Interim Consolidated Financial Statements

As of September 30, 2017 and December 31, 2016 and for the nine-month periods ended September 30, 2017 and 2016

CONTENT

Interim Consolidated Statements of Financial Position
Interim Consolidated Statements of Income
Interim Consolidated Statements of Other Comprehensive Income
Interim Consolidated Statements of Changes in Equity
Interim Consolidated Statements of Cash Flows
Notes to the Interim Consolidated Financial Statements

BANCO DE CRÉDITO E INVERSIONES AND SUBSIDIARIES
Interim Consolidated Financial Statements
As of September 30, 2017 and December 31, 2016 and for the nine-month periods ended September 30, 2017 and 2016

TABLE OF CONTENTS

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION 2
INTERIM CONSOLIDATED STATEMENTS OF INCOME 3
INTERIM CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME 4
INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY 5
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS 6

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES 8
NOTE 2 - ACCOUNTING CHANGES 52
NOTE 3 - SIGNIFICANT EVENTS 53
NOTE 4 – INFORMATION BY SEGMENTS 56
NOTE 5 - CASH AND CASH EQUIVALENTS 61
NOTE 6 - TRADING PORTFOLIO FINANCIAL ASSETS 62
NOTE 7 - INVESTMENTS UNDER AGREEMENTS TO RESELL AND LIABILITIES UNDER AGREEMENTS TO REPURCHASE 63
NOTE 8 - DERIVATIVE FINANCIAL AGREEMENTS AND HEDGE ACCOUNTING 65
NOTE 9 - LOANS AND RECEIVABLES TO BANKS, NET 69
NOTE 10 - LOANS AND RECEIVABLES TO CUSTOMERS, NET 70
NOTE 11 – FINANCIAL INVESTMENTS 77
NOTE 12 - INVESTMENTS IN OTHER COMPANIES 78
NOTE 13 - INTANGIBLE ASSETS 80
NOTE 14 - PROPERTY, PLANT AND EQUIPMENT 82
NOTE 15 - CURRENT AND DEFERRED TAX 85
NOTE 16 - OTHER ASSETS 88
NOTE 17 - BORROWINGS FROM CUSTOMERS 89
NOTE 18 - BORROWINGS FROM FINANCIAL INSTITUTIONS 90
NOTE 19 - DEBT ISSUED AND OTHER FINANCIAL LIABILITIES 90
NOTE 20 -PROVISIONS 95
NOTE 21 - OTHER LIABILITIES 97
NOTE 22 - CONTINGENCIES AND COMMITMENTS 97
NOTE 23 - EQUITY 102
NOTE 24 - INCOME AND EXPENSES FROM INTEREST AND INDEXATION FOR INFLATION 108
NOTE 25 – FEE AND COMMISSION INCOME AND EXPENSES 109
NOTE 26 - TRADING AND INVESTMENT INCOME 110
NOTE 27 - FOREIGN EXCHANGE RESULTS 110
NOTE 28 - PROVISIONS FOR LOAN LOSSES AND IMPAIRMENT 111
NOTE 29 - STAFF COSTS 113
NOTE 30 - ADMINISTRATIVE EXPENSES 113
NOTE 31 - DEPRECIATION, AMORTIZATION AND IMPAIRMENT 114
NOTE 32 - OTHER OPERATING INCOME AND EXPENSES 115
NOTE 33 - TRANSACTIONS WITH RELATED PARTIES 116
NOTE 34 - ASSETS AND LIABILITIES AT FAIR VALUE 126
NOTE 35 - RISK MANAGEMENT 131
NOTE 36 - MATURITIES OF ASSETS AND LIABILITIES 166
NOTE 37 - FOREIGN CURRENCY 168
NOTE 38 - SUBSEQUENT EVENTS 169

BANCO DE CREDITO E INVERSIONES AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As of September 30, 2017 and December 31, 2016
(In millions of Chilean pesos - MCh$)

	Note	As of September 30, 2017 MCh$	As of December 31, 2016 MCh$
ASSETS			
Cash and deposits in banks	5	1,442,732	1,577,565
Items in course of collection	5	303,438	264,265
Trading portfolio financial assets	6	2,185,720	1,267,979
Investments under agreements to resell	7	188,874	116,461
Derivative financial assets	8	1,343,942	1,360,247
Loans and receivables to banks, net	9	200,680	223,228
Loans and receivables to customers, net	10	23,362,346	21,954,346
Financial investments available for sale	11	2,164,796	2,524,500
Financial investments held to maturity	11	831	872
Investments in other companies	12	206,903	187,958
Intangible assets	13	166,200	177,516
Property, plant and equipment, net	14	269,334	279,496
Current income tax	15	-	31,247
Deferred income taxes	15	186,047	198,094
Other assets	16	738,795	686,130
TOTAL ASSETS		**32,760,638**	**30,849,904**
LIABILITIES			
Current accounts and demand deposits	17	9,001,384	8,194,263
Items in course of collection	5	166,963	132,507
Liabilities under agreements to repurchase	7	544,885	799,844
Term deposits and savings accounts	17	10,851,870	9,957,688
Derivative financial liabilities	8	1,430,866	1,420,086
Borrowings from financial institutions	18	1,650,383	1,648,764
Debt issued	19	4,627,357	4,398,430
Other financial liabilities	19	795,492	953,246
Current income tax	15	1,175	-
Deferred income taxes	15	97,832	55,655
Provisions	20	247,510	263,495
Other liabilities	21	632,955	507,249
TOTAL LIABILITIES		**30,048,672**	**28,331,227**
SHAREHOLDERS’ EQUITY			
Attributable to equity holders of the Bank:			
Capital		2,493,420	2,276,820
Reserves		109	109
Accumulated other comprehensive income		(2,363)	3,256
Retained earnings:			
Net income from prior periods	23	-	-
Net income for the period	23	314,762	340,121
Less: Accrual for minimum dividends	23	(94,439)	(102,049)
TOTAL EQUITY OF EQUITY HOLDERS OF THE BANK		**2,711,489**	**2,518,257**
Non-controlling interest		477	420
TOTAL SHAREHOLDERS’ EQUITY		**2,711,966**	**2,518,677**
TOTAL LIABILITIES AND SHAREHOLDER’S EQUITY		**32,760,638**	**30,849,904**

Notes No, 1 to No, 38 are an integral part of these Interim Consolidated Financial Statements.

BANCO DE CREDITO E INVERSIONES AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF INCOME
For the nine-month periods ended September 30, 2017 and 2016
(In millions of Chilean pesos - MCh$)

	Note	For the nine-month period ended September 30, 2017	2016
		MCh$	MCh$
Interest income	24	1,101,451	1,138,656
Interest expense	24	(414,539)	(461,371)
Net interest income		**686,912**	**677,285**
Fee and commission income	25	256,610	248,743
Fee and commission expense	25	(59,946)	(54,234)
Net fee and commission income		**196,664**	**194,509**
Trading and investment income, net	26	54,846	122,696
Foreign exchange results, net	27	49,687	(71,896)
Other operating income	32	26,308	21,059
Operating income		**1,014,417**	**943,653**
Provision for loan losses	28	(158,496)	(133,053)
OPERATING INCOME, NET OF PROVISION FOR LOAN LOSSES		**855,921**	**810,600**
Staff costs	29	(292,423)	(272,948)
Administrative expenses	30	(176,190)	(161,936)
Depreciation and amortization	31	(44,632)	(40,463)
Impairment of property, plant and equipment and intangible assets	31	(1,213)	(6)
Other operating expenses	32	(21,454)	(29,020)
TOTAL OPERATING EXPENSES		**(535,912)**	**(504,373)**
TOTAL NET OPERATING INCOME		**320,009**	**306,227**
Share of profit of investments accounted for using the equity method	12	110,751	13,925
Income before income tax		**430,760**	**320,152**
Income tax expense	15	(115,962)	(65,988)
Net income from continuing operations		**314,798**	**254,164**
Net income from discontinued operations		-	-
CONSOLIDATED NET INCOME FOR THE PERIOD		314,798	**254,164**
Attributable to:			
Equity holders of the Bank		314,762	254,142
Non-controlling interest		36	22
Earnings per share attributable to equity holders of the Bank:		314,798	254,164
(stated in Ch$)			
Basic earnings per share		$2,547	$2,057
Diluted earnings per share		$2,547	$2,057

Notes No, 1 to No, 38 are an integral part of these Interim Consolidated Financial Statements.

BANCO DE CREDITO E INVERSIONES AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the nine-month periods ended September 30, 2017 and 2016
(In millions of Chilean pesos - MCh$)

	Note	For the nine-month period ended September 30, 2017 MCh$	2016 MCh$
CONSOLIDATED NET INCOME FOR THE PERIOD		**314,798**	**254,164**
OTHER COMPREHENSIVE INCOME THAT MAY BE RECLASSIFIED TO THE STATEMENT OF INCOME			
Net gain/(loss) resulting on revaluation of financial investments available for sale		11,740	53,671
Net gain/(loss) on cash flow hedge derivatives		9,105	(14,078)
Cumulative translation adjustment		(24,836)	(7,719)
Other comprehensive income before income tax		**(3,991)**	**31,874**
Income tax for other comprehensive income	15	(1,628)	(5,402)
Total other comprehensives (loss) income that may be reclassified to the statements of income in subsequent periods		**(5,619)**	**26,472**
OTHER COMPREHENSIVE INCOME (LOSS) THAT WILL NOT BE RECLASSIFIED TO THE STATEMENTS OF INCOME IN SUBSEQUENT PERIODS		-	**-**
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)		**(5,619)**	**26,472**
CONSOLIDATED TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**309,179**	**280,636**
Attributable to:			
Equity holders of the Bank		309,143	280,614
Non-controlling interest		36	22
Utilidad por acción de los propietarios del Banco:			
Utilidad básica		$2,502	$2,271
Utilidad diluida		$2,502	$2,271

Notes No, 1 to No, 38 are an integral part of these Interim Consolidated Financial Statements.

BANCO DE CREDITO E INVERSIONES AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the nine-month periods ended September 30, 2017 and 2016
(In millions of Chilean pesos - MCh$)

			Accumulated other comprehensive income					Retained earnings				Total Equity		
	Capital	Reserves	Available for sale investments	Cash flow hedges reserve	Cumulative translation adjustment	Income Tax	Total	Retained earnings	Net Income for the period	Minimum dividends provision	Total	Total attributable to equity holders of the Bank	Non-Controlling interest	Total equity
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
As of January 1, 2017	**2,276,820**	**109**	**170**	**(16,678)**	**18,450**	**1,314**	**3,256**	**-**	**340,121**	**(102,049)**	**238,072**	**2,518,257**	**420**	**2,518,677**
Transfer to retained earnings	-	-	-	-	-	-	-	340,121	(340,121)	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	(123,564)	-	102,049	(21,515)	(21,515)	-	(21,515)
Capitalization of reserves	216,600	-	-	-	-	-	-	(216,557)	-	-	(216,557)	43	(43)	-
Other comprehensive income	-	-	11,740	9,105	(24,836)	(1,628)	(5,619)	-	-	-	-	(5,619)	64	(5,555)
Net income for the nine-month period ended September 30, 2017	-	-	-	-	-	-	-	-	314,762	-	314,762	314,762	36	314,798
Provision for minimum dividends	-	-	-	-	-	-	-	-	-	(94,439)	(94,439)	(94,439)	-	(94,439)
As of September 30, 2017	**2,493,420**	**109**	**11,910**	**(7,573)**	**(6,386)**	**(314)**	**(2,363)**	**-**	**314,762**	**(94,439)**	**220,323**	**2,711,489**	**477**	**2,711,966**
As of January 1, 2016	**1,781,396**	**109**	**(27,381)**	**(15,867)**	**21,866**	**8,592**	**(12,790)**	**-**	**330,819**	**(99,247)**	**231,572**	**2,000,287**	**238**	**2,000,525**
Transfer to retained earnings	-	-	-	-	-	-	-	330,819	(330,819)	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	(110,807)	-	99,247	**(11,560)**	**(11,560)**	-	**(11,560)**
Capitalization of reserves	220,016	-	-	-	-	-	-	(220,012)	-	-	**(220,012)**	**4**	(4)	-
Paid-in Capital	275,408	-	-	-	-	-		-	-	-	-	275,408	-	275,408
Other comprehensive income	-	-	53,671	(14,078)	(7,719)	(5,402)	**26,472**	-	-	-	-	**26,472**	207	**26,679**
Net income for the nine-month period ended September 30, 2016	-	-	-	-	-	-	-	-	254,142	-	**254,142**	**254,142**	22	**254,164**
Provision for minimum dividends	-	-	-	-	-	-	-	-	-	(76,249)	**(76,249)**	(76,249)	-	**(76,249)**
As of September 30, 2016	**2,276,820**	**109**	**26,290**	**(29,945)**	**14,147**	**3,190**	**13,682**	**-**	**254,142**	**(76,249)**	**177,893**	**2,468,504**	**463**	**2,468,967**

Notes No, 1 to No, 38 are an integral part of these Interim Consolidated Financial Statements.

BANCO DE CREDITO E INVERSIONES AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
For the nine-month periods ended September 30, 2017 and 2016
(In millions of Chilean pesos - MCh$)

	Note	For the nine-month period ended September 30, 2017 MCh$	2016 MCh$
CASH FLOWS (USED IN) PROVIDED BY OPERATING ACTIVITIES:			
INCOME BEFORE INCOME TAX		**430,760**	**320,152**
Charges (credits) to income not representing cash flows:			
Depreciation and amortization	31	44,632	40,463
Impairment of property, plant and equipment and intangible assets	31	1,213	6
Provision for loan losses		194,522	168,429
Impairment of repossessed assets		-	-
Adjustment to fair value of financial instruments		(18,964)	(8,216)
Share of (profit) loss of investments accounted using equity method	12	(110,751)	(13,925)
Net loss (gain) from sale of repossessed assets	32	(4,510)	(1,629)
Gain from sale of property, plant and equipment	32	(7,184)	(201)
Loss on sale of property, plant and equipment	32	21	1,497
Write-off of repossessed assets	32	3,294	3,311
Other charges to income that do not represent cash flows		291,254	14,293
Net interest and indexation income		(686,912)	(677,285)
Net fee and commission income		(196,664)	(194,509)
Changes in assets and liabilities affecting operating cash flows:			
Net increase in loans and receivables to banks		22,447	(95,043)
Net increase in loans and receivables to customers		(1,621,361)	(1,422,179)
Net (increase) decrease in investments		(550,802)	128,046
Net increase (decrease) in current accounts and other demand deposits		517,864	(531,992)
Net decrease (increase) in liabilities under agreements to repurchase		(211,117)	139,290
Net increase in term deposits and savings accounts		919,620	953,914
Net decrease in borrowing from financial institutions		87,848	(304,983)
Net (decrease) increase in other financial liabilities		(143,461)	183,733
Proceeds from loans from Central Bank of Chile (long-term)		-	13,540
Repayment of loans from Central Bank of Chile (long-term)		(1,959)	(15,056)
Proceeds from foreign borrowings (long-term)		4,238,263	3,305,765
Repayment of foreign borrowings (long term)		(4,354,610)	(3,582,892)
Income tax paid	15	(115,962)	(65,988)
Interest and indexation received		1,146,392	1,134,613
Interest and indexation paid		(147,103)	(203,278)
Fees and commissions received	25	256,610	248,743
Fees and commissions paid	25	(59,946)	(54,234)
Total cash flows used in operating activities		**(76,566)**	**(515,615)**
CASH FLOW FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment	14	(30,841)	(8,688)
Proceeds from sale of property, plant and equipment		15,767	31
Increase of investments in other companies	12	(40,410)	(539)
Purchase of intangible assets	13	(43,591)	(15,114)
Sale of investments in other companies	12	61,673	-
Dividends received from investments in other companies	12	5,339	474
Sale of repossessed assets		6,051	2,578
Net changes in other assets and liabilities		72,025	74,949
Total cash flows provided by (used in) investing activities		**46,013**	**53,691**
CASH FLOW FROM FINANCING ACTIVITIES:			
Redemption of letters of credit		(3,541)	(4,314)
Bond issuance		681,252	461,581
Bond redemption		(576,409)	(142,141)
Paid-in capital	23	-	275,408
Dividends paid	23	(123,564)	(110,807)
Total cash flows provided by financing activities		**(22,262)**	**479,727**
NET DECREASE IN CASH AND CASH EQUIVALENTS FOR THE PERIOD		**(96,800)**	**(224,650)**
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**43,985**	**242,453**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		**1,826,828**	**1,674,910**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5	**1,774,013**	**1,692,713**

Notes No, 1 to No, 38 are an integral part of the Interim Consolidated Financial Statements.

(In millions of Chilean pesos - MCh$)

Reconciliation of provisions for loan losses to Interim Consolidated Statements of Cash Flows for the period

	Note	For the nine-month period ended September 30, 2017 MCh$	2016 MCh$
Provision for loan losses presented in the Interim Consolidated Statements of Cash Flows		194,522	168,429
Recovery of loans previously written off		(36,026)	(35,376)
Provision for loan losses	28	**158,496**	**133,053**

NOTE 1 - GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES

GENERAL INFORMATION

a) The Bank

Banco de Credito e Inversiones or Banco BCI (hereinafter the "Bank") is a bank incorporated in Chile and regulated by the Superintendency of Banks and Financial Institutions (hereinafter the "SBIF"). The registered office of the Bank is located at 125 El Golf Avenue, Las Condes, Santiago. The Interim Consolidated Financial Statements as of September 30, 2017 and December 31, 2016 include financial information of the Bank and its subsidiaries listed below, as well as its Miami Branch, The Bank's business consists of all of the businesses and transactions permitted by the General Banking Law, including retail, corporate and real estate banking, large and medium size companies' services, private banking and asset management services.

b) Basis of Preparation of the Interim Consolidated Financial Statements

The Interim Consolidated Financial Statements have been prepared in accordance with the Compendium of Accounting Standards and Instructions issued by the SBIF, the regulatory agency set up under Article 15 of the General Banking Law, which stipulates that, pursuant to legal provisions, banks must apply the accounting criteria issued by that Superintendency and, in all such matters not specifically covered by it, provided they do not contradict its instructions, banks must follow generally accepted accounting criteria established in International Financial Reporting Standards (hereinafter the "IFRS") issued by the International Accounting Standards Board (hereinafter the "IASB"). In case of any discrepancy between IFRS and SBIF, the latter should be followed.

The Interim Consolidated Statements of Comprehensive Income include the net income for the period and other comprehensive income reflect other comprehensive income recognized in equity, including cumulative translation adjustment between Chilean Pesos and US Dollars originated by BCI Financial Group, Inc, and Subsidiaries and BCI Securities, as applicable. The financial result to be considered for distribution of dividends is the net income for the period attributable to the equity holders of the Bank, as stated in the Interim Consolidated Statements of Income.

Notes to the Interim Consolidated Financial Statements contain additional information to the presented in the Interim Consolidated Statements of Financial Position, Interim Consolidated Statements of Income. Interim Consolidated Statements of Comprehensive Income, Interim Consolidated Statements of Changes in Equity and Interim Consolidated Statements of Cash Flows. Narrative descriptions and breakdowns of these statements are supplied in a clear, relevant, reliable and comparable way.

NOTE 1 - GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES. CONTINUED

c) Controlled Companies (subsidiaries)

The Interim Consolidated Financial Statements as of September 30, 2017 and December 31, 2016 include financial information of the Bank and controlled companies (subsidiaries) (hereinafter the “Group”). Control is achieved when the following conditions are met:

I. Power over the investee (i.e.: consists of having the rights that give the Bank the current ability to direct relevant activities of the investee);
II. Is exposed, or has rights, to variable returns from the Bank´s involvement with the investee; and
III. Has the ability to use power over the investee to affect the amount of returns.

When the Bank has less than a majority of voting rights of an investee, it has power over the investee, when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Bank considers all relevant facts and circumstances in assessing whether or not the Bank’s voting rights in an investee are sufficient to give it power, including:

- The size of Bank’s voting rights relative to the size and dispersion of the other vote holders.
- Potential voting rights held by the Bank, other vote holders or other parties.
- Rights arising from other contractual arrangements.
- Any additional facts and circumstances that indicate the Bank has, or does not have, the current ability to direct relevant activities, at the time decisions need to be taken, including voting patterns at previous shareholders’ meetings.

The Bank reassesses whether or not it controls an investee if facts and circumstances indicate there are changes in one or more of the three elements of control listed above.

Consolidation of a subsidiary ceases when the Bank loses control of the subsidiary. Income and expenses of a subsidiary disposed of during the year are included in the consolidated statements of income until the date when the Bank ceases to control the subsidiary.

The Interim Consolidated Financial Statements, include individual financial information of the Bank and its subsidiaries, as well as adjustments and reclassifications made to the interim consolidated financial statements of subsidiaries to bring their accounting policies into line with Bank’s accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Interim Consolidated Financial Statements, consider the separate financial statements (individual) of the Bank and the consolidated companies, and include the adjustments and reclassifications required to conform the accounting policies and valuation criteria applied by the Bank, as well as the elimination of all balances and transactions between consolidated companies.

NOTE 1 - GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES. CONTINUED

In addition, third party interest in the equity of the Group is presented as "Non-controlling Interest" in the Interim Consolidated Statements of Financial Position. Its share in profit or loss is presented as "Consolidated net income for the year attributable to non-controlling interest" in the Interim Consolidated Statements of Income. Its share in total comprehensive income for the period is presented as "Consolidated total comprehensive income for the period, attributable to non-controlling interest" in the Interim Consolidated Statements of Comprehensive Income.

The following table represents the entities over which the Bank exercises control:

i. Entities controlled by the Bank through interest ownership:

	Ownership			
	Direct		Indirect	
Entity	**2017**	**2016**	**2017**	**2016**
	%	%	%	%
Analisis y Servicios S.A. (1)	99.00	99.00	1.00	1.00
BCI Asset Management Administradora de Fondos S.A.	99.90	99.90	0.10	0.10
BCI Asesoría Financiera S.A.	99.00	99.00	1.00	1.00
BCI Corredor de Bolsa S.A.	99.95	99.95	0.05	0.05
BCI Corredores de Seguros S.A.	99.00	99.00	1.00	1.00
BCI Factoring S.A.	99.97	99.97	0.03	0.03
BCI Securitizadora S.A.	99.90	99.90	-	-
Banco de Credito e Inversiones Sucursal Miami	100.00	100.00	-	-
Servicio de Normalización y Cobranza. Normaliza S.A.	99.90	99.90	0.10	0.10
BCI Securities Inc. (2)	99.90	99.90	0.10	0.10
BCI Corredores de Bolsa de Productos S.A.	99.00	99.00	1.00	1.00
BCI Financial Group. Inc. and Subsidiaries	100.00	100.00	-	-

(1) On August 1, 2015. Analisis y Servicios S.A.'s employees were integrated into the management model of BCI business and customers, becoming employees of the latter. Analisis y Servicios S.A.. is still in force and operational as a support business company.

(2) BCI Securities Inc. is a subsidiary located in the State of Florida. United States of America. whose principal business is stock brokerage. The investment in this entity was authorized by the SBIF on January 10, 2013 and by the Central Bank of Chile on February 21, 2013. The subsidiary started operations on March 1, 2016.

NOTE 1 - GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES. CONTINUED

Information and corporate purposes of the entities controlled by the Bank, as the following:

Analisis y Servicios S.A. was established as a closely held corporation by public deed dated August 19, 1996, and started its operations on November 1, 1996. Its corporate purpose is actions on behalf of financial institutions, pre-evaluation of all financial products and services these institutions are involved in and performance of all activities or operations necessary for the pursuit of its objective.

BCI Asset Management Administradora de Fondos S.A. was incorporated by public deed dated January 7, 1988. Its corporate purpose is management of all types of mutual funds. investment funds and individual portfolios regulated by Law No. 20.712, including the development of voluntary pension savings plans "Voluntary Pension Savings" ("APV" for its acronym in Spanish) and "Collective Voluntary Pension Savings" ("APVC" for its acronym in Spanish), other complementary activities authorized by the SVS through Circular No. 1.566 of 2001, and the administration of third parties' funds and portfolios, authorized by Circular No. 1.897 of 2008.

BCI Asesoria Financiera S.A. was established as a closely held corporation by public deed dated October 23, 1992. Its corporate purpose is provision of advice on the analysis, evaluation and search of alternative financing sources, on the restructuring of liabilities, on the negotiations to acquire, capitalize, sell or merge companies, on the issuance and placement of bonds and debentures and on the placement of equity.

BCI Corredor de Bolsa S.A. was incorporated by public deed dated July 24, 1987. Its corporate purpose is provision of financial instruments brokering operations, and in general, all the activities permitted to a stockbroker by the law.

BCI Corredores de Seguros S.A. was incorporated by public deed dated January 15, 1997. Its corporate purpose is provision of remunerated brokering operations with general and life insurance contracts with any insurance company located in the country, and the provision of advisory services and services related to the contracting of insurance.

BCI Factoring S.A. was incorporated by public deed dated December 13, 1994. Its corporate purpose is provision of all kinds of factoring services; acquisition and discounting of documents and commercial papers, in general, development and operation of different types of factoring businesses; investment, reinvestment and acquisition of dues; shares or rights; all types of movable, tangible or intangible property, real estate; and legal entities; civil societies, companies or associations; or realisation of takeovers, investment in all kinds of securities; management and exploitation of such property under any title; and receiving profit from them.

BCI Securitizadora S.A. was established as a closely held corporation by public deed dated March 1, 2001. Its corporate purpose is the acquisition of the credits referred to in Article No. 135 of Law No. 18.045 (i.e. mortgage loan, finance leases, concession rights) or the rules that replace or complement it, and the issuance of debt securities, short or long term, causing for each issuance the formation of capital separate from its own,

NOTE 1 - GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES. CONTINUED

supervised by the SVS.

Banco de Credito e Inversiones Sucursal Miami is a branch of Banco de Credito y Inversiones, established in the State of Florida in the United States of America. The branch was initially authorized to operate as an international banking agency by the Department of Banking and Finance of the State of Florida on May 10, 1999. The branch is not a separate legal entity, it carries out banking activities that provide a complete range of banking services to national and foreign physical persons and legal entities, mainly from Latin America.

Servicio de Normalizacion y Cobranza, Normaliza S.A. is closely held corporation, which was incorporated by public deed dated September 8, 1990. Its corporate purpose is the provision of extrajudicial collection services, on its own account or on behalf of others, on any document representing liability, as well as performance of the background check of physical persons or legal entities, the delivery of commercial reports and any other business that the stockholders agree to execute.

BCI Securities Inc. was established in the State of Florida, United States of America on July 6, 2011. Its corporate purpose is to buy and sell stocks, mutual funds, corporate debt, US government bonds, sovereign debt, and call and put options for its customers, primarily residents of South America, BCI Securities Inc. may establish network agreements with banks, savings banks or credit unions.

BCI Corredores de Bolsa de Productos S.A. was established by public deed dated April 16, 2015. Its sole corporate purpose is to act as intermediary in operations with agricultural products, as established in Articles Four and Five of the Law No. 19.920, as broker of agricultural products, including the purchase or sale of products in the Agricultural Products Stock Exchange for its own account with the aim of transferring rights thereto, and the complementary activities authorized by the SVS, for which it may execute all actions and enter into all contracts and act as intermediary in operations of the Agricultural Products Stock Exchange, according to the regulation in force.

BCI Financial Group. Inc. and Subsidiaries a parent company of CNB, was acquired in 2015. CNB is a banking financial institution established in 1946 with headquarter in Miami, offering a wide range of financial products (including real estate. commercial and consumer banking) to more than 22,000 customers, with 26 branches in four Florida counties.

NOTE 1 - GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES. CONTINUED

ii. Entities controlled by the Bank through other considerations:

Although the Bank holds less than majority of voting rights, in the following companies, they are considered subsidiaries since the Bank exercises control through ability to direct the relevant activities and oversees financial and operational policy decisions:

	Ownership interest			
	Direct		**Indirect**	
Entity	**2017**	**2016**	**2017**	**2016**
	%	%	%	%
BCI Activos Inmobiliarios Fondo de Inversión Privado	40.00	40.00	-	-
Incentivos y Promociones Limitada (1)	SE	SE	SE	SE

(1) Structured Entity ("SE") is responsible for the promotion of credit and debit card products. The Bank does not hold any ownership interest in that company.

d) Associates

An associate is an entity over which the Bank has significant influence. Significant influence is the power to participate in the financial and operational policy decisions of the investee but is not control or joint control.

In general, if the Bank holds more than 20% but less than 50% of the voting power of an investee, it is presumed that the Bank has significant influence over an investee. The following factors also might be indicators of significant influence: Having representatives on the Board of Directors, participating in policy-setting processes, significant transactions between the Bank and the associate, interchange of managerial personnel and provision of essential technical information.

These investments are accounted for using the equity method. The investment in an associate is originally recognized at cost. Subsequently, the investment is recognized in the statements of financial position based on its cost plus its share of earnings since the acquisition date.

NOTE 1 - GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES. CONTINUED

The following entities are considered associates:

Company	Ownership interest 2017	2016
	%	%
Artikos Chile S.A.	50.00	50.00
Servipag Ltda.	50.00	50.00
Centro de Compensación Automatizado S.A.	33.33	33.33
AFT S.A.	20.00	20.00
Nexus S.A.	12.90	12.90
Redbanc S.A.	12.71	12.71
Servicio de Infraestructura de Mercado OTC S.A. (*)	13.61	13.61
Combanc S.A.	10.33	10.33
Transbank S.A.	8.72	8.72
Sociedad Interbancaria de Depósitos de Valores S.A.	7.03	7.03
Credicorp Ltd. (**)	-	1.93

(*) In June and July 2016, the Bank acquired 206 shares, increasing its ownership interest by 2.3% compared to previous year.

(**) In January 2017, the Bank ceased to have a Board Member in Credicorp Ltd. and, as a result, significant influence over this company. In accordance with the requirements established by Chapter C-3 of the Compendium of Accounting Rules issued by the SBIF, the Bank discontinued the use of the equity method and from that date and forward this is considered as an investment in other companies valued at cost (see Note 3 Significant events).

Entities in the table above, in which the Bank holds less than 20%, are still considered associates given the Bank's ability to appoint a member to their Board of Directors, which indicates that the Bank has significant influence over them.

e) Investments in other companies

In this category are presented those entities in which the Bank has neither control nor significant influence. Includes non controlling interest in local and foreign companies, which are recorded at cost and subject to impairment tests when indicators have been identified.

As of September 30, 2017 the Bank has investments in the following companies: SWIFT, BLADEX, Credicorp Ltd (*), and others.

(*) The Bank has a 1.83% stake in Credicorp Ltd.. As previously indicated in letter d) above. for this investment the Bank discontinued using the equity method, see Note 3. Significant events for additional information.

NOTE 1 - GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES. CONTINUED

f) Basis of consolidation

The Interim Consolidated Financial Statements comprise financial information of the Bank and its subsidiaries as of September 30, 2017 and December 31, 2016, and for the nine-month periods ended September 30, 2017 and 2016.

The subsidiaries' financial statements (including the structured entity controlled by the Bank) were aligned with the financial statements of the Bank according to the rules set in the Compendium of Accounting Standards and Instructions issued by the SBIF.

The intercompany balances and any income or expense arising from intercompany transactions between Group entities are eliminated in full on consolidation. The unrealized income or expense arising from transactions with associates are eliminated to the extent of the Group's interest in these companies.

For consolidation purposes, the assets and liabilities of BCI Financial Group, Inc. and subsidiaries and BCI Securities Inc. are translated into Chilean Pesos using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the monthly average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (and attributed to non-controlling interest as appropriate).

g) Non-controlling interest

Non-controlling interest represents the portion of profit or loss and net assets of subsidiaries not owned, directly or indirectly, by the Bank. Non-controlling interest are presented separately in the Interim Consolidated Statements of Income, the Interim Consolidated Statements of Comprehensive Income and Interim Consolidated Statements of Financial Position.

h) Functional currency

The Bank has determined its functional currency and presentation currency as Chilean Peso (Ch$). Likewise, all the entities of the Group have determined the Chilean Peso as the functional currency, except for BCI Financial Group, Inc. and subsidiaries and BCI Securities, Inc., which have determined the US dollar as their functional currency.
All the information presented in Chilean Pesos has been rounded to the closest millions of Chilean Pesos.

i) Transactions in foreign currency

Balances and transactions denominated in currencies different from the Chilean peso are considered as denominated in "foreign currency". Transactions carried out by each entity in currencies other than its functional currency are recognized using the exchange rates prevailing at the date of the transaction. During the period, the differences that arise between the prevailing exchange rate at the date of the transaction and the exchange rate as of the date of collection or payment are recognized in "Foreign exchange results, net" in the Interim Consolidated Statements of Income.

NOTE 1 - GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES. CONTINUED

The differences that arise from translation of balances denominated in foreign currency into functional currency are recognized as "Foreign exchange gains, net" in the Interim Consolidated Statements of Income.

As of September 30, 2017 and 2016 and December 31, 2016, the assets and liabilities of the Bank denominated in foreign currency are shown at their equivalent value in Chilean pesos.

j) Operating segments

Operating segments are determined by the Bank on the basis of its different business units, considering that they are the components:

(i) That engage in business activities from which the Bank may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Bank).
(ii) Whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and
(iii) For which discrete financial information is available.

These operating segments deliver products and services subject to different risks and returns and therefore the chief operating decision makers of the Bank separately evaluate the performance of them.

k) Measurement of assets and liabilities

Measurement criteria of the assets and liabilities recognized in the Interim Consolidated Statements of Financial Position are the following:

i. Assets and liabilities measured at amortized cost:

The amortized cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

In the case of financial assets, the amortized cost also includes adjustments to their value caused by any recognized impairment.

In the case of financial instruments, the systematic part reflected in the profit and loss is recognized by the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

NOTE 1 - GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES. CONTINUED

ii. Assets and liabilities measured at fair value:

For financial instruments traded in active markets, the determination of fair values is based on their listed or recent transaction prices. This includes instruments traded in domestic or international stock markets.

A financial instrument is considered quoted on an active market, if prices are regularly and freely available on a stock, index, broker, dealer, supplier prices or regulatory agency and those prices represent current and regular market transactions. If the market does not meet that condition, it is considered inactive. The lack of recent transactions or a too wide spread between bid-offer prices, are indications that the market is inactive.

For all other financial instruments, fair value is determined using valuation techniques. The valuation techniques used should maximize the use of relevant observable inputs with respect to similar financing instruments. The fair value is estimated using models to estimate the present value of the expected cash flows or other valuation techniques, using inputs (e.g. deposits, swaps, exchange rates, volatilities, etc.) observable at the date of the Interim Consolidated Financial Statements.

As of the dates of the Interim Consolidated Financial Statements, the Bank has no instruments whose fair value had been determined based on significant unobservable data. However, for this type of instruments, the Bank has models developed internally, which are based on techniques and methods generally recognized in the industry. When the data used in the models is unobservable, the Bank must develop assumptions in order to estimate the fair values. These valuations are known as Level 3 valuations. Instruments classified according to their valuation level are detailed in Note 34 to the Interim Consolidated Financial Statements.

The results of the models are always an estimate or approximation of the value and cannot be determined with certainty. Valuations are adjusted, when applicable, in order to reflect additional factors, such as liquidity or credit risks of the counterparty. Based on the model and the credit risk policies of the Bank. Management estimates that these adjustments to the valuations are necessary and appropriate in order to reasonably present the fair values of the financial instruments in the Interim Consolidated Financial Statements. The information, prices and parameters used in the valuations are carefully and regularly checked, and adjusted if necessary.

iii. Assets and liabilities measured at historic cost:

Historic cost measurement is the recognition of the asset at the consideration paid for the purchase of the asset, less impairment losses if applicable.

The Consolidated Financial Statements have been prepared based on a historic cost basis, except for:

- Derivative financial assets/liabilities, measured at their fair value.
- Repossessed assets, measured at the lower of carrying amount or fair value less costs to sell.
- Trading portfolio financial assets, measured at their fair value.
- Financial investments available for sale, measured at their fair value.

NOTE 1 - GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES. CONTINUED

iv. Derecognition of financial assets and liabilities:

The accounting treatment of transfers of financial assets depends on the extent and the manner in which the risks and rewards associated with the financial assets are transferred to third parties:

1. If the Bank transfers substantially all the risks and rewards of ownership of the financial asset to third parties, such as the unconditional sales, sales with resale agreements at the fair value on the date of resale, the sale of financial assets with the option to repurchase or a sale issued with a high probability that it will not be finalized, the use of assets where the transferring entity does not retain subordinated financing or give up a credit improvement to the new owners, among other similar cases, the transferred financial asset is derecognized from the Interim Consolidated Financial Statements, recognizing simultaneously any right or obligation retained or created as a result of the transfer.

2. If substantially all the risks and rewards of the transferred financial asset are retained, such as the financial assets sale with a resale agreement at a fixed price or at sale price plus interest, the contracts for securities in which the borrower has the obligation to return the same or similar assets, among other similar cases, the transferred financial asset is not derecognized from the Interim Consolidated Financial Statements and continuously measured under the same criteria which were applied before the transfer. Consequently, it recognizes:

a) A financial liability for an amount equivalent to the consideration received that is subsequently measured at amortized cost.

b) Any income on the transferred (but not derecognized) financial asset and any expenses incurred with respect to the recorded financial liability.

3. If the Bank neither transfers nor retains substantially all the risks and rewards of the financial asset transferred, such as the sale of financial assets with the option to buy or sell issued with a high or low probability of exercising it, the use of assets where the grantor does not retain subordinated financing or give up a credit improvement for a portion of the transferred asset among other similar cases, it distinguishes between:

a) If the Bank does not retain the control of the transferred financial asset: then it is derecognized from the Interim Consolidated Statements of Financial Position and any withheld right or obligation is recognized or created as a consequence of the transfer.

b) If the Bank maintains control of the financial asset: then it continues recognizing the asset in the Interim Consolidated Statements of Financial Position and recognizes a financial liability associated with the financial asset. The net amount of the asset and the associated liability will be the amortized cost of the withheld rights and obligations if the asset is measured by its amortized cost or the fair value of the withheld rights and obligations if the asset is measured by its fair value.

Accordingly, financial assets are derecognized from the Interim Consolidated Statements of Financial Position when, and only when, the contractual rights to the cash flows from the financial asset expire; or when the Bank transfers the financial assets and substantially all the risks and rewards of ownership of the assets to third parties.

NOTE 1 - GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES. CONTINUED

Similarly, financial liabilities are derecognized from the Consolidated Statements of Financial Position when, and only when, the obligations are extinguished, cancelled or expired.

l) Investment instruments

Investment instruments are classified into two categories: held to maturity and available for sale. The category of financial assets held to maturity includes only those instruments which the Bank has the capacity and intention of holding until their maturity. The rest of the investment instruments are considered as available for sale.

Investment instruments are initially recognized at their fair value, including transaction costs. The available for sale instruments are then marked to market at their fair value according to market prices or valuations obtained from models. The unrealized gains or losses originated by the change in their fair value are recognized in other comprehensive income. When these investments are sold the available for sale investment instruments' reserve accumulated in other comprehensive income associated with these instruments is reclassified to the Consolidated Statements of Income and recognized under "Trading and investment income, net" heading as well as any realized gain/loss on disposal. In the case of a significant or prolonged decline in the fair value of any of these instruments, an impairment is recognized by a reclassification from other comprehensive income to the line item "Impairment" in the statements of income.

The investments in held to maturity financial assets are subsequently measured at their amortized cost plus interest and indexation for inflation, less impairment constituted when its carrying amount exceeds the estimated recovery value.

The interest and indexation for inflation of held to maturity and available for sale investments are included in the "Interest income" line in the Interim Consolidated Statements of Income.

The purchases and sales of investment instruments that must be submitted within the period established by the market's regulations or conventions are recognized at their trade date, on which the purchase or sale of the asset is agreed. All other purchases and sales are recognized at their settlement date.

m) Trading investments

The trading investments correspond to securities acquired with the intention to generate profits from the price fluctuation in the short-term or through gross earnings' margins, or that are included in a portfolio in which there is a short-term profit taking strategy.

Trading investments are measured at their fair value in accordance with the market prices at the reporting date of the Interim Consolidated Financial Statements. The transaction costs are recognized directly in the Consolidated Statements of Income. The mark to market adjustments, as well as the realized income/loss from trading activities, are included under the "Trading and investment income, net" heading in the Interim Consolidated Statements of Income.

NOTE 1 - GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES. CONTINUED

The interest and indexation for inflation are recognized in "Trading and investment income, net" line in the Interim Consolidated Statements of Income.

All the purchases and sales of trading investments that must be delivered within the period established by the market's regulations or conventions are recognized at the trade date, on which the purchase or sale of the asset is agreed. Any other purchase or sale is recognized on its settlement date.

n) Transactions with repurchase agreements and securities lending

Reverse repurchase agreement is an agreement to receive a financial asset from another party in exchange for cash or other consideration and a concurrent obligation to resell the financial assets at a future date for an amount equal to the cash or other consideration exchanged plus interest. These agreements are accounted for as operating transactions. Assets purchased under reverse repurchase agreements are recognized in the consolidated financial statements as "Investments under agreements to resell" and are measured at amortized cost.

Repurchase agreement is an agreement to transfer a financial asset to another party in exchange for cash or other consideration and a concurrent obligation to reacquire the financial assets at a future date for an amount equal to the cash or other consideration exchanged plus interest. These agreements are accounted for as operating transactions. Financial assets sold under repurchase agreements are retained in the consolidated financial statements in "Trading portfolio financial assets" or "Financial investments available for sale" categories, and consideration received under these agreements is recognized as collateralized liability within "Liabilities under agreements to repurchase" line, and measured at amortized cost.

o) Financial derivative instruments

The financial derivative instruments, which include foreign currency and Unidades de Fomento (UF) forwards, interest rate futures, currency and interest rate swaps, currency and interest rate options and other financial derivative instruments are initially recognized in the Interim Consolidated Statements of Financial Position at their fair value (including transaction costs), which is usually their acquisition cost, and subsequently measured at their fair value. The fair value is obtained from corresponding market pricings, discounted cash flow models and pricing valuation models. The derivative instruments are recognized as an asset when their fair value is positive and as a liability when they are negative in "Derivative financial assets" or "Derivative financial liabilities" lines of the Interim Consolidated Statements of Financial Position.

Certain derivatives embedded in other financial instruments are treated as separate derivatives when their risks and characteristics are not closely related with those of the host contract and when such host contracts are not measured at fair value through profit or loss.

At the moment of subscribing to a derivative agreement, the Bank must designate it either as a derivative instrument for trading or for hedge accounting purposes.
The changes in the fair value of derivative instruments held for trading are included in "Trading and investment income, net" line of the Interim Consolidated Statements of Income.

NOTE 1 - GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES. CONTINUED

If the derivative instrument is classified for hedge accounting purposes, the hedge can be: (1) a fair value hedge of existing assets or liabilities or firm commitments or (2) a cash flow hedge of existing assets or liabilities or forecast transactions. A hedging relationship qualifies for hedge accounting if, and only if, all of the following conditions are met: (a) at the inception of the hedge there is formal designation and documentation of the hedging relationship; (b) the hedge is expected to be highly effective; (c) the effectiveness of the hedge can be reliably measured and; (d) the hedge is assessed on an ongoing basis and determined to have actually been highly effective throughout the financial reporting periods for which the hedge was designated.

