

# Quarterly Financial Report

## 1Q23





## BancoEstado Key Figures

### Key figures of the quarterly income statement

	1Q22	2Q22	3Q22	4Q22	1Q23	1Q23 US\$ million	Change	
							1Q23/1Q22	1Q23/4Q22
	Ch\$ billion							
Net interest income	297.6	288.0	327.6	402.9	503.5	637.0	69.2%	25.0%
Net income from inflation adjustments	135.0	280.1	251.7	184.4	96.7	122.4	-28.3%	-47.6%
Net fee and commission income	109.6	102.5	112.3	122.0	121.4	153.6	10.8%	-0.5%
Net interest, inflation adjustment & fee income	542.1	670.6	691.6	709.4	721.6	913.0	33.1%	1.7%
Net financial income	59.5	32.1	60.5	26.0	59.7	75.5	0.4%	129.5%
Other operating & non op. income	30.3	-17.2	-19.6	27.7	-19.2	-24.3	-163.5%	-169.6%
Investments in other companies & other results	1.0	1.5	-0.0	1.5	0.7	0.9	-29.1%	-55.2%
Operating income	632.9	687.0	732.5	764.6	762.8	965.0	20.5%	-0.2%
Operating expense	-241.9	-217.8	-222.9	-254.0	-271.3	-343.3	12.2%	6.8%
Operating results (before credit losses)	391.0	469.3	509.6	510.6	491.4	621.7	25.7%	-3.7%
Credit loss expenses	-84.3	-85.7	-265.9	-266.3	-162.4	-205.5	92.8%	-39.0%
<b>Net income before taxes</b>	<b>306.8</b>	<b>383.6</b>	<b>243.7</b>	<b>244.3</b>	<b>329.0</b>	<b>416.3</b>	<b>7.3%</b>	<b>34.7%</b>
Income tax	-119.4	-168.2	-57.9	-120.6	-172.7	-218.5	44.6%	43.2%
<b>Net income after taxes</b>	<b>187.3</b>	<b>215.4</b>	<b>185.8</b>	<b>123.6</b>	<b>156.3</b>	<b>197.8</b>	<b>-16.6%</b>	<b>26.4%</b>
Non-controlling interests	4.1	4.2	4.6	5.2	5.2	6.6	27.0%	1.4%
Net income attributable to equity holders	183.2	211.1	181.2	118.5	151.1	191.2	-17.5%	27.5%

### Key figures of the balance sheet

	1Q22	2Q22	3Q22	4Q22	1Q23	1Q23 US\$ million	Change	
							1Q23/1Q22	1Q23/4Q22
	Ch\$ billion							
Total assets	57,671.4	55,064.4	54,816.1	57,090.8	56,310.1	71,241.6	-2.4%	-1.4%
Loans	28,277.5	29,538.0	30,627.4	31,368.8	32,418.4	41,014.7	14.6%	3.3%
Liquid assets	24,706.6	19,128.6	17,446.8	20,101.6	18,348.7	23,214.1	-25.7%	-8.7%
Total liabilities	55,462.2	52,647.2	52,305.4	54,132.3	53,282.8	67,411.6	-3.9%	-1.6%
Customer funds	36,211.3	36,598.4	36,400.3	37,495.6	36,755.1	46,501.3	1.5%	-2.0%
Issued debt instruments	8,100.2	8,723.5	8,679.7	9,532.2	9,397.0	11,888.7	16.0%	-1.4%
Equity	2,209.3	2,417.2	2,510.7	2,958.5	3,027.3	3,830.0	37.0%	2.3%

### Key ratios

	1Q22	2Q22	3Q22	4Q22	1Q23		Change	
							1Q23/1Q22	1Q23/4Q22
	Ch\$ billion							
ROE before tax	55.5%	63.5%	38.8%	33.0%	43.5%		-12.1 pp	10.5 pp
ROE after tax	33.9%	35.6%	29.6%	16.7%	20.7%		-13.3 pp	3.9 pp
ROA before tax	2.1%	2.8%	1.8%	1.7%	2.3%		0.2 pp	0.6 pp
ROA after tax	1.3%	1.6%	1.4%	0.9%	1.1%		-0.2 pp	0.2 pp
Efficiency ratio	38.2%	31.7%	30.4%	33.2%	35.6%		-2.6 pp	2.3 pp
Net interest margin	4.0%	5.4%	5.3%	5.1%	5.1%		103 bp	-7 bp
Risk index	3.2%	3.1%	3.2%	3.4%	3.5%		27 bp	10 bp
Coverage PDL	422.1%	392.7%	366.8%	323.7%	281.5%		-140.6 pp	-42.2 pp
PDL/Loans	0.8%	0.8%	0.9%	1.0%	1.2%		48 bp	19 bp
Tier 1 capital ratio	8.1%	8.3%	8.4%	9.3%	9.2%		110 bp	-6 bp
Basel III	12.5%	12.5%	13.1%	14.0%	13.8%		130 bp	-19 bp

### Operational and coverage figures

	1Q22	2Q22	3Q22	4Q22	1Q23		Change	
							1Q23/1Q22	1Q23/4Q22
	Ch\$ billion							
Employees	15,336	15,167	15,242	15,352	15,556		1.4%	1.3%
Branches	399	399	399	399	399		0.0%	0.0%
ATMs	2,339	2,360	2,343	2,360	2,381		1.8%	0.9%

### Rating Agencies

	Long Term	Short Term	Outlook
S&P	A	A-1	Stable
Moody's	A2	P-1	Stable



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## Milestones

Global activity is improving its growth prospectus, although the uncertainty in economic outlook continues reflecting concerns about high inflation, particularly on core indicators. In addition, the health of the banking sector in some developed countries generated tensions and volatility in the markets, as well as further tightening of financial conditions.

In Chile, there is a slow correction in private consumption compared to previous quarters. This situation has generated greater macroeconomic imbalances than estimated. On the other hand, investment has lost momentum, reflecting factors such as the increase in credit costs and local political and economic uncertainty.

The annual variation of the CPI decreased to 11.1%, but inflation is still high. On the other hand, monetary policy rate has remained at 11.25% since November 2022.

Expectations of economy growth have corrected from a slight contraction to a null growth in 2023. In the first quarter, the GDP decreased -0.6 YoY, less than expected.

The 1Q23 bank lending survey indicated a net tightening of credit standards on commercial loans and also reported more restrictions for consumer credit, while credit standards for housing loans remained stable. On the other hand, demand has diminished in the different segments.



## Summary of Results

In 1Q23, pre-tax net income amounted to Ch\$ 329.0 billion (US\$ 416.3 million), increasing 34.7% QoQ, mainly due to an upsurge in net interest income in line with higher interest rates.

ROE after taxes was 20.7%, increasing 3.9pp compared to 4Q22.

Non-performing loans reached 3.3% of total loans in 1Q23, increasing 29bp QoQ and 114bp YoY. This index is normalizing after the excess of liquidity observed in the market in previous quarters linked to pandemic support measures.

BancoEstado's market share reached 14.5% of total loans as of March 2022.

Efficiency reached 35.6% in 1Q23. Increasing efficiency has been a challenge for the bank, who aims to manage and control costs. On the other hand, BancoEstado promotes the strengthening of digital channels, boosting its transactional operations and productivity.

