Bci
seamosdiferentes

Quarterly Earnings Report

2Q 2018

Contact Information

Department of Investor Relations
investor_relations_bci@bci.cl

Andrés Atala Salim-Hanna
Head of Investor Relations
Banco de Crédito e Inversiones
El Golf 125, Floor 12
Santiago, Chile
Phone: (562) 2383 54 71
Email: andres.atala@bci.cl

Bci gets regulatory approval and completes the purchase TotalBank

As part of the approval process to purchase TotalBank through its subsidiary City National Bank of Florida (CNB), on June 4 Bci got approval from the Chilean Central Bank and the Superintendency of Banks and Financial Institutions (SBIF, according to the Spanish acronym), thereby completing the process of authorization from the Chilean authorities.

Subsequently, on June 15 Bci sent a material fact informing that it had concluded the purchase of TotalBank by merger by incorporation of such bank to City National Bank of Florida ("CNB"). The price paid was US$528.9 million.

This transaction is part of Bci's decision to consolidate its presence in the market in Florida, an attractive market due to its size and growth potential, with US $546 billion of total deposits. "We're very proud of this operation as it consolidates our position in the fourth largest US state for deposits, making City National Bank the third largest bank based in Florida with material scale economies for the operation of the business," Bci CEO Eugenio Von Chrismar said.

After this acquisition, the short-term focus will be on attaining good integration between CNB and TotalBank to harness the synergies identified without affecting the customer service level and to continue as City National Bank of Florida to take advantage of the growth opportunities of this market.

Leading Bank in Customer Experience

Bci has a value proposal that really makes us different: we enhance the relationships with each of our clients. For this reason, for the fifth time we were recognized as the company with the best customer experience.

This distinction, obtained in the "Banks" as well as in the "Total Companies of the Country" categories, was given by the consulting firm IZO, a leading company in customer experience advisory services in Spain and Latin America. Through a Best Customer Experience (BCX) survey, it takes into account the following areas: brand, product and engagement with the company.

This achievement represents the effort made as a company, which year after year seeks to consolidate its unique and differentiated service model, reaffirming the commitment to be the first customer experience bank in all of Latin America.

Bci updates its brand identity, driven by its Digital Transformation strategy

Bci has undergone a renewal of its brand identity , after having established a brand strategy by 2020, premiering an update of its logo and slogan so that these are aligned with the bank's current strategy, of which digital transformation is an important part.

The changes have specifically led to a typographical modification of its logo, as well as a slight evolution of its isotype towards more irregular figures and with slightly stronger colors, within the same previous tonalities. In addition, the slogan was updated from the already known "Somos diferentes" (We're different) to "Seamos diferentes" (Let´s be different), showing the bank's intention of involving its diverse audiences in its design..

FINANCIAL HIGHLIGHTS

Earnings Report 2Q18

August 2018

In 2Q18, Bci's loan portfolio amounted to Ch$28,842,999 million, growing 23.24% YoY with a market share of 17.15%* as of June 2018. This is mainly explained by the incorporation of the TotalBank portfolio after the Bank completed its purchase by mid-June, accounting for around 5% of Bci's total portfolio.

The bank reported net income of Ch$98,359 million in 2Q18, amounting to Ch$207,771 million in 1H18, and achieved an accrued market share of 16.01%. Bci's quarterly net income increased 8.75% YoY. This can be explained by an 11.5% increase in the gross margin as a result of a greater volume of loans, 6.53% higher income from net fees, and better income from investment in companies, after selling part of Credicorp´s shares.

The ROAE this quarter was 12.68%, decreasing YoY and slightly higher than in 1Q18. This explained by three effects:

• ROAE as of 2Q18 does not consider the extraordinary profit of March 2017 (Ch$54,781 million due to the change in accounting criteria related to Credicorp's shares) that increased our ROAE to 16.21% in 2Q17.

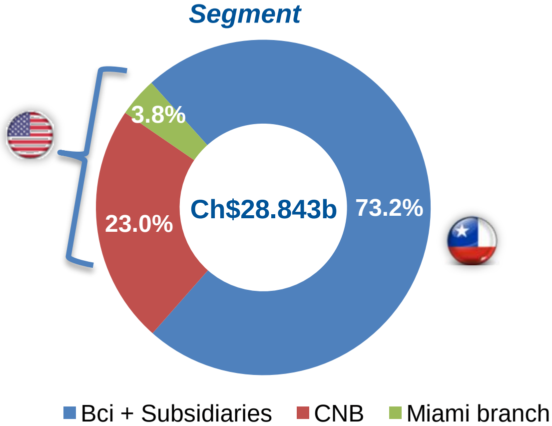
• ROAE as of 2Q18 considers the US tax reform, which led to negative income of US$51.2 million in the last quarter of 2017.

• Operating expenses grew 11.6% YoY, mainly due to higher expenses related to technology as well as severance payments as part of a headcount management program. In addition, it should be noted that there were also higher expenses related to the acquisitions we have been making this year and in cybersecurity.

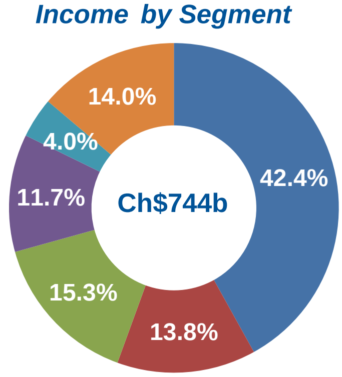
On the other hand, it should be noted that City National Bank became the third largest Florida-based bank, after it merged with TotalBank by mid-June, with assets exceeding US$14 billion. The TotalBank acquisition and related synergies are expected to quickly become accretive to CNB's financial results, beginning as soon as the third quarter. After this merger, Bci attained first place in the industry in terms of total assets.

We should finally mention that both our Tier 1 and BIS ratio 1 fell this quarter to 8.98% and 11.78%, respectively. This was due to the increase in risk-weighted assets and, as we have commented, they are expected to reach regular levels after the capital increase in the last quarter of this year.

