EARNINGS REPORT

2nd QUARTER 2014

SACI FALABELLA

Index

Notes:

- All dollar figures are calculated based on the Exchange rate as of July 1st 2014; 552.72 $/US$.
- Symbols for quarters: 1Q, 2Q, 3Q and 4Q, accordingly.
- Other symbols for periods of the year: 1H for the first half of the year and 9M for the first nine months of the year.
- Currency symbols: CLP: Chilean pesos; US$: U.S. dollars; M: million; TH: thousand.

I. Executive Summary

During the second quarter of 2014 consolidated revenues achieved an increase of 15.1% compared to the same period of 2013, reaching a total of MCLP 1,819,168 (MUS$ 3,291). Higher revenues are explained by the growth observed in our international operations, which include the acquisition of 56 stores in Brazil, as well as the sales area added over the last twelve months, opening 30 new stores in the region, 21 of which are from the international operations. It is also worth highlighting the positive same-store sales (SSS) growth achieved by Falabella in Colombia (13.6%) and in Chile (5.7%), and of Tottus in Chile (9.3%) and in Peru (6.4%).

In turn, the consolidated loan portfolio increased 15.7% compared to the second quarter of 2013, in line with the revenue growth observed in our retail operations. The portfolio reached a total of MCLP 3,356,528 (MUS$ 6,073) as of June 30th 2014, highlighting the growth obtained by our operations in Colombia and Chile, which in the first case increased 19.9% compared to the same period in 2013. In the case of Chile, CMR has maintained over the past three quarters a steady growth, increasing 16.4% as of June 2014 compared to last year, while Banco Falabella increased its loans 12.7% in the same period. The growth of both operations was higher than the one observed in the industry in Chile for that period.

Gross profit reached MCLP 635,188 (MUS$ 1,149), increasing 13.4% in the period, whereas the gross margin decreased 0.5 percentage points compared to the same quarter in 2013. This is explained by a decrease in Falabella Chile whose gross margin was affected by the higher mix of electronic sales during the World Cup, as well as a higher percentage of wholesale sales in Sodimac Chile, and to the reversal of provisions in CMR done during the same period of the previous year due to the lower volume of loans observed in 2013.

During the second quarter of 2014, SG&A expenses rose to MCLP 447,614 (MUS$ 810), being 15.8% higher in comparison to the same period of the previous year. This implied an increase of 10 basis points as a percentage of revenues, mainly due to higher expenses in Falabella Chile and our operations in Peru. On the other hand, we highlight the continued improvements shown in Sodimac Chile and our operations in Argentina as a result of process control measures which have been implemented in the past quarters to increase efficiencies and productivity along the chain.

In the second quarter the consolidated EBITDA rose to MCLP 237,062 (MUS$ 429), implying a growth of 10.8%. Meanwhile, the EBITDA margin decreased 0.5 percentage points compared to the same period of 2013.

In turn, the consolidated net profit during the quarter decreased 0.4% compared to the same period of 2013, reaching MCLP 104,966 (MUS$ 190), mainly explained by a higher net financial cost given the increase in the UF, affecting our financial debt in that currency. It should be noted that the net income does not include asset revaluation of our investments properties, as the company adopted the historic cost method in 2009.

In the second quarter three new stores were opened in the region: Falabella opened one department store in the city of Lima, Peru, while Tottus opened two supermarkets, one in the city of Santiago, in Chile, and one in the city of Ica, in Peru. Additionally, eleven new standalone stores were opened in the region.

II. Consolidated Income Statement as of June 30th, 2014

Consolidated Income Statement 2Q 2014 (MCLP)

	2Q13	% Rev.	2Q14	% Rev.	Var %
Revenues of Non-Banking Operations	1,470,507		1,682,027		14.4%
Revenues of Banking Operations	109,929		137,141		24.8%
Total Revenues	**1,580,436**		**1,819,168**		**15.1%**
COGS of Non-Banking Operations	(969,514)	-65.9%	(1,121,991)	-66.7%	15.7%
COGS of Banking Operations	(51,027)	-46.4%	(61,988)	-45.2%	21.5%
Gross Profit	**559,895**	**35.4%**	**635,188**	**34.9%**	**13.4%**
SG&A Expenses	(386,675)	-24.5%	(447,614)	-24.6%	15.8%
Operational Income	**173,221**	**11.0%**	**187,574**	**10.3%**	**8.3%**
Depreciation + Amortization	40,678	2.6%	49,488	2.7%	21.7%
EBITDA	**213,899**	**13.5%**	**237,062**	**13.0%**	**10.8%**
Other Income / (Expenses)	(1,105)		(1,465)		32.5%
Net Financial Income / (Cost)	(17,964)		(46,135)		156.8%
Profit / (Loss) in Associates	3,075		4,444		44.5%
Exchange Rate Differences	(4,533)		(2,913)		-35.7%
Non-Operating Profit	**(20,527)**	**-1.3%**	**(46,068)**	**-2.5%**	**124.4%**
Profit Before Tax Expenses	**152,694**	**9.7%**	**141,506**	**7.8%**	**-7.3%**
Income Tax	(34,738)		(27,238)		-21.6%
Minority Interest	(12,591)		(9,302)		-26.1%
Net Profit / (Loss)	**105,364**	**6.7%**	**104,966**	**5.8%**	**-0.4%**

Consolidated Income Statement 1H 2014 (MCLP)

	1H13	% Rev.	1H14	% Rev.	Var %
Revenues of Non-Banking Operations	2,847,884		3,276,474		15.0%
Revenues of Banking Operations	215,431		266,919		23.9%
Total Revenues	**3,063,314**		**3,543,393**		**15.7%**
COGS of Non-Banking Operations	(1,893,770)	-66.5%	(2,192,642)	-66.9%	15.8%
COGS of Banking Operations	(102,296)	-47.5%	(123,860)	-46.4%	21.1%
Gross Profit	**1,067,248**	**34.8%**	**1,226,891**	**34.6%**	**15.0%**
SG&A Expenses	(744,171)	-24.3%	(872,665)	-24.6%	17.3%
Operational Income	**323,077**	**10.5%**	**354,227**	**10.0%**	**9.6%**
Depreciation + Amortization	79,932	2.6%	96,882	2.7%	21.2%
EBITDA	**403,008**	**13.2%**	**451,109**	**12.7%**	**11.9%**
Other Income / (Expenses)	(2,112)		(280)		-86.7%
Net Financial Income / (Cost)	(39,429)		(80,169)		103.3%
Profit / (Loss) in Associates	8,087		11,250		39.1%
Exchange Rate Differences	(5,840)		(15,518)		165.7%
Non-Operating Profit	**(39,293)**	**-1.3%**	**(84,717)**	**-2.4%**	**115.6%**
Profit Before Tax Expenses	**283,784**	**9.3%**	**269,510**	**7.6%**	**-5.0%**
Income Tax	(61,802)		(52,450)		-15.1%
Minority Interest	(22,770)		(18,630)		-18.2%
Net Profit / (Loss)	**199,213**	**6.5%**	**198,429**	**5.6%**	**-0.4%**

Summary of Consolidated Balance Sheet – June 2014 (MCLP)

