

# Quarterly Financial Report

## 2Q23





## BancoEstado Key Figures

### Key figures of the quarterly income statement

	2Q22	3Q22	4Q22	1Q23	2Q23	2Q23	Change	
							US\$ million	2Q23/2Q22
	Ch\$ billion							
Net interest income	288.0	327.6	402.9	503.5	502.1	626.3	74.3%	-0.3%
Net inflation indexation income	280.1	251.7	184.4	96.7	104.2	129.9	-62.8%	7.7%
Net commission income	102.5	112.3	122.0	121.4	120.7	150.6	17.8%	-0.5%
Net interest income, Net inflation indexation inc. & Net commission inc.	670.6	691.6	709.4	721.6	727.0	906.9	8.4%	0.7%
Net financial income	32.1	60.5	26.0	59.7	62.2	77.6	93.6%	4.2%
Net other operating income	-17.2	-19.6	27.7	-19.2	-23.0	-28.7	33.3%	19.5%
Investments in other companies & Other results	1.5	-0.0	1.5	0.7	1.3	1.6	-18.8%	81.5%
Operating income	687.0	732.5	764.6	762.8	767.5	957.4	11.7%	0.6%
Operating expenses	-217.8	-222.9	-254.0	-271.3	-251.6	-313.9	15.6%	-7.3%
Operating income before credit losses	469.3	509.6	510.6	491.4	515.8	643.4	9.9%	5.0%
Credit loss expenses	-85.7	-265.9	-266.3	-162.4	-131.9	-164.5	53.9%	-18.8%
<b>Net income before taxes</b>	<b>383.6</b>	<b>243.7</b>	<b>244.3</b>	<b>329.0</b>	<b>384.0</b>	<b>479.0</b>	<b>0.1%</b>	<b>16.7%</b>
Income tax	-168.2	-57.9	-120.6	-172.7	-199.8	-249.2	18.8%	15.7%
<b>Net income after taxes</b>	<b>215.4</b>	<b>185.8</b>	<b>123.6</b>	<b>156.3</b>	<b>184.2</b>	<b>229.8</b>	<b>-14.5%</b>	<b>17.8%</b>
Non-controlling interest	4.2	4.6	5.2	5.2	4.9	6.1	14.7%	-7.2%
Net income attributable to equity holders	211.1	181.2	118.5	151.1	179.3	223.7	-15.1%	18.7%

### Key figures of the balance sheet

	2Q22	3Q22	4Q22	1Q23	2Q23	2Q23	Change	
							US\$ million	2Q23/2Q22
	Ch\$ billion							
Total assets	55,064.4	54,816.1	57,090.8	56,310.1	57,368.5	71,562.1	4.2%	1.9%
Loans	29,538.0	30,627.4	31,368.8	32,418.4	33,184.9	41,395.2	12.3%	2.4%
Liquid assets	19,128.6	17,446.8	20,101.6	18,348.7	18,791.9	23,441.3	-1.8%	2.4%
Total liabilities	52,647.2	52,305.4	54,132.3	53,282.8	54,192.6	67,600.5	2.9%	1.7%
Customer funds	36,598.4	36,400.3	37,495.6	36,755.1	38,309.1	47,787.2	4.7%	4.2%
Debt financial & Regulatory capital financial instruments issued	8,723.5	8,679.7	9,532.2	9,397.0	9,465.4	11,807.2	8.5%	0.7%
Equity	2,417.2	2,510.7	2,958.5	3,027.3	3,175.9	3,961.6	31.4%	4.9%

### Key ratios

	2Q22	3Q22	4Q22	1Q23	2Q23	Change	
						2Q23/2Q22	2Q23/1Q23
	Ch\$ billion						
ROE before tax	63.5%	38.8%	33.0%	43.5%	48.4%	-15.1 pp	4.9 pp
ROE after tax	35.6%	29.6%	16.7%	20.7%	23.2%	-12.4 pp	2.5 pp
ROA before tax	2.8%	1.8%	1.7%	2.3%	2.7%	-0.1 pp	0.3 pp
ROA after tax	1.6%	1.4%	0.9%	1.1%	1.3%	-0.3 pp	0.2 pp
Efficiency ratio	31.7%	30.4%	33.2%	35.6%	32.8%	1.1 pp	-2.8 pp
Net interest margin	5.4%	5.3%	5.1%	5.1%	5.1%	-29 bp	6 bp
Risk index	3.1%	3.2%	3.4%	3.5%	3.5%	39 bp	3 bp
Coverage PDL	392.7%	366.8%	323.7%	281.5%	289.0%	-103.7 pp	7.4 pp
PDL/Loans	0.8%	0.9%	1.0%	1.2%	1.2%	42 bp	-2 bp
Tier 1 capital ratio	8.3%	8.4%	9.3%	9.2%	9.4%	105 bp	16 bp
Basel III	12.5%	13.1%	14.0%	13.8%	13.8%	131 bp	8 bp

### Operational and coverage figures

	2Q22	3Q22	4Q22	1Q23	2Q23	Change	
						2Q23/2Q22	2Q23/1Q23
	Ch\$ billion						
Employees	15,167	15,242	15,352	15,556	15,558	2.6%	0.0%
Branches	399	399	399	399	399	0.0%	0.0%
ATMs	2,360	2,343	2,360	2,381	2,427	2.8%	1.9%

### Rating Agencies

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



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## Milestones

The global economy continues to be mixed. On the one hand, the United States grew by 2.4% year-on-year in the second quarter, exceeding market expectations of 1.8%. On the other hand, China's growth was below its self-imposed target of 5%, with an increase of only 3.2%. Along with economic activity, the United States is making progress in reducing inflation, with headline inflation rising 3% year-on-year in June. However, the labour market remains very tight, and inflation has yet to reach the 2% annual target.

In Chile, the decline in inflation has been evident and has been falling steadily throughout the second quarter of 2023. Total annualised inflation has continued its trend of falling more slowly than headline inflation, falling to 7.6% year-on-year, while core inflation stands at 9.1%.

Monetary policy has completed its cycle of raising interest rates, and interest rates are expected to fall significantly in the third and fourth quarters of this year, reaching levels of 7.5-8% per annum by the end of the year.

Private consumption, in both nominal and real terms, remains at high levels compared with pre-pandemic averages. However, the negative trend continues and is approaching the historical average. In the second quarter, the durable component of private consumption fell more than expected.

Investment remains in line with the evolution of the macroeconomic scenario. On the other hand, construction activity confirms a weak performance, reflecting a decline in housing sales.

However, it should be noted that real wages have recovered in line with the fall in inflation. The current account deficit has continued to narrow, mainly due to the fall in imports of consumer goods, in line with the increase in household savings.



## Summary of Results

In the second quarter of the year, net income before taxes of BancoEstado amounted to Ch\$384.0 billion (US\$ 479.0 million), an increase of 16.7% compared to the previous quarter, mainly due to lower credit loss expenses.

Return on equity after tax was 23.2% in the second quarter of 2023, 2.5 percentage points higher than the value recorded in the previous quarter.

In the second quarter of 2023, the total NPL ratio reached 3.6%, an increase of 27 basis points compared to the previous quarter and 118 basis points compared to the second quarter of 2022. This ratio is at a normalization level. It follows the excess liquidity in the market observed in previous quarters due to the pandemic support measures.

BancoEstado's market share reached 14.8% of total loans in June 2023.

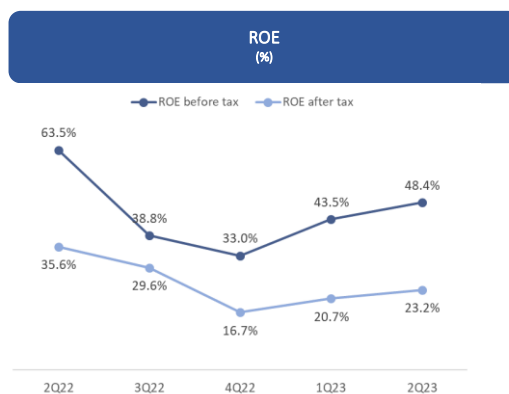
In the second quarter of 2023, the efficiency ratio reached 32.8%. Increasing efficiency has been a challenge for the bank as it seeks to manage and control costs. On the other hand, BancoEstado is promoting the strengthening of its digital channels, which will improve its transactional operations and productivity.

