

# 4th Quarter 2017 | Earnings Review Conference Call



**Milton Maluhy**  
Chief Executive Officer

**Gabriel Moura**  
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**Claudia Labbé**  
Head of Investor Relations

**Itaú Corpbanca**

March 1<sup>st</sup>, 2018



# Agenda

1. **Business Overview**
2. Results 4Q'17 & 2017
3. Next Steps - 2018

# Itaú CorpBanca's integration process timeline



# 2017: Transition | Completion of retail migration and client segmentation



## Transition

- Completion of retail migration and client segmentation in Chile
- Initial roll out of Digital initiatives
- Resuming business growth in retail
- Introduction of Itaú Brand in the Colombian retail Market



Retail clients' accounts **migration** executed



Client **segmentation** completed



104 **branches overhauled**  
58 branches **migrated**  
23 branches **closed**





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# 2017: Transition | Initial roll out of Digital initiatives

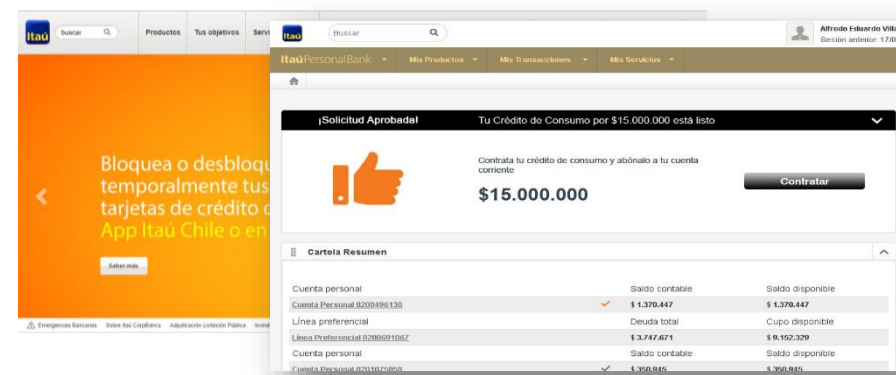
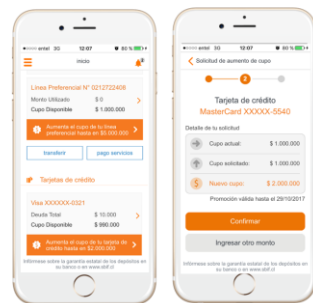
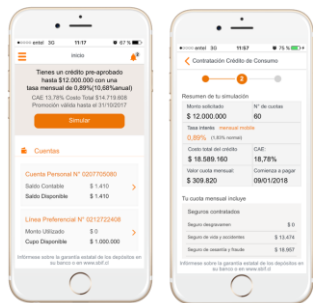
## Building a Digital Bank from inside....

20+ **multidisciplinary teams** fully dedicated that are looking at **opportunities for change** and are **re-thinking** the entire bank processes with a **disciplined and focused approach**.



## Out.

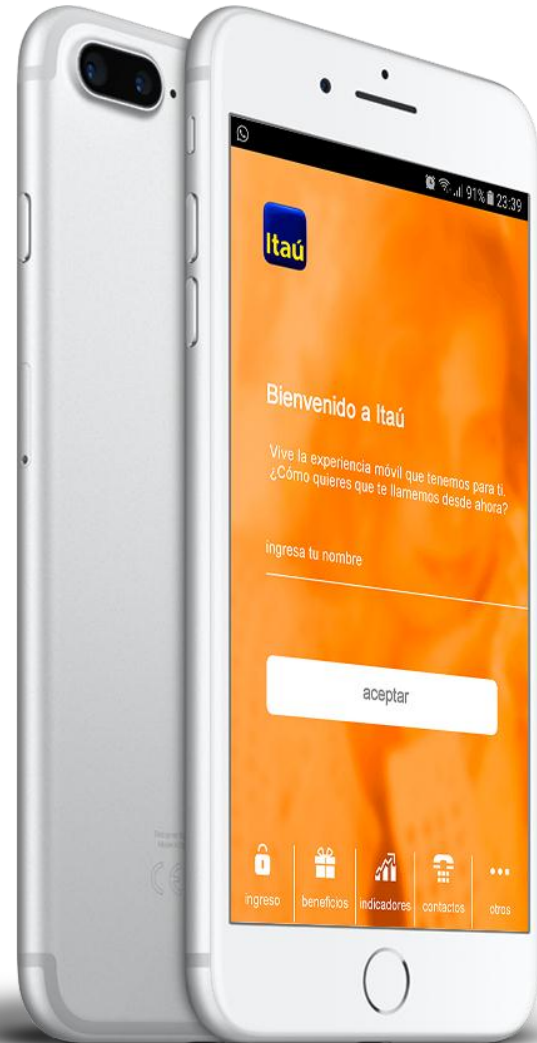
50 releases throughout the year, **improving** functionality, user interface and offers through our **digital channels**.



