

ADDITIONAL INFORMATION ABOUT BANCO ITAÚ CHILE

(“Itaú Chile”)

For the fiscal year ended: December 31, 2013

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SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA OF ITAÚ CHILE

The following tables present Itaú Chile's selected financial data as of the dates and for the periods indicated, which have been prepared based on accounting standards and instructions issued by the SBIF in Chile (prescribed by the Compendium of Accounting Standards, "IFRS-SBIF"). You should read the following information together with Itaú Chile's audited consolidated financial statements, including the notes thereto, included in this disclosure document.

	For the fiscal years ended December 31,					
	2009	2010	2011	2012	2013	2013 ⁽¹⁾
	Ch\$	Ch\$	Ch\$	Ch\$	Ch\$	US\$
	(in millions of Ch\$, in thousands of US\$)					
Interest income.....	162,344	190,463	278,168	335,673	400,213	760
Interest expense.....	(60,305)	(72,401)	(137,336)	(193,996)	(223,271)	(424)
Net interest income.....	102,039	118,062	140,832	141,677	176,942	336
Net service fee income.....	24,156	32,700	34,429	38,517	51,597	98
Trading and investment, foreign exchange gains and other operating income.....	35,702	33,750	8,666	39,468	60,136	114
Total operating expenses.....	(80,630)	(95,833)	(108,922)	(122,822)	(139,238)	(265)
Income attributable to investments in other companies.....	28	29	13	57	123	0
Provision for loan losses.....	(38,603)	(32,988)	(16,256)	(28,573)	(45,629)	(87)
Income before income taxes.....	42,692	55,720	58,762	68,324	103,931	197
Income taxes.....	(6,436)	(8,435)	(5,150)	(9,171)	(16,200)	(31)
Net income for the year.....	36,256	47,285	53,612	59,153	87,731	167
Net income per common share.....	0	0	0	0	0	0
Dividend per common share.....	-	-	-	-	-	-
Dividend per ADS.....	-	-	-	-	-	-
Shares of common stock outstanding (in thousands).....	1,111	1,111	1,111	1,304	1,304	-

(1) Amounts stated in U.S. dollars as of December 31, 2013, and for the year ended December 31, 2013 have been translated from Chilean pesos at our exchange rate of Ch\$526.41 per US\$1.00.

	As of December 31,					
	2009	2010	2011	2012	2013	2013
	Ch\$	Ch\$	Ch\$	Ch\$	Ch\$	US\$
	(in millions of Ch\$, in thousands of US\$)					
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION						
Cash & due from banks.....	91,498	174,919	332,849	357,107	374,928	712
Operations pending settlement.....	126,845	43,735	35,381	67,340	64,514	123
Trading instruments.....	30,671	71,699	14,226	25,094	5,119	10
Repurchase agreements & loan of securities.....	9,134	5,001	15,276	5,004	4,173	8
Financial derivative contracts.....	48,091	36,260	67,881	67,351	99,626	189
Interbank loans.....	25,600	891	398	301	3,845	7
Loans & accounts receivables from customers.....	2,181,876	2,553,750	3,420,277	4,208,824	5,327,330	10,120
Investment instruments available for sale.....	424,909	390,686	412,960	532,396	704,452	1,338
Held to maturity investments.....	-	-	-	-	-	-
Investment in companies.....	256	264	276	2,614	2,761	5
Intangible assets.....	17,116	21,417	24,698	29,258	37,011	70
Fixed assets.....	31,000	31,203	33,377	34,985	36,058	68
Current taxes.....	-	-	4,398	-	-	-
Deferred taxes.....	41,994	49,675	59,728	72,337	85,768	163
Other assets.....	12,754	18,615	21,161	34,025	50,372	96
TOTAL ASSETS.....	3,041,744	3,398,115	4,442,886	5,436,636	6,795,957	12,910

	As of December 31,					
	2009	2010	2011	2012	2013	2013
	Ch\$	Ch\$	Ch\$	Ch\$	Ch\$	US\$
	(in millions of Ch\$, in thousands of US\$)					
Sight deposits & other obligations	400,564	492,476	577,220	658,963	753,316	1,431
Operations pending settlement	98,331	14,412	9,688	28,279	31,469	60
Repurchase agreements & loans of securities	173,770	44,916	39,020	155,801	72,021	137
Time deposits & other term borrowings	1,523,809	1,782,937	2,493,544	2,871,885	3,643,314	6,921
Financial derivative contracts	47,621	42,484	50,658	61,910	104,407	198
Interbank borrowings	137,553	232,379	351,214	401,876	606,548	1,152
Debt instruments issued	286,758	346,498	408,433	583,587	791,674	1,504
Other financial obligations	5,705	9,324	10,579	13,127	15,622	30
Current taxes	7,118	8,911	–	324	6,173	12
Deferred taxes	30,197	37,605	48,503	60,805	70,896	135
Provisions	7,102	10,324	15,713	21,627	24,917	47
Other liabilities	13,525	19,348	27,075	38,277	45,810	87
TOTAL LIABILITIES	2,732,053	3,041,614	4,031,647	4,896,461	6,166,167	11,714
TOTAL SHAREHOLDERS' EQUITY	309,691	356,501	411,239	540,175	629,790	1,196
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	3,041,744	3,398,115	4,442,886	5,436,636	6,795,957	12,910

	As of and for the fiscal years ended December 31,				
	2009	2010	2011	2012	2013
CONSOLIDATED RATIOS					
Profitability and Performance					
Net interest margin ⁽¹⁾	3.8%	4.2%	4.1%	3.3%	3.2%
Return on average total assets ⁽²⁾	1.2%	1.5%	1.4%	1.2%	1.4%
Return on average shareholders' equity ⁽³⁾	12.4%	14.2%	14.0%	12.4%	15.0%
Efficiency ratio (consolidated) ⁽⁴⁾	49.8%	51.9%	59.2%	55.9%	48.2%
Dividend payout ratio ⁽⁵⁾	0.0%	0.0%	0.0%	0.0%	0.0%
Capital					
Average shareholders' equity as a percentage of average total assets	9.5%	10.3%	9.8%	9.6%	9.5%
Shareholders' equity as a percentage of total liabilities	11.3%	11.7%	10.2%	11.0%	10.2%
Assets Quality					
Allowances for loan losses as a percentage of overdue loans ⁽⁶⁾	150.8%	151.9%	153.1%	110.8%	93.5%
Overdue loans as a percentage of total loans ⁽⁶⁾	1.5%	1.4%	1.1%	1.4%	1.7%
Allowances for loan losses as a percentage of total loans	2.3%	2.1%	1.6%	1.6%	1.6%
Past due loans as a percentage of total loans ⁽⁷⁾	0.7%	0.6%	0.5%	0.6%	0.8%
OTHER DATA					
Inflation rate	–	–	–	–	–
Foreign exchange rate (Ch\$/US\$)	(19.5)%	(7.8)%	11.0%	(7.7)%	9.9%
Number of employees	1,991	2,038	2,317	2,368	2,454
Number of branches and offices	70	75	88	91	96

(1) Net interest margin is defined as net interest income divided by average interest-earning assets.

(2) Return on average total assets is defined as net income divided by average total assets.

(3) Return on average shareholders' equity is defined as net income divided by average shareholders' equity.

(4) Efficiency ratio (consolidated) is defined as total operating expenses as a percentage of operating income before loan losses.

(5) Dividend payout ratio represents dividends divided by net income.

(6) Overdue loans consist of all non-current loans (loans to customers).

(7) Past due loans include all installments and lines of credit more than 90 overdue.

RISK FACTORS RELATING TO ITAÚ CHILE

This section addresses the risks Itaú Chile considers relevant for its business and for investment in its securities. Should any of these events occur, the bank's business and financial condition, as well as the value of the investments made in its securities, may be adversely affected. Accordingly, investors should carefully assess the risk factors described below and the information disclosed in this document.

Other risks that Itaú Chile currently deems irrelevant or are not aware of may give rise to effects similar to those mentioned above should they actually occur.

Macroeconomic risks

Changes in economic conditions may adversely affect Itaú Chile

Itaú Chile's operations are dependent upon the performance of the Chilean economy. The demand for credit and financial services, as well as clients' ability to pay, is directly impacted by macroeconomic variables, such as economic growth, income, unemployment, inflation, and fluctuations in interest and foreign exchange rates.

Despite Chilean economic growth in recent years, growth rates began to slow down in 2013. Growth may be limited by a number of factors, including structural factors, such as inadequate infrastructure, risks of potential energy shortages, copper price and main commodities decreases, among others. Depending on their intensity, these factors could lead to decreasing employment rates and to lower income and consumption levels, which could result in increased default rates and, therefore, have a material adverse effect on Itaú Chile.