## Credit Ratings MOODY'S

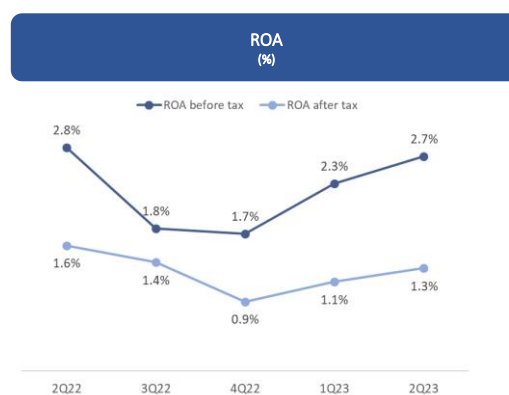
Long-Term	A2
Outlook	Stable
Short-Term	P-1
March 2023	

## S&P Global Ratings

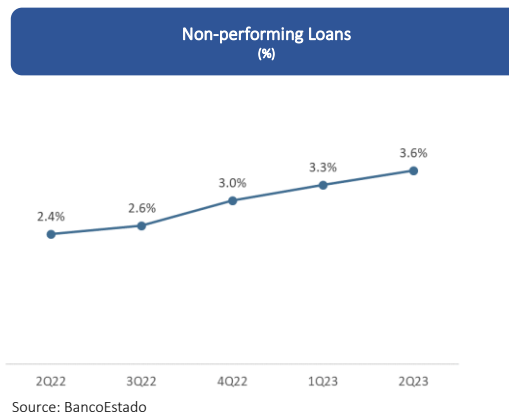
Long-Term	A
Outlook	Stable
Short-Term	A-1
April 2023	



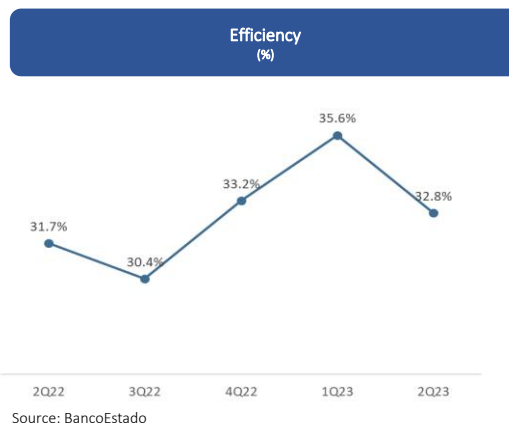
Source: BancoEstado



Source: BancoEstado



Source: BancoEstado



Source: BancoEstado



# I. Economic Environment

## Economic Environment

The macroeconomic imbalances accumulated in recent years have been reduced. This has allowed to reduce inflation in line with expectations. Thus, we have made progress in consolidating its convergence towards the 3% target. In general, economic activity and domestic demand have developed in line with expectations. However, the decline in the durable component of private consumption has been stronger than expected.

Economic activity continues to decline at a gradual pace. In the second quarter of 2023, GDP declined at an annual rate of -1.1%, after reaching -2.3% and -0.8% in the fourth quarter of 2022 and the first quarter of 2023, respectively. On the other hand, the projections of the baseline scenario show small changes in magnitude. According to the Central Bank, economic activity will grow by between -0.5% and 0.25% in 2023, by between 1.25% and 2.25% in 2024 and by between 2% and 3% in 2025. The external scenario remains dynamic, but the financial volatility observed at the beginning of the year has been reduced.

### In the second quarter of 2023 the unemployment rate was 8.5%

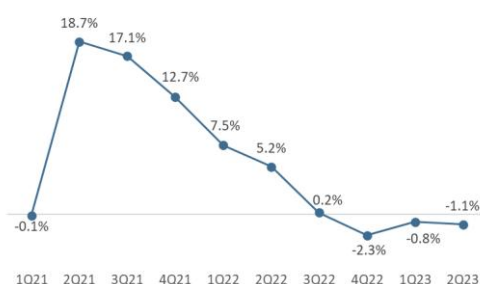
The data show a less dynamic labour market, especially for the future. Demand for labour has fallen and employment expectations from the monthly business confidence index have remained below average across all sectors. The unemployment rate stood at 8.5% in June. This was due to an increase of 3.0% in the labour force and of 2.2% in the number of persons employed. Nevertheless, real wages have returned to positive territory compared with the same month last year.

### Economic outlook (% annual change)

	2022	2023 (f)	2024 (f)	2025 (f)
GDP	2.4	-0.5/0.25	1.25-2.25	2.0-3.0
Domestic demand	2.3	-4.2	1	2.0
Domestic demand (w/o) inventory change	3.0	-3.3	0.8	1.9
Gross fixed capital formation	2.8	-3.0	-1	2.2
Total consumption	3.1	-3.4	1.4	1.8
Private consumption	2.9	-4.9	1.5	1.8
Exports-Goods and services	1.4	2.4	4.4	2.5
Imports-Goods and services	0.9	-8.3	2.2	0.6
Current Account (% of GDP)	-9.0	-3.7	-4.0	-3.9

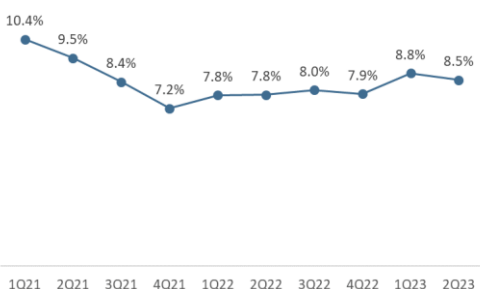
Source: Central Bank

### GDP (annual growth, %)



Source: Central Bank

### Unemployment (%)

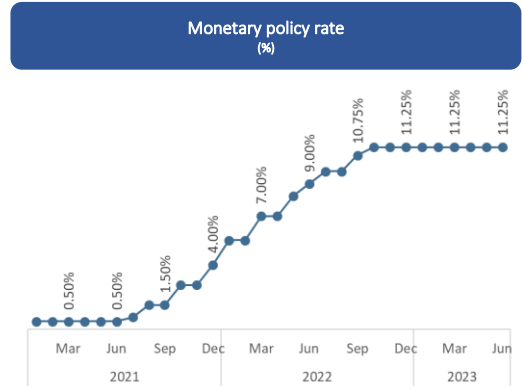


Source: Central Bank



## Monetary policy

The cycle of interest rate cuts is being prepared by the Chilean Central Bank. Headline and core inflation have eased. Expectations are anchored at 3% over 2 years. Rate cuts will begin in the next few quarters. If inflation continues to fall, the rate will be lowered. However, external factors such as the price of the dollar and the US Federal Reserve rate will also be considered.



Source: Central Bank



## Inflation

Inflation has eased as a result of the highly contractionary monetary policy that has been in place for several months. The decline has been in both headline and core inflation (CPI excluding volatile items). However, the pace of decline in headline inflation has been faster than in core inflation, in line with the rest of the world's economies. Headline inflation ended 2022 at 12.8% yoy (10.7% core). The second quarter of 2023 ended at 7.6% yoy (9.1% core), showing a clear downward trend.

Inflation expectations are anchored to the Central Bank's target of 3% over the two-year horizon, and market expectations are for less than 4% by the end of 2023.

## Exchange rate

In the second quarter of 2023, the Chilean peso depreciated by almost 1%, from Ch\$ 794.89 per dollar to Ch\$ 801.81 per dollar on June 30, 2023, fluctuating between Ch\$ 785 and Ch\$ 820 per dollar.

