



**Quarterly  
Earnings  
Report**



Third Quarter 2014

November 2014

Bci Investor Relations  
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## Quarterly Earnings Report

THIRD QUARTER 2014  
November 2014



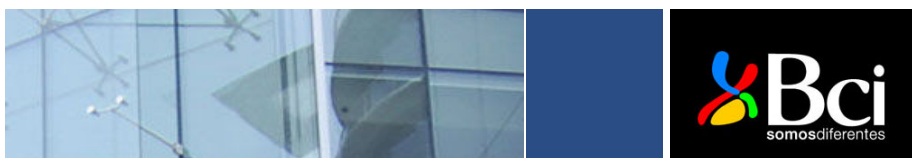
# Quarterly Earnings Report

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Any reference to future events, forecasts or trends made by Banco de Crédito e Inversiones (hereinafter referred to as "the Bank") involves risks and is subject to the uncertainty of events that may occur and are not under the control of the Bank, and they may affect its performance and financial results. The Bank does not bind itself to update its references to future events, forecasts or trends, even if it is evident, based on past experience or certain indicative events, that the forecast made or inferred by the Bank will not be met.

### **Bci Investor Relations**

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## FINANCIAL HIGHLIGHTS

Bci reported net income of Ch\$82,855 million in 3Q14, a slight 0.59% year-on-year (YoY) decrease, and a 1.17% increase on 2Q14. Such increase was mainly due to higher fee income in August and September and a lower allowance expense. The higher YoY income was also largely because of a risk improvement and an increase in the financial margin and fees, offsetting the higher operating expense.

Bci's profitability accrued as of 3Q14, measured as return on equity (ROE), was 19.5% and higher than the 17.6% of the banking sector. The accumulated efficiency ratio as of 3Q14 was 43.1%, which was better than that of the banking sector and the 43.8% in 2013. This reflects the bank's gross margin generating capacity along with better expenditure control management.

Bci's customer loan portfolio amounted to Ch\$15,748,113 million, which was a 4.6% quarter-on-quarter (QoQ) increase and 11.7% YoY increase, mainly driven by commercial loans. In regard to customer loan market share, Bci has a 13.14% share of the banking sector and higher than the 12.91% in 2Q14.

Bci's net income market share dropped from 13.91% in 2Q14 to 13.51% in 3Q14. This was due to the fact that in September 2014 the banking sector's income increased from deferred tax earnings from applying the tax reform, which was income that Bci did not receive. Despite this, it still ranks third in terms of market share of the banking sector.

The drop in commercial contact points (branches) is explained by the strategic closure of Nova branches in 2014.

Table 1:

Main Indicators  
Banco de Crédito e Inversiones

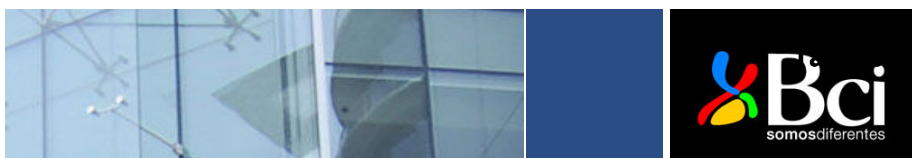
Ch\$ Million	3Q13	2Q14	3Q14	Variation 3Q14/ 2Q14
<b>Financial Indicators</b>				
Total loans *	13,863,019	14,793,232	15,478,113	4.63%
Net Income	83,353	81,894	82,855	1.17%
Total assets	19,255,586	21,695,923	22,689,524	4.58%
Total shareholder's equity	1,516,499	1,656,661	1,707,536	3.07%
ROE	17.50%	20.20%	19.53%	-66.4 bps
ROA	1.38%	1.54%	1.47%	-7.2 bps
Efficiency ratio	43.78%	42.45%	43.12%	67.4 bps
Loan loss reserves / Total loans	2.55%	2.49%	2.24%	-25.2 bps
Basic Capital / Risk-Weighted Assets	9.67%	9.85%	9.51%	-34.2 bps
Regulatory capital / Risk-Weighted Assets	13.34%	13.91%	13.39%	-51.5 bps
<b>Operation Indicators</b>				
Headcount	10,619	10,486	10,525	0.37%
Commercial contact points	385	373	364	-2.41%
Nº of ATMs	1,092	1,072	1,054	-1.68%

\* Market share excludes Corpbanca's investment in Colombia

\*\* Includes interbank loans

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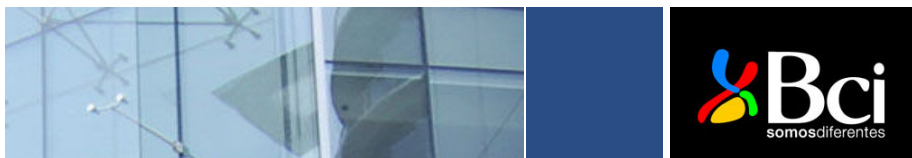
**Table 2:**  
Consolidated Income Statement\*  
Banco de Crédito e Inversiones

Ch\$ Million	3Q13	2Q14	3Q14	3Q14 / 2Q14
Financial margin	173,686	194,110	178,865	-7.85%
Net fees	48,554	50,668	55,673	9.88%
Change result	-9,512	991	-21,233	-2242.58%
Financial operating results	45,682	15,542	53,242	242.57%
Written-off credit recovery	10,490	10,190	9,970	-2.16%
Other net operating income	-659	2,702	-490	-118.13%
<b>Gross Margin</b>	<b>268,241</b>	<b>274,203</b>	<b>276,027</b>	<b>0.67%</b>
Provisions and write-offs	-57,701	-58,006	-54,986	-5.21%
Operating expenses	-111,313	-120,568	-119,695	-0.72%
<b>Operating Result</b>	<b>99,227</b>	<b>95,629</b>	<b>101,346</b>	<b>5.98%</b>
Investment in companies	989	3,183	2,649	-16.78%
<b>Income before taxes</b>	<b>100,216</b>	<b>98,812</b>	<b>103,995</b>	<b>5.25%</b>
Tax	-16,863	-16,918	-21,140	24.96%
<b>Net Income</b>	<b>83,353</b>	<b>81,894</b>	<b>82,855</b>	<b>1.17%</b>

**Table 3:**  
Consolidated Balance Sheet\*  
Banco de Crédito e Inversiones

Ch\$ Millions	3Q13	2Q14	3Q14
Cash and due from Banks	1,414,258	1,708,655	1,416,461
Interbank transactions	90,1764	780,885	1,196,469
Trading Instruments	952,850	1,165,038	936,064
Repurchase agreements & securities loans	154,500	145,638	195,988
Derivative Instruments	727,758	1,922,135	2,143,805
Interbank Loans	81,180	131,312	150,143
Loans and Accounts Receivable	13,428,970	14,293,158	14,980,787
Investment Instruments Available for Sale	94,1214	746,377	747,119
Investment Instruments held to Maturity	-	-	-
Investments in Companies	75,256	88,285	100,782
Intangibles	83,589	84,610	86,548
Fixed assets	215,362	231,382	230,809
Tax Receivable	5,031	-	1,777
Deferred Tax	56,229	63,987	65,146
Other Assets	180,821	294,759	384,483
<b>TOTAL ASSETS</b>	<b>19,218,782</b>	<b>21,656,221</b>	<b>22,636,381</b>
Deposits and other Obligations	3,679,648	3,995,829	4,077,848
Interbank transactions	777,007	666,782	1,085,934
Repurchase agreements & securities loans	382,447	346,985	340,732
Time Deposits and other Borrowings	7,700,423	7,810,538	8,141,943
Derivative Instruments	662,007	1,958,997	2,185,399
Borrowings from Financial Institutions	1,430,005	1,466,461	1,487,706
Bonds Payable	2,645,432	3,265,846	3,069,176
Other Borrowings	64,864	63,503	65,358
Current tax	-	2,571	-
Deferred Tax	39,715	38,410	44,237
Allowances	144,268	154,753	193,465
Other Liabilities	176,467	228,885	237,047
<b>Total Liabilities</b>	<b>17,702,283</b>	<b>19,999,560</b>	<b>20,928,845</b>
Capital	1,381,871	1,547,126	1,547,126
Reserves	-	-	-
Equity Accounts	-4,692	-7,575	-14,698
Retained Earnings	139,319	117,109	175,107
Minority Interest	1	1	1
<b>Total Shareholders' Equity</b>	<b>1,516,499</b>	<b>1,656,661</b>	<b>1,707,536</b>
<b>LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>	<b>19,218,782</b>	<b>21,656,221</b>	<b>22,636,381</b>

