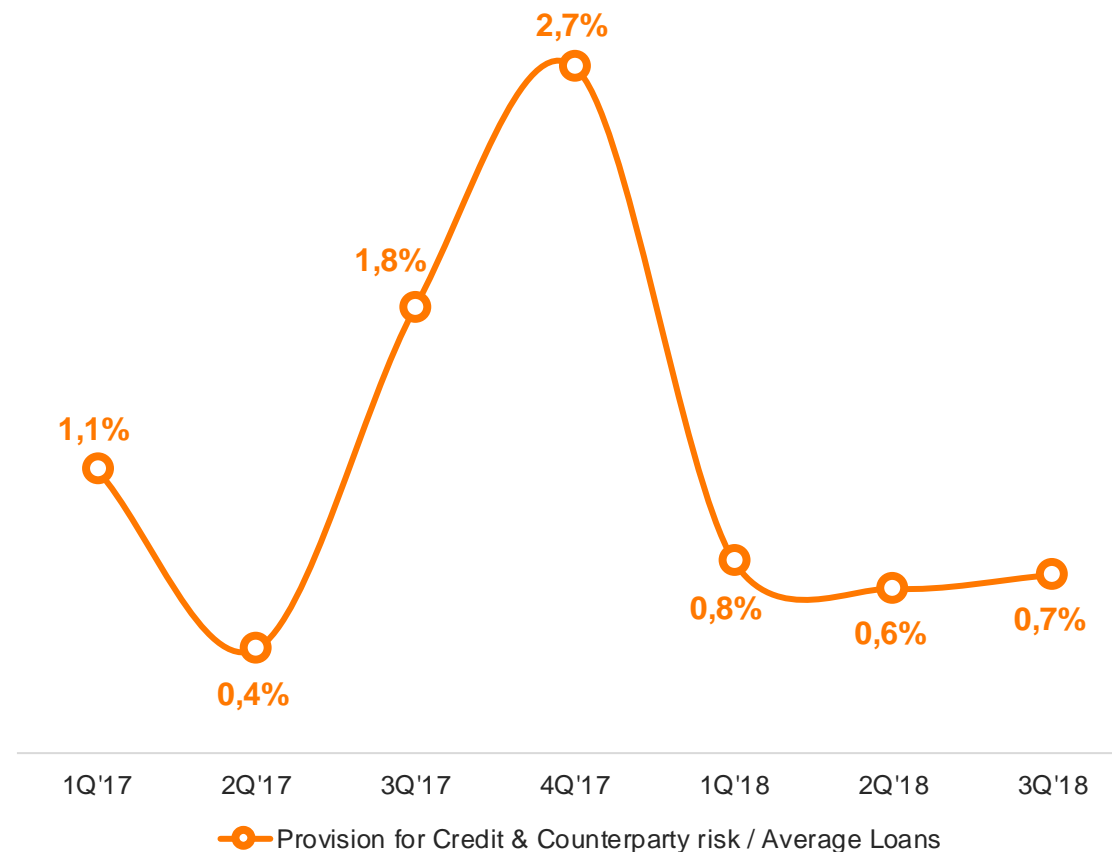
# Net provision for credit & counterparty risks



Net provision for credit & counterparty risks (CLP Bln)



