Banco de Crédito e Inversiones

US$4,000,000,000 Medium Term Notes Program

Banco de Crédito e Inversiones (the "Issuer", the "Bank" or "Bci") has prepared this prospectus supplement (the "Prospectus Supplement") in connection with its US$4,000,000,000 Medium-Term Notes Program (the "Program") under which the Bank may issue Medium Term Notes (the "Notes") from time to time. The Bank has also prepared a prospectus dated June 9, 2021 (the "Base Prospectus") which has been approved as a base prospectus for the purpose of Article 8 of Regulation (EU) 2017/1129, as amended (the "Prospectus Regulation") by the *Commission de Surveillance du Secteur Financier* (the "CSSF") for use in connection with the issuance of Notes under the Program. The CSSF in its capacity as competent authority under the Prospectus Regulation has approved this Prospectus Supplement as a supplement within the meaning of Article 23(1) of the Prospectus Regulation. The purpose of this Prospectus Supplement is to amend and update the Base Prospectus in connection with the offering of the Notes with financial and other information as of and for the six months ended June 30, 2021. Save as disclosed in this Prospectus Supplement, there has been no other significant new factor, material mistake or inaccuracy since the publication of the Base Prospectus. This Prospectus Supplement should be read in conjunction with the Base Prospectus.

No person is or has been authorized to give any information or to make any representations, other than those contained in this Prospectus Supplement, in connection with the Program or the issue and sale of the Notes and, if given or made, such information or representations must not be relied upon as having been authorized by Bci. Neither the delivery of this Prospectus Supplement nor any sale made hereunder shall, under any circumstances, create any implication that the information herein is correct as of any time subsequent to the date hereof.

Neither the Base Prospectus nor this Prospectus Supplement constitutes an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of the Base Prospectus, this Prospectus Supplement (or any part thereof) or any Final Terms and the offer or sale of Notes may be restricted by law in certain jurisdictions. Neither the Bank nor any of the Dealers represent that the aforementioned documents may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Bank or the Dealers which would permit a public offering of any Notes in any jurisdiction other than each Member State of the EEA as at the date of this Prospectus Supplement or distribution of this document in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither the Base Prospectus, this Prospectus Supplement nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession the Base Prospectus, this Prospectus Supplement or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of the Base Prospectus, this Prospectus Supplement and the offering and sale of Notes. In particular, there are restrictions on the distribution of the Base Prospectus, this Prospectus Supplement and the offer or sale of Notes in the United States, the United Kingdom, the EEA (and, in particular, in France, Italy and the Netherlands), Japan, People's Republic of China, Hong Kong, Singapore, Australia, Switzerland, Dubai, United Arab Emirates, Brazil, Peru, Chile and Canada (See "Transfer and Selling Restrictions" in the Base Prospectus).

In making an investment decision, investors must rely on their own examination of the Bank and the terms of the Notes being offered, including the merits and risks involved. The Notes have not been approved or disapproved by the United States Securities and Exchange Commission or any other securities commission or other regulatory authority in the United States, nor have the foregoing authorities approved the Base Prospectus, this Prospectus Supplement or confirmed the accuracy or the adequacy of the information contained in the Base Prospectus or this Prospectus Supplement. Any representation to the contrary is unlawful. By approving this Prospectus Supplement, the CSSF gives no undertaking as to the economic and financial soundness of the operation or the quality or solvency of the Issuer.

In particular, the Notes have not been and will not be registered under the United States Securities Act of 1933 (as amended) (the "Securities Act") and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons unless the Notes are registered under the Securities Act or an exemption from the registration requirements of the Securities Act is available. See “Description of the Notes—Form of Notes” in the Base Prospectus for a description of the manner in which Notes will be issued. Registered Notes (as defined under “Description of the Notes—Form of Notes—Registered Notes” in the Base Prospectus) are subject to certain restrictions on transfer (see “Transfer and Selling Restrictions” in the Base Prospectus). Registered Notes may be offered or sold within the United States only to QIBs (as defined under “Description of the Notes—Form of Notes” in the Base Prospectus) in transactions exempt from registration under the Securities Act (see “U.S. Information” in the Base Prospectus). Any Notes offered under the Program are not FDIC insured.

Unless the context otherwise requires, terms defined in the Base Prospectus shall have the same meaning when used in this Prospectus Supplement.

This Prospectus Supplement will be published in electronic form on the website of the Luxembourg Stock Exchange (www.bourse.lu).

See “Risk Factors” in the Base Prospectus as well as the relevant update included herein for a discussion of certain important risks that should be considered in connection with Notes which may be offered under the Program.

The following sections update the information set forth in the Base Prospectus. To the extent there is any inconsistency between (a) any statement in this Prospectus Supplement and (b) any other statement in the Base Prospectus prior to the date of this Prospectus Supplement, the statements in this Prospectus Supplement will prevail. Headings referred to in the following sections refer to corresponding sections in the Base Prospectus, and if such sections contain no such heading, to new information concerning the Program and the Bank.

RESPONSIBILITY STATEMENT

Bci, with its registered office in Santiago, Chile, is solely responsible for the information given in this Prospectus Supplement. Bci hereby declares that to the best of its knowledge, having taken reasonable care to ensure that such is the case, the information contained in this Prospectus Supplement is in accordance with the facts and contains no omission likely to affect the import of such information.

TABLE OF CONTENTS

Page

IMPORTANT INFORMATION

This Prospectus Supplement should be read and understood in conjunction with the Base Prospectus, provided that, to the extent there is any inconsistency between (a) any statement in this Prospectus Supplement and (b) any other statement in the Base Prospectus prior to the date of this Prospectus Supplement, the statements in this Prospectus Supplement will prevail. Full information on the Issuer and any Notes issued under the Program is only available on the basis of the combination of this Prospectus Supplement, the Base Prospectus and the relevant Final Terms.

No person is or has been authorized to give any information or to make any representations, other than those contained in this Prospectus Supplement and the Base Prospectus, in connection with the Program or the issue and sale of the Notes and, if given or made, such information or representations must not be relied upon as having been authorized by Bci. Neither the delivery of this Prospectus Supplement, the Base Prospectus, nor any sale made hereunder shall, under any circumstances, create any implication that the information herein is correct as of any time subsequent to the date hereof.

Neither this Prospectus Supplement, the Base Prospectus, nor any other information supplied in connection with the Program or any Notes should be considered as a recommendation by the Issuer or any of the Dealers that any recipient of this Prospectus Supplement, the Base Prospectus, or any recipient of any other information supplied in connection with the Program or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Prospectus Supplement, the Base Prospectus, nor any other information supplied in connection with the Program or the issue of any Notes constitutes an offer or invitation by or on behalf of either Issuer or any of the Dealers to subscribe for or to purchase any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction.

RISK FACTORS

The following section supplements "Risk Factors" beginning on page 3 of the Base Prospectus.

Prospective purchasers of Notes under the Program should carefully consider the risks described below and should also read and consider the risk factors set forth in the Base Prospectus, as well as the other information in this Prospectus Supplement, before deciding to purchase any Notes. Our business, results of operations, financial condition or prospects could be negatively affected if any of these risks occurs, and, as a result, the trading price of the Notes could decline and you could lose all or part of your investment. See also "Cautionary Disclosure Regarding Forward-Looking Statements" beginning on page xi of the Base Prospectus.

The following risk factor replaces the risk factor "Our results of operations are affected by interest rate volatility" on page 3 of the Base Prospectus.

Our results of operations are affected by interest rate volatility.

Our results of operations depend to a great extent on our net interest income. Net interest income represented 68.1% of our operating income in 2018, 69.9% in 2019, 71.8% in 2020, 61.9% in the six months ended June 30, 2020 and 81.7% in the six months ended June 30, 2021. Changes in market interest rates could affect the interest rates earned on our interest-earning assets differently from the interest rates paid on our interest-bearing liabilities, leading to a reduction in our net interest income. In addition, increases in interest rates could increase the debt service obligations of our customers and result in higher levels of impaired loans.

Interest rates are highly sensitive to many factors beyond our control, including the reserve policies of the Central Bank of Chile, deregulation of the financial sector in Chile, domestic and international economic and political conditions, among other factors. In the current economic climate, there is a greater degree of uncertainty and unpredictability in the policy decisions and the setting of interest rates by the Central Bank of Chile.

Global macroeconomic conditions have deteriorated as a result of the expansion of the coronavirus (COVID-19) pandemic and the associated financial turmoil, which has negatively affected and continues to negatively affect households, businesses and the economy. In response to these developments, central banks have adopted significant monetary stimulus aimed to facilitating the provision of liquidity and the normal functioning of credit markets. On March 16, 2020, the Central Bank of Chile announced a reduction of 75 basis points in the monetary policy interest rate bringing it down to 1%, and on March 31, 2020, the Central Bank of Chile announced a further reduction in the monetary policy interest rate to 0.5%, a technical minimum. In 2021, as economic activity resumed, the Central Bank of Chile began to gradually phase out monetary stimulus. On August 28, 2021, as inflation levels increased in Chile and the region, the Central Bank of Chile announced that in order to curb inflation it would double the benchmark interest rate from 0.75% to 1.5%.

Any changes in interest rates could adversely affect our business, our future financial performance and the price of our securities. The following table shows the monetary policy interest rate as reported by the Central Bank of Chile at the dates indicated.

Date	Average Monetary Policy Interest Rate (%)
December 31, 2011	4.7
December 31, 2012	5.0
December 31, 2013	4.9
December 31, 2014	3.7
December 31, 2015	3.1
December 31, 2016	3.5
December 31, 2017	2.7
December 31, 2018	2.6
December 31, 2019	2.4
December 31, 2020	0.79
June 30, 2021	0.79
September 25, 2021	1.5

Source: Central Bank of Chile.

The following risk factor replaces the risk factor "The spread of the novel coronavirus disease, or COVID-19, is currently having a significant adverse impact on the world economy of a magnitude that is not yet determinable, and the rapid development and fluidity of this situation precludes any prediction as to the ultimate adverse impact to us of COVID-19" on page 18 of the Base Prospectus.

The spread of the novel coronavirus disease, or COVID-19, is currently having a significant adverse impact on the world economy of a magnitude that is not yet determinable, and the rapid development and fluidity of this situation precludes any prediction as to the ultimate adverse impact to us of COVID-19.

The novel strain of the SARS-CoV-2 virus, which causes the disease known as "COVID-19," was first identified in Wuhan, China in December 2019 and has spread around the world, including in Chile, the rest of the countries in Latin America, and the United States. On March 11, 2020, the World Health Organization declared COVID-19 a pandemic, and on March 13, 2020 the United States declared a national emergency with respect to COVID-19. In an effort to prevent the virus from spreading, governments around the world have implemented strategies that restrict social gathering and promote social distancing, such as quarantines, travel restrictions, and closing of schools, workplaces, stadiums, theaters and shopping centers, among others. These measures have had dramatic adverse consequences for the global economy, including demand, operations, supply chains and financial markets. The magnitude and scope of the effects of the pandemic have been significant, though they continue to be difficult to evaluate and predict. The disruption of the global economy, which is expected to continue at least in the near term, the global economic recession, including its effects in Latin America and Chile, the potential interruptions to our operations and the significant volatility and negative pressure in the financial markets as a result of the COVID-19 pandemic may have a significant adverse impact on our business, including affecting the timing of our collections as well as the value of our investment portfolio. Furthermore, if the impact of the COVID-19 pandemic continues for an extended period of time, it could adversely affect our ability to operate our business and may have a negative impact on our revenues.

Governmental and non-governmental organizations may not be effective in combatting the spread and severity of COVID-19. On March 18, 2020, the Chilean government decreed a constitutional state of emergency, providing for restrictions in meetings and ensuring the distribution of food and services. Additionally, the Chilean government launched a US$11.7 billion economic rescue package as a response to the general shutdown. The aid package provided for protection to workers' income and tax relief for small and medium-sized enterprises. On March 16, 2020, the Central Bank of Chile announced a reduction of 75 basis points in the monetary policy interest rate, bringing it down to 1%, and on March 31, 2020, the Central Bank of Chile announced a further reduction in the monetary policy interest rate to the current level of 0.5%. The Central Bank of Chile also announced loan facilities to banks, and a buyback program for bonds issued by financial institutions. On May 29, 2020 the International Monetary Fund approved a two-year Flexible Credit Line Arrangement for Chile in an amount equivalent to SDR 17.443 billion (about US$23.93 billion). On June 24, 2020 the Central Bank of Chile announced that it obtained access to the Temporary Foreign and International Monetary Authorities (FIMA) Repo Facility. Fiscal and monetary authorities in Chile have continued to deliver several economic packages aid to households and companies, in response to the evolution of the pandemic and its subsequent impact over economic activity. In January 2021, the Central Bank of Chile announced a complementary line for liquidity to banks which would disburse remaining amounts under the 2020 programs equivalent to US$10,000 million. Additionally, on June 14, 2020 the Chilean government announced a US$12.0 billion program in social aid, which seeks to mitigate the social and economic impact of the pandemic over the next two years. In March 2021, the Chilean government announced an extension of the rescue package until June, representing a 50% increase in amount of aid, to US$18.0 billion, or 2% of Chile's GDP. The emergency family income (or "IFE") involves a monthly payment of Ch$100,000 (US$142) per household member and covers 13 million Chileans. In June 2021, the Chilean government expanded the emergency aid program once more, and during August the program was extended until December 2021. On March 27, 2020, the United States Congress passed, and the President of the United States signed into law, the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), which provided an over $2.0 trillion stimulus package to certain businesses and individuals affected by the novel COVID-19 emergency. The CARES Act enables direct payments to individuals and companies whose livelihoods and businesses have been affected by the pandemic, extends jobless benefits and offers loans and tax breaks to companies. On December 27, 2020, the Consolidated Appropriations Act of 2021 ("CAA") was enacted to provide further relief measures in response to the COVID-19 pandemic. The CAA, among other things, temporarily extends through December 31, 2025, certain expiring tax provisions, including look-through treatment of payments of dividends, interest, rents and royalties received or accrued from related controlled foreign corporations, and further extends certain provisions originated within the CARES Act, including an extension of time for repayment of the deferred portion of employees' payroll tax through December 31, 2021.

Additionally, in the context of the pandemic, three laws were enacted in 2020 and 2021 (Law No. 21,248, Law No. 21,295 and Law No. 21,330) which exceptionally allowed contributors, including retirees, to withdraw up to 10% of the funds accumulated in the individual capitalization account of each contributor with a cap of 150 UF (US$5,600 approximately) and with a minimum of 35 UF (US$1,300 approximately). It has been estimated that approximately US$49 billion has been withdrawn from private pension funds in these three rounds. A fourth round of early withdrawals is being discussed in the Chilean Congress. A lower house committee approved the bill on September 2, 2021, and the text is expected to go to the Chamber of Deputies and later to the Senate. A further round of withdrawals could exacerbate existing inflationary pressure, which could adversely affect the Chilean economy, and thereby our business, financial condition and results of operation.

The magnitude and duration of the pandemic and its impact on our business, results of operations, financial position, and cash flows is uncertain as this continues to evolve globally. The duration of the COVID-19 pandemic and the efficacy of the measures being put in place to address it are unknown. However, even after the outbreak of COVID-19 is controlled, the Chilean economy may continue to experience a recession, which would have a material and adverse effect on our business, results of operations, financial position, and cash flows.

The following risk factor replaces the risk factor "Our growth and profitability depend on the level of economic activity in Chile and elsewhere" on page 19 of the Base Prospectus.

Our growth and profitability depend on the level of economic activity in Chile and elsewhere.

A substantial amount of our loans are to borrowers doing business in Chile. Accordingly, the recoverability of these loans in particular, our ability to increase the amount of loans outstanding and our results of operations and financial condition in general, are dependent to a significant extent on the level of economic activity in Chile. The Chilean economy has been influenced, to varying degrees, by economic conditions in other countries, especially the United States and China. Changes in Chilean economic growth in the future or developments affecting the Chilean economy, including consequences from a monetary policy normalization in the United States or a deceleration of economic growth in China or other developed nations to which Chile exports a majority of its goods, could materially and adversely affect our business, financial condition or results of operations.

According to data published by the Central Bank of Chile, the Chilean economy grew at a rate of 3.9% and 1.1% in 2018 and 2019, respectively, and contracted at a rate of 5.8% in 2020. Historically, lower economic growth has adversely affected the overall asset quality of the Chilean banking system and our loan portfolio. The table below shows the risk index of the banks comprising the Chilean financial system according to information published by the former SBIF and the CMF:

Year Ended	**Risk Index(1)**
December 31, 2016	2.5%
December 31, 2017	2.5%
December 31, 2018	2.4%
December 31, 2019	2.6%
December 31, 2020	2.7%

(1) Provisions divided by total loans.

Although economic conditions are different in each country, investors' reactions to economic and political developments in one country may affect the prices of the securities of issuers in other countries, including Chile. For example, the 1994 devaluation of the Mexican peso, the 1997 crisis in the Asian markets, the 1998 crisis in Russia, the 1999 devaluation of the Brazilian real had a significant impact on the Chilean stock market. More recently, the 2008 housing crisis in the United States and the concerns over the sovereign debt obligations of several European countries (including Greece, Portugal, Spain, Ireland, and to a lesser extent, Italy) in the second half of 2011 and 2012 caused a slowdown in world economic growth and a significant fall in copper prices which, together with significant tax and social reforms, diminished both investment and consumption in Chile. In 2018, Chile's GDP growth was 4.0% due to an increase in household consumption and fixed investment, together with an increase in investment in mining and improved performance in the services section. In 2019, GDP growth was 1.1% due to consumption of services and investment in construction, partially offset by a decrease in activity levels as a result of social unrest during the second half of 2019. In 2020, GDP fell 5.8 largely due to the COVID-19 pandemic. The second quarter of 2020 showed the most severe contraction in modern history of Chile. Mobility restrictions and a subsequent lower economic activity led to a sharp recession in the following quarters, but the economy started to gradually recover in the last quarter of 2020, boosted by private consumption and exports. Following a rapid recovery of the Chilean economy and record highs in the price of copper during the first quarter of 2021, in September 2021 the Central Bank of Chile revised upwards its predicted growth range for 2021 GDP to 10.5% to 11.5% from a previous estimate of 8.5% to 9.5%.

Furthermore, the Chilean economy could face several risk scenarios in the coming years, in addition to the pandemic crisis and sanitary conditions. On the internal side, the biggest risks are associated with the evolution of business sentiment and private direct investment, in the context of a volatile political and social situation. Additionally, the central region of Chile has experienced low rainfall for the tenth consecutive year. The central region of Chile concentrates most of the country's agricultural output, which represents an important percentage of the economy. If low rainfall conditions persist, Chile's economy may be adversely affected.

In the foreign markets, one of our greatest concerns has been the continuance of the trade war between the United States and China, with important consequences over international trade, as well as the evolution of the Chinese economy and the impact that a slowdown would have on the price of copper. Moreover, we cannot predict the international trade policies of the new-elected government in the U.S. Copper exports to China account for approximately 40% of the total Chilean exports and about 6% of tax revenues are related to the value of this commodity in 2020. Persistent declines in the price of copper would be a problem for the country because they would require an adjustment of public spending and would adversely affect investment in the Chilean mining sector, which has been a major source of growth in recent years. A second external risk is related to a faster-than-expected increase in international interest rates and the subsequent adjustment of investment portfolios and capital flows, which would adversely affect the Chilean economy. This situation would negatively affect the Chilean economy because of the reduced availability of external funds as well as the effects that a large depreciation of the peso would have on inflation; a phenomenon that would hamper the work of the Central Bank of Chile.

The United Kingdom left the European Union (the "EU") ("Brexit") on January 31, 2020, subject to a transitional period which ended December 31, 2020, during which the United Kingdom and the EU were to negotiate the terms of their future trading relationship during the transitional period. On December 24, 2020, negotiators representing the United Kingdom and the EU came to a preliminary trade agreement, which was subsequently ratified by the UK Parliament and by the European Parliament. The impact of Brexit on our results of operations is unclear. Brexit may adversely affect the economic conditions in the United Kingdom, the EU and global markets by reduced growth and increasing volatility. Such volatility and negative economic impact could, in turn, adversely affect the value and trading of our securities.

In addition, the COVID-19 outbreak continues to have significant adverse impact on the world economy of a magnitude that is not yet determinable. See "—The spread of the novel coronavirus disease, or COVID-19, is currently having a significant adverse impact on the world economy of a magnitude that is not yet determinable, and the rapid development and fluidity of this situation precludes any prediction as to the ultimate adverse impact to us of COVID-19."

A deterioration in global business and economic conditions, which may erode consumer and investor confidence levels or increased volatility of global financial markets, also could adversely affect financial results for our fee-based businesses, including our financial planning products and services.

In addition, we also have material loan exposure to borrowers doing business in certain foreign countries. As a result, adverse political or economic developments in one or more of such countries where we have material credit exposure could have a material adverse effect on the quality of our loan portfolio. Furthermore, crisis and political uncertainty in other Latin American countries may have an adverse effect on Chile's economic activity, the price of our securities or our business. See below "—The Chilean economy is influenced by developments in other Latin American and emerging market countries."

The following risk factor replaces the risk factor "Chile's banking regulatory and capital markets environment is continually evolving, and new regulation of the financial services industry in Chile could increase our costs and result in lower profits" on page 23 of the Base Prospectus.

Chile's banking regulatory and capital markets environment is continually evolving, and new regulation of the financial services industry in Chile could increase our costs and result in lower profits.

Changes in banking regulations may materially and adversely affect our business, financial condition and results of operations. Chilean laws, regulations, policies and interpretations of laws relating to the banking sector and financial institutions are continually evolving and changing.

In 2007, new regulations governing the Chilean capital markets were approved (*Reformas al Mercado de Capitales II*, also known as "**MK2**"). These regulations, among other things, modified certain provisions set forth in the General Banking Law. Under *Reformas al Mercado de Capitales II*, the limit on the amount that a bank is allowed to grant as an unsecured loan to a single individual or entity was increased to 10% of our regulatory capital (and up to 30% of our regulatory capital if any loans granted in excess of the 10% is secured by collateral). Previously, these limits were set at 5% and 25%, respectively. Although any such increase may increase our lending activity, it may also increase the risks associated with the growth of our loan portfolio and increase competition as the number of banks that can compete in the corporate segment increases.

The Chilean Congress passed a bill on June 1, 2010 that aims to increase securities trading in Chile, Latin America's third-biggest securities market, by allowing trading of new instruments such as exchange-traded funds and guaranteed bonds. The bill also seeks to improve access to credit for consumers and small companies. For example, the bill makes it easier for foreign banks to offer loans in Chile, reduces securitization costs, allows banks to sell bonds backed by mortgages, offers tax breaks to foreign investors in Chilean mutual funds and strikes down a law that prevented foreign banks from advertising loans. The bill also aims to reduce the cost of setting up mutual funds, in part by removing limits on employing non-Chileans, and creates an exchange-traded funds industry by modifying mutual fund rules to allow secondary trading and enable pension funds to invest in such mutual funds. The new class of bonds that would be authorized by the law, known as "mortgage bonds", will be backed by the debt of the company that sells them as well as by a pool of mortgages, as is the case with European covered bonds. Unlike guaranteed bonds, they may be issued by banks and non-banks. In addition, Law No. 20,448, enacted in August 2010, allows non-Chilean banks with representative offices in Chile to offer their credit products to customers directly. This change further increased competition by increasing the number of banks that can compete directly in Chile.

In 2010, the government promoted another package of reforms, the Financial Market Reforms Bicentennial, also known as "MKB", which have been implemented. The MKB reforms include a number of administrative changes and new regulations, which includes among others, the improvement of the financial consumer protection agency.

The following laws were passed under the auspices of the MKB: (i) Law No. 20,555, which has the objective of enhancing the protection of financial services consumer rights by establishing that any entity that extends credit to consumers must provide them with complete information about the total cost of financing, such as fees and commissions, default rates, prepayment costs and applicable taxes; (ii) Law No. 20,950 that governs the issuance and operation by non-banking entities of pre-funded payment methods or any similar system, when these systems involve the issuer or the operator regularly engaging in monetary obligations with the public in general or specific sectors or groups thereof; (iii) Law No. 20,956, known as the Law to Boost Productivity, which introduced several amendments to existing laws and regulations in order to enhance Chile's productivity through the expansion of the financial system and the promotion of the exportation of services; (iv) Law No. 21,000 that created the CMF, a technical commission that replaced the Chilean Securities and Insurances Commission (*Superintendencia de Valores y Seguros*) ("**SVS**") effective December 2017; and (v) Law No. 20,945 that establishes enhancements of competition regulations.

On January 19, 2019, the Chilean government passed a law that amends, among others, the Amendment to the General Banking Law and establishes new capital regulation for banks in Chile in line with Basel III standards. See "Regulation and Supervision—Banking Legislation." In addition, the Amendment to the General Banking Law contains amendments to other provisions of the General Banking Law that are independent of these recommendations. Banks are required to comply with these basic capital requirements within a four- or five- year period, as per the applicable requirement, from the date of the issuance of CMF regulation establishing the methods to weight banks' assets. The increase in capital requirements may lead to a decrease in our available credit for granting loans, restricting our operations and thereby adversely affecting our financial condition and results of operations.

In February, 2020, the Chilean government enacted Law No. 21,210 containing the Tax Modernization Project. Among its changes, this law provides for (i) the elimination of the "attributed system", (ii) a 27% rate of corporate income tax for large companies, (iii) a simplified tax regime for small and medium-sized companies with yearly gross income below UF75,000 and that comply with certain requirements regarding their activities, (iv) a new 40% rate bracket of personal income tax for those earning more than approximately Ch$15 million a month and a new surtax to properties worth more than approximately Ch$425 million, (v) application of the 19% value-added tax to digital services provided by persons, not domiciled or resident in Chile, and modification to the exemption of value-added tax to imports of certain capital goods, and (vi) reforms to tax proceedings, among others.

In September 2020, Law No. 21,256 was enacted by the Chilean government, which established new tax measures and modifies some existing ones, as part of the emergency plan for the reactivation of the economy and employment due to the COVID- 19 related crisis. Among its changes, this law provides for (i) the reduction to 10% of the rate of the corporate income tax for small and medium-sized companies; (ii) the possibility of claiming reimbursement of remaining VAT tax credit for small and medium-sized companies under certain circumstances for the months of July, August or September 2020; (iii) the release under certain circumstances of payment of the contribution for regional development, established by means of Law No. 21,210; (iv) a transitory immediate depreciation and amortization of 100% of investments in fixed assets and certain intangible assets until December 31, 2022; and (v) the temporary extension of the VAT deferral period from 2 to 3 months, until December 31, 2021.

In April 2021, and August 2021, respectively, the Chilean government enacted an amendment to Laws No. 19,946 on consumer rights and Law No. 19,986 on service agreements. The amendment had been under discussion since 2019 and adopts measures that seek to protect the rights of consumers. The law provides that consumers have a right to obtain a copy of credit checks performed by financial institutions prior to credit operations, prohibits institutions of higher education from offering financial services, seeks to better regulate the right of withdrawal in online purchases and pre-formulated standard contracts, and expands the rights of the financial consumer, among others. It is unclear whether these new regulations will have an adverse impact on our financial condition and results of operations.

In September 2021, the Chilean government submitted a bill to the Chilean Congress setting forth the legal framework applicable to FinTech companies in Chile and certain types of services based on FinTech technologies, including crowdfunding platforms, alternative transaction systems, credit and investment advisory services, custody of financial instruments, and order routers and financial instrument intermediaries (the "FinTech Law"). The FinTech Law sets forth a framework for the implementation and operation of open banking, which would allow the exchange of information among different lenders through remote and automated access interfaces, generating an interconnection and direct communication among the institutions participating in this open banking system. While the law is still under consideration by the Chilean Congress, an increase in the market share of FinTech companies and their role in the financial system could increase competition with our services and thus affect our results of operations. While the outcome of the proposed legislation is uncertain at this time, we cannot assure you that we would not be negatively impacted by the FinTech Law.

The following risk factor replaces the risk factor "Civil unrest in Chile could have a material adverse effect on general economic conditions in Chile and on our business, results of operations and financial condition" on page 23 of the Base Prospectus.

Our business may be affected by political, legal and economic uncertainty, as well as political developments and the drafting of a new constitution in Chile.

Beginning on October 18, 2019, widespread protests have taken place in Chile. The protests began over the government's announcement of an increase in subway fares in Santiago and quickly grew into broader unrest over economic inequality, including claims about transportation costs, funding for education, health care costs and pension amounts, among others. Demonstrations spread across the country and resulted in violent, and sometimes deadly acts, causing significant damage to subway stations in Santiago, shops, houses and other public and private property. The government imposed a state of emergency and nighttime curfews in Santiago and other cities; however, protests and violence continued.

In response, the Chilean government announced a reshuffling of the cabinet and a series of social and economic reforms to tackle issues at the heart of the unrest, including cancellation of the increased subway fares, increases in government-subsidized pension, a guaranteed minimum monthly income, affordable medical insurance, lowering the price of medicine and a cancellation of energy price hikes. The Chilean Congress also reached an agreement to reform the country's constitution. Following an agreement among Chilean political parties, the Chilean congress convened a nationwide referendum to vote for a new Chilean Constitution initially to be held in March 2020, which was rescheduled to October 25, 2020 due to the COVID-19 outbreak and the Chilean constituents to the nationwide referendum, in which Chileans voted to amend the Chilean Constitution.

The new constitution is being drafted by a Constitutional Convention, whose members were elected on May 16, 2021. On July 4, 2021, the Constitutional Convention began its work. The assembly is expected to spend nine to twelve months drafting the new constitution. Each new article of the new Chilean Constitution is required to be approved by two thirds of the assembly. The proposed final text will be subject to a vote, which is expected to be held in June 2022. If the proposal is rejected, the current Constitution will remain in place.

Additionally, in 2021 Chile is expected to hold presidential and parliamentary elections. The first round of general elections is scheduled to be held on November 30, 2021, including presidential, parliamentary (entailing the renewal of 155 representatives and half of the Senate) and regional elections. Seven candidates are running for president in Chile, with dissimilar proposals in economic, tax, and social matters. If no presidential candidate receives a first-round majority vote, a runoff will take place on December 19, 2021. It is still unclear whether the elections will be defined in the first round.

We cannot predict the extent to which the Chilean economy will be affected by the constitutional and political processes currently underway. These processes may result in further social unrest and changes in laws and policies that could result in a less favorable environment for private businesses. Changes in government policies that adversely impact the private sector may materially affect the Chilean economy, and thereby our business, financial condition and results of operation.

PRESENTATION OF FINANCIAL INFORMATION

The following section supplements "Certain Terms and Conventions" beginning on page ix of the Base Prospectus and "Presentation of Financial and Other Information" beginning on page 49 of the Base Prospectus.

Financial Information in this Prospectus Supplement

We are a Chilean bank and maintain our financial books and records in Chilean pesos ("Ch$"). We prepare our audited consolidated financial statements and our unaudited interim consolidated financial statements in accordance with the Compendium issued by the Chilean Financial Markets Authority (the "CMF" and, formerly, the SBIF), which came into effect on January 1, 2009 and differ in certain significant respects from IFRS. See "Annex A—Significant Differences Between Chilean GAAP and IFRS" in the Base Prospectus. We refer to accounting standards, as issued by the CMF as "Chilean GAAP."

This Prospectus Supplement includes (i) our unaudited interim consolidated financial statements as of June 30, 2021 and December 31, 2020, and for the six-month periods ended June 30, 2021 and 2020, and (ii) our unaudited interim consolidated financial statements as of June 30, 2020 and December 31, 2019 and for the six-month periods ended June 30, 2020 and 2019, in each case together with the notes thereto, prepared in accordance with Chilean GAAP, which we refer to in this Prospectus Supplement as our "Unaudited Interim Consolidated Financial Statements." We believe the inclusion of our unaudited interim consolidated financial statements as of June 30, 2020 and December 31, 2019 and for the six-month periods ended June 30, 2020 and 2019 will provide further disclosure that we believe would be helpful to investors to have a better understanding of the unaudited interim consolidated financial statements as of June 30, 2021 and December 31, 2020 and for the six months ended June 30, 2021 and 2020.

Currency

In this Prospectus Supplement, references to "US$," "U.S. dollars" and "dollars" are to United States dollars, and references to "Chilean pesos," "pesos" or "Ch$" are to Chilean pesos.

References to "UF" are to *Unidades de Fomento*. The UF is an inflation-indexed Chilean monetary unit with a value in Chilean pesos that is adjusted daily to reflect changes in the official consumer price index of the *Instituto Nacional de Estadísticas* (the "Chilean National Institute of Statistics"). The UF is revalued in monthly cycles. Each day in the period beginning on the tenth day of the current month through the ninth day of the succeeding month, the nominal peso value of the UF is indexed up (or down in the event of deflation) in order to reflect a proportionate amount of the change in the Chilean consumer price index during the prior calendar month. As of June 30, 2020 and 2021, the value of the UF was Ch$28,696.42, and Ch$29,709.83, respectively.

This Prospectus Supplement contains translations of certain Chilean peso amounts into U.S. dollars at specified rates solely for the convenience of the reader. These translations should not be construed as representations that the Chilean peso amounts actually represent such U.S. dollar amounts or could be converted into U.S. dollars at the rates indicated, at any particular rate or at all.

Unless otherwise indicated, the exchange rate used in converting Chilean pesos into U.S. dollars for amounts presented as of and for the six months ended June 30, 2020 and 2021, as the case may be, were based on the observed exchange rate (*dólar observado*) reported by the Central Bank of Chile for June 30, 2020, which was Ch$821.23 per US$1.00, and June 30, 2021, which was Ch$727.76 per US$1.00.

The rates reported by the Central Bank of Chile for June 30, 2020 and 2021 are based upon the observed exchange rate which it publishes on the first business day following the respective date. The Federal Reserve Bank of New York does not report a noon buying rate for pesos. See "Exchange Rates" in the Base Prospectus for additional information regarding rates of exchange.

CAPITALIZATION

The following section supplements the section entitled "Capitalization" beginning on page 60 of the Base Prospectus.

The following table sets forth our capitalization, in accordance with Chilean GAAP, as of June 30, 2021. There has been no material change in our capitalization since June 30, 2021. For additional information, see our Unaudited Interim Consolidated Financial Statements beginning on page F-1 of this Prospectus Supplement.

	As of June 30, 2021	
	(in millions of Ch$)	*(in millions of US$)*[(1)]
Liabilities		
Borrowings from customers[(2)]	32,246,448	44,309
Securities sold to repurchase liabilities under agreements to repurchase	216,041	297
Interbank borrowings from financial institutions	6,248,327	8,586
Bonds:		
Letters of credit	5,147	7
Subordinated bonds	1,279,266	1,758
Ordinary bonds	6,563,611	9,019
Other financial liabilities	884,144	1,215
Derivative financial liabilities	4,062,088	5,582
Subtotal	**51,505,072**	**70,772**
Shareholders' equity		
Shareholders' equity and other funds:		
Paid-in capital and reserves[(3)]	3,862,496	5,307
Other equity accounts[(4)]	(103,547)	(142)
Net income for the period	271,681	373
Total equity of equity holders of the bank	**4,030,630**	**5,538**
Total capitalization	**55,535,702**	**76,310**

(1) Amounts in the table stated in pesos have been translated into U.S. dollars at the observed exchange rate as published by the Central Bank of Chile on the first business day following the respective period. The exchange rate used for purposes of this conversion was Ch$727.76 per US$1.00 as of June 30, 2021.
(2) Includes "Current accounts and demand deposits" and "term deposits and saving accounts".
(3) Calculated as the sum of capital and reserves.
(4) Calculated as accumulated other comprehensive income minus accrual for minimum dividends.

UNAUDITED INTERIM CONSOLIDATED FINANCIAL INFORMATION

The following section supplements "Selected Consolidated Financial Information" beginning on page 56 of the Base Prospectus.

The following overview of consolidated financial and operating information should be read in conjunction with, and is qualified in its entirety by reference to, our Unaudited Interim Consolidated Financial Statements and the information in sections "Presentation of Financial Information," "Management's Discussion and Analysis Results of Operations and Financial Conditions" and "Selected Statistical Information" beginning on pages 9, 16 and 60, respectively, of this Prospectus Supplement.

Our Unaudited Interim Consolidated Financial Statements are prepared in accordance with Chilean GAAP. The consolidated financial information as of June 30, 2020 and June 30, 2021 and for the six-month periods ended June 30, 2020 and 2021 has been derived from our Unaudited Interim Consolidated Financial Statements beginning on page F-1 of this Prospectus Supplement. The results of operations for the six-month period ended June 30, 2021 are not necessarily indicative of the results to be expected for the year ending December 31, 2021 or for any other period.

The following table presents our overview of unaudited interim consolidated financial information as of and for the six-month periods ended June 30, 2020 and 2021.

	As of June 30,		
	2020	2021	2021
	(in millions of Ch$)[(1)]		*(in millions of US$)*[(2)]
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION DATA			
Assets			
Cash and deposits in banks	4,201,926	3,651,828	5,018
Items in course of collection[(3)]	480,603	407,842	560
Trading portfolio financial assets	1,828,682	526,651	724
Investments under agreements to resell	192,617	215,285	296
Derivative financial assets	6,889,459	4,017,812	5,521
Loans and receivables to banks, net[(4)]	493,109	418,036	574
Loans and receivables to customers, net[(4)]:			
Commercial loans	25,455,376	23,001,295	31,606
Residential mortgage loans	8,741,686	9,525,011	13,088
Consumer loans	3,422,310	3,049,894	4,191
Total loans	**37,619,372**	**35,576,200**	**48,885**
Financial investments available for sale	6,432,201	10,561,839	14,513
Financial investments held to maturity	29,010	301,092	414
Investments in other companies	28,132	26,325	36
Intangible assets	406,449	394,741	542
Property, plant and equipment, net	253,637	246,719	339
Right-of-use asset	231,124	182,364	251
Current income tax	36,208	5,931	8
Deferred income taxes	140,018	244,792	336
Other assets	1,610,710	1,140,577	1,567
Total assets	**60,873,257**	**57,918,034**	**79,584**
Liabilities			
Current accounts and demand deposits	17,607,336	23,087,232	31,724
Items in course of collection[(3)]	792,146	418,400	575
Liabilities under agreements to repurchase	283,815	216,041	297
Term deposits and savings accounts	14,531,899	9,159,216	12,585
Derivative financial liabilities	6,986,747	4,062,088	5,582
Borrowings from financial institutions	5,720,820	6,248,327	8,586
Debt issued	7,603,633	7,848,024	10,784
Other financial liabilities	1,562,547	884,144	1,215
Lease Liabilities	202,483	166,914	229
Current income tax	3,687	60,641	83
Deferred income taxes	36,287	1,167	2
Provisions	271,596	533,524	733
Other liabilities	1,294,095	1,200,429	1,649
Total liabilities	**56,897,091**	**53,886,147**	**74,044**
Shareholders' Equity			
Attributable to equity holders of the Bank:			
Capital	3,655,828	3,655,828	5,023
Reserves	109	206,668	284
Accumulated other comprehensive income	207,669	(22,043)	(30)
Retained earnings:			
Net income from prior period			
Net income for the period	159,071	271,681	373
Accrual for minimum dividends	(47,721)	(81,504)	(112)
Non-controlling interest	1,210	1,257	2
Total shareholders' equity	**3,976,166**	**4,031,887**	**5,540**
Total liabilities and shareholders' equity	**60,873,257**	**57,918,034**	**79,584**

	For the six months ended June 30,		
	2020	2021	2021
	(in millions of Ch$)[(1)]		*(in millions of US$)*[(2)]
CONSOLIDATED STATEMENT OF INCOME DATA			
Interest income	1,082,860	1,097,606	1,508
Interest expense	(372,387)	(283,088)	(389)
Net interest income	710,473	814,518	1,119
Fee and commission income	221,294	218,811	301
Fee and commission expense	(52,745)	(62,041)	(85)
Net fee and commission income	168,549	156,770	215
Trading and investment income, net	186,859	9,165	13
Foreign exchange results, net	(64,787)	(8,144)	(11)
Other operating income	26,575	24,240	33
Provisions for loan losses	(322,734)	(159,968)	(220)
Operating income, net of provisions for loan losses	704,935	836,581	1,150
Staff costs	(251,580)	(262,651)	(361)
Administrative expenses	(156,224)	(150,644)	(207)
Depreciation and amortization	(54,556)	(52,434)	(72)
Other operating expenses	(27,701)	(40,725)	(56)
Impairment of property, plant and equipment and intangible assets	(142)	(23)	0
Total operating expenses	**(490,203)**	**(506,477)**	**(696)**
Total net operating income	**214,732**	**330,104**	**454**
Share of profit of investments accounted for using the equity method	1,152	(376)	(1)
Income before income tax	215,884	329,728	453
Income tax expense	(56,774)	(57,974)	(80)
Consolidated net income from the period	159,110	271,754	373
CONSOLIDATED STATEMENT OF CASH FLOW DATA			
Total cash flows (used in) provided by operating activities	2,114,206	(240,162)	(330)
Total cash flows (used in) provided by investing activities	33,387	214,965	295
Total cash flows (used in) provided by financing activities	78,949	59,154	81
Change in cash and cash equivalents	**2,226,542**	**33,957**	**47**

	As of and for the six months ended June 30,	
	2020	2021
	(in millions of Ch$)[1]	
CONSOLIDATED RATIOS		
Profitability and performance		
Net interest margin[5]	1.5%	1.7%
Fee and commission income as a % of average interest-earning assets	0.5%	0.4%
Fee and commission income as a % of administrative expense	141.7%	145.3%
Return on average total assets[6]	0.6%	0.9%
Return on average shareholders' equity[7]	7.5%	15.4%
Dividend payment ratio[8]	35.2%	32.8%
Capital		
Average shareholders' equity as a % of average total assets	7.4%	6.1%
Regulatory capital as a % of risk weighted assets	12.62%	13.43%
Regulatory capital as a % of minimum regulatory capital required	157.8%	167.9%
Liabilities as a multiple of regulatory capital	1,102.3%	1,037.0%
Asset Quality		
Loans overdue less than 90 days as a % of total loans[9]	1.7%	1.0%
Past due loans as a % of total loans[10]	0.9%	0.7%
Non-performing loans as a % of total loans[11]	4.1%	4.0%
Allowance for loan losses as a % of loans overdue less than 90 days[9]	118.1%	201.7%
Allowance for loan losses as a % of past due loans[10]	230.0%	280.8%
Allowance for loan losses as a % of non-performing loans[11]	47.8%	49.0%
Allowance for loan losses as a % of total loans[12]	2.0%	2.0%
Consolidated risk index[13]	2.0%	2.0%
Efficiency		
Operating expenses as a % of operating income, including voluntary provision for loan losses	47.7%	50.8%
Operating expenses as a % of average total assets[14]	0.8%	0.9%
Liquidity		
Loans as a % of total deposits[15]	117.1%	110.3%
Liquid assets as a % of total deposits[16]	14.6%	12.6%
OTHER DATA		
Inflation rate[17]	1.2%	2.0%
Number of branches and offices	292	292
Number of employees	11,864	11,650

(1) Except percentages and ratios.
(2) For the reader's convenience, we have converted the original Chilean peso amounts into U.S. dollars at the observed exchange rate as published by the Central Bank of Chile on the first business day following the respective period. The exchange rate used for purposes of this conversion was Ch$727.76 per US$1.00, as of June 30, 2021. We make no representation that the Chilean peso or the U.S. dollar amounts referred to herein actually represent, could have been or could be converted into U.S. dollars or Chilean pesos, as the case may be, at the rates indicated, at any particular rate or at all.
(3) Transactions pending settlement that will increase or decrease our funds deposited with the Central Bank of Chile or with foreign banks within 24 business hours of the execution of such transactions.
(4) Net of allowances for loan losses.
(5) Net interest income as a percentage of monthly average interest earning assets.
(6) Net income annualized as a percentage of monthly average total assets.
(7) Net income annualized as a percentage of monthly average assets for the last 12 months.
(8) Dividends paid divided by net income from the previous year.
(9) Loans overdue less than 90 days consist of loans overdue one to 89 days.
(10) Past due loans consist of loans for which either principal or interest are overdue for at least 90 days and which do not accrue interest. Past due loans include, with respect to any loan, only the portion of principal and interest that is overdue for 90 or more days and do not include the installments of such loan that are not overdue or that are overdue for less than 90 days unless (i) any portion of the loan is overdue for 180 days or more, in which case the entire loan is considered past due or (ii) legal proceedings have been commenced for the entire outstanding balance according to the terms of the loan, in which case the entire loan is considered past due within 90 days after initiation of such proceedings. This practice differs from that normally followed in the United States where the amount classified as past due would include the entire amount of principal and interest on all loans which have any portion overdue.
(11) Non-performing loans consist of our (i) "individually" assessed loans which have been classified as B3, B4, C1, C2, C3, C4, C5 and C6 according to the categories set forth by the CMF and (ii) "collectively" assessed loans that are (a) past due loans, or (b) restructured past due loans until we re-classify them as performing loans based on our periodic reassessment of such loans. See "Regulation and Supervision – Classification of Loan Portfolio" in the Base Prospectus.
(12) Allowance for loan losses as a percentage of total loans before allowances for loan losses.
(13) The risk index is calculated as allowances for loan losses as a percentage of total loans net of allowances for loan losses.
(14) Average total assets are calculated on the basis of average daily balances of our consolidated assets.
(15) Total deposits consist of current accounts and demand deposits plus term deposits and saving accounts.

(16) Liquid assets consist of cash and deposits in banks and items in course of collection.
(17) Based on the Chilean consumer price index, as reported by the Chilean National Institute of Statistics (*Instituto Nacional de Estadísticas*).

On page 58 of the Base Prospectus, the information provided under "Return on average total assets" and "Return on average shareholders' equity" as of and for the years ended December 31, 2019 and 2020 shall be replaced with the following:

	As of and for the year ended December 31,	
	2019	**2020**
Return on average total assets(6)	0.9%	0.6%
Return on average shareholders' equity(7)	10.7%	7.7%

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Introduction

The following discussion should be read in conjunction with our Unaudited Interim Consolidated Financial Statements, beginning on page F-1 of this Prospectus Supplement, the section entitled "Presentation of Financial Information" beginning on page 9 of this Prospectus Supplement. The following section supplements the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations," beginning on page 70 of the Base Prospectus. Certain amounts (including percentage amounts) that appear herein have been rounded for ease of presentation. Percentage figures included herein have not in all cases been calculated on the basis of such rounded figures but on the basis of such amounts prior to rounding. For this reason, certain percentage amounts may vary from those obtained by performing the same calculations using the figures in our Unaudited Interim Consolidated Financial Statements. Certain other amounts may not sum due to rounding.

The financial data presented herein as of and for the six months ended June 30, 2020 and 2021, is stated in nominal Chilean pesos.

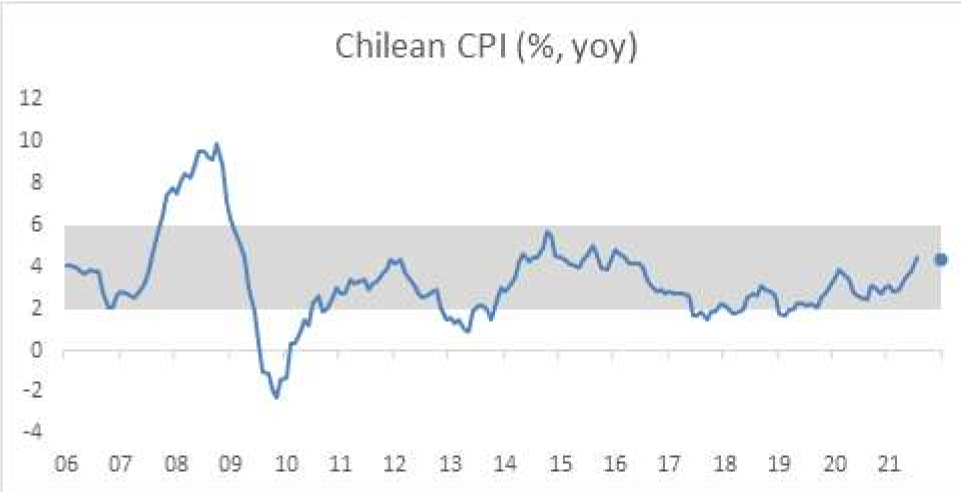
Impact of Economic Conditions in Chile

Substantially all of our operations and our customers (other than those of CNB) are located in Chile. Accordingly, our financial condition and results of operations are substantially dependent upon economic conditions prevailing in Chile.

Chile experienced profound economic reforms during the second half of the 1980s and the second half of the 1990s that led to economic growth rates averaging more than 7% per annum from 1985 until the onset of the Asian economic crisis in 1997. Afterwards, the average rate of growth from 1998 to 2007 slowed to 4.4% per annum. The Chilean economy suffered the effects of the international financial crisis in 2008 that originated in the U.S. real estate sector, and in 2009 economic activity in Chile decreased 1.6%. In December 2009, the Organization for Economic Co-operation and Development ("OECD") invited Chile to become a full member, after a two year period of compliance with organizational mandates, and in May 2010 Chile signed the OECD Convention, becoming the first South American country to join the OECD. Beginning in 2010, the Chilean economy experienced a boom in investment, which was particularly associated with mining activities during the commodities super cycle between 2010 and 2013, and boosted economic activity led to an average GDP growth of 5.3% during that three-year period. In 2014, the price of copper started to decline rapidly and the Chilean government launched a series of political and economic reforms which led to a significant decrease in economic confidence. Investment across all economic sectors declined and household consumption stalled. GDP growth was 1.8%, 2.3%, 1.3% and 1.2% in 2014, 2015, 2016 and 2017, respectively. During 2018, the new administration took office and business and consumer confidence surged, resulting in an improvement in private consumption and a significant impulse to investment, which grew for the first time in two years. Chilean GDP rose 4.0% in 2018. In 2019, the Chilean GDP grew 1.1%, explained by an increase in consumption of services and investment in construction, partially offset by a decrease in activity levels as a result of social unrest during the second half of 2019. In October 2019, widespread protests began in Chile over the government's announcement of an increase in subway fares in Santiago and quickly grew into broader unrest over economic inequality, including claims about transportation costs, funding for education, health care costs and pension amounts, among others. Following an agreement between Chilean political parties, a nationwide referendum took place in October 2020, in which the Chilean people decided to start a legislative process to vote on a new constitution obtaining a large majority. The new constitution is being drafted by a Constitutional Convention, whose members were elected on May 16, 2021. On July 4, 2021, the Constitutional Convention began its work. The assembly is expected to spend nine months drafting the new constitution. Each new article of the new Chilean Constitution is required to be approved by two thirds of the assembly. The proposed final text will be subject to a vote, which is expected to be held in June 2022. If the proposal is rejected, the current text will remain in place. If the protests and social crisis continue or worsen, future government policies to preempt, or in response to, unrest may materially affect the Chilean economy, and thereby our business, financial condition and results of operation. See "Risks Relating to Chile—Our growth and profitability depend on the level of economic activity in Chile and elsewhere." In 2020, a pandemic crisis emerged with significant worldwide impact over health conditions and economic activity. Novel coronavirus (SARS-CoV-2) has had and continues to have a significant adverse impact on the world economy of a magnitude that is not yet fully determinable. The strategies that restrict social gathering and promote social distancing, such as quarantines and travel restrictions, and other measures implemented by governments around the world to prevent the virus from spreading, have had a dramatic adverse consequences for the global economy, including demand, operations, supply chains and financial markets. See "Risk Factors—Risks Relating to Chile—The spread of the novel coronavirus disease, or COVID-19, is currently having a significant adverse impact on the world economy of a magnitude that is not yet determinable, and the rapid development and fluidity of this situation precludes any prediction as to the ultimate adverse impact to us of COVID-19," and "Risk Factors—Risks Relating to Chile—The COVID-19 pandemic has affected and will continue to affect our capacity to provide services to our customers." In 2020, Chilean GDP decreased 5.8% mainly due to the lower activity in the economy related to the pandemic. To face the pandemic crisis, the Chilean Government implemented several mobility restrictions, such as curfews, quarantines, among others, together with the strengthening of the health network. In the second quarter of 2020, Chilean GDP plummeted 14.25% year-on-year, due to health measures to avoid infections, compared to the same quarter in 2020. A large negative impact over the labor market, household income and company business operations have taken place since March 2020 and the unemployment rate soared to 13.1% in mid-2020. Economic authorities unveiled massive economic measures to face the crisis. The Chilean Government delivered a plan to protect incomes for formal and informal jobs, deferred tax payments and fiscal backed loans to SMEs, wage subsidy for new jobs, among others. The Central Bank of Chile lowered the monetary policy rate to 0.5%, unveiled a Conditional Financing Facility Fund (FCIC) to ease bank loans to the private sector and purchased bank bonds, among other measures to provide liquidity into financial markets. The financial regulator allowed transitory flexibility over bank capital requirements. In August 2020, the Chilean Congress approved the first partial pension fund withdrawal. Since then two additional withdrawals were approved, one in November 2020 and another in April 2021. These represented a significant liquidity injection to household income, with over US$49 billion in withdrawals, but with a negative long-term effect over the pension system and macroeconomic balance. Private consumption showed a faster recovery starting in the third quarter of 2020 and economic activity gradually started to recover. Job gains started to recover in the second half of 2020. In January 2021, the Central Bank of Chile announced a complementary line to provide liquidity to banks with the remaining equivalent to US$10,000 million. In the first half of 2021, economic activity started to improve and proved resilient in the face of renewed lockdowns and pandemic-related restrictions during the second quarter of the year. Chilean GDP grew 0.5% during the first quarter of 2021, and 18.1% during the second quarter of 2021, in each case when compared to the same period in 2020, primarily as a result of the increase in private spending. The labor market continued to improve, albeit at a slower rate. The unemployment rate, which was at 10% as of the date of this Prospectus Supplement, , is expected to fall to 9% at the end of 2021. In August, the government unveiled an extension of Emergency Family Income (IFE) through November 2021 and new labor benefits in order to stimulate job creation, especially for women. The government has also implemented a vaccination campaign, and around 75% of the population had received a first dose of the COVID-19 vaccine as of the date of this Prospectus Supplement.

With respect to inflation, the Central Bank of Chile started using a partial inflation targeting framework for its monetary policy in 1990, moving to its full adoption in September 1999, in combination with a flexible foreign exchange regime. Since 2001, the annual inflation target range has been between 2% and 4% and the average inflation has been 3.15%, except during the global economic crisis in 2007 and 2008, with an inflation rate of 7.1% in 2008. In 2014 and 2015, the consumer price index ("CPI") ended at 4.7% and 4.4%, respectively, exceeding the upper end of the inflation rate (primarily due to a bigger exchange rate pass-through to imported goods from the Chilean peso depreciation). In 2016, the CPI went back to the target range, ending at 3.78%. In 2017, 2018 and 2019, the ending CPI was 2.18%, 2.43% and 2.55, respectively. In 2020, the inflation lowered in the first half, but ended at 3.0% for the year. During 2021, inflation started to rise due to a depreciation of the Chilean peso, higher international shipment costs, and an elevated household liquidity levels, due in part to early withdrawals from private pension funds. According to the Central Bank of Chile, it is expected that the CPI for 2021 will be 5.7%.

The following graph shows the inflation rate in Chile from 2006 to 2020 and includes the latest Chilean Central Bank of Chile projections for 2021:



Source: Central Bank of Chile

The following graph shows GDP increase/decrease from 2006 to 2020 and includes the latest Chilean Central Bank of Chile projections for 2021:

Source: Central Bank of Chile

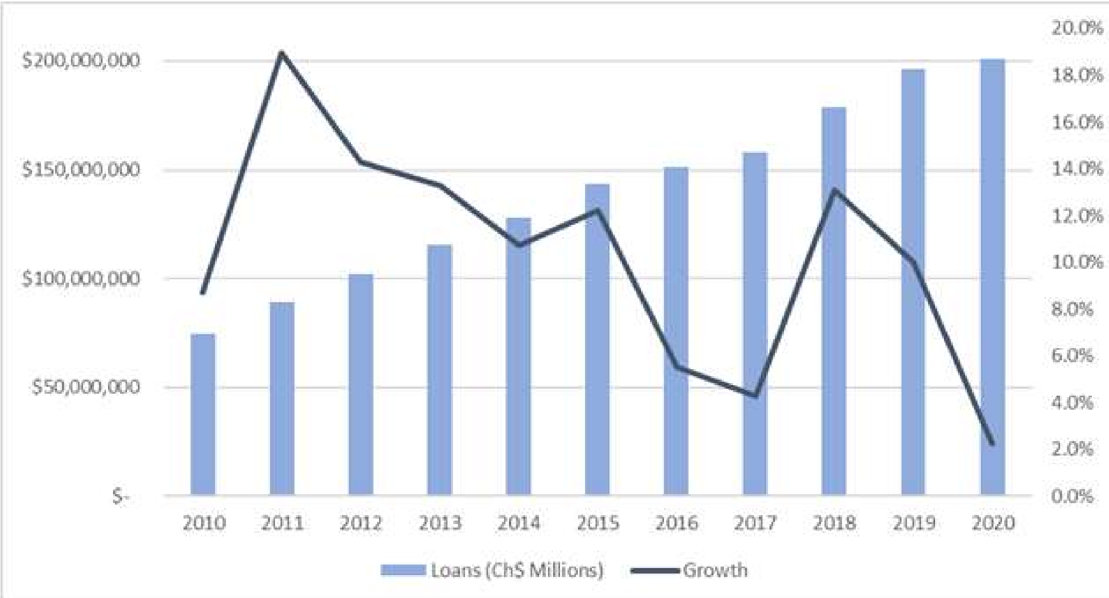
With respect to credit rating, Chile's long-term international debt credit rating has been recently downgraded by the main rating agencies. On March 24, 2021, Standard & Poor's downgraded the credit rating to A, on October 15, 2020, Fitch Ratings downgraded the credit rating to A-, and on August 25, 2020, Moody's confirmed the credit rating of A1, but downgraded Chile's outlook to negative. Credit ratings affect the cost and other terms upon which we are able to obtain funding. See "Risk Factors—Risks Relating to Chile—Any downgrading of Chile's debt credit rating for domestic and international debt by international credit rating agencies may also affect our ratings, our business, our future financial performance, stockholders' equity and the value of our securities, and any downgrading of our credit ratings could increase our cost of funding and adversely affect our interest margins and results of operations."

The Chilean Banking Industry

During the last twenty years, the Chilean banking industry experienced increased consolidation and had many new players enter the market. In 1998, 32 financial institutions operated in Chile and the five largest banks had a combined market share of approximately 75%. That year, CorpBanca acquired Financiera Condell and the assets of Corfinsa and Citibank Chile acquired Corporación Financiera Atlas. The market experienced two mergers in 2002: Banco de Chile with Banco Edwards and Banco Santander with Banco Santiago. During that same year, Banco Ripley began operating. In 2003, Banco del Desarrollo merged with Sudameris and in 2004 Banco Penta and Banco Paris commenced operations. Then in 2005, we acquired Financiera Conosur. In 2008, Banco de Chile merged with Citibank and Scotiabank acquired Banco del Desarrollo. Thus, by the end of 2008, only 25 financial institutions were operating in Chile. In December 2013, Ripley consolidated its retail and banking credit cards, with the consolidated results reported under Banco Ripley since January 31, 2014. In January 2015, Banco BTG Pactual started operating in Chile, in May 2015, Scotiabank began operating Banco Paris credit cards and consumer loans and in October 2015, we completed the purchase of City National Bank of Florida. In April 2016, the merger between Itaú and CorpBanca was completed, with the new bank operating under the name of Itaú CorpBanca. In June 2016, China Construction Bank began operating in Chile, in September 2016, Deutsche Bank exited the market and in December 2016, Scotiabank purchased a majority stake of Banco Paris. The merger between Itaú and CorpBanca in 2016 and our acquisition of CNB in October 2015 affected the comparability of industry data between 2015 and 2016. The Chilean banking system continued to experience changes during 2017. Banco Penta ceased its operations in February 2017, as did Rabobank in April 2017.

In June 2018, we closed the acquisition of TotalBank through our subsidiary, CNB, for which we paid US$528,939 thousand. After closing this acquisition, Bci became the second largest bank in Chile in terms of consolidated total loans. In July 2018, Scotiabank closed the purchase of a majority stake in BBVA Chile. Both banks merged in September 2018, under the name of Scotiabank Chile, consolidating the Canadian bank as one of the largest players in the industry. In addition, Bank of China started its operations in the Chilean financial system. In December 2018, we also closed the acquisition of the five entities that composed Walmart Chile Servicios Financieros, while Banco Falabella incorporated Promotora CMR Falabella data to its loan portfolio, resulting in a 20.2% year-over-year increase in consumer loans for the whole industry. During October 2020, CNB closed the acquisition of Executive National Bank in Florida (United States), for which we paid US$62 million. As of December 31, 2020, the Chilean banking system is composed of one public-sector bank and 17 private-sector banks (of which 13 were Chilean banks and four were Chilean branches of foreign banks). As of the same date, private-sector Chilean banks and the Chilean branches of foreign banks accounted for 86.23% and 0.16% of all outstanding loans in the Chilean financial system, respectively, according to information published by the CMF.

Between 2005 and 2008, the Chilean banking sector grew at annual nominal rates over 17%. Due to the changes in accounting standards, data for the Chilean banking industry from 2009 to date is not comparable to that for 2008 and prior years. Starting in 2010, the banking industry has experienced a decrease in the loans growth rate. The following graph shows the nominal increase or decrease in loans from 2010 to 2020 for the Chilean banking industry:



Source: CMF

Since the last quarter of 2007, loan approval conditions became more restrictive for both large corporations and real estate companies as well as small and medium enterprises or SMEs. According to Bank Loan Survey Results, a quarterly publication of the Central Bank of Chile, by March 2009, 60% of financial institutions displayed more restrictive loan approval standards for large companies, compared to December of 2008, attributed principally to deteriorating economic conditions and prospects and a less favorable perception of client risk. However, this scenario changed during 2009, and in December of 2009, the percentage of lenders that continued to tighten the lending standards dropped to only 4.8%, compared to 8.6% in December 2008. Through 2010, this percentage dropped to zero. In 2011, the percentage of lenders that tightened their lending standards increased each quarter to reach 33.3% in December 2011. During 2012, favorable economic conditions brought an ease in lending to large corporations and SMEs, with 11.1% and 14.3% of the financial institutions reporting less restrictive approval conditions, respectively, in December 2012. Since then, the lending standards tightened each quarter, with a brief easing during December 2013. The tightening of lending standards was mainly attributed to a perception of increased risk given the deterioration of the prospects of the economy. During 2014, 29% of financial institutions displayed more restrictive loan approval standards for large companies, compared to 2013. This scenario continued during 2015, but in 2016 to 2017, this percentage dropped to zero. During 2018, favorable economic conditions brought an ease in lending to large corporations and SMEs, with the percentage of financial institutions displaying more restrictive loan approval standards for large companies constant at zero. In 2019, the conditions for extending loans to households became more restrictive in the fourth quarter of the year. The proportion of banks that reported more restrictive conditions increased from zero to 50% for consumer loans and from 9% to 18% for mortgage loans in 2019. In 2020, mainly due to the Chilean government funding and liquidity programs, the proportion of banks that reported an increase in less restrictive conditions increased 33.3% for consumer loans and from zero to 27.3% for mortgage loans in the last quarter of the year.

During the last decade, restrictive loan approval standards prevailed and peaked in June 2016, with 63.6% of lenders reporting a restriction in their credit standards. As of December 31, 2017, 9% of lenders reported more restrictive approval conditions compared to 2016, while in December 2018 that percentage dropped to zero. Although these conditions generally remained unchanged during 2019, a material increase in restrictive conditions was observed towards the end of the year, when 45.5% of lenders reported stricter loan approval conditions for real estate companies, primarily a function of the uncertainty resulting from the social unrest that began in October 2019. In 2020, due to the pandemic and the economic conditions, partially offset by the government programs, the percentage of lenders that reported more restrictive loan approval conditions decreased to 27.3%.

The slowdown of the Chilean economy had an impact on commercial loans, with low rates of lending in 2016, and growth in loans of only 1.9% in 2017. In 2018, commercial loans grew 12.3% as a reflection of a better macroeconomic outlook. In 2019, commercial loans decreased 10.4% as compared to 2018, mainly due to the deterioration in macroeconomic conditions during the last quarter. In 2020, commercial loans increased 3.64%, mainly due to government support to this segment.

The retail segment has also experienced increased loan approval restrictions. Despite the slowdown of the economy in 2016, the unemployment rate remained low, at 6.1% and 6.4% as of December 31, 2016 and 2017, respectively, and consumer loans grew 8.5% as of December 31, 2017 compared to December 31, 2016. In 2018, consumer loans grew 20.21% in the domestic market, which is mainly explained by the incorporation of Promotora CMR Falabella into the portfolio of Banco Falabella and the acquisition of Walmart Servicios Financieros by Bci in December 2018. In 2019, consumer loans growth reached 6.74% and decreased 13.80% in 2020.

Mortgage loans have been very active since 2013, though usually lagging behind in growth rates when compared to other loans. Mortgage loans grew 11.4%, 11.2% and 7.39% in 2018, 2019 and 2020, respectively. The growth in the portfolio of consumer and mortgage loans since 2010 was due, in part, to the decline in the unemployment rate and the growth of the economy in Chile.

Net interest income in the Chilean banking industry grew only 3.65% in 2011 as compared to 2010, and 5.15% in 2012 compared to 2011. The competitiveness of the Chilean financial system, as well as inflation and the US$/Ch$ exchange rate, had a negative impact on the growth of net interest income, which did not increase to the same extent as the volume of loans. 2013 saw an increase in inflation and a better US$/Ch$ exchange, allowing interest income to grow 10.78% when compared to 2012 and 18.34% in 2014 when compared to 2013. The lower value of the UF (currency indexed to inflation) during the first months of 2015 had a negative impact on interest income, with a decrease of 3.0% in 2015 when compared to 2014. Net interest income decreased 6.8% in 2017 when compared to 2016. However, due to the merger between Itaú and CorpBanca in 2016, 2016 data is not directly comparable to 2017. In 2018, net interest income increased 8.64% as compared to 2017. In 2019, net interest income increased 15.54% as compared to 2018, mainly due to increased inflation in Chile. In 2020 the net interest income increased 3.23% despite the macroeconomic adversity due to the pandemic.

The risk index for the Chilean banking industry, calculated as allowances for loan losses as a percentage of total loans, decreased to 2.38% in 2015, due to a reduction in consumer loans risk index. Regulatory changes in allowances for loan losses in mortgage loans and Itaú CorpBanca's decision to lower the risk exposure in the merged bank caused the risk index of the banking industry to increase to 2.49% as of December 31, 2017, decreasing slightly to 2.44% as of December 2018. The risk index of the banking industry increased again to 2.56% in 2019, partly explained by the fact that in July 2019 the CMF (former SBIF) started the implementation of new regulatory requirements for standard models (group lending), which led to an increase in industry allowances for loan losses. During 2020 the risk index reached 2.64% due to the deterioration of the employment rates that affected the retail business as well as the effect of the pandemic-related lockdown over companies and businesses.

Because of the tax reform passed in Chile during 2015, the industry as a whole recorded a positive one-off effect on deferred taxes which, coupled with a rise in the inflation, resulted in an increase in net income. The almost nil variation of the UF during the first quarter of 2015, compared to December 31, 2014, coupled with an increase in expenses had a negative impact on the net income of the Chilean banking industry, which translated into a return on equity of 14.71% as of December 31, 2015. The return on equity decreased to 11.63% as of December 31, 2016 but increased to 12.39% in 2017, in part explained by Banco Paris, Penta and Rabobank leaving the Chilean banking system, all of them with a negative return on equity as of December 31, 2016. Also, due to the merger between Itaú and CorpBanca consummated in 2016, data of 2016 is not directly comparable to 2017. In 2019, the return on equity decreased to 12.39%, from 12.52% in 2018, mainly due to lower interest rates. In 2020, it reached 5.56% due to lower margins and more allowances for loan losses. See "The Chilean Banking Industry" in the Base Prospectus.

City National Bank of Florida and the Impact of Economic Conditions in the Florida Real Estate Market

City National Bank of Florida operates in the strategic Florida market, with a primary focus on mid-sized and small companies, real estate business and high net worth and affluent clients. On December 31, 2020, 63.4% of City National Bank of Florida's loans had mortgage collateral, 32.7% were commercial and industrial, 3.4% were financial leases and 0.5% were consumer loans. See "City National Bank of Florida." According to the Bureau of Economic Analysis, Florida's real GDP decreased 2.9% year over year in 2020. During the first quarter of 2021, the GDP grew 7.0% when compared to the same period in 2020, and Florida represented 5.2% of total U.S. GDP, the fourth most important U.S. state in terms of GDP.

According to the 2020 Census performed by the United States Census Bureau, Florida had a total population of 21.54 million and a median household annual income of US$55,660. The Florida unemployment rate decreased to 5.1% as of July 2021 (based on preliminary figures), below the U.S. national unemployment rate of 5.4%. The Case-Shiller home price index for Florida (Miami) reflected a year over year increase of 20.1% as of June 2021. Conditions affecting the real estate loan market in Florida have a direct impact on City National Bank of Florida's business and results of operations.

Our acquisition of Executive National Bank through City National Bank of Florida in October 2020 had a direct impact on the comparability of our results of operations in 2019 relative to 2020, as our consolidated results of operations for 2020 reflect three months of results of their operations merged with Executive National Bank.

Effects of Inflation

Because we are a bank, substantially all of our assets and liabilities are monetary. Substantially all monetary assets and liabilities in Chile are denominated in (i) UFs, a unit of account developed during the 1960s whose value in pesos is indexed to Chilean inflation, (ii) nominal pesos or (iii) foreign currencies (primarily the U.S. dollar). A significant portion of the loans made by us with a maturity greater than 90 days are denominated in UFs, as are savings accounts and certain term deposits (generally those having maturities in excess of 90 days). The nominal peso value of UF-denominated loans and deposits will increase or decrease in tandem with changes in the Chilean consumer price index. The effect of any changes in the nominal peso value of the UF on UF-denominated assets or liabilities is reflected in our statement of income as an increase or decrease in interest income or expense.

Our net interest income will be positively affected by an inflationary environment to the extent that our average assets denominated in UFs exceed our average liabilities denominated in UFs. Our net interest income will be negatively affected by inflation in any period in which our average liabilities denominated in UFs exceed our average assets denominated in UFs. In addition, we have peso-denominated, non-interest earning assets and non-interest-bearing liabilities, the value of which is particularly susceptible to inflation, which decreases their value in real terms.

Interest Rates

Interest rates earned and paid on our assets and liabilities reflect to a certain degree inflation and expectations regarding inflation as well as shifts in short-term rates related to the Central Bank of Chile's monetary policies. The Central Bank of Chile manages short-term interest rates based on its objectives of balancing low inflation and economic growth. Because our liabilities generally re-price to reflect interest rate changes faster than our assets, changes in the rate of inflation or short-term rates in the economy are reflected in the rates of interest we pay on our liabilities before such changes are reflected in the rates of interest we earn on our assets. Accordingly, our net interest margin on assets and liabilities tends to be adversely affected in the short term by increases in inflation or short-term rates and to benefit in the short term from decreases in inflation or short-term rates.

In addition, because our peso-denominated liabilities have relatively short repricing periods, they are generally more responsive to changes in inflation or short-term rates than our UF-denominated liabilities. As a result, during periods when current inflation or expected inflation exceeds the previous month's inflation, customers often switch funds from UF-denominated deposits to more expensive peso-denominated deposits, thereby adversely affecting our net interest margin.

Foreign Exchange Rates

A portion of our assets and liabilities is denominated in foreign currencies, principally the U.S. dollar, and we historically have maintained gaps between the balances of such assets and liabilities. At June 30, 2020 and 2021, the gaps between our average foreign currency-denominated assets and our average foreign currency-denominated liabilities (where the liabilities exceeded such assets in June 30, 2020 and 2021) were Ch$2,416,332 million, Ch$2,292,366 million, respectively. Because such assets and liabilities, as well as interest earned or paid on such assets and liabilities, and gains (losses) realized upon the sale of such assets, are translated to pesos in preparing our financial statements, our reported income is affected by changes in the value of the peso with respect to foreign currencies. See "Exchange Rates" and "Management's Discussion and Analysis of Results of Operations and Financial Condition—Financial Condition—Asset and Liability Management—Exchange Rate Sensitivity."

We enter into derivative financial instruments to reduce our exposure to exchange rates volatility. See "Quantitative and Qualitative Disclosures about Market Risk—Disclosures Regarding Derivative Financial Instruments."

Critical Accounting Policies

We have identified certain key accounting policies on which our financial position and results of operations are dependent. These key accounting policies generally involve complex quantitative analyses or are based on subjective judgments or decisions which are evaluated on an ongoing basis. Management bases its estimates and assumptions on historical experience and on various other factors that it believes to be reasonable under the circumstances. Actual results in future periods could differ from those estimates and assumptions.

Our most critical accounting policies under the Compendium are those related to the establishment of allowances for loan losses, fair value of financial assets and liabilities and impairment of investment securities. For a description of our significant accounting policies, see Note 2 to our Audited Consolidated Financial Statements included in the Base Prospectus.

Allowance for loan losses

The allowances required to cover expected losses on outstanding loans have been recognized in accordance with the regulations of the CMF (former SBIF). The allowance for loan losses for our loan portfolio is calculated primarily based on the classification and rating of loan portfolios set forth under the regulations issued by the CMF (former SBIF) into prescribed categories. There are two components of a bank's allowance for loan losses: individual and collective. All loans which exceed a certain threshold are individually assessed for impairment. Impairment allowances for portfolios of smaller balance and homogeneous loans that are below the individual assessment thresholds are determined on a collective basis. See "Presentation of Financial and Other Information—Loans."

To calculate our allowance for loan losses, the Compendium requires that we follow a methodology to classify loans considering the borrower's industry or sector, owners or managers, financial condition, payment ability and payment behavior, among others, in the loan's rating analysis to estimate a probable loss and define the percentage of necessary reserves.

Our allowance for loan losses is presented net from the account of loans and receivable of each customer and all write-offs of uncollectible loans are charged against this account if certain conditions established by the CMF (former SBIF) are met. In addition, Chilean banks are required to inform the CMF (former SBIF) after such write-offs have been recorded. The allowance for loan losses is an estimate and differences between the estimate and the actual loss will be reflected in our financial statements at the time of write-off.

Fair value measurements

Financial assets and liabilities designated at fair value and derivative instruments are recorded at fair value on the balance sheet. Fair values are obtained from quoted market prices and by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially identical, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants. If market information is limited or in some instances not available, we use our own judgment, which adds a degree of subjectivity to such determinations of fair value.

Impairment of Financial Assets

We assess at each reporting date whether there is objective evidence that a financial asset is impaired. A financial asset is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more loss events that occurred after the initial recognition of the asset and prior to the reporting date and that those loss events that have had an impact over the estimated cash flows of the financial asset or portfolio can be reliably estimated.

The amount of impairment loss is measured as the difference between the carrying value and the present value of the estimated cash flows of the asset.

Management judgment is required in determining whether factors exist that indicate that an impairment loss has been incurred at the balance sheet date. Our assessment of impairment involves risks and uncertainties depending on market conditions.

Segment Reporting

Overview

In accordance with IFRS 8, we aggregate operating segments with similar economic characteristics based on the aggregation criteria specified in such standard. Thus, a reporting segment comprises clients (within aggregated operating segments) to whom differentiated products are addressed, which are homogeneous and whose performance is measured in a similar way. We present our reporting segments based on a defined business structure, which is focused on optimizing assistance to clients with products and services according to relevant commercial characteristics.

The following are our five reporting segments:

- ***Retail Banking Segment.*** This reporting segment includes individuals and entities with sales of less than UF80,000 with the following operating segments:
    - *Retail*: The operating units in this segment are: Individuals, Preferential, and Nova.
    - *Small and Medium Enterprises*: This operating segment includes entrepreneurs and entities (with sales of between UF2,400 and UF80,000) and microenterprises (with sales of less than UF2,400).
- ***Wholesale Banking Segment.*** This reporting segment mainly includes companies whose annual sales exceed UF80,000. Its units are: Large Companies (Companies, Large Business Companies and Real Estate), Corporate Bank and Institutional Clients.
- ***Corporate & Investment Banking Finance Division Segment.*** This reporting segment includes our investment portfolio. For the six months ended June 2021, it also includes our wealth management unit, which caters to high net worth investors with financial needs of high value added financial services (Private Banking). The Private Banking unit was previously under the Wholesale Banking segment.
- ***Bci Financial Group, Inc., and Subsidiaries (BCIFG) Segment.*** This reporting segment includes the businesses and operations we carry out in the United States through City National Bank of Florida, which operates as an independent unit, under the supervision of our senior management in Chile.
- ***Financial Services.*** This reporting segment includes businesses associated with the five entities forming Servicios Financieros, which we acquired in December 2018, and mainly includes the issuance and operation of Bci Lider Mastercard and Presto credit cards, the origination of advances and brokerage of personal insurance, among others. This business operates as an independent unit, under the supervision of our senior management in Chile.
- ***Others.*** In this category, we include those expenses and/or income, which by their nature are not directly identifiable within the five reportable segments above and therefore are not assigned.

Consistent with our client-focused strategy, each segment considers the income and expenses generated by the subsidiaries under each segment derived from services to our clients in those respective segments.

For more information on our reporting segments, see Note 5 to our Unaudited Interim Consolidated Financial Statements included in this Prospectus Supplement.

Allocation of Expenses

We allocate administrative expenses of our subsidiaries using an "activity based costing" system, an internal methodology that takes into account the business activities of our subsidiaries and assigns these expenses to our different reporting segments regardless of which of our subsidiaries incurred the expense. We assign expenses to our different reporting segments in three ways:

- first, we assign the cost directly attributable to each cost center of each segment which are clearly recognizable and assignable, such as personnel expenses, materials and equipment and depreciation, among others;
- second, we assign to each segment's cost center the centralized expenses that are booked in our collective cost centers. For example, the telephone expenses that are booked in our collective cost centers are allocated to each segment according to the number of employees of each segment, among other factors; and
- third, we assign to each segment the expenses that are incurred by such segment to support our management according to the time and resources spent by each segment in connection with these management support activities.

Results of Operations by Segment

The following tables set forth certain income statement data for the periods indicated:

	Six months ended June 30, 2021							
	Retail Banking							
	Retail	Small and Medium Enterprise	Wholesale Banking	Corporate and Investment Banking Finance Division(3)	Bci Financial Group	Financial Services	Others(4)	Consolidated
	(in millions of Ch$)							
Net interest income	240,623	88,191	188,119	(107,672)	186,016	56,876	162,365	814,518
Net fee and commission income	74,918	16,979	33,050	4,777	16,320	10,759	(33)	156,770
Other operating income(1)	2,480	5,500	32,092	141,490	9,049	5,365	(170,715)	25,261
Total operating income	**318,021**	**110,670**	**253,261**	**38,595**	**211,385**	**73,000**	**(8,383)**	**996,549**
Provision for loan losses	(29,493)	(32,030)	(21,270)	(2,969)	(73)	(12,710)	(61,423)	(159,968)
Operating income, net of loan losses, interest and commissions	288,528	78,640	231,991	35,626	211,312	60,290	(69,806)	836,581
Total operating expenses	**(181,985)**	**(52,214)**	**(76,744)**	**(33,735)**	**(98,428)**	**(36,266)**	**(27,105)**	**(506,477)**
Total net operating income by segment(2)	**106,543**	**26,426**	**155,247**	**1,891**	**112,884**	**24,024**	**(96,911)**	**330,104**

(1) Includes trading and investment income, net and foreign exchange loss, net.

(2) The breakdown of consolidated net operating income shown is used for internal reporting, planning and marketing purposes and is based on, among other things, our estimated funding cost and direct and indirect cost allocations. This breakdown may differ in some respects from breakdowns of our net operating income for financial and regulatory purposes. See "Financial Services" for additional information with respect to the operations, assets, liabilities and income of our financial service subsidiaries.

(3) Private banking unit was relocated from Wholesale Banking to Corporate and Investment Banking Finance Division for the six months ended June 30, 2021.

(4) Income and expenses that, due to their nature, are not directly identified with or allocated to one of our specific segments.

	Six months ended June 30, 2020							
	Retail Banking							
	Retail	Small and Medium Enterprise	Wholesale Banking	Corporate and Investment Banking Finance Division[3]	Bci Financial Group	Financial Services	Others[4]	Consolidated
				(in millions of Ch$)				
Net interest income	233,833	87,028	180,347	121,139	177,983	63,453	(153,310)	710,473
Net fee and commission income	83,083	18,491	31,309	2,672	16,641	19,631	(3,278)	168,549
Other operating income[1]	3,336	2,236	26,265	(61,186)	3,588	4,940	169,468	148,647
Total operating income	**320,252**	**107,755**	**237,921**	**62,625**	**198,212**	**88,024**	**12,880**	**1,027,669**
Provision for loan losses	(116,492)	(39,436)	(38,102)	(3,123)	(37,295)	(58,179)	(30,107)	(322,734)
Operating income, net of loan losses, interest and commissions	203,760	68,319	199,819	59,502	160,917	29,845	(17,227)	704,935
Total operating expenses	**(188,266)**	**(49,733)**	**(71,126)**	**(31,216)**	**(94,945)**	**(35,172)**	**(19,745)**	**(490,203)**
Total net operating income by segment[2]	**15,494**	**18,586**	**128,693**	**28,286**	**65,972**	**(5,327)**	**(36,972)**	**214,732**

(1) Includes trading and investment income, net and foreign exchange loss, net.
(2) The breakdown of consolidated net operating income shown is used for internal reporting, planning and marketing purposes and is based on, among other things, our estimated funding cost and direct and indirect cost allocations. This breakdown may differ in some respects from breakdowns of our net operating income for financial and regulatory purposes. See "Financial Services" for additional information with respect to the operations, assets, liabilities and income of our financial service subsidiaries.
(3) Private banking unit was relocated from Wholesale Banking to Corporate and Investment Banking Finance Division for the six months ended June 30, 2021. The segment data for the six-month period ended June 30, 2021 in this table has been recast to align with the segment presentation as described above. Neither the segment data for the six-month period ended June 30, 2020 in the unaudited interim consolidated financial statements as of June 30, 2020 and for the six-months ended June 30, 2020 and 2019 included herein nor the segment data as of and for the years ended December 31,2020, 2019 or 2018 in the 2020 and 2019 audited consolidated financial statements included in the Base Prospectus dated June 9, 2021 have been recast for the segment change described above.
(4) Income and expenses that, due to their nature, are not directly identified with or allocated to one of our specific segments.

Results of Operations for the Six Months Ended June 30, 2020 and 2021

This section presents consolidated and other financial and operating information for the six months ended June 30, 2020 and 2021. This information should be read in conjunction with, and is qualified in its entirety by reference to our Unaudited Interim Consolidated Financial Statements beginning on page F-1 of this Prospectus Supplement.

The following table sets forth the principal components of our net income for the six months ended June 30, 2020 and 2021:

	Six months ended June 30,		
	2020	2021	2020/2021
	(in millions of Ch$)		% Change
Interest income	1,082,860	1,097,606	1.4%
Interest expense	(372,387)	(283,088)	(24.0)%
Net interest income	**710,473**	**814,518**	**14.6%**
Fee and commission income	221,294	218,811	(1.1)%
Fee and commission expense	(52,745)	(62,041)	17.6%
Net fee and commission income	168,549	156,770	(7.0)%
Trading and investment income, net	186,859	9,165	(95.1)%
Foreign exchange results, net	(64,787)	(8,144)	(87.4)%
Other operating income	26,575	24,240	(8.8)%
Provision for loan losses and impairment of repossessed assets	(322,734)	(159,968)	(50.4)%
Operating income, net of provisions for loan losses	**704,935**	**836,581**	**18.7%**
Staff costs	(251,580)	(262,651)	4.4%
Administrative expenses	(156,224)	(150,644)	(3.6)%
Depreciation and amortization	(54,556)	(52,434)	(3.9)%
Other operating expenses	(27,701)	(40,725)	47.0%
Impairment of property, plant and equipment and intangible assets	(142)	(23)	(83.8)%
Total operating expenses	**(490,203)**	**(506,477)**	**3.3%**
Total net operating income	**214,732**	**330,104**	**53.7%**

	Six months ended June 30,		
	2020	2021	2020/2021
	(in millions of Ch$)		% Change
Share of profit of investments accounted for using the equity method	1,152	(376)	(132,6)%
Income before income tax	215,884	329,728	52.7%
Income tax expense	(56,774)	(57,974)	2.1%
Consolidated net income for the period	**159,110**	**271,754**	**70.8%**

Net Interest Income

The following table sets forth information with respect to our net interest income and net interest margin for the six months ended June 30, 2020 and 2021.

	Six months ended June 30,		
	2020	2021	2020/2021
	(in millions of Ch$)		% Change
Total income from interest and indexation for inflation	1,082,860	1,097,606	1.4%
Total interest expenses and indexation for inflation	(372,387)	(283,088)	(24.0)%
Net interest income	**710,473**	**814,518**	**14.6%**
Net interest margin(1)	1.5%	1.7%	7.7%

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

The following table sets forth the effects of the changes in monthly average volume of interest-earning assets and interest-bearing liabilities and average nominal interest rates on our net interest income between June 30, 2020 and 2021.

	Six months ended June 30,
	2020/2021
	(in millions of Ch$)
Due to changes in average volume of interest-earning assets and interest-bearing liabilities	98,307
Due to changes in average nominal interest rate	5,738
Net change	**104,045**

Our net interest income increased Ch$104,045 million, or 14.6%, from Ch$710,473 million for the six months ended June 30, 2020 to Ch$814,518 million for the six months ended June 30, 2021, primarily as a result of a 24.0% decrease in our interest expense, and also a 1.4% increase in our interest income. Our interest expense for the six months ended June 30, 2021 decreased due to lower term deposits by institutional investors, partially compensated by a higher portion of non-interest-bearing deposits, which also contributed to a lower average nominal interest rate paid, which decreased from 0.8% to 0.2% and was also a driver of our lower interest expense.

Of the increase in net interest income of Ch$104,045 million for the six months ended June 30, 2021, Ch$8,214 million was attributable to CNB, primarily as a result of a decrease in interest expense due to higher volumes of non-interest-bearing and term deposits in the six months ended June 30, 2021 compared to the same period in 2020, partially offset by a decrease in interest income related to lower interest earned in commercial and leasing loans in the six months ended June 30, 2021 compared to the same period in 2020.

Interest Income

The following table sets forth information regarding our interest income and average interest-earning assets for the six months ended June 30, 2020 and 2021:

	Six months ended June 30,		
	2020	2021	2020/2021(1)(2)
	(in millions of Ch$)		% Change
Interest income	1,082,860	1,097,606	1.4%

Average interest earning assets:[1]			
Commercial loans	24,154,821	23,317,460	(3.5)%
Mortgage loans	8,710,090	9,294,477	6.7%
Consumer loans	3,888,841	3,304,504	(15.0)%
Loans and receivables to banks	520,197	389,900	(25.0)%
Total loans	**37,273,950**	**36,306,341**	**(2.6)%**
Investments	5,844,403	10,086,959	72.6%
Other assets	2,721,653	2,420,838	(11.1)%
Total average interest-earning assets	**45,840,006**	**48,814,138**	**6.5%**
Average nominal rates earned:[1]			
Loans[2]	2.8%	2.9%	2.2%
Investments	1.2%	0.8%	(33.3)%
Other assets	(1.5)%	(0.8)%	(46.7)%
Average nominal rates earned	2.5%	2.2%	(12.0)%
Annualized inflation rates	1.2%	2.0%	66.7%

(1) Average interest-earning and average nominal rates earned are determined on a monthly average basis for the relevant six-month period.
(2) Includes loans and receivables to banks.

The following table sets forth the effects of the changes in average volume of interest-earning assets and average nominal interest rates on our interest income between the six months ended June 30, 2020 and 2021.

	Six months ended June 30,
	2020/2021
	(in millions of Ch$)
Due to changes in average volume of interest-earning assets	97,157
Due to changes in average nominal interest rate	(82,411)
Net change	**14,746**

Our interest income increased Ch$14,746 million, or 1.4%, for the six months ended June 30, 2021, from Ch$1,082,860 million for the six months ended June 30, 2020 to Ch$1,097,606 million for the six months ended June 30, 2021, primarily as a result of an increase of 6.5% in our average interest earning assets in the six months ended June 30, 2021 compared to the same period in 2020, which was partially offset by a decrease of 8.3% on our average nominal rates for the six months ended June 30, 2021 compared to the same period in 2020.

The increase in our interest income was mainly attributable to a 72.6% increase in average investments in the six months ended June 30, 2021 compared to the same period in 2020, which was partially offset by a 33.3% decrease in the average nominal rate earned on investments, from 1.2% for the six months ended June 30, 2020 to 0.8% for the same period in 2021. The average investments were part of the collateral required by the Central Bank of Chile in order to access the liquidity programs in place, which were kept under a low rate environment by the Central Bank of Chile.

That increase in the volume of our average investment was partially offset by a decrease in our total loans, the average volume of which decreased 2.6% from Ch$37,273,950 million for the six months ended June 30, 2020 to Ch$36,306,341 million for the six months ended June 30, 2021, accompanied by a modest 1.1% increase on average nominal interest rates earned. The primary drivers of this decrease in our average loans were (i) the 3.5% decrease in our commercial loans in the six months ended June 30, 2021 compared to the same period in 2020, due to the support programs guaranteed by the government during the pandemic in 2020, which allowed companies to finance their operations for more than one year, and (ii) the 15% decrease in consumer loans in the six months ended June 30, 2021 compared to the same period in 2020, due to more restrictive risk measures taken by us.

Of our Ch$14,746 million increase in interest income for the six months ended June 30, 2021 compared to the same period in 2020, a decrease of Ch$19,483 was attributable to CNB, whose interest income decreased 8.8% in the six months ended June 30, 2021 compared to the same period in 2020, from Ch$222,460million for the six months ended June 30, 2020 to Ch$202,977 million for the six months ended June 30, 2021.

Interest Expense

The following table sets forth certain information concerning our interest expense and average interest-bearing liabilities for the six months ended June 30, 2020 and 2021:

	Six months ended June 30,		
	2020	2021	2020/2021(1)(2)
	(in millions of Ch$)		*% Change*
Interest expense	(372,387)	(283,088)	(24.0)%
Average interest-bearing liabilities(1):			
Term deposits	20,707,079	18,555,518	(10.4)%
Savings accounts	50,494	58,507	15.9%
Liabilities under agreements to repurchase	479,466	262,135	(45.3)%
Debt issued	7,369,050	7,797,645	5.8%
Other interest-bearing liabilities	7,528,110	8,295,690	10.2%
Total average interest-bearing liabilities	**36,134,199**	**34,969,495**	**(3.2)%**
Average nominal rates paid(1):			
Term deposits	0.8%	0.2%	(72.4)%
Debt issued	2.2%	2.8%	27.1%
Other interest-bearing liabilities	0.6%	0.3%	(56.8)%
Average nominal rates paid	1.0%	0.8%	(21.4)%
Average real rates paid(3):	2.6%	(0.6)%	(124.8)%

(1) Average interest-bearing liabilities are determined on a monthly average basis for the six month period.
(2) Calculated taking into account average interest-bearing liabilities determined on a monthly average basis.
(3) Calculated taking into account the variation in the exchange rate for Chilean pesos and the inflation rate in Chile during the period.

The following table sets forth the effects of the changes in average volume of interest-bearing liabilities and average nominal interest rates on our interest expense between the six months ended June 30, 2020 and 2021:

	Six months ended June 30,
	2020/2021
	(in millions of Ch$)
Due to changes in average volume of interest-bearing liabilities	(1,150)
Due to changes in average nominal interest rates	(88,149)
Net change	**(89,299)**

Our interest expense decreased 24.0% for the six months ended June 30, 2021, from Ch$372,387 million for the six months ended June 30, 2020 to Ch$283,088 million for the six months ended June 30, 2021, primarily due to:

- a 10.4% decrease in volume of term deposits, from Ch$20,707,079 million for the six months ended June 30, 2020 to Ch$18,555,517 million for the six months ended June 30, 2021. This decrease was primarily driven by lower term deposits by institutional investors, and a greater volume of higher non-interest-bearing deposits which contributed to a lower average nominal rate paid from 0.8% to 0.2%.

- a 45.3% decrease in obligations under agreements to repurchase from Ch$479,466 million for the six months ended June 30, 2020 to Ch$262,135 million for the six months ended June 30, 2021.

- a 10.2% increase in other interest-bearing liabilities, from Ch$7,528,110 million for the six months ended June 30, 2020 to Ch$8,295,690 million for the six months ended June 30, 2021, coupled with a 56.8% decrease in average nominal rates paid on other interest-bearing liabilities, from 0.6% in the six months ended June 30, 2020 to 0.3% in the same period of 2021. The decrease in other interest-bearing liabilities was primarily attributable to a decrease in the volume of interbank loans.

- Ch$27,696 million of the decrease in our interest expense for the six months ended June 30, 2021 was attributable to CNB, whose average time deposits decreased from Ch$1,358,174 million for the six months ended June 30, 2020 to Ch$673,701 million for the six months ended June 30, 2021, due to the low rate environment, and the early lifting of and recovery from COVID-19 health measures.

Net Fee and Commission Income

The following table sets forth information with respect to our net fee and commission income for the six months ended June 30, 2020 and 2021:

	Six months ended June 30,		
	2020	**2021**	**2020/2021**
	(in millions of Ch$)		*% Change*
Fee and commission income	221,294	218,811	(1.1)%
Fee and commission expense	(52,745)	(62,041)	17.6%
Net fee and commission income	**168,549**	**156,770**	**(7.0)%**

Our net fee and commission income decreased Ch$11,779 million, or 7.0%, in the six months ended June 30, 2021, from Ch$168,549 million in the six months ended June 30, 2020 to Ch$156,770 million in the six months ended June 30, 2021, primarily as a result of a 17.6% increase in fee and commission expense, and a 1.1% decrease in fee and commission income.

The increase in fee and commission expense was primarily attributable to increases in other commissions and expenses, and in commissions for operations relating to securities trading.

The decrease in fee and commission income was primarily attributable to decreases in commissions from insurance brokerage and collection service fees.

Net fee and commission income represented 18.7% of our total operating income for the six months ended June 30, 2021, compared to 23.9% the six months ended June 30, 2020.

Fee and Commission Income

The following table sets forth the principal components of our fee and commission income for the six months ended June 30, 2020 and 2021:

	Six months ended June 30,		
	2020	**2021**	**2020/2021**
	(in millions of Ch$)		*% Change*
Commissions for credit lines and overdrafts	1,732	1,635	(5.6)%
Commissions for guarantees and letters of credit	12,087	12,795	5.9%
Commissions for administration of accounts	24,728	24,041	(2.8)%
Commissions for collection services	37,891	31,606	(16.6)%
Commissions for management of mutual and investment funds	27,974	27,958	(0.1)%
Commissions for credit card services	44,021	44,283	0.6%
Commissions for securities brokerage	3,529	4,495	27.4%
Commissions for insurance brokerage	39,550	28,797	(27.2)%
Commissions for other services provided and other commissions	29,782	43,201	45.1%
Total fee and commission income	**221,294**	**218,811**	**(1.1)%**

Our fee and commission income decreased 1.1% for the six months ended June 30, 2021, from Ch$221,294 million for the six months ended June 30, 2020 to Ch$218,811 million for the six months ended June 30, 2021, primarily as a result of:

- a 27.2% decrease in commissions for insurance brokerage from Ch$39,550 million for the six months ended June 30, 2020 to Ch$28,797 million for the six months ended June 30, 2021;

- a 16.6% decrease in commissions for collection services, from Ch$37,891 million for the six months ended June 30, 2020 to Ch$31,606 million for the six months ended June 30, 2021, mainly driven by a slightly lower collection fees coming from customers, due to a slowdown of the collection process during the pandemic.

- a 45.1% increase in commissions for other services provided and other commissions from Ch$29,782 million for the six months ended June 30, 2020 to Ch$43,201 million for the six months ended June 30, 2021, due to higher income for services rendered, mainly directed to our MACH card business, and from financial advisory services.

In addition, CNB had an increase of Ch$1,686 million in fee and commission income for the six months ended June 30, 2021, which was mainly attributable to the increase in fees for services rendered as a result of higher sales.

Fee and Commission Expense

The following table sets forth the principal components of our fee and commission expense for the six months ended June 30, 2020 and 2021:

	Six months ended June 30,		
	2020	2021	2020/2021
	(in millions of Ch$)		*% Change*
Commissions on operations with credit cards	(26,195)	(25,199)	(3.8)%
Commissions on securities trading	(11,931)	(14,614)	22.5%
Other commissions	(14,619)	(22,228)	52.0%
Total fee and commissions expenses	**(52,745)**	**(62,041)**	**17.6%**

Our fee and commission expense increased 17.6% for the six months ended June 30, 2021, from Ch$52,745 million for the six months ended June 30, 2020 to Ch$62,041 million for the six months ended June 30, 2021, primarily as a result of:

- a 52.0% increase in other commissions, from Ch$14,619 million in the six months ended June 30, 2020 to Ch$22,228 million in the six months ended June 30, 2021, primarily due to an increase in commissions expenses in connection with the Fogape loans.

- a 22.5% increase in commissions on securities trading, from Ch$11,931 million in the six months ended June 30, 2020 to Ch$14,614 million in the six months ended June 30, 2021, due to an increase in commissions associated with custody services.

In addition, fee and commission expense attributable to CNB increased 41.6% in the six months ended June 30, 2021, from Ch$1,229 million in the six months ended June 30, 2020 to Ch$718 million in the six months ended June 30, 2021, primarily attributable to fees from credit card business.

Trading and Investment Income (Loss), Net

The following table sets forth information with respect to our net trading and investment income for the six months ended June 30, 2020 and 2021:

	Six months ended June 30,		
	2020	2021	2020/2021
	(in millions of Ch$)		*% Change*
Trading instruments	80,541	17,525	(78.2)%
Derivative financial agreements	63,610	(11,663)	(118.3)%
Gain on sale of financial investments available for sale	43,036	(5,856)	(113.6)%
Other instruments at fair value through profit or loss	(328)	—	(100.0)%
Other	—	9,159	100.0%
Total	**186,859**	**9,165**	**(95.1)%**

Our net trading and investment income consists of net gains from trading and fair value adjustments. Our net trading and investment income decreased 95.1% or Ch$177,694 million in the six months ended June 30, 2021, from Ch$186,859 million in the six months ended June 30, 2020 to Ch$9,165 million in the same period in 2021, mainly as a result of a Ch$75,273 million decrease in the fair value of derivative financial agreements, followed by a Ch$63,016 million decrease in the gain/loss on trading instruments, and a Ch$48,892 million decrease in realized gain from the sale of available for sale investments.

The Ch$75,273 million decrease in fair value adjustment from derivative financial agreements was primarily attributable to an economic environment of low interest rates in 2021 compared to 2020.

The Ch$63,016 million decrease in trading instruments was primarily attributable to Ch$30,366 million decrease in profits for the sale of trading instruments, Ch$27,356 million in accrued interests and revaluations and Ch$ 25,147 million in fair value adjustments of trading instruments.

The Ch$48,892 million decrease in realized gain from sale of available for sale investments was primarily attributable to Ch$36,135 million in fair value adjustments from available for sale instruments and Ch$12,757 million in lower net gains from the sale of instruments in this portfolio.

Foreign Exchange Results, Net

The following table sets forth information with respect to our net foreign exchange results for the six months ended June 30, 2020 and 2021:

	Six months ended June 30,		
	2020	2021	2020/2021
	(in millions of Ch$)		*% Change*
Gain/(loss) from exchange differences	(274,988)	21,501	107.8%
Foreign currency indexation[(1)]	210,201	(29,645)	(114.1)%
Total	**(64,787)**	**(8,144)**	**87.4%**

(1) Foreign currency indexation includes the sum of net results for assets and liabilities denominated in foreign currency and hedge accounting results.

Our net foreign exchange loss decreased 87.4% in the six months ended June 2021, from a loss of Ch$64,787 million in the six months ended June 30, 2020 to a loss of Ch$8,144 million in the six months ended June 30, 2021. This loss decrease was primarily attributable to an increase of 107.8% in exchange differences, from a loss of Ch$274,988 million in the six months ended June 30, 2020 to a Ch$21,501 million gain in the six months ended June 30, 2021, mainly driven by a result of client activity in financial products (FX Spot, FX Forwards and another financial solutions offered by Sales & Trading Management) and improved management of financial risks.

This was partially offset by a 114.1% decrease in foreign currency indexation in the six months ended June 30, 2021, primarily due to our hedging strategies linked to the inflation index. Our assets and liabilities are hedged with short positions in financial derivatives linked to the inflation index, in order to mitigate inflation risk.

Other Operating Income

The following table sets forth the components of our other operating income for the six months ended June 30, 2020 and 2021:

	Six months ended June 30,		
	2020	2021	2020/2021
	(in millions of Ch$)		*% Change*
Income from repossessed assets	688	2,246	226.5%
Reversal of provisions for credit commitments	1,716	—	(100.0)%
Other	24,171	21,994	(9.0)%
Total	**26,575**	**24,240**	**(8.8)%**

Our other operating income decreased 8.8% in the six months ended June 30, 2021, from Ch$26,575 million in the six months ended June 30, 2020 to Ch$24,240 million in the six months ended June 30, 2021, primarily due to a 9.0% decrease in Other income in the six months ended June 30, 2021 explained primarily by a decrease in insurance compensations, as well as a decrease in gain from sale of fixed assets and other income.

This was partially offset by a 226.5% increase in income from repossessed assets in the six months ended June 30, 2021 compared to the same period in 2020.

Provision for Loan Losses and Impairment of Repossessed Assets

Chilean banks are required to maintain allowances to cover possible credit losses in an amount at least equal to their loans to customers multiplied by their risk index. The allowances for loan losses as a percentage of total loans are derived from our classification of our portfolio according to objective criteria relating to the performance of the loans and in accordance with the regulations of the CMF. The amount of provision charged to income in any period consists of adjustments to the loan loss reserve including direct write-offs against income (equal to the portion of loans written off that is not covered by a reserve at the time of write-off). See our Unaudited Interim Consolidated Financial Statements included herein with respect to the provisioning for impairment of repossessed assets.

The following table sets forth information for our allowances for loan losses and their principal components, provision for loan losses and charge-offs, for the six months ended June 30, 2020 and 2021:

	Six months ended June 30,		
	2020	**2021**	**2020/2021**
	(in millions of Ch$)		*% Change*
Provisions:			
Allowances for loan losses at beginning of period	668,321	790,032	18.2%
Provisions established for loan losses, net of reversal of provisions	300,525	88,955	(70.4)%
Write-offs	(209,879)	(161,603)	(23.0)%
Allowances for loan losses at end of the period	**758,967**	**717,384**	**(5.5)%**
Other asset quality data:			
Total loans and receivables from customers	38,378,339	36,293,584	(5.4)%
Consolidated risk index (%)[1]	1.978%	1.977%	0.0%
Additional voluntary provision	69,621	234,241	236.5%
Allowances for loan losses including additional voluntary provision (presented as a liability)	828,588	951,625	14.8%
Allowances for loan losses (including additional voluntary provision (presented as a liability) as a percentage of total loans and receivables from customers	2.16%	2.62%	21.3%

(1) The risk index of our loan portfolio is calculated as allowances for loan losses as a percentage of total loans.

Our allowances for loan losses including additional voluntary provision increased 14.8% for the six months ended June 30, 2021, from Ch$828,588 million for the six months ended June 30, 2020 to Ch$951,625 million for the six months ended June 30, 2021, primarily as a result of a 236.5% increase in our additional voluntary provision, from Ch$69,621 million for the six months ended June 30, 2020, to Ch$234,241 million for the six months ended June 30, 2021, which resulted in a 21.3% increase in the percentage of allowances for loan losses including additional voluntary provision as a percentage of total loans and receivables from customers in 2021.

In addition, the provisions established for loan losses, net of reversal of provisions decreased 70.4% from Ch$300,525 million for six months ended June 30, 2020, to Ch$88,955 million for six months ended June 30, 2021, mainly driven by consumer and commercial portfolios, where governmental support for companies and individuals, together with the three withdrawals from the pension funds to individuals, have strengthened their payment capacity.

Our additional voluntary provisions increased 236.5% for six months ended June 30, 2021, from Ch$69,621 million for six months ended June 30, 2020, to Ch$234,241 million for six months ended June 30, 2021, mainly attributable to proactive management to anticipate future risks related to consequences of the pandemic and a possible deterioration of the macroeconomic conditions. As of June 2021, the risk of the portfolio is not reflecting any significant impairment mainly due to government measures to support clients and the financial system.

Our write-offs decreased 23.0% for six months ended June 30, 2021, from Ch$209,879 million for six months ended June 30, 2020, to Ch$161,603 million for six months ended June 30, 2021. This decrease is mainly explained by more conservative criteria in the credit renegotiation policy of consumer loans; and in the case of Servicios Financieros portfolio, this has been partially offset by the effect of the pension fund withdrawals.

From the total amount of the allowances for loan losses, CNB represents a decrease of Ch$36,586 million, from Ch$37,295 million for the six months ended June 30, 2020, to Ch$72 million for the six months ended June 30, 2021, mainly due to the effects of a reduction of the commercial portfolio. Our CNB additional voluntary provisions decreased Ch$20,043 million for six months ended June 30, 2021, from additional provisions of Ch$17,720 million for six months ended June 30, 2020, to a release of additional provisions of Ch$2,323 million for the six months ended June 30, 2021.

As a result, our allowance for loan losses as a percentage of total loans, or risk index, increased from 2.16% for the six months ended June 30, 2020 to 2.62% for six months ended June 30, 2021. Our total loans and receivables from customers for the six months ended June 30, 2021 decreased 5.4% compared to the same period in 2020, while our allowances increased 14.8% for the six months ended June 30, 2021 compared to the same period in 2020.

Operating Expenses

The following table sets forth the principal components of our operating expenses for the six months ended June 30, 2020 and 2021:

	Six months ended June 30,		
	2020	**2021**	**2020/2021**
	(in millions of Ch$)		*% Change*
Staff costs	(251,580)	(262,651)	4.4%
Administrative expenses	(156,224)	(150,644)	(3.6)%
Depreciation and amortization	(54,556)	(52,434)	(3.9)%
Other operating expenses	(27,701)	(40,725)	47.0%
Impairment of property, plant and equipment and intangible assets	(142)	(23)	(83.8)%
Total operating expenses	**(490,203)**	**(506,477)**	**3.3%**
Efficiency ratio[(1)]	47.7%	50.8%	6.5%

(1) Operating expenses as a percentage of net operating income.

Our operating expenses increased 3.3% in the six months ended June 30, 2021, from Ch$490,203 million for the six months ended June 30, 2020 to Ch$506,477 million for the six months ended June 30, 2021, primarily as a result of a 47.0% increase in other operating expenses due to Ch$9,788 million increase in provisions for contingencies in order to mitigate the potential negative impact as a result of the COVID-19 pandemic.

Another contributing factor was the 4.4% increase in staff costs for the six months ended June 30, 2021 compared to the same period in 2020, mainly due to Ch$15,537 million in bonuses paid to employees.

Our efficiency ratio (operating expenses as a percentage of net operating income) increased from 47.7% in the six months ended June 30, 2020 to 50.8 % in the six months ended June 30, 2021, primarily as the result of an increase in our operating expenses of 3.3%.

Share of Profit of Investment Accounted for Using the Equity Method

The (132.6)% or Ch$1,528 million decrease in our share of profit of investment accounted for using the equity method for the six months ended June 30, 2021 as compared to the six months ended June 30, 2020 was primarily due to a decrease in the share of profit of our investment in Transbank.

Income Tax

Law No. 20,780, enacted and published in the Official Gazette of Chile in September 2014, as amended by Law No. 20,899, introduced certain amendments to Chilean income tax law that impact the calculation of our income tax. Article 14 of the Income Tax Law (Law Decree No. 824), as amended by Law No. 20,780 and Law No. 20,899, established two alternative systems of taxation for taxpayers obliged to declare their actual income determined under full accounting records: the Attributed System and the Partially Integrated System. Law No. 21,210 of 2020 eliminated the Attributed System and established the Partially Integrated System as the general regime for large companies. See "Risk Factors—Risks Relating to Chile—Changes in Chilean tax laws may increase our tax burden and adversely affect our profitability" in the Base Prospectus for a description of such taxation systems. Since Bci is a stock corporation *(sociedad anónima),* we are subject to the general regime for large companies.

The following table sets forth our income before income tax and effective tax rate for the six months ended June 30, 2020 and 2021:

	Six months ended June 30,		
	2020	**2021**	**2020/2021**
	(in millions of Ch$)		*% Change*
Income before income tax	215,884	329,728	52.7%
Income tax expense	(56,774)	(57,974)	2.1%
Effective income tax rate[(1)]	26.3%	17.6%	(33.1)%

(1) Effective tax rate is equal to income tax expense divided by income before income tax.

The effective tax rate decreased 33.1% for the six months ended June 30, 2021 as compared to the six months ended June 30, 2020, from 26.3% in the six months ended June 30, 2020 to 17.6% in the six months ended June 30, 2021, mainly driven by a higher price-level adjustment of equity as compared to the six months ended June 30, 2020. For the years 2020 and 2021, the corporate income tax rate in Chile for large companies was 27%.

Net Income

As a result of the foregoing factors, our net income increased 70.8%, or Ch$112,644 million, for the six months ended June 30, 2021, from Ch$159,110 million for the six months ended June 30, 2020 to Ch$271,754 million for the six months ended June 30, 2021.

Ch$104,045 million of this increase in our net income is attributable to the increase in our net interest income, mainly driven by a decrease in our interest expense explained by lower term deposits coming from institutional investors.

Liquidity and Capital Resources

Sources of Liquidity

Our liquidity depends upon our capital, reserves and financial investments, including investments in government securities. To cover any liquidity shortfalls and to augment our liquidity position, we have established lines of credit with foreign and domestic banks and also have access to Central Bank of Chile borrowings.

The following table sets forth our financial obligations by time remaining to maturity. At June 30, 2021, the scheduled maturities of our financial obligations on an accrued basis, were as follows:

	up to 1 year	**1 to 5 years**	**Over 5 years**	**Total**
		(in millions of Ch$)		
Current accounts and demand deposits	23,087,232			23,087,232
Items in course of collection	418,400			418,400
Liabilities under agreements to purchase	210,364	5,653	24	216,041
Time deposits and savings accounts	9,087,739	71,371	106	9,159,216
Derivative financial agreements	1,479,043	1,573,658	1,009,387	4,062,088
Borrowings from financial institutions	2,154,330	4,093,997		6,248,327

Debt issued	953,487	3,297,921	3,596,616	7,848,024
Other financial liabilities	884,144			884,144
Lease liabilities	61,092	43,968	61,854	166,914
Total liabilities	**38,335,831**	**9,086,568**	**4,667,987**	**52,090,386**

Capital and Reserves

We currently have regulatory capital in excess of the minimum requirement under the current Chilean regulations. According to the General Banking Law, a bank must have regulatory capital of at least 8.0% of its risk-weighted assets, net of required loan loss allowances, and total equity of equity holders of the Bank (the basic capital) of at least 3.0% of its total assets, net of required loan loss allowances. For these purposes, the regulatory capital of a bank is the sum of (1) the bank's basic capital, (2) subordinated bonds issued by the bank valued at their placement price for an amount up to 50% of its basic capital; provided that the value of the bonds shall decrease by 20% for each year that elapses during the period commencing six years prior to their maturity, and (3) its contingency allowances for loan losses, for an amount of up to 1.25% of its risk-weighted assets. When calculating risk-weighted assets, we also include off-balance sheet contingent loans. For purposes of weighing the risk of a bank's assets, the General Banking Law considers five different categories of assets, based on the nature of the issuer, the availability of funds, and the nature of the assets and the existence of collateral securing such assets.

The following table sets forth our regulatory capital at the dates indicated. See Note 24 g) to our Unaudited Interim Consolidated Financial Statements included in the Base Prospectus for a description of the minimum capital requirements.

	As of June 30, 2020	**As of June 30, 2021**
	(in millions of Ch$, except percentages)	
Basic capital	3,974,956	3,876,785
3% of total assets	(1,788,384)	(1,786,578)
Excess over minimum required basic capital	2,186,572	2,090,207
Basic capital to consolidated assets	6.67%	6.51%
Regulatory capital	5,161,593	5,196,191
Risk-weighted assets	40,884,427	38,680,659
8% of risk-weighted assets	(3,270,754)	(3,094,453)
Excess over minimum required regulatory capital	1,890,839	2,101,738
Regulatory capital as a % of 8% of risk-weighted assets	157.81%	167.92%
Regulatory capital as a % of risk-weighted assets	12.62%	13.43%

We must calculate the credit risk involved on all derivatives contracted over-the-counter with a net asset position and this is included as a risk-weighted asset. Since April 2009, if we have a net liability in a derivative position and if this derivative, under certain stress and volatility measures, becomes a net asset position, then we must also include this derivative as a risk-weighted asset.

Liquidity Management

Liquidity management seeks to ensure that, even under adverse conditions, we have access to the funds necessary to cover client needs, maturing liabilities and capital requirements. Liquidity risk arises in the general funding for our financing, trading and investment activities. It includes the risk of unexpected increases in the cost of funding the portfolio of assets at appropriate maturities and rates, the risk of being unable to liquidate a position in a timely manner at a reasonable price and the risk that we will be required to repay liabilities earlier than anticipated.