\* Results posted at: [http://www.bci.cl/accionistas/eeff\\_2014\\_t.html](http://www.bci.cl/accionistas/eeff_2014_t.html)

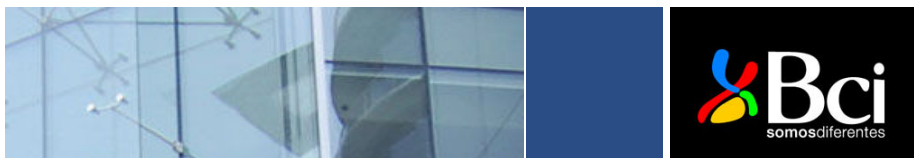


## Economic Overview

In the international arena, in 2Q14 economic recovery continued in developed economies, particularly in the United States, and there is still concern about the performance of activity figures in the main emerging economies. On the one hand, the sluggish US economy in late 4Q13 and early 1Q14 was mainly due to the harsh weather conditions in the Northern Hemisphere and were only a specific break in the trend of economic recovery that gained pace in the last quarter. On the other hand, in emerging economies the focus has been on the evolution of the Chinese economy, which has slowed down and led to cuts in the growth forecasts for 2014 and 2015.

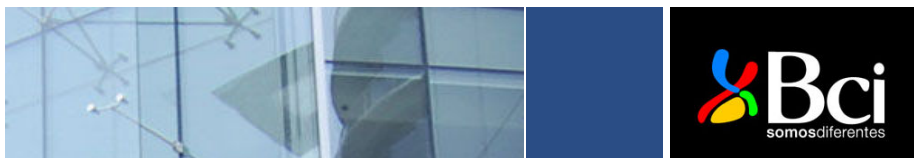
In the United States, the release of the first GDP review of 2Q14 reflects that the economy has recovered its dynamism with sound growth of 4% QoQ. The highlight in the quarter was the drive in the gross formation of fixed capital and the growth of private inventories, which endorses expectations of a steady recovery of domestic demand. On the other hand, the conviction of the Federal Reserve (Fed) that the decline in economic activity in the previous quarter was related to specific and transitory effects led to the continued reduction of the rate of fixed asset purchases established in the current quantitative easing stimulus program. At the close of this review, the Fed thereby cut back its purchase program to US\$25 billion, split into US\$10 billion for mortgage instruments and US\$15 billion for Treasury bonds. The continuation of cuts is still subject to periodic reviews in which, according to the president of the Fed, it is likely cuts will continue while the economic indicators remain healthy. Moreover, the message conveyed by the Fed has been emphatic about the need to keep interest rates low.

In Europe, business activity continues to show signs of a slow exit from economic recession, with Germany helping to achieve this and the remaining countries showing signs of improvement, even the worst hit economies. Nevertheless, there is still high heterogeneity among countries regarding business activity and employment figures. In particular, the low figures of industrial production and retail sales continue to buoy expectations of persistent economic weakness that will lead to growth of around 1% this year. On the other hand, there is ongoing concern about last quarter's low inflation, which was about 0.4% YoY in July. In the light of this inflationary scenario, the European Central Bank (ECB) announced a series of expansion policies in its June meeting to address the deflationary pressures and economic slowdown. The measures announced by the ECB included cutting the interest rate to 0.15%, along with reducing borrowing rates to 0.4%, and slashing the deposit rate to 0%, which removes the incentive for banks to keep deposits in the ECB. On the other hand, it launched the targeted longer-term refinancing operations (TLTROs) program to provide incentives for mortgage and non-financial activity loans. Besides this scenario, the outlook for the banking sector in the Eurozone is particularly uncertain, where undertaking fresh stress tests by late 2014 is emerging as one of the highlights of the year. There are still challenges in the fiscal area too, since despite endeavors to cut spending the financing needs and poor macroeconomic performance have led the debt to GDP ratios to continue to climb. Altogether, the economic situation in Europe augurs a relatively long period of low growth and high unemployment, with low inflation as one of the main issues the economy will have to deal with in the next few quarters.



Emerging economies have been the focus of concern due to the poor commercial activity figures last quarter. Of particular note is the low economic dynamism of the Chinese economy, which has been watched with great attention due to the possible consequences of this leading to a worsening of the commodities market. Evidence of a greater slowdown than expected in China has exacerbated market concern, as it is not clear whether the main emerging economy will be able to successfully undertake this transition towards a domestic consumption-focused model, or if it will manage to solve the structural problems plaguing its economy, particularly putting its financial system in order. In this context, the price of raw materials has been more volatile than in previous quarters, with the copper price fluctuating from US\$2.9 to US\$3.4/lb. Another emerging country that has recently come under fire is Brazil, for which the consensus has slashed its growth forecasts in 2014 to 1.2%. The factors plaguing the economy include a large fiscal deficit; inflation that has slowed but is still around 6.4% a year; alarming social unrest; the low macroeconomic impact of the multi-million dollar investments made in the run-up to the Olympic Games and World Cup; besides the recent higher cost of refinancing foreign debt because of the easing of the monetary stimulus in the United States. This worsening of the economic outlook in emerging economies has triggered the exodus of flows from these economies to developed markets, and this is particularly high in Latin American countries leading to currency depreciation.

The economic activity and domestic demand indicators in Chile have failed to fulfill the expectations of public and private agents, thereby largely confirming the slowdown forecasted as of mid-2013. This forecast has been shared by the monetary authority, which in its June monetary policy report (IPoM) reduced the growth forecast to around 2.5%-3.5% for this year. The economic expectation poll forecasts 2.9% growth this year. This slowdown has primarily occurred in the investment sectors like construction, and is more pronounced in the retail and industry sectors than in previous quarters. The gross formation of fixed capital continued to have the largest decrease in the demand components.

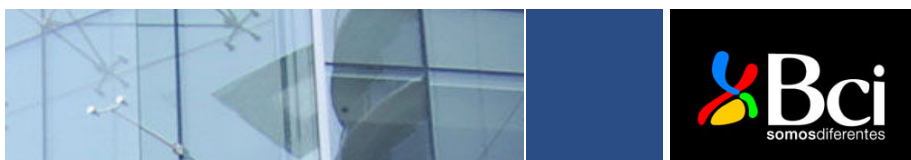


On the other hand, the manufacturing sector has persistently contracted year-on-year, caused by the worsening of domestic demand. This has led to the closure of some operations in the metallurgical sector. Bank loans have continued to drop steadily and it is likely this will carry on throughout the year.

In the light of this, consumption has declined considerably. Although the labor market is still tight, real wages continue to decrease, which has had a large effect on denting the dynamism of consumption. In particular, real retail sales grew by around 2.9% YoY in 2Q14, hit by the sharp decrease in sales of durable goods. Given the increasingly more evident economic slowdown, the consensus is that consumption will continue to slow in the second half 2014. Altogether, the GDP growth figures were 2.6% YoY in 1Q14, and growth of around 2.8% YoY is forecasted in 2Q14, according to the July economic expectation poll.

The sharp increase in inflation in the first part of the year showed signs of stabilizing in 2Q14. Inflation accumulated up to July was therefore 2.5% and as a reference 12-month inflation will be 4.5%. Moreover, no new inflation surprises of exchange rate transfer effects as was the case in 1Q14 are expected in what is left of this year. This, plus a less expansive vision of the economy, has led inflation forecasts – implicit in financial instruments – to be around 3.7% for 2014 and 2.8% for 2015.

In terms of monetary policy, the Central Bank continued to cut interest rates in 2Q14 to 3.75%. This cut in the rate was based on the grounds of a large slowdown in the economy and where concerns about a possible spike in inflation have faded, despite the fact that inflation has still been over the upper limit of the target range for some months. At the same time, the Chilean Central Bank (BCCh) maintained its approach saying that it might make further interest rate cuts.