## Credit Ratings

### MOODY'S

Long-Term A2

Outlook Stable

Short-Term P-1

March 2023

## S&P Global Ratings

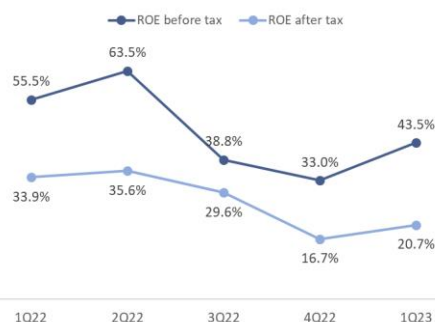
Long-Term A

Outlook Stable

Short-Term A-1

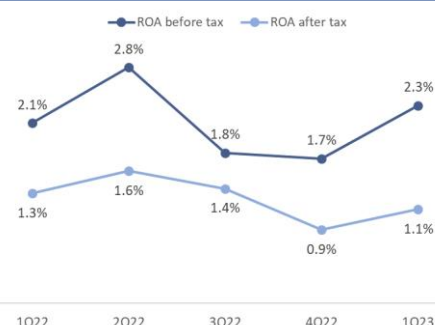
April 2023

### ROE (%)



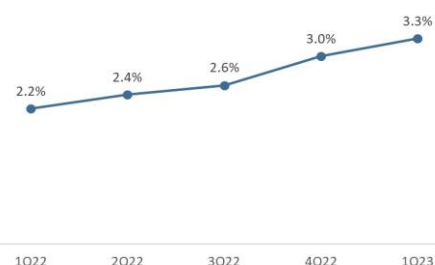
Source: BancoEstado

### ROA (%)



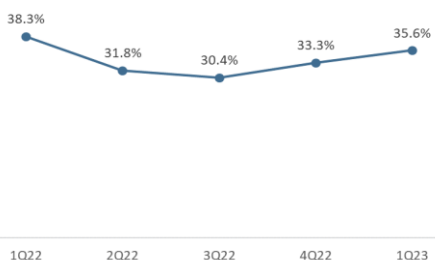
Source: BancoEstado

### Non-performing Loans (%)



Source: BancoEstado

### Efficiency (%)



Source: BancoEstado



# I. Economic Environment

## Economic Environment

The economy is adjusting more slowly than expected and activity has continued to fall at a gradual pace. In 1Q23 GDP decreased at an annual rate of -0.6%, after reaching 0.2% and -2.3% in 3Q22 and 4Q22, respectively.

The local economy is correcting the accumulated imbalances at a slower pace than expected, especially in private consumption, which is one of the factors behind the persistence of high inflation.

Meanwhile, investment has shown a weak performance for several quarters, and the level of gross fixed capital formation has remained stagnant, in a scenario where the cost of credit has increased, and business expectations have deteriorated. Although some of these factors have diminished, investment has not yet recovered.

The economy is expected to grow between -0.5% and 0.5% in 2023.

### In 1Q23 the unemployment rate was 8.8%

The unemployment rate augmented to 8.8%, increasing 1.0pp in twelve months. The labour force enlarged 3.5% YoY, while employment increased just by 2.4%.

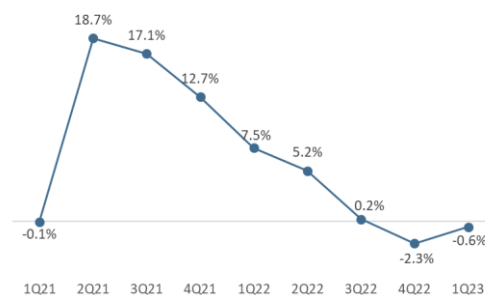
The data shows a less dynamic labor market and the expectations of businesses and consumers has become less optimistic, in addition to a less dynamic demand for jobs.

### Economic outlook (% annual change)

	2022	2023 (f)	2024 (f)	2025 (f)
GDP	2.4	-0.5/0.5	1.0-2.0	2.0-3.0
National income	1.5	1.9	1.6	2.4
Domestic demand	2.3	-4.0	1.1	2.1
Domestic demand (w/o) inventory change	3.0	-3.0	0.7	1.9
Gross fixed capital formation	2.8	-2.9	-0.7	2.3
Total consumption	3.1	-3.0	1.1	1.8
Private consumption	2.9	-3.8	0.9	1.9
Exports-Goods and services	1.4	4.5	3.7	2.2
Imports-Goods and services	0.9	-6.5	2.5	0.5
Current Account (% of GDP)	-9.0	-4.0	-4.1	-4.0

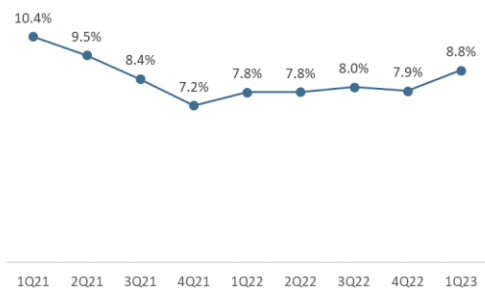
Source: Central Bank

### GDP (annual growth, %)



Source: Central Bank

### Unemployment (%)



Source: Central Bank

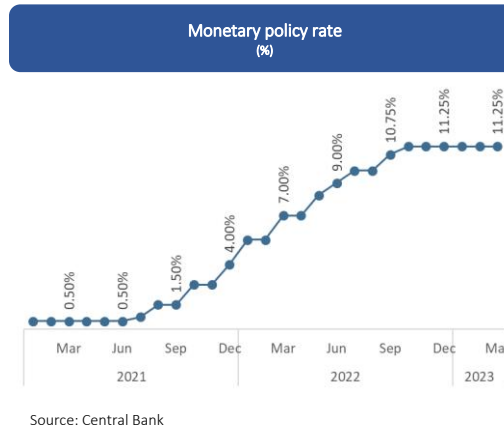


## Monetary policy

In previous quarters the Central Bank reduced the monetary impulse and in October 2022 the MPR was raised to 11.25%.

The Central Bank maintained the current monetary policy rate (MPR), while waiting for the process of convergence of inflation to the target is consolidated. This process will take longer than expected, due to the fact that the economy has adjusted at a slower pace and inflation remains high.

In addition, some two-year inflation expectation measures continue to be above target. The Central Bank reaffirms its commitment to act flexibly if necessary to ensure the achievement of the inflation target in the two-year policy horizon.





## Inflation

In March 2023, the CPI rose 11.1% compared to the same month last year.

Inflation has remained at high levels, with a gradual decline in recent months from the peak of the cycle seen in 2022. Despite the total inflation decreasing, core inflation (CPI without volatile items) remains around 11%. Volatile prices in the basket, especially fuels, have contributed to the decline in total inflation. However, food prices continue to be a significant factor in annual inflation. The high inflation is due to a combination of factors, including household spending that has not adjusted as much as expected, supply and demand shocks, and a slower pass-through to prices of the peso appreciation in the short term.

Annual inflation expectations and its outlook remain high. In fact, private expectations are that inflation will remain above the target of 3.0% for the two-year horizon; and the market (inflation swaps) currently expects it to end 2023 near 5.2%.

## Exchange rate

The Chilean peso appreciated against the US dollar in 1Q23.

In fact, the peso strengthened going from Ch\$ 876 per dollar at the end of the fourth quarter 2022 to an average of \$810 in March 2023, with lower volatility than the recorded in previous quarters.

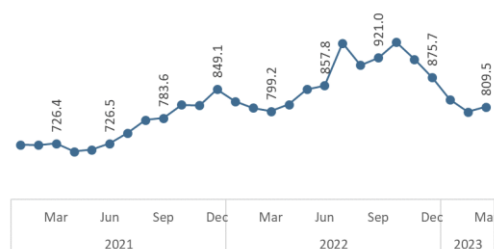
The recent appreciation and the decline in global cost pressures led a lower forecast for average exchange rate 2023-2024. However, the pass-through of the lower exchange rate to inflation is expected to be relatively slow due to a combination of supply and demand shocks, low household spending adjustments, and slow recovery of business margins.