The nominal exchange rate closed the first half of 2023 5.7% higher than in December 2022, despite the slight quarter-on-quarter depreciation. In addition, when comparing year to year with respect to the second quarter of 2022, the Chilean peso appreciated strongly, falling 12.75%.

By the end of 2023, the peso is expected to continue to fluctuate close to \$800 per dollar, reaching \$810 per dollar in December 2023.

Inflation  
(CPI, % YoY)



Source: Central Bank

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



Source: Central Bank





## II. Banking Industry

### Total loans amounted to Ch\$ 245 trillion in the second quarter of 2023

Total loans in the banking system amounted to Ch\$ 245 trillion (US\$ 305 billion) in the second quarter of 2023, growing at an annual rate of 3.3% and 0.5% quarter-on-quarter (excluding foreign subsidiaries, total loans amounted to Ch\$ 221 trillion).

The local credit market remains weak due to more restrictive conditions and the increase in interest rates. Over the twelve months, loan growth was driven by consumer and mortgage loans, which increased by 3.9% and 10.6% respectively. Mortgage loans were positively influenced by the inflation rate. This influenced the volume of loans, which are mainly denominated in UF. On the other hand, commercial loans declined by 0.7% compared to the previous year.

It is worth noting that inflation rose by 7.6% year-on-year (and 1.4% quarter-on-quarter) (UF measure, this unit of account is indexed to the rate of change in the CPI).

Mortgage and consumer loans increased by 2.2% and 0.1% respectively, close to the inflation rate recorded for the quarter. On the other hand, commercial loans fell by 0.4% quarter on quarter, reflecting the economic slowdown.

### Banking Credit Survey

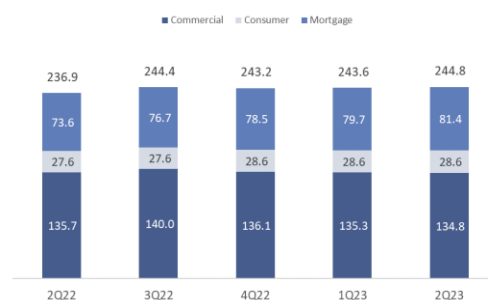
The second quarter 2023 bank lending survey indicates a net tightening of commercial lending standards. Credit conditions for SMEs and large companies are perceived to have tightened. This is mainly due to high uncertainty about the economic outlook. Loan supply conditions for the construction and real estate sectors intensified their tightening trend.

Banks also reported more restrictions on consumer credit. Higher perceptions of credit risk were the main reason for the decline in the supply of consumer credit. On the other hand, credit standards for mortgage loans remained stable over the quarter.

Demand for loans from households and firms declined during the quarter. For SMEs and large companies, lower working capital financing needs and reduced investment had a negative impact on demand, while demand for financing by real estate and construction companies declined in line with a less dynamic sector.

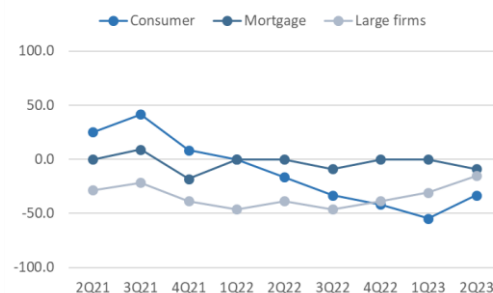
In addition, household demand for credit weakened for both mortgage and consumer loans. The decline in demand was mainly due to the general outlook for a less favourable employment and income environment.

Total loans  
(Ch\$ trillion)



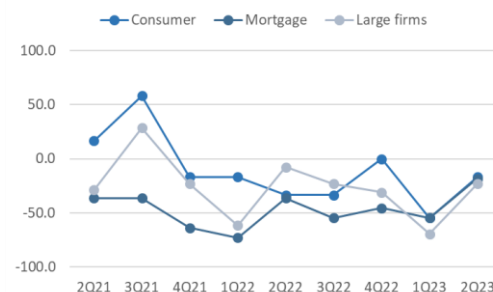
Source: CMF.

Credit supply  
(Change QoQ, points)



Source: Central Bank

Credit demand  
(Change QoQ, points)



Source: Central Bank

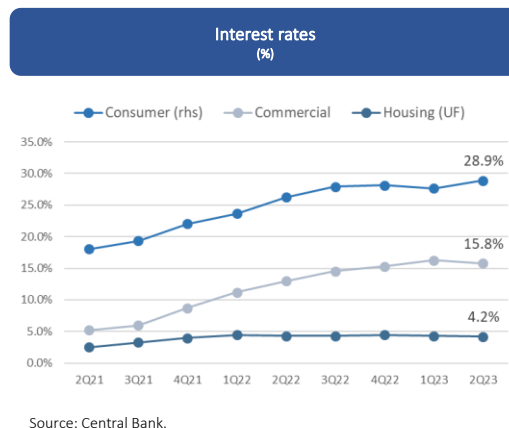


## Interest rates

Benchmark interest rates have risen in recent quarters on concerns about inflation and a challenging monetary policy outlook.

In June 2023 the average interest rate on commercial loans decreased to 15.8% (16.3% in March 2023). Interest rates on bank loans to households have also reflected the tightening of credit standards, with the average interest rate on consumer loans rising to 28.9% over 12 months (2.7pp higher than in the second quarter of 2022).

On the other hand, the mortgage loan rate remained at 4.2%.



## Banking System Results

Return on equity (ROE) was 20.6%, 8.2pp below the previous year.

In June 2023, Net income before taxes totalled Ch\$ 3,032 decreasing 18.3% YoY.

Net interest income totalled Ch\$ 4,655 billion in the system, an increase of \$876 billion or 23.2% compared to the second quarter 2022. On the other hand, inflation adjustment income decreased 8.3%.

In terms of credit risk, non-performing loans increased to 1.9% of total loans, mainly due to a higher ratio in the commercial portfolio.

The efficiency of the system has remained relatively stable over the last few quarters. In the first half of 2023, the efficiency ratio (ratio of operating expenses to operating income) reached 41.0%.

**System key ratios**  
(% as of June 2023)

	Index	Annual change
ROE b.t.	20.6%	-8.2 pp
ROE a.t.	16.2%	-7.2 pp
Efficiency	41.0%	3.7 pp
NPL	1.9%	53 bp
Tier 1*	11.0%	38 bp
BIS*	15.4%	45 bp

\* April 2023.

Source CMF & BancoEstado



### III. BancoEstado Results

#### Quarterly Income Statement

##### Net income

Net income after tax reached Ch\$ 184.2 billion in the second quarter of 2023 (-14.5% YoY). Net income before taxes is maintained on the one hand by higher net interest income, offset by lower net inflation indexation income and higher credit loss expenses.

ROE after tax reached 23.2% (35.6% in the second quarter of 2022 and 20.7% in the first quarter of 2023), while ROE before tax was 48.4% in the second quarter of 2023.

##### Net interest income & Net inflation indexation income

Total operating income was supported by the positive impact of higher interest rates on net interest income.

Net interest income & Net inflation indexation income increased by 1.0% (6.7% YoY) to Ch\$ 606.3 billion in the quarter, reflecting the higher interest rates in the market.

##### Net commission income

Net commission income amounted to Ch\$ 120.7 billion, an increase of 17.8% over the previous year, reflecting higher transaction and payment volumes. The main sources of commissions were account administration, card and collection fees.