Chilean authorities exercise influence on the economy. Changes in monetary, fiscal and foreign exchange policies and in the Chilean government's structure may adversely affect Itaú Chile.

Chilean authorities intervene from time to time in the Chilean economy, through changes in fiscal and monetary which may adversely affect Itaú Chile. These changes, arising from the Government and the independent Central Bank of Chile, may impact variables that are crucial for the bank's growth strategy (such as foreign exchange and interest rates, liquidity in the currency market, tax burden, and economic growth), thus limiting its operations, affecting its liquidity and its clients' ability to pay and, consequently, affecting Itaú Chile.

Inflation and fluctuations in interest rates may have a material adverse effect on Itaú Chile

Sudden increases in prices and long periods of high inflation may cause, among other effects, loss of purchasing power and distortions in the allocation of resources in the economy. Measures to combat high inflation rates include a tightening of monetary policy, with an increase in the TPM interest rate (Tasa de Política Monetaria o Monetary Policy Interest Rate), resulting in restrictions on credit and short-term liquidity, which may have a material adverse effect on Itaú Chile. Changes in interest rates may have a material effect on its net margins, since they impact its funding and credit granting costs.

In addition, increases in the TPM interest rate could reduce demand for credit, increase the costs of the bank's reserves and the risk of default by its clients. Conversely, decreases in the TPM interest rate could reduce its gains from interest-bearing assets, as well as its margins.

Instability of foreign exchange rates may negatively affect Itaú Chile. Chile has a floating foreign exchange rate system, pursuant to which the market establishes the value of the Chilean Peso in relation to foreign currencies. However, the Central Bank intervenes from time to time in the purchase or sale of foreign currencies for the purpose of easing variations and reducing volatility of the foreign exchange rate. In spite of those interventions, the foreign exchange rate may significantly fluctuate. In addition, in some cases, interventions made with the purpose of

avoiding sharp fluctuations in the value of the Chilean Peso in relation to other currencies may have the opposite effect, leading to an increase in the volatility of the applicable foreign exchange rate.

Instability in foreign exchange rates may have a material adverse effect on Itaú Chile, since a potential depreciation of the Chilean Peso could have adverse effects on its business, including (i) losses on its liabilities denominated in or indexed to foreign currencies; (ii) a decrease in its ability to pay for obligations denominated in or indexed to foreign currencies, as it would be more costly for the bank to obtain the foreign currency required to meet such obligations and (iii) a decrease in the ability of its borrowers to pay the bank for debts denominated in or indexed to foreign currencies. On the other hand, an appreciation of the Chilean Peso could cause Itaú Chile to incur losses on assets denominated in or indexed to foreign currencies.

Crisis and volatility in the financial markets of countries other than Chile may affect the global financial markets and the Chilean economy, and, consequently, Itaú Chile

The economic and market conditions of other countries, including the U.S., countries of the European Union, and emerging markets, may affect the credit availability and the volume of foreign investments in Chile to varying degrees. Crises in these countries may decrease investors' interest in Chilean assets, which may materially and adversely affect the market price of the bank's securities, making it more difficult for Itaú Chile to access capital markets and, as a result, to finance its operations in the future.

Banks that operate in countries considered to be emerging markets, including Itaú Chile, may be particularly susceptible to disruptions and reductions in the availability of credit or increases in financing costs, which may have a material adverse impact on their operations. In particular, the availability of credit to financial institutions operating in emerging markets is significantly influenced by movements of aversion to global risk. In addition, any factor impacting investors' confidence, such as a downgrade in credit ratings or an intervention by a government or monetary authority in one of such markets, may affect the price or availability of resources for financial institutions in any of these markets, which may affect Itaú Chile.

Global financial crises of recent years have reduced the capacity of a number of global financial institutions to lend funds and generated losses. In addition, the downgrade of credit and debt securities ratings and uncertainty regarding the solvency of certain financial institutions and of the financial services industry in general have led to liquidity problems in the market as a whole and could have led to losses, default or bankruptcy of additional financial institutions.

The disruptions and volatility in the global financial markets caused by the recent global financial crises have brought significant consequences to Chile and to other countries, such as volatility in the prices, interest rates and foreign exchange rates. Higher uncertainty and volatility resulted in a slowdown in the credit market and the economy, which, in turn, increased unemployment rates and reduced the purchasing power of consumers. Global financial crises may affect in a material and adverse way the market price of securities of Chilean issuers and have a material adverse effect on Itaú Chile. Additionally, as the bank primarily lends to Chilean borrowers, such events may significantly impair its clients' ability to perform their obligations and increase overdue or non-performing loan operations, resulting in an increase of the risk associated with the bank's lending activity, which may force it to review its risk management and loan loss reserve models.

Continuing or increased disruption or volatility in the global financial markets, or even the deterioration of the economic conditions of certain countries, could lead to other negative effects on the financial and economic environment in Chile and other countries, which could have a material adverse effect on Itaú Chile, in addition to those mentioned above.

Legal and regulatory risks

Changes in applicable law or regulations may have a material adverse effect on Itaú Chile's business

Changes in the law or regulations applicable to financial institutions may affect Itaú Chile's ability to grant loans and collect debts in arrears, which may have an adverse effect on the bank. Other changes, including with

respect to restrictions on remittances abroad and other exchange controls, may also have a material effect on the bank.

In addition, the interpretation of the law by courts and agencies in a manner that differs from the bank's legal advisors' opinions may have a material impact on Itaú Chile.

Financial crises may also cause the Chilean government to change laws and regulations applicable to Chilean financial institutions. Such regulation may include the imposition of higher capital requirements, heightened disclosure standards and restrictions on certain types of transaction structures. In addition, numerous novel regulatory proposals have been discussed or proposed. If enacted, new regulations could require the bank to inject further capital into its business, restrict the type or volume of transactions Itaú Chile enters into, or set limits on or require the modification of rates of fees that the bank charges on certain loans or other products, any of which could lower the return on its investments, assets and equity. The bank may also face increased compliance costs and limitations on its ability to pursue certain business opportunities.

Tax reforms may have a material adverse impact on Itaú Chile

The Chilean government regularly amends tax laws and regulations, including by creating new taxes, which can be temporary, and changing tax rates or their calculation basis, including in respect of tax rates applicable solely to the banking industry. Tax reforms may reduce the volume of Itaú Chile's transactions, increase its costs or limit its profitability, and thus have a material effect on the bank.

Currently the corporate income tax rate is 20%.

Risks associated with Itaú Chile's business

The value of Itaú Chile's securities and derivatives is subject to market fluctuations due to changes in Chilean or international economic conditions and, as a result, may subject the bank to material losses

The securities and derivative financial instruments in Itaú Chile's portfolio may cause the bank to record gains and losses, when sold or marked to market (in the case of trading securities), and may fluctuate considerably from period to period due to domestic and international economic conditions. If, for example, the bank enters into derivative transactions to hedge against decreases in the value of the Chilean Peso or in interest rates and the Chilean Peso appreciates or interest rates increase, it may incur financial losses and such financial losses could have a material adverse effect on the bank. In addition, Itaú Chile may incur losses from fluctuations in the market value of positions held, including risks associated with transactions subject to variations in foreign exchange rates, interest rates, price indexes, and equity and commodity prices, along with various indexes on these risk factors, which could also have a material adverse effect on the bank.

Itaú Chile cannot predict the amount of realized or unrealized gains or losses for any future period, and variations from period to period have no practical analytical value in helping it to make such a prediction. Gains or losses on the bank's investment portfolio may not contribute to its net revenue in the future or may cease to contribute to its net revenue at levels consistent with more recent periods or may not contribute at all. The bank may not successfully realize the appreciation or depreciation now existing in its consolidated investment portfolio or in any assets of such portfolio.

The increasingly competitive environment and consolidations in the Chilean banking industry may have a material adverse effect on Itaú Chile's business

The Chilean market for financial and banking services is highly competitive. Itaú Chile faces significant competition from other large Chilean and international banks. Competition has increased as a result of consolidations among financial institutions in Chile and of regulations that increase the clients' ability to switch business between financial institutions. Such increased competition may adversely affect Itaú Chile by, among other things, limiting its ability to retain or increase its current client base and to expand its operations, or by impacting

the fees and rates it adopts, which could reduce its profit margins on banking and other services and products it offers.

Changes in the profile of Itaú Chile's business may adversely affect its loan portfolio

While the quality of Itaú Chile's loan portfolio is associated with the default risk in the sectors in which the bank operates, changes in its business profile may occur due to the bank's organic growth or merger and acquisition activity, changes in the local economic scenario and, to a lesser extent, in the international scenario, in addition to changes in the tax regimes applicable to the sectors in which it operates, among other factors. Any changes affecting any of the sectors to which the bank has significant lending exposure may have a material adverse impact on it. Furthermore, Itaú Chile's historical loan loss experience may not be indicative of its future loan losses.