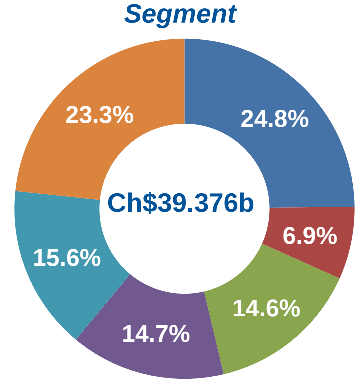
Total Loans* by Segment



Total Operating Income by Segment



Total Assets by Segment



Retail Banking
Commercial Banking
C&IB Finance
SMEs
C&IB Commercial
CNB

Before provisions for loan losses and operating expenses

FINANCIAL HIGHLIGHTS

Earnings Report 2Q18

August 2018

Table 1 :

Main indicators

Banco de Crédito e Inversiones

	2Q17	1Q18	2Q18	2Q18/ 1Q18	2Q18/ 2Q17
Financial Indicators					
Total loans(1)	23,403,165	25,576,625	28,842,999	**12.77%**	**23.24%**
Net Income	90,443	109,412	98,359	**-10.10%**	**8.75%**
Total assets(2)	32,166,250	34,786,924	39,375,578	**13.19%**	**22.41%**
Total shareholders' equity	2,658,351	2,767,969	2,861,279	**3.37%**	**7.63%**
ROAE(3)	16.21%	12.61%	12.68%	**0.07 pp**	**-3.53 pp**
ROAA(3)	1.33%	1.02%	1.01%	**-0.01 pp**	**-0.32 pp**
Efficiency ratio(4)	49.66%	50.79%	50.25%	**-0.53 pp**	**0.60 pp**
Provision for loan losses / Total loans	1.69%	1.61%	1.55%	**-0.06 pp**	**-0.14 pp**
Tier 1(5)	10.44%	9.77%	8.98%	**-0.80 pp**	**-1.47 pp**
Regulatory capital / Risk-weighted assets	13.57%	13.32%	11.78%	**-1.53 pp**	**-1.78 pp**
Operational Indicators					
Headcount	10,916	10,294	10,223	**-0.69%**	**-6.35%**
Bci	10,363	9,687	9,617		
CNB(6)	553	607	606		
Commercial contact points	398	364	337	**-7.42%**	**-15.33%**
Bci	372	338	311		
CNB(6)	26	26	26		
N° of ATMs	1,070	1,246	1,247	**0.08%**	**16.54%**

(1) Ch$MM. Includes interbank loans
(2) For presentation purposes current tax is stated in liabilities as tax payable
(3) Last 12-month income divided by average equity/assets of last 13 months.
(4) According to SBIF methodology. Since the 1Q18 Earnings Report it doesn't consider additional allowances anymore.
(5) Tier 1: Basic capital / Average risk-weighted assets.
(6) Does not include TotalBank figures

Table 2:
Consolidated Income Statement (P&L)
Banco de Crédito e Inversiones

Ch$ Million	2Q17	1Q18	2Q18	2Q18/ 1Q18	2Q18/ 2Q17
Financial Margin	243,254	236,288	269,763	**14.17%**	**10.90%**
Net Fees	65,780	68,531	70,076	**2.25%**	**6.53%**
Exchange Rate and Operating Income	28,152	57,779	24,652	**-57.33%**	**-12.43%**
Written-off Credit Recovery	12,625	11,860	14,327	**20.80%**	**13.48%**
Other net operating income	-9,750	-326	355	**--**	**--**
Gross Margin	**340,061**	**374,132**	**379,173**	**1.35%**	**11.50%**
Provisions and write-offs	-59,720	-69,619	-77,057	**10.68%**	**29.03%**
Operating expenses	-168,937	-190,009	-188,556	**-0.76%**	**11.61%**
Net Operating Income	**111,404**	**114,504**	**113,560**	**-0.82%**	**1.94%**
Investments in companies	5,853	23,091	27,253	**18.02%**	**365.62%**
Income before taxes	**117,257**	**137,595**	**140,813**	**2.34%**	**20.09%**
Tax	-26,814	-28,183	-42,454	**50.64%**	**58.33%**
Net Income	**90,443**	**109,412**	**98,359**	**-10.10%**	**8.75%**

Table 3:

Consolidated Balance Sheet*

Banco de Crédito e Inversiones

Ch$ Million	2Q17	1Q18	2Q18
Cash and deposits in banks	1,231,654	1,933,971	2,357,958
Items in course of collection	608,312	307,982	605,433
Trading portfolio financial assets	1,818,411	2,060,371	2,188,290
Investments under agreements to resell	223,084	196,879	194,053
Derivative financial assets	1,357,486	1,345,687	1,463,753
Loans and receivables to banks, net	231,130	273,718	396,552
Loans and receivables to customers, net	22,775,600	24,890,140	27,999,186
Financial investments available for sale	2,296,155	2,388,763	2,606,954
Financial investments held to maturity	863	786	851
Investments in other companies	206,087	150,958	75,058
Intangibles assets	167,469	170,686	307,187
Property, plant and equipment, net	271,740	266,778	281,621
Current income tax	86,674	14,339	3,697
Deferred income tax	180,389	58,913	85,039
Other Assets	711,196	726,953	809,946
Total Assets	**32,166,250**	**34,786,924**	**39,375,578**
Current accounts and demand deposits	8,894,696	9,355,168	11,141,298
Items in course of collection	602,281	207,324	494,087
Liabilities under agreements to repurchase	584,950	761,339	690,714
Term deposits and savings accounts	9,982,914	11,346,424	12,814,052
Derivative financial agreements	1,397,086	1,505,093	1,628,683
Borrowings from financial institutions	1,595,771	1,846,007	2,234,627
Debt issued	4,896,767	5,442,553	5,815,890
Other financial liabilities	650,871	756,730	811,838
Current income tax	35,239	17,511	56,055
Deferred income tax	94,836	1,130	717
Provisions	222,444	178,887	235,025
Other Liabilities	550,044	600,789	591,313
Total Liabilities	**29,507,899**	**32,018,955**	**36,514,299**
Capital	2,493,420	2,493,420	2,733,631
Reserves	109	109	109
Accumulated other comprehensive income	2,481	-42,792	-18,657
Retained Earnings	161,888	316,791	145,422
Non-controlling interest	453	441	774
Total Shareholders' Equity	2,658,351	2,767,969	2,861,279
LIABILITIES & SHAREHOLDERS' EQUITY	**32,166,250**	**34,786,924**	**39,375,578**

