BANCO DE CREDITO E INVERSIONES AND SUBSIDIARIES

Consolidated financial statements as of and for the years ended December 31, 2016 and 2015 and independent auditors' report

Deloitte
Auditores y Consultores Limitada
Rosario Norte 407
Rut: 80.276.200-3
Las Condes, Santiago
Chile
Fono: (56) 227 297 000
Fax: (56) 223 749 177
deloittechile@deloitte.com
www.deloitte.cl

INDEPENDENT AUDITORS' REPORT

To Shareholders and the Board of Directors of
Banco de Crédito e Inversiones

We have audited the accompanying consolidated financial statements of Banco de Crédito e Inversiones and Subsidiaries (the "Bank"), which comprise the consolidated statements of financial position as of December 31, 2016 and 2015, and the related consolidated statements of income, statements of other comprehensive income, statements of changes in equity, and statements of cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the accounting standards and instructions issued by the Superintendency of Banks and Financial Institutions. This responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in Chile. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Banco de Crédito e Inversiones and Subsidiaries as of December 31, 2016 and 2015, and the results of their operations and their cash flows for the years then ended in accordance with accounting standards and instructions issued by the Superintendency of Banks and Financial Institutions.

Deloitte

February 24, 2017
Santiago, Chile

Mauricio Farias N.
Partner

Consolidated Financial Statements

For the years ended December 31, 2016 and 2015

CONTENT

BANCO DE CRÉDITO E INVERSIONES AND SUBSIDIARIES
Consolidated Financial Statements
As of and for the years ended December 31, 2016 and 2015

TABLE OF CONTENTS

BANCO DE CREDITO E INVERSIONES AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As of December 31, 2016 and 2015 (In millions of Chilean pesos - MCh$)

	Note	As of December 31 2016 MCh$	2015 MCh$
ASSETS			
Cash and deposits in banks	**6**	1,577,565	1,272,552
Items in course of collection	**6**	264,265	434,550
Trading portfolio financial assets	**7**	1,267,979	1,298,131
Investments under agreements to resell	**8**	116,461	206,105
Derivative financial agreements	**9**	1,360,247	1,499,423
Loans and receivables to banks, net	**10**	223,228	169,416
Loans and receivables to customers, net	**11**	21,954,346	19,770,529
Financial investments available for sale	**12**	2,524,500	2,407,882
Financial investments held to maturity	**12**	872	708
Investments in other companies	**13**	187,958	170,103
Intangible assets	**14**	177,516	175,551
Property, plant and equipment, net	**15**	279,496	282,556
Current income tax	**16**	31,247	5,093
Deferred income taxes	**16**	198,094	203,686
Other assets	**17**	686,130	788,116
TOTAL ASSETS		**30,849,904**	**28,684,401**
LIABILITIES			
Current accounts and demand deposits	**18**	8,194,263	8,047,288
Items in course of collection	**6**	132,507	255,800
Liabilities under agreements to repurchase	**8**	799,844	449,128
Term deposits and savings accounts	**18**	9,957,688	9,301,896
Derivative financial agreements	**9**	1,420,086	1,535,191
Borrowings from financial institutions	**19**	1,648,764	1,790,090
Debt issued	**20**	4,398,430	3,822,650
Other financial liabilities	**20**	953,246	746,946
Current income tax	**16**	-	-
Deferred income taxes	**16**	55,655	42,611
Provisions	**21**	263,495	255,132
Other liabilities	**22**	507,249	437,144
		28,331,227	**26,683,876**
TOTAL LIABILITIES			
SHAREHOLDERS' EQUITY			
Attributable to equity holders of the Bank:			
Capital		2,276,820	1,781,396
Reserves		109	109
Accumulated other comprehensive income		3,256	(12,790)
Retained earnings:			
Net income for the year	**24**	340,121	330,819
Less: Accrual for minimum dividends	**24**	(102,049)	(99,247)
TOTAL EQUITY OF EQUITY HOLDERS OF THE BANK		2,518,257	2,000,287
Non-controlling interest		420	238
TOTAL SHAREHOLDERS' EQUITY		**2,518,677**	**2,000,525**
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		**30,849,904**	**28,684,401**

Notes No. 1 to No. 39 are an integral part of these Consolidated Financial Statements.

BANCO DE CREDITO E INVERSIONES AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
For the years ended December 31, 2016 and 2015 (In millions of Chilean pesos - MCh$)

	Note	For the year ended December 31 2016 MCh$	2015 MCh$
Interest income	**25**	1,513,339	1,344,842
Interest expense	**25**	(608,286)	(544,336)
Net interest income		**905,053**	**800,506**
Fee and commission income	**26**	344,507	304,289
Fee and commission expense	**26**	(72,878)	(70,019)
Net fee and commission income		**271,629**	**234,270**
Trading and investment income, net	**27**	145,873	111,278
Foreign exchange results, net	**28**	(65,609)	(19,378)
Other operating income	**33**	28,376	31,370
Operating income		**1,285,322**	**1,158,046**
Provisions for loan losses	**29**	(183,412)	(189,206)
OPERATING INCOME, NET OF PROVISIONS FOR LOAN LOSSES< INTERESTS AND COMMISSIONS		**1,101,910**	**968,840**
Staff costs	**30**	(372,631)	(304,611)
Administrative expenses	**31**	(225,489)	(189,442)
Depreciation and amortization	**32**	(55,108)	(43,450)
Impairment of property, plant and equipment and intangible assets	**32**	(92)	(6,896)
Other operating expenses	**33**	(42,837)	(37,224)
TOTAL OPERATING EXPENSES		**(696,157)**	**(581,623)**
TOTAL NET OPERATING INCOME		**405,753**	**387,217**
Share of profit/loss of investments accounted using the equity method	**13**	19,136	13,495
Income before income tax		**424,889**	**400,712**
Income tax expense	**16**	(84,724)	(69,889)
Net income from continuing operations		**340,165**	**330,823**
CONSOLIDATED NET INCOME FOR THE YEAR		**340,165**	**330,823**
Attributable to:			
Equity holders of the Bank		340,121	330,819
Non-controlling interest		44	4
Earnings per share attributable to equity holders of the Bank: (stated in Ch$)			
Basic earnings per share		$2,970	2,758
Diluted earnings per share		$2,970	2,758

Notes No. 1 to No. 39 are an integral part of these Consolidated Financial Statements.

BANCO DE CREDITO E INVERSIONES AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME
For the years ended December 31, 2016 and 2015
(In millions of Chilean pesos - MCh$)

	Note	For the year ended December 31	
		2016	**2015**
		MCh$	**MCh$**
CONSOLIDATED NET INCOME FOR THE YEAR		340,165	330,823
OTHER COMPREHENSIVE INCOME THAT MAY BE RECLASSIFIED TO THE STATEMENTS OF INCOME			
Net gain/(loss) resulting on revaluation of financial investments available for sale		27,551	(36,656)
Net loss on cash flow hedge derivatives		(811)	(6,407)
Accumulated (loss)/gain adjustment for translation differences		(3,416)	6,990
Other comprehensive income before income tax		**23,324**	**(36,073)**
Income tax for other comprehensive income	**16**	(7,278)	9,527
Total other comprehensives (loss) income that may be reclassified to the statements of income in subsequent periods		**16,046**	**(26,546)**
OTHER COMPREHENSIVE INCOME (LOSS) THAT WILL NOT BE RECLASSIFIED TO THE STATEMENTS OF INCOME IN SUBSEQUENT PERIODS		-	-
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)		16,046	(26,546)
CONSOLIDATED TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**356,211**	**304,277**
Attributable to:			
Equity holders of the Bank		356,167	304,273
Non-controlling interest		44	4

Notes No. 1 to No. 39 are an integral part of these Consolidated Financial Statements.

BANCO DE CREDITO E INVERSIONES AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the years ended December 31, 2016 and 2015
(In millions of Chilean pesos - MCh$)

			Accumulated other comprehensive income					Retained earnings				Total Equity		
	Capital	Reserves	Instruments Revaluation reserve	Cash flow hedges reserve	Cumulative translation adjustment reserve	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, 2016	**1,781,396**	**109**	**(27,381)**	**(15,867)**	**21,866**	**8,592**	**(12,790)**	**-**	**330,819**	**(99,247)**	**231,572**	**2,000,287**	**238**	**2,000,525**
Transfer to retained earnings	-	-	-	-	-	-	-	330,819	(330,819)	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	(110,803)	-	99,247	**(11,556)**	**(11,556)**	(4)	**(11,560)**
Capitalization of reserves	220,016	-	-	-	-	-	-	(220,016)	-	-	**(220,016)**	-	-	-
Paid-in Capital (*)	275,408	-	-	-	-	-	-	-	-	-	-	**275,408**	-	**275,408**
Other comprehensive income	-	-	27,551	(811)	(3,416)	(7,278)	**16,046**	-	-	-	-	**16,046**	142	**16,188**
Net income for the year 2016	-	-	-	-	-	-	-	-	340,121	-	**340,121**	**340,121**	44	**340,165**
Provision for minimum dividends 2016	-	-	-	-	-	-	-	-	-	(102,049)	**(102,049)**	**(102,049)**	-	**(102,049)**
As of December 31, 2016	**2,276,820**	**109**	**170**	**(16,678)**	**18,450**	**1,314**	**3,256**	**-**	**340,121**	**(102,049)**	**238,072**	**2,518,257**	**420**	**2,518,677**
As of January 1, 2015	**1,547,126**	**-**	**9,275**	**(9,460)**	**14,876**	**(935)**	**13,756**	**-**	**342,972**	**(102,891)**	**240,081**	**1,800,963**	**1**	**1,800,964**
Transfer to retained earnings	-	-	-	-	-	-	-	342,972	(342,972)	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	(108,702)	-	102,891	**(5,811)**	**(5,811)**	-	**(5,811)**
Capitalization of reserves	234,270	-	-	-	-	-	-	(234,270)	-	-	**(234,270)**	-	-	-
First adoption adjustment	-	109	-	-	-	-	-	-	-	-	-	**109**	-	**109**
Other comprehensive income	-	-	(36,656)	(6,407)	6,990	9,527	**(26,546)**	-	-	-	-	**(26,546)**	-	**(26,546)**
BCI Financial Group Purchase	-	-	-	-	-	-	-	-	-	-	-	-	233	**233**
Net income for the year 2015	-	-	-	-	-	-	-	-	330,819	-	**330,819**	**330,819**	4	**330,823**
Provision for minimum dividends 2015	-	-	-	-	-	-	-	-	-	(99,247)	**(99,247)**	**(99,247)**	-	**(99,247)**
As of December 31, 2015	**1,781,396**	**109**	**(27,381)**	**(15,867)**	**21,866**	**8,592**	**(12,790)**	**-**	**330,819**	**(99,247)**	**231,572**	**2,000,287**	**238**	**2,000,525**

(*) (See Note 24.a)

Notes No. 1 to No. 39 are an integral part of these Consolidated Financial Statements.

BANCO DE CREDITO E INVERSIONES AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2016 and 2015
(In millions of Chilean pesos - MCh$)

	Note	For the year ended December 31 2016 MCh$	For the year ended December 31 2015 MCh$
CASH FLOWS (USED IN) PROVIDED BY OPERATING ACTIVITIES:			
INCOME BEFORE INCOME TAX		**424,889**	**400,712**
Charges (credits) to income not representing cash flows:			
Depreciation and amortization	32	55,108	43,450
Impairment of property, plant and equipment and intangible assets	32	92	6,896
Provision for loan losses		228,906	239,829
Impairment of repossessed assets		-	219
Adjustment to fair value of financial instruments		(9,004)	(4,151)
Share of (profit) loss of investments accounted using equity method	13	(19,136)	(13,495)
Net loss (gain) from sale of repossessed assets	33	(2,610)	(4,224)
Gain from sale of property, plant and equipment	33	(248)	(600)
Loss on sale of property, plant and equipment	33	472	340
Write-off of repossessed assets	33	6,500	2,398
Other changes (credits) to income not representing cash flows		(17,661)	(295,339)
Net interest and indexation income		(905,053)	(800,506)
Net fee and commission income		(271,629)	(234,270)
Changes in assets and liabilities affecting operating cash flows:			
Net increase in loans and receivables to banks		(53,183)	159,838
Net increase in loans and receivables to customers		(2,360,661)	(4,457,744)
Net (increase) decrease in investments in other companies		(118,510)	(1,221,168)
Net increase in current accounts and other demand deposits		136.586	3,284,051
Net increase (decrease) in liabilities under agreements to repurchase		220,078	(20,561)
Net increase in term deposits and savings accounts		666,114	1,078,228
Net increase in borrowing from financial institutions		41,609	161,300
Net increase in other financial liabilities		185,706	609,093
Proceeds from loans from Central Bank of Chile (long-term)		15,283	1,661
Repayment of loans from Central Bank of Chile (long-term)		(15,056)	-
Proceeds from foreign borrowings (long-term)		5,022,881	4,622,092
Repayment of foreign borrowings (long term)		(5,186,720)	(4,687,341)
Income tax paid		(84,724)	(69,889)
Interest and indexation received	16	1,512,160	1,203,587
Interest and indexation paid		(404,287)	(188,415)
Fees and commissions received	26	344,507	304,289
Fees and commissions paid	26	(72,878)	(70,019)
Total cash flows (used in) provided by operating activities		**(660,469)**	**50,261**
CASH FLOW FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment	15	(9,644)	(18,858)
Proceeds from sale of property, plant and equipment		33	141
Purchase of BCI Financial Group, Inc. and Subsidiaries	4	-	(393,544)
Increase of investments in other companies	13	(7,469)	(2,607)
Sale of investments in other companies	14	(24,134)	(46,708)
Proceeds from sale of intangible assets		-	28
Dividends received from investments	13	5,977	2,946
Sale of repossessed assets		3,772	8,625
Net changes in other assets and liabilities		183,228	(169,399)
Total cash flows provided by (used in) investing activities		**151.763**	**(619,376)**
CASH FLOW FROM FINANCING ACTIVITIES:			
Redemption of letters of credit		(5,614)	(7,498)
Bond issuance		652,751	766,065
Bond redemption		(151,118)	(319,598)
Paid-in capital	24	275,408	-
Dividends paid	24	(110,803)	(108,702)
Total cash flows provided by financing activities		**660,624**	**330,267**
NET DECREASE IN CASH AND CASH EQUIVALENTS FOR THE YEAR		**(31,871)**	**(86,044)**
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**183,789**	**(152,804)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**1,674,910**	**1,913,758**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	6	**1,826,828**	**1,674,910**

Notes No. 1 to No. 39 are an integral part of the Consolidated Financial Statements.

(In millions of Chilean pesos - MCh$)

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

		As of December 31	
		2016	2015
	Note	MCh$	MCh$
Provisions for loan losses presented in the Consolidated Statements of Cash Flows		228,906	239,829
Recovery of loans previously written off		(45,494)	(50,623)
Provisions for loan losses	29	183,412	189,206

Net cash flows from acquisition of BCI Financial Group, Inc. and Subsidiaries acquisition, whose acquisition date was October 16, 2015

		As of October 16, 2015
		MCh$
BCI Financial Group, Inc. and Subsidiaries acquisition		
Consideration paid in form of cash and cash equivalents		(639,150)
Cash and cash equivalents of the acquired subsidiary		245,606
Net cash and cash equivalents paid on acquisition	4	(393,544)

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

GENERAL INFORMATION

a) The Bank

Banco de Crédito e Inversiones or Banco BCI (hereinafter the "Bank") is a bank incorporated in Chile and regulated by the Superintendence of Banks and Financial Institutions (hereinafter the "SBIF"). The registered office of the Bank is located at El Golf Avenue, 125, Las Condes. The Consolidated Financial Statements as of and for the years ended December 31, 2016 and 2015 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

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

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

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

Consolidated Financial Statements of the Bank and Subsidiaries as of December 31, 2016 have been approved and authorized for issuance by the Board at meeting held on February 23, 2016.

NOTE 1 - GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES, Continued

c) Controlled Companies (subsidiaries)

The Consolidated Financial Statements as of December 31, 2016 and December 31, 2015 include financial information of the Bank and controlled companies (subsidiaries) (hereinafter the "Group"). Control is achieved when the following conditions are met:

I. Power over the investee (i.e.: has the rights that give it the current ability to direct relevant activities of the investee);
II. Is exposed, or has rights, to variable returns from its involvement with the investee; and
III. Has the capacity to use its power over the investee to affect its 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 Consolidated Financial Statements, include individual financial information of the Bank and its subsidiaries, as well as adjustments and reclassifications made to the financial statements of subsidiaries to bring their accounting policies into line with Bank's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

NOTE 1 - GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES, Continued

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

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

i. Entities controlled by the Bank through interest ownership:

	Ownership			
	Direct		Indirect	
Entity	**2016**	**2015**	**2016**	**2015**
	%	%	%	%
Análisis y Servicios S.A. (1)	99,00	99,00	1,00	1,00
BCI Asset Management Administradora de Fondos S.A.	99,90	99,90	0,10	0,10
BCI Asesoría Financiera S.A.	99,00	99,00	1,00	1,00
BCI Corredor de Bolsa S.A.	99,95	99,95	0,05	0,05
BCI Corredores de Seguros S.A.	99,00	99,00	1,00	1,00
BCI Factoring S.A.	99,97	99,97	0,03	0,03
BCI Securitizadora S.A.	99,90	99,90	-	-
Banco de 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 (2)	99,90	99,90	0,10	0,10
BCI Corredores de Bolsa de Productos S.A. (3)	99,00	99,00	1,00	1,00
BCI Financial Group, INC. and Subsidiaries (4)	100,00	100,00	-	-

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

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

(3) BCI Corredores de Bolsa de Productos S.A. is a company whose principal business focus is sale of commercial papers traded on the Products Stock Exchange. It is registered with the Superintendence of Securities and Insurance (hereinafter the "SVS") since November 2, 2015.

(4) On October 16, 2015, Banco de Crédito e Inversiones acquired City National Bank of Florida (hereinafter "CNB"). BCI acquired 100% of CM Florida Holding (currently BCI Financial Group, Inc. and Subsidiaries), which owns and controls CNB. See Note 4 to the Consolidated Financial Statements.

NOTE 1 - GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES, Continued

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

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

BCI Asset Management Administradora de Fondos S.A. was incorporated by public deed dated January 7, 1988. Its corporate purpose is management of all types of mutual funds, investment funds and individual portfolios regulated by Law No. 20,712, including the development of voluntary pension savings plans "Voluntary Pension Savings" ("APV" for its acronym in Spanish) and "Collective Voluntary Pension Savings" ("APVC" for its acronym in Spanish), other complementary activities authorized by the SVS through Circular No. 1,566 of 2001, and the administration of third parties' funds and portfolios, authorized by Circular No. 1,897 of 2008.

BCI Asesoría Financiera S.A. was established as a closely held corporation by public deed dated October 23, 1992. Its corporate purpose is provision of advices 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 of 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, corporeal or incorporeal property, real estate and companies, whether civil, commercial or communities; or realisation of takeovers, investment in all kinds of securities; management and exploitation of such property under any title; and receiving profit from them.

BCI Securitizadora S.A. was established as a closely held corporation by public deed dated March 1, 2001. Its corporate purpose is the acquisition of the credits referred to in Article No. 135 of Law No. 18,045 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 SVS.

NOTE 1 - GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES, Continued

Banco de Crédito e Inversiones Sucursal Miami, Is a branch of Banco de Crédito 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 Normalización 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.

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 fourth and fifth of the Law No. 19,920, as broker of agricultural products, including the purchase or sale of products in the Agricultural Products Stock Exchange for its own account with the aim of transferring rights thereto, and the complementary activities authorized by the SVS, for which it may execute all actions and enter into all contracts and act as intermediary in operations of the Agricultural Products Stock Exchange, according to the regulation in force.

BCI Financial Group, INC. and Subsidiaries, a parent company of CNB, was acquired in 2015 (see Note 4). CNB is a banking financial institution established in 1946 with headquarter in Miami, offering a wide range of financial products (including real estate, commercial and consumer banking) to more than 22,000 customers, with 26 branches in four Florida counties.

NOTE 1 - GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES, Continued

ii. Entities controlled by the Bank through other considerations:

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

	Ownership interest			
	Direct		**Indirect**	
Entity	**2016**	**2015**	**2016**	**2015**
	%	%	%	%
BCI Activos Inmobiliarios Fondo de Inversión Privado	40.00	40.00	-	-
Incentivos y Promociones Limitada (1)	SE	SE	SE	SE

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

d) Associates:

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

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

These investments are accounted under equity method. The investment in an associate is originally recognized at cost. As of the acquisition date, the investment is recognized in the statements of financial position based on the share of its equity that Bank's interest represents in its capital.

NOTE 1 - GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES, Continued

The following entities are considered associates:

	Ownership interest	
Company	**2016**	**2015**
	%	%
Artikos Chile S.A.	50.00	50.00
Servipag Ltda.	50.00	50.00
Centro de Compensación Automatizado S.A.	33.33	33.33
AFT S.A.	20.00	20.00
Nexus S.A.	12.90	12.90
Redbanc S.A.	12.71	12.71
Servicio de Infraestructura de Mercado OTC S.A. (*)	13.61	11.48
Combanc S.A.	10.33	10.33
Transbank S.A.	8.72	8.72
Sociedad Interbancaria de Depósitos de Valores S.A.	7.03	7.03
Credicorp Ltda.	1.93	1.93

(*) During June and July of 2016 the Bank acquired 206 shares of the associate, increasing its ownership by 2.3 percentage points in comparison to December 31, 2015.

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

iv. Investments in other Companies:

In this category are presented those entities in which the Bank has no control neither significant influence. These investments are recognized at the acquisition cost.

e) Basis of consolidation

The Consolidated Financial Statements comprise financial information of the Bank and its subsidiaries as of December 31, 2016 and 2015, and for the years then ended.

The Financial Statements of subsidiaries (including the Structured Entity controlled by the Bank), were aligned with the financial statements of the Bank according to the rules laid down in the Compendium of Accounting Standards and Instructions issued by the SBIF.

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

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

NOTE 1 - GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES, Continued

f) Non-controlling interest

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

g) Functional currency

The Bank has determined its functional currency and presentation currency as Chilean Peso (Ch$). Likewise, all the entities of the Group have determined the Chilean Peso as the functional currency, except for BCI Financial Group, Inc. and Subsidiaries and BCI Securities subsidiary, 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 Peso.

h) Transactions in foreign currency

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

The differences that arise on translation of the balances denominated in foreign currency into functional currency are recognized as “Foreign exchange gains, net” in the Consolidated Statements of income.

As of December 31, 2016 and 2015, the assets and liabilities of the Bank nominated in foreign currency are shown at their equivalent value in Chilean pesos.

i) Operating segments

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

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

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

NOTE 1 - GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES, Continued

j) Measurement of assets and liabilities

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

i. Assets and liabilities measured at amortized cost:

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

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

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

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

ii. Assets and liabilities measured at fair value:

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

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

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

NOTE 1 - GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES, Continued

As of the dates of the Consolidated Financial Statements, the Bank has no instruments whose fair value had been determined based on unobservable data. However, for this type of instruments, the Bank has models developed internally, which are based on techniques and methods generally recognized in the industry. When the data used in the models is unobservable, the Bank must develop assumptions in order to estimate the fair values. These valuations are known as Level 3 valuations. Instruments classified according to their valuation level are detailed in Note 35 to the Consolidated Financial Statements.

The results of the models are always an estimate or approximation of the value and cannot be determined with certainty. Valuations are adjusted, when applicable, in order to reflect additional factors, such as liquidity or credit risks of the counterparty. Based on the model and the credit risk policies of the Bank,

Management estimates that these adjustments to the valuations are necessary and appropriate in order to reasonably present the values of the financial instruments in the 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 acquisition cost:

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

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

- Derivative financial agreements, 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.

Property, Plant and Equipment are measured at fair value when Management decided to revaluate such assets and consider this value as deemed cost for the first adoption.

iv. Derecognition of financial assets and liabilities:

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

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

NOTE 1 - GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES, Continued

2. If retained substantially all the risks and rewards of the transferred financial asset, 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 Consolidated Financial Statements and continuous measuring 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 on the new financial liability.

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

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

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

Accordingly, financial assets are derecognized from the 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 Consolidated Statements of Financial Position when, and only when, the obligations are extinguished, cancelled or expired

NOTE 1 - GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES, Continued

k) Investment instruments

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

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

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

The interests and indexation for inflation of held to maturity and available for sale investments are included in "Interest income" line in the 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.

l) 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 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 Consolidated Statements of Income.

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

NOTE 1 - GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES, Continued

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.

m) Transactions with repurchased 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 investing transactions. Assets purchased under reverse repurchase agreements are recognized in the consolidated financial statements as "Investments under agreements to resell" and are measured at amortized cost.

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

n) 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), which is usually their acquisition cost, and subsequently measured at their fair value. The fair value is obtained from corresponding market pricings, discounted cash flow models and pricing valuation models. The derivative instruments are recognized as an asset when their fair value is positive and as a liability when they are negative in "Derivative financial agreements" line 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 Consolidated Statements of Income.

NOTE 1 - GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES, Continued

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

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

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

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

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

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

NOTE 1 - GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES, Continued

The adjustment for counterparty credit risk in derivatives (Credit Valuation Adjustment “CVA”) determines the expected losses from counterparty risk in 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 risky derivative (corresponding to the original derivative, which has an inherent risk) that considers the possibility of counterparty default. In this way, a customer CVA can be obtained from the expected exposure (EE) for counterparty risk (how much is expected to lose) and the expected loss rate (“PE” for its acronym in Spanish) associated with the default of the counterparty.

The valuation adjustment for the existence of the spread bid/ask on financial instruments markets 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 SBIF and the Central Bank of Chile.

In order to make the bid/ask adjustment to financial instruments of Banco de Crédito 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 redefined to be considered market makers (the Bank must be within 4 main markets) or customers for each of the financial products it operates. This will be done based on information get from two principal brokers of the domestic market: TRADITION and ICAP.

ii. Condition of Market Makers:

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

iii. Customer status:

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

o) Hedge of a net investment in a foreign operation

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

NOTE 1 - GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES, Continued

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

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

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

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

p) Loans and receivables to customers

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

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

i. Financial lease contracts

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

ii. Factoring Operations

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

q) Allowances for loan losses

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

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

NOTE 1 - GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES, Continued

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.

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

ii. Normal and substandard portfolios:

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

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

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

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

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

NOTE 1 - GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES, Continued

iii. Collective assessment of normal and substandard portfolios:

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

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

iv. Non-compliant portfolio:

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

For the effects of allocating allowances on the non-compliant portfolio, loss rate percentages are used, which must be applied to the exposure, corresponding to the sum of loans and receivables and loan commitments held by the same borrower. In order to apply this percentage, an expected loss rate must be estimated first, deducting from the exposure the amounts expected to be recovered by execution of collateral and, in the case of having solid data that justifies them, deducting also the net present value of expected recoveries that can be obtained by execution of collection actions, net of expenses associated with them. That loss rate must be classified into one of the 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 portfolio	C1	Up to 3 %	2
	C2	More than 3% up to 20%	10
	C3	More than 20% up to 30%	25
	C4	More than 30 % up to 50%	40
	C5	More than 50% up to 80%	65
	C6	More than 80%	90

NOTE 1 - GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES, Continued

v. Collective assessment:

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

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

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

a. Commercial Loans:

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

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

b. Consumer Loans:

This portfolio includes receivables associated with consumption of individuals, as well as loans resulting from the use of overdraft credit lines, emergency credit lines, credit cards and consumer loans.

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

c. Mortgage Loans:

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

As of December 31, 2015 the allowance determination was based on statistical models of expected loss, which estimated the probability of default for each customer (PD) and loss given default (LGD) for each operation. Both parameters were defined in terms of customer behaviour and characteristics of each loan, including delinquencies (internal and/or external), loan/collateral ratio (loan-to-value), overdue status, credit conditions, and customer behaviour in other products of the Bank, among others.

NOTE 1 - GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES, Continued

Beginning January 1, 2016 the Bank adopted the "Standard Method for Provisioning the Residential Mortgage Loan" established by SBIF in its Circular No. 3,573. This circular stablishes provisioning factors, representing expected losses over the amount of the loan, applied based on the level of delinquency of each loan, and the loan/collateral ratio (Loan-to-Value or LtV) at the end of each month, as shown in the following table.

Provisioning Factor according to delinquency status and LtV						
		Days in default as of the end of the month				**Non-Compliant**
LtV (loan-to-value)	**Concept**	**Current**	**1-29**	**30-59**	**60-89**	**(more than 90 days in default)**
LtV ≤ 40%	PD (%)	1,0916	21,3407	46,0536	75,1614	100,0000
	LGD (%)	0,0225	0,0441	0,0482	0,0482	0,0537
	EL (%)	0,0002	0,0094	0,0222	0,0362	0,0537
40% < LtV ≤ 80%	PD (%)	1,9158	27,4332	52,0824	78,9511	100,0000
	LGD (%)	2,1955	2,8233	2,9192	2,9192	3,0413
	EL (%)	0,0421	0,7745	1,5204	2,3047	3,0413
80% < LtV ≤ 90%	PD (%)	2,5150	27,9300	52,5800	79,6952	100,0000
	LGD (%)	21,5527	21,6600	21,9200	22,1331	22,2310
	EL (%)	0,5421	6,0496	11,5255	17,6390	22,2310
LtV > 90%	PD (%)	2,7400	28,4300	53,0800	80,3677	100,0000
	LGD (%)	27,2000	29,0300	29,5900	30,1558	30,2436
	EL (%)	0,7453	8,2532	15,7064	24,2355	30,2436

Where:

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

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

The application of this new rule resulted in an increase in the allowances for residential mortgage loans amounting to MCh$ 14,028 as of January 1, 2016, and a reduction in the same amount of additional provisions recognized as of December 31, 2015. Accordingly, the application of this new regulation has no effect on the Consolidated Statements of Income for the year ended December 31, 2016.

d. Write-off of loans:

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

NOTE 1 - GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES, Continued

The write-off in question refer to the write-offs of the assets previously recognized in the Consolidated Statements of Financial Position corresponding to the respective transaction, including, therefore, the portion that may be not expired if a loan is to be repaid in instalments, or in case of a leasing operation (there are no partial write-offs).

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

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

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

Write-off period is the maximum period between due date to pay of all or part of the obligation that is in default of payment and the date of write-off.

e. Recovery of written off loans:

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

r) 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 most significant are:

- Those corresponding to operations which happen at the moment of time are recognized when the operation which originates them has been complete.
- Those originated from transactions or services performed over time are recognized over the life of these transactions or services.
- Those relating to financial assets and liabilities are recognized as an adjustment to the effective rate within the operation.

NOTE 1 - GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES, Continued

s) Impairment

I. Financial Assets:

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

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

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

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

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

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

NOTE 1 - GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES, Continued

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

i. Impaired Portfolio:

Impaired Portfolio includes loans classified by the Bank as individually significant which have a credit risk classified as substandard in categories B3 and B4 or loans in the non-compliant portfolio.

The remaining impaired loans are classified in the following groups:

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

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

The behaviour in the financial system it is not considered in determining income on 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 instalments of principal and interest, paid on time in accordance with the schedule of payments or with a maximum delay of 30 days.
- All obligations up to date and no other loans in the impaired portfolio.
- In any case, there must be no instalments in default with other banks in the Chilean financial system in the last 90 days (last three periods informed to the SBIF at the date of inquiry).

b) Renegotiated loans: loans of the impaired portfolio may be reclassified back to the normal portfolio only upon compliance with the following conditions:

- Receipt of at least six consecutive instalments of principal and interest, paid on time in accordance with the schedule of payments or with a maximum delay of 30 days.
- All obligations up to date and no other loan operations of the borrower in the impaired portfolio.
- No other renegotiations of the borrower’s loans within the last six months.
- In any case, there must not be any instalments in default with other banks in the Chilean financial system in the last 90 days (last three periods informed to the SBIF at the date of inquiry).

NOTE 1 - GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES, Continued

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 six payments agreed for the renegotiated loan.
- Principal and interests payments up to date.
- No other loans of the borrower in the impaired portfolio.
- No instalments in default in the Chilean financial system in the last 90 days.

ii. Interest and indexation for inflation income and expenses:

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

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

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

- Amounts to suspend:

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

- Date of suspension:

Individually assessed loans:

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

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

NOTE 1 - GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES, Continued

Collectively assessed loans:

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

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

II. Non-financial assets:

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

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

t) Intangible assets

Software

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

An internally-generated intangible asset arising from development is recognised if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

NOTE 1 - GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES, Continued

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 recognized at cost less the accumulated amortization and impairment, if any.

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 Consolidated Statements of Income for the year.

Amortization is recognized in the Consolidated Statements of Income using the straight-line method according to the estimated useful life of the software, starting on the date it is ready for use. The estimated useful life of the software it is usually six years.

Intangibles acquired in a business combination

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

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

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

Intangible with indefinite useful life are subject to annual impairment review. In accordance with the SBIF rules, under the Compendium of Accounting Rules, Chapter A2 number 7, two independent appraisers different from the Bank’s auditors performed an impairment test over indefinite life intangible assets. This review was performed at an interim date, June 30, 2106, and as of the year end.

Goodwill

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

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

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

NOTE 1 - GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES, Continued

u) Business Combinations

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

In a business combination, an independent expert is used to make a determination of fair value of net assets acquired and is 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" in acquisition date; and

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

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

Non-controlling interests that are represent ownership interest and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of the acquire'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 (see Note 4.vi).

NOTE 1 - GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES, Continued

v) Property, Plant and Equipment

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

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

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

Depreciation is recognized in the 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 December 31, 2016 and 2015 are the following:

	As of December 31	
	2016	**2015**
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

w) Repossessed assets

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

NOTE 1 - GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES, Continued

x) Staff benefits

i. Unused Vacations:

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

ii. Short-term benefits:

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

iii. Indemnification for years of service:

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

y) Leases

i. Operating lease:

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

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

ii. Financial lease:

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

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

z) Cash flow statement

Indirect method was applied for presentation of the Consolidated Statements of Cash Flows. In accordance with this method non-cash transactions are included as adjustments to the Bank’s profit, as well as revenues and expenses associated with cash flows from investing or financing activities.

NOTE 1 - GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES, Continued

The following concepts are applied for the 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 know amount of cash and which are subject to an insignificant risk of changes in value, such as: deposits with the Central Bank of Chile, with domestic and foreign banks.

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

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

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

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

A contingent liability is:

a. a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
b. a present obligation that arises from past events but is not recognised because:
    - it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
    - the amount of the obligation cannot be measured with sufficient reliability.

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

NOTE 1 - GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES, Continued

Provisions are recognized for the following categories:

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

i. Additional provisions:

The SBIF has defined that the additional provisions are those not deriving from the application of valuation models to the portfolio in order to compensate deficiencies in them, and that their establishment must be justified by assumed risk as defined in unpredictable economic fluctuations.

The Bank has formal criteria and procedures for the use and constitution for the determination of additional provisions, which must be approved by the Board of Directors.

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

ii. Minimum provisions required for the normal individual portfolio:

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

ab) Use of estimates and judgments

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

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

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

- Impairment of certain assets (Note 32).
- Valuation of financial instruments (Notes 7, 9 and 12).
- Useful life property, plant and equipment and intangible assets (Notes 14 and 15).
- Use of tax loss carry-forward (Note 16).
- Contingencies and Commitments (Note 23).

NOTE 1 - GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES, Continued

ac) Income tax and deferred tax

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

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

As of December 31, 2016 and 2015, the Bank recognized net deferred tax assets, for which Management has assessed that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

In accordance of Law No. 20,780 published on September 29, 2014 and modified by Law 20,899 published on February 8, 2016, from 2018 the Bank will be subject to a 27% income tax rate on a permanent basis. Meanwhile, the Bank will be subject to a 24% income tax rate in 2016, and to a 25% income tax rate in 2017.

ad) Non-current assets held for sale

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

ae) Dividends on common shares

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

The Bank recognizes a liability for the portion of the year’s profit that must be distributed among the shareholders in compliance with Corporate Law, establishing that the minimum of 30% of net income for the year, 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 year.