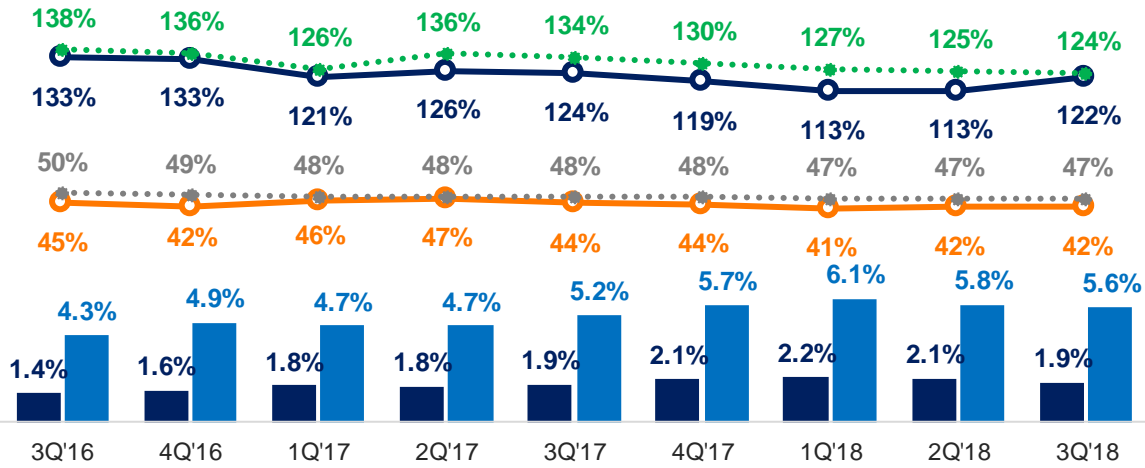
Net provision for credit & counterparty risk ratio (annualized)