* Results published at: https://www.bci.cl/investor-relations/financial-statements

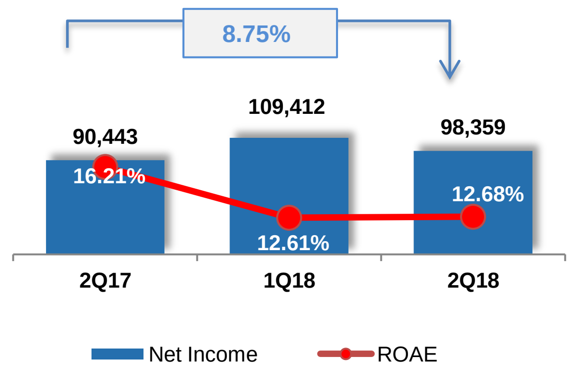
Net Income

The Bank had net income of Ch$98,359 million in 2Q18, which was a 10.10% decrease QoQ and 8.75% increase YoY.

The lower net income QoQ is mainly explained by an increase in provisions and write-offs of Ch$7,438 million and higher effective tax rate due to the foreign exchange rate.

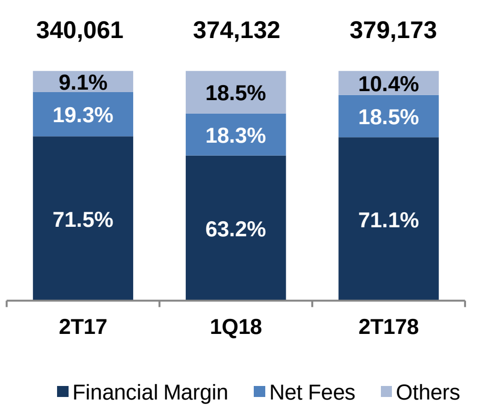
The Bank's annualized return on average equity (ROAE), as defined by the SBIF, was 12.68% in 2Q18. As we mentioned in the "Financial Highlights," there were some non-recurring effects that have affected this ratio.

Chart 1:
Net Income



Margins

Chart 2:
Gross Margin

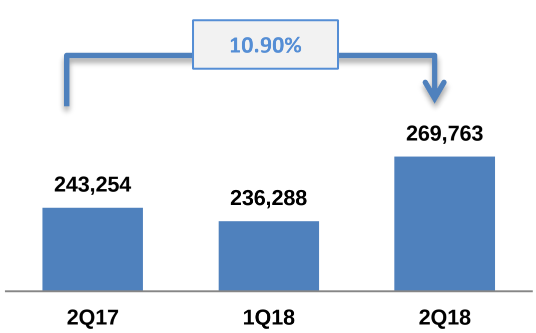


Gross Margin

Bci's gross margin* was Ch$379,173 million in 2Q18, increasing 11.5% YoY. Such increase was mainly due to a higher volume of loans (12.8% QoQ), especially mortgage and commercial loans. It is important to note that practically all mortgage loans and almost a quarter of commercial loans are indexed to inflation, which is positive for the bank since inflation has exceeded market expectations.

Moreover, net fees increased 6.53% QoQ, mainly related to remuneration from insurance brokerage.

Chart 3:
Financial Margin



Financial Margin

The financial margin, which includes interest and indexation, amounted to Ch$269,763 million in 2Q18, increasing 10.9% YoY. This is explained, as we mentioned, by a greater volume of loans. In this sense, mortgage loans grew the most with an increase of 26.9% YoY, followed by commercial loans with 24.4% growth YoY. Consumer loans grew 6.0% YoY.

Finally, our net interest margin (NIM) had a slightly increase QoQ.

* Gross margin calculated according to the SBIF definition, including income from recovery of penalties.

Table 4:
Gross Margin & Financial Margin

Ch$ Million	2Q17	1Q18	2Q18	2Q18/ 1Q18	2Q18/ 2Q17
Financial Margin	243,254	236,288	269,763	**14.17%**	**10.90%**
Net Fees	65,780	68,531	70,076	**2.25%**	**6.53%**
Other	31,027	69,313	39,334	**-43.25%**	**26.77%**
Gross Margin	**340,061**	**374,132**	**379,173**	**1.35%**	**11.50%**

Ch$ Million	2Q17	1Q18	2Q18	2Q18/ 1Q18	2Q18/ 2Q17
Interest and indexation income	389,108	406,658	440,301	**8.27%**	**13.16%**
Interest and indexation expense	-145,854	-170,370	-170,538	**0.10%**	**16.92%**
Total Financial Margin	**243,254**	**236,288**	**269,763**	**14.17%**	**10.90%**

Breakdown: Interest and indexation income	2Q17	1Q18	2Q18	2Q18/ 1Q18	2Q18/ 2Q17
Loans and accounts receivable with clients	380,967	399,637	427,415	**6.95%**	**12.19%**
Commercial loans	213,686	224,582	244,327	**8.79%**	**14.34%**
Consumer loans	87,323	90,499	91,247	**0.83%**	**4.49%**
Mortgage loans	77,862	82,708	89,826	**8.61%**	**15.37%**
Prepaid fees	2,096	1,848	2,015	**9.04%**	**-3.86%**
Loans to banks	1,769	2,032	4,186	**106.00%**	**136.63%**
Financial investments	15,424	17,271	19,406	**12.36%**	**25.82%**
Others	-9,052	-12,282	-10,706	**-12.83%**	**18.27%**
Total	**389,108**	**406,658**	**440,301**	**8.27%**	**13.16%**

Breakdown: Interest and indexation expense	2Q17	1Q18	2Q18	2Q18/ 1Q18	2Q18/ 2Q17
Total deposits	-75,459	-83,381	-93,410	**12.03%**	**23.79%**
Instruments issued	-61,533	-62,846	-71,365	**13.56%**	**15.98%**
Others	-8,862	-24,143	-5,763	**-76.13%**	**-34.97%**
Total	**-145,854**	**-170,370**	**-170,538**	**0.10%**	**16.92%**

Fees

Bci's net fees amounted to Ch$70,076 million in 2Q18, which was a 2.25% increase QoQ. This is partly explained by a temporary increase in expenses related to marketing and loyalty programs, along with the "*AAdvantage* Program," both part of "Other" fee expenses.