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 SIGNIFICANT ACCOUNTING POLICIES, Continued

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

i. Collection Operations:

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

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

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

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

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

ii. Protected Assets Fund No. 27:

The Bank through the direct subsidiary BCI Securitizadora S.A., as of December 31, 2016, maintains in its Consolidated Financial Statements a balance of MCh$ 25,075, corresponding to loan receivables forming equity of the Protected Assets Fund No. 27. In order to create the latter, BCI Securitizadora S.A. acquired a loans portfolio originated by Inversiones S.C.G. S.A. On November 7, 2011 La Polar Companies filed a preventive legal agreement to the Board of Creditors. This agreement in its part related to Protected Assets Fund No. 27, mentions the conditions agreed with BCI Securitizadora S.A. on July 28, 2011. In accordance with these conditions, confirmed by Inversiones S.C.G. S.A, the collection process of the assets forming structure of Protected Assets Fund No. 27 was established as follows:

- Cash payment on acquisition of portfolio: MCh$ 23,820.
- Schedule of portfolio repayments, starting the sixth year (2018), as follows:
  Years 2018, 2019 and 2020: 5% of portfolio twice a year.
  Years 2021 and 2022: 7.5% of portfolio twice a year.
  Years 2023 and 2024: 10% of portfolio twice a year.
- Commissions recognized on October 16, 2012, for compliance with the precedent agreement condition: MCh$ 1,255.

NOTE 1 - GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES, Continued

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

Commissions: commissions to be accrued corresponded to 4% of the portfolio per year between July 1, 2012 and until fulfilment of the precedent condition. These commissions will be capitalized from the date of capitalization subject to interest at BCP 10 rate (in pesos for 10 years) in force on the previous day to the date of compliance with the precedent condition plus 1% per annum. This interest rate to be used throughout the course of the operation, and to be paid semi-annually starting from July 31, 2013. Interest paid for the year ended December 31, 2016 totalled MCh$ 680 (MCh$ 680 for the year ended December 31, 2015).

On October 25, 2012, external auditors of La Polar companies issued to its management the report on implementation of agreed procedures. This report confirms that on October 16, 2012 the funds raised from the effected capital increase exceed MCh$ 120,000. This fact, in compliance with the suspensive condition agreed in the legal agreement to the Board of Creditors, provoked establishment of new conditions for debts payment and change of agreement structures starting from October 16, 2012. Thus the balance of account receivables to Inversiones S.C.G. S.A. as of December 31, 2016 amounted to MCh$ 25,755.

As of December 31, 2016 the Bank recognizes and presents this account receivable related to Protected Assets Fund No. 27 in the category “Loans and receivables to customers”.

ah) Consolidated Statements of Changes in Equity

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

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

NOTE 1 - GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES, Continued

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

i) Net income for the year.

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

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

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

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

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

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

ii) Income and expenses recognized in a period: total of the items recognized in the Consolidated Statements of Income, in the aggregate.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES, Continued

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

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

a) New and revised IFRS effective in the current year

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

New Standards	**Effective date**
IFRS 14 *Regulatory Deferral Account.*	Annual periods beginning on or after January 1, 2016.
Amendments to Standards	**Effective date**
Accounting for Acquisitions of interests in Joint Operations (Amendments to IFRS 11).	Annual periods beginning on or after January 1, 2016.
Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to IAS 16 and IAS 38).	Annual periods beginning on or after January 1, 2016.
Agriculture: Bearer Plants (amendments to IAS 16 and IAS 41).	Annual periods beginning on or after January 1, 2016.
Equity Method in Separate Financial Statements (Amendments to IAS 27).	Annual periods beginning on or after January 1, 2016.
Disclosure Initiative (Amendments to IAS 1).	Annual periods beginning on or after January 1, 2016.
Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)	Annual periods beginning on or after January 1, 2016.
Annual Improvements 2012-2014 Cycle.	Annual periods beginning on or after January 1, 2016.

IFRS 14 *Regulatory Deferral Accounts*

On January 30, 2014 the IASB issued IFRS 14 *Regulatory Deferral Accounts.* This standard is applicable to first-time adopter of IFRS and for entities which are involved in rate-regulated activities and recognized regulatory deferral account balances under its previous general accepted accounting principles. This standard requires separate presentation of regulatory deferral account balances in the statements of financial position and statements of comprehensive income. IFRS 14 is effective for an entity's firs annual IFRS financial statements for a period beginning on or after January 1, 2016, with earlier application permitted.

The application of this new standard does not have any effect on the consolidated financial statements of Bank.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES, Continued

Accounting for Acquisitions of interests in Joint Operations (Amendments to IFRS 11)

On May 6, 2014 the IASB has issued "Accounting for Acquisitions of Interests in Joint Operations (amendments to IFRS 11)", the amendments clarify the accounting for acquisitions of an interest in a joint operation when the operation constitutes a business.

Amends IFRS 11 Joint Arrangements to require an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in IFRS 3 Business Combinations) to:

- apply all of the business combinations accounting principles in IFRS 3 and other IFRSs, except for those principles that conflict with the guidance in IFRS 11;
- disclose the information required by IFRS 3 and other IFRSs for business combinations.

The amendments are effective for annual periods beginning on or after 1 January 2016. Earlier application is permitted but corresponding disclosures are required. The amendments apply prospectively.

The application of these amendments does not have any effect on the consolidated financial statements of Bank.

Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to IAS 16 and IAS 38)

On May 12, 2014 the IASB has published "Clarification of Acceptable Methods of depreciation and amortization (amendments to IAS 16 and IAS 38)".

The amendments provide additional guidance on how the depreciation or amortization of property, plant and equipment and intangible assets should be calculated. They are effective for annual periods beginning on or after 1 January 2016, with earlier application being permitted.

The application of these amendments does not have any effect on the consolidated financial statements of Bank.

Equity Method in Separate Financial Statements (Amendments to IAS 27)

On August 12, 2014, the IASB has published "Equity Method in Separate Financial Statements (Amendments to IAS 27)". The amendments reinstate the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements.

The amendments allow an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statements:

- at cost,
- in accordance with IFRS 9 Financial Instruments (or IAS 39 Financial Instruments: Recognition and Measurement for entities that have not yet adopted IFRS 9), or
- using the equity method as described in IAS 28 *Investments in Associates and Joint Ventures*.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES, Continued

The accounting option must be applied by category of investments.

In addition to the amendments to IAS 27, there are consequential amendments to IAS 28 to avoid a potential conflict with IFRS 10 *Consolidated Financial Statements* and to IFRS 1 *First-time Adoption of International Financial Reporting Standards*.

The amendments are effective for annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendments are to be applied retrospectively in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.

The application of these amendments does not have any effect on the consolidated financial statements of Bank.

Disclosure initiative (Amendments to IAS 1)

On December 18, 2014 the IASB added an initiative on disclosure to its work program in 2013 to complement the work being done in the Conceptual Framework project. The initiative is made up of a number of smaller projects that aim at exploring opportunities to see how presentation and disclosure principles and requirements in existing Standards can be improved.

They are effective for annual periods beginning on or after 1 January 2016, with earlier application being permitted.

The application of these amendments does not have any significant effect on the consolidated financial statements of Bank.

Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)

On December 18, 2014 the IASB has published "Investment Entities: Applying the Consolidation Exception, Amendments to IFRS 10 *Consolidated Financial Statements*, IFRS 12 *Disclosure of Interests in Other Entities* and IAS 28 *Investments in Associates and Joint Ventures* (2011)" to address issues that have arisen in the context of applying the consolidation exception for investment entities.

They are effective for annual periods beginning on or after 1 January 2016, with earlier application being permitted.

The application of these amendments does not have any significant effect on the consolidated financial statements of Bank.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES, Continued

Annual Improvements 2012-2014 Cycle

IFRS	Topic	Amendment
IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*	Changes in methods of disposal.	Adds specific guidance in IFRS 5 for cases in which an entity reclassify an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.
IFRS 7 *Financial Instruments: Disclosures* (with consequential amendments to IFRS 1)	Servicing contracts.	Adds additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of determining the disclosures required. Clarifies the applicability of the amendments to IFRS 7 on offsetting disclosures to condensed interim financial statements.
IAS 19 *Employee Benefits*	Discount rate	Clarifies that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid (thus, the depth of the market for high quality corporate bonds should be assessed at currency level).
IAS 34 *Interim Financial Reporting*	Disclosure of information "elsewhere in the interim financial report"	Clarifies the meaning of 'elsewhere in the interim report' and requires a cross-reference. The amendments are effective for annual periods beginning on or after 1 January 2016. Earlier application is permitted.

The application of these amendments does not have any significant effect on the consolidated financial statements of Bank.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES, Continued

b) New and revised IFRS in issue but not yet effective:

New Standards	Effective date
IFRS 9 *Financial Instruments*	Annual periods beginning on or after January 1, 2018.
IFRS 15 *Revenue from Contracts with Customers*	Annual periods beginning on or after January 1, 2018.
IFRS 16 *Leases*	Annual periods beginning on or after January 1, 2019.
Amendments to Standards	**Effective date**
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Effective date deferred indefinitely
Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12)	Annual periods beginning on or after January 1, 2017.
Disclosure Initiative (Amendments to IAS 7)	Annual periods beginning on or after January 1, 2017.
Clarifications to IFRS 15 "Revenue from Contracts with Customers"	Annual periods beginning on or after January 1, 2018.
Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)	Annual periods beginning on or after January 1, 2018.
Applying IFRS 9 "Financial Instruments" with IFRS 4 "Insurance Contracts" (Amendments to IFRS 4)	Overlay approach to be applied when IFRS 9 is first applied. Deferral approach effective for annual periods beginning on or after 1 January 2018 and only available for three years after that date.
Transfers of Investment Property (Amendments to IAS 40)	Annual periods beginning on or after January 1, 2018.
Annual Improvements to IFRS Standards 2014-2016 Cycle	The amendments to IFRS 1 and IAS 28 are effective for annual periods beginning on or after January 1, 2018. The amendment to IFRS 12 for annual periods beginning on or after January 1, 2017.
New Interpretations	**Effective date**
IFRIC 22 Foreign Currency Transactions and Advance Consideration	Annual periods beginning on or after January 1, 2018.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES, Continued

IFRS 9 *Financial Instruments*

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

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

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

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

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

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

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

IFRS 15 *Revenue from Contracts with Customers*

On May 28, 2014, the IASB has published its new standard, IFRS 15 Revenue from contracts with customers. At the same time, the Financial Accounting Standards Board (FASB) has published its equivalent revenue standard, ASU 2014-09.

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES, Continued

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

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

IFRS 16 Leases

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

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

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES, Continued

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

On January 19, 2016, the IASB published final amendments to IAS 12 'Income Taxes'.
The amendments clarify the following aspects:

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

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

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

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

The amendments are effective for annual periods beginning on or after 1 January 2017. Earlier application is permitted.

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

Disclosure Initiative (Amendments to IAS 7)

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

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

Clarifications to IFRS 15 "Revenue from Contracts with Customers"

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES, Continued

These clarifications focus on the following areas:

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

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

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

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

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

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

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

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

On September 12, 2016, the IASB has published 'Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts". The amendments are intended to address concerns about the different effective dates of IFRS 9 and the forthcoming new insurance contracts standard (expected as IFRS 17 within the next six months).

As it has become obvious that the effective date of IFRS 17 can no longer be aligned with the effective date of IFRS 9 Financial Instruments there have been calls for the IASB to delay application of IFRS 9 for insurance activities and align the effective date of IFRS 9 for those activities with the effective date of the new insurance contracts standard.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES, Continued

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

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

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

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

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

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

Transfers of Investment Property (Amendments to IAS 40)

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES, Continued

Annual Improvements to IFRS Standards 2014-2016 Cycle

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

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

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

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

aj) Standards and instructions issued by the Superintendence of Banks and Financial Institutions (SBIF)

i) Circulars No. 3,573 and No. 3,584 issued on December 30, 2014 and June 22, 2015, respectively, modified the Compendium of Accounting Standards, B-1, B-2 and E chapters, establishing the use of the standardized method for provisioning residential mortgage loans from January 1, 2016.

Complementary instructions are provided on the assessment of portfolio of non-compliant loans subject to individual evaluation, including certain conditions that need to be met in order to remove such loans from this portfolio. Same conditions are established for loans evaluated on a collective basis. To remove a borrower from the non-compliant portfolio, once the circumstances that led to its classification in this portfolio have been overcome, at least the following conditions must be complied:

(i) No obligation of the borrower presents a delay over 30 calendar days.

(ii) The borrower has not been granted new refinancing to pay its obligations.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES, Continued

(iii) At least one of the payments includes amortization of principal.

(iv) If the borrower had any loan with partial payment in less than six months periods, it has already made two payments.

(v) If the borrower must pay monthly instalments for one or more loans, he had paid four consecutive instalments.

(vi) The borrower does not appear with unpaid direct loans on the information system of the SBIF, except for insignificant amounts.

ii) On May 25, 2016 Circular No. 3,583 was issued, modifying and complementing the Compendium of Accounting Standards, Chapter C-3, student loans, establishing new instructions for the classification of loans for higher education within Commercial Loans. This new classification include:

- Loans for higher education in accordance with Law No. 20,027.
- Secured Loans CORFO.
- Other loans for higher education.

iii) On February 18, 2016 Circular No. 3,601 was issued, introducing new instructions to the Compendium of Accounting Standards, Chapter C-3, complementary information, in order to report losses arising from operational risk events. In order to do so, the SBIF has requested the Banks to report on a monthly basis operational risk quantification and exposure identification according to the rules of Basel. These rules were applied for first time in the MC1 and MC2 monthly reports as of June 30, 2016.

iv) On March 29, 2016 Circular No. 3,604 was issued, modifying the percentage of credit equivalent for available credit lines. The SBIF has concludes that the credit equivalent for available credit lines, when the client has no overdue loans, can be set at 35% of the available balance. This modification came in force from May 2016.

v) On December 12, 2016 Circular No. 3,615 was issued. In order to increase the level of transparency of the information provided by the banks, the SBIF has instructed that from June 30, 2017, interim financial statements as of June 30 will be subject to a review by independent auditors in accordance with NAGA No. 63, AU 930, or its international equivalent, SAS No. 122, section AU-C930; which should be filed with the SBIF the same day of its publication, or the business day before or after it.

The Bank has implemented the new regulations described above in its financial statements as of December 31, 2016.

NOTE 2 - ACCOUNTING CHANGES

During the year ended December 31, 2016, no accounting changes over the previous year affecting these Consolidated Financial Statements have occurred.

NOTE 3 - SIGNIFICANT EVENTS

a) Issuance and bonds placements

- **During 2016 no issuance of subordinated bonds took place.**

- **During the year 2016, the following bonds nominated in UF were issued:**

Bonds Series	Issuance Date	Notional amount, UF	Nominal Interest rate	Maturity Date
SERIE_AL1	09.09.2016	3,000,000	1.89%	01.06.22
SERIE_AL2	18.08.2016	3,000,000	2.15%	01.06.23
SERIE_AL3	04.08.2016	3,000,000	2.40%	01.06.24
SERIE_AL4	18.08.2016	3,000,000	2.36%	01.06.28
SERIE_AL5	12.09.2016	3,000,000	2.50%	01.06.31
SERIE_AJ2	22.12.2016	500,000	2.23%	01.10.24
SERIE_AJ2	22.12.2016	775,000	2.23%	01.10.24
SERIE_AJ2	27.12.2016	2,000,000	2.20%	01.10.24
SERIE_AJ2	29.12.2016	1,000,000	2.10%	01.10.24
SERIE_AJ2	29.12.2016	1,210,000	2.10%	01.10.24

- **During the year 2016, the following bonds nominated in Chilean pesos were issued:**

Bonds Series	Issuance Date	Notional amount, Pesos	Nominal interest rate	Maturity Date
BBCIAM0616	21.09.16	50,000,000,000	4.90%	01.06.2023

- **During the year 2016, the following bonds nominated in Euros were issued:**

Bonds Series	Issuance Date	Notional amount, Euros	Nominal Interest rate	Maturity Date
XS1493734971	23.09.2016	20,000,000	0.88%	23.09.2024

- **During the year 2016, the following bonds nominated in Swiss Franc (CHF) were issued:**

Bonds Series	Issuance Date	Notional amount, CHF	Nominal interest rate	Maturity Date
XS1520623627	17.11.2016	90,000,000	0.0%	17.11.2021

NOTE 3 - SIGNIFICANT EVENTS, Continued

b) Distribution of dividends and capitalization of earnings

At the Annual Shareholder's Meeting held on March 22, 2016, the distribution of net income for the year 2015 was approved, amounting to MCh$ 330,819, as follows:

- Distribute a dividend of Ch$ 1,000 per share among the total 110,806,999 shares issued and registered in the Register of Shareholder's, which amounts to the sum of MCh$ 110,803.

- Allocate the remaining balance of MCh$ 220,016 to future capitalization reserve fund, as follows:

1) MCh$ 165.411 from retained earnings; and
2) MCh$ 54.605 through the issuance of 2.019.920 bonus shares.

This capital increase was approved by the SBIF by means of Resolution No. 163 on May 13, 2016, which extract was ratified on June 16, 2016. Both documents were published in the Official Gazette on May 20 and July 4, 2016, respectively.

c) Capital increase

At Extraordinary Shareholder's Meeting held on October 27, 2015, it was approved the annulment of capital increase of MCh$ 198,876, which was approved by the Extraordinary Shareholder's Meeting held on September 26, 2013, and which was neither subscribed nor paid. Additionally, it was agreed to increase the share capital through the issuance of 10,737,300 shares for payment, which shall be subscribed and paid within three years from the date of the aforesaid meeting. Such increase was subscribed and paid during 2016 as follows:

- 308,023 shares were subscribed and paid on March 31, 2016 for a total of MCh$ 7,494.

- On April 19, 2016 ended a preferred option period, in which entitled shareholders subscribed and paid a total of 10,148,941 shares for MCh$ 260,205.

- On April 26, 2016 the remaining balance of 280,336 shares was subscribed and paid for a total of MCh$ 7,709.

As a result, the approved capital increase was completed for a total of MCh$ 275,408, and the share capital of Banco de Crédito e Inversiones, amounts to MCh$ 2,276,820 divided into 123,564,219 shares of a singles series without par value, as of December 31, 2016.

NOTE 4 - BUSINESS COMBINATION

i. General Operation

On October 16, 2015, Banco de Crédito e Inversiones (BCI) acquired City National Bank of Florida (“CNB”) through the acquisition of 100% of CM Florida Holding, currently BCI Financial Group, INC. and Subsidiaries, which owned and controlled 99.96% of CNB. The remaining 0.04% ownership, is held by the six directors of the CNB Bank in equal proportions. These directors according to Federal Standard of the United States of America (hereinafter "United States"), should hold shares to exercise their roles as directors.

With this transaction, BCI strengthens its growth and internationalization strategy, becoming the first Chilean financial institution that has a banking subsidiary in the United States. The acquisition payment totalled US$ 946.9 million, or its equivalent in Chilean peso of MCh$ 639,150.

ii. Description of the Acquired Subsidiaries

BCI Financial Group, INC. and Subsidiaries, is an investment company whose sole corporate purpose is to hold investment in CNB as well as other financial instruments to a lesser extent.

CNB is a banking financial institution, which is recognized as one of the oldest banks in the State of Florida. It was established in 1946 and headquartered in Miami. CNB is a commercial full service bank offering a range of financial products, including real estate, commercial and consumer banking, to more than 22,000 customers, with 26 branches and 478 employees in four counties in Florida. Historically it was focused on a small and medium enterprises as a target segment of the market.

At the acquisition time, CNB hold loans of MCh$ 2,694,027, deposits of MCh$ 2,949,446 and equity of MCh$ 629,500, equivalent to 11%, 12% and 3% of total assets of the Bank, respectively, according to the Consolidated Balances of the Bank as of October 31, 2015.

NOTE 4 - BUSINESS COMBINATION, Continued

iii. Primary reasons for the acquisition

This acquisition represents an important step in the internationalization strategy of BCI, which aims to generate new sources of income, geographically diversify its business, and accompany Chilean and Latin American customers in their regional operations and, at the same time, strengthen their participation in the State of Florida, in which it already operates for 16 years, through the branch which is currently located in Miami.

This acquisition represents an important business opportunity for the Bank in the State of Florida, the third largest state in the United States in terms of population, with more than 21 million inhabitants and with a per capita income above US$ 40,000. This state is the fourth in the Unites States in terms of deposits. It is distinguished by very dynamic and attractive economy, demographic and economic growth, which is above the average of the rest of states in the United States. Projected economic growth for Florida is 3.3% in comparison with 1.6% at national level; demographic growth is 2.2% in comparison with average of 0.8% in the country, unemployment rate is 4.8% while the rate at national level is 6%. Additionally, it is highly connected to Latin America being the gateway for Latin American investments to the United States, and vice versa.

Particularly, CNB stands out as one of the oldest banks and one of the leaders in the market, being inside the 5 biggest banks in the State of Florida. CNB management has a long history of successful operations. The excellent position and performance of CNB, together with the know-how accumulated by BCI in its 70-year history, represent a key pillar for the future development of BCI in the US market.

NOTE 4 - BUSINESS COMBINATION, Continued

iv. Details of assets acquired and liabilities assumed

The following is the Consolidated Statements of Financial Position of the CNB as of the acquisition date as well as fair value measurement adjustments as of October 16, 2015:

	Pre-acquisition balance	Adjustments on acquisition	Reference	Post-acquisition balance
	MCh$	MCh$		MCh$
ASSETS				
Cash and deposits in banks	272,337	(26,731)	a	245,606
Items in course of collection	-	-		-
Trading portfolio financial assets	9,465	-		9,465
Investments under agreements to resell	48,782	-		48,782
Derivative financial agreements	2,141	-		2,141
Loans and receivables to banks, net	-	-		-
Loans and receivables to customers, net	2,681,665	12,362	b	2,694,027
Financial investments available for sale	881,671	126,043	c	1,007,714
Financial investments held to maturity	124,132	(123,456)	c	676
Investments in other companies	37,017	-		37,017
Intangible assets	143,369	(81,872)	d	61,497
Property, plant and equipment, net	47,493	4,397	e	51,890
Current income tax	-	-		-
Deferred income taxes	91,016	34,449	f	125,465
Other assets	11,200	-		11,200
TOTAL ASSETS	**4,350,288**	**(54,808)**		**4,295,480**
LIABILITIES				
Current accounts and demand deposits	2,949,446	-		2,949,446
Items in course of collection	-	-		-
Liabilities under agreements to repurchase	119,058	-		119,058
Term deposits and savings accounts	259,349	541	g	259,890
Derivative financial agreements	2,147	-		2,147
Borrowings from financial institutions	-	-		-
Debt issued	-	-		-
Other financial liabilities	321,010	-		321,010
Current income tax	1,379	-		1,379
Deferred income taxes	-	-		-
Provisions	5,773	-		5,773
Other liabilities	7,277	-		7,277
TOTAL LIABILITIES	**3,665,439**	**541**		**3,665,980**
SHAREHOLDERS' EQUITY				
Attributable to equity holders of the Bank:				
Capital and reserves	658,261	(28,761)	h	629,500
Accumulated other comprehensive income	1,621	(1,621)	i	-
Retained earnings:				
Net income for the prior period	-	-		-
Net income for the year	24,967	(24,967)	i	-
Less: Accrual for minimum dividends	-	-		-
TOTAL EQUITY OF EQUITY HOLDERS OF THE BANK	**684,849**	**(55,349)**		**629,500**
Non-controlling interest	-	-		-
TOTAL SHAREHOLDERS' EQUITY	**684,849**	**(55,349)**		**629,500**
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	**4,350,288**	**(54,808)**		**4,295,480**

NOTE 4 - BUSINESS COMBINATION, Continued

Fair Value adjustments for the acquisition correspond to:

Reference	Adjustments Detail	MCh$
a)	Deposits in banks	(26,731)
b)	Loans and receivables to customers	12,362
c)	Financial investments available for sale	126,043
c)	Financial investments held to maturity	(123,456)
d)	Intangible assets	(81,872)
e)	Property, plant and equipment	4,397
f)	Deferred income taxes	34,449
	Total Assets	**(54,808)**
g)	Term deposits and savings accounts	541
h)	Equity	(28,761)
i)	Accumulated other comprehensive income	(1,621)
i)	Net Income for the year	(24,967)
	Total Liabilities and Equity	**(54,808)**

The fair value adjustments are determined at the date of acquisition. The valuation process was carried out by qualified professionals, independent from BCI Management.

Fair Value is defined as the price that would be received in order to sell an asset or the price that would be paid to transfer a liability in an orderly transaction between market participants on the valuation or, in the case of BCI, acquisition date.

Adjustments reflect the assets acquired and liabilities assumed by the acquirer, as a result of business combination.

Accounting of a business combinations, according to IFRS 3, is the following:

Business combinations 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 cost are generally recognized in incurred.

The adjustments made recognize assets acquired and liabilities assumed at fair value at the acquisition date are as follows:

a) From the total of Cash and deposits in banks amounted MCh$ 272,337, Deposits in banks, amounted MCh$ 234,633 as of the date of the acquisition, were adjusted in order to update nominal rates to market rates, which resulted in a reduction of MCh$ 26,731.

NOTE 4 - BUSINESS COMBINATION, Continued

b) Adjustment related to loans and receivables to customers corresponds to updating of effective interest rate of loans. In addition, allowance for loan losses was adjusted.

i) As of October 31, 2015, the composition of the loan portfolio was as follows:

	Assets before allowances			Allowances Established			
	Normal portfolio	**Non-compliant portfolio**	**Total**	**Individual allowance**	**Collective allowance**	**Total**	**Net Assets**
	MCh$	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Commercial loans:							
Commercial loans	2,134,080	286	2,134,366	-	(13,370)	(13,370)	2,120,996
Foreign trade loans	-	-	-	-	-	-	-
Checking accounts	-	-	-	-	-	-	-
Factoring operations	-	-	-	-	-	-	-
Leasing transactions	-	-	-	-	-	-	-
Other loans and receivables	-	-	-	-	-	-	-
Subtotal	**2,134,080**	**286**	**2,134,366**	**-**	**(13,370)**	**(13,370)**	**2,120,996**
Mortgage loans:							
Letters of credit	-	-	-	-	-	-	-
Negotiable mortgage loans	544,719	3,734	548,453	-	(7,458)	(7,458)	540,995
Other mortgage loans	-	-	-	-	-	-	-
Leasing transactions	-	-	-	-	-	-	-
Other loans	-	-	-	-	-	-	-
Subtotal	**544,719**	**3,734**	**548,453**	**-**	**(7,458)**	**(7,458)**	**540,995**
Consumer loans:							
Consumer loans in instalments	108,337	323	108,660	-	(1,501)	(1,501)	107,159
Checking accounts	-	-	-	-	-	-	-
Credit card borrowers	-	-	-	-	-	-	-
Consumer leasing transactions	-	-	-	-	-	-	-
Other loans and receivables	7,663	-	7,663	-	(34)	(34)	7,629
Subtotal	**116,000**	**323**	**116,323**	**-**	**(1,535)**	**(1,535)**	**114,788**
TOTAL	**2,794,799**	**4,343**	**2,799,142**	**-**	**(22,363)**	**(22,363)**	**2,776,779**

ii) Default

The portfolio of non-compliant loans (with instalments in default for equal to or greater than 90 days), as of October 16, 2015, is as the following:

	Commercial	**Mortgage**	**Consumer**	**Total**
	MCh$	**MCh$**	**MCh$**	**MCh$**
Secured debt	-	-	-	-
Unsecured debt	286	3,734	323	4,343
TOTAL	**286**	**3,734**	**323**	**4,343**

NOTE 4 - BUSINESS COMBINATION, Continued

iii) As of October 31, 2015 the breakdown of loans and receivables to customers by maturity is as follows:

	On demand	Up to 1 month	1 to 3 months	3 to 12 months	Subtotal up to 1 year	1 to 5 years	More than 5 years	Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Asset								
Loans and receivables to customers	-	37,492	87,985	208,121	333,598	1,268,372	1,197,172	2,799,142
Total loans and receivables to customers	**-**	**37,492**	**87,985**	**208,121**	**333,598**	**1,268,372**	**1,197,172**	**2,799,142**

c) Adjustments related to financial investments available for sale and financial investments held to maturity correspond to classifications or designations that the acquirer made on the basis of the pertinent conditions as they exist at the acquisition date, which led to reclassifications of some financial investments held to maturity to financial investments available for sale and revaluation of them at fair value.

d) Adjustment related to intangibles assets, corresponds to three concepts:
   i) Derecognition of goodwill generated in the previous acquisitions or business combinations which was present in the CNB Financial Statements;
   ii) Recognition of intangible assets identified in the business combination which will be detailed in the following table; and
   iii) Goodwill.

Breakdown of intangible assets identified in the business combination

Detail	Amount (MCh$)	Type	Useful Life
Identified:			
Core deposits	43,855	Amortizable	9 years
Leasehold interest	2,814	Amortizable	30 years
Trademark	12,630	Undefined Useful Life	-
Generated:			
Goodwill	2,198	Undefined Useful Life	-

Identified:

Core deposits

Corresponds to permanent term deposits at rates below the actual placement market rates, held by CNB.

Leasehold interest

Corresponds to leases contracts at more favourable prices, when actual market prices held by CNB.

Trademark

Corresponds to the value of CNB brand in the state of Florida.

NOTE 4 - BUSINESS COMBINATION, Continued

Goodwill

Corresponds to the difference between net assets acquired and liabilities assumed at fair values and the price paid for CNB, determined in accordance with the policy described in Note 1.u.

The intangible assets are subject to impairment assessment in accordance with the definitions and rules of the SBIF.

As of December 31, 2016, there are no indicators of impairment of intangible assets acquired in a business combination, including goodwill.

e) Adjustment related to Property, plant and equipment, corresponds to revaluation of CNB's buildings.

f) Adjustments related to deferred income taxes, correspond to the temporary differences generated by the differences between the financial and tax treatment of assets and liabilities. These differences should be recognized as deferred tax assets or liabilities. A deferred tax asset was generated by this business combination.

g) Adjustments related to term deposits and savings accounts corresponds to a market rate adjustment to revaluate deposits at fair value.

h) Adjustments related to equity and reserves corresponds to the net effect of fair value adjustments of identifiable assets acquired and liabilities assumed generated by the acquisition.

i) Adjustments related to accumulated comprehensive income and net income for the year correspond to reversal of the financial net income for the year, which belong to the previous owners, and to reversals of accumulated valuation reserves at the acquisition date.

NOTE 4 - BUSINESS COMBINATION, Continued

The post-acquisition Consolidated Statements of Financial Position of BCI Financial Group, INC. and Subsidiaries, post-acquisition of City National Bank of Florida to October 16, 2015, is presented below:

As October 16, 2016	BCI Financial Group, INC. and Subsidiaries Individual	CNB Post- acquisition	BCI Financial Group, INC and Subsidiaries Consolidated
	MCh$	MCh$	MCh$
ASSET			
Cash and deposits in banks	746	245,606	245,606
Items in course of collection	-	-	-
Trading portfolio financial assets	-	9,465	9,465
Investments under agreements to resell	-	48,782	48,782
Derivative financial agreements	-	2,141	2,141
Loans and receivables to banks, net	-	-	-
Loans and receivables to customers, net	-	2,694,027	2,694,027
Financial investments available for sale	80	1,007,714	1,007,794
Financial investments held to maturity	-	676	676
Investments in other companies	629,235	37,017	37,018
Intangible assets	-	61,497	61,497
Property, plant and equipment, net	-	51,890	51,890
Current income tax	-	-	-
Deferred income taxes	7,998	125,465	133,463
Other assets	1,262	11,200	12,462
TOTAL ASSETS	**639,321**	**4,295,480**	**4,304,821**
LIABILITIES			
Current accounts and demand deposits	-	2,949,446	2,948,700
Items in course of collection	-	-	-
Liabilities under agreements to repurchase	-	119,058	119,058
Term deposits and savings accounts	-	259,890	259,890
Derivative financial agreements	-	2,147	2,147
Borrowings from financial institutions	5	-	5
Debt issued	-	-	-
Other financial liabilities	-	321,010	321,010
Current income tax	151	1,379	1,530
Deferred income taxes	-	-	-
Provisions	-	5,773	5,773
Other liabilities	15	7,277	7,292
TOTAL LIABILITIES	**171**	**3,665,980**	**3,665,405**
SHAREHOLDERS' EQUITY			
Attributable to equity holders of the parent:			
Capital and reserves	639,150	629,500	639,150
Accumulated other comprehensive income	-	-	-
Retained earnings:			
Net income for the prior year	-	-	-
Net income for the year	-	-	-
Less: Accrual for minimum dividends	-	-	-
TOTAL EQUITY OF EQUITY HOLDERS OF THE BANK	**639,150**	**639,150**	**639,150**
Non-controlling interest	-	-	266
TOTAL SHAREHOLDERS' EQUITY	**639,150**	**629,500**	**639,416**
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	**639,321**	**4,295,480**	**4,304,821**

Non-controlling interest of the financial position of the BCI Financial Group, Inc. and Subsidiaries is measured at fair value and corresponds to CNB directors' shares that they must acquire in order to exercise their functions in accordance with Fed (Federal Reserve Bank) regulation.

NOTE 4 - BUSINESS COMBINATION, Continued

Finally, in order to explain the impact of this business combination on the consolidated financials of the Bank, further disclosed the Statements of Financial Position of Banco de Crédito e Inversiones as of October 31, 2015 post to acquisition of BCI Financial Group, Inc. and Subsidiaries ("BCIFG") shares:

	BCI Consolidated pre-acquisition MCh$	BCIFG Consolidated MCh$	BCI Consolidated post-acquisition MCh$
ASSETS			
Cash and deposits in banks	1,353,773	104,545	1,458,318
Items in course of collection	613,097	-	613,097
Trading portfolio financial assets	1,139,615	9,636	1,149,251
Investments under agreements to resell	144,287	50,000	194,287
Derivative financial agreements	1,531,188	1,990	1,533,178
Loans and receivables to banks, net	167,867	-	167,867
Loans and receivables to customers, net	16,573,751	2,776,779	19,350,530
Financial investments available for sale	1,299,078	1,043,525	2,342,603
Financial investments held to maturity	-	692	692
Investments in other companies	685,506	39,401	155,079
Intangible assets	166,461	2,371	168,832
Property, plant and equipment, net	225,562	53,519	279,081
Current income tax	-	-	-
Deferred income taxes	117,756	98,251	216,007
Other assets	645,675	6,379	652,054
TOTAL ASSETS	**24,663,616**	**4,187,088**	**28,280,876**
LIABILITIES			
Current accounts and demand deposits	4,628,384	2,890,028	7,518,412
Items in course of collection	492,295	-	492,295
Liabilities under agreements to repurchase	294,938	82,062	377,000
Term deposits and savings accounts	9,455,625	261,866	9,717,491
Derivative financial agreements	1,597,598	2,061	1,599,659
Borrowings from financial institutions	1,566,256	5	1,566,261
Debt issued	3,903,605	-	3,903,605
Other financial liabilities	69,770	363,521	433,291
Current income tax	678	3,072	3,750
Deferred income taxes	42,112	-	42,112
Provisions	226,238	5,952	232,190
Other liabilities	398,877	8,396	407,273
TOTAL LIABILITIES	**22,676,376**	**3,616,963**	**26,293,339**
SHAREHOLDERS' EQUITY			
Attributable to equity holders of the parent:			
Capital and reserves	1,781,505	564,316	1,781,505
Accumulated other comprehensive income	13,977	3,443	13,977
Retained earnings:			
Net income for the prior year	-	-	-
Net income for the year	273,937	2,069	273,937
Less: Accrual for minimum dividends	(82,181)	-	(82,181)
TOTAL EQUITY OF EQUITY HOLDERS OF THE BANK	**1.987,238**	**569,828**	**1,987,238**
Non-controlling interest	2	297	299
TOTAL SHAREHOLDERS' EQUITY	**1,987,240**	**570,125**	**1,987,537**
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	**24,663,616**	**4,187,088**	**28,280,876**

NOTE 4 - BUSINESS COMBINATION, Continued

v. Other considerations

a) At business combination neither contingent assets nor contingent liabilities were identified; contingent considerations were not identified either.

b) Transaction costs related to the acquisition, amounted approximately US$ 5 million, which relates mainly to external legal advice and due diligence costs. These costs are presented in administrative expenses in the Consolidated Statements of Income for the year.

c) The detail of balances included in cash and cash equivalents as of October 31, 2015, is as follows:

	As of October 31 2015
	MCh$
Cash and deposits in banks	
Cash	32,144
Deposits in Central Bank of Chile	-
Deposits in domestic banks	-
Deposits in foreign banks	72,401
Subtotal cash and deposits in banks	104,545
Items in course of collection, net	-
Highly liquid financial instruments	-
Investments under agreements to resell	50,000
Total cash and cash equivalents	**154,545**

d) The BCI Financial Group, INC. and Subsidiaries results and percentage, contributed to consolidated results of the Bank between October 16 and December 31, 2015, is as follows:

	MCh$	%
Operating Income	29,920	2.58
Net Operating income	29,224	2.52
Net Income	10,599	2.74
Income before Income tax	**11,014**	**2.75**

e) Had the acquisition taken place on January 1, 2015, it is estimated that results contributed by BCI Financial Group, Inc. and Subsidiaries would have been MCh$36,598.