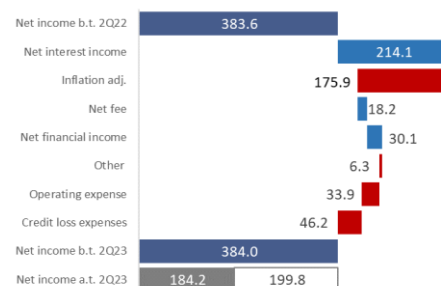
##### Net financial income

In the second quarter of 2023, net financial income amounted to Ch\$62.2 billion, an increase of 4.2% compared to the previous quarter and an increase of 93.6% compared with the same period of 2022. The quarter-on-quarter change was primarily due to a decrease in financial assets held for trading at fair value through profit or loss (76.1%), partially offset by an increase in financial liabilities held for trading at fair value through profit and loss (76.7%).

##### Operating expenses

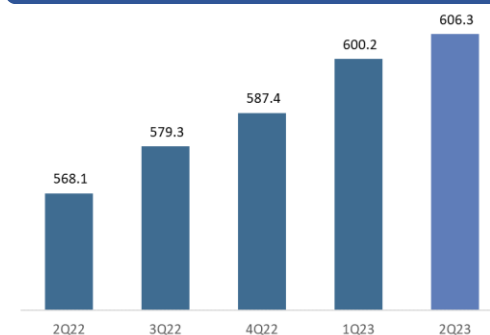
Operating expenses increased by 15.6% YoY, in line with inflation-indexed expenses. In the second quarter of 2023, operating expenses amounted to Ch\$251.6 billion. As a result, our efficiency ratio reached 32.8% in the second quarter, an improvement of 2.8 percentage points compared to the previous quarter. This was mainly due to a -7.3% decrease in operating expenses and a 0.6% increase in operating income.

Change in the Net Income Breakdown  
2022-2023 (Ch\$ billion)



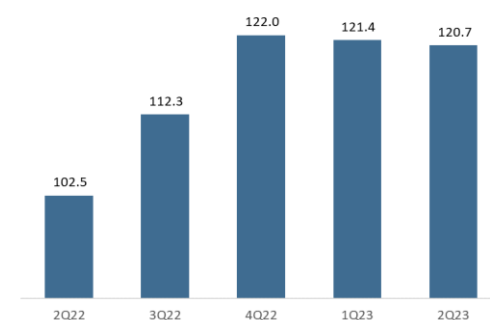
Source: BancoEstado

Net interest income & Net inflation indexation income  
(Ch\$ billion)



Source: BancoEstado

Net commission income  
(Ch\$ billion)



Source: BancoEstado



### Credit loss expenses

Credit loss expenses totalled Ch\$ 131.9 billion (53.9% YoY and -18.8% QoQ).

In the second quarter, allowances for credit risk loans and advances to banks and loans and accounts receivable from customer totalled Ch\$136.7 billion, an increase of Ch\$55.7 billion for the year. In the second quarter of 2023, we have included the Ch\$ 22.0 billion of special allowances for credit risk established during the quarter.

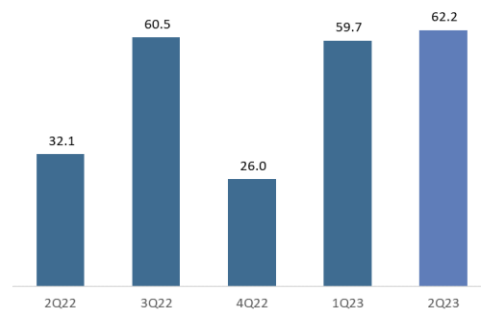
Overall, our coverage (allowance for loan losses over past due loans ratio) reached 289.0% and non-performing loans remained at 3.6% of total loans, an increase of 27bp QoQ (118bp YoY). Past due loans (PDL) continued to increase to 1.2% of total loans.

### Net other operating income

Net other operating income was Ch\$-23.0 billion and investments in other companies were Ch\$ 1.3 billion in the quarter.

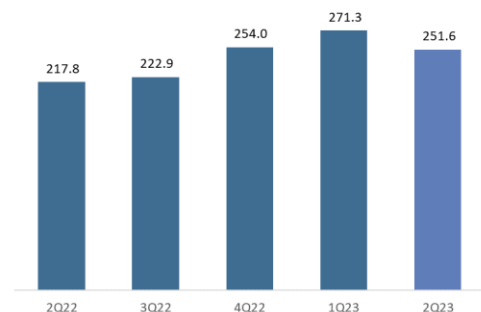
Income taxes amounted to Ch\$ 199.8 billion, reflecting an effective income tax rate of 52.0% in the second quarter of 2023.

#### Net financial income (Ch\$ billion)



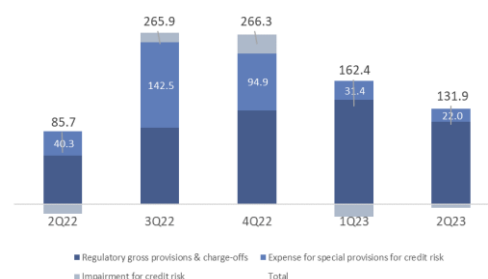
Source: BancoEstado

#### Operating expenses (Ch\$ billion)



Source: BancoEstado

#### Credit loss expenses (Ch\$ billion)



Source: BancoEstado



## Statement of Financial Position

### Total loans increased 12.3% YoY

Total loans amounted to Ch\$ 33.2 trillion (12.3% YoY), with a market share of 14.8%.

BancoEstado's total loans increased by 2.4% during the quarter. The increase in consumer loans was offset by less dynamic growth in the commercial portfolio and mortgage loans.

Indeed, consumer loans grew by 3.6% QoQ (22.6% YoY), driven by consumer installment loans. On the other hand, the increase in commercial loans (1.9% QoQ) was supported by a 2.7% QoQ increase in loans to SME and a 1.6% QoQ increase in loans to corporate; while mortgage loans grew by 2.7% QoQ, both above inflation.

### Financial investments

Financial investments decreased from Ch\$15.1 trillion in the second quarter of 2022 to Ch\$14.4 trillion in the second quarter of 2023 (-4.6% YoY). During the quarter, financial investments increased by 1.4%, reflecting the restatement of financial debt instruments to amortised cost.

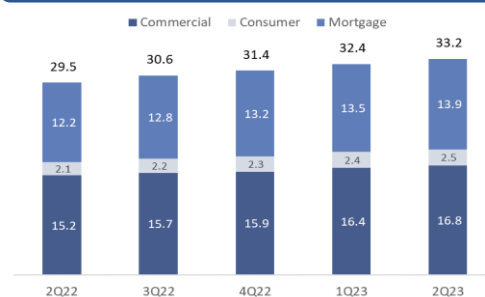
### Liquidity

Liquid assets amounted to Ch\$18.8 trillion (2.4% QoQ and -1.8% YoY). Reflected by an increase in unsettled transactions in the quarter.

The bank's liquid assets represent 32.8% of total assets (32.6% in the previous quarter).

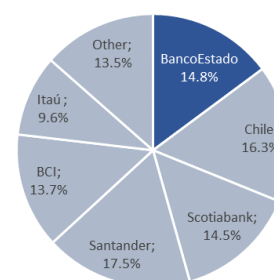
The Liquidity Coverage Ratio (LCR) reached 500.3%, an increase of 130pp in the quarter. This ratio confirms that BancoEstado has improved its high-quality liquid assets that can be easily converted in the financial markets. On the other hand, the Net Stable Funding Ratio (NSFR) measures the bank's medium and long-term resilience. The NSFR reached 119.1%.