	12/31/2013	6/30/2014	Var %
Current Assets - Non Banking Business	2,697,881	2,588,606	-4.1%
Non Current Assets - Non Banking Business	4,479,917	4,728,315	5.5%
Total Assets - Non Banking Business	**7,177,798**	**7,316,921**	1.9%
Total Assets - Banking Business	**2,717,515**	**2,774,799**	2.1%
Total Assets	**9,895,313**	**10,091,721**	**2.0%**
Current Liabialities - Non Banking Business	1,752,340	1,594,953	-9.0%
Non Current Liabialities - Non Banking Business	2,019,233	2,090,421	3.5%
Total Liabialities - Non Banking Business	**3,771,573**	**3,685,374**	**-2.3%**
Total Liabialities - Banking Business	**2,299,094**	**2,326,521**	**1.2%**
Total Liabialities	**6,070,667**	**6,011,895**	**-1.0%**
Total Equity	**3,824,646**	**4,079,826**	**6.7%**
Total Liabilities + Equity	**9,895,313**	**10,091,721**	**2.0%**

Summary of Consolidated Cash Flow – June 2014 (MCLP)

	6/30/2013	6/30/2014	Var %
Cash flow from operating activities - Non Banking Business	303,821	176,801	-41.8%
Cash flow from operating activities - Banking Business	95,967	57,998	-39.6%
Cash flow from operating activities	**399,788**	**234,798**	**-41.3%**
Cash flow from investment activities - Non Banking Business	(312,317)	(288,957)	-7.5%
Cash flow from investment activities - Banking Business	(127,235)	(132,064)	3.8%
Cash flow from investment activities	**(439,552)**	**(421,022)**	**-4.2%**
Cash flow from financing activities - Non Banking Business	51,897	(10,033)	-119.3%
Cash flow from financing activities - Banking Business	(34,976)	(41,011)	17.3%
Cash flow from financing activities	**16,921**	**(51,044)**	**-401.7%**
Increase (decrease) in cash and cash equivalents	**(22,843)**	**(237,267)**	**938.7%**
Impact of exchange rate differences on cash and cash equivalents	6,417	13,780	114.7%
Cash and cash equivalents at the beginning of the period	**568,306**	**647,690**	**14.0%**
Cash and cash equivalents at the end of the period	**551,880**	**424,202**	**-23.1%**

1. Operational Result

In the second quarter of 2014, revenues from the non-banking business showed an increase of 14.4%, mainly due to sales area growth, having added up to approximately 290,000 m^2 during the last twelve months, of which 119,000 m^2 correspond to the acquisition of 56 home improvement stores in Brazil. Additionally, it is worth highlighting the positive SSS growth achieved by Falabella in Colombia (13.6%) and in Chile (5.6%), and by Tottus in Chile (9.3%) and in Peru (6.4%) in the period.

Regarding our banking operations, during the second quarter revenues increased 24.8% compared to the same period in 2013, highlighting the growth obtained in Banco Falabella in Colombia and Chile due to a higher level of loans in the past quarters, mainly due to the increase in consumer loans, and the positive effect that the higher inflation in Chile had in the Bank given its greater asset position in UF.

In turn, gross profit grew by 13.4%, reaching to MCLP 635,188 (MUS$ 1,149), meanwhile the gross margin decreased 0.5 percentage points compared to the same period of the previous year. The latter is explained by a lower gross margin in Falabella Chile, mainly due to the seasonality of electronic sales during the World Cup; a higher increase in wholesale sales in Sodimac Chile; and the effect of the reversal of provisions in CMR given the lower volume of loans in the same quarter of the previous year.

SG&A expenses, measured as a percentage of consolidated revenues, increased 0.1 percentage points, due to higher remuneration expenses in Falabella Chile and higher opening expenses due to the new stores in Peru. This quarter a deceleration can be observed in the growth of expenses compared to previous quarters due to the expense control measures implemented at a regional level, highlighting the improvements achieved in logistics and labor efficiencies by Sodimac Chile and the Argentinean operations. Additionally, a more dynamic consumption in Colombia allowed the dilution of operating expenses in the quarter, showing an improvement compared to last year.

Consolidated EBITDA in the second quarter rose to MCLP 237,062 (MUS$ 429), meanwhile, on an accumulated basis, it reached MCLP 451,109 (MUS$ 816).

As a result, operating income reached MCLP 187,574 (MUS$ 339), which implied an increase of 8.3% compared to the same quarter in 2013. In the first half of 2014, the operating income reached MCLP 354,227 (MUS$ 641).

2. Non-Operating Result

The non-operating result was a loss of MCLP 46,068 (MUS$ 83), implying a further loss of 124.4% compared to the one obtained in the second quarter of 2013. This is mainly due to a higher net financial cost proceeding from a higher inflation in the period, given that the UF increased 1.8% in the second quarter compared to a decrease of 0,1% in the same quarter of the previous year. It is worth noting that over the last two months the UF has decelerated its growth, having increased 0.3% between June and August.

As a result, net income during the quarter rose to MCLP 104,966 (MUS$ 190), or 0.4% lower compared to the same period of the previous year. It should be noted that the net income does not include asset revaluation of our investment properties, as the company adopted the historic cost method in 2009.

3. Consolidated Balance

Non-banking business current assets decreased MCLP 109,274 compared to year-end 2013, mainly explained by lower cash and cash equivalents and a decrease in trade and other account receivable. In turn, non-banking non-current assets grew by MCLP 248,398, explained by the increase in property, plant and equipment and investment properties, reflecting the investments done by the Company in new stores and shopping malls. Meanwhile, total assets of banking operations increased MCLP 57,284 compared to December 2013, due to higher loans and accounts receivable from clients, given the higher level of activity in this business, and on the other side due to an increase on financial assets held for trading. As a result, total assets increased by MCLP 196,408.

Non-banking business current liabilities decreased by MCLP 157,387 compared to December 2013, mainly explained by lower trade and other accounts payable; meanwhile the non-banking operations non-current liabilities increased by MCLP 71,188 due to higher non-current financial liabilities, in order to support the growth of the company's investments. In turn, the total liabilities of banking operations increased by MCLP 27,427 due to higher deposits and other time deposits. As a result, total liabilities decreased by MCLP 58,772.

4. Consolidated Cash Flow

Non-banking business cash flow from operating activities decreased MCLP 127,020 as of June 2014 compared to the same period of the previous year, due to a higher investment in working capital, given the increase in inventory and the decrease in accounts payable. Banking operations cash flow from operating activities decreased MCLP 37,969, mainly due to an increase in loans and accounts receivable from clients, given the higher level of activity observed in the operations of the three countries. As a result, consolidated cash flow from operating activities decreased by MCLP 164,990 during the period.

Non-banking business cash flow from investing activities was MCLP 23,360 less negative compared to the same period from the previous year, given that in 2013 a decrease of approximately MCLP 78,500 million was recorded in the cash flow which were later used for the acquisition of Dicico in Brazil. This compensated the greater investment in the period in additions of assets and investment properties, mainly due to new stores and shopping malls. In turn, banking operations cash flow from investing activities was MCLP 4,829 greater negative compared to the same period of the previous year, mainly due to a higher investment in investment securities available for sale. As a result, cash flow from consolidated investing activities as of June 2014 was MCLP 18,530 less negative compared to the same period in 2013.

Non-banking business cash flow from financing activities as of June 2014 was MCLP 61,930 lower than the previous year, mainly explained by lower proceeds from long-term loans. In turn, cash flow from financing activities was MCLP 6,035 lower than the same period of 2013 given the higher payment in bonds. As a result, non-banking business cash flow from financing activities decreased by MCLP 67,965 during the period.