Our general policy is to maintain liquidity adequate to ensure our ability to honor withdrawals of deposits, make repayments of other liabilities at maturity, extend loans and meet our own working capital needs. Our minimum amount of liquidity is determined by the statutory reserve requirements of the Central Bank of Chile. Deposits are subject to a statutory reserve requirement of 9.0% for demand deposits and 3.6% for Chilean peso, UF-denominated and foreign currency-denominated term deposits with a term of less than a year. See "Regulation and Supervision—The Banking System—Reserve Requirements." The Central Bank of Chile has statutory authority to increase these percentages to up to 40.0% for demand deposits and up to 20.0% for term deposits. In addition, a 100% special reserve (*reserva técnica*) applies to demand deposits, deposits in checking accounts, other demand deposits received or obligations payable on sight and incurred in the ordinary course of business, other than deposits unconditionally payable immediately or within a term of less than 30 days and other term deposits payable within 10 days. This special reserve requirement applies to the amount by which the total of such deposits exceeds 2.5 times the amount of a bank's regulatory capital. Loans and receivables to banks are deemed to have a maturity of more than 30 days, even if payable within the following 10 days.

The Central Bank of Chile also requires us to comply with the following liquidity limits:

- Our total liabilities with maturities of less than 30 days cannot exceed our total assets with maturities of less than 30 days by an amount greater than our capital. This limit must be calculated in local currency and foreign currencies together as one measurement.

- Our total liabilities with maturities of less than 90 days cannot exceed our total assets with maturities of less than 90 days by more than twice of our capital. This limit must be calculated in local currency and foreign currencies together as one measurement.

We have set other liquidity limits and ratios that help manage liquidity risk. See "Quantitative and Qualitative Disclosures About Market Risk."

Cash Flow Information

No legal or economic restrictions exist on the ability of subsidiaries to transfer funds to us in the form of loans or cash dividends as long as these subsidiaries abide by the regulations of the Chilean Corporations Law (*Ley de Sociedades Anónimas*) regarding loans to related parties and minimum dividend payments. U.S. federal banking law imposes restrictions on Bci and certain of its affiliates from borrowing from CNB, unless certain requirements are satisfied. U.S. federal banking law also imposes limitations on the payment of dividends by CNB. In addition to dividend restrictions set forth in statutes and regulations, the OCC may prohibit or limit the payment of dividends by CNB if, in the OCC's opinion, payment of a dividend would constitute an unsafe or unsound practice. See the consolidated statements of cash flows in our Unaudited Interim Consolidated Financial Statements for a detailed breakdown of our cash flow.

Six months ended June 30, 2020 and 2021

Cash flows provided by operating activities decreased in 2021, from Ch$2,114,206 million in the six months ended June 30, 2020, to Ch$(240,162) million in the six months ended June 30, 2021, primarily due to a decrease in proceeds from loans from Ch$(4,710,503) million in the six months ended June 30, 2020 to Ch$(913,358) million in the six months ended June 30, 2021, primarily due to a reduction in the proceeds from loans from the Central Bank of Chile, and proceeds from foreign borrowers.

Cash flow from investing activities increased from Ch$33,387 million used in investing activities in the six months ended June 30, 2020, to Ch$214,965 million provided by investing activities in the six months ended June 30, 2021, mainly due to the acquisition of investment instruments with greater liquidity.

Cash flow provided by financing activities decreased from Ch$78,949 million in the six months ended June 30, 2020 to Ch$59,154 million in the six month ended June 30, 2021, mainly due to increased bond payments from Ch$181,753 million to Ch$234,600 million due to phasing out of government programs to support financial institutions during the COVID-19 pandemic.

Deposits and Other Borrowings

The following tables set forth our average monthly balance of deposits upon which we disburse interest for the periods indicated, in each case together with the related average nominal interest rates paid thereon.

	Six months ended June 30,			
	2020		**2021**	
	Average balance	**Average Nominal Rate**	**Average balance**	**Average Nominal Rate**
		(in millions of Ch$, except percentages)		
Term deposits	20,707,079	0.76%	18,555,518	0.21%

Savings accounts	50,494	1.40%	58,507	2.19%
Total	**20,757,573**		**18,614,025**	

Our most important source of funding is time deposits. Average time deposits represented 32.2% of our average total liabilities and shareholders' equity as of June 30, 2021. Our current funding strategy is to continue to utilize all sources of funding in accordance with their cost, their availability and our general asset and liability management strategy. Special emphasis is being placed on lengthening the maturities of time deposits with institutional clients and increasing our deposits from retail customers. We also intend to continue to broaden our customer deposit base and to emphasize core deposit funding.

Maturity of Deposits

The following tables set forth information regarding the currency and maturity of our deposits (excluding stand-by guarantees) at June 30, 2021. UF-denominated deposits are similar to peso-denominated deposits in all respects, except that the principal is readjusted periodically based on variations in the Chilean consumer price index.

	As of June 30, 2021				
	Ch$	**UF**	**Foreign Currency (other than US$)**	**US$**	**Total**
			(in millions of Ch$)		
Current accounts and demand deposits	9,718,244	60,222	35,275	13,273,491	23,087,232
Savings accounts	—	60,852	—	—	60,852
Term deposits:					
Maturity within 3 months	4,866,146	52,400	6,253	1,988,004	6,912,803
Maturity after 3 but within 6 months	394,984	3,312	69	415,807	814,171
Maturity after 6 but within 12 months	623,353	29	—	675,933	1,299,315
Maturity after 12 months	—	—	—	71,235	71,235
Total term deposits	**5,884,483**	**55,741**	**6,322**	**3,150,978**	**9,097,524**
Total deposits	**15,603,194**	**177,188**	**41,597**	**16,423,629**	**32,245,608**

The following tables sets forth information regarding the maturity of our outstanding time deposits in excess of US$100,000 at June 30, 2021:

	As of June 30, 2021				
	Ch$	**UF**	**Foreign Currency, (other than US$)**	**US$**	**Total**
			(in millions of Ch$)		
Time deposits:					
Maturity within 3 months	3,820,569	12,545	1,310	1,917,861	5,752,285
Maturity after 3 but within 6 months	374,352	492	—	413,156	788,000
Maturity after 6 but within 12 months	615,792	—	—	675,624	1,291,416
Maturity after 12 months	—	—	—	71,235	71,235
Total deposits in excess of US$100,000	**4,810,713**	**13,037**	**1,310**	**3,077,876**	**7,902,936**

Total borrowings

Our long-term and short-term borrowings are summarized below. Borrowings are generally classified as short-term when they have original maturities of less than one year or are due on demand. All other borrowings are classified as long-term, as long as their remaining maturity is longer than one year; otherwise, they will become short-term borrowing. The following table sets forth, at the date indicated, the components of our borrowings.

	June 30, 2021		
	Long-term	Short-term	Total
		(in millions of Ch$)	
Other liabilities to Central Bank of Chile	3,812,100	773,983	4,586,083
Credit loans for renegotiation of loans	—	—	—
Loans received from foreign financial institutions	281,897	540,642	822,539
Loans received from domestic financial institutions	—	839,705	839,705
Subtotal	**4,093,997**	**2,154,330**	**6,248,327**
Liabilities under agreements to repurchase	5,677	210,364	216,041
Subtotal	**5,677**	**210,364**	**216,041**
Mortgage finance bonds	3,002	2,145	5,147
Subordinated bonds	1,262,778	16,488	1,279,266
Ordinary bonds	5,628,756	934,855	6,563,611
Subtotal	**6,894,536**	**953,488**	**7,848,024**
Other financial liabilities	—	884,144	884,144
Subtotal	**—**	**884,144**	**884,144**

Central Bank of Chile borrowings

The maturities of the outstanding amounts due under these Central Bank of Chile borrowings are as follows:

	At June 30,
	2021
	(in millions of Ch$)
Due within 1 year	773,983
Due after 1 year but within 2 years	—
Due after 2 years but within 3 years	2,215,100
Due after 3 years but within 4 years	1,597,000
Due after 4 years but within 5 years	—
Due after 5 years	—
Total other liabilities to Central Bank of Chile	**4,586,083**

Liabilities under agreements to repurchase

The maturities of the outstanding amounts due under these obligations under agreements to repurchase are as follows:

	At June 30,
	2021
	(in millions of Ch$)
Due within 1 year	210,363
Due after 1 year but within 2 years	1,000
Due after 2 years but within 3 years	1,986
Due after 3 years but within 4 years	599
Due after 4 years but within 5 years	2,069
Due after 5 years	24
Total liabilities under agreements to repurchase	**216,041**

Mortgage finance bonds

These bonds were used to finance the granting of mortgage loans. The outstanding principal amounts of the bonds are amortized on a quarterly basis. The range of maturities of these bonds is between five and twenty years. The bonds are linked to the UF index and in 2020 bore a real weighted-average annual interest rate of 2.6%. The following table sets forth the remaining maturities of our mortgage finance bonds at the date indicated.

	At June 30,
	2021
	(in millions of Ch$)
Due within 1 year	2,145
Due after 1 year but within 2 years	1,710
Due after 2 years but within 3 years	799
Due after 3 years but within 4 years	355
Due after 4 years but within 5 years	127
Due after 5 years	11
Total mortgage finance bonds	**5,147**

Bonds

The following table sets forth, at the date indicated, our issued bonds. The bonds are denominated principally in UF and are principally used to fund our general activities. The UF-denominated bonds bore an annual average interest rate of 1.7% at June 30, 2021, while the bonds denominated in local and foreign currencies bore an annual average interest rate of 2.3% and 2.3%, respectively, at June 30, 2021.

	At June 30,
	2021
	(in millions of Ch$)
Bonds denominated in UF	5,746,945
Bonds denominated in foreign currencies	816,666

The maturities of these bonds are as follows:

	At June 30,
	2021
	(in millions of Ch$)
Due within 1 year	934,854
Due after 1 year but within 2 years	1,262,111
Due after 2 years but within 3 years	530,505
Due after 3 years but within 4 years	1,053,949
Due after 4 years but within 5 years	362,143
Due after 5 years	2,420,049
Total ordinary bonds	**6,563,611**

The following table sets forth, at the date indicated, our issued subordinated bonds. The bonds are denominated principally in UF and are principally used to fund our general activities and are considered in our regulatory capital. The UF-denominated subordinated bonds bore an annual average interest rate of 4.4%, at June 30, 2021.

	At June 30,
	2021
	(in millions of Ch$)
Subordinated bonds denominated in UF	1,279,266

The maturities of these bonds are as follows:

	At June 30,
	2021
	(in millions of Ch$)
Due within 1 year	16,488
Due after 1 year but within 2 years	19,775
Due after 2 years but within 3 years	23,237
Due after 3 years but within 4 years	21,559
Due after 4 years but within 5 years	21,651
Due after 5 years	1,176,556
Total subordinated bonds	**1,279,266**

Borrowings from domestic institutions

The following table sets forth, at the date indicated, our borrowings from domestic institutions. These borrowings are denominated principally in UF, are all due within one year of the date hereof and are principally used to fund our general activities. The UF-denominated borrowings bore an annual average interest rate of 1.3% at June 30, 2020 and 2021. The maturities of these borrowings are as follows.

	At June 30,
	2021
	(in millions of Ch$)
Due within 1 year	839,705
Due after 1 year but within 2 years	
Due after 2 years but within 3 years	
Due after 3 years but within 4 years	
Due after 4 years but within 5 years	
Due after 5 years	
Total loans received from domestic financial institutions	**839,705**

Borrowings from foreign institutions

These are short-term and long-term borrowings from foreign banks used to fund our foreign trade business. The maturities of these borrowings are as follows.

	At June 30,
	2021
	(in millions of Ch$)
Due within 1 year	540,641
Due after 1 year but within 2 years	91,525
Due after 2 years but within 3 years	190,373
Due after 3 years but within 4 years	
Due after 4 years but within 5 years	
Due after 5 years	
Total loans received from foreign financial institutions	**822,539**

The foreign borrowings are denominated principally in U.S. dollars, are principally used to fund our foreign trade loans, and bore an annual average nominal interest rate of 1.7%, at June 30, 2021.

Commercial paper program

On August 3, 2012, we established a U.S. commercial paper program for up to an aggregate maximum amount of US$2,000,000,000. As of June 30, 2021, the outstanding balance of the issued notes under this program was US$778,970,000.

International bond offerings

The following are our international bond offerings at June 30, 2021. Outstanding balances referred to below include principal plus accrued interest.

On February 11, 2013, we placed notes pursuant to Rule 144A and Regulation S of the Securities Act of 1933 for up to an aggregate maximum amount of US$500,000,000. As of June 30, 2021, the outstanding balance of the issued notes was US$506,462,079.

On September 23, 2016, we issued notes under the Program in an aggregate principal amount of EUR$20,000,000. As of June 30, 2021, the outstanding balance of the issued notes was EUR$20,014,136.

On November 17, 2016, we placed notes in the Swiss market for up to an aggregate maximum amount of CHF 90,000,000. As of June 30, 2021, the outstanding balance of the issued notes was CHF 89,924,471.

On August 1, 2017, we issued notes under the Program in an aggregate principal amount of US$50,000,000. As of June 30, 2021, the outstanding balance of the issued notes was US$50,481,401.

On October 6, 2017, we issued notes under the Program in an aggregate principal amount of US$50,000,000. As of June 30, 2021, the outstanding balance of the issued notes was US$50,216,343.

On October 12, 2017, we issued notes under the Program in an aggregate principal amount of US$500,000,000. As of June 30, 2021, the outstanding balance of the issued notes was US$496,024,930.

On October 19, 2017, we issued notes under the Program in an aggregate principal amount of US$50,000,000. As of June 30, 2021, the outstanding balance of the issued notes was US$49,970,700.

On October 20, 2017, we issued notes under the Program in an aggregate principal amount of US$40,000,000. As of June 30, 2021, the outstanding balance of the issued notes was US$39,978,926.

On November 15, 2017, we issued notes under the Program in an aggregate principal amount of AUD$80,000,000. As of June 30, 2021, the outstanding balance of the issued notes was AUD$79,726,327.

On June 1, 2018, we issued notes under the Program in an aggregate principal amount of JPY5,000,000,000. As of June 30, 2021, the outstanding balance of the issued notes was JPY4,959,697,074.

On July 25, 2018, we issued notes under the Program in an aggregate principal amount of AUD$40,000,000. As of June 30, 2021, the outstanding balance of the issued notes was AUD$41,378,132.

On September 13, 2018, we issued notes under the Program in an aggregate principal amount of US$50,000,000. As of June 30, 2021, the outstanding balance of the issued notes was US$50,302,097.

On September 14, 2018, we issued notes under the Program in an aggregate principal amount of AUD$60,000,000. As of June 30, 2021, the outstanding balance of the issued notes was AUD$61,610,993.

On October 4, 2018, we issued notes under the Program in an aggregate principal amount of US$100,000,000. As of June 30, 2021, the outstanding balance of the issued notes was US$100,424,890.

On October 19, 2018, we issued notes under the Program in an aggregate principal amount of US$45,000,000. As of June 30, 2021, the outstanding balance of the issued notes was US$45,107,032.

On October 24, 2018, we issued notes under the Program in an aggregate principal amount of AUD$40,000,000. As of June 30, 2021, the outstanding balance of the issued notes was AUD$40,597,764.

On December 07, 2018, we issued notes under the Program in an aggregate principal amount of US$25,000,000. As of June 30, 2021, the outstanding balance of the issued notes was US$24,855,948.

On April 23, 2019, we issued notes under the Program in an aggregate principal amount of US$10,000,000. As of June 30, 2021, the outstanding balance of the issued notes was US$9,952,912.

On May 22, 2019, we issued notes under the Program in an aggregate principal amount of CHF175,000,000. As of June 30, 2021, the outstanding balance of the issued notes was CHF174,576,007.

On June 14, 2019, we issued notes under the Program in an aggregate principal amount of US$50,000,000. As of June 30, 2021, the outstanding balance of the issued notes was US$49,632,955.

On July 10, 2019, we issued notes under the Program in an aggregate principal amount of US$50,000,000. As of June 30, 2021, the outstanding balance of the issued notes was US$50,310,059.

On August 28, 2019, we issued notes under the Program in an aggregate principal amount of US$10,000,000. As of June 30, 2021, the outstanding balance of the issued notes was US$9,948,534.

On September 24, 2019, we issued notes under the Program in an aggregate principal amount of CHF100,000,000. As of June 30, 2021, the outstanding balance of the issued notes was CHF99,201,711.

On October 29, 2019, we issued notes under the Program in an aggregate principal amount of CHF105,000,000. As of June 30, 2021, the outstanding balance of the issued notes was CHF104,114,455.

On December 2, 2019, we issued notes under the Program in an aggregate principal amount of US$20,000,000. As of June 30, 2021, the outstanding balance of the issued notes was US$19,822,362.

On December 2, 2019, we issued notes under the Program in an aggregate principal amount of AUD$30,000,000. As of June 30, 2021, the outstanding balance of the issued notes was AUD$29,736,163.

On March 18, 2020, we issued notes under the Program in an aggregate principal amount of CHF125,000,000. As of June 30, 2021, the outstanding balance of the issued notes was CHF123,660,207.

On March 17, 2021, we issued notes under the Program in an aggregate principal amount of US$54,000,000. As of June 30, 2021, the outstanding balance of the issued notes was US$53,319,577.

On April 27, 2021, we issued notes under the Program in an aggregate principal amount of US$10,000,000. As of June 30, 2021, the outstanding balance of the issued notes was US$9,916,979.

On June 23, 2021, we issued notes under the Program in an aggregate principal amount of US$10,000,000. As of June 30, 2021, the outstanding balance of the issued notes was US$9,872,525.

Since June 30, 2021, we have issued notes under the Program in an aggregate principal amount of CHF100,000,000 and US$183,000,000.

Off-Balance Sheet Arrangements and Commitments

We are party to transactions with off-balance sheet risk in the normal course of our business. These transactions expose us to credit risk in addition to amounts recognized in the consolidated financial statements.

Contingent loans and commitments consist of guarantees granted by us in Chilean pesos, UF and foreign currencies (principally U.S. dollars), as well as open and unused letters of credit, among others. The total amount held off-balance sheet as of June 30, 2021, was Ch$11,294,770 million. Contingent loans are considered in the calculation of risk-weighted assets and capital requirements as well as for provisions for contingent loan requirements.

Other off-balance sheet arrangements include commitments to extend credit such as overdraft protection and credit card lines of credit. Such commitments are agreements to lend to a customer at a future date, subject to the customer compliance with the contractual terms. The aggregate amount of these commitments was Ch$11,021,102 million as of June 30, 2021, which will be financed with our deposit base. Since a substantial portion of these commitments is expected to expire without being drawn upon, the total amount of commitments does not necessarily represent our actual future cash requirements. We use the same credit policies in making commitments to extend credit as we do for granting loans. In the opinion of our management, our outstanding commitments do not represent an unusual credit risk.

From time to time, we enter into agreements to securitize certain assets by selling those assets to unconsolidated and unaffiliated entities, which then sell debt securities secured by those assets. These sales are non-recourse to us. However, in the past, we have occasionally purchased a subordinated bond issued by one of these unconsolidated entities. As of June 30, 2021, we did not hold any of these subordinated bonds in our investment portfolio.

Asset and Liability Management

See "Quantitative and Qualitative Disclosures about Market Risk—Asset and Liability Management" regarding our policies with respect to asset and liability management.

Capital Additions

The following table reflects capital additions in each of the periods indicated:

	Six months ended June 30,	
	2020	**2021**
	(in millions of Ch$)	
Land and buildings	3,510	131
Machinery and equipment	13,588	2,136
Other	7,904	4,188
Subtotal	**25,002**	**6,455**
Intangible assets	37,717	25,193
Total	**62,719**	**31,648**

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The following section supplements the section entitled "Quantitative and Qualitative Disclosures about Market Risk" beginning on page 108 of the Base Prospectus.

General

This section describes the market risks to which we are exposed in our business activities. Additionally, an explanation is included of the internal tools and regulatory methods used to control these risks, portfolios over which these tools and methods are applied, and quantitative disclosures that demonstrate the level of exposure to financial risk we have assumed.

The principal types of risk inherent in our business are market, liquidity, operational and credit risk. The effectiveness with which we are able to manage the balance between risk and reward is a significant factor in our ability to generate long-term stable earnings growth. Our senior management places great emphasis on risk management.

Market Risk

Market risk is the risk of losses due to unexpected changes in interest rates, inflation, foreign exchange rates and prices in general, including risk premiums associated with credit, counterparty and liquidity risks inherent in different financial instruments.

Our market risk analysis focuses on managing risk exposure relating to (i) the interest rate risk inherent in our fixed income portfolio (comprised of a "trading" portfolio and "an available-for-sale" portfolio), which contains mainly Chilean government bonds, corporate bonds, mortgage finance bonds issued by third parties and interest rate derivatives and U.S. treasury bonds as part of the CNB portfolio; (ii) the interest rate risk relating to asset and liability positions; (iii) liquidity risk; and (iv) our net foreign currency position, which includes all of our assets and liabilities in foreign currencies (mainly U.S. dollars), including derivatives that hedge certain foreign currency mismatches that arise between investments and the funding thereof.

We are exposed to market risk mainly as a result of the following activities:

- trading in financial instruments, which exposes us to interest rate risk and foreign exchange rate risk,
- engaging in banking activities, which subjects us to interest rate risk, since a change in interest rates affects gross interest income, gross interest expense and customer behavior;
- engaging in banking activities, which exposes us to inflation rate risk, since a variation in the Chilean consumer price index or expected inflation affects gross interest income, gross interest expense and customer behavior;
- trading in the local equity market, which subjects us to potential losses caused by fluctuations of the stock market; and
- investing in assets or funding with liabilities whose returns or accounts are denominated in currencies other than the peso, which subjects us to foreign exchange risk between the peso and such other currencies.

Interest Rate Sensitivity

A key component of our asset and liability risk management policy is the management of interest rate sensitivity. Interest rate sensitivity is the relationship between market interest rates and net interest revenue due to the maturity or reprice characteristics of interest earning assets and interest-bearing liabilities. For any given period, the pricing structure is matched when an equal amount of such assets or liabilities mature or repricing in that period. Any mismatch of interest earning assets and interest-bearing liabilities is known as a gap position. A positive gap denotes asset sensitivity and normally means that an increase in interest rates would have a positive effect on net interest revenue, while a decrease in interest rates would have a negative effect on net interest revenue.

Our interest rate sensitivity strategy takes into account not only the rates of return and the underlying degree of risk, but also liquidity requirements, including minimum regulatory cash reserves, mandatory liquidity ratios, withdrawal and maturity of deposits, capital costs and additional demand for funds. We monitor our maturity mismatches and positions and we manage them within established limits.

Exchange Rate Sensitivity

Our operating income is affected from fluctuations in the exchange rate of the Chilean peso with foreign currencies, mainly the U.S. dollar, and with the UF, the local inflation-linked unit. Although we may record foreign currency-related gain or losses, our current policy is to attempt to avoid significant impact on our results from fluctuations in the exchange rates between the Chilean peso and the U.S. dollar or any other foreign currency. Chilean banking regulation limits the maximum net foreign currency exposure that a bank is allowed to hold to 20% of its regulatory capital plus reserves. As of June 30, 2021, our net exposure was Ch$538,350 million (US$740 million), or 10.30% of our regulatory capital. See "Asset and Liability Management" in this Prospectus Supplement and "Exchange Controls" in the Base Prospectus.

The rate of devaluation or revaluation of the peso against the U.S. dollar can be expected to have the following principal effects:

- if we maintain a net asset position in U.S. dollars and a devaluation of the peso against the U.S. dollar occurs, we would record a related gain, and if an appreciation of the peso occurs, we would record a related loss;

- if we maintain a net liability position in U.S. dollars and a devaluation of the peso against the dollar occurs, we would record a related loss, and if an appreciation of the peso occurs, we would record a related gain;

- if the inflation rate for a period exceeded the devaluation of the peso against the U.S. dollar during the same period, we would record a related gain if we had a net asset position in UFs that exceeded a net liability position in U.S. dollars, and we would record a related loss if we had a net liability position in U.S. dollars that exceeded a net asset position in UFs. The same effect would occur if there were an appreciation of the peso against the U.S. dollar; and

- if the inflation rate for a period is lower than the rate of devaluation of the peso against the U.S. dollar during the same period, we would record a related gain if we maintained a net asset position in U.S. that exceeds a net liability position in UFs and would record a related loss if we had a net liability position in U.S. dollars that exceeds a net asset position in UFs. The same effect would occur if there were an appreciation of the peso against the U.S. dollar.

Policies

Our asset and liability management policies are developed by our Assets and Liabilities Committee, following guidelines established by our board of directors. The Assets and Liabilities Committee includes the Chief Executive Officer, the Chief Financial Officer, the Chief Risk Officer, the Treasurer, and the Heads of Financial Risk Management, Sales and Trading Desks, Control & Planning and Retail and Commercial Banking Divisions. The role of the Assets and Liabilities Committee is to ensure that our treasury and international divisions' operations are consistently in compliance with our internal risk policies as well as applicable regulatory supervision and limits. The Assets and Liabilities Committee typically meets on a monthly basis. Senior members of our Risk and Treasury departments meet regularly in a Finance and Risk Committee to address specific topics of these areas such as market risk limits or counterparty exposure.

Our Treasury and International divisions manage the banking book and the trading portfolios following the guidelines set by the Assets and Liabilities Committee and the Market Risk and Credit Risk departments. The Market Risk department's main activities consist of (i) estimating and controlling the price risk of marked to market positions applying value-at-risk and other statistical techniques (as discussed below); (ii) estimating and controlling the interest rate and foreign currency risks of our portfolio; (iii) setting minimum liquidity limits for the treasury asset and liability operations; and (iv) setting the guidelines for the pricing of derivatives instruments and fixed income instruments when prices are not readily available.

Our policy on asset and liability management is to maximize net interest income and return on assets and equity in light of interest rate, liquidity and foreign exchange risks and within the limits of Chilean banking regulation. See "Regulation and Supervision."

As of June 30, 2021, maturity and currency analysis of our assets and liabilities were as follows:

	As of June 30, 2021				
Assets	**1 year**	**5 years**	**10 years**	**More than 10 years**	**Total**
Ch$	14,329,870	6,209,279	941,248	361,918	21,842,315
UF	3,855,323	7,132,523	4,104,361	3,056,958	18,149,165
MX	11,823,743	6,131,372	2,611,343	1,499,643	22,066,101
Total	**30,008,936**	**19,473,174**	**7,656,952**	**4,918,519**	**62,057,581**
Liabilities	**1 year**	**5 years**	**10 years**	**More than 10 years**	**Total**
Ch$	13,281,146	10,434,647	215,982	361,058	24,292,833
UF	1,839,689	6,333,710	3,846,487	1,665,929	13,685,815
MX	6,470,350	12,380,475	1,429,075	111,615	20,391,515
Total	**21,591,185**	**29,148,832**	**5,491,544**	**2,138,602**	**58,370,163**
Mismatch	**1 year**	**5 years**	**10 years**	**More than 10 years**	**Total**
Ch$	1,048,724	(4,225,368)	725,266	860	(2,450,518)
UF	2,015,634	798,813	257,874	1,391,029	4,463,350
MX	5,353,393	(6,249,103)	1,182,268	1,388,028	1,674,586
Total	**8,417,751**	**(9,675,658)**	**2,165,408**	**2,779,917**	**3,687,418**

Regulatory Method to Control Market Risk

On a standalone basis, we must divide our balance sheet into two separate categories: (i) a trading portfolio (*Libro de Negociación*) and (ii) a standalone non-trading, or structural, portfolio (*Libro de Banca*). The trading portfolio, as defined by the CMF (former SBIF), includes all instruments valued at market prices, free of any restrictions for their immediate sale, frequently traded by us and kept with the intention to be sold in the short-term in order to profit from short-term price variations. The non-trading portfolio is defined as all instruments in the balance sheet not considered in the trading portfolio.

We must also report the following absolute risk levels:

Trading Portfolio:

- Exposure to interest rate risk: the interest rate risk is calculated using sensitivity analysis to measure potential losses assuming an increase in nominal rate yield curves, real rates and foreign currency rates by 75 to 350 basis points.

- Exposure to foreign currency risk: the foreign currency risk is calculated using sensitivity factors linked to the credit risk rating of the issuing country.

- Market risk exposure of options: options risk is calculated using sensitivity factors called delta, gamma and vega that basically measure the sensitivity of the value of the options to changes in price of the underlying security and its volatility.

Non-trading Portfolio:

- Exposure to short-term interest rate risk: sensitivity analysis that is calculated for assets and liabilities with maturities of less than 1 year, assuming a 200 basis point parallel shift of the nominal yield curve, a 400 basis point parallel shift for real rates and a 200 basis point parallel shift for foreign interest rates.

- Exposure to inflation risk: sensitivity analysis that is calculated for our net position in assets and liabilities, comprised of UF-denominated instruments, assuming a 200 basis point adverse impact on the related yield curve.

- Exposure to long-term interest rate risk: sensitivity analysis that is calculated for assets and liabilities with maturities over one year, assuming a 200 basis point parallel shift of the nominal yield curve, a 400 basis point parallel shift for real rates and a 200 basis point parallel shift for foreign interest rates.

The CMF (former SBIF) has defined various limits for these risks:

1. Limit on exposure to market risk of our trading portfolio. Our regulatory capital must be greater or equal to the sum of the exposure to market risk multiplied by the minimum capital adequacy ratio defined in the General Banking Law, as shown in the following formula:

RC – ((k * RWA) + EMR) ≥ 0

Where:

RC: Regulatory capital as defined by the General Banking Law.
k: Minimum capital adequacy ratio. We are required to use a 8.0% minimum capital adequacy ratio.
RWA: Consolidated risk-weighted assets as defined by the General Banking Law.
EMR: Exposure to market risk. Our exposure to market risk is equal to the total market risk of our unconsolidated trading portfolio.

2. Limit on exposure to short-term interest rate and inflation risk of our non-trading portfolio. Our exposure to short term interest rate and inflation risk of the non-trading portfolio cannot exceed 25% of our unconsolidated net interest income plus fees sensitive to interest rate volatility.

3. Limit on exposure to long-term interest rate risk of our non-trading portfolio. Our exposure to long-term interest rate risk of the unconsolidated non-trading portfolio cannot exceed 20% of our regulatory capital.

The following is a description of the models adopted by local regulators for measuring each component of market risk.

Interest Rate Risk of Trading Portfolio (1)

The interest rate risk of the trading portfolio as defined by the Central Bank of Chile is equal to the sum of:

- Sensitivity analysis of the trading portfolio;

- Vertical adjustment factor; and

- Horizontal adjustment factor.

The sensitivity factor of the trading portfolio is calculated using the following formula:

$$\sum_{m}^{M}\left|\sum_{i-1}^{14}(a_{mt}\ x\ A_{mt} - a_{mt}\ x\ P_{mt})\right|$$

Where:
Amt = Trading assets (pesos, inflation-linked and foreign currency)
Pmt = Liabilities funding trading positions (pesos, inflation-linked and foreign currency)
amt = Sensitivity factor to increase in interest rate

M = Highest currency value
m = Currency (pesos, inflation-linked and foreign currency)
t = Time period
∑ = Summation
| | = Absolute value

The vertical adjustment factor is calculated as follows:

$$\sum_{m}^{M}\sum_{i-1}^{14}\beta x Min(a_{mt}\ x\ A_{mt}; a_{mt}\ x\ P_{mt})$$

Where:
ß = Vertical adjustment factor, equal to 10%
Min = Compensated net position

A horizontal adjustment must be made following the vertical adjustment. To determine the horizontal adjustment the horizontal adjustment factor must be multiplied by the compensated net position for Zone 1, Zone 2, Zone 3; Zones 1 and 2; Zones 2 and 3; and Zones 1 through 3.

Horizontal adjustment = Adjusted net position

Compensated net position Zone 1, 2 or 3:............	Min (adjusted net asset position; absolute value of adjusted net liability position in Zone 1, 2 or 3)
Compensated net position Zones 1 and 2:............	Min (adjusted net asset position in Zones 1 and 2, absolute value of adjusted net liability position in Zones 1 and 2)
Compensated net position Zones 2 and 3:............	Min (adjusted net asset position in Zone 3 and Zone 2 (deducting adjusted net asset position that have been compensated for with net liability positions in Zone 1), absolute value of adjusted net liability position in Zone 3 and Zone 2 (deducting adjusted net liability positions that have been compensated for with net liability positions in Zone 1)
Compensated net position Zones 1- 3:	Min (Adjusted net asset position in Zone 3 and Zone 1 (deducting adjusted net asset position that have been compensated for with net liability positions in Zone 2), absolute value of adjusted net liability position in Zone 3 and Zone 1 (deducting adjusted net liability positions that have been compensated for with net liability positions in Zone 2).

(1) In compliance with current regulations of the Central Bank of Chile and the CMF.

The following table illustrates the value of the different factors used for calculating the interest rate risk of the trading portfolio:

			Change in interest rate (bp)			Sensitivity factor				Horizontal adjustment factor		
Zone		**Period**	**Ch$**	**UF**	**FX**	**Ch$**	**UF**	**FX**	**Vertical adjustment factor**	**Within the zones**	**Between adjacent zones**	**Between zones 1 and 3**
Zone 1	1	Up to 30 days	125	350	125	0.0005	0.0014	0.0005	ß = 10%	λ1 = 40%	λ 12 = 40%	λ 13 = 100%
	2	31 days to 3 months	125	300	125	0.0019	0.0047	0.0020	ß = 10%	λ1 = 40%	λ 12 = 40%	λ 13 = 100%
	3	3 - 6 months	125	250	125	0.0042	0.0088	0.0044	ß = 10%	λ1 = 40%	λ 12 = 40%	λ 13 = 100%
	4	6 - 9 months	125	200	125	0.0069	0.0116	0.0072	ß = 10%	λ1 = 40%	λ 12 = 40%	λ 13 = 100%
	5	9 months - 1 year	125	175	125	0.0095	0.0140	0.0100	ß = 10%	λ1 = 40%	λ 12 = 40%	λ 13 = 100%
Zone 2	6	1 - 2 years	100	125	100	0.0124	0.0166	0.0133	ß = 10%	λ2 = 30%	λ 12 = 40%	λ 13 = 100%
	7	2 -3 years	100	100	100	0.0191	0.0211	0.0211	ß = 10%	λ2 = 30%	λ 12 = 40%	λ 13 = 100%
	8	3 - 4 years	100	100	100	0.0248	0.0281	0.0281	ß = 10%	λ2 = 30%	λ 23 = 40%	λ 13 = 100%
Zone 3	9	4 - 5 years	75	75	75	0.0221	0.0258	0.0258	ß = 10%	λ3 = 30%	λ 23 = 40%	λ 13 = 100%
	10	5 - 7 years	75	75	75	0.0263	0.0320	0.0320	ß = 10%	λ3 = 30%	λ 23 = 40%	λ 13 = 100%
	11	7 - 10 years	75	75	75	0.0307	0.0401	0.0401	ß = 10%	λ3 = 30%	λ 23 = 40%	λ 13 = 100%
	12	10 - 15 years	75	75	75	0.0332	0.0486	0.0486	ß = 10%	λ3 = 30%	λ 23 = 40%	λ 13 = 100%
	13	15-20 years	75	75	75	0.0317	0.0534	0.0534	ß = 10%	λ 3 = 30%	λ 23 = 40%	λ 13 = 100%
	14	> 20 years	75	75	75	0.0278	0.0539	0.0539	ß = 10%	λ 3 = 30%	λ 23 = 40%	λ 13 = 100%

Foreign Currency Risk

The foreign currency risk as defined by the Central Bank of Chile is equal to:

$$Max\left|\left\{\sum_{i} NAP_i\ x\ \sigma_i - \sum_{j} NAP_j\ x\ \sigma_j\right\}\left\{\left|\sum_{i} NLP_i\ x\ \sigma_i - \sum_{j} NLP_j\ x\ \sigma_j\right|\right\}\right| + \left|NP_{gold}\ x\ \sigma_i\right|$$

Where:
NAP = Net asset position.
NLP = Net liabilities position.
NPgold = Net gold position.
i = Foreign currency of countries with AAA sovereign rating
j = Foreign currency of countries with sovereign rating lower that AAA
σi = Sensitivity factor for i (8)%.
σj = Sensitivity factor for j (35)%.
∑ = Summation
| | = Absolute value
Max = Maximum value

Interest Rate and Inflation Risk of Non-trading Portfolio

The short-term interest rate risk and inflation risk of non-trading portfolio as defined by the Central Bank of Chile is equal to:

$$\sum_{m}^{M}\left|\sum_{i-1}^{5}(A_m \; x \; P_m) x U_i\right| + |PN_{UR} \; x \; \tau| + |\Delta\emptyset|$$

The long-term interest rate risk of the non-trading portfolio is calculated according to the following formula:

$$\sum_{m}^{M}\left|\sum_{t-1}^{14}(A_m \; x \; P_m) \; x \; \rho_m\right|$$

Where:

Amt = Non-trading assets (Ch$, inflation linked and foreign currency).

Pmt = Non-trading liabilities (Ch$, inflation linked and foreign currency).

µt = Sensitivity factor associated with interest rate movement.

NPur = Net position in inflation linked instruments, including those subject to price level restatement.

t = Inflation index sensitivity factor. This factor is equal to 2%.

Δϕ = Effect on fees from shifts in interest rate and assumes a 200 basis point movement.

ρ = Sensitive factor to increase in interest rates

t = Time period

m = Currency (pesos, inflation linked and foreign currency).

∑ = Summation

| | = Absolute value

The following table illustrates the value of the different factors used for calculating the interest rate risk and inflation risk of the non-trading portfolio:

		Change in interest rate (bp)			Sensitivity factor short-term	Sensitivity factor long-term (mt)(1)		
	Period	**Ch$**	**UF**	**FX**	**(t)**	**Ch$**	**UF**	**FX**
1	Up to 30 days	200	400	200	0.0192	0.0008	0.0016	0.0008
2	31 days to 3 months	200	400	200	0.0167	0.0030	0.0063	0.0031
3	3 - 6 months	200	400	200	0.0125	0.0067	0.0140	0.0070
4	6 - 9 months	200	400	200	0.0075	0.0110	0.0231	0.0116
5	9 months - 1 year	200	400	200	0.0025	0.0152	0.0320	0.0160
6	1 - 2 years	200	300	200	—	0.0248	0.0399	0.0266
7	2 - 3 years	200	200	200	—	0.0382	0.0422	0.0422
8	3 – years	200	200	200	—	0.0496	0.0563	0.0563
9	4 - 5 years	200	200	200	—	0.0591	0.0690	0.0690
10	5 - 7 years	200	200	200	—	0.0702	0.0856	0.0856
11	7 -10 years	200	200	200	—	0.0823	0.1076	0.1076
12	10 - 15 years	200	200	200	—	0.0894	0.1309	0.1309
13	15 - 20 years	200	200	200	—	0.0860	0.1450	0.1450
14	> 20 years	200	200	200	—	0.0762	0.1480	0.1480

(1) Currency positions over time.

As of June 30, 2021, our interest rate risk gap for short-term assets and liabilities of the non-trading portfolio, measured according to the methodology described above, was 11.71% of our gross margin. Our interest rate risk gap for long-term assets and liabilities was 10.30% of our regulatory capital. In each case, the interest rate risk gaps were in compliance with current Chilean regulations.

Options Risk

The exposure to market risk of options is calculated using sensitivity factors delta, gamma and vega.

Delta

Delta of a derivative financial instrument is the rate of change of its price relative to the price of the underlying asset. It is the first derivative of the curve that relates the price of such derivative to the price of the underlying security. When delta is high, the price of the derivative financial instrument is sensitive to small changes in the price of the underlying security.

Gamma

Gamma of a derivative financial instrument is the rate of change of delta relative to the price of the underlying asset. It is the second derivative of the option price relative to the security price. When gamma is low, the change in delta is low. The gamma impact is calculated using the following formula:

Gamma impact = *Gamma* * (Variation of underlying security)^2 / 2

Vega

Vega is one of the factor sensitivities used to measure sensitivity to the implied volatilities of the underlying security. Vega is the rate of change in the price of a derivative financial instrument relative to the volatility of the underlying security. When vega is high, the derivative financial instrument is sensitive to small changes in volatility. In general, a long option position will benefit from rising implied volatilities and suffer from declining implied volatilities. Short option positions display opposite behavior. As defined by the Central Bank of Chile, the Vega Risk is the sum in absolute value of the vega impacts for each option held by a bank. These impacts will be calculated assuming a change of 25% in the volatility rate.

Assumptions and Limitations of Scenario Simulations/Sensitivity Analysis

Our scenario simulation methodology should be interpreted in light of the limitations of our models, which include:

- The scenario simulation assumes that the volumes remain on balance sheet and that they are always renewed at maturity, omitting the fact that credit risk considerations and prepayments may affect the maturity of certain positions.

- This model assumes set shifts in interest rates (*movimientos paralelos de tasa*) and sensitivity factors for different time periods and does not take into consideration any other scenario for each time period or other sensitivity factors.

- The model does not take into consideration the sensitivity of volumes to these shifts in interest rates.

- The model does not take into consideration our subsidiaries which are subject to market risks.

Quantitative Disclosures about Market Risk

The following table illustrates our market risk exposure as of June 30, 2021, calculated according to the Chilean regulatory method. Our maximum exposure to long-term interest rate fluctuations is set at 20% of regulatory capital and is approved by our board of directors.

	As of June 30, 2021
	(in millions of Ch$)
Market risk of trading portfolio	290,480
8% x risk-weighted assets	3,094,817
Subtotal	3,385,297
Limit = regulatory capital	5,227,358
Available margin	1,842,061
Market risk of short-term non-trading portfolio	114,437
Limit = 27% of (net interest revenue + net interest income sensitive to interest rates)	263,961
Available margin	149,524
Market risk of long-term non-trading portfolio	538,350
Limit = 20% of regulatory capital	1,045,472
Available margin	507,122

Internal Methods to Control Market Risk

Below is a quantitative and qualitative description of our markets risks tools according to our internal guidelines. Our policies establish a set of tools to monitor market risks using both statistical and non-parametric approaches. The main tools are Value-at-Risk (VaR) for the trading portfolios and sensitivity analysis for the loan portfolio. We complement both tools with a series of stress tests using historical, parametric and non-parametric scenarios.

VaR Methodology

General

We use value-at-risk methodology to measure and control the price risk of our trading portfolio. We also use this tool for other securities and portfolios subject to mark to market valuation, mainly bond holdings available for sale. Variation in VaR is generally a result of interest rate and foreign exchange rates fluctuations, portfolio rebalancing, or both.

VaR is an estimate of the expected loss in the market value of a portfolio over a 10-day horizon at one-tailed 99% confidence interval. Given our accounting currency, VaR is measured in Chilean pesos. VaR is calculated daily, after the end of the trading session. We perform one day profits and losses forecasts relying on historical simulation of relevant risk factors. We use almost four years of daily data and perform volatility updating to account for volatility clusters. We scale our forecast to a 10-day regulatory window with the square root rule.

VaR Limits

VaR limits are revaluated periodically at the Asset Liability Committee or other senior committee. Although there is not an explicit rule for its calculation, we use 1% of equity as a benchmark.

Assumptions and Limitations of VaR Model

Whereas value-at-risk provides a valuable tool for managing market risk, our management recognizes its limitations. The pros and cons of the different VaR approaches had been widely documented in the risk management literature. But regardless of the methodology chosen, it is dangerous to rely in the VaR as the sole market risk barometer. Amongst the main limitations of our historic simulation model, we can name the following:

- Historic simulation methodology assumes the past is the best forecast for future VaR.
- Risk factors dependencies not realized in history will remain as model risk.
- Fat tails may be only partially captured. Fat tail is a cumulative density distribution in which extreme events are more likely to occur than, for example, a standard normal distribution.
- Our portfolio value-at-risk changes during the trading session are not accounted.

Stress Tests and Scenario Analysis

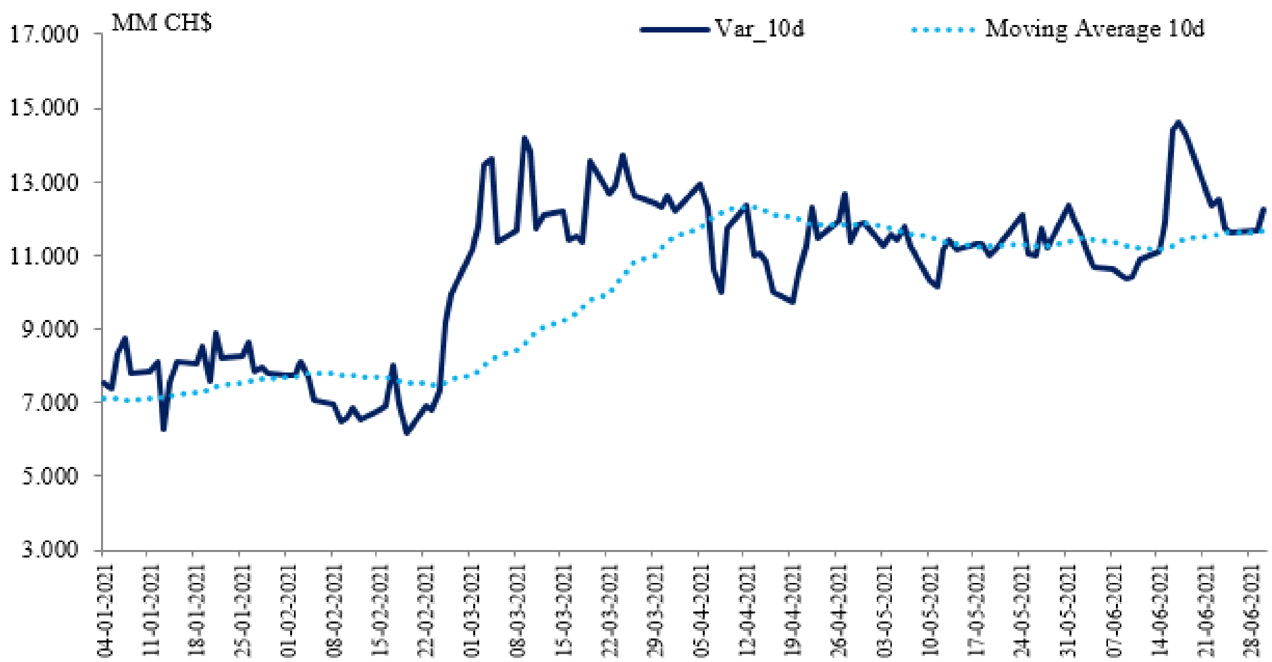
Given the limitations of these models, we perform different stress analysis as a complement to VaR calculations:

- Normative (internal) variations in risk factors (i.e. shifts to the IR (interest rates) term structure; foreign exchange shocks).
- Stress Test (Expected Shortfall, Worst Case, Stressed VaR, VaR without volatility scaling).
- Model sensibilities (variations to the historical data window and/or to model parameters)

Other Limits

We have also set position limits for certain portfolios like foreign exchange exposure and options portfolio. Profit and Loss (PnL) limits are also in place to preserve capital from unexpected losses.

We also include descriptive statistics for both, trading and non-trading portfolios during 2020 and 2021. The following chart shows the evolution of our 10-day VaR measure during the six months ended June 30, 2021



The following table shows descriptive statistics for our trading and non-trading portfolios during the six months ended June 30, 2020 and 2021.

	June 30, 2021			
	Average	Maximum	Minimum	Close
		(in millions of Ch$)		
VaR trading portfolio by type of risk				
Foreign exchange risk	800	3,442	24	528
Interest rate risk	4,130	7,000	776	5,435
Diversification	235	2,604	419	266
Total VaR	**4,695**	**7,838**	**1,219**	**5,697**
VaR non-trading portfolio by type of risk				
Foreign exchange risk	454	2,485	101	1,436
Interest rate risk	1,132	3,115	146	1,240
Diversification	331	2,159	10	571
Total VaR	**1,255**	**3,441**	**257**	**2,105**

	June 30, 2020			
	Average	Maximum	Minimum	Close
		(in millions of Ch$)		
VaR trading portfolio by type of risk				
Foreign exchange risk	1,413	5,784	3	1,706
Interest rate risk	3,541	5,165	1,450	2,392
Diversification	595	3,291	31	410
Total VaR	**4,359**	**7,658**	**1,422**	**3,688**
VaR non-trading portfolio by type of risk				
Foreign exchange risk	2,764	5,176	101	1,784
Interest rate risk	381	1,000	5	1,000
Diversification	357	1,131	313	706
Total VaR	**2,788**	**5,045**	**419**	**2,078**

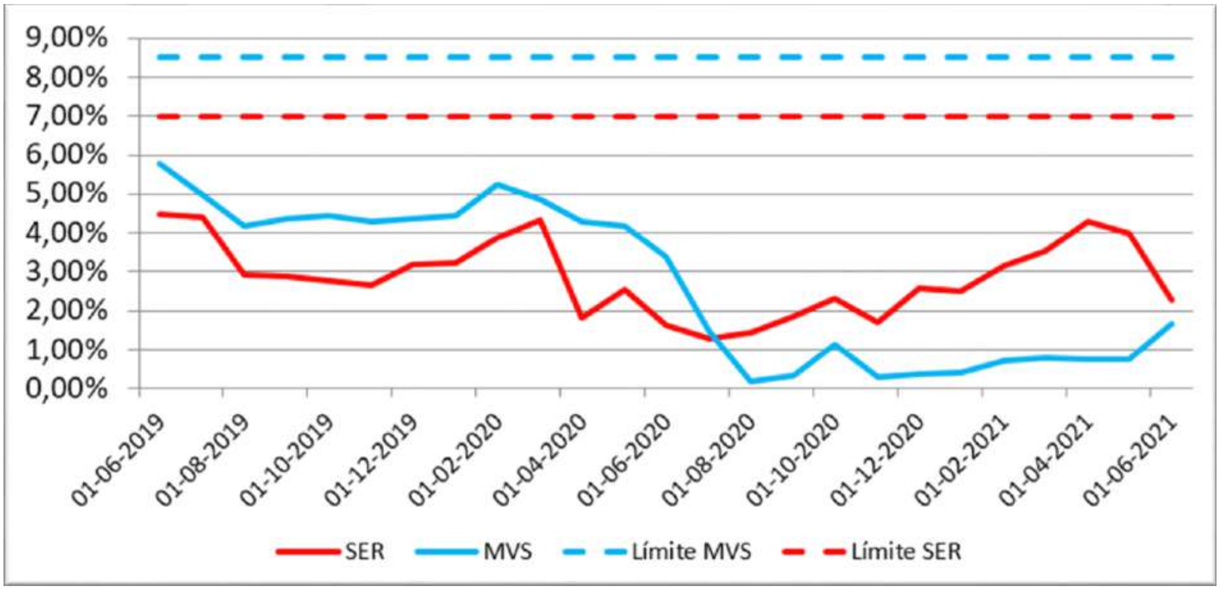
* Diversification is defines as the effect of correlation of total VaR

Asset and Liability Management

Sensitivity Analysis

We perform sensitivity analysis by monitoring the changes in the present value of our assets and liabilities associated with changes in the reference yield of 100 basis points. We perform this analysis for the whole banking book through our Market Value Sensitivity (MVS) model, and for the short-term portion of our balance sheet through our Spreads-at-Risk (SaR) Model. As of June 30, 2021 our overall MVS limit was set at 8.5% of our regulatory capital, whereas the overall SaR limit was set at 7% of our net interest income. We perform these analyses for pesos, UF and foreign currency denominated assets and liabilities.

The following chart compares our actual MVS and SaR indicators in the six months ended June 30, 2020 and 2021, against their respective limits.



The table below sets forth our detailed MVS analysis as of June 30, 2021.

	Up to 3 months	3 months – 1 year	1 year to 5 years	5 years to 10 years	Over 10 years	Total
	(in millions of Ch$ as of June 30 2021)					
Cash and due from banks	3,209,369	0	0	0	0	3,209,369
Commercial loans	5,763,850	4,687,789	6,484,145	1,997,218	1,006,005	19,939,006
Consumer loans	392,535	642,993	1,462,142	112,401	43,310	2,653,383
Mortgages	688,703	1,216,111	4,015,521	2,862,376	2,375,503	11,158,214
Securities purchased under resale agreements	24,023	0	0	0	0	24,023
Investments instruments	3,209,242	896,920	3,164,651	1,030,147	1,316,355	9,617,316
Financial derivative instruments	5,112,806	620,351	4,116,188	1,647,572	174,946	11,671,864
Other assets	3,639,659	524,586	230,526	7,236	2,400	3,784,406
Total assets	**22,040,187**	**8,588,750**	**19,473,174**	**7,656,952**	**4,918,519**	**62,057,581**
Total (%)	**35%**	**14%**	**31%**	**12%**	**8%**	**100%**
Deposits and other liabilities payable on demand	5,325,591	111,534	17,163,935	0	0	22,601,059
Savings account and time deposits	6,477,150	1,618,553	72,799	13	110	8,168,625
Securities sold under repurchase agreements	62,216	0	1,800,761	0	0	1,862,977
Liabilities with domestic creditors	553,835	789,889	1,979,288	0	0	3,323,011
Liabilities with foreign creditors	357,104	14,642	19,247	575,897	0	966,890
Bonds	468,079	768,117	3,582,159	2,672,342	1,489,764	8,980,462
Financial derivative instruments	3,456,813	565,142	4,530,644	2,243,291	648,727	11,444,617
Other liabilities	953,655	68,867	0	0	0	1,022,522
Total liabilities	**17,654,443**	**3,936,743**	**29,148,832**	**5,491,544**	**2,138,602**	**58,370,163**
Total (%)	**30%**	**7%**	**50%**	**9%**	**4%**	**100%**
Total	**4,385,744**	**4,652,007**	**(9,675,659)**	**2,165,408**	**2,779,917**	**4,307,418**
Total (%)	**102%**	**108%**	**(225)%**	**50%**	**65%**	**100%**

Stress Test and Scenario Analysis

In addition to the sensitivity analysis described above, we perform stress testing of our balance sheet to account for extreme scenarios. We develop historic scenarios for interest rate risk, currency risk and inflation risk of our loan portfolio. The results of the stress tests are presented quarterly to the Asset Liability Committee.

Disclosures Regarding Derivative Financial Instruments

We enter into transactions involving derivative financial instruments, particularly foreign exchange forward contracts and interest rates swaps, as part of our asset and liability management and as part of our dealer activities in response to our clients' needs.

Derivative financial instruments are carried at fair value at market price on the balance sheet and the net unrealized gain (loss) on them is classified as a separate line item on the income statement. Banks operating in Chile generally must mark to market their derivative financial instruments. Derivative financial instruments that are classified as being held for trading purposes must be marked to market and the unrealized gain or loss must then be recognized in the income statement. With respect to our derivative financial instruments held for hedging purposes, changes in book value of hedged items are included in the mark-to-market and trading line items, except to the extent set forth below.

The CMF (former SBIF) recognizes three kinds of hedge accounting: (i) cash flow hedges, (ii) fair value hedges and (iii) hedging of foreign investments:

- When a cash flow hedge exists, the fair value movements on the part of the hedging instrument that is effective are recognized in equity. The loss or gain is transferred to the consolidated statement of income to the extent that the hedged item impacts the income statement because of the hedged risk, offsetting the effect in the same line of the consolidated statement of income. Any ineffective portion of the fair value movement on the hedging instrument is recognized in the income statement.

- When a fair value hedge exists, the fair value movements on the hedging instrument and the corresponding fair value movements on the hedged item are recognized in the income statement. Hedged items in the balance sheet are presented at their market value.

- When a hedge of foreign investment exposure exists (i.e. investment in a foreign branch), the fair value movements on the part of the hedging instrument that is effective are recognized in equity. The accumulated difference is to be transferred to the consolidated statement of income at the date at which the sale on disposal occurs. Any ineffective portion of the fair value movement on the hedging instrument is recognized in the income statement.

Although we classify some of our derivative financial instruments as being held for trading, in accordance with the guidelines set forth by the CMF, only a minor portion of our derivative financial instruments are actually used for speculative purposes or trading.

Foreign exchange forward contracts involve an agreement to exchange payments denominated in a certain currency for payments denominated in another currency at an agreed-upon price and settlement date. These contracts are generally standardized contracts, normally for periods between one and 180 days and are not traded in a secondary market; however, in the normal course of business and with the agreement of the original counterparty, they may be terminated or assigned to other counterparties.

When we enter into a foreign exchange forward contract, we analyze and approve the credit risk (the risk that the counterparty might default on its obligations). Subsequently, on an ongoing basis, we monitor the possible losses involved in each contract. To manage the level of credit risk, we deal with counterparties of good credit standing, enter into master netting agreements whenever possible and, when appropriate, obtain collateral.

The Central Bank of Chile requires that foreign exchange forward contracts be made only in U.S. dollars and other major foreign currencies. Most of our forward contracts are made in U.S. dollars and pesos or UFs. In September 1997, the Central Bank of Chile changed its regulations with respect to foreign currency forward contracts, allowing Chilean companies to enter into foreign currency forward contracts with companies organized and located outside of Chile, including foreign subsidiaries of Chilean companies.

Interest rate swaps allow our treasury to manage our loan portfolio risk adjusting gaps along the interest rate curve by swapping fixed rate for floating rate payments or vice versa. Conversely, cross currency swaps are used when either funding or loans are denominated in a foreign currency.

In addition, our trading desk routinely enters into derivative financial instruments for purposes of both covering sales desk transactions and proprietary trading.

The following table summarizes our derivative financial instruments portfolio as of June 30, 2021:

	Fair value amounts as of June 30, 2021		
Type of derivative	**Up to 3 months**	**From 3 to 12 months**	**More than 12 months**
		(in millions of Ch$)	
Foreign currency forwards (includes UF)	8,652	11,159	(46,838)
Cross currency swaps	439	(11,941)	(120,055)
Interest rate forwards / futures	(0.008)	—	—
Interest rate swaps	(7,899)	(2,265)	128,821

Liquidity Risk

Liquidity risk arises in connection with the funding of our financing, trading and investment activities. It includes the risk of unexpected increases in the cost of funding the portfolio of assets at appropriate maturities and rates, the risk of being unable to liquidate a position in a timely manner at a reasonable price and the risk that we will be required to repay liabilities earlier than anticipated. Our general policy is to maintain sufficient liquidity to ensure our ability to honor withdrawals of deposits, make repayments of other liabilities at maturity, extend loans and meet our working capital needs.

Since the early stages of the global financial crisis initiated in 2007, our board of directors has resolved to maintain a countercyclical liquidity policy, in line with the amendment proposals to Basel II. We implement this policy by owning a certain amount of liquid assets, like Chilean treasury bonds or short-term commercial paper. As of June 30, 2021, this maintenance of a certain amount of liquid assets which we define as our liquidity buffer is over Ch$1.05 billion.

Regulatory Compliance

Our minimum liquidity position is determined by the reserve requirements set by the Central Bank of Chile. These reserve requirements are currently 9.0% of demand deposits and 3.6% of time deposits. We are currently in compliance with these requirements. In addition, we are subject to a technical requirement applicable to Chilean banks, pursuant to which we must hold certain amount of assets in cash or in highly liquid instruments if the aggregate amount of the following liabilities exceeds 2.5 times the amount of our net capital base:

- deposits in checking accounts;
- other demand deposits or obligations payable on demand and incurred in the ordinary course of business;
- other deposits unconditionally payable immediately or within a term of less than 30 days; and
- term deposits payable within ten days.

Furthermore, under Chilean regulations a bank's gaps between assets and liabilities maturing within 30 days may not exceed the bank's net capital base, and a bank's gaps between assets and liabilities maturing within 90 days may not exceed twice the bank's net capital base.

The following table sets forth an overview of our regulatory liquidity indicators, presented as the ratio of the respective gap between assets and liabilities to our net capital base, from June 30, 2020 to June 30, 2021, all of which comply with a limit of 100%:

	June 30, 2021			
	Average	Maximum	Minimum	Month End
Short-term mismatch Ch$ - UF (% on basic capital)				
Mismatch 30 days	(12.81)%	23.61%	(33.50)%	(13.37)%
Short-term mismatch Fx (% on basic capital)				
Mismatch 30 days	6.44%	23.61%	(15.27)%	(0.20)%
Short-term mismatch (% on basic capital)				
Mismatch 30 days	(6.37)%	33.25%	(35.19)%	(13.57)%
Mismatch 90 days	12.11%	35.07%	(3.10)%	3.71%

SELECTED STATISTICAL INFORMATION

The following information presents our selected statistical information as of and for the six months ended June 30, 2020 and 2021, in accordance with Chilean GAAP, and is included for analytical purposes. This information should be read in conjunction with, and is qualified in its entirety by reference to, our Unaudited Interim Consolidated Financial Statements beginning on page F-1 of this Prospectus Supplement and the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on page 16 of this Prospectus Supplement. The following section supplements the section entitled "Selected Statistical Information" beginning on page 142 of the Base Prospectus. The financial data in the following tables have been stated in nominal Chilean pesos.

Average Balance Sheets and Interest Rate Data

Average balances for interest earning assets, interest-bearing liabilities, non-interest earning assets and non-interest-bearing liabilities for the six months ended June 30, 2020 and 2021 have been calculated on the basis of monthly balances of Bci and our subsidiaries and derived from our financial information presented under Chilean GAAP. Data computed using more frequent balances could be significantly different. In each case, such average balances are presented in Chilean pesos, UF and foreign currencies (principally U.S. dollars). The UF is a unit of account which is linked to, and which changes daily to reflect changes in, the Chilean consumer price index published by the Chilean National Institute of Statistics over the close of the previous month.

The nominal interest rate has been calculated by dividing the amount of interest and principal readjustment gain or loss during the period by the related average balance. The nominal rates calculated for each period have been converted into real rates using the following formulas:

$$Rp = \frac{1+ Np}{1+I} - 1 \qquad Rd = \frac{(1+ Nd)\,(1+ D)}{1+I} - 1$$

Where:

Rp = real average rate for peso-denominated assets and liabilities (in Ch$ and UF) for the period;
Rd = real average rate for foreign currency-denominated assets and liabilities for the period;
Np = nominal average rate for peso-denominated assets and liabilities for the period;
Nd = nominal average rate for foreign currency-denominated assets and liabilities for the period;
D = devaluation rate of the Chilean peso to the dollar for the period; and
I = inflation rate in Chile for the period (based on the variation of the Chilean consumer price index).

The real interest rate can be negative for a portfolio of peso-denominated loans when the inflation rate for the period is higher than the average nominal rate of the loan portfolio for the same period. A similar effect could occur for a portfolio of foreign currency-denominated loans when the inflation rate for the period is higher than the sum of the devaluation rate for the period and the corresponding average nominal rate of the portfolio.

The formula for the average real rate for foreign currency-denominated assets and liabilities (Rd) reflects a gain or loss in purchasing power caused by the difference between the devaluation rate of the peso and the inflation rate in Chile during the period.

The following example illustrates the calculation of the real interest rate for a U.S. dollar-denominated asset earning a nominal annual interest rate of 10% (Nd = 0.10), assuming a 5% annual devaluation rate (D = 0.05) and a 12% annual inflation rate (I = 0.12):

$$Rd = \frac{(1 + 0.10)\,(1+ 0.05)}{1 + 0.12} - 1 = 3.125\% \text{ per year}$$

In the example, since the inflation rate was higher than the devaluation rate, the real rate is lower than the nominal rate in dollars. For example, if the annual devaluation rate were 15%, provided the rest of the numbers used in the example above remain the same, the real rate in Chilean pesos would be 12.9%, which is higher than the nominal rate in dollars. In the same example, if the annual inflation rate were greater than 15.5%, the real rate would be negative.

Average balances (assets or liabilities) do not include contingent loans, because they are off-balance sheet. The foreign exchange gains or losses on foreign currency-denominated assets and liabilities have not been included in interest income or expense. Similarly, interest on investments does not include trading gains or losses on these investments.

Loans that are not yet 90 days or more overdue, as well as restructured loans, have been included in each of the various categories of loans and therefore affect the various averages. Past due loans consist of loans for which either principal or interest are overdue for at least 90 days and which do not accrue interest and include, with respect to any loan, only the portion of principal and interest that is overdue for 90 or more days, and do not include the installments of such loan that are not overdue or that are overdue for less than 90 days, unless (i) any portion of the loan is overdue for 180 days or more, in which case the entire loan is considered past due, or (ii) legal proceedings have been commenced for the entire outstanding balance according to the terms of the loan, in which case the entire loan is considered past due within 90 days after initiation of such proceedings ("past due loans"). Once an overdue loan becomes overdue for 90 days or more, it does not continue to be considered "overdue" but is part of the "past due" portfolio. Interest and/or indexation readjustments received on all loans during the periods are included as interest income. Loans with respect to which we have certain evidence indicating that the borrower will not perform its payment obligations in accordance with the terms and conditions of the loan are presented as a different category of loans ("impaired loans"). See "Presentation of Financial and Other Information—Loans."

Included in interbank deposits are current accounts maintained in the Central Bank of Chile and overseas banks. Such assets have a distorting effect on the average interest rate earned on total interest earning assets because (i) balances maintained in the Central Bank of Chile only receive interest on the amounts which are legally required to be held for liquidity purposes, and (ii) balances maintained in overseas banks earn interest only for certain accounts in certain countries. Consequently, the average interest income on such assets is comparatively low. We maintain deposits in these accounts to comply with statutory requirements and to facilitate international business, rather than to earn income.

The following tables show, by currency of denomination, average balances and, where applicable, interest amounts earned and paid, and average nominal rates for our interest earning assets and interest-bearing liabilities for the six months ended June 30, 2020 and 2021. Except where otherwise specified, all amounts stated in this section are before deduction of allowance for loan losses. See "—Allocation of Allowance for Loan Losses."

	As of and for the six months ended June 30,							
	2020				2021			
	Average balance	**Interest income**	**Average nominal rate**	**Average real rate**	**Average balance**	**Interest income**	**Average nominal rate**	**Average real rate**
	(in millions of Ch$, except for rate data)							
INTEREST EARNING ASSETS								
Commercial loans								
Commercial loans								
Ch$	5,953,598	136,866	2.3%	1.1%	6,667,639	127,054	1.9%	(0.1)%
UF	4,132,517	107,964	2.6%	1.4%	4,238,010	141,437	3.3%	1.3%
Foreign currency	2,310,420	50,565	2.2%	10.8%	1,821,400	31,270	1.7%	2.1%
CNB commercial loans	7,480,518	169,875	2.3%	1.1%	7,199,722	161,660	2.2%	0.2%
Total	**19,877,053**	**465,270**	**2.3%**	**2.3%**	**19,926,771**	**461,421**	**2.3%**	**0.5%**
Foreign trade loans								
Ch$	55,457	1,243	2.2%	1.0%	28,982	535	1.8%	(0.2)%
UF								
Foreign currency	1,250,726	24,086	1.9%	10.5%	784,304	11,436	1.5%	1.8%
Total	**1,306,183**	**25,329**	**1.9%**	**10.1%**	**813,286**	**11,971**	**1.5%**	**1.8%**
Checking accounts								
Ch$	213,760	12,784	6.0%	4.7%	116,717	7,953	6.8%	4.7%
UF								
Foreign currency								
Total	**213,760**	**12,784**	**6.0%**	**4.7%**	**116,717**	**7,953**	**6.8%**	**4.7%**
Loans to college students[(1)]								
Ch$	5,099	230	4.5%	3.3%	4,110	136	3.3%	1.3%
UF	1,544	30	1.9%	0.7%	1,598	20	1.2%	(0.8)%
Foreign currency								

	As of and for the six months ended June 30,							
	2020				2021			
	Average balance	Interest income	Average nominal rate	Average real rate	Average balance	Interest income	Average nominal rate	Average real rate
	(in millions of Ch$, except for rate data)							
Total	**6,642**	**260**	**3.9%**	**2.7%**	**5,708**	**156**	**2.7%**	**0.7%**
Factoring operations								
Ch$	666,876	21,472	3.2%	2.0%	605,470	10,918	1.8%	(0.2)%
UF	28,688	685	2.4%	1.2%	17,211	678	3.9%	1.9%
Foreign currency	190,260	702	0.4%	8.8%	181,689	494	0.3%	0.6%
Total	**885,824**	**22,859**	**2.6%**	**3.4%**	**804,370**	**12,090**	**1.5%**	**0.0%**
Leasing transactions								
Ch$	600,872	20,346	3.4%	2.2%	602,549	18,915	3.1%	1.1%
UF	526,763	18,029	3.4%	2.2%	467,485	19,190	4.1%	2.1%
Foreign currency	528,614	22,053	4.2%	12.9%	390,848	15,961	4.1%	4.5%
Total	**1,656,249**	**60,428**	**3.6%**	**5.6%**	**1,460,882**	**54,066**	**3.7%**	**2.3%**
Other loans and receivables								
Ch$	63,897	4,784	7.5%	6.2%	51,982	3,185	6.1%	4.0%
UF	145,212	6,212	4.3%	3.0%	137,744	6,749	4.9%	2.8%
Foreign currency								
Total	**209,109**	**10,996**	**5.3%**	**4.0%**	**189,726**	**9,934**	**5.2%**	**3.2%**
Mortgage loans								
Mortgage loans								
Ch$	11,430	382	3.3%	2.1%	10,757	340	3.2%	1.1%
UF	6,856,679	185,732	2.7%	1.5%	7,740,904	268,375	3.5%	1.4%
Foreign currency	293							
CNB mortgage loans	1,841,689	308	0.0%	(1.2)%	1,542,816	430	0.0%	(1.9)%
Total	**8,710,091**	**186,422**	**2.1%**	**0.9%**	**9,294,477**	**269,145**	**2.9%**	**0.9%**
Consumer loans								
Consumer loans in installment								
Ch$	2,327,338	134,205	5.8%	4.5%	1,978,707	107,216	5.4%	3.4%
UF	51,294	1,738	3.4%	2.2%	32,517	1,410	4.3%	2.3%
Foreign currency	21,101	799	3.8%	12.5%	20,873	511	2.4%	2.8%
CNB consumer loans	16,186	383	2.4%	1.1%	10,385	299	2.9%	0.9%
Total	**2,415,919**	**137,125**	**5.7%**	**4.5%**	**2,042,482**	**109,436**	**5.4%**	**3.3%**
Checking accounts								
Ch$	91,557	14,445	15.8%	14.4%	64,757	9,586	14.8%	12.6%
UF								
Foreign currency								
Total	**91,557**	**14,445**	**15.8%**	**14.4%**	**64,757**	**9,586**	**14.8%**	**12.6%**
Credit card borrowers								
Ch$	1,347,831	106,545	7.9%	6.6%	1,173,779	85,529	7.3%	5.2%
UF								
Foreign currency								
Total	**1,347,831**	**106,545**	**7.9%**	**6.6%**	**1,173,779**	**85,529**	**7.3%**	**5.2%**
Consumer leasing transactions								
Ch$	627	23	3.6%	2.4%	430	16	3.8%	1.7%
UF	515	20	3.9%	2.7%	164	7	4.6%	2.5%
Foreign currency								
Total	**1,142**	**43**	**3.8%**	**2.5%**	**594**	**24**	**4.0%**	**1.9%**
Other loans and receivables								
Ch$								
UF								
Foreign currency	32,392	3,029	9.4%	18.5%	22,892	2,207	9.6%	10.0%
Total	**32,392**	**3,029**	**9.4%**	**18.5%**	**22,892**	**2,207**	**9.6%**	**10.0%**
Loans and receivables to banks								
Ch$								
UF								
Foreign currency	520,197	7,453	1.4%	9.9%	389,900	2,888	0.7%	1.1%
Total	**520,197**	**7,453**	**1.4%**	**9.9%**	**389,900**	**2,888**	**0.7%**	**1.1%**
Investments								
Ch$	1,731,628	22,662	1.3%	0.1%	4,575,890	25,946	0.6%	(1.4)%
UF	564,583	7,541	1.3%	0.1%	1,123,248	23,778	2.1%	0.1%
Foreign currency	853,346	13,268	1.6%	10.1%	1,050,044	9,569	0.9%	1.3%

	As of and for the six months ended June 30,							
	2020				2021			
	Average balance	Interest income	Average nominal rate	Average real rate	Average balance	Interest income	Average nominal rate	Average real rate
	(in millions of Ch$, except for rate data)							
CNB investments	2,694,846	26,800	1.0%	(0.2)%	3,337,777	22,422	0.7%	(1.3)%
Total	**5,844,403**	**70,271**	**1.2%**	**1.4%**	**10,086,959**	**81,715**	**0.8%**	**(0.9)%**
Other assets								
Ch$	1,457,172	(13,217)	(0.9)%	(2.1)%	1,570,823	47,901	3.0%	1.0%
UF	7,896	(29,503)	(373.6)%	(370.4)%	4,257	(68,555)	(1,610.5)%	(1,580.9)%
Foreign currency	1,256,585	2,321	0.2%	8.6%	845,758	140	0.0%	0.4%
Total	**2,721,653**	**(40,399)**	**(1.5)%**	**1.8%**	**2,420,838**	**(20,514)**	**(0.8)%**	**(2.0)%**
Total interest earning assets								
Ch$	14,527,142	462,770	3.2%	2.0%	17,452,592	445,230	2.6%	0.5%
UF	12,315,691	298,448	2.4%	1.2%	13,763,138	393,089	2.9%	0.8%
Foreign currency	6,963,934	124,276	1.8%	10.3%	5,507,708	74,476	1.4%	1.7%
CNB	12,033,239	197,366	1.6%	0.4%	12,090,700	184,811	1.5%	(0.5)%
Total	**45,840,006**	**1,082,860**	**2.4%**	**2.6%**	**48,814,138**	**1,097,606**	**2.2%**	**0.5%**

	As of and for the six months ended June 30,							
	2020				2021			
	Average balance	Interest income	Average nominal rate	Average real rate	Average balance	Interest income	Average nominal rate	Average real rate
	(in millions of Ch$, except for rate data)							
NON-INTEREST EARNING ASSETS								
Cash and due from banks								
Ch$	630,899				667,727			
UF								
Foreign currency	1,546,082				985,405			
CNB	475,393				1,055,290			
Total	**2,652,374**				**2,708,422**			
Allowance for loan losses								
Ch$	(645,187)				(662,431)			
UF								
Foreign currency	(10,687)				(13,930)			
CNB	(69,877)				(72,754)			
Total	**(725,751)**				**(749,115)**			
Derivative financial assets								
Ch$	5,485,070				4,093,082			
UF	11,521				5,415			
Foreign currency	107,954				95,999			
CNB	101,879				86,175			
Total	**5,706,424**				**4,280,671**			
Property, plant and equipment								
Ch$	224,834				217,910			
UF	131,791				110,276			
Foreign currency	3,770				2,788			
CNB	131,010				107,715			
Total	**491,405**				**438,689**			
Investments								
Ch$	591,907				230,582			
UF	1,460,508				264,205			
Foreign currency	62,126				42,585			
CNB	25,758				22,468			
Total	**2,140,299**				**559,840**			
Other assets								
Ch$	809,947				839,562			
UF								
Foreign currency	77,880				27,914			
CNB	699,467				598,373			
Total	**1,587,294**				**1,465,849**			
Total non-interest earning assets								
Ch$	7,097,470				5,386,432			
UF	1,603,820				379,896			
Foreign currency	1,787,125				1,140,761			
CNB	1,363,630				1,797,267			
Total	**11,852,045**				**8,704,356**			
Total assets[(1)]								
Ch$	21,624,612	462,770	2.1%		22,839,024	445,230	1.9%	
UF	13,919,511	298,448	2.1%		14,143,034	393,089	2.8%	
Foreign currency	8,751,059	124,276	1.4%		6,648,469	74,476	1.1%	
CNB	13,396,869	197,366	1.5%		13,887,967	184,811	1.3%	
Total	**57,692,051**	**1.082.860**	**1.9%**		**57,518,494**	**1,097,606**	**1.9%**	

	As of and for the six months ended June 30,							
	2020				2021			
	Average balance	Interest expense	Average nominal rate	Average real rate	Average balance	Interest expense	Average nominal rate	Average real rate
	(in millions of Ch$, except for rate data)							
INTEREST BEARING LIABILITIES								
Time deposits and other borrowings								
Time deposits								
Ch$	14,462,669	90,732	0.6%	(0.6)%	13,753,772	20.744	0.2%	(1.8)%
UF	62,886	1,252	2.0%	0.8%	56,368	1,421	2.5%	0.5%
Foreign currency	4,823,350	27,989	0.6%	9.0%	4,071,677	3,179	0.1%	0.4%
CNB	1,358,174	36,714	2.7%	1.5%	673,701	13,438	2.0%	0.0%
Total	**20,707,079**	**156,687**	**0.8%**	**1.8%**	**18,555,518**	**38,782**	**0.2%**	**(1.2)%**
Savings accounts								
Ch$								
UF	50,494	708	1.4%	0.2%	58,507	1,283	2.2%	0.2%
Foreign currency								
CNB								
Total	**50,494**	**708**	**1.4%**	**0.2%**	**58,507**	**1,283**	**2.2%**	**0.2%**
Central Bank of Chile borrowings								
Ch$								
UF								
Foreign currency								
CNB								
Total								
Liabilities under agreements to repurchase								
Ch$	348,922	3,171	0.9%	(0.3)%	125,460	146	0.1%	(1.8)%
UF	1,748	1,172	67.0%	65.0%	18,573	2,059	11.1%	8.9%
Foreign currency	43,541	376	0.9%	9.3%	45,474	138	0.3%	0.7%
CNB	85,255	146	0.2%	(1.0)%	72,628	254	0.3%	(1.6)%
Total	**479,466**	**4,865**	**1.0%**	**0.7%**	**262,135**	**2,597**	**1.0%**	**(0.6)%**
Bonds								
Mortgage finance bonds								
Ch$								
UF	8,458	324	3.8%	2.6%	5,470	248	4.5%	2.5%
Foreign currency								
CNB								
Total	**8,458**	**324**	**3.8%**	**2.6%**	**5,470**	**248**	**4.5%**	**2.5%**
Other bonds								
Ch$	266,138	5,807	2.2%	1.0%	271,443	5,708	2.1%	0.1%
UF	5,062,463	128,157	2.5%	1.3%	5,718,671	187,482	3.3%	1.3%
Foreign currency	2,031,991	27,356	1.3%	9.8%	1,802,061	23,897	1.3%	1.7%
CNB								
Total	**7,360,592**	**161,320**	**2.2%**	**3.7%**	**7,792,175**	**217,087**	**2.8%**	**1.3%**
Other interest-bearing liabilities								
Ch$	1,792,421	1,676	0.1%	(1.1)%	4,649,049	(3,086)	(0.1)%	(2.0)%
UF	702,380	7,956	1.1%	(0.1)%	775,504	15,814	2.0%	0.0%
Foreign currency	3,320,378	31,246	0.9%	9.4%	2,054,187	7,095	0.3%	0.7%
CNB	1,712,931	7,604	0.4%	(0.7)%	816,950	3,268	0.4%	(1.6)%
Total	**7,528,110**	**48,482**	**0.6%**	**3.7%**	**8,295,690**	**23,091**	**0.3%**	**(1.1)%**
Total interest-bearing liabilities								
Ch$	16,870,150	101,386	0.6%	(0.6)%	18,799,724	23,512	0.1%	(1.8)%
UF	5,888,429	139,569	2.4%	1.2%	6,633,093	208,307	3.1%	1.1%
Foreign currency	10,219,260	86,968	0.9%	9.3%	7,973,399	34,309	0.4%	0.8%
CNB	3,156,360	44,464	1.4%	0.2%	1,563,279	16,960	1.1%	(0.9)%
Total	**36,134,199**	**372,387**	**1.0%**	**2.6%**	**34,969,495**	**283,088**	**0.8%**	**(0.6)%**

	As of and for the six months ended June 30,							
	2020				2021			
	Average balance	Interest expense	Average nominal rate	Average real rate	Average balance	Interest expense	Average nominal rate	Average real rate
	(in millions of Ch$, except for rate data)							
NON-INTEREST BEARING LIABILITIES								
Deposits and other liabilities payable on demand								
Non-interest-bearing demand deposits								
Ch$	1,055,960				1,965,015			
UF	50				50			
Foreign currency	409,687				385,810			
CNB	542,730				853,414			
Total	**2,008,427**				**3,204,389**			
Checking accounts								
Ch$	289,862				212,433			
UF								
Foreign currency	(206,031)							
CNB	8,428,168				10,164,278			
Total	**8,511,999**				**10,376,711**			
Derivative financial liabilities								
Ch$	5,400,816				3,904,541			
UF	237,993				237,514			
Foreign currency	108,297				105,033			
CNB	116,492				71,641			
Total	**5,863,598**				**4,318,729**			
Other non-interest-bearing liabilities								
Ch$	531,364				748,540			
UF	149,146				133,523			
Foreign currency	75,172				62,852			
CNB	166,804				180,390			
Total	**922,486**				**1,125,305**			
Total non-interest-bearing liabilities								
Ch$	7,278,002				6,830,529			
UF	387,189				371,087			
Foreign currency	387,125				553,696			
CNB	9,254,194				11,269,723			
Total	**17,306,510**				**19,025,034**			
Shareholders' equity								
Ch$	2,704,021				2,055,259			
UF								
Foreign currency								
CNB	1,547,320				1,468,706			
Total	**4,251,341**				**3,523,965**			
Total shareholders' equity and liabilities								
Ch$	26,852,173	101,386	0.4%		27,685,512	23,512	0.1%	
UF	6,275,618	139,569	2.2%		7,004,180	208,307	3.0%	
Foreign currency	10,606,386	86,968	0.8%		8,527,094	34,309	0.4%	
CNB	13,957,874	44,464	0.3%		14,301,708	16,960	0.1%	
Total	**57,692,051**	**372.387**	**0.6%**		**57,518,494**	**283,088**	**0.5%**	

Interest Earning Assets - Net Interest Margin

The following table analyzes, by currency of denomination, our levels of average interest earning assets and net interest, and illustrates the comparative margins realized, for each of the periods indicated:

	As of and for the six months ended June 30,	
	2020	**2021**
Total average interest earning assets		
Ch$	14,527,142	17,452,592
UF	12,315,691	13,763,138
Foreign currency	6,963,934	5,507,708
CNB	12,033,239	12,090,700
Total	**45,840,006**	**48,814,138**
Net interest income(1)		
Ch$	361,384	421,718
UF	158,879	184,782
Foreign currency	37,308	40,167
CNB	152,902	167,851
Total	**710,473**	**814,518**
Net interest margin(2), nominal basis		
Ch$	2.5%	2.4%
UF	1.3%	1.3%
Foreign currency	0.5%	0.7%
CNB	1.3%	1.4%
Total	**1.5%**	**1.7%**

(1) Interest income less interest expense.
(2) Net interest income as a percentage of average interest earning assets.

Changes in Net Interest Income and Interest Expense - Volume and Rate Analysis

The following tables allocate, by currency of denomination, changes in our net interest income and interest expense between changes in the average volume of interest earning assets and interest-bearing liabilities and changes in their respective nominal interest rates for the six months ended June 30, 2021 compared to the six months ended June 30, 2020. Volume and rate variances have been calculated based on movements in average balances over the period and changes in nominal interest rates on average interest earning assets and average interest-bearing liabilities.

	Increase (decrease) from the six months ended June 30, 2020 to the six months ended June 30, 2021		Net change from the six months ended June 30, 2020 to the six months ended June 30, 2021
	Volume	Rate	
		(in millions of Ch$)	
INTEREST EARNING ASSETS			
Commercial loans			
Commercial loans			
Ch$	13,606	(23,418)	(9,812)
UF	3,521	29,952	33,473
Foreign currency	(8,396)	(10,900)	(19,295)
CNB commercial loans	(6,305)	(1,910)	(8,215)
Total	**2,426**	**(6,275)**	**(3,849)**
Foreign trade loans			
Ch$	(489)	(219)	(708)
UF			
Foreign currency	(6,801)	(5,849)	(12,650)
Total	**(7,290)**	**(6,068)**	**(13,358)**
Checking accounts			
Ch$	(6,613)	1,781	(4,831)
UF			
Foreign currency			
Total	**(6,613)**	**1,781**	**(4,831)**
Loans to college students			
Ch$	(33)	(62)	(94)
UF	1	(11)	(10)
Foreign currency			
Total	**(32)**	**(72)**	**(104)**
Factoring operations			
Ch$	(1,107)	(9,447)	(10,554)
UF	(452)	445	(7)
Foreign currency	(23)	(184)	(208)
Total	(1,583)	(9,187)	(10,769)
Leasing transactions			
Ch$	53	(1,484)	(1,431)
UF	(2,433)	3,595	1,161
Foreign currency	(5,626)	(467)	(6,092)
Total	**(8,007)**	**1,644**	**(6,362)**
Other loans and receivables			
Ch$	(730)	(869)	(1,599)
UF	(366)	902	536
Foreign currency			
Total	**(1,096)**	**33**	**(1,063)**
Mortgage loans			
Mortgage loans			
Ch$	(21)	(20)	(41)
UF	30,656	51,987	82,643
Foreign currency			
CNB mortgage loans	(83)	205	122
Total	**30,551**	**52,172**	**82,724**

	Increase (decrease) from the six months ended June 30, 2020 to the six months ended June 30, 2021		Net change from the six months ended June 30, 2020 to the six months ended June 30, 2021
	Volume	Rate	
		(in millions of Ch$)	
Consumer loans			
Consumer loans in installment			
Ch$	(18,891)	(8,098)	(26,989)
UF	(814)	486	(328)
Foreign currency	(6)	(283)	(288)
CNB consumer loans	(167)	83	(84)
Total	**(19,877)**	**(7,812)**	**(27,689)**
Checking accounts			
Ch$	(3,967)	(892)	(4,859)
UF			
Foreign currency			
Total	**(3,967)**	**(892)**	**(4,859)**
Credit card borrowers			
Ch$	(12,683)	(8,333)	(21,016)
UF			
Foreign currency			
Total	**(12,683)**	**(8,333)**	**(21,016)**
Consumer leasing transactions			
Ch$	(7)	1	(7)
UF	(16)	3	(13)
Foreign currency			
Total	**(23)**	**4**	**(19)**
Other loans and receivables			
Ch$			
UF			
Foreign currency	(916)	94	(822)
Total	**(916)**	**94**	**(822)**
Loans and receivables to banks			
Ch$			
UF			
Foreign currency	(965)	(3,599)	(4,565)
Total	**(965)**	**(3,599)**	**(4,565)**
Investments			
Ch$	16,127	(12,843)	3,284
UF	11,826	4,410	16,237
Foreign currency	1,793	(5,491)	(3,699)
CNB	4,319	(8,697)	(4,378)
Total	**34,065**	**(22,622)**	**(11,443)**
Other assets			
Ch$	3,466	57,653	61,118
UF	58,613	(97,665)	(39,052)
Foreign currency	(68)	(2,113)	(2,181)
CNB			
Total	**62,011**	**(42,126)**	**19,885**
Total interest earning assets			
Ch$	74,630	(92,170)	(17,540)
UF	41,341	53,300	94,640
Foreign currency	(19,687)	(30,113)	(49,800)
CNB	874	(13,428)	(12,554)
Total	**97,157**	**(82,411)**	**14,746**

	Increase (decrease) from the six months ended 2020 to from the six months ended 2021		Net change Increase (decrease) from the six months ended 2020 to from the six months ended 2021
	Volume	Rate	
		(in millions of Ch$)	
INTEREST BEARING LIABILITIES			
Time deposits and other borrowings			
Time deposits			
Ch$	(1,069)	(68,919)	(69,988)
UF	(164)	334	169
Foreign currency	(587)	(24,223)	(24,810)
CNB	(13,653)	(9,622)	(23,275)
Total	**(15,474)**	**(102,430)**	**(117,904)**
Savings accounts			
Ch$			
UF	176	399	575
Foreign currency			
CNB			
Total	**176**	**399**	**575**
Central Bank of Chile borrowings			
Ch$			
UF			
Foreign currency			
CNB			
Total			
Securities sold under repurchase agreements			
Ch$	(260)	(2,766)	(3,025)
UF	1,865	(978)	887
Foreign currency	6	(244)	(238)
CNB	(44)	152	108
Total	**1,567**	**(3,836)**	**(2,269)**
Bonds			
Mortgage finance bonds			
Ch$			
UF	(135)	60	(76)
Foreign currency			
CNB			
Total	**(135)**	**60**	**(76)**
Other bonds			
Ch$	112	(212)	(100)
UF	21,513	37,811	59,325
Foreign currency	(3,049)	(410)	(3,459)
CNB			
Total	**18,576**	**37,190**	**55,766**
Other interest-bearing liabilities			
Ch$	(1,896)	(2,866)	(4,761)
UF	1,491	6,366	7,857
Foreign currency	(4,373)	(19,778)	(24,151)
CNB	(3,584)	(751)	(4,336)
Total	**(8,362)**	**(17,028)**	**(25,391)**
Total interest-bearing liabilities			
Ch$	2,413	(80,288)	(77,876)
UF	23,385	45,352	68,738
Foreign currency	(9,664)	(42,995)	(52,658)
CNB	(17,285)	(10,219)	(27,503)
Total	**(1,150)**	**(88,149)**	**(89,299)**

Return on Equity and Assets

The following table presents our selected financial ratios for the periods indicated:

	As of and for the six months ended June 30,	
	2020	2021
	(in millions of Ch$, except percentage)	
Average total assets	57,692,051	57,518,494
Average shareholder's equity	4,251,341	3,523,965
Net income as a percentage of:		
Average total assets	0.6%	0.9%
Average shareholder's equity	7.5%	15.4%
Average shareholder's equity as a percentage of average total assets	**7.4%**	**6.1%**

Investment Portfolio

The following table sets forth our investments in Chilean government and corporate securities and certain other financial investments as of the dates indicated.

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

In accordance with rules of the CMF, we do not hold any equity securities.

	As of June 30,	
	2020	2021
	(in millions of Ch$)	
Held-for-Trading		
Instruments of the state and Central Bank of Chile:		
Bonds of the Central Bank of Chile	169,157	5,726
Promissory notes of the Central Bank of Chile	120,091	113,370
Other instruments of the state and Central Bank of Chile	371.511	131,122
Subtotal	**660,759**	**250,218**
Instruments of other domestic institutions:		
Bonds	640,826	90,073
Promissory notes	–	–
Other instruments	422,797	100,638
Subtotal	**1,063,623**	**190,711**
Instruments of other foreign institutions:		
Bonds	–	–
Promissory notes	–	–
Other instruments	5,753	2,548
Subtotal	**5,753**	**2,548**
Investments in mutual funds:		
Funds administered by related parties	72,713	60,493
Funds administered by third parties	–	–
Subtotal	**72,713**	**60,493**
CNB investments in mutual funds:		
Funds administered by third parties	25,834	22,681
Subtotal	**25,834**	**22,681**
Total	**1,828,682**	**526,651**

Available-for-Sale		
Financial investments quoted in active markets of the State and Central Bank of Chile:		
Instruments of the Central Bank of Chile[1]	1,517,253	2,800,742
Bonds of promissory notes of the Treasury	959,855	2,519,003
Other fiscal instruments	5,225	4,521
Subtotal	**2,482,333**	**5,324,266**
Other domestic instruments:		
Financial instruments issued by other domestic banks[2]	485,993	990,021
Bonds and corporate commercial papers	4,156	8,558
Other domestic instruments	2,528	2,360
Subtotal	**492,677**	**1,000,938**
Foreign instruments:		
Instruments issued by foreign states and central banks		
Other foreign instruments	–	–
Other	885,859	964,992
Subtotal	**885,859**	**964,992**
CNB foreign instruments:		
Instruments issued by foreign states and central banks	164,809	375,059
Other foreign instruments	2,406,523	2,896,584
Subtotal	**2,571,332**	**3,271,643**
Total	**6,432,201**	**10,561,839**
Held-to-Maturity		
Foreign instruments:		
Instruments issued by foreign states and central banks	–	–
Other foreign instruments	–	–
CNB	29,010	301,092
Total	**29,010**	**301,092**
Total financial investments	**8,289,895**	**11,389,583**

(1) Includes primarily bonds.
(2) Includes primarily mortgage notes in other banks.
(3) Includes primarily bonds issued by private entities.

The following table sets forth an analysis of our investments, by time remaining to maturity and the weighted average nominal rates of such investments, as of June 30, 2021:

	Within 1 year	Weighted average yield rate[1][2]	After 1 year but within 5 years	Weighted average yield rate[1][2]	After 5 years but within 10 years	Weighted average yield rate[1][2]	After 10 years	Weighted average yield rate[1][2]	Total
				(in millions of Ch$, except percentages)					
Held-for-Trading									
Instruments of the State and Central Bank of Chile:									
Bonds of the Central Bank of Chile	326	(1.03)%	4,014	1.05%	186	0.95%	1,200	1.30%	5,726
Promissory notes of the Central Bank of Chile	113,370	0.03%							113,370
Other instruments of the State and Central Bank of Chile	695	1.16%	118,295	0.30%	7,877	1.35%	4,255	1.28%	131,122
Subtotal	**114,391**		**122,309**		**8,063**		**5,455**		**250,218**
Instruments of other domestic institutions:									
Bonds	82,621	(0.46)%	7,220	0.22%	214	28.00%	18	7.48%	90,073
Promissory notes									
Other instruments	90,960	(0.66)%	8,873	0.57%	805	0.10%			100,638
Subtotal	**173,581**		**16,093**		**1,019**		**18**		**190,711**
Instruments of other foreign institutions:									
Instruments issued by foreign states and central banks									

	Within 1 year	Weighted average yield rate(1)(2)	After 1 year but within 5 years	Weighted average yield rate(1)(2)	After 5 years but within 10 years	Weighted average yield rate(1)(2)	After 10 years	Weighted average yield rate(1)(2)	Total
				(in millions of Ch$, except percentages)					
Promissory notes									
Other instruments	2,548	0.07%							2,548
Subtotal	**2,548**								**2,548**
Investments in mutual funds:									
Funds administered by related parties	60,493								60,493
Funds administered by third parties									
Subtotal	**60,493**								**60,493**
CNB investments in mutual funds:									
Funds administered by third parties							22,682		22,682
Subtotal							**22,682**		**22,682**
Total	**351,013**		**138,402**		**9,082**		**28,155**		**526,652**
Available-for-Sale(1)									
Financial investments quoted in active markets:									
Of the State and the Central Bank of Chile	2,796,811		3,930						2,800,741
Bonds or promissory notes of the Treasury			1,875,374	0.72%	100,937	2.20%	542,333	2.42%	2,519,004
Other fiscal instruments	47	3.96%	394	3.70%	4,077	3.95%	3	4.00%	4,521
Subtotal	**2,796,858**		**1,880,058**		**105,014**		**542,336**		**5,324,266**
Other domestic instruments:									
Financial instruments issued by other domestic banks	372,516	(0.02)%	597,340	(0.45)%	12,040	4.00%	8,124	4.24%	990,020
Bonds and corporate commercial papers			8,558	0.28%					8,558
Other domestic instruments	2,360								2,360
Subtotal	**374,876**		**605,898**		**12,040**		**8,124**		**1,000,938**
Foreign instruments:									
Instruments issued by foreign states and central banks									
Other foreign instruments	7,340	1.87%	355,658	1.59%	514,286	2.27%	87,708	0.05%	964,992
Subtotal	**7,340**		**355,658**		**514,286**		**87,708**		**964,992**
CNB foreign instruments									
Instruments issued by foreign states and central banks			8,342	2.48%	19,548	1.43%	347,169	1.87%	375,059
Other foreign instruments			165,667	0.63%	157,472	0.70%	2,573,445	1.67%	2,896,584
Subtotal			**174,009**		**177,020**		**2,920,614**		**3,271,643**
Total	**3,179,074**		**3,015,623**		**808,360**		**3,558,782**		**10,561,839**
Held-for-Maturity									
Foreign instruments									
Instruments issued by foreign states and central banks									
Other foreign instruments									
CNB foreign instruments									
Instruments issued by foreign states and central banks			736	3.11%			18,429	2.23%	19,165
Other foreign instruments					281,927	1.44%			281,927
Total			**736**		**281,927**		**18,429**		**301,092**
Total financial investments	**3,530,087**		**3,154,761**		**1,099,369**		**3,605,366**		**11,389,583**

(1) Rates have been included for the trading portfolio based on contractual terms although such instruments, by definition, have been acquired for sale in the near term.

(2) The rates noted above for the available for sale portfolio are based on the weighted average yield for the times remaining to maturity on the existing portfolio as of June 30, 2021. Due to our management of our exposure to liquidity risk as described in Note 36 to our Unaudited Interim Consolidated Financial Statements included herein, actual rates may vary.

Loan Portfolio

The following table analyzes our loans by type of loan net of allowances for loan losses. See "Allocation of Allowance Loan Losses." Total loans reflect our loan portfolio, including past due amounts (but excluding contingent loans because they are off-balance sheet).

	As of June 30,	
	2020	**2021**
	(in millions of Ch$)	
Commercial loans		
Commercial loans	12,888,910	12,032,915
CNB commercial loans	8,639,024	7,596,034
Foreign trade loans	1,215,015	819,424
Checking accounts	135,562	92,084
Loans to college students	145,664	137,416
Factoring operations	777,641	809,420
Leasing transactions	1,601,175	1,463,952
Other loans and receivables	52,385	50,050
Subtotal	**25,455,376**	**23,001,295**
Mortgage loans		
Letters of credit	6,749	4,392
Negotiable mortgage loans	1,777,036	1,617,579
Other mortgage loans	5,185,227	6,306,792
CNB mortgage loans	1,772,674	1,596,248
Subtotal	**8,741,686**	**9,525,011**
Consumer loans		
Consumer loans in installments	2,101,024	1,836,865
CNB consumer loans	43,759	30,955
Checking accounts	74,378	53,729
Credit card borrowers	1,172,685	1,103,700
Consumer leasing transactions	972	437
Other loans and receivables	29,492	24,208
Subtotal	**3,422,310**	**3,049,894**
Total loans	**37,619,372**	**35,576,200**

The loan categories are as follows:

Commercial loans are comprised of the following:

General commercial loans. General commercial loans are long-term and short-term loans granted to Chilean corporations and individuals in pesos, UF or U.S. dollars on an adjustable or fixed rate basis, primarily to finance working capital or investments. Commercial loans represent the largest portion of our loan portfolio. Interest accrues daily on a 30-, 90-, 180- or 360-day basis. Loan payments are scheduled monthly, quarterly, semi-annually or yearly, depending on the terms of the loan. Although we have certain flexibility to determine the interest rate of these loans, it cannot exceed the maximum rate for commercial loans established by the CMF in accordance with Chilean law. General commercial loans do not include commercial loans made by CNB, which we separately present under "CNB commercial loans."

CNB commercial loans. CNB commercial loans are loans to businesses or corporations without mortgage-based collateral.

Foreign trade loans. Foreign trade loans are short-term loans made in foreign currencies (principally US$) to finance imports and exports.

Checking accounts. Lines of credit and overdrafts are short-term operating commercial loans under which our customers can draw down loaned funds up to certain credit limits.

Loans to college students. Includes university financing loans, which are loans granted in accordance with Law No. 20,027, CORFO guaranteed or others.

Factoring operations. Factored receivables are derived from our factoring operations which consist of purchasing outstanding debt portfolios such as bills, notes, or contracts, advancing a payment representing the future cash flows from such assets, and then performing the related collection function. The receivables are sold with and without recourse in the event accounts prove uncollectible.

Leasing transactions. Leasing contracts are contracts whereby a lessor grants to a lessee a purchase option on certain leased assets.

Other loans and receivables. Other outstanding loans include other commercial loans that are not classified under any of the above categories, which are financed by our general borrowings.

Mortgage loans are comprised of the following:

Mortgage loans. Mortgage loans are inflation-indexed, fixed or variable rate, long-term loans with monthly payments of principal and interest secured by a mortgage over real property. These mortgage loans are generally financed with mortgage finance bonds, which are general obligations of us. At the time of approval, the principal amount of this type of mortgage loan cannot be higher than 90.0% of the lower of the purchase price and the appraised value of the mortgaged property; otherwise such loan will be classified as a commercial loan. Under the General Banking Law's liquidation procedures, if the issuer of a mortgage finance bond becomes insolvent, these mortgage loans and the related mortgage finance bonds shall be auctioned in block and the acquirer will continue to make payments under the mortgage finance bonds pursuant to the same terms and conditions as the original issuer.

Other loans and receivables. Other outstanding loans include other residential mortgage loans not included under any of the above categories above, which are financed by our general borrowings.

Consumer loans are comprised of the following:

Consumer loans in installments. Consumer loans in installments are loans to individuals, denominated in pesos, generally on a fixed rate basis, to finance the purchase of consumer goods or the payment of services. Interest accrues daily on a 30- or 360-day basis. Loan payments are scheduled monthly. Although we have certain flexibility to determine the interest rate of these loans, it cannot exceed the maximum rate for consumer loans established by the CMF in accordance with Chilean law.

CNB consumer loans. CNB consumer loans are loans to individuals.

Credit card loans. Credit card loans are credit card balances subject to interest charges. Interest accrues daily on a 30- or 360-day basis. Loan payments are scheduled monthly. Although we have certain flexibility to determine the interest rate of these credit card loans, this rate cannot exceed the maximum rate for consumer loans established by the CMF in accordance with Chilean law.

Checking Accounts. Lines of credit and overdrafts are short-term consumer loans under which our customers can draw down loaned funds up to certain credit limits.

Consumer leasing transactions. Leasing transactions are contracts whereby a lessor grants to a lessee a purchase option on certain leased assets.

Other loans and receivables. Other loans and receivables include other loans not classified under any of the above categories, which are financed by our general borrowings.

City National Bank of Florida loans are comprised of the following:

General commercial loans. Long-term and short-term loans granted to corporations and individuals in U.S. dollars on an adjustable or fixed rate basis, primarily to finance working capital or investments. Interest accrues daily on actual/365 basis, in most of the cases. Loan payments are scheduled monthly, quarterly, semi-annually or yearly, depending on the terms of the loan.

Mortgage loans. These loans include:

- Mortgage loans. Mortgage loans are fixed, variable, or adjustable rate long-term loans with monthly payments of principal and interest secured by a mortgage over one to four family residential properties. At the time of approval, the principal amount of this type of mortgage loan depends on the occupancy status, number of units, and loan amount, but cannot be higher than 80.0% of the appraised value of the mortgaged property.

- Home Equity Lines (HELOC). HELOCs are revolving, open-end lines of credit extended to a homeowner secured by, typically, a junior lien over one to four family residential property.

Commercial real estate loans. These loans include owner and non-owner occupied commercial real estate loans, which are adjustable or fixed rate loans used to purchase or refinance owner occupied or investment commercial real estate property. The owner occupancy should be greater or equal to 51% of the leasable space, loan to value should not be higher than 75%, and we should have a first lien over the real estate property. Underwriting parameters include mandatory escrow for taxes and insurances, maximum vacancy, in case of non-owner occupied loans, minimum management fees and debt service coverages.

Consumer loans. These loans include:

- Personal line of credit: revolving variable rate line of credit targeted for personal use. Payback generally occurs within 24 months. These lines can be unsecured or secured by a CD.

- Unsecured term loans: Personal purpose fixed rate loan with relatively short time periods, with pay back generally occurring within 60 months.

- Automobile, boat, and airplane loans: Loans used to purchase or refinance these types of assets, secured by a first lien position on those assets.

Construction and land loans. These loans include the following:

- Construction loans: Fixed or variable rate loans made to construct commercial real estate or one to four family residences.

- Land loans: Fixed or variable rate loans made for the purpose of acquiring land for the future construction of commercial real estate or one to four family residences.

For a more detailed description of City National Bank of Florida loans, see "City National Bank of Florida" in the Base Prospectus.

Risks of the Loan Portfolio

The risk index of our loan portfolio is calculated as allowances for loan losses as a percentage of total loans. Our risk index was 1.98% and 1.98% as of June 30, 2020 and 2021, respectively. Our risk index for our main loan categories is as follows:

Commercial loans.

Bci loans

The risk index of our commercial loans as of June 30, 2020 and 2021 was 1.57% and 1.95%, respectively. The increase in the risk rate in the last year is mainly due to the renegotiations of Fogape loans with Fogape Reactiva in the SME portfolio. Apart from this, government aid has helped the ratio to remain stable despite the economic uncertainty resulting from the ongoing COVID-19 pandemic, as a measure to further mitigate potential risks, Bci made additional provisions.

City National Bank of Florida loans

The risk index of our CNB commercial loans as of June 30, 2020 and 2021 was 0.68% and 0.69%, respectively.

Mortgage loans.

Bci loans

The risk index of our mortgage loans as of June 30, 2020 and 2021 was 0.54% and 0.54%, respectively. The risk index of our mortgage loans has remained stable and low relative to the risk index of the Chilean financial system.

City National Bank of Florida loans

The risk index of our CNB mortgage loans as of June 30, 2020 and 2021 was 0.87% and 1.14%, respectively.

Consumer loans.

Bci loans

The risk index of our consumer loans as of June 30, 2020 and 2021 was 8.20% and 6.37%, respectively. The risk of this portfolio has decreased, thanks to transitory effects, such as the withdrawal of pension funds and the monetary transfers carried out by the State (IFE, Emergency Family Income), which has improved the payment capacity of clients. Therefore, a temporary misalignment is observed between the macroeconomic fundamentals and the risk rate. As a measure to further mitigate potential risks, Bci made additional provisions.

City National Bank of Florida loans

The risk index of our CNB consumer loans as of June 30, 2020 and 2021 was 1.22% and 1.68% respectively.

Maturity and Interest Rate Sensitivity of Loans

The following table sets forth an analysis of our loans (before allowances for loan losses; exclusive of interbank loans) as of June 30, 2021 by type of loan and time remaining to maturity:

	Due within 1 month	Due after 1 month but within 6 months	Due after 6 months but within 12 months	Due after 1 year but within 3 years	Due after 3 years but within 5 years	Due after 5 years	Balance as of June 30, 2021
				(in millions of Ch$)			
Commercial loans							
General commercial loans	1,235,900	2,632,906	1,321,584	2,964,882	1,750,597	2,871,223	12,777,092
CNB commercial loans	849,141	142,246	474,956	1,202,750	1,039,017	3,536,189	7,244,299
Foreign trade loans	281,870	361,782	91,267	57,324	28,320	14,128	834,692
Checking accounts	14,701	48,422	36,329	127			99,580
Loans to college students	13,146	5,602	3,546	16,083	17,091	87,072	142,540
Factoring operations	370,627	383,200	52,448	11,857			818,133
Leasing transactions	37,268	157,172	180,977	444,480	219,753	447,582	1,487,234
Other loans and receivables	45,966	7,208	1,548	984	9		55,715
Subtotal	**2,846,292**	**3,740,867**	**2,162,655**	**4,698,488**	**3,054,788**	**6,956,194**	**23,459,285**
Mortgage loans							
Mortgage loans	185,152	159,318	195,303	785,527	777,786	5,859,353	7,962,441
CNB residential mortgage loans	182,435	18,280	117,819	245,009	218,465	832,579	1,614,586
Subtotal	**367,588**	**177,597**	**313,122**	**1,030,537**	**996,251**	**6,691,932**	**9,577,027**
Consumer loans							
Consumer loans in installments	95,449	279,880	308,103	894,244	343,192	65,571	1,986,437
CNB consumer loans	69	268	249	780	940	4,981	7,288
Checking accounts	10,416	24,070	27,809	132			62,427
Credit card borrowers	714,320	279,255	120,066	58,782	3,462		1,175,885
Consumer leasing transactions	13	82	89	150	58	53	444
Other loans and receivables	828	888	826	2,591	3,122	16,535	24,791
Subtotal	**821,096**	**584,444**	**457,140**	**956,679**	**350,774**	**87,139**	**3,257,272**
Total loans	**4,034,975**	**4,502,908**	**2,932,918**	**6,685,703**	**4,401,814**	**13,735,265**	**36,293,584**

The following tables present, as of June 30, 2020 and 2021, the amount of outstanding loans (exclusive of contingent loans) due after one year exposed to interest rate:

	As of June 30,	
	2020	2021
Variable Rate:		
Ch$	3,443,777	3,131,997
UF	570,636	602,466
Ch$ indexed to US$	15,342	11,134
Foreign currency	58,577	41,834
US$	8,275,377	6,755,560
Subtotal	**12,363,709**	**10,452,991**
Fixed Rate:		
Ch$	8,692,823	7,979,175
UF	11,329,895	12,229,820
Ch$ indexed to US$	109,209	97,677
Foreign currency	31,467	19,788
US$	5,851,236	5,424,133
Subtotal	**26,014,630**	**25,750,593**
Total	**38,378,339**	**36,293,584**

Loans by Economic Activity

The following table sets forth an analysis of our loan portfolio (before allowances for loan losses) based on the borrower's principal economic activity, as of each of the indicated dates. Loans to individual for business purposes are allocated to their economic activity. The table does not reflect outstanding contingent loans.

	As of June 30,			
	2020		2021	
	Loan portfolio	Percentage of loan portfolio	Loan portfolio	Percentage of loan portfolio
	(in millions of Ch$, except percentages)			
Agricultural, livestock, forestry and fishing				
Agriculture and livestock	528,367	1.38%	499,313	1.38%
Fruit	308,778	0.80%	290,551	0.80%
Forestry	173,294	0.45%	143,081	0.39%
Fishing	173,191	0.45%	158,231	0.44%
Subtotal	**1,183,630**	**3.08%**	**1,091,176**	**3.01%**
Manufacturing				
Tobacco, food and beverages	509,501	1.33%	446,940	1.23%
Textiles, clothing and leather goods	110,726	0.29%	65,235	0.18%
Wood and wood products	85,860	0.22%	76,047	0.21%
Paper, printing and publishing	99,489	0.26%	87,543	0.24%
Chemical products derived from oil, coal, rubber and plastic	258,359	0.67%	233,004	0.64%
Production of basic metal, non-minerals, machines and equipments	707,352	1.84%	658,827	1.82%
Other manufacturing industries	318,314	0.83%	250,748	0.69%
Subtotal	**2,089,601**	**5.44%**	**1,818,344**	**5.01%**
Transport, storage and communications				
Transport and storage	1,239,614	3.23%	1,141,477	3.15%
Communications	479,101	1.25%	356,699	0.98%
Subtotal	**1,718,715**	**4.48%**	**1,498,176**	**4.13%**
Construction	2,132,393	5.56%	1,718,812	4.74%
Community, social and personal services	5,136,966	13.39%	4,799,344	13.22%
Consumer credit	3,728,119	9.71%	3,257,272	8.97%
Commerce	4,499,650	11.72%	3,915,385	10.79%
Electricity, gas and water	733,656	1.91%	643,503	1.77%
Mortgage loans	8,789,470	22.90%	9,577,027	26.39%
Mining and petroleum	440,140	1.15%	406,618	1.12%
Services	7,925,999	20.65%	7,567,927	20.85%
Total	**38,378,339**	**100.00%**	**36,293,584**	**100.00%**

Foreign Country Outstanding Loans

Our cross-border loans are principally trade-related. These include loans to foreign financial institutions. The table below lists our total amount of outstanding loans to borrowers in foreign countries as of June 30, 2020 and 2021. This table does not include foreign trade-related loans to Chilean borrowers.

	As of June 30,	
	2020	2021
	(in millions of Ch$)	
Country		
Afghanistan	—	—
Andorra	—	—
Argentina	13,740	12,710
Australia	5,701	1,599
Austria	12,246	6,702
Bahamas	—	—

	As of June 30,	
	2020	2021
	(in millions of Ch$)	
Belgium	818	2,489
Bolivia	37	984
Brazil	189,979	160,156
Bulgaria	—	479
Canada	25,644	18,227
Cayman Islands	22,294	24,073
China	25,601	41,431
Colombia	131,855	110,187
Costa Rica	11,943	—
Denmark	151	—
Dominican Republic	8,212	7,278
Ecuador	12	—
El Salvador	—	—
Finland	—	5,247
France	95,278	87,609
Gambia	—	—
Germany	30,964	22,474
Greece	—	—
Guatemala	21,962	25,330
India	—	—
Israel	—	—
Italy	41,308	37,164
Japan	30,173	16,992
Hong Kong	—	—
Mexico	34,375	46,037
Monaco	—	—
Netherlands	144	182
New Zealand	—	—
Norway	—	—
Panama	50,940	36,539
Paraguay	16,425	4,730
Peru	136,312	79,827
Poland	332	69
Portugal	539	—
Puerto Rico	—	—
Qatar	—	10,785
Russia	—	—
Luxembourg	—	—
Senegal	—	—
Singapore	—	—
South Africa	—	—
South Korea	1,675	—
Spain	90,037	103,130
Sweden	483	414
Switzerland	30,240	25,438
Taiwan	—	—
Thailand	—	—
Turkey	546	1,784
United Kingdom	223,439	194,946
United States	433,688	370,876
Uruguay	30	—
Venezuela	—	—
Vietnam		962
Total	**1,687,123**	**1,456,850**

We also maintain deposits abroad (primarily demand deposits) as needed to conduct our foreign trade transactions. The table below lists the amounts of foreign deposits by country as of June 30, 2020 and 2021:

	As of June 30,	
	2020	2021
	(in millions of Ch$)	
Country		
Australia	2,250	2,140
Canada	903	859
Denmark	115	95
China	82	495
Germany	29,794	30,137
Italy	2,726	—
Japan	5,765	15,130
Mexico	123	36
New Zealand	82	51
Norway	279	247
Peru	82	51
Spain	5,182	1,332
Sweden	567	80
Switzerland	1,199	364
United Kingdom	936	1,383
United States	521,325	520,509
Total	**571,410**	**572,909**

Credit Approval Process

We manage our credit risk by requiring loans to be approved in accordance with certain pre-determined procedures. Under our credit approval system, the approval of a transaction with a customer requires the participation of two or more executives, with at least one of them having the credit approval authority that would be necessary to cover our total risk exposure with respect to that customer.

Credit approval evaluation is made on the basis of the customer's total debt and the added risk involved in the proposed transaction. A borrower's total debt includes outstanding debt and any undrawn lines of credit. Our total risk exposure to any customer takes into account not only our direct exposure to this customer, but also any credit support or security and extensions of credit or undrawn lines of credit to related or affiliated borrowers.