Inflation  
(CPI, % YoY)



Source: Central Bank

Exchange rate  
(Ch\$ per US\$, monthly average)



Source: Central Bank





## II. Banking Industry

### Total loans amounted to Ch\$ 244 trillion in 1Q23

Total loans in the banking system amounted to Ch\$ 244 trillion in the first quarter 2023 (US\$ 308 billion), reaching an annual growth of 9.3% and 0.2% QoQ (excluding subsidiaries abroad total lending volume amounted to Ch\$ 223 trillion).

The local market for loans is still weak, due to more restrictive conditions and the increase in interest rates. In twelve months, loans growth was determined by consumer and housing loans, which increased by 8.0% and 13.9%, respectively; it should be pointed out that mortgage loans were positively induced by the inflation rate, which influenced the volume of loans primarily denominated in UF<sup>1</sup>. On the other hand, commercial loans increased by 7.1% YoY.

Last quarter, the increase in mortgage loans was 1.4%. On the other hand, consumer and commercial loans decreased by 0.1% y 0.5% QoQ, respectively, revealing the economic slowdown.

### Banking Credit Survey

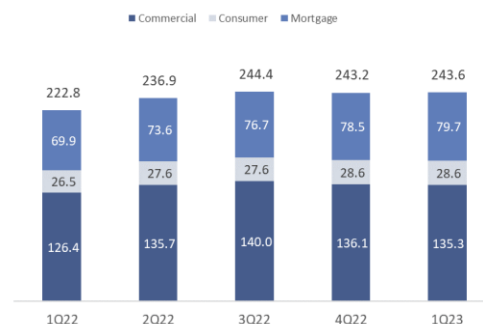
The 1Q23 banking lending survey indicated a net tightening of credit standards on commercial loans. In fact, the credit supply is perceived to have restricted for SME and large firms, due mainly to high uncertainty on the economic outlook. Credit supply conditions to construction and real estate portfolios intensified their restrictive trend.

Banks also reported more restrictions for consumer credit. The decline in consumer loans supply was driven mainly by higher credit risk perceptions. On the other hand, credit standards for housing loans remained stable in the quarter.

Loan demand from households and businesses decreased in the quarter. In the case of SME's and large firms, the decrease in financing needs for working capital and fewer investments had a negative impact on demand; while financing demand by real estate and construction companies diminished in line with a less dynamic sector.

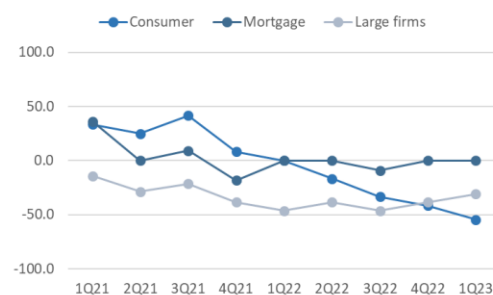
Furthermore, credit demand from households weakened both for housing and consumer loans. The decrease in demand was mainly driven by the overview of a less favourable employment and income setting.

Total loans  
(Ch\$ trillion)



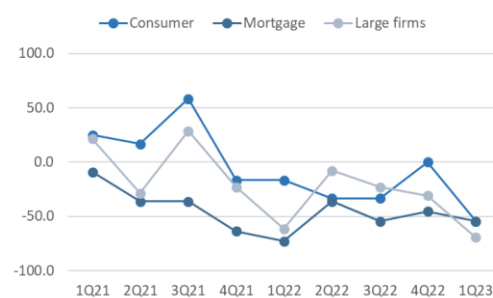
Source: CMF.

Credit supply  
(Change QoQ, points)



Source: Central Bank

Credit demand  
(Change QoQ, points)



Source: Central Bank

<sup>1</sup> It is worth noting that the UF –Unit of Account indexed to the rate of variation of the CPI– increased by 12.1% YoY (and 1.3% QoQ).

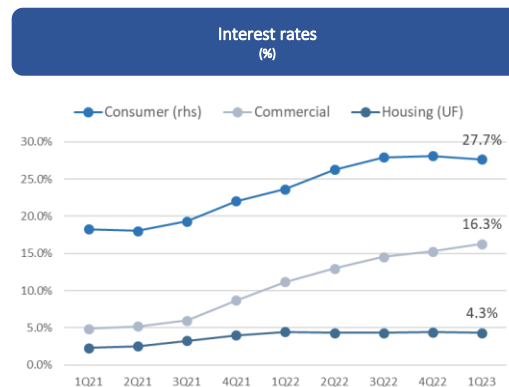


## Interest rates

Benchmark interest rates increased during the last quarters in response to concerns regarding inflation and the challenging outlook for monetary policy.

In March 2023 the average interest rate on commercial loans increased to 16.3% (15.3% in December 2022). Bank lending rates for households also have reflected tightening credit standards and, in twelve months, the average interest rate on consumer loans increased to 27.7% (4.0pp higher than the 1Q22).

On the other hand, the rate for mortgage loans remained at 4.3%.



Source: Central Bank.

## Banking System Results

Return on equity (ROE) amounted to 18.8%, down from 25.3% in the prior year quarter.

As of March 2022, the banking system reported a net income of Ch\$ 1,323 billion (US\$ 1.7 billion), down \$253 billion or 16.1% from the very strong first quarter of 2022.

In spite of higher income driven by net interest income, the system profits mainly reflected the impact of the expected credit losses. In fact, credit loss expenses amounted to Ch\$ 878 billion in the quarter (Ch\$ 288 billion higher than in 1Q22).

Regarding credit risks, the non-performing loans increased to 1.8 % of total loans, explained mainly by a higher rate in the commercial portfolio.

The system efficiency has remained relatively stable during the last quarters. In 1Q23, the efficiency index (operating expenses over operating income ratio) reached 42.3%.

**System key ratios**  
(% as of June 2022)

	Index	Annual change
ROE b.t.	18.8%	-6.5 pp
ROE a.t.	14.9%	-6.3 pp
Efficiency	42.3%	-1 pp
NPL	1.8%	54 bp
Tier 1*	11.2%	-4 bp
BIS*	15.6%	2 bp

\* January 2023.

Source CMF & BancoEstado



### III. BancoEstado Results

#### Quarterly Income Statement

##### Net income

Net income after taxes reached Ch\$ 156.3 billion in 1Q23 (-16.6% YoY), driven mainly by an increase of credit loss expenses, although net interest remained robust.

ROE after taxes reached 20.7% (33.9% in 1Q22 and 16.7% in 4Q22), while ROE before tax in 1Q23 was 43.5%.

##### Net income from interest and inflation adjustment

Operating profits were supported by the positive effect on net interest income from higher interest rates.

Net interest income increased by 5.0% in the quarter (78.3% YoY), to Ch\$ 600 billion, reflecting the higher interest rates in the market.

In contrast, compared with the fourth quarter 2022 the net income from inflation adjustments decreased -47.6% (-28.3 YoY).

In this context, net interest-earning asset yield remained stable and amounted 5.1%.

##### Net fee & commission income

Net fee income amounted to Ch\$ 121.4 and increased 10.8% YoY (-0.5% QoQ), reflecting a higher volume of transactions and payments. The main source of commissions was originated from accounts administration, card fees and collection fees.