## Banking Sector

The banking sector posted net income of Ch\$648,369 million in 3Q14, an increase of 3.1% on the previous quarter and a 37.7% year-on-year (YoY) increase.

The quarterly increase was mainly due to positive income (one-time effect) from deferred tax because of the tax reform, with Banco Chile, Santander, Estado and BBVA having the greatest revenue.

Profitability in 3Q14 remained unchanged on 2Q14, and return on equity (ROE) increased by 4.3 pp YoY.

The banking sector had loans of Ch\$117,921,409 million, a 2.7% quarter-on-quarter (QoQ) increase and 10% YoY growth in 3Q14.

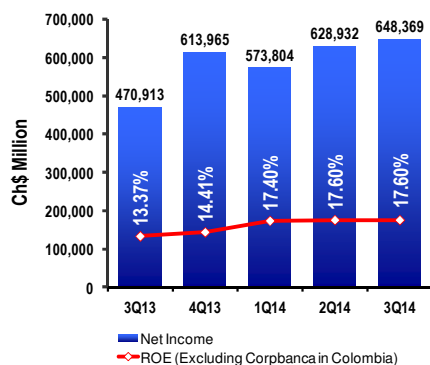
The banking sector's commercial loans grew 2.7% QoQ, mainly due to the higher commercial loans of Bci (5.2%), Banco Chile (2.3%) and Santander (1.6%).

Consumer loans in the banking sector increased 2.1% QoQ, driven by the growth of Bci (3.6%), Banco Chile (2.4%) and Banco Santander (2.2%).

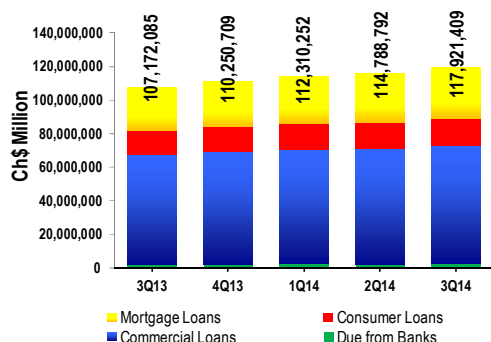
Mortgage loans rose 3.2%, highlighting the growth of Banco Santander (3.3%), Bci (2.9%), Banco Chile (2.0%) and Banco Estado (5.8%).

Non-interest bearing deposits (NIBDs) increased 1.8% QoQ and 11.0% YoY. The banks with the highest increases on this quarter compared to 2Q14 were Banco Estado (4.4%), Banco Chile (3.3%), Bci (2.1%) and Banco Santander (1.1%).

**Chart 1:**  
Quarterly Net Income and ROE of the Banking Sector



**Chart 2:**  
Total Loans of the Banking Sector

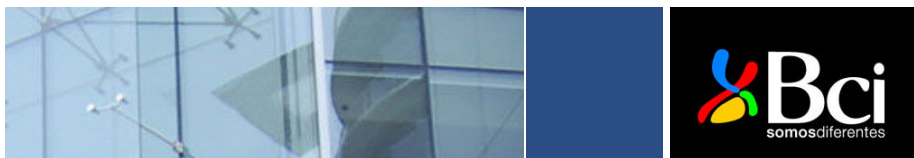


**Table 4:**  
Main Figures of the Banking Sector

Ch\$ Million	3Q13	2Q14	3Q14	3Q14/ 3Q13	3Q14/ 2Q14
<b>Total Loans</b>	<b>107,172,085</b>	<b>114,788,792</b>	<b>117,921,409</b>	<b>10.0%</b>	<b>2.7%</b>
Interbank Loans	2,116,197	2,013,580	2,254,925	6.6%	12.0%
Client Loans	105,797,593	113,581,812	116,693,036	10.3%	2.7%
Commercial Loans	65,866,580	69,132,078	70,979,218	7.8%	2.7%
Consumer Loans	13,669,604	15,148,758	15,464,499	13.1%	2.1%
Mortgage Loans	26,261,409	29,300,976	30,249,319	15.2%	3.2%
<b>Total Assets</b>	<b>152,122,680</b>	<b>165,940,071</b>	<b>175,754,470</b>	<b>15.5%</b>	<b>5.9%</b>
NIBD	24,469,778	26,679,752	27,168,151	11.0%	18%
Time Deposits	64,194,431	64,614,512	67,406,415	5.0%	4.3%
Shareholders' Equity	12,421,985	13,664,849	14,025,797	12.9%	2.6%
<b>Net Income</b>	<b>470,913</b>	<b>628,932</b>	<b>648,369</b>	<b>37.7%</b>	<b>3.1%</b>

\*Note: loans, NIBDs, time deposits and net income do not consider the Corpbanca investment in Colombia or the ROE of the banking sector.





## Bci Highlights

### **BCG selects Bci as a “Local Dynamo”**

Boston Consulting Group (BCG) selected Bci as a Local Dynamo in 2014, and it was the only Chilean company in the group of 50 companies that have been successful in competing in their markets, thereby beating multinational and local companies.

According to the “BCG Local Dynamos” report, the earnings of Local Dynamos from 2009 to 2013 jointly grew 28% a year. This progress has also generated a higher return for shareholders, increasing 26% a year, which is higher than the benchmarks of similar companies.

### **Bci is ranked as one of the Most Admired Companies in Chile by Diario Financiero and PWC**

Chile’s financial newspaper Diario Financiero and the auditor PWC ranked Bci as one of the “Most Admired Companies in Chile” in the ranking they conduct every year and which highlights companies that operate in different areas of corporate reputation.

This year, Bci received awards in the corporate governance, business strategy, financial soundness and results, marketing quality and appeal and corporate image categories, according to the opinion poll of over 3,000 Chilean executives of various companies in the country of which companies they most admire.

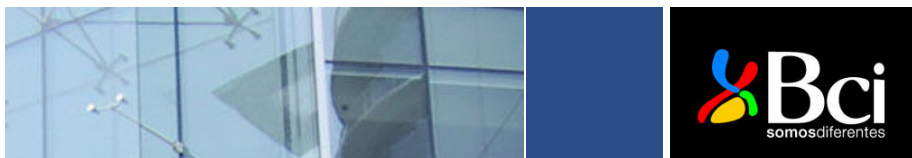
It should be mentioned that Bci was one of the five companies that remained in the top ten places of the ranking compared to 2013 and was one of the few companies maintaining such place for the second year running.

### **Bci is one of the most transparent companies in Chile for the third year running**

Bci was in second place in the fifth Corporate Transparency Report made by the consultant Inteligencia de Negocios (IdN) jointly with Universidad del Desarrollo, the accounting firm KPMG and ChileTransparente. Bci CEO Lionel Olavarría said that for the company “transparency is one of the core pillars of the customer experience strategy.”

### **Bci attains first place in the National Customer Satisfaction Survey 2014**

For the second year running, Bci obtained first place in the National Customer Satisfaction Survey in the large bank category. This is awarded by ProCalidad, which every year distinguishes large companies and institutions that are best evaluated by their customers as a way of promoting quality management.



### **Bci is the Most Sustainable Company in Chile in the 2014 Prohumana ranking**

Bci was selected as the Most Sustainable Company in Chile in the 2014 Prohumana Foundation ranking. Each year it distinguishes the most outstanding companies in corporate social responsibility (CSR) in Chile, thoroughly evaluating their CSR policies and programs.

Bci has been evaluated in this ranking for nine years and has always been in the top places. It should be highlighted that Prohumana conducted a complete assessment of the sustainable management of 40 Chilean companies.

### **Bci wins eCommerce Award Chile 2014**

Bci obtained large recognition for its work on electronic commerce and online business by receiving the eCommerce Award Chile 2014. The aim of this award, which is the most important of its kind in Latin America, is to recognize companies that comply with good practice and whose work develops the digital economy in Chile and the region.

Bci was selected in the category "Best Mobile Initiative for eCommerce."

Bci has a complete set of customizable mobile applications that operate 24 hours a day. They are aimed at individuals and SMEs and are available in the Apple Store and on Google Play.