If Itaú Chile is unable to maintain the quality of its loan portfolio, its financial condition and results of operations may be materially and adversely affected

As of December 31, 2013, Itaú Chile's past due loans were Ch\$42,002 million, which resulted in a past due loans to total loans ratio of 0.78%. As of December 31, 2013, its non-performing loans were Ch\$ 61,147 million, which resulted in a non-performing to total loans ratio of 1.1%. The bank seeks to continue to improve its credit risk management policies and procedures. However, it cannot assure you that its credit risk management policies, procedures and systems are free from any deficiency. Failure of credit risk management policies may result in an increase in the level of non-performing loans and adversely affect the quality of the bank's loan portfolio. In addition, the quality of its loan portfolio may also deteriorate due to various other reasons, including factors beyond the bank's control, such as the macroeconomic factors affecting the Chilean economy. If such deterioration were to occur, it could materially adversely affect Itaú Chile's financial conditions and results of operations.

The value of any collateral securing Itaú Chile's loans may not be sufficient, and the bank may be unable to realize the full value of the collateral securing its loan portfolio

From time to time, Itaú Chile requires its borrowers to collateralize their loans with guarantees, pledges of particular assets or other security. The value of any collateral securing the bank's loan portfolio may significantly fluctuate or decline due to factors beyond its control, including macroeconomic factors affecting the Chilean economy. The real estate market is particularly vulnerable to a negative economic climate and this may affect Itaú Chile as real estate represents a significant portion of the collateral securing the bank's residential mortgages loan portfolio. The bank may also not have sufficiently recent information on the value of collateral, which may result in an inaccurate assessment for impairment losses of its loans secured by such collateral. If this were to occur, the bank may need to make additional allowance for loan losses to cover actual impairment losses of its loans, which may materially and adversely affect its results of operations and financial condition.

Additionally, there are certain provisions under Chilean law No. 19,335 of 1994 that may affect the procedures for foreclosing on or liquidating residential mortgages if the residence in question has been declared as "family property" by a court because it is inhabited by the family of the mortgagor. If any party occupying the real estate files a petition with the court requesting that such real estate be declared family property, Itaú Chile may be delayed in foreclosing on such property.

The growth and composition of Itaú Chile's loan portfolio may expose the bank to increased loan losses

Itaú Chile's loan portfolio has one segment with the highest level of risk: consumer loans. As of December 31, 2013, the risk index (ratio of allowance for loans losses over total loans) of this segment was 4.14% while other segments of the bank's loan portfolio such as mortgage loans or commercial loans have lower risk indices, 0.29% and 1.57%, respectively.

The characteristics of Itaú Chile's consumer loan portfolio that make it susceptible to loan losses are the absence of collateral and the risk of unemployment of its consumer borrowers.

Itaú Chile believes its allowance for loan losses is adequate as of the date hereof to cover all known losses in its loan portfolio. The growth of its loan portfolio (particularly in the lower-middle to middle income consumer segments) may expose the bank to a higher level of loan losses and require it to establish proportionately higher levels of provisions for loan losses, which offset the increased income that it can expect to receive as its loan portfolio grows.

Itaú Chile's exposure to individuals and small-to-medium sized companies could lead to higher levels of past due loans and subsequent loan losses

The quality of Itaú Chile's portfolio of loans to individuals and small-to-medium sized companies, or SMEs, is dependent to a significant extent on prevailing economic conditions. SMEs and lower-middle to middle income individuals are more likely to be more severely affected by adverse developments in the Chilean economy than large corporations and higher income individuals. As a result, lending to SMEs and lower-middle to middle income individuals represents a relatively higher degree of risk than lending to other market segments. A substantial number of the bank's customers consist of individuals and SMEs. As part of its business strategy, Itaú Chile seeks to increase lending and other services to SMEs and lower-income individuals. The bank's business results relating to its lower-income individual and SME customers are, however, more likely to be adversely affected by downturns in the Chilean economies, including increases in unemployment, than its business from large corporations and high-income individuals. For example, unemployment directly affects the capacity of individuals to obtain and repay consumer loans. Consequently, this could materially and adversely affect the liquidity, business and financial condition of the bank's customers, which may in turn cause it to experience higher levels of past due loans, which could result in higher allowances for loan losses. This may materially affect Itaú Chile, including its asset quality, results of operations and financial conditions.

Itaú Chile's allowances for loan losses may not be adequate to cover the future actual losses to its loan portfolio

As of December 31, 2013, Itaú Chile's allowance for loan losses was Ch\$87,076 million (excluding allowances for loan losses on loans and receivable to banks), and the risk index was 1.6%. The amount of allowance for loan losses is based on its current assessment of and expectations concerning various factors affecting the quality of its loan portfolio. These factors include, among other things, the bank's customers' financial condition, repayment abilities and repayment intentions, the realizable value of any collateral, the prospects for support from any guarantor, Chile's economy, government macroeconomic policies, interest rates and the legal and regulatory environment. As these factors evolve, the models the bank uses to determine the appropriate level of allowance for loan losses require recalibration, which may lead to increased provision for loan losses. Itaú Chile believes its allowance for loan losses is adequate as of the date hereof for all known losses. If the bank's assessment of and expectations concerning the above-mentioned factors differ from actual developments, or if the quality of its loan portfolio deteriorates or the future actual losses exceed its estimates, the bank's allowance for loan losses may not be adequate to cover actual losses and it may need to make additional allowances for loan losses, which may materially and adversely affect its results of operations and financial condition.

Itaú Chile may incur losses associated with counterparty exposure risks

Itaú Chile may incur losses if any of its counterparties fail to meet their contractual obligations, due to bankruptcy, lack of liquidity, operational failure or other reasons that are exclusively attributable to its counterparties. This counterparty risk may arise, for example, from its entering into reinsurance agreements or credit agreements pursuant to which counterparties have obligations to make payments to the bank and are unable to do so, carrying out transactions in the foreign currency market (or other markets) that fail to be settled at the specified time due to non-delivery by the counterparty, clearing house or other financial intermediaries.

Itaú Chile routinely transacts with counterparties in the financial services industry, including brokers and dealers, commercial banks, investment banks, mutual funds and other institutional clients, and their failure to meet their contractual obligations may adversely affect the bank.

Itaú Chile's policies, procedures and models related to risk control may be ineffective and its results may be adversely affected by unexpected losses

Itaú Chile's risk management methods, procedures and policies, including its statistical models and tools for risk measurement, such as Value at Risk (VaR), and default probability estimation models, may not be fully effective in mitigating its risk exposure in all economic environments or against all types of risks, including those that it fails to identify or anticipate. Some of its qualitative tools and metrics for managing risk are based on its observations of the historical market behavior. In addition, information available in Chile to assess clients' creditworthiness relies on credit information available from SBIF databases, on certain publicly available consumer credit information and other sources. Itaú Chile applies statistical and other tools to these observations and data to quantify its risk exposure. These tools and metrics may fail to predict all types of future risk exposures. These risk exposures could, for example, arise from factors the bank did not anticipate or correctly evaluate in its statistical models.

This would limit the bank's ability to manage its risks. Its losses, therefore, could be significantly greater than indicated by historical measures. In addition, its quantified modeling may not take all risks into account. The bank's qualitative approach to managing those risks could prove insufficient, exposing it to material unexpected losses.

Itaú Chile's results of operations and financial position depend on its ability to evaluate losses associated with risks to which it is exposed and on its ability to build these risks into its pricing policies. The bank estimates its allowance for loan losses according to regulatory principles. The calculation also involves significant judgment on the part of its management. Those judgments may prove to be incorrect or change in the future, depending on information as it becomes available. These factors may adversely affect the bank.

Damages to Itaú Chile's reputation could harm its business and outlook

Itaú Chile is highly dependent on its image and credibility to generate business. A number of factors may tarnish its reputation and generate a negative perception of the institution by its clients, counterparties, shareholders, investors, supervisors, commercial partners and other stakeholders, such as noncompliance with legal obligations, making irregular sales to clients, dealing with suppliers with questionable ethics, clients data leakage, inadequate behaviors by its employees, and third-party failures in risk management, among others.

In addition, certain significant actions taken by a third party, such as competitors or other market participants, may indirectly damage Itaú Chile's reputation with clients, investors and the market in general. Damages to its reputation could have a material adverse effect on the bank.

Failures or defects in Itaú Chile's business systems and human error or misconduct may adversely affect the bank.

Although Itaú Chile has in place information security controls, policies and procedures designed to minimize human error, and make continuous investments in infrastructure, management of crises and operations, the operational systems related to the bank's business may stop working properly for a limited period of time or may be temporarily unavailable due to a number of factors. These factors include events that are totally or partially beyond the bank's control such as power outages, interruption of telecommunication services, generalized system failures, as well as internal and external events that may affect third parties with which the bank does business or that are crucial to its business activities (including stock exchanges, clearing houses, financial dealers or service providers) and events resulting from wider political or social issues, such as cyber-attacks or unauthorized disclosures of personal information in the bank's possession.