The methodology used to estimate the results was adding pre-acquisition CNB results to the post-acquisition results.

NOTE 4 - BUSINESS COMBINATION, Continued

vi. Adjustments to provisional values - goodwill

IFRS 3 permits adjustments to items recognized in the original accounting for a business combination, for a maximum of one year period after the acquisition date, when new information about facts and circumstances existed at the acquisition date is obtained. Any such adjustments are made retrospectively as if those adjustments had been made at the acquisition date.

As of April 30, 2016 the Bank, in accordance with the requirements of the SBIF, adjusted the fair value of loans and receivables to customers according to the rules of Chapter B-1 of the Compendium of Accounting. This adjustment was calculated over the balance of loans and receivables to customers as of October 31, 2015 and resulted in an increase of goodwill for US$ 12,918,365 (MCh$ 8,533).

Following is the detail of changes in goodwill during the year:

	MCh$
Goodwill as of January 1, 2016	**2,198**
Increase in goodwill during the measurement period	8,533
Exchange difference	51
Goodwill as of December 31, 2016	**10,782**

NOTE 5 – INFORMATION BY SEGMENTS

Segments structure

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

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

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

NOTE 5 – BUSINESS SEGMENTS, Continued

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

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

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

Additionally, and with the purpose of improve focus and capture synergies from the customer service model, in 2016 the presentation of segments was simplified: Retail Banking and Small and Medium Entreprise segments were aggregated under “Retail Banking” heading; and Commercial Banking and Corporate & Investment Banking Commercial Division segments were aggregated under “Wholesale Banking” heading.

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

Retail Banking Segment: This segment includes individuals and entities with sales of less than UF 80,000, with the following sub segments:

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

Small and Medium Enterprises**:** This sub segment includes entrepreneurs and enterprising entities (with sales of between UF 2,400 and UF 80,000) and includes microenterprises (with sales of less than UF 2,400).

Wholesale Banking Segment: This segment composed mainly of companies whose annual sales exceed UF 80,000, with the following sub segments:

Commercial Banking: This sub segment includes mainly companies whose annual sales exceed UF 80,000. The operating units in this sub segment are: Real Estate and Companies.

Corporate & Investment Banking Commercial Division**:** This sub 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 sub segment are: Wholesale Banks, Corporate and Private.

Corporate & Investment Banking Finance Division Segment: This segment manages the Bank’s own investment portfolio. The operating unit in this segment is Sales and Trading.

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

NOTE 5 – BUSINESS SEGMENT, Continued

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

Assignment of income from subsidiaries by client:

Consistent with its customer-focused strategy and as a result of attention/provision of services to the Bank's clients in each segment, management in the subsidiaries, as well as results of the Bureau of Distribution and leasing business, is carried out in line with the above segments.

Assigning result of balance management:

In order to recognize in each segment all the benefits and costs associated with the clients' attention, the results of currency and maturity mismatches management are allocated to the segments in the proportion corresponding to the total income for the assets of each segment less the average cost of liabilities to finance these assets.

Allocation of expenses to reporting segments:

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

Indirect expenses (centralized allocation of expenses): expenses recognized in general costs centres, according to Bank's 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 in support managements. These expenses preliminary defined and agreed by the areas involved (user and support area).

These criteria have been applied for the years ended December 31, 2016 and 2015.

The management of commercial areas indicated above is measured in accordance with the concepts presented in this Note, which is based on the accounting principles applied to BCI Consolidated Statements of Income for the year.

NOTE 5 – BUSINESS SEGMENTS, Continued

a) Statements of Income for 2016:

	Retail Banking		Wholesale Banking					
	Retail	Small & Medium Entreprise	Commercial Banking	C&IB Commercial Division	C&IB Finance Division	BCIFG	Others	Consolidated
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Net interest income	380,335	132,408	156,226	99,934	32,896	136,703	(33,449)	905,053
Net fee and commission income	139,448	38,107	39,119	26,644	11,631	18,434	(1,754)	271,629
Other operating income	30,748	7,675	26,260	31,444	(3,470)	10,994	4,989	108,640
Operating income	**550,531**	**178,190**	**221,605**	**158,022**	**41,057**	**166,131**	**(30,214)**	**1,285,322**
Provision for loan losses	(112,844)	(35,433)	(16,754)	(2,489)	(8,517)	(4,894)	(2,481)	**(183,412)**
Operating income, net of loan losses, interest and commission	**437,687**	**142,757**	**204,851**	**155,533**	**32,540**	**161,237**	**(32,695)**	**1,101,910**
Total operating expenses	(323,597)	(79,750)	(104,287)	(60,230)	(33,489)	(78,617)	(16,187)	**(696,157)**
TOTAL NET OPERATING INCOME BY SEGMENT	**114,090**	**63,007**	**100,564**	**95,303**	**(949)**	**82,620**	**(48,882)**	**405,753**
Share of profit/loss of investments accounted using the equity method								**19,136**
Income before income tax								**424,889**
Income tax expense (*)								**(84,724)**
CONSOLIDATED NET INCOME FOR THE YEAR								**340,165**

(*) See note 16.c.

b) Reporting Segments Balances as of December 31, 2016:

	As of December 31, 2016						
	Retail Banking		Wholesale Banking				
	Retail	Small & Medium Entreprise	Commercial	C&IB Commercial Division	C&IB Finance Division	BCIFG	Total Segments
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
TOTAL ASSETS	8,138,120	2,329,526	5,189,699	4,997,842	4,651,679	5,543,038	**30,849,904**
TOTAL LIABILITIES	7,331,118	2,082,377	4,660,277	4,488,814	4,895,388	4,873,253	**28,331,227**
EQUITY							**2,518,677**

NOTE 5 – BUSINESS SEGMENTS, Continued

c) Statements of Income for 2015:

	Retail Banking		Wholesale Banking					
	Retail	**Small and medium enterprise**	**Commercial**	**C&IB Commercial Division**	**C&IB Finance Division**	**BCIFG**	**Others**	**Consolidated balances**
	MCh$	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Net interest income	359,770	118,066	146,830	76,142	62,563	25,872	11,263	800,506
Net fee and commission income	140,738	34,352	31,654	19,733	4,842	2,120	831	234,270
Other operating income	49,096	19,851	38,908	52,013	(13,472)	1,927	(25,053)	123,270
Operating income	**549,604**	**172,269**	**217,392**	**147,888**	**53,933**	**29,919**	**(12,959)**	**1,158,046**
Provision for loan losses	(119,456)	(32,929)	(11,264)	(16,310)	(3,692)	(697)	(4,858)	**(189,206)**
Operating income, net of loan losses, interest and commission	**430,148**	**139,340**	**206,128**	**131,578**	**50,241**	**29,222**	**(17,817)**	**968,840**
Total operating expenses	(297,296)	(70,770)	(92,865)	(57,966)	(21,520)	(18,623)	(22,583)	**(581,623)**
TOTAL NET OPERATING INCOME BY SEGMENT	**132,852**	**68,570**	**113,263**	**73,612**	**28,721**	**10,599**	**(40,400)**	**387,217**
Share of profit/loss of investments accounted using the equity method								**13,495**
Income before income tax								**400,712**
Income tax expense (*)								**(69,889)**
CONSOLIDATED NET INCOME FOR THE YEAR								**330,823**

(*) See note 16.c.

d) Operating Segments Balances as of December 31, 2015:

	As of December 31, 2015						
	Retail Banking		Wholesale Banking				
	Retail	**Small & Medium Entreprise**	**Commercial**	**C&IB Commercial Division**	**C&IB Finance Division**	**BCIFG**	**Total Segments**
	MCh$	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**
TOTAL ASSETS	7,580,395	2,184,316	4,929,180	4,978,679	4,508,604	4,503,227	**28,684,401**
TOTAL LIABILITIES	6,952,111	1,986,843	4,506,056	4,573,434	4,740,449	3,924,983	**26,683,876**
EQUITY							**2,000,525**

NOTE 6 - CASH AND CASH EQUIVALENTS

a) Details of balances included within cash and cash equivalents, and their reconciliation with the Consolidated Statements of Cash Flows as of December 31, 2016 and 2015, are as follows:

	As of December 31,	
	2016	**2015**
	MCh$	**MCh$**
Cash and deposits in banks		
Cash	378,520	421,190
Deposits in Central Bank of Chile (*)	613,338	350,767
Deposits in domestic banks	6,214	5,657
Deposits in foreign banks	579,493	494,938
Subtotal cash and deposits in banks	1,577,565	1,272,552
Items in course of collection, net	131,758	178,750
Highly liquid financial instruments	1,044	17,503
Investments under agreements to resell	116,461	206,105
Total cash and cash equivalents	**1,826,828**	**1,674,910**

(*) Deposits in Central Bank of Chile represent monthly updated mandatory reserve deposits with the Central Bank of Chile.

b) Items in the course of collection:

Items in the course of collection correspond to those transactions pending settlement which will increase or decrease deposits in Central Bank of Chile or in foreign banks, usually within 12 or 24 hours. The details of items in the course of collection, net as of December 31, 2016 and 2015 are as follows:

	As of December 31,	
	2016	**2015**
	MCh$	**MCh$**
Assets		
Outstanding notes from other banks (swap)	136,698	189,426
Funds receivable	127,567	245,124
Subtotal assets	**264,265**	**434,550**
Liabilities		
Funds payable	132,507	255,800
Subtotal liabilities	**132,507**	**255,800**
Items in course of collection, net	**131,758**	**178,750**

NOTE 7 - TRADING PORTFOLIO FINANCIAL ASSETS

The following is the detail of trading portfolio financial assets as of December 31, 2016 and 2015:

	As of December 31	
	2016	**2015**
	MCh$	**MCh$**
Instruments of the State and Central Bank of Chile (*):		
Bonds of the Central Bank of Chile	488,903	888,726
Promissory notes of the Central Bank of Chile	99	245
Other instruments of the State and Central Bank of Chile	181,073	14,918
Instruments of other domestic institutions:		
Bonds	70,910	18,080
Term deposits	352,576	183,781
Letters of credit	2,467	21,343
Documents issued by other financial institutions	93,931	84,406
Other instruments	18,220	45,449
Instruments of other foreign institutions:		
Other instruments	1,311	156
Investments in mutual funds:		
Funds administered by related parties	45,048	16,768
Funds administered by third parties	13,441	24,259
Total	**1,267,979**	**1,298,131**

(*) As of December 31, 2016 and 2015, the Bank has instruments with the Central Bank of Chile, classified in the "Instruments of the State and Central Bank of Chile" of MCh$ 276,908 and MCh$ 112,455, respectively.

NOTE 8 - INVESTMENTS UNDER AGREEMENTS TO RESELL AND LIABILITIES UNDER AGREEMENTS TO REPURCHASE

a) Securities purchased under agreements to resell:

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

Type of entity	Maturity of the agreement						
	Up to 3 months		Between 3 months and 1 year		Over 1 year		Balance as of December 31, 2015
	MCh$	Average Rate %	MCh$	Average Rate %	MCh$	Average Rate %	MCh$
Related party (individuals or entities)	-	-	-	-	-	-	-
Domestic banks	-	-	-	-	-	-	-
Securities brokers	65,512	0.59	5,229	0.37	-	-	70,741
Other domestic financial institutions	-	-	-	-	-	-	-
Foreign financial institutions	-	-	-	-	-	-	-
Other individuals or corporations	111,767	0.35	23,597	0.36	-	-	135,364
Total	**177,279**		**28,826**		**-**	**-**	**206,105**

NOTE 8 - INVESTMENTS UNDER AGREEMENTS TO RESELL AND LIABILITIES UNDER AGREEMENTS TO REPURCHASE, Continued

b) Securities sold under repurchase agreements:

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

	Maturity of the agreement						
Type of entity	**Up to 3 months**		**Between 3 months to 1 year**		**Over 1 year**		**Balance as of December 31, 2015**
	MCh$	**Average Rate %**	**MCh$**	**Average Rate %**	**MCh$**	**Average Rate %**	**MCh$**
Related party (individuals or entities)	-	-	-	-	-	-	-
Domestic banks	68,409	0.33	-	-	-	-	68,409
Securities brokers	-	-	-	-	-	-	-
Other domestic financial institutions	126,694	0.29	-	-	-	-	126,694
Foreign financial institutions	-	-	-	-	-	-	-
Other individuals or corporations	246,731	0.19	7,253	0.20	41	0.33	254,025
Total	**441,834**		**7,253**		**41**		**449,128**

NOTE 9 - DERIVATIVE FINANCIAL AGREEMENTS AND HEDGE ACCOUNTING

a) As of December 31, 2016 and 2015, the Bank and its subsidiaries held the following portfolio of derivative instruments:

As of December 31, 2016:

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

NOTE 9 - DERIVATIVE FINANCIAL AGREEMENTS AND HEDGE ACCOUNTING, Continued

As of December 31, 2015

	Notional amount		Fair value	
	Assets	**Liabilities**	**Assets**	**Liabilities**
	MCh$	**MCh$**	**MCh$**	**MCh$**
Trading Derivatives:				
Forwards	29,537,235	29,545,133	240,951	239,325
Swaps	45,442,063	45,319,160	1,022,312	1,057,366
Call Options	394,821	385,314	4,889	6,089
Put Options	298,857	306,356	2,518	2,341
Futures	3	3	50	-
Others	-	-	-	-
Subtotal	**75,672,979**	**75,555,966**	**1,270,720**	**1,305,121**
Fair Value Hedge Derivatives:				
Forwards	-	-	-	-
Swaps	2,779,780	263,166	87,160	76,167
Call Options	-	-	-	-
Put Options	-	-	-	-
Futures	-	-	-	-
Others	-	-	-	-
Subtotal	**2,779,780**	**263,166**	**87,160**	**76,167**
Cash Flow Hedge Derivatives:				
Forwards	113,240	991,846	16,541	22,001
Swaps	1,712,137	1,110,400	125,002	131,902
Call Options	-	-	-	-
Put Options	-	-	-	-
Futures	-	-	-	-
Others	-	-	-	-
Subtotal	**1,825,377**	**2,102,246**	**141,543**	**153,903**
Total	**80,278,136**	**77,921,378**	**1,499,423**	**1,535,191**

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 positions in both foreign currency and local currency, the fair value of the position is hedged against changes in the base interest rate. The implied credit spread is not considered for this type of strategy. These operations reduce the duration of the positions and reduce the risk related to interest rate changes.

NOTE 9 - DERIVATIVE FINANCIAL AGREEMENTS AND HEDGE ACCOUNTING, Continued

The following tables provide a summary of the hedged items and hedging instruments for fair value hedge accounting as of December 31, 2016 and 2015:

	As of December 31, 2016		As of December 31, 2015	
Hedged item	**Assets**	**Liabilities**	**Assets**	**Liabilities**
	MCh$	**MCh$**	**MCh$**	**MCh$**
Bonds issued MX/MN	-	749,973	-	501,825
Loans MX, UF	678	-	218,196	-
Term deposits MN	-	1,131,104	-	1,959,468
Investment MX	200,204	-	44,970	-
Macro hedge MN, MX	1,212,043	-	-	-
Liabilities MX	-	-	-	318,487
Total	**1,412,925**	**1,881,077**	**263,166**	**2,779,780**

	As of December 31, 2016		As of December 31, 2015	
Hedging instrument	**Assets**	**Liabilities**	**Assets**	**Liabilities**
	MCh$	**MCh$**	**MCh$**	**MCh$**
Cross Currency Swaps	381,101	1,368,073	461,505	215,547
Interest Rate Swap MN	1,131,104	14,000	1,959,468	-
Interest Rate Swap MX	368,872	30,852	358,807	47,619
Total	**1,881,077**	**1,412,925**	**2,779,780**	**263,166**

Cash flow hedges:

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

The following tables provide a summary of the hedged items and hedging instruments for cash flow hedge accounting as of December 31, 2016 and 2015:

	As of December 31, 2016		As of December 31, 2015	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Hedged item	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Assets UF > 1Y	1,733,697	-	1,940,122	-
Future obligations USD	-	40,241	-	155,705
Term deposits CLP	-	303,001	-	1,247,368
Assets UF	100,602	-	106,163	-
Bond MN/MX	-	375,441	-	422,304
Asset USD	141,126	-	55,961	-
Total	**1,975,425**	**718,683**	**2,102,246**	**1,825,377**

NOTE 9 - DERIVATIVE FINANCIAL AGREEMENTS AND HEDGE ACCOUNTING, Continued

	As of December 31, 2016		As of December 31, 2015	
	Assets	Liabilities	Assets	Liabilities
	MCh$	MCh$	MCh$	MCh$
Hedging instrument				
Cross Currency Swaps	415,682	1,371,426	464,769	1,054,439
Forward UF	-	548,038	-	991,846
Forward USD	-	-	113,240	-
Swap rate	303,001	55,961	1,247,368	55,961
Total	**718,683**	**1,975,425**	**1,825,377**	**2,102,246**

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 to 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 December 31, 2016 and 2015:

	As of December 31, 2016		As of December 31, 2015	
	Assets	Liabilities	Assets	Liabilities
Hedged item	MCh$	MCh$	MCh$	MCh$
Net investment in a foreign operation	635,079	-	670,181	-
Total	**635,079**	**-**	**670,181**	**-**

As of December 31, 2016			**As of December 31, 2015**	
	Assets	Liabilities	Assets	Liabilities
Hedge instrument	MCh$	MCh$	MCh$	MCh$
Bonds in foreign currency	-	635,079	-	670,181
Total	**-**	**635,079**	**-**	**670,181**

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

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

NOTE 9 - DERIVATIVE FINANCIAL AGREEMENTS AND HEDGE ACCOUNTING, Continued

	As of December 31, 2015				
	Within 1 year	**Between 1 and 5 years**	**Between 5 and 10 years**	**More than 10 years**	**Total**
Hedged item					
Cash outflows	(929,815)	(2,355,919)	(913,777)	(54,319)	(4,253,830)
Cash inflows	917,705	2,232,080	875,107	54,258	4,079,150
Net cash flows	**(12,110)**	**(123,839)**	**(38,670)**	**(61)**	**(174,680)**
Hedging instrument					
Cash outflows	929,815	2,355,919	913,777	54,319	4,253,830
Cash inflows	(917,705)	(2,232,080)	(875,107)	(54,258)	(4,079,150)
Net cash flows	**12,110**	**123,839**	**38,670**	**61**	**174,680**

NOTE 10 - LOANS AND RECEIVABLES TO BANKS, NET

a) As of December 31, 2016 and 2015, balances for this concept are the following:

	As of December 31,	
	2016	**2015**
	MCh$	**MCh$**
Domestic banks		
Highly liquid interbank loans	-	1,032
Allowance for loan losses of domestic banks	-	(1)
Foreign banks		
Highly liquid interbank loans	223,660	168,679
Allowance for loan losses of domestic banks	(432)	(294)
Total	**223,228**	**169,416**

b) The amount for the year 2016 and 2015 of provisions and impairment is as follows:

	2016			2015		
	Domestic Banks	**Foreign Banks**	**Total**	**Domestic Banks**	**Foreign Banks**	**Total**
	MCh$	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Balance as of January 1	**1**	**294**	**295**	**1**	**794**	**795**
Write-offs	-	-	**-**	-	-	**-**
Provisions	7	279	**286**	41	265	**306**
Recovery of provisions	(8)	(141)	**(149)**	(41)	(765)	**(806)**
Impairment	-	-	**-**	-	-	**-**
Reversal of impairment	-	-	**-**	-	-	**-**
Balances as of December 31	**-**	**432**	**432**	**1**	**294**	**295**

NOTE 11 - LOANS AND RECEIVABLES TO CUSTOMERS, NET

a) Loans and receivables to customers

As of December 31, 2016 and 2015, the composition of the loan portfolio was as follows:

	Assets before allowances			Allowances Established			
As of December 31, 2016	**Normal Portfolio**	**Non-compliant Portfolio**	**Total**	**Individual Allowance**	**Collective Allowance**	**Total**	**Net Assets**
	MCh$	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Commercial loans:							
Commercial loans (*)	11,181,048	471,379	11,652,427	(107,450)	(54,780)	(162,230)	11,490,197
Foreign trade loans	725,270	9,884	735,154	(18,136)	(13)	(18,149)	717,005
Checking accounts	138,785	9,279	148,064	(1,286)	(3,847)	(5,133)	142,931
Loans to college students	848,911	7,464	856,375	(6,041)	(2,500)	(8,541)	847,834
Factoring operations	165,005	17,949	182,954	-	(4,259)	(4,259)	178,695
Leasing transactions	1,010,823	59,704	1,070,527	(16,326)	(1,506)	(17,832)	1,052,695
Other loans and receivables	28,311	5,810	34,121	(1,157)	(2,626)	(3,783)	30,338
Subtotal	**14,098,153**	**581,469**	**14,679,622**	**(150,396)**	**(69,531)**	**(219,927)**	**14,459,695**
Mortgage loans:							
Letters of credit	19,969	1,308	21,277	-	(41)	(41)	21,236
Negotiable mortgage loans	602,184	12,703	614,887	-	(6,129)	(6,129)	608,758
Other mortgage loans	4,202,498	161,255	4,363,753	-	(26,585)	(26,585)	4,337,168
Leasing transactions	-	-	-	-	-	-	-
Other loans	-	-	-	-	-	-	-
Subtotal	**4,824,651**	**175,266**	**4,999,917**	**-**	**(32,755)**	**(32,755)**	**4,967,162**
Consumer loans:							
Consumer loans in instalments	1,837,437	231,962	2,069,399	-	(103,804)	(103,804)	1,965,595
Checking accounts	97,755	9,053	106,808	-	(5,895)	(5,895)	100,913
Credit card borrowers	432,624	8,622	441,246	-	(6,462)	(6,462)	434,784
Consumer leasing transactions	3,808	142	3,950	-	(45)	(45)	3,905
Other loans and receivables	23,060	10	23,070	-	(778)	(778)	22,292
Subtotal	**2,394,684**	**249,789**	**2,644,473**	**-**	**(116,984)**	**(116,984)**	**2,527,489**
TOTAL	**21,317,488**	**1,006,524**	**22,324,012**	**(150,396)**	**(219,270)**	**(369,666)**	**21,954,346**

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

NOTE 11 - LOANS AND RECEIVABLES TO CUSTOMERS, NET, Continued

	Assets before allowances			Allowances Established			
As of December 31, 2015	**Normal Portfolio**	**Non-compliant Portfolio**	**Total**	**Individual Allowance**	**Group Collective Allowance**	**Total**	**Net Assets**
	MCh$	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Commercial loans:							
Commercial loans (*)	10,071,571	420,582	10,492,153	(108,627)	(72,132)	(180,759)	10,311,394
Foreign trade loans	845,960	17,796	863,756	(21,427)	(20)	(21,447)	842,309
Checking accounts	98,517	11,059	109,576	(2,756)	(4,733)	(7,489)	102,087
Factoring operations	687,860	4,807	692,667	(6,638)	(1,144)	(7,782)	684,885
Leasing transactions	831,267	39,111	870,378	(13,117)	(1,417)	(14,534)	855,844
Other loans and receivables (**)	178,755	29,398	208,153	(2,112)	(8,166)	(10,278)	197,875
Subtotal	**12,713,930**	**522,753**	**13,236,683**	**(154,677)**	**(87,612)**	**(242,289)**	**12,994,394**
Mortgage loans:							
Letters of credit	25,685	1,652	27,337	-	(134)	(134)	27,203
Negotiable mortgage loans	577,242	5,855	583,097	-	(5,941)	(5,941)	577,156
Other mortgage loans	3,701,786	173,265	3,875,051	-	(16,911)	(16,911)	3,858,140
Leasing transactions	-	-	-	-	-	-	-
Other loans	-	-	-	-	-	-	-
Subtotal	**4,304,713**	**180,772**	**4,485,485**	**-**	**(22,986)**	**(22,986)**	**4,462,499**
Consumer loans:							
Consumer loans in Instalments	1,723,561	178,560	1,902,121	-	(86,778)	(86,778)	1,815,343
Checking accounts	99,395	7,414	106,809	-	(4,930)	(4,930)	101,879
Credit card borrowers	376,462	9,096	385,558	-	(7,079)	(7,079)	378,479
Consumer leasing transactions	2,571	8	2,579	-	(16)	(16)	2,563
Other loans and receivables	15,432	314	15,746	-	(374)	(374)	15,372
Subtotal	**2,217,421**	**195,392**	**2,412,813**	**-**	**(99,177)**	**(99,177)**	**2,313,636**
TOTAL	**19,236,064**	**898,917**	**20,134,981**	**(154,677)**	**(209,775)**	**(364,452)**	**19,770,529**

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

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

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

The Bank uses the financial lease agreements from 1 to 10 years, depending on the contract, to finance acquisition of property, both movable and immovable for its clients. As of December 31, 2016 and 2015, the Bank held approximately MCh$ 565,889 and MCh$ 388,850, respectively, of financial leases on movable assets, and MCh$ 508,588 and MCh$ 484,107, respectively, of financial leases on property.

NOTE 11 - LOANS AND RECEIVABLES TO CUSTOMERS, NET, Continued

The following table provides reconciliation between gross investment in lease and present value of minimum lease payments as of December 31, 2016 and 2015:

	As of December 31	
	2016	2015
	MCh$	MCh$
Gross investments in lease	1,237,236	1,020,723
Unearned income from financial lease	(162,759)	(147,766)
Net financial leases	**1,074,477**	**872,957**

	As of December 31	
	2016	2015
	MCh$	MCh$
Less than 1 year	257,565	237,444
Between 1 and 5 years	411,582	289,796
Over 5 years	405,330	345,717
Total	**1,074,477**	**872,957**

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

The Bank has obtained repossessed assets for an amount of MCh$ 6,089 as of December 31, 2016 and MCh$ 10,845 for December 31, 2015 through the execution of collateral held on assets.

NOTE 11 - LOANS AND RECEIVABLES TO CUSTOMERS, NET, Continued

b) Portfolio characteristics:

As of December 31, 2016 and 2015, the loan portfolio, before allowances for loan losses, by type of the customer's economic activity is as follows:

	Domestic Loans		Foreign Loans		Total			
	As of December 31		As of December 31		As of December 31		As of December 31	
	2016	2015	2016	2015	2016	2015	2016	2015
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	%	%
Commercial loans:								
Agriculture and livestock except fruits	286,534	187,281	91,617	89,374	378,151	276,655	1.69%	1.37%
Fruits	48,174	42,660	92,120	62,043	140,294	104,703	0.63%	0.52%
Forestry and wood extraction	166,431	147,689	13,519	28,735	179,950	176,424	0.81%	0.88%
Fishing	33,340	21,756	83,647	107,349	116,987	129,105	0.52%	0.64%
Mining	61,681	46,178	144,865	172,930	206,546	219,108	0.93%	1.09%
Crude oil and natural gas production	2,356	3,144	106,234	113,421	108,590	116,565	0.49%	0.58%
Food, beverage and tobacco industry	200,301	171,778	131,814	110,609	332,115	282,387	1.49%	1.40%
Textile and leather industry	33,630	24,227	47,492	43,112	81,122	67,339	0.36%	0.33%
Timber and furniture industry	31,941	29,460	14,699	16,556	46,640	46,016	0.21%	0.23%
Print and editorial industry	37,184	27,769	8,749	7,266	45,933	35,035	0.21%	0.17%
Chemical product, derived from oil, coal, rubber and plastic	122,563	98,173	129,254	88,568	251,817	186,741	1.13%	0.93%
Production of metal and non-metal production, machinery and equipment	367,547	301,871	88,564	154,612	456,111	456,483	2.04%	2.27%
Other manufacturing industries	16,378	6,205	147,768	95,789	164,146	101,994	0.74%	0.51%
Electricity, gas and water	346,253	183,505	235,605	225,939	581,858	409,444	2.61%	2.03%
Home construction	183,091	973,365	2,578	199	185,669	973,564	0.83%	4.84%
Other construction	901,496	389,552	157,555	69,305	1,059,051	458,857	4.74%	2.28%
Wholesale business	612,984	428,408	502,280	367,643	1,115,264	796,051	5.00%	3.95%
Retail, restaurants and hotels	467,131	535,489	381,979	320,581	849,110	856,070	3.80%	4.25%
Transporting and storage	321,611	318,244	256,042	283,930	577,653	602,174	2.59%	2.99%
Communications	109,091	83,205	58,346	34,387	167,437	117,592	0.75%	0.58%
Financial and insurance companies	2,263,893	1,808,866	269,265	213,904	2,533,158	2,022,770	11.35%	10.05%
Real estate and service providers	1,460,248	1,018,897	1,216,009	938,966	2,676,257	1,957,863	11.99%	9.72%
Services	1,186,006	1,681,994	1,239,757	1,161,749	2,425,763	2,843,743	10.84%	14.13%
Subtotal	**9,259,864**	**8,529,716**	**5,419,758**	**4,706,967**	**14,679,622**	**13,236,683**	**65.75%**	**65.74%**
Mortgage loans	4,397,665	3,918,129	602,252	567,356	4,999,917	4,485,485	22.40%	22.28%
Consumer loans	2,516,666	2,277,101	127,807	135,712	2,644,473	2,412,813	11.85%	11.98%
Total	**16,174,195**	**14,724,946**	**6,149,817**	**5,410,035**	**22,324,012**	**20,134,981**	**100.00%**	**100.00%**

NOTE 11 - LOANS AND RECEIVABLES TO CUSTOMERS, NET, Continued

c) Provisions

The changes in allowances for loan losses during the years ended December 31, 2016 and 2015 are summarized as follows:

	2016			2015		
	Individual Allowance	**Collective Allowance**	**Total**	**Individual Allowance**	**Collective Allowance**	**Total**
	MCh$	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Balances as of January 1	**154,677**	**209,775**	**364,452**	**161,082**	**181,514**	**342,596**
Portfolio write-offs:						
Commercial loans	(7,228)	(73,959)	**(81,187)**	(63,796)	(58,091)	(121,887)
Mortgage loans	-	(7,456)	**(7,456)**	-	(4,719)	(4,719)
Consumer loans	-	(113,833)	**(113,833)**	-	(107,716)	(107,716)
Total Write-offs	**(7,228)**	**(195,248)**	**(202,476)**	**(63,796)**	**(170,526)**	**(234,322)**
Provisions	8,486	215,078	**223,564**	84,086	181,705	265,791
Reversal of provisions	(7,751)	(8,893)	**(16,644)**	(26,695)	(10,618)	(37,313)
Effect of provisions in BCI Financial Group	2,212	(1,442)	**770**	-	27,700	27,700
Balances as of December 31	**150,396**	**219,270**	**369,666**	**154,677**	**209,775**	**364,452**

In addition to these allowances for loan losses, the provisions for country risk are maintained to cover operations abroad, as well as additional provisions approved by the Board, which are presented as liabilities under "Provisions" heading (See Note 21). Therefore, the total amount of allowances and provisions for credit risk constituted for different concepts correspond to the following:

	As of December 31	
	2016	**2015**
	MCh$	**MCh$**
Individual and collective allowance	369,666	364,452
Provisions for contingent credit risk (Note 21)	20,179	18,525
Additional provisions	64,068	76,754
Minimum provision 0,50% (Note 21)	4,588	-
Provisions for country risk (Note 21)	1,926	2,669
Allowances on loans and receivables to banks (Note 10)	432	295
Total	**460,859**	**462,695**

During the years 2016 and 2015, the Bank has not participated in the purchase, sale, substitution or swap of credits of the loan portfolio, except for operations disclosed in the present Consolidate Financial Statements.

NOTE 11 - LOANS AND RECEIVABLES TO CUSTOMERS, NET, Continued

d) Collateral

Non-complied loan portfolio, secured and unsecured, before allowances for loan losses, as of December 31, 2016 and 2015 was as follows:

	As of December 31, 2016				As of December 31, 2015			
	Commercial	**Mortgage**	**Consumer**	**Total**	**Commercial**	**Mortgage**	**Consumer**	**Total**
	MCh$	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Secured debt	429,986	171,750	69,930	671,666	344,832	167,796	52,452	**565,080**
Unsecured debt	151,483	3,516	179,859	334,858	177,921	12,976	142,940	**333,837**
Total	**581,469**	**175,266**	**249,789**	**1,006,524**	**522,753**	**180,772**	**195,392**	**898,917**

e) Overdue

The overdue portfolio as of December 31, 2016 and 2015 was as follows:

	As of December 31, 2016				As of December 31, 2015			
	Commercial	**Mortgage**	**Consumer**	**Total**	**Commercial**	**Mortgage**	**Consumer**	**Total**
	MCh$	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Secured debt	141,836	71,397	4,903	218,136	16,612	-	-	**16,612**
Unsecured debt	67,227	2,481	32,523	102,231	177,874	74,681	32,330	**284,885**
Total	**209,063**	**73,878**	**37,426**	**320,367**	**194,486**	**74,681**	**32,330**	**301,497**

NOTE 11 - LOANS AND RECEIVABLES TO CUSTOMERS, NET, Continued

f) Current, overdue and past due loans by normal and non-compliant portfolio:

As of December 31, 2016

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

As of December 31, 2015

	Normal portfolio				Non-compliant portfolio				Total			
	Commercial	Mortgage	Consumer	Total non-Impaired	Commercial	Mortgage	Consumer	Total Impaired	Commercial	Mortgage	Consumer	Total Portfolio
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Current and overdue, but not past due	12,700,717	4,303,772	2,213,136	19,217,625	371,502	151,784	168,589	691,875	13,072,219	4,455,556	2,381,725	**19,909,500**
Past due for 1 to 29 days	8,641	-	3,017	11,658	5,878	-	2,229	8,107	14,519	-	5,246	**19,765**
Past due for 30 to 89 days	4,179	467	1,268	5,914	6,914	788	2,632	10,334	11,093	1,255	3,900	**16,248**
Past due for 90 days or more	393	474	-	867	138,459	28,200	21,942	188,601	138,852	28,674	21,942	**189,468**
Total portfolio before allowances	**12,713,930**	**4,304,713**	**2,217,421**	**19,236,064**	**522,753**	**180,772**	**195,392**	**898,917**	**13,236,683**	**4,485,485**	**2,412,813**	**20,134,981**
Overdue, but not past due loans (less than 90 days in default) as a percentage of the total portfolio	0.10%	0.01%	0.19%	0.09%	2.45%	0.44%	2.49%	2.05%	0.19%	0.03%	0.38%	0.18%
Past due loans (more than 90 days in default) as a percentage of the total portfolio	0.00%	0.01%	0.00%	0.00%	26.49%	15.60%	11.23%	20.98%	1.05%	0.64%	0.91%	0.94%

NOTE 12 – FINANCIAL INVESTMENTS

As of December 31, 2016 and 2015, financial investments available for sale and held to maturity are as follows:

	As of December 31, 2016			As of December 31, 2015		
	Available for sale	Held to maturity	Total	Available for sale	Held to maturity	Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Financial investments quoted in an active markets:						
Of the State and the Central Bank of Chile (a):						
Instruments of the Central Bank of Chile	218,189	-	**218,189**	292,132	-	**292,132**
Bonds or promissory notes of the Treasury	516,271	-	**516,271**	321,142	-	**321,142**
Other fiscal instruments	11,757	-	**11,757**	14,145	-	**14,145**
Other domestic instruments						
Financial instruments in instruments issued by other domestic Banks	254,201	-	**254,201**	121,308	-	**121,308**
Bonds and corporate commercial papers	20,407	-	**20,407**	24,783	-	**24,783**
Other domestic instruments (b)	1,901	-	**1,901**	2,477	-	**2,477**
Foreign instruments:						
Instruments issued by foreign states and central banks (c)	634,697	872	**635,569**	565,433	708	**566,141**
Other foreign instruments	867,077	-	**867,077**	1,066,462	-	**1,066,462**
Total	**2,524,500**	**872**	**2,525,372**	**2,407,882**	**708**	**2,408,590**

(a) As of December 31, 2016 and 2015, the Bank has no investment instruments sold under reverse repurchase agreements with the State or Central Bank of Chile.