Certain transactions with derivatives that do not qualify for being classified as hedging derivatives are treated and recognized as trading derivatives, even when they provide effective economic hedge of the risk positions.

When a derivative hedges the exposure to changes in the fair value of an existing item of the asset or liability, such hedged item is measured at fair value from the designation of the fair value hedge until its expiration, termination, etc. The mark to market adjustments for both the hedged item and the hedging instrument are recognized in the Interim Consolidated Statements of Income.

If the item hedged in a fair value hedge is a firm commitment, the changes in the fair value of the firm commitment regarding the covered risk are recognized as assets or liabilities with effect on the Interim Consolidated Statements of Income for the period. Gains or losses from the changes in fair value measurement of the hedging derivative are recognized with effect on the Consolidated Statements of Income for the period. When a new asset or liability is acquired as a result of the firm commitment, the initial recognition of the acquired asset or liability is adjusted to incorporate the accumulated effect of the fair value valuation of the firm commitment recognized in the Interim Consolidated Statements of Financial Position.

When a derivative hedges exposure to changes in the cash flows of existing assets or liabilities, or forecast transactions, the effective portion of changes in fair value related to the hedged risk is recognized in other comprehensive income and accumulated in equity. Any ineffective portion is recognized directly in the Interim Consolidated Statements of Income for the period.

The cumulative loss or gain in cash flow hedge reserve is transferred to the statements of income to the extent that the hedged item impacts the income because of the hedged risk, offsetting the effect in the same line of the Interim Consolidated Statements of Income.

In case of fair value hedge of interest rate risk of a portfolio with the hedged item representing currency value instead of individual assets or liabilities, gains or losses from the fair value measurement for both the hedged item and the hedging instrument, are recognized in the Consolidated Statements of Income, but the fair value adjustment of the hedged instrument is presented in the Interim Consolidated Statements of Financial Position under the “Other assets” or “Other liabilities” lines, depending on the hedged item position as of reporting date.

NOTE 1 - GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES. CONTINUED

The adjustment for counterparty credit risk in derivatives (Credit Valuation Adjustment "CVA") determines the expected losses from counterparty risk in over the counter ("OTC") derivatives contracts. The CVA of a derivative is defined as the difference between the value of free derivative counterparty risk (equivalent to the original derivative but without the risk of default of either party) and the value of the derivative considering the possibility of counterparty default. In this way, a customer CVA can be obtained from the expected exposure (EE) to counterparty risk and the expected loss rate ("PE" for its acronym in Spanish) associated with the potential default of the counterparty.

The valuation adjustment for the existence of the spread bid/ask on financial instruments (which applies to all financial instruments recognized at market value, both in normal market conditions and financial stress conditions), is based on best practices, the recommendations of the Basel Committee and the requirements of the SBIF and the Central Bank of Chile.

In order to make the bid/ask adjustment to financial instruments of Banco de Credito e Inversiones portfolios, the following methodology was established:

i. Define market makers or BCI customer condition:

On an annual basis the Bank condition will be defined as to whether the Bank is the debtor or the creditor.

ii. Condition of Market Makers:

For products (markets) where BCI is considered the creditor, the instrument shall be valued at mid-price and bid/ask adjustment will not be applied.

iii. Customer status:

For products (markets) where BCI is considered the debtor, the instrument shall be valued at mid-price and adjusted for bid/ask, or, in case of high liquidity, valued at bid price.

p) Hedge of a net investment in a foreign operation

According to IAS 21 and IAS 39, the requirements to recognize hedge accounting are the following: IAS 21 requires that an entity should determine the functional currency of each of its foreign operations as the currency of the primary economic environment in which it operates. When the statement of financial position and results of a foreign operation are translated from a currency different from the reporting currency of the parent, the entity will recognize the exchange differences through other comprehensive income in equity, under Cumulative Translation Adjustment Reserve, until the sale or disposal by other means of the foreign operation. The accumulated difference is to be transferred to the Interim Consolidated Statements of Income at the date at which the sale or disposal occurs.

NOTE 1 - GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES. CONTINUED

The hedge of a net investment in a foreign operation seeks to mitigate the foreign exchange rate risk associated with the valuation of the foreign investment.

IAS 39 establishes the following conditions in order to apply hedge accounting:

a) At the inception of the hedge there is formal designation and documentation of the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge;
b) The hedge is expected to be highly effective;
c) The effectiveness of the hedge can be reliably measured;
d) The hedge is assessed on an ongoing basis and determined actually to have been highly effective throughout the financial reporting periods for which the hedge was designated.

The hedged item is the initial investment made for the purchase of BCI Financial Group INC. and Subsidiaries.

q) Loans and receivables to customers

Loans receivable are non-derivative financial assets with fixed or determined payments that are not quoted in an active market and which the Bank does not intend to sell immediately or in the short-term.

Loans receivable are initially recognized at their fair value plus direct transaction costs and subsequently measured at their amortized cost using the effective interest method.

i. Financial lease contracts

Accounts receivable from lease contracts, included under "Loans and receivables to customers" heading, correspond to the sum of periodic instalments of lease contracts that comply with the requirements to be qualified as financial leases and are measured at amortized cost.

ii. Factoring Operations

The Bank and its subsidiary BCI Factoring S.A. perform operations with their clients, in which they receive invoices and other credit representative trading instruments with or without recourse to the transferor, anticipating a percentage of the total amount receivable of the borrower upon collection.

r) Allowances for loan losses

The allowances required to cover the expected losses a certain financial assets have been recognized in accordance with the regulations and instructions of the SBIF. The assets are presented net of such allowances, or at a new cost basis in the case of investments. The allowance for credit commitments is presented as liability under "Provisions" heading.

NOTE 1 - GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES. CONTINUED

The Bank and subsidiaries uses models and methodologies based on individual and collective analysis of the borrowers, approved by the Board of Directors, to recognize the allowance for loan losses as indicated in the Accounting Standards Compendium issued by the SBIF.

i. Individual assessment:

Individual assessment of borrowers is performed when the customer, due to its size, complexity or exposure, is required to be identified and analysed on an individual basis.

Naturally, the analysis of the borrowers should be focused on their capacity and ability to comply their credit obligations, evaluated based on sufficient and reliable information. Analysis should consider collateral, terms, interest rates, currency, indexation for inflation related to the loan, etc.

Allowance is assessed based on the classification of the borrowers and their related loans and credit commitments in their corresponding risk category, after being assigned to one of the following portfolio categories: normal, substandard and non-compliant.

ii. Normal and substandard portfolios:

The normal portfolio includes those borrowers, whose payment capacity allows them to comply with their obligations and commitments, and. according to the evaluation of their economic and financial situation, is not expected to change. The classifications assigned to this portfolio are categories A1 to A6.

The substandard portfolio includes the borrowers which have financial difficulties, or whose payment capacity worsened significantly, presenting reasonable doubt regarding the probability of reimbursement of total principal and interest under the contractually agreed terms, indicating that they are less likely to comply with their financial obligations in the short term.

In addition, borrowers that recently hold loans in default for over 30 days also form the part of the substandard portfolio. The classifications assigned to this portfolio are categories B1 to B4.

As a result of an individual analysis of these borrowers, the banks must classify them under the following categories, assigning to them, subsequently, the probability percentages of noncompliance and loss given default, resulting in the consequent percentage of expected loss:

Type of portfolio	Borrower Category	Probability of Default (PD) (%)	Loss given default (LGD) (%)	Expected Loss (%)
Normal portfolio	A1	0.04	90.0	0.03600
	A2	0.10	82.5	0.08250
	A3	0.25	87.5	0.21875
	A4	2.00	87.5	1.75000
	A5	4.75	90.0	4.27500
	A6	10.00	90.0	9.00000
Substandard portfolio	B1	15.00	92.5	13.87500
	B2	22.00	92.5	20.35000
	B3	33.00	97.5	32.17500
	B4	45.00	97.5	43.87500

NOTE 1 - GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES. CONTINUED

iii. Collective assessment of normal and substandard portfolios:

In order to determine the amount of allowances to be established for the normal and substandard portfolios as the first step the exposure must be estimated, to which the respective loss percentages (expressed in decimals) will be applied. This expected loss percentage is comprised of the probability of default (PD) and loss given default (LGD) established for the category in which the borrower and/or guarantor is classified, as applicable.

The exposure subject to allowances corresponds to the loans and receivables plus loan commitments, less the amount to be recovered by collateral execution. Likewise, loans and receivables are understood as the carrying value of loans and receivables to the respective borrower, while loan commitments are understood as the amount resulting from applying the clause indicated in N°3 of Chapter B-3 of the Accounting Standards Compendium.

iv. Non-compliant portfolio:

Non-compliant portfolio includes the loans to borrowers for which recovery is considered remote, given that they have suffered a loss event resulting in impairment. This portfolio includes borrowers with evident signs of possible bankruptcy, as well as those in which a forced debt renegotiation is required, and also includes any borrower with loans in default for equal to or greater than 90 days in the payment of interest or principal of any loan. This portfolio includes borrowers classified under categories C1 to C6 in the classification scale established below and classification is performed for all a debtor’s portfolio at the classification at the riskiest level, including 100% of the loan commitments that those borrowers maintain.

For the effects of allocating allowances on the non-compliant portfolio, loss rate percentages are used, which must be applied to the exposure, corresponding to the sum of loans and receivables and loan commitments held by the same borrower. In order to apply this percentage, an expected loss rate must be estimated first, deducting from the exposure the amounts expected to be recovered by execution of collateral and. in the case of having solid data that justifies them, deducting also the net present value of expected recoveries that can be obtained by execution of collection actions, net of expenses associated with them. That loss rate must be classified into one of the nine categories defined according to the range of losses effectively expected by the Bank for all the operations of an individual borrower.

These categories and the loss rates which must be applied on the exposures are indicated in the following table:

Type of portfolio	Risk Scale	Expected Loss Range	Loss Rate (%)
Non-Compliant portfolio	C1	Up to 3 %	2
	C2	More than 3% up to 20%	10
	C3	More than 20% up to 30%	25
	C4	More than 30 % up to 50%	40
	C5	More than 50% up to 80%	65
	C6	More than 80%	90

NOTE 1 - GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES. CONTINUED

v. Collective assessment:

Collective evaluation is focused on the following portfolios: Commercial Loans, Consumer Loans and Mortgage Loans.

For the determination of the collective allowance, loan portfolios with homogeneous features, such as the type of borrower and loan terms, are analysed. Thus, allowances are based on expected losses based on a certain probability of default (PD) and a loss given default (LGD), both parameters are based on historical information and technically substantiated estimates.

Allowances are established by multiplying the exposure of the respective portfolio by the estimated percentages of PD and LGD.

a. Commercial Loans:
This portfolio includes receivables to customers holding commercial loans and/or leasing operations, and which are not assessed individually.

Allowance determination is based on statistical models of expected loss, which estimates the probability of default for each customer (PD) and loss give default (LGD) for each operation. Both parameters are defined in terms of customer behaviour and characteristics of each loan, including delinquencies (internal and/or external), loan/collateral ratio (loan-to-value), non-compliant portfolio, customer seniority and type of product, among others.

b. Consumer Loans:
This portfolio includes receivables from loans granted to natural persons, as well as loans resulting from the use of overdraft credit lines, emergency credit lines, credit cards, and consumer loans granted to this type of customer.

Allowance determination is based on statistical models of expected loss, which estimates the probability of default (PD) and loss given default (LGD) for each customer. Both parameters are defined in terms of customer behaviour, highlighting delinquencies (internal and/or external), indebtedness level, non-compliant portfolio, renegotiations, customer seniority, overdrafts not agreed and protests, among others.

c. Mortgage Loans:
This portfolio includes loans which have the following characteristics: the objective is the financing of the acquisition, extension, repair or construction of housing; the borrower is a physical person who is buying or owns the housing, and the value of the mortgage collateral covers the total amount of loan.

As of December 31, 2015 the allowance determination was based on statistical models of expected loss, which estimated the probability of default for each customer (PD) and loss given default (LGD) for each operation. Both parameters were defined in terms of customer behaviour and characteristics of each loan,

NOTE 1 - GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES. CONTINUED

including delinquencies (internal and/or external), loan/collateral ratio (loan-to-value), overdue status, credit conditions, and customer behaviour in other products of the Bank, among others.

Beginning January 1, 2016 the Bank adopted the "Standard Method for Provisioning the Residential Mortgage Loan" established by SBIF in its Circular No. 3.573. This circular stablishes provisioning factors, representing expected losses over the amount of the loan, applied based on the level of delinquency of each loan, and the loan/collateral ratio (Loan-to-Value or LtV) at the end of each month, as shown in the following table.

Provisioning Factor according to delinquency status and LtV						
LtV (loan-to-value)		Days in default as of the end of the month				More than 90 days in default
	Concept	Current	1-29	30-59	60-89	
LtV ≤ 40%	PD (%)	1.0916	21.3407	46.0536	75.1614	100.0000
	LGD (%)	0.0225	0.0441	0.0482	0.0482	0.0537
	EL (%)	0.0002	0.0094	0.0222	0.0362	0.0537
40% < LtV ≤ 80%	PD (%)	1.9158	27.4332	52.0824	78.9511	100.0000
	LGD (%)	2.1955	2.8233	2.9192	2.9192	3.0413
	EL (%)	0.0421	0.7745	1.5204	2.3047	3.0413
80% < LtV ≤ 90%	PD (%)	2.5150	27.9300	52.5800	79.6952	100.0000
	LGD (%)	21.5527	21.6600	21.9200	22.1331	22.2310
	EL (%)	0.5421	6.0496	11.5255	17.6390	22.2310
LtV > 90%	PD (%)	2.7400	28.4300	53.0800	80.3677	100.0000
	LGD (%)	27.2000	29.0300	29.5900	30.1558	30.2436
	EL (%)	0.7453	8.2532	15.7064	24.2355	30.2436

Where:
PD = Probability of default
LGD = Loss given default
EL = Expected loss
LtV = Outstanding principal/Value of the collateral

In cases where the same client has more than one mortgage loan outstanding and one of them is past-due more 90 days or more, all such loans will be classified as "Non-Compliant" the allowance for each one of them will be calculated in accordance with their respective level of Loan-to-Value.

The application of this new rule resulted in a reclassification between the allowances for residential mortgage loans amounting to MCh$14,028 as of January 1, 2016, and the additional provisions recognized. Accordingly, the application of this new regulation had no effect on the Consolidated Statements of Income for the year ended December 31, 2016.

d. Write-off of loans:
Generally, when contractual rights expire over cash flows, assets have to be written off. In the case of loans, even if this does not happen, respective asset balances are written off in accordance with the requirements established by Title II of Chapter B-2 of the Compendium of Accounting Standards and Instructions issued by the SBIF.

NOTE 1 - GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES. CONTINUED

The write-off in question refer to the write-offs of the assets previously recognized in the Interim Consolidated Statements of Financial Position corresponding to the respective transaction, including, therefore, the portion that may be not expired if a loan is to be repaid in instalments, or in case of a leasing operation.

Write-offs are always recognized against allowances for loan losses, according to Chapter B-1 of the Compendium of Accounting Standards, regardless of the reason. Subsequent repayments of the assets previously written off are recognized in the Consolidated Statements of Income for the year, as recoveries of loans written-off.

Write-offs of loans and receivables are made on overdue, past due and current instalments, and should be made in accordance with the following deadlines since their first default:

Type of loan	**Write-off period**
Consumer loans secured and unsecured	6 months
Other unsecured operations	24 months
Commercial loans secured	36 months
Mortgage loans	48 months
Consumer leasing	6 months
Other non-property leasing	12 months
Property leasing (commercial or residential)	36 months

Write-off period corresponds to the period between the due date to pay all or part of the obligation (instalment) that is due and the date of the write-off.

e. Recovery of written off loans:

The recoveries of loans that were written-off are recognized directly as income, as recoveries of previously written off loans.

s) Fee and commission income and expense

Fee and commission income and expense are recognized in the Interim Consolidated Statements of Income using different criteria according to their nature. The most significant are:

- Those corresponding to operations which happen at a moment of time are recognized when the operation which originates them has been completed.
- Those originated from transactions or services performed over time are recognized over the life of these transactions or services.

NOTE 1 - GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES. CONTINUED

t) Impairment

I. Financial Assets:

A financial asset is assessed on each reporting date to determine if objective evidence of impairment exists. A financial asset is considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets recognized at amortized cost, impairment is calculated as the difference between the carrying value of the asset and the net present value of the estimated future cash flows, discounted using the effective interest rate.

An impairment of financial investments available for sale is calculated in relation to their fair value.

Financial assets that are individually significant are individually assessed for impairment. The remaining financial assets are assessed on the collective basis in groups of assets that share similar credit risk characteristics. Impairment is recognized in the Consolidated Statements of Income for the year. Any impairment of financial investments available for sale previously accumulated as negative revaluation reserve in equity is transferred to the Consolidated Statements of Income for the year.

The previously recognized impairment is reversed only if in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized. For the financial assets measured at amortized cost and debt financial investments available for sale, the reversal of impairment loss is recognized in the Interim Consolidated Statements of Income. In respect of equity financial investments available for sale, impairment losses previously recognized in the Consolidated Statements of Income are not reversed through Interim Consolidated Statements of Income. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve.

For loans and receivables to customers the impaired loans are defined according to Chapter B-2 of the Accounting Standards Compendium of the SBIF as “borrower loans on which there is evidence they will not meet any of their obligations under the agreed-upon payment conditions, without the possibility of recovering the loan by repossessing collateral, by means of judicial collection actions or by renegotiation”.

NOTE 1 - GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES. CONTINUED

Impairment policies indicate that impairment is measured monthly, and consider the following criteria:

i. Impaired Portfolio:

Impaired Portfolio includes loans individually assessed by the Bank which have a credit risk classified as substandard in categories B3 and B4 and loans in the non-compliant portfolio.
The collectively assessed loans are classified as impaired loans when they present at least one of the following conditions:

- Loans in default more than or equal to 90 days.
- Renegotiated loans.
- 100% of the loans associated with the client, when any of its loans is classified as impaired, are reclassified to the impaired portfolio.

Operations related to residential mortgage loans or students loans for higher education under Law No. 20,027 are excluded from the requirements of this classification as long as non-compliance conditions as established in Circular No. 3,454 dated December 10, 2008 are not presented.

The behaviour of the client in the financial system is not considered determinative as to whether the loan should be included in the impaired portfolio.

Exit Conditions

- Individual assessment: improvement in risk rating, movement to B3 and above category of the individual classification.

- Collective assessment:

a) Non-renegotiated loans: loans of the impaired portfolio may be reclassified back to the normal portfolio only upon compliance with the following conditions:
- Receipt of at least nine consecutive instalments of principal and interest, paid on time in accordance with the schedule of payments or with a maximum delay of 30 days.
- All obligations up to date and no other loans in the impaired portfolio.
- In any case, there must be no instalments in default with other banks in the Chilean financial system in the last 90 days (last three periods informed to the SBIF at the date of inquiry).

b) Renegotiated loans: loans of the impaired portfolio may be reclassified back to the normal portfolio only upon compliance with the following conditions:
- Receipt of at least nine consecutive instalments of principal and interest, paid on time in accordance with the schedule of payments or with a maximum delay of 30 days.
- All obligations up to date and no other loan operations of the borrower in the impaired portfolio.
- No other renegotiations of the borrower's loans within the last nine months.

NOTE 1 - GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES. CONTINUED

- In any case, there must not be any instalments in default with other banks in the Chilean financial system in the last 90 days (last three periods informed to the SBIF at the date of inquiry)

c) Collectively renegotiated portfolio written-off: written-off loans that had been renegotiated may be reclassified back to the normal portfolio only upon compliance with the following conditions:
- Payment of 30% of the originally renegotiated balance or payment of the first nine payments agreed for the renegotiated loan.
- Principal and interests payments up to date.
- No other loans of the borrower in the impaired portfolio.
- No instalments in default in the Chilean financial system in the last 90 days.

ii. Interest and indexation for inflation income and expenses:

Income and expenses from interest and indexation for inflation are recognized in the Interim Consolidated Statements of Income for the period based on the accrual principle using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition. When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts. Transaction costs are incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

However, in the case of past-due loans or the current loans with high credit risk, a prudent criterion is followed to suspend the accrual of interest and indexation for inflation. Such items are recognized only when they are received.

• Amounts to suspend:

The amount of suspended income on an accrual basis posted to memo accounts corresponds to the amount calculated between the date of suspension and the Interim Consolidated Statements of Financial Position reporting date that corresponds to the last day of the month.

• Date of suspension:

Individually assessed loans:

Case a) Loans classified as C5 and C6: the accrual is suspended when the loan is classified as non-compliant.

Case b) Loans classified as C3 and C4: the accrual is suspended when the loan has been classified as non-compliant for more than three months.

NOTE 1 - GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES. CONTINUED

Collectively assessed loans:

For the loans with collateral whose fair value is less than 80% of the loan balance, accrual of interest income is suspended when the loan or one of the instalments has not been paid for nine months.

The 80% percent of collateral refers to the ratio, measured at the time the loan becomes impaired, including the value of the collateral and the estimated value of all assets covered by the same collateral, including credit commitments.

II. Non-financial assets:

Non-financial assets of the Bank, including goodwill, intangible assets with an indefinite useful life and assets not yet available for use, and excluding investment property and deferred taxes are evaluated at least annually or more frequently, should circumstances warrant, in order to determine if indicators of impairment exist. If such indicators exist, then the recoverable amount of the asset is calculated.

Impairment of goodwill and intangible assets with indefinite lives is not reversed. Impairment losses of other non-financial assets recognized in previous periods are evaluated to determine if events or circumstances indicate the need in reversal of the impairment loss. A loss from impairment is reversed if a change in the estimate has occurred. When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

u) Intangible assets

Software
The software acquired by the Bank is recognized at cost less the accumulated amortization and impairment, if any.

The expenses in software developed internally are recorded as assets when the Bank is capable of proving its intention and ability to complete development, when internal use will generate future economic benefits, and when the cost of completing its development can be reliably measured. The capitalized costs of the software developed internally include all the direct costs attributable to the development of the software, and it is amortized over the course of its useful life. Software developed internally is recorded at cost less the accumulated amortization and losses from impairment.

The subsequent expenditures associated with any software are capitalized only when the Bank may derive future economic benefits from them. The rest of the expenditures are recognized in the Interim Consolidated Income Statement of the period.

Amortization is recorded in the income statement using the straight-line method according to the estimated useful life of the software, starting on the date it is ready for use and it is usually nine years.

NOTE 1 - GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES. CONTINUED

Intangibles acquired in a business combination

Intangible assets with finite and indefinite useful lives were recognized as a consequence of the purchase of BCI Financial Group, INC. and Subsidiaries at the acquisition date, in October 2016. These intangible assets were identified in the Purchase Price Allocation (PPA) process.

According to IFRS 3 "Business Combinations", amounts presented as of December 31, 2015 were determined preliminarily and therefore could be adjusted during up to one year period from the acquisition date.

Intangible assets with finite useful life are amortized on a straight-line basis over their estimated useful life.

Intangible with indefinite useful life are subject to annual impairment review. In accordance with the SBIF rules, under the Compendium of Accounting Rules. Chapter A2 number 7, two independent appraisers different from the Bank's auditors performed an impairment test over indefinite life intangible assets. This review was performed at an interim date, September 30, 2016, and as of the year end.

Goodwill

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination, regardless of whether other assets or liabilities of the acquired entity to those units or groups of units assigned.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired.

An impairment loss recognised for goodwill is not reversed in subsequent periods.

v) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree, and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition related costs generally recognized in the Consolidated Statements of Income as incurred.

In a business combination, an independent expert is used to make a determination of fair value of net assets acquired and intangible assets identified. For the estimation of recovery of these intangibles identified in a business combination, cash flow projections are used based on yield estimates of acquired businesses.

At the acquisition date, the identifiable assets acquired and liabilities assumed are recognized at their fair value, except for the following:

- The deferred tax assets or liabilities. and assets or liabilities related to agreements of employee benefits

NOTE 1 - GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES. CONTINUED

are recognized and measured in accordance with IAS 12 "Income Taxes" and IAS 19 "Employee Benefits", respectively;

- Liabilities or equity instruments related to share-based arrangements of the acquiree or share-based company agreements entered into agreements to replace share-based payments of the acquired payment transactions, are measured in accordance with IFRS 2 "Share-based Payment" in acquisition date; and

- Assets (or group of assets for disposal) that are classified as held for sale in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" are measured in accordance with that Standard.

The goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held interest in acquiree (if any) over the net amounts (at fair value) of the acquisition-date amount of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in statements of income as a bargain purchase gain.

Non-controlling interests that are represent ownership interest and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

The measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which may not exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

w) Property, Plant and Equipment

The items of property, plant and equipment are measured at acquisition cost, net of accumulated depreciation and impairment, if any.

In addition to the price paid to acquire each item, the cost also includes, where applicable, the capitalized cost. The capitalized cost includes expenses attributed directly to the asset acquisition and any other costs directly attributable to the process of placing the asset in conditions to be used.

When some part of an item of the property, plant and equipment has a different useful life to that property, plant and equipment, it is recognized as a separate component (Real Estate Remodelling).

Depreciation is recognized in the Interim Consolidated Statements of Income on the straight-line basis over the useful life of the item or each component of an item of the property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful life, unless it is certain that the Bank will retain the property at the end of the leasing period.

NOTE 1 - GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES. CONTINUED

The estimated useful lives for the property, plant and equipment as of September 30, 2017 and December 31, 2016 are the following:

	As of September 30, 2017	As of December 31, 2016
Buildings	50 years	50 years
Machinery and equipment	3 - 10 years	3 - 10 years
Facilities	7 - 10 years	7 - 10 years
Furniture and fixtures	7 years	7 years
Computing equipment	3 - 6 years	3 - 6 years
Real estate improvements	10 years	10 years
Other property. plant and equipment	3 - 6 years	3 - 6 years

x) Repossessed assets

Repossessed assets are classified under “Other assets” heading and recognized at the lesser of their adjudicated-in-court value and net realizable value, net of regulatory write-offs required by the SBIF. Repossessed assets are presented net of impairment. Asset not sold within one year from the adjudication date have to be written off.

y) Staff benefits

i. Unused Vacations:

The annual cost of staff vacations and benefits are recognized on accrual basis.

ii. Short-term benefits:

The entity provides for its employees an annual incentive plan for meeting certain objectives. The incentive is defined as a determined number or portion of monthly remunerations. Corresponding provision is recognized on the basis of the estimated amount to be distributed.

iii. Indemnification for years of service:

The Bank and its subsidiaries have no agreements with their employees with respect to indemnification for years of service.

z) Leases

i. Operating lease:

When the Bank or the subsidiaries act as lessee and the contract qualifies as an operating lease, operating lease payments are recognised as an expense on a straight-line basis over the lease term

NOTE 1 - GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES. CONTINUED

At the end of the operating lease period, any payment for penalties arising under operating leases are recognised as an expense in the period in which they are incurred.

ii. Financial lease:

Amounts due from lessees under finance leases are recognised as receivables at the amount of the net investment in the leases under the heading “Loans and receivables to customers”. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Inter-company leased assets are treated as own-use assets in the Interim Consolidated Financial Statements.

aa) Cash flow statement

The indirect method was applied for presentation of the Interim Consolidated Statements of Cash Flows. In accordance with this method non-cash transactions are excluded. Revenues and expenses associated with cash flows from investing or financing activities are presented in such categories.

The following concepts are applied for the Interim Consolidated Statements of Cash Flows:

Cash flows: the inflows and outflows of cash and cash equivalents, which are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value, such as: deposits with the Central Bank of Chile, with domestic and foreign banks.

Operating activities: are the principal revenue-producing activities of the Bank and other activities that are not investing or financing activities.

Investing activities: are the acquisition and disposal of long-term assets and other investments not included in cash equivalents.

Financing activities: are activities that result in changes in size and composition of net equity and borrowings and that do not form part of the operating and investing activities.

ab) Provisions and contingent assets and liabilities

Provisions are liabilities for which there is uncertainty regarding their amount or maturity. Provisions are recognized in the Interim Consolidated Statements of Financial Position when they comply with the following requirements:

- It is a present obligation as a result of a past event, and, at the date of the Interim Consolidated Financial Statements it is probable that an outflow of economic benefits will be required by the Bank or its subsidiaries to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

NOTE 1 - GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES. CONTINUED

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A contingent liability is:

a. a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
b. a present obligation that arises from past events but is not recognised because:

    - it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
    - the amount of the obligation cannot be measured with sufficient reliability.

Provisions (which are measured considering the best available information regarding the consequences of the related event and are reviewed at the end of each reporting period and adjusted to reflect the current best estimate) are used to cover specific obligations for which they were originally recognized which are reversed or utilized upon non-occurrence or occurrence of the event.

Provisions are recognized for the following categories:

- Provisions for staff benefits and remunerations.
- Provisions for minimum dividends.
- Provisions for contingent credit risk.
- Provisions for contingencies (include additional provisions).

i. Additional provisions:

The SBIF has defined that the additional provisions are those not deriving from the application of valuation models to the portfolio in order to compensate deficiencies in them, and that their establishment must be justified by assumed risk as defined in unpredictable economic fluctuations.
The Bank has formal criteria and procedures for the use and constitution for the determination of additional provisions, which must be approved by the Board of Directors.

These provisions, in accordance with the established under No. 10 of Chapter B-1 of the Compendium of Accounting Standards issued by the SBIF, have to be recognized as liabilities.

ii. Minimum provisions required for the normal individual portfolio:

The SBIF has determined that the Bank must maintain a percentage of minimum provision of 0.50% on loans and credit commitments from the normal individual portfolio in accordance with Chapter 2.1.3 of the number B-1 Compendium of Accounting Standards. These minimum provisions are to be presented as liabilities.

NOTE 1 - GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES. CONTINUED

ac) Use of estimates and judgments

In the application of the Bank's accounting policies the Bank management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, the information regarding the most significant areas of uncertainties and critical judgments in the application of accounting policies that have the most significant effect on the amounts recognized in the Interim Consolidated Financial Statements are described in the following notes:

- Impairment of certain assets (Note 31).
- Valuation of financial instruments (Notes 6, 8 and 11).
- Useful life property, plant and equipment and intangible assets (Notes 13 and 14).
- Use of tax loss carry-forward (Note 15).
- Contingencies and Commitments (Note 22).

ad) Income tax and deferred tax

The Bank calculates first category income tax at each period end, according to the current tax law.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The effects of changes in the tax regulations or in tax rates are recognized in deferred taxes as of the date of the law enactment.

As of September 30, 2017 and December 31, 2016, the Bank recognized net deferred tax assets, for which Management has assessed that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

In accordance of Law No. 20.780 published on September 29, 2014 and modified by Law 20.899 published on February 8, 2016, from 2018 the Bank will be subject to a 27% income tax rate on a permanent basis. Meanwhile, the Bank will be subject to a 24% income tax rate in 2016, and to a 25.5% income tax rate in 2017.

NOTE 1 - GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES. CONTINUED

ae) Non-current assets held for sale

Non-current assets (or an identifiable group that comprises assets and liabilities) whose carrying amount is expected to be recovered principally through sale transactions, rather than through continuing use, are classified as non-current assets and disposal groups held for sale. Immediately before this classification, the assets (or elements of an identifiable group) are re-measured according to the accounting policies of the Bank. From this moment, the assets (or identifiable group) are measured at the lower of their previous carrying amount and fair value less cost to sell.

af) Dividends on common shares

Dividends on common shares must be approved by the Board of Directors.

The Bank recognizes a liability for the portion of the period profit that must be distributed among the shareholders in compliance with Corporate Law, establishing that the minimum of 30% of net income for the period, or more, must be distributed as dividend, or according to the dividends policy.

ag) Earnings per share

Basic earnings per share are determined by dividing the consolidated net income for the period attributable to the Bank by the weighted average number of shares during that period.

Diluted earnings per share is calculated similarly to basic earnings, but the weighted average number of shares outstanding is adjusted to take into account the potential dilutive effect of stock options, warrants and convertible debt.

ah) Collection operations and Protected Assets No. 27 formed by the direct subsidiary BCI Securitizadora S.A.

i. Collection Operations:

The securitization companies may acquire assets in order to form a separate equity ("Protected Assets Fund") that support the issuance of securitized bonds. These assets must be similar in nature. A separate equity has to be formed for each separate issuance.

These assets may represent future cash flows (a "business plan" or future cash flows to be obtained from a specific asset or group of assets or entity) or existing asset (a portfolio of receivables, mortgage loans, etc.).

Accounting of debt to be issued depends on the type of assets: debt secured by assets representing future cash flows has be recognized by both the Protected Assets Fund and the originator, while debt secured by existing assets has to be recognized only by the Protected Assets Fund.

NOTE 1 - GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES. CONTINUED

These collection operations form part of the securitization process. In fact, the Securities Market Law itself, foreseeing the practical difficulty of forming a Protected Assets Fund, contemplates the possibility of acquiring assets that form a Protected Assets Fund equity even before the placement of the respective bonds.

Since there is a possibility that the respective Protected Assets Fund never will be created or securitized bond will not be issued for any reason (legal, market, etc.), these transactions contemplate a put option to resell account receivables back to the customer under certain circumstances (mainly in case when an entity cannot issue securitized bonds for the reasons discussed above). This option has to be recognized as a contingent liability by the customer.

ii. Protected Assets Fund No. 27:

The Bank through the direct subsidiary BCI Securitizadora S.A., as of September 30, 2017, maintains in its Interim Consolidated Financial Statements a balance of MCh$25,075, corresponding to loan receivables forming equity of the Protected Assets Fund No. 27. In order to create the latter, BCI Securitizadora S.A. acquired a loans portfolio originated by Inversiones S.C.G. S.A. On November 7, 2011 La Polar Companies filed a preventive legal agreement to the Board of Creditors. This agreement in its part related to Protected Assets Fund No. 27, mentions the conditions agreed with BCI Securitizadora S.A. on July 28, 2011. In accordance with these conditions, confirmed by Inversiones S.C.G. S.A. the collection process of the assets forming structure of Protected Assets Fund No. 27 was established as follows:

- Cash payment on acquisition of portfolio: MCh$23,820.
- Schedule of portfolio repayments, starting the nineth year (2018), as follows:

  Years 2018, 2019 and 2020: 5% of portfolio twice a year.
  Years 2021 and 2022: 7.5% of portfolio twice a year.
  Years 2023 and 2024: 10% of portfolio twice a year.

- Commissions recognized on October 16, 2012, for compliance with the precedent agreement condition: MCh$1,255.

Partial portfolio repayment will be made every 6 months in accordance with the percentages indicated above, on January 31 and July 31 of the respective year, corresponding to the first day on January 31, 2018 and so on the following, to the last on July 31, 2024.

Commissions: commissions to be accrued corresponded to 4% of the portfolio per year between July 1, 2012 and until fulfilment of the precedent condition. These commissions will be capitalized from the date of capitalization subject to interest at BCP 10 rate (in pesos for 10 years) in force on the previous day to the date of compliance with the precedent condition plus 1% per annum. This interest rate to be used throughout the course of the operation, and to be paid semi-annually starting from July 31, 2013. Interest paid for the nine-month period ended September 30, 2017 totalled MCh$271 (MCh$680 for the year ended December 31, 2016).

NOTE 1 - GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES. CONTINUED

On October 25, 2012, external auditors of La Polar companies issued to its management report on implementation of agreed procedures. This report confirms that on October 16, 2012 the funds raised from the capital increase exceed MCh$120,000. This fact, in compliance with the suspensive condition agreed in the legal agreement to the Board of Creditors, provoked establishment of new conditions for debt payment and change of agreement structures starting from October 16, 2012. Thus the balance of account receivables to Inversiones S.C.G. S.A. as of September, 2017 amounted to MCh$25,346.

As of September 30, 2017 the Bank recognizes and presents this account receivable related to Protected Assets Fund No. 27 in the category "Loans and receivables to customers".

ai) Interim Consolidated Statements of Changes in Equity

The Interim Consolidated Statements of Changes in Equity presented in these Interim Consolidated Financial Statements, present changes in the total consolidated equity during the period. This information is related to: the Interim Consolidated Statements of Other Comprehensive Income and Interim Consolidated Statements of Changes in Equity. The main features of the information contained in the two statements are explained below:

- **Interim Consolidated Statements of Comprehensive Income -** comprehensive income comprises items of income and expense as a result of Bank's activities during the period, distinguishing between those recognized as income, in the consolidated statements of income, and other income and expenses recognized in equity.

Therefore, in the Interim Consolidated Statements of Comprehensive Income, the following are presented:

i) Net income for the period.

ii) The net income and expenses temporarily recognized as valuation adjustments in equity.

iii) The net amount of revenues and expenses permanently recognized in equity.

iv) The income tax effect on items described above in ii) and iii), except for valuation adjustments arising from investments in associates, accounted for the equity method, which are presented on a net basis.

v) The total recognized income and expense, calculated as the sum of the above, presenting separately the parent entity amounts and the corresponding non-controlling interests.

- **Interim Consolidated Statements of Changes in Equity -** this part of the Interim Consolidated Statements of Changes in Equity discloses all changes in consolidated net equity, including those arising from changes in accounting policies and corrections of errors. Therefore, this statement presents a reconciliation of the carrying amount at the beginning and end of the period of all items comprising equity, grouping the changes according to their nature into the following items:

NOTE 1 - GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES. CONTINUED

i) Adjustments for changes in accounting policies and corrections of errors including changes in equity arising as a result of the retrospective restatement of balances of financial statements due to changes in accounting policies or to correct errors. During the reporting year there were no adjustments for changes in accounting policies and corrections of errors.

ii) Transfer of net income to retained earnings as well as accrual of dividends.

iii) Accumulated other comprehensive income.

iv) Issuance of shares.

aj) Accounting pronouncements by the International Accounting Standards Board (IASB).

Application of new and revised International Financial Reporting Standards (IFRS).

a) New and revised IFRS effective in the current year

The following new and revised IFRS have been adopted in these financial statements:

Amendments to IFRS	Effective date
Disclosure initiative (Amendments to IAS 7)	Annual periods beginning on or after January 1, 2017.
Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12)	Annual periods beginning on or after January 1, 2017.
Annual 2014-2016 cycle improvements (Amendments to IFRS 12)	Annual periods beginning on or after January 1, 2017.

Disclosure Initiative (Amendments to IAS 7)

The amendments are part of the IASB´s Disclosure initiative project and introduce additional disclosure requirements intended to address investors´ concerns that financial statements do not currently enable them to understand the entity´s cash flows; particularly in respect of the management of financing activities. The amendments require disclosure of information enabling users of financial statements to evaluate changes in liabilities arising from financial activities. Although there is no specific format required to comply with the new requirements, the amendments include illustrative examples to show how an entity can meet the objective of these amendments.

The adoption of these amendments did not have an impact in the consolidated financial statements of the Bank and its subsidiaries.

Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12)

On January 19, 2016, the IASB published final amendments to IAS 12 'Income Taxes'.

NOTE 1 - GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES. CONTINUED

The amendments clarify the following aspects:

- Unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use.

- The carrying amount of an asset does not limit the estimation of probable future taxable profits.

- Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences.

- An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilization of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

The adoption of these amendment did not have an impact in the consolidated financial statements of the Bank and its subsidiaries.

Annual 2014-2016 cycle improvements (Amendments to IFRS 12)

On December 8, 2016, the IASB published “Annual 2014-2016 cycle improvements to IFRS”. This pronouncement includes amendments to three IFRS as a result of the IASB’s annual improvements project, for which the amendments to IFRS 12 are effective for annual periods beginning on or after January 1, 2017.

The amendments to IFRS 12 clarify the scope of the standard to establish that an entity is not required to provide with summarized financial information for subsidiaries, associates or joint business that are classified as held for sale (or included in a group of assets held for sale), held for distribution or as discontinued operations in accordance with IFRS 5.

IFRS 12 amendments are applied retrospectively.

The adoption of these amendments did not have an impact in the consolidated financial statements of the Bank and its subsidiaries.

NOTE 1 - GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES. CONTINUED

b) New and revised IFRS issued but not yet effective:

New Standards	Effective date
IFRS 9 *Financial Instruments*	Annual periods beginning on or after January 1, 2018.
IFRS 15 *Revenue from Contracts with Customers*	Annual periods beginning on or after January 1, 2018.
IFRS 16 *Leases*	Annual periods beginning on or after January 1, 2019.
IFRS 17 *Insurance contracts*	Annual periods beginning on or after January 1, 2021
Amendments to the Standards	**Effective date**
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Effective date deferred indefinitely
Clarifications to IFRS 15 “Revenue from Contracts with Customers”	Annual periods beginning on or after January 1, 2018.
Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)	Annual periods beginning on or after January 1, 2018.
Applying IFRS 9 “Financial Instruments” with IFRS 4 “Insurance Contracts” (Amendments to IFRS 4)	Overlay approach to be applied when IFRS 9 is first applied. Deferral approach effective for annual periods beginning on or after January 1, 2018 and only available for three years after that date.
Transfers of Investment Property (Amendments to IAS 40)	Annual periods beginning on or after January 1, 2018.
Annual Improvements to IFRS Standards 2014-2016 Cycle	The amendments to IFRS 1 and IAS 28 are effective for annual periods beginning on or after January 1, 2018. The amendment to IFRS 12 for annual periods beginning on or after January 1, 2017.
New Interpretations	**Effective date**
IFRIC 22 Foreign Currency Transactions and Advance Consideration	Annual periods beginning on or after January 1, 2018.
IFRIC 23 Uncertainty over Income Tax Treatments	Annual periods beginning on or after January 1, 2019.

NOTE 1 - GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES. CONTINUED

IFRS 9 *Financial Instruments*

In 2014 IASB issued a finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 *Financial Instruments: Recognition and Measurement*. The standard contains requirements in the following areas:

Classification and measurement: Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a "fair value through other comprehensive income" category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39 *Financial Instruments: Recognition and Measurement*, however there are differences in the requirements applying to the measurement of an entity's own credit risk.

Impairment: The 2014 version of IFRS 9 introduces an "expected credit loss" model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized.

Hedge accounting: Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.

Derecognition: The requirements for derecognition of financial assets and liabilities are carried forward from IAS 39 *Financial Instruments: Recognition and Measurement*.

IFRS 9 must be applied in an entity's first annual IFRS financial statements for periods beginning on or after January 1, 2018. Early adoption is permitted.

The Bank. in accordance with the rules of the SBIF, will not anticipate the adoption of this standard. The standard will be adopted once the SBIF authorizes to do so.

IFRS 15 *Revenue from Contracts with Customers*

On May 28, 2014, the IASB has published its new standard, IFRS 15 Revenue from contracts with customers.

The new standard provides a single, principles based five-step model to be applied to all contracts with customers. i) identify the contract with the customer, ii) identify the performance obligations in the contract, iii) determine the transaction price, iv) allocate the transaction price to the performance obligations in the contracts, v) recognize revenue when (or as) the entity satisfies a performance obligation.

Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.

NOTE 1 - GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES. CONTINUED

IFRS 15 must be applied in an entity's first annual IFRS financial statements for periods beginning on or after January 1, 2018. Application of the Standard is mandatory and early adoption is permitted. An entity that chooses to apply IFRS 15 earlier than January 1, 2018 must disclose this fact.

Management is currently assessing the impact of applying IFRS 15, however, it is not practicable to provide a reasonable estimate of the effects that this IFRS will have until Management finalizes a detailed review.