Operating failures, including those that result from human error and fraud, not only increase the bank's costs and cause losses, but may also give rise to conflicts with its clients, lawsuits, regulatory fines, sanctions, intervention, reimbursements and other indemnity costs, all of which may have a material adverse effect on Itaú Chile.

A worsening of labor relations in Chile could impact Itaú Chile's business

As of December 31, 2013, on a consolidated basis Itaú Chile had 2,454 employees in Chile, of which 738 (29.6%) were unionized. Banco Itaú Chile's current labor agreement with four of its unions in Chile will expire on January 31, 2018. The bank generally applies the terms of its collective bargaining agreement to unionized and non-unionized employees. It has traditionally enjoyed good relations with its employees and their unions, but the bank cannot assure you that in the future a strengthening of cross-industry labor movements will not result in increased employee or labor costs that could materially and adversely affect its business, financial condition or results of operations.

INFORMATION ABOUT ITAÚ CHILE

History and development of the company

Itaú Chile was incorporated on November 8, 2006. The terms “Itaú Chile,” “Banco Itaú Chile,” and “the Bank,” in this section of this disclosure document refer to Banco Itaú Chile together with its subsidiaries unless otherwise specified. Itaú Chile is a company organized under the laws of Chile and licensed by the SBIF to operate as a commercial bank. The Bank’s main executive offices are located at 3457 Apoquindo Avenue, Las Condes, Santiago de Chile. Its telephone number is 56-02-2686-000 and its website is www.italu.cl. Banco Itaú Chile and its subsidiaries are organized under the laws of Chile.

History

Banco Itaú Chile was incorporated by public deed on November 8, 2006 under the name of BankBoston (Chile). The existence of BankBoston (Chile) was authorized, and its by-laws and its operations were approved, by resolution 140 of November 15, 2006 of the SBIF.

On February 26, 2007, the Bank changed its name to Banco Itaú Chile. In 2011, Itaú Chile acquired HSBC’s premium banking operations in Chile and strengthened its presence in the high-income segment.

On January 29, 2014, Banco Itaú Chile along with its parent entity Itaú Unibanco Holding S.A., entered into the Transaction Agreement with CorpBanca and its controlling shareholders, whereby Banco Itaú Chile agreed to merge with CorpBanca, with CorpBanca as the surviving entity. The terms of the Transaction Agreement are further discussed in this disclosure document in the section entitled “The Transaction Agreement.”

Business Overview

Itaú Chile is the seventh largest bank in Chile, with total assets of US\$12.9 billion, as of December 31, 2013. The Bank’s Business Lines are Retail, Commercial Banking, Corporate (CIB) and Treasury, accounting for 56%, 13%, 17% and 8% of its total revenues, respectively. The Bank offers a wide range of banking products and services including factoring, leasing, corporate finance, mortgage lending, mutual funds, insurance brokerage, trading and consumer products. It operates these business lines and offers these products and services through a network of 96 branches and 72 ATMs in Chile, with over 2,400 employees, serving a client base of approximately 129,000 current accounts.

Itaú Chile’s business in Chile is mainly focused on retail and high-income clients, but it also operates with middle-market and large corporate clients. In 2013, the Bank opened five new branches, bringing its total branches to 96 in its service network in Chile as of December 31, 2013.

Today, the Bank is one of the leaders in wealth management and has the second fastest growing loan portfolio in Chile, according to the SBIF as of November 2013. Moreover, its foreign trade portfolio and student loan program have increased as of December 31, 2013.

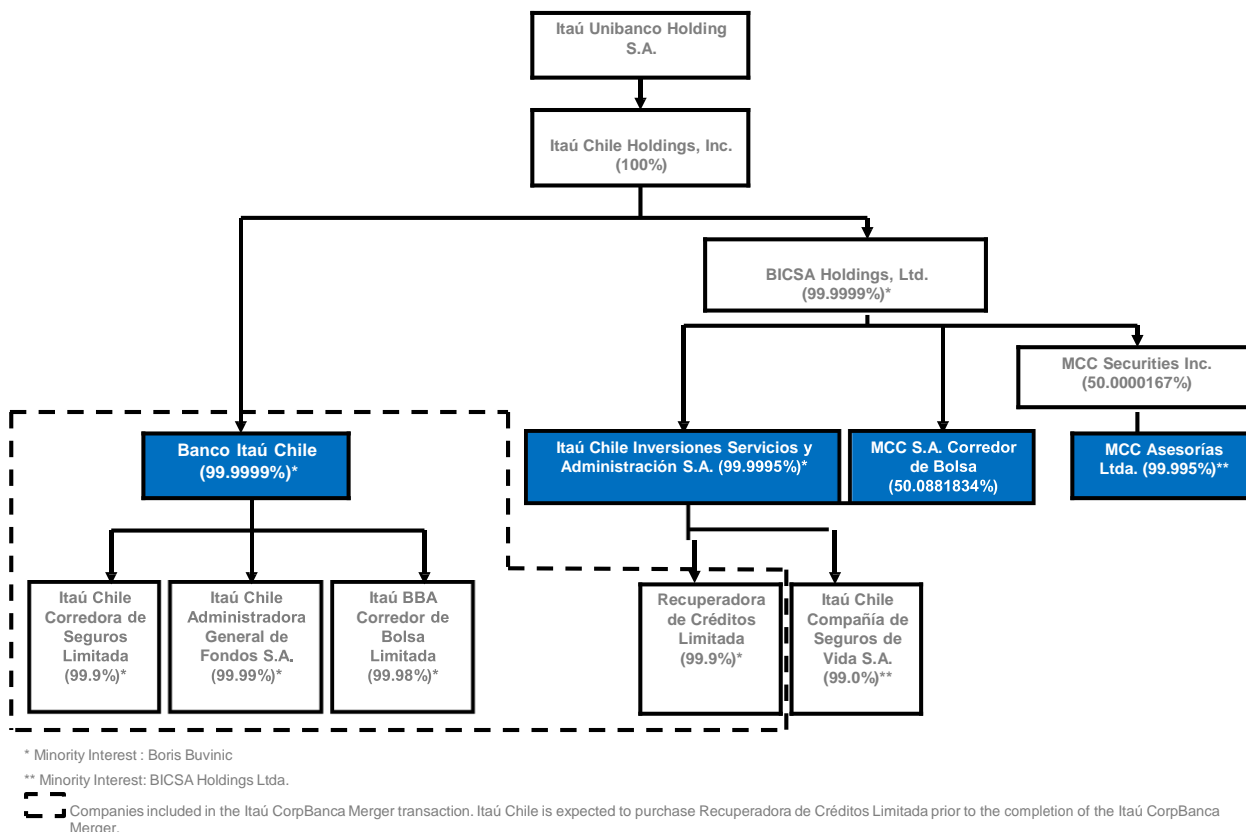
In line with Itaú Chile’s commitment to the Chilean market, the Bank launched the “It Now IPSA,” the first exchange traded fund (ETF) that tracks the return of the shares of the 40 largest funds in the local market. The Bank’s ETFs are traded under the brand “It Now.” In the coming years, the Bank’s expectation is to grow between 20% and 30% in the ETF industry worldwide and it believes Chile will be part of this expansion.

Itaú Chile’s Ownership Structure

Banco Itaú Chile is the largest foreign overseas subsidiary of Itaú Unibanco, the holding company of a Brazilian multinational financial group known as the major provider of finance for the expansion of Brazilian companies and for being among the best talent pool in the Brazilian financial system. With a market capitalization of US\$67.3 billion as of December 31, 2013, Itaú Unibanco ranked among the thirty largest banks in the world in 2013 and was the largest bank in Brazil, based on Bloomberg market capitalization data.

Itaú Unibanco has 95,696 employees, 5,025 branches and customer site branches in Brazil, and 27,900 ATMs in Brazil and abroad.

The following chart is an overview of the ownership structure of the Itaú Chile Holdings, Inc. as of December 31, 2013, which includes the controlling shareholders and some of the main subsidiaries:



Competitive Strengths

Itaú Chile believes that its profitability and competitive advantages are the result of the following strengths:

Itaú Chile has a strong position in the Chilean market

As noted above, Itaú Chile is the seventh largest bank in Chile, with total assets of approximately US\$12.9 billion, as of December 31, 2013. On a stand-alone basis, the Bank's market share in total loans is 5.0%, total deposits 4.8% and total assets 4.3%. Loan growth largely exceeds the industry average. The Bank experienced over 26% growth during the 12-month period ended December 31, 2013 relative to 13% growth of the Chilean banking system in the same period. Its customer account base experienced cumulative average growth of 10% over the last 5 years. Banco Itaú has a strong brand recognition and is well-positioned in the premier segment "ABC1."