#### Total loans (Ch\$ trillion)



Source: BancoEstado

#### BancoEstado market share (% of total loans)



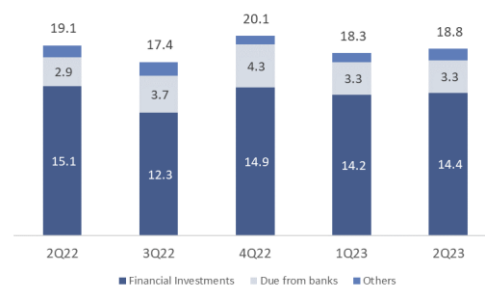
\*Excludes foreign subsidiaries and branches (BCI, ITAU and BTG banks).  
Source: CMF & BancoEstado

#### Liquidity Coverage (%)

	Liquidity Coverage Ratio (LCR)		Net Stable Funding (NSFR)	
	Individual Limit	Local Consolidated	Individual Limit	Local Consolidated
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%
Jun.23	580.1%	500.3%	120.1%	119.1%

Source: BancoEstado

#### Liquidity assets (Ch\$ trillion)

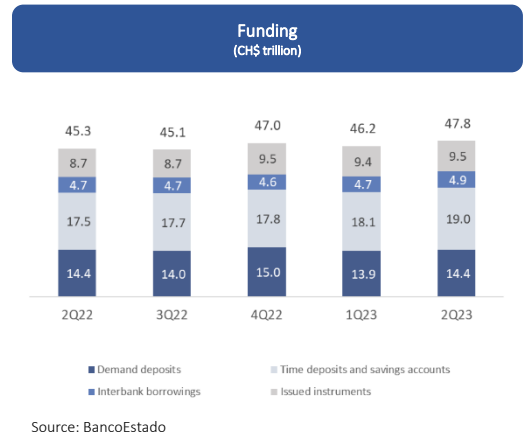


Source: BancoEstado



## Funding

Funding from clients and other funding amounted to Ch\$38.3 trillion by the end of the second quarter of 2023, an 4.2% increase compared to the previous quarter and an increase of 4.7% compared with the same period of 2022. While debt financial instruments issued, and regulatory capital financial instruments issued amounted to Ch\$9.5 trillion in the quarter. The year-over-year change was primarily due to deposits and other time deposits increase (9.1%) partially offset by deposits and other on-demand liabilities (-0.3%).

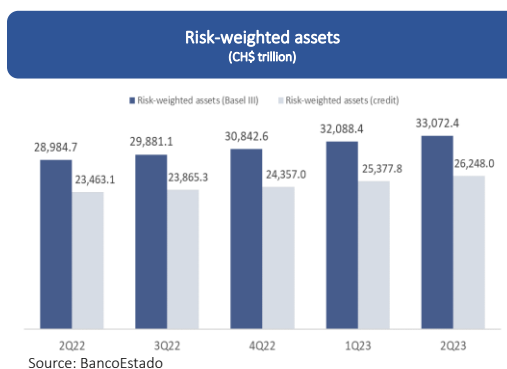
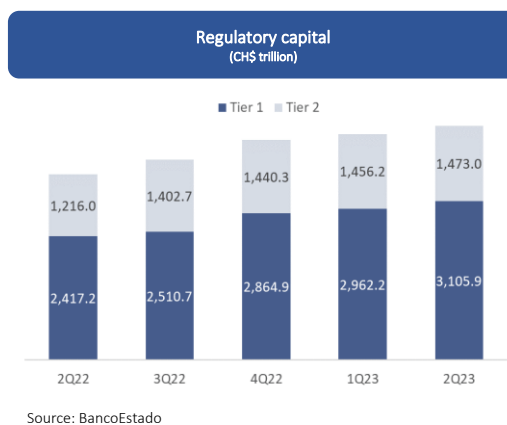
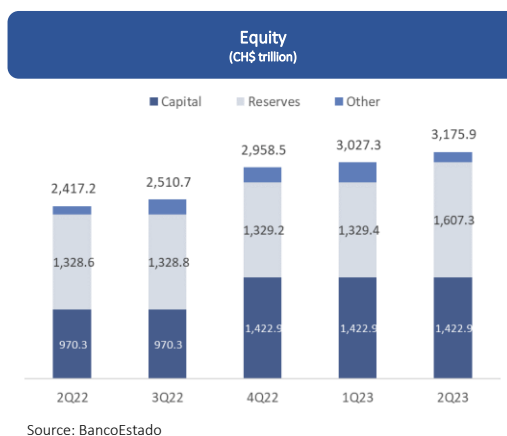
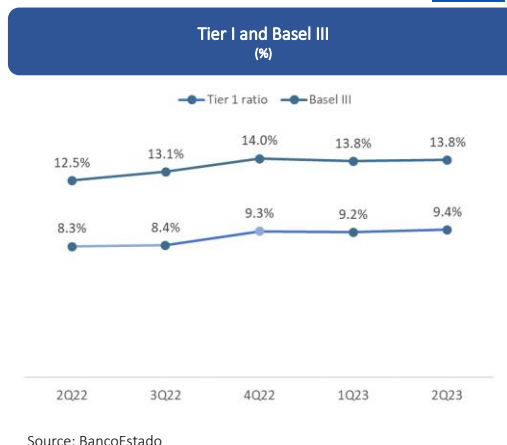




## Regulatory Capital

The implementation process of Basel III is under way in Chile since 2021. In line with these requirements, BancoEstado's risk-weighted assets amounted to Ch\$33.1 trillion in the second quarter of 2023. The Basel III ratio increased 8 basis points, from 13.77% to 13.85% in the quarter.

In 2022, BancoEstado capitalized US\$500 million. In addition, US\$1,500 million were authorised by Law 21,384 to be capitalized by December 2025. The purpose is to authorize the capitalization, along with other measures to comply with the new capital requirements of the Basel III agreements.





## Tables

**Table 1. Net interest income & Net inflation indexation income**

	2Q22	3Q22	4Q22	1Q23	2Q23	2Q23	Change	
	Ch\$ billion					US\$ million	2Q23/2Q22	2Q23/1Q23
Interest income	661.8	762.0	877.9	921.6	953.3	1,189.1	44.0%	3.4%
Interest expense	-373.8	-434.3	-474.9	-418.1	-451.2	-562.8	20.7%	7.9%
Net inflation indexation income	280.1	251.7	184.4	96.7	104.2	129.9	-62.8%	7.7%
<b>Net interest income &amp; Net inflation indexation income</b>	<b>568.1</b>	<b>579.3</b>	<b>587.4</b>	<b>600.2</b>	<b>606.3</b>	<b>756.3</b>	<b>6.7%</b>	<b>1.0%</b>
Average interest-earning assets	41,951.2	43,970.9	45,668.1	47,298.3	47,258.6	58,951.0	12.7%	-0.1%
Average loans	28,833.5	30,015.4	30,985.8	31,926.9	33,051.2	41,228.5	14.6%	3.5%
Interest-earning asset yield	6.3%	6.9%	7.7%	7.8%	8.1%		176 bp	27 bp
Net interest margin (NIM)	5.4%	5.3%	5.1%	5.1%	5.1%		-29 bp	6 bp
Quarterly inflation rate	4.3%	3.5%	2.5%	1.3%	1.4%		-284 bp	12 bp
Central Bank reference rate (end of period)	9.0%	10.8%	11.3%	11.3%	11.3%		225 bp	0 bp
Avg. 10-year Central Bank yield (real)	1.9%	2.5%	1.7%	1.7%	2.1%		17 bp	37 bp

**Table 2. Net commission income**

	2Q22	3Q22	4Q22	1Q23	2Q23	2Q23	Change	
	Ch\$ billion					US\$ million	2Q23/2Q22	2Q23/1Q23
Collection fees	30.3	36.8	35.5	40.1	37.8	47.2	24.8%	-5.6%
Lines of credit	0.6	0.6	0.6	0.6	0.6	0.7	-1.3%	-1.4%
Accounts administration & card fees	50.1	49.3	44.0	59.1	60.8	75.8	21.4%	2.8%
Insurance brokerage	9.6	10.7	14.1	11.7	10.8	13.5	12.5%	-7.6%
Guarantees, pledges and other contingent operations	3.7	4.3	4.5	4.3	4.7	5.9	29.1%	8.5%
Fees from brokerage and custody of securities	-1.6	0.1	9.2	0.3	-0.2	-0.3	-85.0%	-168.9%
Pre-payment fees	3.3	3.4	3.5	3.5	3.0	3.8	-7.4%	-13.7%
Other fees	6.5	7.1	10.5	1.7	3.2	4.0	-51.1%	89.6%
<b>Net commission income</b>	<b>102.5</b>	<b>112.3</b>	<b>122.0</b>	<b>121.4</b>	<b>120.7</b>	<b>150.6</b>	<b>17.8%</b>	<b>-0.5%</b>