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

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

NOTE 13 - INVESTMENTS IN OTHER COMPANIES

a) As of December 31, 2016 and 2015, principal investments in associates, joint ventures and other entities are detailed below:

	As of December 31, 2016				As of December 31, 2015			
Company	**Equity**	**Participation**	**Investment value**	**Income / Loss**	**Equity**	**Participation**	**Investment value**	**Income / Loss**
	MCh$	**%**	**MCh$**	**MCh$**	**MCh$**	**%**	**MCh$**	**MCh$**
Investment accounted for using equity method:								
Redbanc S.A.	6,422	12.71	816	141	5,419	12.71	689	82
Combanc S.A.	5,472	10.33	565	68	4,956	10.33	512	92
Transbank S.A.	49,518	8.72	4,318	454	40,302	8.72	3,514	438
Nexus S.A.	10,809	12.90	1,395	246	9,472	12.90	1,222	225
Servicios de Infraestructura de mercado OTC S.A.	11,000	13.61	1,497	149	9,831	11.48	1,128	(119)
AFT S.A.	13,907	20.00	2,781	230	12,758	20.00	2,552	323
Centro de Compensación Automatizado S.A.	3,985	33.33	1,328	394	3,252	33.33	1,084	353
Sociedad Interbancaria de Depósitos de Valores S.A.	3,101	7.03	218	47	2,656	7.03	178	39
Credicorp Ltda	3,844,309	1.93	109,730	13,341	3,304,601	1.93	101,278	10,942
Investment measured at cost:								
SWIFT Shares			34	-			34	-
FED and FHLB Shares (*)			60,032	3,059			53,102	414
Other Shares			11	(21)			13	2
Bladex Shares			219	178			219	146
Total			**182,944**	**18,286**			**165,525**	**12,937**

Investments in joint ventures								
Servipag Ltda	8,596	50.00	4,298	409	7,778	50.00	3,889	248
Artikos Chile S.A.	1,431	50.00	716	441	1,378	50.00	689	310
Total			**5,014**	**850**			**4,578**	**558**
Total investments associates, joint ventures and other entities			**187,958**	**19,136**			**170,103**	**13,495**

(*) These are shares that holds BCI Financial Group, Inc. and Subsidiaries subsidiary on its balance sheet, related to equity securities Federal Reserve (FED) and Federal Home Bank Loans (FHBL) acquired by CNB in order to participate in the funding program of United States banks, realized by these state agencies established in the State of Florida.

NOTE 13 - INVESTMENTS IN OTHER COMPANIES, Continued

b) The reconciliation of investments in other companies for the years ended December 31, 2016 and 2015, is as following:

	2016	2015
	MCh$	MCh$
Balance at the beginning of the year	**170,103**	**101,086**
Acquisition of investments	7,469	2,607
Translation differences (*)	(2,031)	3,338
Share of profit/loss of investments accounted using the equity method	19,136	13,495
Effect of acquisition of BCI Financial Group Inc., and Subsidiaries	-	53,102
Sale of investments in other companies	-	(28)
Dividends received	(5,977)	(2,946)
Adjustment for minimum dividend provision	(403)	(249)
Minimum dividends provision	(339)	(302)
Total	**187,958**	**170,103**

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

As of December 31, 2016 and 2015, no impairment was recognized on the investments.

c) Summary financial information of principal associates and joint ventures.

1) Summary financial information of the principal associates and joint ventures as of December 31, 2016 is as follows:

Investment in Associate or Joint Venture	Share	Current Assets	Non-Current Assets	Current Liabilities	Non-Current Liabilities	Interest Income	Operating Expenses	Net Profit (Loss)
	%	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Redbanc S.A.	12.71	4,642	15,285	7,884	5,620	33,529	(26,059)	1,115
Combanc S.A.	10.33	5,731	368	625	-	3,143	(1,985)	657
Servicio de Infraestructura de Mercado OTC S.A.	13.61	21,722	7,536	15,192	3,066	6,260	(3,216)	1,094
Transbank S.A.	8.72	647,384	63,091	660,720	237	152,294	(142,233)	5,209
Nexus S.A.	12.90	10,915	19,123	15,140	4,088	48,150	(45,658)	1,911
AFT S.A.	20.00	53,415	838	39,543	803	3,293	-	1,612
Centro de Compensación Automatizado S.A.	33.33	1,748	3,760	1,145	377	7,926	(5,788)	744
Servipag Ltda.	50.00	49,477	17,350	53,545	4,686	39,569	(25,482)	818
Artikos Chile S.A.	50.00	1,150	1,029	748	-	3,574	(822)	882
Sociedad Interbancaria de Depósitos de Valores S.A.	7.03	71	3,133	103	-	2	(30)	666

NOTE 13 - INVESTMENTS IN OTHER COMPANIES, Continued

2) Summary financial information of the principal associates and joint ventures at December 31, 2015 is as follows:

Investment in Associate or Joint Venture	Share	Current Assets	Non- Current Assets	Current Liabilities	Non- Current Liabilities	Interest Income	Operating Expenses	Net Profit (Loss)
	%	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Redbanc S.A.	12.71	5,222	15,074	12,360	2,518	32,242	(25,025)	642
Combanc S.A.	10.33	5,328	401	775	-	3,062	(1,870)	889
Servicio de Infraestructura de Mercado OTC S.A.	11.48	6,653	10,978	4,815	2,985	2,569	(1,716)	(1,038)
Transbank S.A.	8.72	548,230	53,397	561,184	141	130,454	(120,364)	5,024
Nexus S.A.	12.90	9,388	13,766	10,230	3,452	44,632	(42,630)	1,741
AFT S.A.	20.00	41,203	1,315	29,325	435	3,168	-	1,612
Centro de Compensación Automatizado S.A.	33.33	1,273	3,875	1,371	526	6,465	(4,661)	635
Servipag Ltda.	50.00	50,119	17,523	55,128	4,737	38,863	(25,820)	497
Artikos Chile S.A.	50.00	1,224	755	602	-	3,147	(735)	620
Sociedad Interbancaria de Depósitos de Valores S.A.	7.03	100	2,614	58	-	4	(26)	563

NOTE 14 - INTANGIBLE ASSETS

a) The composition of intangible assets as of December 31, 2016 and 2015 was the following:

Concept	Total useful life	Remaining average useful life	Gross balance	Accumulated amortization and impairment	Net balance
	Years	Years	MCh$	MCh$	MCh$
Intangible assets acquired separately (a)	5	3	51.650	(33.577)	**18.073**
Intangible generated internally (b)	5	3	213.724	(115.242)	**98.482**
Intangible assets acquired in business combination – amortizable (c):					
Core deposits	9	8	41.917	(6.236)	**35.681**
Leasehold interest	30	29	2.689	(263)	**2.426**
Others	-	-	39.051	(39.051)	**-**
Intangible assets acquired in business combination - indefinite life (c):					
Trademark	-	-	12.072	-	**12.072**
Goodwill	-	-	10.782	-	**10.782**
Total			**371.885**	**(194.369)**	**177.516**

NOTE 14 - INTANGIBLE ASSETS, Continued

Concept	Total useful life	Remaining average useful life	Gross balance	Accumulated amortization and impairment	Net balance
	Years	Years	MCh$	MCh$	MCh$
Intangible assets acquired separately (a)	6	4	45.722	(28.034)	**17.688**
Intangible generated internally (b)	6	4	194.265	(97.229)	**97.036**
Intangible assets acquired in business combination – amortizable (c):					
Core deposits	9	9	44.234	(1.135)	**43.099**
Leasehold interest	30	30	2.838	(48)	**2.790**
Others	-	-	39.051	(39.051)	**-**
Intangible assets acquired in business combination - indefinite life (c):					
Trademark	-	-	12.740	-	**12.740**
Goodwill	-	-	2.198	-	**2.198**
Total			**341.048**	**(165.497)**	**175.551**

(a) Correspond to software purchased from parties other than the Bank or its subsidiaries held for use in the production or supply of goods or services, for rental to others, or for administrative purposes.

(b) Represent an identifiable non-monetary assets without physical substance, internally developed by the Bank or its subsidiaries held for use in the production or supply of goods or services, for rental to others, or for administrative purposes.

(c) Correspond to intangible assets acquired in business combinations: Banco Conosur acquisition in previous years and Financial Group, Inc. and Subsidiaries acquisition disclosed in Note 4.

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

b) The movements of the intangible assets for the years ended December 31, 2016 and 2015 are the following:

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

NOTE 14 - INTANGIBLE ASSETS, Continued

As of December 31, 2016 the Bank performed impairment test in accordance with the instructions of Chapter A-2 of the Compendium of Accounting Rules of the SBIF. The reports issued by two independent appraisers concluded that there was no indicators of impairment of goodwill as well as of trademark recognized on the acquisition of CNB.

	Intangible assets acquired separately	Intangibles generated internally	Amortizable intangible assets acquired in business combination			Not amortizable intangible assets in business combination		
			Core Deposit	Leasehold Interest	Others	Trade Name	Goodwill	Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Balance as of January 1, 2016	**32,517**	**163,905**	**-**	**-**	**39,051**	**-**	**-**	**235,473**
Additions	9,172	37,536	-	-	-	-	-	46,708
Disposals / transfers	(12)	(3,860)	-	-	-	-	-	(3,872)
Increase (decrease) from net foreign exchange differences	-	-	44,234	2,838	-	12,740	2,189	62,001
Goodwill (See Note 4)	4,045	1,684	-	-	-	-	-	5,729
Others	-	(5,000)	-	-	-	-	-	(5,000)
Impairment	-	-	-	-	-	-	106	106
Gross balance as of December 31, 2016	-	-	-	-	-	-	(97)	(97)
Balance as of January 1, 2016	**45,722**	**194,265**	**44,234**	**2,838**	**39,051**	**12,740**	**2,198**	**341,048**
Amortization for the year	(3,582)	(16,173)	(1,135)	(48)	-	-	-	(20,938)
Accumulated amortization for previous years	(24,452)	(80,940)	-	-	(39,051)	-	-	(144,443)
Others	-	(116)	-	-	-	-	-	(116)
Impairment	-	-	-	-	-	-	-	-
Total accumulated amortization and impairment	**(28,034)**	**(97,229)**	**(1,135)**	**(48)**	**(39,051)**	**-**	**-**	**(165,497**
Balance as of December 31, 2015	**17,688**	**97,036**	**43,099**	**2,790**	**-**	**12,740**	**2,198**	**175,551**

NOTE 15 - PROPERTY, PLANT AND EQUIPMENT

a) The composition of property, plant and equipment as of December 31, 2016 and 2015 is the following:

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

	As of December 31, 2015				
Concept	**Total useful life**	**Remaining average useful life**	**Gross balance**	**Accumulated depreciation**	**Net balance**
	Years	**Years**	**MCh$**	**MCh$**	**MCh$**
Land and buildings	32	30	288,330	(54,653)	**233,677**
Equipment	5	4	118,014	(92,102)	**25,912**
Others	8	6	50,633	(27,666)	**22,967**
Total			**456,977**	**(174,421)**	**282,556**

NOTE 15 - PROPERTY, PLANT AND EQUIPMENT, Continued

b) The movements of property, plant and equipment for the years ended December 31, 2016 and 2015 are the following:

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

	Land and buildings MCh$	Equipment MCh$	Others MCh$	Total MCh$
Balance as of January 1, 2015	**231,070**	**109,017**	**49,961**	**390,048**
Additions	1,433	9,849	7,576	**18,858**
Disposals	(144)	(8,428)	(464)	**(9,036)**
Transfers	3,848	3,923	(5,043)	**2,728**
Effect of acquisition of BCI Financial Group Inc., and Subsidiaries	52,123	1,117	-	**53,240**
Others	-	2,536	499	**3,035**
Impairment	-	-	(1,896)	**(1,896)**
Gross Balance as of December 31, 2015	**288,330**	**118,014**	**50,633**	**456,977**
Depreciation for the period	(7,904)	(10,844)	(3,764)	**(22,512)**
Other Adjustments	71	6,950	333	**7,354**
Accumulated depreciation for previous periods	(46,820)	(88,208)	(24,235)	**(159,263)**
Impairment	-	-	-	**-**
Total Accumulated Depreciation	**(54,653)**	**(92,102)**	**(27,666)**	**(174,421)**
Net Property, plant and equipment Balance as of December 31, 2015	**233,677**	**25,912**	**22,967**	**282,556**

c) As of December 31, 2016 and 2015, the impairment of MCh$ 92 and MCh$ 1,896, respectively, affected gross value of property, plant and equipment.

NOTE 15 - PROPERTY, PLANT AND EQUIPMENT, Continued

d) As of December 31, 2016 and 2015, the Bank had non-cancellable finance lease agreements. The information on future payments related to such agreements is detailed as follows:

	Future payments on non-cancellable finance lease agreements			
	Up to 1 year	1 to 5 years	Over 5 years	Total
	MCh$	MCh$	MCh$	MCh$
As of December 31, 2016	11	-	-	**11**
As of December 31, 2015	107	12	-	**119**

Furthermore, the balances of property, plant and equipment under finance leases as of December 31, 2016 amounted to MCh$ 1,647 (MCh$ 1,606 as of December 31, 2015) and are presented as part of "Property, plant and equipment".

NOTE 16 - CURRENT AND DEFERRED TAX

a) Current Tax

As of December 31, 2016 and 2015, the Bank implemented the provision of first-category income tax and the provision of Unique Tax of Article No. 21 of the Income Tax Law, which was determined based on the current tax legislation, and recognized assets amounting to MCh$ 31,247 as of December 31, 2016 (and liabilities amounting MCh$ 5,093 as of December 31, 2015). The detail of current tax assets net of current tax liabilities is provided as follows:

	As of December 31	
	2016	2015
	MCh$	MCh$
Income Tax (tax rate of 24% for 2016 and 22.5% by 2015)	(76,691)	(83,128)
Prior year provision excess	(6,862)	(3,814)
35% Provision for Income Tax	(111)	(299)
Less:		
Monthly tax provisional payments	84,023	79,869
Credit for training expenses	1,821	1,694
Credit for acquisition of property, plant and equipment	9	12
Credit for donations	802	911
Income tax to be recovered	27,509	9,260
Other taxes and withholdings to be recovered	747	588
Total	**31,247**	**5,093**

NOTE 16 - CURRENT AND DEFERRED TAX, Continued

b) Income Tax

The detail of income tax expense for the years ended December 31, 2016 and 2015, is as follows:

	For the year ended December 31	
	2016	**2015**
	MCh$	**MCh$**
Income tax charges:		
Current year tax	(76,691)	(83,128)
Surplus/ Deficit of prior year provisions	-	-
	(76,691)	(83,128)
Credit (charge) for deferred taxes:		
Origination and reversal of temporary differences	(7,891)	13,436
	(7,891)	13,436
Subtotal	(84,582)	(69,692)
Tax for rejected expenses in accordance with Article No. 21	(142)	(197)
Others	-	-
Income tax expense	**(84,724)**	**(69,889)**

c) Reconciliation of the effective income tax rate

The following is the reconciliation of the nominal income tax rate with the effective income tax rate for the years ended December 31, 2016 and 2015:

	For the year ended December 31			
	2016		**2015**	
	Tax rate	**Amount**	**Tax rate**	**Amount**
	%	**MCh$**	**%**	**MCh$**
Income before income tax		424,889		400,712
Nominal tax rate	24.00		22.5	
Income tax calculated in accordance with statutory tax rate		101,973		90,160
Tax effect of non-deductible expenses in calculation of taxable income:				
Permanent differences	(3.397)	(14,433)	(4.657)	(18,660)
Unique tax (rejected expenses)	0.033	142	0.049	197
Others	(0.696)	(2,958)	(0.451)	(1,808)
Effective income tax rate and income tax expense	**19.940**	**84,724**	**17.441**	**69,889**

The effective income tax rate for year 2016 and 2015 was 19.940% and 17.441%, respectively.

For the purpose of deferred income tax calculation as of December 31, 2016, the income tax rates prescribed by Partially Integrated System were applied, resulting in recognition of a gain of MCh$ 2,958 due to changes in tax rates applied.

NOTE 16 - CURRENT AND DEFERRED TAX, Continued

d) Effect of deferred taxes recognized in equity

The deferred tax recognized in shareholder's equity as of December 31, 2016 and 2015 is composed of the following:

	Accumulated as of As of December 31,		Effect for the year For the year ended December 31,	
	2016	2015	2016	2015
	MCh$	MCh$	MCh$	MCh$
Financial investments available for sale	(3,198)	4,588	(7,786)	7,986
Cash flow hedges	4,512	4,004	508	1,541
Effect of deferred tax in shareholder's equity	**1,314**	**8,592**	**(7,278)**	**9,527**

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

During the years ended December 31, 2016 and 2015, the Bank recognized in its Consolidated Financial Statements the effects of deferred taxes according to IAS 12.

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

	As of December 31, 2016			As of December 31, 2015		
	Assets	Liabilities	Net	Assets	Liabilities	Net
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Concepts:						
Allowance for loan losses	67,424	-	67,424	62,757	-	62,757
Provision for staff vacation & bonuses	25,798	-	25,798	23,446	-	23,446
Derivative contracts operations	-	-	-	-	-	-
Leasing operations (net)	814	-	814	4,775	-	4,775
Others	12,993	(2,779)	10,214	886	(507)	379
Property, plant and equipment	-	(15,075)	(15,075)	-	(14,461)	(14,461)
Transitory assets	-	(34,604)	(34,604)	-	(32,232)	(32,232)
Trading securities	-	-	-	-	-	-
Derivative contract operations	-	(4,511)	(4,511)	-	(4,003)	(4,003)
Temporary differences related to BCI Financial Group, Inc. and Subsidiaries (*)	91,065	-	91,065	111,822	-	111,822
Total assets (liabilities) net	**198,094**	**(56,969)**	**141,125**	**203,686**	**(51,203)**	**152,483**
Effect of deferred tax recognized in equity	-	1,314	1,314	-	8,592	8,592
Net effect of changes in deferred tax assets and liabilities	**198,094**	**(55,655)**	**142,439**	**203,686**	**(42,611)**	**161,075**

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

NOTE 16 - CURRENT AND DEFERRED TAX, Continued

f) Current and Deferred tax complementary information

As of December 31, 2016 and 2015, the Bank has the following tax effects related to provisions, penalties, loans renegotiations and re-issuance. Provided information includes the operations of the Bank and subsidiaries, which have been excluded therefore.

a. Loans and receivables to customers

		Tax value assets		
Loans and receivable to customers As of December 31, 2016	**Financial Statements Value Assets**	**Total**	**Secured Past-due portfolio**	**Unsecured Past-due portfolio**
	MCh$	**MCh$**	**MCh$**	**MCh$**
Commercial Loans	9,664,108	9,662,801	128,054	99,394
Consumer Loans	2,529,081	2,537,012	7,266	37,240
Mortgage Loans	4,397,665	4,398,122	212,191	2,951

		Tax value assets		
Loans and receivable to customers As of December 31, 2015	**Financial Statements Value Assets**	**Total**	**Secured Past-due portfolio**	**Unsecured Past-due portfolio**
	MCh$	**MCh$**	**MCh$**	**MCh$**
Commercial Loans	8,895,022	8,898,245	143,112	110,096
Consumer Loans	2,289,305	2,299,017	6,495	30,805
Mortgage Loans	3,918,128	3,918,514	201,099	3,275

NOTE 16 - CURRENT AND DEFERRED TAX, Continued

b. Allowances

Allowances on past due portfolio	Balance as of 1.01.2016	Write-off against Allowance	Provisions	Reversal of Provisions	Balance as of 31.12.2016
	MCh$	MCh$	MCh$	MCh$	MCh$
Commercial Loans	110,096	(57,923)	117,996	(70,775)	99,394
Consumer Loans	30,805	(110,407)	143,624	(26,782)	37,240
Mortgage Loans	3,275	-	3,772	(4,096)	2,951

Allowances on past due portfolio	Balance as of 1.01.2015	Write-off against Allowance	Provisions	Reversal of Provisions	Balance as of 31.12.2015
	MCh$	MCh$	MCh$	MCh$	MCh$
Commercial Loans	163,000	(96,179)	159,591	(116,316)	110,096
Consumer Loans	32,320	(101,807)	128,158	(27,866)	30,805
Mortgage Loans	3,850	-	3,507	(4,082)	3,275

c. Write-offs and recoveries

Write-offs and recoveries as of December 31,2016	MCh$	Application of Art. 31 No. 4 first and third clause	MCh$
Direct Write-offs Art. 31 No. 4, second clause	14,998	Write-offs according to first clause	-
Remissions that originated reversal of provisions	-	Recoveries according to third clause	-
Recoveries or renegotiations of loans previously written off	48,612		

Write-offs and recoveries as of December 31,2015	MCh$	Application of Art. 31 No. 4 first and third clause	MCh$
Direct Write-offs Art. 31 No. 4 second clause	20,890	Write-offs according to first clause	-
Remissions that originated reversal of provisions	-	Recoveries according to third clause	-
Recoveries or renegotiations of loans previously written off	54,603		

NOTE 17 - OTHER ASSETS

a) As of December 31, 2016 and 2015 the composition of the other assets is as follows:

	As of December 31,	
	2016	**2015**
	MCh$	**MCh$**
Assets acquired to transfer to leasing (a)	92,638	29,055
Repossessed or awarded assets:		
Repossessed assets	1,477	4,986
Assets awarded from judicial auctions	3,389	1,586
Impairment of repossessed or awarded assets (b)	(76)	(240)
Other assets:		
Cash deposits held as guarantee	259,700	425,034
Investment in gold	3,515	3,404
VAT	8,186	5,799
Prepaid expenses	54,120	40,752
Property, plant and equipment held for sale	-	400
Assets recovered from lease agreements held for sale (c)	14,427	17,774
Account receivables	42,846	39,904
Amounts to be recovered	13,653	36,676
Macro hedge valuation adjustment	4,251	-
Prepayments of insurance rights on City National Bank of Florida (CNB) (d)	135,343	70,949
Other assets	52,661	112,037
Total	**686,130**	**788,116**

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

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

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

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

NOTE 17 - OTHER ASSETS, Continued

b) The changes in the impairment of repossessed or awarded assets, during the years 2016 and 2015, is as follows:

	Impairment
	MCh$
Balance as of January 1, 2016	240
Impairment	76
Reversal of impairment	(240)
Balance as of December 31, 2016	76
Balance as of January 1, 2015	21
Impairment	240
Reversal of impairment	(21)
Balance as of December 31, 2015	**240**

NOTE 18 - BORROWINGS FROM CUSTOMERS

As of December 31, 2016 and 2015, the composition of borrowings from customers is the following:

	As of December 31	
	2016	**2015**
	MCh$	**MCh$**
Current accounts and demand deposits		
Current accounts	7,345,946	7,196,875
Other deposits and accounts payable on demand	549,227	549,787
Other liabilities payable on demand	299,090	300,626
Total current accounts and demand deposits	**8,194,263**	**8,047,288**
Term deposits and savings accounts		
Term deposits	9,906,299	9,250,938
Saving accounts	50,186	49,844
Guarantees	1,203	1,114
Total term deposits and savings accounts	**9,957,688**	**9,301,896**

NOTE 19 - BORROWINGS FROM FINANCIAL INSTITUTIONS

As of December 31, 2016 and 2015 the composition of borrowings from financial institutions is as follows:

	As of December 31	
	2016	**2015**
Loans received from financial institutions and Central Bank of Chile:	**MCh$**	**MCh$**
Other liabilities to Central Bank of Chile	1,959	1,732
Subtotal	1,959	1,732
Loans received from domestic financial institutions:		
Interbank loans	355,515	395,951
Other liabilities to domestic financial institutions	265,437	183,788
Subtotal	620,952	579,739
Loans received from foreign financial institutions:		
Foreign trade financing	398,596	615,286
Loans and other liabilities to foreign financial institutions	627,257	593,333
Subtotal	1,025,853	1,208,619
Total	**1,648,764**	**1,790,090**

NOTE 20 - DEBT ISSUED AND OTHER FINANCIAL LIABILITIES

a) As of December 31, 2016 and 2015, details of the debt issued and other financial liabilities are as follows:

	As of December 31	
	2016	**2015**
	MCh$	**MCh$**
Other financial liabilities:		
Public bonds	33,943	40,178
Other domestic bonds	39,119	33,942
Foreign bonds	880,184	672,826
Total	**953,246**	**746,946**
Debt issued:		
Letters of credit	24,996	33,552
Ordinary bonds	3,475,056	2,903,143
Subordinated bonds	898,378	885,955
Total	**4,398,430**	**3,822,650**

NOTE 20 - DEBT ISSUED AND OTHER FINANCIAL LIABILITIES, Continued

b) As of December 31, 2016 and 2015, the maturities of the ordinary and subordinated bonds are as follows:

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

	As of December 31, 2015		
	Long term	Short term	Total
	MCh$	MCh$	MCh$
By long and short term:			
Ordinary bonds	2,759,907	143,236	**2,903,143**
Subordinated bonds	881,099	4,856	**885,955**
Total	**3,641,006**	**148,092**	**3,789,098**

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

ORDINARY BONDS IN NOMINATED IN CHILEAN PESOS

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

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

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

NOTE 20 - DEBT ISSUED AND OTHER FINANCIAL LIABILITES, Continued

ORDINARY BONDS NOMINATED IN FOREIGN CURRENCY - US DÓLAR

Series	Amount issued USD	Amount placed USD	Date of issue	Maturity date	Average rate	Balance owed due USD	Balance MCh$
USP32133CE16	600,000,000	600,000,000	13-09-2012	13-09-2017	3.54%	604,127,154	405,176
USP32133CG63	500,000,000	500,000,000	11-02-2013	11-02-2023	4.35%	503,157,330	337,458
Fair Value Adjustment						(29,097)	(20)
Subtotal	**1,100,000,000**	**1,100,000,000 (*)**				**1,107,255,387**	**742,614**

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

ORDINARY BONDS NOMINATED IN FOREIGN CURRENCY - EURO

Series	Amount issued EU	Amount placed EU	Date of issue	Maturity date	Average rate	Balance owed due EU	Balance MCh$
XS1493734971	20,000,000	20,000,000	23/09/2016	23/09/2024	0.888%	19,732,095	13,967
Fair Value adjustment						-	-
Subtotal	**20,000,000**	**20,000,000**				**19,732,095**	**13,967**

ORDINARY BONDS NOMINATED IN FOREING CURRENCY - SWISS FRANCS (CHF)

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

ORDINARY BONDS NOMINATED IN FOREING CURRENCY – YEN

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

NOTE 20 - DEBT ISSUED AND OTHER FINANCIAL LIABILITES, Continued

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

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

d) Details of placements of ordinary and subordinated bonds as of December 31, 2015 are as follows:

ORDINARY BONDS NOMINATED IN CHILEAN PESOS

Series	Amount issued Ch$	Amount placed Ch$	Date of issue	Maturity date	Average rate	Balance owed due Ch$	Balance MCh$
SERIE_AG	228,500,000,000	228,500,000,000	01/05/2013	01/05/2018	4.96%	156,490,116,960	156,490
SERIE_AK	500,000,000,000	51,636,058,698	01/11/2015	01/11/2019	5.31%	49,053,242,483	49,053
Fair Value Adjustment							(1,141)
Subtotal	**728,500,000,000**	**282,879,058,198**				**205,543,359,443**	**204,402**

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

Series	Amount issued UF	Amount placed UF	Date of issue	Maturity date	Average rate	Balance owed due UF	Balance MCh$
SERIE_AB	10,000,000	10,000,000	01/07/2008	01/07/2018	3.67%	9,135,169	234,126
SERIE_AE2	10,000,000	10,000,000	01/08/2011	01/08/2021	3.73%	9,555,884	244,909
SERIE_AF1	10,000,000	5,740,000	01/08/2012	01/08/2017	3.51%	5,724,256	93,445
SERIE_AF2	10,000,000	10,000,000	01/08/2012	01/08/2022	3.43%	9,634,173	246,915
SERIE_AI1	15,000,000	-	01/03/2014	01/03/2019	-	-	-
SERIE_AI2	5,000,000	-	01/03/2014	01/03/2024	-	-	-
SERIE_AJ1	20,000,000	13,310,000	01/10/2014	01/10/2019	2.04%	13,357,562	342,342
SERIE_AJ2	20,000,000	7,890,000	01/10/2014	01/10/2024	2.89%	7,505,631	192,362
Fair Value Adjustment							2,247
Subtotal	**100,000,000**	**56,940,000**				**54,912,675**	**1,356,346**

NOTE 20 - DEBT ISSUED AND OTHER FINANCIAL LIABILITES, Continued

ORDINARY BONDS NOMINATED IN FOREIGN CURRENCY - US DÓLAR

Series	Amount issued USD	Amount placed USD	Date of issue	Maturity date	Average rate	Balance owed due USD	Balance MCh$
USP32133CE16	600,000,000	600,000,000	13/09/2012	13/09/2017	3.54%	602,258,758	426,249
USP32133CG63	500,000,000	500,000,000	11/02/2013	11/02/2023	4.35%	502,574,249	355,697
Fair Value Adjustment						11,336	8
Total	**1,100,000,000**	**1,100,000,000**				**1,104,844,343**	**781,954**

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

ORDINARY BONDS NOMINATED IN FOREING CURRENCY - SWISS FRANCS (CHF)

Series	Amount issued CHF	Amount placed CHF	Date of issue	Maturity date	Average rate	Balance owed due CHF	Balance MCh$
CH0222435429	200,000,000	200,000,000	26/09/2013	26/09/2016	1.250%	200,252,464	143,236
CH0246788183	150,000,000	150,000,000	26/06/2014	26/06/2019	1.125%	149,846,223	107,181
CH0260296618	150,000,000	150,000,000	25/11/2014	23/11/2018	0.875%	149,178,107	106,703
CH0278875965	150,000,000	150,000,000	17/06/2015	17/06/2020	0.250%	149,533,143	106,957
Fair Value Adjustment						242,254	173
Subtotal	**650,000,000**	**650,000,000**				**649,052,191**	**464,250**

ORDINARY BONDS NOMINATED IN FOREING CURRENCY – YEN

Series	Amount issued YEN	Amount placed YEN	Date of issue	Maturity date	Average rate	Balance owed due YEN	Balance MCh$
XS1144348411	4,900,000,000	4,900,000,000	04/12/2014	04/12/2017	0.700%	4,872,282,597	28,600
XS1144348841	10,100,000,000	10,100,000,000	04/12/2014	04/12/2019	0.810%	10,023,267,129	58,836
XS1144350821	1,500,000,000	1,500,000,000	04/12/2014	04/12/2017	0.669%	1,491,497,065	8,755
Subtotal	**16,500,000,000**	**16,500,000,000**				**16,387,046,791**	**96,191**
Total ordinary bonds							**2,903,143**

NOTE 20 - DEBT ISSUED AND OTHER FINANCIAL LIABILITES, Continued

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

Series	Amount issued UF	Amount placed UF	Date of issue	Maturity date	Average rate	Balance owed due UF	Balance MCh$
SERIE_C y D	2,000,000	2,000,000	01/12/1995	01/12/2016	6.92%	189,461	4,856
SERIE_E	1,500,000	1,500,000	01/11/1997	01/11/2018	7.37%	405,821	10,401
SERIE_F	1,200,000	1,200,000	01/05/1999	01/05/2024	7.73%	655,159	16,791
SERIE_G	400,000	400,000	01/05/1999	01/05/2025	7.92%	234,237	6,003
SERIE_L	1,200,000	1,200,000	01/10/2001	01/10/2026	6.39%	801,552	20,543
SERIE_M	1,800,000	1,800,000	01/10/2001	01/10/2027	6.43%	1,244,335	31,891
SERIE_N	1,500,000	1,500,000	01/06/2004	01/06/2029	5.25%	1,110,225	28,454
SERIE_O	1,500,000	1,500,000	01/06/2004	01/06/2030	3.93%	1,096,047	28,091
SERIE_R	1,500,000	1,500,000	01/06/2005	01/06/2038	4.72%	661,043	16,942
SERIE_S	2,000,000	2,000,000	01/12/2005	01/12/2030	4.86%	1,488,777	38,156
SERIE_T	2,000,000	2,000,000	01/12/2005	01/12/2031	4.52%	1,553,105	39,805
SERIE_U	2,000,000	2,000,000	01/06/2007	01/06/2032	4.19%	1,878,415	48,142
SERIE_Y	4,000,000	4,000,000	01/12/2007	01/12/2030	4.25%	2,148,800	55,072
SERIE_W	4,000,000	4,000,000	01/06/2008	01/06/2036	4.05%	1,777,200	45,548
SERIE_AC	6,000,000	6,000,000	01/03/2010	01/03/2040	3.96%	5,523,177	141,554
SERIE_AD 1	4,000,000	4,000,000	01/06/2010	01/06/2040	4.17%	3,552,100	91,037
SERIE_AD 2	3,000,000	3,000,000	01/06/2010	01/06/2042	4.14%	2,652,172	67,973
SERIE_AH	15,000,000	9,000,000	01/09/2013	01/09/2043	3.63%	7,596,725	194,696
Total subordinated bonds	**54,600,000**	**48,600,000**				**34,568,351**	**885,955**
TOTAL BONDS							**3,789,098**

NOTE 21 -PROVISIONS

a) The provisions established as of December 31, 2016 and 2015 are as follows:

	As of December 31	
	2016	2015
	MCh$	MCh$
Provisions for staff benefits and remuneration	48,906	39,151
Provisions for minimum dividends	102,049	99,247
Provisions for credit commitments	20,179	18,525
Provisions for contingencies (*)	90,435	95,540
Provisions for country risk	1,926	2,669
Total	**263,495**	**255,132**

(*) Provisions for contingencies as of December 31, 2016 include additional provisions for MCh$ 64,068 (MCh$ 76,754 as of December 31, 2015), recognized according SBIF instructions and approved by the Board of Directors of the Bank (see Note 1.aa.i and Note 11). Additionally provisions for contingencies include a provision to comply with the minimum of 0.50% required by the SBIF for the normal portfolio of individuals for the amount of MCh$ 4,588 as of December 31, 2016 (MCh$ 0 as of December 31, 2015) (see Note 1.aa. ii and Note 11).

NOTE 21 –PROVISIONS, Continued

b) Provisions for staff benefits and remunerations

	As of December 31	
	2016	**2015**
	MCh$	**MCh$**
Provisions for staff benefits	38,700	29,045
Provisions for vacations	10,206	10,106
Total	**48,906**	**39,151**

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

c) Provisions credit commitments

The detail of provisions for credit commitments as of December 31, 2016 and 2015 is as follows:

	As of December 31	
	2016	**2015**
Provisions for credit commitments	**MCh$**	**MCh$**
Endorsements and performance bonds	717	989
Confirmed foreign letters of credit	2	-
Issued documentary letters of credit	293	191
Guarantees	9,805	6,223
Available credit lines	8,149	8,896
Other credit commitments	1,213	2,226
Total	**20,179**	**18,525**

d) Movements of provisions for the years 2016 and 2015 are as follows:

	PROVISIONS FOR					
	Staff benefits and remuneration	**Minimum dividends**	**Credit Commitments**	**Contingencies**	**Country risk**	**Total**
	MCh$	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Balance as of January 1, 2016	**39,151**	**99,247**	**18,525**	**95,540**	**2,669**	**255,132**
Provisions	24,331	102,049	5,811	66,877	157	99,978
Use of provisions	(14,192)	(99,247)	(3,870)	(71,870)	(771)	(90,703)
Reversal of provisions	(384)	-	(287)	(112)	(129)	(912)
Balance as of December 31, 2016	**48,906**	**102,049**	**20,179**	**90,435**	**1,926**	**263,495**
Balance as of January 1, 2015	**33,851**	**102,891**	**17,017**	**82,881**	**2,555**	**239,195**
Provisions	22,504	99,247	2,903	22,618	-	48,025
Use of provisions	(17,454)	(102,891)	(2,344)	(9,959)	(273)	(33,674)
Reversal of provisions	250	-	949	-	387	1,586
Balance as of December 31, 2015	**39,151**	**99,247**	**18,525**	**95,540**	**2,669**	**255,132**

NOTE 22 - OTHER LIABILITIES

As of December 31, 2016 and 2015, the detail of other liabilities is as follows:

	As of December 31	
	2016	**2015**
	MCh$	**MCh$**
Account payables and notes payable	196,447	164,933
Unearned income	22,785	24,044
Sundry creditors	278,198	229,208
Other liabilities	9,819	18,959
Total	**507,249**	**437,144**

NOTE 23 - CONTINGENCIES AND COMMITMENTS

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

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

	As of December 31	
	2016	**2015**
CONTINGENT RECEIVABLES	**MCh$**	**MCh$**
Collateral and guarantees:		
Collateral and guarantees in foreign currency	81,627	168,577
Confirmed foreign letters of credit	3,694	458
Issued documentary letters of credit	215,431	142,941
Performance bonds and credit lines:		
Performance bonds in Chilean currency	975,211	779,549
Performance bonds in foreign currency	332,504	218,493
Immediately available Credit Lines	4,573,760	3,841,174
Other credit commitments:		
Higher education loans in accordance with Law No. 20,027	30,288	47,398
Others	184,060	197,474
THIRD PARTY OPERATIONS		
Collections:		
Foreign collections	517,756	236,488
Domestic collections	170,531	157,304
CUSTODY OF SECURITIES		
Securities in custody with the bank	150,427	118,065
Total	**7,235,289**	**5,907,921**

NOTE 23 - CONTINGENCIES AND COMMITMENTS, Continued

b) Lawsuits and legal proceedings.

