COVID – 19
Update on our operations and initiatives

April 13th, 2020
First confirmed case of patient from Singapore

Volatility in the markets continues, the number of cases doubles

18 confirmed deceased in the country. Contingency measures are extreme

80 confirmed deceased

The peak of the epidemic in Chile is estimated to occur between the end of April and the beginning of May
Macro Projections

GDP (%)

-1.9, 4.6, 4.6, 4.4, 5.0


CPI (%)

3.0, 2.9, 4.5, 4.5, 3.6, 6.0


Monetary Policy (%)

0.50, 1.00, 0.50, 0.00, 0.00


FX

830, 860, 920, 800, 830, 880, 950

Initiatives taken by the Chilean government

1. Government credit lines
   - Bank loans for companies affected by COVID-19 and annual sales up to one million UF, will have a preferential interest rate and will be state guaranteed

2. Credit renegotiation
   - Regulatory exception for mortgage loans to allow client’s rescheduled installments not to be treated as renegotiations for provisioning purposes

3. Use of collateral surplus for SMEs
   - Regulatory change in order to allow the use of excess of mortgages’ collaterals to guarantee loans for SMEs

4. Impairment of assets
   - Allows exceptional extension of 18 months for the alienation of impaired assets received in lieu of payment

5. Margin of derivatives
   - Regulatory modification to compensate the value of derivatives with the amount of the margin paid to the counterparty, reducing the capital charge associated with derivative contracts

6. Basel III
   - Given current conditions, the CMF decided to postpone the implementation of the new regulations
Crisis management pillars

1. To organize our operations in order to continue to provide the best solutions and accessibility to our clients during the crisis through continuous communication and digital channels.

2. To protect and support our teams during this period reinforcing our values and organizational culture.

3. To continue to operate our bank by managing the operational, credit, liquidity and market risks that were directly impacted by the crisis.

4. Final remarks
   
   We have prepared ourselves to face critic situations by continuously investing in people development and technology, both in running the Bank’s operations as well as serving our clients.

Pillars organized to manage the impacts of COVID-19 in our operations.
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Digital Communication

Frequent communication with our clients

1. Up-to-date information about our products and services

2. Encourage the use of our digital channels to support our clients at this time of social distancing

3. Tips to avoid digital fraud related to the current situation

4. Virtual meetings with corporate clients

5. Launch of the “Vision of leaders“ - Live streaming with the leaders of the most important sectors of the economy
Credit deferral campaign

**Consumers and Commercial Loans**

Deferral of next three installments of non-overdue contracts, with a preferential rate.

- **Deferral of next three installments of non-overdue contracts, with a preferential rate through a new loan with 60 installments and the first payment in 6 months.**

- **Credit deferral campaign**

  - **15%** Client acceptance rate

**Mortgage Loans**

Deferral of next three installments of non-overdue contracts, with a preferential rate through a new loan with 60 installments and the first payment in 6 months.

**Credit Cards**

Our clients, with non-overdue contracts, can choose zero minimum payment in April.

- **20-25%** Client acceptance rate
Access to digital have increased significantly; despite this trend, availability of digital channels is at highest level ever

- **Individuals**
  - **41%**
  - Number of login to web & app
    (Mar-20 vs. Mar-19)

- **Companies**
  - **57%**
  - Number of login to web & app
    (Mar-20 vs. Mar-19)

**Wide range of services and products**
To meet the needs of our clients in this period

**Availability of our digital channels**
(Mar-20)

- **99.5%**
Use of digital channels gets more significant with end-to-end transactions, gaining relevance for Individuals and Companies.
Itaú Corpbanca joins the Emergency Private Fund for Health in Chile with a contribution to the “Confederación de la Producción y del Comercio” to collaborate with the country in this fight against COVID-19.

$1,538,000,000

Itaú Corpbanca tripled the value of donations made by employees, reaching CLP$ 205.9 million in donations and an additional CLP$ 488.6 million from clients.

$694,505,703

Itaú Corpbanca started in Instagram a reading initiative posting videos telling stories for children called “Lee para un Niño” (“Read for a Child”). Soon, the bank will also launch in Chile an initiative that provides free books for children.
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Pillars organized to manage the impacts of COVID-19 in our operations.
We have implemented a series of measures to protect and support our teams during the crisis period.