# 2017: Transition | Initial roll out of Digital initiatives



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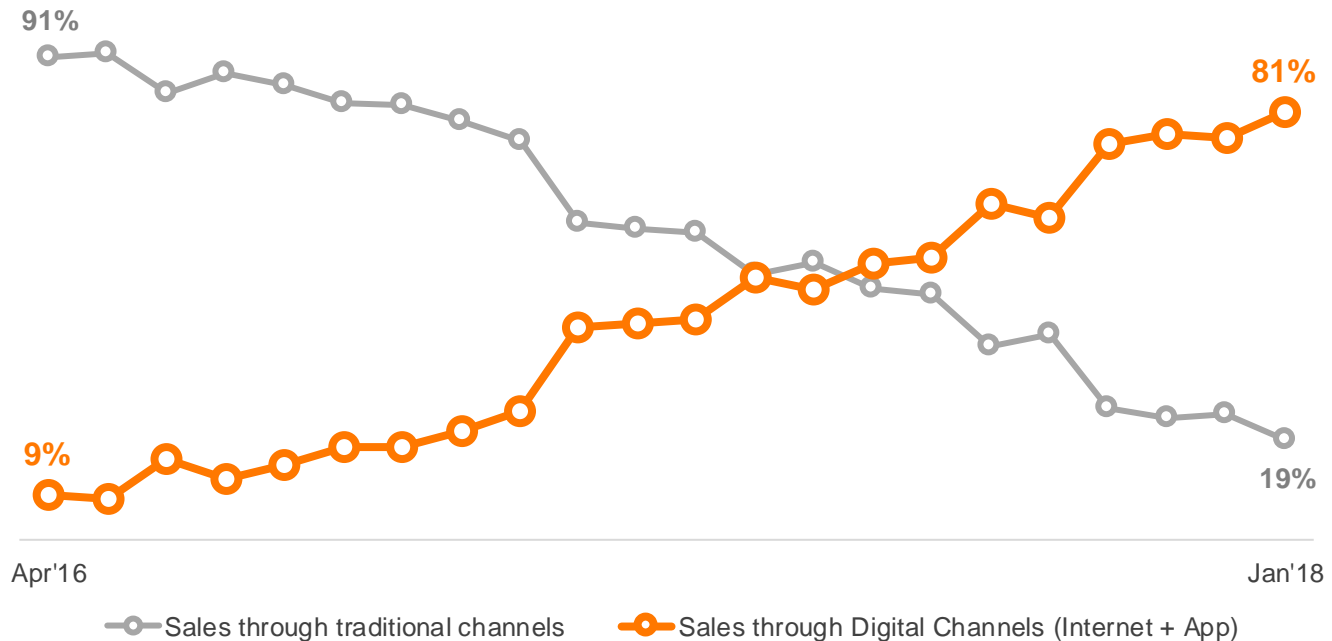
## Higher adoption of our App

50%

more CLIENTS in 2017

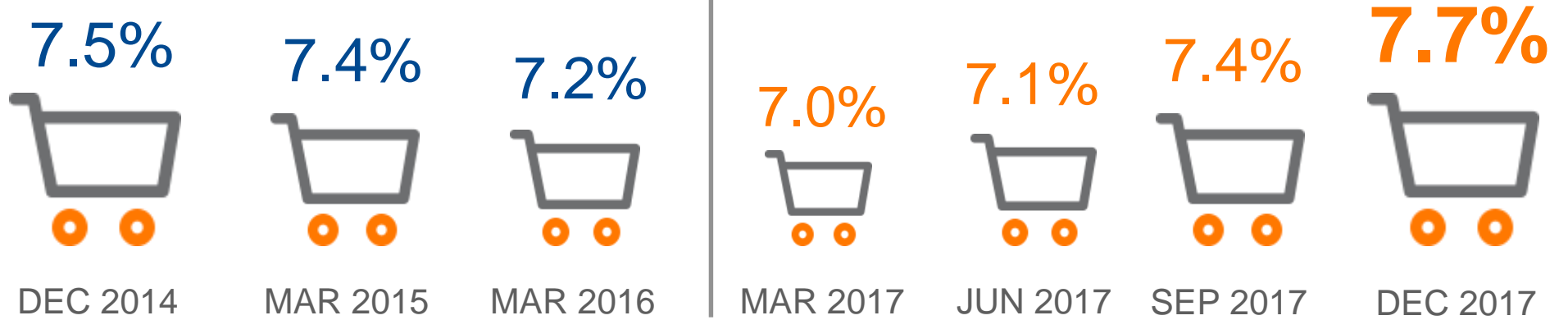
## Increasing transactions

# sales of retail installment loans

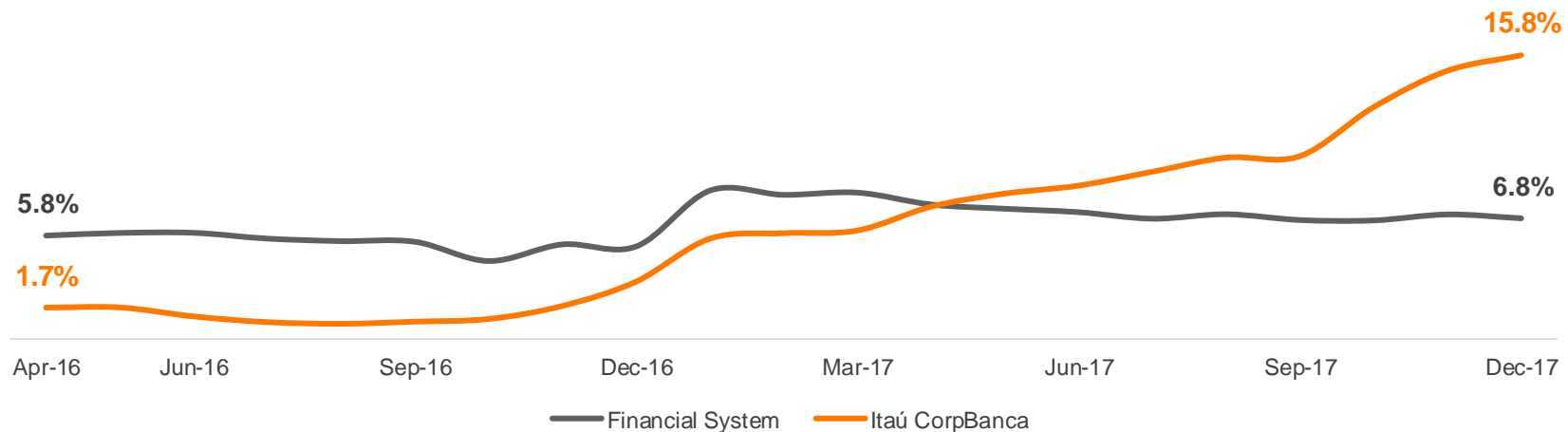


# 2017: Transition | Resuming business growth in retail

## Installment Loans market share



## 12-months installment loans growth: Itau vs. Financial System



# 2017: Transition | Introduction of Itaú Brand in the Colombian retail Market

2017



Transition

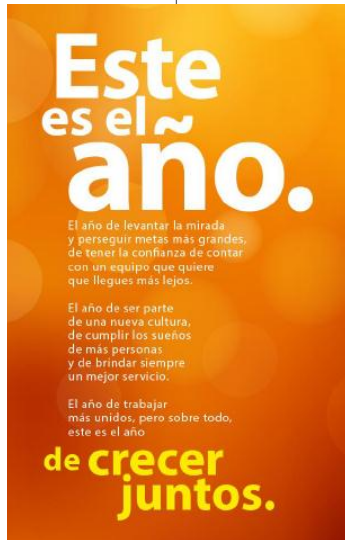
- Completion of retail migration and client segmentation in Chile
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Feb - Apr

22 May

May - Dec

Dec



Internal Campaign



Brand Introduction



Launch campaign  
“Queremos Conocer”



Year end

“Gracias por recibirnos”

We ended 2017 with **54%** of CorpBanca Colombia’s clients and **74%** of branches migrated.