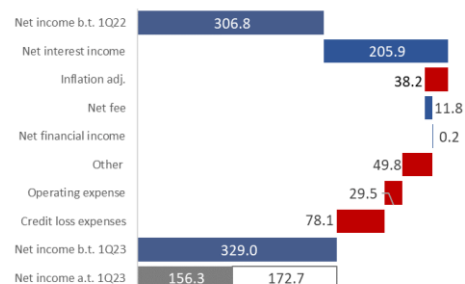
##### Net financial income

Net financial income increased 0.4% YoY (129.5% QoQ).

##### Operating expenses

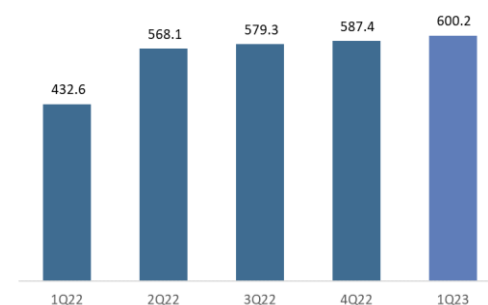
Operating expenses increased by 12.2% YoY (6.8% QoQ), in line with of expenditures indexed to inflation variations, and amounted to Ch\$271.3 bn in 1Q23. As a result, BancoEstado's operating efficiency ratio was 35.6% in 1Q23.

#### Net income development 1Q22-1Q23 (Ch\$ billion)



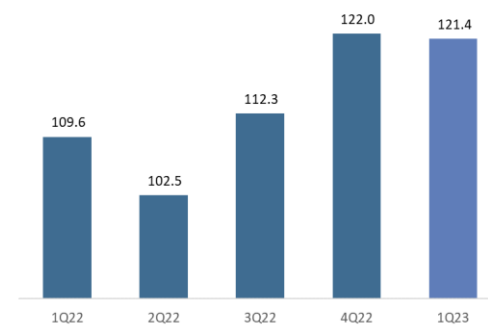
Source: BancoEstado

#### Net income from interest and inflation adjustments (Ch\$ billion)



Source: BancoEstado

#### Net fees (Ch\$ billion)



Source: BancoEstado



## Credit loss expenses

Credit loss expenses totalled Ch\$ 164.2 bn (92.8% YoY and -39.0% QoQ).

In this quarter, regulatory gross provisions and charge-offs amounted to Ch\$173.2 billion, representing an annual increase of Ch\$88.8 billion. On the other hand, loan loss recoveries remained stable and totalled Ch\$21.0 billion. The bank made special provisions for credit risk of Ch\$31.4 billion.

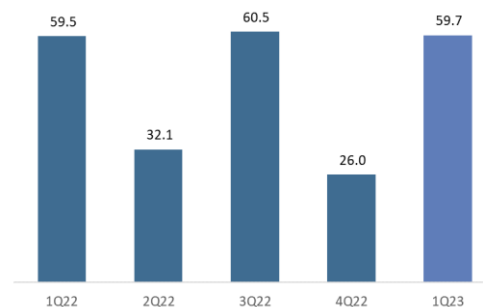
Overall, our coverage (allowance for loan losses over past due loans ratio) reached 281.5% and non-performing loans stayed at 3.3% of total loans, increasing 29bp QoQ (114bp YoY). Past due loans (PDL) remained increased to 1.2% of total loans.

## Other income & expenses

Other net operating income and expenses amounted to Ch\$-19.2 billion and income from investments in other companies amounted to Ch\$ 0.7 billion.

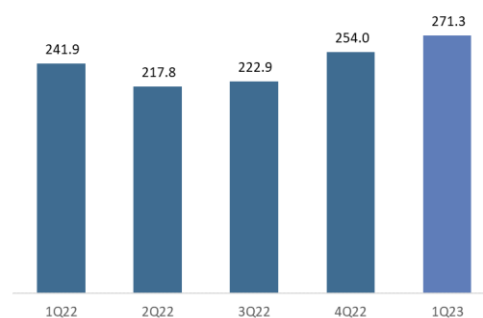
Income taxes amounted to Ch\$ 172.7 billion, reflecting an effective income tax rate of 52.5% in 1Q23.

Net financial income  
(Ch\$ billion)



Source: BancoEstado

Operating expenses  
(Ch\$ billion)



Source: BancoEstado

Credit loss expenses  
(Ch\$ billion)



Source: BancoEstado



## Statement of Financial Position

### Total loans increased 14.6% YoY

Total loans amounted to Ch\$ 32.4 trillion (14.6% YoY), with a market share of 14.5%.

In the quarter, BancoEstado's total loans increased by 3.3%. The increase in consumer credit was offset by a less dynamic growth in the commercial portfolio and in mortgage loans.

In fact, consumer credit increased 5.9% QoQ (21.0% YoY), driven by instalments. On the other hand, the advance in commercial loans (3.7% QoQ) was supported by corporate loans, while the mortgage loan portfolio increased 2.5% QoQ, both over the surge in inflation.

### Financial investments

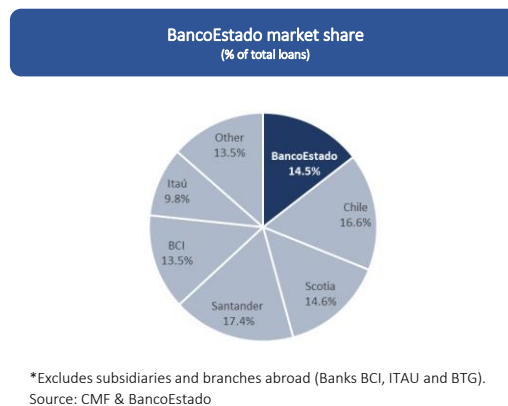
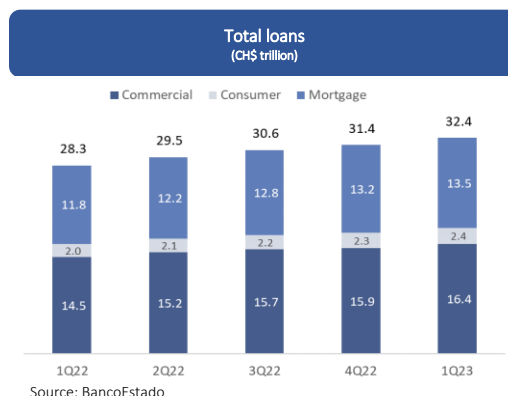
Financial investments registered an upturn from Ch\$12.5 trillion in 1Q22 to Ch\$14.2 trillion in 1Q23 (0.4% YoY). Nevertheless, in the quarter financial assets decreased by 4.8%, reflecting an adjustment in financial debt instruments at amortized cost.

### Liquidity

Liquid assets amounted to Ch\$ 18.3 trillion (-8.7% QoQ and -25.7% YoY), reflecting a reduction in deposits from the Central Bank which was partially offset in the annual comparison by financial investments.

The bank's liquid assets represent 32.6% of total assets (35.2% in the previous quarter).

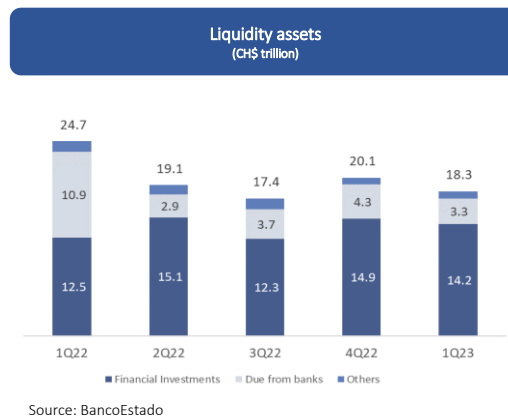
The Liquidity Coverage Ratio (LCR) reached to 370.9%, increasing 40pp in the quarter. This ratio corroborates that BancoEstado improved its high-quality liquid asset that can be easily converted in financial markets. On the other hand, Net Stable Funding Ratio (NSFR) measures the bank's medium-and long-term resilience. NSFR reached 113.6%.