III. Main Events during the Period

- During the second quarter three new stores were opened in the region:
  - Falabella opened one new store:
    - In Peru, in the city of Lima, with a sales area of 8,500 m^2.
  - Tottus opened two new stores:
    - In Chile, in La Florida in the city of Santiago, with a sales area of 2,000 m^2.
    - In Peru, in Ica, with a sales area of 600 m^2.

- Additionally, eleven new standalone stores were opened:
  - In Chile, four new standalones were opened in Santiago: two Clark's stones and two Americanino stores.
  - In Peru, six new standalone stores in Lima: one MAC store, one La Martina store, two Mango stores, one Call It Spring store and one HE by Mango store.
  - In Colombia, one Call it Spring store was opened in the Shopping Center El Tesoro, in Medellín.

- The Santiago Stock Exchange awarded Falabella as the favorite MILA (*Integrated Latin American Market*) stock in 2013, being the most traded share of the year in that market.

- On May 8th, Open Plaza placed a bond in Peru for MSOL 54.4 for 14 years, at a rate of 7.125%.

- On June 16th, Tottus Peru issued MSOL 40 for 20 years, as part of its first corporate bonds program.

Recent Events

- On July 30th, Sodimac Chile announced the early retirement of the Series F Bond, for a total amount of MCLP 12,064.

- On July 31st, Sodimac opened a new store in Argentina, in the city of La Plata, with a sales area of 9,500 m^2.

- Falabella.com Colombia was awarded for the second time as the leader in the Retail category at the eCommerce Awards by the Instituto Latinoamericano de Comercio Electrónico (Latin American Institute for Electronic Commerce).

- Banco Falabella Chile was recognized as the bank with the best customer service, according to a study done by Ipsos consultancy in which the main banks of the country were evaluated.

- In August, Etam, which is the number one brand in the lingerie market in France, joined Falabella's exclusive brands portfolio.

- Also in August, Mango Kinds is added to the store as an extension of Mango, having already incorporated in March 2013 HE by Mango, the men's line of the chain.

IV. Retail Indicators

1. Retail Business Revenues

Retail Revenues 2Q 2014[1] (MUS$)

(Nominal Chilean pesos, translated to USD at the observed Exchange rate of July 1st 2014)

	2Q13	2Q14	Var %	Var Local Currency[2] %
Chile				
Department Stores	507.4	571.6	12.6%	12.6%
Home Improvement	776.4	814.0	4.8%	4.8%
Supermarkets	230.3	266.3	15.6%	15.6%
Peru				
Department Stores	221.4	250.9	13.3%	3.9%
Home Improvement	120.4	143.1	18.8%	9.0%
Supermarkets	200.4	252.6	26.1%	15.6%
Colombia				
Department Stores	127.3	162.6	27.7%	14.8%
Home Improvement	275.6	337.4	22.4%	9.4%
Argentina				
Department Stores	144.2	147.8	2.5%	38.1%
Home Improvement	53.8	48.6	-9.6%	21.6%
Brazil				
Home Improvement		88.1		

Retail Revenues 1H 2014[1] (MUS$)

(Nominal Chilean pesos, translated to USD at the observed Exchange rate of July 1st 2014)

	1H13	1H14	Var %	Var Local Currency[2] %
Chile				
Department Stores	963.0	1,069.8	11.1%	11.1%
Home Improvement	1,563.5	1,670.5	6.8%	6.8%
Supermarkets	451.1	517.6	14.7%	14.7%
Peru				
Department Stores	393.2	452.4	15.1%	6.4%
Home Improvement	243.9	298.1	22.2%	13.2%
Supermarkets	392.3	493.8	25.9%	16.4%
Colombia				
Department Stores	236.1	283.6	20.1%	11.3%
Home Improvement	569.5	680.3	19.5%	10.7%
Argentina				
Department Stores	253.9	271.8	7.0%	41.5%
Home Improvement	107.1	101.8	-4.9%	25.2%
Brazil				
Home Improvement		172.0		

[1] Excludes revenues from credit business.
[2] Sales variation in local currency does not reflect the effects of exchange rate in the translations of the financial statements.

Same Store Sales (SSS) Nominal Growth[3]

(All growths have been calculated in nominal terms and in local currency of each country)

	1Q13	2Q13	3Q13	4Q13	2013	1Q14	2Q14	1H13	1H14
Chile									
Department Stores	(0.8%)	4.7%	8.2%	7.4%	5.0%	5.5%	5.6%	1.8%	5.5%
Home Improvement	3.4%	7.7%	6.4%	8.9%	6.6%	7.2%	3.7%	5.5%	5.5%
Supermarkets	8.0%	8.5%	6.7%	8.4%	7.4%	6.5%	9.3%	8.2%	7.9%
Peru									
Department Stores	4.6%	6.5%	1.5%	9.6%	5.9%	3.7%	(3.4%)	5.6%	(1.1%)
Home Improvement	10.8%	10.9%	8.7%	0.1%	7.3%	(2.5%)	(5.0%)	10.8%	(3.7%)
Supermarkets	8.5%	7.2%	2.7%	9.2%	6.9%	5.3%	6.4%	7.7%	5.6%
Colombia									
Department Stores	(0.4%)	(3.2%)	(7.4%)	9.1%	0.8%	2.2%	13.6%	(1.9%)	8.3%
Home Improvement	(2.2%)	0.5%	2.2%	6.5%	1.9%	5.9%	4.1%	(0.9%)	5.1%
Argentina									
Department Stores	24.3%	31.1%	32.0%	36.1%	31.6%	35.6%	31.3%	28.0%	33.4%
Home Improvement	31.1%	25.9%	21.8%	38.8%	29.7%	28.8%	21.4%	28.4%	25.0%
Brazil									
Home Improvement			8.5%	13.3%		2.2%	(0.9%)		0.6%

[3] SSS include revenues generated by our online channel (applying to the businesses where this operation is implemented).

2. Number of Stores and Selling Area of Retail Businesses[4],[5]

	June 2013		June 2014	
	Sales Area (m²)	Stores (#)	Sales Area (m²)	Stores (#)
Chile				
Department Stores	269,794	42	295,809	44
Home Improvement	657,716	80	680,201	83
Supermarkets	156,865	44	174,630	49
Peru				
Department Stores	132,947	20	152,932	24
Home Improvement	147,503	19	188,153	25
Supermarkets	145,141	35	165,142	43
Colombia				
Department Stores	95,405	15	95,405	15
Home Improvement	302,713	30	322,609	33
Argentina				
Department Stores	57,762	11	57,762	11
Home Improvement	74,785	7	74,785	7
Brazil				
Home Improvement			121,706	57
Total Stores	**2,040,632**	**303**	**2,329,135**	**391**

3. Number of Shopping Malls and GLA of Real Estate Operators[6]

	June 2013		June 2014	
	GLA (m²)	Shopping Malls (#)	GLA (m²)	Shopping Malls (#)
Chile				
Mall Plaza	1,035,000	13	1,136,000	14
Open Plaza	158,575	7	234,850	10
Peru				
Aventura Plaza	229,000	4	258,000	4
Open Plaza	206,000	7	231,000	8
Colombia				
Mall Plaza	26,000	1	26,000	1
Total Real Estate	**1,654,575**	**32**	**1,885,850**	**37**

Furthermore, the Group own 792,000 m² of additional GLA in free standing locations of Falabella, Sodimac and Tottus stores.