Itaú Unibanco

Itaú Chile's position as the largest foreign subsidiary of Itaú Unibanco, the holding company of the largest financial group in Brazil, is a distinct competitive strength. Apart from being able to leverage the benefits of being part of a leading international banking organization, the Bank benefits from Itaú Unibanco's currently prevailing earnings retention policy for Itaú Chile, by virtue of which Itaú Chile retains all of its earnings, enabling it to continually enhance its capital position. And as noted above, Itaú Unibanco serves as a significant source of strength

to the Bank, providing it with US\$50 million in new equity capital in 2008 and an additional US\$150 million in 2012.

Experienced Management Team

Itaú Chile has a professional, reputable and highly competent management team with an average professional experience of over 27 years. The Chief Executive Officer, Boris Buvinic, has over 30 years of experience in the banking industry. The Chief Financial Officer, Camilo Morales, has over 30 years of experience in the banking and financial services industry. The Chief Risk Officer, Jaime Leonart, has over 20 years of experience in the banking and financial services industry.

Risk Management

Itaú Chile has asset quality indicators performing better than most peers in the Chilean banking industry. Nonperforming loans to total loans were 1.1% as of December 31, 2013 and in the same period allowances for loan losses as a percentage of total loans were 1.6%, (compared to 2.39% for the Chilean banking industry) and allowances for loan losses as a percentage of past due loans were 207.3%.

Business Strategy

The Bank's strategy aims at enhancing its market position in the Chilean financial industry in terms of profitability, market share, risk management, efficiency and productivity. The main elements of its strategy are the following:

Growth, Profitability and Risk

Itaú Chile seeks to grow its client base across all business segments with commercial management and discipline consistent with its defined risk appetite. The Retail Division, for instance, is responsible for the commercial relationship with the Bank's business and consumer client segments, as well as the development, sale and distribution of all products and services related to these segments.

The Global Corporate Banking Division offers financial solutions involving Commercial Services, Investment Advisory Services, Financial Management and Financing in general for Itaú Chile's clients' capital needs. Itaú Chile's institutional treasury segment is responsible for the management of market and liquidity risks, as well as providing transfer pricing for the different business channels, being an innovative participant in the financial industry, delivering high quality products to meet the needs of its customers.

Operating Efficiency

Itaú Chile ended the 2013 fiscal year with an efficiency ratio (calculated as total operating expenses as a percentage of operating income before loan losses) of 48.2%, which was below the market average of 49.7%, and a ratio of operating expenses to total assets of 2.0%, which was below the market average of 2.2%. While the Bank seeks to keep its operations lean, its strategy is to provide operational continuity for its business lines. Support areas including Operations and Technology and Human Resources expedite commercial growth, modeling processes, providing technological solutions and furnishing operational support, all with the highest standards of quality, control, efficiency and excellence.

Itaú Chile's objective also includes supporting new business initiatives, operating under a control environment with a satisfactory operational risk, with high efficiency and quality standards. In doing so, the Bank seeks to ensure operational continuity and the growth of the business, with a high degree of satisfaction for both internal and external clients.

Diversified Line of Products and Services

Itaú Chile is a multi-service bank offering a diverse line of products and services that are designed to address the needs of individuals and corporate clients. The Bank believes that this business model creates opportunities to improve its relationship with clients and thereby increases its market share. The Bank expects to maintain its leading presence by capturing a solid and increasing number of transactions across various business segments. Substantially all of Itaú Chile's revenues are obtained in Chile.

Branch Network in Areas of High Economic Activity

Itaú Chile's branch network in Chile is positioned in regions with high levels of economic activity. Having its branch network in key economic areas gives the Bank a strong presence and a competitive advantage to offer its services to a broad range of clients and profit from selective market opportunities.

Technology and Electronic Distribution Channels as Drivers for Sales

Itaú Chile's intensive use of technology and electronic distribution channels, which has contributed significantly to an increase in sales of products and services, is one of its most important competitive advantages. The Bank has sophisticated technology that supports certain remote banking access (e.g., call centers, Internet banking, etc.) and offers clients the ability to verify statements and perform transactions.

Itaú Chile provides a broad range of banking services to a diverse client base that includes individuals and corporate clients. It provides these services on an integrated basis through the following operating segments:

COMMERCIAL BANKING DIVISION

This division is responsible for the commercial relationship with Itaú Chile's clients from companies and individuals segments, by the development, sale and distribution of all products and services related to these segments, always following the rules of the internal and external regulatory bodies.

This division's strategic pillars include:

- Increase of the client base in all the segments
- Be the bank of choice for its clients
- Leader on quality of services
- Efficiency and productivity
- Risk Management
- Team building
- Commercial management and discipline

The Bank's Commercial Banking Division is comprised of the following areas:

Branches and Distribution

This area is responsible for the relationship with and service to individual and corporate clients through Itaú Chile's branch network that is distributed among the main cities of the country, between Iquique and Punta Arenas. Itaú Chile's focus is on new client acquisition as well as on the profitability of the current portfolio, while meeting the financial needs of its products and services.

High-Income Retail Banking

This area focuses on high-income and high-net-worth clients. Itaú Chile provides a large range of products and services according to this segment's needs, while also delivering a unique banking experience.

Companies (SMEs)

This area is responsible for the development of the small and medium-size companies (SMEs) segment, as well as for the services and products focused on this type of company.

Companies Metropolitan Region

This area is responsible for the strategy and development of the Commercial Banking segment, as well as for the commercial relationship with the clients in the Metropolitan Region, with a value proposition based on proactive financial advisory, timely and adequate answers and a complete product offering that covers the real needs of the Bank's clients.

Companies Outside Metropolitan Region

This area is responsible for the commercial service to the Commercial Banking segment through a branch network, from Iquique to Punta Arenas.

Real Estate and Construction

This area specializes in the development of real estate projects with a value proposition based on quality of services, as well as on timely and adequate answers.

Products and Service Quality

This area is responsible for developing segments, products and financial services that meet the needs of Itaú Chile's clients and individuals, who are always the Bank's main goal, resulting in their best experience and satisfaction. This area designs and executes new projects that improve the Bank's efficiency and productivity. The products that are under this area include:

- Retail Products: Demand deposits, credit lines, payment instruments, mortgages loans
- Company Products: Leasing, Factoring, Trade finance and cash management

Marketing and Sustainability

This area is responsible for the brand strategy, marketing and internal and external communications for the Bank, as well as for the management of other topics such as sustainability, social responsibility and Foundation Itaú.

GLOBAL CORPORATE BANKING DIVISION

The Global Corporate Banking Division's target market is large local conglomerates and corporations with sales over MUS\$100 per year, Multinational Companies established in Chile and Non-Banking Financial Companies of a relevant size in the financial market.

This division's mission is to furnish financial solutions involving Commercial Services, Investment Advisory Services, Financial Management and Financing in general for their capital needs.

To fulfil these purposes Itaú Chile has assembled a team of committed professionals in commercial, product, risk, legal and corporate finance areas that provide comprehensive financial services, characterized by a fully personalized, high-quality service to its customers, guaranteeing high contact levels.

In this same line, the Bank continues supporting its customers in order to meet their increasingly complex financial needs, relying on the presence of Itaú Group in the major financial centers in the region.

TREASURY DIVISION

Institutional Treasury is responsible for the management of market and liquidity risks, as well as providing transfer pricing for the different business channels, being an innovative participant in the financial industry, and delivering high-quality products to meet the needs of the Bank's customers.

This division is made up of the following areas:

- **Banking/ALM:** Its purpose is to optimize the position of the Bank's balance sheet by managing its liquidity, interest rate and currency risks. It is responsible for the costs of funds, funding institutional counterparts and managing the "held for sale" investment portfolio.
- **Trading:** Its purpose is to maximize the profitability of the Bank's trading derivative and investment portfolio and obtain competitive market prices needed to efficiently distribute the treasury products to clients.
- **IFI & Funding:** Responsible for the relationship with international banks and Funding Ownership.

OPERATING RESULTS AND FINANCIAL REVIEW AND PROSPECTS OF ITAÚ CHILE

The Compendium of Accounting Regulations issued by the SBIF, in accordance with Article 15 of the Chilean General Banking Law, sets forth that banks should follow the accounting criteria established by the SBIF and in all matters not covered by these, and where not contrary to its instructions, banks should apply the generally-accepted accounting criteria in accordance with the technical standards issued by the Chilean Institute of Accountants, coinciding with International Financial Reporting Standards issued by the International Accounting Standards Board (IASB). Itaú Chile's results described herein reflect these requirements.

Operating Results

The following discussion should be read in conjunction with Itaú Chile's consolidated financial statements and accompanying notes.