#### Liquidity Coverage (%)

	Liquidity Coverage Ratio (LCR)		Net Stable Funding (NSFR)	
	Individual Limit	Local Consolidated	Individual Limit	Local Consolidated
Dec. 21	204,0%	189,5%	113,1%	112,8%
Mar.22	339,6%	332,0%	112,3%	112,2%
Jun.22	220,3%	217,4%	112,9%	112,6%
Sept.22	283,5%	277,8%	114,8%	114,5%
Dec.22	391,2%	331,3%	123,5%	122,4%
Mar.23	391,6%	370,9%	114,8%	113,6%

Source: Central Bank

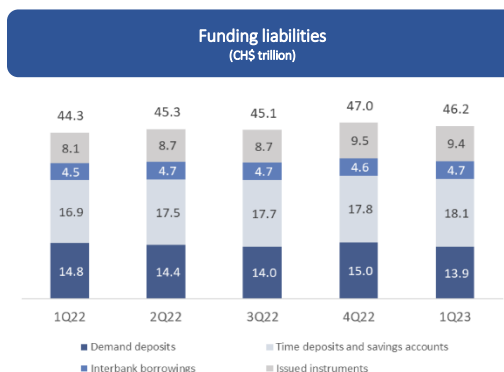




## Funding

In recent quarters, the funding structure of BancoEstado remained reasonably stable. Total customer funds amounted to Ch\$36.8 trillion (-2.0% QoQ and 1.5% YoY), while issued debt and regulatory capital instruments amounted to Ch\$9.4 trillion.

The demand deposit stock normalized after the increase due to the household-support measures implemented during the pandemic, while time deposits and saving accounts displayed a regular upturn.



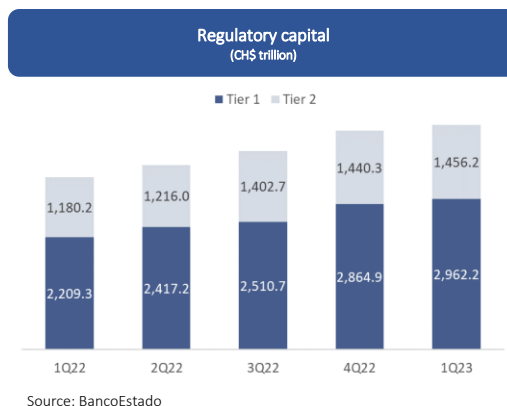
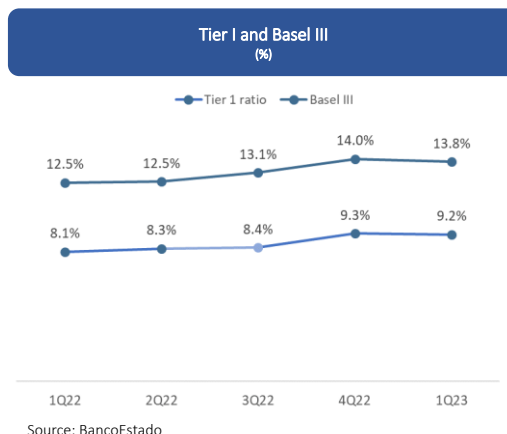
Source: BancoEstado



## Regulatory Capital

The implementation process of Basel III began to operate in Chile in 2021. In line with these requirements, in 1Q23 BancoEstado risk-weighted assets amounted to Ch\$32.1 trillion and the Basel III ratio reached to 13.8%.

In 2022, BancoEstado capitalized US\$500 million, out of US\$1,500 million approved by Law 21.384 to be capitalized in or before December 2025. The purpose is to authorize the capitalization together with other measures to comply with the new capital requirements to the Basel III standard.





## Tables

**Table 1. Net interest income & margin**

	1Q22	2Q22	3Q22	4Q22	1Q23	1Q23	Change	
	Ch\$ billion					US\$ million	1Q23/1Q22	1Q23/4Q22
Interest income	516.8	661.8	762.0	877.9	921.6	1,166.0	78.3%	5.0%
Interest expense	-219.2	-373.8	-434.3	-474.9	-418.1	-528.9	90.7%	-12.0%
Net income from inflation adjustments	135.0	280.1	251.7	184.4	96.7	122.4	-28.3%	-47.6%
<b>Net interest income</b>	<b>432.6</b>	<b>568.1</b>	<b>579.3</b>	<b>587.4</b>	<b>600.2</b>	<b>759.4</b>	<b>38.8%</b>	<b>2.2%</b>
Average interest-earning assets	42,790.2	41,951.2	43,970.9	45,668.1	47,298.3	59,840.2	10.5%	3.6%
Average loans	28,303.2	28,833.5	30,015.4	30,985.8	31,926.9	40,392.8	12.8%	3.0%
Interest-earning asset yield	4.8%	6.3%	6.9%	7.7%	7.8%		296 bp	10 bp
Net interest margin (NIM)	4.0%	5.4%	5.3%	5.1%	5.1%		103 bp	-7 bp
Quarterly inflation rate	2.4%	4.3%	3.5%	2.5%	1.3%		-105 bp	-117 bp
Central Bank reference rate (end of period)	7.0%	9.0%	10.8%	11.3%	11.3%		425 bp	0 bp
Avg.10-year Central Bank yield (real)	1.9%	1.9%	2.5%	1.7%	1.7%		-18 bp	2 bp

**Table 2. Net fee and commission income**

	1Q22	2Q22	3Q22	4Q22	1Q23	1Q23	Change	
	Ch\$ billion					US\$ million	1Q23/1Q22	1Q23/4Q22
Collection fees	28.6	30.3	36.8	35.5	40.1	50.7	40.1%	12.9%
Lines of credit	0.6	0.6	0.6	0.6	0.6	0.7	-0.1%	-2.4%
Accounts administration & card fees	52.5	50.1	49.3	44.0	59.1	74.8	12.6%	34.4%
Insurance brokerage	9.7	9.6	10.7	14.1	11.7	14.8	20.9%	-16.9%
Guarantees, pledges and other contingent operations	4.3	3.7	4.3	4.5	4.3	5.5	0.1%	-4.4%
Fees from brokerage and custody of securities	-0.6	-1.6	0.1	9.2	0.3	0.4	-160.5%	-96.3%
Pre-payment fees	4.7	3.3	3.4	3.5	3.5	4.5	-25.3%	1.2%
Other fees	9.7	6.5	7.1	10.5	1.7	2.1	-82.5%	-84.0%
<b>Total fees</b>	<b>109.6</b>	<b>102.5</b>	<b>112.3</b>	<b>122.0</b>	<b>121.4</b>	<b>153.6</b>	<b>10.8%</b>	<b>-0.5%</b>