By the end of **1Q’18** we’ll have **100%** of clients and branches under the **Itaú brand** and core system.



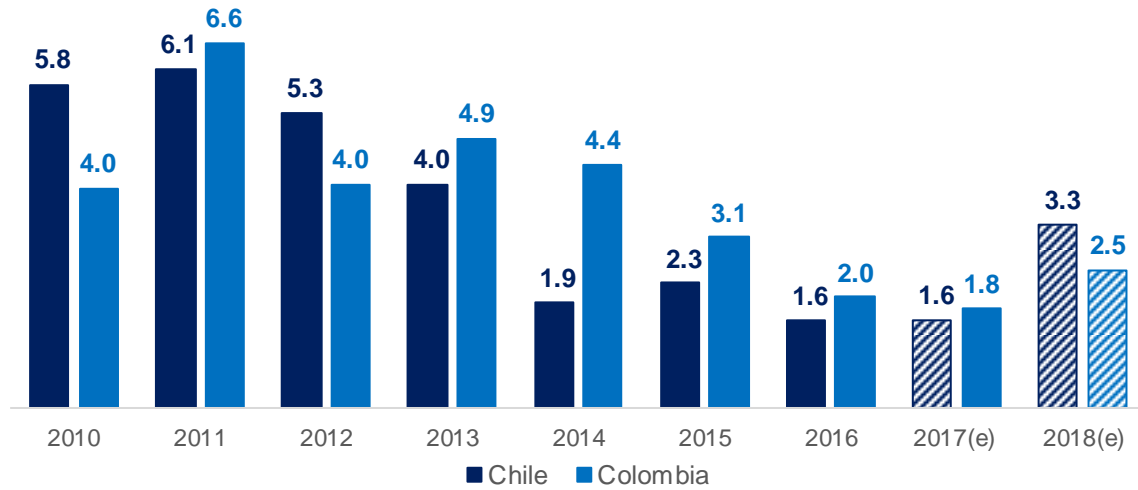


# Agenda

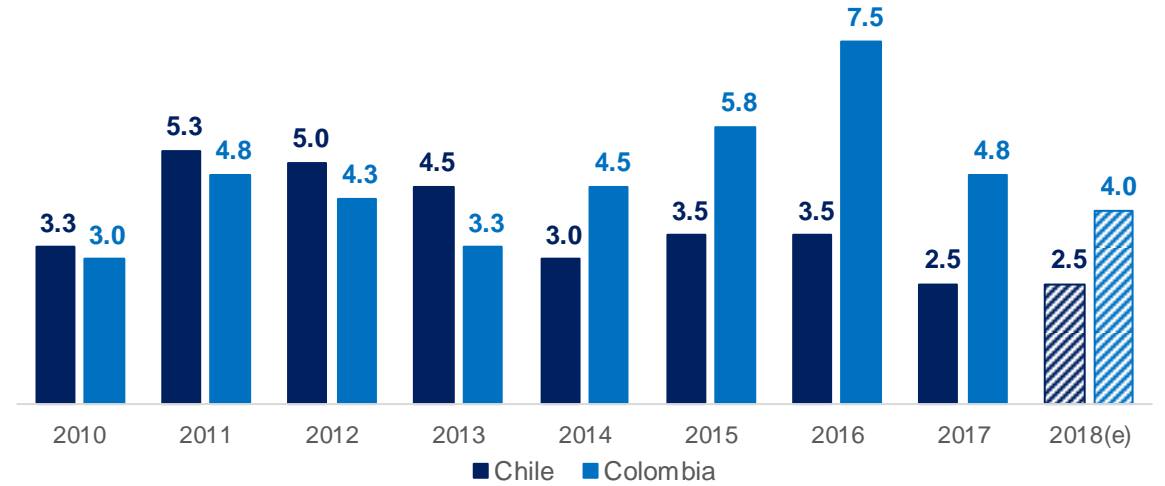
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# Macroeconomic Backdrop

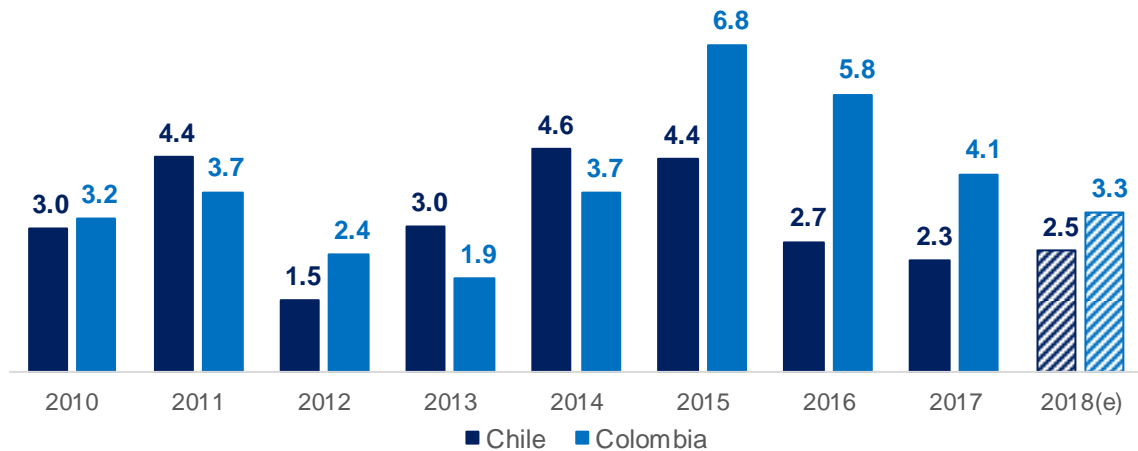
GDP Growth (%)