BCI Bank

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

BCI Corredor de Bolsa S.A.

As of December 31, 2016 BCI Corredora de Bolsa S.A. direct subsidiary of the Bank, has a bankruptcy revocation demand dated August 8, 2011 in summary proceedings before the Twenty-Third Civil Court of Santiago, No. ROL-C 10251-2008, between Inversiones Acson Ltda., BCI Corredor de Bolsa S.A. and others. Action seeks to declare the unenforceability of certain operations of liquidation performed by Alfa Corredores de Bolsa S.A. before being declared bankrupt for the amount of MCh$ 8,330. On May 26, 2015, the Twenty-Third Civil Court of Santiago delivered a judgment rejecting the action imposed by Acson Investments Limited. That ruling was appealed on June 9, 2015 by Acson Investments Limited, and, subsequently to review of the case, was decisively rejected by the court on December 2, 2015, in respect of which Inversiones Acson Ltda. filed on December 18 of the same year an appeal, which favourably passed the first instance procedure in the Court of Appeals of Santiago. Notwithstanding the above, on June 21, 2016, the Supreme Court, at the request of the intervening parties, ordered the suspension of the proceeding for up to 17 working days from June 17, 2016. On July 19, 2016, the allegations took place in the First Chamber of the Supreme Court regarding the appeal filed by Inversiones Acson Limitada, whose judgment was in agreement, but pending. On October 26, 2016, the Supreme Court rejected the appeal filed against the ruling of the 9th Chamber of the Court of Appeals that had confirmed the sentence of first degree that rejected the action deduced by Acson Investments Limited.

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

c) Operating guarantees granted:

- Direct commitments

The Bank as for December 31, 2016 has no such types of guarantees.

- Operating guarantees

BCI Corredor de Bolsa S.A.

As of December 31, 2016 BCI Corredor de Bolsa S.A., the subsidiary of the Bank has acquired guarantee to ensure compliance with the commitments for simultaneous operations on the Santiago Stock Exchange for MCh$ 115,935 (MCh$ 120,252 as of December 31, 2015).

NOTE 23 - CONTINGENCIES AND COMMITMENTS, Continued

As of December 31, 2016 BCI Corredor de Bolsa S.A., the subsidiary of the Bank, acquired guarantee to ensure compliance with the proper performance of operations in the CCLV settlement system of the Santiago Stock Exchange for MCh$ 3,491 (MCh$ 3,594 as of December 31, 2015).

As of December 31, 2016 BCI Corredor de Bolsa S.A., the subsidiary of the Bank, acquired guarantee to ensure compliance with the proper performance of operations in the CCLV settlement system in financial derivatives of the Santiago Stock Exchange for MCh$ 400.

As of December 31, 2016 BCI Corredor de Bolsa S.A., the subsidiary of the Bank, acquired guarantee to ensure compliance with the proper performance of operations in the CCLV settlement system in financial derivatives of the Santiago Stock Exchange for MCh$ 246 (MCh$ 246 as of December 31, 2015).

As of December 31, 2016 BCI Corredor de Bolsa S.A., the subsidiary of the Bank, acquired foreign guarantee to ensure compliance with the international market operations for MCh$ 67 (MCh$ 71 as of December 31, 2015).

As of December 31, 2016 BCI Corredor de Bolsa S.A., the subsidiary of the Bank, acquired guarantee to ensure compliance with the lending commitments and short selling shares on the Electronic Stock Exchange of Chile for MCh$ 1,125 (MCh$ 6,163 as of December 31, 2015).

As of December 31, 2016 BCI Corredor de Bolsa S.A., the direct subsidiary of the Bank, acquired performance bonds to ensure contract with SOMA for MCh$ 277 (MCh$ 266 as of December 31, 2015).

As of December 31, 2016 BCI Corredor de Bolsa S.A., the subsidiary of the Bank, acquired an upward UF 20,000 warranty 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, 2016 No. 330-14-00004975 and is valid until August 19, 2017. The insurer is the Company Mapfre Insurance, and Santiago Stock Exchange is the representative of potential beneficiaries.

- Insurance for employee loyalty

BCI Corredor de Bolsa S.A.

As of December 31, 2016, BCI Corredor de Bolsa S.A., the subsidiary of the Bank; contracted insurance from BCI Seguros General S.A., which covers Banco de Crédito e Inversiones and its subsidiaries under Integral Banking Policy No. 3106568-2, valid from November 30, 2016 to November 30, 2017, with a coverage of UF 100,000.

NOTE 23 - CONTINGENCIES AND COMMITMENTS, Continued

BCI Corredores de Seguros S.A.

As of December 31, 2016 BCI Corredora de Seguros S.A., the subsidiary of the Bank, has taken the following insurance policies in order to comply with the provisions of paragraph d of Article No. 58 of Decree-Law No. 251 of 1931, to ensure the correct and complete fulfilment of all obligations under its activity:

- Guarantee Policy for Insurance Brokers No. 10031788 for an insured amount of UF 500 contracted with Compañía de Seguros Generales Consorcio Nacional de Seguros S.A. valid from April 15, 2016 to April 14, 2017, establishing as right of insurance company to request reimbursement from broker, of all sums paid or to pay to third parties affected by poor trading brokerage.

- Professional Liability Policy for Insurance Brokers No. 10031788 for an insured amount of UF 60,000 with Deductible UF 500 contracted with Compañía de Seguros Generales Consorcio Nacional de Seguros S.A., valid from April 15, 2016 to April 14, 2017, in order to protect the broker against any claims of third parties establishing the right of insurance company to request reimbursement of brokerage paid to the third party claims.

BCI Factoring S.A.

As of December 31, 2016 BCI Factoring S.A., the subsidiary of the Bank, has approved guarantee lines for operators with Factor Chain International for MCh$ 3,090 (MCh$ 10,115 as of December 31, 2015), equivalent to US$ 4,630,000.00 (US$ 14,300,000.00 as of December 31, 2015) of which MCh$ 1,257 (MCh$ 2,545 as of December 31, 2015) have been used, equivalent to US$ 1,883,476.00 (US$ 3,598,377.5 as of December 31, 2015).

BCI Corredora de Productos S.A.

As of December 31, 2016 BCI Corredora de Productos S.A. has delivered performance bond No. 25831 together with Banco de Crédito e Inversiones amounting for UF 2,000 to Bolsa de Productos Agropecuarios S.A. to guarantee proper performance of all obligations as broker dealer in the agricultural products stock exchange. The payment of this guarantee is ensured by a “credit line opening contract” intended to cover possible guarantee payments issued in Chilean currency or in foreign currency, which is held by the financial institution.

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

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 Consolidate Financial Statements, they are subject to credit risks and, therefore, are part of the Bank’s overall risk.

NOTE 23 - CONTINGENCIES AND COMMITMENTS, Continued

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 December 31,	
	2016	**2015**
	MCh$	**MCh$**
Endorsements and deposits performance bonds	81,627	168,577
Documentary letters of credit	215,431	142,941
Guarantees	1,307,715	998,042
Amount available for credit cards users	4,573,760	3,841,174
Provisions (Note 21)	(20,179)	(18,525)
Total	**6,158,354**	**5,132,209**

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

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

	As of December 31,	
	2016	**2015**
	MCh$	**MCh$**
Documents in collection	688,287	393,792
Custody of assets	150,427	118,065
Total	**838,714**	**511,857**

f) Lawsuits and legal proceedings and guarantees of main support companies

The business support companies: Sociedad Interbancaria de Depósito de Valores S.A., Centro de Compensación Automatizado S.A., Combanc S.A., Servicio de Infraestructura de Mercado OTC S.A., and Artikos Chile S.A., as of December 31, 2016 and 2015 do not have assets pledged for commitments or contingencies.

Transbank S.A.

a) Lawsuits

There is no current lawsuits that may significantly affect the financial statements of the Transbank S.A.

b) Bank guarantees

(i) Bank guarantees provided

Transfank S.A. has provided guarantees by the customers' requests in order to allow their business operation for MCh$ 229 as of December 31, 2016 (MCh$ 164 as of December 31, 2015).

NOTE 23 - CONTINGENCIES AND COMMITMENTS, Continued

(ii) Bank guarantees received

Transbank S.A. has received guarantees for MCh$ 69,875 as of December 31, 2016 (MCh$ 56,883 as of December 31, 2015). These guarantees have been provided by issuers, commercial establishments and suppliers of guarantee contractual obligations.

Redbanc S.A.

a) Lawsuits

As of December 31, 2016 there is no current lawsuits that may significantly affect the financial statements of the Redbanc S.A.

b) Bank guarantees

As of December 31, 2016, the following guarantees have been received by Redbank S.A.:

Supplier	**Currency**	**Amount**	**Maturity Date**	**Concept**
Banco Consorcio	MCh$	1,700	30/04/2017	To guarantee requirements of third paragraph, clause VII of inter license agreement.
Banco Ripley	MCh$	34	27/04/2017	To guarantee requirements of third paragraph, clause VII of inter license agreement.
CAR S.A.	MCh$	300	27/04/2017	To guarantee requirements of third paragraph, clause VII of inter license agreement.
Claro Chile S.A.	UF	1,058	31/08/2017	To guarantee proper performance of telephone service contract.
Gtd Teleductos S.A.	UF	5,000	31/08/2017	To guarantee proper performance of telephone service contract.
Telefónica Empresas Chile S.A.	UF	5,000	31/08/2017	To guarantee proper performance of telephone service contract.
NCR Chile Ind. y Comercial Ltda.	US$	124,812	31/01/2017	To guarantee correct performance of services and fulfilment of the defined levels for the regular operation of the ATM Contract.

Nexus S.A.

As of December 31, 2016, Nexus S.A. did not register any labour lawsuits; there is one lawsuit related to civil matters that had no significant financial impact.

As of December 31, 2016 Nexus S.A. maintains current liability insurance contract for directors and managers approved by the SVS under POL 1 01 021, covering US$ 10,000,000. In addition, Professional Liability insurance (employee's loyalty) for Financial Institutions remains in force, covering US$ 10 million.

NOTE 23 - CONTINGENCIES AND COMMITMENTS, Continued

As of December 31, 2016 the Nexus S.A. has the following guarantees:

Operational assurance

	2016
	MCh$
Bank guarantees received:	
Received in favour of Nexus	174
Bank guarantees provided:	
Promissory note of Nexus taken to ensure contractual services	-
In cash by Nexus to ensure contractual services	-

Servipag Ltda.

a) Bank guarantees provided

Servipag Ltda. provided guarantee for the lease of branches amounting to MCh$ 246 as of December 31, 2015 (MCh$ 217 as of December 31, 2015).

Bank guarantees received

Servipag Ltda. has not received any guarantee.

b) Lawsuits

According to what was defined by legal advisers of the Servipag Ltda., there are no material lawsuits to be disclosed in the financial statements at the date on which these were approved.

c) Other commitments and contingencies

There are no other commitments or contingencies that should be presented in the financial statements.

d) Due to Banks commitments

The Company has commitments to its partner banks for custody managed securities.

Administrador Financiero del Transantiago S.A. (AFT)

With respect of AFT following is a detail of relevant information:

NOTE 23 - CONTINGENCIES AND COMMITMENTS, Continued

Contingent liabilities

With respect to AFT's contingent assets and liabilities as of the date of the financial statements, the amounts detailed below correspond to the amounts under litigation and there is no reliable estimation of the disbursements that should be made under these concepts.

a) Guarantees

As of December 31, 2016 there are eight performance bonds taken by AFT, for a total of UF 96,000, in order to ensure the proper performance of the contract subscribed with the Chilean Ministry of Transport and Telecommunications, and two performance bonds taken by AFT, for a total of UF 4,000 in order to guarantee the fulfilment of labour and social security obligations of AFT.

b) Lawsuits

Pending lawsuits that could have a significant impact on the financial position of AFT are as follows:

(b.1) Manuel José Vial Vial:

- Subject matter: Counterclaim initiated by AFT against Buses Gran Santiago S.A. for contract performance.
- Amount: MCh$ 294.
- Current status: the period of providing evidence has been terminated and further procedures suspended by both parties.

Assessment: It is not possible to reliably estimate the outcome of this contingency or its amount.

(b.2) IVU Traffic Technologies AG and IVU Chile Limitada with AFT and Chilean Treasury Department:

- 19° Civil Court C-26424-2014.
- Subject matter: Ordinary lawsuit for contractual and pre-contractual civil responsibility.
- Amount: € 8,539,309, equivalent to MCh$ 6,363 as of the date of the lawsuit (November 26, 2014), plus lawsuit costs.
- Current status: On December 13, 2016, the Court summons the parties for hearing.

Assessment: It is not possible to reliably estimate the outcome of this contingency or its amount.

NOTE 23 - CONTINGENCIES AND COMMITMENTS, Continued

c) Other administrative actions – tax

On August 25, 2011 the Internal Revenue Service ("SII" for its acronym in Spanish) notified a tax remission for the 2008 fiscal year, arguing an erroneous qualification of certain performance bonds and penalties collected by the Ministry of Transport and Telecommunications during 2007, which the SII considers as non-deductible expenses. AFT has filed, within the legally established time limit, administrative and judicial remedies against this remission, since it considers that there is a history of facts and law precedents that support its initial classification of expenses. The Regional Director of the SII Santiago Centre issued a resolution of the first instance, rejecting the claim filed by AFT, requesting the payment. This resolution was appealed by AFT within the established time limit. The Court of Appeals of Santiago resolved that the case should be returned to the Court of First Instance in order for the Court to supplement the judgement and, to date, the SII has not responded.

NOTE 24 - EQUITY

a) Issued capital and preference shares

Movements of common shares during the years 2016 and 2015 are the following:

	For the year ended December 31	
	2016	**2015**
	N°	**N°**
Issued as of January 1	110,806,999	108,701,164
Issued bonus shares	2,019,920	2,105,835
Shares subscribed and paid for capital increase	10,737,300	-
Total issued	**123,564,219**	**110,806,999**

The Ordinary Shareholders' Meeting held as of March 22, 2016 approved the distribution of net income for the year 2015, for the amount of MCh$ 330,819, as follows:

- Distribute a dividend of Ch$ 1,000 per share among the total 110,806,999 shares issued and registered in the Register of Shareholders, which amounts to the sum of MCh$ 110,803.

- Allocate the remaining balance of MCh$ 220,016 to future capitalization reserve fund, as follows:

  - MCh$ 165,411 transferred from retained earnings; and
  - MCh$ 54,605 raised through the issuance of 2,019,920 bonus shares.

This capital increase was approved by the SBIF by means of Resolution No. 163 on May 13, 2016, which extract was ratified on June 16, 2016. Both documents were published in the Official Gazette on May 20 and July 4, 2016, respectively.

NOTE 24 - EQUITY, Continued

Extraordinary Shareholders' Meeting held on October 27, 2015 approved the annulment of capital increase of MCh$ 198,876, which was previously approved by the Extraordinary Shareholders' Meeting held on September 26, 2013, and which has never been subscribed nor paid. Additionally, it was agreed to increase the share capital through the issuance of 10,737,300 shares for cash, which shall be subscribed and paid within three years from the date of the aforesaid meeting. Such increase was subscribed and paid during 2016 as follows:

- 308,023 shares were subscribed and paid on March 31, 2016 for a total amount of MCh$ 7,494.

- On April 19, 2016 ended the period for preferential option, during which entitled shareholders subscribed and paid a total of 10,148,941 shares for MCh$ 260,205.

- On April 26, 2016 the remaining balance of 280,336 shares was subscribed and paid for a total of MCh$ 7,709.

This completes the total increase agreed at the Extraordinary Shareholders Meeting held on October 27, 2015, raising a total of MCh$ 275,408. As a result, the Bank's approved and issued capital comprises 123,564,219 single-series shares with no par value equivalent to MCh$ 2,276,820 as of December 31, 2016.

NOTE 24 - EQUITY, Continued

b) As of December 31, 2016 and 2015, the distribution of shareholders is as follows:

As of December 31, 2016	**Shares**	
	No. of Shares	**Ownership, %**
Empresas Juan Yarur S.P.A.	68,128,157	55.14%
Banco de Chile on behalf of non-resident third parties	4,801,320	3.89%
Jorge Yarur Bascuñán	4,760,582	3.85%
Banco Itaú on behalf of investors	3,391,456	2.74%
AFP Habitat S.A.	2,939,570	2.38%
AFP Provida S.A.	2,684,859	2.17%
Credicorp LTD	2,286,328	1.85%
BCI Corredor de Bolsa S.A. on behalf of third parties	2,201,738	1.78%
AFP Capital S.A.	2,143,120	1.73%
AFP Cuprum S.A.	1,932,089	1.56%
Imsa Financiera S.P.A.	1,909,945	1.55%
Banco Santander on behalf of foreign investors	1,876,209	1.52%
Inversiones Cerro Sombrero Financiero S.P.A.	1,762,390	1.43%
Inversiones Tarascona Corporation Agencia en Chile	1,659,674	1.34%
Luis Enrique Yarur Rey	1,315,604	1.06%
Banchile Corredores de Bolsa S.A.	1,155,815	0.94%
Inversiones Nueva Altamira Limitada	1,121,002	0.91%
Victoria Ines Yarur Rey	858,657	0.69%
Maria Eugenia Yarur Rey	858,646	0.69%
Empresas JY S.A.	731,667	0.59%
Larraín Vial S.A. Corredora de Bolsa	719,044	0.58%
Inversiones VYR Ltda.	657,595	0.53%
Valores Security S.A. Corredora de Bolsa	646,651	0.52%
Inmobiliaria e Inversiones Chosica S.A.	539,709	0.44%
Jorge Alberto Yarur Rey	511,367	0.41%
Other shareholders	11,971,025	9.71%
Subscribed and paid shares	**123,564,219**	**100,00%**

NOTE 24 - EQUITY, Continued

As of December 31, 2015	**Shares**	
	No. of Shares	**Ownership, %**
Empresas Juan Yarur S.P.A.	61,030,794	55.08%
Jorge Yarur Bascuñán	4,682,760	4.23%
Credicorp LTD	4,497,906	4.06%
Sociedad Financiera del Rimac S.A.	3,849,983	3.47%
Banco de Chile on behalf of non-resident third parties	3,473,278	3.13%
Banco Itaú on behalf of investors	3,112,436	2.81%
BCI Corredor de Bolsa S.A. on behalf of third parties	2,067,074	1.87%
AFP Habitat S.A.	1,977,723	1.78%
AFP Provida S.A.	1,738,324	1.57%
Banco Santander on behalf of foreign investors	1,669,093	1.51%
Inversiones Tarascona Corporation Agencia en Chile	1,632,543	1.47%
AFP Capital S.A.	1,474,579	1.33%
AFP Cuprum S.A.	1,410,741	1.27%
Imsa Financiera SPA	1,348,093	1.22%
Inmobiliaria e Inversiones Cerro Sombrero S.A.	1,215,770	1.10%
Yarur Rey Luis Enrique	1,082,348	0.98%
Banchile Corredores de Bolsa S.A.	970,601	0.88%
Larraín Vial S.A. Corredores de Bolsa	831,330	0.75%
Empresas JY S.A.	719,706	0.65%
Inversiones VYR Ltda.	589,702	0.53%
Inmobiliaria e Inversiones Chosica S.A.	483,987	0.44%
Penta Corredores de Bolsa S.A.	472,782	0.43%
Corpbanca Corredores de Bolsa S.A.	400,128	0.36%
Bolsa de Comercio de Santiago Bolsa de Valores	369,893	0.33%
Inversiones Lo Recabarren Ltda.	353,127	0.32%
Other shareholders	9,352,298	8.43%
Subscribed and paid shares	**110,806,999**	**100,00%**

c) Dividends

The following dividends were declared by the Bank during the year ended December 31, 2016 and 2015:

	For the year ended December 31	
	2016	**2015**
	Ch$	**Ch$**
Ch$ per common share	1,000	1,000

The provision for mandatory dividend as of December 31, 2016 was MCh$ 102,049 (MCh$ 99,247 as of December 31, 2015).

NOTE 24 - EQUITY, Continued

d) For the year ended December 31, 2016 and 2015, the composition of basic and diluted earnings per share is as follows:

	For the year ended December 31	
	2016	**2015**
Net income for the year attributable to the equity holders of the Bank, MCh$	340,121	330,819
Income available for Shareholders, MCh$	**340,121**	**330,819**
Weighted average number of shares	119,920,219	110,328,138
Basic and diluted earnings per share (Ch$/Share)	**2,836**	**2,999**

e) Cumulative translation adjustment reserve

As of December 31, 2016 and 2015, the reconciliation of the cumulative translation adjustment reserve as a separate component of shareholders' equity is as follows:

	MCh$
Balance as of January 1, 2015	14,876
Exchange differences	6,990
Balance as of December 31, 2015	**21,866**
Balance as of January 1, 2016	21,866
Exchange differences	(3,416)
Balance as of December 31, 2016	**18,450**

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

	Investment revaluation reserve MCh$	**Cash flow hedge reserve MCh$**
Accumulated comprehensive income 2014	**9,275**	**(9,460)**
Transferred to statements of income	2,733	(41)
Market to market adjustment	(39,389)	(6,366)
Accumulated comprehensive income 2015	**(27,381)**	**(15,867)**
Transferred to statements of income	(3,989)	35
Market to market adjustment	31,540	(846)
Accumulated comprehensive income 2016	**170**	**(16.678)**

NOTE 24 - EQUITY, Continued

f) Nature of valuation reserves

- Cumulative translation adjustment reserve:

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

- Cash flow hedges reserve:

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

- Investments revaluation reserve:

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

g) Capital requirements

The regulatory capital as of December 31, 2016 is defined as equivalent to the net amount that should be shown in the Consolidated Financial Statements as Shareholders' equity attributable to equity holders. As indicated in the Compendium of Accounting Regulations, according to General Banking Law, the Bank should maintain a minimum ratio of effective stockholders' equity to consolidated risk-weighted assets, net of required loan loss allowances and provisions and deductions, of 8%, and a minimum ratio of basic capital to consolidated total assets, net of required loan loss allowances and provisions and deductions, of 3%. Regulatory capital for these purposes is defined as basic capital (which represents paid-in capital and reserves) adjusted to: a) aggregate subordinated bonds issued by the Bank valued at their placement price for an amount up to 50% of its basic capital commencing six years prior to their maturity, b) aggregate additional required allowances and provisions as stipulated, c) deduct all goodwill and share premium, and d) deduct assets that correspond to investments in non-consolidated subsidiaries.

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

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

NOTE 24 - EQUITY, Continued

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

The regulated and basic capital as of December 31, 2016 and 2015 are the following:

	As of December 31			
	Consolidated assets and off-balance sheet items		Risk-weighted assets	
	2016	2015	2016	2015
Consolidated Balance sheet assets (net of allowances and provisions)	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Cash and deposits in banks	1,577,565	1,272,552	-	-
Items in course of collection	264,265	434,550	38,543	64,343
Trading portfolio financial assets	1,267,979	1,298,131	195,843	164,032
Investment under agreements to resell	116,461	206,105	116,461	206,105
Derivative financial agreements	1,360,247	1,499,423	777,467	1,065,534
Loans and receivables to banks, net	223,228	169,416	216,210	154,412
Loans and receivables to customers, net	21,954,346	19,770,529	19,879,359	17,983,213
Financial investments available for sale	2,524,500	2,407,882	1,032,309	1,208,055
Financial investments held to maturity	872	708	174	708
Investments in other companies	187,958	170,103	187,958	170,103
Intangible assets	177,516	175,551	166,733	173,354
Property, plant and equipment, net	279,496	282,556	279,496	282,556
Current income tax	116,574	93,458	11,658	9,346
Deferred income taxes	198,094	203,686	19,809	20,369
Other assets	686,130	788,116	488,003	460,849
Off-balance sheets items				
Credit commitments	2,548,549	2,802,922	1,529,129	1,681,753
Additions and deductions	(124,888)	58,800	-	(1,516)
Total assets	**33,358,892**	**31,634,488**	**24,939,152**	**23,643,216**

	As of December 31	
	2016	**2015**
	MCh$	**MCh$**
Basic capital	2,518,257	2,000,287
Regulatory capital	3,344,119	2,832,980
Consolidated assets	33,358,892	31,634,488
Risk-weighted assets	24,939,152	23,643,216

	Ratio	
Concepts:	**As of December 31**	
	2016	**2015**
	%	%
Basic capital /Consolidated assets	7.55	6.32
Basic capital / Risk-weighted assets	10.10	8.46
Regulatory capital / Risk-weighted assets	13.41	11.98

NOTE 25 - INCOME AND EXPENSES FROM INTEREST AND INDEXATION FOR INFLATION

a) For the years 2016 and 2015, the composition of income from interest and indexation for inflation is the following:

Concept	For the year ended December 31, 2016			For the year ended December 31, 2015		
	Interest	Indexation for inflation	Total	Interest	Indexation for inflation	Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Repurchase agreements	2,239	725	**2,964**	1,279	2	1,281
Interbank loans	4,709	-	**4,709**	3,399	-	3,399
Commercial loans	712,871	99,665	**812,536**	566,712	137,819	704,531
Mortgage loans	163,376	110,553	**273,929**	149,371	144,033	293,404
Consumer loans	344,290	349	**344,639**	319,296	1,202	320,498
Investment instruments	72,670	4,818	**77,488**	43,685	6,623	50,308
Other income (*)	10,252	1,327	**11,579**	11,732	2,354	14,086
Hedge accounting effect	(14,505)	-	**(14,505)**	(42,665)	-	(42,665)
Total income from interest and indexation for inflation	**1,295,902**	**217,437**	**1,513,339**	**1,052,809**	**292,033**	**1,344,842**

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

For the years 2016 and 2015, the detail of the interest expenses and indexation for inflation is as follows:

Concept	For the year ended December 31 2016	For the year ended December 31 2015
	MCh$	MCh$
Demand deposits	(12,853)	(7,849)
Repurchase agreements	(14,359)	(12,878)
Term deposits and borrowings	(333,734)	(274,047)
Borrowings from financial institutions	(24,770)	(18,930)
Issued debt instruments	(202,844)	(221,070)
Other financial liabilities	(5,394)	(2,196)
Accounting hedge effect	(3,764)	(3,110)
Other interest expenses indication for inflation	(10,568)	(4,256)
Total interest expenses and –indexation for inflation	**(608,286)**	**(544,336)**

NOTE 25 - INCOME AND EXPENSES FROM INTEREST AND INDEXATION FOR INFLATION, Continued

b) For the year ended December 31, 2016 and 2015 the detail of income and expenses related to hedge accounting is as follows:

	For the year ended December 31, 2016			For the year ended December 31,2015		
	Gain	**Loss**	**Total**	**Gain**	**Loss**	**Total**
	MCh$	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Hedge of Assets						
Fair Value Hedge	63,287	35,143	**28,144**	24,170	2,002	**22,168**
Cash Flow Hedge	27,382	70,031	**(42,649)**	125,491	190,324	**(64,833)**
Subtotal	**90,669**	**105,174**	**(14,505)**	**149,661**	**192,326**	**(42,665)**
Hedge of Liabilities						
Fair Value Hedge	13,821	24,389	**(10,568)**	39,520	43,776	**(4,256)**
Subtotal	**13,821**	**24,389**	**(10,568)**	**39,520**	**43,776**	**(4,256)**
Total	**104,490**	**129,563**	**(25,073)**	**189,181**	**236,102**	**(46,921)**

NOTE 26 – FEE AND COMMISSION INCOME AND EXPENSES

For the year ended December 31, 2016 and 2015, the composition of fee and commission income and expenses is the following:

	For the year ended December 31	
	2016	**2015**
	MCh$	**MCh$**
Fee and commission income:		
Commissions for credit lines and overdrafts	6,407	4,107
Commissions for guarantees and letters of credit	20,991	20,311
Commissions for credit card services	77,420	68,210
Commissions for administration of accounts	42,930	36,236
Commissions for collection services	52,698	50,521
Commissions for securities brokerage	5,607	9,197
Commissions for management of mutual and investment funds	58,778	47,544
Commissions for insurance brokerage	42,234	35,504
Commissions for other services provided	26,951	23,149
Other commissions	10,491	9,510
Total fee and commission income	**344,507**	**304,289**
Fee and commission expenses:		
Commissions on operations with credit cards	(38,180)	(35,539)
Commissions on securities trading	(12,561)	(16,526)
Other commissions	(22,137)	(17,954)
Total fee and commission expenses	**(72,878)**	**(70,019)**

NOTE 27 - TRADING AND INVESTMENT INCOME

For the years ended December 31, 2016 and 2015, the detail of trading and investment income is the following:

	For the years ended December 31	
	2016	**2015**
	MCh$	**MCh$**
Trading instruments	78,409	83,154
Derivative financial agreements	58,826	27,867
Other instruments at fair value through profit or loss (1)	2,532	66
Sale of financial investments available for sale	6,120	80
Others	(14)	111
Total	**145,873**	**111,278**

(1) As of December 31, 2016, gain on other instruments at fair failure through profit or loss includes the result of the sale of the Bank's loan provided to the company Pacificos Rubiales to JP Morgan bank in the United States, which generated a gain of MCh$ 3,197. This loan sold was recognized net of allowances for loan losses for the amount of MCh$ 30,301, established in accordance with requirements of chapter C-3 of the Compendium of Accounting Standards of the SBIF.

NOTE 28 - FOREIGN EXCHANGE RESULTS

For the years ended December 31, 2016 and 2015 the detail of the foreign exchange results is the following:

	For the years ended December 31,	
	2016	**2015**
	MCh$	**MCh$**
Exchange difference		
Gains from exchange differences	24,316,553	22,448,544
Losses from exchange differences	(24,323,467)	(22,609,894)
Subtotal	**(6,914)**	**(161,350)**
Foreign currency fluctuation effect for assets and liabilities denominated in foreign currency		
Net results for assets and liabilities in foreign currency	(7,684)	30,874
Subtotal	**(7,684)**	**30,874**
Hedge Accounting Result		
Assets hedge results	(49,293)	73,522
Liabilities hedge results	(1,718)	37,576
Subtotal	**(51,011)**	**111,098**
Total	**(65,609)**	**(19,378)**

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 forex trading and results of derivatives used to hedge foreign currency.

NOTE 29 - PROVISIONS FOR LOAN LOSSES AND IMPAIRMENT

The detail of provisions for loan losses and impairment for the years ended December 31, 2016 and 2015 is as follows:

For the year ended December 31, 2016	Interbank loans	Loans and receivables to customers: Commercial loans	Loans and receivables to customers: Mortgage loans	Loans and receivables to customers: Consumer Loans	Credit commitments	Additional provisions	Minimum provisions adjustment for the normal portfolio	Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Provisions:								
Individual provisions	287	40,999	-	-	5,379	-	4,588	**51,253**
Collective provisions	-	63,900	10,719	139,017	432	-	-	**214,068**
Total provisions	**287**	**104,899**	**10,719**	**139,017**	**5,811**	**-**	**4,588**	**265,321**
Impairment:								
Individual impairment	-	-	-	-	-	-	-	**-**
Collective impairment	-	-	-	-	-	-	-	-
Total impairment	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Reversal of provisions:								
Individual provisions	(92)	(7,751)	-	-	(1,182)	-	-	**(9,026)**
Collective provisions	-	(6,394)	(2,465)	(34)	(2,688)	(15,808)	-	**(27,389)**
Total reversal of provisions	**(92)**	**(14,145)**	**(2,465)**	**(34)**	**(3,870)**	**(15,808)**	**-**	**(36,415)**
Recovery of assets previously written off	-	(19,623)	(2,579)	(23,292)	-	-	-	**(45,494)**
Reversal of impairment	-	-	-	-	-	-	-	-
Net provisions for loan losses	**194**	**71,131**	**5,675**	**115,691**	**1,941**	**(15,808)**	**4,588**	**183,412**

NOTE 29 - PROVISIONS FOR LOAN LOSSES AND IMPAIRMENT, Continued

For the year ended December 31, 2015	Interbank loans	Loans and receivables to customers: Commercial loans	Mortgage loans	Consumer loans	Contingent loans	Additional provisions	Minimum provisions adjustment for the normal portfolio	Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Provisions:								
Individual provisions	305	84,086	-	-	2,719	-	-	**87,110**
Collective provisions	-	60,787	2,872	118,046	184	19,000	-	**200,889**
Total provisions	**305**	**144,873**	**2,872**	**118,046**	**2,903**	**19,000**	**-**	**287,999**
Impairment:								
Individual impairment	-	-	-	-	-	-	-	**-**
Collective impairment	-	-	-	-	-	-	-	-
Total impairment	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Reversal of provisions:								
Individual provisions	(825)	(26,695)	-	-	(927)	-	(7,688)	**(36,135)**
Collective provisions	-	(10,283)	-	(335)	(1,417)	-	-	**(12,035)**
Total reversal of provisions	**(825)**	**(36,978)**	**-**	**(335)**	**(2,344)**	**-**	**(7,688)**	**(48,170)**
Recovery of assets previously written off	-	(24,076)	(2,475)	(24,072)	-	-	-	**(50,623)**
Reversal of impairment	-	-	-	-	-	-	-	-
Net provisions for loan losses	**(520)**	**83,819**	**397**	**93,639**	**559**	**19,000**	**(7,688)**	**189,206**

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

NOTE 30 - STAFF COSTS

The composition of staff costs for the years ended December 31, 2016 and 2015 is as follows:

	For the years ended December 31,	
	2016	**2015**
	MCh$	**MCh$**
Staff remunerations	190,154	146,554
Bonuses or awards	144,792	127,022
Severance payments	10,874	8,172
Training expenses	3,474	3,708
Other staff expenses	23,337	19,155
Total	**372,631**	**304,611**

NOTE 31 - ADMINISTRATIVE EXPENSES

For the years ended December 31, 2016 and 2015, the composition of administrative expenses is as follows:

	For the years ended December 31,	
	2016	**2015**
	MCh$	**MCh$**
General administrative expenses		
Maintenance and repairs of the bank's property, plant and equipment	12,106	9,339
Office rent	25,907	23,707
Equipment rent	269	386
Insurance premiums	6,345	5,032
Office materials	5,749	5,197
Computer and communications expenses	36,986	28,205
Lighting, heating and other services	8,320	6,231
Security and custody transportation services	12,629	11,641
Travel expenses	4,768	4,527
Judicial and notarial expenses	3,348	2,784
Fees for technical reports	3,186	2,480
Audit fees	2,952	2,111
Cleaning services	4,516	4,298
Consulting	19,095	17,699
Postal-related expenses	1,523	1,646
Other general administrative expenses	24,309	18,939
Sub-contracted services		
Data processing	5,396	5,481
Sale of products	-	-
Credit evaluation	366	10
Other	7,387	6,521
Board of Directors expenses		
Board of Directors remuneration	3,492	2,928
Other Board of Directors expenses	178	132
Publicity and advertising	22,069	20,500
Taxes, property taxes and contributions		
Real estate contributions	1,579	1,317
Licenses	1,529	1,491
Other taxes	3,775	804
Contribution to SBIF	7,710	6,036
Total	**225,489**	**189,442**

NOTE 32 - DEPRECIATION, AMORTIZATION AND IMPAIRMENT

a) For the years ended December 31, 2016 and 2015, depreciation and amortization expenses are detailed bellow:

	For the years ended December 31,	
	2016	**2015**
	MCh$	**MCh$**
Depreciation and amortization		
Depreciation of property, plant and equipment	(26,162)	(22,512)
Amortization of intangible assets	(28,946)	(20,938)
Total	**(55,108)**	**(43,450)**

b) For the years ended December 31, 2016 and 2015, the impairment of property, plant and equipment and intangible assets is detailed as follows:

	For the years ended December 31,	
	2016	**2015**
	MCh$	**MCh$**
Impairment		
Property, plant and equipment (1)	(92)	(1,896)
Intangible asset	-	(5,000)
Total	**(92)**	**(6,896)**

(1) As of December 31, 2016 and 2015 impairment of property, plant and equipment for MCh$ 92 and MCh$ 1,896 was recognized against gross value of property, plant and equipment.

c) The reconciliation of accumulated depreciation, amortization and impairment for the years ended December 31, 2016 and 2015 is as follows:

	Depreciation, amortization and impairment					
	For the years ended December 31, 2016			For the years ended December 31, 2015		
	Accumulated depreciation of property Plant and Equipment	Accumulated amortization of intangible assets	Total	Accumulated depreciation of property Plant and Equipment	Accumulated amortization of intangible assets	Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Balance as of January 1	**174,421**	**165,497**	**339,918**	**159,263**	**144,443**	**303,706**
Charges for depreciation and amortization for the year	26,162	28,946	55,108	22,512	20,938	43,450
Sales	(4,382)	-	(4,382)	-	-	-
Others	(512)	(74)	(586)	(7,354)	116	(7,238)
Balance as of December 31	**195,689**	**194,369**	**390,058**	174,421	165,497	339,918

NOTE 33 - OTHER OPERATING INCOME AND EXPENSES

a) Other operating income

For the years ended December 31, 2016 and 2015 the composition of other operating income is as follows:

Concept	**For the years ended December 31,**	
	2016	**2015**
Income from repossessed assets	**MCh$**	**MCh$**
Gain on sale of repossessed assets	2,610	4,224
Other income	1,198	479
Subtotal	3,808	4,703
Reversal of provisions for credit commitments		
Reversal of provisions for country risk	771	274
Reversal of other provisions for credit commitments	-	2,851
Subtotal	771	3,125
Other income		
Gains on sale of property, plant and equipment	248	600
Insurance claims	847	1,330
Leasing income	5,987	3,446
Other income	16,715	18,166
Subtotal	23,797	23,542
Total	**28,376**	**31,370**

NOTE 33 - OTHER OPERATING INCOME AND EXPENSES, Continued

b) Other operating expenses

During the years 2016 and 2015, the composition of other operating expenses is as follows:

	For the years ended December 31,	
Concept	**2016**	**2015**
Impairment and expenses for repossessed assets	**MCh$**	**MCh$**
Impairment of repossessed assets	-	219
Write-offs of repossessed assets	6,500	2,398
Maintenance expenses for repossessed assets	416	1,051
Subtotal	6,916	3,668
Establishment of provisions for credit commitments		
Provisions for country risk	157	-
Other provisions for credit commitments	7,297	11,257
Subtotal	7,454	11,257
Other expenses		
Loss on sale of property, plant and equipment	472	340
Contributions and donations	2,166	2,202
Penalties for judicial and notary expenses	3,734	3,455
Leasing expenses	7,633	4,934
Non-operating expenses	8,814	7,209
Agreement expenses	780	780
Other expenses	4,868	3,379
Subtotal	28,467	22,299
Total	**42,837**	**37,224**

NOTE 34 - TRANSACTIONS WITH RELATED PARTIES

a) Loans granted to related parties

Loans granted to related parties are detailed as follows:

	As of December 31, 2016			As of December 31, 2015		
	Operating Companies	**Investment Companies**	**Individuals**	**Holding Companies**	**Investment companies**	**Individuals**
	MCh$	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Loans and receivables to customers						
Commercial loans	69,203	83,934	13,959	110,050	43,093	10,951
Mortgage loans	-	-	28,311	-	-	26,937
Consumer loans	-	-	4,537	-	-	4,198
Loans and receivables to customers, gross	**69,203**	**83,934**	**46,807**	**110,050**	**43,093**	**42,086**
Allowances for loan losses	(215)	(133)	(58)	(275)	(68)	(33)
Loans and receivables to customers, net	**68,988**	**83,801**	**46,749**	**109,775**	**43,025**	**42,053**
Credit commitments	80,161	16,302	11,521	131,244	16,994	10,650
Provisions for credit commitments	(78)	(39)	(7)	(147)	(55)	(5)
Credit commitments, net	**80,083**	**16,263**	**11,514**	**131,097**	**16,939**	**10,645**

NOTE 34 - TRANSACTIONS WITH RELATED PARTIES, Continued

b) Other transactions with related parties

During the years ended December 31, 2016 and 2015, the Bank has undertaken the following transactions with related parties:

For the year ended December 31, 2016 Company	Relationship with the Group	Description	Balance assets	Effect on statements of income Expense	 Income
			MCh$	MCh$	MCh$
Administración e Inversiones Centinela Ltda.	Other	Advisory	34	34	-
Archivos Credenciales e Impresos Archivert S.A.	Other	Card production	191	191	-
Artikos Chile S.A.	Joint Venture	Acquisitions services	970	970	-
Bolsa de Comercio de Santiago	Other	Rent of terminals	153	153	-
BCI Seguros de Vida S.A.	Control	Service revenue and channel usage	5,634	-	5,634
		Financial Instruments: Term deposits	525	35	-
		Marketing	1,003	-	1,003
		Premium Payment	90	90	-
		Subordinated bond	927	52	-
		Expenditures and income - Premiums reject credits	114	-	-
		Brokerage Fees BCI CCSS	16,148	-	16,148
		Brokerage Awards BCI CCSS	131	-	131
BCI Seguros Generales S.A.	Control	Commission for collection and PAC	480	-	480
		Channel usage	584	-	491
		Sinister	1,771	-	1,771
		Financial Instruments: Term deposits	4,710	8	-
		Bank Bonds	1,017	8	-
		Brokerage Fees BCI CCSS	18,959	-	18,959
		Intermediation Awards BCI CCSS	3,317	-	3,317
		Call Centre Services BCI CCSS	100	100	-
		Brokerage Awards BCI CCSS	271	-	271
Centro de Compensación Automatizado S.A.	Other	Electronic banking transactions	1,267	1,101	-
Cia, Nacional de Telefonos Telefonica del Sur S.A.	Other	Communications Service	48	48	-
Combanc S.A.	Associate	Compensation and high value payment	331	331	-
Comder Contraparte Central S.A.	Associate	Bank processing	965	965	-
Comunicaciones Capitulo Ltda.	Other	Communications Service	49	49	-
Conexxion Spa	Other	Service mail	359	357	-
DCV Registros S.A.	Other	Administration of shareholders register	107	106	-
Depósitos Central de Valores S.A.	Other	Financial Instruments Custody	290	286	-
Digitech Solutions S.A.	Other	Digital documentation	327	314	-
Diseño y Desarrollo Computacional Ltda.	Other	Development and maintenance of applications	612	576	-
Engage S.A. Servicios y Asesorías en Comunicaciones	Other				
Public Marketing	Other	Internal marketing consulting	152	152	-
EMC Chile S.A.	Other	Computer solutions	1,207	994	-
Galeria de Arte Patricia Ready Ltda.	Other	Institutional marketing	54	54	-
GTD Teleductos S.A.	Other	Communications services	496	496	-
IBM Chile S.A.	Other	Computer equipment and solutions	2,349	1,326	-
Irarrazabal Ruiz-Tagle Goldenberg Lagos & Silva	Other				
Abogados Ltda.	Other	Legal advice	99	99	-
Imagemaker S.A.	Other	Development of application and solution	495	484	-
Inmobiliaria Anya S.A.	Other	Real estate projects	46	46	-
Jordan (Chile) S.A.	Control	Forms printing	2,851	2,267	-
Let´s Talk Spa	Other	Communications services	30	30	-
Mario Gomez D.	Other	Advice and consultancy	215	215	-
Oliver Wyman	Other	Advisory	754	625	-
Operadoras de Tarjetas de Crédito Nexus S.A.	Associate	Card processing	8,079	8,079	-
PB Soluciones Ltda.	Other	ATMs installation and cleaning service	183	145	-
Redbanc S.A.	Associate	ATMs operation	6,232	5,229	-
Salcobrand S.A.	Control	Rent of places for ATMs	206	206	-
Santo Producciones Ltda.	Other	Events production	301	274	-
Servicios de Información avanzada S.A.	Other	Trade information service	864	855	-
Servipag Ltda.	Joint Venture	Collection and payment services	8,788	7,225	-
Sistema Nacional de Com, Financieras S.A.					
(Sinacofi)	Other	Financial information services	508	454	-
Telesat Compañía de Teléfonos S.A.	Other	Communications services	35	35	-
Transbank S.A.	Other	Credit cards management	46,174	10,489	35,685

NOTE 34 - TRANSACTIONS WITH RELATED PARTIES, Continued

For the year ended December 31, 2015 Company	Relationship with the Group	Description	Balance assets	Effect on statements of income Expense	 Income
			MCh$	MCh$	MCh$
Administración e Inversiones Centinela Ltda.	Other	Advisory	108	108	-
Archivos Credenciales e Impresos Archivert S.A.	Other	Cards production	207	207	-
Artikos Chile S.A.	Joint Venture	Acquisitions services	837	800	-
Bolsa de Comercio de Santiago S.A.	Other	Rent of terminals	162	102	-
BCI Seguros de Vida S.A.	Control	Service revenue and channel usage	5,370	-	5,370
		Marketing	1,194	-	1,194
		Premiums payment	182	158	-
		Financial Instrument: Term deposit	6,874	2	-
		Brokerage Fees BCI CCSS	16,392	-	16,392
		Brokerage Awards BCI CCSS	-	-	-
BCI Seguros Generales S.A.	Control	Commission for collection and PAC	785	-	660
		Channel usage	533	-	448
		Sinister	1,627	-	1,627
		Financial Instruments: Term deposits	153	-	-
		Brokerage Fees BCI CCSS	15,984	-	15,984
		Brokerage Awards BCI CCSS	2,172	-	2,172
Centro de Compensación Automatizado S.A.	Other	Electronic banking transactions	996	862	-
Cia, Nacional de Teléfonos Telefónica del Sur S.A.	Other	Lease of data links	47	47	-
Comunicaciones Capitulo Ltda.	Other	Lease of data links	44	44	-
Combanc S.A.	Associate	Compensation and high value payment	362	362	-
Comder Contraparte Central S.A.	Associate	Clearing house of derivatives	431	431	-
Conexxion Spa	Other	Service mail	402	393	-
DCV Registros S.A.	Other	Bank processing	93	93	-
Depósitos Central de Valores S.A.	Other	Financial instruments custody	294	294	-
Digitech Solutions S.A.	Other	Document digitalization	256	254	-
Diseño y Desarrollo Computacional Ltda.	Other	Development and maintenance applications	689	508	-
Engage S.A. Servicios y Asesorias en Comunicaciones, Public Marketing	Other	Internal marketing consultations	148	141	-
EMC Chile S.A.	Other	Computer solutions	910	272	-
Galeria de Arte Patricia Ready Ltda.	Other	Institutional marketing	63	57	-
GTD Teleductos S.A.	Other	Communications services	468	468	-
IBM Chile S.A.	Other	Computer equipment and solutions	9,909	8,913	-
Abogados Ltda.	Other	Legal advice	137	137	-
Imagemaker IT S.A.	Other	Multipass devices purchase	572	535	-
Imagemaker S.A.	Other	Development and application solution	881	656	-
Jordan (Chile) S.A.	Control	Printing forms	2,816	2,315	-
Mario Gomez D.	Other	Advice and consultancy	218	218	-
Operadoras de Tarjetas de Crédito Nexus S.A.	Associate	Card processing	6,609	6,030	-
		ATMs installation services and cleaning services			
PB Soluciones Ltda.	Other	ATMs installation and cleaning services	267	202	-
Redbanc S.A.	Associate	ATMs operation	5,999	5,098	-
Salcobrand S.A.	Control	Rent of places for ATMs	313	248	-
Santo Producciones Ltda.	Other	Events production	200	183	-
Servicios de Información avanzada S.A.	Other	Trade information services	831	802	-
Servipag Ltda.	Joint Venture	Collection and payment services	8,804	7,437	-
Sistema Nacional de Com, Financieras S.A. (Sinacofi)	Other	Financial information services	449	402	-
Telesat Compañía de Teléfonos S.A.	Other	Lease of data links	36	36	-
		Credit card and income management			
Transbank S.A.	Other	Credit card management	41,568	9,508	32,060

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 34 - TRANSACTIONS WITH RELATED PARTIES, Continued

c) Other assets and liabilities with related parties

	As of December 31	
	2016	**2015**
	MCh$	**MCh$**
ASSETS		
Derivative financial agreements	-	-
Other assets	-	-
LIABILITIES		
Derivative financial agreements	-	-
Demand deposits	70,183	82,471
Term deposits and saving accounts	39,649	95,397
Other liabilities	-	-

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

		For the year ended December 31,			
		2016		**2015**	
Type of income or expense recognized	**Entity**	**Income**	**Expense**	**Income**	**Expense**
		MCh$	**MCh$**	**MCh$**	**MCh$**
Income and expenses	Sundry	10,409	(1,766)	10,689	(1,094)
Operational support expenses	Companies supporting the line of business	83,890	(45,553)	75,907	(48,383)
Total		**94,299**	**(47,319)**	**86,596**	**(49,477)**

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

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

	For the year ended December 31,	
	2016	**2015**
	MCh$	**MCh$**
Short-term remunerations of key management personnel (*)	11,438	10,100
Severance indemnities for termination of contract	-	4,487
Total	**11,438**	**14,587**

(*) For the year ended December 31, 2016, total expenses corresponding to the remuneration of the Board of Directors of the Bank and subsidiaries amounted to MCh$ 3,670 (MCh$ 3,060 for the year ended December 31, 2015).

NOTE 34 - TRANSACTIONS WITH RELATED PARTIES, Continued

f) Composition of key management personnel

As of December 31, 2016 and 2015, the composition of the key management personnel of the Bank and its subsidiaries is as follows:

Position	N° of executives
Director	20
General manager	15
Division and Area Manager	22
Total	**57**

g) Transactions with key management personnel

For the year ended December 31, 2016 and 2015, the Bank has undertaken the following transactions with key management personnel, as specified below:

	For the year ended December 31,					
	2016			2015		
	Balance Owed MCh$	Total remuneration MCh$	Income of key executives MCh$	Balance Owed MCh$	Total remuneration MCh$	Income of key executives MCh$
Credit cards and other services	2,171	1,239,410	13	1,572	1,051,438	13
Mortgage loans	1,718	273,929	101	1,650	293,404	86
Guarantees provided	2,772	-	-	1,982	-	-
Total	**6,661**	**1,513,339**	**114**	**5,204**	**1,344,842**	**99**

NOTE 34 - TRANSACTIONS WITH RELATED PARTIES, Continued

As of December 31, 2016, the Bank has the following contracts:

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

NOTE 34 - TRANSACTIONS WITH RELATED PARTIES, Continued

N°	Related company	The service involved	Concept	Description of the Contract	Term
13	Conexxion Spa	Postal mail service (normal and registered letter). Messaging (internal courier service and motorbikes).	Mail and Messaging.	Postal mail service (normal and registered letter) messaging (internal courier service and motorbikes).	Indefinite
14	Depósitos Central de Valores S.A.	Service Deposit and Securities Custody.	Securities Custody.	Service Deposit and Securities Custody.	Indefinite
15	Diseño y Desarrollo Computacional Ltda.	Software development and maintenance of Lotus Notes platform and Aprocred system (credit approval).	Technological Developments.	Software development and maintenance of Lotus Notes platform and Aprocred system (credit approval).	Indefinite
16	GTD Teleductos S.A.	Telephone Services & Data Communications, Rent of links, continuity links, Fixed and mobile, mainly in Metropolitana Region.	Telephone Service.	Telephone Services & Data Communications, Rent of links, continuity links, fixed and mobile, mainly in Metropolitana Region.	Indefinite
17	Imagemaker IT S.A.	Sale of Computational Security Devices (Multipass).	Technological Developments.	Sale of Computational Security Devices (Multipass).	Indefinite
18	Imagemaker S.A.	Software Development, Maintenance and Support Internet and Mobile Applications.	Technological Developments.	Software Development, Maintenance and Support Internet and Mobile Applications.	Indefinite
19	PB Soluciones Ltda.	Cleaning and electrical maintenance of ATM enclosure in public places.	Cleaning and maintenance of ATM.	Cleaning and electrical maintenance of ATM enclosure in public places.	Indefinite
20	Salcobrand S.A.	Lease of ATM’s site (affordable).	Lease of ATM’s site.	Lease of ATM’s site (affordable).	Indefinite
21	Santo Producciones Ltda.	Events Production.	Events,	Events Production.	Indefinite
22	Servicios de Información avanzada S.A.	Bureau Service: financial and business people information.	Financial and business Information.	Bureau Service: financial and business people information.	Indefinite
23	Sistema Nacional de Compensación Financieras S.A. (Sinacofi)	Electronic Messaging Service: secure information exchange. Clearing Service: Corresponds to the electronic exchange.	Financial and business Information.	Electronic Messaging Service: secure information exchange. Clearing Service: Corresponds to the electronic exchange.	Indefinite
24	ComDer Contraparte Central S.A.	Operating systems clearing and settlement of Financial Instruments.	Clearing house of Derivatives.	Clearing and Settlement as Central counterparty mode of Financial Instruments.	Indefinite

NOTE 34 - TRANSACTIONS WITH RELATED PARTIES, Continued

N°	Related company	The service involved	Concept	Description of the Contract	Term
25	Administración e Inversiones Centinela Ltda.	Provision of administrative, accounting and financial advisory services	Financial Advising	Provision of administrative, accounting and financial advisory services	End April 2016
26	Cia. Nacional de Telefonos Telefónica del Sur S.A.	Fixed telephony service continuity and Internet service Broadband	Telephone service	Fixed telephony service continuity and Internet service Broadband	Undefined
27	Comunicaciones Capítulo Ltda.	Private telephone service	Telephone service	Private telephone service	2 Years from July 2016
28	DCV Registros S.A.	Administration of shareholders register	Administration of shareholders register	Comprehensive and personalized attention of the shareholders of BCI and brokers.	Undefined
29	Digitech Solutions S.A.	Document digitalization	Document Scanning Service	Digitizing documents Back Office, Comex, document management Mortgage and Corporate Banking	Undefined
30	Engage S.A. Servicios y Asesorías en Comunicaciones Publicas Marketing	Internal Marketing Consulting	Advisory	Consulting and Advertising Agency Services	Undefined
31	EMC Chile S.A.	Government and Migration	Data	Government of Migration and Data Centre Moving	Undefined
32	Galería de Arte Patricia Ready Ltda.	Exhibition Hall Art Gallery	Auspice	Ensure BCI brand presence in all invitations printed for each exhibition and in the invitation in digital format. Include the BCI logo in all catalogues.	Undefined
33	GTD Teleductos S.A.	Lease of data links	Telephone service	Telephone Supply	Finished
34	IBM Chile S.A.	Computer Equipment and Solutions	Technology support service	Computer Equipment and Solutions and support staff (specialists)	Undefined
35	Irarrazabal Ruiz-Tagle Goldenberg Lagos & Silva Abogados Ltda.	Intangible Services Lawyers Presidency	Advisory	Professional Advice in General to the Bank and Subsidiaries	Undefined
36	Inmobiliaria Anya S.A.	Rent for BCI branch	Lease	Lo Echevers branch lease	8 years
37	Let´s Talk Spa	Electronic messaging	Messaging services	Instant Messaging	3 months
38	Mario Gómez D.	Advisory and consultancy	Advisory	Development of Banking Plan. Integral Consulting to the Bank Management.	Undefined
39	Oliver Wyman	Advisory	Advisory	Strategic Consulting Services - Project “Transaction Banking”	Undefined
40	Telesat Compañía de Teléfonos S.A.	Lease of data links	Telephone service	Local Service Measured traffic	Undefined

NOTE 35 - ASSETS AND LIABILITIES AT FAIR VALUE

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

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

	As of December 31, 2016		As of December 31, 2015	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
	MCh$	**MCh$**	**MCh$**	**MCh$**
Assets				
Cash and deposits in banks	1,577,565	1,577,565	1,272,552	1,272,552
Items in course of collection	264,265	264,265	434,550	434,550
Trading portfolio financial assets	1,267,979	1,267,979	1,298,131	1,298,131
Investments under agreements to resell	116,461	116,461	206,105	206,105
Derivative financial agreements	1,360,247	1,360,247	1,499,423	1,499,423
Loans and receivables to banks, net	223,228	223,228	169,416	169,416
Loans and receivables to customers, net	21,954,346	24,020,556	19,770,529	23,310,617
Commercial loans	14,459,695	14,648,198	12,994,394	14,325,693
Mortgage loans	4,967,162	6,067,665	4,462,499	5,779,691
Consumer loans	2,527,489	3,304,693	2,313,636	3,205,233
Financial investments available for sale	2,524,500	2,524,500	2,407,882	2,407,882
Financial investments held to maturity	872	872	708	708
TOTAL ASSETS	**29,289,463**	**31,355,673**	**27,059,296**	**30,599,384**
Liabilities				
Current accounts and demand deposits	8,194,263	8,194,263	8,047,288	8,047,288
Items in course of collection	132,507	132,507	255,800	255,800
Liabilities under agreements to repurchase	799,844	799,844	449,128	449,128
Term deposits and savings accounts	9,957,688	9,994,254	9,301,896	9,479,252
Derivative financial agreements	1,420,086	1,420,086	1,535,191	1,535,191
Borrowings from financial institutions	1,648,764	1,648,764	1,790,090	1,790,179
Debt issued	4,398,430	5,064,358	3,822,650	4,343,151
Other financial liabilities	953,246	953,246	746,946	746,946
TOTAL LIABILITIES	**27,504,828**	**28,207,322**	**25,948,989**	**26,646,935**

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

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

Loans and receivable to customers.
Loans and receivables to customers are presented net of their allowance for loan losses and impairment.

The estimated fair value represents the discounted future cash flows expected to be received.

Cash flows are discounted at market interest rate, using an interbank rate that considers the relevant term and currency.

NOTE 35 - ASSETS AND LIABILITIES AT FAIR VALUE, Continued

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

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

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

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

Deposits and other borrowings

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

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

Interbank borrowings

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

Issued debt instruments

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

Fixed Income Securities and Derivatives

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

Other balance sheet accounts

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

NOTE 35 - ASSETS AND LIABILITIES AT FAIR VALUE, Continued

b) Financial instruments measured at fair value

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

c) Hierarchy used for determining the fair value

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

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

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

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

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

NOTE 35 - ASSETS AND LIABILITIES AT FAIR VALUE, Continued

Financial assets and liabilities classified by valuation levels

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

	Level 1		Level 2		Level 3		Total	
Financial Assets	**December 2016**	**December 2015**	**December 2016**	**December 2015**	**December 2016**	**December 2015**	**December 2016**	**December 2015**
	MCh$	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Trading portfolio financial assets								
State and Central Bank of Chile	712,788	903,976	-	-	-	-	712,788	903,976
Other domestic institutions	495,393	352,971	-	-	-	-	495,393	352,971
Foreign institutions	1,309	158	-	-	-	-	1,309	158
Investments in mutual funds	58,489	41,026	-	-	-	-	58,489	41,026
Subtotal	**1,267,979**	**1,298,131**	**-**	**-**	**-**	**-**	**1,267,979**	**1,298,131**
Trading derivative contracts	-	-						
Forwards	-	-	125,632	240,951	-	-	125,632	240,951
Swaps	-	-	918,642	1,002,210	25,240	31,043	943,882	1,033,253
Call options	-	-	1,147	4,889	-	-	1,147	4,889
Put options	-	-	3	2,519	-	-	3	2,519
Futures	-	-	137	50	-	-	137	50
Subtotal	**-**	**-**	**1,045,561**	**1,250,619**	**25,240**	**31,043**	**1,070,801**	**1,281,662**
Hedging Derivatives								
Forwards	-	-	22,552	16,541	-	-	22,552	16,541
Fair value hedges (Swap)	-	-	85,932	87,160	-	-	85,932	87,160
Cash flow hedges (Swap)	-	-	196,397	125,002	-	-	196,397	125,002
Subtotal	**-**	**-**	**304,881**	**228,703**	**-**	**-**	**304,881**	**228,703**
Financial investment available for sale	-	-						
State and Central Bank of Chile	746,217	627,419	-	-	-	-	746,217	627,419
Other domestic institutions	276,509	148,568	-	-	-	-	276,509	148,568
Foreign institutions	1,501,774	1,631,895	-	-	-	-	1,501,774	1,631,895
Subtotal	**2,524,500**	**2,407,882**	**-**	**-**	**-**	**-**	**2,524,500**	**2,407,882**
Total Financial Assets	**3,792,479**	**3,706,013**	**1,350,442**	**1,479,322**	**25,240**	**31,043**	**5,168,161**	**5,216,378**
Financial liabilities								
Trading derivative contracts								
Forwards	-	-	123,748	239,325	-	-	123,748	239,325
Swaps	-	-	978,143	1,057,366	-	-	978,143	1,057,366
Call options	-	-	653	6,089	-	-	653	6,089
Put options	-	-	2,293	2,341	-	-	2,293	2,341
Futures	-	-	-	-	-	-	-	-
Subtotal	**-**	**-**	**1,104,837**	**1,305,121**	**-**	**-**	**1,104,837**	**1,305,121**
Hedging Derivatives								
Forwards	-	-	19,352	22,001	-	-	19,352	22,001
Fair value hedges (Swap)	-	-	47,366	76,167	-	-	47,366	76,167
Cash flow hedges (Swap)	-	-	248,531	131,902	-	-	248,531	131,902
Subtotal	**-**	**-**	**315,249**	**230,070**	**-**	**-**	**315,249**	**230,070**
Total Financial Liabilities	**-**	**-**	**1,420,086**	**1,535,191**	**-**	**-**	**1,420,086**	**1,535,191**

The above values do not include adjustments for CVA and Bid Offer, amounted as of December 31, 2016 for MCh$ 15,435 (MCh$ 10,942 as of December 31, 2015).

Transfers between Levels 1 and 2

Bank and its subsidiaries have not made any transfers of financial assets or liabilities between Levels 1 and 2 during the year 2016.

Level 3 valuation reconciliation

As of December 31, 2016 the Consolidated Statements of Financial Position has assets classified as Level 3 which relate to Swap TAB contracts for which there are no market observable inputs.

NOTE 35 - ASSETS AND LIABILITIES AT FAIR VALUE, Continued

d) Valuation of La Polar Bonds

As of December 31, 2016, 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 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 business activities involve identifying, evaluating, accepting and managing different kinds of risk or combinations of them. The main categories of risk to which the corporation is exposed are credit, liquidity, market, operations, and legal and reputation risks.

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

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

The senior strategic unit is the Board of Director. 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 Finances 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.

NOTE 36 - RISK MANAGEMENT, Continued

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.

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

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

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

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

2. Liquidity and financing

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 model has four central 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 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 financing for balances of current accounts and deposits, which are the Bank's main sources of liquidity. This is performed using a periodic evaluation framework of the additional needs of financing due to events of tight liquidity, together with the monitoring of the market, In this way, the periodic generation, projection, evaluation, and analysis of liquidity stress scenarios facilitate the anticipation of future difficulties and the agile and reliable execution of preventive actions before unfavourable scenarios.

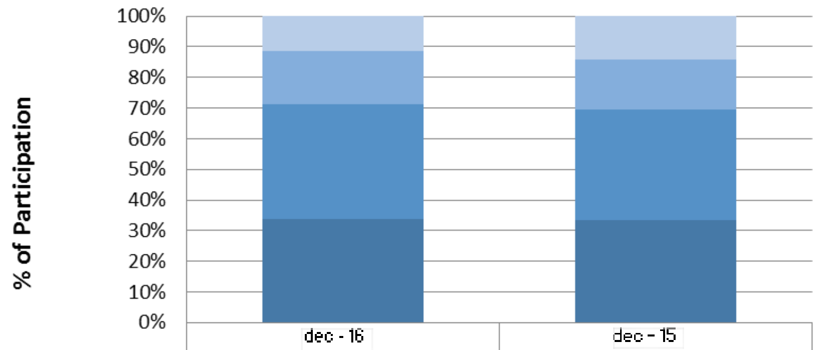
At the regulatory level, liquidity is measured and reported to the SBIF through the standardized reports. According to bank regulations, the Bank has been authorized to use an adjusted liquidity model, generating procedures and models that allow an evaluation of future income and liabilities that affect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

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

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

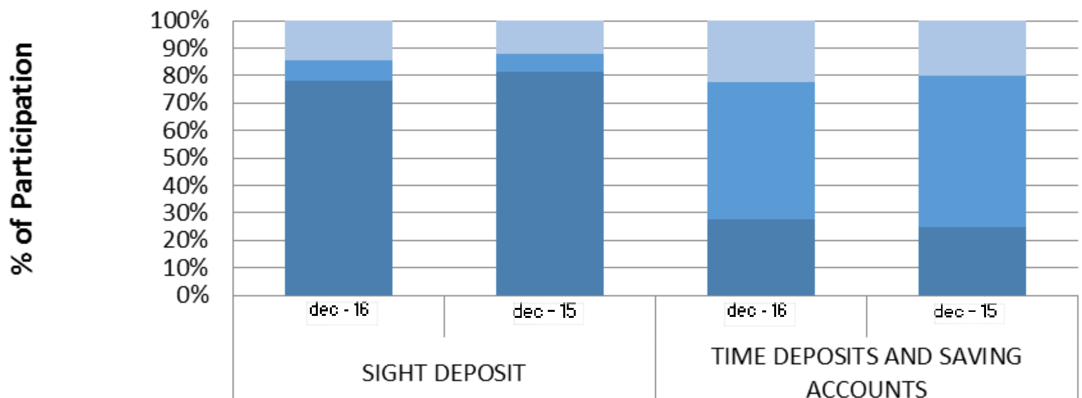
NOTE 36 - RISK MANAGEMENT, Continued

Fig. 1. Evolution of principal funding sources
As of December 31, 2016 and 2015,
Banco de Crédito e Inversiones and City National Bank (CNB)



	dec - 16	dec - 15
Other liabilities	11%	14%
Debt issued	17%	16%
Time deposits and saving accounts	38%	36%
Sight deposit	34%	33%

Fig. 2. Diversification of liquidity sources by segment,
As of December 31, 2016 and 2015 (%),
Banco de Crédito e Inversiones and City National Bank of Florida (CNB)



	SIGHT DEPOSIT		TIME DEPOSITS AND SAVING ACCOUNTS	
	dec - 16	dec - 15	dec - 16	dec - 15
Other Wholesale	15%	12%	22%	20%
Financial	8%	6%	50%	55%
Retail	78%	81%	28%	25%

NOTE 36 - RISK MANAGEMENT, Continued

a. Year 2016 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
As of December 31, 2016 and 2015 (maximum = 1)

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

	December 31, 2016				December 31, 2015			
	Average	Maximum	Minimum	Closure	Average	Maximum	Minimum	Closure
Mismatch 30 days	52.74%	87.35%	19.96%	57.23%	18.6%	85.9%	(24.5%)	85.9%
Mismatch 90 days (*)	60.56%	81.96%	43.02%	52.88%	44.6%	68.6%	28.3%	68.6%

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

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

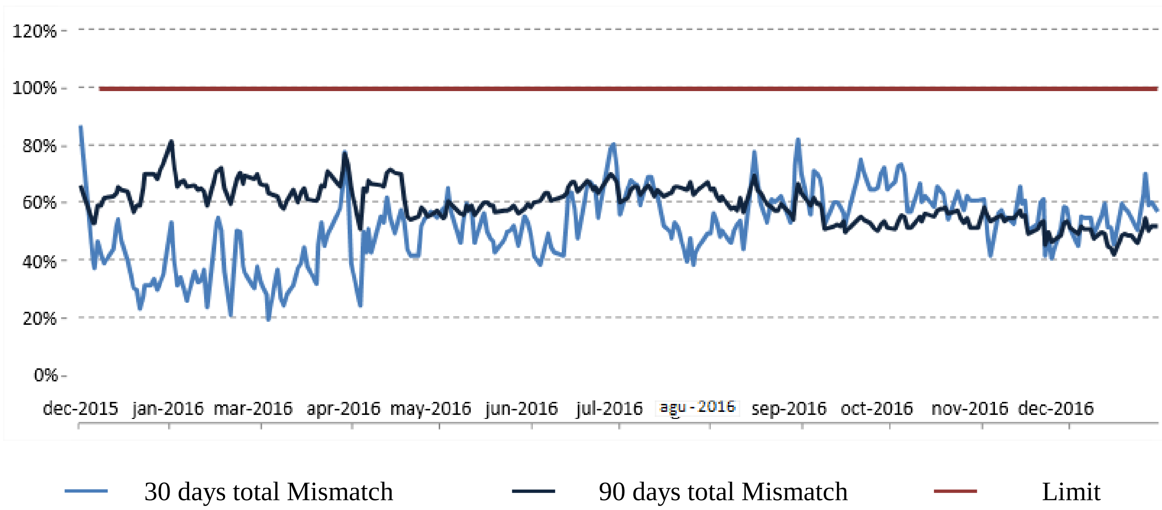
	December 31, 2016				December 31, 2015			
	Average	Maximum	Minimum	Closure	Average	Maximum	Minimum	Closure
Mismatch 30 days	40.74%	68.01%	3.38%	38.94%	15.3%	66.2%	(23.6%)	66.2%

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

	December 31, 2016				December 31, 2015			
	Average	Maximum	Minimum	Closure	Average	Maximum	Minimum	Closure
Mismatch 30 days	12.00%	35.46%	(20.22)%	18.29%	3.3%	27.9%	(35.5%)	19.8%

NOTE 36 - RISK MANAGEMENT, Continued

Fig. 4, Liquidity Evolution (domestic consolidation) during 2016 (maximum = 1)
Liquidity 30 days = Mismatch/Basic Capital
*Liquidity 90 days = Mismatch /2*Basic Capital*



3. Market Risk

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

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

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

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

NOTE 36 - RISK MANAGEMENT, Continued

a) Top holdings

The principal positions of the Consolidation Statements of Financial Position as of December 31, 2016 are listed by maturity band or repricing and their comparison to the year 2015.