**Table 3. Net financial income**

	1Q22	2Q22	3Q22	4Q22	1Q23	1Q23	Change	
	Ch\$ billion					US\$ million	1Q23/1Q22	1Q23/4Q22
Assets for trading at fair value	12.1	10.3	5.5	28.7	22.2	28.1	83.7%	-22.6%
Derivative contracts	136.7	-111.5	-3.7	43.2	34.7	43.9	-74.6%	-19.8%
Assets at fair value with changes in other income	9.1	-6.3	6.6	9.7	15.9	20.2	74.4%	64.7%
Other	6.0	8.2	6.4	7.0	7.4	9.4	22.7%	4.9%
<b>Net income (expense) from financial op.</b>	<b>163.9</b>	<b>-99.4</b>	<b>14.9</b>	<b>88.6</b>	<b>80.2</b>	<b>101.4</b>	<b>-51.1%</b>	<b>-9.5%</b>
Exchange differences	120.4	-211.5	81.2	123.8	196.9	249.1	63.6%	59.0%
Foreign currency indexing	-3.2	18.1	5.6	-4.0	-5.4	-6.8	68.6%	34.2%
Net hedging income	-221.6	324.9	-41.1	-182.4	-212.0	-268.2	-4.4%	16.2%
Net foreign exchange gain/loss	-104.5	131.5	45.6	-62.6	-20.5	-25.9	-80.4%	-67.3%
<b>Net results from financial transactions</b>	<b>59.5</b>	<b>32.1</b>	<b>60.5</b>	<b>26.0</b>	<b>59.7</b>	<b>75.5</b>	<b>0.4%</b>	<b>129.5%</b>





Table 4. Credit loss expenses

	1Q22	2Q22	3Q22	4Q22	1Q23	1Q23	Change	
	Ch\$ billion					US\$ million	1Q23/1Q22	1Q23/4Q22
Regulatory gross provisions & charge-offs	-85.0	-81.0	-126.9	-155.8	-173.2	-219.1	103.9%	11.2%
Loan loss recoveries	20.7	20.1	19.4	15.6	21.0	26.5	1.5%	34.4%
Net regulatory provisions & charge-offs	-64.3	-61.0	-107.5	-140.2	-152.2	-192.6	136.7%	8.6%
Expense for special provisions for credit risk	0.3	-40.3	-142.5	-94.9	-31.4	-39.7	-9513.3%	-66.9%
Impairment for credit risk	-20.3	15.5	-15.9	-31.3	21.3	26.9	-204.8%	-168.0%
<b>Credit loss expense</b>	<b>-84.3</b>	<b>-85.7</b>	<b>-265.9</b>	<b>-266.3</b>	<b>-162.4</b>	<b>-205.5</b>	<b>92.8%</b>	<b>-39.0%</b>
Total loans	28,277.5	29,538.0	30,627.4	31,368.8	32,418.4	41,014.7	14.6%	3.3%
Allowance for loan losses	-903.9	-920.0	-984.4	-1,058.0	-1,125.1	-1,423.4	24.5%	6.3%
Past due loans (PDL)	214.1	234.3	268.4	326.8	399.6	505.6	86.6%	22.3%
Non-performing loans/Loans	2.2%	2.4%	2.6%	3.0%	3.3%		114 bp	29 bp
Net provisions for loan losses/Loans	0.9%	0.8%	1.4%	1.8%	1.9%		97 bp	9 bp
Credit loss expenses ratio	1.2%	1.2%	3.5%	3.4%	2.0%		81 bp	-139 bp
PDL/Loans	0.8%	0.8%	0.9%	1.0%	1.2%		48 bp	19 bp
Coverage of PDL	422.1%	392.7%	366.8%	323.7%	281.5%		-140.6 pp	-42.2 pp
Risk Index	3.2%	3.1%	3.2%	3.4%	3.5%		27 bp	10 bp

Table 5. Operating Expenses

	1Q22	2Q22	3Q22	4Q22	1Q23	1Q23	Change	
	Ch\$ billion					US\$ million	1Q23/1Q22	1Q23/4Q22
Expenses for employee benefits obligations	-133.6	-128.0	-130.8	-146.7	-151.6	-191.8	13.4%	3.3%
Administrative expenses	-88.7	-71.2	-72.3	-87.9	-101.1	-127.9	14.0%	15.0%
Depreciation and amortization	-19.5	-18.6	-19.8	-19.4	-18.6	-23.6	-4.5%	-3.9%
Impairment	-	-	-	-	-	-	-	-
<b>Operating expenses</b>	<b>-241.9</b>	<b>-217.8</b>	<b>-222.9</b>	<b>-254.0</b>	<b>-271.3</b>	<b>-343.3</b>	<b>12.2%</b>	<b>6.8%</b>
Efficiency ratio	38.2%	31.7%	30.4%	33.2%	35.6%		-2.6 pp	2.3 pp

Table 6. Other income and expenses

	1Q22	2Q22	3Q22	4Q22	1Q23	1Q23	Change	
	Ch\$ billion					US\$ million	1Q23/1Q22	1Q23/4Q22
Other operating income	44.1	1.3	18.6	18.4	8.2	10.4	-81.4%	-55.5%
Other operating expense	-13.8	-18.6	-38.3	9.2	-27.4	-34.7	98.9%	-397.3%
<b>Other operating income (expense), net</b>	<b>30.3</b>	<b>-17.2</b>	<b>-19.6</b>	<b>27.7</b>	<b>-19.2</b>	<b>-24.3</b>	<b>-163.5%</b>	<b>-169.6%</b>
Income attributable to investments in other companies	0.8	1.4	0.2	1.5	0.5	0.6	-40.0%	-69.3%
Results of non-current assets and disposal group not eligible	0.2	0.2	-0.2	0.0	0.2	0.3	15.5%	1649.6%
Income taxes	-119.4	-168.2	-57.9	-120.6	-172.7	-218.5	44.6%	43.2%
Income tax rate	38.9%	43.8%	23.8%	49.4%	52.5%		13.6 pp	3.1 pp

Table 7. Total loans

	1Q22	2Q22	3Q22	4Q22	1Q23	1Q23	Change	
	Ch\$ billion					US\$ million	1Q23/1Q22	1Q23/4Q22
Commercial & industrial loans	14,488.4	15,248.9	15,671.7	15,860.3	16,449.9	20,811.8	13.5%	3.7%
SME	3,650.8	3,681.3	3,812.3	3,876.7	3,979.2	5,034.3	9.0%	2.6%
Corporate and large enterprises	10,837.6	11,567.6	11,859.3	11,983.6	12,470.7	15,777.5	15.1%	4.1%
Consumer loans	2,023.1	2,069.1	2,156.3	2,312.3	2,448.0	3,097.1	21.0%	5.9%
Installments	1,649.9	1,659.7	1,719.4	1,812.0	1,923.3	2,433.3	16.6%	6.1%
Credit cards & current account overdraft	373.2	409.5	436.9	500.4	524.7	663.8	40.6%	4.9%
Mortgage loans	11,766.0	12,220.0	12,799.4	13,196.1	13,520.6	17,105.8	14.9%	2.5%
<b>Total loans</b>	<b>28,277.5</b>	<b>29,538.0</b>	<b>30,627.4</b>	<b>31,368.8</b>	<b>32,418.4</b>	<b>41,014.7</b>	<b>14.6%</b>	<b>3.3%</b>



Table 8. Financial investments

	1Q22	2Q22	3Q22	4Q22	1Q23	1Q23	Change	
	Ch\$ billion					US\$ million	1Q23/1Q22	1Q23/4Q22
For trading at fair value	565.5	874.7	752.2	1,354.3	1,248.4	1,579.4	120.8%	-7.8%
At fair value	11,896.8	10,698.7	8,150.2	10,342.0	10,108.3	12,788.7	-15.0%	-2.3%
At amortized cost	34.6	3,482.9	3,436.7	3,192.2	2,816.2	3,563.0	8032.1%	-11.8%
<b>Total Financial Investments</b>	<b>12,496.9</b>	<b>15,056.3</b>	<b>12,339.1</b>	<b>14,888.5</b>	<b>14,172.9</b>	<b>17,931.1</b>	<b>13.4%</b>	<b>-4.8%</b>