[4] During 2013 selling area was recounted, which may imply differences in the information published in March 2013.
[5] Sales area includes cash registering points. In particular, in the case of Tottus, represents approximately 7% of total area. This definition may differ from how other peers in the industry measure their area, and thus, it has implications when comparing sales per square meter.
[6] Open Plaza includes Power Centers (locations where there are 2 anchor stores and smaller shops) and Shopping Centers (locations with 3 anchor stores as well as smaller shops).

4. Sales per Square Meter of Retail Businesses[7]

Sales per square meter – 2Q 2014 (US$ / m²)

	2Q13	2Q14	Var %
Chile			
Department Stores	1,878	1,932	2.9%
Home Improvement	1,180	1,197	1.4%
Supermarkets	1,468	1,527	4.0%
Peru			
Department Stores	1,688	1,682	(0.3%)
Home Improvement	816	760	(6.8%)
Supermarkets	1,404	1,533	9.2%
Colombia			
Department Stores	1,377	1,704	23.8%
Home Improvement	920	1,046	13.6%
Argentina			
Department Stores	2,495	2,557	2.5%
Home Improvement	719	650	(9.6%)
Brazil			
Home Improvement		724	
TOTAL	**1,308**	**1,326**	**1.3%**

Sales per square meter – 1H 2014 (US$ / m²)

	1H13	1H14	Var %
Chile			
Department Stores	3,562	3,684	3.4%
Home Improvement	2,387	2,464	3.2%
Supermarkets	2,894	2,993	3.4%
Peru			
Department Stores	2,967	2,998	1.0%
Home Improvement	1,705	1,620	(4.9%)
Supermarkets	2,748	3,037	10.5%
Colombia			
Department Stores	2,530	2,945	16.4%
Home Improvement	1,901	2,122	11.6%
Argentina			
Department Stores	4,333	4,638	7.0%
Home Improvement	1,432	1,361	(4.9%)
Brazil			
Home Improvement		1,434	
TOTAL	**2,554**	**2,604**	**1.9%**

[7] Revenues divided by average area of the period. Amounts in dollars in both periods were translated at observed exchange rate of 2014, and therefore, the observed variation corresponds to the variation in Chilean pesos and not in local currency. The "Total" sale per square meter corresponds to the sum of revenues from the retail business divided by the average total surface of stores for the period. Revenues of each business unit include all channels, including the online channel.

V. Financial Indicators

1. Credit Indicators[8,9,10]

		1Q13	2Q13	3Q13	4Q13	1Q14	2Q14
CMR Chile (Card)							
Total Gross Loans	M CLP	953,839	935,829	950,348	1,064,208	1,068,905	1,089,630
Provisions (stock)	M CLP	(43,716)	(41,265)	(39,314)	(38,389)	(39,911)	(44,582)
Net Write-Offs	M CLP	18,978	31,410	43,263	53,458	10,536	18,369
Open Accounts (with balance)	#	2,057,981	2,048,103	2,042,300	2,115,368	2,113,062	2,140,968
Duration	Months	3.8	4.0	4.0	3.9	3.7	4.0
Average Loan	CLP	463,483	456,924	465,332	503,084	505,856	508,943
Banco Falabella Chile							
Total Gross Loans	M CLP	1,102,124	1,121,957	1,157,741	1,201,103	1,240,235	1,264,198
Provisions (stock)	M CLP	(42,905)	(45,745)	(48,779)	(52,152)	(60,483)	(64,174)
Net Write-Offs	M CLP	11,455	19,853	28,237	36,758	8,600	18,570
Banco Falabella Peru							
Total Gross Loans	M SOL	2,256	2,421	2,393	2,529	2,479	2,620
Provisions (stock)	M SOL	(169)	(179)	(178)	(185)	(187)	(193)
Net Write-Offs	M SOL	33	64	93	116	26	52
Open Accounts (with balance)	#	949,032	948,672	928,817	939,214	922,545	948,773
Duration	Months	9.3	9.2	9.5	9.3	9.8	9.6
Average Consumer Loan	SOL	2,377	2,552	2,576	2,693	2,687	2,761
Banco Falabella Colombia							
Total Gross Loans	M COP	1,013,531	1,039,039	1,064,317	1,160,903	1,153,403	1,245,697
Provisions (stock)	M COP	(77,071)	(77,995)	(75,088)	(75,050)	(76,451)	(78,869)
Net Write-Offs	M COP	20,226	37,547	52,871	67,448	12,788	24,812
Open Accounts (with balance)	#	649,450	669,422	692,658	730,740	722,110	739,464
Duration	Months	6.6	6.7	6.8	6.9	7.6	7.8
Average Consumer Loan	COP	1,560,598	1,552,144	1,536,570	1,588,667	1,597,268	1,684,595
CMR Argentina (Card)							
Total Gross Loans	M ARS	1,276	1,397	1,508	1,847	1,797	1,819
Provisions (stock)	M ARS	(31)	(32)	(28)	(32)	(43)	(53)
Net Write-Offs	M ARS	11	20	29	25	(9)	(21)
Open Accounts (with balance)	#	515,364	519,358	519,748	546,385	539,337	525,034
Duration	Months	3.6	3.4	3.6	3.6	3.1	2.8
Average Consumer Loan	ARS	2,476	2,690	2,900	3,380	3,332	3,465

2. Percentage of Sales with CMR Card[11]

	1Q 13	1H 13	9M 13	2013	1Q 14	1H 14
Chile - Falabella	54.3%	55.6%	56.1%	56.1%	54.3%	55.6%
Chile - Sodimac	30.9%	30.8%	30.5%	30.9%	29.8%	30.0%
Chile - Tottus	16.8%	17.6%	18.1%	18.5%	17.4%	18.4%
Peru - Saga, Sodimac & Tottus	43.2%	45.5%	44.9%	44.6%	39.5%	41.9%
Colombia - Falabella & Sodimac	23.8%	24.8%	24.6%	25.0%	22.6%	24.7%
Argentina - Falabella & Sodimac	36.6%	35.0%	34.0%	32.9%	27.7%	29.7%

[8] a. Loan Portfolio of CMR Chile, also considers car loan balance. New auto loans are now part of Banco Falabella portfolio.
b. Provisions of Banco Falabella Chile include additional provisions suggested by SBIF (Superintendent of Banks and Financial Institutions of Chile) presented as liabilities.
[9] Duration is calculated on a monthly basis according to the Macaulay duration, assuming a revolving term of 30 days.
[10] Total Gross Loans include all types of loans, not only consumer loans.
[11] Percentage of Sales using CMR corresponds to sales using CMR compared to total sales of each business.

VI. Other Indicators

Average Collection Period[12], Average Payment Period and Inventory Turnover 2Q 2014[13]

Chile

	Dep. Stores		Home Improv.		Supermarkets		Promotora CMR		Plaza S.A.	
	2Q13	2Q14	2Q13	2Q14	2Q13	2Q14	2Q13	2Q14	2Q13	2Q14
Average Collection Period	4.7	5.5	27.1	25.6	2.9	2.7	120.0	120.0	35.0	28.0
Average Payment Period	42.9	42.8	49.7	49.3	46.4	44.6	NA	NA	NA	NA
Inventory Turnover (days)	73.6	78.6	75.4	70.2	31.9	38.9	NA	NA	NA	NA

International Operations[14]

	Peru		Argentina		Colombia		Brazil
	2Q13	2Q14	2Q13	2Q14	2Q13	2Q14	2Q14
Average Collection Period	3.0	2.8	10.7	15.4	6.6	8.9	69.3
Average Payment Period	50.0	45.7	71.4	65.3	68.3	56.7	73.2
Inventory Turnover (day)	74.6	82.6	100.2	121.0	103.2	86.8	113.0

[12] Collection period does not include accounts receivable of our retail businesses (department stores, home improvement and supermarkets) with Promotora CMR S.A..