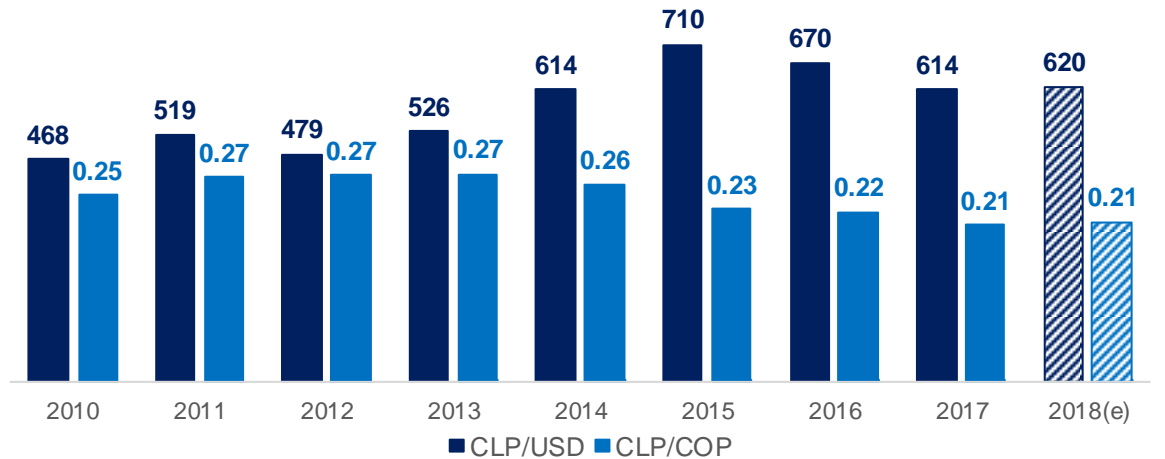
Interest Rates (EOP) - %



Inflation (CPI) - %

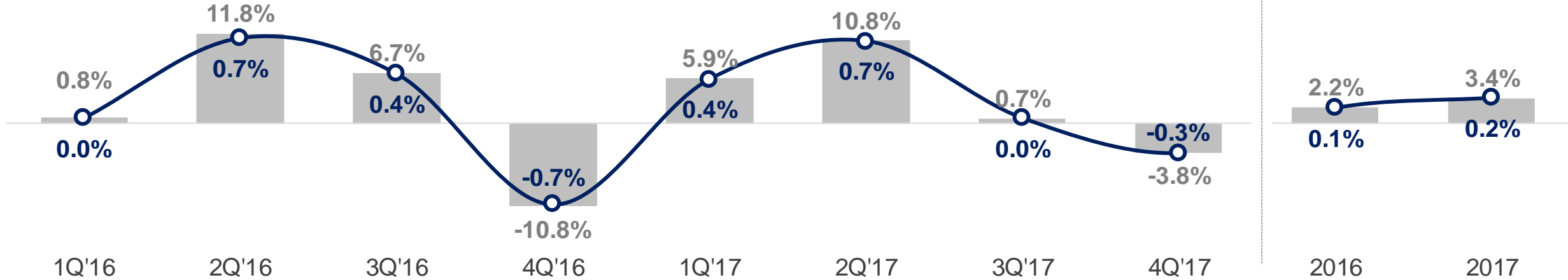


Exchange rates – CLP/USD & CLP/COP

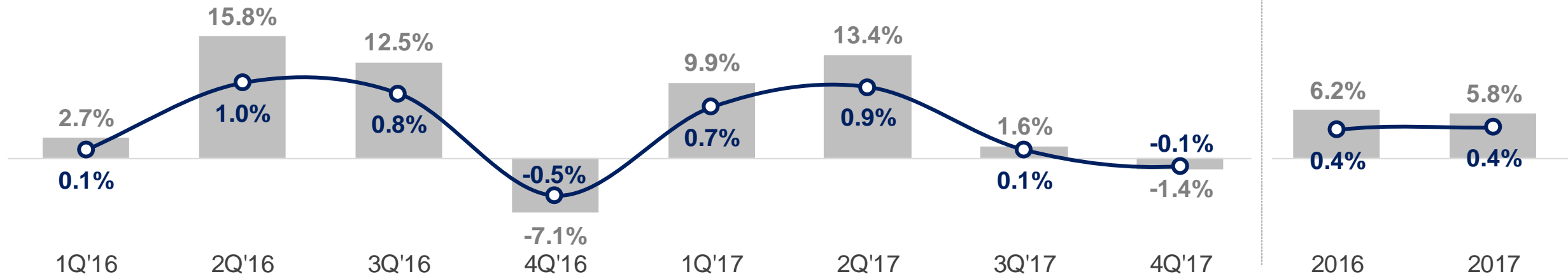


# Recurring RoTE / Recurring RoTA<sup>1</sup>

ROE / ROA – Consolidated



ROE / ROA – Chile