IFRS 16 Leases

On January 13, 2016 the IASB published a new standard, IFRS 16 "Leases". The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 supersedes IAS 17 "Leases" and related interpretations and is effective for periods beginning on or after January 1, 2019, with earlier adoption permitted if IFRS 15 "Revenue from Contracts with Customers" has also been applied.

Management is currently assessing the impact of applying IFRS 16, however, it is not practicable to provide a reasonable estimate of the effects that this IFRS will have until Management finalizes a detailed review.

IFRS 17 Insurance contracts

On May 18, 2017 the el IASB issued IFRS 17 "Insurance contracts". This new standard establishes principles for recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance contracts. The objective is to ensure that entities provide relevant information in a way that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that contracts within the scope of IFRS 17 have on the financial position, financial performance and cash flows of an entity.

IFRS 17 establishes a general model, which is modified for insurance contracts with discretionary participation described as variable fee approach. An entity may apply a simplified measurement approach (the premium allocation approach) to some insurance contracts. The simplified measurement approach allows an entity to measure the amount relating to remaining service by allocating the premium over the coverage period.

The general model requires the use of actual assumptions to estimate the amount, timing and uncertainty of the future cash flows and will explicitly measure the cost of the uncertainty; takes into account market interest rates and the impact of policyholder's options and guarantees.

Policy sales related income is deferred as a liability component segregated at day 1 and aggregated in groups of insurance contracts, which is subsequently systematically reported through profit & loss during the period for which the policyholders are insured after making adjustments arising from changes in the assumptions relate to the future coverage.

IFRS 17 is effective for periods beginning on or after January 1, 2021. Earlier application is permitted. An

NOTE 1 - GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES. CONTINUED

entity shall apply IFRS 17 retrospectively unless impracticable, in which case the entity shall apply the modified retrospective approach or the fair value approach.

Management believes that this new standard will not have an impact on the Consolidated Financial Statements, based on the fact that the Bank and the consolidated entities do not issue insurance contracts.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

On September 11, 2014, the IASB has published "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)". The amendments address a conflict between the requirements of IAS 28 *Investments in Associates and Joint Ventures* and IFRS 10 *Consolidated Financial Statements* and clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture, as follows:

- require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 *Business Combinations*)
- require the partial recognition of gains and losses where the assets do not constitute a business, i.e., a gain or loss is recognized only to the extent of the unrelated investors' interests in that associate or joint venture.

On December 17, 2015 IASB has published final amendments to "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture". The amendments defer the effective date of the September 2014 amendments to these standards indefinitely until the research project on the equity method has been concluded.

Management is currently assessing the impact of applying these amendments, however, it is not practicable to provide a reasonable estimate of the effects that these amendments will have until Management finalizes a detailed review.

NOTE 1 - GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES. CONTINUED

Clarifications to IFRS 15 "Revenue from Contracts with Customers"

On April 12, 2016, the IASB has published final clarifications to IFRS 15 "Revenue from Contracts with Customers".

These clarifications focus on the following areas:

- Identifying performance obligations
- Principal versus agent considerations, and
- Guidance licensing application

The amendments are effective for annual reporting periods beginning on or after January 1, 2018 (same effective date as IFRS 15 itself). Earlier application is permitted.

Management is currently assessing the impact of applying these clarifications, however. it is not practicable to provide a reasonable estimate of the effects that these clarifications will have until Management finalizes a detailed review.

Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)

On September 20, 2016, the IASB has published final amendments to IFRS 2 "Share-based Payment" that clarify the classification and measurement of share-based payment transactions. The amendments address several requests that the IASB and the IFRS Interpretations Committee received and that the IASB decided to deal with in one combined narrow-scope project.

The amendments are effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted. The amendments are to be applied prospectively. However, retrospective application if allowed if this is possible without the use of hindsight. If an entity applies the amendments retrospectively, it must do so for all of the amendments described above.

Management does not anticipate that the application of these amendments will have any effect on the interim consolidated financial statements of the Bank.

Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (Amendments to IFRS 4)

On September 12, 2016, the IASB has published 'Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts". The amendments are intended to address concerns about the different effective dates of IFRS 9 and the forthcoming new insurance contracts standard (expected as IFRS 17 within the next nine months). As it has become obvious that the effective date of IFRS 17 can no longer be aligned with the effective date of IFRS 9 Financial Instruments there have been calls for the IASB to delay application of IFRS 9 for insurance activities and align the effective date of IFRS 9 for those activities with the effective date of the new insurance contracts standard.

NOTE 1 - GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES. CONTINUED

The amendments in Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (Amendments to IFRS 4) provide two options for entities that issue insurance contracts within the scope of IFRS 4:

- an option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets; this is the so-called overlay approach;
- an optional temporary exemption from applying IFRS 9 for entities whose predominant activity is issuing contracts within the scope of IFRS 4; this is the so-called deferral approach.

The application of both approaches is optional and an entity is permitted to stop applying them before the new insurance contracts standard is applied.

An entity applies the overlay approach retrospectively to qualifying financial assets when it first applies IFRS 9. Application of the overlay approach requires disclosure of sufficient information to enable users of financial statements to understand how the amount reclassified in the reporting period is calculated and the effect of that reclassification on the financial statements.

An entity applies the deferral approach for annual periods beginning on or after January 1, 2018. Predominance is assessed at the reporting entity level at the annual reporting date that immediately precedes 1 April 2016. Application of the deferral approach needs to be disclosed together with information that enables users of financial statements to understand how the insurer qualified for the temporary exemption and to compare insurers applying the temporary exemption with entities applying IFRS 9. The deferral can only be made use of for the three years following January 1, 2018. Predominance is only reassessed if there is a change in the entity's activities.

Management does not anticipate that the application of these amendments will have any effect on the interim consolidated financial statements of the Bank.

Transfers of Investment Property (Amendments to IAS 40)

On December 8, 2016, the IASB has issued "Transfers of Investment Property (Amendments to IAS 40)" to clarify transfers of property to, or from, investment property.
The amendments to IAS 40 *Investment Property*:

- Amends paragraph 57 to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use.
- The list of examples of evidence in paragraph 57(a) – (d) is now presented as a non-exhaustive list of examples instead of the previous exhaustive list.

The amendments are effective for periods beginning on or after January 1, 2018. Earlier application is permitted.

NOTE 1 - GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES. CONTINUED

Management does not anticipate that the application of this Interpretation will have any effect on the interim consolidated financial statements of Bank.

Annual Improvements to IFRS Standards 2014-2016 Cycle

On December 8, 2016, the IASB issued "Annual Improvements to IFRS Standards 2014–2016 Cycle". The pronouncement contains amendments to three IFRSs as result of the IASB's annual improvements project.

IFRS	Subject of amendment
IFRS 1 *First-time Adoption of International Financial Reporting Standards*	*Deleted the short-term exemptions in paragraphs E3–E7 of IFRS 1, because they have now served their intended purpose.*
IFRS 12 *Disclosure of Interests in Other Entities*	*Clarified the scope of the standard by specifying that the disclosure requirements in the standard, except for those in paragraphs B10–B16, apply to an entity's interests listed in paragraph 5 that are classified as held for sale, as held for distribution or as discontinued operations in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.*
IAS 28 *Investments in Associates and Joint Ventures*	*Clarified that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organization, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.*

The amendments to IFRS 1 and IAS 28 are effective for annual periods beginning on or after January 1, 2018, the amendment to IFRS 12 for annual periods beginning on or after January 1, 2017.

Management does not anticipate that the application of these amendments will have any effect on the interim consolidated financial statements of the Bank.

IFRIC 22 Foreign Currency Transactions and Advance Consideration

On December 8, 2016 the IASB issued IFRIC 22 "Foreign Currency Transactions and Advance Consideration". IFRIC 22 addresses how to determine the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration in a foreign currency.

The Interpretation standard establishes that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment

NOTE 1 - GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES. CONTINUED

or receipt of advance consideration. If there are multiple payments or receipts in advance, the Interpretation establishes that the entity shall determine a date of the transaction for each payment or receipt of advance consideration.

IFRIC 22 is effective for annual reporting periods beginning on or after January 1, 2018. Earlier application is permitted. On initial application, the entity has the option to apply this Interpretation either retrospectively or prospectively to all assets, expenses and income in the scope of the Interpretation initially recognised.

Management does not anticipate that the application of this Interpretation will have any effect on the interim consolidated financial statements of the Bank.

IFRIC 23 Uncertainty over Income Tax Treatments

On September 7, 2017 the IASB issued IFRIC 23 "Uncertainty over Income Tax Treatments". This Interpretation clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. In such a circumstance, an entity shall recognise and measure its current or deferred tax asset or liability applying the requirements in IAS 12 based on taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined applying this Interpretation. When there is uncertainty over income tax treatments, this Interpretation addresses:

a. whether an entity considers uncertain tax treatments separately;
b. the assumptions an entity makes about the examination of tax treatments by taxation authorities;
c. how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
d. how an entity considers changes in facts and circumstances.

IFRIC 23 is effective for annual reporting periods beginning on or after January 1, 2019. On initial application, the entity has the option to apply this Interpretation either totally retrospectively or retrospectively with no reexpression of comparative information.

Management does not anticipate that the application of these amendments will have any effect on the interim consolidated financial statements of the Bank.

ak) Standards and instructions issued by the Superintendency of Banks and Financial Institutions (SBIF)

i) Circular No. 3,615 issued on December 12, 2016, is intended to increase the level of transparency for the financial information provided by the banks, for that reason, the SBIF issued instructions that Financial Statements of Banks as of June 30 of each year will be required as of 2017 to include a review report on interim financial information issued by external auditors in accordance with GAAS No. 63, Section AU 930, or its international equivalent, SAS No. 122, Section AU-C 930, which must be submitted to the SBIF on the same date of publishing it, or the immediately preceding or next banking day.

NOTE 1 - GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES. CONTINUED

ii) Circular No. 3,621, the SBIF issued on March 15, 2017 a Circular related to Chapters B1 and C3 of the Compendium of Accounting Standards. It supplements instructions for the accounting and determination of provisions for credits guaranteed by the school infrastructure Guarantee Fund, established in Law No. 20,845.

iii) Circular Letter No. 1/2017 of the Information System Manual, the SBIF on March 15, 2017 supplemented information for regulatory files in order to increase the information on the School Infrastructure Guarantee Fund of Law No. 20,845.

iv) Circular Letter No. 2/2017, dated March 30, 2017, instructed Banks to submit information to the SBIF on the shares held in their own name on behalf of third parties.

v) Circular No. 3,622, the SBIF informed, on June 21, 2017, that El Tabo was incorporated as a Banking Plaza.

vi) Circular No. 3,623, the SBIF informed, on June 28, 2017, that the Banking Institution using code number 054 was approved for removal. Consequently, the list of banks included in Chapter 6-1 of the Updated Compilation of Standards was updated.

vii) Circular No. 3,624, the SBIF informed, on July 25, 2017, that Hijuelas was incorporated as a Banking Plaza.

viii) Circular No. 3,625, the SBIF informed, on September 5, 2017, that Tongoy, Cholchol, Curarrehue and Cisnes were incorporated as Banking Plazas.

The Bank's Management has implemented the previous amended regulations which have not had an effect on its Consolidated Financial Statements as of September 30, 2017.

NOTE 2 - ACCOUNTING CHANGES

During the period ended September 30, 2017, no accounting changes compared the previous year affecting these Interim Consolidated Financial Statements have occurred.

NOTE 3 - SIGNIFICANT EVENTS

a) Issuance and bonds placements

As of September 30, 2017 no subordinated bonds have been placed.

As of September 30, 2017, the following bonds denominated in UF were issued:

Bonds Series	Issuance Date	Notional amount UF	Nominal Interest rate	Maturity Date
SERIE_A1	01.04.2017	3,000,000	2.00%	01.04.2022
SERIE_A2	01.04.2017	3,000,000	2.00%	01.04.2027
SERIE_B1	01.05.2017	3,000,000	2.00%	01.05.2022
SERIE_B2	01.05.2017	3,000,000	2.00%	01.05.2023
SERIE_C1	01.07.2017	3,000,000	2.00%	01.01.2022
SERIE_C2	01.07.2017	3,000,000	2.00%	01.07.2023
SERIE_C3	01.07.2017	3,000,000	2.00%	01.07.2025
SERIE_C4	01.07.2017	3,000,000	2.00%	01.07.2026

As of September 30, 2017, the following bonds denominated in Dolares were issued:

Bonds Series	Issuance Date	American Dolars USD	Nominal Interest rate	Maturity Date
XS1655597034	26.07.2017	50,000,000	2.956%	01.08.2022

As of September 30, 2017, the following bonds denominated in UF were placement:

Bonds Series	Placement date	Notional amount UF	Annual IRR	Maturity Date
SERIE_AN1	17.02.2017	3,000,000	1.52%	01.12.2021
SERIE_AN2	09.05.2017	3,000,000	1.95%	01.12.2024
SERIE_AN3	28.02.2017	3,000,000	2.00%	01.12.2026
SERIE_AJ2	03.04.2017	1,000,000	1.82%	01.10.2024
SERIE_AJ2	05.04.2017	1,000,000	1.77%	01.10.2024
SERIE_AJ2	05.04.2017	2,000,000	1.77%	01.10.2024
SERIE_AJ2	05.04.2017	1,000,000	1.77%	01.10.2024
SERIE_AJ2	05.04.2017	250,000	1.77%	01.10.2024
SERIE_AJ2	14.06.2017	1,375,000	1.79%	01.10.2024
SERIE_A1	05.07.2017	3,000,000	1.75%	01.04.2022
SERIE_A2	12.07.2017	3,000,000	2.18%	01.04.2027
SERIE_B2	09.08.2017	1,670,000	1.73%	01.05.2023
SERIE_B2	10.08.2017	200,000	1.73%	01.05.2023
SERIE_B2	10.08.2017	10,000	1.73%	01.05.2023
SERIE_B1	01.09.2017	1,200,000	1.53%	01.05.2022
SERIE_B1	07.09.2017	130,000	1.55%	01.05.2022

NOTE 3 - SIGNIFICANT EVENTS. CONTINUED

As of September 30, 2017, the following bonds denominated in Dolares were placed:

Bonds Series	Placement date	American Dolars USD	Annual IRR	Maturity Date
XS1655597034	01.08.2017	50,000,000	2.956%	01.08.2022

b) Distribution of dividends and earnings capitalization

At the Annual Shareholder's Meeting held on March 28, 2017, the distribution of net income for the year ended December 31, 2016 was approved, for a total amount of MCh$340,165, according to the following detail:

- Distribution of a dividend of Ch$1,000 per share among the total 123,564,219 shares issued and registered in the Register of Shareholder's, which amounts MCh$123,564.

- Allocation of the remaining balance of the income for the year to Capital, for MCh$ 216,600.

According to the approved distribution, the Bank's equity amounts MCh$2,527,140 divided into 124,944,872 shares of a unique series and without nominal value, which are subscribed and paid in it's entirely.

During the meeting held in May 2017, the Board of Directors called an Extraordinary Shareholders' Meeting to be held on September 29, 2017 in order to revert the capital increase decision approved by the Extraordinary Shareholders' Meeting held on March 28, 2017.

At the Extraordinary Shareholders' Meeting held on September 29, 2017 the following agreements werereached:

- Recognize the lesser value obtained in the placement of the shares corresponding to the capital increase approved on October 27, 2015, as a decrease in the capital to be paid, in the amount of MCh$33,720, As a result, the new amount in capital is MCh$2,276,820, Subsequently, an increase to Bank's capital by MCh $216,600, took place, according to the following detail:

    - Capitalization of a portion of retained earnings, through the issuance of 1,380,653 shares issued without payment, with no par value, for an amount of MCh$46,518 (*).

    - Capitalization of a portion of retained earnings to Capital for an amount of MCh$ 170,082, with no shares issuance.

As a result of these capitalizations, the registered capital amounts MCh$2,493,420, divided into 124,944,872 shares of a single series and with no par value.

On July 27, 2017, the Superintendency of Banks and Financial Institutions was requested to approve the final capital increase, which was authorized under resolution No. 479 dated September 13, 2017.

NOTE 3 - SIGNIFICANT EVENTS. CONTINUED

The Consolidated Interim Financial Statements as of March 31, 2017 and June 30, 2017, included the capital increase that was agreed to at the shareholders' meeting held on March 28 and subsequently affirmed on June 29, 2017.

(*) At the date of issuance of these Interim Consolidated Financial Statements, approval from Superintendency of Banks and Financial Institutions is still pending, therefore issuance of these shares has not yet taken place.

c) Discontinuance of the equity method for the investment in associates, due to changes in the circumstances

As of December 31, 2016, the Bank held an investment equivalent to 1.93% ownership interest in Creodicorp LTD., which was recogzined in accordance with the equity method. The recognition of this investment under the equity method is based on the fact that the Bank had a director at Credicorp LTD. at the end of 2016, therefore, exercised significant influence given its power to participate in the financial and operating policy decisions.

On January 25, 2017, the Bank no longer has a director in this company, thereby losing its significant influence. In accordance with paragraph 22 of IAS 28, the Bank must discontinue the use of the equity method, and measure the retained interest at fair value and recognized again of MCh$ 87,060 for the difference between the fair value of the retained interest and the carrying amount of the investment at the date the equity method was discontiued.

Additionally, in accordance with paragraph 23 of IAS 28, the Bank reclassified to income for the period the cumulative exchange differences relating to the foreign operation previously recorded in accumulated other comprehensive income for Ch$14,846 million which is already included in the adjustment explained in the preceding paragraph.

Finally, a deferred tax liability for $38,612 million was recognized, determined as the difference between the new carrying amount of the investment (fair value at the date of the discontinuance of the equity method) and the taxable base.

In accordance with the Compendium of Accounting Standards issued by the SBIF, Chapter C-3, once the adjustments indicated in the previous paragraphs have been made, this investment should be classified as a "Investment in other companies" and measured at historical cost, corresponding to the fair value at the time of discontinuing the equity method, From that moment, the Bank should recognize income from this investment only for the dividends that are received, Additionally, this investment should be subject to impairment tests, in accordance with paragraph 38 of IAS 36, "the value of an asset deteriorates when its book value exceeds its recoverable amount", that is, impairment is understood when the market value is less than the book value of the asset.

NOTE 3 - SIGNIFICANT EVENTS. CONTINUED

d) Shares exchange related to BCI Corredor de Bolsa S.A. (subsidiary)

On June 12, 2017, BCI Corredor de Bolsa S,A received 1,000,000 shares in exchange for the share held by this entity which represents its investment in Bolsa de Comercio de Santiago S.A., Bolsa de Valores (Santiago Stock Exchange S.A., hereinafter referred to as “Stock Exchange”). This shares exchange corresponds to the process of demutualization of the Stock Exchange, which was agreed through a modification to the bylaws of this company approved by the shareholders' in a meeting held on March 17, 2016 and supplemented by public document dated January 30, 2017. The effects arising from this amendment to the bylaws took place as of April 21, 2017 and the exchange process was made through the issuance of shares with no payment. Other amendments to the Stock Exchange bylaws consider that it will no longer be necessary to be a shareholder of the Stock Exchange in order to be able to trade in the stock market. The shares of the Stock Exchange are in the process of being registered in the Registry of Securities of the Superintendencia de Valores y Seguros (Superintendency of Securities and Insurance), which is being carried forward by the Stock Exchange.

Following the demutualization process carried out by the Stock Exchange, BCI Corredor de Bolsa S.A. estimates that the shares held as investment as of September 30, 2017 remain without the intention of trading and are measured at fair value with changes in value recorded in equity, BCI Corredor de Bolsa S.A. will continue to observe this process being carried out by the Stock Exchange.

NOTE 4 - INFORMATION BY SEGMENTS

Segment structure

In accordance with IFRS 8, the Bank has aggregated operating segments with similar economic characteristics based on the aggregation criteria specified in the standard. Thus, a reporting segment comprises clients to whom differentiated products are addressed, which are homogeneous in terms and whose performance is measured in a similar way, as a part of the same reporting segment. Overall, this aggregation has no significant impact on understanding the nature and effects of the business activities of the Bank and the economic environment in which it operates.

Segment reporting is presented by the Bank based on the defined business structure, which is focused on optimizing assistance to clients with products and service, according to relevant commercial characteristics.

NOTE 4 – INFORMATION BY SEGMENTS. CONTINUED

To faithfully reflect the nature of the Bank's reporting segments, the presentation of the note considers the following:

1. The allocation of the results of balance sheet management of the reporting segments is performed according to the composition of assets of each business (which generates this outcome for the Bank).

2. A proportion of corporate expenses is allocated to the reporting segments, under the same allocation methodology that is used for other expenses or support staff.

3. Results for recognition or reversal of additional provisions and minimum provision adjustments were allocated to the segments in accordance with the proportion of customers for which these results were originated.

Following is the Bank's commercial structure with its four reporting segments:

Retail Banking Segment: This segment includes individuals and entities with sales of less than UF80,000, with the following operating segments:

Retail Banking**:** This operating segment includes individuals. The operating units in this operating segment are: Individuals, Preferential, Nova and Tbanc.

Small and Medium Enterprises**:** This operating segment includes entrepreneurs and enterprising entities (with sales of between UF2,400 and UF80,000) and includes microenterprises (with sales of less than UF2,400).

Wholesale Banking Segment: This segment composed mainly of companies whose annual sales exceed UF80,000, with the following operating segments:

Commercial Banking: This operating segment includes mainly companies whose annual sales exceed UF80,000. The operating units in this operating segment are: Real Estate and Companies.

Corporate & Investment Banking Commercial Division**:** This operating segment includes large corporations, financial institutions and high net worth investors with financial needs of high value added financial services. The operating units in this operating segment are: Wholesale Banks, Corporate and Private.

Corporate & Investment Banking Finance Division Segment: This segment manages the Bank's own investment portfolio.

BCI Financial Group, Inc, and Subsidiaries (BCIFG) Segment: This segment includes the results of operations of City National Bank of Florida, which operates as an independent unit under the supervision of senior management in Chile.

Others: In "Others" included those expenses and/or income, which by their nature are not directly identifiable within the reportable segments and therefore are not assigned.

NOTE 4 – INFORMATION BY SEGMENTS. CONTINUED

Income from subsidiaries allocation by client:

Certain subsidiaries' revenue and expenses are allocated to the segments to which the Bank customer is assigned.

Balance management results allocation:

In order to allocate in each segment all the benefits and costs associated with services provided to clients, the results of investment management services are allocated to the segments in proportion to total income for assets in each segment less average cost of funding.

Allocation of expenses to reporting segments:

Direct expenses: correspond to the costs directly attributable to each cost centre of each segment which are clearly recognizable and assignable. For example, personnel expenses, materials and inventory, and depreciation.

Indirect expenses (centralized allocation of expenses): expenses recognized in general cost centres, according to Bank policy, are allocated to different segments.

Management support expenses: these expenses are allocated depending on the time and resources consumed by different segments, based on the need. These expenses are preliminarily defined and agreed to by the areas involved (user and support area).

These criteria have been applied for the nine-months periods ended September 30, 2017 and 2016 and December 31, 2016.

NOTE 4 – BUSINESS SEGMENTS. CONTINUED

a) Statements of operating income for the nine-month period ended September 30, 2017:

	Retail Banking		Wholesale Banking					
	Retail	Small & Medium Enterprise	Commercial Banking	C&IB Commercial Division	C&IB Finance Division	BCI FG	Others	Consolidated
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Net interest income	288,549	106,620	123,455	80,970	(5,838)	118,691	(25,535)	**686,912**
Net fee and commission income	114,541	26,140	25,065	16,231	6,938	9,173	(1,424)	**196,664**
Other operating income	26,983	6,367	25,433	32,244	26,994	10,087	2,733	**130,841**
Operating income	**430,073**	**139,127**	**173,953**	**129,445**	**28,094**	**137,951**	**(24,226)**	**1,014,417**
Provision for loan losses	(101,613)	(26,862)	(8,231)	(19,299)	1,092	(9,377)	5,794	**(158,496)**
Operating income, net of loan losses, interest and commission	**328,460**	**112,265**	**165,722**	**110,146**	**29,186**	**128,574**	**(18,432)**	855,921
Total operating expenses	(261,713)	(67,741)	(68,571)	(46,432)	(20,267)	(63,056)	(8,132)	**(535,912)**
TOTAL NET OPERATING INCOME BY SEGMENT	**66,747**	**44,524**	**97,151**	**63,714**	**8,919**	**65,518**	**(26,564)**	**320,009**
Share of profit of investments accounted for using the equity method								**110,751**
Income before income tax								**430,760**
Income tax expense (*)								**(115,962)**
CONSOLIDATED NET INCOME FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2017								**314,798**

(*) See note 15,c.

b) Reporting Segments Balances as of September 30, 2017:

	As of September 30, 2017						
	Retail Banking		Wholesale Banking				
	Retail	Small & Medium Enterprise	Commercial	C&IB Commercial Division	C&IB Finance Division	BCI FG	Total Segments
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
TOTAL ASSETS	9,087,974	2,562,309	5,134,264	4,919,926	4,829,038	6,227,127	**32,760,638**
TOTAL LIABILITIES	8,174,494	2,291,353	4,587,193	4,411,016	4,969,591	5,615,025	**30,048,672**
EQUITY							**2,711,966**

NOTE 4 – BUSINESS SEGMENTS. CONTINUED

c) Statements of operating income for the nine-month period ended September 30, 2016:

	Retail Banking		Wholesale Banking					
	Retail	**Small and medium enterprise**	**Commercial**	**C&IB Commercial Division**	**C&IB Finance Division**	**BCI FG**	**Others**	**Consolidated balances**
	MCh$	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Net interest income	279,069	97,706	118,261	73,485	35,903	99,191	(26,330)	**677,285**
Net fee and commission income	106,517	26,433	27,447	16,286	8,714	10,655	(1,543)	**194,509**
Other operating income	24,612	5,231	19,903	24,916	(15,058)	6,452	5,803	**71,859**
Operating income	**410,198**	**129,370**	**165,611**	**114,687**	**29,559**	**116,298**	**(22,070)**	**943,653**
Provision for loan losses	(76,011)	(20,936)	(7,169)	(8,189)	(1,491)	(6,038)	(13,219)	**(133,053)**
Operating income, net of loan losses, interest and commission	**334,187**	**108,434**	**158,442**	**106,498**	**28,068**	**110,260**	**(35,289)**	**810,600**
Total operating expenses	(234,507)	(57,075)	(75,724)	(43,835)	(22,906)	(57,737)	(12,589)	**(504,373)**
TOTAL NET OPERATING INCOME BY SEGMENT	**99,680**	**51,359**	**82,718**	**62,663**	**5,162**	**52,523**	**(47,878)**	**306,227**
Share of profit of investments accounted using the equity method								**13,925**
Income before income tax								**320,152**
Income tax expense (*)								**(65,988)**
CONSOLIDATED NET INCOME FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2016								**254,164**

(*) See note 16,c.

d) Operating Segments Balances as of September 30, 2016:

	As of September 30, 2016						
	Retail Banking		Wholesale Banking				
	Retail	**Small & Medium Enterprise**	**Commercial**	**C&IB Commercial Division**	**C&IB Finance Division**	**BCI FG**	**Total Segments**
	MCh$	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**
TOTAL ASSETS	7,903,293	2,151,691	5,087,835	5,041,708	4,572,071	5,105,412	**29,862,010**
TOTAL LIABILITIES	7,113,290	1,923,727	4,569,394	4,538,238	4,801,829	4,446,565	**27,393,043**
EQUITY							**2,468,967**

NOTE 5 - CASH AND CASH EQUIVALENTS

a) Details of balances included within cash and cash equivalents, and their reconciliation with the Interim Consolidated Statements of Cash Flows as of September 30, 2017 and December 31, 2016, are as follows:

	As of September 30,	
	2017	2016
	MCh$	MCh$
Cash and deposits in banks		
Cash	529,957	370,492
Deposits in Central Bank of Chile (*)	197,300	333,114
Deposits in domestic banks	4,319	4,394
Deposits in foreign banks	711,156	619,172
Subtotal cash and deposits in banks	1,442,732	1,327,172
Items in course of collection, net	136,475	138,697
Highly liquid financial instruments	5,932	1,313
Investments under agreements to resell	188,874	225,531
Total cash and cash equivalents	**1,774,013**	**1,692,713**

(*) Deposits in Central Bank of Chile reflects the monthly average that the Bank must maintain in accordance with the regulations governing minimum reserves although the balance can be withdrawn on demand.

b) Items in the course of collection:

Items in the course of collection correspond to those transactions pending settlement which will increase or decrease deposits in Central Bank of Chile or in foreign banks, usually within 12 or 24 hours. The details of items in the course of collection, net as of September 30, 2017 and September 30, 2016 are as follows:

	As of September 30,	
	2017	2016
	MCh$	MCh$
Assets		
Outstanding notes from other banks (swap)	147,205	137,299
Funds receivable	156,233	206,291
Subtotal assets	303,438	343,590
Liabilities		
Funds payable	166,963	204,893
Subtotal liabilities	166,963	204,893
Items in course of collection, net	**136,475**	**138,697**

NOTE 6 - TRADING PORTFOLIO FINANCIAL ASSETS

The following is the detail of trading portfolio financial assets as of September 30, 2017 and December 31, 2016:

	As of September 30, 2017	As of December 31, 2016
	MCh$	MCh$
Instruments of the State and Central Bank of Chile (*):		
Bonds of the Central Bank of Chile	677,783	488,903
Promissory notes of the Central Bank of Chile	83	99
Other instruments of the State and Central Bank of Chile	640,712	181,073
Instruments of other domestic institutions:		
Bonds	69,787	70,910
Term deposits	331,711	352,576
Letters of credit	1,739	2,467
Documents issued by other financial institutions	79,074	93,931
Other instruments	26,031	18,220
Instruments of other foreign institutions:		
Other instruments	320,656	1,311
Investments in mutual funds:		
Funds administered by related parties	22,911	45,048
Funds administered by third parties	15,233	13,441
Total	**2,185,720**	**1,267,979**

(*) As of September 30, 2017 and December 31, 2016, the Bank holds instruments issued by the Central Bank of Chile, classified under "Instruments of the State and Central Bank of Chile" for MCh$219,011 and MCh$276,908, respectively.

NOTE 7 - INVESTMENTS UNDER AGREEMENTS TO RESELL AND LIABILITIES UNDER AGREEMENTS TO REPURCHASE

a) Securities purchased under agreements to resell:

Type of entity	Maturity of the agreement: Up to 3 months MCh$	Up to 3 months Average Rate %	Between 3 months and 1 year MCh$	Between 3 months and 1 year Average Rate %	Over 1 year MCh$	Over 1 year Average Rate %	Balance as of September 30, 2017 MCh$
Related party (individuals or entities)	-	-	-	-	-	-	-
Domestic banks	-	-	-	-	-	-	-
Securities brokers	70,424	0.27	5,656	0.28	-	-	**76,080**
Other domestic financial institutions	-	-	-	-	-	-	-
Foreign financial institutions	-	-	-	-	-	-	-
Other individuals or corporations	84,006	0.26	28,788	0.27	-	-	**112,794**
Total	**154,430**		**34,444**		**-**	**-**	**188,874**

Type of entity	Maturity of the agreement: Up to 3 months MCh$	Up to 3 months Average Rate %	Between 3 months and 1 year MCh$	Between 3 months and 1 year Average Rate %	Over 1 year MCh$	Over 1 year Average Rate %	Balance as of December 31, 2016 MCh$
Related party (individuals or entities)	-	-	-	-	-	-	-
Domestic banks	-	-	-	-	-	-	-
Securities brokers	41,668	0.35	4,426	0.35	-	-	46,094
Other domestic financial institutions	-	-	-	-	-	-	-
Foreign financial institutions	-	-	-	-	-	-	-
Other individuals or corporations	56,140	0.35	14,227	0.36	-	-	70,367
Total	**97,808**		**18,653**		**-**	**-**	**116,461**

NOTE 7 - INVESTMENTS UNDER AGREEMENTS TO RESELL AND LIABILITIES UNDER AGREEMENTS TO REPURCHASE. CONTINUED

b) Securities sold under repurchase agreements:

	Maturity of the agreement						
	Up to 3 months		Between 3 months to 1 year		Over 1 year		Balance as of September 30, 2017
Type of entity	**MCh$**	**Average Rate %**	**MCh$**	**Average Rate %**	**MCh$**	**Average Rate %**	**MCh$**
Related party (individuals or entities)	-	-	-	-	-	-	**-**
Domestic banks	-	-	-	-	-	-	**-**
Securities brokers	-	-	-	-	-	-	**-**
Other domestic financial institutions	109,972	0.21	-	-	-	-	**109,972**
Foreign financial institutions	-	-	-	-	-	-	**-**
Other individuals or corporations	434,913	0.38	-	-	-	-	**434,913**
Total	**544,855**		**-**		**-**		**544,885**

	Maturity of the agreement						
	Up to 3 months		Between 3 months to 1 year		Over 1 year		Balance as of December 31, 2016
Type of entity	**MCh$**	**Average Rate %**	**MCh$**	**Average Rate %**	**MCh$**	**Average Rate %**	**MCh$**
Related party (individuals or entities)	-	-	-	-	-	-	-
Domestic banks	80,164	0.32	-	-	-	-	80,164
Securities brokers	-	-	-	-	-	-	-
Other domestic financial institutions	139,939	0.29	-	-	-	-	139,939
Foreign financial institutions	-	-	-	-	-	-	-
Other individuals or corporations	579,333	0.26	408	0.29	-	-	579,741
Total	**799,436**		**408**		**-**	**-**	**799,844**

NOTE 8 - DERIVATIVE FINANCIAL AGREEMENTS AND HEDGE ACCOUNTING

a) As of September 30, 2017 and December 31, 2016, the Bank and its subsidiaries held the following portfolio of derivative instruments:

As of September 30, 2017:

	Notional amount		Fair value	
	Assets	Liabilities	Assets	Liabilities
	MCh$	MCh$	MCh$	MCh$
Trading Derivatives:				
Forwards	24,664,606	24,301,704	197,011	181,565
Swaps	62,030,091	61,736,640	875,706	919,726
Call Options	463,697	504,283	1,811	1,395
Put Options	421,304	423,856	5,132	7,232
Futures	12,783	12,783	218	79
Others	-	-	-	-
Subtotal	**87,592,481**	**86,979,266**	**1,079,878**	**1,109,997**
Fair Value Hedge Derivatives:				
Forwards	-	-	-	-
Swaps	1,999,137	1,468,397	67,501	47,020
Call Options	-	-	-	-
Put Options	-	-	-	-
Futures	-	-	-	-
Others	-	-	-	-
Subtotal	**1,999,137**	**1,468,397**	**67,501**	**47,020**
Cash Flow Hedge Derivatives:				
Forwards	-	165,272	9,566	6,813
Swaps	524,118	1,946,041	186,997	267,036
Call Options	-	-	-	-
Put Options	-	-	-	-
Futures	-	-	-	-
Others	-	-	-	-
Subtotal	**524,118**	**2,111,313**	**196,563**	**273,849**
Total	**90,115,736**	**90,558,976**	**1,343,942**	**1,430,866**

NOTE 8 - DERIVATIVE FINANCIAL AGREEMENTS AND HEDGE ACCOUNTING. CONTINUED

As of December 31, 2016

	Notional amount		Fair value	
	Assets	Liabilities	Assets	Liabilities
	MCh$	MCh$	MCh$	MCh$
Trading Derivatives:				
Forwards	24,194,017	23,869,561	125,632	123,748
Swaps	50,450,992	50,209,209	928,447	978,143
Call Options	213,476	224,332	1,147	653
Put Options	143,991	143,154	3	2,293
Futures	13,416	13,416	137	-
Others	-	-	-	-
Subtotal	**75,015,892**	**74,459,672**	**1,055,366**	**1,104,837**
Fair Value Hedge Derivatives:				
Forwards	-	-	-	-
Swaps	1,881,077	1,412,925	85,932	47,366
Call Options	-	-	-	-
Put Options	-	-	-	-
Futures	-	-	-	-
Others	-	-	-	-
Subtotal	**1,881,077**	**1,412,925**	**85,932**	**47,366**
Cash Flow Hedge Derivatives:				
Forwards	-	548,038	22,552	19,352
Swaps	718,683	1,427,387	196,397	248,531
Call Options	-	-	-	-
Put Options	-	-	-	-
Futures	-	-	-	-
Others	-	-	-	-
Subtotal	**718,683**	**1,975,425**	**218,949**	**267,883**
Total	**77,615,652**	**77,848,022**	**1,360,247**	**1,420,086**

b) Types of derivatives

The Bank uses hedge accounting to manage its exposure to fair value risk and risk of changes in cash flows.

Fair value hedges:

For hedged items in both foreign currency and local currency, the fair value of the hedged item is hedged against changes in the base interest rate. The implicit credit spread is not considered in this type of strategy. These hedges reduce the market exposure of the hedged items and reduce the risk related to fair value changes due to changes in the interest rate.

NOTE 8 - DERIVATIVE FINANCIAL AGREEMENTS AND HEDGE ACCOUNTING. CONTINUED

The following tables provide a summary of the hedged items and hedging instruments for fair value hedge accounting as of September 30, 2017 and December 31, 2016:

Hedged item	As of September 30, 2017		As of December 31, 2016	
	Assets	Liabilities	Assets	Liabilities
	MCh$	MCh$	MCh$	MCh$
Bonds issued MX/MN	-	816,553	-	749,973
Loans MX, UF	389	-	678	-
Term deposits MN	-	1,182,584	-	1,131,104
Investment MX	255,923	-	200,204	-
Macro hedge MN, MX	1,212,085	-	1,212,043	-
Liabilities MX	-	-	-	-
Total	**1,468,397**	**1,999,137**	**1,412,925**	**1,881,077**

Hedging instrument	As of September 30, 2017		As of December 31, 2016	
	Assets	Liabilities	Assets	Liabilities
	MCh$	MCh$	MCh$	MCh$
Cross Currency Swaps	363,387	1,441,872	381,101	1,368,073
Interest Rate Swap MN	1,182,584	-	1,131,104	14,000
Interest Rate Swap MX	453,166	26,525	368,872	30,852
Total	**1,999,137**	**1,468,397**	**1,881,077**	**1,412,925**

Note: MX: Foreign currency (Moneda Extranjera); MN: Local currency (Moneda Local)

Cash flow hedges:

The Bank uses cash flow hedging instruments such as cross currency swaps, forwards (inflation and exchange rate) and UF rate swaps to hedge the assets and liabilities exposed to variations in interest rates, exchange rates and/or inflation.

The following tables provide a summary of the hedged items and hedging instruments for cash flow hedge accounting as of September 30, 2017 and December 31, 2016:

	As of September 30, 2017		As of December 31, 2016	
	Assets	Liabilities	Assets	Liabilities
Hedged item	MCh$	MCh$	MCh$	MCh$
Assets UF > 1Y	1,391,484	-	1,733,697	-
Future obligations USD	-	38,342	-	40,241
Term deposits CLP	-	111,956	-	303,001
Assets UF	159,758	-	100,602	-
Bond MN/MX	-	373,820	-	375,441
Asset USD	560,071	-	141,126	-
Total	**2,111,313**	**524,118**	**1,975,425**	**718,683**

NOTE 8 - DERIVATIVE FINANCIAL AGREEMENTS AND HEDGE ACCOUNTING. CONTINUED

	As of September 30, 2017		As of December 31, 2016	
	Assets	Liabilities	Assets	Liabilities
	MCh$	MCh$	MCh$	MCh$
Hedging instrument				
Cross Currency Swaps	412,160	1,474,710	415,682	1,371,426
Forward UF	-	165,272	-	548,038
Forward USD	-	-	-	-
Swap rate	111,958	471,331	303,001	55,961
Total	**524,118**	**2,111,313**	**718,683**	**1,975,425**

Hedge of a net investment in a foreign operation:

The hedge of a net investment in a foreign operation seeks to mitigate the foreign exchange rate risk associated with the valuation of the foreign investment,

The following tables provide a summary of the hedged items and hedging instruments for hedge of a net investment in a foreign operation accounting as of September 30, 2017 and December 31, 2016:

	As of September 30, 2017		As of December 31, 2016	
	Assets	Liabilities	Assets	Liabilities
Hedged item	MCh$	MCh$	MCh$	MCh$
Net investment in a foreign operation	224,886	-	635,079	-
Total	**224,886**	**-**	**635,079**	**-**

	As of September 30, 2017		As of December 31, 2016	
	Assets	Liabilities	Assets	Liabilities
Hedge instrument	MCh$	MCh$	MCh$	MCh$
Bonds in foreign currency	-	224,886	-	635,079
Total	**-**	**224,886**	**-**	**635,079**

The following table provides details of the expected future cash flows related to cash flow hedges:

	Periods of expected future cash flows				
	As of September 30, 2017				
	Within 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years	Total
Hedged item					
Cash outflows	(324,932)	(1,145,905)	(798,398)	(163,333)	(2,432,568)
Cash inflows	296,565	1,092,866	800,970	161,245	2,351,646
Net cash flows	**(28,367)**	**(53,039)**	**2,572**	**(2,088)**	**(80,922)**
Hedging instrument					
Cash outflows	324,932	1,145,905	798,398	163,333	2,432,568
Cash inflows	(296,565)	(1,092,866)	(800,970)	(161,245)	(2,351,646)
Net cash flows	**28,367**	**53,039**	**(2,572)**	**2,088**	**80,922**

NOTE 8 - DERIVATIVE FINANCIAL AGREEMENTS AND HEDGE ACCOUNTING. CONTINUED

	As of December 31, 2016				
	Within 1 year	**Between 1 and 5 years**	**Between 5 and 10 years**	**More than 10 years**	**Total**
Hedged item					
Cash outflows	(637,840)	(1,115,162)	(882,484)	(360,537)	(2,996,023)
Cash inflows	602,905	1,041,367	861,817	360,984	2,867,073
Net cash flows	**(34,935)**	**(73,795)**	**(20,667)**	**447**	**(128,950)**
Hedging instrument					
Cash outflows	637,840	1,115,162	882,484	360,537	2,996,023
Cash inflows	(602,905)	(1,041,367)	(861,817)	(360,984)	(2,867,073)
Net cash flows	**34,935**	**73,795**	**20,667**	**(447)**	**128,950**

NOTE 9 - LOANS AND RECEIVABLES TO BANKS, NET

a) As of September 30, 2017 and December 31, 2016, balances for this concept are the following:

	As of September 30, 2017	**As of December 31, 2016**
	MCh$	**MCh$**
Domestic banks		
Highly liquid interbank loans	-	-
Allowance for loan losses of domestic banks	-	-
Foreign banks		
Highly liquid interbank loans	201,062	223,660
Allowance for loan losses of domestic banks	(382)	(432)
Total	**200,680**	**223,228**

b) The amount for the nine-month periods ended September 30, 2017 and 2016 of provisions and impairment is as follows:

	As of September 30, 2017			As of December 31, 2016		
	Domestic Banks	**Foreign Banks**	**Total**	**Domestic Banks**	**Foreign Banks**	**Total**
	MCh$	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Balance as of January 1,	**-**	**432**	**432**	**1**	**294**	**295**
Write-offs	-	-	**-**	-	-	**-**
Provisions	-	129	**129**	7	279	**286**
Reversal of provisions	-	(179)	**(179)**	(8)	(141)	**(149)**
Impairment	-	-	**-**	-	-	**-**
Reversal of impairment	-	-	**-**	-	-	**-**
Total	**-**	**382**	**382**	**-**	**432**	**432**

NOTE 10 - LOANS AND RECEIVABLES TO CUSTOMERS, NET

a) Loans and receivables to customers

As of September 30, 2017 and December 31, 2016, the composition of the loan portfolio was as follows:

	Assets before allowances				Allowances established			
As of September 30, 2017	**Normal Portfolio**	**Sub-standard Portfolio**	**Non-compliant Portfolio**	**Total**	**Individual Allowance**	**Collective Allowance**	**Total**	**Net Assets**
	MCh$	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Commercial loans:								
Commercial loans (*)	11,316,236	448,914	542,511	12,307,661	(124,812)	(53,073)	(177,885)	12,129,776
Foreign trade loans	702,015	40,103	2,147	744,265	(12,666)	(14)	(12,680)	731,585
Checking accounts	142,018	4,237	10,180	156,435	(1,911)	(4,497)	(6,408)	150,027
Loans to college students	780,803	11,029	9,225	801,057	(5,794)	(2,351)	(8,145)	792,912
Factoring operations	160,482	-	20,032	180,514	-	(4,856)	(4,856)	175,658
Leasing transactions	971,035	74,206	76,707	1,121,948	(18,247)	(2,093)	(20,340)	1,101,608
Other loans and receivables	38,364	447	15,131	53,942	(8,602)	(2,952)	(11,554)	42,388
Subtotal	**14,110,953**	**578,936**	**675,933**	**15,365,822**	**(172,032)**	**(69,836)**	**(241,868)**	**15,123,954**
Mortgage loans:								
Letters of credit	15,804	-	1,113	16,917	-	(17)	(17)	16,900
Negotiable mortgage loans	570,351	-	10,988	581,339	-	(4,683)	(4,683)	576,656
Other mortgage loans	4,823,415	-	160,656	4,984,071	-	(25,921)	(25,921)	4,958,150
Leasing transactions	-	-	-	-	-	-	-	-
Other loans	-	-	-	-	-	-	-	-
Subtotal	**5,409,570**	**-**	**172,757**	**5,582,327**	**-**	**(30,621)**	**(30,621)**	**5,551,706**
Consumer loans:								
Consumer loans in instalments	1,914,088	-	259,589	2,173,677	-	(110,795)	(110,795)	2,062,882
Checking accounts	103,716	-	9,890	113,606	-	(7,110)	(7,110)	106,496
Credit card borrowers	479,848	-	7,267	487,115	-	(9,740)	(9,740)	477,375
Consumer leasing transactions	3,219	-	25	3,244	-	(27)	(27)	3,217
Other loans and receivables	37,357	-	14	37,371	-	(655)	(655)	36,716
Subtotal	**2,538,228**	**-**	**276,785**	**2,815,013**	**-**	**(128,327)**	**(128,327)**	**2,686,686**
TOTAL	**22,058,751**	**578,936**	**1,125,475**	**23,763,162**	**(172,032)**	**(228,784)**	**(400,816)**	**23,362,346**

(*) Includes loans corresponding to Protected Assets Fund No. 27 as stated in Note 1,ah.