[13] Average Collection Period: Current trade and other receivables * 90 / Revenues
Average Payable Period: Current trade and other current accounts payable * 90 / Cost of sales
Inventory turnover: Inventories (net) * 90 / Cost of sales

[14] Indicators include our retail operations only.

VII. Operating Results by Business Unit

Revenues from the department store business in Chile increased 12.6% during the second quarter, partly explained by the greater sales area of the period, together with positive SSS growth achieved in the quarter, mainly driven by the growth of the online cannel as well as the positive effect that the World cup had in sales. In turn, the gross margin was negatively affected mainly by the change in mix, given greater electronic sales compared to other quarters driven by the World Cup, showing a decrease of 80 bps in the margin. Meanwhile, SG&A expenses increased 16.6% due to a greater expense in remunerations during the period. As a result, the operational result decreased 26.4% during the quarter.

The operational result of the home improvement business in Chile increased 4.0% during the second quarter as a result of higher revenues and lower growth in the SG&A expenses, which compensate the lower gross margin of the period. A higher percentage of wholesales sales in comparison to the same quarter from the previous year explain the 0.4 percentage point decrease in the gross margin. In turn, the expense control policies which the Company has been implementing for several quarters implied higher labor and logistic efficiencies, contributing to achieve a decrease of 40 bps in the SG&A expenses as a percentage of revenues.

Regarding Tottus in Chile, the operating result reached MCLP 734 during the second quarter, achieving a growth of 573.2% compared to the same period from the previous year, due to the higher level of revenues together with a lower increase in the SG&A expenses during this quarter. The 15.6% increase in revenues is explained by sales area added over the last twelve months, which amounted to more than 17.000 m^2, together with an important SSS growth achieved in the period. In turn, a higher efficiency in maintenance services implied lower expenses in this area.

During the second quarter, CMR Chile increased its operating result by 9.6%, mainly due to higher revenues together with lower SG&A expenses as a percentage of revenues, compensating the lower gross margin of the period. In the first case, the increase is explained by the larger loan portfolio, highlighting the growth achieved in sales in stores outside of the group and also the increase in cash advances. In turn, the lower growth in SG&A expenses is due to higher efficiencies seen at a labor level, systems and marketing. On the other hand, the lower gross margin is explained by the reversal of provisions which occurred during the second quarter of the previous year, given the lower level of loans, contrasting with the growth observed by the loan book during this year.

The operating profit of Banco Falabella in Chile increased 137.5% during the second quarter, reaching MCLP 10,160. This is explained, on one side, due to the growth in revenues given the higher level of loans during the quarter. On the other side, it is explained by the positive effect that inflation had on the results of the bank given its greater position of assets in UF, as well as lower funding costs. Lastly, the efficiencies achieves in the operation, such as an increase in the use of electronic channel by our customers, among other things, also contributed to this positive result.

Plaza S.A. increased 11.5% its operating result during the second quarter of the year, mainly due higher revenues in the period, which compensate the decrease of 2.4 percentage points in the gross margin and a higher growth in the SG&A expenses. The increase in revenues is explained by the greater leasable area due to the opening of Mall Plaza Egaña. In turn, the lower gross margin and the higher SG&A as a percentage of revenues are due to several new shopping centers which haven't reached a maturity stage, especially Mall Plaza Egaña.

The consolidated revenues from our operations in Peru achieved a growth of 19.0% during the second quarter, due to the greater sales area of the three retail formats in the country, together with positive SSS growth of 6.4% in Tottus. In turn, Falabella and Sodimac had their SSS affected, in the first case, due to above average temperatures as an effect of El Niño, which impacted the demand for seasonal apparel. Meanwhile in the case of Sodimac, it was affected by the sales cannibalization given the important number of openings carried out during the last year, increasing 30% its surface area in the last twelve months. In turn, the gross margin decreased 1.2 percentage points in the quarter mainly due to the supermarket business growth, whose gross margin is lower compared to other businesses, and due to lower gross margin in Falabella as a result of increased promotional activity. Additionally, expenses increased 20.9% mainly due to expenses of new stores, given that in the last twelve months 19 stores were opened in the country, compared to 8 stores opened in the same period of the previous year. As a consequence, the operating result decreased 6.5% in the period.

Regarding our Colombian operations, during the second quarter the operating profit increased 67.6% due to higher revenues in the period together with a lower growth in the SG&A expense, which managed to compensate the decrease in the gross margin. The positive SSS growth achieved by Falabella in the period together with the 19.9% growth in the loan book of Banco Falabella explains the 25.2% increase in revenues. In turn, Falabella has seen its gross margin affected due to the increase in customs duties introduced last year, which did not have an impact in the merchandise sold during the same quarter of 2013. This was compensated by the higher gross margin achieved by the Bank, due to a lower cost of funding. Lastly, a higher efficiency achieved mainly in the labor area in both businesses allowed to decreased in 300 bps the SG&A expenses as a percentage of revenues.

In the case of Argentina, the operating result increased 6.2% in the period, due to lower SG&A expenses, which managed to compensate the lower gross margin. In the case of the SG&A expenses, it is worth noting the labor efficiencies achieved in the operations which led to higher labor productivity, resulting in a decrease of 2.7% in the total expenses. In turn, higher electronic sales during the quarter due to the World Cup affected the gross margin in Falabella.

Lastly, during the second quarter our operation in Brazil reached MCLP 48,683 (MUS$ 88). The operating margin resulted in -1.9% of the revenues given the increase in SG&A expenses related with the integration of the Sodimac team in Brazil, which is focused on developing the Homcenter format in that country.

Operating Results 2Q 2014 (MUS$)[15,16]

	Department Stores			Home Improvement			Supermarkets		
	2Q13	2Q14	Var %	2Q13	2Q14	Var %	2Q13	2Q14	Var %
Revenues	507.4	571.6	12.6%	776.4	814.0	4.8%	230.3	266.3	15.6%
Gross Margin	30.1%	29.4%	9.8%	28.8%	28.3%	3.2%	24.7%	24.7%	16.0%
SG&A (w/o dep.) Mrg.	(24.0%)	(24.8%)	16.6%	(21.2%)	(20.8%)	2.8%	(21.6%)	(21.4%)	14.2%
EBITDA Margin	6.2%	4.6%	-16.6%	7.8%	7.7%	4.1%	3.0%	3.4%	28.7%
Operating Margin	4.7%	3.0%	-26.4%	6.0%	6.0%	4.0%	0.1%	0.5%	573.2%