Results of Operations

The consolidated net income as reported on the consolidated financial statement for the year ended December 31, 2013 was Ch\$87,731 million, a 48.3% or Ch\$28,578 million increase from Ch\$59,153 million in 2012. Itaú Chile reached this level of growth despite a highly competitive scenario with a trend of decreasing interest rates, fees and commissions and rising operating expenses.

The following table sets forth the components of Itaú Chile's net income for the years ended December 31, 2011, 2012 and 2013:

	For the Year Ended			% Change from 2013/2012	% Change from 2012/2011
	December 31,				
	2011	2012	2013		
(in millions of Ch\$ except for percentages)					
Components of net income:					
Net interest income	140,832	141,677	176,942	24.9%	0.6%
Provisions for loan losses	(16,256)	(28,573)	(45,629)	59.7%	75.8%
Fees and income from services, net	34,429	38,517	51,597	34.0%	11.9%
Trading and investment, foreign exchange and other operating income	8,666	39,468	60,136	52.4%	355.4%
Income attributable to investment in associates	13	57	123	115.8%	338.5%
Total operating expenses	(108,922)	(122,822)	(139,238)	13.4%	12.8%
Income before income taxes	58,762	68,324	103,931	52.1%	16.3%
Income taxes	(5,150)	(9,171)	(16,200)	76.6%	78.1%
Net income for the year	<u>53,612</u>	<u>59,153</u>	<u>87,731</u>	<u>48.3%</u>	<u>10.3%</u>

Net Interest Income

The following table sets forth the components of Itaú Chile's net interest income for the years ended December 31, 2011, 2012 and 2013:

	For the year ended December 31,			% Change from 2013/2012	% Change from 2012/2011
	2011	2012	2013		
Interest income.....	278,168	335,673	400,213	19.2%	20.7%
Interest expense	(137,336)	(193,996)	(223,271)	15.1%	41.3%
Net interest income	<u>140,832</u>	<u>141,677</u>	<u>176,942</u>	<u>24.9%</u>	<u>0.6%</u>

The following table sets forth information as to components of Itaú Chile's interest income for the years ended December 31, 2011, 2012 and 2013:

	For the year ended December 31,			% Change from 2013/2012	% Change from 2012/2011
	2011	2012	2013		
	(in millions of Ch\$ except for percentages)				
Interest income.....	278,168	335,673	400,213	19.2%	20.7%
Average interest-earning assets:					
Loans	3,043,349	3,876,420	4,845,144	25.0%	27.4%
Financial investments	401,823	472,678	618,424	30.8%	17.6%
Interbank deposits.....	645	350	2,073	493.1%	-45.8%
Total average interest-earning assets	3,445,817	4,349,447	5,465,641	25.7%	26.2%

The following table sets forth the components of Itaú Chile's interest expense for the years ended December 31, 2011, 2012 and 2013:

	For the year ended December 31,			% Change from 2013/2012	% Change from 2012/2011
	2011	2012	2013		
Interest expense	(137,336)	(193,996)	(223,271)	15.1%	41.3%
Average interest-earning liabilities:					
Bonds.....	301,259	435,640	640,717	47.1%	44.6%
Time deposits.....	2,138,241	2,682,715	3,257,600	21.4%	25.5%
Central Bank borrowings	—	—	—	0.0%	0.0%
Repurchase agreements.....	41,968	97,411	113,911	16.9%	132.1%
Mortgage finance bonds.....	76,207	60,370	46,914	-22.3%	-20.8%
Other interest-bearing liabilities.....	291,797	376,545	504,212	33.9%	29.0%
Total average interest-bearing liabilities.....	2,849,471	3,652,680	4,563,353	24.9%	28.2%

2013 Compared to 2012

The interest income was Ch\$400,213 million for year ended on December 31, 2013, an increase of 19.2% as compared to Ch\$335,673 million for the year ended December 31, 2012. Interest expense increased by 15.1% to Ch\$223,271 million for the year ended December 31, 2013 as compared to Ch\$193,996 million for the year ended December 31, 2012. Therefore, net interest income increased by 24.9% to Ch\$176,942 million for the year ended December 31, 2013, as compared to Ch\$141,677 million for the same period in 2012.

The increase in interest income was primarily the result of the growth in total average loans of Ch\$968,724 million or 25% as compared to December 31, 2012 from Ch\$3,876,420 million to Ch\$4,845,144, partially offset by a change in the loans portfolio mix in which commercial loans grew by 31.6% whereas mortgages grew 22% and consumer loans grew 9.4%. As a result, higher interest rate products grew at a slower pace than those with lower interest rates.

The increase in interest expenses was primarily the result of the 21.4% growth in time deposits, 33.9% growth in other interest-bearing liabilities and the 47.1% growth in bonds. On the other hand, the Central Bank of Chile's interest rate monetary policy reduced interest rates from 5% on average in December, 2012 to 4.7% in 2013, causing a downward trend in the interest rates paid by the industry. In this context, credit rating agencies kept the local currency credit rating stable at AA for Banco Itaú Chile, which was favorable to its financing costs in bonds placement.

Net interest margin (net interest income divided by average interest-earning assets) (3.2%) only increased 10 basis points ("bps") compared to the year ended December 31, 2012, as result of a 25% growth in net interest income and a 25.7% growth in total average interest-earning asset.

2012 Compared to 2011

The interest income was Ch\$335,673 million for year ended on December 31, 2012, an increase of 20.7% as compared to Ch\$278,168 million for the same period 2011. Interest expense increased by 41.3% to Ch\$193,996 million for the year ended December 31, 2012 as compared to Ch\$137,336 million for the year ended December 31, 2011. Therefore, net interest income increased by 0.6% to Ch\$141,677 million for the year ended December 31, 2012, as compared to Ch\$140,832 million for the same period in 2011.

The increase in interest income was primarily the result of the growth in total average loans of Ch\$833,071 million or 27.4% as compared to December 31, 2011 from Ch\$3,043,349 million to Ch\$3,876,420 million.

The increase in interest expenses was primarily the result of the 25.5% growth in time deposit, 29.0% growth in other interest-bearing liabilities, 44.6% growth in bonds, and the 132.1% growth in repurchase agreements.

Net interest margin (net interest income divided by average interest-earning assets) decreased of 80 bps compared to the year ended December 31, 2011. The increase (0.6%) in the net interest income was below the growth (26.2%) in total average interest-earning asset.

Allowances for Loan Losses

The following table sets forth information relating to Itaú Chile's allowances for loan losses as of December 31, 2011, 2012 and 2013:

	<u>For the year ended December 31,</u>			<u>% Change from 2013/2012</u>	<u>% Change from 2012/2011</u>
	<u>2011</u>	<u>2012</u>	<u>2013</u>		
Total loans	3,476,958	4,275,881	5,414,406	26.6%	23.0%
Past due loans	17,148	24,288	42,002	72.9%	41.6%
Non-performing loans.....	31,793	38,370	61,147	59.4%	20.7%
Impaired loans	138,316	138,299	161,888	17.1%	0.0%
Allowances for loan losses.....	56,681	67,057	87,076	29.9%	18.3% 26.6%
Allowances for loan losses as a percentage of total loans.....	1.6%	1.6%	1.6%	2.5%	-3.8%
Allowances for loan losses as a percentage of non-performing loans.....	178.3%	174.8%	142.4%	-18.5%	-2.0%
Allowances for loan losses as a percentage of impaired loans.....	41.0%	48.5%	53.8%	10.9%	18.3%
Non-performing loans as a percentage of total loans.....	0.9%	0.9%	1.1%	25.9%	-1.9%
Allowances for loan losses as a percentage of past due loans.....	330.5%	276.1%	207.3%	-24.9%	-16.5%

2013 Compared to 2012

Allowances for loan losses increased by 29.9% to Ch\$87,076 million as of December 31, 2013 as compared to Ch\$67,057 million as of December 31, 2012. This increase was due to the 25% growth in the loan portfolio and a 72.9% increase in past due loans. The allowance for loan losses is considered adequate as of the date to cover all known losses in the loan portfolio, as it represents 207.3% of total past due loans, and the ratio of allowances for loan losses to gross loans remained stable at 1.6%.

2012 Compared to 2011

Allowances for loan losses increased by 18.3% to Ch\$67,057 million as of December 31, 2012 if compared to Ch\$56,681 million as of December 31, 2011. The allowance for loan losses is considered adequate as of the date to

cover all known losses in the loan portfolio, as it represents 276.1% of total past due loans, and the ratio of allowances for loan losses to gross loans remained stable at 1.6%.

Net Service Fee Income

2013 Compared to 2012

The net service fee income for the year ended December 31, 2013 was Ch\$51,597 million representing a 34% increase as compared to Ch\$38,517 million for the year ended December 31, 2012. Total income from fees and services during the year ended December 31, 2013 increased by 31.4% to Ch\$58,996 million from Ch\$44,906 million for the year ended December 31, 2012. This increase was partially offset by a 15.8% increase in fees and commissions expenses from Ch\$6,389 million to Ch\$7,389 million.