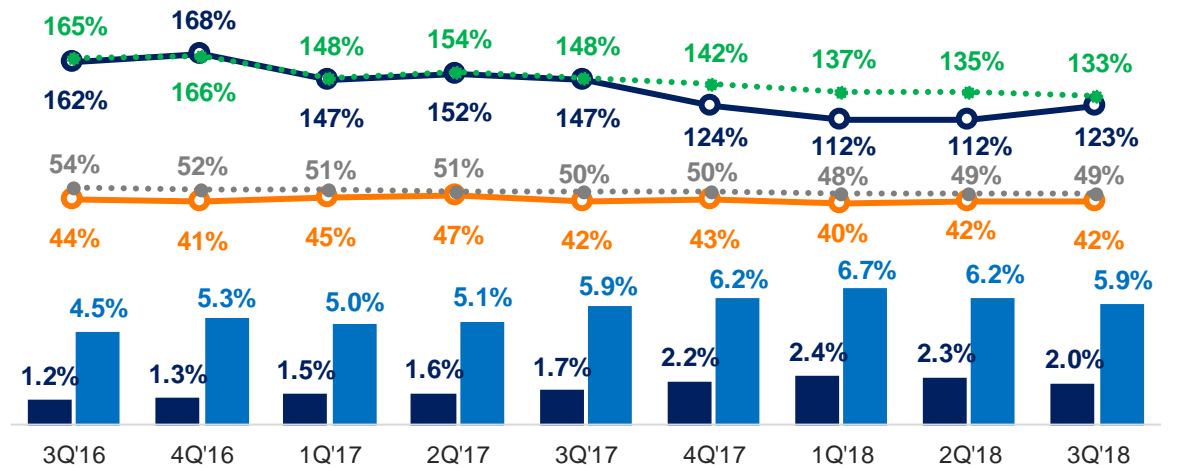
# Credit Quality



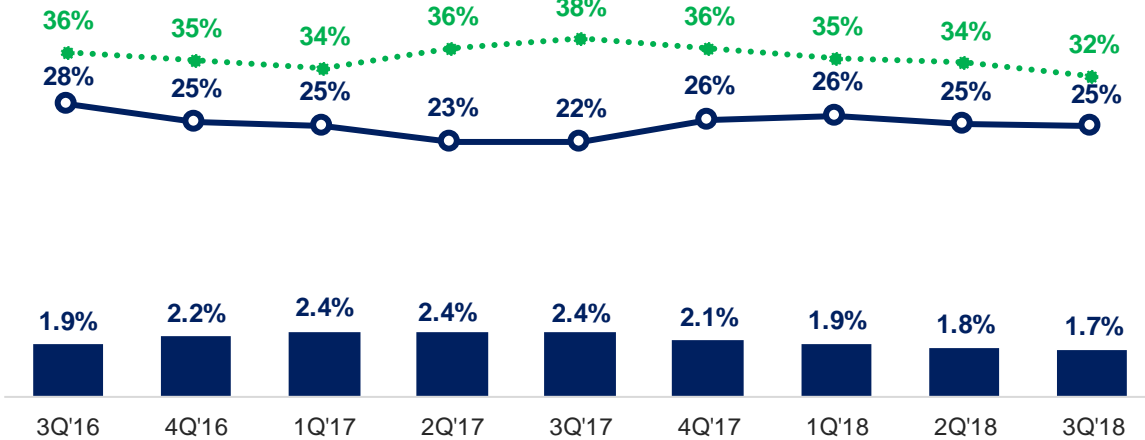
## Total Loans



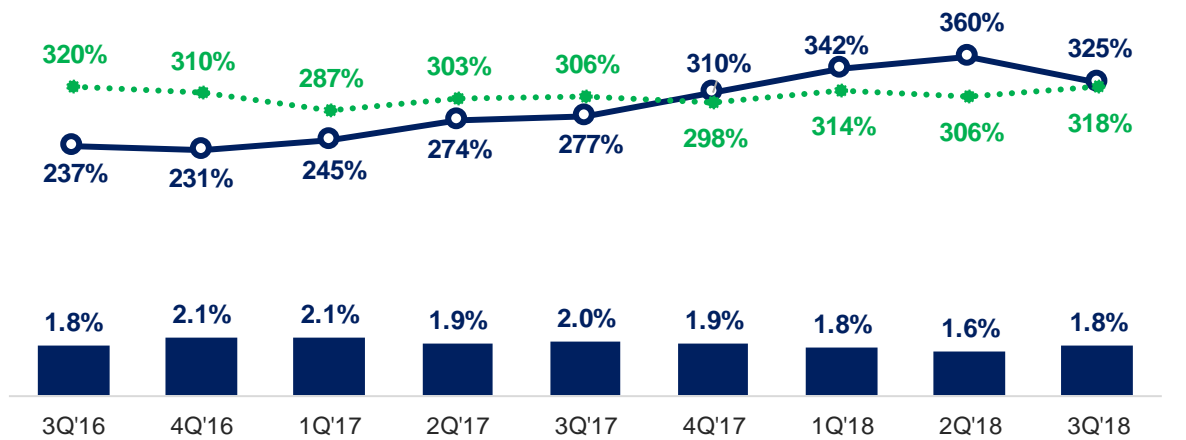
## Commercial



## 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

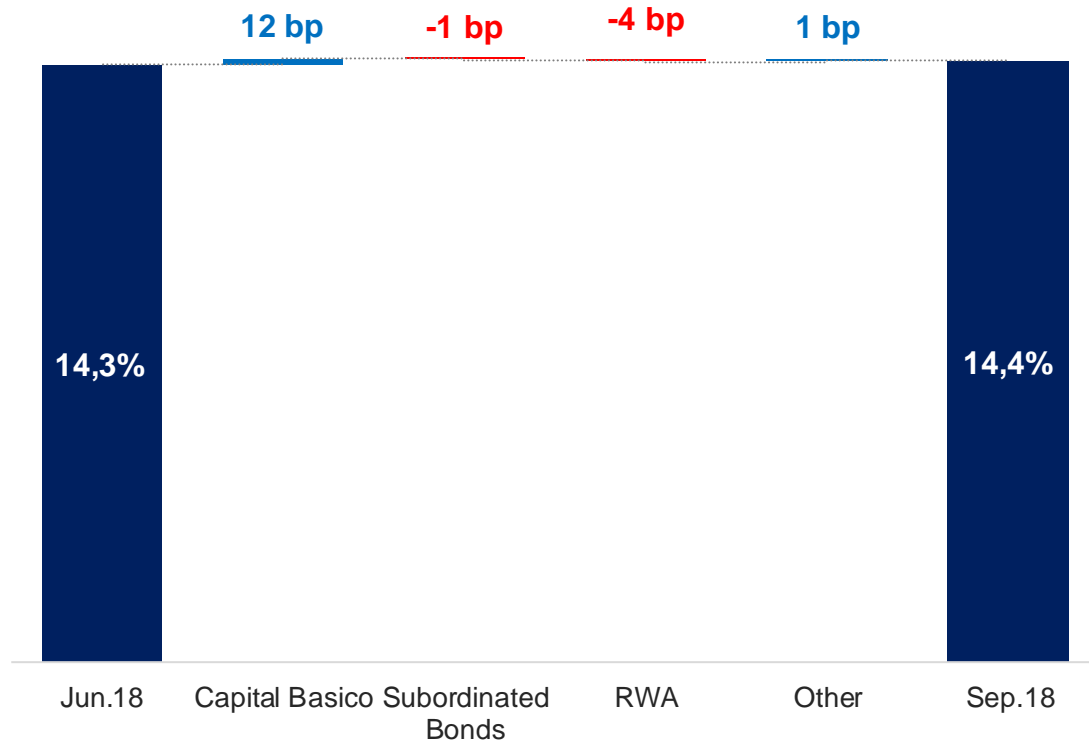


in million of Chilean Pesos - constant currency <sup>1</sup>	Change				Change			Change			
	3Q'18	2Q'18	%	\$	3Q'17	%	\$	9M'18	9M'17	%	\$
Net interest income	68,512	72,367	-5.3%	-3,855	58,700	16.7%	9,812	207,618	166,884	24.4%	40,734
Net fee and commission income	8,861	8,248	7.4%	613	6,675	32.7%	2,186	23,536	26,379	-10.8%	-2,843
Total financial transactions, net	5,046	3,079	63.9%	1,967	10,361	-51.3%	-5,315	13,574	51,690	-73.7%	-38,117
Other operating income, net	283	-530	-153.5%	813	-1,207	-123.5%	1,490	-449	-6,375	-93.0%	5,925
<b>Net operating profit before loan losses</b>	<b>82,701</b>	<b>83,164</b>	<b>-0.6%</b>	<b>-462</b>	<b>74,529</b>	<b>11.0%</b>	<b>8,172</b>	<b>244,278</b>	<b>238,579</b>	<b>2.4%</b>	<b>5,699</b>
Result from loan losses	-20,974	-32,177	-34.8%	11,203	-25,082	-16.4%	4,108	-83,715	-93,306	-10.3%	9,591
<b>Net operating profit</b>	<b>61,727</b>	<b>50,987</b>	<b>21.1%</b>	<b>10,741</b>	<b>49,447</b>	<b>24.8%</b>	<b>12,280</b>	<b>160,564</b>	<b>145,273</b>	<b>10.5%</b>	<b>15,290</b>
Operating expenses	-49,447	-49,779	-0.7%	332	-50,120	-1.3%	673	-149,314	-150,249	-0.6%	935