The YoY increase in "card services" was once again driven by higher revenues from ATMs, as a result of new tenders.

Table 5:
Net Fees

Ch$ Million	2Q17	1Q18	2Q18	2Q18/ 1Q18	2Q18/ 2Q17
Fee income	86,321	89,689	93,809	**4.59%**	**8.67%**
Fee expenses	-20,541	-21,158	-23,733	**12.17%**	**15.54%**
Net Fees	**65,780**	**68,531**	**70,076**	**2.25%**	**6.53%**

Income from Fees and Services	2Q17	1Q18	2Q18	2Q18/ 1Q18	2Q18/ 2Q17
Lines of credit and overdraft	1,637	633	615	**-2.84%**	**-62.43%**
Letters of credit and guarantees	4,807	4,729	5,052	**6.83%**	**5.10%**
Accounts administration	11,389	10,958	11,515	**5.08%**	**1.11%**
Charges for collection and payment	13,866	12,942	13,510	**4.39%**	**-2.57%**
Investment in mutual funds	13,859	12,906	13,546	**4.96%**	**-2.26%**
Card services	20,674	24,566	24,768	**0.82%**	**19.80%**
Securities management and intermed	1,320	1,663	1,724	**3.67%**	**30.61%**
Remunerations for insurance brokerage	12,679	13,572	14,272	**5.16%**	**12.56%**
Other	6,090	7,720	8,807	**14.08%**	**44.61%**
Total	**86,321**	**89,689**	**93,809**	**4.59%**	**8.67%**

Expense from Fees and Services	2Q17	1Q18	2Q18	2Q18/ 1Q18	2Q18/ 2Q17
Costs for card operations	10,140	10,529	10,720	**1.81%**	**5.72%**
Operations with securities	3,408	3,930	4,408	**12.16%**	**29.34%**
Other	6,993	6,699	8,605	**28.45%**	**23.05%**
Total	**20,541**	**21,158**	**23,733**	**12.17%**	**15.54%**

Foreign Exchange and Financial Operating Income

The net foreign exchange and financial operating income amounted to Ch$24,652 million in 2Q18, slightly lower than the previous year but significantly below last quarter's.

Lower revenues in financial operations were offset by a better performance of the financial margin, which is where the accrual of investment portfolios is recorded.

Table 6:
Breakdown of Foreign Exchange and Financial Operating Income

Ch$ Million	2Q17	1Q18	2Q18	2Q18/ 1Q18	2Q18/ 2Q17
Foreign exchange income	10,933	53,058	-11,491	--	--
Financial operating income	17,219	4,721	36,143	**665.58%**	**109.90%**
Net Foreign Exchange and Financial Operating Income	**28,152**	**57,779**	**24,652**	**-57.33%**	**-12.43%**

Operating Expenses

Operating expenses were Ch$188,556 million in 2Q18, decreasing 0.76% QoQ and increasing 11.61% YoY. Such increase was due to higher staff costs related to severance and bonds payments, as well as management costs regarding technology. Higher expenses related to acquisitions and cybersecurity have also had a greater relative weight.

In terms of accumulated efficiency, Bci achieved a ratio of 50.3% in 2Q18, which was lower than the 50.8% in 1Q18.

In the forthcoming years, we estimate a large improvement of our efficiency ratio as a result of our Digital Transformation plan and lower staff cost. By the end of this year, we expect this ratio to be around 49.5%-50.5%.

Chart 4:
Operating Expenses and Efficiency

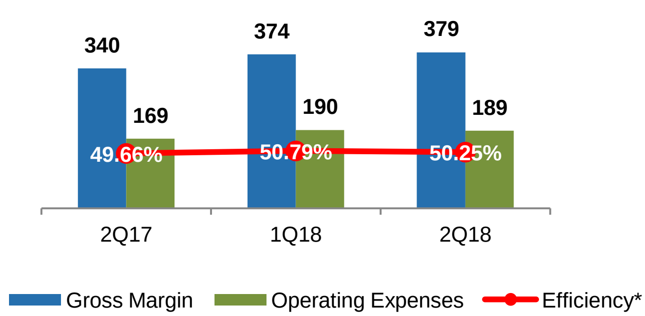
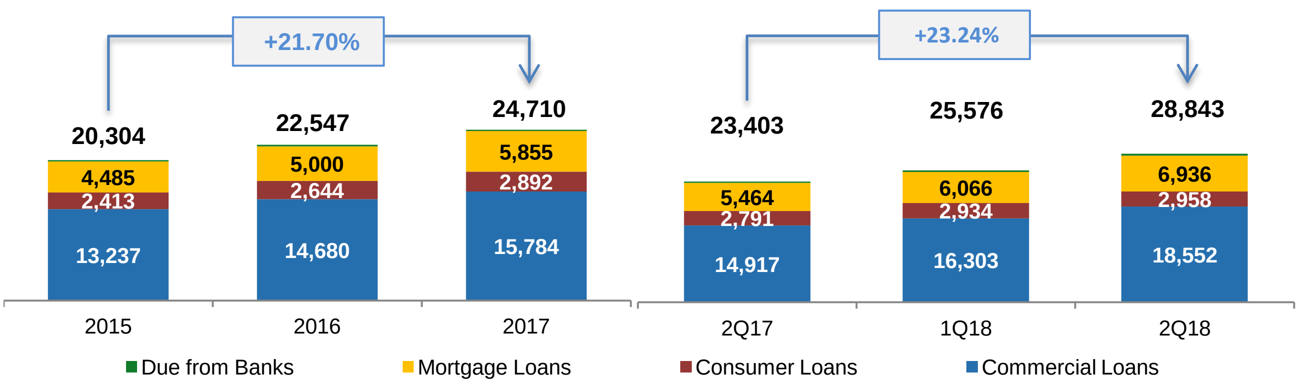


Table 7:
Operating Expense Breakdown

Ch$ Million	2Q17	1Q18	2Q18	2Q18/ 1Q18	2Q18/ 2Q17
Staff and BOD	95,542	115,125	98,712	**-14.26%**	**3.32%**
Management	58,754	59,674	74,317	**24.54%**	**26.49%**
Dep. Amort. & Write-offs & others	14,641	15,210	15,527	**2.08%**	**6.05%**
Operating Expenses	**168,937**	**190,009**	**188,556**	**-0.76%**	**11.61%**

*According to SBIF methodology. Since the 1Q18 report, it no longer considers the additional provisions.