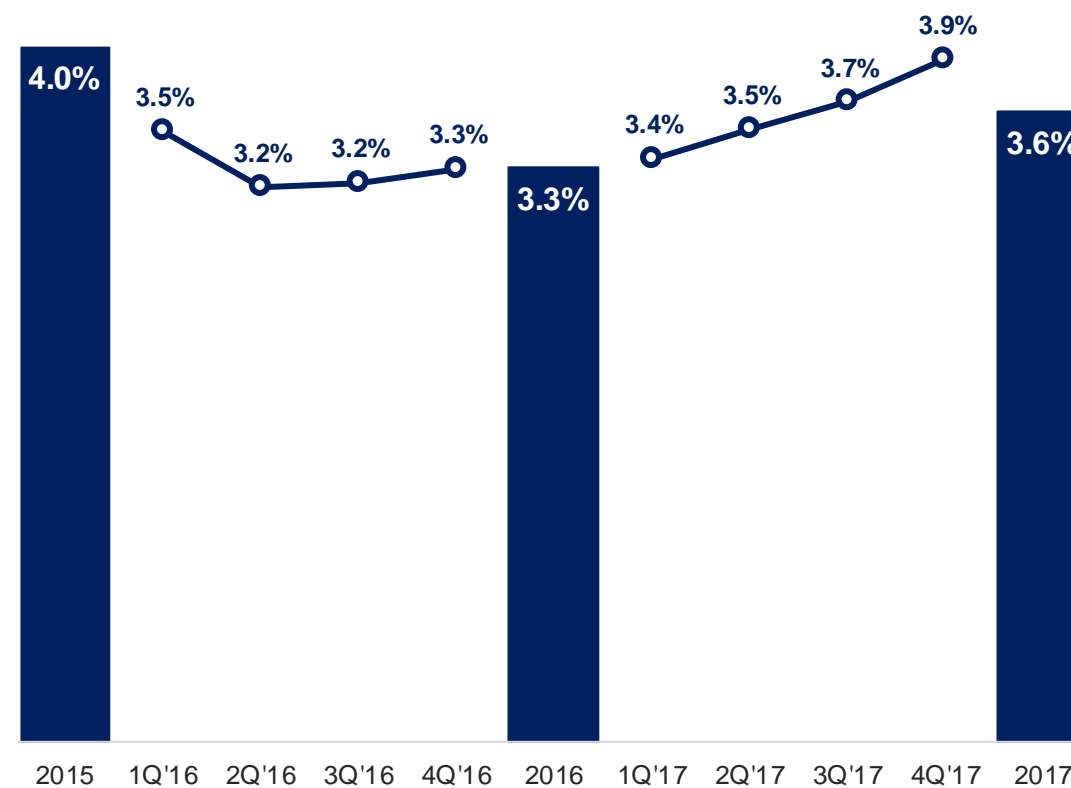
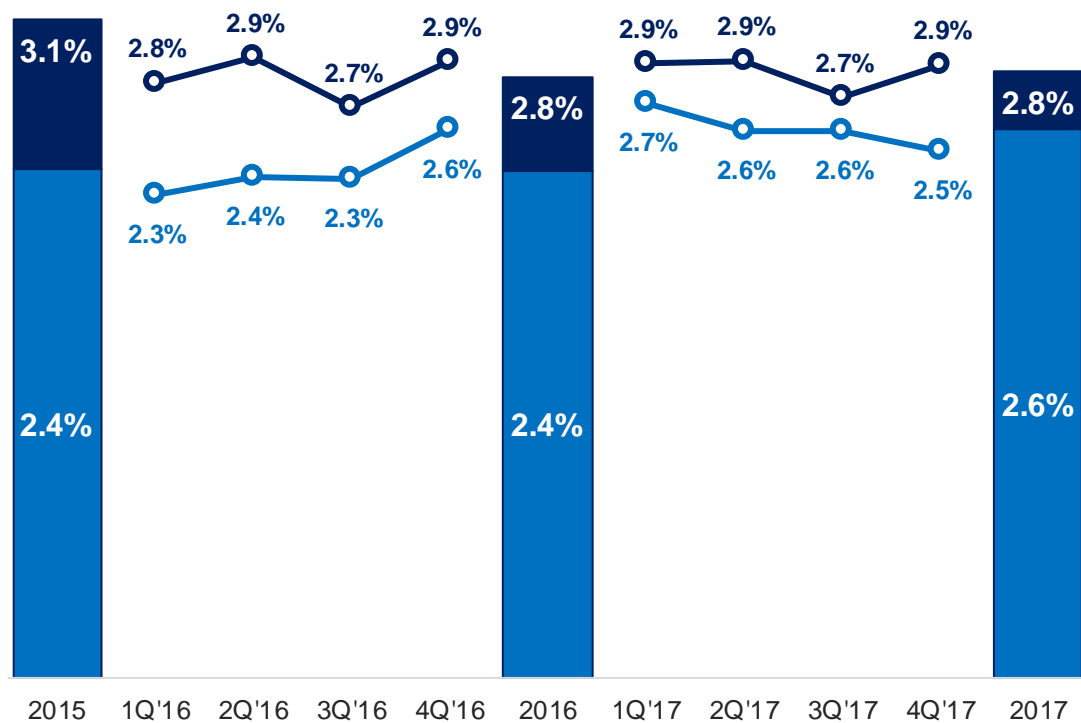


■ Annualized Recurring Return on Average Equity (quarterly)

— Annualized Recurring Return on Average Assets (quarterly)

1 – Excludes Goodwill and intangibles assets from business combination, net of associated deferred tax liabilities.