<b>Operating income</b>	<b>12,280</b>	<b>1,208</b>	<b>916.9%</b>	<b>11,073</b>	<b>-673</b>	<b>n.m.</b>	<b>12,954</b>	<b>11,249</b>	<b>-4,976</b>	<b>-326.1%</b>	<b>16,225</b>
Income from investments in other companies	4	-8	-149.4%	12	0	n.a.	4	1,276	857	48.9%	419
<b>Income before taxes</b>	<b>12,284</b>	<b>1,199</b>	<b>924.1%</b>	<b>11,085</b>	<b>-673</b>	<b>n.m.</b>	<b>12,958</b>	<b>12,525</b>	<b>-4,119</b>	<b>-404.1%</b>	<b>16,644</b>
Income tax expense	-3,580	2,995	-219.5%	-6,575	2,855	-225.4%	-6,435	4,130	10,116	-59.2%	-5,986
<b>Net income</b>	<b>8,705</b>	<b>4,195</b>	<b>107.5%</b>	<b>4,510</b>	<b>2,182</b>	<b>298.9%</b>	<b>6,522</b>	<b>16,655</b>	<b>5,997</b>	<b>177.7%</b>	<b>10,658</b>
(-) Minority Interests	-2,930	-1,410	107.9%	-1,521	-736	298.2%	-2,195	-5,601	-2,011	178.5%	-3,589
(-) Cost of hedge positions for Colombia	-5,139	-1,168	340.0%	-3,971	-3,908	31.5%	-1,231	-9,972	-13,174	-24.3%	3,203
<b>Net income attributable to shareholders</b>	<b>635</b>	<b>1,617</b>	<b>-60.7%</b>	<b>-982</b>	<b>-2,462</b>	<b>-125.8%</b>	<b>3,097</b>	<b>1,083</b>	<b>-9,188</b>	<b>-111.8%</b>	<b>10,271</b>
Currency conversion effects	-15	-36			-72			-112	77		
<b>Net income attributable to shareholders (nominal currency)</b>	<b>620</b>	<b>1,581</b>	<b>-60.8%</b>	<b>-961</b>	<b>-2,533</b>	<b>-124.5%</b>	<b>3,154</b>	<b>971</b>	<b>-9,111</b>	<b>-110.7%</b>	<b>10,082</b>