NOTE 10 - LOANS AND RECEIVABLES TO CUSTOMERS, NET. CONTINUED

As of December 31, 2016	Assets before allowances: Normal Portfolio	Assets before allowances: Sub-standard Portfolio	Assets before allowances: Non-compliant Portfolio	Total	Allowances established: Individual Allowance	Allowances established: Collective Allowance	Allowances established: Total	Net Assets
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Commercial loans:								
Commercial loans (*)	10,675,312	529,277	447,838	11,652,427	(107,450)	(54,780)	(162,230)	11,490,197
Foreign trade loans	639,405	93,067	2,682	735,154	(18,136)	(13)	(18,149)	717,005
Checking accounts	135,549	3,553	8,962	148,064	(1,286)	(3,847)	(5,133)	142,931
Loans to college students	843,560	5,351	7,464	856,375	(6,041)	(2,500)	(8,541)	847,834
Factoring operations	165,005	-	17,949	182,954	-	(4,259)	(4,259)	178,695
Leasing transactions	942,279	73,899	54,349	1,070,527	(16,326)	(1,506)	(17,832)	1,052,695
Other loans and receivables	27,998	324	5,799	34,121	(1,157)	(2,626)	(3,783)	30,338
Subtotal	**13,429,108**	**705,471**	**545,043**	**14,679,622**	**(150,396)**	**(69,531)**	**(219,927)**	**14,459,695**
Mortgage loans:								
Letters of credit	19,969	-	1,308	21,277	-	(41)	(41)	21,236
Negotiable mortgage loans	602,184	-	12,703	614,887	-	(6,129)	(6,129)	608,758
Other mortgage loans	4,202,498	-	161,255	4,363,753	-	(26,585)	(26,585)	4,337,168
Leasing transactions	-	-	-	-	-	-	-	-
Other loans	-	-	-	-	-	-	-	-
Subtotal	**4,824,651**		**175,266**	**4,999,917**	**-**	**(32,755)**	**(32,755)**	**4,967,162**
Consumer loans:								
Consumer loans in instalments	1,837,437	-	231,962	2,069,399	-	(103,804)	(103,804)	1,965,595
Checking accounts	97,755	-	9,053	106,808	-	(5,895)	(5,895)	100,913
Credit card borrowers	432,624	-	8,622	441,246	-	(6,462)	(6,462)	434,784
Consumer leasing transactions	3,808	-	142	3,950	-	(45)	(45)	3,905
Other loans and receivables	23,060	-	10	23,070	-	(778)	(778)	22,292
Subtotal	**2,394,684**	**-**	**249,789**	**2,644,473**	**-**	**(116,984)**	**(116,984)**	**2,527,489**
TOTAL	**20,648,443**	**705,471**	**970,098**	**22,324,012**	**(150,396)**	**(219,270)**	**(369,666)**	**21,954,346**

(*) Includes loans corresponding to Protected Assets Fund No. 27 as stated in Note 1, ah.

(**) Includes loans to college students, which are separately disclosed since 2016 in accordance with Circular No. 3,583 issued on May 25, 2016.

The collateral received by the Bank with respect to the loans portfolio relates to mortgages, and consists of cash, securities, accounts receivable, property and real estate assets, and warrants, among others.

The Bank uses financial lease agreements for terms from 1 to 10 years, depending on the contract, to finance acquisition of property, both movable and immovable for its clients. As of September 30, 2017 and December 31, 2016, the Bank held approximately MCh$634,416 and MCh$565,889, respectively, of financial leases on movable assets, and MCh$490,775 and MCh$508,588, respectively, of financial leases on property.

NOTE 10 - LOANS AND RECEIVABLES TO CUSTOMERS, NET. CONTINUED

The following table provides reconciliation between gross investment in lease and present value of minimum lease payments as of September 30, 2017 and December 31, 2016:

	As of September 30, 2017	As of December 31, 2016
	MCh$	MCh$
Gross investments in lease	1,297,534	1,237,236
Unearned income from financial lease	(172,342)	(162,759)
Net financial leases	**1,125,192**	**1,074,477**

The following table sets forth the amounts by maturity period for the net financial leases, as of September 30, 2017 and December 31, 2016:

	As of September 30, 2017	As of December 31, 2016
	MCh$	MCh$
Less than 1 year	272,327	257,565
Between 1 and 5 years	414,143	411,582
Over 5 years	438,722	405,330
Total	**1,125,192**	**1,074,477**

There is no evidence of impairment of the financial lease contracts that the Bank holds.

The Bank has obtained repossessed assets for an amount of MCh$6,787 as of September 30, 2017 and MCh$6,089 for December 31, 2016 through the execution of collateral held on assets.

NOTE 10 - LOANS AND RECEIVABLES TO CUSTOMERS, NET. CONTINUED

b) Portfolio characteristics:

As of September 30, 2017 and December 31, 2016, the loan portfolio, before allowances for loan losses, by type of the customer's economic activity is as follows:

	Domestic Loans		Foreign Loans		Total			
	As of September 30, 2017	As of December 31, 2016	As of September 30, 2017	As of December 31, 2016	As of September 30, 2017	As of December 31, 2016	As of September 30, 2017	As of December 31, 2016
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Commercial loans:								
Agriculture and livestock except fruits	286,904	286,534	123,617	91,617	410,521	378,151	1.73%	1.69%
Fruits	49,426	48,174	104,035	92,120	153,461	140,294	0.65%	0.63%
Forestry and wood extraction	145,772	166,431	45,819	13,519	191,591	179,950	0.81%	0.81%
Fishing	24,889	33,340	87,903	83,647	112,792	116,987	0.47%	0.52%
Mining	43,781	61,681	129,947	144,865	173,728	206,546	0.73%	0.93%
Crude oil and natural gas production	1,954	2,356	165,147	106,234	167,101	108,590	0.70%	0.49%
Food, beverage and tobacco industry	198,575	200,301	141,161	131,814	339,736	332,115	1.43%	1.49%
Textile and leather industry	29,101	33,630	45,950	47,492	75,051	81,122	0.32%	0.36%
Timber and furniture industry	29,332	31,941	13,294	14,699	42,626	46,640	0.18%	0.21%
Print and editorial industry	36,392	37,184	7,723	8,749	44,115	45,933	0.19%	0.21%
Chemical product, derived from oil , coal, rubber and plastic	121,745	122,563	98,292	129,254	220,037	251,817	0.93%	1.13%
Production of metal and non-metal production, machinery and equipment	335,478	367,547	128,837	88,564	464,315	456,111	1.95%	2.04%
Other manufacturing industries	20,100	16,378	173,154	147,768	193,254	164,146	0.81%	0.74%
Electricity, gas and water	360,319	346,253	233,014	235,605	593,333	581,858	2.50%	2.61%
Home construction	153,323	183,091	22,134	2,578	175,457	185,669	0.74%	0.83%
Other construction	972,181	901,496	181,893	157,555	1,154,074	1,059,051	4.86%	4.74%
Wholesale business	677,669	612,984	526,496	502,280	1,204,165	1,115,264	5.07%	5.00%
Retail, restaurants and hotels	493,222	467,131	467,853	381,979	961,075	849,110	4.04%	3.80%
Transporting and storage	330,418	321,611	321,949	256,042	652,367	577,653	2.75%	2.59%
Communications	83,891	109,091	70,046	58,346	153,937	167,437	0.65%	0.75%
Financial and insurance companies	2,114,882	2,263,893	409,290	269,265	2,524,172	2,533,158	10.62%	11.35%
Real estate and service providers	1,493,057	1,460,248	1,423,370	1,216,009	2,916,427	2,676,257	12.27%	11.99%
Services	1,286,821	1,186,006	1,155,666	1,239,757	2,442,487	2,425,763	10.26%	10.84%
Subtotal	**9,289,232**	**9,259,864**	**6,076,590**	**5,419,758**	**15,365,822**	**14,679,622**	**64.66%**	**65.75%**
Mortgage loans	5,011,566	4,397,665	570,761	602,252	5,582,327	4,999,917	23.49%	22.40%
Consumer loans	2,668,571	2,516,666	146,442	127,807	2,815,013	2,644,473	11.85%	11.85%
Total	**16,969,369**	**16,174,195**	**6,793,793**	**6,149,817**	**23,763,162**	**22,324,012**	**100.00%**	**100.00%**

NOTE 10 - LOANS AND RECEIVABLES TO CUSTOMERS, NET. CONTINUED

c) Provisions

The changes in allowances for loan losses during the periods ended September 30, 2017 and December 31, 2016 are summarized as follows:

	As of September 30, 2017			As of December 31, 2016		
	Individual Allowance	Collective Allowance	Total	Individual Allowance	Collective Allowance	Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Balances as of January 1,	**150,396**	**219,270**	**369,666**	**154,677**	**209,775**	**364,452**
Portfolio write-offs:						
Commercial loans	(18,563)	(41,190)	**(59,753)**	(7,228)	(73,959)	**(81,187)**
Mortgage loans	-	(5,392)	**(5,392)**	-	(7,456)	**(7,456)**
Consumer loans	-	(102,307)	**(102,307)**	-	(113,833)	**(113,833)**
Total Write-offs	**(18,563)**	**(148,889)**	**(167,452)**	**(7,228)**	**(195,248)**	**(202,476)**
Provisions	57,308	173,889	**231,197**	10,698	213,636	**224,334**
Reversal of provisions	(17,109)	(15,486)	**(32,595)**	(7,751)	(8,893)	**(16,644)**
Ending balances	**172,032**	**228,784**	**400,816**	**150,396**	**219,270**	**369,666**

In addition to these allowances for loan losses, the provisions for country risk are maintained to cover operations abroad, as well as additional provisions approved by the Board, which are presented as liabilities under "Provisions" heading (See Note 20). Therefore, the total amount of allowances and provisions for credit risk constituted for different concepts correspond to the following:

	As of September 30, 2017	As of December 31, 2016
	MCh$	MCh$
Individual and collective allowance	400,816	369,666
Provisions for contingent credit risk (Note 20)	19,701	20,179
Additional provisions	67,828	64,068
Minimum provision 0.50% (Note 20)	1,413	4,588
Provisions for country risk (Note 20)	2,059	1,926
Allowances on loans and receivables to banks (Note 9)	382	432
Total	**492,199**	**460,859**

During the period 2017 and year 2016, the Bank has not participated in the purchase, sale, substitution or swap of credits of the loan portfolio, except for operations disclosed in the present Interim Consolidated Financial Statements.

NOTE 10 - LOANS AND RECEIVABLES TO CUSTOMERS, NET. CONTINUED

d) Collateral

Impaired loan portfolio, secured and unsecured, before allowances for loan losses, as of September 30, 2017 and December 31, 2016 was as follows:

	As of September 30, 2017				As of December 31, 2016			
	Commercial	Mortgage	Consumer	Total	Commercial	Mortgage	Consumer	Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Secured debt	611,480	170,339	78,416	860,235	429,986	171,750	69,930	**671,666**
Unsecured debt	167,063	2,418	198,369	367,850	151,483	3,516	179,859	**334,858**
Total	**778,543**	**172,757**	**276,785**	**1,228,085**	**581,469**	**175,266**	**249,789**	**1,006,524**

e) Past due portfolio

The past due portfolio (overdue for 90 days or more) as of September 30, 2017 and December 31, 2016 was as follows:

	As of September 30, 2017				As of December 31, 2016			
	Commercial	Mortgage	Consumer	Total	Commercial	Mortgage	Consumer	Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Secured debt	105,543	65,905	4,443	175,891	141,836	71,397	4,903	**218,136**
Unsecured debt	136,743	2,847	40,107	179,697	67,227	2,481	32,523	**102,231**
Total	**242,286**	**68,752**	**44,550**	**355,588**	**209,063**	**73,878**	**37,426**	**320,367**

NOTE 10 - LOANS AND RECEIVABLES TO CUSTOMERS, NET. CONTINUED

f) Current, overdue and past due loans by normal and impaired portfolio:

As of September 30, 2017

	Normal portfolio				Impaired portfolio				Total			
	Commercial	Mortgage	Consumer	Total Normal	Commercial	Mortgage	Consumer	Total Impaired	Commercial	Mortgage	Consumer	Total Portfolio
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Current and overdue, but not past due	14,551,979	5,407,728	2,534,332	22,494,039	575,164	158,936	238,130	972,230	15,127,143	5,566,664	2,772,462	**23,466,269**
Overdue for 1 to 29 days	28,783	1,334	2,846	32,963	15,803	1,267	2,245	19,315	44,586	2,601	5,091	**52,278**
Overdue for 30 to 89 days	6,517	508	1,050	8,075	31,215	1,731	10,167	43,113	37,732	2,239	11,217	**51,188**
Overdue for 90 days or more (“Past due”)	-	-	-	-	156,361	10,823	26,243	193,427	156,361	10,823	26,243	**193,427**
Total portfolio before allowances	**14,587,279**	**5,409,570**	**2,538,228**	**22,535,077**	**778,543**	**172,757**	**276,785**	**1,228,085**	**15,365,822**	**5,582,327**	**2,815,013**	**23,763,162**
Overdue, but not past due loans (less than 90 days in default) as a percentage of the total portfolio	0.24%	0.03%	0.15%	0.18%	6.04%	1.74%	4.48%	5.08%	0.54%	0.09%	0.58%	0.44%
Past due loans (more than 90 days in default) as a percentage of the total portfolio	0.00%	0.00%	0.00%	0.00%	20.08%	6.26%	9.48%	15.75%	1.02%	0.19%	0.93%	0.81%

As of September 30, 2016

	Normal portfolio				Impaired portfolio				Total			
	Commercial	Mortgage	Consumer	Total Normal	Commercial	Mortgage	Consumer	Total Impaired	Commercial	Mortgage	Consumer	Total Portfolio
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Current and overdue, but not past due	14,072,866	4,823,002	2,390,737	21,286,605	443,324	154,837	217,111	815,272	14,516,190	4,977,839	2,607,848	**22,101,877**
Overdue for 1 to 29 days	17,332	1,080	2,735	21,147	5,172	1,212	3,058	9,442	22,504	2,292	5,793	**30,589**
Overdue for 30 to 89 days	7,955	569	1,212	9,736	13,609	2,355	7,169	23,133	21,564	2,924	8,381	**32,869**
Overdue for 90 days or more (“Past due”)	-	-	-	-	119,364	16,862	22,451	158,677	119,364	16,862	22,451	**158,677**
Total portfolio before allowances	**14,098,153**	**4,824,651**	**2,394,684**	**21,317,488**	**581,469**	**175,266**	**249,789**	**1,006,524**	**14,679,622**	**4,999,917**	**2,644,473**	**22,324,012**
Overdue, but not past due loans (less than 90 days in default) as a percentage of the total portfolio	0.18%	0.03%	0.16%	0.14%	3.23%	2.04%	4.09%	3.24%	0.30%	0.10%	0.54%	0.28%
Past due loans (more than 90 days in default) as a percentage of the total portfolio	0.00%	0.00%	0.00%	0.00%	20.53%	9.62%	8.99%	15.76%	0.81%	0.34%	0.85%	0.71%

NOTE 11 – FINANCIAL INVESTMENTS

As of September 30, 2017 and December 31, 2016, financial investments available for sale and held to maturity are as follows:

	As of September 30, 2017			As of December 31, 2016		
	Available for sale	Held to maturity	Total	Available for sale	Held to maturity	Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Financial investments quoted in active markets:						
Of the State and the Central Bank of Chile (a):						
Instruments of the Central Bank of Chile	87,314	-	**87,314**	218,189	-	**218,189**
Bonds or promissory notes of the Treasury	349,100	-	**349,100**	516,271	-	**516,271**
Other fiscal instruments	8,893	-	**8,893**	11,757	-	**11,757**
Other domestic instruments						
Financial instruments in instruments issued by other domestic banks	109,708	-	**109,708**	254,201	-	**254,201**
Bonds and corporate commercial papers	23,295	-	**23,295**	20,407	-	**20,407**
Other domestic instruments (b)	1,901	-	**1,901**	1,901	-	**1,901**
Foreign instruments:						
Instruments issued by foreign states and central banks (c)	82,607	831	**83,438**	634,697	872	**635,569**
Other foreign instruments	1,501,978	-	**1,501,978**	867,077	-	**867,077**
Total	**2,164,796**	**831**	**2,165,627**	**2,524,500**	**872**	**2,525,372**

(a) As of September 30, 2017 and December 31, 2016, the Bank does not maintain zero coupon instruments classified in portfolio available for sale.

(b) Other domestic instruments include shares that the BCI Corredor de Bolsa S.A., Bank subsidiary, has in Santiago Stock Exchange, in Chilean Electronic Stock Exchange and in Valparaiso Stock Exchange. These shares are measured at fair value.

(c) Financial investments held to maturity correspond to the portfolio of the Bank subsidiary, BCI Financial Group, INC. and Subsidiaries, that holds investments in state bonds on the balance sheet of CNB, and intends to hold them to maturity.

NOTE 12 - INVESTMENTS IN OTHER COMPANIES

a) As of September 30, 2017 and December 31, 2016, principal investments in associates, joint ventures and other entities are detailed below:

	As of September 30, 2017				As of December 31, 2016			
Company	**Equity**	**Participation**	**Investment value**	**Income / (Loss)**	**Equity**	**Participation**	**Investment value**	**Income / (Loss)**
	MCh$	**%**	**MCh$**	**MCh$**	**MCh$**	**%**	**MCh$**	**MCh$**
Investment accounted for using equity method:								
Redbanc S.A.	7,297	12.71	928	108	6,422	12.71	816	141
Combanc S.A.	5,780	10.33	597	35	5,472	10.33	565	68
Transbank S.A.	54,868	8.72	4,784	518	49,518	8.72	4,318	454
Nexus S.A.	13,074	12.90	1,687	312	10,809	12.90	1,395	246
Servicios de Infraestructura de mercado OTC S.A.	11,689	13.61	1,591	94	11,000	13.61	1,497	149
AFT S.A.	14,926	20.00	2,985	204	13,907	20.00	2,781	230
Centro de Compensacion Automatizado S.A.	4,546	33.33	1,515	328	3,985	33.33	1,328	394
Sociedad Interbancaria de Depositos de Valores S.A.	3,728	7.03	262	45	3,101	7.03	218	47
Credicorp Ltd,	-	-	-	-	3,844,309	1.93	109,730	13,341
Investment measured at cost:								
SWIFT Shares			34	-			34	-
FED and FHLB shares (*)			-	2,019			60,032	3,059
Bladex Shares			219	109			219	178
Credicorp Ltd,(**)			186,851	106,232			-	-
Other Shares			18	86			11	(21)
Total			**201,471**	**110,090**			**182,944**	**18,286**

Investments in joint ventures								
Servipag Ltda	9,328	50.00	4,664	366	8,596	50.00	4,298	409
Artikos Chile S.A.	1,535	50.00	768	295	1,431	50.00	716	441
Total			**5,432**	**661**			**5,014**	**850**
Total investments associates, joint ventures and other entities			**206,903**	**110,751**			**187,958**	**19,136**

(*) These are shares that holds BCI Financial Group, Inc. and Subsidiaries on its balance sheet, related to equity securities Federal Reserve (FED) and Federal Home Bank Loans (FHBL) acquired by CNB in order to participate in the funding program of United States banks, realized by these state agencies established in the State of Florida, CNB is required to maintain a specific level of holdings based on a formula provided by the respective agency.

(**) See Note 3 Significant events.

NOTE 12 - INVESTMENTS IN OTHER COMPANIES. CONTINUED

b) The reconciliation of investments in other companies as of September 30, 2017 and December 31, 2016, is as following:

	As of September 30, 2017	As of December 31, 2016
	MCh$	MCh$
Balance at the beginning of the period	**187,958**	**170,103**
Acquisition of investments in other companies	40,410	7,469
Translation differences (*)	(600)	(2,031)
Share of profit of investments accounted for using the equity method	110,751	19,136
Effect of acquisition of BCI Financial Group Inc,, and Subsidiaries	(61,673)	-
Sale of investments in other companies	(5,339)	(5,977)
Dividends received	(14,846)	-
Adjustment for minimum dividend provision	(1,373)	(403)
Minimum dividends provision	(191)	(339)
FEI and FMLB shares (**)	(48,194)	-
Ending balance	**206,903**	**187,958**

(*) Corresponds to the exchange difference resulted from investments in foreign companies (Credicorp Ltda., FEI and FMLB shares).

(**) Corresponds to shares of the Federal Reserve and Federal Home Bank Loans, which have been reclassified to "other assets" as of June 30, 2017.

As of September 30, 2017 and December 31, 2016, no impairment was recognized on the investments.

NOTE 13 - INTANGIBLE ASSETS

a) The composition of intangible assets as of September 30, 2017 and December 31, 2016 was the following:

Concept	Total useful life	Remaining average useful life	Gross balance	Accumulated amortization and impairment	Net balance
	Years	Years	MCh$	MCh$	MCh$
Intangible assets acquired separately (a)	5	5	57,451	(38,049)	**19,402**
Intangible generated internally (b)	6	5	223,362	(130,804)	**92,558**
Intangible assets acquired in business combination – amortizable (c):					
Core deposits	9	7	39,939	(9,630)	**30,309**
Leasehold interest	30	28	2,563	(408)	**2,155**
Others					
Intangible assets acquired in business combination - indefinite life (c):					
Trademark	-	-	11,503	-	**11,503**
Goodwill	-	-	10,273	-	**10,273**
Total			**345,091**	**(178,891)**	**166,200**

Concept	Total useful life	Remaining average useful life	Gross balance	Accumulated amortization and impairment	Net balance
	Years	Years	MCh$	MCh$	MCh$
Intangible assets acquired separately (a)	5	3	51,650	(33,577)	**18,073**
Intangible generated internally (b)	5	3	213,724	(115,242)	**98,482**
Intangible assets acquired in business combination – amortizable (c):					
Core deposits	9	8	41,917	(6,236)	**35,681**
Leasehold interest	30	29	2,689	(263)	**2,426**
Others	-	-	39,051	(39,051)	**-**
Intangible assets acquired in business combination - indefinite life (c):					
Trademark	-	-	12,072	-	**12,072**
Goodwill	-	-	10,782	-	**10,782**
Total			**371,885**	**(194,369)**	**177,516**

(a) Correspond to software purchased from parties other than the Bank or its subsidiaries held for use in the production or supply of goods or services, for rental to others, or for administrative purposes.
(b) Represent an identifiable non-monetary assets without physical substance, internally developed by the Bank or its subsidiaries held for use in the production or supply of goods or services, for rental to others, or for administrative purposes.
(c) Correspond to intangible assets acquired in business combinations: Banco Conosur acquisition in previous years and BCI Financial Group, Inc. and Subsidiaries.

The intangible assets indicated above, are measured according to Note 1, u of the Interim Consolidated Financial Statements.

NOTE 13 - INTANGIBLE ASSETS. CONTINUED

b) The movements of the intangible assets for the periods ended September 30, 2017 and December 31, 2016 are the following:

	Intangible assets acquired separately	Intangibles generated internally	Amortizable intangible assets acquired in business combination		Not amortizable intangible assets acquired in business combination		Total
			Core Deposit	Leasehold Interest	Trade Name	Goodwill	
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Balance as of January 1, 2017	**51,650**	**213,724**	**41,917**	**2,689**	**12,072**	**10,782**	**332,834**
Additions	5,801	37,790	-	-	-	-	**43,591**
Disposals / transfers	-	(28,170)	-	-	-	-	**(28,170)**
Increase (decrease) from net foreign exchange differences	-	-	(1,978)	(126)	(569)	(509)	**(3,182)**
Other changes	-	18	-	-	-	-	**18**
Impairment	-	-	-	-	-	-	**-**
Gross balance as of September 30, 2017	**57,451**	**223,362**	**39,939**	**2,563**	**11,503**	**10,273**	**345,091**
Amortization for the period	(4,806)	(15,110)	(3,774)	(159)	-	-	**(23,849)**
Accumulated amortization from previous periods	(33,577)	(115,242)	(6,236)	(263)	-	-	**(155,318)**
Others	334	(452)	380	14	-	-	**276**
Impairment	-	-	-	-	-	-	-
Total accumulated amortization and impairment	(38,049)	(130,804)	(9,630)	(408)	-	-	**(178,891)**
Balance as of September 30, 2017	**19,402**	**92,558**	**30,309**	**2,155**	**11,503**	**10,273**	**166,200**

As of September 30, 2017, there are no indicators of impairment for both the Goodwill and the Trademark.

NOTE 13 - INTANGIBLE ASSETS. CONTINUED

	Intangible assets acquired separately	Intangibles generated internally	Amortizable intangible assets acquired in business combination			Not amortizable intangible assets in business combination		
			Core Deposit	Leasehold Interest	Others	Trade Name	Goodwill	Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Balance as of January 1, 2016	**45,722**	**194,265**	**44,234**	**2,838**	**39,051**	**12,740**	**2,198**	**341,048**
Additions	4,820	19,314	-	-	-	-	-	24,134
Disposals / transfers	(1)	(956)	-	-	-	-	-	(957)
Increase (decrease) from net foreign exchange differences	-	-	(2,317)	(149)	-	(668)	51	(3,083)
Adjustment of Goodwill	-	-	-	-	-	-	8,533	8,533
Other changes	1,109	1,101	-	-	-	-	-	2,210
Impairment	-	-	-	-	-	-	-	-
Gross balance as of December 31, 2016	**51,650**	**213,724**	**41,917**	**2,689**	**39,051**	**12,072**	**10,782**	**371,885**
Amortization for the year	(5,508)	(18,013)	(5,206)	(219)	-	-	-	(28,946)
Accumulated amortization from previous periods	(28,034)	(97,229)	(1,135)	(48)	(39,051)	-	-	(165,497)
Others	(35)	-	105	4	-	-	-	74
Impairment	-	-	-	-	-	-	-	-
Total accumulated amortization and impairment	**(33,577)**	**(115,242)**	**(6,236)**	**(263)**	**(39,051)**	**-**	**-**	**(194,369)**
Balance as of December 31, 2016	**18,073**	**98,482**	**35,681**	**2,426**	**-**	**12,072**	**10,782**	**177,516**

As of December 31, 2016 the Bank performed impairment test in accordance with the instructions of Chapter A-2 of the Compendium of Accounting Rules of the SBIF. The reports issued by two independent consultants concluded that there was no impairment for Goodwill as well as for the trade name recorded in the acquisition of CNB.

NOTE 14 - PROPERTY, PLANT AND EQUIPMENT

a) The composition of property, plant and equipment as of September 30, 2017 and December 31, 2016 is the following:

	As of September 30, 2017				
Concept	**Total useful life**	**Remaining average useful life**	**Gross balance**	**Accumulated depreciation**	**Net balance**
	Years	**Years**	**MCh$**	**MCh$**	**MCh$**
Land and buildings	34	30	287,136	(69,874)	**217,262**
Equipment	4	3	140,846	(109,034)	**31,812**
Others	8	6	51,904	(31,644)	**20,260**
Total			**479,886**	**(210,552)**	**269,334**

	As of December 31, 2016				
Concept	**Total useful life**	**Remaining average useful life**	**Gross balance**	**Accumulated depreciation**	**Net balance**
	Years	**Years**	**MCh$**	**MCh$**	**MCh$**
Land and buildings	33	30	290,898	(63,244)	**227,654**
Equipment	4	4	131,519	(103,202)	**28,317**
Others	8	6	52,768	(29,243)	**23,525**
Total			**475,185**	**(195,689)**	**279,496**

b) The movements of property, plant and equipment for the nine-month period ended September 30, 2017 and the year ended December 31, 2016, respectively, are the following:

	Land and buildings	**Equipment**	**Others**	**Total**
	MCh$	**MCh$**	**MCh$**	**MCh$**
Balance as of January 1, 2017	**290,898**	**131,519**	**52,768**	**475,185**
Additions	6,789	14,737	9,315	**30,841**
Disposals	(10,551)	(5,415)	(168)	**(16,134)**
Transfers	-	-	(9,025)	**(9,025)**
Others	-	5	227	**232**
Impairment	-	-	(1,213)	**(1,213)**
Gross Balance as of September 30, 2017	**287,136**	**140,846**	**51,904**	**479,886**
Depreciation for the period	(6,456)	(11,503)	(2,824)	**(20,783)**
Other adjustments	(174)	5,671	423	**5,920**
Accumulated depreciation from previous years	(63,244)	(103,202)	(29,243)	**(195,689)**
Impairment	-	-	-	**-**
Total Accumulated Depreciation	**(69,874)**	**(109,034)**	**(31,644)**	**(210,552)**
Net Balance as of September 30, 2017	**217,262**	**31,812**	**20,260**	**269,334**

NOTE 14 - PROPERTY, PLANT AND EQUIPMENT. CONTINUED

	Land and buildings	Equipment	Others	Total
	MCh$	MCh$	MCh$	MCh$
Balance as of January 1, 2016	**288,330**	**118,014**	**50,633**	**456,977**
Additions	1,694	6,532	1,418	**9,644**
Disposals	-	(2,249)	(2,247)	**(4,496)**
Transfers	3,201	7,719	1,987	**12,907**
Others	(2,327)	1,503	1,069	**245**
Impairment	-	-	(92)	**(92)**
Gross Balance as of December 31, 2016	**290,898**	**131,519**	**52,768**	**475,185**
Depreciation for the period	(8,591)	(13,851)	(3,720)	**(26,162)**
Other Adjustments	-	2,751	2,143	**4,894**
Accumulated depreciation for previous periods	(54,653)	(92,102)	(27,666)	**(174,421)**
Impairment	-	-	-	-
Total Accumulated Depreciation	**(63,244)**	**(103,202)**	**(29,243)**	**(195,689)**
Net Property, plant and equipment Balance as of December 31, 2016	**227,654**	**28,317**	**23,525**	**279,496**

c) As of September 30, 2017 and December 31, 2016, the net impairment of MCh$1,213 and MCh$92, respectively, affected gross value of property, plant and equipment.

d) As of September 30, 2017 and December 31, 2016, the Bank had non-cancellable finance lease agreements. The information on future payments related to such agreements is detailed as follows:

	Future payments on non-cancellable finance lease agreements			
	Up to 1 year	1 to 5 years	Over 5 years	Total
	MCh$	MCh$	MCh$	MCh$
As of September 30, 2017	-	-	-	**-**
As of December 31, 2016	11	-	-	**11**

Furthermore, the balances of property, plant and equipment under finance leases as of September, 30, 2017 amounted to MCh$1,651 (MCh$1,647 as of December 31, 2016) and are presented as part of “Other Property, plant and equipment”.

NOTE 15 - CURRENT AND DEFERRED TAX

a) Current Tax

As of September 30, 2017 and December 31, 2016, the Bank implemented the provision of first-category income tax and the provision of Unique Tax of Article No, 21 of the Income Tax Law, which was determined based on the current tax legislation, and recognized liabilities amounting to MCh$ 1,175 as of September 30, 2017 (and assets amounting MCh$31,247 as of December 31, 2016), The detail of current tax assets net of current tax liabilities is provided as follows:

	As of September 30, 2017	As of December 31, 2016
	MCh$	MCh$
Income Tax (tax rate of 25.5% for 2017 and 24% by 2016)	(73,155)	(76,691)
Prior year provision excess	(1,438)	(6,862)
35% Provision for Income Tax	(248)	(111)
Less:		
Monthly tax provisional payments	64,933	84,023
Credit for training expenses	55	1,821
Credit for acquisition of property, plant and equipment	8	9
Credit for donations	1,021	802
Income tax to be recovered	5,840	27,509
Other taxes and withholdings to be recovered	1,809	747
Total	**(1,175)**	**31,247**

b) Income Tax

The detail of income tax expense for the nine-month periods ended September 30, 2017 and 2016, is as follows:

	For the nine-month periods ended September 30,	
	2017	2016
	MCh$	MCh$
Income tax charges:		
Current year tax	(73,155)	(52,078)
Surplus/ Deficit of prior year provisions	-	-
	(73,155)	(52,078)
Credit (charge) for deferred taxes:		
Origination and reversal of temporary differences	(42,726)	(13,834)
	(42,726)	(13,834)
Subtotal	(115,881)	(65,912)
Tax for rejected expenses in accordance with Article No. 21	(87)	(97)
Others	6	21
Income tax expense	**(115,962)**	**(65,988)**

NOTE 15 - CURRENT AND DEFERRED TAX. CONTINUED

c) Reconciliation of the effective income tax rate

The following is the reconciliation of the nominal income tax rate with the effective income tax rate for the nine-month periods ended September 30, 2017 and 2016:

	For the nine-month period ended September 30,			
	2017		2016	
	Tax rate %	Amount MCh$	Tax rate %	Amount MCh$
Income before income tax		430,760	-	320,152
Nominal tax rate	25.500		24.000	
Income tax calculated in accordance with statutory tax rate		109,844	-	76,836
Tax effect of non-deductible expenses in calculation of taxable income:				
Permanent differences	2.581	11,119	(3.038)	(9,727)
Unique tax (rejected expenses)	0.020	87	0.030	97
Others	(1.181)	(5,088)	(0.380)	(1,218)
Effective income tax rate and income tax expense	**26.920**	**115,962**	**20.612**	**65,988**

The effective income tax rate for period 2017 and 2016 was 26.920% and 20.612%, respectively.

d) Effect of deferred taxes recognized in equity

The deferred tax recognized in shareholder's equity as of September 30, 2017 and December 31, 2016 is composed of the following:

	Accumulated		Effect for period ended	
	As of September 30, 2017 MCh$	As of December 31, 2016 MCh$	September 30, 2017 MCh$	December 31, 2016 MCh$
Financial investments available for sale	(2,357)	(3,198)	841	(7,786)
Cash flow hedges	2,043	4,512	(2,469)	508
Effect of deferred tax in shareholder's equity	**(314)**	**1,314**	**(1,628)**	**(7,278)**

NOTE 15 - CURRENT AND DEFERRED TAX. CONTINUED

e) Effect of deferred taxes recognized in the Consolidated Statements of Income

During the periods ended September 30, 2017 and December 31, 2016, the Bank recognized in its Interim Consolidated Financial Statements the effects of deferred taxes according to IAS 12.

The detail of deferred tax assets and liabilities and allocated results for temporary differences is as follows:

	As of September 30, 2017			As of December 31, 2016		
	Assets	**Liabilities**	**Net**	**Assets**	**Liabilities**	**Net**
	MCh$	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Concepts:						
Allowance for loan losses	65,612	-	65,612	67,424	-	67,424
Provision for staff vacation & bonuses	28,388	-	28,388	25,798	-	25,798
Leasing operations (net)	-	-	-	814	-	814
Others	10,015	-	10,015	12,993	(2,779)	10,214
Property, plant and equipment	10,833	(5,183)	5,650	-	(15,075)	(15,075)
Transitory assets	-	(18,425)	(18,425)	-	(34,604)	(34,604)
Trading securities	-	(32,899)	(32,899)	-	-	-
Credicorp Ltd,	-	-	-	-	-	-
	-	(38,966)	(38,966)	-	-	-
Derivative contract operations	-	(2,045)	(2,045)	-	(4,511)	(4,511)
Temporary differences related to BCI Financial Group, Inc, and subsidiaries (*)	71,199	-	71,199	91,065	-	91,065
Total assets (liabilities) net	**186,047**	**(97,518)**	**88,529**	**198,094**	**(56,969)**	**141,125**
Effect of deferred tax recognized in equity	-	(314)	(314)	-	1,314	1,314
Net effect of changes in deferred tax assets and liabilities	**186,047**	**(97,832)**	**88,215**	**198,094**	**(55,655)**	**142,439**

(*) The deferred tax asset has been recognized by the subsidiary BCI Financial Group, Inc, and subsidiaries as of September 30, 2017 and December 31, 2016 and it mainly consists of a tax loss carry-forward and some differences on intangible assets.

NOTE 16 - OTHER ASSETS

a) As of September 30, 2017 and December 31, 2016 the composition of the other assets is as follows:

	As of September 30, 2017 MCh$	As of December 31, 2016 MCh$
Assets acquired to transfer to leasing (a)	88,707	92,638
Repossessed or awarded assets:		
Repossessed assets	1,391	1,477
Assets awarded from judicial auctions	5,489	3,389
Impairment of repossessed or awarded assets (b)	(53)	(76)
Other assets:		
Cash deposits held as guarantee	238,086	259,700
Investment in gold	3,720	3,515
VAT	8,412	8,186
Prepaid expenses	45,297	54,120
Property, plant and equipment held for sale	-	-
Assets recovered from lease agreements held for sale (c)	23,236	14,427
Account receivables	40,436	42,846
Amounts to be recovered	30,886	13,653
Macro hedge valuation adjustment	1,736	4,251
Prepayments of insurance rights on City National Bank of Florida (CNB) (d)	131,400	135,343
Other assets	66,193	52,661
FED and FHLB shares (e)	63,859	-
Total	**738,795**	**686,130**

(a) Correspond to property, plant and equipment available to be used in finance lease.

(b) Impairment of repossessed or awarded assets is recognized in accordance with the Accounting Standards Compendium Chapter B-5 No. 3, which implies recognition of impairment for the difference between the carrying value and the net realizable value, when the first is higher.

(c) Correspond to Assets recovered from leasing and available for sale, principally real estate. These assets are available for sale, which is considered highly likely to occur. For most assets, it is expected that the sale will be completed within one year period from the date on which the asset is classified as “Property, plant and equipment held for sale” and/or “Assets recovered from lease agreements held for sale”.

(d) Correspond to life insurance contracts for certain senior management of CNB, where CNB is the owner and beneficiary, CNB invests in these contracts, better known as BOLI (Bank Owned Life Insurance), considering that they provide an efficient way of funding retirement and other long term employee benefits.