**Communication**
- Daily communication about the evolution of our initiatives regarding COVID-19

**Prevention**
- Use of personal protection equipment and new layouts

**Team Management**
- Suspension of large gatherings and meetings and definition of an internal protocol for high risk personnel and diagnosed cases

**Financial Support**
- Anticipation of the annual national holiday bonus and one-time financial support for transportation

**Job Stability**
- Suspension of terminations without cause for 60 days

**Health**
- Flu Vaccination campaign for employees and intense cleaning of the building and branches
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Final remarks
Our structure to manage risks

1st line of defense
Business Areas

2nd line of defense
Risk and Finance Control and Management Department.
- Risk appetite
- Policies
- Procedures
- Dissemination of the risk culture in the business

3rd line of defense
Internal Audit, linked to the Board of Directors

Risk appetite

5 dimensions guide our decision making for many years, defining the level of the risks acceptable to our organization.

- **Capitalization**
  Our capital policy is to maintain the maximum level between 120% of regulatory capital or the average of the 3 largest banks in Chile. We are constantly evaluating the impacts of Basel III requirements

- **Liquidity**
  Our liquidity should endure long periods of stress

- **Credit, Market and Business**
  Credit concentration limits and enforcement of revenue diversification seeking lower volatility in our results

- **Operational risks**
  Centered on controlling operational risk events that could have an adverse impact on our strategy

- **Reputation**
  Deals with risks that could impact our brand value and reputation
**Infrastructure**
Capable of supporting our operations in a remote environment

**Capacity for 10 thousand**
Simultaneous accesses through VPN

**Deployment of office 365 cloud solutions**

**Critical teams**
Of our team is still physically working at our main buildings and our branches

**Home office**
50% Of our employees are using our IT infrastructure to work remotely

**Density**
80% Reduction in average circulation at our main buildings

**Ensuring business continuity**

- **25%**
  - 1,900 notebooks delivered to our employees

- **50%**
  - All employees with access to Teams video conferencing

- **80%**
  - 200-1,900
  - 15-Mar - 3-Apr
**Risk Management**

### Business Continuity

**40% of the network operating**
- 66 open branches
- 100% presence in the country

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**Vendors and Service Providers**
- Constant monitoring and communication with our active service providers
- Design of a plan to ensure continuity of services

**Contact Center**
- Reduced operations 30% workforce
- Communication and encouragement to use digital channels and self-service
- Gradually increasing operators and supervisor's remote attention through desktop virtualization

**Central Administration**
- Interruption of non-essential services
- Adoption of security measures such as: onsite rotation schedules, flexible hours and 2-meter distance between workstations

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All employees over 60 years old, pregnant or at-risk group were exempted from face-to-face work

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**30 on the Metropolitan Area**
- 36 in Regions

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Reduced hours and reduced in-branch personnel to ensure the well-being of our clients, employees and service providers
Risk Management

Risks and liquidity management

Measures adopted by the Central Bank

BCCh has implemented several actions to enhance liquidity in the market

- **Credit facilities to banks in order to promote lending**: Up to 3% of commercial and consumer loans
- **Repurchase of banks bonds**: USD 4 billion
- **Suspension of liquidity limits compliance**: Up to 90 days
- **Liquidity credit line (LCL)**: Limited to banks reserve
- **Loan backed by corporate bonds**: Expanded base of bonds that can be used to obtain financing with the BCCh
- **Banks reserve in foreign currency**: Improve cash in USD
- **Repurchase and FX swaps**: Broaden repo and FX swaps plan

Market and liquidity

- Cash and liquidity on adequate levels at this critical moment
- Short and long-term liquidity indicators aligned with the bank’s risk appetite and Basel III standards
- Positive flow of resources in Retail and Wholesale deposits
- Last week we issued a US$ 200 million bond with a 5 years tenor, priced 10 basis points above our previous issuance

Capital

- Our capital policy is to maintain the maximum level between 120% of regulatory capital or the average of the 3 largest banks in Chile
- Itaú Unibanco, in accordance with its permanent commitment with the bank’s capital, will remain attentive in the next months to evaluate the potential need to carry out a capital increase
Credit Policies
We are constantly monitoring our portfolios in order to proactively support our clients with products and services suitable for the current moment.

Real-time monitoring
Of our client’s behavioral patterns and their credit quality.

Retail credit
Daily monitoring of origination, credit quality and collection performance.

Wholesale credit
Adjusted according to client profile and product type, supporting key businesses that provide essential services and products for managing the crisis.
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To continue to operate our **bank** by managing the operational, credit, liquidity and market risks that were directly impacted by the crisis.

Final remarks
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**Pillars organized**
to manage the impacts of COVID-19 in our operations.
Final remarks

1. Our substantial investments over the years in people development and technology, both on back-office and client facing activities, made our operations more resilient to deal with crisis;

2. Our robust governance and solid management of market, credit, liquidity, operational and capital risks allow us to fulfill our economic and social function;

3. This is a moment to further reinforce our culture, our values and the corporate identity with our employees;

4. We want to be part of the solution and we’re working hard towards it. We need to join forces so that everyone comes out of this crisis stronger than before.
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