Fig. 5. Carrying amount to maturity range or re-pricing by currency
Positions as of December 31, 2016 (MCh$)

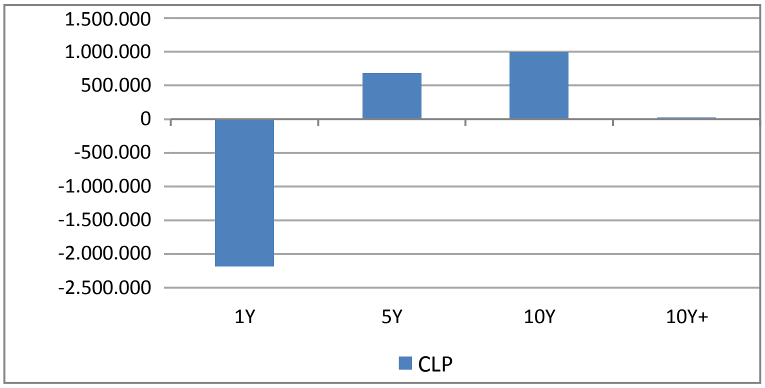
ASSETS	**1Y**	**5Y**	**10Y**	**10Y+**	**Total**
Ch$	8,171,804	4,183,709	1,047,259	27,023	13,429,795
UF	3,831,611	3,810,344	2,569,311	1,911,780	12,123,046
MX	6,072,766	2,406,341	1,181,559	216,156	9,876,822
TOTAL	**18,076,181**	**10,400,394**	**4,798,129**	**2,154,959**	**35,429,663**

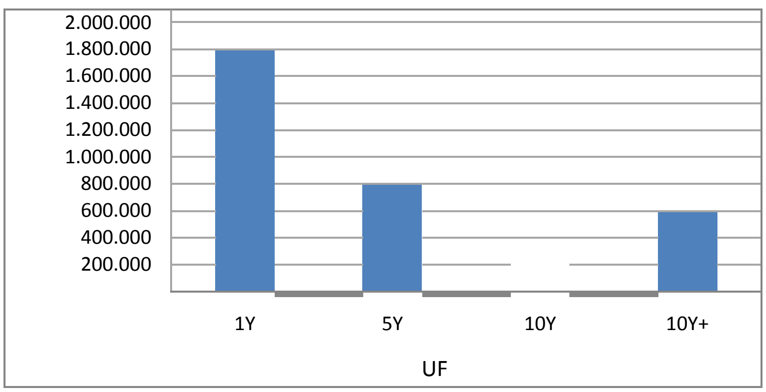
LIABILITIES	**1Y**	**5Y**	**10Y**	**10Y+**	**Total**
Ch$	10,354,038	3,501,342	53,000	-	13,908,380
UF	2,060,951	3,045,726	2,280,892	1,297,351	8,684,920
MX	5,438,516	3,561,334	544,904	52,122	9,596,876
TOTAL	**17,853,505**	**10,108,402**	**2,878,796**	**1,349,473**	**32,190,176**

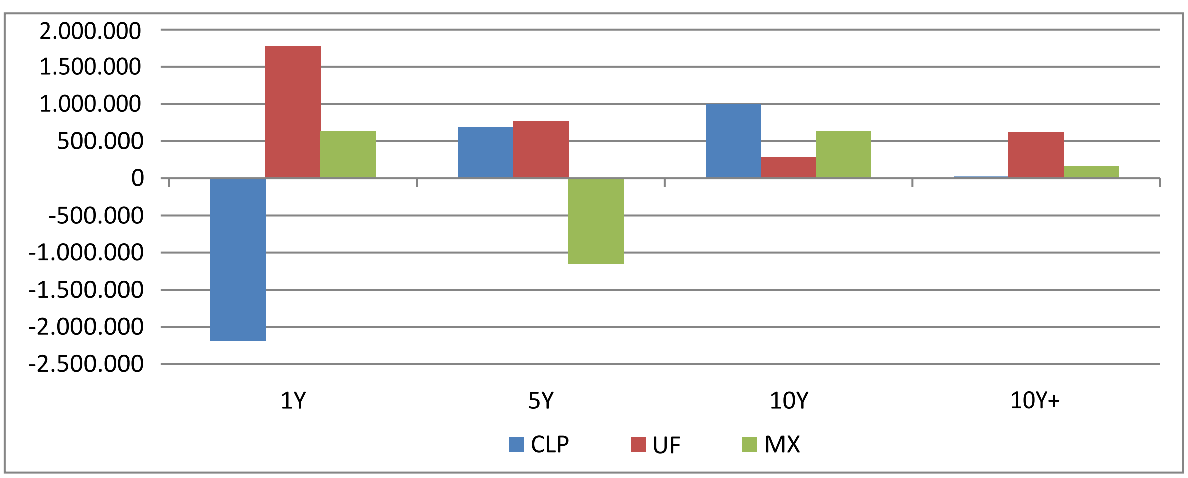
MISMATCH	**1Y**	**5Y**	**10Y**	**10Y+**	**Total**
Ch$	(2,182,234)	682,367	994,259	27,023	(478,585)
UF	1,770,660	764,618	288,419	614,429	3,438,126
MX	634,250	(1,154,993)	636,655	164,034	279,946
TOTAL	**222,676**	**291,992**	**1,919,333**	**805,486**	**3,239,487**

NOTE 36 - RISK MANAGEMENT, Continued

Fig. 6. Carrying amount to maturity range or re-pricing by currency positions
As of December 31, 2016 (MCh$)







NOTE 36 - RISK MANAGEMENT, Continued

Fig. 7. Carrying amount to maturity range or re-pricing by currency positions
As of December 31, 2015 (MCh$)

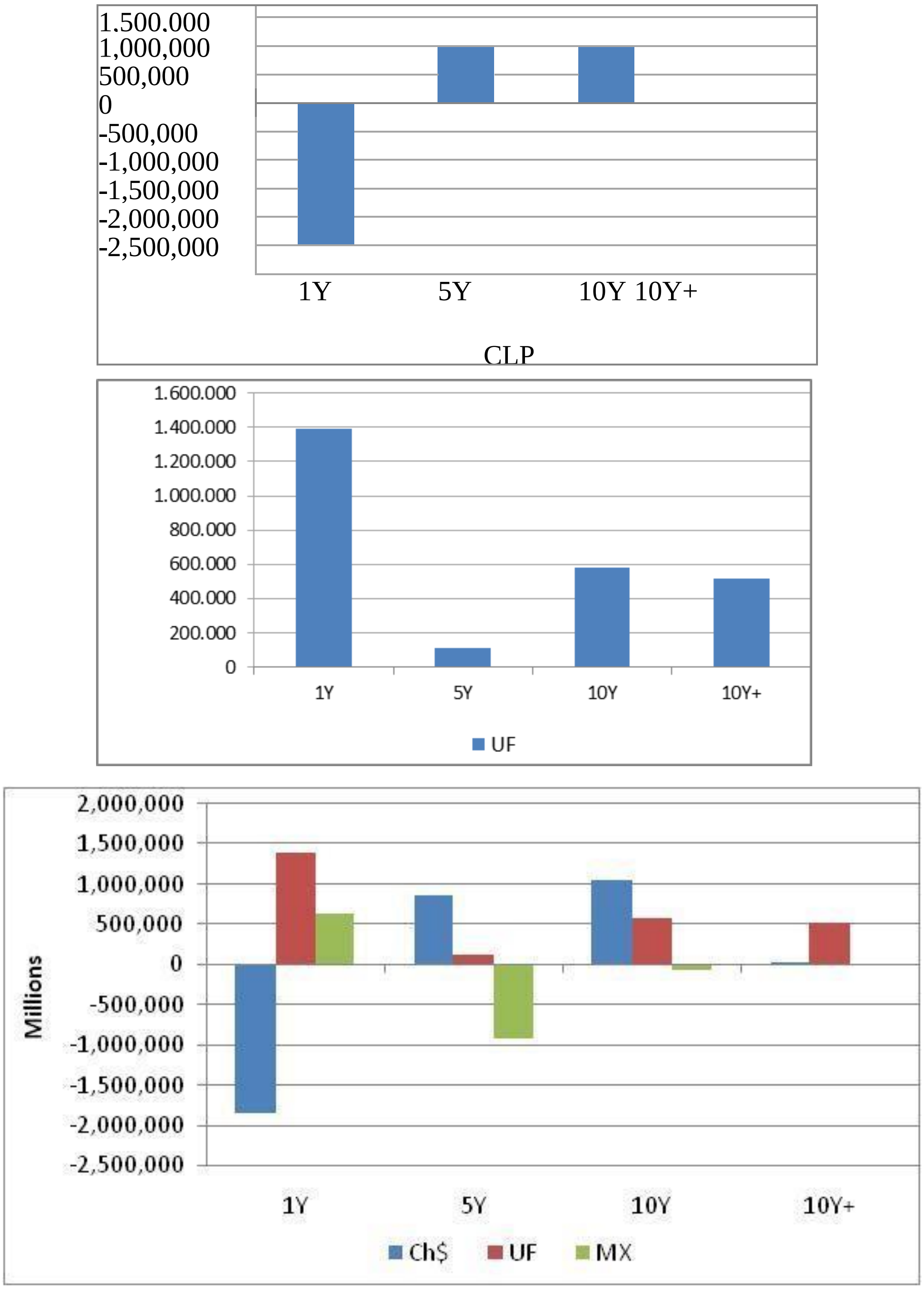
ASSETS	1Y	5Y	10Y	10Y+	Total
CLP	7,898,612	4,499,710	1,048,340	33,036	13,479,698
UF	3,633,918	3,412,111	2,391,880	1,706,710	11,144,619
MX	5,844,826	2,119,083	1,196,583	247,359	9,407,851
TOTAL	**17,377,356**	**10,030,904**	**4,636,803**	**1,987,105**	**34,032,168**

LIABILITIES	1Y	5Y	10Y	10Y+	Total
CLP	10,331,245	3,640,984	5	-	13,972,234
UF	2,245,063	3,301,122	1,813,274	1,189,107	8,548,566
MX	4,435,594	4,139,748	392,899	18,212	8,986,453
TOTAL	**17,011,902**	**11,081,854**	**2,206,178**	**1,207,319**	**31,507,253**

MISMATCH	1Y	5Y	10Y	10Y+	Total
CLP	(2,432,633)	858,726	1,048,335	33,036	(492,536)
UF	1,388,855	110,989	578,606	517,603	2,596,053
MX	1,409,232	(2,020,665)	803,684	229,147	421,398
TOTAL	**365,454**	**(1,050,950)**	**2,430,625**	**779,786**	**2,524,915**

NOTE 36 - RISK MANAGEMENT, Continued

Fig. 8. Carrying amount to maturity range or re-pricing by currency positions
As of December 31, 2015 (MCh$)



NOTE 36 - RISK MANAGEMENT, Continued

Fig. 9. Carrying amount to maturity range or re-pricing by Account positions
As of December 31, 2016 (MCh$)

ASSETS	**1Y**	**5Y**	**10Y**	**10Y+**	**TOTAL**
Central Bank of Chile	12,721	226,141	-	-	238,862
Domestic banks and financial institutions	136,825	131,917	27,216	10,575	306,533
Investments under agreements to resell	-	-	-	-	-
Commercial loans	8,226,445	2,670,792	1,399,234	585,563	12,882,034
Consumer loans	1,025,877	1,560,216	85,003	66,153	2,737,249
Negotiable residential mortgage loans	760,596	2,066,290	1,400,874	1,271,792	5,499,552
Residential mortgage loans with funding notes	26,093	18,565	3,983	2	48,643
Cash	1,604,090	-	-	-	1,604,090
Forwards	448,271	109,320	-	-	557,591
Chilean State	324,968	971,242	240,765	106,460	1,643,435
Consumer leasing	30	-	-	-	30
Commercial leasing operation	384,145	528,238	172,317	42,085	1,126,785
Other domestic entities	-	-	-	-	-
Other foreign entities	26,086	146,431	227,839	4,591	404,947
Other assets	1,695,617	41,305	42,549	64	1,779,535
Other residential mortgage loans	344,986	302,674	103,628	67,674	818,962
Others	-	-	-	-	-
Swaps	3,059,431	1,627,263	1,094,721	-	5,781,415
Total Assets	**18,076,181**	**10,400,394**	**4,798,129**	**2,154,959**	**35,429,663**

LIABILITIES	**1Y**	**5Y**	**10Y**	**10Y+**	**TOTAL**
Ordinary bonds	674,704	1,756,643	1,330,479	171,921	3,933,747
Subordinated bonds	46,680	172,941	212,563	1,125,427	1,557,611
Deferred-drawing savings accounts	41,807	-	-	-	41,807
Unconditional-drawing savings accounts	90,410	-	-	-	90,410
Demand deposits (*)	2,247,548	5,816,944	-	-	8,064,492
Term deposits	9,177,939	126,978	-	-	9,304,917
Forwards	442,632	105,389	-	-	548,021
Letters of credit	7,295	16,067	5,096	3	28,461
Other liabilities	658,094	-	-	52,122	710,216
Others, except options	-	-	-	-	-
Foreign loans and other obligations	1,618,068	304,246	-	-	1,922,314
Domestic loans and other obligations	137,798	33,784	2,416	-	173,998
Swaps	2,517,738	1,775,410	1,328,242	-	5,621,390
Liabilities under agreements to repurchase	192,792	-	-	-	192,792
Total Liabilities	**17,853,505**	**10,108,402**	**2,878,796**	**1,349,473**	**32,190,176**

(*) Determined in accordance with internal models.

NOTE 36 - RISK MANAGEMENT, Continued

Fig. 10. Carrying amount to maturity or re-pricing by account positions
As of December 31, 2015 (MCh$)

ASSETS	1Y	5Y	10Y	10Y+	TOTAL
Central Bank of Chile	14,711	262,837	64,293	-	341,841
Domestic banks and financial institutions	69,250	85,832	31,881	14,131	201,094
Investments under agreements to resell	49,794	-	-	-	49,794
Commercial loans	7,285,639	2,466,180	1,186,647	499,200	11,437,666
Consumer loans	941,598	1,395,249	66,861	57,876	2,461,584
Negotiable residential mortgage loans	723,234	1,807,380	1,237,144	1,124,079	4,891,837
Residential mortgage loans with funding notes	39,974	24,595	6,564	41	71,174
Cash	1,340,177	-	-	-	1,340,177
Forwards	571,631	557,591	-	-	1,129,222
Chilean State	219,560	830,673	457,270	166,877	1,674,380
Consumer leasing	1,272	2,050	46	14	3,382
Commercial leasing operation	399,570	516,911	173,216	40,745	1,130,442
Other domestic entities	-	-	-	-	-
Other foreign entities	23,313	141,668	198,796	5,656	369,433
Other assets	1,965,248	15,580	43,028	37	2,023,893
Other residential mortgage loans	302,370	316,566	102,492	75,360	796,788
Others	-	-	-	-	-
Swaps	3,430,015	1,607,792	1,068,565	3,089	6,109,461
Total Assets	**17,377,356**	**10,030,904**	**4,636,803**	**1,987,105**	**34,032,168**

LIABILITIES	1Y	5Y	10Y	10Y+	TOTAL
Ordinary bonds	213,056	1,977,121	1,140,226	-	3,330,403
Subordinated bonds	49,890	172,690	205,144	1,137,278	1,565,002
Deferred-drawing savings accounts	41,735	-	-	-	41,735
Unconditional-drawing savings accounts	91,206	-	-	-	91,206
Demand deposits (*)	2,216,079	5,652,921	-	-	7,869,000
Term deposits	8,327,318	461,378	5	1	8,788,702
Forwards	571,944	533,085	-	-	1,105,029
Letters of credit	8,900	21,033	8,459	91	38,483
Other liabilities	809,858	-	-	18,211	828,069
Others, except options	-	-	-	-	-
Foreign loans and other obligations	1,333,668	535,008	-	-	1,868,676
Domestic loans and other obligations	71,025	37,012	3,637	-	111,674
Swaps	3,215,055	1,691,606	848,707	51,738	5,807,106
Liabilities under agreements to repurchase	62,168	-	-	-	62,168
Total Liabilities	**17,011,902**	**11,081,854**	**2,206,178**	**1,207,319**	**31,507,253**

(*) 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 December 31, 2016 and 2015 are stated below.

Fig. 11. Fair Value of Financial Investments Available for Sale
As of December 31, 2016 (MCh$)
Banco de Crédito e Inversiones and City National Bank of Florida (CNB)

	Ch$	**UF**	**USD**	**EUR**	**OTHERS**
Sovereign bonds	424,613	91,894	82,923	104,232	-
Corporate bonds	12,483	9,053	113,612	-	-
Financial institutions bonds	47,383	1,724	1,286,862	-	-
Mortgage-funding notes	-	62,009	-	-	-
Term deposits	94,831	5,561	-	-	-
Investment funds (*)	-	-	124	-	-
Shares (*)	-	-	686	-	-
Total	**579,310**	**170,241**	**1,484,207**	**104,232**	**-**

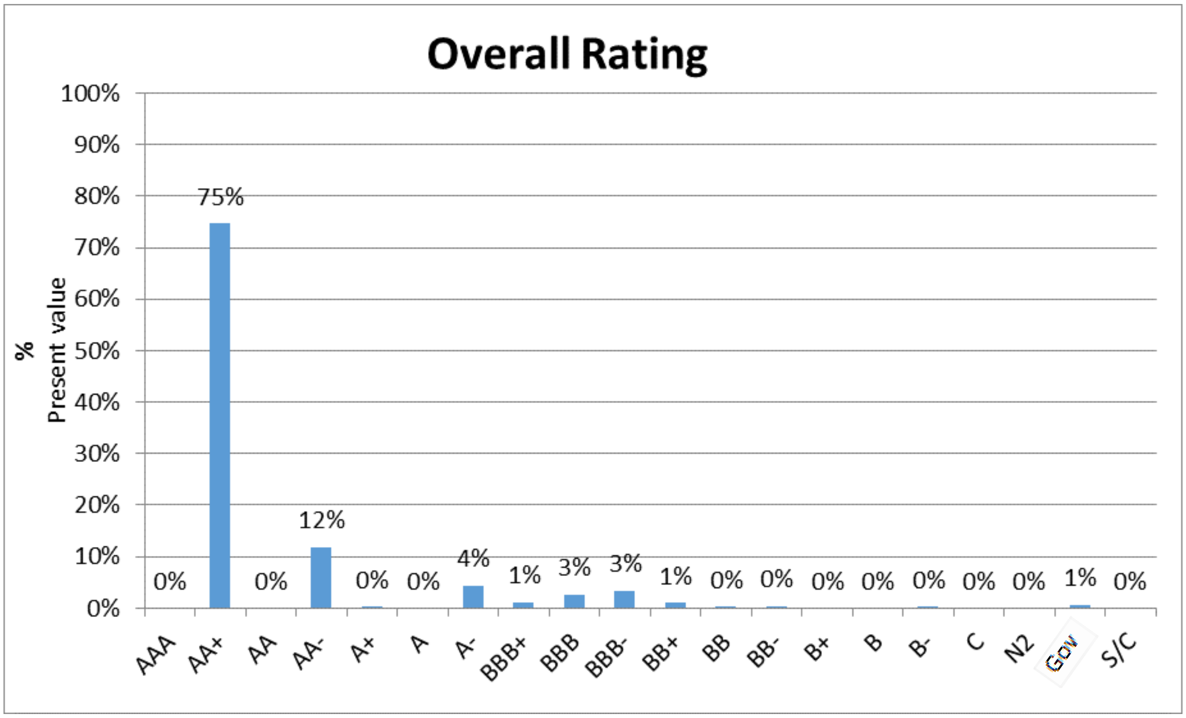
Fig. 11.b Fair Value of Financial Investments Available for Sale
As of December 31, 2015 (MCh$)
Banco de Crédito e Inversiones and City National Bank of Florida (CNB)

	Ch$	**UF**	**USD**	**EUR**	**OTHERS**
Sovereign bonds	514,492	93,800	70,017	35,655	-
Corporate bonds	15,826	10,815	149,319	-	-
Financial institutions bonds	31,005	8,319	1,266,798	-	-
Mortgage-funding notes	-	77,172	-	-	-
Term deposits	1,697	14,219	-	-	-
Investment funds (*)	-	-	98	-	-
Shares (*)	-	-	501	-	-
Total	**563,020**	**204,325**	**1,486,733**	**35,655**	**-**

(*) Investment funds and shares correspond to the CNB’s available for sale portfolio.

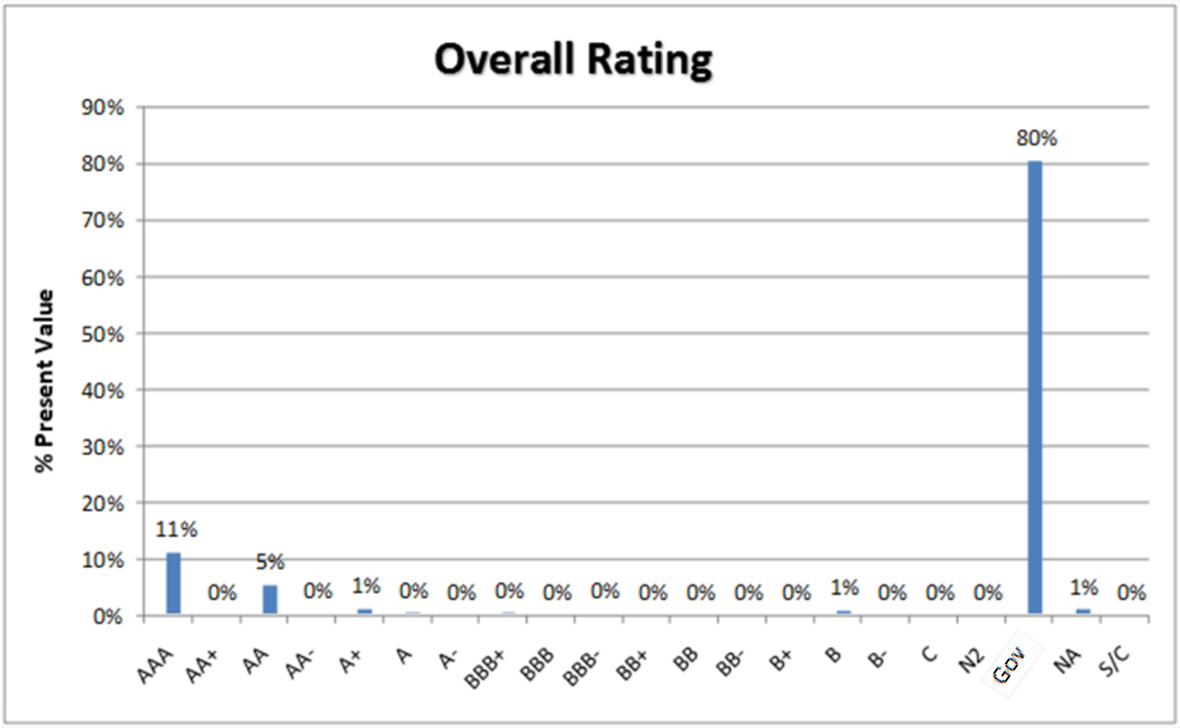
NOTE 36 - RISK MANAGEMENT, Continued

Fig. 12. Financial Investments Available for Sale
Internationally-Issued Bond Portfolio Credit Rating as of December 31, 2016 (%)
Banco de Crédito de Inversiones and City National Bank of Florida (CNB)



NOTE 36 - RISK MANAGEMENT, Continued

Fig. 13. Financial Investments Available for Sale
Portfolio Risk Classification Bonds and LCH National Emission as of December 31, 2016 (%)
Banco de Crédito de Inversiones



b. Sensitivity analysis

Sensitivity analysis is used to monitor the market risk of positions by sensitivity to each of the risk factors, for example, a change in the present value of 100 basis points in the interest rate is a type of risk factor. This type of model is especially useful for measuring the risk of a mismatch between assets and liabilities, i.e., essentially the banking book.

The regulatory sensitivity measurements perform these analyses by applying interest rates, exchange rates, inflation, commodities positions, shares positions, and exposure to derivative instruments, according to predetermined sensitivities.

The Bank also performs measurements for sub-portfolios and different risk factors.

Among the models used is Market Value Sensitivity or MVS, which measures the change in economic value of equity in the event of a parallel movement of 100 basis points in interest rates.

NOTE 36 - RISK MANAGEMENT, Continued

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) transforming short-term risk to long-term (taking liabilities from short to long term through interest rate swaps) and b) floating long-term placements using interest rate swap.

In the scenario of 100 basis points increase, holding constant other variables, the effects compared at the end of December 2016 and 2015 for the Bank are the following:

- In the short-term, exposure to interest rates as of December 2016 and 2015, amounted to MCh$ 21,597 and MCh$ 31,567 respectively, equivalent to expect an adverse effect on the financial margin over a 12 months horizon.

- The sensitivity rate risk applied to all items in the banking book and all deadlines, measured by MVS, as of December 2016 and 2015, are MCh$ 130,289 and MCh$ 139,289 respectively. The risk maintained its upward trend as in previous periods.

c. Value at Risk

Value-at-Risk (VaR) is a methodology that estimates potential losses that might affect a portfolio as a result of adverse interest-rate movements and/or market-price changes over a period of time and for a certain level of confidence.

The VaR methodology used is a historic simulation that records the *fat-tails* property of the financial income, it uses a window of 4 years of daily data, and it is measured at the first percentile of the P&L distribution or VaR at 99% of confidence, which is the same. The *volatility up dating* technique is used, which records the existence of volatility *clusters*.

The *forecast* horizon is of 1 day. The square root rule is used to escalate this value to the regulatory horizon of ten days.

The value-at-risk model is validated by *back-testing* the daily results, both observed and theoretical. Statistically, excess losses of VaR are expected to be observed on average 1% daily. As of December 31, 2016, *back-test* places the model in the green area of Basel with three fails in the last 250 business days.

NOTE 36 - RISK MANAGEMENT, Continued

Objectives and limitations of the VaR methodology

The objective of the VaR is to measure the risk of a portfolio of assets by determining how much you can lose of the portfolio over a period of time and with a given confidence level under normal market conditions.

This method is very easy to apply in portfolios that include information on relevant market variables, Furthermore, calculation does not depend on correlations and volatilities, as these are implicitly calculated using historical information. However, this means obtaining the history of associated variables for performing this calculation, which implies an effort to have such data. In addition, to have a certain degree of confidence in the measurement, in this case with VaR at 99%, this leads to the loss of 1 in every 100 days, which will be the least as predicted by the VaR, without a possible limit for this value.

- **Stress Testing VaR**

There are limitations of the VaR models, particularly in the presence of extreme events that have not been observed in recent historic information or for not capturing the intra-day movements of the portfolio, therefore, stress situations are modelled to evaluate potential impacts on the value of portfolios in the most extreme, although possible, events. The scenarios used are the following:

I. Historic simulation scenarios that incorporate fluctuations observed during historic extreme events.
II. Monte-Carlo simulation scenarios, which generate multiplicity of possible scenarios from the historic data.
III. Scenarios of sensitivity that consider movements in risk factors that are not captured by the recent history.

- **VaR limits**

The Corporation has set specific limits to the corporate VaR, as well as sub-limits to the trading, balance and available for sale investments portfolios.

d. Position Limit

In addition to the limits of risk models predictive character as VaR and sensitivity analysis, there are accounting limits by maximum positions.

e. Variations

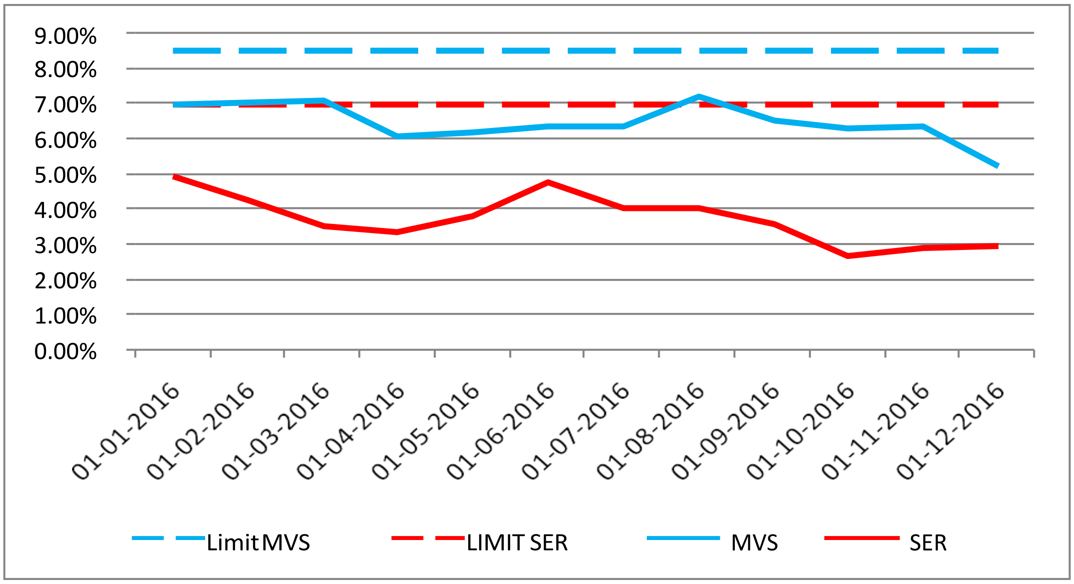
- Sensitivity analysis of the banking book.

The use of hedge accounting and bond, help keep the risk of interest rate bounded in the banking book.

Measuring long-term MVS averaged over 2016 have reached as of December 31, 2016 6.44% (6.27% as of December 31, 2015) of capital over a limit of 8.5%. The SeR, meanwhile, averaged during 2016 3.79% versus an average of 2.64% in 2015. From the June 1, 2015 the SeR limit, which step of 3.35% to 6.50%, was also amended. Both indexes increased rate risk of banking book which are well below the limits.

NOTE 36 - RISK MANAGEMENT, Continued

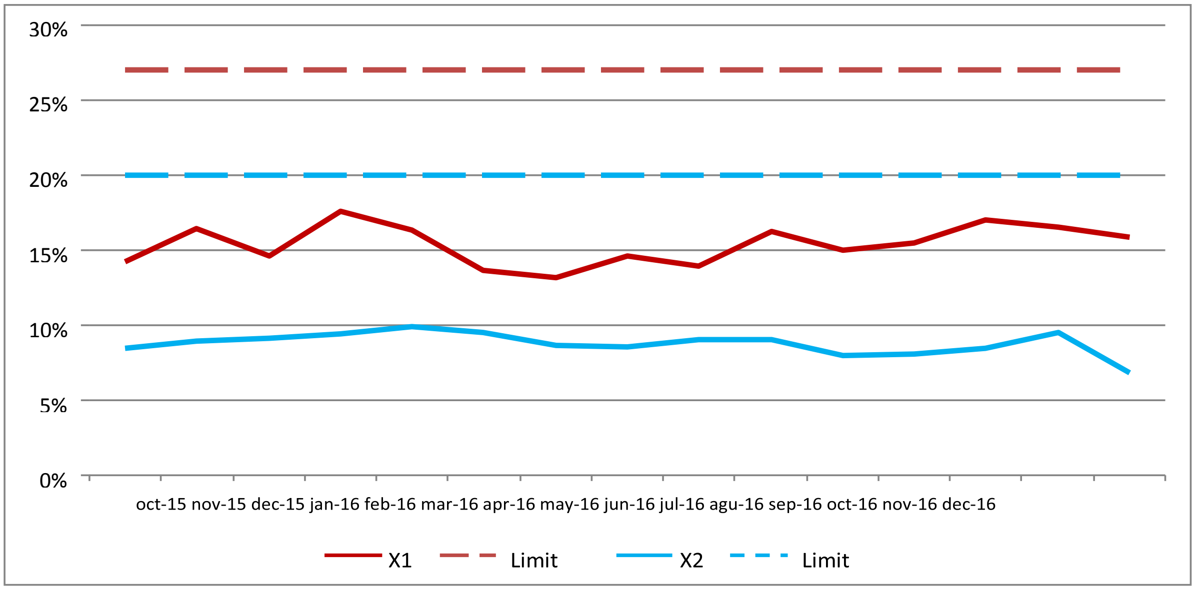
Fig. 14. MVS - SeR
As of December 31, 2016



The evolution of regulatory ratios X1 (exposure to market risk in the short term) and X2 (exposure to market risk in the long term) recorded clearance with the limits so far 2016, mainly due to the management of the balance sheet hedge accounting.

NOTE 36 - RISK MANAGEMENT, Continued

Fig. 15. Regulatory Market Risk X1 - X2
Banco de Crédito e Inversiones and City national Bank of Florida (CNB)
As of December 31, 2016



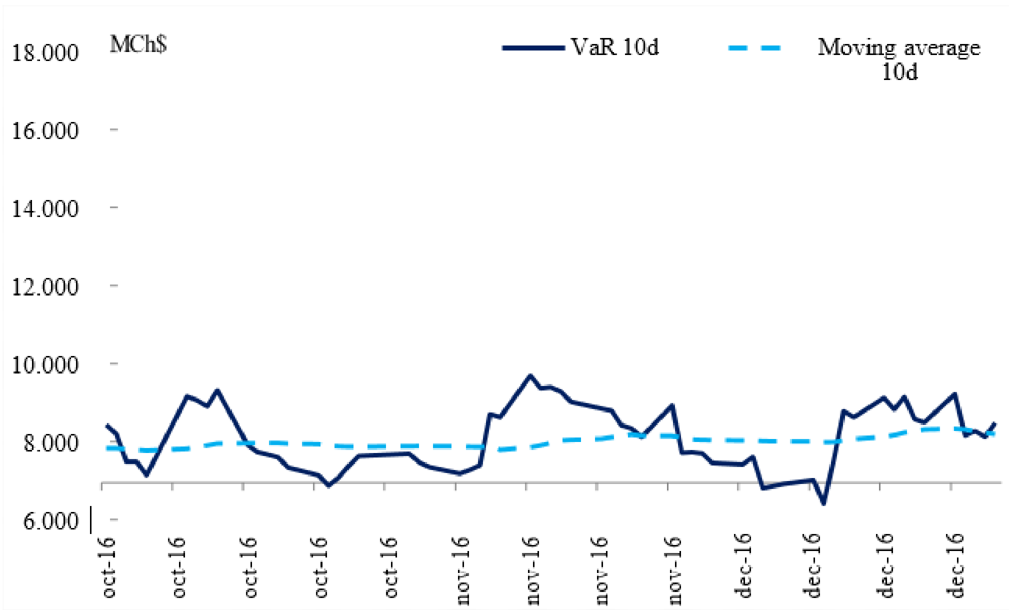
X1: Limit on Financial Margin
X2: Limit on Effective Shareholders Equity

NOTE 36 - RISK MANAGEMENT, Continued

Value at risk

The evolution of the 10-day VaR for the rolling year shown; data as of December 31, 2016.

Fig. 16. Consolidated Value at Risk
As of December 31, 2016 (MCh$)



NOTE 36 - RISK MANAGEMENT, Continued

During 2016, the average consolidated total risk MCh$ 9,554 measured over the regulatory horizon of 10 days experienced an increase of 10% over the 2015 average.

On a consolidated basis, the risk of interest rate averages MCh$ 7,441 while the foreign currency risk averages MCh$ 5,524. In trading the aggregate average was MCh$ 4,963, MCh$ 4,720 for interest rate risk and MCh$ 1,551 for foreign currency risk. Finally, for non-trading portfolios (investments available for sale) the total VaR averaged MCh$ 2,369, MCh$ 1,688 for interest rate risk and MCh$ 1,952 for foreign currency risk.

Fig. 17. Value at risk by portfolio and type of risk
As of December 31, 2016 (MCh$)

a) Consolidated VaR by type of risk (MCh$)

	12 Months ended December 31, 2016			
	Average	**Maximum**	**Minimum**	**Closure**
FX Risk	5,524	13,167	1,636	2,839
Interest rate risk	7,441	11,214	4,405	7,424
Diversification (*)	3,411	7,892	416	1,750
VaR Total	**9,554**	**16,489**	**6,457**	**8,513**

b) VaR trading portfolio by type of risk (MCh$)

	12 Months ended December 31, 2016			
	Average	**Maximum**	**Minimum**	**Closure**
FX Risk	1,551	5,339	73	129
Interest rate risk	4,720	7,983	2,780	4,904
Diversification (*)	1,308	4,658	487	104
VaR Total	**4,963**	**8,664**	**3,340**	**4,929**

c) VaR non-trading portfolio by type of risk (MCh$)

	12 Months ended December 31, 2016			
	Average	**Maximum**	**Minimum**	**Closure**
FX Risk	1,952	7,080	379	1,066
Interest rate risk	1,688	3,685	594	1,510
Diversification (*)	1,271	3,891	365	903
VaR Total	**2,369**	**6,874**	**1,338**	**1,673**

(*) Diversification is defined as the effect of correlation of total VaR.

NOTE 36 - RISK MANAGEMENT, Continued

Fig. 18. Value at Risk by portfolio and type of risk
As of December 31, 2015 (MCh$)

a) Consolidated VaR by type of risk (MCh$)

	12 Months ended December 31, 2015			
	Average	**Maximum**	**Minimum**	**Closure**
FX Risk	4,214	16,491	(1,339)	4,707
Interest rate risk	7,057	10,241	(388)	8,264
Diversification (*)	2,804	13,580	6,485	3,558
VaR Total	**8,467**	**13,152**	**4,758**	**9,413**

b) VaR trading portfolio by type of risk (MCh$)

	12 Months ended December 31, 2015			
	Average	**Maximum**	**Minimum**	**Closure**
FX Risk	2,037	8,210	(1,435)	1,278
Interest rate risk	4,911	6,820	973	5,004
Diversification (*)	1,483	6,658	3,612	1,581
VaR Total	**5,465**	**8,372**	**3,150**	**4,701**

c) VaR non-trading portfolio by type of risk (MCh$)

	12 Months ended December 31, 2015			
	Average	**Maximum**	**Minimum**	**Closure**
FX Risk	1,645	7,527	(134)	1,242
Interest rate risk	2,076	3,279	79	2,040
Diversification	945	4,554	698	985
VaR Total	**2,776**	**6,252**	**643**	**2,297**

(*) 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 following table shows the sensitivity of the fair values to reasonably possible alternative assumptions:

	Recognition in statements of income		Recognition in statements of other comprehensive income	
	Favourable change	Not favourable change	Favourable change	Not favourable change
As of December 31, 2016	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Securities backed by assets held for trading	9	(9)	-	-
Other non-derivative assets held for trading	(25)	25	-	-
Securities backed by available for sales assets	-	-	(128)	128
As of December 31, 2015				
Securities backed by assets held for trading	(107)	107	-	-
Other non-derivative assets held for trading	6	(6)	-	-
Securities backed by available for sales assets	-	-	(156)	156

Currency Risk

The currency risk is defined as the risk that the value of a financial instrument will fluctuate true to changes in exchange rates. The Bank is exposed to the effects of fluctuations in prevailing exchange rates regarding its financial position and cash flows.