# Net Interest Margin

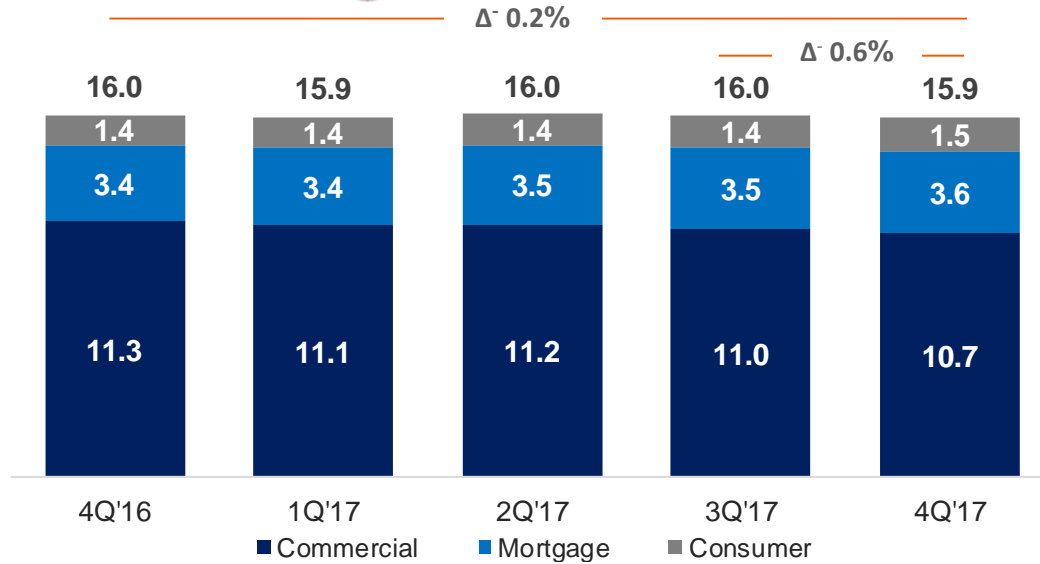


○ Net Interest Margin

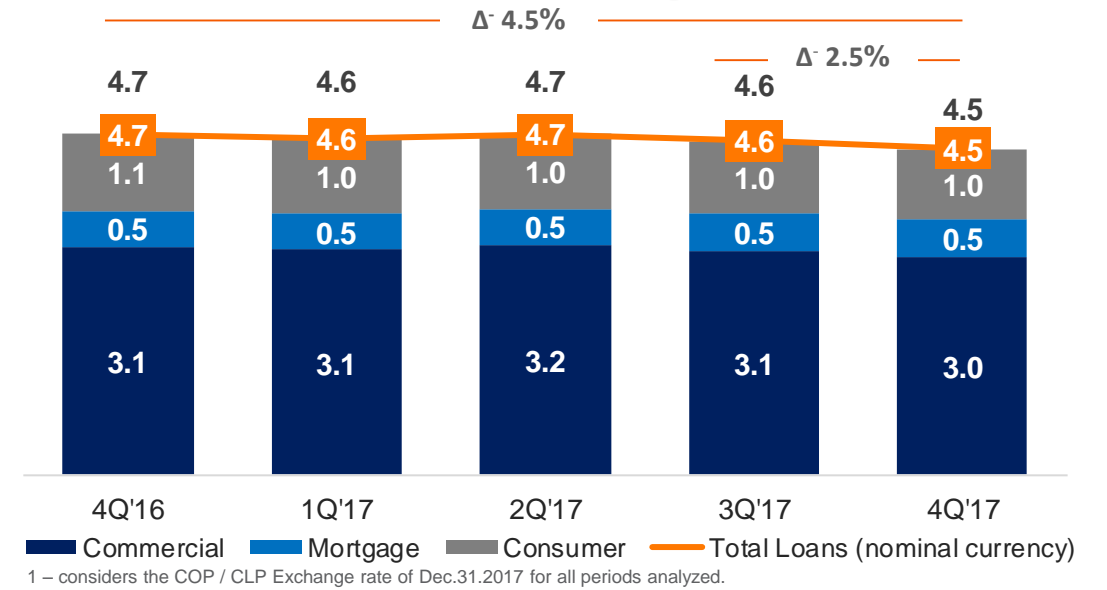
○ Net Interest Margin (ex Indexation)

# Loan Growth and Provisioning

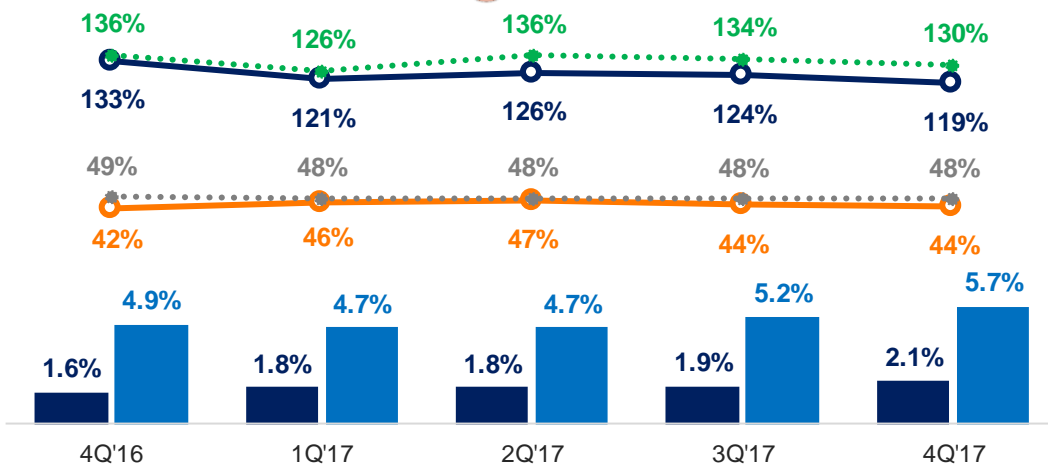
Total Loans (Ch\$ Tln)



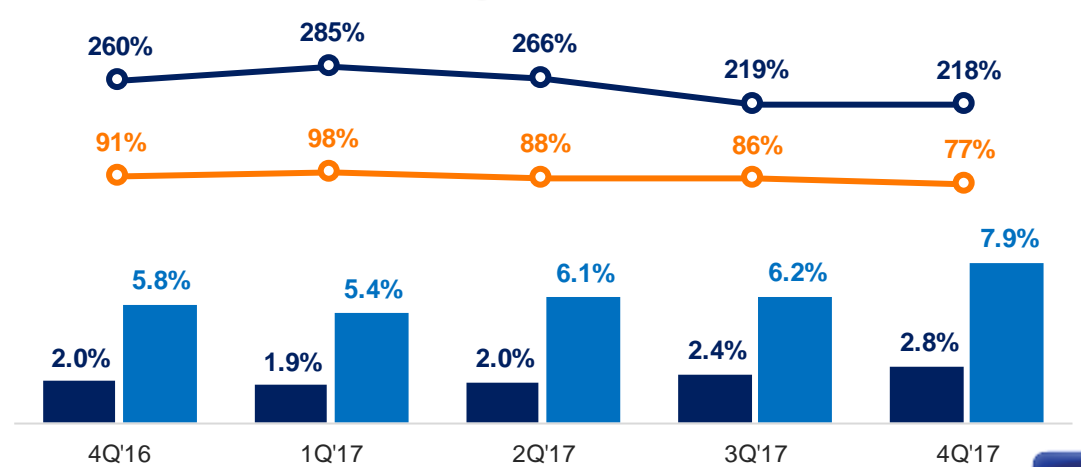
Total Loans in constant currency<sup>1</sup> (Ch\$ Tln)