**Table 3. Net financial income**

	2Q22	3Q22	4Q22	1Q23	2Q23	2Q23	Change	
	Ch\$ billion					US\$ million	2Q23/2Q22	2Q23/1Q23
Assets for trading at fair value	10.3	5.5	28.7	22.2	25.5	31.8	147.6%	14.9%
Derivative contracts	-111.5	-3.7	43.2	34.7	-4.8	-5.9	-95.7%	-113.7%
Assets at fair value with changes in other income	-6.3	6.6	9.7	15.9	11.2	13.9	-276.1%	-29.8%
Other	8.2	6.4	7.0	7.4	6.7	8.4	-17.6%	-8.8%
<b>Net income (expense) from financial op.</b>	<b>-99.4</b>	<b>14.9</b>	<b>88.6</b>	<b>80.2</b>	<b>38.6</b>	<b>48.2</b>	<b>-138.9%</b>	<b>-51.8%</b>
Exchange differences	-211.5	81.2	123.8	196.9	1.6	1.9	-100.7%	-99.2%
Foreign currency indexing	18.1	5.6	-4.0	-5.4	1.2	1.5	-93.4%	-122.4%
Net hedging income	324.9	-41.1	-182.4	-212.0	20.8	25.9	-93.6%	-109.8%
Net foreign exchange gain/loss	131.5	45.6	-62.6	-20.5	23.6	29.4	-82.1%	-215.1%
<b>Net financial income</b>	<b>32.1</b>	<b>60.5</b>	<b>26.0</b>	<b>59.7</b>	<b>62.2</b>	<b>77.6</b>	<b>93.6%</b>	<b>4.2%</b>





Table 4. Credit loss expenses

	2Q22	3Q22	4Q22	1Q23	2Q23	2Q23	Change	
	Ch\$ billion					US\$ million	2Q23/2Q22	2Q23/1Q23
Allowances for credit risk loans and advances to banks and loans and accounts receivable from customer	-81.0	-126.9	-155.8	-173.2	-136.7	-170.5	68.7%	-21.1%
Recovery of written-off loans	20.1	19.4	15.6	21.0	21.0	26.2	4.6%	0.1%
Allowances for credit risk loans and other & Recovery of written-off loans	-61.0	-107.5	-140.2	-152.2	-115.7	-144.3	89.8%	-24.0%
Special allowances for credit risk	-40.3	-142.5	-94.9	-31.4	-22.0	-27.5	-45.2%	-29.8%
Impairment for credit risk	15.5	-15.9	-31.3	21.3	5.9	7.3	-62.1%	-72.3%
<b>Credit loss expenses</b>	<b>-85.7</b>	<b>-265.9</b>	<b>-266.3</b>	<b>-162.4</b>	<b>-131.9</b>	<b>-164.5</b>	<b>53.9%</b>	<b>-18.8%</b>
Total loans	29,538.0	30,627.4	31,368.8	32,418.4	33,184.9	41,395.2	12.3%	2.4%
Allowance for loan losses	-920.0	-984.4	-1,058.0	-1,125.1	-1,162.9	-1,450.6	26.4%	3.4%
Past due loans (PDL)	234.3	268.4	326.8	399.6	402.4	502.0	71.8%	0.7%
Non-performing loans/Loans	2.4%	2.6%	3.0%	3.3%	3.6%		118 bp	27 bp
Net provisions for loan losses/Loans	0.8%	1.4%	1.8%	1.9%	1.4%		57 bp	-48 bp
Credit loss expenses ratio	1.2%	3.5%	3.4%	2.0%	1.6%		43 bp	-41 bp
PDL/Loans	0.8%	0.9%	1.0%	1.2%	1.2%		42 bp	-2 bp
Coverage of PDL	392.7%	366.8%	323.7%	281.5%	289.0%		-103.7 pp	7.4 pp
Risk Index	3.1%	3.2%	3.4%	3.5%	3.5%		39 bp	3 bp

Table 5. Operating Expenses

	2Q22	3Q22	4Q22	1Q23	2Q23	2Q23	Change	
	Ch\$ billion					US\$ million	2Q23/2Q22	2Q23/1Q23
Employee benefit obligation expense	-128.0	-130.8	-146.7	-151.6	-148.1	-184.7	15.7%	-2.3%
Administrative expenses	-71.2	-72.3	-87.9	-101.1	-85.1	-106.2	19.6%	-15.8%
Depreciation and amortization	-18.6	-19.8	-19.4	-18.6	-18.5	-23.0	-0.7%	-0.9%
Impairment of non-financial assets	-	-	-	-	-	-	-	-
<b>Operating expenses</b>	<b>-217.8</b>	<b>-222.9</b>	<b>-254.0</b>	<b>-271.3</b>	<b>-251.6</b>	<b>-313.9</b>	<b>15.6%</b>	<b>-7.3%</b>
Efficiency ratio	31.7%	30.4%	33.2%	35.6%	32.8%		1.1 pp	-2.8 pp

Table 6. Net other operating income

	2Q22	3Q22	4Q22	1Q23	2Q23	2Q23	Change	
	Ch\$ billion					US\$ million	2Q23/2Q22	2Q23/1Q23
Other operating income	1.3	18.6	18.4	8.2	6.3	7.9	377.2%	-23.0%
Other operating expenses	-18.6	-38.3	9.2	-27.4	-29.3	-36.6	57.8%	6.8%
<b>Net other operating income</b>	<b>-17.2</b>	<b>-19.6</b>	<b>27.7</b>	<b>-19.2</b>	<b>-23.0</b>	<b>-28.7</b>	<b>33.3%</b>	<b>19.5%</b>
Income (loss) from investments in companies	1.4	0.2	1.5	0.5	1.1	1.3	-22.0%	127.2%
Results of non-current assets and disposal group not eligible as discontinued op.	0.2	-0.2	0.0	0.2	0.2	0.2	5.3%	-15.1%
Income tax	-168.2	-57.9	-120.6	-172.7	-199.8	-249.2	18.8%	15.7%
Income tax rate	43.8%	23.8%	49.4%	52.5%	52.0%		8.2 pp	-0.5 pp

Table 7. Total loans

	2Q22	3Q22	4Q22	1Q23	2Q23	2Q23	Change	
	Ch\$ billion					US\$ million	2Q23/2Q22	2Q23/1Q23
Commercial loans	15,248.9	15,671.7	15,860.3	16,449.9	16,760.8	20,907.6	9.9%	1.9%
SME	3,681.3	3,812.3	3,876.7	3,979.2	4,087.0	5,098.2	11.0%	2.7%
Corporate and large enterprises	11,567.6	11,859.3	11,983.6	12,470.7	12,673.8	15,809.4	9.6%	1.6%
Consumer loans	2,069.1	2,156.3	2,312.3	2,448.0	2,536.2	3,163.7	22.6%	3.6%
Consumer installment loans	1,659.7	1,719.4	1,812.0	1,923.3	1,991.7	2,484.4	20.0%	3.6%
Credit cards & Accounts receivable in current accounts	409.5	436.9	500.4	524.7	544.5	679.2	33.0%	3.8%
Mortgage loans	12,220.0	12,799.4	13,196.1	13,520.6	13,887.9	17,324.0	13.6%	2.7%
<b>Total loans</b>	<b>29,538.0</b>	<b>30,627.4</b>	<b>31,368.8</b>	<b>32,418.4</b>	<b>33,184.9</b>	<b>41,395.2</b>	<b>12.3%</b>	<b>2.4%</b>