### **Bci launches a new sustainability website**

Bci has launched a new sustainability website with the aim of providing a novel informative tool for all its stakeholders, thereby reflecting the Bank's different and sustainable way of doing things.

To see the new sustainability website, please visit

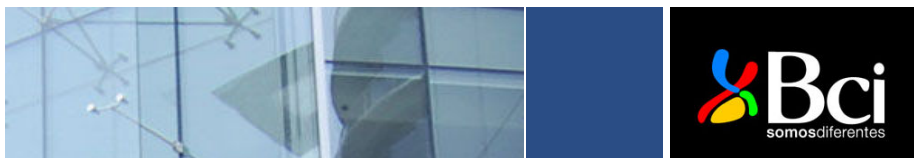
<http://www.bci.cl/accionistas/rse/index.html>

### **Bci recognizes the growth of its SMEs**

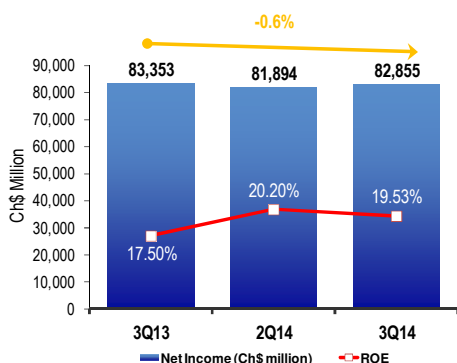
For the twelfth time, Bci awarded prizes to those SMEs that have made progress and with which the Bank has forged sound and long-term relations.

It recognized 10 SMEs in an event before the final ceremony, in which a panel of judges decided the best. The following five categories were evaluated: innovation, new enterprise, best customer experience, woman entrepreneur track record and sustainable business.

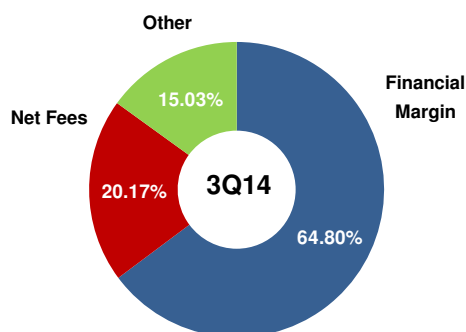
The Outstanding Entrepreneur Award 2014 went to Iliá Beatriz García of Seigard Chile S.A, a company specialized in didactical teaching materials for schools with over 2,400 imported products.



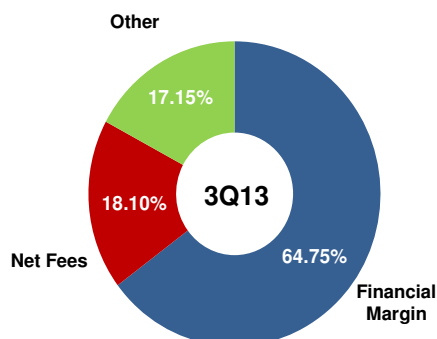
**Chart 3:**  
Net Income



**Chart 4:**  
Gross Margin



**Table 5:**  
Gross Margin



## Earnings Analysis

The net income increase on the previous quarter was mainly because of higher income from fees due to remuneration for insurance brokerage, financial consultancy and mutual funds. That was offset by lower revenue from monetary correction related to the lower UF change (0.60% in 3Q14 against 1.75% in 2Q14).

Net income had a slight 0.59% YoY decrease, driven by operating expenses increasing 7.5% related to employee remuneration expenses rising 8.8%. The greater expenses were offset by interest and monetary correction earnings increasing 3% and net fees rising 14.7% related to revenue from remuneration for insurance brokerage, financial consultancy and higher fees for investment in mutual funds.

The Bank's annualized return on equity (ROE), as defined by the Superintendency of Banks and Financial Institutions (SBIF), was 19.5% in 3Q14 and higher than the banking sector's 17.6% in the same quarter.

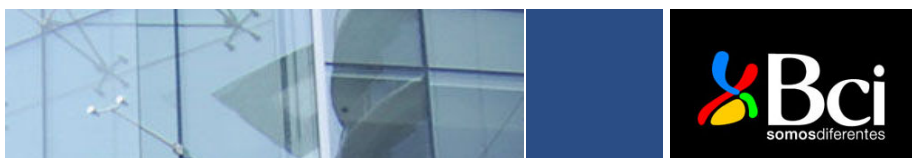
## Gross Margin

Bci's gross margin\* was Ch\$276,027 million in 3Q14, a 0.7% QoQ increase. Such increase was mainly due to higher income from financial operations, slightly offset by lower interest and monetary correction revenue related to the lower UF change.

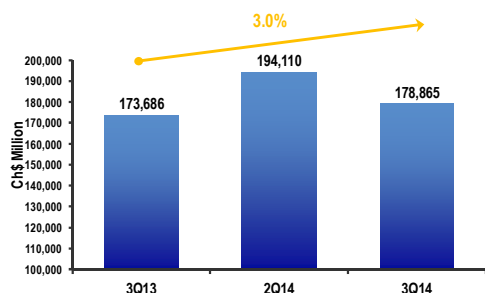
\*Note: Gross margin calculated according to the SBIF definition, including revenue from recovering write-offs.

Ch\$ Million	3Q13	2Q14	3Q14	Variation	
				3Q14/ 3Q13	3Q14/ 2Q14
Financial Margin	173,686	194,110	178,865	3.0%	-7.9%
Net Fees	48,554	50,668	55,673	14.7%	9.9%
Other	46,001	29,425	41,489	-9.8%	41.0%
<b>Gross Margin</b>	<b>268,241</b>	<b>274,203</b>	<b>276,027</b>	<b>2.9%</b>	<b>0.7%</b>

Fee income increased 14.7% YoY and 9.9% QoQ. In both cases this increase was due to higher fee earnings from investment in mutual funds (related to the higher remuneration of funds), remuneration from insurance brokerage and financial consultancy (others) for financial structuring business stated in 3Q14.



**Chart 5:**  
Financial Margin



**Table 6:**  
Financial Margin

## Financial Margin

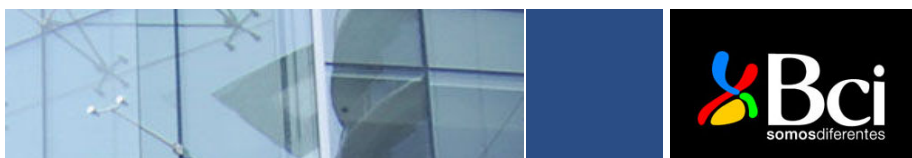
The financial margin, comprising interest and monetary correction, amounted to Ch\$178,865 million in 3Q14, dropping 7.9% QoQ. That was mainly because of less income from monetary correction related to the lower UF change (0.60% in 3Q14 against 1.75% in 2Q14).

The financial margin increased 3.0% YoY, explained by greater income from interest and monetary correction related to mortgage loans (higher loan volume) and greater readjustments from the positive UF change. Interest and monetary correction revenue from consumer loans increased 3.2%.

Ch\$ Million	3Q13	2Q14	3Q14	Variation 3Q14/ 3Q13	Variation 3Q14/ 2Q14
Interest and readjustments earned	319,347	343,828	296,215	-7.2%	-13.8%
Interest and readjustments paid	-145,661	-149,718	-117,350	-19.4%	-21.6%
<b>Total Financial Margin</b>	<b>173,686</b>	<b>194,110</b>	<b>178,865</b>	<b>3.0%</b>	<b>-7.9%</b>

Details: Income from interests and adjustments	3Q13	2Q14	3Q14	Variation 3Q14/ 3Q13	Variation 3Q14/ 2Q14
Loans and accounts receivable with clients	307,580	352,055	283,434	-7.9%	-19.5%
Commercial loans	176,040	190,710	153,978	-12.5%	-19.3%
Consumer loans	73,096	75,728	75,422	3.2%	-0.4%
Mortgage loans	57,011	83,928	52,343	-8.2%	-37.6%
Prepaid fees	1,433	1,689	1,691	18.0%	0.1%
Loans to banks	612	622	734	19.9%	18.0%
Investment instruments	12,587	12,721	8,915	-29.2%	-29.9%
Others	-1,432	-21,570	3,132	-318.7%	-114.5%
<b>Total</b>	<b>319,347</b>	<b>343,828</b>	<b>296,215</b>	<b>-7.2%</b>	<b>-13.8%</b>

Details: Interests and adjustments expenditure	3Q13	2Q14	3Q14	Variation 3Q14/ 3Q13	Variation 3Q14/ 2Q14
Total deposits	-92,344	-80,553	-71,908	-22.1%	-10.7%
Instruments issued	-42,417	-66,575	-41,106	-3.1%	-38.3%
Other	-10,900	-2,590	-4,336	-60.2%	67.4%
<b>Total</b>	<b>-145,661</b>	<b>-149,718</b>	<b>-117,350</b>	<b>-19.4%</b>	<b>-21.6%</b>



## Fees

Bci's net fees amounted to Ch\$55,673 million in 3Q14, which was an increase of 9.9% QoQ.