Credit approval authority is established by our board of directors and/or the chairman of our board of directors upon the recommendation of our management. Transactions in which the total customer credit risk is more than Ch$12,000 million require the approval of the Executive Committee, which consists of our board of directors and the Chief Executive Officer, with a quorum of three members. Transactions in which a customer's total risk exposure is less than Ch$12,000 million may be approved by our other executives, depending on the amount involved, as follows:

	Unsecured		Secured(1)	
	Ch$	US$	Ch$	US$
	(in millions of Ch$)	*(in millions of US$)*	*(in millions of Ch$)*	*(in millions of US$)*
Board of Directors and Executive Committee	**Legal limit**	**Legal limit**	**Legal limit**	**Legal limit**
General Manager	1,500	1.77	5,000	5.92
Credit Committee(2)	5,000	5.92	5,000	5.92
Manager of Corporate Risk Area	900	0.89	3,000	2.96
Manager of Commercial Area and Finance	900	0.89	3,000	2.96
Managers of Banking	900	0.89	1,500	2.96
"B" Executives	150	0.47	750	1.58
"C" Executives	100	0.24	500	0.99
"D" Executives	46	0.09	230	0.45
"E" Executives	24	0.05	120	0.24
"F" Executives	12	0.02	60	0.12

(1) These limits include the respective unsecured limit.
(2) The Credit Committee is made up of at least three of the following officers: the General Manager, Manager of Corporate Risk Area, Manager of Loan Administration, Manager of Commercial Banking, and Manager of Business Banking.

We have a Corporate Risk Area which is independent of the Commercial Area, reporting directly to the Chief Executive Officer. Loans in which a customer's total risk exposure is less than Ch$500 million (Ch$120 million unsecured) may be approved by "C" Executives (either Regional Managers of Commercial Area or Regional Managers of Credit Risk). If transactions are approved by Regional Manager of Business Banking and also by Regional Manager of Credit Risk the limit of customer's total risk exposure that can be approved by both of them is increased to Ch$800 million (Ch$240 million secured or unsecured). If the transactions of Business Banking are not approved by a Manager of Credit Risk, they are not presented to a higher level of approval.

To evaluate a customer's credit risk, account executives use various computer information systems that provide information such as the customer's indebtedness to us, financial statements, monthly sales evaluations, profitability reports, debt to other banks and finance companies in the Chilean financial system and payment history with other creditors. For this purpose, information regarding a customer's indebtedness within the financial system is made available to banks by the CMF.

We have also developed specific lending policies and practices with respect to corporate, real estate and individual sectors of the banking market. Our corporate lending practices include analyzing and evaluating the strengths and weaknesses of a given industry as a whole in addition to analyzing specific corporate customers' financial condition. In 1995, we created a specialized construction finance department which has developed its own policies to evaluate and minimize credit risk in the real estate sector. We monitor the risks associated with construction loans through evaluation of technical studies of each proposed project as well as by conditioning loan advances upon our continuing review of the project's progress. For individual customers, a checklist is used to determine the customer's payment capacity through scoring systems that involve data in terms of income, education, family obligations, other financial obligations and other factors.

Our credit process is regulated by policies and standards established by our Risk Corporate Area and approved by our board of directors. The Risk Corporate Area performs various functions, including individual financial analysis of major clients. We have professional analysts who perform a report analysis for all the customers designated by the credit committee, and long-term credits of more than Ch$1,500 million or a 36-month period. These reports include the analysis of the amount of a loan, its purpose, terms, customer's financial position and markets in which the customer operates.

Our Risk Corporate Area, through its sub-area of Portfolio Control and Monitoring, is responsible for the risk classification analysis and monitoring of our entire commercial, leasing and factoring loan portfolio, as well as the determination of reserves for each type of loan.

Classification of Banks by the CMF

The CMF regularly examines and evaluates each financial institution's solvency and management ratings, including its compliance with the loan classification guidelines of the CMF, and on that basis classifies banks and other financial institutions into one of five categories, I, II, III, IV and V, as follows:

- Category I is reserved for financial institutions that have been rated level A in terms of solvency and management.

- Category II is reserved for financial institutions that have been rated (i) level A in terms of solvency and level B in terms of management, (ii) level B in terms of solvency and level A in terms of management, or (iii) level B in terms of solvency and level B in terms of management.

- Category III is reserved for financial institutions that have been rated (i) level B in terms of solvency and level B in terms of management for two or more consecutive review periods, (ii) level A in terms of solvency and level C in terms of management, or (iii) level B in terms of solvency and level C in terms of management.

- Category IV is reserved for financial institutions that are rated level A or B in terms of solvency and have been rated level C in terms of management for two or more consecutive review periods.

- Category V is reserved for financial institutions that have been rated level C in terms of solvency, irrespective of their rating level of management.

The solvency rating of a bank is determined by its ratio of regulatory capital (after deducting accumulated losses during the financial year) to risk-weighted assets. This ratio is equal to or greater than 10.5% for level A banks, equal to or greater than 8% and less than 10.5% for level B banks and less than 8% for level C banks.

The management rating of a bank is as follows: (i) level A banks are those that are not rated as level B or C, (ii) level B banks display some weakness in internal controls, information systems, response to risk, private risk rating or ability to manage contingency scenarios, and (iii) level C banks display significant deficiencies in internal controls, information systems, response to risk, private risk rating or ability to manage contingency scenarios.

Classification of Loan Portfolio

Chilean banks are required to classify their outstanding exposures on an ongoing basis for the purpose of determining the amount of allowances for loan losses. The guidelines used by Chilean banks for such classifications are established by the CMF, although banks are given some latitude in devising more stringent classification systems within such guidelines. For purposes of classification of our loan portfolio, loans are divided into consumer loans, residential mortgage loans and commercial loans.

Consumer Loans. These loans include financing arising from the use of credit cards, overdrafts on current accounts and loans granted to individuals. Their purpose is to finance the acquisition of consumer goods and payment of services, in an amount that generally does not exceed UF 550. Their repayment is generally made in equal and consecutive installments. See "—Loan Portfolio."

With respect to consumer loans, allowances for loan losses are determined by mathematical models of expected loss applied to our loan portfolio as a whole. These models have been based on our data and delinquency and behavior classification which is determined by the extent to which payments are overdue.

Residential Mortgage Loans. These include loans for residential purposes that are currently funded through the issuance by us of mortgage finance bonds. Generally, the purpose of these loans is to finance the acquisition, improvement, restoration or construction of a residential home. They are granted to the final user of the property and are entirely collateralized. All the remaining mortgages loans, in particular those granted for general purposes, are considered as commercial loans. See "—Loan Portfolio."

With respect to residential mortgage loans, allowances for loan losses are determined by a standard classification given by the CMF (former SBIF) in the Compendium, Chapter B-1.

Commercial Loans. Include all loans other than consumer loans and residential mortgage loans. See "—Loan Portfolio."

For a description of City National Bank of Florida loans, see "—Loan Portfolio."

For purposes of assessing our loan portfolio, we assess certain loans on an "individual" basis and other loans on a "collective" basis. We perform individual assessments of loans that we consider significant relative to our loan portfolio, based on the amount of the loan and its size, complexity and the credit profile of the borrower. Generally, we perform individual assessments of loans equal to or greater than UF18,000. We assess on a collective basis all of our loans that we do not assess individually, grouping them according to certain common characteristics such as the amount of the loan and the borrower's credit profile. Generally, we perform collective assessment of loans of less than UF18,000, and we use a mathematical model developed internally for our collective assessment of loans. See "Presentation of Financial and Other Information—Loans."

2010 Guidelines of the Former SBIF

On August 12, 2010, the former SBIF published new guidelines for classifying and provisioning of loan portfolios that became mandatory as of January 1, 2011 (the "New Guidelines"). As a result, the models and methods used to classify our loan portfolio and establish allowances for loan losses follow the guiding principles set forth below by the regulatory authority.

For large commercial loans, leasing and factoring, we assign a risk category to each borrower and its respective loans. We consider the following risk factors: the industry or sector of the borrower, the owners or managers of the borrower, the borrower's financial situation, its payment capacity and its payment history. Based on these factors and pursuant to the Guidelines, we expect to assign one of the following risk categories to each borrower and loan that we evaluate on an individual basis:

i. "Normal Loans" or loans classified in categories A1 through A6 will correspond to borrowers who are current on their payment obligations and show no sign of deterioration in their credit quality.

ii. "Substandard Loans" or loans classified in the categories B1 through B4 will correspond to borrowers with some financial difficulties or an important deterioration of payment capacity. Substandard loans also include all loans that have non-performance levels greater than 30 days.

iii. "Non-compliant Portfolio," which include non-compliant loans and other loans classified under categories C1 through C6, will correspond to borrowers whose payment capacity is at serious risk and are renegotiating credit terms to avoid bankruptcy or there is a high likelihood that they will file for bankruptcy. These loans also include all loans, including contingent operations, with at least one installment overdue more than 90 days.

Allowances for Normal and Substandard Loans

For normal and substandard loans, expected loss is to be calculated in accordance with the following CMF (former SBIF) standards:

Classification	Probability of default (PD) (%)	Loss given default (LGD) (%)	Expected loss (EL) (%)
Normal loans			
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 loans			
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

Banks individually assign a specific classification and therefore provision level to each borrower. Accordingly, the amount of loan loss allowance is determined on a case-by-case basis. In determining provisions on an individual basis for normal and substandard loans pursuant to the recently published guidelines, banks will be required to use the following equation established by the regulatory authority:

Provision = (ESA-GE) * (PD debtor/100) * (LGDdebtor/100) + GE * (PDguarantor/100) * (LGDguarantor/100)
ESA = Exposure subject to allowances
PD = Probability of default
GE = Guaranteed exposure
LGD = Loss Given Default

Definition of Categories

A1: Debtor has the highest credit quality. This category is assigned only to borrowers with an extremely strong capacity to meet its financial obligations.

The debtor in this category has very solid financial foundations and competitive advantages in the markets in which it participates, so its ability to pay has remained permanently immune to cyclical fluctuations in the economy or sector. Therefore, it has a proven ability to generate cash flows to comfortably cover all of its financial commitments, even under restrictive conditions in the macroeconomic environments sector.

This category may be allocated only to debtors who have at least AA rating on the scale of the Chilean Securities Market Law granted by a national rating company recognized by the CMF, or its equivalent in case the debtor has an international rating by an external rating company, which also must be recognized by the CMF.

A2: Debtor has a very high credit quality. The ability to pay its financial obligations is very strong. Predictable events do not affect this capability significantly.

The debtor in this category provides a solid financial foundation and competitive position in the markets where it participates, so their ability to pay has been permanently immune and is not vulnerable to cyclical fluctuations in the economy or markets in which it participates. Presents proven ability to generate cash flows to cover timely and properly all financial commitments.

A3: Debtor has a high credit quality. The ability to pay its financial commitments is strong. Predictable events do not affect this capacity significantly.

The debtor in this category provides a solid foundation and competitive financial ability to pay and shows resistance to cyclical fluctuations in the economy or the markets in which it participates.

Under tight financial-economic scenarios, the power would not vary significantly.

A4 Debtor has a good credit quality. The ability to pay their financial obligations is sufficient. However, this capability is slightly susceptible to changing circumstances or economic conditions.

The debtor in this category provides a solid foundation and competitive financial ability to pay, shows resistance to cyclical fluctuations in the economy or markets in which it participates; however, it may have slight vulnerability to restrictive conditions at macroeconomic and sector levels.

A5: Debtor has a good credit quality. The ability to pay their financial commitments is adequate or sufficient, but is susceptible to change in circumstances or economic conditions.

The debtor in this category presents reasonable competitive and financial foundations, so their ability to pay is less vulnerable to cyclical fluctuations in the economy or markets in which it participates, but although it presents good ability to generate cash flows to meet promptly all its financial commitments under adverse conditions, could be vulnerable to restrictive environmental conditions at macroeconomic and sector levels.

A6: Debtor has a sufficient credit quality. Its ability to pay could deteriorate in adverse economic conditions. The debtor currently has certain challenges with his ability to fulfill his financial obligations, but this is temporary.

The debtor in this category has reasonable competitive and financial foundations, but his payment capacity presents vulnerabilities to cyclical fluctuations of the economy or of the markets in which it participates. Although it has demonstrated the capacity to generate sufficient cash flow to meet its financial commitments under adverse conditions, there is evidence of weakness before restrictive conditions of the macroeconomic and sector environment.

B1: Debtor has a low credit quality. His capacity of payment is vulnerable, affecting his ability to fulfill his financial obligations. The debtor in this category presents deficient financial and competitive foundations, and has presented irregularities in the fulfillment of his commitments.

B2: Debtor has a low credit quality. The debtor presents a worsening in his capacity of payment, generating doubts on the recovery of his credits. The debtor in this category presents deficient financial and competitive foundations, and his ability to generate cash flows is insufficient, which is translated into unsatisfactory fulfillments of his commitments. Also part of this category are those debtors who have registered some precedents of negative behavior in the last 12 months, which are not of recurring nature, and which reclassification as performing loans has taken place at least three months ago.

B3: Debtor has a very low credit quality. His capacity of payment is weak and has shown delinquencies in payments, which may under this scenario, require a financial restructuring to meet obligations or, in case of having had it, obligations thereunder have not been complied with regularly. The debtors who are classified in this category do not exceed 90 days default.

B4: Debtor has a minimum credit rating. This type of borrower has history of disruptive behavior in the last 12 months, which, however, currently does not exceed 90 days default, nor meets certain conditions to be considered as held in default.

Allowances for Loan Losses

Our loan portfolio includes loans for which the likelihood of recovery is low, as the borrowers show impaired payment capacity or no payment capacity at all. This portfolio includes (i) loans of borrowers with evident signs of possible bankruptcy, (ii) loans for which restructuring is necessary in order to avoid impairment and (iii) loans of borrowers that are at least 90 days in default in the payment of interests or principal on any of their loans. Debtors classified under categories C1 to C6 and all their loans are included in our non-compliant loan portfolio (a subpopulation of our impaired loan portfolio as defined under CMF criteria), including 100% of the amount of their undrawn committed credit lines and contingent loans.

We determine the allowance for loan losses taking into account our total exposure to each borrower, which is the sum of such borrower's total loans (including contingent loans and undrawn committed credit lines). To determine the percentage of our allowance with respect to these borrowers, we estimate the expected loss rate, the amounts that are recoverable by executing guarantees and the present value of the amounts that can be recovered through collection actions, net of expenses. The expected loss rate is classified under one of the six categories defined below, considering the range of losses that we expect from all the loans of the same debtor.

For loans classified under Categories C1 through C6, we will need to have the following levels of allowance required by the regulatory authority:

Classification	**Expected loss**	**Allowance% (1)**
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

(1) Represents percentages of the aggregate amount of principal and accrued but unpaid interest of the loan.

For these loans the expected loss must be calculated as follows:

Expected loss = (TE – Rec) / TE

Allowance (Ch$) = TE * Allowance %

TE = Total exposure
REC = Recoverable amount based on estimates of collateral value and collection efforts

2014 Guidelines of the Former SBIF

On December 30, 2014, the former SBIF published new guidelines for provisioning a bank's residential mortgage loan portfolio. The 2014 Guidelines include:

- an expected loss model to calculate allowances for housing mortgage loans that explicitly considers loan delinquency and loan / collateral (LTV) ratios, in order to promote active management of credit risk; and

- proposal for a new manner of evaluating collateral in the context of determining provisions, which would specify certain required conditions that would need to be met by an asset in order for it to be eligible to be used as collateral for mitigating credit risk, as well as more specific requirements of how collateral would be valued for purposes of setting loan loss levels.

These changes were implemented in January 2016.

Modifications to Provisions on Credit Risk for Banks

On December 30, 2014, the former SBIF issued Circular No. 3573, which established amendments to the norms regulating the interpretation of the Provisions for Credit Risk, in Chapters B-1, B-2 and E in the Compendium. According to Chapter E, Chapter B-1 became effective as of January 2016. The amendments seek to ensure the adequacy of the provisions requiring banks to present credit risk in their loan portfolios, and guidelines encouraging best practices in evaluation and risk management.

The most relevant amendments introduced under the circular discussed above are the following:

- Standard method for mortgage loans provisions. A standardized method for calculating minimum provisions for mortgage loans for housing was introduced, clarifying both the procedure for overdue payments and the loan guarantee relationship (loan-to-value) for creditors. Such method establishes a special treatment for loans subject to state auction;

- Noncompliant portfolios. Certain conditions were introduced to supplement the guidelines relating to noncompliant portfolios for loans subject to individual assessment, including those which must be performed to remove a specific debtor from said portfolio. In addition, similar provisions were introduced to group portfolios; and

- Substitution of a debtor's credit rating for the credit rating of its guarantor. Modifications were made to the guidelines to determine provisions relating to factoring operations; permitting the substitution of a debtor's credit rating for the credit rating of its guarantor, subject to certain conditions being met.

Further to the aforementioned amendments, the CMF (former SBIF) has developed standardized provisions for the remaining group portfolios (smaller size portfolios of consumer and commercial credits), together with the establishment of minimum conditions that must be met by the internal provisions for credit risk developed by each bank.

Analysis of our Loan Classifications

We perform "individual" assessments of loans that we consider significant relative to our loan portfolio, based on the amount of the loan and its size, complexity and the credit profile of the borrower. Generally, we perform individual assessments of loans equal to or greater than UF18,000.

We consider individually assessed loans as "non-compliant" loans when they are within C1, C2, C3, C4, C5 or C6 categories, according to the categories set forth by the CMF. See "—Guidelines of the Former SBIF"

We assess on a "collective" basis all of our loans that we do not assess individually, grouping them according to certain common characteristics such as the amount of the loan and the borrower's credit profile. Generally, we perform collective assessment of loans of less than UF18,000.

The following tables provide statistical data regarding the classification of our commercial loans as of June 30, 2020 and 2021 (excluding loans and receivables from banks). The CMF (former SBIF) requires that we prepare a risk analysis evaluating, for classification purposes only, a portion of our total commercial loan portfolio including overdue and contingent loans.

	As of June 30,	
Category	**2020**	**2021**
	(in millions of Ch$)	
A1	222,102	141,391
A2	1,626,845	1,221,217
A3	2,468,946	2,161,223
A4	2,905,769	2,132,809
A5	2,768,917	2,415,671
A6	989,479	1,018,687
B1	302,925	853,646
B2	133,202	172,913
B3	189,057	54,661
B4	62,725	50,060
C1	116,479	112,701
C2	40,772	43,310
C3	20,372	110,073
C4	53,258	31,994
C5	7,325	43,882
C6	29,548	28,980
Collectively assessed	13,579,709	14,264,572
Non-Banking Financial Services	12,860,909	11,435,794
Total	**38,378,339**	**36,712,066**
Total loans on an individual basis	**11,937,721**	**10,593,218**
Loan losses allowances for loans on an individual basis	(218,753)	(263,037)

Under the guidelines issued by the CMF, our individually assessed loans are considered impaired when they are classified as B3, B4, C1, C2, C3, C4, C5 or C6. Our collectively assessed loans are considered impaired when (i) they are 90 days or more in default or (ii) they are restructured past due loans until we re-classify them as performing loans based on our periodic reassessment of such loans.

The following tables provide information regarding our loans as of June 30, 2020 and 2021 under the guidelines as described above:

As of June 30, 2021	Normal Portfolio	Sub-standard Portfolio	Non-compliant Portfolio	Total loans before allowances	Individual allowances	Collective allowances	Total allowances	Total loans net of allowances	Impaired loans as a% of total loans by category	Individually assessed loan allowances as a% of total loans	Collectively assessed loan allowances as a% of total loans
					(in millions of Ch$, except percentages)						
Commercial loans:											
Commercial loans	10,624,198	1,037,322	711,064	12,372,584	(183,256)	(156,413)	(339,669)	12,032,915	5.75%	1.48%	1.26%
CNB commercial loans	6,957,367	621,730	69,710	7,648,807	(40,125)	(12,648)	(52,773)	7,596,034	0.91%	0.52%	0.17%
Foreign trade loans	799,444	35,102	146	834,692	(14,865)	(403)	(15,268)	819,424	0.02%	1.78%	0.05%
Checking accounts	84,205	5,657	9,718	99,580	(1,652)	(5,844)	(7,496)	92,084	9.76%	1.66%	5.87%
Loans to college students	122,695	—	19,845	142,540	—	(5,124)	(5,124)	137,416	13.92%	0.00%	3.59%
Factoring operations	807,513	8,935	1,685	818,133	(6,891)	(1,822)	(8,713)	809,420	0.21%	0.84%	0.22%
Leasing transactions	1,376,683	72,699	37,852	1,487,234	(15,655)	(7,627)	(23,282)	1,463,952	2.55%	1.05%	0.51%
Other loans and receivables	47,149	537	8,029	55,715	(593)	(5,072)	(5,665)	50,050	14.41%	1.06%	9.10%
Subtotal	**20,819,254**	**1,781,982**	**858,049**	**23,459,285**	**(263,037)**	**(194,953)**	**(457,990)**	**23,001,295**	**3.66%**	**1.12%**	**0.83%**
Mortgage loans:											
Mortgage loans financed by letters of credit	4,096		305	4,401		(9)	(9)	4,392	6.93%		0.20%
Negotiable mortgage loans	1,598,209		19,375	1,617,584		(5)	(5)	1,617,579	1.20%		0.00%
Other mortgage loans	6,110,207	—	230,217	6,340,454	—	((33,662)	(33,662)	6,306,792	3.63%	—	0.53%
CNB mortgage loans	1,595,578		19,010	1,614,588	—	(18,340)	(18,340)	1,596,248	1.18%	—	1.14%
Subtotal	**9,308,120**	**—**	**268,907**	**9,577,027**	**—**	**(52,016)**	**(52,016)**	**9,525,011**	**2.81%**	**—**	**0.54%**
Consumer loans:											
Consumer loans in installments	1,794,720	—	167,525	1,962,245	—	(125,380)	(125,380)	1,836,865	8.54%	—	6.39%
CNB consumer loans	31,480	—	—	31,480	—	(525)	(525)	30,955	0.00%	—	1.67%
Checking accounts	54,353	—	8,074	62,427	—	(8,698)	(8,698)	53,729	12.93%	—	13.93%
Credit card borrowers	1,130,776	—	45,109	1,175,885	—	(72,185)	(72,185)	1,103,700	3.84%	—	6.14%
Consumer leasing transactions	440	—	4	444	—	(7)	(7)	437	0.90%	—	1.58%
Other loans and receivables	24,483	—	308	24,791	—	(583)	(583)	24,208	1.24%	—	2.35%
Subtotal	**3,036,252**	**—**	**221,020**	**3,257,272**	**—**	**(207,378)**	**(207,378)**	**3,049,894**	**6.79%**	**—**	**6.37%**
Total loans	**33,163,626**	**1,781,982**	**1,347,976**	**36,293,584**	**(263,037)**	**(454,347)**	**(717,384)**	**35,576,200**	**3.71%**	**0.72%**	**1.25%**

As of June 30, 2020	Normal Portfolio	Sub-standard Portfolio	Non-compliant Portfolio	Total loans before allowances	Individual allowances	Collective allowances	Total allowances	Total loans net of allowances	Impaired loans as a% of total loans by category	Individually assessed loan allowances as a% of total loans	Collectively assessed loan allowances as a% of total loans
					(in millions of Ch$, except percentages)						
Commercial loans:											
Commercial loans	11,998,212	605,926	553,878	13,158,016	(136,363)	(132,743)	(269,106)	12,888,910	4.21%	1.04%	1.01%
CNB commercial loans	8,488,582	196,607	12,269	8,697,458	(36,945)	(21,489)	(58,434)	8,639,024	0.14%	0.42%	0.25%
Foreign trade loans	1,197,434	32,025	916	1,230,375	(14,319)	(1,041)	(15,360)	1,215,015	0.07%	1.16%	0.08%
Checking accounts	128,414	4,260	13,206	145,880	(2,208)	(8,110)	(10,318)	135,562	9.05%	1.51%	5.56%
Loans to college students	133,348		17,615	150,963		(5,299)	(5,299)	145,664	11.67%	0.00%	3.51%
Factoring operations	768,076	12,944	3,894	784,914	(5,298)	(1,975)	(7,273)	777,641	0.50%	0.67%	0.25%
Leasing transactions	1,525,920	53,797	52,378	1,632,095	(21,748)	(9,172)	(30,920)	1,601,175	3.21%	1.33%	0.56%
Other loans and receivables	48,847	340	11,862	61,049	(1,872)	(6,792)	(8,664)	52,385	19.43%	3.07%	11.13%
Subtotal	**24,288,833**	**905,899**	**666,018**	**25,860,750**	**(218,753)**	**(186,621)**	**(405,374)**	**25,455,376**	**2.58%**	**0.85%**	**0.72%**
Mortgage loans:											
Mortgage loans financed by letters of credit	6,305		498	6,803		(54)	(54)	6,749	7.32%		0.79%
Negotiable mortgage loans	1,764,049		28,429	1,792,478		(15,442)	(15,442)	1,777,036	1.59%		0.86%
Other mortgage loans	4,991,369		210,770	5,202,139		(16,912)	(16,912)	5,185,227	4.05%		0.33%
CNB mortgage loans	1,760,267		27,783	1,788,050		(15,376)	(15,376)	1,772,674	1.55%		0.86%
Subtotal	**8,521,990**		**267,480**	**8,789,470**		**(47,784)**	**(47,784)**	**8,741,686**	**3.04%**		**0.54%**
Consumer loans:											
Consumer loans in installments	1,978,459		298,725	2,277,184		(176,160)	(176,160)	2,101,024	13.12%		7.74%
CNB consumer loans	44,107		185	44,292		(533)	(533)	43,759	0.42%		1.20%
Checking accounts	71,786		12,610	84,396		(10,018)	(10,018)	74,378	14.94%		11.87%
Credit card borrowers	1,202,969		88,799	1,291,768		(119,083)	(119,083)	1,172,685	6.87%		9.22%
Consumer leasing transactions	970		17	987		(15)	(15)	972	1.72%		1.52%
Other loans and receivables	28,330		1,162	29,492				29,492	3.94%		0.00%
Subtotal	**3,326,621**		**401,498**	**3,728,119**		**(305,809)**	**(305,809)**	**3,422,310**	**10.77%**		**8.20%**
Total loans	**36,137,444**	**905,899**	**1,334,996**	**38,378,339**	**(218,753)**	**(540,214)**	**(758,967)**	**37,619,372**	**3.48%**	**0.57%**	**1.41%**

Classification of Loan Portfolio Based on the Borrower's Payment Performance

Accrued interest and indexation readjustments from overdue loans are only recognized when and to the extent effectively received. Overdue loans are classified in groups of 1 to 29 days overdue, 30 to 89 days overdue, and 90 or more days overdue (the last group being referred to as "past due loans"). Past due loans include, with respect to any loan, the amount of any principal or interest that is 90 or more days overdue. Past due loans are required to be covered by individual allowances for loan losses equivalent to 100% of any unsecured portion thereof, but only if and to the extent that the aggregate of all individual allowances for loan losses exceed the global allowance for loan losses.

The tables below set forth the outstanding principal amount of loans that is current, overdue (less than 90 days) and past due (overdue 90 or more days) as to payment of principal and interest, as of the dates indicated. Loan amounts in the table are presented before deduction for allowances for loan losses.

Category	As of June 30, 2020	As of June 30, 2021
	(in millions of Ch$, except for percentages)	
Current	37,405,769	35,682,465
Overdue 1-29 days	391,090	266,178
Overdue 30-89 days	251,535	89,462
Past due 90 days or more ("past due")(1)	329,945	255,479
Total overdue loans and past due	**972,570**	**611,119**
Total loans(2)	**38,378,339**	**36,293,584**
Impaired loans(s)(3)	1,586,780	1,464,076
Overdue loans as a percentage of total loans	2.53%	0.98%
Past due loans as a percentage of total loans	0.86%	0.70%
Impaired loans as a percentage of total loans	4.13%	4.03%

(1) Our "past due" include only the portion of principal and interest of loans that is overdue for 90 or more days and do not include the installments of such loan that are not overdue or that are overdue for less than 90 days, unless (i) any portion of the loan is overdue for 180 days or more, in which case the entire loan is considered past due, or (ii) legal proceedings have been commenced for the entire outstanding balance according to the terms of the loan, in which case the entire loan is considered past due within 90 days after initiation of such proceedings.
(2) Total loans do not include interbank loans.
(3) Our "impaired" loans include the aggregate amount of loan of a customer that has at least one loan overdue more than 90 days or present a deteriorated credit assessment (loans overdue less than 90 days but a borrower classification of B3 or B4).

Under our loan classification system, we suspend the accrual of interest, subject to certain exceptions, on (i) individually assessed C5 and C6 loans automatically, (ii) individually assessed C3 and C4 loans that remain classified as such for three or more months, and (iii) collectively assessed secured loans that are six months overdue and for which less than 80% of the loan is collateralized.

The following table sets forth, as of the dates indicated, the amounts of loans over certain of which the accrual of interest income had been discontinued.

Category	As of June 30, 2020	As of June 30, 2021
	(in millions of Ch$)	
Overdue loans (excluding past due)	642,625	355,640
Past due loans	329,945	255,479
Impaired loans	1,586,780	1,464,076

Risk Index

The risk index of our loan portfolio is calculated as allowances for loan losses as a percentage of total loans.

Our risk index was 1.98% and 1.98% as of June 30, 2020 and 2021, respectively.

Analysis of Allowances for Loan Losses

The following tables analyze our allowances for loan losses and changes in the allowances attributable to write-offs, provisions established, provisions released over the allowances for loan losses:

	As of June 30,	
	2020	2021
	(in millions of Ch$, except for percentages)	
Allowances for loan losses at beginning of period	668,321	790,032
Write-offs	(209,879)	(161,603)
Provisions established	300,525	120,062
Provisions released[1]		(31,107)
Allowances for loan losses at end of the period	758,967	717,384
Ratio of charge-offs to average loans	1.98%	1.98%
Allowance for loan losses at end of the period as a percentage of total loans	1.98%	1.98%

(1) Represents the aggregate amount of the allowance for loan losses released during each year or period as a result of income received on assets previously written off, recoveries or a determination by management that the level of risk existing in the loan portfolio had been reduced.

Our policy with respect to write-offs follows the regulations established by the CMF. Under these regulations, (i) an unsecured loan (or a part of it) must be written-off no more than 24 months after being classified as overdue and secured loans must be written-off within 36 months after being classified as overdue, (ii) a loan must be charged-off when we do not have any right to exercise an action for collection in the courts, and (iii) in the case of loans payable in installments, the aggregate amount of the loan must be charged-off when one installment is overdue six months in the case of consumer loans and for 48 months in the case of mortgage loans, respectively.

Based on information available regarding our debtors, we believe that our allowances for loan losses are sufficient to cover known potential losses and losses inherent in a loan portfolio such as ours.

Allocation of Allowance for Loan Losses

The following tables set forth, as of the dates indicated, the amounts of allowance for loan losses attributable to commercial, consumer and residential mortgage loans, and the allowance amount as a percentage of loans in the corresponding category and as a percentage of total loans:

	As of June 30,							
	2020				2021			
	Allowance amount	Allowance amount as a percentage of loans in category	Allowance amount as a percentage of total loans	Loans in a category as a percentage of total loans	Allowance amount	Allowance amount as a percentage of loans in category	Allowance amount as a percentage of total loans	Loans in a category as a percentage of total loans
	(in millions of Ch$, except percentages)							
Commercial loans:								
Commercial loans	(269,106)	2.0%	0.7%	34.3%	(339,669)	2.7%	0.9%	34.1%
CNB commercial loans	(58,434)	0.7%	0.2%	22.7%	(52,773)	0.7%	0.1%	21.1%
Foreign trade loans	(15,360)	1.2%	0.0%	3.2%	(15,268)	1.8%	0.0%	2.3%
Checking accounts	(10,318)	7.1%	0.0%	0.4%	(7,496)	7.5%	0.0%	0.3%
Loans to college students	(5,299)	3.5%	0.0%	0.4%	(5,124)	3.6%	0.0%	0.4%
Factoring operations	(7,273)	0.9%	0.0%	2.0%	(8,713)	1.1%	0.0%	2.3%
Leasing transactions	(30,920)	1.9%	0.1%	4.3%	(23,282)	1.6%	0.1%	4.1%
Other loans and receivables	(8,664)	14.2%	0.0%	0.2%	(5,665)	10.2%	0.0%	0.2%
Subtotal	(405,374)	1.6%	1.1%	67.4%	(457,990)	2.0%	1.3%	64.6%
Mortgage loans:								
Mortgage loans financed by letters of credit	(54)	0.8%	0.0%	0.0%	(9)	0.2%	0.0%	0.0%
Negotiable mortgage loans	(15,442)	0.9%	0.0%	4.7%	(5)	0.0%	0.0%	4.5%
Other mortgage loans	16,912)	0.3%	0.0%	13.6%	(33,662)	0.5%	0.1%	17.5%
CNB mortgage loans	(15,376)	0.9%	0.0%	4.7%	(18,340)	1.1%	0.1%	4.4%
Subtotal	(47,784)	0.5%	0.1%	22.9%	(52,016)	0.5%	0.1%	26.4%
Consumer Loans:								
Consumer loans in installments	(176,160)	7.7%	0.5%	5.9%	(125,380)	6.4%	0.3%	5.4%
CNB consumer loans	(533)	1.2%	0.0%	0.1%	(525)	1.7%	0.0%	0.1%
Credit card borrowers	(10,018)	11.9%	0.0%	0.2%	(8,698)	13.9%	0.0%	0.2%
Checking accounts	(119,083)	9.2%	0.3%	3.4%	(72,185)	6.1%	0.2%	3.2%
Consumer leasing transactions	(15)	1.5%	0.0%	0.0%	(7)	1.6%	0.0%	0.0%
Other loans and receivables		0.0%	0.0%	0.1%	(583)	2.4%	0.0%	0.1%
Subtotal	(305,809)	8.20%	0.8%	9.7%	(207,378)	6.4%	0.6%	9.0%
Total	(758,967)	1.98%	2.0%	100.0%	(717,384)	2.0%	2.0%	100.0%

Note: Based on our loan classification, as required by the CMF (former SBIF) for the purpose of determining loan loss allowances.

During the last three years, all of our ten largest (per year) loan charge-offs were related to commercial loans. These loans were outstanding loans to borrowers engaged in a wide variety of activities. Our management is not otherwise aware of any concentration of loan charge-offs or allowance for loan losses in any particular area of economic activity.

Composition of Deposits and Other Commitments

The following table sets forth the average balances of our deposits and other commitments over which we disburse interest for the six months ended June 30, 2020 and 2021.

	Six months ended June 30,			
	2020		2021	
	Average balance	Average Nominal Rate	Average balance	Average Nominal Rate
	(in millions of Ch$, except percentages)			
Term deposits	20,707,079	0.76%	18,555,517	0.21%
Saving accounts	50,494	1.40%	58,507	2.19%
Total	20,757,573		18,614,025	

Maturity of Deposits

The following tables set forth information regarding the currency and maturity of our deposits (excluding stand-by guarantees) at June 30, 2020 and 2021. UF-denominated deposits are similar to peso-denominated deposits in all respects, except that the principal is readjusted periodically based on variations in the Chilean consumer price index.

	As of June 30, 2021				
	Ch$	UF	Foreign Currency (other than US$)	US$	Total
			(in millions of Ch$)		
Current accounts and demand deposits	9,718,244	60,222	35,275	13,273,491	23,087,232
Savings accounts		60,852			60,852
Term deposits:					
Maturity within 3 months	4,866,146	52,400	6,253	1,988,004	6,912,803
Maturity after 3 but within 6 months	394,984	3,312	69	415,807	814,171
Maturity after 6 but within 12 months	623,353	29		675,933	1,299,315
Maturity after 12 months				71,235	71,235
Total term deposits	**5,884,483**	**55,741**	**6,322**	**3,150,978**	**9,097,524**
Total deposits	**15,603,194**	**177,188**	**41,597**	**16,423,629**	**32,245,608**

	As of June 30, 2020				
	Ch$	UF	Foreign Currency, (other than US$)	US$	Total
			(in millions of Ch$)		
Current accounts and demand deposits	7,049,195	56,801	35,275	10,466,065	17,607,336
Savings accounts		51,699			51,699
Term deposits:					
Maturity within 3 months	7,500,395	39,133	5,668	3,661,501	11,206,697
Maturity after 3 but within 6 months	1,049,147	6,432	40	473,062	1,528,681
Maturity after 6 but within 12 months	628,091	253		900,409	1,528,753
Maturity after 12 months	4,912	359		209,929	215,200
Total term deposits	**9,182,545**	**46,177**	**5,708**	**5,244,901**	**14,479,331**
Total deposits	**16,232,340**	**154,946**	**40,983**	**15,710,097**	**32,138,366**

The following tables set forth information regarding the maturity of our outstanding time deposits in excess of US$100,000 at June 30, 2020 and 2021:

	As of June 30, 2021				
	Ch$	UF	Foreign Currency, (except US$)	USD	Total
			(in millions of Ch$)		
Time deposits:					
Maturity within 3 months	3,820,569	12,545	1,310	1,917,861	5,752,285
Maturity after 3 but within 6 months	374,352	492		413,156	788,000
Maturity after 6 but within 12 months	615,792			675,624	1,291,416
Maturity after 12 months				71,235	71,235
Total deposits in excess of US$100,000	**4,810,713**	**13,037**	**1,310**	**3,077,876**	**7,902,936**

	As of June 30, 2020				
	Ch$	UF	Foreign Currency, (except US$)	USD	Total
			(in millions of Ch$)		
Time deposits:					
Maturity within 3 months	6,577,099	128,462	1,038	3,593,304	10,299,903
Maturity after 3 but within 6 months	1,027,674	3,230		470,475	1,501,379
Maturity after 6 but within 12 months	617,883			899,735	1,517,618
Maturity after 12 months	4,766			209,765	214,531
Total deposits in excess of US$100,000	**8,227,422**	**131,692**	**1,038**	**5,173,279**	**13,533,431**

Minimum Capital Requirements

The following table sets forth our minimum capital requirements set by the CMF as of the dates indicated.

	As of June 30,	
	2020	2021
	(in millions of Ch$, except percentages)	
Basic capital[(1)]	3,974,956	3,876,785
3% of total assets	(1,788,384)	(1,786,578)
Excess over minimum required basic capital	2,186,572	2,090,207
Basic capital to consolidated assets	6.67%	6.51%
Regulatory capital[(2)]	5,161,593	5,196,191
8% of risk-weighted assets	(3,270,754)	(3,094,453)
Excess over minimum required regulatory capital	1,890,839	2,101,738
Regulatory capital as a % of risk-weighted assets	12.62%	13.43%

(1) Basic capital is the sum of paid-in capital and reserves, excluding capital attributable to subsidiaries and foreign branches.
(2) Regulatory capital is basic capital adjusted to: (i) aggregate subordinated bonds issued by Bci valued at their placement price for an amount up to 50% of its basic capital commencing six years prior to their maturity, (ii) aggregate additional required allowances and provisions as stipulated, (iii) deduct all goodwill and share premium, and (iv) deduct assets that correspond to investments in non-consolidated subsidiaries.

Short-Term Borrowings

The principal categories of our short-term borrowings are Central Bank of Chile borrowing, borrowings under foreign trade credit lines, liabilities under agreements to repurchase and domestic interbank loans. The following table presents the amounts outstanding and the weighted average nominal interest rate at the end of each year for each type of short-term borrowing:

	As of June 30,			
	2020		2021	
	Year-end Balance	Weighted average yield interest rate	Year-end Balance	Weighted average yield interest rate
	(in millions of Ch$, except percentage)			
Other liabilities to Central Bank of Chile	2,798,220	0.02%	4,586,083	0.50%
Loans received from foreign financial institutions	1,585,674	1.44%	822,538	0.77%
Liabilities under agreements to repurchase	283,815	0.26%	215,258	1.24%
Loans received from domestic financial institutions	1,336,926	1.22%	839,705	0.28%
Total short-term borrowings	**6,004,635**	**0.67%**	**6,464,366**	**0.53%**

The following table shows the average balance and the average nominal rate for each short-term borrowing category during the periods indicated:

	As of June 30,			
	2020		2021	
	Average balance	Average nominal rate	Average balance	Average nominal rate
	(in millions of Ch$, except percentage)			
Liabilities under agreements to repurchase	479,466	1.06%	262,135	0.92%
Other liabilities to Central Bank of Chile	1,402,666	0.32%	4,222,701	0.25%
Loans received from domestic financial institutions	1,515,869	0.22%	1,151,972	0.11%
Subtotal	**3,398,001**	**0.38%**	**5,636,808**	**0.25%**
Borrowings under foreign trade credit lines	1,719,840	1.74%	976,169	0.71%
Total short-term borrowings	**5,117,841**	**0.84%**	**6,612,977**	**0.32%**

The following table presents the maximum month-end balances of our principal sources of short-term borrowings during the periods indicated:

	Maximum month-end balance for the six months ended June 30, 2020	Maximum month-end balance for the six months ended June 30, 2021
	(in millions of Ch$)	
Liabilities under agreements to repurchase	1,283,839	349,823
Loans received from domestic financial institutions	1,872,431	839,705
Loans received from foreign financial institutions	1,836,814	822,539
Other liabilities to Central Bank of Chile	2,809,818	4,586,083

On page 159 of the Base Prospectus, the information provided under “Net income as a percentage of—Average total assets” and “Net income as a percentage of—Average shareholders’ equity” as of and for the years ended December 31, 2018, 2019 and 2020 shall be replaced with the following:

	As of and for the year ended December 31,		
	2018	2019	2020
Net income as a percentage of:			
Average total assets	1.0%	0.9%	0.6%
Average shareholder’s equity	13.5%	10.7%	7.7%

GENERAL INFORMATION

The following section supplements the section entitled "General Information" beginning on page 304 of the Base Prospectus.

6. There has been no significant change in our financial performance or financial position since June 30, 2021.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Interim Consolidated Financial Statements

As of June 30, 2021 and December 31, 2020 and for the periods ended June 30, 2021 and 2020.

CONTENT

TABLE OF CONTENTS

Interim Consolidated Financial Statements

Notes to the Interim Consolidated Financial Statements

BANCO DE CRÉDITO E INVERSIONES AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As of June 30, 2021 and December 31, 2020
(In millions of Chilean pesos - MCh$)

	Note	As of June 30 2021 MCh$	As of December 31 2020 MCh$
ASSETS			
Cash and deposits in banks	6	3,651,828	4,597,867
Items in course of collection	6	407,842	236,710
Securities held for trading	7	526,651	1,147,279
Agreements to repurchase and securities lending	8	215,285	190,248
Derivative financial agreements and hedge accounting	9	4,017,812	5,451,897
Loans and receivables to banks, net	10	418,036	356,669
Loans and receivables to customers, net	11	35,576,200	34,718,681
Financial investments available for sale	12	10,561,839	7,996,040
Financial investments held to maturity	12	301,092	25,144
Investments in other companies	13	26,325	26,625
Intangible assets	14	394,741	395,276
Property, plant and equipment, net	15	246,719	251,217
Right-of-use asset	15	182,364	204,807
Current income tax	16	5,931	36,270
Deferred income taxes	16	244,792	211,224
Other assets	17	1,140,577	1,310,345
TOTAL ASSETS		**57,918,034**	**57,156,299**
LIABILITIES			
Deposits and other on-demand liabilities	18	23,087,232	19,726,574
Items in course of collection	6	418,400	201,438
Liabilities under agreements to repurchase	8	216,041	350,314
Deposits and other term loans	18	9,159,216	10,839,611
Derivative financial agreements and hedge accounting	9	4,062,088	5,793,354
Bank borrowings	19	6,248,327	6,270,699
Debt issued	20	7,848,024	7,431,624
Other financial liabilities	20	884,144	911,044
Lease liabilities	15	166,914	186,293
Current income tax	16	60,641	9,072
Deferred income taxes	16	1,167	22,188
Provisions	21	533,524	441,577
Other liabilities	22	1,200,429	1,077,806
TOTAL LIABILITIES		**53,886,147**	**53,261,594**
SHAREHOLDERS' EQUITY			
Attributable to equity holders of the Bank:			
Capital		3,655,828	3,655,828
Reserves		206,668	109
Accumulated other comprehensive income		(22,043)	22,223
Retained earnings:			
Net income from prior periods		-	(6,758)
Profit or loss for the year	24	271,681	317,454
Less: Accrual for minimum dividends	24	(81,504)	(95,236)
TOTAL EQUITY OF EQUITY HOLDERS OF THE BANK		**4,030,630**	**3,893,620**
Non-controlling interest		1,257	1,085
TOTAL SHAREHOLDERS' EQUITY		**4,031,887**	**3,894,705**
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		**57,918,034**	**57,156,299**

The accompanying notes No. 1 to No. 39 are an integral part of the interim consolidated financial statements.

BANCO DE CRÉDITO E INVERSIONES AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF INCOME
For the periods ended June 30, 2021 and 2020
(In millions of Chilean pesos - MCh$)

	Note	As of June 30 2021 MCh$	As of June 30 2020 MCh$
Interest income	25	1,097,606	1,082,860
Interest expense	25	(283,088)	(372,387)
Net interest income		**814,518**	**710,473**
Fee and commission income	26	218,811	221,294
Fee and commission expense	26	(62,041)	(52,745)
Net fee and commission income		**156,770**	**168,549**
Net gain from financial operations	27	9,165	186,859
Foreign exchange results, net	28	(8,144)	(64,787)
Other operating income	33	24,240	26,575
Operating income		**996,549**	**1,027,669**
Provisions for loan losses	29	(159,968)	(322,734)
OPERATING INCOME, NET OF ALLOWANCE FOR CREDIT RISK		**836,581**	**704,935**
Staff costs	30	(262,651)	(251,580)
Administrative expenses	31	(150,644)	(156,224)
Depreciation and amortization	32	(52,434)	(54,556)
Impairment of property, plant and equipment and intangible assets	32	(23)	(142)
Other operating expenses	33	(40,725)	(27,701)
TOTAL OPERATING EXPENSES		**(506,477)**	**(490,203)**
TOTAL NET OPERATING INCOME		**330,104**	**214,732**
Share of profit (loss) of investments accounted for using the equity method	13	(376)	1,152
Profit before tax		**329,728**	**215,884**
Income tax expense	16	(57,974)	(56,774)
Net income from continuing operations		**271,754**	**159,110**
Net income from discontinued operations		-	-
CONSOLIDATED PROFIT FOR THE PERIOD		**271,754**	**159,110**
Attributable to:			
Equity holders of the Bank		271,681	159,071
Non-controlling interest		73	39
Total		**271,754**	**159,110**
Earnings per share:			
(stated in Ch$)			
Basic earnings per share		Ch$1,826	Ch$1,123
Diluted earnings per share		Ch$1,826	Ch$1,123

The accompanying notes No. 1 to No. 39 are an integral part of the interim consolidated financial statements.

BANCO DE CRÉDITO E INVERSIONES AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME
For the periods ended June 30, 2021 and 2020
(In millions of Chilean pesos - MCh$)

	Note	As of June 30 2021 MCh$	As of June 30 2020 MCh$
CONSOLIDATED PROFIT FOR THE PERIOD		**271,754**	**159,110**
OTHER COMPREHENSIVE INCOME THAT MAY BE RECLASSIFIED TO THE STATEMENT OF INCOME			
Net (gain) loss resulting on revaluation of financial investments available for sale		(258,887)	4,783
Loss (gain) on cash flow hedge derivatives		219,685	(50,241)
Loss -cumulative translation adjustment		44,210	125,884
Other comprehensive income, net of tax		**5,008**	**80,426**
Income tax on other comprehensive income	16	(49,274)	12,524
Total other comprehensive income that may be reclassified to the statements of income for the period		**(44,266)**	**92,950**
OTHER COMPREHENSIVE INCOME THAT WILL NOT BE RECLASSIFIED TO THE STATEMENT OF INCOME		99	129
TOTAL OTHER COMPREHENSIVE (LOSS) INCOME		**(44,167)**	**93,079**
CONSOLIDATED TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**227,587**	**252,189**
Attributable to:			
Equity holders of the Bank		227,415	252,021
Non-controlling interest		172	168
Comprehensive income per share attributable to equity holders of the Bank:			
Basic comprehensive income per share		Ch$1,529	Ch$1,780
Diluted comprehensive income per share		Ch$1,529	Ch$1,780

The accompanying notes No. 1 to No. 39 are an integral part of the interim consolidated financial statements.

BANCO DE CRÉDITO E INVERSIONES AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the periods ended June 30, 2021 and 2020
(In millions of Chilean pesos - MCh$)

			Accumulated Other Comprehensive Income					Retained earnings:				Total Equity		
	Paid-in Capital	Reserves	Investment instruments available for sale	Cash flows hedges	Cumulative translation adjustment	Income tax	Total	Retained earnings	Net Income for 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, 2021	**3,655,828**	**109**	**77,966**	**(176,292)**	**79,987**	**40,562**	**22,223**	**(6,758)**	**317,454**	**(95,236)**	**215,460**	**3,893,620**	**1,085**	**3,894,705**
Transfer to retained earnings	-	-	-	-	-	-	-	317,454	(317,454)	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	(104,137)	-	95,236	**(8,901)**	**(8,901)**	-	**(8,901)**
Retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital increase	-	206,559	-	-	-	-	-	(206,559)	-	-	**(206,559)**	-	-	-
Other comprehensive income	-	-	(258,887)	219,685	44,210	(49,274)	(44,266)	-	-	-	-	**(44,266)**	99	**(44,167)**
Net income for the period 2021	-	-	-	-	-	-	-	-	271,681	-	**271,681**	**271,681**	73	**271,754**
Provision for minimum dividends 2021	-	-	-	-	-	-	-	-	-	(81,504)	**(81,504)**	**(81,504)**	-	**(81,504)**
As of June 30, 2021	**3,655,828**	**206,668**	**(180,921)**	**43,393**	**124,197**	**(8,712)**	**(22,043)**	**-**	**271,681**	**(81,504)**	**190,177**	**4,030,630**	**1,257**	**4,031,887**
As of January 1, 2020	**3,394,799**	**109**	**35,479**	**(126,789)**	**175,490**	**30,539**	**114,719**	**-**	**402,645**	**(120,794)**	**281,851**	**3,791,478**	**1,042**	**3,792,520**
Transfer to retained earnings	-	-	-	-	-	-	-	402,645	(402,645)	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	(141,616)	-	120,794	**(20,822)**	**(20,822)**	-	**(20,822)**
Capitalization of reserves	261,029	-	-	-	-	-	-	(261,029)	-	-	**(261,029)**	-	-	-
Other comprehensive income	-	-	4,783	(50,241)	125,884	12,524	**92,950**	-	-	-	-	**92,950**	129	**93,079**
Net income for the year 2020	-	-	-	-	-	-	-	-	159,071	-	**159,071**	**159,071**	39	**159,110**
Provision for minimum dividends 2020	-	-	-	-	-	-	-	-	-	(47,721)	**(47,721)**	**(47,721)**	-	**(47,721)**
As of June 30, 2020	**3,655,828**	**109**	**40,262**	**(177,030)**	**301,374**	**43,063**	**207,669**	**-**	**159,071**	**(47,721)**	**111,350**	**3,974,956**	**1,210**	**3,976,166**

The accompanying notes No. 1 to No. 39 are an integral part of the interim consolidated financial statements.

BANCO DE CRÉDITO E INVERSIONES AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
For the periods ended June 30, 2021 and 2020
(In millions of Chilean pesos - MCh$)

	Note	As of June 30 2021 MCh$	As of June 30 2020 MCh$
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:			
PROFIT BEFORE TAX		**329,728**	**215,884**
Charges (credits) to income not representing cash flows:			
Depreciation and amortization	32	52,434	54,556
Impairment	32	23	142
Allowance for credit risk		198,674	350,576
Adjustment to market value of financial instruments		(10,494)	557
Net loss (gain) from investment in companies	13	376	(1,152)
Net gain from sale of repossessed assets	33	(520)	(554)
Gain from sale of property, plant and equipment	33	(1,109)	(2,040)
Loss on sale of property, plant and equipment	33	51	-
Write-off of repossessed assets	33	323	350
Net interest and indexation income		(814,518)	(710,473)
Net fee and commission income		(156,770)	(168,549)
Other charges (credits) to income that do not represent cash flows		(139,387)	216,446
Changes in assets and liabilities affecting operating cash flows:			
(Increase) decrease in loans and receivables from banks		(62,260)	(36,759)
(Increase) decrease in loans and receivables from customers		(913,358)	(4,710,503)
(Increase) decrease in financial investments		(1,161,995)	(350,504)
Increase (decrease) in other demand deposits		3,359,983	3,426,417
Increase (decrease)in repurchase agreements and securities lending		(192,088)	(671,293)
Increase (decrease)in term deposits and savings accounts		(1,741,010)	1,271,596
Increase (decrease) in borrowing from financial institutions		(415,274)	(474,237)
Increase (decrease) in other financial liabilities		(26,665)	112,587
Proceeds from loans from (paid to) Central Bank of Chile (long-term)		681,426	2,798,080
Proceeds from foreign borrowings (long-term)		(288,843)	1,594,339
Repayment of foreign borrowings (long term)		-	(1,671,046)
Income tax refunded (paid)		(24,299)	(56,774)
Interest and indexation received		953,140	1,075,086
Interest and indexation paid		(24,500)	(317,075)
Fees and commissions received	26	218,811	221,294
Fees and commissions paid	26	(62,041)	(52,745)
Net cash (used in) from operating activities		**(240,162)**	**2,114,206**
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES:			
Purchase of property, plant and equipment	15	(6,455)	(25,002)
Proceeds from sale of property, plant and equipment		407	9,854
Purchase of intangible assets	14	(25,193)	(37,717)
Investments in other companies	13	(1,226)	-
Dividends received from investments in other companies	13	239	7
Sale of assets received in lieu of payment or awarded		2,194	5,311
Net increase (decrease) in other assets and liabilities		244,999	80,934
Net cash from investing activities		**214,965**	**33,387**
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES:			
Redemption of letters of credit		(1,612)	(1,541)
Bond issuance		401,049	405,992
Bond redemption		(234,600)	(181,753)
Lease interest and indexation		(1,546)	(2,133)
Dividends paid		(104,137)	(141,616)
Net cash from financing activities		**59,154**	**78,949**
INCREASE IN CASH AND CASH EQUIVALENTS FOR THE PERIOD		**107,711**	**2,651,730**
EFFECT OF EXCHANGE RATE FLUCTUATIONS ON CASH AND CASH EQUIVALENTS		**(73,754)**	**(425,188)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		**5,414,978**	**3,431,728**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	6	**5,448,935**	**5,658,270**

The accompanying notes No. 1 to No. 39 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 year

	Note	As of June 30 2021 MCh$	As of June 30 2020 MCh$
Provision for loan losses presented in the consolidated statements of cash flows		198,674	350,576
Recovery of loans previously written off		(38,706)	(27,842)
Expenses related to allowance for credit risk	29	**159,968**	**322,734**

The following table details the changes in liabilities originated from financing activities, including those changes that represent and do not represent cash flows as of June 30, 2021 and 2020.

Liabilities arising from financing activities	Beginning balance 1-1-2021	Cash flow from financing activities			Changes that do not represent cash flows			Ending balance 6-30-2021
		Received	Paid	Total	Acquisition	Changes in fair value	Interest and Indexation	
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Letters of credit	6,511	-	(1,612)	(1,612)	-	-	248	**5,147**
Bonds	7,425,113	401,049	(234,600)	166,449	-	34,228	217,087	**7,842,877**
Lease interest	-	-	(1,546)	(1,546)	-	-	-	**(1,546)**
Dividends	-	-	(104,137)	(104,137)	-	-	-	**(104,137)**
Total	**7,431,624**	**401,049**	**(341,895)**	**59,154**	**-**	**34,228**	**217,335**	**7,742,341**

Liabilities arising from financing activities	Beginning balance 1-1-2020	Cash flow from financing activities			Changes that do not represent cash flows			Ending balance 6-30-2020
		Received	Paid	Total	Acquisition	Changes in fair value	Interest and Indexation	
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Letters of credit	9,629	-	(1,541)	(1,541)	-	-	-	**8,088**
Bonds	7,007,113	405,992	(181,753)	224,239	-	202,872	161,321	**7,595,545**
Lease interest	-	-	(2,133)	(2,133)	-	-	-	**(2,133)**
Dividends	-	-	(141,616)	(141,616)	-	-	-	**(141,616)**
Total	**7,016,742**	**405,992**	**(327,043)**	**78,949**	**-**	**202,872**	**161,321**	**7,459,884**

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) The Bank

Banco de Crédito e Inversiones or Banco BCI (hereinafter the "Bank") is a bank incorporated in Chile and regulated by the Financial Market Commission (hereinafter the "CMF"), according to the General Banking Act as amended by Act No. 21,130, which establishes the CMF as a regulator effective as of June 1, 2019 (Official Gazette No. 42,343 of May 2, 2019). The registered office of the Bank is located at 125 El Golf Avenue, Las Condes, Santiago. The interim consolidated financial statements as of June 30, 2021 and December 31, 2020, and for the periods ended June 30, 2021 and 2020, include financial information of the Bank and its subsidiaries listed below, as well as its Miami branch. The Bank's business consists of all 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 consolidated financial statements

These Interim Consolidated Financial Statements have been prepared in accordance with the Compendium of Accounting Standards and instructions issued by the Commission for the Financial Market (hereinafter "CMF"), a regulatory body created by Act No. 21,000, which in paragraph 6, article 5, states that the CMF is entitled to "establish the standards for the preparation and presentation of annual reports, balance sheets, statements of financial position and other financial statements of the audited entities, and to determine the principles that govern their accounting. In all matters not covered by this Act, audited entities must adhere to the generally accepted accounting criteria (provided they are compatible with the CMF instructions), which are the technical standards issued by the Chilean Institute of Accountants and which match the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).In case of any discrepancy between IFRS and CMF ("The Compendium"), the latter should be followed.

Notes to the Interim Consolidated Financial Statements contain additional information to that presented in the 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 and Interim Consolidated Statements of Cash Flows.

The Interim Consolidated Financial Statements of the Bank and subsidiaries as of June 30, 2021 and December 31, 2020 and for the periods ended June 30, 2021 and 2020, have been approved and authorized for issuance by the Board of Directors at a meeting dated August 12, 2021.

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

c) Controlled companies (subsidiaries)

The interim consolidated financial statements as of June 30, 2021 and December 31, 2020, and for the periods ended June 30, 2021 and 2020, include financial information of the Bank and controlled companies (subsidiaries) (hereinafter the "Group"). Control is achieved when the Bank is exposed, or is entitled, to variable returns from its involvement in the investee and could influence those returns through its power over it.

Specifically, 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. can use power over the investee to affect the amount of returns.

When the Bank has less than most voting rights of an investee, it has power over the investee when the voting rights are enough 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 the Bank's voting rights in an investee are enough 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 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 Interim Consolidated Statements of Financial Position until the date when the Bank ceases to control the subsidiary.

The interim consolidated financial statements include financial information of the Bank and its subsidiaries, as well as adjustments and reclassifications made to the consolidated financial statements of subsidiaries to bring their accounting policies into line with the 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.

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

The following table represents the entities over which the Bank exercises control and therefore are included in the consolidation:

i. Entities controlled by the Bank through controlling interest:

	% Interest			
	Direct		**Indirect**	
Entity	**2021**	**2020**	**2021**	**2020**
	%	%	%	%
Análisis y Servicios S.A.(in liquidation)	99.00	99.00	1.00	1.00
BCI Asset Management Administradora General 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 Crédito 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.	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	-	-
Sociedad de Servicios de Comercialización y Apoyo Financiero y de Gestión SSFF Limitada.(*)	-	99.99	-	0.01
Servicios Financieros y Administración de Créditos Comerciales S.A.	99.98	99.98	0.02	- 0.02
Administradora de Tarjetas Servicios Financieros Limitada.	99.99	99.99	0.01	0.01
SSFF Corredores de Seguros y Gestión Financiera Limitada.	99.00	99.00	1.00	1.00
Servicios y Cobranzas SEYCO Limitada.	99.00	99.00	1.00	1.00

(*)On January 26, 2021, the Financial Market Commission authorized the merger of Servicios Financieros y Administración de Créditos Comerciales S.A., which will be the legal successor and Sociedad de Servicios de Comercialización y de Apoyo Financiero y de Gestión SSFF Limitada. Management made the decision to perform the merger on January 31, 2021. The purpose of the merger is to enhance efficiency and profitability, improve the ease of the inspection and oversight of the line of business supporting companies, achieve greater organizational alignment and integrated management of the credit card business, simplifying business management, among others.

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

Analisis y Servicios S.A. (in liquidation) 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 conducting activities 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.

On November 15, 2019, the Financial Market Commission was requested to approve the dissolution of the company Analisis Servicios S.A. This company's shareholders are Banco de Crédito e Inversiones with a 99% interest and BCI Corredor de Bolsa, S.A. with a 1% interest, respectively. The dissolution was approved by the Board of Directors of BCI at its meeting on August 27, 2019.

On December 12, 2019, the Council of the Financial Market Commission approved the request in ordinary meeting number 161. As of June 30, 2021, the company is in a liquidation process.

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 Commission for the Financial Market (Former SVS, current CMF) 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 realization of takeovers, investment in all kinds of securities; management and exploitation of such property under any title; and receiving profit from them.

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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, supervised by the Commission for the Financial Market ("CMF", formerly the SVS).

Banco de Credito e Inversiones Sucursal Miami (Branch in 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 June 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. This investment was authorized by the Financial Market Commission on January 10, 2013, and by the Central Bank of Chile on February 21, 2013. It began operations on March 1, 2016.

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 benefit with the aim of transferring rights thereto, and the complementary activities authorized by the Commission for the Financial Market 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 City National Bank (CNB), was acquired in 2015. CNB is a banking financial institution established in 1946 with headquarters 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. On March 10, 2017, the CMF issued Letter No, 02751, which granted approval to carry out leasing transactions through a new subsidiary of CNB The new subsidiary of CNB is a corporation that began operations on June 28, 2017 under the corporate name of City National Capital Finance, Inc. (CNCF). On August 1, 2018, the subsidiary City National Capital Finance, Inc. (CNCF) changed its name to BCI CAPITAL, INC.

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Servicios Financieros y Administración de Créditos Comerciales S.A., acquired on December 2018, was established as a limited liability company by public deed on November 4, 1997; and has undergone several changes. According to its current corporate purpose, it issues credit cards and conducts complementary activities authorized by the CMF through the general regulations of credit card issuance; granting of loans as a subsidiary of the Bank on an enhanced basis.

Administradora de Tarjetas Servicios Financieros Limitada; acquired on December 2018, was established as a closely held corporation by public deed on August 6, 1998 and has undergone several modifications. Its current corporate purpose is service and development of all kinds of activities related to debit, credit and prepaid cards in accordance with Central Bank of Chile's Compendium of Financial Standards and other applicable norms including but not limited to the following: (i) service of supply of physical payments cards; (ii) service, maintenance and management of computer systems for operations and issuance of cards and; (iii) any other activities connected and complementary to the operation and issuance of payment cards, on condition that said services and activities do not involve the payment of benefits owed to subsidiaries for the use of said instruments.

Servicios y Cobranzas SEYCO Limitada, also acquired on December 2018 and established as a limited liability company by public deed on March 31, 2010 has had several amendments. Its corporate purpose is framed in:(a) provision of preliminary and judicial collection services for all types of payment obligations, regardless of their cause or origin; (b) debt collection services; including but not limited to debt collection services by third parties for the payment of all kind of payment obligations(c) document custody and administrative proceedings;(d) the rendering of marketing services, programming or execution of campaigns, database preparation, necessary or recommended for debt collection services;(e) collection, storage, custody, administration, processing, studies and data analysis, background and information for debt collection services; (f) acquiring or participating in other companies, subject to the requirements and limitations established in current regulations. The previously described activities could be performed by the entity or delegated to third parties acting on their behalf. The entity may execute all necessary contracts with respect thereto.

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

SSFF Corredores de Seguros y Gestión Financiera Limitada. Acquired on December 2018 and established as a limited liability company by public deed on November 17, 2004 has had several amendments. Its current corporate purpose is: (a) supply the intermediation and advisory services between general and life insurance of any national insurance company and natural and legal persons. Notwithstanding the foregoing, the entity could develop activities such as home, roadside, legal and medical assistance regarding goods and services supplied by third parties; (b) pension advisory services in accordance with Executive Order number 3500 subject to the provisions of Article 70 bis of the General Banking Law, its modifications or replacements. The entity may execute all necessary contracts for the given purpose or business development or related to the investment of the available funds of the company.

ii. Entities controlled by the Bank through other considerations:

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

	%Interest			
	Direct		**Indirect**	
Entity	**2021**	**2020**	**2021**	**2020**
	%	%	%	%
BCI Activos Inmobiliarios Fondo de Inversión Privado (1)	40.00	40.00	-	-
Fondo de Inversión Privado BCI LMV II (2)	100.00	100.00	-	-
Incentivos y Promociones Limitada (3)	SE	SE	SE	SE

(1) Fund over which BCI Asset Management Administradora General de Fondos S.A. subsidiary, has control.

(2) This Fund has been organized and established by the subsidiary BCI Asset Management Administradora General de Fondos S.A., which manages it in its entirety.

(3) 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 and does not exercise control, however its revenue depends on the Bank.

d) Associates and Joint Ventures

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

Joint venture is an entity over which there is joint control, which occurs only when the strategic decisions regarding both financial and operating activities require the unanimous consent of the parties that are sharing control.

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

A joint operation is a joint arrangement whereby the parties that have joint control over the agreement (that is, the joint operators) have rights derived from the assets and obligations derived from the liabilities, related to the arrangement.

A joint venture is a joint arrangement whereby the parties that have joint control over the arrangement (that is, the participants in a joint venture) have rights over the net assets related to the arrangement.

Joint ventures and those over which significant influence is exercised are accounted for under the equity method and initially recognized at cost; their carrying amount is increased or decreased to recognize the corresponding proportion in net income and other comprehensive income. Dividends received are recognized by decreasing the investment carrying amount.

If the acquisition cost is lower than the fair value of the net assets of the acquired associate, the difference is recognized directly in profit or loss and is presented in the line “Other Income (Loss)”. Investments in associates and joint ventures are presented in the Interim Consolidated Statements of Financial Position in the line “Investments accounted for using the equity method. ”Only if the investor has incurred legal or constructive obligations, or has made payments on behalf of the associate or the joint venture, should they recognize a negative carrying amount, otherwise the investment alternatively would be recognized at zero until such time as it generates profits that reverse the negative equity.

The following entities are considered associates:

	Interest	
Company	**2021**	**2020**
	%	%
Centro de Compensación Automatizado S.A.	33.33	33.33
AFT S.A.	20.00	20.00
Nexus S.A.	14.81	14.81
Redbanc S.A.	12.71	12.71
Servicio de Infraestructura de Mercado OTC S.A.	13.61	13.61
Combanc S.A.	11.74	11.74
Transbank S.A.(*)	9.54	8.72
Sociedad Interbancaria de Depósitos de Valores S.A.	7.03	7.03
Pagos y Servicios S.A.	49.9	49.9

(*) On May 5, 2021, the Bank made a capital increase of Ch$872 million, see Note 3 Significant Events letter j).

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

The following entities are considered joint ventures:

Sociedad	Interest 2021	Interest 2020
	%	%
Artikos Chile S.A.	50.00	50.00
Servipag Ltda.	50.00	50.00

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, one consideration in determining significant influence over such associates.

e) Investments in other companies

In this category are presented those entities over which the Bank has neither control nor significant influence. It includes interests in local and foreign companies, which according to CMF regulations, are recorded at cost and subject to impairment tests when indicators have been identified.

As of June 30, 2021, and December 31, 2020, the Bank has investments in the following companies: SWIFT, BLADEX and others.

f) Basis of consolidation

The interim consolidated financial statements comprise financial information of the Bank and its subsidiaries as of June 30, 2021 and December 31, 2020, and for the periods ended June 30, 2021 and 2020.

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 CMF.

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

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

For the purposes of presenting consolidated financial statements, the assets and liabilities of the foreign consolidated entities whose functional currencies are other than the Chilean Peso are translated into the presentation currency as follows:

a. Assets and liabilities for each statement of financial position presented (i.e. including comparatives) shall be translated at the closing rate at the date of that statement of financial position.
b. Income and expenses for each statement presenting profit or loss and comprehensive income shall be translated at the average rate for the year(unless such average rate is not a reasonable estimate of the cumulative effect of foreign exchange rates existing at the transaction date, in which case, the Bank uses the exchange rate prevailing at the date of each transaction).
c. Share capital and other components of equity are translated at the historical exchange rate at the date of acquisition or approval.
d. The exchange differences that arise in the translation of the financial statements are recorded in the caption "Cumulative translation adjustment" within the interim consolidated statement of other comprehensive income for the period.

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 interests are presented separately in the interim consolidated statements of income, the interim consolidated statements of other comprehensive income and interim consolidated statements of financial position.

h) Functional currency

The Bank has determined its functional currency and presentation currency as the 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

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 year, the differences that arise between the prevailing exchange rate at the date of the transaction and those that arise from such date to the date of collection or payment are recognized in the consolidated statements of income.

The differences that arise from translation of transactions denominated in foreign currency into functional currency are recognized as “Foreign exchange gains, net” in the consolidated statements of income.

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

As of June 30, 2021, the Bank's assets and liabilities in foreign currency are shown at their equivalent value in Chilean pesos, calculated using the exchange rate of Ch$732.20 (Ch$821.20 per US$1 in 2020).

j) Operating segments

Operating segments are determined by the Bank based on its different business units:

(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 it 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 their individual performance.

k) Measurement of financial assets and liabilities

Measurement criteria of financial assets and liabilities used 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 uncollectability.

In the case of financial assets, the amortized cost also includes adjustments to their value due to the impairment they have experienced.

In the case of financial instruments, the portion systematically charged (credited) to the profit and loss accounts is accounted for under the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (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 financial instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF 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, brokers quotation or "Over-the-counter transactions" (OTC).

A financial instrument is considered quoted on an active market, if prices are regularly and freely available on a stock exchange or index by a broker or dealer, through supplier prices or regulatory agencies 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 widespread between bid-offer prices, are indications that the market is inactive.

For all other financial instruments, fair value is determined using valuation techniques. In such techniques, fair value is estimated from observable inputs for similar financial instruments, using models to estimate the present value of expected cash flows or other valuation techniques, using inputs or data (e.g., deposits, swap rates, exchange rates, volatilities, etc.), existing at the date of the Interim Consolidated Financial Statements.

As of the dates of the interim consolidated financial statements, the Bank has instruments whose fair value had been determined based on significant unobservable data. For this type of instruments, the Bank has models developed internally. 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 35 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. Therefore, the valuation techniques used may not reflect all the factors relevant to the Bank's positions. 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 interim consolidated financial statements have been prepared based on a historic cost, except for (among others):

- Derivative financial assets/liabilities measured at their fair value.

- Available for sale assets, measured at fair value, when this is lower than their carrying amount less costs to sell.

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

- Trading portfolio financial assets measured at their fair value.

- Property, plant and equipment measured at fair value when Management has considered appraising such assets and considering such value as deemed cost for the first-time adoption.

iv. Derecognition of financial assets and liabilities:

The accounting treatment of transfers of financial assets depends on the extent and the way 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 to third parties, as in the case of unconditional sales of financial assets, sales under repurchase agreements at fair value at the date of repurchase, sales of financial assets with a purchased call option or written put option deeply out of the money, utilization of assets in which the transferor does not retain subordinated debt nor grants any credit enhancement to the new holders, and other similar cases, the transferred financial asset is derecognized from the interim consolidated statement of financial position and any rights or obligations retained or created in the transfer are simultaneously recorded.

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 statements of financial position 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 makes determinations as follows:

   a) If the Bank does not maintain control of the transferred financial asset: then it derecognizes the asset in the interim consolidated statements of financial position and recognizes any financial right or liability resulting from the transfer.

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

b) If the Bank maintains control of the transferred financial asset, then it continues recognizing the asset in the in the interim consolidated statements of financial position at an amount equal to its exposure to the changes in value that it may experience and recognizes a financial liability associated with the transferred financial asset. Accordingly, financial assets are derecognized from the 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.

In accordance with the foregoing, financial assets are only derecognized from the Interim Consolidated Statements of Financial Position when the rights to the generated cash flows have been extinguished or when the risks and benefits carried have been substantially transferred to third parties.

Similarly, financial liabilities are derecognized from the interim consolidated statements of financial position when, as applicable, the obligations these generate are extinguished.

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 directly attributable to acquisition. 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 instrument's 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 debt instruments or other objective evidence of impairment, an impairment is recognized by a reclassification of the cumulative loss recognized in 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 recorded when their 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 for the period.

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.

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Trading investments are measured at their fair value in accordance with the market prices at the reporting date of the interim consolidated statements of financial position. The transaction costs are recognized directly in the interim 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.

The interest and indexation for inflation income are recognized in "Trading and investment income (loss), 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 resell, 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.

The operation of repurchase agreement are also carried out as a form of financing. 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 a 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), except for those classified in hierarchy level 3 (when applicable), 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, respectively, of the interim consolidated statements of financial position.

Certain derivatives embedded in other financial instruments are treated as separate derivatives when their risks and rewards 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. Upon the contracting of a derivative agreement, the Bank must designate it either as a derivative instrument for trading or for hedge accounting purposes or speculative.

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

The changes in the fair value of those instruments defined as speculative are included in "Trading and investment income, net" line of the interim consolidated statements of income.

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 hedges of the risk positions.

When a derivative designated as a fair value hedge 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 effects on the income for the period. Gains or losses arising from the measurement at fair value of the hedging derivative are recognized through profit or loss 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 (cash flow hedge), 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 consolidated statements of income for the year.

The amounts recorded directly in equity are reclassified to p & l in the same periods in which hedged cash flows affect results.

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. The fair value adjustment of the hedged instrument is presented in the consolidated statements of financial position the "Other assets" or "Other liabilities" lines, depending on the hedged item position as of reporting date.

The adjustment for counterparty credit risk in derivatives (Credit Valuation Adjustment "CVA") represents the expected losses from counterparty risk. 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) or 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.

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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 CMF 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 market makers (the Bank must be within the 4 main market operators) or customers in each of the financial products it operates. This will be done with the information provided by the two main brokers in the national market: Tradition and Icap.

ii. Market makers condition

   For products (markets) where the Bank is considered to be a liquidity provider, they will be valued at mid-price and there will be no bid-offer adjustment to their valuation.

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.

During the first quarter of 2021, the Bank adopted new adjustments associated with the valuation of derivative instruments in order to improve these estimates. Therefore, a Funding Valuation Adjustment (FVA) was added, which captures the funding cost of uncollateralized derivatives above the risk-free rate of return and other technical considerations. As of March 31, 2021, the aforementioned adjustment implied recognizing a net charge to profit or loss for the period of MCh$11,966.

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

p) Hedge of a net investment in a foreign operation

According to current applicable standards, 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 a hedge of a net investment in a foreign operation qualifies for hedge accounting, 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 as well as the effects of hedging such net investment, 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 consolidated statements of income at the date on which such sale or disposal occurs.

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 operation.

The current standard 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
b) The hedge is expected to be highly effective.
c) The effectiveness of the hedge can be reliably measured.
d) The accumulated difference is to be transferred to the consolidated statements of income at the date on which such sale or disposal occurs.

q) Loans and receivables from 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.

Loan placements are initially measured at fair value plus direct transaction costs and subsequently measured at amortized cost using the effective interest rate method. These include commercial and foreign trade loans, consumer and mortgage loans, among others.

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 present value.

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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 and others

The allowances required to cover the expected losses of certain financial assets have been recognized in accordance with the regulations and instructions of the CMF.

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 a liability under "Provisions" in the statement of financial position.

The Bank and subsidiaries use 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 CMF.

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 analyzed on an individual basis.

Naturally, the analysis of the borrowers should be focused on their capacity and ability to comply with 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.

The need for an 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.

- 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 held 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.

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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 probability of default and loss given default, resulting in the consequent percentage of expected loss:

Type of portfolio	Borrower Category	Probability of Default (PD) (%)	Loss given default (PDI) (%)	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

Collective assessment of normal and substandard portfolios:

In order to determine the amount of allowance to be established for the normal and substandard portfolios, the first step is that the exposure must be estimated, to which there spective 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 (recorded as a provision), 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 No, 3 of Chapter B-3 of the Accounting Standards Compendium.

- 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 assigned 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. 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.

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

That loss rate must be classified into one of the six 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	Allowance (%)
Default 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

ii. 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 analyzed. 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. Group Portfolio Trade Credits:

In accordance with General Rulings No.3,638 and No.3,647, as of July 1, 2019, the Bank has begun to apply the standard model of provisions for commercial credits of the group portfolio, as applicable to commercial lease operations, student loans or other types of commercial loans. Prior to the implementation of the standard model, the Bank used its internal models for the determination of group portfolio commercial provisions.

i. Commercial Lease Operations

For these operations, the provision factor must be applied to the present value of commercial leasing operations (including the purchase option) and will depend on the delinquency of each operation, the type of leased asset and the ratio, at closing of each month, between the present value of each operation versus the value of the leased asset (PVB), as indicated in the following tables:

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Probability of Default (PD) applicable according to delinquency and type of good (%)		
Days of default of the operation at the end of the month	**Type of good**	
	Real estate	**Non-real estate**
0	0.79	1.61
1- 29	7.94	12.02
30-59	28.76	40.88
60-89	58.76	69.38
Default portfolio	100.00	100.00

Loss Given Default (LGD) applicable according to PVB tranche and type of good %		
PVB = Current value of the operation / Value of the leased asset		
PVB Tranche	**Real estate**	**Non-real estate**
PVB ≤ 40%	0.05	18.2
40% < PVB ≤ 50%	0.05	57.00
50% < PVB ≤ 80%	5.10	68.40
80% < PVB ≤ 90%	23.20	75.10
<PVB > 90%	36.20	78.90

PVB= Present value of the operation/Value of the leased asset

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 behavior 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.

i. Student Loans

For these operations, the provisioning factor should be applied to the student loan placement and contingent credit exposure, when applicable. The calculation of this factor depends on the type of student loan and the repayment of principal or interest at each month-end. When payment is due, the factor will also depend on its delinquency.

For loan classification purposes, a distinction is made between those granted for the financing of higher education in accordance with Law No. 20,027 (CAE, Spanish acronym for State-secured loan) and, on the other hand, loans secured by CORFO or other student loans.

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Probability of Default (PD) applicable according to enforceability of payment, delinquency and type of loan			
Exigency of the payment of principal or interest at the end of the month	**Days of default of the operation at the end of the month**	**Type of student loan**	
		CAE	**CORFO or other**
Yes	**0**	5.2	2.9
	1-29	37.2	15.0
	30-59	59.0	43.4
	60-89	72.8	71.9
	Default portfolio	100.0	100.0
No	**n/a**	41.6	16.5

Loss given Default (LGD) applicable according to enforceability of payment and type of loan		
Exigency of the payment of principal or interest at the end of the month	**Type of student loan**	
	CAE	**CORFO or other**
Yes	70.9	
No	50.3	45.8

ii. Generic Commercial Loans and Factoring

For factoring operations and other commercial loans, the provisioning factor applicable to the amount of the placement and the contingent credit exposure will depend on the delinquency of each operation and the relationship that exists at each month-end between the debtor's obligations to the bank and the value of the actual guarantees that protect them (PTVG), as shown in the following tables:

Probability of default (PD) applicable according to delinquency and PTVG(%) tranche			
Days of default of the operation at the end of the month	**With guarantee**		**Without guarantee**
	PTVG ≤ 100%	**PTVG > 100%**	
0	1.86	2.68	4.91
1-29	11.60	13.45	22.93
30-59	25.33	26.92	45.30
60-89	41.31	41.31	61.63
Default portfolio	100.00	100.00	100.00
Loss given default (LgD) applicable according to PTVG (%) tranche			
Guarantees (with/without)	**PTVG**	**Factoring without the responsibility of the assigner**	**Factoring with the responsibility of the assigner**
With guarantee	**PTVG ≤ 60%**	5.0	3.2
	60% < PTVG ≤ 75%	20.3	12.8
	75% PTVG ≤ 90%	32.2	20.3
	90% < PTVG	43.0	27.1
Without guarantees		56.9	35.9

The guarantees used for the purposes of calculating the PTVG ratio of this method may be specific or general, including those that are simultaneously specific and general.

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

A guarantee can only be considered if, according to the respective coverage clauses, it was furnished in the first degree of preference on behalf of the bank and only guarantees the credits of the debtor in respect of which it is recorded (not shared with other debtors). In the calculation, the invoices assigned in factoring operations will not be considered, nor will the guarantees associated with the housing loans of the mortgage portfolio, regardless of their coverage clause.

The following considerations must be considered when calculating PTVG ratio:

I. Operations with specific guarantees: when the debtor provided specific guarantees for generic commercial loans and factoring, the PTVG ratio is calculated separately for each transaction guaranteed, such as the difference between the amount of the loan and the contingent credit exposure and the value of the collateral covering it.

II. Operations with general guarantees: when the debtor granted general guarantees or general and specific guarantees, the Bank calculates the respective PTVG, jointly for all generic commercial loans and factoring and loans not included in i) above, as the difference between the sum of the amounts of the loans and exposures of contingent credits and the general guarantees, or general and specific guarantees that, according to the scope of the remaining coverage clauses, safeguard the credits considered in the numerator of the aforementioned ratio.

The amounts of the guarantees used in the PTVG ratio in (i) and (ii) must be calculated in accordance with:
- The last valuation of the collateral, whether appraised or fair value, depending on the type of collateral in question.

For the calculation of fair value, the criteria stated in Chapter 7-12 of the Revised Updated Compendium of Regulations should be considered.
- Possible situations that could be resulting in temporary increases in the values of the guarantees.
- Limitations on the amount of coverage set forth in their respective clauses.

iii. Provisions for deductible of FOGAPE Covid-19 guarantee

To determine the specific provisions for the loans secured by the FOGAPE Covid-19 guarantee, the expected losses must be determined by estimating the risk of each operation, without considering the substitution of the credit rating of the guarantor, according to the corresponding individual or group analysis method, in accordance with the provisions of Chapter B-1 of the Compendium of Accounting Standards.

The amounts associated with such operations that have been written off in accordance with the provisions established in Chapter B-2 of the Compendium of Accounting Standards, must be added to the previously mentioned expected losses.

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Therefore, the total amount of expected losses resulting from the aggregated calculation of each group of operations, including the written-off amounts in that group as indicated in the preceding paragraph, must be compared with the respective total amount of deductible that is applicable to them, and then one should proceed as indicated below:

- Expected losses less than the deductible

When the expected losses from the operations of a group to which the same deductible percentage should be applied, determined according to the procedure indicated above, are less than or equal to the aggregate amount of the deductible, the provisions are determined without considering the coverage of FOGAPE Covid-19, that is, without replacing the credit rating of the direct debtor with that of the guarantor.

- Expected losses greater than the deductible

When the expected losses from the operations of a group to which the same deductible percentage should be applied, determined according to the procedure indicated above, are greater than the aggregate amount of the deductible, the provisions are determined using the substitution method set forth in paragraph 4.1 a) of Chapter B-1 of the Compendium of Accounting Standards.

For these purposes, the proportion to be replaced will be that defined by the limits established in article 13 of the Administration Regulations of the FOGAPE, applicable to the COVID-19 Guarantee Lines.

Additionally, one must determine the provisions associated with the deductible resulting from multiplying the guaranteed amount of the corresponding group by the percentage of the applicable deductible.

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 behavior, 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.

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

The Bank uses the "Standard Method for Provisioning the Residential Mortgage Loan" established by CMF in its Circular No. 3.573. This circular establishes 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						
		Days in default as of the end of the month				
LtV (loan-to-value)	Concept	Current	1-29	30-59	60-89	Portfolio in default
LtV≤ 40%	PD (%)	1.0916	21.3407	46.0536	75.1614	100.0000
	PDI (%)	0.0225	0.0441	0.0482	0.0482	0.0537
	PE (%)	0.0002	0.0094	0.0222	0.0362	0.0537
40%<LtV≤ 80%	PD (%)	1.9158	27.4332	52.0824	78.9511	100.0000
	PDI (%)	2.1955	2.8233	2.9192	2.9192	3.0413
	PE (%)	0.0421	0.7745	1.5204	2.3047	3.0413
80%<LtV≤ 90%	PD (%)	2.5150	27.9300	52.5800	79.6952	100.0000
	PDI (%)	21.5527	21.6600	21.9200	22.1331	22.2310
	PE (%)	0.5421	6.0496	11.5255	17.6390	22.2310
LtV> 90%	PD (%)	2.7400	28.4300	53.0800	80.3677	100.0000
	PDI (%)	27.2000	29.0300	29.5900	30.1558	30.2436
	PE (%)	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 90 days or more, all such loans will be classified as "Non-Compliant" and the allowance for each one of them will be calculated in accordance with their respective level of Loan-to-Value.

iii. Write-off of loans:

Generally, when contractual rights expire over cash flows, assets must 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 CMF.

Such write-offs refer to the derecognition in the Interim Consolidated Statements of Financial Position of the assets for the related transaction, including the portion that may not be past due in the case of a loan payable in installments or partial payments, or a lease transaction (no partial write-offs exist).

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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 interim consolidated statements of income, as recoveries of loans written-off.

Write-offs of loans and accounts receivable are performed on past due, delinquent and outstanding installments, and the term must be calculated from the beginning of the delinquency, i.e., when the delinquency time of an installment or portion of a loan of an operation reaches the term for write-off, as follows:

Type of loan	**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 operations	12 months
Property leasing (commercial or residential)	36 months

The term corresponds to the time elapsed from the date on which the payment of all or part of the obligation in arrears became due.

iv. 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 profit or loss in accordance with the 5-step approach established in IFRS 15, as follows:

Step 1: Identify the contract(s) with a customer.
Step 2: Identify the performance obligations in the contract.
Step 3: Determine the transaction price.
Step 4: Allocate the transaction price to the performance obligations in the contract.
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

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 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.

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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 interim consolidated statements of income for the period. Any impairment of financial investments available for sale previously accumulated as negative revaluation reserve in equity is transferred to the interim 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. The reversal of an impairment loss cannot exceed an asset's carrying amount that could have been obtained if an impairment loss had not been recognized for that asset in previous periods. The reversal is recognized in the result of the fiscal period.

For loans and receivables to customers, the impaired loans are defined according to Chapter B-2 of the Accounting Standards Compendium of the CMF 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."

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

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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 six consecutive installments 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.
     - In any case, there must not be any installments in default with other banks in the Chilean financial system in the last 90 days (last three periods informed to the CMF 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 six consecutive installments 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 six months.
     - In any case, there must not be any installments in default with other banks in the Chilean financial system in the last 90 days (last three periods informed to the CMF 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. Non-financial assets:

Non-financial assets of the Bank, except for 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. Additionally, goodwill and intangible assets with indefinite useful lives or not yet available for use are tested for impairment on each reporting date.

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

According to IAS 36 "Impairment of Assets", the entity must evaluate at the end of each reporting year, if there is any impairment of its intangible assets with indefinite useful lives, as well as of the goodwill generated in a business combination. On the other hand, the Financial Market Commission (CMF in Spanish) requires that "the valuations of goodwill and other intangible non-amortizable assets must be supported by two reports issued by independent professionals of the bank and its external auditors. These reports support the initial value of intangible assets and valuations as of December 31 of each year.

An impairment loss related to goodwill 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 for 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 recognized for the asset in prior years.

The Bank carries out quarterly monitoring of intangible assets and goodwill generated in the business combination of its subsidiaries BCI Servicios Financieros in Chile and City National Bank in the United States. On December 31, 2020, the Bank assessed if any asset impairment had occurred, concluding that there are no impairments to be recorded in the indefinite useful life intangibles and goodwill of said investments. Regarding the assessment of amortizable intangible assets acquired on the merging of BCI Servicios Financieros businesses, an impairment loss of MCh$4,994 was determined, corresponding to the following intangibles: MCh$2,636 for Client Relations, and MCh$2,358 for Rights acquired under cross-sales agreement. These recorded impairments represent 9% and 59% over book value, respectively. For further information, see Note 32.

u) 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 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 are incremental costs that are directly attributable to the acquisition or issuance of a financial asset or liability.

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

However, in the case of past-due loans which correspond to installments overdue for 90 days or more 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 consolidated statements of financial position reporting date.

- 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.

Collectively assessed loans:

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

The 80% percent of collateral refers to the value of the collateral and the estimated value of all obligations covered by the same collateral, including credit commitments.

v) Intangible assets

i) Software

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

The expenditures or costs in software developed internally are recorded as assets when the Bank can prove 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.

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

The subsequent expenditures associated with any software are capitalized only when the Bank may derive future economic benefits from them. All other expenses are recognized in the interim consolidated statements of income for the year.

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 six years.

ii) Intangibles acquired in a business combination

As a consequence of the purchase process of BCI Financial Group, INC. and Subsidiaries, agreed upon in October 2015, the acquisition of Total Bank by City National Bank of Florida was consummated (simultaneously merging with CNB) on June 15, 2018 and the acquisition of the credit card business from Walmart (Servicios Financieros) was consummated on December 4, 2018. Amortized intangible assets were recognized with an indefinite useful life were recognized, which originated in the process of distributing the price paid for the acquisition or Purchase Price Allocation (PPA). The Bank is constantly evaluating for impairment its intangible assets in accordance with the CMF regulations of the Compendium of Accounting Standards, Chapter A-2 number 7; during 2019 two independent consultants reviewed the basis for the PPA valuation.

For the acquisition of Total Bank the value of the assets acquired, and liabilities assumed was provisionally determined, and the Bank adjusted the provisionally determined values to their final values within the term established in IFRS 3, “Business Combinations” on December 31, 2018.

For the acquisition of BCI Servicios Financieros, the value of the assets acquired, and liabilities assumed was provisionally determined, and the Bank adjusted the provisionally determined values to their final values within the term established in IFRS 3, “Business Combinations” on December 4,2019 as at December 31, 2019 without retrospective restatement due to the immaterial nature of the adjustments to the provisional amounts.

The amortizable intangibles will be subject to straight-line amortization, according to the estimated useful life.

iii) Goodwill

The goodwill generated in a business combination will be distributed from the date of acquisition, between each of the cash generating unit (CGU) or the acquired entity CGU group, when applicable, which are expected to benefit from the synergies of the business combination, regardless of whether other assets or liabilities of the acquired entity are assigned to those units or groups of units.

The goodwill is subject to tests to determine if there is an impairment of value, on an annual basis, or more frequently, when the circumstances indicate that the carrying amount may be impaired.

Impairment losses related to goodwill cannot be reversed in future periods.

Intangible assets, including goodwill, were subject to the impairment tests indicated by IAS 36.

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

As of June 30, 2021, and December 31, 2020, there were no significant changes between the book value and the recoverable value of cash generating units containing goodwill and intangibles with indefinite useful lives.

w) 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 are generally recognized in the consolidated statements of income as incurred.

In a business combination, an independent expert is used to decide of fair value of assets acquired and liabilities assumed including 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 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” at 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 fair value amount of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date fair value 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.

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Non-controlling interests that 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.

x) Property, plant and equipment

The items of property, plant and equipment, excluding real estate, are measured at acquisition cost, net of accumulated depreciation and impairment.

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 (i.e., real estate remodeling).

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.

The estimated useful lives for the property, plant and equipment, as of June 30, 2021 and December 31, 2020, are the following:

	As of June 30	**As of December 31**
	2021	**2020**
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

y) 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 CMF. Repossessed assets are presented net of impairment. Assets not sold within 18 months the adjudication date must be written off.

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

z) Staff benefits

i. Unused Vacations:

The annual cost of staff vacations and benefits are recognized on an 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 remuneration.

A corresponding provision is recognized based on the estimated amount to be distributed.

iii. Severance indemnities:

The Bank and its subsidiaries have no agreements with their employees with respect to severance payments, except for the subsidiaries BCI Servicios Financieros y Administración de Créditos Comerciales S.A. and BCI Administradora de Tarjetas Servicios Financieros Limitada, which have certain severance plans defined in a collective agreement with a portion of their employees; these plans provide severance payments regardless of the reason for terminating the employment, and the obligation is accounted for at actuarial value.

These companies recognize a provision (see note 21) to reflect the obligation to pay severance indemnities to employees who are entitled to receive these payments regardless of the reason for terminating the employment. This provision has been calculated using an actuarial methodology that considers estimates of staff turnover, discount rate, salary increase rate and mortality. The employee benefits liability is recognized at present value using the projected unit credit method, in accordance with the provisions of “IAS 19 — Employee Benefits”. Actuarial gains or losses related to experience adjustments and changes in variables are recognized as Other comprehensive income and form part of the balance of Other Equity Reserves.

The cost of services for the current period is the increase in the present value of the defined benefit obligations, which occurs because of the services provided by employees in the current period.

The financial cost is the increase during a period in the present value of the defined benefit obligations because such benefits are a period closer to their due date.

There is a present obligation when, and only when, the Entity has no other more realistic alternative than to make the corresponding payments.

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

The following are the assumptions used:

Detail	**Source**
Mortality	"RV-2014" Mortality tables established by the Commission for the Financial Market (CMF) were used.
Worker turnover	The historical turnover for executives, considering the collective bargaining agreement, voluntary resignation or termination of employment due to company needs, is 0% for key executives and 15% for non-key executives.
Discount rate	The discount rate used to discount the benefit payment flows for severance indemnities was an actual 0.58% a year. This rate corresponds to the 20-year BCU (Central Bank of Chile bond rate for bonds denominated in U.F.) as of December 27, 2020. (Source: Banco Central de Chile).
Salary Growth Rate	The salary growth used for the projections, both for base salary growth and for total salaries, is an actual 2.0% a year.
Retirement	The retirement ages used to make the payment projections are the minimum statutory ages for retirement in Chile (according to Decree Law 3500). These ages are widely used in the market, except when the reality of the company indicates otherwise. These ages are 65 years for men and 60 years for women.

As of June 30, 2021, and December 31, 2020, there are no experience adjustments or changes in variables. Therefore, no adjustments have been made against other reserves.

aa) Leases

On the start date of a lease the bank recognizes a right of use asset and a lease liability in accordance with the provisions of IFRS 16.

(i) Right of use assets

The Bank has lease contracts through which it has offices and branches, which are necessary to carry out its activities. Contract terms are negotiated individually and include a wide range of terms and conditions.

Leases are recognized, measured and disclosed in accordance with IFRS 16 "Leases." This requires that a right of use asset be determined and its corresponding lease liability at the date that the asset is available for use. Each rent payment consists of principal and interest. Financial interest is charged to the interest expense over the term of the lease agreement; the right-of-use asset is depreciated on a straight-line basis over the term of the contract.

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

The term of the lease includes the non-cancellable period established in the lease agreements, and generally has an automatic renewal clause, which is not included in the calculation of the financial liability. Additionally, each party can terminate the contract before expiration, upon notice. For both concepts, only the current contractual period has been considered for the calculation. For lease agreements with indefinite useful life, the Bank has determined to assign a useful life equal to the longest non-cancellable period of its lease agreements.

The present value of the lease payments is determined using the discount rate that represents the incremental rate of the Bank at the start date of the contracts.

In the initial measurement, the Bank measures the right of use asset at cost. The rent of the lease agreements is agreed in UF and paid in Chilean pesos. In accordance with the provisions of Circular No. 3,649 by the Financial Market Commission, the monthly variation in UF that affects the contracts established in said monetary unit must be treated as a new measurement; therefore, the adjustments must be recognized as a modification to the obligation and at the same time the amount of the asset must be adjusted for the right to use leased assets.

Contracts whose non-cancellable year is equal or less than 12 months are treated as short-term leases. Therefore, the associated payments are recorded as a straight-line expense. Any modification (as defined in the standard) in the terms or rental fee is treated according to IFRS 16.

The Bank has not entered into lease agreements with residual value guarantee clauses or variable lease payments.

The Bank applies IAS 36 “Impairment of assets” to determine if the right-of-use asset shows impairment and recognizes the identified impairment losses.

As of June 30, 2021, and December 31, 2020 the Bank has not identified impairment in the value of right-to-use assets.

(i) Lease liability

The Bank measures the lease liability at the present value of the lease payments that have not been made as of that date. Lease payments are discounted using the interest rate implicit in the lease, if that rate can be easily determined. If that rate cannot be easily determined, the Bank will use the incremental rate. The lease payments included in the measurement of the lease liability include payments for the right to use the underlying asset during the term of the lease not made at the measurement date, which include (a) fixed payments, less any collectible lease incentive; (b) variable lease payments, which depend on an index or a rate, initially measured using the index or rate on the start date; (c) amounts expected by the lessee to pay as residual value guarantees; (d) the exercise price of a purchase option if the lessee is reasonably sure to exercise that option; and (e) payments for penalties arising from the termination of the lease, if the term of the lease reflects that the lessee will exercise an option to terminate the lease.

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

After the initial recognition date, the Bank measures the lease liability in order to recognize (a) the interest on the lease liability; (b) the lease payments made; and (c) the new lease measurements or modifications, and also to reflect the essentially fixed lease payments that have been modified.

The Bank makes new measurements of the lease liability, discounting the modified lease payments, if, among other things, (a) there is a change in the expected amounts payable related to a residual value guarantee. A lessee will determine the lease payments to reflect the change in the amounts expected to be paid under the residual value guarantee; (b) there is a change in future lease payments from a change in an index or rate used to determine those payments.

The Bank measures the lease liability again to reflect modified lease payments only when there is a change in cash flows. The Bank will determine the revised lease payments, for the remainder of the lease term, based on the revised contractual payments.

As of January 1, 2019, the Bank measured the lease liability at the present value of the lease payments discounted using the incremental interest rate.

ab) Cash flow statement

The indirect method was applied for presentation of the interim consolidated statements of cash flows. This method is a starting point of profit before tax. 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 their maturity value equal or less to 90 days, 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 and cash equivalents.

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

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

ac) Provisions and contingent 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 all the following requirements:

- It is a present obligation as a result of a past event, and at the date of the 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.

A contingent asset is an 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 Bank.

Provisions (which are quantified considering the best available information regarding the consequences of the related triggering event and are estimated again at each accounting close) are used to cover specific obligations for which they were originally recognized and reversed in full or partially when such obligations cease to exist or decrease.

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 CMF 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 are approved by the Board of Directors.

As of June 30, additional provisions of MCh$74,065 (MCh$160,176 as of December 31, 2020) have been made. These have been made to anticipate the potential impairment of the loan portfolios resulting from the crisis caused by the COVID-19 pandemic.

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

In no case have the additional provisions been established to compensate issues in the provision models used by the Bank, but to anticipate any potential impairment of the placement portfolio due to the crisis produced by the COVID-19 pandemic.

These provisions are established as set forth on Number 10 of Chapter B-1 of Accounting Regulations Compendium of the Commission for the Financial Market, which will be reported in liabilities (see Note 21 of Provisions).

ii. Minimum provisions required for the normal individual portfolio:

The CMF 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.

ad) Use of estimates and judgments

In the application of the Bank's accounting policies, Bank management is required to make judgments, 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 relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Modifications to accounting estimates are recognized in the period in which the estimate is revised if the modification affects only that period, or in the period of the modification and future periods if the modification 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:

- Allowances for loan losses (Notes 10, 11 y 29).
- Impairment of certain assets (Note 32).
- Valuation of financial instruments (Notes 7, 9 and 12).
- Useful life of property, plant and equipment and intangible assets (Notes 14 and 15).
- Use of tax loss carry-forward (Note 16).
- Contingencies and commitments (Note 23).
- Impairment test and intangible (Note 14).
- Employee benefits (Note 21).

af) Income tax and deferred tax

The corporate income tax expense is calculated in accordance with IAS 12 and the Chilean Income Tax Act, which has a statutory rate of 27% for the default tax system under article 14 section A, which is the rate applied to both BCI and its subsidiaries in Chile.

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Deferred tax is recognized 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 realized, 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 or substantial law enactment.

As of June 30, 2021, and December 31, 2020, the Bank recognized deferred tax assets for which Management has assessed that it is probable that taxable profits will be available against which tax loss carry forwards can be utilized.

Deferred tax assets and deferred tax liabilities are offset in the consolidated statement of financial position, if you have the legally enforceable right to offset assets for current taxes against current tax liabilities, and only if these deferred taxes are related to taxes on the corresponding profits of the same taxable entity levied by the same tax authority.

In accordance with the Law 20,780 published in the Official Gazette on September 29, 2014, as amended by Law 20,899 published in the Official Gazette on February 8, 2016, the Bank as of the 2018 business year must apply a permanent rate of 27% for First Category tax. In addition, and temporarily, the Bank applied a rate of 24% for tax profits received or accrued in the 2016 business year and 25.5% was applied for tax profits received or accrued in the 2017 business year. In 2017, the tax reform law was published in the United States, which reduced the federal tax rate from 35% to 21%, as a result of which the subsidiaries domiciled in that country recalculated their deferred tax assets.

ag) Dividends on common shares

Dividends on ordinary shares are recognized in equity in the year in which they were approved by the Shareholders' Meeting of the Bank.

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 a minimum of 30% of net income for the period, or more, must be distributed as dividend, or according to the dividends policy.

ah) 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 year.

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

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

i) Collection Operations:

BCI Securitizadora S.A. may acquire assets in order to form a separate fund ("Protected Assets Fund") that supports the issuance of securitized bonds. These assets must have similar characteristics in order to be securitized and a separate fund must 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.).

The above distinction is relevant when it comes to accounting for the debt at the Bank; in the first case, future cash flows should be accounted for at the Protected Assets Fund and also at the originator, and in the case of existing assets they should be accounted for only at the Protected Assets Fund.

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 represent Protected Assets Fund underlying even before the placement of the respective bonds.

Since there is a possibility that the respective Protected Assets Fund never will be created or the securitized bond not be issued for any reason (legal, market, etc.), these transactions contract a put option where BCI Securitizadora S.A. may put the asset back under certain circumstances (mainly in the case when an entity cannot issue securitized bonds for the reasons discussed above).

ii) Separate Formation Equity Transaction No. 27:

On June 16, 2021, all receivables were amortized in advance, Separate Formation Equity No. 27. Such early amortization was made under the conditions established in the Precautionary Legal Agreement of November 7, 2011 of Ch$15,672 million. There are no receivables due from the subsidiary BCI Securitizadora Subsidiary as of June 30, 2021 related to the Separate Formation Equity No. 27.

aj) Reclassifications

As of June 30, 2021, and December 31, 2020, no material reclassifications have been made.

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

ak) Accounting pronouncements by the International Accounting Standards Board (IASB)

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

Amendments to IFRS	**Effective date**
Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39 and IFRS 7).	Annual periods beginning on or after January 1, 2021
COVID-19-Related Rent Concessions (Amendment to IFRS 16)	Annual periods beginning on or after January 1, 2021

Interest Rate Benchmark Reform Phase 2 (Amendments to IFRS 9, IAS 39 and IFRS 7).

In August 2020, the IASB issued amendments supplementing the amendments issued in 2019 (Benchmark Interest Rate Reform - Phase 1), which are focused on the effects they may have on the financial statements, when a benchmark interest rate is replaced with another rate.

The amendments of Phase 2 address the aspects that may affect financial information during the Interest rate benchmark reform, including the effects of contractual changes in cash flows or hedging relationships, which may exist when replacing the benchmark interest rate with an equivalent rate. As part of the main amendments, the Board considered the following amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments: Disclosures, IFRS 4 Insurance Contracts and IFRS 16 Leases:

- changes in the basis for determining contractual cash flows related to financial assets, financial liabilities and lease liabilities;
- hedge accounting; and
- disclosures

The Bank's Management has been working on the amendments beginning on January 1, 2021. Impacts include customers and several areas in the Bank. For such purposes, multidisciplinary teams have been established to face the challenges opposed by this reform, through action plans, which highlight identifying the main exposures and risks related to the transition of the LIBOR rate, development of products associated with the new benchmark interest rate, review of current contracts and renegotiation with some of our customers, among others.

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

COVID-19-related Rent Concessions (Amendment to IFRS 16)

In May 2020, the International Accounting Standards Board (the Board) issued the amendment to IFRS 16 *Leases* that allows lessees not to assess whether rent concessions, which are a direct consequence of the effects of COVID-19 and meet a number of conditions, are lease modifications.

Amendments include an optional practical expedient that simplifies how the lessee accounts for rent concessions that are a direct result of COVID-19. The lessee applying the practical expedient is not required to assess whether the rent reductions are modifications to the lease, and to account for them along with the other considerations established in the guidance. The resulting accounting will depend on the details of the rent concession. For example, if the concession is in the form of a one-off reduction in rent, it will be accounted for as a variable lease payment and recognized in profit or loss.

The practical solution can be adopted only for rent concessions as a direct consequence of the COVID-19 and only if all the following conditions are met:

- the revised consideration is substantially equal to or less than the original consideration;
- any rent concession relates to payments which originally expired on or prior to June 30, 2021; and
- no other significant changes have been made to the terms of the lease.

The Bank's Management believes that the implementation of these amendments had no effect on the Interim Consolidated Financial Statements.

b.- New and revised IFRS issued but not yet effective:

New Standards	**Effective date**
IFRS 17 Insurance contracts	Annual periods beginning on or after January 1, 2023
Amendments and Improvements to IFRS	
Classification of liabilities as current or non-current (amendments to IAS 1).	Annual periods beginning on or after January 1, 2023
References to the Conceptual Framework (amendments to IFRS 3)	Annual periods beginning on or after January 1, 2022
Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)	Annual periods beginning on or after January 1, 2022
Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)	Annual periods beginning on or after January 1, 2022
Annual improvements to IFRS, cycle 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16)	Annual periods beginning on or after, January 1, 2022
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.
Disclosure initiative: Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2 – Making Materiality Judgments)	Annual periods beginning on or after January 1, 2023
Definition of Accounting Estimates (Amendments to IAS 8)	Annual periods beginning on or after January 1, 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction *(*Amendments to IAS 12*)*	Annual periods beginning on or after January 1, 2023

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

IFRS 17 Insurance contracts

Issued on May 18, 2017, this Standard requires that insurance obligations are measured at current compliance values and provides a more consistent approach for presenting and measuring all insurance contracts. Such requirements are designed to provide a consistent principle-based accounting treatment.

In March 2020, the International Accounting Standards Board (the Board) decided to defer the effective date of IFRS 17 to January 1, 2023. Early adoption is permitted if IFRS 9 and IFRS 15 have been adopted. The Board also decided to extend the temporary exemption to IFRS 9 granted to insurers who meet specified criteria, through January 1, 2023.

The Bank's Management believes this new standard will not have an impact on the Interim Consolidated Financial Statements, as companies in their consolidation perimeter do not issue insurance contracts.

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

The International Accounting Standards Board amended IAS 1 *Presentation of Financial Statements* to foster consistent application and clarify the requirements to determine whether an liability is current or non-current. As a result of such amendment, entities are required to review their loan contracts to determine whether their classification will change.

The amendments include the following:

- Right to defer settlement must have substance: under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for, at least, twelve months after the end of the reporting period. As part of its amendments, the IASB has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period.

- Classification of revolving credit facilities may change: entities classify a liability as non-current if they have a right to defer its settlement for at least twelve months after the end of the reporting period. The IASB has now clarified that a right to defer exists only if the company complies with conditions specified in the loan agreement at the end of the reporting period, even if the lender does not test compliance until a later date.

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

- Liabilities with equity-settlement features: the amendments state that settlement of a liability includes transferring an entity's own equity instruments to the counterparty. The amendments clarify how a company classifies a liability that includes a counterparty conversion option, which could be recognized as either equity or a liability separately from the liability component foreseen in IAS 32 *Financial Instruments: Presentation*.

The amendment is effective retrospectively for annual periods beginning on or after January 1, 2023. Early adoption is permitted. However, companies will consider including disclosures in conformity with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* in their next annual financial statements.

The Bank's Management is assessing the possible impact of this amendment, however, it believes the application of this standard will not have any effect on the Bank's Interim Consolidated Financial Statements.

Reference to the Conceptual Framework (Amendments to IFRS 3)

In May 2020, the International Accounting Standards Board (the Board), issued the Reference to Conceptual Framework, which amends IFRS 3 Business Combinations. The amendment replaces the reference made to a previous version of the Conceptual Framework for Financial Reporting containing a reference to the last version issued in March 2018. In addition, the IASB included an exception to its requirement to the entity to make reference to the Conceptual Framework to determine what is an asset or a liability. This exception establishes that, for certain types of contingent assets and contingent liabilities, the entity that applies IFRS 3 must refer to IAS 37, "Provisions, Contingent Liabilities and Contingent Assets."

The Bank's Management is assessing the possible impact of this amendment, however, it believes the application of this reform will not have any effect on the Bank's Interim Consolidated Financial Statements.

Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)

In order to provide guidance on the accounting for sales and costs that entities can generate in the process of making an item of property, plant and equipment available for use, the International Accounting Standards Board (the Board) issued in May 2020 the amendment to IAS 16.

In accordance with these amendments, proceeds from the sale of the assets obtained in the process in which an item of Property, Plant and Equipment is available for use, should be recognized in the statement of income together with the costs of producing such assets. IAS 2 Inventories should be applied in identifying and measuring these items.

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Entities will have the need to make the difference between:

- costs associated with producing and selling items before the item of Property, plant and equipment is available for use; and
- costs associated with making the item of Property, plant and equipment available for its intended use.

The Bank's Management is assessing the possible impact of this amendment, however, it believes the application of this reform will not have any effect on the Bank's Interim Consolidated Financial Statements.

Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)

In order to clarify the types of costs a company includes as fulfillment costs when assessing whether a contract is onerous, the IASB issued the amendment to IAS 37 *"Provisions, Contingent Liabilities and Contingent Assets"* in May 2020. As a result of such amendment entities which currently apply the "incremental cost" approach will be required to recognize larger provisions and an increased number of onerous contracts.

The amendment clarifies that cost of fulfilling a contract includes:

- the incremental costs, e.g. direct labor and materials; and
- allocations of other directs costs, e.g. the allocation of a depreciation expense of an item of property, plant and equipment used in fulfilling the contract.

At the date of initial application, the cumulative effect of the application of this amendment to the Standard is recognized in the opening balances as an adjustment to retained earnings or any other item in equity, as applicable.

The Bank's Management is assessing the possible impact of this amendment, however, it believes the application of this standard will not have any effect on the Bank's Interim Consolidated Financial Statements.

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

2018-2020 Annual Improvements Cycle to IFRSs

Annual improvements includes amendments to four Standards, as follows:

- IFRS 1 *First-time Adoption of International Financial Reporting Standards*: This amendment simplifies the initial adoption of a subsidiary that adopts IFRS at a date later than the Parent, i.e., if a subsidiary adopts IFRS at a date later than the Parent and applies IFRS 1.D16(a), then the subsidiary is able to opt for measuring the cumulative translation effects for all foreign operations considering the amounts included in the Parent's consolidated financial statements on the basis of the Parent's date of transition to IFRS.

- IFRS 9 *Financial Instruments*. This amendment clarifies that – for the purpose of performing the '10 percent test' for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

- IFRS 16 *Leases*. The amendment eliminates the illustrative example of lessor payments related to improvements to the leased property. As currently drafted, the example is unclear as to why such payments are not a lease incentive. The amendment will help eliminate the possibility of confusion in the identification of lease incentives in real estate agent transactions.

The Bank's Management is assessing the possible impact of this amendment, however, it believes the application of this standard will not have any effect on the Bank's Interim Consolidated Financial Statements. IFRS 9 will be applied by the Bank from January 2022, except for Section 5.5 on impairment of loans classified as "financial assets at amortized cost".

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 issued this amendment that requires that when transferring subsidiaries to an associate or joint venture, the total gain should be recognized when assets transferred meet the definition of “business” under IFRS 3, Business Combinations. This amendment establishes a strong pressure on the definition of “business” for recognition in profit or loss. Also, it introduces new and unexpected recognition for transactions that partially consider maintenance in assets that are not businesses.

The effective application date has been deferred indefinitely.

The Bank's Management has not determined the potential impact of the application of this amendment on its Interim Consolidated Financial Statements.

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Disclosure of Accounting Policy (Amendments to IAS 1 and IFRS Practice Statement 2)

In October 2018, the Board refined the definition of materiality so that it is easier to understand and apply. Such definition is aligned with the entire IFRS framework including the Conceptual framework. Changes to the definition of materiality complement the non-binding Statement of Practice 2 *Making Materiality Judgments* issued by the Board in 2017, which outlines a four-step procedure that can be used to assist in making materiality judgments in the preparation of financial statements.

In February 2021, the Board issued amendments to IAS 1 *Presentation of Financial Statements* and an update to Statement of Practice 2.

The amendments include the following:

- Require companies to disclose their *material accounting policies* rather than *significant accounting policies;*

- Clarify that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and therefore need not be disclosed;

- Clarify that not all accounting policies that relate to material transactions, other events or conditions are themselves material to the Company's financial statements.

Amendments to Practical Statement 2 include two additional examples of the application of materiality in accounting policy disclosures.

The Bank's Management has not determined the potential impact of adopting this amendment on its Interim Consolidated Financial Statements.

Definition of Accounting Estimates (Amendments to IAS 8)

In February 2021, the Board issued amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, to clarify how companies should distinguish between changes in accounting policies and changes in accounting estimates, with the main focus on the definition and clarification of accounting estimates.

Amendments clarify the relationship between accounting policies and accounting estimates, specifying that a company develops an accounting estimate to achieve the objective defined previously in an accounting policy.

The Bank's Management has not determined the potential impact of the application of this amendment on its Interim Consolidated Financial Statements.

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Deferred Tax related to Assets and Liabilities arising from a Single Transaction *(*Amendments to IAS 12*)*

In May 2021, the Board issued amendments to IAS 12 *Deferred tax related to Assets and Liabilities arising from a Single Transaction*, to clarify how companies should account for deferred tax in certain types of transactions where an asset and a liability are recognized, such as leases and decommissioning obligations.

Amendments reduce the scope of the exemption on initial recognition so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning obligation.

The Bank's Management has not determined the potential impact of the application of this amendment on its Interim Consolidated Financial Statements.

aj) Standards and Instructions issued by the Financial Market Commission (CMF).