Chart 5:
Total Loans by Product



Bci's total loan portfolio amounted to Ch$28,842,999 million in 2Q18, increasing significantly YoY, as a result of the consolidation of TotalBank's portfolio with City National Bank of Florida. Loans to clients were Ch$28,445,755 million. This represents a 17.08% market share as of June and 14.06% excluding City National Bank of Florida and Itaú's investment in Colombia.

Regarding consumer loans, we are facing a more competitive environment and have grown slightly below the system. For commercial loans, the bank achieved a higher growth rate due to a better macroeconomic outlook and greater economic activity. It should be noted that this greater organic growth, besides the inorganic growth resulting from the acquisitions of City National Bank and TotalBank, have allowed Bci to be the largest bank in Chile in terms of total assets.

On comparing Bci's figures with those of the banking sector, Bci's customer loans grew 12.42% this quarter while the banking sector grew 4.57% as of June. Bci's consumer loans increased 0.82% in the quarter while the sector grew 1.28%. Bci had 13.80% growth of commercial loans while the system grew 5.76%, and a 14.34% increase in mortgage loans against the banking sector's 3.76% as of June.

Table 8:
Breakdown of Total Loans

Ch$ Million	2Q17	1Q18	2Q18	2Q18/ 1Q18	2Q18/ 2Q17
Interbank Loans	231,568	274,216	397,244	**44.87%**	**71.55%**
Client Loans	23,171,597	25,302,409	28,445,755	**12.42%**	**22.76%**
Commercial*	14,916,597	16,302,976	18,552,086	**13.80%**	**24.37%**
Consumer*	2,790,829	2,933,847	2,958,028	**0.82%**	**5.99%**
Mortgage*	5,464,171	6,065,586	6,935,641	**14.34%**	**26.93%**
Total Loans	23,403,165	25,576,625	28,842,999	**12.77%**	**23.24%**
Leasing	1,130,787	1,238,577	1,312,864	**6.00%**	**16.10%**
Foreign Exchange	733,274	716,796	768,010	**7.14%**	**4.74%**

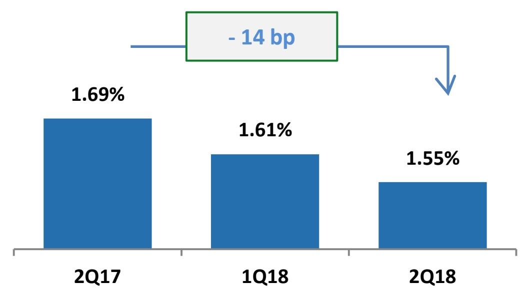
* Note: Figures include leasing and foreign trade item.

Portfolio Risk

The stock of additional provisions made amounted to Ch$73,663 million as of June 2018. It should be noted that during 2Q18 additional provisions were made of Ch$10,000 million: Ch$6,000 million of them in consumer loans and Ch$4,000 million in commercial loans.

The provision and write-off expense in 2Q18 was Ch$77,057 million, increasing 29.03% YoY. Compared to the previous quarter, provisions increased by Ch$7,438 million, where Ch$2,000 million are voluntary provisions and the rest is attributable to the increase in our loan portfolio that grew 23.24%.

Chart 6:
Allowances / Total Loans



The non-performing loans (NPLs) coverage ratio considering additional provisions was 128.83% as of 2Q18. This ratio has been affected in the commercial segment by an increase in NPLs due to particular cases that we expect to normalize in the next few months. Regarding consumer loans, we have seen a higher delinquency in recent months, reaching 1.86%, while in mortgage loans has remained at low levels, falling to 1.21% this quarter.

Table 9:
Risk Ratios

	2Q17	1Q18	2Q18
Provisions / Total Loans	1.69%	1.61%	1.55%
Provisions / Commercial Loans	1.57%	1.43%	1.43%
Provisions / Consumer Loans	4.62%	5.02%	5.07%
Provisions / Mortgage Loans	0.59%	0.51%	0.46%
NPL Coverage (1)	136.65%	136.70%	128.83%
NPL Coverage (2)	115.93%	116.45%	110.59%
NPL Commercial Coverage (2)	105.04%	98.52%	95.40%
NPL Consumer Coverage (2)	284.24%	343.17%	281.16%
NPL Mortgage Coverage (2)	44.57%	42.07%	43.93%
Delinquent individual loan Portfolio with 90 + days arrears / Total loans	1.47%	1.40%	1.42%
Delinquent individual loan Portfolio with 90 + days arrears / Total individual loans	1.67%	1.62%	1.77%
90 + Days Delinquent loan Portfolio / Commercial loans	1.81%	1.86%	2.04%
90 + Days Delinquent loan Portfolio / Consumer loans	1.68%	1.52%	1.86%
90 + Days Delinquent loan Portfolio / Mortgage loans	1.45%	1.24%	1.21%

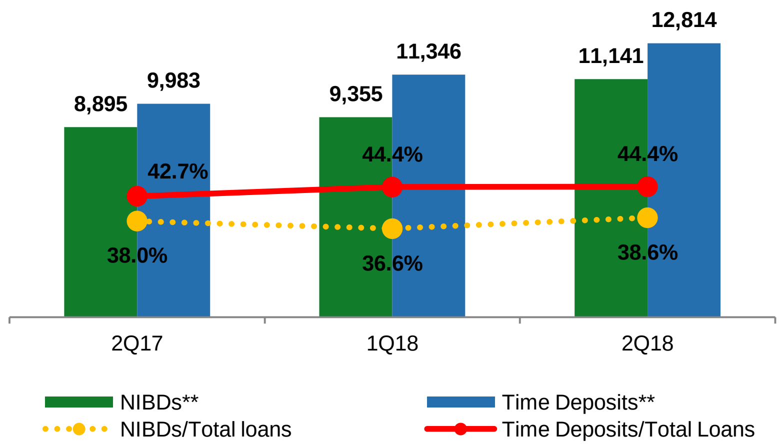
(1) NPL Coverage = stock of mandatory provisions + additional (consolidated balance sheet) / 90+ days delinquent loan portfolio (consolidated balance sheet).
(2) NPL Coverage = stock of mandatory provisions (consolidated balance sheet) / 90+ days delinquent loan portfolio (consolidated balance sheet).