NOTE 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 December 31, 2016

MCh$

Assets	**USD**	**EUR**	**Others**
Cash	441,302	32,809	2,578
Commercial loans	2,025,710	27,943	651
Investments under agreement to resell	-	-	-
Commercial leasing operations	58,628	-	-
Mortgage loans LC	-	-	-
Mortgage loans MHE	-	-	-
Other mortgage loans	-	-	-
Residential leasing	-	-	-
Consumer loans	16,366	-	-
Consumer leasing	-	-	-
Commercial loans LCS	-	-	-
Consumer loans LCS	-	-	-
Central Bank of Chile	-	-	-
State of Chile	-	-	-
Domestic banks and financial institutions	-	-	-
Other domestic entities	1,618	-	-
State and governments bodies MX	-	-	-
Foreign banks	-	-	-
Other foreign entities	150,562	107,659	-
Forward	5,933,173	128,593	57,902
Futures	19,869	-	-
Swaps	10,133,742	112,798	98,348
Other, excluding options	-	-	-
Other assets	977,551	3,719	371
Delta options	81,860	-	473
Total Assets	**19,840,381**	**413,521**	**160,323**

Liabilities	**USD**	**EUR**	**Others**
Demand deposits	679,829	44,752	581
Term deposits	937,044	6,519	-
Saving accounts with deferred withdrawal	-	-	-
Savings accounts with unconditional withdrawal	-	-	-
Liabilities under agreements to repurchase	7,377	-	-
Loans and other liabilities contracted MN	8,407	-	-
Loans and other liabilities contracted MX	1,019,354	944	-
Letters of credit	-	-	-
Ordinary bonds	737,748	14,924	96,173
Subordinated bonds	-	-	-
Forward	5,919,009	137,385	59,511
Futures	19,732	-	-
Swaps	10,227,777	216,304	-
Other, excluding options	-	-	-
Other liabilities	413,814	2,334	87
Delta Options	12,221	-	473
Total Liabilities	**19,982,312**	**423,162**	**156,825**
Net	**(141,931)**	**(9,641)**	**3,498**

NOTE 36 - RISK MANAGEMENT, Continued

As of December 31, 2015

MCh$

Assets	USD	EUR	Others
Cash	450,794	43,713	3,792
Commercial loans	4,161,843	20,952	302
Investments under agreement to resell	35,388	-	-
Commercial leasing operations	58,774	-	-
Mortgage loans LC	-	-	-
Mortgage loans MHE	567,356	-	-
Other mortgage loans	-	-	-
Residential leasing	-	-	-
Consumer loans	135,711	-	-
Consumer leasing	-	-	-
Commercial loans LCS	-	-	-
Consumer loans LCS	-	-	-
Central Bank of Chile	-	-	-
State of Chile	-	-	-
Domestic banks and financial institutions	-	-	-
Other domestic entities	1,716	-	-
State and governments bodies MX	-	-	-
Foreign banks	-	-	-
Other foreign entities	1,299	35,240	-
Forward	7,373,465	307,706	144,981
Futures	3,051	-	-
Swaps	9,763,773	20,530	101,263
Other, excluding options	-	-	-
Other assets	81,711	5,795	68
Delta options	133,525	5,592	48,557
Total Assets	**22,768,406**	**439,528**	**298,963**

Liabilities	USD	EUR	Others
Demand deposits	3,548,266	45,594	139
Term deposits	1,237,524	11,365	-
Saving accounts with deferred withdrawal	-	-	-
Savings accounts with unconditional withdrawal	-	-	-
Liabilities under agreements to repurchase	62,239	-	-
Loans and other liabilities contracted MN	46,854	-	-
Loans and other liabilities contracted MX	1,844,440	1,475	524
Letters of credit	-	-	-
Ordinary bonds	778,525	-	100,305
Subordinated bonds	-	-	-
Forward	6,813,681	297,358	150,696
Futures	3,024	-	-
Swaps	10,221,787	58,321	-
Other, excluding options	-	-	-
Other liabilities	534,596	18,869	5,634
Delta options	98,791	16,580	42,063
Total Liabilities	**25,189,727**	**449,562**	**299,361**
Net	**(2,421,321)**	**(10,034)**	**(398)**

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, 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents Management's assessment of reasonable possible changes in exchange rates.

The sensitivity analysis includes only outstanding monetary items denominated in foreign currencies and it adjusts its conversion at the end of the period, of which it reports a 10% change in the exchange rates. The sensitivity analysis includes external loans as well as loans to foreign operations with the Bank where the loan is denominated in a currency other than the functional currency of the lender or the borrower. A positive number below indicates an increase in earnings and other net equity when the Chilean peso goes up by 10%, compared to the corresponding currency.

In the case of a low of 10% of the Chilean peso against the relevant currency, a comparable impact on the earnings and other equity would be produced, and the balances would be negative, as shown below.

NOTE 36 - RISK MANAGEMENT, Continued

MCh$	As of December 31, 2016			
	Decrease 10%		Increase 10%	
Assets	**USD**	**EUR**	**USD**	**EUR**
Cash	397,172	29,528	485,432	36,090
Commercial loans	1,823,139	25,149	2,228,281	30,738
Investments under agreement to resell	-	-	-	-
Commercial leasing operations	52,765	-	64,490	-
Mortgage loans LC	-	-	-	-
Mortgage loans MHE	-	-	-	-
Other mortgage loans	-	-	-	-
Residential leasing	-	-	-	-
Consumer loans	14,729	-	18,002	-
Consumer leasing	-	-	-	-
Commercial loans LCS	-	-	-	-
Consumer loans LCS	-	-	-	-
Central Bank of Chile	-	-	-	-
State of Chile	-	-	-	-
Domestic banks and financial institutions	-	-	-	-
Other domestic entities	1,456	-	1,780	-
State and governments bodies MX	-	-	-	-
Foreign banks	-	-	-	-
Other foreign entities	135,506	96,893	165,619	118,424
Forward	5,339,855	115,734	6,526,490	141,453
Futures	17,882	-	21,856	-
Swaps	9,120,368	101,519	11,147,116	124,078
Other, excluding options	-	-	-	-
Other assets	879,796	3,347	1,075,306	4,091
Delta options	73,674	-	90,046	-
Total Assets	**17,856,342**	**372,170**	**21,824,418**	**454,874**

Liabilities	**USD**	**EUR**	**USD**	**EUR**
Demand deposits	611,846	40,277	747,812	49,228
Term deposits	843,340	5,867	1,030,748	7,171
Saving accounts with deferred withdrawal	-	-	-	-
Savings accounts with unconditional withdrawal	-	-	-	-
Liabilities under agreements to repurchase	6,640	-	8,115	-
Loans and other liabilities contracted MN	7,566	-	9,248	-
Loans and other liabilities contracted MX	917,419	850	1,121,289	1,039
Letters of credit	-	-	-	-
Ordinary bonds	663,973	13,432	811,523	16,417
Subordinated bonds	-	-	-	-
Forward	5,327,108	123,647	6,510,910	151,124
Futures	17,759	-	21,705	-
Swaps	9,204,999	194,673	11,250,555	237,934
Other, excluding options	-	-	-	-
Other liabilities	372,432	2,101	455,195	2,567
Delta options	10,999	-	13,443	-
Total Liabilities	**17,984,081**	**380,847**	**21,980,543**	**465,480**
Net	**(127,739)**	**(8,677)**	**(156,125)**	**(10,606)**

NOTE 36 - RISK MANAGEMENT, Continued

	As of December 31, 2015			
MCh$	**Decrease 10%**		**Increase 10%**	
Assets	**USD**	**EUR**	**USD**	**EUR**
Cash	324,512	39,342	396,626	48,084
Commercial loans	1,765,611	18,857	2,157,968	23,047
Investments under agreement to resell	-	-	-	-
Commercial leasing operations	52,896	-	64,651	-
Mortgage loans LC	-	-	-	-
Mortgage loans MHE	-	-	-	-
Other mortgage loans	-	-	-	-
Residential leasing	-	-	-	-
Consumer loans	13,307	-	16,264	-
Consumer leasing	-	-	-	-
Commercial loans LCS	-	-	-	-
Consumer loans LCS	-	-	-	-
Central Bank of Chile	-	-	-	-
State of Chile	-	-	-	-
Domestic banks and financial institutions	-	-	-	-
Other domestic entities	1,544	-	1,887	-
State and governments bodies MX	-	-	-	-
Foreign banks	-	-	-	-
Other foreign entities	1,169	31,716	1,429	38,764
Forward	6,636,118	276,935	8,110,811	338,476
Futures	2,746	-	3,356	-
Swaps	8,785,836	18,477	10,738,244	22,583
Other, excluding options	-	-	-	-
Other assets	1,127,575	5,215	1,378,147	6,374
Delta options	120,173	5,033	146,878	6,151
Total Assets	**18,831,487**	**395,575**	**23,016,261**	**483,479**

Liabilities	**USD**	**EUR**	**USD**	**EUR**
Demand deposits	602,032	41,034	735,816	50,153
Term deposits	850,349	10,228	1,039,315	12,501
Saving accounts with deferred withdrawal	-	-	-	-
Savings accounts with unconditional withdrawal	-	-	-	-
Liabilities under agreements to repurchase	64	-	78	-
Loans and other liabilities contracted MN	42,169	-	51,539	-
Loans and other liabilities contracted MX	1,054,497	1,327	1,288,829	1,622
Letters of credit	-	-	-	-
Ordinary bonds	700,673	-	856,378	-
Subordinated bonds	-	-	-	-
Forward	6,132,313	267,622	7,495,049	327,094
Futures	2,721	-	3,326	-
Swaps	9,198,003	52,489	11,242,004	64,153
Other, excluding options	-	-	-	-
Other liabilities	474,577	16,982	580,039	20,756
Delta options	88,912	14,922	108,670	18,238
Total Liabilities	**19,146,310**	**404,604**	**23,401,043**	**494,517**
Net	**(314,823)**	**(9,029)**	**(384,782)**	**(11,038)**

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 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 that an actual market movement occurs. For example, the strategy of financial risk management of the Bank seeks to manage the exposure to market fluctuations. As investment markets go through different trigger levels, management actions could include selling investments, changing the allocation of the investment portfolio and taking other protective measures.

Consequently, the actual impact of a change in the assumptions may not have any impact on the liabilities, whereas assets are held at market value on the statements of financial position. In these circumstances, the different measurement bases of assets and liabilities could result in volatility of equity.

Price risk - own products

The Bank is exposed to price risks of its products that are subject to general and specific fluctuations in the market.

The Bank manages price risk through the estimation of periodic stress tests, which establish various scenarios of adverse market conditions; on the other hand it has contingency plans that address transverse actions in the corporation in order to face scenarios that expose the corporation to significant loss.

Other Price Risks

The price risk of equity is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to individual value and its issuer or factors affecting all actual market values.

The sensitivity analyses below have been determined based on the exposure to equity price at period over which it is reported.

If equity prices had been 1% higher / lower:

Net income for the as of December 31, 2016 would not have been affected as the equity investments are classified as available for sale and no investment was expropriated or damaged; notwithstanding, the negative effect on equity would have been MCh$ 24,990, similar to 2015 when the negative effect would have been MCh$ 24,103.

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 the implementation thereof. The fundamental principle of the task of fair value measurement is to determine the starting price of an asset or liability in an ordinary transaction in a representative market. But not only the accounting information depends on this assessment; risk indicators such as value-at-risk are also based on these prices, so that the implied volatility on any valuation model is also very relevant.

Following international accounting rules, are used - provided they are available- quotations or observable prices of identical assets or liabilities that are measured. These are known as Level 1 Inputs Absent identical assets or liabilities measurement is made based on observable prices. Interpolations typically classified in this group for 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 35 present the classification of financial instruments according to their valuation. Below is a brief explanation of that system.

Positions in foreign currency bonds Central Bank and futures contracts and other instruments traded on exchanges have very liquid markets where prices or prices for identical instruments are usually observable. These instruments are included in Level 1.

Even for liquid instruments, some markets require the existence of brokers to raise supply with demand and allow transactions to be carried out under those circumstances. Normally deposits and derivatives traded over-the-counter are in this segment. These have quotes from different broker, which guarantees the existence of market prices or inputs needed for valuation. Among derivatives instruments are currency forwards and interest rate forwards, interest rate swaps, cross-currency swap and foreign currency options. As usual for those instruments other than those listed, valuation techniques and interpolation curves that are standard in the market are used. Debt instruments are less liquid as some sovereign bonds, corporate bonds and mortgage securities of domestic issue, and are valued - unless there is available pricing - based on fair value models based on directly observable prices or market factors. All these instruments are classified in Level 2 valuation.

The base model for the valuation of fixed income securities without much liquidity in the local market is a dynamic model of interest rates using panel's incomplete data and incorporates all the recent price history of the papers in question and instruments with similar characteristics as to issuer risk rating, duration, etc. The fair value models used both internal and external are tested periodically and back testing audited by independent parties.

Finally, all instruments whose prices or market factors are not directly observable are classified in Level 3.

NOTE 36 - RISK MANAGEMENT, Continued

g. Derivative instruments

As of December 31, 2016 the Bank had MCh$ 59,839 derivative instruments at fair value, Derivatives are classified into two groups according to their accounting treatment: (1) instruments for trading and (2) instruments with special hedge accounting treatment. The trading instruments come from activities of Sales & Trading (S&T), whether from sales to third parties or hedging the risks involved in such sales. The areas responsible for Asset & Liability Management (ALM) also use derivatives to hedge their risks. They can follow the standard treatment for negotiation (trading) or have special hedge accounting treatment. The toppings look according to current accounting standards 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 two actions, consumer line in derivatives and Credit Value Adjustment (CVA).

Use of line

Consumption credit line derived over-the-counter (OTC) must match the credit exposure generated by 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 potential value that can reach the MTM over the life of the operation.

Monte Carlo simulation techniques are used to estimate future peak exposures by counterparty, Specific counterparty limits ensure that the accepted risk levels are not exceeded and proper diversification is achieved, The table below details the use of line segment at the end of December 2016.

Segment	**December 31, 2016 MCh$**	**December 31, 2015 MCh$**
Retail Banking	**3,782**	**4,803**
Retail banking	360	-
Small and Medium Enterprises	3,422	(4,803)
Wholesale Banking	**822,079**	**861,317**
Commercial banking	136,905	158,184
Corporate & Investment Banking Commercial Division	685,174	703,133
Corporate & Investment Banking Finance Division	**679,873**	**711,283**
Total	**1,505,734**	**1,577,403**

NOTE 36 - RISK MANAGEMENT, Continued

Adjustment for credit risk in derivatives (CVA)

The objective is to determine the expected loss for counterparty risk in OTC derivative contracts. The CVA of a derivative is defined as the difference between the value of open derivative counterparty risk (equivalent to the original derivative without risk of default of either party) and the value of a derivative (which corresponds to the original derivative, which has an inherent risk) considering the possibility of counterparty default, Thus the CVA of a client can be obtained from the expected exposure (EE) for counterparty risk (how much is expected to lose) and the rate of expected loss (EL) associated with the default of the counterparty. The table below details the provision of CVA segment as of December 31, 2016 and 2015.

Credit Value Adjustment			
Segment	**31.12.2016**	**31.12.2015**	**Variation**
	MCh$	**MCh$**	**MCh$**
Retail Banking	**300**	**443**	**(143)**
Retail banking	-	-	-
Small and Medium Enterprises	300	443	(143)
Wholesale Banking	**13,895**	**8,179**	**5,716**
Commercial	3,704	5,107	(1,403)
Corporate & Investment Banking Commercial Division	10,191	3,072	7,119
Corporate & Investment Banking Finance Division	**569**	**636**	**(67)**
Total	**14,764**	**9,258**	**5,506**

i. Hedge accounting

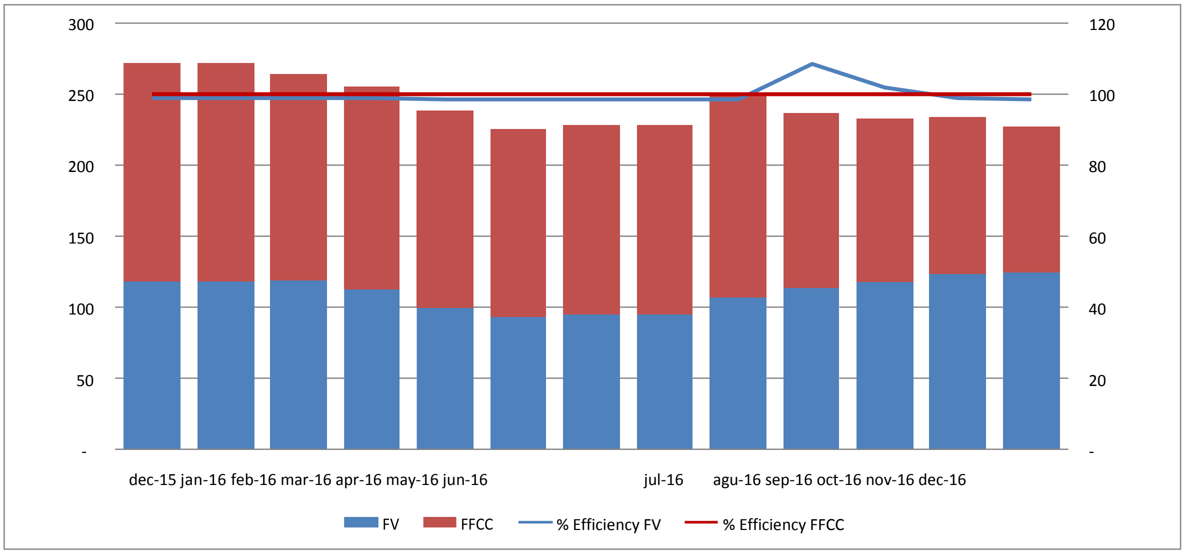
The Bank uses hedge accounting to manage the risk of fair value and cash flow to which it is exposed. The fair value hedges using derivative instruments to hedge the change in fair value of an asset or liability in the Consolidated Financial Statements.

The cash flow hedges effects meanwhile, recognized in equity changes in fair value of derivatives that are part of the coverage. Treatment of this type of instrument strictly follows international accounting standards 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 December 31, 2016 the total notional amount of cash flow hedges amounted to UF 102,251,050 where as fair value hedges reach UF 125,019,127 (including macro hedge).

NOTE 36 - RISK MANAGEMENT, Continued

Fig. 19. Amount, Type and effectiveness of Hedge Accounting
As of December 31, 2016 (UF Millions)



CREDIT RISK

Risk Management structure

The Bank has structured its credit approval process on the basis of personal and non-delegable discretionary limits authorized by the Board of Directors. Based on these credit faculties, the operations are approved at the different levels of Management, always requiring the concurrence of two executives with discretionary limits.

As the amount of the operation increases, pairs of senior executives both from the commercial and risk areas and from the senior management committees must approve the operation, until reaching the highest level represented by approval from the Board of Director's Executive Committee.

Provisions for credit risk

According to the Superintendence of Banks and Financial Institutions (SBIF), the Banks should permanently maintain evaluations of their loans and contingent credit portfolios, in order to establish provisions opportunely and sufficiently, so as to cover possible losses, in accordance with the regulation of said Superintendence, contained on Compendium of Accounting Standards, chapter B1 referring to provisions for credit risk.

The Bank has a series of models both for the individual and the group portfolios, which are applied depending on the type of portfolio and operations. These models are approved by the Board of Directors, which is informed annually about the adequacy of the provisions.

NOTE 36 - RISK MANAGEMENT, Continued

Models based on the individual analysis of borrowers

These models are applied when the companies involved, given their size, complexity or level of exposure with the entity, are required to be identified and analysed in detail, one by one.

These models consider the analysis of issues such as the financial situation of the borrower, payment behaviour, knowledge and experience of the partners and managers in the business, the degree of commitment of the same with the company and the industry in which it operates the company and the relative position of the company on this.

Quality of the loans by type of financial asset

Regarding the quality of the loans, these are described in accordance with the Compendium of Accounting Standards issued by the Superintendence of Banks and Financial Institutions (SBIF):

	As of December 31, 2016					
	BALANCE			ALLOWANCE		
Debt	Loans and receivables to banks	Loans and receivables to customers	Total	Loans and receivables to banks	Loans and receivables to customers	Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
A1	46	176,892	176,938	-	62	62
A2	60,689	880,874	941,563	50	626	676
A3	133,129	2,175,226	2,308,355	291	2,542	2,833
A4	382	1,742,152	1,742,534	7	11,640	11,647
A5	-	1,509,259	1,509,259	-	7,890	7,890
A6	225	681,805	682,030	20	6,212	6,232
B1	-	399,275	399,275	-	22,855	22,855
B2	-	173,152	173,152	-	9,414	9,414
B3	-	16,494	16,494	-	3,042	3,042
B4	-	19,932	19,932	-	3,217	3,217
C1	-	48,528	48,528	-	971	971
C2	-	67,317	67,317	-	6,732	6,732
C3	-	40,298	40,298	-	10,074	10,074
C4	-	10,984	10,984	-	4,393	4,393
C5	-	11,448	11,448	-	7,441	7,441
C6	-	26,065	26,065	-	23,459	23,459
Collective assessment	-	9,319,860	9,319,860	-	207,573	207,573
Subsidiaries	**29,189**	**5,024,451**	**5,053,640**	**64**	**41,523**	**41,587**
Total	**223,660**	**22,324,012**	**22,547,672**	**432**	**369,666**	**370,098**

NOTE 36 - RISK MANAGEMENT, Continued

	As of December 31, 2015					
	BALANCE			ALLOWANCE		
Debt	Loans and receivables to banks MCh$	Loans and receivables to customers MCh$	Total MCh$	Loans and receivables to banks MCh$	Loans and receivables to customers MCh$	Total MCh$
A1	2,765	163,394	166,159	1	58	59
A2	48,239	921,016	969,255	40	598	638
A3	79,298	2,109,779	2,189,077	173	2,498	2,671
A4	140	1,596,690	1,596,830	2	9,068	9,070
A5	46	1,417,247	1,417,293	2	9,232	9,234
A6	-	537,496	537,496	-	12,172	12,172
B1	-	284,310	284,310	-	8,092	8,092
B2	-	153,634	153,634	-	21,315	21,315
B3	-	17,072	17,072	-	646	646
B4	-	23,288	23,288	-	6,538	6,538
C1	-	35,987	35,987	-	720	720
C2	-	22,723	22,723	-	2,272	2,272
C3	-	10,856	10,856	-	2,714	2,714
C4	-	11,499	11,499	-	4,600	4,600
C5	-	48,509	48,509	-	31,531	31,531
C6	-	32,099	32,099	-	28,889	28,889
Collective assessments	-	8,460,360	8,460,360	-	180,182	180,182
Subsidiaries	**39,233**	**4,289,022**	**4,328,245**	**77**	**43,327**	**43,404**
Total	**169,711**	**20,134,981**	**20,304,692**	**295**	**364,452**	**364,747**

The analysis of the age of past due loans by type of financial assets is the following.

	Less than 30 days		Between 31 and 89 days		90 days or more		Total	
	31.12.2016 MCh$	31.12.2015 MCh$	31.12.2016 MCh$	31.12.2015 MCh$	31.12.2016 MCh$	31.12.2015 MCh$	31.12.2016 MCh$	31.12.2015 MCh$
Loans and receivables to banks	-	-	-	-	-	-	-	-
Loans and receivables to customers	30,589	19,765	32,869	16,248	158,677	189,468	222,135	225,481
Total	**30,589**	**19,765**	**32,869**	**16,248**	**158,677**	**189,468**	**222,135**	**225,481**

NOTE 36 - RISK MANAGEMENT, Continued

Maximum exposure to credit risk

The maximum exposure to credit risk varies significantly and depends on both individual risks and general market economy risks.

As of December 31, 2016

	Maximum exposure MCh$	Allowance MCh$	Net exposure after allowances MCh$	Associated collateral MCh$	Net exposure MCh$
Trading portfolio financial assets	1,267,979	-	**1,267,979**	-	**1,267,979**
Loans and receivables to banks	223,660	(432)	**223,228**	-	**223,228**
Loans and receivables to customers, and credit commitments (1)	28,720,587	(389,845)	**28,330,742**	(9,605,164)	**18,725,578**
Financial investments available for sale	2,524,500	-	**2,524,500**	-	**2,524,500**
Financial investments held to maturity	872	-	**872**	-	**872**
Derivative financial agreements (2)	1,375,681	(15,434)	**1,360,247**	-	**1,360,247**

(1) In this line included loans and receivables of MCh$ 22,324,012 (see Note 11) and credit commitments of MCh$ 6,396,575 (see Note 23). Reported collateral is legally pledged to the Bank and there is no uncertainty regarding its possible execution or settlement.
(2) For the year 2016 no collateral was provided in favour of the Bank.

As of December 31, 2015

	Maximum exposure MCh$	Provision MCh$	Net exposure after provision MCh$	Associated guarantees MCh$	Net exposure MCh$
Trading portfolio financial assets	1,298,131	-	**1,298,131**	-	**1,298,131**
Loans and receivables to banks	169,711	(295)	**169,416**	-	**169,416**
Loans and receivables to customers, and credit commitments (3)	25,531,045	(382,977)	**25,148,068**	(7,709,571)	**17,438,497**
Financial investments available for sale	2,407,882	-	**2,407,882**	-	**2,407,882**
Financial investments held to maturity	708	-	**708**	-	**708**
Derivative financial agreements (4)	1,508,682	(9,259)	**1,499,423**	-	**1,499,423**

(3) In this line included loans and receivables of MCh$ 20,134,981 (see Note 11) and credit commitments of MCh$ 5,396,064 (see Note 23). Reported collateral is legally pledged to the Bank and there is no uncertainty regarding its possible execution or settlement.
(4) For the year 2015 no collateral was provided in favour of the Bank.

Operational Risk

The Bank manages its operational risks through specific committees with the active participation of those responsible for the areas and processes. These committees are: a) committee for operational risks b) security of information and technological risk, c) continuity of business and d) externalized services. These committees meet periodically and their objective is overseeing the proper execution of programs for the identification and evaluation of risks, as well as managing the identification of causes in order to mitigate such risks.

NOTE 36 - RISK MANAGEMENT, Continued

Information Security

The Bank has a security strategy based on the best practices of the industry which is sustained in the regulatory frame and whose main component is the General Policy for Information Security, approved by the Board of Directors Committee, an organization consisting of specialized areas, where the recent creation of a dedicated unit to manage cybersecurity risks is highlighted, adding to the existing units oriented to the administration and operation of security and focused on the administration and operation of security and the management of technological risks, and an Information Security Committee consisting of representatives of several areas of the Bank that monitor compliance with the annual plan of security and the approval of specific policies for security.

This strategy is implemented by various investments during 2016 in order to strengthen technological infrastructure and specific procedures of operation and monitoring of cybersecurity, oriented towards preventing, identifying and stop attacks on the information security of the clients and the Bank.

Business continuity

The continuity strategies developed during the last several years have been consolidated, adding new risk scenarios and increasing the coverage plan to the different units that need to continue operating in situations of contingency.

The Bank is constantly working on strengthening of its business continuity plan. Plan coverage has increase according to the requirements of the Bank, including the processes that according to it are critical.

During 2016, significant investments have been made in order to strengthen information and communication technologies and improve the Bank's capacity to maintain the continuity of its services to clients and the community, in the face of contingency scenarios that may occur. At the same time, activities has been carried out for maintaining and improving business continuity including updating, testing and training of employees. The tests were carried out during working hours, with customer service in order to validate the effectiveness of the procedures and continuity strategies that were established, giving a constant and satisfactory customer service. Tests carried out involve the implementation of operational procedures, technological tests and drills.

Capital calculation according to Basel

The Bank has participated in the capital calculation exercises according to the standards of Basel II (QIS), a calculation integrating the operating risk with credit and market risks, as a global indicator of risk exposure, however, the Bank during 2016 and 2015 made the calculation of Operational Risk Capital under the Advanced Model and the Standard Model.

NOTE 37 - MATURITIES OF ASSETS AND LIABILITIES

As of December 31, 2016 and 2015, the breakdown of maturities of assets and liabilities is as follows:

December 31, 2016	NIB	Up to 1 month	Between 1 and 3 months	Between 3 and 12 months	Subtotal up to 1 year	Between 1 and 5 years	More than 5 years	Subtotal over 1 year	Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Assets									
Cash and deposits in banks	1,577,565	-	-	-	1,577,565	-	-	-	1,577,565
Items in course of collection	264,265	-	-	-	264,265	-	-	-	264,265
Trading portfolio financial assets	-	1,267,979	-	-	1,267,979	-	-	-	1,267,979
Investments under agreement to resell	-	72,562	25,246	18,653	116,461	-	-	-	116,461
Derivative financial agreements	-	223,339	75,906	130,371	429,616	449,473	481,158	930,631	1,360,247
Loans and receivables to banks (*)	-	36,668	61,748	125,244	223,660	-	-	-	223,660
Loans and receivables to customers (**)	-	1,959,620	1,656,793	3,758,937	7,375,350	7,656,293	7,126,616	14,782,909	22,158,259
Financial investments available for sale	-	119,188	11,441	104,887	235,516	741,299	1,547,685	2,288,984	2,524,500
Investment investments held to maturity	-	-	-	-	-	-	872	872	872
Total assets	**1,841,830**	**3,679,356**	**1,831,134**	**4,138,092**	**11,490,412**	**8,847,065**	**9,156,331**	**18,003,396**	**29,493,808**
Liabilities									
Current accounts and demand deposits	8,194,263	-	-	-	8,194,263	-	-	-	8,194,263
Items in course of collection	132,507	-	-	-	132,507	-	-	-	132,507
Liabilities under agreements to repurchase	-	790,518	8,918	408	799,844	-	-	-	799,844
Term deposits and saving accounts (***)	-	3,948,454	2,741,741	2,926,696	9,616,891	338,755	2,042	340,797	9,957,688
Derivative financial agreements	-	256,188	47,362	175,735	479,285	489,225	451,576	940,801	1,420,086
Borrowings from financial institutions	-	364,380	357,058	668,922	1,390,360	258,404	-	258,404	1,648,764
Debt issued	-	2,128	368	617,406	619,902	1,576,034	2,202,494	3,778,528	4,398,430
Other financial liabilities	-	914,963	1,129	1,722	917,814	33,336	2,096	35,432	953,246
Total liabilities	**8,326,770**	**6,276,631**	**3,156,576**	**4,390,889**	**22,150,866**	**2,695,754**	**2,658,208**	**5,353,962**	**27,504,828**

(*) Gross values.
(**) Excludes provisions and amounts whose maturity date has already passed.
(***) Excludes term savings accounts.

NOTE 37 - MATURITIES OF ASSETS AND LIABILITIES, Continued

December 31, 2015	NIB	Up to 1 month	Between 1 and 3 months	Between 3 and 12 months	Subtotal up to 1 year	Between 1 and 5 years	More than 5 years	Subtotal over 1 year	Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Assets									
Cash and deposits in banks	1,272,552	-	-	-	1,272,552	-	-	-	1,272,552
Items in course of collection	434,550	-	-	-	434,550	-	-	-	434,550
Trading portfolio financial assets	-	1,142,227	15,006	83,417	1,240,650	36,191	21,290	57,481	1,298,131
Investments under agreement to resell	-	177,279	6,454	22,372	206,105	-	-	-	206,105
Derivative financial agreements	-	147,043	89,694	227,810	464,547	534,812	500,064	1,034,876	1,499,423
Loans and receivables to banks (*)	-	17,204	30,483	97,960	145,647	24,064	-	24,064	169,711
Loans and receivables to customers (**)	-	1,886,691	1,485,141	3,349,680	6,721,512	7,049,347	6,174,427	13,223,774	19,945,286
Financial investments available for sale	-	109,482	461,554	225,937	796,973	424,951	1,185,958	1,610,909	2,407,882
Investment investments held to maturity	-	-	-	-	-	-	708	708	708
Total assets	**1,707,102**	**3,479,926**	**2,088,332**	**4,007,176**	**11,282,536**	**8,069,365**	**7,882,447**	**15,951,812**	**27,234,348**
Liabilities									
Current accounts and demand deposits	8,047,288	-	-	-	8,047,288	-	-	-	8,047,288
Items in course of collection	255,800	-	-	-	255,800	-	-	-	255,800
Liabilities under agreements to repurchase	-	441,835	7,252	41	449,128	-	-	-	449,128
Term deposits and saving accounts (***)	-	3,795,015	2,142,822	2,851,079	8,788,916	509,633	3,347	512,980	9,301,896
Derivative financial agreements	-	184,340	129,880	240,426	554,646	582,445	398,100	980,545	1,535,191
Borrowings from financial institutions	-	638,116	214,388	410,312	1,262,816	527,274	-	527,274	1,790,090
Debt issued	-	3,705	434	173,975	178,114	1,796,690	1,847,846	3,644,536	3,822,650
Other financial liabilities	-	705,129	553	1,925	707,607	36,243	3,096	39,339	746,946
Total liabilities	**8,303,088**	**5,768,140**	**2,495,329**	**3,677,758**	**20,244,315**	**3,452,285**	**2,252,389**	**5,704,674**	**25,948,989**

(*) Gross values.
(**) Excludes provisions and amounts whose maturity date has already passed.
(***) Excludes term savings accounts.

NOTE 38 - FOREIGN CURRENCY

The Consolidated Statements of Financial Position as of December 31, 2016 and 2015 include assets and liabilities in foreign currencies or re-adjustable by the variation in the exchange rate as follows:

	In foreign currency		In Chilean Pesos		Total	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
ASSETS	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Cash and deposits in banks	792,953	607,777	784,612	664,775	1,577,565	1,272,552
Items in course of collection	73,369	129,558	190,896	304,992	264,265	434,550
Trading portfolio financial assets	25,075	9,946	1,242,904	1,288,185	1,267,979	1,298,131
Investments under agreement to resell	-	35,388	116,461	170,717	116,461	206,105
Derivative financial agreements	8,918	6,920	1,351,329	1,492,503	1,360,247	1,499,423
Loans and receivables to banks, net	223,228	168,385	-	1,031	223,228	169,416
Loans and receivables to customers, net	6,260,834	5,604,206	15,693,512	14,166,323	21,954,346	19,770,529
Financial investments available for sale	1,714,524	1,631,895	809,976	775,987	2,524,500	2,407,882
Financial investments held to the maturity	872	708	-	-	872	708
Investments in other companies	60,032	53,102	127,926	117,001	187,958	170,103
Intangible assets	2,284	2,740	175,232	172,811	177,516	175,551
Property, plant and equipment	53,165	55,911	226,331	226,645	279,496	282,556
Current income tax	-	298	33,625	4,795	33,625	5,093
Deferred income taxes	103,794	111,822	94,300	91,864	198,094	203,686
Other assets	400,487	511,196	285,643	276,920	686,130	788,116
TOTAL ASSETS	**9,719,535**	**8,929,852**	**21,132,747**	**19,754,549**	**30,852,282**	**28,684,401**
LIABILITIES						
Current accounts and demand deposits	3,868,836	3,740,597	4,325,427	4,306,691	8,194,263	8,047,288
Items in course of collection	85,312	175,503	47,195	80,297	132,507	255,800
Liabilities under agreements to repurchase	211,893	73,969	587,951	375,159	799,844	449,128
Term deposits and saving accounts	2,458,090	2,011,828	7,499,598	7,290,068	9,957,688	9,301,896
Derivative financial agreements	6,418	2,687	1,413,668	1,532,504	1,420,086	1,535,191
Borrowings from financial institutions	1,281,362	1,604,598	367,402	185,492	1,648,764	1,790,090
Debt issued	1,205,655	1,342,395	3,192,775	2,480,255	4,398,430	3,822,650
Other financial liabilities	889,919	685,502	63,327	61,444	953,246	746,946
Current income tax	2,378	-	-	-	2,378	-
Deferred income taxes	-	-	55,655	42,611	55,655	42,611
Provisions	24,018	12,006	239,477	243,126	263,495	255,132
Other liabilities	89,762	63,227	417,487	373,917	507,249	437,144
TOTAL LIABILITIES	**10,123,643**	**9,712,312**	**18,209,962**	**16,971,564**	**28,333,605**	**26,683,876**

NOTE 39 - SUBSEQUENT EVENTS

On January 24, 2017, it was agreed to accept the resignation of the Bank's Director Mr. Dionisio Romero Paoletti and to appoint on this position Mr. Hernán Orellana Hurtado. On the same date, Luis Enrique Yarur resigned from his position as director of Credicorp Ltda.

Between January 1, 2017 and the date of issuance of these Consolidated Financial Statements, there have been no subsequent events which may have impact on the presentation of these Consolidated Financial Statements.

Notwithstanding the foregoing, National Economic Prosecutor Office ("Fiscalia Nacional Economica" or "FNE") announced it's intend to review the self-regulatory plan approved by Transbank in 2004, which is currently in force. FNE believes that current rates charged by Transbank S.A. would be presumptively in the upper range of the table in most markets, which would provoke its review. The disintegration of the current integrated model, advocated by the normative recommendation recently issued by the Court of Defence of Free Competition, could eventually result, however, in an increase in costs and fees to be charged to businesses as market discount due to the cancelation of the current model, which provides important economies of scale, efficiencies and extensive experience by issuing banks.

Fernando Vallejos Vásquez	Eugenio Von Chrismar Carvajal
Corporate Accounting Manager	Chief Executive Officer