General Standard No.451: On January 25, 2021, the CMF established features and conditions that shall be complied with, in order to register debt securities such as: bonds, securitized bonds, convertible bonds, commercial papers and, in general, any short-term and long-term debt security, under automatic registry. Provided that the issuer's registration in the Securities Registry is valid as of the date of deposit of the issue for which registration is requested, and the issuer's registration has been in effect continuously during the 12 months prior to that date. In the case of mutual funds and investment funds supervised by this Commission, it shall be sufficient to meet this condition that, at the time of the request, the fund has the minimum equity and number of participants required by Article 5 of Article First of Law No. 20.712 on the Administration of Third-Party Funds and Individual Portfolios.

The Bank's Management considers that the application of this standard will have no significant effect on the Interim Consolidated Financial Statements.

Circular 2.285: the CMF complements instructions and extends the deadline to March 31, 2021 for the first submission of the R11 file on the rating of systemically important banks, which includes information for each of the twelve months of 2020.

The Bank's Management implemented these measures in the regulatory report R11 beginning on March 31,2021.

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Circular N ° 2.288: On April 27, 2021, the Financial Market Commission included new regulatory files on the implementation of the capital framework of the Basel III standards, creating files R01 "Limits of solvency and effective equity", R02 “Regulatory capital instruments”, R06 “Assets weighted by credit risk”, R07 “Assets weighted by market risk” and R08 “Credit risk weighted asserts”, together with the new tables complementing them. Additionally, it established dates for the first submission of regulatory files R06, R07 and R08, which must be sent on the 9th business day of July 2021. The first report for file R01 should be sent in September 2021 and the first report for file R02 was established for January 2022.

The Bank's Management implemented these measures in regulatory reports R06, R07 and R08 as of June 30, 2021.

Circular No. 2.289: On April 27, 2021, the CMF amended Chapter of RAN 2-2 on Bank Accounts and Checks, incorporating the modifications made by the Central Bank of Chile regarding the authorization of a series of new operations that may be performed in domestic currency to expand cross-border transactions in Chilean pesos, including the opening and holding of bank checking accounts in Chilean pesos by individuals not domiciled or resident in Chile.

The Bank’s Management believes the application of this standard will have no significant effects on the Interim Consolidated Financial Statements.

Circular No. 1.207: On April 28, 2021, the CMF provided clarifications regarding the accounting treatment of subordinated bonds and additional provisions that are accounted for as equivalent to preferred shares or bonds with no fixed maturity date in accordance with the third transitory article of Law No. 21. 130 on the modernization of the banking legislation, which must comply with the limits established in paragraphs c) and d) of Article 66 of the General Banking Law according to Basel III standards, as follows: a) Subordinated bonds may not exceed 50% of basic capital. In addition, subordinated bonds may be computed as equivalent to preferred shares or bonds with no fixed maturity, i.e., allocated as additional tier 1 capital (AT1). b) Additional provisions computed as regulatory capital may not exceed 1.25% of credit risk-weighted assets. Additionally, the General Banking Law allows additional provisions, which are usually allocated in Tier 2 capital (T2), to be computed as preferred shares or bonds with no fixed maturity, i.e., as additional AT1 capital

The Bank's Management believes that the application of this standard will have no significant effect on the Consolidated Interim Financial Statements.

NOTE 2 - ACCOUNTING CHANGES

During the period ended June 30, 2021, there have been no accounting changes with respect to the prior year that affect these Interim Consolidated Financial Statements.

NOTE 3 - SIGNIFICANT EVENTS

a) Agreement to distribute year 2020 profits

A Board meeting held on February 25, 2021 agreed to distribute the net profits of the Bank in 2020, which was approved at the Ordinary Shareholders' Meeting held on April 6, 2021. The Board approved the following matters:

• Distribute the net income for the year 2019, amounting to Ch$310,696,231,357 (MCh$310,696), as follows:

-Distribute a dividend of Ch$700 per share among the total of 148,767,940 shares issued and registered in the Shareholder Registry, which involves allocating for this purpose the sum of Ch$104,137,558,000 (MCh$ 104,138), that is 32.8% of the Bank's distributable net profit for 2020, and;

-Allocate the remaining balance of profits for the year, to the fund of reserves from profits, that is, the sum of Ch$ 206,558,673,357 (MCh$ 206,559).

At the Extraordinary Shareholders' Meeting held on April 6, 2021, the shareholders approved:

• Capitalizing reserves from profits for Ch$ 206,558,673,357 (MCh$ 206,559) as follows:

-The sum of Ch$ 206,558,646,037 (MCh $ 206,559) through the issuance of 7,118,565 shares exempt from payment with no par value.

-The sum of Ch$ 27,320 (MCh $ 0), to capitalization, without issuance of shares.

The Bank’s subscribed and paid-in capital would amount to Ch$ 3,862,386,369,359 (MCh$ 3,862,386) divided into 155,886,505 nominative, single series shares with no par value.

b) Issuance and placement of bonds

During the first half of 2021, the following issuance of ordinary bonds took place in Chilean pesos:

Series	**Issuance date**	**Chilean Pesos**	**TIR rate**	**Maturity date**
BBCIO31220	11.30.2021	100,000,000,000	3.52%	12.01.2027

NOTE 3 - SIGNIFICANT EVENTS, CONTINUED

During the first half of 2021, the following placement of ordinary bonds took place in Chilean pesos:

Series	Placement date	Chilean Pesos	TIR rate	Maturity date
BBCIO31220	04.23.2021	45,000,000,000	3.52%	12.01.2027

During the first half of 2021, the following placement of ordinary bonds took place in UF:

Series	Placement date	UF	TIR*rate	Maturity date
BBCIM31019	01.08.2021	3,000,000	(0.09)%	10.01.2028
BBCIM51019	01.13.2021	3,000,000	0.27%	10.01.2030
BBCIM41019	02.10.2021	3,000,000	(0.31)%	10.01.2029
BBCII20219	03.11.2021	100,000	0.01%	02.01.2029

During the first half of 2021, the following issuances of ordinary bonds took place in U.S. dollars:

Series	Issuance date	USD	TIR* rate	Maturity date
XS2318617185	03.17.2021	54,000,000.00	2.37%	12.03.2029
XS2337108497	04.27.2021	10,000,000.00	0.78%	04.27.2026
XS2357310379	06.23.2021	10,000,000.00	2.60%	06.23.2031

During the first half of 2021, the following placement of ordinary bonds took place in U.S. dollars:

Series	Placement date	USD	TIR*rate	Maturity date
XS2318617185	03.17.2021	54,000,000.00	2.37%	12.03.2029
XS2337108497	04.27.2021	10,000,000.00	0.78%	04.27.2026
XS2357310379	06.23.2021	10,000,000.00	2.60%	06.23.2031

NOTE 3 - SIGNIFICANT EVENTS, CONTINUED

c) Incorporation of Banco BCI Perú

The Bank's Board of Directors has authorized BCI's management to incorporate a bank in the city of Lima, Peru, which will become a subsidiary of BCI (hereinafter "Banco BCI Peru") subject to the conditions set forth below. Banco BCI Peru will have the nature of a corporation under the regulations of the Republic of Peru. This corporation will be registered with the National Superintendency of Public Registries of Peru and its shares will be registered with the Public Registry of the Securities Market and the Registry of the Lima Stock Exchange. 99.9% of the shares of Banco BCI Peru will be owned by BCI and the remaining 0.1% will be owned by Empresas JY S.A. Banco BCI Peru will be subject to the supervision of the appropriate Chilean and Peruvian regulatory entities. The incorporation and operation of Banco BCI Peru is subject, among other conditions, to approval by the Commission for the Financial Market and the Central Bank of Chile, in accordance with the provisions of Article 76 of the General Banking Law and Chapter 11-7 of the Commission's Updated Compendium of Regulations, as well as to obtaining the regulatory authorizations, and registrations required under Peruvian law.

As of June 30, 2021, the authorization processes with the applicable agencies in Chile and Peru continue.

d) Dissolution of the Subsidiary Análisis y Servicios S.A.

On November 15, 2019, the Financial Market Commission was requested to approve the dissolution of the company Analisis Servicios S.A. This company’s shareholders are Banco de Crédito e Inversiones with a 99% interest and BCI Corredor de Bolsa, S.A. with a 1% interest, respectively. The dissolution was approved by the Board of Directors of BCI at its meeting on August 27, 2019.

On December 12, 2019, the Council of the Financial Market Commission approved the request in ordinary meeting number 161.

On January 20, 2021, the resolution from the Chilean Internal Revenue Service was officially received confirming the line of business of Sociedad de Análisis y Servicios S.A. As of June 30, 2021, the Company is in process of liquidation.

e) Merger of the subsidiaries Servicios de Comercialización y de Apoyo Financiero y de Gestión SSFF and Servicios Financieros y Administración de Créditos Comerciales S.A.

On January 26, 2021, the Bank received authorization by the Financial Market Commission to perform the merger between Servicios Financieros y Administración de Créditos Comerciales S.A, the surviving company, and Sociedad de Servicios de Comercialización y de Apoyo Financiero y de Gestión SSFF Limitada. Management decided to perform the merger on January 31, 2021. The purpose of the merger is to enhance the efficiency and profitability, facilitate the supervision and oversight of the supporting companies, achieve greater organizational alignment and integrated management of the credit card business, simplifying business management, among others.

NOTE 3 - SIGNIFICANT EVENTS, CONTINUED

f) Ratification of Directors

At the Ordinary Meeting of April 6, 2021, Mr. Jorge Becerra Urbano was ratified as Bank Director, until the next Ordinary Shareholders' Meeting of the year.

g) Pagos y Servicios S.A.

On March 25, 2020, through resolution No. 2450, the Financial Market Commission authorized Banco de Crédito e Inversiones to make an investment, as a non-controlling interest, in the special stock company called Pagos y Servicios S.A., which operates under the commercial name “BCI Pagos”, and which will have as single line of business to act as a payment card operator. The Bank has contributed the amount of MCh$ 356 to this entity, divided into 499 shares, which is equivalent to a 49.9% interest.

On June 2, 2021, the Financial Market Commission, in compliance with the current legal framework and in accordance with the information presented, authorizes the operation of the Sociedad Pagos y Servicios SA, providing for the registration in the Single Registry of Payment Card Operators which, empowers the special purpose company to commence its exclusive line of business as a payment card operator.

In addition, on June 2, 2021, Pagos y Servicios S.A., communicated to the Chilean Financial Market Commission that it has signed an agreement to acquire PST Pago Fácil SpA, a leading payment platform for electronic commerce in Chile. The acquisition will provide approximately 3,000 businesses affiliated with the Bank expanding its market-integrated payment solutions and technological capabilities, which will enhance the Bank’s business adherence and membership services and attract new customers.

h) Capital increase at Pagos y Servicios S.A.

On February 23, a capital increase was performed in Pagos y Servicios S.A, of which the Bank contributed with MCh$ 354, maintaining its ownership percentage in 49.9%.

i) FOGAPE Reactiva

On February 12, 2021, the Chilean Government implemented a new financing through FOGAPE Reactiva, which is an instrument that allows economic support to companies whose income was affected due to the difficulties generated by the pandemic and that were unable to apply to the 2020 version of this benefit. Note that the new credits may be used for investment, working capital and to refinance FOGAPE credits already requested, term and guarantee coverage for up to 7 years (2028). In addition, stamp tax is exempted from payment, but the company must not be in default for more than 29 days in the financial system, and must not be in default for more than 60 days in the Bank. As of June 30, 2021, the Bank has processed 6,974 transactions amounting to MCh$661,900 for this type of loan.

NOTE 3 - SIGNIFICANT EVENTS, CONTINUED

j) Capital increase in Transbank S.A.

At the Extraordinary Shareholders' Meeting of Transbank S.A. of April 22, 2021, the shareholders agreed to increase share capital by MCh$ 30,000 through the issuance of 152,905,194 new shares. The funds obtained by such company will be used to comply with the minimum capital requirements and liquidity reserves established in Chapter III.J.2 of the Summary of Financial Regulations issued by the Central Bank of Chile for payment card operators. On May 5, 2021, the Bank made a contribution of MCh$ 872 resulting in ownership percentage of 9.54408%.

NOTE 4 – BUSINESS COMBINATION

Acquisition of National Bank acquisition

i. General aspects

On October 9, 2020, Banco de Crédito e Inversiones, through its indirect subsidiary City National Bank of Florida (hereinafter "CNB") acquired Executive National Bank by buying a 100% interest.

With this transaction, BCI reinforces its strategy of consolidating its presence in the market of the State of Florida, in the United States of America, expanding CNB's presence in this State through the growth of its customer base, offering exceptional service and a personalized experience. The Bank paid a total of US$62 million, equivalent in Chilean pesos to MCh$49,930, for this acquisition.

ii. Description of Acquired Bank

Executive National Bank is the investment company that merges with CNB, with the latter becoming the absorbing and legal successor to Executive National Bank

Executive National Bank is a leading retail and commercial banking financial institution in South Florida and has more than 40 years of presence in Miami, where its headquarters are located, offering a wide range of financial services, to small businesses and individuals.

At the time of acquisition, Executive National Bank had a loan portfolio of MCh$270,881, deposits of MCh$365,903 and equity of MCh$36,062, equivalent to 0.75%, 1.24% and 0.91% of the consolidated respective balances of such accounts in consolidation as of September 30,2020.

iii. Main reasons for the purchase

This operation is another step in BCI's decision of increasing its presence in Florida , an attractive market because of its size and growth; therefore, the Bank plans to become a platform with regional coverage, to accompany its clients as they expand their operations outside of Chile, through BCI Miami Branch, BCI Securities, City National Bank of Florida and representative offices.

This represents an advance of BCI's strategic objective of generating new sources of income; having a geographic diversification that allows the company not only to diversify risks, but also having access to new markets and clients; and serving current clients seeking solutions at a regional level. Therefore, the Bank is able to expend in Latin America.

With this transaction, City National Bank of Florida reached the consolidated assets for US$18 billion (or US$18,000 million). This growth will improve the position of the Bank as a leading competitor in the Miami market.

NOTE 4 – BUSINESS COMBINATION, CONTINUED

i. Detail of assets acquired, and liabilities assumed at fair value

The following is detail of assets and liabilities assumed at fair value of Executive National Bank at the acquisition date, as of October 9, 2020:

	Fair value recognized on date of acquisition (Provisional)	Reference
	MCh$	
ASSETS		
Cash and deposits in banks	107,282	
Items in course of collection	-	
Trading portfolio financial assets	22,282	**a**
Liabilities under agreements to repurchase	-	
Derivative financial liabilities	6,113	
Loans and receivables to banks, net	-	
Loans and receivables from customers, net	267,439	**b**
Financial investments available for sale	-	
Financial investments held to maturity	-	
Investments in other companies	-	
Intangible assets	4,482	**c**
Property, plant and equipment	2,664	**d**
Current and deferred taxes	384	**e**
Other assets	3,243	**f**
TOTAL ASSETS	**413,889**	
LIABILITIES		
Current accounts and demand deposits	356,702	**g**
Items in course of collection	-	
Liabilities under agreements to repurchase	-	
Deposits and other term loans	8,904	**g**
Derivative financial liabilities	6,113	
Borrowings from financial institutions	-	
Debt issued	-	
Other financial liabilities	4,210	**h**
Current and deferred taxes	-	
Provisions	-	
Other liabilities	2,617	**i.**
TOTAL LIABILITIES	**378,546**	
Total net identifiable assets at fair value	**35,343**	
Goodwill arising from acquisition	14,087	**j**
Consideration transferred in exchange for the acquire	**49,430**	
Net cash received with subsidiary (including cash flow from investing activities)	107,282	
Payment in cash	(49,430)	
Net cash difference	**57,852**	

NOTE 4 – BUSINESS COMBINATION, CONTINUED

The fair value adjustments presented have been determined on a provisional basis. The valuation process was carried out by qualified professionals independent from BCI Management and their external auditors. Fair value is defined as the price that would be received for selling an asset or that would be paid for transferring a liability in an orderly transaction between market participants at the valuation date, or acquisition in the case of BCI.

The way to determine the fair values at the date of purchase of the assets acquired and liabilities assumed is as follows:

a) Instruments for trading are valued at fair value in accordance with market prices on the date of the transaction.

b) Loans and accounts receivable from customers are presented net of provisions, unearned income and unaccreted amounts. The client portfolio is not impaired in value and the contractual cash flows are expected to be received in full.

c) Intangibles, this valuation corresponds to two concepts:

    a. Derecognition of goodwill generated in the previous acquisition or business combination which is present in the Executive National Bank financial statements,

    b. Assets identified through business combination, which will be detailed in the following table:

Summary of intangibles identified in the business combination

Detail	Amount MCh$	Type	Useful life
Core deposits	3,667	Amortizable	8 years

Core deposits

Executive National Bank 's term deposits available to finance the placement of loans placed at a rate below the current market placement rates.

NOTE 4 – BUSINESS COMBINATION, CONTINUED

d) Adjustment related to Property, plant and equipment, corresponds to revaluation of Executive National Bank 's buildings.

e) Deferred tax asset corresponds to the tax effect associated with loans and intangibles recorded in the acquisition.

f) Other assets was adjusted to fair value based on the derecognition of low value and brand assets.

g) Deposits and other term deposits corresponds to valuations at market rates to recognize the deposits at fair value.

h) Other financial liabilities correspond to the valuations at market rates of Banco Federal de Préstamos Hipotecarios. (Federal Home Loan Bank)

i) Other liabilities correspond to severance indemnities payment obligations.

j) Goodwill

This corresponds to the goodwill generated on the acquisition of Executive National Bank and 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 equity interest (if any) in the acquiree over the net amounts at the acquisition date of the identifiable assets acquired and liabilities assumed. If, after reassessment, the net amounts at the acquisition date of the identifiable assets acquired and liabilities assumed exceed 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), such excess is recognized immediately in net income as a bargain purchase gain. Goodwill generated is not deductible for tax purposes.

Intangible assets will be subject to an impairment test according to the definitions and terms of IAS 36 for the asset value impairment.

iv. Other considerations

a) In the business combination, no contingent assets and liabilities were identified, nor contingent consideration.

b) Transaction costs related to the acquisition amounted to approximately US$900,000, which mainly corresponds to external legal advice and due diligence costs.

NOTE 5 - INFORMATION BY SEGMENTS

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 and whose performance is measured in a similar way, thus part of the same reporting segment. In general, this aggregation does not have any significant impact for understanding the nature and effects of the Bank's business activities and the economic environment in which it operates.

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

The allocation of the results of asset and liability management of the reporting segments is performed according to the composition of assets of each business.

1. 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.

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

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 tabulated.

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

Retail Banking Segment: This segment includes individuals and entities with sales and incomes up to UF80,000, annual.

Retail Banking: Individuals. Individuals, Preferential, and Nova.

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 is composed of companies whose annual sales exceed UF80,000, with the following operating segments:

This segment is composed of companies whose annual sales exceed UF80,000 (Companies, Large Companies and Real Estate) and large corporations, and financial institutions (Corporate).

Finance Segment: This segment includes financial position intermediation and the management of the Bank's own investments. It also considers high net worth clients and investors with high value financial service needs (Private Banking).

NOTE 5 – INFORMATION BY SEGMENTS, CONTINUED

BCI Financial Group: corresponds to business and operations carried out in the United States through the City National Bank of Florida (CNB), which operates as an independent unit, under the senior management supervision in Chile.

Financial Services: corresponds to the businesses associated with the issuance and operation of BCI Lider Mastercard and Presto credit cards, the origination of advances and brokerage of personal insurance, among others, which operates as an independent unit, under the supervision of BCI's top management.

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

Income from subsidiaries allocation by client:

Consistent with its customer-focused strategy, management of the above segments considers each segment's income and expenses recorded in the subsidiaries as a result of the customer service in each segment, as well as the gain or loss from the distribution desk and the leasing business.

Investment 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 center 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 centers, 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 periods ended June 30, 2021 and 2020.

The management of the above-mentioned commercial areas is measured with the concepts presented in this note, which is based on the accounting principles applied to the Bank's Interim Consolidated Statements of Income.

NOTE 5 – INFORMATION BY SEGMENTS, CONTINUED

a) Profit or loss in 2021:

	As of June 30, 2021							
	Personal banking	**Small & Medium Entities**	**Wholesale**	**Finance**	**BCI Financial Group**	**Financial Services**	**Other**	**Consolidated balances**
	MCh$	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Net interest and indexation income	240,623	88,191	188,119	(107,672)	186,016	56,876	162,365	**814,518**
Net fee and commission income	74,918	16,979	33,050	4,777	16,320	10,759	(33)	**156,770**
Other operating income	2,480	5,500	32,092	141,490	9,049	5,365	(170,715)	**25,261**
Operating income	**318,021**	**110,670**	**253,261**	**38,595**	**211,385**	**73,000**	**(8,383)**	**996,549**
Provision for loan losses Impairment of repossessed assets	(29,493)	(32,030)	(21,270)	(2,969)	(73)	(12,710)	(61,423)	**(159,968)**
Operating income, net	**288,528**	**78,640**	**231,991**	**35,626**	**211,312**	**60,290**	**(69,806)**	**836,581**
Total operating expenses	(181,985)	(52,214)	(76,744)	(33,735)	(98,428)	(36,266)	(27,105)	**(506,477)**
OPERATING INCOME	**106,543**	**26,426**	**155,247**	**1,891**	**112,884**	**24,024**	**(96,911)**	**330,104**
Share of profits of investments accounted for using the equity method								**(376)**
Profit or loss before income tax								**329,728**
Income tax								**(57,974)**
CONSOLIDATED PROFIT OR LOSS FOR THE PERIOD								**271,754**

b) Business volume in 2021:

	As of June 30, 2021						
	Personal banking	**Small & Medium Entities**	**Wholesale**	**Finance**	**BCI Financial Group**	**Financial Services**	**Consolidated balances**
	MCh$	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**
ASSETS	11,772,431	3,006,571	9,584,917	18,089,683	14,852,414	612,018	**57,918,034**
LIABILITIES	7,334,446	2,206,767	9,885,817	20,599,949	13,340,996	518,172	**53,886,147**
EQUITY							**4,031,887**

NOTE 5 – INFORMATION BY SEGMENTS, CONTINUED

c) Profit or loss in 2020:

	As of June 30, 2020							
	Personal banking	**Small & Medium Entities**	**Wholesale**	**Finance**	**BCI Financial Group**	**Financial Services**	**Other**	**Consolidated balances**
	MCh$	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Net interest and indexation income	233,833	87,028	180,347	121,139	177,983	63,453	(153,310)	**710,473**
Net fee and commission income	83,083	18,491	31,309	2,672	16,641	19,631	(3,278)	**168,549**
Other operating income	3,336	2,236	26,265	(61,186)	3,588	4,940	169,468	**148,647**
Operating income	**320,252**	**107,755**	**237,921**	**62,625**	**198,212**	**88,024**	**12,880**	**1,027,669**
Provision for loan losses Impairment of repossessed assets	(116,492)	(39,436)	(38,102)	(3,123)	(37,295)	(58,179)	(30,107)	**(322,734)**
Operating income, net	**203,760**	**68,319**	**199,819**	**59,502**	**160,917**	**29,845**	**(17,227)**	**704,935**
Total operating expenses	(188,266)	(49,733)	(71,126)	(31,216)	(94,945)	(35,172)	(19,745)	**(490,203)**
OPERATING INCOME	**15,494**	**18,586**	**128,693**	**28,286**	**65,972**	**(5,327)**	**(36,972)**	**214,732**
Share of profits of investments accounted for using the equity method								**1,152**
Profit or loss before income tax								**215,884**
Income tax								**(56,774)**
CONSOLIDATED PROFIT OR LOSS FOR THE PERIOD								**159,110**

d) Business volume in 2020:

	As of June 30, 2020						
	Personal banking	**Small & Medium Entities**	**Wholesale**	**Finance**	**BCI Financial Group**	**Financial Services**	**Consolidated balances**
	MCh$	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**
ASSETS	11,182,636	2,902,603	10,233,987	21,495,972	14,368,501	689,558	**60,873,257**
LIABILITIES	5,268,902	1,873,411	12,677,991	23,636,975	12,799,468	640,344	**56,897,091**
EQUITY							**3,976,166**

NOTE 6 - 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, are as follows:

	As of June 30		As of December 31
	2021	**2020**	**2020**
	MCh$	**MCh$**	**MCh$**
Cash and deposits in banks			
Cash	578,673	508,996	608,987
Deposits in Central Bank of Chile (*)	917,376	2,211,565	1,708,329
Deposits in domestic banks	15,848	11,291	20,945
Deposits in foreign banks	2,139,931	1,470,074	2,259,606
Subtotal cash and deposits in banks	**3,651,828**	**4,201,926**	4,597,867
Items in course of collection, net	(10,558)	(311,543)	35,272
Highly liquid financial instruments	1,645,274	1,608,910	625,391
Repurchase agreements	162,391	158,977	156,448
Total cash and cash equivalents	**5,448,935**	**5,658,270**	**5,414,978**

(*) 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 course of collection

Itemsduringcollectioncorrespondtothosetransactionspendingsettlementwhichwillincrease or decrease deposits in Central Bank of Chile or in foreign banks, usually within 12 or 24 hours. At the end of each period, these operations are presented according to the following detail:

	As of June 30		As of December 31
	2021	**2020**	**2020**
	MCh$	**MCh$**	**MCh$**
Assets			
Outstanding notes from other Banks	79,165	68,464	71,092
Funds receivable	328,677	412,139	165,618
Subtotal assets	407,842	480,603	**236,710**
Liabilities			
Funds payable	418,400	792,146	201,438
Subtotal liabilities	418,400	792,146	**201,438**
Items in course of collection, net	**(10,558)**	**(311,543)**	**35,272**

NOTE 7 - TRADING PORTFOLIO FINANCIAL ASSETS

The following is the detail of trading portfolio financial assets as of June 30, 2021 and December 31, 2020:

	As of June 30	As of December 31
	2021	2020
	MCh$	MCh$
Instruments of the state and Central Bank of Chile (*)		
Bonds of the Central Bank of Chile	5,726	5,239
Promissory notes of the Central Bank of Chile	113,370	189,001
Other instruments of the State and Central Bank of Chile	131,122	242,844
Instruments of other domestic institutions:		
Bonds	90,073	397,541
Term deposits	65,182	119,599
Letters of credit	7,058	4,160
Documents issued by other financial institutions	9,087	68,613
Other instruments	19,311	19,388
Instruments of other foreign institutions:		
Other instruments	2,548	3,463
Investments in mutual funds:		
Funds administered by related parties	36,324	61,441
Funds administered by third parties	46,850	35,990
Total	**526,651**	**1,147,279**

(*) As of June 30, 2021 and December 31, 2020, the Bank holds instruments issued by the Central Bank of Chile, classified under “Instruments of the State and Central Bank of Chile” for MCh$11,741 and MCh$44,684, respectively.

NOTE 8 - INVESTMENTS UNDER AGREEMENTS TO RESELL AND LIABILITIES UNDER AGREEMENTS TO REPURCHASE

a) Securities purchased under agreements to resell:

	Maturity of the agreement						
	Up to 3 months		Between 3 months and 1 year		Over 1 year		
Type of entity		Average rate		Average rate		Average rate	As of June 30, 2021
	MCh$	%	MCh$	%	MCh$	%	MCh$
Individuals and/or related parties	-	-	-	-	-	-	**-**
Domestic banks	-	-	-	-	-	-	**-**
Securities brokers	11,938	0.22	2,967	0.24	-	-	**14,905**
Other domestic financial institutions	-	-	-	-	-	-	**-**
Foreign financial institutions	-	-	-	-	-	-	**-**
Other legal and/or natural persons	150,453	0.10	49,927	0.18	-	-	**200,380**
Total	**162,391**		**52,894**		**-**		**215,285**

	Maturity of the agreement						
	Up to 3 months		Between 3 months and 1 year		Over 1 year		
Type of entity		Average rate		Average rate		Average rate	As of December 31, 2020
	MCh$	%	MCh$	%	MCh$	%	MCh$
Individuals and/or related parties	-	-	-	-	-	-	**-**
Domestic banks	-	-	-	-	-	-	**-**
Securities brokers	4,955	0.14	895	0.12	-	-	**5,850**
Other domestic financial institutions	-	-	-	-	-	-	**-**
Foreign financial institutions	-	-	-	-	-	-	**-**
Other legal and/or natural persons	151,493	0.08	32,905	0.11	-	-	**184,398**
Total	**156,448**		**33,800**		**-**		**190,248**

NOTE 8 - 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 and 1 year		Over 1 year		
Type of entity		**Average rate**		**Average rate**		**Average rate**	**As of June 30, 2021**
	MCh$	**%**	**MCh$**	**%**	**MCh$**	**%**	**MCh$**
Individuals and/or related parties	-	-	-	-	-	-	**-**
Domestic banks	-	-	-	-	-	-	**-**
Securities brokers	-	-	-	-	-	-	-
Other domestic financial institutions	50,000	0.03	-	-	-	-	**50,000**
Foreign financial institutions	-	-	-	-	-	-	**-**
Other legal and/or natural persons	166,041	0.01	-	-	-	-	**166,041**
Total	**216,041**		**-**				**216,041**

	Maturity of the agreement						
	Up to 3 months		Between 3 months and 1 year		Over 1 year		
Type of entity		**Average rate**		**Average rate**		**Average rate**	**As of December 31, 2020**
	MCh$	**%**	**MCh$**	**%**	**MCh$**	**%**	**MCh$**
Individuals and/or related parties	-	-	-	-	-	-	**-**
Domestic banks	52,018	0.04	-	-	-	-	**52,018**
Securities brokers	-	-	-	-	-	-	**-**
Other domestic financial institutions	79,997	0.03	-	-	-	-	**79,997**
Foreign financial institutions	-	-	-	-	-	-	**-**
Other legal and/or natural persons	218,222	0.07	77	0.06	-	-	**218,299**
Total	**350,237**		**77**		**-**		**350,314**

NOTE 9 - DERIVATIVE FINANCIAL AGREEMENTS AND HEDGE ACCOUNTING

a) As of June 30, 2021 and December 31, 2020, the Bank and its subsidiaries held the following portfolio of derivative instruments:

As of June 30, 2021

	Notional Amount		Fair value	
	Assets	**Liabilities**	**Assets**	**Liabilities**
	MCh$	**MCh$**	**MCh$**	**MCh$**
Trading Derivatives				
Forwards	30,670,480	30,262,795	301,620	321,947
Swaps	102,428,061	101,285,519	2,555,218	2,560,175
Call Options	83,207	86,166	1,366	1,390
Put Options	110,335	107,994	1,061	2,400
Futures	73,223	73,223	337	343
Other	-	-	-	-
Subtotal	**133,365,306**	**131,815,697**	**2,859,602**	**2,886,255**
Fair Value Hedge Derivatives				
Forwards	-	-	-	-
Swaps	2,534,412	1,728,049	246,993	65,194
Call Options	-	-	-	-
Put Options	-	-	-	-
Futures	-	-	-	-
Other	-	-	-	-
Subtotal	**2,534,412**	**1,728,049**	**246,993**	**65,194**
Cash Flow Hedge Derivatives				
Forwards	-	415,120	5,478	7,439
Swaps	2,151,006	4,262,514	905,739	1,103,200
Call Options	-	-	-	-
Put Options	-	-	-	-
Futures	-	-	-	-
Other	-	-	-	-
Subtotal	**2,151,006**	**4,677,634**	**911,217**	**1,110,639**
Total	**138,050,724**	**138,221,380**	**4,017,812**	**4,062,088**

NOTE 9 - DERIVATIVE FINANCIAL AGREEMENTS AND HEDGE ACCOUNTING, CONTINUED

As of December 31, 2020

	Notional Amount		Fair value	
	Assets	**Liabilities**	**Assets**	**Liabilities**
	MCh$	**MCh$**	**MCh$**	**MCh$**
Trading Derivatives				
Forwards	29,425,884	28,023,386	527,822	562,464
Swaps	121,459,609	119,407,296	3,887,843	3,960,328
Call Options	112,745	125,696	664	518
Put Options	114,710	120,516	3,846	4,868
Futures	3	3	-	238
Other	-	-	-	-
Subtotal	**151,112,951**	**147,676,897**	**4,420,175**	**4,528,416**
Fair Value Hedge Derivatives				
Forwards	-	-	-	-
Swaps	1,455,209	1,057,972	208,858	78,803
Call Options	-	-	-	-
Put Options	-	-	-	-
Futures	-	-	-	-
Other	-	-	-	-
Subtotal	**1,455,209**	**1,057,972**	**208,858**	**78,803**
Cash Flow Hedge Derivatives				
Forwards	-	287,380	3,573	4,106
Swaps	2,116,451	2,970,952	819,291	1,182,029
Call Options	-	-	-	-
Put Options	-	-	-	-
Futures	-	-	-	-
Other	-	-	-	-
Subtotal	2,116,451	**3,258,332**	**822,864**	**1,186,135**
Total	**154,684,611**	**151,993,201**	**5,451,897**	**5,793,354**

NOTE 9 - DERIVATIVE FINANCIAL AGREEMENTS AND HEDGE ACCOUNTING, CONTINUED

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 to protect against changes in the base interest rate. These hedges reduce the risk related to fair value changes due to changes in the interest rate or foreign exchange rates, among others.

The following tables provide a summary of the hedged items and hedging instruments for fair value hedge accounting as of June 30, 2021 and December 31, 2020:

	As of June 30, 2021		**As of December 31, 2020**	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Hedged item	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Bonds issued MX/MN	-	1,534,237	-	976,348
Term deposits MN	-	725,600	-	219,061
Investment MX	1,276,460	-	514,357	-
Macro hedge MN, MX	451,589	-	543,615	-
Obligations MN	-	274,575	-	259,800
Total	**1,728,049**	**2,534,412**	**1,057,972**	**1,455,209**

	As of June 30, 2021		**As of December 31, 2020**	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Hedging instrument	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Cross Currency Swaps	492,807	498,879	396,601	591,271
Interest rate Swap MN	725,600	440,306	219,061	-
Interest rate Swap MX	1,316,005	788,864	839,547	466,701
Total	**2,534,412**	**1,728,049**	**1,455,209**	**1,057,972**

MX: Foreign currency
MN: Domestic currency

NOTE 9 - DERIVATIVE FINANCIAL AGREEMENTS AND HEDGE ACCOUNTING, CONTINUED

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 fair value hedge accounting as of June 30, 2021 and December 31, 2020:

	As of June 30, 2021		As of December 31, 2020	
	Assets	Liabilities	Assets	Liabilities
Hedged item	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Assets UF > 1Y	3,377,339	-	1,992,524	-
Future obligations US$	-	65,898	-	64,060
Term deposits Ch$	-	1,885,386	-	1,853,524
Assets UF	322,168	-	313,183	-
Credits MX	494,235	-	480,451	-
Bond MN/MX	439,320	199,722	427,068	198,867
Assets US$	44,572	-	45,106	-
Total	**4,677,634**	**2,151,006**	**3,258,332**	**2,116,451**

	As of June 30, 2021		As of December 31, 2020	
	Assets	Liabilities	Assets	Liabilities
Hedging instrument	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Cross Currency Swaps	265,620	3,120,961	262,927	2,047,163
Forward UF	-	395,141	-	284,889
Swap MX	-	494,235	-	480,451
Forward US$	-	19,979	-	2,491
Swap rate	1,885,386	647,318	1,853,524	443,338
Total	**2,151,006**	**4,677,634**	**2,116,451**	**3,258,332**

MX: Foreign currency
MN: Domestic currency

NOTE 9 - DERIVATIVE FINANCIAL AGREEMENTS AND HEDGE ACCOUNTING, CONTINUED

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

Periods of expected future cash flows

	As of June 30, 2021				
	Within 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years	Total
Hedged item	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Cash inflows	571,025	4,358,846	2,584,866	191,982	7,706,719
Cash outflows	(623,565)	(4,365,432)	(2,356,755)	(225,149)	(7,570,901)
Net cash flows	**(52,540)**	**(6,586)**	**228,111**	**(33,167)**	**135,818**
Hedging instrument					
Cash inflows	623,565	4,365,432	2,356,755	225,149	7,570,901
Cash outflows	(571,025)	(4,358,846)	(2,584,866)	(191,982)	(7,706,719)
Net cash flows	**52,540**	**6,586**	**(228,111)**	**33,167**	**(135,818)**

Periods of expected future cash flows

	As of December 31, 2020				
	Within 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years	Total
Hedged item	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Cash inflows	633,123	3,353,185	2,235,947	79,268	6,301,523
Cash outflows	(641,547)	(3,184,154)	(1,935,290)	(94,781)	(5,855,772)
Net cash flows	**(8,424)**	**169,031**	**300,657**	**(15,513)**	**445,751**
Hedging instrument					
Cash inflows	641,547	3,184,154	1,935,290	94,781	5,855,772
Cash outflows	(633,123)	(3,353,185)	(2,235,947)	(79,268)	(6,301,523)
Net cash flows	**8,424**	**(169,031)**	**(300,657)**	**15,513**	**(445,751)**

NOTE 10 - LOANS AND RECEIVABLES FROM BANKS

a) As of June 30, 2021 and December 31, 2020, balances for this concept are the following:

	As of June 30 2021	As of December 31 2020
	MCh$	**MCh$**
Domestic banks		
Highly liquid interbank loans	-	-
Allowance for loans with domestic banks	-	-
Foreign banks		
Commercial interbank loans	418,482	357,032
Allowance for loans with foreign banks	(446)	(363)
Total	**418,036**	**356,669**

b) The rollforward as of June 30, 2021 and December 31, 2020 of provisions and impairment is as follows:

	As of June 30, 2021			As of December 31, 2020		
Detail	**Domestic banks**	**Foreign banks**	**Total**	**Domestic banks**	**Foreign banks**	**Total**
	MCh$	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Balance as of January 1	**-**	**363**	**363**	**-**	**505**	**505**
Write-offs	-	-	-	-	-	-
Allowances established	-	83	**83**	-	-	**-**
Allowances released	-	-	**-**	-	(142)	**(142)**
Impairment	-	-	-	-	-	-
Reversal of impairment	-	-	-	-	-	-
Balances	**-**	**446**	**446**	**-**	**363**	**363**

NOTE 11 – LOANS TO AND RECEIVABLES FROM CUSTOMERS

a) Loans and receivables from customers

As of June 30, 2021 and December 31, 2020, the composition of the loan portfolio was as follows:

	Assets before allowances				Allowances established			
As of June 30, 2021	**Normal portfolio**	**Substandard portfolio**	**Non-compliant portfolio**	**Total**	**Individual allowance**	**Collective allowance**	**Total**	**Net assets**
	MCh$	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Commercial loans:								
Commercial loans (*)	17,581,565	1,659,052	780,774	20,021,391	(223,381)	(169,061)	(392,442)	19,628,949
Foreign trade loans	799,444	35,102	146	834,692	(14,865)	(403)	(15,268)	819,424
Current accounts receivable	84,205	5,657	9,718	99,580	(1,652)	(5,844)	(7,496)	92,084
Factoring operations	807,513	8,935	1,685	818,133	(6,891)	(1,822)	(8,713)	809,420
Student Loans	122,695	-	19,845	142,540	-	(5,124)	(5,124)	137,416
Consumer leasing transactions	1,376,683	72,699	37,852	1,487,234	(15,655)	(7,627)	(23,282)	1,463,952
Other loans and receivables	47,149	537	8,029	55,715	(593)	(5,072)	(5,665)	50,050
Subtotal	**20,819,254**	**1,781,982**	**858,049**	**23,459,285**	**(263,037)**	**(194,953)**	**(457,990)**	**23,001,295**
Mortgage loans:								
Letters of credit	4,096	-	305	4,401	-	(9)	(9)	4,392
Negotiable mortgage loans	1,598,209	-	19,375	1,617,584	-	(5)	(5)	1,617,579
Other mortgage loans	7,575,527	-	241,042	7,816,569	-	(51,148)	(51,148)	7,765,421
Consumer leasing transactions	-	-	-	-	-	-	-	-
Other loans and receivables	130,288	-	8,185	138,473	-	(854)	(854)	137,619
Subtotal	**9,308,120**	**-**	**268,907**	**9,577,027**	**-**	**(52,016)**	**(52,016)**	**9,525,011**
Consumer loans:								
Consumer loans in installments	1,826,200	-	167,525	1,993,725	-	(125,905)	(125,905)	1,867,820
Current accounts receivable	54,353	-	8,074	62,427	-	(8,698)	(8,698)	53,729
Credit card borrowers	1,130,776	-	45,109	1,175,885	-	(72,185)	(72,185)	1,103,700
Consumer leasing transactions	440	-	4	444	-	(7)	(7)	437
Other loans and receivables	24,483	-	308	24,791	-	(583)	(583)	24,208
Subtotal	**3,036,252**	**-**	**221,020**	**3,257,272**	**-**	**(207,378)**	**(207,378)**	**3,049,894**
TOTAL	**33,163,626**	**1,781,982**	**1,347,976**	**36,293,584**	**(263,037)**	**(454,347)**	**(717,384)**	**35,576,200**

NOTE 11 – LOANS TO AND RECEIVABLES FROM CUSTOMERS, CONTINUED

As of December 31, 2020	Assets before allowances				Allowances established			
	Normal portfolio	Substandard portfolio	Non-compliant portfolio	Total	Individual allowance	Collective allowance	Total	Net assets
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Commercial loans:								
Commercial loans (*)	17,504,282	1,582,279	680,960	19,767,521	(233,967)	(170,030)	(403,997)	19,363,524
Foreign trade loans	666,961	33,733	279	700,973	(11,935)	(633)	(12,568)	688,405
Current accounts receivable	121,036	1,969	10,806	133,811	(1,560)	(6,652)	(8,212)	125,599
Factoring operations	907,285	14,026	2,305	923,616	(6,832)	(1,830)	(8,662)	914,954
Student Loans	125,148	-	21,082	146,230	-	(5,339)	(5,339)	140,891
Consumer leasing transactions	1,337,162	79,192	27,675	1,444,029	(14,089)	(7,028)	(21,117)	1,422,912
Other loans and receivables	47,615	366	9,566	57,547	(1,115)	(5,600)	(6,715)	50,832
Subtotal	**20,709,489**	**1,711,565**	**752,673**	**23,173,727**	**(269,498)**	**(197,112)**	**(466,610)**	**22,707,117**
Mortgage loans:								
Letters of credit	5,190	-	379	5,569	-	(9)	(9)	5,560
Negotiable mortgage loans	1,509,776	-	23,314	1,533,090	-	(10)	(10)	1,533,080
Other mortgage loans	7,056,103	-	214,884	7,270,987	-	(47,758)	(47,758)	7,223,229
Consumer leasing transactions	-	-	-	-	-	-	-	-
Other loans and receivables	132,021	-	4,034	136,055	-	(453)	(453)	135,602
Subtotal	**8,703,090**	**-**	**242,611**	**8,945,701**	**-**	**(48,230)**	**(48,230)**	**8,897,471**
Consumer loans:								
Consumer loans in installments	1,839,122	-	251,056	2,090,178	-	(176,326)	(176,326)	1,913,852
Current accounts receivable	56,790	-	8,595	65,385	-	(9,349)	(9,349)	56,036
Credit card borrowers	1,161,662	-	63,265	1,224,927	-	(89,010)	(89,010)	1,135,917
Consumer leasing transactions	728	-	34	762	-	(21)	(21)	741
Other loans and receivables	7,866	-	167	8,033	-	(486)	(486)	7,547
Subtotal	**3,066,168**	**-**	**323,117**	**3,389,285**	**-**	**(275,192)**	**(275,192)**	**3,114,093**
		-						
TOTAL	**32,478,747**	**1,711,565**	**1,318,401**	**35,508,713**	**(269,498)**	**(520,534)**	**(790,032)**	**34,718,681**

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

NOTE 11 - LOANS TO AND RECEIVABLES FROM CUSTOMERS, CONTINUED

The collateral received by the Bank with respect to the mortgage loan portfolio consists of cash, securities, accounts receivable, property and real estate assets, and guarantees, among others.

The Bank uses finance 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. Those are presented in the heading of leasing operations. As of June 30, 2021 and December 31, 2020, the Bank held approximately MCh$585,663 and MCh$575,648, respectively, of movable property under finance leases, and MCh$905,015 and MCh$869,143, respectively, of immovable property under finance lease arrangements.

The following tables provide a reconciliation between gross investment in and present value of minimum payments as of June 30, 2021 and December 31, 2020 as well as a maturity analysis at such dates:

.	As of June 30	As of December 31
	2021	**2020**
	MCh$	**MCh$**
Gross finance leases	1,652,656	1,612,395
Unaccrued finance income	(164,978)	(167,604)
Net finance leases	**1,487,678**	**1,444,791**

	As of June 30	As of December 31
	2021	**2020**
	MCh$	**MCh$**
Less than 1 year	354,901	350,850
Over 1 year and less than 5 years	640,506	633,074
Over 5 years	492,271	460,867
Total	**1,487,678**	**1,444,791**

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$4,188 as of June 30, 2021 and MCh$6,037 as of December 31, 2020 through the execution of collateral held on assets.

NOTE 11 - LOANS TO AND RECEIVABLES FROM CUSTOMERS, CONTINUED

b) Portfolio characteristics:

As of June 30, 2021 and December 31, 2020, the loan portfolio, before allowances, by type of customer economic activity is as follows:

	Domestic loans		Foreign loans		Total			
	As of June 30	As of December 31	As of June 30	As of December 31	As of June 30	As of December 31	As of June 30	As of December 31
	2021	2020	2021	2020	2021	2020	2021	2020
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	%	%
Commercial loans:								
Agriculture and livestock except fruit farming	363,900	362,664	135,413	136,201	499,313	498,865	1.38%	1.40%
Fruit farming	122,215	125,220	168,336	146,164	290,551	271,384	0.80%	0.76%
Forestry and wood extraction	122,312	124,884	20,769	21,085	143,081	145,969	0.39%	0.41%
Fishing	47,916	43,994	110,315	103,435	158,231	147,429	0.44%	0.42%
Mining	69,430	66,874	122,658	91,149	192,088	158,023	0.53%	0.45%
Crude oil and natural gas production	50,256	30,238	164,274	40,614	214,530	70,852	0.59%	0.20%
Food, beverage and tobacco industry	335,789	292,586	111,151	103,320	446,940	395,906	1.23%	1.11%
Textile and leather industry	53,582	53,125	11,653	22,471	65,235	75,596	0.18%	0.21%
Timber and furniture industry	69,301	61,224	6,746	4,065	76,047	65,289	0.21%	0.18%
Print and editorial industry	67,302	81,237	20,241	12,921	87,543	94,158	0.24%	0.27%
Chemical product, derived from oil, coal, rubber and plastic	167,371	165,965	65,633	49,065	233,004	215,030	0.64%	0.61%
Production of metal and non-metal products, machinery and equipment	500,553	501,233	158,274	119,339	658,827	620,572	1.82%	1.75%
Other manufacturing industries	35,255	39,508	215,493	211,081	250,748	250,589	0.69%	0.71%
Electricity, gas and water	314,937	270,663	328,566	309,253	643,503	579,916	1.77%	1.63%
Home construction	56,711	109,323	6,840	2,467	63,551	111,790	0.18%	0.31%
Other construction	1,425,714	1,571,475	229,547	257,667	1,655,261	1,829,142	4.56%	5.15%
Wholesale business	1,205,637	1,183,063	403,997	387,691	1,609,634	1,570,754	4.44%	4.42%
Retail, restaurants and hotels	920,286	972,932	1,385,465	1,378,470	2,305,751	2,351,402	6.35%	6.62%
Transporting and storage	580,018	522,923	561,459	574,164	1,141,477	1,097,087	3.15%	3.09%
Communications	186,986	270,543	169,713	182,757	356,699	453,300	0.98%	1.28%
Financial and insurance companies	2,138,868	2,271,488	391,260	399,290	2,530,128	2,670,778	6.97%	7.52%
Real estate and service providers	2,134,099	2,100,433	2,665,245	2,757,274	4,799,344	4,857,707	13.22%	13.68%
Communal, social and personal services	2,258,039	2,255,641	2,779,760	2,386,548	5,037,799	4,642,189	13.88%	13.07%
Subtotal	**13,226,477**	**13,477,236**	**10,232,808**	**9,696,491**	**23,459,285**	**23,173,727**	**64.64%**	**65.26%**
Mortgage loans	7,962,439	7,416,285	1,614,588	1,529,416	9,577,027	8,945,701	26.39%	25.19%
Consumer loans	3,203,948	3,326,941	53,324	62,344	3,257,272	3,389,285	8.97%	9.54%
Total	**24,392,864**	**24,220,462**	**11,900,720**	**11,288,251**	**36,293,584**	**35,508,713**	**100.00%**	**100.00%**

NOTE 11 - LOANS TO AND RECEIVABLES FROM CUSTOMERS, NET, CONTINUED

c) Provisions

The changes in allowances for loan losses as of June 30, 2021 and December 31, 2020:

	As of June 30, 2021			As of December 31, 2020		
	Individual allowance	Collective allowance	Total	Individual allowance	Collective allowance	Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Balances as of January 1,	**269,498**	**520,534**	**790,032**	**189,281**	**479,040**	**668,321**
Portfolio write-offs:						
Commercial loans	(9,030)	(36,667)	(45,697)	(42,323)	(64,632)	(106,955)
Mortgage loans	-	(3,681)	(3,681)	-	(7,896)	(7,896)
Consumer loans	-	(112,225)	(112,225)	-	(334,383)	(334,383)
Total Write-offs	**(9,030)**	**(152,573)**	**(161,603)**	**(42,323)**	**(406,911)**	**(449,234)**
Allowances established	53,098	161,792	214,890	146,828	496,987	643,815
Release of allowances	(19,422)	(75,406)	(94,828)	(24,288)	(48,582)	(72,870)
Use of allowances(*)	(31,107)	-	(31,107)			
Ending balance	**263,037**	**454,347**	**717,384**	**269,498**	**520,534**	**790,032**

(*) On April 30, the Bank conducted an exchange of the loan transactions it had with the Enjoy S.A. for R, Q, T and S series bonds of such, which were exchanged under the same terms and conditions of the loan transactions.

Bonds exchanged were classified as available for sale and entered into this portfolio for the value of the loan transactions operations net of an allowance account for credit risk (use of the allowance of MCh$ 2,035).

The exchange was generated considering the observable market value of an identical asset under its conditions and taking care that there are no effects on profit or loss that are not explained by a variation in the asset's market value.

Such exchange was performed in accordance with the bankruptcy agreement signed on August 14, 2020, which provides the option to use Enjoy S.A. Credit. (placement) in two Senior and Junior bonds (series F and G, respectively).

Additionally, on May 18, 2021, the Bank generated the assignment of loan transactions of the customer Agrogestion Vitra S.A. Such assignment generated a payment for sale of portfolio of 40% of the debt recorded in BCI for a total of US $ 45,469,991.89 (MCh$ 32,620).

As of the payment date, the customer had a risk rating in the individual portfolio of C6, accordingly, its allowance corresponds to 90% of such debt, which is equivalent to MCh$ 29,072.

NOTE 11 - LOANS TO AND RECEIVABLES FROM CUSTOMERS, NET, CONTINUED

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" (See Note 21). Therefore, the total amount of allowances and provisions for credit risk constituted for different concepts corresponds to the following:

	As of June 30	As of December 31
	2021	**2020**
	MCh$	**MCh$**
Individual and collective allowance (*)	717,384	790,032
Provisions for contingent credit risk (Note 21)	56,897	51,593
Additional provisions (Note 21)	234,241	160,176
Minimum provision 0.50% (Note 21)	-	-
Provisions for country risk (Note 21)	3,640	3,608
Allowances on loans and receivables to banks (Note 10)	446	363
Total	**1,012,608**	**1,005,772**

(*) As of June 30, 2021 and December 31, 2020 the Bank has established provisions totaling MCh$ 38,436 and MCh$ 29,276, respectively, to cover the FOGAPE Covid-19 deductible guarantees, associated with commercial banking loans.

NOTE 11 - LOANS TO AND RECEIVABLES FROM CUSTOMERS, CONTINUED

During the period 2021 and year 2020, the Bank has not participated in any purchase, sale, substitution or swap of the loan portfolio with other financial institutions, except for operations disclosed in these interim consolidated financial statements.

d) Collateral

Impaired loan portfolio, secured and unsecured, before allowances for loan losses, as of June 30, 2021 and December 31, 2020 was as follows:

	As of June 30, 2021				As of December 31, 2020			
	Commercial	Mortgage	Consumer	Total	Commercial	Mortgage	Consumer	Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Secured debt	855,495	266,325	58,013	1,179,833	813,030	236,927	77,433	**1,127,390**
Unsecured debt	118,654	2,582	163,007	284,243	129,139	5,684	245,684	**380,507**
Total	**974,149**	**268,907**	**221,020**	**1,464,076**	**942,169**	**242,611**	**323,117**	**1,507,897**

e) Past due portfolio

The past due portfolio (overdue for 90 days or more) as of June 30, 2021 and December 31, 2020 was as follows:

	As of June 30, 2021				As of December 31, 2020			
	Commercial	Mortgage	Consumer	Total	Commercial	Mortgage	Consumer	Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Secured debt	215,107	71,993	7,387	**294,487**	198,888	74,984	6,621	**280,493**
Unsecured debt	45,784	2,065	51,790	**99,639**	72,893	3,133	61,137	**137,163**
Total	**260,891**	**74,058**	**59,177**	**394,126**	**271,781**	**78,117**	**67,758**	**417,656**

NOTE 11 – LOANS TO AND RECEIVABLES FROM CUSTOMERS, CONTINUED

f) Normal, substandard and non-compliant portfolio:

	As of June 30, 2021															
	Normal				Substandard				Non-compliant				Total portfolio			
	Commercial	Mortgage	Consumer	Total Normal	Commercial	Mortgage	Consumer	Total substandard	Commercial	Mortgage	Consumer	Total non-compliant	Commercial	Mortgage	Consumer	Total portfolio
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Portfolio Current	20,605,945	9,275,910	3,030,494	32,912,349	1,745,853	-	-	1,745,853	616,816	242,840	164,607	1,024,263	22,968,614	9,518,750	3,195,101	35,682,465
Overdue for 1 to 29 days	195,500	28,798	4,949	229,247	17,268	-	-	17,268	15,352	1,805	2,506	19,663	228,120	30,603	7,455	266,178
Overdue for 30 to 89 days	17,809	3,412	809	22,030	17,804	-	-	17,804	40,171	1,272	8,185	49,628	75,784	4,684	8,994	89,462
Overdue for 90 days or more	-	-	-	-	1,057	-	-	1,057	185,710	22,990	45,722	254,422	186,767	22,990	45,722	255,479
Total portfolio before allowances	**20,819,254**	**9,308,120**	**3,036,252**	**33,163,626**	**1,781,982**	**-**	**-**	**1,781,982**	**858,049**	**268,907**	**221,020**	**1,347,976**	**23,459,285**	**9,577,027**	**3,257,272**	**36,293,584**
Past due loans (less than 90 days in default) as a percentage of the portfolio	1.02%	0.35%	0.19%	0.76%	1.97%	0.00%	0.00%	1.97%	6.47%	1.14%	4.84%	5.14%	1.30%	0.37%	0.50%	0.98%
Past due loans (more than 90 days in default) as a percentage of the portfolio	0.00%	0.00%	0.00%	0.00%	0.06%	0.00%	0.00%	0.06%	21.64%	8.55%	20.69%	18.87%	0.80%	0.24%	1.40%	0.70%

NOTE 11 – LOANS TO AND RECEIVABLES FROM CUSTOMERS, CONTINUED

	As of December 31, 2020															
	Normal				Substandard				Non-compliant				Total portfolio			
	Commercial	Mortgage	Consumer	Total Normal	Commercial	Mortgage	Consumer	Total substandard	Commercial	Mortgage	Consumer	Total non-compliant	Commercial	Mortgage	Consumer	Total portfolio
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Portfolio Current	19,703,320	8,542,695	3,048,838	31,294,853	1,520,077	-	-	1,520,077	520,901	211,217	258,214	990,332	21,744,298	8,753,912	3,307,052	33,805,262
Overdue for 1 to 29 days	958,139	127,245	14,767	1,100,151	152,895	-	-	152,895	6,329	1,021	5,247	12,597	1,117,363	128,266	20,014	1,265,643
Overdue for 30 to 89 days	48,030	32,780	2,563	83,373	37,560	-	-	37,560	18,123	4,138	12,031	34,292	103,713	36,918	14,594	155,225
Overdue for 90 days or more	-	370	-	370	1,033	-	-	1,033	207,320	26,235	47,625	281,180	208,353	26,605	47,625	282,583
Total portfolio before allowances	**20,709,489**	**8,703,090**	**3,066,168**	**32,478,747**	**1,711,565**	**-**	**-**	**1,711,565**	**752,673**	**242,611**	**323,117**	**1,318,401**	**23,173,727**	**8,945,701**	**3,389,285**	**35,508,713**
Past due loans (less than 90 days in default) as a percentage of the portfolio	4.86%	1.84%	0.57%	3.64%	11.13%	0,00%	0,00%	11.13%	3.25%	2.13%	5.35%	3.56%	5.27%	1.85%	1.02%	4.00%
Past due loans (less than 90 days in default) as a percentage of the portfolio	0,00%	0,00%	0,00%	0,00%	0.06%	0,00%	0,00%	0.06%	27.54%	10.81%	14.74%	21.33%	0.90%	0.30%	1.41%	0.80%

NOTE 12 – FINANCIAL INVESTMENTS

As of June 30, 2021 and December 31, 2020, financial investments available for sale and held to maturity are as follows:

	As of June 30, 2021			As of December 31, 2020		
	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 (b)	2,800,742	-	2,800,742	1,840,936	-	1,840,936
Bonds or promissory notes of the Treasury	2,519,003	-	2,519,003	1,578,684	-	1,578,684
Other fiscal instruments	4,521	-	4,521	5,110	-	5,110
Other domestic instruments:						
Financial instruments issued by other domestic banks	990,021	-	990,021	913,288	-	913,288
Bonds and corporate commercial papers	8,558	-	8,558	11,792	-	11,792
Other domestic instruments:	2,360	-	2,360	2,443	-	2,443
Foreign instruments:						
Instruments issued by foreign states and central banks (c)	375,395	19,161	394,556	486,068	18,626	504,694
Other foreign instruments	3,861,239	281,931	4,143,170	3,157,719	6,518	3,164,237
Total	**10,561,839**	**301,092**	**10,862,931**	**7,996,040**	**25,144**	**8,021,184**

(a) As of June 30, 2021 and December 31, 2020, the Bank does not hold brokerage securities classified in the available for sale portfolio.

(b) As of June 30, 2021 and December 31, 2020, the Bank does not maintain instruments of the Central Bank of Chile, sold with repurchase agreements classified in the caption "Instruments issued by the Government and the Central Bank of Chile."

(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 the intent is to hold them to maturity.

As of June 30, 2021 and December 31, 2020, there is no evidence of impairment in the investment instruments available for sale.

NOTE 13 - INVESTMENTS IN OTHER COMPANIES

a) As of June 30, 2021 and December 31, 2020, principal investments in associates, joint ventures and other entities are detailed below:

	As of June 30, 2021				As of December 31, 2020			
Company	**Equity**	**Ownership**	**Investment value**	**Accrued profit or loss**	**Equity**	**Ownership**	**Investment value**	**Accrued profit or loss**
	MCh$	**%**	**MCh$**	**MCh$**	**MCh$**	**%**	**MCh$**	**MCh$**
Investments under equity method:								
Redbanc S.A.	9,185	12.71	1,167	74	8,663	12.71	1,101	(82)
Combanc S.A.	6,537	11.74	767	18	6,436	11.74	756	22
Transbank S.A.	52,971	9.54	5,055	(1,620)	67,336	8.72	5,871	(1,453)
Nexus S.A.	10,456	14.81	1,549	301	8,626	14.81	1,277	(1,341)
Servicio de Infraestructura de Mercado OTC S.A.	12,166	13.61	1,656	(11)	12,248	13.61	1,667	(26)
AFT S.A.	18,210	20.00	3,642	114	19,171	20.00	3,834	389
Centro de Compensación Automatizado S.A.	9,498	33.33	3,166	428	8,182	33.33	2,727	635
Sociedad Interbancaria de Depósitos de Valores S.A.	6,025	7.03	423	37	5,526	7.03	388	72
Pagos y Servicios S.A.	929	49.90	463	(282)	654	49.90	392	-
Investment measured at cost:								
SWIFT shares			56	-			56	-
Bladex shares			219	236			219	266
Other shares			459	100			429	119
Total			**18,622**	**(605)**			**18,717**	**(1,399)**
Investment in joint ventures								
Investments under equity method:								
Servipag Ltda.	13,235	50.00	6,618	(16)	13,268	50.00	6,634	488
Artikos Chile S.A.	2,169	50.00	1,085	245	2,547	50.00	1,274	553
Total			**7,703**	**229**			**7,908**	**1,041**
Total investments in other companies			**26,325**	**(376)**			**26,625**	**(358)**

NOTE 13 - INVESTMENTS IN OTHER COMPANIES, CONTINUED

b) The rollforward of investments in other companies as of June 30, 2021 and December 31, 2020, is as follows:

	As of June 30, 2021	As of December 31, 2020
	MCh$	MCh$
Balances as of January 1	**26,625**	**27,823**
Acquisition of investments	1,226	392
Share of profit or loss of equity-accounted investees	(376)	(358)
Dividends received	(239)	(388)
Adjustment for minimum dividend provision	(784)	(465)
Minimum dividends provision	(127)	(379)
Ending balance	**26,325**	**26,625**

NOTE 14 - INTANGIBLE ASSETS

a) The composition of intangible assets as of June 30, 2021 and December 31, 2020 was the following:

Concept	Average useful life years	Remaining average useful life years	As of June 30, 2021 Gross balance MCh$	Accumulated amortization MCh$	Net balance MCh$
Intangible assets acquired separately (a)	6	5	108,911	(52,579)	**56,332**
Intangible generated internally (b)	6	5	256,784	(165,872)	**90,912**
Intangible assets acquired in business combination (c):					
Core deposits	9	5	91,444	(54,083)	**37,361**
Leasehold interest	30	26	7,205	(2,088)	**5,117**
Relationship with clients	10	9	34,890	(12,055)	**22,835**
Other	10	9	19,367	(5,466)	**13,901**
Intangible assets not amortizable acquired in business combination (c):					
Trademark			13,180	-	**13,180**
Goodwill			155,103	-	**155,103**
Total			**686,884**	**(292,143)**	**394,741**

NOTE 14 - INTANGIBLE ASSETS, CONTINUED

			As of December 31, 2020		
Concept	**Average useful life years**	**Remaining average useful life years**	**Gross balance MCh$**	**Accumulated amortization MCh$**	**Net balance MCh$**
Intangible assets acquired separately (a)	6	5	98,269	(44,506)	**53,763**
Intangible generated internally (b)	6	5	245,126	(155,165)	**89,961**
Intangible assets acquired in business combination (c):					
Core deposits	9	5	88,894	(46,081)	**42,813**
Leasehold interest	30	26	6,521	(1,677)	**4,844**
Relationship with clients	10	9	34,890	(10,190)	**24,700**
Other	10	9	19,367	(4,498)	**14,869**
Intangible assets not amortizable acquired in business combination (c):					
Trademark			12,812	-	**12,812**
Goodwill			151,514	-	**151,514**
Total			**657,393**	**(262,117)**	**395,276**

a. Corresponds to software purchased from parties not related to the Bank or its subsidiaries.

b. Corresponds to software developed internally for the bank or subsidiaries to generate profits for the bank or subsidiaries.

c. Corresponds to intangible assets for the business combinations of BCI Financial Group, INC, and Subsidiaries and the merger between City National Bank of Florida and TotalBank, City National Bank of Florida and Executive Banking Corporation and acquisition by the Financial Services business of Walmart by BCI.

NOTE 14 - INTANGIBLE ASSETS, CONTINUED

b) The movements of intangible assets as of June 30, 2021 and December 31, 2020 are the following:

			Amortizable intangible assets in business combination				Not amortizable intangible assets acquired in business combination		
	Intangible assets acquired separately	Intangible generated internally	Core deposits	Leasehold interest	Relationship with clients	Other	Trademark	Goodwill	Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Balance as of January 1, 2021	**98,269**	**245,126**	**88,894**	**6,521**	**34,890**	**19,367**	**12,812**	**151,514**	**657,393**
Acquisitions	6,597	18,098	-	498	-	-	-	-	**25,193**
Disposals/ transfers	3,606	(6,440)	-	-	-	-	-	-	**(2,834)**
Exchange differences	439	-	2,550	186	-	-	368	3,589	**7,132**
Remeasurement of goodwill and intangible assets	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Impairment	-		-	-	-	-	-	-	-
Gross balance as of June 30, 2021	**108,911**	**256,784**	**91,444**	**7,205**	**34,890**	**19,367**	**13,180**	**155,103**	**686,884**
Amortization for the year	(8,182)	(10,801)	(6,410)	(493)	(1,865)	(968)	-	-	**(28,719)**
Accumulated amortization	(44,506)	(155,165)	(46,081)	(1,677)	(10,190)	(4,498)	-	-	**(262,117)**
Transfers	-	-	-	-	-	-	-	-	-
Other	109	94	(1,592)	82	-	-	-	-	**(1,307)**
Impairment	-	-	-	-	-	-	-	-	-
Total accumulated amortization and impairment	(52,579)	(165,872)	(54,083)	(2,088)	(12,055)	(5,466)	-	-	**(292,143)**
Net balance as of June 30, 2021	**56,332**	**90,912**	**37,361**	**5,117**	**22,835**	**13,901**	**13,180**	**155,103**	**394,741**

NOTE 14 - INTANGIBLE ASSETS, CONTINUED

			Amortizable intangible assets in business combination				**Not amortizable intangible assets acquired in business combination**		
	Intangible assets acquired separately	**Intangible generated internally**	**Core deposits**	**Leasehold interest**	**Relationship with clients**	**Other**	**Trademark**	**Goodwill**	**Total**
	MCh$	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Balance as of January1, 2020	**84,278**	**215,972**	**90,444**	**5,427**	**37,526**	**21,726**	**13,534**	**144,508**	**613,415**
Acquisitions	10,870	46,893	3,667	-	-	-	-	14,087	**75,517**
Disposals/ transfers	3,738	(312)	-	-	-	-	-	-	**3,426**
Exchange differences	(595)	(17,427)	(5,217)	-	-	-	(722)	(7,081)	**(31,042)**
Remeasurement of goodwill and intangible assets	-	-	-	-	-	-	-	-	**-**
Other	(22)	-	-	1,094	-	(1)	-	-	**1,071**
Impairment	-	-	-	-	(2,636)	(2,358)	-	-	**(4,994)**
Gross balance as of December 31, 2020	**98,269**	**245,126**	**88,894**	**6,521**	**34,890**	**19,367**	**12,812**	**151,514**	**657,393**
Amortization for the year	(8,096)	(27,366)	(14,432)	(247)	(4,676)	(2,153)	-	-	**(56,970)**
Accumulated amortization	(36,486)	(128,546)	(35,095)	(1,214)	(5,514)	(2,345)	-	-	**(209,200)**
Transfers	76	747	3,446	(216)	-	-	-	-	**4,053**
Other	-	-	-	-	-	-	-	-	**-**
Impairment	-	-	-	-	-	-	-	-	**-**
Total accumulated amortization and impairment	(44,506)	(155,165)	(46,081)	(1,677)	(10,190)	(4,498)	-	-	**(262,117)**
Net balance as of December 31, 2020	**53,763**	**89,961**	**42,813**	**4,844**	**24,700**	**14,869**	**12,812**	**151,514**	**395,276**

NOTE 14 - INTANGIBLE ASSETS, CONTINUED

d) Impairment

The Bank assesses, at the end of the reported fiscal year, if there is any indicator of impairment of any amortizable asset. If any indicator is present, or an impairment test is needed, the Bank calculates the recoverable amount of the asset.

As of June 30, 2021, the Bank performed an assessment on the impairment of its non-amortizable intangible assets, concluding that there is no indication of impairment as of that date.

As of December 31, 2020, the Bank recorded impairment on the following amortizable intangible assets generated in the acquisition of BCI Servicios Financieros business: Client Relations and Rights acquired for cross-sales equal to MCh $2,636 and MCh $2,358, respectively.

NOTE 15 - PROPERTY, PLANT AND EQUIPMENT

a) The composition of property, plant and equipment as of June 30, 2021 and December 31, 2020 was the following:

	As of June 30, 2021				
Concept	**Average useful life**	**Remaining average useful life**	**Gross balance**	**Accumulated depreciation**	**Net balance**
			MCh$	**MCh$**	**MCh$**
Land and buildings	36	29	236,226	(44,636)	**191,590**
Equipment	4	3	127,482	(94,800)	**32,682**
Other property, plant and equipment	8	7	59,153	(36,706)	**22,447**
Total			**422,861**	**(176,142)**	**246,719**

	As of December 31, 2020				
Concept	**Average useful life**	**Remaining average useful life**	**Gross balance**	**Accumulated depreciation**	**Net balance**
			MCh$	**MCh$**	**MCh$**
Land and buildings	36	30	235,657	(43,304)	192,353
Equipment	4	3	124,672	(87,969)	36,703
Other property, plant and equipment	8	7	57,770	(35,609)	22,161
Total			**418,099**	**(166,882)**	**251,217**

NOTE 15 - PROPERTY, PLANT AND EQUIPMENT, CONTINUED

b) The movements of property, plant and equipment as of June 30, 2021 and December 31, 2020 are the following:

	Buildings and land	Equipment	Other property, assets	Total
	MCh$	MCh$	MCh$	MCh$
Balance as of January 1, 2021	**235,657**	**124,672**	**57,770**	**418,099**
Additions	131	2,136	4,188	**6,455**
Disposals	(1,198)	(1,393)	(801)	**(3,392)**
Transfers	422	1,502	(2,002)	**(78)**
Other	1,214	565	21	**1,800**
Impairment	-	-	(23)	**(23)**
Gross balance as of June 30, 2021	**236,226**	**127,482**	**59,153**	**422,861**
Depreciation for the period	**(1,521)**	**(7,659)**	**(1,663)**	**(10,843)**
Disposals	257	1,018	590	**1,865**
Transfer	-	-	-	**-**
Accumulated depreciation	(43,304)	(87,969)	(35,609)	**(166,882)**
Other	(68)	(190)	(24)	**(282)**
Impairment	-	-	-	**-**
Total accumulated depreciation	**(44,636)**	**(94,800)**	**(36,706)**	**(176,142)**
Net balance as of June 30, 2021	**191,590**	**32,682**	**22,447**	**246,719**

NOTE 15 - PROPERTY, PLANT AND EQUIPMENT, CONTINUED

	Buildings and land	Equipment	Other property, assets	Total
	MCh$	MCh$	MCh$	MCh$
Balance as of January 1, 2020	**235,941**	**160,457**	**57,394**	**453,792**
Additions	4,871	7,527	11,392	23,790
Disposals	(4,727)	(57,212)	(2,283)	(64,222)
Transfers	1,686	14,645	(8,614)	7,717
Other	(2.114)	(745)	(40)	(2,899)
Impairment	-	-	(79)	(79)
Gross balance as of December 31, 2020	**235,657**	**124,672**	**57,770**	**418,099**
Depreciation for the year	(4,732)	(16,896)	(3,610)	**(25,238)**
Disposals	2,571	57,328	1,641	**61,540**
Transfer	-	-	-	**-**
Accumulated depreciation	(41,241)	(128,678)	(33,679)	**(203,598)**
Other	98	277	39	**414**
Impairment	-	-	-	**-**
Total accumulated depreciation	**(43,304)**	**(87,969)**	**(35,609)**	**(166,882)**
Net balance as of December 31, 2020	**192,353**	**36,703**	**22,161**	**251,217**

c) As of June 30, 2021 and December 31, 2020 the impact of impairment amounted to MCh$23 and MCh$79, respectively, related to other property, plant and equipment.

d) The detail of the right-of-use asset as of June 30, 2021 and December 31, 2020 is as follows:

	As of June 30, 2021				
Concept	**Average useful life**	**Remaining average useful life**	**Gross balance**	**Accumulated depreciation**	**Net balance**
			MCh$	MCh$	MCh$
Land and buildings	10	9	205,152	(43,078)	**162,074**
Leasehold improvements	10	8	66,798	(46,508)	**20,290**
Total			**271,950**	**(89,586)**	**182,364**

NOTE 15 - PROPERTY, PLANT AND EQUIPMENT, CONTINUED

	As of December 31, 2020				
Concept	**Average useful life**	**Remaining average useful life**	**Gross balance**	**Accumulated depreciation**	**Net balance**
			MCh$	**MCh$**	**MCh$**
Land and buildings	10	9	219,662	(37,374)	182,288
Leasehold improvements	10	8	69,165	(46,646)	22,519
Total			**288,827**	**(84,020)**	**204,807**

e) Movements in right-of-use asset as of June 30, 2021 and December 31, 2020 are as follows:

	Buildings and land	**Leasehold improvements**	**Total**
	MCh$	**MCh$**	**MCh$**
Balance as of January 1, 2021	**219,662**	**69,165**	**288,827**
Additions	24,335	253	**24,588**
Disposals	(40,632)	(2,976)	**(43,608)**
Other	1,787	356	**2,143**
Impairment	-	-	**-**
Gross balance as of June 30, 2021	**205,152**	**66,798**	**271,950**
Depreciation for the period	(11,792)	(1,080)	**(12,872)**
Disposals	6,428	2,176	**8,604**
Other	(340)	(958)	**(1,298)**
Accumulated depreciation	(37,374)	(46,646)	**(84,020)**
Impairment	-		
Total accumulated depreciation	**(43,078)**	**(46,508)**	**(89,586)**
Net balance as of June 30, 2021	**162,074**	**20,290**	**182,364**

NOTE 15 - PROPERTY, PLANT AND EQUIPMENT, CONTINUED

	Buildings and land	Leasehold improvements	Total
	MCh$	MCh$	MCh$
Balance as of January 1, 2020	**223,147**	**70,296**	**293,443**
Additions	42,125	3,952	**46,077**
Disposals	(42,098)	(4,212)	**(46,310)**
Other	(3.512)	(871)	**(4,383)**
Impairment	-	-	-
Gross balance as of December 31, 2020	**219,662**	**69,165**	**288,827**
Depreciation for the year	**(23,585)**	**(3,217)**	**(26,802)**
Disposals	4,286	426	**4,712**
Other	1,020	(851)	**169**
Accumulated depreciation	(19,095)	(43,004)	**(62,099)**
Impairment	-	-	-
Total accumulated depreciation	**(37,374)**	**(46,646)**	**(84,020)**
Net balance as of December 31, 2020	**182,288**	**22,519**	**204,807**

f) As of June 30, 2021 and December 31, 2020, there is no evidence of impairment in right-of-use assets.

g) Lease liabilities as of June 30, 2021 and December 31, 2020:

	Analysis of maturity				
	Up to 1 year	1 to 3 years	1 to 5 years	More than 5 years	Total
	MCh$	MCh$	MCh$	MCh$	MCh$
As of June 30, 2021	19,025	42,067	43,968	61,854	**166,914**

	Analysis of maturity				
	Up to 1 year	1 to 3 years	1 to 5 years	More than 5 years	Total
	MCh$	MCh$	MCh$	MCh$	MCh$
As of December 31, 2020	20,664	44,313	46,365	74,951	**186,293**

NOTE 16 - CURRENT AND DEFERRED INCOME TAX

a) Current Income Tax

As of June 30, 2021 and December 31, 2020, the Bank has recognized a provision for the corporate income tax and the provision for one-off tax under Article No. 21 of the Income Tax Law, which were determined based on the current tax legal provisions, which resulted in liabilities amounting to MCh$54,710 as of June 30, 2021 (assets amounting to MCh$ 27,198 as of December 31, 2020). This provision is presented net of recoverable taxes, as detailed below:

	As of June 30	As of December 31
	2021	2020
	MCh$	MCh$
Income tax (tax rate of 27% for 2021 and 2020)	(155,675)	(116,300)
Prior year provision	-	-
40% Provision for Income Tax	(102)	(251)
Less:		
Monthly provisional income tax payments	64,863	123,972
Credit for training expenses	188	2,104
Credit for acquisition of property, plant and equipment	116	128
Credit for donations	504	2,064
Recoverable taxes from prior years	33,929	12,723
Other recoverable taxes and withholdings	1,467	2,758
Total current taxes, net	**(54,710)**	**27,198**

The net current tax is presented below by economic entity as well as by geographical unit, in accordance with the provisions of IAS 12:

	As of June 30, 2021		
	Chile	Florida	Total
	MCh$	MCh$	MCh$
Current tax assets	5,931	-	5,931
Current tax liabilities	(57,708)	(2,933)	(60,641)
Total, net	**(51,777)**	**(2,933)**	**(54,710)**

	As of December 31, 2020		
	Chile	Florida	Total
	MCh$	MCh$	MCh$
Current tax assets	36,270	-	36,270
Current tax liabilities	(2,742)	(6,330)	(9,072)
Total, net	**33,528**	**(6,330)**	**27,198**

NOTE 16 - CURRENT AND DEFERRED INCOME TAX, CONTINUED

b) Income Tax Expense

The tax expense for the periods between January 1 and June 30, 2021 and 2020, consists of the following items:

	As of June 30	
	2021	**2020**
	MCh$	**MCh$**
Income tax expenses:		
Current tax for the year, net of tax credits	(155,675)	(69,250)
Surplus/Deficit of prior year provision	4,018	3,448
	(151,657)	(65,802)
Credit (debit) for deferred taxes:		
Origination and reversal of temporary differences	93,785	9,211
Subtotal	(57,872)	(56,591)
Non-deductible expenses under Article No.21	(102)	(183)
Net debit to profit or loss for income taxes	**(57,974)**	**(56,774)**

NOTE 16 - CURRENT AND DEFERRED INCOME TAX, CONTINUED

c) Reconciliation of nominal income tax rate with effective income tax rate

The reconciliation of the income tax rate to the effective rate applied for the determination of tax expenses as of June 30, 2021 and 2020 is detailed as follows:

	As of June 30			
	2021		2020	
	Tax rate	**Amount**	**Tax rate**	**Amount**
	%	**MCh$**	**%**	**MCh$**
Profit before tax		329,728		215,884
Nominal tax rate	27.000	89,027	27.000	58,289
Effect of non-deductible expenses in calculation of taxable income:				
Price-level adjustment, BCI Financial Group (1)	0.50	1,659	11.75	25,359
Rate difference USA (2)	(1.38)	(4,561)	(3.57)	(7,714)
Price-level adjustment of equity	(8.03)	(26,486)	(7.14)	(15,408)
One-off tax (non-deductible expenses)	0.03	102	0.09	183
Income tax from prior years	0.19	636	(1.43)	(3,085)
Bonds under the Income Tax Law	(1.82)	(6,014)	(3.70)	(7,994)
Other	1.10	3,611	3.30	7,144
Effective rate and income tax expense	**17.59**	**57,974**	**26.30**	**56,774**

The effective income tax rate for the periods 2021 and 2020 is 17.59% and 26.30%, respectively.

(1) BCI's investment in the US, which is BCI Financial Group INC, is adjusted for tax purposes in Chile, for the variation in the exchange rate (between the Chilean peso and the US dollar), which is subject to the first category (Chilean corporate) income tax. The impact of this adjustment as of June 2021 is an income tax expense of MCh$1,659 while as of June 2020, this effect was a higher income tax expense of MCh$25,359.

(2) The statutory tax rate in Chile is 27%, while in the US the tax rate is 24.522%. Therefore, regarding a portion of BCI's consolidated profit or loss (BCI Financial Group, Miami Branch, and BCI Securities) reduction were made in taxes as a result of the tax rate difference between the two separate jurisdictions.

NOTE 16 - CURRENT AND DEFERRED INCOME TAX, CONTINUED

d) Effect of deferred tax recognized in equity

The deferred tax recognized in equity as of June 30, 2021 and December 31, 2020 is composed of the following:

	Accumulated		Effect for the period/year ended	
	As of June 30 2021	As of December 31 2020	As of June 30 2021	As of December 31 2020
	MCh$	MCh$	MCh$	MCh$
Financial Investments Available for Sale	3,005	(7,036)	10,041	(3,343)
Cash flow hedges	(11,717)	47,598	(59,315)	13,366
Effect of deferred taxes on equity	**(8,712)**	**40,562**	**(49,274)**	**10,023**

e) Effect of deferred taxes

As of June 30, 2021 and December 31, 2020, the Bank recognized the effects of deferred taxes in its interim consolidated financial statements in accordance with IAS 12.

The effects of deferred taxes on assets, liabilities and equity allocated by temporary differences are detailed as follows:

	As of June 30, 2021			As of December 31, 2020		
	Assets	Liabilities	Net	Assets	Liabilities	Net
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Item:						
Allowances for loans	173,429	-	173,429	173,757	-	173,757
Accrued vacations and provision for personnel bonuses	46,457	-	46,457	41,328	-	41,328
Leasing operations (net)	8,395	-	8,395	4,000		4,000
Other	8,576	-	8,576	4,242	-	4,242
Subordinated bonds	24,019	-	24,019	15,803	-	15,803
Property, plant and equipment, net	-	(18,676)	(18,676)	-	(17,970)	(17,970)
Transitory assets	-	(29,873)	(29,873)	-	(29,471)	(29,471)
Derivative contract operations	37,554	-	37,554	-	(32,974)	(32,974)
Temporary differences generated in Florida (*)	2,456	-	2,456	-	(10,241)	(10,241)
Total assets (liabilities) net	**300,886**	**(48,549)**	**252,337**	**239,130**	**(90,656)**	**148,474**
Effect of deferred taxes on equity	-	(8,712)	(8,712)	40,562	-	40,562
Net effect of deferred tax assets	**300,886**	**(57,261)**	**243,625**	**279,692**	**(90,656)**	**189,036**

NOTE 16 - CURRENT AND DEFERRED INCOME TAX, CONTINUED

(*) This deferred tax asset corresponds to temporary differences generated by subsidiaries located and the Bank's branch in the United States of America arising mainly from the tax losses, intangible assets and provisions for credit risk. The variation in deferred taxes of subsidiaries which functional currency is the U.S. dollar.

Below is a detail of the net deferred taxes, by geographic unit, in accordance with the provisions of IAS 12:

	As of June 30, 2021		
	Chile	**Florida**	**Total**
	MCh$	**MCh$**	**MCh$**
Deferred tax assets	251,048	2,456	253,504
Deferred tax liabilities	(1,167)	-	(1,167)
Total, net	**249,881**	**2,456**	**252,337**
Deferred taxes generated through equity	(8,712)	-	(8,712)
Total deferred taxes, net	**241,169**	**2,456**	**243,625**

	As of December 31, 2020		
	Chile	**Florida**	**Total**
	MCh$	**MCh$**	**MCh$**
Deferred tax asset	170,518	144	170,662
Deferred tax liability	(11,803)	(10,385)	(22,188)
Total, net	158,715	(10,241)	148,474
Deferred taxes generated through equity	40,562	-	40,562
Total deferred taxes, net	**199,277**	**(10,241)**	**189,036**

NOTE 17 - OTHER ASSETS

a) As of June 30, 2021 and December 31, 2020, the composition of other assets is as follows:

	As June 30, 2021	As of December 31
	2021	2020
	MCh$	MCh$
Assets under lease agreements (a)	72,187	90,317
Assets received in lieu of payment or awarded:		
Assets received in lieu of payment	2,518	59
Assets awarded from judicial auctions	506	2,230
Provisions received in lieu of payment or awarded (b)	(4)	(73)
Other assets:		
Cash deposits held as guarantee	359,758	535,771
Investment in gold	5,979	6,084
VAT fiscal credit	8,862	7,161
Prepaid expenses	42,565	38,079
Assets recovered from lease agreements held for sale (c)	44,775	43,290
Accounts receivable	340,389	322,648
Amounts to be recovered	60,452	19,474
Valuation adjustment for macro hedges	19,500	53,452
Insurance policy rights in favor of City National Bank of Florida (CNB) (d)	60,918	97,358
FED and FHLB shares (e)	51,805	79,615
Other assets	70,367	14,880
Total	**1,140,577**	**1,310,345**

(a) Corresponds to property, plant and equipment available to be used in finance leases.

(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) Corresponds to assets recovered from leasing and held for sale, principally real estate. These assets are held for sale, which is considered highly likely to occur. For most assets, it is expected that the sale will be completed within a 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) Corresponds to life insurance contracts of the subsidiary City National Bank of Florida for certain senior management and employees where CNB is the owner and beneficiary. These policies are known by its acronym in English, as BOLI (Bank Owned Life Insurance).

NOTE 17 - OTHER ASSETS, CONTINUED

(e) These are shares that BCI Financial Group, Inc, and subsidiaries holds on its balance sheet, related to equity securities of the Federal Reserve (FED) and Federal Home Bank Loans (FHBL) acquired by CNB in order to participate in the funding program provided by these governmental agencies to the banks 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 during period 2021 and year 2020 are as follows:

	Provision established
	MCh$
Balance as of January 1, 2021	**(73)**
Provisions established	89
Release of provisions	(20)
Balance as of June 30, 2021	**(4)**
Balance as of January 1, 2020	-
Provisions established	**914**
Release of provisions	(987)
Balance as of December 31, 2020	**(73)**

NOTE 18 – DEPOSITS AND OTHER ON-DEMAND LIABILITES AND ON-DEMAND DEPOSITS

As of June 30, 2021 and December 31, 2020 the composition of borrowings from customers is as follows:

	As of June 30	As of December 31
	2021	2020
	MCh$	MCh$
Deposits and other on-demand liabilities:		
Current accounts	20,096,148	17,264,331
Other deposits and accounts payable on demand	1,645,202	1,322,312
Other liabilities payable on demand	1,345,882	1,139,931
Total	**23,087,232**	**19,726,574**
Deposits and term deposits		
Term deposits	9,097,524	10,783,161
Savings accounts	60,852	55,176
Other credit term balances	840	1,274
Total	**9,159,216**	**10,839,611**

NOTE 19 – BANK BORROWINGS

As of June 30, 2021 and December 31, 2020, the composition of borrowings from financial institutions is as follows:

	As of June 30	As of December 31
	2021	**2020**
	MCh$	**MCh$**
Loans received from financial institutions and Central Bank of Chile:		
Other liabilities with Central Bank of Chile	4,586,083	3,904,339
Subtotal	4,586,083	3,904,339
Loans received from domestic financial institutions:		
Interbank loans	569,777	1,004,361
Other liabilities	269,928	250,618
Subtotal	839,705	1,254,979
Loans received from foreign financial institutions:		
Foreign trade financing	177,332	367,286
Loans and other liabilities	645,207	744,095
Subtotal	822,539	1,111,381
Total	**6,248,327**	**6,270,699**

NOTE 20 – DEBT SECURITIES ISSUED AND OTHER FINANCIAL LIABILITIES

a) As of June 30, 2021 and December 31, 2020 the composition of debt issued, and other financial liabilities is as follows:

	As of June 30	As December 31
	2021	**2020**
	MCh$	**MCh$**
Debt securities issued:		
Letters of credit	5,147	6,510
Ordinary bonds	6,563,611	6,166,461
Subordinated bonds	1,279,266	1,258,653
Total	**7,848,024**	**7,431,624**
Other financial liabilities:		
Public bonds	2,643	3,138
Other domestic bonds	65,878	43,394
Foreign bonds	815,623	864,512
Total	**884,144**	**911,044**

NOTE 20 - DEBT ISSUED AND OTHER FINANCIAL LIABILITIES, CONTINUED

b) As of June 30, 2021 and December 31, 2020, the classification of the ordinary and subordinated bonds is as follows:

	As of June 30, 2021		
	Long-term	**Short-term**	**Total**
	MCh$	**MCh$**	**MCh$**
By long and short term			
Ordinary bonds	5,653,848	909,763	6,563,611
Subordinated bonds	1,279,266	-	1,279,266
Total	**6,933,114**	**909,763**	**7,842,877**

	As of December 31, 2020		
	Long-term	**Short-term**	**Total**
	MCh$	**MCh$**	**MCh$**
By long and short term			
Ordinary bonds	5,663,712	502,749	6,166,461
Subordinated bonds	1,258,653	-	1,258,653
Total	**6,922,365**	**502,749**	**7,425,114**

c) Details of placements of ordinary and subordinated bonds as of June 30, 2021 are as follows:

ORDINARY BONDS DENOMINATED IN CHILEAN PESOS

Series	**Issued amount Ch$**	**Placed amount Ch$**	**Issuance date**	**Issuance date**	**Average rate**	**Balance due Ch$**	**Balance due MCh$**
SERIES_AM	50,000,000,000	50,000,000,000	06/01/2016	06/01/2023	4.90%	49,395,124,347	49,395
SERIES_E	100,000,000,000	100,000,000,000	11/01/2017	11/01/2022	4.27%	100,350,908,419	100,094
SERIES_O3	100,000,000,000	45,000,000,000	12/01/2020	12/01/2027	3.52%	43,843,568,106	43,844
Fair Value Adjustment (fair value hedges)						3,773,856,115	3,774
Subtotal	**250,000,000,000**	**195,000,000,000**				**197,363,456,987**	**197,107**

NOTE 20 - 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	Placed amount UF	Issuance date	Maturity date	Average rate	Balance due UF	Balance due MCh$
SERIE_AE2	10,000,000	10,000,000	08/01/2011	08/01/2021	3.73%	10,097,682	300,000
SERIE_AF2	10,000,000	10,000,000	08/01/2012	08/01/2022	3.43%	10,021,511	297,737
SERIE_AI2	5,000,000	-	03/01/2014	03/01/2024	-	-	-
SERIE_AJ2	20,000,000	20,000,000	10/01/2014	10/01/2024	2.23%	19,627,532	583,131
SERIE_AL1	3,000,000	3,000,000	06/01/2016	06/01/2022	1.89%	3,022,758	89,806
SERIE_AL2	3,000,000	3,000,000	06/01/2016	06/01/2023	2.15%	3,026,366	89,913
SERIE_AL3	3,000,000	3,000,000	06/01/2016	06/01/2024	2.40%	3,015,242	89,582
SERIE_AL4	3,000,000	3,000,000	06/01/2016	06/01/2028	2.36%	3,034,781	90,163
SERIE_AL5	3,000,000	3,000,000	06/01/2016	06/01/2031	2.50%	3,009,532	89,413
SERIE_AN1	3,000,000	3,000,000	12/01/2016	12/01/2021	1.50%	3,010,754	89,449
SERIE_AN2	3,000,000	3,000,000	12/01/2016	12/01/2024	1.95%	3,010,453	89,440
SERIE_AN3	3,000,000	3,000,000	12/01/2016	12/01/2026	2.00%	3,005,947	89,306
SERIE_A1	3,000,000	3,000,000	04/01/2017	04/01/2022	1.72%	3,020,477	89,738
SERIE_A2	3,000,000	3,000,000	04/01/2017	04/01/2027	2.18%	2,987,315	88,753
SERIE_B1	3,000,000	3,000,000	05/01/2017	05/01/2022	1.50%	3,022,208	89,789
SERIE_B2	3,000,000	3,000,000	05/01/2017	05/01/2023	1.67%	3,027,876	89,958
SERIE_C1	3,000,000	3,000,000	07/01/2017	01/01/2022	2.24%	3,025,906	89,899
SERIE_C2	3,000,000	3,000,000	07/01/2017	07/01/2023	2.32%	3,012,001	89,486
SERIE_C3	3,000,000	3,000,000	07/01/2017	07/01/2025	2.28%	2,999,269	89,108
SERIE_C4	3,000,000	3,000,000	07/01/2017	07/01/2026	2.42%	2,972,612	88,316
SERIE_D1	3,000,000	3,000,000	11/01/2017	11/01/2023	1.84%	3,020,962	89,752
SERIE_D2	3,000,000	3,000,000	11/01/2017	11/01/2025	2.04%	3,005,610	89,296
SERIE_D3	3,000,000	3,000,000	11/01/2017	11/01/2028	2.34%	2,943,607	87,454
SERIE_D4	3,000,000	3,000,000	11/01/2017	11/01/2029	2.45%	2,911,102	86,488
SERIE_F1	3,000,000	3,000,000	04/01/2018	04/01/2022	1.46%	3,027,107	89,935
SERIE_F2	3,000,000	3,000,000	04/01/2018	04/01/2024	1.60%	3,047,303	90,535
SERIE_F3	3,000,000	3,000,000	04/01/2018	04/01/2025	2.00%	3,015,650	89,594
SERIE_F4	3,000,000	3,000,000	04/01/2018	04/01/2028	2.17%	2,984,597	88,672
SERIE_F5	3,000,000	3,000,000	04/01/2018	04/01/2029	2.36%	2,941,186	87,382
SERIE_G1	3,000,000	3,000,000	06/01/2018	06/01/2025	1.47%	3,065,439	91,074
SERIE_G2	3,000,000	3,000,000	06/01/2018	06/01/2026	1.09%	3,135,450	93,154
SERIE_G3	3,000,000	3,000,000	06/01/2018	06/01/2029	2.10%	2,984,912	88,681
SERIE_I1	3,000,000	3,000,000	02/01/2019	02/01/2028	0.70%	3,275,486	97,314
SERIE_I2	3,000,000	2,730,000	02/01/2019	02/01/2029	0.49%	3,058,526	90,868
SERIE_I3	3,000,000	3,000,000	02/01/2019	02/01/2030	1.19%	3,223,160	95,760
SERIE_K1	3,000,000	3,000,000	05/01/2019	05/01/2023	(0.03)%	3,121,788	92,748
SERIE_K4	3,000,000	3,000,000	05/01/2019	05/01/2029	0.45%	3,367,388	100,045
SERIE_M3	3,000,000	3,000,000	10/01/2019	10/01/2028	(0.09)%	3,358,241	99,773
SERIE_M4	3,000,000	3,000,000	10/01/2019	10/01/2029	(0.31)%	3,465,436	102,958
SERIE_M5	3,000,000	3,000,000	10/01/2019	10/01/2030	0.27%	3,348,005	99,469
Fair value adjustment (fair value hedges)						126,249	3,740
Subtotal	**153,000,000**	**147,730,000**				**150,377,426**	**4,467,679**

ORDINARY BONDS DENOMINATED IN FOREIGN CURRENCY – US DOLLAR

Series	Issued amount USD	Placed amount USD	Date placed	Maturity date	Average rate	Balance due USD	Balance due in MCh$ (*)
USP32133CG63	500,000,000	500,000,000	11/02/2013	11/02/2023	4.09%	506,462,079	370,832
XS1655597034	50,000,000	50,000,000	01/08/2017	01/08/2022	2.96%	50,481,401	36,962
XS1692845396	50,000,000	50,000,000	06/10/2017	06/10/2022	3.00%	50,216,343	36,768
US05890MAA18	500,000,000	500,000,000	12/10/2017	12/10/2027	3.65%	496,024,030	363,189
XS1703060829	50,000,000	50,000,000	10/19/2017	10/19/2022	2.32%	49,970,700	36,589
XS1702405702	40,000,000	40,000,000	10/20/2017	10/20/2022	2.27%	39,978,926	29,273
XS1879614755	50,000,000	50,000,000	09/13/2018	03/13/2024	3.85%	50,302,097	36,831
XS1888335194	100,000,000	100,000,000	04/10/2018	04/04/2024	4.02%	100,424,890	73,531
XS1895749593	45,000,000	45,000,000	10/19/2018	04/19/2024	4.03%	45,107,032	33,027
XS1919312626	25,000,000	25,000,000	07/12/2018	07/12/2023	1.75%	24,855,948	18,200
XS1984711355	10,000,000	10,000,000	04//23/2019	04/23/2024	1.54%	9,952,912	7,288
XS2012024696	50,000,000	50,000,000	06/14/2019	06/14/2029	3.32%	49,632,955	36,341
XS2024766276	50,000,000	50,000,000	10/07/2019	10/07/2029	3.21%	50,310,059	36,837
XS2047630970	10,000,000	10,000,000	08/28/2019	08/28/2024	1.35%	9,948,534	7,284
XS2085920416	20,000,000	20,000,000	02/12/2019	02/06/2025	1.35%	19,822,362	14,514
XS2318617185	54,000,000	54,000,000	03/17/2021	03/12/2029	2.37%	53,319,577	39,041
XS2337108497	10,000,000	10,000,000	04/27/2021	04/27/2026	0.78%	9,916,979	7,261
XS2357310379	10,000,000	10,000,000	06/23/2021	06/23/2031	2.60%	9,872,525	7,229
Fair value adjustment (fair value hedges)						61,588,502	45,095
Subtotal	**1,624,000,000**	**1,624,000,000**				**1,688,187,851**	**1,236,092**

(*) Balance owed in accordance with the effective interest rate, i.e. after deducting all bond placement origination costs, which will be repaid during the expected life of the financial instrument.

NOTE 20 - DEBT ISSUED AND OTHER FINANCIAL LIABILITIES, CONTINUED

ORDINARY BONDS DENOMINATED IN FOREIGN CURRENCY - EURO

Series	Issued amount EU	Placed amount EU	Issuance date	Maturity date	Average rate	Balance due EUR	Balance due in MCh$
XS1493734971	20,000,000	20,000,000	09/23/2016	09/23/2024	0.89%	20,014,136	17,366
Fair Value Adjustment (fair value hedges)						-	-
Subtotal	**20,000,000**	**20,000,000**				**20,014,136**	**17,366**

ORDINARY BONDS DENIMINATED IN FOREIGN CURRENCY-AUD

Series	Issued amount AUD	Placed amount AUD	Issuance date	Maturity date	Average rate	Balance due AUD	Balance due in MCh$
XS1717587007	80,000,000	80,000,000	11/15/2017	11/15/2027	4.150%	79,726,327	43,779
XS1859545367	40,000,000	40,000,000	07/25/2018	07/25/2033	4.670%	41,378,132	22,721
XS1879612973	60,000,000	60,000,000	09/14/2018	09/14/2033	4.650%	61,610,993	33,831
XS1897619968	40,000,000	40,000,000	10/24/2018	10/24/2033	4.700%	40,597,764	22,293
XS2087687435	30,000,000	30,000,000	12/02/2019	12/03/2029	1.811%	29,736,163	16,329
Fair Value Adjustment (fair value hedges)						22,627,688	12,374
Subtotal	**250,000,000**	**250,000,000**				**264,926,045**	**145,475**

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

Series	Issued amount CHF	Placed amount CHF	Issuance date	Maturity date	Average rate	Balance due CHF	Balance due in MCh$
XS1520623627	90,000,000	90,000,000	11/17/2016	11/17/2021	0.000%	89,924,471	71,147
CH0471298007	175,000,000	175,000,000	05/22/2019	11/22/2024	0.320%	174,576,007	138,122
CH0494734376	100,000,000	100,000,000	09/24/2019	09/24/2029	0.225%	99,201,711	78,487
CH0505011889	105,000,000	105,000,000	10/29/2019	10/29/2025	0.247%	104,114,455	82,374
CH0506071239	125,000,000	125,000,000	03/18/2020	09/18/2026	0.099%	123,660,207	97,838
Fair Value Adjustment (fair value hedges)						-	-
Subtotal	**595,000,000**	**595,000,000**				**590,488,197**	**467,186**

ORDINARY BONDS DENOMINATED IN FOREIGN CURRENCY - YEN

Series	Issued amount YEN	Placed amount YEN	Date placed	Maturity date	Average rate	Balance due YEN	Balance due in MCh$
XS1830985781	5,000,000,000	5,000,000,000	06/01/2018	12/01/2028	0.750%	4,959,697,074	32,706
Subtotal	**5,000,000,000**	**5,000,000,000**				**4,959,697,074**	**32,706**
Total ordinary bonds							**6,563,611**

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	Balance due UF	Balance due in MCh$
SERIES_F	1,200,000	1,200,000	05/01/1999	05/01/2024	7.73%	279,576	8,306
SERIES_G	400,000	400,000	05/01/1999	05/01/2025	7.92%	119,467	3,549
SERIES_L	1,200,000	1,200,000	10/01/2001	10/01/2026	6.39%	468,359	13,915
SERIES_M	1,800,000	1,800,000	10/01/2001	10/01/2027	6.43%	786,985	23,381
SERIES_N	1,500,000	1,500,000	06/01/2004	06/01/2029	5.25%	747,699	22,214
SERIES_O	1,500,000	1,500,000	06/01/2004	06/01/2030	3.93%	750,378	22,294
SERIES_R	1,500,000	1,500,000	06/01/2005	06/01/2038	4.72%	799,747	23,760
SERIES_S	2,000,000	2,000,000	12/01/2005	12/01/2030	4.86%	1,060,675	31,512
SERIES_T	2,000,000	2,000,000	12/01/2005	12/01/2031	4.52%	1,137,351	33,790
SERIES_U	2,000,000	2,000,000	06/01/2007	06/01/2032	4.19%	1,928,714	57,302
SERIES_Y	4,000,000	4,000,000	12/01/2007	12/01/2030	4.25%	2,701,600	80,264
SERIES_W	4,000,000	4,000,000	06/01/2008	06/01/2036	4.05%	2,211,200	65,694
SERIES_AC	6,000,000	6,000,000	03/01/2010	03/01/2040	3.96%	5,551,527	164,935
SERIES_AD 1	4,000,000	4,000,000	06/01/2010	06/01/2040	4.17%	3,592,072	106,720
SERIES_AD 2	3,000,000	3,000,000	06/01/2010	06/01/2042	4.14%	2,674,079	79,446
SERIES_AH	15,000,000	9,000,000	09/01/2013	09/01/2043	3.63%	7,960,113	236,493
SERIE_B1S	3,000,000	3,000,000	06/11/2020	12/01/2039	1.32%	3,339,172	99,205
SERIE_B2S	3,000,000	3,000,000	06/22/2020	12/01/2044	1.30%	3,429,614	101,893
SERIE_B3S	3,000,000	3,000,000	06/24/2020	12/01/2049	1.28%	3,520,358	104,593
Total subordinated bonds	**60,100,000**	**54,100,000**				**43,058,686**	**1,279,266**
TOTAL BONDS							**7,842,877**

NOTE 20 - DEBT ISSUED AND OTHER FINANCIAL LIABILITIES, CONTINUED

d) Details of placements of ordinary and subordinated bonds as of June 30, 2021 are as follows:

ORDINARY BONDS DENOMINATED IN CHILEAN PESOS

Series	Issued amount Ch$	Placed amount Ch$	Issuance date	Issuance date	Average rate	Balance due Ch$	Balance due MCh$
SERIES_AM	50,000,000,000	50,000,000,000	06/01/2016	06/01/2023	4.90%	49,214,879,222	49,215
SERIES_E	100,000,000,000	100,000,000,000	11/01/2017	11/01/2022	4.27%	100,260,320,839	94,521
SERIES_H	50,000,000,000	50,000,000,000	06/01/2018	06/01/2021	2.36%	50,629,675,064	50,630
Fair Value Adjustment						9,932,593,030	9,933
Subtotal	**200,000,000,000**	**200,000,000,000**				**210,037,468,155**	**204,299**

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	Balance due UF	Balance due MCh$
SERIES_AE2	10,000,000	10,000,000	08/01/2011	08/01/2021	3.73%	9,952,681	292,019
SERIE_AF2	10,000,000	10,000,000	08/01/2012	08/01/2022	3.43%	9,899,875	290,256
SERIE_AI2	5,000,000	-	03/01/2014	03/01/2024	-	-	-
SERIES_AJ2	20,000,000	20,000,000	10/01/2014	10/01/2024	2.23%	19,928,962	571,230
SERIE_AL1	3,000,000	3,000,000	06/01/2016	06/01/2022	1.89%	3,031,982	88,141
SERIE_AL2	3,000,000	3,000,000	06/01/2016	06/01/2023	2.15%	3,031,682	88,132
SERIE_AL3	3,000,000	3,000,000	06/01/2016	06/01/2024	2.40%	3,017,251	87,712
SERIE_AL4	3,000,000	3,000,000	06/01/2016	06/01/2028	2.36%	3,037,091	88,289
SERIE_AL5	3,000,000	3,000,000	06/01/2016	06/01/2031	2.50%	3,010,037	87,503
SERIE_AN1	3,000,000	3,000,000	12/01/2016	12/01/2021	1.50%	3,018,130	87,738
SERIE_AN2	3,000,000	3,000,000	12/01/2016	12/01/2024	1.95%	3,011,519	87,546
SERIE_AN3	3,000,000	3,000,000	12/01/2016	12/01/2026	2.00%	3,006,411	87,397
SERIE_A1	3,000,000	3,000,000	04/01/2017	04/01/2022	1.72%	3,024,561	87,925
SERIE_A2	3,000,000	3,000,000	04/01/2017	04/01/2027	2.18%	2,985,367	86,786
SERIE_B1	3,000,000	3,000,000	05/01/2017	05/01/2022	1.50%	3,029,698	88,074
SERIE_B2	3,000,000	3,000,000	05/01/2017	05/01/2023	1.67%	3,032,905	88,168
SERIE_C1	3,000,000	3,000,000	07/01/2017	01/01/2022	2.24%	3,022,764	87,873
SERIE_C2	3,000,000	3,000,000	07/01/2017	07/01/2023	2.32%	3,007,948	87,442
SERIE_C3	3,000,000	3,000,000	07/01/2017	07/01/2025	2.28%	2,995,821	87,089
SERIE_C4	3,000,000	3,000,000	07/01/2017	07/01/2026	2.42%	2,967,644	86,270
SERIE_D1	3,000,000	3,000,000	11/01/2017	11/01/2023	1.84%	3,023,671	87,899
SERIE_D2	3,000,000	3,000,000	11/01/2017	11/01/2025	2.04%	3,005,610	87,374
SERIE_D3	3,000,000	3,000,000	11/01/2017	11/01/2028	2.34%	2,939,694	85,458
SERIE_D4	3,000,000	3,000,000	11/01/2017	11/01/2029	2.45%	2,906,286	84,487
SERIE_F1	3,000,000	3,000,000	04/01/2018	04/01/2022	1.46%	3,035,111	88,232
SERIE_F2	3,000,000	3,000,000	04/01/2018	04/01/2024	1.60%	3,053,197	88,757
SERIE_F3	3,000,000	3,000,000	04/01/2018	04/01/2025	2.00%	3,016,116	87,679
SERIE_F4	3,000,000	3,000,000	04/01/2018	04/01/2028	2.17%	2,982,951	86,715
SERIE_F5	3,000,000	3,000,000	04/01/2018	04/01/2029	2.36%	2,937,126	85,383
SERIE_G1	3,000,000	3,000,000	06/01/2018	06/01/2025	1.47%	3,073,419	89,345
SERIE_G2	3,000,000	3,000,000	06/01/2018	06/01/2026	1.09%	3,148,542	91,529
SERIE_G3	3,000,000	3,000,000	06/01/2018	06/01/2029	2.10%	2,984,174	86,751
SERIE_I1	3,000,000	3,000,000	02/01/2019	02/01/2028	0.70%	3,294,171	95,763
SERIE_I2	3,000,000	2,630,000	02/01/2019	02/01/2029	0.51%	2,961,523	86,092
SERIE_I3	3,000,000	3,000,000	02/01/2019	02/01/2030	1.19%	3,234,275	94,021
SERIE_K1	3,000,000	3,000,000	05/01/2019	05/01/2023	(0.03)%	3,152,187	91,635
SERIE_K4	3,000,000	3,000,000	05/01/2019	05/01/2029	0.45%	3,389,962	98,547
Fair Value Adjustment (fair value hedges)							59,536
Subtotal	**144,000,000**	**138,630,000**				**142,198,425**	**4,130,793**

NOTE 20 - DEBT ISSUED AND OTHER FINANCIAL LIABILITIES, CONTINUED

ORDINARY BONDS DENOMINATED IN FOREIGN CURRENCY – US DOLLAR

Series	Issued amount USD	Placed amount USD	Date placed	Maturity date	Average rate	Balance due USD	Balance due in MCh$ (*)
USP32133CG63	500,000,000	500,000,000	02/11/2013	02/11/2023	4.09%	506,129,212	360,253
XS1655597034	50,000,000	50,000,000	08/01/2017	08/01/2022	2.96%	50,422,702	35,890
XS1692845396	50,000,000	50,000,000	10/06/2017	10/06/2022	3.00%	50,164,661	35,706
US05890MAA18	500,000,000	500,000,000	10/12/2017	10-12-2027	3.65%	495,427,297	352,635
XS1703060829	50,000,000	50,000,000	10/19/2017	10/19/2022	2.32%	49,913,246	35,527
XS1702405702	40,000,000	40,000,000	10/20/2017	10/20/2022	2.27%	39,936,113	28,426
XS1879614755	50,000,000	50,000,000	09/13/2018	03/13/2024	3.85%	50,251,621	35,768
XS1888335194	100,000,000	100,000,000	10/04/2018	04/04/2024	4.02%	100,327,490	71,411
XS1895749593	45,000,000	45,000,000	10/19/2018	04-19-2024	4.03%	45,061,875	32,074
XS1919312626	25,000,000	25,000,000	12/07/2018	12/07/2023	1.78%	24,822,338	17,668
XS1984711355	10,000,000	10,000,000	04/23/2019	04/23/2024	1.53%	9,940,673	7,076
XS2012024696	50,000,000	50,000,000	06/14/2019	06/14/2029	3.32%	49,600,844	35,305
XS2024766276	50,000,000	50,000,000	07/10/2019	07/10/2029	3.21%	50,277,527	35,787
XS2047630970	10,000,000	10,000,000	08/28/2019	08-28-2024	1.37%	9,937,567	7,073
XS2085920416	20,000,000	20,000,000	12/02/2019	06/02/2025	1.38%	19,795,808	14,090
Fair Value Adjustment (fair value hedges)						16,990,602	12,775
Subtotal	**1,550,000,000**	**1,550,000,000**				**1,623,139,584**	**1,155,318**

(*) Balance owed in accordance with the effective interest rate, i.e. after deducting all bond placement origination costs, which will be repaid during the expected life of the financial instrument.

ORDINARY BONDS DENOMINATED IN FOREIGN CURRENCY - EURO

Series	Issued amount EU	Placed amount EU	Issuance date	Maturity date	Average rate	Balance due EUR	Balance due in MCh$
XS1493734971	20,000,000	20,000,000	09/23/2016	09/23/2024	0.89%	19,913,502	17,413
Fair Value Adjustment (fair value hedges)						-	-
Subtotal	**20,000,000**	**20,000,000**				**19,913,502**	**17,413**

ORDINARY BONDS DENIMINATED IN FOREIGN CURRENCY-AUD

Series	Issued amount AUD	Placed amount AUD	Issuance date	Maturity date	Average rate	Balance due AUD	Balance due in MCh$
XS1717587007	80,000,000	80,000,000	11/15/2017	11/15/2027	4.150%	79,981,938	43,575
XS1859545367	40,000,000	40,000,000	07/25/2018	07/25/2033	4.670%	40,434,211	22,112
XS1879612973	60,000,000	60,000,000	09/14/2018	09/14/2033	4.650%	60,199,719	32,921
XS1897619968	40,000,000	40,000,000	10/24/2018	10/24/2033	4.700%	39,641,015	21,678
XS2087687435	30,000,000	30,000,000	12/02/2019	12/03/2029	1.811%	29,719,188	16,252
Fair Value Adjustment						22,627,688	12,374
Subtotal	**250,000,000**	**250,000,000**				**272,303,759**	**148,912**

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

Series	Issued amount CHF	Placed amount CHF	Issuance date	Maturity date	Average rate	Balance due CHF	Balance due in MCh$
XS1520623627	90,000,000	90,000,000	11/17/2016	11/17/2021	0.000%	89,829,605	72,362
CH0471298007	175,000,000	175,000,000	05/22/2019	11/22/2024	0.320%	174,127,345	140,267
CH0494734376	100,000,000	100,000,000	09/24/2019	09/24/2029	0.225%	99,036,402	79,778
CH0505011889	105,000,000	105,000,000	10/29/2019	10/29/2025	0.247%	103,881,088	83,681
CH0506071239	125,000,000	125,000,000	03/18/2020	09/18/2026	0.099%	123,486,271	99,474
Fair Value Adjustment (fair value hedges)						(498,555)	
Subtotal	**595,000,000**	**595,000,000**				**590,360,712**	**475,562**

ORDINARY BONDS DENOMINATED IN FOREIGN CURRENCY - YEN

Series	Issued amount YEN	Placed amount YEN	Date placed	Maturity date	Average rate	Balance due YEN	Balance due in MCh$
XS1830985781	5,000,000,000	5,000,000,000	06/01/2018	12/01/2028	0.750%	4,958,600,911	34,164
Subtotal	**5,000,000,000**	**5,000,000,000**				**4,958,600,911**	**34,164**
Total ordinary bonds							**6,166,461**

NOTE 20 - 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	Balance due UF	Balance due in MCh$
SERIE_F	1,200,000	1,200,000	05/01/1999	05/01/2024	7.73%	320,522	9,318
SERIE_G	400,000	400,000	05/01/1999	05/01/2025	7.92%	132,039	3,838
SERIE_L	1,200,000	1,200,000	10/01/2001	10/01/2026	6.39%	503,689	14,642
SERIE_M	1,800,000	1,800,000	10/01/2001	10/01/2027	6.43%	835,572	24,290
SERIE_N	1,500,000	1,500,000	06/01/2004	06/01/2029	5.25%	785,211	22,826
SERIE_O	1,500,000	1,500,000	06/01/2004	06/01/2030	3.93%	785,037	22,821
SERIE_R	1,500,000	1,500,000	06/01/2005	06/01/2038	4.72%	781,726	22,725
SERIE_S	2,000,000	2,000,000	12/01/2005	12/01/2030	4.86%	1,104,580	32,110
SERIE_T	2,000,000	2,000,000	12/01/2005	12/01/2031	4.52%	1,179,644	34,293
SERIE_U	2,000,000	2,000,000	06/01/2007	06/01/2032	4.19%	1,923,946	55,930
SERIE_Y	4,000,000	4,000,000	12/01/2007	12/01/2030	4.25%	2,646,400	76,932
SERIE_W	4,000,000	4,000,000	06/01/2008	06/01/2036	4.05%	2,168,000	63,024
SERIE_AC	6,000,000	6,000,000	03/01/2010	03/01/2040	3.96%	5,636,211	163,847
SERIE_AD 1	4,000,000	4,000,000	06/01/2010	06/01/2040	4.17%	3,645,908	105,988
SERIE_AD 2	3,000,000	3,000,000	06/01/2010	06/01/2042	4.14%	2,715,219	78,932
SERIE_AH	15,000,000	9,000,000	09/01/2013	09/01/2043	3.63%	7,819,965	227,328
SERIE_B1S	3,000,000	3,000,000	06/11/2020	12/01/2039	1.32%	3,347,467	97,311
SERIE_B2S	3,000,000	3,000,000	06/22/2020	12/01/2044	1.30%	3,437,614	99,932
SERIE_B3S	3,000,000	3,000,000	06/24/2020	12/01/2049	1.28%	3,528,062	102,566
Total subordinated bonds	**60,100,000**	**54,100,000**				**43,296,812**	**1,258,653**
TOTAL BONDS							**7,425,114**

NOTE 21 -PROVISIONS

a) As of June 30, 2021 and December 31, 2020, the breakdown of the balance of this item is as follows:

	As of June 30 2021 MCh$	As of December 31 2020 MCh$
Provisions for staff benefits and remuneration (**)	114,788	97,406
Provisions for minimum dividends	81,504	95,236
Provisions for credit commitments	56,897	51,593
Provisions for contingencies (*)	276,695	193,734
Provisions for country risk	3,640	3,608
Total	**533,524**	**441,577**

(*) Provisions for contingencies as of June 30, 2021 include additional provisions for MCh$234,241 (MCh$ 160,176 as of December 31, 2020), recognized according to the policies approved by the Board of Directors of the Bank (see Note 1, ac, i and Note 11 c).