	Promotora CMR			Plaza S.A.			Banco Falabella Chile		
	2Q13	2Q14	Var %	2Q13	2Q14	Var %	2Q13	2Q14	Var %
Revenues	130.9	150.2	14.7%	87.2	100.4	15.2%	90.7	122.2	34.7%
Gross Margin	54.0%	50.9%	8.1%	83.0%	80.6%	11.9%	42.5%	44.9%	42.3%
SG&A (w/o dep.) Mrg.	(10.3%)	(9.2%)	1.9%	(11.1%)	(11.0%)	14.2%	(31.5%)	(27.5%)	17.8%
EBITDA Margin	43.7%	41.7%	9.6%	81.3%	80.9%	14.6%	11.0%	17.3%	112.3%
Operating Margin	43.7%	41.7%	9.6%	71.6%	69.3%	11.5%	8.5%	15.0%	137.5%

	Peru			Colombia			Argentina			Brazil
	2Q13	2Q14	Var %	2Q13	2Q14	Var %	2Q13	2Q14	Var %	2Q14
Revenues	607.5	722.7	19.0%	176.5	220.9	25.2%	219.4	219.4	0.0%	88.1
Gross Margin	31.7%	30.5%	14.5%	37.6%	36.3%	20.9%	41.9%	41.0%	-2.0%	30.6%
SG&A (w/o dep.) Mrg.	(20.7%)	(21.1%)	20.9%	(30.7%)	(27.7%)	13.1%	(35.6%)	(34.6%)	-2.7%	(30.5%)
EBITDA Margin	10.9%	9.4%	2.5%	6.9%	8.6%	55.5%	6.3%	6.4%	2.2%	0.1%
Operating Margin	8.4%	6.6%	-6.5%	3.9%	5.3%	67.6%	4.9%	5.2%	6.2%	(1.9%)

[15] Operating results includes banking business in Peru and Colombia and credit business in Argentina.
[16] Variations presented in the Var % column correspond to changes in absolute amounts and not of margins over revenues.




Operating Results 1H 2014 (MUS$)[15,16]

	Department Stores			Home Improvement			Supermarkets		
	1H13	1H14	Var %	1H13	1H14	Var %	1H13	1H14	Var %
Revenues	963.0	1,069.8	11.1%	1,563.5	1,670.5	6.8%	451.1	517.6	14.7%
Gross Margin	29.7%	29.1%	8.8%	29.2%	28.5%	4.3%	24.4%	24.5%	15.2%
SG&A (w/o dep.) Mrg.	(24.6%)	(25.5%)	15.3%	(20.9%)	(20.3%)	3.7%	(21.0%)	(21.4%)	16.5%
EBITDA Margin	5.1%	3.6%	-22.4%	8.4%	8.4%	5.8%	3.3%	3.1%	6.9%
Operating Margin	3.6%	2.0%	-38.7%	6.8%	6.7%	5.5%	0.4%	0.2%	-53.2%

	Promotora CMR			Plaza S.A.			Banco Falabella Chile		
	1H13	1H14	Var %	1H13	1H14	Var %	1H13	1H14	Var %
Revenues	264.4	295.8	11.9%	166.4	193.1	16.1%	179.2	238.1	32.9%
Gross Margin	50.6%	50.7%	12.0%	82.1%	79.9%	12.9%	39.8%	41.7%	38.9%
SG&A (w/o dep.) Mrg.	(9.6%)	(9.5%)	10.8%	(11.2%)	(11.1%)	15.4%	(31.2%)	(27.6%)	17.6%
EBITDA Margin	41.0%	41.2%	12.3%	81.2%	80.5%	15.2%	8.6%	14.0%	116.3%
Operating Margin	41.0%	41.2%	12.3%	70.7%	68.5%	12.4%	6.1%	11.7%	155.3%

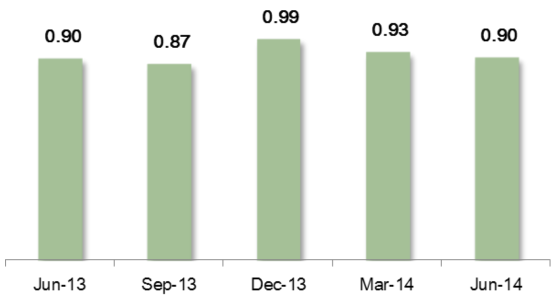
	Peru			Colombia			Argentina			Brazil
	1H13	1H14	Var %	1H13	1H14	Var %	1H13	1H14	Var %	1H14
Revenues	1,156.8	1,393.9	20.5%	332.0	398.5	20.0%	403.4	422.2	4.6%	172.0
Gross Margin	30.7%	29.9%	17.5%	36.7%	37.3%	21.9%	40.1%	41.1%	7.5%	31.2%
SG&A (w/o dep.) Mrg.	(20.5%)	(21.2%)	24.6%	(30.3%)	(29.8%)	18.1%	(35.9%)	(34.2%)	-0.1%	(30.5%)
EBITDA Margin	10.2%	8.7%	3.2%	6.5%	7.5%	39.8%	4.2%	6.9%	71.8%	0.7%
Operating Margin	7.6%	5.8%	-6.9%	3.2%	4.2%	57.7%	2.7%	5.6%	119.5%	(1.4%)

VIII. Financial Structure

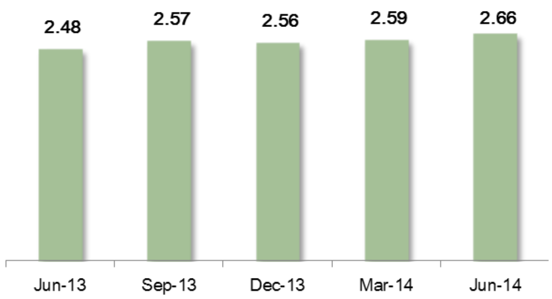
Total liabilities as of June 30th 2014, amounted to MCLP 6,011,895 (MUS$ 10,877).

In turn, the Leverage of Non-Banking Business[17] amounts to 0.90. Considering the financial debt[18] of the non-banking business, the ratio of Net Financial Debt / EBITDA amounts to 2.66.

1. Leverage Non-Banking Operations



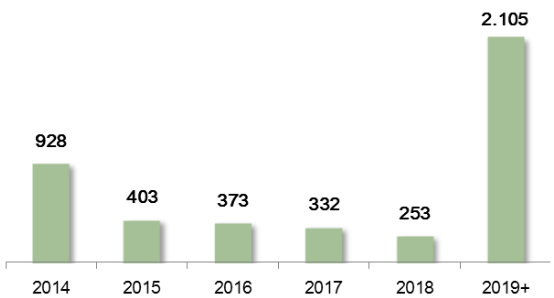
2. Net Financial Debt / EBITDA Non-Banking Operations



3. Debt Maturity Profile[19, 20]

Total Consolidated Financial Debt (excluding banking operations): M US$ 4,395

(Millions of US$)



[17] Non-Banking Operations Leverage = Total Non-Banking Operations Liabilities divided by Total Equity.

[18] Non-Banking Business Financial Debt = Total Current Non-Bank Operations Liabilities + Total Non-Current Non-Banking Operations Liabilities.

[19] Total Consolidated Financial Debt does not include the banking operations of the Group Falabella (Banco Falabella Chile, Banco Falabella Peru and Banco Falabella Colombia) or accrued interests, however it does include CMR in Chile and Argentina.

[20] Data in US$ converted at the closing exchange rate of June 2014 for each country.