NOTE 16 - OTHER ASSETS. CONTINUED

(e) Correspond to shares recorded by the subsidiary BCI Financial Group, Inc, and Subsidiaries in its Consolidated Financial Statement, for the Federal Reserve (FED) and Federal Home Bank Loans (FHBL) shares to be acquired by the Federal National Bank of Florida (CNB) in order to benefit from the funding programs these U.S. government agencies established in the State of Florida, CNB is required to maintain a specific level of holdings based on a formula provided by the respective agency.

b) The changes in the impairment of repossessed or awarded assets, for the nine-month period ended September 30, 2017 and for the year ended December 31, 2016, are as follows:

	Impairment
	MCh$
Balance as of January 1, 2017	**76**
Impairment	78
Reversal of impairment	(101)
Balance as of September 30, 2017	**53**
Balance as of January 1, 2016	**240**
Impairment	76
Reversal of impairment	(240)
Balance as of December 31, 2016	**76**

NOTE 17 – BORROWINGS FROM CUSTOMERS

As of September 30, 2017 and December 31, 2016, the composition of borrowings from customers is the following:

	As of September 30, 2017	**As of December 31, 2016**
	MCh$	**MCh$**
Current accounts and demand deposits		
Current accounts	8,032,014	7,345,946
Other deposits and accounts payable on demand	605,979	549,227
Other liabilities payable on demand	363,391	299,090
Total current accounts and demand deposits	**9,001,384**	**8,194,263**
Term deposits and savings accounts		
Term deposits	10,801,937	9,906,299
Saving accounts	48,924	50,186
Guarantees	1,009	1,203
Total term deposits and savings accounts	**10,851,870**	**9,957,688**

NOTE 18 - BORROWINGS FROM FINANCIAL INSTITUTIONS

As of September 30, 2017 and December 31, 2016 the composition of borrowings from financial institutions is as follows:

	As of September 30, 2017	As of December 31, 2016
Loans received from financial institutions and Central Bank of Chile:	**MCh$**	**MCh$**
Other liabilities to Central Bank of Chile	-	1,959
Subtotal	-	1,959
Loans received from domestic financial institutions:		
Interbank loans	466,549	355,515
Other liabilities to domestic financial institutions	242,219	265,437
Subtotal	708,768	620,952
Loans received from foreign financial institutions:		
Foreign trade financing	380,778	398,596
Loans and other liabilities to foreign financial institutions	560,837	627,257
Subtotal	941,615	1,025,853
Total	**1,650,383**	**1,648,764**

NOTE 19 - DEBT ISSUED AND OTHER FINANCIAL LIABILITIES

a) As of September 30, 2017 and December 31, 2016, details of the debt issued and other financial liabilities are as follows:

	As of September 30, 2017	As of December 31, 2016
	MCh$	**MCh$**
Other financial liabilities:		
Public bonds	32,918	33,943
Other domestic bonds	26,364	39,119
Foreign bonds	736,210	880,184
Total	**795,492**	**953,246**
Debt issued:		
Letters of credit	19,355	24,996
Ordinary bonds	3,702,915	3,475,056
Subordinated bonds	905,087	898,378
Total	**4,627,357**	**4,398,430**

NOTE 19 - DEBT ISSUED AND OTHER FINANCIAL LIABILITIES. CONTINUED

b) As of September 30, 2017 and December 31, 2016, the maturities of the ordinary and subordinated bonds are as follows:

	As of September 30, 2017		
	Long term	**Short term**	**Total**
	MCh$	**MCh$**	**MCh$**
By long and short term:			
Ordinary bonds	3,194,782	508,133	3,702,915
Subordinated bonds	905,087	-	905,087
Total	**4,099,869**	**508,133**	**4,608,002**

	As of December 31, 2016		
	Long term	**Short term**	**Total**
	MCh$	**MCh$**	**MCh$**
By long and short term:			
Ordinary bonds	2,954,835	520,221	3,475,056
Subordinated bonds	898,378	-	898,378
Total	**3,853,213**	**520,221**	**4,373,434**

c) Details of placements of ordinary and subordinated bonds as of September 30, 2017 are as follows:

ORDINARY BONDS DENOMINATED IN CHILEAN PESOS

Series	Issued amount Ch$	Placed amount Ch$	Issuance date	Maturity date	Average rate	Carrying amount Ch$	Balance in MCh$
SERIE_AG	228,500,000,000	228,500,000,000	01/05/2013	01/05/2018	4.96%	212,348,389,974	212,348
SERIE_AK	500,000,000,000	51,636,058,698	01/11/2014	01/11/2019	5.31%	53,337,572,748	53,338
SERIE_AM	50,000,000,000	50,000,000,000	01/06/2016	01/06/2023	4.90%	48,533,331,849	48,533
Fair Value Adjustment						2,891,071,203	2,891
Subtotal	**778.500.000.000**	**330,136,058,698**				**317,110,365,774**	**317,110**

NOTE 19 - DEBT ISSUED AND OTHER FINANCIAL LIABILITIES. CONTINUED

ORDINARY BONDS DENOMINATED IN UNIDADES DE FOMENTO (UF = Inflation index-linked units of account)

Series	Issued amount UF	Monto colocado UF	Issuance date	Maturity date	Average rate	Carrying amount UF	Balance in MCh$
SERIE_AB	10,000,000	10,000,000	01/07/2008	01/07/2018	3.67%	9,732,275	259,431
SERIE_AE2	10,000,000	10,000,000	01/08/2011	01/08/2021	3.73%	9,651,356	257,274
SERIE_AF2	10,000,000	10,000,000	01/08/2012	01/08/2022	3.43%	9,684,361	257,719
SERIE_AI1	15,000,000	-	01/03/2014	01/03/2019	-	-	-
SERIE_AI2	5,000,000	-	01/03/2014	01/03/2024	-	-	-
SERIE_AJ1	20,000,000	13,310,000	01/10/2014	01/10/2019	2.04%	13,432,543	354,937
SERIE_AJ2	20,000,000	20,000,000	01/10/2014	01/10/2024	2.23%	19,894,356	530,320
SERIE_AL1	3,000,000	3,000,000	01/06/2016	01/06/2022	2.26%	3,107,376	82,833
SERIE_AL2	3,000,000	3,000,000	01/06/2016	01/06/2023	2.26%	3,082,272	82,163
SERIE_AL3	3,000,000	3,000,000	01/06/2016	01/06/2024	2.26%	3,045,363	81,180
SERIE_AL4	3,000,000	3,000,000	01/06/2016	01/06/2028	2.26%	3,067,746	81,776
SERIE_AL5	3,000,000	3,000,000	01/06/2016	01/06/2031	2.26%	3,029,637	80,760
SERIE_AN1	3,000,000	3,000,000	01/12/2016	01/12/2021	1.82%	3,078,431	82,061
SERIE_AN2	3,000,000	3,000,000	01/12/2016	01/12/2024	1.82%	3,031,320	80,805
SERIE_AN3	3,000,000	3,000,000	01/12/2016	01/12/2026	1.82%	3,021,960	80,556
SERIE_A1	3,000,000	3,000,000	01/04/2017	01/04/2022	1.72%	3,063,230	81,656
SERIE_A2	3,000,000	3,000,000	01/04/2017	01/04/2027	2.18%	2,986,574	79,612
SERIE_B1	3,000,000	1,330,000	01/05/2017	01/05/2022	1.54%	1,369,247	36,500
SERIE_B2	3,000,000	1,880,000	01/05/2017	01/05/2023	1.73%	1,922,715	51,253
SERIE_C1	3,000,000	-	01/07/2017	01/01/2022	-	-	-
SERIE_C2	3,000,000	-	01/07/2017	01/07/2023	-	-	-
SERIE_C3	3,000,000	-	01/07/2017	01/07/2025	-	-	-
SERIE_C4	3,000,000	-	01/07/2017	01/07/2026	-	-	-
Fair Value Adjustment						-	12,959
Subtotal	**138,000,000**	**96,520,000**				**96,200,762**	**2,573,795**

ORDINARY BONDS DENOMINATED IN FOREIGN CURRENCY – US DOLLAR

Series	Issued amount USD	Placed amount USD	Issuance date	Maturity date	Average rate	Carrying amount USD	Balance in MCh$
USP32133CG63	500,000,000	500,000,000	11/02/2013	11/02/2023	4.35%	498,575,323	318,605
XS1655597034	50,000,000	50,000,000	01/08/2017	01/08/2022	2.96%	49,609,903	31,702
Fair Value Adjustment						4	-
Subtotal	**550,000,000**	**550,000,000(*)**				**548,185,230**	**350,307**

(*) These amounts are amortized in accordance with the effective interest method and therefore the initial transaction costs have been amortized over the expected life of the financial instrument.

ORDINARY BONDS DENOMINATED IN FOREIGN CURRENCY - EURO

Series	Issued amount EUR	Placed amount EUR	Issuance date	Maturity date	Average rate	Carrying amount EUR	Balance in MCh$
XS1493734971	20,000,000	20,000,000	23/09/2016	23/09/2024	0.888%	19,734,474	14,887
Fair Value Adjustmen						-	-
Subtotal	**20,000,000**	**20,000,000**				**19,734,474**	**14,887**

ORDINARY BONDS DENOMINATED IN FOREIGN CURRENCY - SWISS FRANCS (CHF)

Series	Issued amount CHF	Placed amount CHF	Issuance date	Maturity date	Average rate	Carrying amount CHF	Balance MCh$
CH0246788183	150,000,000	150,000,000	26/06/2014	26/06/2019	1.125%	149,969,621	98,881
CH0260296618	150,000,000	150,000,000	25/11/2014	23/11/2018	0.875%	150,758,265	99,401
CH0278875965	150,000,000	150,000,000	17/06/2015	17/06/2020	0.250%	149,722,123	98,717
XS1520623627	90,000,000	90,000,000	17/11/2016	17/11/2021	0.000%	89,081,912	58,735
Fair Value adjustment						(3,788,479)	(2,498)
Subtotal	**540,000,000**	**540,000,000**				**535,743,442**	**353,236**

NOTE 19 - DEBT ISSUED AND OTHER FINANCIAL LIABILITIES. CONTINUED

ORDINARY BONDS DENOMINATED IN FOREIGN CURRENCY – YEN

Series	Issued amount YEN	Placed amount YEN	Issuance date	Maturity date	Average data	Carrying amount YEN	Balance MCh$
XS1144348411	4,900,000,000	4,900,000,000	04/12/2014	04/12/2017	0.700%	4,908,511,765	27,845
XS1144348841	10,100,000,000	10,100,000,000	04/12/2014	04/12/2019	0.810%	10,087,919,454	57,226
XS1144350821	1,500,000,000	1,500,000,000	04/12/2014	04/12/2017	0.669%	1,499,796,048	8,509
Subtotal	**16,500,000,000**	**16,500,000,000**				**16,496,227,267**	**93,580**
Total ordinary bonds							**3,702,915**

SUBORDINATED BONDS DENOMINATED IN UNIDADES DE FOMENTO (UF = Inflation index-linked units of account)

Serie	Issued amount UF	Placed amount UF	Issuance date	Maturity date	Average date	Carrying amount UF	Balance in MCh$
SERIE_E	1,500,000	1,500,000	01/11/1997	01/11/2018	7.37%	217,564	5,800
SERIE_F	1,200,000	1,200,000	01/05/1999	01/05/2024	7.73%	578,089	15,410
SERIE_G	400,000	400,000	01/05/1999	01/05/2025	7.92%	211,552	5,639
SERIE_L	1,200,000	1,200,000	01/10/2001	01/10/2026	6.39%	732,888	19,536
SERIE_M	1,800,000	1,800,000	01/10/2001	01/10/2027	6.43%	1,152,532	30,723
SERIE_N	1,500,000	1,500,000	01/06/2004	01/06/2029	5.25%	1,034,436	27,575
SERIE_O	1,500,000	1,500,000	01/06/2004	01/06/2030	3.93%	1,018,733	27,156
SERIE_R	1,500,000	1,500,000	01/06/2005	01/06/2038	4.72%	693,159	18,477
SERIE_S	2,000,000	2,000,000	01/12/2005	01/12/2030	4.86%	1,399,340	37,302
SERIE_T	2,000,000	2,000,000	01/12/2005	01/12/2031	4.52%	1,465,652	39,070
SERIE_U	2,000,000	2,000,000	01/06/2007	01/06/2032	4.19%	1,910,533	50,929
SERIE_Y	4,000,000	4,000,000	01/12/2007	01/12/2030	4.25%	2,311,200	61,609
SERIE_W	4,000,000	4,000,000	01/06/2008	01/06/2036	4.05%	1,905,200	50,787
SERIE_AC	6,000,000	6,000,000	01/03/2010	01/03/2040	3.96%	5,511,716	146,925
SERIE_AD 1	4,000,000	4,000,000	01/06/2010	01/06/2040	4.17%	3,550,758	94,652
SERIE_AD 2	3,000,000	3,000,000	01/06/2010	01/06/2042	4.14%	2,648,695	70,606
SERIE_AH	15,000,000	9,000,000	01/09/2013	01/09/2043	3.63%	7,611,296	202,891
Total subordinated bonds	**52,600,000**	**46,600,000**				**33,953,343**	**905,087**
TOTAL BONDS							**4.608.002**

d) Details of placements of ordinary and subordinated bonds as of December 31, 2016 are as follows:

ORDINARY BONDS DENOMINATED IN CHILEAN PESOS

Series	Issued amount Ch$	Placed amount Ch$	Issuance date	Maturity date	Average rate	Carrying amount Ch$	Balance in MCh$
SERIE_AG	228,500,000,000	228,500,000,000	01/05/2013	01/05/2018	4.96%	219,542,877,155	219,543
SERIE_AK	500,000,000,000	51,636,058,698	01/11/2014	01/11/2019	5.31%	52,317,528,419	52,318
Serie _ AM	50,000,000,000	50,000,000,000	01/06/2016	01/06/2023	4.90%	47,797,884,553	47,798
Fair Value Adjustment						**3,581,043,966**	3,581
Subtotal	**778,500,000,000**	**330,136,058,698**				**323,239,334,093**	**323,240**

ORDINARY BONDS DENOMINATED IN UNIDADES DE FOMENTO (UF = Inflation index-linked units of account)

Series	Issued amount UF	Placed amount UF	Issuance date	Maturity date	Average rate	Carrying amount UF	Balance in MCh$
SERIE_AB	10,000,000	10,000,000	01/07/2008	01/07/2018	3.67%	9,462,771	249,325
SERIE_AE2	10,000,000	10,000,000	01/08/2011	01/08/2021	3.73%	9,647,225	254,185
SERIE_AF1	10,000,000	5,740,000	01/08/2012	01/08/2017	3.51%	2,974,410	78,370
SERIE_AF2	10,000,000	10,000,000	01/08/2012	01/08/2022	3.43%	9,699,783	255,570
SERIE_AI1	15,000,000	-	01/03/2014	01/03/2019	-	-	-
SERIE_AI2	5,000,000	-	01/03/2014	01/03/2024	-	-	-
SERIE_AJ1	20,000,000	13,310,000	01/10/2014	01/10/2019	2.04%	13,247,029	349,032
SERIE_AJ2	20,000,000	13,375,000	01/10/2014	01/10/2024	2.47%	12,999,184	342,502
SERIE_AL1	3,000,000	3,000,000	01/06/2016	01/06/2022	2.26%	3,101,123	81,708
SERIE_AL2	3,000,000	3,000,000	01/06/2016	01/06/2023	2.26%	3,070,762	80,908
SERIE_AL3	3,000,000	3,000,000	01/06/2016	01/06/2024	2.26%	3,028,975	79,807
SERIE_AL4	3,000,000	3,000,000	01/06/2016	01/06/2028	2.26%	3,051,821	80,409
SERIE_AL5	3,000,000	3,000,000	01/06/2016	01/06/2031	2.26%	3,011,239	79,340
Fair Value Adjustment							15,121
Subtotal	**115,000,000**	**77,425,000**				**73,294,322**	**1,946,277**

NOTE 19 - DEBT ISSUED AND OTHER FINANCIAL LIABILITIES. CONTINUED

ORDINARY BONDS DENOMINATED IN FOREIGN CURRENCY – US DOLLAR

Series	Issued amount USD	Placed amount USD	Issuance date	Maturity date	Average rate	Carrying amount USD	Balance in MCh$
USP32133CE16	600,000,000	600,000,000	13/09/2012	13/09/2017	3.54%	604,127,154	405,176
USP32133CG63	500,000,000	500,000,000	11/02/2013	11/02/2023	4.35%	503,157,330	337,458
Fair Value Adjustment						(29,097)	(20)
Subtotal	**1,100,000,000**	**1,100,000,000 (*)**				**1,107,255,387**	**742,614**

(*) These amounts are amortized in accordance with the effective interest method and therefore the initial transaction costs have been amortized over the expected life of the financial instrument,

ORDINARY BONDS DENOMINATED IN FOREIGN CURRENCY - EURO

Series	Issued amount EUR	Placed amount EUR	Issuance date	Maturity date	Average rate	Carrying amount EUR	Balance in MCh$
XS1493734971	20,000,000	20,000,000	23/09/2016	23/09/2024	0.888%	19,732,095	13,967
Fair Value adjustment						-	-
Subtotal	**20,000,000**	**20,000,000**				**19,732,095**	**13,967**

ORDINARY BONDS DENOMINATED IN FOREIGN CURRENCY - SWISS FRANCS (CHF)

Series	Issued amount CHF	Placed amount CHF	Issuance date	Maturity date	Average rate	Carrying amount CHF	Balance MCh$
CH0246788183	150,000,000	150,000,000	26/06/2014	26/06/2019	1.125%	150,114,684	99,130
CH0260296618	150,000,000	150,000,000	25/11/2014	23/11/2018	0.875%	149,482,943	98,713
CH0278875965	150,000,000	150,000,000	17/06/2015	17/06/2020	0.250%	149,643,477	98,819
XS1520623627	90,000,000	90,000,000	17/11/2016	17/11/2021	0.000%	88,909,434	58,713
Fair Value adjustment						(1,206,898)	(794)
Subtotal	**540,000,000**	**540,000,000**				**536,943,640**	**354,581**

ORDINARY BONDS DENOMINATED IN FOREIGN CURRENCY – YEN

Series	Issued amount YEN	Placed amount YEN	Issuance date	Maturity date	Average rate	Carrying amount YEN	Balance in MCh$
XS1144348411	4,900,000,000	4,900,000,000	04/12/2014	04/12/2017	0.700%	4,888,163,230	28,080
XS1144348841	10,100,000,000	10,100,000,000	04/12/2014	04/12/2019	0.810%	10,044,621,936	57,702
XS1144350821	1,500,000,000	1,500,000,000	04/12/2014	04/12/2017	0.669%	1,496,180,471	8,595
Subtotal	**16,500,000,000**	**16,500,000,000**				**16,428,965,637**	**94,377**
Total ordinary bonds							**3,475,056**

NOTE 19 - DEBT ISSUED AND OTHER FINANCIAL LIABILITIES. CONTINUED

SUBORDINATED BONDS DENOMINATED IN UNIDADES DE FOMENTO (UF = Inflation index-linked units of account)

Series	Issued amount UF	Placed amount UF	Issuance date	Maturity date	Average rate	Carrying amount UF	Balance in MCh$
SERIE_E	1,500,000	1,500,000	01/11/1997	01/11/2018	7.37%	280,098	7,380
SERIE_F	1,200,000	1,200,000	01/05/1999	01/05/2024	7.73%	597,883	15,753
SERIE_G	400,000	400,000	01/05/1999	01/05/2025	7.92%	216,836	5,713
SERIE_L	1,200,000	1,200,000	01/10/2001	01/10/2026	6.39%	749,221	19,740
SERIE_M	1,800,000	1,800,000	01/10/2001	01/10/2027	6.43%	1,172,592	30,895
SERIE_N	1,500,000	1,500,000	01/06/2004	01/06/2029	5.25%	1,051,819	27,713
SERIE_O	1,500,000	1,500,000	01/06/2004	01/06/2030	3.93%	1,038,618	27,365
SERIE_R	1,500,000	1,500,000	01/06/2005	01/06/2038	4.72%	692,376	18,243
SERIE_S	2,000,000	2,000,000	01/12/2005	01/12/2030	4.86%	1,419,153	37,392
SERIE_T	2,000,000	2,000,000	01/12/2005	01/12/2031	4.52%	1,484,975	39,126
SERIE_U	2,000,000	2,000,000	01/06/2007	01/06/2032	4.19%	1,886,943	49,717
SERIE_Y	4,000,000	4,000,000	01/12/2007	01/12/2030	4.25%	2,240,400	59,030
SERIE_W	4,000,000	4,000,000	01/06/2008	01/06/2036	4.05%	1,849,600	48,733
SERIE_AC	6,000,000	6,000,000	01/03/2010	01/03/2040	3.96%	5,544,223	146,079
SERIE_AD 1	4,000,000	4,000,000	01/06/2010	01/06/2040	4.17%	3,569,619	94,052
SERIE_AD 2	3,000,000	3,000,000	01/06/2010	01/06/2042	4.14%	2,664,089	70,193
SERIE_AH	15,000,000	9,000,000	01/09/2013	01/09/2043	3.63%	7,638,227	201,254
Total subordinated bonds	**52,600,000**	**46,600,000**				**34,096,672**	**898,378**
TOTAL BONDS							**4,373,434**

NOTE 20 -PROVISIONS

a) The provisions established as of September 30, 2017 and December 31, 2016 are as follows:

	As of September 30, 2017	As of December 31, 2016
	MCh$	MCh$
Provisions for staff benefits and remuneration	47,873	48,906
Provisions for minimum dividends	94,439	102,049
Provisions for credit commitments	19,701	20,179
Provisions for contingencies (*)	83,438	90,435
Provisions for country risk	2,059	1,926
Total	**247,510**	**263,495**

(*) Provisions for contingencies as of September 30, 2017 include additional provisions for MCh$67,828 (MCh$64,068 as of December 31, 2016), recognized according to SBIF instructions and approved by the Board of Directors of the Bank (see Note 1, ab, i and Note 10).

Additionally provisions for contingencies include a provision to comply with the minimum of 0.50% required by the SBIF for the normal portfolio of individuals for the amount of MCh$1,413 as of September 30, 2017 (MCh$4,588 as of December 31, 2016) (see Note 1, ab, ii and Note 11).

NOTE 20 –PROVISIONS. CONTINUED

b) Provisions for staff benefits and remunerations

	As of September 30, 2017	As of December 31, 2016
	MCh$	MCh$
Provisions for staff benefits	38,219	38,700
Provisions for vacations	9,654	10,206
Total	**47,873**	**48,906**

The provisions for other staff benefits include bonuses related to the achievement of goals which will be paid in the following period.

c) Provisions for credit commitments

The detail of provisions for credit commitments as of September 30, 2017 and December 31, 2016 is as follows:

	As of September 30, 2017	As of December 31, 2016
Provisions for credit commitments	MCh$	MCh$
Endorsements and performance bonds	1,028	717
Confirmed foreign letters of credit	3	2
Issued documentary letters of credit	137	293
Guarantees	5,991	9,805
Available credit lines	10,361	8,149
Other credit commitments	2,181	1,213
Total	**19,701**	**20,179**

d) Movements of provisions for the periods ended September 30, 2017 and December 31, 2016 are as follows:

	PROVISIONS FOR					
	Staff benefits and remuneration	Minimum dividends	Credit Commitments	Contingencies	Country risk	Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Balance as of January 1, 2017	**48,906**	**102,049**	**20,179**	**90,435**	**1,926**	**263,495**
Provisions established	4,679	94,439	3,772	5,037	275	**108,202**
Provisions released	(2,211)	(102,049)	(4,578)	(9,789)	(44)	**(118,671)**
Currency exchange fluctuation	(3,501)	-	328	(2,245)	(98)	**(5,516)**
Balance as of September 30, 2017	**47,873**	**94,439**	**19,701**	**83,438**	**2,059**	**247,510**
Balance as of January 1, 2016	**39,151**	**99,247**	**18,525**	**95,540**	**2,669**	**255,132**
Provisions established	24,331	102,049	5,811	66,877	157	**99,978**
Provisions released	(14,192)	(99,247)	(3,870)	(71,870)	(771)	**(90,703)**
Currency exchange fluctuation	(384)	-	(287)	(112)	(129)	**(912)**
Balance as of December 31, 2016	**48,906**	**102,049**	**20,179**	**90,435**	**1,926**	**263,495**

NOTE 21 - OTHER LIABILITIES

As of September 30, 2017 and December 31, 2016, the detail of other liabilities is as follows:

	As of September 30, 2017	As of December 31, 2016
	MCh$	MCh$
Account payables and notes payable	222,168	196,447
Unearned income	19,642	22,785
Sundry creditors	374,658	278,198
Other liabilities	16,487	9,819
Total	**632,955**	**507,249**

NOTE 22 - CONTINGENCIES AND COMMITMENTS

a) Commitments and liabilities recognized in off-balance sheet memorandum accounts

The Bank and its subsidiaries have recognized the following balances related to contingencies and commitments, in off-balance sheet memorandum accounts:

	As of September 30, 2017	As of December 31, 2016
CONTINGENT RECEIVABLES	MCh$	MCh$
Collateral and guarantees:		
Collateral and guarantees in foreign currency	108,637	81,627
Confirmed foreign letters of credit	7,793	3,694
Issued documentary letters of credit	122,104	215,431
Performance bonds and credit lines:		
Performance bonds in Chilean currency	983,871	975,211
Performance bonds in foreign currency	290,854	332,504
Immediately available credit lines	4,868,290	4,573,760
Other credit commitments:		
Higher education loans in accordance with Law No, 20,027	21,364	30,288
Others	314,229	184,060
THIRD PARTY OPERATIONS		
Collections:		
Foreign collections	36,873	517,756
Domestic collections	175,864	170,531
CUSTODY OF SECURITIES		
Securities in custody with the bank	63,609	150,427
Total	**6,993,488**	**7,235,289**

NOTE 22 - CONTINGENCIES AND COMMITMENTS. CONTINUED

b) Lawsuits and legal proceedings,

BCI Bank

The Bank and its subsidiaries are involved in various pending legal lawsuits related to their businesses and which, in the opinion of the Management and their internal legal advisers, will not result in additional liabilities to those already recognized under IAS 37 by the Bank and its subsidiaries in its financial statements. Hence, Management did not consider that allocation of additional provisions to those already recognized for these contingencies is necessary.

BCI Corredor de Bolsa S.A.

As of September 30, 2017 BCI Corredora de Bolsa S.A. direct subsidiary of the Bank, has a bankruptcy revocation lawsuit dated August 8, 2011 in summary proceedings before the Twenty-Third Civil Court of Santiago, No. ROL-C 10251-2008, between Inversiones Acson Ltda,, BCI Corredor de Bolsa S.A. and others, Action seeks to declare the unenforceability of certain operations of liquidation performed by Alfa Corredores de Bolsa S.A. before being declared bankrupt for the amount of MCh$8,330, On May 26, 2015, the Twenty-Third Civil Court of Santiago delivered a judgment rejecting the action imposed by Acson Investments Limited. That ruling was appealed on September 9, 2015 by Acson Investments Limited, and, subsequently in review of the case, was decisively rejected by the court on December 2, 2015, in respect of which Inversiones Acson Ltda, filed on December 18 of the same year an appeal, which favourably passed the first instance procedure in the Court of Appeals of Santiago. Notwithstanding the above, on September 21, 2016, the Supreme Court, at the request of the intervening parties, ordered the suspension of the proceeding for up to 17 working days from September 17, 2016, On July 19, 2016, the allegations took place in the First Chamber of the Supreme Court regarding the appeal filed by Inversiones Acson Limitada, whose judgment was in agreement, but pending. On October 26, 2016, the Supreme Court rejected the appeal filed against the ruling of the 9th Chamber of the Court of Appeals that had confirmed the sentence of first degree that rejected the action deduced by Acson Investments Limited.

The probability of losing the lawsuit is low. No provisions have been made.

c) Operating guarantees granted:

- Direct commitments

The Bank as of September 30, 2017 has no such types of guarantees.

- Operating guarantees

NOTE 22 - CONTINGENCIES AND COMMITMENTS. CONTINUED

BCI Corredor de Bolsa S.A.

As of September 30, 2017 BCI Corredor de Bolsa S.A., the subsidiary of the Bank has made a deposit to guarantee to ensure compliance with the commitments for simultaneous operations on the Santiago Stock Exchange for MCh$148,538 (MCh$115,935 as of December 31, 2016).

As of September 30, 2017 BCI Corredor de Bolsa S.A., the subsidiary of the Bank, made a deposit to guarantee to ensure compliance with the proper performance of operations in the CCLV settlement system of the Santiago Stock Exchange for MCh$3,747 (MCh$3,491 as of December 31, 2016).

As of September 30, 2017 BCI Corredor de Bolsa S.A., the subsidiary of the Bank, made a deposit to guarantee to ensure compliance with the proper performance of operations in the CCLV settlement system in financial derivatives of the Santiago Stock Exchange for MCh$246 (MCh$246 as of December 31, 2016).

As of September 30, 2017 BCI Corredor de Bolsa S.A., the subsidiary of the Bank, made a foreign deposit to guarantee to ensure compliance with the international market operations for MCh$64 (MCh$67 as of December 31, 2016).

As of September 30, 2017 BCI Corredor de Bolsa S.A., the subsidiary of the Bank, made a deposit to guarantee to ensure compliance with the lending commitments and short selling shares on the Electronic Stock Exchange of Chile for MCh$991 (MCh$1,125 as of December 31, 2016).

As of September 30, 2017 BCI Corredor de Bolsa S.A., the direct subsidiary of the Bank, acquired performance bonds to ensure compliance with contract with SOMA for MCh$280 (MCh$277 as of December 31, 2016).

As of September 30, 2017 BCI Corredor de Bolsa S.A., the subsidiary of the Bank, acquired a UF 20,000 maximum guarantee to ensure compliance with the provisions of Article No, 30 of Law No. 18,045, in order to ensure proper and full compliance with all its obligations as securities intermediary. The beneficiaries of this guarantee are current or future creditors, which it has or will have as a result of stockbroker operations. This warranty applies to a policy taken on August 19, 2017 No. 330-14-00004975 and is valid until August 19, 2018. The insurer is the Company Mapfre Insurance, and Santiago Stock Exchange is the representative of potential beneficiaries.

- Insurance for employee loyalty

BCI Corredor de Bolsa S.A.

As of September 30, 2017, BCI Corredor de Bolsa S.A., the subsidiary of the Bank; contracted insurance from BCI Seguros General S.A., which covers Banco de Credito e Inversiones and its subsidiaries under Integral Banking Policy No. 3106568-2, valid from November 30, 2016 to November 30, 2017, with a coverage of UF 100,000.

NOTE 22 - CONTINGENCIES AND COMMITMENTS. CONTINUED

BCI Corredores de Seguros S.A.

As of September 30, 2017 BCI Corredora de Seguros S.A., the subsidiary of the Bank, has taken the following insurance policies in order to comply with the provisions of paragraph d of Article No. 58 of Decree-Law No, 251 of 1931, to ensure the correct and complete fulfilment of all obligations under its activity:

- Guarantee Policy for Insurance Brokers No. 10034685 for an insured amount of UF 500 contracted with Compañia de Seguros Generales Consorcio Nacional de Seguros S.A. valid from April 15, 2017 to April 14, 2018, establishing as right of insurance company to request reimbursement from broker, of all sums paid or to pay to third parties affected by poor trading brokerage.

- Professional Liability Policy for Insurance Brokers No. 10034688 for an insured amount of UF 60,000 with Deductible UF 500 contracted with Compañia de Seguros Generales Consorcio Nacional de Seguros S.A., valid from April 15, 2017 to April 14, 2018, in order to protect the broker against any claims of third parties establishing the right of insurance company to request reimbursement of brokerage paid to the third party claims.

BCI Factoring S.A.

As of September 30, 2017 BCI Factoring S.A., the subsidiary of the Bank, has approved guarantee lines for operators with Factor Chain International for MCh$2,051 (MCh$3,090 as of December 31, 2016), equivalent to US$2,220,000 (US$4,630,000 as of December 31, 2016) of which MCh$87 (MCh$1,257 as of December 31, 2016) have been used, equivalent to US$136,025 (US$1,883,476 as of December 31, 2016).

BCI Corredora de Productos S.A.

As of September 30, 2017 BCI Corredora de Productos S.A. has delivered performance bond No. 252831 together with Banco de Credito e Inversiones amounting for UF 2,000 to Bolsa de Productos Agropecuarios S.A. to guarantee proper performance of all obligations as broker dealer in the agricultural products stock exchange. The payment of this guarantee is ensured by a “credit line opening contract” intended to cover possible guarantee payments issued in Chilean currency or in foreign currency, which is held by the financial institution.

As of September 31, 2016 BCI Corredora de Productos S.A. has delivered performance bond No. 252832 together with Banco de Credito e Inversiones amounting for UF 6,000 to Bolsa de Productos Agropecuarios S.A. to guarantee proper performance of all obligations as broker dealer in the agricultural products stock exchange. The payment of this guarantee is ensured by a “credit line opening contract” intended to cover possible guarantee payments issued in Chilean currency or in foreign currency, which is held by the financial institution maturing on September 1, 2018.

NOTE 22 - CONTINGENCIES AND COMMITMENTS. CONTINUED

d) Credit commitments

In order to satisfy the needs of its customers, the Bank assumed several irrevocable commitments and contingent liabilities, although these obligations are not recognized in the Interim Consolidated Financial Statements, they are subject to credit risks and, therefore, are part of the Bank's overall risk.

The table below presents the contractual amounts of the transactions that require the Bank to grant loans and the amount of the provisions made for the credit commitment risk assumed:

	As of September 30, 2017	**As of December 31, 2016**
	MCh$	**MCh$**
Endorsements and deposits performance bonds	108,637	81,627
Documentary letters of credit	122,104	215,431
Guarantees	1,274,725	1,307,715
Amount available for credit cards users	4,868,290	4,573,760
Provisions (Note 20)	(19,701)	(20,179)
Total	**6,354,055**	**6,158,354**

e) Documents in custody and for collection on the part of the Bank

The Bank and its subsidiaries have the following operations derived in the normal course of business:

	As of September 30, 2017	**As of December 31, 2016**
	MCh$	**MCh$**
Documents in collection	212,737	688,287
Custody of assets	63,609	150,427
Total	**276,346**	**838,714**

NOTE 23 - EQUITY

a) Issued capital and preference shares

Movements of common shares during the periods ended September 30, 2017 and December 31, 2016 are the following:

	As of September 30, 2017	As of December 31, 2016
	N°	N°
Issued as of January 1	**123,564,219**	**110,806,999**
Share dividends	-	2,019,920
Shares subscribed and paid for capital increase	-	10,737,300
Total issued	**123,564,219**	**123,564,219**

The Ordinary Shareholders' Meeting held as of March 28, 2017 approved the distribution of net income for the year 2016, for the amount of MCh$340,164, as follows:

- Distribute a dividend of Ch$ 1,000 per share among the total 123,564,129 shares issued and registered in the Register of Shareholders, which amounts to the sum of MCh$123,564.
- Allocate the remaining balance of the income for the year to Capital, that is, for the amount of MCh$216,600.

The capital of the Bank in accordance with the increase approved in this meeting amounts to MCh$2,527,140 divided into 124,944,872 shares of the same series with no par value, which are fully subscribed and paid.

At the Extraordinary Shareholders' Meeting held on September 29, 2017 the following agreements were reached:

- Recognize the lesser value obtained in the placement of the shares corresponding to the capital increase approved on October 27, 2015, as a decrease in the capital to be paid, in the amount of MCh$33,720. As a result, the new amount in capital is MCh$2,276,820. Subsequently, an increase to Bank's capital by MCh$216,600, took place, according to the following detail:
  - Capitalization of a portion of retained earnings, through the issuance of 1,380,653 shares issued without payment, with no par value, for an amount of MCh$46,518 (*).
  - Capitalization of a portion of retained earnings to Capital for an amount of MCh$170,082, with no shares issuance.

As a result of these capitalizations, the registered capital amounts MCh$2,493,420, divided into 124,944,872 shares of a single series and with no par value.

On July 27, 2017, the Superintendency of Banks and Financial Institutions was requested to approve the final capital increase, which was authorized under resolution No. 479 dated September 13, 2017.

NOTE 23 - EQUITY. CONTINUED

The Consolidated Interim Financial Statements as of March 31, 2017 and June 30, 2017, included the capital increase that was agreed to at the shareholders' meeting held on March 28 and subsequently affirmed on June 29, 2017.

(*) At the date of issuance of these Interim Consolidated Financial Statements, approval from Superintendency of Banks and Financial Institutions is still pending.

a) As of September 30, 2017 and December 31, 2016, the distribution of shareholders is as follows:

As of September 30, 2017	**Shares**	
	No, of shares	**Ownership %**
Empresas Juan Yarur S.P.A.	68,128,157	55.14%
Banco de Chile por cuenta de terceros no residentes	4,924,016	3.98%
Jorge Yarur Bascuñán	4,760,582	3.85%
Banco Itaú Corpbanca por cuenta de Inversionistas Extranjeros	3,494,630	2.83%
AFP Habitat S.A.	2,918,250	2.36%
AFP Provida S.A.	2,836,185	2.30%
AFP Capital S.A.	2,389,229	1.93%
Inversiones Cerro Sombrero Financiero S.P.A.	2,206,998	1.79%
BCI Corredor de Bolsa S.A. por cuenta de terceros	2,157,527	1.75%
AFP Cuprum S.A.	2,156,493	1.75%
Imsa Financiera S.P.A.	1,909,945	1.55%
Banco Santander por cuenta de Inversionistas Extranjeros	1,900,239	1.54%
Inversiones Tarascona Corporation Agencia en Chile	1,659,674	1.34%
Inversiones VYR Ltda.	1,516,252	1.23%
Banchile Corredores de Bolsa S.A.	1,480,229	1.20%
Luis Enrique Yarur Rey	1,315,604	1.06%
Inversiones Nueva Altamira S.P.A	1,139,751	0.92%
Larraín Vial S.A. Corredora de Bolsa	1,092,092	0.88%
Maria Eugenia Yarur Rey	858,646	0.69%
Empresas JY S.A.	731,667	0.59%
AFP Modelo S.A.	634,223	0.51%
Credicorp Capital S.A. Corredores de Bolsa	558,768	0.45%
Valores Security S.A. Corredores de Bolsa	543,676	0.44%
Nueva Chosica S.A.	539,709	0.44%
Inversiones Colibrí Financiera Ltda.	511,367	0.41%
Other shareholders	11,200,310	9.07%
Subscribed and paid shares	**123,564,219**	**100.00%**

NOTE 23 - EQUITY. CONTINUED

As of December 31, 2016	Shares	
	No, of shares	Ownership, %
Empresas Juan Yarur S.P.A.	68,128,157	55.14%
Banco de Chile on behalf of non-resident third parties	4,801,320	3.89%
Jorge Yarur Bascuñan	4,760,582	3.85%
Banco Itau on behalf of investors	3,391,456	2.74%
AFP Habitat S.A.	2,939,570	2.38%
AFP Provida S.A.	2,684,859	2.17%
Credicorp LTD	2,286,328	1.85%
BCI Corredor de Bolsa S.A. on behalf of third parties	2,201,738	1.78%
AFP Capital S.A.	2,143,120	1.73%
AFP Cuprum S.A.	1,932,089	1.56%
Imsa Financiera S.P.A.	1,909,945	1.55%
Banco Santander on behalf of foreign investors	1,876,209	1.52%
Inversiones Cerro Sombrero Financiero S.P.A.	1,762,390	1.43%
Inversiones Tarascona Corporation Agencia en Chile	1,659,674	1.34%
Luis Enrique Yarur Rey	1,315,604	1.06%
Banchile Corredores de Bolsa S.A.	1,155,815	0.94%
Inversiones Nueva Altamira Limitada	1,121,002	0.91%
Victoria Ines Yarur Rey	858,657	0.69%
Maria Eugenia Yarur Rey	858,646	0.69%
Empresas JY S.A.	731,667	0.59%
Larraín Vial S.A. Corredora de Bolsa	719,044	0.58%
Inversiones VYR Ltda.	657,595	0.53%
Valores Security S.A. Corredora de Bolsa	646,651	0.52%
Inmobiliaria e Inversiones Chosica S.A.	539,709	0.44%
Jorge Alberto Yarur Rey	511,367	0.41%
Other shareholders	11,971,025	9.71%
Subscribed and paid shares	**123,564,219**	**100.00%**

b) Dividends

The following dividends were declared by the Bank as of September 30, 2017 and December 31, 2016:

	As of September 30, 2017 Ch$	As of December 31, 2016 Ch$
Ch$ per common share	1,000	1,000

The provision for mandatory dividend as of September 30, 2017 was MCh$94,439 (MCh$102,049 as of December 31, 2016).

NOTE 23 - EQUITY. CONTINUED

c) As of September 30, 2017 and December 31, 2016, the composition of basic and diluted earnings per share is as follows:

	As of September 30,	
	2017	**2016**
Net income for the year attributable to the equity holders of the Bank, MCh$	314,762	254,142
Income available for Shareholders, MCh$	**314,762**	**254,142**
Weighted average number of shares	123,564,219	123,564,219
Basic and diluted earnings per share (Ch$/Share)	**2,547**	**2,057**

d) Cumulative translation adjustment reserve

As of September 30, 2017 and December 31, 2016, the reconciliation of the cumulative translation adjustment reserve as a separate component of shareholders' equity is as follows:

	MCh$
Balance as of January 1, 2016	**21,866**
Exchange differences	(3,416)
Balance as of December 31, 2016	**18,450**
Balance as of January 1, 2017	**18,450**
Exchange differences	(24,836)
Balance as of September 30, 2017	**(6,386)**

Reconciliation of the investment revaluation reserve and cash flow hedge reserve is as follows:

	Investment revaluation reserve MCh$	**Cash flow hedge reserve MCh$**
Accumulated comprehensive income 2015	**(27,381)**	**(15,867)**
Transferred to statements of income 2016	(3,989)	35
Market to market adjustment	31,540	(846)
Accumulated comprehensive income 2016	**170**	**(16,678)**
Transferred to statements of income 2017	9,532	4,865
Market to market adjustment	2,208	4,240
Accumulated comprehensive income 2017	**11,910**	**(7,573)**

NOTE 23 - EQUITY. CONTINUED

e) Nature of valuation reserves

- Cumulative translation adjustment reserve:

Originated by exchange rate differences arising from the conversion of a net investment in a foreign entity which has a different functional currency.

- Cash flow hedges reserve:

Originated by the valuation at fair value of the derivative contracts designated as hedging instruments in cash flow hedges. Over the contractual period of these cash flow hedges, these reserves must be adjusted based on the valuation at each reporting date.

- Investments revaluation reserve:

Originated by the valuation at fair value of financial investments available for sale. When the investment is impaired, sold or disposed of (as a whole or in part), the accumulated revaluation is transferred from this reserve to Interim Consolidated Statements of Income and recognized as part of the loss or gain related to investments.

f) Capital requirements

The regulatory capital as of September 30, 2017 is defined as equivalent to the net amount that should be shown in the Interim Consolidated Financial Statements as Shareholders' equity attributable to equity holders. As indicated in the Compendium of Accounting Regulations, according to General Banking Law, the Bank should maintain a minimum ratio of effective stockholders' equity to consolidated risk-weighted assets, net of required loan loss allowances and provisions and deductions, of 8%, and a minimum ratio of basic capital to consolidated total assets, net of required loan loss allowances and provisions and deductions, of 3%. Regulatory capital for these purposes is defined as basic capital (which represents paid-in capital and reserves) adjusted to: a) aggregate subordinated bonds issued by the Bank valued at their placement price for an amount up to 50% of its basic capital commencing nine years prior to their maturity, b) aggregate additional required allowances and provisions as stipulated, c) deduct all goodwill and share premium, and d) deduct assets that correspond to investments in non-consolidated subsidiaries.

The assets are weighted according to a risk category to which a risk percentage is assigned according to the amount of capital necessary to support each of these assets, five risk categories are applied (0%, 10%, 20%, 60% and 100%). For example, cash, deposits in banks, and financial instruments issued by the Central Bank of Chile have 0% risk, which means that according to the regulations in force, capital is not needed to maintain these assets. Property, plant and equipment have 100% risk, which means that a minimum capital, equivalent to 8% of these assets, should be held.

All OTC derivative securities are considered in the determination of risk assets with a conversion factor over the notional values, thus obtaining the amount of credit risk exposure (or "credit equivalent"). Off-balance contingent credits are also considered as a "credit equivalent".

NOTE 23 - EQUITY. CONTINUED

All OTC derivative instruments form part of risk-weighted assets, as a result of application of conversion factor to notional values of all such derivatives in order to get the amount of credit risk exposure (or "credit equivalent") that complies with Chapter 12-1 of Updated Compilation of Standards issued by SBIF. Credit Commitments recognized off balance sheet also considered as "credit equivalents" for the purpose to calculate portion forming part of risk-weighted assets.