As of June 30, 2021, no provisions were made to comply with the minimum of 0.50% required by the CMF for the normal portfolio of individuals (MCh$0 as of December 31, 2020) (see Note 1, ab, ii and Note 11c).

(**) As of June 30, 2021 and December 31, 2020, Servicios Financieros y Administración de Créditos Comerciales S.A. has recorded provisions for severance indemnity payments amounting to MCh$716 and MCh$721, respectively.

As of June 30, 2021 and December 31, 2020, Administradora de Tarjetas de Servicios Financieros Limitada has recorded provisions for severance indemnity payments amounting to MCh$184 and MCh$146, respectively.

NOTE 21 –PROVISIONS, CONTINUED

b) Provisions for staff benefits and remunerations

	As of June 30 2021 MCh$	As of December 31 2020 MCh$
Provision for other personnel benefits	99,449	81,573
Accrued vacations	15,339	15,833
Total	**114,788**	**97,406**

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

c) Provisions for credit commitments

The detail of provisions for credit commitments as of June 30, 2021 and December 31, 2020 is as follows:

	As of June 30 2021 MCh$	As of December 31 2020 MCh$
Provisions for credit commitments		
Endorsements and performance bonds	4,182	3,720
Confirmed foreign letters of credit	3	1
Issued documentary letters of credit	1,180	720
Guarantees	10,601	9,979
Available credit lines	36,954	34,219
Other credit commitments	3,977	2,954
Total	**56,897**	**51,593**

d) Movements in provisions during period 2021 and year 2020 are as follow:

	Provisions for					
	Staff benefits and remuneration MCh$	Minimum dividends MCh$	Risk of Credit Commitments MCh$	Contingencies MCh$	Country risk MCh$	Total MCh$
As of January 1, 2021	**97,406**	95,236	51,593	193,734	3,608	**441,577**
Provisions established	20,997	81,504	8,565	82,961	1,075	**195,102**
Provisions used/released	(4,898)	(95,236)	(2,698)	(671)	-	**(103,503)**
Exchange differences	1,283	-	(563)	671	(1,043)	**348**
As of June 30, 2021	**114,788**	**81,504**	**56,897**	**276,695**	**3,640**	**533,524**
As of January 1, 2020	**98,100**	**120,794**	**42,669**	**44,460**	**3,017**	**309,040**
Provisions established	4,320	95,236	15,942	159,981	1,143	**276,622**
Provisions used/released	5,402	(120,794)	(4,243)	(15,036)	(323)	**(134,994)**
Exchange differences	(10,416)	-	(2,775)	4,329	(229)	**(9,091)**
As of December 31, 2020	**97,406**	**95,236**	**51,593**	**193,734**	**3,608**	**441,577**

NOTE 22 - OTHER LIABILITIES

As of June 30, 2021 and December 31, 2020, the detail of other liabilities is as follows:

	As of June 30	As of December 31
	2021	2020
	MCh$	MCh$
Account payables and notes payable	356,029	357,729
Unearned income	19,281	18,764
Sundry creditors	802,718	673,082
Other liabilities	22,401	28,231
Total	**1,200,429**	**1,077,806**

NOTE 23 - 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 June 30	As of December 31
	2021	2020
CONTINGENT RECEIVABLES	MCh$	MCh$
Collateral and guarantees:		
Collateral and guarantees in foreign currency	346,869	196,037
Confirmed foreign letters of credit	16,219	5,189
Issued documentary letters of credit	282,477	317,129
Performance bonds:		
Performance bonds in Chilean currency	1,367,030	1,222,972
Performance bonds in foreign currency	573,254	596,912
Amount available of revolving credit facilities	7,856,983	7,245,618
Other credit commitments:		
Higher education loans in accordance with Law No.20,027	4,056	4,608
Other	574,214	430,258
THIRD PARTY OPERATIONS		
Collections:		
Foreign collections	36,418	30,946
Domestic collections	189,631	187,635
CUSTODY OF SECURITIES		
Securities in custody with the bank	47,619	66,466
Total	**11,294,770**	**10,303,770**

NOTE 23 - CONTINGENCIES AND COMMITMENTS, CONTINUED

b) Lawsuits and legal proceedings:

BCI Bank

The Bank and its subsidiaries are involved in several pending legal lawsuits related to their lines of business and, based on facts related to the defense presented, it is the opinion of Management and their internal legal advisers, that no additional liabilities or updated estimates for those already recognized by the Bank and its subsidiaries are required. Accordingly, no additional provisions have been deemed necessary or recorded for such contingencies.

c) Operating guarantees granted:

- Direct commitments

  As of June 30, 2021 and December 31, 2020 the Bank has no such types of guarantees.

- Operating guarantees

BCI Corredor de Bolsa S.A.

As of June 30, 2021, the company has made a deposit to guarantee compliance with the commitments for simultaneous operations on the Santiago Stock Exchange for MCh$108,544 (MCh$41,170 as of December 31, 2020).

As of June 30, 2021, the company made a deposit to guarantee compliance with the proper performance of operations in the CCLV settlement system of the Santiago Stock Exchange for MCh$7,050 (MCh$7,200 as of December 31, 2020).

As of June 30, 202, the company made a deposit to guarantee compliance with the proper performance of operations in the CCLV settlement system in financial derivatives of the Santiago Stock Exchange for MCh$295 (MCh$295 as of December 31, 2020).

As of June 30, 2021, the company made a foreign deposit to guarantee compliance with the international market operations for MCh$37 (MCh$36 as of December 31, 2020).

As of June 30, 2021 and December 31, 2020, the company has not made any guarantee deposit.

NOTE 23 - CONTINGENCIES AND COMMITMENTS, CONTINUED

As of June 30, 2021, BCI Corredor de Bolsa S.A., the subsidiary of the Bank, acquired a UF20,000 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, 2020 No. 330-19-00026838 and is valid until August 19, 2021. The insurer is the Compañía de Seguros de Mapfre Garantía y Crédito, and Santiago Stock Exchange is the representative of potential beneficiaries.

As of June 30, 2021, there is a bond of UF 10,000 to fulfill what is set forth in Article 12 and following, and 99 and following, of Law 20,712, guaranteeing the complete fulfillment of BCI Corredor de Bolsa obligations of fund and portfolio management for third parties, valid from November 25, 2020 to November 23, 2021.

- Employee loyalty insurance

BCI Corredor de Bolsa S.A.

As of December 31, 2020, it had taken out an insurance policy signed with Southbridge Compañía de Seguros Generales S.A.., which covers Banco de Credito e Inversiones and its subsidiaries up to UF500,000, for faithful compliance of duties by employees whose effective date is from November 30, 2020 until May 31, 2022.

BCI Corredores de Seguros S.A.

As of June 30, 2021, the following insurance policies have been contracted to comply with the provisions of letter d) of Article No. 58 of Decree Law No. 251 of 1931, in order to respond to the correct and full compliance with all obligations arising from its activity:

- Guarantee Policy for Insurance Brokers No. 10047742 for an insured amount of UF500 contracted with Compañía de Seguros Generales Consorcio Nacional de Seguros S.A., whose term is from April 15, 2021 to April 14, 2022, establishing the right of the insurance company to collect from the broker all the sums disbursed by the insurance company to third parties affected by the broker's deficient intermediation in excess of the insured amounts.

- Professional Civil Liability Policy for Insurance Brokers No. 10047743 for an insured amount of UF60,000 contracted with Compañía de Seguros Generales Consorcio Nacional de Seguros S.A., whose term is from April 15, 2021 to April 14, 2022, for the purpose of safeguarding the broker in the event of possible claims by third parties, with the insurance company having the right to ask the broker to reimburse the amount paid to the third party claimant.

NOTE 23 - CONTINGENCIES AND COMMITMENTS, CONTINUED

BCI Factoring S.A.

As of June 30, 2021, BCI Factoring S.A., the subsidiary of the Bank, has approved guarantee lines for operators with Factor Chain International for MCh$1,434 (MCh$2,596 in December 2020), equivalent to US$1,950,000.00 (US$3,650,000,00 in December 2020) of which MCh$161 (MCh$439 in December 2020) has been used, equivalent to US$220,233.55 (US$618,222.35 in December 2020).

BCI Corredores de Bolsa de Productos S.A.

As of June 30, 2021, it has a Bank guarantee No. 529972 taken with Banco de Crédito e Inversiones, for UF6,000, in favor of Bolsa de Productos Agropecuarios S.A., to guarantee compliance with the Company's obligations as an intermediary of products in accordance with article 11 of Act 19,220. The possibility of payment of this bond is covered by a "Contract to open a line of credit to cover possible guarantee payments issued in Chilean pesos or foreign currency," which is held by the financial institution with due date on December 3, 2021.

As of March 31, 2021, it has a Bank guarantee No. 529973 taken with Banco de Credito e Inversiones, for UF2,000, in favor of Bolsa de Productos Agropecuarios SA, to guarantee the fulfillment of all its obligations as a stock exchange broker in connection with operations invoiced to the Company. The possibility of payment of this bond is covered by a "Contract to open a line of credit to cover possible guarantee payments issued in Chilean pesos or foreign currency," which is held by the financial institution with due date on December 3, 2021.

BCI Asset Management Administradora General de Fondos S.A

Collaterals established in articles 12, 13 and 14 of the Single Act on Funds No. 20.712.

As of June 30, 2021, there are policies securing all funds and portfolio administration, which amount to MCh$89,711.

Funds	Type of collateral	Amount MCh$	Amount paid UF
Funds	Guarantees in UF	79,357	2.671.060.58
Portfolio administration	Guarantees in UF	10,354	348.516.47
	Total	**89,711**	**3,019,577.05**

The foregoing is in accordance with the provisions of article 226 of Act No. 18.045 on the Stock Market and the provisions in NCG No. 125 of 2001, which stipulate that General Fund Administrators must permanently maintain a guarantee for each managed fund, which should always be equivalent to UF 10,000 or 1% of the average assets of the corresponding calendar year prior to the date of calculation.

NOTE 23 - CONTINGENCIES AND COMMITMENTS, CONTINUED

Also, in order to comply with the requirements of Title IV of Circular 1790, mutual funds defined as structured and secured must always have collateral provided by a third party other than the administrator company.

To ensure compliance with these standards, BCI Asset Management Administradora General de Fondos S.A. maintains deposits with BCI Bank.

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 statements of financial position, 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 June 30	As of December 31
	2021	2020
	MCh$	MCh$
Endorsements and performance bonds	346,869	196,037
Documentary letters of credit	282,477	317,129
Guarantees	1,940,284	1,819,884
Amount available of revolving credit facilities	7,856,983	7,245,618
Provisions established (Note 21)	(56,897)	(51,593)
Total	**10,369,716**	**9,527,075**

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

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

	As of June 30	As of December 31
	2021	2020
	MCh$	MCh$
Documents in collection	226,049	218,581
Custody of assets	47,619	66,466
Total	**273,668**	**285,047**

NOTE 24 – SHAREHOLDERS' EQUITY

a) Issued capital and shares

Movements in common shares during the periods ended June 30, 2021 and December 31, 2020 are the following:

	As of June 30	As of December 31
	2021	2020
	No.	No.
Issued as of January 1	**148,767,940**	**141,616,409**
Issuance of shares released	-	7,151,531
Shares subscribed and paid for capital increase	-	-
Total issued	**148,767,940**	**148,767,940**

As of June 30, 2021 and December 31, 2020, the distribution of shareholders is as follows:

As of June 30, 2021	Shares	
	No. of shares	Ownership %
Empresas Juan Yarur S.P.A.	82,356,919	55.36%
Banco de Chile on behalf of non-resident third parties	8,195,687	5.51%
Jorge Yarur Bascuñán	4,916,919	3.31%
BCI Corredor de Bolsa S.A. on behalf of third parties	3,764,924	2.53%
Banco Santander on behalf of foreign investors	3,728,445	2.51%
AFP Habitat S.A	3,668,214	2.47%
AFP Cuprum S.A.	3,041,576	2.04%
AFP Capital S.A.	2,909,962	1.96%
AFP Provida S.A	2,885,107	1.94%
Inversiones Cerro Sombrero Financiero S.P.A.	2,531,269	1.70%
Imsa Financiera S.P.A.	2,220,465	1.49%
Larraín Vial S.A. Corredora de Bolsa	2,138,039	1.44%
Banchile Corredores de Bolsa S.A.	2,024,051	1.36%
Inversiones Tarascona Corporation Agencia en Chile	1,720,465	1.16%
Inversiones VYR S.P.A.	1,695,786	1.14%
Inversiones Nueva Altamira S.P.A	1,484,801	1.00%
Luis Enrique Yarur Rey	1,471,380	0.99%
AFP Modelo S.A.	832,524	0.56%
Empresas JY S.A.	818,301	0.55%
Bolsa de Comercio de Santiago Bolsa de Valores	771,708	0.52%
Inversiones Colibrí Financiera S.A. and Jorge Yarur Rey Usufruct	694,729	0.47%
BTG Pactual Chile S.A. Corredores de Bolsa	615,194	0.41%
Credicorp Capital S.A. Corredores de Bolsa	570,036	0.38%
AFP Planvital S.A.	558,621	0.38%
Bice inversiones Corredores de Bolsa S.A.	493,039	0.33%
Other shareholders	12,659,779	8.49%
Subscribed and paid-in shares	**148,767,940**	**100.00%**

NOTE 24 –SHAREHOLDERS' EQUITY, CONTINUED

As of December 31, 2020	**Shares**	
	No. of shares	**Ownership %**
Empresas Juan Yarur S.P.A.	82,356,919	55.36%
Banco de Chile on behalf of non-resident third parties	7,903,241	5.31%
Jorge Yarur Bascuñán	4,916,919	3.31%
Banco Santander on behalf of foreign investors	3,869,509	2.60%
BCI Corredor de Bolsa S.A. on behalf of third parties.	3,709,455	2.49%
AFP Habitat S.A	3,532,781	2.37%
AFP Provida S.A	2,891,507	1.94%
Larraín Vial S.A. Corredora de Bolsa	2,597,592	1.75%
AFP Capital S.A.	2,570,090	1.73%
Inversiones Cerro Sombrero Financiero S.P.A.	2,531,269	1.70%
Banchile Corredores de Bolsa S.A.	2,247,127	1.51%
Imsa Financiera S.P.A.	2,220,465	1.49%
AFP Cuprum S.A.	2,090,561	1.41%
Inversiones Tarascona Corporation Agencia en Chile	1,807,326	1.21%
Inversiones VYR S.P.A.	1,695,786	1.14%
Inversiones Nueva Altamira S.P.A	1,484,801	1.00%
Luis Enrique Yarur Rey	1,471,380	0.99%
Inversiones Meyar S.A.C.	1,104,880	0.74%
Bolsa de Comercio de Santiago Bolsa de Valores	962,989	0.65%
AFP Modelo S.A	863,228	0.58%
Empresas JY S.A.	818,301	0.55%
Credicorp Capital S.A. Corredores de Bolsa	753,546	0.51%
Inversiones Colibrí Financiera S.A.	694,729	0.47%
BTG Pactual Chile S.A. Corredores de Bolsa	675,833	0.45%
Compañía de Seguros de Vida Consorcio Nacional de Seguro S.A.	652,752	0.44%
Other shareholders	12,344,954	8.30%
Subscribed and paid-in shares	**148,767,940**	**100.00%**

b) Dividends

During the periods ended June 30, 2021 and 2020, the following dividends were declared by the Bank:

	As of June 30	
	2021	**2020**
	Ch$	**Ch$**
Ch$ per ordinary share	700	1,000

The provision for minimum dividends as of June 30, 2021 amounts to MCh$81,504 (MCh$95,236 as of December 31, 2020).

NOTE 24 –SHAREHOLDERS' EQUITY, CONTINUED

c) The composition of basic and diluted earnings per share is as follows:

	As of June 30	
	2021	**2020**
Net income for the period attributable to the equity holders of the Bank in MCh$	271,681	159,071
Income available for shareholders in MCh$	**271,681**	**159,071**
Weighted average number of shares	148,767,940	141,616,409
Basic and diluted earnings per share (Ch$-Share)	**1,826**	**1,123**

d) Translation adjustment reserve

As of June 30, 2021 and December 31, 2020, the reconciliation of the cumulative translation adjustment reserve as a separate component of shareholders' equity is as follows:

	Translation adjustment reserve
	MCh$
As of January 1, 2020	**175,490**
Net Exchange rate charges for subsidiaries in Florida	(95,503)
As of December 31, 2020	**79,987**
As of January 1, 2021	**79,987**
Net Exchange rate charges for subsidiaries in Florida	44,210
As of June 30, 2021	**124,197**

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

	Investment revaluation reserve	Cash flow hedges reserve
	MCh$	**MCh$**
Accumulated other comprehensive income 2019	**35,479**	**(126,789)**
Transferred to statements of income 2020	3,408	828
Mark to market adjustment	39,079	(50,331)
Accumulated other comprehensive income 2020	**77,966**	**(176,292)**
Transferred to statements of income 2021	8,112	384
Mark to market adjustment	(266,999)	219,301
Accumulated other comprehensive income 2021	**(180,921)**	**43,393**

NOTE 24 –SHAREHOLDERS' 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.

- Fair value reserves:

The fair value reserve includes the accumulated net changes in the market value of the investments available for sale. When the investment (all or part) is sold or disposed of, these reserves are recognized in the Interim Consolidated Statement of Profit or Loss as part of the loss or gain related to investments (Note 1, section t, indicates the accounting treatment in case of impairment).

f) Capital requirements

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) with the following adjustments: a) aggregate subordinated bonds for up to 50% of the basic capital, b) aggregate additional allowances, c) deductions of the balance of assets corresponding to goodwill or overprices paid and investments in companies not included in the consolidation, and (d) aggregate the balance of the non-controlling interest.

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 over the counter ("OTC") derivative securities are considered in the determination of risk-weighted assets with a conversion factor over the notional values, thus obtaining the amount of credit risk exposure (or "credit equivalent") that complies with Chapter 12-1 of the Updated Compilation of Standards issued by the CMF. Contingent credits, recognized off – balance sheet, which are also considered as a "credit equivalent" for purposes of risk exposure.

NOTE 24 –SHAREHOLDERS' EQUITY, CONTINUED

During 2019, the Financial Market Commission initiated the regulatory process for the implementation of Basel III standards in Chile, in accordance with the provisions of Law No. 21.130 on Modernization of the Banking Legislation. During 2020, the CMF has issued the final regulations.

The regulatory and basic capital for the period ended 2021 and the year 2020 are the following:

	Consolidated assets		Risk- weighted assets	
	As of June 30	As of December 31	As of June 30	As of December 31
	2021	2020	2021	2020
	MCh$	MCh$	MCh$	MCh$
Assets – Interim consolidated statements of financial position (net of provisions)				
Cash and deposits in banks	3,651,828	4,597,867	-	-
Items in course of collection	407,842	236,710	180,990	40,899
Trading portfolio financial assets	526,651	1,147,279	150,503	230,456
Liabilities under agreements to repurchase	215,285	190,248	215,285	190,248
Derivative financial liabilities	4,017,812	5,451,897	784,767	834,039
Credit equivalent	(3,010,039)	(4,388,819)	-	-
Loans and receivables due from banks	418,036	356,669	418,036	356,669
Loans and receivables from customers	35,576,200	34,718,681	30,449,906	29,841,236
Financial investments available for sale	10,561,839	7,996,040	1,847,691	1,541,591
Financial investments held to maturity	301,092	25,144	285,763	10,244
Investments in other companies	26,325	26,625	26,325	26,625
Intangible assets	394,741	395,276	239,639	243,764
Property, plant and equipment	246,719	251,217	246,719	251,217
Right-of-use assets	182,364	204,807	182,364	204,807
Current income taxes	5,931	36,270	593	3,627
Deferred income taxes	244,792	211,224	24,479	21,122
Other assets	1,140,577	1,310,345	840,827	877,563
Assets off– balance sheet				
Contingent loans	4,644,621	4,085,765	2,786,772	2,451,459
Total	**59,552,616**	**56,853,245**	**38,680,659**	**37,125,566**

	As of June 30	As of December 31
	2021	2020
	MCh$	MCh$
Basic capital	3,876,785	3,893,620
Regulatory capital	5,196,191	4,971,521
Total consolidated assets	59,552,616	56,853,245
Total Risk- weighted assets	38,680,659	37,125,566

Concept	Ratio	
	As of June 30	As of December 31
	2021	2021
	%	%
Basic capital-Consolidated assets	6.51	6.85
Basic capital- Risk-weighted assets	10.02	10.49
Regulatory capital- Risk-weighted assets	13.43	13.39

NOTE 24 –SHAREHOLDERS' EQUITY, CONTINUED

(*) On August 21, 2020, the CMF published Circular No. 2,265, which indicates the new treatment for risk-weighted assets associated with loans guaranteed by the Chilean Treasury, CORFO and FOGAPE, that are incorporated to the category No. 2. Consequently, these loans' credit risk has been reduced from 100% to 10%.

NOTE 25 - INTEREST INCOME AND EXPENSES AND INDEXATION FOR INFLATION

a) For the six-month periods ended June 30, 2021 and 2020, the composition of income from interest and indexation for inflation is the following:

	For the six-month period ended June 30					
	2021			2020		
Concept	**Interest**	**Indexation for inflation**	**Total**	**Interest**	**Indexation for inflation**	**Total**
	MCh$	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Repurchase agreements	226	190	416	938	-	938
Interbank loans	3,109	-	3,109	7,515	-	7,515
Commercial loans	457,941	103,553	561,494	533,468	64,431	597,899
Mortgage loans	103,273	165,872	269,145	94,992	91,435	186,427
Consumer loans	206,113	667	206,780	260,544	644	261,188
Investment instruments	49,682	23,137	72,819	45,587	6,633	52,220
Other income from interest or indexation (*)	2,243	1,681	3,924	6,844	1,742	8,586
Hedge accounting offset effect	(20,081)	-	(20,081)	(31,913)	-	(31,913)
Total income from interest and indexation for inflation	**802,506**	**295,100**	**1,097,606**	**917,975**	**164,885**	**1,082,860**

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

For the six-month periods ended June 30, 2021 and 2020 the sum of interest expenses and indexation for inflation is as follows:

	For the six-month period ended June 30	
	2021	2020
Concept	**MCh$**	**MCh$**
Demand deposits	(16,671)	(29,536)
Repurchase agreements	(2,597)	(5,218)
Term deposits and borrowings	(24,670)	(128,541)
Borrowings from financial institutions	(18,773)	(38,100)
Debt issued	(217,335)	(161,644)
Other financial liabilities	(2,724)	(7,087)
Lease liabilities	(1,546)	(2,133)
Other interest expenses and indexation for inflation	(12,195)	(6,988)
Hedge Accounting Results	13,423	6,860
Total interest expenses and-indexation for inflation	**(283,088)**	**(372,387)**

NOTE 25 - INTEREST INCOME AND EXPENSES AND INDEXATION FOR INFLATION, CONTINUED

b) For the six-month periods ended June 30, 2021 and 2020, the detail of income and expenses related to hedge accounting is as follows:

	For the six-month period ended June 30					
	2021			2020		
	Income MCh$	Expense MCh$	Total MCh$	Income MCh$	Expense MCh$	Total MCh$
Asset hedge margin						
Fair value hedges	96,253	(53,674)	**42,579**	15,207	(30,300)	**(15,093)**
Cash flow hedges	7,041	(69,701)	**(62,660)**	26,371	(43,191)	**(16,820)**
Subtotal	**103,294**	**(123,375)**	**(20,081)**	**41,578**	**(73,491)**	**(31,913)**
Liabilities hedge margin						
Fair value hedges	136,754	(123,331)	13,423	558,042	(551,182)	**6,860**
Subtotal	**136,754**	**(123,331)**	**13,423**	**558,042**	**(551,182)**	**6,860**
Total	**240,048**	**(246,706)**	**(6,658)**	**599,620**	**(624,673)**	**(25,053)**

NOTE 26 – FEE AND COMMISSION INCOME AND EXPENSES

For the six-month periods ended June 30, 2021 and 2020, the composition of fee and commission income and expenses is the following:

	For the six-month period ended June 30	
	2021 MCh$	2020 MCh$
Fee and commission income:		
Commissions for credit lines and overdrafts	1,635	1,732
Commissions for guarantees and letters of credit	12,795	12,087
Commissions for credit card services	44,283	44,021
Commissions for administration of accounts	24,041	24,728
Commissions for collection services	31,606	37,891
Commissions for securities brokerage	4,495	3,529
Commissions for management of mutual and investment funds	27,958	27,974
Commissions for insurance brokerage	28,797	39,550
Commissions for other services provided	33,094	23,490
Other commissions	10,107	6,292
Total fee and commission income	**218,811**	**221,294**
Fee and commission expenses:		
Commissions on operations with credit cards:	(25,199)	(26,195)
Commissions on securities trading	(14,614)	(11,931)
Other commissions	(22,228)	(14,619)
Total fee and commission expenses	**(62,041)**	**(52,745)**

NOTE 27 – GAIN OR LOSS FROM FINANCIAL OPERATIONS

For the six-month period ended June 30, 2021 and 2020, the detail of gain or loss from financial operations is the following:

	For the six-month period ended June 30	
	2021	**2020**
	MCh$	**MCh$**
Trading instruments	17,525	80,541
Derivative financial agreements (speculative)	(11,663)	63,610
Other instruments at fair value through profit or loss	-	(328)
Gains on financial investments available for sale	(5,856)	43,036
Other	9,159	-
Total	**9,165**	**186,859**

NOTE 28 – NET FOREIGN EXCHANGE GAIN OR LOSS

For the six-month periods ended June 30, 2021 and 2020, the detail of the net foreign exchange gain or loss is the following:

	For the six-month period ended June 30	
	2021	**2020**
	MCh$	**MCh$**
Exchange difference		
Gains from exchange differences	17,255,525	21,106,875
Losses from exchange differences	(17,234,024)	(21,381,863)
Subtotal	21,501	(274,988)
Foreign currency fluctuation		
Effect for assets and liabilities denominated in foreign currency	8,922	27,795
Subtotal	8,922	27,795
Hedge Accounting Results		
Assets hedge results	(61,363)	69,776
Liabilities hedge results	22,796	112,630
Subtotal	(38,567)	182,406
Total	**(8,144)**	**(64,787)**

This item includes income accrued in the period, related to holding of assets and liabilities in foreign currency or indexed to the exchange rate, for ex trading and results of derivatives used to hedge foreign currency.

NOTE 29 - PROVISIONS AND IMPAIRMENT FOR CREDIT RISK

The detail of provisions and impairment for credit risk for the six-month period ended June 30, 2021 and 2020 is as follows:

June 2021	Owed by banks	Loans and receivables from customers: Consumer loans	Mortgage loans	Consumer loans	Credit Commitments	Additional	Adjustment to minimum provision for normal portfolio	Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Provisions:								
Individual provisions	68	53,098	-	-	5,186	-	-	**58,352**
Collective provisions	-	39,875	6,793	115,124	3,379	75,078	-	**240,249**
Total provisions	**68**	**92,973**	**6,793**	**115,124**	**8,565**	**75,078**	**-**	**298,601**
Impairment								
Individual impairment	-	-	-	-	-	-	-	-
Collective impairment	-	-	-	-	-	-	-	-
Total impairment	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Reversal of provisions								
Individual provisions		(19,422)	-	-	(609)	-	-	**(20,031)**
Collective provisions	-	(8,904)	(243)	(66,259)	(2,089)	(2,401)	-	**(79,896)**
Total reversal of provisions	**-**	**(28,326)**	**(243)**	**(66,259)**	**(2,698)**	**(2,401)**	**-**	**(99,927)**
Recovery of loans previously written off	-	(8,280)	(1,131)	(29,295)	-	-	-	(38,706)
Reversal of impairment	-	-	-	-	-	-	-	-
Net provisions for credit risk	**68**	**56,367**	**5,419**	**19,570**	**5,867**	**72,677**	**-**	**159,968**

NOTE 29 - PROVISIONS AND IMPAIRMENT FOR CREDIT RISK, CONTINUED

		Loans and receivables from customers						
June 2020	**Owed by banks**	**Consumer loans**	**Mortgage loans**	**Consumer loans**	**Credit Commitments**	**Additional**	**Adjustment to minimum provision for normal portfolio**	**Total**
	MCh$	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Provisions:								
Individual provisions	208	44,168	-	-	7,330	-	168	**51,874**
Collective provisions	-	71,523	1,691	197,917	2,318	53,123	-	**326,572**
Total provisions	**208**	**115,691**	**1,691**	**197,917**	**9,648**	**53,123**	**168**	**378,446**
Impairment								
Individual impairment	-	-	-	-	-	-	-	-
Collective impairment	-	-	-	-	-	-	-	-
Total impairment	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Reversal of provisions								
Individual provisions	(174)	(4,462)	-	-	(1,555)	-	(10,439)	**(16,630)**
Collective provisions	-	(7,350)	(917)	(2,045)	(928)	-	-	**(11,240)**
Total reversal of provisions	**(174)**	**(11,812)**	**(917)**	**(2,045)**	**(2,483)**	**-**	**(10,439)**	**(27,870)**
Recovery of loans previously written off	-	(10,125)	(1,180)	(16,537)	-	-	-	**(27,842)**
Reversal of impairment	-	-	-	-	-	-	-	-
Net provisions for loan losses	**34**	**93,754**	**(406)**	**179,335**	**7,165**	**53,123**	**(10,271)**	**322,734**

In Management's opinion, the provisions recorded for credit risk and for impairment cover all possible losses that may result if assets are not recovered based on the information corroborated by the Bank.

NOTE 30 - STAFF COSTS

The composition of staff costs as of June 30, 2021 and 2020 is as follows:

	For the six-month period ended June 30	
	2021	**2020**
	MCh$	**MCh$**
Staff remuneration	142,743	147,018
Bonuses or awards	96,284	80,747
Severance payments	6,484	4,809
Training expenses	1,137	1,095
Other staff expenses	16,003	17,911
Total	**262,651**	**251,580**

NOTE 31 - ADMINISTRATIVE EXPENSES

As of June 30, 2021 and 2020, the composition of administrative expenses is as follows:

	For the six-month period ended June 30	
	2021	**2020**
	MCh$	**MCh$**
General administrative expenses		
Maintenance and repair of the bank's property, plant and equipment	7,596	7,309
Insurance premiums	4,860	4,609
Office supplies	1,278	2,583
Computer and communication expenses	46,492	46,360
Lighting, heating and other services	4,044	4,549
Securities custody and transportation services	6,530	6,245
Travel expenses	1,031	1,969
Judicial and notarial expenses	1,113	2,834
Fees for technical reports	3,359	3,449
Audit fees	1,953	2,182
Fines imposed by other agencies	55	218
Low-value lease contract expenses	4,197	4,285
Cleaning services	2,177	2,255
Advisory services	9,646	7,772
Postal-related expenses	577	698
Other general administrative expenses	13,093	18,400
Sub- contracted services		
Data processing	3,058	3,110
Sale of products	977	792
Credit evaluation	1	257
Other	4,419	4,417
Board of Director expenses		
Board of Directors remuneration	2,524	2,388
Other Board of Directors expenses	235	209
Publicity and advertising	15,015	13,278
Taxes, real estate taxes and contributions		
Real estate taxes	1,654	1,267
Licenses	1,161	1,243
Other taxes	5,972	7,035
Contribution to CMF	7,627	6,511
Total	**150,644**	**156,224**

NOTE 32 - DEPRECIATION, AMORTIZATION AND IMPAIRMENT

a) As of June 30, 2021 and 2020, depreciation and amortization expenses are detailed below:

	For the six-month period ended March 3	
	2021	**2020**
	MCh$	**MCh$**
Depreciation and amortization		
Depreciation of property, plant and equipment	(10,843)	(12,912)
Amortization of intangible assets	(28,719)	(27,940)
Amortization and depreciation of right-to- use assets	(12,872)	(13,704)
Total	**(52,434)**	**(54,556)**

b) As of June 30, 2021 and 2020, the bank presents impairment which is detailed below:

	For the six-month period ended June 30	
	2021	**2020**
	MCh$	**MCh$**
Impairment of property, plant and equipment and intangible assets		
Property, plant and equipment (1)	(23)	(142)
Intangibles	-	-
Total	**(23)**	**(142)**

(1) As of June 30, 2021 and 2020, the impairment of property, plant and equipment of MCh$23 and MCh$142 corresponds to the gross balance of property, plant and equipment.

The Bank and its branches assess, on the end of the reported fiscal period if there is any indicator of impairment of any asset with a defined life. If any indicator is present, or an impairment test is needed, the entity calculates the recoverable amount of the asset.

NOTE 32 - DEPRECIATION, AMORTIZATION AND IMPAIRMENT, CONTINUED

c) The reconciliation between the amounts as of January 1, 2021 and 2020 and the balances as of June 30, 2021 and 2020 is as follows:

	Accumulated depreciation and amortization 2021			
	Property, plant and equipment, net	**Leased assets**	**Intangible assets**	**Total**
	MCh$	**MCh$**	**MCh$**	**MCh$**
Balances as of January 1	**166,882**	**84,020**	**262,117**	**513,019**
Charges for depreciation and amortization	10,843	12,872	28,719	**52,434**
Disposals	(1,865)	(8,604)	-	**(10,469)**
Others	282	1,298	1,307	**2,887**
Balance as of June 30	**176,142**	**89,586**	**292,143**	**557,871**

	Accumulated depreciation and amortization 2020			
	Property, plant and equipment, net	**Leased assets**	**Intangible assets**	**Total**
	MCh$	**MCh$**	**MCh$**	**MCh$**
Balances as of January 1	**203,598**	**62,099**	**209,200**	**474,897**
Charges for depreciation and amortization	12,912	13,704	27,940	**54,556**
Disposals	(7,789)	(2,713)	-	**(10,502)**
Others	776	1,802	3,832	**6,410**
Balance as of June 30	**209,497**	**74,892**	**240,972**	**525,361**

NOTE 33 - OTHER OPERATING INCOME AND EXPENSES

a) Other operating income

As of June 30, 2021 and 2020, the composition of other operating income is as follows:

	For the six-month period ended June 30	
	2021	2020
Concept	**MCh$**	**MCh$**
Income from repossessed assets		
Gain on sale of repossessed assets	520	652
Other income	1,726	36
Subtotal	2,246	688
Reversal of provisions for credit commitments		
Reversal of provisions for country risk	-	207
Other provisions for contingencies		1,509
Subtotal	-	1,716
Other income		
Gains on sale of property, plant and equipment	1,109	2,040
Insurance claims	644	1,086
Leasing income	2,703	1,892
Other income	17,538	19,153
Subtotal	21,994	24,171
Total	**24,240**	**26,575**

b) Other operating expenses

During 2021 and 2020, the composition of other operating income is as follows:

	For the six-month period ended June 30	
	2021	2020
Concept	**MCh$**	**MCh$**
Impairment and expenses for repossessed assets		
Provisions for repossessed assets	-	98
Write-off of repossessed assets	323	350
Maintenance expenses for repossessed assets	323	396
Subtotal	646	844
Establishment of provisions for credit commitments		
Provisions for country risk	1,075	627
Other provisions for credit commitments	10,228	887
Subtotal	11,303	1,514
Other expenses		
Loss on sale of property, plant and equipment	51	-
Contributions and donations	829	4,769
Penalties for judicial and notary expenses	2,477	2,063
Leasing expenses	12,993	8,726
Non-operating expenses	6,388	6,575
Other expenses	6,038	3,210
Subtotal	28,776	25,343
Total	**40,725**	**27,701**

NOTE 34 - TRANSACTIONS WITH RELATED PARTIES

a) Loans with related parties

The following shows the loans and accounts receivable, contingent loans and assets for trading and investment instruments, corresponding to related entities:

	As of June 30, 2021			As of December 31, 2020		
	Operating companies MCh$	Investment companies MCh$	Individuals MCh$	Operating companies MCh$	Investment companies MCh$	Individuals MCh$
Loans and receivables to customers						
Commercial loans	118,752	80,042	24,183	113,594	83,731	22,152
Mortgage loans	-	-	48,720	-	-	46,894
Consumer loans	-	-	8,012	-	-	7,483
Gross loans	**118,752**	**80,042**	**80,915**	**113,594**	**83,731**	**76,529**
Allowances for loan losses	(365)	(42)	(503)	(282)	(50)	(477)
Net loans	**118,387**	**80,000**	**80,412**	**113,312**	**83,681**	**76,052**
Loan commitments	113,853	10,082	17,425	68,031	10,047	17,707
Provisions for loan commitments	(479)	(10)	(47)	(231)	(10)	(61)
Loan commitments, net	**113,374**	**10,072**	**17,378**	**67,800**	**10,037**	**17,646**

NOTE 34 - TRANSACTIONS WITH RELATED PARTIES, CONTINUED

b) Other transactions with related parties

During 2021 and 2020, the Bank conducted the following transactions with related parties:

NOTE: Only transactions over UF1,000 are disclosed.

June 2021 Company name	Relationship with the Group	Description	Transaction amount	Effect on income Expense	Effect on income Income
			MCh$	MCh$	MCh$
Artikos Chile S.A.	Joint venture	Acquisition services	489	489	-
BCI Seguros de Vida S.A.	Other	Revenue and channel usage service	730	-	730
		Brand use	668	-	668
		Messaging	76	-	76
		Channel usage	223	-	223
		Loss management	505	-	505
		Marketing	529	-	529
		Insurance policies taken	17	17	
		Subordinated bond	548	33	-
		Financial bond	6,206	97	-
		Term deposits	500	2	-
		Forward operation	207	207	-
		Bank expenses	92	-	92
		Collection fees Servicios Financieros y Administración de Créditos Comerciales S,A,	3,743	-	3,146
		Intermediation fees BCI CCSS	5,466	-	5,466
BCI Seguros Generales S.A.	Other	Revenue and channel usage service	19	-	19
		Brand use	668	-	668
		Messaging	44	-	44
		Channel usage	223	-	223
		Marketing	375	-	375
		Forward operation	4,558		172
		Term deposits	3,994	-	-
		Financial bond	3,432	-	-
		Intermediation fees BCI CCSS	12,825	-	12,825
Zenit Seguros Generales S.A.	Other	Bank expenses	21	-	21
		Financial bond	613	8	-
		Fixed term deposits	-	-	-
Centro de Compensación Automatizado S.A.	Others	Electronic banking transactions	924	924	-
Combanc S.A.	Associate	Compensation and high value payment	198	198	-
Comder Contraparte Central S.A.	Associate	Bank processing	404	404	-
Conexxion Spa	Others	Postal mail service	123	123	-
DCV Registros S.A.	Others	Management of register of shareholders	43	43	-
Depósitos Central de Valores S.A.	Others	Financial instruments custody	329	329	-
Digitech Solutions S.A.	Others	Digital documentation	157	157	-
Inmobiliaria Anya S.A.	Others	Real estate projects	60	60	-
Inmobiliaria JY S.A.	Others	Real estate projects	114	114	-
Jordan (Chile) S.A.	Common parent	Forms printing	966	966	-
Operadoras de Tarjetas de Crédito Nexus S.A.	Associate	Card Processing	4,090	4,090	-
Redbanc S.A.	Associate	ATMs Operation	3,399	3,399	-
Salcobrand S.A.	Common parent	Rent of places for ATMs	114	114	-
Servicios de Información avanzada S.A.	Others	Trade information service	482	482	-
Servipag Ltda.	Joint venture	Services collection and payment	2,192	2,192	-
Sistema Nacional de Com. Financieras S.A. (Sinacofi)	Others	Financial information service	281	281	-
Transbank S.A.	Other	Credit card management and credit card use income	961	692	269

NOTE: Only transactions over UF1,000 are disclosed.
All these transactions were undertaken under prevailing market conditions at the date on which they were entered.

NOTE 34 - TRANSACTIONS WITH RELATED PARTIES, CONTINUED

June 2020 Company name	Relationship with the Group	Description	Amount of transaction	Effect on income Expense	Effect on income Income
			MCh$	MCh$	MCh$
Artikos Chile S.A.	Joint venture	Acquisition services	518	518	-
Bolsa de Comercio de Santiago	Others	Rent of terminals	81	81	-
BCI Seguros de Vida S.A.	Common parent	Revenue and channel usage service	692	-	692
		Brand use	4,038	-	4,038
		Messaging	103	-	103
		Channel usage	431	-	431
		Loss management	488	-	488
		Digital transformation	718	-	718
		Subordinated bonds	636	33	-
		Financial bond	721	14	-
		Terms deposits	7,264	56	-
		Forward operation	40	40	-
		Channel usage fees	4,963	-	4,963
		Bank expenses	110	-	110
		Fees for collection of financial services y management of commercial loans	4,231	-	4,231
		Collection fees, Servicios de Comercialización y Apoyo Financiero y de Gestion Ltda.	766	-	766
		Intermediation fees, BCI CCSS	6,697	-	6,697
BCI Seguros Generales S.A.	Common parent	Revenue and channel usage service	40	-	40
		Brand use	808	-	808
		Messaging	23	-	23
		Channel usage	431	-	431
		Digital transformation	718	-	718
		Channel usage fees	2,838	-	2,838
		Forward operation	40	-	40
		Intermediation fees SSFF Corredores de Seguros y Gestión Financiera Ltda.	839	-	705
		Collection fees Servicios de Comercialización y Apoyo Financiero y de Gestión Limitada.	2,738	-	2,738
		Intermediation fees BCI CCSS	9,280	-	9,280
		Awards	200		200
Centro de Compensación Automatizado S.A.	Other	Electronic banking transactions	883	883	-
Combanc S.A.	Associate	Compensation and high value payment	245	245	-
Comder Contraparte Central S.A.	Associate	Bank processing	448	448	-
Conexxion Spa	Other	Postal mail service	147	147	-
DCV Registros S.A.	Other	Management of register of shareholders	41	41	-
Depósitos Central de Valores S.A.	Other	Financial instruments custody	201	201	-
Digitech Solutions S.A.	Other	Digital documentation	158	158	-
Fernando Vallejos V	Other	Advice and consultancy	40	40	-
Inmobiliaria Anya S.A.	Other	Real estate projects	56	56	-
Inmobiliaria JY S.A.	Other	Real estate projects	111	111	-
Jordan (Chile) S.A.	Common parent	Forms printing	1,063	1,063	-
Mario Gómez D.	Other	Advice and consultancy	122	122	-
Operadoras de Tarjetas de Crédito Nexus S.A.	Associate	Card Processing	4,546	4,546	-
Redbanc S.A.	Associate	ATMs Operation	3,050	3,050	-
Salcobrand S.A.	Common parent	Rent of places for ATMs	112	112	-
Servicios de Información avanzada S.A.	Other	Trade information service	385	385	-
Servipag Ltda.	Joint venture	Services collection and payment	2,680	2,680	-
Sistema Nacional de Com. Financieras S.A. (Sinacofi)	Other	Financial information service	288	288	-
Transbank S.A.	Other	Credit card management and credit card use income	11,741	4,292	7,449

NOTE: Only transactions over UF1,000 are disclosed.
All these transactions were undertaken under prevailing market conditions at the date on which they were entered.

NOTE 34 - TRANSACTIONS WITH RELATED PARTIES, CONTINUED

c) Other assets and liabilities with related parties

	As of June 30	As of December 31
	2021	**2020**
	MCh$	**MCh$**
ASSETS		
Derivative financial assets	-	-
Other assets	-	-
LIABILITIES		
Derivative financial liabilities	-	-
On-demand deposits	133,916	99,686
Term and other on-demand deposits	141,538	315,306
Other liabilities	-	-

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

		For the six-month period ended June 30			
		2021		**2020**	
Type of income or (expense) recognized	**Entity**	**Income**	**Expense**	**Income**	**Expense**
		MCh$	**MCh$**	**MCh$**	**MCh$**
Income and expenses	Sundry	7,185	(682)	5,745	(2,155)
Operational support expenses	Companies supporting the line of business	26,051	(15,421)	48,507	(19,610)
Total		**33,236**	**(16,103)**	**54,252**	**(21,765)**

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

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

	For the six-month period ended June 30	
	2021	**2020**
	MCh$	**MCh$**
Short-term remuneration of key management personnel (*)	10,461	11,158
Severance indemnities	-	-
Total	**10,461**	**11,158**

(*) As of June 30, 2021 total expenses for the corresponding remuneration of the Board of Directors of the Bank and subsidiaries amounted to MCh$2,759 (MCh$2,597 in 2020).

NOTE 34 - TRANSACTIONS WITH RELATED PARTIES, CONTINUED

f) Composition of key management personnel

As of June 30, 2021, the composition of the key management personnel of the Bank and its subsidiaries is as follows:

Position	No. of executives
Director	22
General manager	8
Division and Area Manager	25
Total	**55**

g) Transactions with key management personnel

As of June 30, 2021 and 2020, the Bank has undertaken the following transactions with key management personnel, as specified below:

	For the six-month period ended June 30,					
	2021			2020		
	Balance owed	Interest income	Income of key executives	Balance owed	Interest income	Income of key executives
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Credit cards and other services	2,313	828,461	44	2,388	896,433	3
Mortgage loans	4,156	269,145	92	2,302	186,427	52
Collateral	3,038	-	-	2,773	-	-
Total	**9,507**	**1,097,606**	**136**	**7,463**	**1,082,860**	**55**

NOTE 34 - TRANSACTIONS WITH RELATED PARTIES, CONTINUED

As of June 30, 2021, the Bank has the following contracts:

No.	Related company	The service involved	Concept	Description of the Contract	Period	Condition
1	Archivos Credenciales e Impresos Archivert Ltda.	Production of credit and debit plastic cards	Credit and Debit Card Production	Production of credit and debit plastic cards	Indefinite	Automatic renewal every two years.
2	Artikos Chile S.A.	Purchases and logistics services portal	Purchase of supplies	Electronic purchase service for assets and/or logistics services	Indefinite	Annual automatic renewal
3	Automotora Aventura Motors S.A.	Vehicle maintenance	Vehicle maintenance	Vehicle maintenance	Indefinite	Seasonal purchase
4	BCI Seguros de Vida S.A.	Insurance	Insurance premiums	Individual life insurance policy for executives and guards	Annual	Annual Hiring
5	BCI Seguros Generales S.A.	Insurance	Insurance premiums	Individual policies for the Bank's physical assets, leased assets and comprehensive banking policy	Annual	Annual Hiring
6	Boston Consulting Group	Advisory and consulting services	Advisory and consulting services	Advisory and consulting services	Definite	Definite
7	Centro de Automatizado S.A.(CCA)	Electronic transactions adjustment center	Centre adjustment Services	Participation in and incorporation into the electronic transfer center to expedite the completion of fund transfer transactions, the Bank operates in the CET as an IFO (Originating Banking Institution) and as an IFR (Receiving Banking Institution)	Indefinite	Annual automatic renewal
8	Combanc S.A.	Clearing and settlement of High Amount payments SWIFT Messaging (Order and / or receive balance information from Central Bank of Chile, for daily transfer of customers' funds)	Settlement of significant amount payments	Clearing and settlement of High Amount payments SWIFT Messaging (Order and / or receive balance information from Central Bank of Chile, for daily transfer client funds)	Indefinite	Automatic renewal every year
9	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	Automatic renewal every year
10	Compañía de Formularios Continuos Jordan (Chile) S.A.	Printing and manufacturing of checkbooks,	Form printing	Printing services are contracted for basic lists, special forms, and revenue stamped forms, such as checks and at sight promissory notes	Indefinite	Annual automatic renewal

NOTE 34 - TRANSACTIONS WITH RELATED PARTIES, CONTINUED

No.	Related company	The service involved	Concept	Description of the Contract	Period	Condition
11	Conexxion Spa	Postal mail service (normal and registered letter), Messaging (internal courier service and motorbikes)	Mail and Messaging	Postal mail service (regular and registered letter), Messaging (internal courier service and motorbikes)	Indefinite	Annual automatic renewal
12	Corporación Cultural Arte +	Advertising spaces	Advertising spaces	Advertising in magazine La Panera.	Definite	Seasonal purchase
13	Corporación de Crédito al Menor o Demos una Oportunidad al Menor	Donation for social purposes	Donation for social purposes	Donations for social purposes to fund the Continuous Improvement Program for the comprehensive development of the Villa Jorge Yarur Banna Protection Residence for Girls and Adolescents seriously violated in their rights.	52 months (4 years and 4 months)	Definite
14	DCV Registros S.A.	Management of register of shareholders	Management of register of shareholders	Comprehensive and personalized attention of the shareholders of BCI and brokers	Indefinite	Automatic renewal every year
15	Depósitos Central de Valores S.A.	Service Custody Deposit and Securities	Securities Custody	Service Custody Deposit and Securities	Indefinite	Automatic renewal every year
16	Digitech Solutions S.A.	Document digitalization	Document Scanning Service	Digitizing documents Back Office, Foreign Trade, document management Mortgage and Corporate Banking	Indefinite	Automatic renewal every year
17	Galería de Arte Patricia Ready Ltda.	Exhibition Hall Art Gallery	Sponsorship	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	Automatic renewal every year
18	Inmobiliaria Anya S.A.	Rent for BCI branch	Lease	Lo Echevers branch lease	8 years	Automatic renewal for the same period
19	Inmobiliaria JY S.P.A.	Real estate projects	Real estate projects	Real estate projects	Indefinite	Automatic renewal every year
20	Inmobiliaria SB SPA	Real estate services	Lease	Sub-lease of stores in Building Centro Santa María de Manquehue.	Indefinite	Automatic renewal every year
21	Inversiones Edelweiss Chile Limitada	Sale of supplies	Sale of supplies	Purchase of supplies	Definite	Seasonal purchase
22	Irarrazabal Ruiz-Tagle Goldenberg Lagos & Silva Abogados Ltda.	Intangible Services Lawyers Presidency	Advisory services	Professional Advice in General to the Bank and Subsidiaries	Indefinite	Automatic renewal every year

NOTE 34 - TRANSACTIONS WITH RELATED PARTIES, CONTINUED

No.	Related company	The service involved	Concept	Description of the Contract	Period	Condition
23	Mario Gómez D.	Advisory and consulting services	Advisory services	Development of banking and micro-business plan. Comprehensive advice to commercial bank management	Definite	Definite, subject to renewal every 30 days
24	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 regarding processing the issuer list	Indefinite	Automatic renewal every three years.
25	Redbanc S.A.	Administration of the operations of ATMs, Redcompra and RBI	ATMs Operation	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	Automatic renewal every three years.
26	Reparaciones Express Ltda.	Vehicle maintenance	Vehicle maintenance	Vehicle maintenance	Indefinite	Automatic renewal every year
27	Salcobrand S.A.	Lease of ATM’s site (affordable)	Lease of ATM’s site	Lease of ATM’s site (affordable)	Indefinite	Annual automatic renewal
28	Servicios de Información Avanzada Comercial y Financiera S.A. (SINACOFI BURO)	Computer Services	Computer Services	IT services	Indefinite	Automatic renewal every year
29	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 engaged for resolution of collection transactions captured by BCI tellers for processing and rendition to customers	Indefinite	Automatic renewal every year
30	Sistema Nacional de Com. 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	Automatic renewal every year
31	Transbank S.A.	Processing credit card operations (user list)	Administration of credit cards	Provision of Visa, Mastercard credit card services regarding the user list	Indefinite	Automatic renewal every two years.
32	Tu Ves S.A.	Advertising exhibition	Basic services	Provision of satellite television service and equipment leasing	Definite	Seasonal purchase
33	Vigamil S.A.C.I.	Making of envelopes	Making of envelopes	Services for making of envelopes	Definite	Seasonal purchase

NOTE 34 - TRANSACTIONS WITH RELATED PARTIES, CONTINUED

N°	Related company	The service involved	Concept	Description of the Contract	Period	Condition
34	Viña Morandé S.A.	Wine for gifts to customers and consumption	Wine for gifts to customers	Wine for gifts to customers and consumption	Indefinite	Automatic renewal every year
35	Pagos y Servicios S.A	Authorization of online card transactions	Information and transaction services	Information and transaction services	Lease	Sublease of office
36	Plaza S.A.	Lease of offices	Lease	Rent for BCI Branch	Lease	Rent for BCI Branch
37	Sixtra Chile S.A	Telecommunications	Telephone service	Communications and other related services	Telephone service	Communications and other related services

NOTE 35 - ASSETS AND LIABILITIES AT FAIR VALUE

a) The following table summarizes the carrying amounts and fair values of the principal financial assets and liabilities in the Bank´s Interim Consolidated Statements of Financial Position:

	As of June 30, 2021		As of December 31, 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
	MCh$	MCh$	MCh$	MCh$
Assets				
Cash and deposits in banks	3,651,828	3,651,828	4,597,867	4,597,867
Items in course of collection	407,842	407,842	236,710	236,710
Trading portfolio financial assets	526,651	526,651	1,147,279	1,147,279
Liabilities under agreements to repurchase	215,285	215,285	190,248	190,248
Derivative financial liabilities	4,017,812	4,017,812	5,451,897	5,451,897
Loans and receivables to banks, net	418,036	418,036	356,669	356,669
Loans and receivables to customers, net	35,576,200	38,247,922	34,718,681	39,017,527
Commercial loans	23,001,295	23,525,226	22,707,117	23,239,166
Mortgage loans	9,525,011	10,840,426	8,897,471	11,412,160
Consumer loans	3,049,894	3,882,270	3,114,093	4,366,200
Financial investments available for sale	10,561,839	10,561,839	7,996,040	7,996,040
Financial investments held to maturity	301,092	301,092	25,144	25,144
Total assets	**55,676,585**	**58,348,307**	**54,720,535**	**59,019,381**
Liabilities				
Deposits and other on-demand liabilities	23,087,232	23,087,232	19,726,574	19,726,574
Items in course of collection	418,400	418,400	201,438	201,438
Liabilities under agreements to repurchase	216,041	216,041	350,314	350,314
Term and on-demand deposits	9,159,216	9,173,984	10,839,611	10,910,289
Derivative financial liabilities	4,062,088	4,062,088	5,793,354	5,793,354
Bank borrowings	6,248,327	6,248,327	6,270,699	6,270,699
Debt securities issued	7,848,024	8,551,401	7,431,624	8,827,380
Other financial liabilities	884,144	884,144	911,044	911,044
Total liabilities	**51,923,472**	**52,641,617**	**51,524,658**	**52,991,092**

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. Loans are recorded net of allowances.

NOTE 35 - ASSETS AND LIABILITIES AT FAIR VALUE, CONTINUED

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

Loans and receivables 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.

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 'allowance-total loans' factor on the present value of the related loans, approximates the adjustment for credit risk.

Term and on-demands deposits

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 based on discounted future cash flows based on interest-rate structures adjusted from transactions observed at the valuation date.

Bank borrowings

For the items in the previous table, their fair value will be equivalent to their carrying amount, because it reflects the corresponding market price.

Debt securities issued

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

NOTE 35 - ASSETS AND LIABILITIES AT FAIR VALUE, CONTINUED

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.

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 behavior. 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 or similar assets and liabilities , either directly (i.e. as prices) or indirectly (i.e. derived from prices). Prices may require interpolation within a price structure (e.g., derivative instruments belong to this level), and 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 (significant unobservable input). This level includes equity and debt instruments whose valuation uses significant unobservable input.

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

Financial assets and liabilities classified by valuation levels

The following chart shows the assets and liabilities that are presented at fair value in the interim consolidated financial statements, classified in their respective levels of hierarchy previously described.

NOTE 35 - ASSETS AND LIABILITIES AT FAIR VALUE, CONTINUED

	Level 1		Level 2		Level 3		Total	
	June	December	June	December	June	December	June	December
	2021	2020	2021	2020	2021	2020	2021	2020
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Financial Assets								
Trading portfolio financial assets								
State and Central Bank of Chile	257,913	437,084	-	-	-	-	257,913	437,084
Other domestic institutions	183,015	609,301	-	-	-	-	183,015	609,301
Foreign institutions	2,548	3,463	-	-	-	-	2,548	3,463
Investments in mutual funds	83,175	97,431	-	-	-	-	83,175	97,431
Subtotal	**526,651**	**1,147,279**	**-**	**-**	**-**	**-**	**526,651**	**1,147,279**
Trading Derivative contracts								
Forwards	-	-	301,620	527,822	-	-	301,620	527,822
Swaps	-	-	2,523,051	3,852,775	6,265	8,210	2,529,316	3,860,985
Call Options	-	-	1,366	664	-		1,366	664
Put Options	-	-	1,061	3,846	-	-	1,061	3,846
Futures	-	-	337	-	-	-	337	-
Subtotal	**-**	**-**	**2,827,435**	**4,385,107**	**6,265**	**8,210**	**2,833,700**	**4,393,317**
Hedging derivatives								
Forwards	-	-	5,478	3,573	-	-	5,478	3,573
Fair value hedges:(swap)	-	-	246,993	208,858	-	-	246,993	208,858
Cash flow hedges (swap)	-	-	905,739	819,291	-	-	905,739	819,291
Subtotal	**-**	**-**	**1,158,210**	**1,031,722**	**-**	**-**	**1,158,210**	**1,031,722**
Available-for-sale investment securities					-	-		
State and Central Bank of Chile	5,324,266	3,424,730	-	-	-	-	5,324,266	3,424,730
Other domestic institutions	1,000,939	927,523	-	-	-	-	1,000,939	927,523
Foreign institutions	4,236,635	3,643,787	-	-	-	-	4,236,635	3,643,787
Subtotal	**10,561,840**	**7,996,040**	**-**	**-**	**-**	**-**	**10,561,840**	**7,996,040**
Total financial assets	**11,088,491**	**9,143,319**	**3,985,645**	**5,416,829**	**6,265**	**8,210**	**15,080,401**	**14,568,358**

	Level 1		Level 2		Level 3		Total	
	December	December	December	December	December	December	December	December
	2020	2019	2020	2019	2020	2019	2020	2019
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Financial liabilities								
Trading Derivative contracts								
Forwards	-	-	321,947	562,464	-	-	321,947	562,464
Swaps	-	-	2,560,175	3,960,328	-	-	2,560,175	3,960,328
Call Options	-	-	1,390	518	-	-	1,390	518
Put Options	-	-	2,400	4,868	-	-	2,400	4,868
Futures	-	-	343	238	-	-	343	238
Subtotal	**-**	**-**	**2,886,255**	**4,528,416**	**-**	**-**	**2,886,255**	**4,528,416**
Hedging derivatives								
Forwards	-	-	7,439	4,106	-	-	7,439	4,106
Fair value hedges:(swap)	-	-	65,194	78,803	-	-	65,194	78,803
Cash flow hedges (swap)	-	-	1,103,200	1,182,029	-	-	1,103,200	1,182,029
Subtotal	**-**	**-**	**1,175,833**	**1,264,938**	**-**	**-**	**1,175,833**	**1,264,938**
Total financial liabilities	**-**	**-**	**4,062,088**	**5,793,354**	**-**	**-**	**4,062,088**	**5,793,354**

The above amounts do not include adjustments for CVA, Bid Offer and FVA (Credit Value Adjustment or Adjustment for Credit Counterparty Derivative Risk. As of June 30, 2021, the total of the items sum to MCh$25,902 (MCh$26,858 as of December 31, 2020).

Transfers between Level 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 2021 and 2020.

Level 3 valuation reconciliation

As of June 30, 2021, the interim consolidated statements of financial position have 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 June 30, 2021, 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 36 - RISK MANAGEMENT

1. Introduction

The Bank's business activities involve identifying, evaluating, accepting and managing different kinds of risk or combinations of such. 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 analyze these risks, to establish adequate limits and controls, and to monitor the risks and compliance with established limits by 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 and the Balance Sheet, Trading and Institutional, and Distribution and Corporate areas, parts of the Investment and Finance Banking division. All this information flow is processed and analyzed by supporting units, such as Accounting, Middle and Back Office (Supporting Areas and Operational Departments), Management and Processes Control and Information Technology 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 36 - 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 interim 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 interim consolidated statements of financial position.

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

i. Investment and Finance Banking *(CIB division)*.
ii. Support areas and 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 36 - 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 unfavorable scenarios.

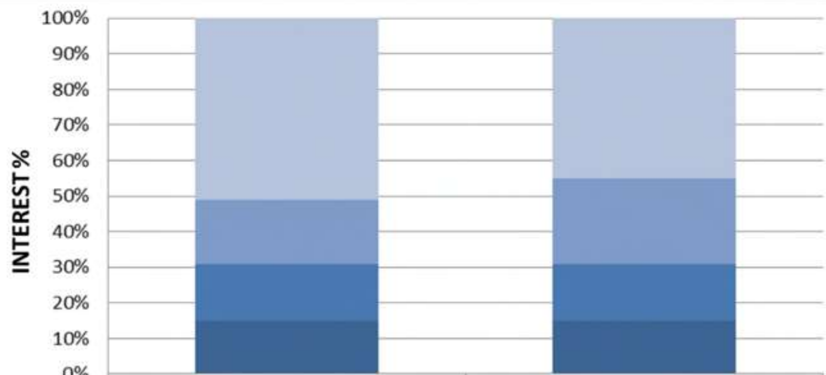
At the regulatory level, liquidity is measured and reported to the CMF through standardized reports of liquidity position. According to bank regulations, the Bank has been authorized to use an adjusted liquidity model, generating procedures and models that allow an evaluation of future income and liabilities 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 interim 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 comply with 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.

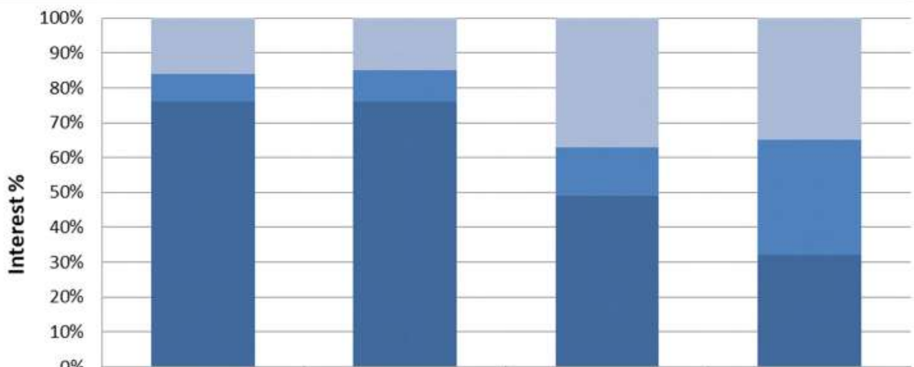
NOTE 36 - RISK MANAGEMENT, CONTINUED

Fig. 1. Evolution of principal funding sources
As of June 30, 2021, and December 31, 2020
Banco de Credito e Inversiones and City National Bank



	06-30-2021	12-31-2020
DEMAND DEPOSITS	51%	45%
DEPOSITS & LONG TERM SAVINGS ACCOUNTS	18%	24%
BOND ISSUANCES	16%	16%
OTHER LIABILITIES	15%	15%

Fig. 2. Diversification of liquidity sources by segment
As of June 30, 2021 and December 31, 2020
Banco de Credito e Inversiones and City National Bank



	DEMAND DEPOSITS		TIME DEPOSITS	
	Jun-21	Dec-20	Jun-21	Dec-20
OTHER WHOLESALE	16%	15%	37%	35%
FINANCIAL	8%	9%	14%	33%
RETAIL	76%	76%	49%	32%

NOTE 36 - RISK MANAGEMENT, CONTINUED

a. Variations in 2021 (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).

Fig. 3. Liquidity Ratios (domestic consolidation)
As of June 30, 2021 and December 31, 2020 (maximum = 1)

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

	As of June 30, 2021				As of December 31, 2020			
	Average	Maximum	Minimum	Close	Average	Maximum	Minimum	Close
Total mismatch 30 days	(6.37)%	33.25%	(35.19)%	(13.57)%	9.86%	50.91%	(24.98)%	0.39%
Total mismatch 90 days (*)	12.11%	35.07%	(3.10)%	3.71%	30.09%	50.90%	8.29%	35.07%

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

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

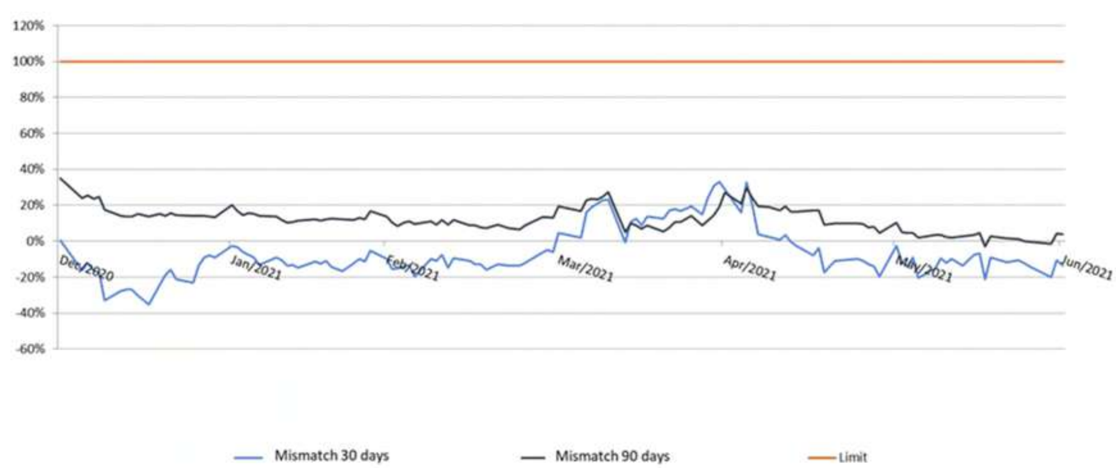
	As of June 30, 2021				As of December 31, 2020			
	Average	Maximum	Minimum	Close	Average	Maximum	Minimum	Close
Mismatch 30 days	(12.81)%	23.61%	(33.50)%	(13.37)%	4.32%	37.90%	(33.93)%	15.65%

,

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

As of June 30, 2021				As of December 31, 2020			
Average	Maximum	Minimum	Close	Average	Maximum	Minimum	Close
6.44%	23.61%	(15.27)%	(0.20)%	5.55%	22.28%	(17.77)%	(15.27)%

Fig. 4. Liquidity Evolution (domestic consolidation) As of June 30, 2021 (maximum = 1)
Liquidity 30 days = Mismatch /Basic Capital
Liquidity 90 days = Mismatch /2x Basic Capital



NOTE 36 - RISK MANAGEMENT, CONTINUED

Regarding the impact of the pandemic on liquidity, in 2020, prior to the spread of the Covid-19 virus, the Bank was in a favorable and sound liquidity position both in the short-term and structural metrics, in part because of a generally conservative administration both before and after the social unrest of October 2019, as well as for the use of the different liquidity facilities from the Central Bank and the increase in demand deposit accounts from the partial withdrawal of funds from the pension funds during 2020, and management intended to the short-term liquidity of our clients. All this allows the Bank to maintain comfortable levels of liquidity to date. In particular, the levels of the short-term liquidity ratio (LCR) remain on average over 200%, which is well above the regulatory limit (70%).

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 interim consolidated statements of income for the period or the interim consolidated statements of financial position 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 interim consolidated statements of income for the year until maturity, except in the case of impairment over the available for sale portfolio or held to maturity portfolio.

The Financial Risk Management uses a series of tools to monitor the Bank's intrinsic risk and that is acquired through the management of financial instruments. Among the main methodologies are, Value at Risk (VaR), CVaR and Stress VaR as main tools that measure market risk. Additional methodologies are available to simulate the situation of each counterparty dependent upon the portfolio of derivative instruments that they possess, within these methodologies are PFE (Potential Future Exposure) and EPE (Expected Potential Exposure) among others. The Bank uses the Algorithmics system to support the measurement of market and counterparty risk.

NOTE 36 - RISK MANAGEMENT, CONTINUED

a. Top holdings

The principal positions of the consolidated statements of financial position as of June 30, 2021 are listed by maturity band or repricing and their comparison to the year 2020.

Fig. 5. Carrying amount to maturity range or re-pricing by currency
Positions as of June 30, 2021 (MCh$)

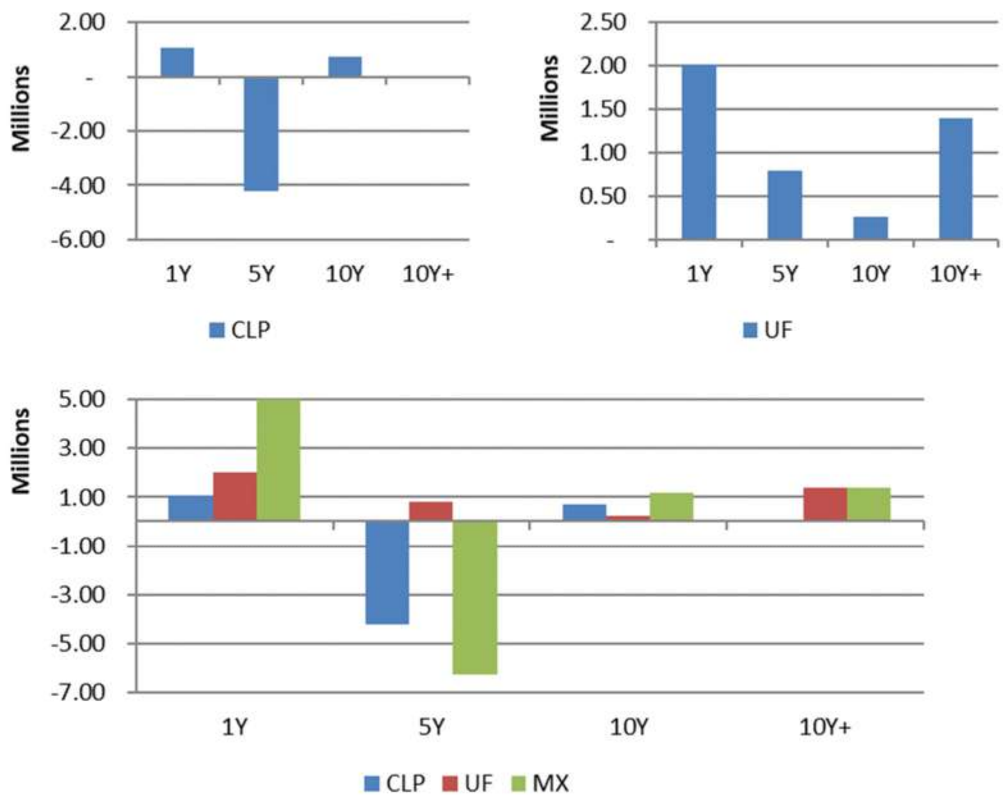
ASSETS	**1Y**	**5Y**	**10Y**	**10Y+**	**Total**
Ch$	14,329,870	6,209,279	941,248	361,918	21,842,315
UF	3,855,323	7,132,523	4,104,361	3,056,958	18,149,165
MX	11,823,743	6,131,372	2,611,343	1,499,643	22,066,101
Total	**30,008,936**	**19,473,174**	**7,656,952**	**4,918,519**	**62,057,581**

LIABILITIES	**1Y**	**5Y**	**10Y**	**10Y+**	**Total**
Ch$	13,281,146	10,434,647	215,982	361,058	24,292,833
UF	1,839,689	6,333,710	3,846,487	1,665,929	13,685,815
MX	6,470,350	12,380,475	1,429,075	111,615	20,391,515
Total	**21,591,185**	**29,148,832**	**5,491,544**	**2,138,602**	**58,370,163**

MISMATCH	**1Y**	**5Y**	**10Y**	**10Y+**	**Total**
Ch$	1,048,724	(4,225,368)	725,266	860	(2,450,518)
UF	2,015,634	798,813	257,874	1,391,029	4,463,350
MX	5,353,393	(6,249,103)	1,182,268	1,388,028	1,674,586
Total	**8,417,751**	**(9,675,658)**	**2,165,408**	**2,779,917**	**3,687,418**

NOTE 36 - RISK MANAGEMENT, CONTINUED

Fig. 6. Carrying amount to maturity range or re-pricing by currency
Positions as of June 30, 2021 (MCh$)



Ch$: Chilean pesos
UF: Unidades de Fomento
MX: Foreign currency

NOTE 36 - RISK MANAGEMENT, CONTINUED

Fig. 7. Carrying amount to maturity range or re-pricing by currency
Positions as of December 31, 2020 (MCh$)

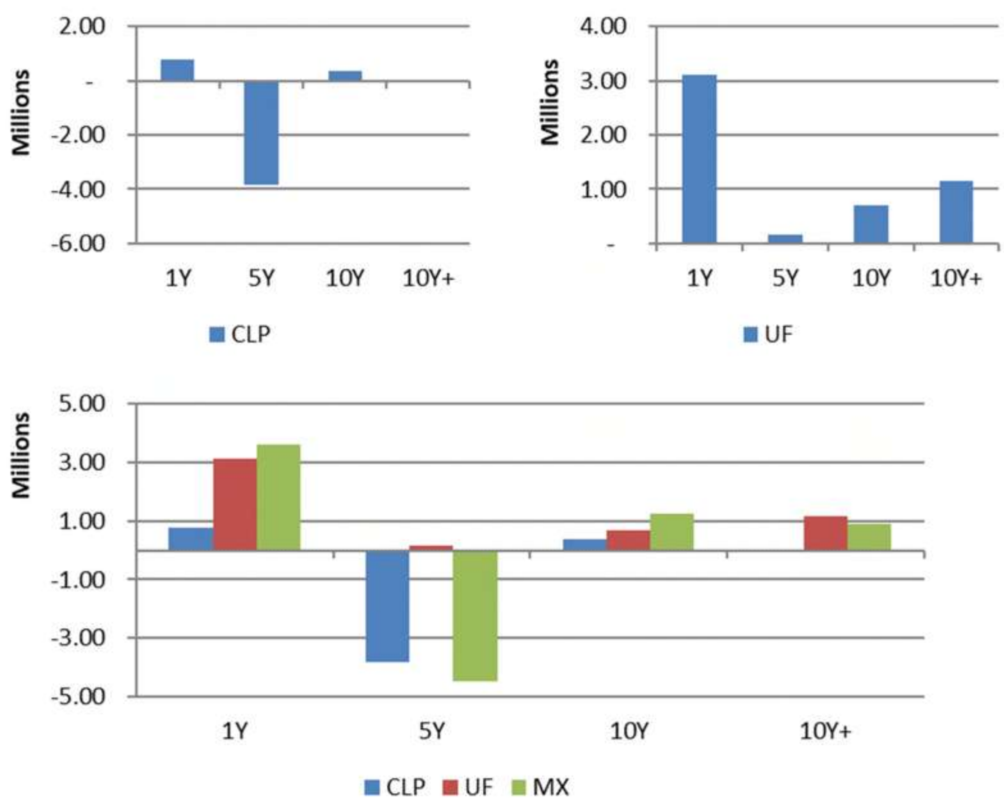
ASSETS	1Y	5Y	10Y	10Y+	Total
Ch$	13,533,950	5,204,403	494,497	127,425	19,360,275
UF	4,654,863	5,778,857	3,967,524	2,754,589	17,155,833
MX	10,690,627	6,225,117	2,007,756	996,069	19,919,569
Total	**28,879,440**	**17,208,377**	**6,469,777**	**3,878,083**	**56,435,677**

LIABILITIES	1Y	5Y	10Y	10Y+	Total
Ch$	12,758,055	9,027,988	143,481	170,521	22,100,045
UF	1,535,748	5,620,822	3,273,878	1,614,803	12,045,251
MX	7,083,368	10,688,360	764,002	87,390	18,623,120
Total	**21,377,171**	**25,337,170**	**4,181,361**	**1,872,714**	**52,768,416**

MISMATCH	1Y	5Y	10Y	10Y+	Total
Ch$	775,895	(3,823,585)	351,016	(43,096)	(2,739,770)
UF	3,119,115	158,035	693,646	1,139,786	5,110,582
MX	3,607,259	(4,463,243)	1,243,754	908,679	1,296,449
Total	**7,502,269**	**(8,128,793)**	**2,288,416**	**2,005,369**	**3,667,261**

NOTE 36 - RISK MANAGEMENT, CONTINUED

Fig. 8. Carrying amount to maturity range or re-pricing by currency
Positions as of December 31, 2020 (MCh$)



Ch$: Chilean pesos
UF: Unidades de Fomento
MX: Foreign currency

NOTE 36 - RISK MANAGEMENT, CONTINUED

Fig. 9. Carrying amount to maturity range or re-pricing by Account Positions as of June 30, 2021 (MCh$)

Assets	**1Y**	**5Y**	**10Y**	**10Y+**	**Total**
Central Bank of Chile	2,798,166	3,764	-	-	2,801,930
Domestic banks and financial institutions	1,120,039	1,962,294	751,096	544,965	4,378,394
Investments under agreements to resell	24,023	-	-	-	24,023
Commercial loans	9,965,346	5,843,179	1,822,889	959,887	18,591,301
Consumer loans	1,035,528	1,462,143	112,401	43,310	2,653,382
Negotiable residential mortgage loans	1,162,749	3,358,336	2,587,942	2,045,494	9,154,521
Residential mortgage loans with funding notes	7,841	3,095	7	-	10,943
Cash	3,209,369	-	-	-	3,209,369
Forwards	210,160	194,178	-	-	404,338
Chilean State	151,121	977,306	182,438	756,450	2,067,315
Consumer leasing	-	-	-	-	-
Commercial leasing operations	486,292	640,966	174,330	46,118	1,347,706
Other domestic entities	-	-	-	-	-
Other foreign entities	36,837	221,287	96,614	14,940	369,678
Other assets	3,544,244	230,526	7,236	2,400	3,784,406
Other residential mortgage loans	734,224	654,090	274,427	330,009	1,992,750
Other, excluding options	-	-	-	-	-
Swaps	5,522,997	3,922,010	1,647,572	174,946	11,267,525
Total assets	**30,008,936**	**19,473,174**	**7,656,952**	**4,918,519**	**62,057,581**

Liabilities	**1Y**	**5Y**	**10Y**	**10Y+**	**Total**
Ordinary bonds	1,180,975	3,355,120	2,330,811	185,307	7,052,213
Subordinated bonds	52,805	224,010	341,523	1,304,458	1,922,796
Saving accounts with deferred withdrawal	46,452	-	-	-	46,452
Savings accounts with unconditional withdrawal	190,375	-	-	-	190,375
Demand deposits (*)	5,437,124	17,163,935	-	-	22,601,059
Term deposits	7,858,876	72,799	13	110	7,931,798
Forwards	207,969	187,172	-	-	395,141
Letters of credit	2,416	3,029	9	-	5,454
Other liabilities	1,022,522	-	-	-	1,022,522
Other, excluding options	-	-	-	-	-
Foreign loans and other obligations	371,746	19,247	575,897	-	966,890
Domestic loans and other obligations	1,343,723	1,979,288	-	-	3,323,011
Swaps	3,813,986	4,343,471	2,243,291	648,727	11,049,475
Liabilities under agreements to repurchase	62,216	1,800,761	-	-	1,862,977
Total liabilities	**21,591,185**	**29,148,832**	**5,491,544**	**2,138,602**	**58,370,163**

(*) Determined in accordance with internal models.

NOTE 36 - RISK MANAGEMENT, CONTINUED

Fig. 10. Carrying amount to maturity range or re-pricing by Account Positions as of December 31, 2020 (MCh$)

Assets	**1Y**	**5Y**	**10Y**	**10Y+**	**Total**
Central Bank of Chile	1,836,271	4,562	-	-	1,840,833
Domestic banks and financial institutions	946,147	1,467,389	376,644	478,269	3,268,449
Investments under agreements to resell	39,402	-	-	-	39,402
Commercial loans	9,367,938	6,386,746	1,741,995	924,548	18,421,227
Consumer loans	1,133,786	1,557,837	135,763	46,566	2,873,952
Negotiable residential mortgage loans	1,106,196	3,135,328	2,404,547	1,873,075	8,519,146
Residential mortgage loans with funding notes	8,387	4,333	30	-	12,750
Cash	3,584,889	-	-	-	3,584,889
Forwards	226,919	119,799	-	-	346,718
Chilean State	197,442	658,622	296,687	149,802	1,302,553
Consumer leasing	5	-	-	-	5
Commercial leasing operations	490,352	625,326	160,045	37,981	1,313,704
Other domestic entities	-	-	-	-	-
Other foreign entities	51,884	210,216	103,869	32,655	398,624
Other assets	4,179,774	187,435	9,763	1,773	4,378,745
Other residential mortgage loans	718,068	667,020	213,646	215,977	1,814,711
Other, excluding options	-	-	-	-	-
Swaps	4,991,980	2,183,764	1,026,788	117,437	8,319,969
Total assets	**28,879,440**	**17,208,377**	**6,469,777**	**3,878,083**	**56,435,677**

Liabilities	**1Y**	**5Y**	**10Y**	**10Y+**	**Total**
Ordinary bonds	764,157	3,654,268	2,028,836	176,681	6,623,942
Subordinated bonds	51,670	217,940	224,266	1,416,073	1,909,949
Saving accounts with deferred withdrawal	43,605	-	-	-	43,605
Savings accounts with unconditional withdrawal	163,171	-	-	-	163,171
Demand deposits (*)	4,540,929	14,658,824	-	-	19,199,753
Term deposits	9,840,352	187,152	48	105	10,027,657
Forwards	226,885	116,285	-	-	343,170
Letters of credit	2,669	4,219	70	-	6,958
Other liabilities	1,090,598	-	-	-	1,090,598
Other, excluding options	-	-	-	-	-
Foreign loans and other obligations	1,014,305	-	7,924	-	1,022,229
Domestic loans and other obligations	803,023	2,031,716	-	-	2,834,739
Swaps	2,754,875	3,360,344	1,920,217	279,855	8,315,291
Liabilities under agreements to repurchase	80,932	1,106,422	-	-	1,187,354
Total liabilities	**21,377,171**	**25,337,170**	**4,181,361**	**1,872,714**	**52,768,416**

(*) Determined in accordance with internal models.

NOTE 36 - RISK MANAGEMENT, CONTINUED

The principal positions of financial investments available for sale by type of issuer and currency and risk classification as of June 30, 2021 and December 31, 2020 are stated below. The risk classification of these positions at the end of the last fiscal year is also reported.

Fig. 11.a Fair Value of Financial Investments Available for Sale
As of June 30, 2021 (MCh$)
Banco de Credito e Inversiones and City National Bank (CNB)

	CLP	UF	USD	EUR	OTHER
Sovereign bonds	194,726	9,452	450,564	-	-
Corporate bonds	-	8,941	183,205	48,704	-
Financial institutions bonds	26,862	323,053	3,144,315	-	-
Mortgage-funding notes	-	28,822	-	-	-
Term deposits	1,233,638	-	-	-	-
Investment funds (*)	-	-	38,237	-	-
Shares (*)	-	-	57,616	-	-
Total	1,455,226	370,268	3,873,937	48,704	-

(*) The investment funds and the shares correspond to the available-for-sale portfolio of City National Bank of Florida (CNB).

Fig. 11.b Fair Value of Financial Investments Available for Sale
As of December 31, 2020 (MCh$)
Banco de Credito e Inversiones and City National Bank (CNB)

	CLP	UF	USD	EUR	OTHER
Sovereign bonds	791,083	213,940	283,206	-	-
Corporate bonds	-	9,116	173,504	48,682	-
Financial institutions bonds	15,036	426,640	2,635,956	-	-
Mortgage-funding notes	-	32,204	-	-	-
Term deposits	429,429	-	-	-	-
Investment funds (*)	-	-	59,735	-	-
Shares (*)	-	-	159,378	-	-
Total	**1,235,548**	**681,900**	**3,311,779**	**48,682**	**-**

(*) The investment funds and the shares correspond to the available-for-sale portfolio of City National Bank of Florida (CNB).

NOTE 36 - RISK MANAGEMENT, CONTINUED

Fig. 12. Financial Investments Available for Sale
Internationally Issued Bond Portfolio Credit Rating as of June 30, 2021 (%)
Banco de Credito e Inversiones and City National Bank (CNB)

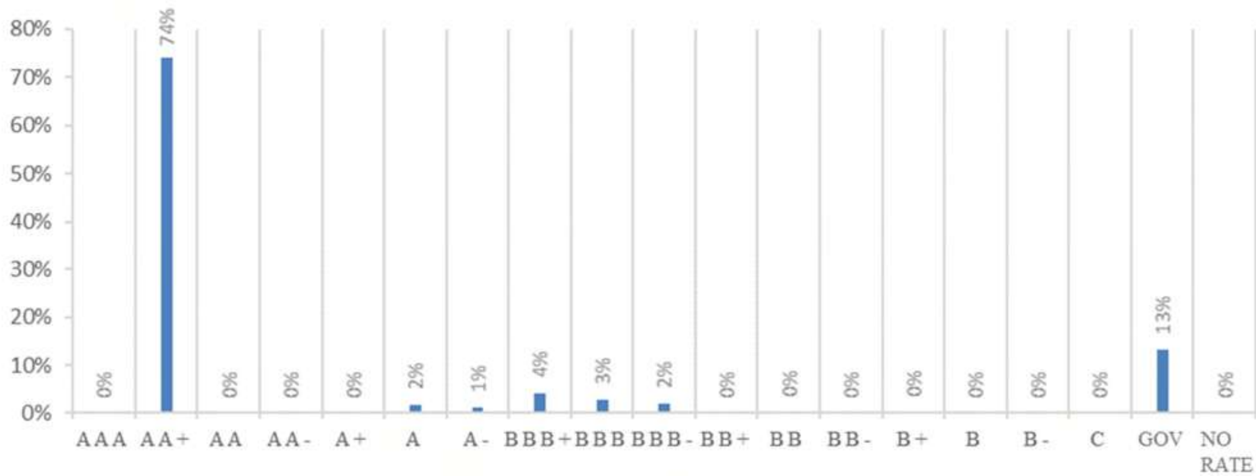
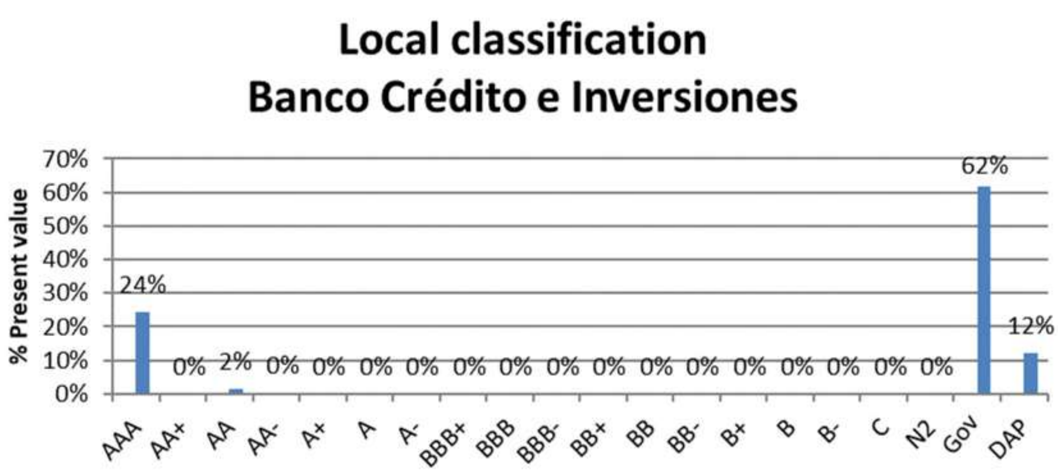


Fig. 13. Financial Investments Available for Sale
Portfolio Risk Classification Bonds and LCH National Issue as of June 30, 2021 (%)
Banco de Credito e Inversiones and City National Bank (CNB)



NOTE 36 - 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.

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.

Some of the hedging strategies are a) moving short-term risk to the long-term (moving short-term liabilities to the long-term through rate swap) and b) floating long-term borrowings with the use of rate swap.

In the scenario of 100 basis points increase, holding other variables constant, the effects compared at June 2021 and December 2020 are the following:

- In the short-term, exposure to interest rates as of June 30, 2021 and December 31, 2020, amounted to MCh$22,279 and MCh$23,885 respectively, equivalent to expecting an adverse effect on the financial margin over a 3-month horizon.

- The sensitivity rate risk applied to all items in the banking book and all deadlines, measured by MVS, as of June 30, 2021 and December 31, 2020, are MCh$67,921 and MCh$15,026 respectively.

NOTE 36 - 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 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 nine 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 updating* technique is used, which records the existence of volatility *clusters.*

The *forecast* horizon is of 1 day. The square root rule is used to project 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 June 30, 2021, *back-test* places the model in the yellow 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 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.

NOTE 36 - RISK MANAGEMENT, CONTINUED

III. Scenarios of sensitivity that consider movements in risk factors that are not captured by the recent history.

- VaR limits

The Bank has set specific limits to the corporate VaR, as well as sublimits to the trading, balance and investment portfolios available for sale.

d. Position Limit

In addition to the limits of predictive risk models such as VaR and sensitivity analyzes, there are accounting limits for maximum positions.

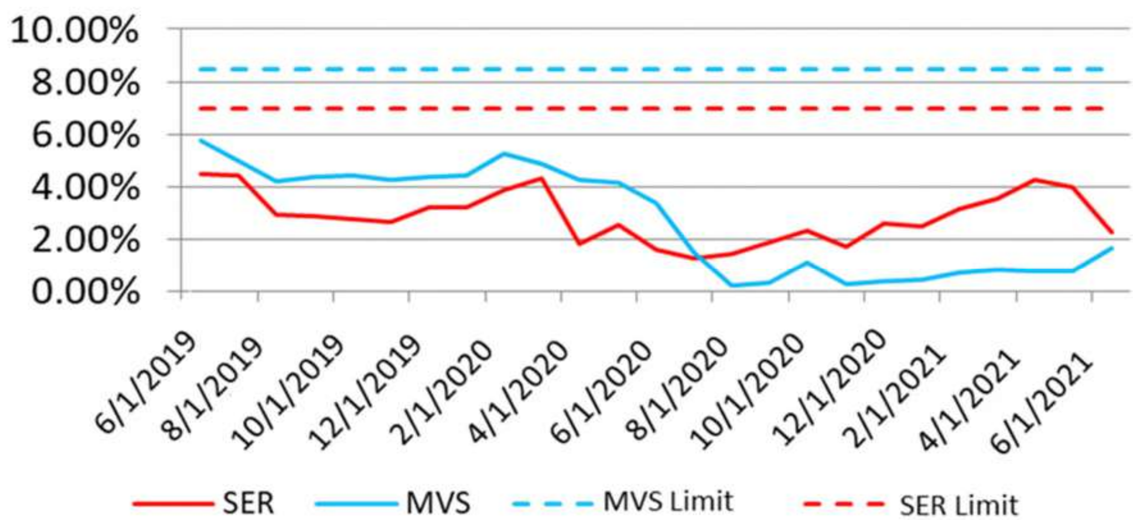
e. Variations

- Sensitivity analysis of the banking book.

Asset and liability management team constantly monitors the use of hedge accounting and the potential advantages of bond issuances, helping to keep the risk of interest rate limited in the banking book.

Long-term risk MVS averaged during 2021, 0.86% (2.52% during 2020) over the capital limit of 8.5%. Additionally, the short-term risk (SeR), presented a mean of 3.29% until June 2021 versus a mean of 2.38% for December 2020.

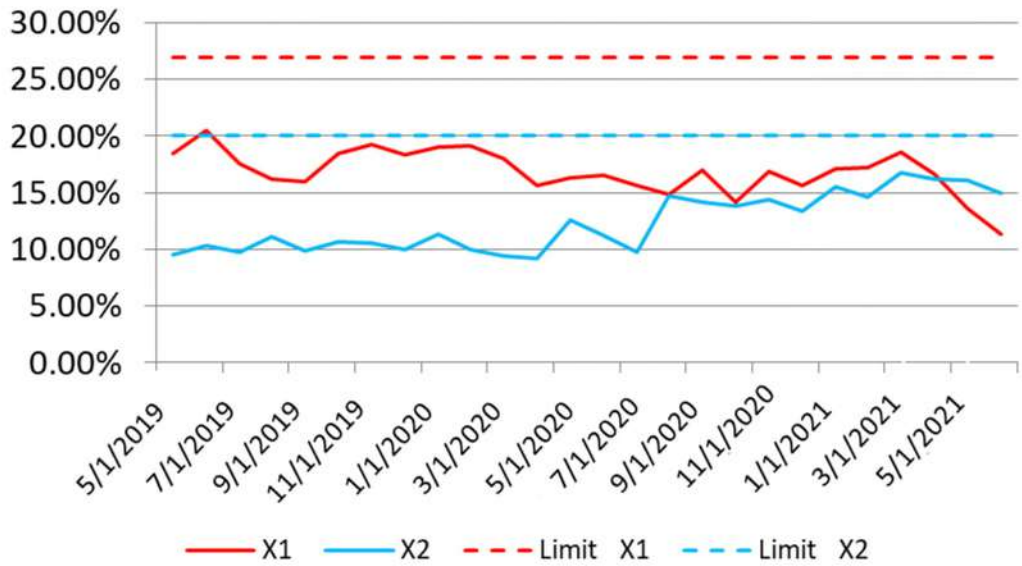
Fig. 14. MVS - SeR
As of June 30, 2021



NOTE 36 - RISK MANAGEMENT, CONTINUED

The evolution of regulatory ratios X1 (short term exposure to market risk) and X2 (long term exposure to market risk) were below the limits as of June 30, 2021, mainly due to the management of the balance sheet through hedge accounting.

Fig. 15. Regulatory Market Risk X1 - X2
Banco Crédito e Inversiones and City National Bank [1]
As of June 30,2021



X1: Limit on financial margin
X2: Limit on effective equity

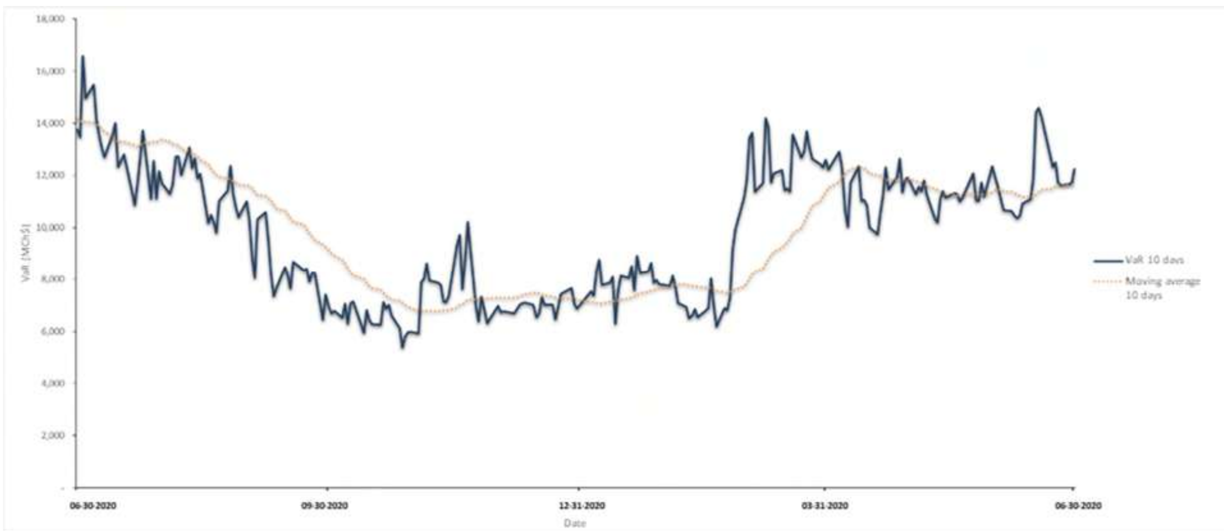
[1] Financial margin values are added for X1 while consolidated equity is used for X2.

NOTE 36 - RISK MANAGEMENT, CONTINUED

- Value at Risk

The evolution of the 10-day VaR for the last six months. Data as of June 30, 2021.

Fig. 16. Consolidated Value at Risk
As of June 30, 2021 (MCh$)



NOTE 36 - RISK MANAGEMENT, CONTINUED

During the first half of 2021, the total consolidated risk averaged MCh$10,453, measured over the 10-day regulatory horizon, and increased by 13.4% compared to June 2021. In the period between January and June, the exchange rate volatility increased dramatically as a result of both the social crisis in Chile and the impact of COVID-19 on world markets, which also has an impact on the levels of bond rates. In this period the senior management approved excesses over the limits.

On a consolidated basis, the risk of interest rate averages MCh$5,262 while the foreign currency risk averages (FX) MCh$1,254. In trading the aggregate average was MCh$4,695, MCh$3,037 for interest rate risk and MCh$800 for foreign currency risk. Finally, for non-trading portfolios (investments available for sale) the total VaR averaged MCh$1,255; MCh$1,132 for interest rate risk and MCh$454 for foreign currency risk.

Fig. 17. Value at risk by portfolio and type of risk
As of June 30, 2021 (MCh$) (*)

(A) Consolidated VaR by type of risk (MCh$)

	6 months until June 30, 2021			
	Average	Maximum	Minimum	Close
FX risk	1,254	4,228	137	1,963
Interest rate risk	5,262	8,730	1,383	6,674
Diversification (*)	3,937	1,643	4,670	3,602
Total VaR	**10,453**	**14,601**	**6,190**	**12,239**

(b) VaR trading portfolio by type of risk (MCh$)

	6 months until June 30, 2021			
	Average	Maximum	Minimum	Close
FX risk	800	3,442	24	528
Interest rate risk	4,130	7,000	776	5,435
Diversification	235	2,604	419	266
Total VaR	**4,695**	**7,838**	**1,219**	**5,697**

(c) VaR portfolio of investments available for sale by type of risk (MCh$)

	6 months until June 30, 2021			
	Average	Maximum	Minimum	Close
FX risk	454	2,485	101	1,436
Interest rate risk	1,132	3,115	146	1,240
Diversification	331	2,159	10	571
Total VaR	**1,255**	**3,441**	**257**	**2,105**

(*) Diversification is defined as the effect of correlation of total VaR.

NOTE 36 - RISK MANAGEMENT, CONTINUED

Fig. 18. Value at risk by portfolio and type of risk
As of December 31, 2020 (MCh$)(*)

(a) Consolidated VaR by type of risk (MCh$)

	12 months until December 31, 2020			
	Average	Maximum	Minimum	Close
FX risk	7,860	15,820	1,445	4,020
Interest rate risk	7,123	11,931	1,965	4,900
Diversification (*)	2,907	5,894	1,971	2,047
Total VaR	**12,076**	**21,857**	**5,381**	**6,873**

(b) VaR trading portfolio by type of risk (MCh$)

	12 months until December 31, 2020			
	Average	Maximum	Minimum	Close
FX risk	1,058	5,784	3	106
Interest rate risk	2,830	5,165	481	1,853
Diversification	423	3,291	116	96
Total VaR	**3,465**	**7,658**	**600**	**1,863**

(c) VaR portfolio of investments available for sale by type of risk (MCh$)

	12 months until December 31, 2020			
	Average	Maximum	Minimum	Close
FX risk	1,884	5,176	101	908
Interest rate risk	779	2,902	5	531
Diversification	394	3,033	292	409
Total VaR	**2,269**	**5,045**	**398**	**1,030**

(*) 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 36 - RISK MANAGEMENT, CONTINUED

Sensitivity of interest rate

The table below shows the sensitivity of fair values to reasonably possible alternative assumptions:

	Recognition in statements of income		Recognition in statements of other comprehensive income	
	Favorable	**Unfavorable**	**Favorable**	**Unfavorable**
	MCh$	**MCh$**	**MCh$**	**MCh$**
As of June 30, 2021				
Securities backed by assets held for trading	(112)	112	-	-
Other non-derivative assets held for trading	(20)	20	-	-
Securities backed by available for sales assets	-	-	(153)	153
As of December 31, 2020				
Securities backed by assets held for trading	(88)	88	-	-
Other non-derivative assets held for trading	(6)	6	-	-
Securities backed by available for sales assets	-	-	(218)	218

Currency risk

The currency risk is defined as the risk that the value of a financial instrument will fluctuate due 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 36 - RISK MANAGEMENT, CONTINUED

The Bank's exposure to the risk of exchange rates of foreign currencies is presented in the table below:

As of June 30, 2021

Amounts in MCh$

Assets	**US$**	**EUR**	**Other**
Cash	706,168	47,775	20,495
Commercial loans	1,879,198	18,223	3,234
Investments under agreement to resell	-	-	-
Commercial leasing operations	108,762	-	-
Mortgage loans LC- Credit line	-	-	-
Endorsable mortgage loans MHE	-	-	-
Other residential mortgage loans	-	-	-
Residential leasing	-	-	-
Consumer loans	21,844	-	-
Consumer leasing	-	-	-
Commercial loans - credit lines and overdrafts	-	-	-
Consumer loans - credit lines and overdrafts	-	-	-
Central Bank of Chile	-	-	-
Chilean State	153,568	48,638	-
Domestic banks and financial institutions	15,696	-	-
Other domestic entities	-	-	-
State and governments bodies MX	-	-	-
Foreign banks	-	-	-
Other foreign entities	93,012	-	5,979
Forward	9,646,677	288,692	134,234
Futures	6,181	-	-
Swaps	14,983,820	376,135	762,736
Other, excluding options	-	-	-
Other assets	2,485,693	31,027	12,648
Delta Options	43,112	-	-
Total assets	**30,143,731**	**810,490**	**939,326**
Liabilities			
Demand deposits	1,310,868	63,548	267
Term deposits	1,250,606	6,322	-
Saving accounts with deferred withdrawal	-	-	-
Savings accounts with unconditional withdrawal	-	-	-
Liabilities under agreements to repurchase	-	-	-
Loans and other liabilities contracted MN (National Currency)	716,266	-	-
Loans and other liabilities contracted MX (Foreign Currency)	99,391	370	276
Letters of credit	-	-	-
Ordinary bonds	1,196,987	17,445	645,399
Subordinated bonds	-	-	-
Forward	8,939,313	293,595	183,749
Futures	6,516	-	-
Swaps	14,709,108	415,093	67,145
Other, excluding options	-	-	-
Other liabilities	474,182	7,225	1,487
Delta Options	31,775	-	-
Total liabilities	**28,735,012**	**803,598**	**898,323**
Net	**1,408,719**	**6,892**	**41,003**

NOTE 36 - RISK MANAGEMENT, CONTINUED

As of December 31, 2020

Amounts in MCh$

Assets	**US$**	**EUR**	**Other**
Cash	802,590	57,942	10,958
Commercial loans	1,739,304	26,736	2,506
Investments under agreement to resell	-	-	-
Commercial leasing operations	101,911	-	-
Mortgage loans LC- Credit line	-	-	-
Endorsable mortgage loans MHE	-	-	-
Other residential mortgage loans	-	-	-
Residential leasing	-	-	-
Consumer loans	19,788	-	-
Consumer leasing	-	-	-
Commercial loans - credit lines and overdrafts	-	-	-
Consumer loans - credit lines and overdrafts	-	-	-
Central Bank of Chile	-	-	-
Chilean State	-	49,484	-
Domestic banks and financial institutions	15,519	-	-
Other domestic entities	-	125	-
State and governments bodies MX	-	-	-
Foreign banks	-	-	-
Other foreign entities	106,095	-	6,084
Forward	7,905,396	215,282	127,373
Futures	5,388	-	-
Swaps	16,043,011	385,603	788,077
Other, excluding options	-	-	-
Other assets	2,986,144	36,294	13,654
Delta Options	50,457	-	-
Total assets	**29,775,603**	**771,466**	**948,652**
Liabilities			
Demand deposits	1,085,846	62,444	726
Term deposits	1,354,029	5,894	-
Saving accounts with deferred withdrawal	-	-	-
Savings accounts with unconditional withdrawal	-	-	-
Liabilities under agreements to repurchase	-	-	-
Loans and other liabilities contracted MN (National Currency)	921,114	-	-
Loans and other liabilities contracted MX (Foreign Currency)	148,545	4,554	786
Letters of credit	-	-	-
Ordinary bonds	1,110,614	17,504	652,627
Subordinated bonds	-	-	-
Forward	7,905,248	230,591	151,364
Futures	5,164	-	-
Swaps	15,187,036	429,489	70,266
Other, excluding options	-	-	-
Other liabilities	577,837	17,722	1,238
Delta Options	46,659	-	-
Total liabilities	**28,342,092**	**768,198**	**877,007**
Net	**1,433,511**	**3,268**	**71,645**

NOTE 36 - 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. The 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, where 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 decrease 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 36 - RISK MANAGEMENT, CONTINUED

Amounts in MCh$	**As of June 30, 2021**			
	Decrease of 10%		**Increase of 10%**	
Assets	**US$**	**EUR**	**US$**	**EUR**
Cash	635,551	42,997	776,785	52,552
Commercial loans	1,691,278	16,401	2,067,117	20,045
Investments under agreement to resell	-	-	-	-
Commercial leasing operations	97,886	-	119,638	-
Mortgage loans LC- Credit line	-	-	-	-
Mortgage loans MHE	-	-	-	-
Other residential mortgage loans	-	-	-	-
Residential leasing	-	-	-	-
Consumer loans	19,660	-	24,029	-
Consumer leasing	-	-	-	-
Commercial loans LCS- Credit Line and overdraft	-	-	-	-
Consumer loans LCS- Credit line and overdraft	-	-	-	-
Central Bank of Chile	-	-	-	-
Chilean State	138,211	43,774	168,925	53,502
Domestic banks and financial institutions	14,126	-	17,265	-
Other domestic entities	-	-	-	-
State and governments bodies MX	-	-	-	-
Foreign banks	-	-	-	-
Other foreign entities	83,711	-	102,313	-
Forward	8,682,010	259,823	10,611,345	317,561
Futures	5,563	-	6,799	-
Swaps	13,485,438	338,522	16,482,202	413,749
Other, excluding options	-	-	-	-
Other assets	2,237,123	27,924	2,734,263	34,130
Delta Options	38,801	-	47,423	-
Total assets	**27,129,358**	**729,441**	**33,158,104**	**891,539**
Liabilities				
Demand deposits	1,179,781	57,193	1,441,954	69,903
Term deposits	1,125,545	5,690	1,375,666	6,954
Saving accounts with deferred withdrawal	-	-	-	-
Savings accounts with unconditional withdrawal	-	-	-	-
Liabilities under agreements to repurchase	-	-	-	-
Loans and other liabilities contracted MN (National Currency)	644,639	-	787,893	-
Loans and other liabilities contracted MX (Foreign Currency)	89,452	333	109,330	407
Letters of credit	-	-	-	-
Ordinary bonds	1,077,288	15,701	1,316,686	19,190
Subordinated bonds	-	-	-	-
Forward	8,045,382	264,235	9,833,244	322,954
Futures	5,865	-	7,168	-
Swaps	13,238,197	373,584	16,180,019	456,603
Other, excluding options	-	-	-	-
Other liabilities	426,764	6,502	521,601	7,947
Delta Options	28,597	-	34,952	-
Total liabilities	**25,861,510**	**723,238**	**31,608,513**	**883,958**
Net	**1,267,848**	**6,203**	**1,549,591**	**7,581**

NOTE 36 - RISK MANAGEMENT, CONTINUED

Amounts in MCh$	**As of December 31, 2020**			
	Decrease of 10%		**Increase of 10%**	
Assets	**USD**	**EUR**	**USD**	**EUR**
Cash	722,331	52,148	882,849	63,736
Commercial loans	1,565,374	24,062	1,913,235	29,409
Investments under agreement to resell	-	-	-	-
Commercial leasing operations	91,720	-	112,102	-
Mortgage loans LC- Credit line	-	-	-	-
Mortgage loans MHE	-	-	-	-
Other residential mortgage loans	-	-	-	-
Residential leasing	-	-	-	-
Consumer loans	17,809	-	21,767	-
Consumer leasing	-	-	-	-
Commercial loans LCS- Credit Line and overdraft	-	-	-	-
Consumer loans LCS- Credit line and overdraft	-	-	-	-
Central Bank of Chile	-	-	-	-
Chilean State	-	44,535	-	54,432
Domestic banks and financial institutions	13,967	-	17,071	-
Other domestic entities	-	112	-	137
State and governments bodies MX	-	-	-	-
Foreign banks	-	-	-	-
Other foreign entities	95,486	-	116,705	-
Forward	7,114,856	193,754	8,695,936	236,810
Futures	4,849	-	5,927	-
Swaps	14,438,710	347,042	17,647,312	424,163
Other, excluding options	-	-	-	-
Other assets	2,687,529	32,667	3,284,757	39,926
Delta Options	45,412	-	55,503	-
Total assets	**26,798,043**	**694,320**	**32,753,164**	**848,613**
Liabilities				
Demand deposits	977,262	56,199	1,194,431	68,688
Term deposits	1,218,626	5,305	1,489,431	6,484
Saving accounts with deferred withdrawal	-	-	-	-
Savings accounts with unconditional withdrawal	-	-	-	-
Liabilities under agreements to repurchase	-	-	-	-
Loans and other liabilities contracted MN (Domestic Currency)	829,002	-	1,013,225	-
Loans and other liabilities contracted MX (Foreign Currency)	133,690	4,099	163,399	5,009
Letters of credit	-	-	-	-
Ordinary bonds	999,552	15,753	1,221,675	19,254
Subordinated bonds	-	-	-	-
Forward	7,114,723	207,532	8,695,773	253,650
Futures	4,647	-	5,680	-
Swaps	13,668,333	386,540	16,705,740	472,438
Other, excluding options	-	-	-	-
Other liabilities	520,055	15,950	635,623	19,495
Delta Options	41,993	-	51,325	-
Total liabilities	**25,507,883**	**691,378**	**31,176,302**	**845,018**
Net	**1,290,160**	**2,942**	**1,576,862**	**3,595**

NOTE 36 - 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 consider 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.

Therefore, the actual impact of a change in assumptions may not have any impact on the liabilities, while the assets remain at market value in 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 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 on equity instruments 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 following sensitivity analysis described below have been determined based on the exposure of equity prices at the end of the reporting period.

On a scenario where the equity prices had been 1% higher - lower:

The net income of the period as of June 30, 2021, would not have been affected given that all bank´s equity instruments are classified as available for sale, and no investment was impaired; notwithstanding, the possible negative effect on equity would have amounted to MCh$67,921 while the impact for the year ended December 31, 2020 would have been MCh$15,026.

NOTE 36 - 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 their implementation. 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. Not only does the accounting information depend 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. Note35 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 bonds, 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 equate supply with demand and allow transactions to be carried out. 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 derivative 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 are used. Debt instruments are less liquid such 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.

NOTE 36 - RISK MANAGEMENT, CONTINUED

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 panels of incomplete data and incorporates all the recent price history of the instruments 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 tested by independent parties.

Finally, all instruments whose prices or market factors are not directly observable are classified in Level 3.

g. Derivative instruments

As of June 30, 2021, the Bank had a net liability position of MCh$37,262 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 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 trading or have hedge accounting treatment under the applicable accounting standards. 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 with each customer in derivatives and recognizes the *Credit Value Adjustment (CVA).*

Use of line to operate with derivative instruments

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 favor 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.

Montecarlo 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 for the periods ended June 30, 2021 and December 31, 2020.

NOTE 36 - RISK MANAGEMENT, CONTINUED

Segment	Use of line to operate with derivative instruments 06.30.2021	Use of line to operate with derivative instruments 12.31.2020
	MCh$	MCh$
Retail Banking	**1,292**	**1,998**
Retail Banking	-	-
Small and Medium Enterprises	1,292	1,998
Wholesale Banking	**865,939**	**833,033**
Commercial Banking	216,025	229,314
C&IB Commercial Division	649,914	603,719
Finance Division	**789,898**	**661,687**
Total	**1,657,129**	**1,496,718**

Credit Valuation Adjustment in derivatives (CVA)

The objective of the credit valuation adjustments is to determine the counterparty risk associated with the credit exposure in OTC derivative contracts. The CVA of a derivative is defined as the difference between its market-to-market value determined without the risk of default from the counterparty and its market-to-market value with the probability of default of the counterparty. Thus, the CVA of a client can be determined from the expected exposure (EE) to counterparty risk (how much loss is expected) and the probability of default (PD) associated with the risk of default of the counterparty. The table below details the CVA for periods ended June 30, 2021 and December 31, 2020.