IX. Financial Statements of S.A.C.I. Falabella – according to IFRS

	30-Jun-14	31-Dec-13
	TH$	TH$
Assets		
Non-banking Businesses		
Current assets		
Cash and cash equivalents	183,660,403	275,536,508
Other financial assets	41,110,042	31,092,383
Other non-financial assets	87,091,316	67,235,864
Trade and other accounts receivable	1,299,089,754	1,361,212,730
Accounts receivable from related parties	3,611,266	3,608,843
Inventory	937,331,170	916,670,685
Tax assets	36,712,544	42,523,671
Total Current Assets	**2,588,606,495**	**2,697,880,684**
Non-current Assets		
Other financial assets	183,659	183,129
Other non-financial assets	17,691,482	18,288,685
Accounts receivable	185,401,790	178,064,620
Investments accounted for using the equity method	164,861,692	148,775,246
Intangible assets other than goodwill	190,095,964	185,852,765
Goodwill	302,694,774	298,112,966
Property, plant and equipment	1,784,083,948	1,671,176,569
Investment properties	2,015,134,442	1,928,060,213
Deferred tax assets	68,167,176	51,403,041
Total Non-current Assets	**4,728,314,927**	**4,479,917,234**
Total Assets – Non-banking Business	**7,316,921,422**	**7,177,797,918**
Banking Services Assets (Presentation)		
Cash and bank deposits	212,201,807	342,345,059
Transactions with settlement in progress	12,165,428	47,396,787
Financial assets held for trading	37,365,183	83,084,118
Financial derivative contracts	4,287,941	6,607,804
Loans and accounts receivable from clients	2,022,671,279	1,886,630,217
Available for sale instruments	385,485,744	260,038,309
Investments in companies	1,723,503	1,621,617
Intangibles	21,999,901	19,978,641
Property, plant and equipment	36,328,630	36,175,090
Current taxes	3,238,527	288,608
Deferred taxes	18,972,784	16,752,822
Other assets	18,358,380	16,595,992
Total Bank Services Assets	**2,774,799,107**	**2,717,515,064**
Total Assets	**10,091,720,529**	**9,895,312,982**

	30-Jun-14	31-Dec-13
	TH$	TH$
Net Equity and Liabilities		
Non-banking Business		
Current Liabilities		
Other financial liabilities	659,352,468	641,297,879
Trade and other accounts payable	723,962,077	878,178,136
Accounts payable to related parties	4,072,745	3,089,892
Other current provisions	9,637,051	6,147,851
Current tax liabilities	18,414,837	18,891,851
Employee benefits provisions	94,690,588	93,750,401
Other non-financial liabilities	84,822,918	110,983,691
Total Current Liabilities	**1,594,952,684**	**1,752,339,701**
Non-current Liabilities		
Other financial liabilities	1,790,693,410	1,720,465,349
Other liabilities	916,030	2,300,188
Accounts payable to related parties	355,563	340,547
Other long-term provisions	5,377,783	4,839,707
Deferred tax liabilities	253,564,700	252,608,535
Employee benefits provision	15,920,667	14,934,866
Other non-financial liabilities	23,593,302	23,744,207
Total Non-current Liabilities	**2,090,421,455**	**2,019,233,399**
Total Non-banking Business Liabilities	**3,685,374,139**	**3,771,573,100**
Banking Services Liabilities (Presentation)		
Deposits and other demand liabilities	179,036,316	160,428,104
Transactions with settlement in progress	8,503,435	55,361,946
Time deposits and other term deposits	1,601,474,000	1,502,609,515
Financial derivative contracts	6,099,421	4,486,973
Due to banks	29,504,732	52,451,222
Debt instruments issued	251,922,830	277,114,232
Other financial obligations	184,240,321	188,589,350
Current taxes	2,896,800	3,846,203
Deferred taxes	7,334,492	6,650,643
Provisions	5,543,530	6,049,741
Other liabilities	49,964,941	41,506,288
Total Banking Services Liabilities	**2,326,520,818**	**2,299,094,217**
Total Liabilities	**6,011,894,957**	**6,070,667,317**
Net Equity		
Issued capital	533,409,643	530,806,267
Retained earnings	2,833,360,652	2,676,678,527
Share premium	93,482,329	67,679,807
Other reserves	(83,658,289)	(123,136,318)
Equity attributable to owners of the parent	**3,376,594,335**	**3,152,028,283**
Non-controlling interests	703,231,237	672,617,382
Total Equity	**4,079,825,572**	**3,824,645,665**
Total Equity and Liabilities	**10,091,720,529**	**9,895,312,982**

	For the year ended as of 30-jun-14	For the year ended as of 30-jun-13
	TH$	TH$
Statement of Income		
Non-banking Business		
Revenue from continuing operations	3,276,473,502	2,847,883,580
Cost of sales	(2,192,641,847)	(1,893,770,360)
Gross Profit	**1,083,831,655**	**954,113,220**
Distribution costs	(42,035,769)	(37,317,686)
Administrative expenses	(669,489,782)	(575,229,924)
Other expenses, by function	(64,470,731)	(52,844,620)
Other gains (losses)	(279,981)	(2,111,505)
Financial income	7,204,075	7,110,390
Financial expenses	(60,815,413)	(45,839,600)
Equity interest in profits (losses) of associates and joint ventures accounted for using the equity method	11,034,030	7,984,060
Foreign currency translation	(15,517,883)	(5,839,666)
Income from indexation units	(26,557,756)	(699,581)
Profit (Loss), before Taxes	**222,902,445**	**249,325,088**
Income tax expense	(39,518,278)	(52,059,551)
Profit (loss) from Non-banking Business	**183,384,167**	**197,265,537**
Banking Services (Presentation)		
Interest and indexation revenue	215,843,932	171,612,078
Interest and indexation expenses	(65,687,704)	(52,620,726)
Net Income from Interest and Indexation	**150,156,228**	**118,991,352**
Fee revenue	49,260,131	42,328,786
Fee expenses	(12,651,866)	(10,722,453)
Net Fee Income	**36,608,265**	**31,606,333**
Net income from financial operations	4,442,789	2,963,105
Net exchange gains (losses)	727,336	4,952,966
Other operating income	1,814,994	1,489,897
Provision for loan losses	(50,690,182)	(46,868,751)
Total Operating Income, net	**143,059,430**	**113,134,902**
Employee remunerations and expenses	(38,927,136)	(32,524,005)
Administrative expenses	(45,799,030)	(36,128,362)
Depreciation and amortization	(6,917,916)	(5,756,835)
Other operating expenses	(5,024,211)	(4,369,920)
Total Operating Expenses	**(96,668,293)**	**(78,779,122)**
Operating Income	**46,391,137**	**34,355,780**
Income from equity method investments in companies	215,954	103,308
Income before Income Taxes	**46,607,091**	**34,459,088**
Income tax expense	(12,931,573)	(9,742,099)
Ganancia de negocios bancarios	**33,675,518**	**24,716,989**
Profit (Loss)	**217,059,685**	**221,982,526**
Profit (loss), Attributable to:		
Owners of the parent	198,429,453	199,212,701
Non-controlling interests	18,630,232	22,769,825
Profit (Loss)	**217,059,685**	**221,982,526**
Earnings per share		
Basic earnings per share		
Basic earnings (loss) per share from continuing operations	0.0817	0.0823
Basic Earnings (Loss) per Share	**0.0817**	**0.0823**
Diluted Earnings per Share		
From continuing operations	0.0814	0.0823
Diluted Earnings (Loss) per Share	**0.0814**	**0.0823**