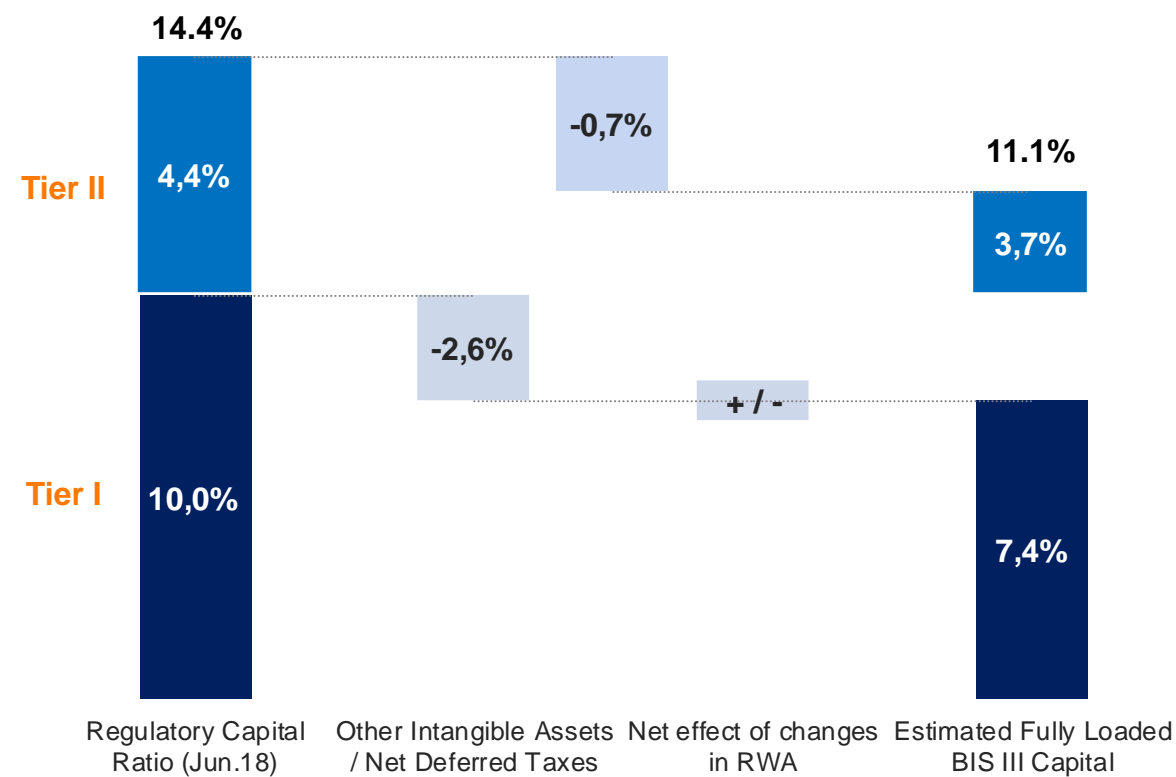
1 – Considers the elimination of foreign exchange variation, which is obtained by the application of the foreign exchange rate of June 30th, 2018 to all periods analyzed.