Credit Value Adjustment			
Segment	**06.30.2020**	**12.31.2020**	**Variation**
	MCh$	MCh$	MCh$
Retail Banking	**11**	**32**	**(21)**
Retail Banking	-	-	-
Small & Medium Enterprise	11	32	(21)
Wholesale Banking	**15,285**	**25,727**	**(10,442)**
Commercial Banking	5,312	6,028	(716)
C&IB Commercial Division	9,973	19,699	(9,726)
Finance division	**465**	**409**	**56**
City National Bank	**1,396**	**2,807**	**(1,411)**
Total	**17,157**	**28,975**	**(11,818)**

During the first half of 2021, the Bank adopted new adjustments associated with the valuation of derivative instruments in order to improve these estimates. Therefore, a Funding Valuation Adjustment (FVA) was added, which captures the funding cost of uncollateralized derivatives above the risk-free rate of return and other technical considerations. As of June 30, 2021, the aforementioned adjustment implied recognizing a net charge to profit or loss for the period of MCh$8,774.

NOTE 36 - RISK MANAGEMENT, CONTINUED

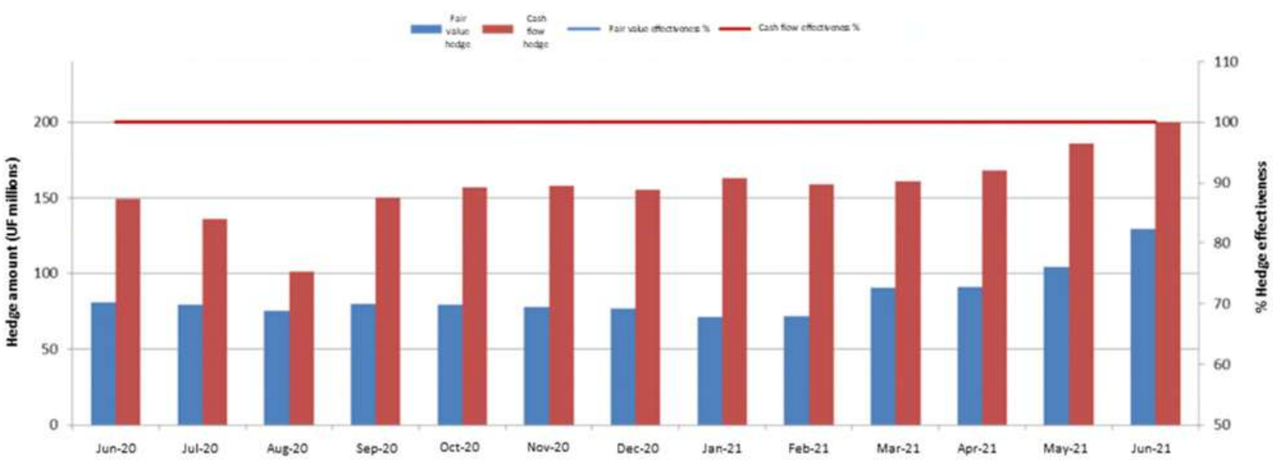
i. Hedge accounting

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 statements of financial position.

Cash flow hedges, meanwhile, record in equity the changes in fair value of the derivatives that are part of the hedge. The treatment of this type of instrument is strictly in accordance with current regulations. The Financial Risk Management is in charge of designing and validating the effectiveness of hedges, generating effectiveness indicators that are constantly monitored and reported to ALCO.

As of June 30, 2021, the total notional amount of cash flow hedges amounted to UF 200,155,161 whereas fair value hedges reach UF 129,518,161. As of December 31, 2020, the total notional amount of cash flow hedges amounted to UF 150,246,360 whereas fair value hedges reach UF 79,672,930.

Fig. 19. Amount, Type and effectiveness of Hedge Accounting
As of June 30, 2021 (UF Millions)



NOTE 36 - RISK MANAGEMENT, CONTINUED

4. Credit Risk

Risk Management structure

The Bank has structured its credit approval process based on 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.

Provision for credit risk

According to the Financial Market Commission (CMF), the Banks should permanently maintain evaluations of their loans and contingent credit portfolios, in order to establish provisions timely and sufficiently, so as to cover possible losses, in accordance with the regulation of said Commission, contained in the Compendium of Accounting Standards, chapter B-1 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.

Additionally, Note 1, letter ac), informs that the Bank's Board of Directors approved the constitution of additional provisions during 2021 for MCh$43,347 (MCh$160,176 as of December 31, 2020). These provisions were constituted to anticipate the potential impairment of the placement portfolio due to the crisis produced by the COVID-19 pandemic.

Models based on the individual analysis of borrowers

These are required when customers, because of their size, complexity or level of exposure to the entity, need to be individually identified and analyzed in detail.

These models consider the analysis of issues such as the financial situation of the borrower, payment behavior, 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 and its relative position.

NOTE 36 - RISK MANAGEMENT, CONTINUED

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 Financial Market Commission (CMF):

	As of June 30, 2021					
	DEBT			ALLOWANCE		
Debt	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	-	141,391	141,391	-	51	51
A2	98,291	1,221,217	1,319,508	81	746	827
A3	18,869	2,161,223	2,180,092	41	2,601	2,642
A4	-	2,132,809	2,132,809	-	13,592	13,592
A5	-	2,415,671	2,415,671	-	19,881	19,881
A6	-	1,018,687	1,018,687	-	11,084	11,084
B1	-	853,646	853,646	-	17,480	17,480
B2	-	172,913	172,913	-	1,447	1,447
B3	-	54,661	54,661	-	6,638	6,638
B4	-	50,060	50,060	-	7,271	7,271
C1	-	112,701	112,701	-	2,254	2,254
C2	-	43,310	43,310	-	4,331	4,331
C3	-	110,073	110,073	-	27,518	27,518
C4	-	31,994	31,994	-	12,798	12,798
C5	-	43,882	43,882	-	28,523	28,523
C6	-	28,980	28,980	-	26,082	26,082
Collective assessment	-	14,264,572	14,264,572	-	346,303	346,303
Subsidiaries	301,322	11,435,794	11,737,116	324	188,784	189,108
Total	**418,482**	**36,293,584**	**36,712,066**	**446**	**717,384**	**717,830**

NOTE 36 - RISK MANAGEMENT, CONTINUED

	As of December 31, 2020					
	DEBT			ALLOWANCE		
Debt	Loans and Receivables from Banks	Loans and receivables from customers, net	Total	Loans and Receivables from Banks	Loans and receivables from customers, net	Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
A1	-	110,073	110,073	-	37	37
A2	99,482	1,109,838	1,209,320	82	611	693
A3	13,229	2,132,819	2,146,048	29	2,626	2,655
A4	-	2,155,577	2,155,577	-	13,969	13,969
A5	-	2,583,798	2,583,798	-	22,053	22,053
A6	-	1,090,902	1,090,902	-	12,345	12,345
B1	-	600,028	600,028	-	9,433	9,433
B2	-	251,341	251,341	-	4,556	4,556
B3	-	57,518	57,518	-	6,656	6,656
B4	-	126,968	126,968	-	23,439	23,439
C1	-	98,965	98,965	-	1,979	1,979
C2	-	44,544	44,544	-	4,454	4,454
C3	-	28,059	28,059	-	7,015	7,015
C4	-	26,719	26,719	-	10,688	10,688
C5	-	30,929	30,929	-	20,104	20,104
C6	-	63,025	63,025	-	56,723	56,723
Collective assessment	-	13,810,496	13,810,496	-	394,363	394,363
Subsidiaries	244,321	11,187,114	11,431,435	252	198,981	199,233
Total	**357,032**	**35,508,713**	**35,865,745**	**363**	**790,032**	**790,395**

The analysis of the age of overdue installments and their accrued interest by type of financial assets is the following:

	Less than 30 days		Between 31 and 89 days		90 days or more		Total	
	06.30.2021	12.31.2020	06.30.2021	12.31.2020	06.30.2021	12.31.2020	06.30.2021	12.31.2020
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Loans and receivables from banks	-	-	-	-	-	-	-	-
Loans and receivables from customers	266,178	1,265,643	89,462	155,225	255,479	282,583	611,119	1,703,451
Total	**266,178**	**1,265,643**	**89,462**	**155,225**	**255,479**	**282,583**	**611,119**	**1,703,451**

NOTE 36 - 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 June 30, 2021

	Maximum exposure	Allowance	Net exposure after allowances	Associated collateral	Net exposure
	MCh$	MCh$	MCh$	MCh$	MCh$
Trading portfolio financial assets	526,651	-	**526,651**	-	**526,651**
Loans and receivables to banks, net	418,482	(446)	**418,036**	-	**418,036**
Loans and receivables from customers, and credit commitments (1)	47,314,686	(813,683)	**46,501,003**	(16,005,481)	**30,495,522**
Financial investments available for sale	10,561,839	-	**10,561,839**	-	**10,561,839**
Financial investments held to maturity	301,092	-	**301,092**	-	**301,092**
Financial derivative agreements (2)	4,051,038	(33,226)	**4,017,812**	-	**4,017,812**

(1) In this line loans and receivables are included for an amount of MCh$36,293,584 (see Note 11) and credit commitments of MCh$11,021,102 (see Note 23). Reported collateral is legally pledged to the Bank and there is no uncertainty regarding its possible execution or settlement.
(2) As of June 30, 2021, no collateral was provided in favor of the Bank.

As of December 31, 2020

	Maximum exposure	Allowance	Net exposure after allowances	Associated collateral	Net exposure
	MCh$	MCh$	MCh$	MCh$	MCh$
Trading portfolio financial assets	1,147,279	-	**1,147,279**	-	**1,147,279**
Loans and receivables to banks, net	357,032	(363)	**356,669**	-	**356,669**
Loans and receivables from customers, and credit commitments (3)	45,527,436	(813,188)	**44,714,248**	(15,247,171)	**29,467,077**
Financial investments available for sale	7,996,040	-	**7,996,040**	-	**7,996,040**
Financial investments held to maturity	25,144	-	**25,144**	-	**25,144**
Financial derivative agreements (4)	5,485,123	(33,226)	**5,451,897**	-	**5,451,897**

(3) In this line loans and receivables are included for an amount of MCh$35,508,713 (see Note 11) and credit commitments of MCh$10,018,723 (see Note 23). Reported collateral is legally pledged to the Bank and there is no uncertainty regarding its possible execution or settlement.
(4) As of December 31, 2020, no collateral was provided in favor of the Bank.

NOTE 36 - RISK MANAGEMENT, CONTINUED

Operational Risk

Goals

BCI has adopted the Operating Risk definition of the Basel Commission, defining it as “loss risk resulting from the lack of adequacy or fail of processes, personnel, and internal systems, or due to an external event.” This definition includes technological and legal risks.

The operating risk is an inherent risk to all banking products and services, processes and systems. Therefore, effective management of the risk is a vital element of BCI’s risk management program.

Description of Operating Risk Policies

Our Operating Risk Policy sets the operating risk management framework, including all the required governance elements, performed through the actions of different committees defined in this policy, in order to build a sturdy and effective operating risk management and culture through a process of continuous risk identification and management; a measurement of risk; definition of strategies for mitigating risk; and operational risk reports and culture, setting clear roles and responsibilities based on three defense lines.

The principles of the policy are the following:

- The Board of Directors and High-Level Management promote a healthy risk culture between all BCI collaborators in matters of operating risk.

- Bci has an operating risk management framework consistent with the volume and complexity of its activities, implemented in the whole organization.

- Bci manages operating risk based on the three defense lines approach, where all collaborators assume and understand their roles and responsibilities regarding risk management.

- For Bci, risk management is a vital element for the fulfillment of its business strategy. Through the enhancement of its internal controlling environment, the Bank promotes safe and simple process generation and maintenance of effective controls, allowing the reduction of losses, complaints, operating and technological issues, and improving the client's experience and protecting the equity and reputation of Corporación Bci.

The policy contemplates all guidelines and requirements set forth by Comisión del Mercado Financiero (Commission for the Financial Market) and the recommendations of the Basel Committee regarding good practices of operating risk management.

NOTE 36 - RISK MANAGEMENT, CONTINUED

Operating risk management structure

The Bank manages its operating risks daily, and makes decisions with a solid Corporate Governance, according to the following structure:

- Committees Integrated by Directors:

- **Executive Board Committee,** responsible for the approval of operating risk policies, assessing the relative importance of operating risks, considering the volume and complexity of operations and approval of Operating Risk Tolerance.

- **Finance and Corporate Risk Committee,** responsible for acknowledging the follow-up of the different operating risk levels for Bci.

- **Directors' Committee** acknowledges the relevant operating risks detected by the comptrollers, third line of defense, Non-Financial Risk Management, External Auditors, or other sources, learning about action plans or measures defined or under execution for their mitigation. It analyzes reports on inspection visits, instructions, and presentations made by regulators related to operating risk.

Committees Integrated by Senior Management:

The committees integrated by the General Manager and/or Top-level managers reporting to the General manager, with direct participation in operating risk management are:

- **Information Security and Operating Risk Committee,** headed by BCI's General Manager, responsible for operating risk strategy and management in the Bank and its subsidiaries.

- **Information Security and Operating Risk Committees** specific for the risk management at each business line. There are 3 committee's meetings for Finance, Wholesale Banking, and Retail Banking risk management. Each of these committees are headed by the corresponding High-level Manager reporting directly to the General Manager of these three Business and Support Units and is responsible for the operating risk management in each Business.

NOTE 36 - RISK MANAGEMENT, CONTINUED

Committees specialized in specific management of operating risks

These committees' goal is the specific and specialized management of operating risks.

- **Information Security and Cyber security Committee:** The Bank has an Information Security and Cyber security Risk Committee, made up of representatives from various areas in the Bank, which ensures that the regulatory framework is updated for new risks and threats, and is responsible for the execution and monitoring of the annual security and compliance with specific policies and the information security and cybersecurity program.

- **Risk Management in Outsourced Services Committee:** Committee responsible for governance of operating risk management in services outsourced to third parties and strategic suppliers.

- **Corporate Business Continuity Risk Committee:** Committee responsible for governance of the business continuity management, disaster recovery plans and crisis management.

- **New Products Committee:** Committee responsible for the risk analysis of new initiatives and the launching of products and services with identified and controlled risks.

Operating Risk Management in Branches

Regarding operating risk management in branches, operating risk work methodologies have been continuously strengthened with risk management teams in the Bank's branches, who execute the risk management program in each branch with an independent corporate governance, coordinated and aligned with policies, risk tolerance reference framework, and corporate risk governance.

Non-Financial Risk Management

It is responsible for designing policies, programs and methodologies for the adequate management of non-financial risk, understanding by this the different types of operational risks and compliance risks, among which are the prevention of money laundering and regulatory risks. The role of this management is to mobilize the execution of the program activities to manage this risk, measure and monitor the level of risk independent from the first line. Responsible for the development of government committees and reporting risk levels.

The Operating Risk Management and Information Security Management actively participates in:

- **Operating Issues Management**

The Bank has systems, procedures, organization and governance allowing it to identify operating issues, assess their impact, mitigate their effects, monitor security and operating and report them in a timely manner. Issues discovered are a source for cause analysis and improvement plan implementing, which are shared with CMF.

NOTE 36 - RISK MANAGEMENT, CONTINUED

- **Information Security and Cyber security**

The Bank has an information security and cybersecurity strategy based on best industry practices that is based on a comprehensive management program, whose main component is the overall information security policy approved by the Board Executive Committee, reviewed on an annual basis, and supplemented by a regulatory body of specific controls regulations, a security culture program aimed at employees, customers and suppliers, ongoing programs of vulnerability analysis and ethical hacking, and an organization formed by areas specializing in the Bank's three lines of defense, focused on the operation of security controls and specialized management of these risks.

The information Security and cyber security strategy contemplates the execution of various initiatives and investments to strengthen technological infrastructure, team training and specific procedures of operation and monitoring of cyber security, oriented towards preventing, identifying and stopping cyber attacks on the bank and its subsidiaries.

- **Business continuity and management of the crisis**

The continuity strategies and crisis management 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, on training contingency team members and on crisis management. Plan coverage has increased according to the requirements of the Bank, including the processes that are critical.

Currently, and due to the COVID-19 pandemic affecting the World economy, the Bank has taken the measures necessary for dealing with the health crisis in order to (i) safeguard the health of our clients and collaborators through the implementation of telecommuting for those who can work from home, and protocols for preventing spread of disease for in-office work, which were successful during 2020; (ii) guaranteeing the operating continuity of our products and services, with strong support from digital and phone channels, and (iii) support clients during the crisis.

- **Prevention of fraud**

This function is responsible for implementing a corporate fraud prevention strategy, both internal and external, that safeguards the equity of our clients, the Bank and ensuring the reputation and corporative image of BCI. To this end, processes, technologies, methodologies and data models for optimal decision making in real time have been reinforced to prevent and anticipate emerging and sophisticated fraud risks, as well as activities to strengthen the culture and adherence to the ethical framework for the good work of the employees of the Bank and its subsidiaries.

NOTE 36 - RISK MANAGEMENT, CONTINUED

- **Management of operational risk in outsourced services**

Non-Financial Risk Management has a risk management program in outsourced services for the Bank, which aims to identify and timely manage the risks that may exist in a process contracted to a third party. This management is carried out throughout the life cycle of the outsourced service, that is, from when the service is contracted until the contractual relationship is terminated. Depending on the risks identified, decisions are made to keep risks within acceptable levels for BCI.

- **Insurance**

Corporación BCI has risk reduction programs through insurance policies allowing to transfer the risk of high-severity losses.

- **Physical security Procedures and Controls**

Corporación BCI has adequate security controls for physical protection of cash, negotiable instruments, precious metals and client assets.

- **Regulatory Management**

Bci performs all activities with strict respect and compliance of the applicable regulations, both external and internal, in all countries and jurisdictions where it operates. For this, it has a continuous review process for new external regulations, for their incorporation into the internal regulatory framework.

NOTE 37 - MATURITIES OF ASSETS AND LIABILITIES

As of June 30, 2021 and December 31, 2020, the breakdown of maturities of assets and liabilities is as follows:

June 30, 2021

	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	3,651,828	-	-	-	3,651,828	-	-	-	**3,651,828**
Items in course of collection	-	407,842	-	-	407,842	-	-	-	**407,842**
Trading portfolio financial assets	-	526,651	-	-	526,651	-	-	-	**526,651**
Liabilities under agreements to repurchase	-	93,953	68,438	52,894	215,285	-	-	-	**215,285**
Derivative financial liabilities	-	179,809	904,175	361,116	1,445,100	1,389,907	1,182,805	2,572,712	**4,017,812**
Loans and receivables from banks (*)	-	22,965	64,004	320,530	407,499	10,983	-	10,983	**418,482**
Loans and receivables from customers (**)	-	2,762,473	2,492,443	6,337,308	11,592,224	12,335,783	12,132,664	24,468,447	**36,060,671**
Financial investments available for sale	-	1,213,311	1,575,979	388,790	3,178,080	3,011,448	4,372,311	7,383,759	**10,561,839**
Financial investments held to maturity	-	-	-	-	-	-	301,092	301,092	**301,092**
Total assets	**3,651,828**	**5,207,004**	**5,105,039**	**7,460,638**	**21,424,509**	**16,748,121**	**17,988,872**	**34,736,993**	**56,161,502**
Liabilities									
Current accounts and demand deposits	23,087,232	-	-	-	23,087,232	-	-	-	**23,087,232**
Items in course of collection	-	418,400	-	-	418,400	-	-	-	**418,400**
Liabilities under agreements to repurchase	-	194,754	11,854	3,756	210,364	5,653	24	5,677	**216,041**
Term deposits and savings accounts	-	5,060,042	2,095,911	1,931,786	9,087,739	71,371	106	71,477	**9,159,216**
Derivative financial liabilities	-	202,106	912,792	364,145	1,479,043	1,573,658	1,009,387	2,583,045	**4,062,088**
Borrowings from financial institutions	-	485,995	388,183	1,280,152	2,154,330	4,093,997	-	4,093,997	**6,248,327**
Debt issued	-	17,760	302,419	633,308	953,487	3,297,921	3,596,616	6,894,537	**7,848,024**
Other financial liabilities	-	881,856	915	1,373	884,144	-	-	-	**884,144**
Lease liabilities	-	-	-	61,092	61,092	43,968	61,854	105,822	**166,914**
Total liabilities	**23,087,232**	**7,260,913**	**3,712,074**	**4,275,612**	**38,335,831**	**9,086,568**	**4,667,987**	**13,754,555**	**52,090,386**

(*) Gross values.
(**) Excludes provisions and amounts whose maturity date has already passed.

NOTE 37 - MATURITIES OF ASSETS AND LIABILITIES, CONTINUED

December 31, 2020

	Current Current MCh$	Up to 1 month MCh$	Between 1 and 3 months MCh$	Between 3 and 12 months MCh$	Subtotal Up to 1 year MCh$	Between 1 and 5 years MCh$	More than 5 years MCh$	Subtotal Over 1 year MCh$	Total MCh$
Assets									
Cash and deposits in banks	4,597,867	-	-	-	4,597,867	-	-	-	**4,597,867**
Items in course of collection	-	236,710	-	-	236,710	-	-	-	**236,710**
Trading portfolio financial assets	-	1,147,279	-	-	1,147,279	-	-	-	**1,147,279**
Liabilities under agreements to repurchase	-	101,300	55,148	33,800	190,248	-	-	-	**190,248**
Derivative financial liabilities	-	1,024,060	182,351	503,850	1,710,261	1,907,714	1,833,922	3,741,636	**5,451,897**
Loans and receivables from banks (*)	-	33,761	74,112	245,600	353,473	3,559	-	3,559	**357,032**
Loans and receivables from customers (**)	-	2,882,628	2,179,938	5,283,901	10,346,467	12,821,030	12,117,582	24,938,612	**35,285,079**
Financial investments available for sale	-	2,283,920	179,347	566,155	3,029,422	2,019,497	2,947,121	4,966,618	**7,996,040**
Financial investments held to maturity	-	-	-	-	-	-	25,144	25,144	**25,144**
Total assets	**4,597,867**	**7,709,658**	**2,670,896**	**6,633,306**	**21,611,727**	**16,751,800**	**16,923,769**	**33,675,569**	**55,287,296**
Liabilities									
Current accounts and demand deposits	19,726,574	-	-	-	19,726,574	-	-	-	**19,726,574**
Items in course of collection	-	201,438	-	-	201,438	-	-	-	**201,438**
Liabilities under agreements to repurchase	-	128,779	31,024	132,696	292,499	55,429	2,386	57,815	**350,314**
Term deposits and savings accounts	-	4,439,324	4,384,381	1,814,907	10,638,612	200,862	137	200,999	**10,839,611**
Derivative financial liabilities	-	195,005	192,851	1,446,093	1,833,949	2,128,715	1,830,690	3,959,405	**5,793,354**
Borrowings from financial institutions	-	708,824	519,382	887,661	2,115,867	4,154,832	-	4,154,832	**6,270,699**
Debt issued	-	26,811	98	539,547	566,456	3,600,069	3,265,099	6,865,168	**7,431,624**
Other financial liabilities	-	875,318	32,025	1,922	909,265	1,779	-	1,779	**911,044**
Lease liabilities	-	-	-	64,977	64,977	46,365	74,951	121,316	**186,293**
Total liabilities	**19,726,574**	**6,575,499**	**5,159,761**	**4,887,803**	**36,349,637**	**10,188,051**	**5,173,263**	**15,361,314**	**51,710,951**

(*) Gross values.
(**) Excludes provisions and amounts whose maturity date has already passed.

NOTE 38 - FOREIGN CURRENCY

The interim consolidated financial statements as of June 30, 2021 and December 31, 2020 include assets and liabilities in foreign currencies or in Chilean Pesos according to the following detail:

	In foreign currency		In Chilean Pesos		Total	
	As of June, 30	As of December, 31	As of June, 30	As of December, 31	As of June, 30	As of December, 31
	2021	2020	2021	2020	2021	2020
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
ASSETS						
Cash and deposits in banks	2,409,081	2,470,703	1,242,747	2,127,164	**3,651,828**	**4,597,867**
Items in course of collection	211,539	154,042	196,303	82,668	**407,842**	**236,710**
Trading portfolio financial assets	79,481	71,074	447,170	1,076,205	**526,651**	**1,147,279**
Liabilities under agreements to repurchase	-	-	215,285	190,248	**215,285**	**190,248**
Derivative financial liabilities	175,659	191,970	3,842,153	5,259,927	**4,017,812**	**5,451,897**
Loans and receivables to banks, net	418,036	356,669	-	-	**418,036**	**356,669**
Loans and receivables to customers, net	12,155,866	11,617,411	23,420,334	23,101,270	**35,576,200**	**34,718,681**
Financial investments available for sale	4,436,622	3,695,972	6,125,217	4,300,068	**10,561,839**	**7,996,040**
Financial investments held to maturity	301,092	25,144	-	-	**301,092**	**25,144**
Investments in other companies	-	-	26,325	26,625	**26,325**	**26,625**
Intangible assets	155,937	153,476	238,804	241,800	**394,741**	**395,276**
Property, plant and equipment, net	51,954	52,962	194,765	198,255	**246,719**	**251,217**
Right-of-use asset	57,321	60,024	125,043	144,783	**182,364**	**204,807**
Current income tax	-	-	5,931	36,270	**5,931**	**36,270**
Deferred income taxes	2,456	144	242,336	211,080	**244,792**	**211,224**
Other assets	785,889	972,763	354,688	337,582	**1,140,577**	**1,310,345**
TOTAL ASSETS	**21,240,933**	**19,822,354**	**36,677,101**	**37,333,945**	**57,918,034**	**57,156,299**
LIABILITIES						
Current accounts and demand deposits	13,308,766	11,261,139	9,778,466	8,465,435	**23,087,232**	**19,726,574**
Items in course of collection	170,140	98,923	248,260	102,515	**418,400**	**201,438**
Liabilities under agreements to repurchase	104,819	112,467	111,222	237,847	**216,041**	**350,314**
Term deposits and savings accounts	3,157,301	2,973,923	6,001,915	7,865,688	**9,159,216**	**10,839,611**
Derivative financial liabilities	172,374	214,343	3,889,714	5,579,011	**4,062,088**	**5,793,354**
Borrowings from financial institutions	1,391,649	2,115,614	4,856,678	4,155,085	**6,248,327**	**6,270,699**
Debt issued	1,839,035	1,758,748	6,008,989	5,672,876	**7,848,024**	**7,431,624**
Other financial liabilities	820,448	870,582	63,696	40,462	**884,144**	**911,044**
Lease liabilities	49,535	51,554	117,379	134,739	**166,914**	**186,293**
Current income tax	2,933	6,330	57,708	2,742	**60,641**	**9,072**
Deferred income taxes	-	10,385	1,167	11,803	**1,167**	**22,188**
Provisions	101,509	91,498	432,015	350,079	**533,524**	**441,577**
Other liabilities	296,298	268,056	904,131	809,750	**1,200,429**	**1,077,806**
TOTAL LIABILITIES	**21,414,807**	**19,833,562**	**32,471,340**	**33,428,032**	**53,886,147**	**53,261,594**

NOTE 39 - SUBSEQUENT EVENTS

On July 22, 2021, we received resolution No. 3874 from the Chilean Financial Market Commission, which approved the amendment of the bylaws agreed upon at the Extraordinary Shareholders' Meeting held on April 6, 2021, a resolution that is currently pending. legalization by the Bank, to subsequently request the registration of shares exempt from payment in the Commission's Securities Registry and issue and distribute them on the date agreed by the Bank's Board of Directors.

Between July 1, 2021 and the date of issuance of these Interim Consolidated Financial Statements, no other subsequent events have been recorded that could significantly affect the adequate presentation of these Financial Statements.

Alfredo Mendoza Osorio Corporate Accounting Manager	Eugenio Von Chrismar Carvajal General Manager

Interim Consolidated Financial Statements

As of and for June 30, 2020 and December 31, 2019 and for the periods ended June 30, 2020 and 2019

CONTENT

<u>BANCO DE CREDITO E INVERSIONES AND SUBSIDIARIES</u>
<u>INTERIM CONSOLIDATED FINANCIAL STATEMENTS</u>
<u>FOR THE PERIODS ENDED JUNE 30, 2020 AND DECEMBER 31, 2019</u>

TABLE OF CONTENTS

Interim Consolidated Financial Statements

Notes to the Interim Consolidated Financial Statements:

BANCO DE CREDITO E INVERSIONES AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As of June 30, 2020 and December 31, 2019
(In millions of Chilean pesos - MCh$)

	Note	As of June 30, 2020	As of December 31 2019
		MCh$	MCh$
ASSETS			
Cash and deposits in banks	5	4,201,926	3,153,760
Items in course of collection	5	480,603	310,602
Trading portfolio financial assets	6	1,828,682	2,212,257
Investments under agreements to resell	7	192,617	196,015
Derivative financial assets	8	6,889,459	4,261,289
Loans and receivables to banks, net	9	493,109	457,640
Loans and receivables to customers, net	10	37,619,372	33,212,457
Financial investments available for sale	11	6,432,201	4,011,029
Financial investments held to maturity	11	29,010	7,369
Investments in other companies	12	28,132	27,823
Intangible assets	13	406,449	404,215
Property, plant and equipment, net	14	253,637	250,194
Right-of-use asset	14	231,124	231,344
Current income tax	15	36,208	89,495
Deferred income taxes	15	140,018	103,329
Other assets	16	1,610,710	1,407,802
TOTAL ASSETS		**60,873,257**	**50,336,620**
LIABILITIES			
Current accounts and demand deposits	17	17,607,336	14,180,699
Items in course of collection	5	792,146	200,976
Liabilities under agreements to repurchase	7	283,815	909,391
Term deposits and savings accounts	17	14,531,899	13,372,756
Derivative financial agreements and hedge accounting	8	6,986,747	4,412,365
Borrowings from financial institutions	18	5,720,820	3,482,261
Debt issued	19	7,603,633	7,016,742
Other financial liabilities	19	1,562,547	1,450,586
Lease liabilities	14	202,483	206,376
Current income tax	15	3,687	1,240
Deferred income taxes	15	36,287	23,829
Provisions	20	271,596	309,040
Other liabilities	21	1,294,095	977,839
TOTAL LIABILITIES		**56,897,091**	**46,544,100**
SHAREHOLDERS' EQUITY			
Attributable to equity holders of the Bank:			
Capital		3,655,828	3,394,799
Reserves		109	109
Accumulated other comprehensive income		207,669	114,719
Retained earnings:			
Net income from prior periods	23	-	-
Profit or loss for the period	23	159,071	402,645
Less: Accrual for minimum dividends	23	(47,721)	(120,794)
TOTAL EQUITY OF EQUITY HOLDERS OF THE BANK		**3,974,956**	**3,791,478**
Non-controlling interest		1,210	1,042
TOTAL SHAREHOLDERS' EQUITY		**3,976,166**	**3,792,520**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**60,873,257**	**50,336,620**

Notes No. 1 to No. 38 are an integral part of the interim consolidated financial statements.

BANCO DE CREDITO E INVERSIONES AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF INCOME
For the periods ended June 30, 2020 and 2019
(In millions of Chilean pesos - MCh$)

	Note	For the periods ended June 30 2020 MCh$	2019 MCh$
Interest income	24	1,082,860	1,080,508
Interest expense	24	(372,387)	(437,982)
Net interest and indexation income		**710,473**	**642,526**
Fee and commission income	25	221,294	221,613
Fee and commission expense	25	(52,745)	(54,127)
Net fee and commission income		**168,549**	**167,486**
Trading and investment income, net	26	186,859	95,452
Foreign exchange loss, net	27	(64,787)	(12,022)
Other operating income	32	26,575	23,923
Operating income		**1,027,669**	**917,365**
Provision for loan losses and impairment of repossessed assets	28	(322,734)	(194,022)
OPERATING INCOME, NET OF PROVISION FOR LOAN LOSSES		**704,935**	**723,343**
Staff costs	29	(251,580)	(237,941)
Administrative expenses	30	(156,224)	(154,010)
Depreciation and amortization	31	(54,556)	(51,093)
Impairment of property, plant and equipment and intangible assets	31	(142)	(54)
Other operating expenses	32	(27,701)	(16,791)
TOTAL OPERATING EXPENSES		**(490,203)**	**(459,889)**
TOTAL NET OPERATING INCOME		**214,732**	**263,454**
Share of profit of investments accounted for using the equity method	12	1,152	11,006
Income before income tax		**215,884**	**274,460**
Income tax expense	15	(56,774)	(43,010)
Net income from continuing operations		**159,110**	**231,450**
Net income from discontinued operations		-	-
CONSOLIDATED NET INCOME FOR THE YEAR		**159,110**	**231,450**
Attributable to:			
Equity holders of the Bank		159,071	231,402
Non-controlling interest		39	48
Total		**159,110**	**231,450**
Earnings per share:			
(stated in Ch$)			
Basic earnings per share		$ 1,123	$ 1,703
Diluted earnings per share		$ 1,123	$ 1,703

Notes No. 1 to No. 38 are an integral part of the interim consolidated financial statements.

BANCO DE CREDITO E INVERSIONES AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME
For the periods ended June 30, 2020 and 2019
(In millions of Chilean pesos - MCh$)

	Note	For the periods ended June 30, 2020	2019
		MCh$	MCh$
CONSOLIDATED NET INCOME FOR THE YEAR		**159,110**	**231,450**
OTHER COMPREHENSIVE INCOME THAT MAY BE RECLASSIFIED TO THE STATEMENT OF INCOME			
Net gain resulting on revaluation of financial investments available for sale		4,783	38,327
Net (loss) on cash flow hedge derivatives		(50,241)	(54,701)
Cumulative translation adjustment		125,884	(23,302)
Other comprehensive income (loss) before income tax		**80,426**	**(39,676)**
Income tax effect on other comprehensive income-items that may be reclassified to the statement of income	15	12,524	13,738
Total other comprehensive (loss) income that may be reclassified to the statement of income for the period		**92,950**	**(25,938)**
OTHER COMPREHENSIVE INCOME THAT WILL NOT BE RECLASSIFIED TO THE STATEMENT OF INCOME		**129**	-
TOTAL OTHER COMPREHENSIVE (LOSS) INCOME		**93,079**	**(25,938)**
CONSOLIDATED TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**252,189**	**205,512**
Attributable to:			
Equity holders of the Bank		252,021	205,465
Non-controlling interest		168	47
Comprehansive income per share attributable to equity holders of the Bank:			
Basic comprehensive income per share		$1,780	$1,512
Diluted comprehensive income per share		$1,780	$1,512

Notes No. 1 to No. 38 are an integral part of the interim consolidated financial statements.

BANCO DE CREDITO E INVERSIONES AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the periods ended June 30, 2020 and 2019
(In millions of Chilean pesos - MCh$)

			Accumulated Other Comprehensive Income					Retained Earnings				Total Equity		
	Capital	Reserves	Investment instruments available for sale	Cash flows hedges	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, 2020	**3,394,799**	**109**	**35,479**	**(126,789)**	**175,490**	**30,539**	**114,719**	-	**402,645**	**(120,794)**	**281,851**	**3,791,478**	**1,042**	**3,792,520**
Transfer to retained earnings	-	-	-		-	-	-	402,645	(402,645)	-	-	-	-	
Dividends paid	-	-	-	-	-	-	-	(141,616)	-	120,794	**(20,822)**	**(20,822)**	-	**(20,822)**
Retained earnings	**261,029**	-	-	-	-	-	-	(261,029)	-	-	**(261,029)**	-	-	-
Other comprehensive income	-	-	4,783	(50,241)	125,884	12,524	**92,950**	-	-	-	-	**92,950**	129	**93,079**
Net income for the period 2020	-	-	-	-	-	-	-	-	159,071	-	**159,071**	**159,071**	39	**159,110**
Provision for minimum dividends 2020	-	-	-	-	-	-	-	-	-	(47,721)	**(47,721)**	**(47,721)**	-	**(47,721)**
As of June 30, 2020	**3,655,828**	**109**	**40,262**	**(177,030)**	**301,374**	**43,063**	**207,669**	-	**159,071**	**(47,721)**	**111,350**	**3,974,956**	**1,210**	**3,976,166**
As of January 1, 2019	**3,134,898**	**109**	**(18,060)**	**(11,963)**	**74,712**	**757**	**45,446**	-	**395,794**	**(118,738)**	**277,056**	**3,457,509**	**854**	**3,458,363**
Transfer to retained earnings	-	-	-	-	-	-	-	395,794	(395,794)	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	(135,893)	-	118,738	**(17,155)**	**(17,155)**	-	**(17,155)**
Capitalization of reserves	259,901	-	-	-	-	-	-	(259,901)	-	-	**(259,901)**	-	-	-
Capital increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	38,327	(54,701)	(23,302)	13,738	**(25,938)**	-	-	-	-	**(25,938)**	(1)	**(25,939)**
Net income for the period 2019	-	-	-	-	-	-	-	-	231,402	-	**231,402**	**231,402**	48	**231,450**
Provision for minimum dividends	-	-	-	-	-	-	-	-	-	(69,421)	**(69,421)**	**(69,421)**	-	**(69,421)**
As of June 30, 2019	**3,394,799**	**109**	**20,267**	**(66,664)**	**51,410**	**14,495**	**19,508**	-	**231,402**	**(69,421)**	**161,981**	**3,576,397**	**901**	**3,577,298**

Notes No. 1 to No. 38 are an integral part of the interim consolidated financial statements.

BANCO DE CREDITO E INVERSIONES AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
For the periods ended June 30, 2020 and 2019
(In millions of Chilean pesos - MCh$)

	Note	For the periods ended June 30 2020 MCh$	2019 MCh$
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES:			
INCOME BEFORE INCOME TAX		**215,884**	**274,460**
Charges (credits) to income not representing cash flows:			
Depreciation and amortization	31	54,556	51,093
Impairment of property, plant and equipment and intangible assets	31	142	54
Provision for loan losses and impairment of repossessed assets		350,576	222,297
Adjustment to fair value of financial instruments		557	(14,927)
Share of profit on investments accounted for under the equity method	12	(1,152)	(11,006)
Net gain from sale of repossessed assets	32	(554)	(2,777)
Gain from sale of property, plant and equipment	32	(2,040)	(712)
Loss on sale of property, plant and equipment	32	-	-
Write-off of repossessed assets	32	350	2,376
Net interest and indexation income		(710,473)	(642,528)
Net fee and commission income		(168,549)	(167,482)
Other charges (credits) to income that do not represent cash flows		216,446	(224,055)
Changes in assets and liabilities affecting operating cash flows:			
Net (increase) in loans and receivables to banks		(36,759)	(877)
Net (increase) in loans and receivables from customers		(4,710,503)	(1,066,771)
Net (increase) decrease in investments		(350,504)	116,398
Net increase (decrease) in current accounts and other demand deposits		3,426,417	(166,030)
Net (decrease) in liabilities under agreements to repurchase		(671,293)	(234,337)
Net increase in term deposits and savings accounts		1,271,596	414,202
Net (decrease) in borrowing from financial institutions		(474,237)	(60,380)
Net increase in other financial liabilities		112,587	105,580
Proceeds from loans from Central Paid Bank of Chile (long-term)		2,798,080	(3,979)
Proceeds from foreign borrowings (long-term)		1,594,339	2,457,026
Repayment of foreign borrowings (long term)		(1,671,046)	(2,516,908)
Income tax paid	15	(56,774)	(43,010)
Interest and indexation received		1,075,086	1,031,332
Interest and indexation paid		(317,075)	(240,281)
Fees and commissions received	25	221,294	221,613
Fees and commissions paid	25	(52,745)	(54,127)
Total cash flows provided by (used in) operating activities		**2,114,206**	**(553,756)**
CASH FLOW PROVIDED BY (USED IN) INVESTING ACTIVITIES:			
Purchase of property, plant and equipment	14	(25,002)	(17,634)
Proceeds from sale of property, plant and equipment		9,854	4,098
Increase of investments in other companies	12	-	(41)
Purchase of intangible assets	13	(37,717)	(35,444)
Sale of investments in other companies	12	-	29,029
Dividends received from investments in other companies	12	7	181
Sale of repossessed assets		5,311	4,009
Net increase (decrease) in other assets and liabilities		80,934	(42,803)
Total cash flows provided by (used in) investing activities		**33,387**	**(58,605)**
CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES:			
Redemption of letters of credit		(1,541)	(2,286)
Bond issuance		405,992	613,358
Bond redemption		(181,753)	(88,502)
Lease interest and indexation		(2,133)	2,599
Lease liability		-	210,662
Dividends paid		(141,616)	(135,893)
Total cash flows provided by financing activities		**78,949**	**599,938**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS FOR THE PERIOD		**2,651,730**	**(32,512)**
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**(425,188)**	**20,089**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		**3,431,728**	**2,239,859**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5	**5,658,270**	**2,227,436**

Notes No. 1 to No. 38 are an integral part of the interim consolidated financial statements.

BANCO DE CREDITO E INVERSIONES AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
For the periods ended June 30, 2020 and 2019
(In millions of Chilean pesos - MCh$)

Reconciliation of provisions for loan losses to consolidated statements of cash flows for the year

	Note	For the periods ended June 30 2020 MCh$	2019 MCh$
Provision for loan losses presented in the consolidated interim statements of cash flows		350,576	222,297
Recovery of loans previously written off		(27,842)	(28,275)
Provision for loan losses	28	**322,734**	**194,022**

The following table details the changes in liabilities originated from financing activities, including those changes that represent and do not represent cash flows as of June 30, 2020 and 2019. Liabilities arising from activities of financing are those for which cash flows were, or cash flows will be, classified in the statement of cash flows as cash flows from financing activities.

Liabilities arising from financing activities	Beginning balance 1/1/2020	Cash flow from financing activities			Changes that do not represent cash flows			Ending balance 06/30/2020
		Received	Paid	Total	Acquisition	Changes in fair value	Interest and Indexation	
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Letters of credit	9,629	-	(1,541)	(1,541)	-	-	-	**8,088**
Bonds	7,007,113	405,992	(181,753)	224,239	-	202,872	161,321	**7,595,545**
Lease interest	-	-	(2,133)	(2,133)	-	-	-	**(2,133)**
Dividends	-	-	(141,616)	(141,616)	-	-	-	**(141,616)**
Total	**7,016,742**	**405,992**	**(327,043)**	**78,949**	**-**	**202,872**	**161,321**	**7,459,884**

Liabilities arising from financing activities	Beginning balance 1/1/2019	Cash flow from financing activities			Changes that do not represent cash flows			Ending balance 06/30/2019
		Received	Paid	Total	Acquisition	Changes in fair value	Interest and Indexation	
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Letters of credit	13,232	-	(2,286)	(2,286)	-	-	424	11,370
Bonds	5,964,716	613,358	(168,716)	444,642	-	38,808	145,386	6,593,552
Capital increase	-	213,261	-	213,261	-	-	-	213,261
Dividends	-	-	(135,893)	(135,893)	-	-	-	(135,893)
Total	**5,977,948**	**826,619**	**(306,895)**	**519,724**	**-**	**38,808**	**145,810**	**6,682,290**

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF 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 Financial Market Commission (hereinafter the “FMC”), according to the General Banking Act as amended by Act No. 21,130, which establishes the FMC as a regulator effective as of June 1, 2019 (Official Gazette No. 42,343 of May 2, 2019). The registered office of the Bank is located at 125 El Golf Avenue, Las Condes, Santiago. The interim consolidated financial statements as of June 30, 2020 and as of December 31, 2019, and for the periods ended June 30, 2020 and 2019 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 consolidated financial statements

These Interim Consolidated Financial Statements have been prepared in accordance with the Compendium of Accounting Standards and instructions issued by the Commission for the Financial Market (hereinafter “CMF”), a regulatory body created by Act No. 21,000, which in paragraph 6, article 5, states that the CMF is entitled to “establish the standards for the preparation and presentation of annual reports, balance sheets, statements of financial position and other financial statements of the audited entities, and to determine the principles that govern their accounting. In all matters not covered by this Act, audited entities must adhere to the generally accepted accounting criteria (provided they are compatible with the CMF instructions), which are the technical standards issued by the Chilean Institute of Accountants and which match the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). In case of any discrepancy between IFRS and CMF, the latter should be followed.

Notes to the interim consolidated financial statements contain additional information to that presented in the 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 and interim consolidated statements of cash flows.

The interim consolidated financial statements of the Bank and subsidiaries as of June 30, 2020 and December 31, 2019 and for the periods ended June 30, 2020 and 2019, have been approved and authorized for issuance by the Board of Directors in a meeting held on August 13, 2020.

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

c) Controlled companies (subsidiaries)

The interim consolidated financial statements as of June 30, 2020 and December 31, 2019 and for the periods ended June 30, 2020 and 2019 include financial information of the Bank and controlled companies (subsidiaries) (hereinafter the "Group"). Control is achieved when the Bank is exposed, or is entitled, to variable returns from its involvement in the investee and has the ability to influence those returns through its power over it.

Specifically, 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 financial information of the Bank and its subsidiaries, as well as adjustments and reclassifications made to the 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.

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

In addition, third party interest in the equity of the Bank 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 period attributable to non-controlling interest” in the interim consolidated statements of income.

The following table represents the entities over which the Bank exercises control and therefore are included in the consolidation:

i. Entities controlled by the Bank through controlling interest:

	% Interest			
	Direct		**Indirect**	
Entity	**2020**	**2019**	**2020**	**2019**
	%	%	%	%
Análisis y Servicios S.A.(in liquidation)	99.00	99.00	1.00	1.00
BCI Asset Management Administradora General 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 Crédito 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.	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	-	-
Servicios Financieros y Administración de Créditos Comerciales S.A.	99.98	99.98	0.02	- 0.02
Administradora de Tarjetas Servicios Financieros Limitada.	99.99	99.99	0.01	0.01
SSFF Corredores de Seguros y GestiónFinanciera Limitada.	99.00	99.00	1.00	1.00
Sociedad de Servicios de Comercialización y Apoyo Financiero y de Gestión SSFF Limitada.	99.99	99.99	0.01	0.01
Servicios y Cobranzas SEYCO Limitada.	99.00	99.00	1.00	1.00

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

Analisis y Servicios S.A. (in liquidation), 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 conducting activities 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.

On November 15, 2019, the Financial Market Commission was requested to approve the dissolution of the company Analisis Servicios S.A. This company's shareholders are Banco de Crédito e Inversiones with a 99% interest and BCI Corredor de Bolsa, S.A. with a 1% interest, respectively. The dissolution was approved by the Board of Directors of BCI at its meeting on August 27, 2019.

On December 12, 2019, the Council of the Financial Market Commission approved the aforementioned request in ordinary meeting number 161. As of June 30, 2020 the company is in a liquidation process.

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 Commission for the Financial Market (Former SVS, current CMF) 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.

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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, supervised by the Commission for the Financial Market ("CMF", formerly 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 June 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. This investment was authorized by the Financial Market Commission on January 10, 2013, and by the Central Bank of Chile on February 21, 2013. It began operations on March 1, 2016.

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 benefit with the aim of transferring rights thereto, and the complementary activities authorized by the Commission for the Financial Market 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 City National Bank (CNB), was acquired in 2015. CNB is a banking financial institution established in 1946 with headquarters 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

On March 10, 2017, the FMC issued Letter No, 02751, which granted approval to carry out leasing transactions through a new subsidiary of CNB. The new subsidiary of CNB is a corporation that began operations on June 28, 2017 under the corporate name of City National Capital Finance, Inc. (CNCF). On August 1, 2018, the subsidiary City National Capital Finance, Inc. (CNCF) changed its name to BCI CAPITAL, INC.

Servicios Financieros y Administración de Créditos Comerciales S.A., acquired on December 2018, was established as a limited liability company by public deed on November 4, 1997; and has undergone several changes. According to its current corporate purpose, it issues credit cards and conducts complementary activities authorized by the FMC through the general regulations of credit card issuance; granting of loans as a subsidiary of the Bank on an enhanced basis.

Administradora de Tarjetas Servicios Financieros Limitada; acquired on December 2018, was established as a closely held corporation by public deed on August 6, 1998, and has suffered several modifications. Its current corporate purpose is service and development of all kinds of activities related to debit, credit and prepaid cards in accordance with Central Bank of Chile's Compendium of Financial Standards and other applicable norms including but not limited to the following: (i) service of supply of physical payments cards; (ii) service, mantainance and management of computer systems for operations and issuance of cards and; (iii) any other activities connected and complementary to the operation and issuance of payment cards, on condition that said services and activities do not involve the payment of benefits owed to subsidiaries for the use of said instruments.

Sociedad de Servicios de Comercialización y Apoyo Financiero y de Gestión SSFF Limitada, acquired on December 2018, was established as a limited liability company by public deed on April 6, 2005 and has had several modifications. Its current corporate purpose is service of supply of management and aftermarket and customer support, related to allocation, performance and maintenance of arranged products with banks, subsidiaries and support companies, and promotions and distributions services of banking products, subsidiaries and support companies. The previously-described activities could be performed by the entity or delegated to third parties acting on their behalf. In general, the entity could develop any other commercial activities that members decide to either complement the objective or result in a better performance.

Servicios y Cobranzas SEYCO Limitada, also acquired on December 2018 and established as a limited liability company by public deed on March 31, 2010, has had several amendments. Its current corporate purpose is: a) the provision of pre-judicial and judicial collection services in regards to all types of payment obligations, whatever their cause or origin; b) the provision of collection and payment services in general, including, but not limited to, collection and payments, on behalf of third parties, of all types of accounts and obligations; c) the provision of custody services for all types of documents and administrative procedures in general; d) the provision of marketing, programming or campaign execution services, and database preparation, in all its forms and by all means, whether already existing or that in the future will be created for that purpose, all of this to the extent that it is conducive, necessary or advisable for the adequate provision of loan collection services; e)the provision of collection, storage, custody, administration, processing, study and analysis of data, supporting documentation and/or information of any kind that relates to, comes from, has been provided by, or is necessary for the development of, the loan collection services, regardless of the support element or material thereof; and f) acquire or buy an interest in, other companies, subject to the requirements and limitations established in current regulations. The previously-described activities could be performed by the entity or delegated to third parties acting on their behalf. The entity may execute all necessary contracts with respect thereto.

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

SSFF Corredores de Seguros y Gestión Financiera Limitada, acquired on December 2018 and established as a limited liability company by public deed on November 17, 2004, has had several alterations. Its current corporate purpose is: (a) supply the intermediation and advisory services between general and life insurance of any national insurance company and natural and legal persons. Notwithstanding the foregoing, the company may conduct operations such as home assistance, road and travel assistance, legal and medical assistance, extended warranty for goods and services sold or provided by third parties; and operations similar in nature; (b) provide social security advisory services, in accordance with the provisions of Decree Law No. 3,500, subject to the provisions of article 70 bis of the General Banking Law, or those of the regulation which may replace them. The entity may execute all necessary contracts for the given purpose or business development or related to the investment of the available funds of the company.

ii. Entities controlled by the Bank through other considerations:

Although the Bank holds less than the 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 oversight of financial and operational policy decisions:

	% Interest			
	Direct		**Indirect**	
Entity	**2020**	**2019**	**2020**	**2019**
	%	%	%	%
BCI Activos Inmobiliarios Fondo de Inversión Privado (1)	40.00	40.00	-	-
Fondo de Inversión Privado BCI LMV II (3)	100.00	100.00	-	-
Incentivos y Promociones Limitada (2)	SE	SE	SE	SE

(1) Funds over which BCI Asset Management Administradora General de Fondos S.A. subsidiary, has control.

(2) 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 and does not exercise control, however its revenue depends on the Bank.

(3) This Fund has been organized and established by the subsidiary BCI Asset Management Administradora General de Fondos S.A.,who manages it in its entirety.

d) Associates and Joint Ventures

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

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Joint venture is an entity over which there is joint control, which occurs only when the strategic decisions regarding both financial and operating activities require the unanimous consent of the parties that are sharing control. Investments in joint ventures can be qualified as a business or as a joint operation.

A joint operation is a joint arrangement whereby the parties that have joint control over the agreement (that is, the joint operators) have rights derived from the assets and obligations derived from the liabilities, related to the arrangement.

A joint venture is a joint arrangement whereby the parties that have joint control over the arrangement (that is, the participants in a joint venture) have rights over the net assets related to the arrangement.

Joint ventures and those over which significant influence is exercised are accounted for under the equity method and initially recognized at cost; their carrying amount is increased or decreased to recognize the corresponding proportion in net income and in other comprehensive income. Dividends received are recognized by decreasing the investment carrying amount.

If the acquisition cost is lower than the fair value of the net assets of the acquired associate, the difference is recognized directly in profit or loss and is presented in the line “Other Income (Loss).” Investments in associates and joint ventures are presented in the consolidated statements of financial position in the line “Investments accounted for using the equity method.” Only if the investor has incurred legal or constructive obligations, or has made payments on behalf of the associate or the joint venture, should they recognize a negative carrying amount. The investment therefore would be recognized at zero until such time as it generates profits that reverse the negative equity previously generated as a result of the generated losses.

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

The following entities are considered associates:

Company	Interest 2020	Interest 2019
	%	%
Centro de Compensación Automatizado S.A.	33.33	33.33
AFT S.A.	20.00	20.00
Nexus S.A.	14.81	14.81
Redbanc S.A.	12.71	12.71
Servicio de Infraestructura de Mercado OTC S.A.	13.61	13.61
Combanc S.A.	11.74	11.74
Transbank S.A.	8.72	8.72
Sociedad Interbancaria de Depósitos de Valores S.A.	7.03	7.03

The following entities are considered joint ventures:

Company	Interest 2020	Interest 2019
	%	%
Artikos Chile S.A.	50.00	50.00
Servipag Ltda.	50.00	50.00

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, one consideration in determining significant influence over such associates.

e) Investments in other companies

In this category are presented those entities over which the Bank has neither control nor significant influence. It includes interests in local and foreign companies, which according to FMC regulations, are recorded at cost and subject to impairment tests when indicators have been identified.

As of June 30, 2020 and December 31, 2019, the Bank has investments in the following companies: SWIFT, BLADEX and others.

f) Basis of consolidation

The interim consolidated financial statements comprise financial information of the Bank and its subsidiaries as of June 30, 2020 and December 31, 2019 and for the periods ended June 30, 2020 and 2019.

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 FMC.

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

For the purposes of presenting consolidated financial statements, the assets and liabilities of the foreign consolidated entities whose functional currencies are other than the Chilean Peso are translated into the presentation currency as follows:

a. Assets and liabilities for each statement of financial position presented (ie including comparatives) shall be translated at the closing rate at the date of that statement of financial position.
b. Income and expenses for each statement presenting profit or loss and other comprehensive income (i.e. including comparatives) shall be translated at the average rate for the year.
c. Share capital and other components of equity are translated at the historical exchange rate at the date of acquisition or approval.

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

d. The exchange differences that arise in the translation of the financial statements are recorded in the caption "Cumulative translation adjustment" within the interim consolidated statement of comprehensive income for the period.

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 interests 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 the 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 million of Chilean Pesos.

i) Transactions in foreign currency

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 those that arise from such date to the date of collection or payment are recognized in the interim consolidated statements of income.

The differences that arise from translation of transactions denominated in foreign currency into functional currency are recognized as “Foreign exchange gains (loss), net” in the interim consolidated statements of income.

As of June 30, 2020, the Bank's assets and liabilities in foreign currency are shown at their equivalent value in Chilean pesos, calculated using the exchange rate of Ch$821,2 (Ch$678,53 per US$ 1 in 2019).

j) Operating segments

Operating segments are determined by the Bank on the basis of its different business units:

(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);

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

(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 their individual performance.

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 due to the impairment they have experienced.

In the case of financial instruments, the portion systematically charged (credited) to the profit and loss accounts is accounted for under the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (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 financial instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

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, brokers quotation or "Over-the-counter transactions" (OTC).

A financial instrument is considered quoted on an active market, if prices are regularly and freely available on a stock exchange or index, by a broker or dealer, through supplier prices or regulatory agencies 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.

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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 financial instruments. The fair value is estimated using models to estimate the present value of the expected cash flows or other valuation techniques, using inputs observable at the date of the interim consolidated financial statements.

As of the dates of the interim consolidated financial statements, the Bank has instruments whose fair value had been determined based on significant unobservable data. For this type of instruments, the Bank has models developed internally. 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. Therefore, the valuation techniques used may not reflect all of the factors relevant to the Bank's positions. 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 interim 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.

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 to third parties, as in the case of unconditional sales of financial assets, sales under repurchase agreements at fair value at the date of repurchase, sales of financial assets with a purchased call option or written put option deeply out of the money, utilization of assets in which the transferor does not retain subordinated debt nor grants any credit enhancement to the new holders, and other similar cases, the transferred financial asset is derecognized from the interim consolidated statement of financial position and any rights or obligations retained or created in the transfer are simultaneously recorded.

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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 makes determinations as follows:

   a) If the Bank does not maintain control of the transferred financial asset: then it derecognizes the asset in the consolidated statements of financial position, and recognizes any financial right or liability resulting from the transfer.

   b) If the Bank maintains control of the transferred financial asset, then it continues recognizing the asset in the the consolidated statements of financial position at an amount equal to its exposure to the changes in value that it may experience and recognizes a financial liability associated with the transferred 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.

Similarly, financial liabilities are derecognized from the interim 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.

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Investment instruments are initially recognized at their fair value, including transaction costs directly attributable to acquisition. 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 instrument 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. In the case of a significant or prolonged decline in the fair value of debt instruments, an impairment is recognized by a reclassification of the cumulative loss recognised in 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 recorded when their carrying amount exceeds the estimated recovery value.

The interest and indexation for inflation income 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.

The interest and indexation for inflation income 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.

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

The operation of repurchase agreement are also carried out as a form of financing. 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 a 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 consolidated statements of financial position at their fair value (including transaction costs), except for those classified in hierarchy level 3, 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, respectively, of the 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.

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 hedges 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. Profits or losses from the fair value measurement of the hedging derivative are recognized in the statement of income for the period.

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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 consolidated 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 interim 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.

The adjustment for counterparty credit risk in derivatives (Credit Valuation Adjustment “CVA”) represents 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 FMC 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 marketmakers (the Bank must be within the 4 main market operators) or customers in each of the financial products it operates. This will be done with the information provided by the two main brokers in the national market: TRADITION e ICAP.

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

ii. Marketmakers condition

For products (markets) where the Bank is considered to be a liquidity provider, they will be valued at midprice and there will be no bid-offer adjustment to their valuation.

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 current applicable standards, 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 a hedge of a net investment in a foreign operation qualifies for hedge accounting, 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 as well as the effects of hedging such net investment, 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 consolidated statements of income at the date on which such sale or disposal occurs.

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
b) The hedge is expected to be highly effective.
c) The effectiveness of the hedge can be reliably measured.
d) The accumulated difference is to be transferred to the consolidated statements of income at the date on which such sale or disposal occurs (of the investment in the foreign operation).

q) Loans and receivables from 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 present value.

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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 and others

The allowances required to cover the expected losses of certain financial assets have been recognized in accordance with the regulations and instructions of the FMC.

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 a liability under "Provisions" in the statement of financial position.

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 FMC.

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 with 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.

The need for an 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.

- 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 held 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.

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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 probability of default 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

Collective assessment of normal and substandard portfolios:

In order to determine the amount of allowance to be established for the normal and substandard portfolios, the first step is that 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 (recorded as a provision), 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 No, 3 of Chapter B-3 of the Accounting Standards Compendium.

- 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 assigned 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. 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.

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

That loss rate must be classified into one of the six 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 Non-compliant	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

ii. 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. Group Portfolio Trade Credits:

In accordance with General Rulings No.3,638 and No.3,647, as of July 1, 2019, the Bank has begun to apply the standard model of provisions for commercial credits of the group portfolio, as applicable to commercial lease operations, student loans or other types of commercial loans. Prior to the implementation of the standard model, the Bank used its internal models for the determination of group portfolio commercial provisions.

i. Commercial Lease Operations

For these operations, the provision factor must be applied to the present value of commercial leasing operations (including the purchase option) and will depend on the delinquency of each operation, the type of leased asset and the ratio, at closing of each month, between the present value of each operation versus the value of the leased asset (PVB), as indicated in the following tables:

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Probability of Default (PD) applicable according to delinquency and type of good (%)		
Days of default of the operation at the end of the month	Type of good	
	Real estate	Non-real estate
0	0.79	1.61
1-29	7.94	12.02
30-59	28.76	40.88
60-89	58.76	69.38
Default portfolio	100.00	100.00

Loss Given Default (LGD) applicable according to PVB tranche and type of good %		
PVB = Current value of the operation / Value of the leased asset		
PVB Tranche	Real estate	Non-real estate
PVB ≤ 40%	0.05	18.2
40% < PVB ≤ 50%	0.05	57.00
50% < PVB ≤ 80%	5.10	68.40
80% < PVB ≤ 90%	23.20	75.10
<PVB > 90%	36.20	78.90

PVB= Present value of the operation/Value of the leased asset

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.

ii. Student Loans

For these operations, the provisioning factor should be applied to the student loan placement and contingent credit exposure, when applicable. The calculation of this factor depends on the type of student loan and the repayment of principal or interest at each month-end. When payment is due, the factor will also depend on its delinquency.

For loan classification purposes, a distinction is made between those granted for the financing of higher education in accordance with Law No. 20,027 (CAE, Spanish acronym for State-secured loan) and, on the other hand, loans secured by CORFO or other student loans.

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Probability of Default (PD) applicable according to enforceability of payment, delinquency and type of loan			
Present the exigency of the payment of principal or interest at the end of the month	Days of default of the operation at the end of the month	Type of student loan	
		CAE	CORFO or other
Yes	0	5.2	2.9
	1-29	37.2	15
	30-59	59	43.4
	60-89	72.8	71.9
	Default portfolio	100	100
No	n/a	41.6	16.5

Loss given Default (LGD) applicable according to enforceability of payment and type of loan		
Present the exigency of the payment of principal or interest at the end of the month	Type of student loan	
	CAE	CORFO or other
Yes	70.9	
No	50.3	45.8

iii. Generic Commercial Loans and Factoring

For factoring operations and other commercial loans, the provisioning factor applicable to the amount of the placement and the contingent credit exposure will depend on the delinquency of each operation and the relationship that exists at each month-end between the debtor's obligations to the bank and the value of the guarantees that protect them (PTVG), as shown in the following tables:

Probability of default (PD) applicable according to delinquency and PTVG(%) tranche			
Days of default of the operation at the end of the month	With guarantee		Without guarantee
	PTVG ≤ 100%	PTVG > 100%	
0	1.86	2.68	4.91
1-29	11.6	13.45	22.93
30-59	25.33	26.92	45.3
60-89	41.31	41.31	61.63
Default portfolio	100	100	100

Loss given Default (LgD) applicable according to PTVG (%) tranche			
Guarantees (with/without)	PTVG	PTVG > 100%	Without guarantee
With guarantee	PTVG ≤ 60%	5.0	3.2
	60% < PTVG ≤ 75%	20.3	12.8
	75% PTVG ≤ 90%	32.2	20.3
	90% < PTVG	43	27.1
Without guarantees		56.9	35.9

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

The guarantees used for the purposes of calculating the PTVG ratio of this method may be specific or general, including those that are simultaneously specific and general.

A guarantee can only be considered if, according to the respective coverage clauses, it was furnished in the first degree of preference on behalf of the bank and only guarantees the credits of the debtor in respect of which it is recorded (not shared with other debtors). In the calculation, the invoices assigned in factoring operations will not be considered, nor will the guarantees associated with the housing loans of the mortgage portfolio, regardless of their coverage clause.

The following considerations must be taken into account when calculating PTVG ratio:

I. Operations with specific guarantees: when the debtor provided specific guarantees for generic commercial loans and factoring, the PTVG ratio is calculated separately

II. for each transaction guaranteed, such as the difference between the amount of the loan and the contingent credit exposure and the value of the collateral covering it.

III. Operations with general guarantees: when the debtor granted general guarantees or general and specific guarantees, the Bank calculates the respective PTVG, jointly for all generic commercial loans and factoring and loans not included in i) above, as the difference between the sum of the amounts of the loans and exposures of contingent credits and the general guarantees, or general and specific guarantees that, according to the scope of the remaining coverage clauses, safeguard the credits considered in the numerator of the aforementioned ratio.

The amounts of the guarantees used in the PTVG ratio in (i) and (ii) must be calculated in accordance with:
- The last valuation of the collateral, whether appraised or fair value, depending on the type of collateral in question.
For the calculation of fair value, the criteria stated in Chapter 7-12 of the Revised Updated Compendium of Regulations should be considered.
- Possible situations that could be resulting in temporary increases in the values of the guarantees.
- Limitations on the amount of coverage set forth in their respective clauses.

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.

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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.

Beginning January 1, 2016 the Bank adopted the "Standard Method for Provisioning the Residential Mortgage Loan" established by FMC in its Circular No, 3,573. This circular establishes 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						
		Days in default as of the end of the month				
LtV (loan-to-value)	Concept	Curren t	1-29	30-59	60-89	More tan 90 days overdue
LtV≤ 40%	PD (%)	1.0916	21.3407	46.0536	75.1614	100.0000
	PDI (%)	0.0225	0.0441	0.0482	0.0482	0.0537
	PE (%)	0.0002	0.0094	0.0222	0.0362	0.0537
40%<LtV≤ 80%	PD (%)	1.9158	27.4332	52.0824	78.9511	100.0000
	PDI (%)	2.1955	2.8233	2.9192	2.9192	3.0413
	PE (%)	0.0421	0.7745	1.5204	2.3047	3.0413
80%<LtV≤ 90%	PD (%)	2.5150	27.9300	52.5800	79.6952	100.0000
	PDI (%)	21.5527	21.6600	21.9200	22.1331	22.2310
	PE (%)	0.5421	6.0496	11.5255	17.6390	22.2310
LtV> 90%	PD (%)	2.7400	28.4300	53.0800	80.3677	100.0000
	PDI (%)	27.2000	29.0300	29.5900	30.1558	30.2436
	PE (%)	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 90 days or more, all such loans will be classified as "Non-Compliant" and the allowance for each one of them will be calculated in accordance with their respective level of Loan-to-Value.

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

iii. 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 FMC.

The write-offs 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 overdue if a loan is to be repaid in installments, 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 interim consolidated statements of income, as recoveries of loans written-off.

Write-offs of loans and receivables are be made in accordance with the following deadlines subsequent to any default:

Type of loan	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 operations	12 months
Property leasing (commercial or residential)	36 months

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.

iv. 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 consolidated statements of income using different criteria according to their nature.

The revenue recognition criteria depend on the execution of the following steps:

Step 1: Identify the contract(s) with a customer.
Step 2: Identify the performance obligations in the contract.
Step 3: Determine the transaction price.
Step 4: Allocate the transaction price to the performance obligations in the contract.
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF 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 interim consolidated statements of income for the period. Any impairment of financial investments available for sale previously accumulated as negative revaluation reserve in equity is transferred to the interim consolidated statements of income for the period.

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. The reversal of an impairment loss cannot exceed an asset's carrying amount that could have been obtained if an impairment loss had not been recognized for that asset in previous periods. The reversal is recognized in profit or loss for the period, except for investment instruments available for sale, which are recorded in Other comprehensive income.

For loans and receivables to customers the impaired loans are defined according to Chapter B-2 of the Accounting Standards Compendium of the FMC 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."

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.

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Operations related to residential mortgage loans or student 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 six consecutive installments 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.
     - In any case, there must not be any installments in default with other banks in the Chilean financial system in the last 90 days (last three periods informed to the FMC 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 six consecutive installments 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 six months.
     - In any case, there must not be any installments in default with other banks in the Chilean financial system in the last 90 days (last three periods informed to the FMC 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.

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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 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 which correspond to installments overdue for 90 days or more or the current loans with high credit risk, a prudent criteria 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.

- 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.

Collectively assessed loans:

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

The 80% percent of collateral refers to the value of the collateral and the estimated value of all obligations covered by the same collateral, including credit commitments.

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

II. Non-financial assets:

Non-financial assets of the Bank, except for 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. Additionally goodwill and intangible assets with indefinite useful lives or not yet available for use are tested for impairment on each reporting date.

According to IAS 36 "Impairment of Assets", the entity must evaluate at the end of each reporting period, if there is any sign of value impairment of its intangible assets with indefinite useful lives, as well as of the goodwill generated in a business combination. On the other hand, the Financial Market Commission (CMF in spanish) requires that "the valuations of goodwill and other intangible non-amortizable assets must be supported by two reports issued by independent professionals of the bank and its external auditors (in our case, Deloitte). These reports support the initial value of intangible assets and valuations as of December 31 of each year.

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 for 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.

The Bank carries out quarterly monitoring of intangible assets and goodwill generated in the business combination of its subsidiaries BCI Servicios Financieros in Chile and City National Bank in the United States. Given the current global macroeconomic conditions as a result of Covid-19, and as required by law, as of June 30, 2020, the Bank carried out an assessment of whether there are signs of its assets impairment, concluding that there are no signs to record potential impairments in intangibles and goodwill on said investments.

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.

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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 six years.

Intangibles acquired in a business combination

The acquisition of TotalBank by City National Bank of Florida was consummated (simultaneously merging with CNB) on June 15, 2018 and the acquisition of the credit card business from Walmart (Servicios Financieros) was consummated on 4 December 2018. Intangible assets were recognized. The Bank is constantly evaluating for impairment its intangible assets with indefinite useful lives. In accordance with the CMF regulations of the Compendium of Accounting Standards, Chapter A-2 number 7, two independent consultants opine upon the purchase price allocation.

For the acquisition of TotalBank the value of the assets acquired and liabilities assumed was provisionally determined, and the Bank adjusted the provisionally determined values to their final values within the term established in IFRS 3, “Business Combinations” on December 4, 2019.

For the acquisition of Servicios Financieros, the value of the assets acquired and liabilities assumed was provisionally determined, and the Bank adjusted the provisionally determined values to their final values within the term established in IFRS 3, “Business Combinations” on December 4, 2019.

The amortizable intangibles will be subject to straight-line amortization.

Goodwill

The goodwill generated in a business combination will be distributed from the date of acquisition, between each of the cash generating units (CGU) (or on a more aggregated basis should the goodwill not be assignable to an individual CGU) which are expected to benefit from the synergies of the business combination, regardless of whether other assets or liabilities of the acquired entity are assigned to those units or groups of units.

The goodwill is subject to tests to determine if there is an impairment of value, on an annual basis, or, more frequently, when the circumstances indicate that the carrying amount may be impaired.

Impairment losses related to goodwill can not be reversed in future periods.

Intangible assets, including goodwill, were subject to the impairment tests indicated by IAS 36.

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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 are 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 assets acquired and liabilities assumed including 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 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” at 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 fair value amount of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date fair value 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.

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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 (i.e., 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.

The estimated useful lives for the property, plant and equipment, as of June 30, 2020 and December 31, 2019, are the following:

	As of June 30	As of December 31
	2020	**2019**
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 FMC.

Repossessed assets are presented net of impairment. Assets 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 an 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 remuneration.

A 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 severance payments.

z) Leases

On the start date of a lease the bank recognizes a right of use asset and a lease liability in accordance with the provisions of IFRS 16.

(i) Right of use assets

The Bank has lease contracts through which it has offices and branches, which are necessary to carry out its activities. Contract terms are negotiated individually and include a wide range of terms and conditions.

Leases are recognized, measured and disclosed in accordance with IFRS 16 "Leases." This requires that a right of use asset be determined and its corresponding lease liability at the date that the asset is available for use. Each rent payment consists of principal and interest. Financial interest is charged to the interest expense over the term of the lease agreement; right-of-use asset is depreciated on a straight-line basis over the term of the contract.

The term of the lease includes the non-cancelable period established in the lease agreements, and generally has an automatic renewal clause, which is not included in the non-cancelable period because the clause requires mutual agreement. Either party has the ability to terminate the contract before expiration, upon notice. For leases with an indefinite useful life, the Bank has determined to assign a useful life as the lesser of the life of the right-of-use asset or the lease term.

The present value of the lease payments is determined using the discount rate that represents the incremental rate of the Bank at the start date of the contracts, depending on the duration of each contract.

In the initial measurement, the Bank measures the right of use asset at cost. The rent of the lease agreements is agreed in UF, and paid in Chilean pesos. According to the provisions of Circular No. 3,649 of the FMC (formerly, SBIF), the monthly variation in the UF that affects the contracts established in said monetary unit results in the indexation for inflation being recognized as a modification to the obligation and at the same time the amount of the right to use asset being adjusted in an equivalent amount.

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Contracts whose non-cancellable period is equal or less than 12 months are treated as short-term leases. Therefore the associated payments are recorded as a linear expense. Any modification in the terms or rental fee is treated as a new measurement of the lease.

The Bank has not entered into lease agreements with residual value guarantee clauses or variable lease payments.

The Bank applies IAS 36 “Impairment of assets” to determine if the right-of-use asset shows impairment, and recognizes the identified impairment losses, where applicable.

As of June 30, 2020, the Bank has not identified impairment in the value of right-to-use assets.

(ii) Lease liability

The Bank measures the lease liability at the present value of the lease payments that have not been made as of that date. Lease payments are discounted using the interest rate implicit in the lease, if that rate can be easily determined. If that rate cannot be easily determined, the Bank will use the lessee's incremental rate for loans. The lease payments included in the measurement of the lease liability include payments for the right to use the underlying asset during the term of the lease not made at the measurement date, which include (a) fixed payments, less any collectible lease incentive; (b) variable lease payments, which depend on an index or a rate, initially measured using the index or rate on the start date; (c) amounts expected by the lessee to pay as residual value guarantees; (d) the exercise price of a purchase option if the lessee is reasonably sure to exercise that option; and (e) payments for penalties arising from the termination of the lease, if the term of the lease reflects that the lessee will exercise an option to terminate the lease.

After the initial recognition date, the Bank measures the lease liability in order to recognize (a) the interest on the lease liability; (b) lease payments made; and (c) the new measurements or modifications of the lease, and also to reflect the fixed lease payments that have essentially been modified.

The Bank makes new measurements of the lease liability, discounting the modified lease payments, if (a) there is a change in the expected amounts payable related to a residual value guarantee. (A lessee will determine the lease payments to reflect the change in the amounts expected to be paid under the residual value guarantee); (b) there is a change in future lease payments from a change in an index or rate used to determine those payments. (The Bank measures the lease liability again to reflect modified lease payments only when there is a change in cash flows. The Bank will determine the revised lease payments, for the remainder of the lease term, based on the revised contractual payments.)

As of January 1, 2019, the Bank measured the lease liability at the present value of the lease payments discounted using the incremental rate of interest that a lessee would have to pay to borrow over a similar term, and with a seimilar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

aa) Cash flow statement

The indirect method was applied for presentation of the consolidated statements of cash flows. In accordance with this method, non-cash transactions are excluded.

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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 and 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 consolidated statements of financial position when they comply with all of the following requirements:

- It is a present obligation as a result of a past event, and at the date of the 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.

A contingent asset is an 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.

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).

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

i. Additional provisions:

The FMC 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 FMC, have to be recognized as liabilities.

ii. Minimum provisions required for the normal individual portfolio:

The FMC 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.

ac) Use of estimates and judgments

In the application of the Bank's accounting policies, Bank management is required to make judgments, 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. Modifications to accounting estimates are recognised in the period in which the estimate is revised if the modification affects only that period, or in the period of the modification and future periods if the modification 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:

- Allowances for loan losses (Notes 9, 10, and 28).
- Impairment of certain assets (Note 31).
- Valuation of financial instruments (Notes 6, 8 and 11).
- Useful life of property, plant and equipment and intangible assets (Notes 13 and 14).
- Use of tax loss carry-forward (Note 15).
- Contingencies and commitments (Note 22).
- Impairment test and intangible assets of PPA (Note 13).

ad) Income tax and deferred tax

The corporate income tax expense is calculated in accordance with IAS 12 and the Chilean income tax Act, which has a statutory rate of 27% for the default tax system under article 14 section A, which is the rate applied to both Banco BCI and its subsidiaries in Chile.

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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 or substantial law enactment.

As of June 30, 2020 and December 31, 2019, the Bank recognized deferred tax assets for which Management has assessed that it is probable that taxable profits will be available against which tax loss carryforwards can be utilised.

Deferred tax assets and deferred tax liabilities are offset in the consolidated financial statement, if you have the legally enforceable right to offset assets for current taxes against current tax liabilities, and only if these deferred taxes are related to taxes on the corresponding profits of the same taxable entity levied by the same tax authority.

In accordance with the Law 20,780 published in the Official Gazette on September 29, 2014, as amended by Law 20,899 published in the Official Gazette on February 8, 2016, the Bank as of the 2018 business year must apply a permanent rate of 27% for First Category tax. In addition, and temporarily, the Bank applied a rate of 24% for tax profits received or accrued in the 2016 business year and 25,5% was applied for tax profits received or accrued in the 2017 business year.

In 2017, the tax reform law was published in the United States, which reduced the federal tax rate from 35% to 21%, as a result of which the subsidiaries domiciled in that country recalculated their deferred tax assets.

ae) Dividends on common shares

Dividends on ordinary shares are recognized in equity in the year in which they were approved by the Shareholders' Meeting of the Bank.

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.

af) Earnings per share

Basic earnings per share are determined by dividing the consolidated net income for the year 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.

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

i) Collection Operations:

BCI Securitizadora S.A. may acquire assets in order to form a separate fund ("Protected Assets Fund") that supports the issuance of securitized bonds. These assets must have similar characteristics in order to be securitized and a separate fund 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.).

The above distinction is relevant when it comes to accounting for the debt at the Bank; in the first case, future cash flows should be accounted for at the Protected Assets Fund and also at the originator, and in the case of existing assets they should be accounted for only at the Protected Assets Fund.

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 represent Protected Assets Fund underlyings even before the placement of the respective bonds.

Since there is a possibility that the respective Protected Assets Fund never will be created or the securitized bond not be issued for any reason (legal, market, etc.), these transactions contract a put option where BCI Securitizadora S.A. may put the asset back under certain circumstances (mainly in the case when an entity cannot issue securitized bonds for the reasons discussed above).

ii) Protected Assets Fund No, 27:

The Bank through the subsidiary BCI Securitizadora S.A. maintains in its interim consolidated financial statements a balance of MCh$19,309 as of June 30, 2020, and a balance of MCh$20,609 as of December 31, 2019, corresponding to loan receivables being the underlying of the Protected Assets Fund No. 27.

ah) Reclassifications

As of June 30, 2020 and December 31, 2019, no significant reclassifications have been made.

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

ai) Accounting pronouncements by the International Accounting Standards Board (IASB)

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

Amendments and Improvements to IFRS	**Effective date**
Definition of a Business (Amendments to IFRS 3)	Annual periods beginning on or after January 1, 2020
IASB finalises amendments to IAS 1 and IAS 8 regarding the definition of materiality	Annual periods beginning on or after January 1, 2020
Amendments to References to the Conceptual Framework in IFRS Standards	Annual periods beginning on or after January 1, 2020
Average Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)	Annual periods beginning on or after January 1, 2020

Definition of a Business (Amendments to IFRS 3)

In October 2018, the IASB published the document "Definition of a business (amendment to IFRS 3)" to resolve difficulties that arise when an entity determines whether it has acquired a business or a group of assets.

The amendments in Definition of a Business (Amendments to IFRS 3) are changes to Appendix A Defined terms, the application guidance, and the illustrative examples of IFRS 3 only. They:

- clarify that to be considered a business, an acquired set of activities and assets must include, ata minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;
- narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs;
- add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;
- remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs;
- and add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

The amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual period beginning on or after January 1, 2020 and for asset acquisitions that occur on or after the beginning of that period. Earlier application is permitted.

The Management of the Bank believes that the implementation of these amendments will have no effect on the Bank's Interim Consolidated Financial Statements.

IASB finalises amendments to IAS 1 and IAS 8 regarding the definition of materiality

On October 31, 2018 the International Accounting Standards Board (IASB) issued 'Definition of Material (Amendments to IAS 1 and IAS 8)' to clarify the definition of 'material' and to align the definition used in the Conceptual Framework and the standards themselves.

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

The changes in Definition of Material (Amendments to IAS 1 and IAS 8) all relate to a revised definition of 'material' which is quoted below from the final amendments: *"Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."*

Three new aspects of the new definition should especially be noted:

Obscuring: The existing definition only focused on omitting or misstating information, however, the Board concluded that obscuring material information with information that can be omitted can have a similar effect. Although the term obscuring is new in the definition, it was already part of IAS 1 (IAS 1.30A).

Could reasonably be expected to influence. The existing definition referred to 'could influence' which the Board felt might be understood as requiring too much information as almost anything 'could' influence the decisions of some users even if the possibility is remote.

Primary users. The existing definition referred only to 'users' which again the Board feared might be understood too broadly as requiring to consider all possible users of financial statements when deciding what information to disclose.

The new definition of material and the accompanying explanatory paragraphs are contained in IAS 1 Presentation of Financial Statements. The definition of material in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors has been replaced with a reference to IAS 1.

The amendments are effective for annual periods beginning on or after January 1, 2020. Earlier application is allowed.

The Management of the Bank believes that the implementation of these amendments does not have significant effects on the Bank's Interim Consolidated Financial Statements.

Amendments to References to the Conceptual Framework in IFRS Standards

On March 29, 2018, IASB published its revised "Conceptual Framework for Financial Reporting" (the "Conceptual Framework"). The Conceptual Framework is not a standard, and none of its provisions prevails over any standard nor over any of the requirements of a standard. The purpose of the Conceptual Framework is to assist the IASB when developing International Financial Reporting Standards. The Conceptual Framework also assists financial statement preparers in developing consistent accounting policies if there is no applicable or specific standard to address a particular issue. The new Conceptual Framework has an introduction, eight chapters and a glossary. Five of the chapters are new, or have been substantially modified.

The new Conceptual Framework:

- Introduces a new definition of assets focused on rights and a new definition of liabilities that is likely to be broader than the replaced definition, but does not change the distinction between a liability and an equity instrument.

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

- Eliminates references to expected flows of economic benefits from asset and liability definitions. This reduces the obstacles to identifying the existence of an asset or liability and places more emphasis on reflecting uncertainty in measurement.
- Analyzes historical cost and present value measurements, and provides some guidance on the considerations that the IASB would apply when selecting a measurement base for a specific asset or liability.
- Establishes that the main measurement of financial performance is profit or loss, and that only in exceptional circumstances will the IASB use the other comprehensive income and only for income or expenses arising from a change in the present value of an asset or liability.
- Analyzes uncertainty, derecognitions, unit of account, the reporting entity and combined financial statements.

The new Conceptual Framework is effective immediately since its publication on March 29, 2018, The Bank has already considered this. Additionally, the IASB published a separate document "Updating a Reference to the Conceptual Framework" which contains revisions to the affected Standards in such a way that they now refer to the new Conceptual Framework. These modifications are effective for annual periods beginning on or after January 1, 2020. Earlier implementation is permitted.

The Bank's Management believes that the implementation of these changes to the Conceptual Framework will have no effect on the Bank's Interim Consolidated Financial Statements.

Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

The amendments cover the issues that affect the financial reporting in the period prior to the replacement of an existing benchmark interest rate with an alternative interest rate and addresses the implications for specific hedge accounting requirements in IFRS 9 Financial Instruments and IAS 39
Financial Instruments: Recognition and Measurement, which requires prospective analysis. (IAS 39 was modified, as well as IFRS 9, since entities have an accounting policy choice when they first apply IFRS 9, which allows entities to continue applying the hedge accounting requirements of IAS 39). Amendments were also made to IFRS 7 Financial Instruments: Disclosures related to additional disclosures of the uncertainty caused by the interest rate benchmark reform.

Changes in the Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7): (i) they modify specific hedge accounting requirements so that entities may apply those hedge accounting requirements assuming that the benchmark interest rate on which the hedged cash flows and the cash flows of the hedging instrument are based will be altered as a result of the reform in the benchmark interest rate; (ii) they are mandatory for all hedging relationships that are directly affected by the benchmark interest rate reform; (iii) they do not intend to provide a solution to any other consequence caused by the benchmark interest rate reform (if a hedging relationship no longer meets the hedge accounting requirements for reasons other than those specified by the amendments, discontinuation of hedge accounting is required); and (iv) they require specific disclosures about the extent to which the hedging relationships of the entities are affected by the amendments.

The amendments are effective for annual periods beginning on or after January 1, 2020 and must be applied retrospectively. Earlier application is allowed.

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

The Management of the Bank believes that the implementation of these amendments will have no significant effects on the Bank's Interim Consolidated Financial Statements.

b.- New and revised IFRS issued but not yet effective:

New Standards	**Effective date**
IFRS 17 Insurance contracts	Annual periods beginning on or after January 1, 2021
Amendments and Improvements to IFRS	
Classification of liabilities as current or non-current (amendments to IAS 1).	Annual periods beginning on or after January 1, 2022
References to the Conceptual Framework (amendments to IFRS 3)	Annual periods beginning on or after January 1, 2022
Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)	Annual periods beginning on or after January 1, 2022
Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)	Annual periods beginning on or after January 1, 2022
Annual improvements to IFRS, cycle 2018-2020 (Amendments to IFRS 1 Business Combinations, IFRS 9 Joint Arrangements, IAS 16 Income Taxes)	Annual periods beginning on or after January 1, 2022
Covid-19-Related Rent Concessions (amendments to IFRS 16)	Annual periods beginning on or after June 1, 2020

IFRS 17 Insurance contracts

On May 18, 2017 the 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 the 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 assumptions to estimate the amount, timing and uncertainty of the future cash flows and will explicitly measure the cost of the uncertainty; taking into account market interest rates and the impact of policyholder’s options and guarantees.

Policy sales 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 related to the future coverage.

IFRS 17 is effective for periods beginning on or after January 1, 2021. Earlier application is permitted, An entity shall apply IFRS 17 retrospectively unless impracticable, in which case the entity shall apply the modified retrospective approach or the fair value approach.

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Management does not anticipate that this new standard will have an impact on the interim consolidated financial statements, as neither the Bank nor any of the consolidated entities issue insurance contracts.

IAS 1 (amendments), classification of liabilities as current or non-current.

On January 23, 2020, amendments were published in regards to the classification of liabilities as current or non-current (amendments to IAS 1) which will affect only the presentation of liabilities in the statement of financial position, not the amount nor the timing for recognition of any asset, income or liability expense, or information that entities disclose about these items. The purpose of the amendment is:

- clarify that the classification of liabilities as current or non-current should be based on the rights existing at the end of the reporting period and align the wording in all amended paragraphs so that they refer to the “right" to defer the settlement by at least twelve months; and make it explicit that only the rights in force "at the end of the reporting period" should affect the classification of a liability;
- clarify that the classification is not affected by expectations about whether an entity will exercise its right to defer the settlement of a liability; and
- clarify that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

Therefore, the amendment aims to promote consistency in the application of the requirements, helping companies to determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (past due or potentially to be settled in one year) or non-current.

The Management of the Bank is evaluating the possible impact that this amendment may generate. However, Management considers that the application of this reform will not have any effect on the Bank's Interim Consolidated Financial Statements.

References to the Conceptual Framework (amendments to IFRS 3)

Changes to the References to the Conceptual Framework (amendments to IFRS 3) update IFRS 3 for the reference to the 2018 Conceptual Framework instead of 1989 Conceptual Framework. Additionally, this adds to IFRS 3 a requirement for transactions or other events within the scope of IAS 37 or IFRIC 21 an acquirer applies IAS 37 or IFRIC 1 (instead of the Conceptual Framework) to identify liabilities assumed in a business combination. Finally, it adds an explicit statement in IFRS 3 that an acquirer does not recognize contingent assets acquired in a business combination.

The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted, if an entity also applies all other updated references (published in conjunction with the updated Conceptual Framework) on or before the same date.

The Management of the Bank is evaluating the possible impact that this amendment may generate. However, Management considers that the application of this reform will not have any effect on the Bank's Interim Consolidated Financial Statements.

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)

The amendments prohibit the deduction of the cost of an item of property, plant and equipment from proceeds derived from the sale of items produced while the asset is placed on the location and in the necessary condition to operate in the manner intended by management. Instead, an entity recognizes the income from the sale of such items, and the cost of producing those items, in the statements of income.

The amendments are effective for annual periods beginning on or after January 1, 2022. Earlier application is allowed. An entity applies the amendments retrospectively only to items of property, plant and equipment that were placed on the location and in the necessary condition for it to operate in the manner intended by management on or after the beginning of the most recent period in the financial statements in which the entity applies the modifications for the first time.

The Management of the Bank is evaluating the possible impact that this amendment may generate. However, Management considers that the application of this reform will not have any effect on the Bank's Interim Consolidated Financial Statements.

Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)

The amendments specify that the "cost of fulfilling" a contract includes the "costs that are directly related to the contract." The costs directly related to the contract can either be incremental costs of fulfilling that contract (examples would be direct labor, materials) or an allocation of other costs that are directly related to fulfilling the contracts (an example would be the allocation of the depreciation expense for an item of property, plant and equipment used to fulfill the contract).

The amendments are effective for annual periods beginning on or after January 1, 2022. Earlier application is allowed.

Entities apply the amendments to contracts for which the entity has not yet fulfilled all of its obligations at the beginning of the annual reporting period in which the entity applies the amendments for the first time. Comparative periods are not restated.

The Management of the Bank is evaluating the possible impact that this amendment may generate. However, Management considers that the application of this reform will not have any effect on the Bank's Interim Consolidated Financial Statements.

Annual improvements to IFRS, cycle 2018-2020 (Amendments to IFRS 1 Business Combinations, IFRS 9 Joint Arrangements, IAS 16 Income Taxes, and IAS 41)

The annual improvements contain amendments to the following standards:

IFRS 1 First Time Adoption of IFRS

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

The amendment allows a subsidiary that applies paragraph D16 (a) of IFRS 1 to measure accumulated translation differences using the amounts reported by its parent, based on the date of transition to IFRS of its parent.

IFRS 9 Financial Instruments

The amendment clarifies what fees an entity includes when it applies the "10 percent" test under paragraph B3.3.6 of IFRS 9 when evaluating whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid by the entity or the lender on behalf of one another.

IFRS 16, Leases

The amendment to illustrative Example 13 attached in IFRS 16 removes from the example the illustration of the reimbursement of improvements to the leased asset made by the lessor to resolve any potential confusion in the treatment of lease incentives that could arise due to how lease incentives are illustrated in that example.

Lease concessions related to COVID-19 (amendments to IFRS 16)

The COVID-19 pandemic has led some lessors to provide relief to lessees by deferring, or releasing them from, amounts they would otherwise have to pay. In some cases, this is accomplished through negotiation between the parties, but it may be the consequence of measures taken by a government that encourage or require that such relief be provided. This relief is taking place in many jurisdictions in which entities that apply IFRS operate.

When there is a change in lease payments, the accounting consequences will depend on whether that change meets the definition of a lease modification, which IFRS 16 defines as “a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease. (For example, a lease modification includes adding or terminating the right to use one or more underlying assets, or extending or shortening the contractual lease term)”.

The amendments to IFRS 16:

1. Provide an exception for lessees to assess whether the COVID 19-related lease concession is a lease modification;
2. Require lessees to apply the exception to account for the COVID 19-related lease concession as if it were not a modification to the lease.
3. Require lessees applying the exception to disclose that fact; and
4. Require lessees to apply the exception retrospectively in accordance with IAS 8, but do not require that figures from prior periods be restated.

The amendments do not provide additional relief to lessors since the current situation is not as challenging for them, and the required accounting is not as complex.

The amendments are effective for annual periods beginning on or after June 1, 2020. Early application is allowed, including financial statements that have not yet been authorized for issuance as of May 28, 2020. The amendment is also available for interim periods.

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

The Management of the Bank is evaluating the possible impact that this amendment may generate. However, Management considers that the application of this reform will not have any effect on the Bank's Interim Consolidated Financial Statements.

aj) Standards and instructions issued by the Financial Market Commission (CMF).

Circular No. 2.247: Dated March 25, 2020, this Circular updates the RAN (Updated Compilation of Standards) chapter 10-1, concerning repossessed assets or assets awarded in payment, exceptionally authorizing an 18-month extension in the term that banks have for selling repossessed assets.

The Bank's Management implemented these changes in the Interim Consolidated Financial Statements as of March 31, 2020.

Circular No. 2.248: Dated March 30, 2020, it updates the RAN (Updated Compilation of Standards), chapter 12-1 concerning Equity for statutory and regulatory purposes. It adds in No. 4 of title II of the above chapter the guarantees made in favor of third parties under the protection of a framework contract, for operations with derivatives entered into under the protection of a framework agreement for bilateral compensation, as indicated in section 3.2 of Title II of this Chapter, in which the net fair value of the offset positions is negative. It shall be possible to deduct the guarantees recorded under this contract from the amount of the contract, in order to determine the asset subject to risk weighting.

The Bank's Management implemented these changes in its Basel regulatory report beginning on March 31, 2020.

Circular No. 2.249: Compendium of Accounting Standards for Banks. On April 20, 2020, the CMF amended Chapter E "Transitional Provisions" and postponed the period of first application of the new provisions of the Compendium of Accounting Standards, with the purpose that banks have more leeway to reallocate their technical and human resources during the duration of the Covid-19 pandemic. Therefore, the wording of Chapter E of the aforementioned compendium is replaced with the following wording: "The first application of this updated version of the Compendium of Accounting Standards for Banks will be effective as of January 1, 2022; the transition date will be January 1, 2021 for purposes of the comparative financial statements to be published beginning in March 2022 ".

The Bank's Management will implement these changes in the Interim Consolidated Financial Statements as of January 1, 2022.

CMF statement: On March 23, 2020, the CMF reported that its Council approved new measures aimed at granting greater flexibility to the financial system in the context of the global pandemic caused by Covid-19. These measures are as follows:

- Regulatory treatment that makes it possible to postpone up to three mortgage payments.
- Measures have been implemented allowing banks to give SME debtors up to 6 months to repay their loans, without this being considered a renegotiation.
- Possibility of using excess mortgage guarantee as collateral for loans to SMEs.
- Extension of terms for the sale of repossessed assets.
- Treatment of the variation margin of derivatives.

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

The Bank's Management implemented these measures gradually in the Interim Consolidated Financial Statements beginning on April 1, 2020.

CMF statement: On March 30, 2020, CMF reports flexibility in the implementation deadlines for Basel III. In coordination with the Central Bank of Chile, the CMF resolved to postpone by one year the implementation of the capital requirements required by the regulation and to maintain the general regulatory framework in force for bank capital requirements until December 2021.

The Bank's Management will implement these changes in the Consolidated Financial Statements as of December 31, 2021.

CMF statement: On April 2, 2020, the CMF reported flexibility in the treatment of provisions required from banks in rescheduling payments of mortgage, consumer and commercial loans, within the context of the Covid-19 pandemic. These measures will be temporary and are intended to avoid the recognition of an increase number of provisions due to the fact that payments of the installments corresponding to the flexibilities granted are not made.

The exceptional period for the treatment of provisions for collective portfolios takes effect on March 18, 2020 and ends on July 31, 2020, including both dates. As a necessary requirement to apply flexibility regarding provisions, banks must assess thoroughly the financial and credit conditions of the borrowers who will be eligible for the flexibility. In no case may the treatment include borrowers in default in accordance with the regulations applicable to provisions. In addition, borrowers eligible for the special treatment regarding provisions will be those who are up to date or are in default for no more than 30 days in the month in which the rescheduling takes place, during the period the flexibility measures are in force.

The Bank's Management implemented these changes in the Interim Consolidated Financial Statements effective as of the close of April 2020.

Circular No. 2,250: Dated April 20, 2020, this Circular updates the RAN (Updated Compilation of Standards), chapter 12-1 concerning Equity, for statutory and regulatory purposes; as a result, it incorporated an extraordinary clause that will allow to treat as part of the voluntary provisions recognized in effective equity a proportion of the collateral given by the Chilean Treasury, CORFO and FOGAPE to secure loans provided by banks.

The Bank's Management implemented these changes in its Basel regulatory report beginning on April 30, 2020.

Circular No. 2,253: Dated May 4, 2020, it provides guidance on aspects related to the COVID-19 guarantee lines of the Guarantee Fund for Small and Medium-sized Entrepreneurs (FOGAPE in Spanish), as regards provisions and other regulatory matters.

The Bank's Management implemented these measures in the Interim Consolidated Financial Statements beginning on May 31, 2020.

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Circular No. 2,257: On May 22, 2020, chapter B1 of the Compendium of Accounting Standards is temporarily updated until the full validity of the aforementioned new statutory framework that includes the Basel III guidelines; as a result, this allows the recognition of the excess mortgage guarantee associated with mortgage loans under the standard model of provisions for the collective commercial portfolio in Chapter B-1, determined from the application of a 20% haircut.

The Bank's Management implemented these changes in the Interim Consolidated Financial Statements beginning on May 31, 2020.

ak) Standards and instructions issued by Central Bank of Chile (BCCh for its Spanish acronym)

BCCh Statement: On March 23, 2020, the Central Bank announced the creation of a Credit Facility Conditional on the Increase of Loans program (FCIC in its Spanish acronym) and the Liquidity Credit Line (LCL) was activated in local currency. These are lines for banks, with funds and incentives for them to continue financing and refinancing loans to households and companies, especially those that do not have access to the capital market. The initial amount is equivalent to US$4.8 billion and may increase, as loans increase. In turn, the additional line has a growth margin four times the initial line, equivalent to US$19.2 billion, which would bring the total closer to US$24 billion. This measure at the same time considers the expansion of the collateral in order to allow borrowers to access this facility, and includes a portfolio of commercial loans individually evaluated for high credit quality, categories A1 to A3.

The Bank's Management implemented these measures in the Interim Consolidated Financial Statements beginning on April 1, 2020.

a) Instructions issued by the Ministry of Finance

Act 21,234: On May 29, 2020, the Ministry of Finance published Act 21,234 that limits the liability of holders or users of payment cards and electronic transactions in the event of loss, theft, or fraud, establishing a new liability regime in cases of loss, theft, or fraud associated with credit cards, debit cards, payment with provision of funds or any other similar system ("Payment Cards"), as well as in connection with fraudulent operations that are generated in electronic transactions carried out by electronic means that originate charges and payments or money transfers involving checking accounts, demand deposit accounts, fund provision accounts, payment cards or any other similar system. The new liability regime establishes the responsibility of issuers of payment systems, exempting users from the burden of proving operations and/or transactions unknown to them, both for those operations carried out before (up to 120 consecutive previous days) and after a notice concerning such unknown operations is submitted to the Bank, with the Bank having the burden of proving that said operations were authorized by the user and that they are recorded in the users' name. The new liability regime also establishes strict deadlines to annul charges and make refunds, as appropriate, in regards to operations regarding which users are unaware of having granted their authorization or consent.

The Bank's Management implemented these measures in the Interim Consolidated Financial Statements.

NOTE 2 - ACCOUNTING CHANGES

During the six-month period ended June 30, 2020, there have been no accounting changes with respect to the prior period that affect these interim consolidated financial statements.

NOTE 3 - SIGNIFICANT EVENTS

a) Agreement to distribute year 2019 profits

A Board meeting held on February 25, 2020 agreed to distribute the net profits of the Bank in 2019, which was approved at the Ordinary Shareholders' Meeting held on April 8, 2020. The Board approved the following matters:

• Distribute the net income for the year 2019, amounting to Ch$ 402,645,431,356 (MCh$ 402,645), as follows:

-Distribute a dividend of Ch$ 1,000 per share among the total of 141,616,409 shares issued and registered in the Shareholder Registry, which involves allocating for this purpose the sum of Ch$ 141.616.409.000 (MCh$ 141.616), that is, 35.17% of the Bank's profits, and;

-Allocate the remaining balance of profits of the year, to the fund of reserves from profits, that is, the sum of Ch$ 261,029,022,356 (MCh$ 261,029).

The Extraordinary Shareholders Meeting, held on April 8, 2020, approved :

• Capitalize reserves from profits of Ch$ 261,029,022,356 (MCh$ 261,029) as follows:

-The sum of Ch$261,028,993,054 (MCh$ 261,029) through the issuance of 7,151,531 no-payment no par value shares.

-The sum of Ch$29,302 (MCh$ 0), to capitalization, without issuance of shares.

The Bank’s subscribed and paid-in capital is Ch$ 3,655,827,696,002 (MCh$3,655,828) divided into 148,767,940 single series, nominative, no par value shares.

The by-law amendment related to this capital increase was approved by the CMF through Resolution No. 3058 dated June 10, 2020 and the capita increase was registered in the public registry of securities on July 20, 2020.

NOTE 3 - SIGNIFICANT EVENTS, CONTINUED

b) Issuance and placement of bonds

During 2020, the following issue of ordinary bonds took place in Swiss Francs:

Series	Issuance date	CHF	TIR rate	Maturity date
CH0506071239	03.18.2020	125,000,000	0.10%	09.18.2026

During 2020, the following placement of ordinary bonds took place in Swiss Francs:

Series	Issuance date	CHF	TIR rate	Maturity date
CH00506071239	03.18.2020	125,000,000	0.10%	09.18.2026

During 2020, the following issue of ordinary bonds took place in UF.

Series	Issuance date	UF	TIR rate	Maturity date
UBCIB11219	06.11.2020	3,000,000	1.32%	12.01.2039
UBCIB21219	06.22.2020	1,000,000	1.30%	12.01.2044
UBCIB21219	06.22.2020	1,000,000	1.30%	12.01.2044
UBCIB21219	06.22.2020	1,000,000	1.30%	12.01.2044
UBCIB31219	06.24.2020	500,000	1.28%	12.01.2049
UBCIB31219	06.24.2020	500,000	1.28 %	12.01.2049
UBCIB31219	06.24.2020	500,000	1.28%	12.01.2049
UBCIB31219	06.24.2020	500,000	1.28%	12.01.2049
UBCIB31219	06.24.2020	500,000	1.28%	12.01.2049
UBCIB31219	06.24.2020	500,000	1.28%	12.01.2049

During 2020, the following issue of subordinated bonds took place in UF:

Series	Issuance date	UF	TIR rate	Maturity date
UBCIB11219	06.11.2020	3,000,000	1.32%	12.01.2039
UBCIB21219	06.22.2020	1,000,000	1.30%	12.01.2044
UBCIB21219	06.22.2020	1,000,000	1.30%	12.01.2044
UBCIB21219	06.22.2020	1,000,000	1.30%	12.01.2044
UBCIB31219	06.24.2020	500,000	1.28%	12.01.2049
UBCIB31219	06.24.2020	500,000	1.28 %	12.01.2049
UBCIB31219	06.24.2020	500,000	1.28%	12.01.2049
UBCIB31219	06.24.2020	500,000	1.28%	12.01.2049
UBCIB31219	06.24.2020	500,000	1.28%	12.01.2049
UBCIB31219	06.24.2020	500,000	1.28%	12.01.2049

NOTE 3 - SIGNIFICANT EVENTS, CONTINUED

c) Incorporation of Banco BCI Perú

The Bank's Board of Directors has authorized BCI's management to incorporate a bank in the city of Lima, Peru, which will become a subsidiary of BCI (hereinafter "Banco BCI Peru") subject to the conditions set forth below. Banco BCI Peru will have the nature of a corporation under the regulations of the Republic of Peru. This corporation will be registered with the National Superintendency of Public Registries of Peru and its shares will be registered with the Public Registry of the Securities Market and the Registry of the Lima Stock Exchange. 99.9% of the shares of Banco BCI Peru will be owned by BCI and the remaining 0.1% will be owned by BCI Asesoría Financiera S.A., a subsidiary of BCI. Banco BCI Peru will be subject to the supervision of the appropriate Chilean and Peruvian regulatory entities. The incorporation and operation of Banco BCI Peru is subject, among other conditions, to approval by the Commission for the Financial Market and the Central Bank of Chile, in accordance with the provisions of Article 76 of the General Banking Law and Chapter 11-7 of the Commission's Updated Compendium of Regulations, as well as to obtaining the regulatory authorizations, and registrations required under Peruvian law.

As of June 30, 2020 (and as of the date of presentation of these interim consolidated financial statements) progress is being made in regards to the authorization by the CMF in Chile and the SBS in Peru.

d) Acquisition of Executive Banking Corporation

On September 24, 2019, the "Agreement and Plan of Merger” was entered into by BCI Financial Group, Inc. ("BCI Financial") and City National Bank of Florida ("CNB"), both subsidiaries of BCI, and Executive Banking Corporation ("Executive Corporation") and Executive National Bank ("Executive Bank"), both incorporated and effective under the laws of Florida, USA. Through the Merger Agreement, the parties agreed to merge Executive Corporation into BCI Financial and, simultaneously or immediately after such merger is implemented, Executive Bank into CNB, succeeding and assuming BCI Financial and CNB, respectively, all rights and obligations of Executive Corporation and Executive Bank, and becoming legal successors of the latter (the "Transaction"). This transaction involves an investment of US$ 75 million and will be financed with BCI Financial Groups's own resources.

A subsequent December 18, 2019 amendment to the "Agreement and Plan of Merger” established that Executive Corporation would collapse its ownership structure, and that the Executive Bank would be the surviving entity; then BCI Financial would acquire all the shares in Executive Bank, and finally Executive Bank merges with CNB, with the latter becoming the surviving entity (the “Transaction”).
The closing of the Transaction is subject, among other conditions that are customary in operations of this nature, to obtaining of the authorizations of the competent authorities required pursuant to the laws and regulations of Chile and the United States of America.

As of June 30, 2020, Executive Bank had assets worth US$ 524 million, the Transaction had already been approved by the FDIC and the OCC in the United States and the remaining authorization processes continued to advance.

NOTE 3 - SIGNIFICANT EVENTS, CONTINUED

e) Dissolution of the Subsidiary Análisis y Servicios S.A.

On November 15, 2019, the Financial Market Commission was requested to approve the dissolution of the company Analisis Servicios S.A. This company's shareholders are Banco de Crédito e Inversiones with a 99% interest and BCI Corredor de Bolsa, S.A. with a 1% interest, respectively. The dissolution was approved by the Board of Directors of BCI at its meeting on August 27, 2019.

On December 12, 2019, the Council of the Financial Market Commission approved the aforementioned request in ordinary meeting number 161. As of June 30, 2020 the company is in a liquidation process.

f) Servicios Financieros y Administración de Créditos Comerciales S.A.

On December 30, 2019, written authorization was received from the FMC to carry out a capital increase of MCh$ 22,500, divided into 37,815,126 nominative, no par value shares.

On December 30, 2019, an Extraordinary Shareholder Meeting was held in which the shareholders approved the capital increase of MCh$ 22,500, divided into 37,815,126 nominative, no par value shares. In the same meeting, 13,447,563 shares are subscribed and paid in, pro rata of the current shareholding. The involved amount is MCh$ 8,001.

g) Election of Directors

At a Board Meeting on June 23, 2020, the Director Lionel Olavarria Leyton resigned from his position as Director and Vice Chairman of the Board. As a result, the Board appointed Mr. Jorge Becerra Urbano as his replacement until the next Ordinary Shareholders' Meeting, which must make the final appointment of the person who will take up the position of Director.
In the same Board meeting, the Director Mr. Juan Edgardo Goldenberg Peñafiel was appointed as Vice Chairman of the Board.

h) Covid-19

On March 11, 2020, the World Health Organization (WHO) declared that the outbreak of a new coronavirus ("COVID-19"), a highly contagious infectious disease, has become a pandemic. In Chile, on March 18, 2020, the President of the Republic decreed a State of Constitutional Exception for Public Calamity Catastrophe in the national territory, and approved the implementation of health and economic measures, such as the suspension of business, educational and professional activities, as well as lockdowns in numerous districts all over the country. All these decisions have caused negative economic consequences in the different sectors of the economy.

The Bank has taken the necessary measures to face the health crisis in order to (i) protect the health of customers and employees, including temporarily suspending the operation of some branches; (ii) ensuring the operational continuity of services and mitigating potential operational risks; and, (iii) strengthening remote channels and implementation of telework for a large part of the Bank's employees.

NOTE 3 - SIGNIFICANT EVENTS, CONTINUED

The Government of Chile, through the Ministry of Finance, together with the Central Bank and the Commission for the Financial Market, have implemented a series of transitional measures to facilitate the flow of liquidity and credit to companies and households in order to mitigate the impacts of COVID. -19. The main measures adopted in these interim consolidated financial statements are:

On March 23, 2020, the Central Bank of Chile announced the creation of the Conditional Credit Facility to Increase Bank Loans (FCIC for its acronym in Spanish). This is a special financial facility for banking entities, and provides funds and incentives so that they continue to finance and refinance loans for households and companies, especially for those companies that do not have access to the capital market. In addition, the Liquidity Credit Line (LCL) in local currency was created, which provides funds under the same conditions as the FCIC line. As of June 30, 2020, the Bank has requested MCh$ 2,013,200 from FCIC line and MCh$ 784,880 from the LCL.

- On March 23, 2020, as indicated in Note 1, section ag), the CMF published a package of measures aimed at giving greater flexibility to the financial system: chief among them is the postponement of 3 mortgage payments (the Bank granted a 6-month delay on mortgage payments) and measures for banks to postpone by up to 6 months the repayment of loans owed by SMEs. As of June 30, 2020, the Bank has agreed that the payments of 65,320 mortgage loans, amounting to MCh$ 199,496, be postponed; and has agreed to the postponements of 4,251 repayments of loans, amounting to MCh$ 93,096, by SMEs, as a result of the Covid funding for working capital.

- On April 8, 2020, the State of Chile, promoted by the Ministry of Finance, proposed to expand significantly the Guarantee Fund for Small Entrepreneurs (FOGAPE for its acronym in Spanish). The State guarantees were increased up to US$ 3 billion, allowing the financing of companies with up to UF 1 million in annual sales. This measure consists in providing partial collateral to banks so that they can make working capital available to customers. This measure will be in force for 6 months until September 30, 2020. The loans have a term of up to 48 months and there is a 6-month grace period. As of June 30, 2020, the Bank has granted 16,700 loans under a FOGAPE guarantee to the SME and Companies segment, totaling MCh$ 1,626,152.

- On April 20, 2020, as indicated in Note 1, section ag), the RAN (Updated Compilation of Standards), Chapter 12-1 concerning Equity was updated for statutory and regulatory purposes; as a result, it incorporated an extraordinary clause that will allow to treat as part of the voluntary provisions recognized in effective equity a proportion of the collateral given by the Chilean Treasury, CORFO and FOGAPE to secure loans provided by banks. As of June 30, 2020, this measure has caused an increase in the consolidated effective equity of MCh$190,389 (consolidated effective equity without guarantees of MCh $4,971,293, and MCh$5,161,593 with guarantees) related to the portion of FOGAPE guarantees, and in turn a 3.8% increase in the ratio of effective equity to risk-weighted assets (ratio of 12.16% without guarantees and 12.62% with guarantees) as of the same date.

NOTE 3 - SIGNIFICANT EVENTS, CONTINUED

On the other hand, in the United States of America, the Coronavirus Aid, Relief, and Economic Security (CARES) Act was passed by Congress with overwhelming, bipartisan support and signed into law by President Donald Trump on March 27th, 2020. This is the largest single economic relief package signed into law in the history of the United States and will provide relief to almost every person in that country. This economic relief package amounts to over US $2 trillion. The CARES Act will allocate US$ 376 billion to help workers and small businesses through the Federal Small Business Administration (SBA). This financing package has been implemented by BCI Financial Group, INC and Subsidiaries, and as of June 30, 2020, a total of 9,021 operations, worth US$ 1.8 billion, have been conducted.

The Bank is in the process of determining additional effects going forward. Given the current level of uncertainty, it is not possible to have an estimate of such effects as of the date of these financial statements.

I) Pagos y Servicios S.A.

On March 25, 2020, through resolution No. 2450, the Financial Market Commission authorized Banco de Crédito e Inversiones to make an investment, as a minority interest, in the special stock company called Pagos y Servicios S.A., which operates under the commercial name “BCI Pagos”, and which will have as single line of business to act as a payment card operator. The Bank has contributed the amount of Ch$ 356,064,943 to this entity, divided into 499 shares, which is equivalent to a 49.9% interest.

Currently, BCI Pagos is in the process of obtaining authorization from the CMF to start operations.

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 and whose performance is measured in a similar way, thus part of the same reporting segment. In general, this aggregation does not have any significant impact for understanding the nature and effects of the Bank's business activities and the economic environment in which it operates.

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

The allocation of the results of asset and liability management of the reporting segments is performed according to the composition of assets of each business.

1. 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.
2. A higher proportion of corporate expenses is allocated to the reporting segments, under the same allocation methodology that is used for other support expenses or staff expenses (see next page).
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 tabulated.

Following is the Bank's commercial structure with its 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: Individuals. Individuals, Preferential, and Nova.

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 is composed of companies whose annual sales exceed UF80,000, with the following operating segments:

This segment is 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.

NOTE 4 – INFORMATION BY SEGMENTS, CONTINUED

BCI Financial Group, INC, and Subsidiaries (BCIFG) Segment:corresponds to the businesses and operations carried out in the United States through the City National Bank of Florida (CNB), which operates as an separate unit, under the supervision of senior management in Chile.

Financial Services: corresponds to the businesses associated with the issuance and operation of BCI Lider Mastercard and Presto credit cards, the origination of advances and brokerage of personal insurance, among others, which operates as an independent unit, under the supervision of BCI's top management.

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

Allocation of income and expenses from subsidiaries, by client:

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

Investment 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 center 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 periods ended June 30, 2020 and 2019.

The management of the above-mentioned commercial areas is measured with the concepts presented in this note, which is based on the accounting principles applied to the Bank's Interim Consolidated Statements of Income.