Fees increased 14.7% YoY, highlighting the fees earned from investment in mutual funds, remuneration from insurance brokerage and higher fees for financial consultancy (others).

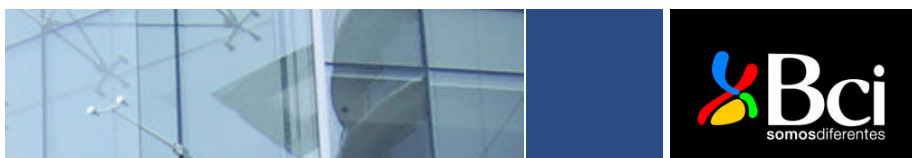
These outstanding results are the outcome of the excellent execution of the customer experience strategy.

**Table 7:**  
Net Fees

Ch\$ Million	3Q13	2Q14	3Q14	Variation 3Q14/ 3Q13	Variation 3Q14/ 2Q14
Earned fees	61,391	64,539	70,881	15.5%	9.8%
Paid fees	-12,837	-13,871	-15,208	18.5%	9.6%
<b>Net Fees</b>	<b>48,554</b>	<b>50,668</b>	<b>55,673</b>	<b>14.7%</b>	<b>9.9%</b>

Income from Fees and Services	3Q13	2Q14	3Q14	Variation 3Q14/ 3Q13	Variation 3Q14/ 2Q14
Lines of credit and overdraft	4,691	4,884	4,890	4.2%	0.1%
Letters of credit and guarantees	4,742	4,724	4,836	2.0%	2.4%
Accounts administration	7,945	8,474	8,453	6.4%	-0.2%
Charges for collection and payment	10,579	9,935	11,461	8.3%	15.4%
Investment in Mutual Funds	7,826	10,023	10,924	39.6%	9.0%
Card Services	10,796	11,991	12,422	15.1%	3.6%
Securities management and intermec	785	1,107	710	-9.6%	-35.9%
Remunerations for insurance brokerage	8,328	7,462	9,966	19.7%	33.6%
Others	5,699	5,939	7,219	26.7%	21.6%
<b>Total</b>	<b>61,391</b>	<b>64,539</b>	<b>70,881</b>	<b>15.5%</b>	<b>9.8%</b>

Expense from Fees and Services	3Q13	2Q14	3Q14	Variation 3Q14/ 3Q13	Variation 3Q14/ 2Q14
Costs for card operations	6,395	7,434	7,201	12.6%	-3.1%
Operations with securities	2,721	3,102	4,194	54.1%	35.2%
Other	3,721	3,335	3,813	2.5%	14.3%
<b>Total</b>	<b>12,837</b>	<b>13,871</b>	<b>15,208</b>	<b>18.5%</b>	<b>9.6%</b>



## Exchange Rate and Financial Operation Income

Exchange rate and financial operation income amounted to Ch\$32,009 million in 3Q14, which was a Ch\$15,476 million QoQ increase, related to higher hedge accounting income of Ch\$15,131 million.

Net exchange rate and financial operation income dropped Ch\$4,161 million YoY, mainly due to lower net income from foreign currency exchange rates that was not offset by higher hedge accounting income.

**Table 8:**  
Breakdown of Exchange Rate and  
Financial Operation Income

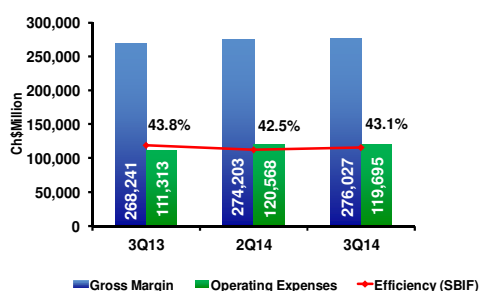
Ch\$ Million	3Q13	2Q14	3Q14	Variation 3Q14/ 3Q13	Variation 3Q14/ 2Q14
Exchange rate income	-9,512	991	-21,233	123.2%	2242.6%
Financial operating income	45,682	15,542	53,242	16.5%	242.6%
<b>Net Income</b>	<b>36,170</b>	<b>16,533</b>	<b>32,009</b>	<b>-11.5%</b>	<b>93.6%</b>

## Operating Expenses

Operating expenses were Ch\$119,695 million in 3Q14, dropping 0.7% QoQ and increasing 7.5% YoY. In terms of accumulated efficiency, Bci achieved a ratio of 43.1% in 3Q14 which was better than that of the banking sector and that attained in 3Q13 (43.8%).

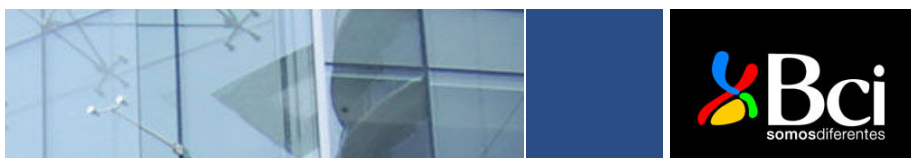
There is a constant focus on future growth and controlling expenses, and this objective is driven by corporate saving, process optimization and increased productivity campaigns. Bci's efficiency ratio reflects a controlled increase in expenditure resulting from implementing the Bank's customer experience strategy.

**Chart 6:**  
Operating Expenses and Efficiency



**Table 9:**  
Operating Expense Breakdown

Ch\$ Million	3Q13	2Q14	3Q14	Variation 3Q14/ 3Q13	Variation 3Q14/ 2Q14
Staff and BOD	62,990	70,516	68,564	8.8%	-2.8%
Management	38,380	40,165	40,343	5.1%	0.4%
Dep. Amort. & Write-offs & others.	9,943	9,887	10,788	8.5%	9.1%
<b>Operating Expenses</b>	<b>111,313</b>	<b>120,568</b>	<b>119,695</b>	<b>7.5%</b>	<b>-0.7%</b>



## Results by Business Segments

### COMMERCIAL BANKING

Commercial Banking posted operating income of Ch\$31,339 million, an increase of 55.5% YoY. That was mainly due to higher other operating income driven by increased factoring income from greater financial operation income.

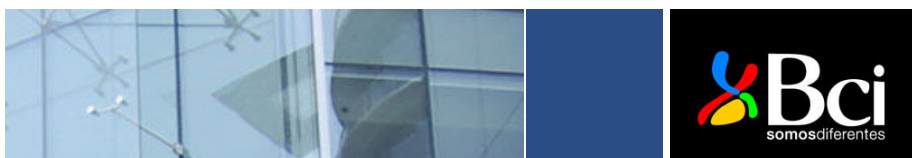
**Tables 10:**  
Operating Income Breakdown by  
Business

Commercial Banking (Ch MM\$)	3Q13	3Q14	Variation 3Q14/3Q13
Net Interest Income	38,843	37,761	-2.8%
Net service fee income	7,694	7,103	-7.7%
Other operating income	-866	10,352	1295.3%
<b>Total operating income</b>	<b>45,671</b>	<b>55,216</b>	<b>20.9%</b>
Provisions for loan losses	-8,588	-7,023	-18.2%
<b>NET OPERATING INCOME</b>	<b>37,082</b>	<b>48,194</b>	<b>30.0%</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>-16,927</b>	<b>-16,855</b>	<b>-0.4%</b>
<b>OPERATING INCOME</b>	<b>20,155</b>	<b>31,339</b>	<b>55.5%</b>

### RETAIL BANKING

Retail Banking reported operating income of Ch\$35,255 million. This higher income of Ch\$7,989 million was mainly because of increased net interest and monetary correction income related to the higher loan volume and improved spread. There was also greater fee income, largely on account of renewing mortgage loan insurance. These results were slightly offset by greater risk.