# Regulatory Capital Ratio – Ley General de Bancos (LGB)

## Regulatory capital ratio evolution (LGB)



## Estimated<sup>1</sup> 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).

# Agenda

1. 2Q'18 Results

**2. Update on Synergies**

3. Next Steps

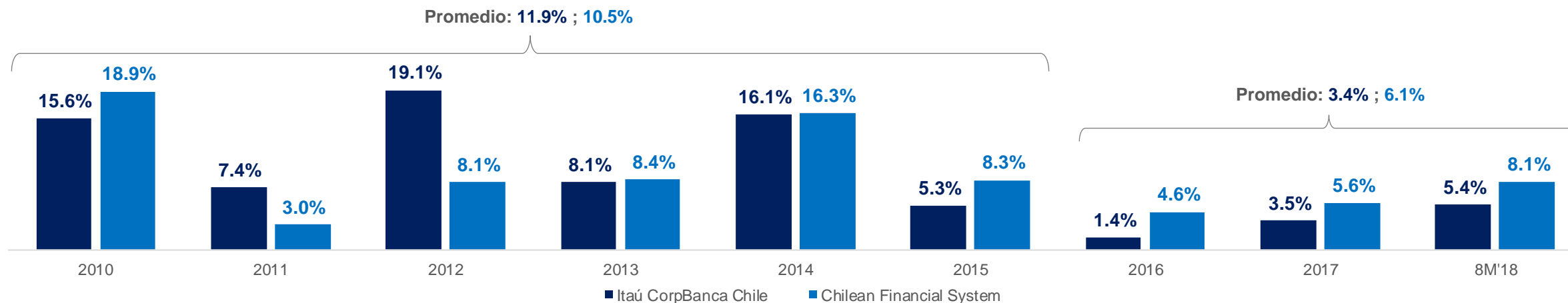
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# Synergies Update | Compared Evolution of Total Expenses

In billion of Chilean pesos

	2009	2010	2011	2012	2013	2014	2015	2016	2017	8M'17	8M'18
<b>Total Expenses - Itaú CorpBanca<sup>1</sup></b>	<b>220</b>	<b>255</b>	<b>275</b>	<b>402</b>	<b>545</b>	<b>732</b>	<b>736</b>	<b>801</b>	<b>768</b>	<b>500</b>	<b>522</b>
(-) Itaú CorpBanca Colombia	-	-	-	(74)	(191)	(290)	(253)	(253)	(274)	(185)	(180)
<b>Total Expenses - Itaú CorpBanca Chile</b>	<b>220</b>	<b>255</b>	<b>275</b>	<b>328</b>	<b>354</b>	<b>441</b>	<b>483</b>	<b>548</b>	<b>494</b>	<b>316</b>	<b>342</b>
(-) credit risk-related provisions <sup>2</sup>	(3)	(4)	(4)	(6)	(4)	(4)	(2)	(11)	(9)	(2)	(11)
(-) Non-recurring expenses	-	-	-	-	-	(32)	(54)	(101)	(31)	(18)	(20)
(-) Depreciation y Amortization	(10)	(12)	(14)	(16)	(20)	(22)	(24)	(26)	(29)	(19)	(20)
<b>Adjusted Total Expenses - Itaú CorpBanca Chile</b>	<b>207</b>	<b>239</b>	<b>257</b>	<b>306</b>	<b>331</b>	<b>384</b>	<b>404</b>	<b>410</b>	<b>424</b>	<b>276</b>	<b>291</b>
Annual growth rate		15.6%	7.4%	19.1%	8.1%	16.1%	5.3%	1.4%	3.5%		5.4%
<b>Adjusted Total Expenses - Chilean Financial System</b>	<b>2,254</b>	<b>2,680</b>	<b>2,761</b>	<b>2,983</b>	<b>3,233</b>	<b>3,760</b>	<b>4,073</b>	<b>4,259</b>	<b>4,496</b>	<b>2,932</b>	<b>3,170</b>
Annual growth rate		18.9%	3.0%	8.1%	8.4%	16.3%	8.3%	4.6%	5.6%		8.1%