NOTE 4 – INFORMATION BY SEGMENTS, CONTINUED

a) Profit or loss 2020:

	For the 6 months ended June 30, 2020								
	Retail Banking		Wholesale Banking						
	Bank Retail	Small & Medium Enterprise	Commercial Banking	C&IB Commercial Division	C&IB Finance Division	BCI Financial Group, INC, and Subsidiaries (BCIFG):	Financial Services	Other	Consolidated balances
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Net interest and indexation income	216,602	72,599	118,922	69,835	5,450	177,983	63,453	(14,371)	**710,473**
Net fee and commission income	80,877	17,855	16,951	18,571	(1,783)	16,641	19,624	(187)	**168,549**
Other operating income	15,863	7,826	4,923	7,738	97,721	3,588	4,955	6,033	**148,647**
Operating income	**313,342**	**98,280**	**140,796**	**96,144**	**101,388**	**198,212**	**88,032**	**(8,525)**	**1,027,669**
Provision for loan losses and impairment of repossessed assets	(116,763)	(38,636)	(22,847)	(10,741)	(274)	(37,295)	(58,179)	(37,999)	**(322,734)**
Operating income, net	**196,579**	**59,644**	**117,949**	**85,403**	**101,114**	**160,917**	**29,853**	**(46,524)**	**704,935**
Total operating expenses	(195,661)	(48,409)	(48,567)	(34,976)	(24,461)	(94,945)	(35,180)	(8,004)	**(490,203)**
TOTAL NET OPERATING INCOME	**918**	**11,235**	**69,382**	**50,427**	**76,653**	**65,972**	**(5,327)**	**(54,528)**	**214,732**
Share of profits of investments accounted for using the equity method									**1,152**
Income before income tax									**215,884**
Income tax paid									**(56,774)**
CONSOLIDATED NET INCOME FOR THE PERIOD									**159,110**

NOTE 4 – INFORMATION BY SEGMENTS, CONTINUED

b) Business volume 2020:

	As of June 30, 2020							
	Retail Banking		Wholesale Banking					
	Bank Retail	Bank Small & Medium Enterprise	Bank Commercial	C&IB Commercial Division C&IB	C&IB Finance Division	BCI Financial Group, INC, and Subsidiaries (BCIFG):	Financial Services	Total Segments
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
ASSETS	11,230,490	3,040,011	7,499,264	6,476,573	17,569,352	14,368,503	689,064	**60,873,257**
LIABILITIES	5,557,820	2,099,257	4,564,235	11,065,556	20,170,903	12,799,468	639,852	**56,897,091**
SHAREHOLDERS' EQUITY								**3,976,166**

c) Profit or loss 2019:

	For the 6 months ended June 30, 2019								
	Retail Banking		Wholesale Banking						
	Retail Banking	Small & Medium Enterprise	Commercial Banking	C&IB Commercial Division	C&IB Finance Division	BCI Financial Group, INC, and Subsidiaries (BCIFG):	Financial Services	Other	Consolidated balances
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Net interest and indexation income	221,575	81,950	114,755	56,890	(21,142)	133,361	61,305	(6,168)	**642,526**
Net fee and commission income	84,156	17,425	17,521	11,253	4,642	12,078	20,775	(364)	**167,486**
Other operating income	17,308	2,079	2,894	3,864	67,895	7,546	5,951	(184)	**107,353**
Operating income	**323,039**	**101,454**	**135,170**	**72,007**	**51,395**	**152,985**	**88,031**	**(6,716)**	**917,365**
Provision for loan losses and impairment of repossessed assets	(99,182)	(37,022)	(10,810)	(644)	881	(2,967)	(44,278)	-	**(194,022)**
Operating income, net	**223,857**	**64,432**	**124,360**	**71,363**	**52,276**	**150,018**	**43,753**	**(6,716)**	**723,343**
Total operating expenses	(193,936)	(49,531)	(49,207)	(31,537)	(24,443)	(71,226)	(34,614)	(5,395)	**(459,889)**
									-
TOTAL NET OPERATING INCOME	**29,921**	**14,901**	**75,153**	**39,826**	**27,833**	**78,792**	**9,139**	**(12,111)**	**263,454**
Share of profits of investments accounted for using the equity method									**11,006**
Income before income tax									**274,460**
Income tax paid									**(43.010)**
CONSOLIDATED NET INCOME FOR THE PERIOD									**231,450**

NOTE 4 – INFORMATION BY SEGMENTS, CONTINUED

d) Business volume 2019:

	As of June 30, 2019							
	Retail Banking		Wholesale Banking					
	Bank Retail	Bank Small & Medium Enterprise	Bank Commercial	C&IB Commercial Division C&IB	C&IB Finance Division	BCI Financial Group, INC, and Subsidiaries (BCIFG):	Financial Services	Total Segments
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
ASSETS	10,479,214	2,301,396	6,222,248	4,750,654	8,414,794	10,220,163	702,112	**43,090,581**
LIABILITIES	4,511,741	1,413,696	3,511,140	8,340,964	12,029,469	9,052,327	653,946	**39,513,283**
SHAREHOLDERS' EQUITY								**3,577,298**

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, are as follows:

	As of June 30,		As of December 31
	2020	**2019**	**2019**
	MCh$	**MCh$**	**MCh$**
Cash and deposits in banks			
Cash	508,996	452,142	530,345
Deposits in Central Bank of Chile (*)	2,211,565	527,142	917,204
Deposits in domestic banks	11,291	9,847	23,422
Deposits in foreign banks	1,470,074	1,057,943	1,682,789
Subtotal cash and deposits in banks	4,201,926	2,047,074	3,153,760
Items in course of collection, net	(311,543)	55,574	109,626
Highly liquid financial instruments	1,608,910	34,291	12,035
Repurchase agreements	158,977	90,497	156,307
Total cash and cash equivalents	**5,658,270**	**2,227,436**	**3,431,728**

(*) 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 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 are as follows:

	As of June 30,		As of December 31
	2020	**2019**	**2019**
	MCh$	**MCh$**	**MCh$**
Assets			
Outstanding notes from other Banks	68,464	89,233	136,326
Funds receivable	412,139	270,313	174,276
Subtotal assets	480,603	359,546	310,602
Liabilities			
Funds payable	792,146	303,972	200,976
Subtotal liabilities	792,146	303,972	200,976
Items in course of collection, net	**(311,543)**	**55,574**	**109,626**

NOTE 6 - TRADING PORTFOLIO FINANCIAL ASSETS

The following is the detail of trading portfolio financial assets as of December 31, 2019 and 2018:

	As of June 30	As of December 31
	2020	**2019**
	MCh$	**MCh$**
Instruments of the state and Central Bank of Chile (*)		
Bonds of the Central Bank of Chile	169,157	518,073
Promissory notes of the Central Bank of Chile	120,091	29
Other instruments of the State and Central Bank of Chile	371,511	876,977
Instruments of other domestic institutions:		
Bonds	640,826	230,626
Term deposits	275,515	300,375
Letters of credit	2,713	2,106
Documents issued by other financial institutions	85,300	133,147
Other instruments	59,269	78,107
Instruments of other foreign institutions:		
Other instruments	5,753	1,940
Investments in mutual funds:		
Funds administered by related parties	53,127	34,591
Funds administred by third parties	45,420	36,286
Total	**1,828,682**	**2,212,257**

(*) As of June 30, 2020 and as of December 31 2019, the Bank holds instruments issued by the Central Bank of Chile, classified under “Instruments of the State and Central Bank of Chile” for MCh$747,771 and MCh$591,476, respectively.

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

a) Securities purchased under agreements to resell:

	Maturity of the agreement						
	Up to 3 months		Between 3 months and 1 year		Over 1 year		
Type of entity		Average rate		Average rate		Average rate	As of 30 June 2020
	MCh$	%	MCh$	%	MCh$	%	MCh$
Related party (individuals or entities)	-	-	-	-	-	-	-
Domestic banks	-	-	-	-	-	-	-
Securities brokers	9,496	0.18	1,001	0.17	-	-	**10,497**
Other domestic financial institutions	-	-	-	-	-	-	-
Foreign financial institutions	-	-	-	-	-	-	-
Related party (individuals or entities)	149,481	0.14	32,639	0.20	-	-	**182,120**
Total	**158,977**		**33,640**		**-**		**192,617**

	Maturity of the agreement						
	Up to 3 months		Between 3 months and 1 year		Over 1 year		
Type of entity		Average rate		Average rate		Average rate	As of 31 December 2019
	MCh$	%	MCh$	%	MCh$	%	MCh$
Related party (individuals or entities)	-	-	-	-	-	-	-
Domestic banks	-	-	-	-	-	-	-
Securities brokers	49,766	0.26	9,332	0.26	-	-	**59,098**
Other domestic financial institutions	-	-	-	-	-	-	-
Foreign financial institutions	-	-	-	-	-	-	-
Related party (individuals or entities)	106,541	0.21	30,376	0.25	-	-	**136,917**
Total	**156,307**		**39,708**		**-**		**196,015**

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 and 1 year		Over 1 year		
Type of entity		Average rate		Average rate		Average rate	As of 30 June 2020
	MCh$	%	MCh$	%	MCh$	%	MCh$
Related party (individuals or entities)	-	-	-	-	-	-	-
Domestic banks	20,002	0.04	-	-	-	-	**20,002**
Securities brokers	-	-	-	-	-	-	-
Other domestic financial institutions	81,999	0.02	-	-	-	-	**81,999**
Foreign financial institutions	-	-	-	-	-	-	-
Related party (individuals or entities)	181,524	0.11	290	0.04	-	-	**181,814**
Total	**283,525**		**290**		**-**		**283,815**

	Maturity of the agreement						
	Up to 3 months		Between 3 months and 1 year		Over 1 year		
Type of entity		Average rate		Average rate		Average rate	As of December 31, 2019
	MCh$	%	MCh$	%	MCh$	%	MCh$
Related party (individuals or entities)	-	-	-	-	-	-	-
Domestic banks	9,992	0.21	-	-	-	-	**9,992**
Securities brokers	-	-	-	-	-	-	-
Other domestic financial institutions	99,988	0.16	-	-	-	-	**99,988**
Foreign financial institutions	-	-	-	-	-	-	-
Related party (individuals or entities)	799,411	0.44	-	-	-	-	**799,411**
Total	**909,391**		**-**		**-**		**909,391**

NOTE 8 - DERIVATIVE FINANCIAL AGREEMENTS AND HEDGE ACCOUNTING

a) As of June 30, 2020 and as of December 31, 2019, the Bank and its subsidiaries held the following portfolio of derivative instruments:

As of June 30, 2020

	Notional Amount		Fair value	
	Assets	Liabilities	Assets	Liabilities
	MCh$	MCh$	MCh$	MCh$
Trading Derivatives				
Forwards	31,999,734	32,479,553	606,660	536,774
Swaps	135,886,792	134,839,180	5,040,300	5,205,698
Call Options	321,791	301,892	15,240	9,014
Put Options	319,190	280,470	626	1,306
Futures	41,063	41,063	258	230
Other	-	-	-	-
Subtotal	**168,568,570**	**167,942,158**	**5,663,084**	**5,753,022**
Fair Value Hedge Derivatives				
Forwards	-	-	-	-
Swaps	1,535,196	1,092,670	258,918	100,976
Call Options	-	-	-	-
Put Options	-	-	-	-
Futures	-	-	-	-
Other	-	-	-	-
Subtotal	**1,535,196**	**1,092,670**	**258,918**	**100,976**
Cash Flow Hedge Derivatives				
Forwards	-	198,005	5,367	2,332
Swaps	1,733,864	3,193,496	962,090	1,130,417
Call Options	-	-	-	-
Put Options	-	-	-	-
Futures	-	-	-	-
Other	-	-	-	-
Subtotal	**1,733,864**	**3,391,501**	**967,457**	**1,132,749**
Total	**171,837,630**	**172,426,329**	**6,889,459**	**6,986,747**

NOTE 8 - DERIVATIVE FINANCIAL AGREEMENTS AND HEDGE ACCOUNTING, CONTINUED

As of December 31, 2019

	Notional Amount		Fair value	
	Assets	**Liabilities**	**Assets**	**Liabilities**
	MCh$	**MCh$**	**MCh$**	**MCh$**
Trading Derivatives				
Forwards	36,073,995	35,799,440	527,888	474,302
Swaps	129,467,616	127,855,131	3,011,080	3,242,642
Call Options	476,791	471,764	13,353	6,283
Put Options	426,560	396,365	1,599	3,131
Futures	67,672	67,672	53	312
Other	-	-	-	-
Subtotal	**166,512,634**	**164,590,372**	**3,553,973**	**3,726,670**
Fair Value Hedge Derivatives				
Forwards	-	-	-	-
Swaps	1,823,607	991,011	363,648	153,479
Call Options	-	-	-	-
Put Options	-	-	-	-
Futures	-	-	-	-
Other	-	-	-	-
Subtotal	**1,823,607**	**991,011**	**363,648**	**153,479**
Cash Flow Hedge Derivatives				
Forwards	-	523,734	19,687	16,496
Swaps	1,614,887	2,161,192	323,981	515,720
Call Options	-	-	-	-
Put Options	-	-	-	-
Futures	-	-	-	-
Other	-	-	-	-
Subtotal	**1,614,887**	**2,684,926**	**343,668**	**532,216**
Total	**169,951,128**	**168,266,309**	**4,261,289**	**4,412,365**

NOTE 8 - DERIVATIVE FINANCIAL AGREEMENTS AND HEDGE ACCOUNTING, CONTINUED

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 to protect against changes in the base interest rate. 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 or foreign exchange rates. 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 or foreign exchange rates.

The following tables provide a summary of the hedged items and hedging instruments for fair value hedge accounting as of June 30, 2020 and December 31, 2019:

	As of June 30, 2020		As of December 31, 2019	
	Assets	Liabilities	Assets	Liabilities
Hedged item	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Bonds issued MX/MN	-	981,397	-	1,368,186
Term deposits	-	254,061	-	87,000
Investment MX	383,868	-	274,770	-
Macro hedge MN, MX	708,802	-	716,241	-
Obligations MN	-	299,738	-	368,421
Total	**1,092,670**	**1,535,196**	**991,011**	**1,823,607**

	As of June 30, 2020		As of December 31, 2019	
	Assets	Liabilities	Assets	Liabilities
Hedging instrument	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Cross Currency Swaps	449,814	767,368	913,788	769,721
Interest rate Swap MN	254,061	-	87,000	-
Interest rate Swap MX	831,321	325,302	822,819	221,290
Total	**1,535,196**	**1,092,670**	**1,823,607**	**991,011**

MX: Foreign currency
MN: Domestic currency

NOTE 8 - DERIVATIVE FINANCIAL AGREEMENTS AND HEDGE ACCOUNTING, CONTINUED

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 fair value hedge accounting as of June 30, 2020 and December 31, 2019:

	As of June 30, 2020		As of December 31, 2019	
	Assets	Liabilities	Assets	Liabilities
Hedged item	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Assets UF > 1Y	1,667,262	-	1,761,728	-
Future obligations USD	-	73,908	-	67,669
Term deposits Ch$	-	1,442,282	-	978,392
Assets UF	361,328	-	330,827	-
Credits MX	841,730	-	488,722	-
Bond MN/MX	492,720	217,674	75,188	568,826
Assets USD	28,461	-	28,461	-
Total	**3,391,501**	**1,733,864**	**2,684,926**	**1,614,887**

	As of June 30, 2020		As of December 31, 2019	
	Assets	Liabilities	Assets	Liabilities
Hedging instrument	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Cross Currency Swaps	291,582	2,187,571	636,496	1,510,103
Forward UF	-	198,005	-	523,734
Swap MX	-	841,730	-	-
Forward USD	-	-	-	-
Swap rate	1,442,282	164,195	978,391	651,089
Total	**1,733,864**	**3,391,501**	**1,614,887**	**2,684,926**

MX: Foreign currency
MN: Domestic currency

NOTE 8 - DERIVATIVE FINANCIAL AGREEMENTS AND HEDGE ACCOUNTING, CONTINUED

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 June 30, 2020 and December 31, 2019:

	As of June 30, 2020		As of December 31, 2019	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Hedged item	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Net investment in a foreign operation	-	-	114,224	-
Total	**-**	**-**	**114,224**	**-**

	As of June 30, 2020		As of December 31, 2019	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Hedging instrument	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Bonds in foreign currency	-	-	-	114,224
Total	**-**	**-**	**-**	**114,224**

MX: Foreign currency

NOTE 8 - DERIVATIVE FINANCIAL AGREEMENTS AND HEDGE ACCOUNTING, CONTINUED

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

Periods of expected future cash flows

	As of June 30, 2020				
	Within 1Y	**Between 1Y 5Y**	**Between 5Y 10Y**	**More than 10Y**	**Total**
Hedged item	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Cash outflows	711,822	2,996,041	2,004,668	137,540	5,850,071
Cash outflows	(553,964)	(2,463,307)	(2,080,415)	(67,181)	(5,164,867)
Net cash flows	**157,858**	**532,734**	**(75,747)**	**70,359**	**685,204**
Hedging instrument					
Cash outflows	553,964	2,463,307	2,080,415	67,181	5,164,867
Cash outflows	(711,822)	(2,996,041)	(2,004,668)	(137,540)	(5,850,071)
Net cash flows	**(157,858)**	**(532,734)**	**75,747**	**(70,359)**	**(685,204)**

Periods of expected future cash flows

	As of December 31, 2019				
	Within 1Y	**Between 1Y 5Y**	**Between 5Y 10Y**	**More than 10Y**	**Total**
Hedged item	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Cash outflows	990,675	2,024,860	1,367,582	55,230	4,438,347
Cash outflows	(753,431)	(1,810,551)	(1,428,555)	(62,456)	(4,054,993)
Net cash flows	**237,244**	**214,309**	**(60,973)**	**(7,226)**	**383,354**
Hedging instrument					
Cash outflows	753,431	1,810,551	1,428,555	62,456	4,054,993
Cash outflows	(990,675)	(2,024,860)	(1,367,582)	(55,230)	(4,438,347)
Net cash flows	**(237,244)**	**(214,309)**	**60,973**	**7,226**	**(383,354)**

NOTE 9 - LOANS AND RECEIVABLES FROM BANKS, NET

a) As of June 30, 2020 and December 31, 2019, balances for this concept are the following:

	As of June 30 2020 MCh$	As of December 31 2019 MCh$
Domestic banks		
Highly liquid interbank loans	-	-
Allowance for loan losses of domestic banks	-	-
Foreign banks		
Highly liquid interbank loans	493,679	458,145
Allowance for loan losses of foreign banks	(570)	(505)
Total	**493,109**	**457,640**

b) The rollforward as of June 30, 2020 and December 31, 2019 of provisions and impairment is as follows:

	As of June 30, 2020			As of December 31, 2019		
Detail	**Domestic banks MCh$**	**Foreign banks MCh$**	**Total MCh$**	**Domestic banks MCh$**	**Foreign banks MCh$**	**Total MCh$**
Balance as of January 1,	**-**	**505**	**505**	**-**	**606**	**606**
Write-offs	-	-	**-**	-	-	**-**
Allowances established	-	208	**208**	-	1,360	**1,360**
Reversal of provisions	-	(143)	**(143)**	-	(1,461)	**(1,461)**
Impairment	-	-	**-**	-	-	**-**
Reversal of impairment	-	-	**-**	-	-	**-**
Ending balance	**-**	**570**	**570**	**-**	**505**	**505**

NOTE 10 – LOANS TO AND RECEIVABLES FROM CUSTOMERS, NET

a) Loans and receivables from customers, net

As of June 30, 2020 and December 31, 2019, the composition of the loan portfolio was as follows:

	Assets before allowances				Allowances established			
As of June 30, 2020	**Normal portfolio**	**Substandar portfolio**	**Non-complaint portfolio**	**Total**	**Individual allowance**	**Collective allowance**	**Total**	**Net assets**
	MCh$	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Commercial loans:								
Commercial loans (*)	20,486,794	802,533	566,147	21,855,474	(173,308)	(154,232)	(327,540)	21,527,934
Foreign trade loans	1,197,434	32,025	916	1,230,375	(14,319)	(1,041)	(15,360)	1,215,015
Checking accounts	128,414	4,260	13,206	145,880	(2,208)	(8,110)	(10,318)	135,562
Factoring operations	768,076	12,944	3,894	784,914	(5,298)	(1,975)	(7,273)	777,641
Student Loans	133,348	-	17,615	150,963	-	(5,299)	(5,299)	145,664
Consumer leasing transactions	1,525,920	53,797	52,378	1,632,095	(21,748)	(9,172)	(30,920)	1,601,175
Other loans	48,847	340	11,862	61,049	(1,872)	(6,792)	(8,664)	52,385
Subtotal	**24,288,833**	**905,899**	**666,018**	**25,860,750**	**(218,753)**	**(186,621)**	**(405,374)**	**25,455,376**
Mortgage loans:								
Letters of credit	6,305	-	498	6,803	-	(54)	(54)	6,749
Negotiable mortgage loans	1,764,049	-	28,429	1,792,478	-	(15,442)	(15,442)	1,777,036
Other mortgage loans	6,618,493	-	234,542	6,853,035	-	(31,660)	(31,660)	6,821,375
Consumer leasing transactions	-	-	-	-	-	-	-	-
Other loans	133,143	-	4,011	137,154	-	(628)	(628)	136,526
Subtotal	**8,521,990**	**-**	**267,480**	**8,789,470**	**-**	**(47,784)**	**(47,784)**	**8,741,686**
Consumer loans:								
Consumer loans in installments	2,022,566	-	298,910	2,321,476	-	(176,693)	(176,693)	2,144,783
Checking accounts	71,786	-	12,610	84,396	-	(10,018)	(10,018)	74,378
Credit card borrowers	1,202,969	-	88,799	1,291,768	-	(119,083)	(119,083)	1,172,685
Consumer leasing transactions	970	-	17	987	-	(15)	(15)	972
Other loans	28,330	-	1,162	29,492	-	-	-	29,492
Subtotal	**3,326,621**	**-**	**401,498**	**3,728,119**	**-**	**(305,809)**	**(305,809)**	**3,422,310**
		-						
TOTAL	**36,137,444**	**905,899**	**1,334,996**	**38,378,339**	**(218,753)**	**(540,214)**	**(758,967)**	**37,619,372**

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

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

	Assets before allowances				Allowances established			
As of December 31, 2019	**Normal portfolio**	**Substandar portfolio**	**Non-complaint portfolio**	**Total**	**Individual allowance**	**Collective allowance**	**Total**	**Net assets**
	MCh$	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Commercial loans:								
Commercial loans (*)	16,331,627	604,568	512,985	17,449,180	(152,415)	(133,887)	(286,302)	17,162,878
Foreign trade loans	1,070,690	25,063	574	1,096,327	(9,591)	(1,955)	(11,546)	1,084,781
Checking accounts	170,938	3,139	12,851	186,928	(1,582)	(9,157)	(10,739)	176,189
Factoring operations	1,028,924	5,370	3,236	1,037,530	(4,158)	(2,666)	(6,824)	1,030,706
Student Loans	142,155	-	13,357	155,512	-	(4,370)	(4,370)	151,142
Consumer leasing transactions	1,509,647	49,780	52,062	1,611,489	(19,917)	(9,045)	(28,962)	1,582,527
Other loans	61,412	339	11,455	73,206	(1,618)	(6,734)	(8,352)	64,854
Subtotal	**20,315,393**	**688,259**	**606,520**	**21,610,172**	**(189,281)**	**(167,814)**	**(357,095)**	**21,253,077**
Mortgage loans:								
Letters of credit	7,653	-	581	8,234	-	(60)	(60)	8,174
Negotiable mortgage loans	1,697,093	-	16,799	1,713,892	-	(10,097)	(10,097)	1,703,795
Other mortgage loans	6,385,596	-	226,251	6,611,847	-	(31,477)	(31,477)	6,580,370
Consumer leasing transactions	-	-	-	-	-	-	-	-
Other loans	-	-	-	-	-	-	-	-
Subtotal	**8,090,342**	**-**	**243,631**	**8,333,973**	**-**	**(41,634)**	**(41,634)**	**8,292,339**
Consumer loans:								
Consumer loans in installments	2,151,324	-	265,823	2,417,147	-	(154,773)	(154,773)	2,262,374
Checking accounts	105,790	-	12,320	118,110	-	(9,340)	(9,340)	108,770
Credit card borrowers	1,289,210	-	74,110	1,363,320	-	(105,432)	(105,432)	1,257,888
Consumer leasing transactions	1,247	-	41	1,288	-	(47)	(47)	1,241
Other loans	36,355	-	413	36,768	-	-	-	36,768
Subtotal	**3,583,926**	**-**	**352,707**	**3,936,633**	**-**	**(269,592)**	**(269,592)**	**3,667,041**
TOTAL	**31,989,661**	**688,259**	**1,202,858**	**33,880,778**	**(189,281)**	**(479,040)**	**(668,321)**	**33,212,457**

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

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

The collateral received by the Bank with respect to the mortgage loan portfolio consists of cash, securities, accounts receivable, property and real estate assets, and guarantees, among others.

The Bank uses finance 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 June 30, 2020 and December 31, 2019, the Bank held approximately MCh$633,358 and MCh$616,757, respectively, of financial leases on movable assets, and MCh$1,052,804 and MCh$996,020, respectively, of financial leases on property.

The following tables provide a reconciliation between gross investment in lease and present value of minimum lease payments as of June 30, 2020 and December 31 2019 as well as future lease payment detail:

	As of June 30 2020 MCh$	As of December 31 2019 MCh$
Gross investments in lease	1,881,755	1,812,480
Unearned income from financial lease	(195,593)	(199,703)
Net financial leases	**1,686,162**	**1,612,777**

	As of June 30 2020 MCh$	As of December 31 2019 MCh$
Less than 1 year	359,127	345,138
Between 1 and 5 years	801,389	755,004
Over 5 years	525,646	512,635
Total	**1,686,162**	**1,612,777**

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$5,560 as of June 30, 2020 and MCh$9,509 for December 31, 2019 through the execution of collateral held on assets.

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

b) Portfolio characteristics:

As of June 30, 2020 and December 31, 2019, the loan portfolio, before allowances for loan losses, by type of customer economic activity is as follows:

	Domestic loans		Foreign loans		Total			
	As of June 30	As of December 31	As of June 30	As of December 31	As of June 30	As of December 31	As of June 30	As of December 31
	2020	2019	2020	2019	2020	2019	2020	2019
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	%	%
Commercial loans:								
Agriculture and livestock except fruits	371,286	309,464	157,081	132,164	528,367	441,628	1.38%	1.30%
Fruits	129,006	71,790	179,772	180,790	308,778	252,580	0.80%	0.75%
Forestry and wood extraction	123,302	114,399	49,992	18,534	173,294	132,933	0.45%	0.39%
Fishing	48,540	30,619	124,651	127,668	173,191	158,287	0.45%	0.47%
Mining	73,959	59,896	208,503	189,831	282,462	249,727	0.74%	0.74%
Crude oil and natural gas production	4,542	1,631	153,136	129,105	157,678	130,736	0.41%	0.39%
Food, beverage and tobacco industry	332,630	252,141	176,871	126,031	509,501	378,172	1.33%	1.12%
Textile and leather industry	69,367	26,777	41,359	35,913	110,726	62,690	0.29%	0.19%
Timber and furniture industry	64,405	42,533	21,455	17,161	85,860	59,694	0.22%	0.18%
Print and editorial industry	70,702	48,332	28,787	13,801	99,489	62,133	0.26%	0.18%
Chemical product, derived from oil , coal, rubber and plastic	174,705	154,026	83,654	86,729	258,359	240,755	0.67%	0.71%
Production of metal and non-metal production, machinery and equipment	495,310	347,951	212,042	205,198	707,352	553,149	1.84%	1.63%
Other manufacturing industries	49,951	32,032	268,363	234,914	318,314	266,946	0.83%	0.79%
Electricity, gas and water	328,920	275,135	404,736	324,339	733,656	599,474	1.91%	1.77%
Home construction	119,116	170,061	12,705	7,098	131,821	177,159	0.34%	0.52%
Other construction	1,671,952	1,487,819	328,620	216,493	2,000,572	1,704,312	5.21%	5.03%
Wholesale business	1,232,626	851,995	736,163	738,469	1,968,789	1,590,464	5.13%	4.69%
Retail, restaurants and hotels	1,001,020	672,625	1,529,841	1,061,651	2,530,861	1,734,276	6.59%	5.12%
Transporting and storage	592,629	418,851	646,985	545,124	1,239,614	963,975	3.23%	2.85%
Communications	252,497	232,272	226,604	175,235	479,101	407,507	1.25%	1.20%
Financial and insurance companies	2,267,841	2,313,758	474,008	385,265	2,741,849	2,699,023	7.14%	7.97%
Real estate and service providers	2,187,660	2,019,681	2,949,306	2,659,335	5,136,966	4,679,016	13.39%	13.79%
Services	2,175,896	1,974,996	3,008,254	2,090,540	5,184,150	4,065,536	13.52%	12.00%
Subtotal	**13,837,862**	**11,908,784**	**12,022,888**	**9,701,388**	**25,860,750**	**21,610,172**	**67.38%**	**63.78%**
Mortgage loans	7,001,420	6,625,448	1,788,050	1,708,525	8,789,470	8,333,973	22.90%	24.60%
Consumer loans	3,668,153	3,861,838	59,966	74,795	3,728,119	3,936,633	9.72%	11.62%
Total	**24,507,435**	**22,396,070**	**13,870,904**	**11,484,708**	**38,378,339**	**33,880,778**	**100.00%**	**100.00%**

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

c) Provisions

The changes in allowances for loan losses as of June 30, 2020 and December 31, 2019 are summarized as follows:

	As of June 30, 2020			As of December 31, 2019		
	Individual allowance	Collective allowance	Total	Individual allowance	Collective allowance	Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Balances as of January 1,	**189,281**	**479,040**	**668,321**	**184,362**	**372,405**	**556,767**
Portfolio write-offs:						
Commercial loans	(10,234)	(41,056)	(51,290)	(37,978)	(72,802)	(110,780)
Mortgage loans	-	(4,110)	(4,110)	-	(8,846)	(8,846)
Consumer loans	-	(154,479)	(154,479)	-	(276,651)	(276,651)
Total Write-offs	**(10,234)**	**(199,645)**	**(209,879)**	**(37,978)**	**(358,299)**	**(396,277)**
Allowances established	44,168	271,131	315,299	71,249	477,348	548,597
Reversal of provisions	(4,462)	(10,312)	(14,774)	(28,352)	(12,414)	(40,766)
Ending balance	**218,753**	**540,214**	**758,967**	**189,281**	**479,040**	**668,321**

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" (See Note 20). Therefore, the total amount of allowances and provisions for credit risk constituted for different concepts corresponds to the following:

	As of June 30	As of December 31
	2020	2019
	MCh$	MCh$
Individual and collective allowance	758,967	668,321
Provisions for contingent credit risk (Note 20)	49,826	42,669
Additional provisions (Note 20)	69,621	16,692
Minimum provision 0.50% (Note 20)	441	10,708
Provisions for country risk (Note 20)	3,651	3,017
Allowances on loans and receivables to banks (Note 9)	570	505
Total	**883,076**	**741,912**

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

During the period 2020 and the year 2019, the Bank has not participated in purchase, sale, substitutions or credit swap transactions of the loan portfolio with financial institutions other than those reported in these interim consolidated financial statements.

d) Collateral

Impaired loan portfolio, secured and unsecured, before allowances for loan losses, as of June 30, 2020 and December 31,2019 was as follows:

	As of June 30, 2020				As of December 31, 2019			
	Commercial	**Mortgage**	**Consumer**	**Total**	**Commercial**	**Mortgage**	**Consumer**	**Total**
	MCh$	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Secured debt	778,360	262,381	84,851	**1,125,592**	683,589	239,842	79,170	**1,002,601**
Unsecured debt	139,442	5,099	316,647	**461,188**	122,506	3,789	273,537	**399,832**
Total	**917,802**	**267,480**	**401,498**	**1,586,780**	**806,095**	**243,631**	**352,707**	**1,402,433**

e) Past due portfolio

The past due portfolio (overdue for 90 days or more) as of June 30, 2020 and as of December 31 2019 was as follows:

	As of June 30, 2020				As of December 31, 2019			
	Commercial	**Mortgage**	**Consumer**	**Total**	**Commercial**	**Mortgage**	**Consumer**	**Total**
	MCh$	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Secured debt	238,564	100,403	9,009	**347,976**	221,811	84,118	6,393	**312,322**
Unsecured debt	68,378	4,399	104,438	**177,215**	61,775	3,915	83,744	**149,434**
Total	**306,942**	**104,802**	**113,447**	**525,191**	**283,586**	**88,033**	**90,137**	**461,756**

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

f) Normal, substandard and non-compliant portfolio:

	As of June 30, 2020															
	Normal				Substandar				Non-compliant				Total portfolio			
	Commercial	Mortgage	Consumer	Total Normal	Commercial	Mortgage	Consumer	Total substandar	Commercial	Mortgage	Consumer	Total non-compliant	Commercial	Mortgage	Consumer	Total portfolio
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Portfolio Current	23,968,291	8,327,139	3,318,607	35,614,037	866,253	-	-	866,253	396,797	230,564	298,118	925,479	25,231,341	8,557,703	3,616,725	37,405,769
Overdue for 1 to 29 days	298,645	61,219	5,640	365,504	12,269	-	-	12,269	7,317	964	5,036	13,317	318,231	62,183	10,676	391,090
Overdue for 30 to 89 days	21,897	133,632	2,374	157,903	27,377	-	-	27,377	43,976	1,562	20,717	66,255	93,250	135,194	23,091	251,535
Overdue for 90 days or more ("past due")	-	-	-	-	-	-	-	-	217,928	34,390	77,627	329,945	217,928	34,390	77,627	329,945
Total portfolio before allowances	**24,288,833**	**8,521,990**	**3,326,621**	**36,137,444**	**905,899**	**-**	**-**	**905,899**	**666,018**	**267,480**	**401,498**	**1,334,996**	**25,860,750**	**8,789,470**	**3,728,119**	**38,378,339**
Overdue, but not past due loans (less than 90 days in default) as a percentage of the total portfolio	1.32%	2.29%	0.24%	1.45%	4.38%	0.00%	0.00%	4.38%	7.70%	0.94%	6.41%	5.96%	1.59%	2.25%	0.91%	1.67%
Past due loans (more than 90 days in default) as a percentage of the total	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	32.72%	12.86%	19.33%	24.72%	0.84%	0.39%	2.08%	0.86%

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

	As of December 31, 2019															
	Normal				Substandar				Non-compliant				Total portfolio			
	Commercial	Mortgage	Consumer	Total Normal	Commercial	Mortgage	Consumer	Total substandar	Commercial	Mortgage	Consumer	Total non-compliant	Commercial	Mortgage	Consumer	Total portfolio
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Portfolio Current	19,911,460	8,045,189	3,576,261	31,532,910	661,094	-	-	661,094	361,337	221,710	274,341	857,388	20,933,891	8,266,899	3,850,602	33,051,392
Overdue for 1 to 29 days	376,083	19,776	6,119	401,978	23,388	-	-	23,388	5,888	1,413	3,395	10,696	405,359	21,189	9,514	436,062
Overdue for 30 to 89 days	27,850	25,377	1,546	54,773	3,777	-	-	3,777	26,271	4,879	15,808	46,958	57,898	30,256	17,354	105,508
Overdue for 90 days or more (“past due”)	-	-	-	-	-	-	-	-	213,024	15,629	59,163	287,816	213,024	15,629	59,163	287,816
Total portfolio before allowances	**20,315,393**	**8,090,342**	**3,583,926**	**31,989,661**	**688,259**	**-**	**-**	**688,259**	**606,520**	**243,631**	**352,707**	**1,202,858**	**21,610,172**	**8,333,973**	**3,936,633**	**33,880,778**
Overdue, but not past due loans (less than 90 days in default) as a percentage of the total portfolio	1.99%	0.56%	0.21%	1.43%	3.95%	0.00%	0.00%	3.95%	5.30%	2.58%	5.44%	4.79%	2.14%	0.62%	0.68%	1.60%
Past due loans (more than 90 days in default) as a percentage of the total	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	35.12%	6.42%	16.77%	23.93%	0.99%	0.19%	1.50%	0.85%

NOTE 11 – FINANCIAL INVESTMENTS

As of June 30, 2020 and December 31, 2019, financial investments available for sale and held to maturity are as follows:

	As of June 30, 2020			As of December 31, 2019		
	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 (b)	1,517,253	-	1,517,253	182,100	-	182,100
Bonds or promissory notes of the Treasury	959,855	-	959,855	510,742	-	510,742
Other fiscal instruments	5,225	-	5,225	5,424	-	5,424
Other domestic instruments:						
Financial instruments issued by other domestic banks	485,993	-	485,993	140,011	-	140,011
Bonds and corporate commercial papers	4,156	-	4,156	6,044	-	6,044
Other domestic instruments:	2,528	-	2,528	2,683	-	2,683
Foreign instruments:						
Instruments issued by foreign states and central banks (c)	164,809	21,490	186,299	146,361	752	147,113
Other foreign instruments (c)	3,292,382	7,520	3,299,902	3,017,664	6,617	3,024,281
Total	**6,432,201**	**29,010**	**6,461,211**	**4,011,029**	**7,369**	**4,018,398**

As of June 30, 2020 and December 31, 2019, the Bank does not maintain zero coupon instruments classified in portfolio available for sale.

(b) As of June 30, 2020 and 2019, the Bank maintains instruments of the Central Bank of Chile, sold with repurchase agreements classified in the caption "State Instruments and Central Bank of Chile" in the amount of MCh$59,013. As of December 31, 2019, the Bank maintains such instruments.

(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 the intent is to hold them to maturity.

As of June 30, 2020 and December 31, 2019, there is no evidence of impairment in the investment instruments available for sale.

NOTE 12 - INVESTMENTS IN OTHER COMPANIES

a) As of June 30, 2020 and December 31, 2019, principal investments in associates, joint ventures and other entities are detailed below:

	As of June 30, 2020				As of December 31, 2019			
Company	**Equity**	**Interest**	**Investment carrying value**	**Income/(loss)**	**Equity**	**Interest**	**Investment carrying value**	**Income/(loss)**
	MCh$	**%**	**MCh$**	**MCh$**	**MCh$**	**%**	**MCh$**	**MCh$**
Investment accounted for using equity method:								
Redbanc S.A.	8,551	12.71	1,087	(96)	9,221	12.71	1,172	110
Combanc S.A.	6,407	11.74	752	16	6,290	11.74	738	23
Transbank S.A.	86,203	8.72	7,516	213	82,667	8.72	7,208	1,168
Nexus S.A.	18,632	14.81	2,759	157	17,675	14.81	2,618	2
Servicio de Infraestructura de Mercado OTC S.A.	12,394	13.61	1,687	(11)	12,470	13.61	1,697	65
AFT S.A.	18,456	20.00	3,691	185	19,174	20.00	3,835	390
Centro de Compensación Automatizado S.A.	6,982	33.33	2,327	159	6,464	33.33	2,155	294
Sociedad Interbancaria de Depósitos de Valores S.A.	5,248	7.03	369	30	5,070	7.03	356	61
Investment measured at cost:								
SWIFT shares			56	-			56	-
Bladex shares			219	151			219	261
Credicorp LTD,			-	-			-	8,844
Other shares			392	104			299	224
Total			**20,855**	**908**			**20,353**	**11,442**
Investment in join ventures								
Investment accounted for using equity method:								
Servipag Ltda.	12,299	50.00	6,149	3	12,543	50.00	6,271	572
Artikos Chile S.A.	2,256	50.00	1,128	241	2,399	50.00	1,199	624
Total			**7,277**	**244**			**7,470**	**1,196**
Total investments associates, joint ventures and other entities			**28,132**	**1,152**			**27,823**	**12,638**

NOTE 12 - INVESTMENTS IN OTHER COMPANIES, CONTINUED

b) The rollforward of investments in other companies as of June 30, 2020 and December 31,2019, is as follows:

	As of June 30, 2020 MCh$	As of December 31, 2019 MCh$
Balances as of January 1,	**27,823**	**44,740**
Acquisition of investments in other companies	-	98
Translation differences (*)	(567)	371
Share of profit of investments accounted for using the equity method	1,152	12,638
Sale of investments in other companies (***)	-	(29,029)
Dividends received	(7)	(224)
Adjustment for minimum dividend provision	(151)	(261)
Minimum dividends provision	(118)	(510)
Ending balance	**28,132**	**27,823**

(*) Corresponds to the exchange difference resulted from investments in foreign companies.
(**) Corresponds to sales of shares in Credicorp LTD.

As of June 30, 2020, the Bank made an assessment about whether there are indications of impairment in the value of its investments, concluding that there is not enough information to record potential impairments. As of December 31, 2019, no impairment was recognized in the investments.

NOTE 13 - INTANGIBLE ASSETS

a) The composition of intangible assets as of June 30, 2020 and December 31, 2019 was the following:

			As of June 30, 2020		
Concept	**Totaal useful life years**	**Remaining average useful life years**	**Gross balance** **MCh$**	**Accumulated amortization from previous periods** **MCh$**	**Net balance** **MCh$**
Intangible assets acquired separately (a)	6	5	93,621	(40,910)	**52,711**
Intangible generated internally (b)	6	5	219,660	(141,573)	**78,087**
Intangible assets acquired in business combination (c):					
Core deposit	9	6	98,782	(45,647)	**53,135**
Leasehold interest	30	27	5,927	(1,545)	**4,382**
Relationship with clients	10	10	37,526	(7,866)	**29,660**
Other	10	10	21,726	(3,431)	**18,295**
Intangible assets not amortizable acquired in business combination (c):					
Tradename			14,782	-	**14,782**
Goodwill			155,397	-	**155,397**
Total			**647,421**	**(240,972)**	**406,449**

NOTE 13 - INTANGIBLE ASSETS, CONTINUED

Concept	Totaal useful life years	Remaining average useful life years	As of December 31, 2019 Gross balance MCh$	Accumulated amortization from previous periods MCh$	Net balance MCh$
Intangible assets acquired separately (a)	6	5	84,278	(36,486)	**47,792**
Intangible generated internally (b)	6	5	215,972	(128,546)	**87,426**
Intangible assets acquired in business combination (c):					
Core deposit	9	6	90,444	(35,095)	**55,349**
Leasehold interest	30	27	5,427	(1,214)	**4,213**
Relationship with clients	10	10	37,526	(5,514)	**32,012**
Other	10	10	21,726	(2,345)	**19,381**
Intangible assets not amortizable acquired in business combination (c):					
Tradename	-	-	13,534	-	**13,534**
Goodwill	-	-	144,508	-	**144,508**
Total			**613,415**	**(209,200)**	**404,215**

a. Corresponds to software purchased from parties other than the Bank or its subsidiaries.

b. Corresponds to software developed internally for the bank or subsidiaries to generate profits for the bank or subsidiaries.

c. Corresponds to intangible assets acquired in 2015 for the business combinations of BCI Financial Group, INC, and Subsidiaries and the merger between City National Bank of Florida and TotalBank consummated on June 15, 2018. On December 4, 2018, the intangible assets associated with the purchase of Financial Services from Walmart were included.

NOTE 13 - INTANGIBLE ASSETS, CONTINUED

b) The movements of intangible assets as of June 30, 2020 and December 31, 2019 are as follows:

			Amortizable intangible assets in business combination				Not amortizable intangible assets acquired in business combination		
	Intangible assets acquired separately	**Intangible generated internally**	**Core deposits**	**Leasehold interest**	**Relationship with clients**	**Other**	**Trademark**	**Goodwill**	**Total**
	MCh$	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Balance as of January 1, 2020	**84,278**	**215,972**	**90,444**	**5,427**	**37,526**	**21,726**	**13,534**	**144,508**	**613,415**
Acquisitions	8,329	29,388	-	-	-	-	-	-	**37,717**
Disposals / transfers	-	(75)	-	-	-	-	-	-	**(75)**
Exchange differences	13	(25,625)	8,338	500	-	-	1,248	10,889	**(4,637)**
Remeasurement of goodwill and intangible assets	-	-	-	-	-	-	-	-	-
Other	1,001	-	-	-	-	-	-	-	**1,001**
Impairment of property, plant and equipment and intangible assets	-	-	-	-	-	-	-	-	-
Gross Balance as of June 30, 2020	**93,621**	**219,660**	**98,782**	**5,927**	**37,526**	**21,726**	**14,782**	**155,397**	**647,421**
Amortization for the period	(4,081)	(13,013)	(7,218)	(190)	(2,352)	(1,086)	-	-	**(27,940)**
Accumulated amortization from previous periods	(36,486)	(128,546)	(35,095)	(1,214)	(5,514)	(2,345)	-	-	**(209,200)**
Transfers	(343)	(14)	(3,334)	(141)			-	-	**(3,832)**
Other	-	-	-	-	-	-	-	-	-
Impairment of property, plant and equipment and intangible assets	-	-	-	-	-	-	-	-	-
Total accumulated amortization and impairment	(40,910)	(141,573)	(45,647)	(1,545)	(7,866)	(3,431)	-	-	**(240,972)**
Balance as of June 30, 2020	**52,711**	**78,087**	**53,135**	**4,382**	**29,660**	**18,295**	**14,782**	**155,397**	**406,449**

NOTE 13 - INTANGIBLE ASSETS, CONTINUED

			Amortizable intangible assets in business combination				Not amortizable intangible assets acquired in business combination		
	Intangible assets acquired separately	Intangible generated internally	Core deposits	Leasehold interest	Relationship with clients	Other	Trademark	Goodwill	Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Balance as of January 1, 2019	**73,700**	**183,886**	**83,434**	**5,006**	**28,169**	**21,698**	**12,485**	**132,515**	**540,893**
Acquisitions	11,266	68,989	-	-	-	-	-	-	**80,255**
Disposals / transfers	(1,121)	(36,903)	-	-	-	-	-	-	**(38,024)**
Exchange differences	-	-	7,010	421	-	1	1,049	9,789	**18,270**
Remeasurement of goodwill and intangible assets	-	-	-	-	9,357	27	-	2,204	**11,588**
Other	433	-	-	-	-	-	-	-	**433**
Impairment of property, plant and equipment and intangible assets	-	-	-	-	-	-	-	-	
Gross Balance as of December 31, 2019	**84,278**	**215,972**	**90,444**	**5,427**	**37,526**	**21,726**	**13,534**	**144,508**	**613,415**
Amortization for the year	(6,550)	(24,377)	(12,468)	(302)	(5,514)	(2,172)	-	-	**(51,383)**
Accumulated amortization from previous periods	(49,055)	(88,665)	(20,023)	(774)	-	(179)	-	-	**(158,696)**
Transfers	16,929	(16,929)	-	-	-	-	-	-	-
Other	2,190	1,425	(2,604)	(138)	-	6	-	-	**879**
Impairment of property, plant and equipment and intangible assets	-	-	-	-	-	-	-	-	-
Total accumulated amortization and impairment	(36,486)	(128,546)	(35,095)	(1,214)	(5,514)	(2,345)	-	-	**(209,200)**
Balance as of December 31, 2019	**47,792**	**87,426**	**55,349**	**4,213**	**32,012**	**19,381**	**13,534**	**144,508**	**404,215**

As of December 31, 2019, the Bank carried out an impairment test in accordance with the indications in chapter A-2 of the Compendium of Accounting Standards of the Financial Market Commission. The reports of the independent consultants did not cause the need to record impairment effects and, likewise, there were no indicators of impairment for neither the intangible assets with defined lives nor results requiring an impairment adjustment for indefinitely lived intangible assets originated in the business combinations.
As of June 30, 2020, the Bank evaluated for impairment its non-amortizable intangible assets given the current conditions as a result of Covid-19, concluding that there are no impairment indicators as of that date.

NOTE 14 - PROPERTY, PLANT AND EQUIPMENT, NET

a) The composition of property, plant and equipment as of June 30, 2020 and December 31,2019 was as follows:

As of June 30, 2020

Concept	Total useful life	Remaining average useful life	Gross balance	Accumulated depreciation from previous years	Net balance
			MCh$	MCh$	MCh$
Land and buildings	36	30	237,175	(42,037)	195,138
Equipment	4	3	170,691	(132,681)	38,010
Other property, plant and equipment	8	6	55,268	(34,779)	20,489
Total			**463,134**	**(209,497)**	**253,637**

As of December 31, 2019

Concept	Total useful life	Remaining average useful life	Gross balance	Accumulated depreciation from previous years	Net balance
			MCh$	MCh$	MCh$
Land and buildings	36	30	235,941	(41,241)	194,700
Equipment	4	4	160,457	(128,678)	31,779
Other property, plant and equipment	8	6	57,394	(33,679)	23,715
Total			**453,792**	**(203,598)**	**250,194**

b) The movements of property, plant and equipment for the periods ended June 30, 2020 and December 31, 2019 are as follows:

	Buildings and land	Equipment	Other fixed assets	Total
	MCh$	MCh$	MCh$	MCh$
Balance as of January 1, 2020	**235,941**	**160,457**	**57,394**	**453,792**
Additions	3,510	13,588	7,904	**25,002**
Disposals	(4,321)	(4,864)	(1,005)	**(10,190)**
Transfers	-	223	(8,952)	**(8,729)**
Other	2,045	1,287	69	**3,401**
Impairment of property, plant and equipment and intangible assets	-	-	(142)	**(142)**
Gross balance as of June 30, 2020	**237,175**	**170,691**	**55,268**	**463,134**
Depreciation	(1,635)	(9,735)	(1,542)	**(12,912)**
Disposals	1,061	6,212	516	**7,789**
Transfer	124	-	-	**124**
Accumulated depreciation from previous years	(41,241)	(128,678)	(33,679)	**(203,598)**
Other	(346)	(480)	(74)	**(900)**
Impairment of property, plant and equipment and intangible assets	-	-	-	-
Total Accumulated Depreciation	**(42,037)**	**(132,681)**	**(34,779)**	**(209,497)**
Balance as of June 30, 2020	**195,138**	**38,010**	**20,489**	**253,637**

NOTE 14 - PROPERTY, PLANT AND EQUIPMENT, CONTINUED

	Buildings and land	Equipment	Other fixed assets	Total
	MCh$	MCh$	MCh$	MCh$
Balance as of January 1, 2019	**303,819**	**154,569**	**49,987**	**508,375**
Additions	8,491	12,417	12,735	**33,643**
Disposals	(17,474)	(7,390)	(584)	**(25,448)**
Transfers	(62,908)	-	(4,323)	**(67,231)**
Other	4,013	861	57	**4,931**
Impairment of property, plant and equipment and intangible assets	-	-	(478)	**(478)**
Gross balance as of December 31, 2019	**235,941**	**160,457**	**57,394**	**453,792**
Depreciation for the year	(4,823)	(17,259)	(3,588)	**(25,670)**
Disposals	806	4,922	1,831	**7,559**
Transfer	41,591	-	-	**41,591**
Accumulated depreciation from previous years	(78,583)	(116,245)	(32,311)	**(227,139)**
Other	(232)	(96)	389	**61**
Impairment of property, plant and equipment and intangible assets	-	-	-	-
Total Accumulated Depreciation	**(41,241)**	**(128,678)**	**(33,679)**	**(203,598)**
Balance as of December 31, 2019	**194,700**	**31,779**	**23,715**	**250,194**

c) As of June 30, 2020 and december 31,2019 the net impairment was MCh$142 and MCh$478, respectively, which impacts property, plant and equipment.

d) The detail of the right-of-use asset as of June 30, 2020 and December 31, 2019 is as follows:

	As of June 30, 2020				
Concept	**Total useful life**	**Remaining average useful life**	**Gross balance**	**Accumulated depreciation from previous years**	**Net balance**
			MCh$	**MCh$**	**MCh$**
Land and buildings	10	9	228,482	(29,239)	**199,243**
Leasehold improvements	10	7	77,534	(45,653)	**31,881**
Total			**306,016**	**(74,892)**	**231,124**

NOTE 14 - PROPERTY, PLANT AND EQUIPMENT, CONTINUED

	As of December 31, 2019				
Concept	**Total useful life**	**Remaining average useful life**	**Gross balance**	**Accumulated depreciation from previous years**	**Net balance**
			MCh$	**MCh$**	**MCh$**
Land and buildings	10	10	223,147	(19,094)	**204,053**
Leasehold improvements	10	9	70,296	(43,005)	**27,291**
Total			**293,443**	**(62,099)**	**231,344**

e) The changes in the right-of-use asset as of June 30, 2020 and December 31, 2019 are as follows:

	Buildings and land	**Leasehold improvements**	**Total**
	MCh$	**MCh$**	**MCh$**
Balance as of January 1, 2020	**223,147**	**70,296**	**293,443**
Additions	26,413	6,012	**32,425**
Disposals	(27,150)	(280)	**(27,430)**
Other	6,072	1,506	**7,578**
Impairment of property, plant and equipment and intangible assets	-	-	-
Gross balance as of June 30, 2020	**228,482**	**77,534**	**306,016**
Depreciation	**(12,110)**	**(1,594)**	**(13,704)**
Disposals	2,643	70	**2,713**
Other	(678)	(1,124)	**(1,802)**
Accumulated depreciation from previous years	(19,094)	(43,005)	**(62,099)**
Impairment of property, plant and equipment and intangible assets	-	-	-
Total Accumulated Depreciation	**(29,239)**	**(45,653)**	**(74,892)**
Balance as of June 30, 2020	**199,243**	**31,881**	**231,124**

NOTE 14 - PROPERTY, PLANT AND EQUIPMENT, CONTINUED

	Buildings and land	Leasehold improvements	Total
	MCh$	MCh$	MCh$
Balance as of January 1, 2019	**231,992**	**62,908**	**294,900**
Additions	70,190	8,588	**78,778**
Disposals	(85,622)	(1,878)	**(87,500)**
Other	6,587	678	**7,265**
Impairment of property, plant and equipment and intangible assets	-	-	**-**
Gross balance as of December 31, 2019	**223,147**	**70,296**	**293,443**
Depreciation for the year	(23,089)	(3,507)	**(26,596)**
Disposals	4,421	2,228	**6,649**
Other	(426)	(1,912)	**(2,338)**
Accumulated depreciation from previous years	-	(39,814)	**(39,814)**
Impairment of property, plant and equipment and intangible assets	-	-	**-**
Total Accumulated Depreciation	**(19,094)**	**(43,005)**	**(62,099)**
Net Balance as of December 31, 2019	**204,053**	**27,291**	**231,344**

f) As of June 30, 2020 and December 31, 2019, there is no evidence of impairment in right-of-use assets..

g) Lease liabilities as of June 30, 2020 and as of December 31, 2019:

	Analysis of maturity				
	Up to 1 year	Of 1 to 3 years	Of 1 to 5 years	More than 5 years	Total
	MCh$	MCh$	MCh$	MCh$	MCh$
As of June 30, 2020	21,135	45,146	47,217	88,985	**202,483**

	Analysis of maturity				
	Up to 1 year	Of 1 to 3 years	Of 1 to 5 years	More than 5 years	Total
	MCh$	MCh$	MCh$	MCh$	MCh$
As of December 31, 2019	21,176	43,363	45,648	96,189	**206,376**

NOTE 15 - CURRENT AND DEFERRED INCOME TAX

a) Current Income Tax

As of June 30, 2020 and December 31, 2019, the Bank has recognized a provision for the first category (corporate) Income Tax and the provision for the Single Tax of Article No. 21 of the Income Act, which were determined based on the current tax legal provisions. This resulted in an asset amounting to MCh$ 32,521 as of June 30, 2020 (asset of MCh$ 88,255 as of December 31, 2019). This provision is presented net of recoverable taxes, as detailed below:

	As of June 30	**As of December 31**
	2020	**2019**
	MCh$	**MCh$**
Income tax (tax rate of 27% for 2020 and 2019)	(69,250)	(84,560)
Prior year provision	(2,942)	(4,872)
40% Provision for Income Tax	(184)	(268)
Less:		
Monthly tax provisional payments	75,515	163,790
Credit for training expenses	21	2,000
Credit for acquisition of property, plan and equipment	124	125
Credit for donations	1,378	2,044
Income tax to be recovered	25,913	6,373
Other taxes and withholdings to be recovered	1,946	3,623
Total assets	**32,521**	**88,255**

The net current tax is presented below by economic entity as well as by geographical unit, in accordance with the provisions of IAS 12:

	As of June 30, 2020		
	Chile	**Florida**	**Total**
	MCh$	**MCh$**	**MCh$**
Current tax asset	36,208	-	36,208
Current tax liability	(507)	(3,180)	(3,687)
Total, net	**35,701**	**(3,180)**	**32,521**

	As of December 31, 2019		
	Chile	**Florida**	**Total**
	MCh$	**MCh$**	**MCh$**
Current tax asset	80,273	9,222	89,495
Current tax liability	(1,240)	-	(1,240)
Total, net	**79,033**	**9,222**	**88,255**

NOTE 15 - CURRENT AND DEFERRED INCOME TAX, CONTINUED

b) Income Tax Expense

The effect of the tax expense during the periods between January 1 and June 30, 2020 and 2019, consists of the following items:

	As of June 30,	
	2020	**2019**
	MCh$	**MCh$**
Income tax expense:		
Current tax for the year, net of tax credits	(69,250)	(24,091)
Surplus/Deficit of prior year	3,448	-
	(65,802)	**(24,091)**
Credit (charge) for deferred taxes:		
Origination and reversal of temporary differences	9,211	(18,774)
Subtotal	**(56,591)**	**(42,865)**
Art 21 tax (disallowed expenses)	(183)	(145)
Net charge to income from income tax	**(56,774)**	**(43,010)**

NOTE 15 - CURRENT AND DEFERRED INCOME TAX, CONTINUED

c) Reconciliation of nominal income tax rate with effective income tax rate

The following is the reconciliation of the nominal income tax rate with the effective income tax rate for the periods ended June 30, 2020 and 2019:

	As of June 30,			
	2020		2019	
	Tax rate	Amount	Tax rate	Amount
	%	MCh$	%	MCh$
Income berfore tax		215,884		274,460
Nominal tax rate	27.000	58,289	27.000	74,104
Effect of non-deducible expenses in calculation of taxable income :				
Price-level restatement BCI Financial Group (1)	11.75	25,359	(4.67)	(12,814)
Rate difference USA (2)	(3.57)	(7,714)	(1.67)	(4,571)
Prive-levek restatement of capital	(7.14)	(15,408)	(4.93)	(13,535)
Income tax (disallowed expenses)	0.09	183	0.053	145
Income tax from previous years	(1.43)	(3,085)	-	-
Other	(0.40)	(850)	(0.13)	(319)
Effective income tax rate and income tax expense	**26.30**	**56,774**	**15.65**	**43,010**

The effective income tax rate for the periods ended December 31, 2020 and 2019 was 26.30% and 15.65%, respectively.

(1) BCI's investment in the US, which is BCI Financial Group INC, is adjusted, with respect to tax purposes in Chile, for the variation in the exchange rate (between the Chilean peso and the US dollar), which subject to the first category (Chilean corporate) income tax. The impact of this adjustment as of June 2020 is a higher tax expense of MCh$25,359, while as of June 2019, this effect was a tax income of MCh$12,814.

(2) The statutory tax rate in Chile is 27%, while in the US the tax rate is 25.345%. Therefore, in regards to a portion of BCI's consolidated profit or loss (BCI Financial Group, Miami Branch, and BCI Securities) savings were made in taxes as a result of the tax rate difference between the two separate jurisdictions.

NOTE 15 - CURRENT AND DEFERRED INCOME TAX, CONTINUED

d) Deferred tax breakdown

The deferred tax recognized in shareholder's equity as of June 30, 2020 and December 31, 2019 is composed of the following:

	Accumulated		Effect for the period ended	
	As of June 30 2020	As of December 31 2019	As of June 30 2020	As of December 31 2019
	MCh$	MCh$	MCh$	MCh$
Financial Investments Available for Sale	(4,734)	(3,693)	(1,041)	(1,221)
Cash flow hedges	47,797	34,232	13,565	31,003
Effect of deferred tax in shareholder´s equity	**43,063**	**30,539**	**12,524**	**29,782**

e) Deferred tax breakdown

As of June 30, 2020 and as of December 31 2019, the Bank recognized in its consolidated financial statements deferred taxes according to IAS 12 as follows:

The effect of deferred tax is presented below by assets and liabilities:

	As of June 30, 2020			As of December 31, 2019		
	Assets	Liabilities	Net	Assets	Liabilities	Net
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Item:						
Allowances for loan losses	115,649	-	115,649	94,372	-	94,372
Provision for staff vacation & bonuses	48,320	-	48,320	48,486	-	48,486
Leasing operations (net)	-	(1,336)	(1,336)	-	(14,701)	(14,701)
Other	12,106	-	12,106	20,989	-	20,989
Subordinated bonds	8,382	-	8,382	-	-	-
Property, plant and equipment, net	-	(17,182)	(17,182)	-	(17,919)	(17,919)
Transitory assets	-	(28,529)	(28,529)	-	(36,246)	(36,246)
Derivative contract operation	-	(45,720)	(45,720)	-	(27,528)	(27,528)
Temporary differences related to Florida (*)	-	(31,022)	(31,022)	-	(18,492)	(18,492)
Total assets (liabilities) net	**184,457**	**(123,789)**	**60,668**	**163,847**	**(114,886)**	**48,961**
Effect of deferred tax recognized in equity	43,063	-	43,063	30,539	-	30,539
Total deferred tax assets and liabilities	**227,520**	**(123,789)**	**103,731**	**194,386**	**(114,886)**	**79,500**

NOTE 15 - CURRENT AND DEFERRED INCOME TAX, CONTINUED

(*) This deferred tax asset corresponds to those originated by the subsidiaries and the Branch of the Bank in the United States; It is mainly caused by the tax loss, some intangible assets and the provision for loan losses of the subsidiary BCI Financial Group, Inc. and Subsidiaries. The variation in deferred taxes arising from the conversion adjustment of deferred taxes of subsidiaries whose functional currency is the US dollar for MCh$ 31,024 (MCh$ 18,492 as of December 31, 2019), is part of the account "Accumulated adjustment for conversion difference" in equity.

The deferred tax is presented below by economic entity as well as by geographical unit, in accordance with the provisions of IAS 12:

	As of June 30, 2020		
	Chile	**Florida**	**Total**
	MCh$	**MCh$**	**MCh$**
Deferred tax asset	93,290	3,665	96,955
Deferred tax liability	(1,598)	(34,689)	(36,287)
Total, net	**91,692**	**(31,024)**	**60,668**
Effect of deferred tax recognized in equity	43,063	-	43,063
Total deferred income taxes, net	**134,755**	**(31,024)**	**103,731**

	As of December 31, 2019		
	Chile	**Florida**	**Total**
	MCh$	**MCh$**	**MCh$**
Deferred tax asset	68,711	4,079	72,790
Deferred tax liability	(1,262)	(22,567)	(23,829)
Total, net	**67,449**	**(18,488)**	**48,961**
Effect of deferred tax recognized in equity	30,539	-	30,539
Total deferred income taxes, net	**97,988**	**(18,488)**	**79,500**

NOTE 16 - OTHER ASSETS

a) As of June 30, 2020 and December 31, 2019, the composition of Other Assets is as follows:

	As of June 30 2020 MCh$	As of December 31 2019 MCh$
Assets acquired to transfer to leasing (a)	72,129	101,195
Repossessed or awarded assets:		
Repossessed assets	1,230	721
Assets awarded from judicial auctions	5,785	4,450
Provisions for repossessed or awarded assets (b)	(98)	-
Other assets:		
Cash deposits held as guarantee	719,255	574,302
Investment in gold	6,636	5,165
VAT	4,260	9,654
Prepaid expenses	48,088	45,720
Assets recovered from lease agreements held for sale (c)	24,406	21,522
Account receivable	120,187	113,054
Amounts to be recovered	56,256	58,547
Valuation adjustment for macro hedges	55,620	43,935
Cash surrender value of certain insurance contracts - National Bank of Florida (CNB) (d)	294,808	263,096
Other assets	88,855	63,736
FED and FHLB shares (e)	113,293	102,705
Total	**1,610,710**	**1,407,802**

(a) Corresponds to property, plant and equipment available to be used in finance leases.

(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) Corresponds to assets recovered from leasing and held for sale, principally real estate. These assets are held for sale, which is considered highly likely to occur. For most assets, it is expected that the sale will be completed within a 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) Corresponds to life insurance contracts for certain senior management of CNB, where CNB is the owner and beneficiary. These policies are known by their acronym in English, as BOLI (Bank Owned Life Insurance).

NOTE 16 - OTHER ASSETS, CONTINUED

(e) These are shares that BCI Financial Group, Inc, and subsidiaries holds on its balance sheet, related to equity securities of the Federal Reserve (FED) and Federal Home Bank Loans (FHBL) acquired by CNB in order to participate in the funding program, provided by these governmental agencies to the banks 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, as of June 30, 2020 and 2019, are as follows:

	Allowance
	MCh$
Balance as of January 1, 2020	**-**
Provisons established	359
Reversal of provisions	(457)
Balance as of June 30, 2020	**(98)**
Balance as of January 1, 2019	**66**
Provisons established	-
Reversal of provisions	(66)
Balance as of December 31, 2019	**-**

NOTE 17 – BORROWINGS FROM CUSTOMERS

As of June 30, 2020 and December 31 2019, the composition of borrowings from customers is as follows:

	As of June 30	As of December 31
	2020	2019
	MCh$	MCh$
Current accounts and demand deposits		
Checking accounts	15,847,595	12,879,341
Other deposits and accounts payable on demand	660,053	688,228
Other liabilities payable on demand	1,099,688	613,130
Total	**17,607,336**	**14,180,699**
Term deposits and savings accounts		
Terms deposits	14,479,331	13,323,286
Savings accounts	51,699	48,668
Other credit term balances	869	802
Total	**14,531,899**	**13,372,756**

NOTE 18 - BORROWINGS FROM FINANCIAL INSTITUTIONS

As of June 30, 2020 and December 31, 2019, the composition of borrowings from financial institutions is as follows:

	As of June 30	As of December 31
	2020	2019
	MCh$	MCh$
Loans received from financial institutions and Central Bank of Chile:		
Other liabilities to Central Bank of Chile	2,798,220	-
Subtotal	2,798,220	-
Loans received from domestic financial institutions:		
Interbank loans	1,213,177	1,507,348
Other liabilities to domestic financial institutions	123,749	303,865
Subtotal	1,336,926	1,811,213
Loans received from foreign financial institutions:		
Foreign trade financing	555,205	661,219
Loans and other liabilities to foreign financial institutions	1,030,469	1,009,829
Subtotal	1,585,674	1,671,048
Total	**5,720,820**	**3,482,261**

NOTE 19 - DEBT ISSUED AND OTHER FINANCIAL LIABILITIES

a) As of June 30, 2020 and December 31, 2019, the composition of Debt issued and Other financial liabilities is as follows:

	As of June 30	As of December 31
	2020	2019
	MCh$	MCh$
Debt issued:		
Letters of credit	7,051	9,629
Ordinary bonds	31,243	6,066,492
Subordinated bonds	1,524,253	940,621
Total	**1,562,547**	**7,016,742**
Other financial liabilities:		
Public bonds	8,088	13,781
Other domestic bonds	6,351,912	40,732
Foreign bonds	1,243,633	1,396,073
Total	**7,603,633**	**1,450,586**

NOTE 19 - DEBT ISSUED AND OTHER FINANCIAL LIABILITIES, CONTINUED

b) As of June 30, 2020 and December 31, 2019, the maturities of the ordinary and subordinated bonds are as follows:

	As of June 30, 2020		
	Long-term	**Short-term**	**Total**
	MCh$	**MCh$**	**MCh$**
By long and short term			
Ordinary bonds	6,300,762	51,150	6,351,912
Subordinated bonds	1,243,633	-	1,243,633
Total	**7,544,395**	**51,150**	**7,595,545**

	As of December 31, 2019		
	Long-term	**Short-term**	**Total**
	MCh$	**MCh$**	**MCh$**
By long and short term			
Ordinary bonds	5,949,892	116,600	6,066,492
Subordinated bonds	940,621	-	940,621
Total	**6,890,513**	**116,600**	**7,007,113**

c) Details of placements of ordinary and subordinated bonds as of June 30, 2020 are as follows:

ORDINARY BONDS DENOMINATED IN CHILEAN PESOS

Series	**Issued amount Ch$**	**Placed amount Ch$**	**Issuance Date**	**Issuance date**	**Average rate**	**Balance due Ch$**	**Balance due MCh$**
SERIES_AM	50,000,000,000	50,000,000,000	06/01/2016	06/01/2023	4.90%	49,023,958,709	49,024
SERIES_E	100,000,000,000	100,000,000,000	11/01/2017	11/01/2022	4.27%	100,061,795,766	100,062
SERIES_H	50,000,000,000	50,000,000,000	06/01/2018	06/01/2021	2.36%	51,150,366,153	51,150
Fair Value Adjustment						13,164,440,250	13,164
Subtotal	**200,000,000,000**	**200,000,000,000**				**213,400,560,878**	**213,400**

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	Placed amount UF	Issuance date	Maturity date	Average rate	Balance due UF	Balance due MCh$
SERIES_AE2	10,000,000	10,000,000	08/01/2011	08/01/2021	3.73%	9,991,020	286,707
SERIE_AF2	10,000,000	10,000,000	08/01/2012	08/01/2022	3.43%	9,945,460	285,399
SERIE_AI2	5,000,000	-	03/01/2014	03//01/2024	-	-	-
SERIES_AJ2	20,000,000	20,000,000	10//01/2014	10//01/2024	2.23%	19,906,009	571,231
SERIE_AL1	3,000,000	3,000,000	06/01/2016	06/01/2022	1.89%	3,040,794	87,260
SERIE_AL2	3,000,000	3,000,000	06/01/2016	06//01/2023	2.15%	3,036,586	87,139
SERIE_AL3	3,000,000	3,000,000	06/01/2016	06//01/2024	2.40%	3,018,549	86,622
SERIE_AL4	3,000,000	3,000,000	06/01/2016	06/01/2028	2.36%	3,038,688	87,199
SERIE_AL5	3,000,000	3,000,000	06/01/2016	06/01/2031	2.50%	3,009,832	86,371
SERIE_AN1	3,000,000	3,000,000	12/01/2016	12//01/2021	1.50%	3,025,177	86,812
SERIE_AN2	3,000,000	3,000,000	12/01/2016	12//01/2024	1.95%	3,011,956	86,432
SERIE_AN3	3,000,000	3,000,000	12/01/2016	12//01/2026	2.00%	3,006,247	86,269
SERIE_A1	3,000,000	3,000,000	04//01/2017	04//01/2022	1.72%	3,028,014	86,893
SERIE_A2	3,000,000	3,000,000	04//01/2017	04//01/2027	2.18%	2,983,094	85,604
SERIE_B1	3,000,000	3,000,000	05//01/2017	05//01/2022	1.50%	3,036,870	87,147
SERIES_B2	3,000,000	3,000,000	05//01/2017	05//01/2023	1.67%	3,037,371	87,162
SERIE_C1	3,000,000	3,000,000	07//01/2017	01//01/2022	2.24%	3,019,103	86,637
SERIE_C2	3,000,000	3,000,000	07//01/2017	07//01/2023	2.32%	3,003,379	86,186
SERIE_C3	3,000,000	3,000,000	07//01/2017	07//01/2025	2.28%	2,991,858	85,856
SERIE_C4	3,000,000	3,000,000	07//01/2017	07//01/2026	2.42%	2,961,867	84,995
SERIE_D1	3,000,000	3,000,000	11/01/2017	11//01/2023	1.84%	3,025,778	86,829
SERIE_D2	3,000,000	3,000,000	11/01/2017	11//01/2025	2.04%	3,005,008	86,233
SERIE_D3	3,000,000	3,000,000	11/01/2017	11//01/2028	2.34%	2,935,481	84,238
SERIE_D4	3,000,000	3,000,000	11/01/2017	11//01/2029	2.45%	2,900,868	83,245
SERIES_F1	3,000,000	3,000,000	04/01/2018	04//01/2022	1.46%	3,043,086	87,326
SERIE_F2	3,000,000	3,000,000	04/01/2018	04//01/2024	1.60%	3,058,759	87,775
SERIE_F3	3,000,000	3,000,000	04/01/2018	04//01/2025	2.00%	3,015,951	86,547
SERIE_F4	3,000,000	3,000,000	04/01/2018	04/01/2028	2.17%	2,980,678	85,535
SERIE_F5	3,000,000	3,000,000	04/01/2018	04/01/2029	2.36%	2,932,745	84,159
SERIES_G1	3,000,000	3,000,000	06/01/2018	06//01/2025	1.47%	3,080,463	88,398
SERIES_G2	3,000,000	3,000,000	06/01/2018	06//01/2026	1.09%	3,161,291	90,718
SERIE_G3	3,000,000	3,000,000	06/01/2018	06//01/2029	2.10%	2,982,809	85,596
SERIES_I1	3,000,000	3,000,000	02//01/2019	02//01/2028	0.70%	3,312,565	95,059
SERIES_I2	3,000,000	2,630,000	02//01/2019	02//01/2029	0.51%	2,980,189	85,521
SERIES_I3	3,000,000	3,000,000	02//01/2019	02//01/2030	1.19%	3,245,113	93,123
SERIES_K1	3,000,000	3,000,000	05/01/2019	05//01/2023	(0.03)%	3,182,587	91,329
SERIES_K4	3,000,000	3,000,000	05/01/2019	05//01/2029	0.45%	3,412,234	97,919
Fair Value Adjustment						2,185,132	62,701
Subtotal	**144,000,000**	**138,630,000**				**142,532,611**	**4,090,172**

ORDINARY BONDS DENOMINATED IN FOREIGN CURRENCY – US DOLLAR

Series	Issued amount USD	Place amount USD	Date placed	Maturity date	Average rate	Balance due USD	Balance due in MCh$
USP32133CG63	500,000,000	500,000,000	02/11/2013	02//11/2023	4.09%	505,751,547	415,323
XS1655597034	50,000,000	50,000,000	08//01/2017	08//01/2022	2.96%	50,378,447	41,371
XS1692845396	50,000,000	50,000,000	10//06/2017	10//06/2022	3.00%	50,128,453	41,165
US05890MAA18	500,000,000	500,000,000	10//12/2017	10//12/2027	3.65%	495,156,550	406,623
XS1703060829	50,000,000	50,000,000	10//19/2017	10//19/2022	2.72%	49,962,726	41,029
XS1702405702	40,000,000	40,000,000	10//20/2017	10//20/2022	2.67%	39,980,173	32,832
XS1879614755	50,000,000	50,000,000	09//13/2018	03//13/2024	3.85%	50,230,108	41,249
XS1888335194	100,000,000	100,000,000	10//04/2018	04//04/2024	4.02%	100,286,834	82,356
XS1895749593	45,000,000	45,000,000	10//19/2018	04//19/2024	4.03%	45,042,983	36,989
XS1919312626	25,000,000	25,000,000	12//07/2018	12//07/2023	1.83%	24,805,755	20,370
XS1984711355	10,000,000	10,000,000	04//23/2019	04//23/2024	2.15%	9,951,809	8,172
XS2012024696	50,000,000	50,000,000	06//14/2019	06//14/2029	3.32%	49,614,671	40,744
XS2024766276	50,000,000	50,000,000	07//10/2019	07//10/2029	3.21%	50,291,769	41,300
XS2047630970	10,000,000	10,000,000	08//28/2019	08//28/2024	1.49%	9,938,585	8,162
XS2085920416	20,000,000	20,000,000	12//02/2019	06/02/2025	1.48%	19,793,081	16,254
Fair Value Adjustment						62,650,243	51,448
Subtotal	**1,550,000,000**	**1,550,000,000 (*)**				**1,613,963,734**	**1,325,387**

(*) Balance due according to the effective interest rate, that is, once all origination costs of the placement of the bond have been excluded.. These costs will be amortized over the expected life of the financial instrument.

NOTE 19 - DEBT ISSUED AND OTHER FINANCIAL LIABILITIES, CONTINUED

ORDINARY BONDS DENOMINATED IN FOREIGN CURRENCY - EURO

Series	Issued amount EU	Placed amount EU	Issuance date	Maturity date	Average rate	Balance due EUR	Balance due in MCh$
XS1493734971	20,000,000	20,000,000	09//23/2016	09//23/2024	0.89%	19,981,384	18,461
Fair Value Adjustment						-	-
Subtotal	**20,000,000**	**20,000,000**				**19,981,384**	**18,461**

ORDINARY BONDS DENIMINATED IN FOREIGN CURRENCY-AUD

Series	Issued amount AUD	Placed amount AUD	Date placed	Maturity date	Average rate	Balance due AUD	Balance due in MCh$
XS1717587007	80,000,000	80,000,000	11/15/2017	11//15/2027	4.150%	79,625,329	45,092
XS1859545367	40,000,000	40,000,000	07/25/2018	07//25/2033	4.670%	41,353,432	23,418
XS1879612973	60,000,000	60,000,000	09//14/2018	09//14/2033	4.650%	61,565,117	34,864
XS1897619968	40,000,000	40,000,000	10//24/2018	10//24/2033	4.700%	40,524,612	22,949
XS2087687435	30,000,000	30,000,000	12//02/2019	12//03/2029	1.882%	29,705,836	16,822
Fair Value Adjustment						19,483,214	11,033
Subtotal	**250,000,000**	**250,000,000**				**272,257,540**	**154,178**

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

Series	Issued amount CHF	Placed amount CHF	Date placed	Maturity date	Average rate	Balance due CHF	Balance due in MCh$
XS1520623627	90,000,000	90,000,000	11//17/2016	11//17/2021	0.000%	89,741,570	77,878
CH0471298007	175,000,000	175,000,000	05//22/2019	11//22/2024	0.320%	174,408,091	151,352
CH0494734376	100,000,000	100,000,000	09//24/2019	09//24/2029	0.225%	99,142,824	86,036
CH0505011889	105,000,000	105,000,000	10//29/2019	10/29/2025	0.247%	103,930,884	90,191
CH0506071239	125,000,000	125,000,000	03//18/2020	09//18/2026	0.099%	123,409,630	107,095
Fair Value Adjustment						1	-
Subtotal	**595,000,000**	**595,000,000**				**590,633,000**	**512,552**

ORDINARY BONDS DENOMINATED IN FOREIGN CURRENCY - YEN

Series	Issued amount YEN	Placed amount YEN	Date placed	Maturity date	Average rate	Balance due YEN	Balance due in MCh$
XS1830985781	5,000,000,000	5,000,000,000	06/01/2018	12//01/2028	0.750%	4,958,027,313	37,762
Subtotal	**5,000,000,000**	**5,000,000,000**				**4,958,027,313**	**37,762**
Total ordinay bonds							**6,351,912**

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	Balance due UF	Balance due in MCh$
SERIES_F	1,200,000	1,200,000	05-01-1999	05-01-2024	7.73%	359,745	10,323
SERIES_G	400,000	400,000	05-01-1999	05-01-2025	7.92%	144,064	4,134
SERIES_L	1,200,000	1,200,000	10-01-2001	10-01-2026	6.39%	537,677	15,429
SERIES_M	1,800,000	1,800,000	10-01-2001	10-01-2027	6.43%	882,201	25,316
SERIES_N	1,500,000	1,500,000	06-01-2004	06-01-2029	5.25%	821,463	23,573
SERIES_O	1,500,000	1,500,000	06-01-2004	06-01-2030	3.93%	818,792	23,496
SERIES_R	1,500,000	1,500,000	06-01-2005	06-01-2038	4.72%	763,735	21,916
SERIES_S	2,000,000	2,000,000	12-01-2005	12-01-2030	4.86%	1,147,045	32,916
SERIES_T	2,000,000	2,000,000	12-01-2005	12-01-2031	4.52%	1,220,626	35,028
SERIES_U	2,000,000	2,000,000	06-01-2007	06-01-2032	4.19%	1,918,725	55,061
SERIES_Y	4,000,000	4,000,000	12-01-2007	12-01-2030	4.25%	2,591,600	74,370
SERIES_W	4,000,000	4,000,000	06-01-2008	06-01-2036	4.05%	2,125,200	60,986
SERIES_AC	6,000,000	6,000,000	03-01-2010	03-01-2040	3.96%	5,526,770	158,599
SERIES_AD 1	4,000,000	4,000,000	06-01-2010	06-01-2040	4.17%	3,571,621	102,493
SERIES_AD 2	3,000,000	3,000,000	06-01-2010	06-01-2042	4.14%	2,660,345	76,342
SERIES_AH	15,000,000	9,000,000	09-01-2013	09-01-2043	3.63%	7,912,252	227,052
SERIE_B1S	3,000,000	3,000,000	06-11-2020	12-01-2039	1.32%	3,355,097	96,278
SERIE_B2S	3,000,000	3,000,000	06-22-2020	12-01-2044	1.30%	3,445,239	98,865
SERIE_B3S	3,000,000	3,000,000	06-24-2020	12-01-2049	1.28%	3,535,381	101,456
Total subordinated bonds	**60,100,000**	**54,100,000**				**43,337,578**	**1,243,633**

TOTAL BONDS	**7,595,545**

NOTE 19 - DEBT ISSUED AND OTHER FINANCIAL LIABILITIES, CONTINUED

d) Details of placements of ordinary and subordinated bonds as of December 31, 2019 are as follows:

ORDINARY BONDS DENOMINATED IN CHILEAN PESOS

Series	Issued amount Ch$	Placed amount Ch$	Issuance Date	Issuance date	Average rate	Balance due Ch$	Balance due MCh$
SERIES_AM	50,000,000,000	50,000,000,000	06/01/2016	06//01/2023	4.90%	48,848,689,620	48,849
SERIES_E	100,000,000,000	100,000,000,000	11/01/2017	11//01/2022	4.27%	100,048,949,818	87,253
SERIES_H	50,000,000,000	50,000,000,000	06/01/2018	06/01/2021	2.36%	51,673,482,420	51,673
Fair Value Adjustment						9,039,538,051	9,040
Subtotal	**200,000,000,000**	**200,000,000,000**				**209,610,659,909**	**196,815**

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	Balance due UF	Balance due MCh$
SERIES_AE2	10,000,000	10,000,000	08/01/2011	08//01/2021	3.73%	9,939,440	281,385
SERIE_AF2	10,000,000	10,000,000	08/01/2012	08/01/2022	3.43%	9,908,962	280,522
SERIE_AI2	5,000,000	-	03/01/2014	03//01/2024	-	-	-
SERIE_AJ2	20,000,000	20,000,000	10/01/2014	10//01/2024	2.23%	19,884,901	562,940
SERIE_AL1	3,000,000	3,000,000	06/01/2016	06/01/2022	1.89%	3,049,718	86,337
SERIE_AL2	3,000,000	3,000,000	06/01/2016	06/01/2023	2.15%	3,041,602	86,108
SERIE_AL3	3,000,000	3,000,000	06/01/2016	06/01/2024	2.40%	3,020,257	85,503
SERIE_AL4	3,000,000	3,000,000	06/01/2016	06/01/2028	2.36%	3,040,699	86,082
SERIE_AL5	3,000,000	3,000,000	06/01/2016	06/01/2031	2.50%	3,010,338	85,222
SERIE_AN1	3,000,000	3,000,000	12/01/2016	12/01/2021	1.50%	3,032,253	85,843
SERIE_AN2	3,000,000	3,000,000	12/01/2016	12//01/2024	1.95%	3,013,021	85,298
SERIE_AN3	3,000,000	3,000,000	12/01/2016	12//01/2026	2.00%	3,006,411	85,111
SERIE_A1	3,000,000	3,000,000	04//01/2017	04//01/2022	1.72%	3,031,797	85,830
SERIE_A2	3,000,000	3,000,000	04//01/2017	04//01/2027	2.18%	2,980,845	84,388
SERIE_B1	3,000,000	3,000,000	05//01/2017	05//01/2022	1.50%	3,044,084	86,178
SERIES_B2	3,000,000	3,000,000	05//01/2017	05//01/2023	1.67%	3,042,359	86,129
SERIE_C1	3,000,000	3,000,000	07//01/2017	01//01/2022	2.24%	3,015,795	85,377
SERIE_C2	3,000,000	3,000,000	07//01/2017	07//01/2023	2.32%	2,999,161	84,906
SERIE_C3	3,000,000	3,000,000	07//01/2017	07//01/2025	2.28%	2,988,548	84,606
SERIE_C4	3,000,000	3,000,000	07//01/2017	07//01/2026	2.42%	2,957,039	83,714
SERIE_D1	3,000,000	3,000,000	11/01/2017	11//01/2023	1.84%	3,028,186	85,728
SERIE_D2	3,000,000	3,000,000	11/01/2017	11//01/2025	2.04%	3,004,707	85,063
SERIE_D3	3,000,000	3,000,000	11/01/2017	11//01/2028	2.34%	2,931,568	82,993
SERIE_D4	3,000,000	3,000,000	11/01/2017	11//01/2029	2.45%	2,895,751	81,979
SERIES_F1	3,000,000	3,000,000	04/01/2018	04//01/2022	1.46%	3,051,090	86,376
SERIE_F2	3,000,000	3,000,000	04/01/2018	04//01/2024	1.60%	3,064,654	86,760
SERIE_F3	3,000,000	3,000,000	04/01/2018	04//01/2025	2.00%	3,016,116	85,386
SERIE_F4	3,000,000	3,000,000	04/01/2018	04/01/2028	2.17%	2,978,730	84,328
SERIE_F5	3,000,000	3,000,000	04/01/2018	04/01/2029	2.36%	2,928,684	82,911
SERIES_G1	3,000,000	3,000,000	06/01/2018	06/01/2025	1.47%	3,088,143	87,425
SERIES_G2	3,000,000	3,000,000	06/01/2018	06/01/2026	1.09%	3,174,084	89,858
SERIE_G3	3,000,000	3,000,000	06/01/2018	06/01/2029	2.10%	2,981,770	84,414
SERIES_I1	3,000,000	3,000,000	02//01/2019	02//01/2028	0.70%	3,331,076	94,303
SERIES_I2	3,000,000	2,630,000	02//01/2019	02//01/2029	0.34%	2,998,930	84,900
SERIES_I3	3,000,000	3,000,000	02//01/2019	02//01/2030	1.19%	3,256,054	92,179
SERIES_K1	3,000,000	3,000,000	05/01/2019	05//01/2023	-0.03%	3,212,986	90,959
SERIES_K4	3,000,000	3,000,000	05/01/2019	05/01/2029	0.45%	3,434,507	97,231
Fair Value Adjustment						1,763,062	49,911
Subtotal	**144,000,000**	**138,630,000**				**142,147,328**	**4,024,183**

NOTE 19 - DEBT ISSUED AND OTHER FINANCIAL LIABILITIES, CONTINUED

ORDINARY BONDS DENOMINATED IN FOREIGN CURRENCY – US DOLLAR

Series	Issued amount USD	Place amount USD	Date placed	Maturity date	Average rate	Balance due USD	Balance due in MCh$
USP32133CG63	500,000,000	500,000,000	02/11/2013	02/11/2023	4.09%	505,402,346	380,002
XS1655597034	50,000,000	50,000,000	08//01/2017	08/01/2022	2.96%	50,310,986	37,828
XS1692845396	50,000,000	50,000,000	10//06/2017	10//06/2022	3.00%	50,067,753	37,645
US05890MAA18	500,000,000	500,000,000	10//12/2017	10//12/2027	3.65%	494,418,187	371,743
XS1703060829	50,000,000	50,000,000	10//19/2017	10//19/2022	3.50%	49,973,288	37,574
XS1702405702	40,000,000	40,000,000	10//20/2017	10//20/2022	3.46%	39,991,727	30,069
XS1879614755	50,000,000	50,000,000	09//13/2018	03//13/2024	3.85%	50,165,549	37,718
XS1888335194	100,000,000	100,000,000	10//04/2018	04//04/2024	4.02%	100,161,411	75,309
XS1895749593	45,000,000	45,000,000	10//19/2018	04//19/2024	4.03%	44,984,945	33,823
XS1919312626	25,000,000	25,000,000	12//07/2018	12//07/2023	3.44%	24,786,686	18,637
XS1984711355	10,000,000	10,000,000	04//23/2019	04//23/2024	3.47%	9,953,026	7,483
XS2012024696	50,000,000	50,000,000	06//14/2019	06//14/2029	3.32%	49,564,040	37,266
XS2024766276	50,000,000	50,000,000	07//10/2019	07//10/2029	3.21%	50,240,547	37,775
XS2047630970	10,000,000	10,000,000	08//28/2019	08//28/2024	3.02%	9,937,201	7,472
XS2085920416	20,000,000	20,000,000	12//02/2019	06/02/2025	2.91%	19,781,629	14,873
Fair Value Adjustment						16,990,602	12,775
Subtotal	**1,550,000,000**	**1,550,000,000 (*)**				**1,566,729,923**	**1,177,992**

(*) Balance due according to the effective interest rate, that is, once all origination costs of the placement of the bond have been excluded.. These costs will be amortized over the expected life of the financial instrument.

ORDINARY BONDS DENOMINATED IN FOREIGN CURRENCY - EURO

Series	Issued amount EU	Placed amount EU	Date placed	Maturity date	Average rate	Balance due EUR	Balance due in MCh$
XS1493734971	20,000,000	20,000,000	09//23/2016	09//23/2024	0.89%	19,871,818	16,758
Fair Value Adjustment						-	-
Subtotal	**20,000,000**	**20,000,000**				**19,871,818**	**16,758**

ORDINARY BONDS DENIMINATED IN FOREIGN CURRENCY-AUD

Series	Issued amount AUD	Placed amount AUD	Date placed	Maturity date	Average rate	Balance due AUD	Balance due in MCh$
XS1717587007	80,000,000	80,000,000	11/15/2017	11/15/2027	4.15%	79,548,667	41,880
XS1859545367	40,000,000	40,000,000	07/25/2018	07/25/2033	4.67%	40,391,009	21,265
XS1879612973	60,000,000	60,000,000	09//14/2018	09//14/2033	4.65%	60,125,863	31,654
XS1897619968	40,000,000	40,000,000	10//24/2018	10//24/2033	4.70%	39,545,722	20,819
XS2087687435	30,000,000	30,000,000	12//02/2019	12//03/2029	2.635%	29,691,341	15,631
Fair Value Adjustment						13,784,980	7,257
Subtotal	**250,000,000**	**250,000,000**				**263,087,582**	**138,506**

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

Series	Issued amount CHF	Placed amount CHF	Date placed	Maturity date	Average rate	Balance due CHF	Balance due in MCh$
CH0278875965	150,000,000	150,000,000	06/17/2015	06//17/2020	0.150%	150,146,243	116,600
XS1520623627	90,000,000	90,000,000	11//17/2016	11/17/2021	0.000%	89,623,146	69,599
CH0471298007	175,000,000	175,000,000	05/22/2019	11//22/2024	0.320%	173,821,818	134,986
CH0494734376	100,000,000	100,000,000	09//24/2019	09//24/2029	0.225%	98,873,736	76,783
CH0505011889	105,000,000	105,000,000	10/29/2019	10/29/2025	0.247%	103,591,916	80,447
Fair Value Adjustment						(498,555)	(387)
Subtotal	**620,000,000**	**620,000,000**				**615,558,304**	**478,028**

ORDINARY BONDS DENOMINATED IN FOREIGN CURRENCY - YEN

Series	Issued amount YEN	Placed amount YEN	Date placed	Maturity date	Average rate	Balance due YEN	Balance due in MCh$
XS1830985781	5,000,000,000	5,000,000,000	06/01/2018	12/01/2028	0.750%	4,952,631,128	34,210
Subtotal	**5,000,000,000**	**5,000,000,000**				**4,952,631,128**	**34,210**
Total ordinay bonds							**6,066,492**

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	Balance due UF	Balance due in MCh$
SERIES_F	1,200,000	1,200,000	05/01/1999	05//01/2024	7.73%	397,723	11,260
SERIES_G	400,000	400,000	05/01/1999	05/01/2025	7.92%	155,693	4,408
SERIES_L	1,200,000	1,200,000	10//01/2001	10//01/2026	6.39%	570,790	16,159
SERIES_M	1,800,000	1,800,000	10//01/2001	10//01/2027	6.43%	927,715	26,264
SERIES_N	1,500,000	1,500,000	06//01/2004	06/01/2029	5.25%	856,969	24,261
SERIES_O	1,500,000	1,500,000	06//01/2004	06//01/2030	3.93%	852,073	24,122
SERIES_R	1,500,000	1,500,000	06//01/2005	06//01/2038	4.72%	769,041	21,772
SERIES_S	2,000,000	2,000,000	12//01/2005	12//01/2030	4.86%	1,188,785	33,654
SERIES_T	2,000,000	2,000,000	12//01/2005	12//01/2031	4.52%	1,261,031	35,700
SERIES_U	2,000,000	2,000,000	06//01/2007	06//01/2032	4.19%	1,914,008	54,185
SERIES_Y	4,000,000	4,000,000	12//01/2007	12//01/2030	4.25%	2,538,400	71,862
SERIES_W	4,000,000	4,000,000	06//01/2008	06//01/2036	4.05%	2,083,200	58,975
SERIES_AC	6,000,000	6,000,000	03//01/2010	03//01/2040	3.96%	5,611,469	158,860
SERIES_AD 1	4,000,000	4,000,000	06/01/2010	06//01/2040	4.17%	3,625,537	102,639
SERIES_AD 2	3,000,000	3,000,000	06/01/2010	06/01/2042	4.14%	2,701,469	76,478
SERIES_AH	15,000,000	9,000,000	09/01/2013	09//01/2043	3.63%	7,771,909	220,022
Total subordinated bonds	**51,100,000**	**45,100,000**				**33,225,812**	**940,621**
TOTAL BONDS							**7,007,113**

NOTE 20 -PROVISIONS

a) As of June 30, 2020 and as of December 31, 2019, the breakdown of the balance of this item is as follows:

	As of June 30 2020 MCh$	As of December 31 2019 MCh$
Provisions for staff benefits and remuneration	75,560	98,100
Provisions for minimum dividends	47,721	120,794
Provisions for credit commitments	49,826	42,669
Provisions for contingencies (*)	94,838	44,460
Reversal of provisions for country risk	3,651	3,017
Total	**271,596**	**309,040**

(*) Provisions for contingencies as of June 30, 2020 include additional provisions for MCh$69,621 (MCh$16,692 as of December 31, 2019), recognized according to CMF instructions and approved by the Board of Directors of the Bank (see Note 1, ab, i and Note 11 c).

Additionally provisions for contingencies include a provision to comply with the minimum of 0.50% required by the FMC for the normal portfolio of individuals for the amount of MCh$441 as of June 30, 2020 (MCh$10,708 as of December 31, 2019) (see Note 1, ab, ii and Note 11c).

NOTE 20 –PROVISIONS, CONTINUED

b) Provisions for staff benefits and remunerations

	As of June 30	As of December 31
	2020	**2019**
	MCh$	**MCh$**
Provisions for staff benefits	61,764	84,056
Provisions for vacations	13,796	14,044
Total	**75,560**	**98,100**

The provisions for 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 June 30, 2020 and as of December 31 2019 is as follows:

	As of June 30	As of December 31
	2020	**2019**
	MCh$	**MCh$**
Provisions for credit commitments		
Endorsements and performance bonds	5,742	1,436
Confirmed foreign letters of credit	4	1
Issued documentary letters of credit	502	505
Guarantees	10,243	8,515
Available credit lines	31,761	30,293
Other credit commitments	1,574	1,919
Total	**49,826**	**42,669**

d) Movements of provisions for the period ended March 31, 2020 and the year 2019 are as follow:

	Provisions for					
	Staff benefits and remuneration	**Minimum dividends**	**Risk of Credit Commitments**	**Contingencies**	**Country risk**	**Total**
	MCh$	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**
As of January 1, 2020	**98,100**	**120,794**	**42,669**	**44,460**	**3,017**	**309,040**
Allowances established	15,002	47,721	9,648	60,812	627	**133,810**
Provisions released	(82,394)	(120,794)	(2,483)	(19,102)	(207)	**(224,980)**
Exchange differences	44,852	-	(8)	8,668	214	**53,726**
As of June 30, 2020	**75,560**	**47,721**	**49,826**	**94,838**	**3,651**	**271,596**
As of January 1, 2019	**85,483**	**118,738**	**29,643**	**97,882**	**2,547**	**334,293**
Allowances established	25,373	120,794	13,066	4,162	409	**163,804**
Provisions released	(54,801)	(118,738)	(595)	(65,241)	(154)	**(239,529)**
Exchange differences	42,045	-	555	7,657	215	**50,472**
As of December 31, 2019	**98,100**	**120,794**	**42,669**	**44,460**	**3,017**	**309,040**

NOTE 21 - OTHER LIABILITIES

As of June 30, 2020 and December 31, 2019, the composition of other liabilities is the following:

	As of June 30 2020 MCh$	As of December 31 2019 MCh$
Account payables and notes payable	377,138	300,185
Unearned income	19,429	21,249
Sundry creditors	849,119	625,402
Other liabilities	48,409	31,003
Total	**1,294,095**	**977,839**

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 June 30 2020	As of December 31 2019
CONTINGENT RECEIVABLES	**MCh$**	**MCh$**
Collateral and guarantees:		
Collateral and guarantees in foreign currency	262,958	197,667
Confirmed foreign letters of credit	8,748	3,814
Issued documentary letters of credit	317,258	257,876
Performance bonds:		
Performance bonds in Chilean currency	1,286,779	1,117,076
Performance bonds in foreign currency	647,115	594,022
Amount available for credit cards users	7,853,863	7,313,998
Other credit commitments:		
Higher education loans in accordance with Law No. 20,027	6,130	7,323
Other	355,304	419,278
THIRD PARTY OPERATIONS		
Collections:		
Foreign collections	33,880	30,865
Domestic collections	194,315	185,723
CUSTODY OF SECURITIES		
Securities in custody with the bank	64,034	55,908
Total	**11,030,384**	**10,183,550**

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 line of businesses and, based on facts related to the defenses presented, it is the opinion of Management and their internal legal advisers, that no additional liabilities or updated estimates for those already recognized by the Bank and its subsidiaries in its financial statements are required.

c) Operating guarantees granted:

- Direct commitments

  As of June 30, 2020 and December 31, 2019 the Bank has no such types of guarantees.

- Operating guarantees

BCI Corredor de Bolsa S.A.

As of June 30, 2020 BCI Corredor de Bolsa S.A., the subsidiary of the Bank, has made a deposit to guarantee compliance with the commitments for simultaneous operations on the Santiago Stock Exchange for MCh$62,339 (MCh$73,478 as of December 31, 2019).

As of June 30, 2020 BCI Corredor de Bolsa S.A., the subsidiary of the Bank, made a deposit to guarantee compliance with the proper performance of operations in the CCLV settlement system of the Santiago Stock Exchange for MCh$9,200 (MCh$12,093 as of December 31, 2019).

As of June 30, 2020, BCI Corredor de Bolsa S.A., the subsidiary of the Bank, made a deposit to guarantee compliance with the proper performance of operations in the CCLV settlement system in financial derivatives of the Santiago Stock Exchange for MCh$295 (MCh$295 as of December 31, 2019).

As of June 30, 2020, BCI Corredor de Bolsa S.A., the subsidiary of the Bank, made a foreign deposit to guarantee compliance with the international market operations for MCh$41 (MCh$37 as of December 31, 2019).

As of June 30, 2020, BCI Corredor de Bolsa S.A., the subsidiary of the Bank, made a deposit to guarantee compliance with the lending commitments and short selling of shares on the Electronic Stock Exchange of Chile for MCh$301 (MCh$297 as of December 31, 2019).

NOTE 22 - CONTINGENCIES AND COMMITMENTS, CONTINUED

As of June 30, 2020, 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, 2019 No. 330-14-00004975 and is valid until August 19, 2020. The insurer is the Compañía de Seguros de Mapfre Garantía y Crédito, and Santiago Stock Exchange is the representative of potential beneficiaries.

- Insurance for employee loyalty

BCI Corredor de Bolsa S.A.

As of June 30, 2020, it had contracted insurance policy signed with Southbridge Compañía de Seguros Generales SA., which covers Banco de Credito e Inversiones and its subsidiaries up to UF500,000, whose effective date is from May 31, 2019 to November 30, 2020.

BCI Corredores de Seguros S.A.

As of June 30, 2020, the following insurance policies have been contracted to comply with the provisions of letter d) of Article No. 58 of Decree Law No. 251 of 1931, in order to respond to the correct and full compliance with all obligations arising from its activity:

- Guarantee Policy for Insurance Brokers No. 01-23-15196 for an insured amount of UF500 contracted with Aseguradora Porvenir S.A., whose term is from April 15, 2020 to April 14, 2021, establishing the right of the insurance company to collect from the broker all the sums disbursed by the insurance company to third parties affected by the broker's deficient intermediation in excess of the insured amounts.

- Professional Civil Liability Policy for Insurance Brokers No. 01-53-14278 for an insured amount of UF60,000 contracted with Aseguradora Porvenir S.A., whose term is from April 15, 2020 to April 14, 2021, for the purpose of safeguarding the broker in the event of possible claims by third parties, with the insurance company having the right to ask the broker to reimburse the amount paid to the third party claimant.

BCI Factoring S.A.

As of June 30, 2020, BCI Factoring S.A., the subsidiary of the Bank, has approved guarantee lines for operators with Factor Chain International for MCh$163 (MCh$491 as of December 31, 2019), equivalent to US$200,000.00 (US$660,000.00 as of December 31, 2019) of which MCh$24 (MCh$29 as of December 31, 2019) have been used, equivalent to US$29,108 (US$39,070.30 as of December 31, 2019).

NOTE 22 - CONTINGENCIES AND COMMITMENTS, CONTINUED

BCI Corredores de Bolsa de Productos S.A.

As of June 30, 2020, it has a Bank guarantee No. 529972 taken with Banco de Crédito e Inversiones, for UF6,000, in favor of Bolsa de Productos Agropecuarios S.A., to guarantee compliance with the Company's obligations as an intermediary of products in accordance with article 11 of Act 19,220. The possibility of payment of this bond is covered by a "contract to open a line of credit to cover possible guarantee payments issued in Chilean pesos or foreign currency," which is held by the financial institution with due date on May 3, 2022.

As of June 30, 2020, it has a Bank guarantee Nº529973 taken with Banco de Credito e Inversiones, for UF2,000, in favor of Bolsa de Productos Agropecuarios SA, to guarantee the fulfillment of all its obligations as a stock exchange broker in connection with operations invoiced to the Company. The possibility of payment of this bond is covered by a "contract to open a line of credit to cover possible guarantee payments issued in Chilean pesos or foreign currency," which is held by the financial institution with due date on May 3, 2022.

BCI Asset Management Administradora General de Fondos S.A

Collaterals established in articles 12, 13 and 14 of the Single Act on Funds No. 20,712.

As of June 30, 2020, there are policies securing all funds and portfolio administration, which amount to MCh$ 78,425.

Funds	Type of collateral	Amount MCh$	Amount paid UF
Funds	Gurantees in UF	68,283	2,379,488.06
Portfolio administration	Gurantees in UF	10,142	353,426.67
	Total	**78,425**	**2,732,914.73**

The foregoing is in accordance with the provisions of article 226 of Act No. 18,045 on the Stock Market and the provisions in NCG No. 18,045 of the Stock Market and the provisions in NCG No. 125 of 2001, which stipulate that General Fund Administrators must permanently maintain a guarantee for each managed fund, which should always be equivalent to UF 10,000 or 1% of the average assets of the corresponding calendar year prior to the date of calculation.

Also, in order to comply with the requirements of Title IV of Circular 1,790, mutual funds defined as structured and secured must at all times have a collateral provided by a third party other than the administrator company.

To ensure compliance with these standards, BCI Asset Management Administradora General de Fondos S.A. maintains deposits with BCI Bank.

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 statements of financial position, 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 June 30	As of December 31
	2020	**2019**
	MCh$	**MCh$**
Endorsements and performance bonds	262,958	197,667
Documentary letters of credit	317,258	257,876
Guarantees	1,933,894	1,711,098
Amount available for credit cards users	7,853,863	7,313,998
Provisions (Note 20)	(49,826)	(42,669)
Total	**10,318,147**	**9,437,970**

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

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

	As of June 30	As of December 31
	2020	**2019**
	MCh$	**MCh$**
Documents in collection	228,195	216,588
Custody of assets	64,034	55,908
Total	**292,229**	**272,496**

NOTE 23 – SHAREHOLDER´S EQUITY

a) Issued capital and shares

Movements of common shares during the periods ended June 30, 2020 and December 31,2019 are as follows:

	As of June 30	As of December 31
	2020	**2019**
	No.	**No.**
Issued as of January 1	**141,616,409**	**135,892,980**
Non-payment shares	-	5,723,429
Shares subscribed and paid for capital increase	**-**	**-**
Total issued	**141,616,409**	**141,616,409**

NOTE 23 –SHAREHOLDER´S EQUITY, CONTINUED

As of June 30, 2020 and December 31, 2019, the distribution of shareholders is as follows:

As of June 30, 2020	**Shares**	
	No. of shares	**Ownership %**
Empresas Juan Yarur S.P.A.	78,397,880	55.36%
Jorge Yarur Bascuñán	4,680,554	3.31%
Banco de Chile on behalf of non-resident third parties	4,391,870	3.10%
Banco Santander on behalf of foreign investors	3,767,502	2.66%
AFP Habitat S.A.	3,395,940	2.40%
BCI Corredor de Bolsa S.A. on behalf of third parties.	3,334,533	2.35%
Banco Itaú Corpbanca on behalf of investors	3,253,369	2.30%
AFP Provida S.A	2,956,095	2.09%
AFP Capital S.A.	2,571,113	1.82%
AFP Cuprum S.A.	2,523,273	1.78%
Inversiones Cerro Sombrero Financiero S.P.A.	2,409,587	1.70%
Imsa Financiera S.P.A.	2,113,723	1.49%
Larraín Vial S.A. Corredora de Bolsa	1,929,272	1.36%
Banchile Corredores de Bolsa S.A.	1,838,179	1.30%
Inversiones Tarascona Corporation Agencia en Chile	1,720,445	1.21%
Inversiones VYR S.P.A.	1,614,267	1.14%
Inversiones Nueva Altamira S.P.A	1,413,424	1.00%
Luis Enrique Yarur Rey	1,400,648	0.99%
AFP Modelo S.A.	1,114,962	0.79%
Inversiones Meyar S.A.C.	1,051,766	0.74%
Empresas JY S.A.	778,964	0.55%
AFP Planvital S.A.	712,776	0.50%
BTG Pactual Chile S.A. Corredores de Bolsa	694,096	0.49%
Inversiones Colibrí Financiera S.A.	661,332	0.47%
Bolsa de comercio de Santiago Bolsa de Valores	648,047	0.46%
Other shareholders	12,242,792	8.64%
Subscribed and paid-in shares	**141,616,409**	**100.00%**

NOTE 23 –SHAREHOLDER´S EQUITY, CONTINUED

As of December 31, 2019	**Shares**	
	No. of shares	**Ownership %**
Empresas Juan Yarur S.P.A.	78,397,880	55.36%
Jorge Yarur Bascuñán	4,680,554	3.31%
Banco de Chile on behalf of non-resident third parties	4,607,976	3.25%
Banco Santander on behalf of foreign investors	3,745,192	2.64%
Banco Itaú Corpbanca on behalf of investors	3,615,211	2.55%
AFP Habitat S.A.	3,381,940	2.39%
BCI Corredor de Bolsa S.A. on behalf of third parties.	3,320,312	2.34%
AFP Provida S.A	3,077,355	2.17%
AFP Cuprum S.A.	2,765,661	1.95%
Inversiones Cerro Sombrero Financiero S.P.A.	2,409,587	1.70%
AFP Capital S.A.	2,371,780	1.67%
Imsa Financiera S.P.A.	2,113,723	1.49%
Larraín Vial S.A. Corredora de Bolsa	1,871,306	1.32%
Inversiones Tarascona Corporation Agencia en Chile	1,720,445	1.21%
Inversiones VYR S.P.A.	1,614,267	1.14%
Banchile Corredores de Bolsa S.A.	1,497,910	1.06%
Inversiones Nueva Altamira S.P.A	1,413,424	1.00%
Luis Enrique Yarur Rey	1,400,648	0.99%
AFP Modelo S.A.	1,115,399	0.79%
Inversiones Meyar S.A.C.	1,051,766	0.74%
Empresas JY S.A.	778,964	0.55%
Inversiones Colibrí Financiera S.A.	661,332	0.47%
Compañía de Seguros de Vida Consorcio Nacional de Seguros S.A.	610,139	0.43%
Nueva Chosica Uno S.P.A.	574,604	0.41%
AFP Planvital S.A.	571,372	0.40%
Other shareholders	12,247,662	8.67%
Subscribed and paid-in shares	**141,616,409**	**100.00%**

b) Dividends

During the the period ended June 30, 2020 and 2019, the following dividends were declared by the Bank:

	As of June 30,	
	2020	**2019**
	Ch$	**Ch$**
$ per ordinary share	1,000	1,000

The provision for minimum dividends as of June 30, 2020 amounts to MCh$47,721 (MCh$120,794 as of December 31, 2019).

NOTE 23 –SHAREHOLDER´S EQUITY, CONTINUED

c) June 30, 2020 and 2019 the composition of basic and diluted earnings per share is as follows:

	As of June 30,	
	2020	**2019**
Net income for the year attributable to the equity holders of the Bank	159,071	231,402
Income available for shareholders MCh$	**159,071**	**231,402**
Weighted average number of shares	141,616,409	135,892,980
Basic and diluted earnings per share (Ch$/Share)	**1,123**	**1,703**

d) Net exchange differences

As of June 30, 2020 and December 31 2019, the reconciliation of the cumulative translation adjustment reserve as a separate component of shareholders' equity is as follows:

	Net exchange differences
	MCh$
As of January 1, 2019	**74,712**
Net Exchange rate charges for subsidiaries in Florida	100,778
As of December 31, 2019	**175,490**
As of January 1, 2020	**175,490**
Net Exchange rate charges for subsidiaries in Florida	125,884
As of June 30, 2020	**301,374**

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

	Investment revaluation reserve	**Cash flow hedge reserve**
	MCh$	**MCh$**
Accumulated other comprehensive income 2018	**(18,060)**	**(11,963)**
Transferred to statements of income 2019	3	873
Mark to market adjustment	53,536	(115,699)
Accumulated other comprehensive income 2019	**35,479**	**(126,789)**
Transferred to statements of income 2020	2,048	424
Mark to market adjustment	2,735	(50,665)
Accumulated other comprehensive income 2020	**40,262**	**(177,030)**

NOTE 23 –SHAREHOLDER´S 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.

- Fair value reserves:

The fair value reserve includes the accumulated net changes in the market value of the investments available for sale. When the investment (all or part) is sold or disposed of, these reserves are recognized in the Interim Consolidated Income Statement as part of the loss or gain related to investments (Note 1, section t, indicates the accounting treatment in case of impairment).

f) Capital requirements

The regulatory capital as of June 30, 2020 is defined as equivalent to the net amount that should be shown in the interim consolidated financial statements as calculated as explained below, 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) deductions for all goodwill and share premium, and d) deductions for 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.

NOTE 23 –SHAREHOLDER´S EQUITY, CONTINUED

All over the counter ("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") that complies with Chapter 12-1 of the Updated Compilation of Standards issued by the FMC. Contingent credits, recognized off the Interim Consolidated Statements of Financial Position, are also considered as a "credit equivalent" for purposes of risk exposure.