Retail Banking (Ch MM\$)	3Q13	3Q14	Variation 3Q14/3Q13
Net Interest Income	67,310	74,979	11.4%
Net service fee income	25,198	33,129	315%
Other operating income	4,406	4,862	10.3%
<b>Total operating income</b>	<b>96,914</b>	<b>112,971</b>	<b>16.6%</b>
Provisions for loan losses	-14,753	-18,630	26.3%
<b>NET OPERATING INCOME</b>	<b>82,161</b>	<b>94,341</b>	<b>14.8%</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>-54,895</b>	<b>-59,086</b>	<b>7.6%</b>
<b>OPERATING INCOME</b>	<b>27,266</b>	<b>35,255</b>	<b>29.3%</b>



### SMALL AND MEDIUM-SIZED ENTERPRISES (SMEs)

The SME segment had operating income of Ch\$14,438 million, which was higher than in 3Q13 and largely due to lower risk expenditure related to an improved delinquent loan portfolio ratio. There was also a Ch\$3,291 million increase in other operating income from greater financial operation income from factoring.

SMEs (Ch MM\$)	3Q13	3Q14	Variation 3Q14/3Q13
Net Interest Income	27,781	26,094	-6.1%
Net service fee income	6,913	8,793	27.2%
Other operating income	96	3,387	3443.8%
<b>Total operating income</b>	<b>34,789</b>	<b>38,274</b>	<b>10.0%</b>
Provisions for loan losses	-10,190	-8,201	-19.5%
<b>NET OPERATING INCOME</b>	<b>24,600</b>	<b>30,073</b>	<b>22.2%</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>-13,854</b>	<b>-15,635</b>	<b>12.9%</b>
<b>OPERATING INCOME</b>	<b>10,746</b>	<b>14,438</b>	<b>34.4%</b>

### CORPORATE & INVESTMENT BANKING (CIB)

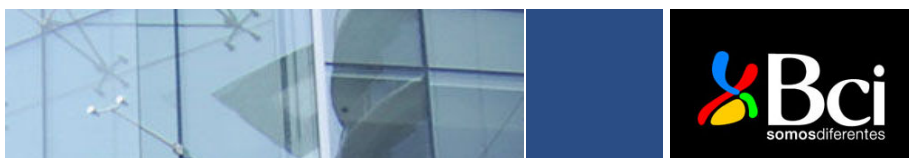
CIB had operating income of Ch\$47,986 million, mainly due to higher fee income from fees from mutual funds and financial consultancy (higher remuneration of funds and closing of structured businesses, respectively), which had higher income in 3Q14. In addition, there was the lower risk expenditure on the previous year due to reclassifying a customer in the retail sector in July 2013 that hit results in 3Q13. On the other hand, operating expenses increased by 287.4% to Ch\$13,321 million, but this area managed to increase its operating income by 51.4%.

CIB (Ch MM\$)	3Q13	3Q14	Variation 3Q14/3Q13
Net Interest Income	39,010	39,293	0.7%
Net service fee income	-6,143	6,526	206.2%
Other operating income	17,326	22,754	31.3%
<b>Total operating income</b>	<b>50,194</b>	<b>68,573</b>	<b>36.6%</b>
Provisions for loan losses	-13,860	-2,632	-81.0%
<b>NET OPERATING INCOME</b>	<b>36,335</b>	<b>65,941</b>	<b>81.5%</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>-4,634</b>	<b>-17,955</b>	<b>287.4%</b>
<b>OPERATING INCOME</b>	<b>31,700</b>	<b>47,986</b>	<b>51.4%</b>



## Quarterly Earnings Report

THIRD QUARTER 2014  
November 2014



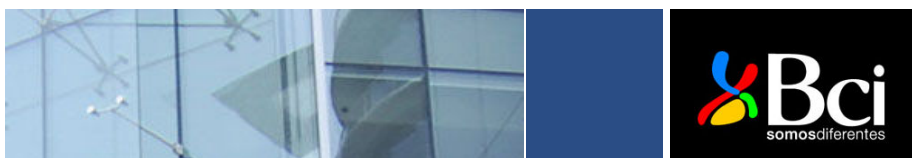
The results by business and totals are shown below::

3Q14	Commercial Banking MM\$	Retail Banking MM\$	SME's MM\$	C&IB MM\$	Total Segments MM\$
Net Interest Income	37,761	74,979	26,094	39,293	178,127
Net service fee income	7,103	33,129	8,793	6,526	55,552
Other operating income	10,352	4,862	3,387	22,754	41,354
<b>Total operating income</b>	<b>55,216</b>	<b>112,971</b>	<b>38,274</b>	<b>68,573</b>	<b>275,034</b>
Provisions for loan losses	-7,023	-18,630	-8,201	-2,632	-36,486
<b>NET OPERATING INCOME</b>	<b>48,194</b>	<b>94,341</b>	<b>30,073</b>	<b>65,941</b>	<b>238,548</b>
<b>TOTAL OPERATING OPERATING INCOME</b>	<b>-16,855</b>	<b>-59,086</b>	<b>-15,635</b>	<b>-17,955</b>	<b>-109,531</b>
<b>OPERATING INCOME</b>	<b>31,339</b>	<b>35,255</b>	<b>14,438</b>	<b>47,986</b>	<b>129,017</b>

3Q13	Commercial Banking MM\$	Retail Banking MM\$	SME's MM\$	C&IB MM\$	Total Segments MM\$
Net Interest Income	38,843	67,310	27,781	39,010	172,944
Net service fee income	7,694	25,198	6,913	-6,143	33,662
Other operating income	-866	4,406	96	17,326	20,962
<b>Total operating income</b>	<b>45,671</b>	<b>96,914</b>	<b>34,789</b>	<b>50,194</b>	<b>227,568</b>
Provisions for loan losses	-8,588	-14,753	-10,190	-13,860	-47,390
<b>NET OPERATING INCOME</b>	<b>37,082</b>	<b>82,161</b>	<b>24,600</b>	<b>36,335</b>	<b>180,178</b>
<b>TOTAL OPERATING OPERATING INCOME</b>	<b>-16,927</b>	<b>-54,895</b>	<b>-13,854</b>	<b>-4,634</b>	<b>-90,310</b>
<b>OPERATING INCOME</b>	<b>20,155</b>	<b>27,266</b>	<b>10,746</b>	<b>31,700</b>	<b>89,867</b>

**Table 11:**  
Reconciliation of Income by Segment and Net Income in the Quarter

Ch\$ Millions	3Q13	3Q14	Variation 3Q14/3Q13
<b>Operating Income by segment</b>	<b>89,867</b>	<b>129,017</b>	<b>43.6%</b>
Unallocated net interest income	747	738	1.3%
Unallocated net service fee income	14,891	126	-99.2%
Unallocated other operating income	20,986	-2,486	-111.8%
Other Provisions	180	-8,529	-4848.2%
Unallocated other corporate expenses	-27,444	-17,518	-36.2%
<b>Operating Income</b>	<b>99,227</b>	<b>101,346</b>	<b>2.1%</b>
Investment income	989	2,649	167.9%
Income before income tax	100,216	103,995	3.8%
Income tax	-16,863	-21,140	25.4%
<b>NET CONSOLIDATED INCOME FOR THE PERIOD</b>	<b>83,353</b>	<b>82,855</b>	<b>-0.6%</b>