The regulated and basic capital as of September 30, 2017 and December 31, 2016 are the following:

	Consolidated assets and off-balance sheet items		Risk-weighted assets	
	As of September 30, 2017	As of December 31, 2016	As of September 30, 2017	As of December 31, 2016
Consolidated Balance sheet assets (net of allowances and provisions)	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Cash and deposits in banks	1,442,732	1,577,565	-	-
Items in course of collection	303,438	264,265	50,140	38,543
Trading portfolio financial assets	2,185,720	1,267,979	290,777	195,843
Investment under agreements to resell	188,874	116,461	188,873	116,461
Derivative financial agreements	1,343,942	1,360,247	501,464	777,467
Adjustment to derivatives to show their credit equivalent amount	(742,792)	(124,888)	(51,546)	-
Loans and receivables to banks, net	200,680	223,228	178,045	216,210
Loans and receivables to customers, net	23,362,346	21,954,346	21,047,219	19,879,359
Financial investments available for sale	2,164,796	2,524,500	654,592	1,032,309
Financial investments held to maturity	831	872	166	174
Investments in other companies	206,903	187,958	206,903	187,958
Intangible assets	166,200	177,516	155,928	166,733
Property, plant and equipment, net	269,334	279,496	269,334	279,496
Current income tax	61,973	116,574	6,197	11,658
Deferred income taxes	186,047	198,094	18,605	19,809
Other assets	738,795	686,130	563,922	488,003
Off-balance sheets items				
Credit commitments	2,773,611	2,548,549	1,664,167	1,529,129
Additions and deductions				-
Total assets	**34,853,430**	**33,358,892**	**25,774,786**	**24,939,152**

	As of September 30, 2017	As of December 31, 2016
	MCh$	**MCh$**
Basic capital	2,711,489	2,518,257
Regulatory capital	3,492,993	3,344,119
Consolidated assets	34,853,430	33,358,892
Risk-weighted assets	25,744,786	24,939,152

NOTE 23 - EQUITY. CONTINUED

	As of September 30,	
	2017	2016
	%	%
Basic capital /Consolidated assets	7.78	7.55
Basic capital / Risk-weighted assets	10.53	10.10
Regulatory capital / Risk-weighted assets	13.57	13.41

NOTE 24 - INCOME AND EXPENSES FROM INTEREST AND INDEXATION FOR INFLATION

a) For the nine-month periods ended September 30, 2017 and 2016, the composition of income from interest and indexation for inflation is the following:

	For the nine-month periods ended September 30,					
	2017			2016		
Concept	**Interest**	**Indexation for inflation**	**Total**	**Interest**	**Indexation for inflation**	**Total**
	MCh$	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Repurchase agreements	1,421	404	**1,825**	1,554	779	**2,333**
Interbank loans	5,464	-	**5,464**	3,156	-	**3,156**
Commercial loans	564,017	42,550	**606,567**	526,587	81,993	**608,580**
Mortgage loans	133,767	53,417	**187,184**	120,709	90,123	**210,832**
Consumer loans	267,059	338	**267,397**	255,688	225	**255,913**
Investment instruments	44,627	1,608	**46,235**	53,305	4,054	**57,359**
Other income (*)	5,239	1,257	**6,496**	8,360	957	**9,317**
Hedge accounting offset effect	(19,717)	-	**(19,717)**	(8,834)	-	**(8,834)**
Total income from interest and indexation for inflation	**1,001,877**	**99,574**	**1,101,451**	**960,525**	**178,131**	**1,138,656**

(*) Includes interest on overnight deposits, liquidity current account with Central Bank of Chile, and others.

For the nine-month periods ended September 30, 2017 and 2016, the detail of the interest expenses and indexation for inflation is as follows:

	For the nine-month period ended September 30,	
Concept	**2017**	**2016**
	MCh$	**MCh$**
Demand deposits	(16,223)	(9,064)
Repurchase agreements	(11,030)	(10,318)
Term deposits and borrowings	(214,659)	(250,726)
Borrowings from financial institutions	(24,287)	(18,107)
Issued debt instruments	(148,694)	(154,547)
Other financial liabilities	(6,000)	(3,897)
Hedge accounting offset effect	(2,455)	(2,680)
Other interest expenses indication for inflation	8,809	(12,032)
Total interest expenses and –indexation for inflation	**(414,539)**	**(461,371)**

NOTE 24 - INCOME AND EXPENSES FROM INTEREST AND INDEXATION FOR INFLATION. CONTINUED

b) For the nine-month periods ended September 30, 2017 and 2016 the detail of income and expenses related to hedge accounting is as follows:

	For the nine-month period ended September 30,					
	2017			2016		
	Gain	Loss	Total	Gain	Loss	Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Hedge of Assets						
Fair Value Hedge	16,008	10,339	**5,669**	50,207	19,659	**30,548**
Cash Flow Hedge	17,419	42,805	**(25,386)**	17,079	56,461	**(39,382)**
Subtotal	**33,427**	**53,144**	**(19,717)**	**67,286**	**76,120**	**(8,834)**
Hedge of Liabilities						
Fair Value Hedge	9,064	255	**8,809**	10,774	22,806	**(12,032)**
Subtotal	**9,064**	**255**	**8,809**	**10,774**	**22,806**	**(12,032)**
Total	**42,491**	**53,399**	**(10,908)**	**78,060**	**98,926**	**(20,866)**

NOTE 25 – FEE AND COMMISSION INCOME AND EXPENSES

For the nine-month periods ended September 30, 2017 and 2016, the composition of fee and commission income and expenses is the following:

	For the nine-month periods ended September 30,	
	2017	2016
	MCh$	MCh$
Fee and commission income:		
Commissions for credit lines and overdrafts	4,305	4,741
Commissions for guarantees and letters of credit	15,132	15,586
Commissions for credit card services	61,654	57,303
Commissions for administration of accounts	33,309	32,292
Commissions for collection services	40,310	38,162
Commissions for securities brokerage	4,273	4,319
Commissions for management of mutual and investment funds	39,687	43,617
Commissions for insurance brokerage	37,827	31,503
Commissions for other services provided	16,199	15,875
Other commissions	3,914	5,345
Total fee and commission income	**256,610**	**248,743**
Fee and commission expenses:		
Commissions on operations with credit cards	(30,471)	(28,311)
Commissions on securities trading	(9,913)	(9,191)
Other commissions	(19,562)	(16,732)
Total fee and commission expenses	**(59,946)**	**(54,234)**

NOTE 26 - TRADING AND INVESTMENT INCOME

For the nine-month periods ended September 30, 2017 and 2016, the detail of trading and investment income is the following:

	For the nine-month periods ended September 30,	
	2017	**2016**
	MCh$	**MCh$**
Trading instruments	87,247	58,633
Derivative financial agreements (speculative)	(41,027)	58,972
Other instruments at fair value through profit or loss	1,616	2,350
Sale of financial investments available for sale	7,020	2,751
Others	(10)	(10)
Total	**54,846**	**122,696**

NOTE 27 - FOREIGN EXCHANGE RESULTS

For the nine-month periods ended September 30, 2017 and 2016 the detail of the foreign exchange results is the following:

	For the nine-month periods ended September 30,	
	2017	**2016**
	MCh$	**MCh$**
Exchange difference		
Gains from exchange differences	12,558,120	19,149,183
Losses from exchange differences	(12,496,681)	(19,165,514)
Subtotal	**61,439**	**(16,331)**
Foreign currency fluctuation effect for assets and liabilities denominated in foreign currency		
Net results for assets and liabilities in foreign currency	(5,850)	(9,381)
Subtotal	**(5,850)**	**(9,381)**
Hedge Accounting Result		
Assets hedge results	(831)	(31,096)
Liabilities hedge results	(5,071)	(15,088)
Subtotal	**(5,902)**	**(46,184)**
Total	**49,687**	**(71,896)**

This item includes the offsetting effects resulting from hedging of foreign currency items.

NOTE 28 - PROVISIONS FOR LOAN LOSSES AND IMPAIRMENT

The detail of provisions for loan losses and impairment for the nine-month periods ended September 30, 2017 and 2016 is as follows:

For the nine-month period ended September 30, 2017	**Interbank loans**	**Loans and receivables to customers: Commercial loans**	**Mortgage loans**	**Consumer Loans**	**Credit commitments**	**Additional provisions**	**Minimum provisions adjustment for the normal portfolio**	**Total**
	MCh$	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Provisions:								
Individual provisions	129	57,308	-	-	1,957	-	-	**59,394**
Collective provisions	-	51,639	1,124	121,126	1,815	5,000	-	**180,704**
Total provisions	**129**	**108,947**	**1,124**	**121,126**	**3,772**	**5,000**	**-**	**240,098**
Impairment:								
Individual impairment	-	-	-	-	-	-	-	**-**
Collective impairment	-	-	-	-	-	-	-	**-**
Total impairment	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Reversal of provisions:								
Individual provisions	(228)	(17,109)	-	-	(4,422)	-	(3,175)	**(24,934)**
Collective provisions	-	(6,173)	(1,902)	(7,411)	(156)	(5,000)	-	**(20,642)**
Total reversal of provisions	**(228)**	**(23,282)**	**(1,902)**	**(7,411)**	**(4,578)**	**(5,000)**	**(3,175)**	**(45,576)**
Recovery of assets previously written off	-	(15,945)	(2,218)	(17,863)	-	-	-	**(36,026)**
Reversal of impairment	-	-	-	-	-	-	-	**-**
Net provisions for loan losses	**(99)**	**69,720**	**(2,996)**	**95,852**	**(806)**	**-**	**(3,175)**	**158,496**

NOTE 28 - PROVISIONS FOR LOAN LOSSES AND IMPAIRMENT. CONTINUED

For the nine-month period ended September 30, 2016	Interbank loans	Loans and receivables to customers: Commercial loans	Mortgage loans	Consumer loans	Contingent loans	Additional provisions	Minimum provisions adjustment for the normal portfolio	Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Provisions:								
Individual provisions	226	37,553	-	-	3,251	-	5,820	46,850
Collective provisions	-	49,186	10,610	102,344	147	-	-	162,287
Total provisions	**226**	**86,739**	**10,610**	**102,344**	**3,398**	**-**	**5,820**	**209,137**
Impairment:								
Individual impairment	-							
Collective impairment	-	-	-	-	-	-	-	-
Total impairment	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Reversal of provisions:		-	-	-	-	-	-	-
Individual provisions	(77)	(10,398)	-	-	(2,341)	-	-	**(12,816)**
Collective provisions	-	(7,518)	(1,634)	(192)	(2,740)	(15,808)	-	**(27,892)**
Total reversal of provisions	**(77)**	**(17,916)**	**(1,634)**	**(192)**	**(5,081)**	**(15,808)**	**-**	**(40,708)**
Recovery of assets previously written off	-	(15,715)	(1,927)	(17,734)	-	-	-	**(35,376)**
Reversal of impairment	-	-	-	-	-	-	-	-
Net provisions for loan losses	**149**	**53,108**	**7,049**	**84,418**	**(1,683)**	**(15,808)**	**5,820**	**133,053**

In Management's opinion, the provisions for loan losses and impairment cover all eventual losses that may occur as a result of the non-recovery of assets, according to the information analysed by the Bank.

NOTE 29 - STAFF COSTS

The composition of staff costs for the nine-month periods ended September 30, 2017 and 2016 is as follows:

	For the nine-month periods ended September 30,	
	2017	**2016**
	MCh$	**MCh$**
Staff remuneration	163,575	137,417
Bonuses or awards	102,294	110,266
Severance payments	7,306	6,206
Training expenses	2,213	2,237
Other staff expenses	17,035	16,822
Total	**292,423**	**272,948**

NOTE 30 - ADMINISTRATIVE EXPENSES

For the nine-month periods ended September 30, 2017 and 2016, the composition of administrative expenses is as follows:

	For the nine-month periods ended September 30,	
	2017	**2016**
	MCh$	**MCh$**
General administrative expenses		
Maintenance and repairs of the bank's property, plant and equipment	8,923	8,961
Office rent	20,347	19,339
Equipment rent	219	208
Insurance premiums	3,582	6,505
Office materials	3,591	4,211
Computer and communications expenses	35,291	26,738
Lighting, heating and other services	6,197	6,290
Security and custody transportation services	9,678	9,484
Travel expenses	3,742	3,676
Judicial and notarial expenses	2,530	2,537
Fees for technical reports	2,247	2,129
Audit fees	2,242	2,244
Cleaning services	3,555	3,354
Consulting	9,930	8,952
Postal-related expenses	1,165	1,118
Other general administrative expenses	22,492	17,087
Sub-contracted services		
Data processing	4,221	3,957
Sale of products	-	-
Credit evaluation	414	198
Other	5,727	5,521
Board of Directors expenses		
Board of Directors remuneration	3,033	2,583
Other Board of Directors expenses	123	139
Publicity and advertising	14,297	15,724
Taxes, property taxes and contributions		
Real estate contributions	1,208	1,079
Licenses	1,203	1,180
Other taxes	3,697	3,058
Contribution to SBIF	6,536	5,664
Total	**176,190**	**161,936**

NOTE 31 - DEPRECIATION, AMORTIZATION AND IMPAIRMENT

a) For the nine-month periods ended September 30, 2017 and 2016, depreciation and amortization expenses are detailed bellow:

	For the nine-month periods ended September 30,	
	2017	**2016**
	MCh$	**MCh$**
Depreciation and amortization		
Depreciation of property, plant and equipment	(20,783)	(18,978)
Amortization of intangible assets	(23,849)	(21,485)
Total	**(44,632)**	**(40,463)**

b) For the years ended September 30, 2017 and 2016, the impairment of property, plant and equipment and intangible assets is detailed as follows:

	For the nine-month periods ended September 30,	
	2017	**2016**
	MCh$	**MCh$**
Impairment		
Property, plant and equipment (1)	(1,213)	(6)
Intangible asset	-	-
Total	**(1,213)**	**(6)**

(1) As of September 30, 2017 and 2016 impairment of property, plant and equipment for MCh$1,213 and MCh$6 was recognized against gross value of property, plant and equipment.

c) The reconciliation of accumulated depreciation, amortization and impairment for the periods ended September 30, 2017 and 2016 is as follows:

	Depreciation, amortization and impairment					
	For the nine-month period ended September 30, 2017			For the nine-month period ended September 30, 2016		
	Accumulated depreciation of property Plant and Equipment	Accumulated amortization of intangible assets	Total	Accumulated depreciation of property Plant and Equipment	Accumulated amortization of intangible assets	Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Balance as of January 1	195,689	155,318	351,007	**174,421**	**165,497**	**339,918**
Charges for depreciation and amortization for the year	20,783	23,849	44,632	18,978	21,485	40,463
Sales	-		-	(632)	(39,051)	(39,686)
Others	(5,920)	(276)	(6,196)	(424)	(87)	(511)
Balance as of September 30	210,552	178,891	389,443	192,340	147,844	340,184

NOTE 32 - OTHER OPERATING INCOME AND EXPENSES

a) Other operating income

For the nine-month periods ended September 30, 2017 and 2016 the composition of other operating income is as follows:

Concept	**For the nine-month periods ended September 30,**	
	2017	**2016**
Income from repossessed assets	**MCh$**	**MCh$**
Gain on sale of repossessed assets	4,510	1,629
Other income	487	923
Subtotal	4,997	2,552
Reversal of provisions for credit commitments		
Reversal of provisions for country risk	44	660
Reversal of other provisions for credit commitments	-	-
Subtotal	44	660
Other income		
Gains on sale of property, plant and equipment	7,184	201
Insurance claims	211	682
Leasing income	4,090	4,390
Other income	9,782	12,574
Subtotal	21,267	17,847
Total	**26,308**	**21,059**

b) Other operating expenses

For the nine-month periods ended September 30, 2017 and 2016, the composition of other operating expenses is as follows:

Concept	**For the nine-month periods ended September 30,**	
	2017	**2016**
Impairment and expenses for repossessed assets	**MCh$**	**MCh$**
Impairment of repossessed assets		-
Write-offs of repossessed assets	3,294	3,311
Maintenance expenses for repossessed assets	252	311
Subtotal	3,546	3,642
Establishment of provisions for credit commitments		
Provisions for country risk	275	52
Other provisions for credit commitments	707	5,784
Subtotal	982	5,836
Other expenses		
Loss on sale of property, plant and equipment	21	1,497
Contributions and donations	1,846	1,723
Penalties for judicial and notary expenses	2,485	2,842
Leasing expenses	5,255	4,353
Non-operating expenses	4,259	4,896
Agreement expenses	390	585
Other expenses	2,670	3,646
Subtotal	16,926	19,542
Total	**21,454**	**29,020**

NOTE 33 - TRANSACTIONS WITH RELATED PARTIES

a) Loans granted to related parties

Loans granted to related parties are detailed as follows:

	As of September 30, 2017			As of December 31, 2016		
	Operating Companies	Investment Companies	Individuals	Holding Companies	Investment companies	Individuals
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Loans and receivables to customers						
Commercial loans	83,564	92,270	12,826	69,203	83,934	13,959
Mortgage loans	-	-	28,243	-	-	28,311
Consumer loans	-	-	4,211	-	-	4,537
Loans and receivables to customers, gross	**83,564**	**92,270**	**45,280**	**69,203**	**83,934**	**46,807**
Allowances for loan losses	(197)	(110)	(71)	(215)	(133)	(58)
Loans and receivables to customers, net	**83,367**	**92,160**	**45,209**	**68,988**	**83,801**	**46,749**
Credit commitments	23,087	7,376	4,518	80,161	16,302	11,521
Provisions for credit commitments	(61)	(36)	(13)	(78)	(39)	(7)
Credit commitments, net	**23,026**	**7,340**	**4,505**	**80,083**	**16,263**	**11,514**

NOTE 33 - TRANSACTIONS WITH RELATED PARTIES. CONTINUED

b) Other transactions with related parties

For the nine-month periods ended September 30, 2017 and 2016, the Bank has undertaken the following transactions with related parties:

For the nine-month period ended September 30, 2017	Relationship with the Group	Description	Transaction amount	Effect on profit/loss Expense	Income
			MCh$	MCh$	MCh$
Accenture Chile Asesorías y Servicios Ltda,	Other	Software development	929	929	-
Artikos Chile S.A.	Joint Venture	Acquisitions services	875	875	-
Bolsa de Comercio de Santiago	Other	Rental terminals	109	109	-
Bolsa Electrónica de Chile Bolsa de Valores	Other	Maintenance of financial information software	5	5	
Bci Seguros de Vida S.A.	Common Control	Service revenue and channel usage	4,109	-	4,109
		Brokerage Fees BCI CCSS	14,578	-	14,578
Bci Seguros Generales S.A.	Common Control	Commission for collection and PAC	372	-	372
		Commissions for intermediation Bci CCSS	18,080	-	18,080
		Brokerage Awards BCI CCSS	1,195	-	1,195
		Marketing Contribution	301		301
Carlos Spoerer U,	Other	Advisories	91	91	-
Centro de Compensación Automatizado S.A.	Other	Electronic Banking Transactions	1,079	1,002	-
Compañía Nacional de Telefonos Telefónica del Sur S.A.	Other	Rental links	36	36	
Combanc S.A.	Associate	Compensation and high value payment	289	289	-
Comder Contraparte Central S.A.	Associate	Banking processing	667	667	-
Comunicaciones Capitulo Ltda,	Other	Rental links	35	32	
Conexxion Spa	Other	Service mail	276	273	-
DCV Registros S.A.	Other	Shareholder registry administration	61	61	-
Depositos Central de Valores S.A.	Other	Financial Instruments Custody	187	187	-
Digitech Solutions S.A.	Other	Document digitalization	280	280	-
Diseño y Desarrollo Computacional Ltda,	Other	Development and maintenance applications (Notes)	578	101	-
EMC Chile S.A.	Other	Computational solutions	1,027	849	-
Everis Chile S.A.	Other	Technological Development Projects	190	190	
GTD Teleductos S.A.	Other	Rental of data links	385	385	-
IBM Chile S.A.	Other	Equipment and computing solutions	1,552	1,011	-
Imagemaker S.A.	Other	Application Development and Solution	306	306	-
Inmobiliaria Anya S.A.	Other	Real estate projects	85	85	-
Irarrazabal Ruiz-Tagle Goldenberg Lagos & Silva Abogados Ltda,	Other	Advisory Legal Actions	341	341	
Jordan (Chile) S.A.	Common Control	Forms printing	2,146	1,903	-
Let´s Talk Spa	Other	Electronic messaging	51	51	-
Mario Gómez D,	Other	Advice and consultancy	168	168	-
Operadoras de Tarjetas de Crédito Nexus S.A.	Associate	Card Processing	6,144	6,106	-
PB Soluciones Ltda,	Other	ATMs Installation and Cleaning Service	60	60	-
Redbanc S.A.	Associate	ATMs Operation	5,239	4,436	-
Salcobrand S.A.	Common Control	Rent of places for ATMs	126	84	-
Santo Producciones Ltda	Other	Events Production	187	187	
Servicios de Información avanzada S.A.	Other	Trade Information Service	577	577	-
Servipag Ltda,	Joint Venture	Collection and Payment Services	6,252	5,136	-
Sistema Nacional de Com, Financieras S.A. (Sinacofi)	Other	Financial Information Service	407	368	-
Transbank S.A.	Other	Credit Card Management	39,119	9,258	29,861

NOTE 33 - TRANSACTIONS WITH RELATED PARTIES. CONTINUED

For the nine-month period ended September 30, 2016	Relationship with the Group	Description	Transaction amount	Effect on profit/loss Expense	Income
			MCh$	MCh$	MCh$
Archivos Credenciales e Impresos Archivert Ltda.	Other	Card making	172	172	-
Artikos Chile S.A.	Joint Venture	Acquisitions services	719	719	-
Bolsa de Comercio de Santiago	Other	Rental terminals	115	115	-
Bci Seguros de Vida S.A.	Common Control	Service revenue and channel usage	4,187	-	4,187
		Financial Instruments Time deposits	934	-	934
		Marketing	87	74	-
		Premiums Payment	987	52	-
		Subordinated bond	2,213	35	-
		Expenditures and income - Premiums reject credits	12,309	-	12,309
		Brokerage Fees BCI CCSS	48	-	357
		Brokerage Awards BCI CCSS	357	-	1,561
Bci Seguros Generales S.A.	Common Control	Commission for collection and PAC	1,561	-	-
		Casualties	2,595	-	-
		Time Deposits Financial Instruments	1,539	8	14,737
		Banking Bond	14,737	-	2,468
		Brokerage Fees BCI CCSS	2,468	-	-
		Brokerage Awards BCI CCSS	100	100	-
		Expenses recovery	880	824	-
Centro de Compensación Automatizado S.A.	Other	Electronic Banking Transactions	222	222	-
Combanc S.A.	Associate	Compensation and high value payment	253	253	-
Conexxion Spa	Other	Service mail	225	225	-
Depositos Central de Valores S.A.	Other	Financial Instruments Custody	503	457	-
Diseño y Desarrollo Computacional Ltda.	Other	Development and maintenance applications (Notes))	393	382	-
Imagemaker S.A.	Other	Application Development and Solution	1,882	1,518	-
Jordan (Chile) S.A.	Common Control	Forms printing	5,720	5,720	-
Operadoras de Tarjetas de Crédito Nexus S.A.	Associate	Card Processing	141	109	-
PB Soluciones Ltda.	Other	ATMs Installation and Cleaning Service	4,629	3,926	-
Redbanc S.A.	Associate	ATMs Operation	225	210	-
Salcobrand S.A.	Common Control	Rent of places for ATMs	127	113	-
Santo Producciones Ltda.	Other	Events Production	586	567	-
Servicios de Informacion avanzada S.A.	Other	Trade Information Service	6,600	5,444	-
Servipag Ltda.	Joint Venture	Collection and Payment Services	372	331	-
Sistema Nacional de Com. Financieras S.A. (Sinacofi)	Other	Financial Information Service	34,028	7,841	26,188
Transbank S.A.	Other	Credit Card Management			

Note: Only transactions over UF1,000 are disclosed.

All of these transactions were undertaken under prevailing market conditions at the date on which they were entered into.

NOTE 33 - TRANSACTIONS WITH RELATED PARTIES. CONTINUED

c) Other assets and liabilities with related parties

	As of September 30, 2017 MCh$	As of December 31, 2016 MCh$
ASSETS		
Derivative financial agreements	-	-
Other assets	-	-
LIABILITIES		
Derivative financial agreements	-	-
Demand deposits	72,943	70,183
Term deposits and saving accounts	73,535	39,649
Other liabilities	-	-

d) Income/expense recognized on transactions with related parties:

Type of income or (expense) recognized	Entity	For the nine-month periods September 30, 2017 Income MCh$	2017 Expense MCh$	2016 Income MCh$	2016 Expense MCh$
Income and (expenses)	Sundry	8,407	(1,149)	7,302	(1,393)
Operational support income (expenses)	Companies supporting the line of business	68,496	(36,438)	62,741	(29,417)
Total		**76,903**	**(37,587)**	**70,043**	**(30,810)**

e) Remunerations of the Board of Directors and key management personnel.

Compensation earned by key management personnel corresponds to the following categories:

	For the nine-month periods September 30, 2017 MCh$	2016 MCh$
Short-term remunerations of key management personnel (*)	12,497	13,664
Severance indemnities for termination of contract	-	-
Total	**12,497**	**13,664**

(*) For the year ended September 30, 2017, total expenses corresponding to the remuneration of the Board of Directors of the Bank and subsidiaries amounted to MCh$3,156 (MCh$2,722 for the year ended September 30, 2016).

NOTE 33 - TRANSACTIONS WITH RELATED PARTIES. CONTINUED

f) Composition of key management personnel

As of September 30, 2017, the composition of the key management personnel of the Bank and its subsidiaries is as follows:

Position	N° of executives
Director	20
General manager	14
Division and Area Manager	23
Total	**57**

g) Transactions with key management personnel

For the nine-month periods ended September 30, 2017 and 2016, the Bank has undertaken the following transactions with key management personnel, as specified below:

	For the nine-month periods September 30,					
	2017			2016		
	Balance owed	Total remuneration	Income of key executives	Balance owed	Total remuneration	Income of key executives
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Credit cards and other services	1,211	914,267	5	2,164	927,824	10
Mortgage loans	1,181	187,184	49	1,630	210,832	79
Guarantees provided	1,787	-	-	2,596	-	-
Total	**4,179**	**1,101,451**	**54**	**6,390**	**1,138,656**	**89**

NOTE 33 - TRANSACTIONS WITH RELATED PARTIES. CONTINUED

As of September 30, 2017, the Bank has the following contracts:

N°	Related company	The service involved	Concept	Description of the Contract	Term
1	Bolsa de Comercio de Santiago	Processing the stock exchange management system, through which BCI Corredor de Bolsa S.A.	Lease of terminals	Contract to use the stock exchange management software	Indefinite
2	Centro de Automatizado S.A.(CCA)	Electronic transactions adjustment centre	Centre adjustment Services	Participation in and incorporation into the electronic transfer centre to expedite the completion of fund transfer operations, The Bank operates in the CET as an IFO (Originating Banking Institution) and as an IFR (Receiving Banking Institution)	Indefinite
3	Compañía de Formularios Continuos Jordan (Chile) S.A.	Printing and making checkbooks,	Printing of forms	Printing services are contracted for basic lists, special forms, and revenue stamped forms, such as checks and at sight promissory notes	Indefinite
4	Operadoras de Tarjetas de Crédito Nexus S.A.	Processing credit card operations (issuer list)	Card processing	Operations of Mastercard, Visa credit cards and debit card with regard to processing the issuer list	Indefinite
5	Redbanc S.A.	Administration of the operations of ATMs, Redcompra and RBI	Operation of ATMs	In fulfilling its corporate purpose, the company will offer the participant, for the use of its customers or users, the electronic data transfer service via automatic tellers or other actual or virtual electronic means	Indefinite
6	Servipag Ltda	Collection and payment of services, payment of checks and receipt of deposits and administration of our teller service	Collection and payment of services	The service is contracted for resolution of collection transactions captured by BCI tellers for processing and rendition to customers	Indefinite
7	Transbank S.A.	Processing credit card operations (user list)	Administration of credit cards	Provision of Visa, Mastercard credit card services with regard to the user list	Indefinite
8	Artikos Chile S.A.	Purchases and logistics services portal	Purchase of supplies	Electronic purchase service for assets and/or logistics services	Indefinite
9	BCI Seguros de Vida S.A.	Insurance	Insurance premiums	Individual life insurance policy for executives and guards	Annual
10	BCI Seguros Generales S.A.	Insurance	Insurance premiums	Individual policies for the Bank's physical assets, leased assets and comprehensive banking policy	Annual
11	Archivos Credenciales e Impresos Archivert Ltda	Production of Credit and Debit Card Plastics	Credit and Debit Card Production	Production of credit and debit plastic cards	Indefinite

NOTE 33 - TRANSACTIONS WITH RELATED PARTIES. CONTINUED

12	Combanc S.A.	Clearing and settlement of High Amounts payments, SWIFT Messaging (Order and / or receive balance information from Central Bank of Chile, for daily transfer client funds	Settlement of High Amounts payments	Clearing and settlement of High Amounts payments SWIFT Messaging (Order and / or receive balance information from Central Bank of Chile, for daily transfer client funds	Indefinite
13	Conexxion Spa	Postal mail service (normal and registered letter). Messaging (internal courier service and motorbikes)	Mail and Messaging	Postal mail service (normal and registered letter) messaging (internal courier service and motorbikes)	Indefinite
14	Depósitos Central de Valores S.A.	Service Deposit and Securities Custody	Securities Custody	Service Deposit and Securities Custody	Indefinite
15	Diseño y Desarrollo Computacional Ltda	Software development and maintenance of Lotus Notes platform and Aprocred system (credit approval)	Technological Developments	Software development and maintenance of Lotus Notes platform and Aprocred system (credit approval)	Indefinite
16	GTD Teleductos S.A.	Telephone Services & Data Communications, Rent of links, continuity links, Fixed and mobile, mainly in Metropolitana Region	Telephone Service	Telephone Services & Data Communications, Rent of links, continuity links, fixed and mobile, mainly in Metropolitana Region	Indefinite
17	Imagemaker IT S.A.	Sale of Computational Security Devices (Multipass)	Technological Developments	Sale of Computational Security Devices (Multipass)	Indefinite
18	Imagemaker S.A.	Software Development, Maintenance and Support Internet and Mobile Applications	Technological Developments	Software Development, Maintenance and Support Internet and Mobile Applications	Indefinite
19	PB Soluciones Ltda	Cleaning and electrical maintenance of ATM enclosure in public places	Cleaning and maintenance of ATM	Cleaning and electrical maintenance of ATM enclosure in public places	Indefinite
20	Salcobrand S.A.	Lease of ATM’s site (affordable)	Lease of ATM’s site	Lease of ATM’s site (affordable)	Indefinite
21	Santo Producciones Ltda	Events Production	Events	Events Production	Indefinite
22	Servicios de Información avanzada S.A.	Bureau Service: financial and business people information	Financial and business Information	Bureau Service: financial and business people information	Indefinite
23	Sistema Nacional de Compensación Financieras S.A. (Sinacofi)	Electronic Messaging Service: secure information exchange. Clearing Service: Corresponds to the electronic exchange.	Financial and business Information	Electronic Messaging Service: secure information exchange Clearing Service: Corresponds to the electronic exchange	Indefinite

NOTE 33 - TRANSACTIONS WITH RELATED PARTIES. CONTINUED

24	ComDer Contraparte Central S.A.	Operating systems clearing and settlement of Financial Instruments	Clearing house of Derivatives	Clearing and Settlement as Central counterparty mode of Financial Instruments.	Indefinite
25	Cia, Nacional de Telefonos Telefónica del Sur S.A.	Fixed telephony service continuity and Internet service Broadband	Telephone service	Fixed telephony service continuity and Internet service Broadband	Indefinite
26	Comunicaciones Capitulo Ltda	Private telephone service	Telephone service	Private telephone service	2 Years from July 2016
27	DCV Registros S.A.	Administration of shareholders register	Administration of shareholders register	Comprehensive and personalized attention of the shareholders of BCI and brokers	Indefinite
28	Digitech Solutions S.A.	Document digitalization	Document Scanning Service	Digitizing documents Back Office, Comex, document management Mortgage and Corporate Banking	Indefinite
29	EMC Chile S.A.	Government and Migration	Data	Government of Migration and Data Centre Moving	Indefinite
30	Galeria de Arte Patricia Ready Ltda	Exhibition Hall Art Gallery	Auspice	Ensure BCI brand presence in all invitations printed for each exhibition and in the invitation in digital format, Include the BCI logo in all catalogues	Indefinite
31	GTD Teleductos S.A.	Lease of data links	Telephone service	Telephone Supply	Finished
32	IBM Chile S.A.	Computer Equipment and Solutions	Technology support service	Computer Equipment and Solutions and support staff (specialists)	Indefinite
33	Irarrazabal Ruiz-Tagle Goldenberg Lagos & Silva Abogados Ltda	Intangible Services Lawyers Presidency	Advisory	Professional Advice in General to the Bank and Subsidiaries	Indefinite
34	Inmobiliaria Anya S.A.	Rent for BCI branch	Lease	Lo Echevers branch lease	8 years
35	Let's Talk Spa	Electronic messaging	Messaging services	Instant Messaging	3 months
36	Mario Gómez D	Advisory and consultancy	Advisory	Development of Banking Plan, Integral Consulting to the Bank Management	Indefinite
37	Oliver Wyman	Advisory	Advisory	Strategic Consulting Services - Project "Transaction Banking"	Indefinite
38	Telesat Compañia de Telefonos S.A.	Lease of data links	Telephone service	Local Service Measured traffic	Indefinite
39	Movinord Chile	Furniture purchase	Furniture	Buy glazed panels	Definite
40	Tu Ves S.A	Advertising Exhibition	Basic services	Rendering satellite TV services and lease of equipment	Definite
41	Mabel Ilabaca Albornoz	Advice and consultancy	Advice and consultancy	Advisory sevices to review the business continuity model	Definite

NOTE 33 - TRANSACTIONS WITH RELATED PARTIES. CONTINUED

42	Openprevia	Event production	Event production	Opencinema event	Definite
43	Automotora Aventura Motors S.A.	Maintenance of vehicles	Maintenance of vehicles	Maintenance of vehicles	Definite
44	Casa de la Paz	Advice on issues of Social Responsibility and Environmental Strategy	Advice on issues of Social Responsibility and Environmental Strategy	Advice on issues of Social Responsibility and Environmental Strategy	Definite
45	Instituto Guillermo Subercaseaux	Services administered by Training: 1. Payment of social fee. 2. Accreditation Aciv. 3. Credit risk and financial analysis courses.	Services administered by Training: 1. Payment of social fee 2. Accreditation Aciv 3. Credit risk and financial analysis courses	Services administered by Training: 1. Payment of social fee. 2. Accreditation Aciv. 3. Credit risk and financial analysis courses.	Definite
46	Inversiones Tripan S.A.	Rent of warehouses	Rent of warehouses	Rent of warehouse located in Metropolis Building	Definite
47	Mas Consultores S.A.	Consulting for organizational development	Consulting for organizational development	Development of training programs for Bci leaders in the development of people management skills	Definite
48	Sumo Arquitectura Diseño Ltda.	Graphic design services.	Graphic design services	Graphic design service for contract of current accounts for Bci	Definite
49	Carlos Spoerer Urrutia	Advice and consultancy	Advice and consultancy	Administrative, accounting and financial advisory services	Definite
50	Viña Morandé S.A.	Wines for gifts to customers and consumption.	Wines for gifts to customers and consumption	Wines for gifts to customers and consumption	Indefinite
51	Corporación Cultural Arte +	Advertising space	Advertising space	Advertising in La Panera magazine	Definite
52	Vigamil S.A.C.I.	Making envelopes	Making envelopes	Making envelopes service	Definite
53	Universidad Adolfo Ibañez	Advice and consultancy	Advice and consultancy	Advice and consultancy	Definite
54	Cia. de Teléfonos de Coyhaique S.A.	Fixed telephony - continuity	Fixed telephony – continuity	Telephone line services	Indefinite

NOTE 33 - TRANSACTIONS WITH RELATED PARTIES. CONTINUED

55	Manquehue Net S.A.	Fixed telephony - continuity	Fixed telephony – continuity	ADSL services and analog lines, frames	Indefinite
56	Accenture Chile Asesoría y Servicios Ltda.	Consulting, development and operation of Software for the Transformation towards digital operative models	Software development	Consulting, development and operation of software for the transformation towards digital operative models	Indefinite
57	Everis Chile S.A.	Software factory for digital transformation for program channels.	Software development	Software factory for digital transformation for program channels	Defined for 3 years
58	Bolsa Electrónica de Chile Bolsa de Valores	Software maintenance	Basic software	Maintenance of financial information software	Undefined

NOTE 34 - ASSETS AND LIABILITIES AT FAIR VALUE

a) Financial instruments measured at fair value and that are not measured at fair value in the Interim Consolidated Financial Statements

The following table summarizes the carrying amounts and fair values of the principal financial assets and liabilities which are measured at their fair value as well and which are not measured at their fair value in the Bank's Interim Consolidated Financial Statements.

	As of September 30, 2017		As of December 31, 2016	
	Carrying amount	Fair value	Carrying amount	Fair value
	MCh$	MCh$	MCh$	MCh$
Assets				
Cash and deposits in banks	1,442,732	1,442,732	1,577,565	1,577,565
Items in course of collection	303,438	303,438	264,265	264,265
Trading portfolio financial assets	2,185,720	2,185,720	1,267,979	1,267,979
Investments under agreements to resell	188,874	188,874	116,461	116,461
Derivative financial agreements	1,343,942	1,343,942	1,360,247	1,360,247
Loans and receivables to banks, net	200,680	200,680	223,228	223,228
Loans and receivables to customers, net	23,362,346	24,996,306	21,954,346	24,020,556
Commercial loans	15,123,954	14,931,871	14,459,695	14,648,198
Mortgage loans	5,551,706	6,737,737	4,967,162	6,067,665
Consumer loans	2,686,686	3,326,698	2,527,489	3,304,693
Financial investments available for sale	2,164,796	2,164,796	2,524,500	2,524,500
Financial investments held to maturity	831	831	872	872
TOTAL ASSETS	**31,193,359**	**32,827,319**	**29,289,463**	**31,355,673**
Liabilities				
Current accounts and demand deposits	9,001,384	9,001,384	8,194,263	8,194,263
Items in course of collection	166,963	166,963	132,507	132,507
Liabilities under agreements to repurchase	544,885	544,885	799,844	799,844
Term deposits and savings accounts	10,851,870	10,909,526	9,957,688	9,994,254
Derivative financial agreements	1,430,866	1,430,866	1,420,086	1,420,086
Borrowings from financial institutions	1,650,383	1,650,383	1,648,764	1,648,764
Debt issued	4,627,357	4,973,216	4,398,430	5,064,358
Other financial liabilities	795,492	795,492	953,246	953,246
TOTAL LIABILITIES	**29,069,200**	**29,472,715**	**27,504,828**	**28,207,322**

The fair value estimates presented above, do not attempt to estimate the value of the bank's profits generated by their business or future activities and therefore, do not represent the value of the Bank as a going concern.

Methods used to estimate financial instruments' fair value are detailed below:

Loans and receivable to customers,

Loans and receivables to customers are presented net of their allowance for loan losses and impairment. The estimated fair value represents the discounted future cash flows expected to be received. Cash flows are discounted at market interest rate, using an interbank rate that considers the relevant term and currency.

NOTE 34 - ASSETS AND LIABILITIES AT FAIR VALUE. CONTINUED

The approaches used for the incorporation of credit risk of the assets are:

1. Based on the models of estimation of expected loss, it is possible to infer the credit quality of the portfolio (at least in qualitative terms) specifically, for the remaining term of the operations comprising the asset accounts considered (commercial loans, mortgage loans and consumer loans).

2. In quantitative terms, the provision percentage assigned to an operation results in an estimate of the provision based on the credit profile of the operation.

3. The resulting amount when applying the 'provisions/total loans' factor mentioned in 2) to the current principal and accrued interest outstanding of the respective loan is an approximation of the adjustment for credit risk (in other words, resulting in the allowance calculation).

Deposits and other borrowings

The estimated fair value of demand accounts and deposits, for which maturity is not established, including non-interest bearing accounts, is the amount payable when the customer demands it. The redeemed cost of these deposits is a reasonable approximation of their fair value.

The fair value of term deposits has been estimated on the basis of discounted future cash flows based on interest-rate structures adjusted from transactions observed at the valuation date.

Interbank borrowings

The fair value of liabilities to financial institutions has been determined using discounted cash flow models, based on the relevant interest-rate curve for the remaining term of the instrument to its maturity.

Issued debt instruments

The aggregated fair value of the bonds has been calculated based on the effective market rates at the closing of each period.

Fixed Income Securities and Derivatives

The fair value of debt instruments classified as trading and available for sale, as well as derivative instruments, is estimated using valuation techniques detailed in the c) below.

Other balance sheet accounts

For other balance sheet accounts the carrying amount was used, because they are items with very short-term flows and therefore their discounted value does not differ significantly from their carrying amount.

NOTE 34 - ASSETS AND LIABILITIES AT FAIR VALUE. CONTINUED

b) Financial instruments measured at fair value

Please refer to Note 1,k for further details on the criteria used to determine the fair value.

c) Hierarchy used for determining the fair value

The regulation distinguishes among different types of inputs used for the valuation techniques, differentiating between ‘‘observable’’ or ‘‘unobservable’’ inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the assumptions of the Bank and subsidiaries in relation to market behaviour. The following hierarchy has been established based on these types of inputs:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes the debt instruments (whether fixed or variable income), equity instruments, and financial derivative instruments traded on domestic or international stock markets.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices). Prices may require interpolation among a price structure (e.g., derivative instruments belong to this level). The same occurs with bonds assessed using a valuation technique like interpolation or matrix pricing, based on observable inputs.

Level 3 - Inputs for assets or liabilities that are not based on observable market data (unobservable inputs). This level includes equity and debt instruments whose valuation uses significant unobservable inputs.

This hierarchy requires maximise the use of relevant observable inputs and minimise unobservable inputs. The Bank and its subsidiaries consider the relevant observable market data in their valuations whenever it is possible.

NOTE 34 - ASSETS AND LIABILITIES AT FAIR VALUE. CONTINUED

Financial assets and liabilities classified by valuation levels

The following chart shows the assets and liabilities that are presented at fair value in the Consolidated Financial Statements, classified in their respective levels of hierarchy previously described.

	Level 1		Level 2		Level 3		Total	
	September 30, 2017 MCh$	December 31, 2016 MCh$	September 30, 2017 MCh$	December 31, 2016 MCh$	September 30, 2017 MCh$	December 31, 2016 MCh$	September 30, 2017 MCh$	December 31, 2016 MCh$
Financial Assets								
Trading portfolio financial assets								
State and Central Bank of Chile	1,353,881	712,788	-	-	-	-	1,353,881	712,788
Other domestic institutions	473,412	495,393	-	-	-	-	473,412	495,393
Foreign institutions	320,282	1,309	-	-	-	-	320,282	1,309
Investments in mutual funds	38,145	58,489	-	-	-	-	38,145	58,489
Subtotal	**2,185,720**	**1,267,979**	**-**	**-**	**-**	**-**	**2,185,720**	**1,267,979**
Trading derivative contracts								
Forwards	-	-	197,011	125,632	-	-	197,011	125,632
Swaps	-	-	876,068	918,642	21,341	25,240	897,409	943,882
Call option	-	-	1,811	1,147	-	-	1,811	1,147
Put options	-	-	5,132	3	-	-	5,132	3
Futures	-	-	218	137	-	-	218	137
Subtotal	**-**	**-**	**1,080,240**	**1,045,561**	**21,341**	**25,240**	**1,101,581**	**1,070,801**
Hedging Derivatives								
Forwards	-	-	9,566	22,552	-	-	9,566	22,552
Fair value hedges (Swap)	-	-	67,501	85,932	-	-	67,501	85,932
Cash flow hedges (Swap)	-	-	186,997	196,397	-	-	186,997	196,397
Subtotal	**-**	**-**	**264,064**	**304,881**	**-**	**-**	**264,064**	**304,881**
Financial investment available for								
State and Central Bank of Chile	445,307	746,217	-	-	-	-	445,307	746,217
Other domestic institutions	134,904	276,509	-	-	-	-	134,904	276,509
Foreign institutions	1,584,585	1,501,774	-	-	-	-	1,584,585	1,501,774
Subtotal	**2,164,796**	**2,524,500**	**-**	**-**	**-**	**-**	**2,164,796**	**2,524,500**
Total activos financieros	**4,350,516**	**3,792,479**	**1,344,304**	**1,350,442**	**21,341**	**25,240**	**5,716,161**	**5,168,161**

	Level 1		Level 2		Level 3		Total	
	September 2017 MCh$	December 31, 2016 MCh$	September 2017 MCh$	December 2016 MCh$	September 30, 2017 MCh$	December 31, 2016 MCh$	September 30, 2017 MCh$	December 31, 2016 MCh$
Financial liabilities								
Trading derivative contracts								
Forwards	-	-	181,565	123,748	-	-	181,565	123,748
Swaps	-	-	919,726	978,143	-	-	919,726	978,143
Call options	-	-	1,395	653	-	-	1,395	653
Put options	-	-	7,232	2,293	-	-	7,232	2,293
Futures	-	-	79	-	-	-	79	-
Subtotal	**-**	**-**	**1,109,997**	**1,104,837**	**-**	**-**	**1,109,997**	**1,104,837**
Hedging Derivatives								
Forwards	-	-	6,813	19,352	-	-	6,813	19,352
Fair value hedges (Swap)	-	-	47,020	47,366	-	-	47,020	47,366
Cash flow hedges (Swap)	-	-	267,036	248,531	-	-	267,036	248,531
Subtotal	**-**	**-**	**320,869**	**315,249**	**-**	**-**	**320,869**	**315,249**
Total pasivos financieros	**-**	**-**	**1,430,866**	**1,420,086**	**-**	**-**	**1,430,866**	**1,420,086**

NOTE 34 - ASSETS AND LIABILITIES AT FAIR VALUE. CONTINUED

The above values do not include adjustments for CVA and Bid Offer, which amount MCh$21,703 as of September 30, 2017 (MCh$15,435 as of December 31, 2016).