The regulatory and basic capital for the period ended June 30, 2020 and year 2019 are the following:

	Consolidated assets		Risk- weighted assets	
	As of June 30	As of December 31	As of June 30	As of December 31
	2020	2019	2020	2019
	MCh$	MCh$	MCh$	MCh$
Assets of Interim Consolidated Statements of Financial Position (net of provisions)				
Cash and deposits in banks	4,201,926	3,153,760	-	-
Items in course of collection	480,603	310,602	146,711	68,513
Trading portfolio financial assets	1,828,682	2,212,257	341,979	327,394
Liabilities under agreements to repurchase	192,617	196,015	192,617	196,015
Derivative financial liabilities	6,889,459	4,261,289	1,092,599	1,048,861
Credit equivalent	(5,610,824)	(2,742,133)		-
Loans and receivables from banks, net	493,109	457,640	493,109	457,640
Loans and receivables to customers, net	37,619,372	33,212,457	32,690,885	29,797,865
Financial investments available for sale	6,432,201	4,011,029	1,499,824	1,241,168
Financial investments held to maturity	29,010	7,369	11,818	6,767
Investments in other companies	28,132	27,823	28,132	27,823
Intangible assets	406,449	404,215	251,052	259,706
Property, plant and equipment, net	253,637	250,194	253,637	250,194
Right-of-use asset	231,124	231,344	231,124	231,344
Current income tax	36,208	89,495	3,621	8,950
Deferred income taxes	140,018	103,329	14,002	10,333
Other assets	1,610,710	1,407,802	1,023,104	922,871
Assets recorded off the Interim Consolidated statements of financial position				
Credit commitments	4,350,355	4,043,147	2,610,213	2,425,897
Total	**59,612,788**	**51,637,634**	**40,884,427**	**37,281,341**

	As of June 30	As of December 31
	2020	2019
	MCh$	MCh$
Basic capital	3,974,956	3,791,478
Regulatory capital	5,161,593	4,474,573
Total consolidated assets	59,612,788	51,637,634
Total Risk- weighted assets	40,884,427	37,281,341

Concept	Ratio	
	As of June 30, 2020	As of December 31
	2020	2019
	%	%
Basic capital/Consolidated assets	6.67	7.34
Basic capital/ Risk-weighted assets	9.72	10.17
Regulatory capital/ Risk-weighted assets	12.62	12.00

NOTE 24 - INTEREST INCOME AND EXPENSES AND INDEXATION FOR INFLATION

a) For the 6-month period ended June 30, 2020 and 2019, the composition of income from interest and indexation for inflation is the following:

	For the 6 months ended June 30					
	2020			2019		
Concept	Interest	Indexation for inflation	Total	Interest	Indexation for inflation	Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Repurchase agreements	938	-	938	699	98	797
Interbank loans	7,515	-	7,515	8,379	-	8,379
Commercial loans	533,468	64,431	597,899	525,801	53,422	579,223
Mortgage loans	94,992	91,435	186,427	108,613	73,171	181,784
Consumer loans	260,544	644	261,188	267,472	599	268,071
Investment instruments	45,587	6,633	52,220	47,250	3,564	50,814
Other income (*)	6,844	1,742	8,586	5,845	558	6,403
Hedge accounting offset effect	(31,913)	-	(31,913)	(14,963)	-	(14,963)
Total income from interest and indexation for inflation	**917,975**	**164,885**	**1,082,860**	**949,096**	**131,412**	**1,080,508**

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

For the 6-month period ended June 30, 2020 and 2019, the composition of expense for interest and indexation for inflation is the following:

	For the 6 months ended June 30	
	2020	2019
Concept	**MCh$**	**MCh$**
Demand deposits	(29,536)	(40,977)
Repurchase agreements	(5,218)	(5,952)
Term deposits and borrowings	(128,541)	(186,113)
Borrowings from financial institutions	(38,100)	(41,314)
Debt issued	(161,644)	(145,810)
Other financial liabilities	(7,087)	(10,607)
Lease liabilities	(2,133)	(2,599)
Other interest expenses and indexation for inflation	(6,988)	(3,450)
Hedge Accounting Results	6,860	(1,160)
Total interest expenses and-indexation for inflation	**(372,387)**	**(437,982)**

NOTE 24 - INTEREST INCOME AND EXPENSES AND INDEXATION FOR INFLATION

b) For the six-month periods ended June 30, 2020 and 2019, the detail of income and expenses related to hedge accounting is as follows:

	For the 6 months ended June 30					
	2020			2019		
	Income	**Expense**	**Total**	**Income**	**Expense**	**Total**
	MCh$	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Asset hedge margin						
Fair value hedges	15,207	(30,300)	**(15,093)**	41,681	(40,401)	**1,280**
Cash flow hedges	26,371	(43,191)	**(16,820)**	16,988	(33,231)	**(16,243)**
Subtotal	**41,578**	**(73,491)**	**(31,913)**	**58,669**	**(73,632)**	**(14,963)**
Liabilities hedge margin						
Fair value hedges	558,042	(551,182)	**6,860**	244,296	(245,456)	**(1,160)**
Subtotal	**558,042**	**(551,182)**	**6,860**	**244,296**	**(245,456)**	**(1,160)**
Total	**599,620**	**(624,673)**	**(25,053)**	**302,965**	**(319,088)**	**(16,123)**

NOTE 25 – FEE AND COMMISSION INCOME AND EXPENSES

For the 6-month periods ended June 30, 2020 and 2019, the detail of commission income and expenses is the following:

	For the 6 months ended June 30	
	2020	**2019**
	MCh$	**MCh$**
Fee and commission income:		
Commissions for credit lines and overdrafts	1,732	1,731
Commissions for guarantees and letters of credit	12,087	10,042
Commissions for credit card services	44,021	53,233
Commissions for administration of accounts	24,728	24,645
Commissions for collection services	37,891	45,378
Commissions for securities brokerage	3,529	3,144
Commissions for management of mutual and investment funds	27,974	27,174
Commissions for insurance brokerage	39,550	29,255
Commissions for other services provided	23,490	21,846
Other commissions	6,292	5,165
Total fee and comission income	**221,294**	**221,613**
Fee and commission expenses:		
Commissions on operations with credit cards:	(26,195)	(22,976)
Commissions on securities trading	(11,931)	(9,818)
Other commissions	(14,619)	(21,333)
Total fee and commission expenses	**(52,745)**	**(54,127)**

NOTE 26 - TRADING AND INVESTMENT INCOME, NET

For the six-month period ended June 30, 2020 and 2019, the detail of trading and investment income is the following:

	For the 6 months ended June 30,	
	2020	**2019**
	MCh$	**MCh$**
Trading instruments	80,541	79,009
Derivative financial agreements (speculative)	63,610	4,323
Other instruments at fair value through profit or loss	(328)	(182)
Gains on financial investments available for sale	43,036	12,302
Total	**186,859**	**95,452**

NOTE 27 - FOREIGN EXCHANGE RESULTS, NET

For the six-month period ended June 30, 2020 and 2019, the detail of foreign exchange results, net, is the following:

	For the 6 months ended June 30,	
	2020	**2019**
	MCh$	**MCh$**
Exchange difference		
Gains from exchange differences	21,106,875	9,714,256
Losses from exchange differences	(21,381,863)	(9,706,505)
Subtotal	**(274,988)**	**7,751**
Foreign currency fluctuation		
Effect for assets and liabilities denominated in foreign currency	27,795	(4,505)
Subtotal	**27,795**	**(4,505)**
Hedge Accounting Results		
Assets hedge results	69,776	(8,301)
Liabilities hedge results	112,630	(6,967)
Subtotal	**182,406**	**(15,268)**
Total	**(64,787)**	**(12,022)**

This item includes income accrued in the period, related to holding of assets and liabilities in foreign currency or indexed to the exchange rate, the for ex trading and results of derivatives used to hedge foreign currency.

NOTE 28 - PROVISIONS FOR LOAN LOSSES

The detail of provisions for loan losses and impairment for the 6 months ended June 30, 2020 and 2019 is as follows:

June 2020	Inter-bank loans	Commercial loans (Loans and receivables from customers, net)	Mort-gage loans (Loans and receivables from customers, net)	Consumer loans (Loans and receivables from customers, net)	Contingent credits	Additionals	Adjustment to normal minimum portfolio	Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Provisons:								
Individual provisions	208	44,168	-	-	7,330	-	168	**51,874**
Collective provisions	-	71,523	1,691	197,917	2,318	53,123	-	**326,572**
Total provisions	**208**	**115,691**	**1,691**	**197,917**	**9,648**	**53,123**	**168**	**378,446**
Impairment								
Individual impairment	-	-	-	-	-	-	-	-
Collective impairment	-	-	-	-	-	-	-	-
Total impairment	-	-	-	-	-	-	-	-
Reversal of provisions								
Individual provisions	(174)	(4,462)	-	-	(1,555)	-	(10,439)	**(16,630)**
Collective provisions	-	(7,350)	(917)	(2,045)	(928)	-	-	**(11,240)**
Total reversal of provisions	**(174)**	**(11,812)**	**(917)**	**(2,045)**	**(2,483)**	-	**(10,439)**	**(27,870)**
Recovery of loans previously written off	-	(10,125)	(1,180)	(16,537)	-	-	-	**(27,842)**
Reversal of impairment	-	-	-	-	-	-	-	-
Net provisions for loan losses	**34**	**93,754**	**(406)**	**179,335**	**7,165**	**53,123**	**(10,271)**	**322,734**

NOTE 28 - PROVISIONS FOR LOAN LOSSES, CONTINUED

		Loans and receivables from customers, net						
June 2019	**Inter-bank loans**	**Commercial loans**	**Mort-gage loans**	**Consumer loans**	**Contingent credits**	**Additionals**	**Adjustment to normal minimum portfolio**	**Total**
	MCh$	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Provisons:								
Individual provisions	364	32,224	-	-	1,006	-	2,186	**35,780**
Collective provisions	-	37,894	1,663	149,825	2,430	28,500	-	**220,312**
Total provisions	**364**	**70,118**	**1,663**	**149,825**	**3,436**	**28,500**	**2,186**	**256,092**
Impairment								
Individual impairment	-	-	-	-	-	-	-	-
Collective impairment	-	-	-	-	-	-	-	-
Total impairment	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Reversal of provisions								
Individual provisions	(289)	(19,053)	-	-	(971)	-	-	**(20,313)**
Collective provisions	-	(2,565)	(142)	(6,060)	(241)	(4,474)	-	**(13,482)**
Total reversal of provisions	**(289)**	**(21,618)**	**(142)**	**(6,060)**	**(1,212)**	**(4,474)**	**-**	**(33,795)**
Recovery of loans previously written off	-	(8,333)	(2,028)	(17,914)	-	-	-	**(28,275)**
Reversal of impairment	-	-	-	-	-	-	-	-
Net provisions for loan losses	**75**	**40,167**	**(507)**	**125,851**	**2,224**	**24,026**	**2,186**	**194,022**

In Management's opinion, the provisions recorded for credit risk and for impairment cover all possible losses that may result if assets are not recovered, based on the information checked by the Bank.

NOTE 29 - STAFF COSTS

The composition of staff costs for the six months ended June 30, 2020 and 2019 is as follows:

	For the 6 months ended June 30,	
	2020	**2019**
	MCh$	**MCh$**
Staff remuneration	147,018	130,392
Bonuses or awards	80,747	78,149
Severance payments	4,809	12,279
Training expenses	1,095	896
Other staff expenses	17,911	16,225
Total	**251,580**	**237,941**

NOTE 30 - ADMINISTRATIVE EXPENSES

For the 6 months ended June 30, 2020 and 2019 the composition of administrative expenses is as follows:

	For the 6 months ended June 30,	
	2020	**2019**
	MCh$	**MCh$**
General administrative expenses		
Maintenance and repair of the bank’s property, plant and equipment	7,309	8,299
Office rent	-	-
Equipment rent	-	-
Insurance premiums	4,609	5,886
Office supplies	2,583	2,731
Computer and comunication expenses	46,360	37,002
Lighting, heating and other services	4,549	4,480
Securities custody and transportation services	6,245	7,563
Travel expenses	1,969	2,475
Judicial and notarial expenses	2,834	2,614
Fees for technical reports	3,449	2,843
Audit fees	2,182	2,139
Fines imposed by the FMC	-	6
Fines imposed by other agencies	218	285
Low-value lease contract expenses	4,285	4,344
Cleaning services	2,255	2,276
Advisory services	7,772	8,211
Postal-related expenses	698	739
Other general administrative expenses	18,400	21,531
Sub- contracted services		
Data processing	3,110	3,213
Sale of products	792	291
Credit evaluation	257	187
Other	4,417	5,047
Board of Director expenses		
Board of Directors remuneration	2,388	2,207
Other Board of Directors expenses	209	191
Publicity and advertising	13,278	14,828
Taxes, real estate taxes and contributions		
Real estate taxes	1,267	836
Licenses	1,243	1,127
Other taxes	7,035	6,893
Contribution to FMC	6,511	5,766
Total	**156,224**	**154,010**

NOTE 31 - DEPRECIATION, AMORTIZATION AND IMPAIRMENT

a) For the 6 months ended June 30, 2020 and 2019, depreciation and amortization expenses are detailed below:

	For the 6 months ended June 30,	
	2020	**2019**
	MCh$	**MCh$**
Depreciation and amortization		
Depreciation of property, plant and equipment	(12,912)	(13,191)
Amortization of intangible assets	(27,940)	(24,390)
Amortization and depreciation of right-to- use assets	(13,704)	(13,512)
Total	**(54,556)**	**(51,093)**

b) For the 6 months ended June 30, 2020 and 2019, the impairment of property, plant and equipment and intangible assets is detailed as follows:

	For the 6 months ended June 30,	
	2020	**2019**
	MCh$	**MCh$**
Impairment of property, plant and equipment and intangible assets		
Property, plant and equipment (1)	(142)	(54)
Intangible assets	-	-
Total	**(142)**	**(54)**

(1) For the the period ended June 30, 2020 and 2019, the impairment of property, plant and equipment of MCh$142 and MCh$54 corresponds to the gross balance of property, plant and equipment.

c) The reconciliation between the amounts as of January 1, 2020 and 2019 and the balances as of June 30, 2020 and 2019 is as follows:

NOTE 31 - DEPRECIATION, AMORTIZATION AND IMPAIRMENT

	Depreciation, amortization and impairment			
	2020			
	Property, plant and equipment, net	Leased assets	Intangible assets	Total
	MCh$	MCh$	MCh$	MCh$
Balances as of January 1	**203,598**	**62,099**	**209,200**	**474,897**
Charges for depreciation and amortization for the year	12,912	13,704	27,940	54,556
Disposals	(7,789)	(2,713)	-	(10,502)
Others	776	1,802	3,832	6,410
Balance as of January 30,	**209,497**	**74,892**	**240,972**	**525,361**

	Depreciation, amortization and impairment			
	2019			
	Property, plant and equipment, net	Leased assets	Intangible assets	Total
	MCh$	MCh$	MCh$	MCh$
Balances as of January 1	**227,139**	**-**	**158,696**	**385,835**
Charges for depreciation and amortization for the year	13,191	13,512	24,390	51,093
Disposals	(2,269)	283	-	(1,986)
Others	(39,814)	39,814	(859)	(859)
Balance as of June 30,	**198,247**	**53,609**	**182,227**	**434,083**

NOTE 32 - OTHER OPERATING INCOME AND EXPENSES

a) Other operating income

For the 6 months ended June 30, 2020 and 2019, the composition of other operating income is as follows:

	For the 6 months ended June 30,	
	2020	2019
Concept	**MCh$**	**MCh$**
Income from repossessed assets		
Gain on sale of repossessed assets	652	2,777
Other income	36	145
Subtotal	688	2,922
Reversal of provisions for credit commitments		
Reversal of provisions for country risk	207	-
Other provisions for credit commitments	1,509	338
Subtotal	1,716	338
Other income		
Gains on sale of property, plant and equipment	2,040	712
Insurance claims	1,086	534
Leasing income	1,892	1,625
Other income	19,153	17,792
Subtotal	24,171	20,663
Total	**26,575**	**23,923**

b) Other operating expenses

For the 6 months ended June 30, 2020 and 2019, the composition of other operating expenses is as follows:

	For the 6 months ended June 30,	
	2020	2019
Concept	**MCh$**	**MCh$**
Impairment and expenses for repossessed assets		
Provisions for repossessed assets	98	-
Write-off of repossessed assets	350	2,376
Maintenance expenses for repossessed assets	396	448
Subtotal	844	2,824
Establishment of provisions for credit commitments		
Provisions for country risk	627	359
Other provisions for credit commitments	887	345
Subtotal	1,514	704
Other expenses		
Contributions and donations	4,769	2,056
Penalties for judicial and notary expenses	2,063	1,604
Leasing expenses	8,726	5,571
Non-operating expenses	6,575	4,348
Other expenses	3,210	(316)
Subtotal	25,343	13,263
Total	**27,701**	**16,791**

NOTE 33 - TRANSACTIONS WITH RELATED PARTIES

a) Loans granted to related parties

Loans granted to related parties are detailed as follows:

	As of June 30, 2020			As of December 31, 2019		
	Operating companies	Investment companies	Individuals Individuals	Operating companies	Investment companies	Individuals
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Loans and receivables to customers						
Commercial loans	118,598	86,489	20,802	95,963	81,051	16,903
Mortgage loans	-	-	46,198	-	-	45,275
Consumer loans	-	-	7,627	-	-	7,308
Loans and receivables to customers, gross	**118,598**	**86,489**	**74,627**	**95,963**	**81,051**	**69,486**
Allowances for loan losses	(498)	(74)	(359)	(244)	(54)	(294)
Loans and receivables to customers, net	**118,100**	**86,415**	**74,268**	**95,719**	**80,997**	**69,192**
Credit commitments	39,339	5,346	19,893	39,195	4,797	19,146
Provisions for credit commitments	(67)	(17)	(61)	(36)	(5)	(30)
Credit commitments, net	**39,272**	**5,329**	**19,832**	**39,159**	**4,792**	**19,116**

NOTE 33 - TRANSACTIONS WITH RELATED PARTIES, CONTINUED

b) b) Other transactions with related parties

For the six-month periods ended June 30, 2020 and 2019, the Bank conducted the following transactions with related parties:

June 2020 Company name	Relationship with the Group	Description	Amount of transaction	Effect on income Position	Effect on income Income
			MCh$	MCh$	MCh$
Artikos Chile S.A.	Joint venture	Acquisition services	518	518	-
Bolsa de Comercio de Santiago	Others	Rent of terminals	81	81	-
BCI Seguros de Vida S.A.	Common parent	Revenue and channel usage service	692	-	692
		Brand use	4,038	-	4,038
		Messaging	103	-	103
		Channel usage	431	-	431
		Loss management	488	-	488
		Digital transformation	718	-	718
		Subordinated bonds	636	33	-
		Financial bond	721	14	-
		Term deposits	7,264	56	-
		Forward operation	40	40	-
		Channel use commissions	4,963	-	4,963
		Bank expenses	110	-	110
		Fees for collection of financial services y management of commercial loans	4,231	-	4,231
		Collection fees Servicios de Comercialización y Apoyo Financiero y de Gestión Ltda	766	-	766
		Intermediation fees BCI CCSS	6,697	-	6,697
BCI Seguros Generales S.A.	Common parent	Revenue and channel usage service	40	-	40
		Brand use	808	-	808
		Messaging	23	-	23
		Channel usage	431	-	431
		Digital transformation	718	-	718
		Channel use commissions	2,838	-	2,838
		Forward operation	40	-	40
		Intermediation fees SSFF Corredores de Seguros y Gestión Financiera Ltda	839	-	705
		Collection fees Servicios de Comercialización y Apoyo Financiero y de Gestión Limitada.	2,738	-	2,738
		Intermediation fees BCI CCSS	9,280	-	9,280
		Prizes	200		200
Centro de Compensación Automatizado S.A.	Others	Electronic banking transactions	883	883	-
Combanc S.A.	Associate	Compensation and high value payment	245	245	-
Comder Contraparte Central S.A.	Associate	Bank processing	448	448	-
Conexxion Spa	Others	Postal mail service	147	147	-
DCV Registros S.A.	Others	Management of register of shareholders	41	41	-
Depósitos Central de Valores S.A.	Others	Financial instruments custody	201	201	-
Digitech Solutions S.A.	Others	Digital documentation	158	158	-
Fernando Vallejos V	Others	Advice and consultancy	40	40	-
Inmobiliaria Anya S.A.	Others	Real estate projects	56	56	-
Inmobiliaria JY S.A.	Others	Real estate projects	111	111	-
Jordan (Chile) S.A.	Common parent	Forms printing	1,063	1,063	-
Mario Gómez D.	Others	Advice and consultancy	122	122	-
Operadoras de Tarjetas de Crédito Nexus S.A.	Associate	Card Processing	4,546	4,546	-
Redbanc S.A.	Associate	ATMs Operation	3,050	3,050	-
SalcobrandS.A.	Common parent	Rent of places for ATMs	112	112	-
Servicios de Información avanzada S.A.	Others	Trade information service	385	385	-
Servipag Ltda.	Joint venture	Services collection and payment	2,680	2,680	-
Sistema Nacional de Com. Financieras S.A. (Sinacofi)	Others	Financial information service	288	288	-
Transbank S.A.	Other	Credit card management and credit card use income	11,741	4,292	7,449

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

June 2019 Company name	Relationship with the Group	Description	Amount of transaction	Effect on income: Position	Effect on income: Income
			MCh$	MCh$	MCh$
Artikos Chile S.A.	Joint venture	Acquisition services	537	289	-
Bolsa de Comercio de Santiago	Others	Rent of terminals	74	40	-
BCI Seguros de Vida S.A.	Common parent	Revenue and channel usage service	751	-	751
		Brand use	1,046	-	1,046
		Messaging	68	-	68
		Channel usage	419	-	419
		Loss management	474	-	474
		Marketing	2,416	-	2,416
		Subordinated bonds	715	13	-
		Premium collection	888	-	888
		Fees for collection of financial services y management of commercial loans	8,352	-	7,018
		Receivable fees Servicios Financieros y Administración de Créditos Comerciales S.A.	1,481	1,481	-
		Collection fees Servicios de Comercialización y Apoyo Financiero y de Gestión Limitada.	711	-	711
		Intermediation fees BCI CCSS	12,312	-	12,312
BCI Seguros Generales S.A.	Common parent	Revenue and channel usage service	36	-	36
		Brand use	209	-	209
		Losses	304	-	304
		Intermediation fees SSFF Corredores de Seguros y Gestión Financiera Ltda	209	-	175
		Collection fees Servicios de Comercialización y Apoyo Financiero y de Gestión Ltda	424	-	356
		Intermediation fees BCI CCSS	14,493	-	14,493
Centro de Compensación Automatizado S.A.	Others	Electronic banking transactions	841	437	-
Combanc S.A.	Associate	Compensation and high value payment	150	109	-
Comder Contraparte Central S.A.	Associate	Bank processing	461	227	-
Conexxion Spa	Others	Postal mail service	149	69	-
DCV Registros	Other	Management of register of shareholders	42	20	-
Depósitos Central de Valores S.A.	Others	Financial instruments custody	144	75	-
Digitech Solutions S.A.	Others	Digital documentation	173	90	-
Fernando Vallejos V.	Other	Advice and consultancy	32	25	-
GTD Teleductos S.A.	Others	Rental of data links	241	91	-
Inmobiliaria Anya S.A.	Others	Real estate projects	60	30	-
Jordan (Chile) S.A.	Common parent	Forms printing	1,109	554	-
Mario Gómez D.	Others	Advice and consultancy	112	56	-
Operadoras de Tarjetas de Crédito Nexus S.A.	Associate	Card Processing	4,177	1,894	-
Redbanc S.A.	Associate	ATMs Operation	3,160	1,617	-
SalcobrandS.A.	Common parent	Rent of places for ATMs	119	60	-
Servicios de Información avanzada S.A.	Others	Trade information service	353	160	-
Servipag Ltda.	Joint venture	Services collection and payment	3,127	1,572	-
Sistema Nacional de Com. Financieras S.A. (Sinacofi)	Others	Financial information service	258	134	-
Transbank S.A.	Other	Credit card management and credit card use income	6,690	6,690	25,379

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 June 30	As of December 31
	2020	**2019**
	MCh$	**MCh$**
ASSETS		
Derivative financial liabilities	-	-
Other assets	-	-
LIABILITIES		
Derivative financial liabilities	-	-
Demand deposits	103,092	87,283
Term deposits and savings accounts	230,940	191,703
Other liabilities	-	-

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

		For the 6 months ended June 30			
		2020		**2019**	
Type of income or (expense) recognized	**Entity**	**Income**	**Expense**	**Income**	**Expense**
		MCh$	**MCh$**	**MCh$**	**MCh$**
Income and expenses	Sundry	5,745	(2,155)	5,124	(3,118)
Operational support expenses	Companies supporting the line of business	48,507	(19,610)	67,055	(15,733)
Total		**54,252**	**(21,765)**	**72,179**	**(18,851)**

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

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

	For the 6 months ended June 30,	
	2020	**2019**
	MCh$	**MCh$**
Short- term remunerations of key management personnel (*)	11,158	21,408
Severance indemnities for termination of contract	-	-
Total	**11,158**	**21,408**

(*) For the period ended June 30, 2020, total expenses for the corresponding remuneration of the Board of Directors of the Bank and subsidiaries amounted to MCh$2,597 (MCh$2,398 for the period 2019).

NOTE 33 - TRANSACTIONS WITH RELATED PARTIES, CONTINUED

f) Composition of key management personnel

As of June 30, 2020, the composition of the key management personnel of the Bank and its subsidiaries is as follows:

Position	**No. of executives**
Director	20
General manager	9
Division and Area Manager	27
Total	**56**

g) Transactions with key management personnel

For the 6 months ended June 30, 2020 and 2019, the Bank has undertaken the following transactions with key management personnel, as specified below:

	For the 6 months ended June 30					
	2020			**2019**		
	Balance owed	**Interest income**	**Income of key executives**	**Balance owed**	**Interest income**	**Income of key executives**
	MCh$	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Credit cards and other services	2,388	896,433	3	2,493	898,724	4
Mortage loans	2,302	186,427	52	2,032	181,784	52
Collateral	2,773	-	-	1,981	-	-
Total	**7,463**	**1,082,860**	**55**	**6,506**	**1,080,508**	**56**

NOTE 33 - TRANSACTIONS WITH RELATED PARTIES, CONTINUED

As of June 30, 2020, the Bank has the following contracts:

N°	Related company	The service involved	Concept	Description of the Contract	Period	Condition
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	Automatic renewal every year
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	Annual auto renewal
3	Compañía de Formularios Continuos Jordan (Chile) S.A.	Printing and making checkbooks,	Forms printing	Printing services are contracted for basic lists, special forms, and revenue stamped forms, such as checks and at sight promissory notes	Indefinite	Annual auto renewal
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	Automatic renewal every three years.
5	Redbanc S.A.	Administration of the operations of ATMs, Redcompra and RBI	ATMs Operation	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	Automatic renewal every three years.
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	Automatic renewal every year
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	Automatic renewal every two years.

NOTE 33 - TRANSACTIONS WITH RELATED PARTIES, CONTINUED

N°	Related company	The service involved	Concept	Description of the Contract	Period	Condition
8	Artikos Chile S.A.	Purchases and logistics services portal	Purchase of supplies	Electronic purchase service for assets and/or logistics services	Indefinite	Annual auto renewal
9	BCI Seguros de Vida S.A.	Insurance	Insurance premiums	Individual life insurance policy for executives and guards	Annual	Annual Hiring
10	BCI Seguros Generales S.A.	Insurance	Insurance premiums	Individual policies for the Bank's physical assets, leased assets and comprehensive banking policy	Annual	Annual Hiring
11	Archivos Credenciales e Impresos Archivert Ltda	Production of credit and debit plastic cards	Credit and Debit Card Production	Production of credit and debit plastic cards	Indefinite	Automatic renewal every two years.
12	Combanc S.A.	Clearing and settlement of High Amount 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 Amount payments SWIFT Messaging (Order and / or receive balance information from Central Bank of Chile, for daily transfer client funds)	Indefinite	Automatic renewal every year
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	Annual auto renewal
14	Depósitos Central de Valores S.A.	Service Custody Deposit and Securities	Securities Custody	Service Custody Deposit and Securities	Indefinite	Automatic renewal every year
15	GTD Teleductos S.A.	Telephone Services & Data Communications, Rent of links, continuity links, Fixed and mobile, mainly in Metropolitan Region	Telephone service	Telephone Services & Data Communications, Rent of links, continuity links, Fixed and mobile, mainly in Metropolitan Region	Indefinite	Automatic renewal every two years.

NOTE 33 - TRANSACTIONS WITH RELATED PARTIES, CONTINUED

N°	Related company	The service involved	Concept	Description of the Contract	Period	Condition
16	Salcobrand S.A.	Lease of ATM's site (affordable)	Lease of ATM's site	Lease of ATM's site (affordable)	Indefinite	Annual auto renewal
17	Sistema Nacional de Com. 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	Automatic renewal every year
18	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	Automatic renewal every year
19	Cia. Nacional de Teléfonos Telefónica del Sur S.A.	Fixed telephony service continuity and Internet service Broadband	Telephone service	Fixed telephony service continuity and Internet service Broadband	Indefinite	Automatic renewal every year
20	DCV Registros S.A.	Administration of shareholders register	Management of register of shareholders	Comprehensive and personalized attention of the shareholders of BCI and brokers	Indefinite	Automatic renewal every year
21	Digitech Solutions S.A.	Document digitalization	Document Scanning Service	Digitizing documents Back Office, Comex, document management Mortgage and Corporate Banking	Indefinite	Automatic renewal every year
22	Galería de Arte Patricia Ready Ltda.	Exhibition Hall Art Gallery	Sponsorship	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	Automatic renewal every year
23	Irarrazabal Ruiz-Tagle Goldenberg Lagos & Silva Abogados Ltda.	Intangible Services Lawyers Presidency	Advisory services	Professional Advice in General to the Bank and Subsidiaries	Indefinite	Automatic renewal every year
24	Inmobiliaria Anya S.A.	Rent for BCI branch	Lease	Lo Echevers branch lease	8 years	Automatic renewal for the same period

NOTE 33 - TRANSACTIONS WITH RELATED PARTIES, CONTINUED

N°	Related company	The service involved	Concept	Description of the Contract	Period	Condition
25	Mario Gómez D.	Advisory and consulting services	Advisory services	Development of bancarization and micro-business plan.Comprehensive advice to commercial bank management Commercial	Definite	Definite, subject to renewal every 30 days
26	Tu Ves S.A.	Advertising exhibition	Basic services	Provision of satellite television service and equipment leasing	Definite	Seasonal purchase
27	Mabel Ilabaca Albornoz	Advisory and consulting services	Advice and consultancy	Consulting services for the review of the business continuity model	Definite	Automatic renewal every year
28	Automotora Aventura Motors S.A.	Vehicle maintenance	Vehicle maintenance	Vehicle maintenance	Definite	Seasonal purchase
29	Viña Morandé S.A.	Wines for gifts to customers and consumption	Wines for gifts to customers	Wines for gifts to customers and consumption	Indefinite	Automatic renewal every year
30	Corporación Cultural Arte +	Advertising spaces	Advertising spaces	Advertising in magazine La Panera.	Indefinite	Seasonal purchase
31	Vigamil S.A.C.I.	Making of envelopes	Making of envelopes	Services for making of envelopes	Definite	Seasonal purchase
32	Bolsa Electrónica de Chile Bolsa de Valores	Software maintenance	Basic software	Financial information software maintenance	Indefinite	Automatic renewal every year
33	Reparaciones Express Ltda.	Vehicle maintenance	Vehicle maintenance	Vehicle maintenance	Indefinite	Automatic renewal every year

NOTE 33 - TRANSACTIONS WITH RELATED PARTIES, CONTINUED

N°	Related company	The service involved	Concept	Description of the Contract	Period	Condition
34	Comercializadora AO Ltda.	Funiture	Funiture	Funiture	Seasonal purchase	Seasonal purchase
35	Inmobiliaria JY S.P.A.	Real estate projects	Real estate projects	Real estate projects	Indefinite	Automatic renewal every year
36	Alton Bridge Gropun SPA	Provision of information and transaction services to the money desk through telephone link and software for transactions.	Information and transaction services	Provision of information and transaction services to the money desk through telephone link and software for transactions.	Indefinite	Automatic renewal every year
37	Inmobiliaria SB SPA	Real estate services	Lease	Sub-lease of stores in Building Centro Santa María de Manquehue.	Indefinite	Automatic renewal every year
38	Corporación de Crédito al Menor o Demos una Oportunidad al Menor	Donation for social purposes	Donation for social purposes	Donations for social purposes to fund the Continuous Improvement Program for the comprehensive development of the Villa Jorge Yarur Banna Protection Residence for Girls and Adolescents seriously violated in their rights.	52 months (4 years and 4 months)	Definite

NOTE 34 - ASSETS AND LIABILITIES AT FAIR VALUE

a) The following table summarizes the carrying amounts and fair values of the principal financial assets and liabilities in the Bank´s interim consolidated financial statements:

	As of June 30, 2020		As of December 31, 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
	MCh$	MCh$	MCh$	MCh$
Assets				
Cash and deposits in banks	4,201,926	4,201,926	3,153,760	3,153,760
Items in course of collection	480,603	480,603	310,602	310,602
Trading portfolio financial assets	1,828,682	1,828,682	2,212,257	2,212,257
Liabilities under agreements to repurchase	192,617	192,617	196,015	196,015
Derivative financial liabilities	6,889,459	6,889,459	4,261,289	4,261,289
Loans and receivables to banks, net	493,109	493,109	457,640	457,640
Loans and receivables to customers, net	37,619,372	41,750,535	33,212,457	37,189,315
Commercial loans	25,455,376	25,575,378	21,253,077	21,792,430
Mortgage loans	8,741,686	11,453,709	8,292,339	10,409,717
Consumer loans	3,422,310	4,721,448	3,667,041	4,987,168
Financial investments available for sale	6,432,201	6,432,201	4,011,029	4,011,029
Financial investments held to maturity	29,010	29,010	7,369	7,369
Total assets	**58,166,979**	**62,298,142**	**47,822,418**	**51,799,276**
Liabilities				
Current accounts and demand deposits	17,607,336	17,607,336	14,180,699	14,180,699
Items in course of collection	792,146	792,146	200,976	200,976
Liabilities under agreements to repurchase	283,815	283,815	909,391	909,391
Term deposits and savings accounts	14,531,899	14,593,911	13,372,756	13,422,456
Derivative financial liabilities	6,986,747	6,986,747	4,412,365	4,412,365
Borrowings from financial institutions	5,720,820	5,720,820	3,482,261	3,482,261
Debt issued	7,603,633	9,242,046	7,016,742	8,210,106
Other financial liabilities	1,562,547	1,562,547	1,450,586	1,450,586
Total liabilities	**55,088,943**	**56,789,368**	**45,025,776**	**46,268,840**

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.

NOTE 34 - ASSETS AND LIABILITIES AT FAIR VALUE, CONTINUED

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

Loans and receivables 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.

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.

Borrowings from banks

For the items in the previous table whose calculation has not varied significantly, their fair value will be allocated to their carrying amount, because it reflects the corresponding market price.

Debt issued

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

NOTE 34 - ASSETS AND LIABILITIES AT FAIR VALUE, CONTINUED

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.

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 or similar assets and liabilities , either directly (i.e. as prices) or indirectly (i.e. derived from prices). Prices may require interpolation within a price structure (e,g,, derivative instruments belong to this level), and 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 (significant unobservable input). This level includes equity and debt instruments whose valuation uses significant unobservable input.

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

Financial assets and liabilities classified by valuation levels

The following chart shows the assets and liabilities that are presented at fair value in the interim consolidated financial statements, classified in their respective levels of hierarchy previously described.

NOTE 34 - ASSETS AND LIABILITIES AT FAIR VALUE, CONTINUED

	Level 1		Level 2		Level 3		Total	
	June 2020	December 2019	June 2020	December 2019	June 2020	December 2019	June 2020	December 2019
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Financial Assets								
Trading portfolio financial assets								
State and Central Bank of Chile	660,759	1,395,079	-	-	-	-	660,759	1,395,079
Other domestic institutions	1,063,623	744,361	-	-	-	-	1,063,623	744,361
Foreign institutions	5,753	1,940	-	-	-	-	5,753	1,940
Investments in mutual funds	98,547	70,877	-	-	-	-	98,547	70,877
Subtotal	**1,828,682**	**2,212,257**	**-**	**-**	**-**	**-**	**1,828,682**	**2,212,257**
Trading Derivative contracts								
Forwards	-	-	606,660	527,888	-	-	606,660	527,888
Swaps	-	-	5,066,886	3,025,756	10,166	11,636	5,077,052	3,037,392
Call Options	-	-	15,240	13,353	-	-	15,240	13,353
Put Options	-	-	626	1,599	-	-	626	1,599
Futures	-	-	258	53	-	-	258	53
Subtotal	**-**	**-**	**5,689,670**	**3,568,649**	**10,166**	**11,636**	**5,699,836**	**3,580,285**
Hedging derivatives								
Forwards	-	-	5,367	19,687	-	-	5,367	19,687
Fair value hedges:(swap)	-	-	258,918	363,648	-	-	258,918	363,648
Cash flow hedges (swap)	-	-	962,090	323,981	-	-	962,090	323,981
Subtotal	**-**	**-**	**1,226,375**	**707,316**	**-**	**-**	**1,226,375**	**707,316**
Financial investments available for sale					-	-		
State and Central Bank of Chile	2,482,333	698,266	-	-	-	-	2,482,333	698,266
Other domestic institutions	492,677	148,738	-	-	-	-	492,677	148,738
Foreign institutions	3,457,191	3,164,025	-	-	-	-	3,457,191	3,164,025
Subtotal	**6,432,201**	**4,011,029**	**-**	**-**	**-**	**-**	**6,432,201**	**4,011,029**
Total financial assets	**8,260,883**	**6,223,286**	**6,680,067**	**4,275,965**	**12,428**	**11,636**	**15,187,094**	**10,510,887**

	Level 1		Level 2		Level 3		Total	
	June 2020	December 2019	June 2020	December 2019	June 2020	December 2019	June 2020	December 2019
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Financial liabilities								
Trading Derivative contracts								
Forwards	-	-	536,774	474,302	-	-	536,774	474,302
Swaps	-	-	5,205,698	3,242,642	-	-	5,205,698	3,242,642
Call Options	-	-	9,014	6,283	-	-	9,014	6,283
Put Options	-	-	1,306	3,131	-	-	1,306	3,131
Futures	-	-	230	312	-	-	230	312
Subtotal	**-**	**-**	**5,753,022**	**3,726,670**	**-**	**-**	**5,753,022**	**3,726,670**
Hedging derivatives								
Forwards	-	-	2,332	16,496	-	-	2,332	16,496
Fair value hedges:(swap)	-	-	100,976	153,479	-	-	100,976	153,479
Cash flow hedges (swap)	-	-	1,130,417	515,720	-	-	1,130,417	515,720
Subtotal	**-**	**-**	**1,233,725**	**685,695**	**-**	**-**	**1,233,725**	**685,695**
Total financial liabilities	**-**	**-**	**6,986,747**	**4,412,365**	**-**	**-**	**6,986,747**	**4,412,365**

The above amounts do not include adjustments for CVA and BidOffer (Credit Value Adjustment or Adjustment for Credit Risk of Derivatives and the buying end). As of June 30, 2020 both items amount to MCh$ 36,752 (MCh$ 26,312 as of December 31, 2019).

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 2020 and the year 2019.

Level 3 valuation reconciliation

As June 30, 2020 and December 31, 2019, the interim consolidated statements of financial position have assets classified as Level 3 which relate to Swap TAB contracts for which there are no market observable inputs.

NOTE 34 - ASSETS AND LIABILITIES AT FAIR VALUE, CONTINUED

d) Valuation of La Polar Bonds

As June 30, 2020 and December 31, 2019, 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 interim 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 such. 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 and the Balance Sheet, Trading and Institutional, and Distribution and Corporate areas, parts of the Investment and Finance Banking division. All this information flow is processed and analyzed by supporting units, such as Accounting, Middle and Back Office (Supporting Areas and Operational Departments), Management and Processes Control and Information Technology 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 interim 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 interim 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 CMF through standardized reports of liquidity position. 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.

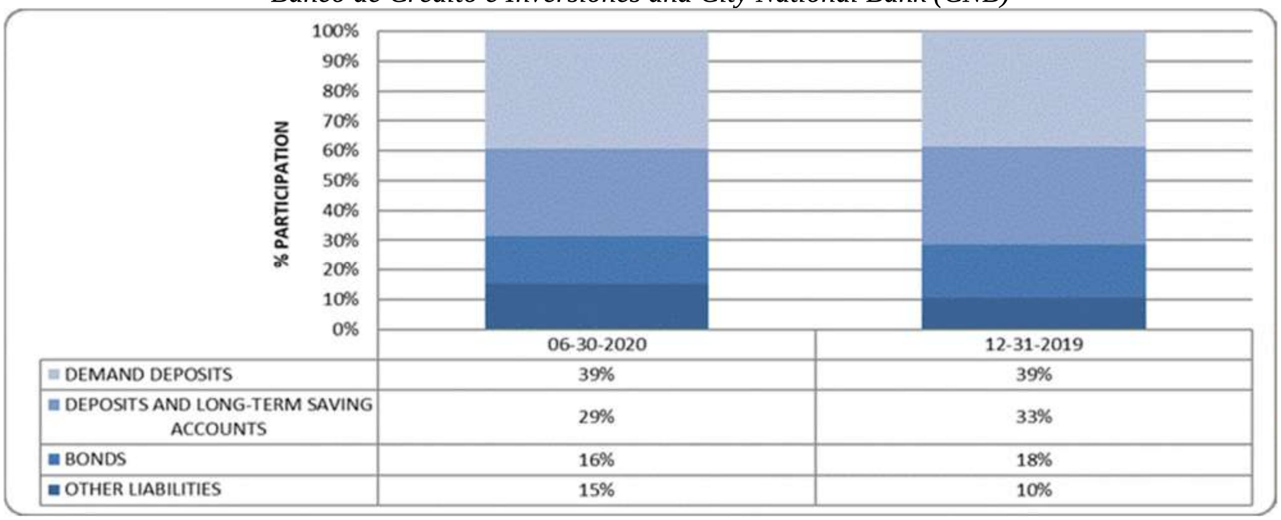
The Bank has set strict limits, forcing itself to maintain a large amount of liquid assets on its interim consolidated statements of financial position which, in the event of any unexpected requirement, can maintain liquidity through repurchase agreements with the Central Bank of Chile. The counter-cyclical nature of this liquidity reserve is adjusted to comply with 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.

BANCO DE CREDITO E INVERSIONES AND SUBSIDIARIES
Notes to the Interim Consolidated Financial Statements
FOR THE PERIODS ENDED JUNE 30, 2020 AND DECEMBER 31, 2019

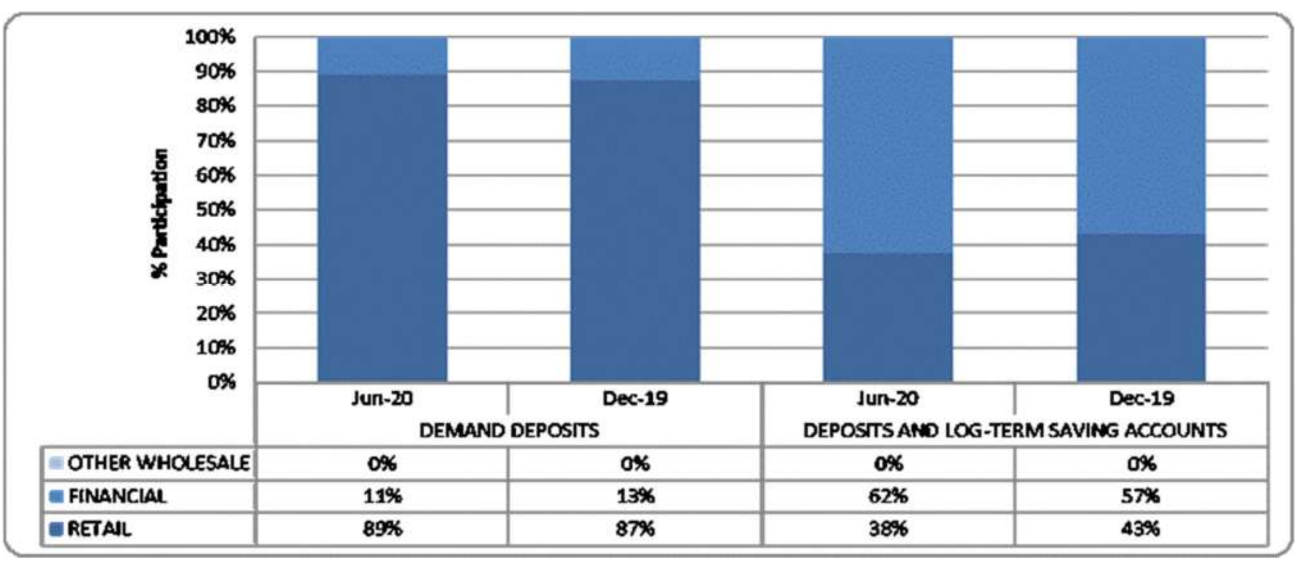
NOTE 35 - RISK MANAGEMENT, CONTINUED

Fig. 1. Evolution of principal funding sources
As of June 30, 2020 and December 31, 2019
Banco de Credito e Inversiones and City National Bank (CNB)



	06-30-2020	12-31-2019
DEMAND DEPOSITS	39%	39%
DEPOSITS AND LONG-TERM SAVING ACCOUNTS	29%	33%
BONDS	16%	18%
OTHER LIABILITIES	15%	10%

Fig. 2. Diversification of liquidity sources by segment
As of June 30, 2020 and December 31, 2019
Banco de Credito e Inversiones and City National Bank (CNB)



	DEMAND DEPOSITS		DEPOSITS AND LOG-TERM SAVING ACCOUNTS	
	Jun-20	Dec-19	Jun-20	Dec-19
OTHER WHOLESALE	0%	0%	0%	0%
FINANCIAL	11%	13%	62%	57%
RETAIL	89%	87%	38%	43%

NOTE 35 - RISK MANAGEMENT, CONTINUED

a. Year 2020 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).

Fig. 3. Liquidity Ratios (domestic consolidation)
As of June 30, 2020 and December 31, 2019 (maximum = 1)

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

	As of June 30, 2020				As of December 31, 2019			
	Average	Maximum	Minimum	Close	Average	Maximum	Minimum	Close
Mismatch 30 days	13.16%	50.91%	(19.40)%	9.44%	12.96%	35.77%	(13.98)%	35.77%
Total mismatch 90 days (*)	34.04%	50.90%	10.11%	38.78%	32.16%	52.62%	14.25%	43.51%

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

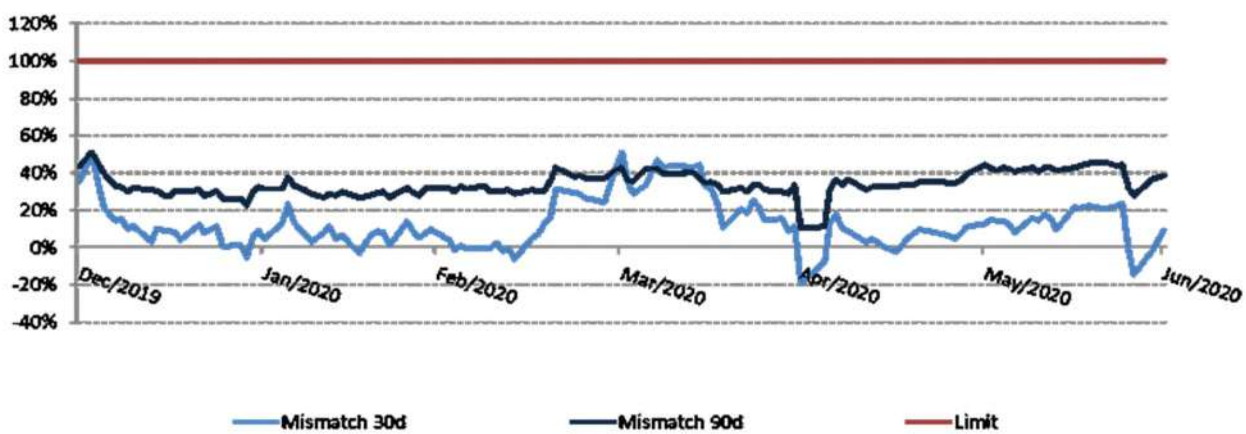
(b)Short- term mismatch CLP-UF (% on basic capital)

	As of June 30, 2020				As of December 31, 2019			
	Average	Maximum	Minimum	Close	Average	Maximum	Minimum	Close
Mismatch 30 days	6.98%	37.90%	(31.26)%	(5.94)%	11.86%	38.76%	(21.12)%	37.00%

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

As of June 30, 2020				As of December 31, 2019			
Average	Maximum	Minimum	Close	Average	Maximum	Minimum	Close
6.17%	22.28%	(12.48)%	15.38%	1.11%	16.35%	(15.76)%	(1.22)%

Fig. 4. Liquidity Evolution (domestic consolidation) As of June 30, 2020 (maximum = 1)
Liquidity 30 days = Mismatch /Basic Capital
Liquidity 90 days = Mismatch /2x Basic Capital



NOTE 35 - RISK MANAGEMENT, CONTINUED

In regards to the impact of the pandemic on liquidity, prior to the spread of the virus, the Bank was in a favorable position due to the monitoring of early warnings after the social unrest that occurred in October 2019 in Chile. The foregoing, plus the good renewal of deposits and the taking of liquidity facilities from the Central Bank and the Fed, made it possible to maintain high levels of liquidity during the period spanning from the beginning of the pandemic to date. As a follow-up measure to the Bank's action plan, a Liquidity Contingency Committee was set up. This Committee gathers all the players that have an impact on the Bank's liquidity management at the highest executive level, and monitors the different measures taken by the Bank and their effect on the related metrics. In particular, the levels of the short-term liquidity ratio (LCR) remain on average over 150%, which is above the regulatory limit (70%).

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 interim consolidated statements of income or the interim consolidated 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 interim consolidated statements of income for the year until maturity, except in the case of impairment over the available for sale portfolio or held to maturity portfolio.

The Financial Risk Management uses a series of tools to monitor the Bank's intrinsic risk and that is acquired through the management of financial instruments. Among the main methodologies are, Value at Risk (VaR), CVaR and Stress VaR as main tools that measure market risk. Additional methodologies are available to simulate the situation of each counterparty dependent upon the portfolio of derivative instruments that they possess, within these methodologies are PFE (Potential Future Exposure) and EPE (Expected Potential Exposure) among others. The Bank uses the Algorithmics system to support the measurement of market and counterpart risk.

NOTE 35 - RISK MANAGEMENT, CONTINUED

a. Top holdings

The principal positions of the consolidated statements of financial position as of June 30, 2020 are listed by maturity band or repricing and their comparison to the year 2019.

Fig. 5. Carrying amount to maturity range or re-pricing by currency Positions As of June 30, 2020 (MCh$)

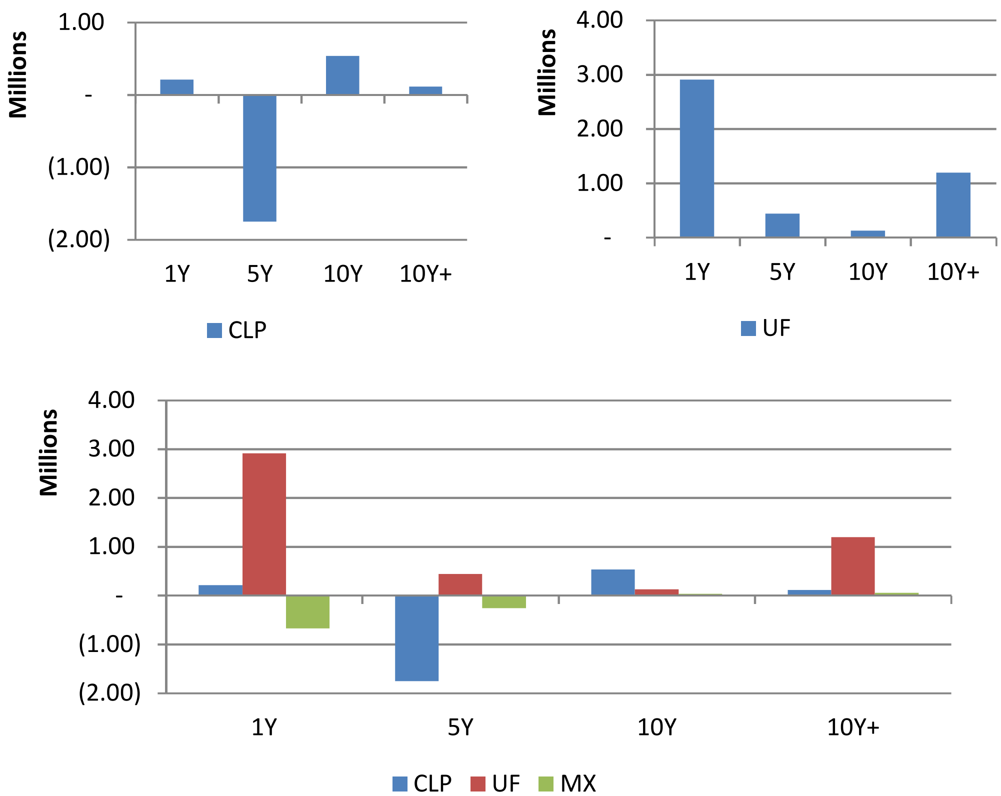
ASSETS	1Y	5Y	10Y	10Y+	Total
Ch$	14,080,311	5,143,143	576,818	115,406	19,915,678
UF	4,111,495	5,646,597	3,569,853	2,764,315	16,092,260
MX	5,623,518	974,625	985,079	147,346	7,730,568
TOTAL	**23,815,324**	**11,764,365**	**5,131,750**	**3,027,067**	**43,738,506**

LIABILITIES	1Y	5Y	10Y	10Y+	Total
Ch$	13,867,159	6,894,419	40,714	0	20,802,292
UF	1,200,940	5,205,563	3,440,177	1,567,240	11,413,920
MX	6,296,969	1,236,129	949,426	94,092	8,576,616
TOTAL	**21,365,068**	**13,336,111**	**4,430,317**	**1,661,332**	**40,792,828**

MISMATCH	1Y	5Y	10Y	10Y+	Total
Ch$	213,152	(1,751,276)	536,104	115,407	(886,614)
UF	2,910,555	441,034	129,676	1,197,075	4,678,340
MX	(673,451)	(261,504)	35,653	53,254	(846,048)
TOTAL	**2,450,256**	**(1,571,746)**	**701,433**	**1,365,735**	**2,945,678**

NOTE 35 - RISK MANAGEMENT, CONTINUED

Fig. 6. Carrying amount to maturity range or re-pricing by currency
Positions as of June 30, 2020 (MCh$)



NOTE 35 - RISK MANAGEMENT, CONTINUED

Fig. 7. Carrying amount to maturity range or re-pricing by currency
Positions As of December 31, 2019 (MCh$)

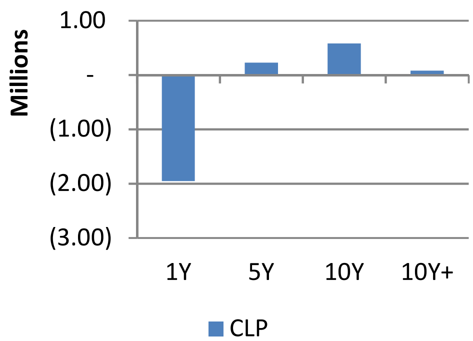
ASSETS	1Y	5Y	10Y	10Y+	Total
Ch$	10,745,050	4,645,590	621,753	75,328	16,087,721
UF	3,951,509	5,790,349	3,534,605	2,700,284	15,976,747
MX	11,524,220	5,438,677	2,170,959	682,842	19,816,698
TOTAL	**26,220,779**	**15,874,616**	**6,327,317**	**3,458,454**	**51,881,166**

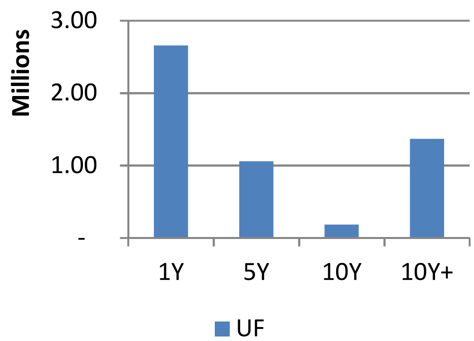
LIABILITIES	1Y	5Y	10Y	10Y+	Total
Ch$	12,702,877	4,419,158	41,394	-	17,163,429
UF	1,292,474	4,733,007	3,352,536	1,332,838	10,710,855
MX	8,958,395	8,610,249	1,479,152	87,615	19,135,411
TOTAL	**22,953,746**	**17,762,414**	**4,873,082**	**1,420,453**	**47,009,695**

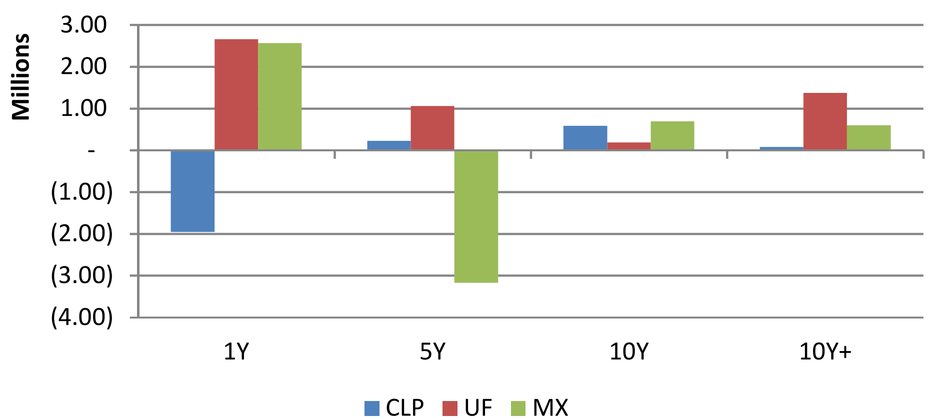
MISMATCH	1Y	5Y	10Y	10Y+	Total
Ch$	(1,957,827)	226,432	580,359	75,328	(1,075,708)
UF	2,659,035	1,057,342	182,069	1,367,446	5,265,892
MX	2,565,825	(3,171,572)	691,807	595,227	681,287
TOTAL	**3,267,033**	**(1,887,798)**	**1,454,235**	**2,038,001**	**4,871,471**

NOTE 35 - RISK MANAGEMENT, CONTINUED

Fig. 8. Carrying amount to maturity range or re-pricing by currency Positions As of December 31, 2019 (MCh$)







NOTE 35 - RISK MANAGEMENT, CONTINUED

Fig. 9. Carrying amount to maturity range or re-pricing by Account Positions as of June 30, 2020 (MCh$)

Assets	1Y	5Y	10Y	10Y+	TOTAL
Central Bank of Chile	1,547,108	8,402	-	-	1,555,510
Domestic banks and financial institutions	249,186	252,821	10,144	3,663	515,814
Investments under agreements to resell	75,971	-	-	-	75,971
Commercial loans	7,905,399	3,009,002	1,275,103	867,477	13,056,981
Consumer loans	1,223,593	1,760,332	155,469	51,405	3,190,799
Negotiable residential mortgage loans	997,516	3,178,452	2,083,692	1,927,404	8,187,064
Residential mortgage loans with funding notes	9,492	5,601	107	-	15,200
Cash	3,139,679	-	-	-	3,139,679
Forwards	201,624	-	-	-	201,624
Chilean State	92,534	220,919	122,942	18,138	454,533
Consumer leasing	8	-	-	-	8
Commercial leasing operations	500,167	692,828	191,304	38,204	1,422,503
Other domestic entities	-	-	-	-	-
Other foreign entities	11,803	65,453	121,395	27,018	225,669
Other assets	4,320,533	211,953	5,796	128	4,538,410
Other residential mortgage loans	4,661	-	-	-	4,661
Other, excluding options	-	-	-	-	-
Swaps	3,536,050	2,358,602	1,165,798	93,630	7,154,080
Total assets	**23,815,323**	**11,764,365**	**5,131,750**	**3,027,067**	**43,738,506**

Liabilities	1Y	5Y	10Y	10Y+	TOTAL
Ordinary bonds	337,186	3,974,375	2,390,635	183,409	6,885,606
Subordinated bonds	51,004	214,556	220,151	1,422,501	1,908,212
Saving accounts with deferred withdrawal	41,773	-	-	-	41,773
Savings accounts with unconditional withdrawal	9,926	-	-	-	9,926
Demand deposits (*)	2,860,587	5,162,780	-	-	8,023,367
Term deposits	11,809,568	5,059	1	1	11,814,629
Forwards	198,005	-	-	-	198,005
Letters of credit	2,975	5,551	196	-	8,721
Other liabilities	1,857,657	-	-	-	1,857,657
Other, excluding options	-	-	-	-	-
Foreign loans and other obligations	184,651	-	-	-	184,651
Domestic loans and other obligations	1,360,156	1,291,979	-	-	2,652,135
Swaps	2,651,580	2,314,942	1,819,334	55,420	6,841,276
Liabilities under agreements to repurchase	-	366,870	-	-	366,870
Total liabilities	**21,365,068**	**13,336,112**	**4,430,317**	**1,661,331**	**40,792,828**

(*) Determined in accordance with internal models.

NOTE 35 - RISK MANAGEMENT, CONTINUED

Fig. 10. Carrying amount to maturity range or re-pricing by Account Positions as of December 31, 2019 (MCh$)

Assets	1Y	5Y	10Y	10Y+	TOTAL
Central Bank of Chile	16,853	243,547	-	-	260,400
Domestic banks and financial institutions	675,370	1,240,627	427,613	313,024	2,656,634
Investments under agreements to resell	65,123	-	-	-	65,123
Commercial loans	10,530,098	5,153,080	1,791,531	850,607	18,325,316
Consumer loans	1,301,987	1,834,921	148,157	55,834	3,340,899
Negotiable residential mortgage loans	971,550	3,073,763	2,023,085	1,879,719	7,948,117
Residential mortgage loans with funding notes	10,159	7,220	247	-	17,626
Cash	2,492,652	-	-	-	2,492,652
Forwards	472,033	58,448	-	-	530,481
Chilean State	195,278	386,567	110,416	9,300	701,561
Consumer leasing	13	-	-	-	13
Commercial leasing operations	513,665	666,196	189,376	40,939	1,410,176
Other domestic entities	-	-	-	-	-
Other foreign entities	49,893	215,392	115,628	23,134	404,047
Other assets	4,451,261	278,330	18,111	158	4,747,860
Other residential mortgage loans	785,351	786,556	243,964	198,695	2,014,566
Other, excluding options	-	-	-	-	-
Swaps	3,689,493	1,929,969	1,259,189	87,044	6,965,695
Total assets	**26,220,779**	**15,874,616**	**6,327,317**	**3,458,454**	**51,881,166**

Liabilities	1Y	5Y	10Y	10Y+	TOTAL
Ordinary bonds	386,731	3,764,574	2,297,651	262,423	6,711,379
Subordinated bonds	45,876	190,218	206,219	1,086,357	1,528,670
Saving accounts with deferred withdrawal	39,925	-	-	-	39,925
Savings accounts with unconditional withdrawal	127,803	-	-	-	127,803
Demand deposits (*)	3,193,976	10,957,035	-	-	14,151,011
Term deposits	12,054,015	174,859	6	142	12,229,022
Forwards	467,099	56,618	-	-	523,717
Letters of credit	3,162	6,964	332	-	10,458
Other liabilities	1,676,191	-	-	-	1,676,191
Other, excluding options	-	-	-	-	-
Foreign loans and other obligations	1,116,008	23,172	665,809	-	1,804,989
Domestic loans and other obligations	1,016,333	444,299	-	-	1,460,632
Swaps	2,765,017	2,144,675	1,703,065	71,531	6,684,288
Liabilities under agreements to repurchase	61,610	-	-	-	61,610
Total liabilities	**22,953,746**	**17,762,414**	**4,873,082**	**1,420,453**	**47,009,695**

(*) 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 December 31, 2019 and 2018 are stated below. The risk classification of these positions at the end of the last period is also reported.

Fig. 11.a Fair Value of Financial Investments Available for Sale
As of June 30, 2020 (MCh$)
Banco de Credito e Inversiones and City National Bank (CNB)

	Ch$	**UF**	**USD**	**EUR**	**OTRAS**
Sovereign bonds	595,181	390,375	153,372	-	-
Corporate bonds	1,189	509	179,606	51,859	-
Financial institutions bonds	13,113	134,431	2,561,798	-	-
Mortgage-funding notes	-	35,357	-	-	-
Term deposits	300,540	-	-	-	-
Investment funds (*)	-	-	41,458	-	-
Shares (*)	-	-	102,529	-	-
Total	910,023	560,672	3,038,763	51,859	-

(*) The investment funds and the shares correspond to the available-for-sale portfolio of City National Bank of Florida (CNB).

Fig. 11.b Fair Value of Financial Investments Available for Sale
As of December 31, 2019 (MCh$)
Banco de Credito e Inversiones and City National Bank (CNB)

	Ch$	**UF**	**USD**	**EUR**	**OTRAS**
Sovereign bonds	153,490	481,999	143,257	-	-
Corporate bonds	4,561	1,155	160,060	-	-
Financial institutions bonds	-	37,779	2,140,604	-	-
Mortgage-funding notes	-	38,837	-	-	-
Term deposits	63,620	-	-	-	-
Investment funds (*)	-	-	38,699	-	-
Shares (*)	-	-	81,861	-	-
Total	**221,671**	**559,770**	**2,564,481**	-	-

(*) The investment funds and the shares correspond to the available-for-sale portfolio of City National Bank of Florida (CNB).

NOTE 35 - RISK MANAGEMENT, CONTINUED

Fig. 12. Financial Investments Available for Sale
Internationally-Issued Bond Portfolio Credit Rating as of June 30, 2020 (%)
Banco de Credito e Inversiones and City National Bank (CNB)

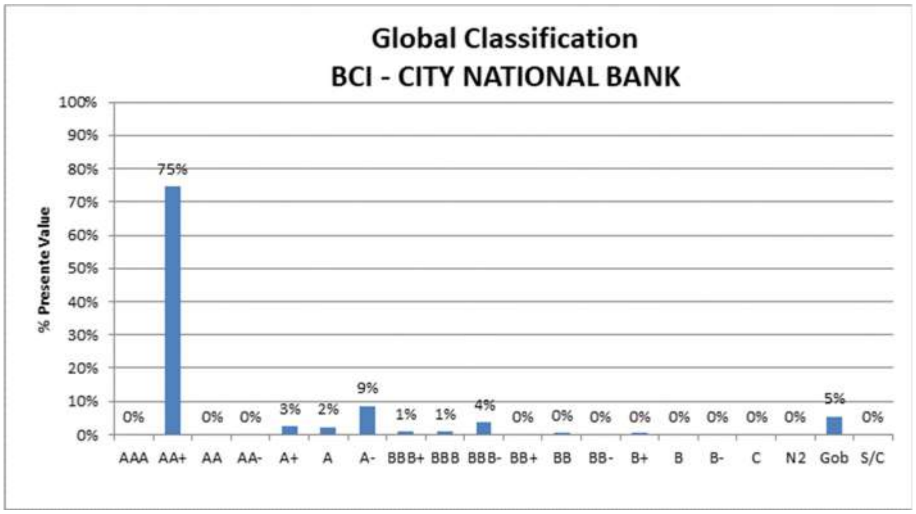
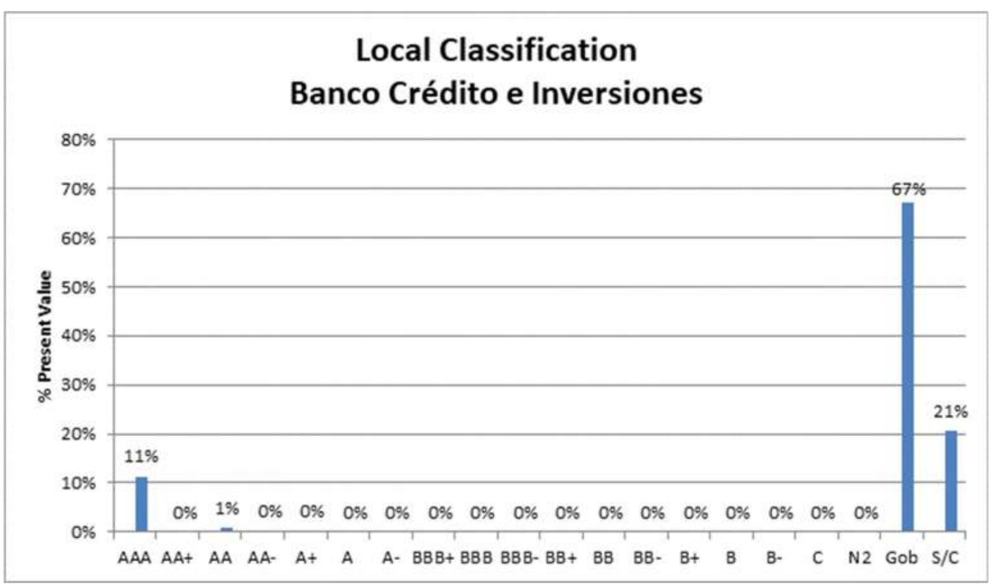


Fig. 13. Financial Investments Available for Sale
Portfolio Risk Classification Bonds and LCH National Issue as of June 30, 2020 (%)
Banco de Credito e Inversiones and City National Bank (CNB)



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.

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.

Some of the hedging strategies are: a) moving short-term risk to the long-term (moving short-term liabilities to the long-term through rate swap) and b) floating long-term borrowings with the use of rate swap.

In the scenario of 100 basis points increase, holding constant other variables, the effects compared at the end of the period ended June 30, 2020 and December 2019, respectively, for the Bank are the following:

- In the short-term, exposure to interest rates as of June 30, 2020 and December 2019, amounted to MCh$16,563 and MCh$29,946 respectively, equivalent to expecting an adverse effect on the financial margin over a 3-month horizon.

- The sensitivity rate risk applied to all items in the banking book and all deadlines, measured by MVS, as of June 30, 2020 and December 2019, are MCh$134,040 and MCh$168,531 respectively.

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 nine 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 updating technique is used, which records the existence of volatility clusters.

The forecast horizon is of 1 day. The square root rule is used to project 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 June 30, 2020, back-test places the model in the yellow 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.

NOTE 35 - RISK MANAGEMENT, CONTINUED

III. Scenarios of sensitivity that consider movements in risk factors that are not captured by the recent history.

- VaR limits

The Bank has set specific limits to the corporate VaR, as well as sublimits to the trading, balance and investment portfolios available for sale.

d. Position Limit

In addition to the limits of predictive risk models such as VaR and sensitivity analyzes, there are accounting limits for maximum positions.

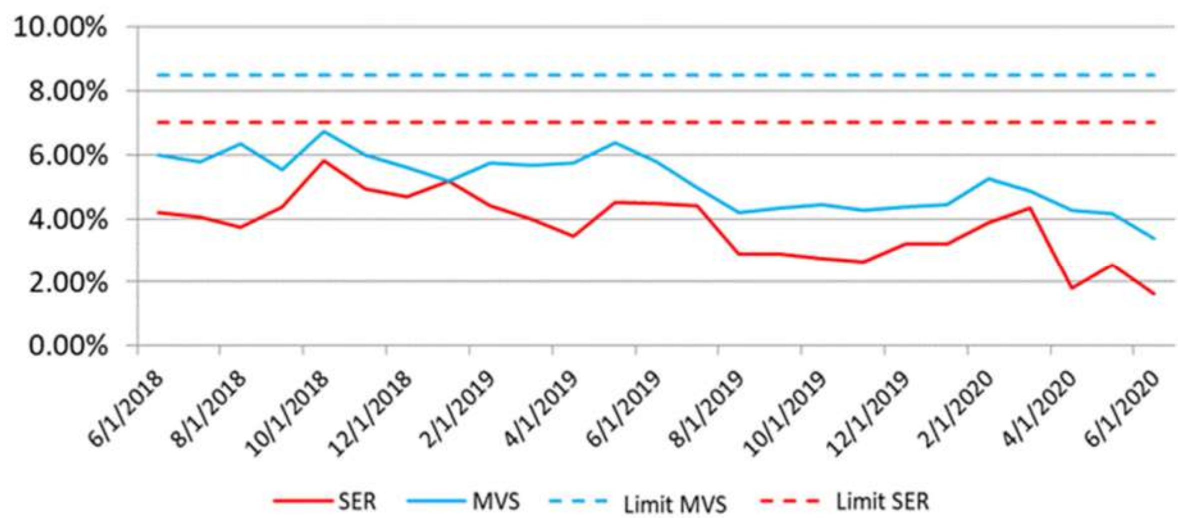
e. Variations

- Sensitivity analysis of the banking book.

Asset and liability management team constantly monitors the use of hedge accounting and the potential advantages of bond issuances, helping to keep the risk of interest rate limited in the banking book.

Long-term risk MVS averaged during 2020 4.40% (5.09% during 2019) over the capital limit of 8.5%. Additionally the short term risk (SeR), presented a mean of 2.90% until March 2020 versus a mean of 3.74% for December 2019.

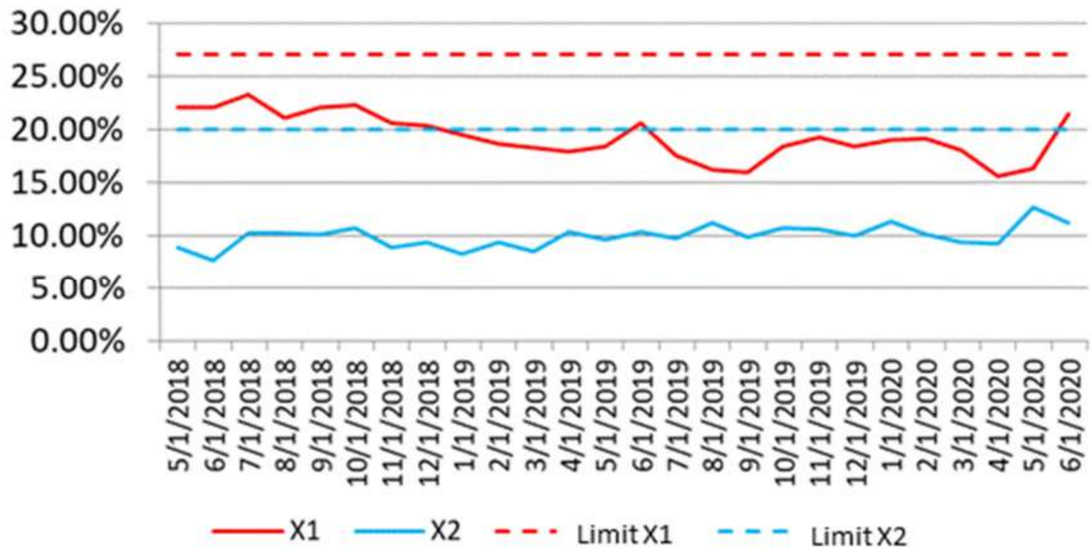
Fig. 14. MVS - SeR
As of June 30, 2020



NOTE 35 - RISK MANAGEMENT, CONTINUED

The evolution of regulatory ratios X1 (short term exposure to market risk) and X2 (long term exposure to market risk) were below the limits as of June 30, 2020, mainly due to the management of the balance sheet through hedge accounting.

Fig. 15. Regulatory Market Risk X1 - X2
Banco Crédito e Inversiones and City National Bank [1]
As of June 30, 2020



X1: Limit on financial margin
X2: Limit on effective equity

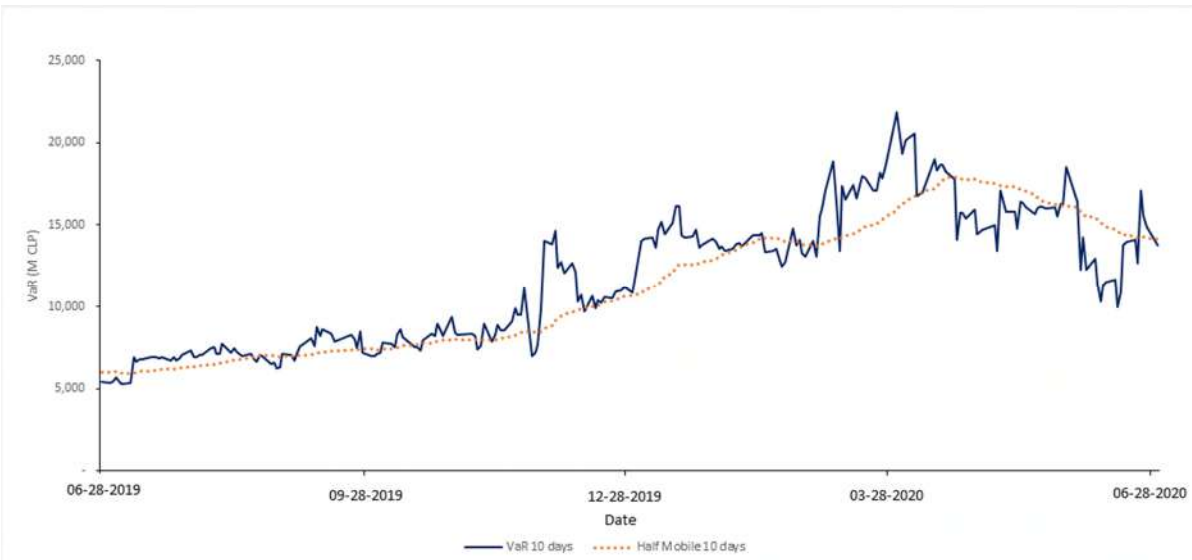
[1] Financial margin values are added for X1 while consolidated equity is used for X2.

NOTE 35 - RISK MANAGEMENT, CONTINUED

- Value at Risk

The evolution of the 10-day VaR for the last quarter; Data as of June 30, 2020.

Fig. 16. Consolidated Value at Risk
As of June 30, 2020 (MCh$)



NOTE 35 - RISK MANAGEMENT, CONTINUED

During the second quarter of 2020, the total consolidated risk averaged MCh$15,425, measured over the 10-day regulatory horizon, and increased by 81.6% compared to December 2019. In the period between January and June, the exchange rate volatility increased dramatically as a result of both the social crisis in Chile and the impact of COVID-19 on world markets, which also has an impact on the levels of bond rates. In this period the senior management approved excesses over the limits.

On a consolidated basis, the risk of interest rate averages MCh$8,578 while the foreign currency risk averages MCh$10,203. In trading the aggregate average was MCh$4,359; MCh$3,541 for interest rate risk and MCh$1,413 for foreign currency risk. Finally, for non-trading portfolios (investments available for sale) the total VaR averaged MCh$2,788; MCh$381 for interest rate risk and MCh$2,764 for foreign currency risk.

Fig. 17. Value at risk by portfolio and type of risk
As of June 30, 2020 (MCh$)

(A) Consolidated VaR by type of risk (MCh$)

	6 months until June 30, 2020			
	Average	Maximum	Minimum	Close
FX risk	10,203	15,820	1,445	9,766
Interest rate risk	8,578	11,931	1,965	6,750
Diversification (*)	3,356	5,894	6,551	2,753
Total VaR	15,425	21,857	9,961	13,762

(b) VaR trading portfolio by type of risk (MCh$)

	6 months until June 30, 2020			
	Average	Maximum	Minimum	Close
FX risk	1,413	5,784	3	1,706
Interest rate risk	3,541	5,165	1,450	2,392
Diversification	595	3,291	31	410
Total VaR	4,359	7,658	1,422	3,688

(c) VaR portfolio of investments available for sale by type of risk (MCh$)

	6 months until June 30, 2020			
	Average	Maximum	Minimum	Close
FX risk	2,764	5,176	101	1,784
Interest rate risk	381	1,000	5	1,000
Diversification	357	1,131	313	706
Total VaR	2,788	5,045	419	2,078

(*) 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, 2019 (MCh$)(**)

(a) Consolidated VaR by type of risk (MCh$)

	12 months until December 31, 2019			
	Average	Maximum	Minimum	Close
FX risk	4,976	17,208	1,794	11,455
Interest rate risk	5,798	10,595	3,572	7,333
Diversification (*)	2,279	8,360	515	3,406
Total VaR	8,495	19,443	4,851	15,383

(b) VaR trading portfolio by type of risk (MCh$)

	12 months until December 31, 2019			
	Average	Maximum	Minimum	Close
FX risk	1,045	8,646	8	156
Interest rate risk	4,047	6,470	2,628	4,330
Diversification	778	4,267	287	224
Total VaR	4,314	10,849	2,923	4,262

(c) VaR portfolio of investments available for sale by type of risk (MCh$)

	12 months until December 31, 2019			
	Average	Maximum	Minimum	Close
FX risk	1,636	6,470	378	5,513
Interest rate risk	449	2,657	76	184
Diversification	412	2,705	257	269
Total VaR	1,673	6,422	197	5,428

(*) Diversification is defined as the effect of correlation of total VaR.
(**) Summary updated at consolidated level with respect to the previous December 2019 report.

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 table below shows the sensitivity of fair values to reasonably possible alternative assumptions:

	Recognition in statements of income		**Recognition in statements of other comprehensive income**	
	Favorable	**Unfavorable**	**Favorable**	**Unfavorable**
	MCh$	**MCh$**	**MCh$**	**MCh$**
As of June 30, 2020				
Securities backed by assets held for trading	(17)	17	-	-
Other non-derivative assets held for trading	(24)	24	-	-
Securities backed by available for sales assets	-	-	(168)	168
As of December 31, 2019				
Securities backed by assets held for trading	(54)	54	-	-
Other non-derivative assets held for trading	(33)	33	-	-
Securities backed by available for sales assets	-	-	(48)	48

Currency risk

The currency risk is defined as the risk that the value of a financial instrument will fluctuate due 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 June 30, 2020

Amounts in MCh$

Assets	**USD**	**EUR**	**Other**
Cash	714,513	49,142	11,697
Commercial loans	2,516,433	33,189	3,632
Investments under agreement to resell	-	-	-
Commercial leasing operations	124,504	-	-
Mortgage loans LC- Credit line	-	-	-
Mortgage loans MHE	-	-	-
Other residential mortgage loans	-	-	-
Residential leasing - - -	-	-	-
Consumer loans	15,673	-	-
Consumer leasing	-	-	-
Commercial loans - credit lines and overdrafts	-	-	-
Consumer loans - credit lines and overdrafts	-	-	-
Central Bank of Chile	-	-	-
Chilean State	8,352	51,938	-
Domestic banks and financial institutions	16,382	-	-
Other domestic entities	-	-	-
State and governments bodies MX	-	-	-
Foreign banks	-	-	-
Other foreign entities	125,286	-	6,636
Forward	11,029,230	110,199	124,176
Futures	6,394	-	-
Swaps	18,130,784	414,081	847,845
Other, excluding options	-	-	-
Other assets	3,195,851	50,090	13,510
Delta Options	158,555	-	-
Total assets	**36,041,957**	**708,639**	**1,007,496**
Liabilities			
Demand deposits	938,761	54,612	337
Term deposits	2,450,574	5,707	-
Saving accounts with deferred withdrawal	-	-	-
Savings accounts with unconditional withdrawal	-	-	-
Liabilities under agreements to repurchase - - -	-	-	-
Loans and other liabilities contracted MN (National Currency)	1,376,063	-	-
Loans and other liabilities contracted MX (Foreign Currency)	169,139	4,370	2,605
Letters of credit	-	-	-
Ordinary bonds	1,280,972	18,569	700,705
Subordinated bonds	-	-	-
Forward	9,749,196	141,139	144,170
Futures	6,219	-	-
Swaps	17,125,592	459,481	71,174
Other, excluding options	-	-	-
Other liabilities	1,131,271	22,525	354
Delta Options	109,502	-	-
Total liabilities	**34,337,289**	**706,403**	**919,345**
Net	**1,704,668**	**2,236**	**88,151**

NOTE 35 - RISK MANAGEMENT, CONTINUED

As of December 31, 2019

Amounts in MCh$

Assets	**USD**	**EUR**	**Other**
Cash	1,092,128	55,846	11,182
Commercial loans	2,166,463	31,012	12,582
Investments under agreement to resell	-	-	-
Commercial leasing operations	104,155	-	-
Mortgage loans LC- Credit line	-	-	-
Mortgage loans MHE	-	-	-
Other residential mortgage loans	-	-	-
Residential leasing - - -	-	-	-
Consumer loans	23,670	-	-
Consumer leasing	-	-	-
Commercial loans - credit lines and overdrafts	-	-	-
Consumer loans - credit lines and overdrafts	-	-	-
Central Bank of Chile	-	-	-
Chilean State	9,033	47,855	-
Domestic banks and financial institutions	15,322	-	-
Other domestic entities	-	639	-
State and governments bodies MX	-	-	-
Foreign banks	-	-	-
Other foreign entities	93,560	-	5,164
Forward	10,452,905	343,925	89,741
Futures	5,402	-	-
Swaps	15,764,916	330,866	802,727
Other, excluding options	-	-	-
Other assets	2,554,889	43,509	15,567
Delta Options	246,261	-	-
Total assets	**32,528,704**	**853,652**	**936,963**
Liabilities	**USD**	**EUR**	**Other**
Demand deposits	799,496	53,926	1,036
Term deposits	1,641,527	5,158	-
Saving accounts with deferred withdrawal	-	-	-
Savings accounts with unconditional withdrawal	-	-	-
Liabilities under agreements to repurchase - - -	37,561	-	-
Loans and other liabilities contracted MN (National Currency)	1,289,624	-	-
Loans and other liabilities contracted MX (Foreign Currency)	350,230	2,389	4,666
Letters of credit	-	-	-
Ordinary bonds	1,172,764	16,874	650,027
Subordinated bonds	-	-	-
Forward	9,739,616	397,875	122,426
Futures	5,240	-	-
Swaps	14,950,506	363,173	100,157
Other, excluding options	-	-	-
Other liabilities	1,257,129	14,197	325
Delta Options	114,274	-	-
Total liabilities	**31,357,967**	**853,592**	**878,457**
Net	**1,170,738**	**60**	**58,506**

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. The 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, where 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 decrease 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

Amounts in MCh$	**As of June 30, 2020**			
	Decrease of 10%		**Increase of 10%**	
Assets	**USD**	**EUR**	**USD**	**EUR**
Cash	643,062	44,228	785,964	54,056
Commercial loans	2,264,790	29,870	2,768,077	36,508
Investments under agreement to resell	-	-	-	-
Commercial leasing operations	112,053	-	136,954	-
Mortgage loans LC- Credit line	-	-	-	-
Mortgage loans MHE	-	-	-	-
Other residential mortgage loans	-	-	-	-
Residential leasing - - -	-	-	-	-
Consumer loans	14,106	-	17,241	-
Consumer leasing	-	-	-	-
Commercial loans LCS- Credit Line and overdraft	-	-	-	-
Consumer loans LCS- Credit line and overdraft	-	-	-	-
Central Bank of Chile	-	-	-	-
Chilean State	7,517	46,744	9,188	57,131
Domestic banks and financial institutions	14,744	-	18,021	-
Other domestic entities	-	-	-	-
State and governments bodies MX	-	-	-	-
Foreign banks	-	-	-	-
Other foreign entities	112,757	-	137,815	-
Forward	9,926,307	99,179	12,132,153	121,219
Futures	5,755	-	7,033	-
Swaps	16,317,705	372,673	19,943,862	455,490
Other, excluding options	-	-	-	-
Other assets	2,876,266	45,081	3,515,436	55,099
Delta Options	142,700	-	174,411	-
Total assets	**32,437,762**	**637,775**	**39,646,155**	**779,503**
Liabilities				
Demand deposits	844,885	49,151	1,032,638	60,073
Term deposits	2,205,516	5,137	2,695,631	6,278
Saving accounts with deferred withdrawal	-	-	-	-
Savings accounts with unconditional withdrawal	-	-	-	-
Liabilities under agreements to repurchase - - -	-	-	-	-
Loans and other liabilities contracted MN (National Currency)	1,238,456	-	1,513,669	-
Loans and other liabilities contracted MX (Foreign Currency)	152,225	3,933	186,052	4,807
Letters of credit	-	-	-	-
Ordinary bonds	1,152,874	16,712	1,409,069	20,426
Subordinated bonds	-	-	-	-
Forward	8,774,277	127,025	10,724,116	155,253
Futures	5,597	-	6,841	-
Swaps	15,413,033	413,532	18,838,151	505,429
Other, excluding options	-	-	-	-
Other liabilities	1,018,145	20,273	1,244,399	24,778
Delta Options	98,552	-	120,453	-
Total liabilities	**30,903,560**	**635,763**	**37,771,019**	**777,044**
Net	**1,534,202**	**2,012**	**1,875,136**	**2,459**

NOTE 35 - RISK MANAGEMENT, CONTINUED

Amounts in MCh$	As of December 31, 2019			
	Decrease of 10%		Increase of 10%	
Assets	**USD**	**EUR**	**USD**	**EUR**
Cash	982,915	50,262	1,201,341	61,431
Commercial loans	1,949,816	27,911	2,383,109	34,113
Investments under agreement to resell	-	-	-	-
Commercial leasing operations	93,739	-	114,570	-
Mortgage loans LC- Credit line	-	-	-	-
Mortgage loans MHE	-	-	-	-
Other residential mortgage loans	-	-	-	-
Residential leasing - - -	-	-	-	-
Consumer loans	21,303	-	26,037	-
Consumer leasing	-	-	-	-
Commercial loans LCS- Credit Line and overdraft	-	-	-	-
Consumer loans LCS- Credit line and overdraft	-	-	-	-
Central Bank of Chile	-	-	-	-
Chilean State	8,130	43,070	9,937	52,641
Domestic banks and financial institutions	13,790	-	16,854	-
Other domestic entities	-	575	-	703
State and governments bodies MX	-	-	-	-
Foreign banks	-	-	-	-
Other foreign entities	84,204	-	102,916	-
Forward	9,407,615	309,532	11,498,196	378,917
Futures	5,310	-	5,942	-
Swaps	14,188,424	297,779	17,341,408	363,953
Other, excluding options	-	-	-	-
Other assets	2,299,400	39,158	2,810,378	47,860
Delta Options	222,635	-	270,888	-
Total assets	**29,277,281**	**768,287**	**35,781,576**	**939,618**
Liabilities	**USD**	**EUR**	**USD**	**EUR**
Demand deposits	719,546	48,534	879,446	59,319
Term deposits	1,477,375	4,642	1,805,680	5,674
Saving accounts with deferred withdrawal	-	-	-	-
Savings accounts with unconditional withdrawal	-	-	-	-
Liabilities under agreements to repurchase - - -	33,805	-	41,317	-
Loans and other liabilities contracted MN (National Currency)	1,160,659	-	1,418,584	-
Loans and other liabilities contracted MX (Foreign Currency)	315,207	2,150	385,253	2,628
Letters of credit	-	-	-	-
Ordinary bonds	1,055,488	15,187	1,290,040	18,562
Subordinated bonds	-	-	-	-
Forward	8,765,655	358,087	10,713,578	437,663
Futures	4,716	-	5,764	-
Swaps	13,455,456	326,856	16,445,557	399,491
Other, excluding options	-	-	-	-
Other liabilities	1,131,416	12,778	1,382,842	15,617
Delta Options	102,847	-	125,702	-
Total liabilities	**28,222,170**	**768,234**	**34,493,763**	**938,954**
Net	**1,055,111**	**53**	**1,287,813**	**664**

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.

Therefore, the actual impact of a change in assumptions may not have any impact on the liabilities, while the assets remain at market value in the Interim Consolidated 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 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 on equity instruments 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 following sensitivity analysis described below have been determined based on the exposure of equity prices at the end of the reporting period.

On a scenario where the equity prices had been 1% higher / lower:

The net income of the period as of June 30, 2020, would not have been affected given that all bank´s equity instruments are classified as available for sale, and no investment was impaired; notwithstanding, the possible negative effect on equity would have amounted to MCh$134,040 while the impact for the year ended December 31, 2019 would have been MCh$168,531.

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 their implementation. 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. Not only does the accounting information depend 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 bonds, 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 equate supply with demand and allow transactions to be carried out. 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 derivative 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 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.

NOTE 35 - RISK MANAGEMENT, CONTINUED

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 panels of incomplete data and incorporates all the recent price history of the instruments 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 tested by independent parties.

Finally, all instruments whose prices or market factors are not directly observable are classified in Level 3.

g. Derivative instruments

As of June 30, 2020 the Bank had a net liability position of MCh$ 92,803 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 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 trading or have hedge accounting treatment under the applicable accounting standards. 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 to operate with derivative instruments

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.

MonteCarlo 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 approved for use with derivative instruments by segment for the periods ended June 30, 2020 and 2019.

NOTE 35 - RISK MANAGEMENT, CONTINUED

Segment	Use of line to operate with derivative instruments 06.30.2020	Use of line to operate with derivative instruments 12.31.2019
	MCh$	MCh$
Retail Banking	**4,164**	**2,650**
Retail Banking	-	-
Small and Medium Enterprises	4,164	2,650
Wholesale Banking	**1,457,914**	**902,860**
Commercial Banking	303,108	172,229
C&IB Commercial Division	1,154,806	730,631
Finance division	**1,308,851**	**1,118,381**
Total	**2,770,929**	**2,023,891**

Credit Valuation Adjustment in derivatives (CVA)

The objective of the credit valuation adjustments is to determine the counterparty risk associated with the credit exposure in OTC derivative contracts. The CVA of a derivative is defined as the difference between its market-to-market value determined without the risk of default from the counterparty and its market-to-market value with the probability of default of the counterparty. 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 table below details the CVA.

CreditValueAdjustment			
Segment	**06.30.2020**	**12.31.2019**	**Variation**
	MCh$	MCh$	MCh$
Retail Banking	**60**	**70**	**- 10**
Retail Banking	-	-	-
Small & Medium Enterprise	60	70	- 10
Wholesale Banking	**34,913**	**25,052**	**9,861**
Commercial Banking	4,928	4,608	320
C&IB Commercial Division	29,985	20,444	9,541
Finance division	**625**	**546**	**79**
City National Bank	**4,084**	**2,790**	**1,294**
Total	**39,682**	**28,458**	**11,224**

NOTE 35 - RISK MANAGEMENT, CONTINUED

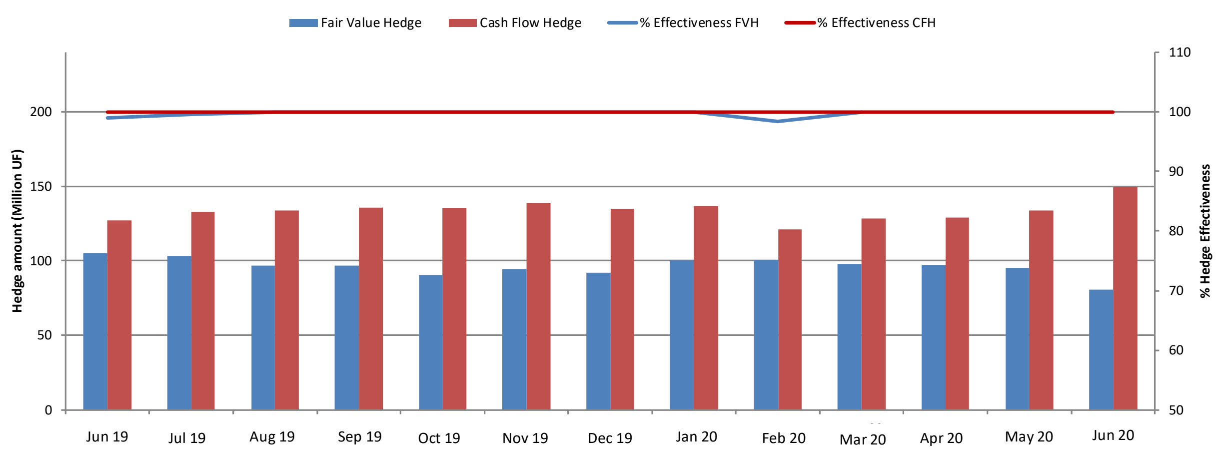
i. Hedge accounting

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 statements of financial position.

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 June 30, 2020 the total notional amount of cash flow hedges amounted to UF 149,274,215 whereas fair value hedges reach UF 80,612,958. As of December 31, 2019 the total notional amount of cash flow hedges amounted to UF 134,620,247 whereas fair value hedges reach UF 91,952,174.

Fig. 19. Amount, Type and effectiveness of Hedge Accounting
As of June 30, 2020 (UF Millions)



NOTE 35 - RISK MANAGEMENT, CONTINUED

4. 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.

Provision for credit risk

According to the Financial Market Commission (FMC), the Banks should permanently maintain evaluations of their loans and contingent credit portfolios, in order to establish provisions timely and sufficiently, so as to cover possible losses, in accordance with the regulation of said Superintendency, contained in the 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.

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 and its relative position.

NOTE 35 - RISK MANAGEMENT, CONTINUED

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 Financial Market Commission (FMC):

	As of June 30, 2020					
	DEBT			ALLOWANCE		
Category	Loans and Receivables from Banks	Loans and receivables from customers, net	Total	Loans and Receivables from Banks	Loans and receivables from customers, net	Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
A1	-	222,102	222,102	-	77	77
A2	143,551	1,626,845	1,770,396	118	951	1,069
A3	34,514	2,468,946	2,503,460	76	3,412	3,488
A4	-	2,905,769	2,905,769	-	21,338	21,338
A5	-	2,768,917	2,768,917	-	16,895	16,895
A6	-	989,479	989,479	-	11,504	11,504
B1	-	302,925	302,925	-	5,757	5,757
B2	-	133,202	133,202	-	4,428	4,428
B3	-	189,057	189,057	-	18,317	18,317
B4	-	62,725	62,725	-	19,320	19,320
C1	-	116,479	116,479	-	2,330	2,330
C2	-	40,772	40,772	-	4,077	4,077
C3	-	20,372	20,372	-	5,093	5,093
C4	-	53,258	53,258	-	21,303	21,303
C5	-	7,325	7,325	-	4,761	4,761
C6	-	29,548	29,548	-	26,593	26,593
Collective assessment	-	13,579,709	13,579,709	-	399,588	399,588
Subsidiaries	315,614	12,860,909	13,176,523	376	193,223	193,599
Total	**493,679**	**38,378,339**	**38,872,018**	**570**	**758,967**	**759,537**

NOTE 35 - RISK MANAGEMENT, CONTINUED

	As of December 31, 2019					
	DEBT			ALLOWANCE		
Category	Loans and Receivables from Banks	Loans and receivables from customers, net	Total	Loans and Receivables from Banks	Loans and receivables from customers, net	Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
A1	-	193,155	193,155	-	70	70
A2	83,442	1,416,715	1,500,157	69	811	880
A3	42,485	2,391,456	2,433,941	93	3,368	3,461
A4	-	2,417,035	2,417,035	-	16,311	16,311
A5	-	2,318,233	2,318,233	-	9,649	9,649
A6	-	799,300	799,300	-	7,228	7,228
B1	-	170,241	170,241	-	2,237	2,237
B2	-	131,480	131,480	-	4,173	4,173
B3	-	144,394	144,394	-	16,232	16,232
B4	-	55,179	55,179	-	15,360	15,360
C1	-	100,422	100,422	-	2,008	2,008
C2	-	20,310	20,310	-	2,031	2,031
C3	-	25,467	25,467	-	6,367	6,367
C4	-	41,853	41,853	-	16,741	16,741
C5	-	6,530	6,530	-	4,244	4,244
C6	-	37,521	37,521	-	33,769	33,769
Collective assessment	-	12,792,831	12,792,831	-	367,144	367,144
Subsidiaries	332,218	10,818,656	11,150,874	343	160,578	160,921
Total	**458,145**	**33,880,778**	**34,338,923**	**505**	**668,321**	**668,826**

The analysis of the age of overdue installments and their accrued interest by type of financial assets is the following:

	Less than 30 days		Between 31 and 89 days		90 days or more		Total	
	06.30.2020	12.31.2019	06.30.2020	12.31.2019	06.30.2020	12.31.2019	06.30.2020	12.31.2019
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Loans and receivables from banks, net	-	-	-	-	-	-	-	-
Loans and receivables from customers, net	391,090	436,062	251,535	105,508	329,945	287,816	972,570	829,386
Total	**391,090**	**436,062**	**251,535**	**105,508**	**329,945**	**287,816**	**972,570**	**829,386**

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 June 30, 2020

	Maximum exposure	Allowance	Net exposure after allowances	Associated collateral	Net exposure
	MCh$	MCh$	MCh$	MCh$	MCh$
Trading portfolio financial assets	1,828,682	-	**1,828,682**	-	**1,828,682**
Loans and receivables to banks, net	493,679	(570)	**493,109**	-	**493,109**
Loans and receivables from customers, and credit commitments (1)	49,116,494	(805,789)	**48,310,705**	(14,273,210)	**34,037,495**
Financial investments available for sale	6,432,201	-	**6,432,201**	-	**6,432,201**
Financial investments held to maturity	29,010	-	**29,010**	-	**29,010**
Derivative financial agreements (2)	6,927,794	(38,335)	**6,889,459**	-	**6,889,459**

(1) In this line loans and receivables are included for an amount of MCh$38,378,339 (see Note 10) and credit commitments of MCh$10,738,155 (see Note 22). Reported collateral is legally pledged to the Bank and there is no uncertainty regarding its possible execution or settlement.
(2) As of June 30, 2020, no collateral was provided in favour of the Bank.

As of December 31, 2019

	Maximum exposure	Allowance	Net exposure after allowances	Associated collateral	Net exposure
	MCh$	MCh$	MCh$	MCh$	MCh$
Trading portfolio financial assets	2,212,257	-	**2,212,257**	-	**2,212,257**
Loans and receivables to banks, net	458,145	(505)	**457,640**	-	**457,640**
Loans and receivables from customers, and credit commitments (3)	43,791,832	(710,990)	**43,080,842**	(12,248,254)	**30,832,588**
Financial investments available for sale	4,011,029	-	**4,011,029**	-	**4,011,029**
Financial investments held to maturity	7,369	-	**7,369**	-	**7,369**
Derivative financial agreements (4)	4,260,655	634	**4,261,289**	-	**4,261,289**

(3) In this line loans and receivables are included for an amount of MCh$33,880,778 (see Note 10) and credit commitments of MCh$9,911,054 (see Note 22). Reported collateral is legally pledged to the Bank and there is no uncertainty regarding its possible execution or settlement.
(4) As of December 31, 2019, no collateral was provided in favour of the Bank.

NOTE 35 - RISK MANAGEMENT, CONTINUED

5. 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: committee for operational risks, security of information and technological risk, business continuity risk, externalized services, and MACH operating risk. 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.

Regarding the management of operational risk in subsidiaries, during 2019 the operational risk work methodologies have been reinforced with the teams from the Bank's subsidiaries, who run the risk management program in each subsidiary with an independent corporate governance, coordinated and aligned with the Corporate risk policies and governance.

During 2019 and in the first quarter of 2020, the operational risk management strategy has been intensified, of using statistical models to detect and anticipate emerging risks, strengthening risk management in a digital environment and maintaining a robust risk culture, through dissemination and training to the collaborators in these matters, as well as the continuous monitoring of controls.

Information Security and Cybersecurity

The Bank has an information security and cybersecurity strategy based on best industry practices that are based on a comprehensive management program, whose main component is the overall information security policy approved by the Board Executive Committee, reviewed on an annual basis, and supplemented by a regulatory body of specific controls regulations, a security culture program aimed at employees, customers and suppliers, ongoing programs of vulnerability analysis and hacking, and an organization formed by areas specialyzing in the Bank’s three lines of defense, focused on the operation of security controls and specialized management of these risks.

The Bank has an Information Security and Technological Risk Committee, made up of representatives from various areas in the Bank, which ensures that the regulatory framework is updated for new risks and threats, and is responsible for the execution and monitoring of the annual security and compliance with specific policies.

The information security and cybersecurity strategy contemplates the execution of various initiatives and investments to strengthen technological infrastructure, team training and specific procedures of operation and monitoring of cybersecurity, oriented towards preventing, identifying and stopping attacks on the information security of the clients and the Bank.

NOTE 35 - RISK MANAGEMENT, CONTINUED

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, on training contingency team members and on crisis management. Plan coverage has increased according to the requirements of the Bank, including the processes that are critical.

Currently and as a result of the COVID-19 pandemic that is affecting the world economy, the Bank has taken a series of measures to face the health crisis in order to (i) protect the health of customers and employees, including temporarily suspending the operation of some branches; (ii) ensuring the operational continuity of services and mitigating potential operational risks; and, (iii) strengthening remote channels and implementation of telework for a large part of the Bank's employees.

Prevention of fraud

This function is responsible for implementing a corporate fraud prevention strategy, both internal and external, that safeguards the equity of our clients, the Bank and Mach and protects in addition the reputation and image of BCI. To this end, processes, technologies, methodologies and data models have been reinforced to prevent and anticipate fraud risks, as well as activities to strengthen the culture and adherence to the ethical framework for the good work of the employees of the Bank and its subsidiaries.

In addition, the Fraud Prevention area’s strategy is focused on establishing an adequate balance between the operational risk variables, in conjunction with Customer Experience, ensuring that our customers have memorable experiences in times of fraud risk, and also in conjunction with the Business area, which is responsible for permanently supporting the strategy of each of BCI's business lines.

In this regard, to support the strategy, technological solutions have been implemented that strengthen the Bank and Mach's capacity to prevent and detect attempts at digital fraud in detriment of clients, resulting in the best client experience, and ensuring continuity of service and timely attention.

NOTE 35 - RISK MANAGEMENT, CONTINUED

Management of operational risk in outsourced services

Operational Risk Management has a risk management program in outsourced services for the Bank, which aims to identify and timely manage the risks that may exist in a process contracted to a third party during the life cycle of the outsourced service, that is, from the inception of the service until the contractual relationship is extinguished. Depending on the risks identified, decisions are made to keep risks within acceptable levels for BCI.

Capital calculation according to Basel

The Bank has participated in the capital calculation exercises according to the standards of Basel II and Basel III, a calculation integrating the operating risk with credit and market risks, as a global indicator of risk exposure.

NOTE 36 - MATURITIES OF ASSETS AND LIABILITIES

As of June 30, 2020 and December 31, 2019, the breakdown of maturities of assets and liabilities is as follows:

June 2020

	Current Current MCh$	Up to 1 month MCh$	Between 1 and 3 months MCh$	Between 3 and 12 months MCh$	Subtotal Up to 1 year MCh$	Between 1 and 5 years MCh$	More than 5 years MCh$	Subtotal Over 1 year MCh$	Total MCh$
Assets									
Cash and deposits in banks	4,201,926	-	-	-	4,201,926	-	-	-	**4,201,926**
Items in course of collection	-	480,603	-	-	480,603	-	-	-	**480,603**
Trading portfolio financial assets	-	1,828,682	-	-	1,828,682	-	-	-	**1,828,682**
Liabilities under agreements to repurchase	-	121,804	37,173	33,640	192,617	-	-	-	**192,617**
Derivative financial liabilities	-	59,353	114,706	497,050	671,109	2,364,909	3,853,441	6,218,350	**6,889,459**
Loans and receivables to banks (*)	-	288,269	68,159	129,400	485,828	7,851	-	7,851	**493,679**
Loans and receivables to customers (**)	-	3,444,706	2,749,217	6,130,181	12,324,104	12,503,687	13,290,452	25,794,139	**38,118,243**
Financial investments available for sale	-	2,433,631	95,436	514,786	3,043,853	899,716	2,488,632	3,388,348	**6,432,201**
Financial investments held to maturity	-	-	-	-	-	-	29,010	29,010	**29,010**
Total assets	**4,201,926**	**8,657,048**	**3,064,691**	**7,305,057**	**23,228,722**	**15,776,163**	**19,661,535**	**35,437,698**	**58,666,420**
Liabilities									
Current accounts and demand deposits	17,607,336	-	-	-	17,607,336	-	-	-	**17,607,336**
Items in course of collection	-	792,146	-	-	792,146	-	-	-	**792,146**
Liabilities under agreements to repurchase	-	92,959	41,103	112,130	246,192	31,084	6,539	37,623	**283,815**
Term deposits and savings accounts	-	6,812,919	4,446,347	3,057,434	14,316,700	215,045	154	215,199	**14,531,899**
Derivative financial liabilities	-	76,413	159,756	568,625	804,794	2,425,836	3,756,117	6,181,953	**6,986,747**
Borrowings from financial institutions	-	1,188,740	484,900	854,144	2,527,784	3,193,036	-	3,193,036	**5,720,820**
Debt issued	-	46,992	338,126	469,733	854,851	4,880,417	1,868,365	6,748,782	**7,603,633**
Other financial liabilities	-	1,443,705	98,825	17,451	1,559,981	2,566	-	2,566	**1,562,547**
Lease liabilities	-	-	-	21,135	21,135	92,363	88,985	181,348	**202,483**
Total liabilities	**17,607,336**	**10,453,874**	**5,569,057**	**5,100,652**	**38,730,919**	**10,840,347**	**5,720,160**	**16,560,507**	**55,291,426**

(*) Gross values.
(**) Excludes provisions and amounts whose maturity date has already passed.

NOTE 36 - MATURITIES OF ASSETS AND LIABILITIES, CONTINUED

December 2019

	Current Current MCh$	Up to 1 month MCh$	Between 1 and 3 months MCh$	Between 3 and 12 months MCh$	Subtotal Up to 1 year MCh$	Between 1 and 5 years MCh$	More than 5 years MCh$	Subtotal Over 1 year MCh$	Total MCh$
Assets									
Cash and deposits in banks	3,153,760	-	-	-	3,153,760	-	-	-	**3,153,760**
Items in course of collection	-	310,602	-	-	310,602	-	-	-	**310,602**
Trading portfolio financial assets	-	2,212,257		-	2,212,257	-	-	-	**2,212,257**
Liabilities under agreements to repurchase	-	73,834	82,473	39,708	196,015	-	-	-	**196,015**
Derivative financial liabilities	-	615,215	205,467	403,828	1,224,510	1,572,806	1,463,973	3,036,779	**4,261,289**
Loans and receivables to banks (*)	-	9,453	107,625	321,217	438,295	19,850	-	19,850	**458,145**
Loans and receivables to customers (**)	-	3,229,341	2,351,798	5,379,838	10,960,977	10,804,335	11,872,937	22,677,272	**33,638,249**
Financial investments available for sale	-	478,938	51	262,504	741,493	889,079	2,380,457	3,269,536	**4,011,029**
Financial investments held to maturity	-	-	-	-	-	-	7,369	7,369	**7,369**
Total assets	**3,153,760**	**6,929,640**	**2,747,414**	**6,407,095**	**19,237,909**	**13,286,070**	**15,724,736**	**29,010,806**	**48,248,715**
Liabilities									
Current accounts and demand deposits	14,180,699	-	-	-	14,180,699	-	-	-	**14,180,699**
Items in course of collection	-	200,976	-	-	200,976	-	-	-	**200,976**
Liabilities under agreements to repurchase	-	573,387	7,880	42,485	623,752	277,071	8,568	285,639	**909,391**
Term deposits and savings accounts	-	5,928,757	3,513,034	3,656,734	13,098,525	274,105	126	274,231	**13,372,756**
Derivative financial liabilities	-	642,742	204,037	454,693	1,301,472	1,668,533	1,442,360	3,110,893	**4,412,365**
Borrowings from financial institutions	-	1,217,662	1,194,647	645,140	3,057,449	424,812	-	424,812	**3,482,261**
Debt issued	-	40,818	94	130,936	171,848	3,559,143	3,285,751	6,844,894	**7,016,742**
Other financial liabilities	-	1,429,531	2,970	15,265	1,447,766	2,820		2,820	**1,450,586**
Lease liabilities	-	-	-	21,176	21,176	89,011	96,189	185,200	**206,376**
Total liabilities	**14,180,699**	**10,033,873**	**4,922,662**	**4,966,429**	**34,103,663**	**6,295,495**	**4,832,994**	**11,128,489**	**45,232,152**

(*) Gross values.
(**) Excludes provisions and amounts whose maturity date has already passed.

NOTE 37 - FOREIGN CURRENCY

The interim consolidated financial statements as of June 30, 2020 and as of December 31, 2019 include assets and liabilities in foreign currencies or in Chilean Pesos according to the following detail:

	In foreign currency		In Chilean Pesos		Total	
	As of June 30 2020	As of December 31 2019	As of June 30 2020	As of December 31 2019	As of June 30 2020	As of December 31 2019
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
ASSETS						
Cash and deposits in banks	1,728,317	2,064,211	2,473,609	1,089,549	**4,201,926**	**3,153,760**
Items in course of collection	204,187	137,562	276,416	173,040	**480,603**	**310,602**
Trading portfolio financial assets	84,226	70,126	1,744,456	2,142,131	**1,828,682**	**2,212,257**
Liabilities under agreements to repurchase	-	-	192,617	196,015	**192,617**	**196,015**
Derivative financial liabilities	183,902	132,104	6,705,557	4,129,185	**6,889,459**	**4,261,289**
Loans and receivables to banks, net	493,109	457,640	-	-	**493,109**	**457,640**
Loans and receivables to customers, net	14,131,959	11,679,038	23,487,413	21,533,419	**37,619,372**	**33,212,457**
Financial investments available for sale	3,519,108	3,222,190	2,913,093	788,839	**6,432,201**	**4,011,029**
Financial investments held to maturity	29,010	7,369	-	-	**29,010**	**7,369**
Investments in other companies	-	16	28,132	27,807	**28,132**	**27,823**
Intangible assets	159,002	148,261	247,447	255,954	**406,449**	**404,215**
Property, plant and equipment, net	55,120	46,607	198,517	203,587	**253,637**	**250,194**
Right-of-use asset	78,288	73,889	152,836	157,455	**231,124**	**231,344**
Current income tax	-	9,222	36,208	80,273	**36,208**	**89,495**
Deferred income taxes	3,665	4,074	136,353	99,255	**140,018**	**103,329**
Other assets	1,117,510	988,968	493,200	418,834	**1,610,710**	**1,407,802**
TOTAL ASSETS	**21,787,403**	**19,041,277**	**39,085,854**	**31,295,343**	**60,873,257**	**50,336,620**
LIABILITIES						
Current accounts and demand deposits	10,501,340	8,433,542	7,105,996	5,747,157	**17,607,336**	**14,180,699**
Items in course of collection	269,191	115,142	522,955	85,834	**792,146**	**200,976**
Liabilities under agreements to repurchase	111,278	128,110	172,537	781,281	**283,815**	**909,391**
Term deposits and savings accounts	5,250,609	4,311,173	9,281,290	9,061,583	**14,531,899**	**13,372,756**
Derivative financial liabilities	215,762	143,963	6,770,985	4,268,402	**6,986,747**	**4,412,365**
Borrowings from financial institutions	2,798,583	3,177,441	2,922,237	304,820	**5,720,820**	**3,482,261**
Debt issued	1,971,492	1,811,585	5,632,141	5,205,157	**7,603,633**	**7,016,742**
Other financial liabilities	1,530,713	1,406,963	31,834	43,623	**1,562,547**	**1,450,586**
Lease liabilities	62,253	60,007	140,230	146,369	**202,483**	**206,376**
Current income tax	3,180	-	507	1,240	**3,687**	**1,240**
Deferred income taxes	34,689	22,567	1,598	1,262	**36,287**	**23,829**
Provisions	66,358	59,802	205,238	249,238	**271,596**	**309,040**
Other liabilities	308,638	237,231	985,457	740,608	**1,294,095**	**977,839**
TOTAL LIABILITIES	**23,124,086**	**19,907,526**	**33,773,005**	**26,636,574**	**56,897,091**	**46,544,100**

NOTE 38 - SUBSEQUENT EVENTS

Investment in companies - Executive Banking Corporation

On July 30, 2020, a second amendment to the "Agreement and Plan of Merger" was signed that, among other matters, adjusted the investment to US$62 million (previously, it was US$ 75 million as indicated in note 3, d) and, on August 6, 2020, this received the authorization from the CMF. In this regard, in order to conclude the Transaction, its approvals by the Central Bank of Chile and the FED are required (the latter would ultimately be conditional upon the necessary approvals in Chile).

Provisions for financing with FOGAPE Covid-19 guarantee

On July 17, 2020, we received a Letter from Management No. 92020036 where the CMF issued instructions for recording provisions related to financing with FOGAPE Covid-19 guarantee. The letter provides instructions on how banking institutions should consider the effect of the deductible in the calculation of provisions, as well as instructions on how the conditions under which the direct borrower's credit risk can be replaced with FOGAPE credit quality. This does not affect the treatment for state guarantees established in Circular No. 2,250, dated April 20, 2020, as regards the fact that a proportion of such guarantees must be treated as effective equity. The provisions determined to cover the effect of the deductible must be established at the end of each month, beginning in July 2020, and must be presented in a new item of the financial information model of Chapter C-3 of the Compendium of Accounting Standards, called "Provisions for deductible FOGAPE Covid-19 guarantees", which will be activated to this end. The Bank has estimated that the implementation of these instructions will lead to an increase in provisions by approximately MCh$37,000 to MCh$ 42,000.

Between July 1, 2020 and the date of issuance of these interim consolidated financial statements, no other subsequent events that may affect the presentation of these interim consolidated financial statements have been recorded or have occurred.