The increase in income from fees and services was primarily driven by i) fees from Corporate Banking related to restructured loans and opening of financials facilities; ii) fees and commission from Retail Banking arising from the growth in the clients base and iii) fees from services in credit cards. The increase in the income from fees and services was partially offset by higher commissions expenses driven by charges from credit card operations.

2012 Compared to 2011

The net service fee income for the year ended December 31, 2012 was Ch\$38,517 million representing an 11.9% increase if compared to Ch\$34,429 million for the year ended December 31, 2011.

Other Net Operating Income

The following table sets forth the components of Itaú Chile's other net operating income for the years ended December 31, 2011, 2012 and 2013:

	<u>For the year ended December 31,</u>			<u>% Change</u>	<u>% Change</u>
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>from</u> <u>2013/2012</u>	<u>from</u> <u>2012/2011</u>
Trading activities, net	(1,913)	18,347	(6,043)	-132.9%	-1059.1%
Foreign exchange gains (losses), net	5,015	15,289	57,685	277.3%	204.9%
Other operating revenue.....	5,564	5,832	8,494	45.6%	4.8%
Operating revenues	8,666	39,468	60,136	52.4%	355.4%

2013 Compared to 2012

Other net operating revenues in the year ended December 31, 2013 reached Ch\$60,136 million or a 52.4% increase from Ch\$39,468 million for the year ended December 31, 2012. Net trading activities decreased from Ch\$18,347 million for December 31, 2012 to a loss of Ch\$6,043 million for December 31, 2013. The main effect was a loss of Ch\$19,118 million from trading derivatives, partially offset by the results arising from the sale of a student loan portfolio to National Treasury under Law 20,027. Foreign exchange gains increased to Ch\$57,685 million from Ch\$15,289 million in the previous year mainly due to foreign exchange positions and the increase in the exchange rate during 2013. Other operating revenues increased to Ch\$8,494 from Ch\$5,832 for December 31, 2012 driven by recoveries of expenses.

2012 Compared to 2011

Other net operating revenues in the year ended December 31, 2012 reached Ch\$39,468 million or a 355.4% increase from Ch\$8,666 million for the year ended December 31, 2011. Net trading activities increased from a loss of Ch\$1,913 million for December 31, 2011 to Ch\$18,347 million for December 31, 2012. Foreign exchange gains increased to Ch\$15,289 million from Ch\$5,015 million in the previous year. Other operating revenues increased to Ch\$5,832 from Ch\$5,564 for December 31, 2011.

Operating Expenses

The following table sets forth the components of Itaú Chile's operating expenses for the years ended December 31, 2011, 2012 and 2013:

	<u>For the year ended December 31,</u>			<u>% Change</u>	<u>% Change</u>
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>from</u>	<u>from</u>
				<u>2013/2012</u>	<u>2012/2011</u>
Personnel salaries and expenses.....	(56,782)	(64,959)	(72,434)	11.5%	14.4%
Administration expenses.....	(38,490)	(41,487)	(46,947)	13.2%	7.8%
Depreciation and amortization.....	(6,285)	(8,181)	(7,935)	-3.0%	30.2%
Other operating expenses.....	(7,365)	(8,195)	(11,922)	45.5%	11.3%
Total operating expenses	<u>(108,922)</u>	<u>(122,822)</u>	<u>(139,238)</u>	<u>13.4%</u>	<u>12.8%</u>

2013 Compared to 2012

Operating expenses increased by 13.4% or Ch\$16,416 million in the year ended December 31, 2013 from Ch\$122,822 million for the year ended December 31, 2012. Personnel salaries and expenses grew by 11.5% reaching Ch\$72,434 million primarily explained due to a growth in the number of employees related to the loan portfolio growth, by the increase in compensation of Ch\$3,994 million, and by higher severances expenses of Ch\$1,182 million. Additionally, administrative expenses grew 13.2% driven by the opening of new branches, marketing expenses, transactions and IT expenses. Other operating expenses increased Ch\$3,727 million from which Ch\$1,636 million were related to credit cards promotional discounts, Ch\$1,100 million were allowances from recoveries of lease assets, and Ch\$1,223 million from operational risk losses.

2012 Compared to 2011

Operating expenses increased by 12.8% or Ch\$122,822 million in the year ended December 31, 2012 from Ch\$108,922 million for the year ended December 31, 2011. Personnel salaries and expenses grew by 14.4% reaching Ch\$64,959 million. Administration expenses grew by 7.8% reaching Ch\$41,487 million in the year ended December 31, 2012.

Depreciation and amortization increased by 30.2% or Ch\$8,181 million in the year ended December 31, 2012 from Ch\$6,285 million for the year ended December 31, 2011. Other operating expenses increased to Ch\$8,195 from Ch\$7,365 for December 31, 2011.

Income Taxes

2013 Compared to 2012:

Net tax liability increased from Ch\$9,171 million in 2012 to Ch\$16,200 million in 2013, primarily due to the 52.1% growth in income before income taxes. In addition, there was an excess in income tax allowances affecting the 2012 basis. This excess was not repeated in 2013.

2012 Compared to 2011:

Net tax liability increased from Ch\$5,150 million in 2011 to Ch\$9,171 million in 2012, basically due to the 16.3% growth in income before income taxes.

Capital Expenditures

The following table reflects Itaú Chile's capital expenditures in the years ended December 31, 2012 and 2013:

	For the Year ended December 31,	
	2012	2013
Land and buildings	341	—
Machinery and equipment.....	2,387	1,658
Furniture and fixtures.....	326	511
Vehicle.....	10	—
Other (*)	2,984	3,298
	<u>6,048</u>	<u>5,467</u>

(*) includes mainly installations and refurbishment. In accordance with the Bank's practice in the last years, its capital expenditures in 2013 were funded with internal resources.

Results of Itaú Chile's operating segments

Itaú Chile has five segments: (1) Retail, (2) Wholesale, (3) Global Corporate Banking, (4) Treasury and Financial Institutions, and (5) Other.

Retail:

This division is responsible for the sale and distribution of all products and services related to personal banking and SME's, as well as the management of its products under strict compliance with regulations imposed by internal and external regulatory bodies. Its objective is to increase and retain the customer base of its target market, Personal Banking (high-income individuals segment) and SMEs (companies with annual sales under US\$2 million).

Wholesale:

This segment is comprised of companies with annual sales between US\$2 million and MUS\$100 million. The objective of the wholesale segment is to be the leading bank in financial services businesses in a profitable and sustainable manner, with a value proposition based on proactive advice, timely responses and a comprehensive range of products to meet the real needs of the clients.

Global Corporate Banking:

The target market for this segment is large conglomerates and local corporations with annual sales exceeding US\$100 million, multinational corporations established in Chile, and non-banking financial companies of an important size in the financial market. The objective of Global Corporate Banking is to provide financial solutions to its clients regarding commercial services, investment advice and financial management as well as general financing for their capital needs.

Treasury and Financial Institutions:

This segment's mission is to manage the Bank's liquidity, reducing volatility through the application of balanced risk/return strategies. It is also responsible for managing all the financial risks, being a constant innovator within the financial industry and therefore supplying high-quality products in order to satisfy the needs of the Bank's customers.

Other:

This segment includes revenue and expenses from all other business segments.

2013 Results

The following table presents summary information related to each of Itaú Chile's reportable segments for the year ended December 31, 2013:

	December 31, 2013					
	Retail	Wholesale	Global Corporate Banking	Treasury & Financial Institutions	Others	Total
Net Income						
Revenue	162,920	36,657	41,626	20,675	26,797	288,675
Net interest income.....	112,255	27,805	23,851	13,415	(384)	176,942
Net fee income and foreign exchange differences	50,665	8,852	17,775	7,260	18,687	103,239
Other operating income.....	—	—	—	—	8,494	8,494
Expenses.....	(88,606)	(18,692)	(15,249)	(5,711)	(10,980)	(139,238)
Operating expenses	(87,336)	(18,502)	(15,122)	(5,711)	(645)	(127,316)
Other operating expenses	(1,270)	(190)	(127)	—	(10,335)	(11,922)
Net margin.....	74,314	17,965	26,377	14,964	15,817	149,437
Allowance for credit risk	(30,438)	(12,841)	(1,293)	—	(1,057)	(45,629)
Operating income.....	43,876	5,124	25,084	14,964	14,760	103,808
Result attributable to investment in companies	—	—	—	—	123	123
Income before income tax.....	43,876	5,124	25,084	14,964	14,883	103,931
Income tax.....	(7,459)	(871)	(4,264)	(2,544)	(1,062)	(16,200)
Net Income for the year.....	36,417	4,253	20,820	12,420	13,821	87,731
Averages: (ThMch\$)						
Loans.....	2,177	1,112	1,378	—	660	5,327
Treasury assets.....	—	—	—	554	—	554