Transfers between Levels 1 and 2

The Bank and its subsidiaries have not made any transfers of financial assets or liabilities between Levels 1 and 2 during the period 2017.

Level 3 valuation reconciliation

As of September 30, 2017 the Interim Consolidated Statements of Financial Position has assets classified as Level 3 which relate to Swap TAB contracts for which there are no market observable inputs.

d) Valuation of La Polar Bonds

As of September 30, 2017, the Bank has applied valuation techniques to determine the fair value of the financial instruments “BLAPO-F” and “BLAPO-G”. This enhancement builds on the Internal Rate of Return (IRR) of the last transaction of the existing market between the closing date of the Consolidated Financial Statements and the date of redemption of the financial instrument.

NOTE 35 - RISK MANAGEMENT

1. Introduction

The Bank business activities involve identifying, evaluating, accepting and managing different kinds of risk or combinations of them. The main categories of risk to which the corporation is exposed are credit, liquidity, market, operations, and legal and reputation risks.

The Bank policies are designed to identify and analyse these risks, to establish adequate limits and controls, and to monitor the risks and compliance of established limits through the use of reliable and updated information systems. The Bank periodically reviews its risk management policies and systems to incorporate changes in the markets, regulations, products and new best practices.

In relation to financial risks, the organizational structure is designed to manage these risks efficiently, transparently and timely. It is formed by strategic units composed by the Board of Directors, the Executive Committee, the Finances and Risk Committee, and the Asset and Liabilities Committee ("ALCO"). These are divided into operative units such as the Corporate Risk Management, Trading and Institutional, and Distribution and Corporate areas, parts of the Investment and Finance Banking division. The flow of this information is processed and analysed by various support units such as Accounting, Middle and Back Office, Management and Process Control and Computers and Systems.

The senior strategic unit is the Board of Directors, Its main responsibilities regarding financial risk management are establishing adequate policies and levels of risk, establishing exposure limits, the monitoring of risks, and ensuring best practices through the permanent evaluation of the actions of the Finance and Investment Banking and the Corporate Risk Management areas. The Board of Directors delegates to the Executive Committee and the Finances and Risk Committee the supervision and support to carry out the Bank's strategic objectives in their interactions with corporate Management.

The Finances and Risk Committee also analyses in detail the strategies and models associated with the treasury function, both in the trading portfolio and the Bank's books, and the performance and risks associated with such strategies.

ALCO (Assets & Liabilities Committee) is the committee where the corporation's assets and liabilities policy is discussed and agreed for the approval of the Board of Directors or the Executive Committee. The general objectives of the ALCO Committee are to ensure the Bank's adequate liquidity, protect the capital, make decisions on the financing of loans, and maximize the financial margin subject to the risk restrictions imposed by the Board of Directors and the Finances and Risk Committee.

The Corporate Risk Management and its Operational Risk, Credit Risk, and Market Risk units are responsible for the integral management of the Bank's risk. While a few years ago it was common in the industry to have an independent, internal department manage these risks, the development of derivative markets and the acceptance of common methodologies, such as the concept of maximum loss, value at risk, etc., have made limits increasingly more subject to fluctuation. Therefore, this management area has a corporate reach, with a comprehensive vision of the risks involved.

NOTE 35 - RISK MANAGEMENT. CONTINUED

Financial Risk Management has the role of evaluating and controlling the Bank's exposure to market risk, both on or off the Consolidated Statements of Financial Position; pricing risks associated with interest rates, exchange rates, volatility, maximum loss, etc., are measured and monitored. This is complemented by the analysis of scenarios and simulations to obtain a better measure of the risk. The Financial Risk Management is also responsible for defining the valuation methodologies for the financial assets and liabilities measured at fair value held by the corporation on or off the Consolidated Statements of Financial Position.

In accordance with best practices, the Bank defines the segregation of activities between areas that could present conflicts of interest in their objectives, such as:

i. Investment and Finance Banking division.
ii. Support areas, operative departments (Back Office, Middle Office).
iii. Financial Control and Planning (Accounting, Management Control),
iv. Financial Risk and Credit Risk, components of Corporate Risk Management.

The total segregation of duties implies a physical and organizational separation of the areas.

2. Liquidity and financing

When banks face confidence crises and bank runs, even if they are solvent they may find it difficult to comply with their short-term obligations and even face bankruptcy. These situations are uncommon but have large potential losses associated with them. For this reason, the Bank has improved the management of liquidity, defining adequate policies along with procedures and models that accordingly satisfy the regulations in force. The model has four core elements:

1. Presence of a minimum reserve of liquid assets to face stress situations.
2. Regulatory and internal liquidity indicators.
3. Accounting mismatches (relating to maturity).
4. Alert and contingency plans.

The policy and liquidity management models seek to guarantee, even in front of unexpected events, the Bank's capacity to respond adequately to its short-term obligations. In this regard, the Bank has continuously monitored the impact of recent events on financial markets, introducing more conservative assumptions when justified.

The management of liquidity and funding is basically carried out by Treasury in accordance with practices and limits reviewed periodically by ALCO and authorized by the Board of Directors.

These limits may vary according to the depth and liquidity shown by the markets in order to anticipate unlikely capital expenditures while providing funding at a competitive cost.

NOTE 35 - RISK MANAGEMENT. CONTINUED

The Bank has internally set explicit minimum limits for the liquidity level, parallel to the limits of Technical Reserve, which are periodically subject to simulations of stress testing for balances of current accounts and deposits, which are the Bank's main sources of liquidity. This is performed using a periodic evaluation framework of the additional needs of financing due to events of tight liquidity, together with the monitoring of the market, In this way, the periodic generation, projection, evaluation, and analysis of liquidity stress scenarios facilitate the anticipation of future difficulties and the agile and reliable execution of preventive actions before unfavourable scenarios.

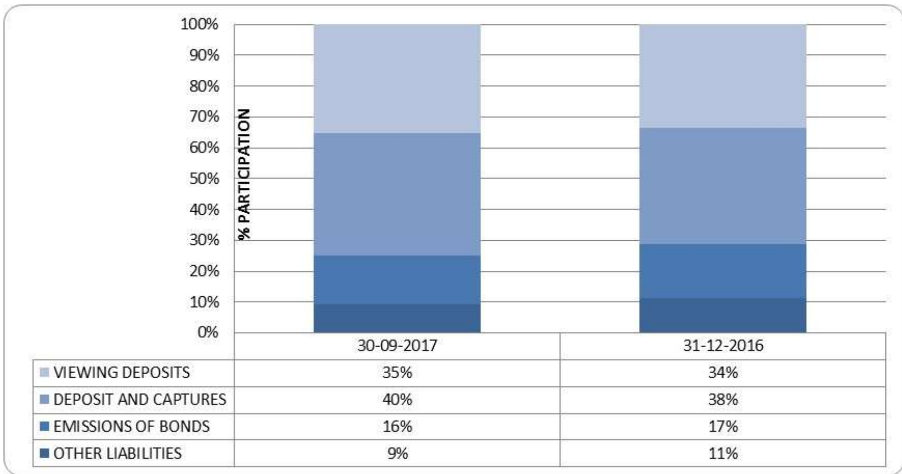
At the regulatory level, liquidity is measured and reported to the SBIF through the standardized reports. According to bank regulations, the Bank has been authorized to use an adjusted liquidity model, generating procedures and models that allow an evaluation of future income and liabilities that affect the Bank's liquidity position, keeping in control the internal and external limits that the regulatory purposes, especially for mismatches between assets and liabilities at 30 and 90 days.

The Bank has set strict limits, forcing itself to maintain a large amount of liquid assets on its Consolidated Statements of Financial Position which, in the event of any unexpected requirement, can maintain liquidity through repurchase agreements with the Central Bank of Chile. The counter-cyclical nature of this liquidity reserve is adjusted to the spirit of the latest recommendations proposed by Basel.

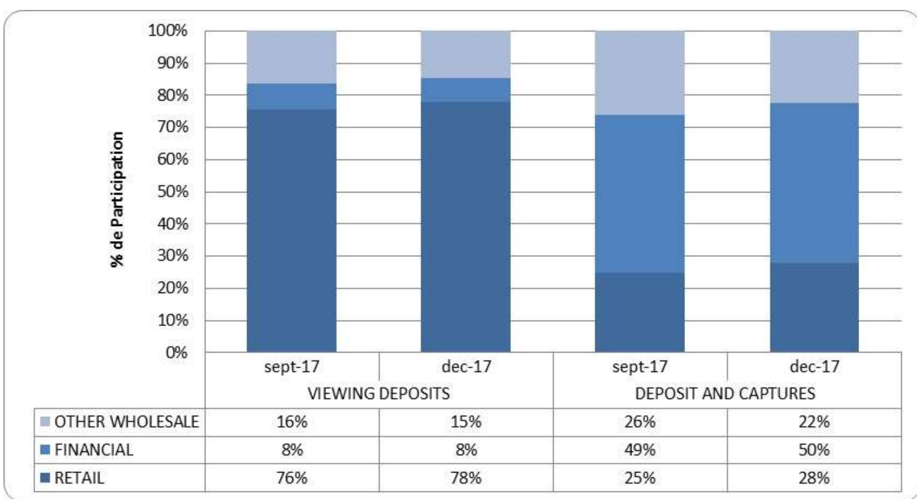
In the measurement of liquidity, both internal and regulatory, a reasonable level of liquidity was observed in line with the Bank's policies. Even in the moments of highest uncertainty due to the global financial crisis, there were no events indicative of a loss of confidence of the people, nor mass removal of accounts or deposits by customers, confirming the confidence of the people towards the Chilean banking system in general.

NOTE 35 - RISK MANAGEMENT. CONTINUED

Fig, 1, Evolution of principal funding sources
As of September 30, 2017 and December 31, 2016,
Banco de Crédito e Inversiones and City National Bank (CNB)



Fig, 2, Diversification of liquidity sources by segment,
As of September 30, 2017 and December 31, 2016 (%),
Banco de Crédito e Inversiones and City National Bank of Florida (CNB)



a. Year 2017 Variations (domestic consolidation)

The rates of short-term mismatch remained bounded, keeping a certain amount of slack with respect to regulatory limits given the capital base measured at 30 days and two times capital (for measurement at 90 days).

NOTE 35 - RISK MANAGEMENT. CONTINUED

Fig, 3, Liquidity Ratios
As of September 30, 2017 and December 31, 2016 (maximum = 1)

(a) Short-term mismatch (% on basic capital)

	September 30, 2017				December 31, 2016			
	Average	**Maximum**	**Minimum**	**Close**	**Average**	**Maximum**	**Minimum**	**Close**
Mismatch 30 days	50.39%	75.65%	4.05%	55.96%	52,74%	87.35%	19.96%	57.23%
Mismatch 90 days (*)	48.72%	65.21%	29.43%	53.91%	60.56%	81.96%	43.02%	52.88%

(*) Measurement in relation to 2 times basic capital.

(b) Short-term mismatch Ch$-UF (% on basic capital)

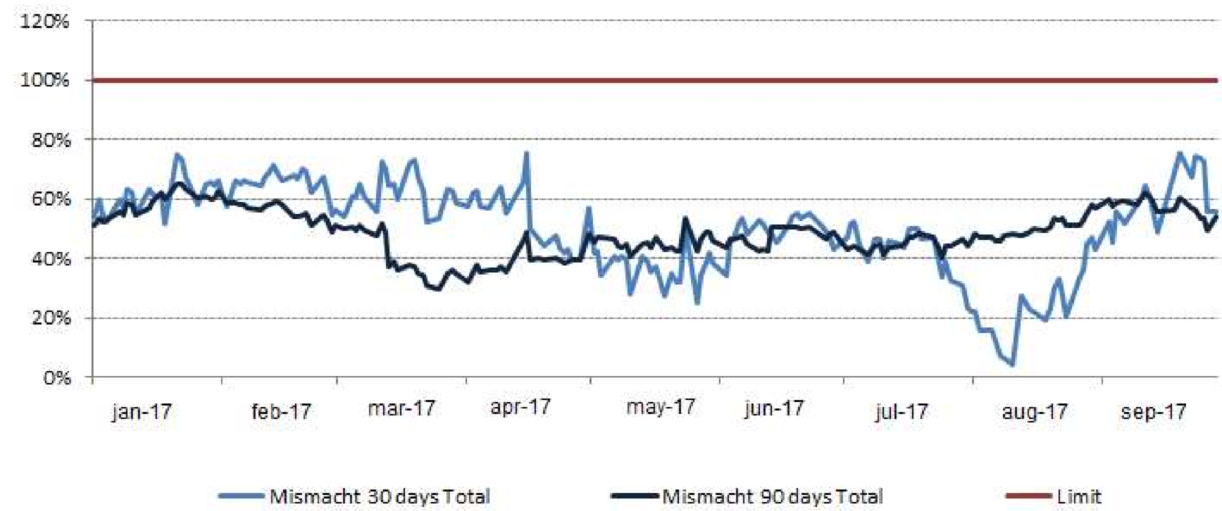
	September 30, 2017				December 31, 2016			
	Average	**Maximum**	**Minimum**	**Close**	**Average**	**Maximum**	**Minimum**	**Close**
Mismatch 30 days	30.82%	56.15%	(6.30)%	40.38%	40.74%	68.01%	3.38%	38.94%

(c) Short-term mismatch FX (% on basic capital)

	September 30, 2017				December 31, 2016			
	Average	**Maximum**	**Minimum**	**Close**	**Average**	**Maximum**	**Minimum**	**Close**
Mismatch 30 days	19.58%	41.48%	3.89%	15.57%	12.00%	35.46%	(20.22)%	18.29%

NOTE 35 - RISK MANAGEMENT. CONTINUED

Fig, 4, Liquidity Evolution (domestic consolidation) during 2017 (maximum = 1)
Liquidity 30 days = Mismatch/Basic Capital
Liquidity 90 days = Mismatch /2x Basic Capital



3. Market Risk

Market risk is the risk inherent in the price variations of financial assets.

Variations in interest rates, the exchange rate, commodities and shares prices, credit spreads, volatility, etc., constitute a risk known as market risk. This is expressed in the possibility of incurring losses that will be translated to the statements of income or the balance sheet depending on the type of financial instrument and its respective accounting treatment.

The Bank manages its exposure to market risk between trading portfolios and portfolios available for sale or held-to-maturity, Trading portfolios include positions coming from sales to corporate and institutional clients, positions coming from market making business, and hedge or trading positions. The AFS and held to maturity portfolios hold positions mainly related to interest rate management associated with personal and commercial banking loans, in addition to a portfolio of financial investments. These portfolios have less rotation and their change in fair value does not affect the Consolidated Statements of Income for the period until maturity, except in the case of impairment over the available for sale portfolio.

A series of tools are used to monitor the market risk of positions in each category, these include value-at-risk (VaR), CVaR, simulation, and stress analysis. The corporation uses the algorithmic platform to support the measurement and management of the market risk and counterparty risk.

NOTE 35 - RISK MANAGEMENT. CONTINUED

a) Top holdings

The principal positions of the Consolidation Statements of Financial Position as of September 30, 2017 are listed by maturity band or repricing and their comparison to the year 2016.

Fig, 5, Carrying amount to maturity range or re-pricing by currency
Positions as of September 30, 2017 (MCh$)

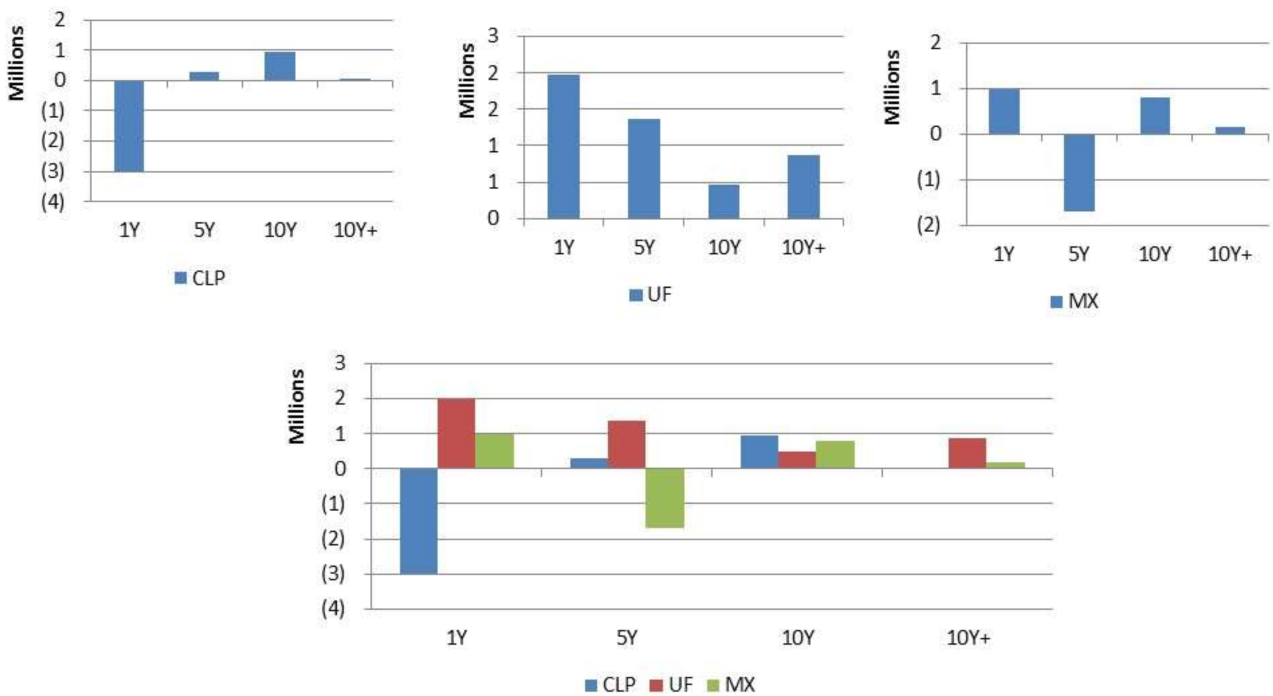
ASSETS	**1Y**	**5Y**	**10Y**	**10Y+**	**Total**
Ch$	8,646,097	3,785,986	979,326	22,022	13,433,431
UF	3,539,416	4,405,371	2,788,778	2,142,920	12,876,485
MX	5,622,805	2,654,745	1,385,728	196,859	9,860,137
TOTAL	**17,808,318**	**10,846,102**	**5,153,832**	**2,361,801**	**36,170,053**

LIABILITIES	**1Y**	**5Y**	**10Y**	**10Y+**	**Total**
Ch$	11,656,682	3,508,386	52,001	-	15,217,069
UF	1,554,992	3,031,155	2,314,061	1,275,790	8,175,998
MX	4,643,364	4,353,892	585,744	27,327	9,610,327
TOTAL	**17,855,038**	**10,893,433**	**2,951,806**	**1,303,117**	**33,003,394**

MISMATCH	**1Y**	**5Y**	**10Y**	**10Y+**	**Total**
Ch$	(3,010,585)	277,600	927,325	22,022	(1,783,638)
UF	1,984,424	1,374,216	474,717	867,130	4,700,487
MX	979,441	(1,699,147)	799,984	169,532	249,810
TOTAL	**(46,720)**	**(47,331)**	**2,202,026**	**1,058,684**	**3,166,659**

NOTE 35 - RISK MANAGEMENT. CONTINUED

Fig, 6, Carrying amount to maturity range or re-pricing by currency positions
As of September 30, 2017 (MCh$)



NOTE 35 - RISK MANAGEMENT. CONTINUED

Fig, 7, Carrying amount to maturity range or re-pricing by currency positions
As of December 31, 2016 (MCh$)

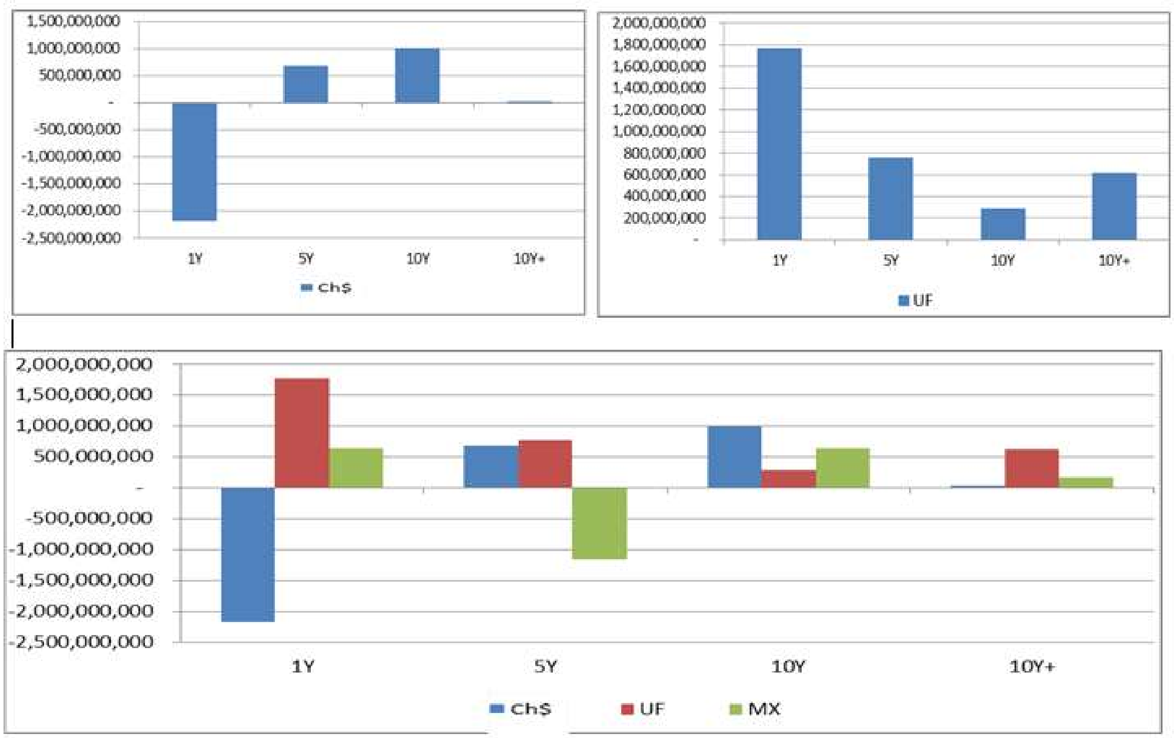
ASSETS	1Y	5Y	10Y	10Y+	Total
CLP	8,171,804	4,183,709	1,047,259	27,023	13,429,795
UF	3,831,611	3,810,344	2,569,311	1,911,780	12,123,046
MX	6,072,766	2,406,341	1,181,559	216,156	9,876,822
TOTAL	**18,076,181**	**10,400,394**	**4,798,129**	**2,154,959**	**35,429,663**

LIABILITIES	1Y	5Y	10Y	10Y+	Total
CLP	10,354,038	3,501,342	53,000	-	13,908,380
UF	2,060,951	3,045,726	2,280,892	1,297,351	8,684,920
MX	5,438,516	3,561,334	544,904	52,122	9,596,876
TOTAL	**17,853,505**	**10,108,402**	**2,878,796**	**1,349,473**	**32,190,176**

MISMATCH	1Y	5Y	10Y	10Y+	Total
CLP	(2,182,234)	682,367	994,259	27,023	(478,585)
UF	1,770,660	764,618	288,419	614,429	3,438,126
MX	634,250	(1,154,993)	636,655	164,034	279,946
TOTAL	**222,676**	**291,992**	**1,919,333**	**805,486**	**3,239,487**

NOTE 35 - RISK MANAGEMENT. CONTINUED

Fig, 8, Carrying amount to maturity range or re-pricing by currency positions
As of December 31, 2016 (MCh$)



NOTE 35 - RISK MANAGEMENT. CONTINUED

Fig, 9, Carrying amount to maturity range or re-pricing by Account positions
As of September 30, 2017 (MCh$)

(*) Determined in accordance with internal models.

ASSETS	1Y	5Y	10Y	10Y+	TOTAL
Central Bank of Chile	68,903	20,566	-	-	89,469
Domestic banks and financial institutions	302,564	715,437	355,334	78,163	1,451,498
Investments under agreements to resell	39,599	-	-	-	39,599
Commercial loans	8,217,990	3,109,729	1,464,092	628,706	13,420,517
Consumer loans	1,106,919	1,623,350	111,918	67,924	2,910,111
Negotiable residential mortgage loans	816,880	2,360,951	1,607,546	1,470,618	6,255,995
Residential mortgage loans with funding notes	17,302	15,465	2,359	-	35,126
Cash	1,235,207	-	-	-	1,235,207
Forwards	168,808	-	-	-	168,808
Chilean State	27,781	182,843	273,991	1,686	486,301
Consumer leasing	26	-	-	-	26
Commercial leasing operation	419,233	559,887	184,180	35,098	1,198,398
Other domestic entities	-	-	-	-	-
Other foreign entities	23,300	69,852	102,675	3,777	199,604
Other assets	1,877,581	61,835	38,079	457	1,977,952
Other residential mortgage loans	369,889	325,811	112,292	75,372	883,364
Others	-	-	-	-	-
Swaps	3,116,336	1,800,376	901,366	-	5,818,078
Total Assets	**17,808,318**	**10,846,102**	**5,153,832**	**2,361,801**	**36,170,053**

LIABILITIES					
Ordinary bonds	583,191	1,776,784	1,310,238	169,937	3,840,150
Subordinated bonds	46,609	172,953	217,866	1,105,852	1,543,280
Deferred-drawing savings accounts	40,404	-	-	-	40,404
Unconditional-drawing savings accounts	86,812	-	-	-	86,812
Demand deposits (*)	2,361,959	6,492,498	-	-	8,854,457
Term deposits	9,863,907	426,832	15	-	10,290,754
Forwards	165,261	-	-	-	165,261
Letters of credit	5,462	13,584	2,938	-	21,984
Other liabilities	525,058	-	-	25,222	550,280
Others, except options	-	-	-	-	-
Foreign loans and other obligations	1,359,334	311,775	-	-	1,671,109
Domestic loans and other obligations	24,198	34,050	1,368	-	59,616
Swaps	2,643,883	1,664,957	1,419,381	2,106	5,730,327
Liabilities under agreements to repurchase	148,960	-	-	-	148,960
Total Liabilities	**17,855,038**	**10,893,433**	**2,951,806**	**1,303,117**	**33,003,394**

NOTE 35 - RISK MANAGEMENT. CONTINUED

Fig, 10, Carrying amount to maturity or re-pricing by account positions
As of December 31, 2016 (MCh$)

ASSETS	1Y	5Y	10Y	10Y+	TOTAL
Central Bank of Chile	12,721	226,141	-	-	238,862
Domestic banks and financial institutions	136,825	131,917	27,216	10,575	306,533
Investments under agreements to resell	-	-	-	-	-
Commercial loans	8,226,445	2,670,792	1,399,234	585,563	12,882,034
Consumer loans	1,025,877	1,560,216	85,003	66,153	2,737,249
Negotiable residential mortgage loans	760,596	2,066,290	1,400,874	1,271,792	5,499,552
Residential mortgage loans with funding notes	26,093	18,565	3,983	2	48,643
Cash	1,604,090	-	-	-	1,604,090
Forwards	448,271	109,320	-	-	557,591
Chilean State	324,968	971,242	240,765	106,460	1,643,435
Consumer leasing	30	-	-	-	30
Commercial leasing operation	384,145	528,238	172,317	42,085	1,126,785
Other domestic entities	-	-	-	-	-
Other foreign entities	26,086	146,431	227,839	4,591	404,947
Other assets	1,695,617	41,305	42,549	64	1,779,535
Other residential mortgage loans	344,986	302,674	103,628	67,674	818,962
Others	-	-	-	-	-
Swaps	3,059,431	1,627,263	1,094,721	-	5,781,415
Total Assets	**18,076,181**	**10,400,394**	**4,798,129**	**2,154,959**	**35,429,663**

LIABILITIES	1Y	5Y	10Y	10Y+	TOTAL
Ordinary bonds	674,704	1,756,643	1,330,479	171,921	3,933,747
Subordinated bonds	46,680	172,941	212,563	1,125,427	1,557,611
Deferred-drawing savings accounts	41,807	-	-	-	41,807
Unconditional-drawing savings accounts	90,410	-	-	-	90,410
Demand deposits (*)	2,247,548	5,816,944	-	-	8,064,492
Term deposits	9,177,939	126,978	-	-	9,304,917
Forwards	442,632	105,389	-	-	548,021
Letters of credit	7,295	16,067	5,096	3	28,461
Other liabilities	658,094	-	-	52,122	710,216
Others, except options	-	-	-	-	-
Foreign loans and other obligations	1,618,068	304,246	-	-	1,922,314
Domestic loans and other obligations	137,798	33,784	2,416	-	173,998
Swaps	2,517,738	1,775,410	1,328,242	-	5,621,390
Liabilities under agreements to repurchase	192,792	-	-	-	192,792
Total Liabilities	**17,853,505**	**10,108,402**	**2,878,796**	**1,349,473**	**32,190,176**

(*) Determined in accordance with internal models,

NOTE 35 - RISK MANAGEMENT. CONTINUED

The principal positions of financial investments available for sale by type of issuer and currency and risk classification as of September 30, 2017 and December 31, 2016 are stated below.

Fig, 11,a Fair Value of Financial Investments Available for Sale
As of September 30, 2017 (MCh$)
Banco de Credito e Inversiones and City National Bank of Florida (CNB)

	Ch$	UF	USD	EUR	OTHERS
Sovereign bonds	115,363	29,012	225,977	111,574	-
Corporate bonds	17,104	7,131	53,588	-	-
Financial institutions bonds	39,172	1,101	1,237,270	-	-
Mortgage-funding notes	-	55,173	-	-	-
Term deposits	5,356	-	-	-	-
Investment funds (*)	-	-	14,189	-	-
Shares (*)	-	-	59,969	-	-
Total	**176,995**	**92,417**	**1,590,993**	**111,574**	**-**

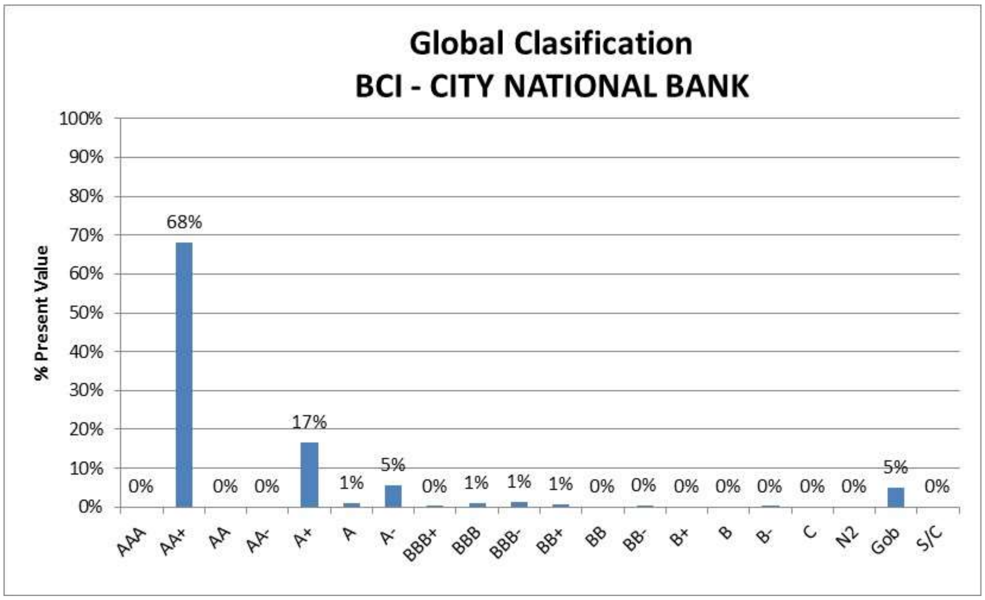
Fig, 11,b Fair Value of Financial Investments Available for Sale
As of December 31, 2016 (MCh$)
Banco de Credito e Inversiones and City National Bank of Florida (CNB)

	Ch$	UF	USD	EUR	OTHERS
Sovereign bonds	424,613	91,894	82,923	104,232	-
Corporate bonds	12,483	9,053	113,612	-	-
Financial institutions bonds	47,383	1,724	1,286,862	-	-
Mortgage-funding notes	-	62,009	-	-	-
Term deposits	94,831	5,561	-	-	-
Investment funds (*)	-	-	124	-	-
Shares (*)	-	-	686	-	-
Total	**579,310**	**170,241**	**1,484,207**	**104,232**	**-**

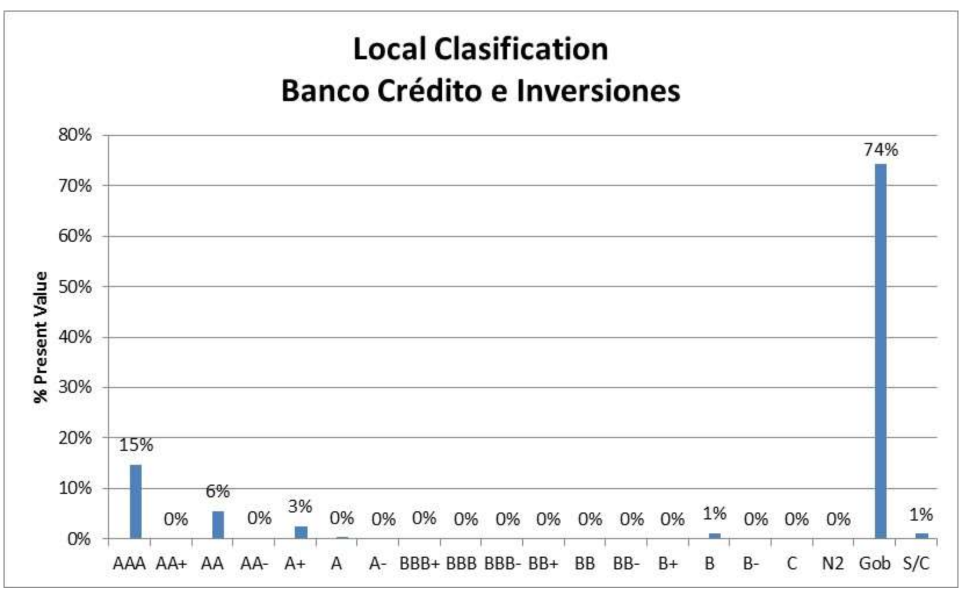
(*) Investment funds and shares correspond to the CNB's available for sale portfolio.

NOTE 35 - RISK MANAGEMENT. CONTINUED

Fig, 12, Financial Investments Available for Sale
Internationally-Issued Bond Portfolio Credit Rating as of September 30, 2017 (%)
Banco de Crédito de Inversiones and City National Bank of Florida (CNB)



Fig, 13, Financial Investments Available for Sale
Portfolio Risk Classification Bonds and LCH National Emission as of September *30, 2017 (%)*
Banco de Crédito de Inversiones y City National Bank (CNB)



NOTE 35 - RISK MANAGEMENT. CONTINUED

b. Sensitivity analysis

Sensitivity analysis is used to monitor the market risk of positions by sensitivity to each of the risk factors, for example, a change in the present value of 100 basis points in the interest rate is a type of risk factor. This type of model is especially useful for measuring the risk of a mismatch between assets and liabilities, i.e., essentially the banking book.

The regulatory sensitivity measurements perform these analyses by applying interest rates, exchange rates, inflation, commodities positions, shares positions, and exposure to derivative instruments, according to predetermined sensitivities.

The Bank also performs measurements for sub-portfolios and different risk factors.

Among the models used is Market Value Sensitivity or MVS, which measures the change in economic value of equity in the event of a parallel movement of 100 basis points in interest rates.

For a short-term horizon, the Spreads at Risk or SAR model is used, which measures the impact on results in 12 months' time of a parallel movement in rates. For both models, there are explicit internal limits measured as a ratio of capital (for MVS) and of financial margin (for SAR).

The Bank structurally generates risk rate exposure, which is mainly explained by maintaining long-term fixed rate assets and obtaining short-term financing, such as deposits, In this regard, the Bank is an active market participant in managing their interest rate risk strategy using hedge accounting.

In the scenario of 100 basis points increase, holding constant other variables, the effects compared at the end of the nine-month periods ended September 30, 2017 and 2016 for the Bank are the following:

- In the short-term, exposure to interest rates as of September 30, 2016 and 2017, amounted to MCh$29,300 and MCh$23,249 respectively, equivalent to expect an adverse effect on the financial margin over a 12 months horizon.

- The sensitivity rate risk applied to all items in the banking book and all deadlines, measured by MVS, as of September 2016 and 2017, are MCh$156,630 and MCh$130,288 respectively. The risk maintained its upward trend as in previous periods.

NOTE 35 - RISK MANAGEMENT. CONTINUED

c. Value at Risk

Value-at-Risk (VaR) is a methodology that estimates potential losses that might affect a portfolio as a result of adverse interest-rate movements and/or market-price changes over a period of time and for a certain level of confidence.

The VaR methodology used is a historic simulation that records the *fat-tails* property of the financial income, it uses a window of 4 years of daily data, and it is measured at the first percentile of the P&L distribution or VaR at 99% of confidence, which is the same. The *volatility up dating* technique is used, which records the existence of volatility *clusters*.

The *forecast* horizon is of 1 day. The square root rule is used to escalate this value to the regulatory horizon of ten days.

The value-at-risk model is validated by *back-testing* the daily results, both observed and theoretical, Statistically, excess losses of VaR are expected to be observed on average 1% daily. As of September 30, 2017, *back-test* places the model in the green area of Basel with 5 fails in the last 250 business days.

Objectives and limitations of the VaR methodology

The objective of the VaR is to measure the risk of a portfolio of assets by determining how much you can lose of the portfolio over a period of time and with a given confidence level under normal market conditions.

This method is very easy to apply in portfolios that include information on relevant market variables. Furthermore, calculation does not depend on correlations and volatilities, as these are implicitly calculated using historical information. However, this means obtaining the history of associated variables for performing this calculation, which implies an effort to have such data, In addition, to have a certain degree of confidence in the measurement, in this case with VaR at 99%, this leads to the loss of 1 in every 100 days, which will be the least as predicted by the VaR, without a possible limit for this value.

- **Stress Testing VaR**

There are limitations of the VaR models, particularly in the presence of extreme events that have not been observed in recent historic information or for not capturing the intra-day movements of the portfolio, therefore, stress situations are modelled to evaluate potential impacts on the value of portfolios in the most extreme, although possible, events. The scenarios used are the following:

I. Historic simulation scenarios that incorporate fluctuations observed during historic extreme events.
II. Monte-Carlo simulation scenarios, which generate multiplicity of possible scenarios from the historic data.
III. Scenarios of sensitivity that consider movements in risk factors that are not captured by the recent history.

NOTE 35 - RISK MANAGEMENT. CONTINUED

- **VaR limits**

The Corporation has set specific limits to the corporate VaR, as well as sub-limits to the trading, balance and available for sale investments portfolios.

d. Position Limit

In addition to the limits of risk models predictive character as VaR and sensitivity analysis, there are accounting limits by maximum positions.

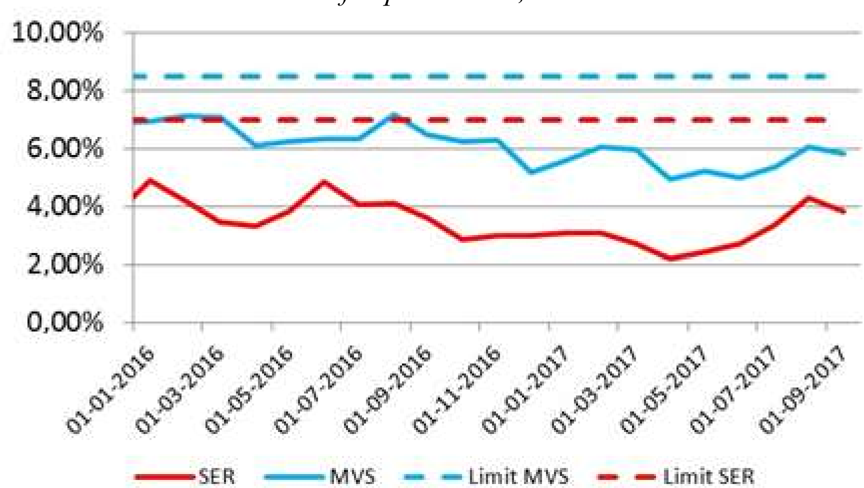
e. Variations

- Sensitivity analysis of the banking book.

The use of hedge accounting and bond, help keep the risk of interest rate limited in the banking book.

Measuring long-term MVS averaged over 2017 have reached as of September 30, 2017 5.58% (7.09% as of December 31, 2016) of capital over a limit of 8.5%. The SeR, meanwhile, averaged during as of September 30, 2017 3.09% versus an average of 3.77% in September 30, 2016.

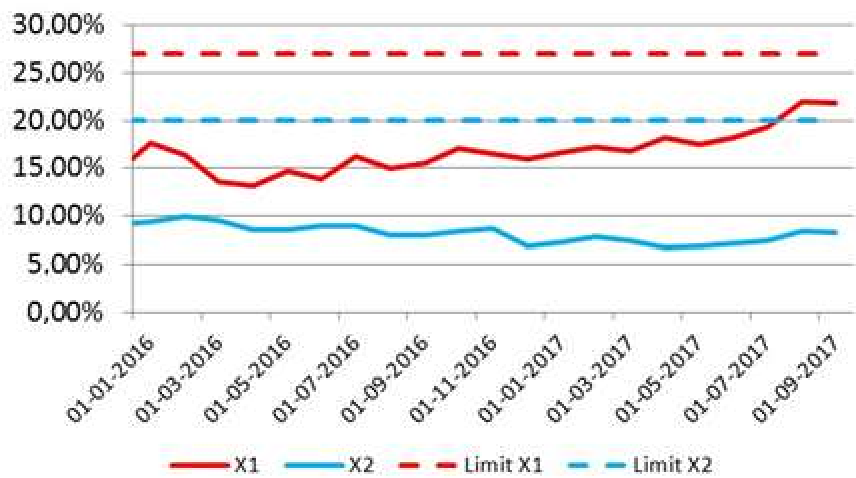
Fig, 14,MVS – SER
As of September 30, 2017



The evolution of regulatory ratios X1 (exposure to market risk in the short term) and X2 (exposure to market risk in the long term) recorded clearance with the limits so far 2017, mainly due to the management of the balance sheet hedge accounting.