NIBDs and Time Deposits

Non-interest-bearing deposits (NIBDs) amounted to Ch$11,141,298 million in 2Q18, increasing 19.1% QoQ and accounting for 38.6% of total loans as of June 2018. Bci's accrued NIBD market share* increased from 13.23% in 1Q18 to 13.53% in 2Q18.

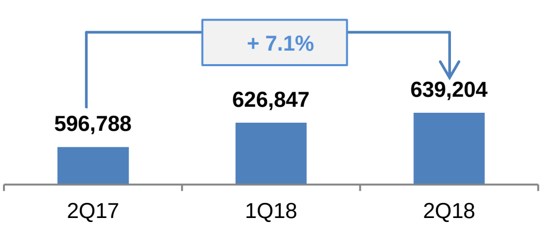
The balance of time deposits in 2Q18 was Ch$12,814,052 million, increasing 12.9% QoQ and 28.4% YoY.

Chart 7:
NIBDs and Time Deposits



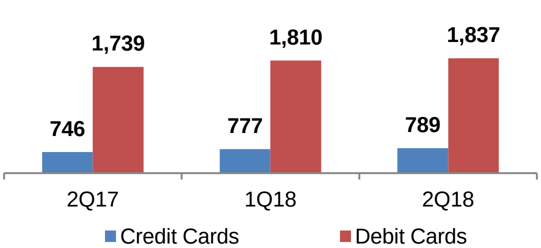
Product Stock

Chart 8:
Number of Checking Accounts



We can see that **checking accounts** in the second quarter had a slight 2.0% increase QoQ, but grew 7.1% YoY. This is explained both by the implementation of digital trips and an increase in the productivity of executives, partly due to higher incentives.

Chart 9:
Number of Credit & Debit Cards**



This quarter the number of **credit cards and debit cards** increased 1.5% QoQ and 5.7% YoY. We have maintained commercial initiatives implemented early this year offering installments (6 permanent monthly payments, 12 for education and health, 24 for the automotive sector). In addition, campaigns have been created to raise customer credit card limits, in addition to others that increase the activity of the portfolio.

*Excludes Corpbanca in Colombia and City National Bank of Florida.

As of June 2018, basic capital increased 7.6% YoY to Ch$2,860,506 million, due to the following:

→The capitalization of retained earnings of the previous year, which amounted to Ch$240,211 million and accounted for 64.7% of the earnings of 2017.

→The current year retained earnings, which as of June 2018 were Ch$145,422 million, amounted to Ch$23,553 million less than as of June 2017. This is explained by the change in the accounting criteria for the valuation of Credicorp's shares in 1Q2017.

The largest growth of risk-weighted assets (RWA) comes from CNB this quarter (54.1% YoY), which amounted to Ch$2,455,558 million, including the purchase of TotalBank (RWA of Ch$1,226,767 million); nevertheless the local loans in the corporate segment had the greatest organic growth of Ch$979,047 million. The reduction of the current regulatory basic capital to RWA ratio by 178 basis points is explained by our organic and inorganic growth in the US, and by local commercial loans, that were more dynamic than previous years due to the recovery of the Chilean economy. In the last quarter of the year we are expecting to make a capital increase to compensate for this ratio downturn.

Table 10:
Capital Adequacy

Ch$ Million	2Q17	1Q18	2Q18
Basic Capital	2,657,921	2,767,546	2,860,506
3% of Total Assets	1,027,258	1,108,416	1,266,831
Excess over minimum required capital	1,630,662	1,659,130	1,593,675
Basic Capital / Total Assets	7.76%	7.49%	6.77%
Regulatory Capital	3,439,011	3,618,501	3,607,782
Risk-Weighted Assets	25,348,009	27,166,535	30,616,936
10% of Risk-weighted assets	2,534,801	2,716,653	3,061,694
Excess over regulatory capital	135.7%	133.2%	117.8%
Regulatory capital over Risk-Weighted Assets	13.57%	13.32%	11.78%

New General Banking Law (LGB)

The new General Banking Law (LGB), which was dispatched to Congress in June 2017, is still under debate and to date there have been no changes in the ratios indicated in such law, which are in line with the international framework of Basel III, having 6 years of implementation once approved. Based on that commented on above, such law currently indicates the following cumulative requirements:

- 4.5% of basic capital to risk-weighted assets.
- 1.5% of additional Tier1 capital to risk-weighted assets.
- 2% of Tier 2 to risk-weighted assets.
- 2.5% of conservation buffer (basic capital to risk-weighted assets).
- Possible additional requirements: countercyclical buffer, system risk buffer, additional requirements of Pillar II of Basel III.

The Finance Market Committee (CMF) started working in January 2018, absorbing SVS competences and will absorb the SBIF once the new LGB law has been approved with a scheduled agenda.

CITY NATIONAL BANK OF FLORIDA

Earnings Report 2Q18

August 2018

"We achieved our primary goal for the integration, continuing CNB's strategic growth trajectory while taking great care of TotalBank clients and bringing both organizations together seamlessly,"

"The acquisition strengthens our unique positioning in the Florida marketplace. We are big enough to compete with the large national banks, while still small enough to provide our clients personalized attention and customized solutions together with local decision-making and know how."