	30-Jun-14	30-Jun-13
	TH$	TH$
Statement of cash flows		
Cash flows provided by (used in) operating activities		
Non-banking Business (Presentation)		
Classes of proceeds from operating activities		
Proceeds from sale of goods and providing services	3,912,092,155	3,466,178,225
Classes of payments		
Payment to suppliers for supplying goods and services	(3,062,771,933)	(2,568,555,151)
Payments to and on account of employees	(405,854,417)	(345,011,951)
Income taxes refunded (paid)	(42,339,435)	(50,340,638)
Other cash inflows (outflows)	(224,325,705)	(198,449,435)
Subtotal net cash flows provided by Non-banking Business operating activities	176,800,665	303,821,050
Banking Services (Presentation)		
Consolidated net income (loss) for the year	33,675,518	24,716,989
Charges (credits) to income that do not involve cash movements:		
Depreciation and amortization	6,917,916	5,756,835
Credit risk provision	50,690,182	46,868,751
Profit losses from equity method investments	(215,954)	(103,308)
Net increase in loans and accounts receivable from clients	(154,415,656)	(66,880,124)
Net decrease in instruments held for trading	32,623,682	8,761,040
Increase in deposits and other demand obligations	18,608,212	7,316,816
Increase in repurchase agreements and share loans	98,864,485	63,510,113
Increase in obligations with banks	(22,946,490)	10,956,846
Other	(5,804,117)	(4,936,996)
Subtotal net cash flows provided by (used in) Banking Services operating activities	57,997,778	95,966,962
Net cash flows provided by operating activities	234,798,443	399,788,012
Cash flows provided by (used in) investing activities		
Non-banking Business (Presentation)		
Cash flows used to obtain control of subsidiaries and other businesses	-	(16,155,466)
Cash flows used in the purchase of non-controlling interests	-	(5,281,209)
Other charges on the sale of equity or debt instruments of other parties	-	5,000,000
Proceeds from disposal of property, plant and equipment	588,216	254,977
Additions to property, plant and equipment	(182,495,547)	(131,127,946)
Additions to intangible assets	(9,916,378)	(4,024,043)
Proceeds from other long-term assets	518,249	1,788,051
Additions to other long-term assets	(107,194,105)	(98,610,777)
Dividends received	4,536,843	6,332,666
Interest received	3,910,215	4,533,933
Other cash inflows (outflows)	1,095,414	(75,026,893)
Subtotal net cash flows used in investing activities in the Non-banking Business	(288,957,093)	(312,316,707)
Banking Services		
Net (Increase) decrease in investment securities available for sale	(125,447,435)	(119,289,797)
Additions to property, plant and equipment	(7,242,711)	(8,299,843)
Investments in associates	202,870	-
Other	422,839	354,390
Subtotal net cash flows provided by (used in) Banking Services investing activities	(132,064,437)	(127,235,250)
Net cash flows provided by (used in) investing activities	(421,021,530)	(439,551,957)
Cash flows provided by (used in) financing activities		
Non-banking Business		
Proceeds from issuance of shares	36,153,391	14,121,540
Proceeds from long-term loans	66,439,607	461,828,052
Proceeds from short-term loans	889,940,437	694,758,331
Total proceeds from loans	956,380,044	1,156,586,383
Loan payments	995,446	(57,400)
Payment of loans	(863,735,617)	(1,012,378,873)
Payment of financial lease liabilities	(4,438,690)	(6,285,573)
Dividends paid	(105,473,653)	(82,789,747)
Interest paid	(28,516,791)	(23,307,959)
Other cash inflows (outflows)	(1,397,359)	6,008,849
Subtotal net cash flows provided by (used in) Non-banking Business financing activities	(10,033,229)	51,897,220
Banking Services (Presentation)		
Redemption of letters of credit	(4,349,029)	(7,442,198)
Bond payments	(25,191,402)	(16,467,365)
Other	(11,470,416)	(11,066,470)
Subtotal net cash flows provided by (used in) Banking Services financing activities	(41,010,847)	(34,976,033)
Net cash flows used in financing activities	(51,044,076)	16,921,187
Net increase in cash and cash equivalents, before the effect of changes in the exchange rate	(237,267,163)	(22,842,758)
Effects of changes in the exchange rate on cash and cash equivalents		
Effects of changes in the exchange rate on cash and cash equivalents	13,779,705	6,417,319
Net increase (decrease) in cash and cash equivalents	(223,487,458)	(16,425,439)
Cash and cash equivalents at beginning of period	647,689,942	568,305,938
Cash and cash equivalents at end of period	424,202,484	551,880,499

Cash Flow – Chilean Operations

June 2014	Department Stores	Home Improvement	Supermarkets	Promotora CMR	Plaza S.A.
Cash flow from operating activities	43,596	66,988	(6,846)	61,175	87,039
Cash flow from investing activities	(804)	(16,996)	(15,093)	(11,224)	(76,932)
Cash flow from financing activities	(57,427)	(55,112)	20,933	(41,266)	(72,383)
Increase (decrease) in cash and cash equivalents	(14,635)	(5,121)	(1,006)	8,686	(62,276)
Impact of exchange rate differences on cash and cash equivalents	(130)	123	10	7	139
Cash and cash equivalents at the beginning of the period	30,616	21,017	9,656	4,284	101,928
Cash and cash equivalents at the end of the period	15,850	16,018	8,660	12,976	39,791

June 2013	Department Stores	Home Improvement	Supermarkets	Promotora CMR	Plaza S.A.
Cash flow from operating activities	13,884	73,872	7,827	76,086	81,663
Cash flow from investing activities	10,028	(18,718)	(19,487)	12,529	(109,509)
Cash flow from financing activities	(45,186)	(62,894)	3,669	(60,545)	7,631
Increase (decrease) in cash and cash equivalents	(21,274)	(7,740)	(7,991)	28,071	(20,216)
Impact of exchange rate differences on cash and cash equivalents	27	188	3	0	(31)
Cash and cash equivalents at the beginning of the period	45,558	21,505	15,907	7,749	44,152
Cash and cash equivalents at the end of the period	24,310	13,953	7,919	35,820	23,905

Cash Flow – International Operations

June 2014	Peru	Colombia	Argentina	Brazil
Cash flow from operating activities	55,375	(6,587)	(13,430)	(3,882)
Cash flow from investing activities	(109,689)	(55,372)	(13,473)	(24,098)
Cash flow from financing activities	27,890	45,725	44,789	9,473
Increase (decrease) in cash and cash equivalents	(26,424)	(16,234)	17,886	(18,507)
Impact of exchange rate differences on cash and cash equivalents	10,645	1,823	(1,542)	2,383
Cash and cash equivalents at the beginning of the period	165,121	37,414	5,837	23,291
Cash and cash equivalents at the end of the period	149,342	23,003	22,180	7,168

June 2013	Peru	Colombia	Argentina
Cash flow from operating activities	25,082	(16,707)	(4,465)
Cash flow from investing activities	(48,503)	(21,566)	(2,999)
Cash flow from financing activities	23,379	24,118	2,951
Increase (decrease) in cash and cash equivalents	(42)	(14,156)	(4,513)
Impact of exchange rate differences on cash and cash equivalents	(3,131)	(1,003)	(251)
Cash and cash equivalents at the beginning of the period	114,110	34,909	12,754
Cash and cash equivalents at the end of the period	110,937	19,750	7,990

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