Credit Quality and Provisioning



Credit Quality and Provisioning



Legend: NPL90(%) - Cartera deteriorada (%) - NPL90 Coverage - NPL90 Coverage (Chilean Financial System) - Cobertura Cartera Deteriorada - Cartera Deteriorada coverage (Chilean Financial System)

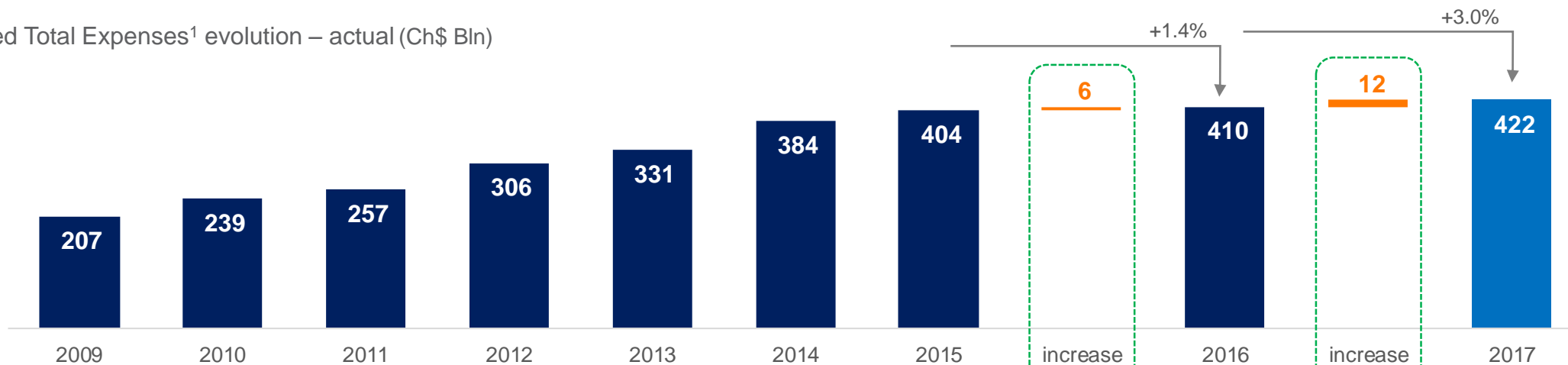
Note: 'Cartera deteriorada' includes low-end of the substandard portfolio and the impairment portfolio, according to SBIF criteria.



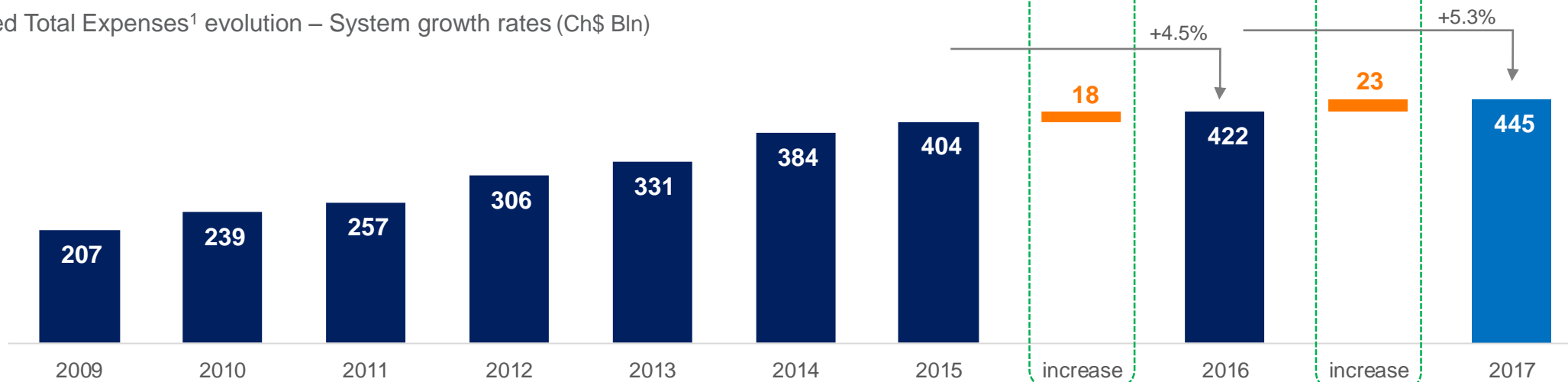
# Operating Expenses | Estimated Synergies Captured to Date



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



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



**Synergies captured (Ch\$ Bln)**  
 Synergies captured (US\$ Mln)<sup>2</sup>

≠ 12  
20  
 ≠ 10  
17




US\$ 37 million in the first two years<sup>1</sup>

<sup>1</sup> – Includes commissions expenses, personnel expenses, administrative expenses, impairment charges and other operational expenses. Excludes provisions for assets received in lieu of payment, provisions for Country risk and Non-recurring expenses. <sup>2</sup> - Assuming a Ch\$ to US\$ exchange rate of 614, as of dic-31-2017.