CNB President & CEO,
Jorge Gonzalez

City National Bank of Florida (CNB) announced financial results for the second quarter 2018, with significant growth of income, assets, deposits and loans, becoming **the third largest Florida-based bank as assets exceed $14 billion.**

CNB reported second quarter net income of $26.5 million, a $7.4 million increase or 39 percent more than the same period last year. Excluding $7.5 million in non-recurring expenses associated with the acquisition of TotalBank, CNB's net income in the second quarter was $32.1 million, a 60 percent increase compared to the same period last year.

Net income for the first six months of 2018 increased 21 percent to $52.3 million, compared to $43.3 million in the same period in 2017. Excluding more than $9 million in non-recurring expenses related to the acquisition, CNB's net income in the first half of 2018 was $59 million, up 56 percent.

During the second quarter, CNB also grew net interest income, loans and deposits. Deposits totaled $10.9 billion at the end of the second quarter, compared to $6.7 billion during the same period last year, an increase of $4.2 billion or 63 percent.

City National Bank's strong capital position also continued to improve. Tier 1 capital grew to nearly $1.4 billion, an increase of about $450 million compared to June 2017.

Regarding asset quality, non-accrual loans to total loans remain at a very low 0.36% .

TotalBank Acquisition

City National Bank closed the purchase of TotalBank on June 15, after Bci got approval from the Chilean Central Bank and the Superintendency of Banks and Financial Institutions, thereby completing the process of authorization from the Chilean authorities.

CNB paid a total of US$528.9 million for the entire financial entity.
TotalBank added $3 billion in assets, $2.1 billion in loans and $2.0 billion in deposits to CNB's balance sheet.

After the branch consolidation is complete, CNB will have 31 banking centers from South Florida to Orlando, and loan production offices in Tampa, Sarasota and Naples

About City National Bank of Florida

Headquartered in Miami, City National Bank (CNB) is the financial institution to which Floridians have turned for 70 years. With more than $14 billion in assets, CNB is one of the largest financial institutions based in the state.

City National Bank is a subsidiary of the Chilean bank, Banco de Credito e Inversiones (Bci), and remains a South Florida-based community bank with local decision-making. City National Bank is rated 5 stars "Superior" by BauerFinancial. CNB was voted Best Community Bank, Best Business Bank, Best Bank for Commercial Real Estate, Best Bank for Jumbo Loans, Best Private Bank and Best Foreign National Mortgage Lender by the readers of the Daily Business Review. CNB offers a diversified portfolio of financial products and services from Miami-Dade County to Central Florida.

*Source: CNB Q2 Earnings Release available at https://www.citynationalcm.com/

Table 11:
Simulation: Bci and CNB Income Statement (P&L) – June 30, 2018

Ch$ Million	Bci+Subsidiaries+ Miami Branch	Bci Financial Group	Adjustment	Consolidated
Interest Income	726,815	120,144	0	846,959
Interest Expense	-313,040	-27,868	0	-340,908
Net Interest Income	**413,775**	**92,276**	**0**	**506,051**
Fees and income from services	175,575	7,923	0	183,498
Fees and expense from services	-43,810	-1,081	0	-44,891
Net fee income	**131,765**	**6,842**	**0**	**138,607**
Trading and investment income, net	38,749	2,115	0	40,864
Foreign exchange gain (loss), net	41,567	0	0	41,567
Other operating income	13,939	2,647	0	16,586
Operating Income	**639,795**	**103,880**	**0**	**743,675**
Provision for loan losses	-113,163	-7,326	0	-120,489
Operating Income, net of provisions	**526,632**	**96,554**	**0**	**623,186**
Personnel salaries and expenses	-179,755	-34,082	0	-213,837
Administrative expenses	-114,490	-19,501	0	-133,991
Depreciation and amortization	-29,439	-1,298	0	-30,737
Impairment	-109	0	0	-109
Other operating expenses	-14,730	-1,718	0	-16,448
Operating expenses	**-338,523**	**-56,599**	**0**	**-395,122**
Net operating income	**188,109**	**39,955**	**0**	**228,064**
Gain attributable to investments in other companies	80,525	1,497	**-31,678**	50,344
Income before tax	**268,634**	**41,452**	**-31,678**	**278,408**
Income tax	-60,863	-9,774	0	-70,637
Net income from continuing operations	**207,771**	**31,678**	**-31,678**	**207,771**
Net income from discontinued operations	0	0	0	0
Net Income	**207,771**	**31,678**	**-31,678**	**207,771**

*On October 16, 2015, Banco de Crédito e Inversiones completed the acquisition of City National Bank of Florida.

Table 12:

Simulation: Bci and CNB Balance Sheet – June 30, 2018

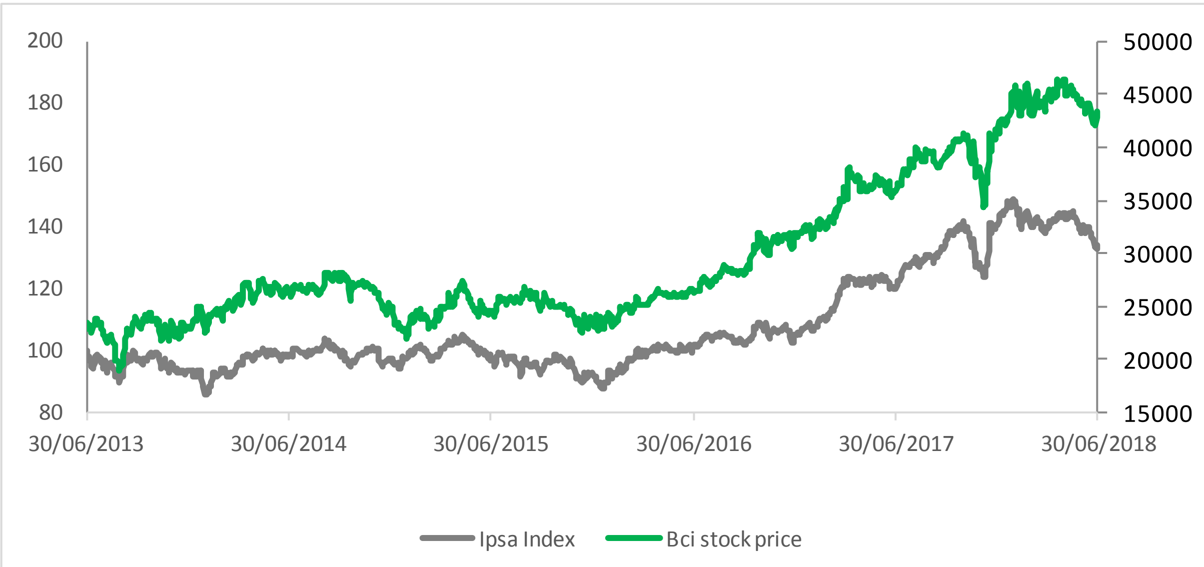
Ch$ Million	Bci+Subsidiaries+ Miami Branch	Bci Financial Group	Adjustment	Consolidated
ASSETS		Owner CNB(1)		
Cash and deposits in banks	1,746,821	611,137	0	2,357,958
Items in course of collection	605,433	0	0	605,433
Trading portfolio financial assets	2,168,887	19,403	0	2,188,290
Investments under agreements to resell	194,053	0	0	194,053
Derivative financial agreements	1,438,503	25,250	0	1,463,753
Loans and receivables from banks, net	396,552	0	0	396,552
Loans and receivables from customers, net	21,402,163	6,597,023	0	27,999,186
Financial investments availables for sale	1,176,224	1,430,730	0	2,606,954
Financial investments held to maturity	0	851	0	851
Investments in other companies	1,080,055	0	-1,004,997	75,058
Intangible assets	167,793	139,394	0	307,187
Property, plant and equipment, net	224,107	57,514	0	281,621
Current income tax	-13,011	16708	0	3,697
Deferred income taxes	30,902	54,137	0	85,039
Other assets	572,504	237,442	0	809,946
TOTAL ASSETS	**31,190,986**	**9,189,589**	**-1,004,997**	**39,375,578**
LIABILITIES				
Current accounts and demand deposits	5,396,380	5,744,918	0	11,141,298
Items in course of collection	494,087	0	0	494,087
Obligations under agreements to repurchase	532,867	157,847	0	690,714
Time deposits and savings accounts	11,414,891	1,399,161	0	12,814,052
Derivative financial agreements	1,615,437	13,246	0	1,628,683
Borrowings from financial institutions	2,234,627	0	0	2,234,627
Debt issued	5,815,890	0	0	5,815,890
Other financial obligations	65,248	746,590	0	811,838
Current income tax	40,466	15,589	0	56055
Deferred income taxes	-29,739	30456	0	717
Provisions	202,336	32,689	0	235,025
Other liabilities	547,989	43,324	0	591,313
TOTAL LIABILITIES	**28,330,479**	**8,183,820**	**0**	**36,514,299**
SHAREHOLDER'S EQUITY				
Capital	2,733,631	606,855	-606,855	2,733,631
Reserves	109	386,458	-386,458	109
Accumulated other comprehensive income	-18,657	-19,969	19,969	-18,657
Retained earnings:	0	0	0	0
Retained earnings from previous periods	0	0	0	0
Net income for the year	207,746	31,653	-31653	207,746
Less: Accrual for minimum dividends	-62,324	0	0	-62,324
TOTAL EQUITY OF EQUITY HOLDERS OF THE BANK	2,860,505	1,004,997	-1,004,997	2,860,505
Non-controlling interest	2	772	0	774
TOTAL SHAREHOLDERS' EQUITY	**2,860,507**	**1,005,769**	**-1,004,997**	**2,861,279**
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	**31,190,986**	**9,189,589**	**-1,004,997**	**39,375,578**

Table 13:
Provisions – Bci and CNB – June 30, 2018

Ch$ Million	Bci+Subsidiaries+ Miami Branch	Bci Financial Group	Consolidated
Total Loans			
Consumer	2,852,264	105,764	2,958,028
Mortgage	5,554,059	1,381,582	6,935,641
Commercial	13,392,763	5,159,323	18,552,086
Total	**21,799,086**	**6,646,669**	**28,445,755**
Provisions			
Consumer	-149,061	-857	-149,918
Mortgage	-25,751	-6,431	-32,182
Commercial	-222,111	-42,358	-264,469
Total	**-396,923**	**-49,646**	**-446,569**
Write-Offs			
Consumer	64,638	6	64,644
Mortgage	3,528	0	3,528
Commercial	33,050	671	33,721
Total	**101,216**	**677**	**101,893**
Recoveries			
Consumer	13,087	15	13,102
Mortgage	1,912	0	1,912
Commercial	11,074	99	11,173
Total	**26,073**	**114**	**26,187**
Impaired Portfolio Chile			
Consumer	311,927	582	312,509
Mortgage	181,530	14,574	196,104
Commercial	825,299	13,444	838,743
Total	**1,318,756**	**28,600**	**1,347,356**

Bci Stock Performance

Chart 12*:
Bci Stock Performance



- Bci's stock performance in five years, including dividends, has achieved an accrued return of 85.99%, outperforming the 34.08% return of the selective share price index (IPSA).

- Bci's stock valuation YoY was 21.30% YoY, against the 11.67% of the IPSA in the same period.

Table 14:
Stock Performance

	2Q17	1Q18	2Q18
Closing Price	35,839	44,799	43,474
Minimum Price**	35,167	41,319	42,004
Maximum Price	38,107	46,069	46,394
Profitability 12m Bci **	35.51%	27.73%	21.30%
Profitability 12m IPSA (2)	18.80%	15.86%	11.67%
P/B (times)	1.7	2.0	1.9
Market Capitalization (MCh$)	$ 4,428,424	$ 5,597,405	$ 5,431,853
Equity (MCh$)	$ 2,658,351	$ 2,767,969	$ 2,861,279

Source: Bloomberg.
* The profitability index and stock price include dividends
** Minimum and maximum prices correspond to closing prices within the quarter.

Quarterly Earnings

Report

Second Quarter 2018
August 2018

Any reference to future events, forecasts or trends made by Banco de Crédito e Inversiones ("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.