Table 9. Liquidity

	1Q22	2Q22	3Q22	4Q22	1Q23	1Q23	Change	
	Ch\$ billion					US\$ million	1Q23/1Q22	1Q23/4Q22
Financial Investments	12,496.9	15,056.3	12,339.1	14,888.5	14,172.9	17,931.1	13.4%	-4.8%
Unsettled transactions	715.6	598.8	670.1	157.1	245.5	310.6	-65.7%	56.2%
Investments under repurchase agreements	45.3	13.2	112.6	94.7	54.5	69.0	20.3%	-42.4%
Due from Central Bank	9,838.8	1,450.6	2,935.9	3,183.7	2,224.0	2,813.7	-77.4%	-30.1%
Due from Chilean banks	3.6	0.3	1.2	0.1	0.1	0.1	-97.7%	-40.2%
Due from foreign banks	1,051.7	1,422.3	797.3	1,160.5	1,038.0	1,313.3	-1.3%	-10.6%
Cash	554.7	587.1	590.5	617.0	613.7	776.4	10.6%	-0.5%
<b>Liquid assets</b>	<b>24,706.6</b>	<b>19,128.6</b>	<b>17,446.8</b>	<b>20,101.6</b>	<b>18,348.7</b>	<b>23,214.1</b>	<b>-25.7%</b>	<b>-8.7%</b>
Liquid assets / Total assets	42.8%	34.7%	31.8%	35.2%	32.6%		-10.3 pp	-2.6 pp

Table 10. Funding

	1Q22	2Q22	3Q22	4Q22	1Q23	1Q23	Change	
	Ch\$ billion					US\$ million	1Q23/1Q22	1Q23/4Q22
Demand deposits	14,835.5	14,402.9	13,952.9	15,037.6	13,892.3	17,576.1	-6.4%	-7.6%
Time deposits and savings accounts	16,908.0	17,460.9	17,737.4	17,845.1	18,113.0	22,915.9	7.1%	1.5%
Total customer deposits	31,743.4	31,863.8	31,690.3	32,882.7	32,005.3	40,492.1	0.8%	-2.7%
Interbank borrowings	4,467.8	4,734.6	4,710.0	4,612.9	4,749.8	6,009.3	6.3%	3.0%
<b>Total customer funds</b>	<b>36,211.3</b>	<b>36,598.4</b>	<b>36,400.3</b>	<b>37,495.6</b>	<b>36,755.1</b>	<b>46,501.3</b>	<b>1.5%</b>	<b>-2.0%</b>
Issued debt instruments	7,010.1	7,589.2	7,491.3	8,316.8	8,186.1	10,356.7	16.8%	-1.6%
Issued regulatory capital instruments	1,090.1	1,134.3	1,188.4	1,215.4	1,210.9	1,532.0	11.1%	-0.4%

Table 11. Owner's equity

	1Q22	2Q22	3Q22	4Q22	1Q23	1Q23	Change	
	Ch\$ billion					US\$ million	1Q23/1Q22	1Q23/4Q22
Capital	970.3	970.3	970.3	1,422.9	1,422.9	1,800.2	46.6%	0.0%
Reserves	1,150.0	1,328.6	1,328.8	1,329.2	1,329.4	1,681.9	15.6%	0.0%
Other	88.9	118.2	211.5	206.4	275.0	347.9	209.2%	33.2%
<b>Total equity</b>	<b>2,209.3</b>	<b>2,417.2</b>	<b>2,510.7</b>	<b>2,958.5</b>	<b>3,027.3</b>	<b>3,830.0</b>	<b>37.0%</b>	<b>2.3%</b>
Equity attributable to main owners	2,200.5	2,407.1	2,496.6	2,951.7	3,015.7	3,815.4	37.0%	2.2%
ROE b.t.	55.5%	63.5%	38.8%	33.0%	43.5%		-12.1 pp	10.5 pp

Table 12. Capital adequacy

	1Q22	2Q22	3Q22	4Q22	1Q23	1Q23	Change	
	Ch\$ billion					US\$ million	1Q23/1Q22	1Q23/4Q22
Tier 1	2,209.3	2,417.2	2,510.7	2,864.9	2,962.2	3,747.6	34.1%	3.4%
Tier 2	1,180.2	1,216.0	1,402.7	1,440.3	1,456.2	1,842.4	23.4%	1.1%
Regulatory capital	3,389.4	3,633.2	3,913.4	4,305.1	4,418.4	5,590.0	30.4%	2.6%
Risk-weighted assets (credit)	21,906.0	23,463.1	23,865.3	24,357.0	25,377.8	32,107.1	15.8%	4.2%
Tier 1 ratio	8.1%	8.3%	8.4%	9.3%	9.2%		110 bp	-6 bp
<b>Basel III</b>	<b>12.5%</b>	<b>12.5%</b>	<b>13.1%</b>	<b>14.0%</b>	<b>13.8%</b>		<b>130 bp</b>	<b>-19 bp</b>
Risk-weighted assets (Basel III)	27,180.1	28,984.7	29,881.1	30,842.6	32,088.4	40,597.1	18.1%	4.0%



## IV. Annex

### Quarterly Income Statements

	1Q22	2Q22	3Q22	4Q22	1Q23	1Q23	Change	
	Ch\$ billion					US\$ million	1Q23/1Q22	1Q23/4Q22
Interest income	516.8	661.8	762.0	877.9	921.6	1,166.0	78.3%	5.0%
Interest expense	-219.2	-373.8	-434.3	-474.9	-418.1	-528.9	90.7%	-12.0%
Net interest income	297.6	288.0	327.6	402.9	503.5	637.0	69.2%	25.0%
Net income from inflation adjustments	135.0	280.1	251.7	184.4	96.7	122.4	-28.3%	-47.6%
Fees and commission income	178.1	181.6	179.6	208.7	196.8	249.0	10.5%	-5.7%
Fees and commission expense	-68.6	-79.1	-67.3	-86.7	-75.5	-95.5	10.1%	-13.0%
Net fee and commission income	109.6	102.5	112.3	122.0	121.4	153.6	10.8%	-0.5%
Net gain/loss from financial operations	163.9	-99.4	14.9	88.6	80.2	101.4	-51.1%	-9.5%
Foreign exchange gain/loss net	-104.5	131.5	45.6	-62.6	-20.5	-25.9	-80.4%	-67.3%
Net results from financial transactions	59.5	32.1	60.5	26.0	59.7	75.5	0.4%	129.5%
Other operating revenue	30.3	-17.2	-19.6	27.7	-19.2	-24.3	-163.5%	-169.6%
<b>Total operating income</b>	<b>632.9</b>	<b>687.0</b>	<b>732.5</b>	<b>764.6</b>	<b>762.8</b>	<b>965.0</b>	<b>20.5%</b>	<b>-0.2%</b>
Personnel salaries and expenses	-133.6	-128.0	-130.8	-146.7	-151.6	-191.8	13.4%	3.3%
Administrative expenses	-88.7	-71.2	-72.3	-87.9	-101.1	-127.9	14.0%	15.0%
Depreciation and amortization	-19.5	-18.6	-19.8	-19.4	-18.6	-23.6	-4.5%	-3.9%
Impairment	0.0	0.0	0.0	0.0	0.0	0.0	-	-
Operating expenses	-241.9	-217.8	-222.9	-254.0	-271.3	-343.3	12.2%	6.8%
<b>Net income before credit losses</b>	<b>391.0</b>	<b>469.3</b>	<b>509.6</b>	<b>510.6</b>	<b>491.4</b>	<b>621.7</b>	<b>25.7%</b>	<b>-3.7%</b>
Credit loss expenses	-84.3	-85.7	-265.9	-266.3	-162.4	-205.5	92.8%	-39.0%
<b>INCOME BEFORE INCOME TAXES</b>	<b>306.8</b>	<b>383.6</b>	<b>243.7</b>	<b>244.3</b>	<b>329.0</b>	<b>416.3</b>	<b>7.3%</b>	<b>34.7%</b>
Income taxes	-119.4	-168.2	-57.9	-120.6	-172.7	-218.5	44.6%	43.2%
<b>NET INCOME FOR THE PERIOD</b>	<b>187.3</b>	<b>215.4</b>	<b>185.8</b>	<b>123.6</b>	<b>156.3</b>	<b>197.8</b>	<b>-16.6%</b>	<b>26.4%</b>
Net income attributable to equity holders	183.2	211.1	181.2	118.5	151.1	191.2	-17.5%	27.5%
Net income attributable to non-controlling interest	4.1	4.2	4.6	5.2	5.2	6.6	27.0%	1.4%