# Consolidated Results 2017

## Managerial Recurring Net Income

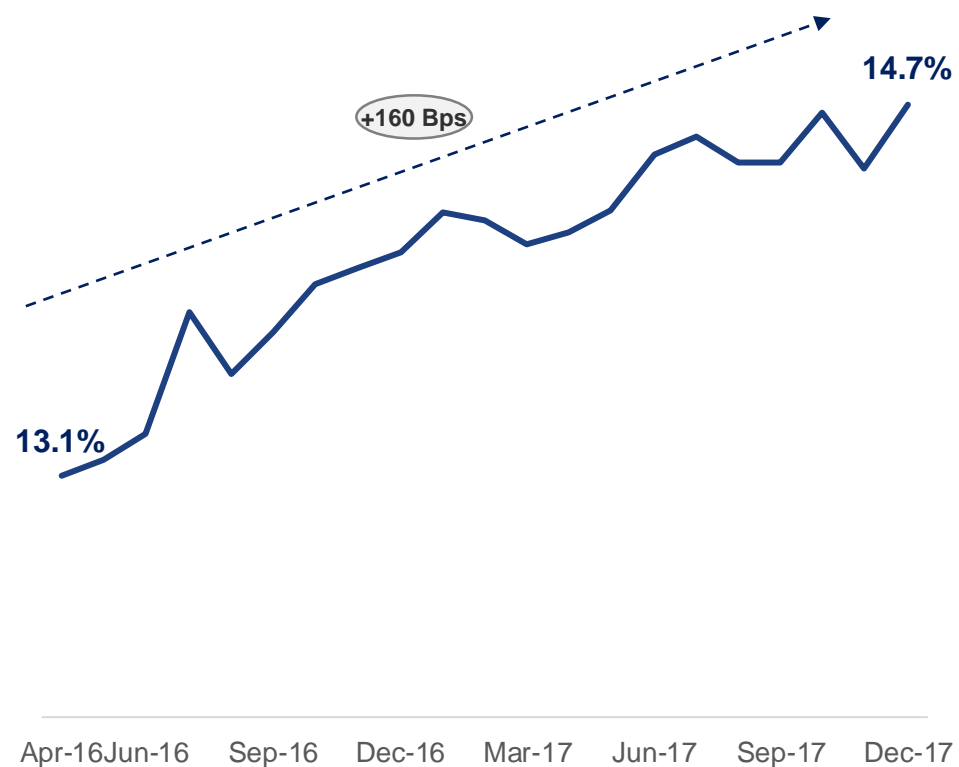
<i>in Ch\$ billion</i>				
Net Revenues	728.2	322.7	1,026.8	(20,1)
Result from Loan Losses	(228.4)	(139.3)	(367.7)	(104.7)
Operating Expenses	(418.8)	(201.3)	(620.0)	
Income tax	1.5	12.9	20.6	(9.5) – US tax reform
Other <sup>1</sup>	0.3	(16.5)	1.8	
<b>Net Income Attributable to Shareholders</b>	<b>83.0</b>	<b>(21.5)</b>	<b>61.5</b>	<b>(95.2) – Total impact</b>

Top 3 Wholesale provisions

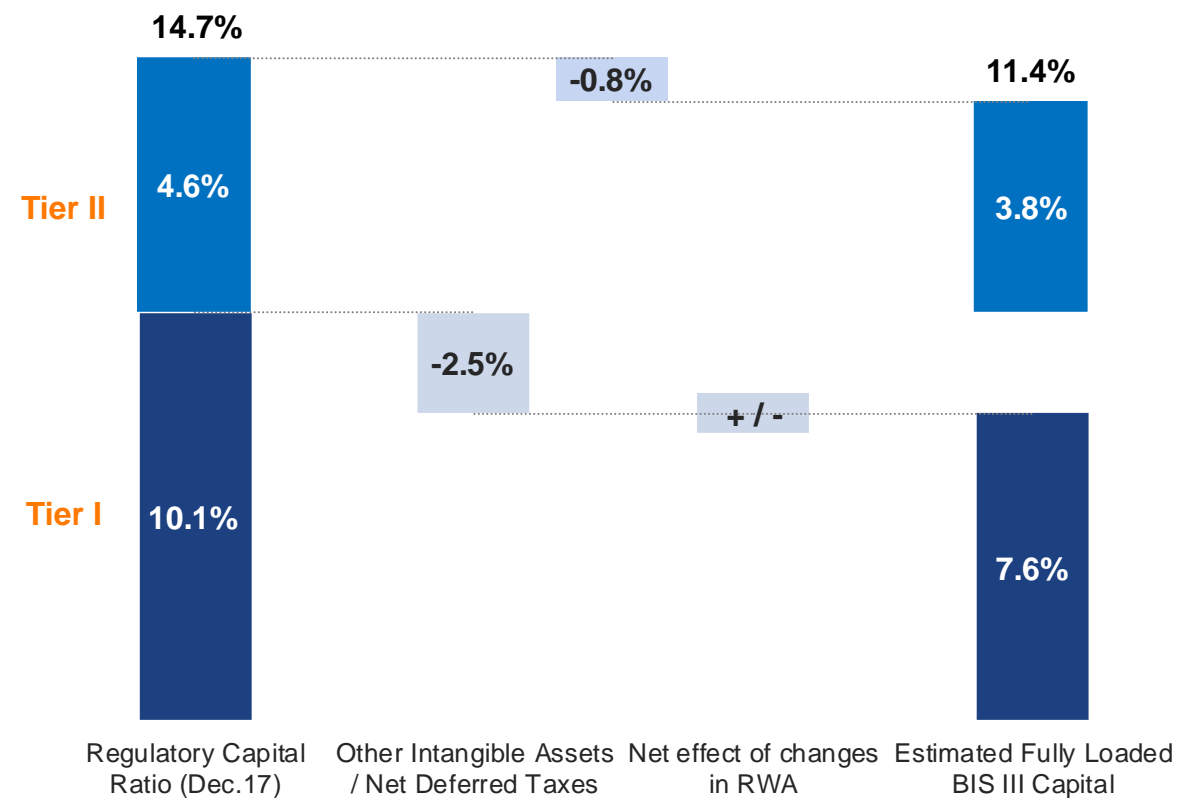
1 – Other includes income from investments in other companies and minority interests. For Colombia it also includes the financial results reclassified from Chile to Colombia related to the cost of derivatives positions used to hedge the investment and its related tax effects.

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

## Regulatory capital ratio evolution (LGB)



## Estimated BIS III capital ratio (new LGB)







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# Next Steps

## Chile

- Full focus on client satisfaction
- Focus on increasing and sustainable results
- Complete the technological integration and advance with 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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March 1<sup>st</sup>, 2018

# 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.