NOTE 35 - RISK MANAGEMENT. CONTINUED

Fig, 15, Regulatory Market Risk X1 - X2
Banco de Credito e Inversiones and City national Bank of Florida (CNB)
As of September 30, 2017



X1: Limit on financial margin
X2: Limit on effective equity

Value at risk

The evolution of the 10-day VaR for the last quarter; data as of September 30, 2017.

Fig, 16, Consolidated Value at Risk
As of September 30, 2017 (MCh$)

NOTE 35 - RISK MANAGEMENT. CONTINUED

During 2017, the average consolidated total risk MCh$5,555 measured over the regulatory horizon of 10 days experienced an decrease of 42% over the December 31, 2016 average.

On a consolidated basis, the risk of interest rate averages MCh$4,901 while the foreign currency risk averages MCh$2,147. In trading the aggregate average was MCh$3,583, MCh$3,429 for interest rate risk and MCh$673 for foreign currency risk. Finally, for non-trading portfolios (investments available for sale) the total VaR averaged MCh$1,134, MCh$815 for interest rate risk and MCh$830 for foreign currency risk.

Fig, 17, Value at risk by portfolio and type of risk
As of September 30, 2017 (MCh$)

a) Consolidated VaR by type of risk (MCh$)

	Nine months ended September 30, 2017			
	Average	**Maximum**	**Minimum**	**Close**
FX Risk	2,147	6,467	641	1,359
Interest rate risk	4,901	7,310	3,924	4,437
Diversification (*)	1,493	4,318	241	787
VaR Total	**5,555**	**9,459**	**4,324**	**5,009**

b) VaR trading portfolio by type of risk (MCh$)

	Nine months ended September 30, 2017			
	Average	**Maximum**	**Minimum**	**Close**
FX Risk	673	3,593	18	188
Interest rate risk	3,529	4,653	2,575	3,593
Diversification	619	2,778	35	179
VaR Total	**3,583**	**5,468**	**2,628**	**3,602**

c) VaR non-trading portfolio by type of risk (MCh$)

	Nine months ended September 30, 2017			
	Average	**Maximum**	**Minimum**	**Close**
FX Risk	830	1,456	352	888
Interest rate risk	815	1,944	338	539
Diversification (*)	511	1,135	182	425
VaR Total	**1,134**	**2,265**	**508**	**1,002**

(*) Diversification is defined as the effect of correlation of total VaR.

NOTE 35 - RISK MANAGEMENT. CONTINUED

Fig, 18, Value at Risk by portfolio and type of risk
As of December 31, 2016 (MCh$)

a) Consolidated VaR by type of risk (MCh$)

	Twelve months ended December 31, 2016			
	Average	**Maximum**	**Minimum**	**Close**
FX Risk	5,524	13,167	1,636	2,839
Interest rate risk	7,441	11,214	4,405	7,424
Diversification (*)	3,411	7,892	416	1,750
VaR Total	**9,554**	**16,489**	**6,457**	**8,513**

b) VaR trading portfolio by type of risk (MCh$)

	Twelve months ended December 31, 2016			
	Average	**Maximum**	**Minimum**	**Close**
FX Risk	1,551	5,339	73	129
Interest rate risk	4,720	7,983	2,780	4,904
Diversification (*)	1,308	4,658	487	104
VaR Total	**4,963**	**8,664**	**3,340**	**4,929**

c) VaR non-trading portfolio by type of risk (MCh$)

	Twelve months ended December 31, 2016			
	Average	**Maximum**	**Minimum**	**Close**
FX Risk	1,952	7,080	379	1,066
Interest rate risk	1,688	3,685	594	1,510
Diversification	1,271	3,891	365	903
VaR Total	**2,369**	**6,874**	**1,338**	**1,673**

(*) Diversification is defined as the effect of correlation of total VaR.

While VaR captures the Bank's daily exposure to the risks of currency and interest rate sensitivity analysis, it also evaluates the impact of a reasonably possible change in interest rates and exchange rates over one year. The longer time frame of sensitivity analysis complements VaR and helps the Bank to assess their exposure to market risk. The details of the sensitivity analysis for the risk of exchange rate and interest rate risk are set out below.

NOTE 35 - RISK MANAGEMENT. CONTINUED

Sensitivity of interest rate

The following table shows the sensitivity of the fair values of assets to a 100 basis point change in the interest rate:

	Recognition in statements of income		Recognition in statements of other comprehensive income	
	Favourable change	**Not favourable change**	**Favourable change**	**Not favourable change**
As of September 30, 2017	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Securities backed by assets held for trading	(62)	62		
Other non-derivative assets held for trading	(8)	8		
Securities backed by available for sales assets			(58)	58
As of December 31, 2016				
Securities backed by assets held for trading	9	(9)	-	-
Other non-derivative assets held for trading	(25)	25	-	-
Securities backed by available for sales assets	-	-	(128)	128

Currency Risk

The currency risk is defined as the risk that the value of a financial instrument will fluctuate true to changes in exchange rates. The Bank is exposed to the effects of fluctuations in prevailing exchange rates regarding its financial position and cash flows.

NOTE 35 - RISK MANAGEMENT. CONTINUED

The Bank's exposure to the risk of exchange rates of foreign currencies is presented in the table below:

As of September 30, 2017 (MCh$)

Assets	USD	EUR	Others
Cash	72,185	31,917	3,098
Commercial loans	2,018,631	31,038	647
Investments under agreement to resell	-	-	-
Commercial leasing operations	57,875	-	-
Mortgage loans LC	-	-	-
Mortgage loans MHE	-	-	-
Other mortgage loans	-	-	-
Residential leasing	-	-	-
Consumer loans	21,018	-	-
Consumer leasing	-	-	-
Commercial loans LCS	-	-	-
Consumer loans LCS	-	-	-
Central Bank of Chile	-	-	-
State of Chile	143,668	114,259	-
Domestic banks and financial institutions	-	-	-
Other domestic entities	1,544	-	-
State and governments bodies MX	-	-	-
Foreign banks	-	-	-
Other foreign entities	30,191	-	3,720
Forward	5,452,703	254,774	1,184,451
Futures	19,438	-	-
Swaps	9,452,021	129,488	470,771
Other, excluding options	-	-	-
Other assets	1,019,301	20,075	2,943
Delta options	159,021	3,752	-
Total Assets	**18,447,596**	**585,303**	**1,665,630**

Liabilities	USD	EUR	Others
Demand deposits	644,240	37,721	504
Term deposits	853,421	6,431	-
Saving accounts with deferred withdrawal	-	-	-
Savings accounts with unconditional withdrawal	-	-	-
Liabilities under agreements to repurchase	6,122	-	-
Loans and other liabilities contracted MN	5,476	-	-
Loans and other liabilities contracted MX	886,140	1,592	-
Letters of credit	-	-	-
Ordinary bonds	350,929	15,031	450,574
Subordinated bonds	-	-	-
Forward	5,745,396	278,811	1,186,509
Futures	19,340	-	-
Swaps	9,288,901	236,569	7,041
Other, excluding options	-	-	-
Other liabilities	245,530	18,609	520
Delta Options	136,769	-	-
Total Liabilities	**18,182,264**	**594,764**	**1,645,148**
Net	**265,332**	**(9,461)**	**20,482**

NOTE 35 - RISK MANAGEMENT. CONTINUED

As of December 31, 2016 (MCh$)

Assets	USD	EUR	Others
Cash	441,302	32,809	2,578
Commercial loans	2,025,710	27,943	651
Investments under agreement to resell	-	-	-
Commercial leasing operations	58,628	-	-
Mortgage loans LC	-	-	-
Mortgage loans MHE	-	-	-
Other mortgage loans	-	-	-
Residential leasing	-	-	-
Consumer loans	16,366	-	-
Consumer leasing	-	-	-
Commercial loans LCS	-	-	-
Consumer loans LCS	-	-	-
Central Bank of Chile	-	-	-
State of Chile	-	-	-
Domestic banks and financial institutions	-	-	-
Other domestic entities	1,618	-	-
State and governments bodies MX	-	-	-
Foreign banks	-	-	-
Other foreign entities	150,562	107,659	-
Forward	5,933,173	128,593	57,902
Futures	19,869	-	-
Swaps	10,133,742	112,798	98,348
Other, excluding options	-	-	-
Other assets	977,551	3,719	371
Delta options	81,860	-	473
Total Assets	**19,840,381**	**413,521**	**160,323**

Liabilities			
Demand deposits	679,829	44,752	581
Term deposits	937,044	6,519	-
Saving accounts with deferred withdrawal	-	-	-
Savings accounts with unconditional withdrawal	-	-	-
Liabilities under agreements to repurchase	7,377	-	-
Loans and other liabilities contracted MN	8,407	-	-
Loans and other liabilities contracted MX	1,019,354	944	-
Letters of credit	-	-	-
Ordinary bonds	737,748	14,924	96,173
Subordinated bonds	-	-	-
Forward	5,919,009	137,385	59,511
Futures	19,732	-	-
Swaps	10,227,777	216,304	-
Other, excluding options	-	-	-
Other liabilities	413,814	2,334	87
Delta options	12,221	-	473
Total Liabilities	**19,982,312**	**423,162**	**156,825**
Net	**(141,931)**	**(9,641)**	**3,498**

NOTE 35 - RISK MANAGEMENT. CONTINUED

Sensitivity of currency risk

The following tables detail the Bank's sensitivity against an increase and decrease of 10% in the Chilean peso against the relevant foreign currencies, 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents Management's assessment of reasonable possible changes in exchange rates.

The sensitivity analysis includes only outstanding monetary items denominated in foreign currencies and it adjusts its conversion at the end of the period, of which it reports a 10% change in the exchange rates. The sensitivity analysis includes external loans as well as loans to foreign operations with the Bank where the loan is denominated in a currency other than the functional currency of the lender or the borrower. A positive number below indicates an increase in earnings and other net equity when the Chilean peso goes up by 10%, compared to the corresponding currency.

In the case of a low of 10% of the Chilean peso against the relevant currency, a comparable impact on the earnings and other equity would be produced, and the amounts would be negative, as shown below.

NOTE 35 - RISK MANAGEMENT. CONTINUED

	As of September 30, 2017			
MCh$	Decrease 10%		Increase 10%	
Assets	**USD**	**EUR**	**USD**	**EUR**
Cash	64,966	28,725	79,403	35,109
Commercial loans	1,816,768	27,934	2,220,494	34,142
Investments under agreement to resell	-	-	-	-
Commercial leasing operations	52,088	-	63,663	-
Mortgage loans LC	-	-	-	-
Mortgage loans MHE	-	-	-	-
Other mortgage loans	-	-	-	-
Residential leasing	-	-	-	-
Consumer loans	18,916	-	23,120	-
Consumer leasing	-	-	-	-
Commercial loans LCS	-	-	-	-
Consumer loans LCS	-	-	-	-
Central Bank of Chile	-	-	-	-
State of Chile	129,302	102,833	158,035	125,685
Domestic banks and financial institutions	-	-	-	-
Other domestic entities	1,390	-	1,699	-
State and governments bodies MX	-	-	-	-
Foreign banks	-	-	-	-
Other foreing enties	27,172	-	33.210	-
Forward	4,907,432	229,296	5,997,973	280,251
Futures	17,494	-	21,382	-
Swaps	8,506,819	116,540	10,397,224	142,437
Other, excluding options	-	-	-	-
Other assets	917,371	18,068	1,121,231	22,083
Delta options	143,119	3,377	174,924	4,127
Total Assets	**16,602,837**	**526,773**	**20,292,358**	**643,834**

Liabilities	**USD**	**EUR**	**USD**	**EUR**
Demand deposits	579,816	33,949	708,663	41,493
Term deposits	768,079	5,788	938,763	7,074
Saving accounts with deferred withdrawal	-	-	-	-
Savings accounts with unconditional withdrawal	-	-	-	-
Liabilities under agreements to repurchase	5,510	-	6,734	-
Loans and other liabilities contracted MN	4,928	-	6,023	-
Loans and other liabilities contracted MX	797,526	1,433	974,754	1,751
Letters of credit	-	-	-	-
Ordinary bonds	315,836	13,527	386,022	16,534
Subordinated bonds	-	-	-	-
Forward	5,170,856	250,930	6,319,935	306,692
Futures	17,406	-	21,273	-
Swaps	8,360,011	212,912	10,217,791	260,226
Other, excluding options	-	-	-	-
Other liabilities	220,977	16,748	270,083	20,470
Delta options	123,092	-	150,446	-
Total Liabilities	**16,364,037**	**535,287**	**20,000,487**	**654,240**
Net	**238,800**	**(8,514)**	**291,871**	**(10,406)**

NOTE 35 - RISK MANAGEMENT. CONTINUED

	As of December 31, 2016			
MCh$	**Decrease 10%**		**Increase 10%**	
Assets	**USD**	**EUR**	**USD**	**EUR**
Cash	397,172	29,528	485,432	36,090
Commercial loans	1,823,139	25,149	2,228,281	30,738
Investments under agreement to resell	-	-	-	-
Commercial leasing operations	52,765	-	64,490	-
Mortgage loans LC	-	-	-	-
Mortgage loans MHE	-	-	-	-
Other mortgage loans	-	-	-	-
Residential leasing	-	-	-	-
Consumer loans	14,729	-	18,002	-
Consumer leasing	-	-	-	-
Commercial loans LCS	-	-	-	-
Consumer loans LCS	-	-	-	-
Central Bank of Chile	-	-	-	-
State of Chile	-	-	-	-
Domestic banks and financial institutions	-	-	-	-
Other domestic entities	1,456	-	1,780	-
State and governments bodies MX	-	-	-	-
Foreign banks	-	-	-	-
Other foreign entities	135,506	96,893	165,619	118,424
Forward	5,339,855	115,734	6,526,490	141,453
Futures	17,882	-	21,856	-
Swaps	9,120,368	101,519	11,147,116	124,078
Other, excluding options	-	-	-	-
Other assets	879,796	3,347	1,075,306	4,091
Delta options	73,674	-	90,046	-
Total Assets	**17,856,342**	**372,170**	**21,824,418**	**454,874**

Liabilities	**USD**	**EUR**	**USD**	**EUR**
Demand deposits	611,846	40,277	747,812	49,228
Term deposits	843,340	5,867	1,030,748	7,171
Saving accounts with deferred withdrawal	-	-	-	-
Savings accounts with unconditional withdrawal	-	-	-	-
Liabilities under agreements to repurchase	6,640	-	8,115	-
Loans and other liabilities contracted MN	7,566	-	9,248	-
Loans and other liabilities contracted MX	917,419	850	1,121,289	1,039
Letters of credit	-	-	-	-
Ordinary bonds	663,973	13,432	811,523	16,417
Subordinated bonds	-	-	-	-
Forward	5,327,108	123,647	6,510,910	151,124
Futures	17,759	-	21,705	-
Swaps	9,204,999	194,673	11,250,555	237,934
Other, excluding options	-	-	-	-
Other liabilities	372,432	2,101	455,195	2,567
Delta options	10,999	-	13,443	-
Total Liabilities	**17,984,081**	**380,847**	**21,980,543**	**465,480**
Net	**(127,739)**	**(8,677)**	**(156,125)**	**(10,606)**

NOTE 35 - RISK MANAGEMENT. CONTINUED

Limitations of sensitivity analysis

The above tables demonstrate the effect of a change in a key assumption while other assumptions remain the same. In fact, there is a correlation between the assumptions and other factors, It should also be noted that these sensitivities are non-linear, and larger and smaller impacts should not be interpolated or extrapolated from these results.

The sensitivity analyses do not take into account that the Bank's assets and liabilities are actively managed, moreover, the financial position of the Bank may vary at the time when an actual market movement occurs. For example, the strategy of financial risk management of the Bank seeks to manage the exposure to market fluctuations. As investment markets go through different trigger levels, management actions could include selling investments, changing the allocation of the investment portfolio and taking other protective measures.

Consequently, the actual impact of a change in the assumptions may not have any impact on the liabilities, whereas assets are held at market value on the interim consolidated statements of financial position. In these circumstances, the different measurement bases of assets and liabilities could result in volatility of equity.

Price risk - own products

The Bank is exposed to price risks of its products that are subject to general and specific fluctuations in the market.

The Bank manages price risk through the estimation of periodic stress tests, which establish various scenarios of adverse market conditions; on the other hand it has contingency plans that address mitigating actions in the corporation in order to face scenarios that expose the corporation to significant loss.

Other Price Risks

The price risk of equity is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to individual value and its issuer or factors affecting all actual market values.

The sensitivity analyses below have been determined based on the exposure to equity price at the period over which it is reported.

If equity prices had been 1% higher / lower:

Net income for the as of September 30, 2017 would not have been affected as the equity investments are classified as available for sale and no investment was expropriated or damaged; notwithstanding, the negative effect on equity would have been MCh$156,631, while in September 30, 2016 when the negative effect would have been MCh$130,289.

NOTE 35 - RISK MANAGEMENT. CONTINUED

f, Fair Value

The area of Market Risk is responsible for defining the methodologies of valuation of assets and liabilities measured at fair value, while operations are responsible for the implementation thereof. The fundamental principle of the task of fair value measurement is to determine the starting price of an asset or liability in an ordinary transaction in a representative market. But not only the accounting information depends on this assessment; risk indicators such as value-at-risk are also based on these prices, so that the implied volatility on any valuation model is also very relevant.

The following international accounting rules, are used - provided they are available- quotations or observable prices of identical assets or liabilities that are measurable. These are known as Level 1 Inputs Absent identical assets or liabilities, measurement is made based on observable prices. Interpolations are typically performed in this group in the case of derivatives and other instruments or matrix pricing models for fixed income instruments - this class is known as Level 2 inputs.

Finally, when it is not possible to rely on the above inputs, the measurement is performed based on inputs that are not directly observable on the market. These are the Level 3 Inputs Note 34 presents the classification of financial instruments according to the valuation hierarchy. Below is a brief explanation of that system.

Positions in foreign currency bonds Central Bank and futures contracts and other instruments traded on exchanges have very liquid markets where prices or prices for identical instruments are usually observable. These instruments are included in Level 1.

Even for liquid instruments, some markets require the existence of brokers to raise supply with demand and allow transactions to be carried out under those circumstances. Normally deposits and derivatives traded over-the-counter are in this segment. These have quotes from different broker, which guarantees the existence of market prices or inputs needed for valuation. Among derivatives instruments are currency forwards and interest rate forwards, interest rate swaps, cross-currency swap and foreign currency options. As usual for those instruments other than those listed, valuation techniques and interpolation curves that are standard in the market are used. Debt instruments are less liquid as some sovereign bonds, corporate bonds and mortgage securities of domestic issue, and are valued - unless there is available pricing - based on fair value models based on directly observable prices or market factors. All these instruments are classified in Level 2 valuation.

The base model for the valuation of fixed income securities without much liquidity in the local market is a dynamic model of interest rates using panel's incomplete data and incorporates all the recent price history of the papers in question and instruments with similar characteristics as to issuer risk rating, duration, etc. The fair value models used both internal and external are tested periodically and back testing audited by independent parties.

Finally, all instruments whose prices or market factors are not directly observable are classified in Level 3.

NOTE 35 - RISK MANAGEMENT. CONTINUED

g, Derivative instruments

As of September 30, 2017 the Bank had a net liability position of MCh$86,924 in derivative instruments measured at fair value. Derivatives are classified into two groups according to their accounting treatment: (1) instruments for trading and (2) instruments with special hedge accounting treatment. The trading instruments come from activities of Sales & Trading (S&T), whether from sales to third parties or hedging the risks involved in such sales. The areas responsible for Asset & Liability Management (ALM) also use derivatives to hedge their risks. They can follow the standard treatment for negotiation (trading) or have special hedge accounting treatment. The recording, according to current accounting standards, may reduce fluctuations in the value of assets and liabilities or cash flows.

The market risk associated with derivative instruments is measured by VaR and stress tests.

h. Counterparty risk

The Bank manages its counterparty risk by establishing a limit for transactions (credit line) to enter into with each customer in derivatives and recognizes the Credit Value Adjustment (CVA).

Use of line

The level of usage of the credit line approved by the Bank for each customer due to an over-the-counter (OTC) derivative transaction must match the credit exposure that this transaction generates to the Bank, The credit risks on these contracts exist when the recovery or mark-to-market (MTM) is positive in favour of the Bank. As these contracts are valued daily, in this there is uncertainty regarding the mark to market adjustment over the life of the operation.

Monte Carlo simulation techniques are used to estimate future peak exposures by counterparty. Specific counterparty limits ensure that the accepted risk levels are not exceeded and proper diversification is achieved. The table below details the level of usage of the credit line by segment as of September 30, 2017 and December 31, 2016.

Segment	September 30, 2017 MCh$	December 31, 2016 MCh$
Retail Banking	**3,664**	**3,782**
Retail banking	-	360
Small and Medium Enterprises	3,664	3,422
Wholesale Banking	**670,302**	**822,079**
Commercial banking	194,820	136,905
Corporate & Investment Banking Commercial Division	475,482	685,174
Corporate & Investment Banking Finance Division	**665,590**	**679,873**
Total	**1,339,556**	**1,505,734**

NOTE 35 - RISK MANAGEMENT. CONTINUED

Adjustment for credit risk in derivatives (CVA)

The objective is to determine the expected loss for counterparty risk in OTC derivative contracts. The CVA of a derivative is defined as the difference between the value of open derivative counterparty risk (equivalent to the original derivative without risk of default of either party) and the value of a derivative (which corresponds to the original derivative, which has an inherent risk) considering the possibility of counterparty default. Thus the CVA of a client can be obtained from the expected exposure (EE) for counterparty risk (how much is expected to lose) and the rate of expected loss (EL) associated with the default of the counterparty. The table below details the provision of CVA segment at the ended September 30, 2017 and December 31, 2016.

Credit Value Adjustment			
Segment	**September 30, 2017 MCh$**	**December 31, 2016 MCh$**	**Variation**
	MCh$	**MCh$**	**MCh$**
Retail Banking	**251**	**300**	**(49)**
Retail banking	-	-	-
Small and Medium Enterprises	251	300	(49)
Wholesale Banking	**20,472**	**13,895**	**6,577**
Commercial	4,302	3,704	598
Corporate & Investment Banking Commercial Division	16,170	10,191	5,979
Corporate & Investment Banking Finance Division	**169**	**569**	**(400)**
City National Bank	**96**	**-**	**96**
Total	**20,988**	**14,764**	**6,224**

i. Hedge accounting

The Bank uses hedge accounting to manage the risk of fair value and cash flow to which it is exposed.

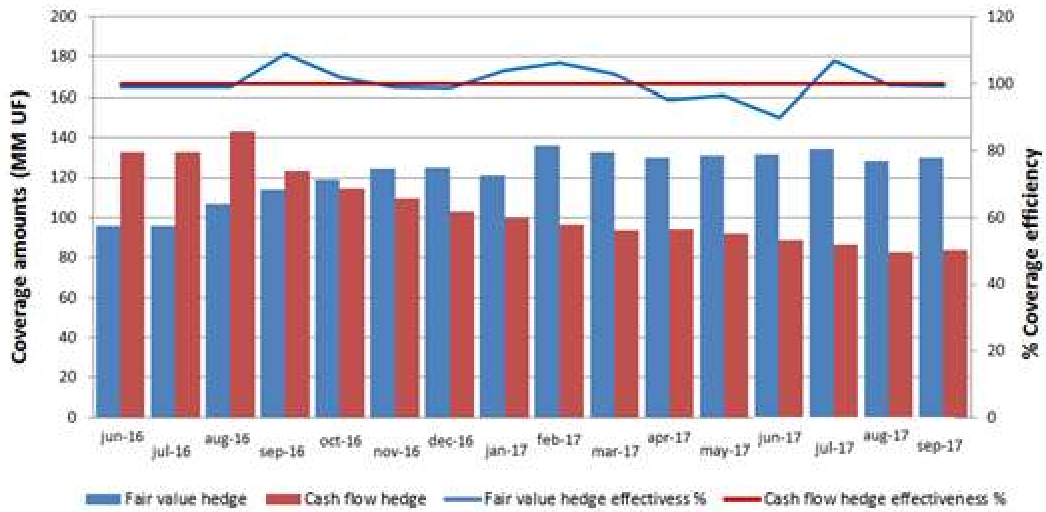
Fair value hedges use derivative instruments to hedge the change in fair value of an asset or liability in the Interim Consolidated Financial Statements.

Cash flow hedges effects meanwhile are recognized in equity. Treatment of this type of instrument strictly follows International Accounting Standard (“IAS”) 39. Financial Risk Management is responsible for designing and validating the effectiveness of the hedges, generating effectiveness indicators that are monitored and reported to ALCO.

As of September 30, 2017 the total notional amount of cash flow hedges amounted to UF 83,849,165 whereas fair value hedges reach UF 130,080,697 (including macro hedge).

NOTE 35 - RISK MANAGEMENT. CONTINUED

Fig, 19, Amount, Type and effectiveness of Hedge Accounting
As of September 30, 2017 (UF Millions)



CREDIT RISK

Risk Management structure

The Bank has structured its credit approval process on the basis of personal and non-delegable discretionary limits authorized by the Board of Directors. Based on these credit faculties, the operations are approved at the different levels of Management, always requiring the concurrence of two executives with discretionary limits.

As the amount of the operation increases, pairs of senior executives both from the commercial and risk areas and from the senior management committees must approve the operation, until reaching the highest level represented by approval from the Board of Director's Executive Committee.

Provisions for credit risk

According to the Superintendency of Banks and Financial Institutions (SBIF), the Banks should permanently maintain evaluations of their loans and contingent credit portfolios, in order to establish provisions opportunely and sufficiently, so as to cover possible losses, in accordance with the regulation of said Superintendency, contained on Compendium of Accounting Standards, chapter B1 referring to provisions for credit risk.

The Bank has a series of models both for the individual and the group portfolios, which are applied depending on the type of portfolio and operations. These models are approved by the Board of Directors, which is informed annually about the adequacy of the provisions.

NOTE 35 - RISK MANAGEMENT. CONTINUED

Models based on the individual analysis of borrowers

These models are applied when the companies involved, given their size, complexity or level of exposure with the entity, are required to be identified and analysed in detail, one by one.

These models consider the analysis of issues such as the financial situation of the borrower, payment behaviour, knowledge and experience of the partners and managers in the business, the degree of commitment of the same with the company and the industry in which it operates the company and the relative position of the company on this.

Quality of the loans by type of financial asset

Regarding the quality of the loans, these are described in accordance with the Compendium of Accounting Standards issued by the Superintendency of Banks and Financial Institutions (SBIF):

	As of September 30, 2017					
	Balance			Allowance		
Category	Loans and receivables from banks	Loans and receivables from customers	Total	Loans and receivables from banks	Loans and receivables from customers	Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
A1	61	220,273	220,334	-	78	78
A2	38,963	815,960	854,923	32	559	591
A3	133,742	2,096,508	2,230,250	293	2,516	2,809
A4	-	1,632,880	1,632,880	-	11,013	11,013
A5	-	1,592,378	1,592,378	-	8,923	8,923
A6	-	807,524	807,524	-	8,908	8,908
B1	-	261,616	261,616	-	7,805	7,805
B2	-	129,182	129,182	-	1,250	1,250
B3	-	76,071	76,071	-	10,407	10,407
B4	-	25,030	25,030	-	4,201	4,201
C1	-	82,940	82,940	-	1,659	1,659
C2	-	43,675	43,675	-	4,368	4,368
C3	-	126,415	126,415	-	31,604	31,604
C4	-	20,041	20,041	-	8,016	8,016
C5	-	10,354	10,354	-	6,730	6,730
C6	-	38,807	38,807	-	34,926	34,926
Collective assessment	-	10,305,976	10,305,976	-	218,570	218,570
Subsidiaries	28,296	5,477,532	5,505,828	57	39,283	39,340
Total	**201,062**	**23,763,162**	**23,964,224**	**382**	**400,816**	**401,198**

NOTE 35 - RISK MANAGEMENT. CONTINUED

	As of December 31, 2016					
	Balance			Allowance		
Category	Loans and receivables from banks	Loans and receivables from customers	Total	Loans and receivables from banks	Loans and receivables from customers	Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
A1	46	176,892	176,938	-	62	62
A2	60,689	880,874	941,563	50	626	676
A3	133,129	2,175,226	2,308,355	291	2,542	2,833
A4	382	1,742,152	1,742,534	7	11,640	11,647
A5	-	1,509,259	1,509,259	-	7,890	7,890
A6	225	681,805	682,030	20	6,212	6,232
B1	-	399,275	399,275	-	22,855	22,855
B2	-	173,152	173,152	-	9,414	9,414
B3	-	16,494	16,494	-	3,042	3,042
B4	-	19,932	19,932	-	3,217	3,217
C1	-	48,528	48,528	-	971	971
C2	-	67,317	67,317	-	6,732	6,732
C3	-	40,298	40,298	-	10,074	10,074
C4	-	10,984	10,984	-	4,393	4,393
C5	-	11,448	11,448	-	7,441	7,441
C6	-	26,065	26,065	-	23,459	23,459
Collective assessments	-	9,319,860	9,319,860	-	207,573	207,573
Subsidiaries	29,189	5,024,451	5,053,640	64	41,523	41,587
Total	**223,660**	**22,324,012**	**22,547,672**	**432**	**369,666**	**370,098**

The analysis of the age of past due loans by type of financial assets is the following,

	Less than 30 days		Between 31 and 89 days		90 days or more		Total	
	September 30, 2017 MCh$	December 31, 2016 MCh$	September 30, 2017 MCh$	December 31, 2016 MCh$	September 30, 2017 MCh$	December 31, 2016 MCh$	September 30, 2017 MCh$	December 31, 2016 MCh$
Loans and receivables from banks	-	-	-	-	-	-	-	-
Loans and receivables from customers	52,278	30,589	51,188	32,869	193,427	158,677	296,893	222,135
Total	**52,278**	**30,589**	**51,188**	**32,869**	**193,427**	**158,677**	**296,893**	**222,135**

NOTE 35 - RISK MANAGEMENT. CONTINUED

Maximum exposure to credit risk

The exposure to credit risk varies significantly and depends on both individual risks and general market economy risks.

As of September 30, 2017

	Maximum exposure	Allowance	Net exposure after allowances	Associated collateral	Net exposure
	MCh$	MCh$	MCh$	MCh$	MCh$
Trading portfolio financial assets	2,185,720	-	**2,185,720**	-	**2,185,720**
Loans and receivables to banks	201,062	(382)	**200,680**	-	**200,680**
Loans and receivables to customers, and credit commitments (1)	30,480,304	(420,517)	**30,059,787**	(9,986,100)	**20,073,687**
Financial investments available for sale	2,164,796	-	**2,164,796**	-	**2,164,796**
Financial investments held to maturity	831	-	**831**	-	**831**
Derivative financial agreements (2)	1,365,646	(21,704)	**1,343,942**	-	**1,343,942**

(1) In this line loans and receivables are included for an amount of MCh$23,763,162 (see Note 10) and credit commitments of MCh$6,717,142 (see Note 22). Reported collateral is legally pledged to the Bank and there is no uncertainty regarding its possible execution or settlement.
(2) For the year 2017 no collateral was provided in favour of the Bank.

As of December 31, 2016

	Maximum exposure	Allowance	Net exposure after allowances	Associated collateral	Net exposure
	MCh$	MCh$	MCh$	MCh$	MCh$
Trading portfolio financial assets	1,267,979	-	**1,267,979**	-	**1,267,979**
Loans and receivables to banks	223,660	(432)	**223,228**	-	**223,228**
Loans and receivables to customers, and credit commitments (3)	28,720,587	(389,845)	**28,330,742**	(9,605,164)	**18,725,578**
Financial investments available for sale	2,524,500	-	**2,524,500**	-	**2,524,500**
Financial investments held to maturity	872	-	**872**	-	**872**
Derivative financial agreements (4)	1,375,681	(15,434)	**1,360,247**	-	**1,360,247**

(3) In this line loans and receivables are included for an amount of MCh$22,324,012 (see Note 10) and credit commitments of MCh$6,396,575 (see Note 22). Reported collateral is legally pledged to the Bank and there is no uncertainty regarding its possible execution or settlement.
(4) For the year 2016 no collateral was provided in favour of the Bank.

Operational Risk

The Bank manages its operational risks through specific committees with the active participation of those responsible for the areas and processes. These committees are: a) committee for operational risks b) security of information and technological risk, c) continuity of business and d) externalized services. These committees meet periodically and their objective is overseeing the proper execution of programs for the identification and evaluation of risks, as well as managing the identification of causes in order to mitigate such risks.

NOTE 35 - RISK MANAGEMENT. CONTINUED

Information Security

The Bank has a security strategy based on the best practices of the industry which is sustained in the regulatory frame and whose main component is the General Policy for Information Security, approved by the Board of Directors Committee, an organization consisting of specialized areas, where the recent creation of a dedicated unit to manage cybersecurity risks is highlighted, adding to the existing units oriented to the administration and operation of security and focused on the administration and operation of security and the management of technological risks, and an Information Security Committee consisting of representatives of several areas of the Bank that monitor compliance with the annual plan of security and the approval of specific policies for security.

This strategy is implemented by various investments during 2017 in order to strengthen technological infrastructure and specific procedures of operation and monitoring of cybersecurity, oriented towards preventing, identifying and stop attacks on the information security of the clients and the Bank.

Business continuity

The continuity strategies developed during the last several years have been consolidated, adding new risk scenarios and increasing the coverage plan to the different units that need to continue operating in situations of contingency.

The Bank is constantly working on strengthening of its business continuity plan. Plan coverage has increased according to the requirements of the Bank, including the processes that are critical.

During 2017, significant investments have been made in order to strengthen information and communication technologies and improve the Bank's capacity to maintain the continuity of its services to clients and the community, in the face of contingency scenarios that may occur. At the same time, activities has been carried out for maintaining and improving business continuity including updating, testing and training of employees. The tests were carried out during working hours, with customer service in order to validate the effectiveness of the procedures and continuity strategies that were established, giving a constant and satisfactory customer service. Tests carried out involve the implementation of operational procedures, technological tests and drills.

Capital calculation according to Basel

The Bank has participated in the capital calculation exercises according to the standards of Basel II (QIS), a calculation integrating the operating risk with credit and market risks, as a global indicator of risk exposure, however, the Bank during 2017 and 2016 made the calculation of Operational Risk Capital under the Advanced Model and the Standard Model.

NOTE 36 - MATURITIES OF ASSETS AND LIABILITIES

As of September 30, 2017 and December 31, 2016, the breakdown of maturities of assets and liabilities is as follows:

September 30, 2017	Current	Up to 1 Month	Between 1 and 3 months	Between 3 and 12 months	Subtotal up to 1 year	Between 1 and 5 years	More than 5 years	Subtotal over 1 year	Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Assets									
Cash and deposits in banks	1,442,732	-	-	-	1,442,732	-	-	-	**1,442,732**
Items in course of collection	303,438	-	-	-	303,438	-	-	-	**303,438**
Trading portfolio financial assets	-	2,185,720	-	-	2,185,720	-	-	-	**2,185,720**
Investments under agreement to resell	-	114,264	40,166	34,444	188,874	-	-	-	**188,874**
Derivative financial agreements	-	225,687	82,295	175,478	483,460	420,884	439,598	860,482	**1,343,942**
Loans and receivables to banks (*)	-	37,465	53,513	98,518	189,496	11,566	-	11,566	**201,062**
Loans and receivables to customers (**)	-	2,314,585	1,778,195	3,672,440	7,765,220	7,781,885	8,009,577	15,791,462	**23,556,682**
Financial investments available for sale	-	77,861	33,836	88,090	199,787	271,334	1,693,675	1,965,009	**2,164,796**
Investment investments held to maturity	-	-	-	-	-	-	831	831	**831**
Total assets	**1,746,170**	**4,955,582**	**1,988,005**	**4,068,970**	**12,758,727**	**8,485,669**	**10,143,681**	**18,629,350**	**31,388,077**
Liabilities									
Current accounts and demand deposits	9,001,384	-	-	-	9,001,384	-	-	-	**9,001,384**
Items in course of collection	166,963	-	-	-	166,963	-	-	-	**166,963**
Liabilities under agreements to repurchase	-	232,137	148,989	152,373	533,499	10,965	421	11,386	**544,885**
Term deposits and saving accounts	-	4,465,199	2,564,819	3,275,060	10,305,078	546,776	16	546,792	**10,851,870**
Derivative financial agreements	-	243,879	71,629	205,992	521,500	465,622	443,744	909,366	**1,430,866**
Borrowings from financial institutions	-	906,513	401,623	193,819	1,501,955	148,428	-	148,428	**1,650,383**
Debt issued	-	49,479	240,005	304,668	594,152	1,713,363	2,319,842	4,033,205	**4,627,357**
Other financial liabilities	-	765,246	640	397	766,283	28,018	1,191	29,209	**795,492**
Total liabilities	**9,168,347**	**6,662,453**	**3,427,705**	**4,132,309**	**23,390,814**	**2,913,172**	**2,765,214**	**5,678,386**	**29,069,200**

(*) Gross values.
(**) Excludes provisions and amounts whose maturity date has already passed.

NOTE 36 - MATURITIES OF ASSETS AND LIABILITIES. CONTINUED

December 31, 2016	Current	Up to 1 Month	Between 1 and 3 months	Between 3 and 12 months	Subtotal up to 1 year	Between 1 and 5 years	More than 5 years	Subtotal over 1 year	Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Assets									
Cash and deposits in banks	1,577,565	-	-	-	1,577,565	-	-	-	1,577,565
Items in course of collection	264,265	-	-	-	264,265	-	-	-	264,265
Trading portfolio financial assets	-	1,267,979	-	-	1,267,979	-	-	-	1,267,979
Investments under agreement to resell	-	72,562	25,246	18,653	116,461	-	-	-	116,461
Derivative financial agreements	-	223,339	75,906	130,371	429,616	449,473	481,158	930,631	1,360,247
Loans and receivables to banks (*)	-	36,668	61,748	125,244	223,660	-	-	-	223,660
Loans and receivables to customers (**)	-	1,959,620	1,656,793	3,758,937	7,375,350	7,656,293	7,126,616	14,782,909	22,158,259
Financial investments available for sale	-	119,188	11,441	104,887	235,516	741,299	1,547,685	2,288,984	2,524,500
Investment investments held to maturity	-	-	-	-	-	-	872	872	872
Total assets	**1,841,830**	**3,679,356**	**1,831,134**	**4,138,092**	**11,490,412**	**8,847,065**	**9,156,331**	**18,003,396**	**29,493,808**
Liabilities									
Current accounts and demand deposits	8,194,263	-	-	-	8,194,263	-	-	-	8,194,263
Items in course of collection	132,507	-	-	-	132,507	-	-	-	132,507
Liabilities under agreements to repurchase	-	790,518	8,918	408	799,844	-	-	-	799,844
Term deposits and saving accounts	-	3,948,454	2,741,741	2,926,696	9,616,891	338,755	2,042	340,797	9,957,688
Derivative financial agreements	-	256,188	47,362	175,735	479,285	489,225	451,576	940,801	1,420,086
Borrowings from financial institutions	-	364,380	357,058	668,922	1,390,360	258,404	-	258,404	1,648,764
Debt issued	-	2,128	368	617,406	619,902	1,576,034	2,202,494	3,778,528	4,398,430
Other financial liabilities	-	914,963	1,129	1,722	917,814	33,336	2,096	35,432	953,246
Total liabilities	**8,326,770**	**6,276,631**	**3,156,576**	**4,390,889**	**22,150,866**	**2,695,754**	**2,658,208**	**5,353,962**	**27,504,828**

(*) Gross values.
(**) Excludes provisions and amounts whose maturity date has already passed.

NOTE 37 - FOREIGN CURRENCY

The Interim Consolidated Statements of Financial Position as of September 30, 2017 and December 31, 2016 include assets and liabilities in foreign currencies or indexed to the variation in the exchange rate disclosed in column "in Chilean Pesos") according to the following detail:

	In foreign currency		In Chilean Pesos		Total	
	September 30, 2017	December 31, 2016	September 30, 2017	December 31, 2016	September 30, 2017	December 31, 2016
ASSETS	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Cash and deposits in banks	842,640	792,953	600,092	784,612	1,442,732	1,577,565
Items in course of collection	102,569	73,369	200,869	190,896	303,438	264,265
Trading portfolio financial assets	339,103	25,075	1,846,617	1,242,904	2,185,720	1,267,979
Investments under agreement to resell	-	-	188,874	116,461	188,874	116,461
Derivative financial agreements	10,541	8,918	1,333,401	1,351,329	1,343,942	1,360,247
Loans and receivables to banks, net	200,680	223,228	-	-	200,680	223,228
Loans and receivables to customers, net	6,738,216	6,260,834	16,624,130	15,693,512	23,362,346	21,954,346
Financial investments available for sale	1,850,643	1,714,524	314,153	809,976	2,164,796	2,524,500
Financial investments held to the maturity	831	872	-	-	831	872
Investments in other companies	-	60,032	206,903	127,926	206,903	187,958
Intangible assets	2,629	2,284	163,571	175,232	166,200	177,516
Property, plant and equipment	42,656	53,165	226,678	226,331	269,334	279,496
Current income tax	-	-	-	33,625	-	33,625
Deferred income taxes	81,848	103,794	104,199	94,300	186,047	198,094
Other assets	402,584	400,487	336,211	285,643	738,795	686,130
TOTAL ASSETS	**10,614,940**	**9,719,535**	**22,145,698**	**21,132,747**	**32,760,638**	**30,852,282**
LIABILITIES						
Current accounts and demand deposits	4,569,017	3,868,836	4,432,367	4,325,427	9,001,384	8,194,263
Items in course of collection	120,265	85,312	46,698	47,195	166,963	132,507
Liabilities under agreements to repurchase	159,652	211,893	385,233	587,951	544,885	799,844
Term deposits and saving accounts	2,499,726	2,458,090	8,352,144	7,499,598	10,851,870	9,957,688
Derivative financial agreements	7,817	6,418	1,423,049	1,413,668	1,430,866	1,420,086
Borrowings from financial institutions	1,408,164	1,281,362	242,219	367,402	1,650,383	1,648,764
Debt issued	814,038	1,205,655	3,813,319	3,192,775	4,627,357	4,398,430
Other financial liabilities	743,067	889,919	52,425	63,327	795,492	953,246
Current income tax	739	2,378	436	-	1,175	2,378
Deferred income taxes	-	-	97,832	55,655	97,832	55,655
Provisions	29,303	24,018	218,207	239,477	247,510	263,495
Other liabilities	103,190	89,762	529,765	417,487	632,955	507,249
TOTAL LIABILITIES	**10,454,978**	**10,123,643**	**19,593,694**	**18,209,962**	**30,048,672**	**28,333,605**

NOTE 38 - SUBSEQUENT EVENTS

Between October 1, 2017 and the date of issuance of these Interim Consolidated Financial Statements, there have been no subsequent events which may have impact on the presentation of these Interim Consolidated Financial Statements.

Juan Gerter Calderón	Ignacio Yarur Arrasate
Corporate Accounting Manager	Acting Chief Executive Officer