## Financial Information

	1Q22	2Q22	3Q22	4Q22	1Q23	1Q23	Change	
	Ch\$ billion					US\$ million	1Q23/1Q22	1Q23/4Q22
<b>ASSETS</b>								
Cash and deposits in banks	11,449	3,460	4,325	4,961	3,876	4,903	-66.1%	-21.9%
Unsettled transactions	716	599	670	157	245	311	-65.7%	56.2%
Financial assets for trading at fair value through earnings	2,330	3,839	3,944	3,928	3,751	4,746	61.0%	-4.5%
Derivative contracts	1,754	2,957	3,181	2,555	2,486	3,145	41.7%	-2.7%
Debt instruments	565	875	752	1,354	1,248	1,579	120.8%	-7.8%
Other	11	7	11	19	17	22	65.5%	-6.7%
Financial assets at fair value through other comprehensive income	11,897	10,699	8,150	10,342	10,108	12,789	-15.0%	-2.3%
Debt instruments	11,897	10,699	8,150	10,342	10,108	12,789	-15.0%	-2.3%
Financial derivative contracts for hedge accounting	124	235	206	50	12	15	-90.2%	-76.0%
Financial assets at amortized cost	28,562	33,357	34,418	34,345	34,766	43,984	21.7%	1.2%
Investments under resale agreements	45	13	113	95	55	69	20.3%	-42.4%
Financial debt instruments	35	3,483	3,437	3,192	2,816	3,563	8032.1%	-11.8%
Interbank loans	1,108	1,242	1,226	748	602	761	-45.7%	-19.5%
Loans and accounts receivable from customers. Commercial	13,915	14,674	15,053	15,201	15,747	19,922	13.2%	3.6%
Loans and accounts receivable from customers. Mortgage	11,633	12,092	12,671	13,065	13,386	16,936	15.1%	2.5%
Loans and accounts receivable from customers. Consumer	1,826	1,853	1,920	2,045	2,161	2,734	18.3%	5.7%
Investments in other companies	20	22	20	21	21	27	4.0%	0.9%
Intangible assets	50	49	46	45	42	54	-14.6%	-4.9%
Property, plant and equipment	317	317	314	325	319	404	0.8%	-1.8%
Right-of-use assets	87	81	81	80	78	99	-9.6%	-1.7%
Current taxes	3	10	1	3	2	3	-31.1%	-27.9%
Deferred taxes	1,444	1,489	1,633	1,771	1,777	2,248	23.0%	0.4%
Other assets	674	908	1,005	1,062	1,310	1,658	94.5%	23.4%
Non-current assets and groups for sale	1	1	1	1	1	1	-33.9%	-5.9%
<b>TOTAL ASSETS</b>	<b>57,671</b>	<b>55,064</b>	<b>54,816</b>	<b>57,091</b>	<b>56,310</b>	<b>71,242</b>	<b>-2.4%</b>	<b>-1.4%</b>
<b>LIABILITIES</b>								
Unsettled transactions	5,713	357	693	134	219	277	-96.2%	63.9%
Financial liabilities for trading at fair value through earnings	1,735	3,014	3,272	2,567	2,518	3,185	45.1%	-1.9%
Financial derivative contracts for hedge accounting	208	207	238	469	658	833	216.9%	40.2%
Financial liabilities at amortized cost	44,327	45,894	44,709	47,155	45,913	58,087	3.6%	-2.6%
Deposits and other demand liabilities	14,835	14,403	13,953	15,038	13,892	17,576	-6.4%	-7.6%
Time deposits and other time liabilities	16,908	17,461	17,737	17,845	18,113	22,916	7.1%	1.5%
Investments under repurchase agreements	971	1,558	693	1,182	822	1,039	-15.4%	-30.5%
Interbank borrowings	4,468	4,735	4,710	4,613	4,750	6,009	6.3%	3.0%
Issued debt instruments	7,010	7,589	7,491	8,317	8,186	10,357	16.8%	-1.6%
Other financial liabilities	134	149	124	160	150	190	11.6%	-6.5%
Leasing obligations	81	83	83	80	79	99	-3.2%	-2.2%
Issued regulatory capital instruments	1,090	1,134	1,188	1,215	1,211	1,532	11.1%	-0.4%
Provisions for contingencies	181	213	213	208	211	267	17.0%	1.8%
Provisions for dividend, interest payments and reappreciation of financial issued regulatory capital instruments	457	263	384	463	563	713	23.4%	21.8%
Provisions for credit risk	698	738	881	975	1,007	1,274	44.3%	3.2%
Current taxes	518	1	130	185	267	337	-48.5%	44.2%
Deferred taxes	0	0	0	1	1	1	614.3%	3.9%
Other liabilities	455	742	515	680	637	806	39.9%	-6.3%
Liabilities in groups for sale	0	0	0	0	0	0	-	-
<b>TOTAL LIABILITIES</b>	<b>55,462</b>	<b>52,647</b>	<b>52,305</b>	<b>54,132</b>	<b>53,283</b>	<b>67,412</b>	<b>-3.9%</b>	<b>-1.6%</b>
<b>EQUITY</b>								
Capital	970	970	970	1,423	1,423	1,800	46.6%	0.0%
Reserves	1,150	1,329	1,329	1,329	1,329	1,682	15.6%	0.0%
Other comprehensive income	-11	-23	6	-32	-18	-23	64.5%	-42.5%
Retained earnings	365	0	0	0	694	878	90.3%	-
Net income for the period	183	394	576	694	151	191	-17.5%	-78.2%
Provisions for dividend, interest payments and reappreciation of financial issued regulatory capital instruments	-457	-263	-384	-463	-563	-713	23.4%	21.8%
Total owners' equity	2,201	2,407	2,497	2,952	3,016	3,815	37.0%	2.2%
Non-controlling interests	9	10	14	7	12	15	32.4%	68.6%
<b>TOTAL EQUITY</b>	<b>2,209</b>	<b>2,417</b>	<b>2,511</b>	<b>2,958</b>	<b>3,027</b>	<b>3,830</b>	<b>37.0%</b>	<b>2.3%</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>57,671</b>	<b>55,064</b>	<b>54,816</b>	<b>57,091</b>	<b>56,310</b>	<b>71,242</b>	<b>-2.4%</b>	<b>-1.4%</b>