## Stocks and Products

Chart 7:  
Total Loans

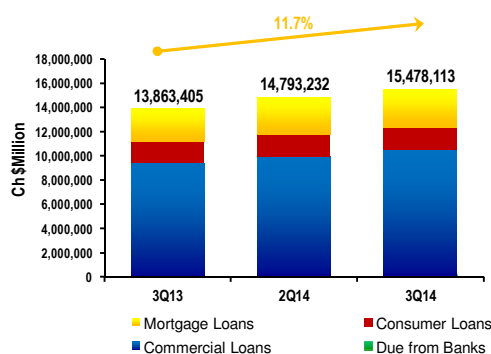
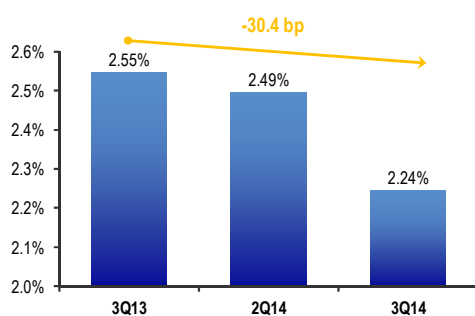


Table 12:  
Breakdown of Total Loans

Ch\$ Million	3Q13	2Q14	3Q14	Variación	
				3Q14/ 3Q13	3Q14/ 2Q14
Interbank Loans	81,180	131,312	150,143	85.0%	14.3%
Client Loans	13,781,839	14,661,920	15,327,970	11.2%	4.5%
Commercial*	9,339,344	9,783,726	10,296,581	10.2%	5.2%
Consumer*	1,718,845	1,813,873	1,878,282	9.3%	3.6%
Mortgage*	2,723,650	3,064,321	3,153,107	15.8%	2.9%
<b>Total Loans</b>	<b>13,863,019</b>	<b>14,793,232</b>	<b>15,478,113</b>	<b>11.7%</b>	<b>4.6%</b>
Leasing	711,807	735,962	763,344	7.2%	3.7%
Foreign Exchange	1,103,318	1,040,757	1,130,890	2.5%	8.7%

\*Note: figures include leasing and foreign trade items.

Chart 8:  
Allowances/ Total Loans



## Total Loans

Bci's total loan portfolio amounted to Ch\$15,478,113 million in 3Q14, increasing 4.6% on the previous quarter. Loans to clients were Ch\$15,327,970 million, increasing 4.5% QoQ.

Commercial loans had the highest QoQ increase, growing 5.2%, mainly explained by loans given to companies in the real estate, retail and automotive industries.

In terms of client loans, Bci's growth is above that of the banking sector. Bci had 11.2% YoY growth as of 3Q14 against the banking sector's 10.2%. It had YoY increases of 9.3% for consumer loans against the banking sector's 13.1% (the higher growth of the banking sector was due to the inclusion of Ripley retail credit cards to Banco Ripley as of December 2013), 10.2% for commercial loans against the banking sector's 7.8%, and 15.8% for mortgage loans against the banking sector's 15.2%.

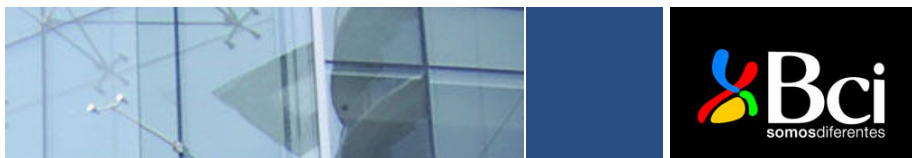
Bci remains in fourth place of total loans in the banking sector and in third place with respect to other private banks with a market share\* of 13.14% in 3Q14.

\*Excludes the effect of Corpbanca's investment in Colombia.

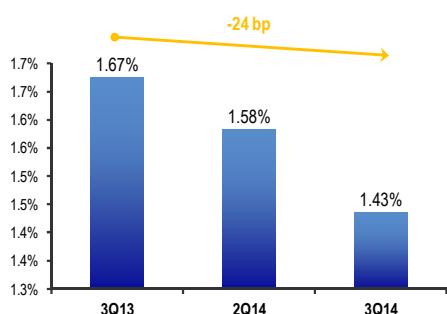
## Portfolio Risk

The stock of allowances for loan losses amounted to Ch\$347,183 million in 3Q14, resulting in a 2.24% rate of allowances for loan losses, a 0.25 pp decrease QoQ and a 0.31% improvement YoY. This QoQ decrease in the risk rate was mainly due to a better delinquent loan portfolio rate.

In line with the regulatory changes established in Circular Letter N°3503 of the SBIF, which came into force on January 1, 2011, Bci has made additional allowances.



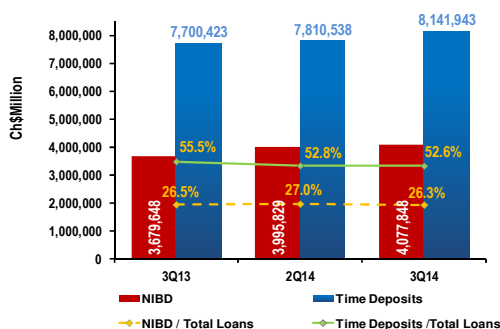
**Chart 9:**  
Allowance and Write-off Expense



**Table 13:**  
Risk Ratios

Risk Ratios	2Q14	3Q14
Allowances / Total Loans	2.49%	2.24%
Allowances / Commercial Loans	2.73%	2.39%
Allowances / Consumer Loans	4.79%	4.62%
Allowances / Mortgage Loans	0.48%	0.45%
NPL Coverage(1)	110.2%	115.8%
NPL Coverage(2)	98.8%	101.4%
NPL Commercial Coverage(2)	97.5%	99.7%
NPL Consumer Coverage(2)	242.8%	275.8%
NPL Mortgage Coverage(2)	23.3%	22.3%
Delinquent individual Loan Portfolio with 90+ days arrears / Total Loans	2.54%	2.23%
Delinquent individual Loan Portfolio with 90+ days arrears / Total individuals Loans	2.73%	2.41%
90+ Days Delinquent Loan Portfolio / Commercial Loans	3.15%	2.72%
90+ Days Delinquent Loan Portfolio / Consumer Loans	1.98%	1.67%
90+ Days Delinquent Loan Portfolio / Mortgage Loans	2.07%	2.03%

**Chart 10:**  
NIBDs and Time Deposits



The stock of additional allowances made amounted to Ch\$49,254 million in 3Q14. It should be noted that in 1Q14 Bci constituted allowances of Ch\$7,000 million related to counter-cyclical allowances, the salmon farming industry and education. In 3Q14, Bci constituted further allowances of Ch\$7,000 million for counter-cyclical allowances (Ch\$5,000 million in August and Ch\$2,000 million in September). The non-performing loan (NPL) coverage ratio considering these allowances was 115.8% in 3Q14.

The allowance and write-off expense in 3Q14 was Ch\$54,986 million, which included write-offs of Ch\$32,695 million. That was a 5.2% decrease on the Ch\$58,006 million expense in 2Q14.

The lower NPL coverage ratio for mortgage loans can be explained by the fact that to determine allowances the remaining difference of the guarantee on the asset's value is considered.

The drop in the 90+ days delinquent loan portfolio for commercial, consumer and mortgage loans should be highlighted.

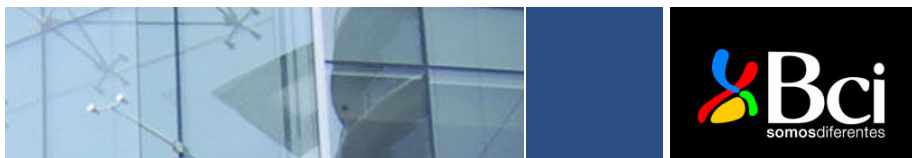
NPL Coverage (1) = stock of mandatory allowances + additional (consolidated balance sheet) / 90+ days delinquent loan portfolio (individual balance sheet)

NPL Coverage (2) = stock of mandatory allowances (consolidated balance sheet) / 90+ days delinquent loan portfolio (individual balance sheet)

### NIBDs and Time Deposits

NIBDs amounted to Ch\$4,077,848 million in 3Q14, an increase of 2.1% QoQ, accounting for 26.3% of total loans in 3Q14.

The balance of time deposits in 3Q14 was Ch\$8,141,943 million, an increase of 5.7% YoY and 4.2% QoQ.