Table 8. Financial Investments

	2Q22	3Q22	4Q22	1Q23	2Q23	2Q23	Change	
	Ch\$ billion					US\$ million	2Q23/2Q22	2Q23/1Q23
For trading at fair value through profit or loss	874.7	752.2	1,354.3	1,248.4	1,127.8	1,406.8	28.9%	-9.7%
At fair value through other comprehensive income	10,698.7	8,150.2	10,342.0	10,108.3	10,785.4	13,453.8	0.8%	6.7%
At amortized cost	3,482.9	3,436.7	3,192.2	2,816.2	2,454.5	3,061.8	-29.5%	-12.8%
<b>Total Financial Investments</b>	<b>15,056.3</b>	<b>12,339.1</b>	<b>14,888.5</b>	<b>14,172.9</b>	<b>14,367.7</b>	<b>17,922.4</b>	<b>-4.6%</b>	<b>1.4%</b>

Table 9. Liquidity

	2Q22	3Q22	4Q22	1Q23	2Q23	2Q23	Change	
	Ch\$ billion					US\$ million	2Q23/2Q22	2Q23/1Q23
Financial Investments	15,056.3	12,339.1	14,888.5	14,172.9	14,367.7	17,922.4	-4.6%	1.4%
Unsettled transactions	598.8	670.1	157.1	245.5	489.0	610.0	-18.3%	99.2%
Investments under repurchase agreements	13.2	112.6	94.7	54.5	-	-	-100.0%	-100.0%
Deposits with the Central Bank of Chile	1,450.6	2,935.9	3,183.7	2,224.0	2,111.6	2,634.0	45.6%	-5.1%
Deposits in domestic banks	0.3	1.2	0.1	0.1	1.3	1.6	329.9%	1392.8%
Deposits in foreign banks	1,422.3	797.3	1,160.5	1,038.0	1,147.5	1,431.4	-19.3%	10.5%
Cash	587.1	590.5	617.0	613.7	674.9	841.9	15.0%	10.0%
<b>Liquid assets</b>	<b>19,128.6</b>	<b>17,446.8</b>	<b>20,101.6</b>	<b>18,348.7</b>	<b>18,791.9</b>	<b>23,441.3</b>	<b>-1.8%</b>	<b>2.4%</b>
Liquid assets / Total assets	34.7%	31.8%	35.2%	32.6%	32.8%		-2 pp	0.2 pp

Table 10. Funding

	2Q22	3Q22	4Q22	1Q23	2Q23	2Q23	Change	
	Ch\$ billion					US\$ million	2Q23/2Q22	2Q23/1Q23
Deposits and other on-demand liabilities	14,402.9	13,952.9	15,037.6	13,892.3	14,364.0	17,917.8	-0.3%	3.4%
Deposits and other time deposits	17,460.9	17,737.4	17,845.1	18,113.0	19,048.7	23,761.6	9.1%	5.2%
Funding from Clients	31,863.8	31,690.3	32,882.7	32,005.3	33,412.7	41,679.3	4.9%	4.4%
Interbank borrowings	4,734.6	4,710.0	4,612.9	4,749.8	4,896.5	6,107.9	3.4%	3.1%
<b>Funding from Clients and other funding</b>	<b>36,598.4</b>	<b>36,400.3</b>	<b>37,495.6</b>	<b>36,755.1</b>	<b>38,309.1</b>	<b>47,787.2</b>	<b>4.7%</b>	<b>4.2%</b>
Debt financial instruments issued	7,589.2	7,491.3	8,316.8	8,186.1	8,240.1	10,278.7	8.6%	0.7%
Regulatory capital financial instruments issued	1,134.3	1,188.4	1,215.4	1,210.9	1,225.3	1,528.5	8.0%	1.2%

Table 11. Equity

	2Q22	3Q22	4Q22	1Q23	2Q23	2Q23	Change	
	Ch\$ billion					US\$ million	2Q23/2Q22	2Q23/1Q23
Capital	970.3	970.3	1,422.9	1,422.9	1,422.9	1,774.9	46.6%	0.0%
Reserves	1,328.6	1,328.8	1,329.2	1,329.4	1,607.3	2,005.0	21.0%	20.9%
Other	118.2	211.5	206.4	275.0	145.7	181.7	23.2%	-47.0%
<b>Total equity</b>	<b>2,417.2</b>	<b>2,510.7</b>	<b>2,958.5</b>	<b>3,027.3</b>	<b>3,175.9</b>	<b>3,961.6</b>	<b>31.4%</b>	<b>4.9%</b>
Equity holders of the bank	2,407.1	2,496.6	2,951.7	3,015.7	3,164.3	3,947.2	31.5%	4.9%
ROE b.t.	63.5%	38.8%	33.0%	43.5%	48.4%		-15.1 pp	4.9 pp

Table 12. Capital adequacy

	2Q22	3Q22	4Q22	1Q23	2Q23	2Q23	Change	
	Ch\$ billion					US\$ million	2Q23/2Q22	2Q23/1Q23
Common Equity Tier 1 (CET1)	2,417.2	2,510.7	2,864.9	2,962.2	3,105.9	3,874.3	28.5%	4.9%
Tier 2	1,216.0	1,402.7	1,440.3	1,456.2	1,473.0	1,837.4	21.1%	1.2%
Regulatory capital (Core capital + Tier II capital)	3,633.2	3,913.4	4,305.1	4,418.4	4,578.9	5,711.7	26.0%	3.6%
Risk-weighted assets (credit)	23,463.1	23,865.3	24,357.0	25,377.8	26,248.0	32,742.1	11.9%	3.4%
Tier 1 ratio	8.3%	8.4%	9.3%	9.2%	9.4%		105 bp	16 bp
<b>Basel III</b>	<b>12.5%</b>	<b>13.1%</b>	<b>14.0%</b>	<b>13.77%</b>	<b>13.85%</b>		<b>131 bp</b>	<b>8 bp</b>
Risk-weighted assets (RWA)	28,984.7	29,881.1	30,842.6	32,088.4	33,072.4	41,254.9	14.1%	3.1%



## IV. Annex

### Quarterly Income Statements

	2Q22	3Q22	4Q22	1Q23	2Q23	2Q23	Change	
	Ch\$ billion					US\$ million	2Q23/2Q22	2Q23/1Q23
Interest income	661.8	762.0	877.9	921.6	953.3	1,189.1	44.0%	3.4%
Interest expense	-373.8	-434.3	-474.9	-418.1	-451.2	-562.8	20.7%	7.9%
Net interest income	288.0	327.6	402.9	503.5	502.1	626.3	74.3%	-0.3%
Net inflation indexation income	280.1	251.7	184.4	96.7	104.2	129.9	-62.8%	7.7%
Fees and commission income	181.6	179.6	208.7	196.8	205.4	256.3	13.1%	4.4%
Fees and commission expense	-79.1	-67.3	-86.7	-75.5	-84.7	-105.7	7.1%	12.2%
Net commission income	102.5	112.3	122.0	121.4	120.7	150.6	17.8%	-0.5%
Net gain/loss from financial operations	-99.4	14.9	88.6	80.2	38.6	48.2	-138.9%	-51.8%
Foreign exchange gain/loss net	131.5	45.6	-62.6	-20.5	23.6	29.4	-82.1%	-215.1%
Net financial income	32.1	60.5	26.0	59.7	62.2	77.6	93.6%	4.2%
Net other operating income	-17.2	-19.6	27.7	-19.2	-23.0	-28.7	33.3%	19.5%
<b>Operating income</b>	<b>687.0</b>	<b>732.5</b>	<b>764.6</b>	<b>762.8</b>	<b>767.5</b>	<b>957.4</b>	<b>11.7%</b>	<b>0.6%</b>
Personnel salaries and expenses	-128.0	-130.8	-146.7	-151.6	-148.1	-184.7	15.7%	-2.3%
Administrative expenses	-71.2	-72.3	-87.9	-101.1	-85.1	-106.2	19.6%	-15.8%
Depreciation and amortization	-18.6	-19.8	-19.4	-18.6	-18.5	-23.0	-0.7%	-0.9%
Impairment	0.0	0.0	0.0	0.0	0.0	0.0	-	-
Operating expenses	-217.8	-222.9	-254.0	-271.3	-251.6	-313.9	15.6%	-7.3%
<b>Operating income before credit losses</b>	<b>469.3</b>	<b>509.6</b>	<b>510.6</b>	<b>491.4</b>	<b>515.8</b>	<b>643.4</b>	<b>9.9%</b>	<b>5.0%</b>
Credit loss expenses	-85.7	-265.9	-266.3	-162.4	-131.9	-164.5	53.9%	-18.8%
<b>Net income before taxes</b>	<b>383.6</b>	<b>243.7</b>	<b>244.3</b>	<b>329.0</b>	<b>384.0</b>	<b>479.0</b>	<b>0.1%</b>	<b>16.7%</b>
Income tax	-168.2	-57.9	-120.6	-172.7	-199.8	-249.2	18.8%	15.7%
<b>Net income after taxes</b>	<b>215.4</b>	<b>185.8</b>	<b>123.6</b>	<b>156.3</b>	<b>184.2</b>	<b>229.8</b>	<b>-14.5%</b>	<b>17.8%</b>
Net income attributable to equity holders	211.1	181.2	118.5	151.1	179.3	223.7	-15.1%	18.7%
Non-controlling interest	4.2	4.6	5.2	5.2	4.9	6.1	14.7%	-7.2%