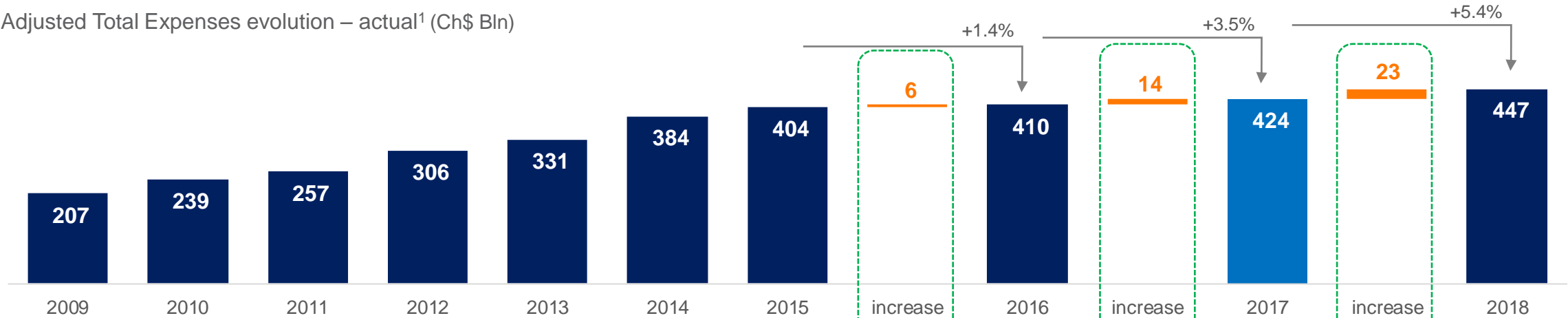
Adjusted Total Expenses annualized growth (%)



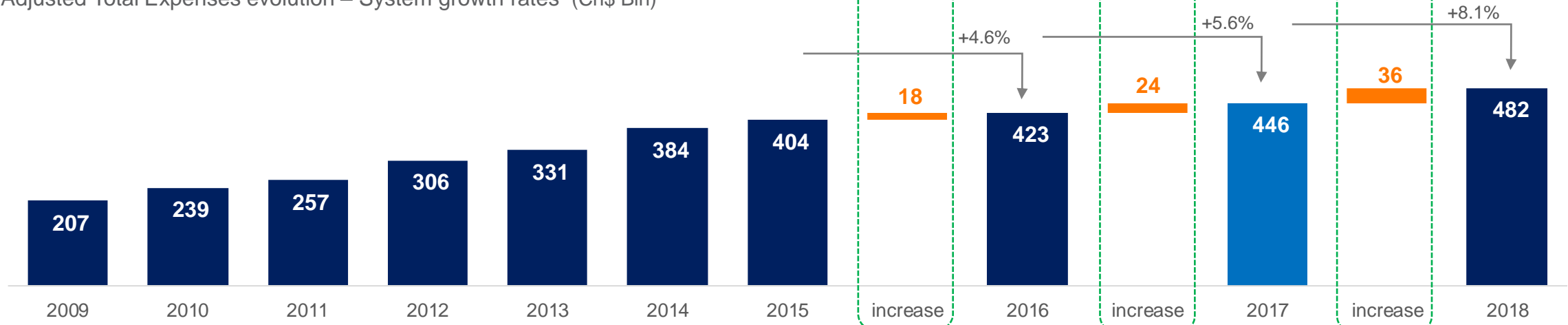
1 – Includes commissions expenses, personnel expenses, administrative expenses, depreciation and amortization, impairment charges and other operational expenses. All data is Proforma 2 – Consisting of provisions for assets received in lieu of payment and provisions for Country risk.

# Synergies Update | Estimated Synergies Captured to Date<sup>1</sup>

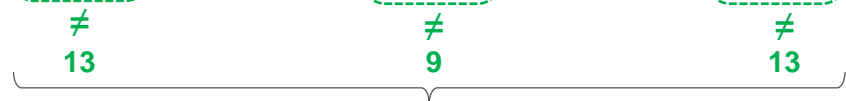
Adjusted Total Expenses evolution – actual<sup>1</sup> (Ch\$ Bln)



Adjusted Total Expenses evolution – System growth rates<sup>1</sup> (Ch\$ Bln)



Synergies captured (Ch\$ bln)



Ch\$ 35 billion in the first three years

1 – Assuming current 9M'17 annual growth rate as the full year growth rate, for the purpose of this exercise.

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# 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



# 3<sup>rd</sup> Quarter 2018 | Earnings Review Conference Call

**Gabriel Moura**  
Chief Financial Officer

**Claudia Labbé**  
Head of Investor Relations

**November 5<sup>th</sup>, 2018**

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