## Capital Base

The Bank's shareholders' equity amounted to Ch\$1,707,535 million in 3Q14, an increase of 12.6% YoY.

The ratio of basic capital to total assets was 7.1% in 3Q14. With regard to capital resources, the Bank maintains ratios above the SBIF's minimum requirements (3% for this ratio).

The ratio of regulatory capital to risk-weighted assets was 13.39%, an increase of 0.52pp on the previous quarter but well above the 8% SBIF requirement.

These ratios fully comply with all the requirements of the General Banking Law and the internal limits established by Bci.

**Table 14:**  
Capital Adequacy

Ch\$ Millions	3Q13	2Q14	3Q14
Basic Capital	1,516,498	1,656,659	1,707,535
3% of Total Assets	641,609	690,849	723,108
Excess over minimum required capital	874,889	965,809	984,427
Basic Capital / Total Assets	7.09%	7.19%	7.08%
Regulatory Capital	2,091,531	2,338,643	2,404,640
Risk-Weighted Assets	15,676,226	16,817,650	17,956,728
10% of Risk-weighted assets	1,567,623	1,681,765	1,795,673
Excess over minimum required equity	523,909	656,878	608,967
Excess over regulatory capital	133.4%	139.1%	133.9%
Regulatory capital over Risk-Weighted Assets	13.34%	13.91%	13.39%

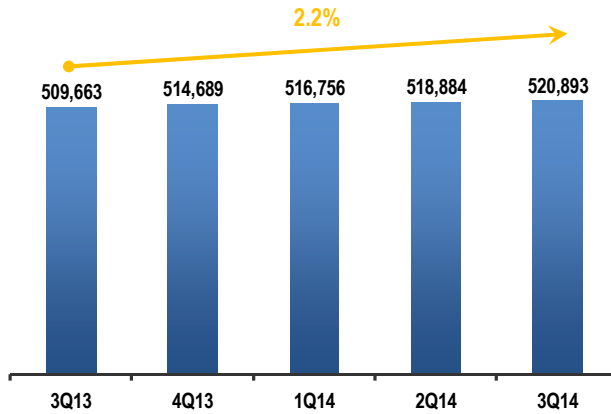


### Product Stock

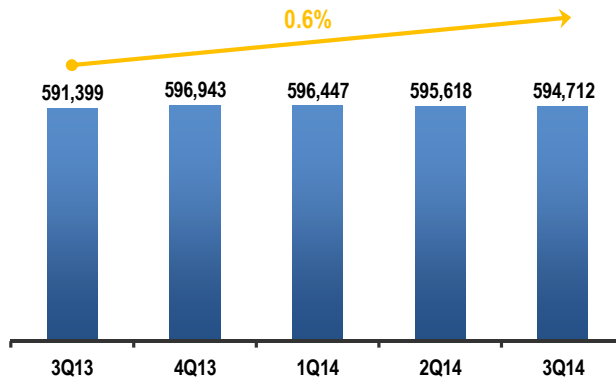
The main figures of some of Bci's products are shown below. It should be highlighted that the number of checking accounts has increased every quarter from March 2013 to date.

The number of checking accounts increased 2.2% YoY. The drop in debit cards was mainly because of the mass closure of prime accounts with no movement in 3Q14 (accounts with no movement for 1 year).

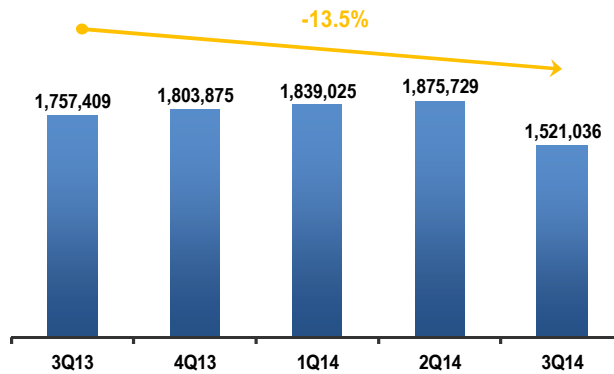
**Chart 11:**  
Number of Checking Accounts

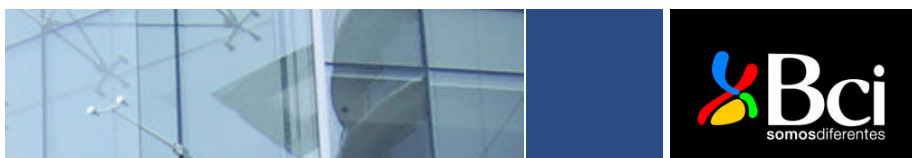


**Chart 12:**  
Number of Credit Cards



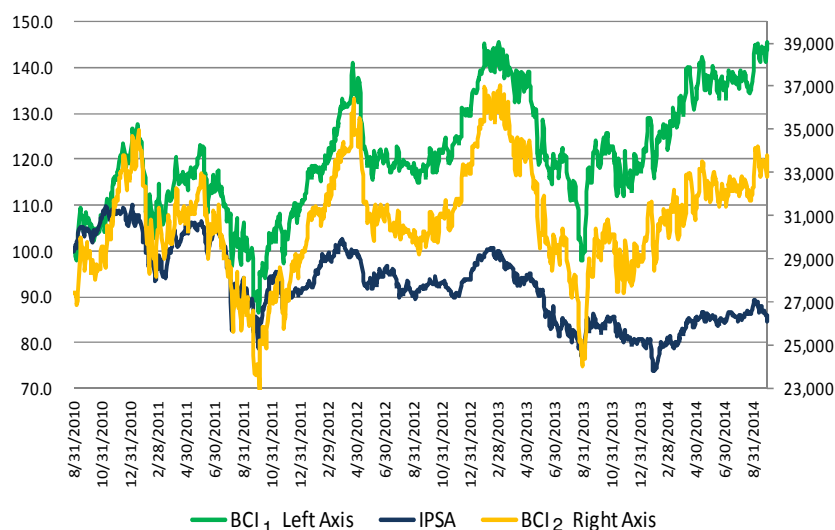
**Chart 13:**  
Number of Debit Cards





## Stock Performance

The banking sector has positioned itself as one of the favorite sectors on the Chilean stock market, because the positive bottom line results overall have been driven by upward inflationary pressure on the net financial margin and suitable portfolio risk performance. This led to a banking sector stock profitability index of 11.8% in the first twelve months, which was much higher than the 3.1% profitability of the selective share price index (IPSA) in the same period. Regarding this, it should be highlighted that Bci's stock profitability has outperformed that of the banking sector with a 19.8% increase in 12 months, driven by growth of profits and a favorable outcome.



**Table 15:**  
Bci Stock Performance

	3Q13	4Q13	1Q13	2Q14	3Q14
Closing Price	\$ 29,776	\$ 29,162	\$ 31,529	\$ 31,989	\$ 33,755
Minimum Price	\$ 24,001	\$ 27,434	\$ 28,445	\$ 30,559	\$ 31,416
Maximum Price	\$ 30,429	\$ 30,811	\$ 32,186	\$ 33,491	\$ 34,195
<b>Average Price</b>	<b>\$ 28,054</b>	<b>\$ 29,147</b>	<b>\$ 30,589</b>	<b>\$ 32,192</b>	<b>\$ 32,620</b>
Profitability 12m Bci (1)	3.3%	-8.1%	-4.0%	12.1%	19.8%
Profitability 12m IPSA	-9.6%	-14.0%	-14.9%	-3.8%	3.1%
EPS (3)	\$ 2,725	\$ 2,802	\$ 3,095	\$ 3,284	\$ 3,233
P/B (times)	2.1	2.0	2.2	2.1	2.1
Market Capitalization (MCh\$)	\$ 3,191,226	\$ 3,125,421	\$ 3,379,103	\$ 3,428,404	\$ 3,669,208
Equity (MCh\$)	\$ 1,516,499	\$ 1,582,100	\$ 1,584,403	\$ 1,656,661	\$ 1,707,536

Source: Bloomberg.

\*Minimum, maximum and average prices are closing prices.

- (1) Figures adjusted by corporate events.
- (2) Figures unadjusted by corporate events.
- (3) Earnings per share calculated based on the last 12 months.