2012 Results

The following table presents summary information related to each of Itaú Chile's reportable segments for the year ended December 31, 2012:

	December 31, 2012					
	Retail	Wholesale	Global Corporate Banking	Treasury & Financial Institutions	Others	Total
Net Income						
Revenue.....	131,694	29,319	36,702	8,455	13,492	219,662
Net interest income.....	93,275	21,505	19,215	2,747	4,935	141,677
Net fee income and foreign exchange differences	38,419	7,814	17,487	5,708	2,725	72,153
Other operating income.....	—	—	—	—	5,832	5,832
Expenses.....	(78,872)	(16,998)	(14,578)	(4,984)	(7,390)	(122,822)
Operating expenses	(78,150)	(16,874)	(14,472)	(4,989)	(3,448)	(117,933)
Other operating expenses	(722)	(124)	(106)	5	(3,942)	(4,889)
Net margin.....	52,822	12,321	22,124	3,471	6,102	96,840
Allowance for credit risk	(18,564)	(5,509)	(5,643)	(14)	1,157	(28,573)
Operating income.....	34,258	6,812	16,481	3,457	7,259	68,267
Result attributable to investment in companies	—	—	—	—	57	57
Income before income tax.....	34,258	6,812	16,481	3,457	7,316	68,324
Income tax.....	(4,796)	(953)	(2,307)	(484)	(631)	(9,171)
Net Income for the year.....	29,462	5,859	14,174	2,973	6,685	59,153
Averages: (ThMch\$)						
Loans.....	1,788	840	1,100	—	289	4,017
Treasury assets.....	—	—	—	673	—	673

Loan Portfolio

The following table provides information on the composition of Itaú Chile's loan portfolio and other interest-earning assets as of December 31, 2012 and 2013:

	As of December 31,			
	2012	2013	Variation MMCh\$	Variation %
Commercial loans (in millions of Ch\$)				
Commercial loans.....	1,978,255	2,790,765	812,510	41.1%
Foreign trade loans.....	412,306	435,960	23,654	5.7%
Current account debtors.....	38,693	51,020	12,327	31.9%
Factoring operations.....	98,020	79,215	-18,805	-19.2%
Leasing transactions.....	226,025	242,170	16,145	7.1%
Other loans and receivables.....	56,456	98,357	41,901	74.2%
Subtotal	2,809,755	3,697,487	887,732	31.6%
Mortgage loans (in millions of Ch\$)				
Letters of credit loans.....	34,068	26,541	-7,527	-22.1%
Endorsable mutual mortgage loans.....	18,955	14,760	-4,195	-22.1%
Other mutual mortgage loans.....	843,936	1,052,774	208,838	24.7%
Leasing transactions.....	—	—	—	0.0%
Other loans and receivables.....	—	—	—	0.0%
Subtotal	896,959	1,094,075	197,116	22.0%
Consumer loans (in millions of Ch\$)				
Consumer loans.....	348,001	358,205	10,204	2.9%
Current account debtors.....	102,546	112,934	10,388	10.1%
Credit card debtors.....	118,449	151,237	32,788	27.7%
Consumer leasing transactions.....	171	468	297	173.7%
Other loans and receivables.....	—	—	—	—
Subtotal	569,167	622,844	53,677	9.4%
Total	4,275,881	5,414,406	1,138,525	26.6%

Liquidity and capital resources

Liquidity is understood to be the capacity to finance the growth of assets according to business needs and meet with the obligations recorded in liabilities. Prudent, profitable management of the Bank's liquidity is one of the most important activities of the Bank's Treasury Division.

Itaú Chile's basic strategy for managing liquidity risk is geared towards guaranteeing fulfillment of the Bank's commitments (which are primarily deposits). As is inherent to the banking activity, the Bank does not keep cash funds equal to the balance of its deposits, since experience shows that only a small portion level of deposits are withdrawn at any given time, something that can be anticipated with a high degree of certainty.

Itaú Chile's strategy is also complemented by its seeking medium and long-term financing at the lowest possible cost and by its seeking to maintain an optimum level of liquid assets.

Itaú Chile's methodology involves various tools and measurements detailed in the following paragraphs which allow management of product risks according to the positions and economic conditions.

Banco Itaú Chile manages its liquidity under a governance and risk control model, maintaining an appropriate monitoring and control of liquidity indicators, allowing it to successfully overcome the ups and downs of the economy.

The liquidity risk management policies, and also all of the models and suppositions used for measuring and following up the risk, are subject to review and approval by Itaú Chile's asset and liabilities committee ("ALCO") and the Board of Directors. These control policies are controlled regularly in light of cash needs and pursuant to atypical market situations arising from Itaú Chile's strategic decisions. This policy stipulates regulatory limits and internal limits of concentration of the Bank's sources of financing in order to oversee adequate diversification.

Liquidity risk information is remitted regularly to ALCO, where the Bank's liquidity position and the strategies for dealing with it are analyzed. The liquidity position is submitted to the Board of Directors on a monthly basis and quarterly it is published on the Bank's website.

Sources of Financing for Liquidity Management

The Bank's purpose is to have a diversified structure of different sources of financing, with the flexibility to adjust the amount of each source according to the business plans and credit operations, and market risks. Consequently, the Bank maintains a range of liability products available in different currencies and with access to both internal and external assets such as Time Deposits, Current Accounts, Sight deposits, Repurchase agreements, Bond and Mortgage Issues, Interbank Financing and financing from the Chilean Central Bank, among others.

Furthermore, there are internal tools and policies in place for managing liquidity, such as the Transfer Price Policy, which seeks an efficient transfer of the costs associated with liquidity and market risks between the money desk and all of the business areas.

The non-concentration of maturities and counterparts has been established in order to prudently manage liquidity. This is achieved by diversifying the sources of funding for the Bank and its subsidiaries.

The table set forth below details the maturities of Itaú Chile's contractual obligations grouped according to their maturity, including accrued interest at December 31, 2013.

Contractual Obligations (2013)

	At sight	Up to 1 month	1 to 3 months	3 to 12 months	Subtotal up to 1 year	1 and 3 years	Over 3 years	Subtotal over 1 year	Total
	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
Sight deposits & other obligations	753,316	—	—	—	753,316	—	—	—	753,316
Operations pending settlements	31,469	—	—	—	31,459	—	—	—	31,469
Repurchase agreements & loans of securities	—	52,555	19,466	—	72,021	—	—	—	72,021
Time deposits and other terms borrowings	23,068	725,853	891,111	1,216,834	2,856,866	657,221	129,227	786,448	3,643,314
Financial derivative contracts	—	7,942	13,372	22,940	44,254	19,839	40,314	60,152	104,407
Interbank borrowings.....	—	26,888	51,157	425,859	503,904	47,374	55,270	102,644	606,548
Debt instruments issued.....	227	597	485	12,459	13,768	39,862	738,044	777,906	791,674
Other financial obligations	—	11,523	—	62	11,585	527	3,510	4,037	15,611
	808,080	825,358	975,591	1,678,154	4,287,183	764,823	966,365	1,731,188	6,018,371

Off-balance sheet arrangements

To meet customer needs, the Bank acquired a number of irrevocable commitments and contingent liabilities. Although these obligations are not recognized on Itaú Chile's balance sheet, they do contain credit risks and are therefore managed in the same fashion as credit risks that are recognized on Itaú Chile's balance sheet.

The Bank and its subsidiaries maintain records in off-balance sheet memorandum accounts of the following balances related to these commitments and contingent liabilities.

These transactions expose Itaú Chile to credit risk in addition to amounts recognized in the consolidated financial statements and include commitments to extend credit. These commitments include such items as guarantees, open and unused letters of credit, overdrafts and credit card lines of credit. Such commitments are agreements to lend to a customer at a future date, subject to the customer's compliance with contractual terms. Since a substantial portion of these commitments are expected to expire without being drawn upon, the total commitment

amounts do not necessarily represent the Bank's actual future cash requirements. The amounts of these commitments is Ch\$9,559,039 million as of December 31, 2013.

Contingent loans consist of guarantees granted by Itaú Chile in Ch\$, UF and foreign currencies (principally US\$), as well as open and unused letters of credit. The total amount of contingent loans held off-balance sheet as of December 31, 2012 and 2013 was Ch\$1,661,368 million and Ch\$2,403,278 million, respectively. Contingent loans are considered in the calculation of risk weighted assets and capital requirements as well as for credit risk reserve requirements. Itaú Chile uses the same credit policies in making commitments to extend credit as it does for granting loans. In the opinion of the Bank's management, its outstanding off-balance sheet commitments do not represent an unusual credit risk.