## Financial Information

	2Q22	3Q22	4Q22	1Q23	2Q23	2Q23	Change	
	Ch\$ billion					US\$ million	2Q23/2Q22	2Q23/1Q23
<b>ASSETS</b>								
Cash and deposits in banks	3,460	4,325	4,961	3,876	3,935	4,909	13.7%	1.5%
Unsettled transactions	599	670	157	245	489	610	-18.3%	99.2%
Financial assets for trading at fair value through earnings	3,839	3,944	3,928	3,751	3,076	3,836	-19.9%	-18.0%
Derivative contracts	2,957	3,181	2,555	2,486	1,939	2,418	-34.4%	-22.0%
Debt instruments	875	752	1,354	1,248	1,128	1,407	28.9%	-9.7%
Other	7	11	19	17	9	11	21.9%	-48.5%
Financial assets at fair value through other comprehensive income	10,699	8,150	10,342	10,108	10,785	13,454	0.8%	6.7%
Debt instruments	10,699	8,150	10,342	10,108	10,785	13,454	0.8%	6.7%
Financial derivative contracts for hedge accounting	235	206	50	12	11	14	-95.2%	-6.0%
Financial assets at amortized cost	33,357	34,418	34,345	34,766	35,342	44,086	6.0%	1.7%
Investments under resale agreements	13	113	95	55	0	0	-100.0%	-100.0%
Financial debt instruments	3,483	3,437	3,192	2,816	2,455	3,062	-29.5%	-12.8%
Interbank loans	1,242	1,226	748	602	865	1,079	-30.3%	43.8%
Loans and accounts receivable from customers. Commercial	14,674	15,053	15,201	15,747	16,046	20,016	9.4%	1.9%
Loans and accounts receivable from customers. Mortgage	12,092	12,671	13,065	13,386	13,750	17,152	13.7%	2.7%
Loans and accounts receivable from customers. Consumer	1,853	1,920	2,045	2,161	2,226	2,777	20.2%	3.0%
Investments in other companies	22	20	21	21	21	27	-0.9%	1.0%
Intangible assets	49	46	45	42	44	55	-10.7%	3.1%
Property, plant and equipment	317	314	325	319	315	393	-0.6%	-1.3%
Right-of-use assets	81	81	80	78	79	98	-2.7%	0.5%
Current taxes	10	1	3	2	0	0	-98.0%	-90.7%
Deferred taxes	1,489	1,633	1,771	1,777	1,801	2,247	21.0%	1.4%
Other assets	908	1,005	1,062	1,310	1,469	1,833	61.8%	12.1%
Non-current assets and groups for sale	1	1	1	1	1	2	40.8%	44.2%
<b>TOTAL ASSETS</b>	<b>55,064</b>	<b>54,816</b>	<b>57,091</b>	<b>56,310</b>	<b>57,368</b>	<b>71,562</b>	<b>4.2%</b>	<b>1.9%</b>
<b>LIABILITIES</b>								
Unsettled transactions	357	693	134	219	186	232	-48.1%	-15.3%
Financial liabilities for trading at fair value through earnings	3,014	3,272	2,567	2,518	1,969	2,456	-34.7%	-21.8%
Financial derivative contracts for hedge accounting	207	238	469	658	650	811	213.6%	-1.2%
Financial liabilities at amortized cost	45,894	44,709	47,155	45,913	47,356	59,072	3.2%	3.1%
Deposits and other demand liabilities	14,403	13,953	15,038	13,892	14,364	17,918	-0.3%	3.4%
Time deposits and other time liabilities	17,461	17,737	17,845	18,113	19,049	23,762	9.1%	5.2%
Investments under repurchase agreements	1,558	693	1,182	822	637	794	-59.1%	-22.5%
Interbank borrowings	4,735	4,710	4,613	4,750	4,896	6,108	3.4%	3.1%
Issued debt instruments	7,589	7,491	8,317	8,186	8,240	10,279	8.6%	0.7%
Other financial liabilities	149	124	160	150	170	212	14.6%	13.5%
Leasing obligations	83	83	80	79	79	98	-4.9%	0.3%
Issued regulatory capital instruments	1,134	1,188	1,215	1,211	1,225	1,528	8.0%	1.2%
Provisions for contingencies	213	213	208	211	236	295	10.9%	11.8%
Provisions for dividend, interest payments and reappreciation of financial issued regulatory capital instruments	263	384	463	563	198	247	-24.6%	-64.8%
Provisions for credit risk	738	881	975	1,007	1,029	1,283	39.4%	2.2%
Current taxes	1	130	185	267	288	359	24966.8%	7.9%
Deferred taxes	0	0	1	1	1	1	2178.1%	-11.5%
Other liabilities	742	515	680	637	977	1,218	31.6%	53.3%
Liabilities in groups for sale	0	0	0	0	0	0	-	-
<b>TOTAL LIABILITIES</b>	<b>52,647</b>	<b>52,305</b>	<b>54,132</b>	<b>53,283</b>	<b>54,193</b>	<b>67,601</b>	<b>2.9%</b>	<b>1.7%</b>
<b>EQUITY</b>								
Capital	970	970	1,423	1,423	1,423	1,775	46.6%	0.0%
Reserves	1,329	1,329	1,329	1,329	1,607	2,005	21.0%	20.9%
Other comprehensive income	-23	6	-32	-18	2	2	-108.4%	-110.7%
Retained earnings	0	0	0	694	0	0	-	-
Net income for the period	394	576	694	151	330	412	-16.2%	118.7%
Provisions for dividend, interest payments and reappreciation of financial issued regulatory capital instruments	-263	-384	-463	-563	-198	-247	-24.6%	-64.8%
Total owners' equity	2,407	2,497	2,952	3,016	3,164	3,947	31.5%	4.9%
Non-controlling interests	10	14	7	12	12	14	14.9%	0.1%
<b>TOTAL EQUITY</b>	<b>2,417</b>	<b>2,511</b>	<b>2,958</b>	<b>3,027</b>	<b>3,176</b>	<b>3,962</b>	<b>31.4%</b>	<b>4.9%</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>55,064</b>	<b>54,816</b>	<b>57,091</b>	<b>56,310</b>	<b>57,368</b>	<b>71,562</b>	<b>4.2%</b>	<b>1.9%</b>